



## Managed Care Company Rankings

The goal of the Verden rankings system is to evaluate how well or how poorly managed care companies (Payers) are performing from the perspective of physician practice management. The data used to rank these Payers comes directly from the companies themselves in the form of policy changes posted on their web sites. For the purpose of this report, data with an effective date from April 1, 2009 to June 30, 2009 (Q2) is eligible for ranking. Please see 'Who We Measured' on page 2 for more information about the Payers selected.

**We remind our readers that these are QUARTERLY rankings, and as such, an insurer may do better or worse in any given quarter than the quarter before. Therefore, our reports are not representative of overall performance, but instead provide a snapshot assessment of activity on these insurers' websites over the prior three month period. Ranking accumulation tables at the end of this report provide a comparison to Q1, 2009.**

## What's New

**In April, we transitioned the Verden Alert subscription service to Medical Present Value (MPV),** an Austin-based company with the competence, infrastructure and market reach to more widely distribute this service across health care provider organizations. Verden will continue to rank insurers on a quarterly basis using the same Alert-based data, now licensed from MPV.

We are very pleased with the transition of our Alert product to MPV as it is an exceptional company, stocked with some terrific talent that has designed innovative products for health care providers for many years. They share the same industry vision as Verden and therefore were a perfect choice for the continuation of the Alerts.

The terms of the sale have allowed us to continue to produce our well-received rankings analysis work and in addition, has facilitated the extension of Verden's research services. This allows for a deeper and most robust analysis of payer trends, providing insight into insurers' policy decision-making, and spending more time assessing how those policies impact our population's health. Our company is therefore evolving further into health care business research and analytics, considerably extending our consulting services and expertise.

Watch this space for details of future offerings, including a special ranking of insurers' web site capabilities and functionality at the end of this year. Thanks for your support and we look forward to bringing you better analyses and additional reports soon.

### Enjoy!

Susanne Madden  
President and CEO

## What we measured

Our analysis is composed of five categories in which each insurance company is given a score. The more points accumulated, the worse companies fare. Points are designated based on multiple criteria, with each metric carrying a different weight.

Data selected for measurement are those policies with an effective date occurring between 04/01/2009 and 6/30/2009 (Q2, 2009). The source data is organized by administrative, reimbursement, pharmacy and medical policy categories and payers are ranked on five (5) measures:

1. Cost to Provider (CP)
2. Volume of Change (VC)
3. Clarity of Communication (CC)
4. Notification Period (NP)
5. Posting Integrity (PI)

### A note about the managed care companies listed

*Great-West became a Cigna company in mid-2008 and has been fully integrated into Cigna's medical policies. HIP and GHI are both now collectively EmblemHealth, however, their respective policies have not been aligned so we expect to see further activity on each site throughout 2009.*

*AmeriChoice and Oxford Health Plans are both UnitedHealthcare companies, however, each of these three companies have separate policies and procedures and therefore have been ranked separately. Please see endnote for the Anthem\* plans evaluated under that name in these rankings.*

## When we measure

Ranking reports are usually issued within 6 – 8 weeks after the close of the quarter. This allows enough time to capture and post any tardy policy changes that are made effective within the quarter's timeframe but posted by insurers after the quarter closes, as well as the extensive time necessary to appropriately analyze and grade each of the alerts issued by the insurance companies that qualify for ranking.

## Who we measured

Of the insurance companies tracked by MPV on a daily basis, we were able to rank these insurers.

<p>Aetna AmeriChoice AmeriGroup AmeriHealth Anthem Arkansas BCBS Asuris BCBS of Alabama BCBS of Florida BCBS of Illinois BCBS of Louisiana BCBS of Massachusetts BCBS of Minnesota BCBS of Mississippi BCBS of Montana BCBS of New Mexico BCBS of North Carolina BCBS of Oklahoma BCBS of Tennessee BCBS of Texas Blue Cross of Northeastern Pennsylvania Blue Cross of Western New York CareFirst BCBS</p>	<p>CIGNA Corporation Commonwealth-Unicare EmblemHealth Empire BCBS / Wellpoint Excellus BCBS Fallon Community Health Plan Harvard Pilgrim Health Care Health Partners, Inc. Horizon Humana Inc. Independence Blue Cross LifeWise Health Plan MVP Health Plan, Inc. Oxford Health Plans, LLC Premera Blue Cross Priority Health Regence Tufts Health Plans UniCare United Healthcare Univera Healthcare Wellcare Wellmark, Inc.</p>
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## Metric Weighting (Aggregate Score)

In order to calculate the overall ranking we have assigned weights to each metric:

Metric	Weight
1. Cost to Provider (CP)	50%
2. Volume of Change (VC)	18%
3. Clarity of Communication (CC)	25%
4. Notification Period (NP)	7%
5. Posting Integrity (PI)	Penalty points

## How we measured

**1. Cost to Provider** takes into account policy changes or initiatives affecting reimbursement, and those that added more or less administrative time or complexity to a process in order to adhere to changes. Examples include implementation or withdrawal of pre-authorization, pre-certification, notification, and referral processes; timelines or modified processes that require more or less resources in order to comply with changes; and claims, coding or data errors or improvements resulting in more or less efficiency. These points accounted for 50% of the aggregate score.

We first allocate each individual change a corresponding point before tallying the total points in a given metric for each insurance company. For comparison purposes, we incorporate the ratio of CP/VC in order to account for the variation in number of changes between Payers.

**2. Volume of Change** takes into account the total amount of policy and procedure change across all categories - medical, administrative, pharmacy and reimbursement – experienced by physicians in a given network. Points are determined by measuring the volume of change by each insurance company compared to overall volume in percentage. Each individual change with an effective date between the beginning and end of the quarter is included in the dataset for each of the insurance companies assessed. These points account for 18% of the aggregate score.

**3. Clarity of Communication** indicates how well or how poorly insurers make information available on their web sites and how clearly those changes are communicated in updated policies. Of the insurers ranked, their websites are utilized as the primary communication tool for notifying network participants of changes to policies and procedures. The expectation is that providers will monitor these sites for updates in order to keep themselves informed as part of their contractual obligations with an insurer. However, if providers participate with more than an insurer or two, this is a near-

impossible task as it requires constant monitoring and the ability to know exactly what has changed when updates are posted. The MPV Payer subscription service tracks these changes for you by insurer and specialty; please visit their website at [mpv.com/sol\\_payer\\_alert.php](http://mpv.com/sol_payer_alert.php) for further information.

This measurement captures whether insurers' clearly identify a new or modified policy, its effective date, and what changes actually occurred. The easier it is to find medical

policies and updates on the site, the fewer points allocated. Additional points are given to insurers that keep their policies and network news behind a log-in barrier. Points are tallied as a whole, rather than for individual alerts, for each insurance company.

These points account for 25% of the aggregate score.

**4. Notification Period** measures the time elapsing between posting notification of a policy or procedure change and the date upon which the change became effective. We grade insurers on how much notice they give providers of their intent to change a policy or procedure – the less time between posting and effective date, the more points accumulated. We believe that at least thirty days of notification is necessary for providers to respond and adapt to changes. Payers that post 30 days or more ahead of effective date accumulate no points.

These points account for 7% of the aggregate score.

**5. Posting Integrity** measures policies posted on-line with a retro-active date, or policies altered without an update or revision date being added. Tracking insurers' web sites every day allows us to see when notifications have been back-dated or altered. Because we view this practice as highly deceptive, we allocate a separate ranking for this metric and Payers observed retro-posting or altering information without notification are tagged with a penalty score.

# Overall Rankings

Rank	Total Score	Rank	Total Score	Rank	Total Score	Rank	Total Score
1	<b>LifeWise Health Plan</b>	13	BCBS of Mississippi	24	Univera Healthcare	36	Regence
2	Priority Health	14	Blue Cross of Northeastern Pennsylvania	25	AmeriChoice	37	Fallon Community Health Plan
3	BCBS of Oklahoma	15	United Healthcare	26	BCBS of Minnesota	38	Wellcare
4	BCBS of Texas	15	CIGNA Corporation	27	Health Partners, Inc.	39	Blue Cross of Western New York
5	BCBS of New Mexico	16	BCBS of Montana	28	Horizon	40	Tufts Health Plans
6	Commonwealth-Unicare	17	Independence Blue Cross	29	Excellus BCBS	41	BCBS of Tennessee
7	CareFirst BCBS	18	BCBS of Florida	30	BCBS of North Carolina	42	Arkansas BCBS
8	UniCare	19	BCBS of Massachusetts	31	Anthem	43	BCBS of Alabama
9	BCBS of Illinois	20	MVP Health Plan, Inc.	32	AmeriHealth	44	BCBS of Louisiana
10	Aetna	21	Empire BCBS / Wellpoint	33	EmblemHealth	45	Asuris
11	Oxford Health Plans, LLC	22	Premiera Blue Cross	34	Humana Inc.	46	<b>Wellmark, Inc.</b>
12	AmeriGroup	23		35	Harvard Pilgrim Health Care		<b>50.34</b>

This quarter we've seen highly disparate strategies employed by the insurers as they scramble to shore up profits (ahem, I mean control costs) amid declining membership and patients loading up on medical services before losing their employer-sponsored health care.

The biggest trend we've seen is the move toward actually helping to manage care. Several insurers have launched patient management programs such 'medical home' initiatives (Priority), disease management (AmeriChoice) and helpful patient alerts to providers (though the jury is out on whether or not these alerts will be more of a hindrance or a help in managing treatments) brought to you by AmeriHealth. BCNEPA is providing discount programs for gym membership, weight watchers, and has even secured discounted rates at Canyon Ranch for members. Some are even adding reimbursement for screening services and wellness care (Premiera is covering massage with a prescription; Harvard is paying physicians with acupuncture as a secondary spe-

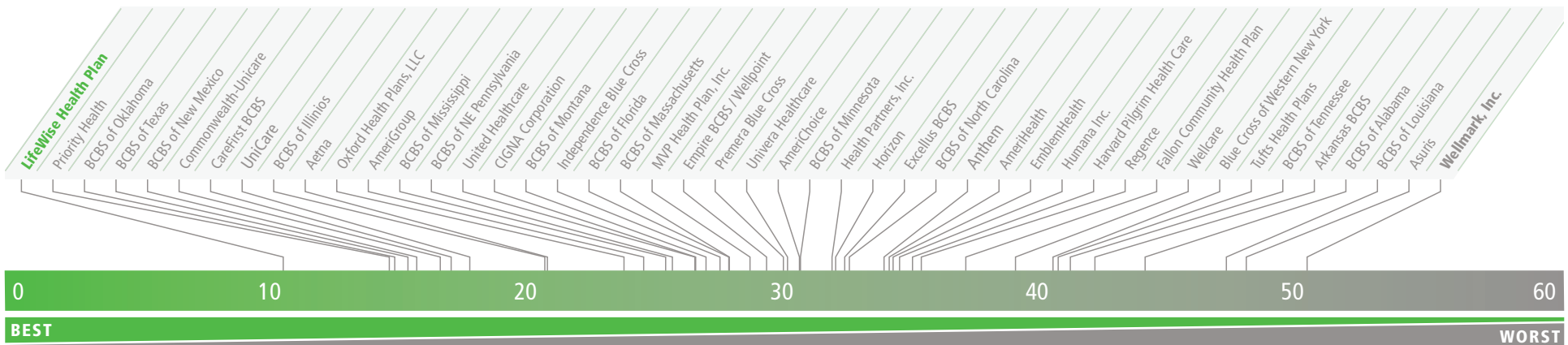
cialty). At the other end of the spectrum, some insurers have taken pharmacy management to new heights, imposing prior authorizations on contraceptive prescriptions (Humana) and all nasal allergy medications and implementing Pay For Performance. . . without the Pay (Regence).

LifeWise tops the chart again this quarter, while Aetna, who did so well in 2008, slid further down the rankings. Priority's focus on cost reduction within the plan helped to secure a second place. Both AmeriChoice and Amerigroup improved substantially over last quarter, primarily due to a relaxation of prior authorizations for the former, and creating provider how-to sheets with posted provider rep information for the latter. BCBS of Illinois improved overall too, and rolled out an online 'Electronic Refund Management' system to help with overpayment reconciliation, but remains apart from its sister companies, BCBS of Texas, Oklahoma and New Mexico. Collectively, these three rank

third overall, with BCBS of Oklahoma cutting its points by half this quarter, mostly due to improvements in communication.

BCNEPA has also slashed its points thanks to a new up front claims edit that rejects claims on members who do not have active coverage at the time of service. Now there's a novel idea – don't pay the claim in the first place so no take-back is required later on. It has also decided to staff its Quality Improvement Committee with – wait for it – actual practicing network physicians! I think these guys are beginning to catch on, unlike Wellmark who continue to scrape the bottom.

Other interesting trends include a move by many insurers to add coverage of oncology drugs, expand the use of radiologic services such as MRIs, MRAs, and PET scans, and cover more genetic testing. I guess it gets harder to ignore clinical evidence that supports efficacy of such treatments and diagnostics.



# 1. Cost to Provider (CP)

Rank	Total Score	Rank	Total Score	Rank	Total Score	Rank	Total Score
<b>1 AmeriChoice</b>	<b>0.08</b>	9 Commonwealth-Unicare	0.74	18 Univera Healthcare	1.07	28 Blue Cross of Western New York	1.50
2 LifeWise Health Plan	0.10	9 CIGNA Corporation	0.74	19 BCBS of Illinois	1.14	29 BCBS of Tennessee	1.57
3 Priority Health	0.30	10 Empire BCBS / Wellpoint	0.75	20 Aetna	1.16	30 BCBS of North Carolina	1.59
4 EmblemHealth	0.65	11 Blue Cross of Northeastern Pennsylvania	0.76	21 BCBS of Montana	1.17	31 Regence	1.63
4 CareFirst BCBS	0.65	12 AmeriGroup	0.80	21 United Healthcare	1.17	32 Fallon Community Health Plan	1.68
5 Independence Blue Cross	0.68	13 UniCare	0.82	22 Excellus BCBS	1.25	33 BCBS of Louisiana	1.75
5 Health Partners, Inc.	0.68	14 Wellcare	0.89	23 Humana Inc.	1.29	34 Arkansas BCBS	1.82
6 BCBS of Oklahoma	0.70	15 MVP Health Plan, Inc.	0.91	23 Anthem	1.29	35 BCBS of Alabama	2.11
7 BCBS of Mississippi	0.71	15 BCBS of Florida	0.91	24 BCBS of Minnesota	1.30	36 Asuris	2.34
7 Premera Blue Cross	0.71	16 Horizon	0.94	25 Oxford Health Plans, LLC	1.35	37 Tufts Health Plans	2.40
8 BCBS of New Mexico	0.73	17 BCBS of Massachusetts	1.04	26 Harvard Pilgrim Health Care	1.42	<b>38 Wellmark, Inc.</b>	<b>2.73</b>
9 BCBS of Texas	0.74			27 AmeriHealth	1.44		

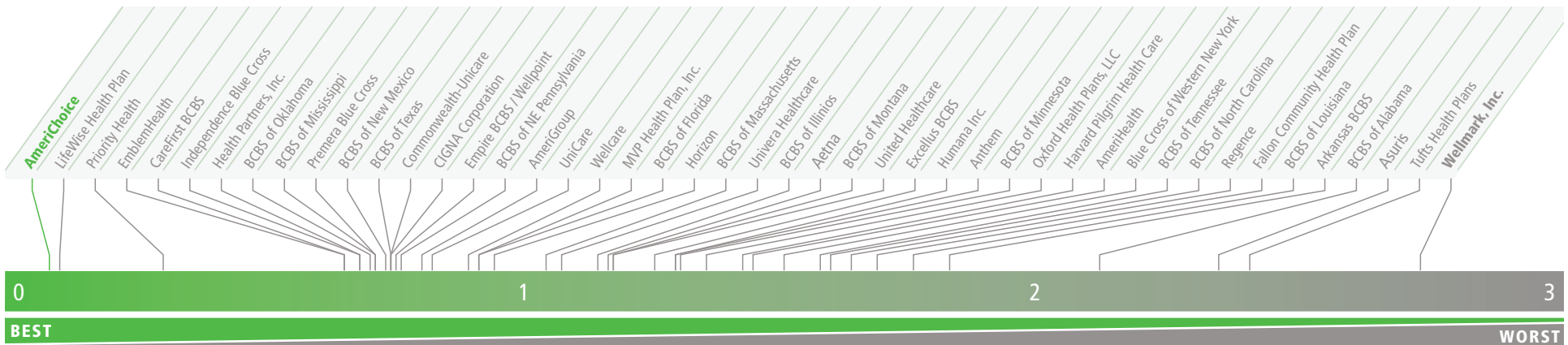
AmeriChoice significantly climbed the ranks to take the lead in this category this quarter thanks to removing prior authorization requirements from several policies, expanding supportive patient disease management programs, adding reimbursement for certain screening services and identifying more clearly in its policies what codes are covered.

Wellmark lands dead-last for continuing its strategy of cost-shifting to providers in the form of step therapy and prior authorizations being slapped on policies everywhere. Tufts removed some of its imaging codes from prior authorization lists, but it wasn't enough to offset the other cost-producing measures it undertook in Q2. Meanwhile Regence got really creative and developed a whole new type of red tape – under the guise of quality all Regence BCBSO providers will be required to obtain an order identification (ID) number from AIM (American Imaging Management) before scheduling one of the advanced diagnostic

imaging procedures such as CT and MRI scans. So, first obtain an ID number, and then place an order for preauth? What a waste of provider time. Additionally, it has rolled out the Regence Quality Program, in which participation is mandatory for its network providers. We can call this one 4P, and the P for Pay is missing from the program.

Despite Humana's implementation of a prior authorization requirement for contraceptives (as well as a bunch of others) it managed to improve its score over the previous quarter thanks to adjusting some additional procedures to medically necessary status. Empire BCBS improved on news that certain providers no longer need to go through the credentialing process and the addition of coronary MRA as a medical necessity when certain criteria are met, however, it began bundling counseling services in to certain well visit codes and moved to a new claims editing software, no doubt causing problems for providers.

Oxford more than doubled its points in Q2. It wasn't so much the additional precertification requirements that got them in to trouble; it was the decision to make pregnancy a pre-existing condition for individual plans in NY. If it truly is a pre-existing condition, why only in NY? I guess CT and NJ have laws against that sort of thing. Oddly, Oxford also took the position to cover Soma™ (a muscle relaxer) for NJ members, but for NY and CT folk, certain criteria must be met first. Even stranger, United Healthcare (Oxford's parent company) issued a policy change stating that it will no longer cover Soma™ at all under UHC plans. Clearly these decisions are not based on efficacy or clinical outcomes (i.e. medicine).



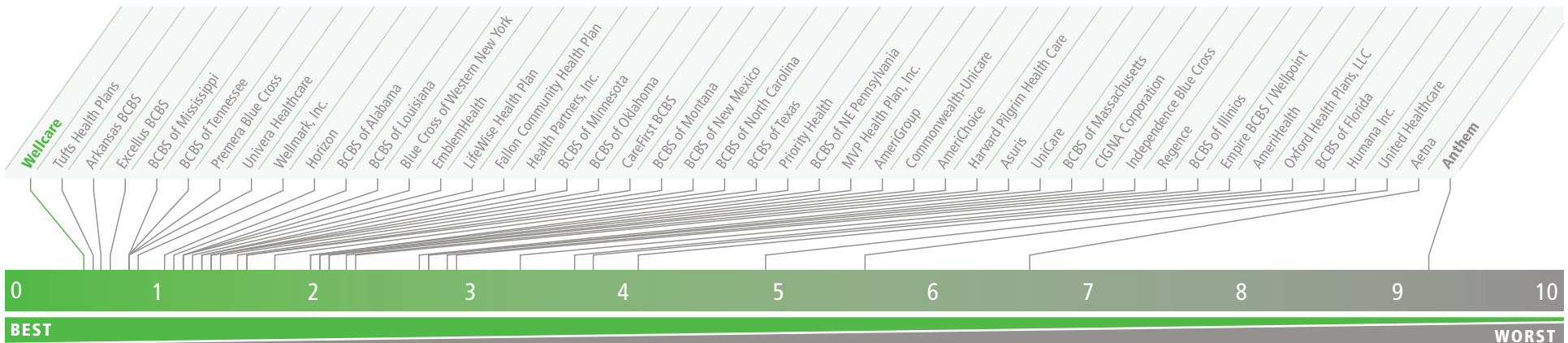
## 2. Volume of Change (VC)

Rank	Total Score	Rank	Total Score	Rank	Total Score	Rank	Total Score
<b>1 Wellcare</b>	<b>0.53%</b>	9 Blue Cross of Western New York	1.17%	16 Priority Health	1.76%	24 Independence Blue Cross	2.75%
2 Tufts Health Plans	0.59%	9 EmblemHealth	1.17%	17 Blue Cross of Northeastern Pennsylvania	1.99%	25 Regence	2.87%
3 Arkansas BCBS	0.64%	10 LifeWise Health Plan	1.23%	18 MVP Health Plan, Inc.	1.99%	26 BCBS of Illinois	2.93%
4 Excellus BCBS	0.70%	11 Fallon Community Health Plan	1.29%	19 AmeriGroup	2.05%	27 Empire BCBS / Wellpoint	3.34%
5 BCBS of Mississippi	0.82%	11 Health Partners, Inc.	1.29%	19 Commonwealth-Unicare	2.05%	28 AmeriHealth	3.69%
5 BCBS of Tennessee	0.82%	12 BCBS of Minnesota	1.35%	20 AmeriChoice	2.11%	29 Oxford Health Plans, LLC	3.81%
5 Premera Blue Cross	0.82%	12 BCBS of Oklahoma	1.35%	20 Harvard Pilgrim Health Care	2.11%	30 BCBS of Florida	4.10%
5 Univera Healthcare	0.82%	12 CareFirst BCBS	1.35%	21 Asuris	2.22%	31 Humana Inc.	4.92%
6 Wellmark, Inc.	0.88%	13 BCBS of Montana	1.41%	22 UniCare	2.28%	32 United Healthcare	5.56%
7 Horizon	1.05%	14 BCBS of New Mexico	1.52%	23 BCBS of Massachusetts	2.69%	33 Aetna	6.62%
8 BCBS of Alabama	1.11%	15 BCBS of North Carolina	1.58%	24 CIGNA Corporation	2.75%	<b>34 Anthem</b>	<b>9.19%</b>
9 BCBS of Louisiana	1.17%	15 BCBS of Texas	1.58%				

In Q1, 2009, we saw a 30% increase in volume of change across all insurers in that period over Q4, 2008. This quarter has seen volume go down by 8% over Q1 (thanks to lower volume primarily from Anthem and United Healthcare) but is still nearly 25% above the average volume for 2008. This clearly indicates that insurers are continuing to scramble to shift cost off their books and on to providers of care.

As the pressure on their profits continues due to falling enrollment, more employers moving to less expensive risk-based coverage, and investors howling for ever greater margins, insurers will continue to feel the effect of change after change being pushed to them to manage.

In addition to the strategies employed and policies changed, several insurers have reduced reimbursement rates and have begun shifting to new pricing models.



# 3. Clarity of Communication (CC)

Rank	Total Score	Rank	Total Score	Rank	Total Score	Rank	Total Score				
1	Aetna	0	6	Tufts Health Plans	5	10	Humana Inc.	8	15	Asuris	10.5
2	Commonwealth-Unicare	1	6	United Healthcare	5	10	Regence	8	16	BCBS of Tennessee	11
2	UniCare	1	7	AmeriGroup	6.5	10	Wellmark, Inc.	8	16	Premera Blue Cross	11
3	BCBS of Illinois	2	8	BCBS of Florida	7	11	CIGNA Corporation	8.5	17	Independence Blue Cross	12
3	CareFirst BCBS	2	8	BCBS of Massachusetts	7	12	AmeriHealth	9	18	Blue Cross of Western New York	13
3	LifeWise Health Plan	2	8	BCBS of Minnesota	7	12	BCBS of Alabama	9	18	Health Partners, Inc.	13
4	BCBS of New Mexico	3	8	BCBS of Mississippi	7	12	Blue Cross of Northeastern Pennsylvania	9	19	BCBS of Louisiana	14
4	BCBS of Oklahoma	3	8	BCBS of Montana	7	13	Fallon Community Health Plan	9.5	19	EmblemHealth	14
4	BCBS of Texas	3	8	Excellus BCBS	7	14	Arkansas BCBS	10	19	Horizon	14
5	Oxford Health Plans, LLC	4	8	Univera Healthcare	7	14	Empire BCBS / Wellpoint	10	20	Wellcare	16
5	Priority Health	4	9	MVP Health Plan, Inc.	7.5	14	Harvard Pilgrim Health Care	10	21	AmeriChoice	17
6	BCBS of North Carolina	5	10	Anthem	8	14		10			

Last quarter we reported that we believed BCBS of Texas and MVP were implementing changes to their sites and policy change notification processes that may result in ranking improvement for this quarter. BCBS of Texas and its sister companies certainly made the grade, shaving 3 points from their total for modifying their policies to now include a descriptive change history within each policy that changed.

AmeriChoice continues to have difficulty getting policies posted timely and listing dates that make sense; it seems like such a simple thing to fix we wonder why they continue to need to be called out on it every quarter. Step it up AC!

Empire BCBS, a company who usually scores fine in this metric, slipped substantially due to confusing information posted in its provider newsletter. While the company attempted to list information about upcoming changes to policies, the list referenced policies that could not be found on the site, listed information about dates when changes were due to

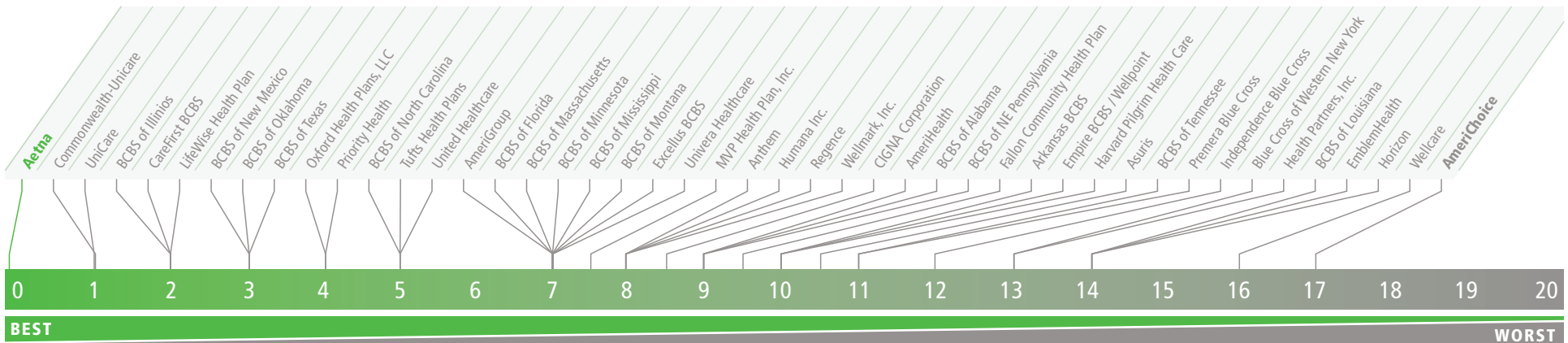
be made but no details about the changes, and generally caused a level of confusion that we hope will be adequately cleared up in its next publication.

As stated in previous rankings, those companies that continue to score the worst are those that issue policies without effective dates, and/or updates without details about what has actually changed in those policies. This not only causes confusion for providers, but allows for certain insurers to routinely breach contract agreements regarding notification periods (e.g. in the case where policy changes have to be posted 30 days prior to implementation, it would be impossible to contest this if no effective and update dates are given). You know who you are.

Therefore, we continue to push for basic standards to be adopted across insurance networks to ensure that a minimum set of criteria is present for each policy. Those standards need to include:

- Original policy effective date and the date policy was posted to site
- Date policy was updated and the date those changes became effective
- Clear statement within the policy about what precisely changed or was updated

Policies should be easy to find on websites, should not be hidden behind a security layer (log in and password requirement) and providers should be able to search policies by CPT / HCPCS / ICD codes and keywords. In addition, notification of upcoming changes should be prevalent. For example, both Oxford Health Plans and Aetna publish lists of policy changes by date. BCBS of Texas / Illinois / New Mexico / Oklahoma have pages dedicated to 'pending policies' and a 'policy update' section where effective and change implementation dates are clearly noted. In addition, listing a change history within each policy allows providers to better understand what has changed and be able to act upon those changes.

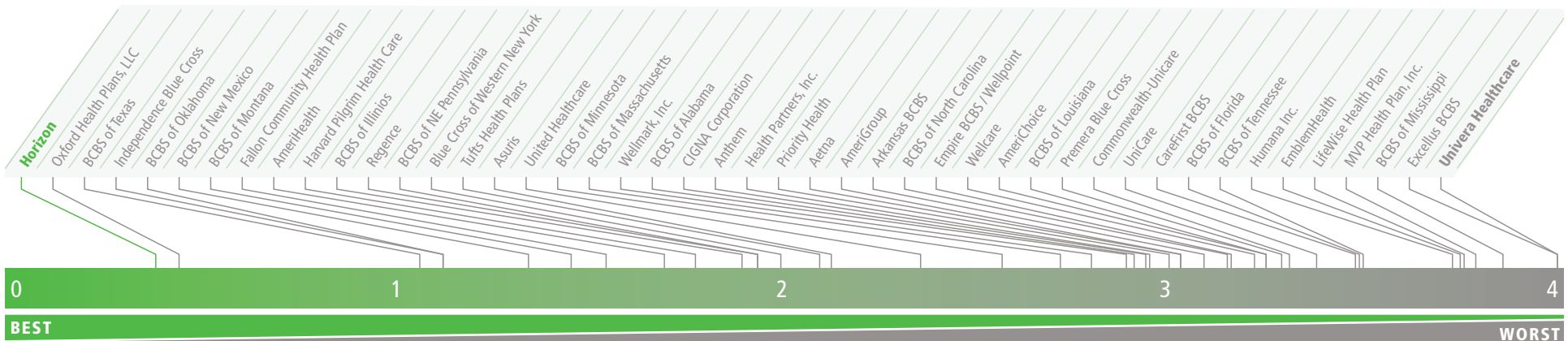


## 4. Notification Period (NP)

Rank	Total Score	Rank	Total Score	Rank	Total Score	Rank	Total Score				
<b>1</b>	<b>Horizon</b>	<b>0.39</b>	11	Blue Cross of Northeastern Pennsylvania	1.94	22	Health Partners, Inc.	2.95	32	UniCare	3.38
2	Oxford Health Plans, LLC	0.45	12	Blue Cross of Western New York	2.00	23	Priority Health	3.00	33	CareFirst BCBS	3.48
3	BCBS of Texas	1.07	13	Tufts Health Plans	2.10	24	Aetna	3.03	34	BCBS of Florida	3.49
4	Independence Blue Cross	1.13	14	Asuris	2.13	24	AmeriGroup	3.03	35	BCBS of Tennessee	3.50
4	BCBS of Oklahoma	1.13	15	United Healthcare	2.36	25	Arkansas BCBS	3.09	36	Humana Inc.	3.73
5	BCBS of New Mexico	1.35	16	BCBS of Minnesota	2.57	26	BCBS of North Carolina	3.15	37	EmblemHealth	3.75
6	BCBS of Montana	1.46	17	BCBS of Massachusetts	2.72	27	Empire BCBS / Wellpoint	3.16	38	LifeWise Health Plan	3.76
7	Fallon Community Health Plan	1.55	18	Wellmark, Inc.	2.80	28	Wellcare	3.22	39	MVP Health Plan, Inc.	3.79
8	AmeriHealth	1.70	19	BCBS of Alabama	2.89	29	AmeriChoice	3.25	40	BCBS of Mississippi	3.86
9	Harvard Pilgrim Health Care	1.78	20	CIGNA Corporation	2.91	29	BCBS of Louisiana	3.25	<b>41</b>	<b>Excellus BCBS</b>	<b>4.00</b>
10	BCBS of Illinois	1.90	21	Anthem	2.94	30	Premera Blue Cross	3.29	<b>41</b>	<b>Univera Healthcare</b>	<b>4.00</b>
11	Regence	1.94				31	Commonwealth-Unicare	3.31			

Notification period improved overall across insurers. We still do not see consistency with at least 30 days notification, even though technology is improving and getting policies updated on sites would seem to be an easy process to maintain. Notably, AmeriHealth, BCBS of Massachusetts, and Fallon all improved their NP rankings. Based on

how well BCNEPA fared this quarter, we suspect that someone new may be in charge over there. Oxford and United also got their act together this quarter, returning to their former turn-around times in this metric. Now if they can do it, why not United's subsidiary, AmeriChoice?



## 5. Posting Integrity (PI)

Posting Integrity infractions occur when an insurer posts a policy with one date, then changes that date to some time prior to the original posting date. We take the position that the primary reason for doing so is to align with claim edits or some other such business decision, which may have an adverse affect on providers.

There were no infractions recorded for the second quarter, 2009.

## Certificates of Merit

Certificate of Merit has been issued to the following company

### **Lifewise Health Plans**

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*Most Provider-Friendly Insurer*  
Q2, 2009

Prior Awards

### **Lifewise Health Plans**

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*Most Provider-Friendly Insurer*  
Q1, 2009

### **Aetna Health Plans**

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*Annual Award for Most Provider Friendly Network*  
2008

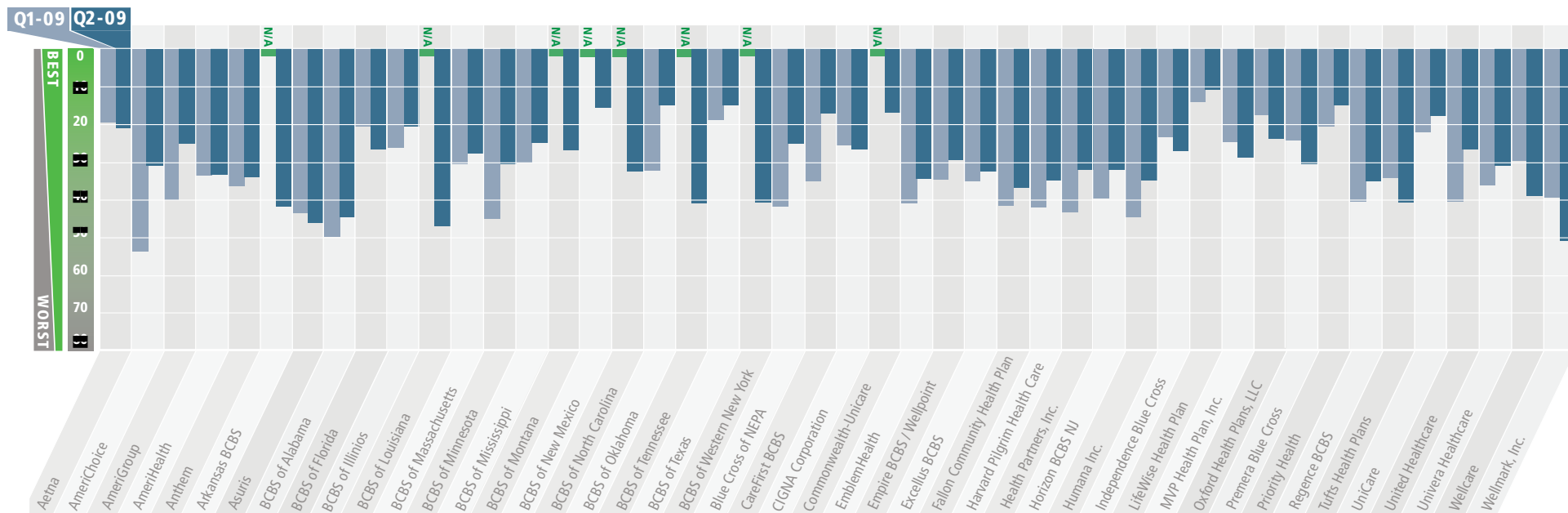
### **Oxford Health Plans**

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*Most Improved Clarity of Communication*  
Q2, 2008

## Comparison Data

Payer	Q1-09	Q2-09	Payer	Q1-09	Q2-09	Payer	Q1-09	Q2-09
Aetna	19.40	20.98	BCBS of New Mexico	N/A	15.93	Horizon BCBS NJ	39.78	32.12
AmeriChoice	53.60	30.72	BCBS of North Carolina	N/A	32.65	Humana Inc.	44.63	34.59
AmeriGroup	40.08	24.70	BCBS of Oklahoma	32.54	15.08	Independence Blue Cross	23.74	27.65
AmeriHealth	33.76	34.19	BCBS of Tennessee	N/A	41.19	LifeWise Health Plan	14.16	10.77
Anthem	36.56	33.99	BCBS of Texas	18.07	15.59	MVP Health Plan, Inc.	24.85	28.81
Arkansas BCBS	N/A	42.14	BCBS of Western New York	N/A	40.52	Oxford Health Plans, LLC	17.59	23.94
Asuris	43.77	47.99	Blue Cross of Northeastern Pennsylvania	42.86	25.81	Premera Blue Cross	24.40	30.10
BCBS of Alabama	49.64	44.08	CareFirst BCBS	35.19	17.26	Priority Health	20.80	14.87
BCBS of Florida	20.60	27.99	CIGNA Corporation	28.66	26.71	Regence BCBS	40.31	35.43
BCBS of Illinois	27.83	20.88	Commonwealth-Unicare	N/A	16.84	Tufts Health Plans	34.33	40.72
BCBS of Kansas	20.13	N/A	EmblemHealth	41.66	34.34	UniCare	22.08	17.98
BCBS of Louisiana	N/A	47.22	Empire BCBS / Wellpoint	34.67	29.45	United Healthcare	30.69	26.68
BCBS of Massachusetts	30.65	28.01	Excellus BCBS	35.18	32.47	Univera Healthcare	36.27	30.26
BCBS of Minnesota	N/A	30.76	Fallon Community Health Plan	42.61	37.15	Wellcare	29.15	39.07
BCBS of Mississippi	21.91	25.55	Harvard Pilgrim Health Care	41.93	35.09	Wellmark, Inc.	39.59	50.34
BCBS of Montana	N/A	27.11	Health Partners, Inc.	43.96	31.98			



## Literature Review: Cost Studies and Research

As healthcare reform is sought and insurers come under more and more scrutiny, organizations are finally beginning to assess and analyze the impact of administrative burden on providers, and the cost of a for-profit health care system on our economy and society. Further supporting the work we do here at the Verden Group, some recent excellent studies / articles include:

**RAND Study: Employer-Sponsored Insurance - Health Care Cost Growth and the Economic Performance of U.S. Industries**

**Study published by RAND:** Neeraj Sood, Arkadipta Ghosh, José J. Escarce. Employer-Sponsored Insurance, "Health Care Cost Growth, and the Economic Performance of U.S. Industries," *HSR: Health Services Research*. Published Online: June 3, 2009.

[http://www.randcompare.org/publications/summary/health\\_care\\_cost\\_growth\\_and\\_the\\_economic\\_performance\\_of\\_us\\_industries](http://www.randcompare.org/publications/summary/health_care_cost_growth_and_the_economic_performance_of_us_industries)

This study examined how increasing health care costs affect the U.S. economy by estimating how health care cost growth that exceeds growth in GDP ("excess" cost growth) affected three important economic outcomes: employment, output (measured as revenues), and value added to GDP. The analysis included data from 38 industries over the 19-year period 1987-2005.

The study found that excess growth in health care costs has adverse effects on employment, output and value added to GDP in the U.S., and that these effects are greater for industries where high percentages of workers have employer sponsored insurance. For example, the study estimated that a 10% increase in excess health care costs would reduce employment by about 0.24 percent in an industry such as motor vehicles, where about 80% of workers have Employer Sponsored Insurance (ESI), compared with about 0.13% percent drop in the retail trade, where about one-third of workers have ESI. Economy-wide across all the 38 industries, a 10% increase in excess health care costs growth would result in about 120,800 fewer jobs, \$28 billion in lost revenues, and about \$14 billion in lost value added.

The conclusion is that excess growth in health care costs has adverse economic effects here in the U.S., and that these effects are more

pronounced in industries that have a higher percentage of workers with ESI.

**Chad Terhune and Keith Epstein. "The Health Insurers Have Already Won" *Business Week* 6 Aug. 2009 (Cover Story)**

[http://www.businessweek.com/magazine/content/09\\_33/b4143034820260.htm](http://www.businessweek.com/magazine/content/09_33/b4143034820260.htm)

How UnitedHealth and rival carriers, maneuvering behind the scenes in Washington, shaped health-care reform for their own benefit.

A chilling account of how insurers have been shaping healthcare reform from within Washington for their own benefit since the beginning of the debate.

**Highlights include:** "The likely victors are insurance giants such as UnitedHealth Group (UNH), Aetna (AET), and WellPoint (WLP). The carriers have succeeded in redefining the terms of the reform debate to such a degree that no matter what specifics emerge in the voluminous bill Congress may send to President Obama this fall, the insurance industry will emerge more profitable. Health reform could come with a \$1 trillion price tag over the next decade, and it may complicate matters for some large employers. But insurance CEOs ought to be smiling."

"Impressing fiscally conservative Democrats like Matheson, a leader of the House of Representatives' Blue Dog Coalition, is at the heart of UnitedHealth's strategy. It boils down to ensuring that whatever overhaul Congress passes this year will help rather than hurt huge insurance companies."

"The industry has already accomplished its main goal of at least curbing, and maybe blocking altogether, any new publicly administered insurance program that could grab market share from the corporations that dominate the business. UnitedHealth has distinguished itself by more deftly and aggressively feeding sophisticated pricing and actuarial data to information-starved congressional staff members. With its rivals, the carrier has also achieved a secondary aim of constraining the new benefits that will become available to tens of millions of

people who are currently uninsured. That will make the new customers more lucrative to the industry."

"Matheson, whose Blue Dogs command 52 votes in the House, can't offer enough praise for UnitedHealth, the largest company of its kind. "The tried and true message of their advocacy," he says, "is making sure the information they provide is accurate and considered."

Insurance companies advising our politicians on how to craft health reform? that's about as credible as having for-profit entities manage health care dollars in the first place.

### Health Care Reform, Explained

**Kaiser Family Foundation: *Side-by-Side Comparison of Major Health Care Reform Proposals*. Jun. 2009**

<http://www.kff.org/healthreform/sidebyside.cfm>

This interactive side-by-side compares the leading comprehensive reform proposals across a number of key characteristics and plan components. Included in this side-by-side are proposals for moving toward universal coverage that have been put forward by the President and Members of Congress. In an effort to capture the most important proposals, Kaiser have included those that have been formally introduced as legislation as well as those that have been offered as draft proposals or as policy options. This side-by-side offers a summary of the major components of these proposals; detailed descriptions of provisions relating to the Medicare and Medicaid programs can be found online. It will be regularly updated to reflect changes in the proposals and to incorporate major new proposals as they are announced.

Our thanks to Brandon Betancourt over at <http://pediatricinc.wordpress.com/> for the heads up on the innovative Dan Roam's 'American health care on (4) napkins'. This is a must read for anyone who wants to simply understand what reform is all about!  
<http://www.slideshare.net/danroam/healthcare-napkins-all>

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