

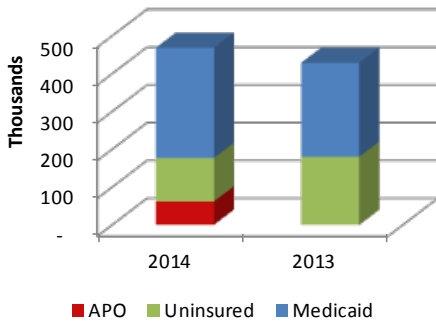
ARKANSAS PRIVATE OPTION

Benefit to Arkansas Hospitals through June 30, 2014

With the assistance of the Arkansas Chapter of the Healthcare Financial Management Association (HFMA), the Arkansas Hospital Association conducted a survey of Arkansas hospitals to determine the financial impact of the private option for the first six months of its implementation. **Responding hospitals represent nearly 80% of all Arkansas hospital patient service by revenue and admissions.**

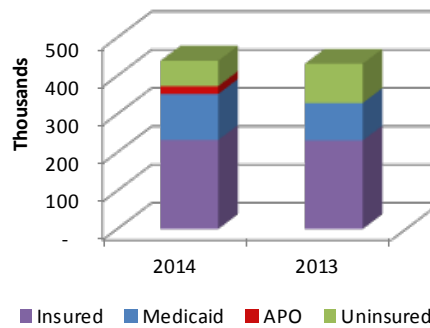
Total Utilization

APO replaces uninsured volume



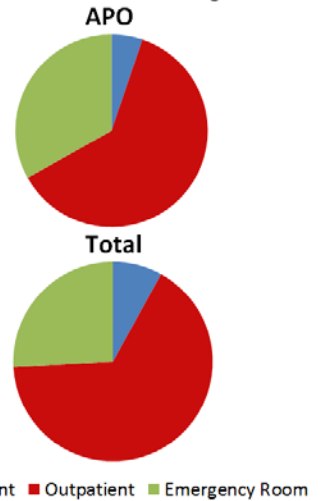
ER Visits

Only 1.8% Increase



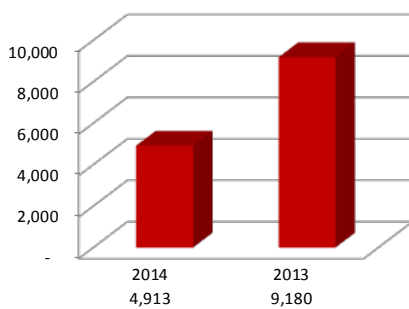
APO Utilization

Consistent with overall usage

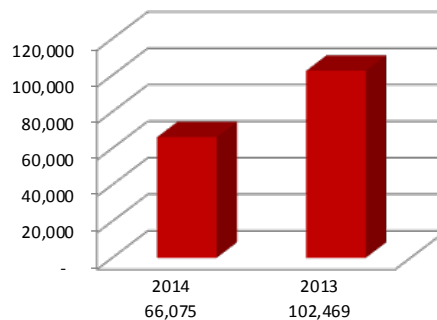


Significant Reductions in Uninsured Volumes:

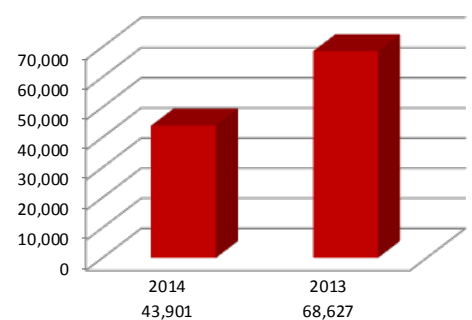
Admissions – Down 46.5%



ER Visits – Down 35.5%



Outpatient Visits – Down 36.0%



The Arkansas Private Option (APO) has provided significant benefits to hospitals in the state at a crucial time. The losses responding hospitals incurred caring for low income Arkansans have decreased by **\$69 million**, offsetting continued Medicare reimbursement cuts.



The following is a summary of the financial impact for services to low income patients:

<i>(in millions)</i>	Six Months Ended			
	June 30,			
	2014	2013	Change	Change, %
Payments¹				
APO ²	58.0	-	58.0	-
Uninsured	21.4	22.0	(0.6)	-2.9%
Total payments	79.4	22.0	57.4	260.9%
Cost³				
APO	57.5	-	57.5	-
Uninsured	75.3	144.6	(69.3)	-48.0%
Total cost	132.8	144.6	(11.8)	-8.2%
Net loss	\$ (53.4)	\$ (122.6)	\$ 69.2	-56.4%

(1) Payments include an estimate of expected payments not yet received as of the survey date for services rendered prior to July 1, 2014.

(2) 80% of Arkansas Insurance Exchange patients were estimated to be attributable to APO based on enrollment data provided by the Arkansas Department of Human Services.

(3) Based on individual hospital cost-to-charge ratios.