

Financial Summary of Medi-Cal Managed Care Plans Quarter Ending December 31, 2021

Prepared on April 15, 2022

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I. Overview

Medi-Cal, California’s Medicaid program, provides high quality, accessible, and cost-effective health care through managed care delivery systems. There are two main Medi-Cal systems administered by the Department of Health Care Services (DHCS) for the delivery of medical services to Medi-Cal beneficiaries: fee-for-service Medi-Cal and Medi-Cal managed care (MCMC). Over two-thirds of Medi-Cal beneficiaries are enrolled in a MCMC plan. Approximately 12.1 million Medi-Cal beneficiaries in all 58 California counties receive their health care through six models of managed care: Two-Plan Model, County Organized Health Systems (COHS), Geographic Managed Care (GMC), Imperial Model, San Benito Model, and Regional Model.

Locally-sponsored plans, known as Local Initiatives (LIs), participate as MCMC plans under the Two-Plan Model, while COHS plans serve Medi-Cal enrollees under the COHS Model.¹ Both LI and COHS plans are local agencies established by county boards of supervisors to contract with the Medi-Cal program. Approximately 5.8 million and 2.2 million Medi-Cal beneficiaries are enrolled in LI and COHS plans, respectively.

In the two GMC counties, Sacramento and San Diego, DHCS contracts with several commercial plans to serve approximately 1.4 million Medi-Cal beneficiaries. There are about 448,000 Medi-Cal beneficiaries served under the Imperial, San Benito, and Regional Models combined. Medi-Cal providers who wish to provide services to the MCMC enrollees must participate in the managed care plan’s provider network.

In addition to the MCMC plans, Non-Governmental Medi-Cal (NGM) plans serve 3.6 million Medi-Cal enrollees. NGM plans are plans that report greater than 50% Medi-Cal enrollment but are neither a LI nor a COHS. Because LI, COHS, and NGM plans serve primarily Medi-Cal enrollees, Medi-Cal enrollment increases and the rates provided by DHCS are primary driving factors for the financial performance of these plans.

This report includes enrollment and financial information reported by LI, COHS, and NGM plans as of the quarter ending December 31, 2021. This report also includes Medi-Cal enrollment information for Kaiser Foundation Health Plan Inc. (Kaiser Permanente) for comparison purposes. However, because Kaiser Permanente’s Medi-Cal enrollment was less than 50% of each plan’s total enrollment, therefore, the Plan does not meet the definition of a NGM plan. Furthermore, the financial information the Department of Managed Health Care (DMHC) receives from Kaiser Permanente is for its entire

¹ Counties with the Two-Plan Model offer both a LI and a commercial Medi-Cal managed care plan. In counties using the COHS model, the COHS is the only Medi-Cal managed care plan available.

book of business, rather than by line of business. Therefore, financial information specific to its Medi-Cal lines of business is not available to the DMHC.

II. Summary of Findings

Key findings from this report include:

- Enrollment in MCMC plans increased from March 2020 through December 2021. All MCMC plans reported an increase in enrollment for the quarter ending December 2021. The increase in Medi-Cal enrollment was largely due to the suspension of the annual Medi-Cal redetermination requirement during the public health emergency.
- Total medical expenses paid by the MCMC plans increased in 2021 compared to 2020 due to an increase in enrollment and utilization of services.
- Most MCMC plans reported net income in year 2021 compared to the second half of 2020. The net income contributed to increases in the tangible net equity (TNE) reserves for the majority of the MCMC plans.
- Both LI and COHS plans continue to report healthy TNE reserves. In comparison to NGM plans, LI and COHS plans generally maintain higher reserves to cover any needed capital expenditures or future economic downturns.
- NGM plans generally reported higher net income and lower TNE reserves than both LI and COHS plans. Several NGM plans pay dividends to their parent companies and/or shareholders thereby reducing reserve levels.

III. Local Initiative Health Plans (LI)

A. Highlights

- At present, 14 counties participate in the Two-Plan Model of Medi-Cal managed care. In 13 of these counties, DHCS contracts with both a commercial plan and a LI plan. In Tulare County, DHCS contracts with two commercial plans: Blue Cross of California Partnership Plan, Inc. (Blue Cross of California Partnership Plan) and Health Net Community Solution, Inc. (Health Net Community Solution). The LIs must be licensed under the Knox-Keene Health Care Service Plan Act of 1975 (Knox-Keene Act), as codified in Health and Safety Code section 1340 et seq., for their Medi-Cal lines of business.
- Beneficiaries in the Two-Plan Model may choose which of the two plans to enroll in. Beneficiaries who do not make a selection are automatically assigned to a plan. DHCS uses an algorithm based on quality scores and use of safety net providers to make the assignments. Overall, there are nearly three times as many Medi-Cal beneficiaries enrolled in LI plans than in commercial plans in Two-Plan Model counties.²
- The LIs and the counties in which they provide services are as follows:
 - Alameda Alliance For Health (Alameda Alliance) - Alameda
 - Contra Costa County Medical Services (Contra Costa Health Plan) - Contra Costa
 - Fresno-Kings-Madera Regional Health Authority (CalViva Health) - Fresno, Kings, and Madera
 - Inland Empire Health Plan (IEHP) - Riverside and San Bernardino
 - Kern Health Systems - Kern
 - Local Initiative Health Authority for L.A. County (L.A. Care Health Plan) - Los Angeles
 - San Francisco Community Health Authority (San Francisco Health Plan) - San Francisco
 - San Joaquin County Health Commission (Health Plan of San Joaquin) - San Joaquin and Stanislaus
 - Santa Clara County Health Authority (Santa Clara Family Health Plan) - Santa Clara

² <https://www.chcf.org/wp-content/uploads/2017/12/PDF-MonitoringPerformanceLocalVersusCommericalMediCalPlans.pdf>

- LI plans reported combined enrollment of almost 5.9 million enrollees as of December 2021. Approximately 5.8 million (98%) of the total LI enrollment were Medi-Cal beneficiaries. The remaining 2% of non-Medi-Cal LI enrollment includes other lines of business such as commercial (Individual), and In-Home Supportive Services (IHSS).
- Total LI plan Medi-Cal enrollment increased by 1.4% from September 2021 to December 2021.
- The medical expense ratio, administrative cost ratio, and profit or net income ratio fluctuated from quarter to quarter. Medical expense ratio³ ranged from 84.19% to 107.36%. Majority of LIs reported administrative cost ratio below 5%.
- LI plans reported net income of \$86 million in December 2021 compared to \$156 million in September 2021, and net income of \$101 million reported in June 2021.
- LIs reported TNE that ranged from 491% to 789% of required TNE.
- LIs reported \$8.5 million in cash flow from operations in December 2021. This is a significant change from September 2021 when LIs reported a cash flow from operations of \$265 million. The variation in cash flow from operations is attributed to the timing of Medi-Cal premium revenue paid by DHCS and the Medi-Cal rate adjustments.

³ Not adjusted for pass through revenues and expenses or Managed Care Organization (MCO) taxes

B. Enrollment Trends - LI

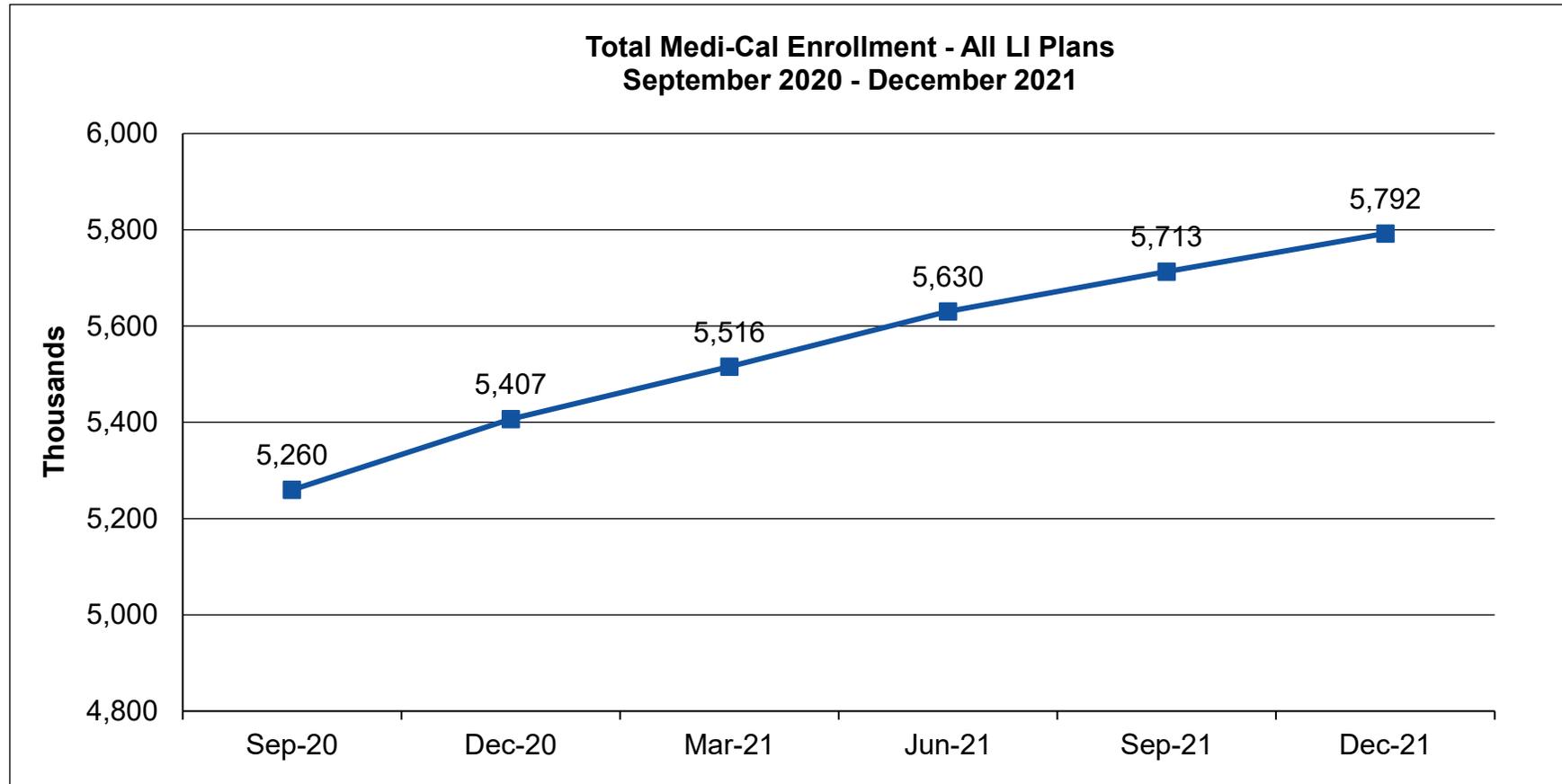
LI plans serve 5.9 million enrollees in 13 counties in California. Total enrollment increased by 1.2% from the previous quarter with all LIs reporting an increase in enrollment. The table below lists total enrollment by line of business as of December 2021 for LI plans.

**Table 1
Line of Business Enrollment for Local Initiatives
December 2021**

Local Initiative	Medi-Cal	Commercial	Medicare	Plan-to-Plan	Total Enrollment
Alameda Alliance	291,049	5,824	0	0	296,873
CalViva Health	393,125	0	0	0	393,125
Contra Costa Health Plan	214,041	7,236	0	0	221,277
Health Plan of San Joaquin	388,170	0	0	0	388,170
IEHP	1,418,544	0	0	0	1,418,544
Kern Health Systems	298,205	0	0	0	298,205
L.A. Care Health Plan	2,344,812	101,822	0	0	2,446,634
San Francisco Health Plan	153,346	11,792	0	0	165,138
Santa Clara Family Health Plan	291,097	0	0	0	291,097
Total	5,792,389	126,674	0	0	5,919,063

Chart 1 illustrates the MCMC Medi-Cal enrollment trend in LIs over the last six quarters by comparing quarter-over-quarter data.

Chart 1



Medi-Cal enrollment in LIs increased from September 2020 to December 2021. L.A. Care Health Plan, the largest LI plan with 2.4 million enrollees, had 1.3% increase in Medi-Cal enrollment over the last quarter. Overall, the LI plans Medi-Cal enrollment increased by almost 79,000 from September 2021 to December 2021.

Table 2 shows Medi-Cal Enrollment for LI plans over the past six quarters.

Table 2
LI Medi-Cal Enrollment by Quarter

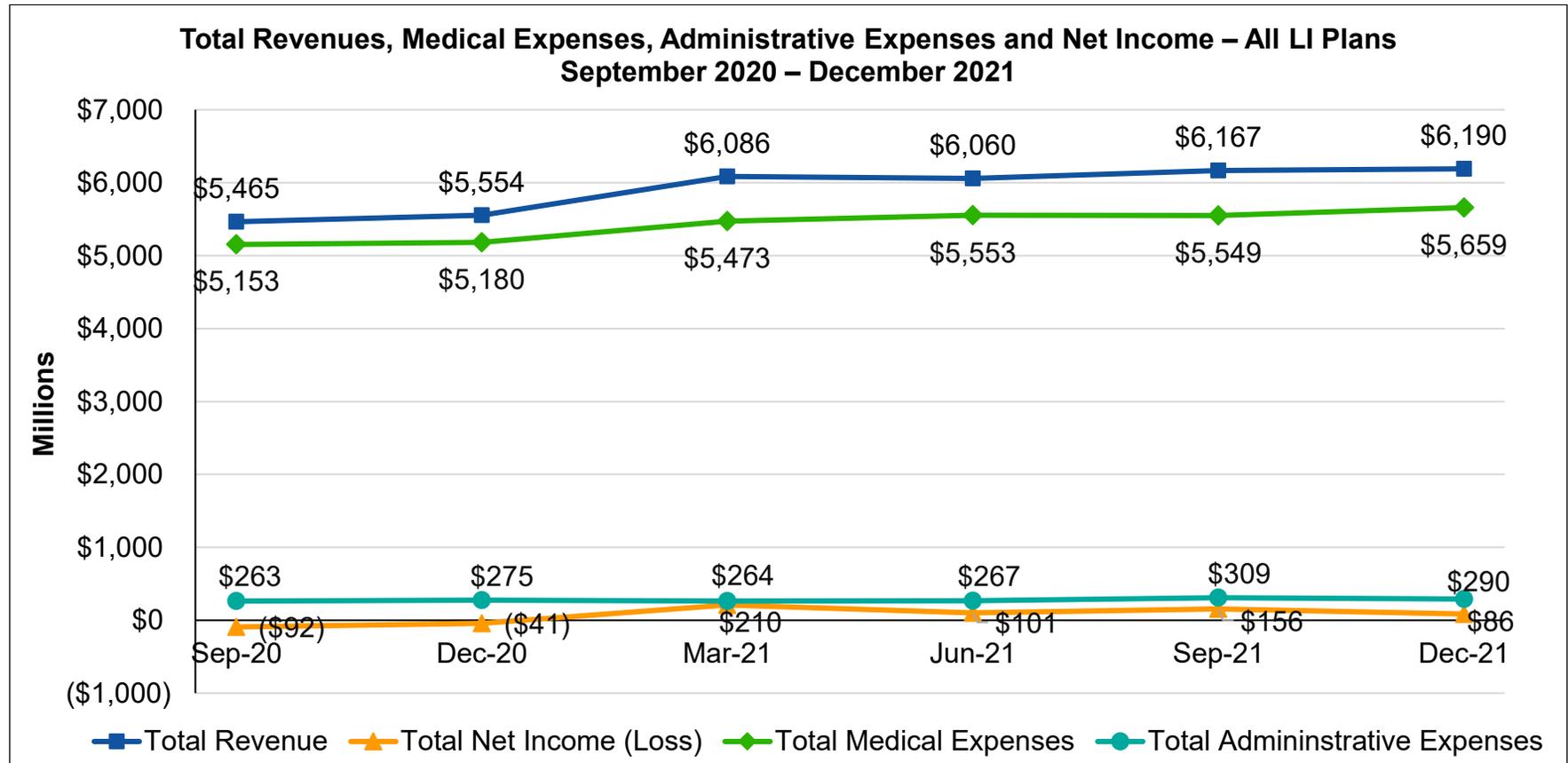
Local Initiative	QE Sep-20	QE Dec-20	QE Mar-21	QE Jun-21	QE Sep-21	QE Dec-21
Alameda Alliance	261,439	269,770	275,771	282,730	286,899	291,049
CalViva Health	368,417	374,982	380,179	385,467	389,651	393,125
Contra Costa Health Plan	186,988	194,255	200,572	206,650	210,135	214,041
Health Plan of San Joaquin	353,620	364,077	370,698	378,013	383,544	388,170
IEHP	1,294,668	1,326,955	1,350,143	1,376,817	1,398,558	1,418,544
Kern Health Systems	264,749	277,452	282,972	289,309	292,271	298,205
L.A. Care Health Plan	2,131,808	2,189,176	2,234,867	2,279,569	2,314,671	2,344,812
San Francisco Health Plan	135,217	139,004	143,547	148,980	151,072	153,346
Santa Clara Family Health Plan	262,680	271,107	276,842	282,670	286,552	291,097
Total Medi-Cal Enrollment	5,259,586	5,406,778	5,515,591	5,630,205	5,713,353	5,792,389

All LI plans reported an increase in Medi-Cal enrollment over the past six quarters.

C. Financial Trends - LI

Chart 2 illustrates total revenue, medical expenses, administrative expenses, and net income⁴ for the LIs over six quarters. There was a slight increase in medical expenses for the quarter ending (QE) December 2021.

Chart 2



⁴ Net income is the excess or deficiency of total revenues over total expenses adjusted for taxes.

Financial Ratio – LI

Table 3 shows the medical expense, administrative cost and profit or net income ratio for LI plans for last two quarters.

**Table 3
LI Financial Ratio**

Local Initiative	QE Sep-21			QE Dec-21		
	Medical Expense Ratio	Administrative Cost Ratio	Profit or Net Income Ratio	Medical Expense Ratio	Administrative Cost Ratio	Profit or Net Income Ratio
Alameda Alliance	93.52%	4.97%	1.53%	97.21%	5.17%	(2.54%)
CalViva Health	87.14%	2.97%	0.28%	84.19%	3.15%	0.65%
Contra Costa Health Plan	127.32%	3.12%	1.99%	107.36%	3.04%	2.26%
Health Plan of San Joaquin	90.53%	3.25%	6.13%	95.64%	3.42%	0.77%
IEHP	88.76%	4.27%	4.41%	91.61%	4.23%	1.77%
Kern Health Systems	96.16%	5.23%	1.25%	104.78%	5.11%	3.48%
L.A. Care Health Plan	92.75%	3.23%	1.26%	94.01%	2.61%	1.46%
San Francisco Health Plan	93.15%	6.54%	0.29%	92.87%	6.65%	0.25%
Santa Clara Family Health Plan	89.19%	5.22%	5.68%	92.82%	5.38%	1.73%

Net Income – LI

Table 4 shows the net income for LI plans over the past six quarters. Net income or loss is directly related to premium revenue and medical expenses. For the QE December 2021, all LI plans reported positive net income except Alameda Alliance.

**Table 4
LI Net Income by Quarter (in thousands)**

Local Initiative	QE Sep-20	QE Dec-20	QE Mar-21	QE Jun-21	QE Sep-21	QE Dec-21
Alameda Alliance	(\$8,022)	(\$10,665)	\$8,095	\$9,006	\$4,471	(\$7,532)
CalViva Health	(\$277)	(\$15)	\$6,404	\$6,770	\$1,213	\$2,273
Contra Costa Health Plan	\$3,156	\$3,108	\$9,883	\$4,502	\$6,303	\$6,310
Health Plan of San Joaquin	\$21,911	(\$6,213)	\$29,693	(\$21,153)	\$19,786	\$2,521
IEHP	\$3,658	(\$14,724)	\$29,921	\$54,986	\$71,003	\$29,272
Kern Health Systems	\$3,076	\$3,169	\$5,936	\$3,603	\$3,673	\$11,550
L.A. Care Health Plan	(\$55,659)	(\$14,239)	\$103,818	\$13,470	\$29,846	\$35,577
San Francisco Health Plan	(\$2,127)	(\$682)	\$4,112	\$4,129	\$529	\$448
Santa Clara Family Health Plan	\$5,390	(\$621)	\$11,650	\$25,368	\$19,332	\$5,875
Total LI Net Income	(\$28,894)	(\$40,883)	\$209,513	\$100,681	\$156,155	\$86,294

Tangible Net Equity – LI

Health plans must meet the TNE reserve requirement described in California Code of Regulations, title 28, section 1300.76. TNE is defined as a health plan’s total assets minus total liabilities reduced by the value of intangible assets (i.e., goodwill,⁵ 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 serves to increase the plan’s TNE. All LIs had TNE that exceeded the regulatory requirements.

**Table 5
LI Percentage TNE by Quarter**

Local Initiative	QE Sep-20	QE Dec-20	QE Mar-21	QE Jun-21	QE Sep-21	QE Dec-21
Alameda Alliance	605%	554%	564%	560%	565%	532%
CalViva Health	711%	679%	735%	756%	743%	745%
Contra Costa Health Plan	564%	579%	648%	633%	652%	665%
Health Plan of San Joaquin	810%	795%	864%	779%	796%	789%
IEHP	600%	607%	625%	574%	605%	600%
Kern Health Systems	455%	587%	538%	517%	485%	491%
L.A. Care Health Plan	661%	597%	651%	654%	680%	701%
San Francisco Health Plan	616%	612%	670%	743%	691%	664%
Santa Clara Family Health Plan	639%	625%	644%	707%	773%	782%

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 are not paid until after the other creditors are paid in full.

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

The average TNE for LI plans overall was stable in 2021. For December 2021, the reported TNE ranged from 491% to 789% of required TNE.

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.

The cash flow from operations totaled \$8.5 million in December 2021 compared to \$265 million in September 2021. The variation in cash flow from operations is attributed to the timing of Medi-Cal premium revenue paid by DHCS and Medi-Cal rate adjustments.

Claims

Pursuant to the Knox-Keene Act, full service health plans are required to process 95 percent of their claims within 45 working days. A health plan is required to submit to the Department, on a quarterly basis, a claims settlement practice report if the plan fails to process 95 percent of its claims timely and/or the plan identifies any emerging patterns of claims payment deficiencies. For QE December 31, 2021, Contra Costa Health Plan failed to process 95 percent of their claims within 45 working days and submitted corrective action plans outlining measures they are taking to comply with the regulations.

IV. County Organized Health Systems (COHS)

A. Highlights

- Six COHS plans currently serve 22 counties. COHS plans and the counties in which they provide services are:
 - Orange County Health Authority (CalOptima) - Orange
 - Partnership HealthPlan of California (Partnership HealthPlan) - Del Norte, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Shasta, Siskiyou, Solano, Sonoma, Trinity, and Yolo
 - Santa Barbara Regional Health Authority (CenCal Health) - Santa Barbara and San Luis Obispo
 - Santa Cruz-Monterey-Merced Managed Medical Care Commission (Central California Alliance for Health) - Merced, Monterey, and Santa Cruz
 - San Mateo Health Commission (Health Plan of San Mateo) - San Mateo
 - Gold Coast Health Plan (Gold Coast) - Ventura
- Medi-Cal beneficiaries in COHS counties have only one Medi-Cal plan option.
- While California law exempts COHS plans from Knox-Keene licensure for Medi-Cal, COHS plans must have a Knox-Keene license for other lines of business.
 - Health Plan of San Mateo has voluntarily included its Medi-Cal enrollment under its Knox-Keene license.
 - CalOptima, and Central California Alliance for Health have Knox-Keene licenses for other lines of business such as Medicare Advantage, IHSS, and Program of All Inclusive Care for the Elderly (PACE).
 - CenCal Health and Partnership HealthPlan continue to maintain a Knox-Keene license and report to the DMHC even though they no longer offer any non-Medi-Cal business.
 - Gold Coast has only a Medi-Cal line of business and no Knox-Keene license. Therefore, this report does not include information for Gold Coast.
- Enrolled beneficiaries either choose their health care provider or are assigned one from among COHS plan contracted providers.

- COHS plans reported Medi-Cal enrollment of 2.2 million individuals as of December 2021, an increase of 1.5% from September 2021.
- Medical expense ratio, administrative cost ratio, and profit or net income ratio fluctuated from quarter to quarter. The medical expense ratio ranged from 78.97% to 91.86%. Similar to LIs, the majority of COHS reported administrative cost ratio below 5%.
- COHS plans reported a combined net income of \$128 million in December 2021, compared to a net income of \$84 million in September 2021.
- COHS plans reported TNE ranging from 465% to 1279% of required TNE.
- COHS plans reported \$179 million in cash flow from operations in December 2021. This is a significant change from September 2021 when COHS plans reported cash flow from operations of \$329 million. The variation in cash flow from operations is attributed to the timing of Medi-Cal premium payments by DHCS and Medi-Cal rate adjustments.

B. Enrollment Trends - COHS

COHS plans reported enrollment of 2.2 million, an increase of 1.5% compared to September 2021. All COHS plans experienced enrollment growth from September 2021 to December 2021. The table below lists total enrollment by line of business as of December 2021 for COHS plans. CalOptima and Partnership HealthPlan reported the highest enrollment numbers.

**Table 6
Line of Business Enrollment in County Organized Health Systems
December 2021**

COHS	Medi-Cal	Commercial	Medicare	Plan to Plan	Total Enrollment
CalOptima	867,738	0	2,751	0	870,489
CenCal Health	209,689	0	0	0	209,689
Central California Alliance for Health	386,531	517	0	0	387,048
Health Plan of San Mateo	131,560	1,205	0	0	132,765
Partnership HealthPlan	627,918	0	0	0	627,918
Total	2,223,436	1,722	2,751	0	2,227,909

Chart 3 illustrates the Medi-Cal managed care enrollment trend in COHS plans. Similar to LI plans, COHS plans reported an increase in enrollment from September 2020 through December 2021. Medi-Cal enrollment in COHS plans increased by 1.5% in December 2021 compared to previous quarter.

Chart 3

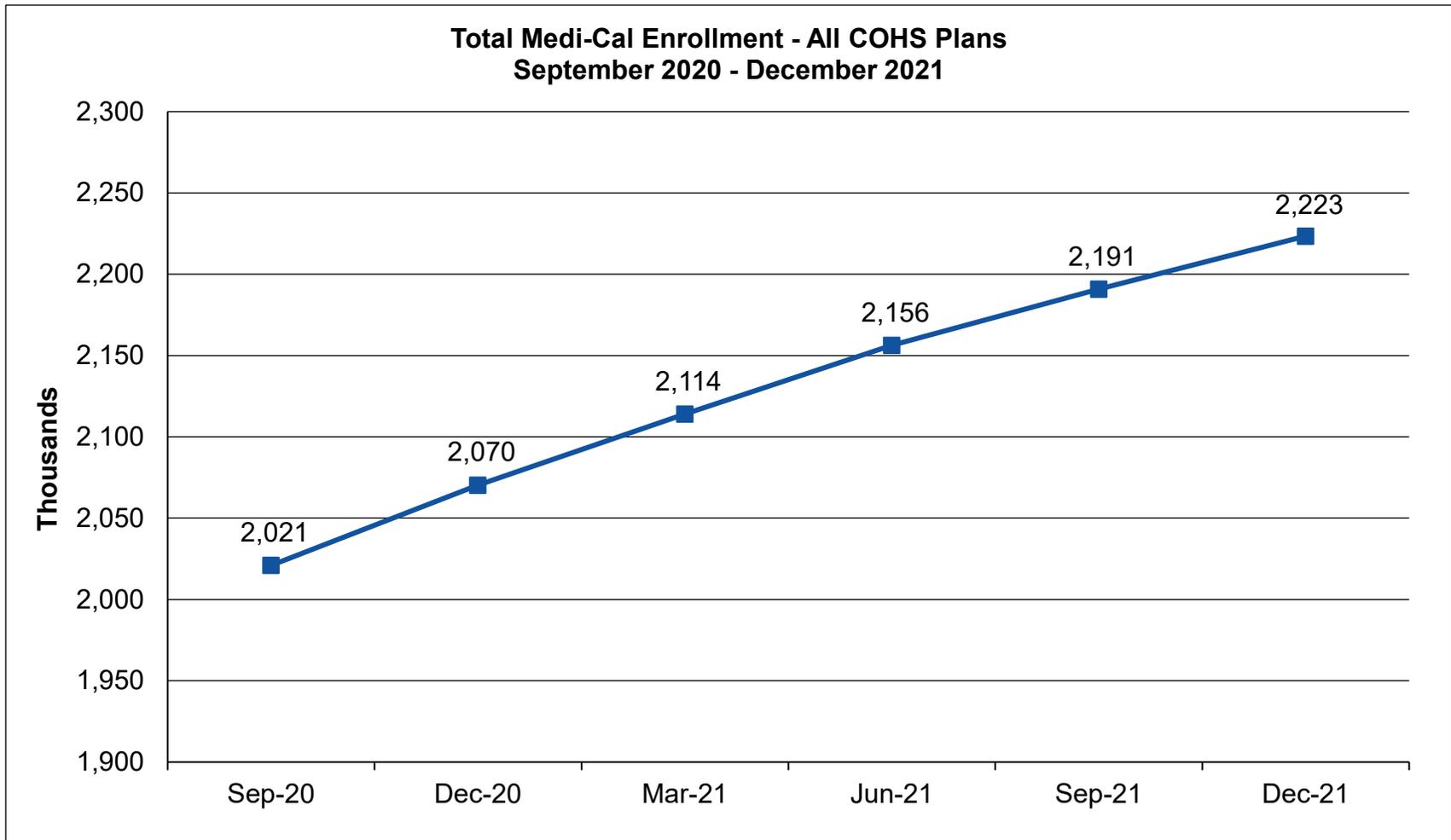


Table 7 shows the Medi-Cal enrollment for the five COHS plan over the past six quarters.

**Table 7
COHS Medi-Cal Enrollment by Quarter**

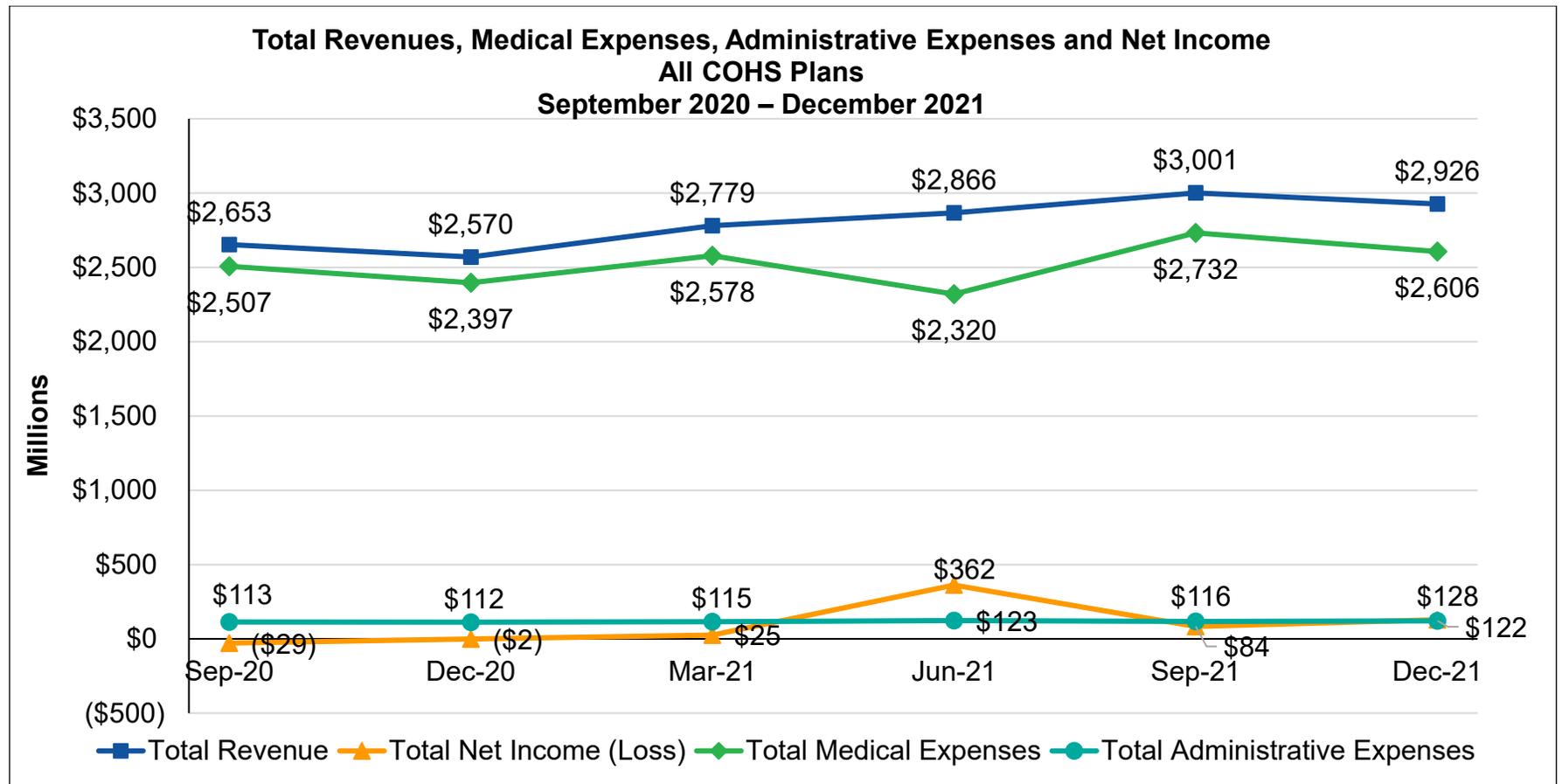
COHS	QE Sep-20	QE Dec-20	QE Mar-21	QE Jun-21	QE Sep-21	QE Dec-21
CalOptima	785,946	806,287	824,266	839,909	854,264	867,738
CenCal Health	189,632	193,624	197,162	202,929	205,340	209,689
Central California Alliance for Health	357,718	364,688	371,309	377,156	382,433	386,531
Health Plan of San Mateo	118,239	121,811	124,996	127,662	129,628	131,560
Partnership HealthPlan	569,392	583,912	596,201	608,597	619,135	627,918
Total Medi-Cal Enrollment	2,020,927	2,070,322	2,113,934	2,156,253	2,190,800	2,223,436

All COHS plans reported increases in their Medi-Cal enrollment for the past six quarters.

C. Financial Trends - COHS

Chart 4 illustrates total revenue, medical expenses, administrative expenses, and net income for COHS plans compared to the last six quarters. Unlike LI plans, COHS plans' medical expenses slightly decreased, and net income increased in December 2021.

Chart 4



Financial Ratio – COHS

Table 8 shows financial ratio for COHS plans. The medical expense ratio, administrative cost ratio, and profit or net income ratio fluctuates from quarter to quarter. Majority of COHS reported administrative cost ratio below 5%.

**Table 8
COHS Financial Ratio**

COHS	QE Sep-21			QE Dec-21		
	Medical Expense Ratio	Administrative Cost Ratio	Profit or Net Income Ratio	Medical Expense Ratio	Administrative Cost Ratio	Profit or Net Income Ratio
CalOptima	96.04%	3.01%	1.02%	90.68%	3.15%	5.70%
CenCal Health	89.73%	4.46%	(0.84%)	91.86%	4.49%	(2.90%)
Central California Alliance for Health	81.46%	6.16%	12.44%	89.84%	6.28%	3.78%
Health Plan of San Mateo	93.17%	4.52%	(0.85%)	78.97%	4.74%	12.08%
Partnership HealthPlan	89.05%	3.07%	3.05%	88.71%	3.23%	3.15%

Net Income - COHS

Table 9 shows the net income for COHS plans over the past six quarters. All COHS plans, except CenCal Health reported positive net income for December 2021.

**Table 9
COHS Net Income by Quarter (in thousands)**

COHS	QE Sep-20	QE Dec-20	QE Mar-21	QE Jun-21	QE Sep-21	QE Dec-21
CalOptima	\$1,383	\$8,500	\$11,703	\$266,419	\$12,245	\$63,068
CenCal Health	(\$3,241)	(\$11,710)	(\$8,210)	(\$1,545)	(\$2,299)	(\$8,249)
Central California Alliance for Health	(\$7,922)	\$7,737	\$20,857	\$39,929	\$49,704	\$15,281
Health Plan of San Mateo	(\$1,351)	\$5,259	(\$3,682)	\$5,307	(\$2,240)	\$30,755
Partnership HealthPlan	(\$17,575)	(\$11,554)	\$3,856	\$51,533	\$26,393	\$27,579
Total COHS Net Income	(\$28,706)	(\$1,768)	\$24,523	\$361,643	\$83,803	\$128,434

Tangible Net Equity - COHS

All COHS plans reported over 450% of required TNE for December 2021. TNE to required TNE ranged from 465% to 1,279%. CenCal Health reported declining TNE for the last five quarters. Even with the declining TNE, plan maintained sufficient reserves.

**Table 10
COHS Percentage of TNE by Quarter**

COHS	QE Sep-20	QE Dec-20	QE Mar-21	QE Jun-21	QE Sep-21	QE Dec-21
CalOptima	1002%	1008%	1008%	1298%	1246%	1279%
CenCal Health	614%	572%	544%	510%	502%	465%
Central California Alliance for Health	745%	763%	890%	949%	1038%	1007%
Health Plan of San Mateo	1007%	872%	857%	826%	816%	910%
Partnership HealthPlan	571%	555%	553%	601%	656%	677%

Cash Flow from Operations

COHS plans reported \$179 million in cash flow from operations in December 2021. Similar to LIs, COHS plans' variation in cash flow from operations is attributed to the timing of Medi-Cal premium revenue paid by DHCS and Medi-Cal rate adjustments.

Claims

Pursuant to the Knox-Keene Act, full service health plans are required to process 95% of their claims within 45 working days. For the QE December 31, 2021, COHS plans did not report any claims processing or emerging claims payment deficiencies.

V. Non-Governmental Medi-Cal Plans

A. Highlights

- For the purposes of this report, Non-Governmental Medi-Cal (NGM) plans are health plans with greater than 50% Medi-Cal enrollment, that are neither a LI nor a COHS plan.
- Aetna Better Health of California, Inc. (Aetna Better Health) and UnitedHealthcare Community Plan of California, Inc. (UnitedHealthcare Community Plan) commenced their operations in December 2017.
- Eight NGM plans currently serve 37 counties. NGM plans and the counties in which they provide services are:
 - Aetna Better Health – Sacramento and San Diego.
 - Blue Cross of California Partnership Plan, Inc. (Blue Cross of California Partnership Plan) – Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, El Dorado, Fresno, Glenn, Inyo, Kings, Madera, Mariposa, Mono, Nevada, Placer, Plumas, Sacramento, San Benito, San Francisco, Santa Clara, Sierra, Sutter Tehama, Tulare, Tuolumne, Yuba.
 - Blue Shield of California Promise Health Plan – Los Angeles and San Diego.
 - California Health and Wellness Plan (California Health and Wellness) – Alpine, Amador, Butte, Calaveras, Colusa, El Dorado, Glenn, Imperial, Inyo, Mariposa, Mono, Nevada, Placer, Plumas, Sierra, Sutter, Tehama, Tuolumne, and Yuba.
 - CHG Foundation – San Diego.
 - Health Net Community Solutions, Inc. (Health Net Community Solutions) – Fresno, Kern, Kings, Los Angeles, Madera, Sacramento, San Diego, San Joaquin, Stanislaus, and Tulare.
 - Molina Healthcare of California (Molina) – Imperial, Los Angeles, Sacramento, Riverside, San Bernardino, and San Diego.
 - UnitedHealthcare Community Plan – San Diego
- The structure among NGM plans varies in the following ways:

- Aetna Better Health is a for-profit wholly owned subsidiary of Aetna Health Holdings, LLC, whose ultimate parent is CVS Health Corporation (CVS Health).
 - Blue Cross of California Partnership Plan, Inc. is a for-profit wholly owned subsidiary of WellPoint Services, Services, Inc., which is subsidiary of Anthem, Inc., a publicly traded company. Blue Cross of California Partnership Plan paid dividend of \$75 million in 2020 and \$75 million in the fourth quarter of 2021 to its parent company.
 - Blue Shield of California Promise Health Plan is a not-for-profit health plan owned by California Physicians' Services (Blue Shield of California).
 - California Health and Wellness is a for-profit wholly owned subsidiary of Centene Corporation (Centene), a publicly traded company.
 - CHG Foundation is a not-for-profit health plan.
 - Health Net Community Solutions is a for-profit wholly owned subsidiary of Health Net, Inc., which is a subsidiary of Centene, a publicly traded company. Health Net Community Solutions paid dividends of \$250 million in 2020, \$400 million for the first half of 2021 and \$100 million in September 2021 and \$100 million in December 2021 to its parent company.
 - Molina is a for-profit wholly owned subsidiary of Molina Healthcare, Inc., a publicly traded company. Molina paid dividends of \$100 million in 2020, \$50 million in September 2021 and \$50 million in December 2021.
 - UnitedHealthcare Community Plan is a for-profit wholly owned subsidiary of United HealthCare Services, Inc., which is subsidiary of UnitedHealth Group, a publicly traded company.
- Kaiser Permanente serves another 169,000 Medi-Cal enrollees. Enrollment information for Kaiser Permanente is included in this report. However, financial solvency indicators are not included since the Medi-Cal enrollment reported by the plan represents less than 50% of their total enrollment. Its financial solvency is significantly impacted by other lines of business including commercial and Medicare. Kaiser Permanente meets the financial reserve requirements.
 - NGM plans provide and administer health care services to Medi-Cal beneficiaries either as a direct contractor to DHCS, or as subcontractors to other health plans that contract with DHCS. For example, L.A. Care Health Plan has subcontracted with both Blue Shield of California Promise Health Plan and Molina in Los Angeles County.

- NGM plans' Medi-Cal enrollment increased 1.5% from September 2021 to December 2021.
- Similar to LI, and COHS plans, the medical expense ratio, administrative cost ratio, and profit or net income ratio fluctuated from quarter to quarter. The medical expense ratio ranged from 73.10% to 109.96%. The administrative cost ratio ranged from 5.06% to 14.76%.
- NGM plans reported a net income of \$145 million in December 2021, which was lower than the net income of \$295 million reported in September 2021.
- Tangible net equity for NGM plans ranged from 177% to 834% of required TNE in December 2021.
- NGM plans reported \$225 million in cash flow from operations in December 2021. This is a significant change from September 2021 when NGM plans reported cash flow from operations of \$638 million. The variation in cash flow from operations is attributed to the timing of Medi-Cal premium revenue paid by DHCS and Medi-Cal rate adjustments.

B. Enrollment Trends - Non-Governmental Medi-Cal Plans

All NGM plans reported an increase in total enrollment for December 2021 compared to September 2021. The table below lists total enrollment by line of business as of December 2021 for NGM plans.

**Table 11
Line of Business Enrollment in Non-Governmental Medi-Cal Plans
December 2021**

Non-Governmental Medi-Cal Plans	Medi-Cal	Commercial	Medicare	Plan-to-Plan⁷	Others⁸	Total
Aetna Better Health	41,666	0	25,528	0	0	67,194
Blue Cross of California Partnership Plan	872,467	0	3,854	0	0	876,321
Blue Shield of California Promise Health Plan	119,190	0	0	339,241	0	458,431
California Health and Wellness	222,630	0	0	0	0	222,630
CHG Foundation	303,710	0	0	0	0	303,710
Health Net Community Solutions	1,495,990	0	19,898	402,381	0	1,918,269
Molina	483,405	60,913	2,685	81,466	0	628,469
UnitedHealthcare Community Plan	26,406	0	1,625	0	0	28,031
Total Enrollment in NGMs	3,565,464	60,913	53,590	823,088	0	4,503,055
Kaiser Permanente	168,998	6,975,642	1,303,753	649,799	262,280	9,360,472
Grand Total	3,734,462	7,036,555	1,357,343	1,472,887	262,280	13,863,527

⁷ Majority of the Plan-to-Plan lives are with other Medi-Cal managed care plans

⁸ Others include out of state line of business

Chart 5 illustrates the MCMC enrollment trend in NGM plans. This chart does not include the MCMC enrollment reported by Kaiser Permanente.

Chart 5

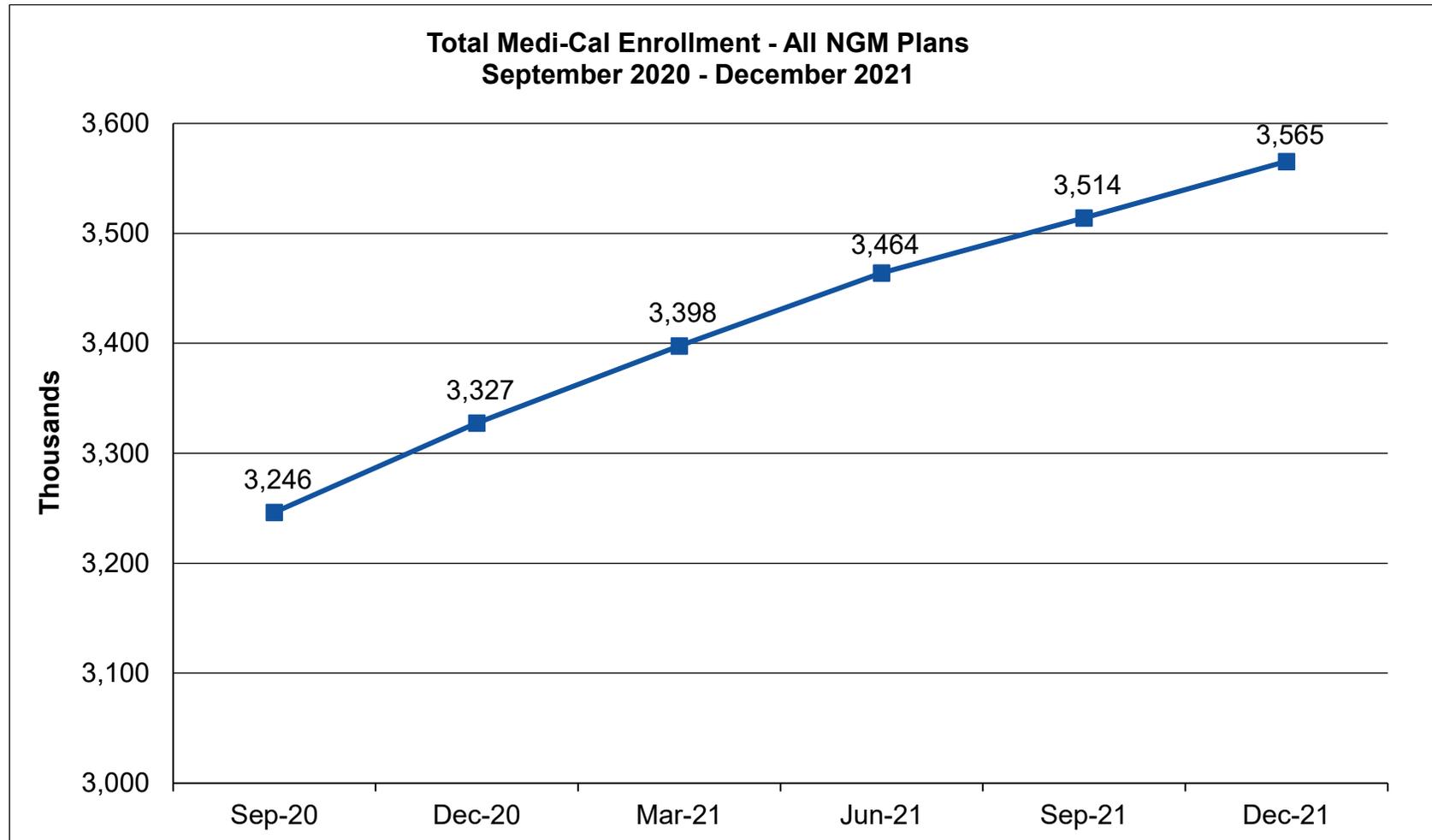


Table 12 shows the Medi-Cal enrollment for the NGM plans over the past six quarters. All NGM plans reported an increase in Medi-Cal enrollment in December 2021 compared to prior five quarters.

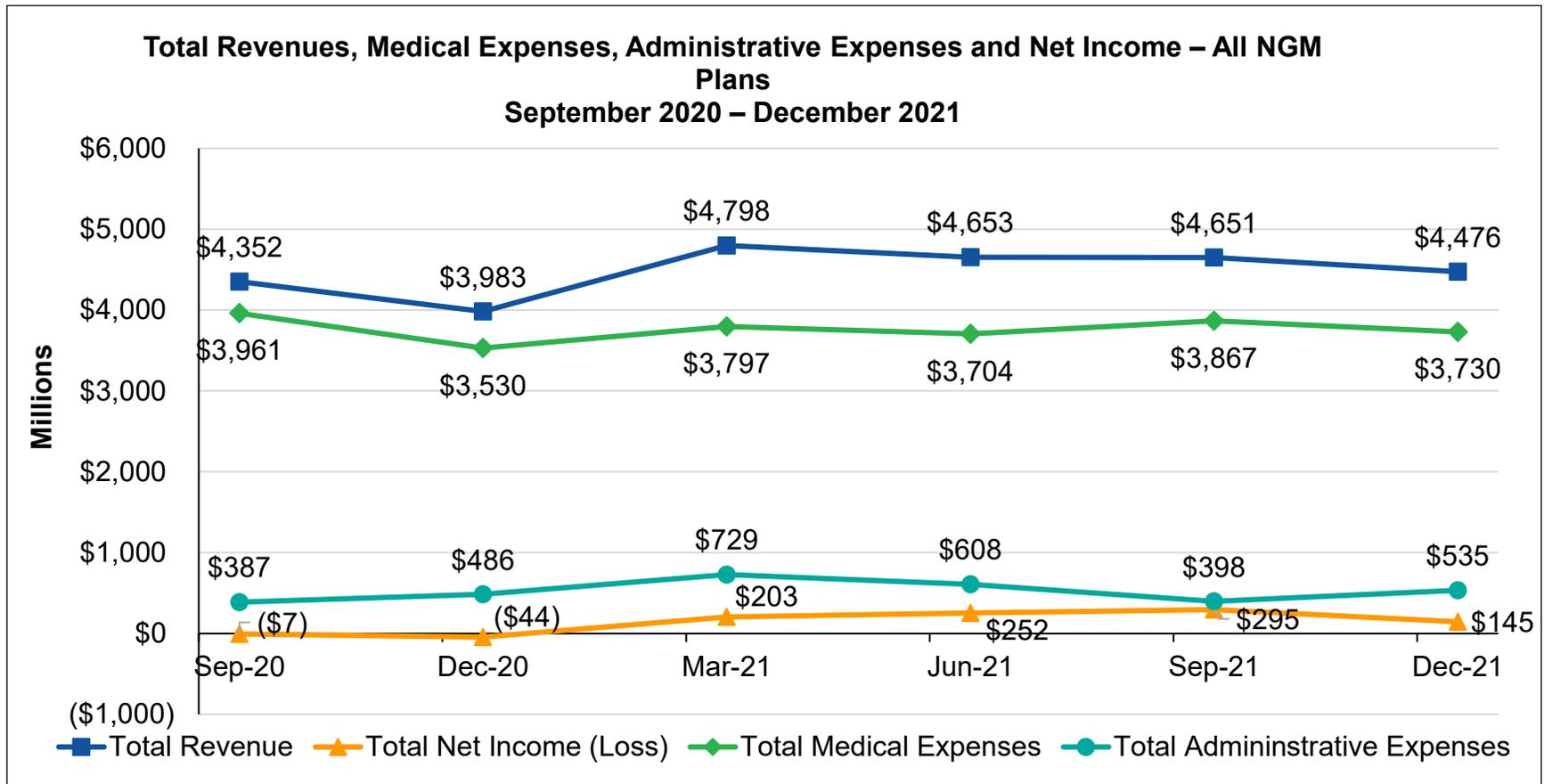
**Table 12
NGM Medi-Cal Enrollment by Quarter**

Non-Governmental Medi-Cal Plans	QE Sep-20	QE Dec-20	QE Mar-21	QE Jun-21	QE Sep-21	QE Dec-21
Aetna Better Health	27,044	30,071	34,020	36,854	39,332	41,666
Blue Cross of California Partnership Plan	783,174	808,082	825,630	843,954	857,476	872,467
Blue Shield of California Promise Health Plan	97,442	103,414	108,631	113,134	116,312	119,190
California Health and Wellness	200,394	206,031	210,637	215,283	219,650	222,630
CHG Foundation	270,534	276,672	284,535	292,055	297,655	303,710
Health Net Community Solutions	1,401,480	1,425,909	1,447,465	1,468,258	1,482,714	1,495,990
Molina	448,449	457,406	464,819	470,796	475,984	483,405
UnitedHealthcare Community Plan	17,754	19,851	21,973	23,673	24,962	26,406
Total Medi-Cal Enrollment	3,246,271	3,327,436	3,397,710	3,464,007	3,514,085	3,565,464

C. Financial Trends - Non-Governmental Medi-Cal Plans

Chart 6 shows total revenue, medical expenses, administrative expenses, and net income for NGM plans. Total revenue and medical expense decreased slightly from previous quarter. This chart does not include the revenue, medical expenses, and net income reported by Kaiser Permanente.

Chart 6



Financial Ratio – Non-Governmental Medi-Cal Plans

Table 13 shows medical expense ratio for NGM plans over the past six quarters. The medical expense ratio, administrative cost ratio, and Profit or Net Income Ratio fluctuate from quarter to quarter.

**Table 13
NGM Financial Ratio**

Non-Governmental Medi-Cal Plans	QE Sep-21			QE Dec-21		
	Medical Expense Ratio	Administrative Cost Ratio	Profit or Net Income Ratio	Medical Expense Ratio	Administrative Cost Ratio	Profit or Net Income Ratio
Aetna Better Health	84.69%	10.61%	4.17%	94.76%	11.17%	(5.54%)
Blue Cross of California Partnership Plan	79.75%	11.58%	7.03%	84.79%	11.58%	4.10%
Blue Shield of California Promise Health Plan	91.21%	7.74%	1.38%	90.44%	7.85%	(0.80%)
California Health and Wellness	91.65%	12.00%	(2.31%)	109.96%	12.19%	(15.27%)
CHG Foundation	88.38%	13.10%	(1.99%)	94.53%	13.01%	(7.91%)
Health Net Community Solutions	84.49%	4.63%	8.06%	84.82%	5.06%	6.48%
Molina	72.54%	14.60%	10.62%	73.10%	14.76%	9.63%
UnitedHealthcare Community Plan	73.31%	10.18%	19.49%	90.56%	10.60%	(1.88%)

Net Income - Non-Governmental Medi-Cal Plans

Table 14 shows the net income for NGM plans over the past six quarters. Majority of NGM plans reported net loss for December 2021.

Table 14
NGM Net Income by Quarter (in thousands)

Non-Governmental Medi-Cal Plans	QE Sep-20	QE Dec-20	QE Mar-21	QE Jun-21	QE Sep-21	QE Dec-21
Aetna Better Health	\$4,225	(\$10,630)	\$8,668	\$1,271	\$5,273	(\$6,952)
Blue Cross of California Partnership Plan	(\$38,401)	\$36,882	\$31,902	\$43,599	\$53,712	\$31,132
Blue Shield of California Promise Health Plan	\$8,927	(\$11,313)	\$5,444	(\$18,137)	\$6,052	(\$3,552)
California Health and Wellness	(\$9,412)	(\$8,046)	(\$23,150)	(\$8,569)	(\$5,887)	(\$35,537)
CHG Foundation	\$3,702	\$19,047	(\$12,504)	(\$23,311)	(\$6,024)	(\$24,934)
Health Net Community Solutions	\$8,090	(\$420)	\$159,629	\$193,541	\$171,355	\$126,819
Molina	\$14,645	(\$65,840)	\$30,628	\$61,375	\$64,372	\$58,775
UnitedHealthcare Community Plan	\$1,110	(\$3,924)	\$2,148	\$2,356	\$6,271	(\$630)
Total Net Income	(\$7,115)	(\$44,244)	\$202,765	\$252,126	\$295,124	\$145,121

Tangible Net Equity - Non-Governmental Medi-Cal Plans

NGM plans' TNE to required TNE ranged from 177% to 834% for December 2021. TNE reported by most NGM plans is lower than LI and COHS plans. Some NGM plans pay dividends to parent companies or shareholders, thereby reducing the reserve levels. All health plans are required to maintain TNE levels of 100% or higher.

**Table 15
NGM Percentage of TNE by Quarter**

Non-Governmental Medi-Cal Plans	QE Sep-20	QE Dec-20	QE Mar-21	QE Jun-21	QE Sep-21	QE Dec-21
Aetna Better Health	590%	372%	415%	579%	605%	509%
Blue Cross of California Partnership Plan	628%	608%	632%	673%	734%	652%
Blue Shield of California Promise Health Plan	752%	776%	808%	794%	814%	834%
California Health and Wellness	123%	183%	107%	118%	152%	177%
CHG Foundation	943%	1031%	794%	802%	717%	659%
Health Net Community Solutions	722%	682%	666%	620%	717%	724%
Molina	207%	98%	183%	279%	302%	314%
UnitedHealthcare Community Plan	725%	499%	444%	427%	386%	308%

Cash Flow from Operations

NGM plans reported \$225 million in cash flow from operations in December 2021. NGM plans' cash flow from operations is primarily attributed to the Medi-Cal premium revenue paid by DHCS and/or capitation revenue from their plan-to-plan arrangements with plans directly contracted with DHCS.

Claims

Pursuant to the Knox-Keene Act, full service health plans are required to process 95% of their claims within 45 working days. For QE December 31, 2021, Blue Cross of California Partnership Plan failed to process 95 percent of their claims within 45 working days and submitted corrective action plans outlining measures they are taking to comply with the regulations.

Conclusion

All MCMC plans reported increases in Medi-Cal enrollment largely due the suspension of the annual Medi-Cal redetermination requirement during the public health emergency. LI, COHS, and NGM plans experienced decreases in medical expenses during the first half of 2020 due to the stay-at-home order. However, since second half of 2020, all MCMC plans reported increases in medical expenses as a result of increased members' utilization of services and enrollment. The majority of the MCMC plans reported net income at December 31, 2021.

The Medi-Cal managed care plans continue to meet or significantly exceed the minimum TNE requirement. The DMHC will continue to monitor the enrollment trends and financial solvency of all Medi-Cal managed care plans. Additionally, the DMHC is working closely with DHCS on the implementation California Advancing and Innovating Medi-Cal (CalAIM) and Medi-Cal re-procurement to assess the financial impact of the changes on the MCMC plans.

Medi-Cal Managed Care Plans: Counties Served, Medi-Cal Enrollment and TNE

Appendix A – All LI Plan Counties Served, Medi-Cal Enrollment and TNE

Health Plan	Counties Served	Medi-Cal Enrollment	Total TNE to Required TNE (%)
Alameda Alliance	Alameda	291,049	532%
CalViva Health	Fresno, Kings, and Madera	393,125	745%
Contra Costa Health Plan	Contra Costa	214,041	665%
Health Plan of San Joaquin	San Joaquin and Stanislaus	388,170	789%
IEHP	Riverside and San Bernardino	1,418,544	600%
Kern Health Systems	Kern	298,205	491%
L.A. Care Health Plan	Los Angeles	2,344,812	701%
San Francisco Health Plan	San Francisco	153,346	664%
Santa Clara Family Health Plan	Santa Clara	291,097	782%

Appendix B – All COHS Plan Counties Served, Medi-Cal Enrollment and TNE

Health Plan	Counties Served	Medi-Cal Enrollment	Total TNE to Required TNE (%)
CalOptima	Orange	867,738	1279%
CenCal Health	Santa Barbara and San Luis Obispo	209,689	465%
Central California Alliance for Health	Merced, Monterey, and Santa Cruz	386,531	1007%
Health Plan of San Mateo	San Mateo	131,560	910%
Partnership HealthPlan	Del Norte, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Shasta, Siskiyou, Solano, Sonoma, Trinity, and Yolo	627,918	677%

Appendix C – All NGM Plan Counties Served, Medi-Cal Enrollment and TNE

Health Plan	Counties Served	Medi-Cal Enrollment	Total TNE to Required TNE (%)
Aetna Better Health	Sacramento and San Diego	41,666	509%
Blue Cross of California Partnership Plan	Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, El Dorado, Fresno, Glenn, Inyo, Kings, Madera, Mariposa, Mono, Nevada, Placer, Plumas, Sacramento, San Benito, San Francisco, Santa Clara, Sierra, Sutter Tehama, Tulare, Tuolumne, and Yuba	872,467	652%
Blue Shield of California Promise Health Plan	Los Angeles and San Diego	119,190	834%
California Health and Wellness	Alpine, Amador, Butte, Calaveras, Colusa, El Dorado, Glenn, Imperial, Inyo, Mariposa, Mono, Nevada, Placer, Plumas, Sierra, Sutter, Tehama, Tuolumne, and Yuba	222,630	177%
CHG Foundation	San Diego	303,710	659%
Health Net Community Solutions	Fresno, Kern, Kings, Los Angeles, Madera, Sacramento, San Diego, San Joaquin, Stanislaus, and Tulare	1,495,990	724%
Molina	Imperial, Los Angeles, Sacramento, Riverside, San Bernardino, and San Diego	483,405	314%
UnitedHealthcare Community Plan	San Diego	26,406	308%