

MEMORANDUM

Date: September 27, 2007
To: Alameda Alliance for Health Board of Governors
From: Ingrid Lamirault, Chief Executive Officer
Re: September 2007 CEO Report

1. Medi-Cal Rate Increase

Governor Schwarzenegger signed the overdue 2007-2008 state budget on August 24 and unveiled \$703 million in budget cuts. This includes striking \$106.2 million of one-time funding for Medi-Cal managed care rates leaving \$108 million to fund rate increases for plans as determined by the new Mercer rate methodology released in May. California Association of Health Plans and Local Health Plans of California (signed by each local health plan CEO) sent letters to the administration strongly objecting to the budget cuts.

The Department of Health Care Services has yet to begin rate discussions, so we are completely in the dark about what to expect. This delay is likely due to the focus on healthcare reform and the outcome of the special legislative session called by the governor.

2. Medicare Update

The Alliance is in the process of finalizing its initial contract with the federal Centers for Medicare & Medicaid Services (CMS) to administer a Medicare Advantage Special Needs Plan, Alliance CompleteCare.

Marketing is scheduled to commence in early October 2007 and interested Medicare beneficiaries will be able to enroll beginning November 15, 2007 for an effective date of January 1, 2008. Infrastructure development is on schedule. There will be a Strategic Planning Committee meeting closed session to bring the Board up to date on planning and executing Medicare in an increasingly competitive environment.

3. Outreach, Enrollment, and Retention

Last year the County received a State grant to conduct countywide outreach, enrollment, retention, and utilization (OERU) activities targeting children eligible for Medi-Cal and Healthy Families. The Governor eliminated funding for OERU grants in the 2007-08 budget.

There have been several strategy meetings with the Alameda County Health Care Agency and its partners to discuss how we will maintain momentum even though we are losing funding. The Alliance has worked closely with the County to establish a collaborative relationship with our enrollment and retention efforts. Our office is an official enrollment center; therefore, the County staff will refer applicants to us to process through the One-E-App process. We will continue to work with both Departments of Health Care and Social Services to improve the outcome of our enrollment and retention efforts.

4. Agnews Medi-Cal Line of Business

The Alliance has reached agreement with the State on several issues related to the new Agnews Medi-Cal, i.e. interim rate, methodology of reconciliation, scope of managed care services, role of Agnews physician staff once Agnews consumers have left the facility, etc. We anticipate that we will sign the Medi-Cal contract amendment soon.

There are still two major unresolved issues: 1) coverage of psychiatric services, and 2) how quickly the county codes and Medi-Cal aid codes can be processed once it is verified that an Agnews resident is ready to be placed in the community and the family/caregiver has selected our plan.

5. Award For Ten-Year Report

The Alliance received a **Bronze International ARC Award** for our report “Ten Years of Alameda Alliance for Health.”

The ARC Awards are a yearly competition for annual reports from privately-held corporations, privately-owned companies, associations, government agencies, and non-profit organizations. This competition is sponsored by MERCOMM, Inc., the world’s only independent awards organization, founded with the mission to advance the standards of excellence in the corporate communications field.

6. September 2007 Enrollment

Enrollment	Mar 07	Apr 07	May 07	Jun 07	Jul 07	Aug 07	Aug 06	% Change
Voluntary Medi-Cal	9142	9178	9305	9350	9372	9447	8723	8%
Mandatory Medi-Cal	61879	62194	64282	64906	64496	64680	66457	-3%
Group Care	5047	5096	5192	5220	5280	5289	4493	15%
Healthy Families	7454	7528	7652	7687	7607	6787	7587	-12%
Healthy Kids	1057	1030	1042	1040	1037	1044	1002	-4%
All Lines of Business	84579	85026	87473	88203	87792	87247	88262	-1%

7. Medical Services Department

Utilization by line of business:
ER Visits Per 1000 Members*

ER Utilization	Apr 07	May 07	Jun 07	Apr-Jun/06	Apr-Jun/07	% Change
Voluntary Medi-Cal	628	684	641	703	651	-7%
Mandatory Medi-Cal	501	506	457	467	488	4%
Group Care	272	258	253	237	261	10%
Healthy Families	210	198	193	222	200	-10%
Healthy Kids	120	121	105	165	115	-30%
All Lines of Business	457	463	424	441	448	2%

*Source is claims paid data through 9/14/07 – adjusted for claims incurred but not paid

Med/Surg Average Length of Stay

Utilization	Mar 07	Apr 07	May 07	Jun 07	Jul 07	Aug 07	Mar 07-Aug 07	Mar 06-Aug 06	% Change
Voluntary Medi-Cal	4.4	4.9	4.9	5.3	4.5	3.8	4.7	4.9	-4%
Mandatory Medi-Cal	2.9	3.6	3.8	4.1	3.4	2.9	3.4	3.4	1%
Group Care	3.4	3.6	3.2	2.1	3.3	3.2	3.2	4.4	-28%
Healthy Families	1.5	1.4	3.5	1.5	3.3	4.4	2.9	2.8	4%
Healthy Kids	0.0	1.5	0.0	3.0	0.0	0.0	2.0	2.0	0%
All Lines of Business	3.3	3.9	4.1	4.3	3.7	3.2	3.7	3.8	-2%

Med/Surg Days Per 1000 Members Per Year

Utilization	Mar 07	Apr 07	May 07	Jun 07	Jul 07	Aug 07	Mar 07-Aug 07	Mar 06-Aug 06	% Change
Voluntary Medi-Cal	622.2	628.9	693.3	668.3	577.0	413.8	599.9	632.6	-5%
Mandatory Medi-Cal	136.7	154.2	124.3	163.8	146.3	117.1	140.4	154.1	-9%
Group Care	252.5	195.4	127.1	66.7	172.8	165.5	162.7	206.1	-21%
Healthy Families	14.3	11.0	43.9	9.4	71.6	47.9	33.1	31.7	5%
Healthy Kids	0.0	34.9	0.0	34.6	0.0	0.0	11.5	8.2	41%
All Lines of Business	181.1	189.6	173.9	189.9	183.2	142.7	176.6	187.0	-6%

Med/Surg Admits Per 1000 Members Per Year

Utilization	Mar 07	Apr 07	May 07	Jun 07	Jul 07	Aug 07	Mar 07-Aug 07	Mar 06-Aug 06	% Change
Voluntary Medi-Cal	142.1	127.5	142.1	125.8	126.9	108.9	128.8	130.0	-1%
Mandatory Medi-Cal	47.5	42.9	32.9	40.3	43.3	40.3	41.2	45.7	-10%
Group Care	73.9	54.1	39.3	32.2	52.3	52.1	50.5	46.4	9%
Healthy Families	9.5	7.9	12.5	6.2	21.8	10.8	11.5	11.4	.5%
Healthy Kids	0.0	23.3	0.0	11.5	0.0	0.0	5.8	4.1	41%
All Lines of Business	54.4	48.4	42.2	44.4	49.7	44.5	47.2	49.2	-4%

8. Pharmacy:

- a. Average cost PMPM % change for all lines of business has been increasing. Driving force seems to be the cost per prescription rather than number of prescription.
- b. Healthy Kids showed the highest % change in PMPM. This line of business has been showing fluctuation in PMPM throughout the year.
- c. Generic utilization remains unchanged from last year at 81%.

Pharmacy (retail claims only)	Feb 07	March 07	April 07	May 07	June 07	July 07	02-07 to 7-07	02-06 to 7-06	% Change
Average Cost PMPM									
Voluntary Medi-Cal	\$60.36	\$64.74	\$60.97	\$61.47	\$52.98	\$69.00	\$61.60	\$55.15	12%
Mandatory Medi-Cal	\$13.40	\$14.13	\$12.85	\$13.32	\$13.29	\$11.80	\$13.13	\$11.43	15%
Group Care	\$27.19	\$27.32	\$26.93	\$28.11	\$29.61	\$28.16	\$27.90	\$24.66	13%
Healthy Families	\$4.63	\$5.37	\$4.75	\$5.27	\$4.09	\$4.32	\$4.74	\$5.24	-9%
Healthy Kids	\$3.94	\$3.93	\$3.77	\$3.89	\$2.60	\$2.89	\$3.51	\$2.81	25%
All Lines of Business	\$17.46	\$18.51	\$17.17	\$17.70	\$17.11	\$17.13	\$17.48	\$14.88	17%
Avg Cost Per Script	\$28.63	\$28.09	\$28.27	\$27.57	\$29.10	\$30.61	\$28.67	\$25.66	12%
Scripts PMPM	0.61	0.66	0.61	0.64	0.58	0.56	0.61	0.58	5%
% Generic Scripts	81%	81%	81%	81%	81%	81%	81%	81%	0%

