



©iStockphoto.com/Enjoylife2

2011 PrimeWest Health ANNUAL REPORT

PRIMEWEST HEALTH

PrimeWest Health is a County-Based Purchasing (CBP) health plan. This means we are allowed to purchase health care services through Minnesota Health Care Programs (MHCP) for eligible residents of the counties we serve. The governing body of PrimeWest Health is called the Joint Powers Board (JPB). The JPB includes two county commissioners (one voting and one alternate) from each PrimeWest Health county.

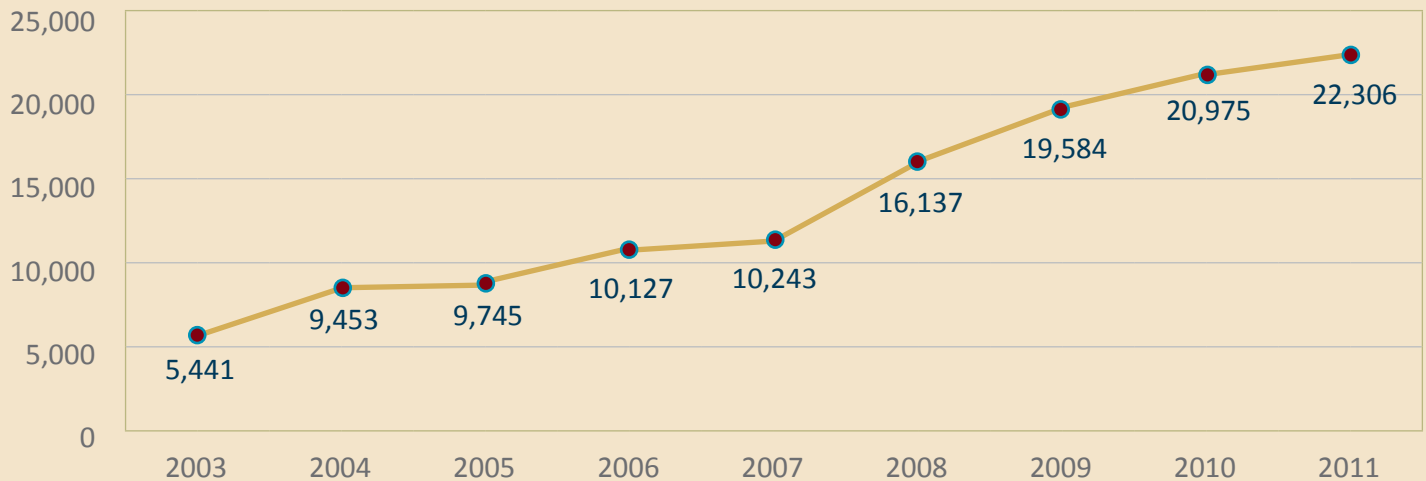
PrimeWest Health provides health coverage under contracts with the Minnesota Department of Human Services (DHS) and the federal Centers for Medicare & Medicaid Services (CMS). The health coverage programs we offer are as follows:

- **Prepaid Medical Assistance Program (PMAP)**
For children under age 21, parents or relative caretakers of dependent children, and pregnant women who have Medical Assistance
- **MinnesotaCare**
For adults without children, parents or relative caretakers of dependent children, and children who are eligible for the State MinnesotaCare program. Members pay a monthly premium to the State.
- **Minnesota Senior Care Plus (MSC+)**
For people age 65 or over who have Medical Assistance
- **Prime Health Complete (SNBC)**
For people who have a certified disability, are ages 18 – 64, and have Medical Assistance but do not have Medicare through PrimeWest Health
- **PrimeWest Senior Health Complete (HMO SNP)**
For people age 65 or over who have both Medicaid and Medicare through PrimeWest Health (*a Minnesota Senior Health Options [MSHO] program*)
- **Prime Health Complete (HMO SNP)**
For people who have a certified disability, are ages 18 – 64, and have both Medicaid and Medicare through PrimeWest Health (*a Special Needs BasicCare [SNBC] program*)

GROWTH

In 2011, PrimeWest Health marked its eighth year of operations. In July 2003, PrimeWest Health began serving members in the PMAP and MinnesotaCare programs in 10 counties. These counties were Big Stone, Douglas, Grant, McLeod, Meeker, Pipestone, Pope, Renville, Stevens, and Traverse. We added MSC+ and MSHO in 2005 and SNBC in 2008. (In 2009, PrimeWest Health's names for MSHO and SNBC changed to PrimeWest Senior Health Complete and Prime Health Complete, respectively.) In March 2008, we expanded and began serving PMAP, MSC+, and MinnesotaCare members in Beltrami, Clearwater, and Hubbard counties. We began offering PrimeWest Senior Health Complete and Prime Health Complete in these counties in 2010. The chart on the next page shows PrimeWest Health's growth since 2003 and enrollment at the end of 2011. Note, because membership varies each month, the chart reflects the average number of members enrolled each month throughout the year.

Average Members per Year

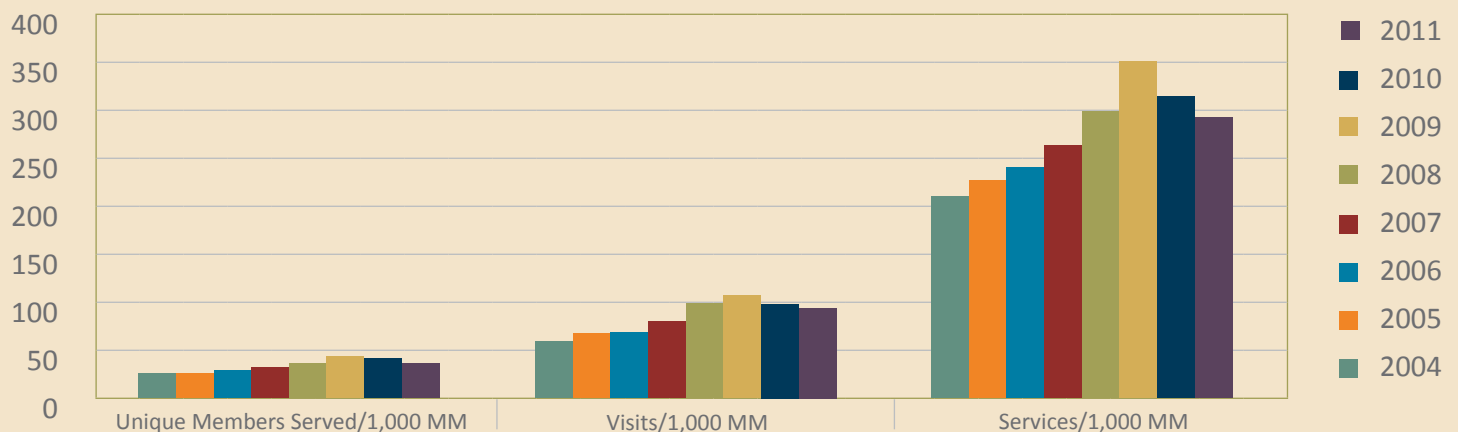


ACCESS

PrimeWest Health has more than 7,488 providers and over 1,683 facilities under contract to serve our members. This large provider network ensures our members have optimal access to health care services and a choice of health care providers. The PrimeWest Health provider network includes nearly every health care provider of covered services in and around our current 13 counties. This includes medical, behavioral, social/human/family services, and allied health care providers. Our network also includes a full range of specialists and facilities in all metropolitan areas in Minnesota and eastern North Dakota and South Dakota.

Over the past several years, PrimeWest Health has worked hard to improve access to dental care for our members. Our dental provider network has grown from three dental providers in 2003 to more than 579 credentialed dentists and 68 dental clinics under contract today. PrimeWest Health has also helped fund new dental clinics in Alexandria and Bemidji. These clinics primarily serve MHCP members. As a result, access to dental care has steadily increased for PrimeWest Health members. This is shown in the graph below. Due to legislative changes, dental benefits for adults were reduced in 2010 resulting in a slight decrease in unique members served, visits, and services, but PrimeWest Health continues to encourage the use of covered preventive and diagnostic services.

Improving Dental Access



This dental access chart shows the number of unique members served, visits, and services per 1,000 member months (MM) each year.

SUMMARY OF FINANCIAL STATEMENTS, JANUARY – DECEMBER 2011

This is an overview of PrimeWest Health's financial position and performance for calendar year 2011. It is published in accordance with the requirements of MN Stat. sec. 62D.09, subd. 3. This is not a full financial statement, but a summary provided for our members' information.

PrimeWest Health's primary expenses are for hospital, physician, pharmacy, dental, and other health care and social services used by PrimeWest Health members. Our primary revenues are premiums paid by DHS and CMS on behalf of health plan members.

A 6.4 percent net gain was realized in 2011, a 1.3 percent reduction from 2010 results. The average net gain for 2007 – 2011 is 2.7 percent. The favorable results in 2011 are due to positive trends for medical expenses and administrative efficiencies. PrimeWest Health revenues increased 6.1 percent from 2010 – 2011 as a result of increased enrollment and changes in DHS premium rates, while CMS premium rates remained substantially unchanged. Total health care expenses increased 7.5 percent from 2010 – 2011, primarily as a result of a 5.8 percent increase in enrollment. Average health care expenses per member per month increased only 1.6 percent from 2010 – 2011, due primarily to plan cost management initiatives and lower utilization trends. As of December 31, 2011, PrimeWest Health is in compliance with statutory net worth requirements under MN Stat. Chaps. 62N and 62D.

FINANCIALS

Balance Sheet	December 31, 2011
Assets	\$ 57,433,613
Liabilities	\$ 21,277,313
Statutorily Required Net Worth	\$ 36,156,300
Statement of Revenues and Expenses	January – December 2011
Revenues	\$ 174,200,032
Expenses	
Hospital and Skilled Nursing Facility Services	\$ 61,861,946
Physician and Allied Health Services	\$ 64,368,992
Pharmacy	\$ 16,079,949
Dental Services	\$ 3,702,928
Claims Adjustment and Cost Containment	\$ 8,168,655
Non-Claim Expenses	\$ 8,848,187
Total Expenses	\$ 163,030,657
Net gain (loss)	\$ 11,169,375

QUALITY INITIATIVES

PrimeWest Health is here to meet the needs of our members and health care partners. We strive to meet the highest quality and safety standards. To reach this goal, we follow standards developed by the National Committee for Quality Assurance (NCQA). NCQA requires us to tell our members and health care providers each year about our work to improve quality. Below we describe our quality improvement activities for 2011. We also include some initiatives that we are working on for 2012.

Quality Objectives

- To improve the health status of PrimeWest Health members
- To ensure access to high quality and safe health care services in the PrimeWest Health service area

Quality Improvement Activities

Quality improvement activities aim to improve any of the following:

- Clinical components
- Organizational components – aspects of PrimeWest Health that affect accessibility, availability, comprehensiveness, and continuity of health care
- Member components – members' perceptions about the quality of PrimeWest Health's services

PrimeWest Health staff members who specialize in each area are in charge of the activity.

Quality Plan and Work Plan

PrimeWest Health has a Quality Plan to help us meet our objectives. We also have an annual Work Plan to help us carry out each year's quality improvement activities. These plans are designed by the Quality and Care Coordination Committee (QCCC). They are approved by the JPB. The activities focus on improving and building on already-existing best practices. Some of the activities included in the Work Plan are as follows:

- Performance Improvement Projects (PIPs) – projects that focus on improving member health outcomes or business processes for member service initiatives
- Focus studies
- Member and Provider Surveys

PIPs

From 2005 – 2010, PrimeWest Health conducted PIPs on a variety of topics. All but one were completed successfully. That PIP, Preventive Visits, was terminated due to a provider coding barrier. Other past PIPs focused on Asthma, Hypertension, Statin Therapy, HPV (human papillomavirus), and Aspirin Therapy.

Current PIPs include:

- Blood Pressure Control for Members with Diabetes – Designed to increase the number of members with diabetes who achieve a blood pressure goal of less than 140/90 mm Hg. Started January 2010 and still in progress.
- Post-Discharge Member Follow-Up – Designed to increase timely coordination and information sharing with the “focus” hospitals in our network. The purpose of this is to improve the outcomes of discharge planning for members and to reduce readmissions. Started February 2011 and still in progress.
- Cholesterol Screening among Members with Diabetes – Designed to increase the number of members with diabetes who receive a Low-Density Lipoprotein Cholesterol (LDL-C) screening annually. Started February 2011 and still in progress.
- Colorectal Cancer Screening – Designed to increase the number of members ages 50 – 75 who receive a colorectal cancer screening. Started January 2012 and still in progress.

Focus Studies

- Blood Pressure Control for Members with Diabetes Champion Partnerships
- Appeals and Grievances Benchmarking
- Hospital Admissions Notification: Follow-Up

Surveys

- Member Satisfaction – The Consumer Assessment of Healthcare Providers and Systems (CAHPS)
- Medicare Health Outcomes Survey (HOS-M)
- Provider Satisfaction, Availability, and Accessibility, including physical accessibility factors
- County Case Manager Satisfaction Surveys
- Disease Management Provider and Member Satisfaction Surveys

Working Together

PrimeWest Health works with our county partners to assess member health care needs. We work together to develop goals for improvement of the overall health of our members and communities. All of our members in MSC+, PrimeWest Senior Health Complete, and Prime Health Complete have a county case manager to help them meet their health care goals, if they choose.

In 2011, we continued to work with Public Health and Social/Human/Family Services departments in our 13 counties in the following areas:

- Increase immunization rates, including routine childhood immunizations and seasonal influenza vaccine
- Provide education about obesity prevention
- Provide education about tobacco cessation programs and the prevention of tobacco use
- Improve members' nutrition and activity levels
- Improve disease management outcomes for members
- Increase the rate of blood lead testing for 1- and 2-year-olds