

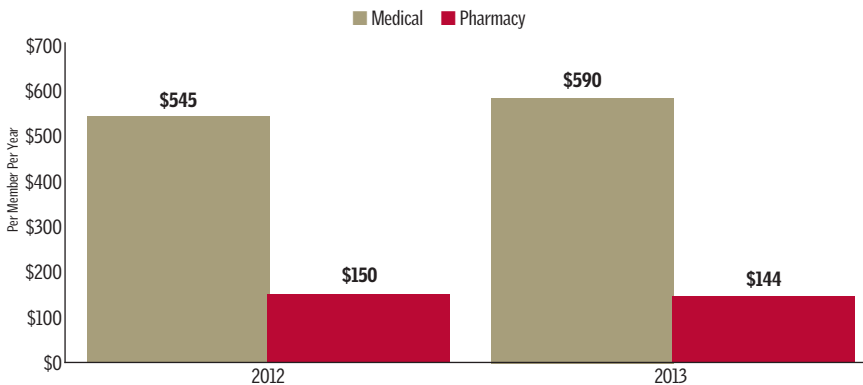
FACTFILE

Trends in Health Insurance Costs

Healthcare reform regulations, increasing costs, and more competition are driving employers and their health plans to focus more than ever on opportunities to reduce cost trends. For example, the country experienced a 3.0% growth in per capita gross (allowed) medical and pharmacy costs from 2012 to 2013. Truven Health Analytics anticipates those costs in 2014 and 2015 will increase by 4% to 5% or more. By taking a data-driven approach, payers can manage costs and, ultimately, make their benefit programs sustainable in the context of healthcare reform. They can also maximize opportunities to improve population health and productivity and optimize the delivery of care.

MEDICAL AND PHARMACY OUT-OF-POCKET COSTS

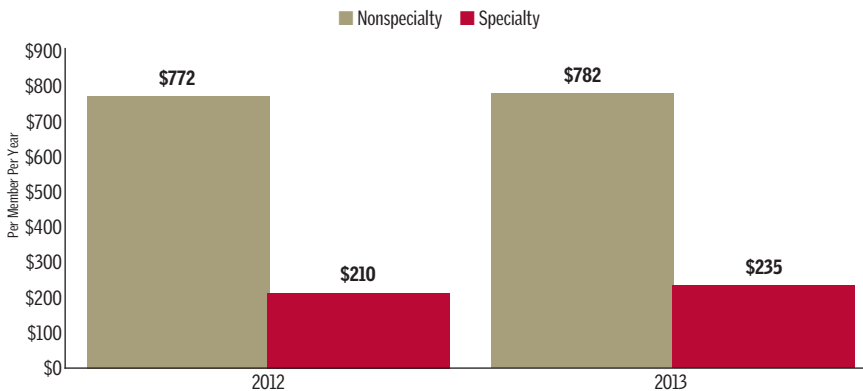
Combined medical and pharmacy out-of-pocket costs increased by 5.7% from \$695 per member per year in 2012 to \$734 in 2013. Medical out-of-pocket costs for 2013 increased by 8.4% to \$590 PMPY, while pharmacy out-of-pocket costs of \$144 reflected a 4% annual decrease compared to 2012. The decrease in pharmacy costs reflects a continuing shift to generic drugs, which typically have the lowest copay levels in most pharmacy benefit plans.



SOURCE: Truven Health, *U.S. Healthcare Benchmarks and Trends*, October 2014.

SPECIALTY PHARMACY

Specialty pharmacy continues to be a growing and significant component of a typical prescription drug benefit program. Such drugs include those used for therapies for autoimmune disorders, multiple sclerosis, cancer, and pulmonary hypertension. Overall, specialty drugs increased from \$210, or 21.3% of all pharmaceuticals (percentage of allowed amount), in 2012 to \$235, or 23.1%, in 2013.



SOURCE: Truven Health, *U.S. Healthcare Benchmarks and Trends*, October 2014.

Americans' General Health

Most Americans report a positive assessment when asked, "How is your general health?" The combined 16.7% who assess their health as fair or poor is similar to the percentage who consider themselves in excellent health, 18.6%. But most are in the good or very good categories. There is variation by state, with a high of 8.8% of West Virginians citing poor health, while a low of 2.9% of Minnesotans do.

STATE	EXCELLENT	VERY GOOD	GOOD	FAIR	POOR
Nationwide	18.6	33.6	30.9	12.3	4.4
Alabama	16.7	27.8	32.7	15.5	7.3
Alaska	20.0	33.7	31.3	10.5	4.5
Arizona	19.8	33.0	30.5	12.3	4.4
Arkansas	14.8	27.8	33.2	15.9	8.2
California	20.2	30.5	30.4	14.4	4.6
Colorado	21.1	37.2	28.6	10.0	3.1
Connecticut	21.7	36.8	28.3	10.1	3.2
Delaware	18.2	32.9	31.7	12.9	4.4
District of Columbia	26.8	33.6	26.9	9.7	3.0
Florida	19.9	29.7	30.9	14.3	5.3
Georgia	17.9	31.6	31.5	14.5	4.6
Guam	19.1	21.9	38.7	14.7	5.7
Hawaii	20.1	28.9	37.3	10.5	3.3
Idaho	20.3	34.4	31.2	10.8	3.4
Illinois	17.5	32.4	33.2	13.0	4.0
Indiana	15.6	33.8	32.4	12.6	5.5
Iowa	18.6	35.3	31.8	11.0	3.4
Kansas	18.0	34.8	31.8	11.6	3.8
Kentucky	13.4	31.9	31.4	15.4	8.0
Louisiana	16.3	28.1	32.8	16.3	6.5
Maine	18.3	37.3	29.5	10.9	4.0
Maryland	21.0	33.5	30.5	11.8	3.2
Massachusetts	23.9	34.6	27.8	10.4	3.4
Michigan	15.9	34.9	31.5	12.9	4.8
Minnesota	22.4	35.8	29.4	9.5	2.9
Mississippi	16.1	28.4	31.1	16.1	8.3
Missouri	16.5	34.8	30.3	13.0	5.4
Montana	20.8	34.4	29.4	10.7	4.7
Nebraska	19.4	35.9	30.8	10.4	3.5
Nevada	18.0	32.9	31.9	12.9	4.4
New Hampshire	21.8	38.9	26.8	9.2	3.4
New Jersey	19.9	32.7	30.8	12.6	4.0
New Mexico	17.8	28.8	32.7	15.3	5.4
New York	19.7	31.9	30.4	13.3	4.8
North Carolina	18.3	31.6	31.0	13.8	5.4
North Dakota	16.5	37.5	31.3	10.7	4.0
Ohio	18.6	31.7	31.7	13.8	4.3
Oklahoma	15.9	29.5	34.0	14.3	6.3
Oregon	18.5	35.6	28.5	12.2	5.2
Pennsylvania	17.9	34.7	30.5	12.2	4.7
Puerto Rico	17.8	13.3	33.5	31.6	3.9
Rhode Island	19.1	34.9	29.9	12.5	3.8
South Carolina	18.9	31.4	29.9	13.9	5.9
South Dakota	20.2	37.5	29.7	9.7	3.0
Tennessee	15.5	31.3	30.0	14.6	8.5
Texas	18.1	27.1	35.7	14.2	5.0
Utah	23.3	35.6	28.5	9.4	3.1
Vermont	21.9	39.9	26.2	8.7	3.4
Virginia	20.1	33.4	30.6	11.9	4.0
Washington	18.5	34.4	31.4	11.5	4.2
West Virginia	12.9	28.7	32.7	16.9	8.8
Wisconsin	17.1	36.6	30.9	11.3	4.1
Wyoming	19.9	34.7	30.2	11.1	4.2

SOURCE: Centers for Disease Control and Prevention, Behavioral Risk Factor Surveillance System, Prevalence and Trends Data, Health Status-2013, How is your general health? <http://apps.nccd.cdc.gov/brfss/list.asp?cat=HS&yr=2013&qkey=8001&state=UB>.

Upcoming Topic:

> Readmissions Trends

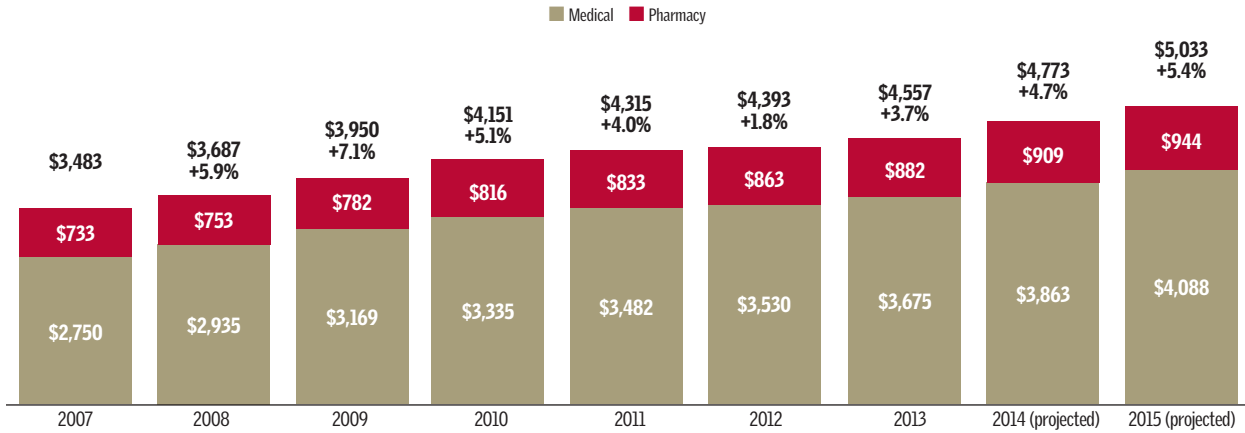
FACT FILE PARTNER:



ABOUT THE DATA: The information in this Fact File is based on the October 2014 Truven Health Analytics annual *U.S. Healthcare Benchmarks and Trends* report. The report is created using Truven's MarketScan® database and the claims experience of 330 clients representing 15.1 million covered lives and crossing the full spectrum of industry types, health plans, and pharmacy benefit managers. To download the report, visit <http://www.truveninfo/Wx4a3>. Contact Truven Health at info@truvenhealth.com or 800-366-7526.

TRENDS IN MEDICAL AND PHARMACY CLAIMS COSTS

U.S. employers experienced average trends of 4.6% annually in the PMPY allowed amount for medical and pharmacy costs from 2007 through December 2013. Truven Health expects continued increases of 4.7% and 5.4% in 2014 and 2015, respectively. At this rate, these costs will have increased by \$1,550, or nearly 45%, over the course of nine years.

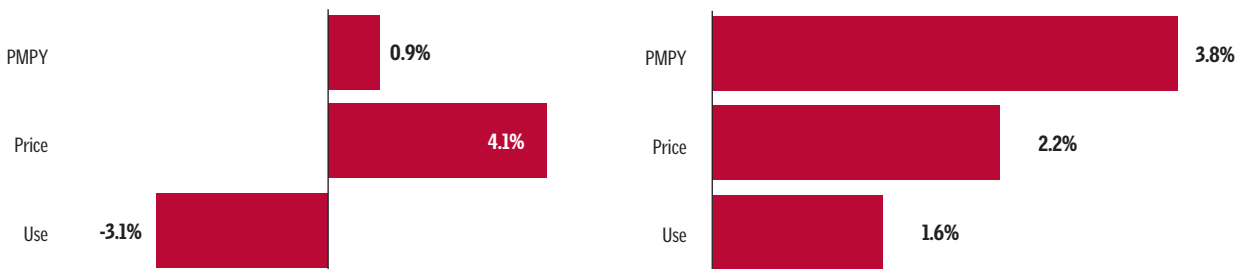


SOURCE: Truven Health, U.S. Healthcare Benchmarks and Trends, October 2014.

INPATIENT AND OUTPATIENT COSTS

Inpatient admissions decreased between 2012 and 2013 by 3.1% to 52.1 admissions per 1,000 members, while the average net pay per admission increased by 4.1% to \$17,420. As the average length of stay remained almost flat, the cost increase was being driven by a combination of price increases and a change in the mix of types of admissions. Continued increases in outpatient utilization were expected and, in many cases, may have helped to reduce overall expenses. Outpatient utilization of services increased to 24,777 services per 1,000 members in 2013, or 1.6% over 2012.

Inpatient Services	2012	2013	% Change	Outpatient Services	2012	2013	% Change
Net pay PMPY, inpatient acute	\$899	\$907	+0.9%	Net pay PMPY, outpatient medical	\$2,512	\$2,608	+3.8%
Net pay per admission	\$16,732	\$17,420	+4.1%	Net pay per outpatient medical service	\$103	\$105	+2.2%
Admissions per 1,000	53.7	52.1	-3.1%	Outpatient medical services per 1,000	24,379	24,777	+1.6%



SOURCE: Truven Health, U.S. Healthcare Benchmarks and Trends, October 2014.

PREVENTIVE SCREENING COMPLIANCE

Employers have focused significant efforts through wellness and disease management programs to encourage employees to obtain evidence-based preventive screening measures for common cancers and chronic conditions. This table highlights compliance rates using National Quality Foundation metrics and 2013 MarketScan data.

Preventive Screening	Percent Compliance, by Quartile		
	25th	50th	75th
Asthma drug management rate	88.5%	91.0%	93.1%
Breast cancer screen	64.7%	68.5%	71.7%
Cervical cancer screen	63.6%	68.9%	72.6%
Colorectal cancer screen	30.0%	33.0%	35.8%
Coronary artery disease lipid test	71.0%	79.2%	85.5%
Diabetes eye exam	26.4%	30.2%	35.7%
Diabetes HbA1c test	77.4%	82.1%	86.5%
Diabetes lipid test	69.2%	75.1%	78.7%

SOURCE: Truven Health, U.S. Healthcare Benchmarks and Trends, October 2014.

