35

Years of SCAN

2012 Report to Our Communities

scan
HEALTH PLAN®

1977 – 2012 Celebrating 35 Years

scan HEALTH PLAN®

SCAN Mission

SCAN will become one of the leading geriatric-focused health management enterprises in each of the markets in which we operate. Our mission is to continue to find innovative ways to enhance seniors' ability to manage their health and to continue to control where and how they live.

SCAN Values

Caring: We provide consistent and compassionate service to our members. We understand and appreciate the value of each team member's contributions, and constructively challenge each other to achieve our very best.

Trustworthy: SCAN is a company that stands for integrity and accountability. As SCAN employees, we can be trusted to do the right thing. We make commitments and live up to them, realizing that none of us is perfect, but that we always seek to improve.

Member Focused: Our mission is to make a difference in members' health and independence. Everything we do has an impact, whether directly or indirectly, on our ability to better serve our members.

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Celebrating a Milestone Year

I remember 1977 well. As a student at Cal State Long Beach, I thought 62¢ a gallon for gas was high! And while I was listening to my Eagles album (Hotel California) and lining up with everyone else to see a groundbreaking movie called "Star Wars," something really important was brewing just a few miles away.

As you'll read on the first few pages of this Report, SCAN began in Long Beach, California as local seniors searched for a solution to their healthcare challenges. The issues that concerned those seniors in 1977 – fragmented care, cost, lack of senior expertise – still exist, although they are largely remedied for SCAN members.

These issues, in fact, are the "triple aims" driving healthcare reform today: cost, quality and access. They are completely aligned with our original charter and enduring mission to help our members maintain their health and independence.

I've seen the SCAN mission in action first hand. It is lived by SCAN employees every day, whether they are on the phone or in the field; on the "front line" or behind the scenes. And I've seen the results of their efforts reflected in our members' satisfaction. We are proud that our members rate us so highly – this is what drives us. This is at the heart of all we do.

And that will never change.

Chris Wing
President and Chief Executive Officer

2012
Member
Satisfaction

➡ **97.6%** of SCAN members are satisfied overall with the SCAN program

➡ **92.5%** of members say that SCAN has helped them manage their health

➡ **85.6%** of members say that SCAN has improved their ability to live independently

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Years of SCAN
From 1977 to 2012

Part of SCAN lore is the story of "12 angry seniors" banding together to improve access to health services for seniors. In reality, it took those 12 advocates plus support from community and health care leaders to come up with the solution that is now SCAN Health Plan.

In 1977, Long Beach, California had a very high proportion of older people. "The 12" were particularly concerned about those who had incomes just over the qualification requirement for Medi-Cal, but couldn't afford the coinsurance and deductibles of fee-for-service Medicare.

1977 Original Proposal

They wanted doctors to agree to take Medicare assignment and not charge low-income patients out-of-pocket costs. They also wanted geriatric-trained personnel and a single point of entry into this health and social service system.

At the time, the Andrus Gerontology Center at the University of Southern California had a small consulting firm that did community projects. The 12 seniors tapped this firm to work with the Long Beach Department of Senior Citizen Affairs to find a solution. A year later, the Long Beach Geriatric Health Care Council was formed. Soon after, the Council changed its name to Senior Care Action Network (SCAN) and hired our founder, Sam Ervin.

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Years of SCAN
From 1977 to 2012 (continued)

From the beginning SCAN realized a broad base of support. From community and business leaders to local, state and federal government, there was recognition of the value of this comprehensive approach to senior care. Initial start-up and operating capital was contributed by such major corporations and philanthropic foundations as the Ahmanson Foundation, McDonnell Douglas Corporation, Atlantic Richfield Foundation, the Commonwealth Fund and the Kaiser Family Foundation, among others. St. Mary Medical Center contributed space as well as funding.

1985 Social HMO begins

1989 - 2002 News and Ads

2012 AEP Marketing

One of the first projects the Senior Care Action Network took on was the Multipurpose Senior Services Program (MSSP), designed to serve frail older people on Medi-Cal and at risk of being placed in a nursing home. Selected by the state of California in 1979 as one of eight original demonstration sites, the SCAN MSSP is now the largest in the state. See page 16 for an update on the program today.
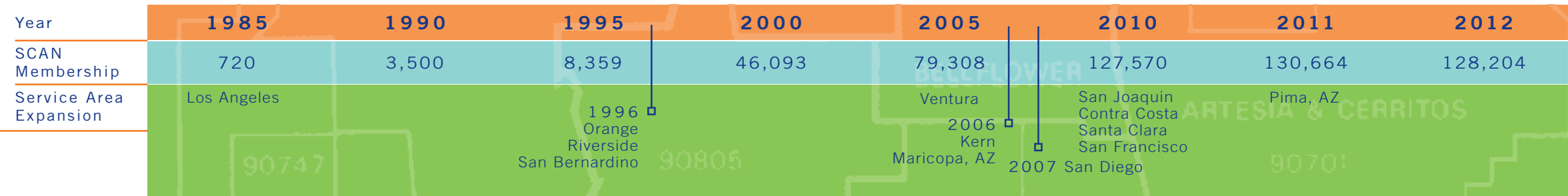
In 1982, Congress invited health care companies across the country to apply to be a demonstration site for a unique program: the Social Health Maintenance Organization (SHMO). SCAN, a very small organization at that time relative to the other health plans under consideration, was awarded one of four SHMO contracts. The SCAN SHMO began operations in 1985.

The SHMO demonstration project was extended several times over the years, during which time SCAN experienced explosive membership growth and firmly established itself as a geriatric expert. From Special Needs Plans (SNPs) to benefit plans that include coverage for chiropractic and acupuncture treatments and gym memberships, SCAN today is meeting the needs of an increasingly diverse membership.

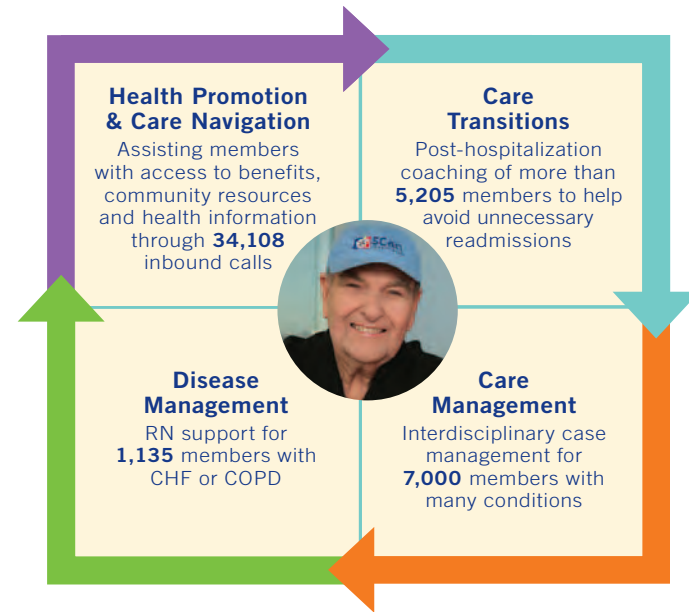| Year	1985	1990	1995	2000	2005	2010	2011	2012
SCAN Membership	720	3,500	8,359	46,093	79,308	127,570	130,664	128,204
Service Area Expansion	Los Angeles		1996 Orange Riverside San Bernardino		Ventura 2006 Kern Maricopa, AZ 2007 San Diego	San Joaquin Contra Costa Santa Clara San Francisco	Pima, AZ	

SCAN Today: Expertise Built on Experience

Our years of case management and social service coordination for the Social HMO have made SCAN the clear leader in care management. Today, that expertise is reflected in the following ways.

A Host of Care Management Solutions

The SCAN Model of Care provides comprehensive case management services to our most at-risk members. Nurse and social work case managers work closely with the member, caregiver and the member's primary care physician through a range of programs. For some it's episodic. For others, SCAN's care management teams will be involved at some level for the rest of their lives. Members

Health Promotion & Care Navigation
Assisting members with access to benefits, community resources and health information through **34,108** inbound calls

Care Transitions
Post-hospitalization coaching of more than **5,205** members to help avoid unnecessary readmissions

Disease Management
RN support for **1,135** members with CHF or COPD

Care Management
Interdisciplinary case management for **7,000** members with many conditions

are referred to care management through a number of sources: providers, a family member, SCAN Member Services, even self-referred. And sometimes it's just a matter of a SCAN employee asking: *What can we do to help this member?*

Expanded Special Needs Plans

The poor, frail, disabled and chronically ill are among our nation's most vulnerable, high-cost and fastest-growing healthcare segments. Special Needs Plans (SNPs) under Medicare are designed to improve care and reduce costs for older and

disabled adults. These plans offer all the benefits of Medicare; what makes them of true value, however, are the tailored benefits and services they offer to their unique, targeted populations.

Members of SCAN SNPs also have access to a host of care management services: a personal care plan, care transitions assistance, disease management and medication therapy management. It's a truly patient-centered, coordinated approach with demonstrated results.

A March 2012 study conducted by Avalere Health found SCAN Dual-SNP members had:

- **25%** **lower hospital readmission** rate than a similar cohort of California FFS dual eligibles.

- **14%** **lower hospital inpatient admission** rate for such conditions as COPD, CHF and bacterial pneumonia.

A Hot Meal and Warm Smile

At 83 years of age, Mrs. "W" was having a hard time. She has serious chronic health problems, including COPD, leukemia and heart failure, and also suffers pain and stiffness in her fingers, back and shoulders so severe that it makes daily activities extremely challenging. She lives alone, so the Independent Living Power (ILP) services she receives through SCAN make all the difference in her ability to care for herself at home.

At one point, Mrs. W's health problems led to a loss of appetite and dramatic weight loss. Her Complex Care Manager, Tara Carter, RN, alerted her primary care doctor so we could arrange for delivery of a nutritional supplement – one of her ILP benefits. When her doctor then placed her on a potassium-restricted diet, she could no longer take the supplement and her weight loss increased. That's when her care manager arranged instead for home-delivered meals. Those hit the spot.

Mrs. W called and said: "I had my first meal yesterday and it was delicious!" She could already see how these meals would help her regain the weight she'd lost. Hot, nutritionally balanced meals delivered five days a week – and covered by her ILP benefits? Truly a recipe for health and independence. The fact that these meals are delivered by a very pleasant gentleman is just icing on the cake!
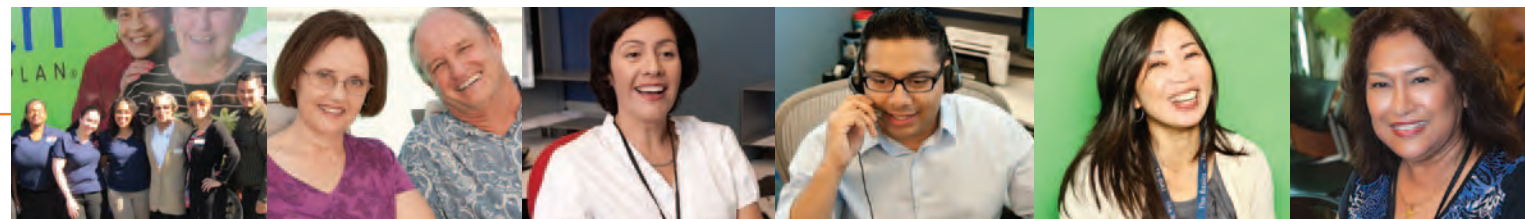
Service that Leads to Satisfaction

SCAN MAPD members quickly learn they can rely on our Member Services department. First, every call is answered by a SCAN representative – no "call tree" involved. While the team meets, and consistently beats, CMS guidelines for call centers, they do so without resorting to such common practices as limiting the length of call. Every member gets a representative's focused attention for however long it takes to talk through the issue, answer questions and resolve any concerns.

SCAN D-SNP members have different service needs, so they are assigned their own "PAL" – Personal Assistance Line representative.

The bilingual PAL representatives are specially trained on the complexities of the Medi-Cal and Medicare programs. Each PAL helps his or her own set of members navigate through the healthcare system, working with providers, medical groups, state agencies and community-based organizations to ensure these members have access to the services and support they need.

Straight Talks Provide Education, Interaction

Every fall, after the Annual Notices of Change (ANOCs, which outline our members' benefit changes for the coming year) have been mailed, we invite members to Straight Talk meetings held throughout our service areas. These popular events are valuable for all concerned. CEO Chris Wing

COUNTY SERVED	MAPD	C-SNP	I-SNP	D-SNP
Contra Costa	O			
Kern	O			
Los Angeles	O	O	O	O
Maricopa	O			O
Orange	O	O	O	
Pima	O			
Riverside	O	O	O	O
San Bernardino	O	O	O	O
San Diego	O			
San Francisco	O			
San Joaquin	O			O
Santa Clara	O			
Ventura	O			

and other members of the executive team outline benefits for the coming year and then answer members' questions. Member Services and Pharmacy staff are on hand to talk one-on-one

2012 Straight Talks:

6,600	members
35	meetings
175	volunteers
400	gallons of coffee
7,000	bagels and pastries
2,500+	questions answered

and face-to-face with members. And SCAN employees from throughout the company staff the events, seating members, pouring coffee and helping maneuver wheelchairs. Valuable for members, of course, and an invaluable reminder to the SCAN team of why we do what we do.

▶ **MAPD: Medicare Advantage Prescription Drug Plans**

C-SNP: Chronic Special Needs Plans, for those with severe chronic conditions.

D-SNP: Dual Special Needs Plans, for those dually eligible for Medicaid/Medi-Cal and Medicare.

I-SNP: Institutional Special Needs Plans, for those who qualify for nursing facility level of care but live in the community.

Meeting the Challenge of Mental Illness

Mrs. "J" was "suicidal with a plan." With no one keeping an eye on her at home, she was unsupervised, not taking her medications and missing her appointments. During one especially acute period, Mrs. J was hospitalized three times in 60 days.

Medical Management Specialist Dana Driscoll, RN, coordinated the care team: a behavioral health specialist, a SCAN Medical Director and the member's medical group case manager. She also kept the member's primary care physician in the loop, faxing medical records from each hospital stay. The team agreed a partial hospitalization program would be needed after discharge, as would extra help at home.

"Her daughter was overwhelmed and ill-prepared to deal with her mother's needs," says Dana. "So I redoubled my efforts – calling several times with the same information and really stressing the importance of medication adherence and keeping those outpatient appointments." Dana made sure they used Mrs. J's transportation benefit so that not having a ride was never an excuse to miss an appointment or prescription refill.

It's now been almost a year since her last hospitalization. Mrs. J has been filling her medications, keeping appointments and, by all accounts, successfully navigating daily life.

Sharing our Geriatric Expertise

Our mission is to become "one of the leading geriatric-focused health maintenance enterprises in each of the markets in which we operate." If we're not already there, we're certainly close. Our care management teams demonstrate their expertise in senior health issues on a daily basis. Our product development and benefit design teams ensure SCAN's products reflect the benefits and services seniors need and want most. This geriatric expertise is also evident in:

Certified Geriatric Pharmacists (CGPs)

Our Pharmacy department is staffed with clinical pharmacists, many of whom have gone

through the intensive geriatric training and hands-on clinical experience required in order to be deemed a Geriatric Pharmacist. This specialization enhances everything from formulary decisions to outreach efforts around medication safety and adherence, and proves invaluable when working with the care management teams on member-specific cases.

Targeted Medication Outreach

Medication adherence and safety are ongoing concerns around which we have ongoing outreach efforts. In October we identified more than 35,000 SCAN members who were not taking their medications, would soon be in need of a refill, or were taking a medication not recommended for seniors. Reaching these members would not only help improve their care, it could also impact a CMS Star measure.

That's why, despite being one of the busiest times of year, a cross-functional team of employees from Healthcare Informatics, Member Services, Healthcare Services, Claims and other staff

worked after-hours and on weekends to reach virtually every one of these members. The response was overwhelmingly positive, as echoed by this member who, at the end of her call, said: "Thank you for caring about me."

The SCAN CME Website offers eight unique, geriatric-focused modules on such topics as depression, dementia and palliative care. Physicians and clinical staff will also find a variety of practical tools, from pocket guides and patient resources to videos, podcasts, even recommended smartphone apps.

At right: Former SCAN CEO Sam L. Ervin and his wife, Margaret H. Magnus, were honored guests at SCAN's 35th Anniversary celebration.

Dr. Schwab Goes to Washington

Timothy C. Schwab, MD, chief medical officer of SCAN Health Plan, spent several days on Capitol Hill in 2012. In September he testified before the House Ways & Means Committee Health Subcommittee advocating for an extension for Special Needs Plans (SNPs). Dr. Schwab said that a multi-year extension would stabilize specialty care for the 1.5 million Americans currently enrolled in SNPs while continuing the progress SNPs are making in reducing emergency department visits, hospitalizations, re-hospitalizations and nursing home stays.

In February he testified before the Senate Finance Committee on medication use and abuse among the frail elderly, saying: "Patient-centered care models can go a long way in ensuring seniors receive the medication therapy that truly benefits them."

A leading advocate on senior health and lifestyle needs, Dr. Schwab also participated in a national webinar sponsored by Healthcare Intelligence Network. There, Dr. Schwab talked about ways to improve healthcare quality and efficiencies for the nation's dual eligibles.

SCAN 2012 – Strong Start, Stronger Finish

An unusual re-enrollment required in 2011 resulted in expectation-busting retention for 2012, while aggressive product and benefit design gave the sales team a strong portfolio for the 2012 Annual Election Period (AEP).

The 2011 Re-enrollment Effort

During the AEP each year, our message to current members is simple: If you are happy with SCAN, you don't have to do a thing. During the 2011 AEP, however, our message was very different for more than 30,000 SCAN members.

These members would no longer be eligible for their current plan in 2012. If they wanted to remain with SCAN, they would have to re-enroll.

We knew our members were loyal, but even we were surprised at the outcome: **92% of members re-enrolled with SCAN.** Even with that success, the SCAN team responsible for re-enrollment continued to pursue a subset of members: those who had not made any health plan election at all.

What would happen to these members when they needed a prescription refill early in 2012 – only to be told they did not have coverage? Some of our members are in long-term care facilities, no longer able to make decisions and many with no one to make decisions for them. These were the members that drove the re-enrollment team to leave no stone unturned in order to contact them. Why? Because every member matters.

An International Effort

One member was out of the country for several months at the end of 2011 and only heard about the need to re-enroll at the last minute. While she was in Chile! After much scrambling, she was able to fax her re-enrollment application just minutes before the midnight, December 31 deadline.

2012 Focus: Compelling Benefits, Targeted Products

For 2012's AEP, SCAN focused on designing the most compelling benefit plans possible. In Southern California, in particular, that approach paid dividends.

In five counties, two popular plans were combined into one. The "Classic" plan would now include many of the benefits of the "Options" plan – truly the best of both. We knew this was a hit when, at member Straight Talk meetings, this announcement brought spontaneous bursts of applause from the attendees.

Overall, the AEP theme was:

> **More** $0 services than ever
>
> **Better** coverage for many services
>
> **New** Chronic Special Needs Plans

During the 2012 AEP we offered a new C-SNP for January 2013 effective dates: SCAN Balance, for those with diabetes. We also expanded into more counties with our Heart First plan, for those with congestive heart failure/cardiovascular disease. The reception of these plans was overwhelming, proving that seniors recognize the value of additional coverage and specialized support when trying to manage a chronic condition.

- **SCAN Balance**, for those with Diabetes
- **Heart First**, for those with Congestive Heart Failure and/or Cardiovascular Disease
- **VillageHealth**, in partnership with DaVita for those with End-Stage Renal Disease (offered since 2006)

Bringing Balance to a Couple's Life

SCAN Sales Representative Vaneisa Layton-Lowe was talking with 66-year-old Mrs. "K" about her pharmacy costs under her current (non-SCAN) health plan. Between insulin and her other medications, Mrs. K was paying $800 a month while in the coverage gap. That's why her husband was still working, she told Vaneisa. His income was the only way they could afford her diabetes medications.

Then Vaneisa told her about the SCAN Balance plan. Insulin would be $0. Her other medications would be $0 or $5 – even in the coverage gap.

"She cried when she heard it," says Vaneisa. "She called her husband at work and told him he could retire – then he started crying! I had the most amazing feeling as I left that member's home. So proud to work for a company that offers these types of products. And so grateful to have been able to make a life-changing difference for this couple."

SCAN 2012 — Giving to the Community

SCAN's community giving operates independently of the health plan and ranges from state-contracted programs to corporate and market-specific community outreach efforts.

Independence at Home

The home and community-based services division of SCAN Health Plan, Independence at Home (IAH), operates a number of programs for culturally and economically diverse clients in south Los Angeles County.

In 2012, IAH programs served clients in the following programs:

Multipurpose Senior Services Program (MSSP)— Served an average of 755 clients monthly. The SCAN MSSP provides community-based, long-term care and personal care coordination for low-income frail seniors. The goal is to arrange for and monitor the use of community services to prevent or delay premature institutional placement of these seniors. The program began in 1977 with eight sites and has expanded to 40 statewide. SCAN is one of the original eight and is the largest individual site in California.

Integrated Care—Served an average of 175 clients monthly. There are three programs that fall under ICM and offer services ranging from respite for family caregivers to care management for disabled adults.

California Community Transitions—Served 70 clients. Since the project began in 2008, we have transitioned 71 individuals out of nursing homes back into the community, each a hard-won victory.

Innerlinks Advantage—Served 74 clients. These are individuals who need help managing mental health issues in order to remain in the community.

Volunteer Action for Aging—Served 2,709 clients, thanks to 3,763 volunteers. This program provides frail and lonely seniors a variety of personal touch services, from friendly visitors to telephonic reassurance to a hot, home-delivered Thanksgiving meal.

Milestone: 2012 was IAH's 20th year of Thanksgiving meal delivery, celebrated by delivering more than 2,000 meals to seniors who would otherwise spend Thanksgiving alone.


A Role Model for Active Living
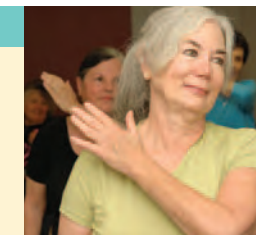
Three years ago, 90-year-old Sylvia Hilsinger was lonely, but you wouldn't have known it by the twinkle in her eyes and smile on her face as she walked into the SCAN Connections Resource Center in Phoenix. She had come, she said, because she needed to socialize more.

Sylvia was thrilled with the variety of activities offered at the Center. When she also shared that she was having problems with balance, we knew where she had to start. Sylvia has attended the Matter of Balance workshops and tai chi classes regularly ever since. Her confidence and memory have greatly improved and she loves her many new friends.

Her daughter-in-law, Kathy, has seen such a difference in Sylvia that she's signed up for many of our classes over the years, too. Kathy says she's proud of her mother-in-law for staying so active in this season of her life.

Now 93, Sylvia hopes others realize that if she can do it, so can they. Being a role model at her age, she says, is what keeps her young at heart.
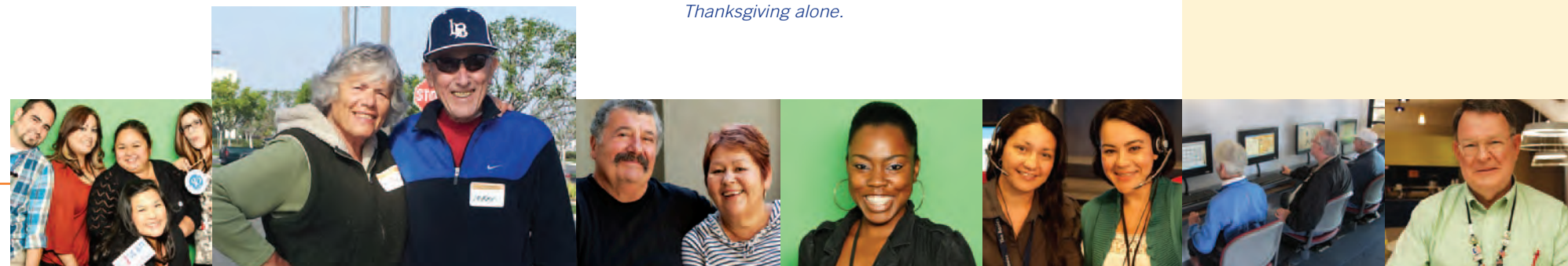
Community Outreach and Giving

In addition to employee participation in such events as the Alzheimer's Association Walks and various food and clothing drives for needy seniors throughout the year, SCAN has a formal outreach program that includes:

- **The SCAN Van.** Bringing health information and screenings to the community.

- **Trading Ages™.** An interactive workshop that demonstrates the challenges of aging.

- **Classroom in the Community**. A series of action-oriented health education presentations.

- **Community Giving**. **$1.9 million** given to organizations that provide emergency assistance and nutrition programs for older adults.

- **Resource Centers**. Providing classes and social interaction to seniors in Ventura, CA and Phoenix, AZ.

Jewish Family Services of the Desert received funding from SCAN in 2012. In turn, they passed it on to 45 seniors in the form of:

15 utility bills paid

16 housing payments made

5 home repairs completed

5 transportation needs met

6 medical services or medications covered

$1.9 million given to organizations that provide emergency assistance and nutrition programs for older adults

"SCAN Health Plan plays a critical role in caring for Californians living with Alzheimer's disease. Its model of care extends far beyond medical coverage and encompasses vital home and community-based services that help both patients and their caregivers. We are deeply gratified by SCAN's commitment to helping seniors live with independence and dignity in their local communities."

Debra Cherry, PhD
Executive Vice President
Alzheimer's Association

Finding Life after Loss

Irene Quebbeman was a brand new widow when she became a member of SCAN. She says she was a "basket case, hiding out at home" with almost no interaction with anyone. Her late husband "did not need friends. I was his friend and we were joined at the hip for 58 years. Here I was now, a 74-year-old widow, not knowing how to live and not sure I wanted to."

She hardly drove at all, which added to her sense of isolation ("My driving drove my late husband crazy," she explains). That's why, when she heard about the "55 Alive" driving class being held at the SCAN Ventura Resource Center, she decided to give it a try.

"I cried during the class, but I made it through and even met some other people in the same position I was in." When the class ended, she signed up for another. Then another after that until, she says: "I was hooked. I'd found a place I could go even if just to have a cup of coffee, ask questions about my health plan or join other things.... like Wii bowling!"

As she gained confidence, she got involved outside the Resource Center. She volunteers at church and with a local group that helps feed the homeless.

The Resource Center, says Irene, was a life-saver. "I was greeted with open arms from the very beginning. Everyone there seems to care about me. I've been a widow for almost two years. I don't like being one but now, thanks to SCAN and everyone I've met at the Resource Center, I am almost whole again."

SCAN Group
Financial Summary
for Fiscal Year Ended
December 31, 2012

	(dollars in thousands) 2012 unaudited
Operating Revenues	$1,908,036
Medical Expenses	1,700,716
Administrative Expenses	174,077
Operating Surplus	33,243
Investment Income	2,338
Net Surplus	$35,581
Medical Expense %	89.1%
Administrative Expense %	9.1%
Net Surplus %	1.8%

Executive Management Team

Chris Wing, President and Chief Executive Officer

Bill Roth, Chief Operating Officer

Timothy C. Schwab, MD, FACP, Chief Medical Officer

Randy Stone, Chief Financial Officer

Nancy J. Monk, Chief Risk Officer

Cathy Batteer, Senior Vice President, General Manager, all Markets

Sherry L. Stanislaw, Senior Vice President, General Manager, Southern California

Dave Firdaus, Vice President, General Manager, Arizona

Peter Begans, Senior Vice President, Public and Government Affairs

Eve Gelb, Senior Vice President, Healthcare Services

Douglas A. Jaques, Esq., Senior Vice President, General Counsel and Secretary

Gil Miller, Senior Vice President, National Sales

Merlin (Roy) Swackhamer, Chief Information Officer

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Chris Wing, President and CEO, SCAN Health Plan

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Rigo Saborio, President & CEO, St. Barnabas Senior Services

Linda Zimmerman, Regional Manager, Ombudsman Program, WISE & Healthy Aging Services

Celebrating 35 Years

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