

Financial Summary

Medicare Advantage Plans and Medicare Advantage Restricted License Plans

Quarter Ending June 30, 2017

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I. Overview

Medicare is the federal health insurance program administered by the Centers for Medicare & Medicaid Services (CMS) that serves the following beneficiaries: people who are 65 or older, certain younger people with disabilities, and people with End-Stage Renal Disease (permanent kidney failure requiring dialysis or a transplant, sometimes called ESRD).¹ There are two main systems for the delivery of medical services to Medicare beneficiaries: Original Medicare where coverage is managed by the federal government and providers are paid on a fee-for-service basis, or through a Medicare Advantage (MA) Plan, a type of health plan offered by a private company contracted with CMS to provide benefits to Medicare beneficiaries.

MA Plans include Health Maintenance Organizations, Preferred Provider Organizations, Private Fee-for-Service Plans, Special Needs Plans, and Medicare Medical Savings Account Plans. Each MA organization must be licensed under State law as a risk-bearing entity. This means the entity is licensed or otherwise authorized by the State to assume risk for offering health insurance or health benefits coverage, such that the entity is authorized to accept prepaid capitation for providing, arranging, or paying for comprehensive health services under an MA contract.² State laws and regulations that regulate health plans do not apply to MA Plans except as they pertain to licensure and/or solvency.

This report provides information regarding MA Plans, including Medicare Advantage – Restricted License³ (MA-RL) Plans. MA-RL Plans provide and administer health care services to Medicare enrollees as a subcontractor to MA Plans (plan-to-plan-contracts). For the purpose of this report, a plan is considered MA or MA-RL if the plan reports Medicare enrollment as greater than or equal to 50% of total enrollment.

MA and MA-RL Plans must be licensed under the Knox-Keene Health Care Service Plan Act of 1975 (Knox-Keene Act), as amended, for the MA line of business. The Department of Managed Health Care (DMHC) licenses and oversees MA and MA-RL Plans for administrative capacity and financial solvency compliance. All other compliance oversight is performed by CMS. The DMHC currently licenses 12 MA Plans serving 441,000 Medicare enrollees, and 11 MA-RL Plans serving 94,000 Medicare enrollees for a total of 23 plans serving 535,000 Medicare beneficiaries. Of the 11 MA-RL Plans

¹ <https://www.medicare.gov/sign-up-change-plans/decide-how-to-get-medicare/whats-medicare/what-is-medicare.html>

² <https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/mc86c10.pdf>

³ Restricted licensees are Knox Keene licensed health plans that get their enrollment through subcontracts with other, fully-licensed health care service plans. Restricted licensees do not contract directly with CMS, the California Department of Health Care Services, employer groups, and/or individuals. They are not allowed to market, solicit, or sell plan contracts to individual members of the public, employers or any other person or group. Restricted licensees must comply with Knox-Keene requirements as delegated to them by the fully-licensed health care service plans.

one was licensed in 2016 and two were licensed in 2017. The DMHC is currently reviewing seven MA applications for Knox-Keene licensure - one MA and six MA-RL applicants.

This report includes enrollment and financial information reported by MA and MA-RL Plans as of the quarter ending (QE) June 30, 2017.

II. Summary of Findings

Key findings from this report include:

- Medicare enrollment in MA Plans was 441,000 as of June 2017, an increase of 8% compared to June 2016.
- Medicare enrollment in MA-RL Plans was 94,000 as of June 2017, an increase of 96% compared to June 2016. The significant increase in enrollment can be contributed to an increase in plan-to-plan contracts. This refers to MA-RL Plans that enter into contracts with MA Plans to provide and administer health care services to Medicare enrollees as a subcontractor.
- Per Member Per Month (PMPM) premium revenue exceeded PMPM medical expense for MA and MA-RL Plans for all but four plans for the Quarter Ending (QE) June 30, 2017.
- As of June 2017, all MA and MA-RL Plans reported Tangible Net Equity (TNE) reserves in compliance with the minimum requirements.

III. Medicare Advantage (MA) Plans

A. Highlights

- MA Plans must be licensed under the Knox-Keene Act, as amended, for the MA line of business.
- The 12 MA Plans and the counties in which they are licensed to provide services are as follows:
 1. Alignment Health Plan – Los Angeles, Orange, Riverside, San Bernardino, San Joaquin, Santa Clara, Stanislaus
 2. Arcadian Health Plan, Inc. – Contra Costa, Fresno, Kings, Los Angeles, Madera, Orange, Riverside, San Bernardino, San Diego, San Joaquin, Santa Barbara, Stanislaus, Tulare, Ventura
 3. Aspire Health Plan - Monterey
 4. CareMore Health Plan – Los Angeles, Orange, Riverside, San Benito, San Bernardino, Santa Clara, Stanislaus
 5. Central Health Plan of California, Inc. – Los Angeles, Orange, Riverside, San Bernardino, San Diego, Ventura
 6. EASY CHOICE HEALTH PLAN, Inc. – Imperial, Los Angeles, Orange, Riverside, San Bernardino
 7. Golden State Medicare Health Plan – Alameda, Contra Costa, Kern, Los Angeles, Monterey, Orange, Riverside, San Luis Obispo, Stanislaus
 8. Humana Health Plan of California, Inc. – Alameda, Contra Costa, Fresno, Kings, Los Angeles, Madera, Monterey, Orange, Placer, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, San Joaquin, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Solano, Sonoma, Stanislaus, Tulare, Tuolumne, Ventura, Yolo
 9. Inter Valley Health Plan – Los Angeles, Orange, Riverside, San Bernardino
 10. Scan Health Plan – Imperial, Kern, Los Angeles, Marin, Napa, Orange, Riverside, San Bernardino, San Diego, San Francisco, San Joaquin, Santa Clara, Sonoma, Ventura

11. Stanford Health Care Advantage – Santa Clara

12. Universal Care – Kern, Kings, Los Angeles, Orange, Riverside, San Bernardino, Ventura

- Although Humana Health Plan of California, Inc. is licensed to conduct MA business in numerous California counties, it had no MA enrollment as of June 30, 2017; therefore, data in this report is for 11 plans and excludes Humana Health Plan of California, Inc.. Enrollment from Humana Health Plan of California, Inc. was transferred to Arcadian Health Plan, Inc. in January 2016. Both Humana Health Plan of California, Inc. and Arcadian Health Plan, Inc. are owned by Humana, Inc., a publicly traded company.
- MA Plans reported total enrollment of 469,583 as of June 2017. Medicare beneficiaries account for about 94% of the total MA Plan enrollment. The remaining 6% of non-MA enrollment includes other lines of business such as Medi-Cal, Medi-Cal and Medicare dually eligible beneficiaries, and Medicare beneficiaries residing in other states.
- June 2017 total enrollment in MA Plans increased by 8.1% compared to June 2016.
- PMPM premium revenue outpaced PMPM medical expense for the QE June 30, 2017 for 9 of the 11 MA Plans.
- For the QE June 30, 2017, MA Plans reported net income of \$13.7 million, compared to net income of \$9.8 million reported for the QE June 30, 2016.
- MA Plans reported TNE that ranged from 110% to 1348% for the QE June 30, 2017.
- MA Plans reported negative cash flow from operations of \$47 million for the QE June 30, 2017, compared to negative cash flow from operations of \$18 million for the same quarter in 2016.

B. Enrollment Trends

MA Plans provided services to 469,583 enrollees, of which 440,592 are MA enrollees as of June 2017. Total enrollment increased by 8.1% from June 2016 to June 2017. The table below lists total enrollment in MA Plans and the percentage of enrollment accounted for by MA enrollees. Two MA Plans, Arcadian Health Plan and EASY CHOICE HEALTH PLAN, Inc., reported decreases in membership by 2.5% and 20.4%, respectively.

Table 1
Enrollment in MA Plans
June 2017

Medicare Advantage Plans	Total Medicare Enrollment June 2017	Percentage of Medicare Enrollment June 2017	Total Enrollment June 2017	Total Enrollment June 2016	Enrollment Change	Percentage Enrollment Change
Alignment Health Plan	33,534	100%	33,534	19,698	13,836	70.2%
Arcadian Health Plan, Inc.	68,876	89%	77,514	79,498	(1,984)	-2.5%
Aspire Health Plan	2,353	100%	2,353	1,484	869	58.6%
CareMore Health Plan	54,223	93%	58,048	56,164	1,884	3.4%
Central Health Plan of California, Inc.	34,919	100%	34,919	32,810	2,109	6.4%
EASY CHOICE HEALTH PLAN, Inc.	25,188	100%	25,188	31,658	(6,470)	-20.4%
Golden State Medicare Health Plan	8,246	100%	8,246	6,935	1,311	18.9%
Inter Valley Health Plan	24,714	100%	24,714	22,779	1,935	8.5%
Scan Health Plan	173,668	93%	186,586	169,455	17,131	10.1%
Stanford Health Care Advantage	1,899	100%	1,899	1,021	878	86.0%
Universal Care	13,332	80%	16,582	13,043	3,539	27.1%
Total	440,952	94%	469,583	434,545	35,038	8.1%

Chart 1 illustrates the total enrollment trend for MA Plans over the last four years by comparing June year-over-year data. MA enrollment increased 25% from June 2015 to June 2016, but saw a more moderate increase of 8% from June 2016 to June 2017.

Chart 1

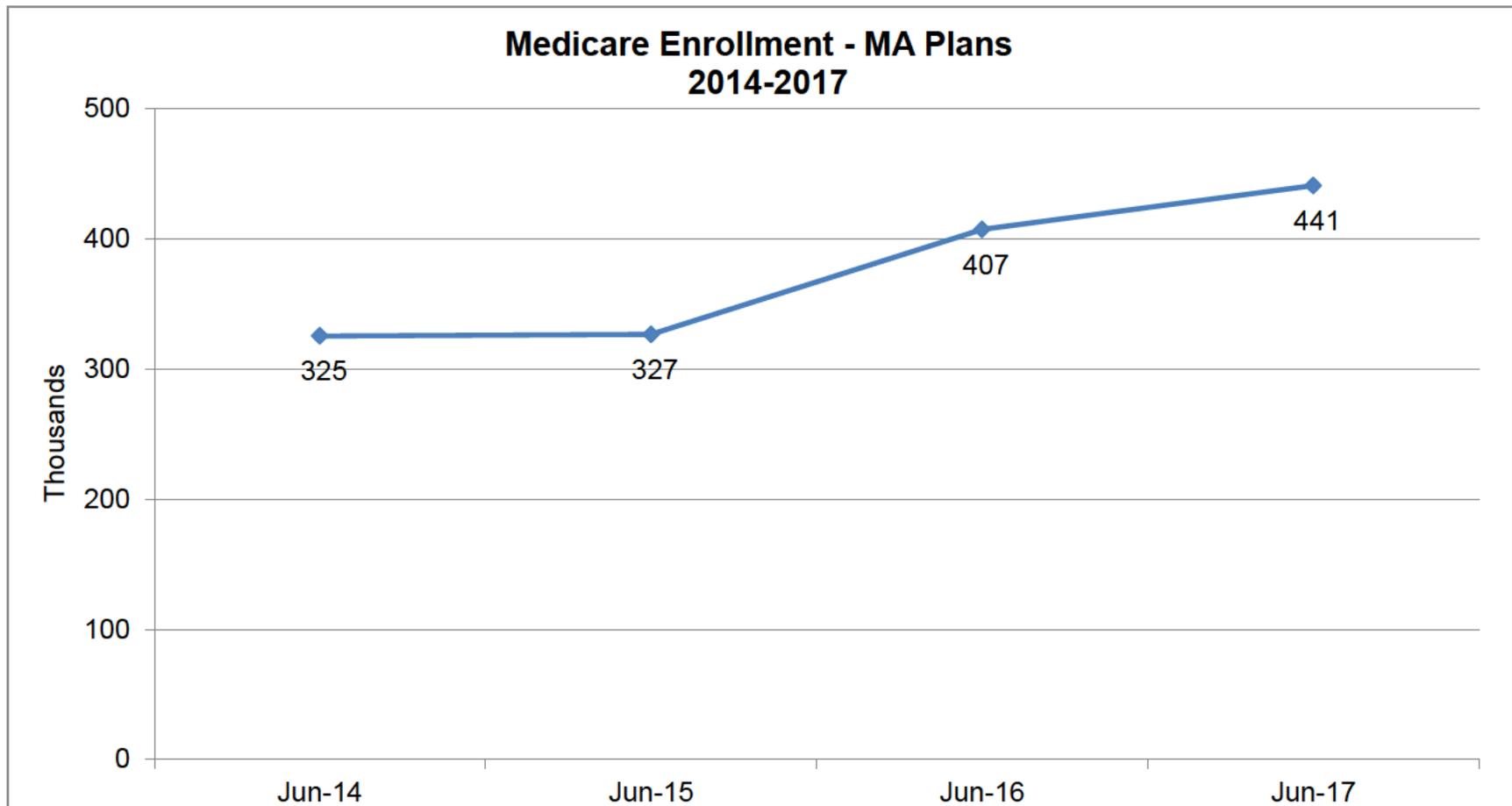
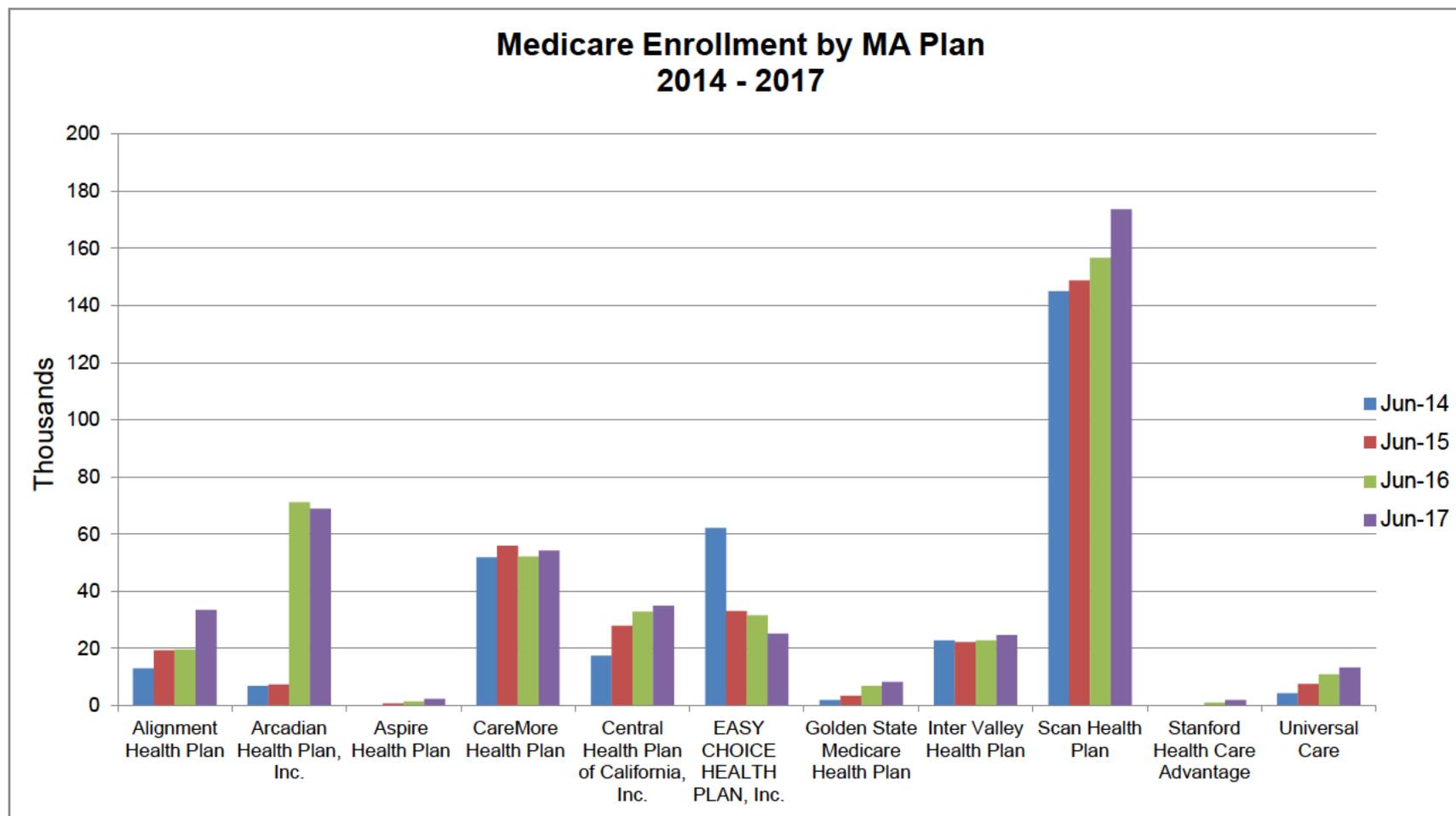


Chart 2 shows the Medicare enrollment for each MA Plan over the past four years. Nine MA Plans reported an increase in enrollment from June 2016 to June 2017.

Chart 2

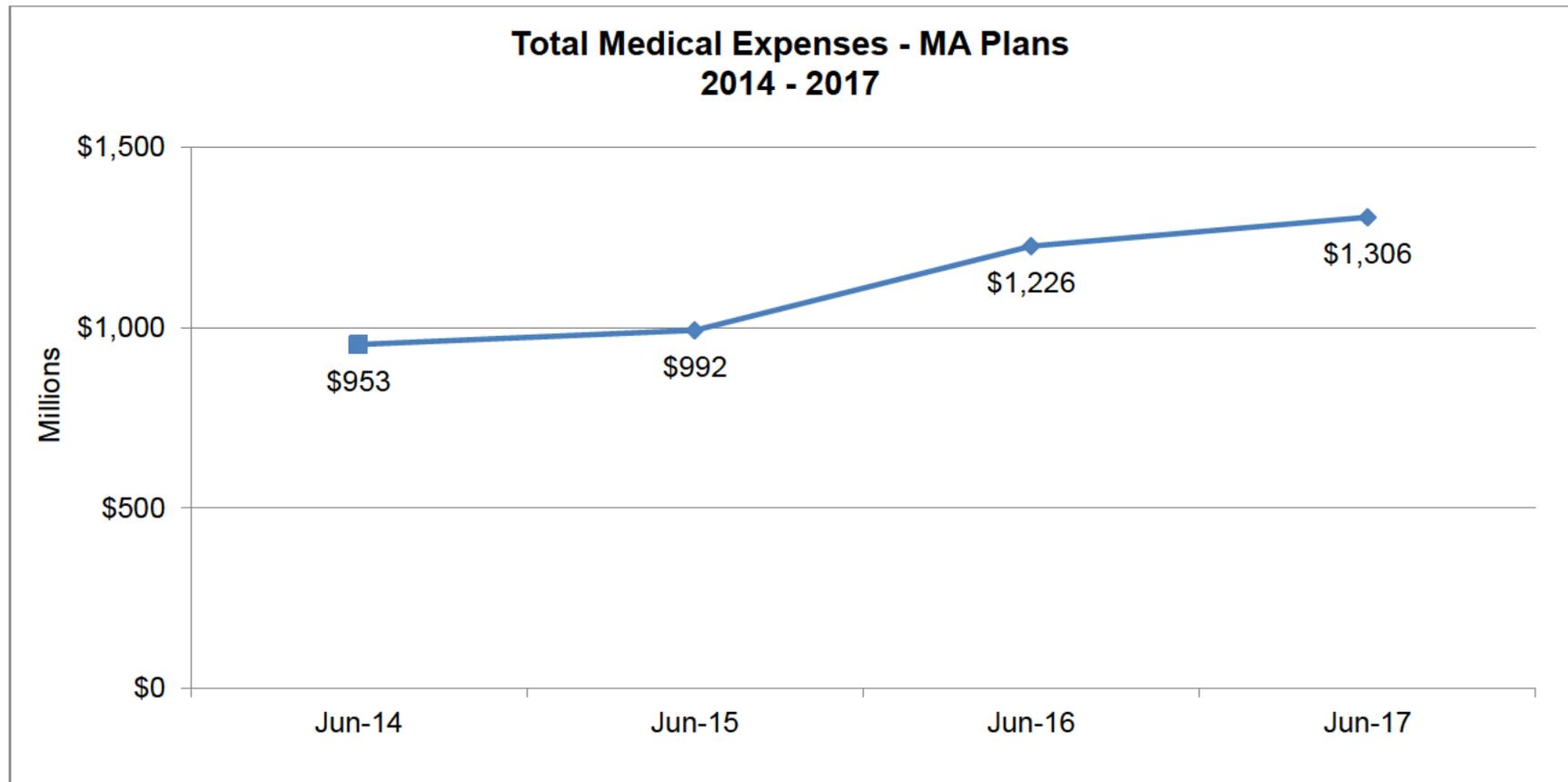


C. Financial Trends

Medical Expense

Chart 3 illustrates total medical expense for the MA Plans compared to the same quarter over the last four years. Total medical expense increased steadily from June 2014 to June 2017.

Chart 3



Per Member Per Month Medical Expense and Premium Revenue

PMPM medical expense and PMPM premium revenue is calculated by dividing the total medical expense or premium revenue by cumulative member months. Fluctuations in PMPM medical expense and premium revenue can be due to a number of factors including utilization of medical services by enrollees and premium rate adjustments.

Table 2 shows the PMPM medical expense and premium revenue of the MA Plans for the past four years, as well as the difference in PMPM medical expense and premium revenue for the QE June 30, 2017. CareMore Health Plan reported the highest PMPM revenue and expense. Two plans reported lower PMPM premium revenue than medical expense during 2017.

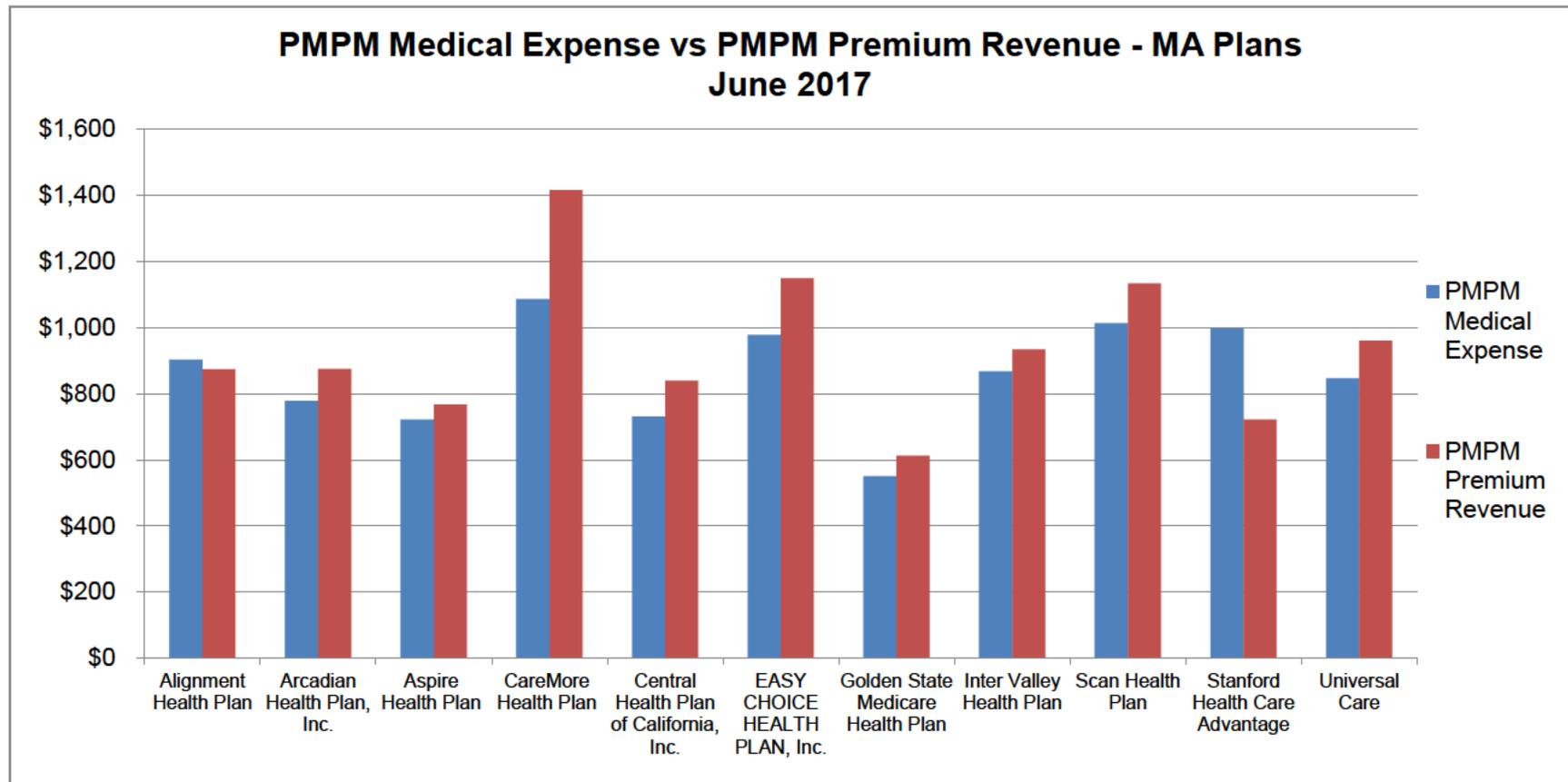
**Table 2
PMPM Medical Expense and Premium Revenue – MA Plans 2014 – 2017**

Medicare Advantage Plans	Jun-14		Jun-15		Jun-16		Jun-17		
	PMPM Medical Expense	PMPM Premium Revenue	PMPM Net Revenue						
Alignment Health Plan	\$935	\$715	\$863	\$914	\$961	\$1,008	\$903	\$874	(\$29)
Arcadian Health Plan, Inc.	\$825	\$835	\$773	\$761	\$829	\$862	\$778	\$875	\$97
Aspire Health Plan	\$807	\$807	\$860	\$766	\$894	\$806	\$722	\$767	\$45
CareMore Health Plan	\$1,031	\$1,289	\$1,147	\$1,432	\$1,083	\$1,428	\$1,086	\$1,416	\$330
Central Health Plan of California, Inc.	\$681	\$738	\$745	\$865	\$794	\$918	\$730	\$839	\$109
EASY CHOICE HEALTH PLAN, Inc.	\$864	\$849	\$835	\$898	\$930	\$1,055	\$978	\$1,150	\$172
Golden State Medicare Health Plan	\$987	\$1,021	\$902	\$868	\$831	\$835	\$550	\$612	\$62
Inter Valley Health Plan	\$829	\$904	\$880	\$955	\$926	\$1,008	\$868	\$934	\$66
Scan Health Plan	\$1,021	\$1,104	\$1,018	\$1,154	\$980	\$1,113	\$1,013	\$1,134	\$121
Stanford Health Care Advantage	Not Licensed		\$812	\$731	\$837	\$806	\$997	\$722	(\$275)
Universal Care	\$934	\$931	\$1,026	\$987	\$1,007	\$1,082	\$847	\$961	\$114

PMPM Medical Expense vs PMPM Premium Revenue

Chart 4 illustrates the MA Plans' PMPM medical expense vs PMPM premium revenue for QE June 30, 2017. The PMPM premium revenue exceeded the PMPM medical expense for all of the plans except for Alignment Health Plan and Stanford Health Care Advantage.

Chart 4



Net Income

Table 3 shows the Net Income for MA Plans over the past six quarters. For the QE June 30, 2017, eight of eleven MA Plans reported positive net income.

Table 3
MA Plans Net Income by Quarter (in thousands)

Medicare Advantage Plans	QE Mar-16	QE Jun-16	QE Sep-16	QE Dec-16	QE Mar-17	QE Jun-17
Alignment Health Plan	(\$6,430)	(\$8,781)	(\$3,365)	(\$6,049)	(11,041)	(\$17,593)
Arcadian Health Plan, Inc.	(\$21,929)	(\$11,471)	(\$14,173)	\$4,054	\$1,502	\$192
Aspire Health Plan	(\$1,241)	(\$2,219)	(\$1,754)	(\$443)	(\$1,517)	(\$1,654)
CareMore Health Plan	\$7,630	\$16,265	\$19,757	\$14,410	\$13,674	\$19,781
Central Health Plan of California, Inc.	(\$965)	\$1,296	\$1,533	\$1,032	\$677	\$1,599
EASY CHOICE HEALTH PLAN, Inc.	(\$4,566)	\$782	\$4,965	(\$422)	\$3,189	\$3,690
Golden State Medicare Health Plan	(\$266)	(\$117)	(\$140)	\$161	\$19	\$68
Inter Valley Health Plan	\$1,044	\$732	\$1,727	(\$3,158)	(\$3,168)	\$191
Scan Health Plan	\$5,271	\$18,662	\$16,342	\$940	(\$7,221)	\$10,191
Stanford Health Care Advantage	(\$1,628)	(\$1,220)	(\$1,899)	(\$1,720)	(\$2,427)	(\$2,830)
Universal Care	\$2,147	(\$4,152)	\$1,056	\$2,683	\$1,070	\$95
Total MA Net Income	(\$20,933)	\$9,777	\$24,049	\$11,488	(\$5,243)	\$13,730

Tangible Net Equity

TNE is a reserve requirement described in Rule 1300.76⁴ and is a measure of the financial health of plans. TNE is defined as a health plan's total assets minus total liabilities reduced by the value of intangible assets (i.e., goodwill⁵, organizational or start-up costs, etc.) and unsecured obligations of officers, directors, owners, or affiliates outside the normal course of business. Any debt that is properly subordinated⁶ may be added to the TNE calculation, which increases the plan's TNE.

The DMHC's minimum requirement for TNE reserves is 100%. If the health plan's TNE falls below 130%, the health plan must file monthly financial statements with the DMHC. If a health plan reports a TNE deficiency (TNE below 100%), the DMHC may take enforcement action against the plan.

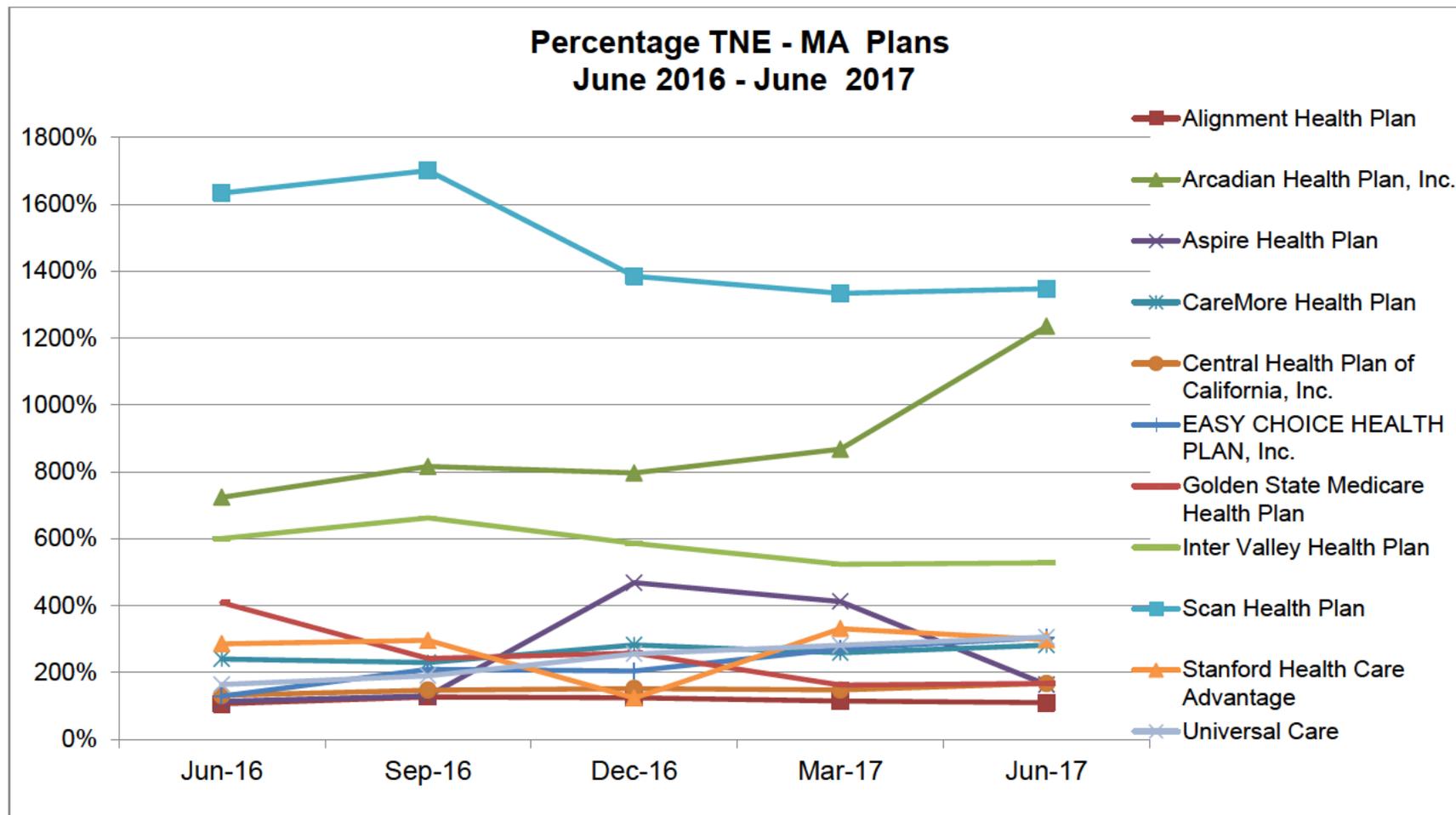
⁴ References throughout this report to "Section" are to sections of the Knox-Keene Health Care Service Plan Act of 1975, as codified in the California Health and Safety Code, Section 1340, et seq. References to "Rule" are to the regulations promulgated pursuant to the Knox-Keene Health Care Service Plan Act, found at Chapter 2 of Division 1, Title 28, of the California Code of Regulations, beginning with Section 1300.43.

⁵ Goodwill is an intangible asset that arises as a result of the acquisition of one company by another for a premium value.

⁶ Subordinated debt – is a loan that ranks below other loans with regard to claims on assets or earnings. In the case of default, creditors with subordinated debt would not get paid out until after the other creditors were paid in full.

The reported TNE for MA Plans overall was stable in 2016 and 2017. For June 2017, the reported TNE ranged from 110% to 1,348% of required TNE. All of the MA Plans had TNE that exceeded the regulatory requirements.

Chart 5



Cash Flow from Operations

Cash flow from operations measures the amount of cash generated by a plan's normal business operations. This is important because it indicates whether a company is able to generate sufficient positive cash flow to maintain and grow operations.

Care More Health Plan, Golden State Medicare Health Plan, and Universal Care were the only MA Plans that reported positive cash flow from operations in June 2017. For all MA Plans, the cash flow from operations totaled negative \$47 million in June 2017 compared to negative \$18 million in June 2016.

IV. Medicare Advantage Restricted License (MA-RL) Plans

A. Highlights

- MA-RL Plans must be licensed under the Knox-Keene Act, as amended for the MA line of business. Restricted licensees are Knox Keene licensed health plans that get their enrollment through subcontracts with other, fully-licensed health care service plans. Restricted licensees do not contract directly with CMS, the California Department of Health Care Services, employer groups, and/or individuals. They are not allowed to market, solicit, or sell plan contracts to individual members of the public, employers or any other person or group. Restricted licensees must comply with Knox-Keene requirements as delegated to them by the fully-licensed health care service plans.
- At present, 11 MA-RL Plans are licensed by DMHC to provide services in 18 counties.
- The MA-RL Plans and the counties in which they provide services are as follows:
 1. Access Senior HealthCare, Inc. – Los Angeles
 2. AmericasHealth Plan, Inc. – Ventura
 3. Brown and Toland Health Services – Alameda, Contra Costa, San Francisco,
 4. Choice Physicians Network, Inc. – Fresno, Kern, Los Angeles, Madera, Modesto, Riverside, San Bernardino and Tulare
 5. Dignity Health Provider Resources, Inc. – Kern
 6. Imperial Health Plan of California, Inc. – Alameda, Fresno, Kern, Kings, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Francisco, San Mateo, Santa Clara
 7. Medcore HP – San Joaquin
 8. Premier Health Plan Services, Inc. – Los Angeles, Orange
 9. Prospect Health Plan, Inc. – Los Angeles, Orange, Riverside, San Bernardino
 10. Providence Health Network – Los Angeles, Orange
 11. Sequoia Health Plan – Kings, Tulare

- Medcore HP and Sequoia Health Plan are newly licensed; their first quarterly financial statements are not due until November 15, 2017. Therefore, data in this report is for 9 plans and excludes Medcore HP and Sequoia Health Plan.
- MA-RL Plans reported total enrollment of 104,525 as of June 30, 2017 of which 94,000 are Medicare beneficiaries. Medicare beneficiaries account for about 90% of total MA-RL Plan enrollment.
- Total MA-RL Plan enrollment increased by 100.5% from June 2016 to June 2017 due to an increase in plan-to-plan contracts and an increase in the number of MA-RL Plans licensed to go business in California.
- PMPM premium revenue exceeded PMPM expense for the QE June 30, 2017, for 7 of the 9 MA-RL Plans.
- MA-RL Plans reported \$7,000 in total net loss for QE June 30, 2017, which was a 99.9% decrease from \$3.3 million total net income reported for the same quarter in 2016.
- MA-RL Plans reported TNE that ranged from 113% to 533%.
- MA-RL Plans reported negative \$17 million in net cash flow from operations, which was a 270% decrease from the \$10 million net cash flow from operations reported in June 2016.

B. Enrollment Trends

The MA-RL Plans provide services to 104,525 enrollees, 94,108 of which are Medicare enrollees in California as of June 2017. Total enrollment increased by 100.5% since June 2016. The table below lists MA-RL Plan total enrollment and the percentage of total MA-RL Plan enrollment accounted for by plan-to-plan lives. The table also shows the increase in enrollment from June 2016 to June 2017. AmericasHealth Plan and Access Senior reported a 156.1% and 112% increase in enrollment, respectively. However, Premier Health Plan reported a 2.4% decrease in enrollment.

Table 4
Enrollment in MA-RL Plans
June 2017

Medicare Advantage – Restricted License	Total MA-RL Plan Enrollment June 2017 ⁷	Percentage of Medicare Enrollment	Total Enrollment June 2017	Total Enrollment June 2016	Enrollment Increase	Percentage Enrollment Increase
Access Senior HealthCare, Inc.	3,646	100%	3,646	1,720	1,926	112.0%
AmericasHealth Plan, Inc.	858	100%	858	335	523	156.1%
Brown and Toland Health Services	9,949	100%	9,949	9,390	559	6.0%
Choice Physicians Network, Inc.	16,379	100%	16,379	13,044	3,335	25.6%
Dignity Health Provider Resources, Inc.	30,506	100%	30,506	N/A	30,506	N/A
Imperial Health Plan of California, Inc.	2,744	100%	2,744	N/A	2,744	N/A
Premier Health Plan Services, Inc. ⁸	5,512	100%	5,512	5,646	(134)	-2.4%
Prospect Health Plan, Inc.	13,295	100%	13,295	8,097	5,198	64.2%
Providence Health Network	11,219	52%	21,636	13,891	7,745	55.8%
Total	94,108	90%	104,525	52,123	52,402	100.5%

⁷ Medicare enrollment is estimated with information readily available and based on plan-to-plan agreements filed with DMHC. Enrollment may be double counted due to plan-to-plan contracts between MA plans and MA-RL plans.

⁸ Premier Health Plan Services' total enrollment used in this analysis excludes lives for which the plan has "Professional Risk" only.

Chart 6 illustrates the total enrollment trend in MA-RL Plans over the last four years by comparing June year-over-year data. Enrollment in MA-RL Plans increased steadily for QEs in June for the last three years.

Chart 6

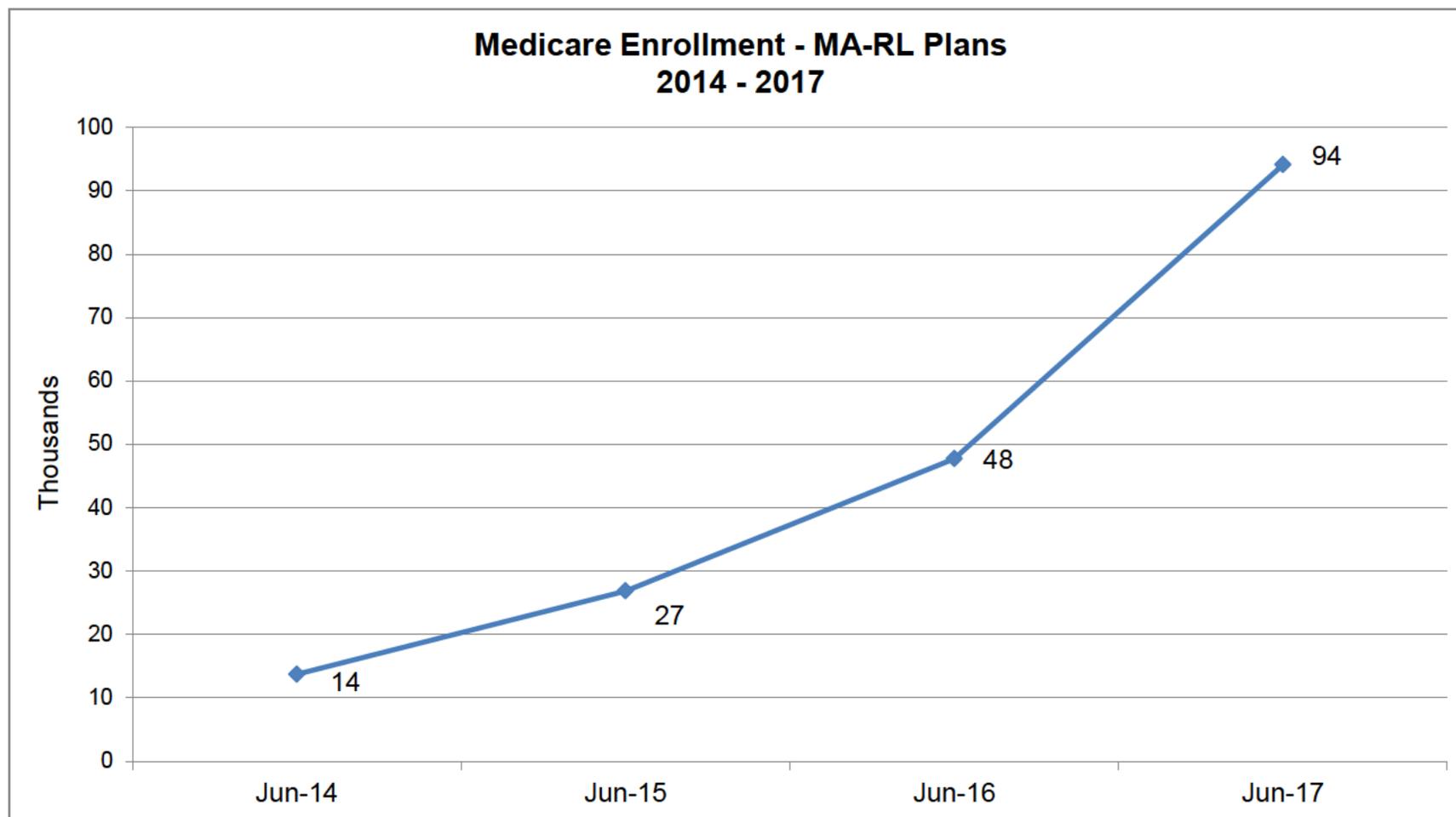
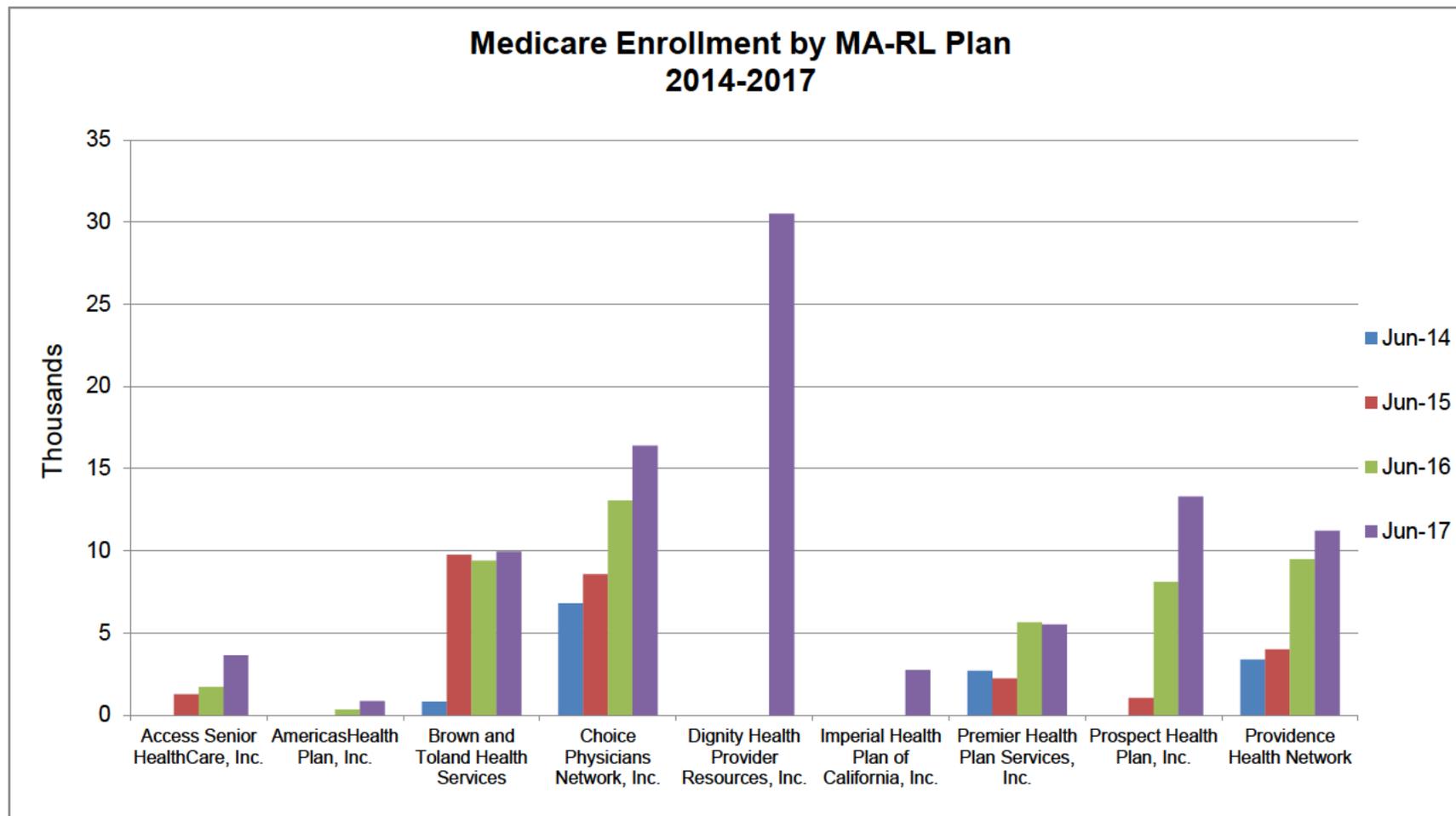


Chart 7 shows the growth of Medicare enrollment for quarters ending in June by MA-RL Plan over the past four years. All Plans except one reported growth in enrollment from June 2016 to June 2017. Premier Health Plan experienced a minor drop in enrollment.

Chart 7

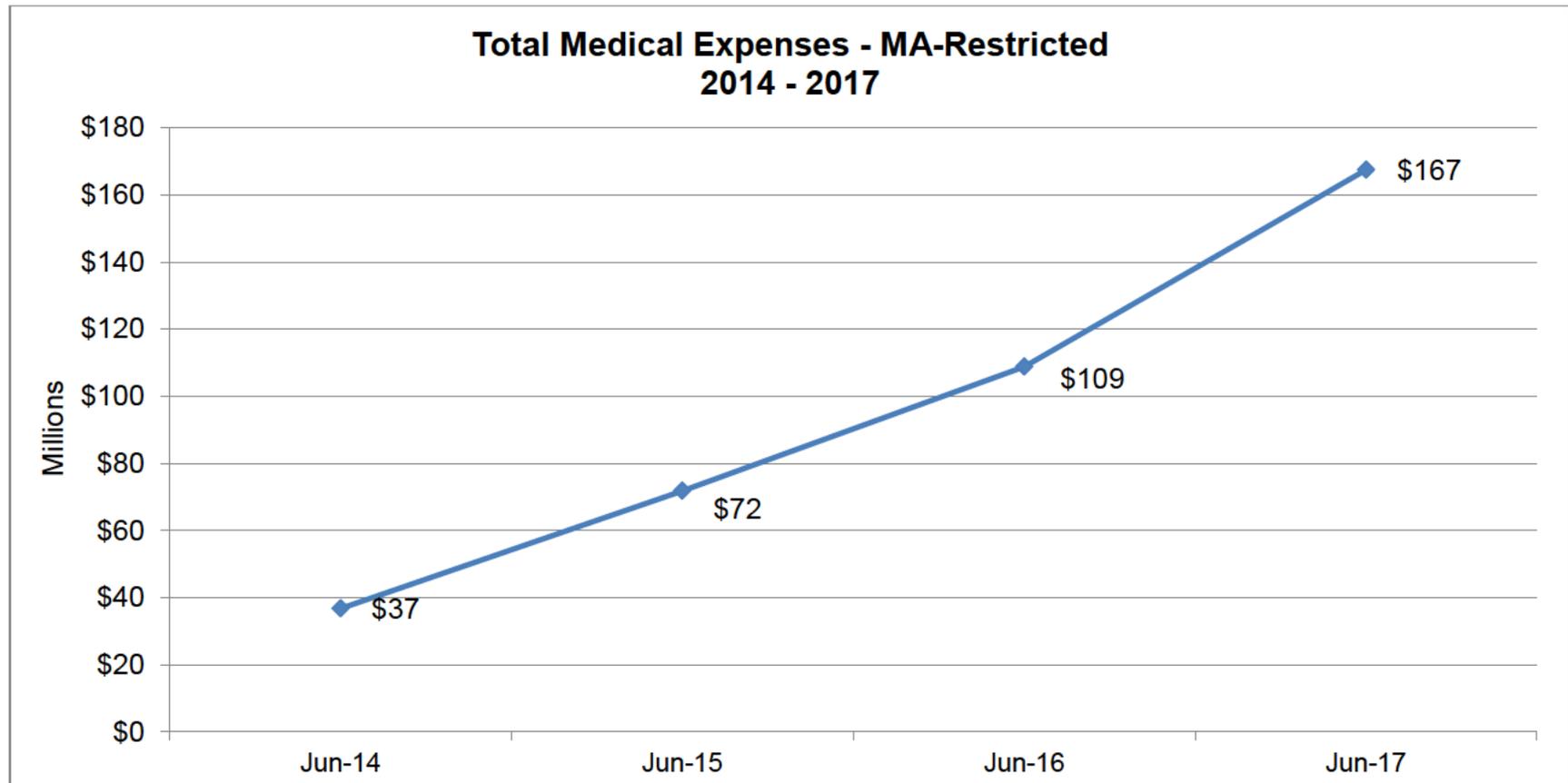


C. Financial Trends

Medical Expense

Chart 8 illustrates total medical expense for the MA-RL Plans compared to the same quarter over the last four years. Total medical expense increased constantly for quarters ending June in the last four years.

Chart 8



Per Member Per Month Medical Expense and Premium Revenue

Table 5 shows the PMPM medical expense and premium revenue of the MA-RL Plans for the past four years, as well as the difference in PMPM medical expense and premium revenue for the QE June 30, 2017. Access Senior reported the highest PMPM premium revenue and medical expense. Choice Physicians and Dignity Health's PMPM medical expense are almost as high as the PMPM premium revenue for the QE June 30, 2017. All MA-RL Plans except Prospect Health Plan, Inc. and Providence Health Network had higher PMPM premium revenue than medical expense for QE the June 30, 2017.

Table 5
PMPM Medical Expense and Premium Revenue – MA-RL Plans
2014 – 2017

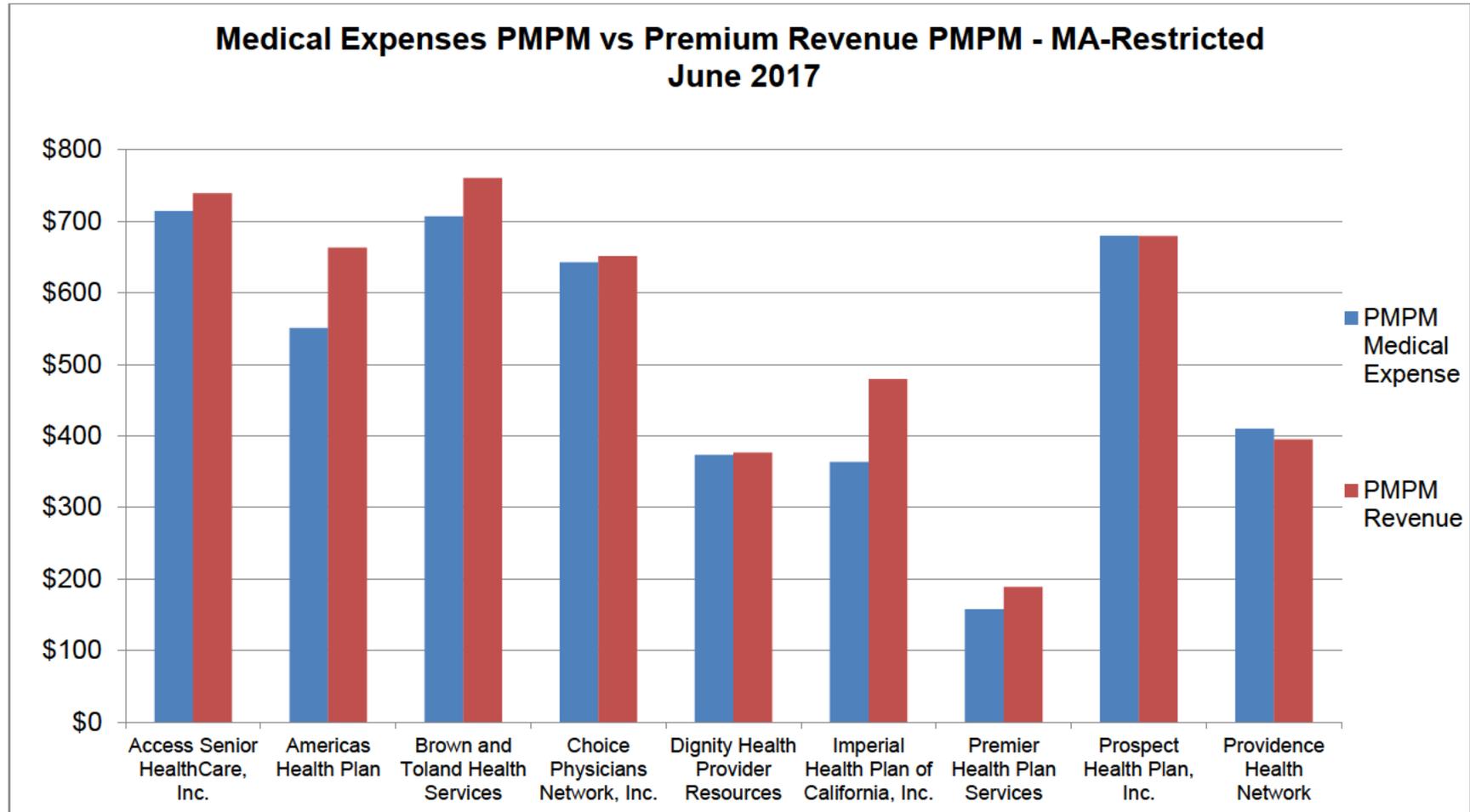
Medicare Advantage- Restricted License	Jun-14		Jun-15		Jun-16		Jun-17		
	PMPM Medical Expense	PMPM Premium Revenue	PMPM Medical Expense	PMPM Premium Revenue	PMPM Medical Expense	PMPM Premium Revenue	PMPM Medical Expense	PMPM Premium Revenue	PMPM Net
Access Senior HealthCare, Inc.	N/A	N/A	\$851	\$783	\$611	\$794	\$714	\$739	\$25
Americas Health Plan, Inc.	N/A	N/A	N/A	N/A	N/A	N/A	\$458	\$551	\$93
Brown and Toland Health Services	N/A	N/A	N/A	N/A	\$711	\$759	\$707	\$760	\$53
Choice Physicians Network, Inc.	\$671	\$683	\$690	\$706	\$666	\$645	\$643	\$651	\$9
Dignity Health Provider Resources, Inc.	N/A	N/A	N/A	N/A	N/A	N/A	\$373	\$377	\$4
Imperial Health Plan of California, Inc.	N/A	N/A	N/A	N/A	N/A	N/A	\$363	\$479	\$116
Premier Health Plan Services, Inc. ⁹	\$110	\$144	\$142	\$185	\$175	\$240	\$158	\$189	\$31
Prospect Health Plan, Inc.	N/A	N/A	\$559	\$569	\$274	\$283	\$680	\$679	(\$1)
Providence Health Network	\$747	\$728	\$819	\$755	\$532	\$527	\$410	\$395	(\$15)

⁹ Premier Health Plan reported the lowest PMPM premium revenue and medical expense primarily because the financial statements include the financial results of its Independent Physician Association (IPA) line of business.

PMPM Medical Expense vs. PMPM Premium Revenue

Chart 9 illustrates the MA-RL Plan PMPM medical expense vs PMPM premium revenue for the QE June 30, 2017. The PMPM premium revenue exceeded the PMPM medical expense for all but two of the MA-RL Plans.

Chart 9



Net Income

Table 6 shows the Net Income for MA-RL Plans over the past six quarters. For the QE June 30, 2017, four MA-RL Plans reported positive net income. Providence Health is consistently reporting net losses for all the quarters shown. AmericasHealth Plan and Dignity Health reported net losses for at least four of the six quarters. Net income or loss is directly related to premium revenue and medical expense.

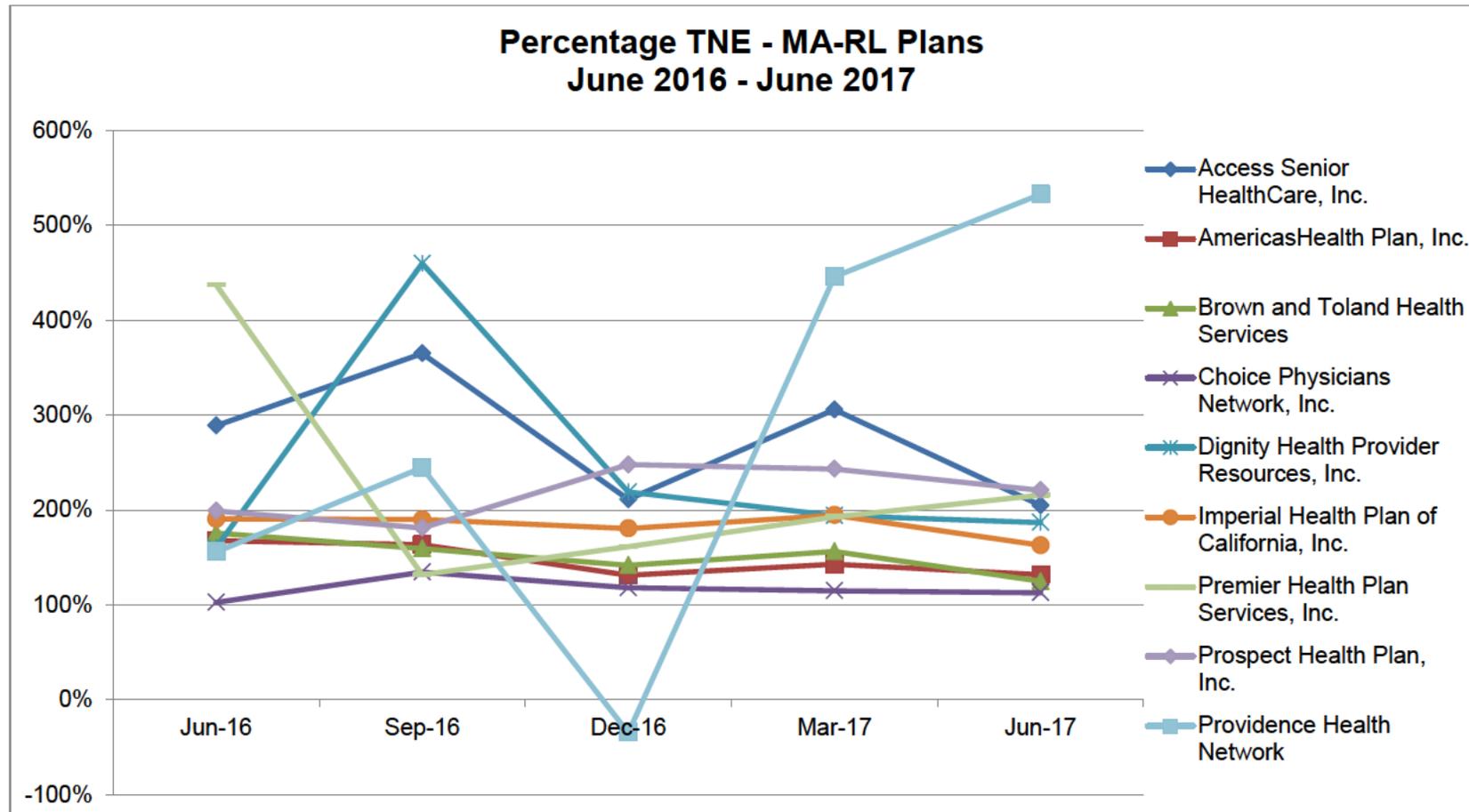
Table 6
MA - RL Plans Net Income by Quarter (in thousands)

Medicare Advantage – Restricted License	QE Mar-16	QE Jun-16	QE Sep-16	QE Dec-16	QE Mar-17	QE Jun-17
Access Senior HealthCare, Inc.	\$243	\$768	\$752	(\$1,463)	\$871	(\$417)
AmericasHealth Plan, Inc.	\$37	(\$65)	(\$168)	(\$325)	(\$44)	(\$275)
Brown and Toland Health Services	\$1,276	\$1,367	(\$513)	(\$2,282)	\$460	\$849
Choice Physicians Network, Inc.	\$136	(\$1,154)	\$891	(\$355)	\$84	(\$35)
Dignity Health Provider Resources, Inc.	(\$22)	(\$79)	(\$22)	\$26	(\$886)	\$112
Imperial Health Plan of California, Inc.	N/A	(\$1)	\$83	\$6	\$275	(\$65)
Premier Health Plan Services, Inc.	\$1,638	\$3,102	\$1,549	(\$5,759)	\$561	\$1,181
Prospect Health Plan, Inc.	\$54	\$73	\$160	\$279	\$433	\$199
Providence Health Network	(\$711)	(\$693)	(\$2,089)	(\$5,834)	(\$1,458)	(\$1,556)
Total MA-Restricted Net Income	\$2,651	\$3,318	\$643	(\$15,707)	\$297	(\$7)

Tangible Net Equity

TNE for QE June 30, 2017 exceeded the regulatory requirements for all MA-RL Plans. Overall, the average TNE for the MA-RL Plans was stable in 2016 except for Providence Health that reported negative TNE in December 2016. The trend of overall stability continued in 2017. For June 2017, the reported TNE ranged from 113% to 533% of required TNE.

Chart 10



Cash Flow from Operations

All MA-RL Plans except Access Senior Health, AmericasHealth Plan, and Dignity Health reported negative cash flow from operations in June 2017. MA-RL Plans reported \$17 million negative cash flow from operations in June 2017 compared to \$10 million positive cash flow from operations in June 2016.

V. Conclusion

As of June 2017, MA Plans reported total enrollment of 469,583 and approximately 94% were Medicare beneficiaries. MA-RL Plans reported total enrollment of 104,525 and approximately 90% were Medicare beneficiaries. As of June 2017, Medicare enrollment in MA Plans increased by 8.4% compared to June 2016. For MA-RL Plans the increase was 95.8%, due to the increase in plan-to-plan contracts and an increase in the number of MA-RL Plans licensed to do business in California. There were two MA-RL Plans licensed by the DMHC in 2017 and one in 2016. Additionally, the DMHC is reviewing one MA and six MA-RL applications for Knox-Keene licensure. Overall, total medical expense for MA and MA-RL Plans increased steadily from June 2014 to June 2017 which appears to be trending in line with the increase in enrollment. The majority of MA and MA-RL Plans reported higher PMPM premium revenue than medical expense for the QE June 30, 2017. MA and MA-RL Plans reported stable TNE for the last five quarters, except for one plan that reported negative TNE for QE December 2016.

The DMHC will continue to monitor the enrollment trends and financial solvency of all licensed MA and MA-RL Plans.