Session 086
Health Care Utilization and Cost Trends
2009-2015

John Hargraves
Senior Researcher at the Health Care Cost Institute
HCCI’s mission is to *get to the heart* of the key issues impacting the U.S. health care system — by using the best data to get the best answers.

Our values are simple:

- Health care claims data should be accessible to all those who have important questions to ask of it.
- Health care information should be transparent and easy to understand.
- All stakeholders in the health care system can drive improvements in quality and value with robust analytics.

*HCCI reports cost trends and facilitates informed debate about the less-understood commercially-insured population*
HCCI’s Data

Commercial Claims
- Years: 2008-2017
- All 50 states and D.C.
- Updated annually
- De-identified, HIPAA and anti-trust compliant

Medicare Fee-For-Service Claims
- National Qualified Entity (QE)
- Years: 2012-2016
- 100% Parts A & B & D

Individual 4.5M

ESI 42.9M

MA 6.1M

FFS Medicare 40.5M
HCCI’s external research partners include:

- Dartmouth
- MD Anderson Cancer Center
- NBER
- MedPAC
- Weill Cornell Medicine
- Northwestern
- University of Minnesota
- Society of Actuaries
- Penn Medicine

Since HCCI’s research enclave went live in 2014:

- 129 external users
- 54 research teams
  - Representing 30 entities
- 30 published papers to date
In 2018, HCCI research generated:

- **592** total stories
- **436** Broadcast Airings
- **156** Print & Online Stories

Articles referencing HCCI increased **1441%** since 2011 and **42%** from 2017 to 2018.
HCCI drives the conversation around health care costs via a broad research agenda, including flagship products:

**Annual Health Care Cost and Utilization Report**

**Healthy Marketplace Index**

supported by Robert Wood Johnson Foundation
Note: Except for prescription drugs, utilization reflects volume and service-mix intensity. Thus, the prices presented factor out changes in the mix of services used for these three categories. Additionally, prescription drug spending is the amount paid on the pharmacy claim, which reflects discounts from the wholesale price, but not manufacturer rebates paid in separate transactions.
Annual Spending Growth Varied by Service

There's more to it than just the average.
Spending varies by population sub-groups

### 2017 Spending per person by Age

- **Ages 0-18**: $3,170
- **Ages 19-25**: $3,254
- **Ages 26-44**: $4,871
- **Ages 45-54**: $7,282
- **Ages 55-64**: $10,476

Total spending for all ages: $5,641

Growth since 2013:
- **19.9%**: Ages 0-18
- **19.2%**: Ages 19-25
- **14.3%**: Ages 26-44
- **16.5%**: Ages 45-54
- **15.5%**: Ages 55-64

### 2017 Spending per person by Number of Chronic Conditions

- **None**: $3,603
- **One**: $8,921
- **Two or More**: $20,257
Interactive State-Level Data Tool

https://healthcostinstitute.org/research/research-resources
What’s in the SOA data extract?

Data tables based on:
Claims from 2009-2015 for commercially insured with prescription drug coverage in 21 states. Does not include Medicare Advantage data.

Stratifications:
Market segment
• Large group, small group, and individual
• Each segment should be looked at separately, not combined

Age
• 7 age brackets (0-18, 19-26, 27-34, 35-44, 45-54, 55-64, 65+)

Gender
• Can jointly stratify by gender and age or gender and state

State
• 21 states, *All* is not the national estimate
SOA Data Extract Metrics

Calculated Fields:

Spending PMPY (also PMPM)
- Allowed, paid, and out-of-pocket amounts (OOP further broken out into copay, coinsurance, and deductible spending)

Utilization per 1000 (UPK)
- Sum of service units divided by a member months multiplied by 12,000
- Units differ by service category/subcategory and are identified by units field
- Alternative measures of utilization included: admits per 1000 (APK); length of stay (LOS); prescription filled-days per 1000 (DPK)

Cost per Service (CPS)
- Average allowed amount per unit of service

Totals:

All spending and utilization fields

Enrollment
- Member months, distinct patients, and unique patients
SOA Data Extract Service Categories

Service Category → Sub-Service Category 1 → Sub-Service Category 2

4 service categories: **inpatient**, outpatient, professional, pharmacy

<table>
<thead>
<tr>
<th>Service Category</th>
<th>Maternity</th>
<th>Medical</th>
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<tbody>
<tr>
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<td>Maternity</td>
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<td>Infectious and Bacterial Disease</td>
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<td>Symptoms and Ill-Defined Conditions</td>
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<table>
<thead>
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SOA Data Extract Service Categories

Service Category → Sub-Service Category 1 → Sub-Service Category 2

4 service categories: inpatient, **outpatient**, professional, pharmacy

<table>
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<th>Service Category</th>
<th>Sub-Service Category 1</th>
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Allowed PMPM
## SOA Data Extract Service Categories

### Service Category → Sub-Service Category 1 → Sub-Service Category 2

4 service categories: inpatient, outpatient, **professional**, pharmacy

<table>
<thead>
<tr>
<th>Category</th>
<th>Subcategories</th>
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<tbody>
<tr>
<td><strong>Office Visits</strong></td>
<td>Consults, IP Visits, Office/Home Visits, Physical and Prevention Visits</td>
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<tr>
<td><strong>Surgery</strong></td>
<td>Anesthesia, Cardiovascular Surgery, Digestive Surgery, Musculoskeletal Surgery, Nervous System Surgery, Skin Surgery, Other Surgery</td>
</tr>
<tr>
<td><strong>Professional</strong></td>
<td>Advanced Imaging, Laboratory/Pathology, Radiology, Chemotherapy, Therapeutic Injections</td>
</tr>
<tr>
<td><strong>Ancillary Services</strong></td>
<td>Ambulance, DME, Private Nurse/Home Health/Hospice, PT/OT/ST</td>
</tr>
<tr>
<td><strong>Other Professional</strong></td>
<td>Cardiovascular, Emergency Room Visits, Immunizations, Maternity, Mental Health/Chemical Dependency, Other Professional Services</td>
</tr>
</tbody>
</table>

![Bar chart showing allowed PMPM for different service categories](chart.png)
### SOA Data Extract Service Categories

#### Service Category → Sub-Service Category 1 → Sub-Service Category 2

- 4 service categories: inpatient, outpatient, professional, pharmacy

#### Pharmacy

<table>
<thead>
<tr>
<th>Category</th>
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<td>Psychotherapeutic Agents</td>
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<td>Respiratory Agents</td>
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<td>Other</td>
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<tr>
<td>Generic</td>
<td>Anti-infective Agents</td>
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<td>Cardiovascular Agents</td>
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<td>Psychotherapeutic Agents</td>
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<tr>
<td>Other &amp; OTC</td>
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Allowed PMPM range: $0 to $35
## SOA Health Care Cost and Utilization Data Extract

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</table>

https://healthcostinstitute.org/soa
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Health Care Utilization and Cost Trends
2009-2015

Achilles Natsis FSA, MAAA
Society of Actuaries Health Research Actuary
Bullets on who does what

• John Hargraves - HCCI
  • Overview of what is HCCI – what do they do.
  • Summary of Previous HCCI annual trend reports?
  • Summary of what is in the Data Extract and what was left out
    • Years, Markets,
    • Restrictions on the data extract
    • How / why certain cuts were excluded.
• How to use data extract
  • What are the fields included. How to navigate through
  • Observations about some of the fields.
    • What are some possible values of fields and/or combinations
    • States that are in play
    • Link to the extract
Bullets on who does what

• Achilles Natsis
  • Categorization of Data Buckets (Section 3.2)
  • Findings from the Extract
    • Membership Trends (5.1)
    • Allowed Cost Trends (5.2), Utilization Trends (5.3) Claims Trends (5.4) and Benefit Design Changes (5.5)
  • Trend Outliers
    • Pharmacy Trends (6.1),
    • Individual Market Transition to ACA Exchange Products (6.2)
  • Conclusion
Categorization of Extract Data Elements

- Appendix A Contains the data elements from the extract
- Categorized as follows:
  - Member Demographics
  - Category of Service Differentiators
  - Membership Exposure
  - Claims Dollar Amounts
  - Utilization Amounts
  - Calculated Data Fields
Data Extract Elements: Member Demographics

- The Data Extract Appendix A Contains these member demographics data elements
- Age Brackets (0-18, 19-26, 27-34, 35-44, 45-54, 55-64, 65+)
- Gender (M,F,U)
- Market Segment (I, L, S)
- Service Year (2009-2015)
- State Mapping
Data Extract Elements: Service Categories

• Four Main Types of Service Categories
  • Inpatient Hospital, Outpatient Hospital, Professional, Pharmacy
• Two Additional Service Sub-Categories
• Descriptions of Subcategories are in Appendix B
• Subcategories lacking sufficient volume get placed into “Other” Subcategories
Data Extract Elements: Membership Exposure

- Four Main Types of Membership Exposure
- Member Months
  - used for all PMPM, UPK and CPS statistics
- Distinct Patients
  - Counts patients for each time they record a claims in a specific service category
- Unique Patients
  - Number of patients in the cohort with at least one claim in the year.
- Nonzero OP & PR Patients
  - Similar to Distinct Patients, but only counted for OP & PR
Data Extract Elements: Claim Dollar Amounts

- Allowed Claims, Paid Claims, and Member Cost Sharing
  - Allowed Claims = Total amounts paid to providers,
  - Allowed Claims = Paid Claims + Member Cost Share
- Paid Claims = Total amounts paid by insurance
- Member Cost Share = Total amounts paid by Members
  - Deductible Amounts (first dollar all paid by member)
  - Coinsurance Amounts (cost shared with insurer)
  - Copay amounts (paid per service or Prescription)
Data Extract Elements: Claims Utilization Amounts

• These vary by Service Category
  • For Inpatient Services – Hospital Admissions & Hospital Days
    • Length of Stay = Days / Admits
  • Outpatient and Professional Services – Units, Procedures, and Visits
    • Visits are left blank for some categories
  • Pharmaceutical Services
    • Dosage Units, Days of Supply, Prescriptions
Data Extract Elements: Calculated Data Fields

- The Main Elements are Claims PMPM, UPK and CPS
  - Claims PMPMs are calculated using Allowed, Paid, and Member Cost Share amounts divided by member months.
  - Utilization Per Thousand (UPK) are calculated by:
    - Utilization Field / Member Months * 12000.
    - The “Units” field dictates which type of unit is used in UPK
  - Cost Per Service (CPS) is calculated using:
    - Allowed Costs / Units used in UPK
  - Other Calculated fields include
    - APK (Admits Per Thousand) = Admits / Member months *12,000
    - LOS (Length of Stay, Inpatient only) = Total Days / Total Admits
    - DPK = Days per thousand of Prescription Drug Supply
Data Extract Elements: Aggregated Data Flags

• These vary by Service Category
  • For Inpatient Services – Hospital Admissions & Hospital Days
    • Length of Stay = Days / Admits
  • Outpatient and Professional Services – Units, Procedures, and Visits
    • Visits are left blank for some categories
  • Pharmaceutical Services
    • Dosage Units, Days of Supply, Prescriptions
Findings from the Extract: Membership Trends

• Membership patterns for 2009-2015 were examined for all Markets
  • Large Group
  • Small Group
  • Individual
• Membership Distribution by Age Brackets
  • 0-18, 19-26, 35-44, 45-54, 55-64, 65+
• Variances in Membership by State
  • Number of States whose membership count changed by > 15% in the following year
• Impact of Medicaid Expansion on Individual Membership Growth
Member Months by Market Type

- Large Group
  - Big drop during Great Recession, then levels off

- Small Group
  - Small but steady membership decline.

- Individual
  - Small increases early, big increases late
Membership Distribution by Age Bracket

- Small and Large Group Stable
  - Increase in 19-26 year old share due to ACA provision
  - Gradual increase in older populations
- Big Individual Market Changes
  - 19-26 year old members shifted from individual to large group
  - 0-18 year old representation dropped substantially
  - 45 – 64 age brackets took their place
  - Different types of members choosing exchange policies
Annual Membership Variation by State

- Large Group saw minimal variation
  - > 3% of States varied by > 15%.
- Small Group is more volatile with 16% of States varying by >15%
- Individual – least stable market
  - Stabilized from 2009 to 2013
  - Extreme volatility in 2014 and 2015 with significant turnover.
States with no Medicaid Expansion had huge Individual membership growth in 2014 and 2015

States with Medicaid Expansion in 2014 had Individual membership declines in 2014 and 2015

States with delayed Medicaid Expansion had relatively flat Individual membership in 2014 and 2015
Allowed Cost Trends: Aggregate Trends

- Large Group and Small Group
  - Steady increase in overall trends
  - Higher PMPMs in Large Group
- Individual
  - Similar Steady trends from 2009 to 2013
  - Prior PMPMs well below Group
  - Very large trends from 2014-2015
    - PMPMs surged past Group
Total Allowed Cost PMPMs

- Large and Small Group
  - Steady increase in overall trends
  - Higher PMPMs in Large Group
- Individual
  - Similar Steady PMPM increases from 2009 to 2013
  - Prior PMPMs well below Group
  - PMPMs surged past Group in 2015
- Allowed PMPM Trends by Year

- Large and Small Group
  - Overall trends in 2-5% range
  - Moving together in lock-step

- Individual
  - Similar patterns to Group from 2009 to 2013
  - More volatility even before 2014
  - Large trends in 2014-2015 due to Exchange members
Allowed PMPM Costs by Market and Service Category

- Large Group and Small Group
  - Professional and Outpatient have the highest costs
  - Pharmacy costs caught up to inpatient in 2015
- Individual
  - Same ranking as Group
  - Inpatient Costs Surged past Group levels in 2015
  - Large Increases for all categories in 2014 & 2015
• Outpatient Trends were high from 2009-2013

• Pharmacy Trends jumped significantly in 2014 and 2015

• Non-Pharmacy Trends all dropped in 2014 and 2015
Small Group Allowed PMPM Trends by Service Category

- Outpatient Trends were high from 2009-2013
- Pharmacy Trends jumped significantly in 2014 and 2015
- Non-Pharmacy Trends all dropped in 2014 and 2015
- Similar Pattern to Large Group
Individual Allowed PMPM Trends by Service Category

- Similar pattern with Group from 2009 to 2013
- Outpatient had the highest trends from 2009-2013
- Large trends for all categories in 2014-2015
- Inpatient 2014 increase indicates pent up demand from prior uninsured
- 2015 Pharmacy trend was higher than in 2014
Admissions have similar patterns to Days

Higher utilization with large group

Group utilization trends are mostly flat.

Individual Utilization increased dramatically as previously uninsured, high morbidity members entered the Exchanges in 2014 and 2015

Individual Utilization exceeded group in 2015
Outpatient Hospital Utilization Per K By Market

- Outpatient units vary by Service level Subcategory
- Group utilization trends are generally flat
- Large Group came back down after increases from 2010 – 2012
- Individual Utilization increased dramatically as previously uninsured, high morbidity members entered the Exchanges in 2014 and 2015
- Individual Trends came down in 2015, utilization remained below Group’s
Professional Utilization Per K By Market

- Professional unit vary by Service level Subcategory
- Group utilization had modest increases – could be driven by ACA’s preventive health mandate
- Individual Trends had similar patterns with group from 2009 to 2013
- Large Individual increases in 2014 and 2015 due to high morbidity and previously uninsured members joining the Exchanges.
Pharmaceutical Prescriptions Per K By Market

- Group Utilization is mostly flat, dropping in 2014 and 2015
- Small and Large Group follow similar patterns
- Individual Trends were increasing slightly from 2009 to 2013
- Large increases in 2014 and 2015 due to higher cost ACA Exchange members
- 2015 Trend > 2014
Inpatient Hospital Cost Per Day By Market

- Small and Large Group Costs Per day are relatively synchronized
- Large Group has the lowest costs per day.
- Prior to ACA, Individual has the highest costs
- Individual costs per day dropped to be more in line with Group levels in 2015 - likely due to contracting changes
- Small and Large Group unit costs move in tandem.
- Unit Costs are inversely proportional to group size
- Unit Cost increases are generally larger than other service categories
- Individual Outpatient Unit Costs stayed constant in 2014 and then increased again in 2015
- Outpatient Unit Costs were not as significantly impacted by the ACA population coming on in 2014 and 2015
**Professional Unit Costs By Market**

- Small and Large Group Unit Costs move together
- Group Professional Unit Costs were relatively flat
- Individual Unit Costs for Professional were below those of Group’s
- Individual Unit Costs dropped significantly in 2014 when the ACA exchange population went live - likely due to contracting changes
Pharmacy Costs Per Prescription By Market

- All Marketplaces follow a similar Unit Cost pattern.
- Individual Pharmacy Unit Costs were below Group Unit Costs
- Costs Per Script increases were flatter through 2013 for all Markets
- In 2014 and 2015, unit costs increased significantly for all lines.
- Individual Pharmacy Cost Per Script increases were not significantly impacted by the ACA Exchange Populations coming on board
### UPK and CPS Overall Trends by Service Category

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>IP UPK</td>
<td>-0.6%</td>
<td>0.8%</td>
<td>-3.2%</td>
</tr>
<tr>
<td>IP CPS</td>
<td>3.5%</td>
<td>2.1%</td>
<td>5.5%</td>
</tr>
<tr>
<td>OP UPK</td>
<td>0.8%</td>
<td>-0.5%</td>
<td>-0.5%</td>
</tr>
<tr>
<td>OP CPS</td>
<td>6.5%</td>
<td>6.1%</td>
<td>5.5%</td>
</tr>
<tr>
<td>PR UPK</td>
<td>1.5%</td>
<td>0.6%</td>
<td>4.1%</td>
</tr>
<tr>
<td>PR CPS</td>
<td>1.1%</td>
<td>0.6%</td>
<td>-0.5%</td>
</tr>
<tr>
<td>RX UPK</td>
<td>-0.3%</td>
<td>0.3%</td>
<td>1.1%</td>
</tr>
<tr>
<td>RX CPS</td>
<td>3.2%</td>
<td>3.3%</td>
<td>1.1%</td>
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- Changes in Cost Per Service were the main drivers of trend all service categories.
- Utilization Trends had an overall negative trend during the measurement period.
- Only Professional Services had positive utilization trends.
- Outpatient and Pharmacy had the highest CPS trends.
- Higher CPS trends correspond to lower UPK trends.
Paid / Allowed Ratio by Service Category and Market

- Paid / Allowed is higher for larger group sizes.
- Group Market Paid / Allowed
  - Inpatient & Outpatient flat
  - Pharmacy Increased
  - Professional Decreased
- Individual Market jumped in 2014 & 2015 due to ACA requirements
- Overall, Large Group is at 85%, Small Group at 80%, Individual jumped by > 10% from 2013 to 2015
- Inpatient has the highest ratio
Trend Outliers: Pharmacy Analysis

• Large and Small Group Pharmacy Costs
  • Allowed Cost Trends were 2-4 % from 2009-2013 and 6-7% after.

• Focus on Large and Small Group not impacted by ACA members

• Broken out by Service Category Level 2
  • Brand
  • Generic
  • Other & OTC
  • Specialty
Large Group Allowed Pharmacy PMPM By Service Category 2

- Brand Costs are flat
- Generic increases offset by Other & OTC decreases
- Total non-specialty costs were ~$60 PMPM for all periods
- Specialty costs increased significantly from 2009 - 2015
  - From $10 PMPM to almost $30 PMPM
Small Group Allowed Pharmacy PMPM By Service Category 2

- Brand Costs are flat
- Generic increases offset by Other & OTC decreases
- Total non-specialty costs were ~$53 PMPM for all periods
- Specialty costs increased by > 200% from 2009 to 2015
Allowed Pharmacy PMPM Trends By Service Category 2

- Trends Broken out by Service Category 2
- Non-Specialty Trends are flat (+/-2)%
- Specialty Drugs contribute 2-4% to trend for 2010-2013, 5-8% in 2014-2015
- Specialty trend is the main Pharmacy Trend driver in all years, particularly 2014-2015
- Brand and Generic Trends move in opposite directions
• Brand trends were negative from 2010-2015
• Generic and Specialty trends were positive most years
• Utilization shifting from Brand to Generic
• Utilization Trend is not a significant contributor to pharmacy trend.
Pharmacy Cost Indices Per Prescription by Market and Year

- Unit Cost Indices show the relative growth of each drug type.
- Generic unit cost trend is flat for 2009-2015
- Brand had increasing unit costs throughout the period
- Large Group Specialty unit cost trend follows Brand from 2009-2013
- Specialty trend unit cost trend accelerated in 2014-2015
Trend Outliers: Specialty Pharmacy Breakout

• Specialty Pharmacy Broken out by Service Category Level 3
  • Cancer
  • Multiple Sclerosis
  • Other Specialty

• Goal is to determine what is driving large Allowed PMPM Cost increases in 2014-2015

• Utilization Trend
• Unit Cost Trend
Large Group Specialty Pharmacy Cost PMPMs

- Specialty is broken out into more detailed categories:
  - Cancer
  - Multiple Sclerosis
  - Other Specialty

- Cancer and MS costs double from 2009 – 2015

- Other Specialty triples – accounting for most of the trend

- Most of this activity takes place in 2014 and 2015
Specialty Pharmacy Utilization Trends by Year

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<tbody>
<tr>
<td>Large Group</td>
<td>Cancer</td>
<td>5.3%</td>
<td>4.4%</td>
<td>4.3%</td>
<td>2.3%</td>
<td>-1.1%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Small Group</td>
<td>Cancer</td>
<td>5.9%</td>
<td>7.0%</td>
<td>4.0%</td>
<td>1.7%</td>
<td>0.4%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Large Group</td>
<td>Multiple Sclerosis</td>
<td>11.4%</td>
<td>3.9%</td>
<td>1.2%</td>
<td>3.7%</td>
<td>0.5%</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Small Group</td>
<td>Multiple Sclerosis</td>
<td>10.4%</td>
<td>6.0%</td>
<td>-2.2%</td>
<td>1.2%</td>
<td>-2.1%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Large Group</td>
<td>Other Specialty</td>
<td>7.4%</td>
<td>6.7%</td>
<td>5.1%</td>
<td>-0.8%</td>
<td>3.0%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Small Group</td>
<td>Other Specialty</td>
<td>6.7%</td>
<td>5.9%</td>
<td>5.7%</td>
<td>-3.9%</td>
<td>6.3%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Large Group</td>
<td>Total Specialty</td>
<td>6.5%</td>
<td>5.1%</td>
<td>4.3%</td>
<td>1.4%</td>
<td>0.4%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Small Group</td>
<td>Total Specialty</td>
<td>6.5%</td>
<td>6.6%</td>
<td>4.0%</td>
<td>-0.1%</td>
<td>1.9%</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

- Specialty Pharmacy Broken out by Service Category Level 3
  - Cancer
  - Multiple Sclerosis
  - Other Specialty

- Utilization trend was higher from 2009 – 2012 when overall specialty trends were the lowest

- Modest Utilization Trends in 2014 and 2015 when total specialty trends were the highest

- Other specialty utilization trend was up the most
Specialty Pharmacy Cost Per Script by Drug Type

- Average Cost Per Pharmacy Prescription was up significantly from 2009 – 2015 for all groups.

- Other Specialty had an inflection point in 2014 and 2015 with trend costs accelerating at a higher rate.

- Unit Costs doubled for Cancer and Multiple Sclerosis from 2009-2015.

- Other Specialty unit costs tripled from 2009 – 2015, doubling from 2013 to 2015.
Specialty Pharmacy Cost Per Script Trend by Drug Type

- Looking at Unit Cost from a trend perspective
- Specialty Unit Cost Trends are high in general
- Specialty Unit Cost Trends tend to fall in the 10-20% range
- Other Specialty unit costs trend exceeded 40% in 2014
- Highest Trends were seen among older populations in 2014 for Other Specialty – some close to 100%
  - HCV drugs played a key role
Trend Outliers: Individual Market Transition to Exchanges

• ACA Exchange Membership Flooded the Market in 2014
  • Major Disruption in Membership and Benefit Design Changes
  • Previously Uninsured Members created Pent-up Demand
  • Large Utilization Increases Across the Board
• ACA Exchange Integration was a multi-year process
  • Membership continued to increase in 2015
  • Utilization patterns varied by service categories
Individual Market Transition: Inpatient Cost Trends

- Inpatient Trends were significantly higher in 2014 vs. 2015.
  - All Inpatient Subcategories increased by > 50% in 2014
  - Medical and Surgical trends remained high in 2015.
  - Maternity and Rehab reset much higher and leveled off
  - Inpatient Services are among the first utilized by new members
Individual Market Transition: Outpatient Cost Trends

- Outpatient Trends were slightly higher in 2014 vs. 2015.
- ER and Diagnostic Services trends came down in 2015.
- Other Outpatient and Surgical trends increased in 2015.
- Outpatient Claims transitioned to more scheduled services.
Individual Market Transition: Professional Cost Trends

- Professional Trends were slightly higher in 2014
- Categories related to acute services had higher 2014 trends
- Trends were low for immunization and prevention
- 2015 trends were higher for less acute services
Individual Market Transition: Pharmacy Trends

- Pharmacy Trends were slightly higher in 2015
- Generic trends were relatively flat with new population
- Brand trends indicate pent-up demand in new population.
- 2014 Specialty Trends were affected by new and older population similar to the Group Markets
Conclusions

• Small and Large Group Trends are relatively stable and generally reasonable.
  • Membership count and composition was relatively stable
  • In line with National Health Expenditure Reports
  • Unit Cost changes are driving trend – utilization trends are relatively small.
  • Outpatient had the biggest trends from 2009-2013.
  • Pharmacy had the largest trends in 2014-2015 driven by specialty drug costs.

• The Individual Market Experienced Large trends in 2014 and 2015.
  • The ACA Exchange caused a large shift in membership composition and benefit design
  • Many of the new members were previously uninsured
  • Utilization increased dramatically, with more immediate impacts on acute services and more delayed impacts on chronic services.

• The SOA/HCCI Data Extract is available for Health Actuaries to do their own examination of the data and to look at their own areas of interest.