

DIVISION OF FINANCIAL OVERSIGHT

RECENT ACTIVITIES

DFO's Licensees as of August 3, 2011

● Full Service Plans	56	
● Dental Plans	17	
● QIF Plans	15	
● Psychological Plans	10	
● Vision Plans	10	
● Pharmacy Plans (Medicare Part D)	6	
● Discount Plans	4	
● Chiropractic Plans	3	
● Dental/Vision Plan	3	
● Grand Total		124

Full Service Enrollment @ March 31, 2011

● Large Group	8,147,629
● Medi-Cal	5,099,989
● Medicare Risk & Medicare Supp	2,008,235
● PPO Group & Individual	1,676,616
● Small Group & Individual	1,168,979
● Apprx Total Full Service Lives	21,800,000

DFO's Watch List/Plans below 130% of Minimum Required TNE, New and Fiscally Challenged Plans

● Full Service Plans	22
● Pharmacy Plans	4
● Discount Plans	3
● Dental Plans	4
● Dental/Vision Plans	1
● Psychological Plans	1
● Vision Plans	1
● GRAND TOTAL	36 out of 109/33%

Type of Full Service Plan below 130% of Minimum Required TNE, New and Fiscally Challenged Plans

Medicare Plans	14
Medi-Cal Plans	6
Commercial Plans	2
GRAND TOTAL	22

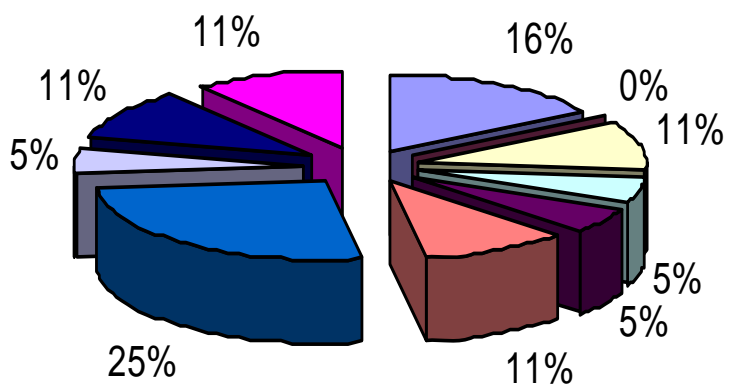
PLAN RESERVES - Average Percentage TNE over Minimum Required TNE as of March 31, 2011

- Commercial Plans
(7 Large Plans) 1,010%
- Regional Medi-Cal Plans
excluding 1 outlier 458%
- Medi-Cal (COHS & LI's)
excluding 2 outliers 341%

DFO Activities

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Exams Completed	33	32	39	32	25	29
Exams Started	28	37	46	32	22	33
Financial Statements Received	1,238	1,174	1,506	1,261	1,610	1,273
Health Plan Filings Reviewed	2,548	1,045	2,146	2,981	2,603	2,358
MLR Exams (MRMIB)	6	12	13	11	13	11
MLR Exams (DHCS) Effective 2011/2012	N/A	N/A	N/A	N/A	N/A	N/A
SB1163 Rate Filings	N/A	N/A	N/A	N/A	N/A	34

Enforcement Referral Type 2010-2011



- Timely pay claims.
- Tmely pay emergency room (ER) claims.
- PDR violations
- Unfair claims payment patterns
- Lack adequate administrative capacity
- Failure to file material modifications.
- Failure to maintain TNE
- File financial reports timely
- Violation of GAAP.
- Restricted deposit

Claims Initiative

- Providers were complaining that their claims were not being paid accurately and timely
- Examinations started in December of 2008 and concluded in late 2010
- Review Claims for 7 largest full services health plans
- Represent 80% of commercial enrollment
- Resulted in fines of ~\$5M
- Starting 2nd round of examinations

CORRECTIVE ACTION PLANS AS OF JUNE 30, 2011

- Total dollar amount of claims remediated: \$1.4 million
- Total dollar amount of provider disputes remediated: \$502,000
- Two (2) Plans have completed their CAPs.
- Five (5) Plans are still in the process of completing their CAPs.

WHAT'S NEXT

- The Department has begun the second round of claim initiative examinations.
- The Department will be routinely conducting these examination every 18 months.
- The Department is also reviewing claims and provider disputes for the other Plans during their routine financial examinations conducted every 3 years.
- Rate Review (SB1163)
- DFO is performing MLR examinations of Medi-Cal Managed Care health plans for DHCS related to the 1115 Waiver (California Section 1115 Medicaid Demonstration Waiver Program) specific to the Seniors and Persons with Disabilities enrollees from DHCS.

Questions?