



STATE OF WISCONSIN  
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***CORRESPONDENCE MEMORANDUM***

**DATE:** January 23, 2007  
**TO:** Group Insurance Board  
**FROM:** Arlene Larson, Manager, Self-Insured Health Plans  
**SUBJECT:** BCBSWI 2005 Utilization Report

**This memo is for the Board's information only. No action is required.**

Annually, the administrator of the self-funded health plans supplies the Board with a utilization report. Attached is the executive summary for the 2005 calendar year report from Blue Cross & Blue Shield of Wisconsin (BCBSWI). This summary is designed to encapsulate the major findings of the comprehensive utilization report. The complete report has been provided to ETF staff and is available to members of the Board upon request.

The executive summary highlights significant 2005 data and provides comparisons between it and information from previous years. The comparisons include changes in membership, cost, trends in distribution of payments for inpatient, outpatient, professional services, and overall utilization in categories presented by Episode Treatment Group.

Attachment

Reviewed and approved by Tom Korpady, Division of Insurance Services.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Board	Mtg Date	Item #
GIB	2/13/2007	3

**STATE OF WISCONSIN  
2005 UTILIZATION REPORT  
EXECUTIVE SUMMARY**

This Executive Summary represents analysis conducted by Anthem BlueCross BlueShield of Wisconsin of the 2005 Utilization Report for the State of Wisconsin self-insured health plans. The full report has been provided to ETF staff.

Key points are listed below regarding 2005 utilization for the State of Wisconsin plans:

**Episode Treatment Group (ETG) Family Analysis for the State of Wisconsin Population**

Episode Treatment Group (ETG) families group together inpatient, outpatient, and professional encounters that a member incurred based on Treatment Group families. The report presents the top 10 categories of ETG's by cost and by number of encounters comparing these to the benchmark (see pages 9 & 10). Encounters are defined as a contact between an individual and the health care system which generally consists of a technical (facility) components and a professional component. Therefore, you can have numerous encounters in one visit. Based on this we can pinpoint in more specific terms where your medical dollars are spent.

- The top ten ETG categories accumulated 29% of the encounters and 37% of the total payments. The average payment per episode for the top ten ETG categories was \$1,270 a three percent (3%) reduction from 2004.
- Coronary Artery Disease was responsible for 8% of the total payments. There were 27 encounters per 1000 compared to the benchmark of 18 (50% above) for 2005.
- Depression ETG category accumulated 5% of the total payments resulting in an average payment of \$1,680. Most of these services were related to professional encounters that are usually less costly than inpatient stays.
- Joint Degeneration-Localized ETG category is below the benchmark for number of episodes per 1,000 by 17% and accumulated five percent (5%) of the total payments.
- Four percent (4%) of the total episodes were a result of Hyperlipidemia (high levels of fat in the blood, such as cholesterol and triglycerides). These members experienced 145 episodes per 1,000 which is 63% higher than the benchmark.
- Leukemia was the most costly ETG of the top ten resulting in an average payment of \$87,234 per episode.
- Four of the top ten ETG categories (Coronary Artery Disease, Hypertension, Diabetes and Hyperlipidemia) are conditions that should be monitored for additional health education opportunities and possible case management.

**Inpatient Services**

**State of Wisconsin Population**

- Although the addition of the SMP population has helped to lower some of the utilization rates, there is still a large portion of older and sicker members that contribute in part to the increase in the inpatient average cost per day (see page 7). This and the fact that there were 6 additional catastrophic cases over \$100,000 this year compared to 2004 is also a contributing factor.
- From 2003 to 2005, payments for inpatient services have decreased by 8% (see page 8).
- The inpatient average cost per admission increased by ten percent (10%) in 2005 compared to 2004.
- From 2004 to 2005, the inpatient admission rate remained relatively stable decreasing by only one percent (1%).
- Members experienced a rate of 73 admissions per 1,000 members in 2005. The distribution of total inpatient payments are as follows: 63% Surgical, 26% Medical, 5% Behavioral Health/Substance Abuse and 6% Maternity.

- There were 27 cases which resulted in \$100,000 or more in total payments. The catastrophic case report groups together inpatient, outpatient, professional and ancillary payments. These cases resulted in \$4,063,165 in payments and represent eight percent (8%) of the total high cost payments.
- The most costly case during the period was a spouse being treated for pulmonary heart disease totaling \$393,206 in total payments.

## **Outpatient Services**

### **State of Wisconsin Population**

- In 2005, payments for outpatient services increased by only 1%.
- In 2005, approximately 27% of the State's healthcare dollars (\$15.6 million dollars) were spent on Non-Medicare Outpatient services.
- State of Wisconsin non-Medicare employees experienced a rate of 2,405 outpatient encounters per 1,000 during 2005 -- 56% higher than the benchmark.
- Emergency room visits accumulated \$662,128 in payments.

## **Professional Services**

### **State of Wisconsin Population**

- In 2005, professional services payments increased by only 2%.
- Approximately 51% of the State's healthcare dollars (\$29.5 million dollars) were spent on Non-Medicare Professional services in 2005. State of Wisconsin Non-Medicare employees continued to spend the greatest amount in the Professional services category.
- In 2005, State of Wisconsin non-Medicare employees incurred 178,613 professional encounters resulting in a rate of 14,540 encounters per 1,000 -- 38% higher than the benchmark.

## **Inpatient Services**

### **Wisconsin Public Employer (WPE) Population**

- The average length of stay for 2005 was 3.9 days, which is a 33% decrease from 2004. For a second consecutive year we are seeing a decline in the average length of stay for this population. The average cost per day also decreased by three percent (3%) from 2004 to 2005 (see page 11).
- A total of 16 Surgical admissions accumulated 75% of the total payments.
- The average payment per admission was \$14,485 down from \$22,493 in 2004 (see page 12).
- Surgical admissions resulted in the highest average charge per admission at \$23,180 – 15% greater than the benchmark. The Medical average payment per admission was \$22,456 – 146% higher than the benchmark.
- There were two cases that resulted in \$100,000 or more in total payments, down from seven cases in 2004. The catastrophic case report group together inpatient, outpatient, professional and ancillary payments. In 2005 these cases resulted in \$302,133 in payments compared to \$1,666,855 in payments for 2004.
- The utilization for the WPE population is coming back in line after a negative year in 2003. We recommend that the State continue to monitor this trend in the future to confirm that the utilization for this population has stabilized.

Please refer to the charts on the following pages for trending details regarding the State of Wisconsin plan utilization and claim cost.

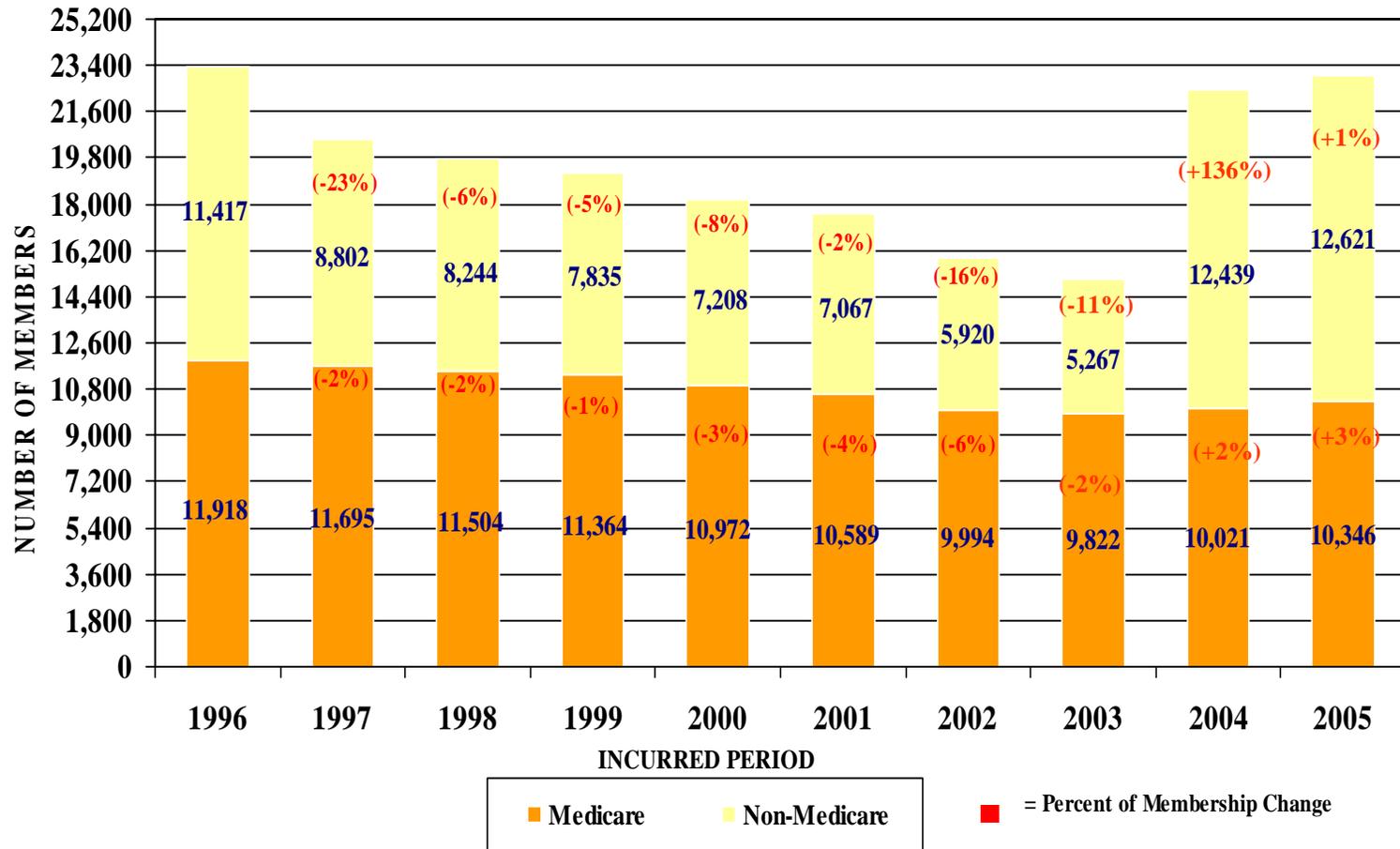
**State of Wisconsin  
Department of Employee Trust Funds  
2005 Health Care Utilization Report**

*Presented by:  
Anthem BlueCross BlueShield  
of Wisconsin*



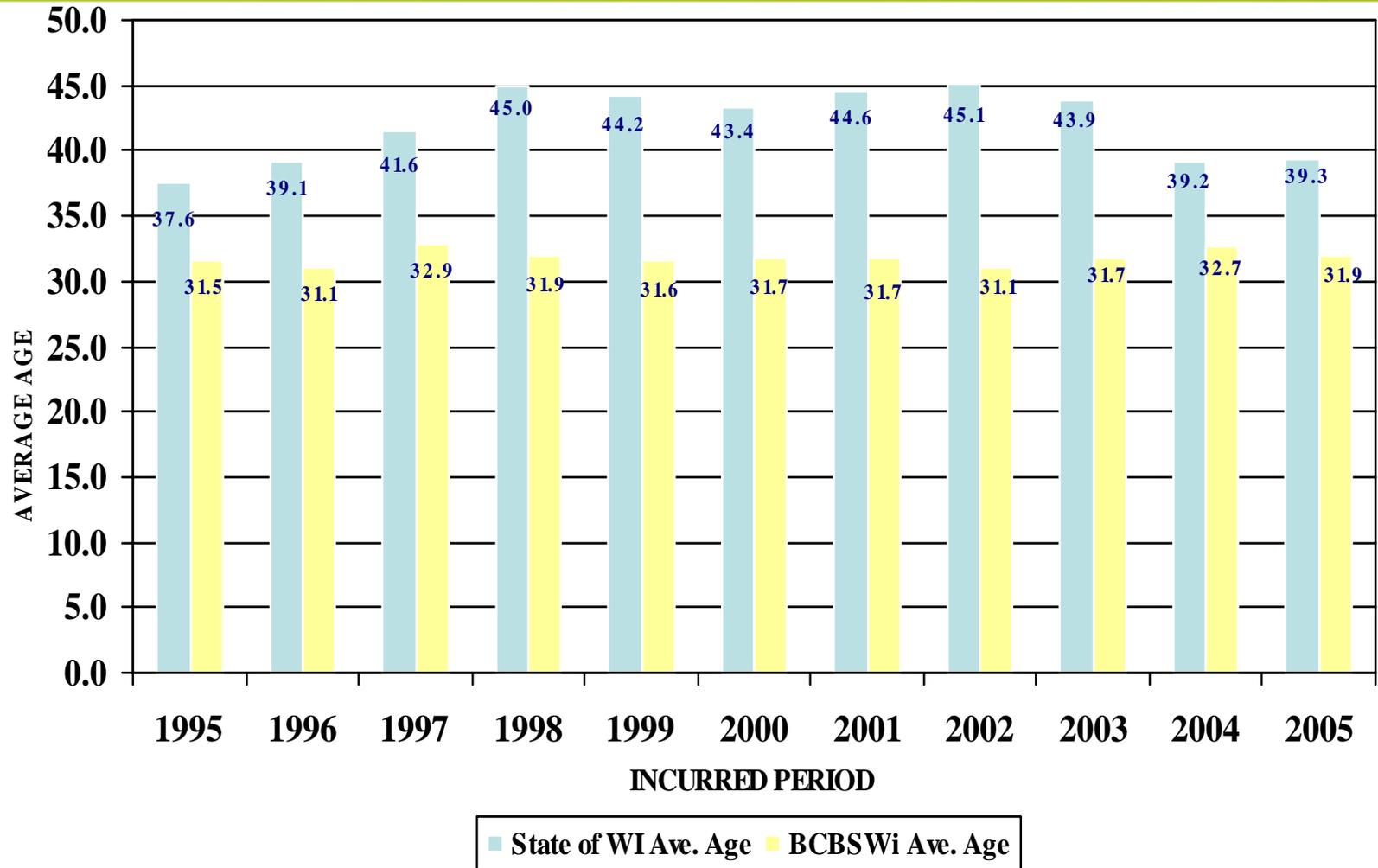
# State of Wisconsin

## Average Number of Members: Medicare vs. Non-Medicare



# State of Wisconsin

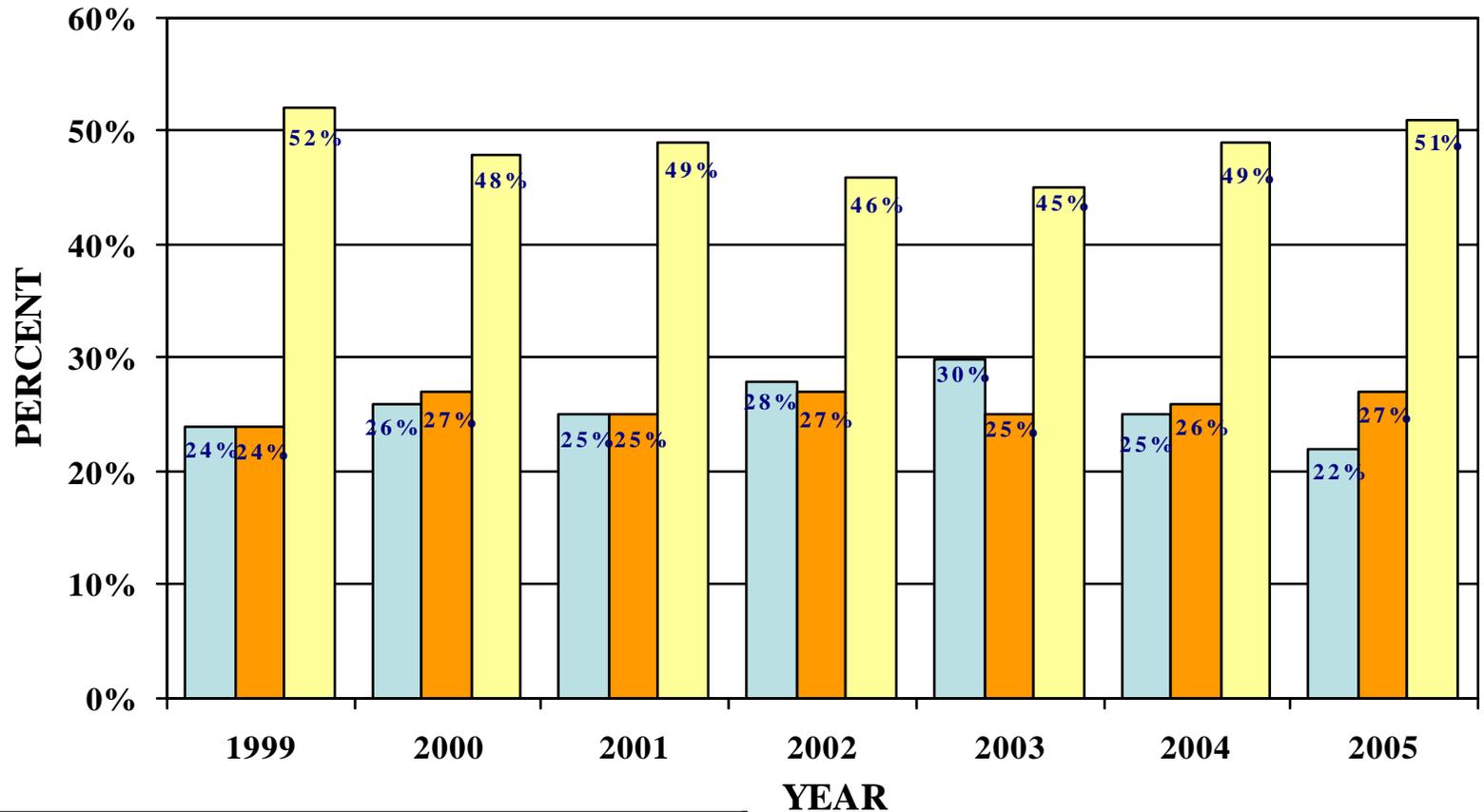
## Average Age of Non-Medicare Population



# State of Wisconsin

## Distribution of Plan Payments 1999 – 2005

### Non-Medicare Population



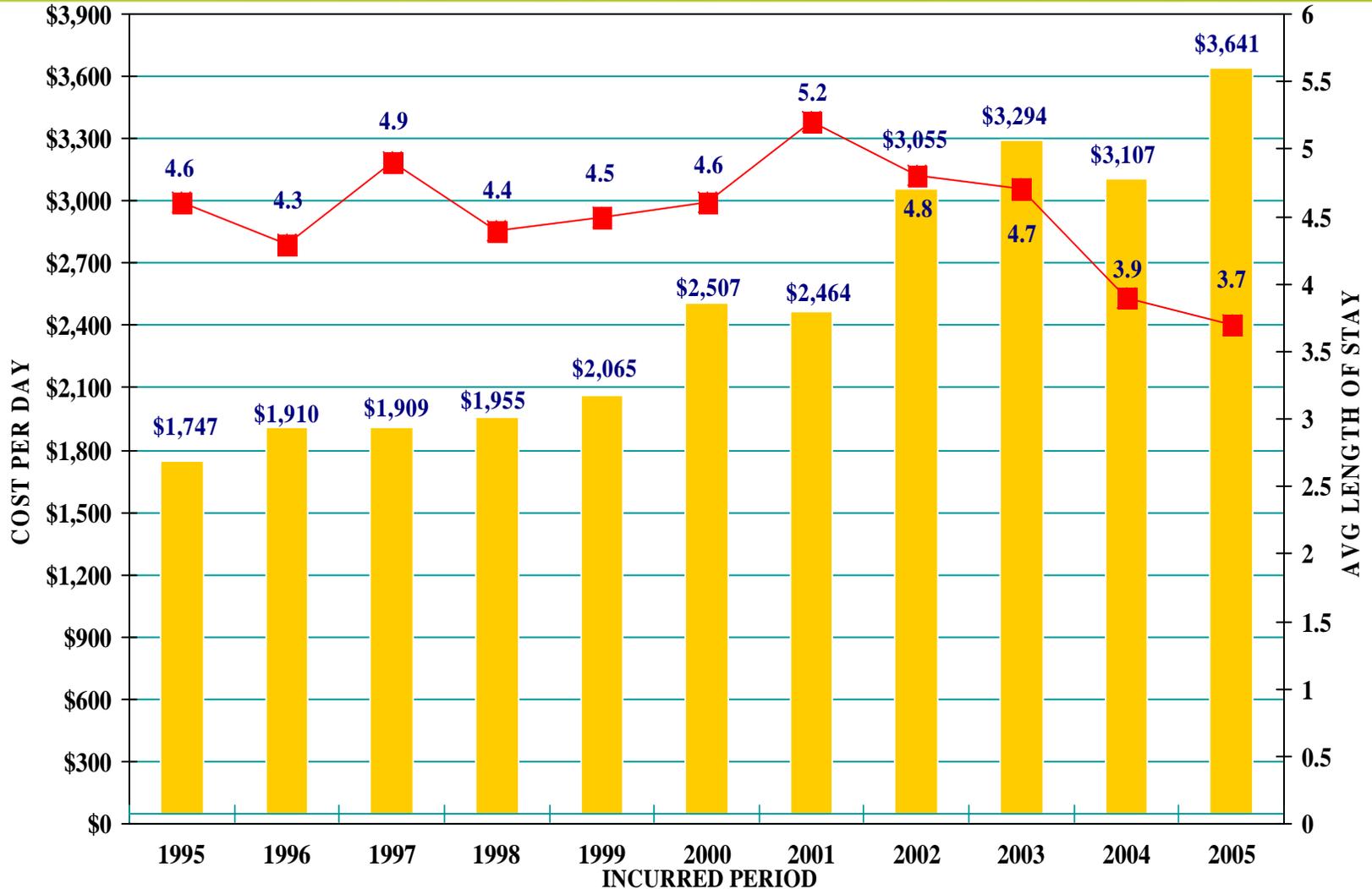
Yearly Totals for Inpatient, Outpatient and Professional Plan Payments			
1999 – \$30.9 M	2000 – \$28.7 M	2001 – \$29.6 M	2002 – \$29.5 M
2003 – \$30.2 M	2004 – \$57.5M	2005 – \$57.8 M	



# State of Wisconsin

## Inpatient Average Cost Per Day and Average Length of Stay

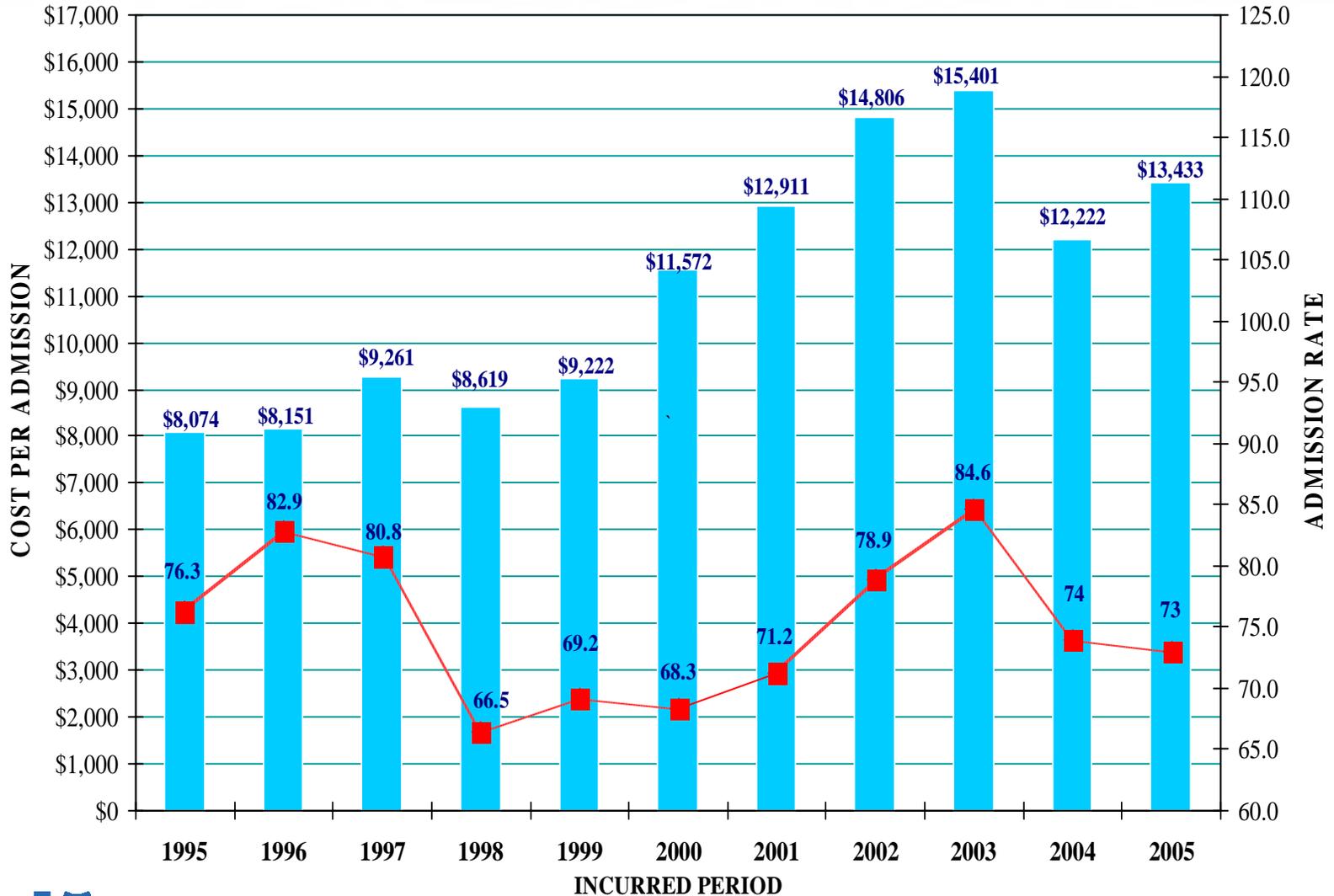
### Non-Medicare Population



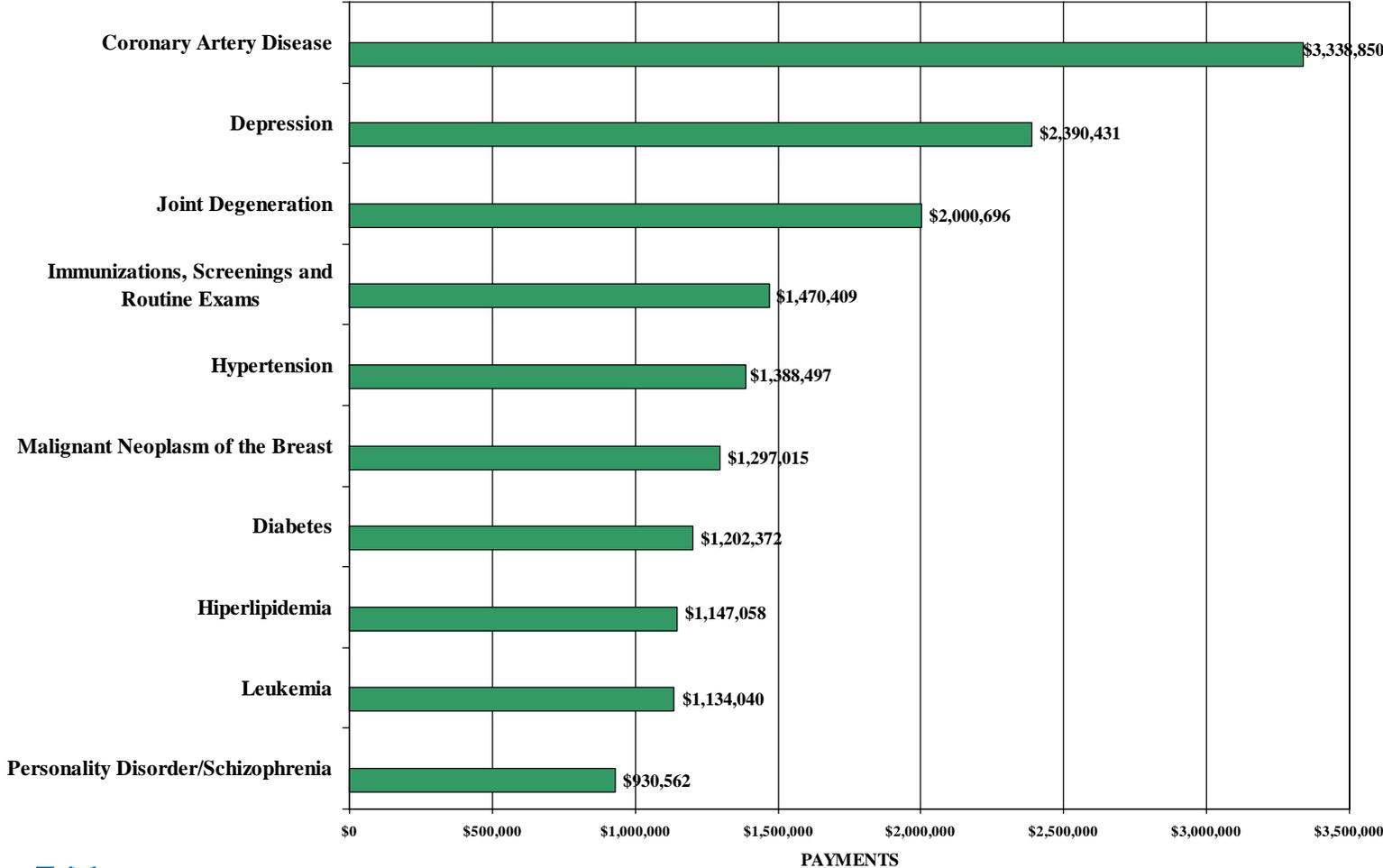
# State of Wisconsin

## Inpatient Average Cost Per Admission and Admission Rate

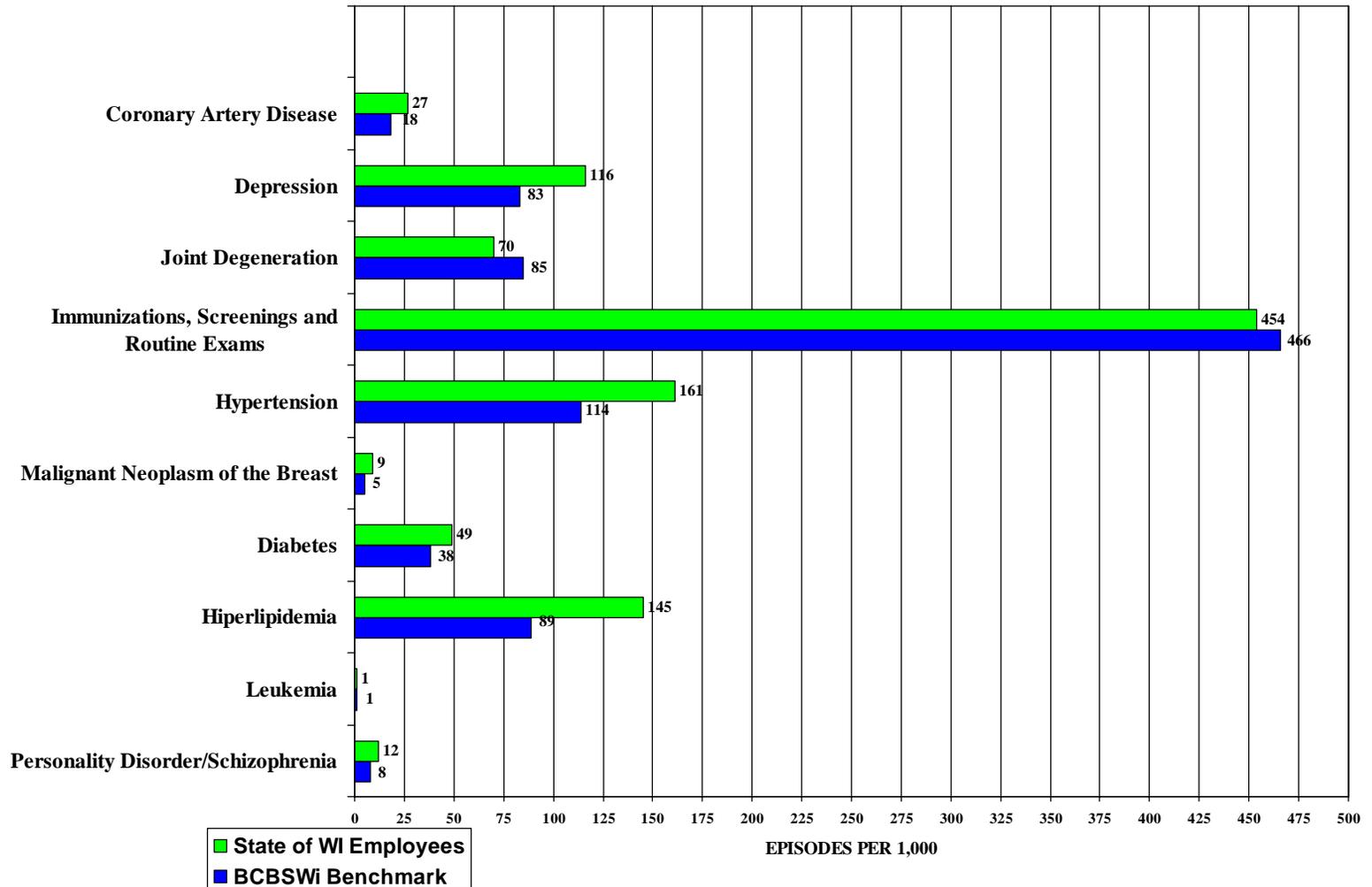
### Non-Medicare Population



# Top Episode Treatment Group (ETG) Families by Cost for State Employee Non-Medicare Members



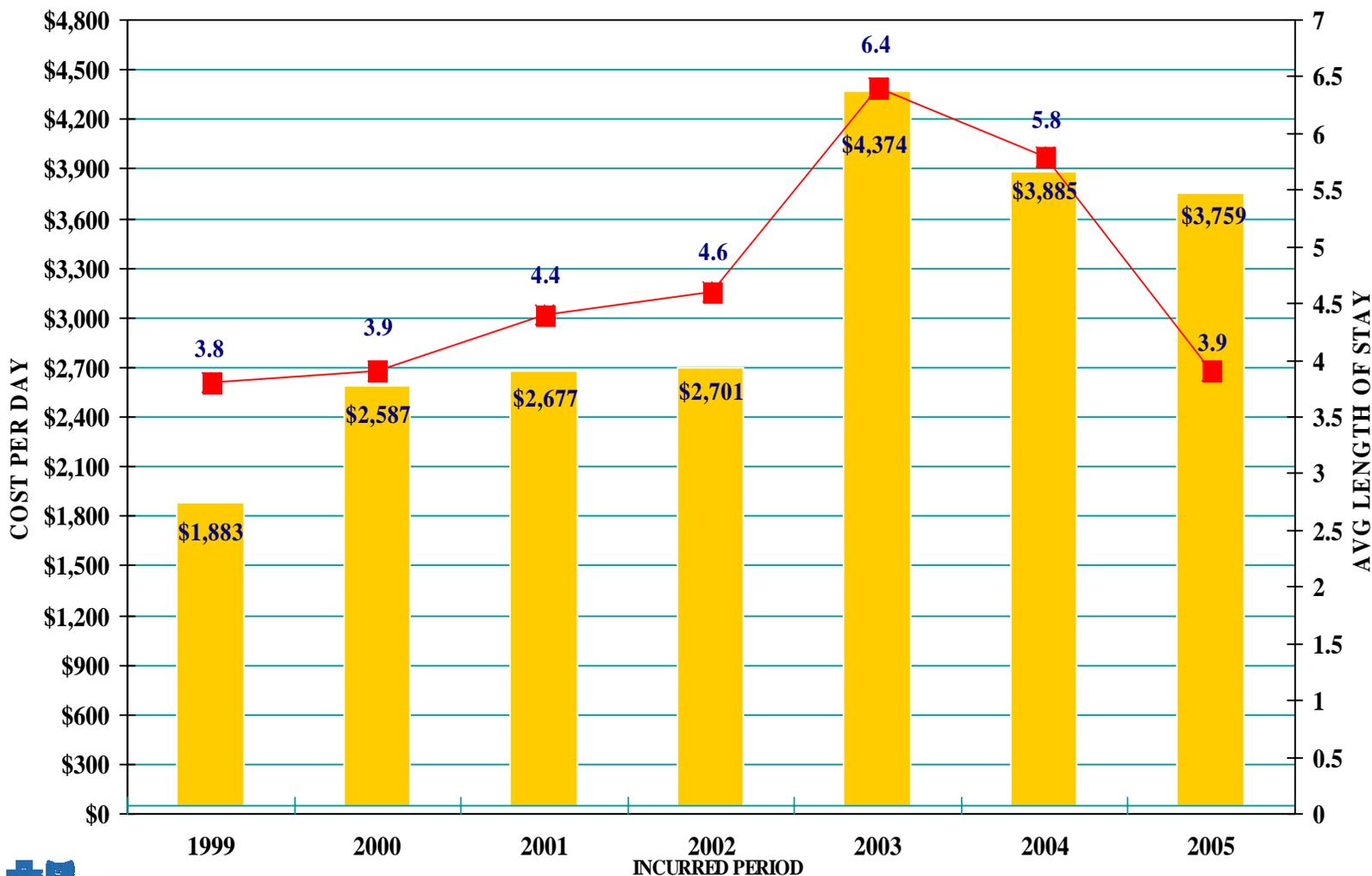
# Top Episode Treatment Group (ETG) Families by Number of Episodes for State Employee Non-Medicare Members



# Wisconsin Public Employee

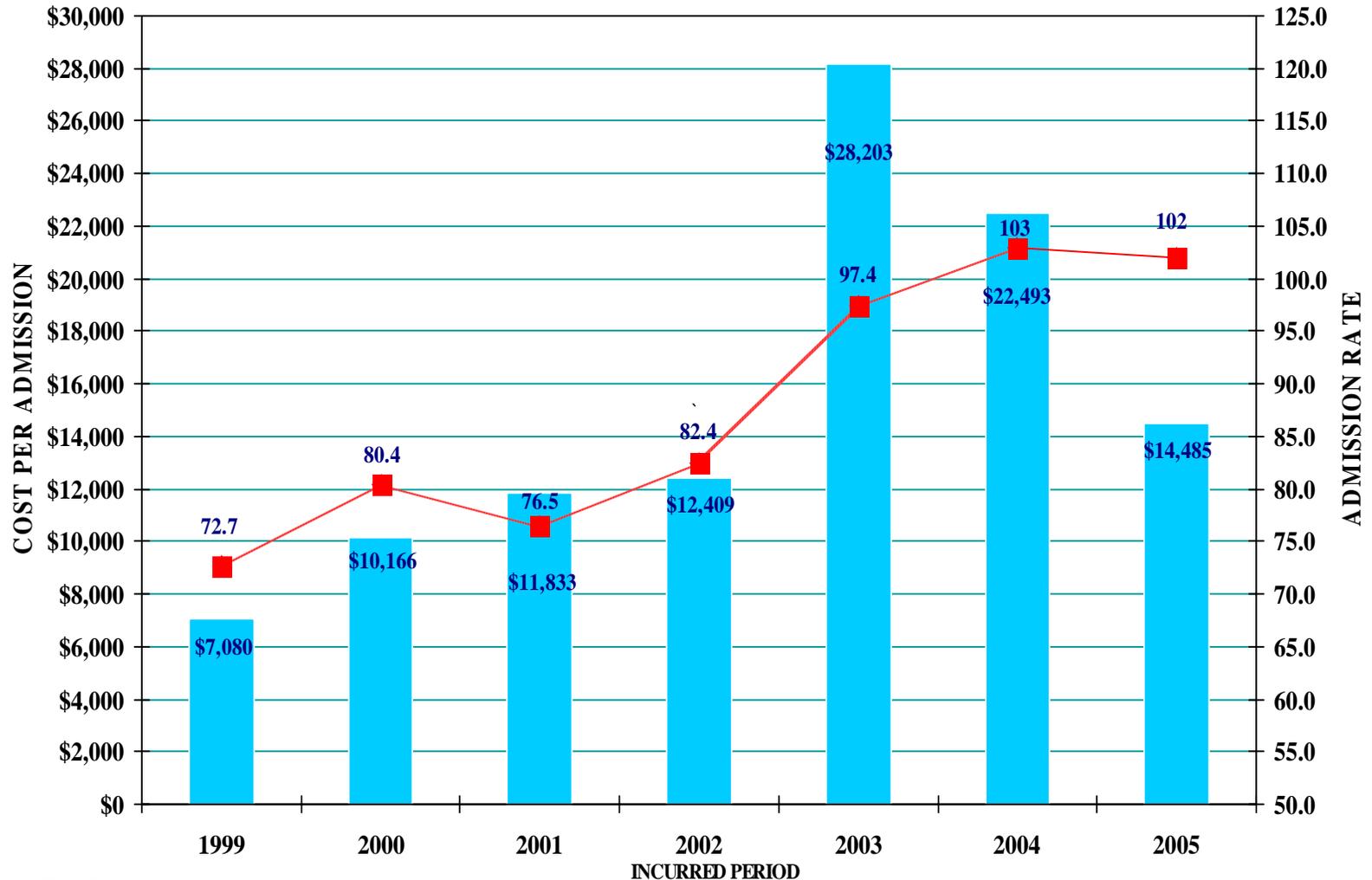
## Inpatient Average Cost Per Day and Average Length of Stay

### Non-Medicare Population



# Wisconsin Public Employee

## Inpatient Average Cost Per Admission and Admission Rate Non-Medicare Population



# BlueCard

- \$5.6 million in plan savings for 2005
- Overall BlueCard claim payments \$8.1 million

BC&BS nation-wide network

Member and Plan savings through utilization of other BC&BS participating contracts