



# COMMONWEALTH of VIRGINIA

SARA REDDING WILSON  
DIRECTOR

*Department of Human Resource Management*

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July 22, 2011

Division of Legislative Automated Systems  
910 Capitol Square  
General Assembly Building, Suite 660  
Richmond, VA 23219  
ATTN: Legislative Documents and Reports Processing

As required in § 2.2-2818 (R.) of the Code of Virginia, attached is a report on cost and utilization information for each of the mandated benefits set forth in § 2.2-2818, subsection B. This report is in the same detail and form as reports submitted pursuant to § 38.2-3419.1.

Please note that § 2.2-2818 (R.) stipulates annual reporting by November 30 and this report, for FY11, is being submitted after the required date. The next report, for FY12, will be submitted prior to the November 30, 2011 due date.

Please contact Charles R. Reid, Associate Director, Office of State and Local Health Benefit Programs at 804-786-3124 (email [charles.reed@dhrm.virginia.gov](mailto:charles.reed@dhrm.virginia.gov)) if you have questions about this report.

Sincerely,

Mary P. Habel  
Director, Office of Health Benefit Program

# Document Summary

**Description:** Report on cost and utilization information for each of the mandated benefits set forth in § 2.2-2818, subsection B., including any mandated benefit made applicable, pursuant to § 2.2-2818, subdivision B. 22, to any plan established pursuant to this section. The report shall be in the same detail and form as required of reports submitted pursuant to § 38.2-3419.1, with such additional information as is required to determine the financial impact, including the costs and benefits, of the particular mandated benefit.

**Subject:** Additional cost to the state health benefits plan for state employees due to mandate benefits

**Enabling Authority:** § 2.2-2818 (R.)

**Author:** Department of Human Resource Management

**Executive Summary** Aon Hewitt was retained by the Commonwealth of Virginia's Department of Human Resource Management to review and evaluate the Mandated Benefits Reports as prepared by Anthem and Optima for the Commonwealth's Health Benefits Plans. They received the reports provided by each of the vendors as well as the insured "book of business" reports provided by both vendors at our request. The Commonwealth specific reports are attached. The reports provide cost and utilization information for each of the mandated benefits and providers as required. Aon Hewitt reviewed and compared both reports specific to the Commonwealth's plans alongside the "book of business" reports. The Commonwealth reports reasonably tie to internal data. To itemize and comment on any material impact of the mandated benefits provisions and project future trends, Aon Hewitt would need to observe comparative data over time. At this point, they do not have sufficient history to draw any specific conclusions. Aon Hewitt will continue to monitor the reports, and expect to have more information in the coming years as they are able to compare year over year results.

July 14, 2011

Charles S. Reed  
Associate Director, Policy and Instruction  
Commonwealth of Virginia  
Office of State and Local Benefit Plans  
101 N. 14th St.  
Richmond, VA 23219

**Re: Mandated Benefits Report**

Dear Mr. Reed:

Aon Hewitt was retained by the Commonwealth of Virginia's Department of Human Resource Management to review and evaluate the Mandated Benefits Reports as prepared by Anthem and Optima for the Commonwealth's Health Benefits Plans. We received the reports provided by each of the vendors as well as the insured "book of business" reports provided by both vendors at our request. The Commonwealth specific reports are attached.

The reports provide cost and utilization information for each of the mandated benefits and providers as required. We reviewed and compared both reports specific to the Commonwealth's plans alongside the "book of business" reports. The Commonwealth reports reasonably tie to internal data.

To itemize and comment on any material impact of the mandated benefits provisions and project future trends, we would need to observe comparative data over time. At this point, we do not have sufficient history to draw any specific conclusions.

We will continue to monitor the reports, and expect to have more information in the coming years as we are able to compare year over year results.

Please let me know if you have any questions or concerns regarding these reports at this time. I can be reached at (404) 240-6138.

Sincerely,

A handwritten signature in black ink that reads "Kirsten R. Schatten".

Kirsten R. Schatten, ASA, MAAA  
Vice President

# **Anthem**

**Form MB1 - Part A: Claim Information - Benefits**

Provide specific claim data for each mandated benefit

Note: Blank fields (0) indicate that there is no data available for the BOI criteria

**TOTAL CLAIMS PAID OR INCURRED**

	Number of Visits	Number of Days	Total Claim payments	Number of Contracts/Certificates	Claim Cost per Contract/Certificate	Annual Admin Cost
Dependent Children (Handicapped)	3420	95	1119645	82533	13.57	21273
Doctor to Include						
Dentist	659	0	136629	82533	1.66	2596
Newborn Children	4599	944	3690114	82533	44.71	70112
Child Health Supervision Services	30814	0	2722252	82533	32.98	51723
Childhood Immunizations	19460	0	1532937	82533	18.57	29126
Infant Hearing Screening and Related Diagnostics	9308	0	451106	82533	5.47	8571
<b>Mental Health Services</b>						
Inpatient	379	45	74523	82533	0.90	1416
Partial Hospitalization	0	0	0	82533	0.00	0
Outpatient	19823	0	1440844	82533	17.46	27376
<b>Substance Abuse Services</b>						
Inpatient	145	104	146849	82533	1.78	2790
Partial Hospitalization	0	17	5252	82533	0.06	100
Outpatient	1160	0	146334	82533	1.77	2780
Biologically based Mental Illness	6950	133	610009	82533	7.39	11590
<b>Obstetrical Services</b>						
Normal pregnancy	9809	121	2947119	82533	35.71	55995
Other	18607	5239	16788737	82533	203.42	318986
Postpartum Services	545	4	986478	82533	11.95	1871
Pregnancy from Rape / Incest	32	0	7482	82533	0.09	142
Mammograms	49969	0	5915641	82533	71.68	112397
Pap Smears	73357	0	5989377	82533	72.57	113798
Bones and Joints Hemophilia and Congenital Bleeding Disorders	263	152	261759	82533	3.17	4973
Reconstructive Breast Surgery	1051	21	787665	82533	9.54	14966
Early Intervention Services	355	0	1316765	82533	15.95	25019
PSA Testing	3749	0	264207	82533	3.20	5020
Colorectal Cancer Screening	18469	0	428298	82533	5.19	8138
	26212	0	9229077	82533	111.82	175352

**Form MB1 - Part A: Claim Information - Benefits**

Provide specific claim data for each mandated benefit

Note: Blank fields (0) indicate that there is no data available for the BOI criteria

Clinical Trials for Treatment Studies on Cancer	11	0	3239	82533	0.04	62
Minimum Hospital Stay for Hysterectomy	131	482	1910800	82533	23.15	36305
Diabetes	104855	1	12947132	82533	156.87	245996
Hospice Care	1299	0	687603	82533	8.33	13064
Hospitalization and Anesthesia for Dental Procedures	659	0	136629	82533	1.66	2596
Treatment of Morbid Obesity	41	0	72966	82533	0.88	1386
Lymphedema	438	0	39728	82533	0.48	755
Prosthetic Devices	0	0	0	82533	0.00	0

**Form MB1 - Part B: Providers**

Determines the cost of each mandate based on the listing of the CPT and ICD-9-CM Codes provided by the BOI

Note: Blank fields (0) indicate that there is no data available for the BOI criteria

	<b>Number of Visits</b>	<b>Total Claim payments</b>	<b>Cost per visit</b>	<b>Number of Contracts/Certificates</b>	<b>Claim Cost per Contract/Certificate</b>	<b>Annual Admin Cost</b>
Chiropractor	77521	2410295	31.09	82533	29.20	45796
Optometrist	14115	1129814	80.04	82533	13.69	21466
Optician	86	10405	120.99	82533	0.13	198
Psychologist	36	18112	503.11	82533	0.22	344
Clinical Social Worker	81	1952	24.10	82533	0.02	37
Podiatrist	14387	1472162	102.33	82533	17.84	2791
Professional Counselor	37	1220	32.97	82533	0.01	23
Physical Therapist	68527	4022355	58.70	82533	48.74	76425
Clinical Nurse Specialist	4	478	119.50	82533	0.01	9
Audiologist	1135	214439	188.93	82533	2.60	4074
Speech Pathologist	3010	185066	61.48	82533	2.24	3516
Certified Nurse Midwife	563	74799	132.86	82533	0.91	1421
Licensed Acupuncturist	0	0	0.00	82533	0.00	0
Marriage and Family Therapist	3	150	50.00	82533	0.00	3





Anthem does not have premium data to provide

**Form MB1 - Part C: Premium information**

Provide the portion (dollar amount) of the annual premium for each policy that is attributable to each mandated benefit, offer and provider.

- Clinical Social Worker
- Podiatrist
- Professional Counselor
- Physical Therapist
- Clinical Nurse Specialist
- Audiologist
- Speech Pathologist
- Certified Nurse Midwife
- Licensed Acupuncturist
- Marriage and Family Therapist
- Prosthetic Devices


**Number of Contracts/Certificates:**

- Issued or Renewed
- In Force


**Annual Premium for Individual Standard Policy (30 year old male in Richmond):**

- Without Mandates
- With Mandates


**Average Dollar Amount for Converting Group to Individual:**

- Covered in Policy or Certificate
- Onetime Charge


**Form MB1 - Part D: Utilization and Expenditures for Selected Procedures by Provider Type**

Selected Procedure Codes are listed in Part D to obtain information about utilization and costs for specific types of services. Report identifies expenditures and visits for the Procedure Codes indicated by instructions. Other claims should not be included in this Part.

Note: Blank fields (0) indicate that there is no data available for the BOI criteria

Procedure Code/Provider Type	Number of Visits	Claim Payments	Cost Per Visit
<b>1. 99203 - Office Visit, Intermediate Service to New Patient</b>			
Chiropractor	1187	51038	43.00
Clinical Social Worker	0	0	0.00
Physical Therapist	1	0	0.00
Podiatrist	2272	210019	92.44
Professional Counselor	0	0	0.00
Psychiatrist	5	75	15.00
Psychologist	0	0	0.00
Physician	11938	1186605	99.40
Certified Nurse Midwife	9	291	32.33
Marriage and Family Therapist	0	0	0.00
<b>2. 90806-90807, 90818-90819 - Individual/Medical Psychotherapy, 45 to 50 Minute Session</b>			
Clinical Nurse Specialist	0	0	0.00
Clinical Social Worker	69	1669	24.19
Professional Counselor	31	413	13.32
Psychiatrist	9	352	39.11
Psychologist	0	0	0.00
Physician	20	1063	53.15
Marriage and Family Therapist	0	0	0.00
<b>3. 90853 - Group Psychotherapy</b>			
Clinical Nurse Specialist	0	0	0.00
Clinical Social Worker	0	0	0.00
Professional Counselor	0	0	0.00
Psychiatrist	0	0	0.00
Psychologist	0	0	0.00
Physician	0	0	0.00
Marriage and Family Therapist	9	290	32.22
<b>4. 92507 - Speech, Language or Hearing Therapy, Individual</b>			
Audiologist	0	0	0.00
Physical Therapist	11	272	24.73
Speech Pathologist	2582	146876	56.88
Physician	0	0	0.00
<b>5. 97110 - Physical Medicine Treatment, each 15 minutes, Therapeutic Exercise</b>			
Chiropractor	17505	478368	27.33
Physical Therapist	54132	1881992	34.77
Physician	242	10571	43.68
Podiatrist	9	259	28.78
Speech Pathologist	3	27	9.00
<b>6. 97124 - Physical Medicine Treatment, Massage</b>			
Chiropractor	6450	140699	21.81
Physical Therapist	350	13789	39.40
Physician	64	2061	32.20
Podiatrist	0	0	0.00
<b>7. 97035 - Physical Medicine Treatment, Ultrasound, each 15 minutes</b>			
Chiropractor	5911	64904	10.98
Physical Therapist	6165	93156	15.11
Physician	154	3049	19.80
Podiatrist	48	321	6.69
<b>8. 92352 - Fitting of Spectacle Prosthesis for Aphakia, monofocal</b>			
Ophthalmologist	0	0	0.00
Optician	0	0	0.00
Optometrist	0	0	0.00
Physician	0	0	0.00
<b>9. 11750 - Excision of Nail and Nail Matrix, Partial or Complete, for Permanent Removal</b>			
Physician	52	9714	186.81
Podiatrist	507	118220	233.18

**Optima**

Individual Values

a	b	c	d	e	f	g
Number of Visits	Number of Days	Total Claim Payments	Number of Contracts/ Certificates	Claim Cost Per Contract/ Certificate	Annual Administrative Cost	Percent of Total Health Claims

**INDIVIDUAL TOTAL CLAIMS PAID OR INCURRED**

\$	-
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- Dependent Children (Handicapped)
- Doctor to Include Dentist
- Newborn Children
- Child Health Supervision Services
- Childhood Immunizations
- Infant Hearing Screening and Related Diagnostics
- Mental Health Services
  - Inpatient
  - Partial Hospitalization
  - Outpatient
- Substance Abuse Services
  - Inpatient
  - Partial Hospitalization
  - Outpatient
- Postpartum Services
- Pregnancy from Rape / Incest
- Mammograms
- Bone Marrow Transplants
- Pap Smears
- Bones and Joints
- Hemophilia and Congenital Bleeding Disorders
- Reconstructive Breast Surgery
- Early Intervention Services
- PSA Testing
- Colorectal Cancer Screening
- Clinical Trials for Treatment Studies on Cancer
- Minimum Hospital Stay for Hysterectomy
- Diabetes
- Hospice Care
- Hospitalization and Anesthesia for Dental Procedures
- Treatment of Morbid Obesity

	Group Values						
	a	b	c	d	e	f	g
	Number of Visits	Number of Days	Total Claim Payments	Number of Contracts/Certificates	Claim Cost Per Contract/Certificate	Annual Administrative Cost	Percent of Total Health Claims
<b>GROUP TOTAL CLAIMS PAID OR INCURRED</b>					<b>\$</b>	<b>57,676,865</b>	
Dependent Children (Handicapped)							
Doctor to Include Dentist	725		\$ 246,918	8,922	\$ 27.68	40,195.97	0.43%
Newborn Children	83		\$ 19,583	8,922	\$ 2.19	3,187.99	0.03%
Child Health Supervision Services	595		\$ 44,574	8,922	\$ 5.00	7,256.23	0.08%
Childhood Immunizations	967		\$ 131,555	8,922	\$ 14.75	21,416.01	0.23%
Infant Hearing Screening and Related Diagnostics	149		\$ 5,039	8,922	\$ 0.56	820.26	0.01%
Mental Health Services							
Inpatient							
Partial Hospital							
Outpatient							
Substance Abuse Services							
Inpatient							
Partial Hospital							
Outpatient							
Biologically Based Mental Illness							
Obstetrical Services							
Normal Pregnancy	114		\$ 149,486	8,922	\$ 16.75	24,334.96	0.26%
All Other	634		\$ 403,671	8,922	\$ 45.24	65,713.95	0.70%
Postpartum Services							
Pregnancy from Rape / Incest							
Mammograms	4,192		\$ 627,644	8,922	\$ 70.35	102,174.61	1.09%
Bone Marrow Transplants							
Pap Smears	886		\$ 41,644	8,922	\$ 4.67	6,779.26	0.07%
Bones and Joints	54		\$ 9,161	8,922	\$ 1.03	1,491.36	0.02%
Hemophilia and Congenital Bleeding Disorders	93		\$ 775	8,922	\$ 0.09	126.17	0.00%
Reconstructive Breast Surgery						-	
Early Intervention Services	651		\$ 373,675	8,922	\$ 41.88	60,830.89	0.65%
PSA Testing	1,769		\$ 44,782	8,922	\$ 5.02	7,290.02	0.08%
Colorectal Cancer Screening	1,379		\$ 336,824	8,922	\$ 37.75	54,831.81	0.58%
Clinical Trials for Treatment Studies on Cancer	25		\$ 36,885	8,922	\$ 4.13	6,004.52	0.06%
Minimum Hospital Stay for Hysterectomy	42		\$ 63,221	8,922	\$ 7.09	10,291.74	0.11%
Diabetes	29		\$ 1,751	8,922	\$ 0.20	285.04	0.00%
Hospice Care							
Hospitalization and Anesthesia for Dental Procedures	147		\$ 19,551	8,922	\$ 2.19	3,182.68	0.03%
Treatment of Morbid Obesity	7		\$ 9,281	8,922	\$ 1.04	1,510.81	0.02%
Lymphedema	16		\$ 4,321	8,922	\$ 0.48	703.45	0.01%

## Form 1 MB - Part B: Claim Information - Providers

	Group Values						
	a	b	c	d	e	f	g
	Number of Visits	Total Claim Payments	Costs Per Visit	Number of Contracts/certificates	Claim Cost Per Contract / Certificate	Annual Administrative Costs	Percent of Total Health Claims
Chiropractor						-	
Optometrist	966	\$ 58,979	\$ 61.06	8,922	\$ 15.82	9,601.31	0.10%
Optician	3,508	\$ 416,547	\$ 118.74	8,922	\$ 29.54	67,809.98	0.01%
Psychologist							
Clinical Social Worker							
Podiatrist	1,729	\$ 158,672	\$ 91.77	8,922	\$ 18.84	25,830.40	0.28%
Professional Counselor							
Physical Therapist	4,887	\$ 1,018,067	\$ 208.32	8,922	\$ 23.46	165,731.76	1.77%
Clinical Nurse Specialist							
Audiologist	89	\$ 12,526	\$ 140.74	8,922	\$ 0.63	2,039.09	0.02%
Speech Pathologist	33	\$ 6,548	\$ 198.42	8,922	\$ 0.17	1,065.95	0.01%
Certified Nurse Midwife	12	\$ 1,191	\$ 99.25	8,922	\$ 0.12	193.89	0.00%
Licensed Acupuncturist							
Marriage and Family Therapist							

## Form MB 1 - Part C: Premium Information

	Single	Individual Policy Family	Single	Group Certificates Family
<b>Standard Policy:</b>				
Deductible			225.00	450.00
Co-Insurance Percentage Paid by Insurer			100.00%	100.00%
Individual/Employee Out-of- Pocket Maximum			1,500.00	3,000.00
Annual Premium				
<b>Premium Attributable to Each Mandate:</b>				
Dependent Children (Handicapped)				
Doctor to Include Dentist			-	-
Newborn Children			-	-
Child Health Supervision Services			-	-
Childhood Immunizations			-	-
Infant Hearing Screening and Related Diagnostics			-	-
Mental Health Services				
Inpatient				
Partial				
Hospitalization				
Outpatient				
Substance Abuse Services				
Inpatient				
Partial				
Hospitalization				
Outpatient				
Biologically Based Mental Illness				
Obstetrical Services				
Normal Pregnancy			-	-
All Other			-	-
Postpartum Services				
Pregnancy from Rape or Incest				
Mammograms			-	-
Bone Marrow Transplants			-	-
Pap Smears			-	-
Bones and Joints			-	-
Hemophilia and Congenital Bleeding Disorders			-	-
Reconstructive Breast Surgery			-	-
Early Intervention Services			-	-
PSA Testing			-	-
Colorectal Cancer Screening			-	-
Clinical Trials for Treatment Studies on Cancer			-	-
Minimum Hospital Stay for Hysterectomy			-	-
Diabetes			-	-
Hospice Care			-	-
Hospitalization and Anesthesia for Dental Procedures			-	-
Treatment of Morbid Obesity			-	-
Lymphedema			-	-
Chiropractor			-	-
Optometrist			-	-
Optician			-	-
Psychologist			-	-
Clinical Social Worker			-	-
Podiatrist			-	-
Professional Counselor			-	-
Physical Therapist			-	-
Clinical Nurse Specialist			-	-
Audiologist			-	-
Speech Pathologist			-	-
Certified Nurse Midwife			-	-
Licensed Acupuncturist			-	-
Marriage and Family Therapist			-	-
<b>Number of Contracts/Certificates:</b>				
Issued or Renewed				
In Force			3,916	4,233
<b>Annual Premium for Individual Standard Policy (30 year old male in Richmond):</b>				
Without Mandates			-	-
With Mandates			-	-
Average Dollar Amount for Converting Group to Individual:				
Covered in Policy or Certificate			-	-
Onetime Charge			-	-

**Form MB 1 - Part D: Utilization and  
Expenditures for Selected Procedures by  
Provider Type**

Procedure Code/Provider Type	Number of Visits	Claim Payments	Cost Per Visit
<b>1. 99203 - Office Visit, Intermediate Service to New Patient</b>			
Audiologist			
Chiropractor			
Clinical Social Worker			
Physical Therapist			
Podiatrist	264	\$ 19,224	\$ 72.82
Professional Counselor			
Psychiatrist			
Psychologist			
Physician	2,584	\$ 220,226	\$ 85.23
Ophthalmologist	46	\$ 2,753	\$ 59.84
Optometrist	22	\$ 1,212	\$ 55.10
Certified Nurse Midwife	1	\$ 70	\$ 69.70
Marriage and Family Therapist			
<b>2. 90806-90807, 90818-90819 - Individual/Medical Psychotherapy, 45 to 50 Minute Session</b>			
Clinical Nurse Specialist			
Clinical Social Worker			
Professional Counselor			
Physical Therapist			
Psychiatrist			
Psychologist			
Physician	1	\$ 80	\$ 79.67
Marriage and Family Therapist			
<b>3. 90853 - Group Psychotherapy</b>			
Clinical Nurse Specialist			
Clinical Social Worker			
Professional Counselor			
Psychiatrist			
Psychologist			
Physician			
Marriage and Family Therapist			
<b>4. 92507 - Speech, Language or Hearing Therapy, Individual</b>			
Audiologist			
Chiropractor	59	\$ 5,095	\$ 86.36
Physical Therapist	167	\$ 15,944	\$ 95.48
Speech Pathologist	29	\$ 5,291	\$ 182.46
Physician	33	\$ 7,468	\$ 226.30
<b>5. 97110 - Physical Medicine Treatment, each 15 minutes, Therapeutic Exercise</b>			
Chiropractor	178	\$ 8,543	\$ 47.99
Physical Therapist	3,681	\$ 566,499	\$ 153.90
Physician	366	\$ 23,025	\$ 62.91
Podiatrist			
Speech Pathologist			
<b>6. 97124 - Physical Medicine Treatment, Massage</b>			
Chiropractor			
Physical Therapist	208	\$ 6,447	\$ 31.00
Physician	1	\$ 21	\$ 21.34
Podiatrist			
<b>7. 97035 - Physical Medicine Treatment, Ultrasound, each 15 minutes</b>			
Chiropractor	23	\$ 121	\$ 5.24
Physical Therapist	673	\$ 25,614	\$ 38.06
Physician	53	\$ 1,217	\$ 22.96
Podiatrist			
<b>8. 92352 - Fitting of Spectacle Prosthesis for Aphakia, monofocal</b>			
Ophthalmologist			
Optician			
Optometrist			
Physician			
<b>9. 11750 - Excision of Nail and Nail Matrix, Partial or Complete, for Permanent Removal</b>			
Physician	8	\$ 2,489	\$ 311.09
Podiatrist	41	\$ 6,246	\$ 152.34