



2011



# An Era of New Challenges

Finding New Ways to Serve Our Community

2011 Annual Report



**CenCalHEALTH**<sup>®</sup>  
The Regional Health Authority



## Revitalization and Renewal in Challenging Times

2011 was a tough year for any individual or organization involved with the health care safety net in Santa Barbara and San Luis Obispo counties. The poor state of the economy has produced enacted state budget cuts, and threatened federal budget cuts to the Medi-Cal program; and along with that comes a heated political environment associated with the presidential election in 2012.

For CenCal Health, 2011 was a year of tough challenges to overcome. But it was also a year of revitalization and renewal that helped us in moving forward to address these challenges – and to help keep the health care safety net functioning effectively in these adverse times.

Subsequent to my own elevation to the CEO position, CenCal Health has been fortunate to attract some very talented individuals who, in combination with our existing gifted and committed staff, will allow us to become better than ever at what we do. Our new Chief Medical Officer, Dr. Lowell Gordon, brings a wealth of experience and knowledge of the Medicaid program from his prior role as Medical Director for the New Mexico state Medicaid program. Our new Chief Operating Officer, Paul Jaconette, brings 18 years of experience in helping guide Sansum Clinic to its current position as the largest non-profit, multi-specialty healthcare organization between Los Angeles and the Bay Area.

I also can't help but ooze with pride and confidence over the talented and dedicated individuals that make up CenCal Health's staff (as you'll see in the following pages of this report); our provider partners committed to serving the less fortunate (as you'll see illustrated in our advisory board participation); and the true sense of community in the Santa Barbara/San Luis Obispo county area that allows us all to come together more successfully than other areas in the state or nation.

Looking forward to 2012, everyone involved in the health care safety net in Santa Barbara and San Luis Obispo counties is facing the same challenges, is pointed in the same direction, and shares the same goals – as they say, we're all in the same boat. Our goal for 2012 is for everyone else in the boat to be glad that a renewed, revitalized and committed CenCal Health is ready to row fast and furiously towards calmer waters!

A handwritten signature in dark ink that reads "Robert S. Freeman". The signature is written in a cursive, flowing style.

*Robert S. Freeman,*  
*Chief Executive Officer*



*Paul Jaconette*

## OUR NEW CHIEF OPERATIONS OFFICER

Paul Jaconette joined CenCal Health in August 2011 coming from Sansum Clinic, the largest nonprofit, multi-specialty healthcare organization between Los Angeles and San Francisco.

Mr. Jaconette is active in our community and a member of professional associations. He serves on the boards of the California Association of Physician Groups, Santa Barbara Neighborhood Clinics, Santa Barbara Region Chamber of Commerce and the Goleta Valley Chamber of Commerce. He is also an active member of the Medical Group Management Association, American College of Medical Practice Administrators and the Rotary Club of Santa Barbara.

Mr. Jaconette earned a Bachelor of Arts degree from the University of California Santa Barbara and a Master of Health Care Administration degree from Yale University, New Haven, Connecticut.

## Administration Department



*Clockwise from top left:  
Rebecca Hudson, Krista Vega,  
Paul Jaconette, Bob Freeman,  
Nena Quiros, Caitlin Larsen,  
Paula Marie Michal, Jennifer Vo*

## Administrative Services/HR Department

*Left to right:  
Eddie Carrasco, Susana Mendez,  
Albert Calvillo, Karyn Fish,  
Alexa Andrade, Eloisa Aguirre,  
David Cruz-Aguilar*



# Building strong relationships with providers



*Clockwise from top left:  
Suzzi Tyler, Theresa Merkle, Molly D-Ambrosio, Jennifer Fraser, Elizabeth Ginder, Tess Limjoco, Melissa Brown, Faith Reeves, Ashley Diamond, Marina Gordon (Director), Cindy Lansing, Sheila Thompson, Karina Perfecto*

Provider Services strives to provide responsive service and ongoing education to providers contracted with CenCal Health. This year marked the third anniversary of the Medi-Cal managed care expansion into San Luis Obispo County. Health plan staff remains committed to building and strengthening relationships with providers every year.

### SERVICE ORIENTED

CenCal Health offers local customer service from offices in both Santa Barbara and San Luis Obispo Counties which are fully staffed with Provider Services Representatives dedicated to assisting providers with training and education. Staff visited over 400 medical offices throughout the year to offer assistance with authorizations and payment, clarify program benefits, give website demonstrations, and review incentive programs. This year, we began offering webinars as a tool to communicate with providers who are remotely located throughout California.

The Provider Services Department coordinates conveniently located workshops approximately 12 times per year, including training for advanced billers, diabetes care coordinators, and quality improvement staff. In addition, staff assists new providers in understanding the Medi-Cal program by offering basic training sessions and new provider orientations. Over 300 providers have attended CenCal Health workshops on average over the past three years.

These training sessions are well received with 96% of providers responding that they feel confident using the information they learned at the workshop in their own practice.

### ACTIVE PARTICIPATION

Over 260 primary care providers and 1370 specialists are currently contracted with CenCal Health. The Provider Services Department continued contracting and recruitment efforts to improve access on behalf of our membership.

Over 40 new providers joined CenCal Health's network and Provider Services provided assistance with the contracting and credentialing processes. Staff would like to thank members of the Provider Credentialing Committee for giving of their time, experience and expertise to approve new providers to the health plan. In total, 94% of local Santa Barbara County providers are contracted with CenCal Health. We are grateful that providers continue to champion our mission of providing needed healthcare for low income residents of our community.

## ENSURING SATISFACTION

Over the past year, Provider Services staff strongly advocated on behalf of providers and addressed concerns in a timely manner. This year's specialist survey revealed that 92% of providers either 'agreed' or 'strongly agreed' that they were satisfied with the quality of service delivered by CenCal Health. Providers ranked website eligibility, courteousness of member services, accessibility of health services and pharmacy representatives, and the quality of on-site trainings especially high.

## INNOVATIVE PROGRAMS

We pride ourselves on being innovative and cost effective at CenCal Health, which allows us to share savings with healthcare providers in the form of premium increases over the State Medi-Cal fee-for-service rates. CenCal Health's incentive and disease management programs for diabetes and asthma reward primary care providers (PCPs) for quality. Last year, \$5.6M was paid to PCPs for quality indicators, utilization management, and coordination of care. In addition, Provider Services coordinated the Diabetes SMART Program and \$80,000 was paid to PCPs in 2010 for diabetes management.

## HELPFUL ONLINE TOOLS

CenCal Health continuously looks for ways to provide value to the provider community and leverage technology. Online tools include real-time authorization, efficient eligibility verification, and interactive claims adjudication. The design of the internet based portal for PCPs was completed, which provides access to member health information shared by community providers including pharmacies, laboratories, and community hospitals. The purpose of this portal is to assist physicians in coordinating care for their assigned members by providing access to real-time emergency room data, including presenting diagnosis and time of visit. The tool also provides preventive care reminders including cervical cancer screenings and annual well child visits.

### Provider Credentialing Committee

*Sabrina Carter, MD*  
*Luis Diaz, DC*  
*Farooq Husayn, MD*  
*W. Blake Jamison, MD*  
*N. Birrell Smith, MD*  
*Himat Tank, MD*

### Provider Advisory Board

*Barbara Brown-Ramirez, CPNP, MSN*  
*Pamela Challis*  
*Jack Doria*  
*Marina Gordon*  
*Rob Janeway*  
*Leslie Kearney*  
*Kathleen Long, MD*  
*Robert Nichols*  
*Lisa Reich*  
*Cynder Sinclair, DM*  
*Elizabeth Snyder*  
*Kathleen Sullivan, RN, MSN*  
*Lynda Tanner*  
*Sheila Thompson, RN, CPHQ*  
*Heidi Williams*

## COMMUNITY COLLABORATION

CenCal Health would like to take the opportunity to thank the Provider Advisory Board for providing sound guidance into healthcare operations and input into quality and contracting initiatives. Your input is invaluable. This past year, Provider Services began coordinating quarterly Federally Qualified Health Center roundtable meetings to support collaborative efforts. As safety-net primary care providers, administrative staff was primarily focused on budget challenges and potential reductions to Medi-Cal funding.

It comes as no surprise to the healthcare community that CenCal Health faces significant challenges in light of increased healthcare costs and decreasing revenues. Staff, with the unwavering support of our Board of Directors, has been diligent in sheltering providers from budget reductions when possible. Most notably, providers continue to display an unvarying commitment to look toward our future partnership.

# Committed to ensuring quality medical care

### UTILIZATION MANAGEMENT

Health Services is committed to ensuring medically necessary quality care in appropriate settings. UM nurses and physicians, working closely with hospital staff and attending physicians, perform pre-service reviews, concurrent reviews and post-service reviews. These reviews utilize nationally recognized, evidence-based criteria adopted by our network physicians to ensure that services being performed and medical equipment being ordered are appropriate. Starting in 2011 three local-area inpatient hospitals signed a Diagnosis Related Group (DRG) contract. The contracts are modeled after Medicare's DRG contracts and more closely align the hospitals' and CenCal Health's incentives. It is our goal that the DRG program now be expanded due to its success.

### CARE MANAGEMENT

Care Management empowers members to exercise their options, to make informed choices, to access the services appropriate to meet their individual health needs and promotes optimal outcomes. It is a collaborative process whereby registered nurses work directly with members and families by telephone in order to educate members about their chronic diseases and to coach them toward healthy lifestyle changes. Part of the Care Management program includes nurses working with diabetic and asthmatic members to help reduce inappropriate ER visits and promote communication between the patients and their Primary Care Physicians. In addition, Care Management nurses also work with members that had a recent hospitalization so that they are less likely to be readmitted back into a hospital.

### HEALTH EDUCATION

Health Education strives to provide CenCal Health members with health guidance and information and to support our provider network with effective resources for clear health communication. The member newsletter, "Your Health" is mailed three times a year to over 42,000 member households in Santa Barbara and San Luis Obispo counties providing information on preventive care, disease management and community resources.

A Health Education and Cultural and Linguistic Needs Assessment was conducted this year which included surveying almost 1,000 Health Initiative and Healthy Families members. The results of this survey provide valuable information on the preferred learning methods, health concerns and language needs of our health plan members. The results are then shared with CenCal's providers and community partners and are also used to help prioritize future health education and language services.



*Rosemary Muñoz and Suzanne Michaud at Cottage Hospital's Family Fitness & Baby Fair.*



*Lowell Gordon, MD*

## OUR NEW CHIEF MEDICAL OFFICER

Dr. Lowell Gordon is CenCal Health's new Chief Medical Officer. Previously, he was the medical director for the New Mexico state Medicaid program. Dr. Gordon brings years of experience and knowledge of the Medicaid program.

Prior to Medicaid, Dr. Gordon served in various roles including CFO of a non-profit primary care clinic, Executive Director of a physician-hospital organization, health care consultant and Medical Director of an HMO. Dr. Gordon is a board certified pediatrician and also holds an MBA degree from Berkeley.

## MSSP

CenCal Health was awarded a federal grant, effective October 2008, for the Multipurpose Senior Services Program (MSSP). The primary objective of MSSP is to foster and maintain independence and dignity in community settings for frail seniors by preventing or delaying their inappropriate placement in a nursing facility. MSSP care management provides for client assessment, care planning, service arrangement and client monitoring. A team of health and social service professionals provides each client with a complete health and psychosocial assessment to determine needed services and then works with the client and family to develop an individualized care plan.

Despite the State's budget cuts to MSSP and the corresponding difficulties that these cuts created, the staff was able to continue to provide excellent care management services to the seniors enrolled in the program. The pride and caring MSSP staff take in providing for these members is evident by the high degree in which they go out of their way to help them safely and independently remain at home.

## QUALITY MANAGEMENT PROGRAM

The Quality Management program assists new provider offices in preparing for initial audits in order to meet the necessary certification to treat CenCal Health members. It also performs audits and medical record reviews every three years in network provider offices as part of the provider recertification process. Part of this unit's duties also includes investigating and following up with the Chief Medical Officer and the Member Services department on all member clinical grievances. Another important duty is to develop, implement, evaluate and monitor the State assigned Quality Improvement Plans and to research best practices that improve clinical performance measures.

### Quality Improvement Committee

*Rene Bravo, MD*  
*Robert Freeman*  
*Lowell Gordon, MD*  
*Peter Hasler, MD*  
*Carlos Hernandez (Chair)*  
*Paul Jaconette*  
*Richard Ripple, MD*  
*David Strumpf, MD*

### Medical Advisory Committee

*Gilbert Anderson, MD*  
*Julio Bordas, MD*  
*Philip Borgardt, MD*  
*Lowell Gordon, MD (Chair)*  
*Peter Hasler, MD*  
*Albert Hawkins, MD*  
*Jeff Januska, PharmD*  
*Jeff Kaplan, MD*  
*David Lennon, MD*  
*Lawrence, Li, MD*  
*Karen Moyes, MD*  
*George Robertson, MD*  
*Michele Saunders, MD*  
*Neil Sullivan, MD*  
*Nancy Wharfield, MD*

# Caller satisfaction and ER use reduction

Caller satisfaction and Improvement towards reducing Emergency Room use for routine care remained the two main initiatives for the Member Services department for the 2010-2011 Fiscal Year. This past year the Member Services department experienced staffing shortages but worked diligently to maintain service levels for the call center. The department staff continued with its commitment to the collaborative coaching effort with Cottage Hospital Santa Barbara Emergency Department (ED) staff targeting those members using the ED for routine care resulting in reduced ED utilization.

The Member Services department also reviewed its organizational structure and made some reporting changes that reallocated staff for the call center. The department also started efficiency reviews of all positions in order to streamline processes throughout the department. Also included in this activity was a complete review of metrics, coaching and evaluation tools focusing on employee satisfaction while improving customer service.

### Community Advisory Boards

*Kena Burke  
Donna Claiton  
Paula Curran, RN  
Walker Dearth  
Lee Diaz  
Dana Gamble  
Rene Garcia  
Karen Johnson  
Petra Lowen  
Georgene Lowe  
Linda McClure  
Laura Mejia  
Karen Moyes, MD  
Jon Nibbio  
Caro Stinson*



*Clockwise from top left: Pat Tyler, Lauren Ortega, Donna Slimak, Maria Estrada, Lizette Castellanos-Forney, Maria Marquez, Katherine Back, Mishela Prieto, Diana Calderon, Elizabeth Rodriguez, Kira Cross, Lisa Smith, Rosemary Muñoz, Shonna Stamps, Angela Garcia, Dori Martini, Eric Buben, Joanna Rosas, Rosa Medina*

## Maintaining successful partnerships

The pharmacy department continued to enjoy success from the 340B collaborative program with the Community Health Center (CHC) in San Luis Obispo as it began its second year of operation. The 340B program expanded this past year into Santa Barbara through a partnership with the Neighborhood Clinics. Section 340B is a provision within the Veteran's Health Act of 1992 which allows certain qualified safety-net providers such as FQHCs and Public Health Departments to purchase drugs at rates significantly below market. Through access to 340B purchasing our collaboration has created a revenue opportunity for the clinics and an expense offset for CenCal Health.

We also continue to enjoy very successful partnerships with two Specialty Pharmacy vendors for the provision of certain complex and costly therapies. Our primary partner is Walgreens Specialty Pharmacy who supports the therapeutic areas of oncology, multiple sclerosis, rheumatoid arthritis, growth hormone deficiency, and hepatitis C amongst others. This past year we added a second Specialty partner, CuraScript Specialty Pharmacy for the specific therapeutic areas of pulmonary artery hypertension and cystic fibrosis. Through these strategic partnerships we have been able to mitigate the National Specialty growth trend of ~14% (AON 2010) to less than 4%. In addition to expense reductions, our members enjoy and benefit from enhanced clinical services, member outreach, side effect management and therapy oversight.

Lastly, CenCal Health's Pharmacy Department continues to be supported and overseen by an exceptional and active Pharmacy and Therapeutics (P&T) Committee comprised of dedicated network physicians and pharmacists.

### Pharmacy and Therapeutics Committee

*Sandeep Anantani, R.Ph., MBA*

*Julio Bordas, MD*

*Lowell Gordon, MD, CMO*

*Albert Hawkins, MD*

*Jeff Januska, Pharm.D.*

*Francis Lagattuta, MD*

*Chris Mitsuoka, Pharm.D.*

*Karen Moyes, MD*

*Manuel Salmeron, MD*

*Buck Sharp, R.Ph.*

*Chad Signorelli, Pharm.D.*



*Dawn Funé Seward, Rita Washington,  
Stephanie Muñoz, Susan Ramirez, Jeff Januska*

# Access, disease management and accountability

**Quality of Care:** CenCal Health earned the California Department of Health Care Services (DHCS) Bronze Award for Quality. As measured by indicators that comprise the Healthcare Effectiveness Data and Information Set (HEDIS 2010), we ranked 2nd best among the five CAHIO plans that comprise the California Association of Health Insuring Organizations (CAHIO).<sup>1</sup> We ranked 3rd statewide among all Medi-Cal Managed Care plan contractors, regardless of plan model. These rankings and our recent DHCS commendation validate the exceptional quality of care delivered by our providers.

**Public Accountability:** We again successfully reported independently-audited performance data to the National Committee for Quality Assurance (NCQA), a private, non-profit organization dedicated to improving health care quality. Based on excellent HEDIS 2011 results, we are expected to maintain a top ranking among Medi-Cal plans for its Santa Barbara Health Initiative product. For its San Luis Obispo Health Initiative product, we measured performance for the full set of DHCS performance indicators. Based on these measurements, staff is implementing innovative changes to improve quality for its San Luis Obispo membership.

**Postpartum Care:** In 2011, we proudly reported that nearly 78% of women with a live birth received timely postpartum care following delivery. This performance ranked solidly among the best tenth percentile of Medicaid plans nationally. Timely postpartum care is vital to mitigate physical and emotional complications during a particularly vulnerable time, to provide anticipatory guidance about newborn care and family planning, and to inform members of supportive resources within the health plan and community.

**Pediatric Immunizations:** For its SBHI product, we maintained immunization completeness at 82% for Medi-Cal members 2 years of age, to protect against diphtheria, tetanus, pertussis, polio, measles, mumps, rubella, haemophilus influenzae



*Robert Freeman, CEO of CenCal Health Plan, accepting a Bronze Quality Award from DHCS Director Toby Douglas for the plan's outstanding performance in the DHCS 2010 HEDIS® measures for Medi-Cal Managed Care in Santa Barbara County.*

type b, hepatitis B, chicken pox, and pneumococcal disease. This level of immunization completeness ranked solidly among the best tenth percentile of Medicaid plans nationally.

**Superior Diabetes Management:** Among Medicaid plans nationally, we ranked amid the best tenth percentile for three of eight measurements that indicate quality of diabetes care. More than 70% of Medi-Cal members with diabetes had an eye exam to screen for diabetic retinopathy; nearly 62% of members had a controlled A1c level at better than 8% -- a vitally important measure of blood sugar control; and 46% of members met the clinical goal for control of LDL cholesterol less than 100 mg/dL.

**Access to Primary Care:** In 2010 we proudly reported that more than 93% of children enrolled in CenCal Health's Healthy Families Program accessed primary care services during recommended timeframes. Appropriate utilization of services in a primary care setting is encouraged to promote primary care case management and creation of a Medical Home.

<sup>1</sup>Since its introduction in 1993, the Healthcare Effectiveness Data and Information Set (HEDIS) evolved to become the gold standard in managed care performance measurement. HEDIS is a set of standardized performance measures designed to help purchasers and consumers make reliable comparison of organization performance.

## Focused on preparing for the future

A big focus within CenCal Health this year has been on preparing for the future. With Healthcare reform right around the corner and big implementations like the changes to HIPAA X12 files (5010) and ICD-10 coming soon, planning has been a very big priority.

A goal for CenCal Health is to ease the transition on these types of challenges for our submitters. The easier it is on our Providers, the easier it will be on our Members.

**The HIPAA 5010 project has a due date of January 1st, 2012.** This project concerns electronic data file formats required by HIPAA and will have an impact on many of CenCal Health's providers. CenCal Health is on schedule to be ready to accept a HIPAA 5010 files on 1/1/2012 for all of the file types that CenCal Health currently accepts now.

This is a challenge that all Healthcare providers that exchange data electronically will have to overcome. During the early portions of 2012, CenCal Health will still be accepting HIPAA 4010 file submissions, which is the previous HIPAA version that the industry utilizes today, for our submitters that could not make the deadline. CenCal Health's plan is to eventually phase out the option for 4010 submissions so submitters will be encouraged to migrate to the 5010 file types.

**ICD-10 conversion must be completed by October 1st, 2013.** Conversion to the ICD-10 (diagnosis codes) code set is a very big project that has been compared in size to the 'Year 2000' (Y2K) issue years ago. Changing diagnosis codes, the codes that define the health state of the patients is very difficult due to the fact that they are typically used in such a variety of ways. Locating these codes and transitioning them from ICD-9, the version the industry uses today, to ICD-10 codes will be very

challenging. The date for this cutover is set by CMS on October 1st, 2013.

An ICD-9 to ICD-10 conversion tool will be added to CenCal Health's website as an attempt to assist with converting ICD-9 codes to ICD-10. The challenge is that one ICD-9 code may have many ICD-10 equivalents and this tool will assist a user in making the choice.

**Do more with less.** With the U.S. economy in the state it's in, then add California's budget situation on top, CenCal Health has been challenged to do more with less (again). CenCal Health is attempting to accomplish this with the use of technology.

CenCal Health has added functionality to our website to enable the Providers easier access to information that was, in the past, provided only via mail from CenCal Health.

Also, CenCal Health is utilizing software like WebEx, which enables employees to have meetings over the internet, which will allow viewing of PC presentations, voice participation, and remote access via laptop PCs or Smartphones. This type of technology improves efficiency and cuts down travelling costs.



*Left to right: Jose Dominguez, Alan Scholl, Edna Cruz, Greg Brown, Alex Yurcek*

## Continued improvement in claims processing

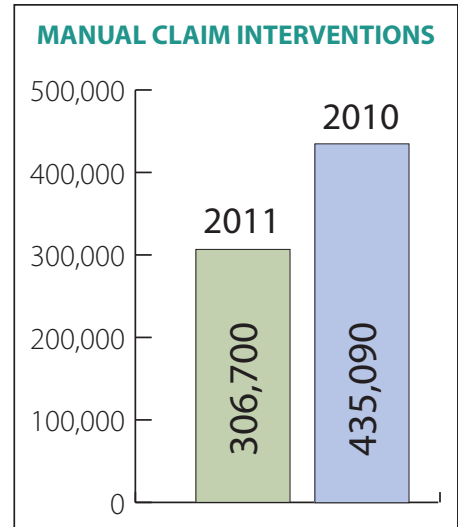
The Claims Department has continued to improve on our processes, which resulted in a measureable, consistent decrease in both the volume of claim corrections received from our provider community as well as a reduction in the number of claims requiring manual intervention. **Last fiscal year we received 78,418 claim corrections, compared to 54,586 this year; a reduction of 23,832.** During the same time period, **manual claim intervention decreased from 435,090 to 306,700; a reduction of 128,390 claims.**

**Our Quality Unit** continues to focus on our internal processes, the primary focus being the reduction of paper claims. With the assistance of Provider Services, during the last fiscal year we were able to convert 99 Providers from paper to electronic claim submission. The Quality Unit was also able to reduce a number of manual interventions by making improvements to our internal processes.

**Our internal training** has also been a big success this year. With minimal staff turnaround, our Claims Trainers were able to train existing staff on more reviews and responsibilities which resulted in **increased productivity and therefore faster payments** to our Provider community. The time frames in which we responded to claim corrections this fiscal year averaged nine days, compared to eleven days in the prior year.

Another contribution to the decrease in claim corrections can be attributed to our **Claims Customer Service Representatives**, whose primary goal is to assist providers in getting claims paid while offering excellent customer service. Being available to answer questions such as where to submit claims, explanation of why a claim is denied, how to go about making corrections and training on the use of our website has had a major impact in the number of **phone call inquiries, which decreased from 28,352 to 22,430 this year.** This has allowed our staff more time to concentrate on customer service and provider visits. We are pleased to report that this fiscal year our Representatives conducted a total of 142 provider visits; up from 88 visits last year.

We look forward to many more years of continuing to improve our current processes in order to achieve our ultimate goal of excellent accuracy and customer service.



*Claims Dept. staff clockwise from top left:  
Carmen Sanabria, Tracey Cruz,  
Samantha Januska, Rafael Cortez,  
Marisa Muñoz, Rita Villanueva,  
Angel Glover, Albert Bolea, Nikki Vang,  
Brian Talmadge, Sarah Carli,  
Julian Braxton*

# Improving the health and well-being of people



*Paula Michal, Celeste Garcia, Debbie Horne, Suzanne Michaud at Fun in the Sun.*



*Suzanne Michaud, Wendy Slusser, MD, Takashi Wada, MD at the Childhood Obesity Summit.*

CenCal Health remains committed to our community and again was involved in many activities throughout our service area. (San Luis Obispo and Santa Barbara Counties.) Some of our annual activities include participation by our staff in fundraising and walking to support the American Heart Association's Heart Walk as well as the Family Care Network's Miracle Mile for Kids. We always have a good show of helping hands from our staff for the United Way's Day of Caring and their Fun In the Sun week.

We live and work in the community that we serve, so giving back in this way just feels right and we believe is the right thing to do. In addition to the above mentioned activities, we continue to sponsor the Santa Barbara Neighborhood Clinic's Health Care Heroes dinner in which true community heroes are honored and recognized for the work they do to help provide services to the neediest population that each of our organizations serve. We also co-sponsored the Let's Move SLO campaign and provided information and did outreach at the Parents are Teachers Too Conference and the Family Fitness & Baby Fair at Cottage Hospital.

The number of members enrolling in our health education program, *Live Better, Make a Change*, increased over the past year. This program provides information, resources & rewards to families with an overweight child who commit to making health changes in nutrition & physical activity.

CenCal Health hosted its 4th annual Childhood Obesity Summit for pediatric providers and child health advocates on the central coast. Our key note speaker was Dr. Wendy Slusser, a childhood obesity expert and Director of the UCLA Fit for Healthy Weight Program.

Our Community Focus workgroup continues to seek out new opportunities for outreach and involvement within our community.



*CenCal Health Heart Walk Team*

## Meeting fiscal challenges

CenCal Health experienced a net gain of \$6.7 million for fiscal year 2010-2011. At year end, the fund balance was \$20.9 million and the Tangible Net Equity (TNE) was at 127% of the minimum required by the Department of Managed Healthcare.

CenCal Health's operating revenue increased this year from \$248 per member per month (PMPM) to \$259. The medical expense decreased minimally by .8% this year from \$236 to \$234 PMPM, primarily as a result of lower inpatient hospital bed days this fiscal year. The medical loss ratio decreased from 95% to 92%.

CenCal Health's total administrative costs were \$17 million and under budget by \$532,186. On a PMPM basis this is a slight increase from \$13.10 to \$13.57. The administrative cost ratio (general and administrative cost to revenue) was reduced from 5.5% to 5.3%.

CenCal Health's challenge as it moves into fiscal year 2011-12 include limiting the impact the state-wide Medi-Cal program cuts has on the provider network and members while continuing to build reserves back to a strong financial position.

David Ambrose,  
Chief Financial Officer

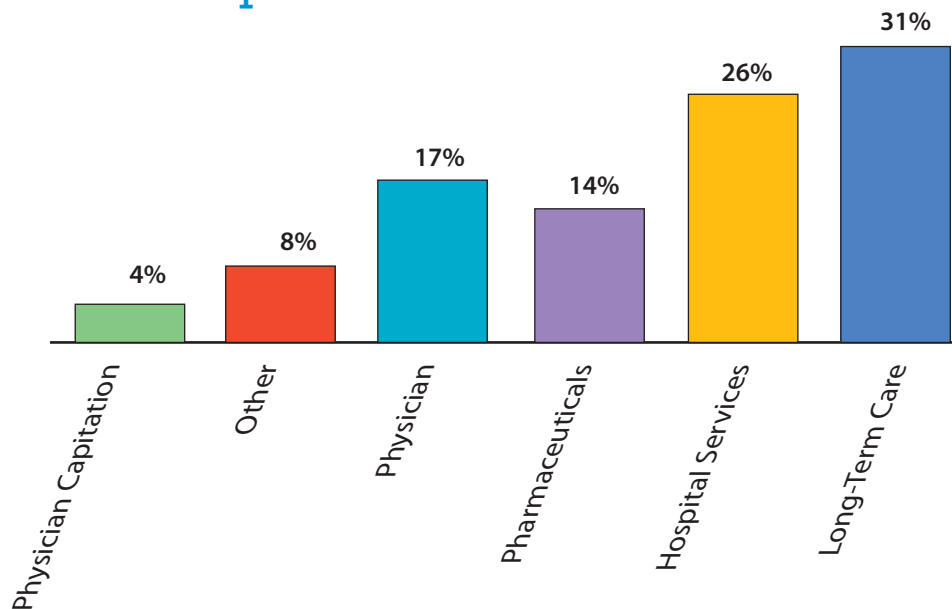


*Clockwise from top left: Kate Shipley, Celeste Garcia, Dana Osborne, Elena Bisquera, Renee Nimocks, Jim Sutherland, Mouline Chiourn, Connie Mendez, Irma Garcia, Kashina Bishop, Amy Sim, David Ambrose*

# Audited Financial Statements

<b>Statement of Revenue and Expense*</b>		
<small>(Rounded in Millions of Dollars)</small>		
	2011	2010
<b>REVENUES:</b>	<b>\$371.1</b>	<b>\$255.1</b>
<b>MEDICAL EXPENSES:</b>		
Physician Capitation	12.6	14.3
Physician Fee for Service	50.3	47.7
Pharmaceuticals	42.0	39.2
Hospital Services	77.0	73.3
Long Term Care Services	90.3	82.5
Other Medical Care	22.3	21.7
Hospital Fee/IGT	21.7	
Reinsurance/Recoveries - net	(1.6)	(2.5)
<b>TOTAL MEDICAL EXPENSES</b>	<b>339.2</b>	<b>276.6</b>
<b>ADMINISTRATIVE EXPENSES:</b>	<b>17.0</b>	<b>15.5</b>
<b>MCO TAX EXPENSE:</b>	<b>8.7</b>	<b>7.0</b>
<b>TOTAL EXPENSES</b>	<b>364.9</b>	<b>299.1</b>
<b>TOTAL REVENUES GREATER (LESS) THAN EXPENSES</b>	<b>\$6.7</b>	<b>\$(6.3)</b>

## Medical Expenses



## Board of Directors

CenCal Health would like to thank the members of the Board of Directors and all the Advisory Boards and Committees for their diligence and the time they generously donate on behalf of the underserved populations of Santa Barbara and San Luis Obispo counties.



***Rene Bravo, M.D.,***  
*Physician Representative*  
*(San Luis Obispo)*



***Mark Juretic, M.D.,***  
*Physician Representative (Santa*  
*Maria) (Vice Chair)*



***Chuck Cova,***  
*President,*  
*Marian Medical Center*



***Richard Lyons,***  
*CEO, Twin Cities Community*  
*Hospital (San Luis Obispo)*



***Doreen Farr,***  
*Santa Barbara County Supervisor*



***Robert Nichols,***  
*Consumer Representative*  
*(San Luis Obispo)*



***Kathy Gallagher,***  
*Director, Department of*  
*Social Services*  
*(Santa Barbara)*



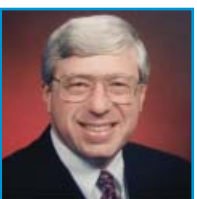
***Laurie A. Small,***  
*Executive Director,*  
*Vista del Monte*



***Jeff Hamm,***  
*Director, San Luis Obispo County*  
*Health Agency (Chair)*



***Paul Teixeira,***  
*San Luis Obispo County Supervisor*



***Dan Herlinger,***  
*Business Representative*



***Takashi Michael Wada, M.D.***  
*Director/Health Officer,*  
*Santa Barbara Public Health*  
*Department*



***Karen Johnson,***  
*Consumer Representative*  
*(Santa Barbara)*

*Editor - Krista Vega*  
*Graphic Artist - Nena Quiros*

[www.cencalhealth.org](http://www.cencalhealth.org)