

COLORADO ACA HEALTH COSTS AND GEOGRAPHIC AREA STUDY

Prepared by Lewis & Ellis, Inc.

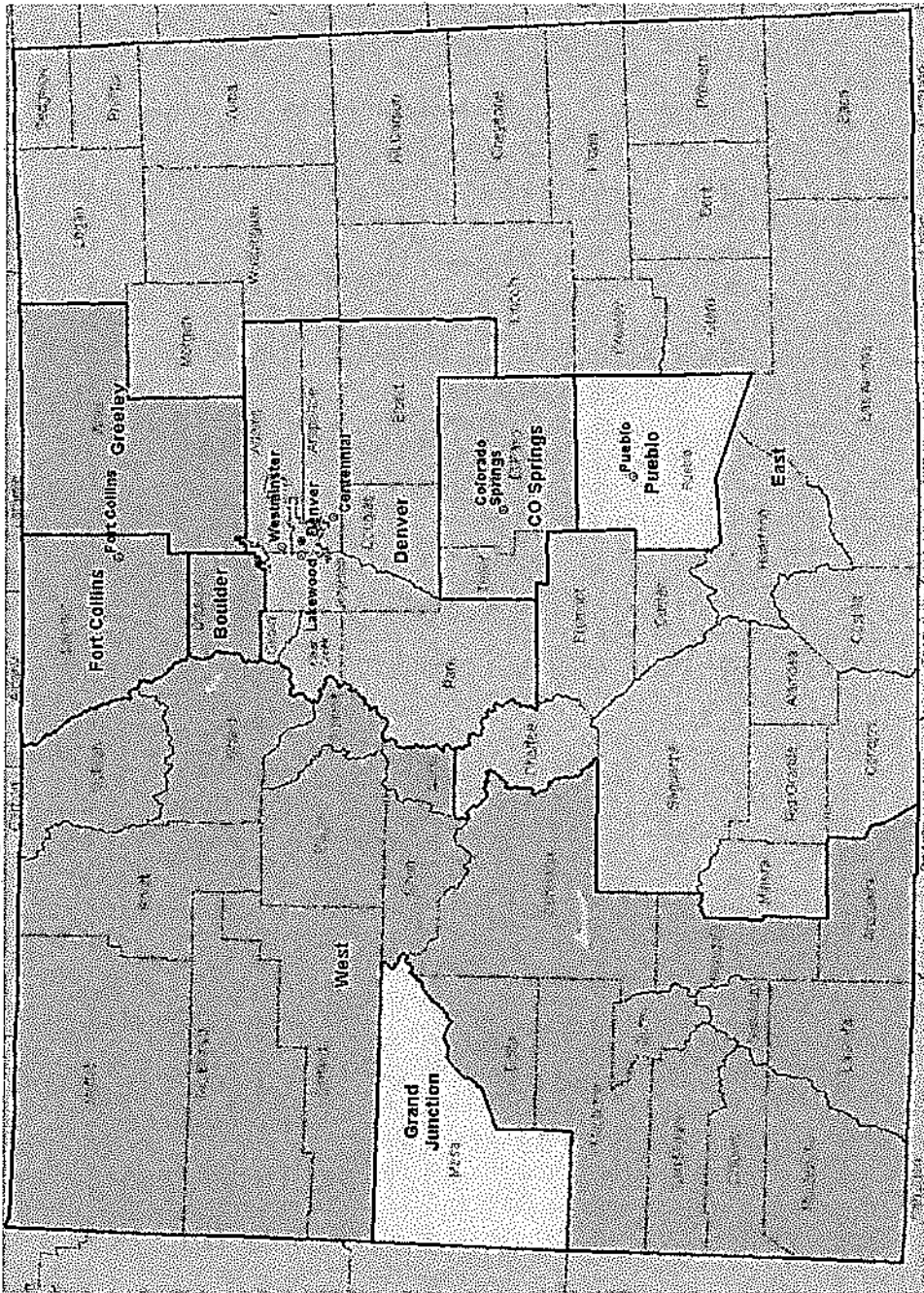
Presented by:

Insurance Commissioner - Marguerite Salazar
Chief Actuary - Michael Muldoon, ASA, MAAA, FCA

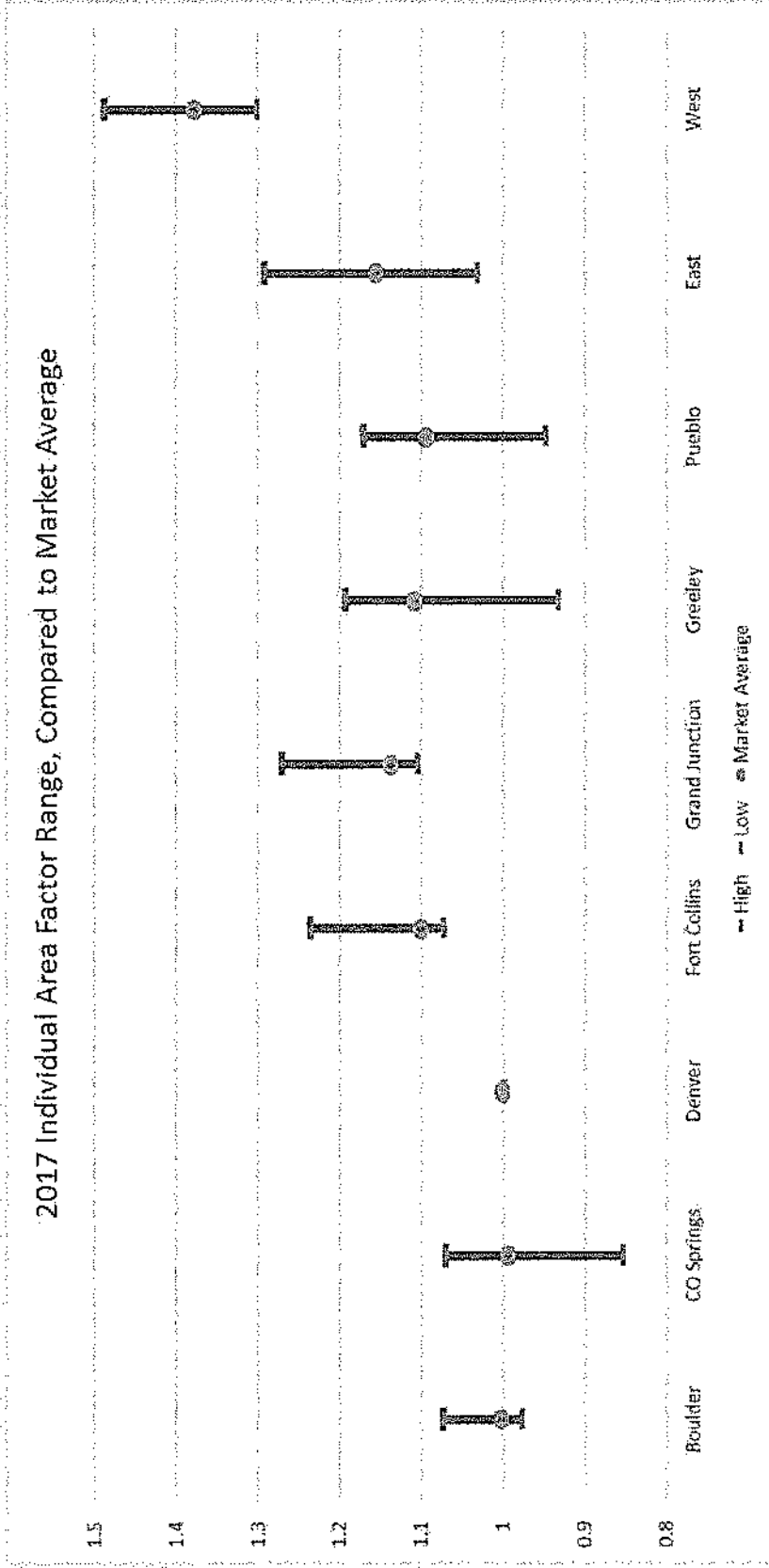
Source of Information

- Data from Colorado All Payer Claims Database (APCD), Commercial market data was used: Individual, Small Employer, Large Employer claim & member experience.
- Data from commercial carrier health rate filings for plan years 2014, 2015, 2016 and 2017.
- All information and charts presented here are based on information from Lewis & Ellis' Actuarial Report, provided to the Division of Insurance. Report available on DOI website.

Current Landscape: 7 MSA + East + West



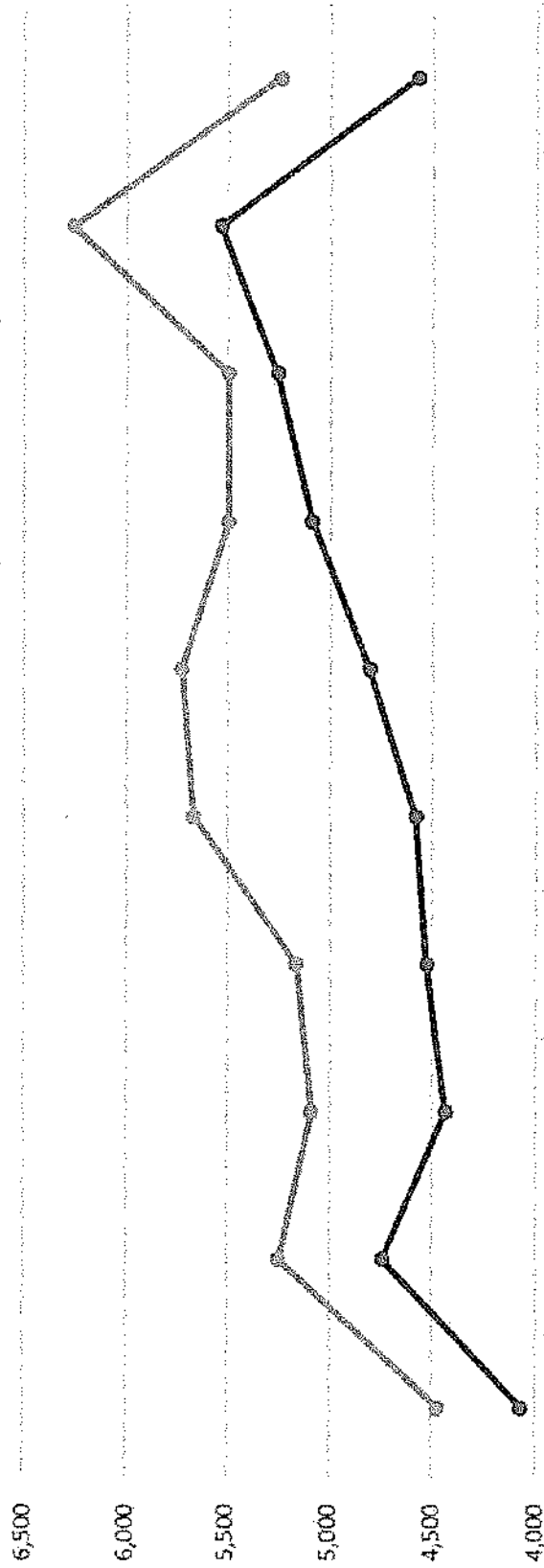
Individual Market Area Factor Range for Insurers by Region, 2017



All areas factors are calculated in relation to the Denver factor. The Denver factor is therefore set at 1.00. Two carriers have a 61.5% differential between their highest and lowest area factors. For example, one carrier has 0.852 factor in Colorado Springs and 1.376 in the West.

Total Cost of Care (Annual), 2014-15

Commercial Insurance Total Health Cost Comparisons (APCD)

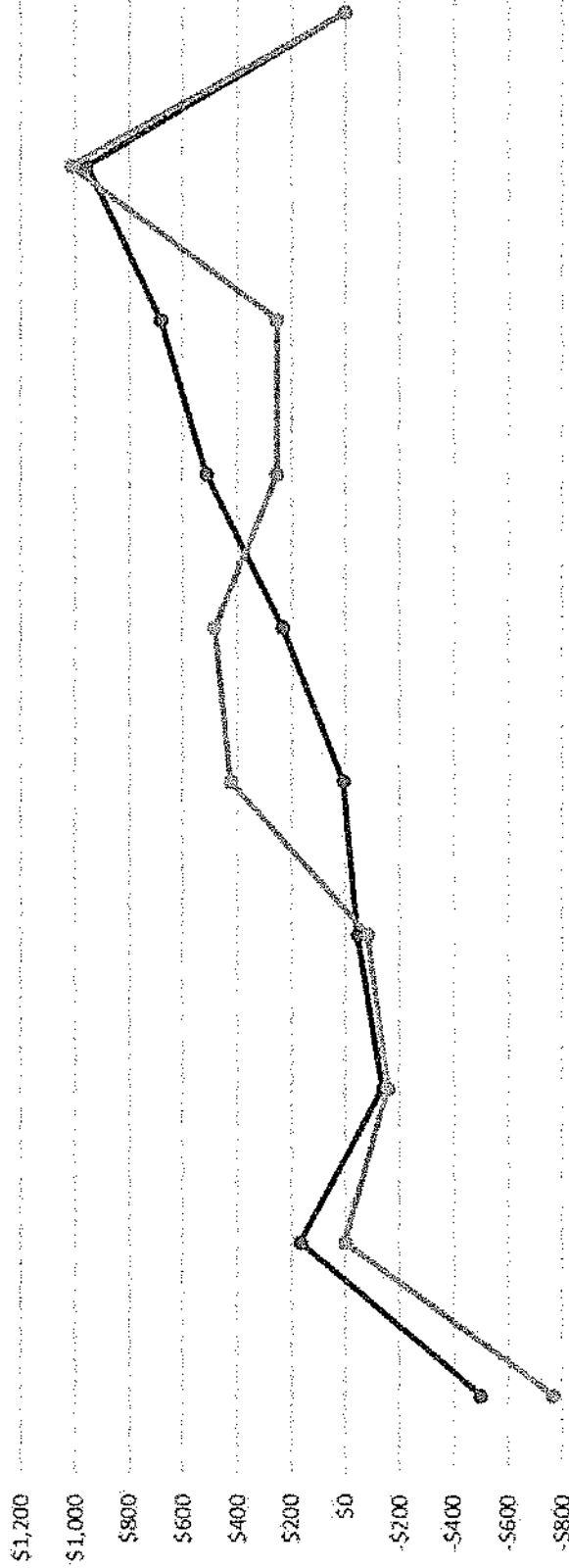


	Boulder	CO Springs	Denver	Fort Collins	Grand Junction	Greeley	Pueblo	East	West	All Regions
2014	4,073	4,742	4,439	4,530	4,583	4,808	5,088	5,258	5,532	4,575
2015	4,476	5,247	5,088	5,161	5,667	5,727	5,497	5,497	6,258	5,243

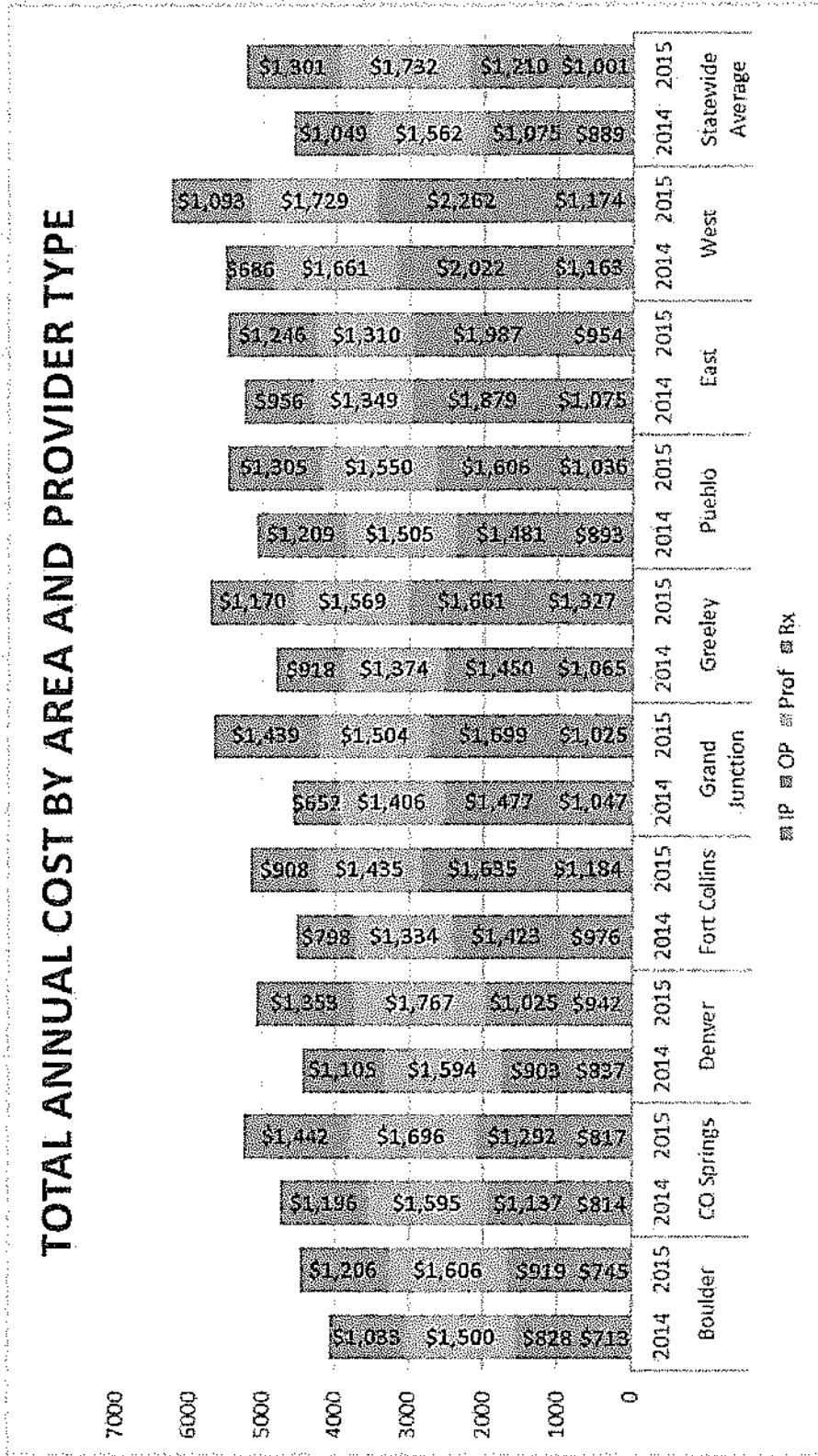
2014 claims cost ranges from \$4,073 to \$5,532, a difference of 36%.

Annual Cost, Relative to Statewide Average

Commercial Insurance Total Cost Relative to Average



Total Cost by Area and Provider Type



Total Cost vs Cost per Unit

Total cost is per capita

Example

- 20 people are insured for a full year
- Only 1 of these 20 people has an inpatient stay, costing \$30,000
- Cost per Unit = \$30,000
- Total Cost = \$1,500 (\$30,000 ÷ 20 people)

Total Cost = Number of Units (Utilization) * Cost per Unit

2014 Cost per Unit, Difference by Region

Inpatient Admits		Outpatient Visits		Professional Visits		Pharmacy Scripts	
Region	Cost	Region	Cost	Region	Cost	Region	Cost
CO. Springs	\$17,247	Grand Junction	\$1,131	Greeley	\$416	Greeley	\$78
Denver	\$18,029	Boulder	\$1,235	Denver	\$439	Denver	\$80
Boulder	\$18,328	East	\$1,487	Boulder	\$450	Grand Junction	\$83
Pueblo	\$20,765	CO. Springs	\$1,542	Fort Collins	\$459	Fort Collins	\$83
East	\$20,989	Denver	\$1,667	CO. Springs	\$466	West	\$86
Greeley	\$22,246	Fort Collins	\$1,668	Pueblo	\$536	East	\$87
Grand Junction	\$22,980	Pueblo	\$1,750	Grand Junction	\$567	Pueblo	\$88
Fort Collins	\$23,165	Greeley	\$1,760	East	\$588	Boulder	\$90
West	\$23,653	West	\$1,766	West	\$630	CO. Springs	\$96
Low/High Difference	\$6,406		\$636		\$214		\$18
Low/High % Difference	37%		56%		51%		23%

Important Note: Many components can lead to variation in cost between regions such as: severity of services; morbidity of members; age and gender of members; contractual arrangements with providers; type of providers available; degree of medical management; and credibility of segments analyzed.

Example of More Detailed Analysis

High Level	Category	Total Cost per Member per Year		Units per 1,000 Members per Year		Cost per Unit	
		All Regions	Region 9	All Regions	Region 9	All Regions	Region 9
IP	Delivery/Newborn	\$148	\$148	18.0	13.0	\$8,216	\$11,327
IP	Inpatient Surgery	\$471	\$692	12.0	15.0	\$39,151	\$46,116
IP	Mental Health Inpatient	\$10	\$5	1.8	0.8	\$5,750	\$6,527
IP	Inpatient Medical	\$259	\$317	16.3	20.4	\$15,949	\$15,563
IP Total	Total	\$889	\$1,163	48.1	49.3	\$18,478	\$23,603
OP	Emergency Room	\$326	\$306	149.8	134.3	\$2,177	\$2,282
OP	Outpatient Surgery	\$409	\$652	96.8	134.9	\$4,221	\$6,821
OP	Observation	\$15	\$32	6.9	11.4	\$2,151	\$2,789
OP	Advanced Imaging	\$47	\$183	20.6	65.4	\$2,299	\$2,829
OP	Imaging	\$97	\$203	129.5	278.3	\$675	\$730
OP	Lab/Pathology	\$66	\$195	115.1	371.7	\$572	\$525
OP	Therapy (PT/OT/ST)	\$19	\$48	43.6	67.7	\$448	\$716
OP	DME/Prosthetics/Supplies (OP)	\$2	\$3	0.8	1.3	\$2,269	\$1,998
OP	Mental Health Outpatient	\$5	\$3	6.8	1.5	\$744	\$1,649
OP	Other Outpatient	\$98	\$192	99.9	89.2	\$980	\$2,155
OP Total	Total	\$1,074	\$2,019	669.8	1,145.7	\$1,604	\$1,762
Professional	Ambulance - Air	\$4	\$29	0.1	0.7	\$33,121	\$40,896
Professional	Ambulance - Land	\$19	\$33	8.1	12.7	\$2,324	\$2,622
Professional	Mental Health Professional	\$48	\$37	55.6	32.4	\$866	\$1,149
Professional	DME/Prosthetics/Supplies (P)	\$109	\$191	91.7	102.4	\$1,187	\$1,866
Professional	Facility Surgical Visit	\$236	\$442	140.9	190.7	\$1,675	\$2,319
Professional	Office Surgical Visit	\$194	\$158	198.6	180.7	\$978	\$874
Professional	Facility Visit	\$665	\$539	1923.6	1417.6	\$346	\$380
Professional	Office Visit	\$200	\$181	600.0	501.8	\$334	\$360
Professional	Other Professional	\$86	\$50	418.1	224.0	\$205	\$223
Professional Total	Total	\$1,561	\$1,660	3,496.7	2,663.1	\$454	\$623
Pharmacy	Generic	\$396	\$196	10771.6	6665.1	\$31	\$29
Pharmacy	Brand	\$409	\$302	1788.8	1279.8	\$229	\$236
Pharmacy	Specialty	\$301	\$183	131.5	59.5	\$2,290	\$3,168
Pharmacy Total	Total	\$1,046	\$686	12,691.8	8,004.4	\$82	\$86
Combined	Total	\$4,571	\$5,527				

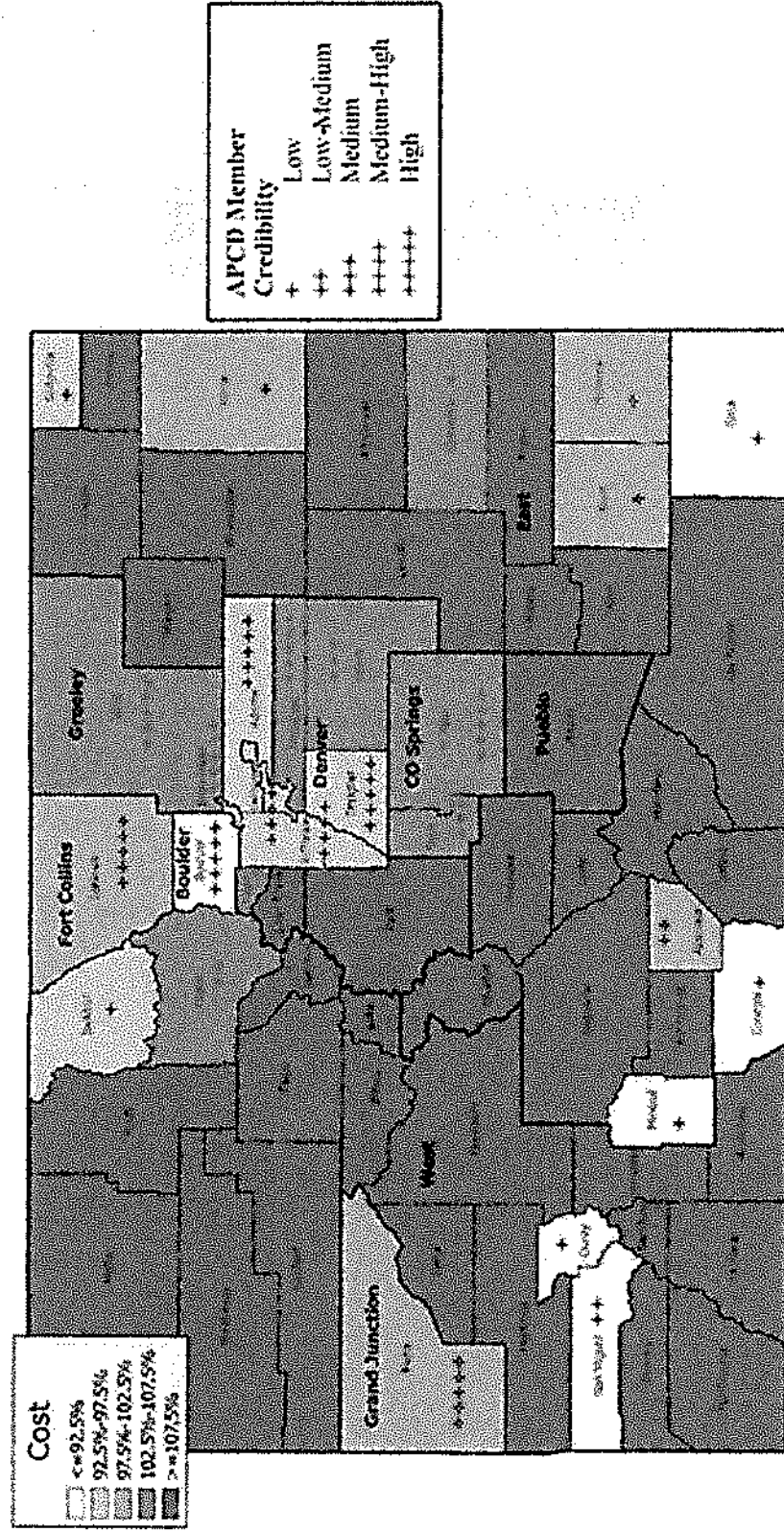
Notes on More Detailed Analysis

- Color Red means the Total Cost per Member per year is **higher** than All Regions Total Cost PMPY.
- Yellow highlighting are categories where Region 9 Total Cost per Member per Year is **more than 1.5x** the All Regions Total Cost per Member per Year.
- Reminder that this analysis is based on where the person lives, not where the service is provided.

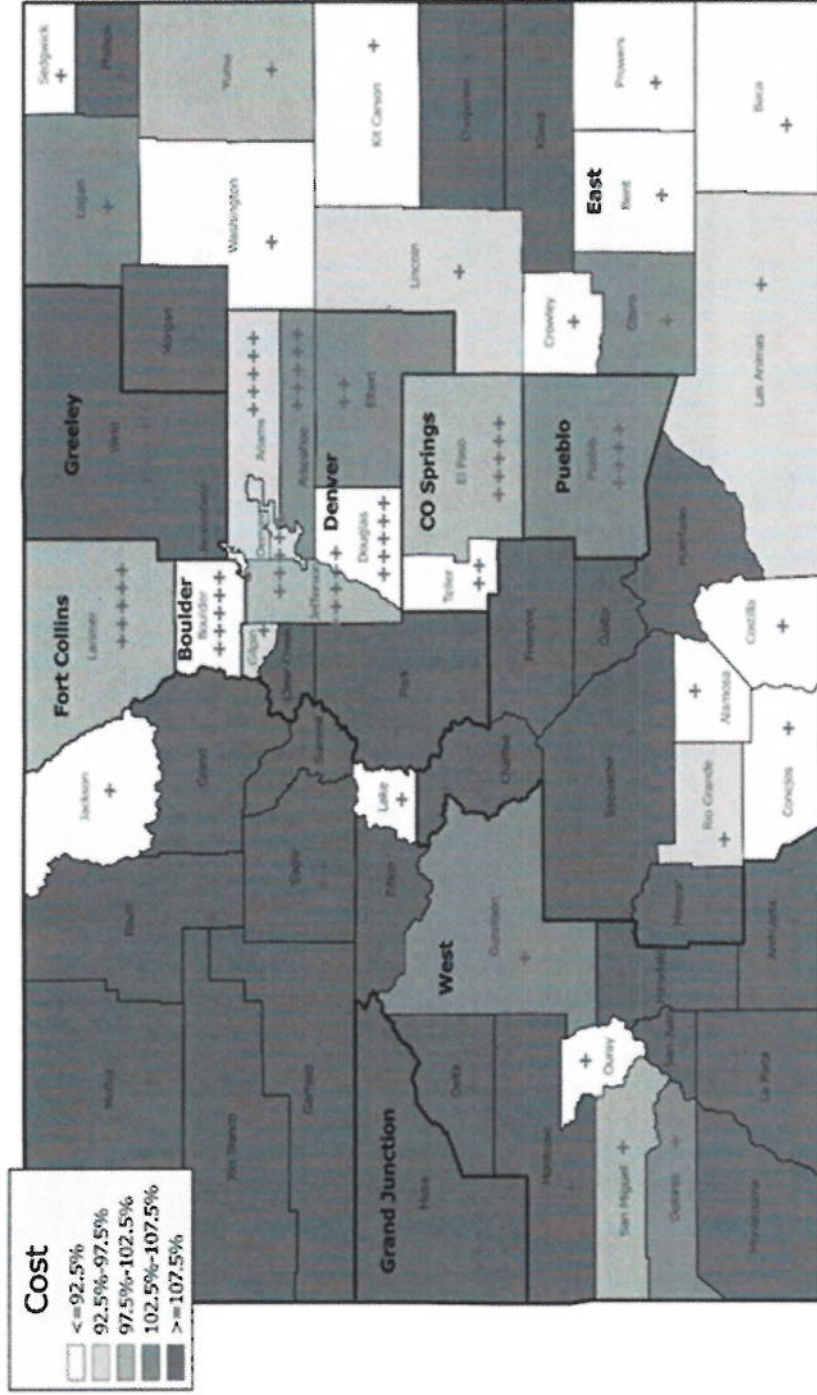
Common Cost Patterns by Region

- Significant difference in all measurements (ranges from 20% to 50%+ differentials)
- Substantial differences in cost per service for inpatient, outpatient and professional
- Denver and Boulder lower cost in most segments
- In a one region scenario, in general, the East and West Premiums would be lowered and Denver, Boulder and Colorado Springs would cover the most of the needed revenue increase

2014 County Cost & Credibility



2015 County Cost & Credibility



Credibility Table

Credibility	Number of Lives in Region
Low (+)	0 to 1,208
Low-Medium (++)	1,209 to 2,625
Medium (++++)	2,626 to 4,999
Medium-High (++++)	5,000 to 11,667
High (++++++)	11,668 to 500,000

Questions?

