Financial Update, Managed LTC MCOs – September 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 (Second Quarter) we discussed the business planning process that the MCOs were engaged in. Our focus area in this report will be the 2010 financial projections coming from the three-year business plans we received from each MCO. A summary spreadsheet of the 2010 projections is attached for both Family Care and Partnership/PACE. As in previous reports, with this narrative is also included the detailed MCO financial statement summaries for the third quarter of 2009 for those who desire a more robust view of what will be discussed.

MCO Business Plans
At the end of October DHS received a copy of each MCO's three year Business Plan (BP) which laid out getting care under management strategies and action plans and the projected financial impact on their organization. These three year plans are just one of several requirements which each MCO must complete in the process of obtaining (re)certification to operate the Family Care program. OFCE recognizes the time and effort put forth in developing these plans which advances the DHS goal of extending Family Care throughout the State, and operating the program in a self-sustaining manner.

There are many challenges facing the program, the MCOs, as well as the numerous providers who service the 25,000+ members in the program. The intensive planning effort put forth by the MCOs will help insure that the goals of the program continue to be met long into the future. Attached is the summary financial information which was included within the BPs. A few caveats prior to discussing the results. The information which is included comes from the MCOs October submissions. DHS has requested that some information be resubmitted by certain MCOs. We anticipate that numbers may change for a period of time, so the reader of this report should keep this in mind in referencing back to these financials. In some cases, an MCO may choose to update their plans as more information becomes available prior to year end.

A DHS inter disciplinary team including fiscal and programmatic staff reviewed each the plan, and developed questions and feedback for further clarification. That feedback is now being disseminated prior to a conference call with each MCO. Since many of our MCOs are under fiscal corrective action, DHS is interested in whether the strategies and action plans identified in the business plans will correct the deficiencies the MCOs are experiencing, and how quickly that will happen. As part of the certification/contracting process DHS will have the opportunity to provide input on both goals and measurement criteria that we want to see with each MCO. While we tend to think of goals in the short term, we must recognize that in many cases progress must be measured over several years prior to the MCO completing corrective action.

Fiscal Business Plan Observations
The following are some high level observations coming out of the fiscal review. In the comparative observations of 2009 with 2010, we'll use annualized numbers for 2009. Please keep in mind there are significant differences between MCOs, some projecting surplus, other MCOs projecting losses.

1. 2010 will be a turnaround year for 6 of the 9 MCOs. The remaining MCOs are being challenged with projected losses per their Business Plans as a result of projected growth in expansion. The Department is working with those MCOs on their Business Plans, and will be devoting additional effort in 2010 to help ensure their success.
2. 2010 is projecting a 30% increase in Member Months, an increase of almost 100K member months. 11% growth for Partnership/PACE and 34% growth for Family Care.
3. Program expansion will strain MCO financial position until care is brought under management. The MCOs are planning for a combined reduction from Family Care and Partnership (loss of $47M before Risk Sharing in 2009, to a loss of $13M in 2010). To reach breakeven in 2009 (without risk sharing) would require a $149 PMPM reduction in expenses (4.5%). Similar projected numbers for 2010 area reduction of $32 PMPM or 1%.
4. We expect some economies of scale and reductions for both care management and administrative expense PMPMs as the number of Member Months grow.
5. We expect that those MCOs with the greatest projected losses will be taking additional steps to reduce their projected losses.

We are aware of a number of action plans which have been implemented in 2009 which will help the MCOs attain their 2010 goals. Through the discussion of the BPs we are identifying other strategies to move the MCOs towards improved financial health. The following Table summarizes the expected changes in PMPMs comparing September 30, 2009 data (excluding risk sharing) with data in the 2010 BPs across both the Family Care and Partnership/PACE programs combined.

September 30, 2009 PMPM loss	($149)
Increased capitation	$106 (+3.46%)
Reduced member services expenses	$5 (-.2%)
Reduced care management expenses	$17 (-3.78%)
Reduced administrative expenses	$6 (-3.3%)
Miscellaneous changes (acuity, C/S, R&B etc)	($17)
December 31, 2010 expected loss PMPM	($32)

Key Observations in the reporting period ending September 30, 2009
The following information is looking at program wide data. For further information please reference the attached Q3 summary financials. 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, making only two changes to properly reflect Risk Sharing agreements in place.

1. Growth in members and program revenue continue the trends experienced in the last half of 2008. Overall program revenue growth is projected at 53% over 2008, and will end the year at $1.02B in total revenues. As a larger percentage of the State enrolls in Family Care we see smaller expected increases in the coming years. The 48% increase in enrollment through the third quarter of 2009 declines to a projected 30% increase in 2010, discussed above. Total revenues through Q3 2009 are up 70% compared with Q3 2008. The following table highlights the growth in Member Months between Q3 2008 and Q3 2009.

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

MCO	Q3-2008	Q3-2009	% Change
SFCA	3,480	9,268	+166%
CCCW	14,449	21,514	+49%
WWC	16,470	26,565	+61%
CCI	30,572	43,526	+42%
CW	12,009	34,865	+190%
CHP	14,752	25,381	+72%
NB	0	5,929	NA
Expansion MCO	**91,732**	**167,048**	**+82%**
MCDA	59,270	60,849	+3%
CCO	9,274	9,344	+1%
Total Program	**160,276**	**237,241**	**+48%**

2. As discussed previously, growth in the Family Care program is negatively impacting the MCOs collective bottom line. Included within the 2009 numbers in the table below is $20.1M of Risk Sharing for 2009. Without the risk sharing, losses would have exceeded $32.8M.Losses in Q3 2009 were higher than anticipated and reflected increased member services expenses which were $32 PMPM higher than Q2 2009. 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. Most businesses, especially those with risk based contracts (such as Family Care) expect to see declines in surplus growth as business expands. It can take several years for this type of business to mature and show a breakeven in their net income.

YTD Net Income/ (Loss)

	Family Care	Partnership/PACE	Total
3-2008	(11,274,000)	7,865,000	(3,409,000)
3-2009	(12,670,000)	(1,441,000)	(14,111,000)
%Change	-12.4%	-18%	NA

3. The main driver of an MCO's financial health is the speed in Bringing Care Under Management (BCUM) and attaining a member services expense ratio that is sustainable, leading to a break even position on the bottom line. BCUM requires that an MCO focus on member centered outcomes, working with their service providers on the services being provided, and capitalizing on the informal and natural supports of each member. Through the management of all aspects of benefit expenses the MCO will help bring costs down to "historical expense" levels while providing outcome based services. The following table compares average member services PMPM. For the Family Care column you'll note we are seeing an 18% increase in PMPMs in Q3 2009, compared to Q3 2008. Looking strictly at Family Care, it would take a 2.4% reduction in the average member services PMPM expenses to reach a break even point through Q3 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 6.2% realignment in member services PMPM for the third 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 .8% (with Risk Sharing), and a 1.5% reduction excluding Risk Sharing.

Average PMPM Member Services Expenses

	Family Care		**Partnership/PACE**	
	Expense	**% Change**	**Expense**	**% Change**
Q3-2008	2,257		3,739	
Q3-2009	2,674	+18%	4,413	+18%
Q3-09 (Break even with Risk Sharing)	2,610	-2.4%	4,375	-.8%
Q3-09 (Break even W/O Risk Sharing)	2,509	-6.2%	4,348	-1.5%

(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 some MCOs under fiscal 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 is necessary to help an organization weather fluctuation in business results, and allows an organization to grow in their marketplace. In addition to equity, it is necessary for an MCO to maintain sufficient liquid assets to fund their operations in the short run. 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 which by their nature lead to natural fluctuations.

MCO Equity

	Family Care	Partnership/PACE
Q3-2008	23.7M	38.7M
Q3-2009	15.6M	32.4M
% Change	-34%	-16%

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, and show progress in the short run.

Solvency Requirements-Family Care MCOs Only

	Requirements	Actual	Overage/(Deficit)
Q3-2008	24.7M	29.1M	+4.4M
Q4-2008	22.8M	21.9M	(-.9M)
Q3-2009	38.5M	9.0M	(-29.5M)

Conclusions

1. Risk sharing arrangements are helping to support MCOs during expansion. $21.1M of risk sharing accruals had been recognized in the DHS adjusted financial through the third quarter. As we look ahead to 2010 we note that six of the nine MCOs are projecting a turnaround in their operations. Due to the cyclical nature of the Family Care business and the continuing growth in the program we are experiencing the bottom of the business trough. 2010 will begin a period of rebuilding the financial stability the MCOs will need to weather future business cycles.
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 has been a focus of the Business Plan review process. BCUM requires that MCOs continue the work they are doing in conducting comprehensive reviews of care plans and. working with their provider contracts in order to identify specific and actionable areas of efficiency and bringing overall costs down to program "historical" levels.
4. DHS continues to look for ways to support administrative savings for MCOs; an overall evaluation of a claims system provider is currently under way. In the 2010 Business Plans we had MCOs include rates for Third Party Administrators which ranged from $18 PMPM, to a high of $30 PMPM.
5. On a PMPM basis we are seeing efficiencies gained in bringing down administrative expenses for the three Partnership/PACE programs (third quarter of 2009 compared to 2008). Five of the eight Family Care MCOs are experiencing declining administrative PMPMs compared to 2008.
6. 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 with six of the eight MCOs showing increases, due in part to the expansion of the program.

7. In comparing PMPMs for Care Management expenses, six of the nine Family Care MCOs are projecting lower expenses for 2010 compared to September of 2009. Five of the nine MCOs are projecting lower PMPM on Administrative expenses in 2010 compared to September 2009 numbers.

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 third quarter. In reviewing 2010 Business Plans the Department has requested that CW, CHP, and NB rework/modify their 2010 plans to help demonstrate their program's viability in the long term. 2010 projected numbers for these MCOs are from their original submission and should not be considered final.

SFCA

- Has begun expanding into several counties, which is now leading to a bottom line loss through September ($764K). In discussions about strategies to help them through expansion, the Department has established a Risk Sharing arrangement for the last quarter 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.
- SFCA is projecting that 2010 will be a turnaround year, with a gain in 2010 of $468K compared to expected loss of $1M in 2009.

CCCW

- The MCO was well- positioned prior to expansion, so able to absorb losses in the short-run. Prior to expansion CCCW had approximately $6M in equity, down to $3M as of 9/30/09. CCCW is also projecting a significant turnaround in 2010 through their Business Plan. Projecting a gain of $5M on their bottom line for 2010.
- 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

- Third quarter CCO experienced a loss of approximately $800K, leading to their YTD loss of $978K. Part of the loss due to investment expenses related to 2010 expansion. The MCO had been in a break even 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.
- Preparing to begin operations as Lakeland Care District (1/1/10).
- CCO (LCD) is in a very strong equity position heading into 2010 expansion.
- 2010 Business Plan is being reassembled under the direction of a new management team.

WWC

- Continuous expansion during 2009 has offset efforts to BCUM from a financial perspective. The member services PMPM has been stable all year.

- Enrollment which averaged 2002 in first quarter of 2009, reached 3,157 in September.
- CFO expects that 2010 will be a period of stabilization and rebuilding of MCO's overall financial health. Projecting a modest gain on their bottom line of $170K for 2010. Looking for 2010 to be turnaround year.

MCDA

- Strong showing on profitability for first half of the year was over shadowed by a $1.1M loss in the third quarter. YTD profitability of $619K.
- Declining profitability due to dramatically increased costs of nursing homes. MCDA is currently evaluating the situation.
- MCO has been preparing for expansion, which began 11/1/09. They are in a strong financial position heading into expansion.

CCI

- Loss of $2.6M in Family Care, slight loss of $416K for Partnership/PACE
- Due to the MCO efforts to BCUM, and the structure of the risk sharing agreement, relatively little risk sharing is being accrued. MCO absorbing the first 1.5% of losses.
- 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 Partnership), Outagamie (4/1/10), and Waupaca (7/1/10)
- CCI believes they are approaching the breakeven point in Racine/Kenosha counties.
- MCO is projecting that 2010 will be a turnaround year for their organization. While projecting a loss of $773K on Family Care and a gain of $2.5M on Partnership/PACE for 2010, both are significantly better than projected 2009.

Care Wisconsin

- Loss of $1.6M on Family Care offset by gain of $2.5M for Partnership/PACE.
- Risk sharing for Community Living Alliance had expired June 30, 2009.
- Department is working with CW on significant cash flow issues.
- Department is working with MCO on their 2010 plan which is currently showing a Family Care loss of $7.7M , and a Partnership loss of $175K.
- MCO is projecting in their three year plan that 2010 will be the last year of financial difficulty. 2011 and 2012 projections showing the MCO in the black.

CHP

- Loss of $3.5M on Family Care and loss of $3.3M on Partnership/PACE through the third quarter. DHS has increased the risk sharing accrual submitted by CHP in their financials by $1.6M to reflect a higher level of losses because CHP underestimated this amount.
- Risk sharing began April 1 with their signing of the Family Care contract. They have also signed a risk sharing contract for the Partnership program effective 11/1/09.
- Member services expenses for Family Care on a PMPM basis went up $165 (4%) from second to third quarter. Member services expenses for Partnership went up $92 (2%) from second to third quarter on a PMPM basis. Working to implement new residential payment methods, with support of DHS staff, which should move the MCO closer to breakeven point.

- Current projections for 2010 (under review) have a gain of $1.8M for Partnership, and a loss of $11.5M for Family Care.

NB

- Began operations May 1, 2009.
- The MCO reported a loss of $2.7M through the third quarter. MCO had chosen not to recognize any risk sharing due to a contract interpretation issue. MCO is now recognizing this income/receivable in their October submission. In the numbers on the summary statements DHS has recognized a risk sharing accrual of $2.3M, leaving their adjusted loss at $432K.
- Care Management and Administrative Expense PMPMs for the third quarter are now coming down, reflecting economies of scale as more members are brought on to the program. We are seeing, and expect to see further, reductions in these PMPMs throughout the last quarter of the year.

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

	SFCA	CCCW	CCO	WWC	MCDA	CCI	CWF	CHP(1)	NB(2)	Total
Revenue										
Capitation	23,892,827	59,784,922	21,889,206	65,293,105	144,020,679	100,495,996	73,511,829	26,201,108	17,677,160	532,766,830
Pvt Pay & other Operating Revenue										0
Interest Income- Operating Acct		49,499	38,520		8,628	6			12,386	109,040
Risk Sharing Accrual				3,497,343		715,566	7,817,613	5,800,000	2,300,000	20,130,522
Other	478,923	1,567,722	4,831	856,850	185,812	7,895,422	2,919,540	1,897,259	350,306	16,156,664
Total Revenue	24,371,749	61,402,143	21,932,557	69,647,298	144,215,120	109,106,990	84,248,981	33,898,367	20,339,852	569,163,056
Expenses										
Member Services	21,708,909	57,520,137	20,720,151	65,765,230	133,301,838	103,236,365	79,559,121	34,835,142	17,223,219	533,870,112
Cost Share	(515,904)	(1,098,590)	(709,578)	(1,500,259)	(8,328,090)	(1,395,938)	(803,567)	(219,301)	(124,799)	(14,696,025)
Room & Board	(1,722,254)	(5,216,864)	(1,835,412)	(4,864,578)	(9,822,455)	(9,344,763)	(7,886,716)	(2,827,316)	(1,301,056)	(44,821,414)
Spend Down & Third Party	(83,253)	(291,696)	(160,087)	(208,641)	(261,878)	(465,515)	(307,414)		(17,613)	(1,796,099)
Net Member Services Costs	19,387,499	50,912,987	18,015,073	59,191,752	114,889,414	92,030,149	70,561,423	31,788,525	15,779,751	472,556,574
Net Care Management Costs	3,854,231	8,828,914	3,265,876	9,653,708	20,107,830	14,299,700	9,068,881	3,854,541	3,570,324	76,504,005
Administrative Expenses	1,893,878	3,465,328	1,410,658	2,951,446	7,289,733	4,554,078	6,207,086	1,740,374	1,422,148	30,934,729
Total Operating Expenses	25,135,607	63,207,228	22,691,608	71,796,906	142,286,977	110,883,928	85,837,390	37,383,440	20,772,223	579,995,308
Income (Loss) from Operations	**(763,857)**	**(1,805,086)**	**(759,051)**	**(2,149,608)**	**1,928,143**	**(1,776,938)**	**(1,588,409)**	**(3,485,074)**	**(432,371)**	**(10,832,251)**
Other (Revenue)/Expense										
Prior Year Adjustment		(73,055)	12,472	(400,000)	(107,595)	951,936				383,758
Loss d/t uncollected Member Obligation		6,656			1,416,240	14,510				1,437,406
Investment Income		(26,250)	(6,398)	(20,368)		(82,611)		(2,669)		(138,297)
Other Non-Operating		2,509	213,444			(60,731)				155,223
Total Non-Operating (Revenue)/Expens	0	(90,141)	219,518	(420,368)	1,308,645	823,105	0	(2,669)	0	1,838,089
Net excess/(deficit) Revenues/Expens	**(763,857)**	**(1,714,945)**	**(978,569)**	**(1,729,240)**	**619,498**	**(2,600,043)**	**(1,588,409)**	**(3,482,404)**	**(432,371)**	**(12,670,341)**
Member Months	**9,268**	**21,514**	**9,344**	**26,565**	**60,849**	**33,151**	**24,886**	**8,129**	**5,929**	**199,634**
Key Ratios										
Member Service Cost	79.55%	82.92%	82.14%	84.99%	79.67%	84.35%	83.75%	93.78%	88.40%	83.03%
Care Management Service Cost	15.81%	14.38%	14.89%	13.86%	13.94%	13.11%	10.76%	11.37%	18.33%	13.44%
Combined Member Service Cost	95.36%	97.30%	97.03%	98.85%	93.61%	97.45%	94.52%	105.15%	106.72%	96.47%
Administrative Expense	7.77%	5.64%	6.43%	4.24%	5.05%	4.17%	7.37%	5.13%	7.30%	5.44%
Total Operating Expenses	103.13%	102.94%	103.46%	103.09%	98.66%	101.63%	101.89%	110.28%	114.02%	101.90%
Excess Revenue to Expense	-3.13%	-2.94%	-3.46%	-3.09%	1.34%	-1.63%	-1.89%	-10.28%	-2.13%	-1.90%

Notes

(1) CHP reporting for risk sharing has been increased from the amount reported by MCO ($4.2M) to $5.8M based on current losses.
(2) NB is not reflecting a risk sharing income/accrual in their submitted 9/30 financial statements. DHS estimated $2.3M added to their financial summary.

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

	SFCA	CCCW	CCO	WWC	MCDA
Revenue					
Capitation	2,577.99	2,778.88	2,342.66	2,457.86	2,366.85
Pvt Pay & other Operating Revenue	0.00	0.00	0.00	0.00	0.00
Interest Income- Operating Acct	0.00	2.30	4.12	0.00	0.14
Risk Sharing Accrual	0.00	0.00	0.00	131.65	0.00
Other	51.67	72.87	0.52	32.25	3.05
Total Revenue	2,629.67	2,854.06	2,347.30	2,621.77	2,370.05
Expenses					
Member Services	2,342.35	2,673.61	2,217.55	2,475.63	2,190.70
Cost Share	(55.67)	(51.06)	(75.94)	(56.48)	(136.86)
Room & Board	(185.83)	(242.49)	(196.43)	(183.12)	(161.42)
Spend Down	(8.98)	(13.56)	(17.13)	(7.85)	(4.30)
Net Member Services Costs	2,091.88	2,366.50	1,928.04	2,228.19	1,888.11
Net Care Management Costs	415.86	410.38	349.53	363.40	330.45
Administrative Expenses	204.35	161.07	150.97	111.10	119.80
Total Operating Expenses	2,712.09	2,937.96	2,428.54	2,702.69	2,338.36
Income (Loss) from Operations	**(82.42)**	**(83.90)**	**(81.24)**	**(80.92)**	**31.69**
Other (Revenue)/Expense					
Prior Year Adjustment	0.00	(3.40)	1.33	(15.06)	(1.77)
County Profit Share (Milwaukee)	0.00	0.31	0.00	0.00	23.27
Investment Income	0.00	(1.22)	(0.68)	(0.77)	0.00
Other Non-Operating	0.00	0.12	22.84	0.00	0.00
Total Non-Operating (Revenue)/Expens	0.00	(4.19)	23.49	(15.82)	21.51
Net Excess/(Deficit) Revenues/Expen	**(82.42)**	**(79.71)**	**(104.73)**	**(65.09)**	**10.18**
Member Months	**9,268**	**21,514**	**9,344**	**26,565**	**60,849**

	CCI	CWF	CHP(1)	NB(2)	Total
Revenue					
Capitation	3,031.46	2,953.98	3,223.15	2,981.47	2,668.71
Pvt Pay & other Operating Revenue	0.00	0.00	0.00	0.00	0.00
Interest Income- Operating Acct	0.00	0.00	0.00	2.09	0.55
Risk Sharing Accrual	21.59	314.14	713.49	387.92	100.84
Other	238.17	117.32	233.39	59.08	80.93
Total Revenue	3,291.21	3,385.44	4,170.03	3,430.57	2,851.03
Expenses					
Member Services	3,114.13	3,196.99	4,285.27	2,904.91	2,674.24
Cost Share	(42.11)	(32.29)	(26.98)	(21.05)	(73.61)
Room & Board	(281.88)	(316.92)	(347.80)	(219.44)	(224.52)
Spend Down	(14.04)	(12.35)	0.00	(2.97)	(9.00)
Net Member Services Costs	2,776.09	2,835.43	3,910.48	2,661.45	2,367.11
Net Care Management Costs	431.35	364.42	474.17	602.18	383.22
Administrative Expenses	137.37	249.42	214.09	239.86	154.96
Total Operating Expenses	3,344.81	3,449.27	4,598.75	3,503.50	2,905.29
Income (Loss) from Operations	**(53.60)**	**(63.83)**	**(428.72)**	**(72.92)**	**(54.26)**
Other (Revenue)/Expense					
Prior Year Adjustment	28.72	0.00	0.00	0.00	1.92
County Profit Share (Milwaukee)	0.44	0.00	0.00	0.00	7.20
Investment Income	(2.49)	0.00	(0.33)	0.00	(0.69)
Other Non-Operating	(1.83)	0.00	0.00	0.00	0.78
Total Non-Operating (Revenue)/Expens	24.83	0.00	(0.33)	0.00	9.21
Net Excess/(Deficit) Revenues/Expen	**(78.43)**	**(63.83)**	**(428.39)**	**(72.92)**	**(63.47)**
Member Months	**33,151**	**24,886**	**8,129**	**5,929**	**199,634**

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

	SFCA	CCCW	CCO	WWC	MCDA	CCI	CWF	CHP(1)	NB(2)	Total
Solvency Protection										**Total**
Working Capital										
Current Assets	4,420,664	10,550,056	9,855,466	11,155,107	45,492,767	21,645,700	6,805,528	5,257,469	7,410,350	122,593,107
Current Liabilities	4,521,055	12,668,930	3,667,099	12,937,158	37,009,982	22,098,215	15,785,816	8,727,323	7,799,997	125,215,576
Working Capital	(100,391)	(2,118,874)	6,188,367	(1,782,051)	8,482,785	(452,515)	(8,980,288)	(3,469,854)	(389,647)	(2,622,469)
Requirement	$ 732,373	$ 1,641,148	$ 593,798	$ 1,769,790	$ 3,891,661	$ 1,944,069	$ 2,091,261	$ 899,280	$ 716,627	14,280,007
Excess/(shortage)	(832,764)	(3,760,022)	5,594,569	(3,551,841)	4,591,124	(2,396,584)	(11,071,549)	(4,369,134)	(1,106,274)	(16,902,476)
Restricted Reserve										
Current Restricted Reserve	362,085	1,870,574	1,213,087	1,547,765	2,000,000	2,295,999	1,721,089	250,487	0	11,261,087
Required by 12/31/08	$ 1,282,373	$ 1,870,574	$ 1,143,798	$ 1,934,895	2,000,000	$ 2,000,000	$ 2,000,000	$ 1,449,280	$ 500,000	14,180,920
Excess/(shortage)	(920,288)	0	69,289	(387,130)	0	295,999	(278,911)	(1,198,793)	(500,000)	(2,919,833)
Solvency Fund										
Current Solvency Fund	0	1,533,391	305,562	252,931	250,000	2,018,542	0	0	0	4,360,426
Required by 12/31/08	1,166,187	1,620,574	250,000	1,684,895	250,000	1,772,034	1,845,630	1,249,640	250,000	10,088,960
Excess/(shortage)	(1,166,187)	(87,183)	55,562	(1,431,964)	0	246,508	(1,845,630)	(1,249,640)	(250,000)	(5,728,535)
Total Equity (9/30/09)	261,694	2,947,567	7,823,146	949,922	10,738,879	4,085,406	(2,396,932)	(4,852,493)	(462,512)	19,094,676
Total Equity (12/31/08)	1,171,209	4,672,775	8,840,116	2,679,162	10,119,381	6,685,448	(702,108)	(1,370,088)	0	32,095,895
12/31/08-9/30/09 Change	(909,516)	(1,725,208)	(1,016,970)	(1,729,240)	619,498	(2,600,043)	(1,694,824)	(3,482,405)	(462,512)	(13,001,218)

MCO Financial Statement Summaries
Family Care Partnership/PACE
YTD for Period Ending Sept 30, 2009

	CHP-PHP	Care WI- CWHP	CCI-CCHP	Total
Revenue				
Capitation-MA	59,203,913	32,091,481	30,327,629	121,623,023
Capitation- MC	30,081,690	17,154,488	25,624,524	72,860,703
Interest Income- Operating Acct		18,498	17,081	35,579
Risk Sharing Accrual		985,481		985,481
Other Income	623,034	194,439		817,473
Total Service Revenue	89,908,637	50,444,387	55,969,234	196,322,258
Expenses				
Member Services-LTC	51,806,721	23,587,836	25,857,322	101,251,879
Member Services-Other	26,809,803	14,485,260	23,429,922	64,724,985
Cost Share, Net	(1,681,636)	(878,493)	(669,420)	(3,229,549)
Room & Board, Net	(2,919,291)	(1,165,492)	(843,646)	(4,928,429)
Spend Down & Third Party	(332,258)	(14,599)	(19,520)	(366,377)
Net Member Services Costs	73,683,339	36,014,512	47,754,658	157,452,509
Net Care Management Costs	15,849,880	9,174,196	5,211,700	30,235,775
Administrative Expenses	4,368,416	3,921,242	3,680,284	11,969,941
Total Operating Expenses	93,901,635	49,109,949	56,646,641	199,658,225
Income (Loss) from Operations	**(3,992,998)**	**1,334,438**	**(677,407)**	**(3,335,967)**
Other (Revenue)/Expense				
Prior Year Adjustment			75,280	75,280
Other Funding				0
Investment Income	(653,028)	(980,394)	(154,328)	(1,787,750)
Other Non-Operating			(182,294)	(182,294)
Total Other (Revenue)/Expense	(653,028)	(980,394)	(261,341)	(1,894,763)
Net Surplus/(Deficit)	**(3,339,970)**	**2,314,832**	**(416,066)**	**(1,441,204)**
Member Months	**17,252**	**9,979**	**10,375**	**37,606**
Key Ratios (as % of Revenue)				
Member Service Expense, Net	81.95%	71.39%	85.32%	80.20%
Care Management Service Expense	17.63%	18.19%	9.31%	15.40%
Total Member Service Expense	99.58%	89.58%	94.63%	95.60%
Administrative Expense	4.86%	7.77%	6.58%	6.10%
Total Operating Expense	104.44%	97.35%	101.21%	101.70%
Net Suplus(Deficit)	-3.71%	4.59%	-0.74%	-0.73%

Summary PMPM Presentation	CHP-PHP	Care WI- CWHP	CCI-CCHP	Total
Revenue				
Capitation-MA	3,431.74	3,215.83	2,923.14	3,234.13
Capitation- MC	1,743.68	1,719.02	2,469.83	1,937.47
Interest Income- Operating Acct	0.00	1.85	1.65	0.95
Risk Sharing		98.75		26.21
Other Income	36.11	19.48	0.00	21.74
Total Service Revenue	5,211.54	5,054.94	5,394.62	5,220.49
Expenses				
Member Services-LTC	3,002.97	2,363.70	2,492.27	2,692.43
Member Services-Other	1,554.02	1,451.54	2,258.31	1,721.13
Cost Share	(97.48)	(88.03)	(64.52)	(85.88)
Room & Board	(169.22)	(116.79)	(81.32)	(131.05)
Spend Down & Third Party	(19.26)	(1.46)	(1.88)	(9.74)
Net Member Services Costs	4,271.04	3,608.95	4,602.86	4,186.89
Net Care Management Costs	918.74	919.33	502.33	804.01
Administrative Expenses	253.21	392.94	354.73	318.30
Total Operating Expenses	5,442.99	4,921.22	5,459.92	5,309.20
Income (Loss) from Operations	**(231.45)**	**133.72**	**(65.29)**	**(88.71)**
Other (Revenue)/Expense				
Prior Year Adjustment	0.00	0.00	7.26	2.00
Other Funding	0.00	0.00	0.00	0.00
Investment Income	(37.85)	(98.24)	(14.87)	(47.54)
Other Non-Operating	0.00	0.00	(17.57)	(4.85)
Total Other (Revenue)/Expense	(37.85)	(98.24)	(25.19)	(50.38)
Net Surplus/(Deficit)	**(193.60)**	**231.97**	**(40.10)**	**(38.32)**
Member Months	**17,252**	**9,979**	**10,375**	**37,606**

Notes:
1. The allocation of administrative expenses to the cost of care management and other internally provided services is under review to ensure parallel reporting practices between the entities.
2. The grouping of services to the LTC vs. Other category is currently under review to ensure parallel reporting practices between the entities.