

Wisconsin Association of Homes and Services for the Aging, Inc.

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November 12, 2009

To: Representative Peggy Krusick, Chair
Members, Assembly Aging and Long-Term Care Committee

From: John Sauer, Executive Director

Subject: Family Care Informational Hearing

Good morning Madam Chair and members of the Committee. My name is John Sauer and I serve as the Executive Director of the Wisconsin Association of Homes and Services for the Aging (WAHSA). Thank you for the opportunity to share comments and observations on the Family Care program from the perspective of the non-profit long term care and senior housing provider community.

My comments generally will address three issues: (1) The unsustainability of Medicaid, including Family Care; (2) The financial assumptions and challenges within the current Family Care program; and (3) Family Care operational and administrative issues. In recognition of the time constraints imposed for today's informational hearing, I will keep my comments necessarily brief. Should you require additional information, I would be happy to provide follow-up material to the Committee.

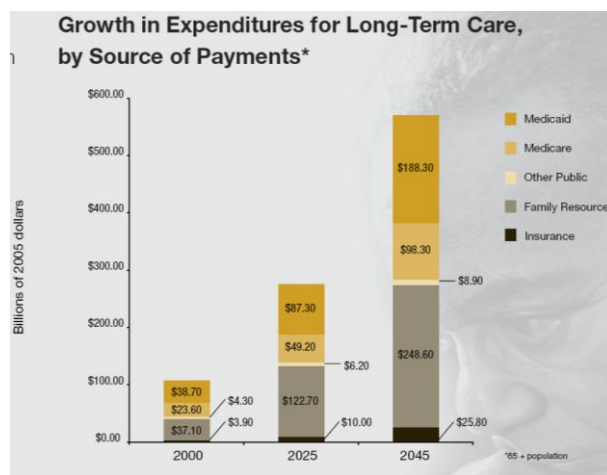
Before addressing the Family Care program, some background on WAHSA's views on long term care reform may help place my comments in the appropriate context. The issues raised today should not be interpreted as reasons to oppose the Family Care program or its goal to reform the long term care delivery system. In fact, nearly fourteen years ago, the WAHSA Board of Directors unanimously approved a resolution to seek a redesigned system which "maximizes an individual's choice of services, providers, and care settings as long as such care is necessary, meets a minimum level of quality standards and is cost-effective..... Further, the redesigned



system should integrate acute and primary care, long term care, and supportive services in order to provide, finance, and manage the health and long term care needs of clients.” {See: *Long Term Care Redesign: WAHSA's Vision of a New System*, www.wahsa.org/ltc.htm} Thus, as it did in 1996, WAHSA supports Family Care’s goals to eliminate waiting lists, promote consumer choice, and offer cost-effective, high quality, care and services.

The Unsustainability of Medicaid

Family Care-- a subcomponent of Medicaid-- is a program that helps manage long term care *costs*; it does not help *finance* these costs. As Wisconsin aggressively moves towards statewide implementation of Family Care, we are building a public assistance program that, under the current “pay-as-you-go system,” is financially unsustainable. An endless number of respected public policy wonks and analysts have concluded that the demographic silver tsunami will fuel Medicaid expenses that will far outpace a State’s ability to pay. The reality is the aging Baby Boomers will help push Medicaid long term care costs to double by 2025 and increase five-fold by 2045 (see chart below). So, while Family Care strives to ensure that Wisconsin spends its long term care dollars effectively, it does not help fund the cost of care and services. Unless a new financing mechanism is created, States simply will not have sufficient resources to pay the Medicaid bills. States cannot be expected to address this fiscal challenge via intergovernmental transfers, bed taxes or other short-term, limited strategies. This challenge demands a bold, innovative approach.



www.thelongtermcaresolution.org/Files/Framework.pdf

The American Association of Homes and Services for the Aging (AAHSA), our national non-profit affiliate, and 100 national consumer, provider and faith-based organizations are advocating

for passage of the Community Living Assistance Services and Supports (CLASS) Act of 2009 (S. 697, H.R. 1721). This legislation would create a broad-based national insurance trust with premiums that provide cash benefits to pay for long-term care expenses, allowing baby boomers to pre-fund their long-term care needs, helping alleviate state budget burdens, and providing individuals with the services they need. (For more information on this initiative, please visit: www.thelongtermcaresolution.org/home.aspx and www.aahsa.org/classactqa.aspx)

The CLASS Act was included in the health care legislation recently passed by the U.S. House of Representatives and is now being considered by the U.S. Senate. ***WAHSA respectfully urges Committee members to learn more about the CLASS Act and ask Senators Feingold and Kohl to push for its adoption in the Senate.***

Family Care Financial Assumptions and Challenges

Early reviews (evaluation) of Family Care suggested that Family Care:

“...saved an average of \$452 per person per month in total Medical Assistance expenditures in the four non-Milwaukee counties during 2003 and 2004. It did so by helping people stay healthy and more independent in their homes and communities. Family Care also saved money in Milwaukee. Because of these savings, Family Care can be expanded within the existing budget and serve people now on waiting lists.”
(see: <http://dhs.wisconsin.gov/managedltc/generalinfo/pdf/fcfactsheet.pdf>)

WAHSA and other advocacy organizations have long questioned the State’s assertion that it is possible to expand Family Care statewide *and* serve over 11,000 individuals previously on the long term care waiting list, without increasing the Medicaid budget. Even the early reviews noted that the projected monthly savings in Milwaukee County, in which nearly 60% of all Family Care pilot enrollees resided, were far less (\$55 per enrollee) than in the other pilot counties. As the Family Care program matures and more counties are covered, many program observers are not surprised enrollee acuity and related expenses are significantly increasing.

The testimony offered earlier today by Family Care Managed Care Organization (MCO) officials undoubtedly highlighted the financial struggles facing many of these organizations. These fiscal struggles are further documented by the attached six-month revenue/expenditure report prepared by the Department of Health Services (DHS).

Given the documented fiscal pressures facing the Family Care program, providers are understandably concerned how budgets will be balanced and savings generated. As such, WAHSA offers the following observations/questions the Committee may wish to evaluate and pursue:

- Is it realistic to expect Family Care to deliver the level of savings originally projected? Should the Legislative Audit Bureau be asked to review or update the evaluation of Family Care?
- WAHSA understands that the capitation rates paid to the MCOs are significantly based on the operational and fiscal experience of the original five Family Care pilots. As Family Care expands throughout the State and the needs of enrollees increase, is it reasonable to expect the MCOs to keep their expenses for direct care and services in line with the cost assumptions developed several years ago? For example, it appears that acuity/service needs and workforce shortages are causing MCOs to more heavily rely on congregate care settings (CBRFs, RCACs and Adult Family Homes) compared to five years ago. Assuming enrollees are appropriately placed in congregate care settings, are the MCO capitation rates adequate to purchase quality care for these enrollees?
- Our understanding is that the more experienced MCOs are seeing an increase in nursing home utilization. Is this true and, if so, how has this trend impacted the Family Care budget and capitation rates?
- The debate continues on the program and fiscal benefits of Family Care-Partnership versus Family Care. The former integrates Medicare and Medicaid acute, primary and long term care funding under a managed care program. Many long term care experts have indicated that this approach enables the MCO to better manage the enrollee's overall health and long term care needs and appropriately creates more comprehensive incentives for the MCO to contain costs. Should the cost-effectiveness of Family Care-Partnership be evaluated compared to Family Care? What are the estimated enrollment projections for these programs? What incentives, if any, are being considered to expand Partnership MCOs?

Family Care Operations and Administration

A critical component of the Family Care program remains the direct care and support staff that actually serve and care for the publicly-funded clients. From our perspective, therefore, a measure of Family Care's success lies in its ability to contract with providers for the delivery of high quality, cost-effective care and services. As WAHSA members gain experience with Family Care, we are paying particular attention to a number of issues:

- DHS and MCOs have expressed concern over the rising costs attributable to purchasing residential care for Family Care enrollees. DHS officials have announced that all MCOs will be instructed to utilize an approved residential rate-setting methodology, effective January 1, 2011. Providers obviously are concerned that this methodology will not adequately reimburse them for their staffing and operating costs. One provider already has been notified that its 2010 rate will be cut by 30%, with no documentation given to justify this rate cut. Further, recently one MCO sent a written notice to all residential care providers announcing a rate freeze for 2010. Will the DHS capitation rates force the MCOs to utilize providers with low staffing, wages and benefits? How will the MCO and DHS ensure that a sufficient number of high quality providers remain in the MCO's provider network?
- If an MCO seeks to reduce assisted living reimbursement rates, it is possible that some providers may opt out of the Family Care program. How will the MCO address the need to relocate enrollees (contract termination, notice to residents, and transportation)?
- Given the current fiscal challenges facing a number of MCOs, providers have asked what safeguards are in place if an MCO fails to meet its reserve or solvency requirements and is unable to pay for the cost of care and services provided to enrollees?
- Some MCOs are requiring providers to provide additional fiscal and program reporting in a different format or beyond the level already mandated by existing provider-specific rules or regulations. No additional payment is available to cover these costs. Added administrative burdens force providers to redirect finite resources away from resident care and services.

- WAHSA providers have first-hand accounts of individuals in need of nursing home care being counseled to remain on the Medicaid fee-for-service system until they can be served in a non-nursing home setting.
- Many providers, including all nursing homes, utilize an internal interdisciplinary team to comprehensively assess and develop a care plan for each resident. The work of this team too often is duplicated or ignored by the MCO's care management team. WAHSA members have requested the MCOs avoid costly and redundant assessment and care planning sessions and to better coordinate resident meetings with staff. For example, WAHSA members believe it is unlikely that an MCO's care team will adequately capture a resident's full range and scope of care and service needs in a 90 minute assessment compared to that documented by the nursing home staff which may have observed this individual over the course of several days or weeks.

In closing, I wish to note that WAHSA members have a respectful and productive working relationship with the DHS and MCOs. The issues and observations identified above are offered to help all parties address the difficult challenges facing the Family Care program. WAHSA will continue to work on improving the Family Care program and remains committed to its goals of respecting consumer choice, operating cost-effectively and offering high quality care and services.

Thank you for the opportunity to speak with you today.

The Wisconsin Association of Homes and Services for the Aging (WAHSA) is a statewide membership association of 190 not-for-profit long-term care organizations. WAHSA members own, operate, and/or sponsor 183 not-for-profit nursing homes, of which 37 are county owned and operated, 9 facilities for the developmentally disabled (FDD), 77 community-based residential facilities (CBRF), 63 residential care apartment complexes (RCAC), and 116 senior apartment complexes/retirement homes for the aged, as well as over 300 community service programs ranging from Alzheimer's support, homecare, child and adult day care, and hospice to Meals on Wheels. WAHSA members employ over 38,000 dedicated staff which provide care and services to over 48,000 residents/ tenants/ clients.

	Managed LTC Programs						
	Surplus / (Deficits)						
	Historical Results						
Family Care							
Total Revenues, FC	2004	2005	2006	2007	2008	Q1 2009	Q2 2009
SFCA/Richland	\$ 6,807,396	\$ 7,887,973	\$ 8,802,687	\$ 9,684,041	\$ 14,082,113	\$ 7,159,161	\$ 14,798,115
CCCW/Portage	\$ 19,040,524	\$ 22,069,742	\$ 24,984,035	\$ 27,440,857	\$ 32,239,300	\$ 19,334,158	\$ 40,286,940
CCO/Fond du Lac	\$ 20,654,814	\$ 24,379,601	\$ 25,435,208	\$ 27,047,647	\$ 27,979,165	\$ 7,277,902	\$ 14,573,423
WWC/La Crosse	\$ 32,231,886	\$ 35,837,353	\$ 40,300,193	\$ 45,171,481	\$ 47,449,159	\$ 19,427,681	\$ 45,171,459
MCDA	\$ 109,979,122	\$ 135,738,127	\$ 145,311,868	\$ 157,200,481	\$ 175,120,366	\$ 47,787,823	\$ 95,838,826
Total Revenues, Original FC Pilots	\$ 188,713,742	\$ 225,912,796	\$ 244,833,992	\$ 266,544,507	\$ 296,870,103	\$ 100,986,725	\$ 210,668,763
CCI				\$ 28,187,083	\$ 95,460,003	\$ 34,408,603	\$ 70,653,166
CW					\$ 29,801,797	\$ 27,038,156	\$ 54,611,766
CHP-LTS					\$ 8,818,658	\$ 8,922,003	\$ 21,196,689
Northern Bridges (NB)							\$ 4,253,752
Total Revenues, All FC MCOs	\$ 188,713,742	\$ 225,912,796	\$ 244,833,992	\$ 294,731,590	\$ 430,950,561	\$ 171,355,487	\$ 361,384,136
Net Income, FC	2004	2005	2006	2007	2008	Q1 2009	Q2 2009
SFCA/Richland	\$ 158,001	\$ 483,209	\$ 42,065	\$ (54,273)	\$ 79,249	\$ 232,214	\$ 215,115
CCCW/Portage	\$ (1,689,871)	\$ (908,966)	\$ 1,783,026	\$ 2,129,361	\$ (2,328,852)	\$ (388,647)	\$ 65,843
CCO/Fond du Lac	\$ (746,538)	\$ 3,125,176	\$ 2,112,758	\$ 1,429,173	\$ 54,057	\$ 244,177	\$ (191,570)
WWC/La Crosse	\$ (2,799,577)	\$ (765,239)	\$ 2,196,670	\$ 3,078,798	\$ (3,360,286)	\$ (1,987,867)	\$ (1,348,457)
MCDA	\$ (3,223,031)	\$ 10,645,192	\$ 4,651,429	\$ 3,915,925	\$ (509,681)	\$ 929,213	\$ 1,706,497
Total Net Income, Original FC Pilots	\$ (8,301,016)	\$ 12,579,371	\$ 10,785,948	\$ 10,498,984	\$ (6,065,514)	\$ (970,909)	\$ 447,428
CCI				\$ (1,332,424)	\$ (4,170,701)	\$ (1,418,354)	\$ (1,781,965)
CW					\$ (7,335,121)	\$ (213,386)	\$ (1,328,097)
CHP					\$ (2,570,088)	\$ (1,482,759)	\$ (2,097,490)
Northern Bridges							\$ (1,151,401)
Total Net Income, All FC MCOs	\$ (8,301,016)	\$ 12,579,371	\$ 10,785,948	\$ 9,166,560	\$ (20,141,424)	\$ (4,085,408)	\$ (5,911,525)
Net Income, All FC MCOs (% terms)	-4.4%	5.6%	4.4%	3.1%	-4.7%	-2.4%	-1.64%
FCP/PACE							
Total Revenues, FCP/PACE	2004	2005	2006	2007	2008	Q1 2009	Q2 2009
Care WI	\$ 23,628,716	\$ 27,116,336	\$ 34,470,237	\$ 43,610,575	\$ 57,707,033	\$ 16,899,813	\$ 33,890,287
CLA	\$ 19,460,839	\$ 21,459,363	\$ 23,763,898	\$ 27,159,359	\$ -	\$ -	\$ -
CHP	\$ 29,603,325	\$ 39,200,782	\$ 55,162,473	\$ 71,473,998	\$ 100,719,300	\$ 28,621,798	\$ 59,583,165
CCI-CCHP	\$ 45,895,360	\$ 52,164,851	\$ 60,636,601	\$ 69,557,623	\$ 74,610,355	\$ 17,942,759	\$ 37,148,658
Total Rev, FCP/PACE MCOs	\$ 118,588,240	\$ 139,941,332	\$ 174,033,209	\$ 211,801,555	\$ 233,036,688	\$ 63,464,370	\$ 130,622,110
Net Income, FCP/PACE (1)	2004	2005	2006	2007	2008	Q1 2009	Q2 2009
Care WI	\$ 93,107	\$ 297,629	\$ 3,304,211	\$ 5,402,540	\$ (408,262)	\$ (79,987)	\$ 532,726
CLA	\$ 205,372	\$ 971,193	\$ 3,437,851	\$ (3,157,859)	\$ -	\$ -	\$ -
CHP	\$ 1,585,349	\$ 3,178,537	\$ 4,269,117	\$ 2,255,621	\$ 2,922,296	\$ 242,872	\$ (1,105,538)
CCI-CCHP	\$ 674,922	\$ (856,247)	\$ 4,363,510	\$ 5,847,301	\$ 5,645,285	\$ (835,061)	\$ (20,912)
Net Income, All FCP/PACE MCOs	\$ 2,558,750	\$ 3,591,112	\$ 15,374,689	\$ 10,347,603	\$ 8,159,319	\$ (672,177)	\$ (593,724)
Net Income, All FCP/PACE MCOs (% terms)	2.2%	2.6%	8.8%	4.9%	3.5%	-1.1%	-0.45%
Revenue, All MLTC Programs	\$ 307,301,982	\$ 365,854,128	\$ 418,867,201	\$ 506,533,145	\$ 663,987,249	\$ 234,819,856	\$ 492,006,246
Net Income, All MLTC Programs	\$ (5,742,266)	\$ 16,170,483	\$ 26,160,637	\$ 19,514,163	\$ (11,982,105)	\$ (4,757,585)	\$ (6,505,250)
Net Income, All MLTC Programs (% Terms)	-1.9%	4.4%	6.2%	3.9%	-1.8%	-2.0%	-1.32%

(1) Net income for the P/P programs for 2004-07 period are off the OCI Statutory Reports, 2008 forward are off the DHS GAAP statements

Family Care
MCO Financial Statement Summaries
YTD for Period Ending June 30, 2009

	SFCA	CCCW	CCO	WWC	MCDA	CCI	CWF	CHP	NB	Total
Revenue										
Capitation	14,781,169	40,214,520	14,537,750	42,056,977	95,692,285	65,989,814	50,004,682	19,096,689	4,165,546	346,539,432
Pvt Pay & other Operating Revenue										0
Interest Income- Operating Acct		41,125	31,805		1,763	6			2,751	77,450
Risk Sharing Accrual				2,572,343		381,245	4,607,084	2,100,000		9,660,672
Other Income	16,946	31,295	3,867	542,139	144,778	4,282,102			85,455	5,106,582
Total Revenue	14,798,115	40,286,940	14,573,423	45,171,459	95,838,826	70,653,166	54,611,766	21,196,689	4,253,752	361,384,136
Expenses										
Member Services	12,229,224	36,473,803	13,389,025	42,647,043	88,017,847	68,196,931	51,757,631	21,564,443	4,126,486	338,402,433
Cost Share	(328,589)	(677,155)	(445,460)	(971,583)	(5,472,035)	(892,473)	(523,398)	(145,012)	(27,688)	(9,483,393)
Room & Board	(977,570)	(3,409,348)	(1,213,613)	(3,098,933)	(6,470,512)	(6,165,695)	(5,165,028)	(1,847,757)	(328,819)	(28,677,275)
Spend Down/ Third Party/ Refunds	(50,402)	(191,351)	(90,326)	(140,505)	(257,723)	(291,683)	(193,296)		(5,829)	(1,221,116)
Net Member Services Costs	10,872,661	32,195,949	11,639,625	38,436,022	75,817,577	60,847,080	45,875,909	19,571,675	3,764,150	299,020,649
Care Management (External)	2,479,696		30,789		10,742,603	2,620,473	1,958,723			17,832,284
Care Management (Internal)		5,868,953	2,090,835	6,336,840	741,544	5,086,977	3,666,852	2,512,608	978,159	27,282,768
Care Management-Admin Allocation					1,386,103	232,924		68,333	203,592	1,890,952
Net Care Management Costs	2,479,696	5,868,953	2,121,624	6,336,840	12,870,249	7,940,374	5,625,575	2,580,941	1,181,751	47,006,004
Administrative Expenses	1,230,643	2,285,761	933,552	1,864,453	4,428,072	3,122,619	4,438,379	1,144,029	459,252	19,906,761
Total Operating Expenses	14,583,001	40,350,663	14,694,801	46,637,315	93,115,898	71,910,073	55,939,863	23,296,645	5,405,153	365,933,413
Income (Loss) from Operations	215,115	(63,723)	(121,379)	(1,465,856)	2,722,927	(1,256,907)	(1,328,097)	(2,099,957)	(1,151,401)	(4,549,277)
Other (Revenue)/Expense										
Prior Year Adjustment		(113,504)	(31,238)	(100,000)		(85,499)				(330,242)
Other Funding										0
Investment Income		(17,657)	(5,198)	(17,399)		(31,646)		(2,467)		(74,367)
Start-up Expenses										0
Other Non-Operating		1,595	106,627		1,016,431	642,204				1,766,857
Total Non-Operating (Revenue)/Expense	0	(129,566)	70,191	(117,399)	1,016,431	525,058	0	(2,467)	0	1,362,248
Net Surplus (Deficit)	215,115	65,843	(191,570)	(1,348,457)	1,706,497	(1,781,965)	(1,328,097)	(2,097,490)	(1,151,401)	(5,911,525)
Member Months	5,490	14,118	6,190	17,162	40,410	21,734	16,275	5,234	1,408	128,022
Key Ratios										
Member Service Cost	73.47%	79.92%	79.87%	85.09%	79.11%	86.12%	84.00%	92.33%	88.49%	82.74%
Care Management Service Cost	16.76%	14.57%	14.56%	14.03%	13.43%	11.24%	10.30%	12.18%	27.78%	13.01%
Total Member Service Cost (Loss Ratio)	90.23%	94.48%	94.43%	99.12%	92.54%	97.36%	94.30%	104.51%	116.27%	95.75%
Administrative Expense	8.32%	5.67%	6.41%	4.13%	4.62%	4.42%	8.13%	5.40%	10.80%	5.51%
Total Operating Expenses	98.55%	100.16%	100.83%	103.25%	97.16%	101.78%	102.43%	109.91%	127.07%	101.26%
Net Surplus (Deficit)	1.45%	-0.16%	-0.83%	-3.25%	2.84%	-1.78%	-2.43%	-9.91%	-27.07%	-1.26%

1. Initial calculation for Risk Sharing for NBs was \$950K in June, began accruing as income in July
2. We believe only one MCO (CCI) was accruing an acuity adjustment as of the second quarter.

Family Care
MCO Financial Statement Summaries
YTD for Period Ending June 30, 2009
PMPM

	SFCA	CCCW	CCO	WWC	MCDA	CCI	CW	CHP	NB	Total
Revenue										
Capitation	2,692.46	2,848.46	2,348.41	2,450.59	2,368.03	3,036.25	3,072.50	3,648.30	2,958.48	2,706.88
Pvt Pay & other Operating Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest Income- Operating Acct	0.00	2.91	5.14	0.00	0.04	0.00	0.00	0.00	1.95	0.60
Risk Sharing Accrual	0.00	0.00	0.00	149.89	0.00	17.54	283.08	401.19	0.00	75.46
Other Income	3.09	2.22	0.62	31.59	3.58	197.02	0.00	0.00	60.69	39.89
Total Revenue	2,695.54	2,853.59	2,354.17	2,632.06	2,371.66	3,250.81	3,355.58	4,049.49	3,021.13	2,822.84
Expenses										
Member Services	2,227.61	2,583.50	2,162.85	2,484.97	2,178.12	3,137.80	3,180.21	4,119.75	2,930.74	2,643.32
Cost Share	(59.85)	(47.96)	(71.96)	(56.61)	(135.41)	(41.06)	(32.16)	(27.70)	(19.66)	(74.08)
Room & Board	(178.07)	(241.49)	(196.05)	(180.57)	(160.12)	(283.69)	(317.36)	(353.00)	(233.54)	(224.00)
Spend Down/ Third Party/ Refunds	(9.18)	(13.55)	(14.59)	(8.19)	(6.38)	(13.42)	(11.88)	0.00	(4.14)	(9.54)
Net Member Services Costs	1,980.50	2,280.49	1,880.25	2,239.60	1,876.21	2,799.63	2,818.81	3,739.05	2,673.40	2,335.70
Care Management (External)	451.69	0.00	4.97	0.00	265.84	120.57	120.35	0.00	0.00	139.29
Care Management (Internal)	0.00	415.71	337.75	369.24	18.35	234.06	225.31	480.02	694.72	213.11
Care Management - Admin Allocation	0.00	0.00	0.00	0.00	34.30	10.72	0.00	13.05	144.60	14.77
Net Care Management Costs	451.69	415.71	342.72	369.24	318.49	365.34	345.66	493.07	839.31	367.17
Administrative Expenses	224.17	161.90	150.81	108.64	109.58	143.67	272.71	218.56	326.17	155.50
Total Operating Expenses	2,656.36	2,858.10	2,373.78	2,717.48	2,304.28	3,308.64	3,437.18	4,450.68	3,838.89	2,858.37
Income (Loss) from Operations	39.18	(4.51)	(19.61)	(85.41)	67.38	(57.83)	(81.60)	(401.18)	(817.76)	(35.54)
Other (Revenue)/Expense										
Prior Year Adjustment	0.00	(8.04)	(5.05)	(5.83)	0.00	0.00	0.00	0.00	0.00	(2.58)
County Funding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investment Income	0.00	(1.25)	(0.84)	(1.01)	0.00	(3.93)	0.00	0.00	0.00	(2.58)
Other Non-Operating	0.00	0.11	17.22	0.00	25.15	29.55	0.00	0.00	0.00	13.80
Total Non-Operating (Revenue)/Expense	0.00	(9.18)	11.34	(6.84)	25.15	25.61	0.00	0.00	0.00	8.64
Net Surplus/(Deficit)	39.18	4.66	(30.95)	(78.57)	42.23	(83.45)	(81.60)	(401.18)	(817.76)	(44.18)
Member Months	5,490	14,118	6,190	17,162	40,410	21,734	16,275	5,234	1,408	128,022

**Family Care
MCO Financial Statement Summaries
Solvency Protection**

YTD for Period Ending June 30, 2009

	SFCA	CCCW	CCO	WWC	MCDA	CCI	CW	CHP	NB
Solvency Protection									
Working Capital									
Current Assets	4,913,018	15,175,462	10,459,525	11,170,195	30,672,676	25,379,146	16,197,576	6,603,522	3,053,639
Current Liabilities	3,888,353	15,572,994	3,497,515	12,640,768	21,096,798	24,883,013	24,915,500	7,880,774	4,053,701
Working Capital Requirement	1,024,665	(397,532)	6,962,010	(1,470,573)	9,575,878	496,132	(8,717,924)	(1,277,252)	(1,000,062)
Excess (Shortage)	732,373	1,641,148	593,798	1,769,790	3,891,661	2,841,942	2,091,261	899,280	677,749
	292,292	(2,038,680)	6,368,212	(3,240,363)	5,684,217	(2,345,810)	(10,809,184)	(2,176,532)	(1,677,811)
Restricted Reserve									
Current Restricted Reserve	361,659	1,870,574	1,212,128	1,546,204	2,000,000	2,230,641	1,718,967	250,285	0
Required	1,282,373	1,870,574	1,143,798	1,934,895	2,000,000	2,000,000	2,000,000	1,449,280	1,227,749
Excess (Shortage)	(920,714)	0	68,330	(388,691)	0	230,641	(281,033)	(1,198,995)	(1,227,749)
Solvency Fund									
Current Solvency Fund	0	1,524,798	305,320	252,676	250,000	2,018,542	0	0	0
Required	1,166,187	1,620,574	250,000	1,684,895	250,000	1,772,034	1,845,630	1,249,640	1,138,874
Excess (Shortage)	(1,166,187)	(95,776)	55,320	(1,432,219)	0	246,508	(1,845,630)	(1,249,640)	(1,138,874)
Total Equity	1,386,324	4,728,355	8,610,146	1,330,705	11,825,878	4,903,483	(2,113,046)	(3,467,578)	(769,911)

MCO Financial Statement Summaries
Family Care Partnership
YTD for Period Ending June 30, 2009

	CHP-PHP	Care WI- CWHP	CCI-CCHP	Total
Revenue				
Capitation-MA	39,463,880	21,391,640	20,038,689	80,894,209
Capitation- MC	20,119,284	11,438,481	17,098,078	48,655,843
Interest Income-Operating Account		266,003	11,891	277,894
Other Income		794,163		794,163
Total Service Revenue	59,583,165	33,890,287	37,148,658	130,622,110
Expenses				
Member Services-LTC	33,881,791	15,557,609	23,897,057	73,336,457
Member Services-Other	16,914,067	10,321,774	8,343,650	35,579,492
Cost Share, Net	(1,081,328)	(584,853)	(435,359)	(2,101,540)
Room & Board, Net	(1,906,626)	(745,183)	(552,446)	(3,204,255)
Spend Down & Third Party	(211,451)	(6,575)	(15,597)	(233,623)
Net Member Services Costs	47,596,454	24,542,772	31,237,305	103,376,531
Care Management (External)		6,278		6,278
Care Management (Internal)	10,419,384	5,605,106	3,393,111	19,417,601
Care Management-Admin Alloc	113,847			113,847
Net Care Management Costs	10,533,230	5,611,384	3,393,111	19,537,725
Administrative Expenses	2,890,054	3,360,200	2,442,361	8,692,615
Total Operating Expenses	61,019,737	33,514,356	37,072,777	131,606,870
Income (Loss) from Operations	(1,436,573)	375,931	75,881	(984,761)
Other (Revenue)/Expense				
Prior Year Adjustment			68,599	68,599
Other Funding				0
Investment Income	(331,034)	(156,795)	(89,202)	(577,031)
Other Non-Operating			117,396	117,396
Total Other (Revenue)/Expense	(331,034)	(156,795)	96,793	(391,036)
Net Surplus/(Deficit)	(1,105,538)	532,726	(20,912)	(593,724)
Member Months	11,377	6,612	6,858	24,847
Key Ratios (as % of Revenue)				
Member Service Expense, Net	79.88%	72.42%	84.09%	79.14%
Care Management Service Expense	17.68%	16.56%	9.13%	14.96%
Total Member Service Expense	97.56%	88.98%	93.22%	94.10%
Administrative Expense	4.85%	9.91%	6.57%	6.65%
Total Operating Expense	102.41%	98.89%	99.80%	100.75%
Net Suplus(Deficit)	-1.86%	1.57%	-0.06%	-0.45%

MCO Financial Statement Summaries
Family Care Partnership
YTD for Period Ending June 30, 2009

	CHP-PHP	Care WI- CWHP	CCI-CCHP	Total
Summary PMPM Presentation				
	CHP-PHP	Care WI- CWHP	CCI-CCHP	Total
Revenue				
Capitation-MA	3,468.65	3,235.38	2,921.94	3,255.68
Capitation- MC	1,768.37	1,730.01	2,493.16	1,958.21
Interest Income-Operating Account		40.23	1.73	
Other Income	0.00	120.11	0.00	31.96
Total Service Revenue	5,237.02	5,125.74	5,416.84	5,245.85
Expenses				
Member Services-LTC	2,978.02	2,353.01	3,484.55	2,951.51
Member Services-Other	1,486.65	1,561.12	1,216.63	1,431.94
Cost Share	(95.04)	(88.46)	(63.48)	(84.58)
Room & Board	(167.58)	(112.71)	(80.55)	(128.96)
Spend Down & Third Party	(18.59)	(0.99)	(2.27)	(9.40)
Net Member Services Costs	4,183.46	3,711.97	4,554.87	4,160.51
Care Management (External)	0.00	0.95	0.00	0.25
Care Management (Internal)	915.80	847.74	494.77	781.48
Care Management-Admin Alloc (Internal)	10.01			4.58
Net Care Management Costs	925.81	848.69	494.77	786.32
Administrative Expenses	254.02	508.21	356.13	349.84
Total Operating Expenses	5,363.29	5,068.88	5,405.77	5,296.67
Income (Loss) from Operations	(126.27)	56.86	11.06	(50.82)
Other (Revenue)/Expense				
Prior Year Adjustment	0.00	0.00	10.00	2.76
Other Funding	0.00	0.00	0.00	0.00
Investment Income	(29.10)	(23.71)	(13.01)	(23.22)
Other Non-Operating	0.00	0.00	17.12	4.72
Total Other (Revenue)/Expense	(29.10)	(23.71)	14.11	(15.74)
Net Surplus/(Deficit)	(97.17)	80.57	(3.05)	(35.08)
Member Months	11,377	6,612	6,858	24,847

	CHP-PHP	Care WI- CWHP	CCI-CCHP
Solvency Protection			
Working Capital			
Current Assets	12,620,366	21,545,196	12,987,903
Current Liabilities	15,266,662	10,165,944	9,551,049
Working Capital	(2,646,296)	11,379,252	3,436,854
Total Equity	10,099,722	11,577,806	11,574,459