

**DIVISION OF FINANCIAL OVERSIGHT  
UPDATE TO THE FSSB  
FEBRUARY 9, 2012**

**RECENT ACTIVITIES**



# DFO Responsibilities

- Financial Examinations
- Financial Statement Review
- Review of Health Plan Filings
- Medical Loss Ratio Exams
- Claims Initiative Exams

# Knox-Keene Licensed Plans



\* Excludes 15 Quality Improvement Fee Plans

# Full Service Enrollment\*

(in Millions)

	<u>3/31/11</u>	<u>6/30/11</u>	<u>9/30/11</u>
<b>Full Service Lives</b>	21.8	22.0	22.5
<b>● Key Enrollment Blocks:</b>			
<u>Commercial lines of business</u>	<u>3/31/11</u>	<u>6/30/11</u>	<u>9/30/11</u>
● Large Group	8.15	8.11	8.10
● Small Group	0.96	0.96	0.96
● Individual	0.20	0.20	0.19
● Point of Service (POS)	0.12	0.11	0.11
● PPO Group & Individual	<u>1.67</u>	<u>1.66</u>	<u>1.65</u>
<b>Total Commercial</b>	<b>11.10</b>	<b>11.04</b>	<b>11.01</b>
<u>Government lines of business</u>			
● Medi-Cal	5.10	5.22	5.39
● Medicare Risk & Medicare Supp	2.00	2.02	2.04
● Healthy Families Program	<u>0.96</u>	<u>0.99</u>	<u>1.00</u>
<b>Total Government</b>	<b>8.06</b>	<b>8.23</b>	<b>8.43</b>

\*Total Enrollment As Reported by Plans including Plan to Plan enrollees.

# Health Plan Updates

- Claims Initiative results show fewer violations
- Surrenders
- Mergers
- Acquisitions
- Applications

# DFO Activities

## FY2007-FY2011

Fiscal Year	2007/08	2008/09	2009/10	2010/11	YTD * 2011/12
Exams Completed	39	32	25	29	14
Exams Started	46	32	22	33	10
Claims Initiative Exams Started	N/A	N/A	5	2	3
Financial Statements Received	1,506	1,261	1,610	1,273	632
Health Plan Filings Reviewed	2,146	2,981	2,603	2,358	2,120
MLR Exams Started (MRMIB)	13	11	13	11	7
MLR Exams Started (DHCS)	N/A	N/A	N/A	N/A	8

\*Fiscal year 2011/12 info through Dec 31

# Closely Monitored Plans

	3/31/2011	6/30/2011	9/30/2011*
Full Service Plans	22	23	22
Dental Plans	5	6	7
Pharmacy Plans	4	5	5
Discount Plans	3	3	3
Psychological Plans	1	2	2
Vision Plans	1	2	3
<b>Total-Closely Monitored</b>	<b>36</b>	<b>41</b>	<b>42</b>
<b>Total All Plans</b>	<b>110</b>	<b>109</b>	<b>109</b>
<b>Percentage</b>	<b>32.7%</b>	<b>37.6%</b>	<b>38.5%</b>

\*1.93 million enrollees are in Closely Monitored Plans

# Closely Monitored Full Service Plans

	3/31/2011	6/30/2011	9/30/2011
Medicare Plans	14	14	13
Medi-Cal Plans	6	5	7
Commerical Plans	2	4	2
Full Service	22	23	22
Total Full Service	55	55	55
Percentage of Total	40.0%	41.8%	40.0%



# TNE Deficient Plans

- **As of 6/30/2011**
  - 2 Vision Plans, 1 Dental Plan
  - 56,603 specialty lives
- **As of 9/30/2011**
  - 1 Vision Plan, 1 Dental Plan
  - 18,346 specialty lives

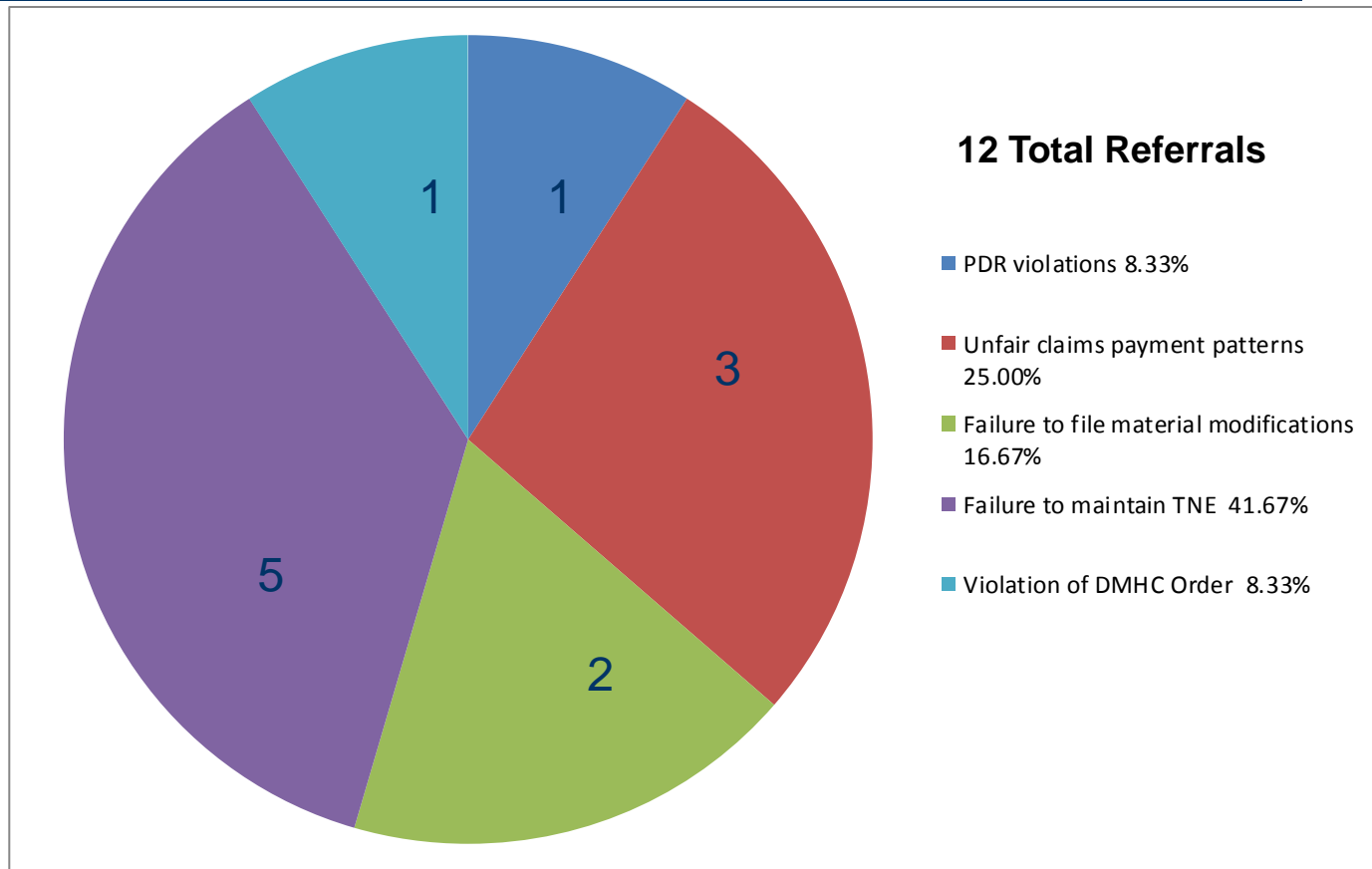
# PLAN RESERVES - As Percentage of TNE over Minimum Required TNE

9/30/11

- Commercial Plans (7)
  - For Profit 490%
  - Not-for-Profit 1,212%
  
- Regional Medi-Cal Plans\* 451%
  
- Medi-Cal (County Organized Health System & Local Initiatives) \* 359%

\*Excludes 1 outlier plan in each category

## Enforcement Referrals For Calendar Year 2011



## Bureau of State Audits Examination Findings on Medi-Cal Managed Care Plans

- DFO did not always promptly and adequately review every report received.
- DFO's process for monitoring Local Initiatives' corrective action plans is not effective.

## WHAT'S NEXT

- Second round of claim initiative examinations
- Medical Loss Ratio examinations of Medi-Cal Managed Care health plans
- Implementation of Medical Loss Ratio filings for affected plans

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**Questions?**