

STATE OF UTAH
COMPREHENSIVE HEALTH INSURANCE POOL



FISCAL YEAR 2009 ANNUAL REPORT
TO THE UTAH STATE LEGISLATURE

Gary Herbert
Governor

Elizabeth Hunter
Chairperson of the Board

December 16, 2009

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) 2009 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 2009 Annual Report contains the following highlights:

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

As HIPUtah enters its 19th year of service, it provides health care coverage to approximately 3,839 individuals. These individuals are medically uninsurable and, without the program, are exposed to the risk of catastrophic medical expenses.

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

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

Sincerely,



Elizabeth Hunter
HIPUtah Board Chair

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EXECUTIVE SUMMARY

FY Ending June 2009

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 3,839 “high risk” individuals as of June 30, 2009, 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	3,839 Members as of June 30, 2009

Total Revenue	\$30,753,758	%	Total Expenses	\$30,275,384	%
Premiums	\$20,452,889*	67%	Medical Claims	\$23,009,292	76%
Appropriations	\$9,300,000	30%	Pharmacy Claims	\$ 5,449,569	18%
Others	\$ 1,000,869	3%	Administration	\$ 1,816,523	6%

* Includes \$1.4 million of federal grant dollars for premium assistance.

Claim Costs 07/01/2008 – 06/30/2009		
<i>Average cost per Enrollee</i>		
Medical Claims	\$23.0 Million	\$5,994
Pharmacy Claims	\$ 5.4 million	\$1,420
Total Claims	\$28.4 Million	\$7,414

Top Diagnoses and Drug Therapies

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

Care Management & Cost Containment

- 2,378 utilization management specialty reviews; 932 case management and disease management cases.
- Provider Network savings: \$14,910,728.
- Pharmacy Network savings: 41 interventions for an average of \$5,699 for a total of \$233,648.

Benefit Plans

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

ACCOMPLISHMENTS

- Sustained reduction in SelectHealth's administrative fees and improved discount rates on HIPUtah's provider network. Savings are estimated to be approximately \$4.5 million per year; \$22.5 million over the 5 year period of the contract.
- Increased premiums, overall, by 8.5 percent for FY 2010.
- Received \$1.9 million in continued funds from the Federal Grant for FY 2009 to continue HIPUtah's Premium Assistance Subsidy (PAS) program, first implemented in January 2007.
- Implemented 2008 Legislative changes which included increasing the eligibility requirement debit points from 44 to 99.
- Assisted over 800 HIPUtah Enrollees under the Premium Assistance Subsidy Program, who without assistance would be uninsured.
- Worked with SelectHealth to provide a disease management program that focuses on a number of higher cost medical conditions such as asthma, cholesterol management, diabetes, depression management, and hypertension management. The disease management program has designed interventions for patients with these medical conditions working with their providers. These interventions have resulted in increased compliance with recommended treatments.

BACKGROUND

HISTORY AND PURPOSE OF POOL

HIPUtah plays three roles in the state of Utah:

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

In 1991, the state established the Utah Comprehensive Health Insurance Pool (HIPUtah), 31A-29-101 et. seq., 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 idea behind the Pool is to run it 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 Section 31A-30-108 turns on the willingness of the state to fund HIPUtah at an appropriate level because funding determines the line between those eligible for HIPUtah and those with automatic coverage in the private market.

Without such a commitment, the private market would have had to absorb a disproportionate number of uninsurables - - the result of which would have likely increased premiums and possibly even destabilized the individual market as a whole.

STRUCTURE AND ADMINISTRATION OF THE POOL

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

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 is in the process of evaluating bids for the administrative services contract for July 1, 2010.

HIPUTAH MISSION STATEMENT

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

GOALS

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

OBJECTIVES

HIPUtah's core strategic considerations for 2009-2010 are the continuing evaluation of HIPUtah's structure including the benefit plan(s); the underwriting and actuarial analysis to ensure that applicants are appropriately placed in the pool; the relationship to Utah's private insurance carriers; and the assurances that reserves are maintained at an appropriate level.

1. Develop plans to assure optimal access, financial resources, and public support to grow the program.
2. Implement 2009 Legislative Changes that affect HIPUtah.
3. Conduct an external evaluation on the scope of work in the administrator's contract.
4. Improve Enrollee health cost and life quality by working with the administrator or other resources to develop long term case and disease management programs for conditions such as asthma, congestive heart failure, and diabetes.
5. Implement mechanisms to increase access to health insurance for the uninsurable including premium level adjustments, low-income subsidies, and coverage for special risk families.
6. Assessment of Executive Director's role.

HIPUTAH AT A GLANCE

FINANCIAL

- HIPUtah received a total of \$9.3 million in appropriations for FY 2009 and \$8.5 million for FY 2010. This was a 21% reduction overall on HIPUtah's base budget.
- Since 1991, HIPUtah has paid approximately \$205 million in benefits for Enrollees.
- The average HIPUtah Enrollee paid an annual premium of \$5,448 in FY 2009 for these benefits in addition to deductibles and coinsurance.
- Premiums were increased by 8.5% on July 1, 2009. The average expected annual premium for FY 2010 is \$5,772. HIPUtah's HSA qualified high deductible health plan has the highest membership. Enrollment and choice of plan may cause that average to change.
- Enrollee premiums have covered almost 68% (including federal grant dollars for premium assistance) of the claims costs and administrative costs since the inception of the HIPUtah program.
- About 2.98% of program cost in FY 2009 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 6.29% of total expenses in FY 2009.
- Federal Grant funds provided \$1.4 million in FY 2009 to provide premium assistance to over 800 HIPUtah Enrollees.

ENROLLMENT

- HIPUtah provides individual health insurance for the medically uninsurable and HIPAA eligibles.
- About 35% of HIPUtah's current Enrollees are HIPAA eligible.
- The HIPUtah program has received over 17,600 applications since its inception with approximately 15,200 approved.
- By the end of FY 2008 there were 3,839 Enrollees.
- Growth has been steady through FY 2009. (See Exhibit F).
- Enrollment growth during FY 2009 was about 6.3%. In FY 2009, there were 1,416 more member months covered than in FY 2008, or an average of 118 more people.
- In FY 2009, 61% of HIPUtah Enrollees had coverage for less than three years.

HIPUTAH CHALLENGES

- **AFFORDABILITY:** Enrollee premium costs range from \$1,968 to \$11,508 per year. Some individuals are priced out of the market. The largest percentage of HIPUtah cancellations are due to cost. Future premiums are expected to increase at medical trend.
- **GROWTH:** Continuing growth of covered individuals will require the Board to carefully monitor program utilization and financial performance to ensure the program's admirable record of stability.
- **ACCESSIBILITY:** HIPUtah will continue with efforts to assure awareness, ease of application, and utilization to all residents in the State of Utah who are in need and would benefit from the HIPUtah program.
- **RESPONSIVENESS:** Changes in policy (HIPAA), availability of federal grants, health care reform, health conditions and treatment, underwriting and the individual market require HIPUtah to continuously re-evaluate its plans.
- **EFFECTIVENESS:** The Board continuously examines the role and effectiveness of HIPUtah. This process considers strategic issues, operational plans, underwriting guidelines, and changes in benefits or plan design.
- **COMMUNICATIONS:** HIPUtah has implemented marketing improvements to enhance visibility of the program and its benefits including updated program materials, brochures and newsletters to reach consumers. Methods to increase public and legislative understanding of HIPUtah's role in the community and the health care industry are currently in place.
- **DISEASE MANAGEMENT:** Many HIPUtah Enrollees have chronic and costly conditions. Asthma, congestive heart failure, diabetes and other chronic illnesses can dramatically impact cost and life quality. The HIPUtah Board has implemented a disease management program through the administrator.
- **UNDERWRITING:** HIPUtah continues to evaluate its underwriting criteria to ensure that applicants are appropriately in the Pool. An external auditor reviews the system, including a study of the relationship between the "point system" and claims cost to evaluate underwriting effectiveness.

FINANCIAL STATEMENTS AND PROJECTIONS

FY 2009 FINANCIAL REVIEW

The Utah Legislature had appropriated \$10.8 million to HIPUtah for fiscal year 2009, but this was reduced to \$9.30 million in the 2009 General Session. This reduced level of funding will produce asset decreases and the need for additional funding in future years.

HIPUtah's operating loss for fiscal year 2009 increased from \$10.55 million for fiscal year 2008 to \$11.26 million for fiscal year 2009, a 6.73 percent increase. HIPUtah's operating loss for fiscal year 2009 exceeded state appropriations of \$9.30 million by \$1.96 million. Investment income and federal grants covered this difference producing the small increase in net assets at June 30, 2009.

HIPUtah continues to have operating expenses greater than premium revenue. The operating loss of \$11.26 million in fiscal year 2009 exceeded the prior year amount by \$0.71 million. The main reason for the increased loss was HIPUtah's average drug and medical claim costs per person per month during fiscal year 2009 increased 9.12 percent from the prior year due to claims exceeding premiums. Due to the nature of high risk pools like HIPUtah, which covers the uninsurables of the State of Utah, there can be large variations in the average claim costs from year to year. This is not unusual for a small population such as HIPUtah. The increase in claim cost per Enrollee was less than medical market trends, due to increased enrollment in HIPUtah's higher deductible plans.

Another reason for the increase in operating loss from the prior year is that premiums paid by Enrollees decreased by \$1.44 million due to the Premium Assistance Subsidy program. These premiums were discounted by HIPUtah for qualifying lower income Enrollees and funded by a federal grant instead.

HIPUtah enrollment also increased in fiscal year 2009. Enrollment was 3,627 in June 2008 and by June 2009 enrollment had increased to 3,856, a 6.30 percent increase from the prior year. In comparison, enrollment for fiscal year 2008 increased 7.40 percent from the prior year.

An overall increase in premiums of approximately 6 percent was implemented on July 1, 2008. This was done to help cover increases in drug and medical costs. HIPUtah's \$5,000 qualified High Deductible Health Plan (HDHP) helps retain lower cost Enrollees. At the end of fiscal year 2009, 1,379 out of 3,856 Enrollees chose to move to the HDHP. Due to this movement after the premium increase, the average premium actually paid increased 2.33 percent during fiscal year 2009. Enrollee premiums and premium assistance from a federal grant covered 67.56 percent of claims and administrative costs for fiscal year 2009.

Following is information regarding HIPUtah's appropriations, premiums vs. claims, FY 2009 balance sheet and statement of revenues, expenses and changes in retained earnings:

APPROPRIATIONS through June 30, 2009

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

SUMMARY of PREMIUMS (Earned), CLAIMS (Incurred) and EXPENSES
From September 1, 1991 – June 30, 2009

FISCAL YEAR:	PREMIUM:	CLAIMS & EXPENSES:	LOSS RATIO:	OPERATING LOSS:
1992 & 1993	\$ 1,638,195	\$ 22,108,197	1.22	\$ (470,002)
1994	\$ 1,692,605	\$ 2,906,036	1.72	\$ (1,213,431)
1995	\$ 2,122,528	\$ 3,003,753	1.42	\$ (881,225)
1996	\$ 1,859,852	\$ 4,145,815	2.23	\$ (2,285,963)
1997	\$ 1,734,669	\$ 3,767,283	2.17	\$ (2,032,614)
1998	\$ 2,361,512	\$ 4,698,388	1.99	\$ (2,336,876)
1999	\$ 3,268,968	\$ 5,354,483	1.64	\$ (2,085,515)
2000	\$ 3,987,621	\$ 5,331,636	1.34	\$ (1,344,015)
2001	\$ 6,715,025	\$ 9,472,910	1.41	\$ (2,757,885)
2002	\$ 6,683,034	\$11,462,634	1.72	\$ (4,779,600)
2003	\$ 9,303,748	\$17,423,778	1.87	\$ (8,120,030)
2004	\$12,262,206	\$22,604,179	1.84	\$ (10,341,973)
2005	\$14,683,781	\$24,075,043	1.64	\$ (9,391,262)
2006	\$16,734,281	\$22,783,059	1.36	\$ (6,048,778)
2007	\$17,958,543	\$24,050,924	1.34	\$ (6,092,381)
2008	\$18,737,059	\$27,778,342	1.48	\$ (9,041,283)
2009	\$20,452,889	\$30,275,384	1.48	\$ (9,822,495)
Since Inception:	\$142,196,516	\$221,241,844	1.56	\$ (79,045,328)

BALANCE SHEET
June 30, 2009 (audited)

ASSETS: Cash and Cash Equivalents \$34,832,329 Premiums A/R 15,524 Benefit Claims Refunds <u> 7,197</u> Total Assets <u><u>\$34,855,050</u></u>	LIABILITIES: Benefit Claims Liability \$2,637,922 Unearned Premiums 299,108 Accounts Payable <u>397,069</u> Total Liabilities <u><u>\$3,334,099</u></u> NET ASSETS: <u><u>\$31,520,951</u></u>
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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
June 30, 2009 (audited)

	FY 2009	FY 2008
Operating Revenues:		
Charges for Premiums	\$19,012,061	\$17,227,327
Total Operating Revenue	<u>19,012,061</u>	<u>17,227,327</u>
Operating Expenses:		
Program Administrative Fees	1,690,958	1,594,974
Benefit and Drug Claims and Changes in Actuarial Estimates	28,370,474	25,995,913
Other Professional and Technical Services	<u>213,952</u>	<u>187,455</u>
Total Operating Expenses	<u>30,275,384</u>	<u>27,778,342</u>
Total Operating Loss	<u>(11,263,323)</u>	<u>(10,551,015)</u>
Non-Operating Revenues (Expenses):		
Investment Income	900,869	1,444,965
Federal Grant for Low Income Premium Waiver Program	<u>1,440,828</u>	<u>1,509,732</u>
Appropriations from the State of Utah	<u>9,300,000</u>	<u>10,800,000</u>
Other Revenue	<u>100,000</u>	
Total Non-Operating Revenues (Expenses)	<u>11,741,697</u>	<u>13,754,697</u>
Change in Net Assets	478,374	3,203,682
Total Net Assets – Beginning	<u>31,042,577</u>	<u>27,838,895</u>
Total Net Assets – Ending	<u><u>\$31,520,951</u></u>	<u><u>\$31,042,577</u></u>

FY 2010 OUTLOOK

For fiscal year 2010, HIPUtah has sufficient revenue and assets to operate. However, over the last 3 years state funding has decreased from 10.8 million to 8.5 million, while operating losses have increased from 6.1 million to 14.2 million over the same time period. Since HIPUtah's costs increase with enrollment growth and medical cost trend, a large increase in funding will be needed within 2 or 3 years.

HIPUtah ended fiscal year 2009 with \$31.52 million in net assets, which represents a 13.34 month reserve level. The total amount appropriated by the Utah Legislature for fiscal year 2010 was \$8.50 million which was a reduction of 21.30 percent from the initial fiscal year 2009 funding. With this appropriation, HIPUtah is projected to have a 9.76 month reserve level at the end of fiscal year 2010.

Consistent with the three year projections by statute, the HIPUtah Board will request a three-year ongoing funding level amount of \$9.68 million to achieve a six-month reserve level by the end of fiscal year 2013 under a 0.8 percent per month enrollment increase scenario. The requested amount of funding to maintain a six month level at the end of fiscal year 2013 is \$18.23 million. Due to the cut in HIPUtah's fiscal year 2010 budget of \$2.30 million that occurred in both the Legislative Special Session in September of 2008 and the 2009 General Session, projected reserve levels will likely be completely depleted without additional funding.

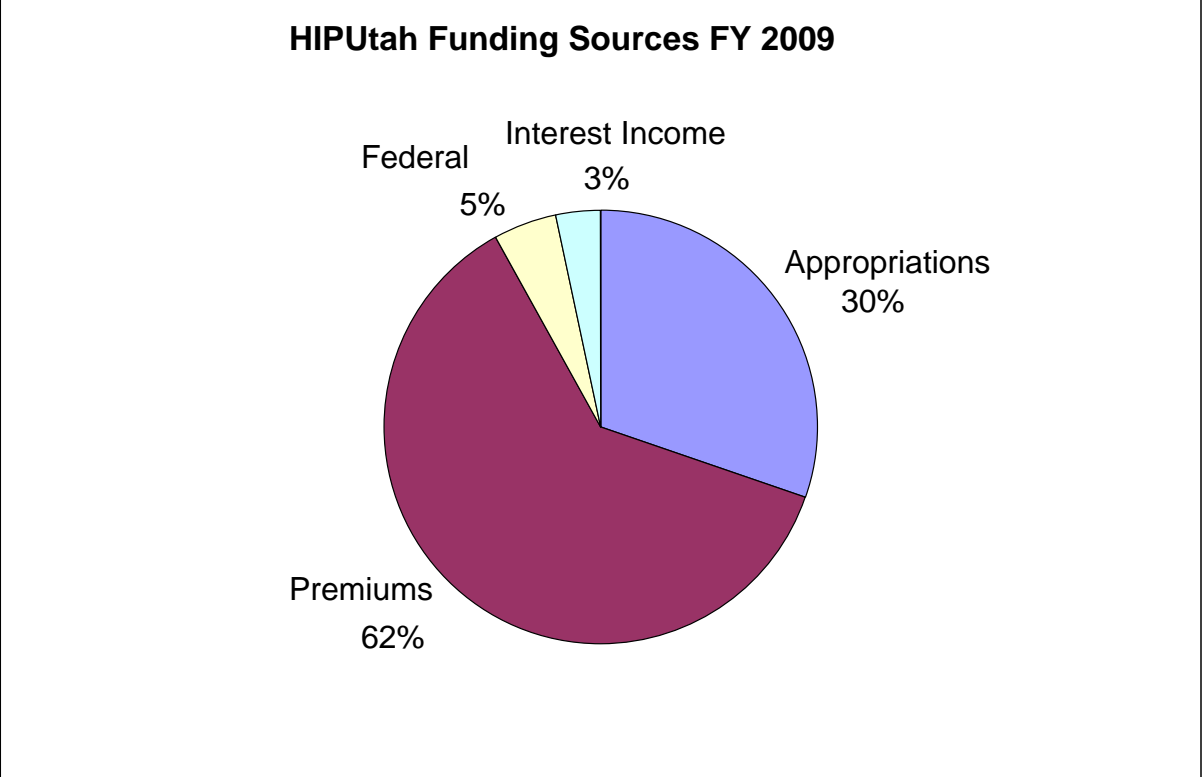
HIPUtah's medical costs, drug costs and enrollment are expected to continue to increase during fiscal year 2010. Enrollment as of June 2009 was 6.30 percent higher than the enrollment as of June 2008, and the pool is expected to grow at a 10.0 percent rate during fiscal year 2010. Medical and drug costs are expected to continue to increase during fiscal year 2010 at about 8.50 percent. The expected increase is due to price and utilization increases together with normal medical inflation. Another cause of these rising costs is the increased use of costly technology, which provides more medical care for extremely ill patients prior to their recovery or death.

State appropriations together with Enrollee premiums during fiscal year 2009 covered incurred claims and were sufficient for HIPUtah's net assets to attain the recommended six month net asset reserve level to cover unpredictable claim cost fluctuations. The Budgetary Procedures Act was amended in 2004 to help provide guidelines in adopting a budget for HIPUtah each year (see Utah Code Section 63J-1-201). Now, according to statute, HIPUtah funding should be based on sound actuarial data and appropriate management of future risk.

In addition to requesting increases in state appropriations for HIPUtah, the Board has taken action to increase funding received through premiums and federal grants, in addition to decreasing administrative costs. Effective July 1, 2009, an overall premium increase of 8.50 percent was implemented. HIPUtah will also continue to maintain its contract with SelectHealth which has resulted in lower administrator fees on a per Enrollee per month basis and has provided a better discount on the medical and drug provider network used by HIPUtah.

HIPUtah also received in fiscal year 2010 an additional \$1.91 million operational/bonus high risk pools continuation federal grant from the Centers for Medicare and Medicaid Services (CMS) of the U.S. Department of Health and Human Services making the total for this grant \$5.72 million. Due to this grant, HIPUtah will continue to provide subsidies from federal grant funds for HIPUtah Enrollees under

the Premium Assistance Subsidy program during fiscal year 2010 and part of fiscal year 2011. In fiscal year 2009, \$1.44 million of this grant was spent on the Premium Assistance Subsidy program. The remainder of the grant must be expended by December 31, 2010.



FINANCIAL PROJECTIONS

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

	Projected FY 2010	Projected FY 2011	Projected FY 2012
OPERATING REVENUE			
Charges for Premiums	\$ 20,983,996	\$ 25,923,258	\$ 32,614,046
Total Operating Revenue	<u>20,983,996</u>	<u>25,923,258</u>	<u>32,614,046</u>
OPERATING EXPENSES			
Administration Fees	2,093,800	2,321,577	2,580,394
Benefit and Drug Claims, Including Change in Claims Liability	<u>33,176,507</u>	<u>39,895,927</u>	<u>47,700,227</u>
Total Operating Expenses	<u>35,270,307</u>	<u>42,217,504</u>	<u>50,280,621</u>
Operating Loss	<u>(14,286,311)</u>	<u>(16,294,246)</u>	<u>(17,666,575)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest on Investments	1,168,754	848,765	658,750
Appropriations from the State of Utah	8,500,000	8,500,000	8,500,000
Federal Grant for Premium Assistance Subsidy	1,965,162	1,391,246	
Total Non-operating Revenues (Expenses)	<u>11,633,916</u>	<u>10,740,011</u>	<u>9,158,750</u>
Change in Net Assets	(2,652,395)	(5,554,235)	(8,507,825)
Total Net Assets - Beginning	<u>31,520,951</u>	<u>28,868,556</u>	<u>23,314,321</u>
Total Net Assets - Ending	<u>\$ 28,868,556</u>	<u>\$ 23,314,321</u>	<u>\$ 14,806,496</u>

FY 2010 premium rate represents an overall 8.5% increase in 7/01/09, based on a 10% annual enrollment growth.

KEY FACTORS USED IN FINANCIAL PROJECTIONS

Membership

HIPUtah's Consulting Actuary is projecting an annual enrollment growth of 10%.

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 8.50%. This is comparable to the trend experienced by some domestic insurers. It is possible that the trend for HIPUtah members could exceed this number. This increased trend is based on current claims experience, the reports of rate increases in the market, increased use of high technology services, and the rapid growth of overall pharmacy costs.

Premium & Investment Income

Premiums for HIPUtah were increased 8.5% overall as of July 1, 2009. HIPUtah is required by statute to evaluate premium rates each July as compared to the average increase of the five largest carriers of small employer coverage in the state. Premiums may also be reviewed each January. Premium projections assume an 8.5% premium increase for FY 2010, 2011 and 2012. Investment income earnings are projected to be about \$1.6 million annually.

Administration

Administrative costs for the program average \$37.70 per member per month for claims administration, medical management, underwriting, disease management and other administrative services. Program management and consultant fees are projected at \$222,117 for FY 2010 and \$337,762 for FY 2011.

PROFILE OF UTAHNS SERVED

WHO NEEDS HIPUTAH?

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

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

BENEFIT PLANS AND RATES

**Comparison of Benefit Plans
July 1, 2009**

BENEFITS	Option 1	Option 2	Option 3	Option 4 HDHP
Calendar Deductible	\$500	\$1,000	\$2,500	\$5,000
Out-of-Pocket Maximum	\$2,000	\$3,000	\$6,000	\$5,000
Calendar Year Maximum	\$300,000	\$300,000	\$300,000	\$300,000
Lifetime Maximum	1.5 million	1.5 million	1.5 million	1.5 million
Inpatient Hospitalization	20%	20%	20%	0%
Out-Patient Care				
• Office Visits (physician, specialists, consultant)	20%	20%	20%	0%
• Preventive Office Visits	0%*	0%*	0%*	0%*
• Lab/X-ray	20%	20%	20%	0%
• Outpatient Surgery	20%	20%	20%	0%
• Eye exams	Not Covered	Not Covered	Not Covered	Not Covered
• Chiropractic Care	Not Covered	Not Covered	Not Covered	Not Covered
Prescription Drugs				
• Deductible	\$150	\$250	\$500	**
• Coverage – Three tiered				
Tier 1	\$5 Copay	\$5 Copay	\$5 Copay	0%
Tier 2	25%	25%	25%	0%
Tier 3	50%	50%	50%	0%
Emergency	20%	20%	20%	0%
Ambulance	20%	20%	20%	0%
Mental Health				
• Inpatient (10 days)	20%	20%	20%	0%
• Outpatient (20 visits)	20%	20%	20%	0%
Transplants	20%	20%	20%	0%
Skilled Nursing Facility Care	20%	20%	20%	0%
Hospice	20%	20%	20%	0%
Waiting Periods				
Pre-existing Waiting Period	Six Months	Six Months	Six Months	Six Months
Maternity Waiting Period	Ten Months	Ten Months	Ten Months	Ten Months

- 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.

* First dollar coverage for Preventive Services.

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

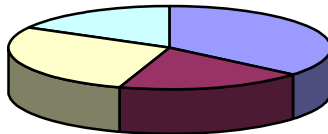
**Utah Comprehensive Health Insurance Pool Rates
(HIPUtah)**

**Effective July 1, 2009
Individual Monthly Premiums**

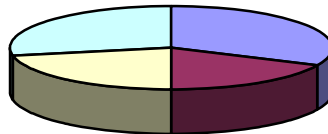
Plan	Option 1	Option 2	Option 3	Option 4
Age	\$500 Deductible	\$1,000 Deductible	\$2,500 Deductible	\$5,000 Deductible
Under 21	\$337	\$294	\$226	\$164
21-25	\$362	\$315	\$242	\$177
26-30	\$419	\$365	\$280	\$204
31-35	\$494	\$429	\$332	\$242
36-40	\$524	\$458	\$351	\$256
41-45	\$562	\$477	\$367	\$266
46-50	\$655	\$555	\$427	\$309
51-55	\$740	\$629	\$484	\$350
56-60	\$869	\$745	\$574	\$440
61-64	\$959	\$813	\$627	\$493

ENROLLMENT BY HEALTH BENEFIT PLAN
Percentage of Enrollees in HIPUtah: FY 2007 to FY 2009*

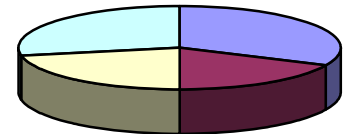
2007	2008	2009
3,343 Enrollees	3,621 Enrollees	3,839 Enrollees
36% - \$500 Deductible	32% - \$500 Deductible	29% - \$500 Deductible
19% - \$1,000 Deductible	18% - \$1,000 Deductible	18% - \$1,000 Deductible
28% - \$2,500 Deductible	22% - \$2,500 Deductible	18% - \$2,500 Deductible
17% - \$5,000 Deductible	28% - \$5,000 Deductible	35% - \$5,000 Deductible



■ \$500 ■ \$1,000
■ \$2,500 ■ \$5,000



■ \$500 ■ \$1,000
■ \$2,500 ■ \$5,000



■ \$500 ■ \$1,000
■ \$2,500 ■ \$5,000

*Numbers rounded to nearest percentage

*Average membership over the year

MEMBER PROFILE

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

- HIPUtah Enrollees reside throughout Utah in close proportion to total population distribution by county. (See Exhibit A.)
- Musculoskeletal system, immunity systems, and circulatory system diseases plus mental disorders are the most prevalent qualifying health conditions among HIPUtah Enrollees. These health problems alone are responsible for over 50% 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. Thirty-seven percent of the Enrollees have an annual income of \$40,000 or below. (See Exhibit C.) Seven percent of the HIPUtah Enrollees make under \$10,000 per year; the average premium paid is \$454 per person per month for an annual total of \$5,448; which represents over 50% of their annual income. (See Exhibit C.)
- Females comprise 60% while males comprise 40% of HIPUtah Enrollees. (See Exhibit D.)
- Most Enrollees are over 40 years of age. Approximately 7.8% of all Enrollees are children through age 19. (See Exhibit E.)
- HIPUtah enrollment has grown steadily since enrollment began in September 1991. (See Exhibit F.) The Board’s objective has been to allow steady growth, which reflects accessibility to the Pool, while being fiscally responsible. Capping enrollment today would have major consequences in the individual and small group private market.
- The percent of utilization by benefit for the HIPUtah Pool is as follows: (See Exhibit G.)

Benefit	7/2008-6/2009	7/2007-6/2008	7/2006-6/2007	7/2005-6/2006	1/2005-12/2005
Drugs	18%	20%	23%	24%	25%
Inpatient	26%	27%	27%	25%	28%
Professional	20%	20%	18%	19%	30%
Outpatient	36%	33%	32%	32%	18%

CATASTROPHIC CASES

In FY 2009 there were 41 catastrophic cases out of the HIPUtah Enrollees. An Enrollee is considered to be a catastrophic case when claim payments exceeded \$90,000 in a given year. This represents approximately 1.1% of the membership and 22% of health care expenditures, or \$6,228,307. The average cost per catastrophic case was \$151,910. (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

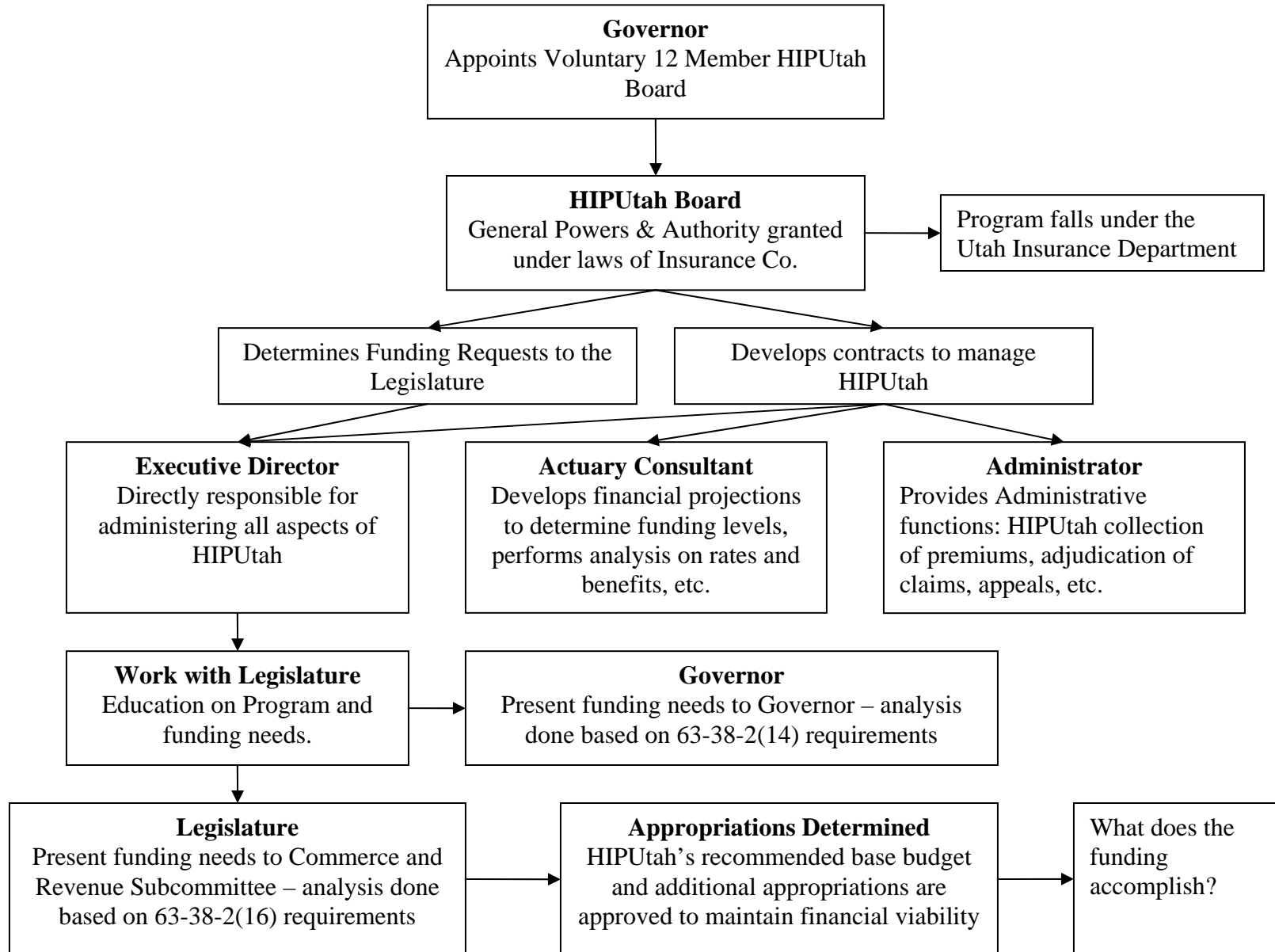
MICHAEL BAHR , CEO Altius Health Plans (Health Maintenance Organization Representative)	MATTHEW MINKEVITCH , Executive Director The Road Home (Employer Representative)
VICTOR GIBB , Chief Legal Counsel DMBA (Health Insurance Company Representative)	BYRON T. OKUTSU , Director of Managed Care University Health Care (Hospital Representative)
DOUGLAS HASBROUCK, M.D. Assistant Medical Director Regence BlueCross BlueShield Chairman of the Board (Physician Representative)	ROBERT PERRY , President Perry Financial Group (Producer, Accident & Health Representative)
ELIZABETH S. HUNTER , Deacon Cathedral Church of St. Mark (General Public Representative)	DAVID SUNDWALL , Executive Director Department of Health (Or his Designee)
IRENE LINK , President Link Communication (Person Expected to Qualify for HIPUtah)	RANDALL R. SMART , Attorney Smart, Schofield, Shorter, & Lunceford (Parent of Child Expected to Qualify for HIPUtah)
KENT MICHIE , Insurance Commissioner Utah Insurance Department (Or his Designee)	ANDY GALANO , President/CEO Educators Mutual (Health Insurance Company Representative)

ADMINISTRATIVE SUPPORT

TOMI JEAN OSSANA , Executive Director HIPUtah	JESSE LIDDELL , HIPUtah Coordinator SelectHealth (Administrator)
JIM MURRAY , HIPUtah Program Manager 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 3,839 Enrollees, whom without this program would go without health insurance.

* For every \$1 of premium paid into the Pool a \$1.56 is paid out in claims since the inception of the program.

HIPUtah protects the private health insurance market – if this program was to cap enrollment the private individual carriers would have to take on the risk of the uninsurables unless they discontinue writing new business or pull out of the market. 145,000 or more enrolled individuals may be affected.

APPENDIX III

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

Administered by SelectHealth

Exhibit A
HIPUtah Geographic Profile by County

Enrollment as of: 06/30/2009
 Report ID: HIP100

County	Enrollee Count	Percent of Total	County Population*	Percent of Total
Beaver	14	0.36%	6,294	0.25%
Box Elder	54	1.41%	47,197	1.85%
Cache	161	4.19%	98,662	3.87%
Carbon	29	0.76%	19,469	0.76%
Daggett	4	0.10%	947	0.04%
Davis	370	9.64%	276,259	10.83%
Duchesne	33	0.86%	15,701	0.62%
Emery	14	0.36%	10,698	0.42%
Garfield	6	0.16%	4,534	0.18%
Grand	22	0.57%	8,999	0.35%
Iron	77	2.01%	40,544	1.59%
Juab	6	0.16%	9,420	0.37%
Kane	14	0.36%	6,532	0.26%
Millard	11	0.29%	12,390	0.49%
Morgan	18	0.47%	8,134	0.32%
Other	24	0.63%	0	0.00%
Piute	4	0.10%	1,347	0.05%
Rich	10	0.26%	2,040	0.08%
Salt Lake	1,412	36.78%	978,701	38.38%
San Juan	13	0.34%	14,265	0.56%
Sanpete	24	0.63%	24,196	0.95%
Sevier	25	0.65%	19,640	0.77%
Summit	160	4.17%	35,469	1.39%
Tooele	36	0.94%	53,552	2.10%
Uintah	64	1.67%	27,955	1.10%
Utah	685	17.84%	464,760	18.23%
Wasatch	57	1.48%	20,255	0.79%
Washington	280	7.29%	126,312	4.95%
Wayne	12	0.31%	2,544	0.10%
Weber	200	5.21%	213,247	8.36%
Totals	3,839	100.00%	2,550,063	100.00%

* Estimated Population as of July 1, 2006 (Source U.S. Census Bureau)

Exhibit A

Geographic Distribution by County

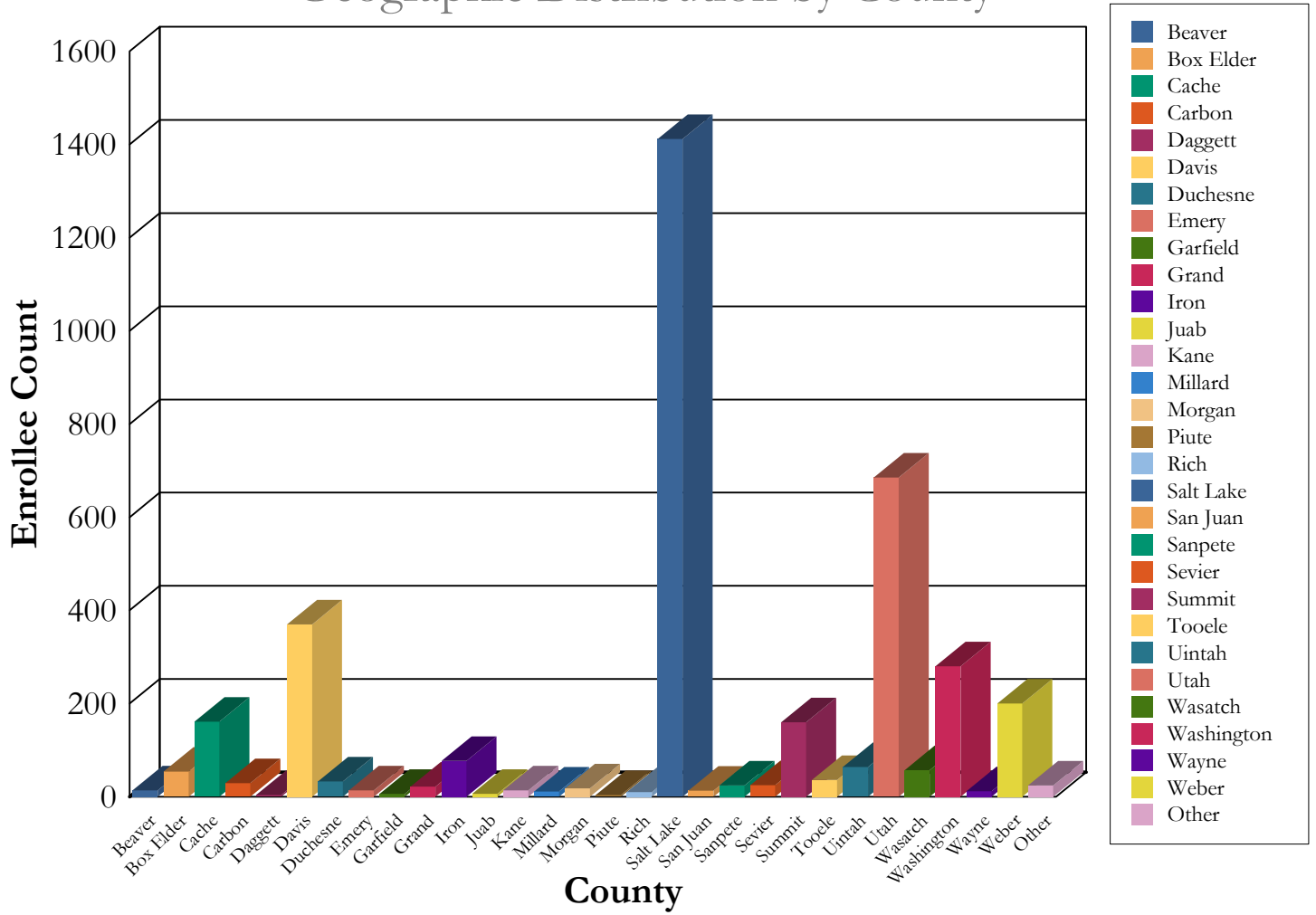


Exhibit B

HIPUtah Enrollment by Medical Conditon/Disease

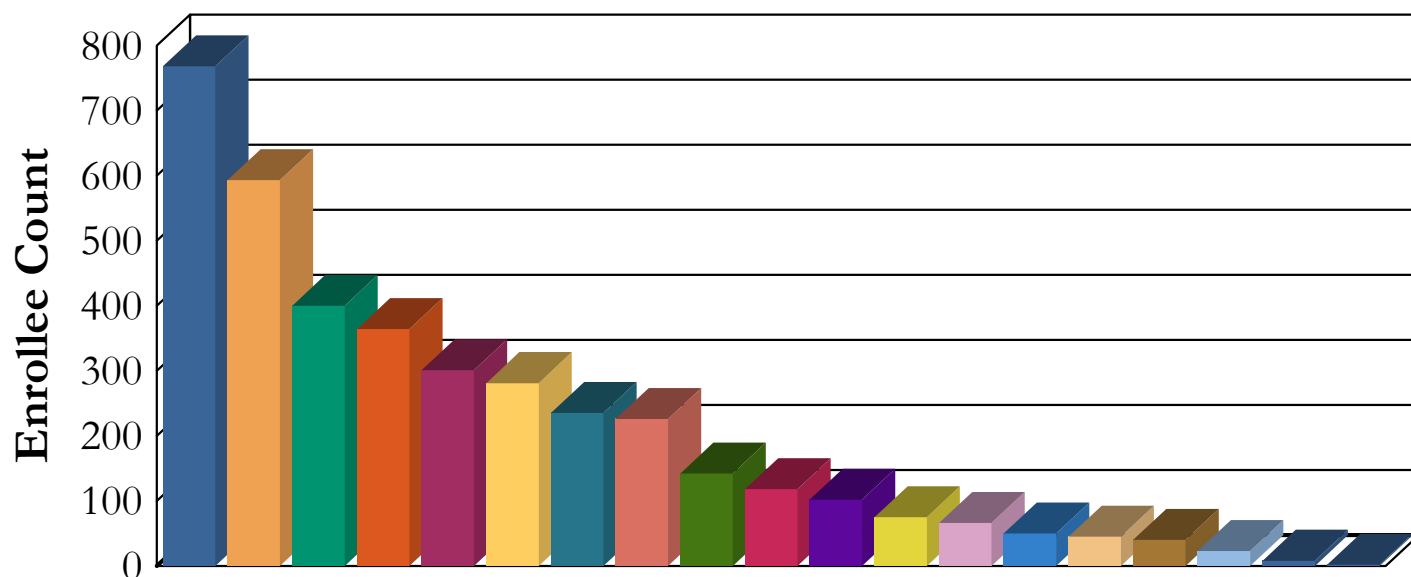
Enrollment as of: 06/30/2009

Report ID: HIP101

Condition/Disease	Enrollee Count	Percent of Total
MUSCULOSKELETAL SYSTEM	768	20.01%
IMMUNITY SYSTEMS	593	15.45%
CIRCULATORY SYSTEM	400	10.42%
MENTAL DISORDERS	364	9.48%
NEOPLASMS	301	7.84%
GENITOURINARY SYSTEM	281	7.32%
DIGESTIVE SYSTEM	235	6.12%
NERVOUS SYSTEM	226	5.89%
ILL DEFINED CONDITIONS	142	3.70%
CONGENITAL ANOMALIES	118	3.07%
RESPIRATORY SYSTEM	102	2.66%
OTHER	75	1.95%
INFECTIOUS DISEASES	66	1.72%
INJURY AND POISONING	50	1.30%
BLOOD & BLOOD FORMING ORGANS	45	1.17%
V CODES	40	1.04%
SKIN & SUBCUTANEOUS TISSUE	23	0.60%
CONDITIONS IN PERINATAL PERIOD	8	0.21%
PREGNANCY / CHILDBIRTH	2	0.05%
Total	3,839	

Exhibit B

HIPUtah Enrollment by Medical Condition/Disease



Condition/Disease

MUSCULOSKELETAL SYSTEM	IMMUNITY SYSTEMS	CIRCULATORY SYSTEM	MENTAL DISORDERS
NEOPLASMS	GENITOURINARY SYSTEM	DIGESTIVE SYSTEM	NERVOUS SYSTEM
ILL DEFINED CONDITIONS	CONGENITAL ANOMALIES	RESPIRATORY SYSTEM	OTHER
INFECTIOUS DISEASES	INJURY AND POISONING	BLOOD & BLOOD FORMING ORGANS	V CODES
SKIN & SUBCUTANEOUS TISSUE	CONDITIONS IN PERINATAL PERIOD	PREGNANCY / CHILDBIRTH	

Exhibit C
HIPUtah Annual Family Household Income Analysis

Enrollment as of: 06/30/2009
 Report ID: HIP102

Annual Income	Enrollee Count	Percent of Total
\$0 to \$9,999	272	7.09%
\$10,000 to \$19,999	340	8.86%
\$20,000 to \$29,999	367	9.56%
\$30,000 to \$39,999	455	11.85%
\$40,000 to \$49,999	363	9.46%
\$50,000 to \$59,999	309	8.05%
\$60,000 to \$69,999	249	6.49%
\$70,000 to \$79,999	224	5.83%
\$80,000 to \$89,999	150	3.91%
\$90,000 to \$99,999	126	3.28%
\$100,000 to \$109,999	123	3.20%
\$110,000 to \$119,999	61	1.59%
\$120,000 to \$129,999	62	1.62%
\$130,000 to \$139,999	51	1.33%
\$140,000 to \$149,999	29	0.76%
\$150,000 Plus	378	9.85%
Unknown	280	7.29%
Total	3,839	
Average Annual Household Income:	\$73,644	
Median Annual Household Income:	\$49,000	

Exhibit C

HIPUtah Annual Family Household Income Analysis

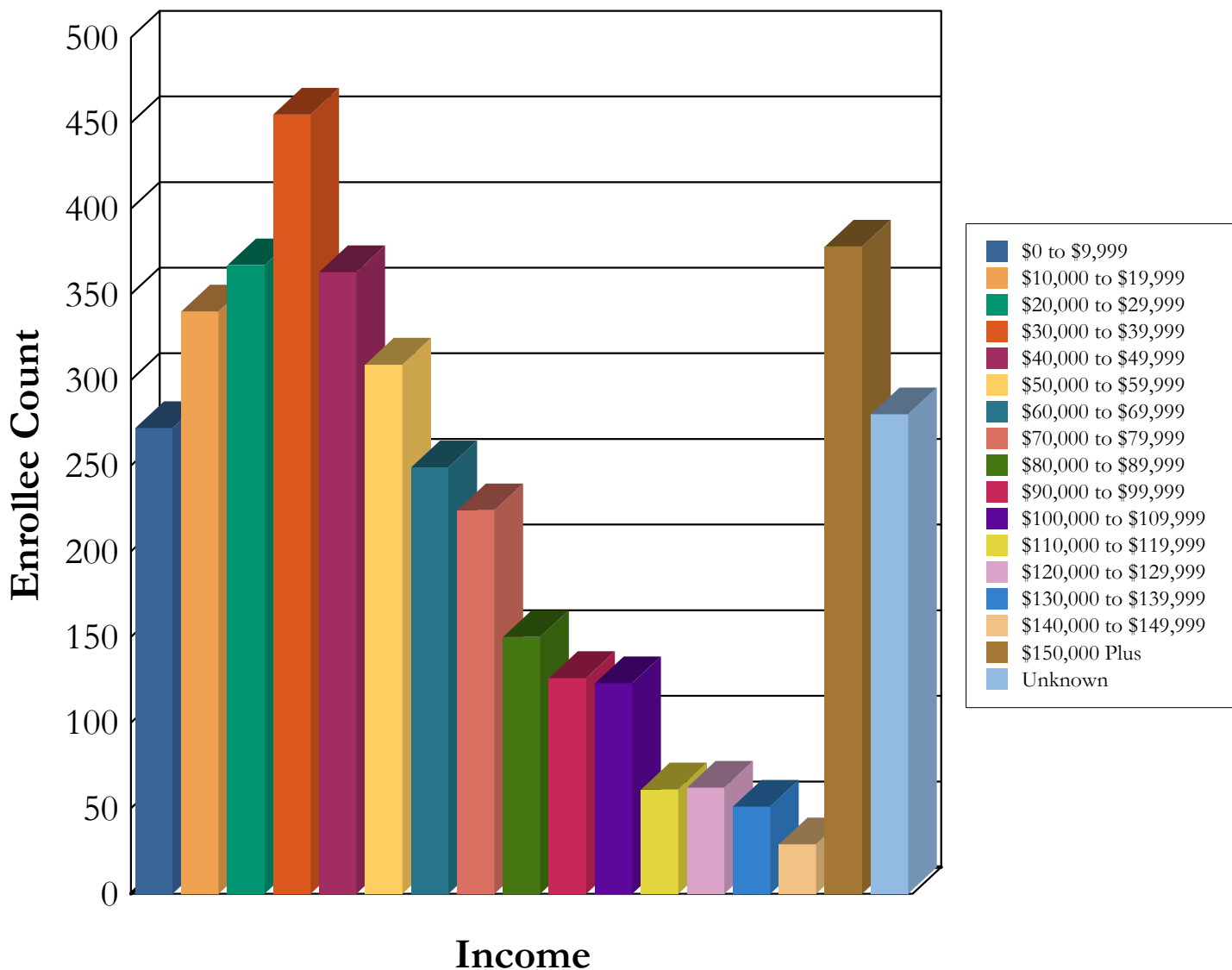


Exhibit D
HIPUtah Enrollment Male/Female by Age

Enrollment as of: 06/30/2009
 Report ID: HIP103

Age Group	Gender	Enrollee Count	Percent of Total
00 - 02	Female	11	0.29%
	Male	22	0.57%
		33	0.86%
03 - 12	Female	60	1.56%
	Male	69	1.80%
		129	3.36%
13 - 19	Female	60	1.56%
	Male	74	1.93%
		134	3.49%
20 - 25	Female	109	2.84%
	Male	73	1.90%
		182	4.74%
26 - 30	Female	177	4.61%
	Male	89	2.32%
		266	6.93%
31 - 35	Female	159	4.14%
	Male	92	2.40%
		251	6.54%
36 - 40	Female	158	4.12%
	Male	70	1.82%
		228	5.94%
41 - 45	Female	149	3.88%
	Male	118	3.07%
		267	6.95%
46 - 50	Female	234	6.10%
	Male	164	4.27%
		398	10.37%
51 - 55	Female	273	7.11%
	Male	213	5.55%
		486	12.66%
56 - 60	Female	426	11.10%
	Male	297	7.74%
		723	18.83%
61 - 64	Female	471	12.27%
	Male	267	6.95%
		738	19.22%
65 Plus	Female	1	0.03%
	Male	3	0.08%
		4	0.10%
Total		3,839	

Female	2,288	59.60%	Male	1,551	40.40%
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Exhibit D

HIPUtah Enrollment Female/Male by Age

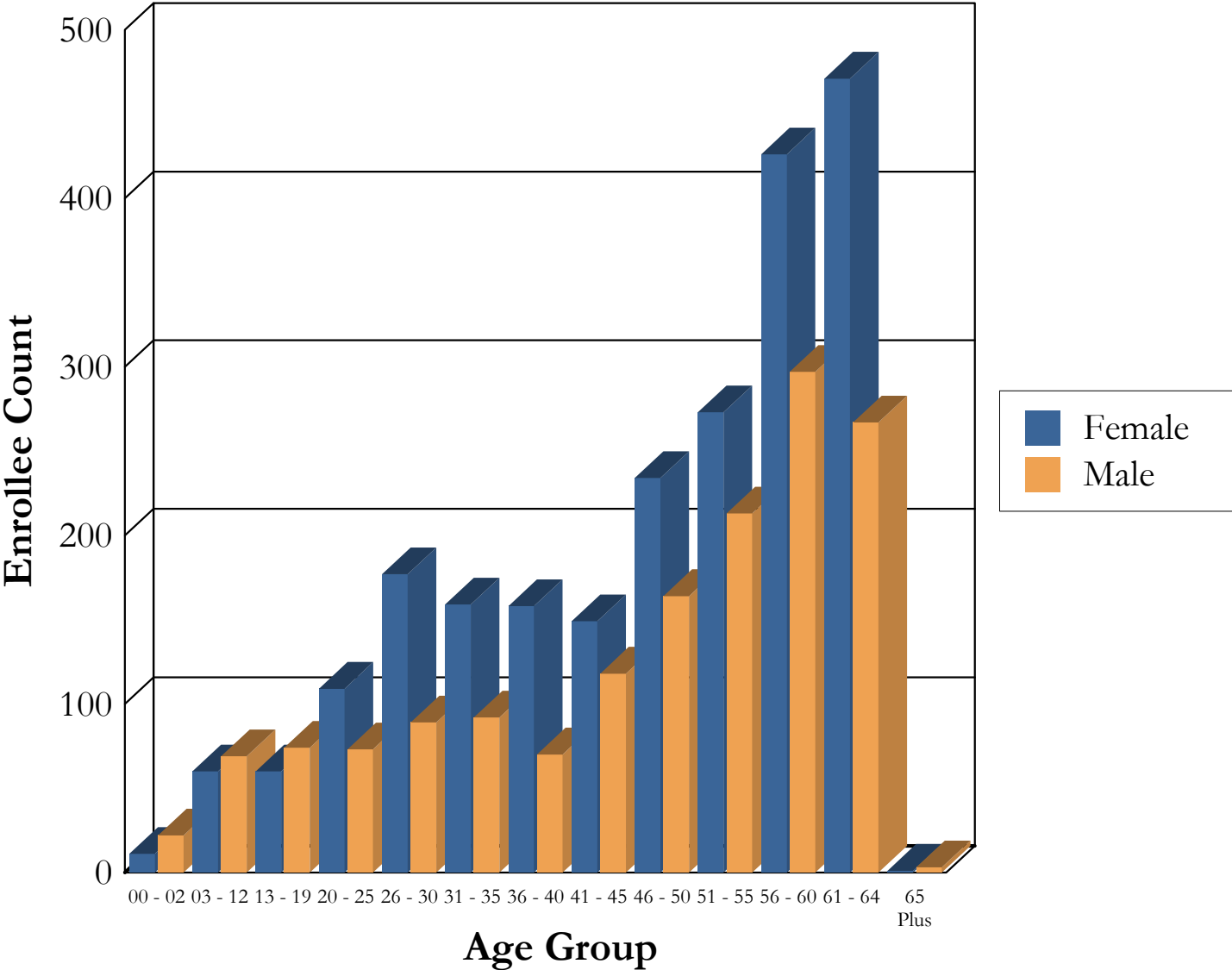


Exhibit E
HIPUtah Enrollment by Age

Enrollment as of: 06/30/2009
Report ID: HIP104

Age Group	Enrollee Count	Enrollee Count
00 - 02	33	0.86%
03 - 12	129	3.36%
13 - 19	134	3.49%
20 - 25	182	4.74%
26 - 30	266	6.93%
31 - 35	251	6.54%
36 - 40	228	5.94%
41 - 45	267	6.95%
46 - 50	398	10.37%
51 - 55	486	12.66%
56 - 60	723	18.83%
61 - 64	738	19.22%
65 Plus	4	0.10%
Total	3,839	

Exhibit E

HIPUtah Enrollment by Age

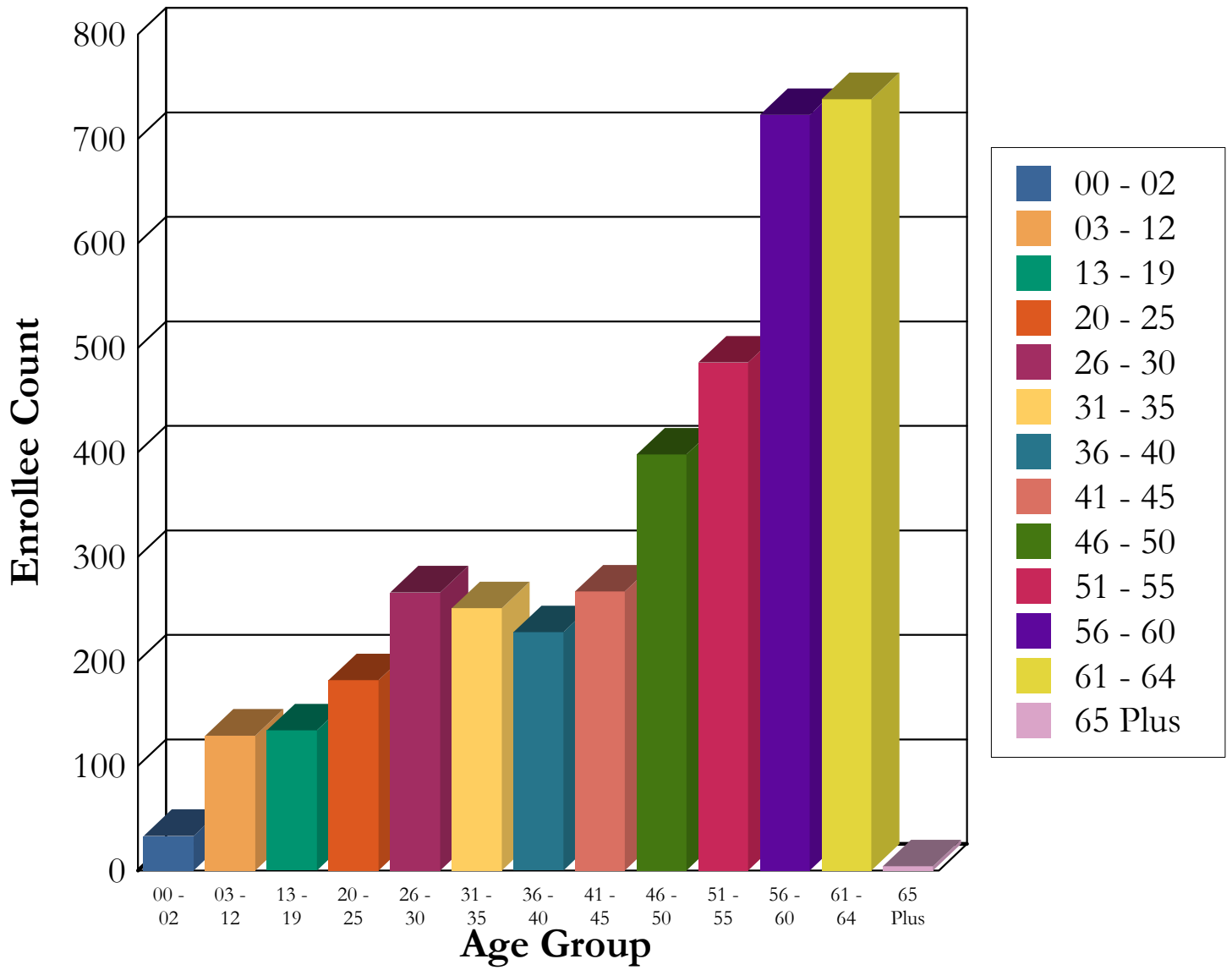


Exhibit F
HIPUtah Member Months by Fiscal Year

Enrollment From: 07/01/2008
Enrollment To: 06/30/2009
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
Total	372,814

Exhibit F

Member Months by Fiscal Year

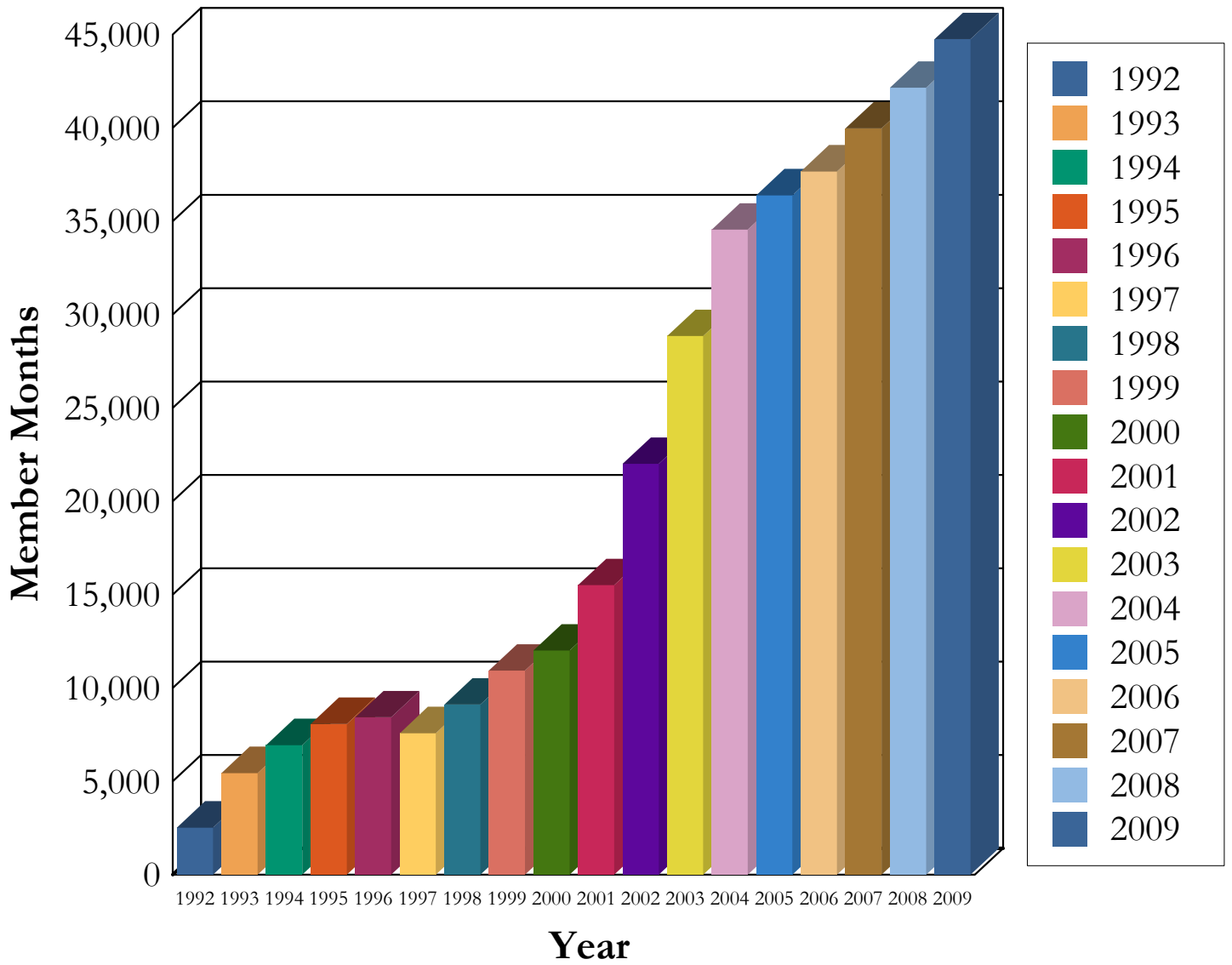


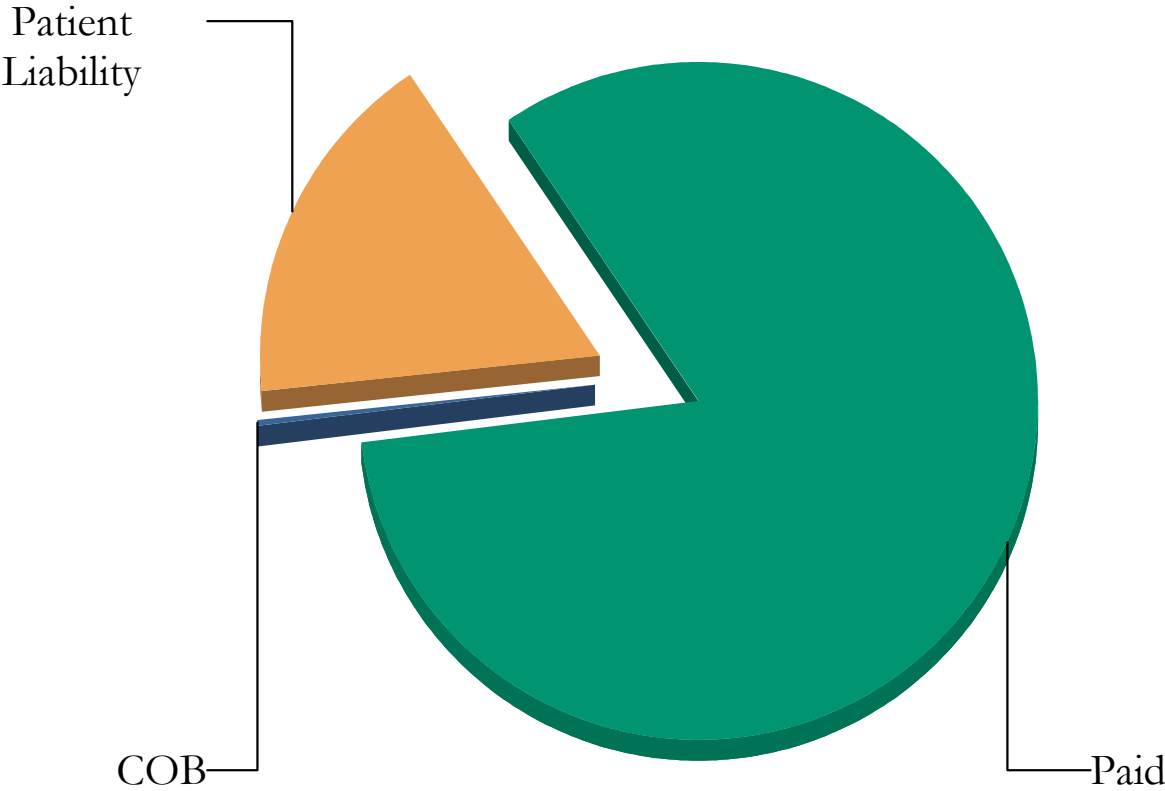
Exhibit G1
HIPUtah Payment Analysis

Incurred: 07/01/2008 to 06/30/2009
 Paid: 07/01/2008 to 10/16/2009
 Report ID: HIP106

SUBMITTED CHARGES		\$51,617,326
PRENOTIFICATION	\$132,739	
MEDICAL NECESSITY	\$16,517	
PRE-EXIST CONDITION	\$155,747	
MEDICAL POLICY	\$121,622	
IMPROPER CLAIM FILING	\$360,772	
CONTRACT MAXIMUM	\$3,426,621	
NOT A BENEFIT	\$102,234	
PATIENT NOT ELIGIBLE	\$2,283,891	
EXCESSIVE CHARGE	\$14,903,756	
DUPLICATE CLAIM	\$880,020	
Total Administrative/Provider Savings		\$22,383,919
ALLOWED CHARGES		\$28,823,605
Patient Liability (Coinsurance, Deductible, Etc)	\$4,972,902	17%
COB	\$86,221	0%
TOTAL PAID		\$23,764,481 82%

Exhibit G1

HIPUtah Payment Analysis



COB	0.3%
Patient Liability	17.3%
Paid	82.4%
Total:	100.0%

Exhibit G2**HIPUtah Large Claims Summary by Enrollee****Incurred 07/01/2008 To 06/30/2009****Paid 07/01/2008 To 10/16/2009****Paid claims Accumulated Greater than \$90,000, Medical Only**

Dollars	Major Diagnosis
\$295,152	BLOOD & BLOOD FORMING ORGANS
\$268,030	NEOPLASMS
\$266,731	NERVOUS SYSTEM
\$256,188	IMMUNITY SYSTEMS
\$234,625	GENITOURINARY SYSTEM
\$232,586	DIGESTIVE SYSTEM
\$208,880	NEOPLASMS
\$207,205	DIGESTIVE SYSTEM
\$202,604	GENITOURINARY SYSTEM
\$191,383	IMMUNITY SYSTEMS
\$189,685	DIGESTIVE SYSTEM
\$184,302	GENITOURINARY SYSTEM
\$176,027	RESPIRATORY SYSTEM
\$165,542	NEOPLASMS
\$161,814	GENITOURINARY SYSTEM
\$161,768	GENITOURINARY SYSTEM
\$153,886	IMMUNITY SYSTEMS
\$151,369	NEOPLASMS
\$144,577	GENITOURINARY SYSTEM
\$141,007	NEOPLASMS
\$138,281	NEOPLASMS
\$137,598	NEOPLASMS
\$121,632	BLOOD & BLOOD FORMING ORGANS
\$120,351	GENITOURINARY SYSTEM
\$119,872	V CODES
\$112,261	NEOPLASMS
\$106,145	NEOPLASMS
\$105,306	MUSCULOSKELETAL SYSTEM
\$104,447	NEOPLASMS
\$103,912	V CODES
\$103,287	NEOPLASMS
\$101,655	NEOPLASMS
\$101,119	SKIN & SUBCUTANEOUS TISSUE
\$97,106	MUSCULOSKELETAL SYSTEM
\$96,899	NEOPLASMS
\$95,959	INJURY AND POISONING
\$95,321	GENITOURINARY SYSTEM
\$94,839	NEOPLASMS
\$94,481	CIRCULATORY SYSTEM
\$94,401	GENITOURINARY SYSTEM
\$90,076	ILL DEFINED CONDITIONS
Total Large Claims:	\$6,228,307
Members:	41

Exhibit G3
HIPUtah Top Injectable Drugs

Incurred 07/01/2008 To 06/30/2009

Paid 07/01/2008 To 10/16/2009

Top 40 Drugs

Code	Description	Count	Average Paid	Total Paid
J0180	INJECTION, AGALSIDASE BETA, 1 MG	17	\$19,742	\$335,610
J1438	ETANERCEPT INJECTION	232	\$1,380	\$320,110
J1825	INTERFERON BETA-1A	131	\$1,882	\$246,537
J9310	RITUXIMAB CANCER TREATMENT	33	\$6,843	\$225,829
J1745	INFLIXIMAB INJECTION	72	\$2,824	\$203,299
J9355	TRASTUZUMAB	66	\$2,700	\$178,172
J2505	INJECTION, PEGFILGRASTIM, 6 MG	47	\$3,413	\$160,422
J7189	FACTOR VIIA (ANTIHEMOPHILIC FACTOR, RECOMBINANT)	4	\$38,067	\$152,266
J1595	INJECTION, GLATIRAMER ACETATE, 20 MG	72	\$1,977	\$142,355
J7192	FACTOR VIII RECOMBINANT	15	\$9,078	\$136,174
Q3026	INJECTION, INTERFERON BETA-1A, 11 MCG FOR SUBCUTAN	61	\$1,905	\$116,220
J7190	FACTOR VIII	5	\$19,957	\$99,786
J0135	INJECTION, ADALIMUMAB, 20 MG	59	\$1,544	\$91,101
J9170	DOCETAXEL	20	\$4,457	\$89,134
J1830	INTERFERON BETA-1B / .25 MG	39	\$2,049	\$79,892
J7195	FACTOR IX (ANTIHEMOPHILIC FACTOR, RECOMBINANT) PI	3	\$25,428	\$76,285
Q4080	ILOPROST, INHALATION SOLUTION, ADMINISTERED THRC	12	\$5,619	\$67,430
J2941	INJECTION, SOMATROPIN, 1 MG	31	\$2,124	\$65,833
J9035	INJECTION, BEVACIZUMAB, 10 MG	21	\$2,751	\$57,770
J1815	INJECTION, INSULIN, PER 5 UNITS	164	\$332	\$54,407
J9201	GEMCITABINE HCL	35	\$1,511	\$52,883
J3487	INJECTION, ZOLEDRONIC ACID, 1 MG	49	\$1,035	\$50,723
J2469	INJECTION, PALONOSETRON HCL, 25 MCG	169	\$279	\$47,143
J1650	INJ ENOXAPARIN SODIUM	25	\$1,826	\$45,648
J9245	INJ MELPHALAN HYDROCHL 50 MG	2	\$20,608	\$41,216
J1566	INJECTION, IMMUNE GLOBULIN, INTRAVENOUS, LYOPHIL	15	\$2,712	\$40,686
J2501	INJECTION, PARICALCITOL, 1 MCG	74	\$526	\$38,957
J0881	INJECTION, DARBEPOETIN ALFA, 1 MICROGRAM (NON-ESR	41	\$894	\$36,669
J1440	FILGRASTIM 300 MCG INJECTON	85	\$413	\$35,145
J9264	INJECTION, PACLITAXEL PROTEIN-BOUND PARTICLES, 1 M	10	\$3,501	\$35,013
J3590	UNCLASSIFIED BIOLOGICS	22	\$1,555	\$34,205
J0882	INJECTION, DARBEPOETIN ALFA, 1 MICROGRAM (FOR ESRI	43	\$674	\$28,977
J1950	LEUPROLIDE ACETATE /3.75 MG	16	\$1,781	\$28,498
J1441	FILGRASTIM 480 MCG INJECTION	36	\$750	\$26,990
J2916	INJECTION, SODIUM FERRIC GLUCONATE COMPLEX IN SU	62	\$341	\$21,157
S0145	INJECTION, PEGYLATED INTERFERON ALFA-2A, 180 MCG P	14	\$1,378	\$19,287
J9045	CARBOPLATIN INJECTION	40	\$451	\$18,046
J0886	INJECTION, EPOETIN ALFA, 1000 UNITS (FOR ESRD ON DIA	37	\$409	\$15,125
J2405	ONDANSETRON HCL INJECTION	538	\$26	\$13,782
J9041	INJECTION, BORTEZOMIB, 0.1 MG	2	\$6,784	\$13,568
Total Top 40 Drugs		2,419		\$3,542,351
Total Injectable Drugs		5,431		\$3,847,255

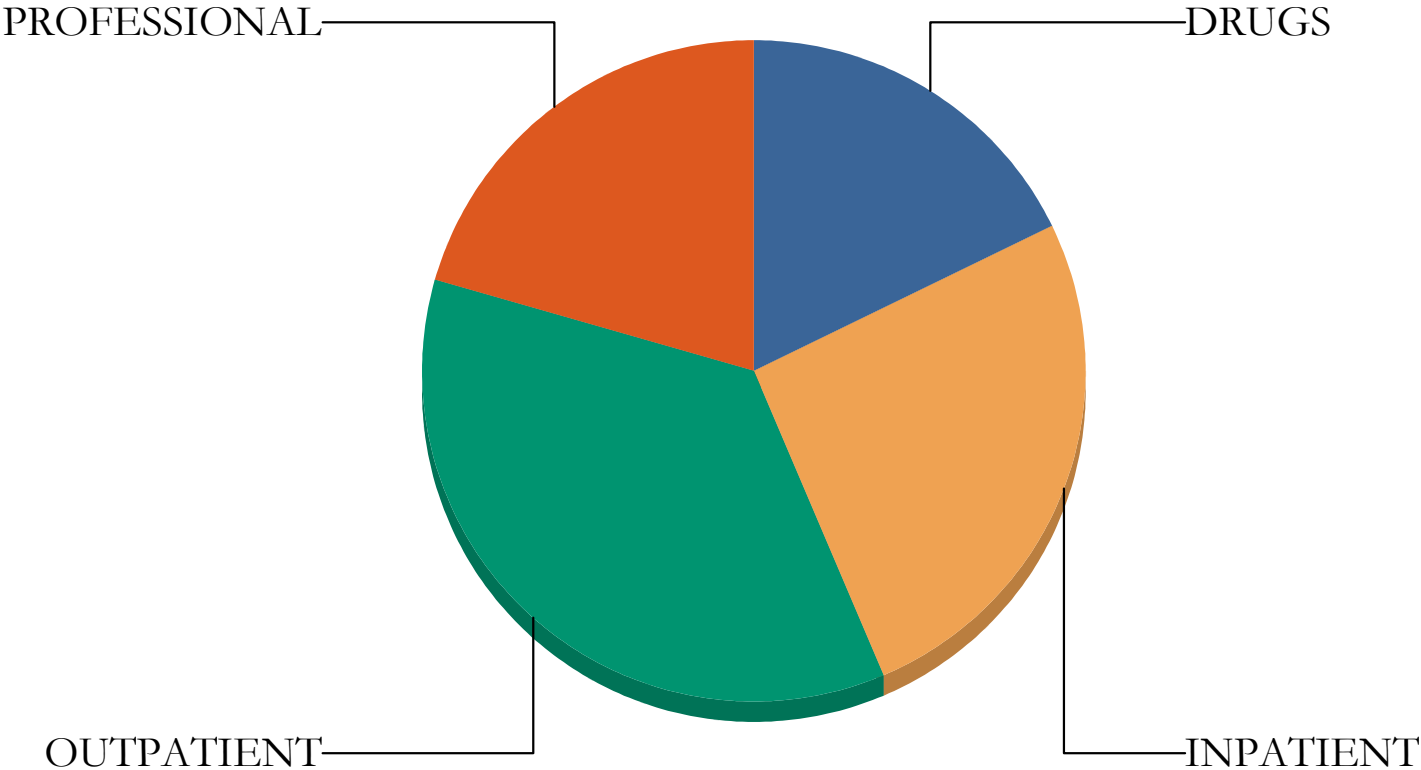
Exhibit G4
HIPUtah Utilization by Benefit

Incurred 07/01/2008 To 06/30/2009
Paid 07/01/2008 To 10/16/2009

Category	Claims	Paid	Percent of Total	Cost Per Member Month
INPATIENT	581	\$7,480,860	26%	\$169
OUTPATIENT	17,482	\$10,318,770	36%	\$234
PROFESSIONAL	34,500	\$5,941,442	21%	\$135
DRUGS	72,670	\$5,158,558	18%	\$117
Total	125,233	\$28,899,630		

Exhibit G4

HIPUtah Utilization by Benefit



DRUGS	17.8%
INPATIENT	25.9%
OUTPATIENT	35.7%
PROFESSIONAL	20.6%
Total:	100.0%

**Exhibit G5
HIPUtah Inpatient Utilization**

Incurred 07/01/2008 To 06/30/2009
Paid 07/01/2008 To 10/16/2009

Categories	Admits	Days	Enrollees	Average LOS	Average Paid per Admit	Total Paid		Paid PMPM
Hospital Inpatient Medical	293	2,036	208	7	\$9,946	\$2,914,223	38.96%	\$65.98
Hospital Inpatient Surgical	193	719	175	4	\$21,473	\$4,144,333	55.40%	\$93.83
Hospital Inpatient Maternity	65	153	65	2	\$3,971	\$258,088	3.45%	\$5.84
Hospital Inpatient Psych	29	170	25	6	\$5,663	\$164,216	2.20%	\$3.72
Total	580	3,078		5	\$12,898	\$7,480,860		\$169
					Admissions per 1,000 enrollees:	158		
					Days per 1,000 enrollees:	836		
					Average cost per admission:	\$12,898		
					Average cost per day:	\$2,430.43		

Exhibit G5

HIPUtah Inpatient Utilization

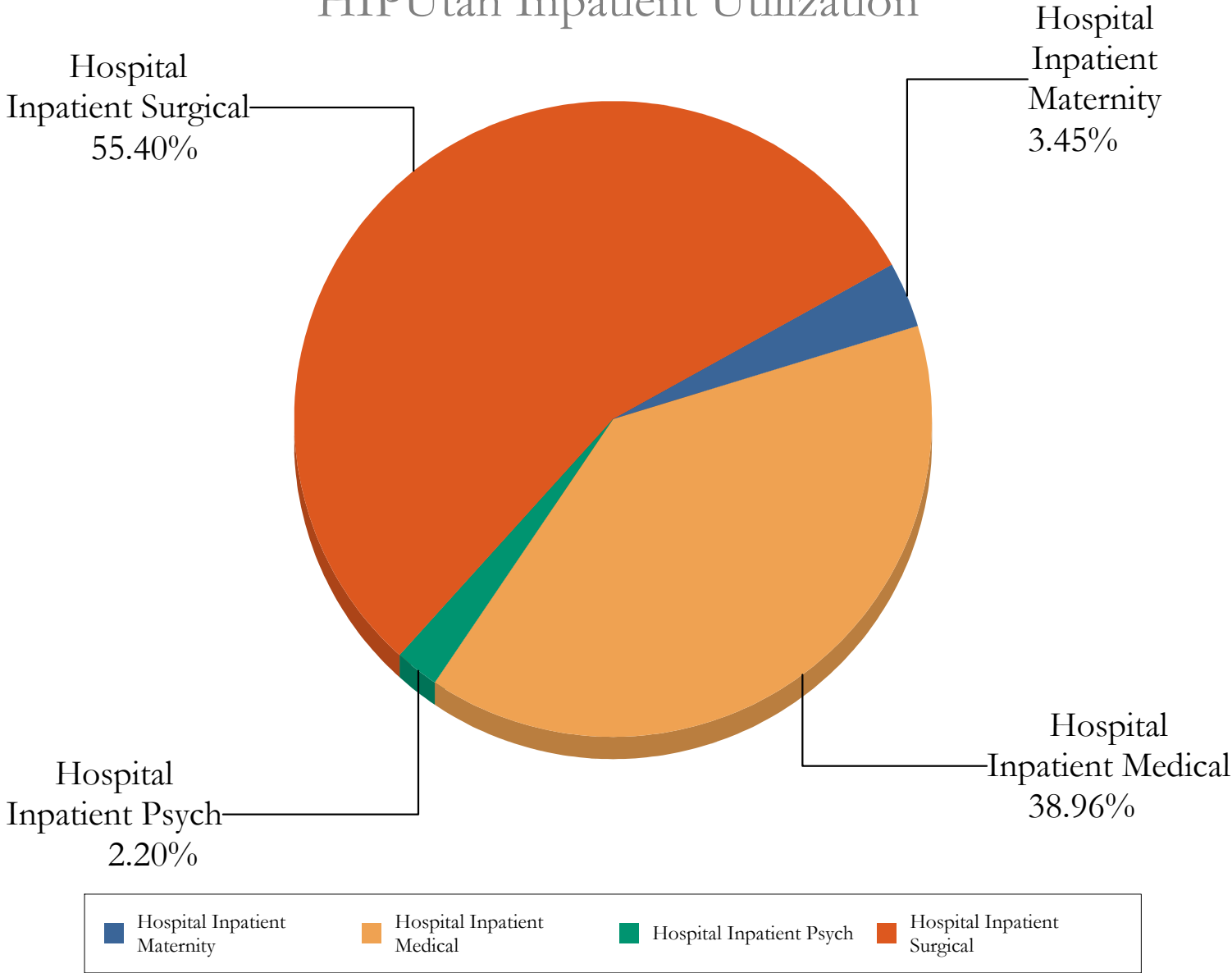


Exhibit G6
HIPUtah Outpatient Utilization

Incurred 07/01/2008 To 06/30/2009

Paid 07/01/2008 To 10/16/2009

Categories	Procedures	Visits	Total Paid		Paid per Visit	Paid PMPM
Durable Medical Equipment	1,521	1,418	\$327,772	3%	\$231	\$7.42
Emergency Room	2,163	875	\$856,596	8%	\$979	\$19.39
Instacare/Urgent Care	754	729	\$28,941	0%	\$40	\$0.66
Ambulance	162	157	\$253,156	2%	\$1,612	\$5.73
Physician Office Visits	672	632	\$51,051	0%	\$81	\$1.16
Inpatient Medical Professional	1	1	\$23	0%	\$23	\$0.00
Inpatient Sub/Abuse/Psych Prof.	2	2	\$0	0%	\$0	\$0.00
Emergency Room Professional	6	6	\$746	0%	\$124	\$0.02
Outpatient Surgical Professional	5	5	\$710	0%	\$142	\$0.02
Maternity Professional	191	191	\$6,937	0%	\$36	\$0.16
Outpatient Sub. Abuse/Psych Prof	36	36	\$22,976	0%	\$638	\$0.52
Outpatient Pathology	7,686	7,512	\$539,923	5%	\$72	\$12.22
Outpatient Radiology	2,950	2,860	\$847,445	8%	\$296	\$19.19
Outpatient Other Diagnostic Test	996	925	\$380,030	4%	\$411	\$8.60
Outpatient Surgery Facility	1,310	942	\$675,950	7%	\$718	\$15.30
Outpatient Facility General Med.	2,421	2,052	\$2,165,754	21%	\$1,055	\$49.04
Chemotherapy Radiotherapy	1,539	1,412	\$3,148,884	31%	\$2,230	\$71.30
Outpatient Consulting	8	8	\$1,176	0%	\$147	\$0.03
Medical Supplies	1,172	1,165	\$271,339	3%	\$233	\$6.14
Phys./Occ./Speech Therapy	431	418	\$137,015	1%	\$328	\$3.10
Phys/Occ/Sp Therapy (Fac)	15	15	\$1,513	0%	\$101	\$0.03
Home Health	569	533	\$569,277	6%	\$1,068	\$12.89
Other	203	203	\$31,710	0%	\$156	\$0.72
Total	24,813	22,097	\$10,318,925		\$467	\$234

Exhibit G6

HIPUtah Outpatient Utilization

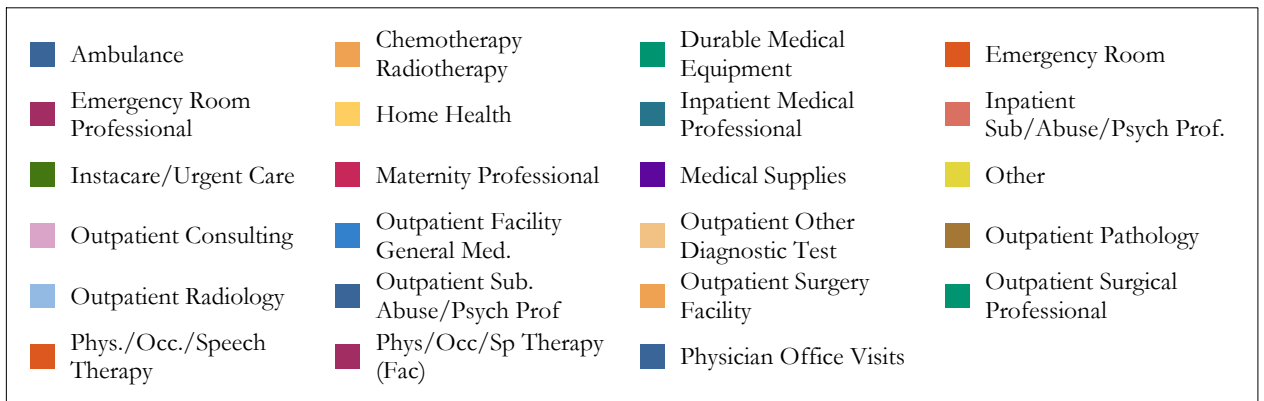
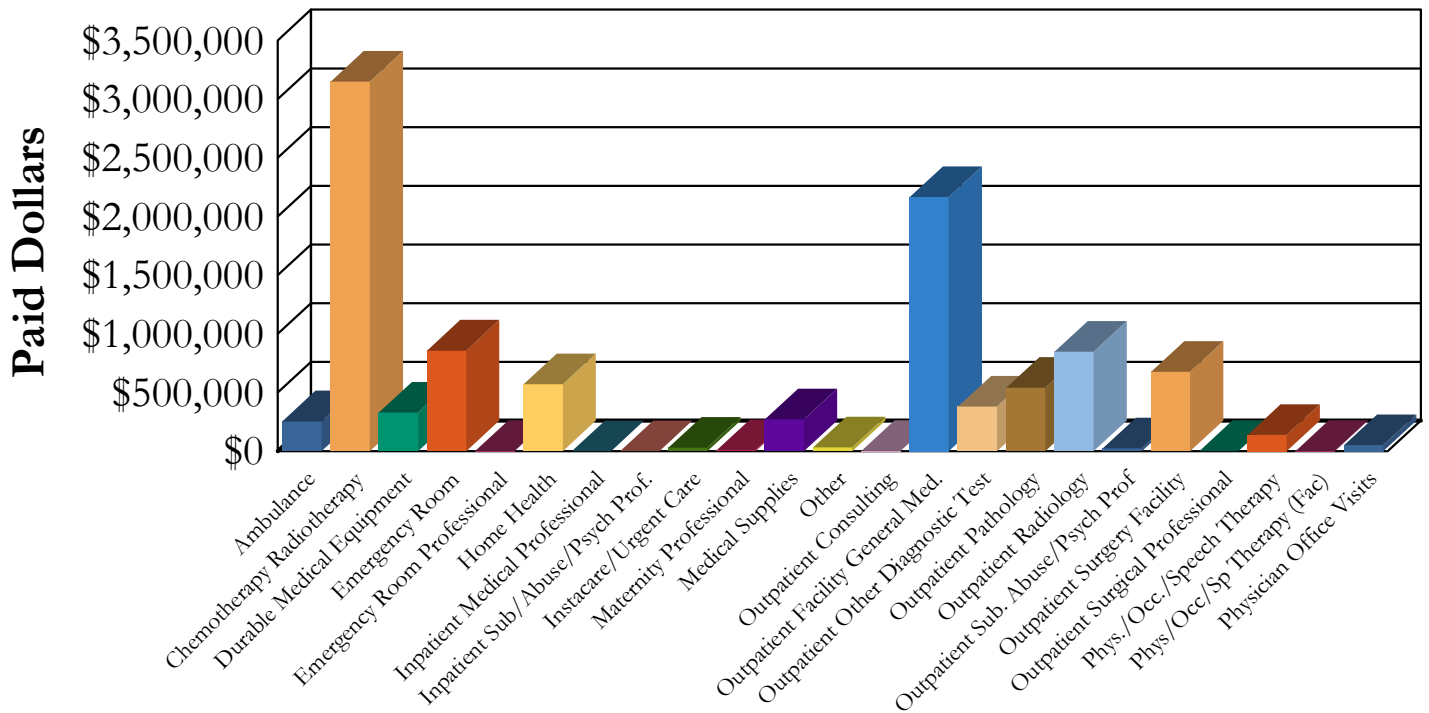


Exhibit G7
HIPUtah Professional Utilization

Incurred 07/01/2008 To 06/30/2009

Paid 07/01/2008 To 10/16/2009

Categories	Procedures	Visits	Total Paid		Paid per Visit	Paid PMPM
Durable Medical Equipment	137	134	\$11,261	0%	\$84	\$0.25
Physician Office Visits	19,757	17,690	\$1,584,330	27%	\$90	\$35.87
Inpatient Medical Professional	2,072	1,369	\$368,034	6%	\$269	\$8.33
Inpatient Surgical Professional	440	290	\$564,115	9%	\$1,945	\$12.77
Inpatient Anesthesiologist	254	238	\$217,439	4%	\$914	\$4.92
Inpatient Sub/Abuse/Psych Prof.	124	117	\$18,892	0%	\$161	\$0.43
Emergency Room Professional	823	756	\$172,792	3%	\$229	\$3.91
Outpatient Surgical Professional	3,730	3,201	\$835,743	14%	\$261	\$18.92
Outpatient Anesthesiologist	409	404	\$188,830	3%	\$467	\$4.28
Maternity Professional	334	291	\$120,072	2%	\$413	\$2.72
Maternity Anesthesiologist	88	63	\$49,038	1%	\$778	\$1.11
Outpatient Sub. Abuse/Psych Prof	1,529	1,493	\$103,939	2%	\$70	\$2.35
Outpatient Pathology	5,707	5,528	\$135,803	2%	\$25	\$3.07
Outpatient Radiology	4,304	4,143	\$382,142	6%	\$92	\$8.65
Outpatient Other Diagnostic Test	2,656	2,480	\$323,930	5%	\$131	\$7.33
Chemotherapy Radiotherapy	557	549	\$683,347	11%	\$1,245	\$15.47
Outpatient Consulting	868	867	\$94,315	2%	\$109	\$2.14
Medical Supplies	203	203	\$15,719	0%	\$77	\$0.36
Phys./Occ./Speech Therapy	907	906	\$73,916	1%	\$82	\$1.67
Other	46	46	\$5,168	0%	\$112	\$0.12
Total	44,945	40,768	\$5,948,823		\$146	\$135

Exhibit G7

HIPUtah Professional Utilization

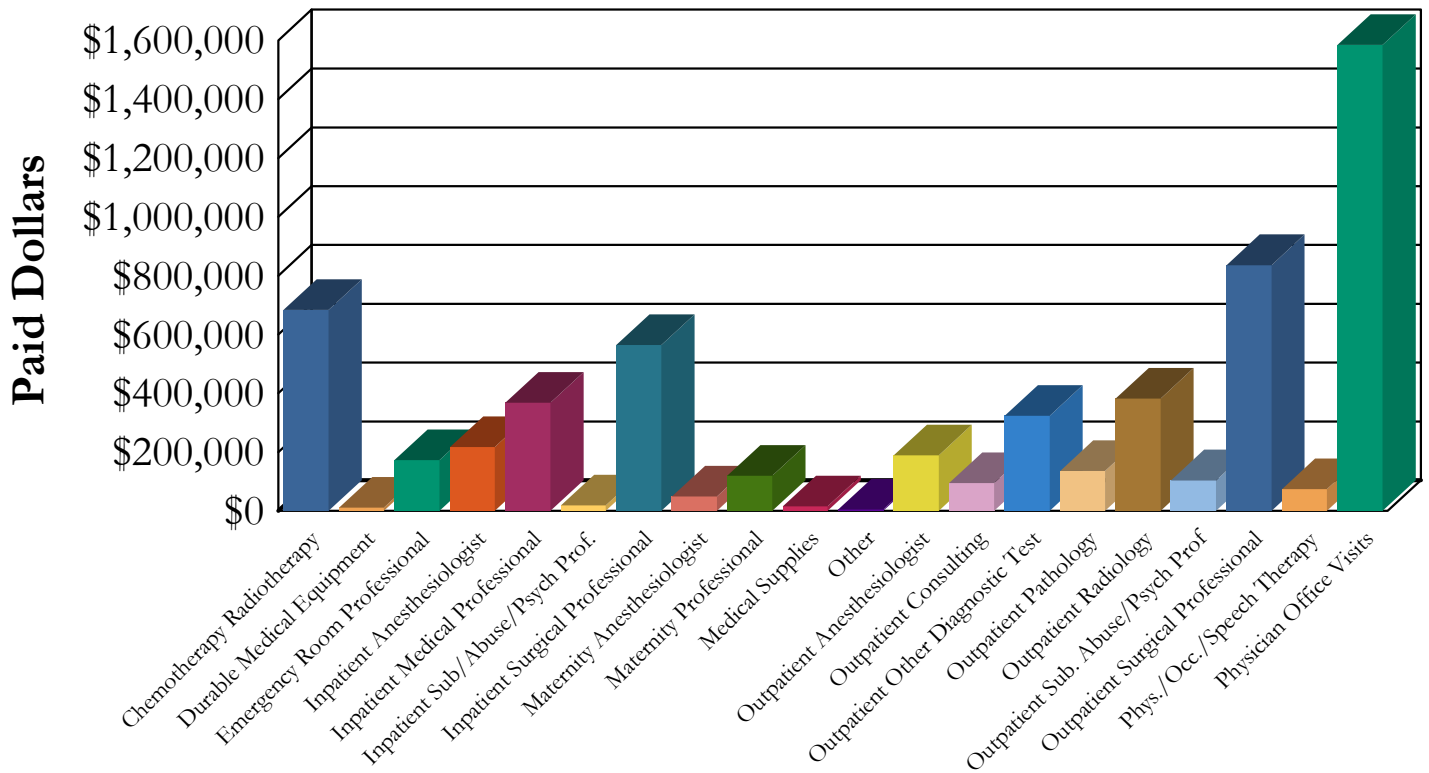


Exhibit G8
HIPUtah Drug Card Classification by Cost

Incurred 07/01/2008 To 06/30/2009

Paid 07/01/2008 To 10/16/2009

Rank	Category	Count	Paid Amount	Percent
1	Central Nervous System	27,086	\$1,198,350.94	23.23%
2	Anti-Infective	8,292	\$954,991.57	18.51%
3	Other	16,664	\$818,498.48	15.87%
4	Endocrine	15,805	\$749,314.02	14.53%
5	Cardiovascular	19,813	\$547,348.67	10.61%
6	Gastrointestinal	6,153	\$400,630.34	7.77%
7	Anti-Depressant	9,891	\$335,488.81	6.50%
8	Respiratory	1,993	\$153,554.50	2.98%
Total		105,697	5,158,177.33	

Exhibit G8

HIPUtah Drug Card Classification by Cost

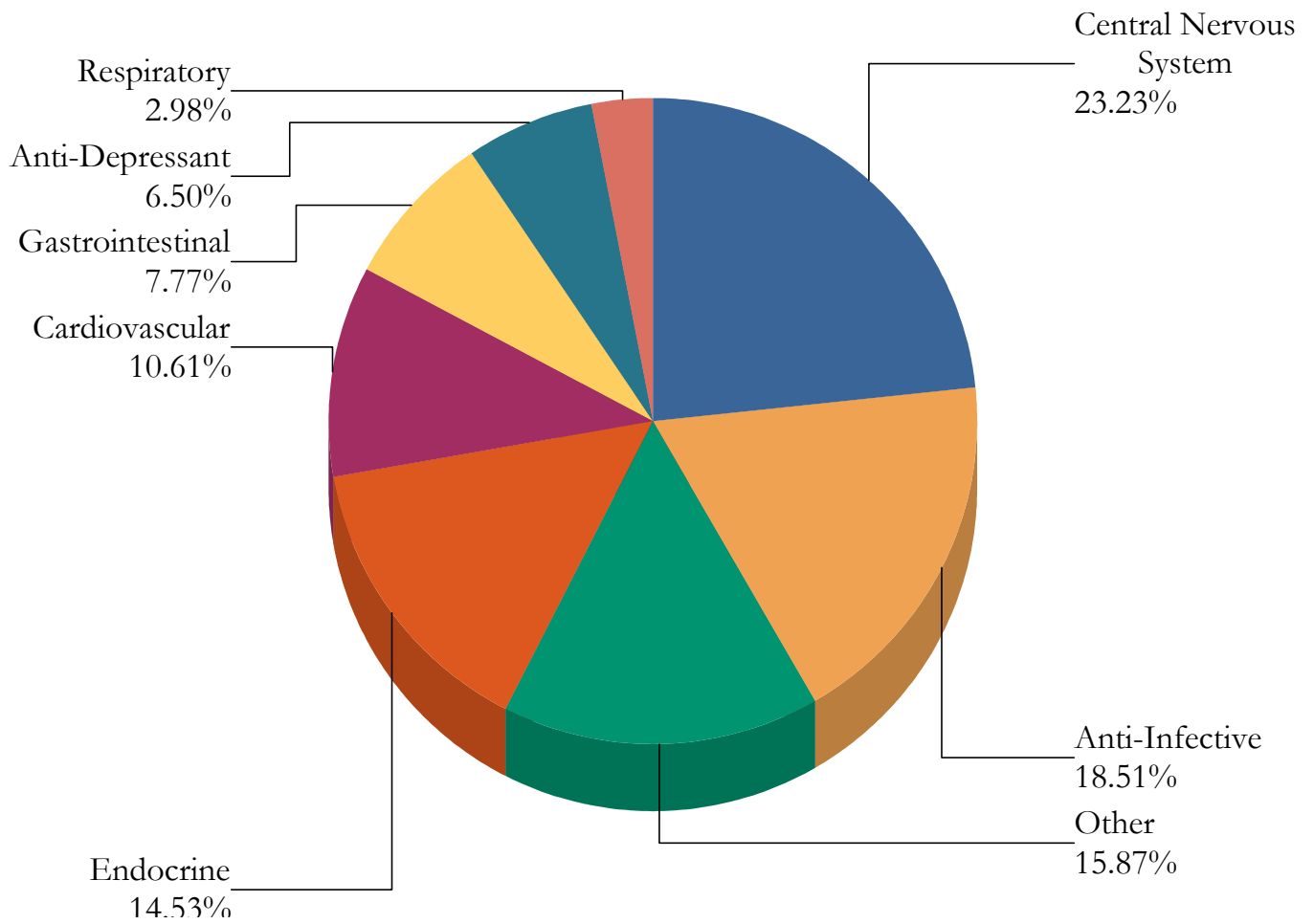


Exhibit G9
HIPUtah Utilization by Age - Medical Only

Incurred 07/01/2008 To 06/30/2009
Paid 07/01/2008 To 10/16/2009

Age Range	Member Months	Claims		Dollars Paid	
00-09	912	1,775	3.1%	601,939	2.5%
10-19	1,315	2,105	3.7%	2,002,426	8.4%
20-29	2,301	4,932	8.7%	2,065,487	8.7%
30-39	3,508	7,528	13.3%	2,868,425	12.1%
40-49	3,960	9,070	16.0%	3,649,061	15.4%
50-59	7,426	16,804	29.6%	6,762,056	28.5%
60-99	25,321	14,573	25.7%	5,815,088	24.5%
Total	44,743	56,787		\$23,764,481	

Exhibit G9

HIPUtah Utilization by Age

