



STATE OF WISCONSIN
Department of Employee Trust Funds
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CORRESPONDENCE MEMORANDUM

DATE: August 10, 2011
TO: Group Insurance Board
FROM: Robert C. Willett, CPA
Chief Trust Financial Officer
Office of Budget and Trust Finance
SUBJECT: Financial Review of Alternate Health Providers

Staff recommends the Board accept the recommendation that all the health plans have met the financial requirements for participation in 2012.

I have reviewed the audited financial statements of the various Health Maintenance Organizations (HMOs) that have requested to participate in the state's group health insurance program in 2012. The purpose of my review was to help assure that each plan has the financial stability necessary to adequately serve our members participating in the program.


In evaluating these plans, I considered the following factors:

- Earnings Experience
- Reserve Accumulations
- Office of the Commissioner of Insurance (OCI) Surplus Requirements
- Liquidity
- Reinsurance Coverage
- Insolvency Protection
- Risk Sharing Arrangements

2010 was a difficult year for some plans, with five of the eighteen experiencing losses for the year (up from only one in 2009) and the plans' average net income declining from 2.1% to 1.7% of revenues. However, their average net worth increased by 11.9% over 2009 and, as of year-end, all plans were in compliance with OCI surplus requirements. No plans appear to be in danger of insolvency.

I have attached a schedule showing Total Revenues, Net Profit or Loss, and Net Worth for each of the participating plans as of the end of 2010 and 2009.

Reviewed and approved by Jon Kranz, Office of Budget and Trust Finance.

Signature  Date 8/10/11

Board	Mtg Date	Item #
GIB	8.23.11	5D

Health Maintenance Organizations

The following HMOs have requested to participate in our program. They have all satisfied the financial requirements for participation.

Anthem
Arise Health Plan
Dean Health Plan
Group Health Cooperative - Eau Claire
Group Health Cooperative - South Central Wisconsin
Gundersen Lutheran Health Plan
Health Tradition Health Plan
HealthPartners
Humana
Medical Associates
MercyCare
Network Health Plan
Physicians Plus
Security Health Plan
UnitedHealthcare
Unity Health Plans
WEA Insurance Trust
WPS Metro Choice

I will be available at your August 23 meeting if you have any questions regarding these recommendations.

Attachment: Alternate Health Plan Financial Reports

Alternate Health Plan Financial Reports
As Of December 31, 2010
(in thousands \$)

	<u>Total Revenues</u> ¹		<u>Net Income/(Loss)</u>		<u>Net Worth</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Anthem	\$ 507,764	\$ 473,072	\$ 12,259	\$ 12,426	\$ 95,127	\$ 59,368
Arise Health Plan	93,567	91,730	(1,284)	(1,214)	9,791	10,856
Dean Health Plan	955,593	943,050	8,578	8,786	82,345	70,885
Group Health Cooperative of Eau Claire	286,538	247,140	(8,488)	3,146	20,437	22,863
Group Health Cooperative of South Central Wis.	257,116	241,189	4,414	2,250	75,746	68,983
Gundersen Lutheran Health Plan	246,697	216,049	2,281	1,034	14,842	14,739
Health Tradition Health Plan	137,068	131,827	191	287	11,552	8,316
HealthPartners	1,519,336	1,590,740	74,211	35,990	497,440	386,554
Humana	176,844	151,625	4,222	2,092	33,708	32,024
Medical Associates	29,060	26,984	322	294	2,571	2,282
MercyCare	110,722	110,811	(39,558)	197	12,582	11,383
Network Health Plan	396,064	424,433	19,522	9,316	75,406	69,803
Physicians Plus	431,020	393,469	759	3,758	47,511	46,034
Security Health Plan	909,996	804,094	(1,358)	36,442	123,512	124,870
UnitedHealthcare	1,215,847	1,038,086	39,837	47,984	107,139	99,149
Unity Health Plans	376,930	354,764	6,043	7,860	41,098	39,775
WEA Insurance Trust	867,318	882,968	(14,727)	2,687	233,221	240,176
WPS Metro Choice	457,833	430,420	7,292	5,575	167,209	167,082

¹ Total Revenues includes Insurance Premiums, Fees for Services, Investment Income and other Miscellaneous Income.