REPORT TO THE TWENTY-SEVENTH HAWAII STATE LEGISLATURE
2014

IN ACCORDANCE WITH THE PROVISIONS OF ACT 134, PART V11, SECTION 119, SESSION LAWS OF HAWAII 2013

DEPARTMENT OF HUMAN SERVICES
MED-QUEST DIVISION
JAUNUARY 2014

REPORT ON ACT 134, PART VII, SECTION 119, RELATING TO THE STATE BUDGET, SESSION LAWS OF HAWAII 2013

Act 134, Part VII, Section 119, Session Laws of Hawaii 2013, requires the Department of Human Services to develop a plan to reduce the costs of all Medicaid services beginning in fiscal year 2014-2015 and thereafter. The plan is to include cost reduction scenarios ranging from no less than fifteen per cent and up to thirty per cent of funds appropriated for Medicaid in fiscal year 2013-2014 and a detailing of the cost reduction options with corresponding savings estimates. The plan provided for fiscal year 2014-2015 is to include a timeline for implementation of such cost reductions and which takes into consideration all approvals deemed necessary for changes to the plan.

BACKGROUND

The Department of Human Services (DHS)/ Med-QUEST Division (MQD) is the single State Medicaid agency that administers the Medicaid program as well as other medical assistance programs. MQD has two program budget codes, HMS 401 for healthcare payments and HMS 902 for program administration. In State Fiscal Year (SFY) 2014, the total appropriation for HMS 401 was $1.89 billion and for HMS 902 it was $45.6 million, of which $14.9 million was for new information technology (IT) initiatives. Excluding the IT funding, MQD operates with an administrative percentage of 1.6%. This analysis focuses on healthcare payments.

The two primary Medicaid programs are the QUEST and QUEST Expanded Access (QExA). The QUEST program serves eligible individuals who are under age 65 and are not blind or disabled. The income range for eligibility for adults and for children ages 1 to 18 is generally up to 138% of the Federal Poverty Level (FPL). For infants under one year of age, the eligibility income limit is up to 185% of the FPL.

The QExA program was implemented during FY09 to include individuals 65 years and older and individuals of all ages with disabilities. This group receives service coordination, outreach, improved access, and enhanced quality healthcare services coordinated by health plans through a managed care delivery system. This plan expands program services to include home and community-based long-term care services.

The Medicaid program is a State-Federal partnership in which the federal government provides matching federal funds to the expended State funds. All program changes that affect federal matching funds require approval by the federal Centers for Medicare & Medicaid Services (CMS).

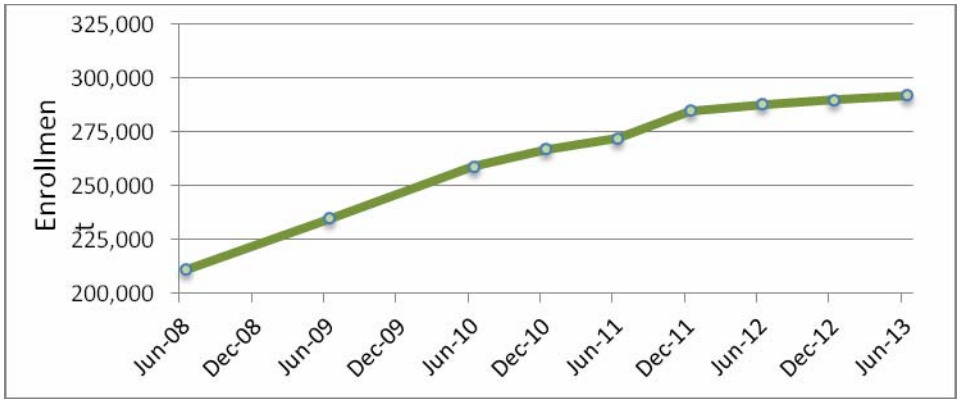
The federal medical assistance percentage (FMAP) is used to determine the amount of the federal match. The FMAP is calculated by CMS, can range from 50% to 83%, and is based on factors such as the state's average per capita income. CMS also authorizes enhanced federal funding for certain purposes, such as for stimulus under

the American Recovery and Reinvestment Act (ARRA), for health information technology under the HITECH Act, and for clinical preventive services under the Affordable Care Act. Hawaii also receives enhanced funding for children and pregnant women covered under its Children's Health Insurance Program. However, the vast majority of MQD's federal funding is based on Hawaii's regular FMAP, which has been as follows.

FFY	FMAP*
2009	55.11% / 68.58% / 66.13%-67.35%
2010	54.24% / 67.97% / 67.35%
2011	51.79% / 66.25% / 62.63%-67.35%
2012	50.48% / 65.34%
2013	51.86% / 66.30%

*Regular FMAP / CHIP / ARRA rates
The ARRA FMAP ended in 2011.

Medicaid is an entitlement program which means that anyone who meets eligibility can receive services. Medicaid is counter-cyclical by which increased demand for coverage typically accompanies a weakened economy when available funding is decreased. Between June 2008 and June 2013, enrollment increased 38% in Hawaii.



Healthcare inflation increases healthcare expenditures and is an economic phenomenon beyond the control of the DHS. Increases in the average cost per enrollee above inflation may be attributable to increased utilization trends and/or benefit expansion. From 2010 to 2013, the combined Medicaid QUEST and QExA programs' expenditures per member increased at an average 2.0% per year compared to an average national inflationary increase of 3.5% per year. A comparison of increases in average cost per enrollee for QUEST and QExA combined and healthcare inflation rates based on U.S. Bureau of Labor Statistics Consumer Medical Care Services Index shows that in the past two years, changes in the cost per enrollee for QUEST and QExA are below the national inflation rate.

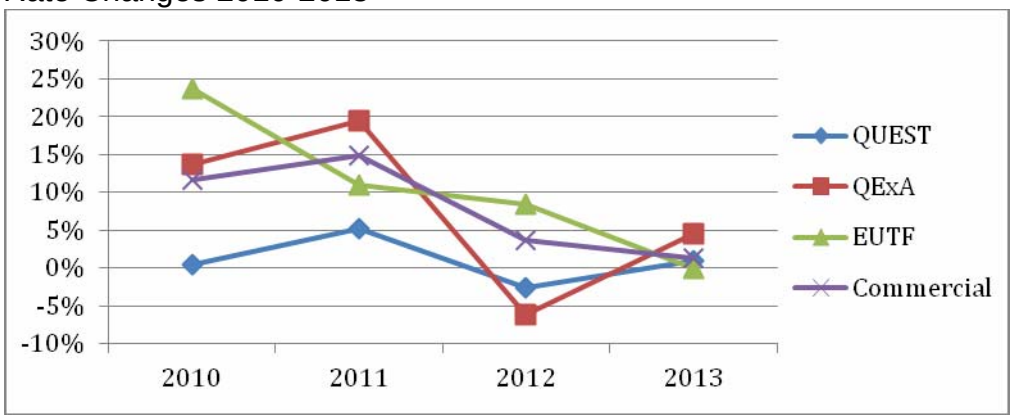
SFY	QUEST & QExA Enrollment*	% Change	Average Cost / Enrollee	% Change in Cost/Enrollee	Healthcare Inflation
2010	245,126		$359.25		
2011	262,910	7.3%	$395.45	10.07%	3.1%
2012	278,333	5.9%	$375.32	-5.1%	3.9%
2013	296,996	6.7%	$378.70	0.9%	**3.4%

* Average annualized member months.
**Projected 2013 using first half CPI-U Medical Care Services

Hawaii Medicaid also shows a lower average four year rate of change when compared to other health insurance offered in Hawaii. The following chart presents the average rate increases for QUEST, QExA, the Employer Union Trust Fund, and the commercial individual market. The four year average rates for 2010 through 2013 for QUEST and QExA were below both the comparable average for the EUTF and the commercial plans.

Program	4 Year Avg Rate Change
QUEST	1.0%
QExA	7.8%
EUTF	10.7%
Commercial	8.0%

Rate Changes 2010-2013



The MQD programs are efficiently administered, and the increases in expenditures are primarily attributable to increases in enrollment. The report by the Cato Institute, *Work Versus Welfare Trade-Off: 2013,* compared how much state Medicaid programs would spend on a standardized four-person household. The higher the ranking, the greater the amount expended, and Hawaii ranked 38th out of the 50 states. Additionally, the 2013 National Association of State Budget Officers State Expenditure Report stated that for all states, the average Medicaid expenditures as a percent of state total expenditures was 24.5% in 2013. For Hawaii, this percentage was 14.0%, ranking as the sixth lowest percentage in the nation.

According to The Commonwealth Fund *Scorecard on State Health System Performance for Low-Income Populations, 2013,* a national scorecard that analyzed 30 indicators within four dimensions – Hawaii ranks best in the nation. Hawaii ranks in the top quartile for three of four system dimensions – Access to Affordability, Potentially Avoidable Hospital Use, and Healthy Lives. Hawaii ranks in the second quartile for the fourth indicator, Prevention and Treatment. For low-income populations whose standard of living is 200% of the federal poverty level, Hawaii reported the second lowest percentage of uninsured adults, the second lowest percentage of uninsured children, and the lowest percentage of adults who went without health care in the past year due to cost. Hawaii also is ranked first for the lowest rate of potentially avoidable hospital use and second for the lowest rate of potentially avoidable emergency department visits for low-income Medicare beneficiaries, and first for the lowest rate of poor health-related quality of life for low-income adults 18-64 years old.

Since 1994 when the MQD first implemented managed care under a federal Section 1115 demonstration waiver, the MQD has saved $2.4 billion in medical assistance costs, of which $1 billion is State funds. CMS must ensure that expenditures under Section 1115 demonstration waivers do not exceed what they otherwise would have been without the waiver, i.e. under the fee-for-service program. This concept is called budget neutrality, and the reported savings is based on CMS calculations.

COST REDUCTION OPTIONS

A 15-30% reduction to HMS 401, Health Care Payments, represents a reduction of approximately $300 million to $600 million. The strategies for reducing expenditures include: 1) reducing eligibility; 2) reducing benefits; 3) reducing reimbursement; and 4) increasing efficiency.

1) Reducing Eligibility

Current Medicaid eligibility for the major groups is as follows:

Population Group	FPL	Method
Children	313%	MAGI*
Pregnant Women	196%	MAGI
Parents/Caretaker Relatives	100%	MAGI
Adults	138%	MAGI
Aged, Blind and Disabled Individuals	100%**	Non-MAGI

* Modified adjusted gross income
** Must also meet an asset limit

Federal requirements restrict reducing eligibility for the Children's Health Insurance Program Reauthorization Act (CHIPRA) maintenance of effort requirement until 2019.

State law also mandates certain eligibility for state-only funded coverage:

- §346-59.2, HRS Comprehensive breast and cervical cancer control program.
- §346-59.4, HRS Medical assistance to other children.
- §346-70, HRS Medical assistance for other pregnant women.

Under the Affordable Care Act, any individual legally residing in Hawaii has access to affordable coverage either through Medicaid or tax credits through the health insurance exchange. The other children and other pregnant women are now eligible for federal funding under CHIPRA, and the DHS is receiving federal matching funds for these populations.

Under ACA, Hawaii opted to expand Medicaid eligibility for adults with incomes up to 138% FPL and no asset limit. Eligibility for this new group of adults could be reduced to 100% FPL, but for these individuals with incomes 133-138% FPL, the State will receive 100% FMAP for three years. Also under ACA, for childless adults below 100% FPL, the State will receive an estimated 70% FMAP for three years. These two percentages converge to a FMAP of 90% in 2019 and thereafter for these two groups in the new ACA adult eligibility group. We are in the process of working with CMS to determine how many individuals in the adult group will initially receive 100% FMAP or the estimated 70% FMAP. Prior to ACA, these two groups received only the regular base FMAP of 51%.

Also under the Affordable Care Act, to be eligible for tax credits through a health insurance exchange, individuals who could be eligible for Medicaid must have an income of at least 100% FPL. Reducing Medicaid eligibility below 100% for a group of individuals would mean that group of individuals would be ineligible for both Medicaid and for tax credits through a health insurance exchange.

Current federal regulations require that Medicaid provide long-term care services to individuals in the new adult eligibility group without being subject to post-eligibility income adjustment or an asset limit. Hawaii could add an asset limit and/or reduce income to 100% FPL, which would also allow the State to not cover long-term care services for this group, but then we would receive only the base FMAP of 51%.

In SFY13, the DHS spent $47.6 million on citizens from the Compact of Free Association (COFA) nations, of which $7.8 million was expended on children and pregnant women. The DHS is under a court injunction to provide state-only funded medical assistance to COFA individuals residing in Hawaii who would otherwise be eligible for Medicaid except for their citizenship status. The State has appealed the injunction and is awaiting a decision. Based on the decision, the State either will be required to continue to provide state-only funded medical assistance or the State will need to decide on how to proceed regarding coverage for COFA citizens.

Because COFAs are eligible for tax credits to purchase coverage through the health insurance exchange, regardless of the decision, the State may want to enroll non-

pregnant adult COFAs in the exchange as the primary payer. If the State prevails, the State may want to offer a premium assistance program for individuals with incomes less than100% FPL. If the State does not prevail, the State would need to pay the premiums and cost-sharing as well as provide all the additional Medicaid covered benefits that are not covered by the qualified health plans purchased through the health insurance exchange.

Qualified health plans purchased through the health insurance exchange do not cover long-term supports and services and because some COFAs may be Medicare eligible which makes them ineligible for tax credits, other considerations may be appropriate for Aged, Blind and Disabled (ABD) COFAs. Depending on the Court's decision, the options could range from no medical assistance for this group to a state-only funded Medicaid look alike program.

Eligibility changes would require a federal State Plan Amendment (SPA), revisions to the Hawaii Administrative Rules, and health plan contract modifications.

2) Reducing Benefits

When compared to the prevalent health plan under the Hawaii Prepaid Health Care Act, Medicaid benefits are comparable. However, there are certain differences. Medicaid does not cover infertility treatment, and the prepaid health plans do not cover long-term supports and services or specialized behavioral health services. Under Medicaid, individuals younger than 21 years must receive any medically necessary service under the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) program.

The categories and amount of Medicaid expenditures for calendar year 2011, the last full calendar year for which complete claims are available are as follows:

Category	Amount
Hospital Inpatient	$206,842,786
Hospital Outpatient	$ 74,396,290
Emergency Room	$ 69,899,274
Physician	$176,100,549
Federally Qualified Health Centers	$ 53,638,324
Drugs	$211,033,892
Durable Medical Equipment	$ 19,650,006
Non-Emergency Transportation	$ 14,691,541
Physical Therapy	$ 6,321,892
Other	$ 46,311,380
Skilled Nursing Facility	$ 91,217,738
Intermediate Care Facility	$136,826,607
Home and Community Based Services	$ 70,485,841
ICF-ID (State Match provided by DOH)	$ 8,642,729
DD/ID Waiver (State Match provided by DOH)	$ 96,797,837

Under the Affordable Care Act, coverage for the new adult eligibility group described above that Hawaii opted to implement in the reducing eligibility discussion above, is subject to certain coverage requirements. Coverage must meet benchmarks (i.e. State employees, federal employees, prevalent HMO, or federal Department of Health and Human Services Secretary approved). The other eligibility groups, such as parents/caretaker relatives, are not subject to this requirement and could receive fewer benefits than childless adults. While CMS previously applied the requirement that any benefit reduction meets the needs of 90% of the affected individuals, when the DHS last tried to reduce mandatory benefits, CMS held the DHS to a more rigorous yet undocumented standard.

The DHS could try to reduce optional benefits for benefits not covered by qualified health plans or for groups other than the new adult eligibility group and groups subject to EPSDT, namely parents/caretaker relatives and ABD individuals. Attached is the previous benefit reduction plan, with calculated savings from reductions to certain services which are non-substantial toward meeting the current target. To come anywhere near the 15-30% reduction, we have to focus on reductions that would produce a sufficient magnitude of savings. These benefits include prescription drugs, nursing facility (ICF level), home and community-based services (HCBS), intermediate care facilities for intellectually disabled (ICF-ID) and eliminating the 1915 DD-MR waiver.

Prescription drug, nursing facility, and ICF are State Plan services. Eliminating these services would require a State Plan Amendment (SPA), revisions to Hawaii Administrative Rules, health plan contract modifications, and adjusted capitation rates. This process should be expected to take approximately nine months. Eliminating HCBS would require a section 1115 demonstration waiver and all of the other steps previously stated, excluding the SPA. The DD/MR 1915 Waiver would be terminated upon its renewal. This process should be expected to take an estimated 15 months.

State law also mandates coverage of certain benefits:

- §346-15, HRS Death benefits for deceased medical or financial assistance recipients and disposition of unclaimed dead human bodies.
- §346-59.9, HRS Psychotropic medication.
- §346-60, HRS Group therapy; reimbursement for services
- §346-61, HRS Optometric services, choice.
- §346-64.5, HRS Eligibility for chore services.
- §346-352, HRS Preauthorization exemption for certain physicians and physician assistants.

The death benefit program is a state-only funded program that pays an amount equal to the Social Security Administration's (SSA) lump-sum death benefit for individuals who are ineligible for the SSA's lump sum benefit. This program also funds the disposition of unclaimed bodies.

Group therapy and optometric services are State Plan services; whereas chore services are covered under the section 1115 demonstration waiver. The State psychotropic medication law requires that the brand name version be dispensed even though the most commonly used anti-psychotic medications are now available as generics. This practice is unlike all other prescribing in which generic substitution is performed unless the provider specifically writes dispense as written. This law also creates patient safety issues by not allowing limitations for multiple concurrent prescriptions medications or to ensure appropriate prescribing in children.

The preauthorization exemption applies to medications prescribed to treat HIV/AIDS, hepatitis C, or immunosuppressives for post organ transplants. The DHS is committed to ensuring that individuals afflicted with these conditions receive medically necessary treatment. However, this law prohibits the DHS from ensuring that prescribing is consistent with best practices and from ensuring that individuals being prescribed potentially harmful treatments are appropriate candidates.

Reducing benefits will need to be weighed against the potential harm that could result from inefficient and cost-shifting to increases in utilization of other services.

3) Reducing Reimbursement

According to the Kaiser Family Foundation, in 2012, Hawaii's Medicaid physician reimbursement rates were 3% below the national average without locality adjustment, and were approximately 62% of Medicare rates. Hospitals and nursing facilities have complained of low reimbursement rates.

To get CMS approval of reimbursement reductions, Medicaid programs must demonstrate the ability to meet the requirements of access, quality, economy, and efficiency at the reduced reimbursement. With the growth in the Medicaid population, implementing reimbursement reductions are more challenging, and reductions have recently been litigated in the Ninth Circuit Court.

The Hawaii Medicaid program was able to implement a 3% reduction in managed care payments during the recession based on the good faith of providers and the DHS' commitment that it would be a temporary reduction. Any reduction at this point will be expected to have a negative impact on access.

Currently, primary care physicians, as defined by CMS, are being reimbursed at Medicare rates. This 65% increase in reimbursement is entirely federally funded for two years only. The DHS has budgeted and the Legislature has approved maintaining this level of reimbursement but generally at the regular FMAP, estimated to be 51%.

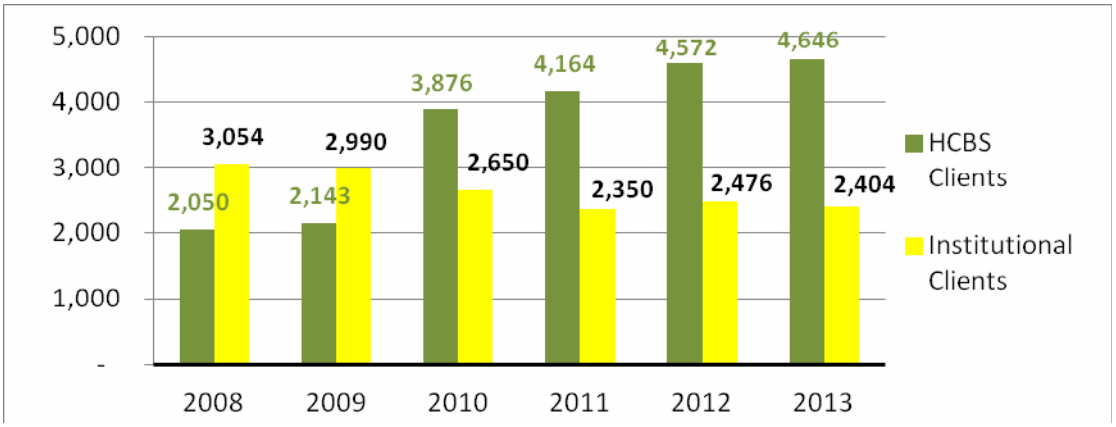
Reduced access to primary care could lead to worsened health outcomes with decreased quality of life, and increased emergency room visits and hospital admissions.

4) Increasing Efficiency

QUEST is a mature managed care program with savings already realized through care management. QUEST has among the lowest emergency room utilization rates of managed Medicaid programs nationally. There continues to be room for improvement, but this is largely through transformation of the delivery system on a statewide and all-payer level. Transforming the unit of healthcare delivery from being a clinic to being a healthcare system will allow the foundation for increased accountability with gain and risk sharing. The use of health information technology is not in itself a panacea, but is an important tool to support proactive population-based care and critical for more accountable care.

QExA is a less mature program because it has existed for only four years. In addition, because two-thirds of QExA members have Medicare as the primary payer, care management through Medicaid is more difficult. These individuals can see any Medicare providers, not just a Medicaid health plan's contracted providers. The Department is interested in a demonstration project to integrate Medicare and Medicaid, but because the Medicare per beneficiary expenditures are so low in Hawaii, the financing is unattractive to the State. However, the State continues to assess and dialogue with CMS.

Long-term care is the largest expense for Medicaid, and QExA has been successful in rebalancing the delivery of long-term supports and services (LTSS) and allowing more individuals to be served at home or in the community as opposed to in an institution. Between 2008 and 2013, the percentage of individuals receiving LTSS who were receiving them at home or in the community increased from 40% to 66%, even while the total number of LTSS recipients increased 38% over the same period.



The medical loss ration (MLR) is the amount of premiums (i.e. payment) spent on medical services. The ACA requires that for qualified health plans sold on a health insurance exchange for individuals and small businesses, the MLR must be at least 80%. Currently the QUEST MLR is 90% and the QExA MLR is 93%. These high MLRs indicate the low administrative cost and high efficiency of the programs. In addition,

based on a 2011 Lewin report, Hawaii Medicaid had the highest rate of generic prescribing in the nation at 79% compared to the national average of 68%.

CONCLUSION

Hawaii has an efficiently and effectively administered Medicaid program that has received national recognition. The largest cost driver has been the substantial enrollment growth. Reductions to achieve the target $300 million-$600 million in savings would have drastic consequences on not only Medicaid beneficiaries but also on Hawaii's healthcare system at large, and substantial cost-shifting should be expected.

Since 1994 when the MQD first implemented managed care under a federal Section 1115 demonstration waiver, the MQD has saved $2.4 billion in medical assistance costs, of which $1 billion is State funds.

Hawaii continues to be a leader in providing healthcare coverage for its residents. The recent study by United Health Foundation, cited in the December 11, 2013 edition of the Star Advertiser, includes the low rate of uninsured in the State through employer sponsored health insurance and state Medicaid programs as one of the reasons for Hawaii being the healthiest state in the nation in 2013.

	FY2012 ($ M)	FY2013 ($ M)	Comments/Impact
PROGRAM INTEGRITY			
Ending passive renewal (7/1/11 - pending CMS	3.5	7.0	• Will affect households with children. • Will be replaced with administrative renewal that will require these recipients once a year to sign and return a document populated and sent by the Department requesting confirmation or updated eligibility information regarding income/assets, household changes, and coverage by other insurance policies. • Will work with partners to facilitate process. • Improves program integrity, but may increase churning.
Medicare buy-in for all	3.5	3.5	• MQD already does this for new applicants >65. • For recipients who turn 65 or have ben disabled for >24 months, we have identified that some have not been bought into Medicare Parts A and/or B. • This has no impact on benefits but makes Medicare the primary insurer.
ELIGIBILITY			
Disenrolling individuals with incomes >133% of the	2.0	3.9	• ~4,500 non-pregnant non-disabled adults currently in limited benefit programs would lose health care coverage. • This may create additional strain on the safety-net.
BENEFITS			
Medical home (1/1/12)	(1.0)	(2.0)	• This will provide additional funding to practices that meet the Centers for Medicare & Medicaid Services requirements of a medical home for each patient that meets the eligibility criteria. • This new funding includes a 90% federal match will allow practices that are medical homes to better manage patients with chronic diseases.
Children and pregnant women			
no change			
Disabled adults and seniors			

End State Pharmacy Assistance Program (7/1/11)	1.5	1.5	• This state-only funded program pays the Medicare Part D co-payments ($1.10 for preferred, $3.30 for non-preferred for individuals <100% of the federal poverty level (FPL); more for those with higher incomes) for individuals up to 150% FPL. • In SFY2010, there were 21,500 utilizers and $1.5 M was expended, for an average of $6 per person per month. • A dual eligible (i.e. Medicare and Medicaid) recipient's enrolling in a Medicare Dual Eligible Special Needs Plans can decrease this out of pocket expense. • Current statute allows the Depatment to end this program, and legislation is currently moving to eliminate the program.
Limit non-emergency transportation (10/1/11)	1.3	1.7	• For ground transportation alone, Hawaii is an outlier spending nearly twice per person per month compared to other states. • Individuals may need to rely on public or other means of transportation. This is an area where the community can assist. • Areas with limited public transportation, such as on neighbor islands, may be disproportionately impacted, and we will structure the benefit to account for this. • Air transportation will not be affected.
Limit outpatient rehab (PT/OT/ST) (10/1/11)	0.3	0.4	• Will align policy with Medicare's and require that those receiving treatment are improving.
Limit chore to 10 hrs/wk (7/1/11)	2.0	2.0	• There is no reduction to home and community based services (HCBS). HCBS is and will continue to be provided to skilled nursing and intermediate level of care individuals who reside at home or in the community. • This proposed change would affect those who do not meet these criteria, currently have a limit of 20 hrs/wk, and for whom the provider is often a family member.

Non-disabled non-pregnant adults

Convert to new benefit package* (1/1/12)	8.9	17.8	• Having one standard benefit package for adults reduces confusion and administrative cost of having QUEST, QUEST-ACE, and QUEST-Net. • 99% had <20 outpatient visits and 99% had <10 inpatient days last year. • For the 1%, some with multiple chronic conditions may consume all coverage benefits. This may increase the need for primary care providers to address multiple problems per visit and be judicious about specialty referrals. • The medical home program will provide funding to practices to better manage care of individuals with chronic diseases and may allow flexibility for practices to provide some additional services. • Patients may need to switch to comparatively effective medications or stop medications without an evidence based indication for use. • Patients on chronic dialysis will be considered disabled and have access to all medically necessary dialysis related services. • Patients with severe and persistent mental illness will continue to have access to the specialized behavioral health services they currently receive. • A limit to inpatient days may result in a cost-shift to hospitals.
Cancer care additional services	(0.4)	(0.8)	• Patients with cancer will have access to medically necessary cancer treatment.
REIMBURSEMENT			
Decrease health plan admin	1.0	1.0	• Health plans will need to operate more efficiently.
Decrease provider reimbursement 2.5% (8/1/11)	8.7	9.5	• There is concern of the potential impact on access. The broader the reduction can be spread, the less any particular provider type is affected. • Opportunities for additional provider revenue include the Medicaid EHR incentive program and Medicaid's reimbursement to primary care providers increasing to 100% of the Medicare rates for two years beginning in 2013.
OTHER REVENUE			

Drug rebates	2.5	2.5
TOTAL REDUCTIONS	33.8	48.0

* Benefits include:
10 inpatient days
20 outpatient visits (medical and/or behavioral)
Laboratory and imaging services associated with the covered visits
3 outpatient hospital or ambulatory surgical center procedures
Formulary of generics and brands without comparatively effective generic with prior authorization and step therapy
Brand name medications as required by statute (psychotropics, HIV/AIDS, hepatitis C, transplant immunosuppression)
Contraceptives (e.g. generic oral contraceptive pills and injectable medroxyprogesterone, and intrauterine devices (IUDs))
Diabetes supplies
Vaccines (pneumonia, influenza, tetanus-diptheria)
Non-emergency transportation
Emergency medical
Emergency dental
Language access services
Services for those with severe and persistent mental illness
    current Medicaid rehab option services (e.g. crisis response, psychosocial rehab, partial hospitalization, case management)
    6 additional outpatient behavioral health visits
    ? additional acute psychiatric inpatient days

Department of Human Services
Med-QUEST Division
Budget Projections-HMS401
Fiscal Year 2013 V6

3%/2% close 10,000

	General Funds	Federal Funds	U-Funds	Total	DOH state Match
Budgeted	$787,466,250	$870,295,801	$12,000,000	$1,669,762,051	
Projected Expenditures					
Capitation w/rates effective 7/1/11 @51.79/50.48^	$705,307,709	$692,003,597		$1,397,311,306	
FFS Payments	$125,419,436	$162,971,087		$288,390,523	$59,200,071
Limit Inpatient Hospital to 30 days	-$2,341,038	-$2,521,941		-$4,862,979	
Eliminate Outpatient Rehab	-$980,493	-$922,638		-$1,903,131	
Eliminate Optometry	-$838,782	-$903,598		-$1,742,380	
FMAP Change 1.38% (capitation)	-$14,033,838	$14,033,838		$0	
Eliminate adults >133% (3000)	-$2,837,272	-$2,899,012		-$5,736,284	
FMAP Change 1.38% (FFS)	-$1,250,204	$1,250,204		$0	
Program Integrity Proposals ($285.87*120000) #	-$16,630,773	-$17,673,627		-$34,304,400	
Projected COFA/Inpatient claims	-$3,000,000	$3,000,000		$0	
QN/ACE Add on ($286.06-$141.73*97,000 mm)	$6,787,205	$7,212,805		$14,000,010	
Projected Expenditures	$795,601,950	$855,550,715		$1,651,152,665	
Projected Shortfall	-$8,135,700	$14,745,086	$12,000,000	$18,609,386	$0

^Capitation projected at a 3.0% increase in rates and 2.0% increase in populations for QUEST/QExA

Close 10,000 recipients through return mail, data matches (requires resources), PMPM assumes combination of 75% all adults/25%children, QUEST Only

To: Director McManaman

From: Kenny Fink

Subject: Benefit Reduction Decisions

Date: October 28, 2011

Background

In an effort to achieve $50 million in general fund savings over SFY 2013, we took a broad-based approach to disperse the impact, which included reimbursement reduction, eligibility reduction, and benefit reduction. The benefit reduction requires CMS approval of a State Plan Amendment (SPA). We are projecting a need to achieve $14 million in general fund savings from the benefit reduction and/or from other efficiencies.

We had submitted to CMS a SPA that proposed a 10 day limit of inpatient hospital days for able-bodied adults with an additional 10 days of inpatient psychiatric and substance abuse treatment for individuals with a serious mental illness (SMI); 20 aggregate outpatient visits for mandatory (physician, APRN, FQHC, home health) and non-mandatory (clinic, wellness, optometry, podiatry, hospice) services plus 6 additional behavioral health visits for individuals with SMI.

Since submission of the SPA, we learned that under State law, we need to provide all recipients with 30 inpatient days that can be used for psychiatric and/or substance abuse services, 12 psychiatric outpatient visits, and an additional 12 outpatient behavioral health visits that can be used for psychiatric and/or substance abuse services. We also learned that CMS is not immediately following its previously usual criteria that a limit must meet the needs of 90% of the affected population, and we have unofficially heard that a hard benefit limit with no prior authorization ability to access additional benefits will not be approved by CMS.

Given the changing circumstances, we have had to delay the QUEST procurement until revisiting and deciding upon any changes to the benefit package. To facilitate this decision-making additional analyses have been performed.

Analysis Findings

The analyses were based on data from HMSA and AlohaCare. Because Kaiser represents 11% of affected recipients, this factor was applied to savings calculations, and a FMAP of 50% was assumed. What is not reflected is any cost-shifting that may

occur such as changes in ER use and hospitalizations, changes in enrollment based on increased applications for disability determinations, or potential impacts on utilization of other public services.

Inpatient

Non-behavioral health

The limit of 10 inpatient days for medical or surgical indications compared to no limit will save $7,530,000. This 10 day limit met the needs of 99.4% of the affected total population. Despite this large percentage, the proposed limit has received negative attention. Listed below are savings for different limits of inpatient days for medical/surgical indications.

Med/Surg Inpatient Day Limit	% Total Population Needs met	General Fund Savings
10	99.4%	$7,530,000
15	99.6%	$5,390,000
20	99.7%	$4,030,000
25	99.8%	$3,310,000

Behavioral Health

Increasing the inpatient behavioral health coverage from 10 days for SMI individuals to 30 days for all individuals will cost an additional $930,000 in general funds, but save $130,000 compared to having no limit. This expanded coverage met the needs of 99.98% of the affected total population and 99.5% of the affected SMI population.

Outpatient

It's unclear whether there was some difficulty in separating mandatory and non-mandatory services or simply if some of the non-mandatory services had too low a utilization to be meaningful. However, the result was no distinct clinic, wellness, or podiatry visits identified.

Mandatory Non- Behavioral Health

The limit of 20 mandatory services excluding behavioral health met the needs of 97.3% of the affected total population with a general fund savings of $1,560,000. Listed below are savings for different limits of outpatient visits for mandatory services excluding behavioral health.

Mandatory Outpatient Visit Limit	% Total Population Needs met	General Fund Savings
15	94.7%	$3,180,000
20	97.3%	$1,560,000
25	98.5%	$900,000
30	99.2%	$540,000
35	99.5%	$330,000

Mandatory Behavioral Health

Increasing the outpatient behavioral health coverage from included in the 20 visits plus 6 additional visits for SMI individuals to excluded from the 20 visits plus 24 separate behavioral health visits would increase general fund expenditures by $2,400,000.

Because State law structures the outpatient behavioral health coverage as 12 outpatient psychiatric visits plus 12 additional outpatient psychiatric or substance abuse visits, the impact may range depending on how the visits are utilized. The first 12 outpatient psychiatric visits met the need of 96.2% of the affected total population and 52.0% of the affected SMI population. If all 24 visits were used for psychiatric purposes, this would cover 98.6% of the affected total population and 76.2% of the SMI population. Listed below are savings for different limits of outpatient visits for psychiatric services.

Psychiatric Outpatient Visit Limit	% SMI Population Needs met	General Fund Savings
12	52.0%	$1,000,000
24	76.5%	$520,000
30	83.4%	$390,000
35	87.6%	$300,000
40	90.5%	$240,000
45	93.2%	$170,000
50	94.7%	$160,000

The 12 substance abuse visits, which exclude methadone maintenance for which there is no limitation, would meet the needs of 99.1% of the general population and 93.6% of the affected SMI population and save $310,000 in general funds.

SA Outpatient Visit Limit	% SMI Population Needs met	General Fund Savings
12	93.6%	$310,000
15	95.1%	$240,000
20	96.4%	$170,000
25	97.6%	$110,000

If the 24 visits were used for psychiatric or substance abuse services with no distribution limit, this would meet the needs of 98.0% of the affected total population and 70.7% of the affected SMI population. (Please note that substance abuse analysis includes methadone maintenance, which will not have limits.)

Psych/SA Outpatient Visit Limit	% SMI Population Needs met	General Fund Savings
24	70.7%	$910,000
30	78.7%	$680,000
35	84.0%	$540,000
40	87.7%	$430,000
45	90.6%	$350,000
50	92.8%	$290,000

Non-Mandatory

The non-mandatory services indentified are optometry and hospice. A total of $970,000 and $70,000 were expended on optometry and hospice respectively. Below is listed the impact of optometry limits.

Optometry Outpatient Visit Limit	% Total Population Needs met	General Fund Savings
0	84.9%	$970,000
1	92.3%	$430,000
2	98.7%	$100,000

Summary

A 10 day medical/surgical inpatient limit would be expected to meet the need of 99.4% of the affected total population, and this limit would save $7.5 million general funds, which would in all likelihood be a cost-shift to the hospitals. Note that we give hospital

about $34 million in supplement each year split about 50:50 between the privates and HHSC. We do not know if CMS will allow a hard limit.

A 30 day behavioral health inpatient limit would be expected to meet the need of 99.98% of the affected total population and 99.5% of the affected SMI population, and this limit would save $0.13 million general funds.

A 20 outpatient visit limit for mandatory non-behavioral health visits would be expected to meet the need of 97.3% of the affected total population, and this limit would save $1.56 million general funds. However, there were 22,976 visits made above the 20 visit limit. The break-even point, in which no savings would be realized, would be if roughly 20% of these visits instead resulted in visits to the ER; or about 100 hospitalizations over a year that could have been prevented.

A 24 outpatient visit limit for mandatory behavioral health visits would be expected to meet the need of 98.0% of the affected total population and 70.7% of the affected SMI population, and this limit would save $0.91 million general funds. To meet the need of 90% of the SMI population, 45 visits would be needed which would reduce the general fund savings to $0.35 million in general funds.

The primary non-mandatory expenditure is optometry. We will not be covering glasses for this population. Elimination of this optional benefit would save $0.97 million.

Options

Inpatient

Non-behavioral health

- 10 day hard limit
- A hard limit higher than 10 days, but if near 20, may as well lift limit and keep waiver payment
- 10 day limit with additional days if prior authorized and medically necessary, which will likely have the effect of no limit
- Risk of $7,530,000 by adding PA of lifting limit

Behavioral health

- 30 day hard limit as required by State law
- 30 day limit with additional days if prior authorized and medically necessary
- No limit
- Risk of $130,000 by adding PA or lifting limit

Outpatient

Mandatory Non-behavioral health

- 20 visit hard limit
- 20 visit limit with additional days if prior authorized and medically necessary
- No limit
- Risk of $1,560,000 by adding PA or lifting limit

Mandatory Behavioral health

- A hard limit higher than 24
- A limit higher than 24 with additional visits if prior authorized and medically necessary
- No limit
- Risk of $910,000 by adding PA or lifting limit.

Non-Mandatory

- No limit on hospice.
- 1 visit limit on optometry
- Eliminate optometry as an optional benefit

Recommendations

- 10 day med/surg inpatient hard limit
    - This meets the needs of >99% and the impact on patients is minimal.
    - If CMS does not allow, lift limit and keep waiver payment
- No limit on mandatory non-behavioral health outpatient visits
    - When factoring cost-shifting, the net savings is probably small
    - Supports healthcare transformation
    - Provides some relief to hospitals
    - Expect to find some additional savings through increased program integrity efforts
- No limit on mandatory behavioral health outpatient visits
    - This really affects SMI individuals, among our most vulnerable
    - Don't know probability or cost of incarceration
    - The cost is small and offset by eliminating optometry
- Eliminate optometry
- No limit on hospice

Department of Human Services
Med-QUEST Division
Budget Projections-HMS401
Fiscal Year 2013 V6

3%/2% close 10,000

	General Funds	Federal Funds	U-Funds	Total	DOH state Match
Budgeted	$787,466,250	$870,295,801	$12,000,000	$1,669,762,051	
Projected Expenditures					
Capitation w/rates effective 7/1/11 @51.79/50.48^	$705,307,709	$692,003,597		$1,397,311,306	
FFS Payments	$125,419,436	$162,971,087		$288,390,523	$59,200,071
Limit Inpatient Hospital to 30 days	-$2,341,038	-$2,521,941		-$4,862,979	
Eliminate Outpatient Rehab	-$980,493	-$922,638		-$1,903,131	
Eliminate Optometry	-$838,782	-$903,598		-$1,742,380	
FMAP Change 1.38% (capitation)	-$14,033,838	$14,033,838		$0	
Eliminate adults >133% (3000)	-$2,837,272	-$2,899,012		-$5,736,284	
FMAP Change 1.38% (FFS)	-$1,250,204	$1,250,204		$0	
Program Integrity Proposals ($285.87*120000) #	-$16,630,773	-$17,673,627		-$34,304,400	
Projected COFA/Inpatient claims	-$3,000,000	$3,000,000		$0	
QN/ACE Add on ($286.06-$141.73*97,000 mm)	$6,787,205	$7,212,805		$14,000,010	
Projected Expenditures	$795,601,950	$855,550,715		$1,651,152,665	
Projected Shortfall	-$8,135,700	$14,745,086	$12,000,000	$18,609,386	$0

^Capitation projected at a 3.0% increase in rates and 2.0% increase in populations for QUEST/QExA

Close 10,000 recipients through return mail, data matches (requires resources), PMPM assumes combination of 75% all adults/25%children, QUEST Only

Table 1
Inpatient Excluding Psychiatric Utilization Summary
Data Incurred CY2010
QUEST/QUEST NET and ACE Non-Pregnant Adults
HMSA and AlohaCare

Member Distribution by Days						Potential Savings by Annual L		
Annual Days	Members	Cumulative Members	Cumulative % Members	Member Days	Total Paid	Annual Limit	Total Days	Paid
-	84,032	84,032	92.7%	-				
1	942	84,974	93.8%	942	$2,651,324	1	6,585	$10,677,800
2	1,965	86,939	95.9%	3,930	7,169,576	2	5,643	9,150,315
3	1,367	88,306	97.4%	4,101	6,382,712	3	3,678	5,964,001
4	574	88,880	98.1%	2,296	3,650,657	4	2,311	3,747,365
5	322	89,202	98.4%	1,610	2,851,090	5	1,737	2,816,604
6	250	89,452	98.7%	1,500	2,503,417	6	1,415	2,294,470
7	182	89,634	98.9%	1,274	2,080,503	7	1,165	1,889,087
8	139	89,773	99.1%	1,112	1,679,499	8	983	1,593,968
9	122	89,895	99.2%	1,098	1,698,907	9	844	1,368,575
10	83	89,978	99.3%	830	1,400,023	10	722	1,170,747
11	74	90,052	99.4%	814	1,161,371	11	639	1,036,160
12	52	90,104	99.4%	624	848,225	12	565	916,167
13	49	90,153	99.5%	637	821,498	13	513	831,847
14	37	90,190	99.5%	518	733,350	14	464	752,392
15	30	90,220	99.6%	450	636,948	15	427	692,395
16	43	90,263	99.6%	688	990,914	16	397	643,749
17	31	90,294	99.6%	527	880,045	17	354	574,023
18	24	90,318	99.7%	432	500,841	18	323	523,755
19	22	90,340	99.7%	418	564,662	19	299	484,839
20	26	90,366	99.7%	520	799,709	20	277	449,165
21	15	90,381	99.7%	315	449,407	21	251	407,005
22	17	90,398	99.8%	374	694,723	22	236	382,682
23	16	90,414	99.8%	368	567,955	23	219	355,116
24	15	90,429	99.8%	360	474,364	24	203	329,171
25	14	90,443	99.8%	350	583,723	25	188	304,848
26	8	90,451	99.8%	208	365,018	26	174	282,147
27	9	90,460	99.8%	243	293,411	27	166	269,175
28	11	90,471	99.8%	308	391,293	28	157	254,581
29	7	90,478	99.8%	203	251,011	29	146	236,744
30	10	90,488	99.9%	300	499,561	30	139	225,393
31	6	90,494	99.9%	186	224,097	31	129	209,178
32	8	90,502	99.9%	256	362,707	32	123	199,449
33	4	90,506	99.9%	132	278,223	33	115	186,476
34	4	90,510	99.9%	136	179,036	34	111	179,990
35	2	90,512	99.9%	70	61,811	35	107	173,504
36	6	90,518	99.9%	216	366,378	36	105	170,261
37	6	90,524	99.9%	222	257,464	37	99	160,532
38	1	90,525	99.9%	38	32,669	38	93	150,803
39	4	90,529	99.9%	156	254,488	39	92	149,181
40	3	90,532	99.9%	120	392,426	40	88	142,695
41	3	90,535	99.9%	123	286,346	41	85	137,830
42	7	90,542	99.9%	294	300,647	42	82	132,966
43	2	90,544	99.9%	86	88,271	43	75	121,615
44	5	90,549	99.9%	220	174,467	44	73	118,372
45	5	90,554	99.9%	225	139,818	45	68	110,264
46	2	90,556	99.9%	92	157,467	46	63	102,157
47	1	90,557	99.9%	47	46,344	47	61	98,914
48	2	90,559	99.9%	96	123,835	48	60	97,292
49	4	90,563	99.9%	196	326,419	49	58	94,049
50	2	90,565	99.9%	100	108,268	50	54	87,563
51+	52	90,617	100.0%	3,719	6,524,953	51+	1,119	1,814,496

All	90,617		34,080	$55,261,871		34,080	$55,261,871

Limit
Cumulative Cost Greater or Equal to Limit
$55,261,871
44,584,071
35,433,756
29,469,755
25,722,390
22,905,786
20,611,316
18,722,229
17,128,261
15,759,687
14,588,939
13,552,779
12,636,613
11,804,766
11,052,374
10,359,979
9,716,230
9,142,207
8,618,452
8,133,613
7,684,449
7,277,444
6,894,762
6,539,646
6,210,474
5,905,626
5,623,479
5,354,305
5,099,724
4,862,980
4,637,587
4,428,409
4,228,960
4,042,484
3,862,493
3,688,989
3,518,728
3,358,196
3,207,394
3,058,213
2,915,518
2,777,687
2,644,722
2,523,107
2,404,735
2,294,470
2,192,314
2,093,400
1,996,108
1,902,059
1,814,496

Table 14
Inpatient Excluding Psychiatric & Substance Abuse Utilization Summary
Data Incurred CY2010
QUEST/QUEST NET and ACE Non-Pregnant Adults
HMSA and AlohaCare

Member Distribution by Days				Potential Savings by Annual Limit			
Annual Days	Members	Member Days	Total Paid	Annual Limit	Total Days	Paid	Cumulative Cost Greater or Equal to Limit
-	84,613	-					
1	850	850	$2,497,799	1	6,004	$9,732,204	$50,463,522
2	1,833	3,666	6,668,011	2	5,154	8,354,394	40,731,318
3	1,254	3,762	5,749,824	3	3,321	5,383,186	32,376,924
4	530	2,120	3,244,534	4	2,067	3,350,511	26,993,738
5	279	1,395	2,441,764	5	1,537	2,491,405	23,643,227
6	207	1,242	1,940,208	6	1,258	2,039,159	21,151,821
7	160	1,120	1,741,079	7	1,051	1,703,622	19,112,662
8	132	1,056	1,583,031	8	891	1,444,270	17,409,040
9	111	999	1,556,992	9	759	1,230,304	15,964,770
10	72	720	1,182,631	10	648	1,050,378	14,734,467
11	60	660	970,289	11	576	933,669	13,684,089
12	41	492	688,266	12	516	836,412	12,750,420
13	45	585	774,405	13	475	769,953	11,914,008
14	32	448	660,276	14	430	697,010	11,144,055
15	30	450	616,830	15	398	645,139	10,447,045
16	39	624	892,238	16	368	596,511	9,801,905
17	29	493	854,319	17	329	533,294	9,205,395
18	22	396	452,440	18	300	486,286	8,672,101
19	23	437	576,551	19	278	450,625	8,185,815
20	24	480	756,827	20	255	413,343	7,735,190
21	11	231	323,567	21	231	374,440	7,321,847
22	13	286	616,695	22	220	356,610	6,947,406
23	13	299	490,515	23	207	335,537	6,590,797
24	12	288	393,018	24	194	314,465	6,255,259
25	12	300	527,195	25	182	295,014	5,940,794
26	8	208	365,018	26	170	275,562	5,645,781
27	9	243	338,186	27	162	262,594	5,370,219
28	11	308	391,293	28	153	248,006	5,107,624
29	7	203	251,011	29	142	230,175	4,859,618
30	10	300	499,561	30	135	218,829	4,629,443
31	5	155	204,294	31	125	202,619	4,410,614
32	7	224	293,283	32	120	194,514	4,207,995
33	5	165	325,297	33	113	183,168	4,013,481
34	5	170	240,403	34	108	175,063	3,830,313
35	2	70	61,811	35	103	166,958	3,655,250
36	7	252	387,275	36	101	163,716	3,488,292
37	5	185	224,947	37	94	152,370	3,324,575
38	2	76	63,932	38	89	144,265	3,172,206
39	4	156	254,488	39	87	141,023	3,027,941
40	2	80	357,299	40	83	134,539	2,886,918
41	4	164	341,567	41	81	131,297	2,752,379
42	7	294	316,663	42	77	124,813	2,621,082
43	2	86	88,271	43	70	113,467	2,496,268
44	5	220	174,467	44	68	110,225	2,382,802
45	5	225	230,915	45	63	102,120	2,272,577
46	2	92	157,467	46	58	94,015	2,170,457
47	1	47	46,344	47	56	90,773	2,076,441
48	3	144	162,328	48	55	89,152	1,985,668
49	3	147	287,513	49	52	84,290	1,896,516
50	2	100	108,268	50	49	79,427	1,812,226
51+	47	3,419	6,092,310	51+	1,069	1,732,799	1,732,799

All	90,617	31,132	$50,463,522		31,132	$50,463,522

$58,292,744
$47,164,237
$37,619,573
$31,311,724
$27,272,371
$24,218,721
$21,722,816
$19,662,982
$17,927,040
$16,446,023
$15,173,478
$14,062,323
$13,081,937
$12,187,868
$11,391,566
$10,660,786
$9,989,806
$9,385,766
$8,833,699
$8,327,222
$7,865,474
$7,447,593
$7,052,507
$6,683,459
$6,336,724
$6,013,163
$5,711,537
$5,422,878
$5,148,808
$4,893,810
$4,652,640
$4,430,162
$4,217,031
$4,017,728
$3,827,771
$3,645,919
$3,468,550
$3,303,769
$3,147,092
$2,996,140
$2,854,154
$2,715,410
$2,584,390
$2,464,718
$2,348,287
$2,239,961
$2,139,740
$2,042,761
$1,948,644
$1,859,390
$1,776,240

Table 15
Inpatient Psychiatric & Substance Abuse Utilization Summary
Data Incurred CY2010
QUEST/QUEST NET and ACE Non-Pregnant Adults
HMSA and AlohaCare

Member Distribution by Days				Potential Savings by Annual Limit			
Annual Days	Members	Member Days	Total Paid	Annual Limit	Total Days	Paid	Cumulative Cost Greater or Equal to Limit
-	89,492	-					
1	166	166	$276,711	1	1,125	$1,396,302	$7,829,221
2	214	428	695,124	2	959	1,190,270	6,432,919
3	190	570	861,435	3	745	924,662	5,242,649
4	102	408	643,089	4	555	688,842	4,317,987
5	85	425	582,542	5	453	562,244	3,629,144
6	81	486	828,275	6	368	456,746	3,066,900
7	52	364	496,833	7	287	356,212	2,610,154
8	33	264	282,495	8	235	291,672	2,253,942
9	23	207	208,992	9	202	250,714	1,962,270
10	36	360	435,788	10	179	222,167	1,711,556
11	27	297	278,034	11	143	177,486	1,489,389
12	16	192	209,454	12	116	143,974	1,311,903
13	20	260	256,988	13	100	124,116	1,167,929
14	11	154	133,941	14	80	99,293	1,043,813
15	9	135	132,900	15	69	85,640	944,521
16	3	48	66,192	16	60	74,469	858,881
17	4	68	57,319	17	57	70,746	784,412
18	8	144	164,979	18	53	65,781	713,666
19	6	114	87,587	19	45	55,852	647,884
20	4	80	136,573	20	39	48,405	592,032
21	4	84	130,241	21	35	43,441	543,627
22	4	88	65,063	22	31	38,476	500,186
23	1	23	17,082	23	27	33,511	461,711
24	3	72	52,180	24	26	32,270	428,199
25	2	50	44,159	25	23	28,547	395,929
26	-	-	-	26	21	26,064	367,383
27	-	-	-	27	21	26,064	341,318
28	1	28	30,311	28	21	26,064	315,254
29	2	58	47,004	29	20	24,823	289,190
30	2	60	52,719	30	18	22,341	264,367
31	1	31	26,599	31	16	19,859	242,026
32	2	64	55,209	32	15	18,617	222,167
33	1	33	27,784	33	13	16,135	203,550
34	-	-	-	34	12	14,894	187,415
35	1	35	27,213	35	12	14,894	172,521
36	1	36	29,374	36	11	13,653	157,627
37	-	-	-	37	10	12,412	143,974
38	2	76	73,353	38	10	12,412	131,563
39	2	78	69,434	39	8	9,929	119,151
40	-	-	-	40	6	7,447	109,222
41	1	41	35,459	41	6	7,447	101,775
42	-	-	-	42	5	6,206	94,328
43	-	-	-	43	5	6,206	88,122
44	-	-	-	44	5	6,206	81,916
45	-	-	-	45	5	6,206	75,711
46	-	-	-	46	5	6,206	69,505
47	1	47	37,833	47	5	6,206	63,299
48	-	-	-	48	4	4,965	57,093
49	1	49	43,431	49	4	4,965	52,129
50	-	-	-	50	3	3,723	47,164
51+	3	185	129,521	51+	35	43,441	43,441

All	90,617	6,308	$7,829,221		6,308	$7,829,221
						$58,292,744

Table 6
Mandatory Ambulatory Visits Utilization Summary (Excluding Psych/SA)
Data Incurred CY2010
QUEST/QUEST NET and ACE Non-Pregnant Adults
HMSA and AlohaCare

Member Distribution by Visits						Potential Savings by Annual I		
Annual Visits	Members	Cumulative Members	Cumulative % Members	Member Visits	Total Paid	Annual Limit	Total Visits	Paid
-	31,634	31,634	34.9%	-				
1	11,313	42,947	47.4%	11,313	$1,911,637	1	58,983	$7,237,688
2	8,231	51,178	56.5%	16,462	2,462,812	2	47,670	5,849,492
3	6,673	57,851	63.8%	20,019	2,692,099	3	39,439	4,839,482
4	5,349	63,200	69.7%	21,396	2,750,937	4	32,766	4,020,652
5	4,438	67,638	74.6%	22,190	2,800,469	5	27,417	3,364,286
6	3,741	71,379	78.8%	22,446	2,813,073	6	22,979	2,819,708
7	3,027	74,406	82.1%	21,189	2,574,438	7	19,238	2,360,657
8	2,510	76,916	84.9%	20,080	2,352,833	8	16,211	1,989,220
9	2,001	78,917	87.1%	18,009	2,173,388	9	13,701	1,681,223
10	1,626	80,543	88.9%	16,260	1,948,809	10	11,700	1,435,684
11	1,453	81,996	90.5%	15,983	1,885,271	11	10,074	1,236,161
12	1,178	83,174	91.8%	14,136	1,701,569	12	8,621	1,057,866
13	1,000	84,174	92.9%	13,000	1,483,204	13	7,443	913,316
14	907	85,081	93.9%	12,698	1,505,524	14	6,443	790,608
15	715	85,796	94.7%	10,725	1,247,003	15	5,536	679,312
16	625	86,421	95.4%	10,000	1,145,250	16	4,821	591,575
17	547	86,968	96.0%	9,299	1,088,562	17	4,196	514,883
18	469	87,437	96.5%	8,442	932,869	18	3,649	447,762
19	377	87,814	96.9%	7,163	823,039	19	3,180	390,212
20	356	88,170	97.3%	7,120	830,219	20	2,803	343,951
21	294	88,464	97.6%	6,174	663,433	21	2,447	300,267
22	269	88,733	97.9%	5,918	676,263	22	2,153	264,190
23	226	88,959	98.2%	5,198	632,080	23	1,884	231,182
24	158	89,117	98.3%	3,792	419,738	24	1,658	203,450
25	165	89,282	98.5%	4,125	475,833	25	1,500	184,062
26	155	89,437	98.7%	4,030	478,809	26	1,335	163,815
27	131	89,568	98.8%	3,537	422,821	27	1,180	144,795
28	110	89,678	99.0%	3,080	357,492	28	1,049	128,721
29	102	89,780	99.1%	2,958	313,131	29	939	115,223
30	79	89,859	99.2%	2,370	270,897	30	837	102,707
31	77	89,936	99.2%	2,387	258,768	31	758	93,013
32	68	90,004	99.3%	2,176	245,076	32	681	83,564
33	53	90,057	99.4%	1,749	224,000	33	613	75,220
34	69	90,126	99.5%	2,346	244,492	34	560	68,717
35	43	90,169	99.5%	1,505	194,663	35	491	60,250
36	49	90,218	99.6%	1,764	213,851	36	448	54,973
37	47	90,265	99.6%	1,739	173,568	37	399	48,961
38	39	90,304	99.7%	1,482	156,554	38	352	43,193
39	25	90,329	99.7%	975	126,118	39	313	38,408
40	32	90,361	99.7%	1,280	145,820	40	288	35,340
41	23	90,384	99.7%	943	116,955	41	256	31,413
42	23	90,407	99.8%	966	101,130	42	233	28,591
43	16	90,423	99.8%	688	72,753	43	210	25,769
44	13	90,436	99.8%	572	54,192	44	194	23,805
45	10	90,446	99.8%	450	43,823	45	181	22,210
46	13	90,459	99.8%	598	80,148	46	171	20,983
47	20	90,479	99.8%	940	124,194	47	158	19,388
48	14	90,493	99.9%	672	69,762	48	138	16,934
49	11	90,504	99.9%	539	68,107	49	124	15,216
50	12	90,516	99.9%	600	62,940	50	113	13,866
51+	101	90,617	100.0%	6,363	772,661	51+	1,313	161,116

All	90,617		369,846	$45,383,077		369,846	$45,383,077

Limit
Cumulative Cost Greater or Equal to Limit
$45,383,077
38,145,389
32,295,897
27,456,414
23,435,763
20,071,477
17,251,769
14,891,111
12,901,891
11,220,668
9,784,984
8,548,824
7,490,958
6,577,642
5,787,034
5,107,722
4,516,147
4,001,264
3,553,502
3,163,291
2,819,340
2,519,073
2,254,883
2,023,701
1,820,251
1,636,189
1,472,374
1,327,578
1,198,858
1,083,635
980,928
887,915
804,351
729,131
660,415
600,165
545,192
496,231
453,038
414,630
379,291
347,877
319,286
293,518
269,712
247,502
226,519
207,131
190,197
174,982
161,116

Table 19
Outpatient Psychiatric & Substance Abuse Excluding Methadone Utilization Summary
Data Incurred CY2010
QUEST/QUEST NET and ACE Non-Pregnant Adults
HMSA and AlohaCare

Member Distribution by Visits				Potential Savings by Annual Limit			
Annual Visits	Members	Member Visits	Total Paid	Annual Limit	Total Visits	Paid	Cumulative Cost Greater or Equal to Limit
-	77,004	-					
1	2,004	2,004	$269,084	1	13,613	$1,383,983	$16,583,396
2	1,309	2,618	342,693	2	11,609	1,180,244	15,199,413
3	1,077	3,231	423,502	3	10,300	1,047,163	14,019,170
4	887	3,548	470,074	4	9,223	937,668	12,972,007
5	734	3,670	489,711	5	8,336	847,490	12,034,339
6	650	3,900	593,819	6	7,602	772,867	11,186,849
7	586	4,102	568,533	7	6,952	706,784	10,413,982
8	455	3,640	414,720	8	6,366	647,208	9,707,198
9	437	3,933	490,217	9	5,911	600,949	9,059,990
10	392	3,920	425,313	10	5,474	556,521	8,459,041
11	367	4,037	440,087	11	5,082	516,668	7,902,520
12	357	4,284	464,855	12	4,715	479,356	7,385,852
13	298	3,874	419,535	13	4,358	443,062	6,906,495
14	274	3,836	449,251	14	4,060	412,765	6,463,434
15	260	3,900	427,632	15	3,786	384,909	6,050,668
16	238	3,808	445,899	16	3,526	358,475	5,665,760
17	235	3,995	448,938	17	3,288	334,279	5,307,285
18	216	3,888	413,336	18	3,053	310,387	4,973,006
19	195	3,705	357,595	19	2,837	288,427	4,662,619
20	207	4,140	422,184	20	2,642	268,602	4,374,192
21	180	3,780	344,167	21	2,435	247,557	4,105,589
22	140	3,080	266,420	22	2,255	229,257	3,858,032
23	134	3,082	295,947	23	2,115	215,024	3,628,774
24	146	3,504	347,745	24	1,981	201,401	3,413,750
25	134	3,350	313,169	25	1,835	186,558	3,212,349
26	107	2,782	286,001	26	1,701	172,934	3,025,792
27	109	2,943	262,380	27	1,594	162,056	2,852,857
28	95	2,660	254,015	28	1,485	150,974	2,690,801
29	88	2,552	215,544	29	1,390	141,316	2,539,827
30	74	2,220	180,984	30	1,302	132,369	2,398,511
31	71	2,201	199,729	31	1,228	124,846	2,266,141
32	77	2,464	233,436	32	1,157	117,628	2,141,295
33	68	2,244	190,426	33	1,080	109,800	2,023,667
34	64	2,176	173,616	34	1,012	102,886	1,913,868
35	64	2,240	252,279	35	948	96,380	1,810,981
36	63	2,268	185,291	36	884	89,873	1,714,602
37	43	1,591	145,593	37	821	83,468	1,624,729
38	44	1,672	154,731	38	778	79,096	1,541,261
39	43	1,677	127,536	39	734	74,623	1,462,164

40	52	2,080	162,952	40	691	70,251	1,387,541
41	29	1,189	80,384	41	639	64,965	1,317,290
42	27	1,134	88,147	42	610	62,016	1,252,325
43	32	1,376	105,913	43	583	59,271	1,190,309
44	42	1,848	159,192	44	551	56,018	1,131,037
45	34	1,530	121,689	45	509	51,748	1,075,019
46	25	1,150	87,847	46	475	48,291	1,023,271
47	31	1,457	128,811	47	450	45,750	974,980
48	27	1,296	120,049	48	419	42,598	929,230
49	23	1,127	99,732	49	392	39,853	886,632
50	25	1,250	107,047	50	369	37,515	846,778
51+	344	25,160	2,115,647	51+	7,960	809,264	809,264
All	90,617	163,116	$16,583,396		163,116	$16,583,396	

Table 20
Outpatient Psychiatric & Substance Abuse Excluding Methadone Utilization Summary
Data Incurred CY2010
QUEST/QUEST NET and ACE Non-Pregnant Adults
HMSA and AlohaCare
SMI Members

Member Distribution by Visits				Potential Savings by Annual Limit			
Annual Visits	Members	Member Visits	Total Paid	Annual Limit	Total Visits	Paid	Cumulative Cost Greater or Equal to Limit
-	65	-					
1	46	46	$7,690	1	2,339	$259,899	$5,569,665
2	66	132	27,559	2	2,293	254,788	5,309,766
3	88	264	49,649	3	2,227	247,454	5,054,978
4	85	340	58,757	4	2,139	237,676	4,807,524
5	105	525	99,846	5	2,054	228,231	4,569,848
6	94	564	128,595	6	1,949	216,564	4,341,616
7	104	728	164,827	7	1,855	206,119	4,125,052
8	66	528	95,856	8	1,751	194,563	3,918,933
9	74	666	122,598	9	1,685	187,230	3,724,370
10	81	810	106,625	10	1,611	179,007	3,537,140
11	84	924	139,647	11	1,530	170,007	3,358,133
12	59	708	94,357	12	1,446	160,673	3,188,126
13	71	923	129,159	13	1,387	154,117	3,027,453
14	71	994	185,258	14	1,316	146,228	2,873,336
15	74	1,110	162,473	15	1,245	138,339	2,727,108
16	70	1,120	187,064	16	1,171	130,116	2,588,769
17	68	1,156	174,155	17	1,101	122,338	2,458,653
18	56	1,008	132,552	18	1,033	114,782	2,336,315
19	51	969	117,105	19	977	108,560	2,221,532
20	61	1,220	150,912	20	926	102,893	2,112,973
21	43	903	64,768	21	865	96,115	2,010,080
22	36	792	76,399	22	822	91,337	1,913,965
23	37	851	93,333	23	786	87,337	1,822,628
24	44	1,056	132,747	24	749	83,226	1,735,291
25	37	925	94,860	25	705	78,336	1,652,065
26	31	806	110,358	26	668	74,225	1,573,729
27	29	783	65,055	27	637	70,781	1,499,504
28	35	980	104,049	28	608	67,558	1,428,723
29	28	812	61,545	29	573	63,669	1,361,165
30	32	960	86,737	30	545	60,558	1,297,496
31	25	775	74,680	31	513	57,002	1,236,938
32	30	960	95,974	32	488	54,224	1,179,936
33	25	825	78,157	33	458	50,891	1,125,711
34	28	952	81,355	34	433	48,113	1,074,820
35	21	735	114,725	35	405	45,002	1,026,707
36	18	648	56,570	36	384	42,668	981,706
37	16	592	67,719	37	366	40,668	939,037
38	20	760	81,641	38	350	38,890	898,369
39	20	780	53,376	39	330	36,668	859,478

40	15	600	42,468	40	310	34,446	822,810
41	11	451	30,437	41	295	32,779	788,365
42	14	588	47,143	42	284	31,557	755,585
43	15	645	52,347	43	270	30,001	724,029
44	10	440	45,836	44	255	28,334	694,027
45	19	855	66,994	45	245	27,223	665,693
46	10	460	38,057	46	226	25,112	638,470
47	7	329	27,786	47	216	24,001	613,358
48	16	768	85,601	48	209	23,223	589,357
49	11	539	48,568	49	193	21,445	566,134
50	9	450	45,548	50	182	20,223	544,688
51+	173	13,370	1,110,150	51+	4,720	524,465	524,465
All	2,404	50,125	$5,569,665		50,125	$5,569,665	