Managed Care Medical Groups
Data & Observations

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Points to Be Covered

1. Managed care groups are doing pretty good with HMO enrollment - - and percent of total HMO enrollment

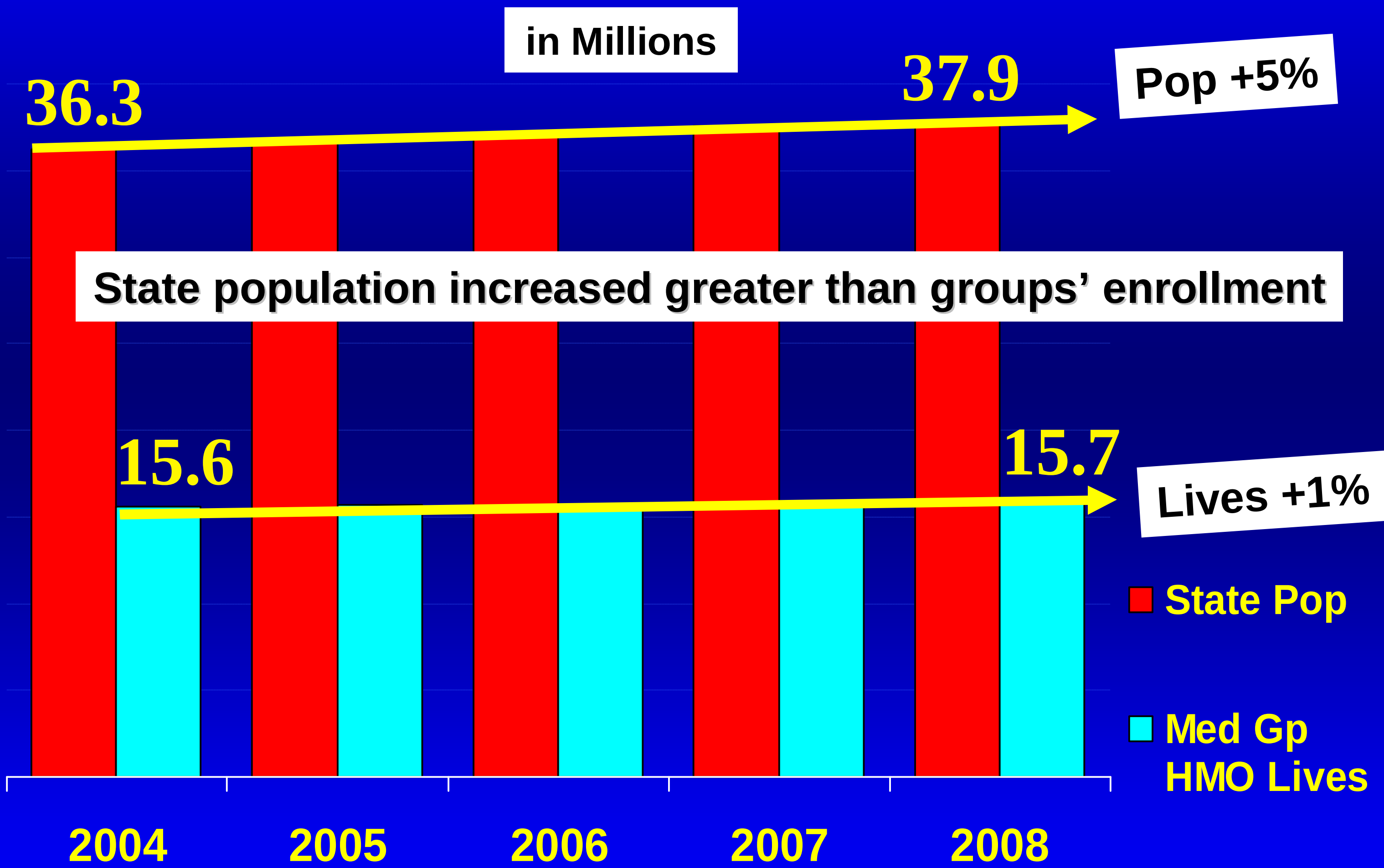
2. Commercial enrollment has dropped - - but government programs have slightly more than offset the drop

3. Number of managed care groups has slightly decreased - - with a slight rise in average enrollment

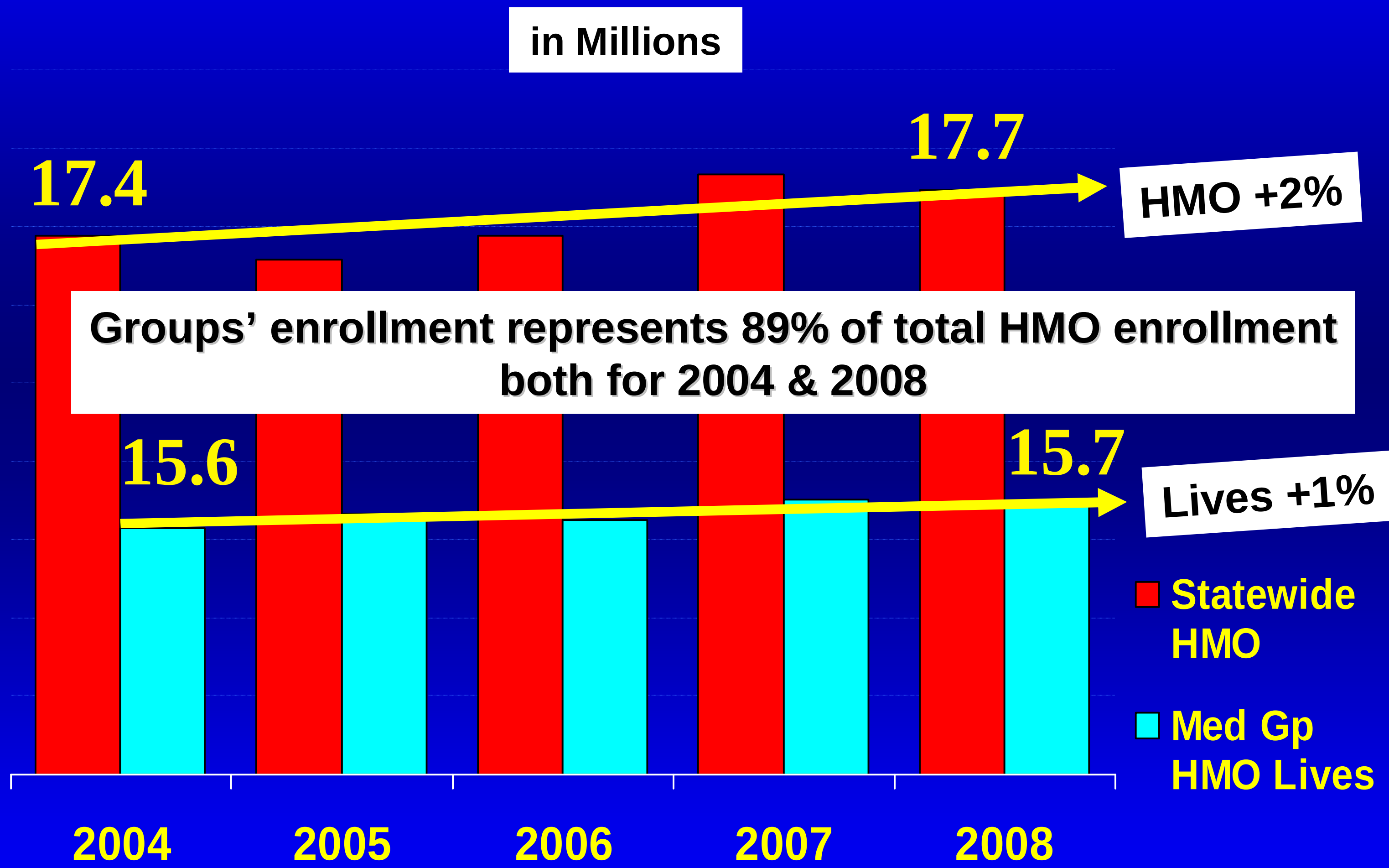
4. SB 260 reporting results shows slight financial deterioration of groups

5. Recent activities (new <u>M</u>edicare <u>A</u>dvantage <u>P</u>lans & new IPAs for MAP business) may be cause for concern

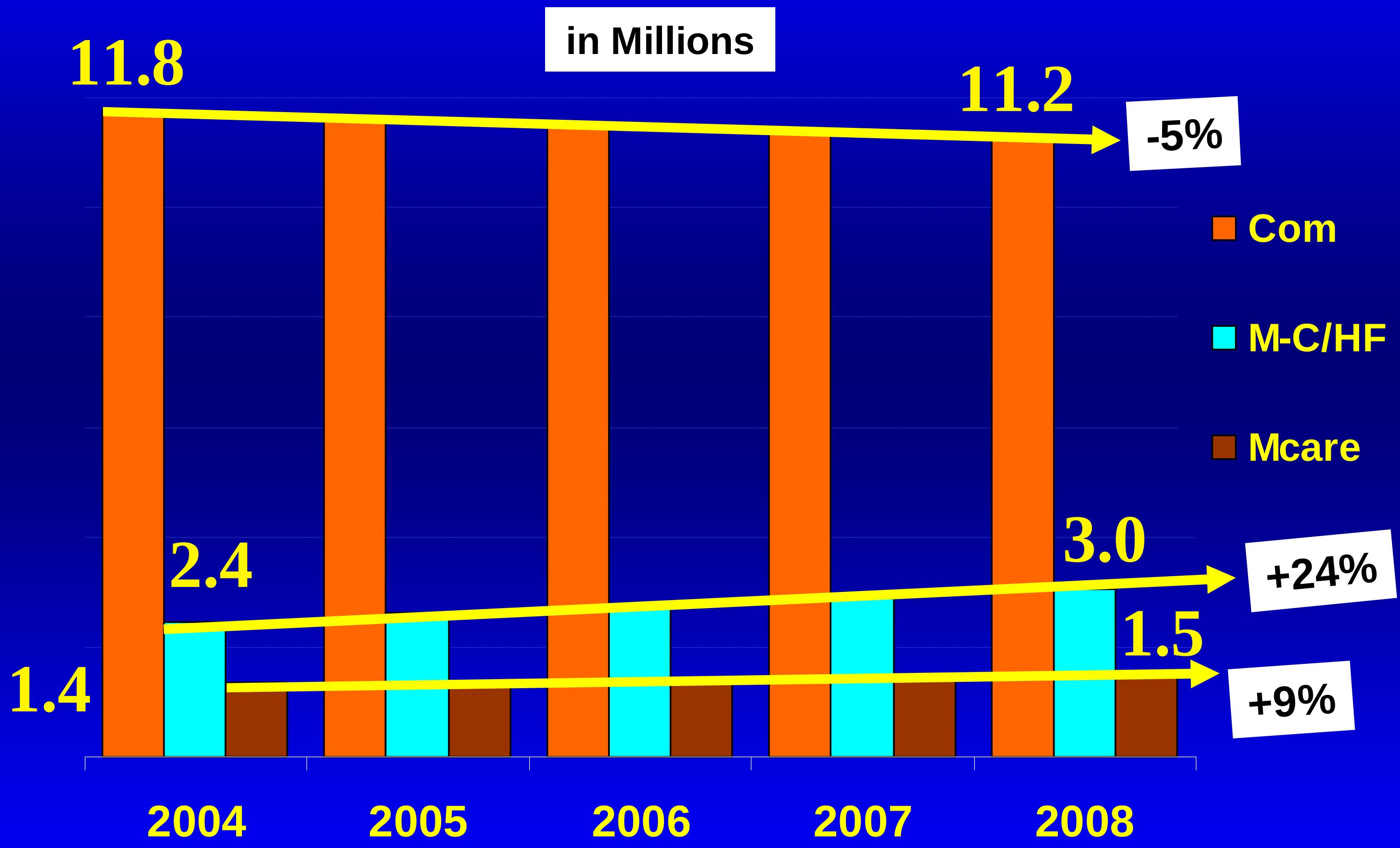
HMO Lives in Medical Groups



HMO Lives, Statewide & Medical Groups



Commercial Down; Gov't Up



Data Definitions & Issues

- C&S collects data only on groups > 5 PCPs
- Groups must have at least one HMO product by a direct contract with a HMO
- C&S conducts annual surveys for mid-year data & makes known changes over the year
- Many groups don't separate Healthy Family Lives from Medi-Cal

Data Definitions & Issues

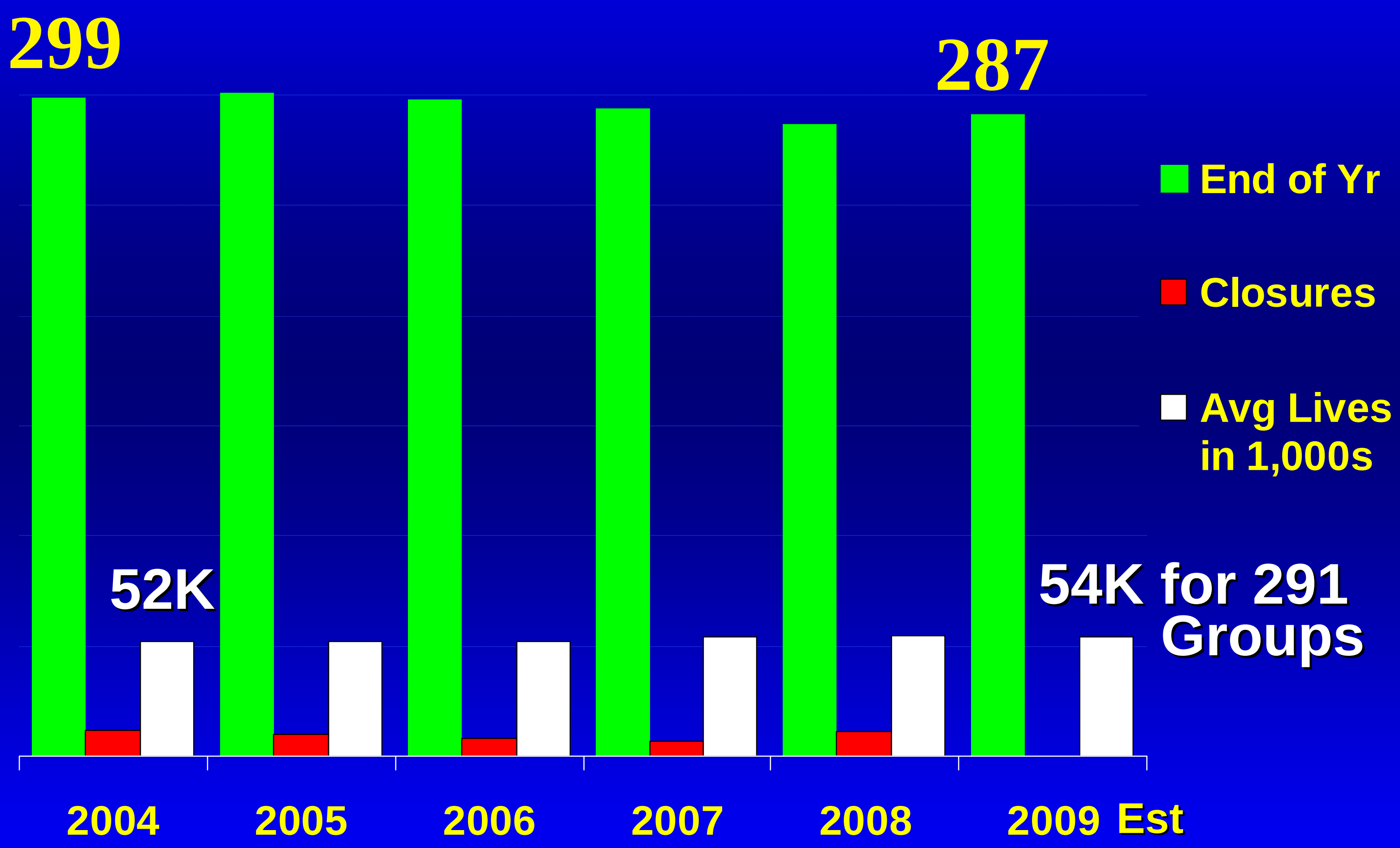
- Not all groups participate in Annual Survey - - major holes are:
  - 3 large groups - - all in SoCal
  - 1 major SoCal MSO with 15 IPAs
  - 80% response for 2008

- DMHC prohibited from sharing enrollment data & reviews fewer groups than C&S

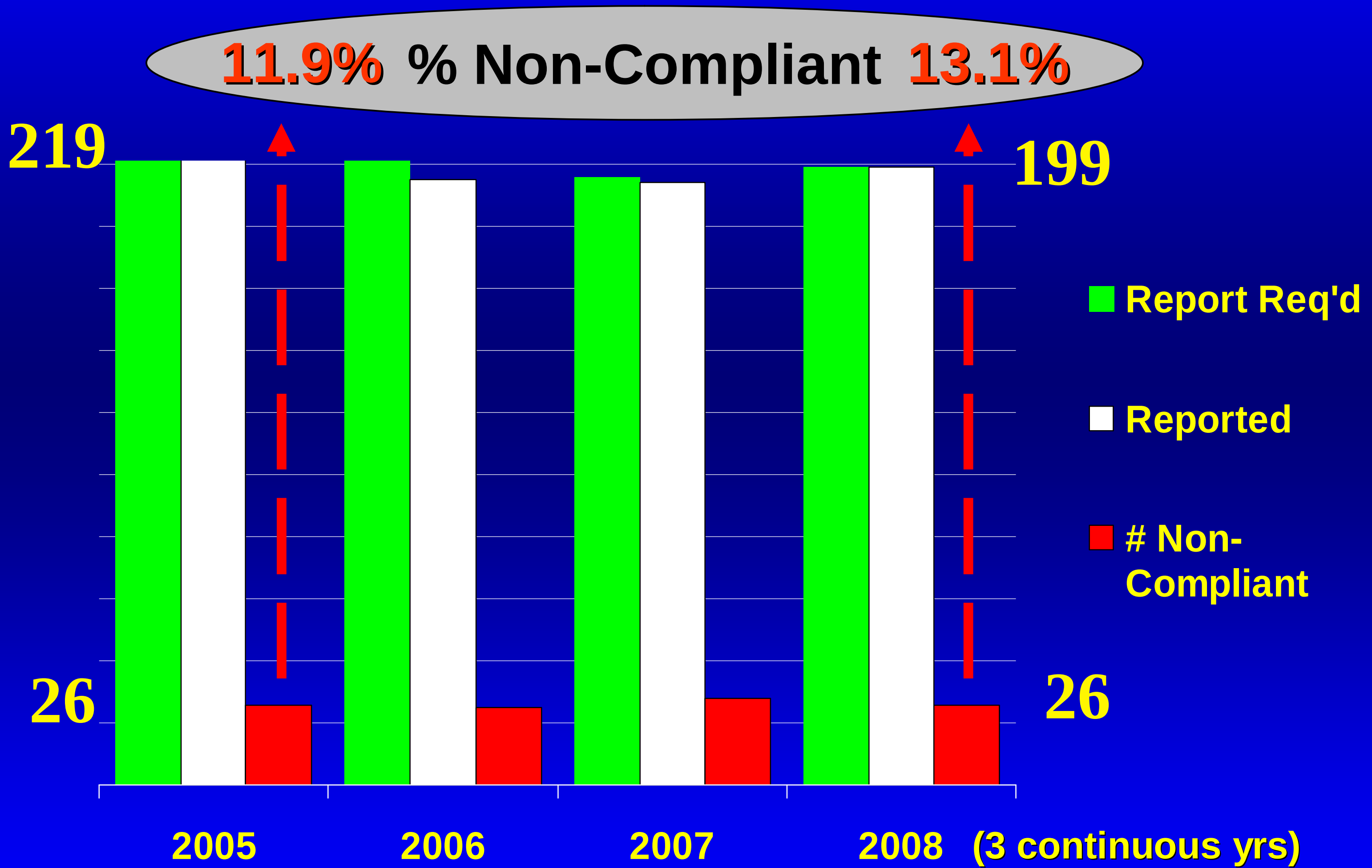
DMHC = 207 (199 + 8 licensed HMO groups) – Sep 08

C&S = 291 (includes 16 RBO Panels) - Jan 09

Fewer Groups, but Bigger?



Results of SB 260 Reporting



New Groups = Smaller & New MAPs = Smaller

- **Startup IPAs jumping into M̲edicare A̲dvantage P̲lans (MAPs) - - all in SoCal**

- **Most startup IPAs have cross-physician ownership with MAPs - - estimated *Average Enrollment* of 10 new MAP-IPAs = 625 (Mar 09)**

- **MAPs are also start-ups - - 9 since late 2006**

New Groups = Smaller &
New MAPs = Smaller

- **One MAP closed in 11 months, another in 25 months - - *Average Enrollment* of remaining 7 = 3,225** **(4th Qtr 08)**

- ***UNCERTAIN FUTURE FOR BOTH THESE IPAs & MAPs - - specially with Medicare Program reductions to HMOs for 2010***

Points Covered

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4. SB 260 reporting results shows slight financial deterioration of groups

5. Recent activities (new Medicare Advantage Plans & new IPAs for MAP business) may be cause for concern

For more information on medical groups, see:
www.cattaneostroud.com

The End

Sources: C&S' Annual Surveys of California medical groups & various reports of the Dept. of Managed Health Care