



FILED HMO MEMBERS FALL AS AETNA GOES ON TOP

Only **ten** (10) Arizona HMOs filed quarterly reports with the **Arizona Department of Insurance**, as **Great-West Healthcare** ended its *wind down*. HMO membership has dropped to 582,155 members, down 56.5% since March of 2000.

Year	Members	1 Year Change
3/31/2000	1,339,326	-
3/31/2001	1,330,519	0.70%
3/31/2002	1,091,259	-18.00%
3/31/2003	989,517	-9.30%
3/31/2004	822,888	-16.80%
3/31/2005	712,394	-13.40%
3/31/2006	682,043	-4.26%
3/31/2007	590,193	-15.56%
3/31/2008	582,155	-1.38%

HMO MEMBERSHIP CHANGES BY PLAN

Six of Arizona's ten active HMOs added members when compared to March 31, 2007. **Aetna** is the top plan but 39.4% of its reported lives are Dental members. **PacifiCare** is still larger based on 'medical' membership.

PLAN*	3/31/2007	3/31/2008
Aetna	151,036	151,146
PacifiCare	164,193	138,697
Health Net	99,484	120,078
CIGNA	106,559	92,063
Humana	22,780	33,989
United	21,474	20,515
Sun Health	18,493	18,749
Abrazo	3,446	3,260
Arcadian	2,561	2,931
Scan	167	727
TOTAL	590,193	582,155

*BCBS HMO members not included.

Aetna's reported lives include 59,548 Dental lives. **PacifiCare's** decline came as **Group** lives dropped from 45,062 in 2007 to 32,870. **Medicare** lives fell from 103,679 to 94,942. **Federal Employees** lives dropped from 13,954 in 2007 to 10,885. **PacifiCare** also reported 1,498 **Individual** HMO lives in 2007, but reported none in 2008. **CIGNA's** **Group** lives fell from 66,257 to 52,562 in 2008. Individual and Medicare members fell slightly.

INDUSTRY FINANCIAL PERFORMANCE

The HMO Industry's financial performance* in terms of *Before Tax Net Income* remains profitable despite its membership decline:

YEAR	B-T NET	Change
3/31/2000	\$6,707,245	-
3/31/2001	-4,621,326	-31.10%
3/31/2002	41,817,580	804.90%
3/31/2003	43,114,338	3.10%
3/31/2004	29,917,984	-30.60%
3/31/2005	26,673,068	-10.80%
3/31/2006	24,834,390	6.89%
3/31/2007	51,328,922	106.68%
3/31/2008	75,519,676	47.13%

Before Tax Net Income (BTNI) for individual HMOs shows a dramatic change from 2007 for the top two plans. **PacifiCare** showed a dramatic increase despite its decline in membership. The Medicare Advantage plan **Abrazo** showed a significant jump based on its investment income of \$12+ million. Three plans reported negative incomes: **Scan**, **Arcadian** and **Health Net**.

PLAN	1ST 2007	1ST 2008
PacifiCare	\$14,102,678	\$48,514,585
Abrazo*	1,764,607	12,934,005
CIGNA	12,960,135	11,798,167
Aetna	8,637,155	7,312,820
Humana	3,014,081	1,760,414
United	4,438,023	1,425,383
Sun	835,621	480,059
Great-West	-119,689	0
Arcadian	106,488	-402,658
Scan	-156,818	-523,759
Health Net	5,746,641	-10,779,340
Total	\$51,328,922	\$72,519,676

* Net Investment Gains of \$12,066,852

FIRST QUARTER BLUES DATA

Data filed with the **Arizona DOI** shows that **The Blues** continue to grow and maintain a strong financial position. For the quarter ending March 31st, it reported **1,149,530 members**, up 6.2% from 1,082,539 members in March of 2007. BCBS reported **Total Revenue of \$332,134,037**, up 4% from \$319,382,204 in 2007.

We use **Before Tax Net Income** (BTNI) rather than 'After Tax' as the best measure for comparative plan performance. They reported BTNI for the 1st quarter of \$38,356,965, down by 5.5% from \$40,595,590 at the end of last March. They reported an After-Tax net income margin of 8.3%. It was 9.1% a year ago.

The **Arizona Managed Care Newsletter[®]** is published 22 times annually by HealthCare Computer Corporation of America, P.O. Box 172255, Denver, CO 80217. Call 602.788.8700 or 888-HMO-INFO. \$210 for 6 months / \$350 for 12 mos.

Arizona Dept. of Insurance HMO Quarterly Report Summary - March 31, 2006

Blue Cross Blue Shield and Arizona HMOs	Time Period	Total Members	Total Revenue	Commercial and Individual	Commercial Revenue PMPM	Medicare Payments	Medicare Rev. PMPM	Administrative Expenses	Net Income Before Taxes	Net Income After Taxes	After Tax Net Margin	Medical Loss Ratio	Admin Cost Ratio
Blue Cross Blue Shield of Arizona (a hospital & med. svcs. co.) (1,2)*	3/31/2006	1,047,675	273,226,496	279,058,817	N/A	-	N/A	37,673,405	38,808,964	25,898,489	9.5%	72.5%	13.8%
	3/31/2007	1,082,539	319,382,204	320,090,725	N/A	-	N/A	43,566,030	40,595,590	28,999,907	9.1%	77.0%	13.6%
	3/31/2008	1,149,530	332,134,037	337,662,745	N/A	-	N/A	42,676,092	38,356,965	27,491,614	8.3%	76.1%	12.8%
Abrazo Advantage Health Plan	3/31/2006	3,614	13,168,965	-	-	13,168,965	1,194.36	1,093,794	130,996	130,996	1.0%	90.9%	8.3%
	3/31/2007	3,446	10,905,701	-	-	10,905,701	1,056.04	878,398	1,764,607	1,154,257	10.6%	79.0%	8.1%
	3/31/2008	3,260	10,039,735	-	-	10,039,735	-	1,182,285	12,934,005	7,657,299	76.3%	80.2%	11.8%
Aetna Health(1)**	3/31/2006	164,330	77,832,995	77,123,232	N/A	1,055,451	1,066.11	14,438,871	8,544,191	5,683,489	7.3%	71.1%	18.6%
	3/31/2007	151,036	72,492,250	71,412,868	N/A	1,145,517	669.11	7,658,673	8,637,155	5,975,363	8.2%	79.2%	10.6%
	3/31/2008	151,146	81,629,746	79,730,459	N/A	1,971,321	770.00	10,982,357	7,312,820	4,837,543	5.9%	78.2%	13.5%
Arcadian Health Plan	3/31/2006	1,554	2,878,345	-	-	2,878,345	695.42	1,064,225	(182,090)	(182,090)	-6.3%	70.1%	37.0%
	3/31/2007	2,561	4,749,002	-	-	4,798,517	632.72	1,017,902	106,488	106,488	2.2%	76.9%	21.4%
	3/31/2008	2,931	5,898,441	-	-	5,921,160	672.63	1,584,800	(402,658)	(402,658)	-6.8%	81.7%	26.9%
CIGNA HealthCare	3/31/2006	112,049	141,618,153	61,043,292	256.54	76,607,834	793.21	16,689,047	(589,484)	(161,911)	-0.1%	92.5%	11.8%
	3/31/2007	106,559	179,586,193	87,777,980	392.67	82,548,320	864.43	22,179,014	12,960,135	8,333,653	4.6%	84.9%	12.4%
	3/31/2008	92,063	143,499,183	54,737,893	300.49	84,728,121	889.74	12,188,338	11,798,167	8,548,075	6.0%	88.4%	8.5%
Great-West Healthcare Closed	3/31/2006	2,906	645,596	2,597,966	289.82	-	-	421,240	90,688	58,947	9.1%	6.7%	65.2%
	3/31/2007	N/A	(9,285)	37,360	3,396.36	-	-	110,613	(119,689)	(77,723)	N/A	699.1%	N/A
	3/31/2008	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Health Net of Arizona	3/31/2006	86,544	115,445,157	42,356,707	257.44	72,972,399	762.18	16,649,232	12,379,158	7,186,744	6.2%	76.0%	14.4%
	3/31/2007	99,484	137,500,363	46,586,717	262.68	90,716,139	747.52	17,534,879	5,746,641	1,722,824	1.3%	84.2%	12.8%
	3/31/2008	120,078	181,912,098	52,461,563	277.09	129,217,722	773.60	19,719,499	(10,779,340)	(7,002,449)	-3.8%	96.0%	10.8%
Humana Health Plan	3/31/2006	27,880	41,954,687	8,693,226	194.62	33,206,652	790.09	4,358,428	2,667,583	2,667,583	6.4%	83.4%	10.4%
	3/31/2007	22,780	33,727,292	7,953,311	240.01	27,218,319	817.59	4,280,036	3,014,081	1,959,152	5.8%	79.7%	12.7%
	3/31/2008	33,989	28,828,716	14,494,319	144.47	25,192,707	828.49	3,619,619	1,760,414	1,144,270	4.0%	82.7%	12.6%
PacifiCare of Arizona (a UnitedHealthcare unit)	3/31/2006	231,828	345,582,181	94,088,051	257.22	252,336,612	764.25	48,081,194	(1,172,685)	(6,079,864)	-1.8%	87.0%	13.9%
	3/31/2007	164,193	312,413,738	79,972,998	434.37	251,030,986	796.75	39,999,471	14,102,678	9,419,733	3.0%	84.7%	12.8%
	3/31/2008	138,697	332,165,464	44,731,561	328.55	268,765,003	935.48	42,842,569	48,514,585	32,342,729	9.7%	78.2%	12.9%
Scan Health Plan	3/31/2006	-	-	-	-	-	-	185,107	(181,832)	(181,832)	N/A	N/A	N/A
	3/31/2007	167	515,811	-	-	515,811	1,296.01	219,068	(156,818)	(156,818)	-30.4%	101.2%	42.5%
	3/31/2008	727	3,267,760	-	-	3,302,678	1,598.59	406,122	(523,759)	(523,759)	-16.0%	104.7%	12.4%
Sun Health MediSun(2)	3/31/2006	18,202	40,816,873	78,077	220.56	40,738,796	753.42	2,238,056	1,060,888	700,186	1.7%	92.5%	5.5%
	3/31/2007	18,493	41,803,908	60,695	239.90	41,743,213	755.07	2,561,652	835,621	523,474	1.3%	92.8%	6.1%
	3/31/2008	18,749	43,601,531	47,790	245.08	43,553,741	775.90	2,992,015	480,059	316,748	0.7%	93.0%	6.9%
UnitedHealthcare(2)	3/31/2006	25,724	27,987,797	19,049,747	297.16	8,974,076	682.85	4,253,084	2,086,977	1,321,683	4.7%	77.2%	15.2%
	3/31/2007	21,474	26,409,866	16,030,388	327.12	10,285,772	654.14	3,775,821	4,438,023	3,009,869	11.4%	76.1%	14.3%
	3/31/2008	20,515	27,413,255	16,613,346	354.51	10,747,612	718.18	4,004,240	1,425,383	1,431,478	5.2%	79.9%	14.6%

*Included in the Blues Total Members are 12,320 'Dental Only' members and approximate 25,000 HMO product lives.

** Included in Aetna's Total Members are 59,548 'Dental Only' members

NOTE: Admin Cost Ratio = Admin Exp. & Claims Adj./ Total Revenue

NOTE: Medical Loss Ratio = Total Medical Expenses/ (Commercial, Individual, Federal Employee and Medicare Premiums)

(1) Includes Dental Only Members

(2) Includes Medicare Supplement Members

Volume XII, No. 4, June 30, 2008

Prepared by HCCA from Department of Insurance Filings

Duplication is prohibited by Federal Law

Arizona Managed Care Newsletter © 2008

All Rights Reserved