2013 Actuarial Report

for the Bermuda Health Council

Bermuda Health Council
BHeC

2013 Actuarial Report for the Bermuda Health Council

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2013 Actuarial Report for the Bermuda Health Council

- The Standard Hospital Benefit (SHB)
- The Mutual Reinsurance Fund (MRF)

March 2014

Abridged Version

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Introduction

Morneau Shepell has been engaged by the Bermuda Health Council (BHeC) and we are pleased to present our report on the Fiscal 2013 review (i.e. the period April 1, 2012 to March 31, 2013) of the following programs:

- the Standard Hospital Benefit (SHB), and
- the Mutual Reinsurance Fund (MRF).

The purpose of this report is:

- to review the statistical and claims information submitted by the insurance companies and approved schemes, as it relates to the SHB
- to review the financial condition of the MRF
- to comment on trends over the Fiscal 2012 / Fiscal 2013 period
- to recommend premium rates that are to take effect from April 1, 2014 (i.e. Fiscal 2015)
- to analyze any changes in SHB and MRF benefit provisions that are under consideration

In preparing this report we relied on the documentation and information provided to us by the BHeC.

Section A – Summary & Premium Recommendation

A summary of Fiscal 2013 and Fiscal 2012 insured headcount, claims and costs per-capita is tabled below:

A.1. : Standard Hospital Benefit Insured Headcount

	Fiscal 2013	Fiscal 2012	% Change
Grand Total	49,481	50,129[1]	-1.3%

A.2. : Standard Hospital Benefit Claims Data

Claim Amounts	Local			Overseas		Overall	
(in $ '000s)	In-Patient	Out-Patient	Total	In-Patient	Out-Patient	Total	Total
Fiscal 2012	$33,816	$79,067	$112,883	$15,546	$17,739	$33,284	$146,167
Fiscal 2013	$33,598	$83,075	$116,673	$13,325	$17,410	$30,375	$147,408
Increase	-1%	5%	3%	-14%	-2%	-8%	1%

A.3. : Standard Hospital Benefit Cost per-capita and Loss Ratios

Fiscal 2013		Fiscal 2012[2]		
Cost Per-Capita	Loss Ratio	Cost Per-Capita	Loss Ratio	Cost Per-Capita Increase
$248	105%	$243	108%[3]	2%

The Fiscal 2013 and Fiscal 2012 loss ratios are based on a Standard Premium Rate of $236.73

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1 This figure has been revised. Prior to the revision, the Fiscal 2012 headcount was 49,163.

2 Prior to the headcount revision, the Fiscal 2012 Cost Per-Capita and Loss Ratio were $248 and 110% respectively.

3 Due to the insurers' overestimation of the outstanding claims for the Fiscal 2012 period, the actual loss ratio should be reported as 106%.

and $225.46 respectively. The total per-capita claim costs increased at a slower pace than the change in the Standard Premium Rate (2% for the claims and 5% for the Standard Premium Rate). This has led to an improvement in the loss ratio from 108% to 105%.

A.4. : Standard Premium Recommendation (including the MRF)

		Inc. %	Standard Hospital Benefit	Mutual Reins. Fund	Total
Fiscal 2014 Premium			$282.27	$43.57	$325.84
1.	Increase in BHB Fees (for Hospital Fund)	1.00%	$2.26	$0.44	$2.70
2.	Increase in BHB Fees (adjustment to Fee Schedule)	0.00%	$0.00	$0.00	$0.00
3.	Local Change in Utilization / Inflation / Services	2.00% for MRF	$0.00	$0.87	$0.87
4.	Future Changes in Benefit Provisions	Varies	($11.86)	($36.70)	($48.56)
5.	Allowance for SHB Claims Administration	0.00%	$0.00	$0.00	$0.00
6.	Transfer to the Health Insurance Department	48.20% for MRF	$0.00	$21.00	$21.00
Recommended Fiscal 2015 SPR			**$272.67***	**$29.18**	**$301.85**
% Change in Premium			**(3.4%)**	**(33.0%)**	**(7.4%)**
$ Change in Premium			**($9.60)**	**($14.39)**	**($23.99)**

* The multiplier for those over age 65 and not eligible for the government subsidy is 4 times the Standard Premium Rate.

Please refer to the sections that follow for notes on the above recommendation.

Respectfully submitted,

Howard Cimring, FFA, FCIA

Partner

MORNEAU SHEPELL

March, 2014

Section B – The Standard Hospital Benefit

B.1. : Introduction

The Standard Hospital Benefit (SHB), as defined by the Standard Hospital Benefits Regulations 1971, consists of inpatient, outpatient, home medical services and other benefits. The SHB is the minimum package of benefits which must be provided within each employer sponsored or health insurance provider's health plan. Further, it is compulsory for each employed (including self-employed) person to have health insurance.

A Standard Premium Rate (SPR) for the Standard Hospital Benefits is determined annually by the Ministry of Health and Environment, after taking advice from the Bermuda Health Council which commissions an actuarial review for the SPR. The SPR is the ceiling rate that can be charged to insured persons for the Standard Hospital Benefits. A health insurance provider cannot charge more than the SPR for the Standard Hospital Benefits. An employee cannot be required to pay more than half of the SPR. The SPR allows all insured persons to access the same basic level of health insurance coverage for the same price regardless of their health status.

The SPR is set with reference to the claims experience of all the insured participants. As such, the claims experience (in respect of the SHB component only) across all the health insurance providers is pooled together and a single premium rate reflective of the pooled experience is determined.

B.2. : Fiscal 2013 Claims and Statistical Data

We have analyzed the Fiscal 2013 and Fiscal 2012 insurance company and approved scheme[4] submissions to the BHeC. A summary of certain data elements and our analysis is tabled below:

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[4] An approved scheme is a scheme established by an employer to cover its employees and retirees.

Table 1: Headcount

	Average Headcount				
	2013	% Total	2012	% Total	% Change
Insurers	39,193	79%	39,753[5]	79%	-1%
Approved Schemes	10,288	21%	10,376	21%	-1%
Grand Total	**49,481**	**100%**	**50,129**	**100%**	**-1%**

There are six insurers and three approved schemes.

The claims are summarized below:

Table 2: Claims

(in $ '000s)	Local			Overseas			Overall
	In-Patient	Out-Patient	Total	In-Patient	Out-Patient	Total	Total
Fiscal 2012	$33,816	$79,067	$112,883	$15,546	$17,739	$33,284	$146,167
Fiscal 2013	$33,598	$83,075	$116,673	$13,325	$17,410	$30,375	$147,408
Increase	-1%	5%	3%	-14%	-2%	-8%	1%
Increase in utilization	-1%	4%	3%	-16%	-3%	-9%	0%
Percentage 2013 Local Claims							79%
Percentage 2013 Overseas Claims							21%

The increase in utilization represents the increase in the incidence of claims and the use of services (new or otherwise). It has been derived by adjusting the increase in claims by the change in the average headcount and an estimated increase in the cost of services (i.e. the change in the provider fees) of 2.0% for local fees and 3.0% for overseas fees. While there has been an increase in local utilization of 3%, there has been a significant decline in overseas utilization. We believe the change in utilization with respect to overseas claims is due to the change in the methodology for the reporting of overseas claims under the SHB.

[5] The Fiscal 2012 headcount has been revised. The figure prior to the revision was 38,787.

When compared with Fiscal 2012, the Fiscal 2013 Bermuda Hospital's Board (BHB) in-patient admissions (see Appendix 2) have increased by 15% and the Diagnostic Related Group (DRG) fee revenue has increased by 12%. Despite the increase in in-patient admissions, the total in-patient claims expenditure shows a decline of 1%. It is estimated that the BHB's DRG related revenue constitutes 45%-50% of the in-patient revenues. The decline in in-patient revenue would therefore be attributable to the decline in additional fees (i.e. fees beyond the DRG fees) and services that are provided by the BHB. This is opposite to the experience in Fiscal 2012 where the number of in-patient admissions declined, yet there was an increase in in-patient revenue.

The cost per-capita and loss ratios for Fiscal 2013 and Fiscal 2012 are tabled below:

Table 3: Costs Per-Capita and Loss Ratio

Fiscal 2013		Fiscal 2012[6]		
Cost Per-Capita	Loss Ratio	Cost Per-Capita	Loss Ratio	Cost Per-Capita Increase
$248	105%	$243	108%[7]	2%

The Fiscal 2013 and Fiscal 2012 loss ratios are based on a Standard Premium Rate of $236.73 and $225.46 respectively. The total per-capita claim costs increased at a slower pace than the change in the Standard Premium Rate (2% for the claims and 5% for the Standard Premium Rate). This has led to an improvement in the loss ratio from 108% to 105%.

The following charts illustrate the variation in the local and overseas costs per-capita by insurer / approved scheme, as well as the comparison to the overall cost-per capita. The omission of data points on the charts is deliberate.

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[6] Fiscal 2012 has been restated due to an insurer's headcount revision. Prior to headcount revision, the Fiscal 2012 Cost Per-Capita and Loss Ratio were $248 and 110% respectively.

[7] Due to the insurers' overestimation of the outstanding claims for the Fiscal 2012 period, the actual loss ratio should be reported as 106%.

Chart 1 – Local Costs Per-Capita (by Insurer)

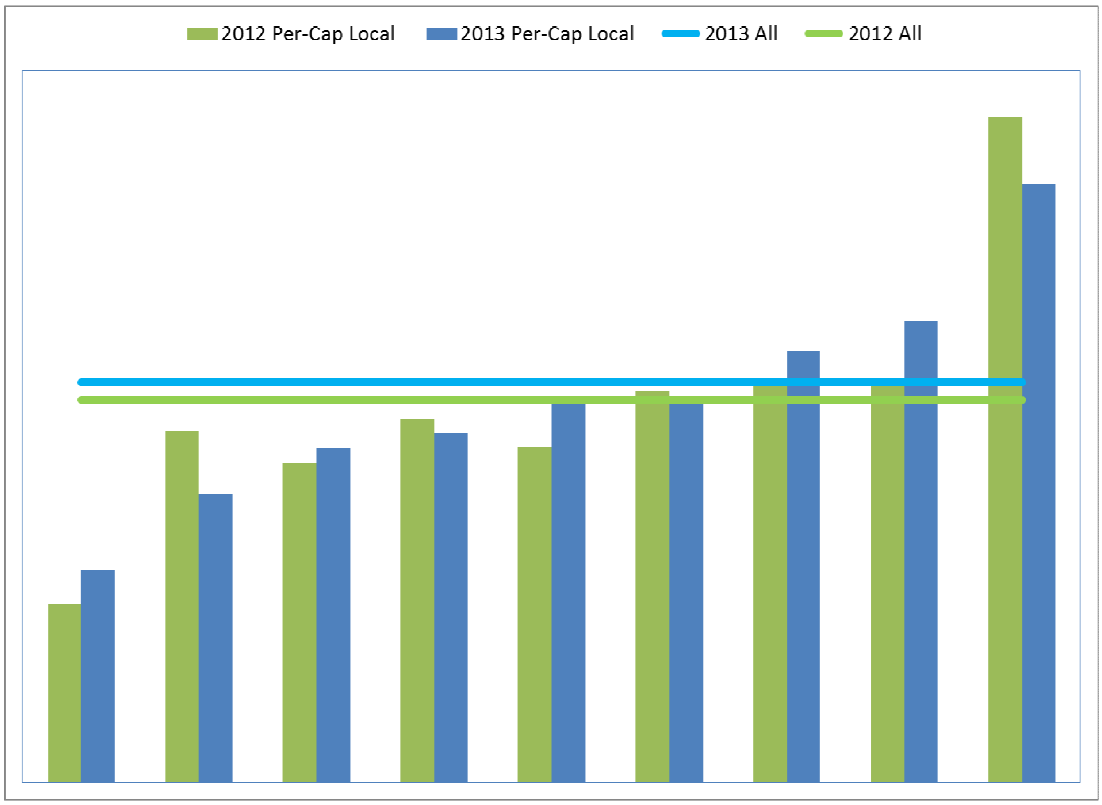
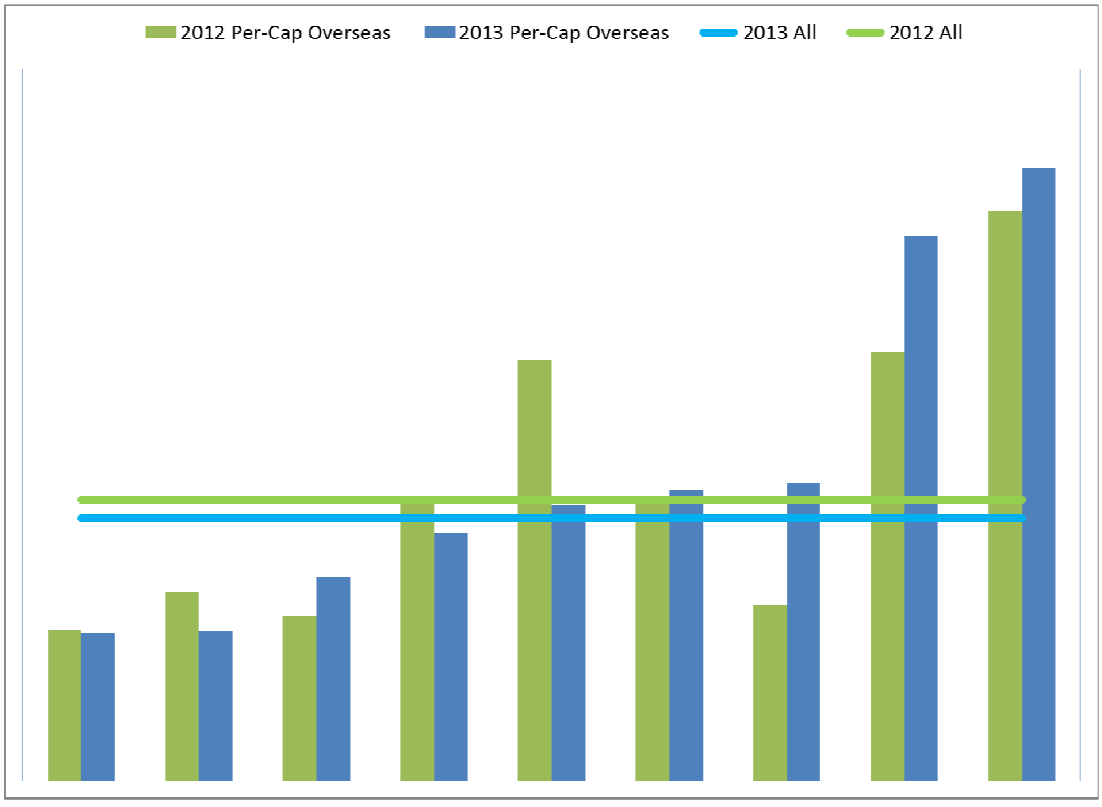


Chart 2 – Overseas Costs Per-Capita (by Insurer)



Since 2009, the data supplied by insurers and approved schemes has included claims data grouped into various age bands. Where such data was provided, the data was analyzed and the charts in Appendix 1 present the average per-capita claims by age band. As expected, the charts show an increasing cost per-capita leading up to age 65 (i.e. healthcare costs on average increase with age). At age 65 a decline is expected due to the government subsidy. The following table comments on the trends over Fiscal 2012 to Fiscal 2013:

Table 4: Costs Per-Capita Trends

Claims Per-Capita	Trends Fiscal 2012 to Fiscal 2013 (ages 20-79)
Total Claims	2013 shows increases in the 25 – 54 age bands and decreases from age 55
Local In-Patient Claims	2013 mostly shows increases prior to age 60 and decreases thereafter
Local Out-Patient Claims	2013 shows increases in the 25 – 49 age bands and decreases thereafter
Overseas In-Patient Claims	With the exception of the age bands prior to 39, all age bands indicate a decline (sometimes significant)
Overseas Out-Patient Claims	The age bands prior to 40 show increases and from 40, they mostly show a decline (sometimes significant)

We have also analyzed In-Patient data supplied by the Bermuda Hospitals Board and In-Patient and Out-Patient data supplied by the insurers. The results of this analysis can be found in Appendix 2 and Appendix 3.

B.3. : The Standard Premium Rate History

The history of the SPR is as follows:

Table 5: SPR and Loss Ratio History

	Standard Premium Rate	% Change	Loss Ratio*
Fiscal 2005	$102.95	12.0%	103%
Fiscal 2006	$119.49	16.1%	101%
Fiscal 2007	$140.92	17.9%	93%
Fiscal 2008	$152.59	8.3%	100%
Fiscal 2009	$164.37	7.7%	109%
Fiscal 2010	$184.01	11.9%	112%
Fiscal 2011	$209.63	13.9%	108%
Fiscal 2012	$225.46	7.6%	106% (revised)
Fiscal 2013	$236.73	5.0%	105%
Fiscal 2014	$282.27	19.2%	To be determined next year

* based on a comparison of the SPR to the determined claims cost per-capita

B.5. : The Standard Premium Rate Recommendation

The recommendation for the Fiscal 2015 Standard Premium Rate is as follows:

Table 6: SPR Recommendation

	Increase %	
Fiscal 2014 SPR		$282.27
1. Increase in BHB Fees (for Hospital Fund)	1.00%	$2.26
2. Increase in BHB Fees (adjustment to Fee Schedule)	0.00%	$0.00
3. Allowance for Change in Local Utilization / Inflation / Services	0.00%	$0.00
4. Changes in Benefit Provisions		
a) Change in Subsidy Provisions	5.2%	$14.60
b) Change in Portability Provisions	(22.2%)	($62.61)
c) Change in Mutual Reinsurance Fund Provisions	12.8%	$36.15
Recommended Fiscal 2015 SPR		**$272.67**
% Change in SPR		**(3.4%)**
$ Change in SPR		**($9.60)**

Notes

1. The increase in the Bermuda Hospital's Board fees is based on direction as provided by the Ministry of Health and Environment.
2. Since Fiscal 2010 the rate of increase in utilization has shown signs of moderation and in Fiscal 2013, the overall claims experience indicates a level of utilization similar to the level for Fiscal 2012. As the Fiscal 2014 SPR contains a provision for utilization which is similar to our prospective assumption for utilization over the Fiscal 2014 and Fiscal 2015 period, no further allowance for utilization has been added.
3. We understand that with effect from Fiscal Year 2015 various changes will be effected. These are:
    a) The local government claims subsidy will change to 70% for persons between age 65 and 75 and to 80% for persons age 75 and over. This leads to an increase in the SPR.
    b) The SHB will not include portability (and accordingly the government subsidy shall not include portability). This leads to a reduction in the SPR.
    c) The benefits and coverages currently paid under the MRF will now be transferred to the SHB and be payable by the insurers. Consequently, the MRF premium declines and the SPR increases.
4. We recommend maintaining the multiplier at 4 times the SPR for those over age 65 and not eligible for the government subsidy (to be eligible for the government subsidy one has to have been resident for a continuous period of not less than 10 years during the period of 20 years immediately preceding the application for payment of the subsidy). The cost (without subsidies) for persons aged 65 and over is estimated to be approximately four times the population as a whole (and the SPR is representative of the cost of the population as a whole).

Section C – Mutual Reinsurance Fund

C.1. : Introduction

The Mutual Reinsurance Fund (MRF) is funded by a premium which is added onto each health insurance contract. The insurance providers collect a premium from each insured participant and deposit this premium with the MRF. The determination of the premium rate of the MRF rests with the Ministry of Health and Environment, under advisement of the Bermuda Health Council. The MRF currently serves the following purposes:

a) it acts as a catastrophic fund to cover certain high dollar value claims which are included as benefits under the SHB,

b) it allows the introduction and assessment of new and experimental treatments which have no prior established actuarial experience or pricing model,

c) it transfers funds to the Health Insurance Department of the Ministry of Health and Environment (due to HID's role as insurer of last resort with their acceptance of high-cost participants and open enrollment policies which impose no terms of underwriting or exclusion of pre-existing conditions).

The SHB procedures that are currently paid from the MRF are as follows:

1) Haemodialysis
2) Kidney Transplant (up to $30,000)
3) Anti-rejection drugs
4) Long-term stay (in hospital)
5) Home Health care (up to March 31, 2011)

C.2. : Claims and Financial Information

A history of claims under the MRF is as follows:

Table 7: Claims History

Fiscal Year	Claims Paid	% Change
2007	$8,805,000	9%
2008	$10,195,000	16%
2009	$11,577,000	14%
2010	$15,744,000	36%
2011	$15,859,000	1%
2012	$17,137,000	8%
2013	$18,438,000	8%

The history of the MRF Premium is as follows:

Table 8: Premium History

	MRF Premium Rate	% Change
Fiscal 2005	$17.05	
Fiscal 2006	$16.75	-1.8%
Fiscal 2007	$19.77	18.0%
Fiscal 2008	$21.25	7.5%
Fiscal 2009	$22.84	7.5%
Fiscal 2010	$24.43	7.0%
Fiscal 2011	$26.51	8.5%
Fiscal 2012	$26.81	1.1%
Fiscal 2013	$34.88	30.1%
Fiscal 2014	$43.57	24.9%

C.3. : The Mutual Reinsurance Fund Premium Recommendation

The recommendation for the Fiscal 2015 MRF Premium is as follows:

Table 9: MRF Recommendation

		Increase %	
Fiscal 2014 MRF Premium			**$43.57**
1.	Increase in BHB Fees (for Hospital Fund)	1.00%	$0.44
2.	Increase in BHB Fees (adjustment to Fee Schedule)	0.00%	$0.00
3.	Allowance for Change in Local Utilization / Inflation	2.00%	$0.87
4.	Changes in Provisions		
	a) Transfer of Coverage to the SPR	(85.75%)	($37.37)
	b) Transfer to the BHeC	1.54%	$0.67
5.	Transfer to the Health Insurance Department	48.20%	$21.00
Recommended Fiscal 2015 MRF Premium			**$29.18**
% Change in MRF Premium			**(33.0%)**
$ Change in MRF Premium			**($14.39)**

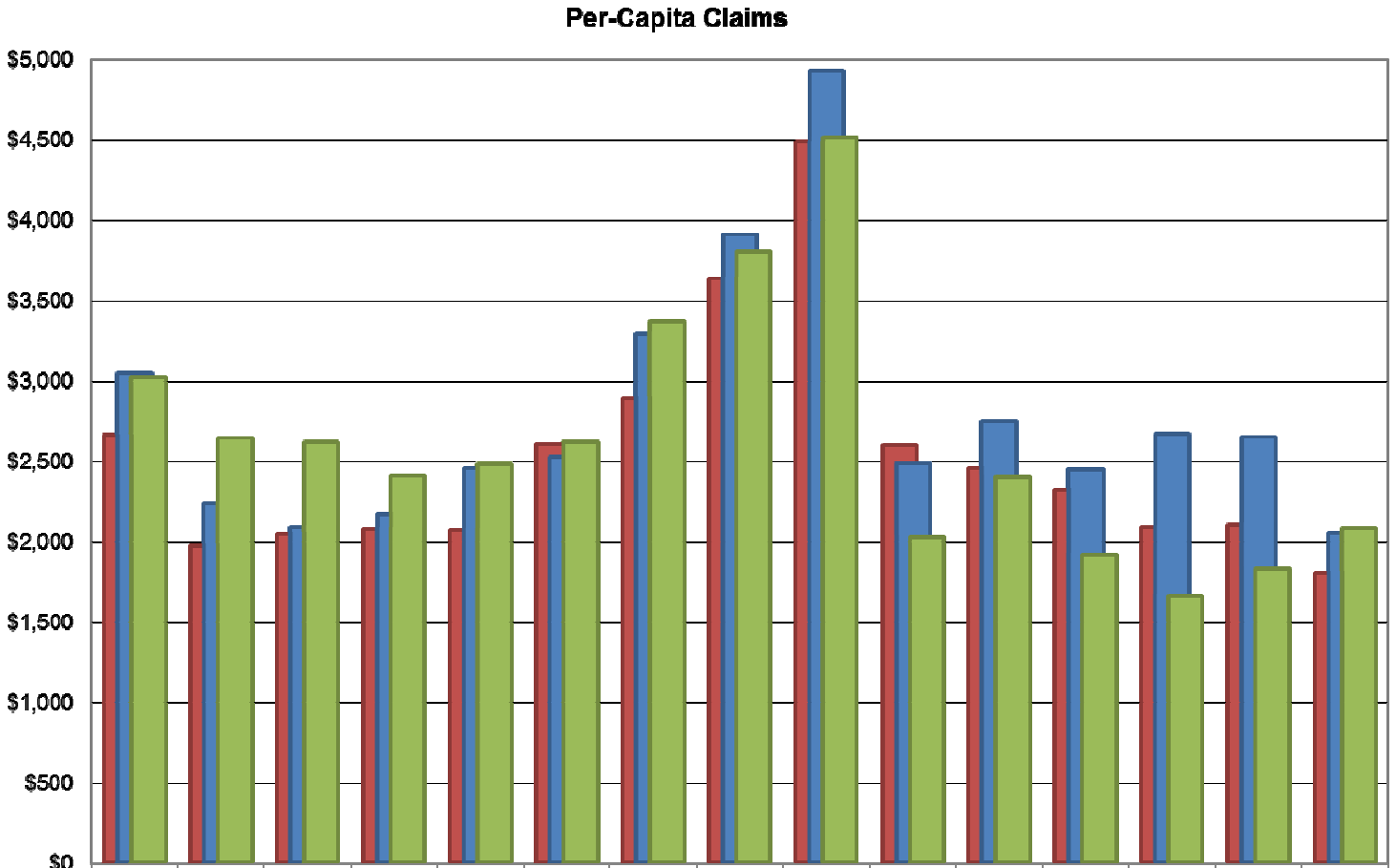
Notes

1. MRF claims have recently been increasing at a pace faster than the claims under the SPR and we have added a 2% adjustment to the MRF premium.
2. As noted in to Section B.5, the benefits and coverages currently paid under the MRF will now be transferred to the SHB and be payable by the insurers. Consequently, the MRF premium declines and the SPR increases[8].

[8] Note that items 1 and 3 in Table 9, have been incorporated into the amount determined under item 4.

3. Further, with effect from Fiscal Year 2015, the MRF will provide a transfer to the BHeC so that the BHeC may continue to fulfill its mandate as it relates to the oversight of insurers, healthcare providers, the SHB, MRF and other initiatives.
4. As a result of the additional risk and claims that are absorbed by the Health Insurance Plan and FutureCare due to their having to cover the claims formerly paid by the MRF, and to mitigate the increase in claims due to the changes in the government claim subsidies, the transfer to the Health Insurance Department is to increase by $21.00 per month for each insured person.
5. For additional notes on the recommendation, please refer to Section B.5.

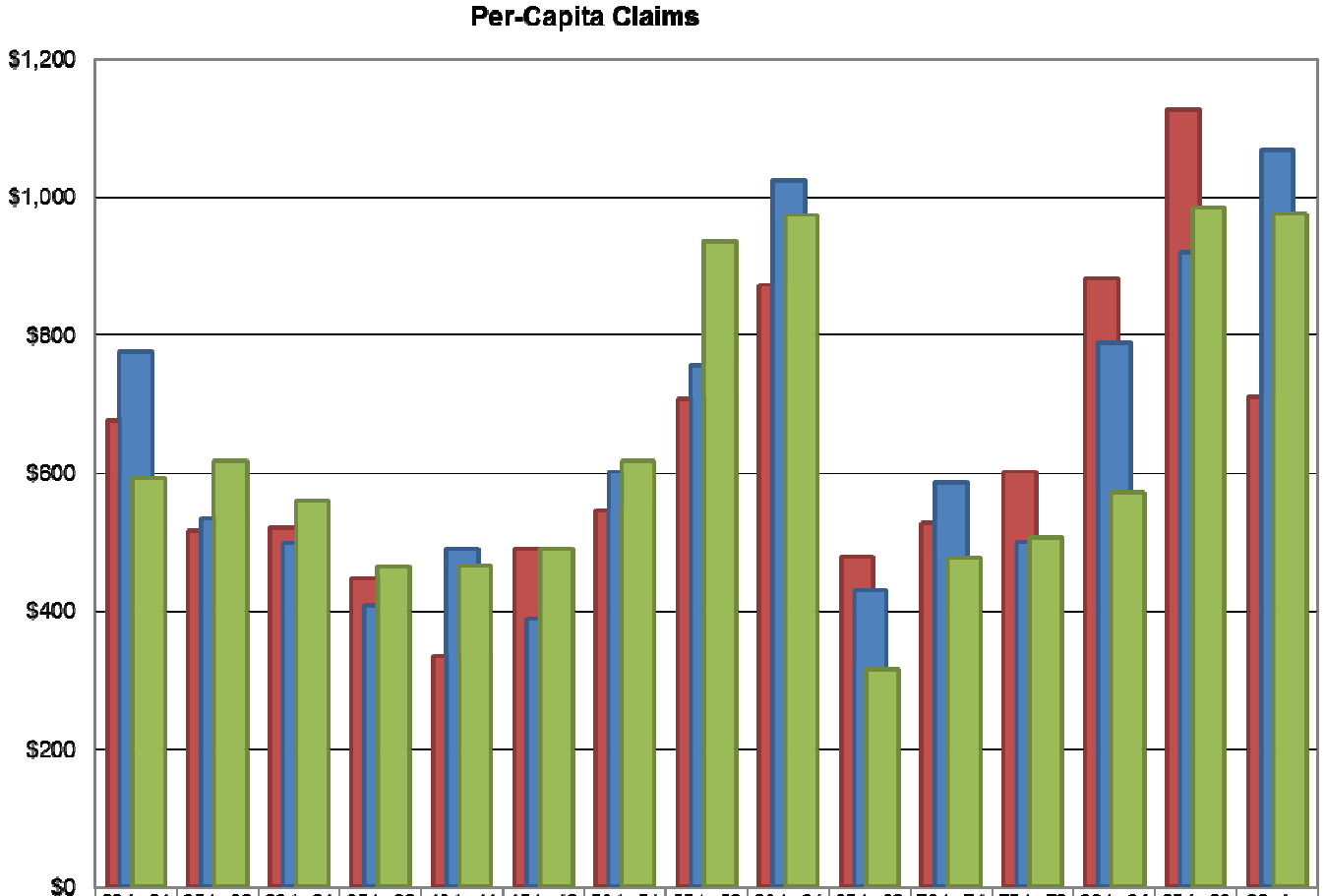
Appendix 1 – Standard Hospital Benefits (Total Per-Capita Claim Costs)



	20 to 24	25 to 29	30 to 34	35 to 39	40 to 44	45 to 49	50 to 54	55 to 59	60 to 64	65 to 69	70 to 74	75 to 79	80 to 84	85 to 89	90 plus
2011 Total	$2,663	$1,974	$2,046	$2,077	$2,072	$2,607	$2,889	$3,639	$4,487	$2,597	$2,457	$2,320	$2,090	$2,105	$1,804
2012 Total	$3,047	$2,240	$2,094	$2,168	$2,455	$2,527	$3,293	$3,910	$4,932	$2,488	$2,749	$2,447	$2,673	$2,648	$2,054
2013 Total	$3,024	$2,643	$2,621	$2,413	$2,480	$2,618	$3,370	$3,808	$4,512	$2,027	$2,407	$1,918	$1,661	$1,836	$2,084

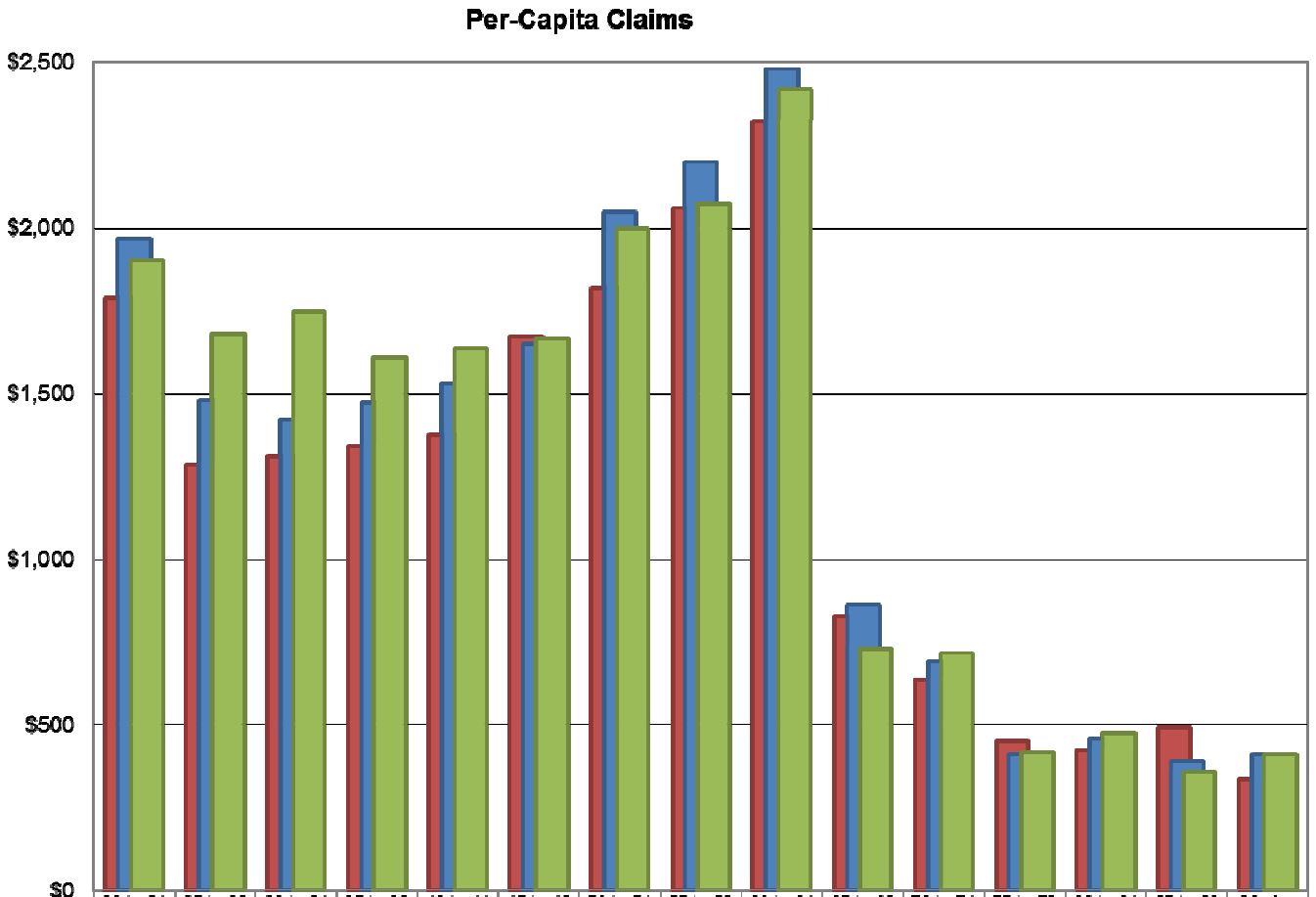
The decline in the cost per-capita at age 65 is due to the government subsidy.

Appendix 1a – Standard Hospital Benefits (Bermuda In-Patient Per-Capita Claim Costs)



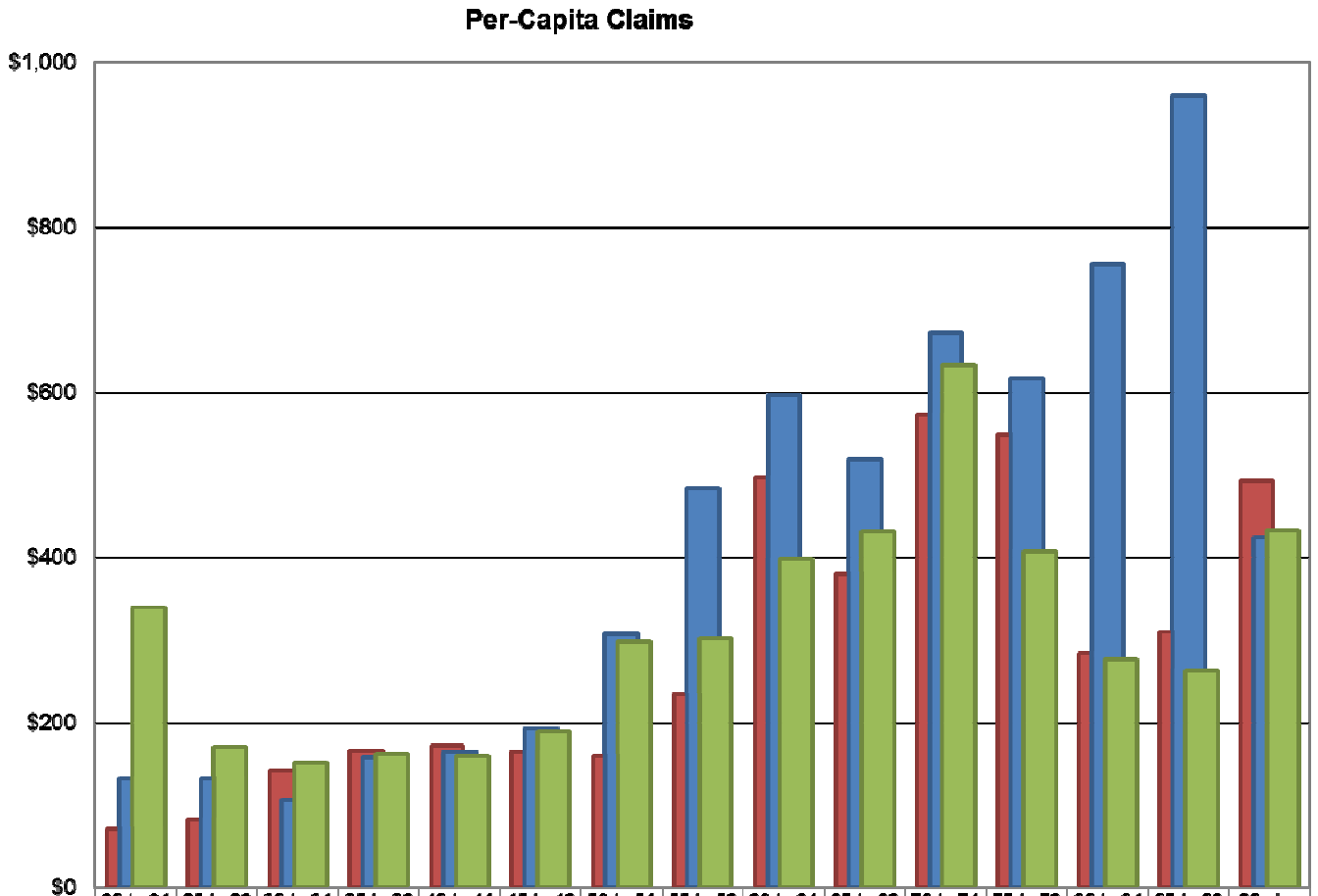
	20 to 24	25 to 29	30 to 34	35 to 39	40 to 44	45 to 49	50 to 54	55 to 59	60 to 64	65 to 69	70 to 74	75 to 79	80 to 84	85 to 89	90 plus
2011 Bermuda Inpatient	$676	$516	$520	$447	$335	$489	$545	$709	$873	$479	$527	$603	$883	$1,127	$712
2012 Bermuda Inpatient	$777	$535	$499	$408	$489	$389	$602	$756	$1,025	$430	$587	$501	$789	$920	$1,069
2013 Bermuda Inpatient	$592	$618	$560	$465	$466	$490	$618	$935	$975	$315	$477	$507	$573	$986	$976

Appendix 1b – Standard Hospital Benefits (Bermuda Out-Patient Per-Capita Claim Costs)



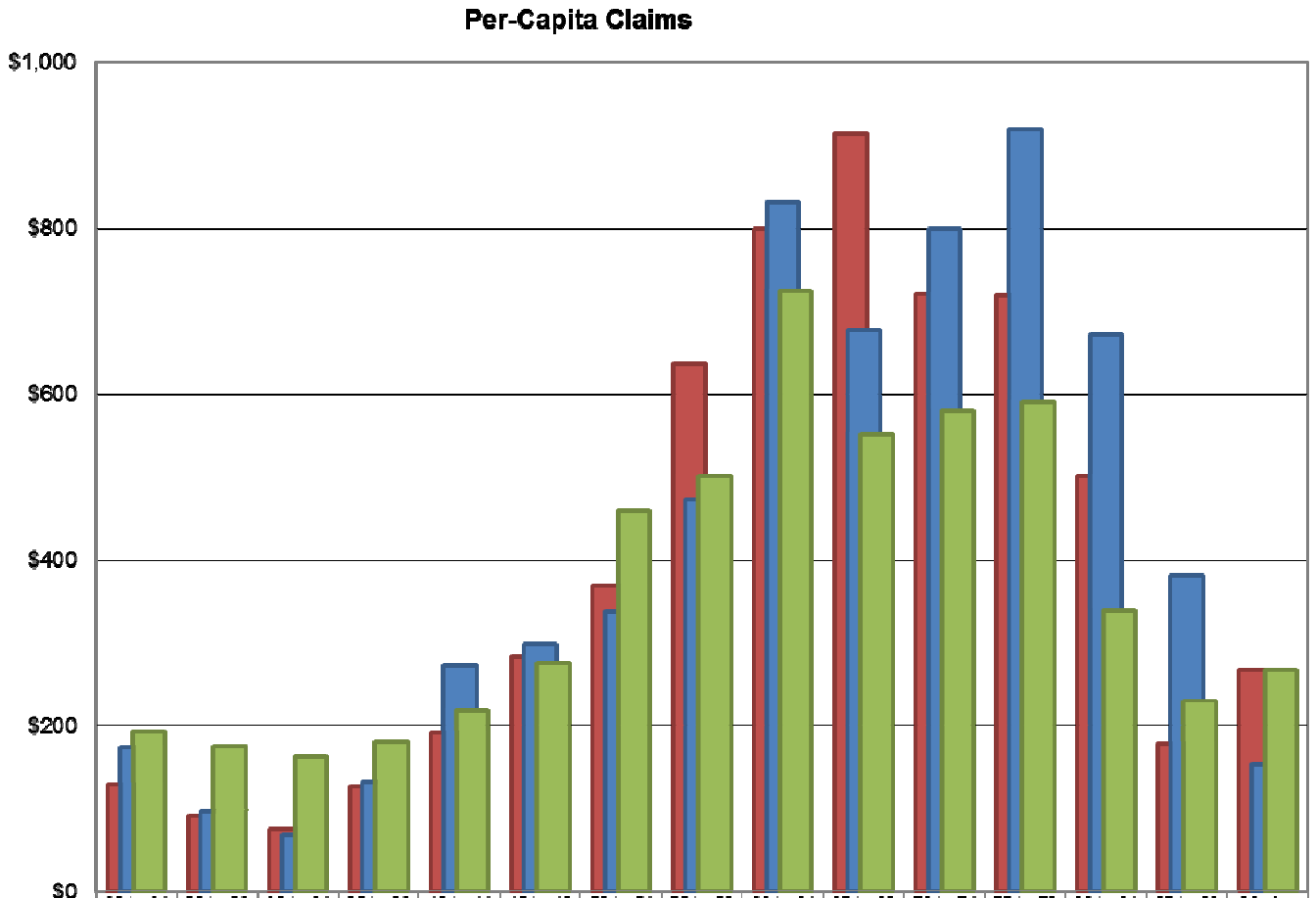
	20 to 24	25 to 29	30 to 34	35 to 39	40 to 44	45 to 49	50 to 54	55 to 59	60 to 64	65 to 69	70 to 74	75 to 79	80 to 84	85 to 89	90 plus
2011 Bermuda Outpatient	$1,788	$1,285	$1,309	$1,338	$1,376	$1,671	$1,817	$2,060	$2,319	$825	$636	$450	$423	$491	$334
2012 Bermuda Outpatient	$1,966	$1,477	$1,421	$1,471	$1,530	$1,648	$2,047	$2,199	$2,478	$863	$691	$411	$458	$390	$409
2013 Bermuda Outpatient	$1,900	$1,679	$1,747	$1,606	$1,637	$1,664	$1,996	$2,071	$2,416	$729	$716	$414	$474	$358	$408

Appendix 1c – Standard Hospital Benefits (Overseas In-Patient Per-Capita Claim Costs)



	20 to 24	25 to 29	30 to 34	35 to 39	40 to 44	45 to 49	50 to 54	55 to 59	60 to 64	65 to 69	70 to 74	75 to 79	80 to 84	85 to 89	90 plus
2011 Overseas Inpatient	$70	$82	$142	$165	$171	$164	$158	$234	$496	$379	$573	$548	$284	$310	$492
2012 Overseas Inpatient	$131	$131	$105	$157	$164	$192	$306	$483	$597	$519	$671	$615	$755	$959	$423
2013 Overseas Inpatient	$339	$171	$151	$161	$158	$189	$297	$301	$397	$432	$633	$406	$276	$262	$433

Appendix 1d – Standard Hospital Benefits (Overseas Out-Patient Per-Capita Claim Costs)



	20 to 24	25 to 29	30 to 34	35 to 39	40 to 44	45 to 49	50 to 54	55 to 59	60 to 64	65 to 69	70 to 74	75 to 79	80 to 84	85 to 89	90 plus
2011 Overseas Outpatient	$129	$91	$75	$127	$191	$283	$368	$636	$799	$914	$721	$719	$501	$177	$266
2012 Overseas Outpatient	$174	$96	$68	$132	$272	$298	$337	$472	$832	$677	$800	$920	$671	$380	$153
2013 Overseas Outpatient	$192	$175	$163	$180	$218	$275	$459	$500	$725	$551	$580	$590	$338	$229	$267

Appendix 2 – Bermuda Hospitals Board In-Patient Analysis - Admissions by Age

	Fiscal 2013				Fiscal 2012			
Age	Number of Admissions	Total DRG Fee (in '000)	% of Admissions	% of Total Cost	Number of Admissions	Total DRG Fee (in '000)	% of Admissions	% of Total Cost
<5	964	$4,825	16%	11%	845	$4,110	16%	10%
5-14	155	$716	3%	2%	130	$657	2%	2%
15-24	336	$2,030	5%	5%	356	$2,320	7%	6%
25-34	794	$4,239	13%	10%	682	$3,983	13%	10%
35-44	648	$4,323	11%	10%	531	$3,637	10%	9%
45-54	640	$5,260	10%	12%	562	$4,680	11%	12%
55-64	727	$6,764	12%	15%	616	$5,895	12%	15%
65-74	752	$6,875	12%	15%	650	$6,033	12%	15%
75-84	724	$6,318	12%	14%	623	$5,697	12%	14%
85-95	359	$3,048	6%	7%	296	$2,617	6%	7%
>95	13	$116	0%	0%	20	$151	0%	0%
Total	6,112	$44,514	100%	100%	5,311	$39,781	100%	100%

Data Source : BHB

Notes

1. The total fees are the DRG charge only (prior to subsidy) and do not include the per-diem fee or any other fee charged for in-patient services.
2. The number of admissions in Fiscal 2013 is similar to the Fiscal 2011 number of admissions (which were 6,097).
3. The under 5 age group is mostly comprised of newborns.
4. The percentage of cost related to those age 65 and over is 36% in Fiscal 2013 (same as in Fiscal 2012).
5. In both Fiscal 2013 and Fiscal 2012, the percentage of admissions under 65 and age 65 and over were 70% and 30% respectively. The Fiscal 2013 increase in total cost for these two groups is 11% and 13% respectively.

Appendix 2a - Admissions by Major Diagnostic Categories

	Fiscal 2013				Fiscal 2012		
Major Diagnostic Category (sorted by F2013 Fee)	**Number of Admissions**	**Change in Admissions**	**Total DRG Fee (in '000)**	**% of Total Cost**	**Number of Admissions**	**Total DRG Fee (in '000)**	**% of Total Cost**
Musculoskeletal System And Connective Tissue	705	14%	$7,145	16%	620	$6,449	16%
Digestive System	562	13%	$5,374	13%	498	$5,032	13%
Circulatory System	610	24%	$4,436	10%	492	$3,957	10%
Respiratory System	592	27%	$4,073	9%	467	$3,420	9%
Newborn And Other Neonates (Perinatal Period)	698	11%	$3,604	8%	627	$3,194	8%
Nervous System	401	16%	$3,294	7%	345	$2,678	7%
Pregnancy, Childbirth And Puerperium	795	15%	$2,779	6%	693	$2,453	6%
Infectious and Parasitic DDs	168	19%	$2,246	4%	141	$1,755	4%
Kidney And Urinary Tract	266	26%	$1,866	4%	211	$1,544	4%
Hepatobiliary System And Pancreas	199	39%	$1,679	3%	143	$1,323	3%
Skin, Subcutaneous Tissue And Breast	175	-5%	$1,241	3%	184	$1,328	3%
Ear, Nose, Mouth And Throat	217	-11%	$954	3%	245	$1,175	3%
Endocrine, Nutritional And Metabolic System	165	1%	$952	2%	163	$967	2%
Not Classified	36	50%	$905	2%	24	$808	2%
Female Reproductive System	144	20%	$888	2%	120	$809	2%
Multiple Significant Trauma	27	0%	$509	2%	27	$616	2%
All Other	352	17%	$2,568	6%	300	$2,274	6%
Total	**6,112**	**15%**	**$44,513**	**100%**	**5,300**	**$39,781**	**100%**
Change over Year	**15%**		**12%**				

Data Source : BHB

Notes: 1. We have summarized the DRG codes into mutually exclusive diagnosis areas (referred to as Major Diagnostic Categories).

2. The data indicates a significant increase in admissions during F2013 in almost all categories.

Appendix 2b - Fiscal 2013 Days in Hospital

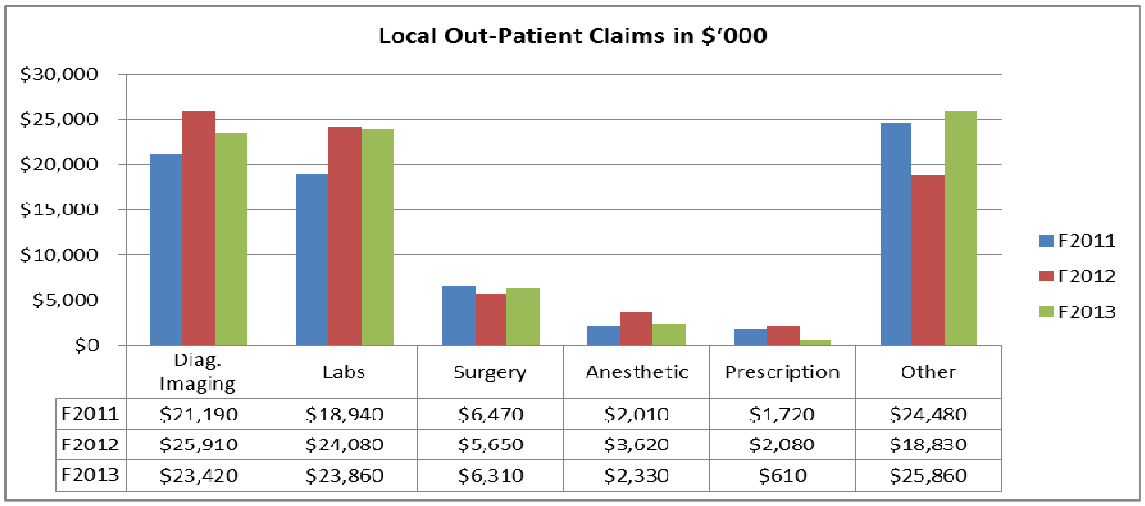
Days in Hospital	Number of Admissions	% of Admissions	% of Total Cost	Average days in Hospital	DRG Fees (in '000)
0-4	3,999	65%	54%	2.3	$24,103
5-9	1,170	19%	23%	6.4	$10,288
10-14	382	6%	9%	11.6	$3,913
15-19	187	3%	4%	16.8	$1,830
20-24	114	2%	2%	21.8	$1,082
25-29	74	1%	2%	26.9	$881
30-35	48	1%	2%	32.4	$735
>35	138	2%	4%	65.6	$1,681
	6,112	100%	100%	6.4	$44,513

Data Source : BHB

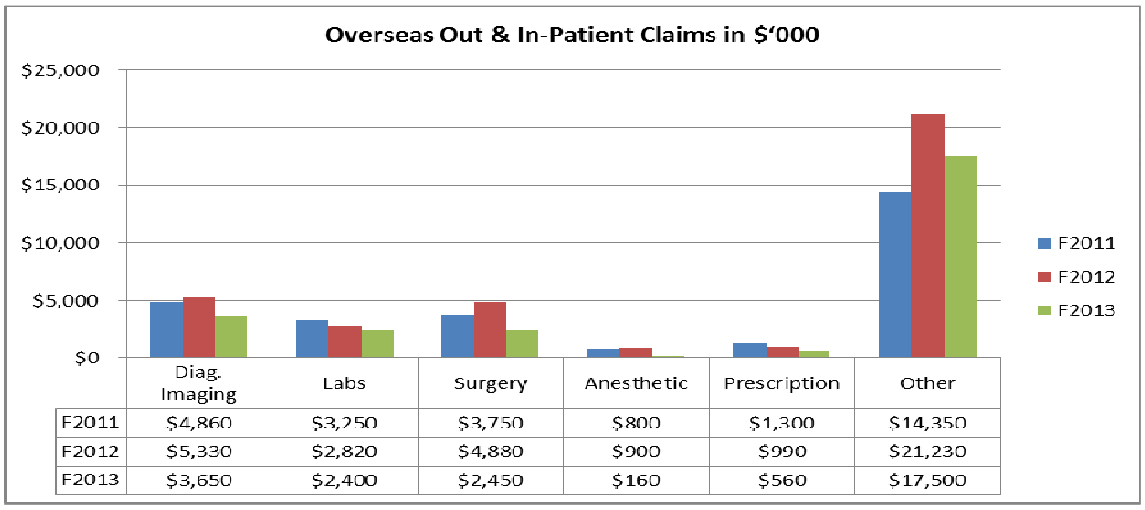
Notes

1. Eighty-four percent of admissions are under 10 days, which is similar to prior fiscal periods.
2. The average days in hospital during Fiscal 2012 was 6.7 days.

Appendix 3 – Split of Local Out-Patient data and Overseas In-Patient and Out-Patient data



	Diag. Imaging	Labs	Surgery	Anesthetic	Prescription	Other
F2011	$21,190	$18,940	$6,470	$2,010	$1,720	$24,480
F2012	$25,910	$21,080	$5,650	$3,620	$2,080	$18,830
F2013	$23,420	$23,860	$6,310	$2,330	$610	$25,860



	Diag. Imaging	Labs	Surgery	Anesthetic	Prescription	Other
F2011	$4,860	$3,250	$3,750	$800	$1,300	$14,350
F2012	$5,330	$2,820	$4,880	$900	$990	$21,230
F2013	$3,650	$2,400	$2,450	$160	$560	$17,500

Data Source : Insurers

Notes

1. Locally, diagnostic imaging, labs, anesthetics, and prescriptions have declined since Fiscal 2012. The other category has increased significantly. The directional change is opposite from the prior period (i.e. categories that increased are now decreasing and vice-versa). Local Diagnostics and Labs constitute 57% of Fiscal 2013 local out-patient spending. The category other contains 31% of the Fiscal 2013 local out-patient spending.
2. Overseas claims show declines in each category.
3. In the local context, the other category is in respect of all other services (e.g. emergency room services, oncology and cardiology services).

The data for the charts above can be found in the tables below.

Appendix 3a – Table of Local Out-Patient data and Overseas In-Patient and Out-Patient data

Claims in $'000	1. Diag. Imaging (outpatient)	2. Diag. Imaging (appr.facility)	3. Labs	4. Surgery	5. Anesthetic	6. Prescription	7. Other outpatient claims	Total
Local Out-Patient Claims F2011	$14,730	$6,460	$18,940	$6,470	$2,010	$1,720	$24,480	$74,810
Local Out-Patient Claims F2012	$18,600	$7,310	$24,080	$5,650	$3,620	$2,080	$18,830	$80,170
Local Out-Patient Claims F2013	$16,850	$6,570	$23,860	$6,310	$2,330	$610	$25,860	$82,400
Overseas Out & In-Patient Claims F2011	$4,860		$3,250	$3,750	$800	$1,300	$14,350	$28,310
Overseas Out & In-Patient Claims F2012	$5,330		$2,820	$4,880	$900	$990	$21,230	$36,140
Overseas Out & In-Patient Claims F2013	$3,650		$2,400	$2,450	$160	$560	$17,500	$26,720
Total Claims F2011	$26,050		$22,190	$10,230	$2,810	$3,020	$38,820	$103,110
Total Claims F2012	$31,240		$26,900	$10,530	$4,520	$3,070	$40,060	$116,310
Total Claims F2013	$27,070		$26,260	$8,760	$2,490	$1,170	$43,360	$109,120
Total % Increase F2012 – F2013	-13%		-2%	-17%	-45%	-62%	8%	-6%

Data Source : Insurers

About Morneau Shepell

Morneau Shepell is Canada's largest human resource consulting and outsourcing firm focused on pensions, healthcare, and workplace health management and productivity solutions.

We offer consulting and administrative services for the full range of retirement, healthcare, and employee benefits programs, as well as absence and disability management, workplace training and education, and employee assistance program. This suite of services allows us to offer solutions that help improve the financial security, health and productivity of organizations and their people around the globe.

Morneau Shepell has approximately 2,700 employees in 70 locations across Canada and the United States. We provide services across Canada, the United States, Bermuda, the Caribbean and around the globe. Our clients range from government entities, associations, large corporations and small businesses. The origins of our company trace back to 1962.