

# DIVISION OF FINANCIAL OVERSIGHT

RECENT ACTIVITIES

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## DFO's Licensees as of August 3, 2011

● Full Service Plans	56	
● Dental Plans	17	
● QIF Plans	15	
● Psychological Plans	10	
● Vision Plans	10	
● Pharmacy Plans (Medicare Part D)	6	
● Discount Plans	4	
● Chiropractic Plans	3	
● Dental/Vision Plan	3	
● Grand Total		124

## Full Service Enrollment @ March 31, 2011

● Large Group	8,147,629
● Medi-Cal	5,099,989
● Medicare Risk & Medicare Supp	2,008,235
● PPO Group & Individual	1,676,616
● Small Group & Individual	1,168,979
● Apprx Total Full Service Lives	21,800,000

## DFO's Watch List/Plans below 130% of Minimum Required TNE, New and Fiscally Challenged Plans

● Full Service Plans	22
● Pharmacy Plans	4
● Discount Plans	3
● Dental Plans	4
● Dental/Vision Plans	1
● Psychological Plans	1
● Vision Plans	1
● GRAND TOTAL	36 out of 109/33%

## Type of Full Service Plan below 130% of Minimum Required TNE, New and Fiscally Challenged Plans

Medicare Plans	14
Medi-Cal Plans	6
Commercial Plans	2
<b>GRAND TOTAL</b>	<b>22</b>

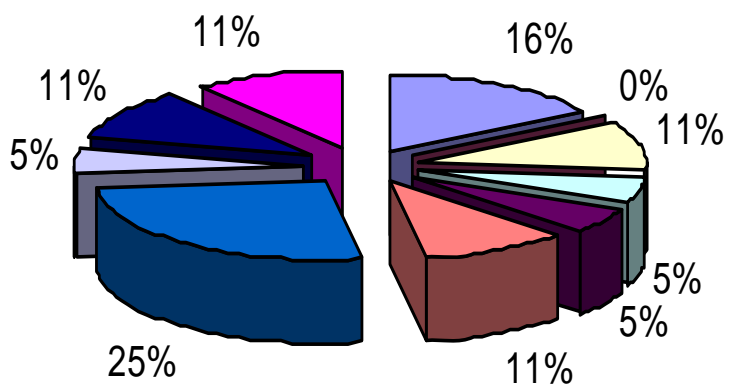
## PLAN RESERVES - Average Percentage TNE over Minimum Required TNE as of March 31, 2011

- Commercial Plans  
(7 Large Plans) 1,010%
- Regional Medi-Cal Plans  
excluding 1 outlier 458%
- Medi-Cal (COHS & LI's)  
excluding 2 outliers 341%

## DFO Activities

	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
<b>Exams Completed</b>	33	32	39	32	25	29
<b>Exams Started</b>	28	37	46	32	22	33
<b>Financial Statements Received</b>	1,238	1,174	1,506	1,261	1,610	1,273
<b>Health Plan Filings Reviewed</b>	2,548	1,045	2,146	2,981	2,603	2,358
<b>MLR Exams (MRMIB)</b>	6	12	13	11	13	11
<b>MLR Exams (DHCS) Effective 2011/2012</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>SB1163 Rate Filings</b>	N/A	N/A	N/A	N/A	N/A	34

## Enforcement Referral Type 2010-2011



- Timely pay claims.
- Timely pay emergency room (ER) claims.
- PDR violations
- Unfair claims payment patterns
- Lack adequate administrative capacity
- Failure to file material modifications.
- Failure to maintain TNE
- File financial reports timely
- Violation of GAAP.
- Restricted deposit



## Claims Initiative

- Providers were complaining that their claims were not being paid accurately and timely
- Examinations started in December of 2008 and concluded in late 2010
- Review Claims for 7 largest full services health plans
- Represent 80% of commercial enrollment
- Resulted in fines of ~\$5M
- Starting 2<sup>nd</sup> round of examinations

## **CORRECTIVE ACTION PLANS AS OF JUNE 30, 2011**

- Total dollar amount of claims remediated: \$1.4 million
- Total dollar amount of provider disputes remediated: \$502,000
- Two (2) Plans have completed their CAPs.
- Five (5) Plans are still in the process of completing their CAPs.

## WHAT'S NEXT

- The Department has begun the second round of claim initiative examinations.
- The Department will be routinely conducting these examination every 18 months.
- The Department is also reviewing claims and provider disputes for the other Plans during their routine financial examinations conducted every 3 years.
- Rate Review (SB1163)
- DFO is performing MLR examinations of Medi-Cal Managed Care health plans for DHCS related to the 1115 Waiver (California Section 1115 Medicaid Demonstration Waiver Program) specific to the Seniors and Persons with Disabilities enrollees from DHCS.

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**Questions?**