



2009 PrimeWest Health ANNUAL REPORT

PRIMEWEST HEALTH

PrimeWest Health is a County-based Purchasing (CBP) health plan. This means we are a Minnesota Health Care Programs (MHCP) health plan that is owned and governed by the counties we serve. The governing body of PrimeWest Health is called the Joint Powers Board (JPB). The JPB includes two county commissioners 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
- **Prepaid General Assistance Medical Care (PGAMC)**
For adults ages 21 – 64 without children (*effective March 1, 2010, PrimeWest Health no longer provides coverage under this program*)
- **MinnesotaCare**
For children, parents or relative caretakers of dependent children, and some adults without children who have MinnesotaCare. Members pay a monthly premium directly to the State.
- **Minnesota Senior Care Plus (MSC+)**
For people age 65 or over
- **Prime Health Complete (SNBC)**
For people who have a certified disability, are ages 18 – 64, and do not have Medicare (*a Special Needs BasicCare [SNBC] program*)
- **PrimeWest Senior Health Complete (HMO)**
For people age 65 or over who have Medicare (*a Minnesota Senior Health Options [MSHO] program*)
- **Prime Health Complete (HMO)**
For people who have a certified disability, are ages 18 – 64, and have Medicare (*a Special Needs BasicCare [SNBC] program*)

GROWTH

In 2009, PrimeWest Health marked its sixth year of operations. In this time, we have achieved both growth and success. In July 2003, PrimeWest Health began serving members in the PMAP, PGAMC, and MSC+ programs in 10 counties. These counties were Big Stone, Douglas, Grant, McLeod, Meeker, Pipestone, Pope, Renville, Stevens, and Traverse. We added MinnesotaCare and MSHO in 2005 and SNBC in 2008. (In 2009, PrimeWest Health's

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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, PGAMC, MSC+, and MinnesotaCare members in Beltrami, Clearwater, and Hubbard counties. The chart below shows PrimeWest Health's growth since 2003 and enrollment at the end of 2009. Note, because membership varies each month, the chart reflects the average number of members each year.

Average Members per Year

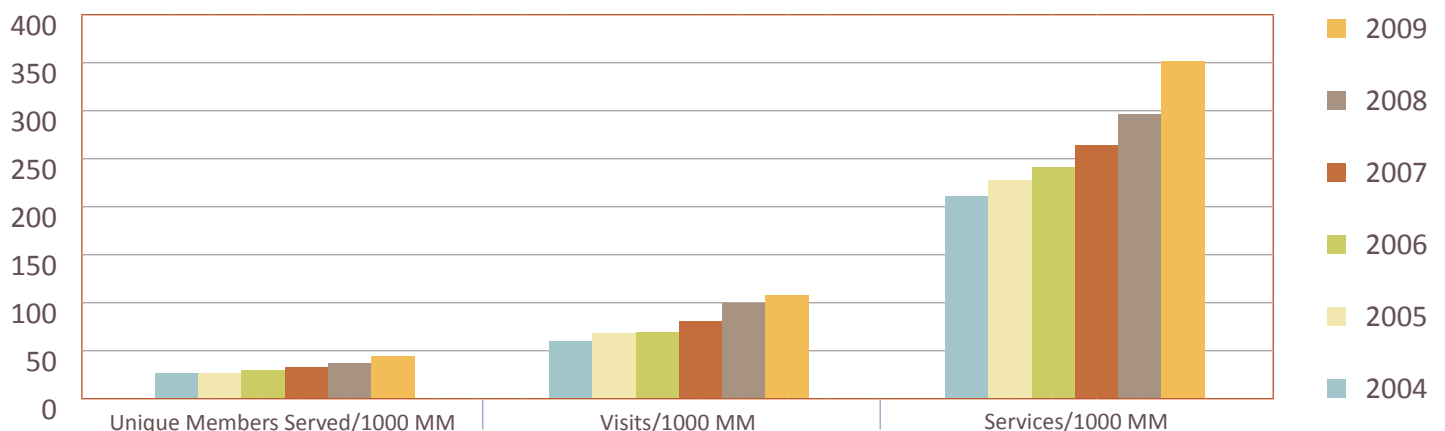


ACCESS

PrimeWest Health has more than 6,900 providers and over 1,600 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, human/social service, 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 over 65 today. PrimeWest Health 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.

Improving Dental Access



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

SUMMARY OF FINANCIAL STATEMENTS, JANUARY – DECEMBER 2009

This is an overview of PrimeWest Health's financial position and performance for calendar year 2009. 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 revenues increased 24 percent from 2008 to 2009 as a result of expanded enrollment. A 0.4 percent net loss was realized in 2009, which is close to break-even status following a 5 percent loss in 2008. The improvement is due to improved trends for medical and pharmacy expenses based on plan initiatives and increased administrative efficiencies. 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 program members. DHS revenues in 2009 were lower than long-term trends as a result of the temporary effect of service area expansion. This effect will end after December 2009. As a result, we expect to see higher DHS revenues in 2010. Health care expenses (see chart below) represented 90 percent of total revenues in 2009. As of December 31, 2009, PrimeWest Health is in compliance with the statutory net worth requirement under MN Stat. sec. 62N.28.

FINANCIALS

Balance Sheet	
Assets	\$ 31,422,699
Liabilities	\$ 19,584,062
Statutorily Required Net Worth	\$ 11,838,637
Statement of Revenues and Expenses	
Revenues	\$ 153,621,899
Health Care Expenses	
Hospital and Skilled Nursing Facility Services	\$ 57,581,919
Physician and Allied Health Services	\$ 61,573,580
Pharmacy	\$ 14,250,934
Dental Services	\$ 5,170,386
Other Expenses	
Claims Adjustment and Cost Containment	\$ 10,048,825
Administrative Services	\$ 5,622,010
Total Expenses	\$ 154,287,655
Net gain (loss)	\$ (655,756)

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 2009. We also include some initiatives that we are working on for 2010.

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 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 outcomes for a specific health concern
- Focus studies
- Surveys

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.

PIPs

Current projects include:

- HPV Vaccination – Promotes the HPV (human papillomavirus) vaccine for members 11 and 12 years old to protect against cervical cancer; started January 1, 2008
- Aspirin – Asks members to talk to their health care providers about using aspirin therapy to reduce the risk of a heart attack or stroke; started January 1, 2008
- Preventive Care – Promotes preventive visits to a primary care provider for members newly enrolled in PrimeWest Health; started January 1, 2009
- Blood Pressure Control for Members with Diabetes – Designed to increase the rate of members with diabetes who achieve a blood pressure goal of less than 130/80 mm Hg; started January 1, 2010

Focus Studies

- Appeals and Grievances Benchmarking
- A Chart Audit at Affiliated Community Medical Centers (ACMC) in conjunction with the 2010 PIP for Blood Pressure Control for Members with Diabetes
- Physical Therapy Medical Necessity Review (Reassessment)

Surveys

- Member Satisfaction – The Consumer Assessment of Healthcare Providers and Systems (CAHPS)
- Provider Satisfaction and Availability
- Health Effectiveness Data Information Set (HEDIS)

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. For example:

- In 2009, PrimeWest Health continued to work with the Public Health and Human Services departments in our 13 counties to provide chronic disease management training to county case managers. All of PrimeWest Health's MSC+, PrimeWest Senior Health Complete, and Prime Health Complete members have a county case manager to help them meet their health care goals.
- We worked to increase immunization rates, including routine childhood immunizations, seasonal influenza vaccine, and the H1N1 vaccine
- We worked with our county partners to provide education about obesity prevention. We also worked to provide education about tobacco cessation programs and the prevention of tobacco use.