

TPA vs.MANAGED CARE COST COMPARISON - 12/12 CONTRACTS

Participation Assumption:

Single	417
Family	599
Total	1016

National TPA - Claims Administration & Reinsurance Costs				National Insurance Company - Claims Administration & Reinsurance Costs			
	PE/PM	Monthly	Annually		PE/PM	Monthly	Annually
Medical & Rx Claims Admin. Fee				Medical & Rx Claims Admin. Fee			
Single	\$ -	\$ -	\$ -	Single	\$ -	\$ -	\$ -
Family	\$ -	\$ -	\$ -	Family	\$ -	\$ -	\$ -
Composite	\$ 16.85	\$ 17,119.60	\$ 205,435.20	Composite	\$ 33.88	\$ 34,422.08	\$ 413,064.96
PPO Access Fee				PPO Access Fee Included w/ admin. fee			
Composite (PHCS, PPOM, Beech Street, Sagamore, Encore, HFN, Multi Plan and Others)	\$ 7.60	\$ 7,721.60	\$ 92,659.20	Composite	\$ -	\$ -	\$ -
RX Fee				Utilization Mgmt. Fee Included w/ admin. fee			
Single	\$ -	\$ -	\$ -	Single	\$ -	\$ -	\$ -
Family	\$ -	\$ -	\$ -	Family	\$ -	\$ -	\$ -
Composite	\$ 1.50	\$ 1,524.00	\$ 18,288.00	Composite	\$ -	\$ -	\$ -
Specific Premium (\$150,000 - 12/12)				Specific Premium (\$150,000 - paid)			
Single	\$ -	\$ -	\$ -	Single	\$ -	\$ -	\$ -
Family	\$ -	\$ -	\$ -	Family	\$ -	\$ -	\$ -
Composite	\$ 14.10	\$ 14,325.60	\$ 171,907.20	Composite	\$ 24.35	\$ 24,739.60	\$ 296,875.20
Aggregate Premium				Aggregate Premium			
Single	\$ -	\$ -	\$ -	Single	\$ -	\$ -	\$ -
Family	\$ -	\$ -	\$ -	Family	\$ -	\$ -	\$ -
Composite	\$ 2.22	\$ 2,255.52	\$ 27,066.24	Composite	\$ 2.52	\$ 2,560.32	\$ 30,723.84
Total Fixed Costs	\$ 42.27	\$ 42,946.32	\$ 515,355.84	Total Fixed Costs	\$ 60.75	\$ 61,722.00	\$ 740,664.00
Claim Costs (Maximum Liability)				Claim Costs (Maximum Liability)			
Single	\$ -	\$ -	\$ -	Single	\$ -	\$ -	\$ -
Family	\$ -	\$ -	\$ -	Family	\$ -	\$ -	\$ -
Composite	\$ 341.79	\$ 347,258.64	\$ 4,167,103.68	Composite	\$ 598.55	\$ 608,126.80	\$ 7,297,521.60
Total Claim Costs	\$ 341.79	\$ 347,258.64	\$ 4,167,103.68	Total Claim Costs	\$ 598.55	\$ 608,126.80	\$ 7,297,521.60
Expected Monthly Claims		\$ 277,806.91		Expected Monthly Claims		\$ 486,501.44	
Expected Annual Claims		\$ 3,333,682.94		Expected Annual Claims		\$ 5,838,017.28	
Financial Summary				Financial Summary			
Maximum Annual Costs (admin. premiums, and claims)			\$ 4,682,459.52	Maximum Annual Costs (admin., premiums, and claims)			\$ 8,038,185.60
Expected Annual Costs (admin. premiums, and claims)			\$ 3,849,038.78	Expected Annual Costs (admin., premiums, and claims)			\$ 6,578,681.28

Projected Savings

Fixed Costs Savings	Total	PEPY	Claim liability comparisons are based on claim attachment points, which are based on participation assumptions.
Administration Savings	\$ 96,682.56	\$ 95.16	Run out projections represent costs associated with terminating the National Insurance Companies' contract, and are based on claim lag projections discussed with the client
Specific Premium Savings	\$ 124,968.00	\$ 123.00	PHCS has the highest cost access fees, and for projection purposes it was assumed that PHCS network would be utilized by all employees. PPO access fees should be less than projections.
Aggregate Savings	\$ 3,657.60	\$ 3.60	An additional \$3.50 PEPM has been included in the National TPA's administrative fee to cover miscellaneous fees such as Nurse Line, Large Case Management and Disease Management programs. Actual administrative costs should be less than projections.
Total Fixed Savings	\$ 225,308.16	\$ 221.76	

Liability Reduction

Reduced Aggregate Exposure	\$ 3,130,417.92
Projected Run Out Costs	\$ (1,036,578.00)
Total Liability Reduction	\$ 2,093,839.92

2,060.87

Participation Assumptions:

Single	314
Family	451
Total	765

	PEPM COSTS					PROJECTED ANNUAL COSTS				
2004 Plan Year with Managed Care	Managed Care 2004 - Paid @ \$100,000					Managed Care 2004 - Paid @ \$100,000				
	Admin. Fee	Spec. Premium	Agg. Premium	Attach. Point	Max. Plan Costs	Admin. Fee	Spec. Premium	Agg. Premium	Attach. Point	Max. Plan Costs
	\$ 33.88	\$ 37.64	\$ 2.45	\$ 457.96	\$ 531.93	\$ 311,018.40	\$ 345,535.20	\$ 22,491.00	\$ 4,204,072.80	\$ 4,883,117.40
2005 Managed Care Renewal @ \$100,000 Specific and 12/12 Contracts	Managed Care 2005 Renewal - Paid @ \$100,000					Managed Care 2005 Renewal - Paid @ \$100,000				
	Admin. Fee	Spec. Premium	Agg. Premium	Attach. Point	Max. Plan Costs	Admin. Fee	Spec. Premium	Agg. Premium	Attach. Point	Max. Plan Costs
	\$ 33.88	\$ 37.64	\$ 2.45	\$ 556.44	\$ 630.41	\$ 311,018.40	\$ 345,535.20	\$ 22,491.00	\$ 5,108,119.20	\$ 5,787,163.80
	Managed Care 2005 Renewal - 12/12 @ \$100,000					Managed Care 2005 Renewal - 12/12 @ \$100,000				
Admin. Fee	Spec. Premium	Agg. Premium	Attach. Point	Max. Plan Costs	Admin. Fee	Spec. Premium	Agg. Premium	Attach. Point	Max. Plan Costs	
\$ 33.88	\$ 30.86	\$ 2.08	\$ 472.97	\$ 539.79	\$ 311,018.40	\$ 19,094.40	\$ 19,094.40	\$ 4,341,864.60	\$ 4,691,071.80	
2005 TPA @ \$100,000 Specific 18/12 and 12/12 Contracts	CoreSource 2005 - 18/12 @ \$100,000					CoreSource 2005 - 18/12 @ \$100,000				
	Admin. Fee	Spec. Premium	Agg. Premium	Attach. Point	Max. Plan Costs	Admin. Fee	Spec. Premium	Agg. Premium	Attach. Point	Max. Plan Costs
	\$ 24.95	\$ 35.37	\$ 2.50	\$ 440.26	\$ 503.08	\$ 229,041.00	\$ 324,696.60	\$ 22,950.00	\$ 4,041,586.80	\$ 4,618,274.40
	TPA 2005 - 12/12 @ \$100,000					TPA 2005 - 12/12 @ \$100,000				
Admin. Fee	Spec. Premium	Agg. Premium	Attach. Point	Max. Plan Costs	Admin. Fee	Spec. Premium	Agg. Premium	Attach. Point	Max. Plan Costs	
\$ 24.95	\$ 27.54	\$ 2.50	\$ 373.10	\$ 428.09	\$ 229,041.00	\$ 252,817.20	\$ 22,950.00	\$ 3,425,058.00	\$ 3,929,866.20	
2005 Managed Care Renewal @ \$150,000 Specific and 12/12 Contracts	Managed Care 2005 Renewal - Paid @ \$150,000					Managed Care 2005 Renewal - Paid @ \$150,000				
	Admin. Fee	Spec. Premium	Agg. Premium	Attach. Point	Max. Plan Costs	Admin. Fee	Spec. Premium	Agg. Premium	Attach. Point	Max. Plan Costs
	\$ 33.88	\$ 24.75	\$ 2.52	\$ 572.24	\$ 633.39	\$ 311,018.40	\$ 227,205.00	\$ 23,134	\$ 5,253,163	\$ 5,814,520
	Managed Care 2005 Renewal - 12/12 @ \$150,000					Managed Care 2005 Renewal - 12/12 @ \$150,000				
Admin. Fee	Spec. Premium	Agg. Premium	Attach. Point	Max. Plan Costs	Admin. Fee	Spec. Premium	Agg. Premium	Attach. Point	Max. Plan Costs	
\$ 33.88	\$ 20.30	\$ 2.14	\$ 486.40	\$ 542.72	\$ 311,018.40	\$ 186,354.00	\$ 19,645.20	\$ 4,465,152.00	\$ 4,982,169.60	
2005 TPA @ \$150,000 Specific 18/12 and 12/12 Contracts	CoreSource 2005 - 18/12 @ \$150,000					CoreSource 2005 - 18/12 @ \$150,000				
	Admin. Fee	Spec. Premium	Agg. Premium	Attach. Point	Max. Plan Costs	Admin. Fee	Spec. Premium	Agg. Premium	Attach. Point	Max. Plan Costs
	\$ 24.95	\$ 25.24	\$ 2.50	\$ 454.44	\$ 507.13	\$ 229,041.00	\$ 231,703.20	\$ 22,950.00	\$ 4,171,759.20	\$ 4,655,453.40
	TPA 2005 - 12/12 @ \$150,000					TPA 2005 - 12/12 @ \$150,000				
Admin. Fee	Spec. Premium	Agg. Premium	Attach. Point	Max. Plan Costs	Admin. Fee	Spec. Premium	Agg. Premium	Attach. Point	Max. Plan Costs	
\$ 24.95	\$ 18.18	\$ 2.50	\$ 378.70	\$ 424.33	\$ 229,041.00	\$ 166,892.40	\$ 22,950.00	\$ 3,476,466.00	\$ 3,895,349.40	
Managed Care Projected Program Run-Out Costs	2005 Managed Care Program Run-Out - 3 Month Run-Out					2005 Managed Care Program Run-Out				
	Admin. Fee	Spec. Prem.	Agg. Prem.	Claim Factor	Proj. Costs	Admin. Fee	Spec. Prem.	Agg. Prem.	Claim Factor	Proj. Costs
	\$ 33.88	\$ -	\$ -	\$ 390.28	\$ 424.16	\$ 25,918.20	\$ -	\$ -	\$ 298,564.20	\$ 324,482.40
	\$ 33.88	\$ -	\$ -	\$ 331.73	\$ 365.61	\$ 25,918.20	\$ -	\$ -	\$ 253,773.45	\$ 279,691.65
\$ 33.88	\$ -	\$ -	\$ 195.15	\$ 229.03	\$ 25,918.20	\$ -	\$ -	\$ 149,289.75	\$ 175,207.95	
Projected Run-Out Costs					\$ 779,382.00					

Run-out claim costs are projected and less than the maximum liability. These projections were developed based on the review of recent claims data and conversations with the client. The Managed Care program run-out costs should be added to and/or included with any TPA plan year financial projections that include 12/12 contracts to more accurately depict 2005 plan year costs. Additionally, the run-out costs should be included with any alternative that includes a 12/12 contract for 2005 to more accurately project program savings vs. Managed Care's 2004 paid contract renewal.

NETWORK ANALYSIS

Total Net Paid Claims		
Top 100 Hospitals	1,708,000	
	National Managed Care Co.	National TPA
Number of Hospitals <u>Not</u> Covered	29 of 100	14 of 100
Net Paid Amount Covered	\$1,244,959	\$1,645,683
Net Paid Amount <u>Not</u> Covered	\$463,041	\$62,317
% Net Paid <u>Not</u> Covered	27.1%	3.6%

Hospital	Net Paid	Managed Care Co.	TPA With Multiple Networks
1 CLARIAN HEALTH PARTNERS LLC	192,973	Yes	Yes
2 ST VINCENT HOSP HEALTH	144,085	No	Yes
3 ST FRANCIS HSP & HLTH CARE CTR	123,524	Yes	Yes
4 NORTHWESTERN MEMORIAL HOSP	117,573	Yes	Yes
5 UNIVERSITY OF CHICAGO HSPS/ CLN	107,520	Yes	Yes
6 PROVENA COVENANT MED CNTR	73,075	No	Yes
7 REHABILITATION HOSP/ INDIANA IN	70,797	No	Yes
8 COMMUNITY HOSPITAL SOUTH INC	43,685	Yes	Yes
9 LA PORTE HOSPITAL	41,817	Yes	Yes
10 HENRY FORD WYANDOTTE HOSPITAL	34,130	Yes	Yes
11 EVANSTON NORTHWESTERN HEALTHCA	30,551	Yes	Yes
12 OAKWOOD HOSPITAL CORPORATION	29,581	Yes	Yes
13 MEMORIAL HOSPITAL OF SOUTH BEN	27,401	Yes	Yes
14 COMMUNITY HOSPITAL NORTH	26,009	Yes	Yes
15 STEPHANIE S YAO	25,826	Yes	Yes
16 UNION HOSPITAL INC	25,495	Yes	Yes
17 BOTSFORD GENERAL HOSPITAL	23,295	No	Yes
18 HENDRICKS COMMUNITY HOSPITAL	23,216	Yes	Yes
19 CARLE FOUNDATION HOSPITAL	21,015	Yes	Yes
20 WOMEN'S HOSPITAL OF INDIANAPOL	19,322	Yes	Yes
21 MORGAN HOSPITAL & MEDICAL CENT	19,071	Yes	Yes
22 WILLIAM BEAUMONT HOSPITAL	18,905	Yes	Yes
23 ST JOSEPHS REG MED CTR-SOUTH B	17,666	Yes	Yes
24 METHODIST MEDICAL CENTER OF IL	15,750	Yes	Yes
25 OSF ST JOSEPH MEDICAL CENTER	14,571	No	Yes
26 CENTRAL DUPAGE HOSPITAL	13,848	Yes	Yes
27 BARNES-JEWISH HOSPITAL	13,734	Yes	Yes
28 ST VINCENT STRESS CENTER	12,673	No	Yes
29 ST JOHNS HOSPITAL	12,430	Yes	Yes
30 JOHNSON MEMORIAL HOSPITAL	12,247	Yes	Yes
31 PROCTOR COMMUNITY HOSPITAL	12,003	No	Yes
32 BI-COUNTY COMMUNITY HOSPITAL	11,708	Yes	No
33 BHC VALLE VISTA HOSPITAL	10,521	No	No
34 PARKVIEW HOSPITAL INC	10,199	Yes	Yes
35 WILLIAM BEAUMONT HOSPITAL-TROY	10,009	Yes	Yes
36 DUPONT HOSPITAL	9,726	Yes	Yes
37 HENRY FORD HOSPITAL	9,244	Yes	Yes
38 METHODIST HOSP OF GARY/ SOUTHLA	9,064	No	Yes
39 ST JOSEPH COMMUNITY HOSPITAL	9,029	No	Yes
40 METROPOLITAN HOSPITAL	8,744	Yes	Yes
41 METHODIST HOSP OF GARY NORTHLA	7,671	Yes	Yes
42 COMMUNITY HOSPITAL	7,639	Yes	Yes
43 REHABILITATION INST ST LOUIS	7,150	No	Yes
44 HINSDALE HOSPITAL	7,064	Yes	Yes
45 ST MARY MEDICAL CENTER INC	6,795	Yes	Yes
46 HANCOCK MEMORIAL HOSPITAL	6,180	Yes	Yes
47 VA CHICAGO HEALTH CARE SYSTEM	6,144	No	No
48 DEACONESS HOSPITAL INC	6,122	Yes	Yes
49 ST FRANCIS HOSPITAL	6,105	No	Yes
50 LOUIS A WEISS MEMORIAL HOSPITA	6,095	Yes	No
51 ANNAPOLIS HOSPITAL	5,952	Yes	Yes
52 MUNSON MEDICAL CENTER	5,922	No	Yes
53 RUSH PRESBYTERIAN ST LUKES MED	5,835	No	Yes
54 SPECTRUM HEALTH HOSPITALS	5,765	Yes	Yes
55 ST ANTHONY MEMORIAL HEALTH CEN	5,764	Yes	Yes

CASE STUDY
PPO Network Analysis

Hospital	Net Paid	Managed Care Co.	TPA With Multiple Networks
56 LUTHERAN HOSPITAL OF INDIANA	5,663	Yes	Yes
57 TERRE HAUTE REGIONAL HOSPITAL	5,567	No	Yes
58 BLESSING HOSPITAL	5,540	No	No
59 SPECTRUM HEALTH HOSPITALS	5,430	Yes	Yes
60 ST JOSEPHS HOSPITAL	5,407	Yes	Yes
61 ILLIANA SURGERY & MED CENTER L	4,886	No	No
62 ALEXIAN BROTHER MEDICAL CTR	4,825	No	Yes
63 PALOS COMMUNITY HOSPITAL	4,645	Yes	Yes
64 FOCUS HEALTHCARE OF OHIO	4,550	No	No
65 TODD AIKENS HEALTH CENTER	4,549	No	No
66 CHRIST HOSPITAL & MEDICAL CENT	4,386	Yes	Yes
67 WISHARD HEALTH SERVICES	4,378	Yes	Yes
68 OAKWOOD SOUTHSORE MEDICAL CTR	4,235	Yes	Yes
69 HARPER-HUTZEL HOSPITAL	4,085	Yes	Yes
70 MANORCARE HEALTH SERVICE	4,077	No	No
71 CHILDRENS MEMORIAL HOSPITAL	3,914	Yes	Yes
72 MOUNT CLEMENS GENERAL HOSPITAL	3,864	Yes	Yes
73 NORTHWEST COMMUNITY HOSPITAL	3,727	Yes	Yes
74 ANDERSON HOSPITAL	3,637	Yes	Yes
75 ST MARYS MEDICAL CENTER	3,625	Yes	Yes
76 ST MARY MERCY HOSPITAL	3,571	Yes	Yes
77 OAKWOOD HOSP-ANNOPOLIS CENTER	3,476	No	Yes
78 PROVENA UNITED SAMARITANS HOSP	3,391	Yes	Yes
79 HACKLEY HOSPITAL	3,367	Yes	Yes
80 WAR MEMORIAL HOSPITAL	3,359	Yes	No
81 REID MEM HOSP & HLTH CARE SVCS	3,310	Yes	Yes
82 ST ANTHONY MEDICAL CENTER INC	3,301	Yes	Yes
83 ST JOHN HOSPITAL/ MEDICAL CT	3,232	No	Yes
84 GARDEN CITY OSTEOPATHIC HOSPIT	3,104	Yes	Yes
85 ST FRANCIS HOSPITAL & HEALTH C	3,056	Yes	Yes
86 ST ELIZABETHS HOSPITAL	2,768	Yes	Yes
87 HOLLAND COMMUNITY HOSPITAL	2,748	Yes	No
88 INGALLS MEMORIAL HOSPITAL	2,696	Yes	Yes
89 DAVID J PORTER	2,670	No	No
90 LARRY LANE	2,530	No	No
91 DEKALB MEMORIAL HOSPITAL	2,508	Yes	Yes
92 LA GRANGE MEM HSP	2,482	Yes	Yes
93 CHARLES L WISSEMAN	2,433	No	No
94 EDWARD HOSPITAL	2,323	Yes	Yes
95 LAKE FOREST HOSPITAL	2,311	Yes	Yes
96 OSF SAINT FRANCIS MEDICAL CENT	2,222	No	Yes
97 PAVILION FOUNDATION	2,215	No	No
98 SAINT MARY'S HEALTH SERVICES	2,210	Yes	Yes
99 BROMENN REGIONAL MEDICAL CTR	2,168	Yes	Yes
100 ST MARGARET'S HOSPITAL	2,147	Yes	Yes