

Medica In 2008: Strong, Stable And Innovative

In 2008 Medica and its family of companies delivered solid performance in service to our community, customers and members. Medica’s strong, stable results in a challenging economy were made possible by our focus on quality, value and satisfaction in health insurance coverage and health care delivery.

Membership at Medica increased to more than 1.48 million in December 2008, up nearly 83,000 year-over-year. Medica achieved growth in Commercial group membership as well as in its Individual, Medicare and Medicaid business segments.

2008 revenue was approximately \$3.2 billion dollars.

Operating income was positive by \$42.2 million. This was achieved with innovative health management programs, conservative investment strategies and careful budgeting and spending.

Operating margin was a little more than one cent on the dollar — 1.3 percent for 2008.

Administrative expenses was 7.2 percent of premiums and fees paid to Medica.

Taxes and fees paid by Medica in 2008 were \$70.6 million. That’s about 60 percent more than our operating income for the year.

Statutory reserves, required to buffer customers and members from sudden increases in medical costs and health care spending, increased slightly to the equivalent of 2.88 months of expenses.

Investing In Health Care Quality, Value and Satisfaction

Since 2002 our health management programs have helped save nearly one-third of a billion dollars. 2008 was another successful year during which we helped customers and members reduce medical expenses by an additional \$94 million dollars. Medica health management programs were used during 2008 by nearly 370,000 members, from the healthy to those living with a chronic condition.

	2008 Savings
Generic drug utilization rate increased to 71%	\$61 million
Complex case management	\$13 million
Radiology consultation to reduce the estimated 10%-20% of waste due to incorrect or inappropriate scans, and to reduce unnecessary radiation exposure	\$10 million
Health and Wellness Coaching and disease management	\$7 million
Health Pregnancy	\$2 million
Fit Choices exercise incentives	\$1 million
Total	\$94 million

During 2008, as part of its pay-for-performance incentive program, Medica paid more than \$3 million in to providers in its network for improvements in clinical care provided to our members.

In addition, the Medica Foundation in 2008 made \$1.16 million in grants for projects to address community-wide needs such as behavioral health, disparities in health care, worksite wellness, and healthy living. The Medica Foundation has made \$8.4 million in grants since 2003.

About Medica

Medica, the common name for Medica Holding Company, is a non-profit, taxable corporation that includes four health insurance businesses, a health management company, and a charitable grant-making foundation. The Medica family of companies includes Medica Health Plans, Medica Health Plans of Wisconsin, Medica Insurance Company, Medica Self-Insured, Medica Health Management, LLC, and the Medica Foundation. Medica offers a full range of health plans for groups, individuals and families: Employer-based, third-party administrator (TPA), Individual, Medicare and Medicaid. The company also provides leased network, health management and other services.