Financial Update, Managed LTC MCOs – March 31, 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, and other users of the information shared in the reporting.

Key factors in the reporting period ending March 31, 2009

Fiscal Corrective Action – As of March 31, 2009 five Family Care MCOs were operating under fiscal corrective action. An MCO may be placed under fiscal corrective action when it does not meet a fiscal contract requirement such as the solvency fund requirements or fails to demonstrate stable fiscal operations necessary to assume the ongoing and future risk of serving the membership enrolled in the MCO.

The corrective action currently imposed on MCOs is due to failure to meet one or more of the three contractual solvency requirements comprised of the working capital, restricted reserve fund and solvency fund. In all current cases, this is a result of expansion, and DHS is allowing a period of three years to achieve required funding levels. The corrective action includes monthly financial reporting to DHS to ensure a plan to meet the requirements is on track and to allow closer monitoring of financial results while the MCO is under greater risk of financial insolvency due to low reserves. The plan to meet the requirements includes strategies to reduce costs through a combination of efforts to create outcome-based and cost effective care plans using the RAD, ensuring service utilization meets the outcomes and does not include duplicate services, and evaluation of and possible renegotiation of provider rates to ensure that services not defined under Medicaid fee schedules are developed based on consistent methods to pay for the services required. The results of those efforts are observed over time through a reduction of overall PMPM service costs in the monthly financial reporting. Other areas of reduction include administration and care management as MCOs increase efficiency and are able to spread the overall infrastructure costs over increasing member months.

Each MCO has different strategies to address their solvency issues but all strategies include the plans and actions to bring care under management. The MCOs must achieve a financial surplus before excess funds are available to increase the required solvency funds. In the event DHS observes an MCO is unable to demonstrate a trend toward the required results a more hands on approach with the MCO will be conducted. This includes meeting regularly with fiscal and program management and conducting audits that may result in DHS technical support to address changes the MCO is required to make to improve the results of operations while providing Family Care outcome based services. Ultimately, it is the responsibility of DHS to determine if an MCO can operate a successful Family Care program. This is not expected to be the result of the contracted MCOs.

During the period of statewide FC expansion it was understood that many MCOs would require a few years to accumulate surpluses and fully fund the increased financial solvency requirements. For entities starting expansion without large reserves or other corporate backing, it is critical to commit to interdisciplinary strategic planning with interactive feedback and constant evaluation to support ongoing improvements that will achieve the goal of bringing care under management. Strategies to achieve this will be included in the three year business plans for 2010-2012 required to be submitted by each MCO by October 15, 2009.

<u>Ongoing Family Care expansion</u> - Statewide expansion of the Family Care program continues and was reflected in the financial reporting of March 31, 2009. A simple projection of revenue growth for the Family Care program in 2009 is now at 59% over 2008.

MCOs continue their work to achieve member outcomes in a cost effective manner for transitioned members. DHS continues to work closely with each MCO to evaluate the program and financial challenges of this undertaking and ensure the long-term success of the programs. Risk sharing agreements, whereby which DHS shares in operational gains and losses, continue during 2009 in an effort to provide fiscal relief while incentivizing the MCOs to achieve the required efforts to bring care under management. As it has always done, DHS will continue to evaluate the ongoing expansion program experience to consider improvements in the rate setting model that support the work the MCOs have undertaken. In the short-run, ongoing losses are expected, with the expectation that care will be brought under management over time and the MCOs will return to break-even and profitability over the standard 3 – 5 year managed care cycle. MCOs that are in the second year after expansion in a region have begun to demonstrate the expected trend toward recovery and break-even and/or profitability.

Table 1: MCO Enrollment

Table 1 presents information about MCOs expanding with the enrollment increases observed from Dec 31, 2008 to March 31, 2009. The table quantifies the increases in enrollment during the first quarter of 2009, resulting in an 11% increase in Family Care, and a 0.9 % increase in Partnership/PACE.

	First Expansion Date	3/31/09 Enrollment (# members)	12/31/08 Enrollment (# members)	% Change 2009 / 2008
Family Care MCOs (County and date of expansion in 2009 in parentheses.)				
CCI (Last was Ozaukee 1/09)	2/1/2008	3,669	3,455	+6.2%
SFCA (Last was Lafayette 7/09)	7/1/2008	906	684	+32.4%
CCCW (Last expansion was Wood 1/09)	7/1/2008	2,332	1,730	+34.8%
WWC (Last expansion was Clark 4/09)	10/1/2008	2,854	2,193	+30.1%
CHP LTS (Last expansion was Eau Claire 11/08)	5/1/2008	848	673	+26%
CW	3/1/2008	2,597	2,437	+6.6%
MCDA	11/1/09	6,765	6,704	+.9%
CCO	2010	1,044	1,052	-.8%
Total FC		21,015	18,928	+11%
CHP Partnership	7/1/2008	1,881	1,822	+3.2%
CC PACE/Partnership (Last expansion Waukesha 3/09)	1/1/2009	1,144	1,154	-.9%
CW Partnership (Columbia 3/1/08)	3/1/2008	1,100	1,111	-1.0%
Total PACE/Partnership		4,125	4,087	+.9%
All Programs		25,140	23,015	+9.2%

Attachment 1: Managed LTC Programs Surplus/ (Deficits) Historical Results

Attachment 1 presents summary results from the period prior to Family Care expansion in order to help put the recent years' numbers in a broader context. The first attachment, "MCO Historical Surplus/ (Deficit) Analysis," gives a comparison of Total Revenues and Net Income by MCO for the 2004-09 time periods. From 2004 to 2007 the mature Family Care pilot MCOs achieved an average net surplus of 2.8%. From 2004 to 2007 the Family Care Partnership/PACE MCOs achieved an average net surplus of 4.6%. Across all programs there was an average surplus of 3.4% from 2004 to 2007.

Statewide expansion during 2008 increased revenues over 2007 by 31% across all programs (Family Care, Partnership, and PACE). The heavy investment in infrastructure, coupled with budgeted losses, resulted in combined losses of $11.8 million (-1.8%) across all programs for 2008. Similar growth in the first quarter of 2009 has resulted in continued losses, ($4.7M / -2.0% in the first quarter). MCOs were working to minimize losses by bringing care under management and achieving administrative efficiencies through growth. DHS continues to work with each MCO to minimize their losses through a number of strategies and action plans to achieve a return to historical results over the next few years. If annualized, 2009 revenues increase 59% over 2008 based on the current Family Care expansion already experienced for that period.

There are several important takeaways from this historical comparison. First, the MCOs have been fairly and adequately funded over time. Second, the risk-based nature of the programs is clearly evident, with some years demonstrating surplus and others losses. Third, the very rapid growth of the programs is demonstrated, with revenues doubling during this 5-year period.

Attachment 2: Family Care MCO Financial Statement Summaries for the Quarter Ending 3/31/09

Attachment 2 presents the first quarter financial results of the MCOs offering Family Care.

The financial results are presented in four separate, but interrelated sections:

1. Revenues, Expenses, Surplus/(Losses) –full financial presentation, in absolute dollars
2. Key Ratios (member services, care management, administration, and overall margin)
3. Revenues, Expenses, Surplus/(Losses) – per member per month presentation (PMPM)
4. Solvency funding and key balance sheet indicators

The ***first section*** includes the Revenue, Expenses, Profits/ (Losses) for each MCO for the stated time period. As expected, most MCOs experienced losses through the first quarter. Again, it should be noted that periodic losses in MCOs due to normal fluctuations in business are expected, as demonstrated in the first attachment.

The ***second section*** of this attachment is titled Key Ratios. While absolute dollar statements are important, it is often useful to look at a small number of key ratios which measures items on a percentage basis and normalizes the information for the wide differences in size that is seen across the MCOs.

The Member Services percentage reflects the services provided to MCO members, as a percentage of Total Revenue. Historically, this has been in the 75% - 84% range. For MCOs that are expanding, that could be expected to increase by several percentage points. The overall average for all MCOs was 83.9%, down almost 2% compared with 2008. The reduction is an indicator that expanding MCOs are beginning to bring care under management. All MCOs breaking even, or making a profit have achieved a member services ratio below 80.5%.

The Care Management Service Cost percentages ranged from a low of 9.4% with CWF, to a high of 17.2% in SFCA. The overall average of the combined Family Care program was 12.3%, down 1% from 2008. This is one area where under spending or under staffing may lead to higher expenses in Member Services.

The final expense category is Administrative Expenses which demonstrates what is spent to administer the program within each MCO. The percentages range from a low of 4.7% with CCI, to a high of 9.0% with CWF. The overall program average for the first quarter is 6.1%, which is consistent with the 2008 overall program average. The administrative ratios typically vary based on whether or not the MCO is in an expansion mode, and also on the absolute number of members the MCO is serving. In the early phases of expansion, an MCO may be making important investments in infrastructure and new staff. As the MCO grows, it will then be able to spread its infrastructure costs over a larger base, leading to economies of scale.

The following ranges are the historical norms within which we would expect to see MCOs operating:

- Member Services 75-80%
- Care Management 12-15%
- Administrative 5-7%
- Surplus 2-4%

The ***third section*** of this attachment is a PMPM (per member per month) presentation. This section presents the financial results presented in section two divided by the member months. The presentation standardizes the results to facilitate cross-MCO comparisons. It is a very effective way to evaluate one MCO against the others and against historical and targeted PMPMs.

The ***last section*** of this attachment gives Balance Sheet data on Working Capital, Restricted Reserves, Solvency Fund, and overall capital position. As discussed above, MCOs that do not meet their contractual solvency requirements are placed under corrective action by DHS until the contract requirements are satisfied. As described above comprehensive plan must be assembled by an MCO in corrective action which details the ways in which the organization plans to meet the contract requirements. This includes a review of care plans to ensure cost effective outcome based plans are in place, a review of service utilization to it is appropriate to meet the required outcomes and does not include duplication, and a review of negotiated provider service rates to ensure they have a sound basis. In addition, a review of the MCO internal infrastructure costs may result in changes to ensure a cost effective and efficient infrastructure is in place. During expansion, DHS staff anticipates that a number of MCOs will be under fiscal corrective action and close monitoring of the plans against the fiscal results and regular communications with the MCOs will be done.

By definition, equity, the last row in the attachment, represents the MCO's interest in the assets of the company and is calculated as total assets less total liabilities at year-end. A positive equity position, where assets exceed liabilities, is a measure of the general financial health and stability of an entity. Negative equity occurs when total liabilities exceed total assets and is an indicator of a possible "going concern," the inability to sustain continued operations. An entity faced with this condition requires additional capital infusion from other sources and a solid plan for recovery in order to remain a viable entity. DHS is aggressively working to support MCOs faced with the financial strains of expansion that have resulted in a negative equity position. The Department does fully expect MCOs to remain viable and succeed in the long-run, although there will be significant challenges to overcome in the short-run.

Attachment 3: Family Care Partnership/PACE MCO Financial Statement Summaries for the quarter ending 3/31/09

Similar to Attachment 2, this spreadsheet shows comparable information for the three MCOs offering the fully-integrated Partnership and PACE programs. The first section again shows absolute dollar amounts from the financial statements. This shows a loss of $835,000 for CCHP to a surplus of $243,000 for CHP-PHP. There are new ongoing pressures on the Partnership/PACE programs due to Medicare capitation rate reductions which are impacting their bottom lines. This will be an ongoing topic of discussion for DHS and those programs as the funding impacts the ability to fund required member services.

To get a broader perspective on these MCOs' total managed LTC business, it is useful to combine data from the Family Care program with data from Partnership/PACE programs. This is displayed in the following table.

Table 2: Combined MCO Reporting

MCO	Revenue	Net Income
CHP-LTS (operating FC)	8,922,003	(1,482,759)
CHP-PHP (operating FCP)	28,621,798	242,872
Total CHP	**37,543,801**	**(1,239,887)**
Care Wisconsin First (operating FC)	27,038,156	(213,386)
CWHP (operating FCP)	16,899,813	(79,987)
Total CW	**43,937,969**	**(293,373)**
CCI (operating FC)	34,408,603	(1,418,354)
CCHP (operating PACE & FCP)	17,942,759	(835,061)
Total CCI	**52,351,362**	**(2,253,415)**

Observations

1. Although losses in the first quarter of 2009 were generally budgeted and anticipated, 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. Fiscal staff will be monitoring MCO's quarterly/monthly data to measure progress being made by bringing care under management, especially those MCOs under "corrective action."

2. Enrollment in Family Care continued to grow quite rapidly during the first quarter, causing much of the financial distress experienced by those MCOs. DHS included risk sharing in a number of 2009 MCO contracts to support the expansion of those programs.

3. MCOs are actively conducting comprehensive reviews of care plans and provider contracts in order to identify specific and actionable areas of efficiency and bringing overall costs down to expected levels.

4. DHS continues to look for ways to support administrative savings for MCOs, particularly where economies of scale may result from pooled purchasing. MCOs should evaluate the same through collaboration with other MCOs. A DHS RFP was released for a claims system that could be used by all MCOs, lowering the total costs for the program.

5. DHS must recognize that it may take several years for MCOs undergoing rapid expansion to once again move into a reserve-building position.

6. Key ratios are expected to come back in line with historical norms over time; after the expansion of the waiver enrollment is achieved and wait lists are eliminated.

7. DHS Fiscal staff will continue monitoring progress to see how fast the MCOs are making the required changes that will impact their current trends and ultimately be reflected in their bottom line.

8. DHS will continue working with each MCO experiencing deficiencies in working capital, restricted reserves, and/or solvency reserves and, therefore, are under fiscal corrective action. Each MCO is implementing strategies to address both short and long-term concerns to ensure ongoing operations that support program services for enrolled members.

MCO Financial Statement Summaries
Family Care
YTD for Period Ending March 31, 2009

	SFCA	CCCW	CCO	WWC	Milwaukee	CCI	CWF	CHP-LTS	Total
Revenue									
Capitation	7,151,804	19,295,399	7,258,156	19,168,774	47,764,274	32,296,259	24,406,413	8,922,003	166,263,080
Pvt Pay & other Operating Revenue									0
Interest Income- Operating Acct	7,357	29,696	19,100		1,006	6			57,165
Risk Sharing Accrual						2,112,339	2,631,743		4,744,082
Other Income		9,063	646	258,907	22,543				291,159
Total Service Revenue	7,159,161	19,334,158	7,277,902	19,427,681	47,787,823	34,408,603	27,038,156	8,922,003	171,355,487
Expenses									
Member Services	5,849,384	17,674,518	6,435,274	19,587,374	43,977,269	33,927,128	25,112,367	9,579,829	162,143,143
Cost Share, Net	(151,822)	(297,784)	(196,970)	(459,199)	(2,430,658)	(402,403)	(250,282)	(55,885)	(4,245,002)
Room & Board, Net	(490,856)	(1,669,030)	(605,130)	(1,396,184)	(2,967,021)	(3,045,408)	(2,520,667)	(854,884)	(13,549,180)
Spend Down & Third Party	(11,803)	(88,944)	(49,098)	(67,640)	(128,862)	(135,417)	(83,879)		(565,641)
Net Member Services Costs	5,194,904	15,618,760	5,584,077	17,664,351	38,450,728	30,343,901	22,257,539	8,669,060	143,783,319
Care Management (External)	1,234,241		15,636		5,232,084	987,237	1,035,433	1,205,752	9,710,383
Care Management (Internal)		2,925,668	996,765	2,868,562	399,573	2,490,057	1,511,032		11,191,657
Care Management- Admin Allocation						118,897			118,897
Net Care Management Costs	1,234,241	2,925,668	1,012,402	2,868,562	5,631,658	3,596,191	2,546,465	1,205,752	21,020,937
Administrative Expenses	497,802	1,185,310	458,696	893,365	2,776,223	1,619,972	2,447,538	532,094	10,411,001
Total Operating Expenses	6,926,947	19,729,738	7,055,175	21,426,278	46,858,609	35,560,064	27,251,542	10,406,906	175,215,258
Income (Loss) from Operations	**232,214**	**(395,580)**	**222,728**	**(1,998,597)**	**929,213**	**(1,151,460)**	**(213,386)**	**(1,484,903)**	**(3,859,771)**
Other (Revenue)/Expense									
Prior Year Adjustment			(59,187)			(85,499)			(144,686)
Other Funding									0
Investment Income		(9,313)	(3,271)	(10,730)		(18,028)		(2,144)	(43,487)
Other Non-Operating		2,380	41,008			370,421			413,810
Total Other (Revenue)/Expense	0	(6,933)	(21,450)	(10,730)	0	266,894	0	(2,144)	225,637
Net Surplus/(Deficit)	**232,214**	**(388,647)**	**244,177**	**(1,987,867)**	**929,213**	**(1,418,354)**	**(213,386)**	**(1,482,759)**	**(4,085,408)**
Member Months	**2,704**	**6,928**	**3,086**	**7,926**	**20,141**	**10,611**	**7,930**	**2,444**	**61,770**
Key Ratios (as % of Revenue)									
Member Service Expense, Net	72.6%	80.8%	76.7%	90.9%	80.5%	88.2%	82.3%	97.2%	83.9%
Care Management Service Expense	17.2%	15.1%	13.9%	14.8%	11.8%	10.5%	9.4%	13.5%	12.3%
Total Member Service Expense	89.8%	95.9%	90.6%	105.7%	92.2%	98.6%	91.7%	110.7%	96.2%
Administrative Expense	7.0%	6.1%	6.3%	4.6%	5.8%	4.7%	9.1%	6.0%	6.1%
Total Operating Expense	96.8%	102.0%	96.9%	110.3%	98.1%	103.3%	100.8%	116.6%	102.3%
Net Suplus(Deficit)	3.2%	-2.0%	3.4%	-10.2%	1.9%	-4.1%	-0.8%	-16.6%	-2.4%

Notes

1. The P&L loss for WWC does not reflect any Risk Sharing accrual for the first quarter. Began accruing in 2 nd Quarter.
2. For MCDA there will be a restatement/reallocation of Admin dollars back to Care Management in the second quarter.
3. Reported results do not include Acuity adjustments, which could increase/decrease reorted results.
4. CHP-LTS began accruing Risk Sharing effective 4/1/09.

MCO Financial Statement Summaries
Family Care
YTD for Period Ending March 31, 2009

	SFCA	CCCW	CCO	WWC	Milwaukee	CCI	CWF	CHP-LTS	Total
Summary PMPM Presentation									
Revenue									
Capitation	2,645.22	2,785.29	2,351.79	2,418.47	2,371.49	3,043.66	3,077.65	3,650.66	2,691.66
Pvt Pay & other Operating Revenue					0.00	0.00	0.00	0.00	0.00
Interest Income- Operating Acct	2.72	4.29	6.19	0.00	0.05		0.00	0.00	0.93
Risk Sharing Accrual					0.00	199.07	331.86	0.00	76.80
Other Income	0.00	1.31	0.21	32.67	1.12	0.00	0.00	0.00	4.71
Total Service Revenue	2,647.94	2,790.89	2,358.19	2,451.13	2,372.66	3,242.73	3,409.52	3,650.66	2,774.11
Expenses									
Member Services	2,163.50	2,551.32	2,085.16	2,471.28	2,183.47	3,197.35	3,166.68	3,919.83	2,624.97
Cost Share	(56.15)	(42.99)	(63.82)	(57.94)	(120.68)	(37.92)	(31.56)	(22.87)	(68.72)
Room & Board	(181.55)	(240.92)	(196.07)	(176.15)	(147.31)	(287.00)	(317.86)	(349.80)	(219.35)
Spend Down & Third Party	(4.37)	(12.84)	(15.91)	(8.53)	(6.40)	(12.76)	(10.58)	0.00	(9.16)
Net Member Services Costs	1,921.43	2,254.57	1,809.35	2,228.66	1,909.08	2,859.66	2,806.68	3,547.17	2,327.73
Care Management (External)	456.51	0.00	5.07	0.00	259.77	93.04	130.57	493.36	157.20
Care Management (Internal)	0.00	422.32	322.97	361.92	19.84	234.67	190.54	0.00	181.18
Care Management - Admin Allocation	0.00	0.00	0.00	0.00	0.00	11.21	0.00	0.00	1.92
Net Care Management Costs	456.51	422.32	328.04	361.92	279.61	338.91	321.11	493.36	340.31
Administrative Expenses	184.12	171.10	148.63	112.71	137.84	152.67	308.64	217.72	168.55
Total Operating Expenses	2,562.06	2,847.99	2,286.02	2,703.29	2,326.53	3,351.25	3,436.43	4,258.25	2,836.59
Income (Loss) from Operations	**85.89**	**(57.10)**	**72.17**	**(252.16)**	**46.14**	**(108.52)**	**(26.91)**	**(607.59)**	**(62.49)**
Other (Revenue)/Expense									
Prior Year Adjustment	0.00	0.00	(19.18)	0.00	0.00	(8.06)	0.00	0.00	(2.34)
Other Funding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investment Income	0.00	(1.34)	(1.06)	(1.35)	0.00	(1.70)	0.00	(0.88)	(0.70)
Other Non-Operating	0.00	0.34	13.29	0.00	0.00	34.91	0.00	0.00	6.70
Total Other (Revenue)/Expense	0.00	(1.00)	(6.95)	(1.35)	0.00	25.15	0.00	(0.88)	3.65
Net Surplus/(Deficit)	**85.89**	**(56.10)**	**79.12**	**(250.80)**	**46.14**	**(133.67)**	**(26.91)**	**(606.71)**	**(66.14)**
Member Months	**2,704**	**6,928**	**3,086**	**7,926**	**20,141**	**10,611**	**7,930**	**2,444**	**61,770**

MCO Financial Statement Summaries

Family Care

YTD for Period Ending March 31, 2009

	SFCA	CCCW	CCO	WWC	Milwaukee	CCI	CWF	CHP-LTS	Total
Solvency Protection									
Working Capital									
Current Assets	5,906,633	17,969,995	11,374,962	10,754,731	29,874,909	24,845,166	8,819,898	4,430,353	
Current Liabilities	5,160,094	18,091,376	3,985,195	12,795,770	21,076,314	23,678,711	16,579,873	4,691,489	
Working Capital	746,539	(121,381)	7,389,768	(2,041,039)	8,798,594	1,166,456	(7,759,975)	(261,136)	
Requirement	732,373	1,641,148	593,798	899,280	3,891,661	2,841,492	2,091,261	1,944,069	
Excess/(shortage)	14,166	(1,762,529)	6,795,970	(2,940,319)	4,906,933	(1,675,036)	(9,851,236)	(2,205,205)	
Restricted Reserve									
Current Restricted Reserve	361,041	1,300,531	1,210,589	1,543,508	2,000,000	2,234,054	0	249,962	
Required, 2009	1,282,373	1,870,574	1,143,798	1,449,280	2,000,000	2,000,000	2,000,000	2,000,000	
Excess/(shortage)	(921,332)	(570,043)	66,791	94,228	0	234,054	(2,000,000)	(1,750,038)	
Solvency Fund									
Current Solvency Fund	0	1,300,531	304,933	252,235	250,000	2,018,542	1,717,040	0	
Required, 2009	1,166,187	1,620,574	250,000	1,249,640	250,000	1,772,034	1,845,630	1,772,034	
Excess/(shortage)	(1,166,187)	(320,043)	54,933	(997,405)	0	246,508	(128,590)	(1,772,034)	
Total Equity	1,107,581	4,273,865	9,084,293	691,295	11,048,594	5,586,361	(965,910)	(2,852,847)	27,973,232

MCO Financial Statement Summaries
Family Care Partnership
YTD for Period Ending March 31, 2009

	CHP-PHP	Care WI- CWHP	CCI-CCHP	Total
Revenue				
Capitation-MA	19,211,104	10,562,433	10,009,443	39,782,981
Capitation- MC	9,398,576	5,906,810	7,925,738	23,231,124
Interest Income-Operating Acc		124,750	7,577	132,327
Other Income	12,118	305,820		317,938
Total Service Revenue	28,621,798	16,899,813	17,942,759	63,464,370
Expenses				
Member Services-LTC	13,030,848	7,438,511	9,237,904	29,707,263
Member Services-Other	10,166,520	5,598,255	7,312,603	23,077,378
Cost Share, Net	(514,471)	(292,350)	(219,385)	(1,026,207)
Room & Board, Net	(920,216)	(343,105)	(269,387)	(1,532,708)
Spend Down & Third Party			(5,806)	(5,806)
Net Member Services Costs	21,762,681	12,401,311	16,055,928	50,219,921
Care Management (External)		1,675		1,675
Care Management (Internal)	5,238,556	2,539,924	1,604,735	9,383,215
Care Management-Admin Alloc				
Net Care Management Costs	5,238,556	2,541,599	1,604,735	9,384,890
Administrative Expenses	1,454,683	1,910,206	1,205,240	4,570,129
Total Operating Expenses	28,455,920	16,853,116	18,865,903	64,174,940
Income (Loss) from Operations	**165,877**	**46,697**	**(923,144)**	**(710,570)**
Other (Revenue)/Expense				
Prior Year Adjustment			(5,217)	(5,217)
Other Funding				0
Investment Income	(76,994)	126,684	(48,589)	1,100
Other Non-Operating			(34,277)	(34,277)
Total Other Revenue/(Expense)	(76,994)	126,684	(88,083)	(38,393)
Net Surplus/(Deficit)	**242,872**	**(79,987)**	**(835,061)**	**(672,177)**
Member Months	**5,619**	**3,274**	**3,423**	**12,316**
Key Ratios (as % of Revenue)				
Member Service Expense, Net	76.0%	73.4%	89.5%	79.1%
Care Management Service Expense	18.3%	15.0%	8.9%	14.8%
Total Member Service Expense	94.3%	88.4%	98.4%	93.9%
Administrative Expense	5.1%	11.3%	6.7%	7.2%
Total Operating Expense	99.4%	99.7%	105.1%	101.1%
Net Suplus(Deficit)	**0.8%**	**-0.5%**	**-4.7%**	**-1.1%**

Summary PMPM Presentation	CHP-PHP	Care WI- CWHP	CCI-CCHP	Total
Revenue				
Capitation-MA	3,418.97	3,225.82	2,924.17	3,230.11
Capitation- MC	1,672.65	1,803.97	2,315.44	1,886.21
Interest income- Operating Account	0.00			
Other Income	2.16	93.40	0.00	25.81
Total Service Revenue	5,093.78	5,123.19	5,239.61	5,142.13
Expenses				
Member Services-LTC	2,319.08	2,271.76	2,698.77	2,412.03
Member Services-Other	1,809.32	1,709.74	2,136.31	1,873.73
Cost Share	(91.56)	(89.29)	(64.09)	(83.32)
Room & Board	(163.77)	(104.79)	(78.70)	(124.45)
Spend Down & Third Party	0.00	0.00	(1.70)	(0.47)
Net Member Services Costs	3,873.07	3,787.42	4,690.60	4,077.51
Care Management (External)	0.00	0.51	0.00	0.14
Care Management (Internal)	932.30	775.71	468.81	761.85
Care Management-Admin Alloc		0.00		
Net Care Management Costs	932.30	776.22	468.81	761.99
Administrative Expenses	258.89	583.39	352.10	371.06
Total Operating Expenses	5,064.26	5,147.03	5,511.51	5,210.57
Income (Loss) from Operations	**29.52**	**(23.84)**	**(271.90)**	**(68.44)**
Other (Revenue)/Expense				
Prior Year Adjustment	0.00	0.00	(1.52)	(0.42)
Other Funding	0.00	0.00	0.00	0.00
Investment Income	(13.70)	38.69	(14.19)	0.09
Other Non-Operating	0.00	0.00	(10.01)	(2.78)
Total Other (Revenue)/Expense	(13.70)	38.69	(25.73)	(3.12)
Net Surplus/(Deficit)	**43.22**	**(62.53)**	**(246.17)**	**(65.32)**
Member Months	**5,619**	**3,274**	**3,423**	**12,316**