

**REPORT OF THE
DEPARTMENT OF HUMAN RESOURCE MANAGEMENT**

**Report on Cost Impact of the
Restructured Higher Education
Financial and Administrative
Operations Act (Section 23-38.114
through Section 23-38.116 of the
Code of Virginia)**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



SENATE DOCUMENT NO. 27

**COMMONWEALTH OF VIRGINIA
RICHMOND
2005**

Introduction

Aon Consulting has been engaged to perform an actuarial analysis of the potential cost impact on the Commonwealth's group health insurance program if public institutions of higher education in the Commonwealth included in Subchapter 2 or 3 of Chapter 4.10 of Title 23 of the Code of Virginia or all public institutions of higher education in the Commonwealth were permitted to offer an optional group health insurance program.

Our analysis has been developed based on incurred health claim information for the 2004 fiscal year paid through December 2004. In addition, the Department of Human Resource Management (DHRM) provided files containing detailed census information on active employees and retired employees who could potentially be offered the optional health insurance program. We have examined the incurred health claims for seven of the largest institutions of higher education that would be affected by the optional programs as compared to the total claim costs of the entire program. The use of these seven institutions, which constitutes 66% of the affected active employee population and 50% of the affected retired employee population, should serve as a reasonable approximation of the impact for the entire group.

The seven institutions utilized were George Mason University, James Madison University, Mary Washington College, Old Dominion University, Virginia Tech, Virginia Commonwealth University and the College of William & Mary.

Background

Chapter 4.10 of the Restructured Higher Education Financial and Administrative Operations Act restructured the financial and administrative authority of institutions of higher education that enter into a management agreement with the Commonwealth. Subparagraph D.2.c. of Section 23-38.88 requires any institution that enters into such a management agreement to reimburse the Commonwealth for any additional costs to the Commonwealth in providing health or other group insurance benefits. The authority to procure such other health or group insurance is specified in Section 23-38.99 (powers and authority generally) item 3.

Section 23-38.115 provides that if a covered institution establishes a human resource program, a salaried non-faculty covered employee who was employed as of the day prior to the effective date of the initial management agreement shall be permitted to elect to participate in either (i) the state human resource program of Title 2.2 or (ii) the new human resource program established by the covered institution. If such a salaried non-faculty covered employee elects to participate in the human resource program established by a covered institution, that election shall be irrevocable. Thus, once an employee elects out of the current program, they may not re-enter. In addition, at least every two years, a covered institution shall offer to salaried non-faculty covered employees who have elected to remain in the Title 2.2 program an opportunity to elect to participate in the human resource program established by the covered institution.

The newly established program shall govern all other employees of a covered institution that establishes a human resource program. This includes the following classifications of employees (i) all salaried non-faculty Covered Employees of that covered institution who were in its employment as of the day prior to the effective date of the initial Management Agreement and who elect pursuant to § [23-38.115](#) to participate in and be governed by such program or programs, plans, policies, and procedures, (ii) all salaried non-faculty Covered Employees of that covered institution who are employed by that institution on or after the effective date of the initial Management Agreement, (iii) all non-salaried non-faculty Covered Employees of that covered institution without regard to when they were hired, (iv) all faculty Covered Employees of that covered institution without regard to when they were hired, and (v) all employees of the University of Virginia Medical Center without regard to when they were hired.

Analysis

Providing covered institutions of higher education with the opportunity to establish their own group health insurance programs will not result in an increase in the aggregate cost of the Commonwealth's group health insurance program, COVA Care. In fact, the aggregate cost of COVA Care will necessarily decrease due to fewer covered lives. However, depending on the health status of the employees who leave the COVA Care program, the cost on a per member per month basis may increase. That is, if the employees that leave the COVA Care program are, on average, healthier than the employees that remain behind then the premium rate for COVA Care will increase. This phenomenon is referred to as selection of risk or anti selection.

Selection of risk refers to the tendency of individuals with a high probability of claim to seek out the plan of insurance that will be most beneficial to their financial status. Typically, high-risk individuals will migrate to the plan that provides the greatest benefit. This occurs because they know a priori that the marginal increase in contributions required for the better coverage will be more than offset by the lower level of cost sharing given their anticipated claims.

In our analysis we have not attempted to isolate the high-risk claimants within the total population of COVA Care to determine the level of risk selection that is likely to occur. Such a determination would be extremely difficult and time consuming and presumes that we can ascertain the cost sharing and benefit provisions that are likely to be offered by covered institutions that establish their own group insurance programs.

Our analysis is limited to the impact of the enacted legislation on the COVA Care group health insurance program's claim cost expressed as a per member per month amount. We have not analyzed the impact of reduced participation on the administrative expenses of the program. In addition, we have not analyzed the impact on appropriations to covered institutions of higher education that would necessarily result from a change in group health insurance programs.

One aspect of the group health insurance coverage that could result in an increase in the COVA Care per capita costs is the treatment of early retirees. Currently early retirees and active employees are rated as one distinct group although the cost of coverage for an early retiree is as much as 2 to 3 times higher than the cost of an active employee. The statutory language of the act is somewhat ambiguous regarding how group health insurance coverage will be provided to retirees. By omission, it could be construed that retirees will remain covered under the COVA Care program even if a covered institution establishes a new group health insurance program. If this is the case, then the per capita cost of the COVA Care program will increase simply because they provide coverage to early retirees and the newly established health insurance programs of the institutions of higher education do not.

Shown below is a table that summarizes the per member per month claim cost for each of the seven institutions and in total assuming that early retirees will remain covered under the COVA Care program. The table shows the 2004 per member per month cost for each of the selected institutions, the current COVA Care program (denoted as COVA) and the COVA Care program if all of the active employees of a given institution are removed from COVA Care (denoted COVA – Selected). The paid claims figures shown below include medical, prescription drug, dental and vision claims.

Table 1

Non-Medicare Eligible Model Fiscal Year 2004			
	Selected Paid Claims	COVA Paid Claims	COVA-Selected Paid Claims
University	PMPM*	PMPM	PMPM
George Mason University	192.41	235.42	236.15
Virginia Tech	200.10	235.42	237.94
Virginia Commonwealth University	219.76	235.42	236.16
William & Mary	199.99	235.42	235.99
James Madison University	195.92	235.42	236.36
Mary Washington	201.89	235.42	235.60
Old Dominion University	205.14	235.42	235.98
Total of Selected Universities	204.08	235.42	242.82

* Includes Active Employees Only

The table illustrates that the paid claims per member per month for each of the universities is less than the COVA Care per member per month cost. The difference ranges from \$43.01 less for George Mason University to \$15.66 for Virginia Commonwealth University. In total, if all of the seven universities had been removed from the COVA Care program in fiscal 2004, the per capita cost for COVA Care would have increased from \$235.42 to \$242.82 or 3.14%.

Shown below is another table that presents the same information except that the early retirees are included in the selected universities per member per month costs.

Table 2

Non-Medicare Eligible Model			
Fiscal Year 2004			
	Selected	COVA	COVA-Selected
	Paid Claims	Paid Claims	Paid Claims
University	PMPM*	PMPM	PMPM
George Mason University	203.41	235.42	235.99
Virginia Tech	219.47	235.42	236.68
Virginia Commonwealth University	234.42	235.42	235.47
William & Mary	207.32	235.42	235.90
James Madison University	207.17	235.42	236.12
Mary Washington	231.07	235.42	235.44
Old Dominion University	211.68	235.42	235.88
Total of Selected Universities	218.75	235.42	239.67

*Includes Active Employees and Early Retirees.

As can be seen from Table 2 the universities had more favorable claims experience during fiscal 2004 even if the early retirees are included. If the early retirees remain the liability of the respective institutions, then the percentage increase in the remaining COVA Care program cost is only 1.81% versus the 3.14% from Table 1.

It's important to remember that Table 1 and Table 2 essentially develop COVA Care program costs with the implicit assumption that all of the university employees will enroll in a new group health insurance program to be offered by the respective university. In fact, salaried non-faculty employees that were hired prior to the effective date of any management agreement between the university and the Commonwealth may choose to remain in the Commonwealth program. If the health status of those salaried non-faculty employees who choose to remain in the COVA Care program is worse on average than the health status of the participants who leave, then the per capita cost for COVA Care illustrated in Tables 1 and 2 will be higher.

Finally, we have also analyzed the impact on the fiscal 2004 per member per month cost for each of the Medicare Retiree programs (Advantage 65, Medicare Complimentary, and Medicare Supplemental) if the retirees from the selected institutions are carved out of the current programs costs. Table 3 summarizes the results.

Table 3

Medicare Eligible Model Fiscal Year 2004			
	Selected Paid Claims PMPM	COVA Paid Claims PMPM	COVA-Selected Paid Claims PMPM
University			
George Mason University	363.86	306.69	306.29
Virginia Tech	313.17	306.69	306.22
Virginia Commonwealth University	298.09	306.69	307.03
William & Mary	308.49	306.69	306.65
James Madison University	325.47	306.69	306.40
Mary Washington	298.20	306.69	306.74
Old Dominion University	340.33	306.69	306.25
Total of Selected Universities	314.25	306.69	305.40

Once again, the selected column provides the cost for the university groups if they were separate from the Commonwealth’s programs, the COVA column is the cost of the Commonwealth’s programs including the Medicare retirees of the selected institutions and the COVA – Selected column represents the cost of the Commonwealth’s programs if the university retirees were removed.

Contained in the appendix are more detailed tables that present the per member per month claims analysis. These more detailed tables show the cost by line of service (medical, prescription drug etc.).

Methodology to Reimburse the Commonwealth

As was previously mentioned, subparagraph D.2.c. of Section 23-38.88 requires any institution that enters into such a management agreement to reimburse the Commonwealth for any additional costs to the Commonwealth in providing health or other group insurance benefits. One method by which the Commonwealth could recover the costs associated with the migration of employees to group health insurance plans provided by institutions of higher education would be as follows.

- Develop a base year unit cost for COVA Care for employees or retirees (and their dependents) eligible to participate in a newly established plan offered by a university.
- Develop a projection factor to trend the base year COVA Care cost for these eligibles to the settlement period.
- Project this base year COVA Care cost for these eligibles to the settlement period. This projected unit cost (the “target cost”) will be used as the benchmark for determining whether selection against the COVA Care plan has occurred.

- Compare the actual unit cost for eligible participants of the university enrolled in the COVA Care plan during the settlement period to the target cost.
- If the actual cost exceeds the target cost, the university plan will pay the Commonwealth the unit difference times the number of units enrolled in the COVA Care plan.

Specifics of these elements are discussed below.

Units

We suggest “revenue units” (also referred to as “contract units”) as the basis for determining unit costs: Single coverage is 1 revenue unit; dual coverage is 2 revenue units, and family coverage is 2.8 revenue units. This measurement basis has the advantage of being readily available and not requiring additional recordkeeping. Furthermore, it corresponds to the relationships used to establish plan rates. Finally, our analysis of the State demographic compositions suggests these ratios bear a close relationship to actual cost relationships.

Base Period

We suggest FY2005 or calendar year 2004 as the base period. FY2005 has the advantage of corresponding to other plan accounting and settlement records. Moreover, cost and utilization patterns for FY2005 should not have been affected by anticipation of the alternate plan.

Base Period Benefit Costs

Total base period incurred benefit costs would be calculated for the employees and retirees (and their dependents) eligible to participate in the university plan. Incurred benefits costs include:

- Incurred claims costs for self-funded benefits (medical, dental, and prescription card), and
- Capitation payments for capitated benefits.

For the purpose of determining incurred claims cost, we suggest allowing 3 to 6 months of claims run-out to minimize uncertainty with respect to incurred but unreported claims. We also suggest that hospital payments be recognized at Blue Cross’ best estimate of “discounted charges” since hospital charges have less meaning in an environment where many payment rates are negotiated.

Benefit Projection Factor(s)

We envision two sets of projection factors: preliminary factors so that the university plan will be aware of the approximate target as its experience develops, and final factors. The preliminary factors could be taken from our work on the State’s behalf. The final projection factors would be derived by comparing actual state benefit costs during the settlement period excluding costs for those eligible for the alternate plan to state benefit costs during the base period, also excluding costs for those eligible for the alternate plan.

An adjustment for benefits paid under State self-funded plans other than COVA Care Basic (e.g. COVA Care with OON option) would be necessary. The adjustment could be computed based on contractor estimates or on internal estimates we or the State have developed. In any event, it would be best to agree on this benefit adjustment factor in advance.

In other respects, the calculation of State Plan benefit costs during the base and settlement period would be identical to the base period calculations proposed for the alternate university plan population.

Target Unit Cost (Alternate University Plan)

The target unit cost for the university plan is equal to:

$$(\text{Base Period Unit Cost} \times \text{Alternate Plan Population}) \times \text{Projection Factor}$$

Actual Unit Cost

The actual unit cost for employees eligible to participate in the university plan (but remaining in a State Plan) would be calculated in the same manner as for the base period, except that an adjustment for benefit differences from COVA Care Basic would be applied to the benefit costs of those selecting a State self-funded alternative plan. (See Projection Factor.)

Settlement Calculation

If actual unit costs for the State Plan for employees eligible to participate in the university plan (but remaining in the State Plan) exceed target unit costs for all employees eligible to participate in the university Plan, a settlement would be due the State Plan as follows:

$$(\text{Actual Cost} - \text{Target Cost}) \times \text{Revenue Units}$$

It should be noted that this settlement payment, if due, would be in addition to any administrative payments owed for state administrative services in connection with general administration of the university plan.

Aon Consulting, independent actuarial consultants, was retained by DHRM to prepare this information. I am a member of the American Academy of Actuaries and meet its Qualification Standards for preparing this report.

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APPENDIX

COMMONWEALTH OF VIRGINIA
Distribution of Active Employees by Agency and Plan

Count of Emp SSN	Plan										Grand Total
Agy	65DV	CC0	CC1	CC2	CC3	CC4	CC5	KP	W		Grand Total
204		175	21	68	19	152	103		81		619
208	2	1421	146	329	98	776	450	17	345		3584
211		27	81	3	41	3	65		21		241
212	1	71	4	27	4	95	55		33		290
213	3	127	10	68	6	205	90		48		557
214		113	18	25	6	49	24		14		249
215	1	70	11	19	9	45	72		48		275
216		442	48	175	31	189	130		78		1093
217		232	6	75	2	129	58		68		570
221	3	211	13	107	26	267	184		131		942
234	1	11		2		9	8		2		33
236	5	760	56	290	56	630	361		230		2388
241		3	1	1	1	3	28		2		39
242		71		39	6	106	31		51		304
247	4	206	38	72	38	150	162	279	243		1192
261		25	3	13	1	34	22		12		110
268	1	107	7	21	5	51	36		23		251
275		22	1	6		15	15		3		62
276		14	6	3	5	19	29		4		80
277		14		4		14	8				40
278		11	1	3	2	2	30		6		55
279		9	8	3	4	8	33		4		69
280	2	95	15	39	21	84	118	110	150		634
282		26		10	3	13	9		5		66
283		30	5	17	3	81	25		18		179
284		7	3	3		2	6		5		26
285		26	7	9	5	15	13		4		79
286		25	8	5	8	17	38		10		111
287		10		3	1	13	13		6		46
288		16	7	1	4	4	19		2		53
290		30	4	12	2	42	18		20		128
291		14	7	3	6	10	25		1		66
292		20	3	3		13	17		7		63
293		32	1	20	5	71	28		33		190
294		2	26	1	14		27		2		72
295		1	89	5	47	20	64	72	41		339
296		26	1	7	1	9	7		2		53
297		8	1	3	1	16	19		17		65
298		14	7	1	1	5	39		13		80
299		24	4	7	5	13	20		2		75
Grand Total	23	1	4636	583	1544	460	3423	2507	406	1785	15368

Count for Selected Universities
Percentage of Total

10093
65.68%

COMMONWEALTH OF VIRGINIA
Distribution of Retirees by Agency and Plan

Count of Ret SSN	Plan													Grand Total	
	Agency	65DV	A65	B1	B2	B2DV	CC0	CC1	CC2	CC3	CC4	CC5	KP		W
204	22	37	22	8	1	19			3	1	7	4		6	130
207	131	130	72	55	11	1				1	1				402
208	157	272	123	60	10	141	14	15		7	50	52		29	930
209	144	124	80	78	7	2									435
211	13	21	7	26		4	7			3	2	3			86
212	21	26	19	11	5	6		1	1			2		1	93
213	23	24	10	3		15	1	2			11	3			92
214	8	25	14	17	1	19		1			1				86
215	18	19	15	14		2	1	1			4	4			78
216	38	66	30	36	2	25	5	6	2	10	12			10	242
217	34	48	47	5	2	25		6	1	6	6			11	191
221	29	11	11	8	2	18		2			3	10		2	96
230	8	7	19	10	2	1				1					48
231	28	20	66	18	1	4	1								138
234	1														1
236	134	102	52	58	8	68	5	17	5	33	29			7	518
241	1	5	1	2		1	1					2			13
242	5	3	1	2	1	2						1			15
246	3	3	2	1	1	2		1			1				14
247	21	26	14	1	2	6		1	1			4	3	1	80
261	11	5	5	3		3	1				3	2			33
268	8	5	4	3		6		1			1	2		1	31
270	1					2									3
275	5	1				1					1	1			9
276	1	9	1	4		1	1					1		1	19
277		1				4									5
278	1	1	1									3			6
279	5	4		2				2				1			14
280	16	13	12	4	1	4	1	1	2	6	6		1	1	68
282	6	1	4			1		1		1					14
283	10	5	3	2		2		2	1	7	2				34
284	1	1	1			2									5
285	3		1	1							1				6
286	7	9	7	4		1					2	2			32
287	6	1		1	1	2		1			2	1			15
288	3	1		1		2				1		3			11
290	3	6	2			2					2	1			16
291		4	1	2		1				1					9
292	6	2	3	2		3	2					3			21
293	1	2	2			2		1			4				12
294	2	5	2	2			1	1			1	1			15
295	9	9	10	3		5					5	4		1	46
296	1	5	1	1		1	1	1				1			12
297		1		1		1				1					4
298	2	5	1	2			2	1			1				14
299	1					2		2			1	1		1	8
Grand Total	948	1065	666	451	58	409	46	68	28	168	167	4	72		4150

Count for Selected Universities
Percentage of Total

2074
49.98%

COMMONWEALTH OF VIRGINIA
George Mason University
Active Employees Only

Non-Medicare Eligible Model Fiscal Year 2004					
			Selected Paid Claims PMPM	Total Paid Claims PMPM	Total-Selected Paid Claims PMPM
Provider	Type	Service			
Hospital	Inpatient	Total	32.66	64.01	64.54
Hospital	Outpatient	Total	26.81	49.33	49.71
Physician	Inpatient	Total	6.96	10.11	10.16
Physician	Outpatient	Total	45.95	43.02	42.97
Ancillary			9.04	6.75	6.71
Drug Plan			47.81	41.98	41.88
Dental Plan			21.25	18.02	17.97
Vision Plan			1.95	2.21	2.22
Grand Total			192.41	235.42	236.15
Member Months Avg			36,990	2,221,761	2,184,771

PMPM = Per Member Per Month

COMMONWEALTH OF VIRGINIA
Virginia Tech
Active Employees Only

Non-Medicare Eligible Model Fiscal Year 2004					
			Selected Paid Claims PMPM	Total Paid Claims PMPM	Total-Selected Paid Claims PMPM
Provider	Type	Service			
Hospital	Inpatient	Total	44.65	64.01	65.39
Hospital	Outpatient	Total	46.45	49.33	49.53
Physician	Inpatient	Total	8.30	10.11	10.24
Physician	Outpatient	Total	34.58	43.02	43.61
Ancillary			6.47	6.75	6.77
Drug Plan			37.33	41.98	42.31
Dental Plan			19.47	18.02	17.92
Vision Plan			2.86	2.21	2.18
Grand Total			200.10	235.42	237.94
Member Months Avg			147,525	2,221,761	2,074,236

PMPM = Per Member Per Month

COMMONWEALTH OF VIRGINIA
Virginia Commonwealth University
Active Employees Only

Non-Medicare Eligible Model Fiscal Year 2004					
			Selected Paid Claims PMPM	Total Paid Claims PMPM	Total-Selected Paid Claims PMPM
Provider	Type	Service			
Hospital	Inpatient	Total	58.09	64.01	64.29
Hospital	Outpatient	Total	43.81	49.33	49.58
Physician	Inpatient	Total	8.97	10.11	10.16
Physician	Outpatient	Total	36.16	43.02	43.34
Ancillary			6.87	6.75	6.74
Drug Plan			42.91	41.98	41.94
Dental Plan			20.58	18.02	17.90
Vision Plan			2.36	2.21	2.21
Grand Total			219.76	235.42	236.16
Member Months Avg			99,959	2,221,761	2,121,802

PMPM = Per Member Per Month

COMMONWEALTH OF VIRGINIA
College of William and Mary
Active Employees Only

Non-Medicare Eligible Model Fiscal Year 2004					
			Selected Paid Claims PMPM	Total Paid Claims PMPM	Total-Selected Paid Claims PMPM
Provider	Type	Service			
Hospital	Inpatient	Total	43.18	64.01	64.35
Hospital	Outpatient	Total	39.56	49.33	49.48
Physician	Inpatient	Total	9.13	10.11	10.12
Physician	Outpatient	Total	38.86	43.02	43.08
Ancillary			9.92	6.75	6.70
Drug Plan			37.53	41.98	42.05
Dental Plan			19.38	18.02	18.00
Vision Plan			2.43	2.21	2.21
Grand Total			199.99	235.42	235.99
Member Months Avg			35,402	2,221,761	2,186,359

PMPM = Per Member Per Month

COMMONWEALTH OF VIRGINIA
James Madison University
Active Employees Only

Non-Medicare Eligible Model Fiscal Year 2004					
			Selected Paid Claims PMPM	Total Paid Claims PMPM	Total-Selected Paid Claims PMPM
Provider	Type	Service			
Hospital	Inpatient	Total	41.96	64.01	64.54
Hospital	Outpatient	Total	43.12	49.33	49.47
Physician	Inpatient	Total	7.28	10.11	10.18
Physician	Outpatient	Total	35.05	43.02	43.20
Ancillary			3.05	6.75	6.83
Drug Plan			41.38	41.98	41.99
Dental Plan			21.09	18.02	17.95
Vision Plan			3.01	2.21	2.20
Grand Total			195.92	235.42	236.36
Member Months Avg			51,720	2,221,761	2,170,041

PMPM = Per Member Per Month

COMMONWEALTH OF VIRGINIA
Mary Washington College
Active Employees Only

Non-Medicare Eligible Model Fiscal Year 2004					
			Selected Paid Claims PMPM	Total Paid Claims PMPM	Total-Selected Paid Claims PMPM
Provider	Type	Service			
Hospital	Inpatient	Total	37.58	64.01	64.15
Hospital	Outpatient	Total	32.05	49.33	49.42
Physician	Inpatient	Total	9.50	10.11	10.11
Physician	Outpatient	Total	44.15	43.02	43.01
Ancillary			6.86	6.75	6.75
Drug Plan			51.27	41.98	41.93
Dental Plan			18.37	18.02	18.02
Vision Plan			2.11	2.21	2.21
Grand Total			201.89	235.42	235.60
Member Months Avg			12,109	2,221,761	2,209,652

PMPM = Per Member Per Month

COMMONWEALTH OF VIRGINIA
Old Dominion University
Active Employees Only

Non-Medicare Eligible Model Fiscal Year 2004					
			Selected Paid Claims PMPM	Total Paid Claims PMPM	Total-Selected Paid Claims PMPM
Provider	Type	Service			
Hospital	Inpatient	Total	40.05	64.01	64.46
Hospital	Outpatient	Total	46.38	49.33	49.38
Physician	Inpatient	Total	8.24	10.11	10.14
Physician	Outpatient	Total	44.78	43.02	42.98
Ancillary			7.08	6.75	6.74
Drug Plan			36.59	41.98	42.08
Dental Plan			19.84	18.02	17.98
Vision Plan			2.18	2.21	2.21
Grand Total			205.14	235.42	235.98
Member Months Avg			40,636	2,221,761	2,181,125

PMPM = Per Member Per Month

COMMONWEALTH OF VIRGINIA
Total Selected Universities
Active Employees Only

Non-Medicare Eligible Model Fiscal Year 2004					
			Selected Paid Claims PMPM	Total Paid Claims PMPM	Total-Selected Paid Claims PMPM
Provider	Type	Service			
Hospital	Inpatient	Total	45.68	64.01	68.34
Hospital	Outpatient	Total	42.72	49.33	50.89
Physician	Inpatient	Total	8.31	10.11	10.53
Physician	Outpatient	Total	37.61	43.02	44.29
Ancillary			6.73	6.75	6.75
Drug Plan			40.40	41.98	42.35
Dental Plan			20.08	18.02	17.53
Vision Plan			2.56	2.21	2.13
Grand Total			204.08	235.42	242.82
Member Months Avg			424,341	2,221,761	1,797,420

PMPM = Per Member Per Month

COMMONWEALTH OF VIRGINIA
George Mason University
Active Employees and Early Retirees

Non-Medicare Eligible Model Fiscal Year 2004					
			Selected Paid Claims PMPM	Total Paid Claims PMPM	Total-Selected Paid Claims PMPM
Provider	Type	Service			
Hospital	Inpatient	Total	34.65	64.01	64.53
Hospital	Outpatient	Total	29.47	49.33	49.68
Physician	Inpatient	Total	7.18	10.11	10.16
Physician	Outpatient	Total	48.33	43.02	42.92
Ancillary			9.19	6.74	6.70
Drug Plan			51.06	41.98	41.82
Dental Plan			21.61	18.02	17.96
Vision Plan			1.92	2.21	2.22
Grand Total			203.41	235.42	235.99
Member Months Avg			38,520	2,221,761	2,183,241

PMPM = Per Member Per Month

COMMONWEALTH OF VIRGINIA
Virginia Tech
Active Employees and Early Retirees

Non-Medicare Eligible Model Fiscal Year 2004					
			Selected Paid Claims PMPM	Total Paid Claims PMPM	Total-Selected Paid Claims PMPM
Provider	Type	Service			
Hospital	Inpatient	Total	52.55	64.01	64.91
Hospital	Outpatient	Total	49.66	49.33	49.30
Physician	Inpatient	Total	9.01	10.11	10.19
Physician	Outpatient	Total	36.64	43.02	43.51
Ancillary			7.41	6.74	6.69
Drug Plan			41.40	41.98	42.03
Dental Plan			19.91	18.02	17.88
Vision Plan			2.89	2.21	2.18
Grand Total			219.47	235.42	236.68
Member Months Avg			160,741	2,221,761	2,061,020

PMPM = Per Member Per Month

COMMONWEALTH OF VIRGINIA
Virginia Commonwealth University
Active Employees and Early Retirees

Non-Medicare Eligible Model Fiscal Year 2004					
			Selected Paid Claims PMPM	Total Paid Claims PMPM	Total-Selected Paid Claims PMPM
Provider	Type	Service			
Hospital	Inpatient	Total	65.32	64.01	63.95
Hospital	Outpatient	Total	46.52	49.33	49.47
Physician	Inpatient	Total	9.35	10.11	10.15
Physician	Outpatient	Total	37.71	43.02	43.28
Ancillary			6.64	6.74	6.75
Drug Plan			45.62	41.98	41.80
Dental Plan			20.87	18.02	17.88
Vision Plan			2.39	2.21	2.21
Grand Total			234.42	235.42	235.47
Member Months Avg			106,380	2,221,761	2,115,381

PMPM = Per Member Per Month

COMMONWEALTH OF VIRGINIA
College of William Mary
Active Employees and Early Retirees

Non-Medicare Eligible Model Fiscal Year 2004					
			Selected Paid Claims PMPM	Total Paid Claims PMPM	Total-Selected Paid Claims PMPM
Provider	Type	Service			
Hospital	Inpatient	Total	44.08	64.01	64.35
Hospital	Outpatient	Total	41.26	49.33	49.46
Physician	Inpatient	Total	9.60	10.11	10.12
Physician	Outpatient	Total	40.18	43.02	43.06
Ancillary			10.33	6.74	6.68
Drug Plan			39.76	41.98	42.02
Dental Plan			19.66	18.02	17.99
Vision Plan			2.46	2.21	2.21
Grand Total			207.32	235.42	235.90
Member Months Avg			37,034	2,221,761	2,184,727

PMPM = Per Member Per Month

COMMONWEALTH OF VIRGINIA
James Madison University
Active Employees and Early Retirees

Non-Medicare Eligible Model Fiscal Year 2004					
			Selected Paid Claims PMPM	Total Paid Claims PMPM	Total-Selected Paid Claims PMPM
Provider	Type	Service			
Hospital	Inpatient	Total	45.64	64.01	64.47
Hospital	Outpatient	Total	45.62	49.33	49.42
Physician	Inpatient	Total	7.68	10.11	10.17
Physician	Outpatient	Total	35.98	43.02	43.18
Ancillary			3.16	6.74	6.83
Drug Plan			44.68	41.98	41.91
Dental Plan			21.40	18.02	17.94
Vision Plan			3.01	2.21	2.20
Grand Total			207.17	235.42	236.12
Member Months Avg			54,040	2,221,761	2,167,721

PMPM = Per Member Per Month

COMMONWEALTH OF VIRGINIA
Mary Washington College
Active Employees and Early Retirees

Non-Medicare Eligible Model Fiscal Year 2004					
			Selected Paid Claims PMPM	Total Paid Claims PMPM	Total-Selected Paid Claims PMPM
Provider	Type	Service			
Hospital	Inpatient	Total	51.20	64.01	64.09
Hospital	Outpatient	Total	35.30	49.33	49.41
Physician	Inpatient	Total	11.37	10.11	10.10
Physician	Outpatient	Total	49.67	43.02	42.98
Ancillary			7.18	6.74	6.74
Drug Plan			55.60	41.98	41.90
Dental Plan			18.49	18.02	18.01
Vision Plan			2.25	2.21	2.21
Grand Total			231.07	235.42	235.44
Member Months Avg			12,629	2,221,761	2,209,132

PMPM = Per Member Per Month

COMMONWEALTH OF VIRGINIA
Old Dominion University
Active Employees and Early Retirees

Non-Medicare Eligible Model Fiscal Year 2004					
			Selected Paid Claims PMPM	Total Paid Claims PMPM	Total-Selected Paid Claims PMPM
Provider	Type	Service			
Hospital	Inpatient	Total	42.06	64.01	64.44
Hospital	Outpatient	Total	47.65	49.33	49.36
Physician	Inpatient	Total	8.57	10.11	10.14
Physician	Outpatient	Total	45.63	43.02	42.96
Ancillary			7.12	6.74	6.74
Drug Plan			38.57	41.98	42.05
Dental Plan			19.92	18.02	17.98
Vision Plan			2.15	2.21	2.22
Grand Total			211.68	235.42	235.88
Member Months Avg			42,294	2,221,761	2,179,467

PMPM = Per Member Per Month

COMMONWEALTH OF VIRGINIA
Total Selected Universities
Active Employees and Early Retirees

Non-Medicare Eligible Model Fiscal Year 2004					
			Selected Paid Claims PMPM	Total Paid Claims PMPM	Total-Selected Paid Claims PMPM
Provider	Type	Service			
Hospital	Inpatient	Total	51.49	64.01	67.21
Hospital	Outpatient	Total	45.44	49.33	50.32
Physician	Inpatient	Total	8.85	10.11	10.43
Physician	Outpatient	Total	39.31	43.02	43.96
Ancillary			7.08	6.74	6.66
Drug Plan			43.61	41.98	41.57
Dental Plan			20.40	18.02	17.41
Vision Plan			2.58	2.21	2.12
Grand Total			218.75	235.42	239.67
Member Months Avg			451,638	2,221,761	1,770,123

PMPM = Per Member Per Month

COMMONWEALTH OF VIRGINIA
George Mason University
Medicare Retirees

Medicare Eligible Model Fiscal Year 2004					
			Selected Paid Claims PMPM	Total Paid Claims PMPM	Total-Selected Paid Claims PMPM
Provider	Type	Service			
Hospital	Inpatient	Total	13.32	25.92	26.01
Hospital	Outpatient	Total	22.46	28.06	28.10
Physician	Inpatient	Total	7.53	7.35	7.35
Physician	Outpatient	Total	74.83	71.04	71.01
Ancillary			7.66	8.59	8.60
Drug Plan			220.41	149.75	149.27
Dental Plan			15.58	13.51	13.50
Vision Plan			2.07	2.46	2.47
Grand Total			363.86	306.69	306.29
Member Months Avg			2,073	302,327	300,254

PMPM = Per Member Per Month

COMMONWEALTH OF VIRGINIA
Virginia Tech
Medicare Retirees

Medicare Eligible Model Fiscal Year 2004					
			Selected Paid Claims PMPM	Total Paid Claims PMPM	Total-Selected Paid Claims PMPM
Provider	Type	Service			
Hospital	Inpatient	Total	27.35	25.92	25.83
Hospital	Outpatient	Total	23.86	28.06	28.32
Physician	Inpatient	Total	5.48	7.35	7.47
Physician	Outpatient	Total	56.43	71.04	71.93
Ancillary			8.32	8.59	8.61
Drug Plan			169.77	149.75	148.52
Dental Plan			19.02	13.51	13.05
Vision Plan			2.95	2.46	2.48
Grand Total			313.17	306.69	306.22
Member Months Avg			17,534	302,327	284,793

PMPM = Per Member Per Month

COMMONWEALTH OF VIRGINIA
Virginia Commonwealth University
Medicare Retirees

Medicare Eligible Model Fiscal Year 2004					
			Selected Paid Claims PMPM	Total Paid Claims PMPM	Total-Selected Paid Claims PMPM
Provider	Type	Service			
Hospital	Inpatient	Total	24.37	25.92	25.98
Hospital	Outpatient	Total	26.29	28.06	28.13
Physician	Inpatient	Total	7.44	7.35	7.35
Physician	Outpatient	Total	74.88	71.04	70.89
Ancillary			5.78	8.59	8.70
Drug Plan			136.16	149.75	150.27
Dental Plan			19.68	13.51	13.31
Vision Plan			3.49	2.46	2.42
Grand Total			298.09	306.69	307.03
Member Months Avg			10,964	302,327	291,363

PMPM = Per Member Per Month

COMMONWEALTH OF VIRGINIA
College of William Mary
Medicare Retirees

Medicare Eligible Model Fiscal Year 2004					
			Selected Paid Claims PMPM	Total Paid Claims PMPM	Total-Selected Paid Claims PMPM
Provider	Type	Service			
Hospital	Inpatient	Total	14.04	25.92	26.07
Hospital	Outpatient	Total	28.62	28.06	28.05
Physician	Inpatient	Total	4.93	7.35	7.38
Physician	Outpatient	Total	64.39	71.04	71.12
Ancillary			7.73	8.59	8.60
Drug Plan			167.50	149.75	149.54
Dental Plan			18.37	13.51	13.44
Vision Plan			2.90	2.46	2.45
Grand Total			308.49	306.69	306.65
Member Months Avg			3,676	302,327	298,651

PMPM = Per Member Per Month

COMMONWEALTH OF VIRGINIA
James Madison University
Medicare Retirees

Medicare Eligible Model Fiscal Year 2004					
			Selected Paid Claims PMPM	Total Paid Claims PMPM	Total-Selected Paid Claims PMPM
Provider	Type	Service			
Hospital	Inpatient	Total	23.30	25.92	25.96
Hospital	Outpatient	Total	32.55	28.06	27.99
Physician	Inpatient	Total	7.03	7.35	7.36
Physician	Outpatient	Total	69.91	71.04	71.05
Ancillary			4.91	8.59	8.65
Drug Plan			168.20	149.75	149.47
Dental Plan			17.48	13.51	13.45
Vision Plan			2.10	2.46	2.47
Grand Total			325.47	306.69	306.40
Member Months Avg			4,613	302,327	297,714

PMPM = Per Member Per Month

COMMONWEALTH OF VIRGINIA
Mary Washington College
Medicare Retirees

Medicare Eligible Model Fiscal Year 2004					
			Selected Paid Claims PMPM	Total Paid Claims PMPM	Total-Selected Paid Claims PMPM
Provider	Type	Service			
Hospital	Inpatient	Total	18.86	25.92	25.96
Hospital	Outpatient	Total	24.65	28.06	28.08
Physician	Inpatient	Total	6.17	7.35	7.36
Physician	Outpatient	Total	80.28	71.04	70.98
Ancillary			4.46	8.59	8.61
Drug Plan			150.25	149.75	149.75
Dental Plan			11.23	13.51	13.53
Vision Plan			2.31	2.46	2.47
Grand Total			298.20	306.69	306.74
Member Months Avg			1,638	302,327	300,689

PMPM = Per Member Per Month

COMMONWEALTH OF VIRGINIA
Old Dominion University
Medicare Retirees

Medicare Eligible Model Fiscal Year 2004					
			Selected Paid Claims PMPM	Total Paid Claims PMPM	Total-Selected Paid Claims PMPM
Provider	Type	Service			
Hospital	Inpatient	Total	22.01	25.92	25.97
Hospital	Outpatient	Total	24.87	28.06	28.10
Physician	Inpatient	Total	6.38	7.35	7.36
Physician	Outpatient	Total	69.72	71.04	71.05
Ancillary			5.69	8.59	8.62
Drug Plan			188.07	149.75	149.32
Dental Plan			21.04	13.51	13.38
Vision Plan			2.55	2.46	2.45
Grand Total			340.33	306.69	306.25
Member Months Avg			3,405	302,327	298,922

PMPM = Per Member Per Month

COMMONWEALTH OF VIRGINIA
Total for Selected Universities
Medicare Retirees

Medicare Eligible Model Fiscal Year 2004					
			Selected Paid Claims PMPM	Total Paid Claims PMPM	Total-Selected Paid Claims PMPM
Provider	Type	Service			
Hospital	Inpatient	Total	23.67	25.92	26.30
Hospital	Outpatient	Total	25.82	28.06	28.44
Physician	Inpatient	Total	6.28	7.35	7.53
Physician	Outpatient	Total	65.91	71.04	71.91
Ancillary			6.90	8.59	8.88
Drug Plan			164.10	149.75	147.32
Dental Plan			18.67	13.51	12.63
Vision Plan			2.89	2.46	2.39
Grand Total			314.25	306.69	305.40
Member Months Avg			43,903	302,327	258,424

PMPM = Per Member Per Month