

**DIVISION OF FINANCIAL OVERSIGHT
UPDATE TO THE FSSB
FEBRUARY 9, 2012**

RECENT ACTIVITIES



DFO Responsibilities

- Financial Examinations
- Financial Statement Review
- Review of Health Plan Filings
- Medical Loss Ratio Exams
- Claims Initiative Exams

Knox-Keene Licensed Plans

* Excludes 15 Quality Improvement Fee Plans

Full Service Enrollment*

(in Millions)

	<u>3/31/11</u>	<u>6/30/11</u>	<u>9/30/11</u>
Full Service Lives	21.8	22.0	22.5
● Key Enrollment Blocks:			
<u>Commercial lines of business</u>	<u>3/31/11</u>	<u>6/30/11</u>	<u>9/30/11</u>
● Large Group	8.15	8.11	8.10
● Small Group	0.96	0.96	0.96
● Individual	0.20	0.20	0.19
● Point of Service (POS)	0.12	0.11	0.11
● PPO Group & Individual	<u>1.67</u>	<u>1.66</u>	<u>1.65</u>
Total Commercial	11.10	11.04	11.01
<u>Government lines of business</u>			
● Medi-Cal	5.10	5.22	5.39
● Medicare Risk & Medicare Supp	2.00	2.02	2.04
● Healthy Families Program	<u>0.96</u>	<u>0.99</u>	<u>1.00</u>
Total Government	8.06	8.23	8.43

*Total Enrollment As Reported by Plans including Plan to Plan enrollees.

Health Plan Updates

- Claims Initiative results show fewer violations
- Surrenders
- Mergers
- Acquisitions
- Applications

DFO Activities FY2007-FY2011

Fiscal Year	2007/08	2008/09	2009/10	2010/11	YTD * 2011/12
Exams Completed	39	32	25	29	14
Exams Started	46	32	22	33	10
Claims Initiative Exams Started	N/A	N/A	5	2	3
Financial Statements Received	1,506	1,261	1,610	1,273	632
Health Plan Filings Reviewed	2,146	2,981	2,603	2,358	2,120
MLR Exams Started (MRMIB)	13	11	13	11	7
MLR Exams Started (DHCS)	N/A	N/A	N/A	N/A	8

*Fiscal year 2011/12 info through Dec 31

Closely Monitored Plans

	3/31/2011	6/30/2011	9/30/2011*
Full Service Plans	22	23	22
Dental Plans	5	6	7
Pharmacy Plans	4	5	5
Discount Plans	3	3	3
Psychological Plans	1	2	2
Vision Plans	1	2	3
Total-Closely Monitored	36	41	42
Total All Plans	110	109	109
Percentage	32.7%	37.6%	38.5%

*1.93 million enrollees are in Closely Monitored Plans

Closely Monitored Full Service Plans

	3/31/2011	6/30/2011	9/30/2011
Medicare Plans	14	14	13
Medi-Cal Plans	6	5	7
Commerical Plans	2	4	2
Full Service	22	23	22
Total Full Service	55	55	55
Percentage of Total	40.0%	41.8%	40.0%

TNE Deficient Plans

- **As of 6/30/2011**
 - 2 Vision Plans, 1 Dental Plan
 - 56,603 specialty lives
- **As of 9/30/2011**
 - 1 Vision Plan, 1 Dental Plan
 - 18,346 specialty lives

PLAN RESERVES - As Percentage of TNE over Minimum Required TNE

9/30/11

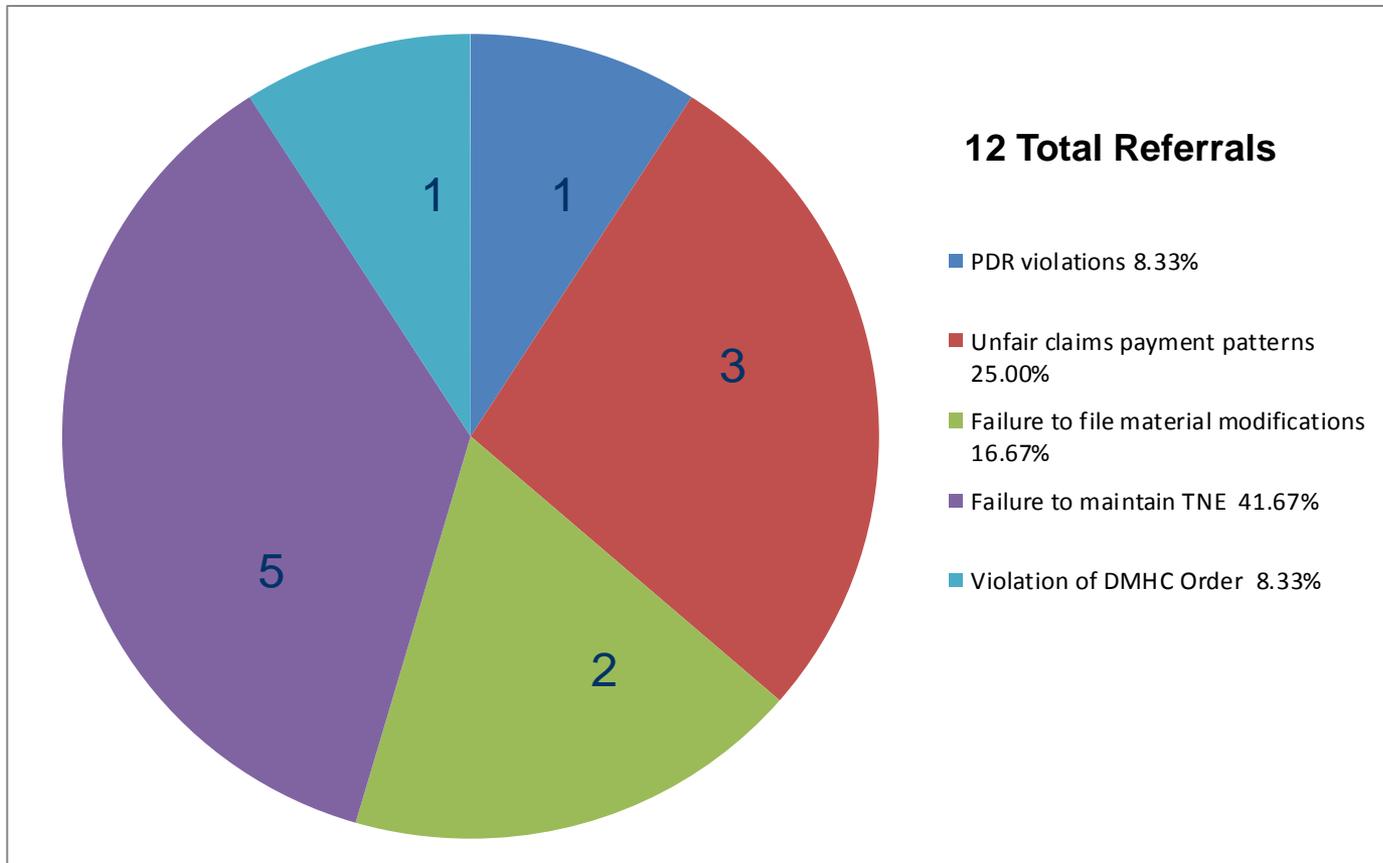
- Commercial Plans (7)
 - For Profit 490%
 - Not-for-Profit 1,212%

- Regional Medi-Cal Plans* 451%

- Medi-Cal (County Organized Health System & Local Initiatives) * 359%

*Excludes 1 outlier plan in each category

Enforcement Referrals For Calendar Year 2011



Bureau of State Audits Examination Findings on Medi-Cal Managed Care Plans

- DFO did not always promptly and adequately review every report received.
- DFO's process for monitoring Local Initiatives' corrective action plans is not effective.

WHAT'S NEXT

- Second round of claim initiative examinations
- Medical Loss Ratio examinations of Medi-Cal Managed Care health plans
- Implementation of Medical Loss Ratio filings for affected plans

Questions?