



**NovaRest**  
ACTUARIAL CONSULTING

**NovaRest Report for the Iowa Insurance  
Division**

**In support of the**

**Annual Report to the Iowa Governor  
and to the Iowa Legislature**



## **Table of Contents**

Introduction.....	1
Summary.....	2
Loss Ratios.....	14
Rate Increase History .....	20
Health Care Expenditures .....	25
Drivers of Higher Costs and Cost Reductions .....	27
Reserves, Capital and Surplus, Risk-based Capital.....	29
Reserves .....	29
Capital and Surplus.....	30
Risk-based Capital.....	31
Medical Trends .....	33
Additional Data – PMPM Costs.....	34
Recommendations .....	36
Appendix A: Member Months.....	39
Appendix B: Loss Ratios.....	41
Appendix C: Rate Increases.....	43
Appendix D: Ranking of Changes Increase.....	45
Appendix E: Risk-Based Capital.....	64
Appendix F: Medical Trends .....	64
Appendix G: Additional Data .....	69
Appendix H: Health Care Cost Category Standardization.....	78



## **Annual Report to the Iowa Governor and to the Iowa Legislature**

### **Introduction**

This report was prepared by NovaRest Consulting for the Iowa Insurance Division. We understand that the Division will use the information in this report as the basis of the annual report for the governor of Iowa and for the Iowa legislature. The annual report, required by statute (Senate File 2201, signed April 9, 2010), provides findings regarding health spending costs for health insurance plans in Iowa for the previous fiscal year.

The purpose of the annual report is to increase health care insurance transparency and provide consumers with the information necessary, and the incentive, to choose health plans based on cost and quality. It is based on the belief that reliable cost and quality information about health care insurance empowers consumer choice, and consumer choice creates incentives at all levels and motivates the entire health care delivery system to provide better health care and health care benefits at a lower cost. It is the purpose of this report to make information regarding the costs of health care insurance readily available to consumers.

This report is intended to provide information in a form that can be used in the annual report to the governor of Iowa and the Iowa legislature.

This report uses information gathered from the larger health insurers in Iowa through a data request from the Iowa Insurance Division. Additional information was extracted from statutory annual financial statement information filed with the National Association of Insurance Commissioners (“NAIC”).



The companies included are:

American Family  
American Republic  
Companion Life  
Coventry  
Federated Mutual  
Golden Rule  
Health Alliance  
John Alden  
Medical Associates  
Principal  
Time Life  
United HealthCare of the River Valley  
United HealthCare  
Wellmark of Iowa  
Wellmark, Inc.

## Summary

As the following graph shows, the health insurance market in Iowa is dominated by Wellmark, Inc. (59% to 63% of the three markets<sup>1</sup>). Therefore, the weighted averages for loss ratios and rate increases provided in this report will fall very close to the Wellmark, Inc. values, even though there are significant differences between companies. These weighted averages were weighted by member months<sup>2</sup>, which results in an average closer to what most members are experiencing. Taking the rate increases as an example, the weighted average results in the same average as if a survey was done of all the individuals in the Iowa asking what their rate increases were and calculating the average of the answers. This gives a better estimate of what is being experienced by the Iowa population than if the average is taken across carriers rather than across people.

Below we have provided charts of member months to demonstrate the large variance in members per carrier in Iowa. The key for each graph is in the order of total member months in descending order. A complete set of data can be found in *Appendix A*.

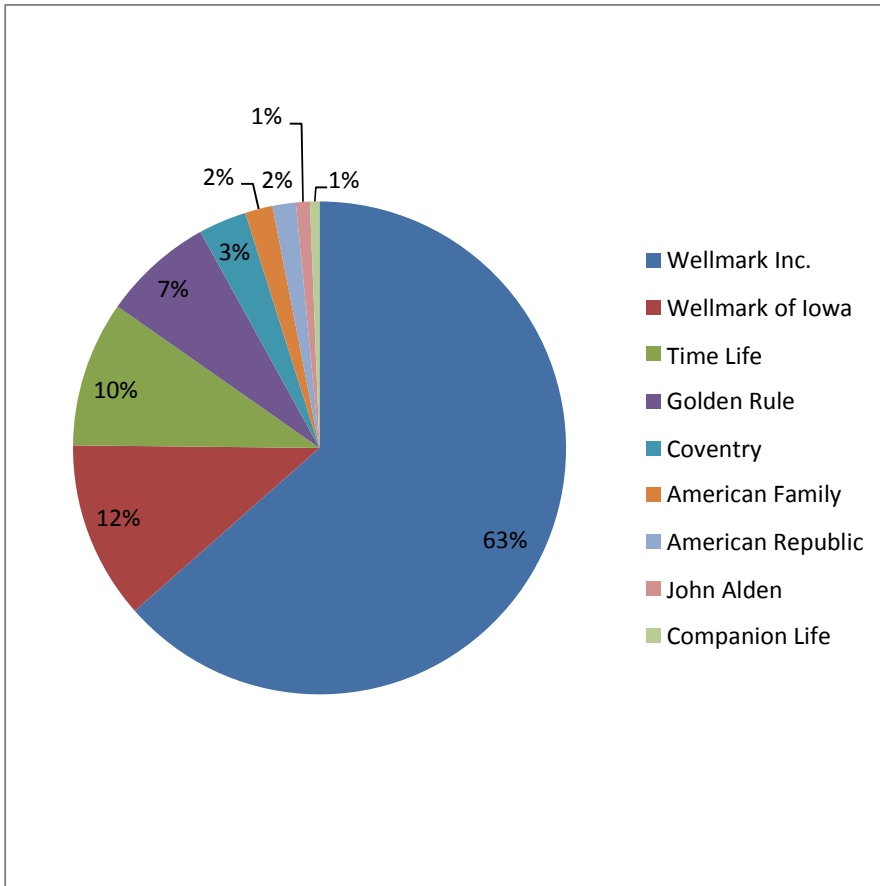
---

<sup>1</sup> The markets covered are individual health insurance, small group health insurance and large group health insurance.

<sup>2</sup> Member months are the number of total months covered for all individuals insured by a carrier in a market.

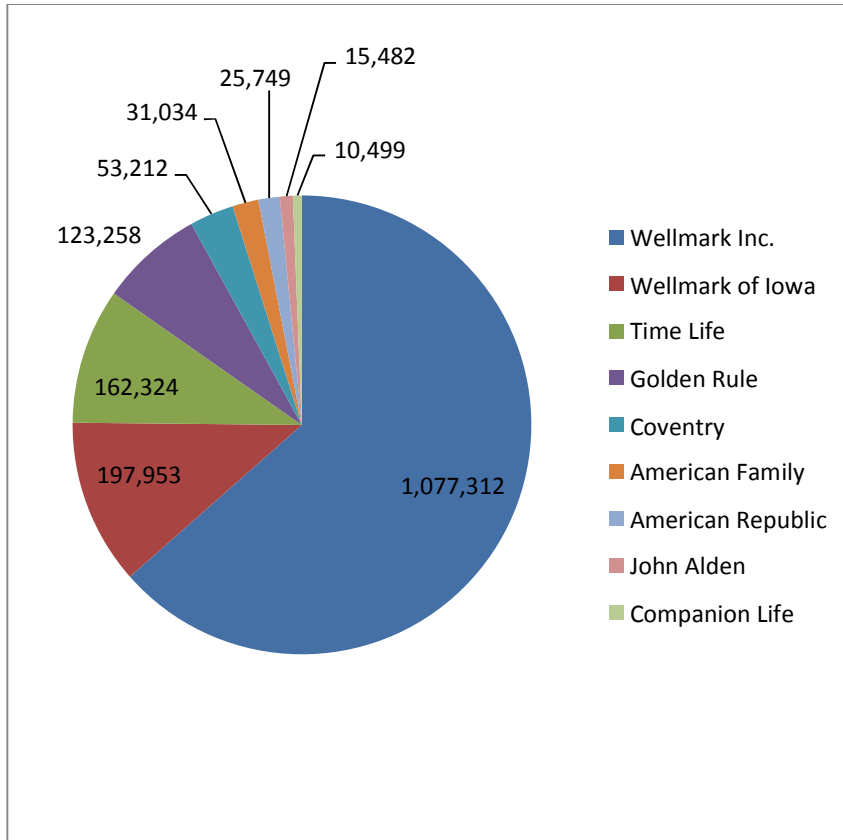


***2009 Individual Comprehensive Major Medical (“ICMM”) Member Months by Percent***



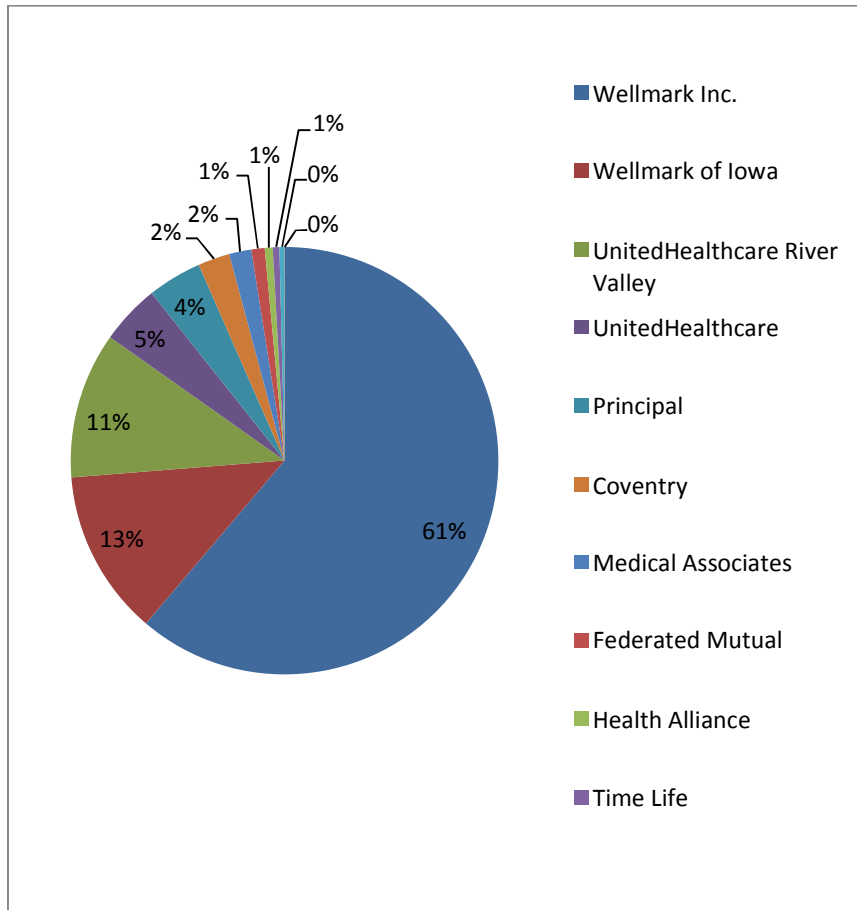


*2009 Individual Comprehensive Major Medical (“ICMM”) Member Months*



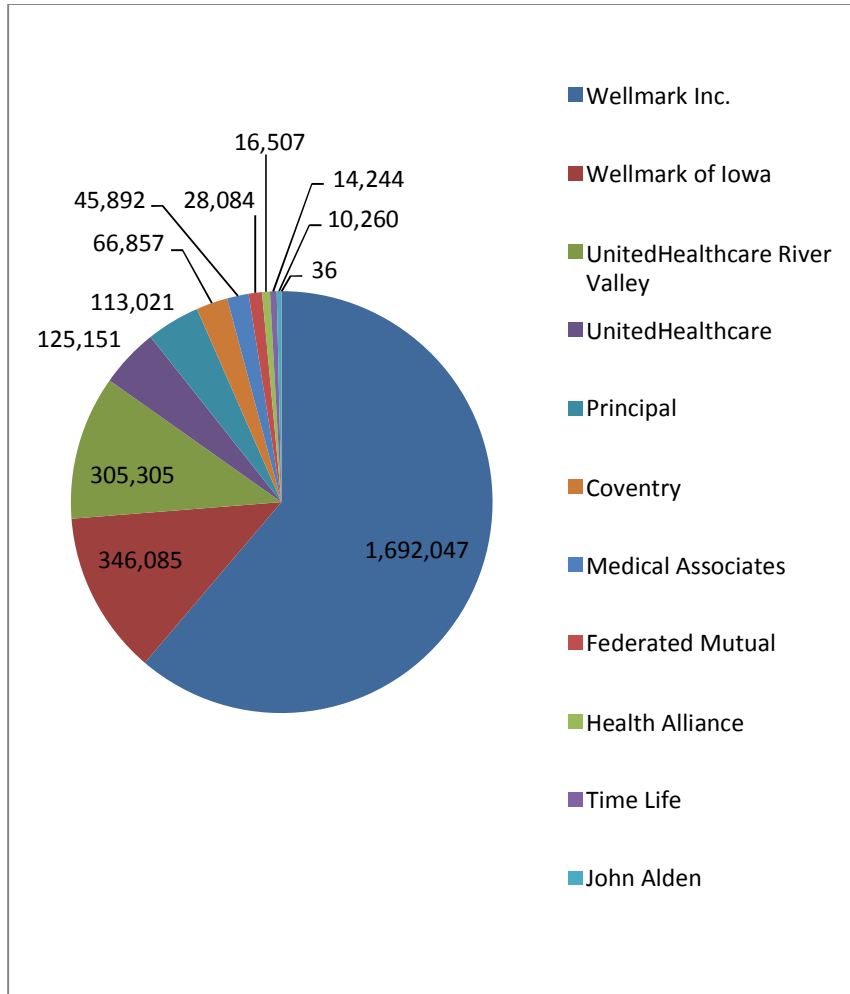


*2009 Small Group Member Months by Percent*





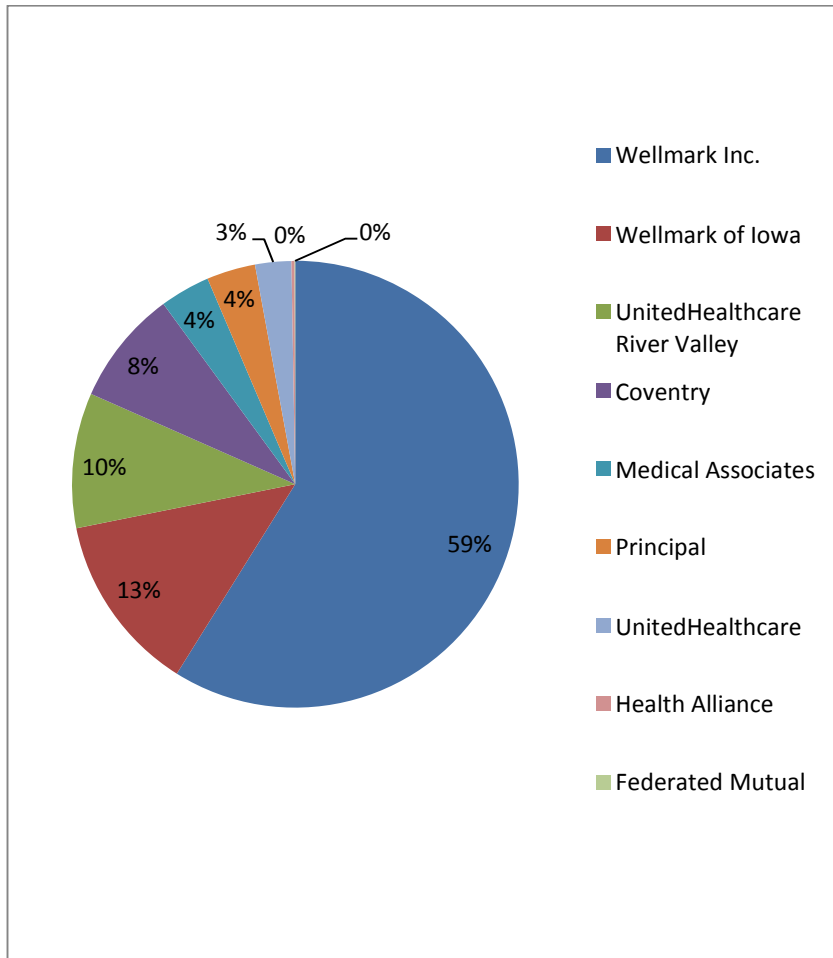
*2009 Small Group Member Months*





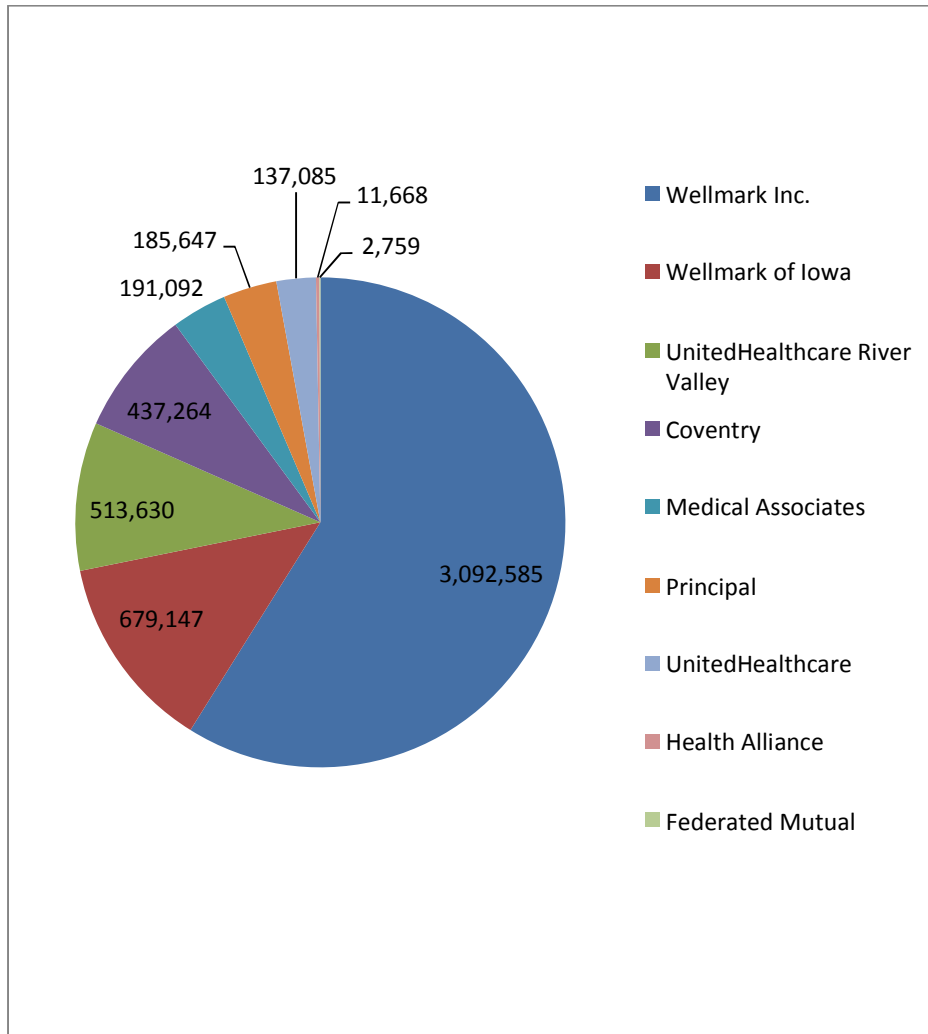


*2009 Large Group Member Months by Percent*





*2009 Large Group Member Months*





This report is structured to follow the requirements of the annual report which are:

- a. *Aggregate health insurance data concerning loss ratios of health insurance carriers licensed to do business in the state.*

A loss ratio is the ratio of claims to premiums. Beyond claims payments for medical services, the claims used in the loss ratio may include case management services, the cost of quality improvement efforts and other costs related to health care services, but not directly delivered to members. No specific definition of claims was provided to carriers. The new federal health insurance reform will require carriers in a state to provide a rebate to policyholders if their loss ratio is less than 80% for the individual or small group markets and 85% for the large group market. The remaining 20% or 15% is the amount of premium that is available for the cost of administering the insurance (commissions, paying claims, tracking enrollment changes, etc.) and for company profits. On average for 2009 commission percentage was 6% and administrative cost averaged 11%<sup>3</sup> (See **Appendix G** for more detail).

The detail provided below shows that 2009 average loss ratios are 77%, 82% and 86% for individual, small group, and large group respectively on a non-weighted basis. When loss ratios are weighted by membership in the 14 companies, the averages are 89%, 86% and 91% for individual, small group, and large group respectively.

There is wide variation in loss ratios from company to company. Ignoring Federated Mutual, whose individual business consisted of individuals that converted from group policies<sup>4</sup>, individual loss ratios varied from 52% to 95% in 2009. Small and large group varied from 41% to 355% and 65% to

---

<sup>3</sup> Some companies may have split items out of administrative costs that others included so this percentage may be somewhat understated. See Appendix G of the detail replies.

<sup>4</sup> Individuals that choose to continue their group coverage by purchasing a group conversion policy historically have very high loss ratios and actually should be included with the group loss ratios.



102% respectively<sup>5</sup>. The low large group loss ratio for Federated Mutual would have been higher, if the group conversion loss ratio of 1,065% had been reported with the group block of business.

*b. Rate increase data.*

The average individual rate increases for 2007 to 2009 are 15%, 14%, and 16% on an unweighted basis and 9%, 10% and 11% on a weighted basis. The average small group rate increases for 2007 to 2009 are 10%, 9%, and 13% on an unweighted basis and 8%, 10% and 14% on a weighted basis. The average large group rate increases for 2007 to 2009 are 6%, 7%, and 9% on an unweighted basis and 5%, 6% and 9% on a weighted basis.

In 2009 individual rate increases varied from 9% to 24%, small group from 0% to 19% and large group from -1% to 14%. We note that it is not necessarily the carriers that have the highest loss ratios that have the highest rate increases. For example, Wellmark, Inc. had the highest individual loss ratio of 95% and American Republic had the lowest loss ratios at 52% in 2009, but Wellmark, Inc. had a rate increase of 9% and American Republic had a 15% rate increase in 2009. Normally the carriers that have higher loss ratios would be expected to have higher rate increases in order to improve their lower profitability.

*c. Health care expenditures in the state and the effect of such expenditures on health insurance premium rates.*

Health care expenditures drive health insurance premiums. As the cost of health care services go up due to either the cost of the individual services or the use of the services, that cost increase is passed on to policy holders in the form of premium increases. Information concerning the amount spent in Iowa on various health care services through 2004 was used to determine what the changes were in health care expenditures.<sup>6</sup> Since the impact on premiums would only come from non-Medicare and Medicaid expenditures, those amounts were removed from the overall expenditures.

---

<sup>5</sup> Companion Life's loss ratio of 355% was not used in the averages due to it being considered an outlier (unusually high). Companion's block of business in Iowa is shrinking rapidly (27,705 member months in 2007 compared to 10,499 in 2009), which may explain the unusually high loss ratio.

<sup>6</sup> More recent data was not available at this time.



From 1999 to 2004 the overall increase in expenditures was 6% a year on average. The highest increase came from hospital cost, which increased \$851 million over the five years.

Note that the impact of increased health care expenditures and the increase in premiums are not in the same proportion. The reason that they are not equal is that there are other factors affecting premiums such as changes in benefits and changes in the population covered by a particular carrier.

- d. *A ranking and quantification of those factors that result in higher costs and those factors that result in lower costs for each health insurance plan offered in the state.*

Overall, carriers reported \$288 million increase in the top ten increase drivers and \$65 million reduction in the top ten decrease drivers. The top five increase drivers accounted for 94% of the increases. The top five decrease drivers accounted for 92% of the decreases.

The top five drivers of health care cost increases are physician services, drugs, other miscellaneous services, inpatient hospital and outpatient hospital. The top five services that have decreased costs are inpatient hospital, other, physician, surgery costs and ancillary costs. The explanation of how a service can be on both lists is that some aspects of a cost or service are increasing and some are decreasing. In all cases of overlap, the increasing aspects were higher than the decreasing aspects. A detailed list of drivers by carrier can be found in **Appendix D**.

- e. *The current capital and surplus and reserve amounts held in reserve by each health insurance carrier licensed to do business in the state.*

Reserves represent liabilities that are set aside to pay claims that have not been paid as of the financial statement date. Reserves vary significantly by the size of the carrier.

Capital and surplus are amounts that protect companies from losses due to claims cost being higher than premiums or from the loss of value in the assets owned by the carrier. These risks increase by the size of the company. The risk increases because if the losses are experienced as a percentage of



premiums or a percentage of assets so as a company has higher premium volume or more assets the total amount of risk is larger.

Risk-based capital (“RBC”) is a measure developed by the National Association of Insurance Commissioners (“NAIC”) and measures a company’s capital compared to its risk. At a level of 200% or lower RBC, a company is considered in potential danger of insolvency. Each company decides what level above 200% it needs to protect against insolvency. The BlueCross BlueShield Association has a requirement for its Plans to have a minimum of 375% RBC so those Plans will typically target RBC above that level.

The 2009 RBC for the companies in this report varied from 337% to 1,550%.

- f. *A listing of any apparent medical trends affecting health insurance costs in the state.*

The answer to item d. above provides a more thorough answer to this question, but carriers listed physician costs, prescription drug costs, and emergency room costs as the top three drivers of healthcare cost overall.

- g. *Any additional data or analysis deemed appropriate by the commissioner to provide the general assembly with pertinent health insurance cost information.*

Information was requested from carriers of per-member-per-month (“PMPM”) cost by market segment. Many factors affect the PMPM costs including wide variations in benefit design, but the PMPM costs do provide some insight into affordability of health insurance in Iowa.

Individual average PMPM claim cost went from \$129 in 2005 to \$148 in 2009. For small group and large group these ranges were \$158 to \$263 and \$207 to \$250 respectively. More detail can be found in **Appendix G**.

Information was also requested and provided concerning the level of commissions and administrative costs. This information has been presented with the loss ratio information and details can be found in **Appendix G**.



*h. Recommendations made by the work group convened pursuant to section 505.8, subsection 18.*

NovaRest recommends that future data requests be made well in advance of the report date to allow carriers to provide complete answers. The data should be available for carriers to gather, if they had sufficient time to do the data processing.

NovaRest also recommends that a standard set of health care expenditure, medical trend, and non-benefit cost categories, be provided to make comparison more straight forward. Incurred claims could be defined in the same way as the federal Department of Health and Human Services' definition for the rebate calculation under federal health insurance reform.

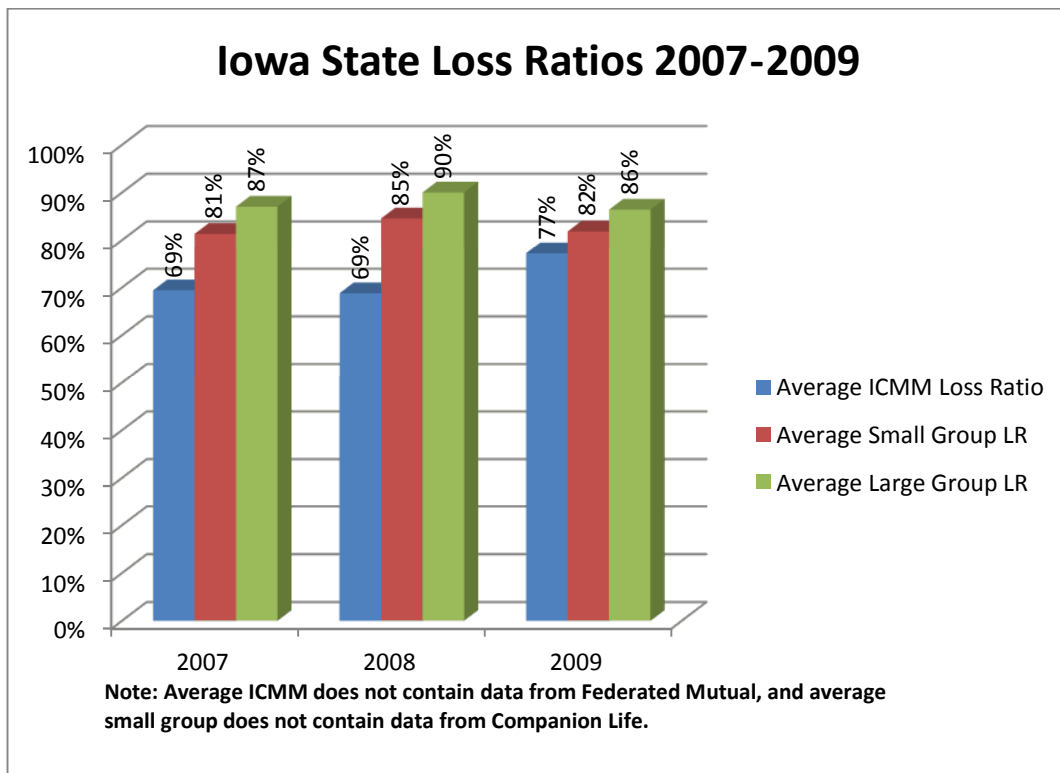


## Loss Ratios

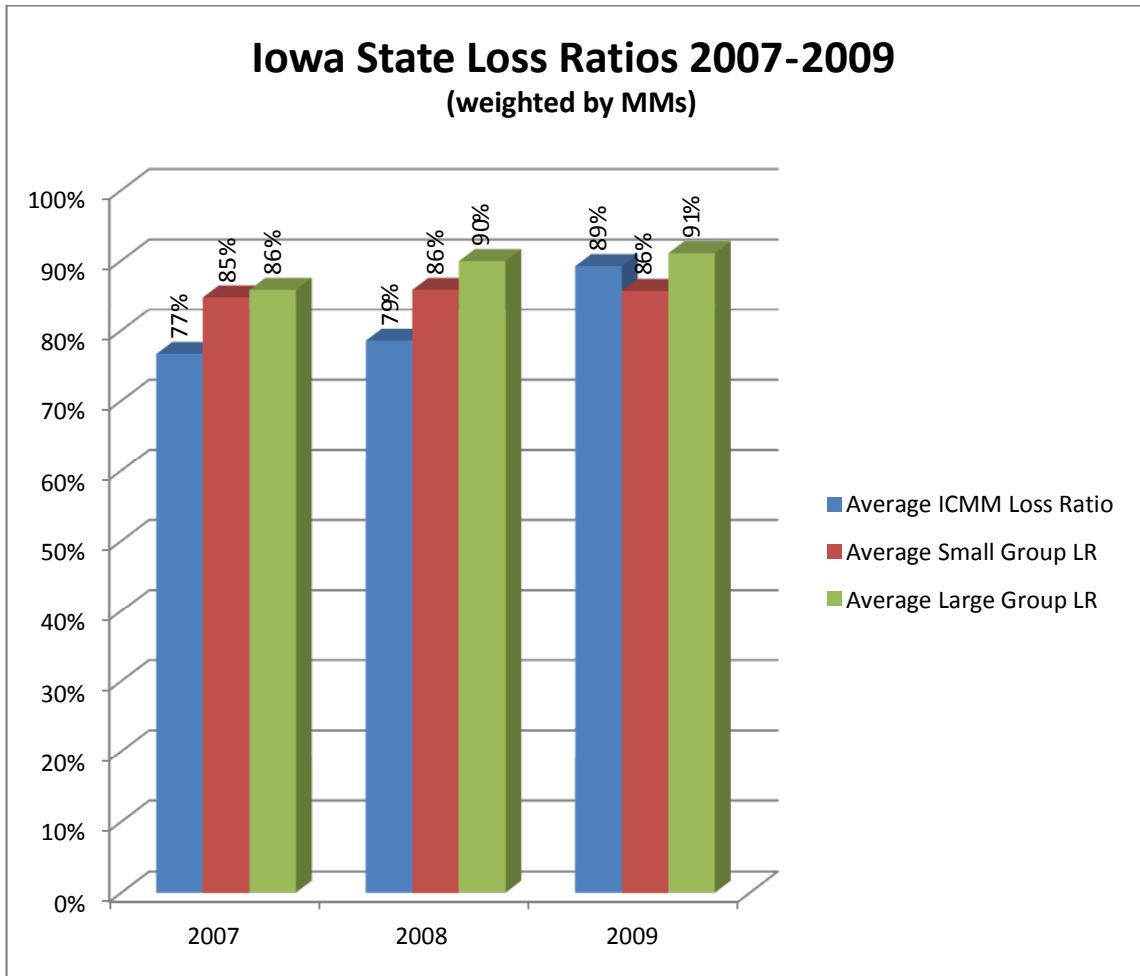
**a. Aggregate health insurance data concerning loss ratios of health insurance carriers licensed to do business in the state.**

A complete set of data can be found in *Appendix B*.

The following charts are loss ratios using straight averages and loss ratios weighted by membership. The weighting results in loss ratios closer to those of Wellmark and is more representative of the actual loss ratio average in Iowa.

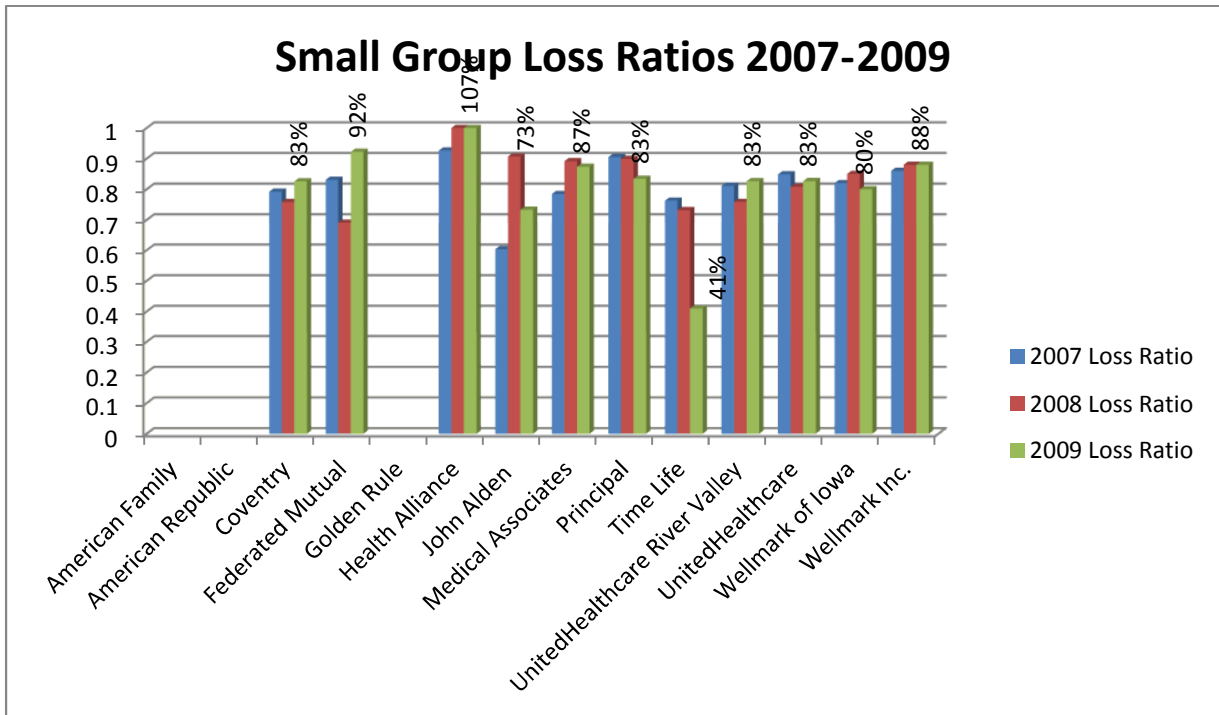
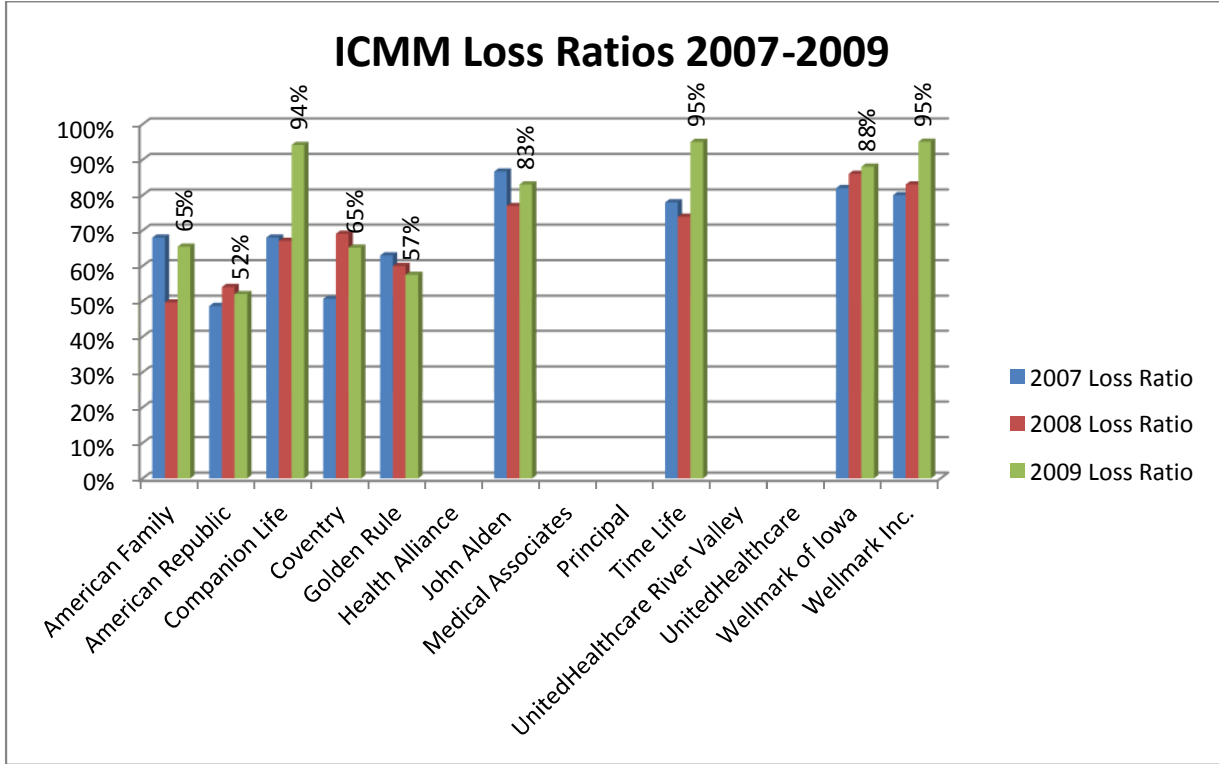


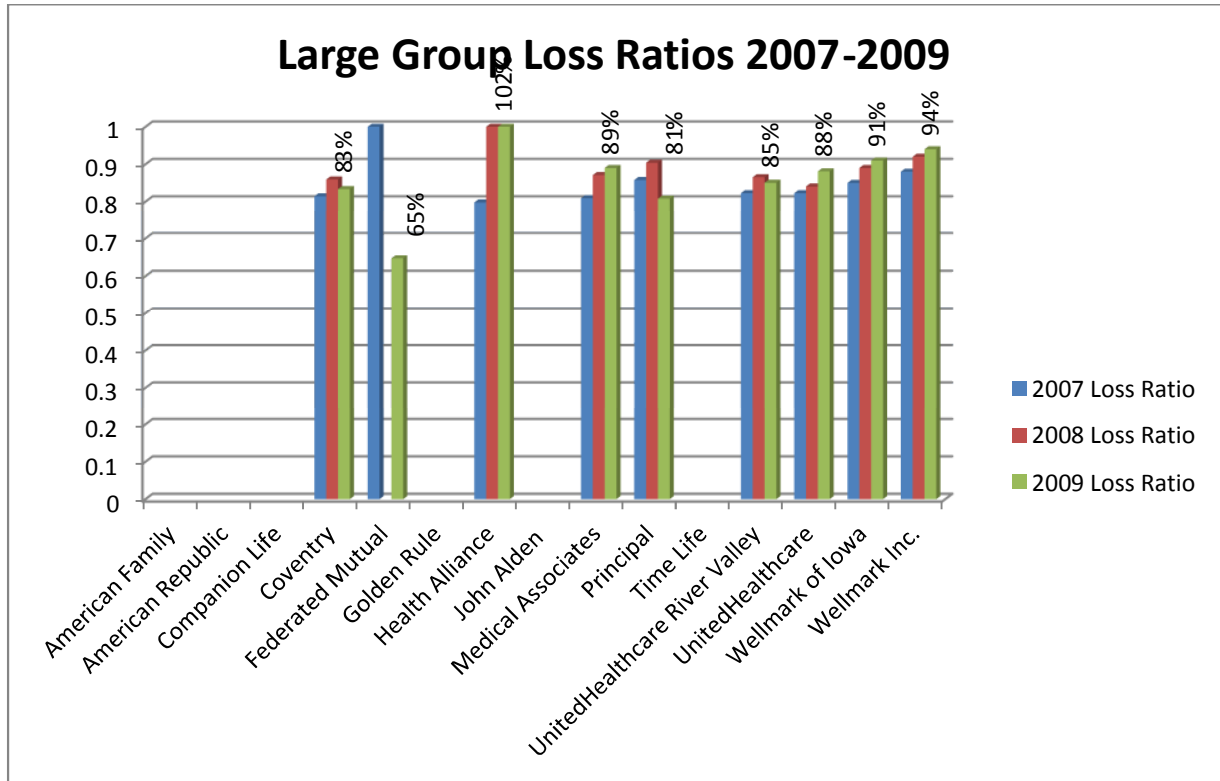




The following charts compare companies for each market segment for 2007-2009.<sup>7</sup> Note that companies without business in a market segment are included to show market participation and non-participation. The non-participants did not impact the weighted averages.

<sup>7</sup> Note labels are only shown for 2009 for readability.





The following ranks the companies by loss ratio for each market for 2009<sup>8</sup>:

2009 Individual Loss Ratio	
Wellmark, Inc.	95%
Time Life	95%
Companion Life	94%
Wellmark of Iowa	88%
John Alden	83%
American Family	65%
Coventry	65%
Golden Rule	57%
American Republic	52%

<sup>8</sup> Note that Federated Mutual's was not included in the individual data since their individual experience is for group conversion policies which typically have high loss ratios. In 2009 Federated Mutual's loss ratio was 1,065%.



2009 Small Group Loss Ratio	
Companion Life	355% <sup>9</sup>
Health Alliance	107%
Federated Mutual	92%
Wellmark, Inc.	88%
Medical Associates	87%
Principal	83%
United Healthcare	83%
United Healthcare River Valley	83%
Coventry	83%
Wellmark of Iowa	80%
John Alden	73%
Time Life	41%

2009 Large Group Loss Ratio	
Health Alliance	102%
Wellmark	94%
Wellmark of Iowa	91%
Medical Associates	89%
United Healthcare	88%
United Healthcare River Valley	85%
Coventry	83%
Principal	81%
Federated Mutual	65%

We note that under the latest federal health insurance reform rebate regulations from the NAIC all carriers except Wellmark, Inc. would receive a credibility adjustment for rebate purposes. The credibility adjustment increases the actual loss ratio used for rebate calculation purposes based on the size of the carrier. Smaller carriers get larger adjustments. Also, John Alden's small group membership is low enough that they

---

<sup>9</sup> Companion Life's was not included in the small group data since this experience was an outlier (unusually high) and skewed the overall loss ratios in this market and resulted in readability of the graph. Companion's 2008 loss ratio was 534%.



would not have to pay a rebate in 2011 if their membership remains below 12,000 member months for 2010.

The part of the premium not used for claims is used for other expenses and profits. Companies surveyed reported a wide range of commission percentages and administrative percentage. The average commission percentage in 2009 was 6%, but it ranged from 1% to 15%. Commissions for individual products are significantly higher than for small group products and commissions for large group products are even lower. The mix of business may explain some of the variation between companies. The average administrative expense percent of premium in 2009 was 11%, but the percentages ranged from 3% to 21% (See *Appendix G* for more detail) as the 10 highest percentages of other costs.

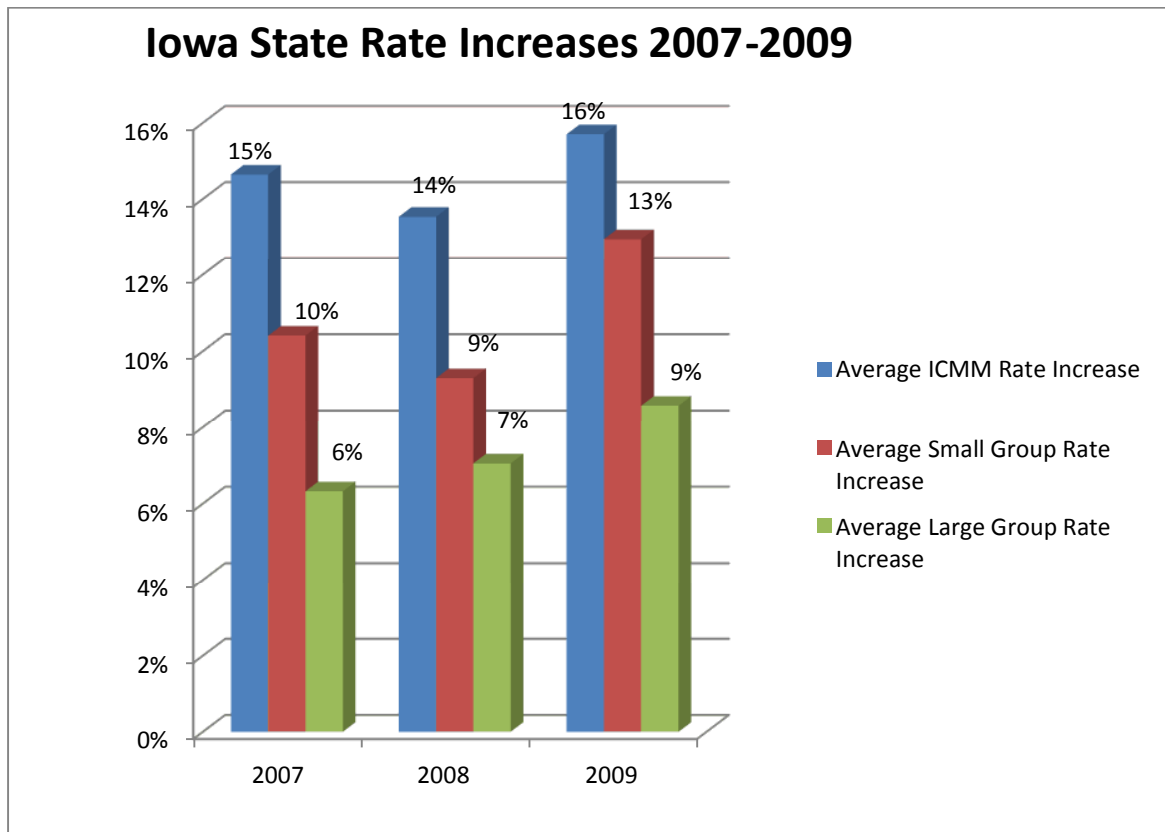


## Rate Increase History

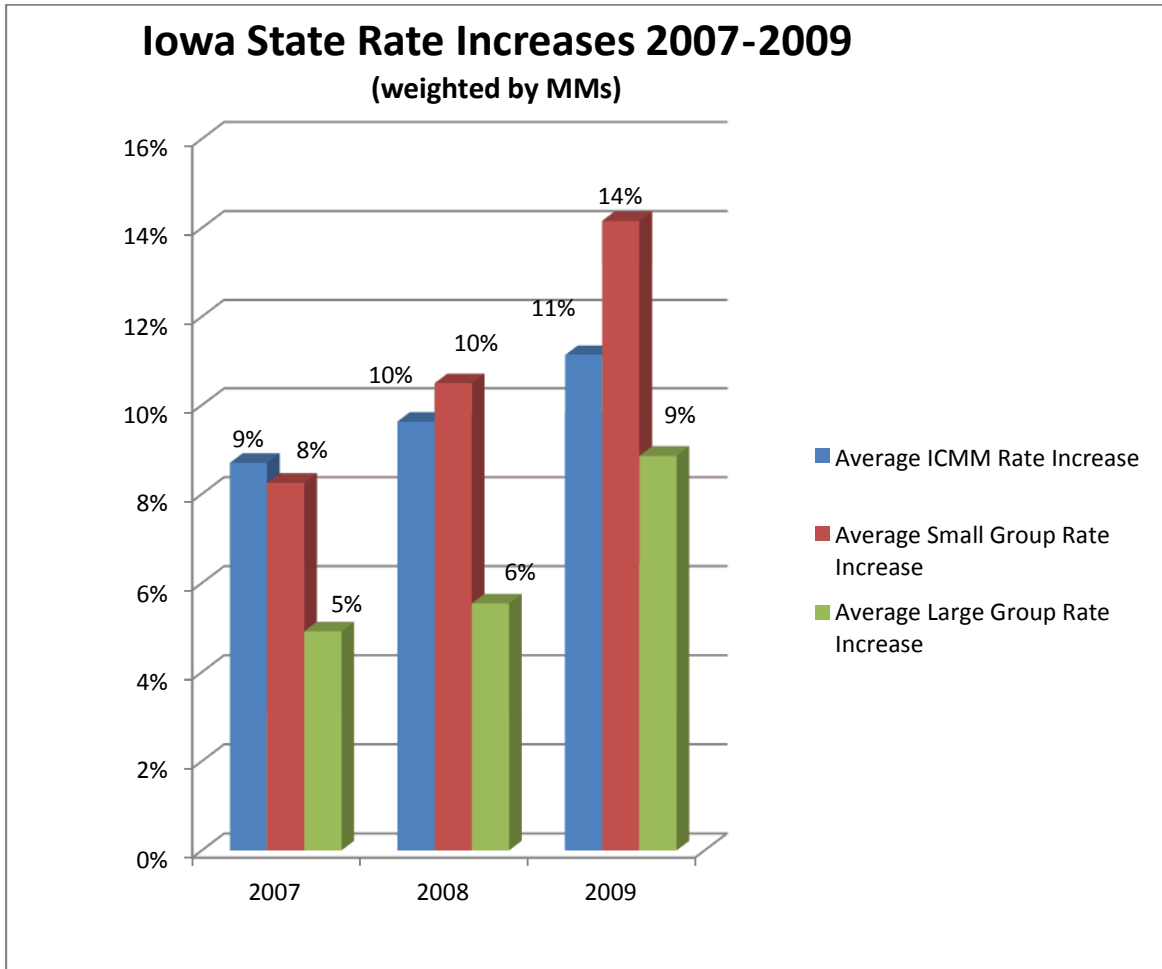
### b. Rate increase data.

A complete set of data can be found in *Appendix C*.

The following charts are rate increases using straight averages and rate increases weighted by membership.<sup>10</sup>

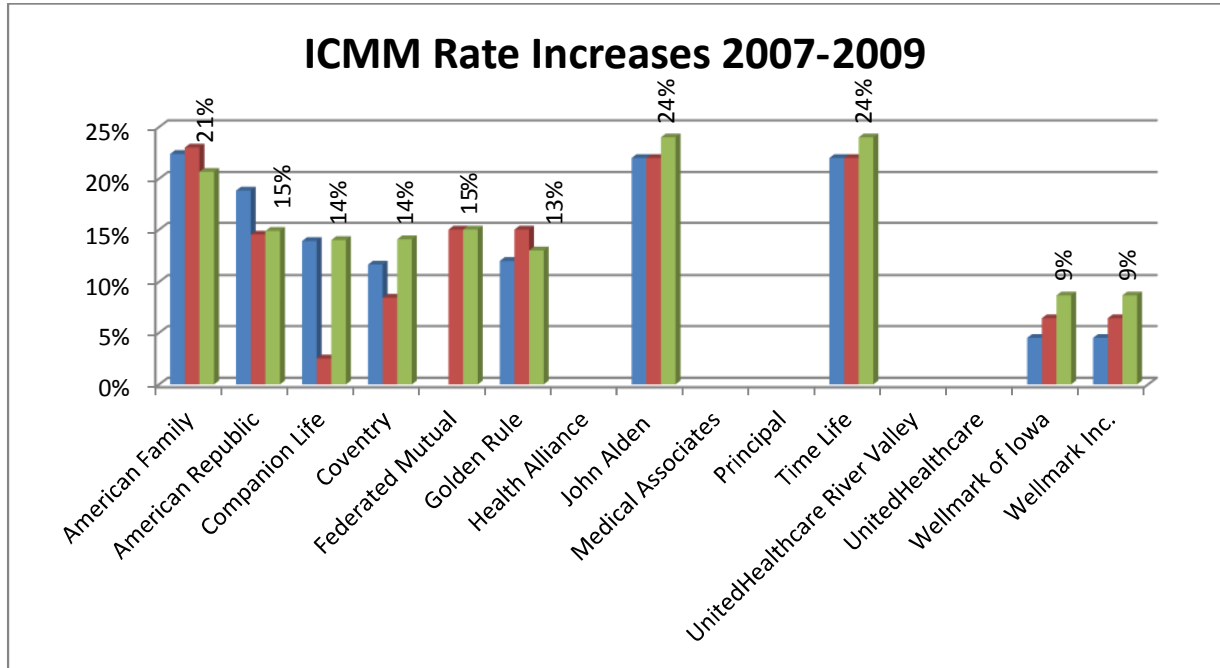


<sup>10</sup> Federated Mutual did not provide ICMM rate increase information for 2007, but again their ICMM policies are actually group conversion policies.



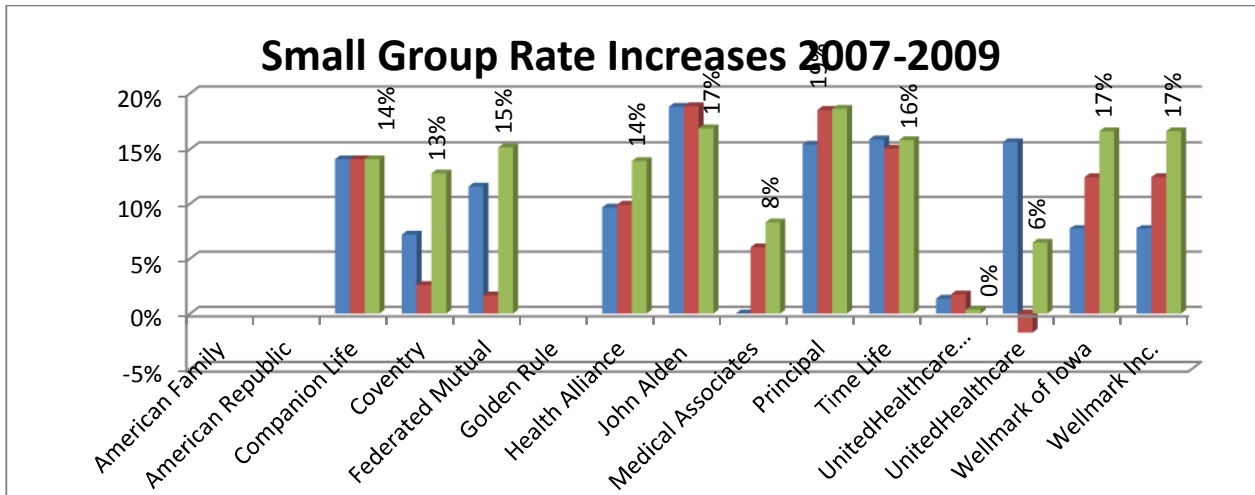


The following shows rate increases by company within each market.<sup>11</sup>



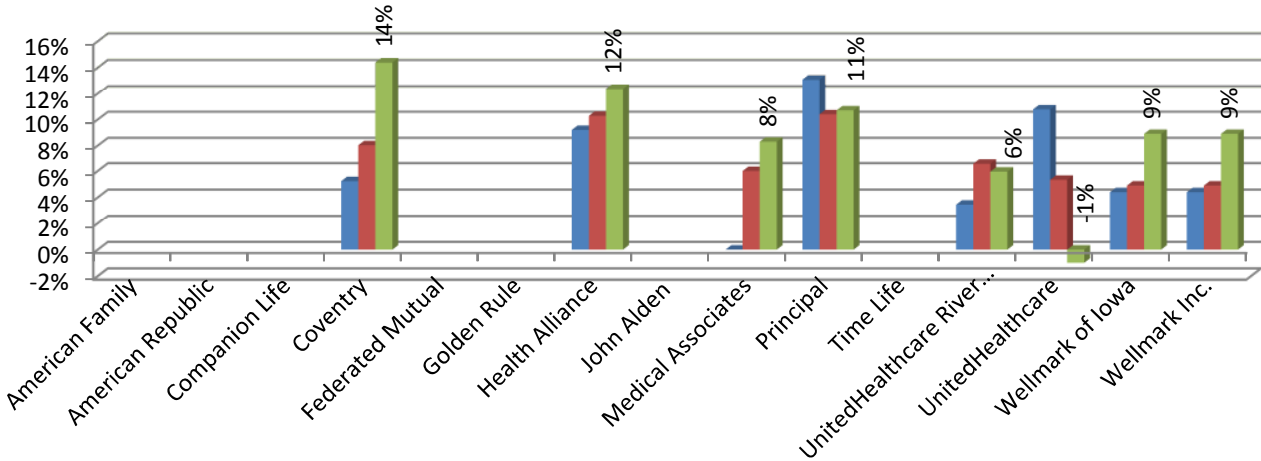
<sup>11</sup> The percentages in the following charts represent rate increases for 2007-2009 for each company. Only 2009 labels are included for readability.







### Large Group Rate Increases 2007-2009





## Health Care Expenditures

### c. Health care expenditures in the state and the effect of such expenditures on health insurance premium rates.

Since premiums are typically calculated based on estimated health care claims, the more health care expenditures raise the more premium rates increase. Premiums typically increase faster than health care expenses for many reasons. One reason for the higher premium increases is that deductible amounts do not increase so all of the increases in health care dollars are used to increase premiums, which results in a higher percentage increase. For example if a policy has a \$2,000 deductible and a \$5,000 estimated claims cost (\$7,000 total health care costs), and health care costs are expected to increase \$700 or 10%, that is added to the estimated claims cost of \$5,000 for a 14% increase in claims cost.

The following tables show the annual increases in dollars and as a percentage in the non-public program<sup>12</sup> total personal health care expenditures<sup>13</sup> ("PHCE") in Iowa.

ALL NON-PUBLIC PROGRAMS DOLLAR INCREASES IN MILLIONS						
	1999	2000	2001	2002	2003	2004
Total Personal Health Care (Millions of Dollars)	7,607	8,021	8,461	8,748	9,657	10,110
Hospital Care	2,567	2,632	2,725	2,758	3,181	3,418
Physician and Clinical Services	1,834	1,902	2,044	2,085	2,492	2,550
Other Professional Services	329	327	345	340	362	376
Dental Services	431	466	489	582	604	647
Home Health Care	230	258	224	158	132	158
Prescription Drugs	893	1,029	1,170	1,326	1,446	1,461
Other Non-Durable Medical Products	232	226	217	212	218	216
Durable Medical Products	163	165	166	172	179	192
Nursing Home Care	821	907	971	992	915	957
Other Personal Health Care	107	109	110	123	128	135

<sup>12</sup> The expenditures do not include the Medicare and Medicaid program covered costs since the intent was to show the impact on private health insurance.

<sup>13</sup> Data source was published by Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group



<b>ALL NON-PUBLIC PROGRAMS PERCENTAGE INCREASES IN PERSONAL HEALTH CARE EXPENDITURES</b>						
	1999	2000	2001	2002	2003	2004
Total Personal Health Care Expenditure	7%	5%	5%	3%	10%	5%
Hospital Care	7%	3%	4%	1%	15%	7%
Physician and Clinical Services	4%	4%	7%	2%	20%	2%
Other Professional Services	4%	-1%	6%	-1%	6%	4%
Dental Services	2%	8%	5%	19%	4%	7%
Home Health Care	16%	12%	-13%	-29%	-16%	20%
Prescription Drugs	20%	15%	14%	13%	9%	1%
Other Non-Durable Medical Products	2%	-3%	-4%	-2%	3%	-1%
Durable Medical Products	3%	1%	1%	4%	4%	7%
Nursing Home Care	3%	10%	7%	2%	-8%	5%
Other Personal Health Care	8%	2%	1%	12%	4%	5%

The following table shows the breakdown of health care expenditures in Iowa for non-public programs as a percentage of the total.

<b>PERCENT DISTRIBUTION OF NON-PUBLIC PERSONAL HEALTH CARE EXPENDITURE IN IOWA (%)</b>						
	1999	2000	2001	2002	2003	2004
Total Personal Health Care Expenditure						
Hospital Care	34%	33%	32%	32%	33%	34%
Physician and Clinical Services	24%	24%	24%	24%	26%	25%
Other Professional Services	4%	4%	4%	4%	4%	4%
Dental Services	6%	6%	6%	7%	6%	6%
Home Health Care	3%	3%	-1%	2%	1%	2%
Prescription Drugs	12%	13%	14%	15%	15%	14%
Other Non-Durable Medical Products	3%	3%	3%	2%	2%	2%
Durable Medical Products	2%	2%	2%	2%	2%	2%
Nursing Home Care	11%	11%	11%	11%	9%	9%
Other Personal Health Care	1%	1%	1%	1%	1%	1%



## Drivers of Higher Costs and Cost Reductions

- d. A ranking and quantification of those factors that result in higher costs and those factors that result in lower costs for each health insurance plan offered in the state.**

A complete set of data can be found in *Appendix D*.

Many carriers were not able to break out individual, small group, and large group cost drivers. Carriers also used varying terminology and aggregation levels to describe the health care categories for the cost drivers. We consolidated the cost drivers for all carriers at total market level to avoid providing an inaccurate picture of a market segment based on limited data. All of the data provided can be found in *Appendix D*. We also converted definitions to a set of common terms. This conversion is a bit problematic due to overlapping terms. For example one carrier may have used inpatient hospital as a category, which may have included surgery costs and another carrier broke out all surgery costs separately. *Appendix H* shows a mapping of the original categories provided to the categories used below.

Overall, carriers reported \$288 million spent in the top ten increase drivers and \$65 million spent in the top ten decrease drivers. The top five increase drivers accounted for 92% of the increases. The top five decrease drivers accounted for 94% of the decreases.

The following is a ranking of the top ten health care services that are driving increases and decreases in health insurance premiums, as reported by carriers in Iowa after consolidation and redefinition.



**Increases:**

<b>Service</b>	<b>Increase</b>	<b>Percent</b>
Physician	82,442,178	29%
Prescription Drug	55,520,735	19%
Other	26,094,344	9%
Outpatient Hospital	65,436,066	23%
Inpatient Hospital	42,294,102	15%
Population Change	5,126,423	2%
Cost Shifting - Medicare	4,063,422	1%
Radiology	1,521,380	1%
Deductible Leveraging	1,183,397	0%
Underwriting Wear-off	1,100,000	0%

**Decreases:**

<b>Service</b>	<b>Decrease</b>	<b>Percent</b>
Inpatient Hospital	32,624,778	50%
Other	15,361,150	23%
Physician	6,091,989	9%
Surgery	4,265,018	7%
Ancillary	2,043,306	3%
Benefit Changes	1,987,596	3%
Radiology	836,616	1%
Laboratory and X-ray	733,194	1%
Anesthesia	388,797	1%
Prescription Drug	278,738	0%



## Reserves, Capital and Surplus, Risk-based Capital

### e. The current capital and surplus and reserve amounts held in reserve by each health insurance carrier licensed to do business in the state.

#### Reserves

Carriers are required to hold sufficient reserves to pay for claims that have not been paid and for future claims that cannot be paid for by future premiums. It is important for policyholder safety that these reserves are set aside to ensure that claims can be paid. If sufficient reserves are not set aside in the form of liabilities, there is a danger that the carrier will not be able to pay claims. Carriers are required to provide an actuarial opinion with their statutory annual financial statement from an actuary with experience in the type of insurance sold by the carrier verifying that reserves will be adequate to pay claims. Therefore, the level of reserves held represent the level of claims that the carrier is liable for and has not paid as of the financial statement date.

The following table shows the 2009 reserves held by each carrier to pay claims:

Company	Reserves
Principal	\$53,315,424,568
United HealthCare	\$934,309,953
Wellmark, Inc. <sup>14</sup>	\$286,149,240
United HealthCare River Valley	\$266,592,368
John Alden	\$248,281,769
American Family	\$235,380,897
Time Life	\$174,896,424
American Republic	\$160,394,620
Golden Rule	\$83,302,694
Federated Mutual	\$37,427,574
Wellmark of IA	\$30,645,490
Coventry	\$15,913,472
Medical Associates	\$7,556,685
Companion Life Insurance Co	\$6,795,764
Health Alliance	\$1,745,453

<sup>14</sup> Note, Wellmark, Inc. is the parent company for Wellmark of Iowa and Wellmark of South Dakota. Therefore, the Reserves of Wellmark, Inc. include that of its subsidiaries including Wellmark of Iowa.



## Capital and Surplus

Capital and Surplus represent the financial resources available to a company that protects it from insolvency in years where it experiences adverse financial situations such as underwriting losses or loss in the value of its assets. The larger a company is in respect to its total annual claims payments, the more capital and surplus it requires to protect against insolvency.

When capital and surplus rise above the level needed for solvency protection, a company can use it for other purposes such as capital investments to continue to operate efficiently or to expand operations, stockholder dividends (for-profit organizations), policyholder dividends (mutual insurance companies), or as additional protection against adverse situations.

Capital and surplus by company for 2009 is displayed below:

<b>Company</b>	<b>Capital and Surplus</b>
Principal	\$4,586,245,073
American Family	\$3,920,721,999
United HealthCare River Valley	\$3,422,789,318
Federated Mutual	\$2,017,773,251
Wellmark, Inc. <sup>15</sup>	\$880,453,700
United HealthCare	\$267,995,789
Time Life	\$237,011,074
American Republic	\$235,953,194
Golden Rule	\$172,529,924
Wellmark of IA	\$97,288,541
John Alden	\$82,596,565
Companion Life	\$82,330,647
Coventry	\$19,344,314
Medical Associates	\$14,227,661
Health Alliance	\$2,387,497

<sup>15</sup> Note, Wellmark, Inc. is the parent company for Wellmark of Iowa and Wellmark of South Dakota. Therefore, the Capital and Surplus of Wellmark, Inc. includes that of its subsidiaries including Wellmark of Iowa.



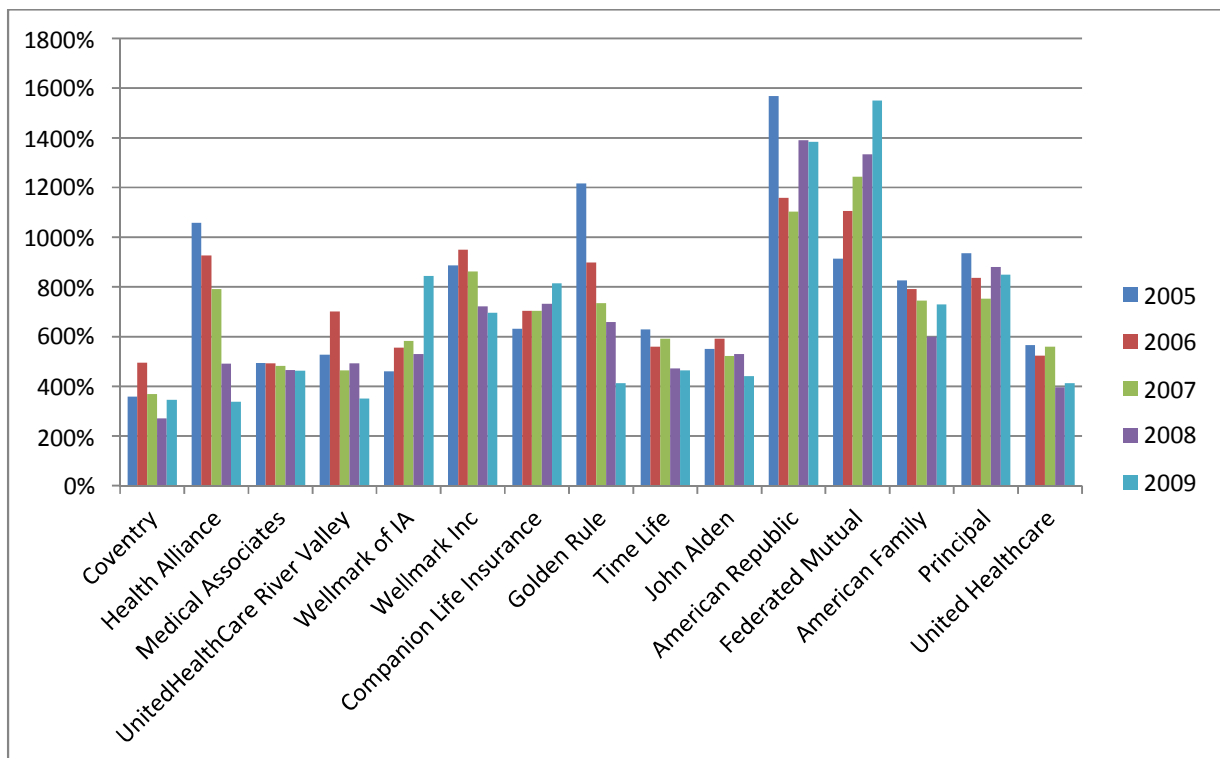


## Risk-based Capital

A complete set of data can be found in *Appendix E*.

We have included not only the capital and surplus, but also the risk-based capital (“RBC”). RBC is a measure developed by the NAIC that measures a company’s capital compared to its risk. When RBC is around 200% or lower state insurance regulators become concerned that the company is in a weak solvency position and in danger of insolvency. The BlueCross BlueShield Association requires its Plans to hold even higher levels of RBC (375%) to provide even more protection against insolvency. Although there is general agreement that RBC levels at 200% are dangerously low, there is no agreement on what level of RBC is excessive. Measures of prudent RBC levels depend on historic patterns of profits and losses, which vary by market, product type, and the period of time being analyzed.

RBC by company for the last five years is displayed below:



As a generality, falling RBC is an indication of losses in a company and rising RBC is an indication of profits in a company.



# NovaRest

ACTUARIAL CONSULTING

The following table shows the RBC percentages for 2009.

<b>Company</b>	<b>2009 RBC</b>
Federated Mutual	1550%
American Republic	1383%
Principal	849%
Wellmark of IA	844%
Companion Life Insurance	814%
American Family	730%
Wellmark, Inc.	696%
Time Life	465%
Medical Associates	462%
John Alden	440%
United Healthcare	413%
Golden Rule	413%
UnitedHealthCare River Valley	352%
Coventry	345%
Health Alliance	337%



## Medical Trends

- f. A listing of any apparent medical trends affecting health insurance costs in the state.

We standardized the answers provided by carriers. We tallied how many carriers identified each category as affecting health insurance costs. The most commonly listed trends affecting health insurance costs include: (*See Appendix F*)

Type of service	# of instances
Physician (various)	7
Drugs	6
Emergency room	4
Outpatient surgery	3
Radiology	3
Anesthesia	2
Antineoplastic agents	2
Chemotherapy	2
Dialysis	2
Inpatient musculoskeletal	2
Over the Counter Drugs	2
Testing	2

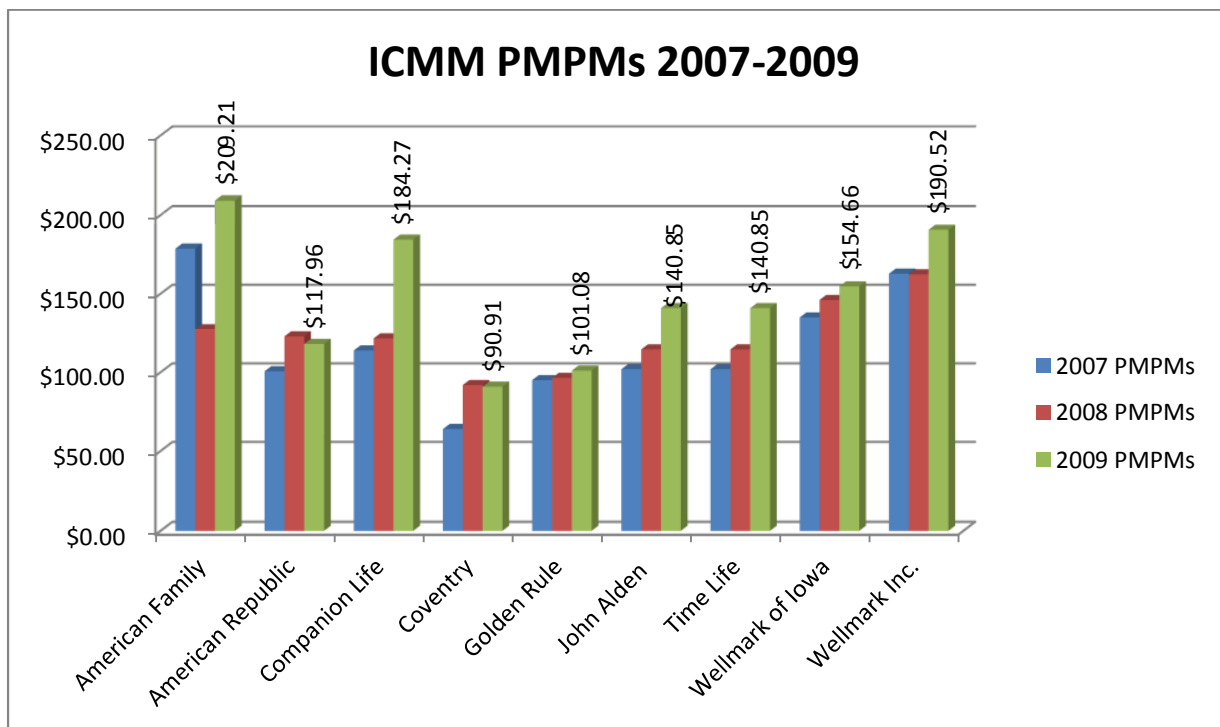


### Additional Data – PMPM Costs

**g. Any additional data or analysis deemed appropriate by the commissioner to provide the general assembly with pertinent health insurance cost information.**

A complete set of data can be found in *Appendix G*.<sup>16</sup>

Information was requested from carriers of per-member-per-month (“PMPM”) health care cost by market segment. Many factors affect the PMPM costs including wide variation on benefit design, but the PMPM costs do provide some insight into affordability of health insurance in Iowa, because higher PMPM health care costs result in higher health insurance premiums<sup>17</sup>. Note, only 2009 values are shown for readability.

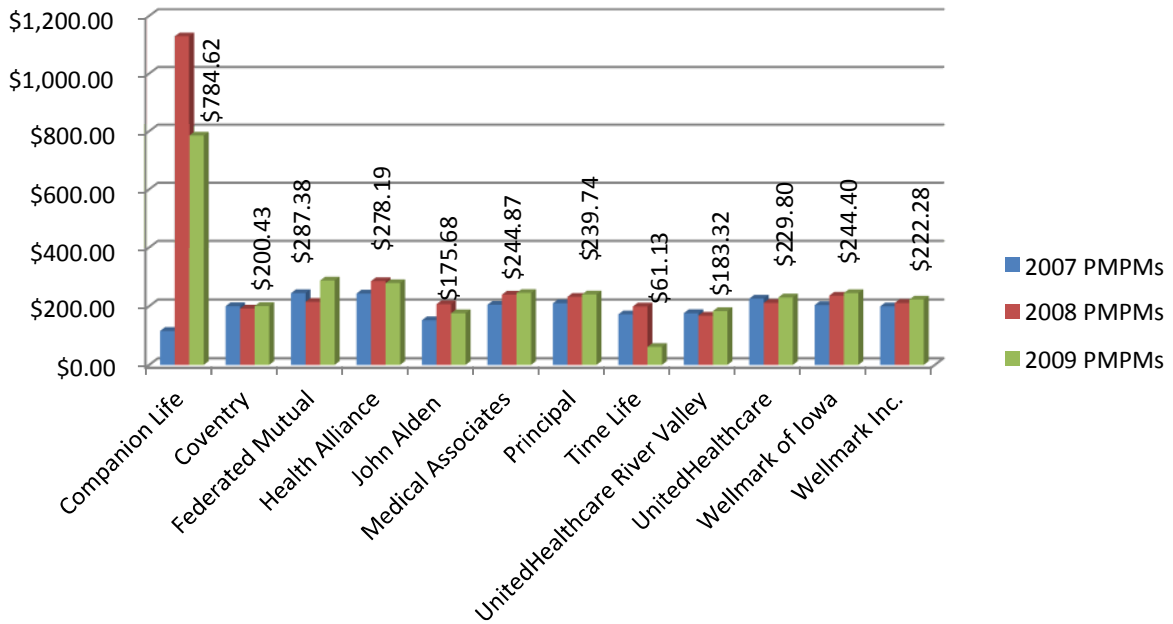


<sup>16</sup> The PMPM values shown in the following charts refer to 2009 PMPMs for each company.

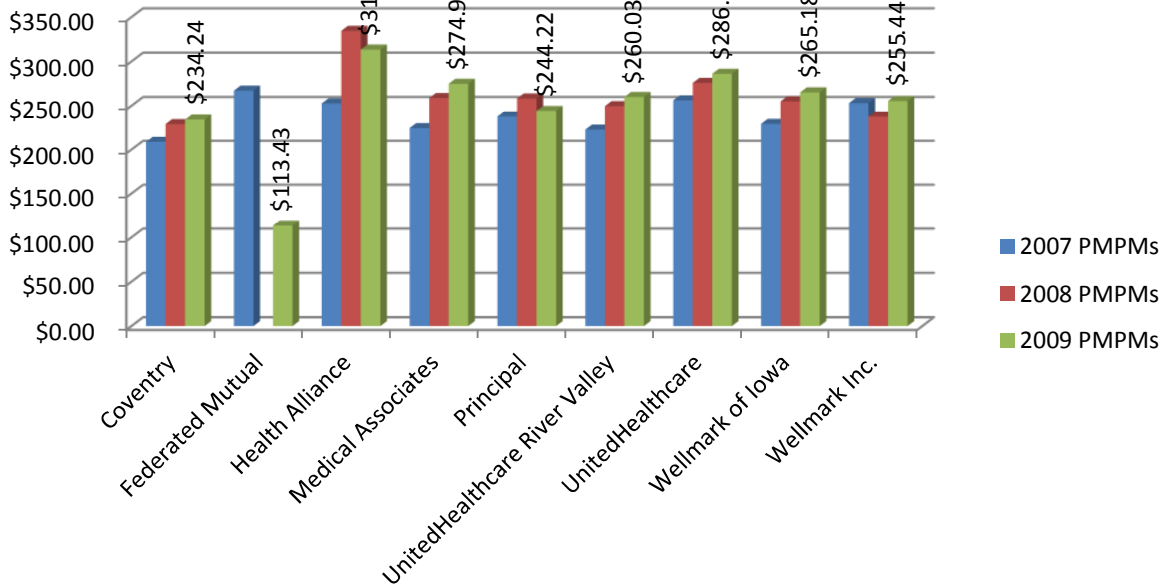
<sup>17</sup> Federated Mutual did not provide data for 2008



### Small Group PMPMs 2007-2009



### Large Group PMPMs 2007-2009





## Recommendations

### **h. Recommendations made by the work group convened pursuant to section 505.8, subsection 18.**

For the data request the State may want to consider:

- 1) Carriers did not fully respond to the data call even in areas where they should have been able to provide data. Next year, if the data call is provided sooner, more carriers should be able to respond correctly.
- 2) For financial amounts that are included in the statutory financial statements such as the state page individual premiums, request that amounts approximately match the financial statements. There may be some room for discrepancy where the state page instructions do not match the data call instructions for individuals who work for an employer in another state but are being picked up using their address in Iowa or an employer in Iowa with employees in another state.
- 3) For the cost drivers of premiums, we would suggest standard categories. We are providing a suggestion for categories below as a sample, but more thought should be given to the desired categories. Categories may need to be expanded to ensure that all dollars have a category or they may need to be contracted to allow for readability of results One possible set of categories would be:
  - a. Population change
  - b. Skilled Nursing Facility
  - c. Inpatient Hospital (utilization and cost could be separated)
    - i. Surgery
    - ii. Mental health and chemical dependency
    - iii. Maternity
    - iv. Other
  - d. Outpatient Hospital (utilization and cost could be separated)
    - i. Surgery
    - ii. Mental health and chemical dependency
    - iii. Maternity
    - iv. Other
  - e. Ambulance
  - f. Emergency room
  - g. Outpatient Emergency
  - h. Therapy



- i. Equipment and Supplies
  - j. Prescription drugs
  - k. Non-Prescription drugs
  - l. Preventative services
  - m. Rehabilitation services
  - n. Physician (utilization and cost could be separated)
    - i. Anesthesia
    - ii. Inpatient
      - 1. Surgery
      - 2. Mental health and chemical dependency
      - 3. Other
    - iii. Outpatient
      - 1. Surgery
      - 2. Mental health and chemical dependency
      - 3. Other
  - o. Diagnostic Imaging & Tests
  - p. Laboratory
  - q. Radiology
  - r. Dialysis
  - s. Other
- 4) NovaRest also recommends that a standard set of health service categories and of incurred claims be provided to make comparison more straight forward. Incurred claims could be defined in the same way as the Department of Health and Human Services' definition for the rebate calculation under federal health insurance reform.
- 5) It would also be useful to provide pre-defined non-claim cost categories to make answers more comparable.



**NovaRest**  
ACTUARIAL CONSULTING

- 6) Loss ratios for group conversion policies should be included with the group that the individuals were originally in rather than being included with the individual block of business, at least to the extent that a “group conversion change”<sup>18</sup> is typically made between the two blocks of business. This is how the federal medical loss ratio (“MLR”) calculation will work and how most carriers report loss ratios for internal tracking.

---

<sup>18</sup> This is a term for the internal accounting that carriers typically make for internal profit analysis.





**Appendix A: Member Months**

	ICMM MM 2007	ICMM MM 2008	ICMM MM 2009
American Family	43,255	51,649	31,034
American Republic	39,471	27,109	25,749
Companion Life	27,705	20,849	10,499
Coventry	64,089	55,047	53,212
Federated Mutual	3	8	3
Golden Rule	137,055	133,303	123,258
Health Alliance			
John Alden	26,544	21,971	15,482
Medical Associates			
Principal			
Time Life	255,195	218,310	162,324
United HealthCare River Valley			
United HealthCare			
Wellmark of Iowa	118,778	160,328	197,953
Wellmark, Inc.	1,197,219	1,172,909	1,077,312

	Small Group MM 2007	Small Group MM 2008	Small Group MM 2009
American Family			
American Republic			
Companion Life	2,909	202	36
Coventry	80,574	72,875	66,857
Federated Mutual	34,701	30,913	28,084
Golden Rule			
Health Alliance	7,704	10,827	16,507
John Alden	15,791	8,311	10,260
Medical Associates	46,329	42,557	45,892
Principal	205,436	143,676	113,021
Time Life	5,837	3,967	14,244
United HealthCare River Valley	251,458	255,329	305,305
United HealthCare	205,456	165,548	125,151
Wellmark of Iowa	398,654	359,205	346,085
Wellmark, Inc.	1,662,756	1,766,840	1,692,047



**NovaRest**  
ACTUARIAL CONSULTING

	Large Group MM 2007	Large Group MM 2008	Large Group MM 2009
American Family			
American Republic			
Companion Life			
Coventry	532,620	437,650	437,264
Federated Mutual	707		2,759
Golden Rule			
Health Alliance	12,692	10,343	11,668
John Alden			
Medical Associates	205,500	198,053	191,092
Principal	320,635	202,248	185,647
Time Life			
United HealthCare River Valley	622,396	567,022	513,630
United HealthCare	245,322	238,667	137,085
Wellmark of Iowa	1,156,289	1,158,913	679,147
Wellmark, Inc.	3,465,161	3,094,190	3,092,585



**Appendix B: Loss Ratios**

	ICMM Loss Ratios, 2007	ICMM Loss Ratios, 2008	ICMM Loss Ratios, 2009
American Family	68%	50%	65%
American Republic	49%	54%	52%
Companion Life	68%	67%	94%
Coventry	51%	69%	65%
Federated Mutual	792%	638%	1065%
Golden Rule	63%	60%	57%
Health Alliance			
John Alden	87%	77%	83%
Medical Associates			
Principal			
Time Life	78%	74%	95%
United HealthCare River Valley			
United HealthCare			
Wellmark of Iowa	82%	86%	88%
Wellmark, Inc.	80%	83%	95%

	Small Group Loss Ratios, 2007	Small Group Loss Ratios, 2008	Small Group Loss Ratios, 2009
American Family			
American Republic			
Companion Life	62%	534%	355%
Coventry	79%	76%	83%
Federated Mutual	83%	69%	92%
Golden Rule			
Health Alliance	93%	113%	107%
John Alden	60%	91%	73%
Medical Associates	78%	89%	87%
Principal	91%	90%	83%
Time Life	76%	73%	41%
United HealthCare River Valley	81%	76%	83%
United HealthCare	85%	81%	83%
Wellmark of Iowa	82%	85%	80%
Wellmark, Inc.	86%	88%	88%



**NovaRest**  
ACTUARIAL CONSULTING

	Large Group Loss Ratios, 2007	Large Group Loss Ratios, 2008	Large Group Loss Ratios, 2009
American Family			
American Republic			
Companion Life			
Coventry	81%	86%	83%
Federated Mutual	118%		65%
Golden Rule			
Health Alliance	80%	105%	102%
John Alden			
Medical Associates	81%	87%	89%
Principal	86%	90%	81%
Time Life			
United HealthCare River Valley	82%	87%	85%
United HealthCare	82%	84%	88%
Wellmark of Iowa	85%	89%	91%
Wellmark, Inc.	88%	92%	94%



**Appendix C: Rate Increases**

	ICMM Rate Increases, 2007	ICMM Rate Increases, 2008	ICMM Rate Increases, 2009
American Family	22%	23%	21%
American Republic	19%	15%	15%
Companion Life	14%	3%	14%
Coventry	12%	8%	14%
Federated Mutual		15%	15%
Golden Rule	12%	15%	13%
Health Alliance			
John Alden	22%	22%	24%
Medical Associates			
Principal			
Time Life	22%	22%	24%
United HealthCare River Valley			
United HealthCare			
Wellmark of Iowa	5%	6%	9%
Wellmark, Inc.	5%	6%	9%

	Small Group Rate Increases, 2007	Small Group Rate Increases, 2008	Small Group Rate Increases, 2009
American Family			
American Republic			
Companion Life	14%	14%	14%
Coventry	7%	3%	13%
Federated Mutual	12%	2%	15%
Golden Rule			
Health Alliance	10%	10%	14%
John Alden	19%	19%	17%
Medical Associates	0%	6%	8%
Principal	15%	19%	19%
Time Life	16%	15%	16%
United HealthCare River Valley	1%	2%	0%
United HealthCare	16%	-2%	6%
Wellmark of Iowa	8%	12%	17%
Wellmark, Inc.	8%	12%	17%



**NovaRest**  
ACTUARIAL CONSULTING

	Large Group Rate Increases, 2007	Large Group Rate Increases, 2008	Large Group Rate Increases, 2009
American Family			
American Republic			
Companion Life			
Coventry	5%	8%	14%
Federated Mutual			
Golden Rule			
Health Alliance	9%	10%	12%
John Alden			
Medical Associates	0%	6%	8%
Principal	13%	10%	11%
Time Life			
United HealthCare River Valley	3%	7%	6%
United HealthCare	11%	5%	-1%
Wellmark of Iowa	4%	5%	9%
Wellmark, Inc.	4%	5%	9%



**Appendix D: Ranking of Changes Increase**

**Increases:**

<b>American Family</b>		
1	Surgery	\$493,941
2	Radiology	\$281,920
3	Laboratory	\$198,213
4	Anesthesia	\$87,607
5	EKG	\$61,622
6	Ambulance	\$13,936
7	Immunization	\$6,515
8	Psychotherapy	\$3,451
9	Diabetic	\$237

<b>American Republic</b>		
1	Surgery	\$63,089
2	Room	\$37,730
3	Ancillary	\$26,336
4	Air Ambulance	\$19,750
5	Recovery Room	\$8,989
6	Therapy	\$8,395
7	Chemotherapy	\$6,896
8	Vaccinations	\$6,460
9	Mammogram	\$639
10	Oxygen	\$515



<b>Companion Life</b>		
1	O/P Hosp.	\$176,277
2	Hosp. Misc.	\$152,940
3	Surgery	\$90,686
4	Therapy	\$66,684
5	Phys. Visit	\$30,024
6	R/B-ICU	\$26,370
7	Radiology Out	\$25,392
8	R/B-Semi	\$24,055
9	Anesthesia	\$22,584
10	Gmd Ambulance	\$21,007

<b>Coventry</b>		
1	IP NICU Level IV	\$1,308,855
2	OP ASC Group 02	\$391,517
3	PCP Pediatrician	\$352,500
4	OP ASC Group 09	\$253,988
5	OP Observation	\$250,444
6	IP NICU Level Other	\$234,088
7	Med Specialist Radiology	\$218,792
8	Specialist Anesthesia	\$207,211
9	OP Drugs	\$186,097
10	OP ER Level 4	\$158,826





<b>Federated Mutual - ICMM</b>		
1	Utilization of Outpatient Hospital Services	\$31,779
2	Utilization of Inpatient Hospital Services	\$21,931
3	Utilization of Equipment/Supplies	\$9,426
4	Utilization of Hospital Room & Board	\$6,898
5	Cost of Equipment/Supplies	\$5,774
6	Utilization of Outpatient Radiology Services (Professional)	\$4,563
7	Utilization of Emergency Room Services	\$3,778
8	Cost of Emergency Room Services	\$3,047
9	Utilization of Inpatient Physician Services	\$2,808
10	Utilization of Outpatient Radiology Services (Technical)	\$2,299

<b>Federated Mutual – Small Group</b>		
1	Cost of Inpatient Hospital Services	\$236,596
2	Utilization of Inpatient Hospital Services	\$179,981
3	Utilization of Inpatient Surgeries	\$158,771
4	Cost of Office-Related Radiology Services	\$124,877
5	Cost of Outpatient Facility Services	\$82,495
6	Cost of Prescription Drugs	\$80,984
7	Cost of Hospital Room & Board	\$55,229
8	Utilization of Prescription Drugs	\$52,385
9	Cost of Non-Prescription Drugs	\$39,807
10	Cost of Emergency Room Services	\$38,682



<b>Federated Mutual – Large Group</b>		
1	Increase in Insured Members from 2008-2009	\$2,038,253
2	Cost of Outpatient Hospital Services	\$303,147
3	Cost of Non-Prescription Drugs	\$195,433
4	Cost of Hospital Room & Board	\$138,883
5	Cost of Prescription Drugs	\$68,643
6	Cost of Ambulance Services	\$57,100
7	Cost of Inpatient Surgeries	\$52,102
8	Utilization of Outpatient Hospital Services	\$43,426
9	Cost of Skilled Nursing Facilities	\$26,622
10	Utilization of Non-Prescription Drugs	\$24,842

<b>Golden Rule</b>		
1	Facility/Emergency Room	\$35,317
2	Other/Physical Therapy	\$23,177
3	Prescription Drug Card/Medco Data	\$21,643
4	Preventive Care/Routine Services	\$6,002
5	Physician/Psyche and Substance Abuse	\$5,358
6	Other/Home Health	\$4,105
7	Physician/Spine & Back Disorder	\$3,858
8	Facility/Hospice	\$1,027
9	Facility/Other	-\$153
10	Preventive Care/Routine Childhood Immunizations	-\$3,135



<b>Health Alliance – Small Group PPO</b>		
1	Inpatient Acute Cost/Day	\$246,180
2	Outpatient General Medicine Cases/1000	\$171,804
3	Pharmacy Cases/1,000	\$106,095
4	Outpatient Surgical Procedure Cases/1000	\$90,291
5	Physician Surgery Units/1000	\$90,061
6	Outpatient Emergency Care Cost/Case	\$69,841
7	Physician Evaluation & Management Units/1000	\$58,377
8	Physician Anesthesia Units/1000	\$54,393
9	Physician Miscellaneous Units/1000	\$48,059
10	Physician Non Evaluation & Management Units/1000	\$35,238

<b>Health Alliance – Large Group PPO</b>		
1	Outpatient General Medicine Cost/Case	\$86,723
2	Inpatient MH/CD Days/1000	\$46,353
3	Outpatient Emergency Care Cases/1000	\$29,988
4	Outpatient Emergency Care Cost/Case	\$23,790
5	Ancillary Ambulance Cost/Case	\$19,818
6	Outpatient Surgical Procedure Cost/Case	\$19,338
7	Physician Anesthesia Cost/Unit	\$13,261
8	Outpatient Rehab Care Cost/Day	\$12,608
9	Physician Evaluation & Management Cost/Unit	\$12,509
10	Physician Non Evaluation & Management Cost/Unit	\$5,665



<b>Health Alliance – Small Group HMO</b>		
1	Physician Non Evaluation & Management Units/1000	\$37,538
2	Outpatient General Medicine Cases/1000	\$33,609
3	Inpatient Acute Cost/Day	\$33,315
4	Inpatient Acute Days/1000	\$20,576
5	Physician Evaluation & Management Units/1000	\$17,680
6	Physician Surgery Units/1000	\$16,485
7	Outpatient Emergency Care Cases/1000	\$10,508
8	Outpatient Surgical Procedure Cases/1000	\$9,349
9	Physician Radiology Units/1000	\$4,643
10	Pharmacy cases/1000	\$3,682

<b>Health Alliance – Large Group HMO</b>		
1	Increase Inpatient Acute Cost/Day	\$85,308
2	Increase Outpatient Emergency Care Cost/Case	\$17,631
3	Increase Physician Surgery Units/1000	\$5,706
4	Increase Outpatient Rehab Care Cost/Case	\$3,738
5	Increase Physician Evaluation & Management cost/unit	\$3,471
6	Increase Physician Anesthesia Units/1000	\$2,296
7	Increase Pharmacy Cost/Case	\$1,670
8	Increase Physician Miscellaneous Units/1000	\$1,331
9	Increase Physician Non Evaluation & Management cost/unit	\$636
10	Increase in Physician Testing Cost/Procedure	\$4,686



<b>John Alden</b>		
1	Cost Shifting - Low Medicare Reimbursement	\$2,065,688
2	Anti-Selective Lapse	\$1,760,335
3	Increase in Utilization	\$926,247
4	Attained Age	\$830,000
5	Underwriting Wear-off	\$550,000
6	Deductible Leveraging	\$607,147
7	Medical Technology	\$297,187

<b>Medical Associates – Small Group</b>		
1	Operating Room	\$174,947
2	Prescription Drugs	\$167,054
3	Nursery Room & Board	\$89,484
4	Radiation Oncology	\$67,094
5	Diagnostic Imaging & Tests	\$48,292
6	Medical/Surgical Supplies	\$46,015
7	Emergency, Urgent, Observation Rooms	\$33,694
8	Inpatient/Outpatient Physician Visits	\$31,652
9	Medical/Surgical Room & Board	\$31,279
10	Respiratory Therapy	\$27,401



<b>Medical Associates – Large Group</b>		
1	Nursery Room & Board	\$317,921
2	Laboratory & Pathology	\$244,335
3	Prescription Drugs	\$235,897
4	Operating Room	\$220,735
5	Dialysis	\$175,764
6	Respiratory Therapy	\$114,792
7	Intensive Care Room & Board	\$76,031
8	Obstetrical Room & Board	\$69,523
9	Coronary Care Room & Board	\$63,778
10	Blood & Blood Products	\$52,852

<b>Time Life</b>		
1	Cost Shifting - Low Medicare Reimbursement	\$1,997,734
2	Anti-Selective Lapse	\$1,706,088
3	Increase in Utilization	\$874,210
4	Attained Age	\$830,000
5	Underwriting Wear-off	\$550,000
6	Deductible Leveraging	\$576,250
7	Medical Technology	\$287,895



<b>United HealthCare River Valley</b>		
1	OP - OUTPATIENT SURGERY	\$6,258,482
2	PH - PHYSICIAN VISITS	\$1,373,965
3	OP - RADIOLOGY SERVICES	\$995,276
4	OP - OTHER	\$539,585
5	IP - MATERNITY/NEWBORN	\$503,149
6	PH - SURGERY	\$471,455
7	OP - EMERGENCY ROOM	\$415,799
8	OP - LAB & PATH - FACILITY BASED	\$260,143
9	OP - REHABILITATION	\$220,793
10	ANC - HOME HEALTH	\$198,096

<b>United HealthCare</b>		
1	OP - DIALYSIS	\$216,900
2	OP - RX - FACILITY DISPENSED	\$161,655
3	IP - REHABILITATION	\$155,295
4	OP - URGICENTER	\$30,736
5	ANC - HOME HEALTH	\$26,905
6	PH - DIALYSIS	\$10,824
7	OP - DME; SUPPLIES	\$9,388
8	OP - AMBULANCE	\$5,104
9	OP - LAB & PATH - FACILITY BASED	\$3,506
10	IP - HOSPICE	\$2,772



<b>Wellmark of Iowa</b>		
1	Practitioner Office Utilization	\$5,075,050
2	Drug allowed per script	\$4,838,814
3	Outpatient Utilization	\$4,610,602
4	Acute Inpatient allowed per admission	\$4,004,413
5	Outpatient allowed per service	\$3,510,547
6	Practitioner Office allowed per service	\$894,129
7	Practitioner Outpatient allowed per service	\$762,193
8	Practitioner Outpatient Utilization	\$665,916
9	Drug Utilization	\$660,568
10	Practitioner Inpatient allowed per service	\$600,840

<b>Wellmark, Inc.</b>		
1	Practitioner Office Utilization	\$25,447,931
2	Drug allowed per script	\$24,263,371
3	Outpatient Utilization	\$23,119,041
4	Acute Inpatient allowed per admission	\$20,079,414
5	Outpatient allowed per service	\$17,603,013
6	Practitioner Office allowed per service	\$4,483,449
7	Practitioner Outpatient allowed per service	\$3,821,883
8	Practitioner Outpatient Utilization	\$3,339,119
9	Drug Utilization	\$3,312,299
10	Practitioner Inpatient allowed per service	\$3,012,806





**Decreases:**

<b>American Family</b>		
1	Ancillary	\$2,043,306
2	Doctor	\$599,322
3	Specialty Drug	\$238,974
4	Therapy	\$82,133
5	Equipment	\$19,896
6	Home Health	\$17,982
7	Sleep	\$14,590
8	Chiropractic	\$11,364
9	Mammogram	\$7,073

<b>American Republic</b>		
1	Doctor Visit	\$93,696
2	X-Ray	\$89,683
3	Supplies	\$64,608
4	Laboratory	\$62,383
5	Equipment	\$27,277
6	Anesthesia	\$19,866
7	Emergency Room	\$15,091
8	Observation Room	\$5,512
9	Ambulance	\$3,075
10	Private Duty Nursing	\$0

<b>Companion Life</b>		
1	R/B - Nursery	\$0
2	Home Health	\$2,471
3	Med. Records	\$2,162
4	Speech therapy	\$1,044
5	Second Opinion	\$1,400



<b>Coventry</b>		
1	IP Medical	\$665,718
2	IP Transplant	\$432,245
3	IP NICU Level III	\$404,906
4	Med Specialist Cardiovascular	\$280,092
5	IP Angioplasty	\$262,229
6	OP Lab General	\$236,447
7	IP Surgical	\$232,301
8	Med Specialist Hematology & Oncology	\$185,295
9	OP Dialysis	\$121,099
10	OP Injectibles	\$114,513

<b>Federated Mutual - ICMM</b>		
1	Decrease in Insured Members from 2008-2009	-\$72,857
2	Cost of Inpatient Hospital Services	-\$25,633
3	Cost of Outpatient Hospital Services	-\$16,120
4	Cost of Hospital Room & Board	-\$8,027
5	Cost of Outpatient Radiology Services (Professional)	-\$3,423
6	Cost of Inpatient Physician Services	-\$2,247
7	Utilization of Ambulatory Surgical Centers	-\$1,560
8	Utilization of Chiropractic Services	-\$934
9	Utilization of Prescription Drugs	-\$686
10	Utilization of Outpatient Surgeries	-\$673



<b>Federated Mutual – Small Group</b>		
1	Decrease in Insured Members from 2008-2009	-\$1,285,273
2	Cost on Inpatient Surgeries	-\$92,267
3	Cost of Office Surgeries	-\$19,851
4	Utilization of Ambulatory Surgical Centers	-\$15,035
5	Cost of Miscellaneous Medical Services	-\$9,270
6	Utilization of Outpatient Surgeries	-\$8,489
7	Utilization of Skilled Nursing Facilities	-\$2,988
8	Cost of Preventive Services	-\$2,902
9	Cost of Office-Related Radiology Services	-\$2,274
10	Cost of Outpatient Medical Services	-\$1,720

<b>Federated Mutual – Large Group</b>		
1	Utilization of Inpatient Hospital Services	-\$129,699
2	Cost of Inpatient Hospital Services	-\$57,639
3	Utilization of Prescription Drugs	-\$53,014
4	Utilization of Inpatient Surgeries	-\$51,513
5	Utilization of Hospital Room & Board	-\$48,026
6	Utilization of Office-Related Radiology Services	-\$41,966
7	Cost of Outpatient Surgeries	-\$38,418
8	Utilization of Emergency Room Services	-\$32,854
9	Cost of Preventive Services	-\$17,227
10	Utilization of Ambulance Services	-\$11,912



<b>Golden Rule</b>		
1	Facility/Inpatient Facility	-\$436,318
2	Facility/Outpatient Facility	-\$187,315
3	Physician/Surgery	-\$67,338
4	Physician/Diagnostic Testing-Other	-\$49,917
5	Physician/Other	-\$40,425
6	Prescription Drug Card/Retail Pharmacy	-\$39,764
7	Other/Radiation/Chemotherapy	-\$32,608
8	Physician/Diagnostic Testing-Office/Clinic	-\$23,797
9	Physician/Office Visits	-\$18,169
10	Other/DME/Prosthetics	-\$14,878

<b>Health Alliance – Small Group PPO</b>		
1	Outpatient Surgical Procedure Cost/Case	-\$88,927
2	Inpatient Acute Days/1,000	-\$77,921
3	Physician Miscellaneous Cost/Unit	-\$59,540
4	Outpatient Transplants Covered by Rider Cases/1000	-\$36,157
5	Ancillary Durable Medical Equipment Cost/Day	-\$15,803
6	Outpatient General Medicine Cost/Case	-\$12,351
7	Physician Anesthesia Cost/Unit	-\$7,830
8	Ancillary Durable Medical Equipment Cases/1000	-\$7,455
9	Ancillary Prosthetics Cost/Case	-\$1,948
10	Ancillary Hospice Care Cases/1000	-\$1,313



<b>Health Alliance – Large Group PPO</b>		
1	Inpatient Acute Cost/Day	-\$155,064
2	Inpatient Acute Days/1000	-\$137,077
3	Physician Miscellaneous Units/1000	-\$39,562
4	Pharmacy Cases/1000	-\$35,929
5	Physician Radiology Cost/Unit	-\$28,295
6	Physician Miscellaneous Cost/Unit	-\$25,247
7	Pharmacy Cost/Case	-\$19,748
8	Physician Anesthesia Units/1000	-\$18,791
9	Physician Radiology Units/1000	-\$16,863
10	Physician Surgery Units/1000	-\$15,695

<b>Health Alliance – Small Group HMO</b>		
1	Outpatient General Medicine Cost/Case	-\$4,480
2	Outpatient Emergency Care Cost/Case	-\$4,142
3	Physician Non Evaluation & Management cost/unit	-\$1,556
4	Physician Radiology cost/unit	-\$861



<b>Health Alliance – Large Group HMO</b>		
1	Decrease Outpatient General Medicine Cost/Case	-\$84,806
2	Decrease Outpatient General Medicine Cases/1000	-\$23,297
3	Decrease Inpatient Acute Days/1,000	-\$10,254
4	Decrease Outpatient Surgical Procedure Cases/1000	-\$10,197
5	Decrease Outpatient Surgical Procedure Cost/Case	-\$8,712
6	Decrease Physician Pathology & Lab Units/1000	-\$6,683
7	Decrease Physician Evaluation & Management Units/1000	-\$6,675
8	Decrease Outpatient Emergency Care Cases/1000	-\$5,433
9	Decrease Physician Pathology & Lab cost/unit	-\$5,331
10	Decrease Physician Non Evaluation & Management Units/1000	-\$4,712

<b>John Alden</b>		
1	Policy Benefit Buy-Down	-\$1,054,482



<b>Medical Associates – Small Group</b>		
1	Physician Surgery	-\$119,383
2	Office Visits	-\$73,681
3	Non Prescription Drugs	-\$71,222
4	Pediatrics Room & Board	-\$51,724
5	DME & Supplies	-\$41,866
6	Obstetrical Room & Board	-\$40,095
7	Intensive Care Room & Board	-\$39,004
8	Ambulatory Surgery	-\$25,352
9	Blood & Blood Products	-\$19,192
10	Occupational Therapy	-\$17,254

<b>Medical Associates – Large Group</b>		
1	Office Visits	-\$341,807
2	Diagnostic Radiology & Nuclear Medicine	-\$314,821
3	Medical/Surgical Room & Board	-\$76,683
4	Radiation Oncology	-\$70,471
5	Physician Surgery	-\$68,931
6	Preventive Exam	-\$66,117
7	Non Prescription Drugs	-\$65,468
8	Psychiatric Room & Board	-\$60,879
9	Pediatrics Room & Board	-\$52,885
10	Hospice	-\$47,425



<b>Time Life</b>		
1	Policy Benefit Buy-Down	-\$830,000
2	Movement to leaner benefits	-\$103,114

<b>United HealthCare River Valley</b>		
1	IP - MED/SURG/ICU	-\$1,653,789
2	PH - IP VISITS	-\$636,359
3	IP - NICU/EXTENDED STAY	-\$459,309
4	PH - ER	-\$436,750
5	PH - HCPC	-\$236,500
6	IP - REHABILITATION	-\$213,658
7	ANC - RADIOLOGY SERVICES	-\$182,913
8	IP - TRANSPLANTS	-\$163,686
9	PH - CARDIOVASCULAR	-\$129,940
10	ANC - OUTPATIENT SURGERY	-\$97,984

<b>United HealthCare</b>		
1	IP - MED/SURG/ICU	-\$2,896,686
2	PH - PHYSICIAN VISITS	-\$1,669,241
3	OP - OUTPATIENT SURGERY	-\$1,550,731
4	PH - RADIOLOGY SERVICES	-\$653,703
5	PH - OFFICE SURGERY	-\$542,098
6	PH - OP SURGERY	-\$519,994
7	PH - IP SURGERY	-\$396,410
8	PH - ANESTHESIA	-\$368,931
9	ANC - FREESTANDING CLINICAL LAB	-\$344,680
10	IP - NICU/EXTENDED STAY	-\$341,134





**NovaRest**  
ACTUARIAL CONSULTING

<b>Wellmark of Iowa</b>		
1	Inpatient Admissions	\$ 2,505,878
2	Other	\$ 1,512,798
3	Practitioner Inpatient Utilization	\$ 234,452

<b>Wellmark, Inc.</b>		
1	Inpatient Admissions	\$12,565,279
2	Other	\$7,585,656
3	Practitioner Inpatient Utilization	\$1,175,620



**Appendix E: Risk-Based Capital**

<b>Company</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
American Family	826%	791%	746%	600%	730%
American Republic	1568%	1159%	1102%	1391%	1383%
Companion Life Insurance	632%	703%	704%	733%	814%
Coventry	358%	495%	368%	271%	345%
Federated Mutual	913%	1106%	1243%	1333%	1550%
Golden Rule	1216%	898%	735%	658%	413%
Health Alliance	1058%	927%	792%	492%	337%
John Alden	550%	592%	522%	529%	440%
Medical Associates	495%	493%	481%	465%	462%
Principal	936%	836%	752%	880%	849%
Time Life	629%	559%	592%	472%	465%
United Healthcare	566%	524%	559%	396%	413%
UnitedHealthCare River Valley	527%	701%	464%	493%	352%
Wellmark Inc	887%	950%	862%	722%	696%
Wellmark of IA	461%	555%	582%	530%	844%



**Appendix F: Medical Trends**

<b>American Family</b>					
<b>Service Category</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Specialty drug				18%	10%
Radiology				13%	8%

<b>American Republic</b>					
<b>Service Category</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Specialty drug	32%	55%	6%	-20%	1%
Radiology	12%	12%	20%	1%	-2%

<b>Companion Life</b>					
<b>Service Category</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Prescription	13%	189%	101%	110%	75%
Physician Services	105%	6%	127%	157%	55%
Radiology Out	14%	58%	71%	69%	97%
Specific testing	241%	105%	1%	21%	362%

<b>Coventry</b>					
<b>Service Category</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Anesthesia costs due to increased pain mgt therapy					11%
Cancers				33%	
Chemotherapy and other infusions					39%
Dialysis			12%		
Increased level of ER acuity from Level 1,2,3 to 4,5					25%
Musculoskeletal--increased implant costs				15%	
NICU costs					225%
Observation costs due to more testing performed					24%



<b>Federated Mutual</b>					
<b>Service Category</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Prescription Pharmacy	6%	6%	6%	7%	7%
Large-Claim Medical	-20%	72%	-6%	20%	9%
Medical (Non-Large Claims)	3%	8%	5%	6%	7%
Non-Prescription Pharmacy	2%	-1%	3%	-16%	1%

<b>Golden Rule</b>					
<b>Service Category</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Pharmacy - Antineoplastic Agents - Unit Cost		19%	25%	17%	57%
Outpatient - Emergency Room - Unit Cost		10%	10%	14%	9%
Inpatient - Musculoskeletal; Connective Tissue - Utilization		38%	26%	3%	16%
Outpatient - Outpatient Surgery - Unit Cost		-5%	4%	11%	10%
Physician - Hematology and Oncology - Unit Cost		16%	10%	-10%	56%
Physician - Pathology - Utilization		13%	23%	14%	40%

<b>Health Alliance</b>					
<b>Service Category</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Medical Trend	11%	10%	11%	10%	10%
Inpatient	9%	8%	9%	9%	9%
Outpatient	14%	14%	14%	14%	13%
Physician	9%	9%	9%	8%	9%
Pharmacy Trend	12%	11%	11%	8%	10%
Total Commercial Trend	11%	10%	11%	10%	11%



<b>Medical Associates</b>					
<b>Service Category</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Anesthesia				27%	
Critical Care					323%
CT Scans			15%		
Dialysis					654%
EEG					36%
Emergency Room			21%		
General Newborn Care			13%		222%
Injections (J Codes)			63%		
Intensive Care			32%		
IV Therapy				56%	
Mammography			69%		18%
Medical/Surgical Supplies				18%	
MRI's				50%	
OB Antepartum Care			44%		
Office Visits			37%	14%	
Operating Room				37%	
Non Pharmacy Drugs			35%	44%	
Physical Therapy				34%	
Premature newborn/intensive care/pediatric					270%
Radiation					21%
Recovery Room				44%	
Respiratory care					60%
Self Administered Drugs					11526%
Semi private rooms			17%	24%	

<b>United HealthCare River Valley</b>					
<b>Service Category</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Physician - Chemotherapy - Unit Cost		43%	6%	16%	6%
Outpatient - Emergency Room - Unit Cost		9%	13%	11%	18%
Outpatient - Outpatient Surgery - Unit Cost		4%	-12%	7%	14%



<b>United HealthCare</b>					
<b>Service Category</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Pharmacy - Antineoplastic Agents - Unit Cost		19%	25%	17%	57%
Outpatient - Emergency Room - Unit Cost		10%	10%	14%	9%
Inpatient - Musculoskeletal; Connective Tissue - Utilization		38%	26%	3%	16%
Outpatient - Outpatient Surgery - Unit Cost		-5%	4%	11%	10%
Physician - Hematology and Oncology - Unit Cost		16%	10%	-10%	56%
Physician - Pathology - Utilization		13%	23%	14%	40%

<b>Wellmark of Iowa</b>					
<b>Service Category</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Practitioner	13%	11%	8%	9%	5%
Acute Inpatient Facility	3%	10%	4%	13%	-3%
Outpatient Facility	15%	10%	2%	13%	13%
Drug	13%	7%	5%	8%	11%

<b>Wellmark, Inc.</b>					
<b>Service Category</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Acute Inpatient Facility	9%	6%	2%	4%	2%
Drug	7%	4%	0%	3%	8%
Outpatient Facility	14%	7%	5%	7%	10%
Practitioner	10%	8%	6%	4%	5%



**Appendix G: Additional Data**

I. ICMM, small group, and large group PMPMs, 2005-2009

	ICMM PMPMs, 2005	ICMM PMPMs, 2006	ICMM PMPMs, 2007	ICMM PMPMs, 2008	ICMM PMPMs, 2009
American Family	\$284.57	\$172.62	\$178.61	\$127.43	\$209.21
American Republic	\$94.97	\$106.47	\$100.68	\$122.76	\$117.96
Companion Life	\$129.75	\$112.57	\$113.84	\$121.47	\$184.27
Coventry		\$53.73	\$64.07	\$91.94	\$90.91
Federated Mutual	\$372.73	\$354.28	\$4,815.77	\$3,167.68	\$4,234.09
Golden Rule	\$99.00	\$82.25	\$95.04	\$96.41	\$101.08
Health Alliance					
John Alden	\$69.19	\$89.49	\$101.95	\$114.48	\$140.85
Medical Associates					
Principal					
Time Life	\$69.19	\$89.49	\$101.95	\$114.48	\$140.85
United HealthCare River Valley					
United HealthCare					
Wellmark of Iowa		\$128.59	\$134.97	\$146.07	\$154.66
Wellmark, Inc.	\$154.17	\$160.68	\$162.69	\$162.29	\$190.52



	Small Group PMPMs, 2005	Small Group PMPMs, 2006	Small Group PMPMs, 2007	Small Group PMPMs, 2008	Small Group PMPMs, 2009
American Family					
American Republic					
Companion Life	\$0.08	\$39.75	\$115.79	\$1,128.82	\$784.62
Coventry	\$140.83	\$125.08	\$199.89	\$191.74	\$200.43
Federated Mutual	\$163.02	\$210.24	\$244.32	\$214.85	\$287.38
Golden Rule					
Health Alliance	\$339.04	\$269.84	\$242.88	\$285.21	\$278.19
John Alden	\$90.64	\$127.61	\$152.11	\$206.80	\$175.68
Medical Associates		\$209.75	\$204.73	\$239.20	\$244.87
Principal	\$175.73	\$174.01	\$209.72	\$231.63	\$239.74
Time Life	\$100.12	\$117.45	\$172.01	\$199.02	\$61.13
United HealthCare River Valley	\$161.71	\$170.99	\$176.21	\$167.75	\$183.32
United HealthCare	\$192.77	\$207.42	\$225.56	\$211.11	\$229.80
Wellmark of Iowa	\$191.71	\$204.35	\$203.86	\$235.77	\$244.40
Wellmark, Inc.	\$178.07	\$196.93	\$199.25	\$210.67	\$222.28





**NovaRest**  
ACTUARIAL CONSULTING

	Large Group PMPMs, 2005	Large Group PMPMs, 2006	Large Group PMPMs, 2007	Large Group PMPMs, 2008	Large Group PMPMs, 2009
American Family					
American Republic					
Companion Life					
Coventry	\$153.53	\$141.94	\$208.83	\$229.09	\$234.24
Federated Mutual	\$138.48	\$224.05	\$267.15		\$113.43
Golden Rule					
Health Alliance	\$279.47	\$347.27	\$252.75	\$334.58	\$313.45
John Alden					
Medical Associates		\$231.49	\$224.56	\$258.78	\$274.95
Principal	\$223.39	\$231.32	\$237.82	\$258.34	\$244.22
Time Life					
United HealthCare River Valley	\$220.56	\$222.20	\$222.80	\$249.67	\$260.03
United HealthCare	\$225.14	\$247.13	\$256.24	\$275.86	\$286.19
Wellmark of Iowa	\$190.74	\$217.15	\$229.32	\$255.04	\$265.18
Wellmark, Inc.	\$225.79	\$237.84	\$253.06	\$237.73	\$255.44



II. Commissions as a percentage of premium, 2005-2009

	Commissions as % Premium, 2005	Commissions as % Premium, 2006	Commissions as % Premium, 2007	Commissions as % Premium, 2008	Commissions as % Premium, 2009
American Family	6%	7%	7%	7%	6%
American Republic	12%	10%	10%	9%	8%
Companion Life – ICMM	17%	16%	16%	16%	15%
Companion Life – Small Group	10%	10%	9%	9%	9%
Coventry			3%	2%	2%
Federated Mutual	1%	2%	1%	1%	1%
Golden Rule	8%	7%	6%	5%	6%
Health Alliance	2%	3%	4%	4%	5%
John Alden	8%	9%	8%	8%	8%
Medical Associates	1%	1%	1%	1%	1%
Principal – Small Employers	4%	4%	5%	5%	5%
Principal – Large Employers	2%	3%	3%	4%	4%
Time Life	9%	9%	12%	11%	11%
United HealthCare River Valley	3%	4%	3%	4%	6%
United HealthCare	3%	3%	3%	3%	2%
Wellmark of Iowa	3%	3%	3%	3%	4%
Wellmark, Inc.	4%	4%	4%	5%	5%



III. Administrative costs as a percentage of premium, 2005-2009

	Admin as % Premium, 2005	Admin as % Premium, 2006	Admin as % Premium, 2007	Admin as % Premium, 2008	Admin as % Premium, 2009
American Family	21%	22%	20%	16%	18%
American Republic	22%	22%	21%	21%	21%
Companion Life – ICMM	6%	6%	6%	6%	6%
Companion Life – Small Group	13%	13%	13%	12%	12%
Coventry			3%	4%	3%
Federated Mutual	9%	10%	11%	11%	10%
Golden Rule	14%	13%	13%	13%	13%
Health Alliance	5%	5%	7%	7%	7%
John Alden	15%	17%	17%	16%	9%
Medical Associates	12%	11%	10%	10%	10%
Principal – Small Employers	11%	13%	13%	13%	13%
Principal – Large Employers	9%	7%	9%	9%	9%
Time Life	19%	19%	18%	17%	19%
United HealthCare River Valley	10%	7%	11%	11%	11%
United HealthCare	4%	5%	7%	7%	6%
Wellmark of Iowa	7%	6%	7%	6%	6%
Wellmark, Inc.	6%	9%	10%	11%	9%



IV. Additional Cost Factors Beyond Claims (as a percentage of premium)

<b>American Family</b>					
<b>Factor</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Commissions	6%	7%	7%	7%	6%
Administrative	21%	22%	20%	16%	18%

<b>American Republic</b>					
<b>Factor</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Commissions	12%	10%	10%	9%	8%
Administrative	22%	22%	21%	21%	21%

<b>Companion Life – ICM</b>					
<b>Factor</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Commissions	17%	16%	16%	16%	15%
Administrative	6%	6%	6%	6%	6%
Tax	1%	1%	1%	1%	1%
Profit	6%	6%	6%	6%	6%

<b>Companion Life – Small Group</b>					
<b>Factor</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Commissions	10%	10%	9%	9%	9%
Administrative	13%	13%	13%	12%	12%
Tax	3%	3%	2%	2%	2%
Profit	6%	6%	6%	6%	6%

<b>Coventry</b>					
<b>Factor</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Commissions			3%	2%	2%
Administrative			3%	4%	3%
Premium Taxes			1%	2%	2%



<b>Federated Mutual</b>					
<b>Factor</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Commissions	1%	2%	1%	1%	1%
Administrative	9%	10%	11%	11%	10%
Cost Containment	2%	2%	2%	2%	2%
Taxes and Fees	3%	2%	1%	2%	2%

<b>Golden Rule</b>					
<b>Factor</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Commissions	8%	7%	6%	5%	6%
Administrative	14%	13%	13%	13%	13%

<b>Health Alliance</b>					
<b>Factor</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Commissions	2%	3%	4%	4%	5%
Administrative	5%	5%	7%	7%	7%
Taxes	0%	0%	0%	0%	0%
Assessments	0%	0%	0%	0%	0%
Corporate Reinsurance	0%	0%	0%	0%	0%

<b>John Alden</b>					
<b>Factor</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Commissions	8%	9%	8%	8%	8%
Administrative	15%	17%	17%	16%	9%

<b>Medical Associates</b>					
<b>Factor</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Admin	12%	11%	10%	10%	10%
Commissions	1%	1%	1%	1%	1%



<b>Principal – Small Employers</b>					
<b>Factor</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Commissions	4%	4%	5%	5%	5%
Administrative	11%	13%	13%	13%	13%
State Charges	1%	1%	1%	1%	1%
Premium Tax	2%	1%	1%	1%	1%

<b>Principal – Large Employers</b>					
<b>Factor</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Commissions	2%	3%	3%	4%	4%
Administrative	9%	7%	9%	9%	9%
State Charges	1%	1%	0%	1%	1%
Premium Tax	2%	1%	1%	1%	1%

<b>Time Life</b>					
<b>Factor</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Commissions	9%	9%	12%	11%	11%
Administrative	19%	19%	18%	17%	19%

<b>United Healthcare River Valley</b>					
<b>Factor</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Commissions	3%	4%	3%	4%	6%
Administrative	10%	7%	11%	11%	11%
Premium Taxes	1%	1%	1%	1%	1%
Assessments	1%	1%	1%	1%	2%

<b>United Healthcare</b>					
<b>Factor</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Commissions	3%	3%	3%	3%	2%
Administrative	4%	5%	7%	7%	6%
Premium Taxes	2%	2%	2%	2%	2%



**NovaRest**  
ACTUARIAL CONSULTING

<b>Wellmark of Iowa</b>					
<b>Factor</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Commissions	3%	3%	3%	3%	4%
Administrative	7%	6%	7%	6%	6%

<b>Wellmark Inc.</b>					
<b>Factor</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Commissions	4%	4%	4%	5%	5%
Administrative	6%	9%	10%	11%	9%



## Appendix H: Health Care Cost Category Standardization

<b>Original Service</b>	<b>Standard Name</b>
Ancillary Ambulance Cost/Case	Ambulance Cost
Ancillary Durable Medical Equipment Cases/1000	Equipment and Supplies
Ancillary Durable Medical Equipment Cost/Day	Equipment and Supplies
Ancillary Prosthetics Cost/Case	Equipment and Supplies
Inpatient Acute Cost/Day	Inpatient Hospital
Inpatient Acute Days/1,000	Inpatient Hospital
Inpatient Acute Days/1000	Inpatient Hospital
Inpatient MH/CD Days/1000	MH/CD
Outpatient Emergency Care Cases/1000	Outpatient Hospital
Outpatient Emergency Care Cost/Case	Outpatient Hospital
Outpatient General Medicine Cases/1000	Outpatient Hospital
Outpatient General Medicine Cost/Case	Outpatient Hospital
Outpatient Rehab Care Cost/Day	Rehab
Outpatient Surgical Procedure Cases/1000	Surgery
Outpatient Surgical Procedure Cost/Case	Surgery
Outpatient Transplants Covered by Rider Cases/1000	Surgery
Pharmacy Cases/1,000	Prescription Drug
Pharmacy Cases/1000	Prescription Drug
Pharmacy Cost/Case	Prescription Drug
Physician Anesthesia Cost/Unit	Anesthesia
Physician Anesthesia Units/1000	Anesthesia
Physician Evaluation & Management Units/1000	Physician
Physician Miscellaneous Cost/Unit	Physician
Physician Miscellaneous Units/1000	Physician
Physician Non Evaluation & Management Units/1000	Physician
Physician Radiology Cost/Unit	Radiology
Physician Surgery Units/1000	Surgery
Acute Inpatient allowed per admission	Inpatient Hospital
Air Ambulance	Ambulance
Ambulance	Ambulance
Ambulatory Surgery	Surgery
ANC FREESTANDING CLINICAL LAB	Laboratory and X-ray
ANC - HOME HEALTH	Other
ANC OUTPATIENT SURGERY	Surgery
ANC RADIOLOGY SERVICES	Radiology





**NovaRest**  
ACTUARIAL CONSULTING

Ancillary	Ancillary
Anesthesia	Anesthesia
Anti-Selective Lapse	Population Change
Attained Age	Population Change
Blood & Blood Products	Equipment and Supplies
Chemotherapy	Chemotherapy
Chiropractic	Chiropractic
Coronary Care Room & Board	Inpatient Hospital
Cost of Ambulance Services	Ambulance Cost
Cost of Emergency Room Services	Emergency Room
Cost of Equipment/Supplies	Equipment and Supplies
Cost of Hospital Room & Board	Inpatient Hospital
Cost of Hospital Room & Board	Inpatient Hospital
Cost of Inpatient Hospital Services	Inpatient Hospital
Cost of Inpatient Hospital Services	Inpatient Hospital
Cost of Inpatient Physician Services	Physician
Cost of Inpatient Surgeries	Surgery
Cost of Miscellaneous Medical Services	Other
Cost of Non-Prescription Drugs	Non-Prescription Drug
Cost of Office Surgeries	Surgery
Cost of Office-Related Radiology Services	Radiology
Cost of Outpatient Facility Services	Outpatient Hospital
Cost of Outpatient Hospital Services	Outpatient Hospital
Cost of Outpatient Medical Services	Outpatient Hospital
Cost of Outpatient Radiology Services (Professional)	Radiology
Cost of Outpatient Surgeries	Surgery
Cost of Prescription Drugs	Prescription Drug
Cost of Preventive Services	Preventative
Cost of Skilled Nursing Facilities	Skilled Nursing Facilities
Cost on Inpatient Surgeries	Surgery
Cost Shifting - Low Medicare Reimbursement	Cost Shifting - Medicare
Decrease in Insured Members from 2008-2009	Population Change
Deductible Leveraging	Deductible Leveraging
Diabetic	Diabetic
Diagnostic Imaging & Tests	Diagnostic Imaging & Tests
Diagnostic Radiology & Nuclear Medicine	Radiology
Dialysis	Dialysis
DME & Supplies	Equipment and Supplies



**NovaRest**  
ACTUARIAL CONSULTING

Doctor	Physician
Doctor Visit	Physician
Drug allowed per script	Prescription Drug
Drug Card/Medco Data	Prescription Drug
Drug Utilization	Prescription Drug
EKG	Preventative
Emergency Room	Emergency Room
Emergency, Urgent, Observation Rooms	Emergency Room
Equipment	Equipment and Supplies
Facility/Emergency Room	Emergency Room
Facility/Hospice	Inpatient Hospital
Facility/Inpatient Facility	Inpatient Hospital
Facility/Outpatient Facility	Outpatient Hospital
Gmd Ambulance	Ambulance
Home Health	Other
Hosp. Misc.	Other
Hospice	Other
Immunization	Preventative
Increase in Insured Members from 2008-2009	Population change
Increase in Utilization	Other
Increase Inpatient Acute Cost/Day	Inpatient Hospital
Increase Outpatient Emergency Care Cost/Case	Outpatient Hospital
Inpatient Admissions	Inpatient Hospital
Inpatient/Outpatient Physician Visits	Physician
Intensive Care Room & Board	Inpatient Hospital
IP - MATERNITY/NEWBORN	Inpatient Hospital
IP MED/SURG/ICU	Inpatient Hospital
IP NICU/EXTENDED STAY	Inpatient Hospital
IP REHABILITATION	Rehab
IP TRANSPLANTS	Surgery
IP - HOSPICE	Other
IP MED/SURG/ICU	Inpatient Hospital
IP NICU/EXTENDED STAY	Inpatient Hospital
IP - REHABILITATION	Rehab
IP Angioplasty	Surgery
IP Medical	Inpatient Hospital
IP NICU Level III	Inpatient Hospital
IP NICU Level IV	Inpatient Hospital
IP NICU Level Other	Inpatient Hospital



**NovaRest**  
ACTUARIAL CONSULTING

IP Surgical	Surgery
IP Transplant	Surgery
Laboratory and X-ray	Laboratory and X-ray
Laboratory and X-ray & Pathology	Laboratory and X-ray
Mammogram	Preventative
Med Specialist Cardiovascular	Physician
Med Specialist Hematology & Oncology	Physician
Med Specialist Radiology	Radiology
Med. Records	Other
Medical Technology	Medical Technology
Medical/Surgical Room & Board	Inpatient Hospital
Medical/Surgical Supplies	Surgery
Movement to leaner benefits	Benefit Changes
Non Prescription Drugs	Non-Prescription Drug
Nursery Room & Board	Inpatient Hospital
O/P Hosp.	Outpatient Hospital
Observation Room	Other
Obstetrical Room & Board	Inpatient Hospital
Occupational Therapy	Therapy
Office Visits	Physician
OP - EMERGENCY ROOM	Emergency Room
OP - LAB & PATH - FACILITY BASED	Laboratory and X-ray
OP - OTHER	Other
OP - OUTPATIENT SURGERY	Outpatient Hospital
OP - RADIOLOGY SERVICES	Radiology
OP - REHABILITATION	Rehab
OP - AMBULANCE	Ambulance
OP - DIALYSIS	Dialysis
OP - DME; SUPPLIES	Equipment and Supplies
OP - LAB & PATH - FACILITY BASED	Laboratory and X-ray
OP OUTPATIENT SURGERY	Surgery
OP - RX - FACILITY DISPENSED	Prescription Drug
OP - URGICENTER	Outpatient Hospital
OP ASC Group 02	Outpatient Hospital
OP ASC Group 09	Outpatient Hospital
OP Dialysis	Dialysis
OP Drugs	Prescription Drug
OP ER Level 4	Emergency Room
OP Injectibles	Other



**NovaRest**  
ACTUARIAL CONSULTING

OP Lab General	Laboratory and X-ray
OP Observation	Other
Operating Room	Surgery
Other	Other
Other/DME/Prosthetics	Equipment and Supplies
Other/Home Health	Other
Other/Physical Therapy	Therapy
Other/Radiation/Chemotherapy	Other
Outpatient allowed per service	Outpatient Hospital
Outpatient Utilization	Other
Oxygen	Equipment and Supplies
PCP Pediatrician	Physician
Pediatrics Room & Board	Inpatient Hospital
PH CARDIOVASCULAR	Physician
PH ER	Physician
PH HCPC	Physician
PH IP VISITS	Inpatient Hospital
PH - PHYSICIAN VISITS	Physician
PH - SURGERY	Physician
PH ANESTHESIA	Anesthesia
PH - DIALYSIS	Dialysis
PH IP SURGERY	Surgery
PH OFFICE SURGERY	Surgery
PH OP SURGERY	Surgery
PH PHYSICIAN VISITS	Physician
PH RADIOLOGY SERVICES	Radiology
Phys. Visit	Physician
Physician Surgery	Surgery
Physician/Diagnostic Testing-Office/Clinic	Diagnostic Imaging & Tests
Physician/Diagnostic Testing-Other	Physician
Physician/Office Visits	Physician
Physician/Other	Physician
Physician/Psyche and Substance Abuse	MH/CD
Physician/Spine & Back Disorder	Physician
Physician/Surgery	Surgery
Policy Benefit Buy Down	Benefit Changes
Policy Benefit Buy-Down	Benefit Changes
Practitioner Inpatient allowed per service	Physician



**NovaRest**  
ACTUARIAL CONSULTING

Practitioner Inpatient Utilization	Physician
Practitioner Office allowed per service	Physician
Practitioner Office Utilization	Physician
Practitioner Outpatient allowed per service	Physician
Practitioner Outpatient Utilization	Physician
Prescription Drug Card/Medco Data	Prescription Drug
Prescription Drug Card/Retail Pharmacy	Prescription Drug
Prescription Drugs	Prescription Drug
Preventive Care/Routine Services	Preventative
Preventive Exam	Preventative
Psychiatric Room & Board	Inpatient Hospital
Psychotherapy	MH/CD
R/B - Nursery	Inpatient Hospital
R/B-ICU	Inpatient Hospital
R/B-Semi	Inpatient Hospital
Radiation Oncology	Radiology
Radiology	Radiology
Radiology Out	Radiology
Recovery Room	Surgery
Respiratory Therapy	Therapy
Room	Inpatient Hospital
Second Opinion	Physician
Sleep	Other
Specialist Anesthesia	Anesthesia
Specialty Drug	Prescription Drug
Speech therapy	Therapy
Supplies	Equipment and Supplies
Surgery	Surgery
Therapy	Therapy
Therapy	Therapy
Underwriting Wear-off	Underwriting Wear-off
Utilization of Ambulance Services	Ambulance Utilization
Utilization of Ambulatory Surgical Centers	Surgery
Utilization of Ambulatory Surgical Centers	Surgery
Utilization of Chiropractic Services	Chiropractic
Utilization of Emergency Room Services	Emergency Room
Utilization of Equipment/Supplies	Equipment and Supplies
Utilization of Hospital Room & Board	Inpatient Hospital
Utilization of Inpatient Hospital Services	Inpatient Hospital



**NovaRest**  
ACTUARIAL CONSULTING

Utilization of Inpatient Physician Services	Inpatient Hospital
Utilization of Inpatient Surgeries	Surgery
Utilization of Non-Prescription Drugs	Non-Prescription Drug
Utilization of Office-Related Radiology Services	Radiology
Utilization of Outpatient Hospital Services	Outpatient Hospital
Utilization of Outpatient Radiology Services (Professional)	Radiology
Utilization of Outpatient Radiology Services (Technical)	Radiology
Utilization of Outpatient Surgeries	Surgery
Utilization of Prescription Drugs	Prescription Drug
Utilization of Skilled Nursing Facilities	Skilled Nursing Facilities
Vaccinations	Preventative
X-Ray	Laboratory and X-ray