

Understanding Your Renewal Report

Sample of PAK Renewal

MESSA www.messa.org 1475 Kendale Boulevard, PO Box 2560 East Lansing, MI 48862-2560 800.292.4910		2010 Rate Renewal Exclusively for ABC Schools Renewal Effective 07/01/2010		Quote #: 555555 MESSA Field Rep: Jane Teacherfriend Date Created: 00/00/2010
PAK A - 000A Administration		2009-10 Rates	Enrollment	2010-11 Rates
Medical:	MESSA Choices II		Single: 1	\$682.88
OV/UC/ER Copay:	\$5/\$10/\$25		2-Person: 1	\$1,534.60
RX Drug Copay:	\$10/\$20		Family: 6	\$1,704.95
Deductible:	In-\$0, Out-\$250/\$500			
Riders Included:	None			
Composite:		\$1,465.86		
Dental:			Single: 1	
Class I:	80%		2-Person: 1	
Class II:	80%		Family: 6	
Class III:	80%			
Annual Max:	\$1,000			
Class IV:	0%			
Lifetime Max:	\$0			
Riders:	2 Cleanings			
Composite:		\$82.00		\$90.20
Vision:	VSP 3 Plus		Single: 1	
			2-Person: 1	
			Family: 6	
Composite:		\$30.48		\$30.77
Life Insurance:	1.5X Salary		8	
Rate/\$1000				\$0.21
Volume				\$965,000.00
Composite:		\$23.78		\$25.33
AD&D Coverage:	1.5X Salary		8	
Rate/\$1000				\$0.03
Volume				\$965,000.00
Composite:		\$3.57		\$3.62
Total Monthly Rate per Member		\$1,605.69		
Total Monthly Rate per Member - Single				\$832.80
Total Monthly Rate per Member - 2-Person				\$1,684.52
Total Monthly Rate per Member - Family				\$1,854.87
PAK A COBRA RATES:				
	Medical		Single	\$681.38
			2-Person	\$1,533.10
			Family	\$1,703.45
	Dental		Single	\$90.20
			2-Person	\$90.20
			Family	\$90.20
	Vision		Single	\$30.77
			2-Person	\$30.77
			Family	\$30.77

The above rates are based on plans and enrollment as of 03/03/2010. Rates will be guaranteed for 12 months for plans which remain in compliance with MESSA Underwriting and Rating guidelines. Material changes in the composition of the group such as number of enrollees, definable group, eligibility requirements or plan may require re-calculation of rates.

Key:

1 → Date the rates become effective

2 → Benefit plan detail for group

3 → Enrollment on the date renewal processed

4 → PAK rates billed monthly per member by coverage level

5 → COBRA rates by coverage level

6 → Rate guarantee and date renewal processed

Sample of **Non-PAK** Renewal



2010 Rate Renewal Exclusively for
ABC Schools
 Renewal Effective 07/01/2010 ← **1**

Quote #: 555555
 MESSA Field Rep: Jane Teacherfriend
 Date Created: 00/00/2010

NON-PAK - 000A Administration		2009-10 Rates	Enrollment	2010-11 Rates
Medical:	MESSA Choices II	\$ 600.00	Single: 1	\$682.88
OV/UC/ER Copay:	\$5/\$10/\$25	\$1,500.00	2-Person: 1	\$1,534.60
RX Drug Copay:	\$10/\$20	\$1,600.00	Family: 6	\$1,704.95
Deductible:	In-\$0, Out-\$250/\$500			
Riders Included:	None			
Vision:	VSP 3 Plus	\$25.53	Single: 1	\$30.77
		\$25.53	2-Person: 1	\$30.77
		\$25.53	Family: 6	\$30.77
Life Insurance:	1.5X Salary	\$0.20	8	\$0.21
Rate/\$1000				\$965,000.00
Volume				
AD&D Coverage:	1.5X Salary	\$0.03	8	\$0.03
Rate/\$1000				\$965,000.00
Volume				

4 → NON-PAK COBRA RATES:

Medical	Single	\$681.38
	2-Person	\$1,533.10
	Family	\$1,703.45
Vision	Single	\$30.77
	2-Person	\$30.77
	Family	\$30.77

5 → **Important Note** → The above rates are based on plans and enrollment as of 03/03/2010. Rates will be guaranteed for 12 months for plans which remain in compliance with MESSA Underwriting and Rating guidelines. Material changes in the composition of the group such as number of enrollees, definable group, eligibility requirements or plan may require re-calculation of rates.

Key:

- 1** → Date the rates become effective
- 2** → Benefit plan detail for group
- 3** → Enrollment on the date renewal processed
- 4** → NON-PAK COBRA rates by coverage level
- 5** → Rate guarantee and date renewal processed



1475 Kendale Blvd., P.O. Box 2560 • East Lansing, Michigan 48826-2560

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March 31, 2010

To: MESSA Accounts / Business Offices

From: Dick Ringstrom, MESSA Director of Marketing & Rating

Re: Improvement in Format and Presentation for MESSA PAK Renewals and Invoices

I am writing to inform you that we are implementing an improvement to the format and presentation of our PAK renewal forms and monthly invoices (invoices will reflect the improvement beginning with the July 2010 invoice).

As you know, prior to the passage of PA 106 in 2007 MESSA pooled all groups into large regional pools to spread risk and provide greater rate stability. In keeping with our pooling model, we also provided a composite, per-employee PAK rate and 2% discount for groups that chose all MESSA coverages -- medical, dental, vision, life and LTD – and bundled them together. The composite PAK rate blended the group census rather than breaking the elements down into Single, 2 Person and Full Family coverages. Given the new market created by PA 106, composite rating no longer makes sense for MESSA PAK groups (MESSA will continue to provide the 2% PAK discount).

Beginning with the 2010-2011 renewal packets issued this spring, MESSA will provide you with our PAK rate both as the traditional composite PAK rate (the rate you have always received from MESSA) and also broken down as Single, 2 Person and Full Family amounts. You will receive a rate breakdown for both medical-only coverage and combined coverages (medical, Delta Dental, life, Long Term Disability and VSP vision plans).

Beginning with your July 2010 PAK invoice, MESSA will bill each PAK account using the new breakdowns of Single, 2 Person and Full Family.

Many of our business accounts have requested that MESSA make this change. We believe the improvement will help MESSA simplify the renewal process, allow us to issue quotes faster, better align MESSA renewals with current industry standards, and make our renewals easier to use and understand.

Important Note: MESSA is aware that some accounts may have contractual provisions or other factors that will require a traditional composite rate rather than a three-tier rate. In your renewal packet you will find a rate summary sheet that includes the composite rate. Beginning July 1, 2010 your monthly invoices will present tiered rates by Single, 2P and FF coverage.

In keeping with our past practice, MESSA's PAK medical rates (Single, 2P and FF) will be guaranteed for the period July 1, 2010 through June 30, 2011. Enrollment changes including staff additions and drops, and status changes (from Single to 2P, or from FF to 1P) will be processed as of the effective date, just as we have always processed them. Billing for enrollment changes will now reflect the actual change in status rather than the composite rate used previously.

Important Issues to Remember

- There is no impact on PAK rules or policies.
- The 2% discount on medical and dental plans remains unchanged.
- A PAK will still require 2 or more participants.
- The rules will still require 100% participation of eligible employees in order to create a PAK.
- There is no impact on how your renewal rates are calculated; we are only changing the presentation. MESSA's PAK rates have always been calculated based on the group's census of Single, 2 Person and Full Family coverage. We are now also providing you with the PAK rate breakout by coverage tier.
- Beginning with your July, 2010 invoice, the monthly invoice you receive from MESSA for PAK groups will feature the tiered Single, 2P and FF rates. No composite rate will be listed as it is no longer relevant to how you are billed.
- Following the 2012-2013 plan year, all MESSA renewals will feature the tiered Single, 2P and FF rates and we will no longer provide a composite amount.

Thank you. We are pleased to implement this improvement that many of you have requested. If you have questions about this improvement in our PAK renewals and invoices, please contact your Field Representative.



2010 PAK Medical Rate Summary
Forest Park Schools
 Effective 07/01/2010

Thank you for being a valued MESSA customer. Effective with the July 2010 invoice, we will begin billing PAK plans using tiered rates (single, 2-person, family). To help you with the transition to the new tiered rates in a PAK, we are providing this supplement to help you compare your current **PAK medical rates** to the new renewal rates. Below is a summary of the PAK medical rates by coverage and as a composite rate for your reference. The Composite Rate is calculated based on enrollment census. Your 2010 Rate Renewal Report provides the total monthly PAK benefit rate per coverage for all benefit plans in the PAK.

PAK A - 434A Teacher		MESSA Choices II			
<u>Coverage Level</u>	Current 2009-10		Renewal 2010-11		
	<u>Enrollment</u>	<u>Rates</u>	<u>Enrollment</u>	<u>Rates</u>	
Single	3	\$570.42	3	\$632.31	
2-Person	9	\$1,281.58	7	\$1,420.82	
Family	18	\$1,423.81	17	\$1,578.52	
Composite Rate		\$1,295.80		\$1,432.50	

PAK A - 434CG Administrators/Superint		MESSA Choices II			
<u>Coverage Level</u>	Current 2009-10		Renewal 2010-11		
	<u>Enrollment</u>	<u>Rates</u>	<u>Enrollment</u>	<u>Rates</u>	
Single	1	\$502.21	0	\$556.68	
2-Person	1	\$1,128.11	1	\$1,250.64	
Family	3	\$1,253.29	3	\$1,389.45	
Composite Rate		\$1,078.04		\$1,354.75	



**2010 Rate Renewal Exclusively for
Forest Park Schools**

Quote #: 307657
MESSA Field Rep: Barbara Frisk
Date Created: 04/01/2010

1475 Kendale Boulevard, PO Box 2560
East Lansing, MI 48826-2560
800.292.4910

Renewal Effective 07/01/2010

PAK A - 434A Teacher		2009-10 Rates	Enrollment	2010-11 Rates
Medical:	MESSA Choices II		Single: 3	\$632.31
OV/UC/ER Copay:	\$5/\$10/\$25		2-Person: 7	\$1,420.82
RX Drug Copay:	\$10		Family: 17	\$1,578.52
Deductible:	In-\$100/\$200, Out-\$250/\$500			
Riders Included:	Adult Immunizations			
Composite:		\$1,295.80		
Dental:			Single: 3	
Class I:	100%		2-Person: 7	
Class II:	85%		Family: 17	
Class III:	50%			
Annual Max:	\$1,500			
Class IV:	50%			
Lifetime Max:	\$1,500			
Riders:	2 Cleanings			
Composite:		\$98.49		\$100.48
Vision:	VSP 3 Plus		Single: 3	
			2-Person: 7	
			Family: 17	
Composite:		\$28.47		\$28.63
Life Insurance:	\$5,000		27	
Rate/\$1000				\$0.22
Volume				\$135,000.00
Composite:		\$0.90		\$1.10
AD&D Coverage:	\$5,000		27	
Rate/\$1000				\$0.03
Volume				\$135,000.00
Composite:		\$0.15		\$0.15
Total Composite Rate per Member		\$1,423.81		
Total Monthly Rate per Member - Single				\$762.67
Total Monthly Rate per Member - 2-Person				\$1,551.18
Total Monthly Rate per Member - Family				\$1,708.88
PAK A COBRA RATES:				
	Medical		Single	\$630.81
			2-Person	\$1,419.32
			Family	\$1,577.02
	Dental		Single	\$100.48
			2-Person	\$100.48
			Family	\$100.48
	Vision		Single	\$28.63
			2-Person	\$28.63
			Family	\$28.63

The above rates are based on plans and enrollment as of 03/24/2010. Rates will be guaranteed for 12 months for plans which remain in compliance with MESSA Underwriting and Rating guidelines. Material changes in the composition of the group such as number of enrollees, definable group, eligibility requirements or plan may require re-calculation of rates.



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PAK B - 434A Teacher		2009-10 Rates	Enrollment	2010-11 Rates
Dental:			Single: 0	
Class I:	100%		2-Person: 2	
Class II:	85%		Family: 2	
Class III:	50%			
Annual Max:	\$1,500			
Class IV:	50%			
Lifetime Max:	\$1,500			
Riders:	2 Cleanings			
Composite:		\$105.31		\$88.67
Vision:	VSP 3 Plus		Single: 0	
			2-Person: 2	
			Family: 2	
Composite:		\$30.48		\$30.89
Life Insurance:	\$6,000		4	
Rate/\$1000				\$0.22
Volume				\$24,000.00
Composite:		\$1.08		\$1.32
AD&D Coverage:	\$6,000		4	
Rate/\$1000				\$0.03
Volume				\$24,000.00
Composite:		\$0.18		\$0.18
Total Composite Rate per Member		\$137.05		\$121.06

PAK B COBRA RATES:

Dental	Single	\$88.67
	2-Person	\$88.67
	Family	\$88.67
Vision	Single	\$30.89
	2-Person	\$30.89
	Family	\$30.89

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PAK A - 434CG Administrators/Superint		2009-10 Rates	Enrollment	2010-11 Rates
Medical:	MESSA Choices II		Single: 0	\$556.68
OV/UC/ER Copay:	\$20/\$25/\$50		2-Person: 1	\$1,250.64
RX Drug Copay:	\$10/\$20		Family: 3	\$1,389.45
Deductible:	In-\$200/\$400, Out-\$400/\$800			
Riders Included:	Adult Immunizations			
Composite:		\$1,078.04		
Dental:			Single: 0	
Class I:	100%		2-Person: 1	
Class II:	85%		Family: 3	
Class III:	50%			
Annual Max:	\$1,500			
Class IV:	50%			
Lifetime Max:	\$1,500			
Riders:	2 Cleanings			
Composite:		\$93.74		\$105.73
Vision:	VSP 3 Plus		Single: 0	
			2-Person: 1	
			Family: 3	
Composite:		\$26.47		\$30.89
Life Insurance:	Volume As Enrolled		4	
Rate/\$1000				\$0.22
Volume				\$250,000.00
Composite:		\$10.80		\$13.75
AD&D Coverage:	Volume As Enrolled		4	
Rate/\$1000				\$0.03
Volume				\$250,000.00
Composite:		\$1.80		\$1.88
LTD Benefit	66 2/3% Max \$5,000		4	
Max Monthly Salary:	\$7,500			
Waiting Period:	60 CDMF			
Alcohol/Drug:	Same as any other illness			
Mental/Nervous:	Same as any other illness			
Soc. Sec. Offset:	Family			
Pre-Exist Cond.:	Waived			
COLA:	No			
Rate/\$100				\$1.12
Covered Salary				\$20,398.00
Composite:		\$44.24 *		\$57.11
Total Composite Rate per Member		\$1,255.09		
Total Monthly Rate per Member - Single				\$766.04
Total Monthly Rate per Member - 2-Person				\$1,460.00
Total Monthly Rate per Member - Family				\$1,598.81

* LTD Rate Note: As communicated in the summer of 2009, MESSA honored the undercharged LTD rate for the 2009-10 renewal. For your reference, the correct LTD rate would have been \$47.26.

The above rates are based on plans and enrollment as of 03/24/2010. Rates will be guaranteed for 12 months for plans which remain in compliance with MESSA Underwriting and Rating guidelines. Material changes in the composition of the group such as number of enrollees, definable group, eligibility requirements or plan may require re-calculation of rates.



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Renewal Effective 07/01/2010

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PAK A COBRA RATES:

Medical	Single	\$555.18
	2-Person	\$1,249.14
	Family	\$1,387.95
Dental	Single	\$105.73
	2-Person	\$105.73
	Family	\$105.73
Vision	Single	\$30.89
	2-Person	\$30.89
	Family	\$30.89

The above rates are based on plans and enrollment as of 03/24/2010. Rates will be guaranteed for 12 months for plans which remain in compliance with MESSA Underwriting and Rating guidelines. Material changes in the composition of the group such as number of enrollees, definable group, eligibility requirements or plan may require re-calculation of rates.



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PAK B - 434CG Administrators/Superint		2009-10 Rates	Enrollment	2010-11 Rates
Dental:			Single: 0	
Class I:	100%		2-Person: 0	
Class II:	85%		Family: 1	
Class III:	50%			
Annual Max:	\$1,500			
Class IV:	50%			
Lifetime Max:	\$1,500			
Riders:	2 Cleanings			
Composite:		\$107.70		\$112.61
Vision:	VSP 3 Plus		Single: 0	
			2-Person: 0	
			Family: 1	
Composite:		\$30.48		\$30.89
Life Insurance:	Volume As Enrolled		1	
Rate/\$1000				\$0.22
Volume				\$50,000.00
Composite:		\$9.00		\$11.00
AD&D Coverage:	Volume As Enrolled		1	
Rate/\$1000				\$0.03
Volume				\$50,000.00
Composite:		\$1.50		\$1.50
LTD Benefit	66 2/3% Max \$5,000		1	
Max Monthly Salary:	\$7,500			
Waiting Period:	60 CDMF			
Alcohol/Drug:	Same as any other illness			
Mental/Nervous:	Same as any other illness			
Soc. Sec. Offset:	Family			
Pre-Exist Cond.:	Waived			
COLA:	No			
Rate/\$100				\$1.12
Covered Salary				\$3,566.00
Composite:		\$32.12 *		\$39.94
Total Composite Rate per Member		\$180.80		\$195.94

* LTD Rate Note: As communicated in the summer of 2009, MESSA honored the undercharged LTD rate for the 2009-10 renewal. For your reference, the correct LTD rate would have been \$34.31.

PAK B COBRA RATES:

Dental	Single	\$112.61
	2-Person	\$112.61
	Family	\$112.61
Vision	Single	\$30.89
	2-Person	\$30.89
	Family	\$30.89

The above rates are based on plans and enrollment as of 03/24/2010. Rates will be guaranteed for 12 months for plans which remain in compliance with MESSA Underwriting and Rating guidelines. Material changes in the composition of the group such as number of enrollees, definable group, eligibility requirements or plan may require re-calculation of rates.



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NON-PAK - 434I Community Ed Aides		2009-10 Rates	Enrollment	2010-11 Rates
Vision:	VSP 3 Plus	\$30.48	Single: 0	\$30.89
		\$30.48	2-Person: 0	\$30.89
		\$30.48	Family: 0	\$30.89
NON-PAK COBRA RATES:				
	Vision		Single	\$30.89
			2-Person	\$30.89
			Family	\$30.89

The above rates are based on plans and enrollment as of 03/24/2010. Rates will be guaranteed for 12 months for plans which remain in compliance with MESSA Underwriting and Rating guidelines. Material changes in the composition of the group such as number of enrollees, definable group, eligibility requirements or plan may require re-calculation of rates.



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NON-PAK - 434J Community Ed Teachers		2009-10 Rates	Enrollment	2010-11 Rates
Medical:	MESSA Choices II	\$626.22	Single: 0	\$707.95
OV/UC/ER Copay:	\$5/\$10/\$25	\$1,407.13	2-Person: 0	\$1,591.01
RX Drug Copay:	\$5/\$10	\$1,563.31	Family: 0	\$1,767.62
Deductible:	In-\$0, Out-\$250/\$500			
Riders Included:	None			
<hr/>				
Vision:	VSP 3 Plus	\$30.48	Single: 0	\$30.89
		\$30.48	2-Person: 0	\$30.89
		\$30.48	Family: 0	\$30.89
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NON-PAK COBRA RATES:				
	Medical		Single	\$706.45
			2-Person	\$1,589.51
			Family	\$1,766.12
	Vision		Single	\$30.89
			2-Person	\$30.89
			Family	\$30.89

The above rates are based on plans and enrollment as of 03/24/2010. Rates will be guaranteed for 12 months for plans which remain in compliance with MESSA Underwriting and Rating guidelines. Material changes in the composition of the group such as number of enrollees, definable group, eligibility requirements or plan may require re-calculation of rates.



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NON-PAK - 434K AFSCME Support Staff		2009-10 Rates	Enrollment	2010-11 Rates
Vision:	VSP 3 Gold	\$23.45	Single: 0	\$23.76
		\$23.45	2-Person: 5	\$23.76
		\$23.45	Family: 5	\$23.76
NON-PAK COBRA RATES:				
		Vision	Single	\$23.76
			2-Person	\$23.76
			Family	\$23.76

The above rates are based on plans and enrollment as of 03/24/2010. Rates will be guaranteed for 12 months for plans which remain in compliance with MESSA Underwriting and Rating guidelines. Material changes in the composition of the group such as number of enrollees, definable group, eligibility requirements or plan may require re-calculation of rates.



MESSA[®]
www.messa.org

**Medical Renewal Report for
STATEWIDE POOLED GROUPS
Comparison to MESSA Average**

Claims Incurred Over Rating Periods:

Year 1: December 1, 2007 – November 30, 2008

Year 2: October 1, 2008 – September 30, 2009

Both Years: Paid through December 31, 2009

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Introduction

This report is intended to provide an analysis of the cost and utilization of health care services to help explain the 2010 medical rates for Statewide Pooled Groups.

IMPORTANT: The analysis is based only on individuals enrolled in MESSA's medical plan for Year 1 (12/1/2007 – 11/30/2008) or Year 2 (10/1/2008 – 9/30/2009) in the Statewide Pool.

The report contains claims **incurred** for Years 1 and 2. In both years, data includes claims **paid** through December 31, 2009.

Please Note:

1. Data for this report is NOT the same as what is provided under the Public Employees Health Benefit Act (PA 106). The reports for PA 106 contain **paid** claims/claimant information from December 1, 2007 through February 28, 2010. **Paid** claims in that report are likely to be from an earlier time period – i.e. a time period that is not relevant for calculating current rates. This rate report contains data on an **incurred** period which means that these claims actually took place in the given time period and do factor into rate calculations. Similar to the PA 106 reports, however, this report does not identify claims on an individual level and maintains MESSA's commitment to member privacy.
2. Rates are calculated using a comparison of your group's claims experience this year to your group's experience last year. All of the analysis done in this report compares your group to the MESSA average, simply to give an indication of how your group utilizes health care relative to the rest of MESSA. Rates are **NOT** calculated based on your group's experience compared to the MESSA average.
3. The extent to which this report is relevant to your district depends on your group size. Larger groups have more of their rate determined by their own claims experience. Smaller groups, however, have some of their rate determined by their claims, but a significant portion may be determined by their pooled group. For example, in the 100-499 rating group, those groups closer to 100 members will have most of their rate determined by the entire 100-499 group, rather than their own claims. Those groups closer to 499 members will have more of their rate determined by their own claims.

We hope you find this report useful, but please keep in mind - rates are calculated based on a number of factors, and not all factors are weighted equally. The data from this report alone cannot be used to determine rates.

DEMOGRAPHICS

	Year 1	Year 2
Number of Employees:	16,640	16,320

Please Note: This number is based on the average number of employees enrolled in MESSA's medical plan during Years 1 or 2. This may not match the number of employees reported in the census for renewal calculations.

Number of Covered Lives:	48,881	47,963
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	Year 1	Year 2
Ratio of Covered Lives to Employees:		

Statewide Pooled Groups:	2.9	2.9
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Total MESSA:	2.8	2.8
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	Year 1	Year 2
Percent Male (of all Covered Lives):		

Statewide Pooled Groups:	48.9%	48.9%
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Total MESSA:	48.3%	48.2%
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	Year 1	Year 2
Percent Female (of all Covered Lives):		

Statewide Pooled Groups:	51.1%	51.1%
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Total MESSA:	51.7%	51.8%
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	<u>Statewide Pooled Groups</u>		<u>Total MESSA</u>	
	Year 1	Year 2	Year 1	Year 2
Average Age:				
Employees:	44.8	44.9	45.2	45.3
Spouses:	45.9	46.0	46.0	46.1
Children:	12.5	12.4	12.6	12.5

Age Gender Breakdown:

Statewide Pooled Groups

Age Group	Percent Male	Percent Female	Percent of Total Covered Lives
0 - 14	51.0%	49.0%	23.2%
15 - 19	51.8%	48.2%	8.7%
20 - 24	49.0%	51.0%	8.3%
25 - 29	44.1%	55.9%	5.2%
30 - 34	45.8%	54.2%	6.6%
35 - 39	47.6%	52.4%	7.9%
40 - 44	46.9%	53.1%	7.9%
45 - 49	45.6%	54.4%	8.2%
50 - 54	45.9%	54.1%	9.3%
55 - 59	49.0%	51.0%	9.4%
60 - 64	57.0%	43.0%	4.2%
65 +	72.3%	27.7%	1.1%

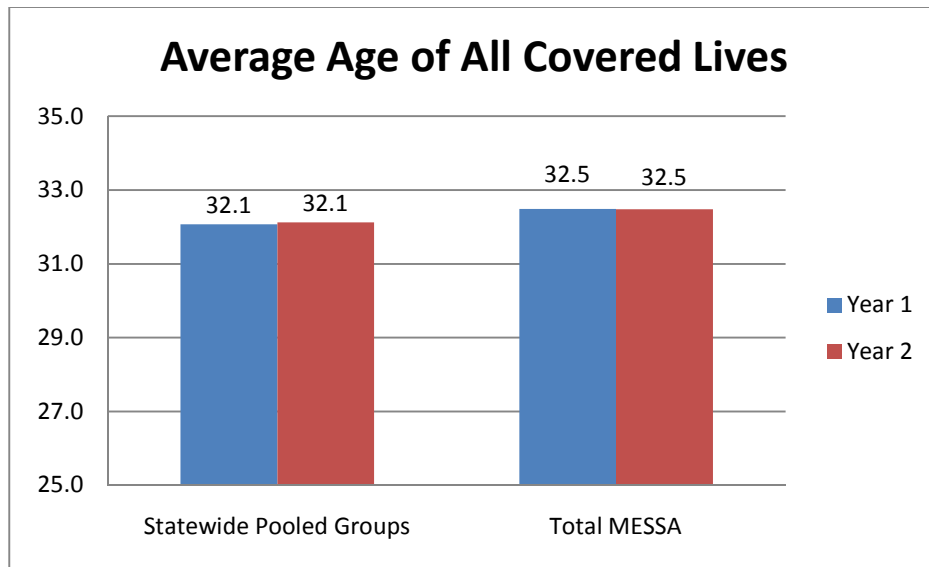
Total MESSA

Age Group	Percent Male	Percent Female	Percent of Total Covered Lives
0 - 14	51.1%	48.9%	22.7%
15 - 19	51.5%	48.5%	8.4%
20 - 24	49.3%	50.7%	8.4%
25 - 29	43.0%	57.0%	5.4%
30 - 34	44.9%	55.1%	7.0%
35 - 39	46.8%	53.2%	7.9%
40 - 44	46.0%	54.0%	7.6%
45 - 49	45.0%	55.0%	7.8%
50 - 54	44.5%	55.5%	9.1%
55 - 59	47.1%	52.9%	9.4%
60 - 64	54.1%	45.9%	4.6%
65 +	62.0%	38.0%	1.6%

Average Age – Statewide Pooled Groups

The average age of all covered lives is depicted here. Claims costs increase as age increases, generally because of increases in utilization and an increased severity of conditions. For example, older patients require more screenings to detect conditions such as cancer; and they tend to have more chronic conditions.

The percent change in health care costs by year of age is approximately 1.5%.

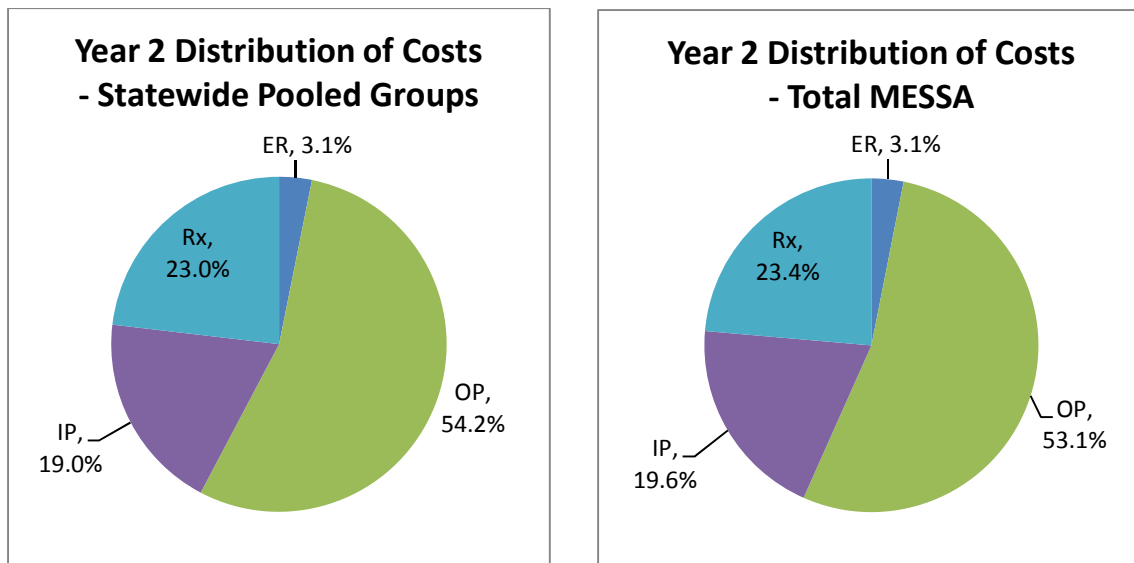


Statewide Pooled Groups has had no change in its average age and has an average age slightly younger than the Total MESSA Population.

Statewide Pooled Groups has a similar average age factor in the calculation of rates compared to last year.

Distribution of Costs – Statewide Pooled Groups

While total costs are important in determining rates, so is the distribution of costs. Determining where and how spending occurs gives some indication as to the severity of conditions in the population, thereby, helping predict future costs. For example, a high rate of inpatient hospitalizations or a high rate of emergency room visits indicates that the population in a given group has a higher level of severity. A high use of outpatient visits or prescription drugs does not necessarily indicate higher severity. In fact, when these services are used properly, they may be an indication of a well managed population. When outpatient visits or prescriptions are over-utilized, however, this leads to higher costs, and therefore adversely affects rates.

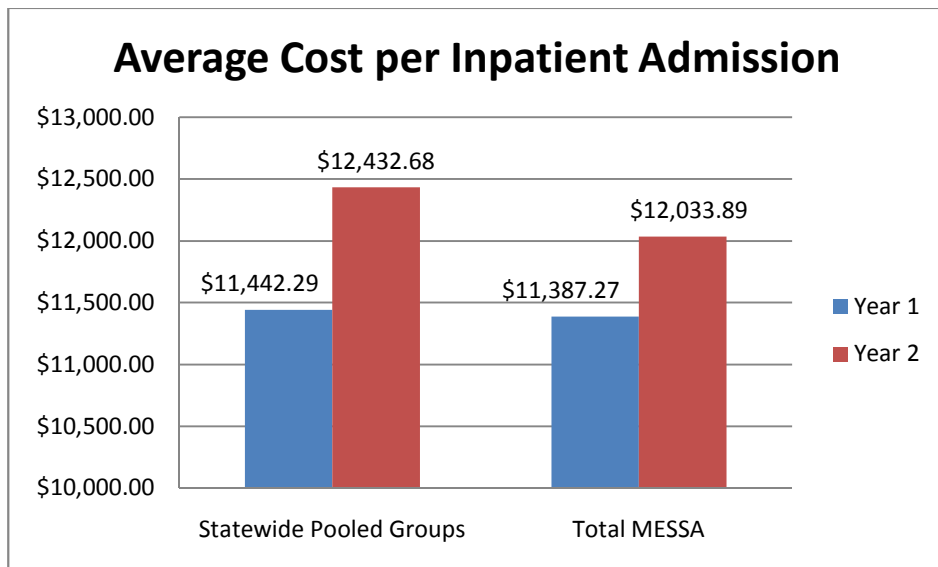
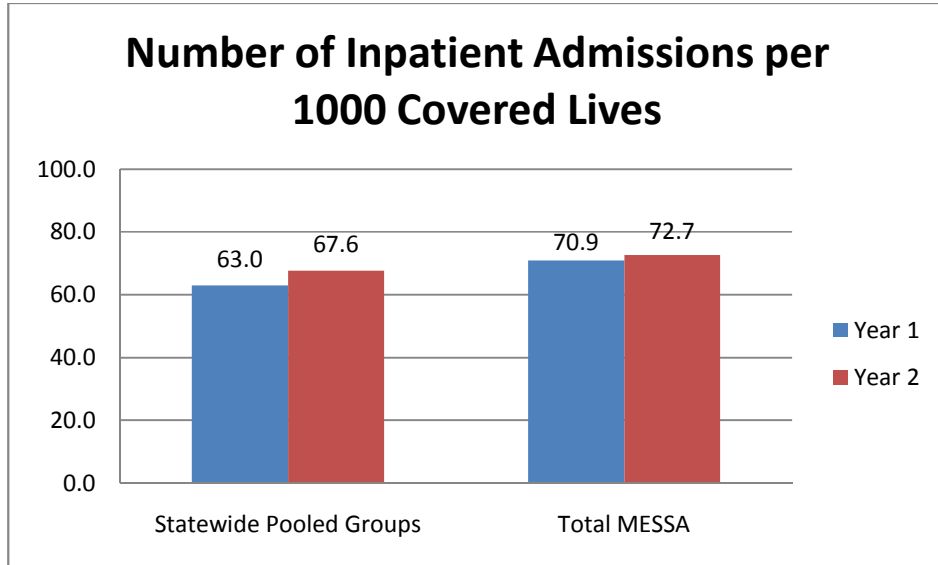


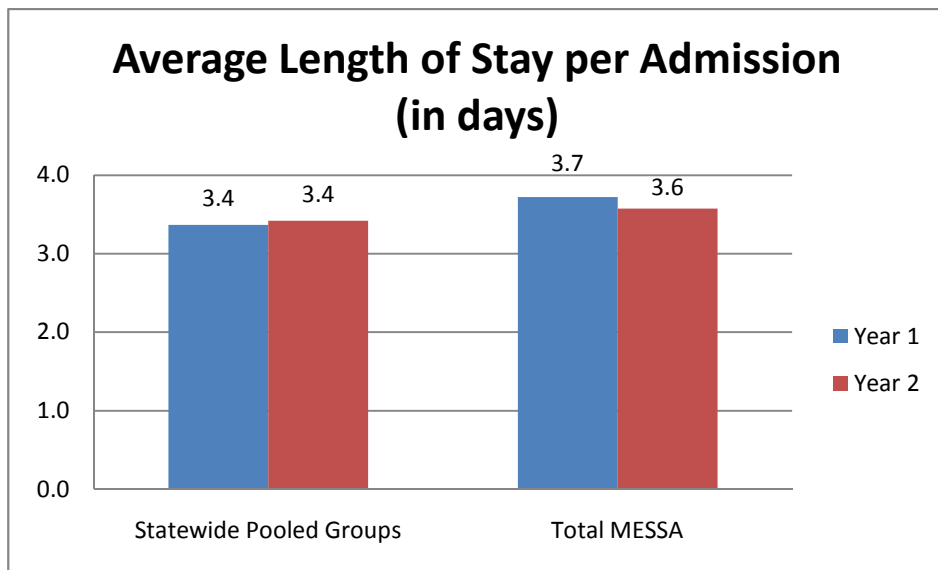
Emergency Room = ER, Inpatient = IP, Outpatient = OP, Prescriptions = Rx

Statewide Pooled Groups have higher spending on Outpatient Services than Total MESSA. Spending on Emergency Room visits is the same for Statewide Pooled Groups. Spending on Inpatient Admissions and Prescription Drugs is less for Statewide Pooled Groups than for Total MESSA.

Inpatient Admissions – Statewide Pooled Groups

As described earlier, increased inpatient admissions lead to higher rates. Inpatient admissions cost more, on average, than outpatient services and indicate a higher severity of condition in the population. The following graphs depict the utilization of inpatient hospital services through: the number of covered lives that have admissions, the average cost per admission, and the average length of stay (in days) per admission.



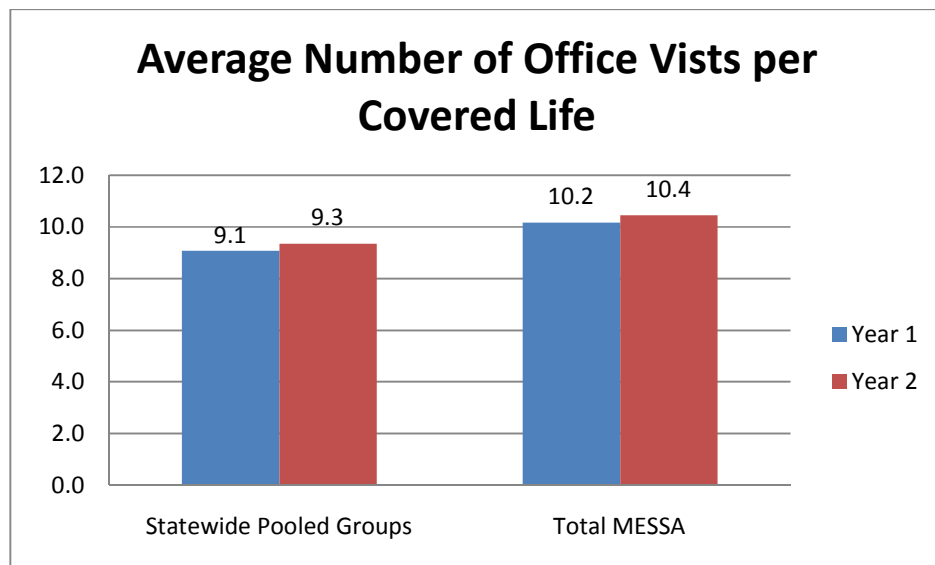


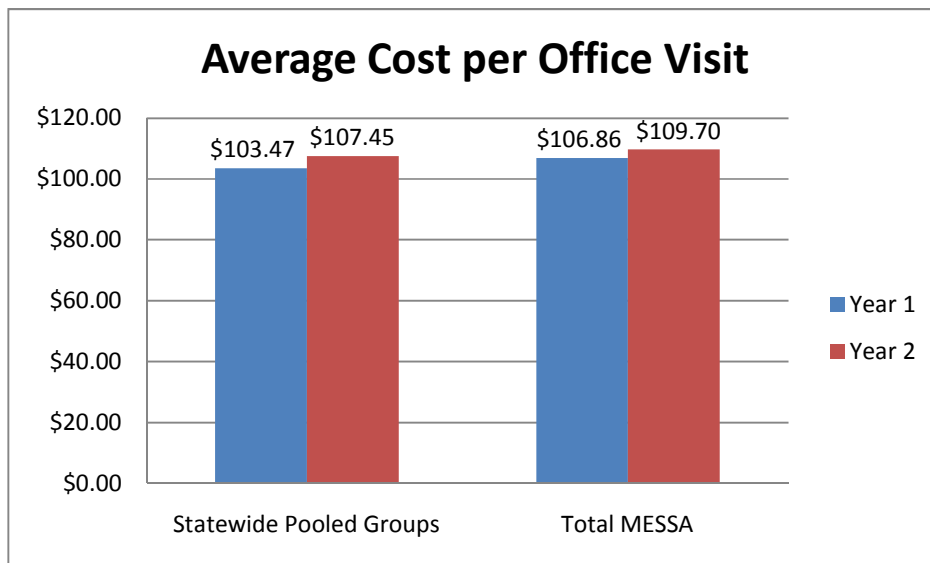
Statewide Pooled Groups have higher admissions per 1000 covered lives than it did in the previous year. The average cost per admission in Statewide Pooled Groups is approximately \$990 higher than it was last year. A higher average cost indicates that those patients being admitted from Statewide Pooled Groups have increased severity of illness compared to last year. The average length of stay per admission is similar to the average for the previous year.

Overall, the use and cost of inpatient hospital services is higher in Statewide Pooled Groups than in the previous year. The use of inpatient hospital services for Statewide Pooled Groups is lower than that of Total MESSA, while the cost per admission is higher.

Office Visits – Statewide Pooled Groups

The effect of office visits on premium rates is not clear-cut. While an increase in office visits in the short-term can lead to increased rates, in the long term these services can actually lead to reduced rates, when utilized appropriately. This is especially true when a high use of office services leads to better management of chronic conditions or to an increased use of preventive care. Better management and the use of preventive services both lead to reduced severity of illness and, thereby, reduced rates.

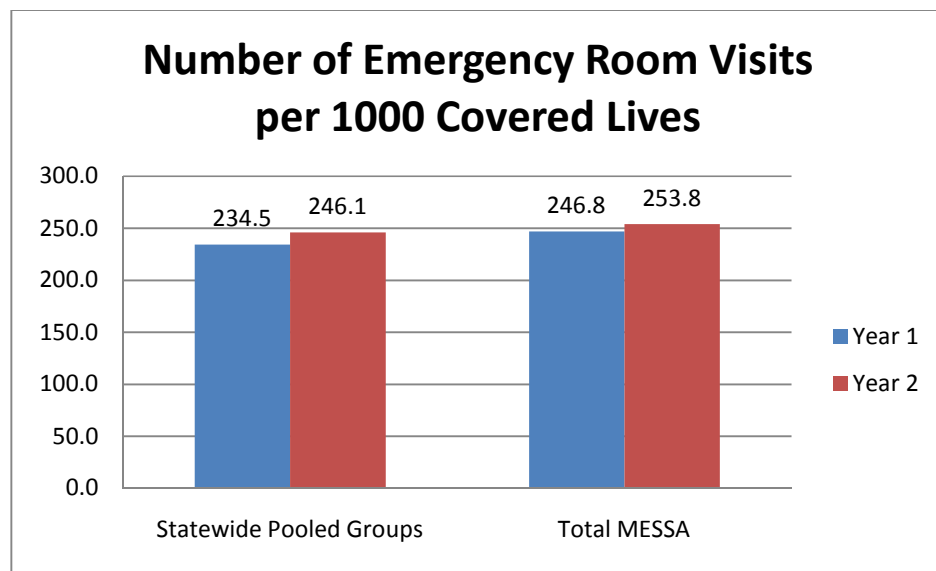


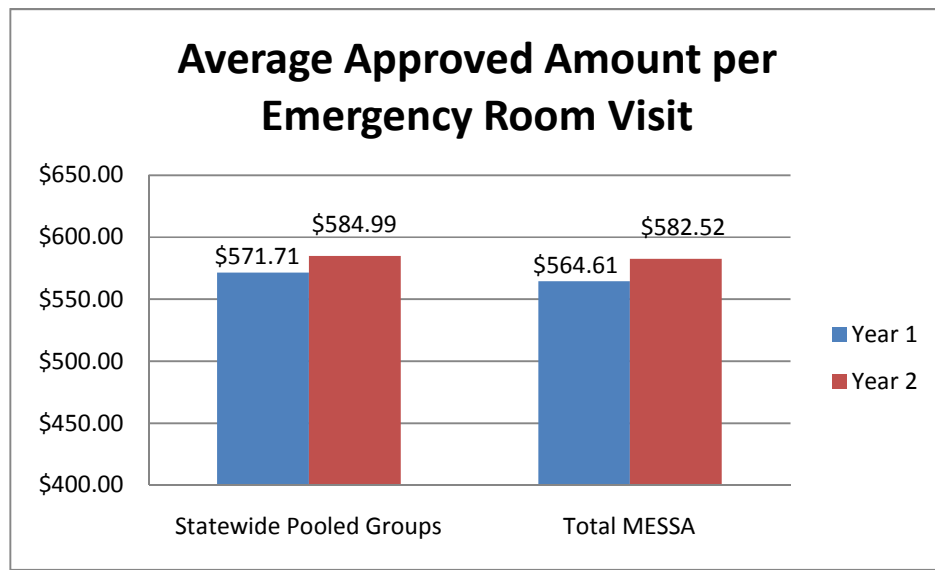


Statewide Pooled Groups have a similar average number of office visits per covered life compared to last year. The cost per office visit was slightly lower in Year 1 compared to Year 2.

Emergency Room – Statewide Pooled Groups

The extent of emergency room use provides an indication as to how members are utilizing the health care system. Since care in the emergency room costs more, a high use of emergency room visits may increase rates. The cost per emergency room visit is important because it reveals, to some extent, the severity of each case. Higher average costs show that the average patient in a district generally has worse health status. In fact this may be an indication that patients are avoiding treatment of health conditions, until they are forced to use emergency room services. High utilization coupled with lower costs per visit indicates those patients using the emergency room are doing so for less severe conditions. Using other resources, such as Urgent Care or MESSA's 24/7 Nurse Line, could help in reducing costs for the emergency room and, thereby, may lead to reduced rates.



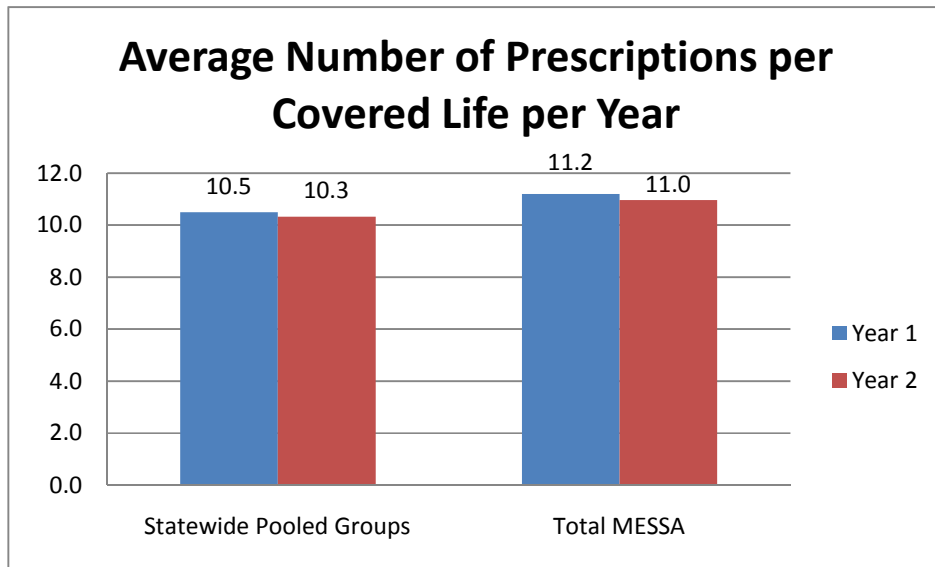


Statewide Pooled Groups have had an increase in the number of emergency room visits per 1000 covered lives. The average cost of emergency room services in Year 2 for Statewide Pooled Groups was higher than that for Year 1. Costs in Year 2 were similar to the Total MESSA average.

Prescription Drugs – Statewide Pooled Groups

As with office visits, the use of prescription drugs does not have a clear cut impact on rates. Inappropriate use and over-utilization does lead to higher rates. However, when used properly, prescription drugs can also reduce the cost of health care by preventing the need for more invasive treatments.

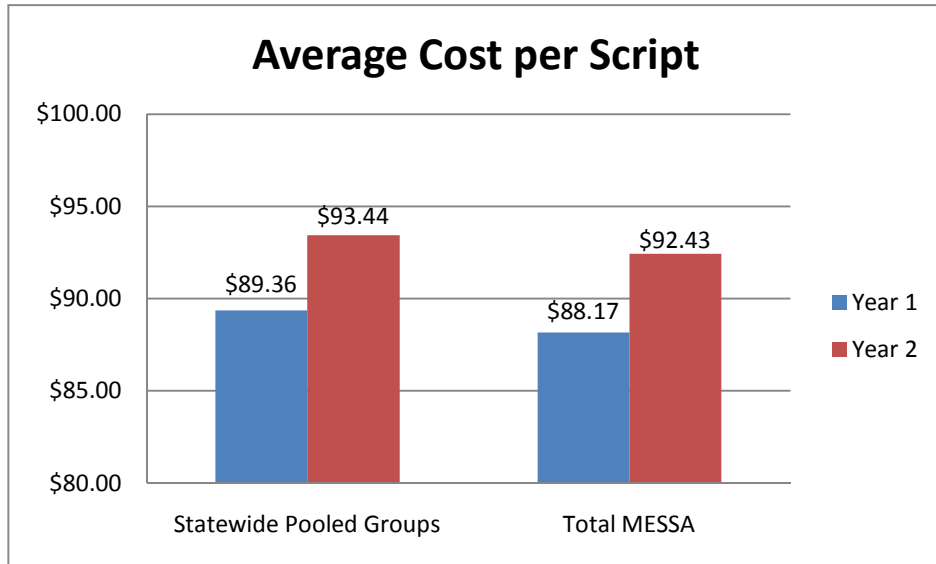
Rates are adversely affected when the cost per prescription is higher than average, such as the case with Brand Names. The following graph depicts the average number of prescriptions per covered life.



Statewide Pooled Groups have had a similar number of average prescriptions per covered life between Year 1 and Year 2. The average number of scripts per covered life is slightly lower than the average number of scripts for Total MESSA.

Average Cost per Prescription – Statewide Pooled Groups

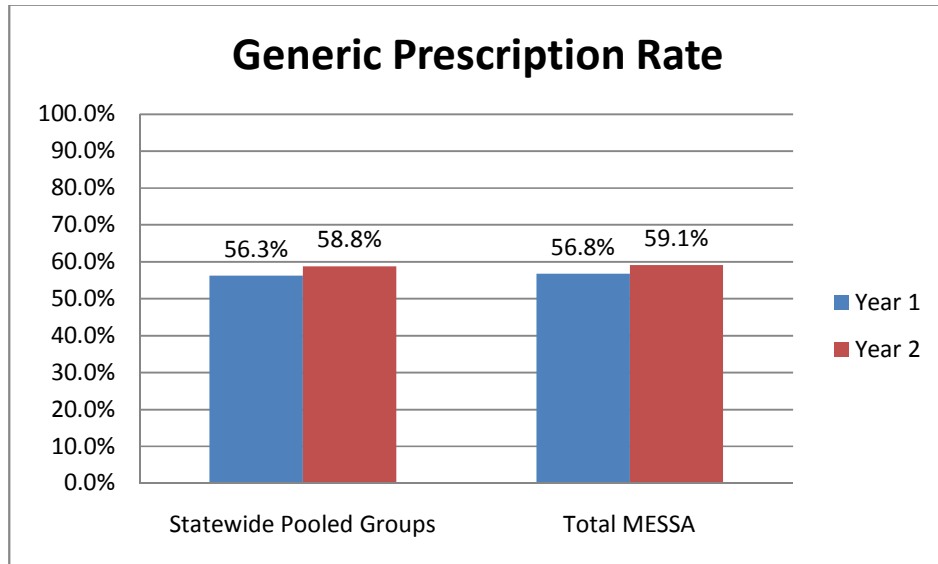
As the average cost per prescription increases, so do rates. The following graph depicts the average plan costs per prescription (copayments are not included).



The average cost per prescription in Statewide Pooled Groups for Year 2 is \$4.08 more than Year 1 and it is similar to the average cost per prescription for Total MESSA.

Generic Utilization – Statewide Pooled Groups

A higher utilization of generic drugs indicates an efficient use of dollars spent on prescriptions - since generics cost less and are equally effective to their brand name counterparts. The following graph depicts the utilization rate of generic medications.

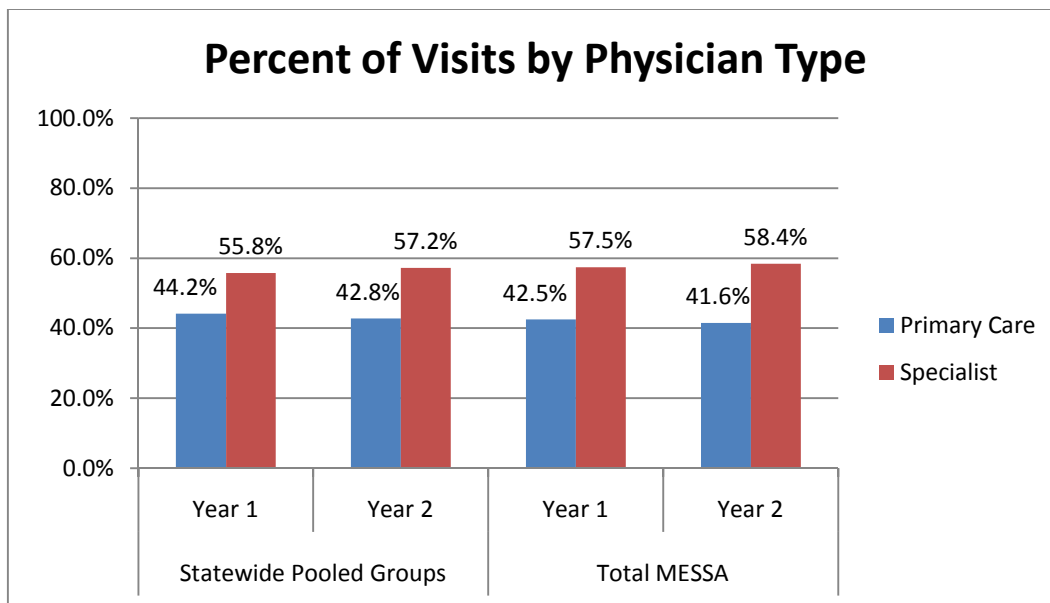


Statewide Pooled Groups had an increase in the utilization of generic drugs between Year 1 and Year 2. In addition, Statewide Pooled Groups' use of generics is similar to the Total MESSA population.

Providers: Primary Care vs. Specialist – Statewide Pooled Groups

The number of visits is likely to be higher with specialist physicians because there is typically a greater supply of these types of providers in the health care market.

Specialist physicians generally have higher charges than primary care physicians. A high use of specialists increases overall costs and also indicates increased levels of severity for conditions.



Statewide Pooled Groups have had an increase in the percentage of office visits with specialist physicians over the two years of claims data. Statewide Pooled Groups' percentage of office visits with specialist physicians is lower than the percentage of office visits with specialists for Total MESSA.

Recommendations

- **URAC Accredited MESSA Member Education Support Programs** for Asthma, Cardiovascular Health, and Diabetes can help patients with these conditions manage their illnesses better, avoid hospitalizations, and reduce severity.
- An increased use of **generic medications** will help lower prescription costs.
- **Preventive Visits** – All preventive visits are covered by MESSA at 100%. These visits help in early detection, which lowers complication rates and severity levels, thereby reducing costs.
- **MESSA's Wellness Consultant** can help develop these types of initiatives in your district. We also offer a wellness program tool kit as well as other services. Overall wellness initiatives can help in detecting illness at an earlier stage so that patients can be treated more effectively. Examples of wellness initiatives include:
 - *Health Assessments* – to provide awareness to individuals of possible health risks and illnesses.
 - *Program Development* – in creation of wellness programs, education, and team building.
- **MESSA Healthy Expectations** provides support for expectant mothers. When a mom-to-be enrolls in the program she will receive a simple health assessment questionnaire to complete and return. Healthy Expectations will then send a guide book and a customized response providing information on health guidelines for pregnant women.
- **MESSA Nurse Line** is a health information line staffed around the clock by registered nurses trained to answer medical questions and offer guidance.
- **URAC Accredited MESSA Medical Case Management** is a unique program tailored to meet the medical needs of our members who may need extraordinary care if diagnosed with a catastrophic illness or injury through direct involvement in the management of care.