

DIVISION OF FINANCIAL OVERSIGHT UPDATE TO THE FSSB

November 8, 2012

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DFO Responsibilities

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

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Knox-Keene Licensed Plans

* Excludes 15 Quality Improvement Fee Plans

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Full Service Enrollment (in Millions)

	<u>9/30/11</u>	<u>12/31/11</u>	<u>3/31/11</u>	<u>6/30/12</u>
Full Service Lives	22.3	22.4	22.5	22.5*
• Key Enrollment Blocks:				
<u>Commercial lines of business</u>	<u>9/30/11</u>	<u>12/31/11</u>	<u>3/31/11</u>	<u>6/30/12</u>
• Large Group	8.03	8.01	7.52	7.49
• Small Group	1.03	1.03	1.04	1.04
• Individual	0.19	0.19	0.18	0.17
• Point of Service (POS)	0.11	0.11	0.07	0.07
• PPO Group & Individual	<u>1.65</u>	<u>1.67</u>	<u>1.61</u>	<u>1.58</u>
Total Commercial	11.01	11.01	10.42	10.35
<u>Government lines of business</u>				
• Medi-Cal	5.39	5.49	5.45	5.52
• Medicare Risk & Medicare Supp	2.04	2.07	2.11	2.18
• Healthy Families Program	<u>0.85</u>	<u>0.86</u>	<u>0.86</u>	<u>0.86</u>
Total Government	8.28	8.42	8.42	8.56

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

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DFO Activities

FY 2008-FY 2013

Fiscal Year	2008/09	2009/10	2010/11	2011/12	YTD * 2012/13
Exams Started	32	22	33	24	4
Exams Completed	32	25	29	21	5
Claims Initiative Exams Started	N/A	5	2	4	1
Financial Statements Received	1,261	1,610	1,273	1,286	327
Health Plan Filings Reviewed	2,981	2,603	2,358	2,232	705
MLR Exams Completed (MRMIB)	11	13	11	10	0
MLR Exams Started (DHCS)	N/A	N/A	N/A	10	4
DHCS MLR Completed	N/A	N/A	N/A	6	0

*Fiscal year 2012/13 info through Oct 16

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Closely Monitored Plans

	9/30/2011	12/31/2011	3/31/2012	6/30/2012*
Full Service Plans	22	23	22	22
Dental Plans	7	6	4	2
Pharmacy Plans	5	3	4	4
Discount Plans	3	3	3	2
Psychological Plans	2	4	2	2
Vision Plans	3	3	6	2
Total-Closely Monitored	42	42	41	34
Total All Plans	109	109	108	106
Percentage	38.5%	38.5%	38.0%	32.0%

*1.65 million full service enrollees and 4.5 million specialty enrollees are in Closely Monitored Plans

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Closely Monitored Full Service Plans

	9/30/2011	12/31/2011	3/31/2012	6/30/2012
Medicare Plans	13	10	12	11
Medi-Cal Plans	7	8	7	5*
Commercial Plans	2	5	3	6
Full Service	22	23	22	22
Total Full Service	55	55	54	54*
Percentage of Total	40.0%	41.8%	40.7%	40.7%

*Includes 1 County Organized Health Plan that does not have a Knox-Keene license.

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TNE Deficient Plans

As of QE 9/30/2011

- 1 Vision Plans, 1 Dental Plan
- 18,346 specialty lives

As of QE 12/31/2011

- 1 Dental Plan, 1 Full Service Plan
- 17,215 dental lives, 1 full service life

As of QE 3/31/2012

- 1 Dental Plan, 16,998 lives

As of QE 6/30/2012

- 1 Dental Plan, 16,998 lives

As of ME 8/31/2012

- 1 Full Service Plan, 6,336 lives

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Plan Reserves- As Percentage of TNE over Minimum Required TNE

	6/30/12
• Commercial Plans (7)	990%
— For Profit	448%
— Not-for-Profit	1,244%
• Regional Medi-Cal Plans*	483%
• Medi-Cal (County Organized Health System & Local Initiatives) *	370%

* Excludes 1 outlier plan in each category

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American HealthGuard

- For profit dental plan
- Large Medi-Cal enrollment; some commercial
- Significant financial viability concerns
- Conservator appointed by the Department August 13, 2012
- Conservator confirmed that the Plan was not financially viable and recommended that the lives be transferred immediately to another plan
- All members transferred to another dental plan effective September 1, 2012

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Questions?

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