

STATE OF UTAH
COMPREHENSIVE HEALTH INSURANCE POOL



FISCAL YEAR 2010 ANNUAL REPORT
TO THE UTAH STATE LEGISLATURE

Gary Herbert
Governor

Elizabeth Hunter
Chairperson of the Board

December 7, 2010

Dear Utah State Legislator:

On behalf of the Board of Directors of the Utah Comprehensive Health Insurance Pool (HIPUtah or Pool), I am pleased to present the Fiscal Year (FY) 2010 Annual Report of HIPUtah activities.

In 1991, the state established HIPUtah to specifically address the problem of people with serious medical conditions, such as cancer, diabetes, heart disease, and other chronic illnesses that make them medically uninsurable and, as a result, unable to obtain health insurance at any price. This program is managed by a volunteer Board of Directors (Board) and administered privately by SelectHealth, pursuant to a competitive bid contract.

The FY 2010 Annual Report contains the following highlights:

- Executive Summary
- Background
- HIPUtah Mission Statement
- HIPUtah at a Glance
- Financial Statements and Projections
- Profile of Utahns Served

As HIPUtah enters its 20th year of service, it provides health care coverage to approximately 4,158 individuals. These individuals are medically uninsurable and, without the program, are exposed to the risk of catastrophic medical expenses.

HIPUtah enrollment and claim costs continue to increase. Because of this trend, the HIPUtah Board requests that the Legislature strongly consider its continued support in providing adequate funding for HIPUtah to maintain actuarially-based reserves. This will enable the program to continue providing health insurance coverage to these at-risk Utahns.

Thank you for your continued consideration of the people served by this important program. You may direct follow-up inquiries about this report to HIPUtah's Executive Director, Tomi Ossana, at (801) 485-2830.

Sincerely,



Elizabeth Hunter
HIPUtah Board Chair

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EXECUTIVE SUMMARY

FY Ending June 2010

The Utah Comprehensive Health Insurance Pool (HIPUtah) continues to serve as an important safety net for individuals who have been denied health insurance coverage because of their medical status. HIPUtah covered 4,158 “high risk” individuals as of June 30, 2010, most with complex or chronic health conditions.

The nature of high risk pools, such as HIPUtah, is to offer health coverage primarily to uninsurable persons. The normal mix of healthy, or insurable, persons is missing from the risk pool membership. Because of the heavy concentration of persons with chronic conditions, and the necessity of charging members premiums that are less than the actual experience of the group, risk pools will always produce annual losses. Unlike private health insurers, the business of risk pools is not to make a profit, but to provide coverage and pay the claims of their high risk members.

KEY FACTS AND FIGURES

Created	1990 Legislature
Purpose	Provide reasonable access to health insurance for Utahns who are uninsurable
Began Operations	September 1991
Operated By	Volunteer Board, Contracted Management and Administration
Enrollment	4,158 Members as of June 30, 2010

Total Revenue	\$31,518,455	%	Total Expenses	\$35,053,744	%
Premiums	\$22,717,807*	72%	Medical Claims	\$26,746,007	76%
Appropriations	\$8,500,000	27%	Pharmacy Claims	\$ 6,316,279	18%
Others	\$ 300,648	1%	Administration	\$ 1,991,458	6%

* Includes \$2.0 million of federal grant dollars for premium assistance.

Claim Costs 07/01/2009 – 06/30/2010		
<i>Average cost per Enrollee</i>		
Medical Claims	\$26.8 Million	\$6,406
Pharmacy Claims	\$ 6.3 Million	\$1,513
Total Claims	\$33.1 Million	\$7,919

Top Diagnoses and Drug Therapies

- Top diagnoses by medical claim costs were related to the treatment of musculoskeletal system diagnoses.
- Top drug by pharmacy claims costs were for the central nervous system.

Care Management & Cost Containment

- 1,844 utilization management specialty reviews; 776 case management and disease management cases.
- Provider Network savings: \$15,791,745.
- Pharmacy Network savings: 84 interventions for an average of \$7,770 for a total of \$652,748.

Benefit Plans

- Largest enrollment at year-end was in the \$5,000 high deductible plan with the \$500 deductible plan being the second largest.
- Fastest growing plan was the \$5,000 high deductible health plan.

ACCOMPLISHMENTS

- Completed Request for Proposal for bids to interested parties to serve as the HIPUtah Administrator. SelectHealth was awarded the bid July 1, 2010 and will continue to serve as HIPUtah's Administrator for a period of three years, with two one-year options.
- Began implementation of the Federal Pre-Existing Condition Insurance Plan (PCIP), known as Federal-HIPUtah, with the approval of the Utah Governor.
- Increased premiums, overall, by 8.6 percent for FY 2011.
- Received \$1.36 million in continued funds from the Federal Grant for FY 2011 to continue HIPUtah's Premium Assistance Subsidy (PAS) program, first implemented in January 2007.
- Assisted over 1,200 HIPUtah Enrollees under the Premium Assistance Subsidy Program, who without assistance would be uninsured.
- Worked with SelectHealth to provide a disease management program that focuses on a number of higher cost medical conditions such as asthma, cholesterol management, diabetes, depression management, and hypertension management. The disease management program has designed interventions for patients with these medical conditions working with their providers. These interventions have resulted in increased compliance with recommended treatments.

FEDERAL HIPUTAH

The Federal Qualified High Risk Pool (FHRP) was designated in the Patient Protection and Affordable Care Act (PPACA), Public Law 111-148. Section 1101 of PPACA establishes a “temporary high-risk health insurance pool program” to provide health insurance coverage to currently uninsured individuals with pre-existing conditions who have been without insurance for at least six months. This program is known as the “Pre-Existing Condition Insurance Plan (PCIP).”

Each state had the option to opt in to run the PCIP or opt out and let the Federal government run the PCIP. There are 22 states that requested that the federal government run their Pre-Existing Condition Insurance Plan. In those states the plan will be operated by U.S. Department of Health and Human Services. Coverage is provided by the Government Employees Health Association (GEHA) which currently contracts with the federal government to provide health plans and dental plans to civilian federal employees and retirees, and now the PCIP. All other states, including Utah, opted to run the PCIP.

On June 25, 2010 Governor Herbert sent a letter to the Department of Health and Human Services (HHS), Office of Consumer Information Oversight, indicating that the State of Utah, utilizing the Utah Insurance Department and HIPUtah, would opt in and contract with HHS to operate the Federal Qualified High Risk Pool.

The Utah Insurance Department will be running the program in parallel with its existing state high-risk pool, HIPUtah, to capitalize on its 20 years of experience and expertise in the Utah marketplace. HIPUtah is a non-profit entity within the Department, and will run the PCIP as a separate program under the name Federal-HIPUtah. A key factor in this decision was that HIPUtah would continue to utilize its “current structure and contracted entities” to operate Federal-HIPUtah.

Other Important Dates:

- July 15, 2010 – Federal-HIPUtah Proposal/Solicitation submitted to CMS;
- August 11, 2010 – Federal-HIPUtah Contract completed between CMS and the Utah Insurance Department;
- August 19, 2010 – Federal-HIPUtah Implementation Plan submitted to CMS;
- August 1, 2010 – Federal-HIPUtah began taking applications; and
- September 1, 2010, coverage began for approved applicants.

Federal-HIPUtah is a federal-subsidized health insurance program that will offer transitional coverage until 2014, when health insurance exchanges become available and pre-existing condition exclusions are prohibited. Federal-HIPUtah will receive \$40 million out of \$5 billion allocated nationally to provide coverage for an estimated 2,400 Utah residents.

BACKGROUND

HISTORY AND PURPOSE OF POOL

HIPUtah plays three roles in the state of Utah:

I. HIPUtah makes it possible for individual Utahns with an uninsurable medical condition to purchase insurance.

In 1991, the state established the Utah Comprehensive Health Insurance Pool (HIPUtah). Utah Code Ann., § 31A-29-101 et. seq. The Pool was established to specifically address the problem of people with serious medical conditions; such as cancer, diabetes, heart disease, and other chronic illnesses, that make them medically uninsurable and, as a result, unable to obtain medical insurance at any price.

HIPUtah is a state-subsidized high risk insurance pool. The Pool is run like any other insurance company, with two exceptions:

- Only uninsurable individuals and HIPAA eligible individuals are accepted into the Pool; and
- The state subsidizes costs not covered by premiums.

Health underwriting criteria, set by the Utah Insurance Department at three hundred and twenty-five percent (325%) of the expected claims cost of an average person (99 debit points), were developed to determine eligibility for the Pool.

Premiums for the Pool are based on two principles: (1) premiums should exceed what would be available in the private health insurance market (private market) to help cover the unusually high costs of these uninsurable individuals; and (2) premiums are imposed on a per person basis. While it is true that high premiums make it difficult for many Utahns to participate, HIPUtah makes the possibility of health insurance coverage a reality for those with uninsurable conditions who were denied such coverage in the past.

II. HIPUtah satisfies federal requirement of the Health Insurance Portability and Accountability Act of 1996 (“HIPAA Portability”).

HIPAA portability requires states to guarantee that a person can obtain an individual health insurance policy if that person loses coverage under an employer group policy, regardless of health condition. Utah complies with this requirement in two ways: (1) HIPUtah accepts all HIPAA-eligible individuals, regardless of health condition; and (2) in accordance with state law, guarantees an individual policy is available through the private market if the person is considered healthy in accordance with Utah Code Ann., § 31A-30-108, as demonstrated below.

HIPUtah is a required component of the State of Utah’s alternative mechanism for HIPAA portability which assures individuals the opportunity to obtain health insurance. This protects Utah’s individual market from the extra costs associated with uninsurables entering the individual market from group coverage.

III. HIPUtah is an important link in the overall well-being of the individual and small group insurance markets.

In 1997, the Legislature passed SB 60, codified as Utah Code Ann., § 31A-30-108. This legislation guaranteed that any individual could purchase health insurance, regardless of health condition. Section 31A-30-108 divided the individual insurance market into two groups: (1) those who qualified for HIPUtah because they were considered uninsurable; and (2) those that were healthy enough to be absorbed into the private market. Section 31A-30-108 then required the private market to cover any person who was healthy enough to be in the private market.

Section 31A-30-108 represents a monumental commitment on the part of the state and the private insurance market to guarantee that every Utahn has access to health insurance through either the private market or HIPUtah.

Ultimately, the commitment of the private health insurance market to support the concept of Section 31A-30-108 depends upon the willingness of the state to fund HIPUtah at an appropriate level. In the absence of adequate funding, the private market would have had to absorb a disproportionate number of uninsurables - the result of which would have likely increased premiums and possibly even destabilized the individual market as a whole.

STRUCTURE AND ADMINISTRATION OF THE POOL

HIPUtah is a nonprofit entity within the Utah Insurance Department. The Insurance Department has regulatory oversight of HIPUtah and approval authority for its Plan of Operation.

Board of Directors

HIPUtah is managed by a Board of Directors (“Board”) under Legislative and Insurance Department authority. The Board is voluntary, appointed by the Governor, and serves without compensation. The Board has rule-making authority, and can set premium rates, and define underwriting and program management guidelines. The Board members and key staff are identified in Appendix I; an Organizational Chart is attached as Appendix II and outlines HIPUtah’s interaction with State Government.

Executive Director & Other Contractors

Additionally, the Board chooses administrative support for the program. A full-time contracted Executive Director oversees the day-to-day operations for the Pool, augmented with consulting services. HIPUtah engages a consulting actuary and an underwriting auditor. The State of Utah provides accounting, legal, audit and program evaluation support.

Administration

As of July 1, 2005, SelectHealth has provided administrative services for HIPUtah. The administrator serves for a period of three (3) years with two one-year extension options, subject to the terms, conditions, and limitations of the contract between the Board and the administrator. HIPUtah renewed SelectHealth’s contract for the next 3 years, effective July 2010, to continue administrative services.

HIPUTAH MISSION STATEMENT

HIPUtah is a health insurance program for the uninsurable individual that provides access to quality health care and is to be administered on a fiscally sound basis.

GOALS

1. Maintain financial solvency within the budgetary parameters provided by the State of Utah.
2. Maintain or lower the uninsured/uninsurable population in the State of Utah.
3. Provide flexible product offerings to meet the insurance needs of a diverse population.
4. Educate legislators, the general public and other key constituencies about the role HIPUtah plays within the overall health care financing system.
5. Assess the health care needs of HIPUtah Enrollees and implement effective healthcare management programs as appropriate.
6. Maintain status as the State's Alternative Mechanism for HIPAA Eligibles.
7. Research additional funding mechanisms for HIPUtah.

OBJECTIVES

HIPUtah's core strategic considerations for 2010-2011 are the continuing evaluation of HIPUtah's structure, including the benefit plan(s); the underwriting and actuarial analysis to ensure that applicants are appropriately placed in the pool; the relationship to Utah's private insurance carriers; and the maintenance of reserves at an appropriate level.

1. Develop plans to assure optimal access, financial resources, and public support to grow the program.
2. Determine FY 2010 Legislative Changes that may affect HIPUtah.
3. Conduct an external evaluation on the scope of work in the administrator's contract.
4. Improve Enrollee health cost and life quality by working with the administrator or other resources to develop long term case and disease management programs for conditions such as asthma, congestive heart failure, and diabetes.
5. Implement mechanisms to increase access to health insurance for the uninsurable including premium level adjustments, low-income subsidies, and coverage for special risk families.
6. Assess the of Executive Director's role.
7. Determine how Federal Health Care Reform affects HIPUtah.

HIPUTAH AT A GLANCE

FINANCIAL

- HIPUtah received a total of \$8.50 million in appropriations for FY 2010 and \$8.08 million for FY 2011. This was a 5% reduction overall on HIPUtah's base budget.
- Since 1991, HIPUtah has paid approximately \$238 million in benefits for Enrollees.
- The average HIPUtah Enrollee paid an annual premium of \$5,730 in FY 2010 for these benefits in addition to deductibles and coinsurance.
- Premiums were increased by 8.6% on July 1, 2010. The average expected annual premium for FY 2011 is \$6,128. HIPUtah's HSA qualified high deductible health plan has the highest membership. Enrollment and choice of plan may cause that average to change.
- Enrollee premiums have covered almost 69% (including federal grant dollars for premium assistance) of the claims costs and administrative costs since the inception of the HIPUtah program.
- About 1% of program cost in FY 2010 was funded by investment income.
- Costs are kept relatively low in Utah, compared to other states, due to the program's simple and effective administration. Administrative expenses for HIPUtah remain low, at 5.68% of total expenses in FY 2010.
- Federal Grant funds provided \$2.0 million in FY 2010 to provide premium assistance to over 1200 HIPUtah Enrollees.

ENROLLMENT

- HIPUtah provides individual health insurance for the medically uninsurable and HIPAA eligibles.
- Approximately 28% of HIPUtah's current Enrollees are HIPAA eligible.
- The HIPUtah program has received over 19,400 applications since its inception with approximately 17,000 approved.
- By the end of FY 2010 there were 4,158 Enrollees.
- Growth has been steady through FY 2010. (See Exhibit F).
- Enrollment growth during FY 2010 was about 8.2%. In FY 2010, there were more member months covered than in FY 2009, resulting in an average of 228 more people.
- In FY 2010, 60% of HIPUtah Enrollees had coverage for less than three years.

HIPUTAH CHALLENGES

- **AFFORDABILITY:** Enrollee premium costs range from \$2,136 to \$12,492 per year for HIPUtah and \$1,524 to \$8,928 per year for Federal-HIPUtah. Some individuals are priced out of the market. The largest percentage of HIPUtah cancellations are due to cost. Future premiums are expected to increase at medical trend.
- **GROWTH:** Continuing growth in the number of covered individuals will require the Board to carefully monitor program utilization and financial performance to ensure the program's admirable record of stability.
- **ACCESSIBILITY:** HIPUtah will continue with efforts to assure awareness, ease of application, and utilization to all residents in the State of Utah who are in need and would benefit from the HIPUtah program.
- **RESPONSIVENESS:** Changes in policy (HIPAA), availability of federal grants, health care reform, health conditions and treatment, underwriting and the individual market require HIPUtah to continuously re-evaluate its plans.
- **EFFECTIVENESS:** The Board continuously examines the role and effectiveness of HIPUtah. This process considers strategic issues, operational plans, underwriting guidelines, and changes in benefits or plan design.
- **COMMUNICATIONS:** HIPUtah has implemented marketing improvements to enhance visibility of the program and its benefits, including updated program materials, brochures and newsletters to reach consumers. Methods to increase public and legislative understanding of HIPUtah's role in the community and the health care industry are currently in place.
- **DISEASE MANAGEMENT:** Many HIPUtah Enrollees have chronic and costly conditions. Asthma, congestive heart failure, diabetes and other chronic illnesses can dramatically impact cost and life quality. The HIPUtah Board has implemented a disease management program through the administrator.
- **UNDERWRITING:** HIPUtah continues to evaluate its underwriting criteria to ensure that applicants are appropriately in the Pool. An external auditor reviews the system, including a study of the relationship between the "point system" and claims cost to evaluate underwriting effectiveness.

FINANCIAL STATEMENTS AND PROJECTIONS

FY 2010 FINANCIAL REVIEW

The Utah Legislature appropriated \$8.50 million to HIPUtah for fiscal year 2010. Funding for fiscal year 2011 is \$8.075 million. This reduction in funding will produce asset decreases and the need for additional funding in future years.

HIPUtah's operating loss increased from \$11.26 million for fiscal year 2009 to \$14.38 million for fiscal year 2010, a 27.7 % increase. HIPUtah's operating loss for fiscal year 2010 exceeded state appropriations of \$8.50 million by \$5.88 million. Investment income, federal grants, and HIPUtah Reserve Assets covered this difference, resulting in a decrease in net assets from \$31.5 million at June 30, 2009, to \$28.0 million at June 30, 2010.

HIPUtah continues to have operating expenses greater than premium revenue. The operating loss of \$14.38 million in fiscal year 2010 exceeded the prior year amount by \$3.11 million. The main reason for the increased loss was HIPUtah's average drug and medical claim costs per member per month during fiscal year 2010 increased 7.9 % from the prior year due to claims exceeding premiums. Due to the nature of high risk pools like HIPUtah, which cover the uninsurables of the State of Utah, there can be large variations in the average claim costs from year to year. This is not unusual for a small population such as HIPUtah. The increase in claim cost per Enrollee was less than medical market trends, due to increased enrollment in HIPUtah's higher deductible plans.

Another reason for the increase in operating loss from the prior year is that premiums paid by Enrollees decreased by \$2.04 million due to the Premium Assistance Subsidy (PAS) program. These premiums were discounted by HIPUtah for qualifying lower income Enrollees and funded by a federal grant.

HIPUtah enrollment also increased in fiscal year 2010. Enrollment was 3,856 in June 2009 and by June 2010 enrollment had increased to 4,158, a 7.8 % increase from the prior year. In comparison, enrollment for fiscal year 2009 increased 6.3 % from the prior year.

An overall increase in premiums of 8.5% was implemented on July 1, 2009. This was done in order to cover increases in drug and medical costs. Enrollee premiums and premium assistance from the PAS program covered 68.7% percent of claims and administrative costs for fiscal year 2010.

Following is information regarding HIPUtah's appropriations, premiums vs. claims, FY 2010 balance sheet and statement of revenues, expenses and changes in retained earnings:

APPROPRIATIONS through June 30, 2011

YEAR	AMOUNT	YEAR	AMOUNT
1991	\$ 75,000	2002	\$ 3,009,500
1992	\$ 2,000,000	2003	\$ 2,916,200
1993	\$ 2,000,000	2004	\$ 6,916,200
1994	\$ 2,000,000	2005	\$16,203,900
1995	\$ 1,250,000	2006	\$16,203,900
1996	-0-	2007	\$11,000,000
1997	-0-	2008	\$10,800,000
1998	\$ 5,000,000	2009	\$ 9,300,000
1999	\$ 4,135,100	2010	\$ 8,500,000
2000	\$ 3,135,100	2011	\$ 8,075,000
2001	\$ 3,135,100		

SUMMARY of PREMIUMS (Earned), CLAIMS (Incurred) and EXPENSES
From September 1, 1991 – June 30, 2010

FISCAL YEAR:	PREMIUM:	CLAIMS & EXPENSES:	LOSS RATIO:	OPERATING LOSS:
1992 & 1993	\$ 1,638,195	\$ 22,108,197	1.22	\$ (470,002)
1994	\$ 1,692,605	\$ 2,906,036	1.72	\$ (1,213,431)
1995	\$ 2,122,528	\$ 3,003,753	1.42	\$ (881,225)
1996	\$ 1,859,852	\$ 4,145,815	2.23	\$ (2,285,963)
1997	\$ 1,734,669	\$ 3,767,283	2.17	\$ (2,032,614)
1998	\$ 2,361,512	\$ 4,698,388	1.99	\$ (2,336,876)
1999	\$ 3,268,968	\$ 5,354,483	1.64	\$ (2,085,515)
2000	\$ 3,987,621	\$ 5,331,636	1.34	\$ (1,344,015)
2001	\$ 6,715,025	\$ 9,472,910	1.41	\$ (2,757,885)
2002	\$ 6,683,034	\$11,462,634	1.72	\$ (4,779,600)
2003	\$ 9,303,748	\$17,423,778	1.87	\$ (8,120,030)
2004	\$12,262,206	\$22,604,179	1.84	\$ (10,341,973)
2005	\$14,683,781	\$24,075,043	1.64	\$ (9,391,262)
2006	\$16,734,281	\$22,783,059	1.36	\$ (6,048,778)
2007	\$17,958,543	\$24,050,924	1.34	\$ (6,092,381)
2008	\$18,737,059	\$27,778,342	1.48	\$ (9,041,283)
2009	\$20,452,889	\$30,275,384	1.48	\$ (9,822,495)
2010	\$22,717,807	\$35,053,744	1.54	\$ (12,335,937)
Since Inception:	\$164,914,323	\$256,295,588	1.55	\$ (91,381,265)

BALANCE SHEET
June 30, 2010 (audited)

ASSETS: Cash and Cash Equivalents \$31,946,674 Premiums A/R 58,379 Benefit Claims Refunds <u>4,284</u> Total Assets <u>\$32,009,337</u>	LIABILITIES: Benefit Claims Liability \$3,044,927 Unearned Premiums 337,192 Accounts Payable <u>641,556</u> Total Liabilities <u>\$4,023,675</u>
NET ASSETS: <u>\$27,985,662</u>	

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
June 30, 2010 (audited)

	FY 2010	FY 2009
Operating Revenues:		
Charges for Premiums	\$20,677,224	\$19,012,061
Total Operating Revenue	<u>20,677,224</u>	<u>19,012,061</u>
Operating Expenses:		
Program Administrative Fees	1,778,042	1,690,958
Benefit and Drug Claims and Changes in Actuarial Estimates	33,062,286	28,370,474
Other Professional and Technical Services	213,496	213,952
Total Operating Expenses	<u>35,053,744</u>	<u>30,275,384</u>
Total Operating Loss	<u>(14,376,520)</u>	<u>(11,263,323)</u>
Non-Operating Revenues (Expenses):		
Investment Income	300,648	900,869
Federal Grant for Low Income Premium Waiver Program	2,040,583	1,440,828
Appropriations from the State of Utah	8,500,000	9,300,000
Other Revenue		100,000
Total Non-Operating Revenues (Expenses)	<u>10,841,231</u>	<u>11,741,697</u>
Change in Net Assets	(3,535,289)	478,374
Total Net Assets – Beginning	<u>31,520,951</u>	<u>31,042,577</u>
Total Net Assets – Ending	<u>\$27,985,662</u>	<u>\$31,520,951</u>

FY 2011 OUTLOOK

For fiscal year 2011, HIPUtah has sufficient revenue and assets to operate. However, over the last 4 years, state funding has decreased from \$10.80 million to \$8.08 million, while operating losses have increased from \$6.10 million to \$16.55 million over the same time period. Since HIPUtah's costs increase with enrollment growth and medical cost trend, a large increase in funding will be needed within 1 to 2 years.

HIPUtah ended fiscal year 2010 with \$27.99 million in net assets, which represents a 10.28 month reserve level. The total amount appropriated by the Utah Legislature for fiscal year 2011 was \$8.08 million, which was a reduction of 5.26 % from the initial fiscal year 2010 funding.

HIPUtah's medical costs, drug costs and enrollment are expected to continue to increase during fiscal year 2011. Enrollment as of June 2010 was 8.17 % higher than the enrollment as of June 2009, and the pool is expected to grow at a 6.17 % rate during fiscal year 2011. Medical and drug costs are expected to continue to increase during fiscal year 2011 at about 8.50 %. The expected increase is due to price and utilization increases together with normal medical inflation. Another cause of these rising costs is the increased use of costly technology, which provides more medical care for extremely ill patients prior to their recovery or death.

State appropriations together with Enrollee premiums during fiscal year 2010 did not cover incurred claims, but were sufficient for HIPUtah's net assets to attain the recommended six month net asset reserve level to cover unpredictable claim cost fluctuations. The *Budgetary Procedures Act* was amended in 2004 to help provide guidelines in adopting a budget for HIPUtah each year (see Utah Code Annotated, Section 63J-1-201). Now, according to statute, HIPUtah funding should be based on sound actuarial data and appropriate management of future risk.

The Utah Legislature has not increased HIPUtah's funding for over four years, while medical cost trends are projected to produce an \$18.38 million operating loss for fiscal year 2011. The current funding level cannot keep up with enrollment and medical trend growth. For fiscal year 2012 the projected reserve levels will be less than three months. According to the second and third year projections, reserves will be reduced to a critical level, making the program financially unsound.

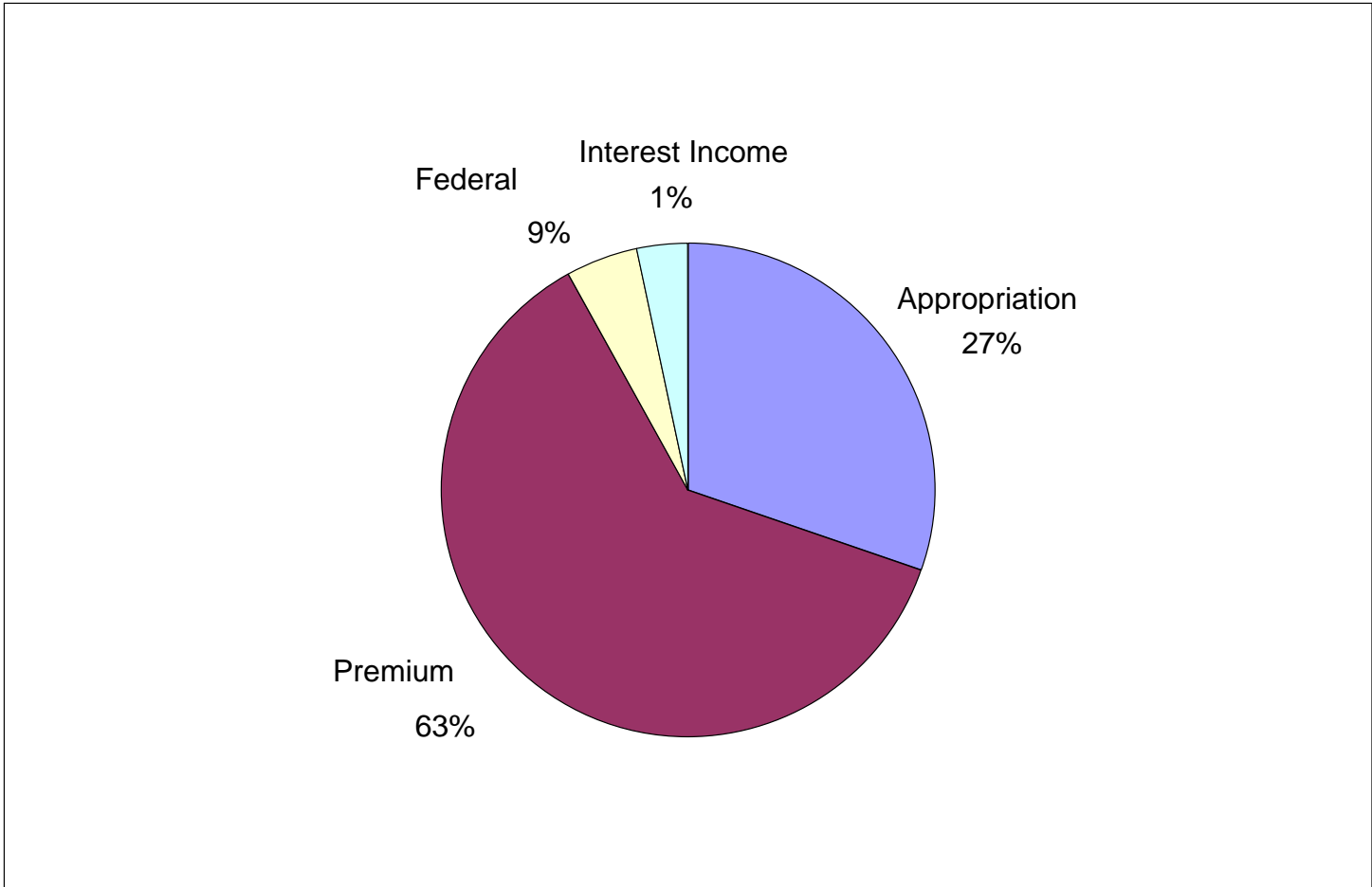
The Board has agreed to reduce the six months of reserve to three months of reserve with the theory that high risk pools will be dissolved in December of 2013, when Exchanges will take their place. With that in mind and consistent with the three year projections by statute, the HIPUtah Board will request a three-year ongoing funding level amount of \$5.70 million to achieve a three-month reserve level by the end of fiscal year 2013 under a scenario of 0.5 % per month enrollment growth.

The requested amount of funding to maintain a three month reserve level at the end of fiscal year 2013 is \$17.10 million. Unfortunately, due to the reductions in HIPUtah's budget over the last four years, projected reserve levels will be completely depleted without additional funding.

In addition to requesting increases in state appropriations for HIPUtah, the Board has taken action to increase funding received through premiums and federal grants, in addition to decreasing administrative costs. Effective July 1, 2010, an overall premium increase of 8.60 % was implemented. HIPUtah will also continue to maintain its contract with SelectHealth which has resulted in lower administrator fees on a

per Enrollee per month basis and has provided a better discount on the medical and drug provider network used by HIPUtah.

HIPUtah also received, in fiscal year 2011, an additional \$1.36 million operational/bonus high risk pools continuation federal grant from the Centers of Medicare and Medicaid Services (CMS) of the U.S. Department of Health and Human Services, making the total for this grant \$7.08 million. Due to this grant, HIPUtah will continue to provide subsidies from federal grant funds for HIPUtah Enrollees under the Premium Assistance Subsidy program during fiscal year 2011. In fiscal year 2010, \$2.04 million of this grant was spent on the Premium Assistance Subsidy program.



FINANCIAL PROJECTIONS

HIPUtah routinely re-forecasts its financial performance based on current experience, which ensures that reserves are appropriate for this high-risk population. With no change in the program, the Board projects enrollment to increase by 10% for FY 2010, FY 2011, and FY 2012 reflecting projected long-term program experience.

	Projected FY 2011	Projected FY 2012	Projected FY 2013
OPERATING REVENUE			
Charges for Premiums	\$ 23,973,968	\$ 27,713,142	\$ 34,307,551
Total Operating Revenue	<u>23,973,968</u>	<u>27,713,142</u>	<u>34,307,551</u>
OPERATING EXPENSES			
Administration Fees	2,177,253	2,327,111	2,491,235
Benefit and Drug Claims, Including Change in Claims Liability	*40,175,931	45,544,448	52,244,312
Total Operating Expenses	<u>42,218,958</u>	<u>47,871,558</u>	<u>54,735,547</u>
Operating Loss	<u>(18,379,217)</u>	<u>(20,158,416)</u>	<u>(20,427,996)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest on Investments	264,770	202,318	93,270
Appropriations from the State of Utah	8,075,000	8,075,000	8,075,000
Federal Grant for Premium Assistance Subsidy	2,013,724	2,118,949	
Total Non-operating Revenues (Expenses)	<u>10,353,494</u>	<u>10,396,267</u>	<u>8,168,270</u>
Change in Net Assets	(8,025,723)	(9,762,149)	(12,259,726)
Total Net Assets - Beginning	<u>27,985,662</u>	<u>19,959,939</u>	<u>10,197,790</u>
Total Net Assets - Ending	<u>\$ 19,959,939</u>	<u>\$ 10,197,790</u>	<u>(\$ 2,061,936)</u>

*Actuarial claim liability adjustment in the amount of \$134,227 included (IBNR).

FY 2011 premium rate represents an overall 8.6% increase in 7/01/10, based on a 6.2% annual enrollment growth.

KEY FACTORS USED IN FINANCIAL PROJECTIONS

Membership

HIPUtah's Consulting Actuary is projecting an annual enrollment growth of 6.2%.

Medical Cost Trend

Health care inflation or trend is continuing at very high levels. HIPUtah's projected annual trend for medical and pharmacy combined is 8.5%. This is comparable to the trend experienced by some domestic insurers. It is possible that the trend for HIPUtah members could exceed this number. This increased trend is based on current claims experience, the reports of rate increases in the market, increased use of high technology services, and the rapid growth of overall pharmacy costs.

Premium & Investment Income

Premiums for HIPUtah were increased 8.6% overall as of July 1, 2010. HIPUtah is required by statute to evaluate premium rates each July as compared to the average increase of the five largest carriers of small employer coverage in the state. Premiums may also be reviewed each January. Premium projections assume an 8.5% premium increase for FY 2011, 2012 and 2013 (annualized). Investment income earnings are projected to decrease from approximately \$300,000 to \$93,000 over the next 3 years, based on September 2010 projections.

Administration

Administrative costs for the program average \$37.29 per member per month for claims administration, medical management, underwriting, disease management and other administrative services. Program management and consultant fees are projected at \$269,708 for FY 2011 and \$269,708 for FY 2012.

PROFILE OF UTAHNS SERVED

WHO NEEDS HIPUTAH?

Since becoming operational in 1991, HIPUtah has served as an important insurance option for those Utahns who have been turned down by the private insurance market for individual coverage due to an uninsurable health condition. HIPUtah also helps insurers' stability in the private insurance market. There are many different circumstances that cause Utahans to turn to HIPUtah. Such circumstances include:

- Self-employed individuals who want insurance but are rejected due to an uninsurable health condition;
- HIPAA-eligible individuals (generally, persons leaving employer group coverage);
- Individuals reaching lifetime maximums in their insurance policies;
- Individuals reaching lifetime maximums in their employer's self-insured plans;
- Individuals working for an employer who does not offer health insurance benefits;
- Individuals waiting for employer coverage while fulfilling a probationary employment period;
- Changes in self-insured employer or union plans (coverage for retirees under 65 years of age);
- Former employees of bankrupt companies;
- Some recipients of Ryan White Funding (also known as AIDS Drug Assistance Programs); and
- Spouses and dependents of employees whose employer does not offer dependent health care coverage.

WHO NEEDS FEDERAL-HIPUTAH?

Effective September 1, 2010, HIPUtah's administrator, SelectHealth, began enrolling eligible applicants into the PCIP. This plan provides coverage to currently uninsured individuals with pre-existing conditions who have been without insurance for at least six months.

The Utah Insurance Department runs the PCIP program (Federal-HIPUtah) parallel with its existing state high-risk pool, HIPUtah, to capitalize on its 20 years of experience and expertise in the Utah marketplace. A key factor in this decision was that HIPUtah would continue to utilize its "current structure and contracted entities" to operate Federal-HIPUtah.

HIPUTAH ELIGIBILITY

A person who meets the following criteria is eligible for HIPUtah:

- Must be a citizen or national of the United States or lawfully present in the United States;
- Must reside in Utah for 12 consecutive months immediately preceding the date of application;
- Must meet the required health underwriting criteria established by the State of Utah, unless HIPAA eligible;
- Must pay the established premiums; and
- Must not fall into the ineligible categories.

FEDERAL-HIPUTAH ELIGIBILITY

A person who meets the following criteria is eligible for Federal-HIPUtah:

- Must be a citizen or national of the United States or lawfully present in the United States;
- Must reside in Utah on the date of application;
- Must **not** have been covered under creditable coverage during the six month period prior to the date on which applicant is applying for coverage;
- Must have a pre-existing condition and must meet the required health underwriting criteria established by the State of Utah;
- Must pay the established premiums; and
- Must not fall into the ineligible categories.

COMPARISON OF BENEFIT OPTIONS AND RATES

HIPUtah is currently providing coverage for over 4,200 Enrollees. As a qualified high risk pool, premiums may not exceed 150% of the applicable standard risk rate that would apply to the coverage offered in the State. HIPUtah offers four benefit plans; premiums range between \$178 to \$1,041, depending on the benefit plan and the applicant's age.

As a result of being awarded a federal grant, HIPUtah is able to offer a Premium Assistance Subsidy Program for HIPUtah Enrollees with moderate or low household income. Enrollees may qualify for a discount from 4% to 25% on their premiums. HIPUtah currently assists over 1,200 Enrollees on this program.

Federal-HIPUtah began providing coverage on September 1, 2010 and covered 53 Enrollees as of October 31, 2010. HIPUtah's Administrator, SelectHealth, started taking applications in the month of August. Premiums charged may not exceed 100% of the premium for the applicable standard risk rate that would apply to the coverage offered in the State. There are four benefit plan options; premiums range between \$127 to \$744, depending on the benefit plan and the applicant's age.

HIPUtah and Federal-HIPUtah only offer individual policies. Premiums for coverage are calculated based on age and deductible options. Benefit options and premiums are shown below:

HIPUTAH BENEFIT PLANS

Comparison of Benefit Plans July 1, 2010

BENEFITS	Option 1	Option 2	Option 3	Option 4 HDHP
Calendar Deductible	\$500	\$1,000	\$2,500	\$5,000
Out-of-Pocket Maximum	\$2,000	\$3,000	\$6,000	\$5,000
Calendar Year Maximum	\$400,000	\$400,000	\$400,000	\$400,000
Lifetime Maximum	1.5 million	1.5 million	1.5 million	1.5 million
Inpatient Hospitalization	20%	20%	20%	0%
Out-Patient Care				
• Office Visits (physician, specialists, consultant)	20%	20%	20%	0%
• Preventive Office Visits	0%*	0%*	0%*	0%*
• Lab/X-ray	20%	20%	20%	0%
• Outpatient Surgery	20%	20%	20%	0%
• Eye exams	Not Covered	Not Covered	Not Covered	Not Covered
• Chiropractic Care	Not Covered	Not Covered	Not Covered	Not Covered
Prescription Drugs				
• Deductible	\$150	\$250	\$500	**
• Coverage – Three tiered				
Tier 1	\$5 Copay	\$5 Copay	\$5 Copay	0%
Tier 2	25%	25%	25%	0%
Tier 3	50%	50%	50%	0%
Emergency	20%	20%	20%	0%
Ambulance	20%	20%	20%	0%
Mental Health				
• Inpatient (10 days)	20%	20%	20%	0%
• Outpatient (20 visits)	20%	20%	20%	0%
Transplants	20%	20%	20%	0%
Skilled Nursing Facility Care	20%	20%	20%	0%
Hospice	20%	20%	20%	0%
Waiting Periods				
Pre-existing Waiting Period	Six Months	Six Months	Six Months	Six Months
Maternity Waiting Period	Ten Months	Ten Months	Ten Months	Ten Months

* First dollar coverage for Preventive Services.

** All Prescription Drug charges count towards the Calendar Deductible.

- Waiting Periods not applicable to HIPAA eligibles.
- Deductible must be met before coinsurance applies.
- Medical deductible is included in the out-of-pocket maximum.
- Option 4 meets the requirements for a Health Savings Account (HSA)
- After satisfying the Calendar Year Maximum Coinsurance amount, HIPUtah will pay 100% of Eligible Medical Expenses in that Calendar Year if Covered Services are provided by a Participating Provider.

FEDERAL-HIPUTAH BENEFIT PLANS

Comparison of Benefit Plans September 1, 2010

BENEFITS	Option 1	Option 2	Option 3	Option 4 HDHP
Calendar Deductible	\$500	\$1,000	\$2,500	\$5,000
Out-of-Pocket Maximum	\$2,000	\$3,000	\$4,000	\$5,000
Out-of-Pocket Maximum Rx	\$3,950	\$2,950	\$1,950	
Calendar Year Maximum	\$400,000	\$400,000	\$400,000	\$400,000
Lifetime Maximum	1.5 million	1.5 million	1.5 million	1.5 million
Inpatient Hospitalization	20%	20%	20%	0%
Out-Patient Care				
• Office Visits (physician, specialists, consultant)	20%	20%	20%	0%
• Preventive Office Visits	0%*	0%*	0%*	0%*
• Lab/X-ray	20%	20%	20%	0%
• Outpatient Surgery	20%	20%	20%	0%
• Eye exams	Not Covered	Not Covered	Not Covered	Not Covered
• Chiropractic Care	Not Covered	Not Covered	Not Covered	Not Covered
Prescription Drugs				
• Deductible	\$150	\$250	\$500	**
• Coverage – Three tiered				
Tier 1	\$5 Copay	\$5 Copay	\$5 Copay	0%
Tier 2	25%	25%	25%	0%
Tier 3	50%	50%	50%	0%
Emergency	20%	20%	20%	0%
Ambulance	20%	20%	20%	0%
Mental Health				
• Inpatient (10 days)	20%	20%	20%	0%
• Outpatient (20 visits)	20%	20%	20%	0%
Transplants	20%	20%	20%	0%
Skilled Nursing Facility Care	20%	20%	20%	0%
Hospice	20%	20%	20%	0%
Waiting Periods				
Pre-existing Waiting Period	None	None	None	None
Maternity Waiting Period	None	None	None	None

* First dollar coverage for Preventive Services.

** All Prescription Drug charges count towards the Calendar Deductible.

- Deductible must be met before coinsurance applies.
- Medical deductible is included in the out-of-pocket maximum.
- Option 4 meets the requirements for a Health Savings Account (HSA)
- After satisfying the Calendar Year Maximum Coinsurance amount, Federal-HIPUtah will pay 100% of Eligible Medical Expenses in that Calendar Year if Covered Services are provided by a Participating Provider.

HIPUTAH RATES

Utah Comprehensive Health Insurance Pool Rates

Effective July 1, 2010

Individual Monthly Premiums

Plan	Option 1	Option 2	Option 3	Option 4
Age	\$500 Deductible	\$1,000 Deductible	\$2,500 Deductible	\$5,000 Deductible
Under 21	\$366	\$319	\$245	\$178
21-25	\$393	\$342	\$263	\$192
26-30	\$455	\$396	\$304	\$222
31-35	\$536	\$466	\$361	\$263
36-40	\$569	\$497	\$381	\$278
41-45	\$610	\$518	\$399	\$289
46-50	\$711	\$603	\$464	\$336
51-55	\$804	\$683	\$526	\$380
56-60	\$944	\$809	\$623	\$478
61-64	\$1,041	\$883	\$681	\$553

FEDERAL-HIPUTAH RATES

(Pre-Existing Condition Insurance Plan (PCIP) Rates)

Effective September 1, 2010

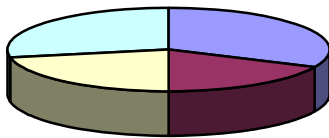
Individual Monthly Premiums

Plan	Option 1	Option 2	Option 3	Option 4
Age	\$500 Deductible	\$1,000 Deductible	\$2,500 Deductible	\$5,000 Deductible
Under 21	\$261	\$228	\$175	\$127
21-25	\$281	\$244	\$188	\$137
26-30	\$325	\$283	\$217	\$159
31-35	\$383	\$333	\$258	\$188
36-40	\$406	\$355	\$272	\$199
41-45	\$436	\$370	\$285	\$206
46-50	\$508	\$431	\$331	\$240
51-55	\$574	\$488	\$376	\$271
56-60	\$674	\$578	\$445	\$341
61+	\$744	\$631	\$486	\$382

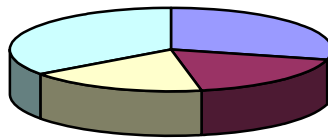
ENROLLMENT BY HEALTH BENEFIT PLAN

Percentage of Enrollees in HIPUtah: FY 2007 to FY 2009*

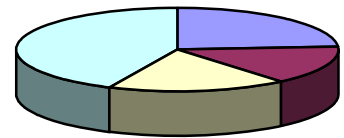
<u>2008</u>	<u>2009</u>	<u>2010</u>
3,621 Enrollees	3,839 Enrollees	4,158 Enrollees
32% - \$500 Deductible	29% - \$500 Deductible	24% - \$500 Deductible
18% - \$1,000 Deductible	18% - \$1,000 Deductible	15% - \$1,000 Deductible
22% - \$2,500 Deductible	18% - \$2,500 Deductible	18% - \$2,500 Deductible
28% - \$5,000 Deductible	35% - \$5,000 Deductible	43% - \$5,000 Deductible



■ \$500 ■ \$1,000
■ \$2,500 ■ \$5,000



■ \$500 ■ \$1,000
■ \$2,500 ■ \$5,000



■ \$500 ■ \$1,000
■ \$2,500 ■ \$5,000

*Numbers rounded to nearest percentage

*Average membership over the year

MEMBER PROFILE

Under Appendix III, the accompanying Exhibits A through G profile the age, gender, residence, medical condition, enrollment, household income of HIPUtah Enrollees and their utilization of medical services. Their characteristics suggest that we are serving adult, employed Utahns with chronic and serious medical conditions who live throughout the state. In summary:

- HIPUtah Enrollees reside throughout Utah in close proportion to total population distribution by county. (See Exhibit A.)
- Musculoskeletal system, immunity systems, and mental disorders plus circulatory system diseases are the most prevalent qualifying health conditions among HIPUtah Enrollees. These health problems alone are responsible for over 56% of the HIPUtah membership. (See Exhibit B.) These health problems are prevalent in Utah and comprise the major diseases of Enrollees in other state risk pools.
- HIPUtah Enrollees have various income levels. Nearly 36% of the Enrollees have an annual income of \$40,000 or below. (See Exhibit C.) Seven percent of the HIPUtah Enrollees make under \$10,000 per year; the average premium paid is \$477.50 per person per month for an annual total of \$5,730; which represents over 50% of their annual income. (See Exhibit C.)
- Females comprise 59% while males comprise 41% of HIPUtah Enrollees. (See Exhibit D.)
- Over 68% of Enrollees are over 40 years of age. Approximately 7.4% of all Enrollees are children through age 19. (See Exhibit E.)
- HIPUtah enrollment has grown steadily since enrollment began in September 1991. (See Exhibit F.) The Board's objective has been to allow steady growth, which reflects accessibility to the Pool, while being fiscally responsible. Capping enrollment today would have major consequences in the individual and small group private market.
- The percent of utilization by benefit for the HIPUtah Pool is as follows: (See Exhibit G.)

Benefit	7/2009-6/2010	7/2008-6/2009	7/2007-6/2008	7/2006-6/2007	7/2005-6/2006
Drugs	16%	18%	20%	23%	24%
Inpatient	28%	26%	27%	27%	25%
Professional	22%	20%	20%	18%	19%
Outpatient	34%	36%	33%	32%	32%

CATASTROPHIC CASES

In FY 2010 there were 40 catastrophic cases out of the total population enrolled under HIPUtah Enrollees. An Enrollee is considered to be a catastrophic case when claim payments exceed \$90,000 in a given year. This represents approximately 1% of the membership and approximately 20% of health care expenditures, or \$6,674,183. The average cost per catastrophic case was \$166,855. (See Exhibit G.) These Enrollees have highly complex or ongoing medical needs. Case managers are assigned to these cases and help Enrollees understand their benefits, work with their medical providers, arrange needed care and identify help in the community.

APPENDIX I

HIPUTAH BOARD AND ADMINISTRATIVE SUPPORT

HIPUTAH BOARD

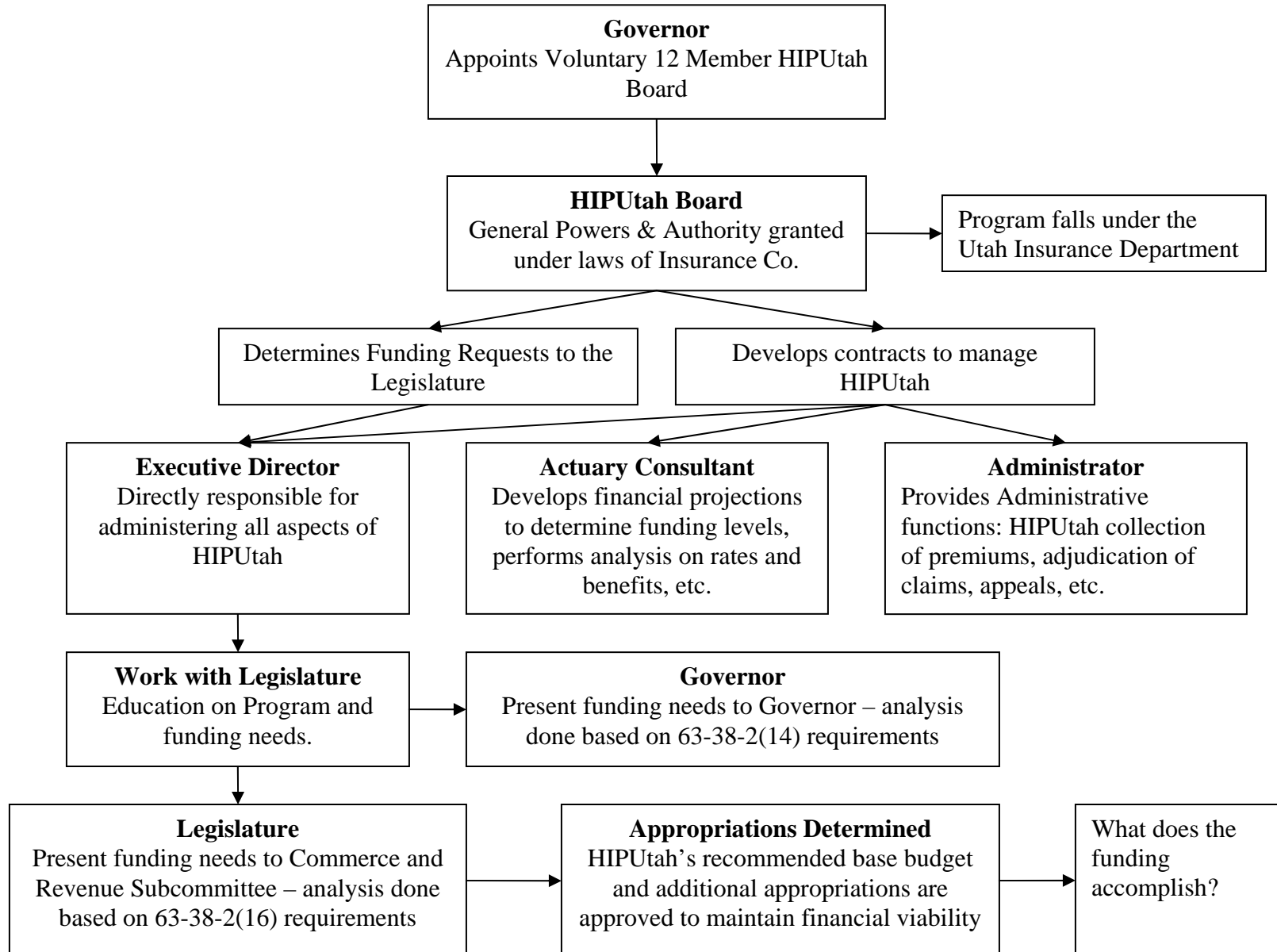
<p>TODD TRETTIN, CEO Altius Health Plans (Health Maintenance Organization Representative)</p>	<p>MATTHEW MINKEVITCH, Executive Director The Road Home (Employer Representative)</p>
<p>STEVE NEELEMAN, CEO HealthEquity (Health Insurance Company Representative)</p>	<p>STEVE BATEMAN, CEO St. Marks Hospital (Hospital Representative)</p>
<p>DOUGLAS HASBROUCK, M.D. Independent Physician (Physician Representative)</p>	<p>ROBERT PERRY, President Perry Financial Group (Producer, Accident & Health Representative)</p>
<p>ELIZABETH S. HUNTER, Deacon Cathedral Church of St. Mark (General Public Representative)</p>	<p>DAVID SUNDWALL, Executive Director Department of Health (Or his Designee)</p>
<p>IRENE LINK, President Link Communication (Person Expected to Qualify for HIPUtah)</p>	<p>RANDALL R. SMART, Attorney Smart, Schofield, Shorter, & Lunceford (Parent of Child Expected to Qualify for HIPUtah)</p>
<p>NEAL GOOCH, Insurance Commissioner Utah Insurance Department (Or his Designee)</p>	<p>CHET LOFTIS, Director of Public Policy & Govt. Relations - Regence BlueCross BlueShield of Utah (Health Insurance Company Representative)</p>

ADMINISTRATIVE SUPPORT

<p>TOMI JEAN OSSANA, Executive Director HIPUtah</p>	<p>JESSE LIDDELL, HIPUtah Coordinator SelectHealth (Administrator)</p>
<p>JIM MURRAY, HIPUtah Program Manager SelectHealth (Administrator)</p>	<p>PERRI ANN BABALIS, Asst. Attorney General Office of the Attorney General (Counsel to Board)</p>
<p>TROY PRITCHETT, FSA, MAAA Milliman, Inc. (HIPUtah Consulting Actuary)</p>	<p>JEROME FLOERKE, Senior Underwriter Equitable Life & Casualty Insurance Company (Underwriting Auditor)</p>

APPENDIX II

HIPUTAH'S INTERACTION WITH STATE GOVERNMENT



Under state law Utah residents have the guaranteed right to purchase Individual health insurance regardless of income or health status. The private individual market takes the healthy and HIPUtah takes the uninsurables based on the health underwriting criteria set by the Pool.

Eligibility Requirements:
Uninsurables and HIPAA eligibles make application to the Pool and are accepted into the program

Funding for the Pool:

- Premiums paid by HIPUtah Enrollees
- State Appropriations from the General Fund

HIPUtah

HIPUtah provides Health Insurance for over 4,158 Enrollees, whom without this program would go without health insurance.

* For every \$1 of premium paid into the Pool a \$1.55 is paid out in claims since the inception of the program.

HIPUtah protects the private health insurance market – if this program was to cap enrollment the private individual carriers would have to take on the risk of the uninsurables unless they discontinue writing new business or pull out of the market; 149,000 or more enrolled individuals may be affected.

APPENDIX III

- Exhibit A – HIPUtah Geographic Profile by County
- Exhibit B – HIPUtah Enrollment by Medical Condition/Disease
- Exhibit C – HIPUtah Annual Family Household Income Analysis
- Exhibit D – HIPUtah Enrollment by Male/Female by Age
- Exhibit E – HIPUtah Enrollment by Age
- Exhibit F – HIPUtah Member Months by Fiscal Year
- Exhibit G – HIPUtah Utilization Report

Administered by SelectHealth

Exhibit A
HIPUtah Geographic Profile by County

Enrollment as of: 06/30/2010
 Report ID: HIP100

County	Enrollee Count	Percent of Total	County Population*	Percent of Total
Beaver	13	0.31%	6,267	0.23%
Box Elder	66	1.59%	49,902	1.79%
Cache	168	4.04%	115,269	4.14%
Carbon	23	0.55%	19,989	0.72%
Daggett	3	0.07%	941	0.03%
Davis	396	9.52%	300,827	10.80%
Duchesne	37	0.89%	17,948	0.64%
Emery	16	0.38%	10,629	0.38%
Garfield	8	0.19%	4,625	0.17%
Grand	22	0.53%	9,660	0.35%
Iron	73	1.76%	45,280	1.63%
Juab	9	0.22%	10,244	0.37%
Kane	16	0.38%	6,601	0.24%
Millard	13	0.31%	12,276	0.44%
Morgan	19	0.46%	8,908	0.32%
Other	17	0.41%	0	0.00%
Piute	5	0.12%	1,431	0.05%
Rich	9	0.22%	2,160	0.08%
Salt Lake	1,564	37.61%	1,034,989	37.17%
San Juan	8	0.19%	15,049	0.54%
Sanpete	20	0.48%	25,946	0.93%
Sevier	23	0.55%	19,976	0.72%
Summit	188	4.52%	36,969	1.33%
Tooele	30	0.72%	58,335	2.09%
Uintah	66	1.59%	31,536	1.13%
Utah	752	18.09%	545,307	19.58%
Wasatch	59	1.42%	21,600	0.78%
Washington	299	7.19%	137,473	4.94%
Wayne	15	0.36%	2,601	0.09%
Weber	221	5.32%	231,834	8.33%
Totals	4,158	100.00%	2,784,572	100.00%

* Estimated Population as of July 1, 2009 (Source U.S. Census Bureau)

Exhibit A

Geographic Distribution by County

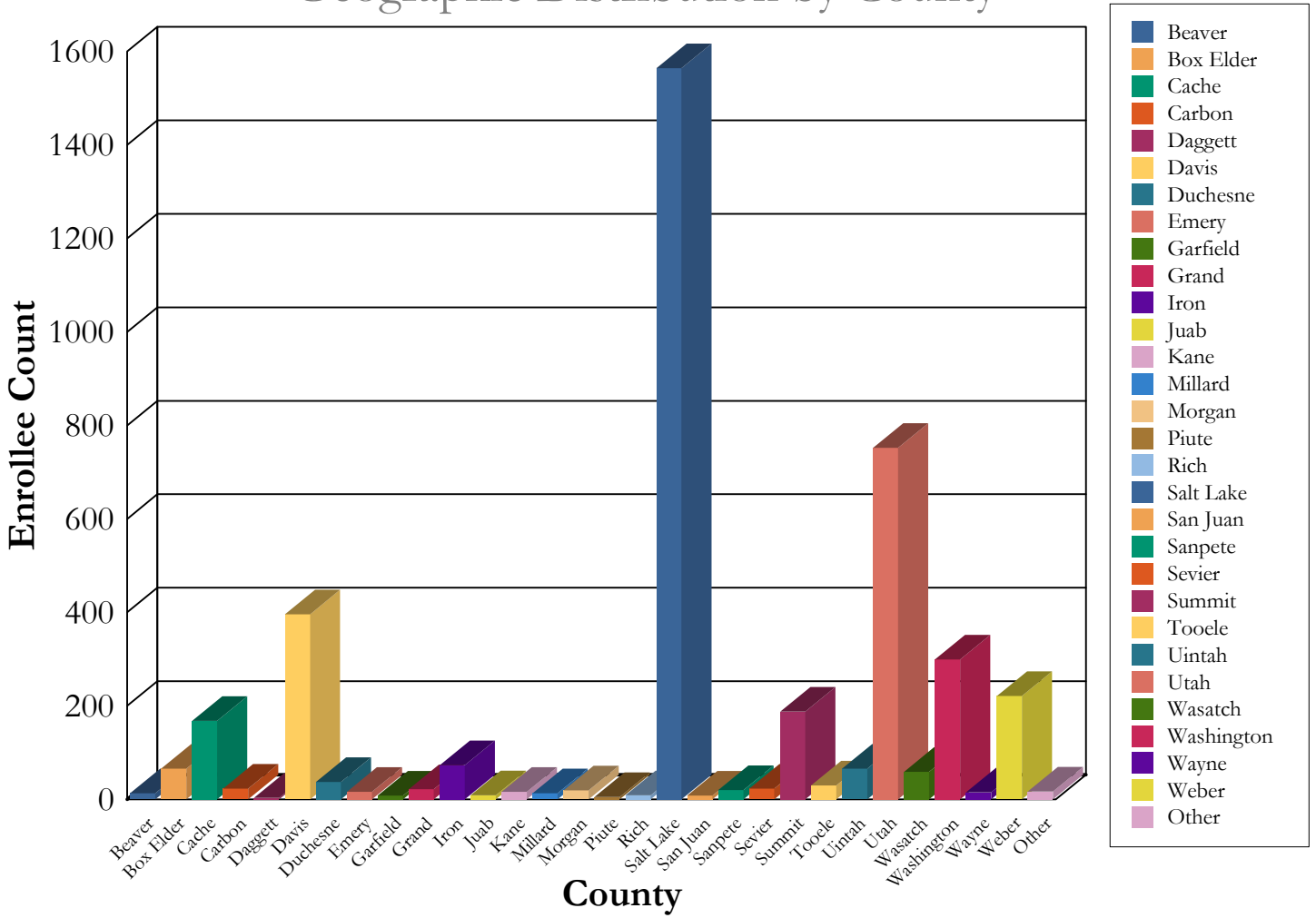


Exhibit B

Enrollment as of: 06/30/2010

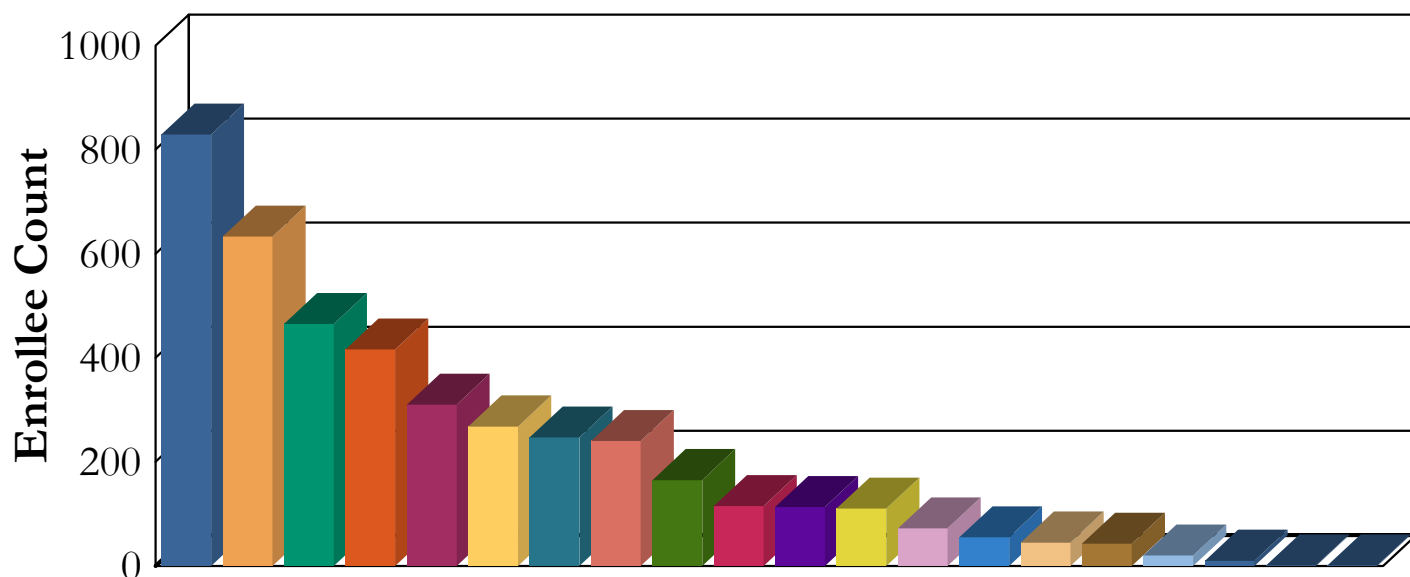
Report ID: HIP101

HIPUtah Enrollment by Medical Conditon/Disease

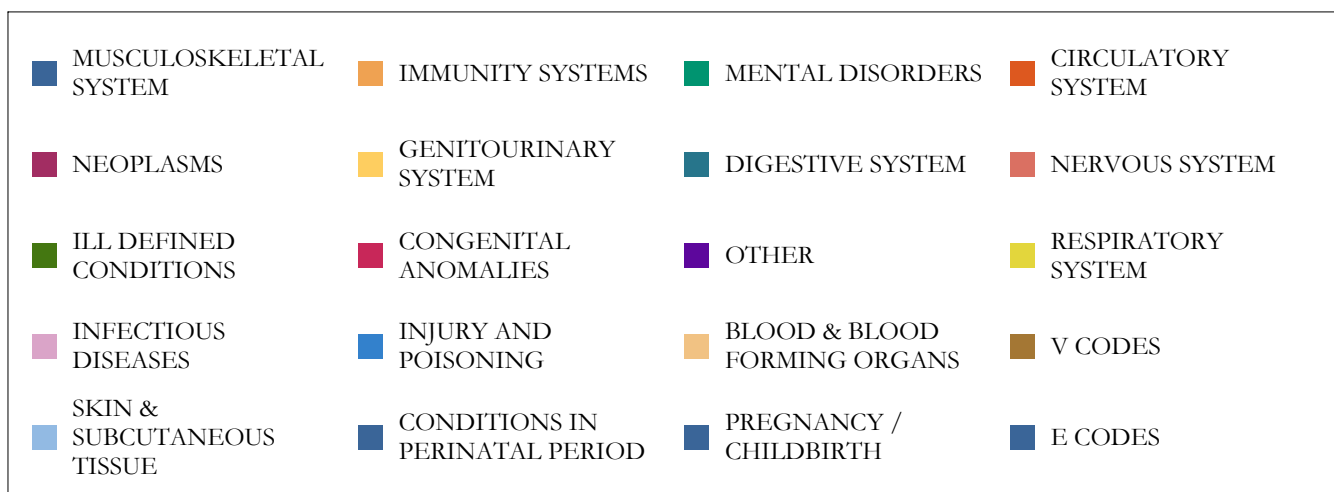
Condition/Disease	Enrollee Count	Percent of Total
MUSCULOSKELETAL SYSTEM	829	19.94%
IMMUNITY SYSTEMS	633	15.22%
MENTAL DISORDERS	465	11.18%
CIRCULATORY SYSTEM	416	10.00%
NEOPLASMS	310	7.46%
GENITOURINARY SYSTEM	268	6.45%
DIGESTIVE SYSTEM	247	5.94%
NERVOUS SYSTEM	240	5.77%
ILL DEFINED CONDITIONS	165	3.97%
CONGENITAL ANOMALIES	115	2.77%
OTHER	113	2.72%
RESPIRATORY SYSTEM	110	2.65%
INFECTIOUS DISEASES	72	1.73%
INJURY AND POISONING	55	1.32%
BLOOD & BLOOD FORMING ORGANS	45	1.08%
V CODES	43	1.03%
SKIN & SUBCUTANEOUS TISSUE	20	0.48%
CONDITIONS IN PERINATAL PERIOD	10	0.24%
PREGNANCY / CHILDBIRTH	1	0.02%
E CODES	1	0.02%
Total	4,158	

Exhibit B

HIPUtah Enrollment by Medical Condition/Disease



Condition/Disease



Annual Income	Enrollee Count	Percent of Total
\$0 to \$9,999	289	6.95%
\$10,000 to \$19,999	361	8.69%
\$20,000 to \$29,999	389	9.36%
\$30,000 to \$39,999	452	10.83%
\$40,000 to \$49,999	371	8.93%
\$50,000 to \$59,999	349	8.40%
\$60,000 to \$69,999	265	6.38%
\$70,000 to \$79,999	232	5.58%
\$80,000 to \$89,999	164	3.95%
\$90,000 to \$99,999	126	3.03%
\$100,000 to \$109,999	147	3.54%
\$110,000 to \$119,999	60	1.44%
\$120,000 to \$129,999	80	1.92%
\$130,000 to \$139,999	51	1.23%
\$140,000 to \$149,999	30	0.72%
\$150,000 Plus	394	9.48%
Unknown	398	9.58%
Total	4,158	
Average Annual Household Income:	\$75,817	
Median Annual Household Income:	\$50,000	

Exhibit C

HIPUtah Annual Family Household Income Analysis

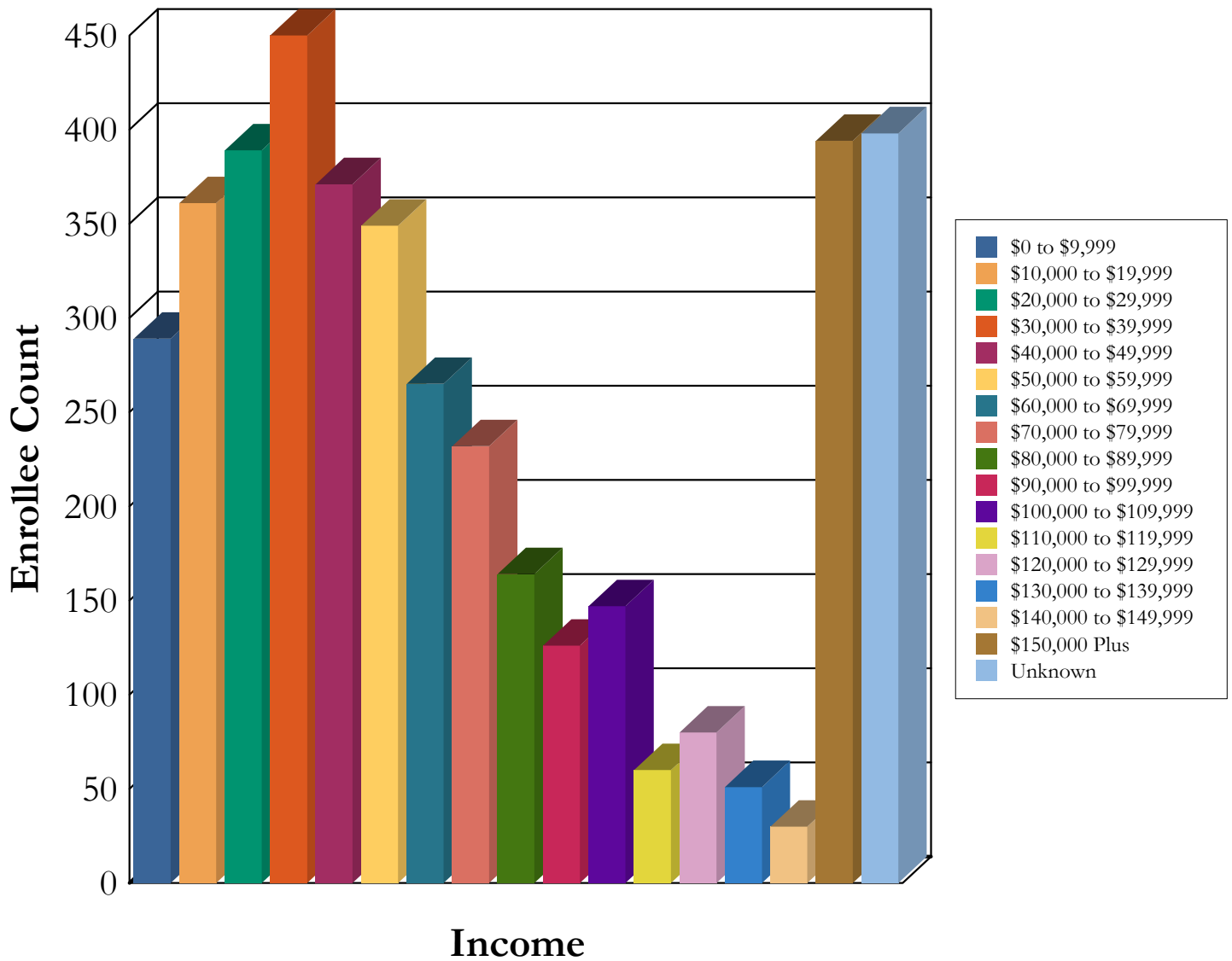


Exhibit D

HIPUtah Enrollment Male/Female by Age

Enrollment as of: 06/30/2010

Report ID: HIP103

Age Group	Gender	Enrollee Count	Percent of Total
00 - 02	Female	14	0.34%
	Male	20	0.48%
		34	0.82%
03 - 12	Female	50	1.20%
	Male	63	1.52%
		113	2.72%
13 - 19	Female	70	1.68%
	Male	89	2.14%
		159	3.82%
20 - 25	Female	111	2.67%
	Male	84	2.02%
		195	4.69%
26 - 30	Female	187	4.50%
	Male	106	2.55%
		293	7.05%
31 - 35	Female	169	4.06%
	Male	111	2.67%
		280	6.73%
36 - 40	Female	168	4.04%
	Male	86	2.07%
		254	6.11%
41 - 45	Female	152	3.66%
	Male	119	2.86%
		271	6.52%
46 - 50	Female	238	5.72%
	Male	169	4.06%
		407	9.79%
51 - 55	Female	309	7.43%
	Male	233	5.60%
		542	13.04%
56 - 60	Female	446	10.73%
	Male	313	7.53%
		759	18.25%
61 - 64	Female	526	12.65%
	Male	321	7.72%
		847	20.37%
65 Plus	Female	2	0.05%
	Male	2	0.05%
		4	0.10%
Total		4,158	

Female	2,442 58.73%	Male	1,716 41.27%
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Exhibit D

HIPUtah Enrollment Female/Male by Age

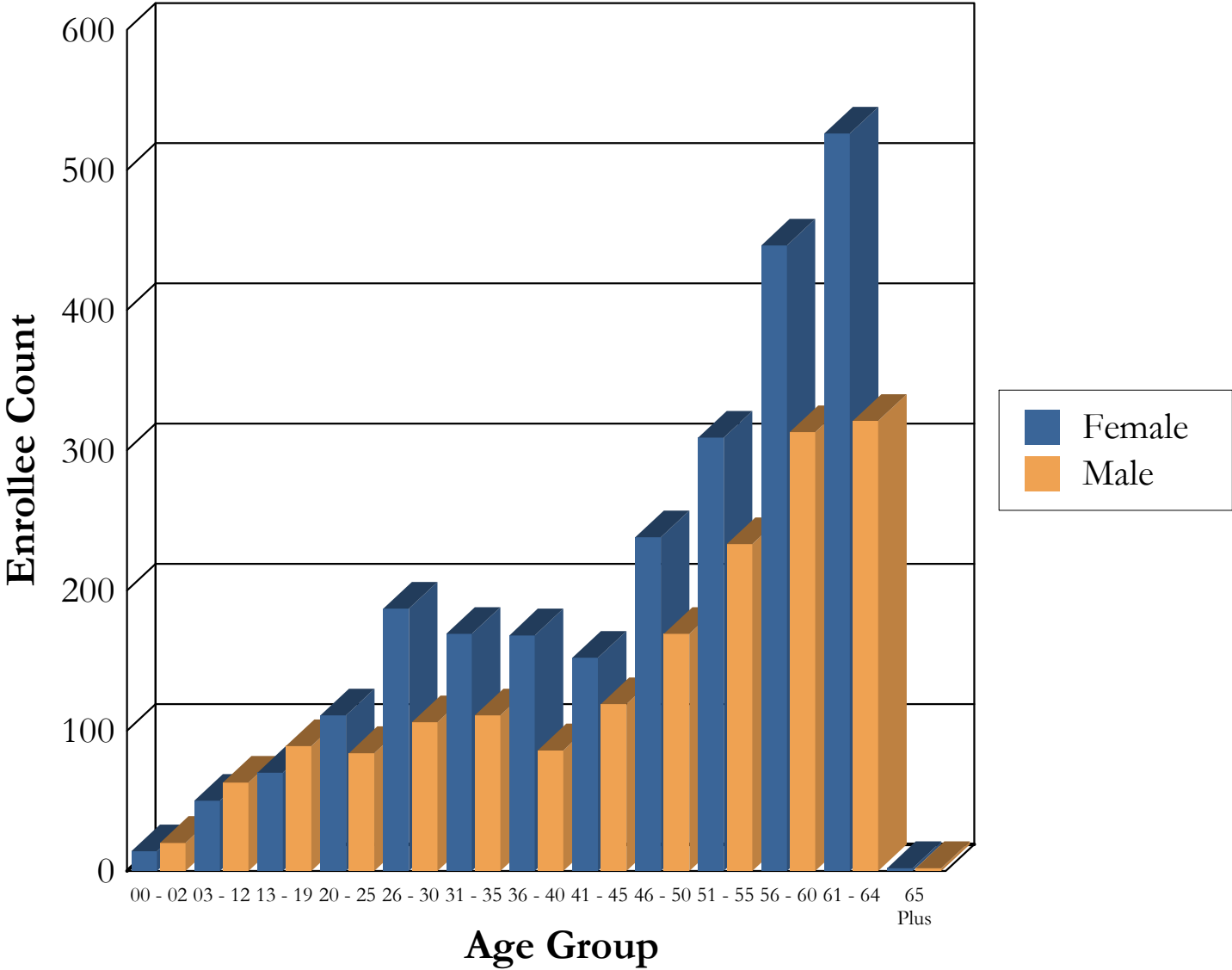


Exhibit E
HIPUtah Enrollment by Age

Enrollment as of: 06/30/2010
Report ID: HIP104

Age Group	Enrollee Count	Enrollee Count
<u>00 - 02</u>	34	0.82%
<u>03 - 12</u>	113	2.72%
<u>13 - 19</u>	159	3.82%
<u>20 - 25</u>	195	4.69%
<u>26 - 30</u>	293	7.05%
<u>31 - 35</u>	280	6.73%
<u>36 - 40</u>	254	6.11%
<u>41 - 45</u>	271	6.52%
<u>46 - 50</u>	407	9.79%
<u>51 - 55</u>	542	13.04%
<u>56 - 60</u>	759	18.25%
<u>61 - 64</u>	847	20.37%
<u>65 Plus</u>	4	0.10%
Total	4,158	

Exhibit E

HIPUtah Enrollment by Age

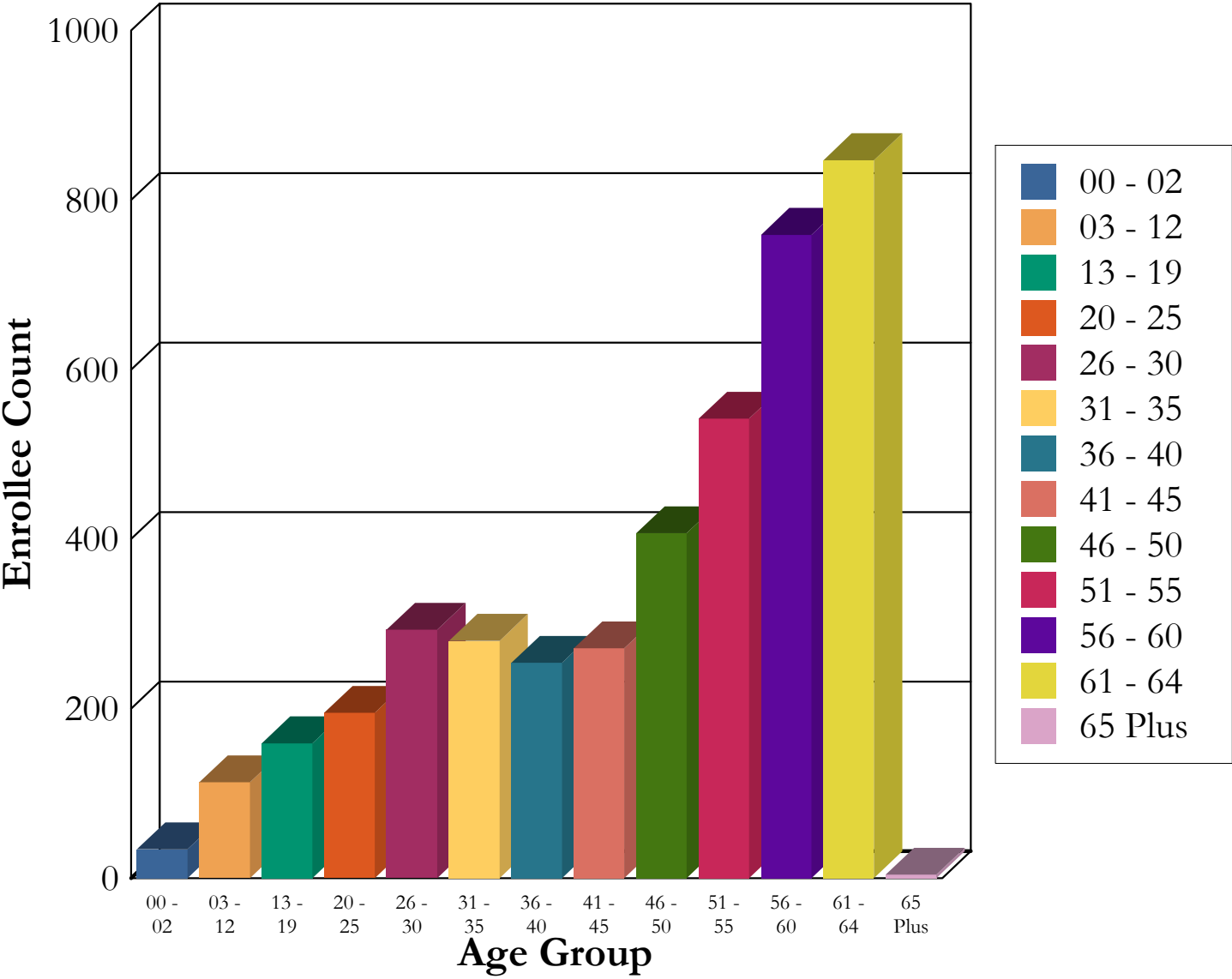


Exhibit F
HIPUtah Member Months by Fiscal Year

Enrollment From: 07/01/2009
Enrollment To: 06/30/2010
Report ID: HIP105

Fiscal Year	Member Months
1992	2,518
1993	5,440
1994	6,936
1995	8,071
1996	8,425
1997	7,577
1998	9,113
1999	10,924
2000	12,001
2001	15,507
2002	22,006
2003	28,850
2004	34,542
2005	36,383
2006	37,661
2007	39,970
2008	42,148
2009	44,742
2010	47,504
Total	420,318

Exhibit F

Member Months by Fiscal Year

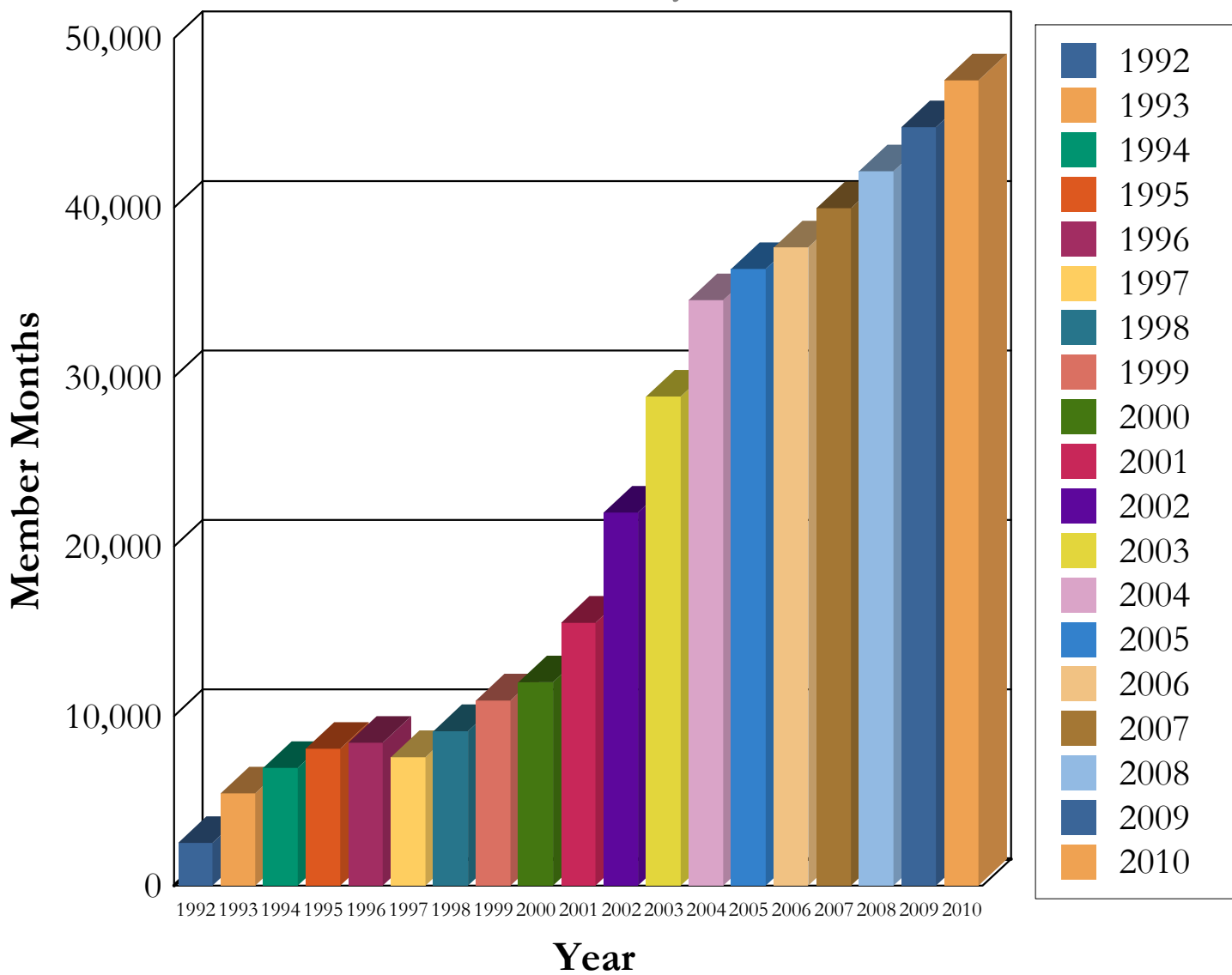


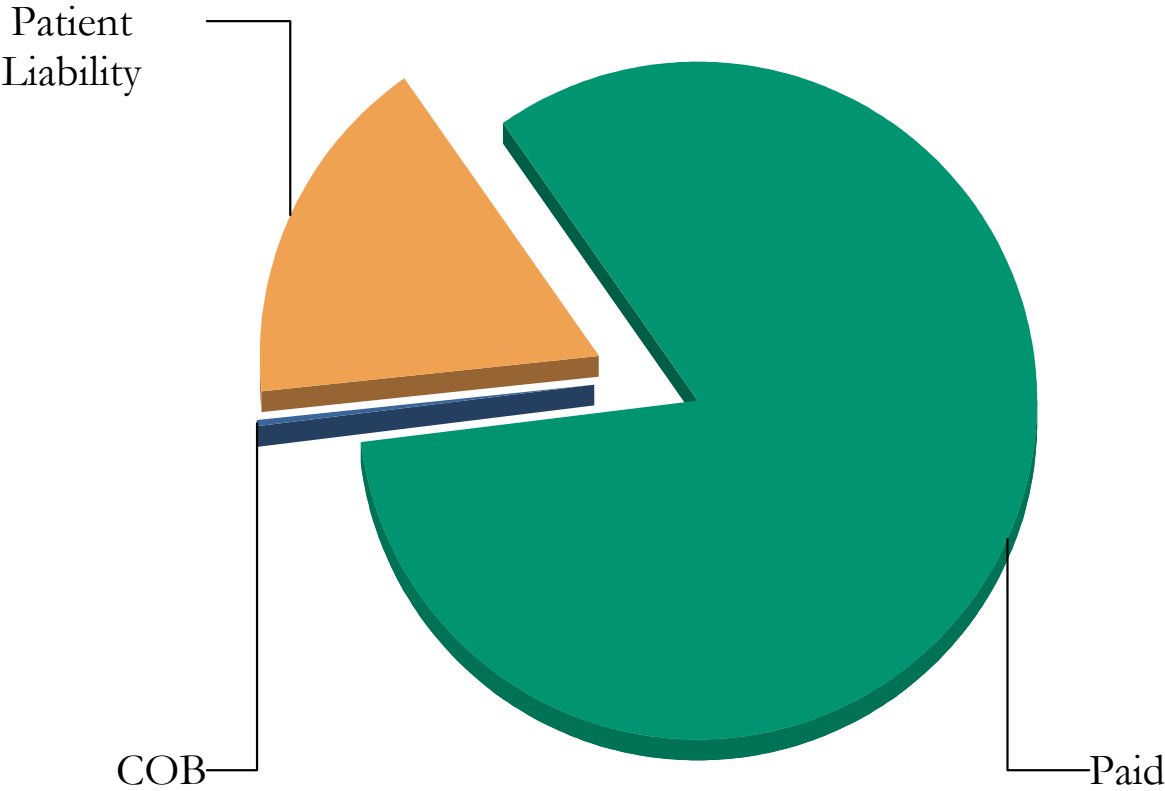
Exhibit G1
HIPUtah Payment Analysis

Incurred: 07/01/2009 to 06/30/2010
 Paid: 07/01/2009 to 09/22/2010
 Report ID: HIP106

SUBMITTED CHARGES		\$55,238,650
PRENOTIFICATION	\$300,273	
MEDICAL NECESSITY	\$3,835	
PRE-EXIST CONDITION	\$84,375	
EXCESSIVE CHARGE	\$15,791,745	
DUPLICATE CLAIM	\$838,852	
MEDICAL POLICY	\$131,211	
IMPROPER CLAIM FILING	\$280,599	
CONTRACT MAXIMUM	\$3,608,835	
NOT A BENEFIT	\$211,873	
PATIENT NOT ELIGIBLE	\$401,624	
Total Administrative/Provider Savings		\$21,653,221
ALLOWED CHARGES		\$33,373,680
Patient Liability (Coinsurance, Deductible, Etc)		\$5,682,395 17%
COB		\$86,891 0%
TOTAL PAID		\$27,604,394 83%

Exhibit G1

HIPUtah Payment Analysis



COB	0.3%
Patient Liability	17.0%
Paid	82.7%
Total:	100.0%

Exhibit G2**HIPUtah Large Claims Summary by Enrollee****Incurred 07/01/2009 To 06/30/2010****Paid 07/01/2009 To 09/22/2010****Paid claims Accumulated Greater than \$95,000, Medical Only**

Dollars	Major Diagnosis
\$607,134	V CODES
\$340,307	CIRCULATORY SYSTEM
\$306,578	V CODES
\$305,721	ILL DEFINED CONDITIONS
\$285,505	NEOPLASMS
\$274,463	BLOOD & BLOOD FORMING ORGANS
\$215,840	NEOPLASMS
\$185,350	INFECTIOUS DISEASES
\$180,082	CIRCULATORY SYSTEM
\$179,845	NEOPLASMS
\$179,656	CIRCULATORY SYSTEM
\$177,967	NEOPLASMS
\$174,607	DIGESTIVE SYSTEM
\$166,248	NEOPLASMS
\$159,483	RESPIRATORY SYSTEM
\$156,820	V CODES
\$151,842	V CODES
\$151,474	GENITOURINARY SYSTEM
\$150,344	NEOPLASMS
\$144,805	MUSCULOSKELETAL SYSTEM
\$132,535	ILL DEFINED CONDITIONS
\$127,092	ILL DEFINED CONDITIONS
\$120,791	NEOPLASMS
\$118,991	CIRCULATORY SYSTEM
\$118,584	GENITOURINARY SYSTEM
\$114,084	NEOPLASMS
\$113,261	IMMUNITY SYSTEMS
\$111,070	NEOPLASMS
\$107,915	GENITOURINARY SYSTEM
\$107,298	DIGESTIVE SYSTEM
\$106,306	RESPIRATORY SYSTEM
\$105,645	NEOPLASMS
\$103,847	IMMUNITY SYSTEMS
\$103,093	NEOPLASMS
\$101,588	MUSCULOSKELETAL SYSTEM
\$99,924	IMMUNITY SYSTEMS
\$97,720	NEOPLASMS
\$97,696	INFECTIOUS DISEASES
\$97,226	ILL DEFINED CONDITIONS
\$95,449	NEOPLASMS
Total Large Claims:	\$6,674,183
Members:	40

Exhibit G3
HIPUtah Top Injectable Drugs

Incurred 07/01/2009 To 06/30/2010

Paid 07/01/2009 To 09/22/2010

Top 40 Drugs

Code	Description	Count	Average Paid	Total Paid
J1438	ETANERCEPT INJECTION	250	\$1,415	\$353,788
J9310	RITUXIMAB CANCER TREATMENT	48	\$6,248	\$299,900
J1745	INFLIXIMAB INJECTION	98	\$3,028	\$296,747
J9355	TRASTUZUMAB	88	\$3,095	\$272,365
J1595	INJECTION, GLATIRAMER ACETATE, 20 MG	105	\$2,494	\$261,825
J2505	INJECTION, PEGFILGRAS'TIM, 6 MG	78	\$3,319	\$258,907
J1825	INTERFERON BETA-1A	114	\$2,165	\$246,777
J9035	INJECTION, BEVACIZUMAB, 10 MG	53	\$4,181	\$221,606
J0135	INJECTION, ADALIMUMAB, 20 MG	141	\$1,541	\$217,350
J9201	GEMCITABINE HCL	53	\$2,891	\$153,228
J0180	INJECTION, AGALSIDASE BETA, 1 MG	7	\$15,129	\$105,901
J7190	FACTOR VIII	6	\$15,943	\$95,660
Q3026	INJECTION, INTERFERON BETA-1A, 11 MCG FOR SUBCUTAN	43	\$2,215	\$95,240
J3490	DRUGS UNCLASSIFIED INJECTION	97	\$890	\$86,362
J1830	INTERFERON BETA-1B / .25 MG	37	\$2,307	\$85,368
J3487	INJECTION, ZOLEDRONIC ACID, 1 MG	74	\$1,057	\$78,235
J3590	UNCLASSIFIED BIOLOGICS	27	\$2,859	\$77,191
J1566	INJECTION, IMMUNE GLOBULIN, INTRAVENOUS, LYOPHIL	21	\$3,543	\$74,413
J9170	DOCETAXEL	19	\$3,714	\$70,575
J1815	INJECTION, INSULIN, PER 5 UNITS	172	\$339	\$58,343
J9041	INJECTION, BORTEZOMIB, 0.1 MG	7	\$7,286	\$51,002
J9001	DOXORUBICIN HCL LIPOSOME INJ	9	\$5,424	\$48,817
J2941	INJECTION, SOMATROPIN, 1 MG	32	\$1,465	\$46,880
J2353	INJECTION, OCTREOTIDE, DEPOT FORM FOR INTRAMUSCU	14	\$3,175	\$44,446
J7193	FACTOR IX (ANTHEMOPHILIC FACTOR, PURIFIED, NON-RI	2	\$21,735	\$43,470
J1650	INJ ENOXAPARIN SODIUM	30	\$1,237	\$37,120
S0145	INJECTION, PEGYLATED INTERFERON ALFA-2A, 180 MCG P	16	\$1,814	\$29,028
J2469	INJECTION, PALONOSETRON HCL, 25 MCG	132	\$209	\$27,585
A9545	IODINE I-131 TOSITUMOMAB, THERAPEUTIC, PER TREATM	1	\$25,646	\$25,646
J7192	FACTOR VIII (ANTHEMOPHILIC FACTOR, RECOMBINANT)	5	\$5,108	\$25,539
J0882	INJECTION, DARBEPOETIN ALFA, 1 MICROGRAM (FOR ESRI	35	\$551	\$19,271
J7639	DORNASE ALPHA INHAL SOL U D	7	\$2,419	\$16,936
J0881	INJECTION, DARBEPOETIN ALFA, 1 MICROGRAM (NON-ESR	19	\$866	\$16,462
J1441	FILGRAS'TIM 480 MCG INJECTION	25	\$639	\$15,963
J7302	LEVONORGESTREL-RELEASING INTRAUTERINE CONTRAC	28	\$506	\$14,167
J1440	FILGRAS'TIM 300 MCG INJECTON	8	\$1,731	\$13,845
J0585	INJECTION, ONABOTULINUMTOXINA, 1 UNIT	16	\$827	\$13,234
J2405	ONDANSETRON HCL INJECTION	641	\$19	\$11,915
J2020	INJECTION, LINEZOLID, 200 MG	4	\$2,880	\$11,518
A9544	IODINE I-131 TOSITUMOMAB, DIAGNOSTIC, PER STUDY DC	2	\$5,745	\$11,490
Total Top 40 Drugs		2,564		\$3,934,115
Total Injectable Drugs		5,763		\$4,278,221

Exhibit G4
HIPUtah Utilization by Benefit

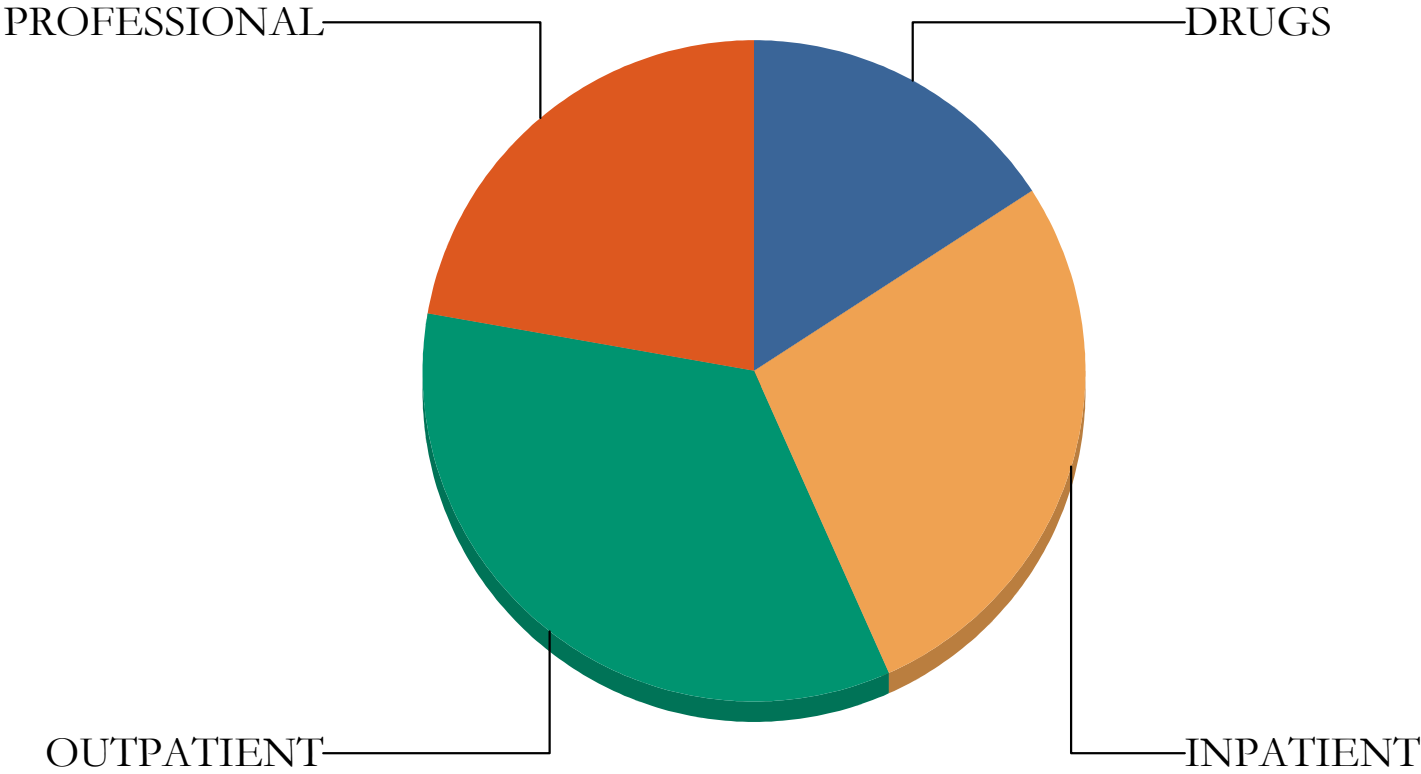
Incurred 07/01/2009 To 06/30/2010

Paid 07/01/2009 To 09/22/2010

Category	Claims	Paid	Percent of Total	Cost Per Member Month
INPATIENT	634	\$9,041,203	28%	\$193
OUTPATIENT	19,008	\$11,247,181	34%	\$240
PROFESSIONAL	37,736	\$7,315,997	22%	\$156
DRUGS	76,765	\$5,219,313	16%	\$111
Total	134,143	\$32,823,695		

Exhibit G4

HIPUtah Utilization by Benefit



DRUGS	15.9%
INPATIENT	27.5%
OUTPATIENT	34.3%
PROFESSIONAL	22.3%
Total:	100.0%

Exhibit G5
HIPUtah Inpatient Utilization

Incurred 07/01/2009 To 06/30/2010

Paid 07/01/2009 To 09/22/2010

Categories	Admits	Days	Enrollees	Average LOS	Average Paid per Admit	Total Paid		Paid PMPM
Hospital Inpatient Medical	321	1,415	238	4	\$11,825	\$3,795,826	41.98%	\$80.91
Hospital Inpatient Surgical	178	746	160	4	\$25,728	\$4,579,662	50.65%	\$97.61
Hospital Inpatient Maternity	88	180	88	2	\$4,388	\$386,114	4.27%	\$8.23
Hospital Inpatient Psych	47	224	35	5	\$5,949	\$279,602	3.09%	\$5.96
Total	634	2,565		4	\$14,261	\$9,041,203		\$193
					Admissions per 1,000 enrollees:	162		
					Days per 1,000 enrollees:	656		
					Average cost per admission:	\$14,261		
					Average cost per day:	\$3,524.84		

Exhibit G5

HIPUtah Inpatient Utilization

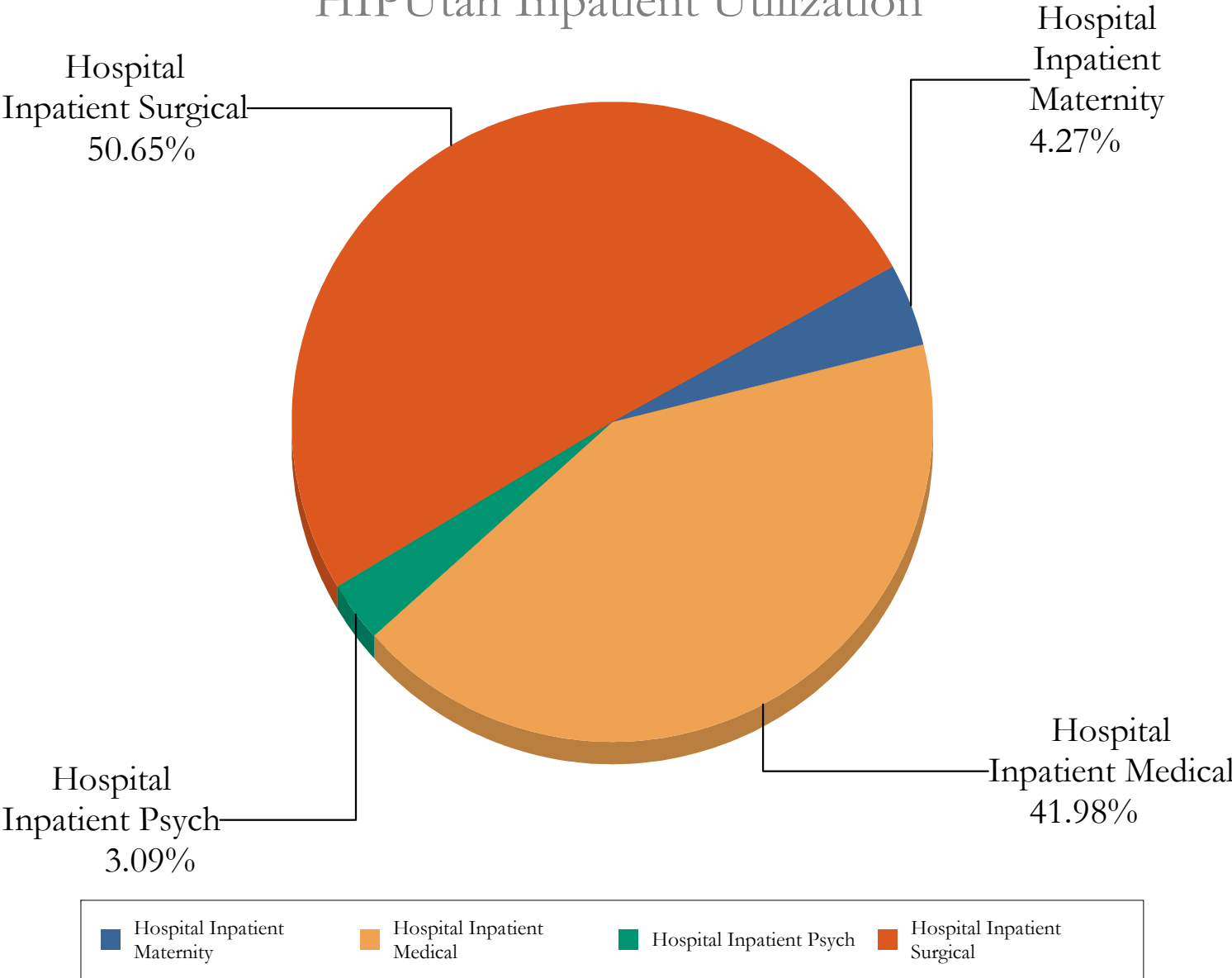


Exhibit G6
HIPUtah Outpatient Utilization

Incurred 07/01/2009 To 06/30/2010

Paid 07/01/2009 To 09/22/2010

Categories	Procedures	Visits	Total Paid		Paid per Visit	Paid PMPM
Durable Medical Equipment	1,543	1,461	\$305,584	3%	\$209	\$6.51
Emergency Room	2,301	880	\$1,053,971	9%	\$1,198	\$22.46
Instacare/Urgent Care	847	824	\$29,280	0%	\$36	\$0.62
Ambulance	166	160	\$279,235	2%	\$1,745	\$5.95
Physician Office Visits	867	854	\$62,575	1%	\$73	\$1.33
Inpatient Medical Professional	8	5	\$3,589	0%	\$718	\$0.08
Inpatient Anesthesiologist	1	1	\$396	0%	\$396	\$0.01
Emergency Room Professional	10	10	\$887	0%	\$89	\$0.02
Outpatient Surgical Professional	5	5	\$371	0%	\$74	\$0.01
Maternity Professional	184	183	\$4,119	0%	\$23	\$0.09
Outpatient Sub. Abuse/Psych Prof	34	34	\$40,305	0%	\$1,185	\$0.86
Outpatient Pathology	8,741	8,503	\$704,786	6%	\$83	\$15.02
Outpatient Radiology	3,037	2,949	\$981,435	9%	\$333	\$20.92
Outpatient Other Diagnostic Test	1,121	1,011	\$577,712	5%	\$571	\$12.31
Outpatient Surgery Facility	1,477	1,019	\$909,513	8%	\$893	\$19.39
Outpatient Facility General Med.	2,376	2,106	\$2,358,931	21%	\$1,120	\$50.28
Chemotherapy Radiotherapy	1,600	1,529	\$2,823,776	25%	\$1,847	\$60.19
Medical Supplies	1,210	1,208	\$297,845	3%	\$247	\$6.35
Phys./Occ./Speech Therapy	518	498	\$164,544	1%	\$330	\$3.51
Phys/Occ/Sp Therapy (Fac)	21	21	\$2,246	0%	\$107	\$0.05
Home Health	733	699	\$531,993	5%	\$761	\$11.34
Other	299	298	\$114,088	1%	\$383	\$2.43
Total	27,099	24,258	\$11,247,181		\$464	\$240

Exhibit G6

HIPUtah Outpatient Utilization

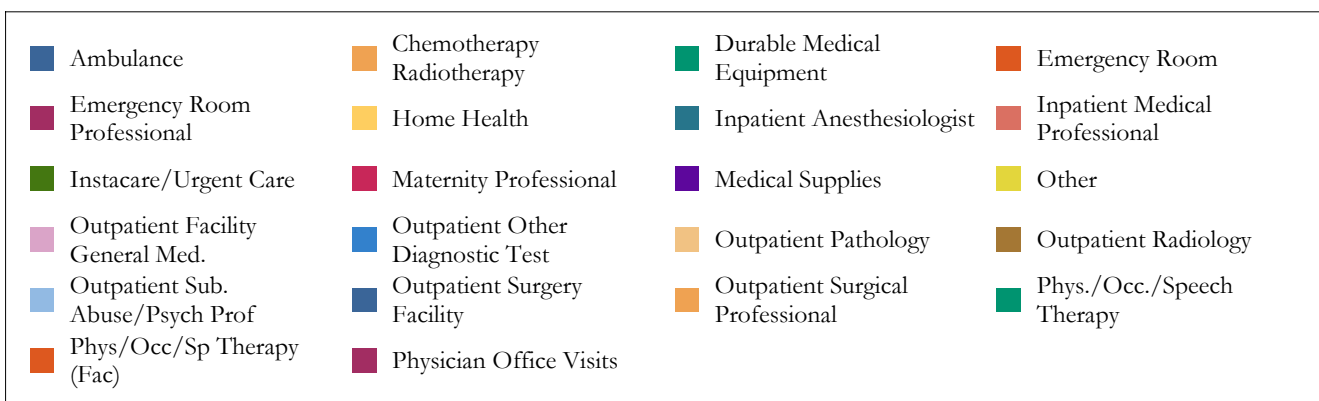
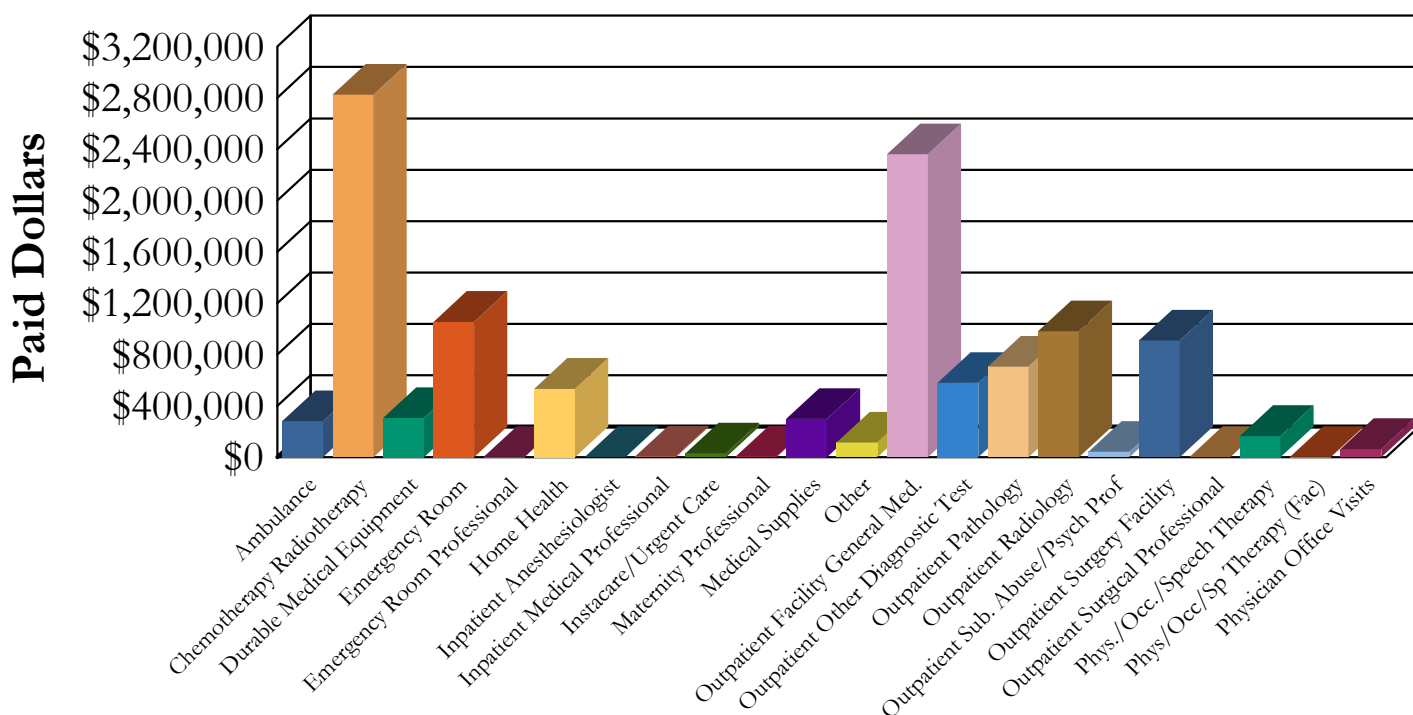


Exhibit G7
HIPUtah Professional Utilization

Incurred 07/01/2009 To 06/30/2010

Paid 07/01/2009 To 09/22/2010

Categories	Procedures	Visits	Total Paid		Paid per Visit	Paid PMPM
Durable Medical Equipment	138	137	\$13,072	0%	\$95	\$0.28
Physician Office Visits	20,716	18,722	\$2,055,292	28%	\$110	\$43.81
Inpatient Medical Professional	2,293	1,504	\$438,986	6%	\$292	\$9.36
Inpatient Surgical Professional	449	279	\$613,246	8%	\$2,198	\$13.07
Inpatient Anesthesiologist	270	246	\$223,730	3%	\$909	\$4.77
Inpatient Sub/Abuse/Psych Prof.	124	111	\$26,678	0%	\$240	\$0.57
Emergency Room Professional	828	751	\$165,874	2%	\$221	\$3.54
Outpatient Surgical Professional	4,185	3,582	\$1,069,952	15%	\$299	\$22.81
Outpatient Anesthesiologist	511	506	\$233,758	3%	\$462	\$4.98
Maternity Professional	340	301	\$177,830	2%	\$591	\$3.79
Maternity Anesthesiologist	88	77	\$52,375	1%	\$680	\$1.12
Outpatient Sub. Abuse/Psych Prof	1,855	1,810	\$125,430	2%	\$69	\$2.67
Outpatient Pathology	6,312	6,120	\$180,833	2%	\$30	\$3.85
Outpatient Radiology	4,616	4,435	\$418,583	6%	\$94	\$8.92
Outpatient Other Diagnostic Test	2,875	2,663	\$410,571	6%	\$154	\$8.75
Chemotherapy Radiotherapy	607	598	\$835,356	11%	\$1,397	\$17.80
Outpatient Consulting	849	846	\$99,377	1%	\$117	\$2.12
Medical Supplies	171	171	\$21,232	0%	\$124	\$0.45
Phys./Occ./Speech Therapy	1,213	1,213	\$104,823	1%	\$86	\$2.23
Vision	721	605	\$46,253	1%	\$76	\$0.99
Other	62	62	\$2,745	0%	\$44	\$0.06
Total	49,223	44,739	\$7,315,997		\$164	\$156

Exhibit G7

HIPUtah Professional Utilization

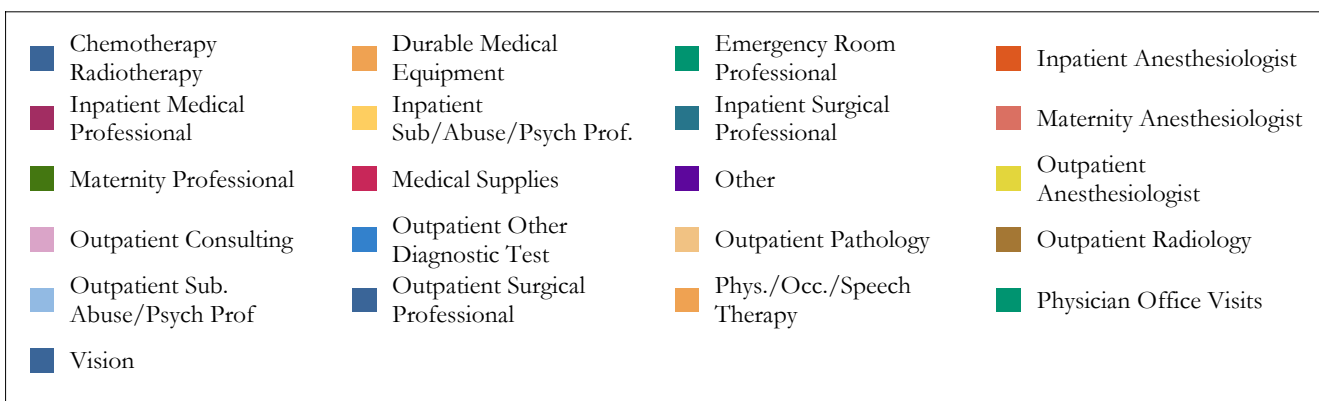
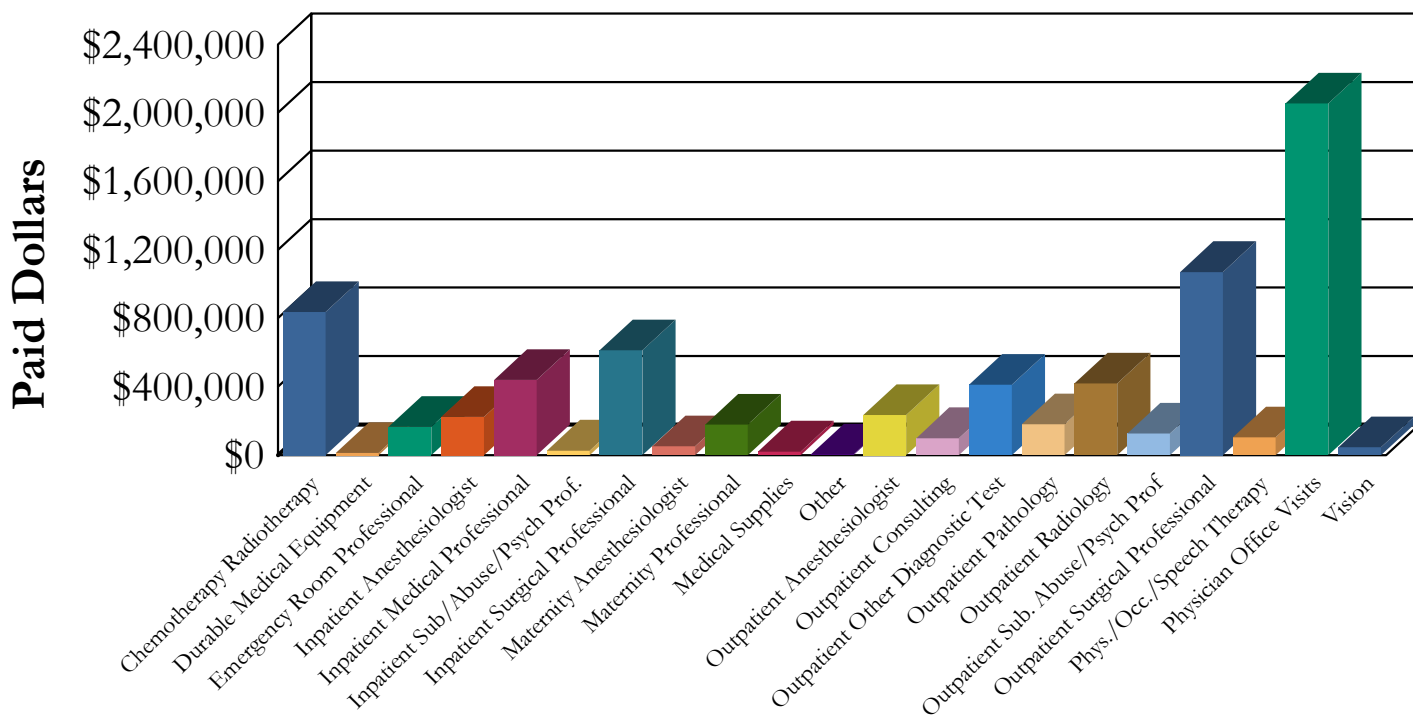


Exhibit G8
HIPUtah Drug Card Classification by Cost

Incurred 07/01/2009 To 06/30/2010

Paid 07/01/2009 To 09/22/2010

Rank	Category	Count	Paid Amount	Percent
1	Central Nervous System	28,710	\$1,117,063.25	21.40%
2	Anti-Infective	8,648	\$963,265.55	18.46%
3	Other	17,684	\$915,199.55	17.53%
4	Endocrine	15,873	\$806,146.36	15.45%
5	Cardiovascular	20,037	\$511,082.01	9.79%
6	Gastrointestinal	6,386	\$371,976.46	7.13%
7	Anti-Depressant	10,552	\$341,741.67	6.55%
8	Respiratory	2,207	\$192,838.42	3.69%
Total		110,097	5,219,313.27	

Exhibit G8

HIPUtah Drug Card Classification by Cost

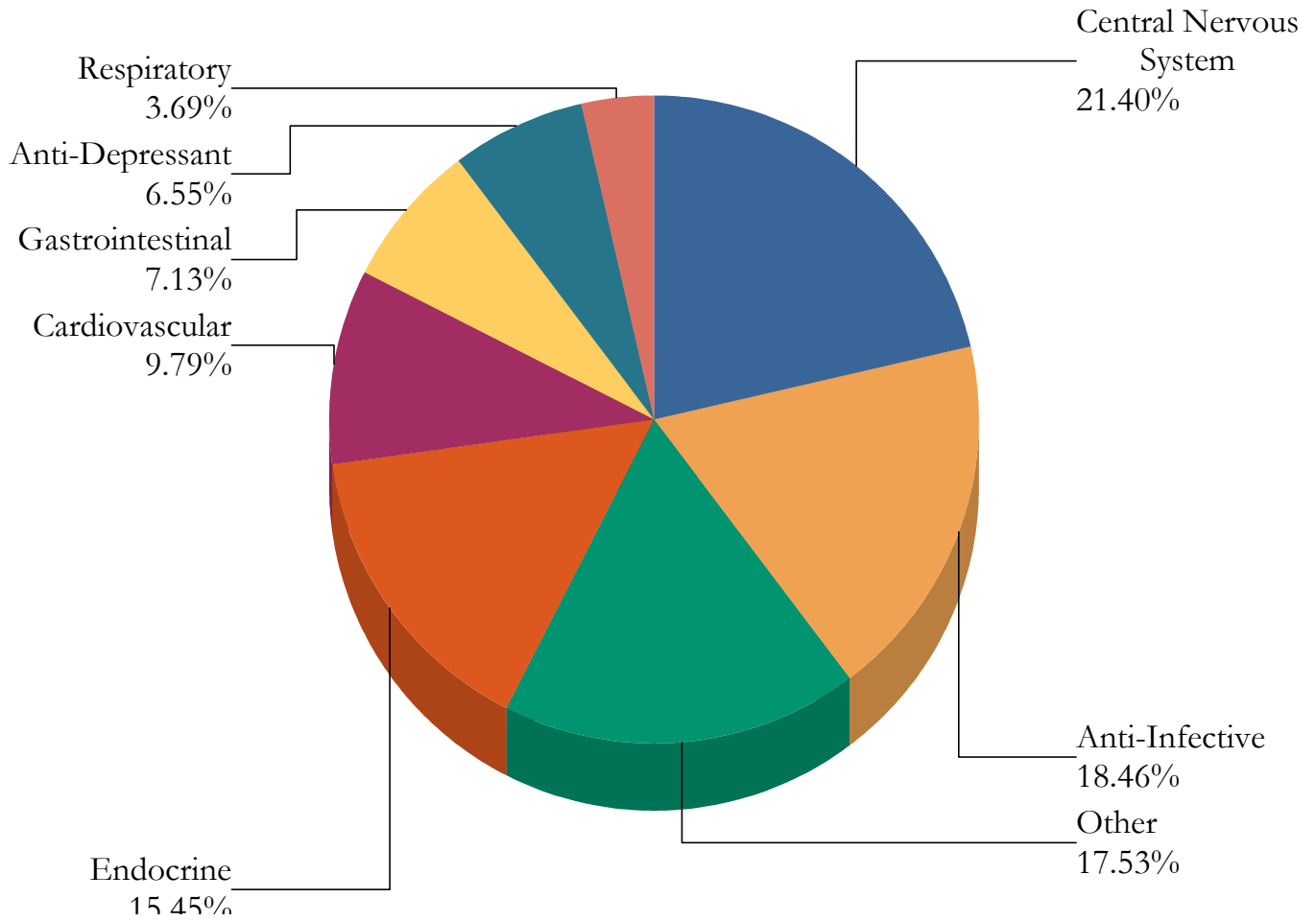


Exhibit G9
HIPUtah Utilization by Age - Medical Only

Incurred 07/01/2009 To 06/30/2010
 Paid 07/01/2009 To 09/22/2010

Age Range	Member Months	Claims		Dollars Paid	
00-09	768	1,688	2.8%	1,245,044	4.5%
10-19	1,171	2,128	3.5%	1,480,919	5.4%
20-29	2,572	5,356	8.9%	2,765,255	10.0%
30-39	3,673	8,073	13.4%	3,152,807	11.4%
40-49	3,930	9,383	15.5%	4,152,029	15.0%
50-59	7,435	18,888	31.3%	8,739,450	31.7%
60-99	27,956	14,920	24.7%	6,068,891	22.0%
Total	47,505	60,436		\$27,604,394	

Exhibit G9

HIPUtah Utilization by Age

