



Employer Group Profile

Prepared For:
Large Manufacturer

Incurred Medical and Pharmacy:
January 01, 2004 - December 31, 2004

Paid Through:
April 30, 2005



Employer Group Profile

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The following report packet has been prepared by Griffin Managed Healthcare staff using Paid Medical and Pharmacy Claims.

The data represents all paid claims with Dates of Service **01/01/2003** through **12/31/2004** paid on our systems as of **04/30/2005**. Incurred But Not Reported Claims (**IBNR**) have **NOT** been included in this report (ie. Claims paid after **04/30/2005**).

Where applicable, we have compared actual experience to various benchmarks and norms. Unless noted otherwise, we have applied externally derived benchmark data for comparison. Internal benchmarks are noted as "Griffin" and were derived using all fully insured product lines.

Your overall costs increased **6.35%** for the period ending **12/31/2004** compared to an overall **increase of 9.60%** for our National Benchmark.

Griffin Managed Healthcare is very proud to be your health care provider, please contact your Group Service Representative if you have any questions.

Sincerely,

Mr. Rick Sigler
Chief Executive Officer
Griffin Managed Healthcare

Executive Dashboard

Large Manufacturer

Totals Net of Employee Cost Share	2003	2004	Benchmark
Total Premium Dollars	\$2,231,298	\$2,223,753	
Premium Per Employee Per Year	\$5,082	\$5,610	
Premium Per Member Per Year	\$1,508	\$1,656	
Total Costs (medical, Rx & admin)	\$2,544,093	\$2,442,748	
Cost Per Employee Per Year	\$5,794	\$6,162	\$6,439
Trend		6.35 %	9.6 %
Cost Per Member Per Year	\$1,720	\$1,819	\$2,926
Trend		5.76 %	9.6 %

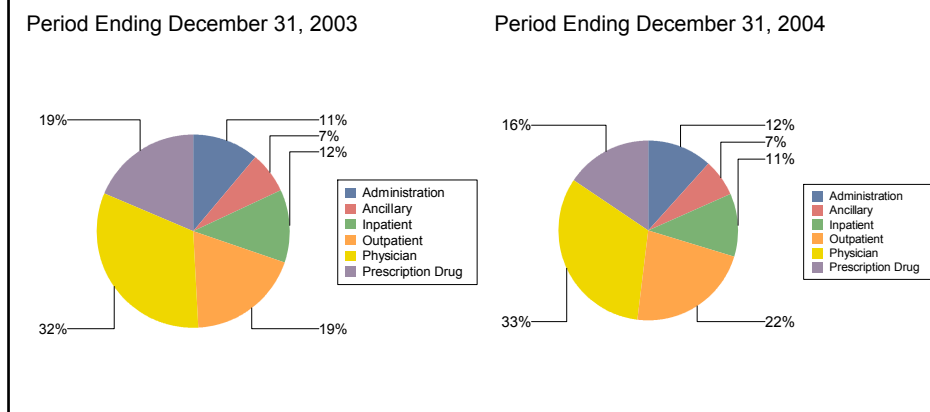
Demographics	2003	2004	Benchmark
Average Number of Employees	439	396	
Average Number of Members	1,480	1,343	
Average Member Age	25	25	33
Average Contract Size	3.37	3.39	2.20
Age/Gender Factor	0.88	0.89	1.00

Cost Per Member Per Month by Type of Service	2003	2004	Trend	Benchmark
Physician	\$46.31	\$49.26	6.4 %	\$62 - \$73
Inpatient Hospital	\$17.53	\$17.42	-0.6 %	\$40 - \$46
Outpatient Hospital	\$27.09	\$33.39	23.3 %	\$45 - \$50
Prescription Drugs	\$26.64	\$23.71	-11.0 %	\$35 - \$41
Ancillary	\$9.63	\$10.10	4.9 %	\$18 - \$20
Administration	\$16.09	\$17.66	9.8 %	
Total	\$143.29	\$151.54	5.8 %	
Age/Gender Factor	0.88	0.89		1.00
Age/Gender Adjusted Total	\$162.83	\$170.27	4.6 %	

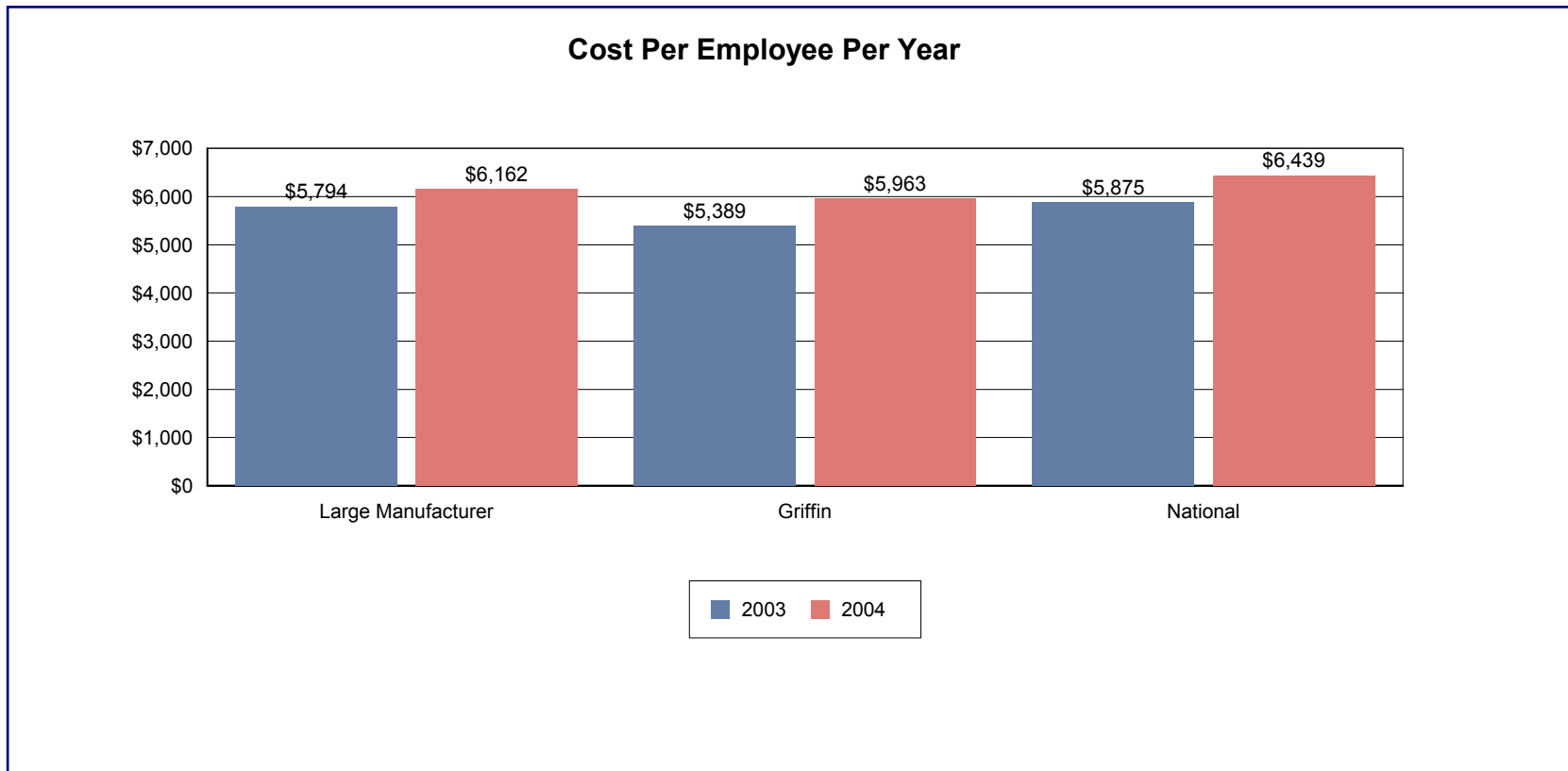
Inpatient Hospital	2003	2004	Benchmark
Admits per 1,000 members	43	39	60 - 65
Days per 1,000 members	155	134	225 - 275
Average length of stay	3.65	3.46	3.90 - 4.20
Average cost per confinement	\$4,941	\$5,400	\$5100 - \$8600
Average cost per day	\$1,353	\$1,560	\$1460 - \$2200

Other Key Statistics	2003	2004	Benchmark
Average Discount (par only)	41 %	41 %	Varies by Market
Network Penetration	97 %	98 %	
Net Effective Discount	40 %	41 %	
# of High Cost Claimants (50-100K)	0	0	
% of High Cost Claimants (50-100K)	0.00 %	0.00 %	
# of High Cost Claimants (>100K)	1	1	
% of High Cost Claimants (>100K)	0.07 %	0.07 %	

Cost Share	2003	2004	Benchmark
Employee Cost Share - Medical	5.0 %	5.8 %	
Employee Cost Share - Rx	20.0 %	29.0 %	
Employee Cost Share - Total	8.9 %	11.5 %	11% - 14%



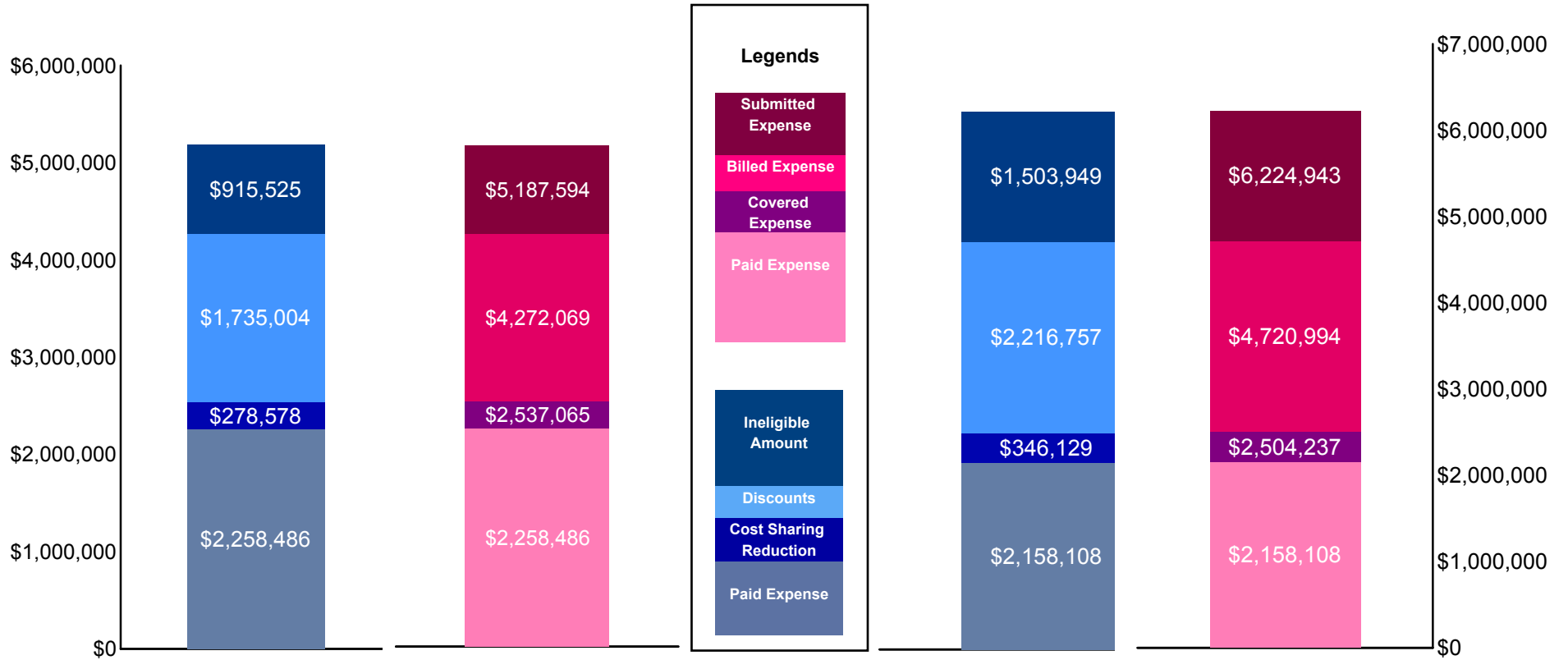
Cost Per Employee Per Year			Benchmarks			
Large Manufacturer			Griffin		National	
Year	PEPY \$	%	PEPY \$	%	PEPY \$	%
2003	\$5,794		\$5,389		\$5,875	
2004	\$6,162		\$5,963		\$6,439	
2004 Change	\$368	6.35 %	\$574	10.7 %	\$564	9.6 %



Impact of Claims and Cost Management, and Employee Cost Sharing on Overall Employer Costs

2003

2004



$(Submitted\ Expense - Ineligible\ Amount) = Billed\ Expense$

$(Billed\ Expense - Discounts) = Covered\ Expense$

$(Covered\ Expense - Cost\ Sharing) = Paid\ Expense$

Cost Sharing Reduction includes member copays, coinsurance and deductibles as well as coordination of benefits from member's other primary insurance.



Type of Expense	2003 PMPM	2004 PMPM	PMPM \$ +/-	Actual % +/-	2004 Distribution of Cost	Net % +/-
Medical	\$100.56	\$110.17	\$9.61	9.56 %	72.70 %	6.95 %
Prescription Drug	\$26.64	\$23.71	\$(2.93)	-11.00 %	15.65 %	-1.72 %
Administration	\$16.09	\$17.66	\$1.57	9.76 %	11.65 %	1.14 %
Total	\$143.29	\$151.54	\$8.25		100.00 %	5.76 %

Components of Trend	2004 Medical	2004 Rx
Cost Per Unit	-7.64 %	-9.75 %
Utilization	17.19 %	-1.25 %
Net Trend	9.56 %	-11.00 %

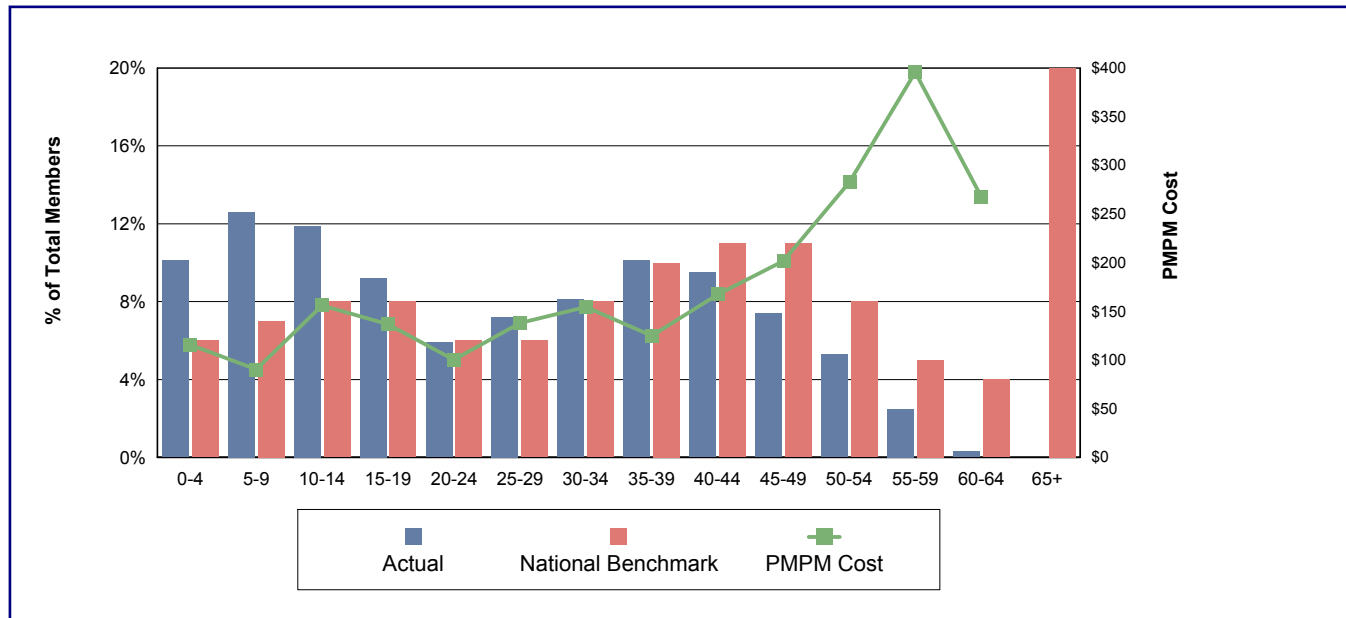
Contributing Factors to Cost per Unit

- Medical Inflation
- Catastrophic Claims
- Employee Cost Share
- Plan Design

Contributing Factors to Utilization

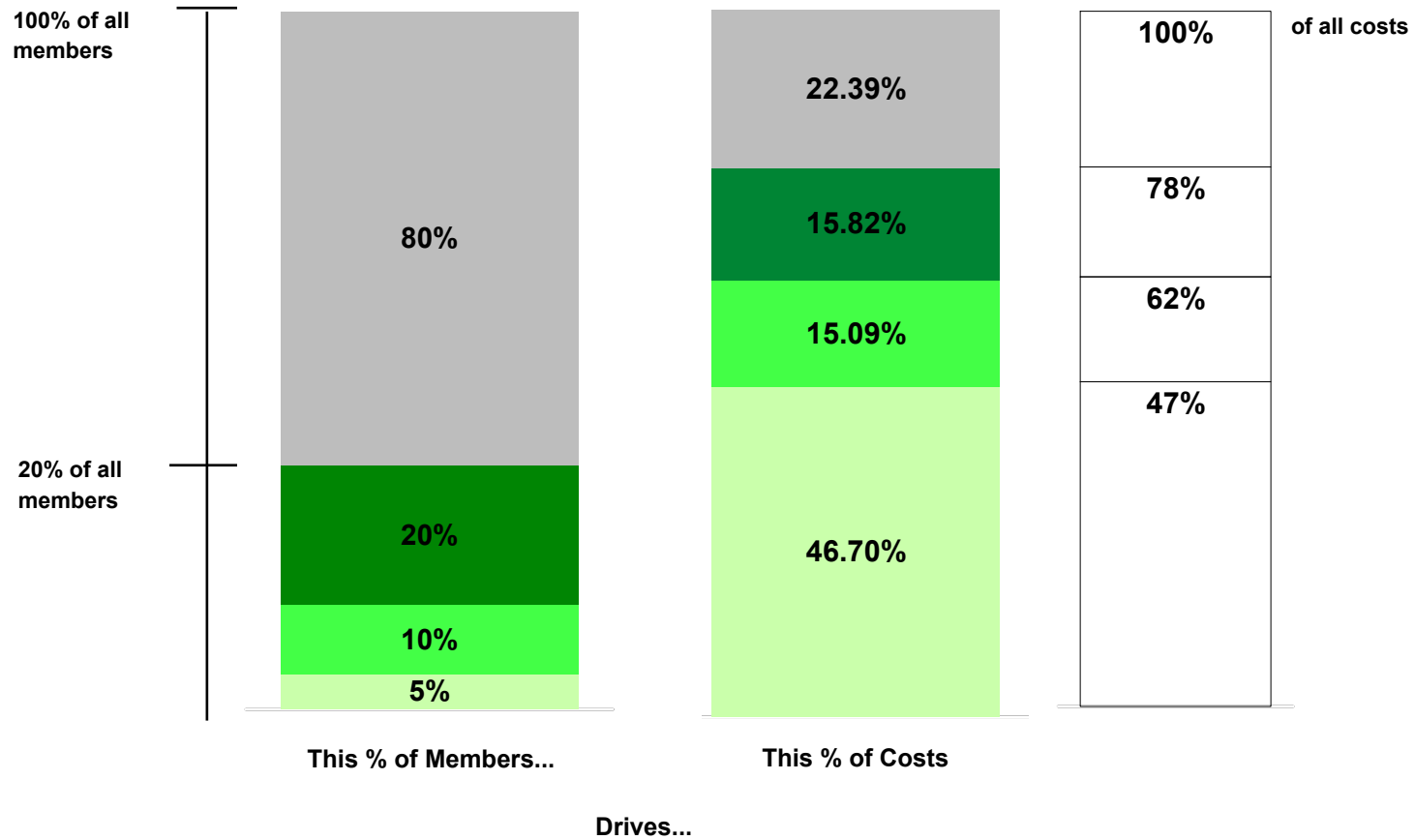
- Demographics
- Medical Technology

Description	Large Manufacturer		Griffin Benchmark	National Benchmark
	2003	2004		
Demographic Factor				
Male	0.72	0.74	0.83	0.93
Female	1.04	1.05	1.26	1.06
Total:	0.88	0.89	1.10	1.00
Components				
Average Age of Employees	38.6	39.6	42.8	40.0
Average Age of Members	24.6	25.4	31.3	32.5
Average Contract Size	3.37	3.39	2.34	2.20



Member Months 2004	
0-4	1,623
5-9	2,034
10-14	1,912
15-19	1,490
20-24	945
25-29	1,153
30-34	1,301
35-39	1,629
40-44	1,537
45-49	1,187
50-54	857
55-59	397
60-64	54
65+	
Total	16,119

46.70% of your claim costs can be attributed to 5% of your members.



Reinsurance Recoveries have been removed.

Rank	Hospital	Par/Non	Admits	Days	Avg LOS	Avg Cost Per Admit	Avg Cost Per Day	Amount Paid
1	XXXXXXXXXXXXXXXXXXXX	P	35	109	3.1	\$3,485	\$1,119	\$121,973
2	XXXXXXXXXXXXXXXXXXXX	P	7	37	5.3	\$12,138	\$2,296	\$84,963
3	XXXXXXXXXXXXXXXXXXXX		9	30	3.3	\$5,704	\$1,711	\$51,338

Total for (All): **\$258,273**

Ranked by Total Employer Paid. Only Top 15 printed. Total Amount Paid includes all other Hospitals (16-n)



Large Manufacturer		Total Reimbursement* as a percentage of Medicare Allowable		
Type of Service	2004 Actual	Low 25th Percentile	Typical Average	High 75th Percentile
Specialty Care	125 %			
Primary Care	132 %			
Radiology	131 %			
Pathology	120 %			
Total	128 %	115 %	121 %	128 %

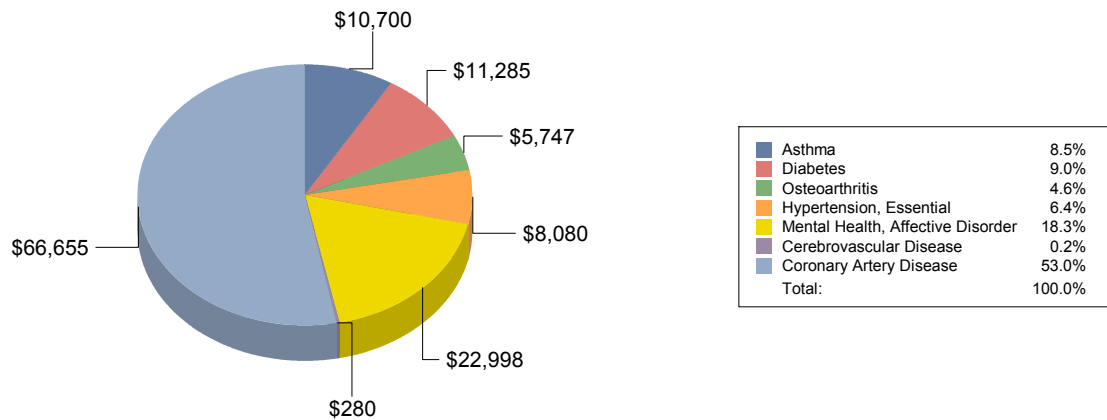
* Excludes physician anesthesia claims

* Total Reimbursement includes Member Payments

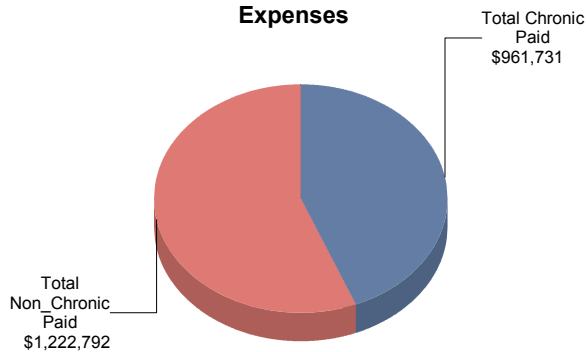
All Members

Average Members:	1,343
Chronic Members:	190
Percent Chronic:	14.15 %

Specific Medical Costs Associated with Chronic Diseases

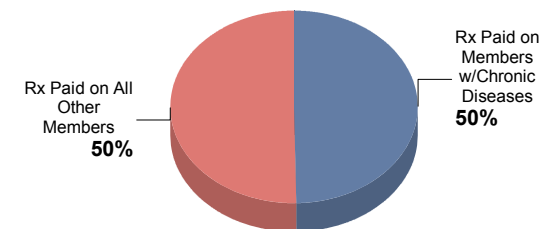


Chronic vs Non-Chronic Expenses



Total Rx Paid for Chronic Members:	\$213,250
Total Rx Paid for all Other Members:	\$215,527
Total Medical Paid for Chronic Members:	\$748,481
Total Medical Paid for all Other Members:	\$1,007,265
Total Paid:	\$2,184,523

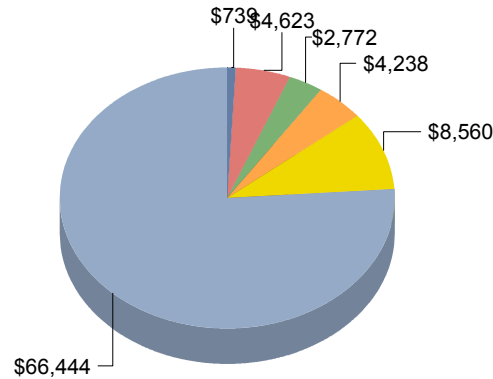
Percent of Rx for Chronic Members



Employees Only

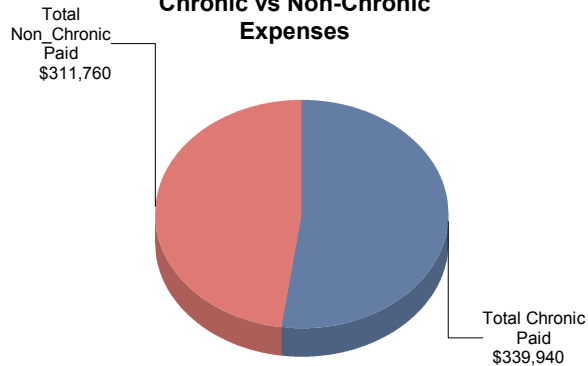
Average Employees: 396
 Chronic Employees: 82
 Percent Chronic: **20.71 %**

Specific Medical Costs Associated with Chronic Diseases



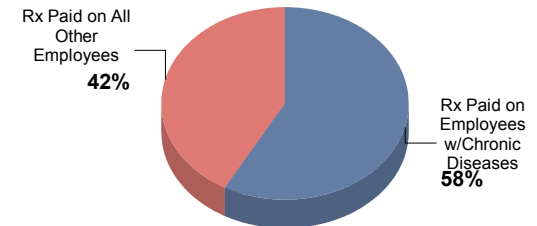
Asthma	0.8%
Diabetes	5.3%
Osteoarthritis	3.2%
Hypertension, Essential	4.9%
Mental Health, Affective Disorder	9.8%
Cerebrovascular Disease	0.0%
Coronary Artery Disease	76.0%
Total:	100.0%

Chronic vs Non-Chronic Expenses



Total Rx Paid for Chronic Employees:	\$97,317
Total Rx Paid for all Other Employees:	\$70,331
Total Medical Paid for Chronic Employees:	\$242,623
Total Medical Paid for all Other Employees:	\$241,429
Total Paid:	\$651,700

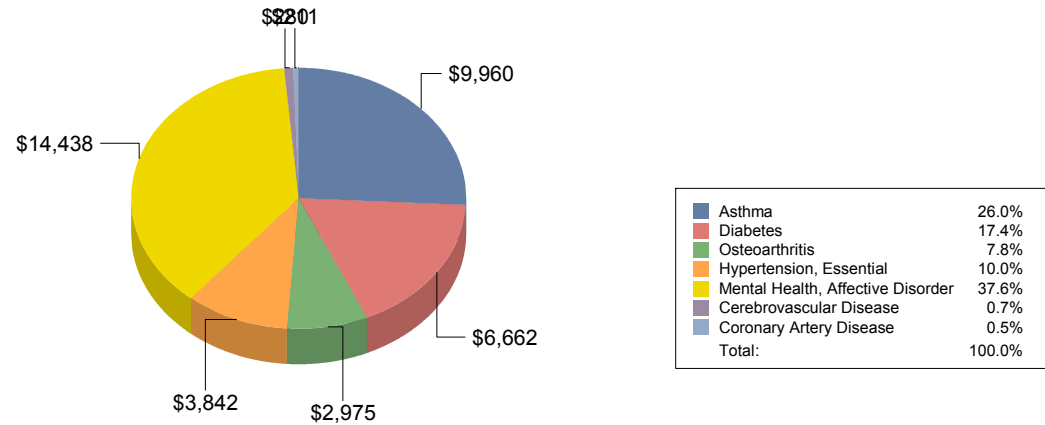
Percent of Rx for Chronic Employees



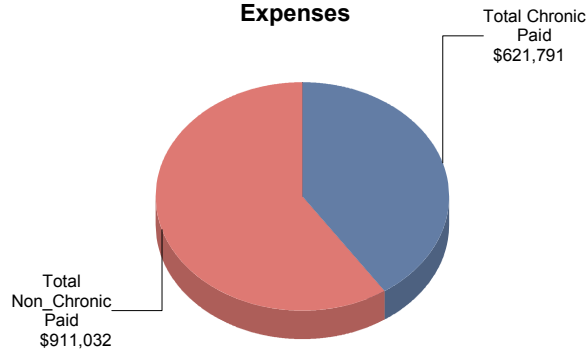
Spouses and Dependents Only

Average Dependents:	947
Chronic Dependents:	108
Percent Chronic:	11.40 %

Specific Medical Costs Associated with Chronic Diseases

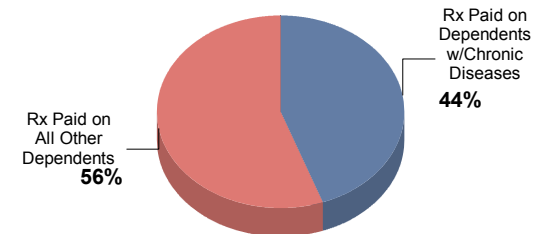


Chronic vs Non-Chronic Expenses



Total Rx Paid for Chronic Dependents:	\$115,932
Total Rx Paid for all Other Dependents:	\$145,196
Total Medical Paid for Chronic Dependents:	\$505,858
Total Medical Paid for all Other Dependents:	\$765,836
Total Paid:	\$1,532,822

Percent of Rx for Chronic Dependents



Administration Expense

Administration expense is based on a percent of your Billed Premium Dollars. For this report your Administration Costs during the period ending **12/31/2004** were **\$17.66 PMPM** or a total of **\$284,640** dollars.

Ancillary Expenses

Your Ancillary Costs PMPM of **\$10.10** on Page 5 are defined as any Claims coded as Ambulance, Athletic Trainer, Audiology, Chiropractic, Clinical Nurse Specialist, Counselor, Dentist, Dialysis, Dietary Services, Durable Medical Equipment, Laboratory, Mental Health, MRI, Nursing Home, Optical, Osteopathy, Occupational Therapy, Psychology, Physical Therapy, Social Worker, Speech Therapy, Test Interpretations, Visiting Nurses, Woundcare or other Miscellaneous Specialties.

Benchmarks/Norms

This report uses our Externally Derived benchmarks from industry recognized outside sources. Some areas of the report may refer to both internal and externally obtained benchmarks.

Chronic Member

Chronic Members on Page 13 are defined as "**Any Members with medical diagnosis indicating any of the seven specific diseases on page seven, within the most current year (2004)**". Refer to the "Chronic Diseases" section of the Glossary on Page 17 for definitions of the seven diseases we are tracking.

IBNR

Refers to the timing of the reports and available data. This report packet does **NOT** include any claims received and paid after **(04/30/2005)**. These unknown claims are referred to as **Incurred but not reported**.

Reinsurance Premium

The amount paid by Griffin for catastrophic claims insurance for your members. This amount is included in your overall expenses. Your total reinsurance premiums for the period **01/01/2004** through **12/31/2004** were **\$20,169** dollars.

Reinsurance Recoveries

Reinsurance Recoveries are actual dollar amounts received from our Reinsurance Carrier as reimbursement for catastrophic claims during the reporting period. For the period **01/01/2004** through **12/31/2004** there were a total of **\$0** in recoveries. These recoveries are applied as a **reduction** of your overall claims expense.

RX Rebates

In some cases Griffin receives Rx Rebates from our PBMs based on our overall plan usage. These recoveries of **\$46,584** dollars have been prorated to your membership and applied as a **reduction** of your overall plan expense.

Glossary

AMA American Medical Association. The non-profit organization develops and promotes standards in medical practice, research, and education. The AMA develops and publishes the Current Procedural Terminology codes (see CPT-4).

CABG Coronary Artery Bypass Graft. Procedure that involves replacing diseased (narrowed) coronary arteries with veins obtained (grafted) from the patient's lower extremities. This procedure has proven to extend the lives of individuals with coronary artery disease.

CAD Coronary Artery Disease. When the coronary arteries become narrowed or completely occluded; ultimately, this is the underlying cause of a heart attack.

Case Management Also referred to as Care Management; it is a clinical program that provides the management and coordination of patient care service for high-risk individuals in the community. The goal is to identify the high-risk individuals and intervene with an effective management plan. The program's key functions are patient screening, assessments, care planning, ongoing monitoring and evaluation.

CHF Congestive Heart Failure.

CMS Centers for Medicare and Medicaid Services (Formerly HCFA). The organization is a division within US Health and Human Services and is responsible for administering the Medicare program.

COPD Chronic Obstructive Pulmonary Disease.

CPT-4 Common Procedural Terminology. Standard codes for procedures and services. Licensed from the AMA. Currently in its 4th edition. Nomenclature: five numeric digits (12345).

Chronic Diseases The following seven specific disease categories are tracked on Page 13.

Asthma - All Diagnosis beginning with 493

Cerebrovascular Disease - All Diagnosis beginning with 430 - 438

Coronary Artery Disease - All Diagnosis beginning with 402, 404, or 410-416

Diabetes - All Diagnosis beginning with 250

Hypertension, Essential - All Diagnosis beginning with 401

Mental Health, Affective Disorder - All Diagnosis beginning with 296

Osteoarthritis - All Diagnosis beginning with 715

Glossary

Diagnosis The act or process of identifying or determining the nature and cause of a disease or injury through evaluation of patient history, examination, and review of laboratory data. The opinion derived from such an evaluation.

HCFA Health Care Financing Administration that is now the Center for Medicare and Medicaid Services. Please see CMS.

HCPCS HCFA Common Procedure Coding System. Standardized coding system used to process Medicare claims. Nomenclature: Alphanumeric five characters (A1234).

HEDIS Health Plan Employer Data and Information Set. Standardized performance measurements designed to ensure that purchasers and consumers have information necessary to reliably compare the performance of managed health care plans. Sponsored and maintained by the National Committee for Quality Assurance (NCQA). Currently in its 3rd edition.

HIPAA Health Insurance Portability and Accountability Act

IBNR Incurred But Not Reported. This is an accounting term that estimates the dollar amount of medical expenses that have been incurred but not yet been paid.

ICD-9 International Classification of Diseases. Standard diagnoses codes used to identify member's medical problem or condition. It is used by most ambulatory care settings and recognized by most insurance carriers. Currently in this 9th revision.

Member A member is either a subscriber or a dependent. When all Subscribers and Dependents are combined together, they represent the total membership.

Member Months Each month that a member has medical coverage is considered a "member month". A member having coverage for a complete year has 12 member months.

NDC National Drug Code. Industry standard for drug classification and serves as a universal product identifier for human drugs. Nomenclature: 10-digit, 3-segment number.

PMPM Per Member per Month. Medical costs are typically expressed in PMPM. The calculation is a function of total spending (for selected category) over total applicable member months. Please see *Member Months*.

Revenue Code Standardized hospital major revenue-producing centers; identify categories of service like lab, pharmacy and nuclear medicine. Hospitals use codes to group charges for itemized hospital services. Nomenclature: alphanumeric (R-123).

Rx This is a standard abbreviation for a Prescription or Pharmacy claim.

