

# **Financial Summary of Medi-Cal Managed Care Plans Quarter Ending June 30, 2022**

Prepared on September 19, 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 12.4 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.<sup>1</sup> Both LI and COHS plans are local agencies established by county boards of supervisors to contract with the Medi-Cal program. Approximately 6.1 million and 2.3 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 460,000 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 3.8 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, 2022. 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 Department of Managed Health Care (DMHC) receives from Kaiser Permanente is for its entire book of business, rather

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<sup>1</sup> 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.

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 increased since March 2020. All MCMC plans reported an increase in enrollment for the quarter ending June 2022. 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 decreased in the first half of 2022 compared to December 2021 due to Medi-Cal pharmacy expense being carved out of MCMC plans effective January 2022.
- Most MCMC plans reported net income in year 2021 and in the first half of 2022. 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.<sup>2</sup>
- 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

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

- LI plans reported combined enrollment of almost 6.3 million enrollees as of June 2022. Approximately 6.1 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 2.8% from March 2022 to June 2022.
- LI plans reported net income of \$233 million in June 2022 compared to \$180 million in March 2022, and net income of \$86 million reported in December 2021.
- LI plans' TNE ranged from 543% to 1005% of required TNE.
- LIs reported negative \$140 million in cash flow from operations in June 2022. This is a significant change from March 2022 when LIs reported a positive cash flow from operations of \$745 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.

**B. Enrollment Trends – LI**

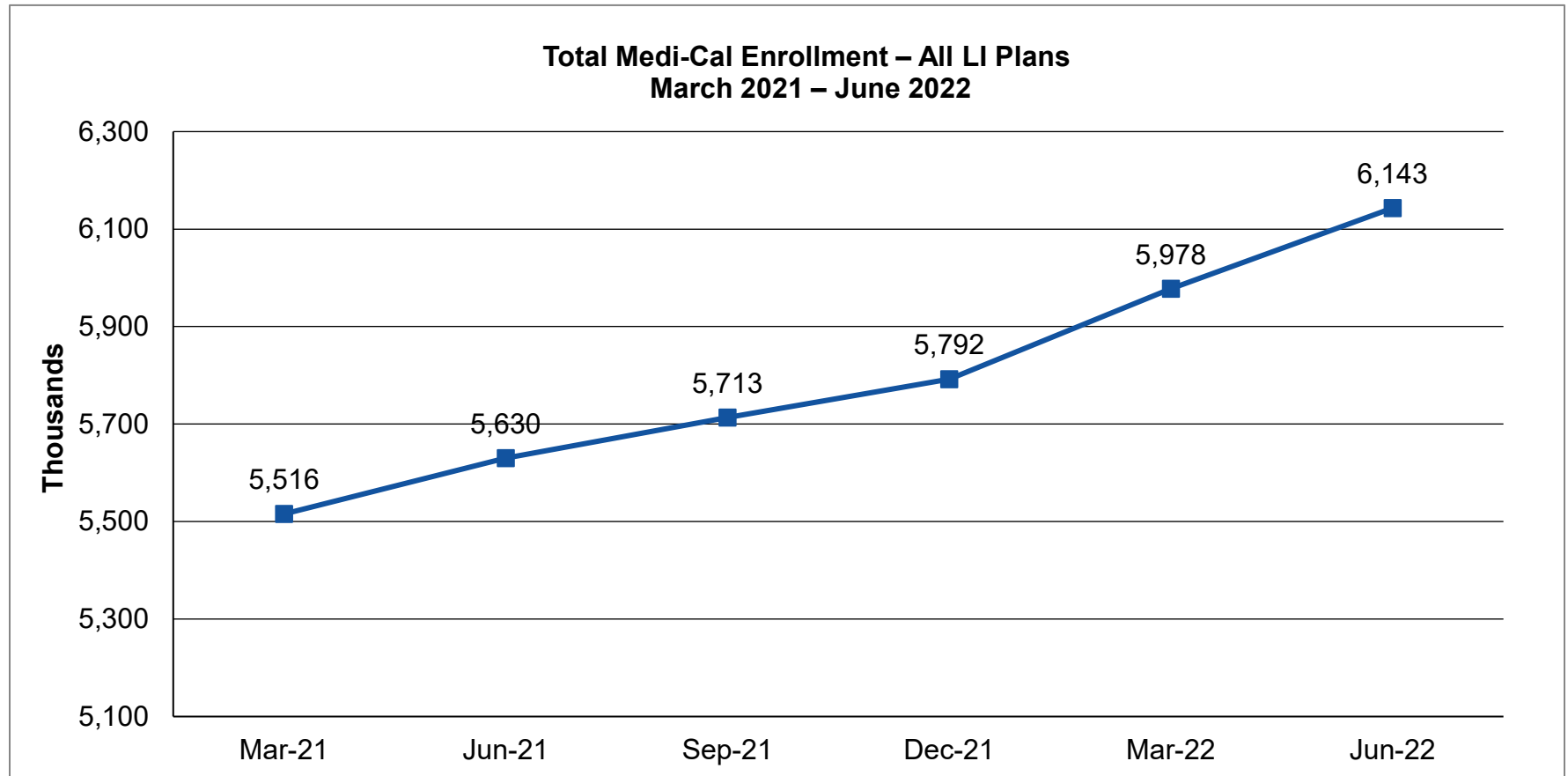
LI plans serve 6.3 million enrollees in 13 counties in California. Total enrollment increased by 2.7% from the previous quarter with all LIs reporting an increase in enrollment. The table below lists total enrollment by line of business as of June 2022 for LI plans.

**Table 1  
Line of Business Enrollment for Local Initiatives  
June 2022**

Local Initiative	Medi-Cal	Commercial	Medicare	Plan-to-Plan	Total Enrollment
Alameda Alliance	307,341	5,796	0	0	313,137
CalViva Health	407,069	0	0	0	407,069
Contra Costa Health Plan	229,359	7,010	0	0	236,369
Health Plan of San Joaquin	407,091	0	0	0	407,091
IEHP	1,544,924	0	0	0	1,544,924
Kern Health Systems	319,333	0	0	0	319,333
L.A. Care Health Plan	2,459,789	114,993	0	0	2,574,782
San Francisco Health Plan	161,896	11,719	0	0	173,615
Santa Clara Family Health Plan	306,382	0	0	0	306,382
<b>Total</b>	<b>6,143,184</b>	<b>139,518</b>	<b>0</b>	<b>0</b>	<b>6,282,702</b>

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 2021 to June 2022. Overall, the LI plans Medi-Cal enrollment increased by almost 628,000 from March 2021 to June 2022.



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

**Table 2**  
**LI Medi-Cal Enrollment by Quarter**

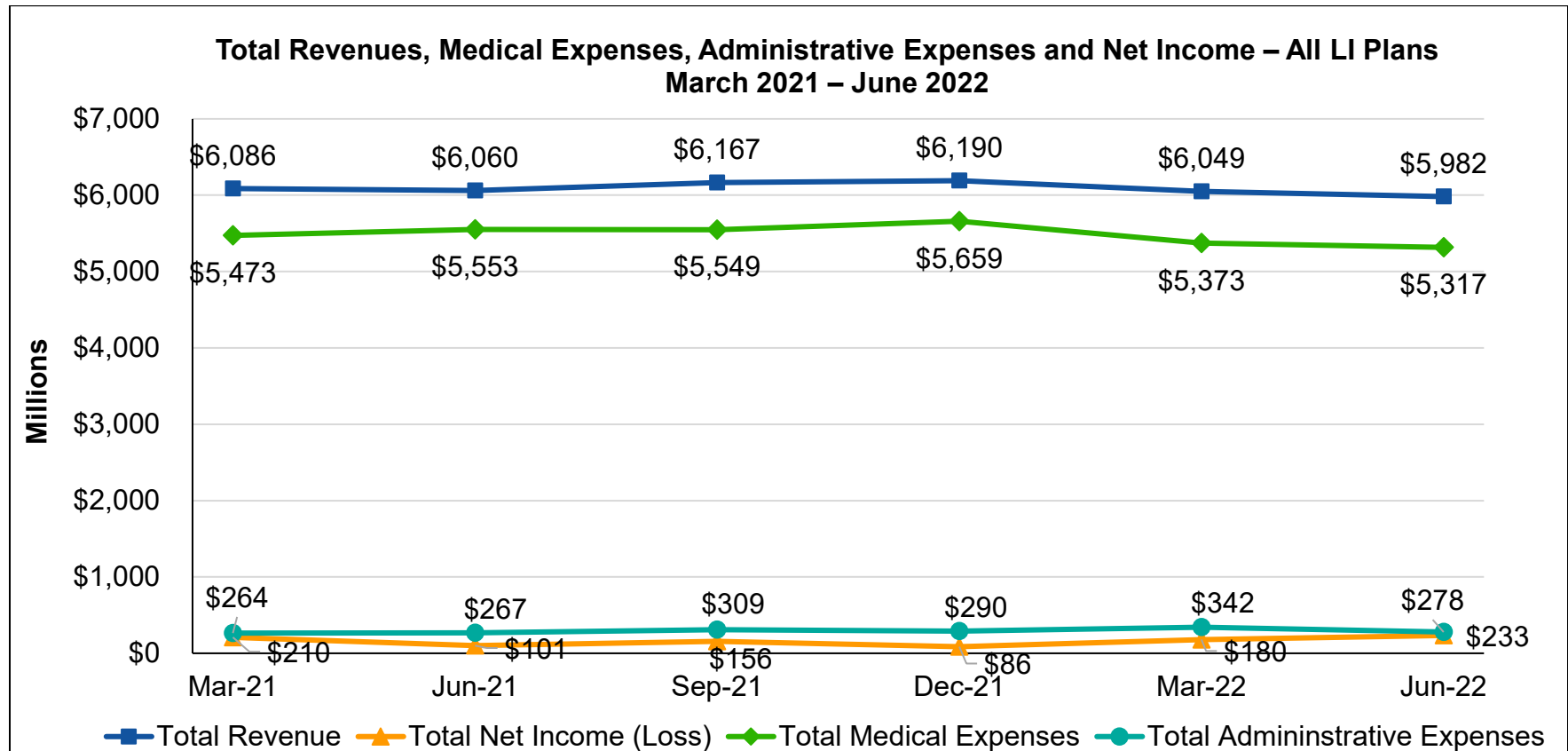
<b>Local Initiative</b>	<b>QE Mar-21</b>	<b>QE Jun-21</b>	<b>QE Sep-21</b>	<b>QE Dec-21</b>	<b>QE Mar-22</b>	<b>QE Jun-22</b>
Alameda Alliance	275,771	282,730	286,899	291,049	301,030	307,341
CalViva Health	380,179	385,467	389,651	393,125	401,429	407,069
Contra Costa Health Plan	200,572	206,650	210,135	214,041	222,889	229,359
Health Plan of San Joaquin	370,698	378,013	383,544	388,170	399,941	407,091
IEHP	1,350,143	1,376,817	1,398,558	1,418,544	1,483,747	1,544,924
Kern Health Systems	282,972	289,309	292,271	298,205	312,490	319,333
L.A. Care Health Plan	2,234,867	2,279,569	2,314,671	2,344,812	2,400,470	2,459,789
San Francisco Health Plan	143,547	148,980	151,072	153,346	158,439	161,896
Santa Clara Family Health Plan	276,842	282,670	286,552	291,097	297,172	306,382
<b>Total Medi-Cal Enrollment</b>	<b>5,515,591</b>	<b>5,630,205</b>	<b>5,713,353</b>	<b>5,792,389</b>	<b>5,977,607</b>	<b>6,143,184</b>

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 income<sup>3</sup> for the LIs over six quarters. There was a slight decrease in total revenue, total medical expenses, and total administrative expense for the quarter ending (QE) June 2022.

**Chart 2**



<sup>3</sup> 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 2022, all LI plans reported positive net income except CalViva Health.

**Table 3  
LI Net Income by Quarter (in thousands)**

<b>Local Initiative</b>	<b>QE Mar-21</b>	<b>QE Jun-21</b>	<b>QE Sep-21</b>	<b>QE Dec-21</b>	<b>QE Mar-22</b>	<b>QE Jun-22</b>
Alameda Alliance	\$8,095	\$9,006	\$4,471	(\$7,532)	\$15,970	\$10,767
CalViva Health	\$6,404	\$6,770	\$1,213	\$2,273	\$6,384	(\$681)
Contra Costa Health Plan	\$9,883	\$4,502	\$6,303	\$6,310	\$24,465	\$13,411
Health Plan of San Joaquin	\$29,693	(\$21,153)	\$19,786	\$2,521	\$33,160	\$34,312
IEHP	\$29,921	\$54,986	\$71,003	\$29,272	\$94,791	\$105,642
Kern Health Systems	\$5,936	\$3,603	\$3,673	\$11,550	\$7,915	\$13,782
L.A. Care Health Plan	\$103,818	\$13,470	\$29,846	\$35,577	(\$6,309)	\$14,742
San Francisco Health Plan	\$4,112	\$4,129	\$529	\$448	\$12,438	\$27,228
Santa Clara Family Health Plan	\$11,650	\$25,368	\$19,332	\$5,875	(\$8,851)	\$13,941
<b>Total LI Net Income</b>	<b>\$209,513</b>	<b>\$100,681</b>	<b>\$156,155</b>	<b>\$86,294</b>	<b>\$179,963</b>	<b>\$233,143</b>

**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,<sup>4</sup> 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 subordinated<sup>5</sup> may be added to the TNE calculation, which serves to increase the plan’s TNE. All LIs had TNE that exceeded the regulatory requirements.<sup>6</sup>

**Table 4  
LI Percentage TNE by Quarter**

<b>Local Initiative</b>	<b>QE Mar-21</b>	<b>QE Jun-21</b>	<b>QE Sep-21</b>	<b>QE Dec-21</b>	<b>QE Mar-22</b>	<b>QE Jun-22</b>
Alameda Alliance	564%	560%	565%	532%	575%	601%
CalViva Health	735%	756%	743%	745%	782%	789%
Contra Costa Health Plan	648%	633%	652%	665%	851%	543%
Health Plan of San Joaquin	864%	779%	796%	789%	861%	988%
IEHP	625%	574%	605%	600%	657%	725%
Kern Health Systems	538%	517%	485%	491%	511%	545%
L.A. Care Health Plan	651%	654%	680%	701%	700%	716%
San Francisco Health Plan	670%	743%	691%	664%	770%	1005%
Santa Clara Family Health Plan	644%	707%	773%	782%	624%	653%

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

<sup>5</sup> “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.

<sup>6</sup> 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 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 June 2022, the reported TNE ranged from 543% to 1005% 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 negative cash flow from operations of \$140 million in June 2022 compared to \$745 million positive cash flow from operations in March 2022. 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, 2022, Contra Costa Health Plan failed to process 95 percent of their claims within 45 working days. Contra Costa Health Plan submitted a corrective action plan 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 2.3 million individuals as of June 2022, an increase of 2.8% from March 2022.
- COHS plans reported a combined net income of \$22 million in June 2022, compared to a net income of \$199 million in March 2022.
- COHS plans' TNE ranged from 505% to 1340% of required TNE.
- COHS plans reported negative \$204 million in cash flow from operations in June 2022. This is a significant change from March 2022 when COHS plans reported a positive cash flow from operations of \$786 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 2.3 million, an increase of 2.8% compared to March 2022. All COHS plans experienced enrollment growth from March 2022 to June 2022. The table below lists total enrollment by line of business as of June 2022 for COHS plans. CalOptima and Partnership HealthPlan reported the highest enrollment numbers.

**Table 5  
Line of Business Enrollment in County Organized Health Systems  
June 2022**

<b>COHS</b>	<b>Medi-Cal</b>	<b>Commercial</b>	<b>Medicare</b>	<b>Plan-to-Plan</b>	<b>Total Enrollment</b>
CalOptima	911,549	0	3,097	0	914,646
CenCal Health	217,481	0	0	0	217,481
Central California Alliance for Health	397,461	661	0	0	398,122
Health Plan of San Mateo	141,960	1,192	0	0	143,152
Partnership HealthPlan	653,187	0	0	0	653,187
<b>Total</b>	<b>2,321,638</b>	<b>1,853</b>	<b>3,097</b>	<b>0</b>	<b>2,326,588</b>



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 2021 through June 2022. Medi-Cal enrollment in COHS plans increased by 2.8% in June 2022 compared to previous quarter.

Chart 3

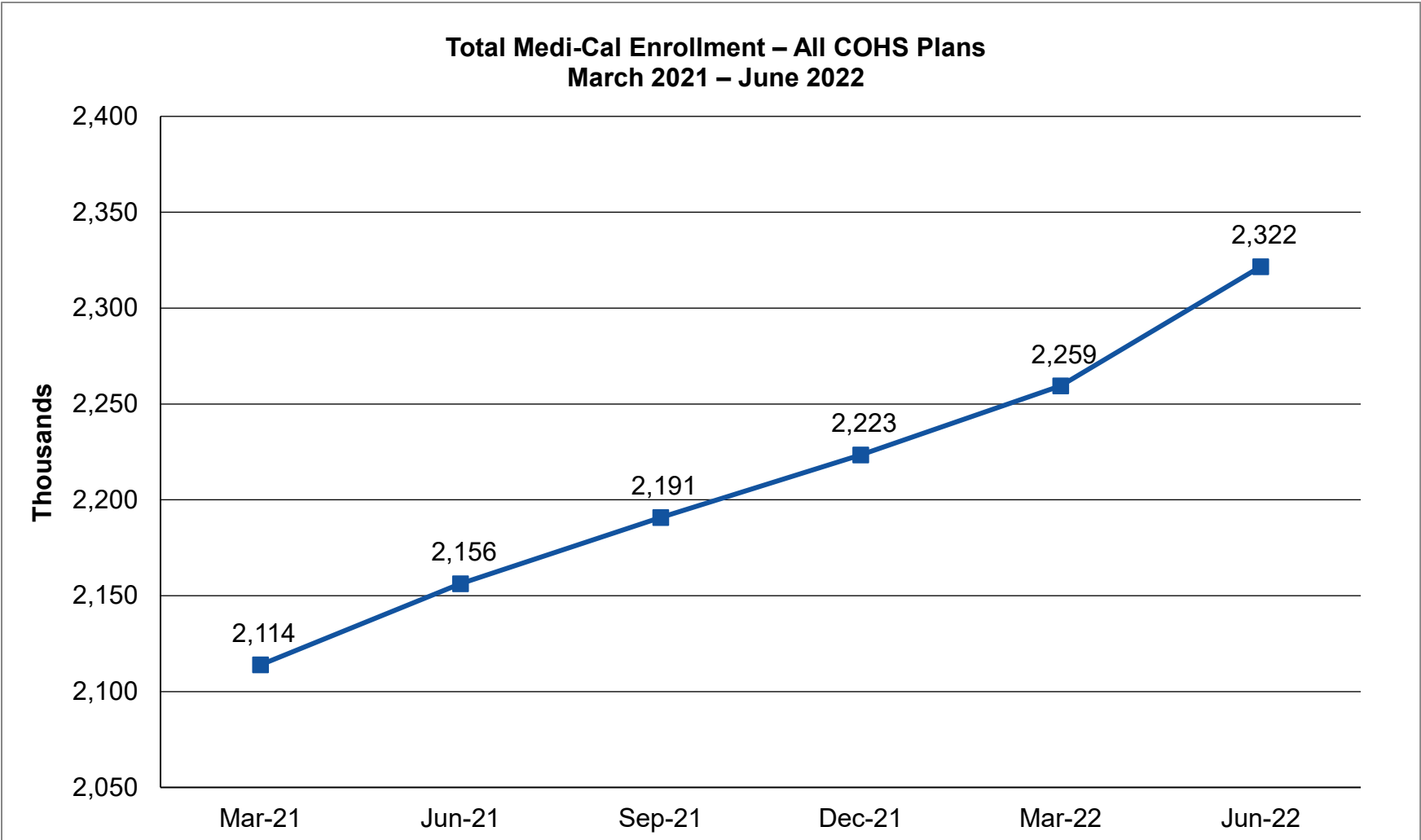


Table 6 shows the Medi-Cal enrollment for the five COHS plan over the past six quarters.

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

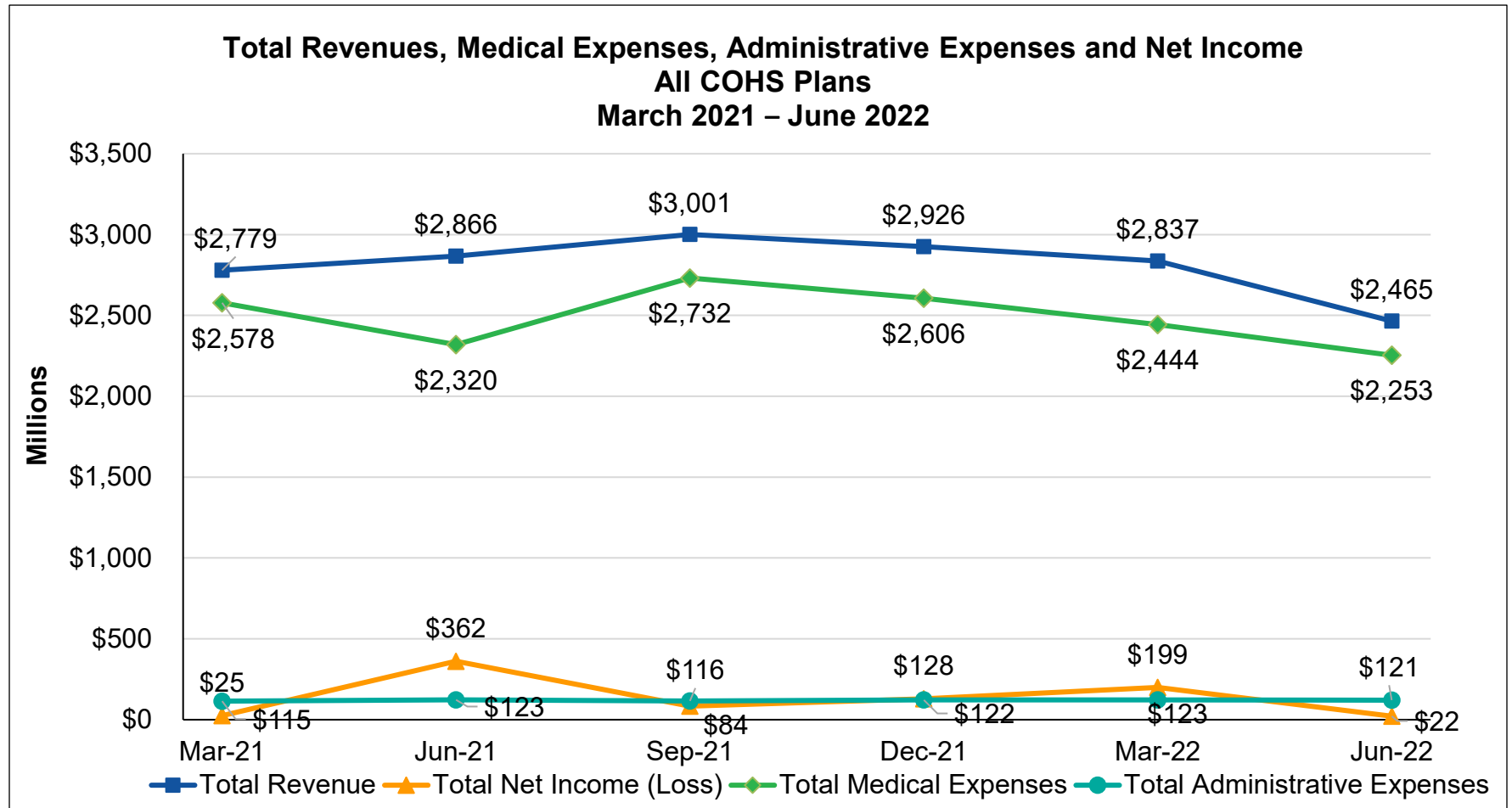
<b>COHS</b>	<b>QE Mar-21</b>	<b>QE Jun-21</b>	<b>QE Sep-21</b>	<b>QE Dec-21</b>	<b>QE Mar-22</b>	<b>QE Jun-22</b>
CalOptima	824,266	839,909	854,264	867,738	883,606	911,549
CenCal Health	197,162	202,929	205,340	209,689	212,370	217,481
Central California Alliance for Health	371,309	377,156	382,433	386,531	391,996	397,461
Health Plan of San Mateo	124,996	127,662	129,628	131,560	134,054	141,960
Partnership HealthPlan	596,201	608,597	619,135	627,918	637,424	653,187
<b>Total Medi-Cal Enrollment</b>	<b>2,113,934</b>	<b>2,156,253</b>	<b>2,190,800</b>	<b>2,223,436</b>	<b>2,259,450</b>	<b>2,321,638</b>

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, total medical expenses, and total administrative expense decreased slightly in June 2022.

**Chart 4**



**Net Income – COHS**

Table 7 shows the net income for COHS plans over the past six quarters. All COHS plans reported positive net income, except CalOptima and Partnership HealthPlan for June 2022.

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

<b>COHS</b>	<b>QE Mar-21</b>	<b>QE Jun-21</b>	<b>QE Sep-21</b>	<b>QE Dec-21</b>	<b>QE Mar-22</b>	<b>QE Jun-22</b>
CalOptima	\$11,703	\$266,419	\$12,245	\$63,068	\$65,199	(\$10,437)
CenCal Health	(\$8,210)	(\$1,545)	(\$2,299)	(\$8,249)	\$3,182	\$6,680
Central California Alliance for Health	\$20,857	\$39,929	\$49,704	\$15,281	\$27,253	27,357
Health Plan of San Mateo	(\$3,682)	\$5,307	(\$2,240)	\$30,755	\$23,269	\$15,791
Partnership HealthPlan	\$3,856	\$51,533	\$26,393	\$27,579	\$80,388	(\$17,716)
<b>Total COHS Net Income</b>	<b>\$24,523</b>	<b>\$361,643</b>	<b>\$83,803</b>	<b>\$128,434</b>	<b>\$199,291</b>	<b>\$21,676</b>

**Tangible Net Equity – COHS**

All COHS plans reported over 500% of required TNE for June 2022. TNE to required TNE ranged from 505% to 1340%. The majority COHS plans reported an increase in TNE to required TNE compared to March 2022.

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

<b>COHS</b>	<b>QE Mar-21</b>	<b>QE Jun-21</b>	<b>QE Sep-21</b>	<b>QE Dec-21</b>	<b>QE Mar-22</b>	<b>QE Jun-22</b>
CalOptima	1008%	1298%	1246%	1279%	1366%	1340%
CenCal Health	544%	510%	502%	465%	489%	505%
Central California Alliance for Health	890%	949%	1038%	1007%	1049%	1092%
Health Plan of San Mateo	857%	826%	816%	910%	920%	977%
Partnership HealthPlan	553%	601%	656%	677%	779%	784%

**Cash Flow from Operations**

COHS plans reported negative \$204 million in cash flow from operations in June 2022 and positive \$786 million cash flow from operations in March 2022. 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, 2022, 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 2021 and no dividend was paid to its parent company for the first half of 2022.
  - 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 and \$150 million each in March 2022 and June 2022 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, \$60 million in March 2022 and \$75 million in June 2022.
  - 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 180,000 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 2.1% from March 2022 to June 2022. NMG plans served 3.8 million Medi-Cal enrollees at June 30, 2022.
- NGM plans reported a net income of \$356 million in June 2022, which was higher than the net income of \$349 million reported in March 2022.
- TNE for NGM plans ranged from 213% to 927% of required TNE in June 2022.
- NGM plans reported \$72 million in cash flow from operations in June 2022. This is a significant change from March 2022 when NGM plans reported cash flow from operations of \$771 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**

Total enrollment for NGM plans increased by 1.9% in June 2022 compared to March 2022. The table below lists total enrollment by line of business as of June 2022 for NGM plans.

**Table 9  
Line of Business Enrollment in Non-Governmental Medi-Cal Plans  
June 2022**

<b>Non-Governmental Medi-Cal Plans</b>	<b>Medi-Cal</b>	<b>Commercial</b>	<b>Medicare</b>	<b>Plan-to- Plan<sup>7</sup></b>	<b>Others<sup>8</sup></b>	<b>Total</b>
Aetna Better Health	46,253	0	27,343	0	0	73,596
Blue Cross of California Partnership Plan	925,989	0	3,384	0	0	929,373
Blue Shield of California Promise Health Plan	126,268	0	0	349,732	0	476,000
California Health and Wellness	232,320	0	0	0	0	232,320
CHG Foundation	319,440	0	0	0	0	319,440
Health Net Community Solutions	1,570,196	0	19,753	416,055	0	2,006,004
Molina	519,790	65,257	3,697	80,817	0	669,561
UnitedHealthcare Community Plan	30,003	0	3,927	0	0	33,930
<b>Total Enrollment in NGMs</b>	<b>3,770,259</b>	<b>65,257</b>	<b>58,104</b>	<b>846,604</b>	<b>0</b>	<b>4,740,224</b>
Kaiser Permanente	179,636	6,970,290	1,317,150	681,863	264,409	9,13,348
<b>Grand Total</b>	<b>3,949,895</b>	<b>7,035,547</b>	<b>1,375,254</b>	<b>1,528,467</b>	<b>264,409</b>	<b>14,153,572</b>

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

<sup>8</sup> 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 373,000 from March 2021 to June 2022.

Chart 5

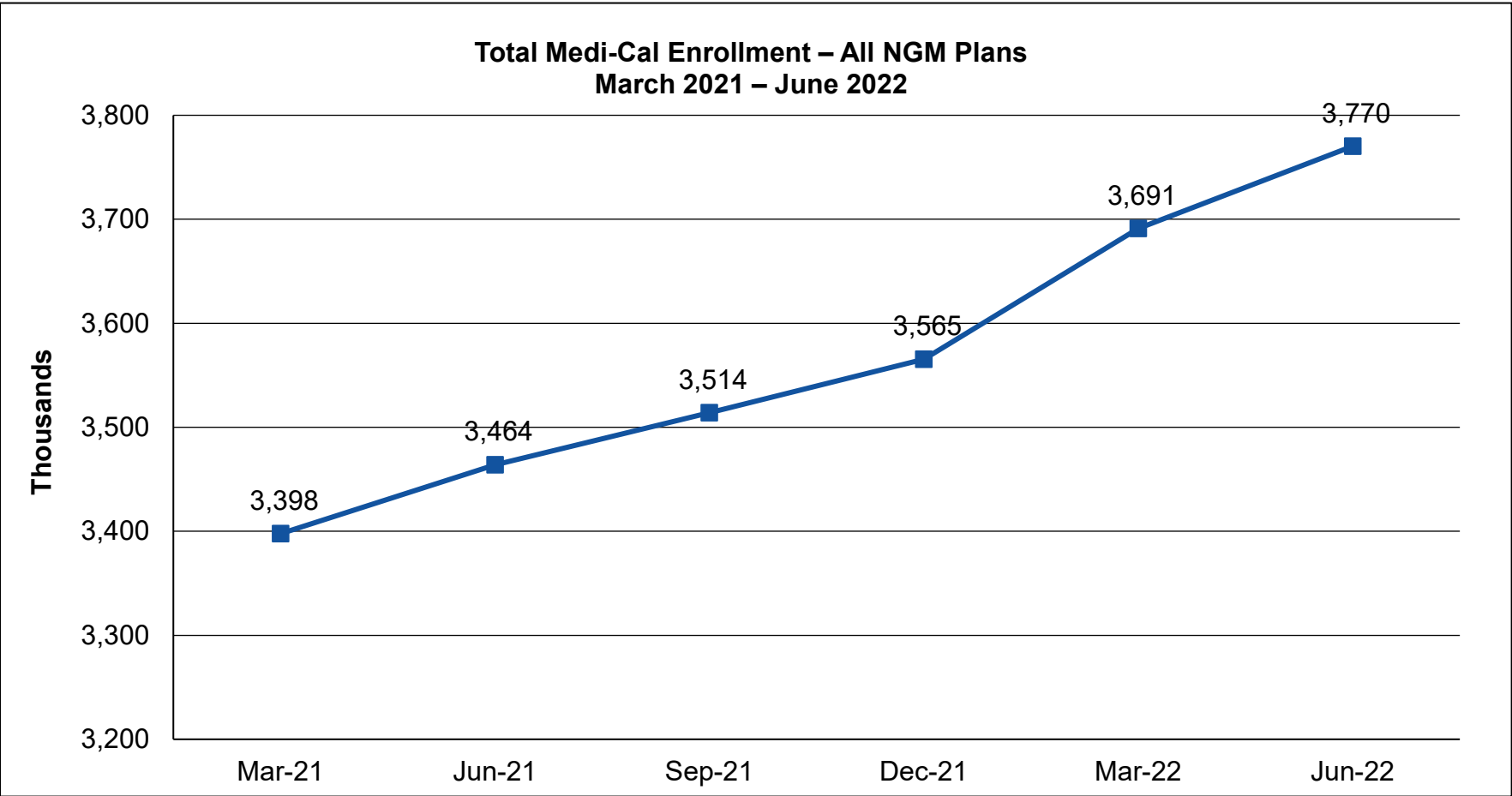


Table 10 shows the Medi-Cal enrollment for the NGM plans over the past six quarters. All NGM plans reported an increase in Medi-Cal enrollment in June 2022 compared to the prior five quarters.

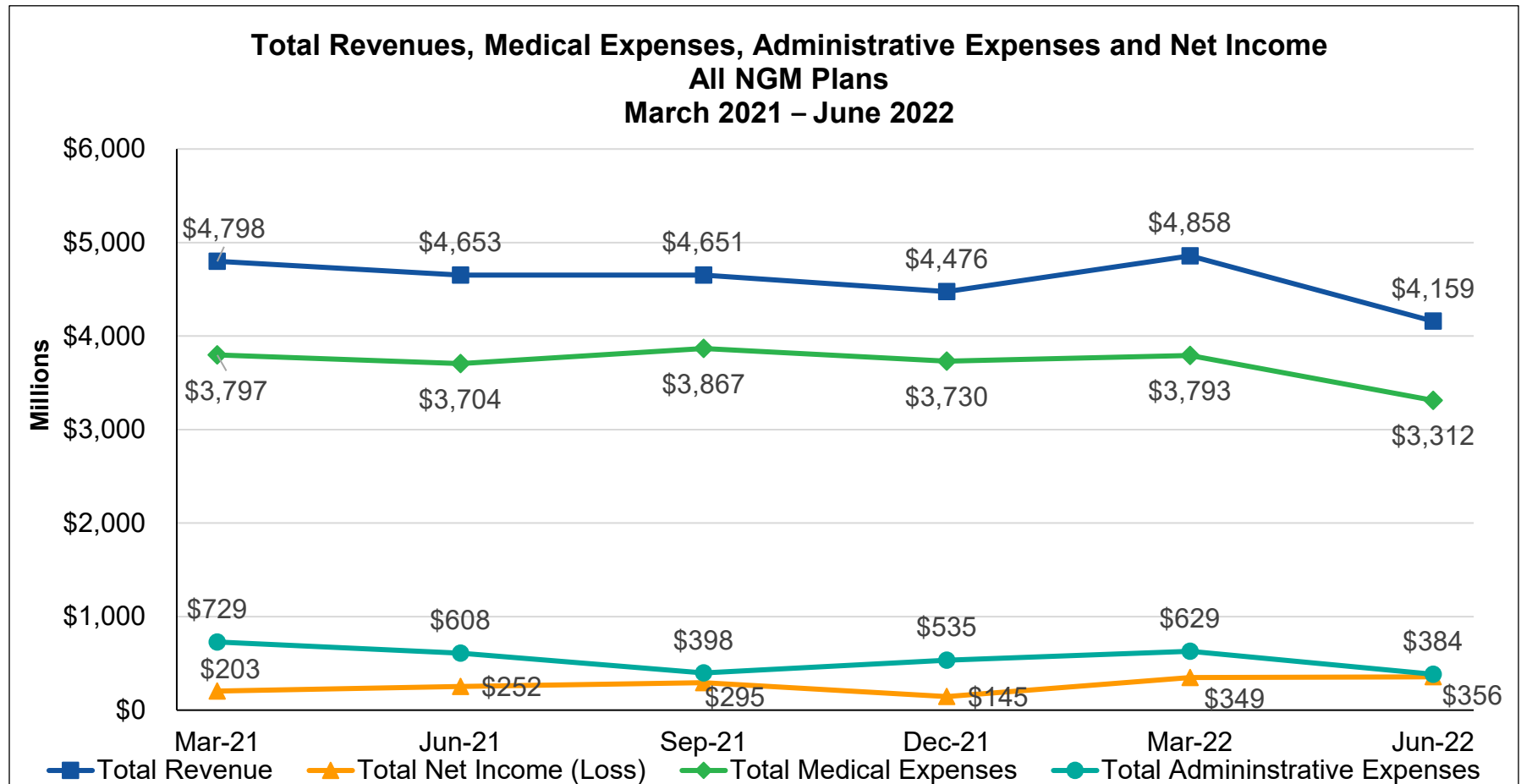
**Table 10  
NGM Medi-Cal Enrollment by Quarter**

<b>Non-Governmental Medi-Cal Plans</b>	<b>QE Mar-21</b>	<b>QE Jun-21</b>	<b>QE Sep-21</b>	<b>QE Dec-21</b>	<b>QE Mar-22</b>	<b>QE Jun-22</b>
Aetna Better Health	34,020	36,854	39,332	41,666	43,934	46,253
Blue Cross of California Partnership Plan	825,630	843,954	857,476	872,467	904,985	925,989
Blue Shield of California Promise Health Plan	108,631	113,134	116,312	119,190	123,132	126,268
California Health and Wellness	210,637	215,283	219,650	222,630	226,699	232,320
CHG Foundation	284,535	292,055	297,655	303,710	312,524	319,440
Health Net Community Solutions	1,447,465	1,468,258	1,482,714	1,495,990	1,536,661	1,570,196
Molina	464,819	470,796	475,984	483,405	514,600	519,790
UnitedHealthcare Community Plan	21,973	23,673	24,962	26,406	28,567	30,003
<b>Total Medi-Cal Enrollment</b>	<b>3,397,710</b>	<b>3,464,007</b>	<b>3,514,085</b>	<b>3,565,464</b>	<b>3,691,102</b>	<b>3,770,259</b>

**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, and administrative expense decreased slightly from the previous quarter. This chart does not include the revenue, medical 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 2022.

**Table 11**  
**NGM Net Income by Quarter (in thousands)**

<b>Non-Governmental Medi-Cal Plans</b>	<b>QE Mar-21</b>	<b>QE Jun-21</b>	<b>QE Sep-21</b>	<b>QE Dec-21</b>	<b>QE Mar-22</b>	<b>QE Jun-22</b>
Aetna Better Health	\$8,668	\$1,271	\$5,273	(\$6,952)	(\$543)	\$13,395
Blue Cross of California Partnership Plan	\$31,902	\$43,599	\$53,712	\$31,132	\$73,589	\$87,538
Blue Shield of California Promise Health Plan	\$5,444	(\$18,137)	\$6,052	(\$3,552)	\$15,935	\$22,796
California Health and Wellness	(\$23,150)	(\$8,569)	(\$5,887)	(\$35,537)	\$36,050	\$5,485
CHG Foundation	(\$12,504)	(\$23,311)	(\$6,024)	(\$24,934)	\$47,509	\$49,663
Health Net Community Solutions	\$159,629	\$193,541	\$171,355	\$126,819	\$126,379	\$145,143
Molina	\$30,628	\$61,375	\$64,372	\$58,775	\$45,357	\$29,255
UnitedHealthcare Community Plan	\$2,148	\$2,356	\$6,271	(\$630)	\$4,235	\$2,756
<b>Total NGM Net Income</b>	<b>\$202,765</b>	<b>\$252,126</b>	<b>\$295,124</b>	<b>\$145,121</b>	<b>\$348,512</b>	<b>\$356,032</b>

**Tangible Net Equity – Non-Governmental Medi-Cal Plans**

NGM plans' TNE to required TNE ranged from 213% to 927% for June 2022. 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.

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

<b>Non-Governmental Medi-Cal Plans</b>	<b>QE Mar-21</b>	<b>QE Jun-21</b>	<b>QE Sep-21</b>	<b>QE Dec-21</b>	<b>QE Mar-22</b>	<b>QE Jun-22</b>
Aetna Better Health	415%	579%	605%	509%	437%	514%
Blue Cross of California Partnership Plan	632%	673%	734%	652%	741%	864%
Blue Shield of California Promise Health Plan	808%	794%	814%	834%	833%	887%
California Health and Wellness	107%	118%	152%	177%	308%	335%
CHG Foundation	794%	802%	717%	659%	800%	927%
Health Net Community Solutions	666%	620%	717%	724%	731%	757%
Molina	183%	279%	302%	314%	288%	213%
UnitedHealthcare Community Plan	444%	427%	386%	308%	354%	367%

**Cash Flow from Operations**

NGM plans reported \$72 million in cash flow from operations in June 2022. 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 the QE June 30, 2022, 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. LI, COHS, and NGM plans experienced decreases in medical expenses due to the carve out of Medi-Cal pharmacy expenses effective January 1, 2022. The majority of the MCMC plans reported net income at June 30, 2022.

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 of 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 at June 30, 2022**

<b>Health Plan</b>	<b>Counties Served</b>	<b>Medi-Cal Enrollment</b>	<b>Total TNE to Required TNE</b>
Alameda Alliance	Alameda	307,341	601%
CalViva Health	Fresno, Kings, and Madera	407,069	789%
Contra Costa Health Plan	Contra Costa	229,359	543%
Health Plan of San Joaquin	San Joaquin and Stanislaus	407,091	988%
IEHP	Riverside and San Bernardino	1,544,924	725%
Kern Health Systems	Kern	319,333	545%
L.A. Care Health Plan	Los Angeles	2,459,789	716%
San Francisco Health Plan	San Francisco	161,896	1005%
Santa Clara Family Health Plan	Santa Clara	306,382	653%

**Appendix B – All COHS Plan Counties Served, Medi-Cal Enrollment and TNE at June 30, 2022**

<b>Health Plan</b>	<b>Counties Served</b>	<b>Medi-Cal Enrollment</b>	<b>Total TNE to Required TNE</b>
CalOptima	Orange	911,549	1340%
CenCal Health	Santa Barbara and San Luis Obispo	217,481	505%
Central California Alliance for Health	Merced, Monterey, and Santa Cruz	397,461	1092%
Health Plan of San Mateo	San Mateo	141,960	977%
Partnership HealthPlan	Del Norte, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Shasta, Siskiyou, Solano, Sonoma, Trinity, and Yolo	653,187	784%

**Appendix C – All NGM Plan Counties Served, Medi-Cal Enrollment and TNE at June 30, 2022**

<b>Health Plan</b>	<b>Counties Served</b>	<b>Medi-Cal Enrollment</b>	<b>Total TNE to Required TNE</b>
Aetna Better Health	Sacramento and San Diego	46,253	514%
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	925,989	864%
Blue Shield of California Promise Health Plan	Los Angeles and San Diego	126,268	887%
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	232,320	335%
CHG Foundation	San Diego	319,440	927%
Health Net Community Solutions	Fresno, Kern, Kings, Los Angeles, Madera, Sacramento, San Diego, San Joaquin, Stanislaus, and Tulare	1,570,196	757%
Molina	Imperial, Los Angeles, Sacramento, Riverside, San Bernardino, and San Diego	519,790	213%
UnitedHealthcare Community Plan	San Diego	30,003	367%