Financial Update, Managed LTC MCOs – December 31, 2008

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 and financial presentation is based on the MCO's audited financial results submitted through the fourth quarter of CY 2008. It is drafted primarily for the staff and management of the Family Care Managed Care Section, to support communication and information sharing across programmatic and fiscal staff.

Additional background on the managed care risk based cycle and financial expectations during Family Care expansion was provided in the September 30, 2008, financial update. An expanded presentation of the Family Care historical results and the 2008 results presented on a per member per month (PMPM) basis are included in this report to further the understanding of the period of expansion compared to historical experience.

Key factors in the reporting period ending December 31, 2008
Family Care expansion - Statewide expansion of the Family Care program continues and was reflected in the financial reporting of December 31, 2008. During 2008 all expansion MCOs invested heavily in infrastructure, including facilities, equipment, staff, and training to support increased enrollment and related operations. Three county-based MCOs (Richland, Portage, and La Crosse) created new public entities that required the development of complete infrastructures and enhancements of systems that were previously provided by a county. The use of accumulated reserves translated into budgeted losses through *planned* deficit spending during the year and increased the appearance of current year losses from operations.

MCOs continue their work to bring waiver care plan costs for transitioned members into alignment with managed care experience. MCOs enrolling large numbers of new members over a short period of time are working to achieve member outcomes in a cost effective manner. This requires a complete review of each member's outcomes, the services provided, and all provider contracts and is supported by additional training for care management teams in the use of the Family Care program design.

DHS is working very closely with each MCO to evaluate the program and financial challenges of this undertaking and ensure the long-term success of the programs. Strategies used to achieve this include investments by both the MCOs and the DHS and also include the investment of accumulated MCO surpluses from prior years, DHS-provided start-up funding, risk sharing arrangements, and recognizing that it may take some additional time for some MCOs to fully comply with the contract's solvency requirements. Wherever possible, the initial infrastructure and expansion investment was funded by each MCO with accumulated surpluses achieved by operating the Family Care and PACE/Partnership programs prior to expansion. Once that reinvestment of available surpluses was made, DHS provided start-up funding to support additional infrastructure costs during the first year of expansion.

Risk sharing agreements, through which DHS shares in operational gains and losses, were a key strategy used to provide additional financial relief during 2008 and continue into 2009, as the MCOs work to bring care under management. One distinct advantage of this approach is that it closely aligns the incentives of the MCO with those of the Department. MCOs were also permitted to continue expansion with additional time provided until they were expected to meet the Family Care contract solvency requirements. Given these challenges, the DHS has proposed a new requirement that will mandate that each MCO craft a specific, actionable plan to bring care under management that closely coordinates to its 36-month strategic and financial plans to reach a break-even position.

As it has always done, DHS will continue to evaluate the ongoing expansion program experience to consider improvements in the rate setting model. Still, even with these potential solutions in place, ongoing losses are expected in the short-run, with the expectation that care will be brought under management over time. The MCOs are fully expected to return to the standard 3 – 5 year managed care cycle in the long run, once this transition period comes to a conclusion.

Table 1: MCO Enrollment

Table 1 presents information about MCOs expanding during 2008 and the enrollment increases observed through December 31, 2008. The table quantifies the very large increases in enrollment during 2008 (45.9%), comprised of a 55.6% increase in Family Care, and a 13.3% increase in Partnership/PACE. This rapid growth is closely related to the financial results that are discussed below.

	2008 Expansion Date	12/31/07 Enrollment (# members)	12/31/08 Enrollment (# members)	% Change 2008 / 2007
Family Care MCOs (County and date of first expansion in 2008 in parentheses.)				
CCI (Sheboygan 2/1/08)	2/1/2008	1,472	3,455	134%
SFCA (Transition from Richland MCO to SFCA occurred 7/1. First expansion was Sauk on 9/1/08.)	7/1/2008	377	684	81%
CCCW (Transition from Portage MCO to CCCW occurred 7/1. First expansion was Marathon on 11/1/08.)	7/1/2008	956	1,730	81%
La Crosse (Transition from La Crosse MCO to WWC occurred 10/1. First expansion was Vernon on 11/1/08.)	10/1/2008	1,824	2,193	20%
CHP LTS (Chippewa 5/1/08.)	5/1/2008	0	673	n/a
CW (Columbia 3/1/08.)	3/1/2008	0	2,437	n/a
MCDA		6,493	6,704	3.2%
Fond du Lac		1,041	1,052	1.1%
Total FC		12,163	18,928	55.6%
CHP Partnership Pierce 7/1/08	7/1/2008	1,423	1,822	28%
CC PACE/Partnership No expansion in 2008	n/a	1,111	1,154	3.9%
CW Partnership	3/1/2008	1,072	1,111	3.6%

(Columbia 3/1/08.)				
Total PACE/Partnership		3,606	4,087	13.3%
All Programs		15,769	23,015	45.9%

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

Attachment one presents summary results from the period prior to Family Care expansion in order to help put the current 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 2004-08 time period. 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 anticipated losses, resulted in combined losses of $11.8 million across all programs for 2008. Similar growth in 2009 will result in some continued losses, but MCOs are working to minimize losses by bringing care under management and achieving administrative efficiencies through growth. DHS will continue 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.

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 reinforced, with revenues doubling during this 5-year period.

Attachment 2: Family Care MCO Financial Statement Summaries for the Year Ending 12/31/08

Attachment 2 presents the 2008 financial results of the MCOs offering Family Care. Three MCOs transitioned to new Long Term Care Districts mid-year. The financial presentation includes their results as both county-based MCOs, prior to expansion, and as Districts, after expansion. The relevant financial reporting period is provided for each MCO.

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. The three partial-year, county-based MCOs are displayed to the left of their new, LTC District MCO. As expected, most MCOs experienced losses through the end of the year. Both SFCA, the MCO that transitioned from the Richland County MCO, and CCO (of Fond du Lac, which remains a county-based MCO, ended the year with a surplus. 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 we see 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 85.8%, with a range from a low of 74.8% for SFCA to a high of 107.5% for CHP. (CHP began offering the Family Care program on 5/1/08.)

The Care Management Service Cost percentages ranged from a low of 11.7% with CCI, to a high of 17.6% in WWC. The overall average of the combined Family Care program was 13.3%. This is one area where under spending can lead to significantly higher expenses in Member Services, which may be detrimental to the MCO. The final expense category is Administrative Expenses—what does it cost to administer the program within each MCO? The percentages range from a low of 4.2% with CCI, to a high of 10.7% with CCCW. The overall program average is 6.0%.

These 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.

While there are many ways to get to a positive bottom line, the following ranges are the 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 same information as in section two. However, the information has been standardized to facilitate cross-MCO comparisons.

The ***last section*** of this attachment gives Balance Sheet data on Working Capital, Restricted Reserves, Solvency Fund, and overall capital position. MCOs that do not meet their Solvency Requirements are placed under corrective action by DHS until the contract requirements are satisfied. A 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. During expansion, DHS staff anticipate that a number of MCOs will be in this situation.

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 year ending 12/31/08

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 $408,000 for Care Wisconsin to a surplus of $5,645,000 for Community Care Health Plan.

To get a slightly 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. In two of the three cases, there were losses in the Family Care program, with offsetting gains in the Partnership/PACE programs. We have excluded any reporting on Balance Sheet items for the Partnership/Pace programs as these organizations are regulated from a Solvency perspective by the Office of the Commissioner of Insurance.

Table 2: Combined MCO Reporting

MCO	Revenue	Net Income
CHP-LTS (operating FC)	8,818,658	(2,570,088)
CHP-PHP (operating FCP)	100,719,300	2,922,296
Total CHP	**109,537,958**	**352,208**
Care Wisconsin First (operating FC)	29,801,797	(7,335,121)
CWHP (operating FCP)	57,707,033	(408,262)
Total CW	**87,508,830**	**(7,743,383)**
CCI (operating FC)	95,460,003	(4,170,701)
CCHP (operating PACE & FCP)	74,610,355	5,645,285
Total CCI	**170,070,358**	**1,474,584**

Observations

1. Although losses in CY 2008 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 help measure progress being made on bringing care under management, especially for those MCOs under "corrective action."

2. Enrollment in Family Care and Family Care Partnership grew quite rapidly (45.9%) during the year, causing much of the financial distress experienced by the MCOs. Tools which DHS have used, to date, include start-up funding and risk sharing.

3. MCOs will need to undertake comprehensive reviews of care plans and provider contracts in order to identify specific and actionable areas of efficiency.

4. DHS should continue 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. An RFP has gone out for a claims system that could be used by all MCOs, lowering the total costs for the program.

5. It may take several years for MCOs undergoing rapid expansion to once again move into a reserve-building position.

6. Key ratios reflect the additional costs associated with building infrastructure in the administrative and care management categories. These ratios should come back into alignment over time, after the expansion to the waiver enrollment is achieved and wait lists are eliminated.

7. Ratios in Attachments 2 and 3 provide useful indicators where further review and discussion with individual MCOs (or internal MCO teams) may be warranted. Given that each MCO is in a unique position relative to its own business plan trajectory, it is difficult to make any general statements as to whether a particular MCOs ratios are high or low. Fiscal staff will continue monitoring progress to see how fast the MCOs are make the required changes that will impact their current trends and be reflected in their bottom line.

8. DHS has been working with each MCO experiencing deficiencies in working capital, restricted reserves, or solvency reserves, and will continue doing so. Each MCO will be implementing different strategies to address short-term concerns. These will be discussed in greater detail at the joint MCS - Fiscal Section meetings on each MCO.

Attachment 2

MCO Financial Statement Summaries
YTD for Period Ending December 31, 2008
Family Care

	Richland 1/1/08- 6/30/08 Audited	SFCA 7/1/08- 12/31/08 Audited	Portage 1/1/08- 6/30/08 Audited	CCCW 7/1/08- 12/31/08 Audited	Fond du Lac 1/1/08- 12/31/08 Audited	La Crosse 1/1/08- 9/30/08 Audited	WWC 10/1/08- 12/31/08 Unaudited (audit waived)	MCDA 1/1/08- 12/31/08 Audited	CCI 1/1/08- 12/31/08 Audited	CWF 1/1/08- 12/31/08 Audited	CHP 10/1/08 - 12/31/08 Audited	Total
Revenue												
Capitation	4,938,341	9,059,835	13,576,223	18,465,027	27,745,391	33,988,568	13,453,901	173,665,536	89,884,568	29,801,797	8,818,658	423,397,844
Pvt Pay & other Operating Revenue			16,556	14,348								30,904
Interest Income- Operating Acct			131,095	36,051	230,507			67,333	34,258			499,243
Risk Sharing Accrual									2,740,307			2,740,307
Other		83,937			3,267	(49,365)	56,055	1,387,497	2,800,871			4,282,263
Total Revenue	4,938,341	9,143,772	13,723,874	18,515,426	27,979,165	33,939,203	13,509,956	175,120,366	95,460,003	29,801,797	8,818,658	430,950,561
Expenses												
Member Services	4,424,734	7,616,651	13,048,302	17,719,223	25,443,027	32,586,545	12,993,786	165,673,282	93,437,419	33,303,149	9,527,224	415,773,341
Cost Share	(143,242)	(194,168)	(312,885)	(347,727)	(760,850)	(1,117,859)	(383,392)	(9,242,803)	(2,178,542)	(324,678)	(44,916)	(15,051,062)
Room & Board	(268,117)	(559,728)	(1,183,981)	(1,251,557)	(2,409,605)	(2,256,133)	(881,030)	(11,786,373)	(5,784,944)	(2,943,700)		(29,325,168)
Spend Down & Third Party	(7,418)	(21,898)	(90,324)	(136,921)	(202,826)	(144,404)	(60,472)	(393,974)	(373,775)	(99,611)		(1,531,623)
Net Member Services Costs	4,005,958	6,840,857	11,461,112	15,983,018	22,069,746	29,068,149	11,668,892	144,250,132	85,100,157	29,935,160	9,482,308	369,865,488
Net Care Management Costs	810,749	1,364,802	1,636,030	2,767,803	4,129,227	5,291,011	2,371,688	22,226,612	11,398,294	4,026,660	1,128,113	57,150,989
Administrative Expenses	533,654	579,436	688,819	1,979,507	1,753,334	1,778,730	863,050	9,438,949	4,001,465	3,175,098	822,275	25,614,316
Total Operating Expenses	5,350,361	8,785,094	13,785,961	20,730,328	27,952,307	36,137,889	14,903,630	175,915,693	100,499,916	37,136,918	11,432,696	452,630,793
Income (Loss) from Operations	**(412,020)**	**358,678**	**(62,087)**	**(2,214,902)**	**26,858**	**(2,198,686)**	**(1,393,674)**	**(795,327)**	**(5,039,912)**	**(7,335,121)**	**(2,614,038)**	**(21,680,232)**
Other (Revenue)/Expense												
Prior Year Adjustment			(14,764)	1,928	17,818			(285,646)	(843,816)			(1,124,479)
Loss d/t uncollected Member Obligation									212,848			212,848
Investment Income		(3,924)	(7,865)	(70,432)	(36,633)	(204,811)	(27,263)		(238,244)		(43,950)	(633,122)
Other Non-Operating	(274,325)		105,194	37,802	(8,383)							(139,712)
Total Non-Operating (Revenue)/Expense	(274,325)	(3,924)	82,565	(30,702)	(27,198)	(204,811)	(27,263)	(285,646)	(869,212)	0	(43,950)	(1,684,466)
Net excess/(deficit) Revenues/Expenses	**(137,695)**	**362,602**	**(144,652)**	**(2,184,200)**	**54,057**	**(1,993,875)**	**(1,366,411)**	**(509,681)**	**(4,170,701)**	**(7,335,121)**	**(2,570,088)**	**(19,995,765)**
Member Months	**2,266**	**3,450**	**5,755**	**7,349**	**12,398**	**16,470**	**6,005**	**79,381**	**30,513**	**10,259**	**2,388**	**176,234**
Key Ratios												
Member Service Cost	81.12%	74.81%	83.51%	86.32%	78.88%	85.65%	86.37%	82.37%	89.15%	100.45%	107.53%	85.83%
Care Management Service Cost	16.42%	14.93%	11.92%	14.95%	14.76%	15.59%	17.56%	12.69%	11.94%	13.51%	12.79%	13.26%
Combined Member Service Cost	97.54%	89.74%	95.43%	101.27%	93.64%	101.24%	103.93%	95.06%	101.09%	113.96%	120.32%	99.09%
Administrative Expense	10.81%	6.34%	5.02%	10.69%	6.27%	5.24%	6.39%	5.39%	4.19%	10.65%	9.32%	5.94%
Total Net Income	-2.79%	3.97%	-1.05%	-11.80%	0.19%	-5.87%	-10.11%	-0.29%	-4.37%	-24.61%	-29.14%	-4.64%

Attachment 2

MCO Financial Statement Summaries
YTD for Period Ending December 31, 2008
Family Care

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Revenue												
Capitation	2,179.32	2,625.86	2,359.03	2,512.59	2,237.97	2,063.71	2,240.45	2,187.74	2,945.78	2,904.81	3,692.91	2,402.47 ##
Pvt Pay & other Operating Revenue	0.00	0.00	2.88	1.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.18
Interest Income- Operating Acct	0.00	0.00	22.78	4.91	18.59	0.00	0.00	0.85	1.12	0.00	0.00	2.83
Risk Sharing Accrual	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	89.81	0.00	0.00	15.55
Other	0.00	24.33	0.00	1.95	0.26	(3.00)	9.33	17.48	91.79	0.00	0.00	24.30
Total Revenue	2,179.32	2,650.18	2,384.69	2,521.40	2,256.82	2,060.71	2,249.78	2,206.06	3,128.50	2,904.81	3,692.91	2,445.33
Expenses												
Member Services	1,952.66	2,207.57	2,267.30	2,411.11	2,052.26	1,978.58	2,163.83	2,087.06	3,062.22	3,246.09	3,989.62	2,359.21
Cost Share	(63.21)	(56.28)	(54.37)	(47.32)	(61.37)	(67.87)	(63.85)	(116.44)	(71.40)	(31.65)	(18.81)	(85.40)
Room & Board	(118.32)	(162.23)	(205.73)	(170.30)	(194.36)	(136.99)	(146.72)	(148.48)	(189.59)	(286.93)	0.00	(166.40)
Spend Down	(3.27)	(6.35)	(15.69)	(18.63)	(16.36)	(8.77)	(10.07)	(4.96)	(12.25)	(9.71)	0.00	(8.69)
Net Member Services Costs	1,767.85	1,982.72	1,991.51	2,174.86	1,780.17	1,764.95	1,943.20	1,817.18	2,788.98	2,917.81	3,970.82	2,098.71
Net Care Management Costs	357.79	395.57	284.28	376.62	333.07	321.26	394.95	280.00	373.56	392.48	472.41	324.29
Administrative Expenses	235.51	167.94	119.69	269.36	141.43	108.00	143.72	118.91	131.14	309.48	344.34	145.34
Total Operating Expenses	2,361.15	2,546.23	2,395.48	2,820.84	2,254.66	2,194.21	2,481.87	2,216.08	3,293.68	3,619.77	4,787.56	2,568.35
Income (Loss) from Operations	**(181.83)**	**103.96**	**(10.79)**	**(299.44)**	**2.17**	**(133.50)**	**(232.09)**	**(10.02)**	**(165.17)**	**(714.96)**	**(1,094.66)**	**(123.02)**
Other (Revenue)/Expense												
Prior Year Adjustment	0.00	0.00	(2.57)	0.26	1.44	0.00	0.00	(3.60)	(27.65)	0.00	0.00	(6.38)
County Profit Share (Milwaukee)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.98	0.00	0.00	1.21
Investment Income	0.00	(1.14)	(1.37)	(9.58)	(2.95)	(12.44)	(4.54)	0.00	(7.81)	0.00	(18.40)	(3.59)
Other Non-Operating	(121.06)	0.00	18.28	5.14	(0.68)	0.00	0.00	0.00	0.00	0.00	0.00	(0.79)
Total Non-Operating (Revenue)/Expense	(121.06)	(1.14)	14.35	(4.18)	(2.19)	(12.44)	(4.54)	(3.60)	(28.49)	0.00	(18.40)	(9.56)
Net Excess/(Deficit) Revenues/Expenses	**(60.77)**	**105.09**	**(25.14)**	**(295.26)**	**4.36**	**(121.06)**	**(227.55)**	**(6.42)**	**(136.69)**	**(714.96)**	**(1,076.25)**	**(113.46)**
Member Months	**2,266**	**3,450**	**5,755**	**7,349**	**12,398**	**16,470**	**6,005**	**79,381**	**30,513**	**10,259**	**2,388**	**176,234**

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MCO -Solvency -Family Care-												
Working Capital												
Current Assets	1,647,431	3,639,463	7,157,562	13,543,677	10,348,976	6,302,520	7,781,074	43,605,323	21,267,953	14,285,736	2,599,577	132,179,291
Current Liabilities	1,187,822	2,824,187	2,301,059	13,185,648	3,163,473	4,500,698	7,572,592	35,735,941	18,967,433	21,937,853	4,377,755	115,754,462
Working Capital	459,609	815,275	4,856,503	358,030	7,185,503	1,801,821	208,482	7,869,381	2,300,520	(7,652,117)	(1,778,178)	16,424,829
Required 2008	197,678	367,984	$ 551,015	1,182,526	564,796		$ 974,097	3,528,856	1,944,069	315,133	111,691	111,691
Excess/(shortage)	261,931	447,291	4,305,488	(824,497)	6,620,707	1,801,821	(765,615)	4,340,525	356,451	(7,967,250)	(1,889,869)	16,313,138
Restricted Reserve												
Current Restricted Reserve	648,999	655,934	1,161,941	1,295,875	1,207,976	1,532,630	1,539,517	2,000,000	2,200,091	1,716,820	620,714	14,580,497
Required 2008	633,577	901,976	$1,101,015	1,101,015	1,114,796	1,466,629	1,524,097	2,000,000	$ 2,000,000	822,700	429,228	13,095,033
Excess/(shortage)	15,422	(246,042)	60,926	194,860	93,180	66,001	15,420	0	200,091	894,120	191,486	1,485,464
Solvency Fund												
Current Solvency Fund	0	0	250,000	1,295,875	304,274	250,457	251,583	250,000	2,018,542	0	620,714	5,241,445
Required 2008	0	959,980	250,000	1,116,263	250,000	250,000	$ 1,287,048	250,000	2,000,000	893,917	529,228	7,786,436
Excess/(shortage)	0	(959,980)	0	179,612	54,274	457	(1,035,465)	0	18,542	(893,917)	91,486	(2,544,991)
Total Equity	816,456	1,171,209	6,846,711	4,672,775	8,840,116	4,045,573	2,679,162	10,119,381	6,685,448	(702,108)	(1,370,088)	

MCO Financial Statement Summaries
Family Care Partnership/PACE
YTD for Period Ending Dec 31, 2008, Audited

Attachment 3

	CHP-PHP	Care WI- CWHP	CCHP	Total
Revenue				
Capitation-MA	64,234,464	36,145,344	41,372,771	141,752,579
Capitation- MC	36,403,609	20,482,033	32,948,913	89,834,555
Interest Income- Operating Acct		661,154	288,671	949,825
Other Income	81,227	418,502		499,729
Total Service Revenue	100,719,300	57,707,033	74,610,355	233,036,688
Expenses				
Member Services-LTC	42,233,322	14,513,522	34,109,900	90,856,744
Member Services-Other	29,269,177	20,735,945	25,947,784	75,952,906
Cost Share, Net	(1,778,986)	(1,041,036)	(1,233,606)	(4,053,628)
Room & Board, Net		(973,724)	(865,825)	(1,839,549)
Spend Down & Third Party	(19,673)		(6,589)	(26,262)
Net Member Services Costs	69,703,840	33,234,707	57,951,665	160,890,211
Net Care Management Costs	20,321,567	15,086,602	8,279,009	43,687,178
Administrative Expenses	8,277,135	9,428,902	6,026,343	23,732,380
Total Operating Expenses	98,302,542	57,750,211	72,257,016	228,309,769
Income (Loss) from Operations	**2,416,758**	**(43,178)**	**2,353,339**	**4,726,919**
Other (Revenue)/Expense				
Prior Year Adjustment			(3,034,894)	(3,034,894)
Other Funding				0
Investment Income	(660,038)	365,084	(547,637)	(842,591)
Other Non-Operating	154,500		290,585	445,085
Total Other Revenue/(Expense)	(505,538)	365,084	(3,291,946)	(3,432,400)
Net Surplus/(Deficit)	**2,922,296**	**(408,262)**	**5,645,285**	**8,159,319**
Member Months	**19,391**	**10,237**	**13,560**	**43,188**
Key Ratios (as % of Revenue)				
Member Service Expense, Net	69.21%	57.59%	77.67%	69.04%
Care Management Service Expense	20.18%	26.14%	11.10%	18.75%
Total Member Service Expense	89.38%	83.74%	88.77%	87.79%
Administrative Expense	8.22%	16.34%	8.08%	10.18%
Total Operating Expense	97.60%	100.07%	96.85%	97.97%
Net Suplus(Deficit)	2.90%	-0.71%	7.57%	3.50%

MCO Financial Statement Summaries
Family Care Partnership/PACE
YTD for Period Ending Dec 31, 2008, Audited

Attachment 3

Summary PMPM Presentation	CHP-PHP	Care WI- CWHP	CCHP	Total
Revenue				
Capitation-MA	3,312.59	3,530.68	3,051.09	3,282.18
Capitation- MC	1,877.35	2,000.69	2,429.86	2,080.06
Interest Income- Operating Acct	0.00	64.58	21.29	21.99
Other Income	4.19	40.88	0.00	11.57
Total Service Revenue	5,194.13	5,636.83	5,502.24	5,395.81
Expenses				
Member Services-LTC	2,177.99	1,417.68	2,515.48	2,103.73
Member Services-Other	1,509.42	2,025.49	1,913.55	1,758.64
Cost Share	(91.74)	(101.69)	(90.97)	(93.86)
Room & Board	0.00	(95.11)	(63.85)	(42.59)
Spend Down & Third Party	(1.01)	0.00	(0.49)	(0.61)
Net Member Services Costs	3,594.65	3,246.37	4,273.72	3,725.30
Net Care Management Costs	1,047.99	1,473.66	610.55	1,011.55
Administrative Expenses	426.85	921.02	444.42	549.51
Total Operating Expenses	5,069.49	5,641.05	5,328.69	5,286.36
Income (Loss) from Operations	**124.63**	**(4.22)**	**173.55**	**109.45**
Other (Revenue)/Expense				
Prior Year Adjustment	0.00	0.00	(223.81)	(70.27)
Other Funding	0.00	0.00	0.00	0.00
Investment Income	(34.04)	35.66	(40.39)	(19.51)
Other Non-Operating	7.97	0.00	21.43	10.31
Total Other (Revenue)/Expense	(26.07)	35.66	(242.77)	(79.47)
Net Surplus/(Deficit)	**150.70**	**(39.88)**	**416.32**	**188.92**
Member Months	**19,391**	**10,237**	**13,560**	**43,188**