



# Overview

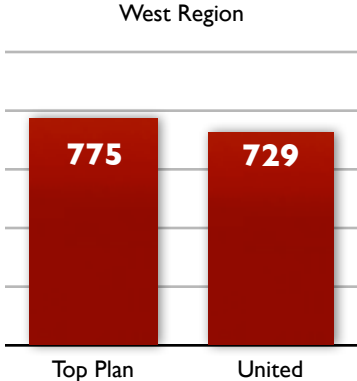
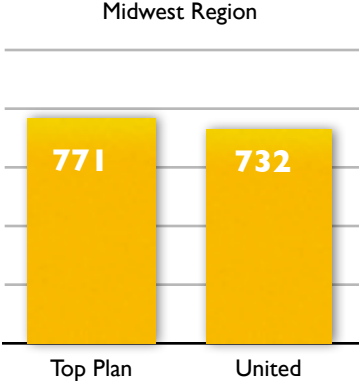
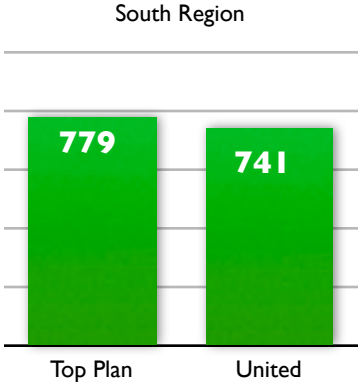
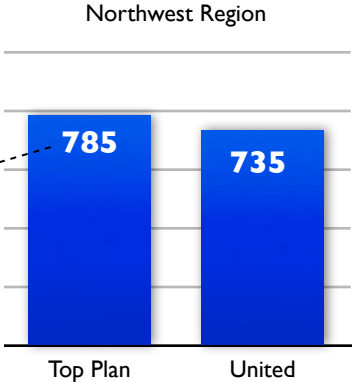
Payor Surveys in the News

Media Coverage of 2008 Payor Survey

On a scale of 1-1000.

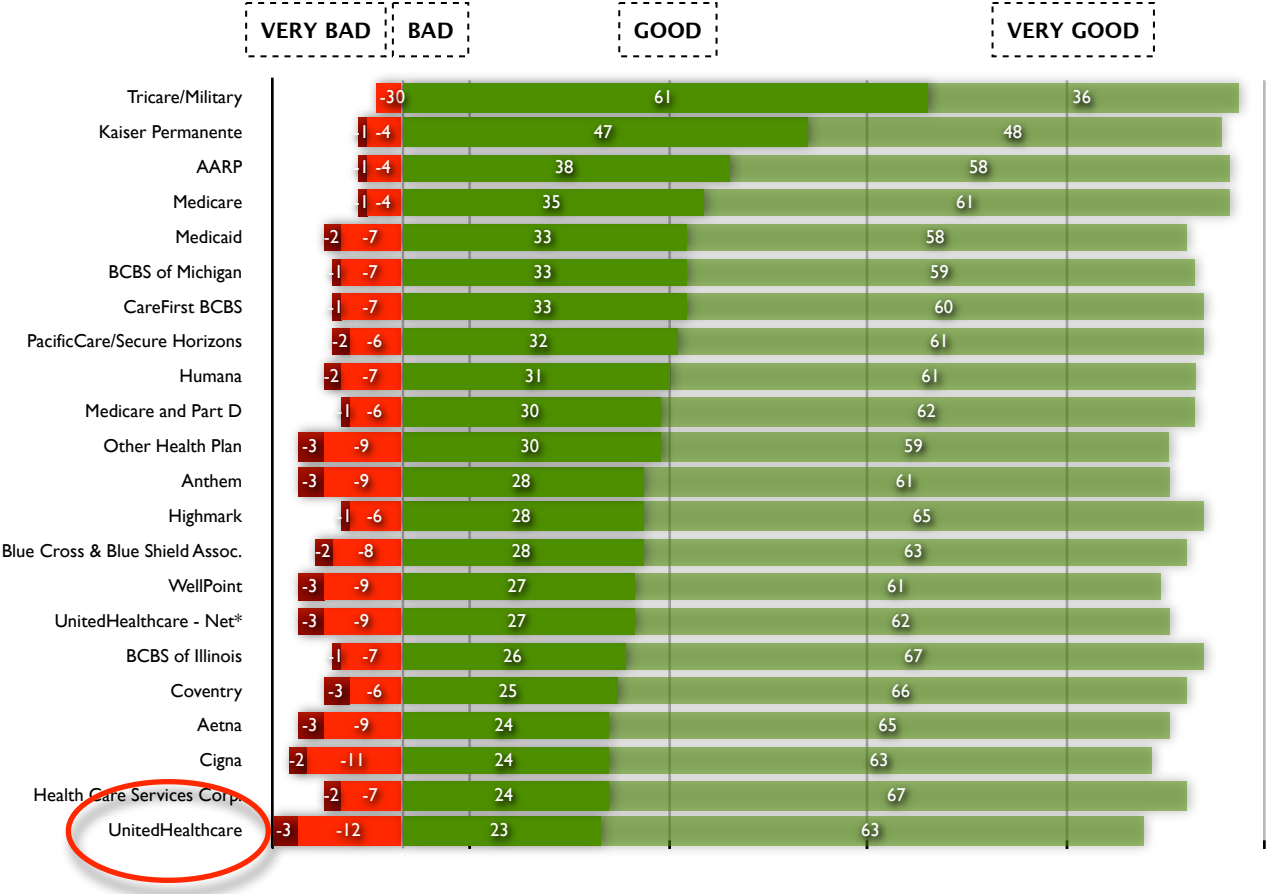
2007/08 JD Powers  
Member Survey

C+



# OVERALL SATISFACTION WITH HEALTH PLAN

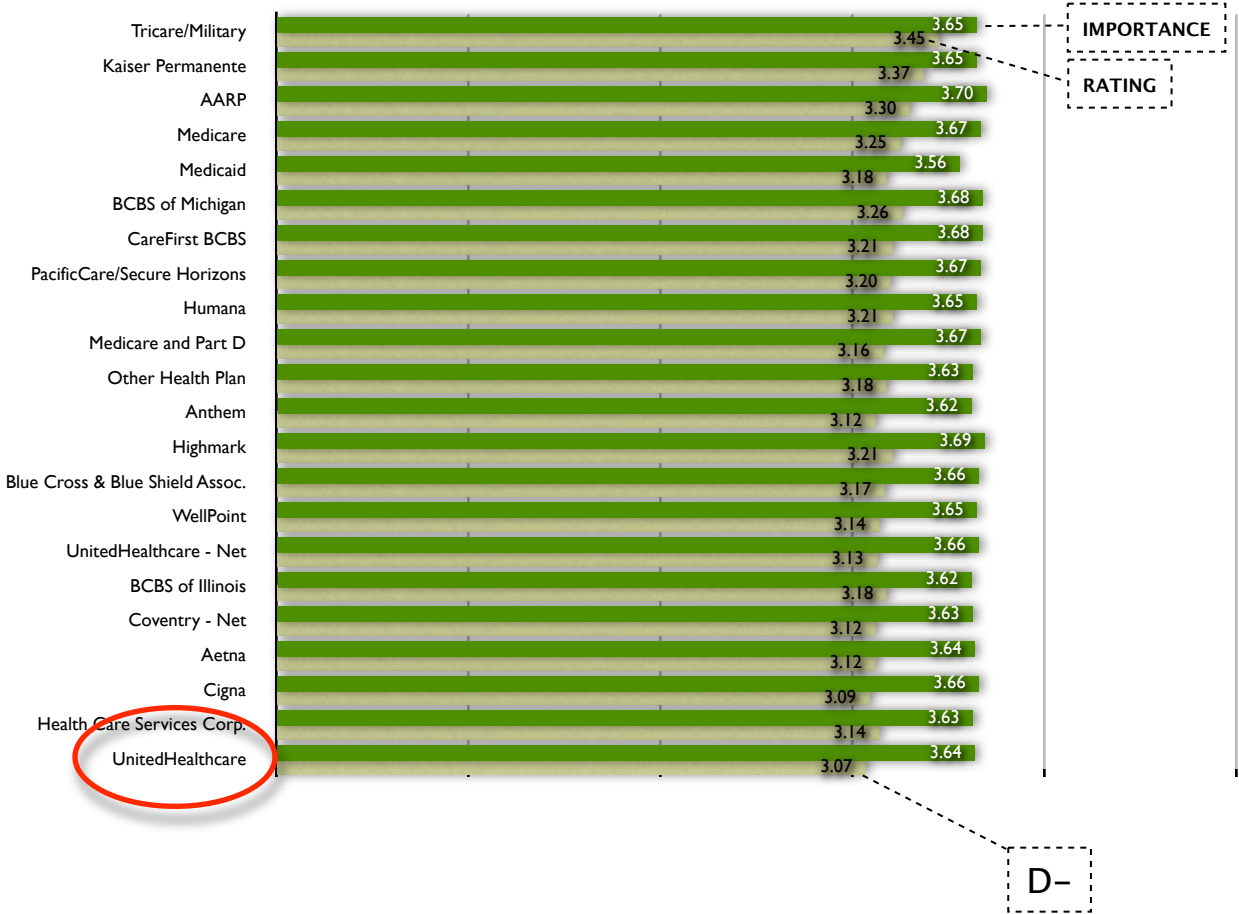
2008 National Member Survey



# OVERALL DELIVERY OF HEALTH PLAN SERVICES

On a scale of 1-5.

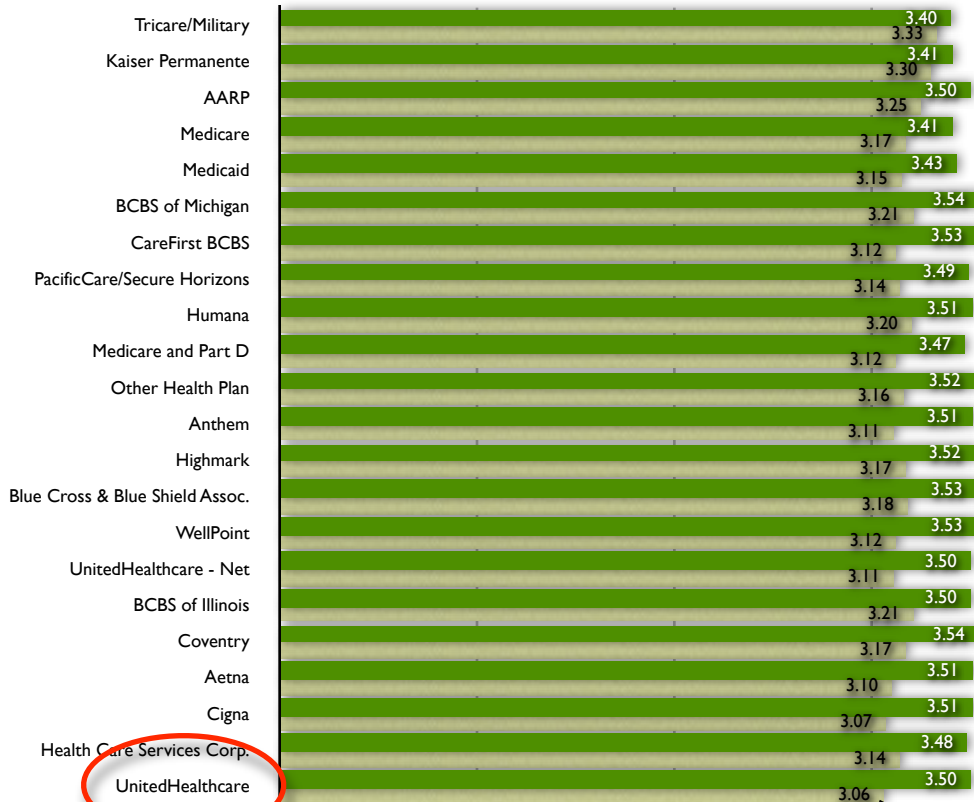
2008 National Member Survey



# COURTEOUS AND HELPFUL PLAN REPRESENTATIVES

On a scale of 1-5.

2008 National Member Survey

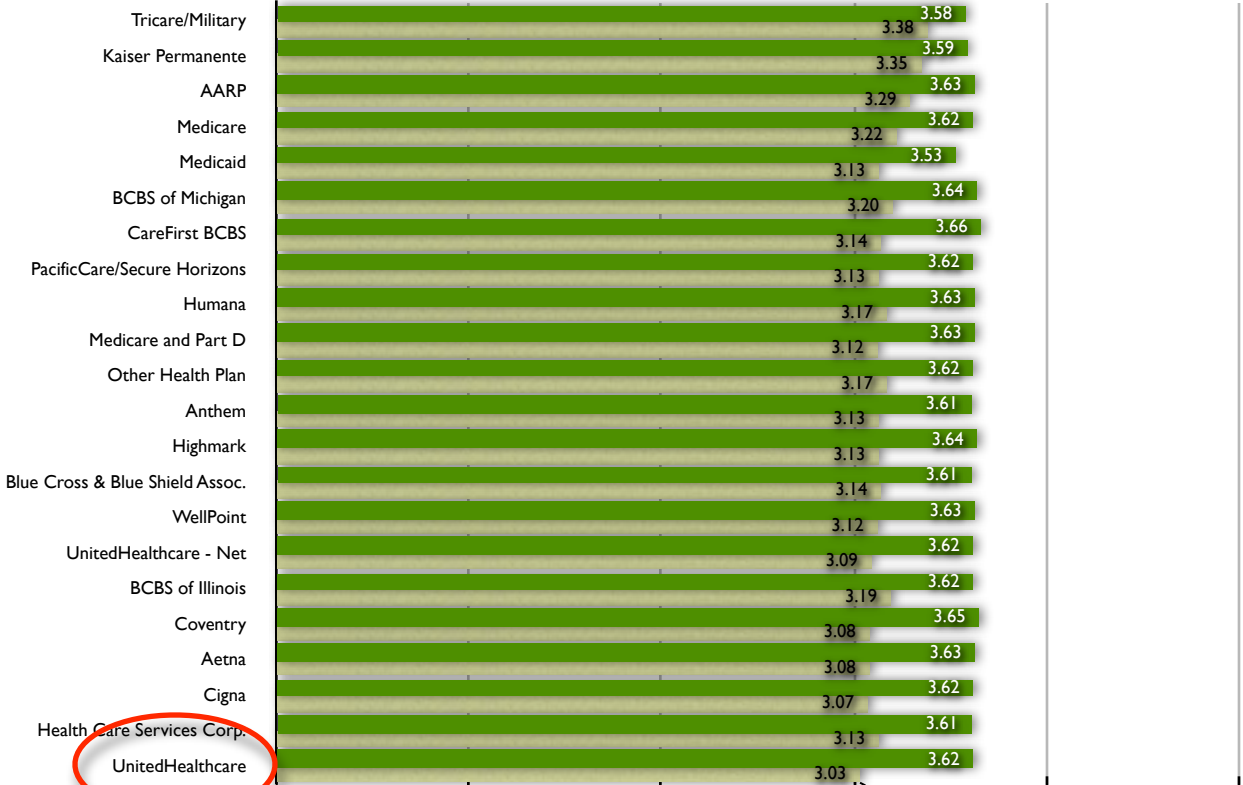


D-

# OVERALL EASE AND CONVENIENCE OF USING THE PLAN

On a scale of 1-5.

2008 National Member Survey

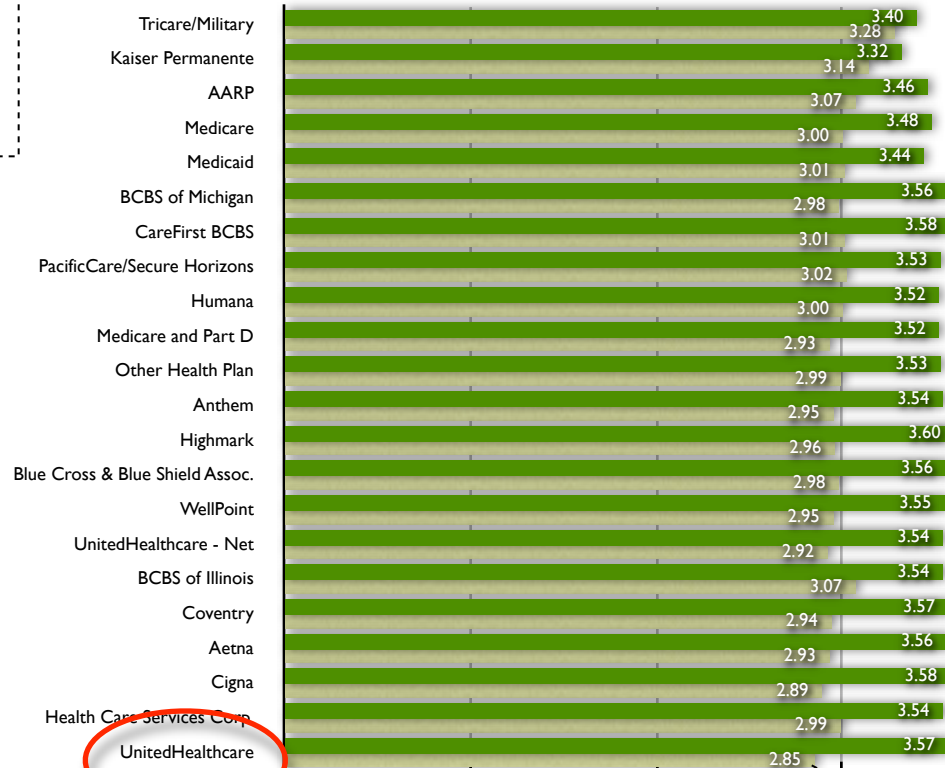


D-

# RESOLUTION OF DENIED CLAIMS AND APPEALS

On a scale of 1-5.

2008 National Member Survey



F

2007/08 Harris Poll  
Member Survey

INDUSTRY	BELIEVE INDUSTRY IS HONEST & TRUSTWORTHY	SAY INDUSTRY SHOULD BE MORE REGULATED
Tobacco Companies	3%	41%
Oil Companies	3%	53%
Managed Care Companies	5%	45%
Health Insurance Companies	7%	52%
Telephone Companies	10%	25%
Life Insurance Companies	10%	28%
Online Retailers	10%	13%
Pharma Companies	11%	53%
Car Manufacturers	11%	22%
Airlines	11%	30%

**Last Year's Media Coverage  
of the Hospital Survey**

Wall Street Journal  
Los Angeles Times  
California Healthline  
Denver Post  
Centre Daily  
Earthtimes  
Fierce Healthcare  
Healthcare Compliance Report  
Healthcare Finance  
Insurance News Net  
Nevada Appeal  
Monterey County Herald  
AHA News Now  
Health Plan Week  
American Medical News  
Physician's Practice  
National Underwriter Life & Health  
Health Plan Insider  
The Buffalo News  
Yahoo! Finance  
Medical News Today  
Managed Healthcare Executive

Daily Kos  
Inform.com  
California Progress Report  
Motley Fool Stock Advisor  
Indianapolis Star  
AIS Report  
Blue Cross Blue Shield Report  
HCPro Managed Care Newsletter  
  
McKinsey & Company  
Citi Investment Research  
Deutsche Bank Securities  
Stiffel Nicolaus Capital Markets  
Piper Jaffray  
AON  
Hewitt...  
  
....and the HR/Benefits executives  
for the Fortune 1000

# 2009 Payor Survey

Methodology

Results

YOY Changes



## Methodology

Survey implemented by nationally recognized research firm – Fabrizio, McLaughlin, and Associates.

Interviews were completed online through a web survey host portal.

Respondents were screened to insure that they were responsible for negotiating contracts with major health plans.

Potential respondents were contacted through email, U.S. postal mail, fax and/or telephone and asked to complete the survey on an anonymous basis.

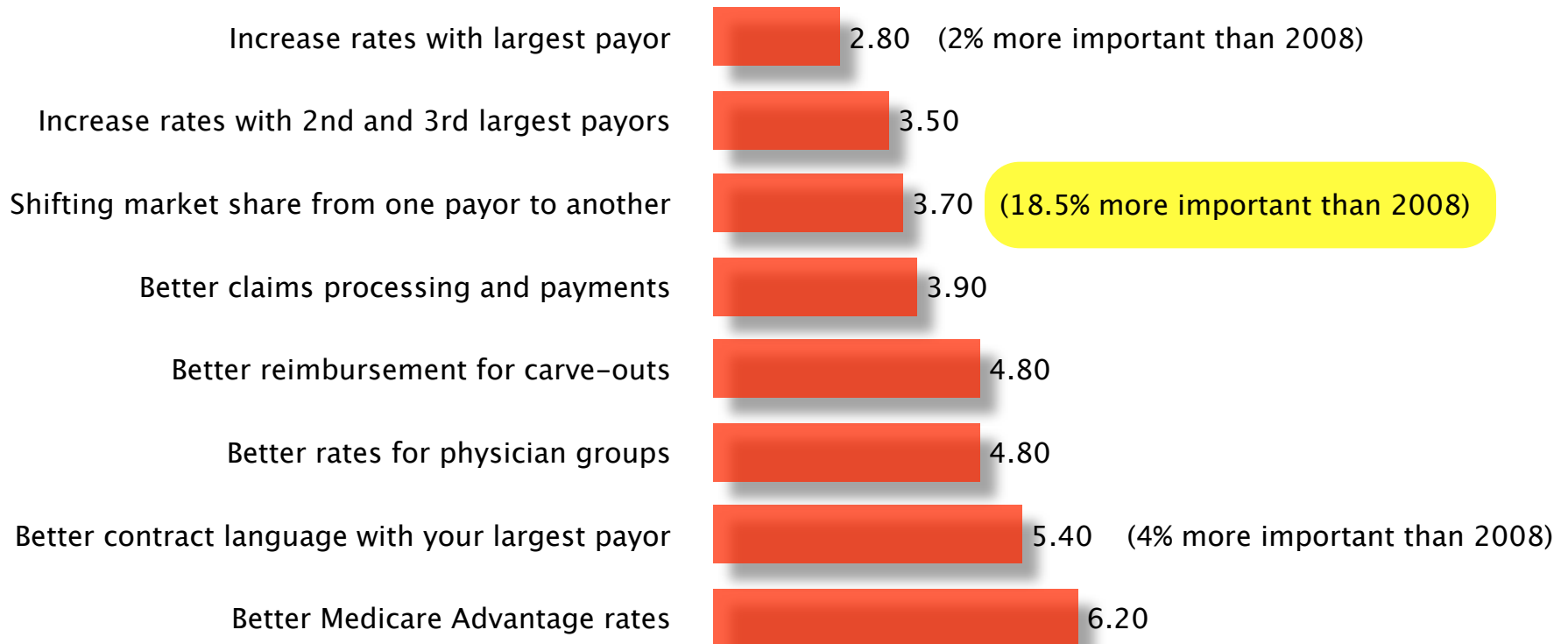
Respondents from all 50 states completed the survey.

Data was collected from January 8 through February 12, 2009.

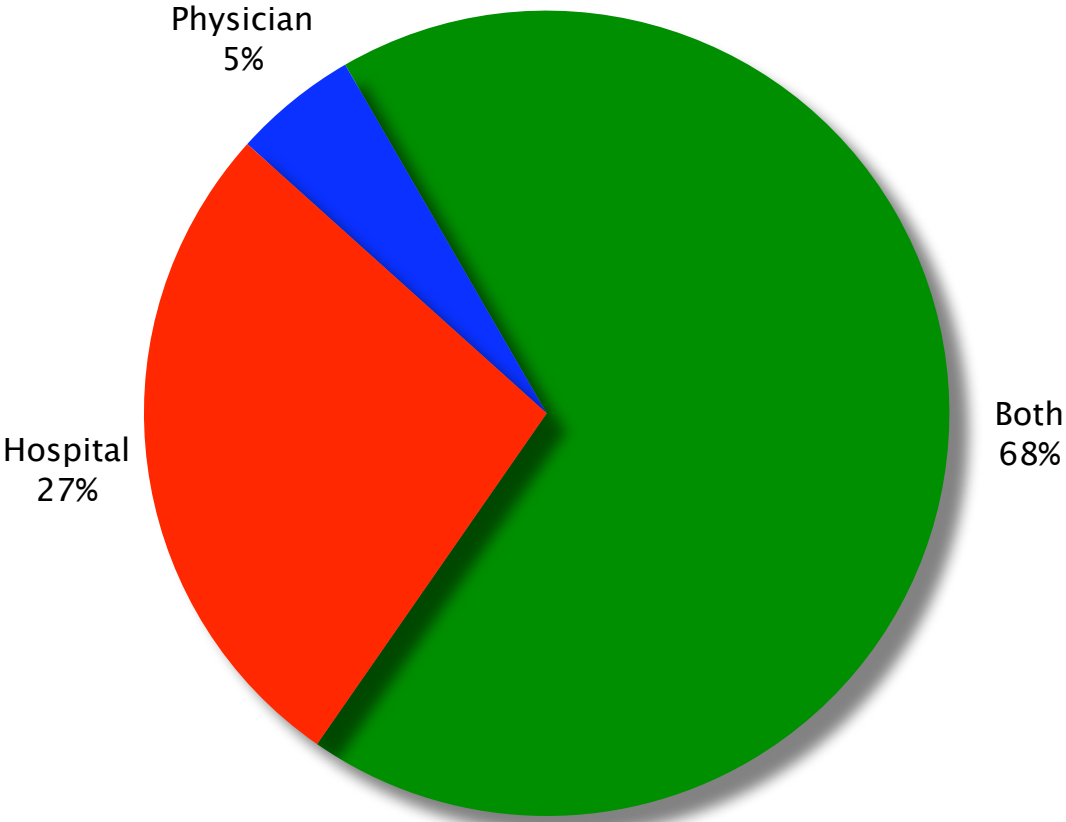
159 interview respondents representing 18% of all hospitals in the U.S. (up from 10% of hospitals last year).

## PRIORITIES FOR 2009

Thinking about your health plan contracting priorities over the next year, please rank each of the following issues in the order of importance to your organization's success. 1 is most important and 8 is least important.

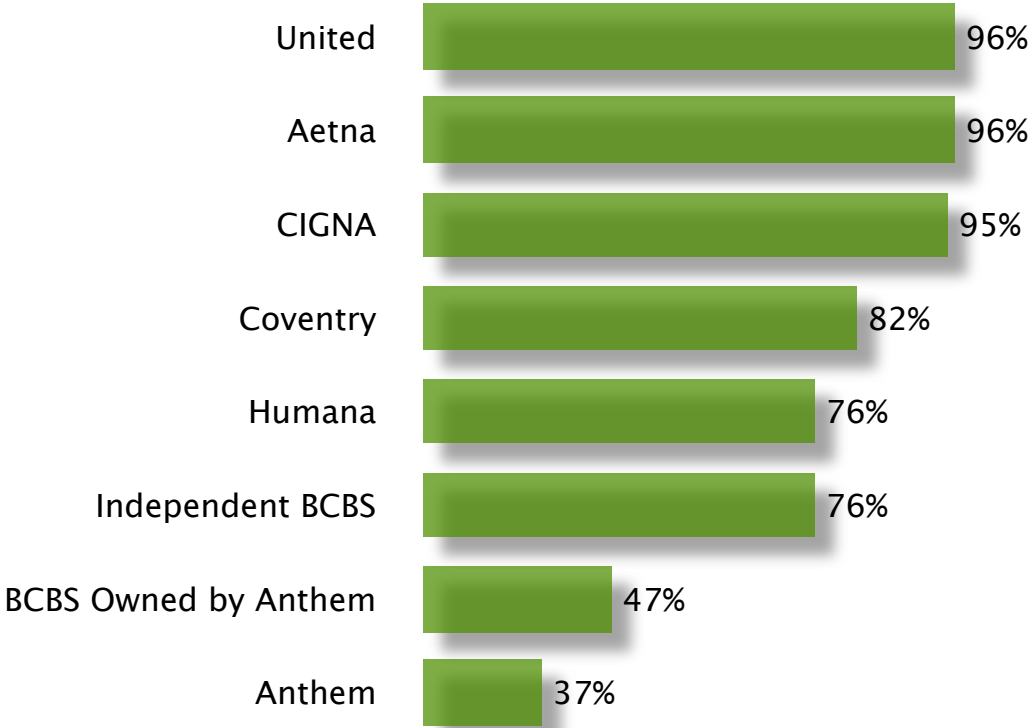


# NEGOTIATING RESPONSIBILITY



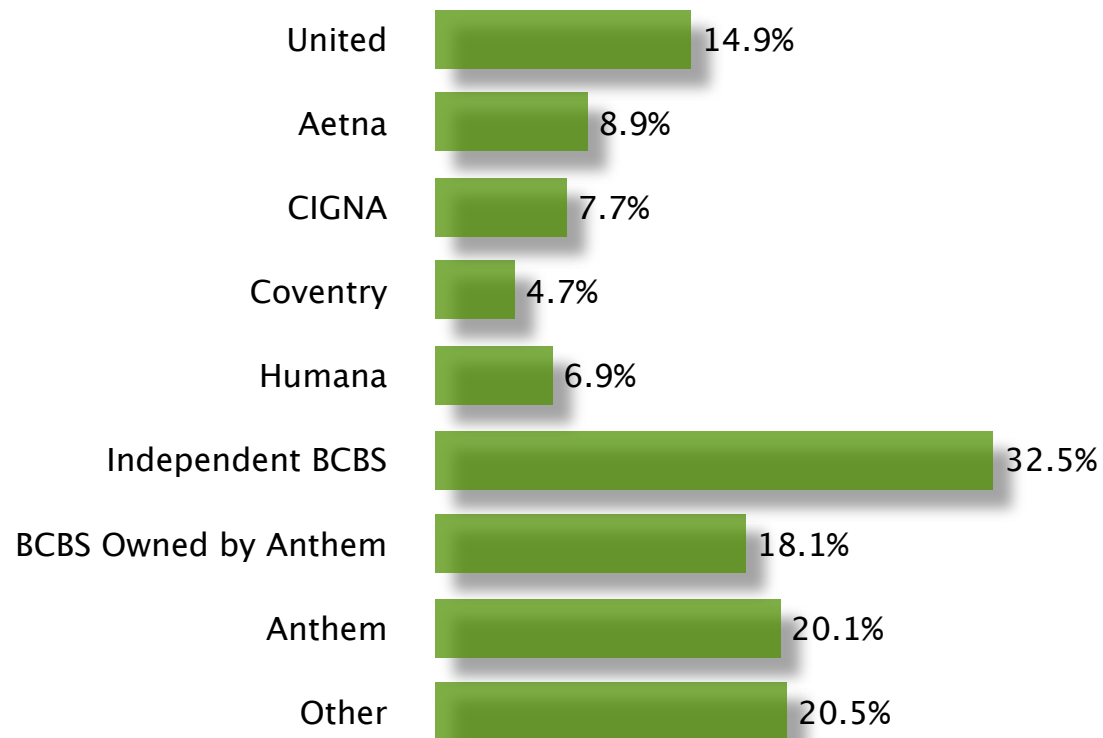
## PAYORS IN THE MIX

Which of the following major health plans do you negotiate contracts with?  
Please select ALL health plans that you negotiate with.

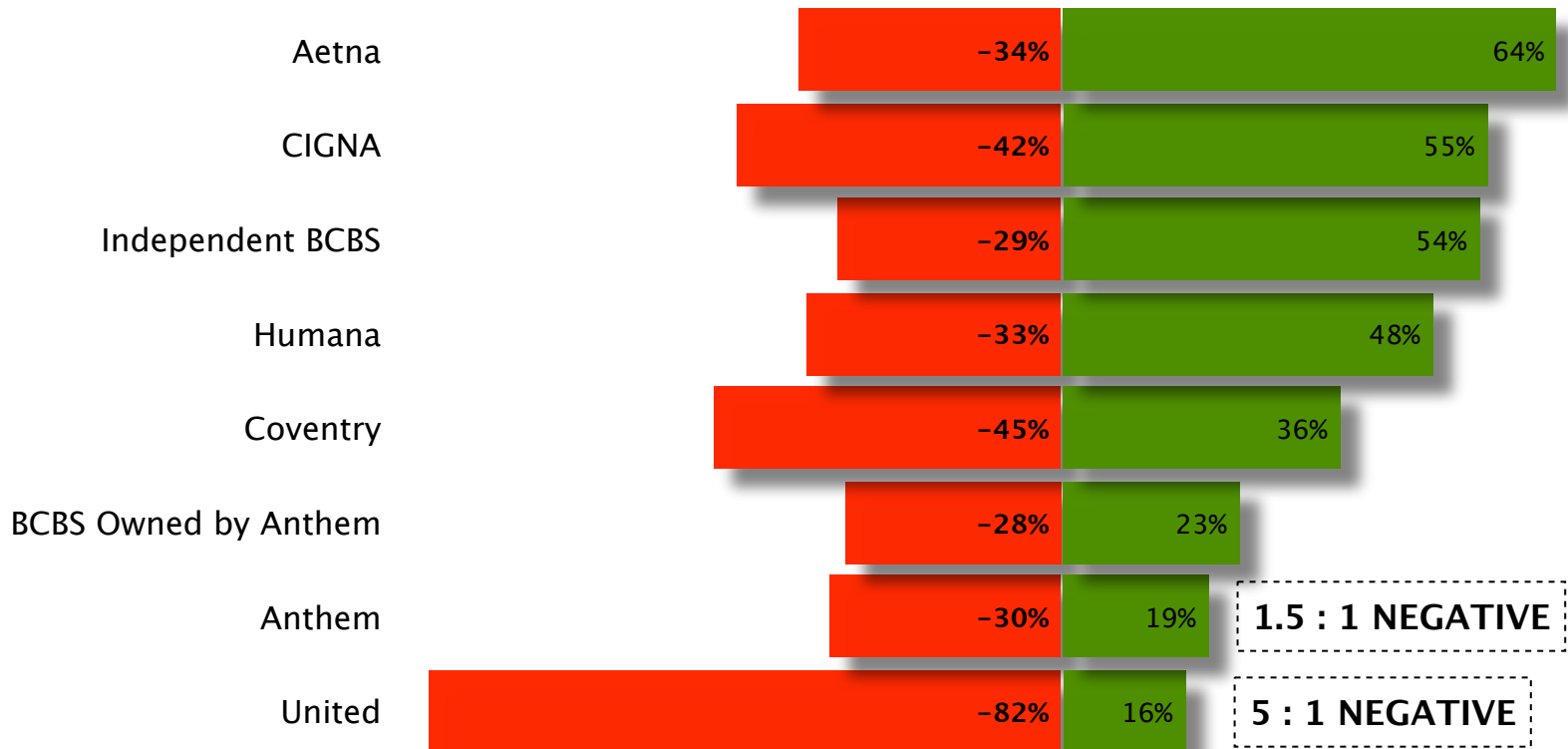


## REVENUE BY PAYOR

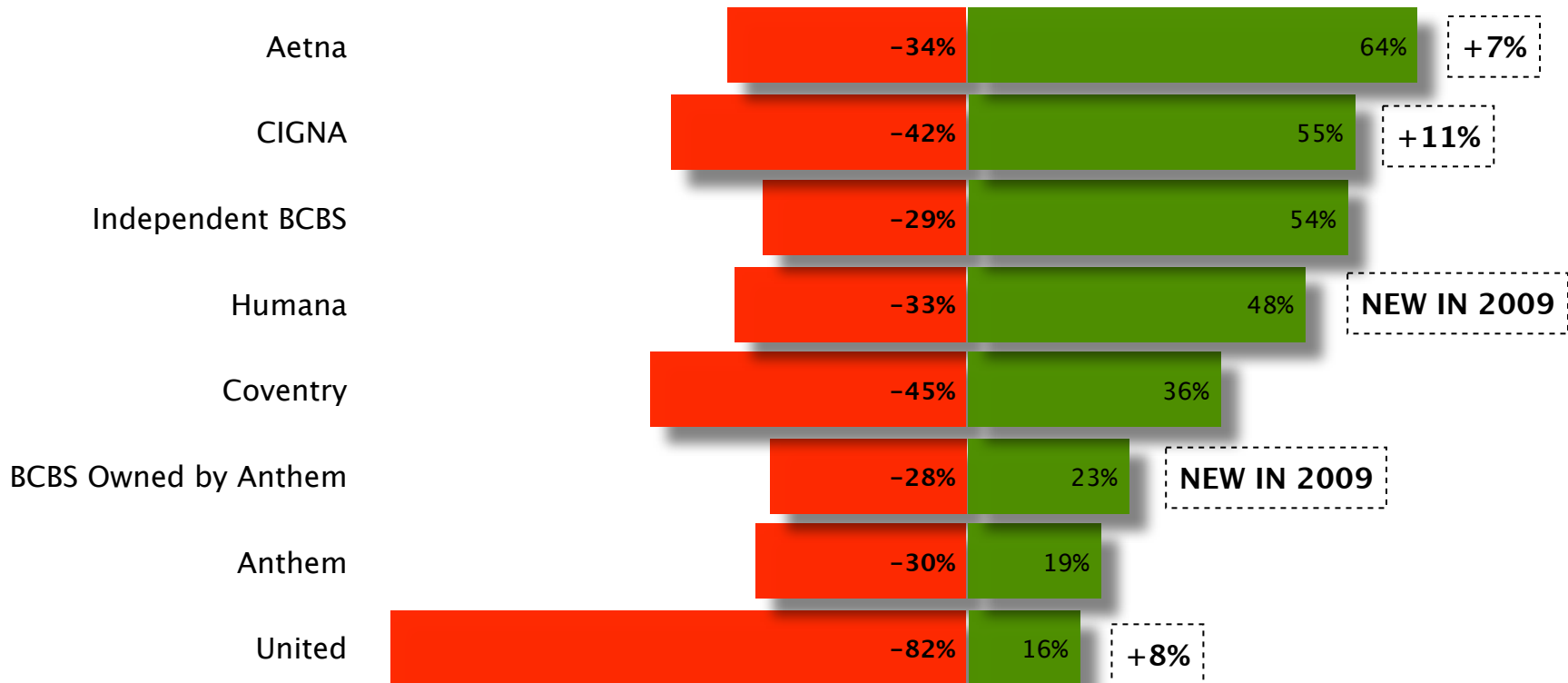
What percentage of total revenue paid from insurance companies to the organizations you negotiate on behalf of is paid by each payor?



# PAYOR IMAGE AND REPUTATION



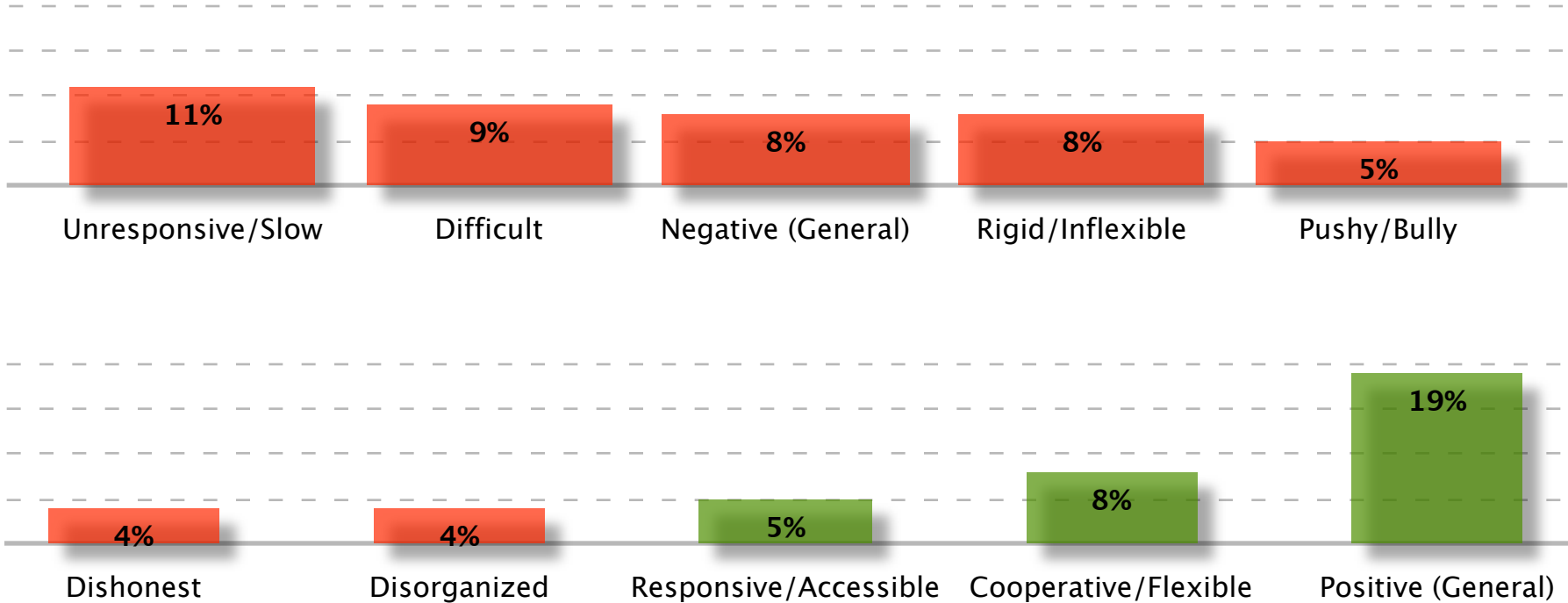
# PAYOR IMAGE AND REPUTATION



# WORDS THAT DESCRIBE AETNA

Aetna -34% 64%

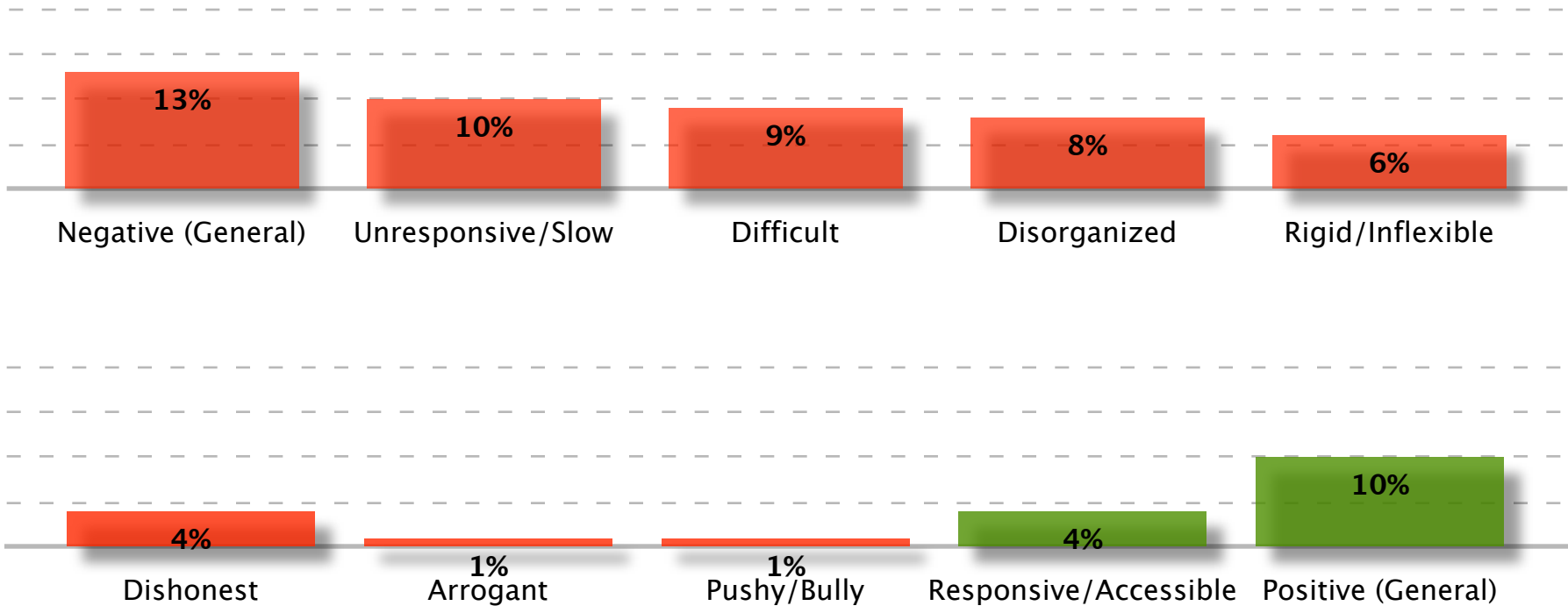
IMAGE/REPUTATION



# WORDS THAT DESCRIBE CIGNA



IMAGE/REPUTATION

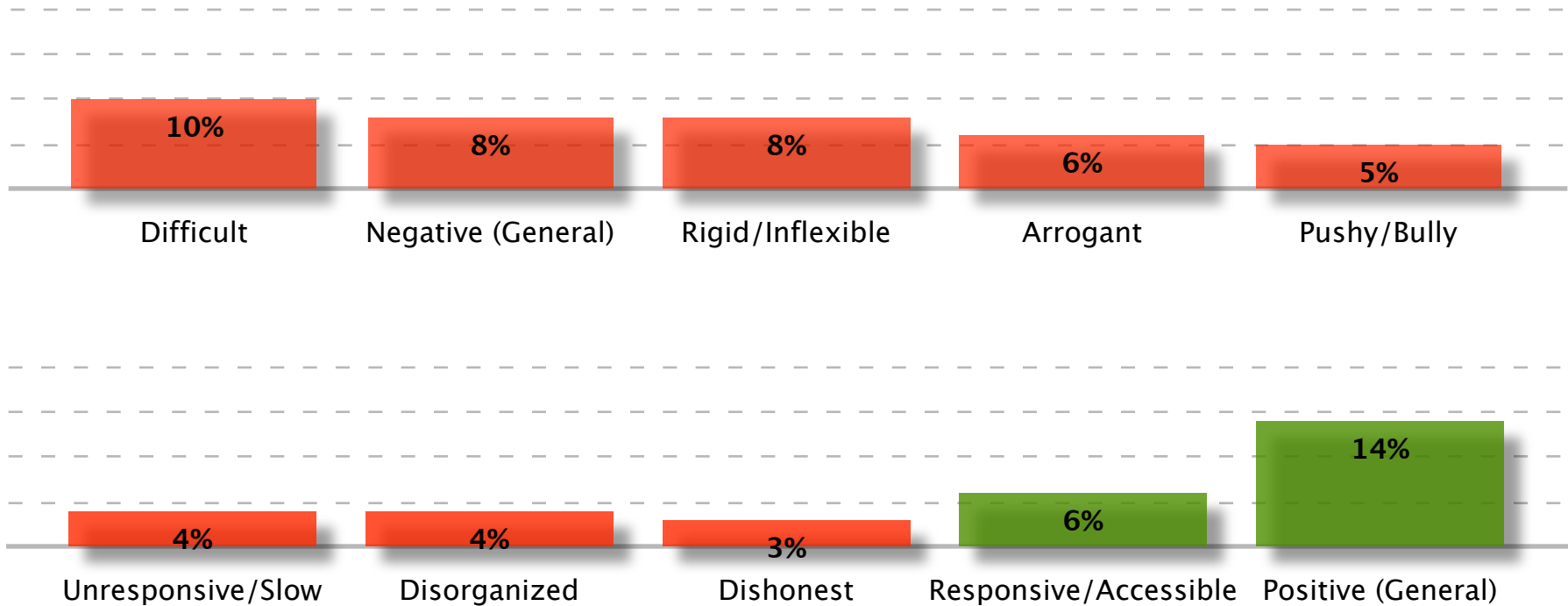


# WORDS THAT DESCRIBE INDEPENDENT BCBS

Independent BCBS



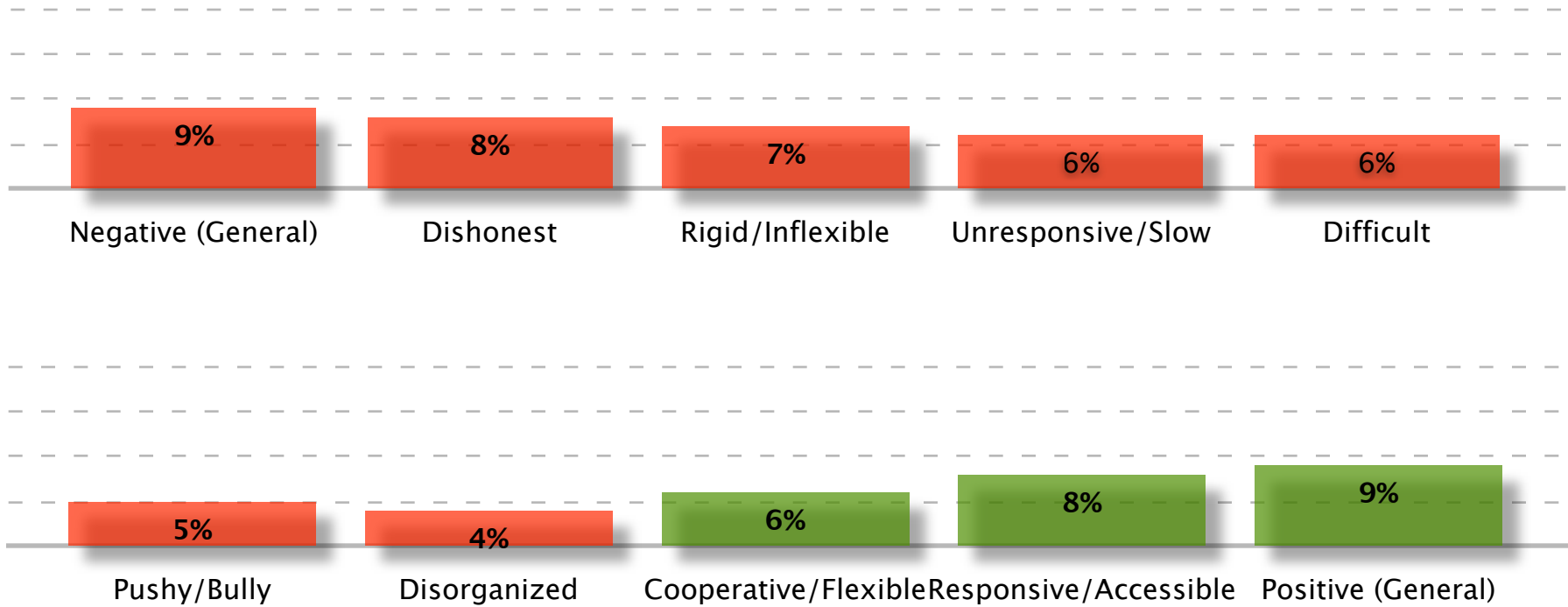
IMAGE/REPUTATION



# WORDS THAT DESCRIBE HUMANA

Humana -33% 48%

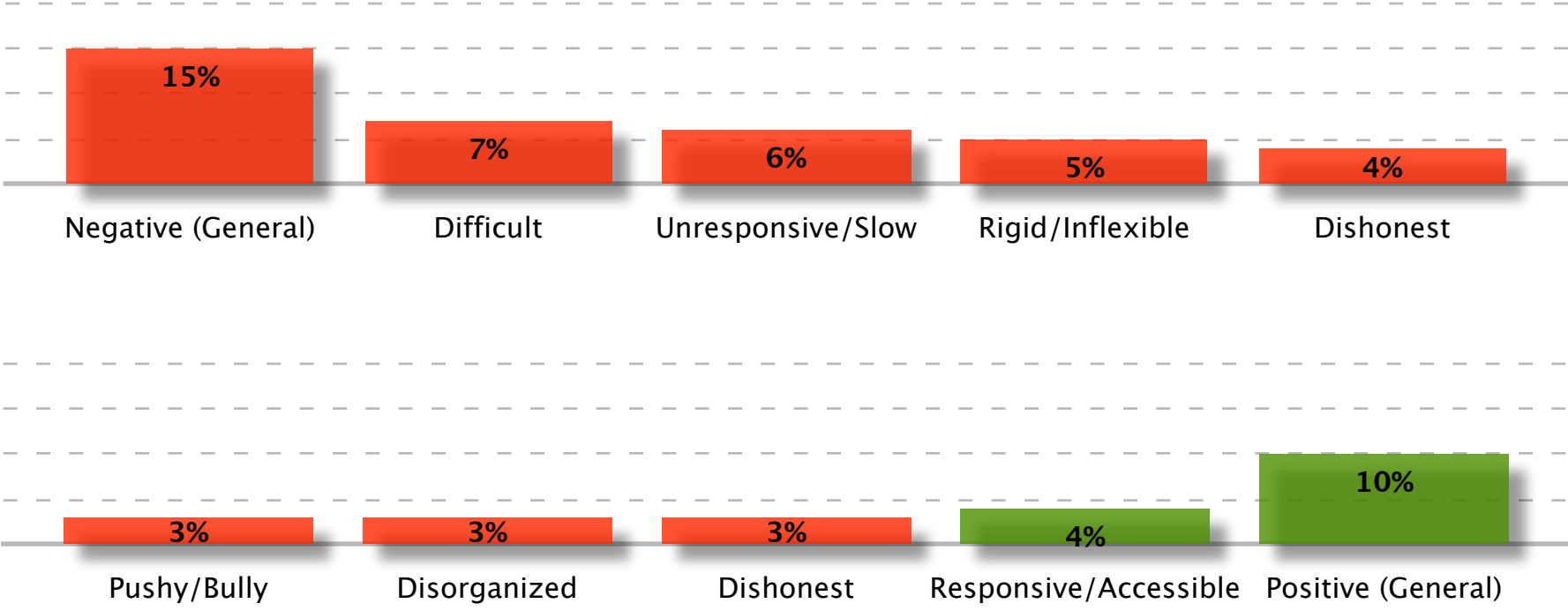
IMAGE/REPUTATION



# WORDS THAT DESCRIBE COVENTRY



IMAGE/REPUTATION



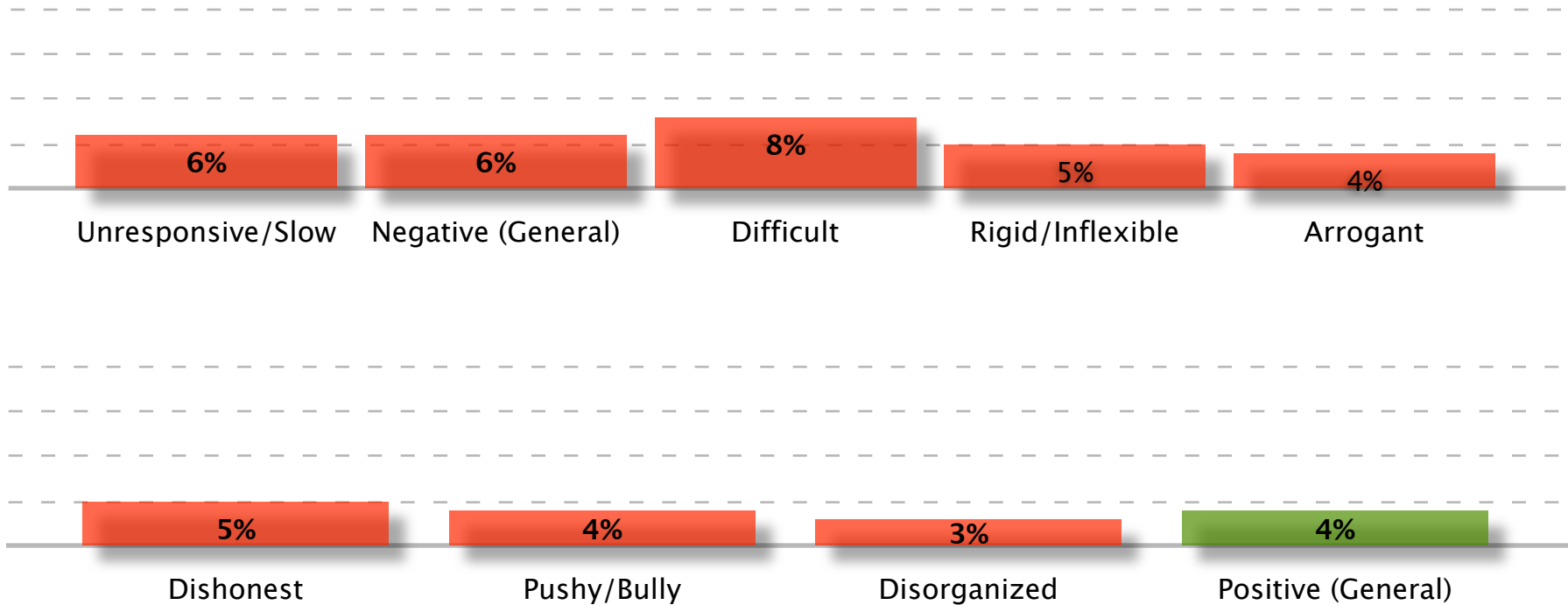
# WORDS THAT DESCRIBE BCBS OWNED BY ANTHEM

BCBS Owned by Anthem

-30%

19%

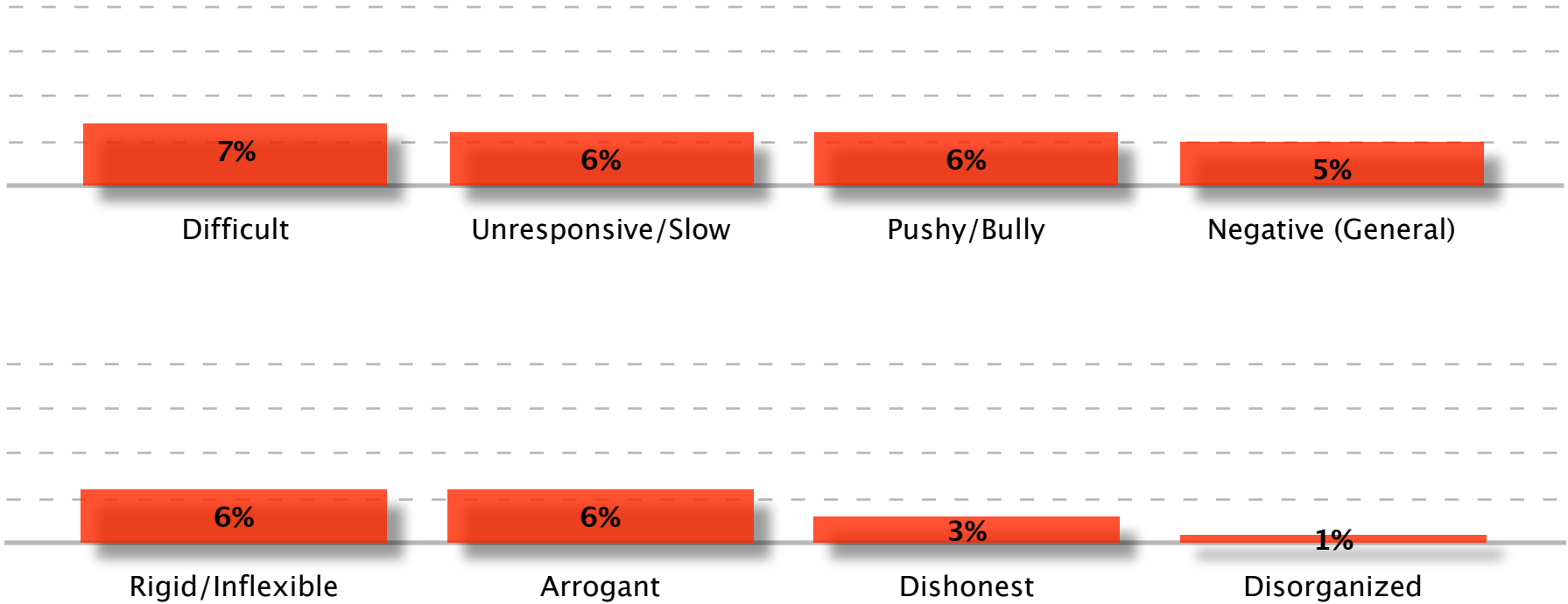
IMAGE/REPUTATION



# WORDS THAT DESCRIBE ANTHEM

Anthem **-30%** **19%**

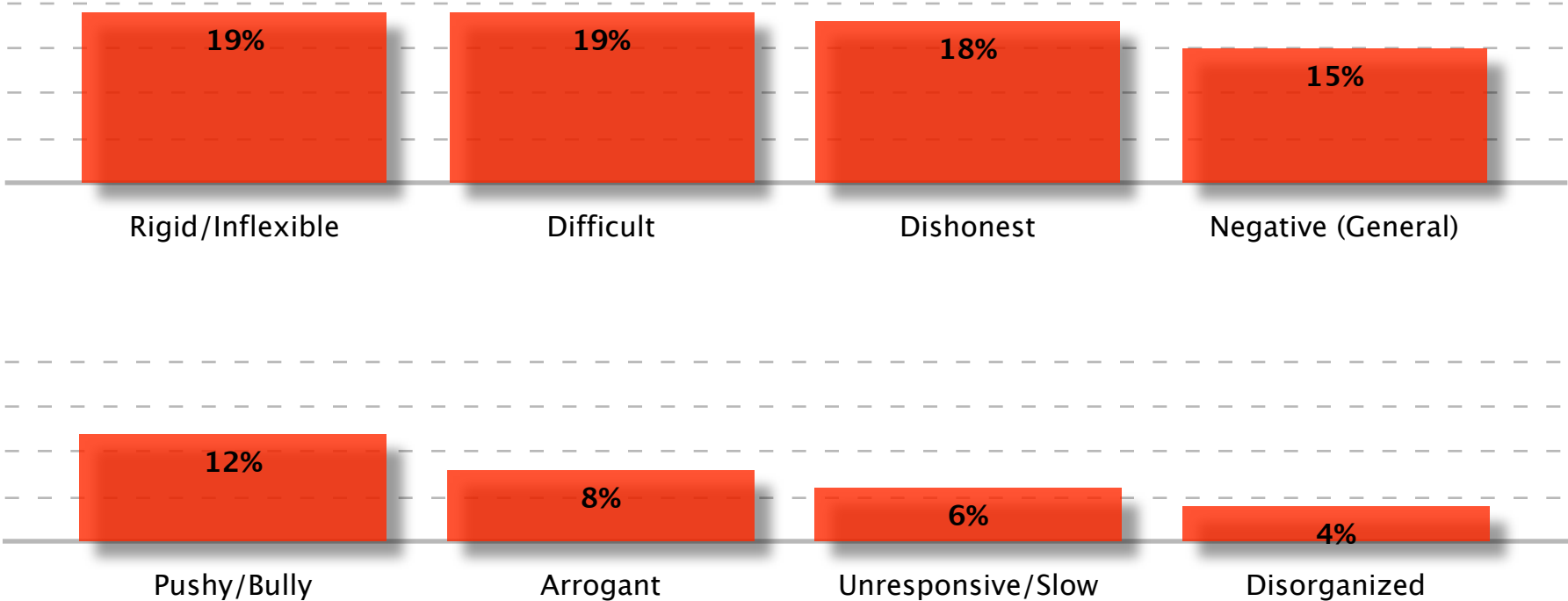
IMAGE/REPUTATION



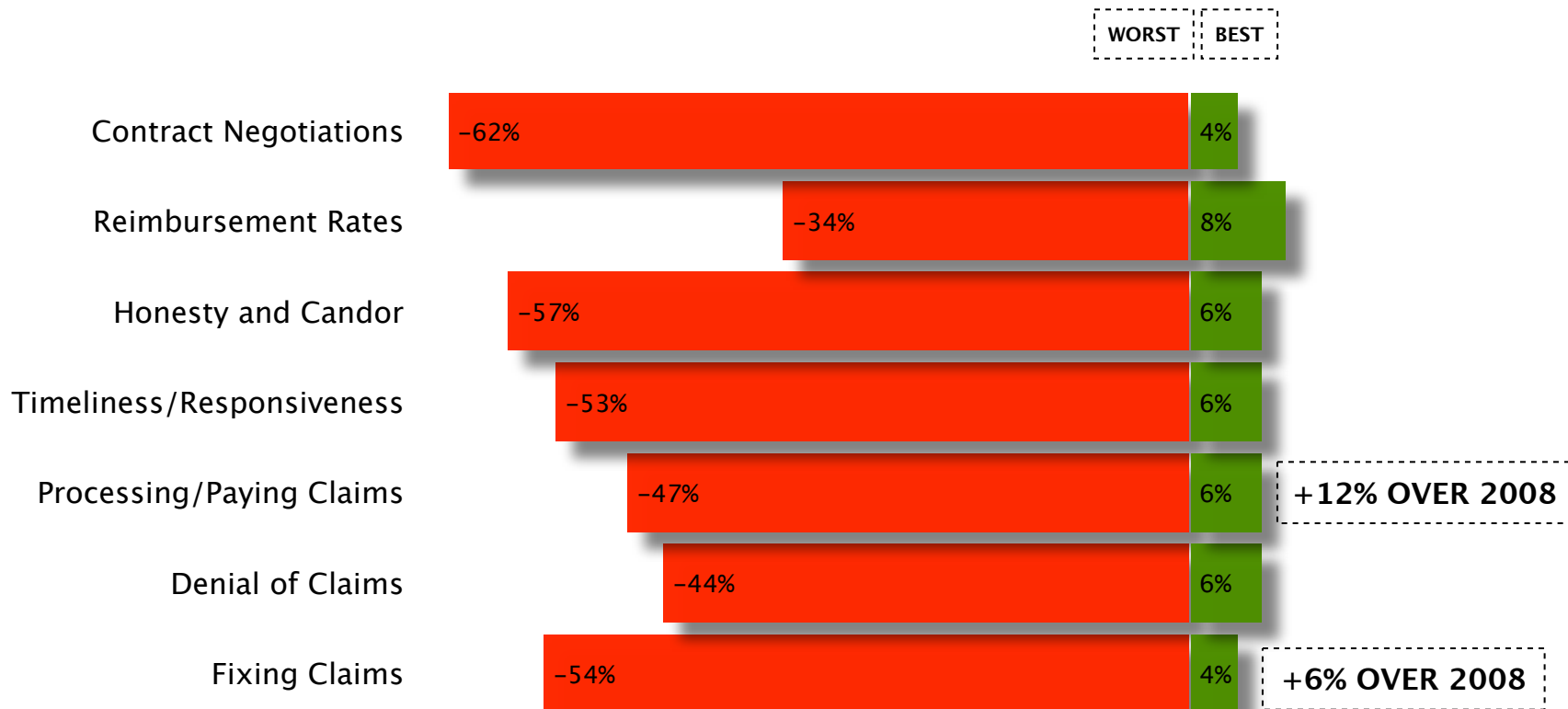
# WORDS THAT DESCRIBE UNITED

United -82% 16%

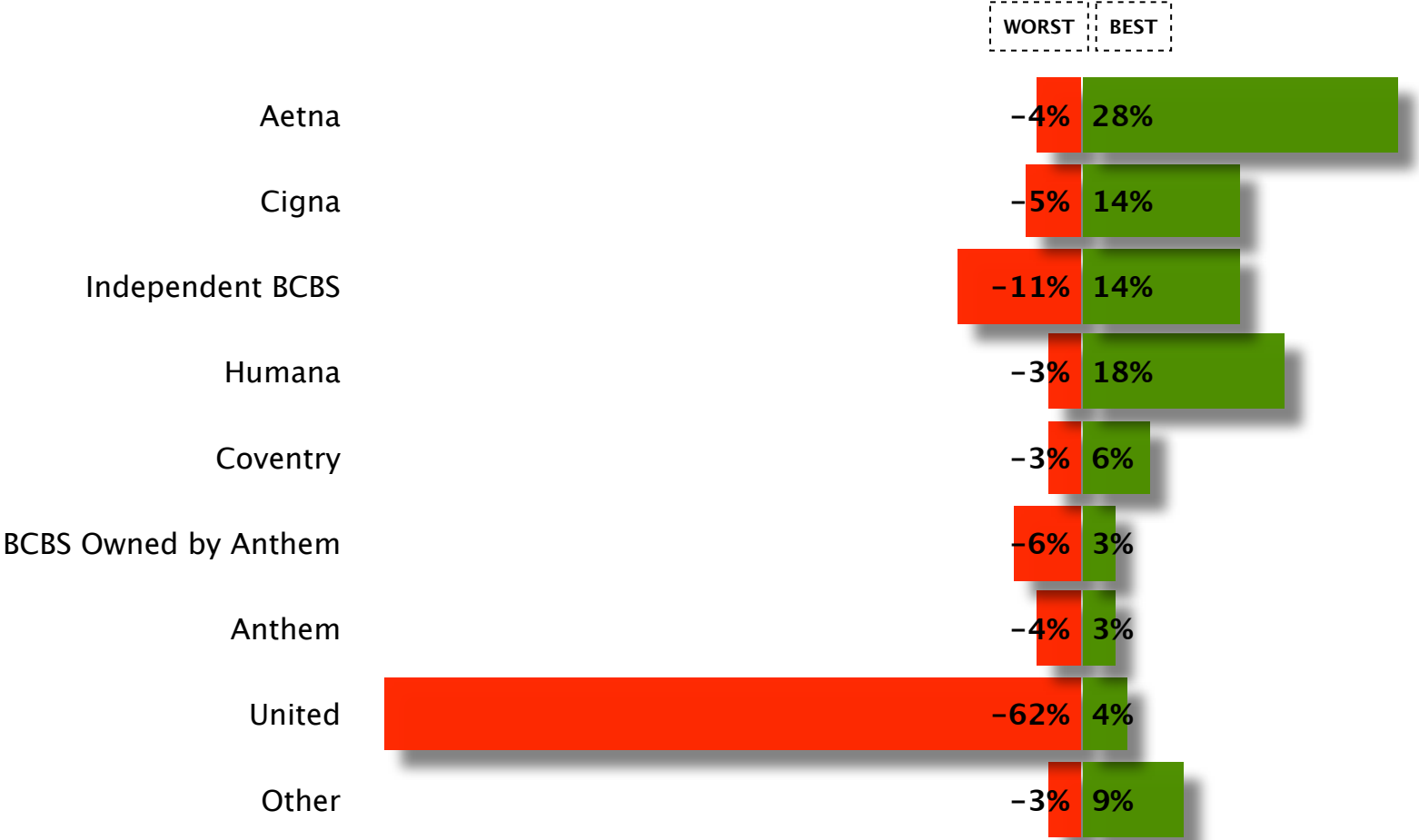
IMAGE REPUTATION



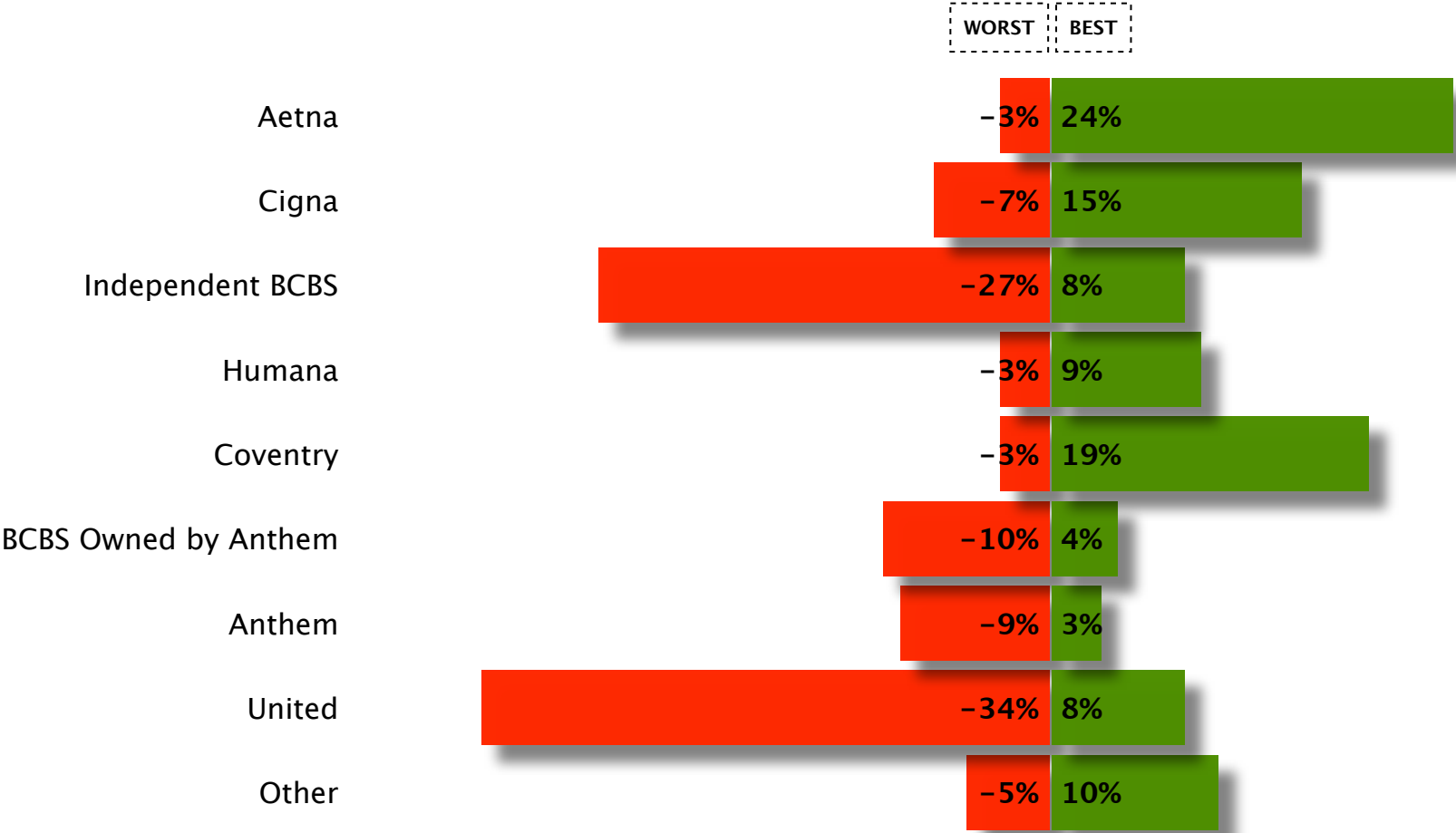
# UNITED IS A STILL CLEAR OUTLIER AMONG PAYORS



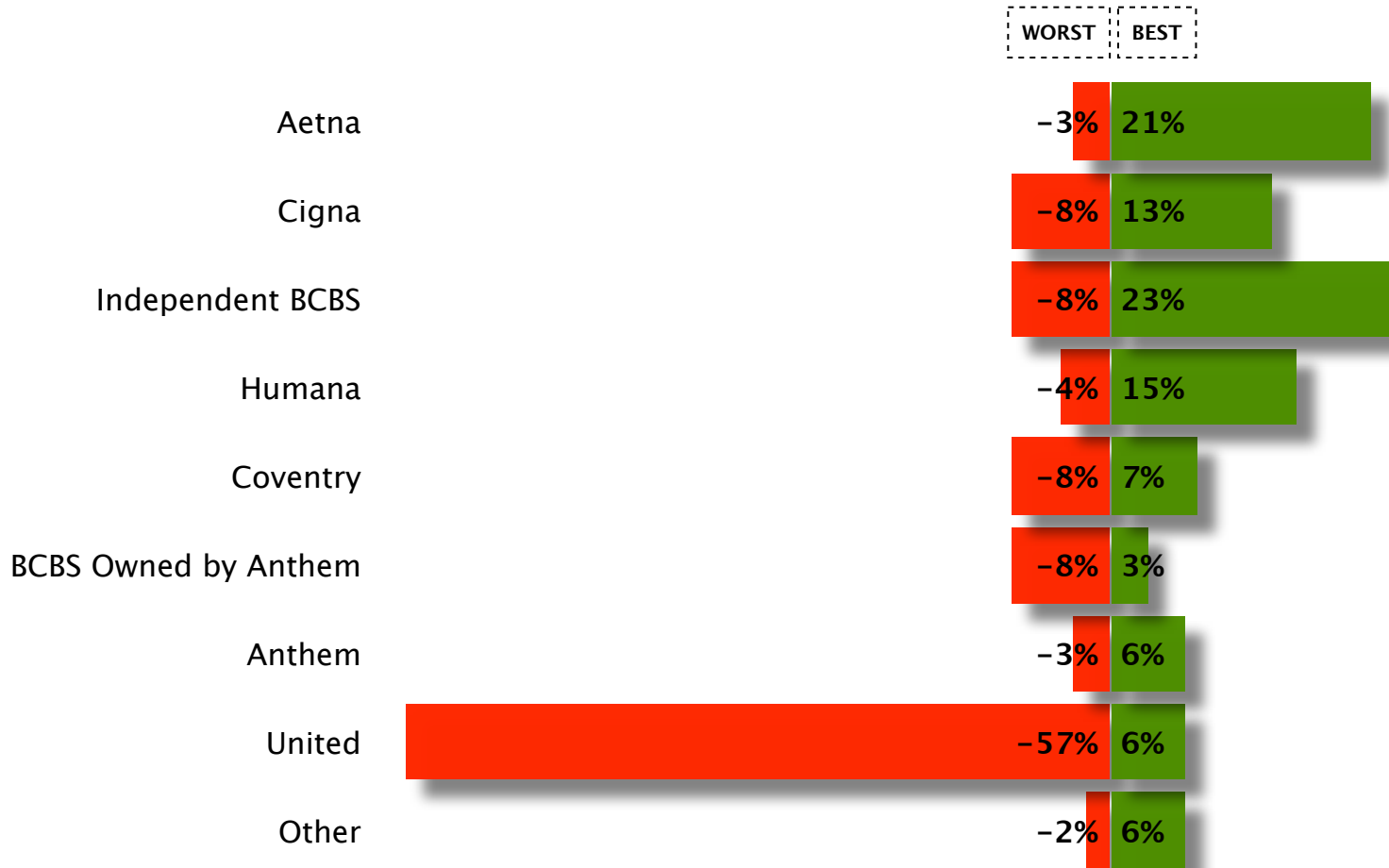
# HEALTH PLAN CONTRACT NEGOTIATIONS



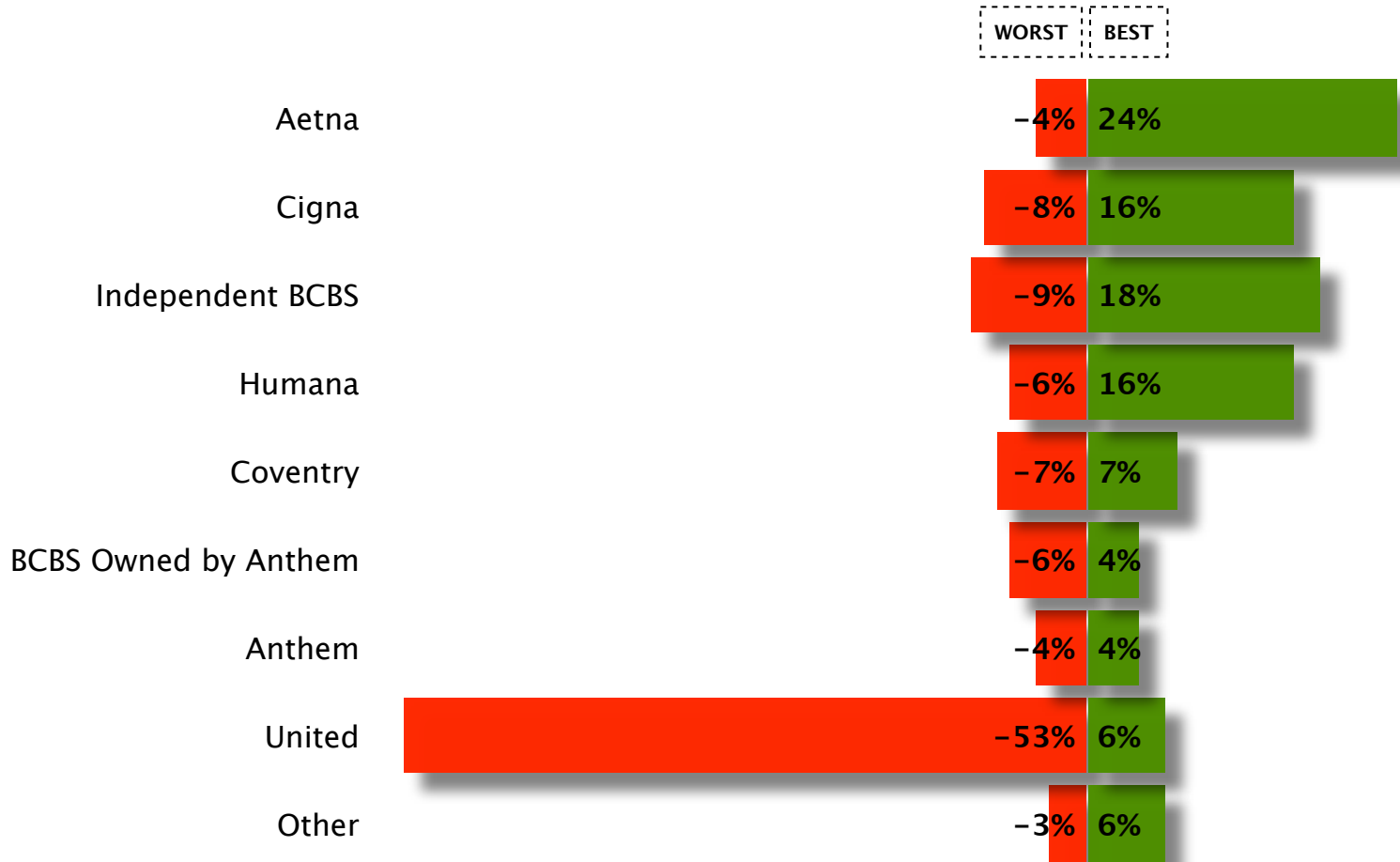
# REIMBURSEMENT RATES



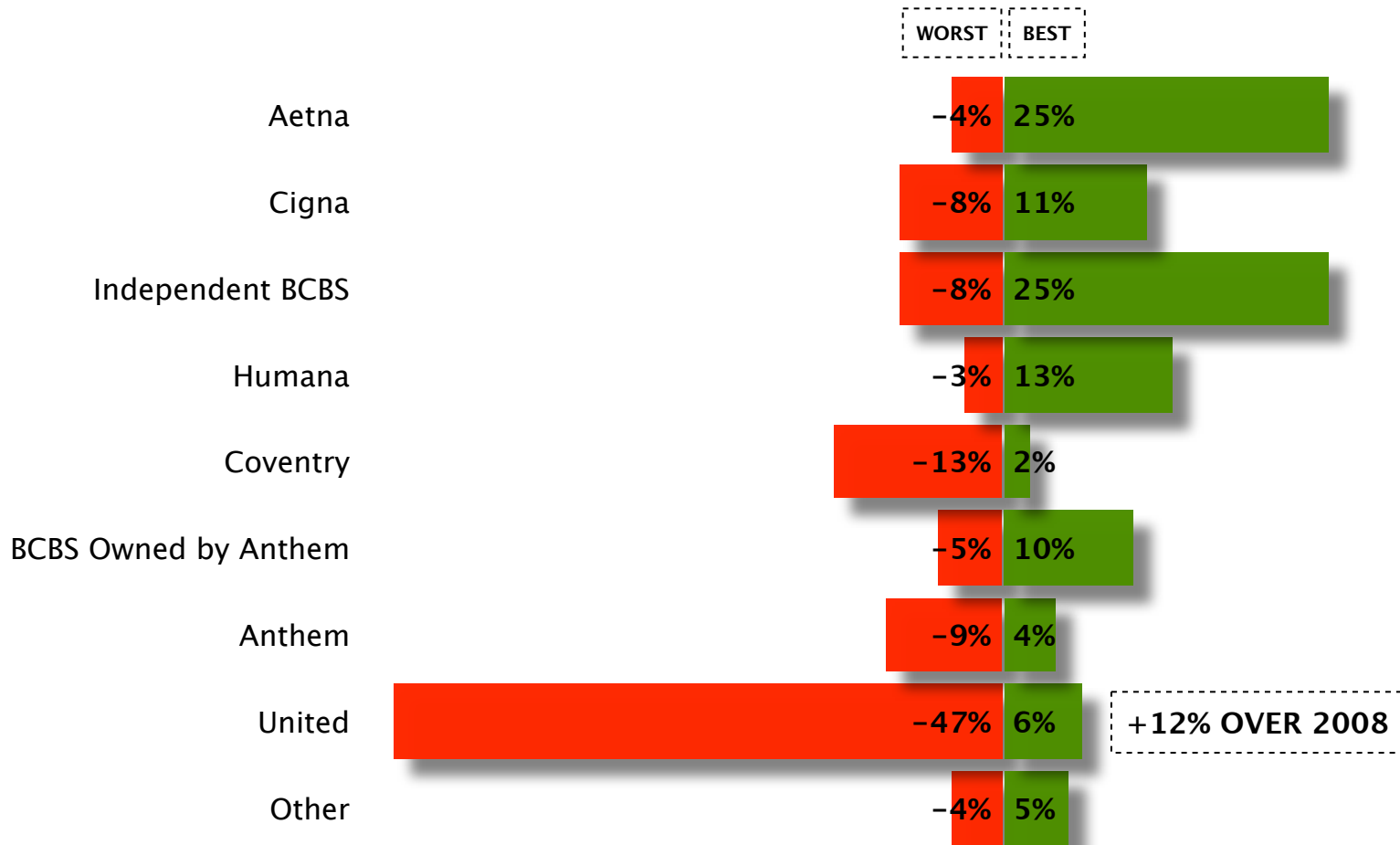
# HONESTY AND CANDOR IN CONTRACT NEGOTIATIONS



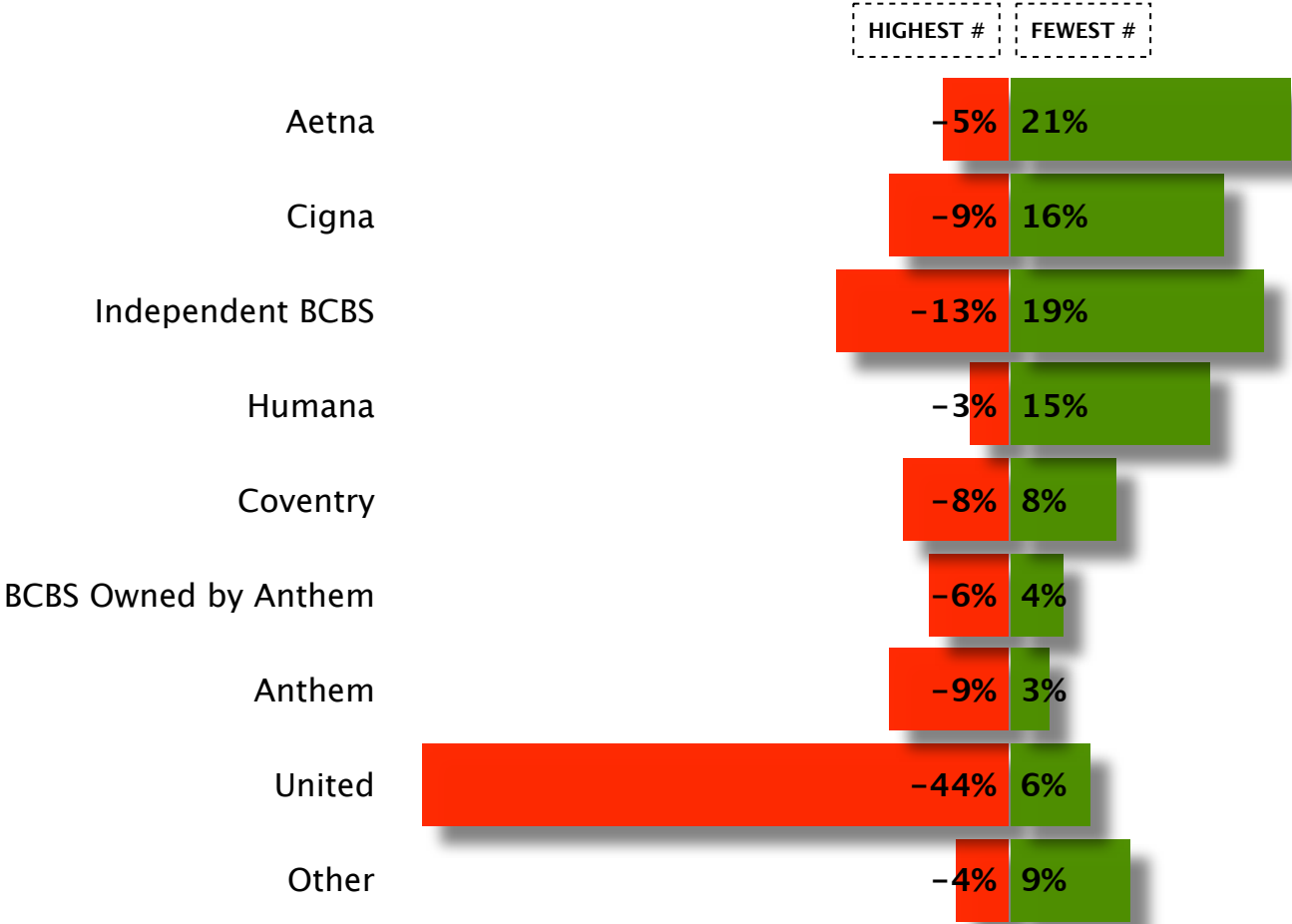
# TIMELINESS AND RESPONSIVENESS IN CONTRACT NEGOTIATIONS



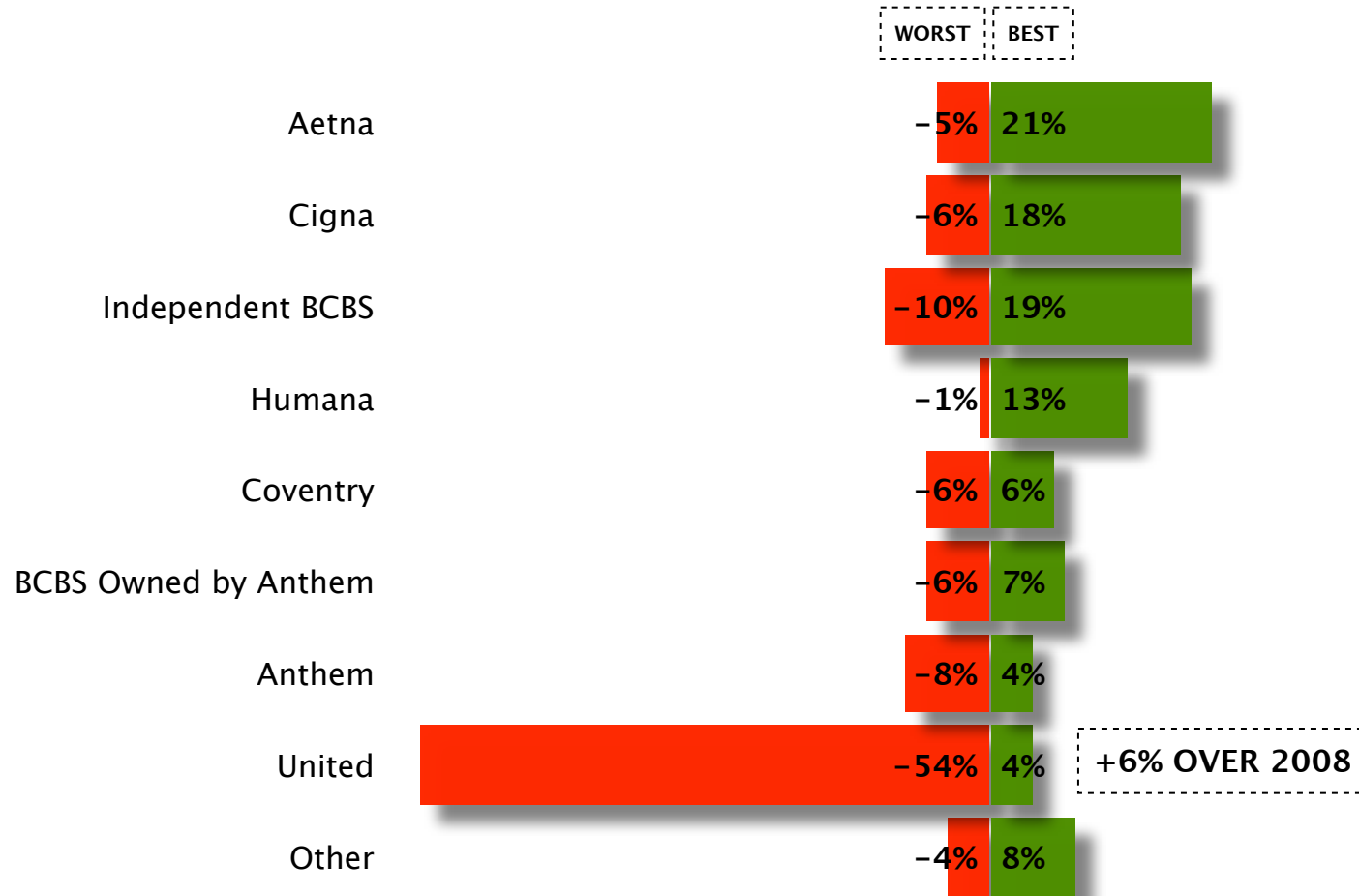
# TIMELINESS IN PROCESSING AND PAYING CLAIMS



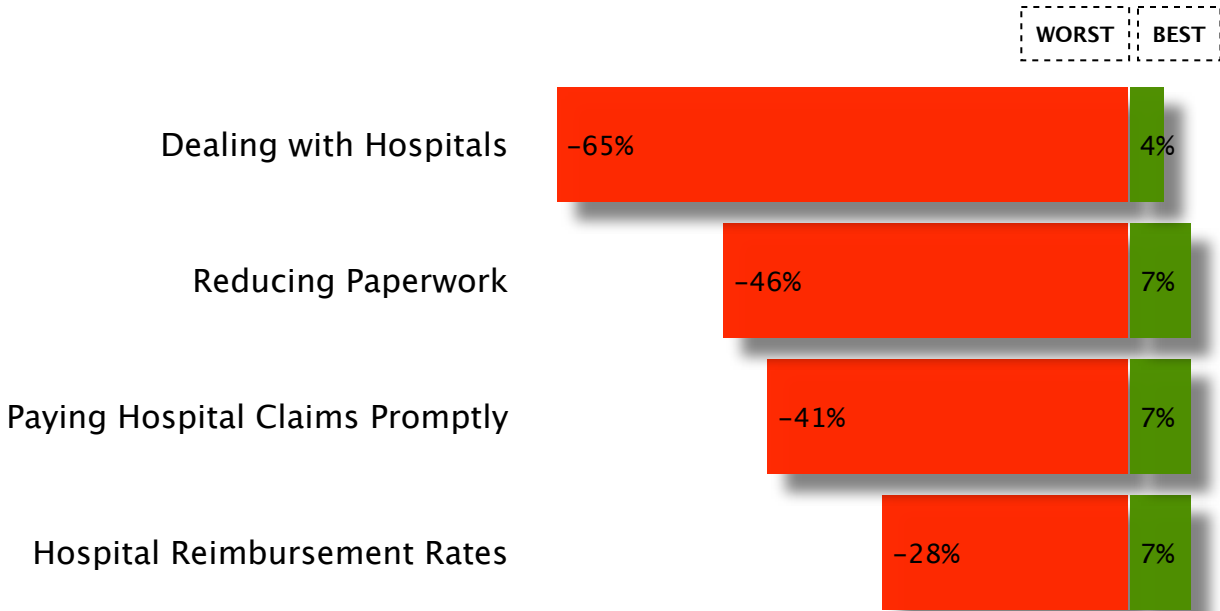
# DENIAL OF CLAIMS



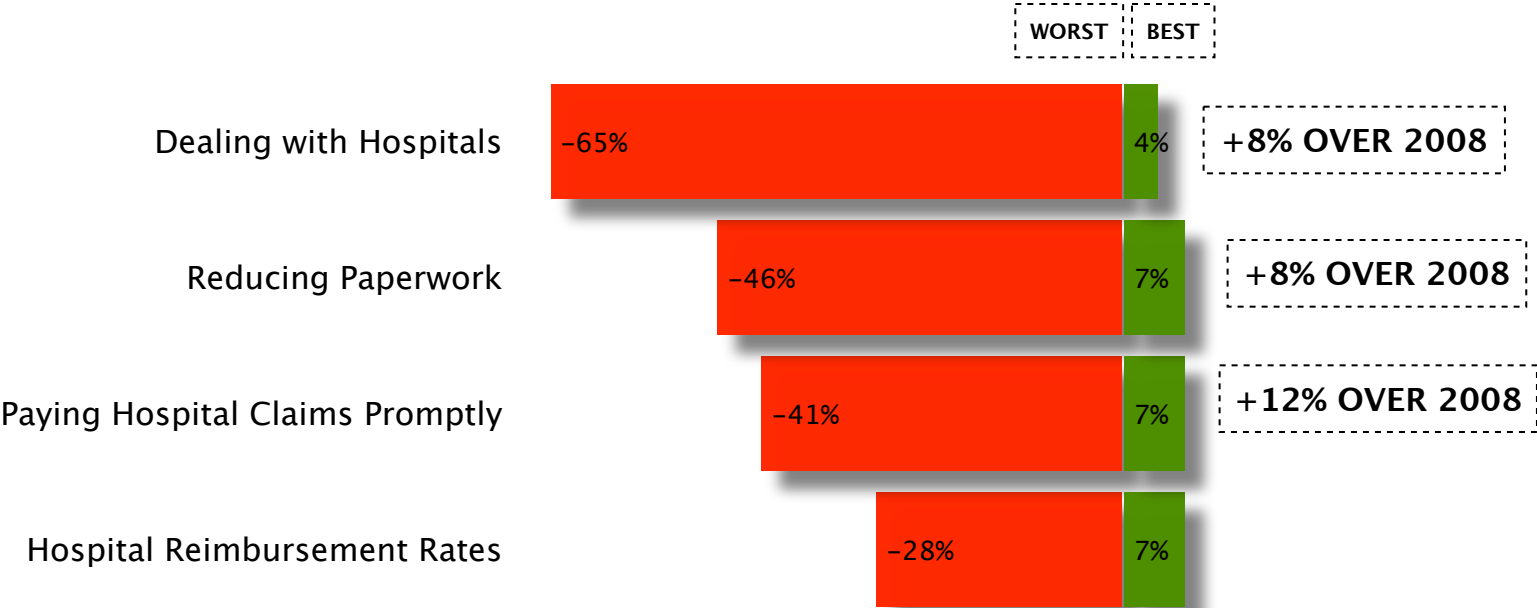
# FIXING CLAIMS IN A TIMELY MANNER



# UNITED'S REPUTATION IS THE WORST FOR DEALING WITH CRITICAL HOSPITAL ISSUES

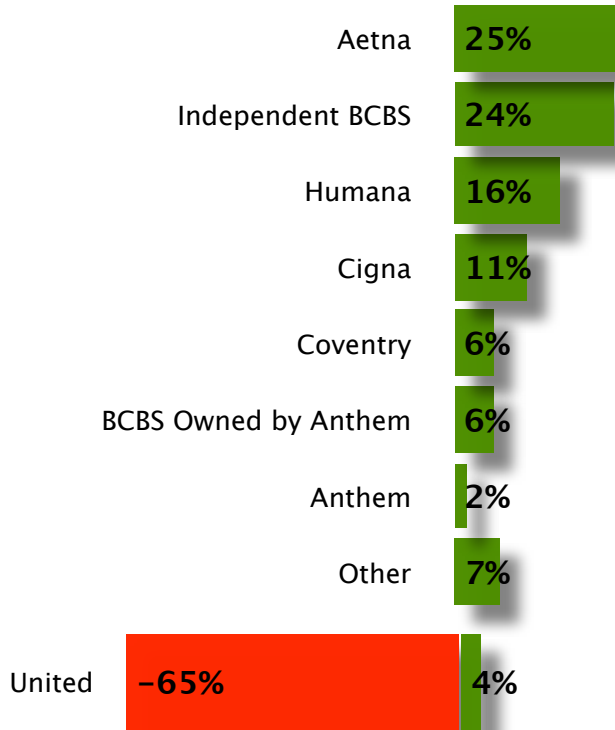


# UNITED'S REPUTATION IS THE WORST FOR DEALING WITH CRITICAL HOSPITAL ISSUES

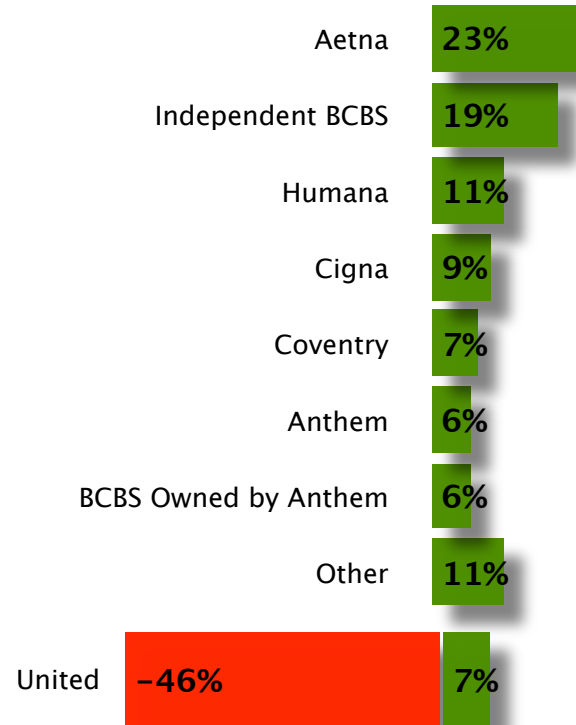


# THE BEST PAYORS FOR DEALING WITH CRITICAL HOSPITAL ISSUES

## DEALING WITH HOSPITALS

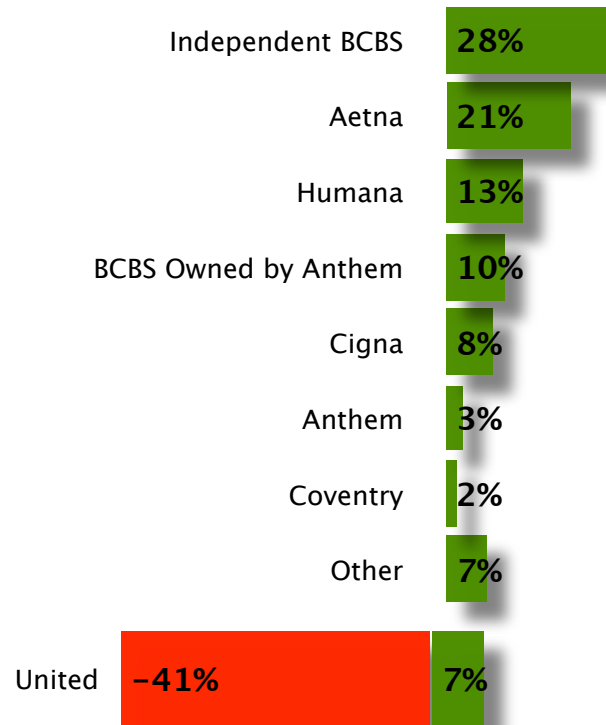


## REDUCING PAPERWORK FOR HOSPITALS

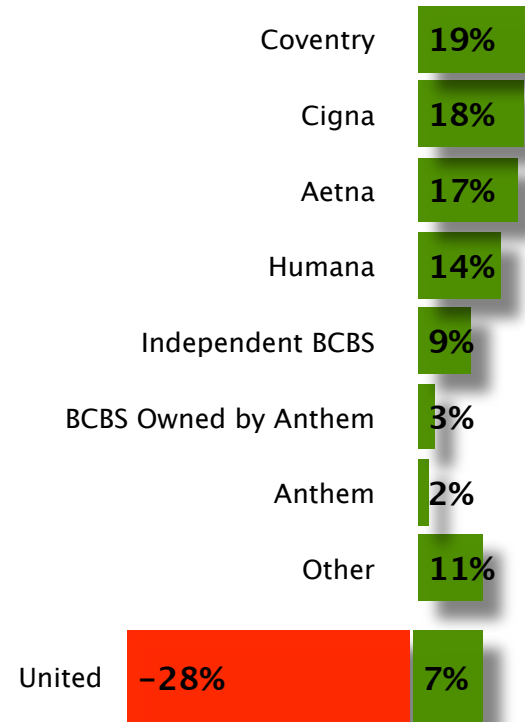


# THE BEST PAYORS FOR DEALING WITH CRITICAL HOSPITAL ISSUES

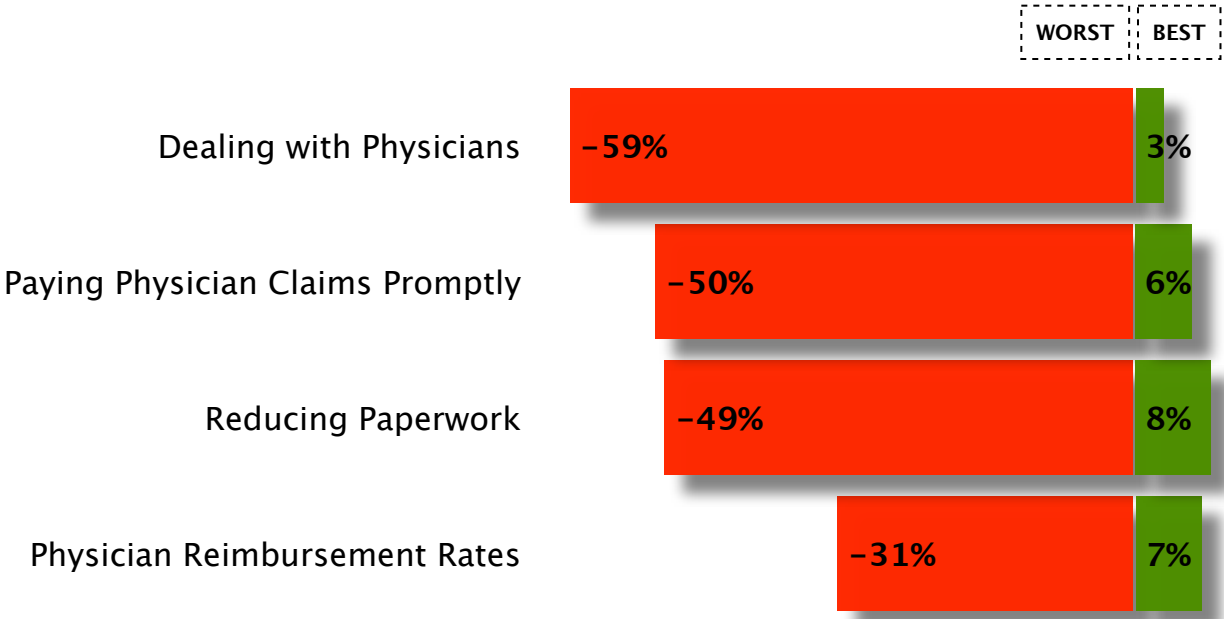
## PAYING HOSPITAL CLAIMS



## BEST/WORST HOSPITAL REIMBURSEMENT RATES



# UNITED HAS SERIOUS PHYSICIAN TROUBLES



## IF UNITED IS THE WORST, WHO IS THE BEST?

<b>Contract Negotiations</b>	<b>#1</b>	<b>#2</b>	<b>Worst</b>
Contract Negotiations (Overall)	Aetna	Humana	United
Reimbursement Rates	Aetna	Coventry	United
Honesty and Candor	Independent BCBS	Aetna	United
Timeliness and Responsiveness	Aetna	Independent BCBS	United
Processing and Paying Claims	Aetna	Independent BCBS	United
Claims Denials	Aetna	Independent BCBS	United
Fixing Claims	Aetna	Independent BCBS	United

## IF UNITED IS THE BEST, WHO IS THE BEST?

<b>Critical Hospital Issues</b>	<b>#1</b>	<b>#2</b>	<b>Worst</b>
Dealing with Hospitals	Aetna	Independent BCBS	United
Paying Hospital Claims	Independent BCBS	Aetna	United
Reducing Paperwork for Hospitals	Aetna	Independent BCBS	United
Reimbursement Rates	Coventry	CIGNA	United

# 2009 Employer Survey

Results

## Methodology

Survey designed by DAVIES, implemented by nationally recognized research firm – Fabrizio, McLaughlin, and Associates.

Interviews were completed with 400 employers via telephone.

Respondents were screened to ensure that they were responsible for selecting their company's health insurance company.

Respondents from all 50 states completed the survey.

Data was collected from February 3–9, 2009.

400 employers represent the national employer base – small companies are the dominant percentage of respondents.

## SATISFACTION WITH CURRENT HEALTH PLAN

I'm going to read you a list of functions that your health care plan performs. For each one please rate your health care plan on a scale of 1 to 5 with 1 being poor and 5 being excellent for the job your health care plan is doing in that area.



## FACTORS IN CHOOSING A PLAN

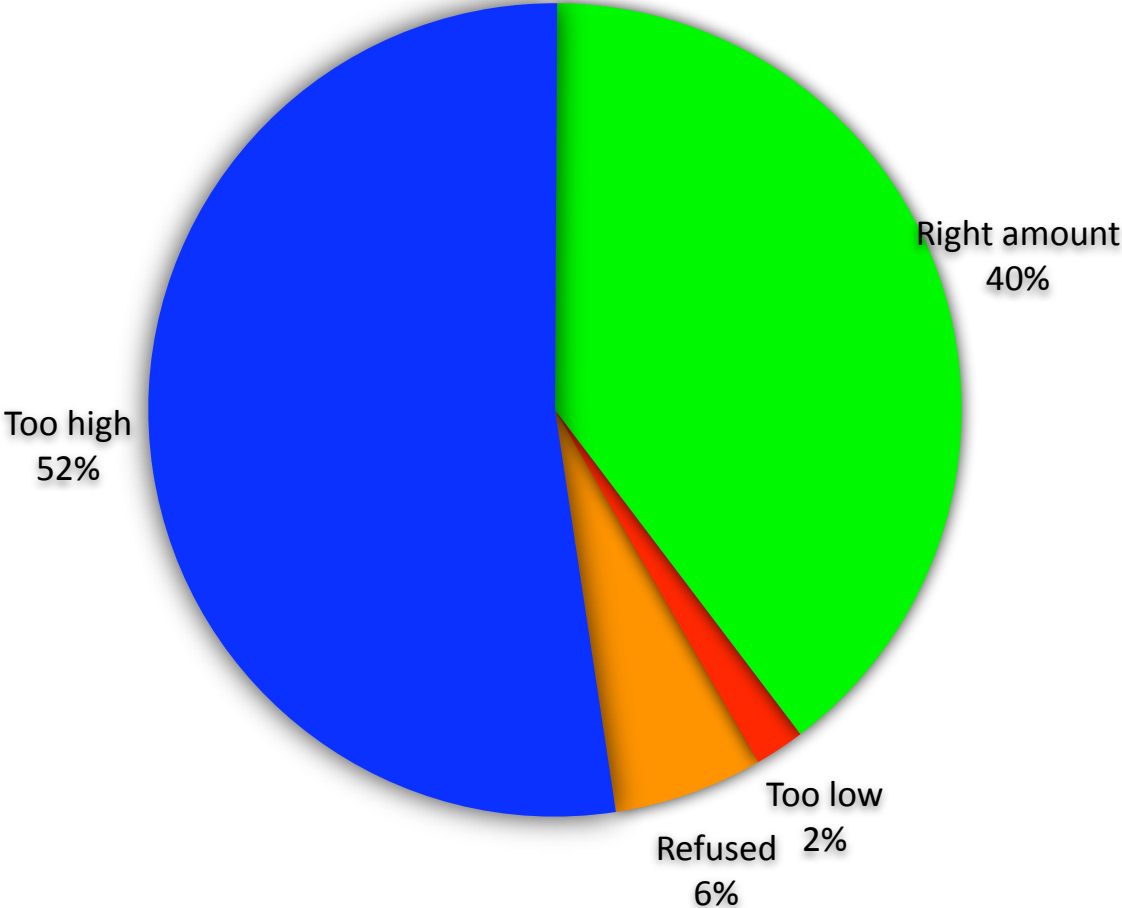
<b>FACTORS</b>	<b>MOST IMPORTANT</b>	<b>LEAST IMPORTANT</b>
Cost of premiums	50%	7%
Physicians covered by the plan	18%	8%
Employee co-pays and deductibles	12%	12%
Hospitals covered by the plan	7%	15%
Ease of authorization and approval for treatment	5%	11%
Wellness programs for employees	4%	36%

## FACTORS IN CHOOSING A PLAN

<b>FACTORS</b>	<b>MOST IMPORTANT</b>	<b>LEAST IMPORTANT</b>	<b>ASIDE FROM COST - MOST IMPORTANT</b>	<b>ASIDE FROM COST - LEAST IMPORTANT</b>
Cost of premiums	50%	7%		
Physicians covered by the plan	18%	8%	33%	10%
Employee co-pays and deductibles	12%	12%	27%	14%
Hospitals covered by the plan	7%	15%	13%	14%
Ease of authorization and approval for treatment	5%	11%	15%	16%
Wellness programs for employees	4%	36%	6%	37%

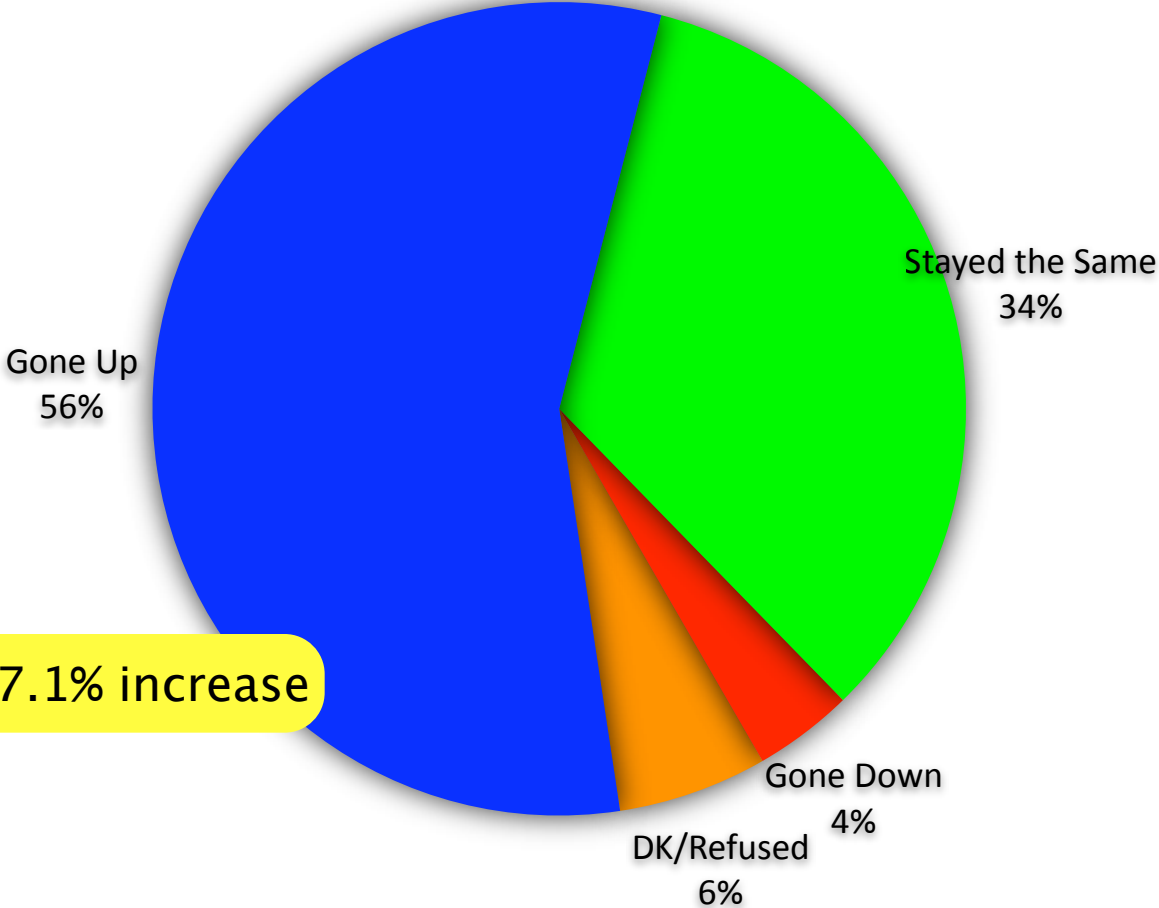
# HEALTH INSURANCE PREMIUMS

Do you feel that the price of the premiums your company pays your health plan provider is too high, too low or about the right amount?



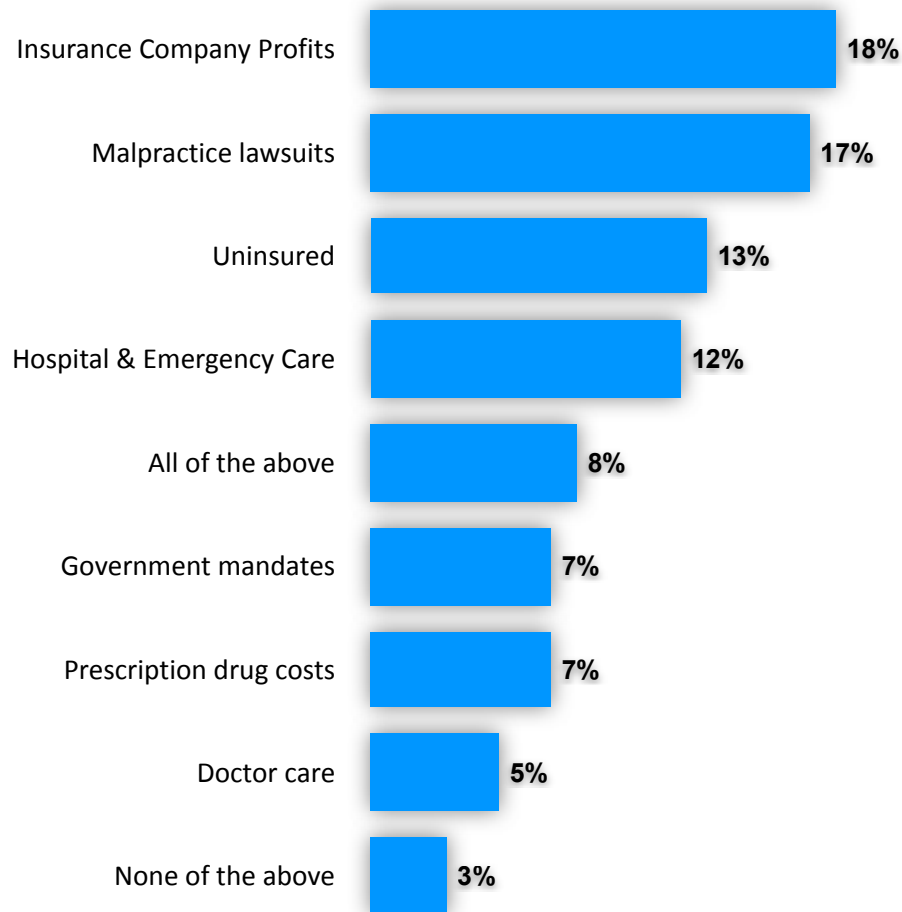
# PREMIUMS OVER THE LAST 12 MONTHS

In the last 12 months have the premiums your company pays for health insurance gone up, gone down or stayed about the same?



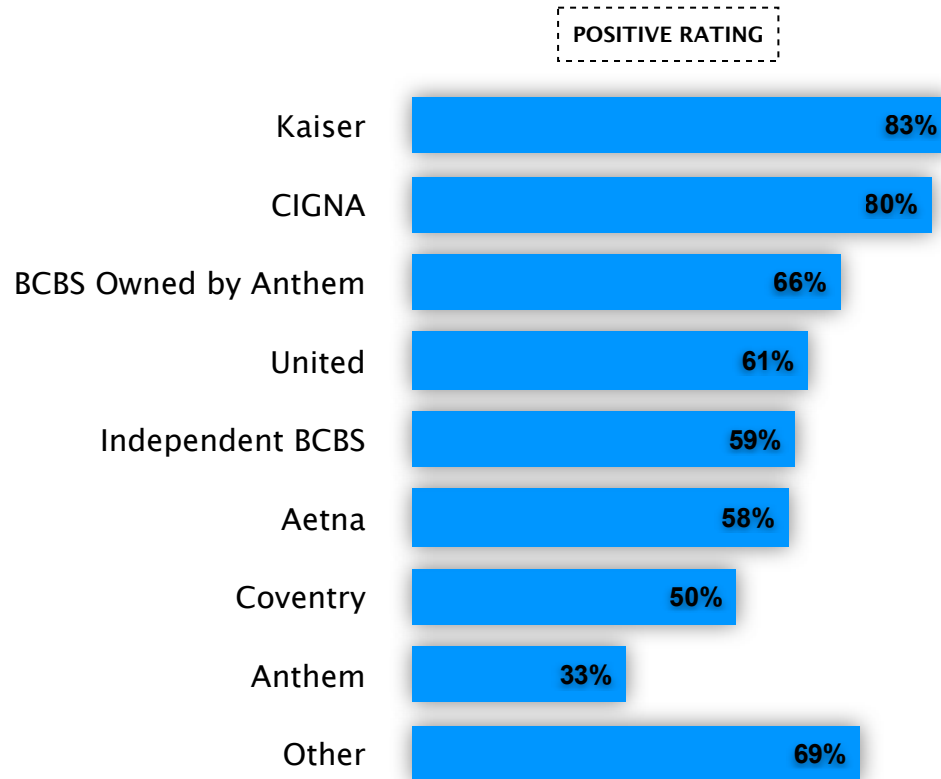
Average 17.1% increase

## THE CAUSE OF RISING PREMIUMS

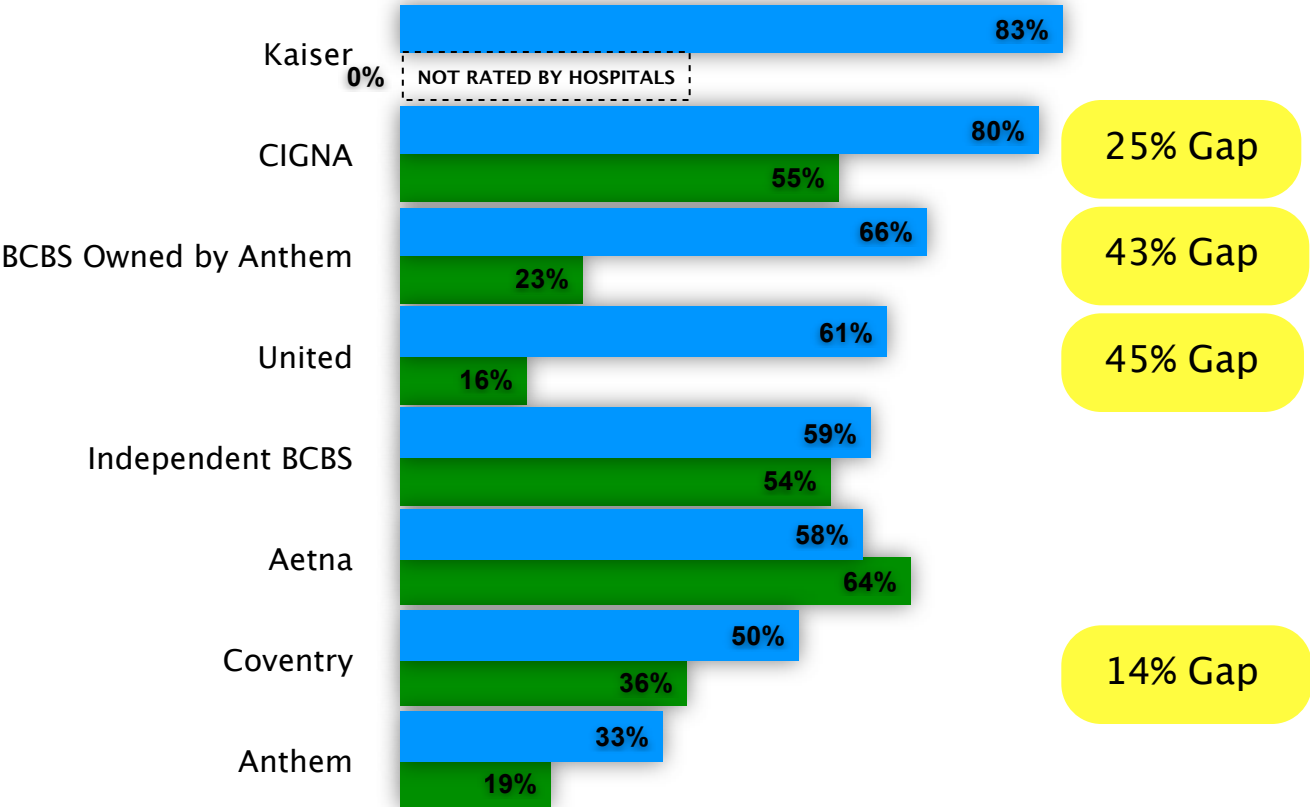


48% say primary cause has nothing to do with actual care for sick people

## REPUTATION AMONG EMPLOYERS COVERED BY THE PLAN

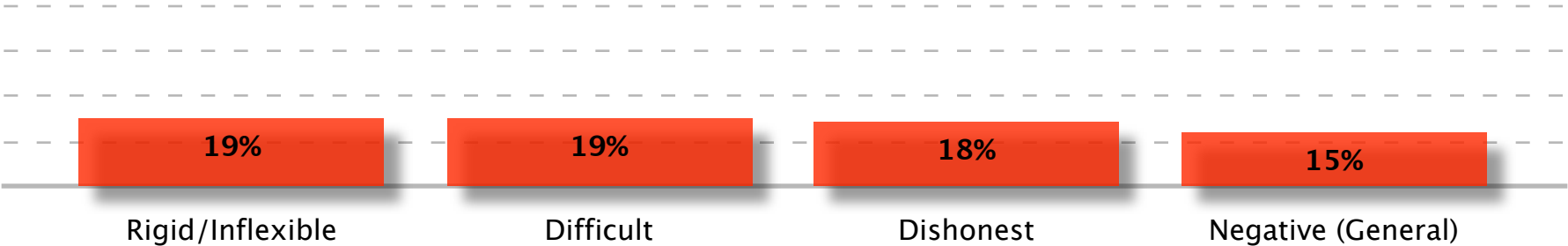


# EMPLOYER AND HOSPITAL PERCEPTIONS DIFFER DRAMATICALLY

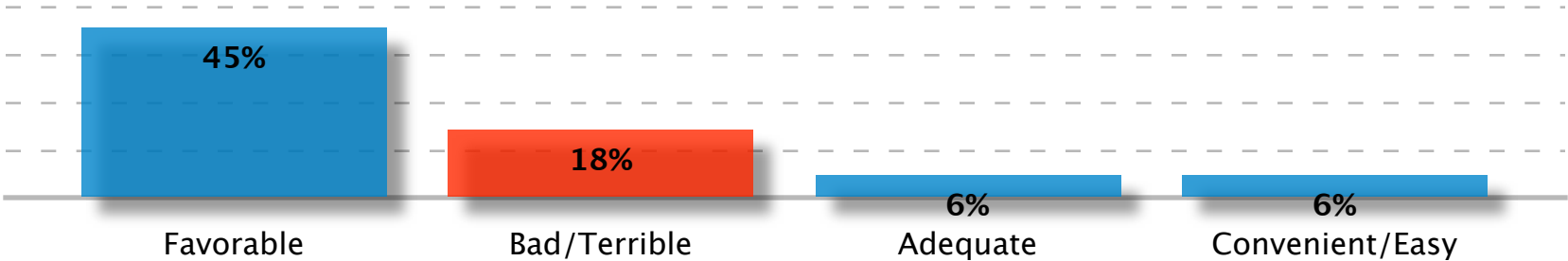


# WORDS THAT DESCRIBE UNITED

TOP FOUR WORDS USED BY HOSPITALS

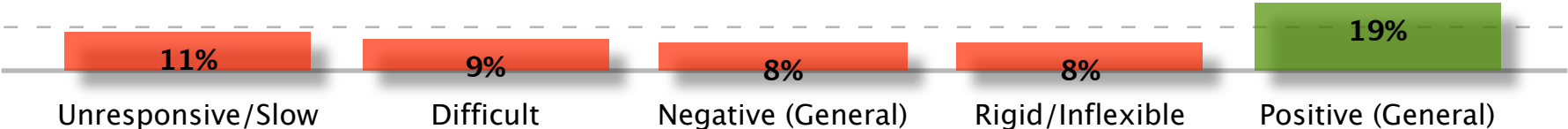


TOP FOUR WORDS USED BY EMPLOYERS

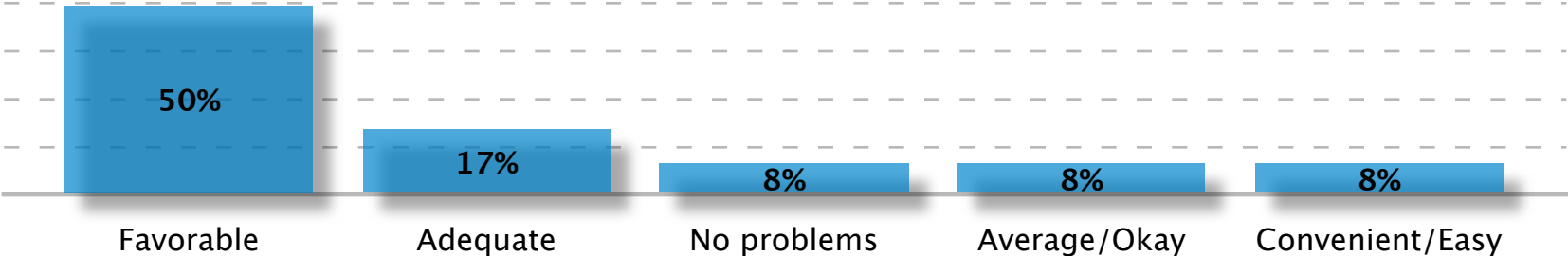


# WORDS THAT DESCRIBE AETNA

TOP FOUR WORDS USED BY HOSPITALS



TOP FOUR WORDS USED BY EMPLOYERS



# What It All Means

...and What Now

Hospitals completely distrust United - they rank dead last in 7 out of 7 categories.

Anthem has reputation problems, but to a lesser extent.

New survey design revealed perception of Humana and independent BCBS plans.

**For hospitals, there are two outliers - United and Anthem - and the rest are a mixed bag.** Hospitals make a clear distinction between United and other payors. Trust, respect, and good business practices are far from universal in the relationship between payors and hospitals.

Aetna is #1 in 6 out of 7 categories.

There is a dramatic difference between Anthem plans and independent BCBS plans.

Average is 6.3 to 1  
favorable to unfavorable.

Premium cost is the biggest  
concern, to the exclusion of  
almost everything else.

Even employers who have  
United and Anthem are happy.

**Once chosen, the health plan is considered the best.** Small business owners in particular rate their own health plan very highly. They recognize cost issues, but it's not causing dissatisfaction in their own plan.

Employer perceptions do not  
match reality, nor do they reflect  
their own employees' views.

Cost is driven by insurance company profits,  
medical practice, and care for the uninsured.

The middleman is rich and getting richer.

The supplier is unhappy and underpaid.

The customer is relatively happy with the middleman, even if they recognize the system is broken.

**Employers don't get it.** There is a complete disconnect between the hospital view and the employer view. Hospitals have allowed payors to maintain good reputation with their employer customer base.

The major cost drivers are directly connected to the middleman.

Employer satisfaction does not reflect hospital, physician, or employee dissatisfaction.

Why health plan choice matters.

How the premium dollar should be used.

Why employers should care about network stability.

**If you don't tell them the challenges with health plans, they'll never know.** Hospitals need to get in the game and start educating employers now. It's clear that employers have not been educated to value payor behavior or network stability when they choose a health plan.

Without education by hospitals, payors blame hospitals for rising premiums and get away with it.

The good, the bad, and the ugly of different health plans.

Anthem: Operating revenue was \$15.4 billion in the fourth quarter, an increase of 0.7 percent. The increase was driven by premium rate increases in all medical lines of business... the company continues to price its business so that expected premium yield exceeds total cost trend.

Aetna: Fourth quarter earnings per share increased 9% ... the company's 17% growth in full year health care revenue was driven by premium rate increases and medical membership growth.

**Now consider the recently posted earnings for publicly traded health plans for 2008.** Strong profitability, significant premium increases, membership growth, meaningful commercial business shift from United to Aetna.

United: Full year revenues increased \$5.8 billion or 8% year-over-year, with fourth quarter revenues of \$20.5 billion increasing \$1.7 billion of 9% YOY. The revenue increases were driven by premium increases.

