

PACE and Family Care Partnership Financial Summary Through 1st Quarter, CY 2010

BACKGROUND

- In comparison to Family Care, PACE and Family Care Partnership program growth continues to be more moderate.
- The program experienced 7% growth in total capitation payments, and a 5.9% increase in member months, from the same time period, one-year earlier.
- Through the first quarter of CY 2010, PACE and Family Care Partnership were \$270 million programs, on an annualized basis.
- CMS-Medicare is the source of roughly 35% of the program's overall funding. The agency currently has a stated policy objective of reducing payment rates for standard Medicare Advantage plans, but that policy will not take effect until 2012.
- At the same time, the national health care reform legislation requires CMS-Medicare to study the payment formula for plans that serve more complex membership, such as the Partnership organizations.
- It is premature to know whether the proposed decreases might be offset by any payment formula enhancements that would result from this effort.

KEY METRICS

Note:

1. The inclusion of the Medicare funding stream creates additional complexities in assembling, interpreting, and drawing conclusions from these metrics. For example, expenses are not currently separated by original funding stream on a systematic, program-wide basis.
- *Capitation:* Total funding increased roughly 1%, on a per member per month basis, relative to the prior year. This was driven, in part, by an increase in the proportion of total membership of persons with developmental disabilities between early 2009 to early 2010.
 - *Total Operating Costs:* The program's overall cost structure, as expressed in per member per month terms remained constant. There was little volatility in the year-to-year changes in member service costs 1%, care management costs 9%, and administrative costs 2%.
 - *Net Income:* The MCOs experienced modest losses through the first quarter of CY 2010 of \$630,000, or 0.9% of total funding.

OTHER

- Primary financial oversight responsibilities for the PACE and Family Care Partnership programs continues to be carried out by the Office of the Commissioner of Insurance.
- iCare has just begun program operations in the first quarter of CY 2010. Initial results should be interpreted cautiously, as membership was low (as anticipated).
- A central policy issue is how the program will adjust to shifts in Medicare funding levels. The Office of Health Care Reform is monitoring these developments closely.
- Given this increased activity in the Medicare program, the Department will be investing increased resources into better understanding the MCO performance relative to each funding source.

**MCO Financial Statement Summaries
Family Care Partnership/PACE
YTD for Period Ending March 31, 2010**

	CHP-PHP	Care WI- CWHP	CCI-CCHP	iCare	Total
Revenue					
Capitation-MA	21,393,716	10,936,444	10,591,930	163,844	43,085,934
Capitation- MC	10,679,896	5,762,372	7,975,754	23,489	24,441,511
Interest Income-Operating Acc					0
Risk Sharing					0
Other Income	134,310	47,648	12,786		194,744
Total Revenue	32,207,922	16,746,464	18,580,470	187,333	67,722,189
Expenses					
Member Service Expenses	28,461,979	12,762,191	16,938,410	156,835	58,319,415
Cost Share, Net	(627,081)	(292,521)	(219,250)	(71)	(1,138,923)
Room & Board, Net	(1,051,040)	(472,062)	(345,648)	(1,721)	(1,870,471)
Spend Down & Third Party	(349,509)	(13,658)	(11,842)		(375,009)
Net Member Services Costs	26,434,349	11,983,950	16,361,670	155,043	54,935,012
Net Care Management Costs	5,326,039	2,686,888	1,382,092	195,451	9,590,470
Administrative Expenses	1,477,693	1,621,049	865,414	39,861	4,004,017
Total Operating Expenses	33,238,081	16,291,887	18,609,177	390,355	68,529,500
Income (Loss) from Operations	(1,030,159)	454,577	(28,707)	(203,022)	(807,311)
Other (Revenue)/Expense					
Prior Year Adjustment			2,151		2,151
Other Funding					0
Investment Income	(158,408)		(35,556)		(193,964)
Other Non-Operating			15,532		15,532
Total Other Revenue/(Expense)	(158,408)	0	(17,874)	0	(176,282)
Net Surplus/(Deficit)	(871,751)	454,577	(10,833)	(203,022)	(631,029)
Member Months	6,039	3,417	3,538	52	13,046
Key Ratios (as % of Revenue)					
Member Service Expense, Net	82.1%	71.6%	88.1%	82.8%	81.1%
Care Management Service Expense	16.5%	16.0%	7.4%	104.3%	14.2%
Total Member Service Expense	98.6%	87.6%	95.5%	187.1%	95.3%
Administrative Expense	4.6%	9.7%	4.7%	21.3%	5.9%
Total Operating Expense	103.2%	97.3%	100.2%	208.4%	101.2%
Net Suplus/(Deficit)	-2.7%	2.7%	-0.1%	-108.4%	-0.9%

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YTD for Period Ending March 31, 2010**

Summary PMPM Presentation	CHP-PHP	Care WI- CWHP	CCI-CCHP	iCare	Total
Revenue					
Capitation-MA	3,542.59	3,201.03	2,993.76	3,150.85	3,302.73
Capitation- MC	1,768.49	1,686.61	2,254.31	451.71	1,873.55
Interest Income-Operating Acc	-	0.00	0.00	0.00	
Risk Sharing	-	0.00	0.00	0.00	
Other Income	22.24	13.95	3.61	0.00	14.93
Total Revenue	5,333.32	4,901.59	5,251.69	3,602.56	5,191.21
Expenses					
Member Service Expenses	4,713.03	3,735.41	4,787.57	3,016.06	4,470.45
Cost Share	(103.84)	(85.62)	(61.97)	(1.37)	(87.30)
Room & Board	(174.04)	(138.17)	(97.70)	(33.10)	(143.38)
Spend Down & Third Party	(57.88)	(4.00)	(3.35)	0.00	(28.75)
Net Member Services Costs	4,377.27	3,507.63	4,624.55	2,981.60	4,211.02
Net Care Management Costs	881.94	786.44	390.64	3,758.67	735.15
Administrative Expenses	244.69	474.47	244.61	766.56	306.93
Total Operating Expenses	5,503.90	4,768.53	5,259.80	7,506.83	5,253.10
Income (Loss) from Operations	(170.58)	133.05	(8.11)	(3,904.27)	(61.88)
Other (Revenue)/Expense					
Prior Year Adjustment	-	0.00	0.61	0.00	0.16
Other Funding	-	0.00	0.00	0.00	0.00
Investment Income	(26.23)	0.00	(10.05)	0.00	(14.87)
Other Non-Operating	-	0.00	4.39	0.00	1.19
Total Other (Revenue)/Expense	(26.23)	0.00	(5.05)	0.00	(13.51)
Net Surplus/(Deficit)	(144.35)	133.05	(3.06)	(3,904.27)	(48.37)
Member Months	6,039	3,417	3,538	52	13,046