

STATE OF UTAH
COMPREHENSIVE HEALTH INSURANCE POOL



FISCAL YEAR 2013 ANNUAL REPORT
TO THE UTAH STATE LEGISLATURE

Gary Herbert
Governor

Elizabeth Hunter
Chairperson of the Board

December 9, 2013

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) 2013 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 2013 Annual Report contains the following highlights:

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

HIPUtah's 22nd year of service provided health care coverage to approximately 3,250 individuals. These individuals were medically uninsurable and, without this program, were exposed to the risk of catastrophic medical expenses. In addition, the Pool served an important function in helping to sustain the integrity of the commercial health insurance market in Utah by absorbing risks that would make commercial insurance rates unsustainable.

As HIPUtah enters its 23rd year it marks a time of change. The Affordable Care Act (ACA) assures guaranteed coverage for all health insurance applicants. Beginning in 2014, health insurance companies may no longer deny coverage because of an applicant's preexisting condition. As such, HIPUtah's mission to provide a safety net for persons who could not obtain health coverage through traditional channels is now being addressed through the ACA. In January 2014, the Utah Federal Facilitated Marketplace, known as the Health Insurance Marketplace will be available to HIPUtah Enrollees.

In July 2013, the HIPUtah Board approved the transition of HIPUtah Enrollees into the Marketplace and is therefore terminating coverage under the program effective December 31, 2013. The Board further approved to delay consideration of the sunset of the Utah Comprehensive Health Insurance Act until the 2015 General Session of the Utah State Legislature.

The HIPUtah Board has taken a position that responsible management of HIPUtah should ensure that funds be maintained in the pool for risk that may not be wholly transferred to the Federal Health Insurance Exchanges by January 2014. The HIPUtah Board will not be requesting additional funding above its current base budget for fiscal year 2015.

Thank you for your 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 2013

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 3,249 “high risk” individuals as of June 30, 2013, 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	3,249 Members as of June 30, 2013

Total Revenue	\$32,036,895	%	Total Expenses	\$35,152,722	%
Premiums*	\$23,737,810*	74%	Medical Claims	\$28,845,776	82%
Appropriations	\$8,083,500	25%	Pharmacy Claims	\$ 4,824,758	14%
Others	\$ 215,585	1%	Administration	\$ 1,482,188	4%

* Includes \$1,610,691 of federal grant dollars for premium assistance.

Claim Costs		
07/01/2012 – 06/30/2013		
<i>Average Enrollees – 3,380</i>		<i>Average cost per Enrollee</i>
Medical Claims	\$28.8 Million	\$8,534
Pharmacy Claims	\$ 4.8 Million	\$1,427
Total Claims	\$33.7 Million	\$9,962

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

- 1,670 utilization management specialty reviews; 815 case management and disease management cases.
- Provider Network savings: \$15 million.
- Pharmacy Network savings: 86 interventions for a total savings of \$3.9 million.

Benefit Plans

- Largest enrollment at year-end was in the \$5,000 high deductible plan with the \$500 deductible plan being the second largest.
- Effective January 1, 2013 the \$500 deductible plan was no longer available for new enrollment under HIPUtah and Federal-HIPUtah and the \$1,000 was no longer available for new enrollment only under Federal-HIPUtah.
- Benefit Changes for the \$5,000 deductible plan – coinsurance was changed for 100% to 80% and the out-of-pocket maximum was increased to \$6,250.
- Availability of the Federal-HIPUtah program continued to create a shift in new membership from HIPUtah to Federal-HIPUtah until the enrollment suspension took place of the PCIP Program effective March 2, 2013.
- Effective July 1, 2013 the lifetime maximum for HIPUtah was raised from \$1.5 to \$1.8 million.

ACCOMPLISHMENTS

- Continued operation of the Federal Pre-Existing Condition Insurance Plan (PCIP), known as Federal-HIPUtah, with the approval of the Utah Governor. Federal-HIPUtah had 982 Enrollees at the end of FY 2013.
- Increased premiums, overall, by 6.5 percent for FY 2014.
- Received \$987,284 in continued funds from a Federal Grant for FY 2014 to continue HIPUtah's Premium Assistance Subsidy (PAS) program, first implemented in January 2007.
- Assisted over 787 HIPUtah Enrollees under the Premium Assistance Subsidy Program, who might otherwise, been unable to afford premiums.
- Continued to work 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. The states that opted out are 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. Utah opted to run the PCIP program until July 1, 2013 when the state agreed to turn the PCIP program back to the Federal government to run due to contracted program changes..

Federal-HIPUtah was a federally-subsidized health insurance program. The PCIP program run by the Federal Government offers transitional coverage until 2014, when health insurance exchanges become available and pre-existing condition exclusions are prohibited. Federal-HIPUtah received more than \$60 million out of \$5 billion allocated nationally to provide coverage for a significant number of Utah residents. Federal-HIPUtah began accepting enrollment on September 1, 2010 and served 1,054 individuals as of June 30, 2013 when the program was turned back over to the federal government.

BACKGROUND

HISTORY AND PURPOSES OF HIPUTAH

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 will have to absorb a disproportionate number of uninsurables - the result of which will likely increase premiums and possibly even destabilized the individual market as a whole.

STRUCTURE AND ADMINISTRATION OF HIPUTAH

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, 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 extended SelectHealth’s contract utilizing the second one-year extension option, effective July 2013, to continue administrative services.

HIPUTAH MISSION STATEMENT

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

GOALS

The main goal is to prepare and develop a transition and termination plan for HIPUtah as the PPACA is implemented, in terms of the Federal Facilitated Individual Exchange, marketed as the Health Insurance Marketplace, (Marketplace), but still maintain other strategic goals until that time.

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

OBJECTIVES

HIPUtah's core strategic considerations for 2013-2014 are to determine how to transition our members into the Marketplace in January 2014, or when it becomes established, whichever is sooner. In addition, continuing to evaluate the pool's structure, including: the benefit plan(s); the underwriting and actuarial analysis to ensure that applicants are appropriately placed in the pools; the relationship to Utah's private insurance carriers; and maintenance of the reserves at an appropriate level.

1. Evaluate how high risk pools interact with the Marketplace and prepare for the 2014 transition.
2. Develop plans to assure optimal access, financial resources, and public support to grow the program.
3. Determine FY 2014 Legislative Changes to modify or sunset HIPUtah.
4. Conduct an external evaluation on the scope of work in the administrator's contract – modify as needed for transition.
5. Determine how to best transition enrollees while maintaining continuity of care for the most chronically ill by working with the administrator and the Marketplace.
6. Maintain mechanisms to increase access to health insurance for the uninsurable including premium level adjustments, low-income subsidies, and coverage for special risk families.
7. Continue to provide oversight on the PCIP – Federal-HIPUtah.

HIPUTAH AT A GLANCE

FINANCIAL

- HIPUtah received a total of \$8.08 million in appropriations for FY 2013 and FY 2014.
- Since 1991, HIPUtah has paid approximately \$364 million in benefits for Enrollees.
- The average HIPUtah Enrollee paid an annual premium of \$7,023 in FY 2013 for these benefits in addition to deductibles and coinsurance.
- Premiums were increased overall 6.5% on July 1, 2013. The average annualized premium for FY 2014 is expected to be \$7,480. HIPUtah's HSA qualified high deductible health plan has the highest membership.
- Enrollee premiums have covered over 68% (including federal grant dollars for premium assistance) of the claims costs and administrative costs since the inception of the HIPUtah program.
- Less than 1% of program cost in FY 2013 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 4.2% of total expenses in FY 2013.
- Federal Grant funds provided \$1,610,691 in FY 2013 to provide premium assistance to over 700 HIPUtah Enrollees.

ENROLLMENT

- HIPUtah provides individual health insurance for the medically uninsurable and HIPAA Eligibles.
- Approximately 49% of HIPUtah's current Enrollees are HIPAA eligible.
- The HIPUtah program has received over 24,000 applications since its inception with approximately 18,000 approved.
- At the end of FY 2013 there were 3,249 Enrollees in HIPUtah, average enrollment was 3,380. Federal-HIPUtah had 982 Enrollees at the end of FY 2013.
- Growth has declined in HIPUtah when compared with membership at the end of the prior fiscal year. The availability of Federal-HIPUtah resulted in a decline in HIPUtah applications and a saving of State funds. A single application process for both programs ensured that enrollment in either program was made on the basis of meeting specific eligibility criteria.
- HIPUtah enrollment declined 9.3% during FY 2013.
- In FY 2013, 43% of HIPUtah Enrollees had coverage for less than three years.

HIPUTAH CHALLENGES

- **AFFORDABILITY:** Enrollee premium costs range from \$2,604 to \$14,664 per year for HIPUtah. Some individuals have been priced out of the market. The largest percentage of HIPUtah cancellations are due to cost, however, implementation of the ACA may provide more cost effective options for the HIPUtah population.
- **INTEGRATION:** Integration of membership into the health insurance marketplace, as required by the Affordable Care Act, is an immediate issue. A complete transition and termination plan has been approved by the Board, and is currently being implemented.
- **ACCESSIBILITY:** HIPUtah will continue 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, until the program closes enrollment December 31, 2013. HIPUtah will also continue to provide assistance with claims payment and appeals as required by contract with enrollees.
- **EFFECTIVENESS:** The Board will continue to oversee the close out of HIPUtah Operations, as well as provide some guidance regarding a continuing role (if necessary) in stabilizing the Utah insurance marketplace.
- **COMMUNICATIONS:** HIPUtah has implemented a transition plan to provide awareness, assistance and resources available its enrollees regarding their required transition to other health insurance coverage. A continuing effort to increase public and legislative understanding of HIPUtah's past and possible future role, in the community and the health care industry will also be made.
- **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. HIPUtah will work with its Administrator to ensure a smooth transition of care for its enrollees who need the most help.

HIPUTAH FINANCIAL STATEMENTS AND PROJECTIONS

FY 2013 FINANCIAL REVIEW

The Utah Legislature maintained HIPUtah's state appropriation at \$8.08 million in fiscal year 2013. This funding level is less than the program's operating loss, and will continue to result in asset decreases in this next fiscal year.

HIPUtah continues to have operating expenses greater than operating revenues. The operating loss of \$13.03 million in fiscal year 2013 was more than the prior year amount by \$1.49 million. The main reason for the increase in HIPUtah's operating loss was that benefit claims expenses increased \$1.28 million from the prior year while revenues decreased by \$506 thousand and the remaining operating expenses only decreased \$294 thousand. Medical and pharmacy benefit claims expenses increased \$1.28 million or 3.94 percent from the prior year due to the cost of providing medical services to HIPUtah Enrollees – claims exceeded premiums.

The net position of HIPUtah decreased from \$20.37 million at June 30, 2012, to \$17.26 million at June 30, 2013, a \$3.12 million or 15.29 percent decrease. HIPUtah's operating loss increased from \$11.54 million for fiscal year 2012 to \$13.03 million for fiscal year 2013, a \$1.49 million or 12.90 percent increase. HIPUtah's operating loss for fiscal year 2013 exceeded its state appropriations of \$8.08 million by \$4.94 million. Investment income and federal grants covered only a portion of this difference, resulting in a decrease in net position at June 30, 2013. The operating loss increased because benefit claim costs increased \$1.28 million from the prior year while premiums decreased \$506 thousand and the remaining operating expenses decreased \$294 thousand. The Utah Legislature increased HIPUtah's state appropriations by \$8.50 thousand during fiscal year 2013.

HIPUtah implemented an overall increase in premiums of 6.50 percent on July 1, 2012. This was done to help cover the continuing increases in drug and medical claim costs. However, average enrollment declined, causing HIPUtah premiums to decrease \$506 thousand or 2.24 percent from the prior year. HIPUtah's average enrollment decreased 9.00 percent from an average enrollment of 3,716 during fiscal year 2012 to 3,380 during fiscal year 2013.

The federal grant for HIPUtah's Premium Assistance Subsidy (PAS) program increased \$760 thousand or 89.31 percent from \$851 thousand for fiscal year 2012 to \$1.61 million for fiscal year 2013. The PAS program discounts premiums for qualifying lower income HIPUtah enrollees. The federal grant funding for this program increased because available federal grant monies were increased overall by the federal government to states with qualified high risk pools that were awarded grant funds.

Following is information regarding HIPUtah's appropriations, premiums vs. claims, FY 2013 balance sheet and statement of revenues, expenses and changes in retained earnings:

APPROPRIATIONS through June 30, 2014

YEAR	AMOUNT	YEAR	AMOUNT
1991	\$ 75,000	2003	\$ 2,916,200
1992	\$ 2,000,000	2004	\$ 6,916,200
1993	\$ 2,000,000	2005	\$16,203,900
1994	\$ 2,000,000	2006	\$16,203,900
1995	\$ 1,250,000	2007	\$11,000,000
1996	-0-	2008	\$10,800,000
1997	-0-	2009	\$ 9,300,000
1998	\$ 5,000,000	2010	\$ 8,500,000
1999	\$ 4,135,100	2011	\$ 8,075,000
2000	\$ 3,135,100	2012	\$ 8,075,000
2001	\$ 3,135,100	2013	\$ 8,083,500
2002	\$ 3,009,500	2014	\$8,083,500

SUMMARY of PREMIUMS (Earned), CLAIMS (Incurred) and EXPENSES
From September 1, 1991 – June 30, 2013

FISCAL YEAR:	PREMIUM:	CLAIMS & EXPENSES:	LOSS RATIO:	OPERATING LOSS:
1992 & 1993	\$ 1,638,195	\$ 2,108,197	1.29	\$ (470,002)
1994 & 1995	\$ 3,815,133	\$ 5,909,789	1.57	\$ (2,094,656)
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)
2011	\$24,756,357	\$38,339,914	1.55	\$ (13,583,557)
2012	\$23,483,833	\$34,170,698	1.46	\$ (10,686,865)
2013	\$23,737,810	\$35,152,722	1.48	\$ (11,414,912)
Since Inception:	\$236,892,323	\$363,958,922	1.54	\$ (127,066,599)

BALANCE SHEET
June 30, 2013 (audited)

ASSETS: Cash and Cash Equivalents \$21,101,898 Premiums and Federal Grant A/R 39,791 Benefit Claims Refunds <u>22,971</u> Total Assets <u>\$21,174,844</u>	LIABILITIES: Benefit Claims Liability \$3,511,281 Unearned Premiums 247,233 Accounts Payable <u>159,438</u> Total Liabilities <u>\$3,917,952</u>
NET POSITION: <u>\$17,256,892</u>	

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
June 30, 2013 (audited)

	FY 2013	FY 2012
Operating Revenues:		
Charges for Premiums	\$22,127,119	\$22,632,453
Total Operating Revenue	<u>22,127,119</u>	<u>22,632,453</u>
Operating Expenses:		
Program Administrative Fees	1,213,247	1,549,880
Benefit and Drug Claims and Changes in Actuarial Estimates	33,670,534	32,394,871
Other Professional and Technical Services	268,941	225,947
Total Operating Expenses	<u>35,152,722</u>	<u>34,170,698</u>
Total Operating Loss	<u>(13,025,603)</u>	<u>(11,538,245)</u>
Non-Operating Revenues (Expenses):		
Investment Income	115,585	158,029
Federal Grant for Low Income Premium Waiver Program	1,610,691	851,380
Appropriations from the State of Utah	8,083,500	8,075,000
Other Revenue	100,000	50,000
Total Non-Operating Revenues (Expenses)	<u>9,909,776</u>	<u>9,134,409</u>
Change in Net Assets	(3,115,827)	(2,403,836)
Total Net Assets – Beginning	<u>20,372,719</u>	<u>22,776,555</u>
Total Net Assets – Ending	<u>\$17,256,892</u>	<u>\$20,372,719</u>

FY 2014 OUTLOOK

Implementation of The Patient Protection and Affordable Care Act (PPACA or ACA) dramatically changes the market situation and issues that led to the creation of HIPUtah. This law assures guaranteed coverage for all health insurance applicants. Beginning January 1, 2014, health insurance companies may no longer deny coverage because of an applicant's preexisting condition. As such, HIPUtah's mission to provide a safety net for persons who could not obtain health coverage through traditional channels is now being addressed through the ACA. In January 2014, the Utah's Federally Facilitated Individual Marketplace, (also referred to as the Health Insurance Marketplace (Marketplace)), will be available to HIPUtah Enrollees.

In July 2013, the HIPUtah Board approved the transition of HIPUtah Enrollees into the Marketplace, and is therefore terminating coverage under the program effective December 31, 2013. The Board further approved to delay consideration of the sunset of the Utah Comprehensive Health Insurance Act until the 2015 General Session of the Utah State Legislature. HIPUtah will work with the State of Utah Insurance Department to clean up any outstanding issues that arise from the implementation of the ACA that conflict with any state statutes or rules for both-- Title 31A, Insurance Code -- Chapter 29 -- Comprehensive Health Insurance Pool Act and Chapter 30 -- Individual, Small Employer, and Group Health Insurance Act, under Utah Code, that can be resolved in the 2014 legislative general session.

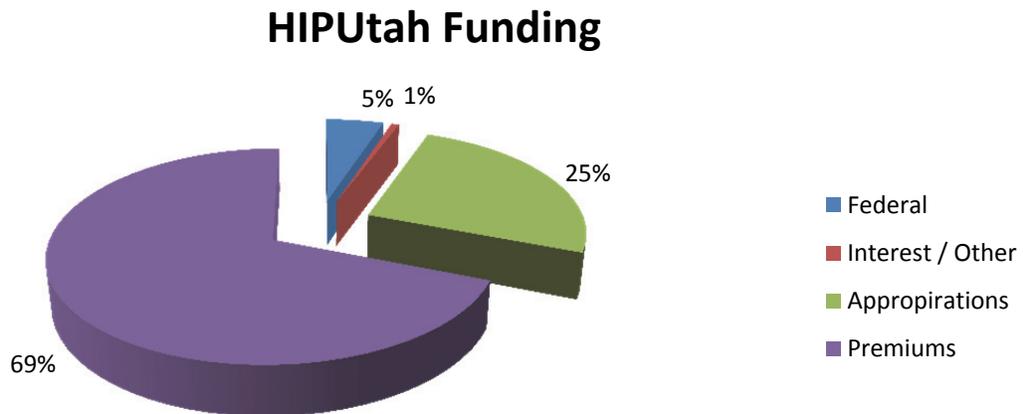
The HIPUtah Board has taken a position that responsible management of HIPUtah should ensure that funds be maintained in the pool for risk that may not be wholly transferred to the Federally Facilitated Individual Marketplace by January 2014. The HIPUtah Board will not be requesting additional funding above its current base budget for fiscal year 2015. This position is based on the following assumptions: 1) HIPUtah enrollment will remain relatively steady until January 2014 and after that time period coverage for all HIPUtah Enrollees will be terminated, and no new enrollment will be accepted into the program, and 2) HIPUtah will continue with its current structure and base budget appropriation until possible legislation occurs in the 2015 legislative general session to sunset the program. This allows HIPUtah to re-establish acceptance into the program or become an entity to help stabilize the individual insurance marketplace, in the event that either option is needed, due to inadequately supported risk with the transition of the chronically ill into the Marketplace.

The HIPUtah Board's goal has always been to work towards a level funding mechanism to maintain an adequate financial reserve based on historical data and actuarial projections. HIPUtah's actuary will continue to help the Board determine what an adequate reserve should be throughout the transition and the 12 months of claim run-out. According to statute, HIPUtah funding should be based on sound actuarial data and appropriate management of future risk.

State appropriations, together with Enrollee premiums, during fiscal year 2013 did not cover incurred claims, but were sufficient for HIPUtah's net position to attain an adequate reserve level to cover unpredictable claim cost fluctuations. However, medical and drug costs are expected to continue to increase during the first six months of fiscal year 2014 at about 8.50 percent. This 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 towards the end of life.

State funding has remained essentially level over the past few years. The funding level along with increasing medical cost trends are projected to cause an operating loss of \$10.68 million in fiscal year 2014. Funding is still needed for fiscal year 2015 to pay for those claims that were incurred in fiscal year 2014 but not paid until fiscal year 2015. HIPUtah currently projects its closing balance will be at approximately \$21.21 million by 2015.

The HIPUtah Board has taken action to increase premiums and secure additional federal grants, and has reduced administrative costs. Effective July 1, 2013, an overall premium increase of 6.50 percent was implemented. HIPUtah will continue to provide subsidies from federal grant funds for HIPUtah Enrollees under the PAS program during the first six months of fiscal year 2014. HIPUtah will also maintain its contract with SelectHealth, to continue to provide services to HIPUtah Enrollees and adjudicate claims run-out for a 12 month period after December 31, 2013.



FINANCIAL PROJECTIONS

HIPUtah routinely re-forecasts its financial performance based on current experience, which ensures that reserves are appropriate for this high-risk population. Financial projections are based on the transition of HIPUtah Enrollees into the Marketplace (Exchange) January 1, 2014. Projections are provided for the first six months of FY 2014. Fiscal Year 2015 projections account for contractual obligations to providers and Enrollees regarding submission and payment of claims (run-out), and potential grievances and appeals related to these claims.

	Projected FY 2014	Projected FY 2015
<hr/>		
OPERATING REVENUE		
Charges for Premiums	\$ 9,910,881	\$ 0
Total Operating Revenue	9,910,881	0
OPERATING EXPENSES		
Administration Fees	1,061,751	257,100
Benefit and Drug Claims, Including Change in Claims Liability	*20,597,500	0
Total Operating Expenses	21,659,251	257,100
Operating Loss	(11,748,370)	(257,100)
NON-OPERATING REVENUES (EXPENSES)		
Interest on Investments	222,133	302,237
Appropriations from the State of Utah	8,083,500	8,083,500
Federal Grant for Premium Assistance Subsidy	1,500,000	500,000
Total Non-operating Revenues (Expenses)	9,805,633	8,885,737
Change in Net Assets	(1,942,737)	8,628,637
Total Net Assets - Beginning	17,256,892	15,314,155
Total Net Assets - Ending	\$ 15,314,155	\$ 23,942,792

*Actuarial claim liability adjustment in the amount of \$1,406,109 is included.

KEY FACTORS USED IN FINANCIAL PROJECTIONS

Membership

HIPUtah will terminate all enrollment as of December 31, 2013 and help with Enrollees' transition into the Marketplace.

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%. HIPUtah will have a one-year claim run out and all claims should be accounted for and paid by December 31, 2014.

Premium & Investment Income

Premiums for HIPUtah were increased 6.50% overall as of July 1, 2013. 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. Investment income earnings are projected to decrease from approximately \$258,000 to less than \$302,237 over the next fiscal year, based on September 2013 projections.

Administration

Administrative costs for the program average \$36.54 per member per month for claims administration, medical management, underwriting, disease management and other administrative services. Program management and consultant fees are projected at \$183,000 for FY 2014 and \$193,000 for FY 2015.

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. In addition, HIPUtah has provided stability in the private insurance market. There are many different circumstances that have caused 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.

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 **(No longer being administered by HIPUtah)**

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 approximately 3,200 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 from \$217 to \$1,222, 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 8% to 50% on their premiums. HIPUtah currently assists over 600 Enrollees on this program.

Federal-HIPUtah began providing coverage on September 1, 2010 and provided coverage for over 1,000 Enrollees at the time it was transitioned to Federal administration, July 1, 2013. Premiums charged could not exceed 100% of the premium for the applicable standard risk rate that would apply to the coverage offered in the State. There were four benefit plan options; premiums ranged from \$144 to \$809 between January 1, 2013 until July 1, 2013, depending on the benefit plan and the applicant's age.

HIPUtah only offers 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, 2013

BENEFITS	Option 1 Closed	Option 2	Option 3 HDHP	Option 4 HDHP
Calendar Deductible	\$500	\$1,000	\$2,500	\$5,000
Out-of-Pocket Maximum	\$2,000	\$3,000	\$6,000	\$6,250
Calendar Year Maximum	\$400,000	\$400,000	\$400,000	\$400,000
Lifetime Maximum	1.8 million	1.8 million	1.8 million	1.8 million
Inpatient Hospitalization	20%	20%	20%	20%
Out-Patient Care				
• Office Visits (physician, specialists, consultant)	20%	20%	20%	20%
• Preventive Office Visits	0%*	0%*	0%*	20%*
• Lab/X-ray	20%	20%	20%	20%
• Outpatient Surgery	20%	20%	20%	20%
• 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	**	**
• Coverage – Three tiered				
Tier 1	\$5 Copay	\$5 Copay	\$5 Copay	20%
Tier 2	25%	25%	25%	20%
Tier 3	50%	50%	50%	20%
Emergency	20%	20%	20%	20%
Ambulance	20%	20%	20%	20%
Mental Health				
• Inpatient (10 days)	20%	20%	20%	20%
• Outpatient (20 visits)	20%	20%	20%	20%
Transplants	20%	20%	20%	20%
Skilled Nursing Facility Care	20%	20%	20%	20%
Hospice	20%	20%	20%	20%
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.

HIPUTAH RATES

Utah Comprehensive Health Insurance Pool Rates

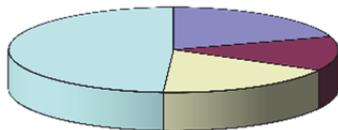
**Effective July, 2013
Individual Monthly Premiums**

Plan	Option 1	Option 2	Option 3	Option 4
Age	\$500 Deductible	\$1,000 Deductible	\$2,500 Deductible	\$5,000 Deductible
Under 21	\$429	\$375	\$293	\$217
21-25	\$462	\$402	\$314	\$234
26-30	\$535	\$465	\$363	\$270
31-35	\$630	\$547	\$432	\$320
36-40	\$668	\$584	\$456	\$339
41-45	\$717	\$608	\$477	\$352
46-50	\$835	\$708	\$555	\$410
51-55	\$944	\$802	\$629	\$464
56-60	\$1,108	\$949	\$746	\$582
61-64	\$1,222	\$1,036	\$815	\$653

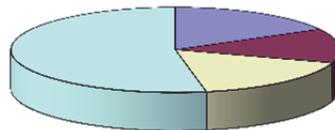
ENROLLMENT BY HEALTH BENEFIT PLAN

Percentage of Enrollees in HIPUtah: FY 2011 to FY 2013*

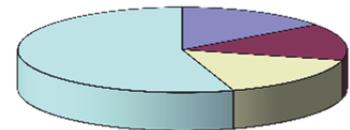
2011	2012	2013
3,946 Enrollees	3,588 Enrollees	3,249 Enrollees
20% - \$500 Deductible	17% - \$500 Deductible	15% - \$500 Deductible
13% - \$1,000 Deductible	13% - \$1,000 Deductible	14% - \$1,000 Deductible
18% - \$2,500 Deductible	17% - \$2,500 Deductible	16% - \$2,500 Deductible
49% - \$5,000 Deductible	53% - \$5,000 Deductible	55% - \$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

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, mental disorders, neoplasms, and circulatory system diseases are the most prevalent qualifying health conditions among HIPUtah Enrollees. These health problems alone are responsible for over 63% 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. Over 33% of the Enrollees have an annual income of \$40,000 or below. (See Exhibit C.) Over 7% of the HIPUtah Enrollees make under \$10,000 per year; the average premium paid is \$585.25 per person per month for an annual total of \$7,023; which represents over 65% of their annual income. (See Exhibit C.)
- Females comprise 59% while males comprise 41% of HIPUtah Enrollees. (See Exhibit D.)
- Nearly 76% of Enrollees are over 40 years of age. Approximately 4.4% of all Enrollees are children through age 19. (See Exhibit E.)
- HIPUtah enrollment grew steadily until the introduction of Federal-HIPUtah, in 2010. A membership shift from the HIPUtah to Federal-HIPUtah was experienced at that time, primarily due to lower rates and the absence of a pre-existing condition limitation on the federal program. However, membership for the two plans combined continued to increase until suspension of enrollment in the federal program was mandated, March 2, 2013.
- The percent of utilization by benefit for the HIPUtah Pool is as follows: (See Exhibit G.)

Benefit	7/2012-6/2013	7/2011-6/2012	7/2010-6/2011	7/2009-6/2010	7/2008-6/2009
Drugs	15%	15%	15%	16%	18%
Inpatient	25%	25%	25%	28%	26%
Professional	20%	20%	22%	22%	20%
Outpatient	40%	40%	38%	34%	36%

CATASTROPHIC CASES

In FY 2013 there were 44 catastrophic cases out of the total population enrolled under HIPUtah. An Enrollee is considered to be a catastrophic case when claim payments exceed \$85,000 in a given year. This represents approximately 1% of the membership and approximately 21% of health care expenditures, or \$6,983,191. The average cost per catastrophic case was \$158,709. (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

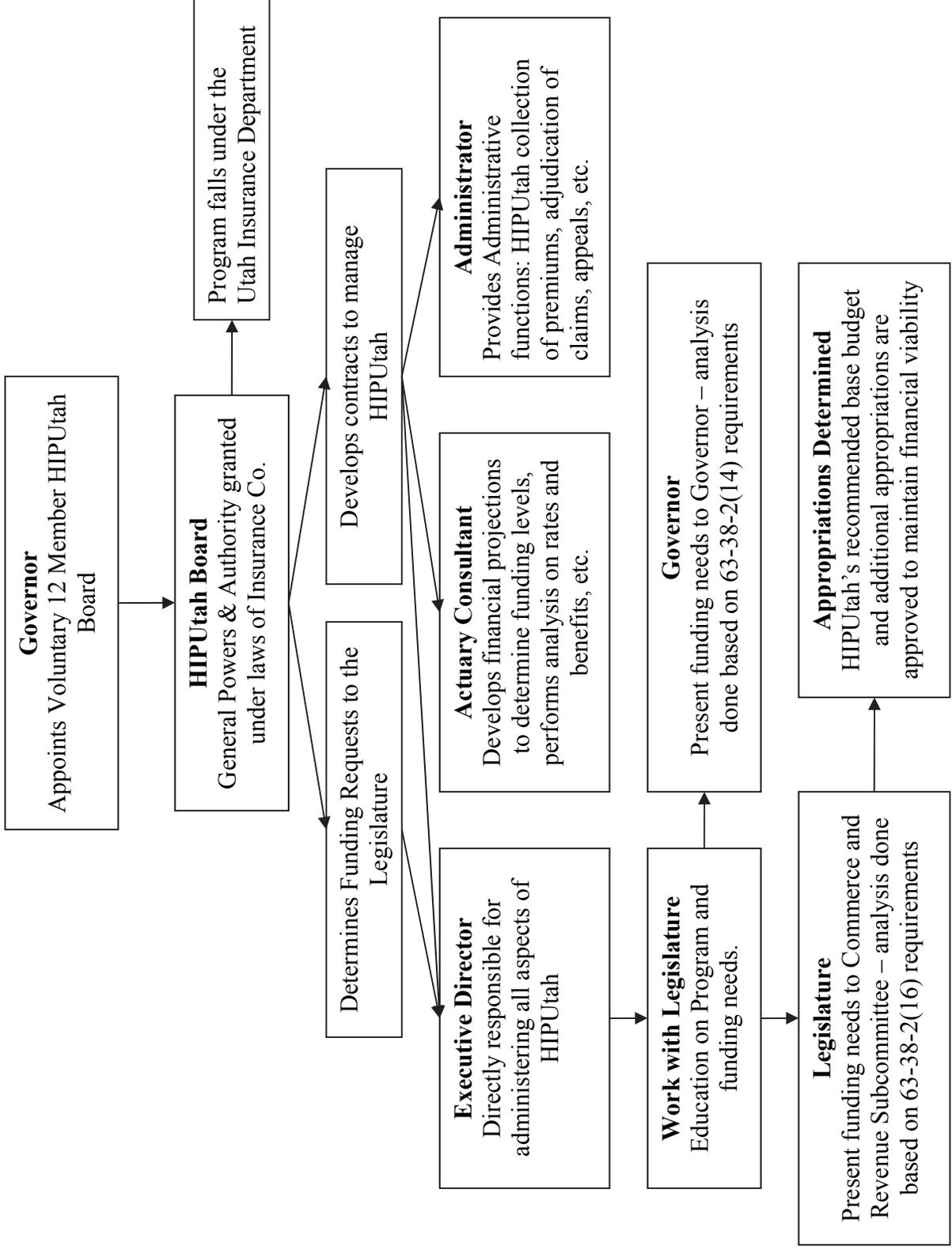
TODD TRETTIN, CEO Altius Health Plans (Health Maintenance Organization Representative)	MATTHEW MINKEVITCH, Executive Director The Road Home (Employer Representative)
STEVE NEELEMAN, CEO HealthEquity(Health Insurance Company Representative)	STEVE BATEMAN, CEO St. Marks Hospital (Hospital Representative)
DOUGLAS HASBROUCK, M.D. Independent Physician (Physician Representative)	ROBERT PERRY, President Perry Financial Group (Producer, Accident & Health Representative)
ELIZABETH S. HUNTER, Deacon Cathedral Church of St. Mark (General Public Representative)	W. DAVID PATTON, PH.D, Executive Director Department of Health (Or his Designee)
STEVEN CANFIELD, DDS. Independent Dentist (Person Expected to Qualify for HIPUtah)	RANDALL R. SMART, Attorney Smart, Schofield, Shorter, & Lunceford (Parent of Child Expected to Qualify for HIPUtah)
TODD KISER, Insurance Commissioner Utah Insurance Department (Or his Designee)	CHET LOFTIS, Group Insurance Director Public Employees Health Program (Health Insurance Company Representative)

ADMINISTRATIVE SUPPORT

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

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 3,200 Enrollees, whom without this program would go without health insurance.

* For every \$1 of premium paid into the Pool a \$1.54 is paid out in claims since the inception of the program.

HIPUtah has protected the private health insurance market – 149,000 or more individuals are enrolled in this market.

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: 06/30/2013
 Report ID: HIP100

County	Enrollee Count	Percent of Total	County Population*	Percent of Total
Beaver	7	0.22%	6,629	0.24%
Box Elder	55	1.69%	49,975	1.81%
Cache	155	4.77%	112,656	4.08%
Carbon	17	0.52%	21,403	0.77%
Daggett	2	0.06%	1,059	0.04%
Davis	341	10.50%	306,479	11.09%
Duchesne	24	0.74%	18,607	0.67%
Emery	8	0.25%	10,976	0.40%
Garfield	4	0.12%	5,172	0.19%
Grand	16	0.49%	9,225	0.33%
Iron	49	1.51%	46,163	1.67%
Juab	7	0.22%	10,246	0.37%
Kane	12	0.37%	7,125	0.26%
Millard	8	0.25%	12,503	0.45%
Morgan	15	0.46%	9,469	0.34%
Other	34	1.05%	0	0.00%
Piute	3	0.09%	1,556	0.06%
Rich	5	0.15%	2,264	0.08%
Salt Lake	1,231	37.89%	1,029,655	37.25%
San Juan	5	0.15%	14,746	0.53%
Sanpete	17	0.52%	27,822	1.01%
Sevier	14	0.43%	20,802	0.75%
Summit	135	4.16%	36,324	1.31%
Tooele	21	0.65%	58,218	2.11%
Uintah	47	1.45%	32,588	1.18%
Utah	545	16.77%	516,564	18.69%
Wasatch	51	1.57%	23,530	0.85%
Washington	221	6.80%	138,115	5.00%
Wayne	5	0.15%	2,778	0.10%
Weber	195	6.00%	231,236	8.37%
Totals	3,249	100.00%	2,763,885	100.00%

* 2010 Population (Source U.S. Census Bureau)

Exhibit A

Geographic Distribution by County

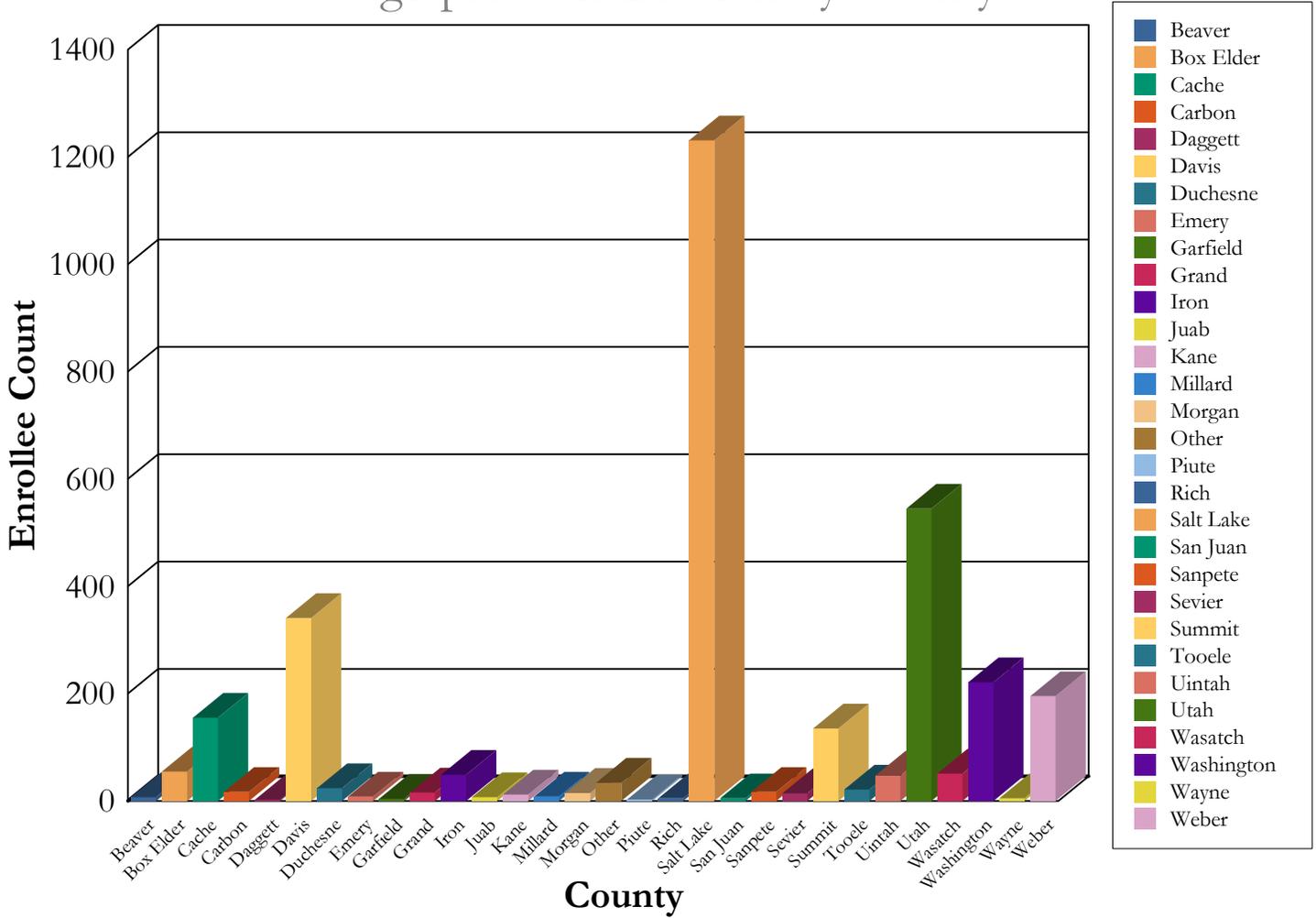


Exhibit B

Enrollment as of: 06/30/2013

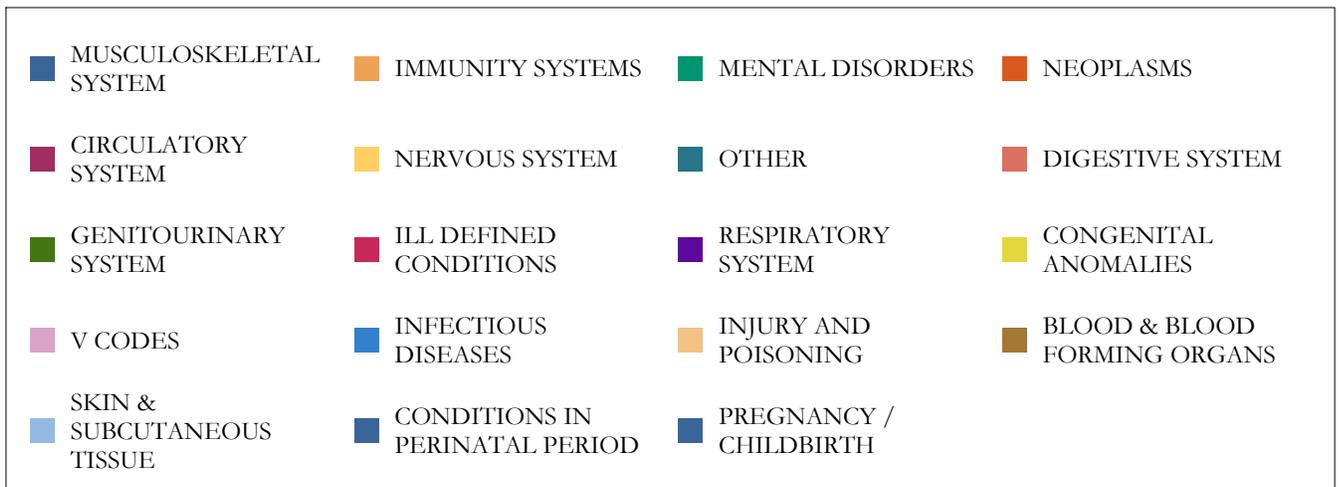
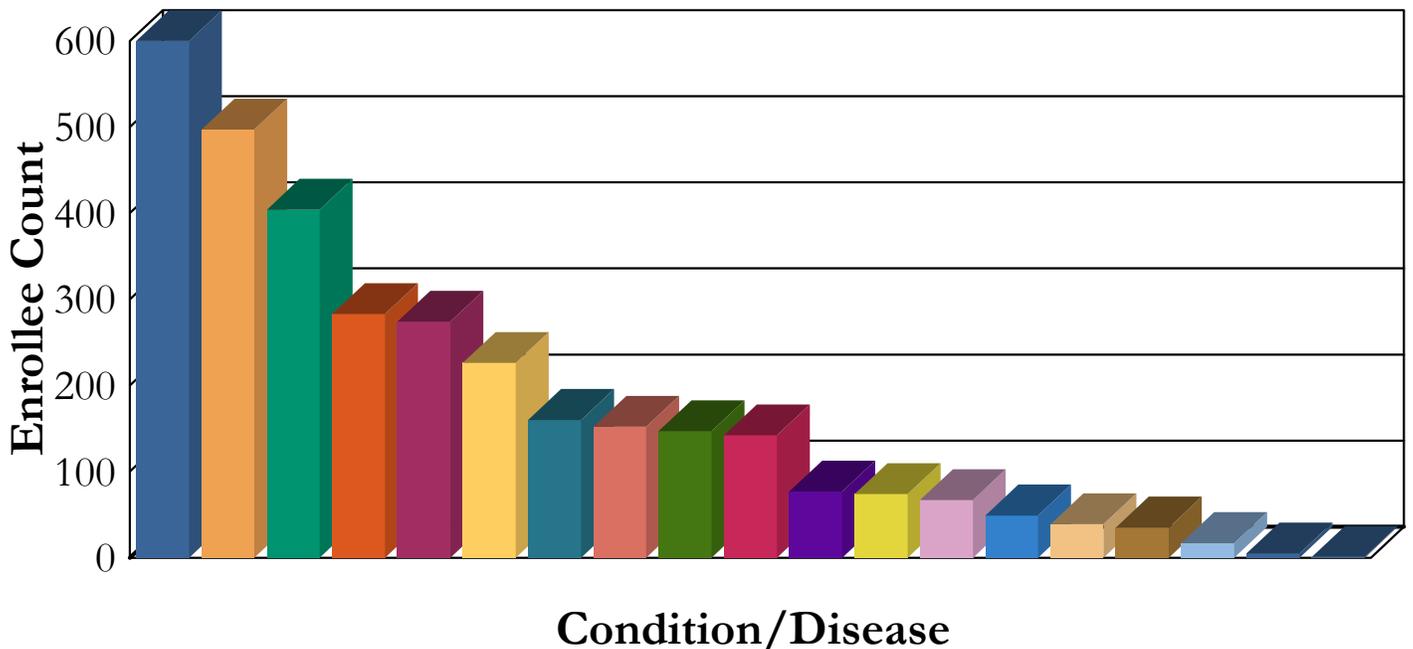
Report ID: HIP101

HIPUtah Enrollment by Medical Conditon/Disease

Condition/Disease	Enrollee Count	Percent of Total
MUSCULOSKELETAL SYSTEM	600	18.47%
IMMUNITY SYSTEMS	497	15.30%
MENTAL DISORDERS	404	12.43%
NEOPLASMS	283	8.71%
CIRCULATORY SYSTEM	274	8.43%
NERVOUS SYSTEM	226	6.96%
OTHER	160	4.92%
DIGESTIVE SYSTEM	152	4.68%
GENITOURINARY SYSTEM	147	4.52%
ILL DEFINED CONDITIONS	142	4.37%
RESPIRATORY SYSTEM	77	2.37%
CONGENITAL ANOMALIES	74	2.28%
V CODES	67	2.06%
INFECTIOUS DISEASES	49	1.51%
INJURY AND POISONING	39	1.20%
BLOOD & BLOOD FORMING ORGANS	35	1.08%
SKIN & SUBCUTANEOUS TISSUE	17	0.52%
CONDITIONS IN PERINATAL PERIOD	5	0.15%
PREGNANCY / CHILDBIRTH	1	0.03%
Total	3,249	

Exhibit B

Enrollment by Medical Condition/Disease



HIPUtah Annual Family Household Income Analysis

Annual Income	Enrollee Count	Percent of Total
\$0 to \$9,999	232	7.14%
\$10,000 to \$19,999	271	8.34%
\$20,000 to \$29,999	289	8.90%
\$30,000 to \$39,999	283	8.71%
\$40,000 to \$49,999	297	9.14%
\$50,000 to \$59,999	268	8.25%
\$60,000 to \$69,999	217	6.68%
\$70,000 to \$79,999	165	5.08%
\$80,000 to \$89,999	126	3.88%
\$90,000 to \$99,999	99	3.05%
\$100,000 to \$109,999	132	4.06%
\$110,000 to \$119,999	47	1.45%
\$120,000 to \$129,999	69	2.12%
\$130,000 to \$139,999	43	1.32%
\$140,000 to \$149,999	38	1.17%
\$150,000 Plus	367	11.30%
Unknown	306	9.42%
Total	3,249	
Average Annual Household Income:	\$96,729	
Median Annual Household Income:	\$50,969	

Exhibit C

Annual Family Household Income Analysis

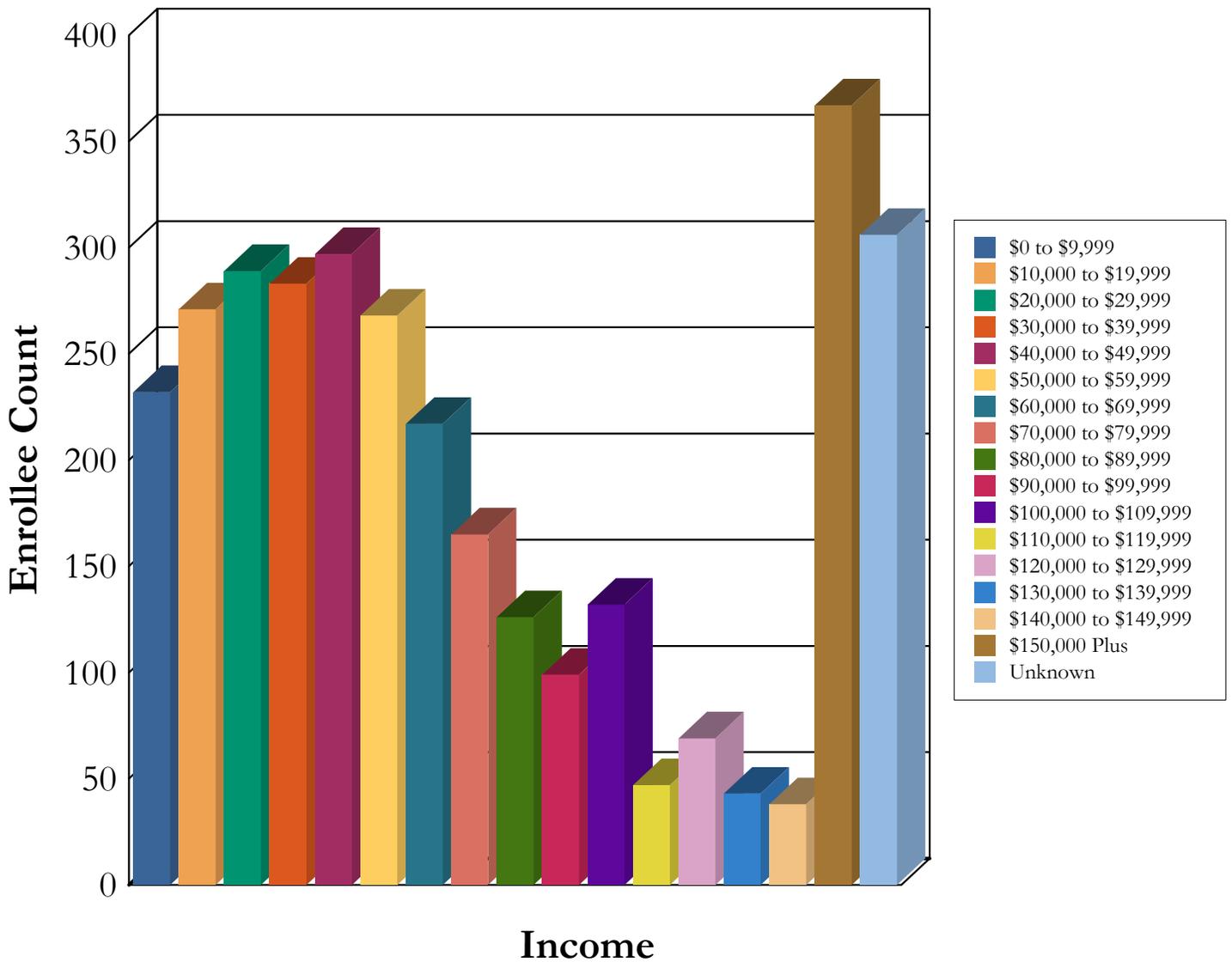


Exhibit D

HIPUtah Enrollment Male/Female by Age

Enrollment as of: 06/30/2013

Report ID: HIP103

Age Group	Gender	Enrollee Count	Percent of Total
00 - 02	Female	3	0.09%
	Male	6	0.18%
		9	0.28%
03 - 12	Female	25	0.77%
	Male	22	0.68%
		47	1.45%
13 - 19	Female	37	1.14%
	Male	50	1.54%
		87	2.68%
20 - 25	Female	35	1.08%
	Male	49	1.51%
		84	2.59%
26 - 30	Female	105	3.23%
	Male	64	1.97%
		169	5.20%
31 - 35	Female	129	3.97%
	Male	70	2.15%
		199	6.12%
36 - 40	Female	119	3.66%
	Male	73	2.25%
		192	5.91%
41 - 45	Female	135	4.16%
	Male	90	2.77%
		225	6.93%
46 - 50	Female	169	5.20%
	Male	97	2.99%
		266	8.19%
51 - 55	Female	262	8.06%
	Male	184	5.66%
		446	13.73%
56 - 60	Female	384	11.82%
	Male	264	8.13%
		648	19.94%
61 - 64	Female	523	16.10%
	Male	348	10.71%
		871	26.81%
65 Plus	Female	2	0.06%
	Male	4	0.12%
		6	0.18%

Total **3,249**

Female	1,928 59.34%	Male	1,321 40.66%
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Exhibit D

Enrollment Female/Male by Age

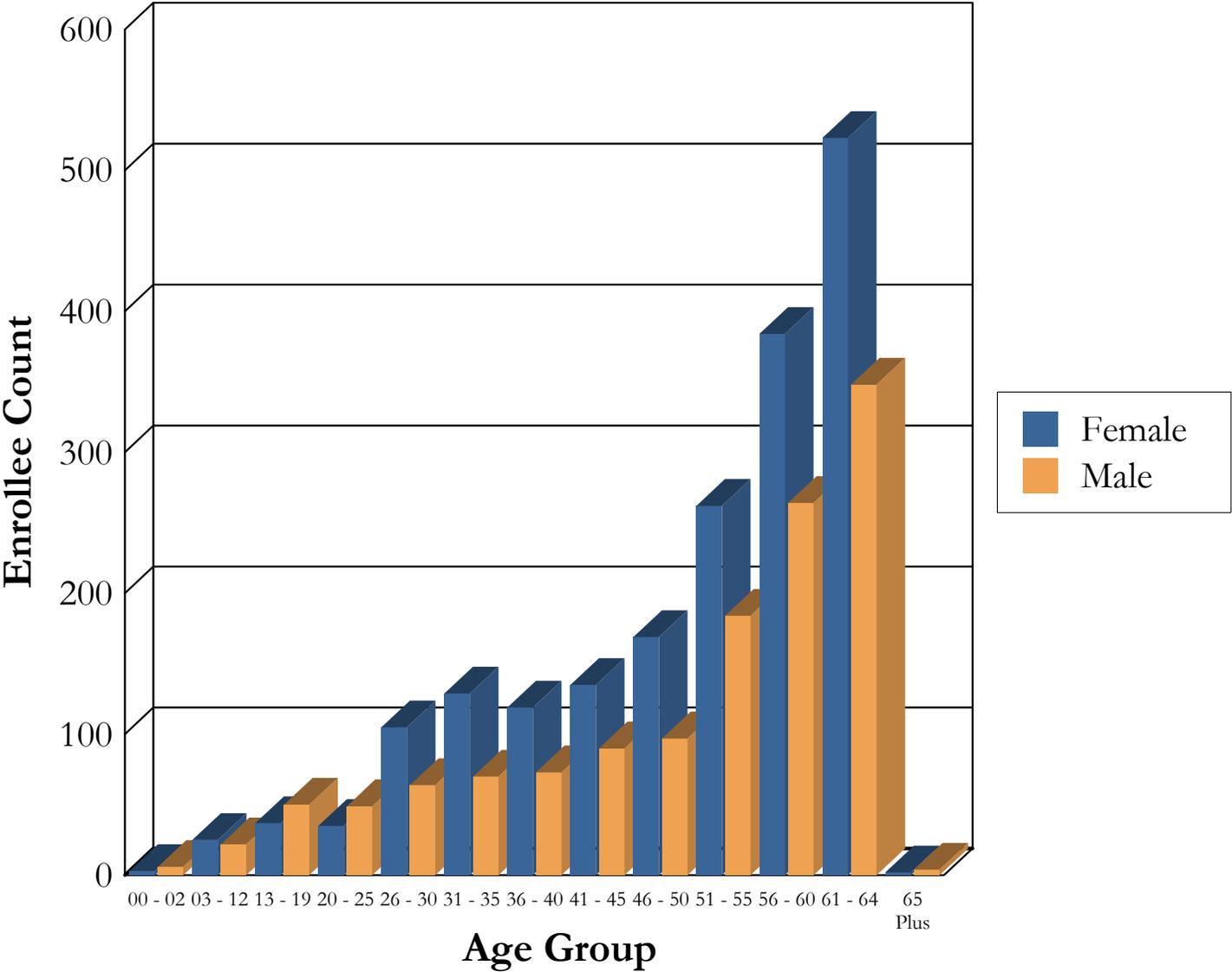


Exhibit E
HIPUtah Enrollment by Age

Enrollment as of: 06/30/2013
Report ID: HIP104

Age Group	Enrollee Count	Enrollee Count
<u>00 - 02</u>	9	0.28%
<u>03 - 12</u>	47	1.45%
<u>13 - 19</u>	87	2.68%
<u>20 - 25</u>	84	2.59%
<u>26 - 30</u>	169	5.20%
<u>31 - 35</u>	199	6.12%
<u>36 - 40</u>	192	5.91%
<u>41 - 45</u>	225	6.93%
<u>46 - 50</u>	266	8.19%
<u>51 - 55</u>	446	13.73%
<u>56 - 60</u>	648	19.94%
<u>61 - 64</u>	871	26.81%
<u>65 Plus</u>	6	0.18%
Total	3,249	

Exhibit E

Enrollment by Age

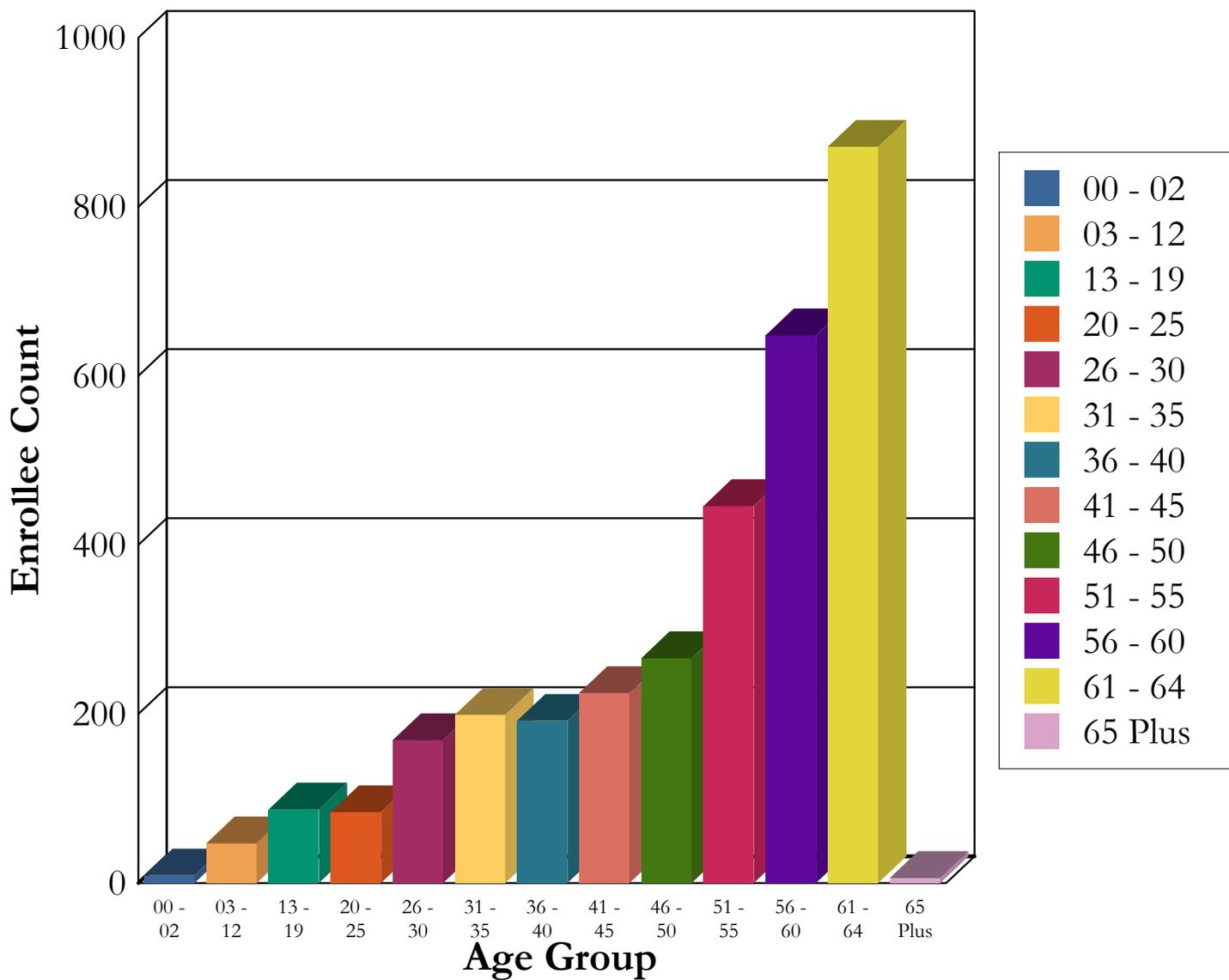


Exhibit F
HIPUtah Member Months by Fiscal Year

Enrollment From: 07/01/2012
Enrollment To: 06/30/2013
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	48,549
2011	46,462
2012	44,560
2013	40,473
Total	552,858

Exhibit F

Member Months by Fiscal Year

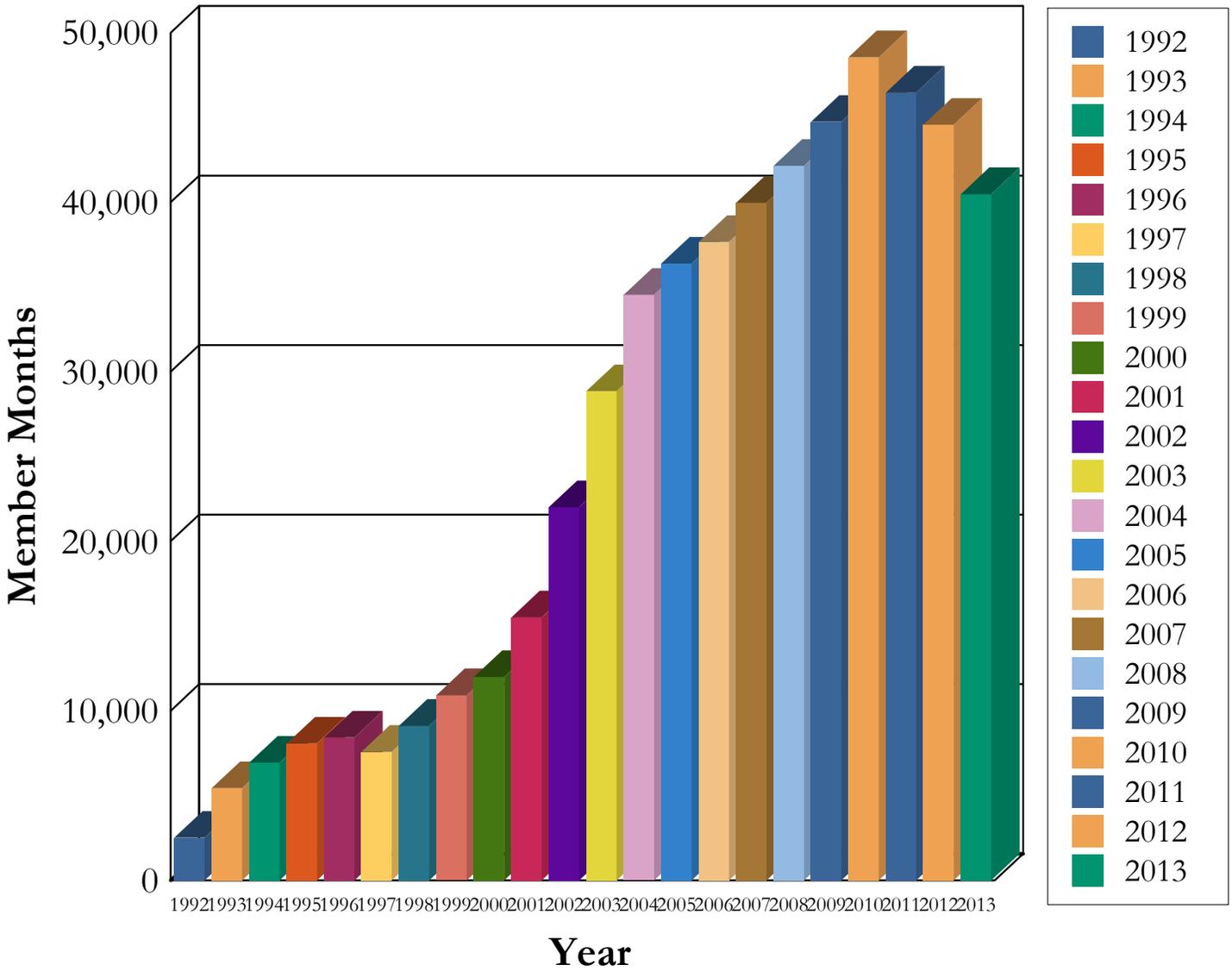


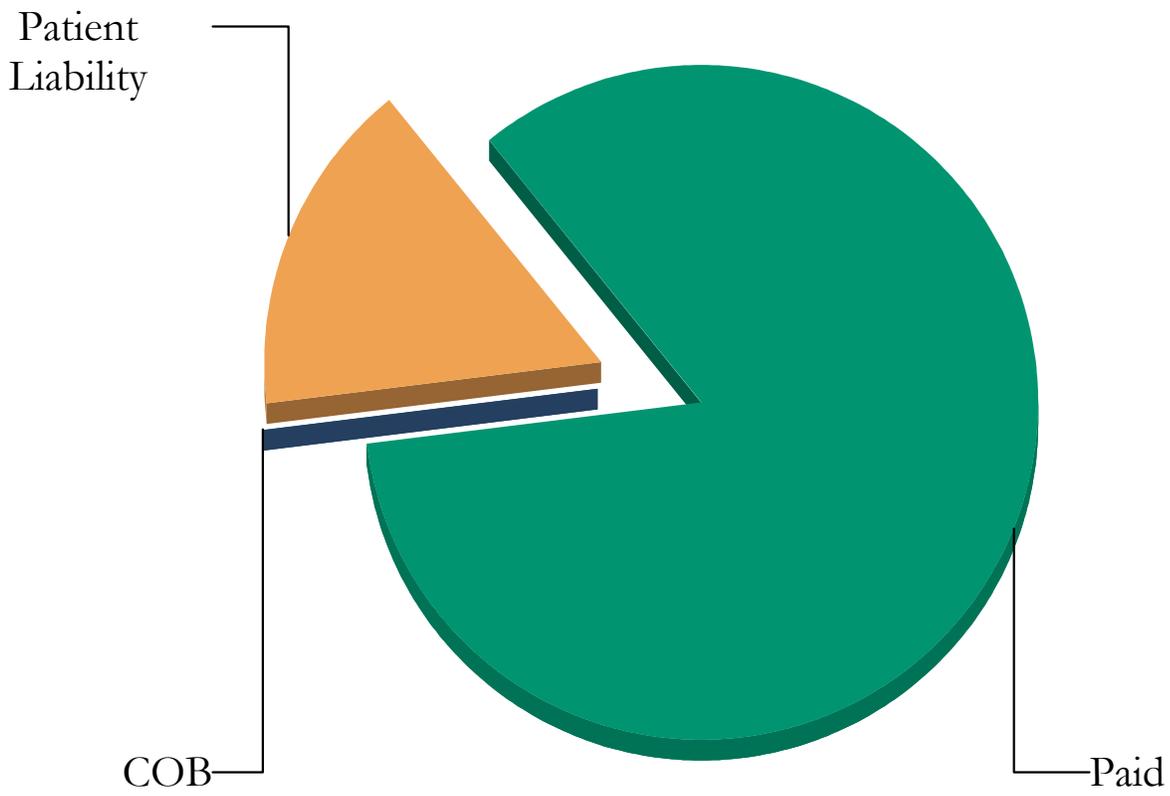
Exhibit G1
HIPUtah Payment Analysis

Incurred: 07/01/2012 to 06/30/2013
 Paid: 07/01/2012 to 08/31/2013
 Report ID: HIP106

SUBMITTED CHARGES		\$55,028,006
NOT A BENEFIT	\$289,471	
PATIENT NOT ELIGIBLE	\$814,166	
CONTRACT MAXIMUM	\$4,303,860	
EXCESSIVE CHARGE	\$15,322,012	
DUPLICATE CLAIM	\$660,676	
MEDICAL POLICY	\$1,407	
IMPROPER CLAIM FILING	\$328,093	
PRENOTIFICATION	\$24,634	
PRE-EXIST CONDITION	\$14,764	
GLOBAL FEE	\$6	
MEDICAL NECESSITY	\$5,710	
Total Administrative/Provider Savings		\$21,764,798
ALLOWED CHARGES		\$33,156,329
Patient Liability (Coinsurance, Deductible, Etc)	\$5,323,321	16%
COB	\$11,829	0%
TOTAL PAID		\$27,821,180 84%

Exhibit G1

Payment Analysis



COB	0.0%
Patient Liability	16.1%
Paid	83.9%
Total:	100.0%

Exhibit G2**HIPUtah Large Claims Summary by Enrollee**

Incurred 07/01/2012 To 06/30/2013

Paid 07/01/2012 To 08/31/2013

Paid claims Accumulated Greater than \$85,000, Medical Only

Dollars	Major Diagnosis
\$564,973	BLOOD & BLOOD FORMING ORGANS
\$309,631	NEOPLASMS
\$276,473	NEOPLASMS
\$265,878	IMMUNITY SYSTEMS
\$263,220	NEOPLASMS
\$243,424	CONGENITAL ANOMALIES
\$231,327	CIRCULATORY SYSTEM
\$216,324	MUSCULOSKELETAL SYSTEM
\$202,369	MUSCULOSKELETAL SYSTEM
\$187,472	GENITOURINARY SYSTEM
\$182,565	IMMUNITY SYSTEMS
\$175,191	GENITOURINARY SYSTEM
\$169,118	V CODES
\$166,467	NEOPLASMS
\$165,860	CIRCULATORY SYSTEM
\$157,977	V CODES
\$156,533	ILL DEFINED CONDITIONS
\$155,475	V CODES
\$153,956	DIGESTIVE SYSTEM
\$146,027	NEOPLASMS
\$145,684	ILL DEFINED CONDITIONS
\$144,152	MUSCULOSKELETAL SYSTEM
\$143,083	CIRCULATORY SYSTEM
\$140,451	NEOPLASMS
\$124,962	NEOPLASMS
\$124,832	GENITOURINARY SYSTEM
\$124,123	BLOOD & BLOOD FORMING ORGANS
\$119,814	NEOPLASMS
\$118,473	CONGENITAL ANOMALIES
\$116,240	CIRCULATORY SYSTEM
\$110,997	NEOPLASMS
\$100,147	INFECTIOUS DISEASES
\$98,051	MUSCULOSKELETAL SYSTEM
\$93,149	NEOPLASMS
\$92,558	INJURY AND POISONING
\$90,848	CIRCULATORY SYSTEM
\$90,370	DIGESTIVE SYSTEM
\$90,292	NEOPLASMS
\$88,878	NERVOUS SYSTEM
\$88,163	BLOOD & BLOOD FORMING ORGANS
\$88,030	CIRCULATORY SYSTEM
\$87,942	INJURY AND POISONING
\$86,405	RESPIRATORY SYSTEM
\$85,283	ILL DEFINED CONDITIONS
Total Large Claims:	\$6,983,191
Members:	44

Exhibit G3
HIPUtahTop Injectable Drugs

Incurred 07/01/2012 To 06/30/2013

Paid 07/01/2012 To 08/31/2013

Top 40 Drugs

Code	Description	Count	Average Paid	Total Paid
J1438	ETANERCEPT INJECTION	292	\$1,856	\$541,829
J1595	INJECTION, GLATIRAMER ACETATE, 20 MG	132	\$3,848	\$507,947
J9035	INJECTION, BEVACIZUMAB, 10 MG	58	\$7,010	\$406,589
J0135	INJECTION, ADALIMUMAB, 20 MG	171	\$1,992	\$340,607
J1745	INFLIXIMAB INJECTION	78	\$3,607	\$281,332
J7195	FACTOR IX (ANTIHEMOPHILIC FACTOR, RECOMBINANT) PI	13	\$17,618	\$229,028
J9310	RITUXIMAB CANCER TREATMENT	29	\$6,103	\$177,001
J7193	FACTOR IX (ANTIHEMOPHILIC FACTOR, PURIFIED, NON-RI	3	\$38,256	\$114,768
J9355	TRASTUZUMAB	31	\$3,573	\$110,762
Q3026	INJECTION, INTERFERON BETA-1A, 11 MCG FOR SUBCUTAN	36	\$3,028	\$109,024
J2505	INJECTION, PEGFILGRASTIM, 6 MG	33	\$3,231	\$106,633
J9041	INJECTION, BORTEZOMIB, 0.1 MG	35	\$2,915	\$102,022
J7190	FACTOR VIII	5	\$17,096	\$85,481
J9264	INJECTION, PACLITAXEL PROTEIN-BOUND PARTICLES, 1 M	14	\$5,751	\$80,508
J1815	INJECTION, INSULIN, PER 5 UNITS	162	\$484	\$78,452
J3590	UNCLASSIFIED BIOLOGICS	34	\$2,078	\$70,657
J2941	INJECTION, SOMATROPIN, 1 MG	24	\$2,666	\$63,983
J9201	GEMCITABINE HCL	35	\$1,750	\$61,256
J2353	INJECTION, OCTREOTIDE, DEPOT FORM FOR INTRAMUSCU	25	\$2,436	\$60,903
J1566	INJECTION, IMMUNE GLOBULIN, INTRAVENOUS, LYOPHIL	14	\$3,579	\$50,103
J0585	INJECTION, ONABOTULINUMTOXINA, 1 UNIT	42	\$878	\$36,883
J1441	FILGRASTIM 480 MCG INJECTION	36	\$794	\$28,571
J9263	INJECTION, OXALIPLATIN, 0.5 MG	6	\$4,308	\$25,848
J1650	INJ ENOXAPARIN SODIUM	30	\$814	\$24,426
J2469	INJECTION, PALONOSETRON HCL, 25 MCG	101	\$226	\$22,782
J9025	INJECTION, AZACITIDINE, 1 MG	3	\$7,566	\$22,698
J1950	LEUPROLIDE ACETATE /3.75 MG	5	\$4,171	\$20,857
J3487	INJECTION, ZOLEDRONIC ACID, 1 MG	21	\$927	\$19,461
90736	ZOSTER (SHINGLES) VACCINE, LIVE, FOR SUBCUTANEOUS	108	\$170	\$18,319
J1335	INJECTION, ERTAPENEM SODIUM, 500 MG	25	\$731	\$18,279
J0882	INJECTION, DARBEPOETIN ALFA, 1 MICROGRAM (FOR ESRI	27	\$653	\$17,633
J3490	DRUGS UNCLASSIFIED INJECTION	75	\$232	\$17,420
J7302	LEVONORGESTREL-RELEASING INTRAUTERINE CONTRAC	23	\$715	\$16,440
J9395	INJECTION, FULVESTRANT, 25 MG	8	\$2,051	\$16,407
J7639	DORNASE ALPHA INHAL SOL U D	4	\$4,098	\$16,391
J7682	TOBRAMYCIN INHALATION SOL	3	\$5,036	\$15,109
S0032	INJECTION, NAFCILLIN SODIUM	15	\$954	\$14,303
J9999	CHEMOTHERAPY DRUG	4	\$3,392	\$13,568
J0850	CYTOMEGALOVIRUS IMM IV /VIAL	2	\$6,604	\$13,209
90715	TET, DIPHT TOXOIDS AND ACELLULAR PERTUSSIS VACCIN	297	\$41	\$12,149
Total Top 40 Drugs		2,059		\$3,969,639
Total Injectable Drugs		5,710		\$4,266,133

Exhibit G4
HIPUtah Utilization by Benefit

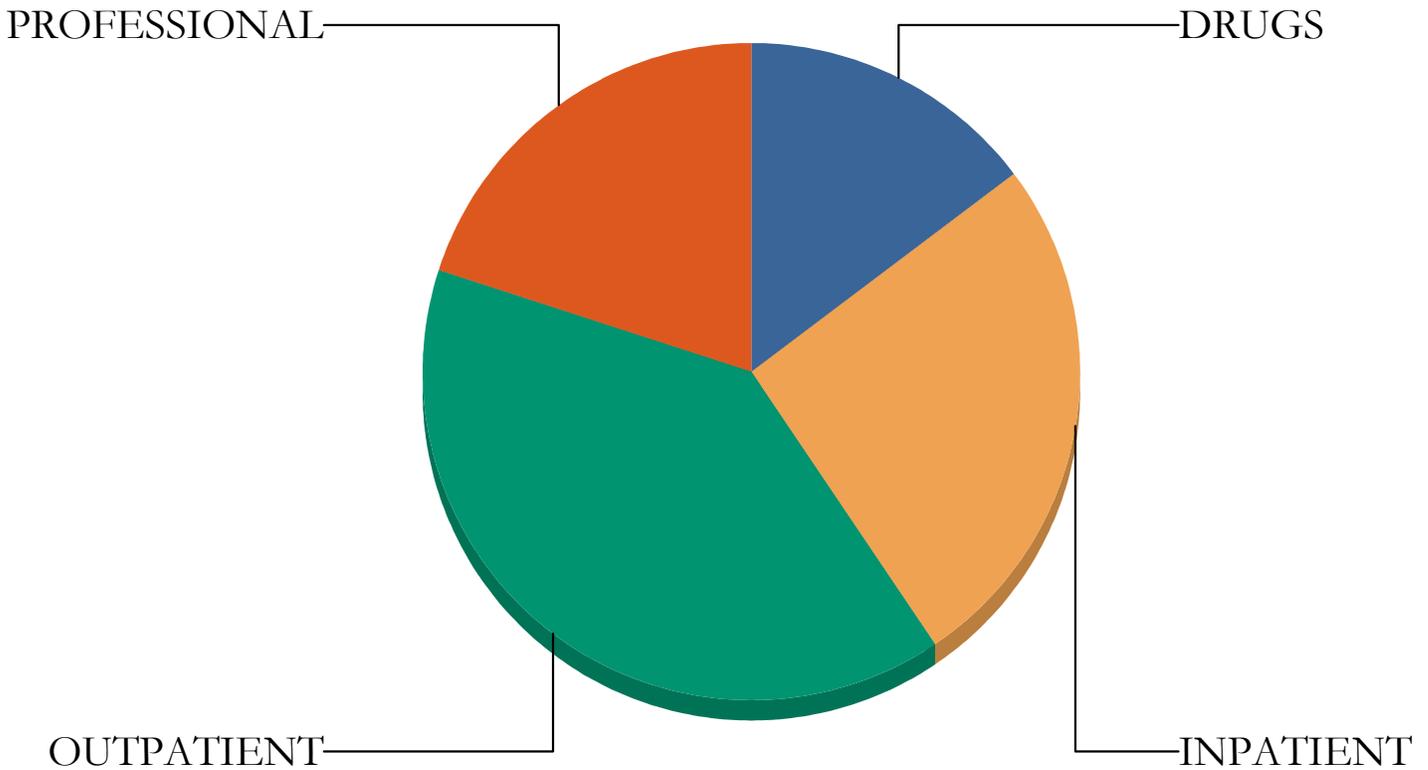
Incurred 07/01/2012 To 06/30/2013

Paid 07/01/2012 To 08/31/2013

Category	Claims	Paid	Percent of Total	Cost Per Member Month
INPATIENT	479	\$8,407,443	26%	\$210
OUTPATIENT	17,442	\$12,910,093	40%	\$323
PROFESSIONAL	33,473	\$6,503,645	20%	\$163
DRUGS	69,573	\$4,824,758	15%	\$121
Total	120,967	\$32,645,938		

Exhibit G4

Utilization by Benefit



DRUGS	14.8%
INPATIENT	25.8%
OUTPATIENT	39.5%
PROFESSIONAL	19.9%
Total:	100.0%

Exhibit G5
HIPUtah Inpatient Utilization

Incurred 07/01/2012 To 06/30/2013

Paid 07/01/2012 To 08/31/2013

Categories	Admits	Days	Enrollees	Average LOS	Average Paid per Admit	Total Paid		Paid PMPM
Hospital Inpatient Medical	256	1,391	171	5	\$14,892	\$3,812,282	45.34%	\$95.35
Hospital Inpatient Surgical	144	582	127	4	\$28,027	\$4,035,895	48.00%	\$100.94
Hospital Inpatient Maternity	59	197	59	3	\$7,163	\$422,645	5.03%	\$10.57
Hospital Inpatient Psych	21	125	17	6	\$6,506	\$136,620	1.62%	\$3.42
Total	480	2,295		5	\$17,516	\$8,407,443		\$210
					Admissions per 1,000 enrollees:	144		
					Days per 1,000 enrollees:	689		
					Average cost per admission:	\$17,516		
					Average cost per day:	\$3,663.37		

Exhibit G5

Inpatient Utilization

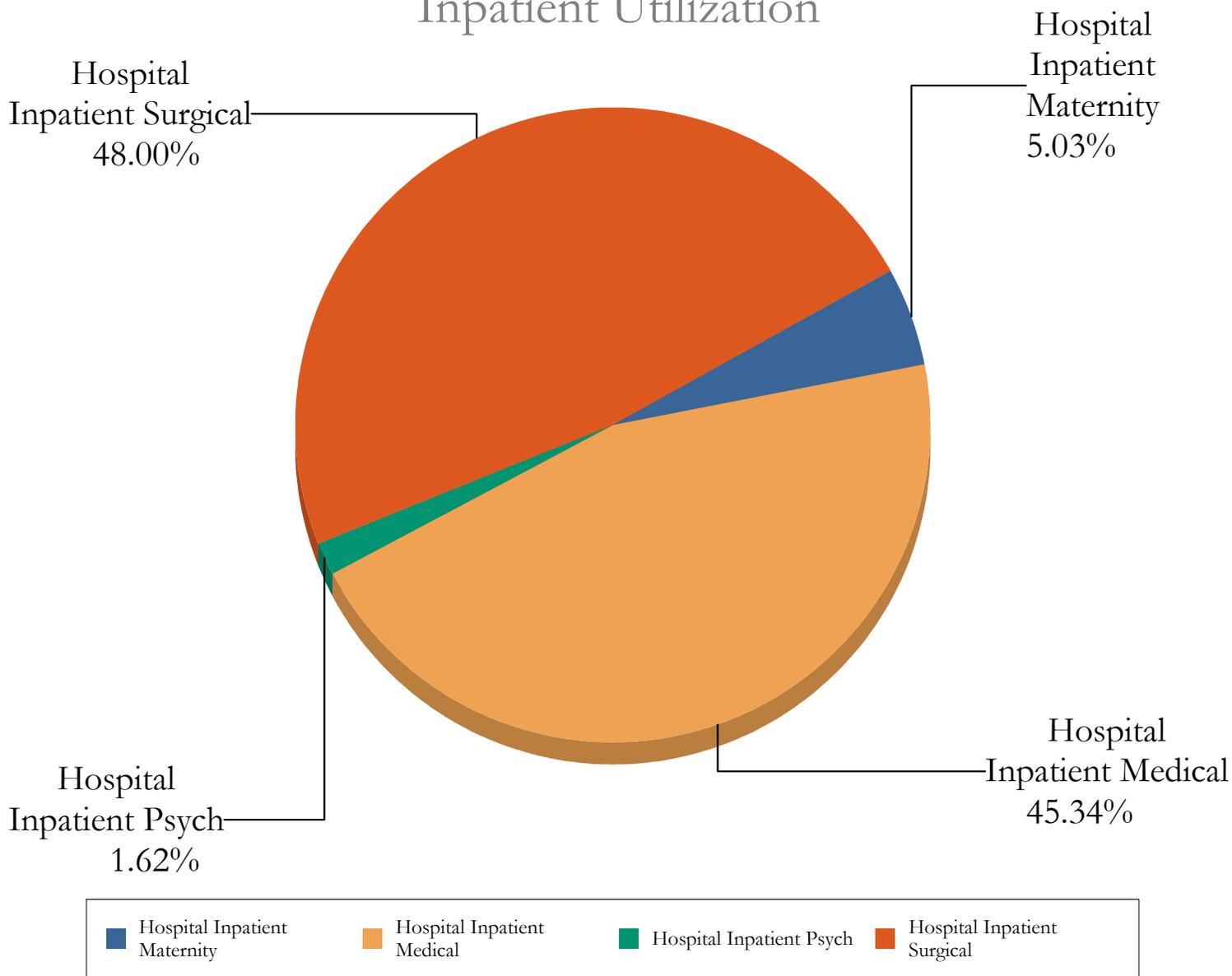


Exhibit G6
HIPUtah Outpatient Utilization

Incurred 07/01/2012 To 06/30/2013
Paid 07/01/2012 To 08/31/2013

Categories	Procedures	Visits	Total Paid		Paid per Visit	Paid PMPM
Durable Medical Equipment	1,198	1,183	\$339,694	3%	\$287	\$8.50
Emergency Room	2,005	771	\$1,040,383	8%	\$1,349	\$26.02
Instacare/Urgent Care	798	780	\$34,889	0%	\$45	\$0.87
Ambulance	126	124	\$230,406	2%	\$1,858	\$5.76
Physician Office Visits	313	286	\$20,554	0%	\$72	\$0.51
Physician Office Visits (PCP)	11	11	\$524	0%	\$48	\$0.01
Physician Office Visits (SCP)	4	4	\$14	0%	\$4	\$0.00
Inpatient Medical Professional	1	1	\$87	0%	\$87	\$0.00
Emergency Room Professional	1	1	\$128	0%	\$128	\$0.00
Maternity Professional	30	30	\$4,407	0%	\$147	\$0.11
Outpatient Pathology Professional	3,334	3,111	\$115,817	1%	\$37	\$2.90
Outpatient Pathology Facility	4,288	4,270	\$455,981	4%	\$107	\$11.40
Pathology Maternity	123	123	\$4,551	0%	\$37	\$0.11
Outpatient Radiology Professional	2,560	2,484	\$850,376	7%	\$342	\$21.27
Inpatient Radiology Professional	3	3	\$16	0%	\$5	\$0.00
Radiology Maternity	46	46	\$10,657	0%	\$232	\$0.27
Outpatient Other Diag Test Prof	103	98	\$49,369	0%	\$504	\$1.23
Inpatient Other Diag Test Prof	2	2	\$360	0%	\$180	\$0.01
Outpatient Other Diag Test Fac	960	881	\$384,646	3%	\$437	\$9.62
Other Diag Test Maternity	11	11	\$4,076	0%	\$371	\$0.10
Outpatient Surgery Facility	1,281	904	\$1,223,856	9%	\$1,354	\$30.61
Outpatient Facility General Med.	3,165	2,526	\$3,230,793	25%	\$1,279	\$80.80
Outpatient Facility Sub. Abuse/Psych	35	35	\$22,331	0%	\$638	\$0.56
Chemotherapy Radiotherapy	369	368	\$520,274	4%	\$1,414	\$13.01
Injectables	1,647	1,609	\$3,489,064	27%	\$2,168	\$87.26
Outpatient Consulting	3	3	\$302	0%	\$101	\$0.01
Medical Supplies	934	934	\$258,904	2%	\$277	\$6.48
Phys/Occ/Sp Therapy (Fac)	545	534	\$161,891	1%	\$303	\$4.05
Home Health	1,034	930	\$429,999	3%	\$462	\$10.75
Other	172	172	\$25,746	0%	\$150	\$0.64
Total	25,102	22,235	\$12,910,093		\$581	\$323

Exhibit G7**HIPUtah Professional Utilization**

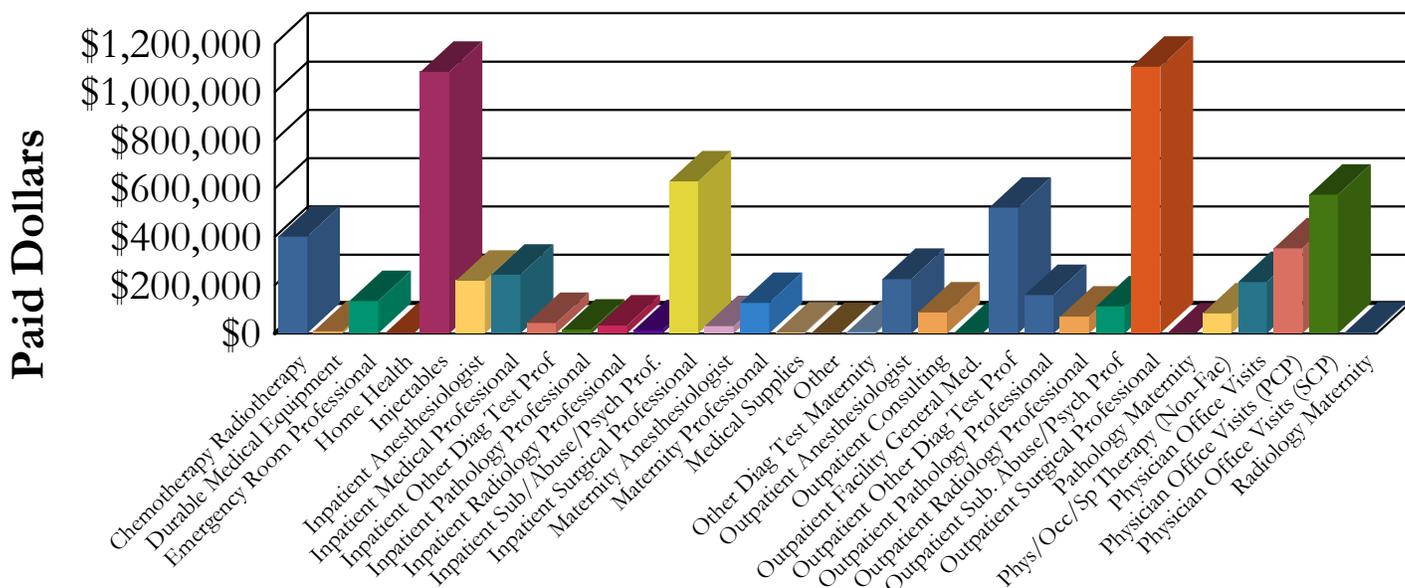
Incurred 07/01/2012 To 06/30/2013

Paid 07/01/2012 To 08/31/2013

Categories	Procedures	Visits	Total Paid		Paid per Visit	Paid PMPM
Durable Medical Equipment	138	137	\$9,410	0%	\$69	\$0.24
Physician Office Visits	2,278	2,073	\$212,691	3%	\$103	\$5.32
Physician Office Visits (PCP)	7,056	7,028	\$352,008	5%	\$50	\$8.80
Physician Office Visits (SCP)	8,679	8,591	\$574,812	9%	\$67	\$14.38
Inpatient Medical Professional	1,006	946	\$243,105	4%	\$257	\$6.08
Inpatient Surgical Professional	402	266	\$630,109	10%	\$2,369	\$15.76
Inpatient Anesthesiologist	212	194	\$217,875	3%	\$1,123	\$5.45
Inpatient Sub/Abuse/Psych Prof.	75	72	\$13,655	0%	\$190	\$0.34
Emergency Room Professional	644	611	\$134,192	2%	\$220	\$3.36
Outpatient Surgical Professional	3,901	3,266	\$1,105,247	17%	\$338	\$27.64
Outpatient Anesthesiologist	414	406	\$225,684	3%	\$556	\$5.64
Maternity Professional	561	556	\$126,862	2%	\$228	\$3.17
Maternity Anesthesiologist	39	32	\$30,395	0%	\$950	\$0.76
Outpatient Sub. Abuse/Psych Prof	1,570	1,557	\$111,981	2%	\$72	\$2.80
Outpatient Pathology Professional	5,674	5,366	\$159,678	2%	\$30	\$3.99
Inpatient Pathology Professional	60	60	\$15,467	0%	\$258	\$0.39
Pathology Maternity	16	16	\$683	0%	\$43	\$0.02
Outpatient Radiology Professional	2,836	2,812	\$70,242	1%	\$25	\$1.76
Inpatient Radiology Professional	534	473	\$33,184	1%	\$70	\$0.83
Radiology Maternity	93	93	\$4,269	0%	\$46	\$0.11
Outpatient Other Diag Test Prof	4,126	3,687	\$521,147	8%	\$141	\$13.03
Inpatient Other Diag Test Prof	196	169	\$43,117	1%	\$255	\$1.08
Other Diag Test Maternity	96	96	\$5,283	0%	\$55	\$0.13
Outpatient Facility General Med.	1	1	\$781	0%	\$781	\$0.02
Chemotherapy Radiotherapy	351	345	\$401,667	6%	\$1,164	\$10.05
Injectables	2,326	1,826	\$1,083,910	17%	\$594	\$27.11
Outpatient Consulting	659	646	\$86,819	1%	\$134	\$2.17
Medical Supplies	83	83	\$4,399	0%	\$53	\$0.11
Phys/Occ/Sp Therapy (Non-Fac)	967	966	\$83,453	1%	\$86	\$2.09
Home Health	2	2	\$33	0%	\$16	\$0.00
Other	7	7	\$1,487	0%	\$212	\$0.04
Total	45,002	42,383	\$6,503,645		\$153	\$163

Exhibit G7

Professional Utilization



Chemotherapy Radiotherapy	Durable Medical Equipment	Emergency Room Professional	Home Health
Injectables	Inpatient Anesthesiologist	Inpatient Medical Professional	Inpatient Other Diag Test Prof
Inpatient Pathology Professional	Inpatient Radiology Professional	Inpatient Sub/Abuse/Psych Prof.	Inpatient Surgical Professional
Maternity Anesthesiologist	Maternity Professional	Medical Supplies	Other
Other Diag Test Maternity	Outpatient Anesthesiologist	Outpatient Consulting	Outpatient Facility General Med.
Outpatient Other Diag Test Prof	Outpatient Pathology Professional	Outpatient Radiology Professional	Outpatient Sub. Abuse/Psych Prof
Outpatient Surgical Professional	Pathology Maternity	Phys/Occ/Sp Therapy (Non-Fac)	Physician Office Visits
Physician Office Visits (PCP)	Physician Office Visits (SCP)	Radiology Maternity	

Exhibit G8
HIPUtah Drug Card Classification by Cost

Incurred 07/01/2012 To 06/30/2013

Paid 07/01/2012 To 08/31/2013

Rank	Category	Count	Paid Amount	Percent
1	Central Nervous System	26,525	\$1,046,726.91	21.69%
2	Other	16,210	\$971,541.79	20.14%
3	Endocrine	12,947	\$890,888.61	18.46%
4	Anti-Infective	7,662	\$851,289.28	17.64%
5	Cardiovascular	16,911	\$343,489.93	7.12%
6	Gastrointestinal	5,524	\$263,807.63	5.47%
7	Anti-Depressant	9,518	\$249,749.35	5.18%
8	Respiratory	2,071	\$207,264.67	4.30%
Total		97,368	4,824,758.17	

Exhibit G8

Drug Card Classification by Cost

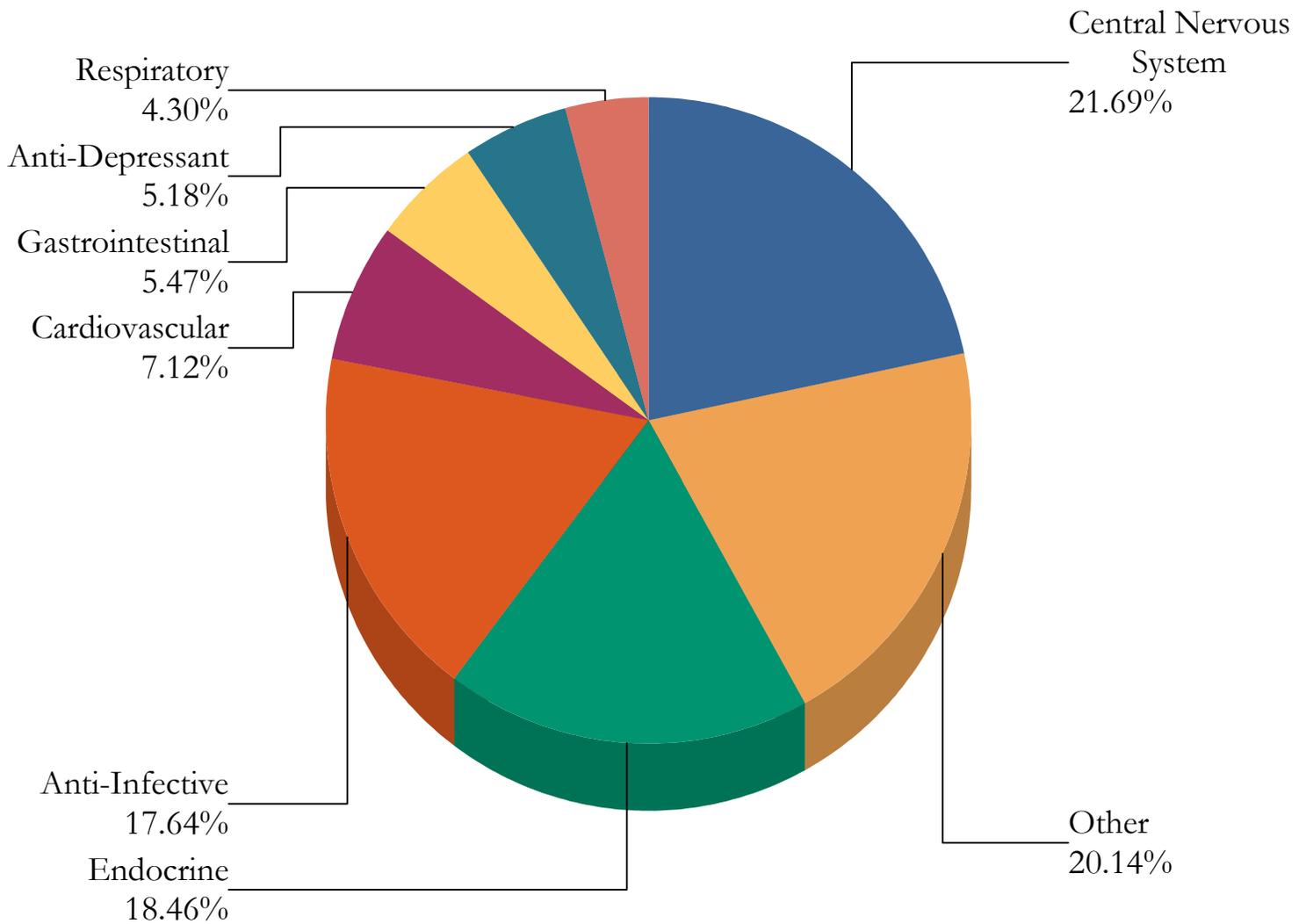


Exhibit G9
HIPUtah Utilization by Age - Medical Only

Incurred 07/01/2012 To 06/30/2013

Paid 07/01/2012 To 08/31/2013

Age Range	Member Months	Claims		Dollars Paid	
00-09	288	1,042	1.9%	939,057	3.4%
10-19	755	1,173	2.2%	969,843	3.5%
20-29	1,470	2,883	5.4%	1,287,991	4.6%
30-39	2,840	5,985	11.1%	2,604,201	9.4%
40-49	3,162	7,504	14.0%	3,658,752	13.2%
50-59	6,519	17,643	32.8%	9,173,568	33.0%
60-99	25,438	17,522	32.6%	9,187,769	33.0%
Total	40,472	53,752		\$27,821,180	

Exhibit G9

Utilization by Age

