

**Overview of Lehigh Medical Direct Cost Experience  
Identifying Primary Cost Drivers**

These numbers  
reflect original  
carrier projections  
for 2019 and 2020

**Actual Direct Cost per Enrollee**

Item	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Prescription Drugs (w/admin and rebates)	774	878	998	1,110	1,325	1,342	1,432	1,527	1,521	1,757	1,954	1,992	2,297	2,373	2,729	3,056	2,364	2,606	2,759		
Claims and Capitation	2,639	2,914	3,587	4,189	4,435	4,181	4,931	4,741	6,710	6,119	6,574	6,961	7,623	7,961	8,043	9,016	8,241	10,803	10,081		
Administrative Fees	504	562	547	628	618	641	649	515	512	562	575	540	558	475	475	470	459	463	448		
LU Health Savings Account Costs																			66	81	
Vision Coverage	79	79	72	72	67	66	79	79	79	82	85	85	86	95	91	100	96	95	95		
Stop Loss Insurance	135	121	118	174	173	175	176	194	202	240	259	306	321	214	264	299	315	312	301		
Stop Loss Reimbursements	(85)	0	0	0	(114)	0	0	(29)	0	(18)	0	0	(19)	(134)	0	(10)	0	(914)	(18)		
<b>Total Direct Cost (see Note 1)</b>	<b>4,046</b>	<b>4,554</b>	<b>5,322</b>	<b>6,173</b>	<b>6,504</b>	<b>6,405</b>	<b>7,267</b>	<b>7,028</b>	<b>9,024</b>	<b>8,742</b>	<b>9,448</b>	<b>9,884</b>	<b>10,866</b>	<b>10,984</b>	<b>11,603</b>	<b>12,931</b>	<b>11,475</b>	<b>13,431</b>	<b>13,746</b>	<b>15,803</b>	<b>16,506</b>
<b>Year to year increase in direct cost:</b>		12.55%	16.86%	15.99%	5.37%	-1.52%	13.45%	-3.29%	28.41%	-3.12%	8.07%	4.62%	9.93%	1.09%	5.63%	11.45%	-11.26%	17.05%	2.34%	14.96%	4.45%
<b>Total direct cost increase since 2000:</b>		12.55%	31.53%	52.56%	60.76%	58.31%	79.60%	73.69%	123.02%	116.06%	133.50%	144.30%	168.55%	171.48%	186.76%	219.60%	183.60%	231.96%	239.74%	290.56%	307.94%
<b>Component increases since 2000:</b>																					
Prescription Drugs (w/admin and rebates)	13.42%	28.92%	43.39%	71.20%	73.39%	84.99%	97.26%	96.42%	126.92%	152.48%	157.29%	196.75%	206.59%	252.48%	294.80%	205.36%	236.63%	256.44%			
Claims and Capitation	10.42%	35.92%	58.73%	68.04%	58.42%	86.85%	79.63%	154.25%	131.89%	149.12%	163.78%	188.86%	201.68%	204.79%	241.66%	212.28%	309.37%	281.99%			
Administrative Fees	11.51%	8.53%	24.55%	22.71%	27.11%	28.78%	2.27%	1.66%	11.50%	14.15%	7.07%	10.66%	-5.79%	-5.77%	-6.78%	-8.93%	-8.14%	-11.16%			
Vision Coverage	0.00%	-8.86%	-8.86%	-14.94%	-15.91%	0.20%	0.63%	-0.12%	3.52%	7.25%	8.08%	8.34%	19.82%	15.69%	26.43%	22.06%	20.61%	20.10%			
Stop Loss Insurance (see Note 2)	-10.37%	-12.59%	28.89%	27.90%	29.86%	30.05%	43.46%	49.88%	77.68%	91.68%	127.01%	137.88%	58.32%	95.90%	121.37%	133.00%	130.86%	122.91%			

Note 1: Does not include annual adjustments to fund the reserve and liability accounts.

Note 2: Stop Loss Specific Deductible was \$150,000 in 2001 and \$300,000 in 2011. In 2019 it is \$375,000 with a \$150,000 aggregating deductible and increased lasered deductible for specific individuals.

Medical Coverage Budget	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Annual Increases		5.00%	4.00%	4.50%	10.00%	8.00%	12.75%	8.00%	8.00%	5.00%	5.00%	5.00%	7.00%	5.50%	5.00%	3.42%	0.00%	7.13%	0.00%	-2.85%	5.00%
Total Increase since 2000		5.00%	9.20%	14.11%	25.53%	35.57%	52.85%	65.08%	78.29%	87.20%	96.56%	106.39%	120.84%	132.98%	144.63%	153.00%	153.00%	171.04%	171.04%	163.31%	176.48%