

Financial Summary of Medi-Cal Managed Care Plans Quarter Ending June 30, 2023

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Table of Contents

	<u>Page Number</u>
I. Overview	1
II. Summary of Findings	2
III. Local Initiative Health Plans (LIs)	
A. Highlights	3
B. Enrollment Trends	5
C. Financial Trends	8
IV. County Organized Health Systems (COHS)	
A. Highlights	12
B. Enrollment Trends	14
C. Financial Trends	17
V. Non-Governmental Medi-Cal Plans (NGMs)	
A. Highlights	21
B. Enrollment Trends	24
C. Financial Trends	27
VI. Conclusion	31
VII. Appendix A – All LI Plan Counties Served, Medi-Cal Enrollment and TNE	32
VIII. Appendix B – All COHS Plan Counties Served, Medi-Cal Enrollment and TNE	32
IX. Appendix C – All NGM Plan Counties Served, Medi-Cal Enrollment and TNE	33

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 14.2 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 6.9 million and 2.5 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 1.6 million Medi-Cal beneficiaries. There are about 543,000 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 4.3 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 June 30, 2023. 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 the plan's total enrollment, the Plan does not meet the definition of a NGM plan. Furthermore, the financial information the

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.

Department of Managed Health Care (DMHC) receives from Kaiser Permanente is for its entire 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 has continued to increase since March 2020. All MCMC plans reported an increase in enrollment for the quarter ending June 2023. The increase in Medi-Cal enrollment was largely due to the suspension of the annual Medi-Cal redetermination requirement during the public health emergency.
- All MCMC plans reported a decrease in their revenue and medical expenses for the second quarter of 2023.
- Most MCMC plans reported net income in 2022 and first half of 2023. 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 7 million enrollees as of June 2023. Approximately 6.9 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 1.7% from March 2023 to June 2023.
- LI plans reported net income of \$462 million in June 2023 compared to \$493 million in March 2023, and \$121 million in December 2022.
- LI plans' TNE ranged from 617% to 1447% of required TNE.
- LIs reported \$48 million in cash flow from operations in June 2023. This is a significant change from March 2023 when LIs reported a cash flow from operations of \$1.64 billion. 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.

B. Enrollment Trends – LI

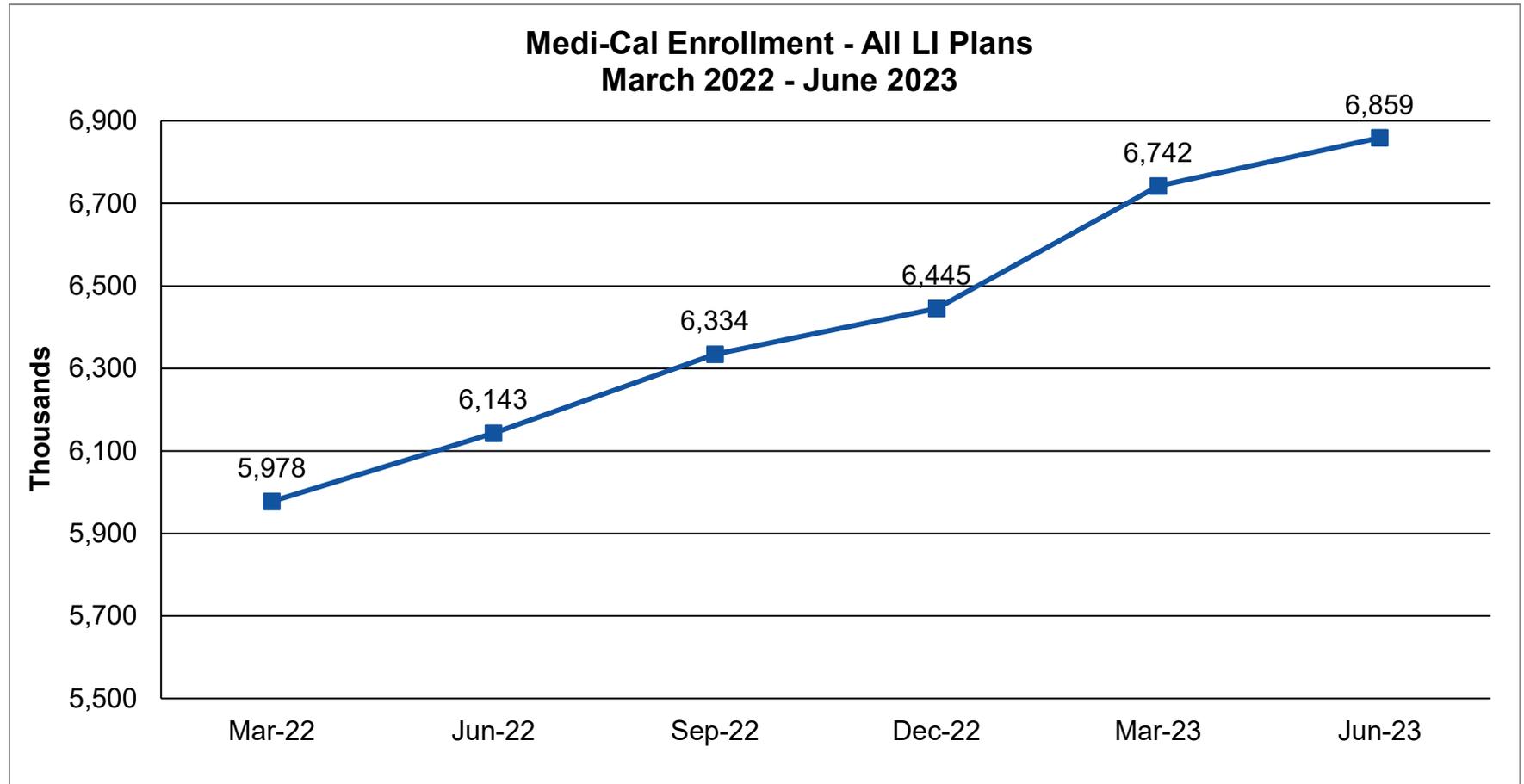
LI plans serve 7 million enrollees in 13 counties in California. Total enrollment increased by 1.7% from the previous quarter with all LIs reporting an increase in enrollment. The table below lists total enrollment by line of business as of June 2023 for LI plans.

Table 1
Line of Business Enrollment for Local Initiatives
June 2023

Local Initiative	Medi-Cal	Commercial	Medicare	Plan-to-Plan	Total Enrollment
Alameda Alliance	356,035	5,684	0	0	361,719
CalViva Health	445,086	0	0	0	445,086
Contra Costa Health Plan	267,791	6,609	0	0	274,400
Health Plan of San Joaquin	458,097	0	0	0	458,097
IEHP	1,689,242	0	0	0	1,689,242
Kern Health Systems	357,008	0	0	0	357,008
L.A. Care Health Plan	2,753,393	128,106	0	0	2,881,499
San Francisco Health Plan	195,502	11,645	0	0	207,147
Santa Clara Family Health Plan	336,775	0	0	0	336,775
Total	6,858,929	152,044	0	0	7,010,973

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 March 2022 to June 2023. Overall, the LI plans Medi-Cal enrollment increased by almost 881,000 from March 2022 to June 2023.

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

Table 2
LI Medi-Cal Enrollment by Quarter

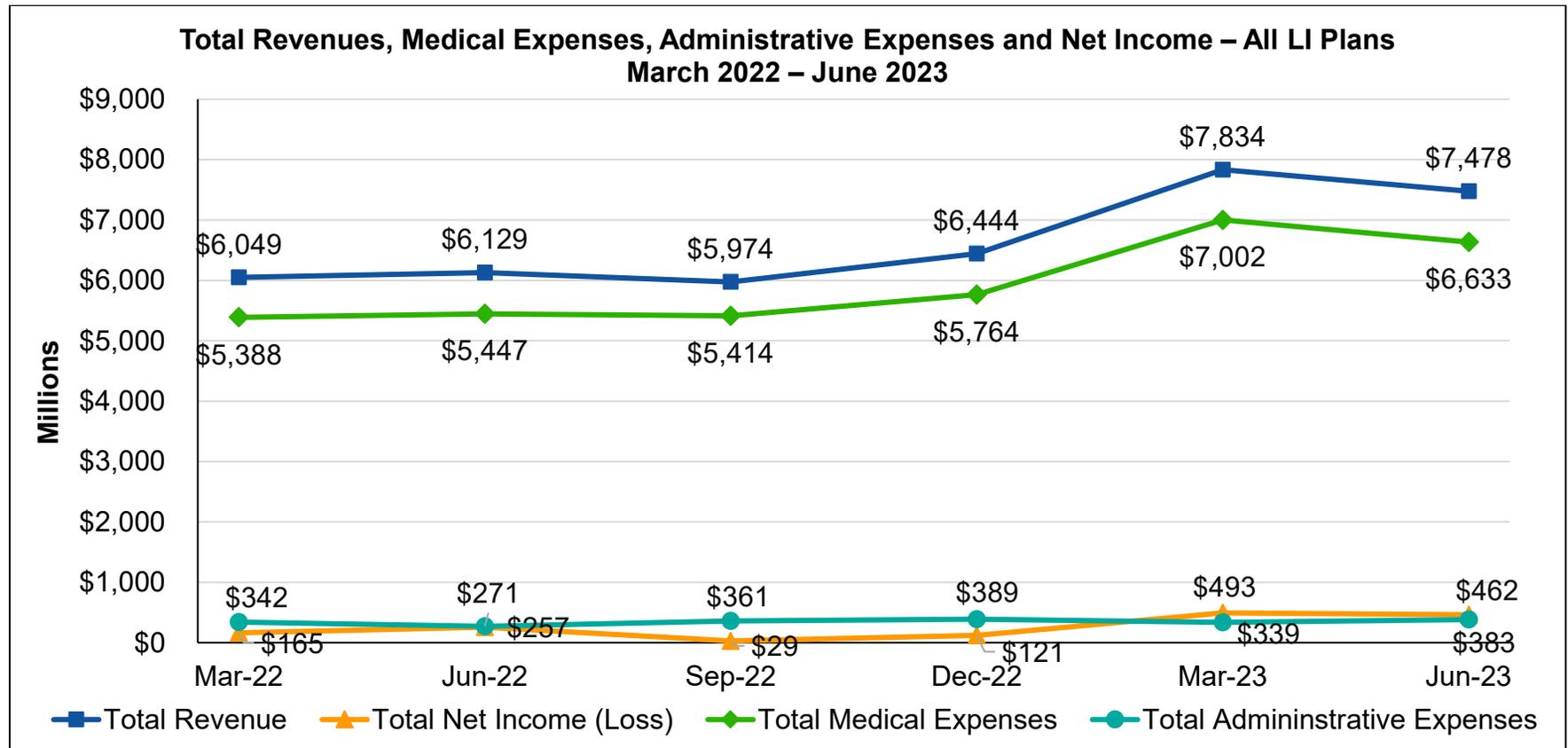
Local Initiative	QE Mar-22	QE Jun-22	QE Sep-22	QE Dec-22	QE Mar-23	QE Jun-23
Alameda Alliance	301,030	307,341	315,608	322,153	349,366	356,035
CalViva Health	401,429	407,069	413,576	418,051	437,493	445,086
Contra Costa Health Plan	222,889	229,359	235,809	241,976	262,074	267,791
Health Plan of San Joaquin	399,941	407,091	416,766	423,068	451,570	458,097
IEHP	1,483,747	1,544,924	1,581,913	1,607,107	1,656,727	1,689,242
Kern Health Systems	312,490	319,333	325,920	336,514	351,010	357,008
L.A. Care Health Plan	2,400,470	2,459,789	2,561,157	2,603,252	2,709,463	2,753,393
San Francisco Health Plan	158,439	161,896	166,730	170,027	192,308	195,502
Santa Clara Family Health Plan	297,172	306,382	316,695	323,113	331,804	336,775
Total Medi-Cal Enrollment	5,977,607	6,143,184	6,334,174	6,445,261	6,741,815	6,858,929

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 income³ for the LIs over six quarters. There was a slight decrease in total revenue, total medical expenses, and total net income for the quarter ending (QE) June 2023.

Chart 2



³ Net income is the excess or deficiency of total revenues over total expenses adjusted for taxes.

Net Income – LI

Table 3 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 June 2023, all LI plans reported a net income except San Francisco Health Plan.

Table 3
LI Net Income by Quarter (in thousands)

Local Initiative	QE Mar-22	QE Jun-22	QE Sep-22	QE Dec-22	QE Mar-23	QE Jun-23
Alameda Alliance	\$15,970	\$12,306	\$12,038	\$10,627	\$42,656	\$27,895
CalViva Health	\$6,384	(\$681)	\$344	\$4,822	\$2,229	\$4,483
Contra Costa Health Plan	\$9,458	\$28,417	\$5,488	\$10,408	\$13,494	\$21,109
Health Plan of San Joaquin	\$33,160	\$34,312	\$26,527	\$47,698	\$4,412	\$57,377
IEHP	\$94,791	\$105,642	\$7,225	(\$47,488)	\$128,922	\$129,278
Kern Health Systems	\$7,915	\$13,782	\$9,335	\$36,796	\$25,898	\$42,843
L.A. Care Health Plan	(\$6,309)	\$14,742	(\$52,165)	\$36,807	\$160,898	\$148,503
San Francisco Health Plan	\$12,438	\$30,106	\$8,179	\$11,181	\$15,600	(\$3,756)
Santa Clara Family Health Plan	(\$8,851)	\$18,836	\$12,229	\$10,273	\$99,246	\$34,114
Total LI Net Income	\$164,956	\$257,462	\$29,200	\$121,123	\$493,357	\$461,846

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,⁴ 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 subordinated⁵ may be added to the TNE calculation, which serves to increase the plan’s TNE. All LIs had TNE that exceeded the regulatory requirements.⁶

**Table 4
LI Percentage TNE by Quarter**

Local Initiative	QE Mar-22	QE Jun-22	QE Sep-22	QE Dec-22	QE Mar-23	QE Jun-23
Alameda Alliance	575%	605%	639%	677%	747%	758%
CalViva Health	782%	789%	801%	838%	805%	853%
Contra Costa Health Plan	438%	554%	544%	573%	608%	617%
Health Plan of San Joaquin	861%	988%	1063%	1220%	1438	1447%
IEHP	657%	725%	734%	712%	763%	794%
Kern Health Systems	511%	545%	548%	623%	676%	729%
L.A. Care Health Plan	700%	716%	669%	690%	755%	789%
San Francisco Health Plan	770%	1024%	1177%	1413%	1061%	784%
Santa Clara Family Health Plan	624%	585%	615%	640%	574%	699%

⁴ “Goodwill” is an intangible asset that arises as a result of the acquisition of one company by another for a premium value.

⁵ “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.

⁶ A high TNE percentage does not equate to excess cash and cash equivalents. The TNE calculation includes all of a health plan’s assets including long term assets and property and equipment which cannot be converted to cash in short term.

The Department's minimum requirement for TNE reserves is 100% of required TNE. If a health plan's TNE falls below 150%, 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 2022. For June 2023, the reported TNE ranged from 617% to 1447% 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.

LI plans reported total positive cash flow from operations of \$48 million in June 2023 compared to \$1.64 billion cash flow from operations in March 2023. 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 June 30, 2023, Contra Costa Health Plan failed to process 95 percent of their claims within 45 working days.

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 2.5 million individuals as of June 2023, an increase of 1.4% from March 2023.
- COHS plans reported a combined net income of \$324 million in June 2023, compared to a net income of \$191 million in March 2023.
- COHS plans' TNE ranged from 771% to 1556% of required TNE.
- COHS plans reported negative of \$642 million in cash flow from operations in June 2023. This is a significant change from March 2023 when COHS plans reported a positive cash flow from operations of \$1.39 billion. 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 2.5 million, an increase of 1.4% compared to March 2023. All COHS plans experienced enrollment growth from March 2023 to June 2023. The table below lists total enrollment by line of business as of June 2023 for COHS plans. CalOptima and Partnership HealthPlan reported the highest enrollment numbers.

**Table 5
Line of Business Enrollment in County Organized Health Systems
June 2023**

COHS	Medi-Cal	Commercial	Medicare	Plan-to-Plan	Total Enrollment
CalOptima	970,590	0	18,126	0	988,716
CenCal Health	235,565	0	0	0	235,565
Central California Alliance for Health	428,146	670	0	0	428,816
Health Plan of San Mateo	153,109	1,211	0	0	154,320
Partnership HealthPlan	697,902	0	0	0	697,902
Total	2,485,312	1,881	18,126	0	2,505,319

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 March 2022 through June 2023. Medi-Cal enrollment in COHS plans increased by 1.4% in June 2023 compared to the previous quarter.

Chart 3

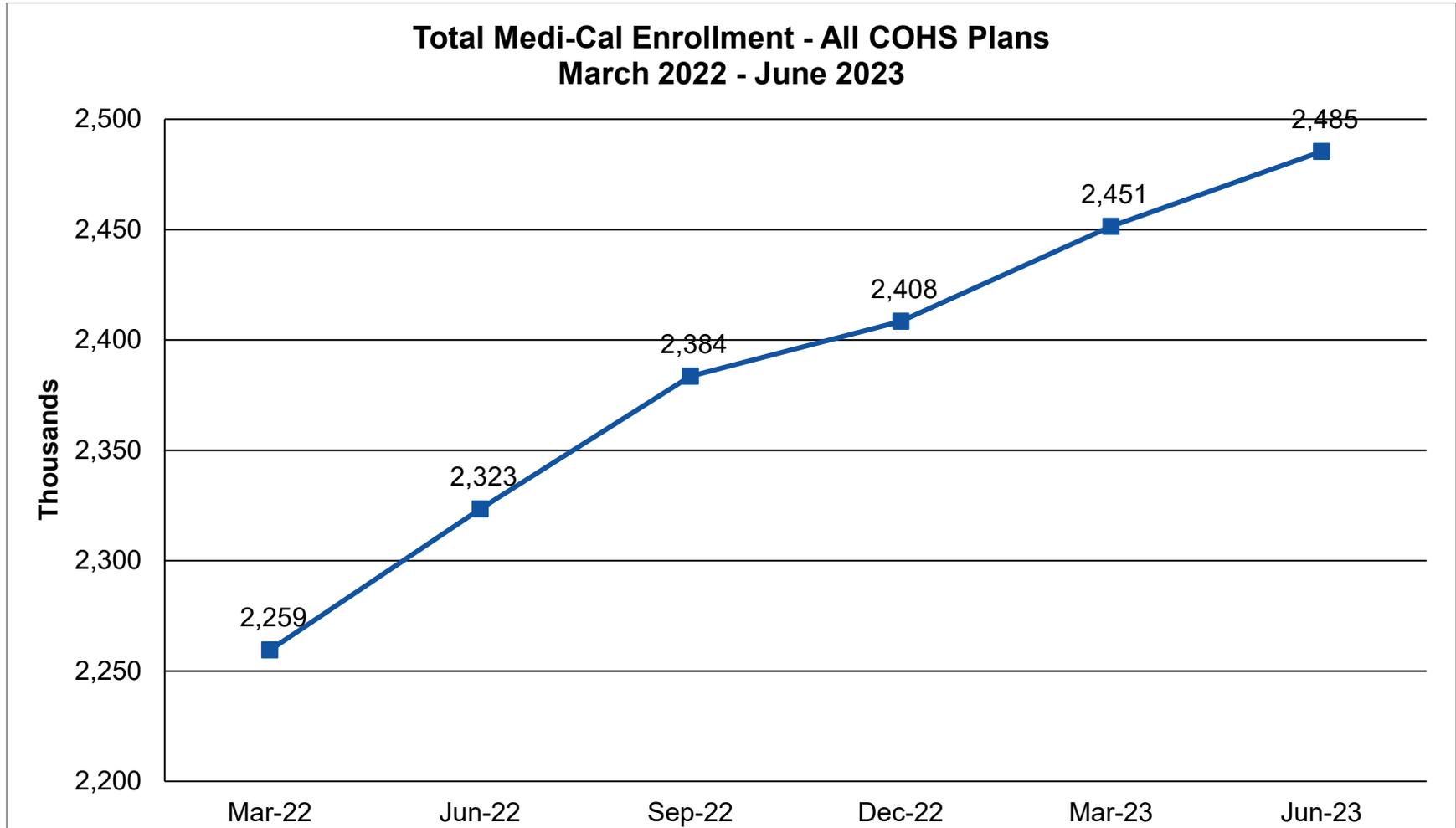


Table 6 shows the Medi-Cal enrollment for the five COHS plan over the past six quarters.

**Table 6
COHS Medi-Cal Enrollment by Quarter**

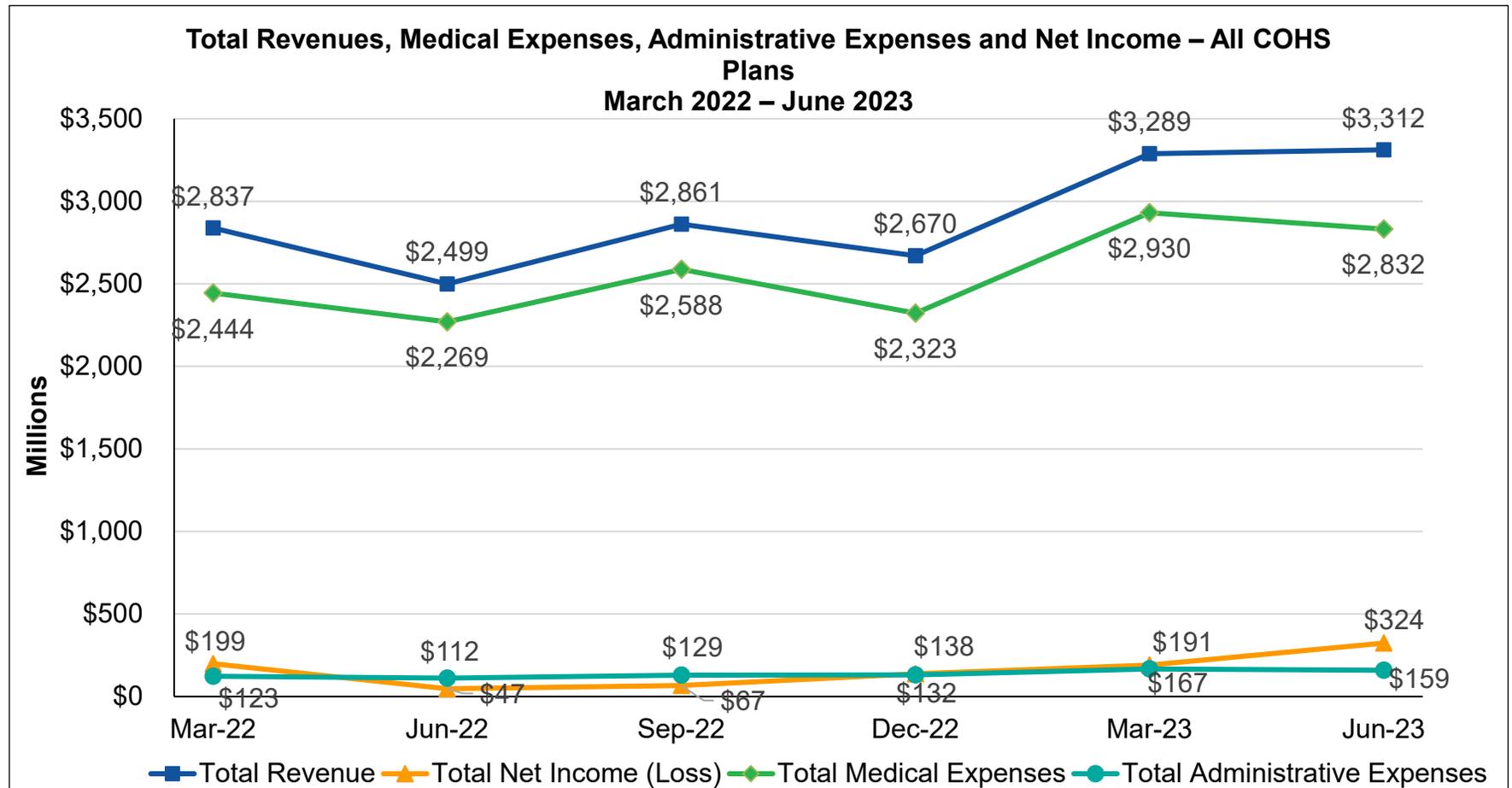
COHS	QE Mar-22	QE Jun-22	QE Sep-22	QE Dec-22	QE Mar-23	QE Jun-23
CalOptima	883,606	911,549	935,814	941,471	960,237	970,590
CenCal Health	212,370	219,233	223,749	227,781	231,592	235,565
Central California Alliance for Health	391,996	397,461	410,291	416,118	422,421	428,146
Health Plan of San Mateo	134,054	141,960	144,471	147,099	150,560	153,109
Partnership HealthPlan	637,424	653,187	669,732	676,353	686,630	697,902
Total Medi-Cal Enrollment	2,259,450	2,323,390	2,384,057	2,408,822	2,451,440	2,485,312

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. COHS plans' total revenue and total net income increased slightly in June 2023.

Chart 4



Net Income – COHS

Table 7 shows the net income for COHS plans over the past six quarters. All COHS plans reported a net income for June 2023.

**Table 7
COHS Net Income by Quarter (in thousands)**

COHS	QE Mar-22	QE Jun-22	QE Sep-22	QE Dec-22	QE Mar-23	QE Jun-23
CalOptima	\$65,199	(\$10,437)	\$20,401	\$30,365	\$71,517	\$137,673
CenCal Health	\$3,182	\$32,468	\$8,029	\$9,433	(\$15,631)	\$62,185
Central California Alliance for Health	\$27,253	\$27,357	\$12,252	\$26,338	\$34,650	39,316
Health Plan of San Mateo	\$23,269	\$15,791	\$27,598	\$48,466	\$34,360	\$32,362
Partnership HealthPlan	\$80,388	(\$17,716)	(\$1,242)	\$23,333	\$66,184	\$52,101
Total COHS Net Income	\$199,291	\$47,463	\$67,038	\$137,936	\$191,079	\$323,637

Tangible Net Equity – COHS

All COHS plans reported over 771% of required TNE for June 2023. TNE to required TNE ranged from 771% to 1556%. All COHS plans reported a slight increase in TNE to required TNE compared to March 2023 except Partnership HealthPlan.

**Table 8
COHS Percentage of TNE by Quarter**

COHS	QE Mar-22	QE Jun-22	QE Sep-22	QE Dec-22	QE Mar-23	QE Jun-23
CalOptima	1366%	1340%	1389%	1482%	1479%	1556%
CenCal Health	489%	563%	609%	666%	591%	819%
Central California Alliance for Health	1049%	1092%	1105%	1156%	1165%	1180%
Health Plan of San Mateo	920%	977%	1057%	1268%	1226%	1275%
Partnership HealthPlan	779%	784%	795%	829%	812%	771%

Cash Flow from Operations

COHS plans reported negative \$642 million in cash flow from operations in June 2023 and \$1.39 billion positive cash flow from operations in March 2023. 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 June 30, 2023, COHS plans did not report any claims processing or emerging claims payment deficiencies.

IV. 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.
- Seven NGM plans currently serve 37 counties. NGM plans and the counties in which they provide services are:
 - Aetna Better Health of California, Inc. (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.
- 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 health plan and a subsidiary of Elevance Health, Inc., a publicly traded company. Blue Cross of California Partnership Plan paid dividend of \$75 million in 2021, \$150 million in 2022, and \$300 million in the first quarter of 2023.
 - 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 \$600 million in 2021, \$500 million in 2022, \$300 million in first half of 2023 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 2021, \$200 million in December 2022, and \$90 million in the first half of 2023.
- Kaiser Permanente serves another 196,000 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 1.9% from March 2023 to June 2023. NMG plans served 4.3 million Medi-Cal enrollees at June 30, 2023.
 - NGM plans reported a net income of \$450 million in June 2023, which was higher than the net income of \$445 million reported in March 2023.

- TNE for NGM plans ranged from 268% to 1108% of required TNE in June 2023.
- NGM plans reported negative \$333 million in cash flow from operations in June 2023. This is a significant change from March 2023 when NGM plans reported positive cash flow from operations of \$2.2 billion. 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

Total enrollment for NGM plans increased by 1.9% in June 2023 compared to March 2023. The table below lists total enrollment by line of business as of June 2023 for NGM plans.

**Table 9
Line of Business Enrollment in Non-Governmental Medi-Cal Plans
June 2023**

Non-Governmental Medi-Cal Plans	Medi-Cal	Commercial	Medicare	Plan-to-Plan⁷	Others⁸	Total
Aetna Better Health	69,355	0	21,341	0	0	90,696
Blue Cross of California Partnership Plan	1,092,506	0	38,448	0	0	1,130,954
Blue Shield of California Promise Health Plan	152,255	0	0	387,377	0	539,632
California Health and Wellness	272,368	0	0	0	0	272,368
CHG Foundation	359,812	0	0	0	0	359,812
Health Net Community Solutions	1,789,239	0	6,948	456,608	0	2,252,795
Molina	582,328	52,193	15,453	83,436	0	733,410
Total Enrollment in NGMs	4,317,863	52,193	82,190	927,421	0	5,379,667
Kaiser Permanente	196,130	6,881,649	1,364,790	732,221	268,363	9,443,153
Grand Total	4,513,993	6,933,842	1,446,980	1,659,642	268,363	14,822,820

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. Overall, the NGM plans Medi-Cal enrollment increased by almost 627,000 from March 2022 to June 2023.

Chart 5

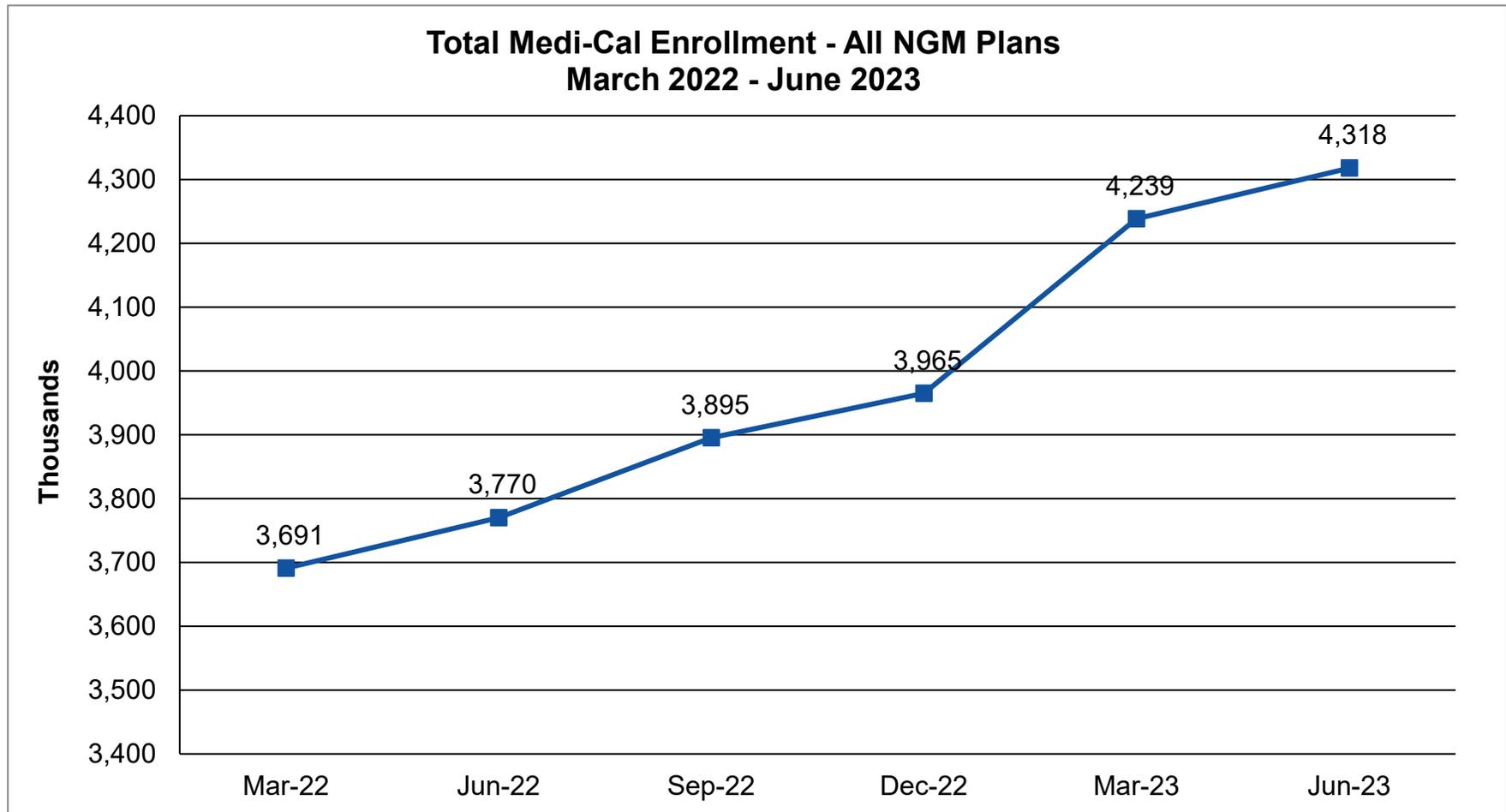


Table 10 shows the Medi-Cal enrollment for the NGM plans over the past six quarters. All NGM plans reported an increase in Medi-Cal enrollment in June 2023 compared to the prior five quarters. Effective January 2023, UnitedHealthcare Community Plan of California, Inc. exits the Medi-Cal managed care business.

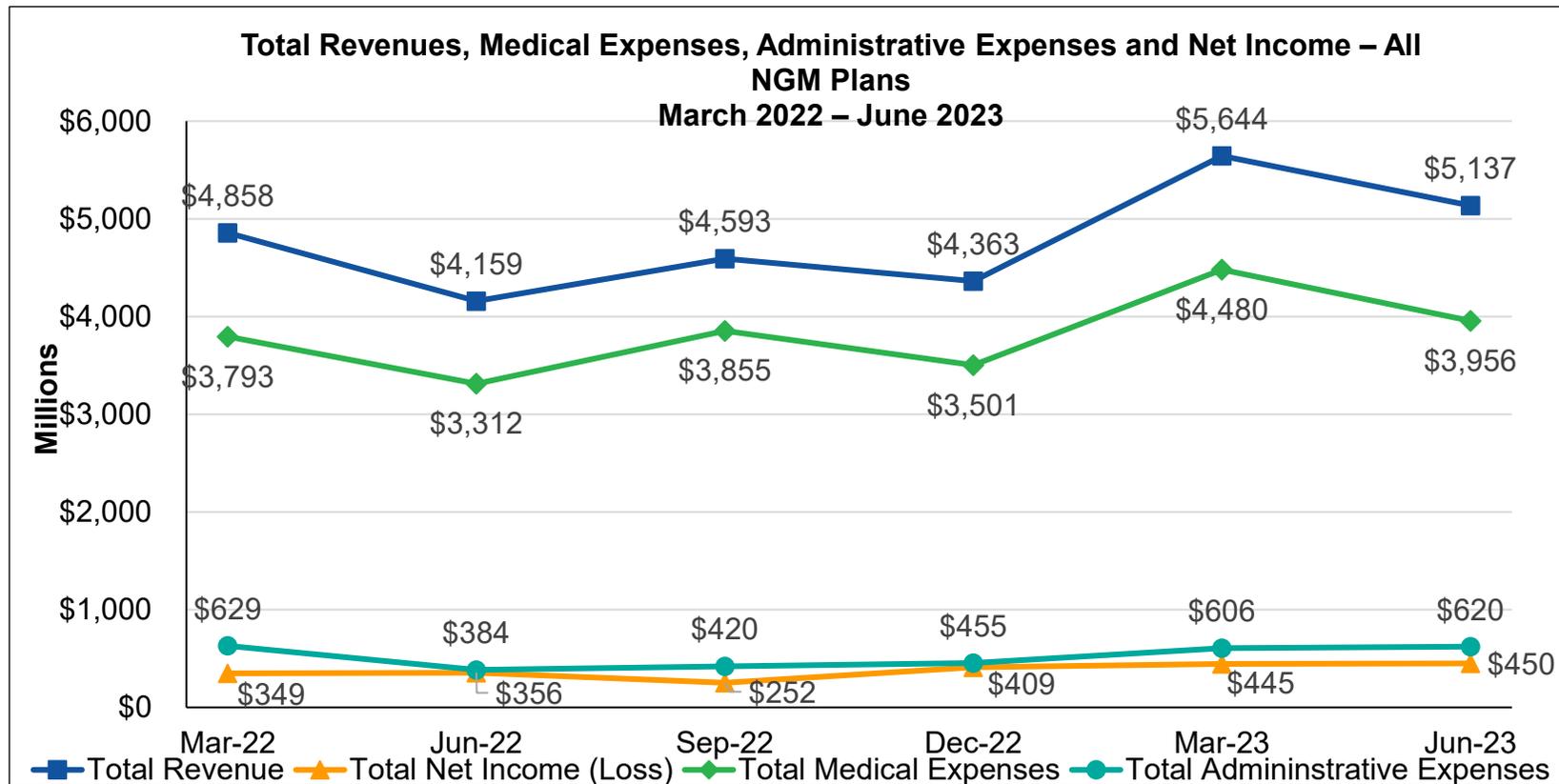
Table 10
NGM Medi-Cal Enrollment by Quarter

Non-Governmental Medi-Cal Plans	QE Mar-22	QE Jun-22	QE Sep-22	QE Dec-22	QE Mar-23	QE Jun-23
Aetna Better Health	43,934	46,253	49,264	51,791	65,557	69,355
Blue Cross of California Partnership Plan	904,985	925,989	953,137	972,738	1,075,799	1,092,506
Blue Shield of California Promise Health Plan	123,132	126,268	130,386	134,821	148,092	152,255
California Health and Wellness	226,699	232,320	237,059	241,134	264,774	272,368
CHG Foundation	312,524	319,440	328,033	334,683	349,928	359,812
Health Net Community Solutions	1,536,661	1,570,196	1,630,855	1,659,176	1,756,499	1,789,239
Molina	514,600	519,790	535,734	542,632	578,099	582,328
UnitedHealthcare Community Plan	28,567	30,003	30,964	27,972	N/A	N/A
Total Medi-Cal Enrollment	3,691,102	3,770,259	3,895,432	3,964,947	4,238,748	4,317,863

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 total medical expenses decreased slightly from the previous quarter. This chart does not include the revenue, medical expenses, administrative expenses, and net income reported by Kaiser Permanente.

Chart 6



Net Income – Non-Governmental Medi-Cal Plans

Table 11 shows the net income for NGM plans over the past six quarters. All NGM plans reported a net income for June 2023 except Aetna Better Health. Effective January 2023, UnitedHealthcare Community Plan of California, Inc. exits the Medi-Cal managed care business.

Table 11
NGM Net Income by Quarter (in thousands)

Non-Governmental Medi-Cal Plans	QE Mar-22	QE Jun-22	QE Sep-22	QE Dec-22	QE Mar-23	QE Jun-23
Aetna Better Health	(\$543)	\$13,395	(\$2,209)	\$9,262	(\$4,903)	(\$3,900)
Blue Cross of California Partnership Plan	\$73,589	\$87,538	\$92,888	\$86,696	\$101,899	\$50,638
Blue Shield of California Promise Health Plan	\$15,935	\$22,796	\$845	\$78,003	\$14,267	\$19,536
California Health and Wellness	\$36,050	\$5,485	\$14,532	(\$1,971)	\$15,022	\$25,256
CHG Foundation	\$47,509	\$49,663	\$40,489	\$50,942	\$93,684	\$97,641
Health Net Community Solutions	\$126,379	\$145,143	\$67,986	\$129,170	\$151,929	\$225,359
Molina	\$45,357	\$29,255	\$35,117	\$52,256	\$73,379	\$35,497
UnitedHealthcare Community Plan	\$4,235	\$2,756	\$2,140	\$4,744	N/A	N/A
Total NGM Net Income	\$348,512	\$356,032	\$251,788	\$409,102	\$445,277	\$450,027

Tangible Net Equity – Non-Governmental Medi-Cal Plans

NGM plans' TNE to required TNE ranged from 268% to 1108% for June 2023. The 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 NGM plans maintained compliance with the DMHC's TNE requirement. Effective January 2023, UnitedHealthcare Community Plan of California, Inc. exits the Medi-Cal managed care business.

**Table 12
NGM Percentage of TNE by Quarter**

Non-Governmental Medi-Cal Plans	QE Mar-22	QE Jun-22	QE Sep-22	QE Dec-22	QE Mar-23	QE Jun-23
Aetna Better Health	437%	514%	449%	556%	533%	459%
Blue Cross of California Partnership Plan	741%	864%	988%	971%	618%	598%
Blue Shield of California Promise Health Plan	833%	887%	866%	1004%	905%	924%
California Health and Wellness	308%	335%	393%	420%	434%	493%
CHG Foundation	800%	927%	1066%	1251%	904%	1108%
Health Net Community Solutions	731%	757%	735%	784%	771%	811%
Molina	288%	213%	227%	255%	292%	268%
UnitedHealthcare Community Plan	354%	367%	367%	447%	N/A	N/A

Cash Flow from Operations

NGM plans reported negative \$333 million in cash flow from operations in June 2023. 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 June 30, 2023, NGM plans did not report any claims processing or emerging claims payment deficiencies.

Conclusion

All MCMC plans reported increases in Medi-Cal enrollment largely due to the suspension of the annual Medi-Cal redetermination requirement during the public health emergency. The majority of the MCMC plans reported net income at June 30, 2023. The Medi-Cal managed care plans continue to meet or significantly exceed the minimum TNE requirement.

The Medi-Cal redetermination resumed on April 1, 2023, with the first disenrollments from coverage occurring in July, which is likely contribute to decreases in enrollment and revenues for the MCMC plans starting with the second half of 2023.

Additionally, the DMHC is working closely with DHCS on the implementation of California Advancing and Innovating Medi-Cal (CalAIM) and Medi-Cal contract changes to assess the financial impact of the changes on the MCMC plans. DMHC will continue to monitor the enrollment trends and financial solvency of all Medi-Cal managed care 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 at June 30, 2023

Health Plan	Counties Served	Medi-Cal Enrollment	Total TNE to Required TNE
Alameda Alliance	Alameda	356,035	758%
CalViva Health	Fresno, Kings, and Madera	445,086	853%
Contra Costa Health Plan	Contra Costa	267,791	617%
Health Plan of San Joaquin	San Joaquin and Stanislaus	458,097	1447%
IEHP	Riverside and San Bernardino	1,689,242	794%
Kern Health Systems	Kern	357,008	729%
L.A. Care Health Plan	Los Angeles	2,753,393	789%
San Francisco Health Plan	San Francisco	195,502	784%
Santa Clara Family Health Plan	Santa Clara	336,775	699%

Appendix B – All COHS Plan Counties Served, Medi-Cal Enrollment and TNE at June 30, 2023

Health Plan	Counties Served	Medi-Cal Enrollment	Total TNE to Required TNE
CalOptima	Orange	970,590	1556%
CenCal Health	Santa Barbara and San Luis Obispo	235,565	819%
Central California Alliance for Health	Merced, Monterey, and Santa Cruz	428,146	1180%
Health Plan of San Mateo	San Mateo	153,109	1275%
Partnership HealthPlan	Del Norte, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Shasta, Siskiyou, Solano, Sonoma, Trinity, and Yolo	697,902	771%

Appendix C – All NGM Plan Counties Served, Medi-Cal Enrollment and TNE at June 30, 2023

Health Plan	Counties Served	Medi-Cal Enrollment	Total TNE to Required TNE
Aetna Better Health	Sacramento and San Diego	69,355	459%
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	1,092,506	598%
Blue Shield of California Promise Health Plan	Los Angeles and San Diego	152,255	924%
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	272,368	493%
CHG Foundation	San Diego	359,812	1108%
Health Net Community Solutions	Fresno, Kern, Kings, Los Angeles, Madera, Sacramento, San Diego, San Joaquin, Stanislaus, and Tulare	1,789,239	811%
Molina	Imperial, Los Angeles, Sacramento, Riverside, San Bernardino, and San Diego	582,328	268%