

California Health Plan Industry Strong Through the Third Quarter of 2012

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California health plans were mostly profitable through September 30, 2012 as 25 of the largest 35 plans reported positive net income. The results were somewhat lower than the same period in 2011 when all but 4 of the largest 35 plans were profitable.

Our report on page 2 shows Total Revenues, Administrative Expenses and Net Income for the largest thirty-five domestic health plans operating in California for the periods ending September 30,

2012 and September 30, 2011.

All information in this report was obtained through publicly available data on the California Department of Managed Health Care (DMHC) web site. However, the DMHC web site doesn't incorporate post-close adjustments so adjustments were made to the figures when requested by the plans.

Information not required to be filed with the DMHC (self-insured and parts of California insured business from non-domestic carriers) is not included in this report nor is it referenced in this article.

We prepared this report so a user could quickly determine whether the health plan industry is or isn't doing well. As such, significant analysis of the numbers is beyond the scope of this article. However, there are a few items that should be noted.

Revenues

Thirty plans reported increased revenues for the first nine month period of 2012. Changes in enrollment aside, this demonstrates

plans are able to push rates upward. From a net income perspective, raising premiums is much easier than controlling costs so it's a good thing for the industry if it can move rates upward.

Administrative Expenses

Thirty-one of the plans had higher administrative expenses for the first nine months of 2012 versus the same period in 2011. Was this due entirely to healthcare reform? Will plan customers continue to pay for these increases in administrative expenses?

Net Income

A significant majority of plans reported a profit through the first nine months of 2012 even though healthcare reform has started and costs are more difficult to estimate and include in premiums.

Industry summary

In general, the California Health Plan industry continues to be stable and is in good financial shape. This bodes well for bigger reform changes coming in late 2013.

California Health Plan Financial Results (Unaudited and 000's omitted) - Figures Presented in Dollars¹
Largest Thirty-Five Plans Sorted by Revenues Through September 30, 2012
YTD Ended September 30, 2012 compared to YTD Ended September 30, 2011
cahcnwnews.com

Health Plan Name	Total Revenues			Administrative Expenses			Net Income		
	09/12	09/11	Change	09/12	09/11	Change	09/12	09/11	Change
Kaiser Foundation Health Plan, Inc.	38,648,093	36,038,182	2,609,911	1,580,181	1,513,219	66,962	2,087,479	1,538,521	548,958
Blue Cross of California	8,517,965	8,291,389	226,576	755,498	741,778	13,720	334,797	389,096	-54,299
Health Net of California, Inc.	7,465,765	7,090,972	374,793	746,998	736,609	10,389	100,558	123,746	-23,188
Blue Shield of California	6,408,460	6,276,129	132,331	722,477	726,919	-4,442	247,094	124,969	122,125
UnitedHealthcare of California	4,870,689	4,858,823	11,866	320,251	340,699	-20,448	232,209	221,529	10,680
L.A. Care Health Plan	1,520,907	1,053,404	467,503	70,895	48,456	22,439	-17,780	3,184	-20,964
Aetna Health of California, Inc.	1,441,906	1,350,241	91,665	140,778	132,895	7,883	69,474	67,373	2,101
Heritage Provider Network, Inc.	1,325,365	1,236,782	88,583	105,997	98,336	7,661	2,157	3,099	-942
Scan Health Plan	1,315,463	1,238,390	77,073	93,205	80,824	12,381	61,528	800	60,728
CalOptima	1,062,890	1,034,614	28,276	52,986	50,541	2,445	1,149	-2,870	4,019
Inland Empire Health Plan	812,099	622,565	189,534	42,714	32,959	9,755	5,161	29,929	-24,768
Cigna HealthCare of California, Inc.	698,523	704,721	-6,198	30,284	30,136	148	-5,645	94,548	-100,193
Care 1st Health Plan	695,037	569,374	125,663	62,676	54,921	7,755	4,579	9,225	-4,646
Partnership HealthPlan of California	671,224	564,323	106,901	30,929	27,655	3,274	40,313	27,468	12,845
CareMore Health Plan	609,358	538,912	70,446	63,294	56,875	6,419	48,643	24,854	23,789
Molina Healthcare of California	486,858	414,566	72,292	41,707	38,137	3,570	-6,030	6,103	-12,133
Central California Alliance for Health	452,547	503,790	-51,243	23,842	20,967	2,875	26,165	1,638	24,527
PRIMECARE Medical Network, Inc.	424,084	387,221	36,863	53,196	47,606	5,590	17,587	20,097	-2,510
San Mateo Health Commission	343,493	330,192	13,301	26,388	24,691	1,697	-3,951	-12,915	8,964
AIDS Healthcare Foundation	335,990	239,299	96,691	55,501	35,049	20,452	34,515	35,485	-970
Western Health Advantage	314,426	280,048	34,378	22,124	21,007	1,117	1,313	1,748	-435
Arcadian Health Plan, Inc.	308,358	310,058	-1,700	59,094	53,207	5,887	6,435	-3,947	10,382
CalViva	304,489	176,282	128,207	20,602	14,365	6,237	4,121	1,731	2,390
Contra Costa Health Plan	252,439	201,698	50,741	7,285	6,012	1,273	2,053	569	1,484
CenCal Health	244,744	259,821	-15,077	11,809	12,343	-534	-1,063	7,886	-8,949
Community Health Group	222,320	171,558	50,762	11,354	10,520	834	-3,750	5,310	-9,060
Santa Clara Family Health Plan	221,741	209,287	12,454	42,599	54,813	-12,214	-919	4,403	-5,322
Sharp Health Plan	218,588	175,062	43,526	16,753	14,514	2,239	3,242	2,357	885
Scripps Health Plan Services, Inc.	182,875	182,806	69	8,256	7,167	1,089	92	298	-206
Kern Health Systems	178,300	162,727	15,573	35,234	10,849	24,385	-28,333	7,882	-36,215
Health Plan of San Joaquin	171,085	134,428	36,657	13,232	10,196	3,036	-4,157	4,927	-9,084
SF Community Health Authority	170,627	114,326	56,301	19,551	17,400	2,151	-1,856	-3,776	1,920
Inter Valley Health Plan	165,975	147,283	18,692	14,642	13,241	1,401	2,366	1,521	845
Valley Health Plan	147,315	121,276	26,039	8,637	7,382	1,255	8,613	6,657	1,956
Citizens Choice Health Plan	109,795	117,105	-7,310	11,325	9,752	1,573	2,752	5,130	-2,378

Notes:

1. Source: California Department of Managed Health Care (DMHC). 000's omitted means the last three digits of each figure is removed.