

California Health Plans Report Solid First Quarter 2010 Results

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The thirty largest California health plans, administering health benefits for over 20 million people, reported solid financial results for the first quarter of 2010. Total revenues, investment revenues and net income were all up, compared to the first quarter of 2009, while enrollment was about the same.

Enrollment Shifts from Commercial to Governmental

Many plans serving Medi-Cal and other governmental programs had big increases in enrollment.

According to Alameda Alliance for Health CEO Ingrid Lamirault,

“...membership in our Medi-Cal line of business increased 11% from 85,000 in March 2009 to 95,000 members in March 2010. Enrollment also doubled in Alliance CompleteCare, the Alliance’s Medicare Advantage Special Needs Program, increasing from 1,000 members in March 2009 to 2,000 members in March 2010.”

Howard Kahn, CEO of L.A. Care, noted, “L.A. Care’s membership growth is mostly due to the economy, as more people qualify for Medi-Cal, and we’re increasing our market share. Our positive financial results are due to this growth, and our increasing partnership with providers.”

Plans with large blocks of commercial business saw significant decreases in enrollment.

Blue Cross of California lost 218,000 members. The bulk of this loss was in the commercial large group category where there was a 198,000 decrease in enrollment.

PacifiCare of California lost 236,000 members. Most of PacifiCare’s loss in enrollment was in the commercial large group category (157,000) and the commercial small group category (22,000).

Aetna’s loss of 51,000 members

was almost entirely in the commercial large group category.

Rebound in Investment Revenues

Investment revenues for the thirty plans increased \$624 million over the first quarter of 2009. However, there were winners and losers as plans with investments in equities benefited from the general rebound in stock markets while plans with reliance on bond type investments saw decreased interest income. Interest rates on bonds have been lower in 2010 compared to 2009.

Net Income on Upswing

Overall net income for the thirty plans was up \$320 million. Kaiser Foundation Health Plan, Inc. led the way with a \$276 million increase, primarily because of a \$445 million rebound in investment revenues.

PacifiCare reported the biggest decrease in net income. Their enrollment losses contributed to a \$307 million decrease in revenue and a \$34 million decrease in net income from first quarter 2009 figures.

Of the smaller plans, one company added by subtraction. Western Health Advantage lost 9,000 members but increased net income by \$447 million. According to Rick Heron, Director, Community Relations of Western Health Advan-

California Health Plan Financial Results (000's)

Largest Thirty Plans Sorted by 2010 Revenues

Quarter Ended March 31, 2010 compared to March 31, 2009

Health Plan Name ¹	Quarter End Enrollment			Total Revenues			Investment Revenues			Net Income		
	03/10	03/09	Change	03/10	03/09	Change	03/10	03/09	Change	03/10	03/09	Change
Kaiser Foundation Health Plan, Inc.	6,713	6,793	-80	11,271,621	10,418,422	853,199	271,266	-173,777	445,043	706,229	429,696	276,533
Blue Cross of California	3,532	3,750	-218	2,806,988	2,762,132	44,856	35,750	-70,642	106,392	127,523	88,916	38,607
Health Net of California, Inc.	2,156	2,132	24	2,279,567	2,205,955	73,612	21,266	13,495	7,771	19,267	22,514	-3,247
Blue Shield of California	2,569	2,551	18	2,224,693	2,119,351	105,342	53,835	22,872	30,963	80,668	94,679	-14,011
PacificCare of California	915	1,151	-236	1,631,391	1,938,320	-306,929	11,154	9,936	1,218	90,431	124,896	-34,465
Aetna Health of California, Inc.	425	476	-51	465,878	471,534	-5,656	3,978	4,154	-176	13,375	20,725	-7,350
Scan Health Plan	118	109	9	415,572	361,240	54,332	19,603	-12,590	32,193	20,450	-6,008	26,458
Heritage Provider Network, Inc.	450	321	129	375,096	260,710	114,386	516	441	75	856	711	145
CalOptima	404	370	34	323,788	292,300	31,488	1,124	1,076	48	20,091	4,345	15,746
L.A. Care Health Plan	833	777	56	289,875	285,223	4,652	490	1,039	-549	3,421	1,284	2,137
Cigna HealthCare of California, Inc.	236	228	8	208,462	197,258	11,204	736	845	-109	445	-687	1,132
Care 1st Health Plan	311	301	10	164,249	172,514	-8,265	313	433	-120	2,815	3,615	-800
Inland Empire Health Plan	443	378	65	163,161	131,491	31,670	126	193	-67	764	992	-228
Partnership HealthPlan of California	160	97	63	161,333	92,791	68,542	148	423	-275	8,649	7,366	1,283
CareMore Health Plan	37	31	6	139,489	113,083	26,406	381	426	-45	9,693	10,381	-688
Central California Alliance for Health	195	118	77	133,829	77,762	56,067	403	587	-184	3,587	818	2,769
Molina Healthcare of California	353	327	26	122,374	106,816	15,558	92	97	-5	950	-7,061	8,011
Primerca Medical Network, Inc.	176	188	-12	102,113	102,609	-496	253	124	129	1,784	3,098	-1,314
San Mateo Health Commission	69	73	-4	98,210	70,658	27,552	49	164	-115	-1,522	-2,475	953
Arcadian Health Plan, Inc.	39	28	11	92,494	64,424	28,070	1,412	630	782	2,240	2,588	-348
GenCal Health	100	94	6	74,131	62,924	11,207	62	185	-123	-58	-2,773	2,715
Western Health Advantage	72	81	-9	72,297	71,343	954	50	52	-2	613	166	447
County of LA-Dept of Health Svcs.	193	177	16	72,152	65,254	6,898	71	139	-68	1,052	4,918	-3,866
AIDS Healthcare Foundation	1	1	0	58,699	47,025	11,674	41	5	36	3,423	4,388	-965
Contra Costa Health Plan	84	79	5	57,784	56,840	944	-10	97	-107	1,076	211	865
Alameda Alliance For Health	110	100	10	55,546	48,949	6,597	19	47	-28	2,965	393	2,572
Scripps Health Plan Services, Inc.	28	56	-28	54,359	70,530	-16,171	14	110	-96	120	-90	210
Community Health Group	118	111	7	49,361	39,037	10,324	30	114	-84	3,752	570	3,182
Sharp Health Plan	49	46	3	49,237	42,656	6,581	129	89	40	1,016	431	585
Kern Health Systems	102	97	5	39,681	34,077	5,604	565	-931	1,496	3,443	547	2,896
Totals	20,991	21,041	-50	24,053,430	22,783,228	1,270,202	423,866	-200,167	624,033	1,129,118	809,154	319,964

Source: California Department of Managed Health Care (DMHHC). Although among the largest thirty health plans, Santa Clara Family Health Plan figures aren't presented as their first quarter 2009 financial reports aren't on the DMHHC web site.

tage, “Our drop in overall enrollment was due to the termination of contracts for Medi-Cal and Medicare lines of business at the end of 2009, losing roughly 15,000 gov-

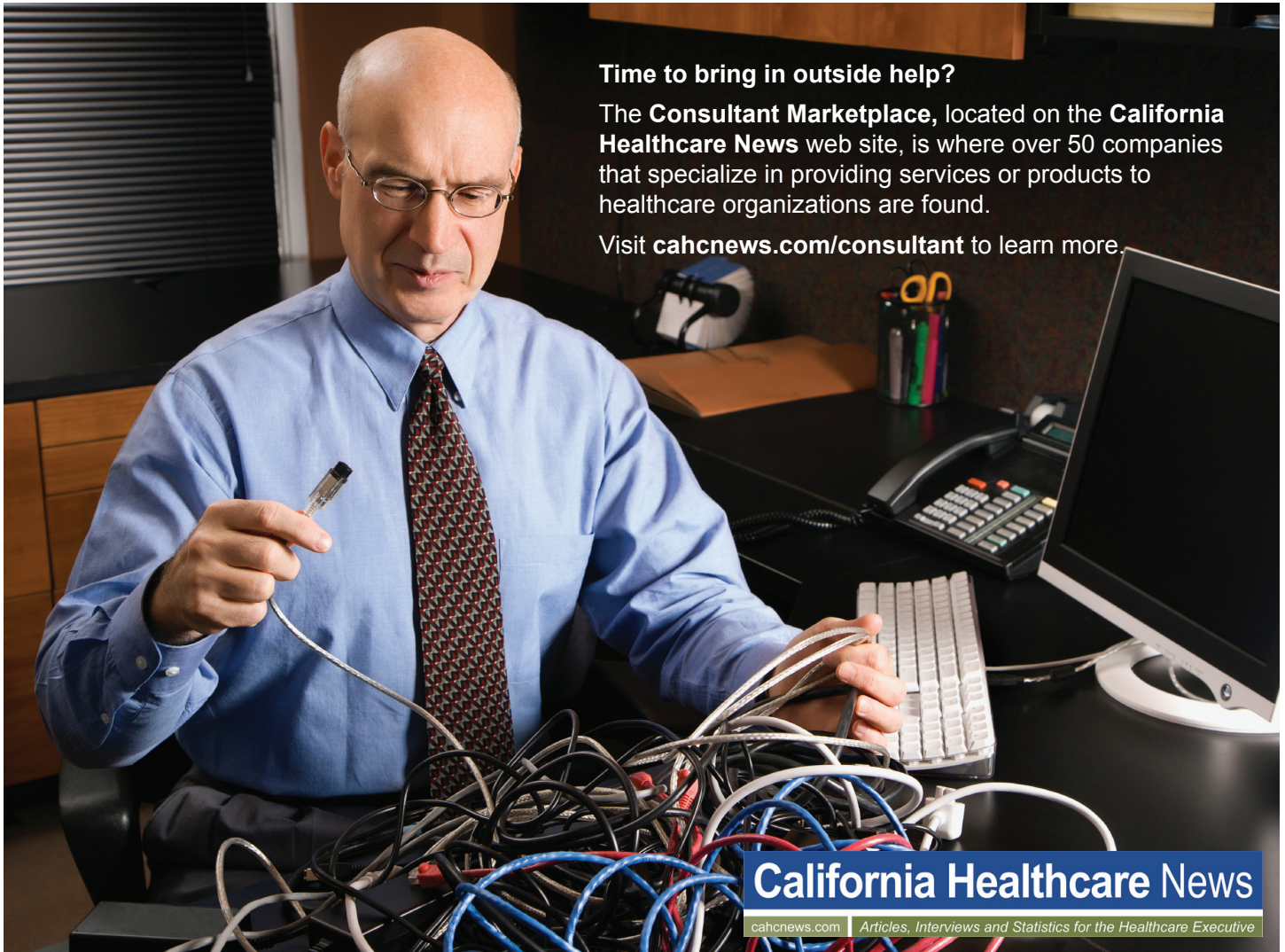
ernmental program lives.”

Provider Beware

This shift in type of patient insurance should be of concern to

providers. Commercial plans pay more than governmental plans and change of this magnitude will likely place downward pressure on future provider financial results.

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