# Financial Update, Managed LTC MCOs – June 30, 2009

**Purpose: To support the interpretation of the Family Care MCO financial reports.**
The Family Care MCOs are required to submit financial reporting on (at least) a quarterly basis to DHS. The purpose for that reporting is to support fiscal monitoring and analysis, to support follow-up that ensures solvency, and to demonstrate the ongoing ability of the MCO to meet day-to-day obligations and provide continuity of care to the enrolled members. This report represents a continued effort to present summary financial results and targeted financial topics to enhance the overall understanding of the Family Care OFCE staff.

There are some changes in how information is presented to help put some broader context around the Family Care program, and finish the narrative with some key points on each MCO. In our last reporting period (First Quarter) we discussed the Corrective Action process and what was expected from those MCOs under corrective action. Our focus area in this report will be the upcoming three-year business plans requested from each MCO as part of the annual certification process. As in previous reports, with this narrative is included the detailed MCO financial statement summaries for the second quarter for those who desire a more robust view of what will be discussed.

**MCO Business Plans –** Over time we have seen an evolution of the business planning process within the MCOs offering the managed long term care programs. At the same time, OFCE has been developing its own Strategic Plan for the Family Care Program. Some of the factors driving this more robust planning process include the increasing size of the program, continuous expansion into new counties, and budgetary constraints impacting all organizations. As organizations become larger and more sophisticated in their operations, it becomes harder to link an informal planning process to required financial results, and then executing against those plans. All of this is done in an environment where there is significant change coming from many different directions, impacting DHS and each MCO. What we are now requesting in the way of information is not necessarily due to weaknesses in previous planning exercises, but more so the changing landscape that our MCOs must operate in. The following is what we communicated to the MCOs as the "Objectives of the Business Plan Requirement":

1. The Plan will assure to the Department of Health Services (DHS) and the Office of the Commissioner of Insurance (OCI) that the MCO has *a specific and actionable plan for providing Family Care services in accordance with the Family Care program design*, as defined by the Department (e.g., in the contract, through policy memorandums).

2. The Plan will *describe and quantify the cost-effective purchase, or provision, of specific administrative services* in order to support the delivery of the Family Care program.

3. The Plan will *demonstrate how the MCO will achieve financial stability prior to the end of the third year after expansion, based on a set of realistic assumptions* about program revenue and thorough analysis of anticipated costs.

4. The Plan will *evidence the MCO's overall strategy in each business area*, describe operational approaches, identify resources supporting the operations, set specific performance targets for achieving organizational goals, and describe the measurement systems in place to monitor that performance, and the organization's capacity for contingency planning when those targets are not met.

5. The collective body of Business Plans will *provide the DHS with one tool to identify best practices across the managed long-term care programs and assist the DHS with the dissemination of those practices*, resulting in a more efficient and consistent statewide model.

OFCE is in the process of identifying the specific steps and timetable for evaluating and merging the input from both the Fiscal and Managed Care sections to have an integrated perspective on the MCO plans. In addition to an integrated approach within OFCE, we will also need to include OCI within our process as a result of new legislation which takes effect January 1, 2010. What gets submitted and evaluated will satisfy both DHS and OCI rules and guidelines. A departmental goal is to help the MCOs operate as efficiently as possible in the long run. The Department has recently released a RFP for a Claims system that could meet the needs of multiple MCOs.

During this time of MCO expansion (which goes on for several more years) the goal for our MCOs to achieve financial stability will be a challenge. In some cases they are struggling with the expansion that has already occurred, not withstanding the expansion which remains. It will be critical for MCOs to have the ability to evaluate their business and financials from different perspectives. This can help them judge whether their strategies and action plans are having the desired impact, and whether they need to be modified. Strategies and action plans must be grounded in both a realistic assessment of where they are, and where they are going. Our programmatic staff is in an ideal position to help evaluate an MCO's operation, and whether the strategies and action plans being proposed will lead to the desired program results. The fiscal staff will be working to determine if the strategies and action plans are consistently translated into the financial projections and meet the long term financial goals for the program.

The ability of an organization to set performance targets, and have systems in place to measure achievement of those targets, is a critical skill if an organization will ultimately succeed. This is more than just financial targets, but targets that surround the entire operations. Another predictor of organizational success is the ability to revise and recast plans that may not be working, for whatever reasons. Finally, as DHS reviews the "database" of strategies and action plans, we will help identify best practices which can be shared across the program. At the most recent Fiscal Work Group there was discussion surrounding how we get that information shared, possibly in January. Ultimately, the success of any business planning process lies in an organization's ability to execute that plan, and then adapt as the situation changes. One of our goals over the next year will be to support MCOs as they execute against their plans.

**Key Observations in the reporting period ending June 30, 2009**

The following information is looking at program wide data. It is important to remember that no MCO will match the average, and that each MCO should be analyzed with this in mind. The numbers we are sharing are what the MCO self reports to DHS on a quarterly basis.

1. Growth in members and program revenue continue the trends experienced in the last half of 2008. Overall program revenue growth is projected at 48% over 2008, and will end the year close to $1B in total revenues. Total revenues through the second quarter of 2009 are up 70% compared with the second quarter of 2008. The following table highlights the growth in Member Months between the second quarter of 2008 and the second quarter of 2009. Showing Member Months normalizes for the increases/decreases in enrollment which take place over a quarter, which is what was shown in previous reports.

**YTD Member Months (Family Care & Partnership/PACE combined)**

| MCO | Q2-2008 | Q2-2009 | % Change |
|---|---|---|---|
| SFCA | 2,266 | 5,490 | 142% |
| CCCW | 5,755 | 14,118 | 145% |
| WWC | 10,949 | 17,162 | 57% |
| CCI | 18,285 | 28,592 | 56% |
| CW | 5,797 | 22,887 | 394% |
| CHP | 9,121 | 16,611 | 82% |
| NB | 0 | 1,408 | NA |
| **Expansion MCO** | **52,173** | **106,268** | **103%** |
| MCDA | 39,312 | 40,410 | 3% |
| CCO | 6,183 | 6,190 | - |
| **Total Program** | **97,668** | **152,868** | **56%** |

2. As was discussed in the past, growth in the Family Care program is negatively impacting the MCOs collective bottom line. Included within the 2009 numbers in the table below is $10.5M of Risk Sharing for 2009, as reported by the MCOs. Without the risk sharing, losses would have exceeded $16M. Although losses in the second quarter of 2009 were generally budgeted and anticipated in Family Care, the Partnership program has experienced unexpected losses. Continued monitoring and support by DHS will be required to ensure the MCOs are able to bring care under management within a reasonable period of time, while meeting identified member outcomes in a cost effective manner. Family Care losses in the first half of 2008 were due, in part, to the investments being made for the expansion which took place in the second half of 2008. Most businesses, especially those with risk based contracts (such as Family Care) expect to see declines in profitability as business expands. It can take several years for this type of business to mature and show a breakeven in their net income.

**Net Income/ (Loss) (YTD)**

| | Family Care | Partnership/PACE | Total |
|---|---|---|---|
| **Q2-2008** | (4,581,000) | 4,300,000 | (281,000) |
| **Q2-2009** | (5,912,000) | (594,000) | (6,506,000) |
| **% Change** | -29% | -114% | NA |

3. The main driver of an MCO's financial health is the speed in Bringing Care Under Management and attaining a member services expense ratio that is sustainable, leading to a break even position on the bottom line. The following table compares average member services PMPM. For the Family Care column you'll note we are seeing a 6% increase in PMPMs in the second quarter of 2009, compared to the second quarter of 2008, an increase not unexpected given program growth. Looking strictly at Family Care, it would take a 2% realignment in the average member services PMPM expenses to reach a break even point through the second quarter of 2009. Long term it is expected that the MCOs will reach a break even PMPM without the Risk Sharing agreements in effect. For Family Care that would mean an overall 5.2% realignment in member services PMPM for the second quarter. While realignment in care management or administrative expenses can help achieve the break even point, there may be greater opportunity for most MCOs with efforts to bring care under management. Similar numbers for Partnership/PACE would be reductions of .5% (with Risk Sharing), and a 1.4% reduction excluding Risk Sharing.

**Average PMPM Member Services Expenses**

| | Family Care | Partnership/PACE |
|---|---|---|
| **Q2-2008** | 2,205 | 3,589(1) |
| **Q2-2009** | 2,336 (+6.0%) | 4,161 (+16%) |
| **Q2-09 (Break even with Risk Sharing)** | 2,290 (-2%) | 4,137 (-.5%) |
| **Q2-09 (Break even W/O Risk Sharing)** | 2,214 (-5.2%) | 4,105 (-1.4%) |

(1) First year of P/P reporting

4. As expansion continues we continue to see pressures on MCO income, discussed above, resulting MCO equity, and the MCOs' overall ability to meet growing solvency requirements as demonstrated in the following two tables. At the beginning of 2009 we had 5 MCOs under "Corrective Action," due to their inability to meet Solvency Requirements. Note the last line of the last page of the attachments for both Family Care and Partnership/PACE the equity of each MCO. Equity, or capital, is necessary to help an organization weather fluctuations in business results, and allows an organization to grow in their marketplace. One of the determinants of an

organization's capital needs is the underlying risk of the business they are in. Our MCOs have taken on the task of managing risk based contracts for their members.

**MCO Equity**

| | Family Care | Partnership/PACE |
|---|---|---|
| **Q2-2008** | $31.5M | $35.2M |
| **Q2-2009** | $27.2M | $33.3M |
| **% Change** | -14% | -5% |

You will note in the next table that, as a result of program growth, there has been a substantial rise in MCO solvency requirements, leading to a commensurate increase in the combined MCO deficit relative to the Department's capital requirements. DHS is working with each MCO to help them through this period. We are also looking for the MCOs to develop strategies in their business plans to correct any deficits in the long run.

**Solvency Requirements-Family Care MCO s Only (Deficit)**

| | Requirements | Actual | Overage/(Deficit) |
|---|---|---|---|
| **Q2-2008** | $21.8M | $36.4M | +$14.6M |
| **Q4-2008** | $22.8M | $21.9M | (-.9M) |
| **Q2-2009** | $41.0M | $20.7M | (-$20.3M) |

5. Rate methods during Family Care expansion include a "retrospective" acuity adjustment. The intent of this adjustment is to better match the funding levels to an MCO's enrolled case mix. Not all MCOs were recognizing their acuity adjustments during this time period. Acuity adjustments can either increase or decrease revenue based on the make-up of the members being served. Recent training should give each MCO the skills needed to calculate and accrue for this adjustment.

<u>Conclusions</u>

1. Risk sharing arrangements are helping to support MCOs during expansion. $10.4M of risk sharing accruals had been recognized by the MCOs YTD through the second quarter.
2. Meeting increasing Solvency Requirements, or making progress, will need to be measured against how much an MCO is expanding, and when expansion ends.
3. MCOs need to be able to measure progress on Bringing Care Under Management (BCUM) for the expansion population. This will be a focus of the Business Plan review process.
4. NB missed accruing a Risk Sharing calculation for the second quarter. The accrual would have been approximately $1M for the second quarter. Each MCO should be accruing in their financial reporting to DHS their risk sharing estimate.
5. MCOs need to calculate and recognize the acuity adjustment each reporting period.

6. MCOs need to continue the work they are doing in conducting comprehensive reviews of care plans.
7. MCOs need to continue working with their provider contracts in order to identify specific and actionable areas of efficiency and bringing overall costs down to expected levels.
8. DHS continues to look for ways to support administrative savings for MCOs; an overall evaluation of claims systems is currently under way.
9. On a PMPM basis we are seeing efficiencies gained in bringing down administrative expenses for the three Partnership/PACE programs (second quarter of 2009 compared to 2008). Four of the eight Family Care MCOs are experiencing declining administrative PMPMs.
10. The Care Management expense PMPMs have gone down for all three Partnership/PACE programs. The Family Care program has seen an increase in Care Management PMPMs, due in part to the expansion of the program.

**MCO Specific Points -** The following are some key points/issues in looking at each MCO, including some current information which has been reported since the end of the second quarter.

**SFCA**

- Has begun expanding into several counties, which is now leading to a bottom line loss through August ($569K). In discussions about possible strategies to help them through expansion; the Department is considering a Risk Sharing arrangement for the remainder of the year.
- MCO has had extensive discussions with several counties leading to rate reductions in their future care management expenses.
- Higher than expected residential costs are also leading to losses in addition to expansion.
- CEO and new CFO appreciate the value of the business planning effort as a strategy in achieving long run success.

**CCCW**

- While we are showing CCCW at a breakeven point through the first half of the year, we were informed in August that approximately $1M of provider bills, some of which went back to 2008, had been submitted and had not been accrued for. Showing a loss through July of $931K. They are making changes in their incurred but not reported (IBNR) calculation process. (IBNR is an actuarial calculation that measures the amount of claims which have not been paid, but must be accrued for in both the Income Statement and the Balance Sheet.)

- The MCO was very well- positioned prior to expansion, so able to absorb losses in the short-run.
- A number of MCOs are working on reconciling enrollment and capitation issues. CCCW appears to have a larger issue with over $1M in capitation/enrollment issues that need to be resolved, some of which goes back to 2008.
- Residential costs coming in higher than expected.

**CCO**

- Second quarter CCO experienced a loss of approximately $450K, leading to their YTD loss of $191K. Part of the loss due to investment expenses related to 2010 expansion. Had been in a breakeven, or better situation, for over 2 years prior to this.
- Member Services expenses relating to nursing home rates and utilization have taken a jump from the start of the year. If PMPD (per member per day) costs continue at current rates ($72 PMPD), versus plan of $68 PMPD, CCO is estimating they could lose as much as $700K for the year.
- Preparing to begin operations as Lakeland County District (1/1/10).

**WWC**

- Began accruing risk sharing calculation in second quarter. WWC has been overly conservative in their IBNR calculation, which is expected to come down in coming months and increase income.
- Continuous expansion may have offset efforts to BCUM. The PMPM on their member services expenses has been stable all year.
- Enrollment which averaged 2002 in first quarter of 2009, reached 3098 in July
- CFO expects that 2010 will be a period of stabilization and rebuilding of MCO's overall financial health.

**MCDA**

- Strong showing on profitability for first half of the year.
- Preparing for expansion (11/1/09).

**CCI**

- Loss of $1.8M in Family Care, slight gain of $75K for Partnership/PACE
- Continues to experience declining losses on a PMPM basis. The level of losses ($1.8M) remains high and is being addressed within the Department.
- Due to the MCO efforts to BCUM, and the structure of the risk sharing agreement, relatively little risk sharing is being accrued.
- Preparing for continued Partnership and Family Care expansion in Milwaukee and Walworth Counties(11/1/09), Calumet (1/1/10 for FC, 4/1/10 for P/P), Outagamie (4/1/10), and Waupaca (7/1/10)
- CCI believes they are approaching the breakeven point in Racine/Kenosha counties.

**Care Wisconsin**

- Loss of $1.3M on Family Care offset slightly by gain of $375K for Partnership/PACE.
- Risk sharing for Community Living Alliance had expired June 30,2009.
- Department is working with CW on significant cash flow issues.
- Engaged in thoughtful planning process to evaluate the organization's administrative cost structure.

**CHP**

- Loss of $2.1M on Family Care and loss of $1.1M on Partnership/PACE.
- Risk sharing began April 1 with their signing of the Family Care contract. They have no risk sharing for Partnership/PACE program.
- Member services expenses for Family Care on a PMPM basis went up $200 (5.1%) from first to second quarter. Increases were in the vocational training, adult day care, residential, non emergency transportation and nursing homes services.
- Member services expenses for Partnership/PACE went up $310 (8%) from first to second quarter on a PMPM basis. Increases were seen in hospital, residential, and physician services.
- Working to implement new residential payment methods, with support of DHS staff, which should move the MCO closer to breakeven point.

**NB**

- Began operations May 1,2009.
- Loss of $1.2M is materially over stated due to some revenue not being recognized in their financial statements, and no accrual for risk sharing. Began accruing risk sharing in July.
- Care Management and Administrative Expense PMPMs for the first two months are high due to their recent start up. We are seeing, and expect to see further, reductions in these PMPMs throughout the year.
- Had several meetings with CFO (Brian Ahlgren) to review financial results/operations.

**Family Care**
**MCO Financial Statement Summaries**
**YTD for Period Ending June 30, 2009**

| | SFCA | CCCW | CCO | WWC | MCDA | CCI | CWF | CHP | NB | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | | | | |
| Capitation | 14,781,169 | 40,214,520 | 14,537,750 | 42,056,977 | 95,692,285 | 65,989,814 | 50,004,682 | 19,096,689 | 4,165,546 | 346,539,432 |
| Pvt Pay & other Operating Revenue | | | | | | | | | | 0 |
| Interest Income- Operating Acct | | 41,125 | 31,805 | | 1,763 | 6 | | | 2,751 | 77,450 |
| Risk Sharing Accrual | | | | 2,572,343 | | 381,245 | 4,607,084 | 2,100,000 | | 9,660,672 |
| Other Income | 16,946 | 31,295 | 3,867 | 542,139 | 144,778 | 4,282,102 | | | 85,455 | 5,106,582 |
| Total Revenue | 14,798,115 | 40,286,940 | 14,573,423 | 45,171,459 | 95,838,826 | 70,653,166 | 54,611,766 | 21,196,689 | 4,253,752 | 361,384,136 |
| **Expenses** | | | | | | | | | | |
| Member Services | 12,229,224 | 36,473,803 | 13,389,025 | 42,647,043 | 88,017,847 | 68,196,931 | 51,757,631 | 21,564,443 | 4,126,486 | 338,402,433 |
| Cost Share | (328,589) | (677,155) | (445,460) | (971,583) | (5,472,035) | (892,473) | (523,398) | (145,012) | (27,688) | (9,483,393) |
| Room & Board | (977,570) | (3,409,348) | (1,213,613) | (3,098,933) | (6,470,512) | (6,165,695) | (5,165,028) | (1,847,757) | (328,819) | (28,677,275) |
| Spend Down/ Third Party/ Refunds | (50,402) | (191,351) | (90,326) | (140,505) | (257,723) | (291,683) | (193,296) | | (5,829) | (1,221,116) |
| Net Member Services Costs | 10,872,661 | 32,195,949 | 11,639,625 | 38,436,022 | 75,817,577 | 60,847,080 | 45,875,909 | 19,571,675 | 3,764,150 | 299,020,649 |
| Care Management (External) | 2,479,696 | | 30,789 | | 10,742,603 | 2,620,473 | 1,958,723 | | | 17,832,284 |
| Care Management (Internal) | | 5,868,953 | 2,090,835 | 6,336,840 | 741,544 | 5,086,977 | 3,666,852 | 2,512,608 | 978,159 | 27,282,768 |
| Care Management-Admin Allocation | | | | | 1,386,103 | 232,924 | | 68,333 | 203,592 | 1,890,952 |
| Net Care Management Costs | 2,479,696 | 5,868,953 | 2,121,624 | 6,336,840 | 12,870,249 | 7,940,374 | 5,625,575 | 2,580,941 | 1,181,751 | 47,006,004 |
| Administrative Expenses | 1,230,643 | 2,285,761 | 933,552 | 1,864,453 | 4,428,072 | 3,122,619 | 4,438,379 | 1,144,029 | 459,252 | 19,906,761 |
| **Total Operating Expenses** | 14,583,001 | 40,350,663 | 14,694,801 | 46,637,315 | 93,115,898 | 71,910,073 | 55,939,863 | 23,296,645 | 5,405,153 | 365,933,413 |
| **Income (Loss) from Operations** | **215,115** | **(63,723)** | **(121,379)** | **(1,465,856)** | **2,722,927** | **(1,256,907)** | **(1,328,097)** | **(2,099,957)** | **(1,151,401)** | **(4,549,277)** |
| **Other (Revenue)/Expense** | | | | | | | | | | |
| Prior Year Adjustment | | (113,504) | (31,238) | (100,000) | | (85,499) | | | | (330,242) |
| Other Funding | | | | | | | | | | 0 |
| Investment Income | | (17,657) | (5,198) | (17,399) | | (31,646) | | (2,467) | | (74,367) |
| Start-up Expenses | | | | | | | | | | 0 |
| Other Non-Operating | | 1,595 | 106,627 | | 1,016,431 | 642,204 | | | | 1,766,857 |
| Total Non-Operating (Revenue)/Expense | 0 | (129,566) | 70,191 | (117,399) | 1,016,431 | 525,058 | 0 | (2,467) | 0 | 1,362,248 |
| **Net Surplus (Deficit)** | **215,115** | **65,843** | **(191,570)** | **(1,348,457)** | **1,706,497** | **(1,781,965)** | **(1,328,097)** | **(2,097,490)** | **(1,151,401)** | **(5,911,525)** |
| **Member Months** | **5,490** | **14,118** | **6,190** | **17,162** | **40,410** | **21,734** | **16,275** | **5,234** | **1,408** | **128,022** |
| **Key Ratios** | | | | | | | | | | |
| Member Service Cost | 73.47% | 79.92% | 79.87% | 85.09% | 79.11% | 86.12% | 84.00% | 92.33% | 88.49% | 82.74% |
| Care Management Service Cost | 16.76% | 14.57% | 14.56% | 14.03% | 13.43% | 11.24% | 10.30% | 12.18% | 27.78% | 13.01% |
| Total Member Service Cost (Loss Ratio) | 90.23% | 94.48% | 94.43% | 99.12% | 92.54% | 97.36% | 94.30% | 104.51% | 116.27% | 95.75% |
| Administrative Expense | 8.32% | 5.67% | 6.41% | 4.13% | 4.62% | 4.42% | 8.13% | 5.40% | 10.80% | 5.51% |
| Total Operating Expenses | 98.55% | 100.16% | 100.83% | 103.25% | 97.16% | 101.78% | 102.43% | 109.91% | 127.07% | 101.26% |
| Net Surplus (Deficit) | 1.45% | -0.16% | -0.83% | -3.25% | 2.84% | -1.78% | -2.43% | -9.91% | -27.07% | -1.26% |

1. Initial calulation for Risk Sharing for NBs was $950K in June, began accruing as income in July
2. We believe only one MCO (CCI) was accruing an acuity adjustment as of the second quarter.

**Family Care**
**MCO Financial Statement Summaries**
**YTD for Period Ending June 30, 2009**
**PMPM**

| | SFCA | CCCW | CCO | WWC | MCDA | CCI | CW | CHP | NB | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | | | | |
| Capitation | 2,692.46 | 2,848.46 | 2,348.41 | 2,450.59 | 2,368.03 | 3,036.25 | 3,072.50 | 3,648.30 | 2,958.48 | 2,706.88 |
| Pvt Pay & other Operating Revenue | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Interest Income- Operating Acct | 0.00 | 2.91 | 5.14 | 0.00 | 0.04 | 0.00 | 0.00 | 0.00 | 1.95 | 0.60 |
| Risk Sharing Accrual | 0.00 | 0.00 | 0.00 | 149.89 | 0.00 | 17.54 | 283.08 | 401.19 | 0.00 | 75.46 |
| Other Income | 3.09 | 2.22 | 0.62 | 31.59 | 3.58 | 197.02 | 0.00 | 0.00 | 60.69 | 39.89 |
| Total Revenue | 2,695.54 | 2,853.59 | 2,354.17 | 2,632.06 | 2,371.66 | 3,250.81 | 3,355.58 | 4,049.49 | 3,021.13 | 2,822.84 |
| **Expenses** | | | | | | | | | | |
| Member Services | 2,227.61 | 2,583.50 | 2,162.85 | 2,484.97 | 2,178.12 | 3,137.80 | 3,180.21 | 4,119.75 | 2,930.74 | 2,643.32 |
| Cost Share | (59.85) | (47.96) | (71.96) | (56.61) | (135.41) | (41.06) | (32.16) | (27.70) | (19.66) | (74.08) |
| Room & Board | (178.07) | (241.49) | (196.05) | (180.57) | (160.12) | (283.69) | (317.36) | (353.00) | (233.54) | (224.00) |
| Spend Down/ Third Party/ Refunds | (9.18) | (13.55) | (14.59) | (8.19) | (6.38) | (13.42) | (11.88) | 0.00 | (4.14) | (9.54) |
| Net Member Services Costs | 1,980.50 | 2,280.49 | 1,880.25 | 2,239.60 | 1,876.21 | 2,799.63 | 2,818.81 | 3,739.05 | 2,673.40 | 2,335.70 |
| Care Management (External) | 451.69 | 0.00 | 4.97 | 0.00 | 265.84 | 120.57 | 120.35 | 0.00 | 0.00 | 139.29 |
| Care Management (Internal) | 0.00 | 415.71 | 337.75 | 369.24 | 18.35 | 234.06 | 225.31 | 480.02 | 694.72 | 213.11 |
| Care Management - Admin Allocation | 0.00 | 0.00 | 0.00 | 0.00 | 34.30 | 10.72 | 0.00 | 13.05 | 144.60 | 14.77 |
| Net Care Management Costs | 451.69 | 415.71 | 342.72 | 369.24 | 318.49 | 365.34 | 345.66 | 493.07 | 839.31 | 367.17 |
| Administrative Expenses | 224.17 | 161.90 | 150.81 | 108.64 | 109.58 | 143.67 | 272.71 | 218.56 | 326.17 | 155.50 |
| **Total Operating Expenses** | 2,656.36 | 2,858.10 | 2,373.78 | 2,717.48 | 2,304.28 | 3,308.64 | 3,437.18 | 4,450.68 | 3,838.89 | 2,858.37 |
| **Income (Loss) from Operations** | **39.18** | **(4.51)** | **(19.61)** | **(85.41)** | **67.38** | **(57.83)** | **(81.60)** | **(401.18)** | **(817.76)** | **(35.54)** |
| **Other (Revenue)/Expense** | | | | | | | | | | |
| Prior Year Adjustment | 0.00 | (8.04) | (5.05) | (5.83) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | (2.58) |
| County Funding | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Investment Income | 0.00 | (1.25) | (0.84) | (1.01) | 0.00 | (3.93) | 0.00 | 0.00 | 0.00 | (2.58) |
| Other Non-Operating | 0.00 | 0.11 | 17.22 | 0.00 | 25.15 | 29.55 | 0.00 | 0.00 | 0.00 | 13.80 |
| Total Non-Operating (Revenue)/Expense | 0.00 | (9.18) | 11.34 | (6.84) | 25.15 | 25.61 | 0.00 | 0.00 | 0.00 | 8.64 |
| **Net Surplus/(Deficit)** | **39.18** | **4.66** | **(30.95)** | **(78.57)** | **42.23** | **(83.45)** | **(81.60)** | **(401.18)** | **(817.76)** | **(44.18)** |
| **Member Months** | **5,490** | **14,118** | **6,190** | **17,162** | **40,410** | **21,734** | **16,275** | **5,234** | **1,408** | **128,022** |

**Family Care**
**MCO Financial Statement Summaries**
**Solvency Protection**

**YTD for Period Ending June 30, 2009**

| | SFCA | CCCW | CCO | WWC | MCDA | CCI | CW | CHP | NB |
|---|---|---|---|---|---|---|---|---|---|
| **Solvency Protection** | | | | | | | | | |
| **Working Capital** | | | | | | | | | |
| Current Assets | 4,913,018 | 15,175,462 | 10,459,525 | 11,170,195 | 30,672,676 | 25,379,146 | 16,197,576 | 6,603,522 | 3,053,639 |
| Current Liabilities | 3,888,353 | 15,572,994 | 3,497,515 | 12,640,768 | 21,096,798 | 24,883,013 | 24,915,500 | 7,880,774 | 4,053,701 |
| Working Capital | 1,024,665 | (397,532) | 6,962,010 | (1,470,573) | 9,575,878 | 496,132 | (8,717,924) | (1,277,252) | (1,000,062) |
| Requirement | 732,373 | 1,641,148 | 593,798 | 1,769,790 | 3,891,661 | 2,841,942 | 2,091,261 | 899,280 | 677,749 |
| Excess (Shortage) | 292,292 | (2,038,680) | 6,368,212 | (3,240,363) | 5,684,217 | (2,345,810) | (10,809,184) | (2,176,532) | (1,677,811) |
| | | | | | | | | | |
| **Restricted Reserve** | | | | | | | | | |
| Current Restricted Reserve | 361,659 | 1,870,574 | 1,212,128 | 1,546,204 | 2,000,000 | 2,230,641 | 1,718,967 | 250,285 | 0 |
| Required | 1,282,373 | 1,870,574 | 1,143,798 | 1,934,895 | 2,000,000 | 2,000,000 | 2,000,000 | 1,449,280 | 1,227,749 |
| Excess (Shortage) | (920,714) | 0 | 68,330 | (388,691) | 0 | 230,641 | (281,033) | (1,198,995) | (1,227,749) |
| | | | | | | | | | |
| **Solvency Fund** | | | | | | | | | |
| Current Solvency Fund | 0 | 1,524,798 | 305,320 | 252,676 | 250,000 | 2,018,542 | 0 | 0 | 0 |
| Required | 1,166,187 | 1,620,574 | 250,000 | 1,684,895 | 250,000 | 1,772,034 | 1,845,630 | 1,249,640 | 1,138,874 |
| Excess (Shortage) | (1,166,187) | (95,776) | 55,320 | (1,432,219) | 0 | 246,508 | (1,845,630) | (1,249,640) | (1,138,874) |
| | | | | | | | | | |
| Total Equity | 1,386,324 | 4,728,355 | 8,610,146 | 1,330,705 | 11,825,878 | 4,903,483 | (2,113,046) | (3,467,578) | (769,911) |

**MCO Financial Statement Summaries**
**Family Care Partnership**
**YTD for Period Ending June 30, 2009**

| | CHP-PHP | Care WI- CWHP | CCI-CCHP | Total |
|---|---|---|---|---|
| **Revenue** | | | | |
| Capitation-MA | 39,463,880 | 21,391,640 | 20,038,689 | 80,894,209 |
| Capitation- MC | 20,119,284 | 11,438,481 | 17,098,078 | 48,655,843 |
| Interest Income-Operating Account | | 266,003 | 11,891 | 277,894 |
| Other Income | | 794,163 | | 794,163 |
| Total Service Revenue | 59,583,165 | 33,890,287 | 37,148,658 | 130,622,110 |
| **Expenses** | | | | |
| Member Services-LTC | 33,881,791 | 15,557,609 | 23,897,057 | 73,336,457 |
| Member Services-Other | 16,914,067 | 10,321,774 | 8,343,650 | 35,579,492 |
| Cost Share, Net | (1,081,328) | (584,853) | (435,359) | (2,101,540) |
| Room & Board, Net | (1,906,626) | (745,183) | (552,446) | (3,204,255) |
| Spend Down & Third Party | (211,451) | (6,575) | (15,597) | (233,623) |
| Net Member Services Costs | 47,596,454 | 24,542,772 | 31,237,305 | 103,376,531 |
| Care Management (External) | | 6,278 | | 6,278 |
| Care Management (Internal) | 10,419,384 | 5,605,106 | 3,393,111 | 19,417,601 |
| Care Management-Admin Alloc | 113,847 | | | 113,847 |
| Net Care Management Costs | 10,533,230 | 5,611,384 | 3,393,111 | 19,537,725 |
| Administrative Expenses | 2,890,054 | 3,360,200 | 2,442,361 | 8,692,615 |
| **Total Operating Expenses** | 61,019,737 | 33,514,356 | 37,072,777 | 131,606,870 |
| **Income (Loss) from Operations** | **(1,436,573)** | **375,931** | **75,881** | **(984,761)** |
| **Other (Revenue)/Expense** | | | | |
| Prior Year Adjustment | | | 68,599 | 68,599 |
| Other Funding | | | | 0 |
| Investment Income | (331,034) | (156,795) | (89,202) | (577,031) |
| Other Non-Operating | | | 117,396 | 117,396 |
| Total Other (Revenue)/Expense | (331,034) | (156,795) | 96,793 | (391,036) |
| **Net Surplus/(Deficit)** | **(1,105,538)** | **532,726** | **(20,912)** | **(593,724)** |
| **Member Months** | **11,377** | **6,612** | **6,858** | **24,847** |
| **Key Ratios (as % of Revenue)** | | | | |
| Member Service Expense, Net | 79.88% | 72.42% | 84.09% | 79.14% |
| Care Management Service Expense | 17.68% | 16.56% | 9.13% | 14.96% |
| Total Member Service Expense | 97.56% | 88.98% | 93.22% | 94.10% |
| Administrative Expense | 4.85% | 9.91% | 6.57% | 6.65% |
| Total Operating Expense | 102.41% | 98.89% | 99.80% | 100.75% |
| Net Suplus(Deficit) | -1.86% | 1.57% | -0.06% | -0.45% |

| **Summary PMPM Presentation** | **CHP-PHP** | **Care WI- CWHP** | **CCI-CCHP** | **Total** |
|---|---|---|---|---|
| **Revenue** | | | | |
| Capitation-MA | 3,468.65 | 3,235.38 | 2,921.94 | 3,255.68 |
| Capitation- MC | 1,768.37 | 1,730.01 | 2,493.16 | 1,958.21 |
| Interest Income-Operating Account | | 40.23 | 1.73 | |
| Other Income | 0.00 | 120.11 | 0.00 | 31.96 |
| Total Service Revenue | 5,237.02 | 5,125.74 | 5,416.84 | 5,245.85 |
| | | | | |
| **Expenses** | | | | |
| Member Services-LTC | 2,978.02 | 2,353.01 | 3,484.55 | 2,951.51 |
| Member Services-Other | 1,486.65 | 1,561.12 | 1,216.63 | 1,431.94 |
| Cost Share | (95.04) | (88.46) | (63.48) | (84.58) |
| Room & Board | (167.58) | (112.71) | (80.55) | (128.96) |
| Spend Down & Third Party | (18.59) | (0.99) | (2.27) | (9.40) |
| Net Member Services Costs | 4,183.46 | 3,711.97 | 4,554.87 | 4,160.51 |
| | | | | |
| Care Management (External) | 0.00 | 0.95 | 0.00 | 0.25 |
| Care Management (Internal) | 915.80 | 847.74 | 494.77 | 781.48 |
| Care Management-Admin Alloc (Internal) | 10.01 | | | 4.58 |
| Net Care Management Costs | 925.81 | 848.69 | 494.77 | 786.32 |
| | | | | |
| Administrative Expenses | 254.02 | 508.21 | 356.13 | 349.84 |
| Total Operating Expenses | 5,363.29 | 5,068.88 | 5,405.77 | 5,296.67 |
| | | | | |
| **Income (Loss) from Operations** | **(126.27)** | **56.86** | **11.06** | **(50.82)** |
| | | | | |
| **Other (Revenue)/Expense** | | | | |
| Prior Year Adjustment | 0.00 | 0.00 | 10.00 | 2.76 |
| Other Funding | 0.00 | 0.00 | 0.00 | 0.00 |
| Investment Income | (29.10) | (23.71) | (13.01) | (23.22) |
| Other Non-Operating | 0.00 | 0.00 | 17.12 | 4.72 |
| Total Other (Revenue)/Expense | (29.10) | (23.71) | 14.11 | (15.74) |
| | | | | |
| **Net Surplus/(Deficit)** | **(97.17)** | **80.57** | **(3.05)** | **(35.08)** |
| **Member Months** | **11,377** | **6,612** | **6,858** | **24,847** |