

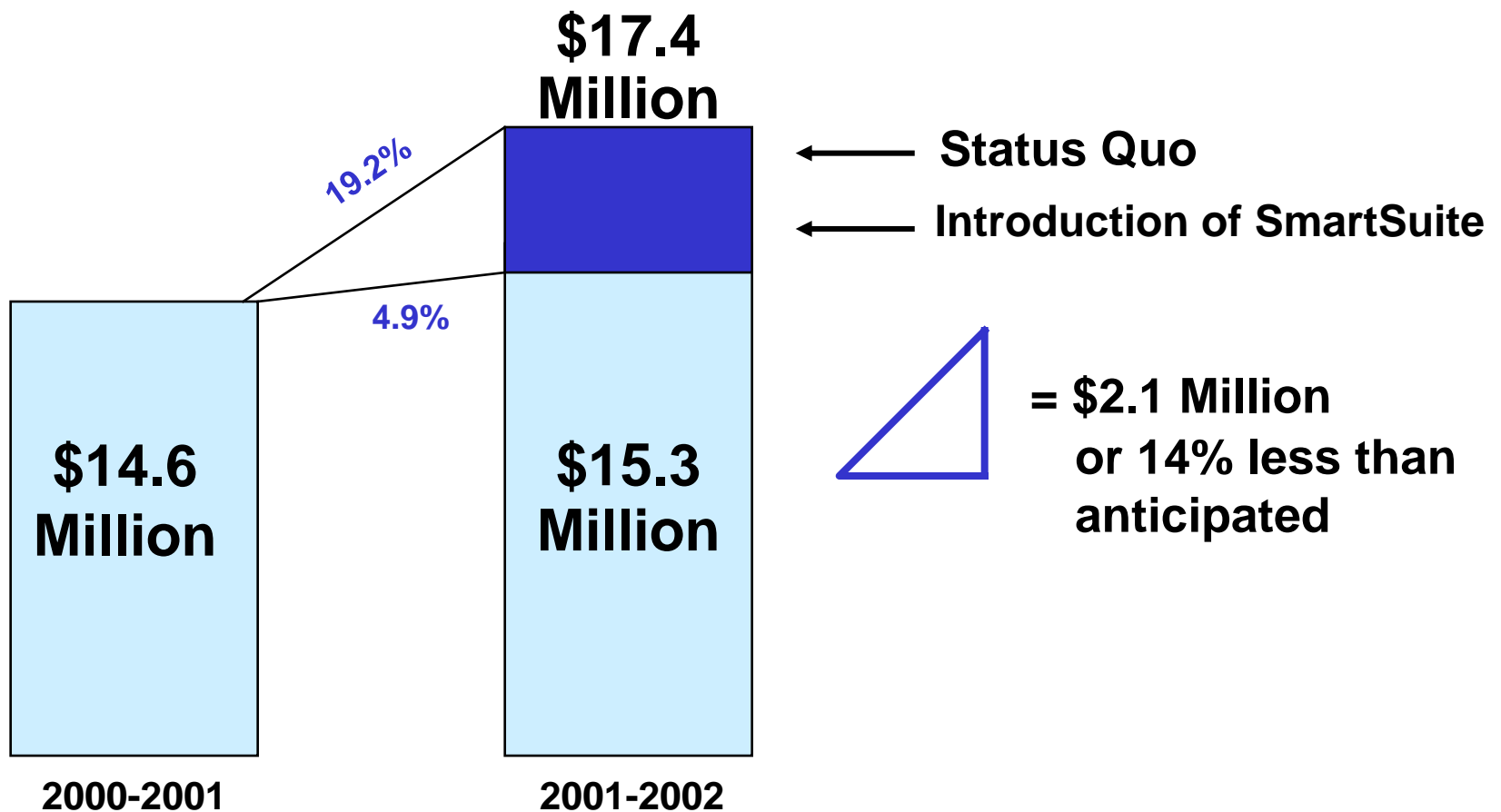
# Update of CDHP Humana's SmartSuite Product Results

John Bertko, F.S.A.

VP and Chief Actuary

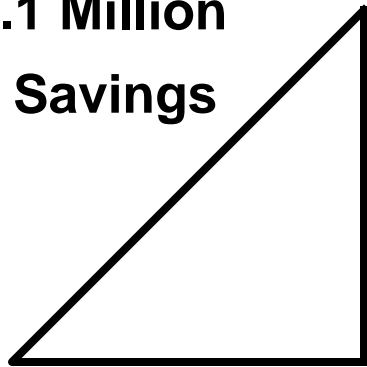
September 15, 2003

# SmartSuite Year 1: Humana Louisville Associates/Dependents Only



# SmartSuite – Year 1 Savings for Humana Louisville Associates/Dependents

**\$2.1 Million  
In Savings**



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<b>Waiver of Benefits = .3 m</b>
<b>Benefit Design Changes = .4 m</b>
<b>Behavior Modification = 1.4 m</b> <ul style="list-style-type: none"><li>▪ Increased consumerism (Value Proposition)<ul style="list-style-type: none"><li>– Appropriate behavior selecting plans (Inter-Plan Choice)</li><li>– Appropriate behavior utilizing resources within the plan (Point of Service Choice)</li></ul></li></ul>

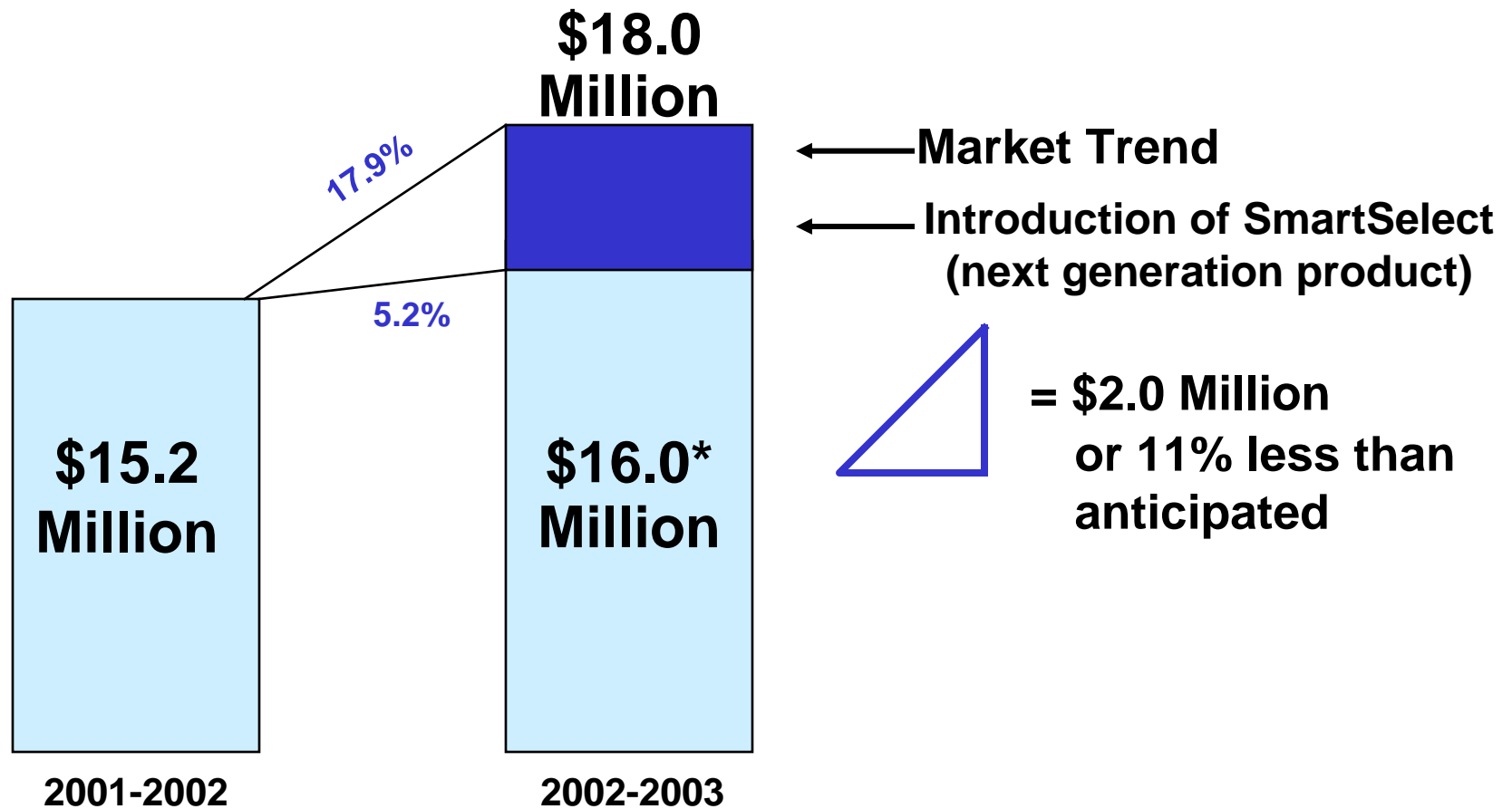
# SmartSuite -- Distributional Effects Analysis for Year 1

## Allowed charges before (2000) and after (2001) SmartSuite for Humana Louisville associates

Eligible Charge Range	% of Total Subscribers		Benefit Percentage		Average Out-of-Pocket		OOP Change
	2000	2001	2000	2001	2000	2001	
\$1 - \$999	51%	47%	84%	81%	\$60	\$75	\$15
\$1,000 - \$1,999	17%	19%	85%	82%	\$215	\$263	\$48
\$2,000 - \$4,999	17%	19%	88%	84%	\$397	\$532	\$135
\$5,000 - \$9,999	10%	9%	90%	85%	\$707	\$1,036	\$329
\$10,000 +	5%	6%	90%	90%	\$2,313	\$2,210	(\$102)
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>89%</b>	<b>87%</b>	<b>\$322</b>	<b>\$411</b>	<b>\$90</b>

\* does not include pharmacy claims

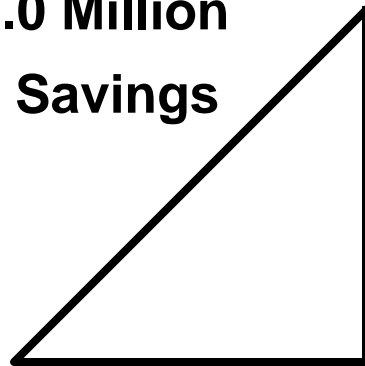
# SmartSelect Results: Year 2 - Humana Louisville Employees



*\*Annualized projection based on 11 months of incurred claims paid through 7/2003*

# SmartSelect: Year 2 Savings for Humana Louisville Associates

**\$2.0 Million  
In Savings**



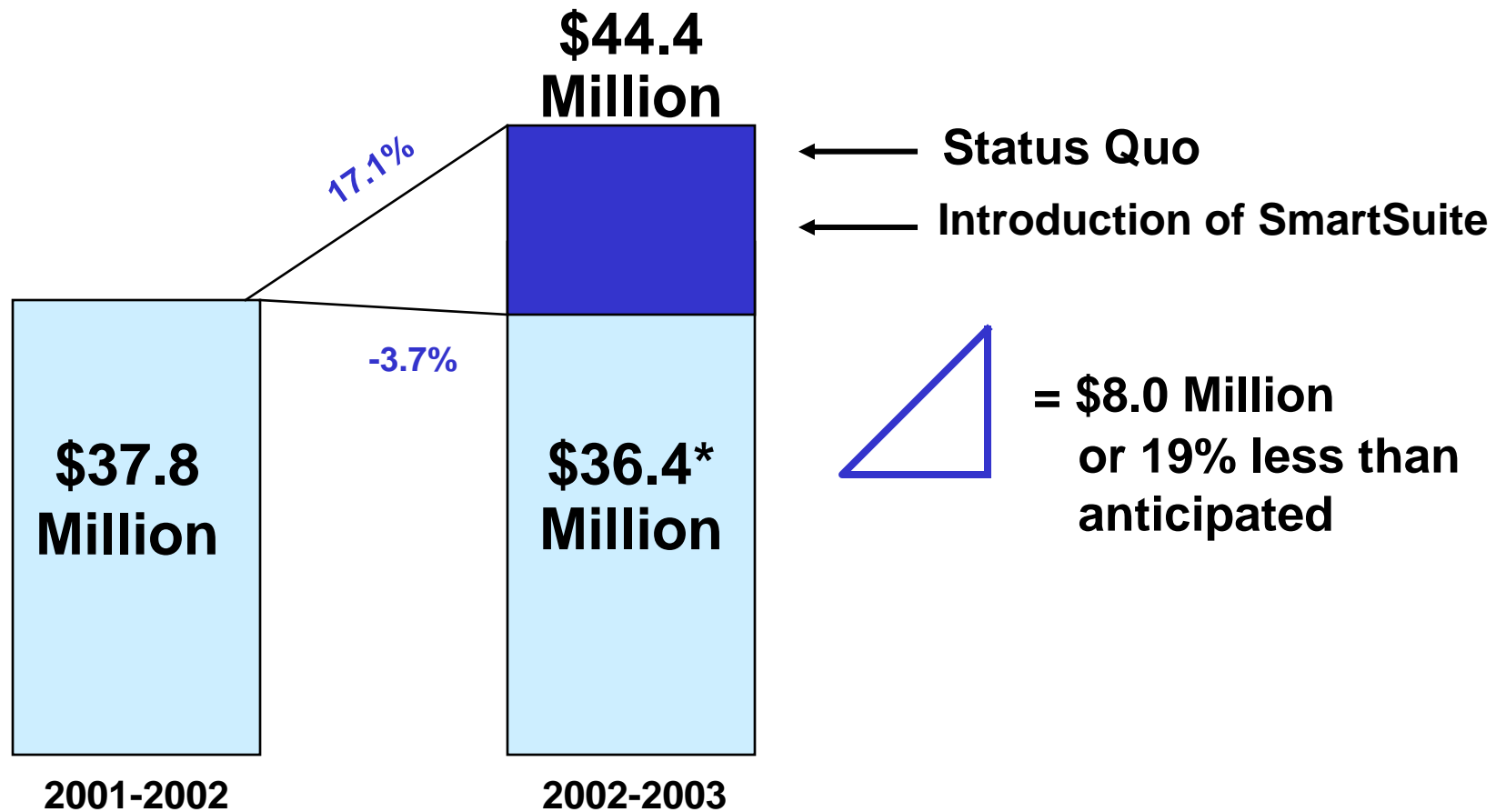
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**Benefit Design Changes = \$1.0 m**

**Behavior Modification = \$1.0 m**

- Increased consumerism (Value Proposition)
  - Appropriate behavior selecting plans (Inter-Plan Choice)
  - Appropriate behavior utilizing resources within the plan (Point of Service Choice)

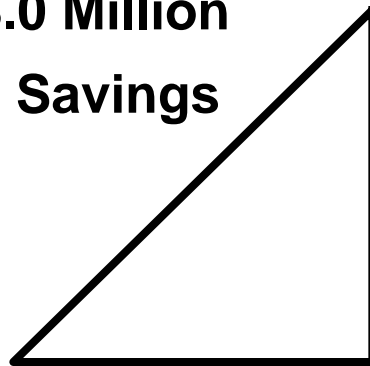
# SmartSuite Results - Year 2 Extension to Humana Non-Louisville Employees/Dependents



*\*Annualized projection based on 11 months of incurred claims paid through 7/2003 for approximately 8000 Associates/15,000 members*

# SmartSuite - Humana Non-Louisville Associates/Dependents

**\$8.0 Million  
In Savings**



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**Waiver of Benefits = \$1.6 m**

**Benefit Design Changes = \$1.3 m**

**Behavior Modification = \$5.1 m**

- Increased consumerism (Value Proposition)
  - Appropriate behavior selecting plans (Inter-Plan Choice)
  - Appropriate behavior utilizing resources within the plan (Point of Service Choice)



# SmartSuite Initial Customer Results

- Sixty-eight SmartSuite “total replacement” clients to date (as of August 25, 2003)
- Analysis of 12 groups with 2002 implementations
  - 28,000 members
  - 3 to 12 months of data
  - Results are annualized\*
- Average annualized trend for 12 groups is 4.8%

*\*Annualized results include data through 7/2003*