



City of Los Angeles

2018 Q3 Utilization Update

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Agenda

	Topic
1.	Review the Objective & 2020 Renewal Considerations
2.	Key Findings Summary
3.	Review Utilization for Active Population <ul style="list-style-type: none">• Total Paid Claims Overview• High Cost Claimants and Pooling• Inpatient Paid Claims Overview<ul style="list-style-type: none">• Inpatient Detail - Surgical• Outpatient Paid Claims Overview• Pharmacy Paid Claims Overview• Pharmacy – Brand Formulary Detail
4.	Questions

Objective & 2020 Renewal Considerations

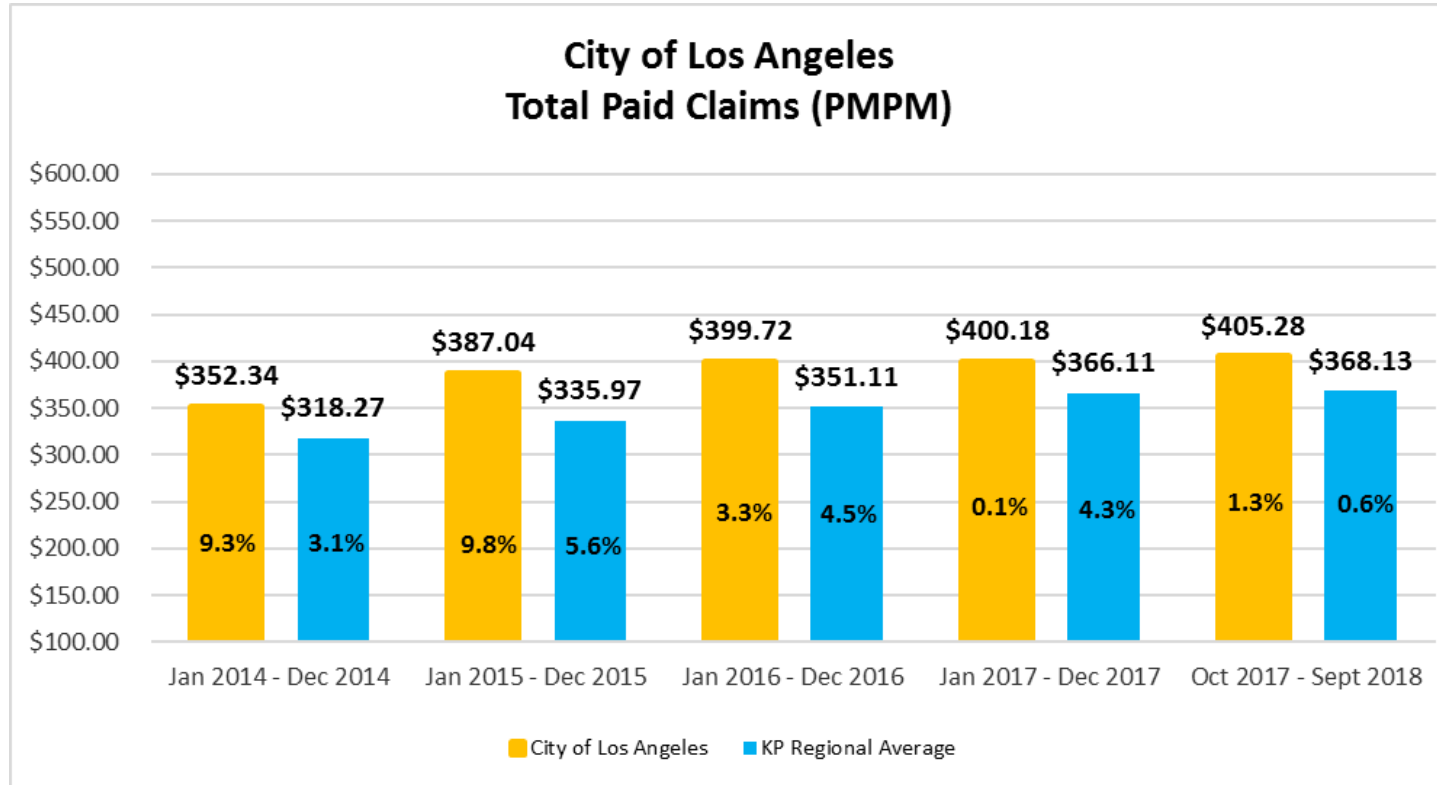
- Objective:
 - The purpose of the following presentation is to provide the JLMBC with a preview of how City of Los Angeles utilization is trending through the first 9 months of 2018 (Q3'2018).
 - This presentation compares the Q3 2018 claims to the claims used to calculate the 2019 renewal
- 2020 Renewal Considerations:
 - The Q3' 2018 utilization report includes 9 out of the 12 months of Paid Claims data that will be used for the 2018 renewal
 - Three months of updated claims information is outstanding for the upcoming 2020 renewal.
 - The claims reflected in this report are on a 'per member per month' (pmpm) basis and reflect only paid claims. This report does not incorporate other key elements of the renewal calculation such as pooling, trend, IBNR, retention, and ACA.
 - Rating Factors and Experience Adjustments for the 2020 Renewal will not be finalized until Spring 2019
 - Pooling Credit/Charges
 - Conversion of Paid Claims to Incurred Claims
 - Demographic Changes
 - Rating Trend
 - Retention
 - ACA Fees

Key Findings

- Member age for the City is over a year older than the KP Regional Average.
- Total paid claims for the City increased 1.3% vs. 0.6% for the KP Regional Average.
- Inpatient claims increased 3%.
 - Inpatient surgical increase: 14% / \$7.25ppm.
 - Within the surgical category, respiratory failure (DRG-3), with an underlying diagnosis of colorectal cancer saw an increase of \$6.46ppm in paid claims.
 - Colorectal cancer screening for members at the City are higher than the averages, but have room for improvement.
- Pharmacy claims increased 4.7%.
 - Brand Formulary increased 9.6% and Specialty Formulary increased 7.8%.
 - The top prescribed drugs are primarily used to treat cholesterol and high blood pressure (related: 304 visits to the emergency room with diagnoses of chest pain).
 - High blood pressure (hypertension) increases a person's risk of stroke and heart attack, and often occurs with diabetes.
 - High cholesterol can also be a predictor of diabetes, as elevated cholesterol levels are often seen in people with insulin resistance even before they have developed full-blown diabetes.



Claims History

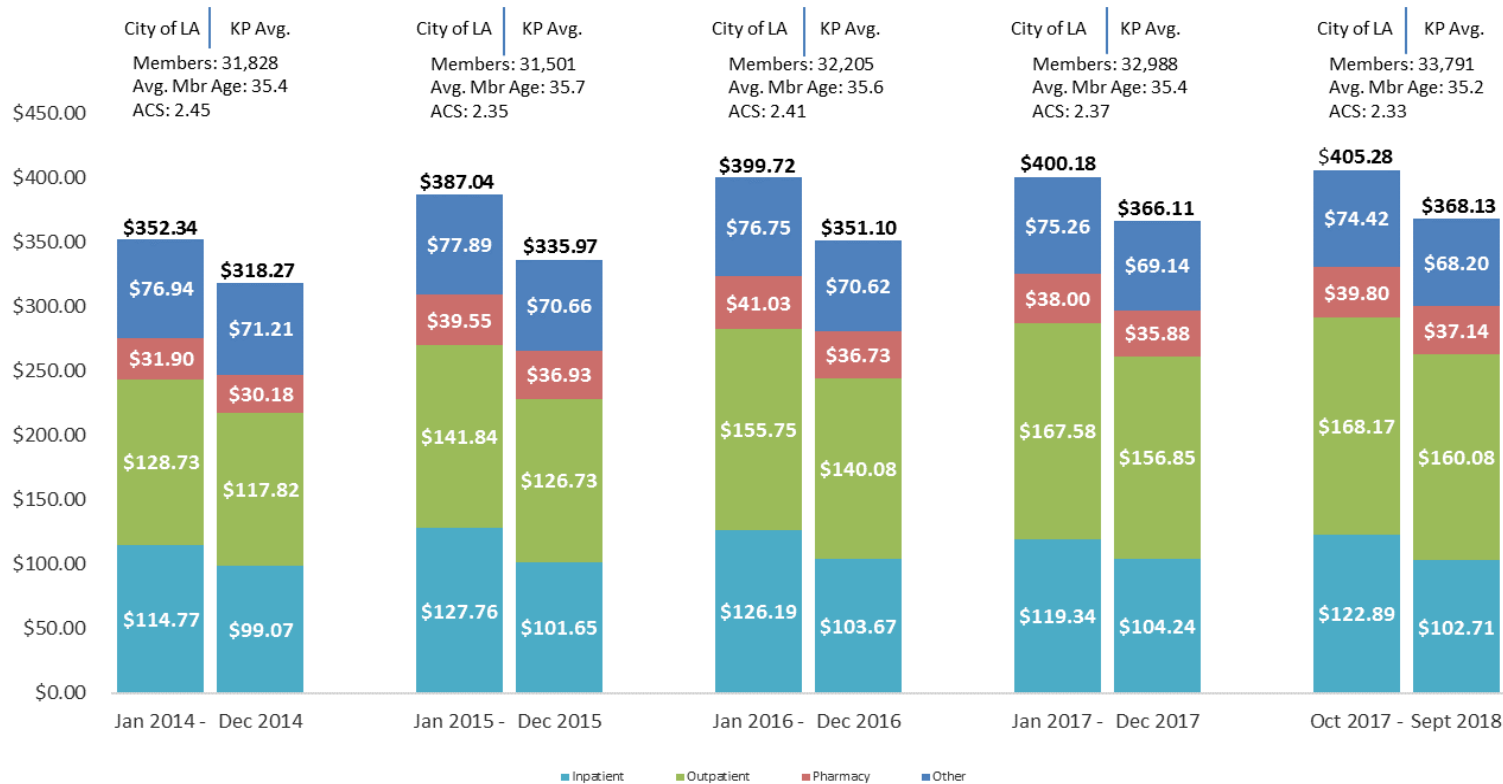


- For Q3 2018, paid claims for the City increased 1.3% vs. 0.6% for the KP Regional Average.
- The 5-year average increase in paid claims for the City is 4.8% vs. 3.6% for the KP Regional Average.



Total Claims PMPM

Total Paid Claims (PMPM)



Other Δ:
 CiLA: (1.1%) / (\$0.84)
 HP: (1.4%) / (\$0.94)

Pharmacy Δ:
 CiLA: 4.7% / \$1.80
 HP: 3.5% / \$1.26

Outpatient Δ:
 CiLA: 0.4% / \$0.59
 HP: 2.1% / \$3.23

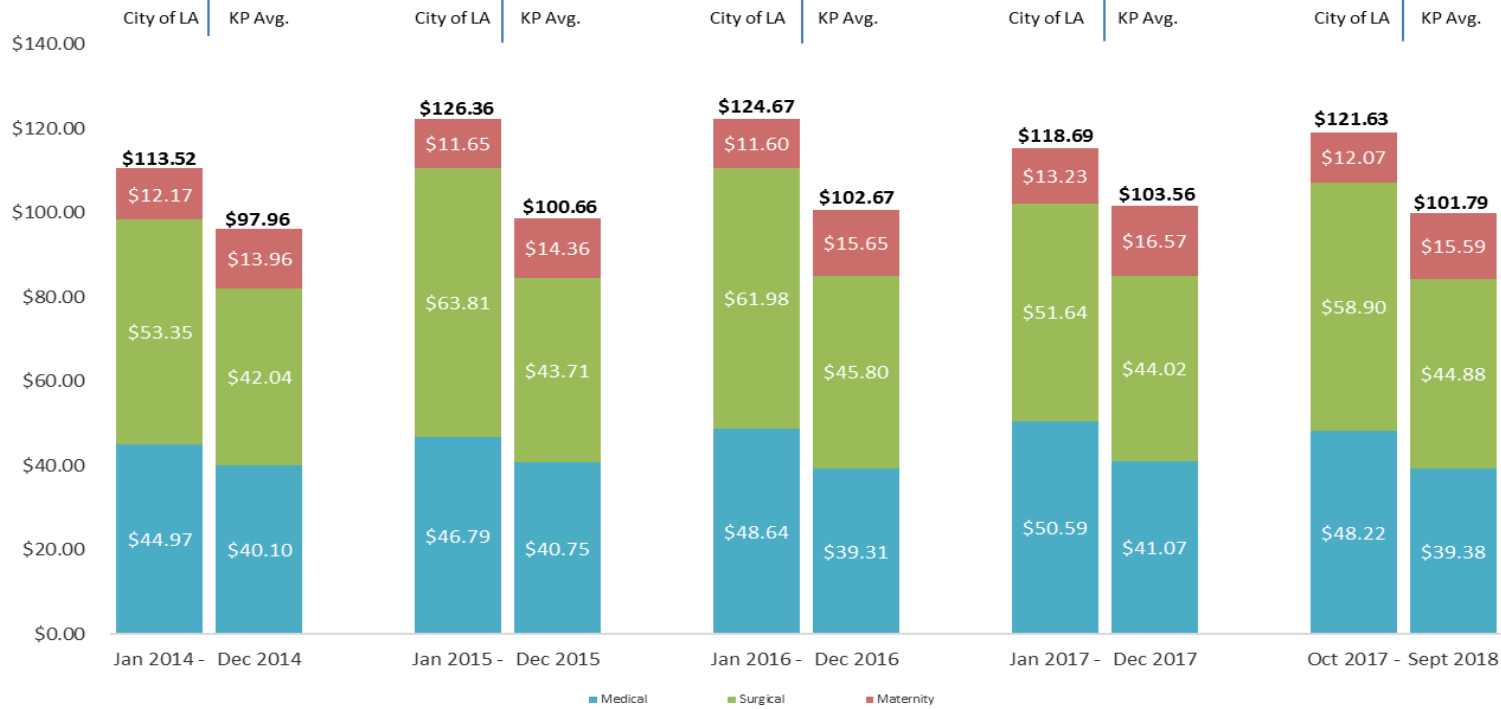
Inpatient Δ:
 CiLA: 3.0% / \$3.55
 HP: (1.5%) / (\$1.53)

- The differential in paid claims between the City and the KP Regional Average is 10.1%. Historically, the City has been close to 11% above the KP Regional Average.
- Inpatient Claims: Account for 30% of total paid claims for the City, and 28% of total paid claims for the KP Regional Average
- Outpatient Claims: Account for 41% of total paid claims for the City, and 43% of total paid claims for the KP Regional Average
- Pharmacy Claims: Account for 10% of total paid claims for the City, and 19% of total paid claims for the KP Regional Average.



Inpatient Overview

Inpatient Paid Claims (PMPM)



Total Inpatient Δ:
 CiLA: 3.0% / \$3.55
 HP: (1.5%) / (\$1.53)

Inpatient Maternity Δ:
 CiLA: (8.8%) / (\$1.16)
 HP: (5.9%) / (\$0.98)

Inpatient Surgical Δ:
 CiLA: 14.0% / \$7.25
 HP: 2.0% / \$0.86

Inpatient Medical Δ:
 CiLA: (4.7%) / (\$2.38)
 HP: (4.1%) / (\$1.69)

Not shown in the table: claims for IP Mental Health; IP Substance Abuse; and IP Skilled Nursing Facility.

IP Medical

Overview:

- 5-year avg. increase for the City is 3.6%
- Claims for the City in this category are 22% higher than the Health Plan

Details:

- Admits/1000: (2.2%)
- Average Length of Stay: (1.7%)

IP Surgical

Overview:

- 5-year avg. increase for the City is 4.0%
- Claims for the City in the category are 31.2% higher than the Health Plan

Details:

- Admits/1000: (10.2%)
- Average Length of Stay: 40.7%

IP Maternity

Overview:

- 5-year avg. increase for the City is 4.2%
- Claims for the City in this category are 22.6% lower than the Health Plan.

Details:

- Admits/1000: (7.5%)
- Average Length of Stay: (3.1%)

Inpatient Detail - Surgical

Inpatient Surgical Δ:
 CiLA: 14.0% / \$7.25
 HP: 2.0% / \$0.86

City of Los Angeles Inpatient Surgical	Jan 2014 - Dec 2014	Jan 2015 - Dec 2015	Jan 2016 - Dec 2016	Jan 2017 - Dec 2017	Oct 2017 - Sept 2018
Admits per 1000	11.7	11.6	10.0	10.2	9.2
Admits	373	366	321	338	311
ALOS	4.2	4.9	4.7	3.7	5.3
Days	1557	1790	1496	1263	1635
Claims PMPM	\$53.35	\$63.81	\$61.98	\$51.64	\$58.90
Claims per Admit	\$54,629	\$66,002	\$74,622	\$60,483	\$76,791

KP Regional Average Oct 2017 - Sept 2018	CiLA vs KP
8.8	4.4%
-	-
5.3	0.0%
-	-
\$44.88	31.2%
-	-

Top Surgical DRG's by Cost

Current Period: Oct 2017 - Sept 2018

Rank	DRG	DRG Label	Admits Count	Admits per 1000	Admits Days	Admits ALOS	Costs per Admit	Claims PMPM	% of Total SURG PMPM	PMPM 2017	PMPM Δ
1	3	ECMO OR TRACH W MV 96+ HRS OR PDX EXC FACE, MOUTH & NECK W MAJ O.I	2	0.1	310	155.0	\$2,292,679	\$11.31	19.2%	\$4.85	\$6.46
2	25	CRANIOTOMY & ENDOVASCULAR INTRACRANIAL PROCEDURES W MCC	2	0.1	54	27.0	\$559,783	\$2.76	4.7%	\$0.73	\$2.03
3	853	INFECTIOUS & PARASITIC DISEASES W O.R. PROCEDURE W MCC	14	0.4	88	6.3	\$75,186	\$2.60	4.4%	\$1.48	\$1.11
4	621	O.R. PROCEDURES FOR OBESITY W/O CC/MCC	29	0.9	39	1.3	\$29,190	\$2.09	3.5%	\$2.93	(\$0.85)
5	957	OTHER O.R. PROCEDURES FOR MULTIPLE SIGNIFICANT TRAUMA W MCC	3	0.1	52	17.3	\$277,350	\$2.05	3.5%	\$0.39	\$1.66
Top 5 Inpatient DRG - Surgical			50	0.0	543	10.9	\$168,722	\$20.80	35.3%	\$10.38	\$10.43
All Other Surgical			261	0.0	1,092	4.2	\$55,056	\$38.09	64.7%	\$41.27	(\$3.17)
Total Surgical			311	0.0	1,635	5.3	\$76,791	\$58.90		\$51.64	\$7.25

- DRG-3: respiratory failure
- The underlying primary diagnosis within this DRG for the 2017-2018 experience period is colorectal cancer

High Cost Claims

City of Los Angeles	2016 Renewal	2017 Renewal	2018 Renewal	2019 Renewal	As Of 2018 Q3 ¹
Pooling Point	\$625,000	\$650,000	\$650,000	\$675,000	\$675,000
Total Pooled Claims	(\$102,023)	(\$896,428)	(\$4,424,798)	(\$3,013,190)	(\$4,703,755)
Pooling PMPM	(\$0.27)	(\$2.37)	(\$11.45)	(\$7.61)	(\$11.60)
Total Pooled Charge	\$1,229,840	\$1,217,189	\$1,244,353	\$1,338,003	\$1,370,563
Pooling Charge PMPM	\$3.22	\$3.22	\$3.22	\$3.38	\$3.38
Pooling Difference PMPM	\$2.95	\$0.85	(\$8.23)	(\$4.23)	(\$8.22)
Number of Claims Above Pooling	2	5	8	2	5

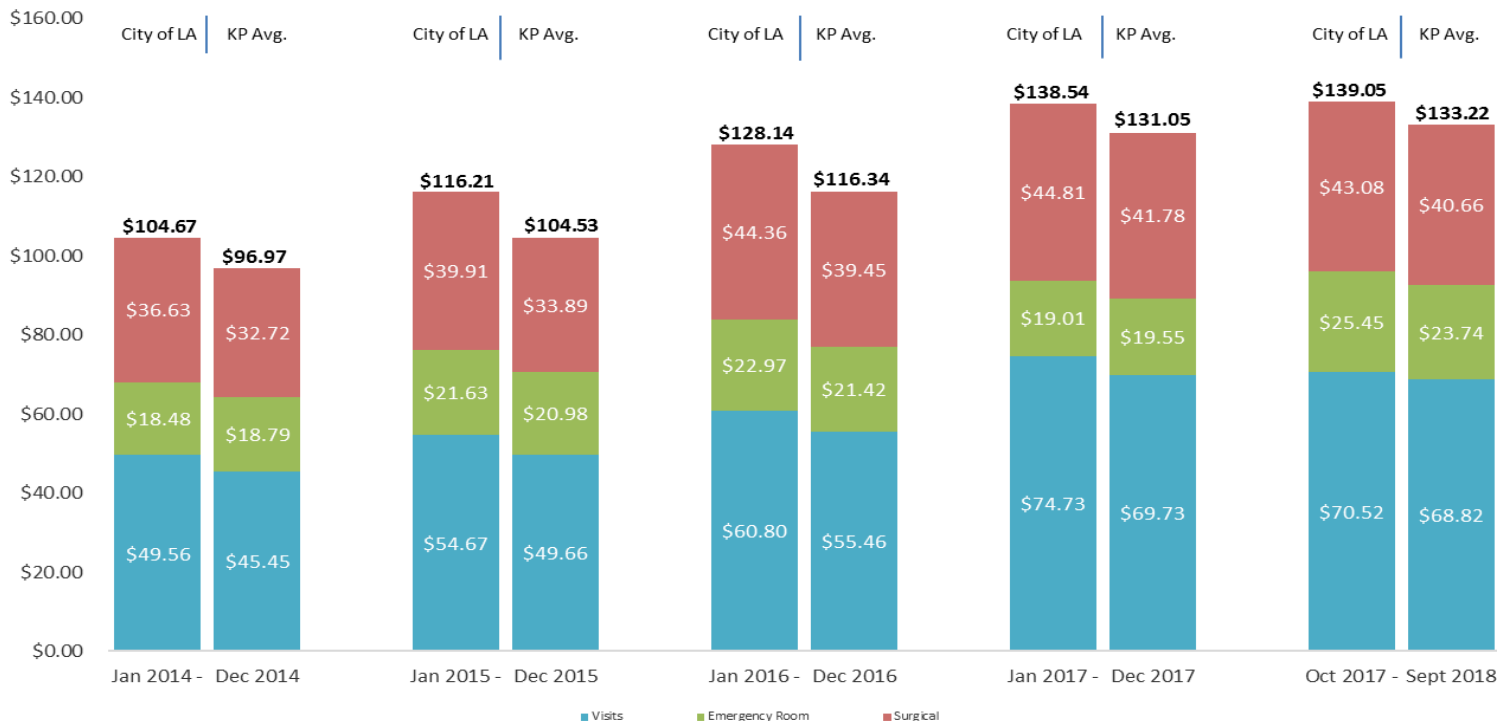
¹ The pooling point, pooling charge, and number of claims above the pooling threshold will not be known until the renewal for 2020 is calculated.

- As of Q3 2018, there are five claims over the pooling threshold that was used to calculate the 2019 renewal. Claim details are as follows:
 1. Malignant Neoplasm (Colorectal) – Active
 2. Triplet Birth – Terminated
 3. Malignant Neoplasm (Brain Stem) – Active
 4. Single Birth C-Section – Active
 5. Twin Birth C-Section – Active



Outpatient Overview

Outpatient Paid Claims (PMPM)



Total Outpatient Δ:
 CiLA: 0.4% / \$0.59
 HP: 2.1% / \$3.23

Outpatient Surgical Δ:
 CiLA: (3.9%) / (\$1.73)
 HP: (2.7%) / (\$1.12)

Emergency Room Δ:
 CiLA: 33.9% / \$6.45
 HP: 21.4% / \$4.19

Outpatient Visits Δ:
 CiLA: (5.6%) / (\$4.21)
 HP: (1.3%) / (\$0.91)

OP Visits include mental health and substance abuse visits.
 Not shown in the table: claims for OP Lab and OP Radiology.

Outpatient Visits

Overview:

- 5-year avg. increase for the City is 9.9%
- Claims for the City in this category are 2.5% higher than the Health Plan

Details:

- Visits/1000: 12.3%
- Cost per Visit: (17.0%)

Emergency Room

Overview:

- 5-year avg. increase for the City is 8.4%
- Claims for the City in this category are 7.2% higher than the Health Plan

Details:

- Visits/1000: 1.8%
- Cost per Visit: +31.6%

Outpatient Surgical

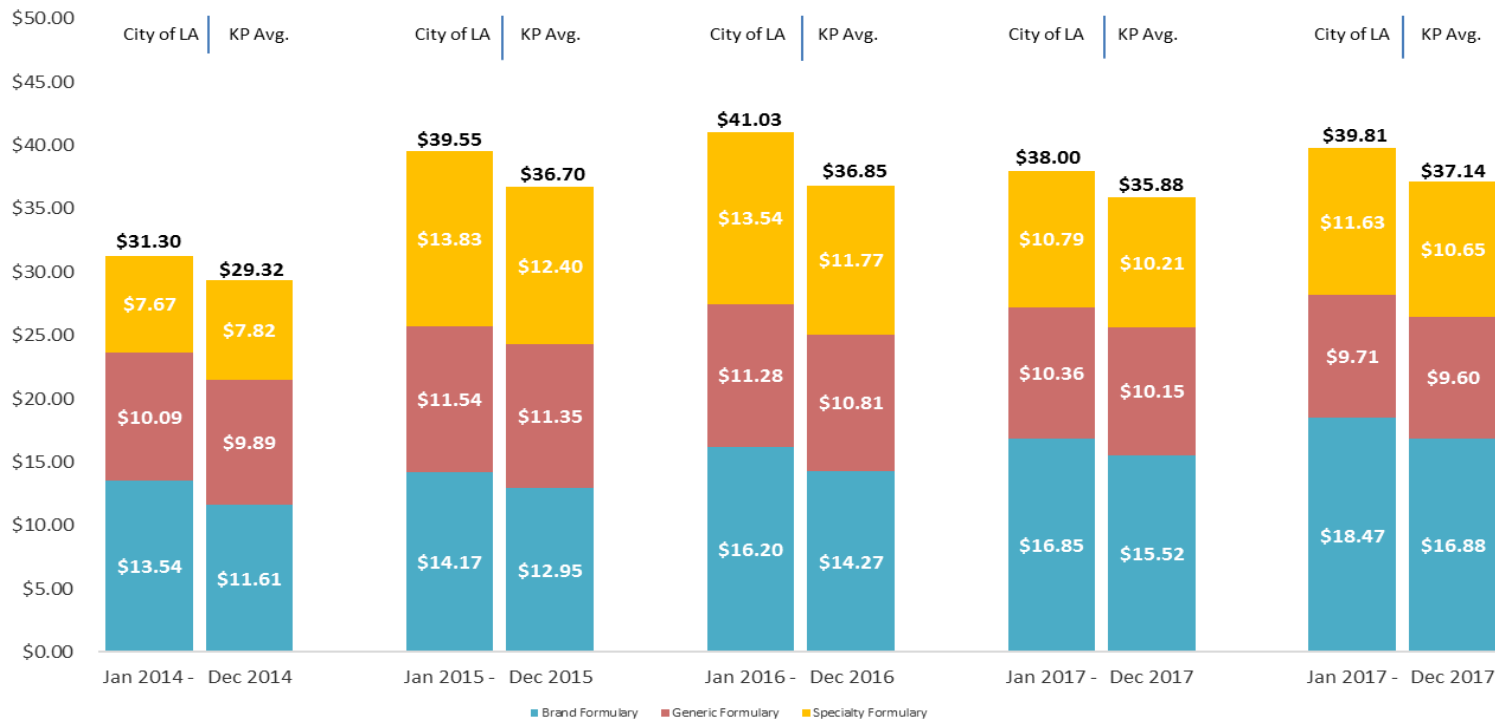
Overview:

- 5-year avg. increase for the City is 7.6%
- Claims for the City in this category are 6.0% higher than the Health Plan



Pharmacy Overview

Pharmacy Paid Claims (PMPM)



Total Pharmacy Δ:
 CiLA: 4.7% / \$1.80
 HP: 3.5% / \$1.26

Specialty Formulary Δ:
 CiLA: 7.8% / \$0.84
 HP: 4.3% / \$0.44

Generic Formulary Δ:
 CiLA: (6.3%) / (\$0.65)
 HP: (5.4%) / (\$0.54)

Brand Formulary Δ:
 CiLA: 9.6% / \$1.62
 HP: 8.8% / \$1.36

Brand Formulary

Overview:

- 5-year avg. increase for the City is 10.6%
- Claims for the City in this category are 9.4% higher than the Health Plan

Details:

- PMPY: (7.7%)
- Cost per Script: 18.7%

Generic Formulary

Overview:

- 5-year avg. increase for the City is 2.7%
- Claims for the City in this category are 1.1% higher than the Health Plan

Details:

- PMPY: (2.2%)
- Cost per Script: (4.2%)

Specialty Formulary

Overview:

- 5-year avg. increase for the City is 19.9%
- Claims for the City in this category are 9.1% higher than the Health Plan

Details:

- PMPY: 3.0%
- Cost per Script: 4.6%

Pharmacy Detail

Brand

City of Los Angeles	\$ Claims	% of Total Rx Claims	PMPM Claims	Scripts	% of Total Scripts	\$ Per Script
Jan 2015 - Dec 2015	\$5,367,469	35.8%	\$14.18	9,350	5.3%	\$574.06
Jan 2016 - Dec 2016	\$6,267,644	39.5%	\$16.22	9,588	5.3%	\$653.70
Jan 2017 - Dec 2017	\$6,671,927	44.4%	\$16.85	8,980	5.0%	\$742.98
Oct 2017 - Sept 2018	\$7,488,475	46.4%	\$18.47	8,489	4.7%	\$882.14

Generic

City of Los Angeles	\$ Claims	% of Total Rx Claims	PMPM Claims	Scripts	% of Total Scripts	\$ Per Script
Jan 2015 - Dec 2015	\$4,369,269	29.2%	\$11.54	167,438	94.3%	\$26.09
Jan 2016 - Dec 2016	\$4,361,029	27.5%	\$11.28	168,842	94.2%	\$25.83
Jan 2017 - Dec 2017	\$4,101,337	27.3%	\$10.36	170,593	94.6%	\$24.04
Oct 2017 - Sept 2018	\$3,936,592	24.4%	\$9.71	170,871	94.8%	\$23.04

Specialty

City of Los Angeles	\$ Claims	% of Total Rx Claims	PMPM Claims	Scripts	% of Total Scripts	\$ Per Script
Jan 2015 - Dec 2015	\$5,236,217	35.0%	\$13.83	850	0.5%	\$6,160.26
Jan 2016 - Dec 2016	\$5,228,013	33.0%	\$13.53	822	0.5%	\$6,360.11
Jan 2017 - Dec 2017	\$4,269,619	28.4%	\$10.79	832	0.5%	\$5,131.75
Oct 2017 - Sept 2018	\$4,714,852	29.2%	\$11.63	878	0.5%	\$5,369.99

- Since the 2015 experience period, Brand claims have increased but the number of scripts have decreased
- Generic claims have decreased, but scripts have steadily increased
- Specialty claims increased for the 2017-2018 experience period after steadily decreasing. The number of specialty scripts is at a five-year high point.

Pharmacy Detail (continued)

Top 10 Drugs by Volume

Drug Name	Jan 2017 - Dec 2017	Oct 2017 - Sept 2018	Jan 2017 - Dec 2017	Oct 2017 - Sept 2018	Oct 2017 - Sept 2018		Group Rank	KP Rank	Primary Treatment	Specialty Drug?
	Scripts	Scripts	PMPM	PMPM	PMPM Δ	Cost per Script	by Scripts	by Scripts		
VENTOLIN HFA 90MCG/ACTUATION HFAA	4,062	4,302	\$0.323	\$0.36	\$0.037	\$34.22	1	1	Asthma	No
SILDENAFIL (ANTIHYPERTENSIVE) 20MG TAB	3,206	3,182	\$0.085	\$0.08	(\$0.005)	\$10.16	2	4	Pulmonary Hypertension	No
ATORVASTATIN 40MG TAB	3,050	3,150	\$0.052	\$0.11	\$0.058	\$13.98	3	3	High Cholesterol	No
HYDROCODONE-ACETAMINOPHEN 5-325MG TAB	2,691	2,506	\$0.038	\$0.01	(\$0.028)	\$0.95	4	2	Pain	No
ATORVASTATIN 20MG TAB	2,576	2,377	\$0.020	\$0.05	\$0.030	\$8.92	5	5	High Cholesterol	No
AMOXICILLIN 500MG CAP	2,229	2,143	\$0.004	\$0.00	(\$0.004)	\$0.47	6	6	Infections	No
AMLODIPINE 5MG TAB	1,805	1,907	\$0.001	\$0.00	(\$0.001)	\$0.21	7	11	High Blood Pressure	No
CODEINE-GUAIFENESIN 10-100MG/5 ML LIQD	744	1,837	\$0.009	\$0.02	\$0.011	\$4.57	8	9	Cough Suppressant	No
METFORMIN 1,000MG TAB	1783	1675	\$0.001	\$0.00	(\$0.001)	\$0.07	9	8	High Sugar Levels	No
CEPHALEXIN 500MG CAP	621	1,642	\$0.003	\$0.01	\$0.007	\$1.39	10	7	Infections	No
Total	22,767	24,721	\$0.53	\$0.64	\$0.11	\$10.49				

Top 10 Drugs by Cost

Drug Name	Jan 2017 - Dec 2017	Oct 2017 - Sept 2018	Jan 2017 - Dec 2017	Oct 2017 - Sept 2018	Oct 2017 - Sept 2018		Group Rank	KP Rank	Primary Treatment	Specialty Drug?
	Scripts	Scripts	PMPM	PMPM	PMPM Δ	Cost per Script	by Net Claims	by Net Claims		
GENVOYA 150-150-200-10MG TAB	111	126	\$1.37	\$1.79	\$0.42	\$5,757.85	1	3	HIV	No
HUMIRA PEN 40MG/0.8 ML PNKT	179	164	\$1.85	\$1.76	(\$0.09)	\$4,347.78	2	1	Arthritis	Yes
TRUVADA 200-300MG TAB	172	170	\$1.51	\$1.70	\$0.19	\$4,053.50	3	2	HIV	No
ENBREL SURECLICK 50MG/ML (0.98 ML) PNIJ	79	86	\$0.78	\$0.90	\$0.12	\$4,234.39	4	4	Arthritis	Yes
TRIUVEQ 600-50-300MG TAB	42	58	\$0.48	\$0.75	\$0.27	\$5,269.22	5	8	HIV	No
REVLIMID 10MG CAP	19	20	\$0.64	\$0.75	\$0.11	\$15,184.85	6	16	Multiple Myeloma	No
ATRIPLA 600-200-300MG TAB	68	42	\$0.93	\$0.69	(\$0.24)	\$6,692.77	7	13	HIV	No
ENBREL 50MG/ML (0.98 ML) SYRG	53	62	\$0.53	\$0.64	\$0.11	\$4,218.11	8	7	Arthritis	Yes
ZYTIGA 250MG TAB	4	25	\$0.09	\$0.63	\$0.54	\$10,177.67	9	39	Prostate Cancer	Yes
HEMOFIL M HIGH 801-1,500UNIT SOLR	0	5	\$0.00	\$0.52	\$0.52	\$42,273.97	10	638	Improper Blood Clotting	No
	727	758	\$8.18	\$10.13	\$1.95	\$5,421.53				