

PACE and Family Care Partnership Financial Summary
Six Months ending June 30, 2010
Report Date: October 1, 2010

Background

- In comparison to Family Care, which had member month growth of 26% from the first half of 2010 relative to the same period in 2009, PACE/Partnership had 5% growth relative to the same period in 2009.
- Based on the CY 2010 financial reporting through June 30, 2010, the PACE and Partnership programs are projected to be a \$270 million program on an annualized basis, which is roughly a 2% increase over CY 2009.
- CMS-Medicare is the source of approximately 36% of the program's overall funding. The Medicare agency has a stated policy objective of reducing payment rates for standard Medicare Advantage plans, effective in 2012.
- At the same time, the national health care reform legislation requires CMS-Medicare to study the payment formula for plans that serve a more complex membership, such as the Partnership organizations.

Key Metrics

Note. The inclusion of the Medicare funding stream creates additional complexities in assembling, interpreting, and drawing conclusions from these metrics. For example, expenses are not separated by original funding stream on a systematic, program-wide basis.

- *Capitation:* Total Medicaid capitation for PACE/Partnership on a per member per month (PMPM) basis was \$3,250, while the Medicare PMPM was \$1,896. Comparable numbers for the first half of 2009 were \$3,256 for Medicaid and \$1,958 for Medicare. Medicaid revenues represent a 0.2% decrease relative to 2009, and Medicare represents a 3% decrease over the same time period in 2009.
- *Net Member Service expenses:* On a PMPM basis the member services expenses were \$4,368 in 2010, compared to \$4,383 for the first six months of 2009. This represents a modest decrease of 0.3%.
- *Care Management:* The PMPM of \$739 for 2010 is a 6% decrease from the \$786 PMPM for the six months ending June 30, 2009.
- *Administrative expenses:* Expenses on a PMPM basis decreased 17% from \$350 PMPM as of June 30, 2009, to \$290 PMPM as of June 30, 2010. This results from a combination of increased member months (5%), and administrative efficiencies to achieve expense controls by the MCOs.
- *Net income:* The PACE/Partnership programs achieved a \$2.9 million surplus for the first six months of 2010, compared to a loss of \$600,000 for the same time period in 2009. On a PMPM basis, this represents a 2010 surplus of \$111 PMPM compared a loss of \$35 PMPM for the first six months of 2009. In addition, the surplus through the end of this reporting period reverses the combined losses of \$630,000 that had been reported through the end of the first quarter of this year. All PACE/Partnership programs, with the exception of iCare, are meeting or exceeding their mid-year plan for net income.

More Recent Developments

- MCO's will be submitting their 2011-13 Business Plans by October 15, 2010. These will be reviewed by an integrated MCO Oversight Team, made up of program and fiscal staff. The MCO Oversight Teams will be reviewing the plans, making recommendations on approval of the plans, and assessing whether the strategies outlined in the plans will meet the financial and programmatic benchmarks of the program.
- Primary financial oversight responsibilities for the PACE and Family Care Partnership programs is carried out by the Office of the Commissioner of Insurance (OCI) as the regulator of all HMOs within the State.
- iCare began Family Care Partnership operations on January 1, 2010. Initial results, on a PMPM basis, should be interpreted cautiously due to a low number of member months projected and experienced during early enrollment months.
- A central policy issue will address 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 to better understanding MCO performance relative to each funding source.

MCO Financial Statement Summaries
Family Care Partnership
Year to Date January 1, 2010 Through June 30, 2010

	CHP-PHP	Care WI- CWHP	CCI-CCHP	iCare	Total
Revenue					
Capitation-MA	42,258,116	20,867,196	20,992,818	565,486	84,683,615
Capitation- MC	21,965,239	11,166,359	16,168,377	98,028	49,398,003
Interest Income-Operating Acct			9,908		9,908
Risk Sharing					-
Other Income	233,926	586,197	144,039		964,163
Total Revenue	64,457,281	32,619,752	37,315,141	663,514	135,055,689
Expenses					
Total Member Service Expenses	55,060,059	25,189,097	33,016,198	556,874	113,822,228
Cost Share, Net	(1,112,721)	(586,474)	(559,806)	(2,180)	(2,261,181)
Room & Board, Net	(2,136,190)	(988,646)	(748,553)	(5,879)	(3,879,268)
Spend Down & Third Party	(721,887)	(47,511)	(23,730)		(793,128)
Net Member Services Costs	51,089,261	23,566,466	31,684,109	548,815	106,888,651
Net Care Management Costs	10,512,339	5,715,385	2,612,391	414,964	19,255,079
Administrative Expenses	3,018,904	2,601,208	1,849,134	95,969	7,565,215
Total Operating Expenses	64,620,505	31,883,059	36,145,634	1,059,748	133,708,946
Income (Loss) from Operations	(163,224)	736,693	1,169,507	(396,234)	1,346,743
Other (Revenue)/Expense					
Total Other Revenue/(Expense)	(1,423,173)	-	(122,534)	-	(1,545,707)
Net Surplus/(Deficit)	1,259,950	736,693	1,292,041	(396,234)	2,892,450
Member Months	11,923	6,869	7,084	183	26,059
Key Ratios (as % of Revenue)					
Member Service Expense, Net	79.3%	72.2%	84.9%	82.7%	79.1%
Care Management Service Expense	16.3%	17.5%	7.0%	62.5%	14.3%
Total Member Service Expense	95.6%	89.8%	91.9%	145.3%	93.4%
Administrative Expense	4.7%	8.0%	5.0%	14.5%	5.6%
Total Operating Expense	100.3%	97.7%	96.9%	159.7%	99.0%
Net Suplus(Deficit)	2.0%	2.3%	3.5%	-59.7%	2.1%

MCO Financial Statement Summaries
Family Care Partnership
Year to Date January 1, 2010 Through June 30, 2010

	CHP-PHP	Care WI- CWHP	CCI-CCHP	iCare	Total
Summary PMPM Presentation					
Revenue					
Capitation-MA	3,544.30	3,037.90	2,963.41	3,090.09	3,249.71
Capitation- MC	1,842.28	1,625.63	2,282.38	535.67	1,895.64
Interest Income-Operating Acct	-	-	1.40	-	
Risk Sharing	-	-	-	-	
Other Income	19.62	85.34	20.33	-	37.00
Total Revenue	5,406.20	4,748.87	5,267.52	3,625.76	5,182.35
Expenses					
Total Member Service Expenses	4,618.03	3,667.10	4,660.67	3,043.03	4,367.90
Cost Share	(93.33)	(85.38)	(79.02)	(11.91)	(86.77)
Room & Board	(179.17)	(143.93)	(105.67)	(32.13)	(148.87)
Spend Down & Third Party	(60.55)	(6.92)	(3.35)	-	(30.44)
Net Member Services Costs	4,284.99	3,430.87	4,472.63	2,998.99	4,101.83
Net Care Management Costs	881.70	832.06	368.77	2,267.56	738.91
Administrative Expenses	253.20	378.69	261.03	524.42	290.31
Total Operating Expenses	5,419.89	4,641.62	5,102.43	5,790.97	5,131.05
Income (Loss) from Operations	(13.69)	107.25	165.09	(2,165.21)	51.30
Other (Revenue)/Expense					
Total Other (Revenue)/Expense	(119.37)	-	(17.30)	-	(59.32)
Net Surplus/(Deficit)	105.68	107.25	182.39	(2,165.21)	110.62
Member Months	11,923	6,869	7,084	183	26,059