County of Santa Cruz

HEALTH SERVICES AGENCY

P.O. BOX 962, 1080 **EMELINE** AVENUE
SANTA **CRUZ,** CA 95061
(831) 454-4066 FAX: (831) 454-4770

HEALTH SERVICES AGENCY
ADMINISTRATION

April 4, 2001

AGENDA: April 17, 2001

BOARD OF SUPERVISORS
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

Re: Quarterly Reports from Central Coast Alliance for Health

Dear Board Members:

On December 5, 2000, your Board requested that the Central Coast Alliance for Health return with their quarterly report. We have attached their report, dated April 17, 2001, which presents an overview of their activities to that date.

It is therefore RECOMMENDED that your Board:

Accept and file the second quarterly report from Central Coast Alliance for Health.

Sincerely,

Rama Khalsa

Rama Khalsa, Ph.D.
HSA Administrator

RECOMMENDED:

Susan Mauriello
County Administrative Officer

cc: CAO
Auditor-Controller
County Counsel
HSA Administration
Central Coast Alliance for Health

CENTRAL COAST ALLIANCE FOR HEALTH
375 Encinal Street ~ Suite A ~ Santa Cruz ~ CA ~ 95060
(83 1) 457-3850 ~ FAX (83 1) 466-43 10

FOUR-MONTH PROGRESS REPORT

TO

THE COUNTY OF SANTA CRUZ

BOARD OF SUPERVISORS

APRIL 17, 2001

This report serves as a progress report to the County of Santa Cruz Board of Supervisors from the Central Coast Alliance for Health ("the Alliance"). The Alliance last reported to the board on December 5, 2000 in the form of a four-month progress report and on January 29, 2001 in its Annual Report to the Board of Supervisors. Following is a summary of the Alliance's activities from December 5, 2000 through April 17, 2001:

Member Welfare

The Alliance Commission has continued its focus on member welfare throughout the last four-month period. The Commission has received staff quarterly reports of member complaint and grievance activity and on timeliness of requests for authorization of wheelchairs for its members. (See Exhibit A for copies of the 3rd quarter 2000 complaint and grievance report and 4th quarter 2000 wheelchair timeliness report.)

Two additional new areas of focus of the Commission have been: 1) approval of the Alliance's participation in a regional planning effort for implementation of a pediatric nurse advice phone service, and 2) reviewing local transportation issues affecting members' health care access and efforts made by the Alliance to facilitate transportation for those in need.

Additionally, the Commission included new resources in its 2001 administrative budget for case management services, which includes a new full-time case manager for members who need long-term care services.

In February 200 1, Dr. Rama Khalsa, Santa Cruz County Health Services Agency Administrator and Alliance Commissioner, provided a summary of HSA's recent report to the Board of Supervisors on the uninsured and access to health care. The Alliance Commission has committed its support to working with the county in exploring options for the uninsured and directed staff to investigate options in collaboration with other community stakeholders.

Quality of Care

The Alliance continues toward its goal of ensuring appropriate access to quality health care for its members. At its February 2001 meeting, the Commission reviewed a report on the Alliance's 2000 Quality Improvement Program ("QIP") from the Alliance's Medical Director, Dr. Barbara Palla. Dr. Palla presented an evaluation of the 2000 QIP that included a summary description of activities, a presentation of results of the Alliance's statistical measures for quality assessment and improvement, and recommendations for the 2001 QIP. [See Exhibit B for a copy of the Medical Director Report – Annual Evaluation of the 2000 Quality Improvement Program and 2000 Statistical Measures for Quality movement and Assessment.)

Provider Satisfaction

The Commission has also continued its ongoing attention to issues affecting provider satisfaction and has approved new reimbursement policies to achieve increased provider satisfaction and participation in the program in order to increase access to care for members.

At its January 24, 2001 meeting the Commission approved a change in its provider payment policy intended to improve cash flow and satisfaction among those Alliance providers who meet qualifying fiscal performance criteria. The policy allows for a reduction in the amount of withhold from provider payments that is in place for those providers who share financial risk with the Alliance. The result is an increase in "up-front" payments and cash flow to qualifying providers.

The (Commission addressed another provider payment policy at its meeting in February 2001 which provides assurance to providers of the Alliance's intent to "pass through" to providers any increases to the Alliance's Medi-Cal rates of payments resulting from legislative increases to Medi-Cal rates. While this policy has always been the practice of the Alliance, the Commission review, discussion and approval of the policy serves as further evidence of the Alliance's commitment to its providers and their concerns surrounding rates of payment.

At the March meeting of its Commission, the Alliance presented the results of its year-end risk settlement for 2000. The Alliance posted a medical budget surplus and was able to share over $4.3M with its contracted providers that would be otherwise unavailable under the previous State fee-for-service Medi-Cal program.

Fiscal Performance

The Alliance continues to operate efficiently, with the Commission adopting, at its December 2000 meeting, an administrative budget for CY/FY 2001 that is 7.7% of revenue. The Alliance's 2001 budget includes important new resources for quality management and case management services.

As of December 31, 2000, the Alliance's total fund balance is $19M.

(See Exhibit C for the Alliance's most recent monthly financial statements.)

EXHIBIT A

CENTRAL COAST ALLIANCE FOR HEALTH

2000 -Third Quarter Member Complaint and Grievance Report

1. Complaints

From 7/00 through 9/00 the Alliance documented 25 member complaints. The following is a breakdown of these complaints by category (reason), location (geographic), and provider site.

Santa Cruz County	Total Complaints	Access	Accept-ability	Quality of Care	Billing	Private PCP	Clinic PCP	Pharmacy	Allied	Specialist	LTC	Hospital	Lab
North County	10	3	2	6	1	8	0	0	0	0	0	2	2
South County	3	0	2	2	0	2	1	0	0	0	0	0	0
Mid County	1	0	0	0	0	1	0	0	0	0	0	0	0
out of County	2	1	0	0	1	0	0	1	0	0	0	1	0
Totals	16	4	4	8	2	11	1	1	0	0	0	3	2

Monterey County	Total Complaints	Access	Accept-ability	Quality of Care	Billing	Private PCP	Clinic PCP	Pharmacy	Allied	Specialist	LTC	Hospital	Lab
Greater Salinas Area	7	2	5	0	0	3	2	0	0	0	0	2	1
South Monterey County	0	0	0	0	0	0	0	0	0	0	0	0	0
Monterey Peninsula	2	0	0	0	0	2	0	0	0	0	0	0	0
Totals	9	2	5	0	0	5	2	0	0	0	0	2	1
Santa Cruz & Monterey County Totals	25	6	9	8	2	16	3	1	0	0	0	5	3

Access complaints are characterized by complaints about an ability to access an appointment in a timely manner, office hours, telephone access, etc. Acceptability complaints are related to member's complaints about experiences that may affect the doctor patient relationship. E.g., Communication issues, office standards of cleanliness, etc. Quality of care (complaints are those complaints related to the receipt of medical care, including decisions regarding appropriateness of referrals. (Some complaints encompass more than one complaint category, thus the total number of complaints by category may be greater than the total number of complaints documented.)

CENTRAL COAST ALLIANCE FOR HEALTH

2. Santa Cruz County Grievances (3) and State Fair Hearings (1).

The Alliance received three (3) formal member grievances during the third quarter. Two (2) were related to out of state billing issues and the other one (1) was a quality of care issue. All three grievances were resolved within the 30-calendar day timeframe and closed on 8/24/00, 9/20/00, and 10/2/00 respectively.

The State received one (1) request for a **State Fair Hearing from** a Santa Cruz County Alliance member during the third quarter. The member's issue was resolved through the plan's internal grievance process and the hearing request was withdrawn by the member.

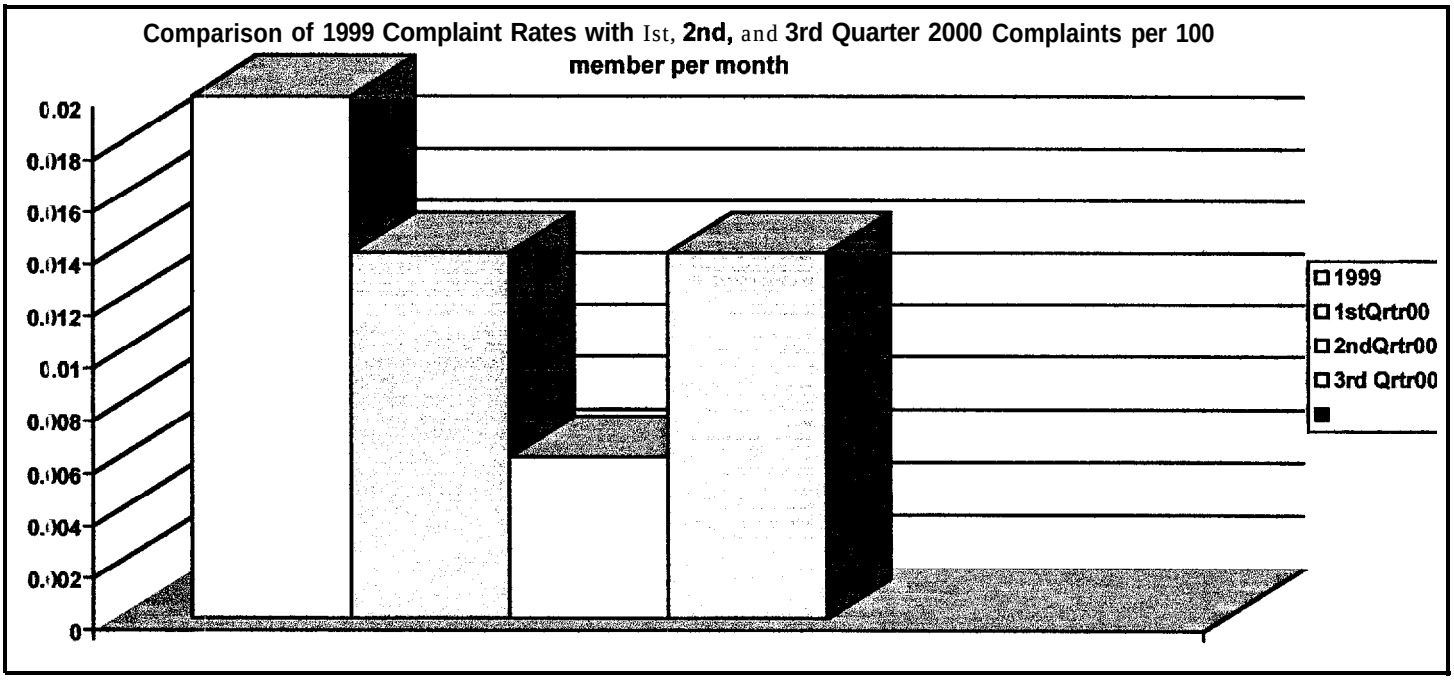
3. Monterey County Grievances (3) and State Fair Hearings – (3).

The Alliance received three (3) formal member grievances during the third quarter. Two (2) dealt with access to medication issues and the other one (1) was a quality of care issue. All three grievances were resolved within the 30-calendar day timeframe and closed on 8/2/00, 9/8/00, and 10/1/00 respectively.

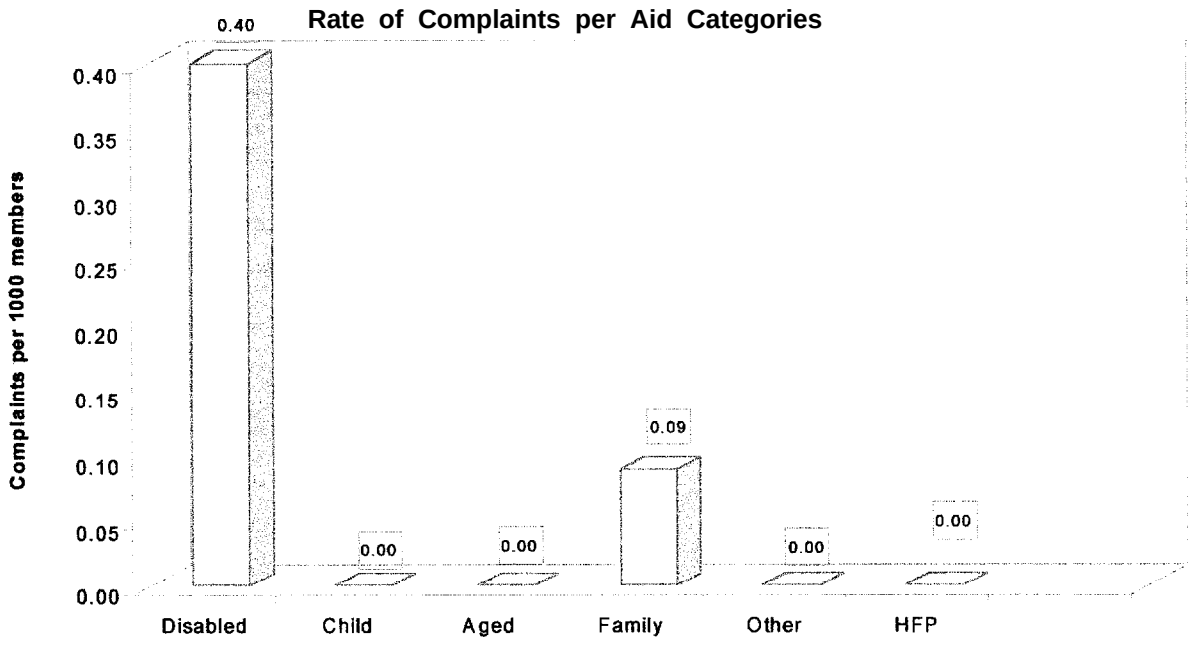
The State received three (3) requests for **State Fair Hearings from** Monterey County Alliance members during the third quarter. The State rendered a decision in two cases; dismissing the requests because the member's did not attend the scheduled hearings or send an authorized representative, did not request postponements, and did not reinstatement within 10 days from the date of scheduled hearing. In the third case, the hearing is scheduled for October 31, 2000.

4. Complaint Rates Regional Membership

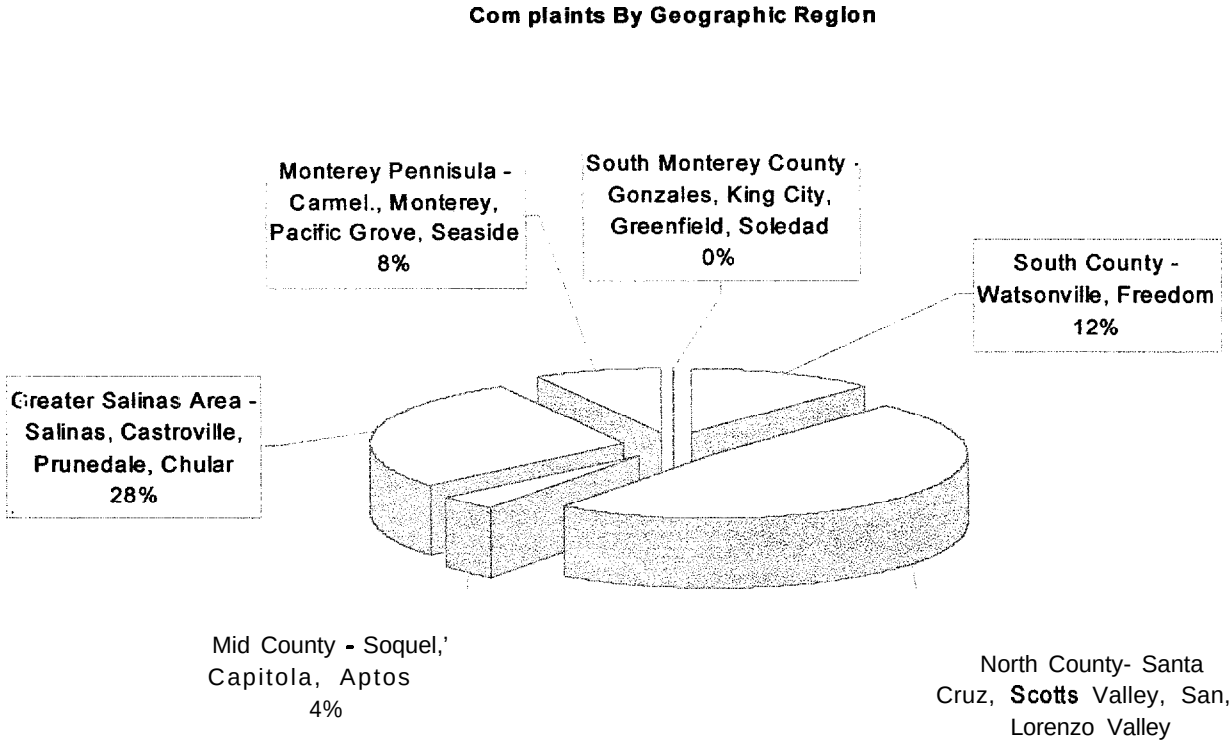
This is a comparison of complaints per 100 members per month for the 1999 calendar year average per quarter with the first, second, and third quarter complaints per 100 members per month for 2000. The 3rd quarter rate was 0.014 per 100 members per month **or one complaint per every** 7,394 **members.**



5. CENTRAL COAST ALLIANCE FOR HEALTH



Total Complaints = 25



CENTRAL COAST ALLIANCE FOR HEALTH
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(831) 457-3850 ~ FAX (831) 457-6109
Health Services Department

Timeliness Report

4th Quarter 2000 Authorized TARs for Purchase of Wheelchairs with accessories, by the Alliance

Summary of Wheelchair Purchases:

Santa Cruz County members: 15 wheelchairs: 8 manual & 7 power

Monterey County members: 7 wheelchairs: 1 manual & 6 power

Denied: none

The Alliance internal review processing time 1 – 11 business days, the average number of days was 6 days
23% completed within 4 business days
50% completed within 5 –6 business days
73% completed within 6 business days
27% completed within 9 – 11 business days *
(* delay in processing time due to the high number of employees out sick with the flu; approximately 1,600 – 1,700 TARs processed per month)

Note: Internal review process includes member eligibility verification, review for completeness of TAR submission, procedure coding and pricing review, medical necessity review with the Alliance Medical Director.

Provider B: 2 manual wheelchairs: patients had these wheelchairs previously as rentals, changed to sale reimbursement.

Provider C: 16 wheelchairs: 4 manual and 12 power
One of 4 manual wheelchairs delivered within 9 business work days from authorization date. Three of the remaining four manual wheelchairs, were ordered from the manufacturer within one business day of the TAR authorization. Because of the authorization dates and this report date, deliver time can not be reflected on this report; all wheelchair purchase member cases will have Alliance follow up calls to both the member and provider till wheelchair is delivered .
Five of the 12 power wheelchairs were delivered within 27 – 33 days of authorization date. Seven of the remaining 12 power wheelchairs were ordered from the manufacturer within one business day of the TAR authorization. Because of the authorization dates and this report date, deliver time can not be reflected on this report; the Alliance will continue it's on-going practice of doing follow-up contacts with provider and member till the wheelchair is delivered.

4th Quarter Alliance Authorized TARs for Wheelchair ourchase. reoairs and modifications

Provider D: 3 wheelchairs: 2 manual and 1 power. One manual wheelchair previously rented was had reimbursement changed to purchase. The other manual wheelchairs was delivered within 10 days of authorization. The power wheelchair was delivered with 10 days of authorization.

Provider F: *1* manual wheelchair, it was delivered 37 days from authorization date. Alliance social worker did follow-up calls with provider and member regarding wheelchair delivery scheduling.

Summary of Wheelchair Repairs/Modifications

(Alliance internal review process as described above in purchase report)

Santa Cruz County members:

Provider C : 28 Wheelchairs: 4 manual and 24 power.
TAR received to approval date: 88% 2-5 business days and 12% 6 –7 business days, with the average 4 business days.
Major repairs listed on individual TARs as follows: *1* back, 12 tires(usually pairs of tires), 9 batteries, 7 arm rests, *1* belt, 3 chargers, 3 cushions, 8 leg rest/foot plates, 5 bearing, 5 joysticks, 3 fork/frames, *1* brake, 4 motor/gear box; all above repairs also include labor charges.

Monterey Count members:

Provider C: 9 Wheelchairs: 4 manual and 5 power.
TAR received to approval date: 85% 2 – 5 business days and 15% 6 –8 business days, with the average 4 business days.
Major repairs listed on individual TARs as follows: 1 arm rest, *1* arm control, 3 tires (usually pairs of tires), 2 batteries, a motor, 1 joy stick, 1 foot rest, 1 cushion and 2 leg/leg rests, all of the above repairs also include labor charges.

Worksheets attached

Respectfully submitted,

Jackie Kellum

Jackie Kellum, RN
Health Services Operations Manager

1/9/2001

4th Q 2000 Authorized TARs for Wheelchairs, purchased by The Alliance
Monterey County

Pt. Initial	P or M W/chair	TAR Rec. date	TAR Authdate	Alliance rev. Proc # work days	Vendor del. date or sched. date	# work days: auth-del.	Vendor ID
P.A.	P	9/27	10/4	6 days	11/16	32 days	C
N.A.	P	9/28	10/4	5 days	11/17	33 days	C
C.B.	P	10/18	11/1	11 days	w/c recv. by vendor on 12/21 delayed-schedule delivery appt. date due to holidays.	d a	C
C.E.	P	11/29	12/5	6 days	w/c order cd from manuf. by vendor on 12/11	n/a	C
K.H.	⁉	10/9	10/12	4 days	11/10	22 days	C
P.M.	P	10/9	10/12	4 days	11/17	27 days	C
K.V.	M	10/16	10/20	5 days	12/11	37 days	F

C.B. case - Vendor received the w/c from the manufacturer on 12/21 and had difficulty coordinating delivery due to holidays
C.E. case - Vendor ordered w/c from manufacturer on 12/1 1, at time of this report, vendor had not received w/c yet..
Respectfully submitted,
Jackie Kellum, RN
Health Services Operations Manager
January 4, 2001

4th Q 2000 Authorized TARs for Wheelchairs, purchased by The Alliance
Santa Cruz County

Pt. Initial	P or M W/chair	TAR Rec. date	TAR Auth date	Alliance rev. proc. # work days	Vendor del. date or sched. date	# work days: auth – del.	Vendor ID
R.Ba	M	10/6	10/12	5 days	10/24 *	9 days	C
R. Bu	M	11/3	11/9	5 days	Retro DOS of July 2000	n/a	C
C.C.	M	10/11	10/17	5 days	Previously rented	n/a	D
M.G.	P	10/11	10/24	10 days	11/6	10 days	D
C.K.	M.	12/0	12/7	5 days	Vendor ordered w/c from manuf. On 12/8	n/a	C
T.M.	M	9/29	10/4	4 days	Previous rental	n/a	B
W. Mc	P	12/8	12/21	10 days	Vendor ordered w/c from manuf. On 12/22	n/a	C
B.M	P	10/27	11/3	6 days	12/19	32 days	C
W.R.	M	12/12/	12//22	9 days	Previous Rental	n/a	B
E.R.	P	12/11	12/21	9 days	Vendor ordered w/c from manuf. on 12/22	n/a	C
A.R.	M	12/0	12/7	5 days	Vendor ordered w/c from manuf. on 12/8	n/a	C
A.T.	M	9/27	10/47	6 days	Previous rental	d a	D
A.Z..	P	10/3	10/5	3 days	Vendor received w/c from mauf. – problem at member house	n/a	C
A.P.	P	12/7	12/20	10 days	Vendor ordered w/c from manuf. on 12/22	n/a	C
J.C.B.	P	12/18	12/21	4 days	Vendor ordered w/c from manuf. on 12/22	n/a	C

R.B. case – patient initially refused delivery of w/c because of the w/c color
R. Bu case – had a loan from the vendor, changed from 'loaner' to purchased w/c, when new w/c arrived from manufacturer
Cases: W Mc, E R and A P – delay in internal review processing due to multiple Alliance staff out with the flu
A.Z. case • vendor received w/c from manufacturer on 11/30, difficulty in w/c appoint delivery date set-up of w/c to member as her apartment needed some changes made to accommodate the w/c.

Respectfully submitted
Jackie Kellum, RN
Health Services Operation Manager

CENTRAL COAST ALLIANCE FOR HEALTH

MEDICAL DIRECTOR REPORT
ANNUAL EVALUATION OF THE
2000 QUALITY IMPROVEMET PROGRAM

PURPOSE AND SCOPE

The purpose of the 2000 Quality Improvement Program (QIP) was to improve the quality of care for all members within the limits of the resources available to the Health Plan and its Participating Providers. Additionally, the QIP was designed to meet the requirements of state and federal agencies and standards, such as the National Committee for Quality Assurance (NCQA) Health Plan Employer Data and Information Set (HEDIS) and Quality Improvement System for Managed Care (QISMC).

The QIP was comprehensive, systematic and ongoing. The QIP included a review of the quality of important aspects of health care delivery, including the review of services and physicians/vendors in inpatient, outpatient, mental health, skilled nursing, ancillary, care management and pharmacy settings. The QIP also included oversight of credentialing and the development of clinical protocols and standards.

PROGRAM OBJECTIVES

The 2000 Quality Improvement Program addressed both internal CCAH operational issues as well as external provider/vendor services. The following program objectives guided the program for the year:

- Monitoring the medical care provided to CCAH members for quality and medical appropriateness through prospective, concurrent and retrospective reviews of ambulatory, impatient and ancillary services.
- Ensuring input of practicing healthcare providers in developing policies and standard though committee participation, and establishing performance standards to determine if care provided to members met the requirements of good medical practice and was satisfactory to members.
- Identification of potential quality of care issues through a systematic review of clinical indicators.
- Identification and establishment of mechanisms to evaluate and improve patient care outcomes both internally and externally, including monitoring of corrective actions taken and the evaluation of their impact on the quality of care.
- Monitoring and ensuring compliance with the requirements of state, federal and other regulatory agencies.
- Accurately recording and reporting results of Quality Improvement (QI) activities, including analysis of trends/patterns to the QI Committee, Physicians Advisory Group and the Board
- Annually evaluating and reviewing the Quality Improvement Program and QI Work plan.

QUALITY IMPROVEMENT PROGRAM ACTIVITIES – COMPLETED AND ONGOING

A. Quality Improvement Program Description – There were multiple revisions of the QIP made as a result of suggestions by the Quality Improvement Committee. The QIP was presented to the Board of Directors and approved on 8/2000.

B. Quality Committee

- Quality Improvement Committee (QIC) met 4 times (including 1 electronic) in 2000 and assisted with the oversight of the medical and operational systems as they affected health care services.
- The QIC provided the forum for analysis of trends in health care delivery and provided direction in prioritizing opportunities to improve medical outcomes for members. Areas of evaluation included monitoring of ER use, preventive care delivery, rates of breastfeeding, the development of physician profiling, etc.
- The QIC developed and approved CCAH standards for Pediatric and Adult Health Care Maintenance.
- Potential quality of care issues were brought to the committee as needed for tertiary review.
- The activities of the QIC are reported to the Physician Advisory Group, and through that venue to the Alliance Board.

C. Statistical Measures for Quality Assessment and Improvement (Attachment 1)

- CCAH completed multiple quality studies including both HEDIS and non-HEDIS measurements. Reported CCAH HEDIS rates for 2000 were improved from 1999 rates in all measures, and were above the Medi-Cal Health Plan mean in all but one indicator. (Please refer to attachment 1).

D. Potential Quality Issues

- 85 issues met defined criteria for review as potential quality issues. On review, quality issues were confirmed in only seven of the 85 referred issues, and these were dealt with accordingly.

E. Credentialing

- In the year 2000, the Credentialing Committee met 4 times (2 electronic).In accordance with Alliance credentialing standards, the committee reviewed and approved 88 new providers as participants in the Alliance, and recredentialied 143 providers.

RECOMMENDATIONS FOR THE 2001 QUALITY IMPROVEMENT PROGRAM

A. Complete Annual External Accountability Quality studies (HEDIS), including collaborative study on Chlamydia and the new HEDIS measure on Asthma Medications.
B. Continue Implementation of Internal Quality Improvement Projects (Breastfeeding Promotion, Cervical Cancer Screening, Breast Cancer Screening)
C. Explore the feasibility of developing quality-based incentives for providers
D. Develop CME programs for provider education.
E. Further Develop Disease Management for members with asthma and diabetes, including Clinical Practice Guidelines.
F. Further Develop Perinatal Case Management Program (Esperanzas).
G. Develop and Implement interventions to address issues identified by CCAH Quality Studies with the goal of improving member outcomes.

Barbara Palla MD

Barbara Palla, MD
Medical Director
Central Coast Alliance for Health

CCAH Quality Improvement: Report of the Medical Director
2000 Statistical Measures for
Quality Assessment and Improvement

The following 2000 statistical measures were calculated by Central Coast Alliance for Health (CCAH) to assess quality and identify areas of improvement. These measures were modified as necessary based on the demographics, ethnicity, age and sex of the enrolled population. The statistical measures were divided into three areas:

1. External Accountability Set (Measuring Clinical Quality -- HEDIS Reporting)
2. Quality Improvement Collaborative Initiative
3. Internal Quality Improvement Projects (IQIPs)

These measures were developed using HEDIS 3.0, as well as integrating contractual obligations under the Department of Health Services (DHS), Department of Corporations (DOC), and California Managed risk Medical Insurance Board (MRMIB). Requirements for statistical studies were incorporated into the CCAH Quality Improvement Plan for the first year of operation and each year thereafter for continued review of outcomes in a managed care environment,

EXTERNAL ACCOUNTABILITY SET

CCAH was required to report audited results on seven specific Health Plan Employer Data and Information Sets (HEDIS) measures selected by the Department of Health Services (DHS) as the External Accountability Set. In addition to the DHS reportable measures, CCAH reported selected HEDIS 3.0 measures to MRMIB. Both DHS and MRMIB required that all results be audited by an approved NCQA licensed organization that carried out the HEDIS audit according to NCQA's guidelines.

The external accountability set reported for 2000 DHS requirements consisted of the following HEDIS 3.0 measures:

- Childhood Immunizations Status (for 2 year olds)
- Well Child Visits in the First 15 Months of Life
- Adolescent Well Care Visits
- Initiation of Prenatal Care
- Prenatal Care in the First Trimester
- Check-Ups after delivery
- Diabetic Eye Exam

For MRMIB 2000 reporting, the clinical quality measures consisted of the following HEDIS 3.0 measures:

- Childhood Immunizations Status (for 2 year olds)
- Well Child Visits in the Third, Fourth, Fifth, and Sixth Year of Life
- Adolescent Well Care Visits

- Children's Access to Primary Care Providers
- Follow-up after hospitalization for Selected Mental Illness
- 120 days Initial Health Assessment (Non-HEDIS).

HEDIS 3.0 Measures

The CCAH HEDIS 2000 measures were drawn from the following HEDIS domains: ***Effectiveness of Care, Access/Availability of Care, and Use of Services.*** Reporting these measures provided CCAH an opportunity to improve its preventive health care delivery practices through analysis of study results and implementation of appropriate quality improvement interventions.

A. HEDIS Measures: Medical

1. Childhood Immunization Status (for 2 year olds) – Effective of Care Measure

- Description/Indicators:
  The percentage of Medicaid enrolled children who turned two years of age during the reporting year, who were continuously enrolled for 12 months immediately preceding their second birthday, and who have receive the following immunizations:

- Results

	CCAH								*MediCal Avg.	
Data Elements	DTP (4)	MMR (1)	OPV (3)	Hib (3)	Hep. B (3)	VZV (1)	Combo 1	Combo 2	Combo1	Combo2
Reported Rate Medical	67.41 %	88.81 %	78.61 %	82.84 %	73.88 %	64.68 %	56.47 %	43.78 %	53.20 %	N/A

2. Well-Child Visits in the First 15 Months of Life – Use of Services Measure

- Description/Indicators:
  The percentage of Medicaid enrolled members who turned 15 months of age during the reporting year, who were continuously enrolled in the plan from 3 1 days of age, and who received either zero, one, two, three, four, five, six or more well-child visits with a primary care practitioner during their first 15 months of life.

*** Average rate for California Medical Health Plans for 2000.**

- Results

	CCAH			*MediCal Avg.
Data Elements	**4 Visits**	**5 Visits**	**6+ Visits**	**6+ Visits**
Reported Rate	**14.16%**	**22.82%**	**49.49%**	**32.9%**

*Note: 86.47% of CCAH members had four or more well-child visits by 15 months of age.

3. Adolescent Well-Care Visits – Use of Service Measure

- Description/Indicators:
  The percentage of Medicaid and commercially enrolled members who were 12 through 21 years of age during the reporting year who were continuously enrolled during the reporting year, and who had at least one comprehensive well-care visit with a primary care provider or an OB/GYN provider during the reporting year.

- Results

	CCAH	*MediCal Avg.
Reported Rate	**33.82%**	**29.2%**

4. Initiation of Prenatal Care – Access/Availability of Care Measure

- Description/Indicators:
  The percentage of Medicaid enrolled women who enrolled in the health plan during the early stage of pregnancy who had (a) live birth(s) during the reporting year, and who had their first prenatal visit within 42 days of enrollment or by the end of the first trimester.

- Results

	CCAH	*MediCal Avg.
Reported Rate	**78.93%**	**72.1%**

5. Prenatal Care in the First Trimester – Effectiveness of Care Measure

- Description/Indicators:
  The percentage of Medicaid enrolled women who became pregnant after enrollment, and delivered a live birth during the reporting year, and who received a prenatal care visit within the first trimester of pregnancy.

0272

- Results

	CCAH	*MediCal Avg.
Reported Rate	**72.85%**	61.2%

6. Check-Ups After Delivery – Effectiveness of Care Measure (Medical)

- Description/Indicators:
  The percentage of Medicaid enrolled women who delivered a live birth during the reporting year, who were continuously enrolled 56 days after delivery, and who had a postpartum visit on or between 21 days and 56 days after delivery.

- Results

	CCAH
Reported Rate	**57.82 %**

7. Diabetic Eye Exam

- Description /Indicators
  The percentage of members with diabetes (Type I and Type 2) age 18 through 75 years, who were continuously enrolled during the measurement year, and who had an eye exam with an eye care professional during the measurement year.

- Results

	CCAH	*MediCal Avg.
Reported Rate	**29.44%**	**53.1%**

B. HEDIS Measures: Healthy Families

1. Childhood IZ

- Description/Indicators:
  The percentage of Medicaid enrolled children who turned two years of age during the reporting year, who were continuously enrolled for 12 months immediately preceding their second birthday, and who have receive the following immunizations:

- Results

	CCAH		*HF Avg.
	Combo1	**Combo2**	**(Combol)**
Reported Rate:	**85.7%**	**71.4%**	**45.9%**

*Average Healthy Families rate as reported by Medical Health Plans also serving HF members.

2. Well-Child Visits in the Third, Fourth, Fifth, and Sixth Year of Life – Use of Services Measure (Healthy Family Members Only)

- Description/Indicators:
  The percentage of Healthy Families enrolled members who were three, four, five or six years of age during the reporting year, who were continuously enrolled during the reporting year, and who received one or more well-child visit(s) with a primary care provider during the reporting year.

- Results

	CCAH	*HF Avg.
Reported Rate	**68.18%**	**58.3%**

3. Adolescent Well-Care

- Description/Indicator
  The percentage of Healthy Families members who were 12 through 21 years of age during the reporting year, who were continuously enrolled during the reporting year, and who had at least one comprehensive well-care visit with a primary care provider or an OB/GYN provider during the reporting year.

- Results

	CCAH	*HF Avg.
Reported Rate:	**38.30%**	**37.6%**

4. Children's Access to PCP – Access/Availability of Care Measure

- Description/Indicators:
  The percentage of Healthy Families enrollees who were:

  1. Children age 12 through 24 months, and 25 months through 6 years, who were continuously enrolled in Healthy Families during the reporting year, and who had a visit with a primary care provider during the reporting year.
  2. Children age 7 years through 11 years who were continuously enrolled during the reporting year and the calendar year preceding the reporting year, and who have had a visit with a health plan primary care provider during the reporting year or the calendar year preceding the reporting year.

- Results

	CCAH			*HF Avg.
Data Elements	**12-24 Months**	**25 Months – 6 years**	**7-11 years**	
Reported Rate	**N/A***	**85.71%**	**N/A***	**58.3%**

* No members met denominator

5. Follow-up After Hospitalization for Mental Illness – Effectiveness of Care Measure (Healthy Families)

- Description/Indicators:
  The percentage of Healthy Families members age six years and older who were hospitalized for treatment of selected mental health disorders, who were continuously enrolled for 30 days after discharge, and who were seen for an ambulatory mental health visit or were in a day/night treatment with a mental health provider.

- Results

Reported Rate	CCAH Has no record of any Healthy Family Members who were six years and older and who were hospitalized or treatment of mental health disorders during the 1999. This information was administratively queried through the CCAH's medical utilization management database.

6. Initial 120 Day Health Assessment – Non-HEDIS Access/Availability of Care Measure

- Description/Indicators:
  The percentage of Healthy Families members age 2 years and older, who were continuously enrolled in the Health Plan for at least 120 days during the reporting year, and who had an initial health assessment (IHA) with a primary care provider within 120 days of enrollment.

- Results

	CCAH
Reported Rate	**46.59%**

QUALITY IMPROVEMENT COLLABORATIVE INITIATIVE

Health Plans in the Medi-Cal Managed Care Division Two Plan Model, Sacramento GMC Model and the County Organized Health Systems are required to undertake a joint quality

improvement collaborative initiative addressing a common topic among all the Plans as of the 2000-reporting year. In 2000 the Quality Improvement Collaborative Initiative selected was Effectiveness of Care Measure: Chlamydia Screening in Women.

1. Chlamydia Screening in Women -- Effectiveness of Care Measure

- Description/Indicators
  The percentage of Medicaid women age 16 through 26 years who were identified as sexually active, who were continuously enrolled during the measurement year, and who had at least one test for chlamydia during the measurement year.

- Results

Reported Results	**CCAH**
Age 16-20 years	**22.5 %**
Age 21-26 years	**23.1%**

INTERNAL QUALITY IMPROVEMENT PROJECTS

In accordance with the QISMC standards, DHS and MRMIB requirements, CCAH performed Internal Quality Improvement Projects (IQIPs) to measure its own performance in important focus areas, undertake systemic interventions to improve performance, and follow-up on the effectiveness of the interventions.

In 2000, CCAH developed IQIPs on four topics:

Clinical focus areas:
- Cervical Cancer Screening
- 3reast Cancer Screening

Non-Clinical focus areas:
- Breast Feeding Program
- Promotion of Prenatal Care

1. Cervical Cancer Screening -- Effectiveness of Care Measure

- Description/ Indicators
  The percentage of women age 2 1 through 64 years, who were continuously enrolled during the measurement year and who received one or more Pap tests during the measurement year or the two years prior to the measurement year.

- Results

	CCAH
Reported Rate	**52.91%**

2. Breast Cancer Screening – Effectiveness of Care Measure

- Description/ Indicators
  The percentage of women age 52 through 69 years, who were continuously enrolled during the measurement year, and the preceding year, and who had a mammogramduring the measurement year or the preceding year.

- Results

	CCAH
Reported Rate	**53.62%**

3. Breast Feeding Promotion

- Description/ Indicators
  The percentage of infants born during the measurement year, who were continuously enrolled at the time of their birth though age six months, and who were breastfeeding at hospital discharge, and at 1,3, and 6 months of age.

- Results

1. Intent re: infant feeding (at 1 week prior to birth):

CCAH			
	Breastfeed only	**Combination breast and formula**	**Formula only**
Total	54.9%	29.4%	15.7%
Hispanic/Latina	39%	41%	19%
White	100%	--	--

2. Initiation of breastfeeding (at hospital discharge):

CCAH				
	Total Breastfeeding	**Breastfeed only**	**Combination breast and formula**	**Formula only**
T o t a l	88%	44%	44%	12%
Hispanic/Latina	86%	31%	54%	14%
White	100%	83%	17%	--

3. Duration of breastfeeding (at 1, 3, and 6 months post-partum):

0277

CCAH				
	Total breastfeeding	**Breastfeed only**	**Combination breast and formula**	**Formula only**
1 month total	70%	30%	40%	30%
Hispanic/Latina	63	13	50	37
White	100	86	14	--
3 month total	53%	23%	30%	48%
Hispanic/Latina	41	6	35	58
White	83	66	17	17
6 month total	36%	23%	13%	65%
Hispanic/Latina	20	4	16	80
White	60	60	--	40

4. Promotion of Perinatal Care

The Perinatal IQIP uses the perinatal HEDIS studies as described previously in this report under "HEDIS 3.0 Measures."

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7-11

CENTRAL COAST ALLIANCE FOR HEALTH
HEDIS 1999-2000 Summary

HEDIS 2000

The year 2000 represented the second year that CCAH reported on the DHS mandated set of HEDIS indicators. With growing expertise in HEDIS, all measures passed the external HEDIS audit, validating the Plan's rigorous administrative and chart abstraction data collection methodologies. As such, the HEDIS rates reported in 2000 are a relatively accurate reflection of services delivered to members.

For year 2000, CCAH **HEDIS rates were improved from 1999 rates in all indicators,** and **above average in all but one indicator** compared to other plans serving Medi-Cal members. The only indicator below the Medi-Cal mean was the Diabetic Eye Exam. We feel this result under-represents the percentage of members who received this service, as many of our diabetic members had eye exams rendered under their Medicare benefit, but Medicare claims data was unavailable to CCAH. In order to rectify this situation for 2001, the Plan has obtained Medicare claims data to be included in the CCAH data warehouse.

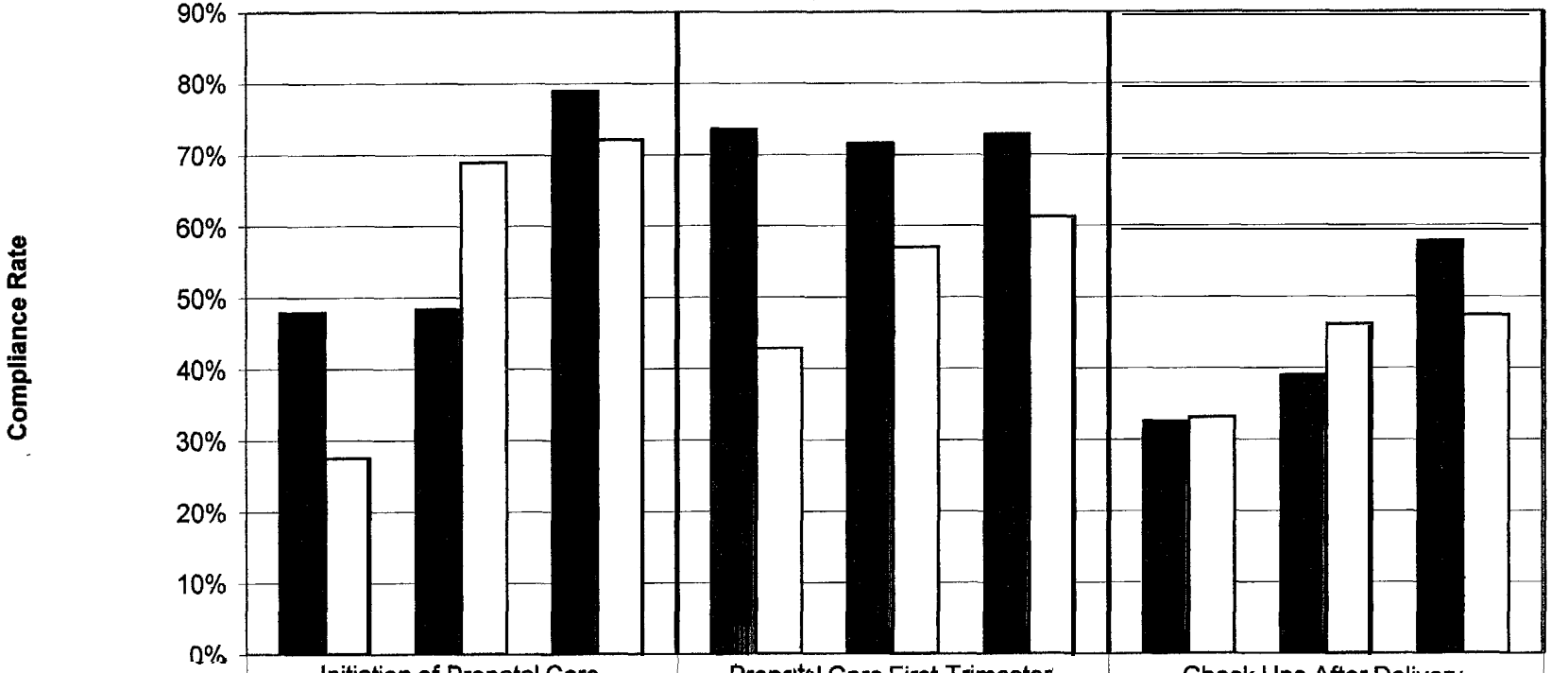
	EQRO CCAH	EQRO MCHP Avg.	HEDIS CCAH	HEDIS MCHP Avg.	HEDIS CCAH	HEDIS MCHP Avg.
MEDI-CAL	**1998**	**1998**	**1999**	**1999***	2000	**2000**
Childhood Immunizations						
• Combo 1	56.6	38.9	38.69	50.0	56.47	53.2
• Combo 2			19.71		43.78	
Prenatal Care First Trimester	73.6	42.9	71.54	57.0	72.85	61.2
Check-Ups After Delivery	32.6	33.2	38.99	46.2	57.82	47.4
Diabetes Eye Exams			18.00	41.3	29.44	53.1
Initiation of Prenatal Care	47.9	27.5	48.33	69.0	78.93	72.1
Well Child Visits 0-15 Months						
• 6+ Visits			19.90	26.0	49.49	32.9
• 5 Visits	25.0	25.9	27.91		22.82	N/A
• 4 Visits			19.42		14.10	N/A
Adolescent Well Care Visits	11.7	12.3	18.97	21.2	33.82	29.2

	CCAH	CCAH	HF Avg.
HEALTHY FAMILIES	**1999 N/A**	**2000**	**2000**
Childhood Immunizations			
• Combo 1		85.7**	45.9
• Combo 2		71.4	
Well Child Visits Age 3-6 years		68.18	58.3
Adolescent Well Care Visits		38.30	37.6
Children's Access to PCP		85.71	75.8
Follow-up after Hosp. for Mental Illness***		N/A	N/A
120 Day Initial Health Assessment		46.59	38.8

* Medi-Cal Health Plan
** Small sample size
*** No Healthy Families children were hospitalized for mental illness in 1999

7-12

HEDIS 1998 - 2000 Summary: Maternity Measures
CCAH vs. Medical Health Plan (MCHP)



	Initiation of Prenatal Care	Prenatal Care First Trimester	Check Ups After Delivery
1998:EQROCCAH	47.90%	73.60%	32.60%
1998: EQRO MCHP	27.5%	42.9%	33.2%
1999:CCAH	48.33%	71.54%	38.99%
1999: MCHP Ave.	69.0%	57.0%	46.2%
2000:CCAH	78.93%	72.85%	57.82%
2000: MCHP Ave.	72.1%	61.2%	47.4%

* MCHP = MediCal Health Plan

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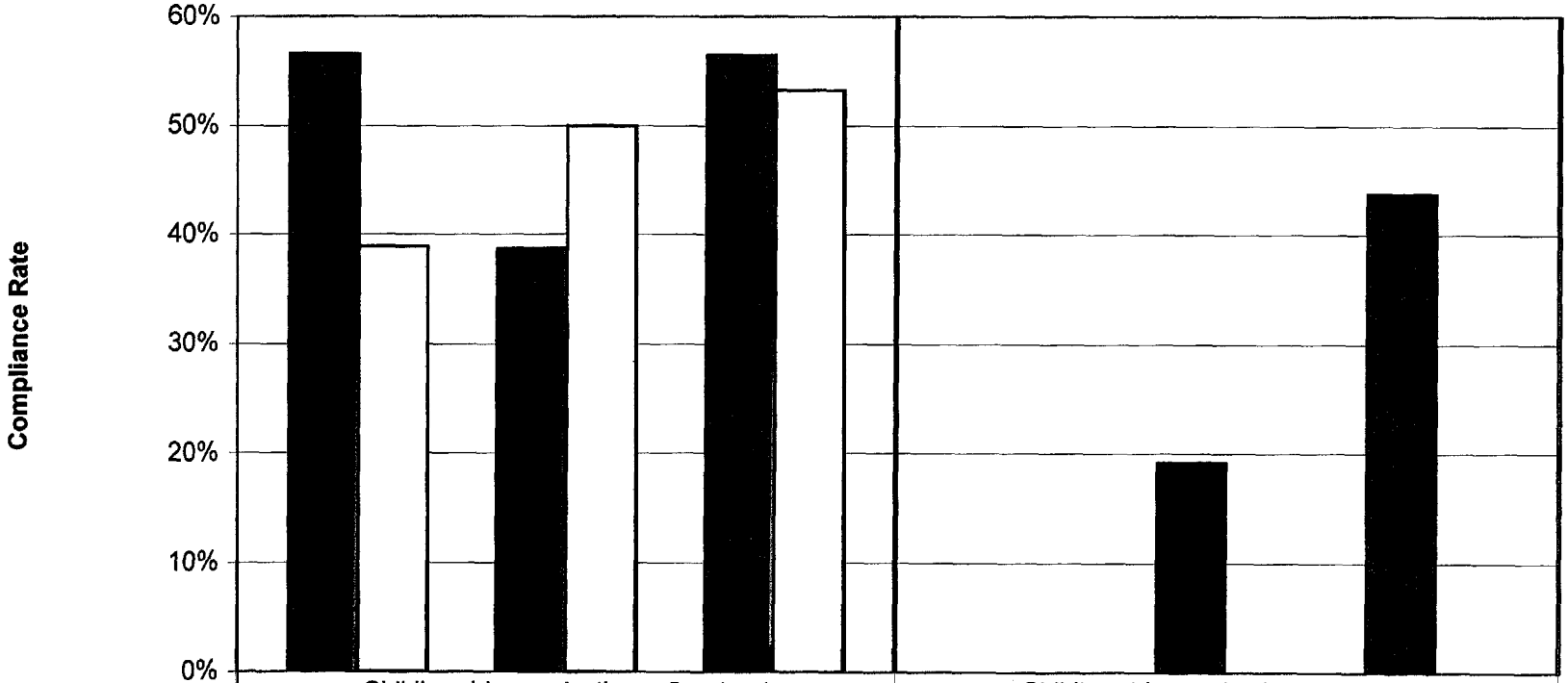
HEDIS 1998 - 2000 Summary: Childhood Immunizations
CCAH vs. Medical Health Plan (MCHP)



	Childhood Immunizations: Combo 1	Childhood Immunizations: Combo 2
■1998: EQRO CCAH	56.60%	
EQRO8: MCHP	38.9%	
.		
■1999: CCAH	38.69%	19.17%
MCHP9: Ave.	50.0%	
.		
■2000: CCAH	56.47%	43.78%
□2000: MCHP Ave.	53.2%	

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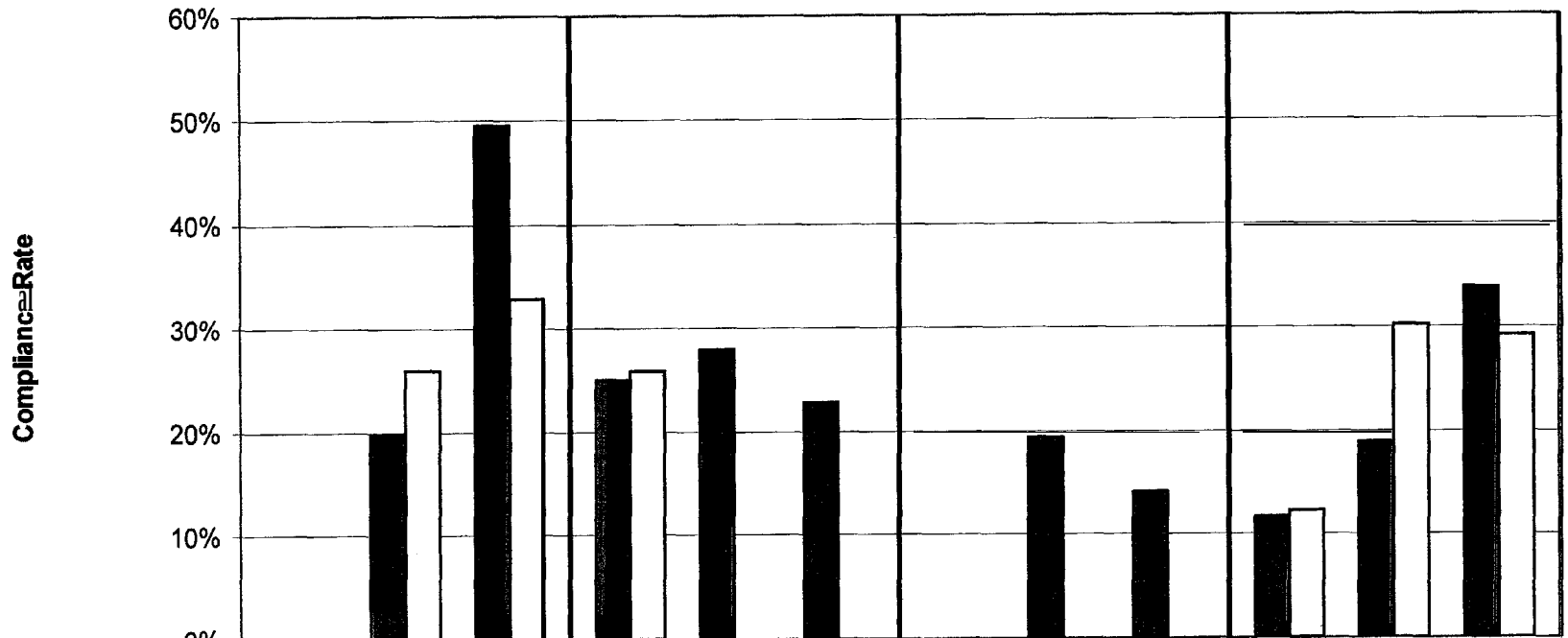
7-14

* MCHP = MediCal Health Plan

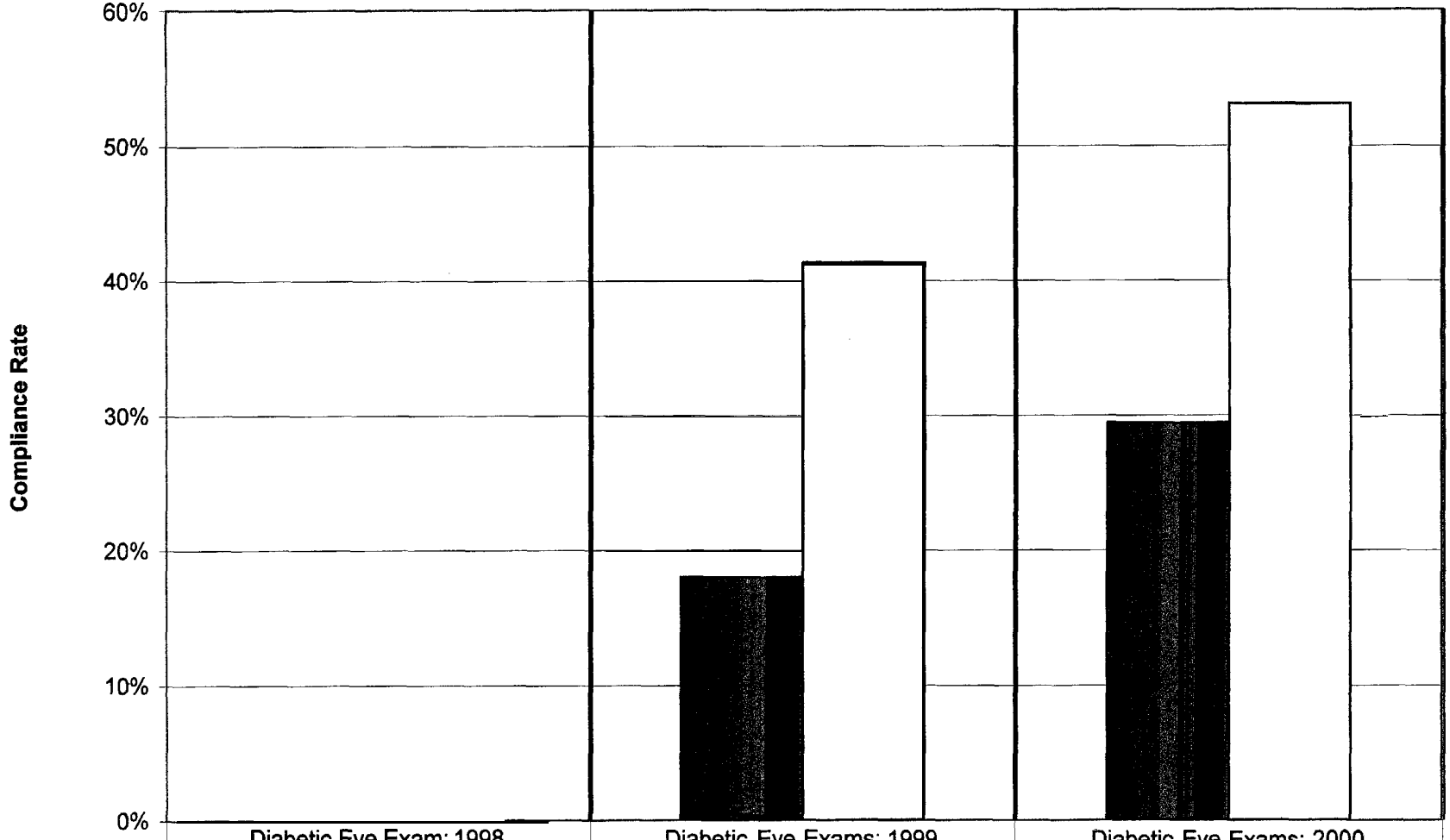
HEDIS 1998 - 2000 Summary: Well Child & Well Adolescent Visits
CCAH vs. Medical Health Plan (MCHP)



	Well Child Visits First 15 Months: 6+ Visits	Well Child Visits First 15 Months: 5 Visits	Will Child Visits First 15 Months: 4 Visits	Adolescent Well Care Visits
■ 1998: EQRO CCAH		25.00%		11.70%
□ 1998: EQRO MCHP		25.9%		12.3%
■ 1999:CCAH	19.90%	27.91%	19.42%	18.97%
MCHP9: Ave	26.0%			30.2%
■ 2000:CCAH	49.49%	22.82%	14.10%	33.82%
❑ 2000:MCHPAve	32.9%			29.2%

* MCHP = MediCal Health Plan

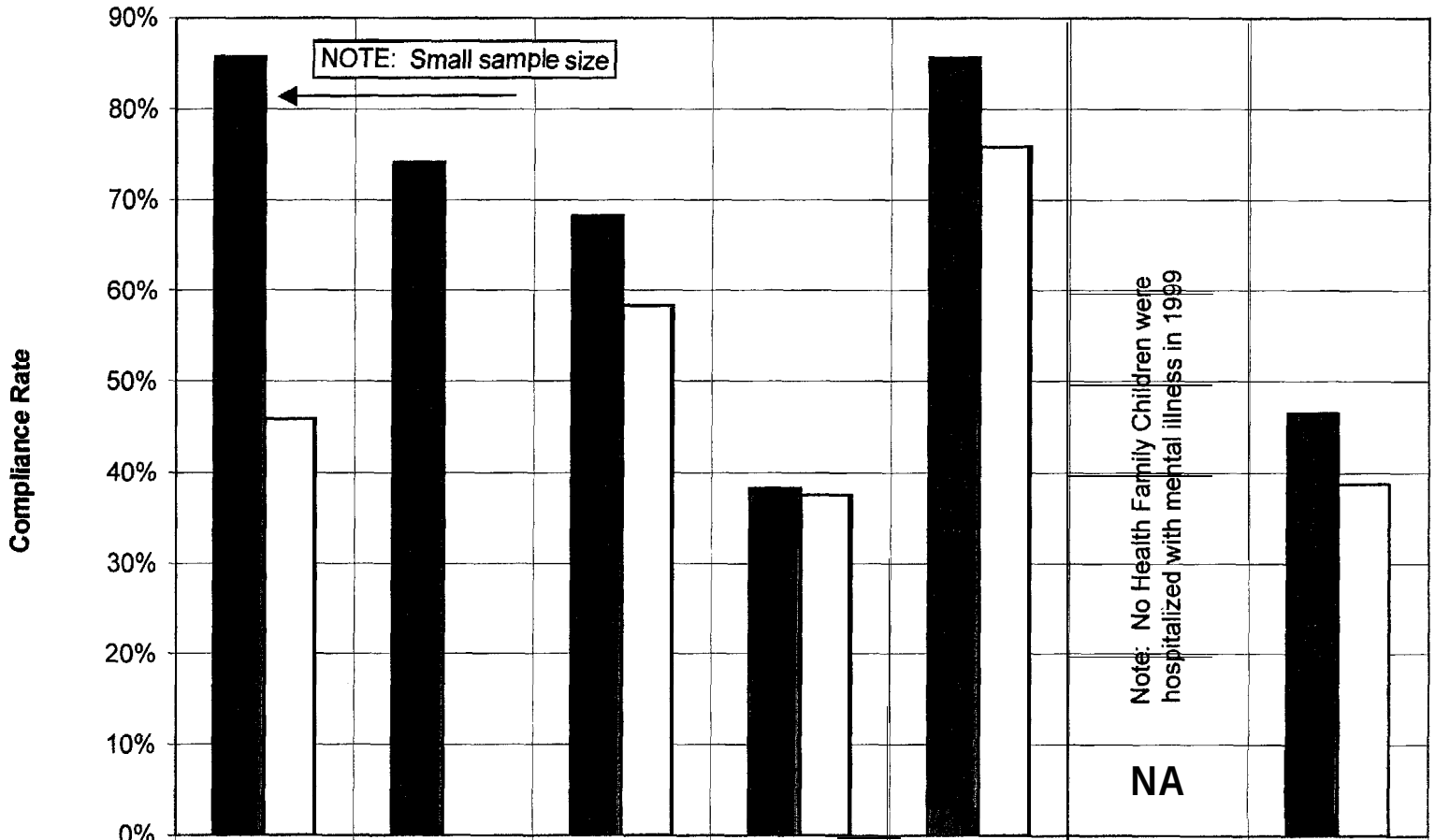
HEDIS 1998 - 2000 Summary: Diabetic Eye Exams
CCAH vs. Medical Health Plan (MCHP)



	Diabetic Eye Exam: 1998	Diabetic Eye Exams: 1999	Diabetic Eye Exams: 2000
■ CCAH		18.00%	29.44%
□ MCHP Ave.		41.3%	53.1%

* MCHP = MediCal Health Plan

Health Family Performance Measures
CCAH vs. Health Family Averages



	Childhood Immunizations: Combo 1	Childhood Immunizations: Combo 2	Well Child Visits Age 3-6 Years	Adolescent Well Care Visits	Child's Access to PCP	Follow Up after Hosp. for Mental Illness	120 Day Initial Health Assessment
■ CCAH	85.70%	74.1%	68.18%	38.30%	85.71%	0.00%	46.59%
□ Healthy Family Average	45.9%		58.3%	37.6%	75.8%	0.0%	38.8%

CENTRAL COAST ALLIANCE FOR HEALTH
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HEDIS Interventions 2001

Childhood Immunizations

- Phone call to mothers at 2 weeks post delivery to educate and encourage new mothers to get their baby immunized (by Health Educator: beginning 2/01)
- Immunization Reminder Card sent to all members at their first birthday (begin 7/01)
- Recognition Awards given to practices with immunization rates greater that 90% (Done 11/00)
- Best Practice strategies for increasing immunization compliance featured in the Provider Bulletin (Done 1 1/00)
- Provider Outreach, including materials and tools for improving immunization rates, given to the 5 practices with low immunization rates (on-going).
- Medical Director and Health Educator participation on the local Immunization Coalitions, including community/parent outreach activities and provider training opportunities (on-going)
- Pediatric Preventive Care Guidelines and Immunization Schedule given to all primary care providers, and to members in the revised member handbook (3/01)
- Immunization reminder articles in member newsletter (repeat periodically)

Well Child Visits

- Phone call to new mothers at 2 weeks post delivery to educate and encourage mothers to schedule and keep well child visits (begin 2/01)
- Reminder post card sent to all members at the first birthday (begin 7/01)
- Pediatric Preventive Care Guidelines distributed to all primary care providers, and to members in revised member handbook (3/01)
- Adolescent wallet card reminder distributed to community agencies, schools (beg. 4/01)
- Well child exams and preventive care promoted in new member orientations and in member newsletter (periodically)

Perinatal Care

- Health Educator hired for care coordination of pregnant members at request of provider (Done)
- "Esperanzas" perinatal support program launched to promote, educate, and incentivize pregnant members to access prenatal care early and regularly (education packets and promotional gift sent each trimester) (begin 1/01)
- "Esperanzas" promotional pamphlet to be delivered to provider sites (beg. 3/01)
- Phone call to new mothers at 2 weeks post partum to educate and encourage new mothers to schedule and keep their post partum check-up (began 8/00, ongoing)
- Incentive (gift certificate) to pregnant members who complete the post-partum visit (beg. 2/01)

- Promote perinatal care in member handbook, member newsletter articles and targeted health fairs (ongoing)
- Continuing education and strategizing on best methods to identity pregnant women early and provide outreach sensitive to members' needs (ongoing)
- Continue to coordinate and problem-solve with local CPSP programs (ongoing)

Diabetic Eye Exams

- Expand Alliance Diabetes Education Program to new sites in region (ongoing)
- Promote program to providers in provider newsletters, provider manual (ongoing)
- Identify high risk diabetics for providers to make referrals to education program (beg. 4/01)
- Promote eye exams and diabetes self-care in member newsletter (periodically), new member handbook (3/01), telephone on-hold messages, and new pamphlet for members (beg. 3/01)
- Improve methods of data capture for eye exams (ongoing)

EXHIBIT C

0286

Central Coast Alliance for Health
Balance Sheet
for the month ending December 31, 2000
unaudited

Assets			
	Cash	16,918,121	
	Restricted Cash	12,379,251	
	Short Term Investments	5,550,322	
	Receivables	18,111,446	
	Prepaid Expenses	69,535	
	Other Current Assets	11,044	
	Total Current Assets		53,039,719
	Furniture, Fixtures and Equipment - Santa Cruz	1,799,542	
	Furniture, Fixtures and Equipment - Monterey	928,313	
	Vehicles	24,295	
	Accumulated Depreciation	(1,815,194)	
	Other Non-Current Assets		
	Total Non-Current Assets		*936,956*
	Total Assets		53,976,675
Liabilities			
	Accounts Payable	166,583	
	Incurred But Not Reported Claims/Claims Payable	28,728,337	
	Accrued Expenses	442,312	
	Lease Payable - Current		
	Note Payable - Current		
	Interest Payable	*1,914*	
	Estimated Risk Share Payable	2,729,738	
	Other Current Liabilities	2,744,071	
	Total Current Liabilities		34,812,956
	Long Term Debt		
	Lease Payable - Non-Current	-	
	Notes Payable - Non-Current		
	Total Non-Current Liabilities		-
Fund Balance			
	Health Care Expense Reserve	12,379,251	
	Fund Balance - Prior Years	5,765,836	
	Retained Earnings - Current Year	1,018,632	
	Total Fund Balance		*19.163.719*
	Total Liabilities and Fund Balance		*53.976.675*

The Notes to the Financial Statements are an integral part of the statements.

Central Coast Alliance for Health

Consolidated Income Statement

for the month ending December 31, 2000

unaudited

	Year to Date			Actual	Variance
	Actual	Budget	Variance	PMPM	PMPM
State Capitation	142,695,198	140,801,026	1,894,172	196.40	-2.61
Healthy Families Revenue	520,618	474,453	46,165	0.72	-0.06
Other Revenue	0	0	0	0.00	0.00
Interest Income	1,536,160	1,077,308	458,852	2.11	-0.63
Total Revenue	**144,751,975**	**142,352,787**	**2,399,188**	**199.23**	**-3.30**
PCP Capitation	3,569,148	3,529,921	(39,227)	4.91	-0.05
Lab Capitation	568,113	568,113	0	0.78	0.00
Vision Capitation	740,154	740,154	0	1.02	0.00
Physician FFS	12,420,520	12,942,376	521,850	17.10	0.72
Pharmacy	198	23.562.304	124,594)	32.46	-0.03
Hospital Inpatient	36,709,223	37.414.448	705,225	50.53	0.97
Hospital Outpatient	5,158,319	5,449,277	290,958	7.10	0.40
Long Term Care	37,453,364	36,540,372	(912,992)	51.55	-1.26
Other Medical	5.275.218	5,658,580	383,362	7.26	0.53
Lab FFS	225,353	225,353	0	0.31	0.00
Risk Share	4,381,692	0	(4,381,692)	6.03	-6.03
Reinsurance	(66,811)	0	66,811	-0.09	0.09
Total Health Care Expense	**130,021,190**	**126,630,898**	**(3,390,292)**	**178.96**	**(4.67)**
Salaries & Fringe Benefits	5,413,732	6,329,013	915,281	7.45	1.26
Contract Services	580,348	597.001	16.653	0.801	0.02
Travel & Training	114,566	152,986	38,420	0.16	0.05
Office Supplies & Equipment	1,062,526	1,143,633	81,107	1.46	0.11
Rent & Occupancy	429,148	427,930	(1,218)	0.59	0.00
Other Expenses	873,841	868,743	(5,098)	1.201	-0.011
Total Administrative Expenses	**8,474,161**	**9,519,306**	**1,045,145**	**11.66**	**1.44**
	5.9%				
Health Care Expense Reserve	**5,237,994**				
Net Income less Reserve	**1,018,630**				
% of Revenue less Expense and Reserve	**0.7%**				
Members Current Month	**65,214**				
Monthly Average	**60,545**				

The Notes to the Financial Statements are an integral part of the statements.

Central Coast Alliance for Health

Income Statement: Santa Cruz

for the month ending December 31, 2000

unaudited

	YEAR TO DATE			ACTUAL	VARIANCE
	ACTUAL	BUDGET	VARIANCE	PMPM	PMPM
State Capitation	60,998,845	59,869,047	1,129,798	238.79	(4.42)
Other Revenue	-	0	-		
Total Revenue	**60,998,845**	**59,869,047**	**1,129,798**	**238.79**	**(4.42)**
PCP Capitation	1,734,734	1,739,982	5,248	6.79	0.02
Lab Capitation	212,820	212,820	0	0.83	-
Vision Capitation	265,983	265,983	0	1.04	-
Physician FFS	5,259,175	5,726,331	467,156	20.59	1.83
Pharmacy	10,811,443	10,782,649	(28,794)	42.32	(0.11)
Hospital Inpatient	10,767,440	11,833,752	1,066,312	42.15	4.17
Hospital Outpatient	1,840,405	1,858,899	18,494	7.20	0.07
Long Term Care	17,241,887	16,609,389	(632,498)	67.49	(2.48)
Other Medical	3,158,500	3,590,001	431,501	12.36	1.69
Lab FFS	123,378	123,378	0	0.48	-
Risk Share	2,622,882		(2,622,882)	10.27	(10.27)
Reinsurance Expense	(66,810)		66,810	(0.26)	0.26
Total Health Care Expense	**53,971,838**	**52,743,184**	**(1,228,654)**	**211.28**	**(4.81)**
Revenue less Health Care Exp.	**7,027,007**	**7,125,863**	**(98,856)**		

Central Coast Alliance for Health

Income Statement: Monterey
for the month ending December 31, 2000
unaudited

	Year to Date			Actual	VARIANCE
	Actual	Budget	Variance	PMPM	PMPM
State Capitation	81,696,355	80,931,979	764,376	176.61	(1.65)
Total Revenue	**81,696,355**	**80,931,979**	**764,376**	**176.61**	**(1.65)**
				0.00	-
PCP Capitation	1,798,190	1,750,211	(47,979)	3.89	(0.10)
Lab Capitation	348,680	348,680	0	0.75	-
Vision Capitation	474,171	474,171	0	1.03	-
Physician FFS	7,083,860	7,104,263	20,403	15.31	0.04
Pharmacy	12,723,670	12,691,608	(32,062)	27.51	(0.07)
Hospital Inpatient	25,912,391	25,445,520	(466,871)	56.02	(1.01)
Hospital Outpatient	3,303,678	3,555,074	251,396	7.14	0.54
Long Term Care	20,211,477	19,930,983	(280,494)	43.69	(0.61)
Other Medical	2,094,110	2,036,847	(57,263)	4.53	(0.12)
Lab FFS	101,527	101,528	0	0.22	0.00
Risk Share	1,600,380	0	(1,600,380)	3.46	(3.46)
Reinsurance Expense	(1)	0	1	0.00	0.00
Total Health Care Expense	**75,652,133**	**73,438,885**	**(2,213,248)**	**163.54**	**(4.78)**
Revenue less Health Care Exp.	**6,044,223**	**7,493,094**	**(1,448,871)**		

0289

The Notes to the Financial Statements are an integral part of the statements.

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Central Coast Alliance for Health

Income Statement: Healthy Families
for the month ending December 31, 2000
unaudited

	Year to Date			Actual	VARIANCE
	Actual	Budget	Variance	PMPM	PMPM
Healthy Families Revenue	520,618	514,248	(6,370)	61.20	(0.75)
Other Revenue	-	-	-	0.00	0.00
Interest Income	-	-	-	0.00	0.00
Total Revenue	**520,618**	**514,248**	**(6,370)**	**61.20**	**(0.75)**
PCP Capitation	36,224	39,728	3,504	4.26	0.41
Lab Capitation	6,613	6,613	0	0.78	0.00
Mental Health Capitation	17,297	17,297	0	2.03	0.00
Physician FFS	77,484	111,782	34,298	9.11	4.03
Pharmacy	51,785	88,047	36,262	6.09	4.26
Hospital Inpatient	29,392	135,176	105,784	3.45	12.43
Hospital Outpatient	14,237	35,304	21,067	1.67	2.48
Other Medical	5,311	14,435	9,124	0.62	1.07
Lab FFS	448	448	0	0.05	0.00
Risk Share	158,430	0	(158,430)	18.62	(18.62)
Reinsurance Expense	(1)		1	0.00	0.00
Total Health Care Expense	**397,219**	**448,829**	**51,610**	**46.69**	**6.07**
Revenue less Health Care Exp.	**123,399**	**65,419**	**57,980**		

Central Coast Alliance for Health

Statement of Cash Flows

for the year ending December 37, 2000

Cash flows from Operating Activities:	
Net Income	1,018,632
Additions to Health Care Reserve	5,237,994
Items not requiring the use of cash: depreciation	591,742
Adjustments to reconcile net income to net cash provided by operating activities:	
Change in Receivables	(8,289,699)
Change in Prepaid Expenses	(51,214)
Change in Other Current Assets	(11,044)
Change in Accounts Payable	69,146
Change in IBNR	13,746,583
Change in Accrued Expenses	91,938
Change in Interest Payable	1,914
Change in Current Notes Payable	
Change in Risk Share Payable	425,345
Change in Other Current Liabilities	(115,059)
Change in Lease Payable	
Change in Note Payable	
Net Cash Provided by Operating Activities	5,867,910
Change in Investments	977,114
Investment to Expand Operations (Monterey)	
Equipment Acquisitions	(465,602)
Net Cash Used in Investing Activities	511,512
Payment of Long-term Debt	
Net Cash Provided by Financing Activities	
Net Increase/(Decrease) in Cash	13,227,790
Cash at December 31, 1999	16,069,581
Cash at December 31, 2000	29,297,372

The Notes to the Financial Statements are an integral part of the statements.

CENTRAL COAST ALLIANCE FOR HEALTH
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REPORT TO THE COMMUNITIES OF THE MONTEREY REGION:

Central Coast Alliance for Health - 2000

Spring 2001

Central Coast Alliance for Health
Activities and Accomplishments: Year 2000

Introduction

The Y2K was a year of change foi Central Coast Alliance for Health, as it was for most organizations. The Alliance's changes included a new regional service area, expand&d quality management activities, and continued evolution of board policy on provider payments and member services. Our achievements described 'below were made possible by local health care providers, community agencies, our State legislators and County governments, the Alliance's board&id staff, and our health plan members. We shared a common purpose of improving he&h care access for lower income residents of the Monterey Bay region, and we made significant progress toward that goal.

For your information, this report summarizes the activities and accomplishments of the Alliance in the Year 2000. For a full copy 'of the' Alliance's 2000 Annual Report please visit the Alliance's website at www.ccah-alliance.org or call (831) 457-3850 extension 4352 and ask Daphne Morrissey for a copy. .On behalf of the Alliance, thank you for your contributions to our progress in Y2K!

Background on the Alliance

The Central Coast Alliance for Health ("the Alliance") is a non-profit health plan whose mission is to ens&appropriate access to quality health care services for over 60,000 local Medi-Cal and Healthy Families members in Santa Cruz and Monterey counties. The Alliance operates locally with a budget of $130M and One hundred staff in offices' in Santa Cruz and Salinas. The health plan is governed by a sixteen-member board that includes representatives of local providers, members, government, and the public. The County Supervisors in Santa Cruz and Monterey Counties established the Alliance as an independent public agency to improve he&h care access for lower income residents.

Alliance Members

The Alliance serves approximately 60,000 Medi-Cal and 960 Healthy Families members in Santa Cruz and Monterey counties. The Alliance's membership now includes nearly all of the Medi-Cal beneficiaries in both counties. Among Alliance Medi-Cal members in the Monterey Bay region in Y2K, approximately:

- 28% are Caucasian,
- 57% are Latino,
- 3% are African American, and
- 12% are other ethnicity or not reported.
- 47% are English speaking, and
- 39% are Spanish speaking.

- 60% of members are female, and
- 40% are male.

- 61% of members are less than 19 years old, and
- 13% are aged 65 or older.

- 22% are persons with disabilities, and
- 2% reside in skilled nursing facilities.

Alliance Healthy Families members are children, up to age 18, of families with incomes from 100% up to 250% of the federal poverty level.

The Alliance Member Services Department assists members in accessing health care services. Ten (10) Member Services Representatives are available by phone and in person throughout the region to assist members. All MSRs are bilingual, and are skilled at solving access problems.. The Alliance staff includes a full-time Grievance Coordinator dedicated to resolution of member problems. Members may also obtain assistance through the Alliance's Member Advocate Program ("MAP") that is administered by Legal Aid of the Central Coast in both Santa Cruz and Monterey counties.. The MAP is available to members as an external source of support,. guidance and advocacy.

Notably, in the State's independent survey of member satisfaction within Medi-Cal plans'; the Alliance's scores were above the all-health plan average on all overall measures, including satisfaction with:. Personal Doctor'or Nurse, Specialist most often seen, All health care received, and Health Plan services.

Central Coast Alliance for Health

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unaudited

- The Santa Cruz-Monterey County Managed Care Commission d.b.a. Central Coast Alliance for Health (the Alliance) is a managed healthcare system serving Medi-Cal eligibles and Healthy Families participants in Santa Cruz County. The Alliance is a local public agency separate and distinct from the County government. Pursuant to the California Welfare and Institutions Code, the Alliance was created by the County Board of Supervisors through the adoption of an ordinance on April 27, 1993.

- In 1998, the Alliance entered into an agreement with Monterey County to expand the Alliance's services into Monterey County beginning October 1, 1999. The Regional County Organized Health System (RCOHS) was approved by the Monterey County Board of Supervisors July 14, 1998 and by the Santa Cruz County Board of Supervisors August 25, 1998. In addition, Monterey County has agreed to share equally in the risk of the expansion costs, which is $1,907,287.

- Restricted cash include healthcare reserve funds.

- Investments consist of U.S. Treasury securities, Local Agency Investment Fund (L.A.I.F.) and mutual funds and are carried at cost, which approximate fair value. All cash, cash equivalents and investments are insured or collateralized with securities held by the Alliance or by its agent in the Alliance's name.

- Property and equipment are stated at cost. The costs of normal maintenance, repairs and minor replacements are charged to operations when incurred. Depreciation is calculated on a straight-line method using a three year estimated useful life.

- Capitation revenue is received from DHS monthly based on estimated membership and premium rates as provided for in the contract. Capitation revenue is subject to retrospective adjustment by DHS when actual membership becomes known.

- The CMAC Board has approved a pass through of the 2000 legislative rate increase to the Alliance retroactive to 8/1/00. The pass through is recorded as Receivables. The Alliance expects to receive the retroactive payment from DHS on or about May 2001.

- The cost of healthcare services is accrued in the period in which it is provided to a member, in part, on estimates, including an accrual for medical services provided but not reported to the Alliance. Incurred but not reported claims (IBNR) is estimated by using the Alliance's past 30 months lag factors and average per member per month healthcare costs.

- The Alliance held no stoploss insurance in 2000 but will be insured by the state beginning January 1, 2001. The Alliance would have spent approximately $1.1 million on stoploss premiums had there been coverage in 2000. Total expected recoveries forgone for 2000 is expected to be approximately $1 million.

- Under the terms of its provider agreements, the Alliance has agreed to risk-sharing arrangements. To the extent that actual medical costs fall below established targets, the Alliance is required to make risk-sharing payments to the providers. Medical costs include all amounts incurred by the Alliance under these agreements.

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- The Alliance is exempt from income tax pursuant to Section 501(a) of the Internal Revenue Code.

Central Coast Alliance for Health

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- The Alliance leases office space under a non-cancelable operating lease with minimum annual payments as follows:

	Santa Cruz Space	Salinas Space
1999	$205,445	$41,825
2000	$306,942	$55,767
2001	$321,474	$55,767
2002	$331,118	$55,767
2003	$341,052	$55,767
2004	$351,283	$13,942

- On January 1, 1997, the Alliance established a 401(a) Money Purchase Plan and Trust, which is an elective plan covering all employees after one year of employment. Under the terms of the plan, the Alliance will contribute 5 percent of salaries and wages on behalf of each participant for the plan year. At the September 2000 Board meeting, commissioners voted to raise the Alliance's contribution to employees' 401(a) Plan to 10%. In addition, plan participants may elect to make voluntary contributions to the plan.

- The Alliance's board established a policy for increasing the organization's capital reserves by establishing a healthcare reserve fund equal to two month's premium, or approximately $25 million. The Alliance intends to reach this target by the year 2004.

Access' and Quality of Care

The Alliances mission is to ensure that members receive timely and appropriate quality health care services. The Alliance works closely with its provider network of over 740 physicians, all local hospitals and regional tertiary care centers, pharmacies and allied health care providers to ensure members receive the care they need, when they need it. The Alliance "links" members to primary care physicians to ensure access to primary and specialty care, health assessments, preventive services and case management.. During Y2K, linked Alliance members were connected with a "medical home" among -primary care providers as follows:

	Santa Cruz County	Monterey County
Community Clinics	42%	71%
Private Practice PCPs	58%	29%

To monitor and promote quality of care, the Alliance's Health Services Department, under the direction of Dr. Barbara Palla, a local pediatrician, develops and administers a Quality Assurance and Improvement Plan. As part of the Quality Plan, the Alliance collects and reviews data from 'medical records, and'measures local provider services against benchmark standards (called HEDIS measurements). In March 2000, 'the State published their independent HEDIS comparison of 29 Medi-Cal health plans. The Alliance scored at or above the Medi-Cal health plan aver&e score on all measures, including; Childhood Immunizations (all combinations), Well Child Visits; Initiation of Pre-Natal Care, Prenatal Care in the First Trimester, and Check Ups after Delivery.

By working with local health care providers to ensure access and quality of care, the Alliance seeks to improve the value of Medi-Cal insurance for lower income-residents of the Monterey Bay region.

Alliance Health Care Providers

The Alliance's network is comprised of over 1,000 health care providers including primary care physicians, specialists, hospitals, allied health providers, pharmacies and long term care facilities. The Alliance also operates with an "open network" for specialty care, so members may be referred to non-contracted providers.

The Alliance's success in improving access, and in scoring well in State surveys of member satisfaction and quality of care, is attributable to the commitment of local providers to serving Alliance members. In Y2K, the Alliance's board approved two new'provider payment policies to improve provider satisfaction, and participation: In September 2000, the Alliance implemented its first ever mid-year, interim risk settlement, and shared $1.9M in budget surplus with participating providers. The interim settlement shares surplus in a timelier manner than the' previous annual risk settlement alone. In addition, the board modified the' Alliance's Healthy Families payments to increase "upfront" payments tohetter balance year-end surplus sharing rewards.

Alliance in the Community

The Alliance is involved in a number of partnerships and collaborative efforts within the communities it serves including:

- Health Care Outreach The Alliance is involved in collaborative efforts in Santa Cruz and Monterey Counties to expand health care to eligible uninsured individuals.

- Santa Cruz County Commission on Disabilities.' The Alliance continues its' on-going communication With' the Commission on Disabilities to 'promote timely services to disabled members in Santa Cruz County.,

- Monterey County Disabilities Services Committee. The Alliance participates on this committee which reviews services to individuals with disabilities in Monterey County.,

- Disabilities Awareness Training for St& In June 2000, the Alliance in conjunction With the Central Coast Center for Independent Living (CCCIL), participated in a training program developed by CCCIL and designed to increase staff awareness of issues and concerns faced by persons with disabilities.

- Coalitions for, Public Health Issues. The Alliance is involved in a number of community coalitions which address public health issues, including the Breastfeeding Coalition, the Immunization Coalition, the Central Coast Asthma Coalition, and the Breast Cancer Early Detection Program and others.'

- Health Care Advocacy Project. The Alliance is a member 'of this advisory board that is a project throughthe Central Coast Center for Independent Living that has been funded by the California Endowment to' establish a model of advocacy and mediation services for health care consumers living with long-term illness, chronic pain or physical .or mental disability,

- South County Regional Health Partners The Alliance participates on the board of South County Regional Health Partners in Monterey County, which is a partnership in southern Monterey County that includes local healthcare providers, a school district, community agencies, elected officials and employers;

- Long Term Care Integration Project. Alliance staff participate-in community-based planning conducted by the Santa Cruz County Health 'Services Agency to improve coordination and 'integration of the financing and delivery of long term care services.

Through these and other community partnerships, the Alliance integrates its efforts with other organizations that serve lower income residents of the Monterey Bay region.

Alliance Governance and Administration

In Y2K the Alliance operated with 'a $130M budget after tripling health plan membership with the expansion of services to Monterey County. Notably, the Alliance used 7.3% of revenue for administrative costs, with the remaining 92.7% of revenue available for medical care costs. Compared to like-sized health plans in California, the Alliance ranks among the most efficient in managing administrative costs. In April 2000 the Alliance posted a $3.4M medical budget surplus for FY 1999, which was shared with participating primary and specialty care physicians, hospitals and pharmacies.

In July 2000 the Alliance's governing board identified the following, three priority goals for health plan:

1. Develop "user friendly" systems for members and providers,
2. Improve providersatisfaction and 'participation
3. Maintain and strengthen fiscal viability. . .

Alliance staff are engaged in achieving these goals, with focus on:

- Improving communication on Alliance policies.
- Improving Alliance systems and use of technology.
- Improving management of major determinants of fiscal performance.
- Improving customer service skills and culture at the Alliance.

In November 2000, the Chair of the Alliance's governing board, Supervisor Simon Salinas of Monterey County, was elected to the State 'Assembly and is now a member of both the Assembly Health Committee. He joins former Alliance board chair Assemblyman Fred Keeley, and Senator Bruce McPherson in the State capitol a&supporters of local health care reform.

On the regulatory front, in June 2000 the Alliance was granted a license to participate further in the Healthy Families Program by the State Department of Managed Health Care.. The DMHC is the State agency that oversees licensed health plans with an emphasis on member protections, -'provider interests and fiscal viability.. The Alliance is also regulated by the State Department of, . Health Services and the California Managed Risk Medical Insurance Board.

Challenges Ahead in 2001

The Alliance continues its efforts to improve health care access for lower income persons in the Monterey Bay region, and to improve customer service, member and provider satisfaction, and fiscal viability. Additional challenges include:

- Secure revenue funding in negotiations with the State to cover health care costs that are rising due to new 'drugs and technology, and to provide fiscal opportunities for the local providers that serve lower income patients;
- Expand quality studies, and work with local providers to further increase appropriate access to preventive; diagnostic and treatment services.
- Coordinate and integrate long term care service& by 'working with local stakeholders to promote a sensible and effective system of services for people with long term care needs.
- Prepare for new federal rules for the health care industry 'that will standardize transactions, privacy and security under new HIPAA regulations..
- Promote health care access for all, by working with regional partners to develop options for the uninsured through eligibility expansion and outreach at both the legislative and community levels.

The governing board and staff of the Central Coast Alliance for Health appreciate the opportunity to provide this report on local efforts to improve access to health care for lower residents of

Alliance Governing Board:
Santa Cruz - Monterey Managed Medical Care Commission

Dr. Maximiliano Cuevas	Provider representative, Monterey County
Dr. Arthur Dover.	Provider representative, Santa Cruz County
Dr; Ronald Fuerstner	Provider representative, Monterey County
Dr. Christine Griger	Provider representative, Santa Cruz County
Dr. Steven Harrison	Provider representative, Monterey County
Ms. Edith Johnsen	Board of Supervisors, Monterey County
Mr. Alvin Karp	Public representative, Santa Cruz County
Ms. Rama Khalsa, Ph.D.	Health Services Agency Administrator, Santa Cruz County
Dr. Robert Melton	Health Director, Monterey County
Mr. Michael Molesky	Public rep; Medi-Cal recipient, Santa Cruz County
Ms. Ellen Pirie	Board of Supervisors, Santa Cruz County
Ms. Elsa Quezada	Public representative; Monterey County
Ms. Linda Sanchez	Public representative, Monterey County
Mr. David Small	Hospital representative, Monterey County
Ms. Debbie St, John, RN	Provider rep, community clinic, Santa Cruz County
Mr. Michael Weatherford	Hospital representative, Santa Cruz County