

Managed Care in North Carolina

Annual Report and Analysis of 2008 Activity

North Carolina Department of Insurance



Wayne Goodwin,
Insurance Commissioner

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I. Glossary of Managed Care Terms in this Report

Appeal - A written request for a plan to reverse its utilization review decision to deny coverage of a requested service.

Commercial-insured - Refers to those groups and individuals that pay premiums to an insurer, with the insurer accepting financial risk for the cost of covered healthcare services rendered over the course of the contract period. Commercial insured excludes membership covered under self-funded employer plans, Federal plans, Medicare and Medicaid.

Exam - An examination by the Managed Care and Health Benefits Division of a company's market practices.

External Review - An independent medical review of certain decisions made by health insurers (a more detailed definition can be found on pages 25 and 41).

Grievance - A written complaint (other than an appeal) from a member about an insurer's decisions, policies or actions related to the availability, delivery or quality of healthcare services, claims payment or handling, reimbursement for services or the contractual relationship between a member and the plan.

HEDIS® - The "Healthcare Effectiveness Data and Information Set," a set of standardized performance measures and data collection methods developed by the National Committee for Quality Assurance (NCQA), designed to help consumers compare HMOs. Prior to this year, North Carolina HMOs were required to report certain HEDIS measures to the Department of Insurance Managed Care and Health Benefits Division, which then publishes the data for public review and use. This requirement no longer exists.

HMO (Health Maintenance Organization) - A health plan that provides or arranges for the delivery of healthcare services to members through a designated provider network, for a fixed, pre-paid monthly premium.

Medical Loss Ratio - Ratio of medical expenses to premium revenue. For example, a Medical Loss Ratio of .93 indicates that for every dollar received as premium revenue, \$0.93 is spent on medical expenses.

Member - A person covered under a managed care plan.

Member Months - Membership is counted each month. The monthly totals are then added together, to produce the total number of member months for the calendar year.

NCQA Accreditation - See Section II, "Data Sources."

Noncertification - A formal decision, made through a plan's Utilization Review process, to deny coverage for a requested service.

PMPM - Per Member Per Month

POS/HMO (Point-of-Service HMO Plan) - A type of HMO plan that allows members to receive care for some services from any provider they choose, with the member bearing a higher out-of-pocket cost, such as a higher copayment.

PPO (Preferred Provider Organization) Benefit Plan - A health plan that offers members lower out-of-pocket costs when they receive care from providers in the plan's network. For a higher out-of-pocket cost, PPO plan members can receive care from out-of-network providers at any time for all covered services.

Pre-authorization - A plan's advance approval to obtain specified healthcare services.

Provider - A doctor, hospital or other health care professional or facility.

Provider Network - The doctors, hospitals and other health care professionals and facilities under contract with a health plan. These are called "in-network" or "participating" providers.

Primary Care Provider (PCP) - Doctors who provide general health care services. PCPs usually include family practitioners, general practitioners, pediatricians and internists. Some HMOs require members to obtain authorization from their PCP to obtain specialty care.

Utilization Review (UR) - The process by which a managed care plan assesses whether requested health care services are medically necessary and appropriate. The review is sometimes conducted prior to the services being rendered, so that the plan can approve or disapprove coverage in advance ("prospective review" or "preauthorization"). The review can also occur during the course of treatment ("concurrent review") or after treatment is completed ("retrospective review").

II. Introduction

About the North Carolina Department of Insurance

The North Carolina Department of Insurance is responsible for the protection of North Carolina citizens through the oversight and regulation of insurance companies and agents doing business in the state. In exercising its regulatory responsibilities, the Department seeks to ensure a marketplace in which consumers can readily purchase insurance from financially sound and responsive companies, at fair prices, for their lives, health and property. In addition to regulating the insurance industry, the Department also enforces safety codes and standards and administers a variety of programs aimed at loss prevention and safety education and awareness throughout the state. These activities are carried out by the Divisions of Engineering and Codes, Fire and Rescue, Manufactured Building, Prevention Programs and Grants and Special Services. Contact the Department to learn more about these safety and education activities. The Commissioner of Insurance, who is elected to the position every four years, heads the Department. North Carolina's current Commissioner of Insurance, Wayne Goodwin, is serving his first term since being elected in 2008. Commissioner Goodwin also serves as the State's Fire Marshal.

Data Sources

Unless otherwise noted, data presented in this report reflect plans' commercial-insured business only. "Commercial-insured" refers to those groups and individuals that pay premiums to an insurer, with the insurer accepting financial risk for the cost of covered healthcare services rendered over the course of the contract period. "Commercial-insured" excludes membership covered under self-funded employer plans, Federal plans, Medicare and Medicaid.

Annual Managed Care Data Filing: By May 1 of each year, all North Carolina licensed HMOs and PPO plans are required (under NCGS 58-3-191) to submit an annual managed care data filing to the Department's Managed Care and Health Benefits Division. The May 2009 filing, covering the 2008 calendar year, is the source for data in this report on county specific commercial-insured enrollment, utilization review activity, appeals, grievances and provider networks.

Annual Financial Statement: North Carolina law requires licensed HMOs to submit annual financial statements to the Department's Financial Evaluation Division by March 1 of each year. The March 2009 statement, covering the 2008 calendar year, is the source for data in this report on statewide commercial-insured enrollment, premium revenues, medical expenses, inpatient days and outpatient encounters.

Although licensed insurers offering PPO benefit plans file annual financial statements, financial data specific to their PPO lines of business are not reported separately. Therefore, the types of financial data listed above for HMOs are not available for PPO benefit plans.

Department of Insurance Records: The Department's own records are the source of data on consumer complaints HMO service areas and appeals that have been taken to External Review. Within this Report, the term "complaints" refers to written complaints sent by consumers and providers to the Department of Insurance, not "appeals" and "grievances" sent directly to HMOs and PPO plans.

The Department licenses HMOs for specific service areas (North Carolina counties), but indemnity insurance companies which offer PPO benefit plans are licensed to do business on a statewide basis. Therefore, service areas are not reported for PPO benefit plans.

The National Committee for Quality Assurance (NCQA): The NCQA evaluates and reports on the quality of HMOs across the nation. HMO participation in the NCQA accreditation program is voluntary. "Accreditation Outcomes" reported in the one-page HMO summaries were obtained from NCQA's website (<http://hprc.ncqa.org/index.asp>) and were current as of 3/31/09. "Excellent" was the highest outcome a plan could receive; meaning the plan meets or exceeds NCQA's requirements for consumer protection and quality improvement. Other possible ratings are (from highest to lowest) "Commendable," "Accredited" and "Provisional."

Other Managed Care Information Available from the Department of Insurance Publications

The following publications are available on the North Carolina Department of Insurance website, www.ncdoi.com.

2007 Annual Report: HEDIS® Supplement - Contains a comparison of HMOs in North Carolina based on selected HEDIS® data, including member satisfaction and clinical data. (A 2008 edition will not be developed.)

Guide to Appeals and Grievances - Contains information about the insurance consumer's rights.

Guide to Health Insurance - Contains general information about managed care and traditional indemnity insurance.

Guide to External Review - Contains information on requesting an External Review of a plan's final decision to deny a service.

Other Managed Care Data

The following information is available on the North Carolina Department of Insurance website, www.ncdoi.com.

HMO Information:

- Approved service area by HMO.
- Enrollment by county, by HMO (as of 12/31 of previous calendar year).
- Providers by county, by HMO (as of 12/31 of previous calendar year).
- Operational/performance data reported by HMOs annually, under authority of NCGS 58-3-191.
- HEDIS® data reported annually, under authority of NCGS 58-67-50(e).

PPO Carrier Information:

- List of PPO benefit plans.
- Enrollment by county, by PPO benefit plan.
- Operational/performance data reported by PPOs annually, under authority of NCGS 58-3-191.

III. 2008 HMO Activity

Licensed Full-Service HMOs in North Carolina

The number of licensed full-service HMOs in North Carolina peaked at 24 in 1997, and has decreased to 7 as of 12/31/08.

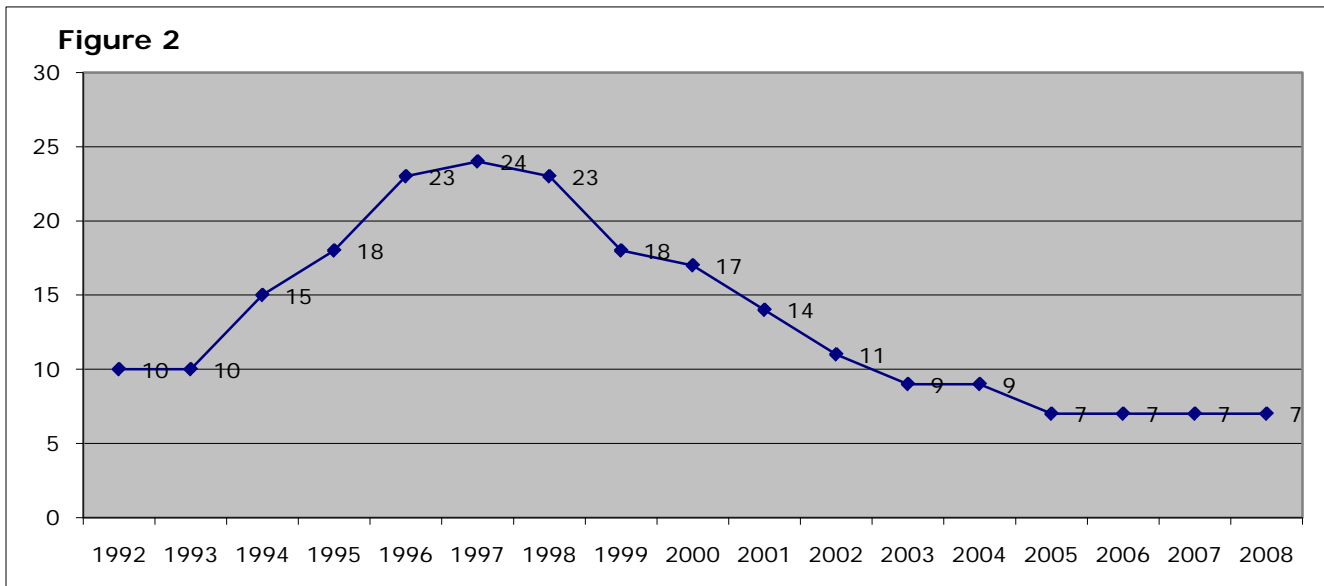
Licensed Full-Service HMOs: 12/31/08

Figure 1

Company Name	Short Name Used in Report
Aetna Health of the Carolinas Inc.	Aetna Health
Blue Cross Blue Shield of North Carolina	BCBSNC
CIGNA HealthCare of North Carolina, Inc.	CIGNA
FirstCarolinaCare, Inc.	FirstCarolinaCare
Partners National Health Plans of N. C., Inc. *	Partners
UnitedHealthCare of North Carolina, Inc.	UnitedHealth
WellPath Select, Inc.	WellPath

**Marketing a Medicare HMO product only*
 Source: North Carolina Department of Insurance

Number of Licensed Full-Service HMOs: 1992-2008



Source: North Carolina Department of Insurance

Licensed Single-Service HMOs in North Carolina

Single-Service HMOs are licensed to sell HMO products related to a single-service product line such as dental or vision. However, most of these plans act as intermediaries offering their products through full-service HMOs rather than selling directly to individuals or groups.

Licensed Single-Service HMOs in North Carolina: 12/31/08

Figure 3

Company Name	President	Address	City	State	Zip Code	Phone	Enrollment as of 12/31/08
Aetna Dental Inc.	Patricia A. Farrell	Three Sugar Creek Center	Sugar Land	TX	77478	(800) 872-3862	25,116
American Dental Plan of North Carolina, Inc.	Kirk E. Rothrock	100 Mansell Court East, Ste. 400	Roswell	GA	30076	(800) 342-5209	3,932
CIGNA Dental Health of North Carolina, Inc.	Karen S. Rohan	1571 Sawgrass Corporate Pkwy, Suite 140	Sunrise	FL	33323	(800) 343-5845	22,854

Source: North Carolina Department of Insurance
2008 Annual Managed Care Data Filings

Aetna Health of the Carolinas, Inc.

President: Clarence King II
 Address: 980 Jolly Road, Blue Bell, PA 19422
 Phone: (800) 872-3862
 Medical Director: William E. Hauser, Jr., M.D.
 Member Toll Free: (800) 872-3862

Website: www.aetna.com
 Licensure in NC: 09/20/1995
 NCQA Accred. Status: Excellent
 Profit Status: For Profit
 Most Recent Exam: 11/10/2004

Enrollment at 12/31/08	
Enrollment Summary	
Type	Members
Commercial - Insured	12,249
Medicaid	0
Medicare	0
Total	12,249
Commercial - Insured Enrollment by Premium Category	
Type	Members
Group	12,225
Individual	24
Member Months	
Commercial Insured	139,588

Financial Results for 2008		
Item	Plan	Median*
Net Worth **	\$12,438,627	\$54,238,413
Pre-Tax Profit (Loss) **	(\$4,050,962)	\$12,742,195
Premiums Earned	\$43,325,639	\$146,372,505
Incurred for Health Care Services	\$38,827,357	\$113,451,007
Medical Loss Ratio	0.90	0.78
Premium PMPM	\$310.38	\$328.98

Member Encounter Data		
Item	Rate per 10,000 member months	Median*
Inpatient Days	188	176
Outpatient/Ambulatory	13,073	6,646

Grievances, Appeals and Complaints		
Item	Rate per 10,000 member months	Median*
1st Level UR Appeals	1.00	1.22
1st Level UR Grievances	2.79	3.11

Member Turnover		
Item	Percent	Median*
Membership Change 12/31/07 - 12/31/08	1.1%	-41.4%

Primary Care Provider Turnover		
Item	Providers	Median*
Resigning	87	105
Terminated by Plan	71	11
Added	642	374
Total as of 12/31/08	2,984	3,795

Service Area

* Median for North Carolina HMOs
 ** HMO Financial data not limited to commercial-insured business; also includes Medicare, Medicaid and/or ASO business (if applicable)



Blue Cross Blue Shield of North Carolina

President: Robert J. Greczyn, Jr
 Address: 5901 Chapel Hill Rd., Durham, NC 27707
 Phone: (919) 489-7431
 Medical Director: Robert T. Harris, M.D.
 Member Toll Free: (800) 446-8053

Website: www.bcbsnc.com
 Licensure in NC: 09/02/1981
 NCQA Accred. Status:
 Profit Status: Not For Profit
 Most Recent Exam: 04/21/2004

Enrollment at 12/31/08	
Enrollment Summary	
Type	Members
Commercial - Insured	36,294
Medicaid	0
Medicare	0
Total	36,294
Commercial - Insured Enrollment by Premium Category	
Type	Members
Group	36,294
Individual	0
Member Months	
Commercial Insured	531,303

Financial Results for 2008		
Item	Plan	Median*
Net Worth **	\$2,568,597,025	\$54,238,413
Pre-Tax Profit (Loss) **	\$245,847,541	\$12,742,195
Premiums Earned	\$193,254,011	\$146,372,505
Incurred for Health Care Services	\$166,487,572	\$113,451,007
Medical Loss Ratio	0.86	0.78
Premium PMPM	\$363.74	\$328.98

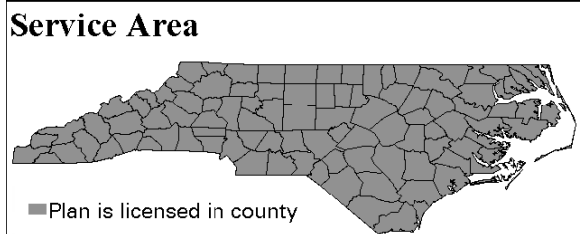
Member Encounter Data		
Item	Rate per 10,000 member months	Median*
Inpatient Days	160	176
Outpatient/Ambulatory	2,561	6,646

Grievances, Appeals and Complaints		
Item	Rate per 10,000 member months	Median*
1st Level UR Appeals	0.83	1.22
1st Level UR Grievances	1.07	3.11

Member Turnover		
Item	Percent	Median*
Membership Change 12/31/07 - 12/31/08	-39.3%	-41.4%

Primary Care Provider Turnover		
Item	Providers	Median*
Resigning	122	105
Terminated by Plan	7	11
Added	278	374
Total as of 12/31/08	3,737	3,795

* Median for North Carolina HMOs
 ** HMO Financial data not limited to commercial-insured business; also includes Medicare, Medicaid and/or ASO business (if applicable)



CIGNA HealthCare of North Carolina, Inc.

President: Charles Pitts
 Address: 701 Corporate Center Dr., Raleigh, NC 27607
 Phone: (704) 556-5800
 Medical Director: Scott T. Josephs, M.D.
 Member Toll Free: (860) 726-6050

Website: www.cigna.com
 Licensure in NC: 04/18/1986
 NCQA Accred. Status: Excellent
 Profit Status: For Profit
 Most Recent Exam: 06/26/2001

Enrollment at 12/31/08	
Enrollment Summary	
Type	Members
Commercial - Insured	21,334
Medicaid	0
Medicare	0
Total	21,334
Commercial - Insured Enrollment by Premium Category	
Type	Members
Group	21,334
Individual	0
Member Months	
Commercial Insured	286,248

Financial Results for 2008		
Item	Plan	Median*
Net Worth **	\$30,799,175	\$54,238,413
Pre-Tax Profit (Loss) **	\$9,402,447	\$12,742,195
Premiums Earned	\$99,490,998	\$146,372,505
Incurred for Health Care Services	\$76,786,942	\$113,451,007
Medical Loss Ratio	0.77	0.78
Premium PMPM	\$347.57	\$328.98

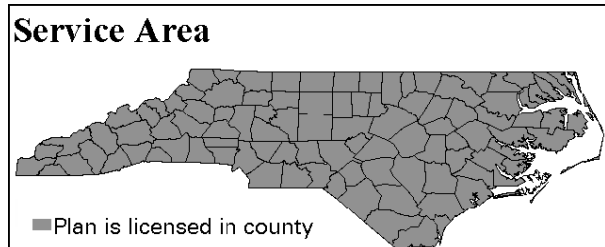
Member Encounter Data		
Item	Rate per 10,000 member months	Median*
Inpatient Days	174	176
Outpatient/Ambulatory	4,850	6,646

Grievances, Appeals and Complaints		
Item	Rate per 10,000 member months	Median*
1st Level UR Appeals	0.66	1.22
1st Level UR Grievances	5.21	3.11

Member Turnover		
Item	Percent	Median*
Membership Change 12/31/07 - 12/31/08	-43.5%	-41.4%

Primary Care Provider Turnover		
Item	Providers	Median*
Resigning	62	105
Terminated by Plan	24	11
Added	346	374
Total as of 12/31/08	4,799	3,795

* Median for North Carolina HMOs
 ** HMO Financial data not limited to commercial-insured business; also includes Medicare, Medicaid and/or ASO business (if applicable)



FirstCarolinaCare Insurance Company, Inc.

President: Kenneth J. Lewis
 Address: 42 Memorial Drive, Pinehurst, NC 28374
 Phone: (910) 715-8100
 Medical Director: Burt Place, M.D.
 Member Toll Free: (800) 574-8556

Website: www.firstcarolinacare.com
 Licensure in NC: 11/13/1996
 NCQA Accred. Status:
 Profit Status: For Profit
 Most Recent Exam: 06/23/2006

Enrollment at 12/31/08	
Enrollment Summary	
Type	Members
Commercial - Insured	7,807
Medicaid	0
Medicare	0
Total	7,807
Commercial - Insured Enrollment by Premium Category	
Type	Members
Group	7,807
Individual	0
Member Months	
Commercial Insured	90,149

Financial Results for 2008		
Item	Plan	Median*
Net Worth **	\$16,641,882	\$54,238,413
Pre-Tax Profit (Loss) **	\$997,358	\$12,742,195
Premiums Earned	\$27,625,132	\$146,372,505
Incurred for Health Care Services	\$20,960,005	\$113,451,007
Medical Loss Ratio	0.76	0.78
Premium PMPM	\$306.44	\$328.98

Member Encounter Data		
Item	Rate per 10,000 member months	Median*
Inpatient Days	179	176
Outpatient/Ambulatory	8,863	6,646

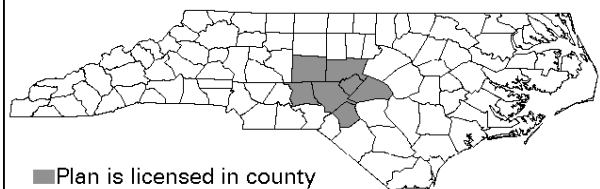
Grievances, Appeals and Complaints		
Item	Rate per 10,000 member months	Median*
1st Level UR Appeals	2.11	1.22
1st Level UR Grievances	1.11	3.11

Member Turnover		
Item	Percent	Median*
Membership Change 12/31/07 - 12/31/08	-44.3%	.414

Primary Care Provider Turnover		
Item	Providers	Median*
Resigning	39	105
Terminated by Plan	0	11
Added	55	374
Total as of 12/31/08	233	3,795

* Median for North Carolina HMOs
 ** HMO Financial data not limited to commercial-insured business; also includes Medicare, Medicaid and/or ASO business (if applicable)

Service Area



PARTNERS National Health Plans of North Carolina, Inc.

President: Robert J. Greczyn, Jr.
 Address: P.O. Box 17509, Winston-Salem, NC 27116-7509
 Phone: (336) 760-4822
 Medical Director: William Spencer, M.D.
 Member Toll Free: (800) 942-5695

Website: www.partnershealth.com
 Licensure in NC: 10/30/1986
 NCQA Accred. Status:
 Profit Status: For Profit
 Most Recent Exam: 05/05/2000

Enrollment at 12/31/08	
Enrollment Summary	
Type	Members
Commercial - Insured	0
Medicaid	0
Medicare	42,392
Total	42,392
Commercial - Insured Enrollment by Premium Category	
Type	Members
Group	0
Individual	0
Member Months	
Commercial Insured	0

Financial Results for 2008		
Item	Plan	Median*
Net Worth **	\$233,430,273	\$54,238,413
Pre-Tax Profit (Loss) **	\$17,600,912	\$12,742,195
Premiums Earned	NA	\$146,372,505
Incurred for Health Care Services	NA	\$113,451,007
Medical Loss Ratio	NA	0.78
Premium PMPM	NA	\$328.98

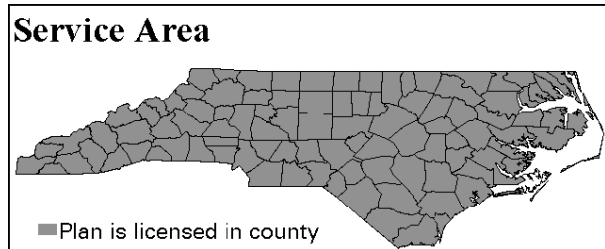
Member Encounter Data		
Item	Rate per 10,000 member months	Median*
Inpatient Days	NA	1.76
Outpatient/Ambulatory	NA	6,646

Grievances, Appeals and Complaints		
Item	Rate per 10,000 member months	Median*
1st Level UR Appeals	NA	1.22
1st Level UR Grievances	NA	3.11

Member Turnover		
Item	Percent	Median*
Membership Change 12/31/07 - 12/31/08	NA	-41.4%

Primary Care Provider Turnover		
Item	Providers	Median*
Resigning	NA	105
Terminated by Plan	NA	11
Added	NA	374
Total as of 12/31/08	NA	3,795

* Median for North Carolina HMOs
 ** HMO Financial data not limited to commercial-insured business; also includes Medicare, Medicaid and/or ASO business (if applicable)
 *** Marketing a Medicare HMO product only
 NA: Not Applicable



UnitedHealthCare of North Carolina, Inc.

President: Austin T. Pittman
 Address: 3803 N. Elm St., Greensboro, NC 27455
 Phone: (860) 720-9147
 Medical Director: Leonard A. Wilkerson, DO
 Member Toll Free: (800) 318-7689

Website: www.unitedhealthcare.com
 Licensure in NC: 05/21/1985
 NCQA Accred. Status: Excellent
 Profit Status: For Profit
 Most Recent Exam: 03/28/2005

Enrollment at 12/31/08	
Enrollment Summary	
Type	Members
Commercial - Insured	32,980
Medicaid	0
Medicare	59,699
Total	92,679
Commercial - Insured Enrollment by Premium Category	
Type	Members
Group	32,901
Individual	79
Member Months	
Commercial Insured	567,149

Financial Results for 2008		
Item	Plan	Median*
Net Worth **	\$291,962,922	\$54,238,413
Pre-Tax Profit (Loss) **	\$21,965,457	\$12,742,195
Premiums Earned	\$205,312,214	\$146,372,505
Incurred for Health Care Services	\$150,115,071	\$113,451,007
Medical Loss Ratio	0.73	0.78
Premium PMPM	\$362.01	\$328.98

Member Encounter Data		
Item	Rate per 10,000 member months	Median*
Inpatient Days	209	176
Outpatient/Ambulatory	8,442	6,646

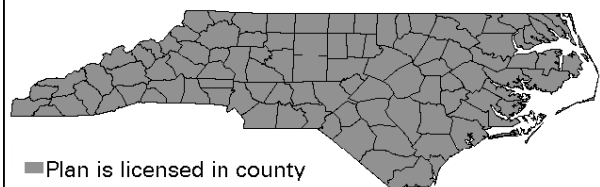
Grievances, Appeals and Complaints		
Item	Rate per 10,000 member months	Median*
1st Level UR Appeals	1.45	1.22
1st Level UR Grievances	6.05	3.11

Member Turnover		
Item	Percent	Median*
Membership Change 12/31/07 - 12/31/08	-62.4%	-41.4%

Primary Care Provider Turnover		
Item	Providers	Median*
Resigning	234	105
Terminated by Plan	14	11
Added	401	374
Total as of 12/31/08	3,928	3,795

* Median for North Carolina HMOs
 ** HMO Financial data not limited to commercial-insured business;
 also includes Medicare, Medicaid and/or ASO business (if applicable)

Service Area



WellPath Select, Inc

President: Tracy H. Baker
 Address: 2801 Slater Rd.; Ste 200, Morrisville NC 27560
 Phone: (919) 337-1907
 Medical Director: Daniel H. Barco, M.D.
 Member Toll Free: (866) 935-7284

Website: www.wellpathonline.com
 Licensure in NC: 10/26/1995
 NCQA Accred. Status:
 Profit Status: For Profit
 Most Recent Exam: 01/16/2004

Enrollment at 12/31/08	
Enrollment Summary	
Type	Members
Commercial - Insured	73,369
Medicaid	0
Medicare	0
Total	73,369
Commercial - Insured Enrollment by Premium Category	
Type	Members
Group	53,120
Individual	20,249
Member Months	
Commercial Insured	885,675

Financial Results for 2008		
Item	Plan	Median*
Net Worth **	\$54,238,413	\$54,238,413
Pre-Tax Profit (Loss) **	\$12,742,195	\$12,742,195
Premiums Earned	\$231,004,747	\$146,372,505
Incurred for Health Care Services	\$179,866,091	\$113,451,007
Medical Loss Ratio	0.78	0.78
Premium PMPM	\$260.82	\$328.98

Member Encounter Data		
Item	Rate per 10,000 member months	Median*
Inpatient Days	128	176
Outpatient/Ambulatory	3,346	6,646

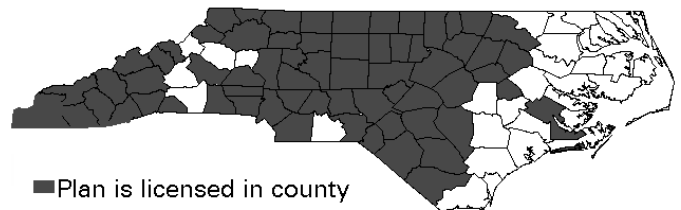
Grievances, Appeals and Complaints		
Item	Rate per 10,000 member months	Median*
1st Level UR Appeals	1.68	1.22
1st Level UR Grievances	3.43	3.11

Member Turnover		
Item	Percent	Median*
Membership Change 12/31/07 - 12/31/08	1.5%	-41.4%

Primary Care Provider Turnover		
Item	Providers	Median*
Resigning	228	105
Terminated by Plan	4	11
Added	838	374
Total as of 12/31/08	3,852	3,795

* Median for North Carolina HMOs
 ** HMO Financial data not limited to commercial-insured business;
 also includes Medicare, Medicaid and/or ASO business (if applicable)

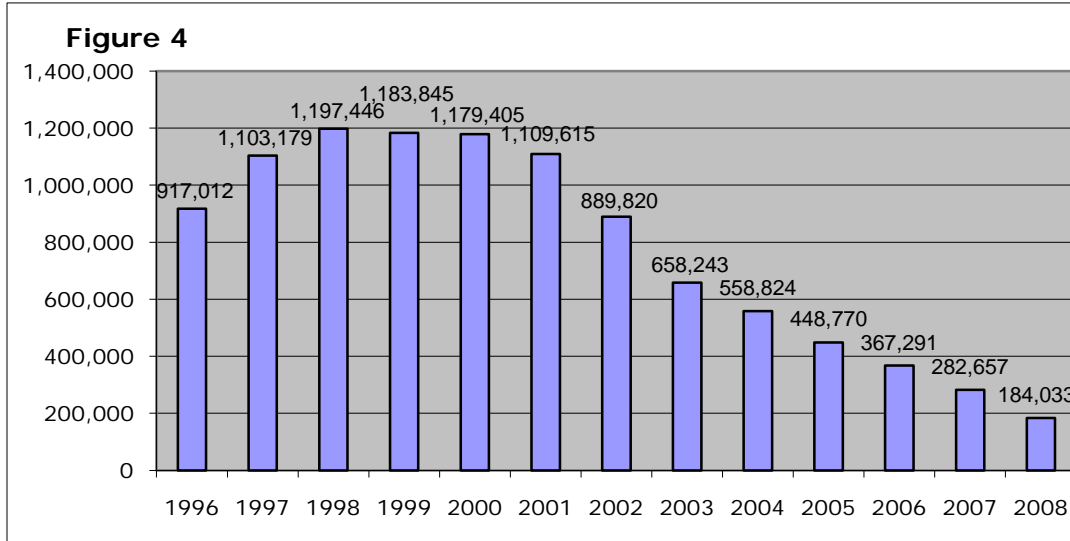
Service Area



Comparative Charts and Tables

A. Enrollment, Market Share and Member Turnover

Statewide HMO Enrollment: 12/31/96 - 12/31/08



HMOs are required to report enrollment figures to the Department of Insurance. Figures 4-11 illustrate HMO enrollment trends in North Carolina.

Source: Annual Managed Care Data Filings (1996-1999), Annual Financial Statement (2000-2008)

Statewide Market Share, by HMO: 12/31/08

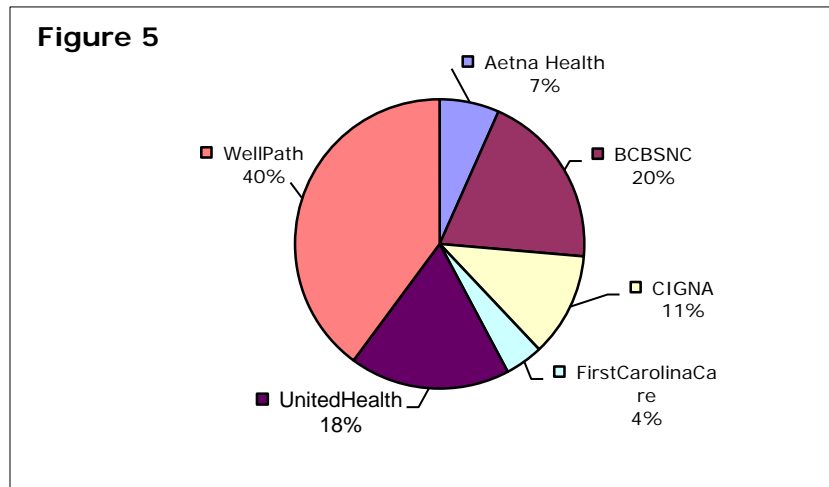


Figure 5 Source: 2008 Annual Financial Statements

Figure 6

HMO	Enrollment	Percent of Covered Lives
Aetna Health	12,249	7%
BCBSNC	36,294	20%
CIGNA	21,334	12%
FirstCarolinaCare	7,807	4%
UnitedHealth	32,980	18%
WellPath	73,369	40%
TOTAL	184,033	100%

Figure 6 Source: 2008 Annual Financial Statements

HMO Market Share in Triangle MSA: 12/31/08
Figure 7

HMO	Enrollment	Percent of Covered Lives
Aetna Health	3,318	8.8%
BCBSNC	5,903	15.6
CIGNA	6,489	17.2%
FirstCarolinaCare	134	0.4%
UnitedHealth	6,947	18.4%
WellPath	14,972	39.6%
TOTAL	37,763	100.0%

HMO Market Share in Triad MSA: 12/31/08
Figure 8

HMO	Enrollment	Percent of Covered Lives
Aetna Health	58	0.2%
BCBSNC	14,732	38.2%
CIGNA	4,258	11.0%
FirstCarolinaCare	48	0.1%
UnitedHealth	13,556	35.1%
WellPath	5,917	15.3%
TOTAL	38,569	100.0%

Figure 7 and 8 Source: 2008 Annual Managed Care Data Filings

HMO Market Share in Charlotte MSA: 12/31/08
Figure 9

HMO	Enrollment	Percent of Covered Lives
Aetna Health	7,749	14.1%
BCBSNC	6,525	11.9%
CIGNA	2,196	4.0%
FirstCarolinaCare	12	0.0%
UnitedHealth	2,827	5.1%
WellPath	35,655	64.9%
TOTAL	54,964	100.0%

HMO Market Share in Other MSA: 12/31/08
Figure 10

HMO	Enrollment	Percent of Covered Lives
Aetna Health	70	0.4%
BCBSNC	3,643	18.4%
CIGNA	4,810	24.2%
FirstCarolinaCare	57	0.3%
UnitedHealth	4,964	25.0%
WellPath	6,299	31.7%
TOTAL	19,843	100.0%

Figure 9 and 10 Source: 2008 Annual Managed Care Data Filings

HMO Market Share in non-Metro MSA: 12/31/08
Figure 11

HMO	Enrollment	Percent of Covered Lives
Aetna Health	902	3.1%
BCBSNC	5,114	17.6%
CIGNA	3,212	11.1%
FirstCarolinaCare	6,809	23.4%
UnitedHealth	3,458	11.9%
WellPath	9,571	32.9%
TOTAL	29,066	100.0%

Source: 2008 Annual Managed Care Data Filings

Member turnover refers to the number of members who joined or left a health plan in 2008. Since most people receive their health insurance through an employer group plan, the decision to change health plans is usually made by the employer and not by the individual member. Therefore, member turnover does not necessarily reflect member dissatisfaction with a health plan. Turnover can also occur when people move or change jobs, when they find a plan with better benefits or lower cost, or for a variety of other reasons.

Figure 12 shows the number of HMO members enrolled in each plan in 2008. The last column shows the percentage of change (up or down) from 2007 to 2008.

HMO Member Turnover: 2008

Figure 12

HMO	# Added in 2008	# That Left in 2008	Total on 12/31/08	% Change: 12/31/07 to 12/31/08
Aetna Health	6,241	6,095	13,076	1.1%
BCBSNC	6,104	29,579	36,289	-39.3%
CIGNA	3,401	19,859	21,334	-43.5%
FirstCarolinaCare	2,160	7,904	7,219	-44.3%
UnitedHealth	5,095	58,515	32,185	-62.4%
WellPath	22,102	21,032	73,369	1.5%

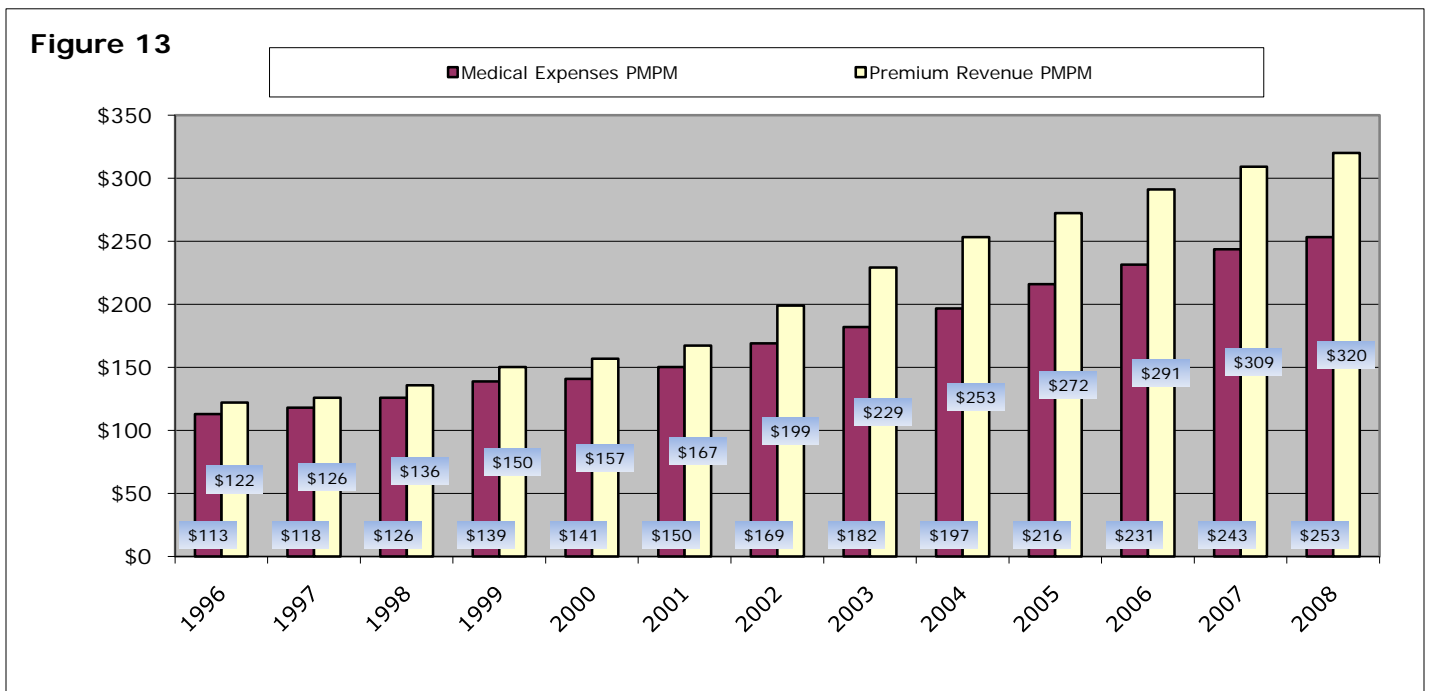
Source: 2008 Annual Managed Care Data Filings

B. HMO Premium Revenues and Medical Expenses

All North Carolina HMOs are required to submit an annual financial report (the “Annual Statement”) to the Department’s Financial Evaluation Division. Based on a template developed by the National Association of Insurance Commissioners (NAIC), the Annual Statement gives plans across the country a standardized financial reporting format, and greatly facilitates the evaluation of an HMO’s solvency and financial condition.

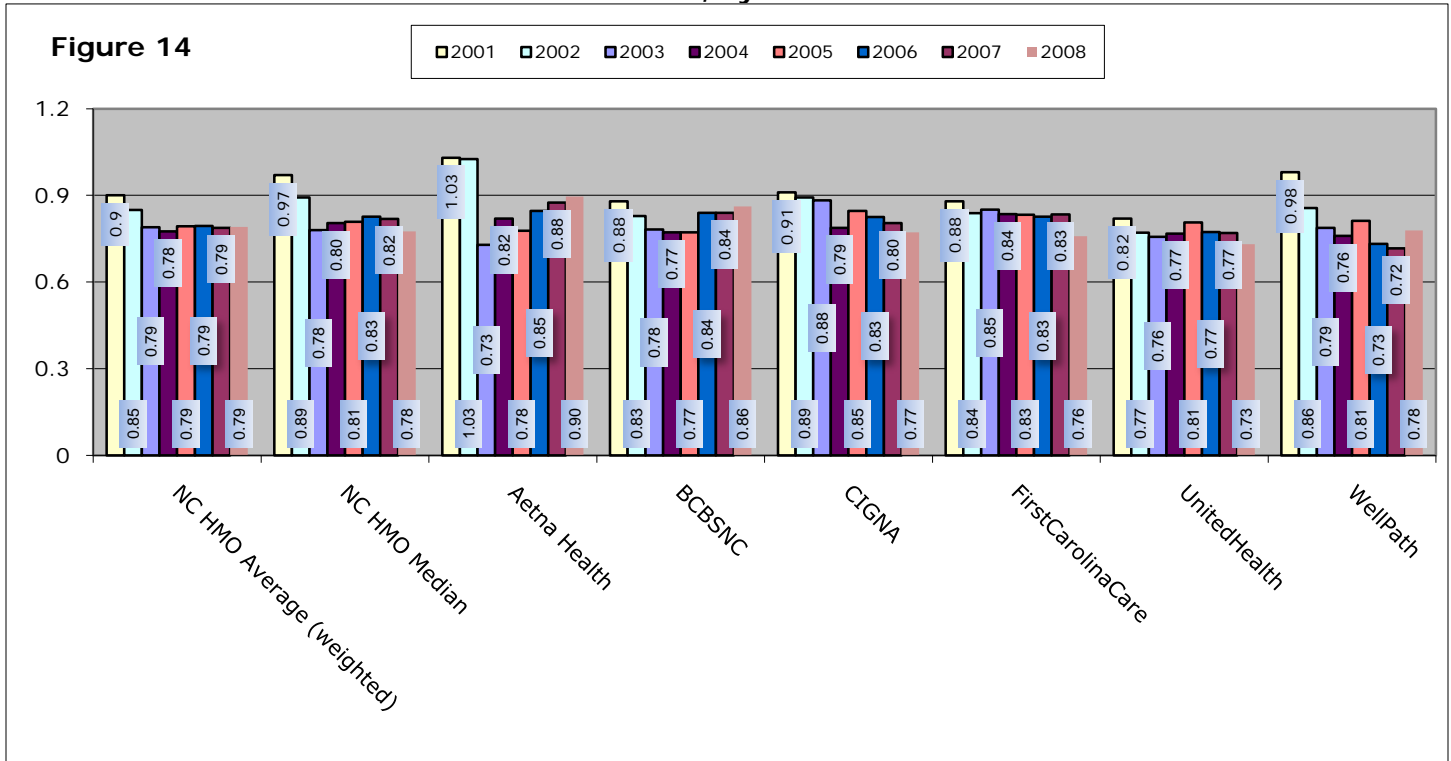
Note: The one-page profiles that are contained in Section III of this Report contain additional financial statistics for each HMO.

Statewide HMO Medical Expenses and Premium Revenues: 1996-2008



Source: *Annual Financial Statements (1996-2008)*

Medical Loss Ratio, by HMO: 2001-2008



Source: Annual Financial Statements (2001-2008)

C. HMO Inpatient/Outpatient Encounter Data

The amount of health care services used by an HMO's members can be affected by numerous factors, many of which are beyond the HMO's control (e.g., covered members' ages, gender, socioeconomic levels, community practice standards, etc.).

Inpatient Days Per 10,000 Member Months, by HMO: 2008

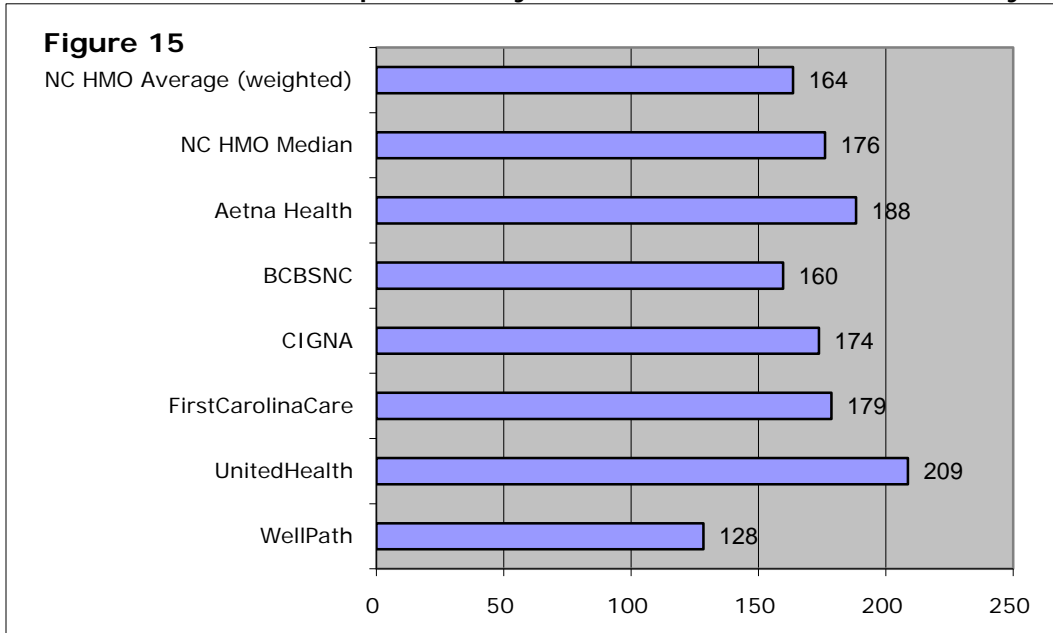


Figure 15 Source: 2008 Annual Financial Statements

When comparing utilization statistics for several plans, therefore, it is important to consider several possible explanations for whatever differences you might see. For example, if HMO "A" has a higher inpatient utilization rate than HMO "B," then HMO "A" might be relatively

ineffective at managing chronic conditions. Another possibility, however, is that HMO "A" has a relatively high proportion of adult female members, leading to a higher incidence of maternity stays. It is important to remember that the quantity of health care services provided does not necessarily reflect the quality of an HMO's delivery system.

Note: Additional utilization statistics can be found on the one-page HMO profiles located in Section III.

Outpatient Encounters per 10,000 Member Months, by HMO: 2008

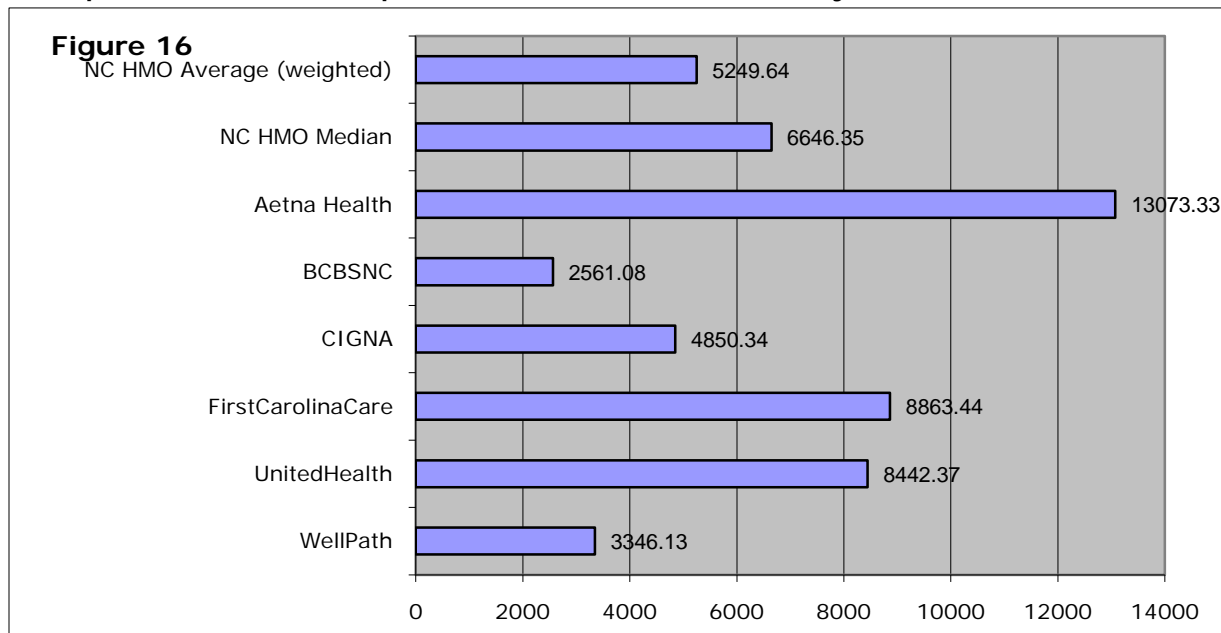


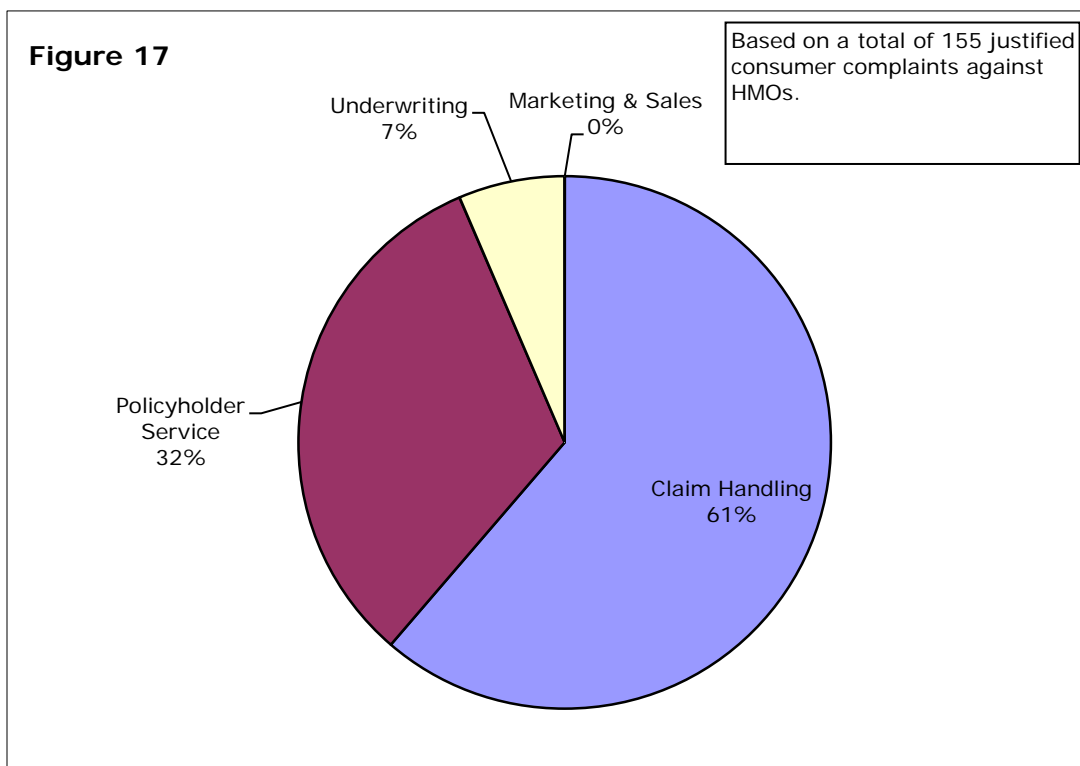
Figure 16 Source: 2008 Annual Financial Statements

D. Complaints Received by the Department of Insurance

North Carolina law requires managed care plans to offer a formal grievance process to their members. However, managed care plan members may file complaints with the Department’s Consumer Services Division, whether or not the plan’s grievance process has been utilized. Consumer Services reviews and investigates each complaint to determine whether the plan has violated applicable State insurance laws, regulations and/or terms of the policy contract; if the insurer is found to have committed such violations or to have otherwise been at fault, then the complaint is termed “confirmed.” If no violations and/or fault are found, then Consumer Services will advise the complainant to use the plan’s internal appeal/grievance process if he/she has not already exhausted that option. The Department takes appropriate regulatory action to require companies to correct any incidences of non-compliance.

Using data provided by the Department’s Consumer Services Division, the two charts below show a breakdown of justified 2008 consumer complaints by complaint reason (Figure 17) and the rate of confirmed consumer complaints against each HMO during 2008 (Figure 18).

“Confirmed” NCDOI Consumer Complaints Against North Carolina HMOs, by Reason: 2008



Notes:

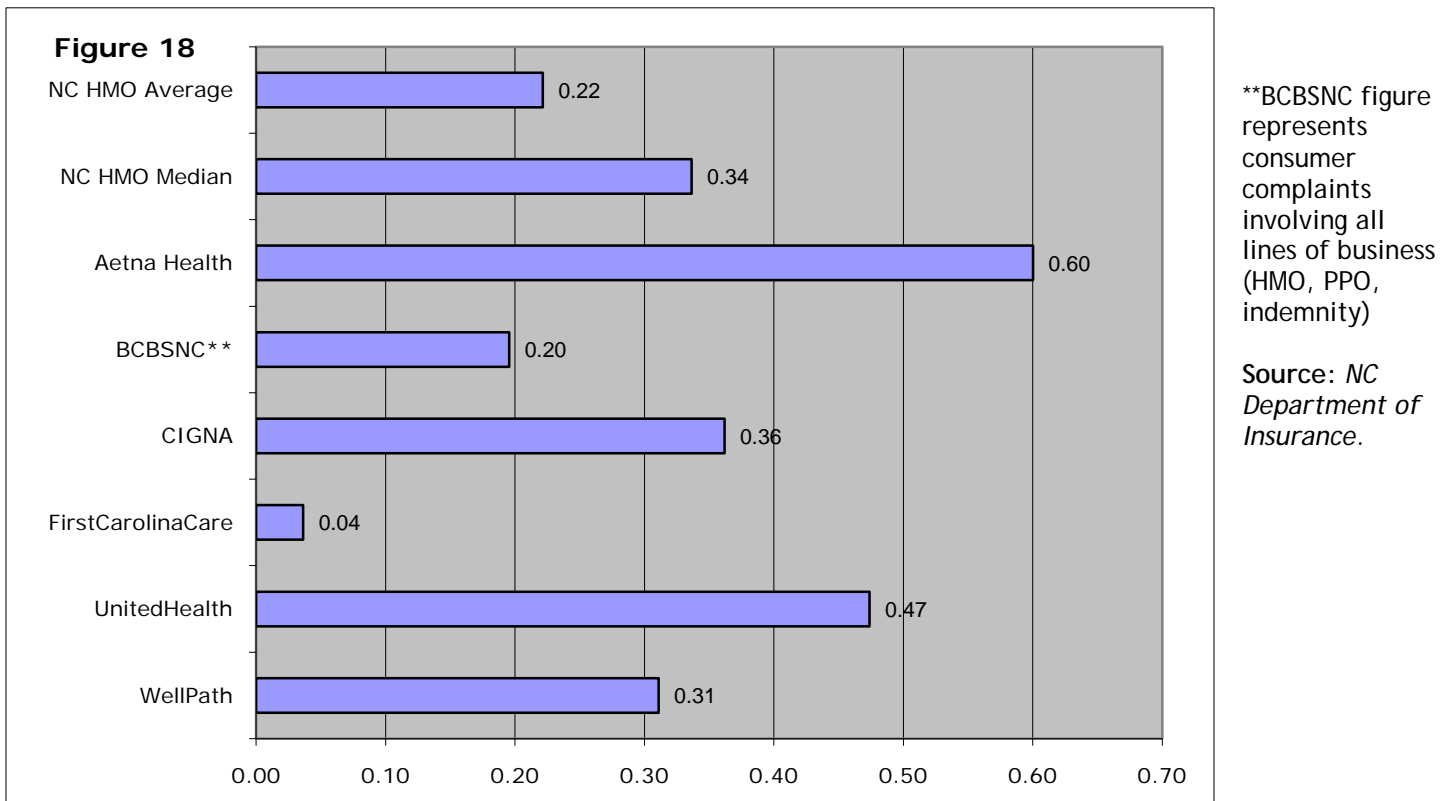
Claim Handling - Complaints related to claims payment amounts, denial, delay, assignment of benefits, coordination of benefits, etc.

Policyholder Service - Complaints related to customer service, access to care, quality of care, etc.

Underwriting - Complaints related premiums/rating, cancellation, non-renewal, discrimination, etc.

Marketing & Sales - Complaints related marketing, advertising, agent conduct, etc.

Consumer Complaints Against North Carolina HMOs, per \$1,000,000 of Direct Premium: 2008



E. HMO Utilization Review and Appeals

Managed care plans evaluate requests for health care services through a process known as utilization review. Under NCGS 58-50-61(a)(17), "utilization review" (UR) is defined as a set of formal techniques designed to monitor the use of or evaluate the clinical necessity, appropriateness, efficacy, or efficiency of health care services, procedures, providers, or facilities. UR can occur before services are rendered (prospective review), while services are ongoing (concurrent review) or after services have been delivered (retrospective review). UR usually involves direct communication between the health plan and the member's provider of care.

North Carolina law requires a health plan's UR decisions to be based on sound medical information, and to be made within specified time frames. When a health plan determines that a requested service does not meet the plan's requirements for medical necessity, appropriateness, effectiveness, health care setting or level of care, the plan must issue a noncertification notice to the member and provider. A physician licensed in North Carolina must review all noncertification decisions. North Carolina law also requires a noncertification notice to include:

- why the service was denied;
- instructions for filing an appeal of the plan's decision; and
- instructions for requesting a copy of the plan's utilization review criteria.

A more detailed description of member appeal rights can be found in "Guide to Appeals and Grievances." See page 6 of this Report for information on how to obtain that guide and other publications.

Comparison of the percentage of utilization reviews that resulted in noncertifications is one way to compare health plans of different sizes. The table below shows utilization reviews and noncertification percentages for licensed HMOs in North Carolina.

Percentage of Utilization Reviews Resulting in Noncertification, by HMO: 2008

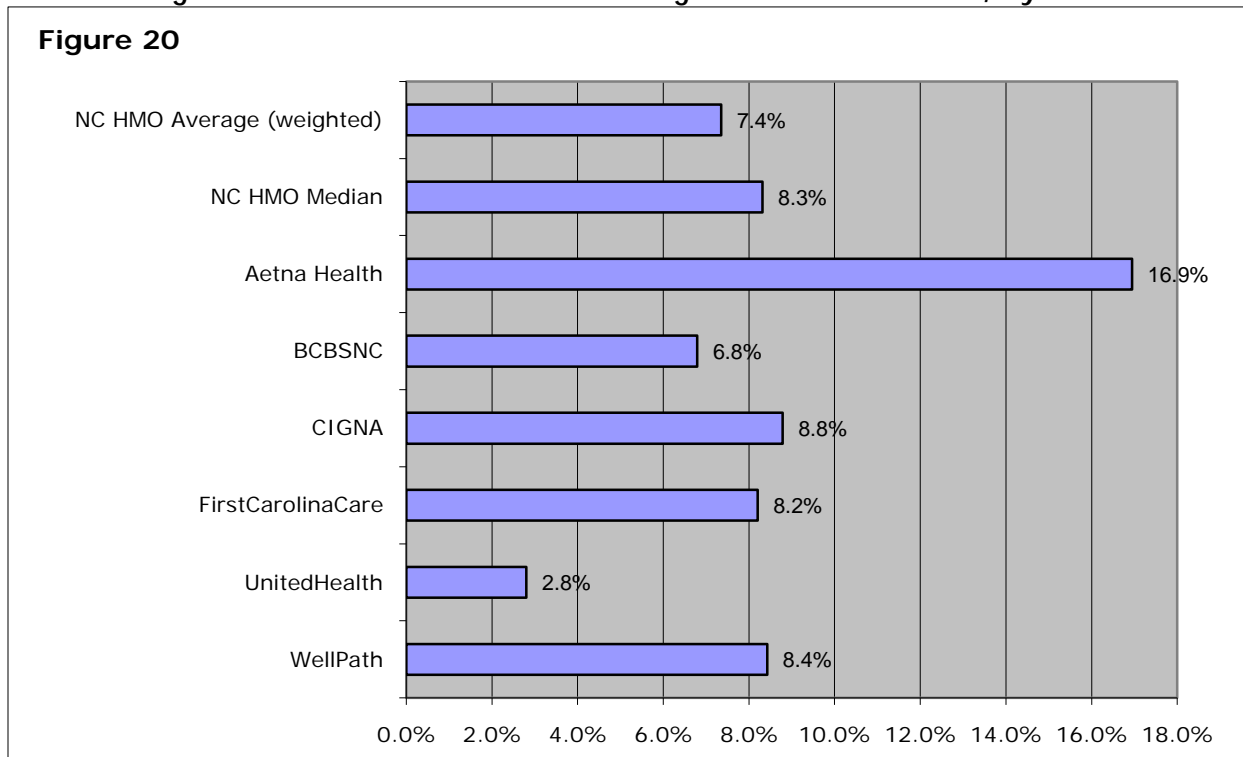
Figure 19

HMO	# of Reviews Performed	% of Reviews Resulting in Noncertification
NC HMO Average (weighted)	19,956	7.4%
NC HMO Median	16,864	8.3%
Aetna Health	5,171	16.9%
BCBSNC	8,230	6.8%
CIGNA	44,833	8.8%
FirstCarolinaCare	5,036	8.2%
UnitedHealth	30,971	2.8%
WellPath	25,497	8.4%

Source: 2008 Annual Managed Care Data Filings

Using data from the table, Figure 20 shows the percentage of each plan’s utilization reviews that resulted in a noncertification.

Percentage of Utilization Reviews Resulting in Noncertification, by HMO: 2008



Source: 2008 Annual Managed Care Data Filings

When a managed care plan denies coverage for a service based on utilization review, the member has the right to file an appeal asking the health plan to reconsider the denial (noncertification). A member may also file a second-level appeal of a denial if they are not satisfied with the outcome of the first appeal (if a managed care plan waives the second-level appeal process, then the member may take his/her case directly to External Review, as described in the next section). Due to the small number of second-level appeals filed by members during 2008, only first-level appeal data are presented in this Report.

Figure 21 shows the number of first-level appeals of non-certifications and the percentage of first-level appeals resolved in members' favor for each North Carolina HMO.

Percentage of First-Level Appeals Resolved in Members' Favor, by HMO: 2008

Figure 21

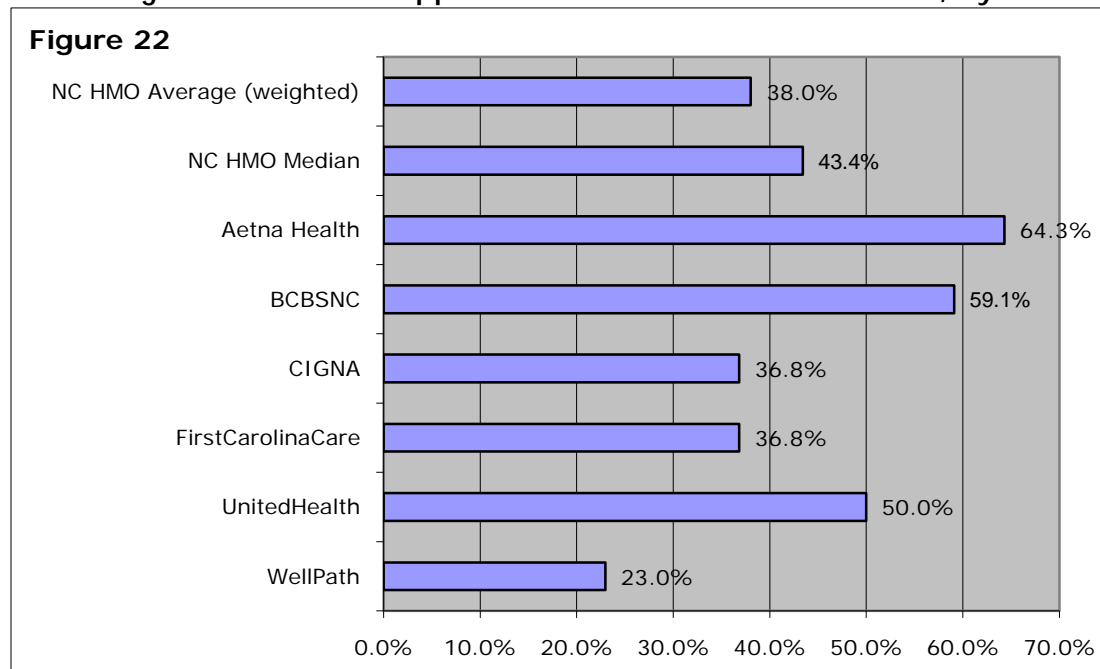
HMO	# of Noncertifications Appealed	% of Appeals Resolved in Member's Favor
<i>NC HMO Average (weighted)</i>	54	38.0%
<i>NC HMO Median</i>	32	43.4%
Aetna Health	14	64.3%
BCBSNC	44	59.1%
CIGNA	19	36.8%
FirstCarolinaCare	19	36.8%
UnitedHealth	82	50.0%
WellPath	148	23.0%

Source: 2008 Annual Managed Care Data Filings

Using data from the table, Figure 22 shows the percentage of each HMO's first-level appeals resolved in the members' favor.

Percentage of First-Level Appeals Resolved in Members' Favor, by HMO: 2008

Figure 22



Source: 2008 Annual Managed Care Data Filings

F. External Review

If an insurance company denies coverage on the basis that the services are not medically necessary, and if the member exhausts all available appeal options with the insurer, then the member may submit a request (to the North Carolina Department of Insurance) for an “external review” of his/her case. An external review is an independent review of the denial and offers another option for resolving coverage disputes with the insurer. For cases that meet eligibility requirements, expert medical professionals who have no association with the insurance company perform the external review. If an external review finds that the denial was wrong, then the insurance company will be required to pay for the services. *(Detailed information on the External Review program can be found in the “Consumer” section of the North Carolina Department of Insurance website.)*

External Reviews, by HMO: 2008

Figure 23

HMO	# of Cases Received During 2008	# of Reviews Upholding HMO's Denial	# of Reviews Overturning HMO's Denial	# of Denials Reversed by HMO Prior to or During Review
Aetna Health	0	NA	NA	NA
BCBSNC	2	2	0	0
CIGNA	0	NA	NA	NA
FirstCarolinaCare	1	1	0	0
UnitedHealth	3	3	0	0
WellPath	7	5	1	1

NA = Not Applicable (no external review cases received during 2008)

Source: North Carolina Department of Insurance

G. HMO Grievances

In addition to noncertification appeals (see page 22), members may also file complaints about most other policies, decisions or actions of the health plan or its providers. As defined in 58-50-61(a)(6), these complaints, called “grievances,” may be about claims handling, the quality or availability of providers, the requirements or services of the health plan or anything else that may have caused a member to be dissatisfied. The health plan must issue a written decision within 30 days of receiving a grievance, and the decision letter must inform the member that a second-level grievance review may be requested if the first-level decision is not satisfactory. Due to the small number of second-level grievances filed by members during 2008, only first-level grievance data are presented in this Report.

Not all grievances result from unfair policies or incorrect decisions by HMOs. For example, a member’s complaint might have resulted from his/her not following the HMO’s procedures for obtaining services. Therefore, the number or rate of grievances received does not necessarily indicate the quality of an HMO or the satisfaction level of its members.

A more detailed description of member grievance rights can be found in “Guide to Appeals and Grievances.” See page 6 of this Report for information on how to obtain that Guide and other publications.

The rate of grievances per 10,000 member months allows comparison between plans of different sizes. For example, a rate of 37 means that during 2008, a plan received 37 first-level grievances per 10,000 member months. Figure 24 shows the total number of first-level grievances received by each HMO and the rate of grievances received per 10,000 member months.

First-Level Grievances per 10,000 Member Months, by HMO: 2008

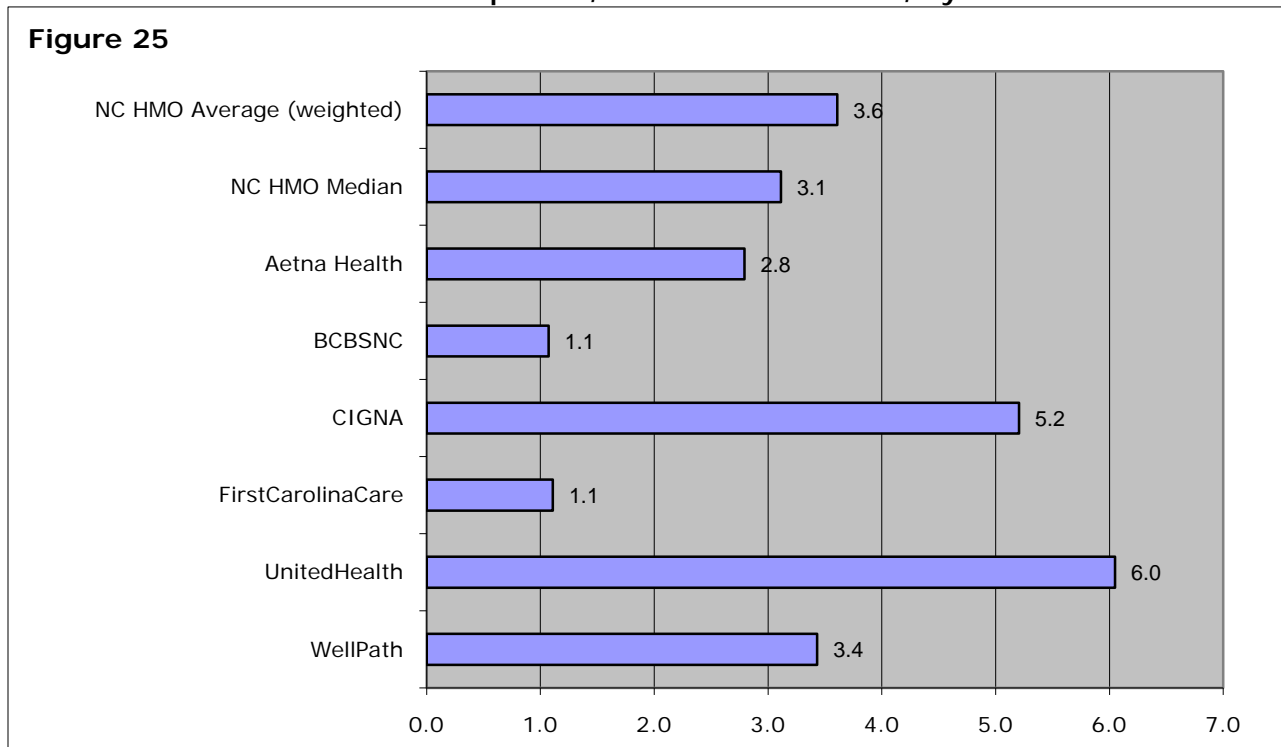
Figure 24

HMO	# of Grievances Received	Grievances per 10,000 Member Months
NC HMO Average (weighted)	150	3.6
NC HMO Median	103	3.1
Aetna Health	39	2.8
BCBSNC	57	1.1
CIGNA	149	5.2
FirstCarolinaCare	10	1.1
UnitedHealth	343	6.0
WellPath	304	3.4

Source: 2008 Annual Managed Care Data Filings

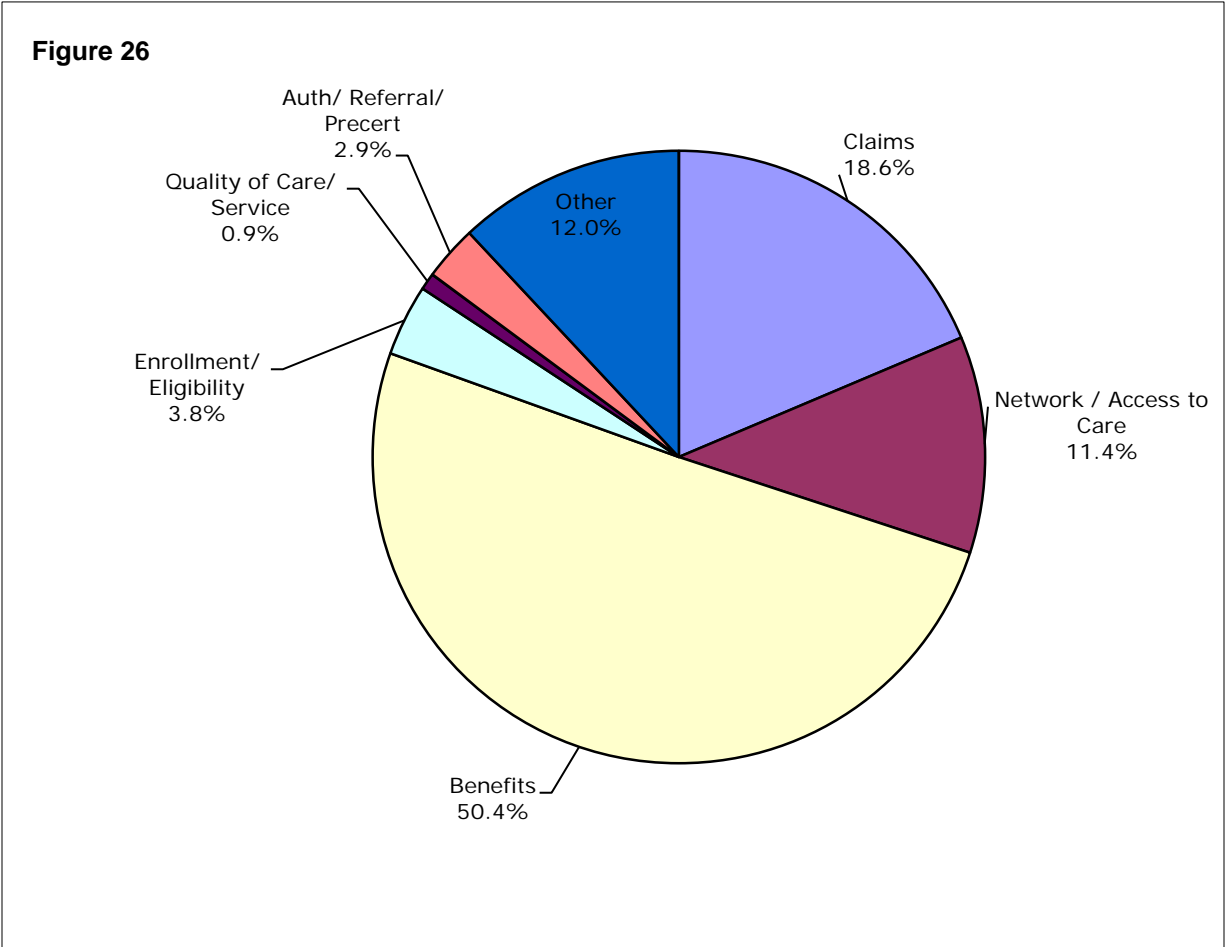
Using data from the table, Figure 25 shows the rate of grievances received by HMOs, per 10,000 member months.

First-Level Grievances per 10,000 Member Months, by HMO: 2008



Source: 2008 Annual Managed Care Data Filings

First-Level Grievances, by Reason: 2008



Source: 2008 Annual Managed Care Data Filings

Percentage of First-Level Grievances Resolved in Members' Favor, by HMO: 2008

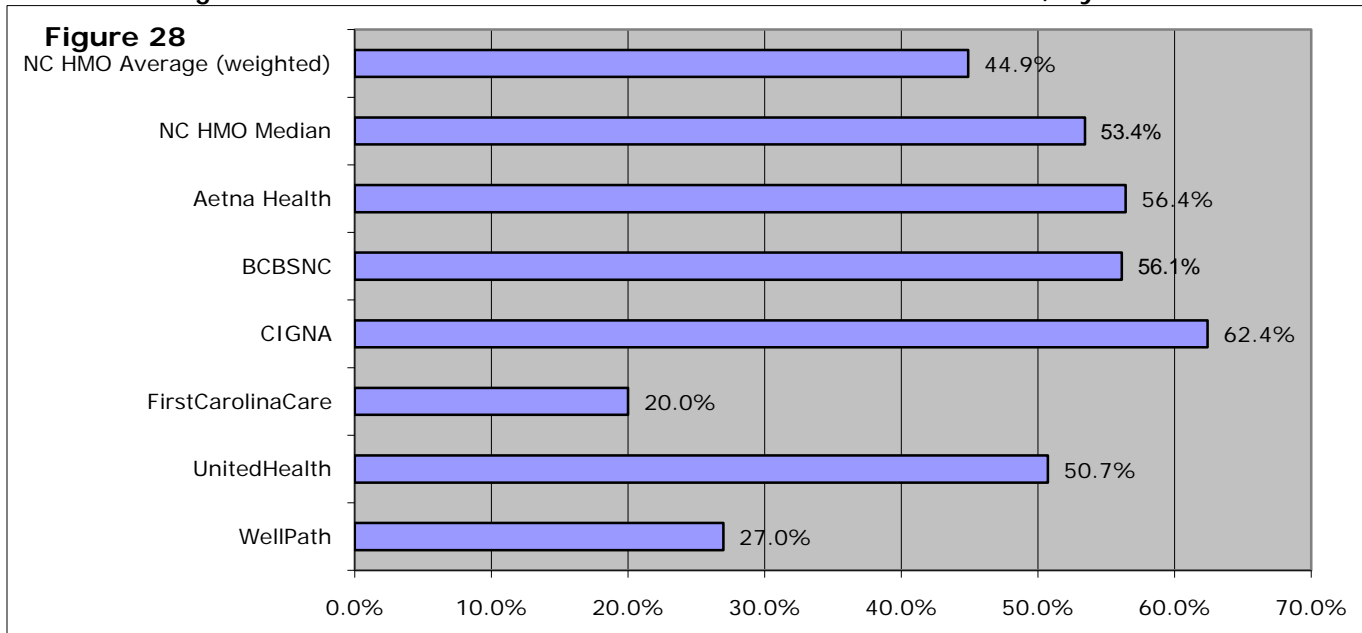
Figure 27

HMO	Percent (X)
NC HMO Average (weighted)	44.9%
NC HMO Median	53.4%
Aetna Health	56.4%
BCBSNC	56.1%
CIGNA	62.4%
FirstCarolinaCare	20.0%
UnitedHealth	50.7%
WellPath	27.0%

Source: 2008 Annual Managed Care Data Filings

Using data from the table, Figure 28 shows the percent of first-level grievances resolved in members favor by HMOs in 2008.

Percentage of First-Level Grievances Resolved in Members' Favor, by HMO: 2008



Source: 2008 Annual Managed Care Data Filings

H. HMO Provider Network Summary

Since HMO members are required to obtain their health care services from “in-network” providers, and since HMO/POS members are given strong financial incentives to do so, it is essential that these provider networks include enough providers with sufficient locations and appointment availability to adequately serve covered members. HMOs are required to establish standards for provider appointment availability and geographic accessibility and to monitor their networks with respect to those standards.

The table below shows the 2008 Geographic Accessibility standards established by each HMO in 2008, expressed as the number of providers within a specific driving distance (example: “2:10” indicates a standard of 2 providers within 10 miles of each covered member).

Geographic Provider Accessibility Standards, by HMO: 2008

Figure 29

HMO	Area	PCP	Ped.'s	OB/Gyn	Specialist MDs	Non-MDs	Acute Facilities	Outpatient Facilities	MH/CD (Psychiatrists)	MH/CD (non-MD)	Acute Facilities (MH/CD)
Aetna Health	Urban	1:30; 85% of the time	1:30; 85% of the time	1:30; 75% of the time	1:60; 75% of the time	1:60; 75% of the time	1:30; 75% of the time	1:60; 75% of the time	1:10; 90% of the time	1:10; 90% of the time	1:25; 90% of the time
Aetna Health	Suburban								1:10; 90% of the time	1:10; 90% of the time	1:25; 90% of the time
Aetna Health	Rural								1:40; 90% of the time	1:40; 90% of the time	1:45; 90% of the time
BCBSNC	High Urbanization	1:15	1:15	1:15	1:30 or 1:45	1:30	1:45	1:45	1:30	1:30	1:60
BCBSNC	Low Urbanization	1:30	1:30	1:30	1:60 or 1:85	1:60	1:90	1:90	1:60	1:60	1:60
CIGNA	Urban	2:8	2:8	2:15	2:15	2:15	1:20	1:20	1:15; 95% of the time	1:15; 98% of the time	1:20; 80% of the time
CIGNA	Suburban	2:10	2:10	2:20	2:20	2:20	1:25	1:25	1:15; 95% of the time	1:15; 98% of the time	1:20; 80% of the time
CIGNA	Rural	2:12	2:12	2:30	2:30	2:30	1:30	1:30	1:25; 85% of the time	1:25; 90% of the time	1:30; 80% of the time
First-Carolina-Care, Inc.	Rural	1:30	1:30	1:30	1:45	NA	1:75	1:75	1:45	NA	1:75
United-HealthCare	Urban	2:8; 90% of the time	2:8; 90% of the time	2:8; 90% of the time	1:60; 90% of the time	1:50; 90% of the time	1:50; 90% of the time	1:50; 90% of the time	1:10; 90% of the time	1:10; 90% of the time	1:15; 90% of the time
United-HealthCare	Suburban	2:15; 90% of the time	2:15; 90% of the time	2:15; 90% of the time	1:60; 90% of the time	1:50; 90% of the time	1:50; 90% of the time	1:50; 90% of the time	1:20; 90% of the time	1:20; 90% of the time	1:30; 90% of the time
United-HealthCare	Rural	2:30; 90% of the time	2:30; 90% of the time	2:30; 90% of the time	1:60; 90% of the time	1:90; 90% of the time	1:90; 90% of the time	1:90; 90% of the time	1:45; 90% of the time	1:30; 90% of the time	1:60; 90% of the time
WellPath Select, Inc.	Urban	2:10; 80% of the time	Grouped with PCP	1:30; 80% of the time	1:30, 1:60 or 1:120	NA	1:30; 80% of the time	NA	1:10	1:10	1:25
WellPath Select, Inc.	Suburban	2:10; 80% of the time	Grouped with PCP						1:25	1:25	1:40
WellPath Select, Inc.	Rural	2:10; 80% of the time	Grouped with PCP	1:45; 80% of the time	1:45, 1:60 or 1:120	NA	1:45; 80% of the time	NA	1:40	1:40	1:60

Note: HMOs are not required to have separate standards for urban vs. suburban vs. rural areas

NA = Not Applicable (company does not maintain a separate standard for this category)

Source: 2008 Annual Managed Care Data Filings

Physician turnover refers to the number of physicians who joined or left an HMO provider network during 2008. Physician turnover occurs when participation contracts between physicians and plans are terminated. Contract termination can be initiated by physicians or by plans.

Some reasons a physician might resign from a plan include:

- Dissatisfaction with the amount or method of payment.
- Disagreement with the plan's medical guidelines.
- Decisions to participate with only certain health plans or with no managed care plans.
- Dissatisfaction with the plan's administrative requirements.
- Retired or moved from the plan's service area.

Some reasons a health plan may terminate a physician include:

- Member complaints about the physician or physician staff.
- Concerns about the quality of care provided by the physician.
- Physician failure to follow the plan's administrative requirements.
- Plan decided to limit the number of physicians in the network.

Figure 30 shows the percentage of turnover from December 31, 2007, to December 31, 2008, for four categories of physicians in each HMO's network: Primary Care Physicians (PCP), Obstetrician-Gynecologists (OB/GYN), Pediatricians and Specialists. Within each physician category, the table indicates the number that left the plan's network involuntarily (terminated by the plan), the number that left voluntarily (resigned from the network), the number that joined the plan's network and the percent change in network size from December 31, 2007 to December 31, 2008. *Physician turnover is reported in this Report for HMOs only.*

Physician Turnover, by HMO: 2007

Figure 30

PCP				
HMO	# Terminated by Plan in 2008	# Resigned in 2008	# Added in 2008	% Change: 12/31/07 to 12/31/08
Aetna Health	71	87	642	16.2%
BCBSNC	7	122	278	2.5%
CIGNA	24	62	346	-0.9%
FirstCarolinaCare	0	39	55	6.9%
UnitedHealth	14	234	401	3.9%
WellPath	4	228	838	15.7%

OB/GYN				
HMO	# Terminated by Plan in 2008	# Resigned in 2008	# Added in 2008	% Change: 12/31/07 to 12/31/08
Aetna Health	11	4	132	16.4%
BCBSNC	3	41	90	4.0%
CIGNA	-1	-1	38	1.6%
FirstCarolinaCare	0	6	18	18.8%
UnitedHealth	3	47	79	3.1%
WellPath	0	40	225	18.6%

Pediatricians				
HMO	# Terminated by Plan in 2008	# Resigned in 2008	# Added in 2008	% Change: 12/31/07 to 12/31/08
Aetna Health	14	22	170	13.1%
BCBSNC	0	45	125	7.5%
CIGNA	-1	-1	111	-2.4%
FirstCarolinaCare	0	14	19	2.7%
UnitedHealth	0	72	128	4.9%
WellPath	1	71	271	17.0%

Specialists				
HMO	# Terminated by Plan in 2008	# Resigned in 2008	# Added in 2008	% Change: 12/31/07 to 12/31/08
Aetna Health	136	183	958	11.5%
BCBSNC	18	559	1,151	-3.1%
CIGNA	57	139	880	4.6%
FirstCarolinaCare	0	51	51	0.0%
UnitedHealth	11	692	816	1.5%
WellPath	10	493	1,931	19.2%

Source: 2008 Annual Managed Care Data Filings

IV. 2008 PPO Plan Activity

PPO benefit plans are products offered by licensed indemnity carriers. Figure 31 shows the licensed indemnity carriers that reported offering full-service PPO Benefit Plans in North Carolina, as of 12/31/08.

Licensed Insurers Reporting Membership Full-Service PPO Benefit Plans in North Carolina

As of 12/31/08

Figure 31

Name of PPO Plan Carrier	Address	City	State	Zip	Phone	Enrollment as of 12/31/08	Percent of Total
Aetna Life Insurance Company	151 Farmington Avenue	Hartford	CT	06156	(860)273-0123	44,399	4.0%
American Heritage Life Insurance Company	1776 American Heritage Life Drive	Jacksonville	FL	32224	(800)521-3535	14,996	1.3%
American Medical Security Life Insurance Company	P. O. Box 19032	Green Bay	WI	54307-9032	(800)232-5432	2,285	0.2%
American National Insurance Company	One Moody Plaza	Galveston	TX	77550	(800)899-6806	4	0.0%
American National Life Insurance Company of Texas	One Moody Plaza	Galveston	TX	77550	(800)899-6806	1,015	0.1%
American Republic Insurance Company	P. O. Box 1	Des Moines	IA	50301	(800)247-2190	2,968	0.3%
BlueCross & BlueShield of North Carolina	P.O. Box 2291	Durham	NC	27702	(800)446-8053	890,103	79.5%
Celtic Insurance Company	233 S. Wacker Drive, Suite #700	Chicago	IL	60606-6393	(800)477-7870	5,113	0.5%
Connecticut General Life Insurance Company	Two Liberty Place, 1601 Chestnut St. TL14A	Philadelphia	PA	19192	(215)761-1000	15,225	1.4%
Continental General Insurance Company	11200 Lakeline Blvd., Suite 100	Austin	TX	78717	(800)456-7866	183	0.0%
Coventry Health and Life Insurance Company	6705 Rockledge Drive, Suite 900	Bethesda	MD	20817	(800)743-8421	21,773	1.9%
Federated Mutual Insurance Company	121 East Park Square	Owatonna	MN	55060	(800)241-4945	3,476	0.3%
First Health Life & Health Insurance Company	3200 Highland Avenue	Downers Grove	IL	60515	(800)445-1425	420	0.0%
FirstCarolinaCare Insurance Company, Inc.	42 Memorial Drive	Pinehurst	NC	28374	(910)715-8112	528	0.0%
Golden Rule Insurance Company	7440 Woodland Drive	Indianapolis	IN	46278	(618)943-8000	5,648	0.5%
Guardian Life Insurance Company of America	7 Hanover Square	New York	NY	10004	(610)807-7299	14,665	1.3%
Humana Insurance Company	500 W. Main Street	Louisville	KY	40202	(800)664-4140	1,214	0.1%
Independence American Insurance Company	485 Madison Ave. 14th Floor	New York	NY	10022	(212)355-4141	1,353	0.1%
John Alden Life Insurance Company	501 West Michigan, P.O. Box 3050	Milwaukee	WI	53201	(800)327-7771	6,033	0.5%
Madison National Life Insurance Company, Inc.	P.O. Box 5008	Madison	WI	53705	(800)356-9601	348	0.0%
Mega Life and Health Insurance Company	9151 Boulevard 26	North Richland Hills	TX	76180	(800)527-5504	7,673	0.7%
Mid-West National Life Insurance Company of	9151 Boulevard 26	North Richland Hills	TX	76180	(800)527-5504	289	0.0%

MANAGED CARE IN NORTH CAROLINA: REPORT AND ANALYSIS OF 2008 ACTIVITY

Tennessee							
National Foundation Life Insurance Company	801 Cherry St., Unit 33	Fort Worth	TX	76102	(800)221-9039	587	0.1%
National Union Fire Insurance Company of Pittsburg, PA.	175 Water Street, 18th Floor	New York	NY	10038	(212)770-7000	38,468	3.4%
North Carolina Mutual Life Insurance Company	411 West Chapel Hill St.	Durham	NC	27701-3616	(800)647-2114	117	0.0%
Principal Life Insurance Company	711 High Street	Des Moines	IA	50392	(800)554-3398	8,457	0.8%
Standard Life & Accident Insurance Company	One Moody Plaza, 8th Floor	Galveston	TX	77550	(800)899-6806	98	0.0%
Standard Security Life Insurance Company of New York	485 Madison Avenue, 14th Fl	New York	NY	10022	(212)355-4141	1,044	0.1%
Time Insurance Company	501 West Michigan St., P.O. Box 3050	Milwaukee	WI	53201	(800)800-1212	11,004	1.0%
Trustmark Insurance Company (Mutual)	400 Field Drive	Lake Forest	IL	60045-2581	(800)366-6663	38	0.0%
Trustmark Life Insurance Company	400 Field Drive	Lake Forest	IL	60045-2581	(800)366-6663	5,869	0.5%
UniCARE Life & Health Insurance Company	233 S. Wacker Drive, Suite 3900	Chicago	IL	60606	(800)705-7988	9,238	0.8%
Union Security Insurance Company	P. O. Box 419052	Kansas City	MO	64141-6052	(866)866-4488	569	0.1%
United HealthCare Insurance Company	450 Columbus Blvd.	Hartford	CT	06103	(860)720-9147	1,554	0.1%
World Insurance Company	P.O. Box 3160	Omaha	NE	68103-0160	(800)786-7557	2,486	0.2%

Source: *North Carolina Department of Insurance
2008 Annual Managed Care Data Filings*

Due to differences in the laws and reporting requirements that apply to HMOs vs. indemnity carriers, some of the data presented in the HMO section of this Report are not available for PPO benefit plans. For example, an insurance company files an annual financial statement to report its overall financial condition, but this statement does not contain data focused solely on the company's PPO product. Similarly, only HMOs are subject to the annual HEDIS/CAHPS reporting requirement under NCGS 58-67-50(e). Conversely, both HMOs *and* PPO carriers are subject to the annual managed care data reporting requirements set forth in NCGS 58-3-191 (covering utilization review activity, grievances, provider networks, and other operational data).

Licensed Insurers Offering Single-Service PPO Benefit Plans in North Carolina

As of 12/31/08

Figure 32

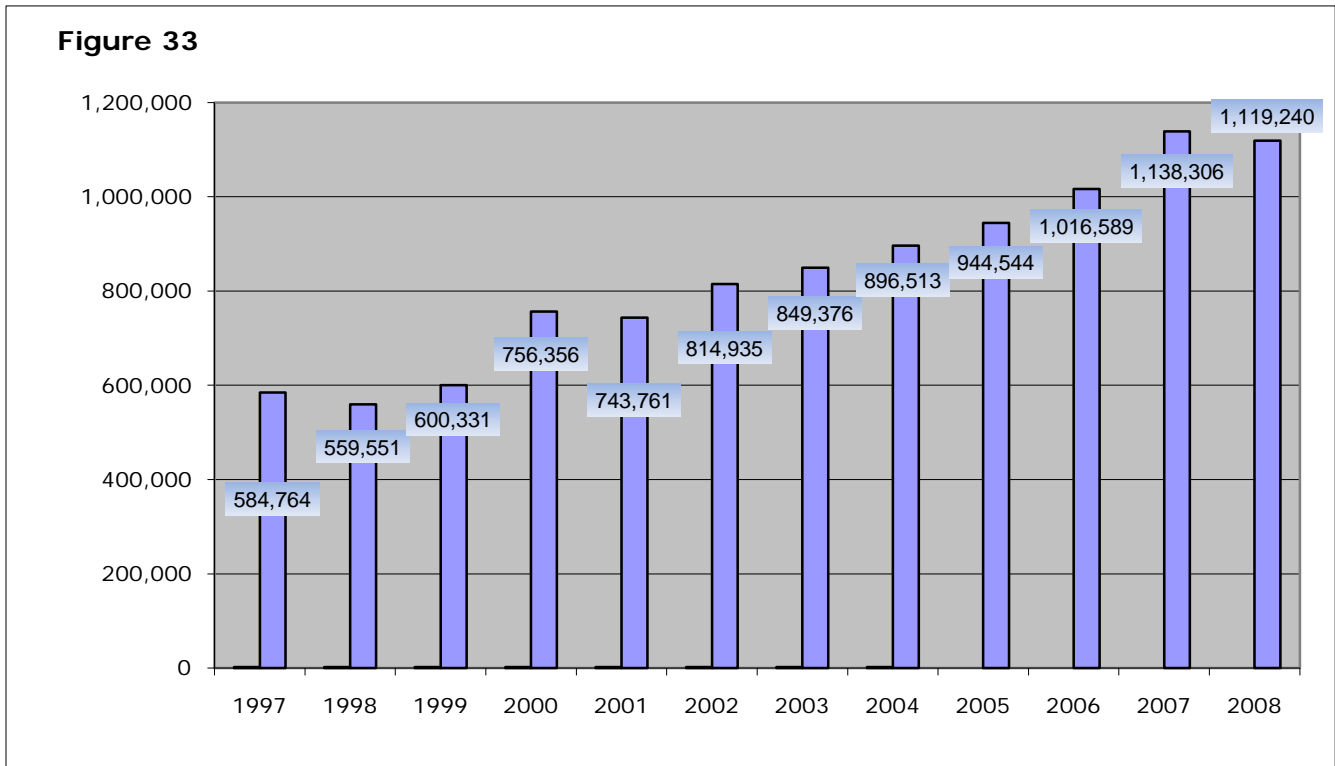
Name of PPO Plan Carrier	Type	Address	City	State	Zip	Phone	Enrollment as of 12/31/08
Aetna Life Insurance Company	Dental	151 Farmington Avenue	Hartford	CT	06156	(800)872-3862	35,192
AIG Life Insurance Company	Dental	P. O. Box 1591	Houston	TX	77281	(800)231-3655	2,265
AIG Life Insurance Company	Vision	P. O. Box 1591	Houston	TX	77281	(800)231-3655	2,107
Ameritas Life Insurance Corp.	Dental	P. O. Box 81889	Lincoln	NE	88501	(800)745-6665	165,089
Ameritas Life Insurance Corp.	Vision	P. O. Box 81889	Lincoln	NE	88501	(800)745-6665	60,124
Combined Insurance Company of America	Vision	1000 N. Milwaukee Avenue	Glenview	IL	60025	(800)225-4500	96,092
CompBenefits Insurance Company	Vision	100 Mansell Court East, Ste. 400	Roswell	GA	30076	(800) 633-1262	280
Connecticut General Life Insurance Company	Dental	Two Liberty Place, 1601 Chestnut St. TL14A	Philadelphia	PA	19192	(215)761-1000	471,236
Fidelity Security Life Insurance Company	Vision	3130 Broadway	Kansas City	MO	64111	(800)648-8624	76,537
First Health Life & Health Insurance Company	Dental	3200 Highland Avenue	Downers Grove	IL	60515	(800)445-1425	926
Guardian Life Insurance Company of America	Dental	7 Hanover Square	New York	NY	10004	(610)807-7299	112,138
HM Life Insurance Company	Vision	P. O. Box 535061	Pittsburgh	PA	15253-3099	(800)328-5433	7,884
Mega Life and Health Insurance Company	Vision	9151 Boulevard 26	North Richland Hills	TX	76180	(800)527-5504	4,739
Metropolitan Life Insurance Company	Dental	18210 Crane Nest Drive, 3rd Floor	Tampa	FL	33647	(814)269-8605	239,840
Mid-West National Life Insurance Company of Tennessee	Vision	9151 Boulevard 26	North Richland Hills	TX	76180	(800)527-5504	4,886
National Guardian Life Insurance Company	Vision	2 E. Gilman St., P. O.Box 1191	Madison	WI	53701	(800)548-2962	257,806
National Union Fire Insurance Company of Pittsburg, PA.	Vision	175 Water Street, 18th Floor	New York	NY	10038	(212)770-7000	1,358
Principal Life Insurance Company	Dental	711 High Street	Des Moines	IA	50392	(800) 554-3398	5,759
Reliance Standard Life Insurance Company	Dental	2001 Market Street Suite 1500	Philadelphia	PA	19103-7000	(800)351-7500	16,093
Security Life Insurance Company of America	Vision	10901 Red Circle Drive	Minnetonka	MN	55343-9137	(800)328-4667	425
Standard Insurance Company	Dental	P.O. Box 711	Portland	OR	97207	(800) 348-3226	5,748
Vision Service Plan Insurance Company	Vision	3333 Quality Drive	Rancho Cordova	CA	95670	(800)852-7600	773,430

Source: North Carolina Department of Insurance
2008 Annual Managed Care Data Filings

Comparative Charts and Tables

Statewide PPO Plan Enrollment: 12/31/97 - 12/31/08

A. PPO Plan Enrollment and Member Turnover



Source: *Annual Managed Care Data Filings (1997-2008)*.

PPO Plan Member Turnover: 2008

Figure 34

PPO Plan Carrier	# Added in 2008	# That Left in 2008	Total on 12/31/08	% Change: 12/31/07 to 12/31/08
Aetna Life Insurance Company	14,617	15,305	44,399	-1.5%
American Heritage Life Insurance Company	23,815	29,559	14,996	-27.7%
American Medical Security Life Insurance Company	308	1,185	2,285	-27.7%
American National Insurance Company	0	4	4	-50.0%
American National Life Insurance Company of Texas	646	395	1,015	32.9%
American Republic Insurance Company	1,714	3,109	2,968	-32.0%
BlueCross & BlueShield of North Carolina	288,884	293,483	890,103	-0.5%
Celtic Insurance Company	4,306	3,904	5,113	8.5%
Connecticut General Life Insurance Company	7,064	7,890	15,225	-5.1%
Continental General Insurance Company	30	326	183	-61.8%
Coventry Health and Life Insurance Company	18,727	2,909	21,773	265.6%
Federated Mutual Insurance Company	547	1,226	3,476	-16.3%
First Health Life & Health Insurance Company	0	0	420	0.0%
FirstCarolinaCare Insurance Company, Inc.	553	138	528	367.3%
Golden Rule Insurance Company	7,390	5,674	5,648	43.6%
Guardian Life Insurance Company of America	3,085	5,225	14,665	-12.7%
Humana Insurance Company	76	865	1,214	-39.4%
Independence American Insurance Company	401	677	1,353	-16.9%
John Alden Life Insurance Company	2,297	4,959	6,033	-30.6%
Madison National Life Insurance Company, Inc.	30	359	348	-48.6%
Mega Life and Health Insurance Company	2,200	10,577	7,673	-52.2%
Mid-West National Life Insurance Company of Tennessee	5	280	289	-48.8%
National Foundation Life Insurance Company	443	144	587	103.8%
National Union Fire Insurance Company of Pittsburg, PA.	38,468	0	38,468	NA
North Carolina Mutual Life Insurance Company	53	37	117	15.8%
Principal Life Insurance Company	834	2,529	8,457	-16.7%
Standard Life & Accident Insurance Company	99	1	98	NA
Standard Security Life Insurance Company of New York	250	739	1,044	-31.9%
Time Insurance Company	6,310	5,991	11,004	3.0%
Trustmark Insurance Company (Mutual)	0	21	38	-35.6%
Trustmark Life Insurance Company	4,289	1,464	5,869	92.8%
UniCARE Life & Health Insurance Company	3,599	6,344	9,238	-22.9%
Union Security Insurance Company	101	527	569	-42.8%
United HealthCare Insurance Company	553	1,661	1,554	-41.6%
World Insurance Company	1,657	5,765	2,486	-62.3%

NA = Not Applicable (company had no PPO membership in 2007)

Source: 2008 Annual Managed Care Data Filings

B. Utilization Review and Appeals

Percentage of Utilization Reviews Resulting in Noncertifications, by PPO Carrier: 2008

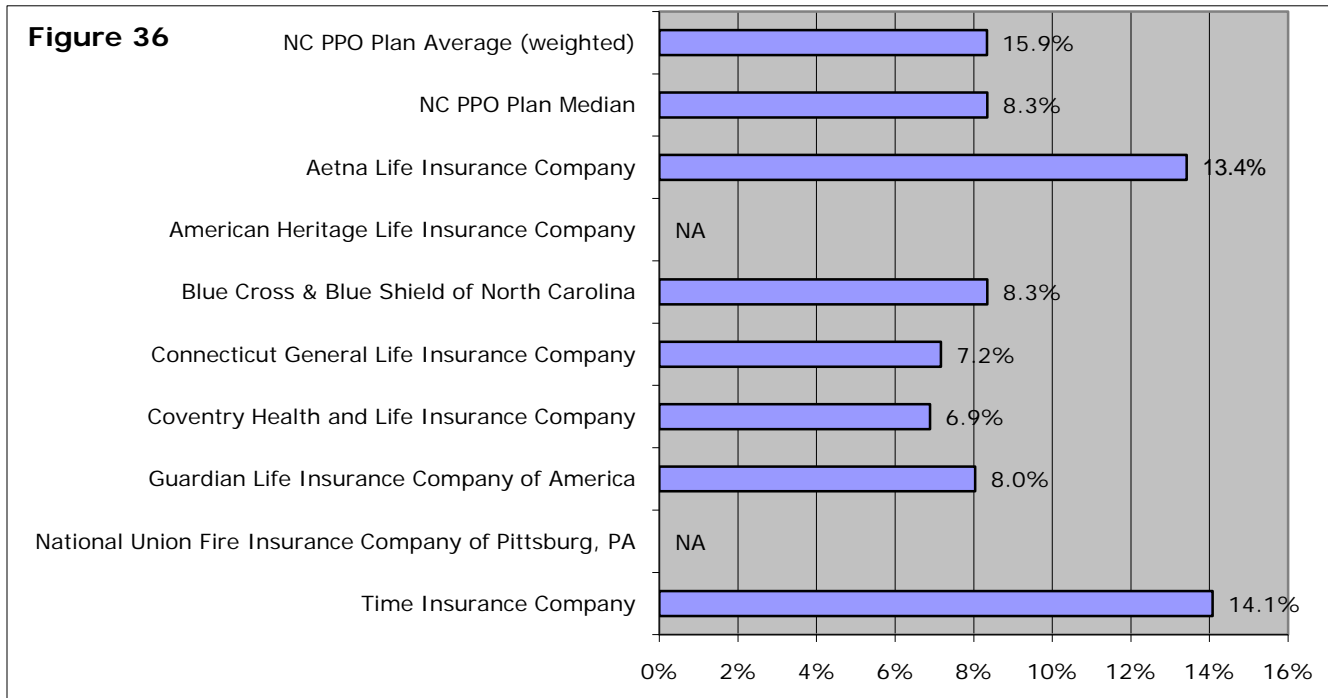
Figure 35

PPO Plan Carrier	# of Reviews Performed	% of Reviews Resulting in Noncertification
<i>NC PPO Plan Average (weighted)</i>	4,238	8.3%
<i>NC PPO Plan Median</i>	79	8.3%
Aetna Life Insurance Company	11,077	13.4%
American Heritage Life Insurance Company	0	NA
American Medical Security Life Insurance Company	53	13.2%
American National Insurance Company	0	NA
American National Life Insurance Company of Texas	15	46.7%
American Republic Insurance Company	6	50.0%
BlueCross & BlueShield of North Carolina	81,342	8.3%
Celtic Insurance Company	441	3.6%
Connecticut General Life Insurance Company	35,895	7.2%
Continental General Insurance Company	1	0.0%
Coventry Health and Life Insurance Company	5,213	6.9%
Federated Mutual Insurance Company	870	3.4%
First Health Life & Health Insurance Company	763	5.9%
FirstCarolinaCare Insurance Company, Inc.	253	11.1%
Golden Rule Insurance Company	194	0.0%
Guardian Life Insurance Company of America	2,028	8.0%
Humana Insurance Company	217	1.8%
Independence American Insurance Company	4	50.0%
John Alden Life Insurance Company	541	12.4%
Madison National Life Insurance Company, Inc.	0	NA
Mega Life and Health Insurance Company	0	NA
Mid-West National Life Insurance Company of Tennessee	0	NA
National Foundation Life Insurance Company	0	NA
National Union Fire Insurance Company of Pittsburg, PA.	0	NA
North Carolina Mutual Life Insurance Company	0	NA
Principal Life Insurance Company	780	0.8%
Standard Life & Accident Insurance Company	0	NA
Standard Security Life Insurance Company of New York	0	NA
Time Insurance Company	767	14.1%
Trustmark Insurance Company (Mutual)	36	2.8%
Trustmark Life Insurance Company	696	12.9%
UniCARE Life & Health Insurance Company	2,512	4.8%
Union Security Insurance Company	79	24.1%
United HealthCare Insurance Company	4,546	9.6%
World Insurance Company	9	55.6%

NA = Not Applicable (company reported zero utilization reviews during 2008)

Source: 2008 Annual Managed Care Data Filings

Percentage of Utilization Reviews Resulting in Noncertifications, by PPO Carrier: 2008



NA = Not Applicable (company reported zero utilization reviews during 2008)

Source: 2008 Annual Managed Care Data Filings

Percentage of First-Level Appeals Resolved in Members' Favor, by PPO Carrier: 2008

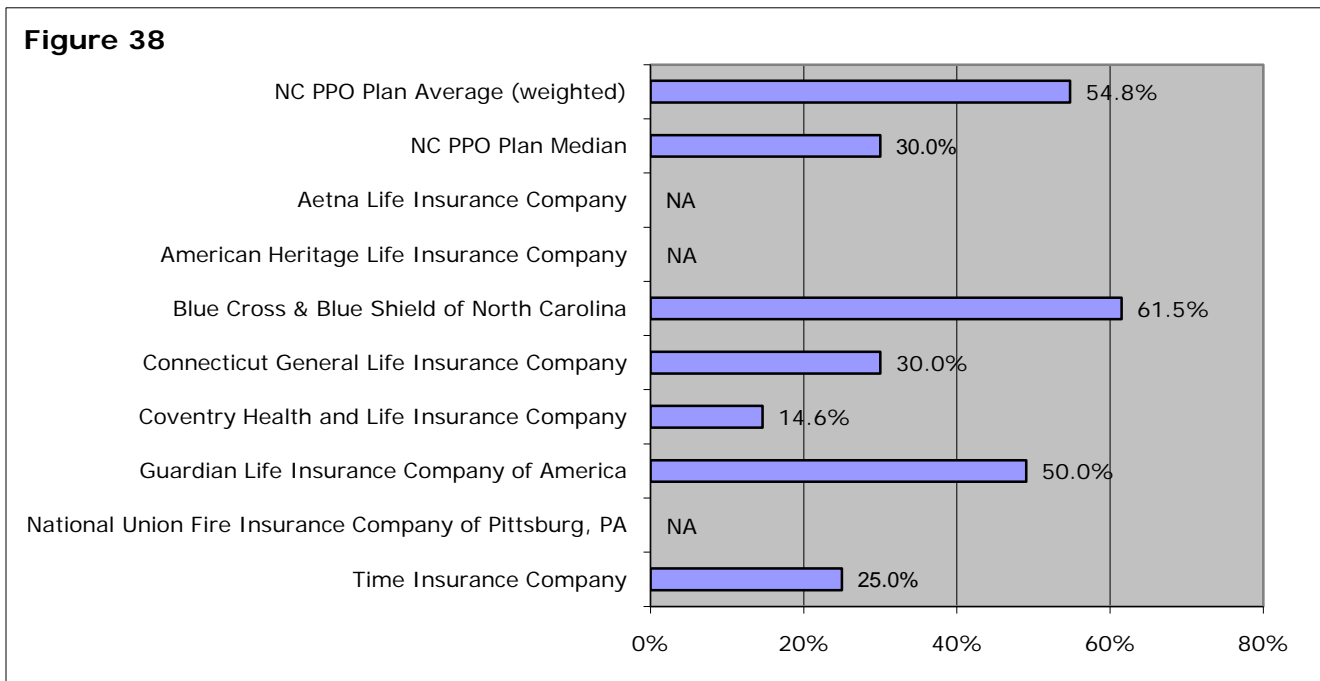
Figure 37

PPO Plan Carrier	# of Noncertifications Appealed	% of Appeals Resolved in Member's Favor
<i>NC PPO Plan Average (weighted)</i>	27	54.8%
<i>NC PPO Plan Median</i>	0	30.0%
Aetna Life Insurance Company	0	NA
American Heritage Life Insurance Company	0	NA
American Medical Security Life Insurance Company	1	0.0%
American National Insurance Company	0	NA
American National Life Insurance Company of Texas	0	NA
American Republic Insurance Company	0	NA
BlueCross & BlueShield of North Carolina	748	61.5%
Celtic Insurance Company	1	0.0%
Connecticut General Life Insurance Company	40	30.0%
Continental General Insurance Company	0	NA
Coventry Health and Life Insurance Company	41	14.6%
Federated Mutual Insurance Company	8	25.0%
First Health Life & Health Insurance Company	0	NA
FirstCarolinaCare Insurance Company, Inc.	4	50.0%
Golden Rule Insurance Company	0	NA
Guardian Life Insurance Company of America	53	49.1%
Humana Insurance Company	0	NA
Independence American Insurance Company	1	100.0%
John Alden Life Insurance Company	11	0.0%
Madison National Life Insurance Company, Inc.	0	NA
Mega Life and Health Insurance Company	0	NA
Mid-West National Life Insurance Company of Tennessee	0	NA
National Foundation Life Insurance Company	0	NA
National Union Fire Insurance Company of Pittsburg, PA.	0	NA
North Carolina Mutual Life Insurance Company	0	NA
Principal Life Insurance Company	6	50.0%
Standard Life & Accident Insurance Company	0	NA
Standard Security Life Insurance Company of New York	0	NA
Time Insurance Company	8	25.0%
Trustmark Insurance Company (Mutual)	0	NA
Trustmark Life Insurance Company	26	38.5%
UniCARE Life & Health Insurance Company	11	9.1%
Union Security Insurance Company	0	NA
United HealthCare Insurance Company	1	100.0%
World Insurance Company	0	NA

NA = Not Applicable (company reported zero appeals during 2008)

Source: 2008 Annual Managed Care Data Filings

Percentage of First-Level Appeals Resolved in Members' Favor, by PPO Carrier: 2008



NA = Not Applicable (company reported zero appeals during 2008)
 Source: 2008 Annual Managed Care Data Filings

C. External Review

As previously discussed on page 25, if an insurance company denies coverage on the basis that the services are not medically necessary, and if the member exhausts all available appeal options with the insurer, then the member may submit a request to the North Carolina Department of Insurance for an “external review” of his/her case. An external review is an independent review of the denial and offers another option for resolving coverage disputes with the insurer. For cases that meet eligibility requirements, expert medical professionals who have no association with the insurance company perform the external review. If an external review finds in favor of the member, then the insurance company will be required to pay for the services. Figure 39 shows the number of eligible cases received and closed between 1/1/08 and 12/31/08, involving PPO Benefit Plans offered in North Carolina by licensed insurance companies. The table also indicates the number of closed reviews for which the company’s initial denial was 1) upheld via the external review panel, 2) overturned by the external review panel, and 3) reversed by the insurance company prior to an external review being conducted. *(Detailed information on the External Review program can be found in the “Consumer” section of the North Carolina Department of Insurance website.)*

External Reviews, by PPO Carrier: 2008

Figure 39

PPO Plan Carrier	# of Cases Reviewed and Closed During 2008	# of Reviews Upholding Insurer's Denial	# of Reviews Overturning Insurer's Denial	# of Denials Reversed by HMO Prior to or During Review
BlueCross BlueShield of North Carolina	15	8	7	0
Federated Mutual Insurance Company	1	1	0	0
Guardian Life Insurance Company of America	1	1	0	0
Principal Life Insurance Company	2	0	2	0

Source: North Carolina Department of Insurance

D. Grievances

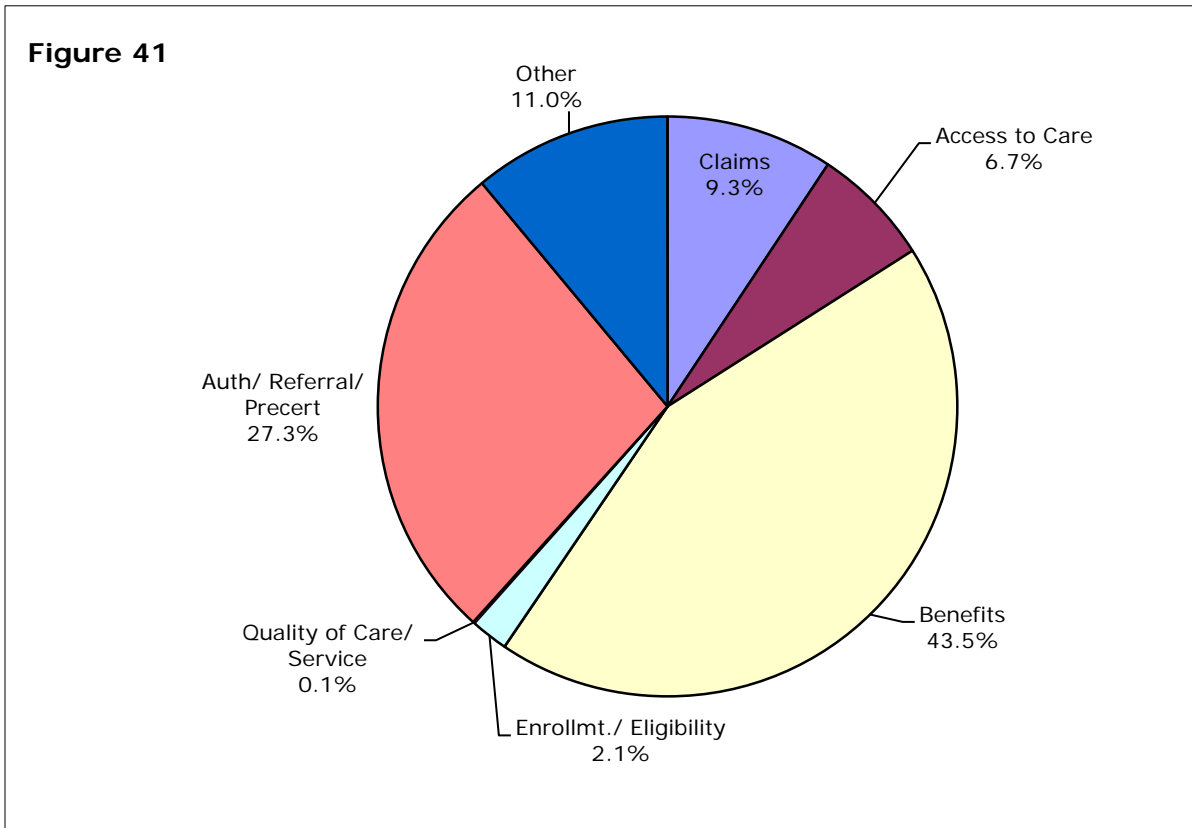
First-Level Grievances, by PPO Carrier: 2008

Figure 40

PPO Plan Carrier	Enrollment as of 12/31/08	# of Grievances Received
<i>NC PPO Plan Average</i>	31,978	76
<i>NC PPO Plan Median</i>	2,486	19
Aetna Life Insurance Company	44,399	136
American Heritage Life Insurance Company	14,996	0
American Medical Security Life Insurance Company	2,285	9
American National Insurance Company	4	0
American National Life Insurance Company of Texas	1,015	0
American Republic Insurance Company	2,968	25
BlueCross & BlueShield of North Carolina	890,103	1,125
Celtic Insurance Company	5,113	31
Connecticut General Life Insurance Company	15,225	124
Continental General Insurance Company	183	4
Coventry Health and Life Insurance Company	21,773	55
Federated Mutual Insurance Company	3,476	13
First Health Life & Health Insurance Company	420	0
FirstCarolinaCare Insurance Company, Inc.	528	0
Golden Rule Insurance Company	5,648	7
Guardian Life Insurance Company of America	14,665	2
Humana Insurance Company	1,214	73
Independence American Insurance Company	1,353	24
John Alden Life Insurance Company	6,033	20
Madison National Life Insurance Company, Inc.	348	7
Mega Life and Health Insurance Company	7,673	24
Mid-West National Life Insurance Company of Tennessee	289	1
National Foundation Life Insurance Company	587	0
National Union Fire Insurance Company of Pittsburg, PA.	38,468	0
North Carolina Mutual Life Insurance Company	117	0
Principal Life Insurance Company	8,457	5
Standard Life & Accident Insurance Company	98	0
Standard Security Life Insurance Company of New York	1,044	12
Time Insurance Company	11,004	127
Trustmark Insurance Company (Mutual)	38	4
Trustmark Life Insurance Company	5,869	75
UniCARE Life & Health Insurance Company	9,238	18
Union Security Insurance Company	569	12
United HealthCare Insurance Company	1,554	7
World Insurance Company	2,486	25

Source: 2008 Annual Managed Care Data Filings

First-Level PPO Plan Grievances, by Reason: 2008



Source: 2008 Annual Managed Care Data Filings

Percentage of 1st-Level Grievances Resolved in Members' Favor, by PPO Carrier: 2008

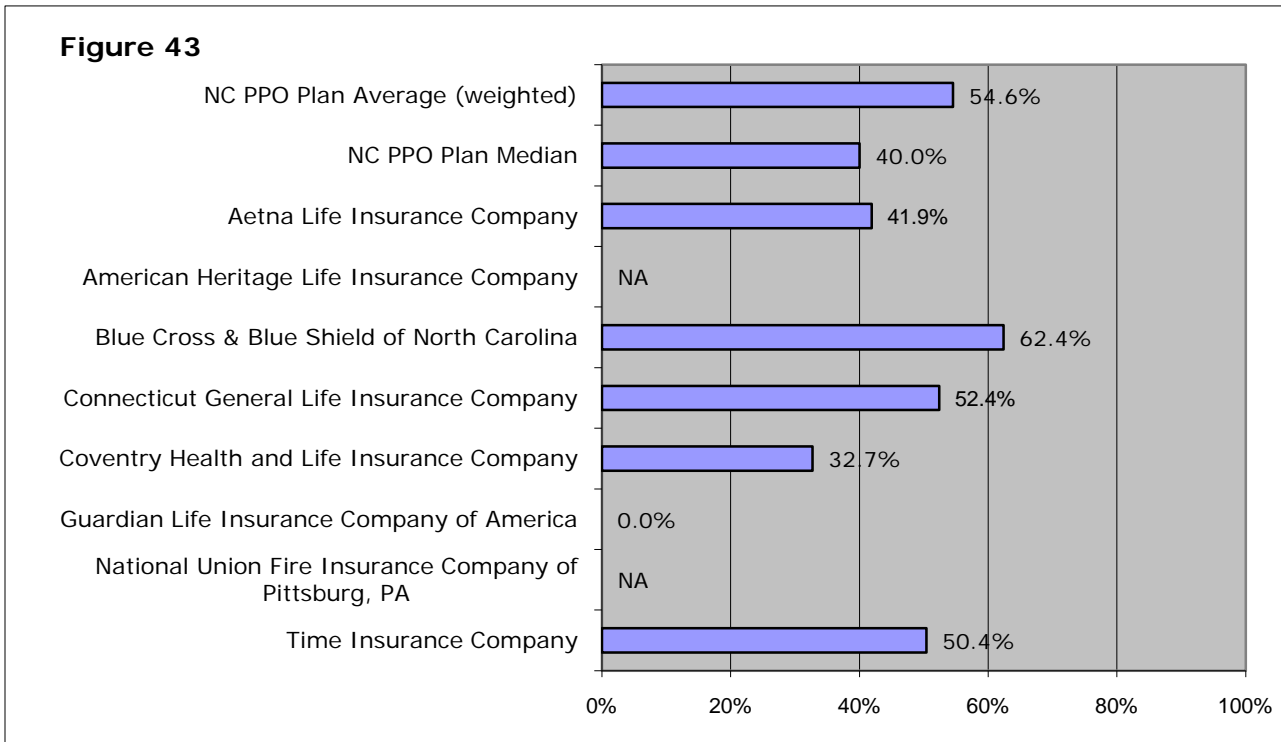
Figure 42

Name of PPO Plan Carrier	Percent
<i>NC PPO Plan Average (weighted)</i>	54.6%
<i>NC PPO Plan Median</i>	40.0%
Aetna Life Insurance Company	41.9%
American Heritage Life Insurance Company	NA
American Medical Security Life Insurance Company	44.4%
American National Insurance Company	NA
American National Life Insurance Company of Texas	NA
American Republic Insurance Company	44.0%
BlueCross & BlueShield of North Carolina	62.4%
Celtic Insurance Company	77.4%
Connecticut General Life Insurance Company	52.4%
Continental General Insurance Company	75.0%
Coventry Health and Life Insurance Company	32.7%
Federated Mutual Insurance Company	23.1%
First Health Life & Health Insurance Company	NA
FirstCarolinaCare Insurance Company, Inc.	NA
Golden Rule Insurance Company	28.6%
Guardian Life Insurance Company of America	0.0%
Humana Insurance Company	24.7%
Independence American Insurance Company	20.8%
John Alden Life Insurance Company	40.0%
Madison National Life Insurance Company, Inc.	42.9%
Mega Life and Health Insurance Company	16.7%
Mid-West National Life Insurance Company of Tennessee	0.0%
National Foundation Life Insurance Company	NA
National Union Fire Insurance Company of Pittsburg, PA.	NA
North Carolina Mutual Life Insurance Company	NA
Principal Life Insurance Company	20.0%
Standard Life & Accident Insurance Company	NA
Standard Security Life Insurance Company of New York	25.0%
Time Insurance Company	50.4%
Trustmark Insurance Company (Mutual)	25.0%
Trustmark Life Insurance Company	64.0%
UniCARE Life & Health Insurance Company	44.4%
Union Security Insurance Company	41.7%
United HealthCare Insurance Company	71.4%
World Insurance Company	40.0%

NA = Not Applicable (company reported zero grievances during 2008)

Source: 2008 Annual Managed Care Data Filings

Percentage of 1st-Level Grievances Resolved in Members' Favor, by PPO Carrier: 2008



NA = Not Applicable (company reported zero grievances during 2008)

Source: 2008 Annual Managed Care Data Filings