ADULT UTILIZATION MANAGEMENT

Highlights from Quarter 2, 2014

On at least a quarterly basis, the reports mutually agreed upon in Exhibit E of the CT BHP contract are submitted to the state for review. This Quarterly Report focuses on the utilization management portion of these reports, evidenced in the 4A series which reviews utilization statistics such as average length of stay (ALOS) and admissions per 1,000 members (Admits/1,000).

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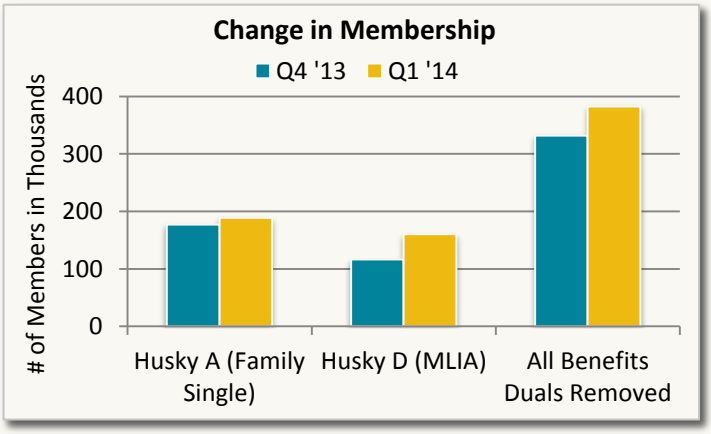
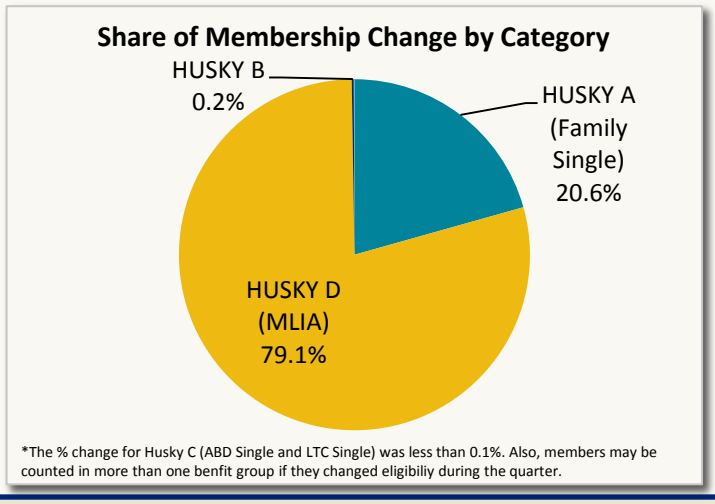
Substantial Growth in Membership

From Q4 '13 to Q1 '14, Total Membership (excluding members that are dually eligible for Medicare and Medicaid) increased from 331,992 to 382,207, a difference of 50,215 members, and a 15.1% increase (top chart). As expected, 43,736 of these new members were included in the HUSKY D (MLIA) benefit group, a 37.5% increase from the previous quarter. HUSKY A (Family Single) membership also increased by 11,408, a 6.4% increase over the previous quarter. HUSKY D (MLIA) accounted for 87% of the total unique membership increase and 79% of the total increase, including those who changed eligibility within the quarter (bottom chart).

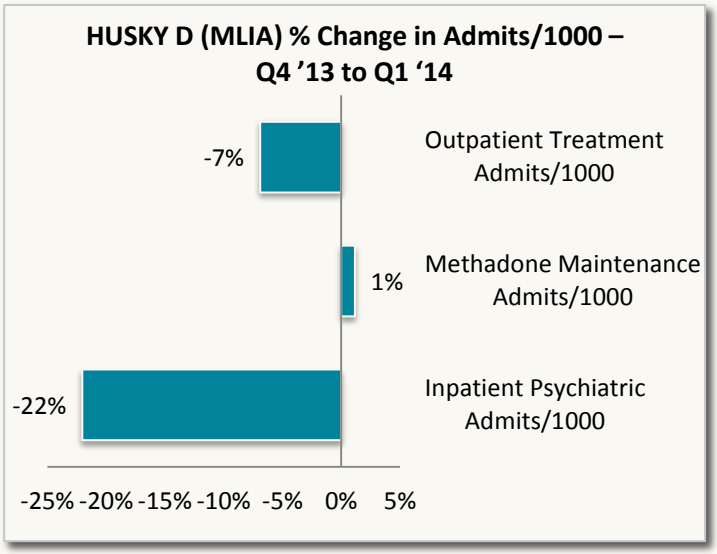




*The % change for Husky C (ABD Single and LTC Single) was less than 0.1%. Also, members may be counted in more than one benfit group if they changed eligibiliy during the quarter.

Utilization Pattern of New Members

Inpatient Psychiatric Admits/1,000 and Days/1,000 decreased from Q4 '13 to Q1 '14. It appears that the increase in membership has had a significant impact on the "per 1,000" measures. The decrease in "per 1,000" measures at higher levels of care is expected to continue as membership continues to increase, provided that the new membership does not require services at higher levels of care and the number of admissions is stable. Along with Outpatient Services, methadone maintenance admissions in the HUSKY D (MLIA) benefit group have increased roughly proportional to the total membership increase, indicating that these two services are the primary need of new members in the HUSKY D (MLIA) population (chart below).



Historically, when a member gains coverage, pent up need for services results in an increase in utilization at all levels. This data suggests that the new membership in Medicaid through the ACA may not follow past trends. The new members appear to show a decreased reliance on higher levels of care and primary utilization of outpatient and methadone maintenance. More data and further analysis will be needed to determine if this hypothesis is accurate.

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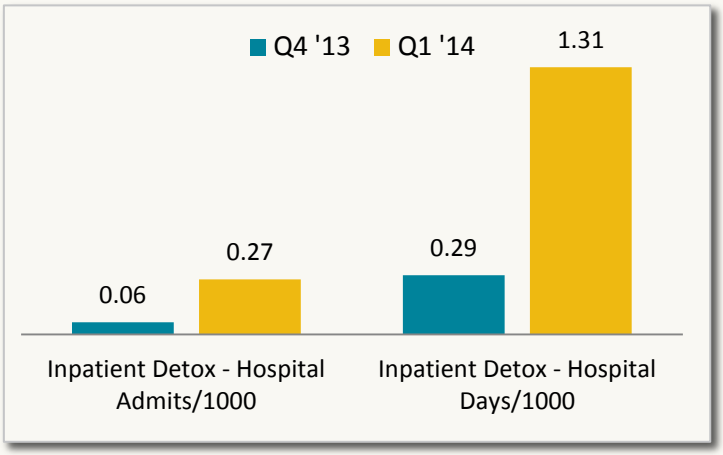
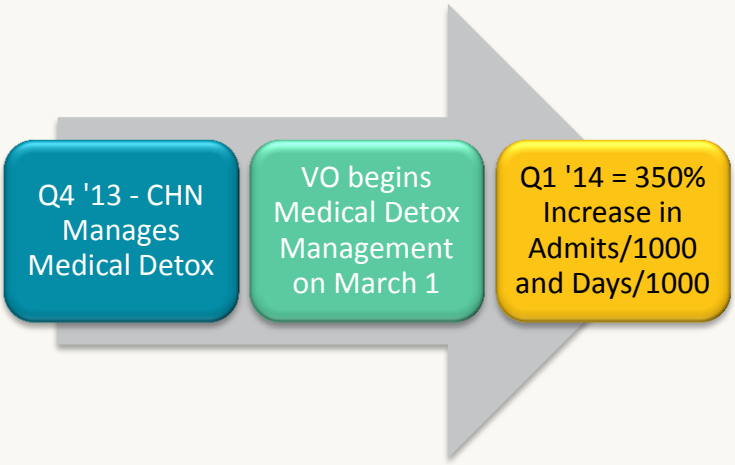
Change in Utilization of Medical Detox from Q4 ’13 to Q1 ‘14

Starting on March 1, 2014 authorizations for detoxification on a medical unit, previously issued by CHN, were issued by ValueOptions. The dramatic increase in Admits/1,000 (and Days/1,000) appears to be due largely to the new authorization process given that the increase of 350% greatly exceeds the percentage increase in new membership (charts below). The precise contribution of the change in authorization process and the increase in new membership will require further analysis over time.





Relationships Between Home Health, Inpatient, & ED Utilization

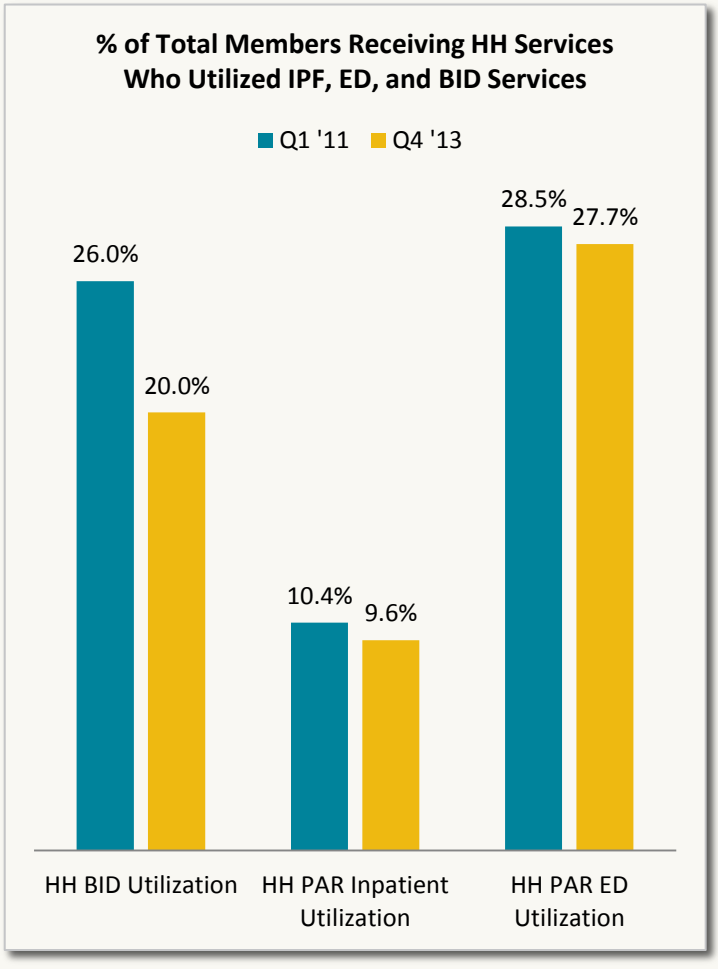
The graphic below highlights that the number of members receiving Home Health services increased by 8.8% from Q1 ‘11 to Q4 ‘13, (4,617 to 5,021). During this same period, the number of members receiving twice daily (B.I.D.) medication administration services decreased by 15.6% (from 1,196 in Q1 ’11 to 1,009 in Q4 ‘13). The reduction in B.I.D. services has not resulted in an increase in inpatient or ED utilization, and rates for inpatient and ED use have decreased slightly in the most recent quarter (chart right).

Members Receiving HH Services *INCREASED*

- From 4,617 to 5,021 from Q1 '11 to Q4 '13

Members receiving BID Medication Administration *DECREASED*

- From 1,196 to 1,009 from Q1 '11 to Q4 '13



This summary is an extraction of the key points from a more extensive quarterly report submitted to the State of Connecticut by ValueOptions Connecticut.