

Financial Summary Medicare Advantage Plans and Medicare Advantage Restricted License Plans

Quarter Ending March 31, 2018

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Prepared by: Office of Financial Review

Pritika Dutt, Deputy Director

Shuzhi Qin, Senior Examiner Supervisor

Marcia Davis, Examiner

Benbin Feng, Examiner

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I. Overview

Medicare is the federal health insurance program administered by the Centers for Medicare & Medicaid Services (CMS) that serves the following beneficiaries: people who are 65 or older, certain younger people with disabilities, and people with End-Stage Renal Disease (permanent kidney failure requiring dialysis or a transplant, sometimes called ESRD).¹ There are two main systems for the delivery of medical services to Medicare beneficiaries: Original Medicare where coverage is managed by the federal government and providers are paid on a fee-for-service basis, or through a Medicare Advantage (MA) Plan, a type of health plan offered by a private company contracted with CMS to provide benefits to Medicare beneficiaries.

MA Plans include Health Maintenance Organizations, Preferred Provider Organizations, Private Fee-for-Service Plans, Special Needs Plans, and Medicare Medical Savings Account Plans. Each MA organization must be licensed under State law as a risk-bearing entity. This means the entity is licensed or otherwise authorized by the State to assume risk for offering health insurance or health benefits coverage, such that the entity is authorized to accept prepaid capitation for providing, arranging, or paying for comprehensive health services under an MA contract.² State laws and regulations that regulate health plans do not apply to MA Plans except as they pertain to licensure and solvency. There are 29 Knox-Keene licensed health plans that have direct contracts with CMS to serve 2.4 million Medicare Advantage enrollees (See Appendix).

This report provides information regarding MA Plans, including Medicare Advantage – Restricted License³ (MA-RL) Plans. MA-RL Plans provide and administer health care services to Medicare enrollees as a subcontractor to MA Plans (plan-to-plan-contracts). For the purpose of this report, a plan is considered MA or MA-RL if the plan reports Medicare enrollment as greater than or equal to 50% of total enrollment.

MA and MA-RL Plans must be licensed under the Knox-Keene Health Care Service Plan Act of 1975 (Knox-Keene Act), as amended, for the MA line of business. The Department of Managed Health Care (DMHC) licenses and oversees MA and MA-RL Plans for administrative capacity and financial solvency compliance. All other compliance oversight is performed by

¹ <https://www.medicare.gov/sign-up-change-plans/decide-how-to-get-medicare/whats-medicare/what-is-medicare.html>

² <https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/mc86c10.pdf>

³ Restricted licensees are Knox Keene licensed health plans that get their enrollment through subcontracts with other, fully-licensed health care service plans. Restricted licensees do not contract directly with CMS, the California Department of Health Care Services, employer groups, or individuals. They are not allowed to market, solicit, or sell plan contracts to individual members of the public, employers or any other person or group. Restricted licensees must comply with Knox-Keene requirements as delegated to them by the fully-licensed health care service plans.

CMS. The DMHC currently licenses 15 MA Plans serving 481,395 Medicare enrollees, and 8 MA-RL Plans serving 49,392 Medicare enrollees. Enrollment for MA and MA-RL may be double counted due to plan-to-plan contracts between MA Plans and MA-RL Plans. Of the 8 MA-RL Plans, two were licensed in 2017. Of the 15 MA Plans, three were licensed in 2018. The DMHC is currently reviewing three new MA applications for Knox-Keene licensure - one MA and two MA-RL applicants.

This report includes enrollment and financial information reported by MA and MA-RL Plans as of the quarter ending (QE) March 31, 2018.

II. Summary of Findings

Key findings from this report include:

- Medicare enrollment in MA Plans was 481,000 as of March 2018, an increase of 8% compared to March 2017.
- Medicare enrollment in MA-RL Plans was 49,000 as of March 2018, an increase of 36% compared to March 2017.
- Per Member Per Month (PMPM) premium revenue exceeded PMPM medical expense for MA and MA-RL Plans for all but two plans for the QE March 31, 2018.
- As of March 2018, one MA-RL Plan reported Tangible Net Equity (TNE) reserves below the minimum requirements.

III. Medicare Advantage (MA) Plans

A. Highlights

- MA Plans must be licensed under the Knox-Keene Act, as amended, for the MA line of business.
- The 15 MA Plans and the counties in which they are licensed to provide services are as follows:
 1. Alignment Health Plan – Los Angeles, Orange, Riverside, San Bernardino, San Joaquin, Santa Clara, Stanislaus
 2. Arcadian Health Plan, Inc. – Contra Costa, Fresno, Kings, Los Angeles, Madera, Orange, Riverside, San Bernardino, San Diego, San Joaquin, Santa Barbara, Stanislaus, Tulare, Ventura
 3. Aspire Health Plan – Monterey
 4. CareMore Health Plan – Los Angeles, Orange, Riverside, San Benito, San Bernardino, Santa Clara, Stanislaus
 5. Central Health Plan of California, Inc. – Los Angeles, Orange, Riverside, San Bernardino, San Diego, Ventura
 6. EASY CHOICE HEALTH PLAN, Inc. – Imperial, Los Angeles, Orange, Riverside, San Bernardino
 7. Golden State Medicare Health Plan – Alameda, Contra Costa, Kern, Los Angeles, Monterey, Orange, Riverside, San Luis Obispo, Stanislaus
 8. Health Net Health Plan of Oregon, Inc. – All California counties, with the exception of Santa Barbara where Health Net of California, Inc. provides partial coverage
 9. Humana Health Plan of California, Inc. – Alameda, Contra Costa, Fresno, Kings, Los Angeles, Madera, Monterey, Orange, Placer, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, San Joaquin, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Solano, Sonoma, Stanislaus, Tulare, Tuolumne, Ventura, Yolo
 10. Inter Valley Health Plan – Los Angeles, Orange, Riverside, San Bernardino
 11. Providence Health Assurance – Los Angeles, Orange

12. Scan Health Plan – Imperial, Kern, Los Angeles, Marin, Napa, Orange, Riverside, San Bernardino, San Diego, San Francisco, San Joaquin, Santa Clara, Sonoma, Ventura

13. Stanford Health Care Advantage – Santa Clara

14. Universal Care – Kern, Kings, Los Angeles, Orange, Riverside, San Bernardino, Ventura

15. Vitality Health Plan of California, Inc. – San Joaquin and Santa Clara

- The report excludes financial and enrollment information for Vitality Health Plan of California, Inc., Health Net Health Plan of Oregon, Inc., and Providence Health Assurance. These are newly licensed plans and their first financial statements will be submitted for QE June 30, 2018, which are due on August 15, 2018.
- Although Humana Health Plan of California, Inc. is licensed to conduct MA business in numerous California counties, it had no MA enrollment as of March 31, 2018; therefore, data in this report is for 11 plans and excludes Humana Health Plan of California, Inc.
- MA Plans reported total enrollment of 501,978 as of March 2018. Medicare only beneficiaries account for about 96% of the total MA Plan enrollment.
- March 2018 total enrollment in MA Plans increased by 7.9% compared to March 2017.
- PMPM premium revenue outpaced PMPM medical expense for the QE March 31, 2018 for all plans but one.
- For the QE March 31, 2018, MA Plans reported net loss of \$15.9 million, compared to net loss of \$5.2 million reported for the QE March 31, 2017.
- MA Plans reported TNE that ranged from 103% to 1370% for the QE March 31, 2018.
- MA Plans reported cash flow from operations of \$770 million for the QE March 31, 2018, compared to cash flow from operations of \$391 million for the same quarter in 2017.

B. Enrollment Trends

MA Plans provided services to 501,978 enrollees, of which 481,395 are MA enrollees as of March 2018. Total enrollment increased by 7.9% from March 2017 to March 2018. Universal Care reported the highest increase at 86.5%, adding 13,553 MA enrollees at March 2018. The table below lists total enrollment in MA Plans and the percentage of enrollment accounted for by MA enrollees.

Table 1
Enrollment in MA Plans
March 2018

Medicare Advantage Plans	Total Medicare Enrollment March 2018	Percentage of Medicare Enrollment March 2018	Total Enrollment March 2018	Total Enrollment March 2017	Enrollment Change	Percentage Enrollment Change
Alignment Health Plan	37,798	100%	37,798	32,502	5,296	16.3%
Arcadian Health Plan, Inc. ⁴	75,462	100%	75,462	76,446	(984)	-1.3%
Aspire Health Plan	3,251	100%	3,251	2,325	926	39.8%
CareMore Health Plan	55,151	94%	58,768	57,969	799	1.4%
Central Health Plan of California, Inc.	38,882	100%	38,882	34,385	4,497	13.1%
EASY CHOICE HEALTH PLAN, Inc.	29,117	100%	29,117	24,526	4,591	18.7%
Golden State Medicare Health Plan	9,755	100%	9,755	8,296	1,459	17.6%
Inter Valley Health Plan	22,664	100%	22,664	24,884	(2,220)	-8.9%
Scan Health Plan	180,869	93%	194,180	186,506	7,674	4.1%
Stanford Health Care Advantage	2,881	100%	2,881	1,884	997	52.9%
Universal Care	25,565	87%	29,220	15,667	13,553	86.5%
Total	481,395	96%	501,978	465,390	36,588	7.9%

⁴ Arcadian Health Plan, Inc. added 235,859 out-of-state Medicare beneficiaries due to a CMS contract that was transferred from an affiliate in January 2018. The table shows only the California MA enrollment for Arcadian Health Plan, Inc.

Chart 1 illustrates the Medicare enrollment trend for MA Plans over the last four years by comparing March year-over-year data. MA enrollment by 8% from March 2017 to March 2018.

Chart 1

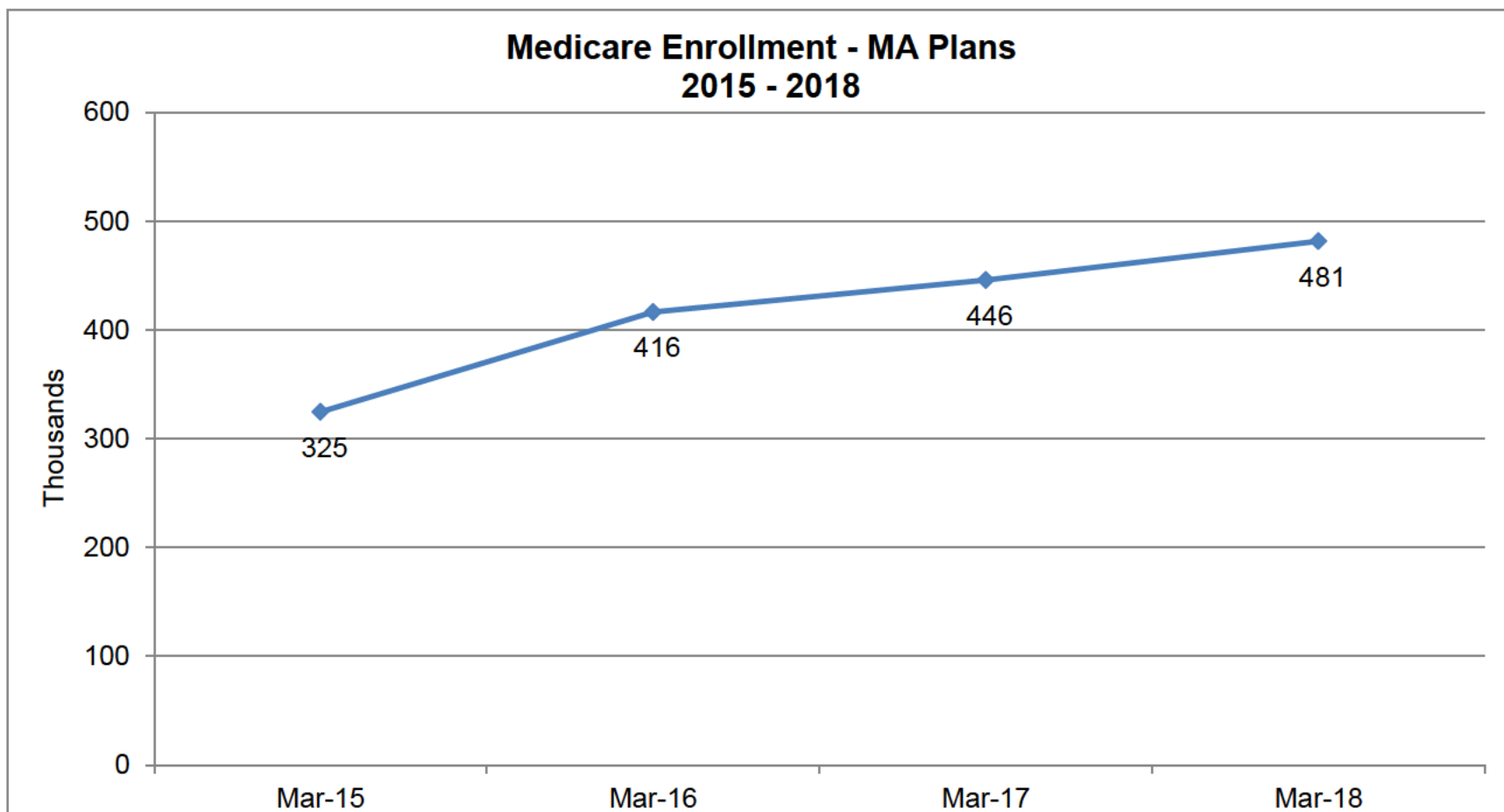
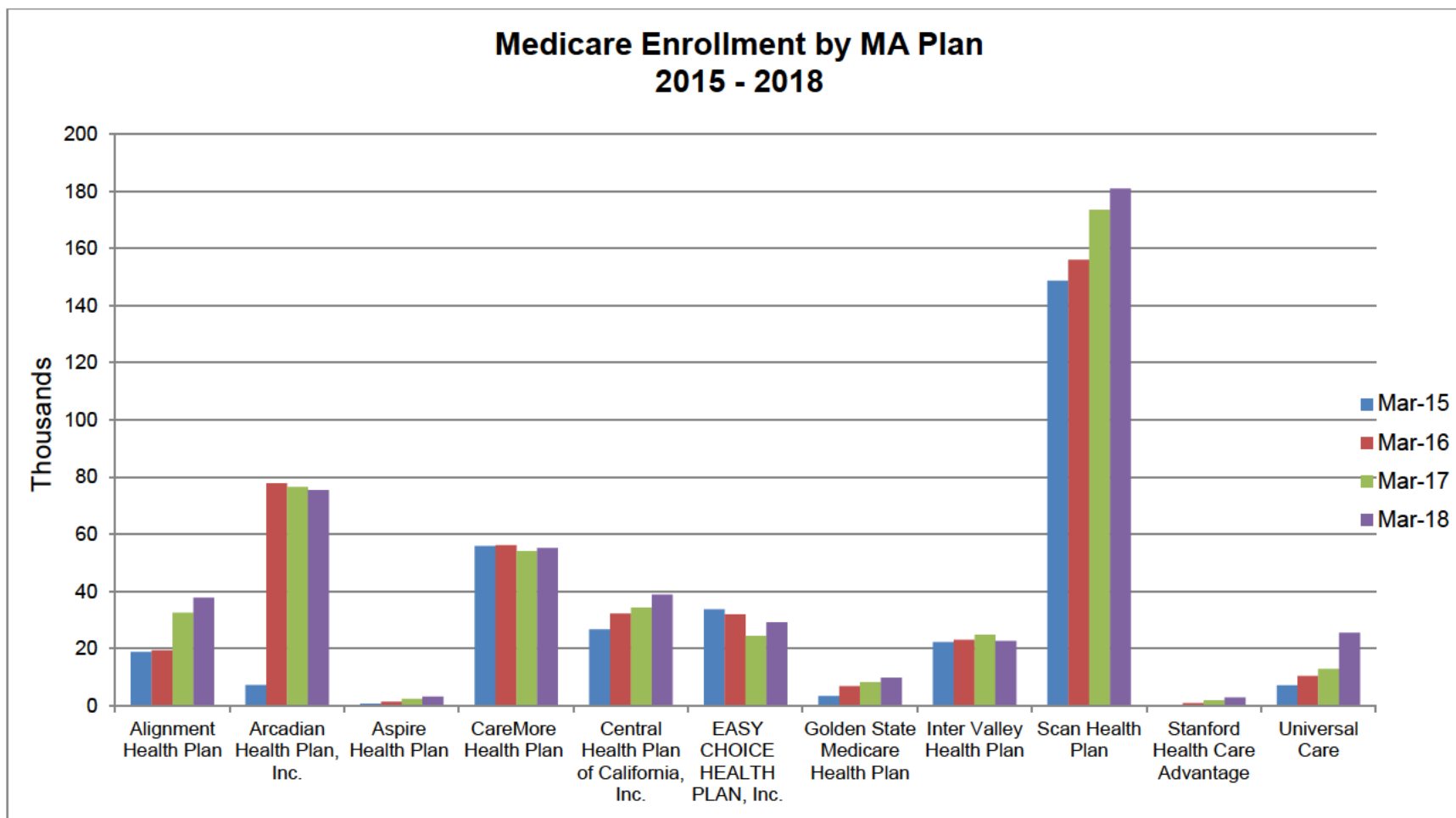


Chart 2 shows the Medicare enrollment for each MA Plan over the past four years. Nine MA Plans reported an increase in enrollment from March 2017 to March 2018.

Chart 2

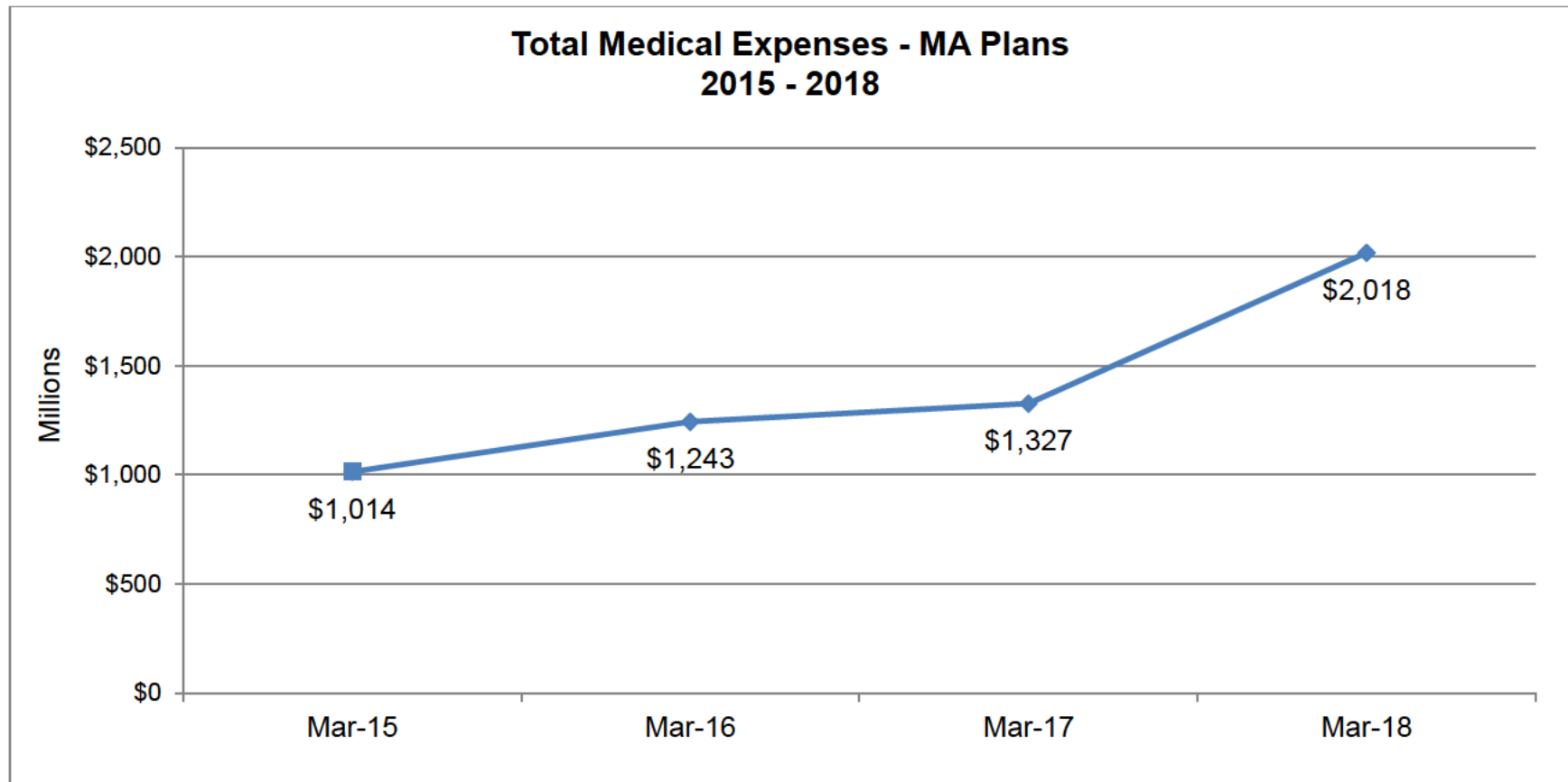


C. Financial Trends

Medical Expense

Chart 3 illustrates total medical expense for the MA Plans compared to the same quarter over the last four years. Total medical expenses have increased from March 2015 to March 2018.

Chart 3



Per Member Per Month Medical Expense and Premium Revenue

PMPM medical expense and PMPM premium revenue is calculated by dividing the total medical expense or premium revenue by cumulative member months. Fluctuations in PMPM medical expense and premium revenue can be due to a number of factors including utilization of medical services by enrollees and premium rate adjustments.

Table 2 shows the PMPM medical expense and premium revenue of the MA Plans for the past four years, as well as the difference in PMPM medical expense and premium revenue for the QE March 31, 2018. CareMore Health Plan reported the highest PMPM revenue and expense. Only one plan reported lower PMPM premium revenue than medical expense at March 2018.

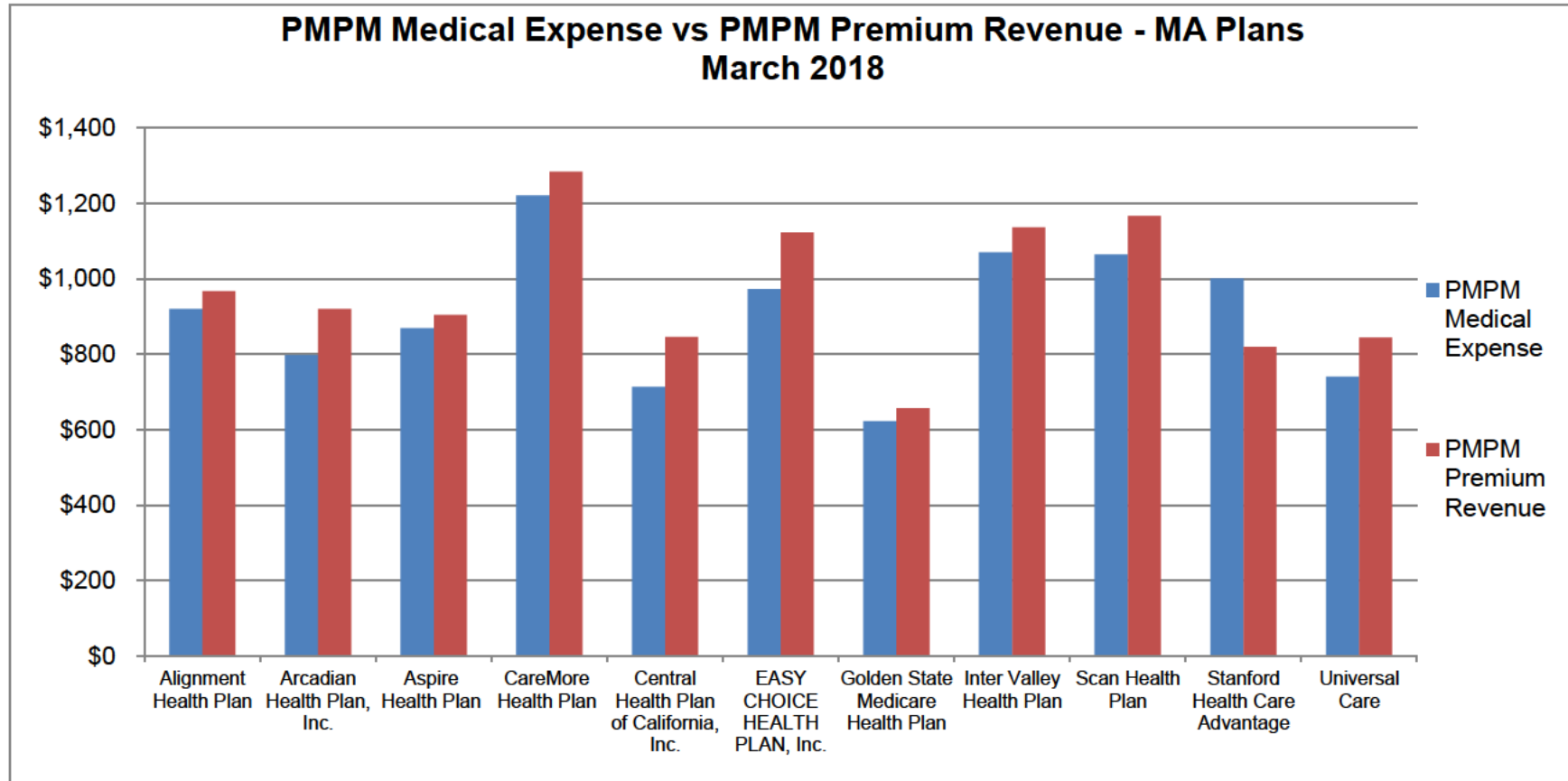
Table 2
PMPM Medical Expense and Premium Revenue – MA Plans 2015 – 2018

Medicare Advantage Plans	Mar-15		Mar-16		Mar-17		Mar-18		
	PMPM Medical Expense	PMPM Premium Revenue	PMPM Medical Expense	PMPM Premium Revenue	PMPM Medical Expense	PMPM Premium Revenue	PMPM Medical Expense	PMPM Premium Revenue	PMPM Net Revenue
Alignment Health Plan	\$862	\$904	\$843	\$906	\$869	\$906	\$920	\$967	\$47
Arcadian Health Plan, Inc.	\$762	\$804	\$872	\$863	\$802	\$890	\$798	\$921	\$123
Aspire Health Plan	\$649	\$772	\$707	\$791	\$714	\$764	\$869	\$905	\$36
CareMore Health Plan	\$1,162	\$1,390	\$1,162	\$1,427	\$1,143	\$1,419	\$1,220	\$1,284	\$64
Central Health Plan of California, Inc.	\$832	\$964	\$750	\$855	\$737	\$844	\$714	\$846	\$132
EASY CHOICE HEALTH PLAN, Inc.	\$903	\$1,031	\$918	\$1,007	\$959	\$1,178	\$973	\$1,123	\$150
Golden State Medicare Health Plan	\$777	\$779	\$760	\$745	\$559	\$617	\$623	\$657	\$34
Inter Valley Health Plan	\$1,062	\$1,155	\$1,089	\$1,193	\$932	\$984	\$1,071	\$1,136	\$65
Scan Health Plan	\$1,035	\$1,147	\$1,005	\$1,120	\$1,044	\$1,142	\$1,064	\$1,167	\$103
Stanford Health Care Advantage	\$713	\$745	\$917	\$826	\$898	\$759	\$1,001	\$820	(\$181)
Universal Care	\$810	\$908	\$836	\$985	\$857	\$1,014	\$740	\$844	\$104

PMPM Medical Expense vs PMPM Premium Revenue

Chart 4 illustrates the MA Plans' PMPM medical expense vs PMPM premium revenue for QE March 31, 2018. The PMPM premium revenue exceeded the PMPM medical expense for all plans except Stanford Health Care Advantage.

Chart 4



Net Income

Table 3 shows the Net Income or Net Loss for MA Plans over the past six quarters. For the QE March 31, 2018, seven of eleven MA Plans reported net losses while only four MA Plans were profitable.

Table 3
MA Plans Net Income/Loss by Quarter (in thousands)

Medicare Advantage Plans	QE Dec-16	QE Mar-17	QE Jun-17	QE Sep-17	QE Dec-17	QE Mar-18
Alignment Health Plan ⁵	(\$6,049)	(\$11,041)	(\$17,593)	(\$10,968)	(\$18,571)	(\$14,688)
Arcadian Health Plan, Inc.	\$4,054	\$1,502	\$192	\$4,409	\$11,397	\$3,953
Aspire Health Plan ⁵	(\$443)	(\$1,517)	(\$1,654)	(\$1,485)	(\$2,650)	(\$1,904)
CareMore Health Plan	\$14,410	\$13,674	\$19,781	\$13,377	\$2,912	\$1,122
Central Health Plan of California, Inc.	\$1,032	\$677	\$1,599	\$1,931	(\$105)	\$851
EASY CHOICE HEALTH PLAN, Inc.	(\$422)	\$3,189	\$3,690	\$4,543	\$4,061	(\$265)
Golden State Medicare Health Plan	\$161	\$19	\$68	\$581	(\$4,937)	(\$975)
Inter Valley Health Plan	(\$3,158)	(\$3,169)	\$191	\$143	(\$3,246)	(\$1,550)
Scan Health Plan	\$940	(\$7,221)	\$10,191	\$13,602	\$16,038	\$1,314
Stanford Health Care Advantage ⁵	(\$1,720)	(\$2,427)	(\$2,830)	(\$2,792)	(\$2,674)	(\$3,701)
Universal Care	\$2,683	\$1,070	(\$5,013)	\$1,703	(\$2,530)	(\$41)
Total MA Net Income/Loss	\$11,488	(\$5,244)	\$8,622	\$25,043	(\$304)	(\$15,885)

⁵ These Plans have reported net losses for all of the quarters shown but are able to continue operations through funding provided by the parent organizations either through capital contributions or subordinated debt.

Tangible Net Equity

TNE is a reserve requirement described in Rule 1300.76⁶ and is a measure of the financial health of plans. TNE is defined as a health plan's total assets minus total liabilities reduced by the value of intangible assets (i.e., goodwill⁷, 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 subordinated⁸ may be added to the TNE calculation, which increases the plan's TNE.

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

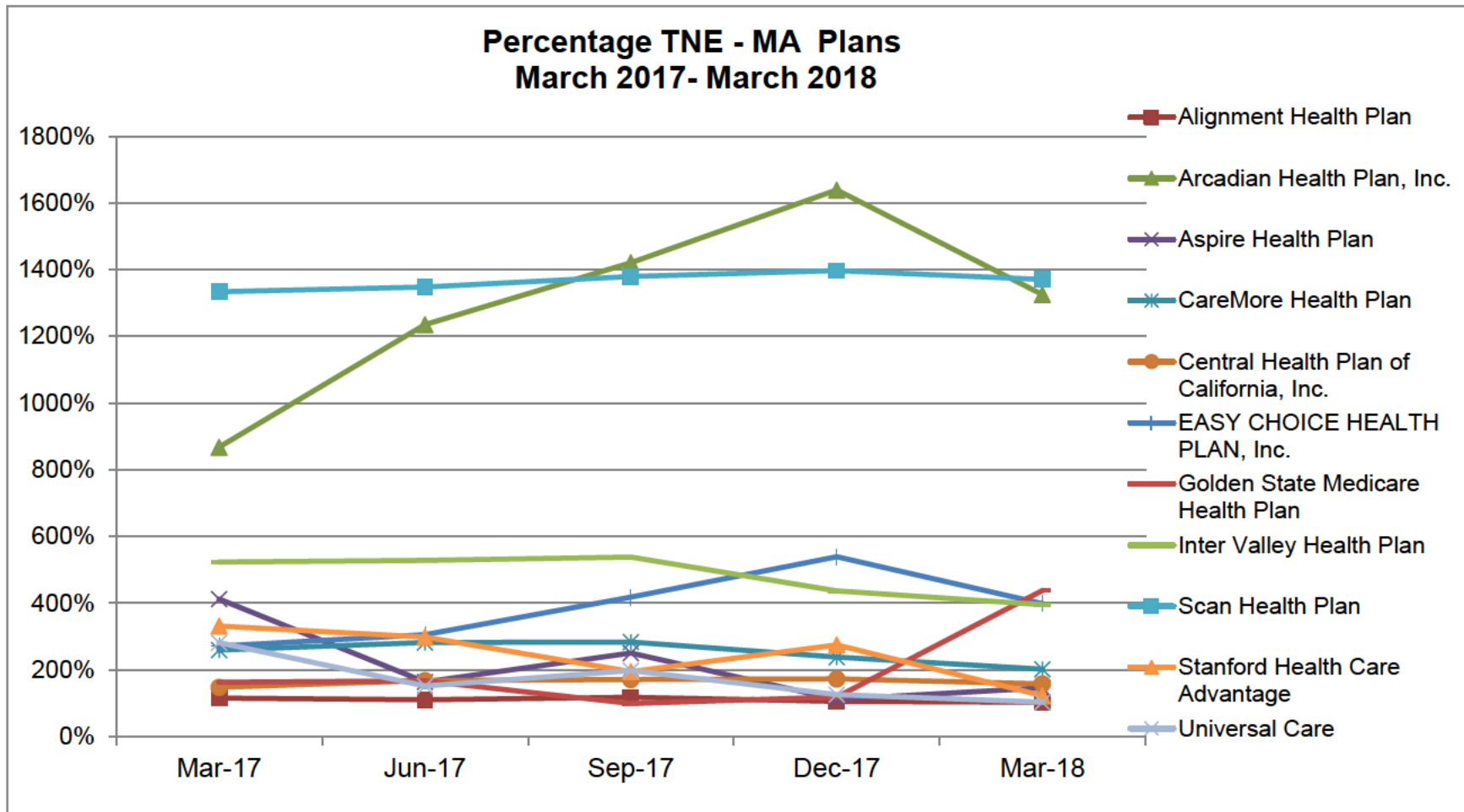
⁶ References throughout this report to "Section" are to sections of the Knox-Keene Health Care Service Plan Act of 1975, as codified in the California Health and Safety Code, Section 1340, et seq. References to "Rule" are to the regulations promulgated pursuant to the Knox-Keene Health Care Service Plan Act, found at Chapter 2 of Division 1, Title 28, of the California Code of Regulations, beginning with Section 1300.43.

⁷ Goodwill is an intangible asset that arises as a result of the acquisition of one company by another for a premium value.

⁸ 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 would not get paid out until after the other creditors were paid in full.

The reported TNE for MA Plans overall was stable in 2017 and 2018. As of March 2018, the reported TNE ranged from 103% to 1370% of required TNE. Golden State Medicare Health Plan was below the minimum TNE requirement as of September 30, 2017; however, the TNE deficiency was cured in November 2017.

Chart 5



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.

All but one MA Plan reported positive cash flow from operations during the QE March 31, 2018. For all MA Plans, the cash flow from operations totaled \$770 million in March 2018 compared to cash flow from operations of \$391 million in March 2017.

IV. Medicare Advantage Restricted License (MA-RL) Plans

A. Highlights

- MA-RL Plans must be licensed under the Knox-Keene Act, as amended, for the MA line of business. Restricted licensees are Knox Keene licensed health plans that get their enrollment through risk-based subcontracts with other, fully-licensed health care service plans. Restricted licensees do not contract directly with CMS, the California Department of Health Care Services, employer groups, or individuals. MA-RL plans contract with at least one health plan. They are not allowed to market, solicit, or sell plan contracts to individual members of the public, employers or any other person or group. Restricted licensees must comply with Knox-Keene requirements as delegated to them by the fully-licensed health care service plans.
- At present, 8 MA-RL Plans are licensed by DMHC to provide services in 18 counties.
- The MA-RL Plans and the counties in which they provide services are as follows:
 1. Access Senior HealthCare, Inc. – Los Angeles
 2. AmericasHealth Plan, Inc. – Ventura
 3. Brown and Toland Health Services – Alameda, Contra Costa, San Francisco
 4. Choice Physicians Network, Inc. – Fresno, Kern, Los Angeles, Madera, Modesto, Riverside, San Bernardino, Tulare
 5. Imperial Health Plan of California, Inc. – Alameda, Fresno, Kern, Kings, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Francisco, San Mateo, Santa Clara
 6. Medcore HP – San Joaquin
 7. Premier Health Plan Services, Inc. – Los Angeles, Orange
 8. Sequoia Health Plan – Kings, Tulare
- MA-RL Plans reported total enrollment of 49,690 as of March 31, 2018, of which 49,392 are Medicare beneficiaries. Medicare beneficiaries account for about 99% of total MA-RL Plan enrollment.

- Total MA-RL Plan enrollment increased by 39% from March 2017 to March 2018 due to an increase in plan-to-plan contracts and an increase in the number of MA-RL Plans licensed to do business in California.
- PMPM premium revenue exceeded PMPM expense for the QE March 31, 2018, for seven of the eight MA-RL Plans.
- MA-RL Plans reported \$2.3 million in total net income for QE March 31, 2018, which was a substantial increase from the \$266,000 net loss reported for the same quarter in 2017.
- MA-RL Plans reported TNE that ranged from 33% to 286% of required TNE.
- MA-RL Plans reported \$7.1 million cash flow from operations, which was a 41% decrease from the \$11.9 million cash flow from operations reported in March 2017.

B. Enrollment Trends

The MA-RL Plans provide services to 49,690 enrollees, 49,392 of which are Medicare enrollees, in California as of March 2018. Total enrollment increased by 39% since March 2017. The table below lists MA-RL Plan total enrollment and the percentage of total MA-RL Plan enrollment accounted for by plan-to-plan lives in California and not out-of-state enrollment. AmericasHealth Plan and Choice Physicians Network, Inc. reported the largest increases in enrollment of 61.4% and 15.9%, respectively.

Table 4
Enrollment in MA-RL Plans
March 2018

Medicare Advantage – Restricted License	Total MA-RL Plan Enrollment March 2018 ⁹	Percentage of Medicare Enrollment	Total Enrollment March 2018	Total Enrollment March 2017	Enrollment Change	Percentage Enrollment Change
Access Senior HealthCare, Inc.	3,092	100%	3,092	2,839	253	8.9%
AmericasHealth Plan, Inc.	1,199	100%	1,199	743	456	61.4%
Brown and Toland Health Services	10,242	100%	10,242	10,038	204	2.0%
Choice Physicians Network, Inc.	15,963	100%	15,963	13,771	2,192	15.9%
Imperial Health Plan of California, Inc.	2,047	87%	2,345	2,841	(496)	-17.5%
Medcore HP	3,360	100%	3,360	N/A	3,360	N/A
Premier Health Plan Services, Inc. ¹⁰	5,346	100%	5,346	5,512	(166)	-3.0%
Sequoia Health Plan, Inc.	8,143	100%	8,143	N/A	8,143	N/A
Total	49,392	99%	49,690	35,744	13,946	39%

⁹ Medicare enrollment is estimated with information readily available and based on plan-to-plan agreements filed with DMHC. Enrollment may be double counted due to plan-to-plan contracts between MA plans and MA-RL plans.

¹⁰ Premier Health Plan Services' total enrollment used in this analysis excludes lives for which the plan has "Professional Risk" only.

Chart 6 illustrates the Medicare enrollment trend in MA-RL Plans over the last four years by comparing March year-over-year data. Enrollment in MA-RL Plans increased steadily for quarters ending March for the last three years.

Chart 6

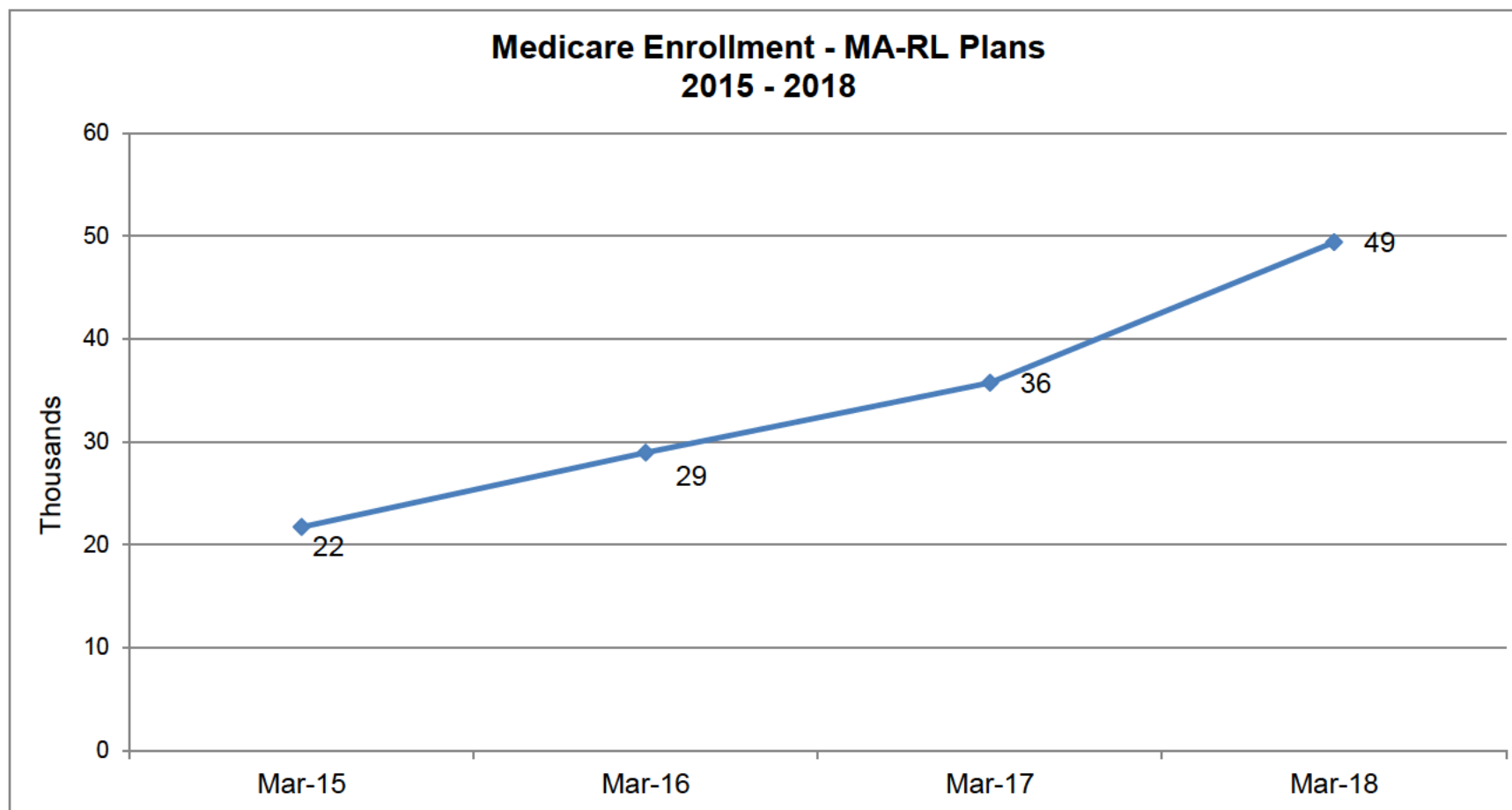
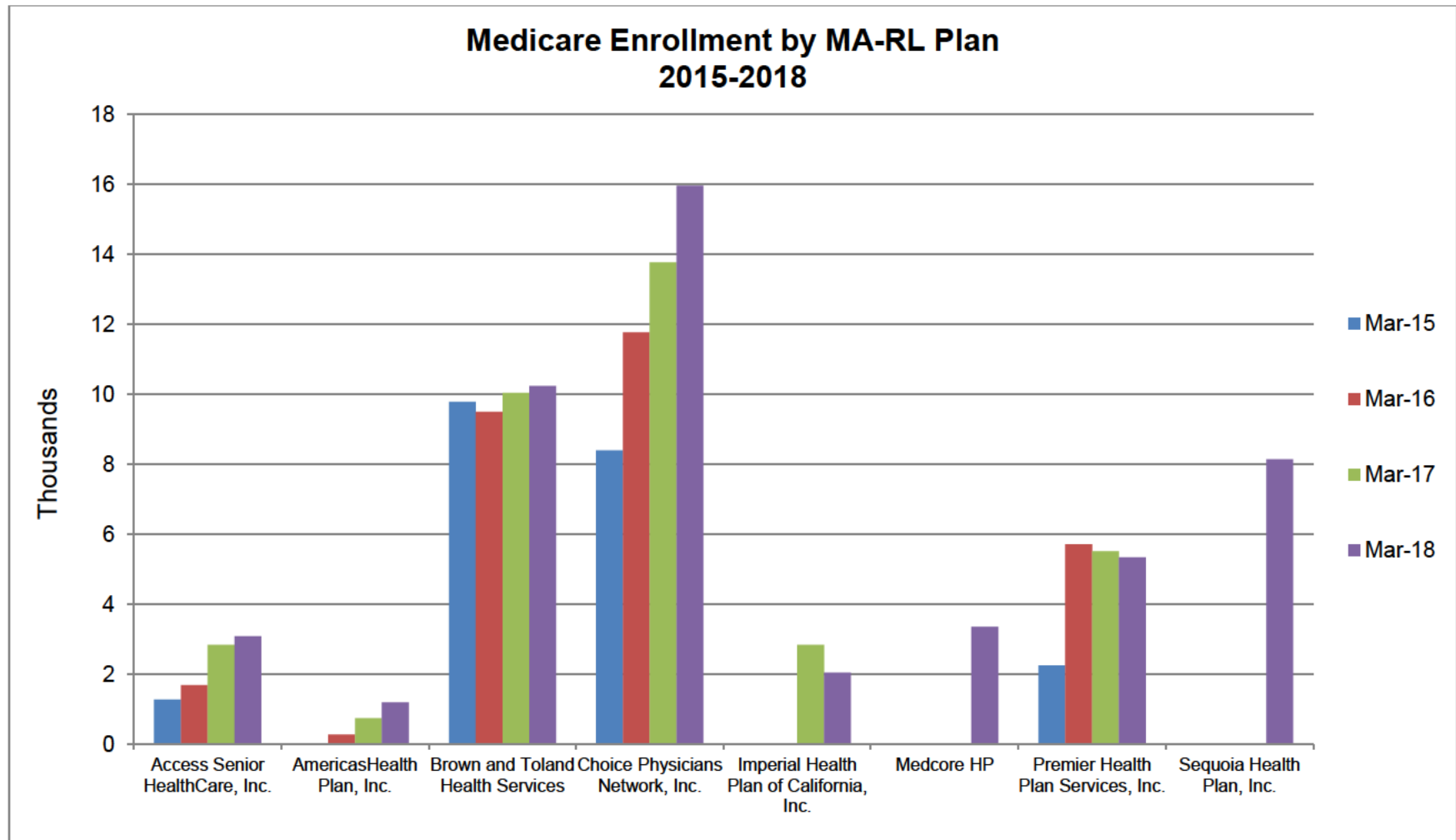


Chart 7 shows the growth of Medicare enrollment for quarters ending in March by MA-RL Plan over the past four years. Four plans reported an increase in enrollment from March 2017 to March 2018.

Chart 7

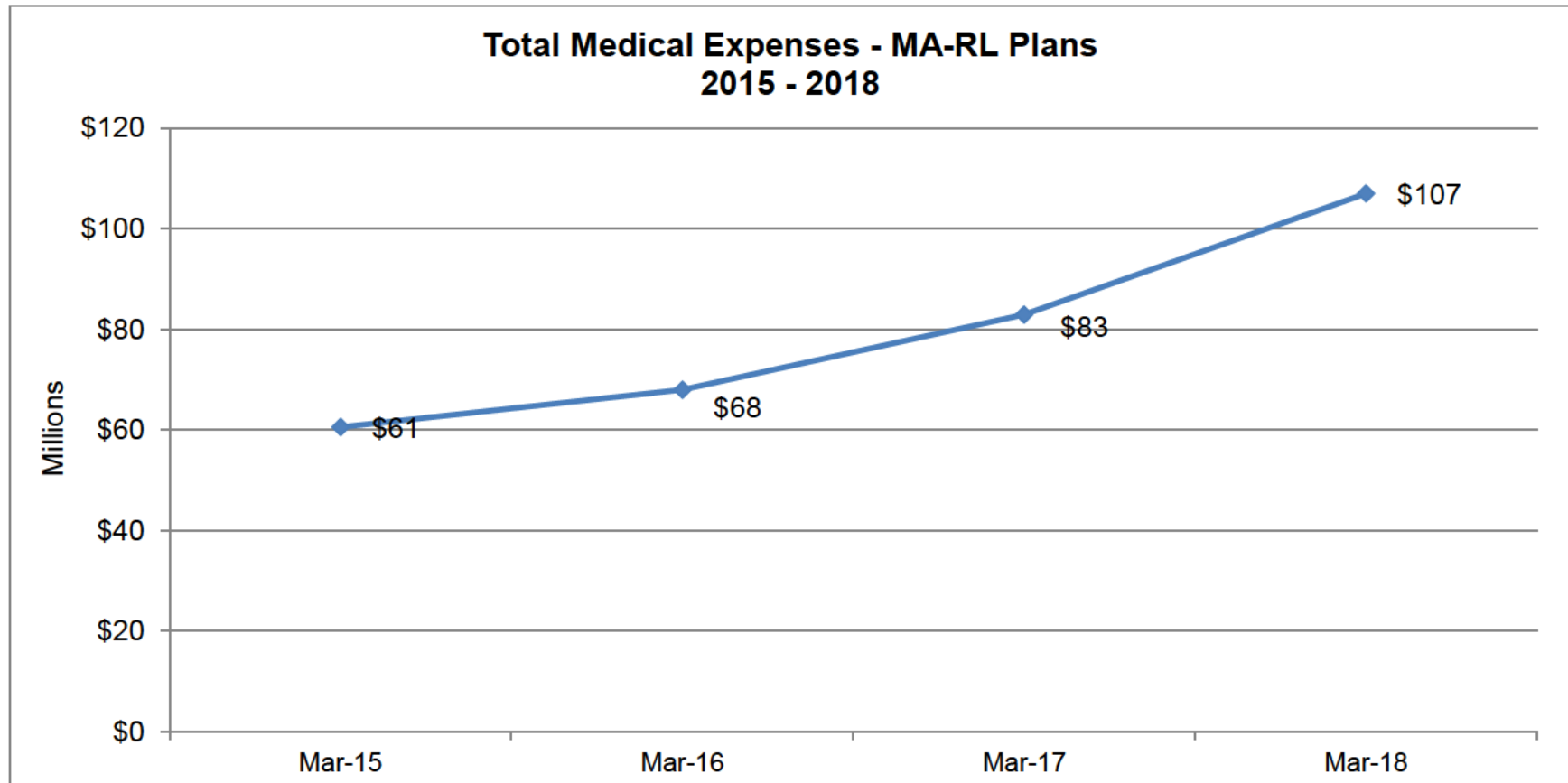


C. Financial Trends

Medical Expense

Chart 8 illustrates total medical expense for the MA-RL Plans compared to the same quarter over the last four years. Total medical expense increased constantly for quarters ending March in the last four years.

Chart 8



Per Member Per Month Medical Expense and Premium Revenue

Table 5 shows the PMPM medical expense and premium revenue of the MA-RL Plans for the past four years, as well as the difference in PMPM medical expense and premium revenue for the QE March 31, 2018. Medcore HP reported the highest PMPM premium revenue and Access Senior HealthCare, Inc. reported the highest PMPM medical expense. All MA-RL Plans, except Access Senior HealthCare, Inc. had higher PMPM premium revenue than medical expense for QE March 31, 2018.

**Table 5
PMPM Medical Expense and Premium Revenue – MA-RL Plans
2015 – 2018**

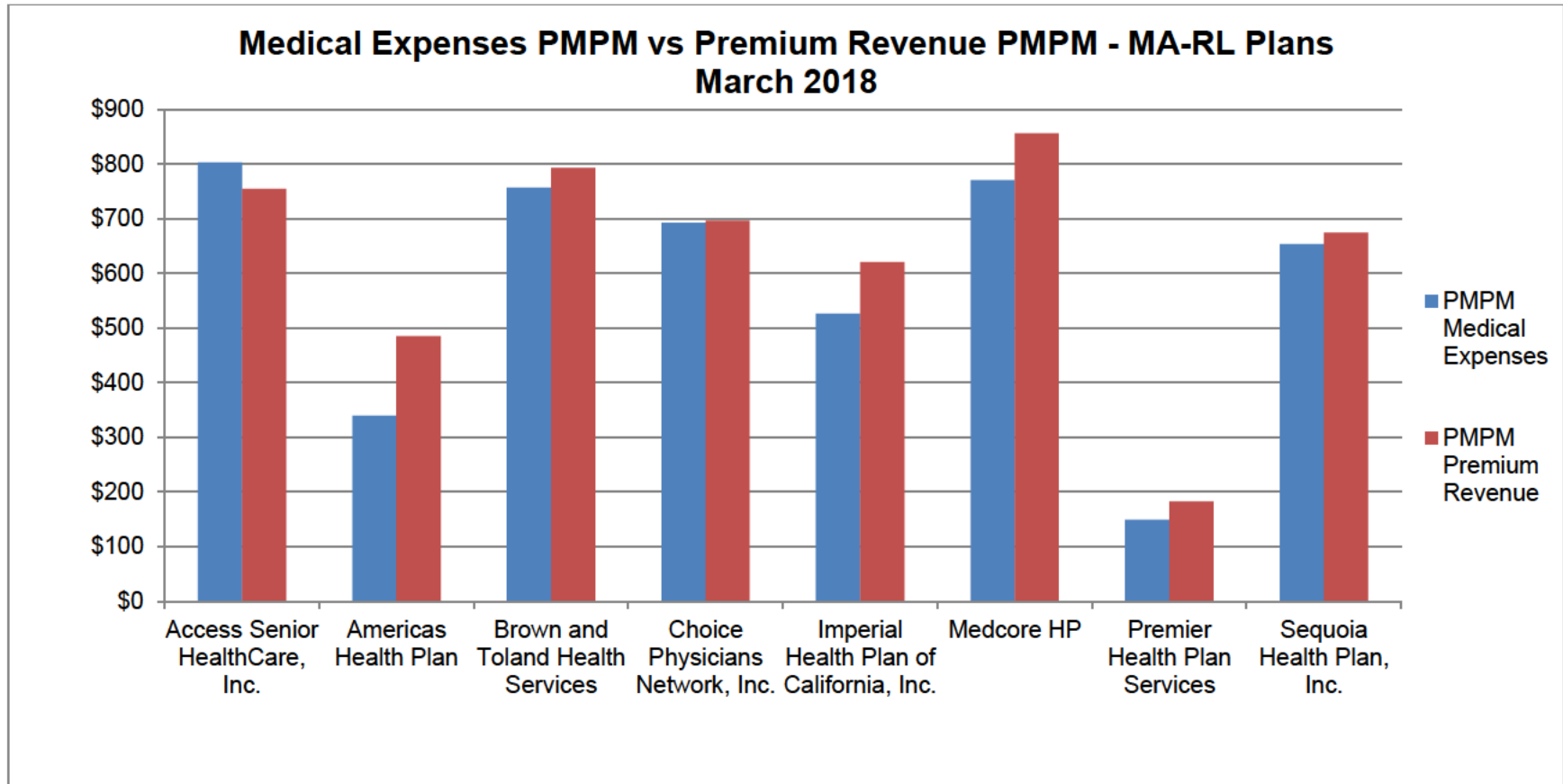
Medicare Advantage - Restricted License	Mar-15		Mar-16		Mar-17		Mar-18		
	PMPM Medical Expense	PMPM Premium Revenue	PMPM Medical Expense	PMPM Premium Revenue	PMPM Medical Expense	PMPM Premium Revenue	PMPM Medical Expense	PMPM Premium Revenue	PMPM Net
Access Senior HealthCare, Inc.	\$679	\$815	\$755	\$814	\$614	\$785	\$803	\$755	(\$48)
Americas Health Plan, Inc.	N/A	N/A	\$403	\$485	\$310	\$571	\$339	\$485	\$146
Brown and Toland Health Services	\$765	\$727	\$728	\$701	\$739	\$768	\$757	\$793	\$36
Choice Physicians Network, Inc.	\$747	\$773	\$687	\$701	\$724	\$718	\$693	\$696	\$3
Imperial Health Plan of California, Inc.	N/A	N/A	N/A	N/A	\$353	\$454	\$526	\$621	\$95
Medcore HP	N/A	N/A	N/A	N/A	N/A	N/A	\$771	\$856	\$85
Premier Health Plan Services, Inc. ¹¹	\$139	\$185	\$152	\$195	\$166	\$194	\$149	\$183	\$34
Sequoia Health Plan, Inc.	N/A	N/A	N/A	N/A	N/A	N/A	\$654	\$674	\$20

¹¹ Premier Health Plan reported the lowest PMPM premium revenue and medical expense primarily because the financial statements include the financial results of its Independent Physician Association (IPA) line of business.

PMPM Medical Expense vs. PMPM Premium Revenue

Chart 9 illustrates the MA-RL Plan PMPM medical expense vs PMPM premium revenue for the QE March 31, 2018. The PMPM premium revenue exceeded the PMPM medical expense for all except one MA-RL Plan.

Chart 9



Net Income

Table 6 shows the Net Income for MA-RL Plans over the past six quarters. For the QE March 31, 2018, six MA-RL Plans reported positive net income. Net income or loss is directly related to premium revenue and medical expense.

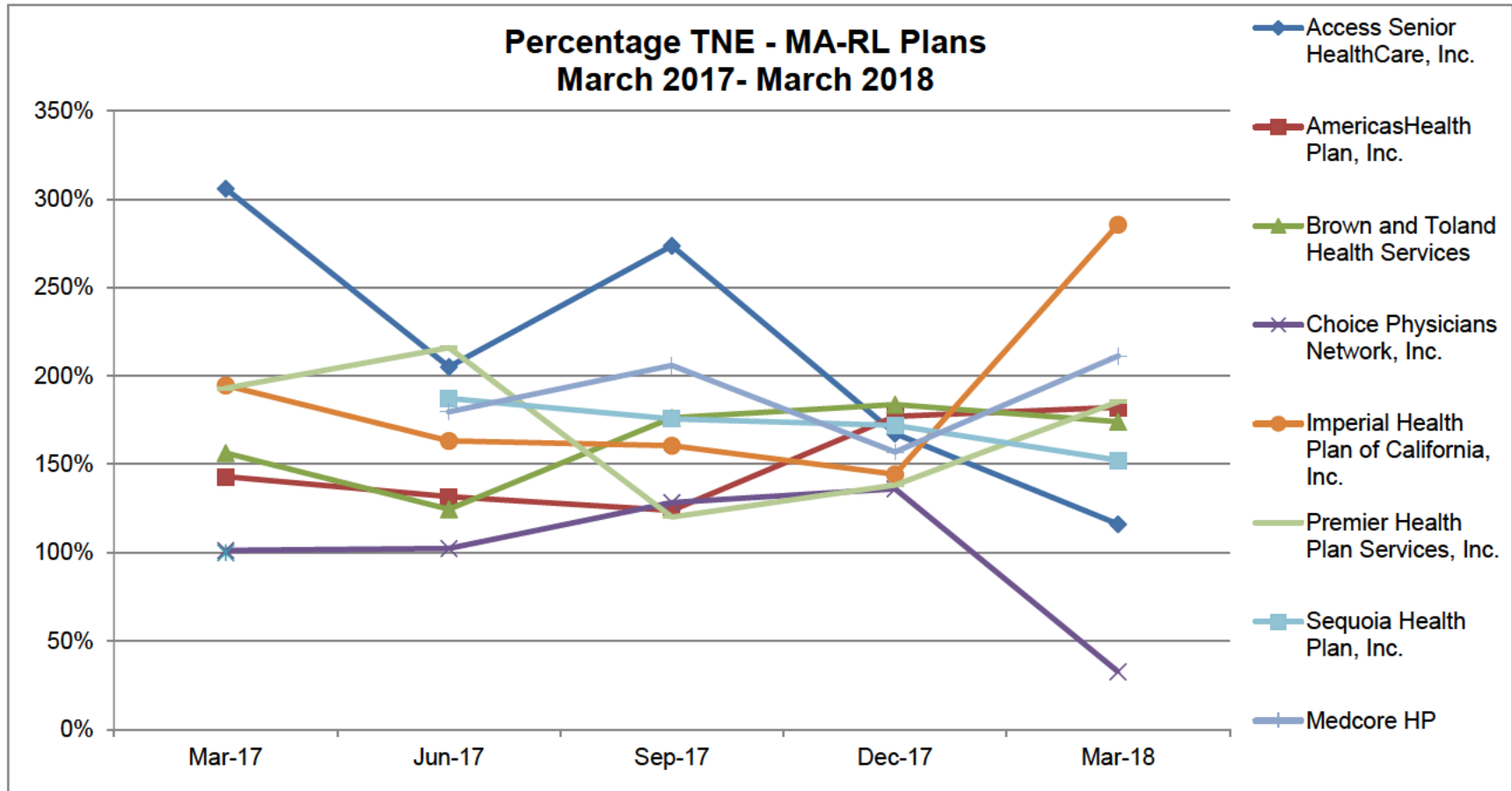
Table 6
MA - RL Plans Net Income/Loss by Quarter (in thousands)

Medicare Advantage – Restricted License Plans	QE Dec-16	QE Mar-17	QE Jun-17	QE Sep-17	QE Dec-17	QE Mar-18
Access Senior HealthCare, Inc.	(\$1,463)	\$871	(\$417)	\$578	(\$768)	(\$928)
AmericasHealth Plan, Inc.	(\$325)	(\$44)	(\$275)	(\$241)	\$179	\$51
Brown and Toland Health Services	(\$2,282)	\$460	\$849	\$2,451	\$560	\$649
Choice Physicians Network, Inc.	(\$355)	(\$212)	\$93	\$439	\$589	(\$171)
Imperial Health Plan of California, Inc.	\$6	\$275	(\$65)	(\$27)	(\$162)	\$1,040
Medcore HP	N/A	\$0	\$77	\$652	\$73	\$371
Premier Health Plan Services, Inc.	(\$5,759)	\$561	\$1,181	(\$2,913)	(\$743)	\$1,219
Sequoia Health Plan, Inc.	N/A	N/A	(\$1)	\$105	\$6	\$54
Total MA-RL Net Income/Loss	(\$10,178)	\$1,911	\$1,442	\$1,044	(\$266)	\$2,285

Tangible Net Equity

TNE for QE March 31, 2018 exceeded the regulatory requirements for all MA-RL Plans except for Choice Physicians Network, Inc. which reported 33% of required TNE. The Department is currently working with the Plan to cure the TNE deficiency. As of March 2018, the reported TNE ranged from 33% to 286% of required TNE.

Chart 10



Cash Flow from Operations

Seven MA-RL Plans reported positive and one MA-RL Plan reported negative cash flow from operations for the QE March 2018. MA-RL Plans reported \$7.1 million cash flow from operations in March 2018 compared to \$11.9 million cash flow from operations in March 2017.

V. Conclusion

Enrollment in MA and MA-RL Plans continues to increase overall. As of March 2018, MA Plans reported total enrollment of 501,978 of which approximately 96% were Medicare beneficiaries. Medicare enrollment in MA Plans increased by 8% compared to March 2017. MA-RL Plans reported total enrollment of 49,690, of which approximately 99% were Medicare beneficiaries. Medicare enrollment in MA-RL Plans increased by 36% compared to March 2017.

The DMHC licensed five new Medicare plans in the last two years, including three MA Plans licensed in 2018 and two MA-RL Plans licensed in 2017. The DMHC continues to see an increase in the number of Medicare license applications and is currently reviewing one MA and two MA-RL applications for Knox-Keene licensure.

Total medical expense for MA and MA-RL Plans increased from March 2015 to March 2018. All but two of the MA and MA-RL Plans reported higher PMPM premium revenue than medical expense for the QE March 31, 2018.

With two exceptions, MA and MA-RL Plans reported stable TNE for the last five quarters. For the two plans with TNE deficiencies, one was cured in November 2017 and the DMHC is actively working with the other plan to correct the TNE deficiency.

There was an increase in the number of MA plans that reported net losses. In the QE March 2018, nearly two-thirds (64%) of MA plans reported a net loss compared to less than half (45%) in the QE March 2017. Only two MA-RL plans (25%) reported net losses for this quarter, the same as in the QE March 2017.

The DMHC will continue to monitor the enrollment trends and financial solvency of all licensed MA and MA-RL Plans.

Appendix

Health Plan Name	Total Medicare Enrollment	Total Enrollment	Medicare Enrollment as a Percentage of Total Enrollment
Aetna Health of California, Inc.	14,488	245,727	5.9%
AIDS Healthcare Foundation	726	1,393	52.1%
Alignment Health Plan	37,798	37,798	100.0%
Arcadian Health Plan, Inc.	75,462	75,462	100.0%
Aspire Health Plan	3,251	3,251	100.0%
Blue Cross of California (Anthem Blue Cross)	99,098	3,516,380	2.8%
California Physicians' Service (Blue Shield of California)	96,629	3,560,222	2.7%
Care 1st Health Plan	58,098	502,641	11.6%
CareMore Health Plan	55,151	58,768	93.8%
Central Health Plan of California, Inc.	38,882	38,882	100.0%
Chinese Community Health Plan	4,856	21,527	22.6%
EASY CHOICE HEALTH PLAN, Inc.	29,117	29,117	100.0%
Golden State Medicare Health Plan	9,755	9,755	100.0%
Health Net Community Solutions, Inc.	17,084	1,862,132	0.9%
Health Net of California, Inc.	122,530	1,005,481	12.2%
Imperial Health Plan of California, Inc.	298	2,345	12.7%
Inland Empire Health Plan	24,436	1,246,930	2.0%
Inter Valley Health Plan	22,664	22,664	100.0%
Kaiser Foundation Health Plan, Inc. (Kaiser Permanente)	1,147,996	8,935,473	12.8%
Molina Healthcare of California	1,884	659,003	0.3%
On Lok Senior Health Services	13	1,490	0.9%
Orange County Health Authority (CalOptima)	16,128	788,700	2.0%
Santa Clara County Health Authority (Santa Clara Family Health Plan)	7,409	263,849	2.8%
Scan Health Plan	180,869	194,180	93.1%
Sharp Health Plan	1,828	145,371	1.3%
Stanford Health Care Advantage	2,881	2,881	100.0%
UHC of California (UnitedHealth)	347,974	858,638	40.5%
Universal Care, Inc.	25,565	29,220	87.5%
Total	2,442,870	24,119,280	10.1%