GOODHUE COUNTY MINNESOTA

TO EFFECTIVELY PROMOTE THE SAFETY, HEALTH, AND WELL-BEING OF OUR RESIDENTS

Committee of the Whole Agenda

County Board Room
Government Center
Red Wing, MN

February 7, 2017
3:30 p.m.

1. Building Code Presentation

   Documents:

   BldgCode.pdf

2. South Country Health Alliance Report

   Documents:

   SCHA Report.pdf

Committee of the Whole

February 7, 2017

Building Codes and the Cost of Construction

Lisa M. Hanni, LUM Director
Doug Morem, Building Official

What is the basis for the Building Code and how does it affect the cost of housing?

http://www.dli.mn.gov/ccld/PDF/guide_to_code.pdf

Minnesota State Building Code Timeline

1972 : State Building Code replaced local Building Codes throughout the State

1978: Goodhue County adopts the State Building Code

2003: Goodhue County adopts resolution to automatically adopt the current State Building Code with the exception of the *optional Appendix Chapter* which need to be specifically adopted

2008: The State Building Code is set by statute as the standard across the State

What is the Minnesota State Building Code?

326B.101 POLICY AND PURPOSE.

The State Building Code governs the *construction, reconstruction, alteration, repair, and use of buildings* and other structures to which the code is applicable. The commissioner shall administer and amend a state code of building construction which will provide basic and *uniform performance standards, establish reasonable safeguards for health, safety, welfare, comfort, and security of the residents* of this state and provide for the use of modern methods, devices, materials, and techniques *which will in part tend to lower construction costs.* The construction of buildings should be permitted at the least possible cost consistent with recognized standards of health and safety.

What is the Minnesota State Building Code?

Building Codes Regulate Construction, Use, and Occupancy of Structures

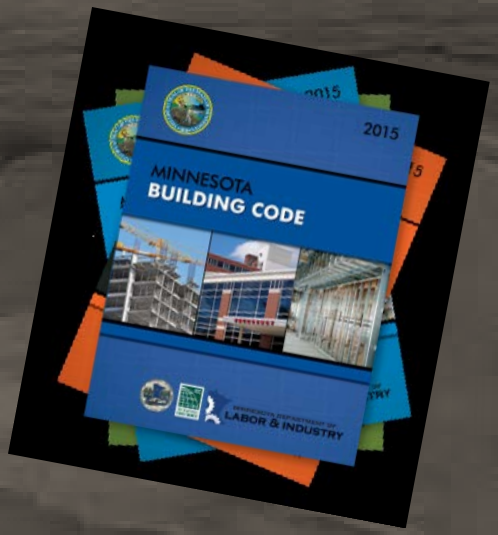
Examples:

- ✓ Egress Windows and Exiting Concerns
- ✓ Smoke Detectors and Fire Suppression
- ✓ Plumbing Standards and Electrical Codes
- ✓ Mechanical Systems and Energy Code Requirements
- ✓ Accessibility and Life Safety
- ✓ Structural Concerns

What is the Minnesota State Building Code?

Code requirements are statewide whether or not the Code has been adopted by the municipality:

- ✓ Elevator Code.
- ✓ Electrical Code.
- ✓ Accessibility Code (County responsibility*)
- ✓ Bleacher Code (County responsibility*)
- ✓ Manufactured Homes Code.
- ✓ Plumbing Code.



Contractors are required to build to the Code even if the Code has not been adopted by the municipality.

*County is still responsible to administer these 2 codes regardless of whether or not the County has adopted the Code.

What is the Minnesota State Building Code?

Minnesota State Statute 326B.121

Subd. 2.Municipal enforcement.

(a) If, as of January 1, 2008, a municipality has in effect an ordinance adopting the State Building Code, that municipality must continue to administer and enforce the State Building Code within its jurisdiction. *The municipality is prohibited from repealing its ordinance adopting the State Building Code.* This paragraph does not apply to municipalities with a population of less than 2,500 according to the last federal census that are located outside of a metropolitan county, as defined in section 473.121, subdivision 4.

Subd. 3.Enforcement by state building official.

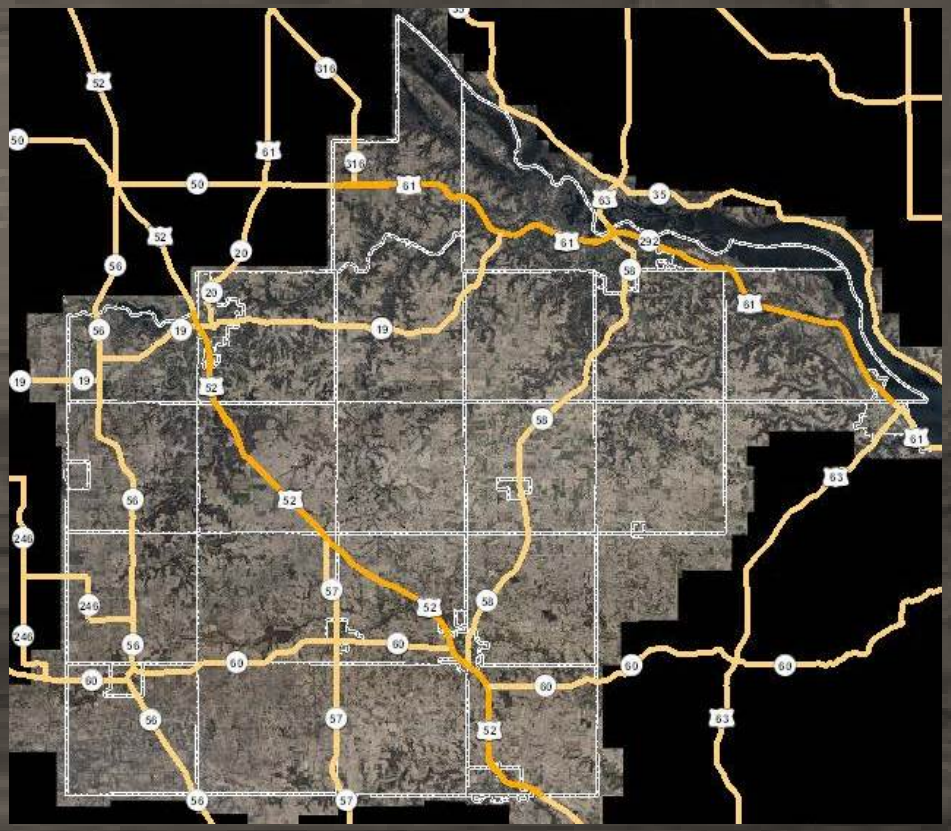
If the commissioner determines that a municipality that has adopted the State Building Code is not properly administering and enforcing the code... the commissioner may have the administration and enforcement in the involved municipality undertaken by the state building official or by another building official certified by the state….. *Any cost to the state arising from the state administration and enforcement of the State Building Code shall be borne by the subject municipality* where a fee has been collected by the municipality.

The State Building Code Applies County-Wide:

- ✓ In All 21 Townships; and
- ✓ In All Cities

The Goodhue County Building Department Administers the Code in:

- ✓ All 21 Townships; and in
- ✓ Six Cities:
  - Bellechester;
  - Cannon Falls;
  - Dennison;
  - Goodhue;
  - Kenyon; and
  - Wanamingo.



Over 700 square miles

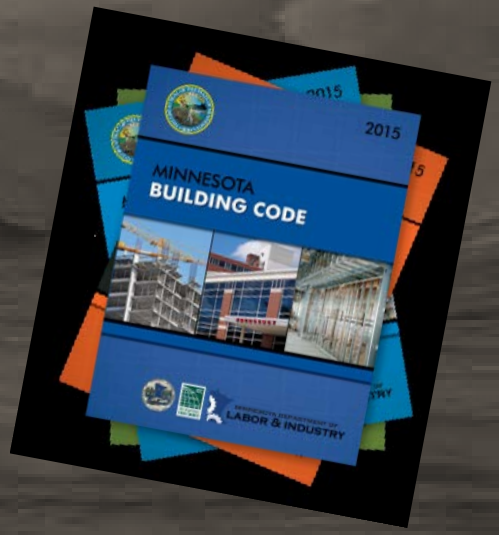
What is the Minnesota State Building Code?

Chapters in the Code include:

- Minnesota Building Code Administration
- Building Official Certification
- State Building Code Construction Approvals
- Special Provisions
- Minnesota Building Code
- Minnesota Residential Code
- Minnesota Conservation Code for Existing Buildings
- Residential Energy Code and Commercial Energy Code
- Mechanical Code and Plumbing Code
- and more….

There are **OPTIONAL** chapters of the Code that must be specifically and separately adopted

- ✓ Appendix J (Grading).
- ✓ Special Fire Protection Systems.



Goodhue County has not adopted Optional Code Chapters

What is the Minnesota State Building Code?

The Building Code is not a Rental Code.

Rental Codes are adopted by local ordinances and set minimum health and safety building standards for rental properties - typically existing structures.

They also include landlord-tenant rights and responsibilities.

Goodhue County does not have a Rental Code. We inspect projects that require a building permit.

Purpose of the Code

The Code involves concepts of public safety, general welfare, and the *public good*

- ✓ …to protect people.
- ✓ …to protect property.
- ✓ …to protect future owners.
- ✓ …to protect firefighters and emergency responders.

Our communities are better when our structures are safe and constructed to uniform minimum standards.

Purpose of the Code

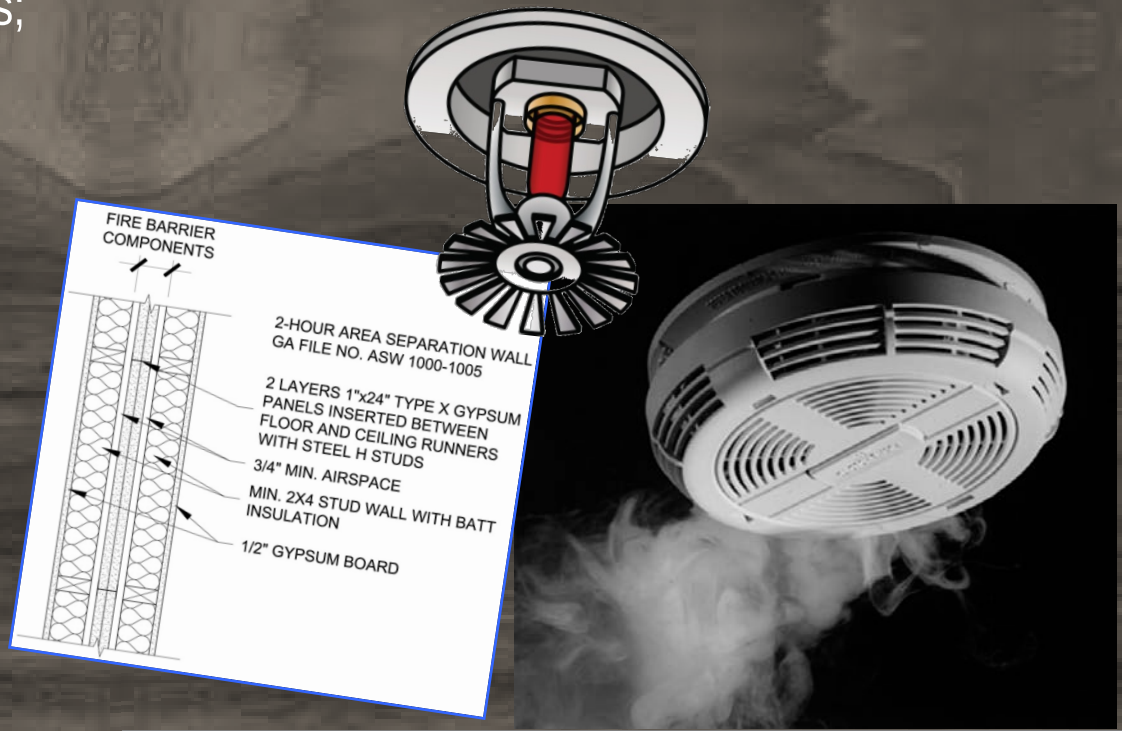
The Code establishes *minimum standards* for public health, safety, and the general welfare.

- ✓ Egress Window Requirements Provide an Example:
  - Openable Area Dimensions;
  - Window Well Dimensions;
  - Height from Grade;
  - Ladder Requirements;
  - Locking Devices;
  - etc.

Purpose of the Code

Building Codes, Permits, and Inspections are *First Prevention* in Safety to People and Property:

- ✓ Fire Alarms;
- ✓ Smoke Detection;
- ✓ Exit Signage and Travel Distance;
- ✓ Draft Stopping and Fire Stopping;
- ✓ Rated Doors and Walls;
- ✓ Sprinklers Systems;
- ✓ and so on…



Purpose of the Code

Examples:

- ✓ Fire and Smoke Detectors get people safely out of buildings.
- ✓ Rated Walls confine fire to an area.
- ✓ Recent Local Example:
  - Sprinklers extinguished fire….

APARTMENT BUILDING, RESIDENTIAL

Red Wing, MN – Sprinkler System Douses Third Floor Apartment Fire; No Injuries

JANUARY 5, 2017

The Red Wing Fire Department responded to an early-morning structure fire Friday, Dec. 30 at 325 Plum St.

Firefighter/paramedics arrived at the scene within two minutes of receiving a call about a fire/water flow alarm and found smoke in the building.

Firefighters forcible entered the apartments and found a small fire on the third floor, which had been extinguished by the sprinkler system prior to the department's arrival.

All residents were evacuated from the building. All but three residents were allowed back into their apartments. The local Red Cross was on scene to provide housing assistance to tenants displaced due to damage.

Apartments on the third and second floor as well as the church on the ground floor sustained moderate water damage. The third-floor apartment also suffered minor fire and smoke damage. There were no injuries.

The Red Wing Fire Department, Red Wing police, Red Wing public works responded to the scene. The cause of the fire is under investigation.

Purpose of the Code

Codes, Permits, and Inspections: When Codes are <u>not</u> enforced, there is greater likelihood for disaster.

No Inspections:

- ✓ Ottertail, Minnesota - Waterpark Roof Collapse (2015).
- ✓ Oakland, California – Warehouse Fire (2016).
  - 36 People Died.
  - Living, Over-Crowded in Space Not Designed for Residential Use.

Building Code Development

(International Code Council)

ICC = International Code Council

Develops minimum standards in many model codes; the 2 main codes discussed for this presentation are:

- **IBC** = International Building Codes for Commercial projects
- **IRC** = International Building Codes for Residential projects

Minnesota adopts the ICC codes by reference and modifies them to fit our conditions (no seismic, snow loads, …)

Building Code Development (International Code Council)

Tragedy and Disaster often provide an impetus for Code development and new minimum standards

- In other cases, changes are introduced in response to advancements in technology, materials, and research.
- Anyone may submit a proposed Code change, but it must be supported with appropriate documentation.
- Proposals are debated at Code Development Hearings in the Spring. Hearings are open to the public.
- Final Action Hearings and voting is in the Fall at the ICC ABM.
- A New Edition of the International Code is published every three years.

Building Code Development (Minnesota)

- The Minnesota State Building Code includes referenced International Codes with added Minnesota Provisions and amendments (some ICC items omitted) that are determined in the Minnesota Rules Development process.
- Anyone can submit a Code change proposal. For final consideration, the proposal must be on a standard form from CCLD, and it must have a "statement of need and reasonableness" (SONAR).
- The Construction Codes Advisory Council (CCAC) reviews and comments on proposed changes that come out of committees.
- Minnesota is on a six-year Code cycle to allow adequate time for the amendments, the adoption process, and training in the new Code.
- Current code reference: ICC 2012 edition, MN 2015 amendments

Building Code Development (Minnesota)

Code Development Example: Residential Sprinklers

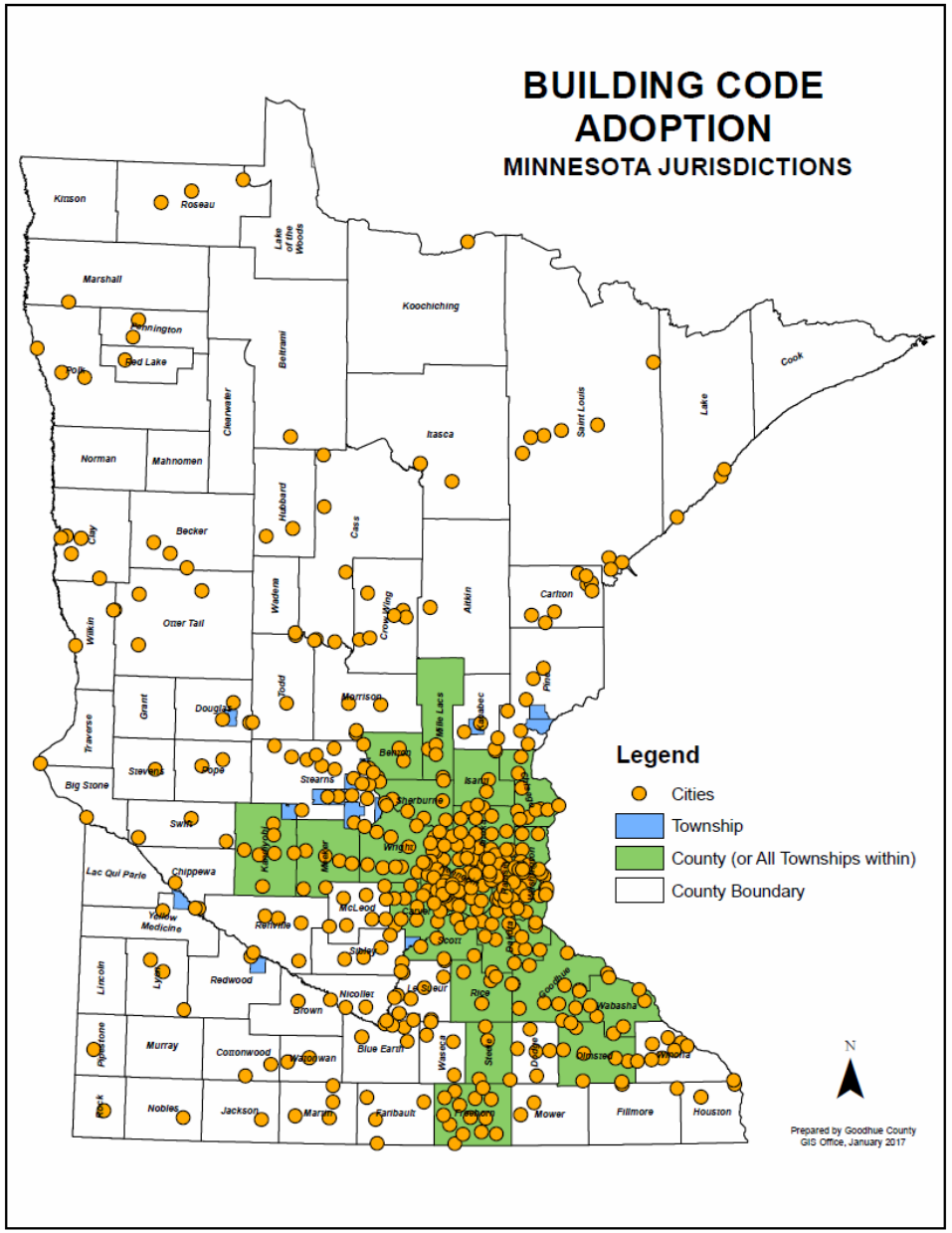
- ✓ Required in 2012 IRC for all new one-and-two-family dwellings.
- ✓ Hotly debated in Minnesota!
- ✓ Minnesota amendment required sprinkler systems in one-and-two-family dwellings over 4,500 square feet.
- ✓ Contested and overturned in court – no sprinkler requirement in new one-and-two-family dwellings

Side Note: Apartment Buildings and Townhouses are defined differently than one-and-two-family dwellings and do need to be sprinkled.

Minnesota Code Administration

80 to 90 Percent of the population of the state reside in a Code-enforced area.

- ✓ Code areas include 430 of 903 Cities; and
- ✓ County-Wide in 21 of 87 Counties.



How is the Code Administered?

Three Basic Components of Administering the Code:

Permits

Plan Reviews

Inspections

….and a Very Important Fourth Component --

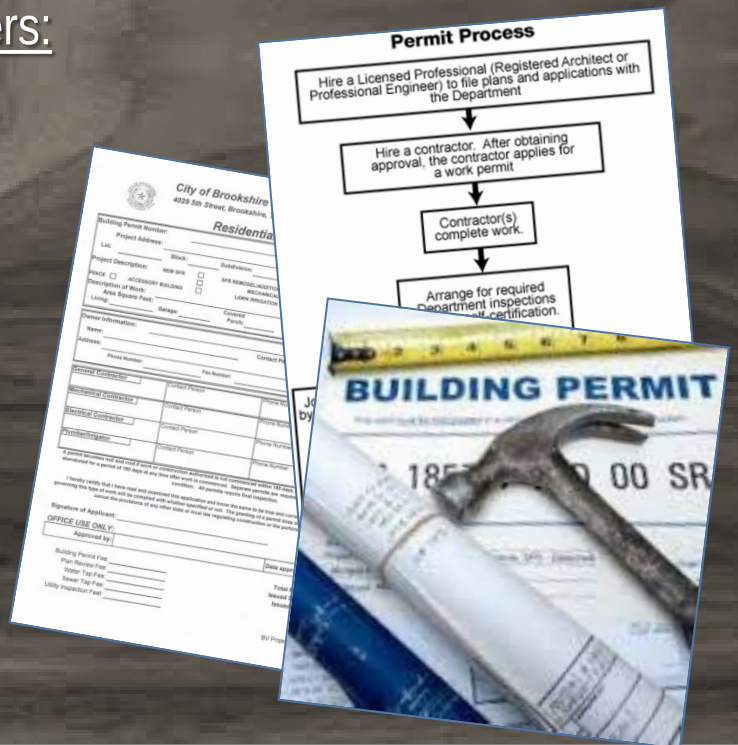
Education!

Permits

- ✓ Permits are required to construct, enlarge, alter, repair, move, demolish, change the use or occupancy of a building or structure…..
- ✓ …..to erect, install, enlarge, alter, repair, remove, convert, or replace any gas, mechanical, electrical, plumbing system, or other equipment…

Permit Fees

- ✓ Permit Fees are typically based on a project valuation. The project value is determined by the Building Official, using published guides and references
- ✓ <u>The value for fee calculation considers:</u>
  - project size,
  - construction type, and
  - use or occupancy.
- ✓ The total fee typically includes
  - the general fee,
  - a plan review fee, and
  - a state surcharge.



Plan Reviews

- ✓ Construction plans and other permit submittals are reviewed to *confirm the Code* compliance of a proposal.
- ✓ Any non-compliant issues are easier to correct on paper than in the field after something is built!

"And I did it without any technical plans."

Inspections

- ✓ The Code *requires Inspections.*
- ✓ Construction or work for which a permit is required is subject to inspection by the Building Official and *the construction or work shall remain accessible and exposed for inspection purposes until approved.*
- ✓ The person doing the work authorized by a permit shall notify the Building Official that the work is ready for inspection.
- ✓ The person requesting an inspection required by the Code shall provide access to and means for inspection of the work.

Minnesota Rules 1300.0210.

Footing Inspections

Slabs

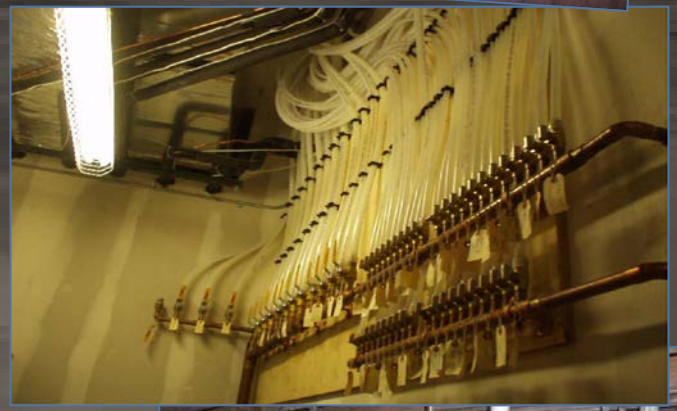
Poured Wall Inspections

Foundations Prior to Backfill

Sub-Floor

Multiple Rough-In Inspections are Required Prior to Concealment of the Work:

- ✓ Rough-In Plumbing;
- ✓ Rough-In Mechanical;
- ✓ Rough-In Gas Piping;
- ✓ Rough-In Sprinklers and Alarm Systems;
- ✓ Rough-In Electrical (State Inspection).



Roofing and Reroofing:

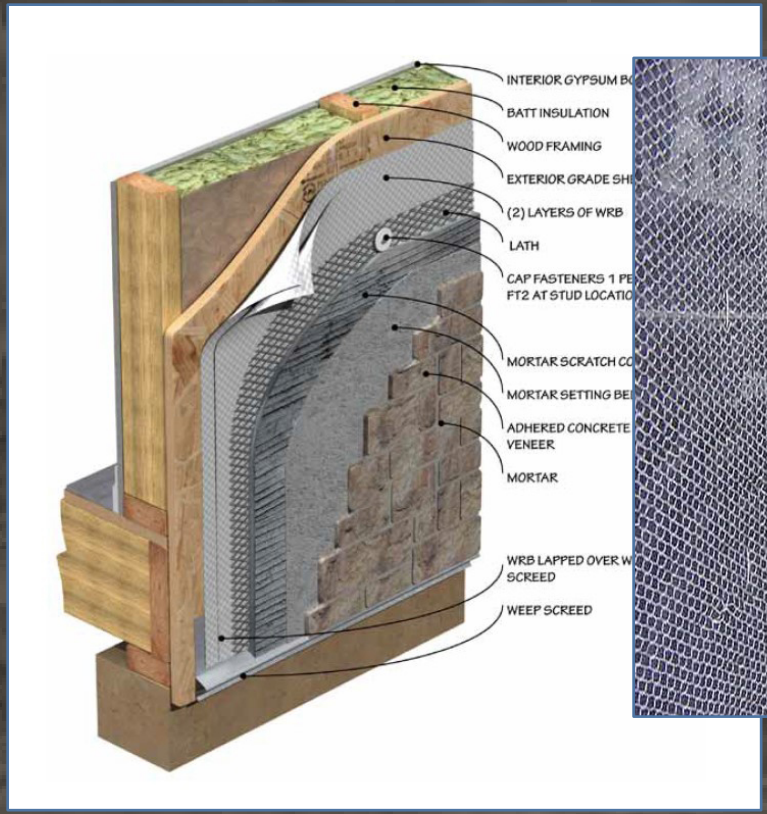
- ✓ Ice Barrier
- ✓ Flashings
- ✓ Ventilation

Framing Inspections:

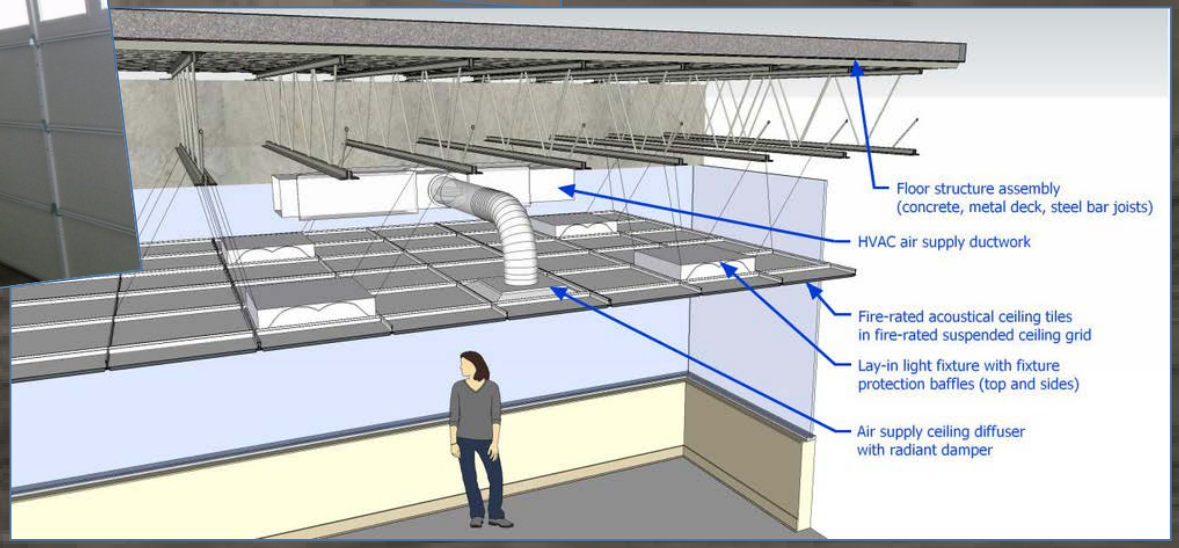
- ✓ Truss Systems
- ✓ Firestopping
- ✓ Draftstopping
- ✓ Stairways
- ✓ Bracing
- ✓ etc.

Energy Inspections

Lath and Gypsum Inspections

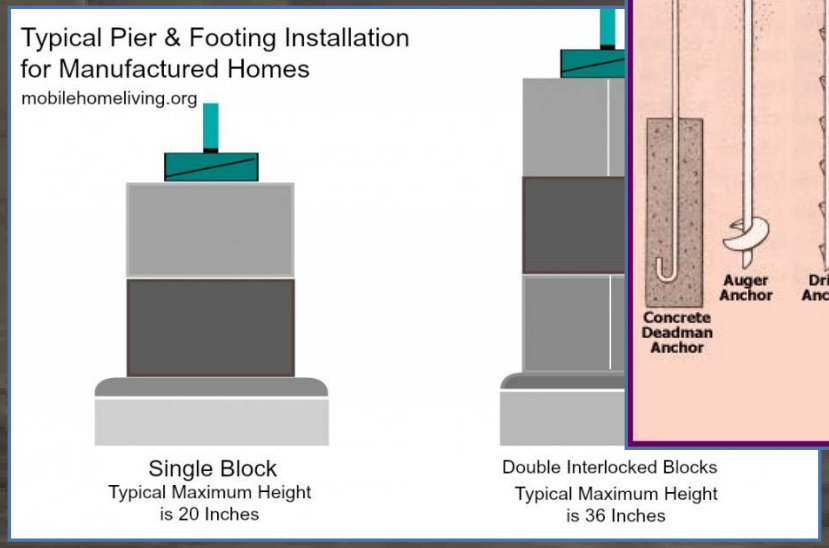


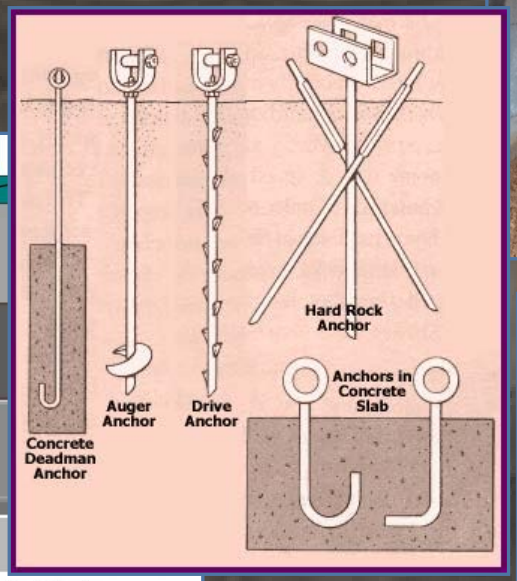
Rated Assemblies, Joints, and Penetrations



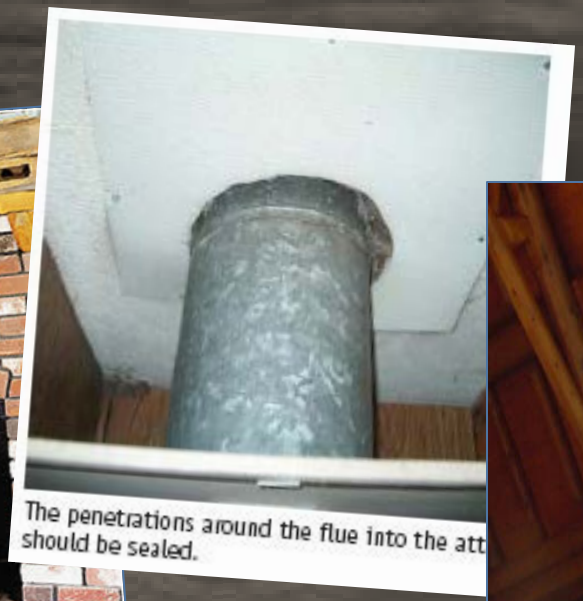
Manufactured Homes:

- ✓ Blocking;
- ✓ Anchoring;
- ✓ Utility Work;
- ✓ Egress.





Fireplaces



The penetrations around the flue into the att
should be sealed.

Special Inspections

- ✓ New materials, equipment, appliances, systems, methods that are not provided for in the Code, and materials of questioned suitability are subject to third-party inspection by an approved agency.
- ✓ Reports are submitted to the Building Official.
- ✓ Examples:
  - Soils
  - Concrete
  - Welds

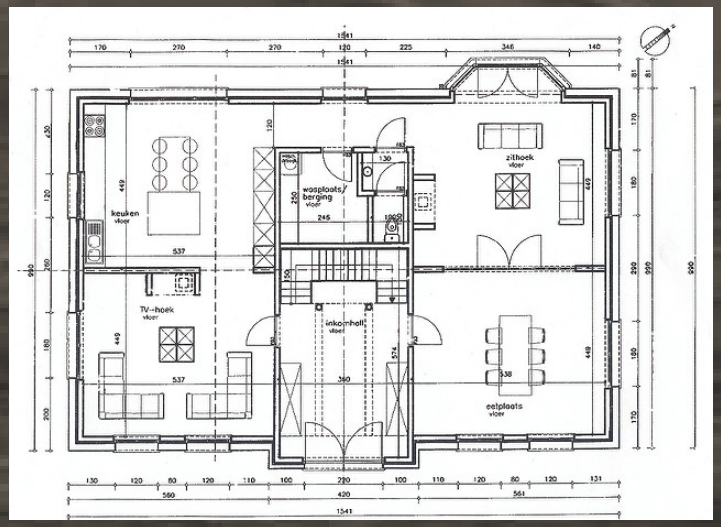
Final Inspections of all Trades

Certificates of Occupancy

Partners and Stakeholders

Everyone is using one book of rules to design, bid, finance, and build:

- ✓ Designers
- ✓ Contractors and Subcontractors
- ✓ Property Owners and Future Property Owners
- ✓ Minnesota Department of Labor and Industry - CCLD
- ✓ International Code Council and Local ICC Chapters
- ✓ Association of Minnesota Building Officials
- ✓ Banks and Other Financial Stakeholders
- ✓ Minnesota Code Officials
- ✓ Construction Professionals
- ✓ and so on…..



Partners and Stakeholders

Building Codes Provide Uniformity of Construction Standards

- ✓ Manufacturers, material suppliers, designers, contractors, and industry partners *learn and understand the same standards and requirements*
- ✓ The uniformity of the Code *reduces construction costs* as it eliminates the need to design and build to multiple codes and standards
- ✓ Uniformity maintains a level playing field for construction professionals for *consistency in bidding, designing, and building*

Partners and Stakeholders

Building Codes Provide a Consistent Minimum Standard

- ✓ Banks, insurance companies, and other financial stakeholders can expect a structure that will standup and protect their investment.
- ✓ Real estate agents check on permits and inspection records to verify a standard of quality in buildings.
- ✓ Property owners appreciate and assume a standard of safety in their buildings, businesses, and homes.
- ✓ Those less able to afford higher-end designers and construction are assured a minimum standard of safety

Goodhue County Activity

Permits issued in 2016 for property improvements in excess of $33.5 million

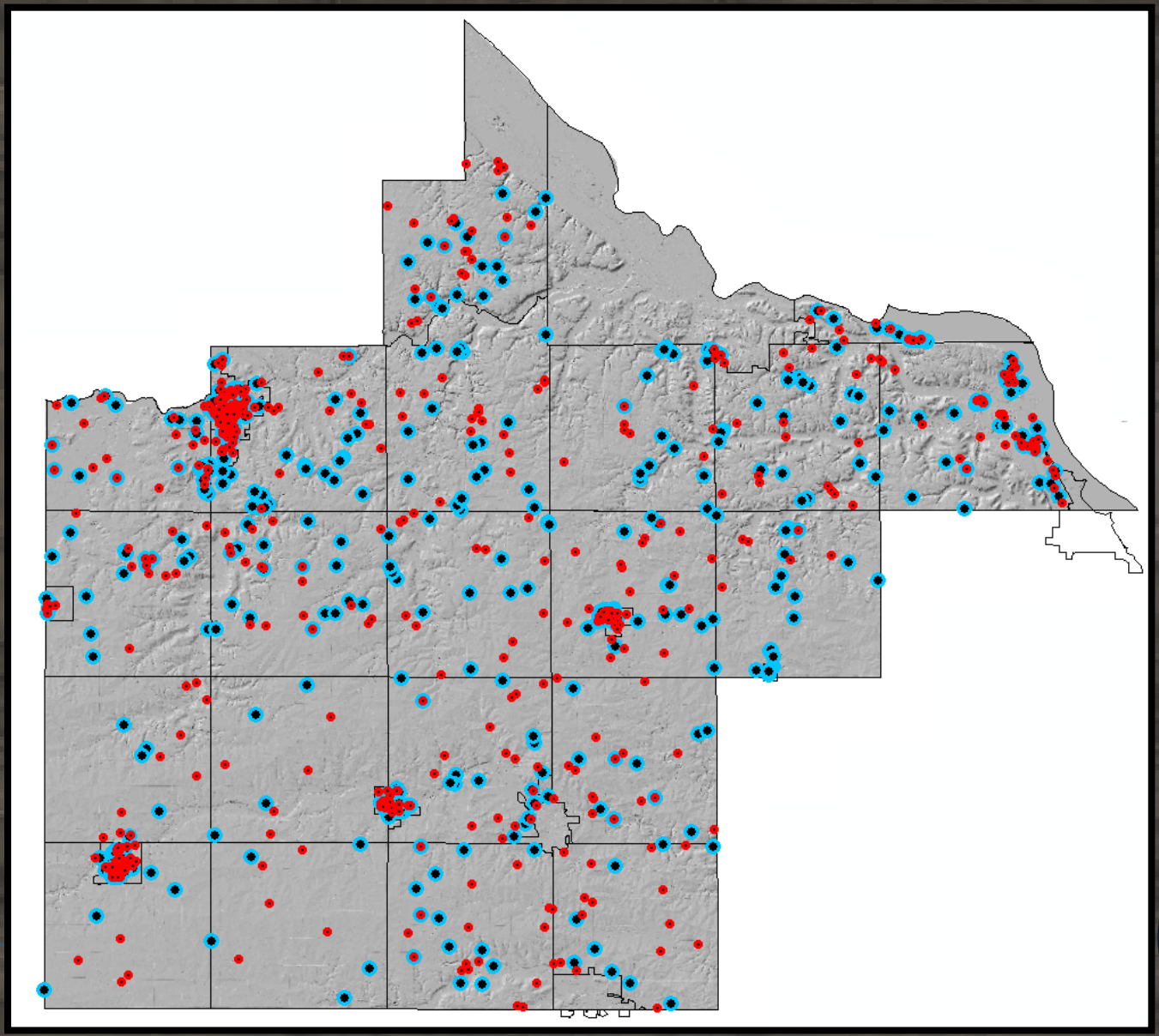
57 new homes were permitted in 2016

Annual Permit Numbers and Valuations						
	Cities		Townships		Totals	
Year	Permits	Value	Permits	Value	Permits	Value
2007	274	$ 15,586,000.00	409	$ 20,771,672.00	683	$ 36,357,672.00
2008	129	$ 2,156,000.00	430	$ 17,549,000.00	559	$ 19,705,000.00
2009	149	$ 2,475,000.00	373	$ 14,095,000.00	522	$ 16,570,000.00
2010	219	$ 2,473,000.00	301	$ 11,242,000.00	520	$ 13,715,000.00
2011	316	$ 3,098,000.00	324	$ 12,856,000.00	640	$ 15,954,000.00
2012	345	$ 9,074,000.00	408	$ 17,027,000.00	753	$ 26,101,000.00
2013	271	$ 9,411,000.00	332	$ 21,779,000.00	603	$ 31,190,000.00
2014	274	$ 10,481,000.00	327	$ 16,777,000.00	601	$ 27,258,000.00
2015	299	$ 12,490,000.00	335	$ 24,371,000.00	634	$ 36,861,000.00
2016	299	$ 7,811,000.00	331	$ 25,846,000.00	630	$ 33,657,000.00

Year	All SFD Permits
2010	32
2011	17
2012	38
2013	49
2014	47
2015	41
2016	57

2015 = 638 Building Permits issued

2016 = 622 Building Permits issued



MN home prices and Values (zillow.com)

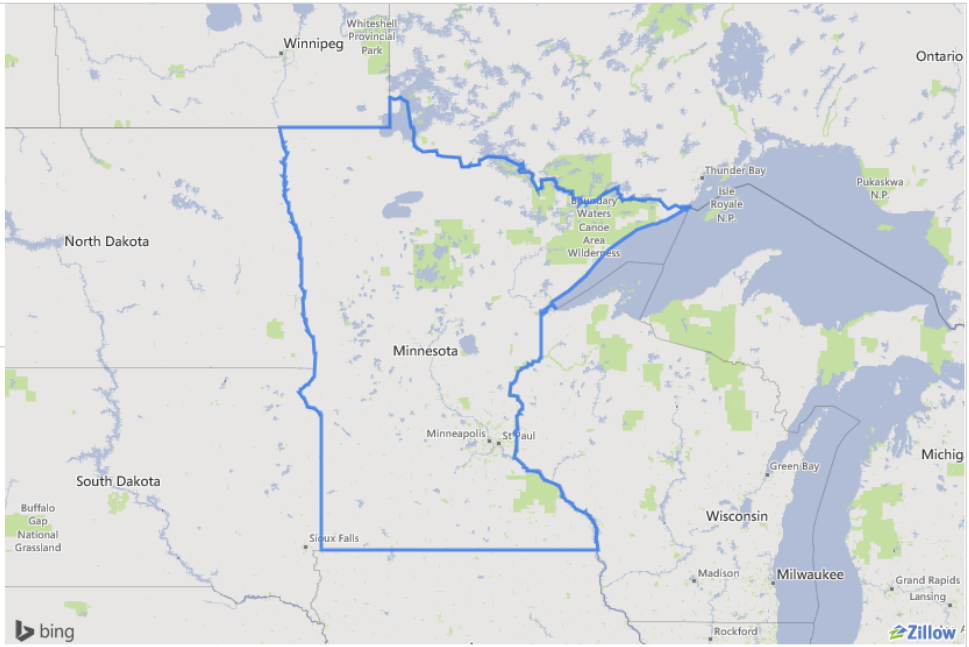
New and existing home stock

Minnesota Home Prices & Values

ZILLOW HOME VALUE INDEX

$200,700

7.6% 1-year change | 3.5% 1-year forecast



The median home value in Minnesota is $200,700. Minnesota home values have gone up 7.6% over the past year and Zillow predicts they will rise 3.5% within the next year. The median list price per square foot in Minnesota is $156. The median price of homes currently listed in Minnesota is $220,000. The median rent price in Minnesota is $1,400.

Foreclosures will be a factor impacting home values in the next several years. In Minnesota 0.9 homes are foreclosed (per 10,000). This is the same as the national value of 0.9

Mortgage delinquency is the first step in the foreclosure process. This is when a homeowner fails to make a mortgage payment. The percent of delinquent mortgages in Minnesota is 0.0%, which is lower than the national value of 0.0%. With U.S. home values having fallen by more than 20% nationally from their peak in 2007 until their trough in late 2011, many homeowners are now underwater on their mortgages, meaning they owe more than their home is worth. The percent of Minnesota homeowners underwater on their mortgage is 0.1%.

What are the main drivers of home prices?

- Location, location, location
- Fluctuation in the cost of materials
- Labor – the trades are hurting for skilled labor
- City fees – WAC, SAC, Storm water connections, park fees, in-lieu of park fees, Street improvements….
- Energy Code requirements are federally mandated Average time in a home is 7-10 years, approximate payback is 5.7 years
- Design, Finishing, and Furnishing – This is a huge factor: the number of bathrooms, the size of the homes, finished basements, composite decking, vaulted ceilings, marble and granite countertops,… *(the minimum standards of the Code are not responsible for these costs)*

SOUTH COUNTRY
HEALTH ALLIANCE
Bringing Wellness Home

SOUTH COUNTRY
HEALTH ALLIANCE
Bringing Wellness Home

Goodhue County Board of Commissioners

February 7, 2017

SOUTH COUNTRY HEALTH ALLIANCE
Bringing Wellness Home

Our Purpose

Joint Powers Agreement: 1.3. Purpose

- The purpose of SCHA is *to improve the social and health outcomes* of its clients and of all citizens of its Member Counties *by better coordinating social service, public health and medical services and promoting the achievement of public health goals*.

SOUTH COUNTRY HEALTH ALLIANCE
Bringing Wellness Home

We're Not Just Another Health Plan

It's not ***what*** we do – it's ***how*** we do it

- Our Unique ***Model***
- Our Emphasis on ***Prevention***
- Our Focus on ***Local Access***
- Our Commitment to ***Community***
  - ***Reinvestment***
  - ***Collaboration***
  - ***Transparency & Accountability***

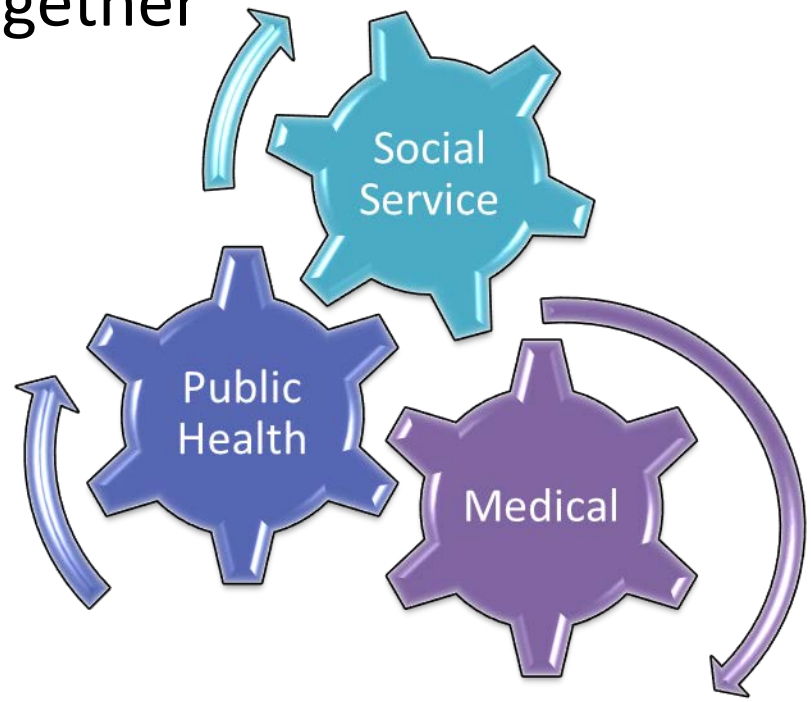
SOUTH COUNTRY HEALTH ALLIANCE
Bringing Wellness Home

Our Unique Model

Counties recognize overall health and well-being is more than medical services

We strive to bring together

- Medical
- Social Service
- Public Health
- Non-profit community based resources



Single Care Delivery Model

SOUTH COUNTRY HEALTH ALLIANCE
Bringing Wellness Home

Our Unique Model

Community Care Connectors are the primary link between the county and South Country

- Develop collaborative relationships between members, providers, South Country, and county staff
- County employee (RN or SW) funded by South Country
- South Country expert within the community

SOUTH COUNTRY HEALTH ALLIANCE
Bringing Wellness Home

Our Focus on Prevention and Local Access

- *Take Charge!* Wellness Programs offer incentives and rewards for every level of member we serve.
- *Healthy Pathways*, a program developed by County and South Country Staff, assists members in preventing mental health deterioration through early intervention and education
- Partner with local providers to improve access

SOUTH COUNTRY HEALTH ALLIANCE
Bringing Wellness Home

Our Commitment to Community - Reinvestment

- Counties retain any health care savings
- To date, South Country has reinvested $10 million to help our communities with various programs and initiatives including:
  - Health Promotions, Fitness, and Family Wellness Programs
  - Telehealth and other technologies
  - Dental and Mental Health Services
  - Educational Programs

SOUTH COUNTRY HEALTH ALLIANCE
Bringing Wellness Home

Our Commitment to Community - Collaboration

- Counties have a voice within the company
  - We work together to promote and improve health and wellbeing of our members
- Goals are achieved through various committees including:
  - Joint Powers Board and Subcommittees
  - Member Advisory Committee
  - HHS Directors Advisory Committee & Subcommittees

SOUTH COUNTRY HEALTH ALLIANCE
Bringing Wellness Home

Our Commitment to Community - Transparency & Accountability

- Governed by a Joint Powers Board of County Commissioners provides for transparency and local accountability
  - Protects local taxpayers and community providers from being left "holding the bag"

SOUTH COUNTRY
HEALTH ALLIANCE
Bringing Wellness Home

Financial Overview

Goodhue County Board Presentation

February 7, 2017

SOUTH COUNTRY HEALTH ALLIANCE
Bringing Wellness Home

Financial Overview

Contents:

- November 2016 Results
- SCHA Insurance Model
- Key Terms
- 2017 Budget
- Historical Financial Results & Trends

SOUTH COUNTRY HEALTH ALLIANCE
Bringing Wellness Home

November 2016 Results

Balance Sheet

- Remains strong with $28.4 million Capital & Surplus.

Cash position

- Cash and cash equivalents of $55.7 million on 11/30/2016.

SOUTH COUNTRY HEALTH ALLIANCE
Bringing Wellness Home

November 2016 Results

Income Statement

- Net loss of $(2.7 million) versus budgeted loss of $(2.2 million) to-date.
- Medical claim costs are the main driver of the unfavorable variance to budget. These are partially off-set by:
  - DHS and CMS capitation revenue favorable to budget due to mix of business
  - Pharmacy and Dental claim costs favorable to budget
  - Administrative expenses and investment income favorable to budget

SOUTH COUNTRY HEALTH ALLIANCE
Bringing Wellness Home

November 2016 Results

Product Line Results

	Net Income (Loss) - 000's	Loss Ratio %
Minnesota Programs		
PMAP	$ (7,471)	96.6%
MinnesotaCare	(1,845)	103.0%
SharedCare (SNBC)	658	79.5%
MSC+	1,682	76.6%
SingleCare (SNBC)	2,170	81.2%
	$ (4,806)	93.6%
Federal Programs		
AbilityCare	$ (365)	97.2%
SeniorCare Complete (MSHO)	2,448	87.4%
	$ 2,083	89.0%
Total	$ (2,723)	92.4%

- PMAP and MNCare have experienced premium rate deficiencies coupled with rising claim costs
- The remaining lines of business have seen stable to improving results on a reported basis

SOUTH COUNTRY HEALTH ALLIANCE
Bringing Wellness Home

November 2016 Results

Product Line Results

	ADJUSTED	
	Net Income (Loss) - 000's	Loss Ratio %
Minnesota Programs		
PMAP	$ (14,431)	102.7%
MinnesotaCare	(2,410)	107.4%
SharedCare (SNBC)	658	79.5%
MSC+	1,682	76.6%
SingleCare (SNBC)	2,170	81.2%
	$ (12,331)	98.1%
Federal Programs		
AbilityCare	$ (1,267)	107.5%
SeniorCare Complete (MSHO)	(354)	92.7%
	$ (1,621)	95.0%
Total	$ (13,952)	97.3%

- When adjusting PMAP, MNCare, AbilityCare, and SeniorCare Complete results for $11.2 million of revenue attributable to 2015, the impact on product line losses and loss ratios are significant

SOUTH COUNTRY HEALTH ALLIANCE
Bringing Wellness Home

South Country results compared to large plan filings:

SOUTH COUNTRY HEALTH ALLIANCE
INCOME STATEMENT (ADJUSTED)
For the Eleven Months Ending 11/30/2016

	Reported Results	Prior Year Adjustments	Adjusted Results
REVENUES	$ 222,841,816	$ (11,229,000)	$ 211,612,816
PROGRAM EXPENSES	205,944,907	-	205,944,907
NET MARGIN	16,896,909	(11,229,000)	5,667,909
ADM EXPENSES	21,592,148	-	21,592,148
OPERATING INCOME	(4,695,239)	(11,229,000)	(15,924,239)
INVESTMENT INCOME	240,915	-	240,915
PDR	1,731,584	-	1,731,584
NET INCOME (LOSS)	$ (2,722,740)	$ (11,229,000)	$ (13,951,740)
MARGIN - % REVENUE	-1.2%		-6.6%

"Regulatory filings this month show the Blue Cross and Medica HMOs lost a combined $195 million on $3.1 billion in premium revenue, for a minus-6 percent operating margin during the first nine months of the year."

Star Tribune – November 21, 2016

SOUTH COUNTRY HEALTH ALLIANCE
Bringing Wellness Home

SCHA Health Insurance Model

- CMS/DHS pay SCHA a risk-adjusted, capitated premium ($ amount per member)
- Members utilize services; SCHA coordinates to ensure access and quality of services
- Providers bill SCHA; gradually picture of utilization emerges over time until complete
- TPA pays reported claims at appropriate (negotiated) fee schedules
- Prior to completion, income for any period is a function of an estimate of completed claims
- Revenue varies with Quality measure withholds and payments vary with provider incentives

SOUTH COUNTRY HEALTH ALLIANCE
Bringing Wellness Home

Key Terms

Capitation

A set payment amount per member per month (PMPM) for each enrolled person assigned, whether or not that person seeks care. The payment amount is based on the average expected health care utilization of that patient, with greater payment for patients with significant medical history.

Claim Liabilities

Estimate of future payments for services that have been utilized prior to the valuation date but are reported after the valuation date:

- *Incurred But Not Reported* (IBNR) – Covers claims that have yet to be reported to TPA
- Pended or *In the Course of Settlement* (ICOS) – Covers claims that have been processed by TPA but not yet paid by SCHA due to procedural timing

SOUTH COUNTRY HEALTH ALLIANCE
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Key Terms (continued)

Reserves

Estimate of future liability for services that will be provided in the future.

- Utilize the following to set level of reserves:
  - Claims data – dates, payment amounts, groupings (product or service)
  - Lag Study – applies average patterns taken from prior periods to current periods to estimate future payments – i.e., “completion” factors
- Purpose of reserves:
  - Allow for a fair assessment of income before claims are fully reported or “completed”
  - When set accurately, reserves help minimize income fluctuations

SOUTH COUNTRY HEALTH ALLIANCE
Bringing Wellness Home

Key Terms (continued)

Premium Deficiency Reserve (PDR)

Is established when an assessment of the adequacy of expected premiums determines they are not sufficient to cover expected benefit costs

- An estimated loss from a loss contingency of this type (e.g., PDR) shall be accrued by a charge to income if both of the following conditions are met:
  1) *Information available before the financial statements are issued or are available to be issued indicates that it is probable that a* ***liability*** *has been incurred at the date of the financial statements*
  2) *The amount of loss can be reasonably estimated*
- PDR is released over the course of the following year and is fully reversed by end of year

2017 Budget Proposal

The 2017 Budget proposal calls for a $2.4 million loss after adjustments:

	2017 Budget
Net Income (Loss) before adjustments	$ (13,200,093)
Provider rate adjustments (placeholder)	3,750,000
Net Income (Loss) before PDR	(9,450,093)
2016 PDR (illustration purposes)	7,000,000
Net Income (Loss) - adjusted	**$ (2,450,093)**

2017 Budget Proposal

The budget proposal includes two areas of adjustment:

Provider rate reductions for Medicaid lines of business (work-in-process):

- Estimated impact of rate reduction strategy - $3,750,000
  - Medicaid – approximately 2.8 % of medical costs (3.5% annualized)
  - Timing – fully implemented by April 1, 2017

Premium Deficiency Reserve – high level estimate included for illustration purposes:

- Current working estimate of potential PDR ($7,000,000) to be booked in 2016.

2017 Results by Product

Product line results in 2017 mirror those in 2016:

- Losses in MnCare, PMAP, and AbilityCare
- Gains in MSC+, SingleCare and SharedCare (SNBC), and SeniorCare Complete (MSHO)

Provider rate reductions will favorably impact Medicaid results across the board but will impact lines of business with the largest claims expense the most; namely, PMAP.

Premium Deficiency Reserve release will benefit lines of business with projected losses proportionally; PMAP, MNCare, and AbilityCare.

2017 Budget Opportunities

There are several areas of focus in our plan for next year that are designed to increase revenue or reduce costs. These areas can significantly close the $2.4 million gap in our proposed 2017 budget.

- CMS risk score improvement – $150,000 to $350,000 (Cirdan estimate of opportunity)
- DHS risk score improvement – $600,000 to $1,200,000 (Cirdan estimate of opportunity)
- Coordination of benefits – significant potential in both medical and Rx costs. Internal efforts to be supported by data warehouse project deliverables.

2017 Budget Opportunities (continued)

- Utilization management – significant potential to expand current efforts with additional data and tools being developed internally (data warehouse and CRM initiative).
- Provider-based task force:
  - Overall goal to reduce claims expense
  - Shared experiences, assessment of data, identification of trends
  - Education, follow-up, process change
  - Improve Medical management and Clinical delivery outcomes

SOUTH COUNTRY
HEALTH ALLIANCE
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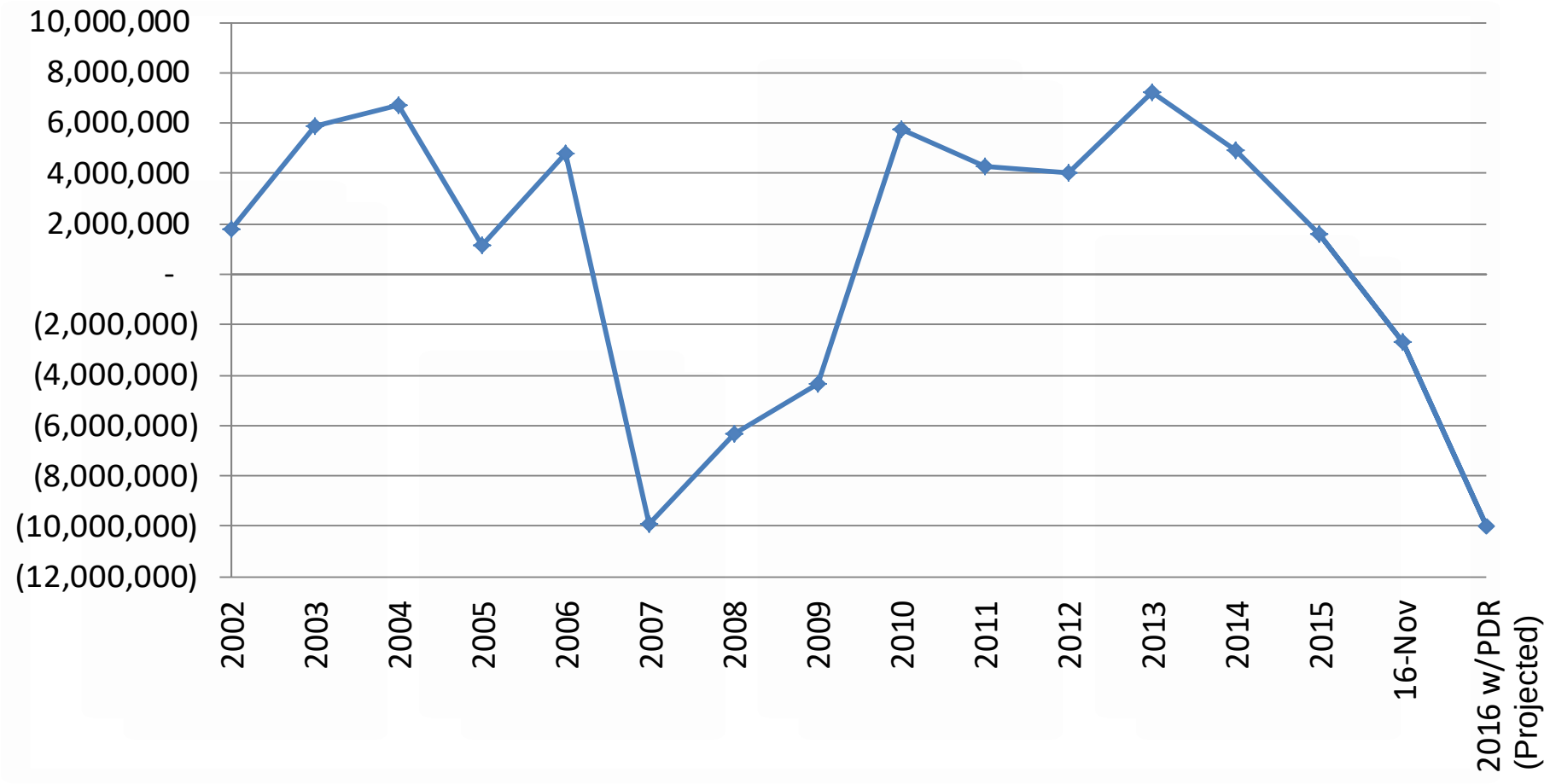
Historical Financial Results

Health care financial results can fluctuate year-to-year and even month-to-month, introducing volatility to financial statements.

- South Country trends over the years reflect both ups and downs of the industry
- Items contributing to volatility include:
  - *Unpredictable medical costs*
  - *Small member base*
  - *Capitated revenue*

Net Income (Loss)

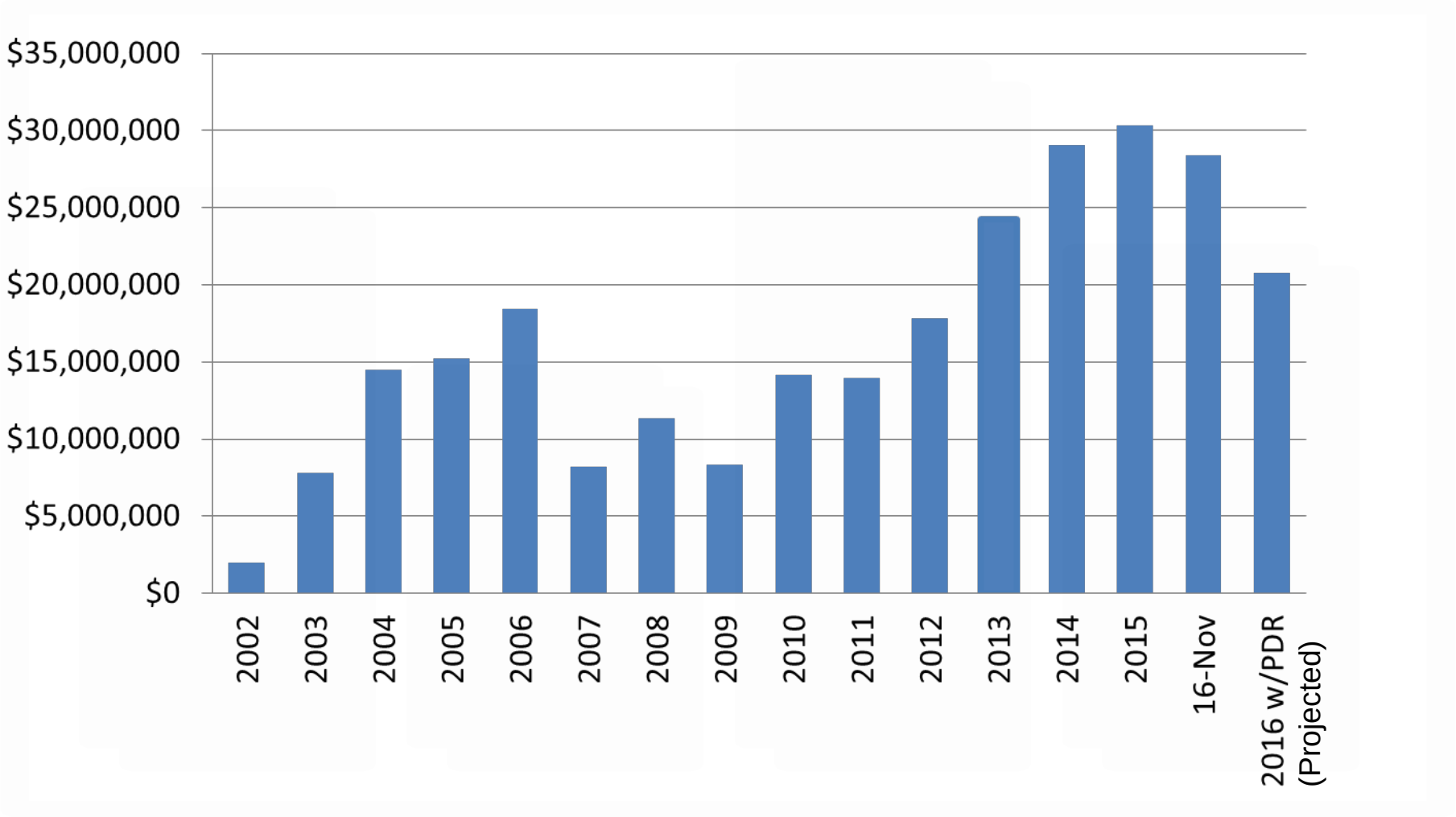
2002 – November 2016



Notes: 2016 projected assumes booking $7 million Premium Deficiency Reserve (PDR)

Capital & Surplus

2002 – November 2016

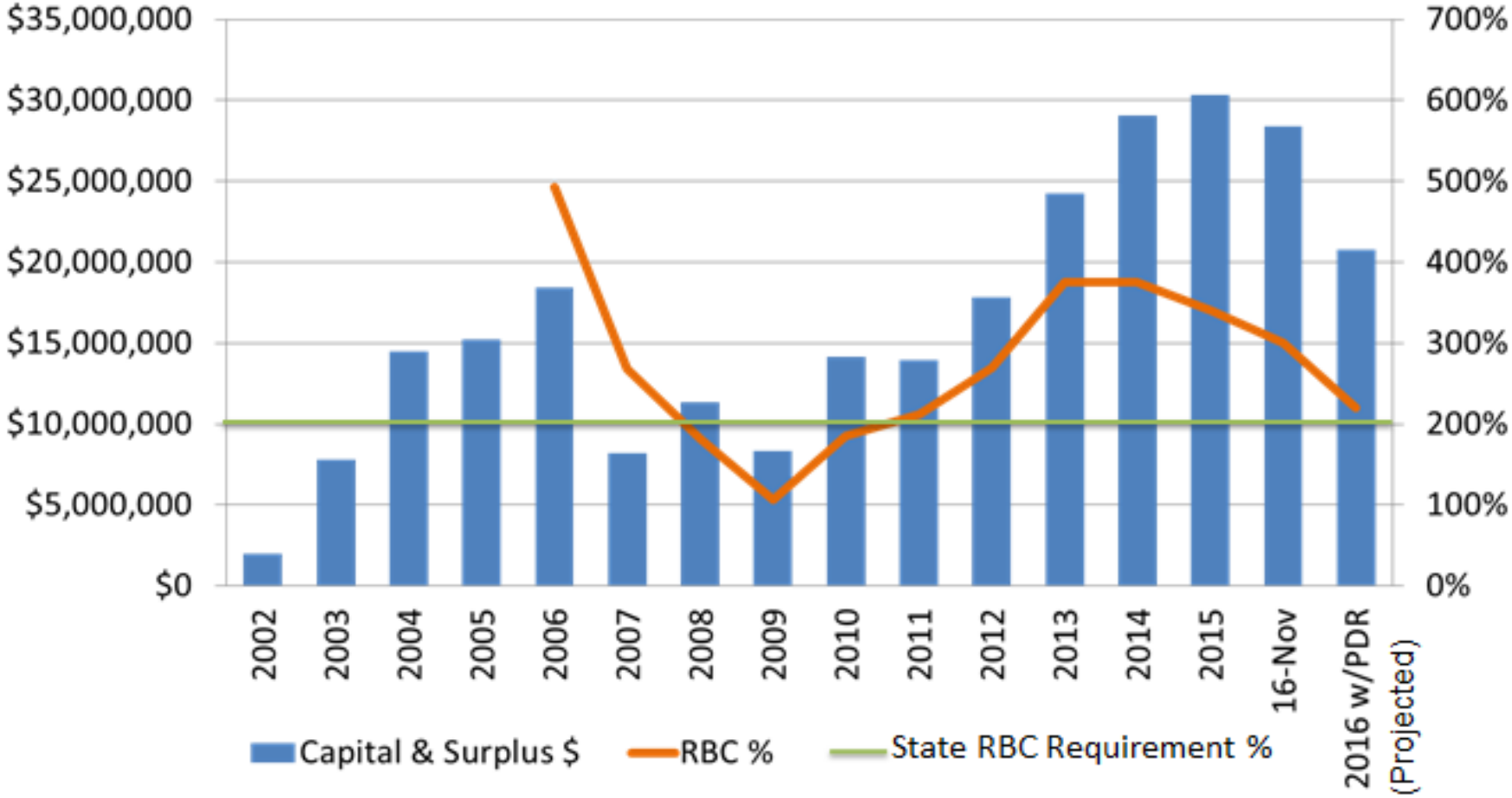


Notes: 2016 projected assumes booking $7 million Premium Deficiency Reserve (PDR)

Capital & Surplus with RBC

2002 – November 2016

Risk-based capital measures the amount of capital that an insurance company needs to support its overall business operations



Notes: 2016 projected assumes booking $7 million Premium Deficiency Reserve (PDR)

South Country Health Alliance
Financial Narrative
Eleven Months Ended 11/30/16

South Country's income statement is showing a net loss of $(2,722,000) through eleven months of 2016. As with recent year's reports, 2016 results have been impacted substantially by additional revenue being received for prior year's capitation adjustments. The 11/30/16 income statement includes $11.2 million of capitation revenue attributable to prior years, thus 2016 on its own had a net loss of $(13.9 million) through eleven months.

With several months of additional runout, the final 2015 PMAP and MNCare risk scores were higher than those estimated at 12/31/15, reducing South Country's payback to DHS. This increased the 2015 PMAP capitation revenue by $6,960,000 and MNCare by $565,000. The 2015 financial statements are closed, so this additional income is recorded in 2016.

There was also a substantial increase in CMS capitation revenue in June as a result of the 2015 Risk Adjusting Processing System (RAPS) settle up. SeniorCare Complete (MSHO) had an additional $2.8 million revenue and AbilityCare (SNBC) an additional $.9 million. The majority of this is for RAPS data submitted in late summer 2015.

The prior year CMS adjustments are a part of the normal CMS capitation revenue calculation process, and are technically not prior period adjustments. They are being highlighted in 2016 because of the size of the 2015 settle-up received in July 2016. While preparing the 2016 CMS bids a year ago, it was discovered that there were a substantial amount of 2014 coding adjustments that could be submitted.

There are two 11/30/16 income statement formats included in your packet; one on a comparative format showing 2016 reported results to budget and prior year, and a second by product line that shows the prior year adjustments in red. The product income statement has the amount of the prior year capitation adjustments across the top of each product in red. After that, the affected subtotals for each product are restated, down through net income. The adjusted loss ratio and Per Member Per Month (PMPM) statistics are also shown in red.

<u>PMAP</u>

PMAP, as reported at 11/30/16, had a net loss of $(7.5 million). Without the 2015 DHS capitation adjustment of $6.9 million, PMAP would be showing a loss of $(14.4 million). The primary cause of the 2016 loss is the reduced DHS capitation revenue. After adjusting both full year 2015 (FY15) and eleven months of 2016 for prior period adjustments, the 11/30/16 YTD DHS capitation was $38 PMPM less than it was for FY15. This is a decrease of 9%. With 300,000 member month's to-date, that represents $11.4 million less revenue through eleven months of 2016 due to the rate.

In addition to the prior year revenue adjustment, the PMAP product had $1,319,000 of Premium Deficiency Reserve (PDR) income through 11/30/16 from the release of the PDR established at 12/31/15. Technically, this is also a prior year adjustment. If removed, PMAP would have a $(15.7 million) YTD loss.

Finally, PMAP is seeing an increase in claim costs versus prior year. The adjusted medical claim costs on a PMPM basis have increased 7% from $286 PMPM for FY15 to $306 PMPM at 11/30/16. The adjusted loss ratio has increased 14 percentage points to 102.7% due to the decreased capitation revenue and increased claim costs. We saw additional improvement in claim costs in November, decreasing the year-to-date loss ratio by 0.7 percentage points this month.

MNCare

MNCare is showing a net loss of $(1.8 million). This would be a loss of $(2.4 million) without the 2015 DHS capitation revenue. MNCare also has a small amount of PDR release in 2016. On an adjusted basis, the capitation revenue decreased by $8 PMPM to-date. Claim costs have increased substantially year-over-year for much of 2016 but improved significantly in September and showed additional modest improvement in both October and November. Medical claims are now $46 PMPM more than FY15, and pharmacy claims are $10 PMPM more. This combination has driven the adjusted loss ratio up to 107%, an increase of 15 percentage points over FY15.

SeniorCare Complete

SeniorCare Complete (MSHO) is showing net income of $2.4 million through eleven months of 2016, but a small loss of $(353,000) on an adjusted basis without the $2.8 million of additional RAPS capitation revenue mentioned above. Claim costs have increased in 2016 over FY15 but have leveled off of late. Medical expenses are now $144 PMPM more than FY15, an increase of 6%. On an adjusted basis, SeniorCare Complete has a loss ratio of 92.7%.

AbilityCare

AbilityCare (SNBC) is showing a net loss of $(365,000) through 11/30/16, which would be a loss of $(1,267,000) without the benefit of the prior year CMS capitation adjustment. We have seen an improvement in the AbilityCare (SNBC) financial results in 2016. DHS capitation is $15 PMPM less than FY15 but, after making adjustments for prior years, CMS revenue is $125 PMPM higher. Medical claims have decreased by $106 PMPM, making the biggest contribution to the favorable financial results. These improvements have lowered the adjusted loss ratio to 107%, an improvement of 16 percentage points over FY15. AbilityCare (SNBC) is also getting the benefit of the release of the 2015 PDR in 2016, which has added $334,000 of net income through 11/30/16.

MSC+

MSC+ has net income of $1.7 million through 11/30/2016. The eleven month loss ratio of 76.6% was 1.4 percentage points lower than it was for FY15. Capitation revenue was $35 PMPM higher than FY15, with medical claims $12 PMPM higher than FY15.

SingleCare

SingleCare (SNBC), after a slow start financially in the first quarter, has turned around on a year-to-date basis with net income of $2.2 million through eleven months of the year. At the end of the first quarter, SingleCare (SNBC) had a loss of $238,000. The loss ratio has gone from 81% for FY15, to 99% at the end of the first quarter, to 81% at 11/30/16. It is still higher than it has been in the past, but has improved dramatically. Capitation revenue of $1,919 PMPM is $107 higher than FY15, but medical claims are $94 PMPM more than FY15.

SharedCare

SharedCare (SNBC) has net income of $658,000 through 11/30/16. The eleven month loss ratio of 79% is acceptable, but 14 percentage points higher than it was for FY15. Capitation revenue was $16 PMPM less than FY15, while medical claims were $51 PMPM more than FY15. Loss ratios in the mid-60% range were not expected to continue for this product.

Administration

Total administrative expenses through eleven months of 2016 of $21.6 million are $999,000 under budget and $850,000 less than a year ago at this time. On a PMPM basis they are $55.29 which is $1.22 PMPM less than budget and $0.23 PMPM higher than a year ago.

Total employee wage, tax, and benefit expenses of $7.4 million are $180,000 over budget and $1,148,000 more than 11/30/15. The variance from budget is primarily due to timing. The variance from 2015 is mostly due to fewer open positions in 2016 and the 3% salary increase for all staff in January 2016.

Consulting expenses of $1,533,000 are $9,000 less than budget and $1.3 million less than 2015.

Balance Sheet

The Balance Sheet remains strong with $28.4 million Capital and Surplus at 11/30/16. Capital and Surplus will decrease by 12/31/16 if we experience continued net losses in the final month of the year.

Cash position

Cash and Cash Equivalents at 11/30/16 are $55.7 million. We received our December payments from DHS on 11/30/2016, resulting in the increase at month-end. Our cash balance at 12/23/16 is $44.8 million.

Summary

As discussed above, the main driver of the 2016 losses are the rate reductions to PMAP and MNCare. The increase in claim costs that we saw in the first half of the year largely continued in the third quarter. We have seen modest improvement in PMAP claim costs in the months of October and November. Our relatively strong surplus position is allowing us to get through

these financial hits. Looking ahead to 2017, we now know we will have higher PMAP and MNCare capitation rates, and CMS has announced that they will be changing the risk scoring methodology which will increase revenue to South Country. We are also implementing a RAPS Tool from Cirdan and working with them to better identify incorrect and missing coding that will result in increased CMS revenue. Trend in claim costs, especially in MNCare and PMAP, will continue to be a challenge to profitability in 2017.

South Country Health Alliance
Comparative Balance Sheet

	11/30/2016	11/30/2015
Assets		
Current Assets		
Cash & Cash Equivalents	$ 55,735,610	$ 54,862,987
Capitation Receivable	1,565,000	2,304,090
Reinsurance Receivable	550,502	319,174
Managed Care WH Receivable	13,322,372	14,747,785
Allowance for Uncollectible WH	(416,324)	(460,868)
Other Receivables	1,285,317	893,677
Total Current Assets	**72,042,477**	**72,666,844**
Property & Equipment		
EDP	2,724,780	2,531,442
Accum Depreciation	(2,277,320)	(1,922,381)
Total Property & Equipment	**447,459**	**609,062**
Total Assets	**72,489,936**	**73,275,906**
Liabilities		
Current Liabilities		
Accounts Payable	470,710	289,242
Accounts Payable-Related Parties	257,499	243,895
Accrued Expenses	3,357,110	4,493,330
Claims Payable	23,229,153	24,039,456
Unearned Revenue	15,143,624	12,287
Other Medical Settlements	1,595,573	8,673,493
Total Current Liabilities	**44,053,668**	**37,751,703**
Total Liabilities	**44,053,668**	**37,751,703**
Total Capital & Surplus	**28,436,268**	**35,524,203**
Total Liabilities & Capital	**$72,489,936.**	**$73,275,906.**

Unaudited - For Management Purposes Only

SOUTH COUNTRY HEALTH ALLIANCE
STATEMENT OF NET INCOME COMPARED TO BUDGET
For the Eleven Months Ending 11/30/2016 and 2015

	YTD This Year	YTD Budget	Favorable/ (Unfavorable)	YTD Last Year	Favorable/ (Unfavorable)
REVENUE					
DHS CAPITATION	$193,505,693	$190,770,606	$2,735,087	$201,833,483	($8,327,790)
RESERVE-MANAGED CARE W/H	(416,324)	(435,128)	18,804	(460,868)	44,544
CMS CAPITATION	31,309,211	26,957,722	4,351,489	24,456,480	6,852,731
REINSURANCE PREMIUMS	(1,556,764)	(1,584,414)	27,650	(1,824,901)	268,137
TOTAL REVENUES	222,841,816	215,708,786	7,133,030	224,004,194	(1,162,378)
PROGRAM EXPENSES					
MEDICAL CLAIMS	175,104,803	162,425,509	(12,679,294)	163,145,907	(11,958,896)
REINSURANCE RECOVERIES	(1,604,256)	(979,515)	624,741	(707,737)	896,519
PHARMACY CLAIMS	23,910,115	25,075,598	1,165,483	23,876,350	(33,765)
DENTAL CLAIMS	7,366,231	7,782,107	415,876	8,060,199	693,968
CHIROPRACTIC CAPITATION	514,545	532,653	18,108	541,454	26,909
COUNTY PAYMENTS	653,470	530,355	(123,115)	581,451	(72,018)
TOTAL PROGRAM EXPENSES	205,944,907	195,366,707	(10,578,200)	195,497,624	(10,447,283)
LOSS RATIO	92.4%	90.6%	(1.8%)	87.3%	(5.1%)
ADMINISTRATIVE EXPENSES					
WAGES	5,905,672	5,752,354	(153,318)	4,972,183	(933,490)
PAYROLL TAXES	436,138	426,849	(9,289)	369,289	(66,849)
BENEFITS	1,128,916	1,111,069	(17,847)	979,773	(149,143)
WELLNESS	9,845	4,312	(5,533)	8,814	(1,031)
OFFICE SUPPORT	50,343	45,837	(4,506)	94,110	43,767
PROFESSIONAL FEES	733,583	776,250	42,667	647,298	(86,284)
COMMITTEE EXPENSES	5,530	9,777	4,247	3,261	(2,268)
CONSULTING SERVICES	1,515,146	1,510,153	(4,993)	2,833,721	1,318,575
CONSULTING SERVICES-MEDICAL	17,532	31,212	13,680	36,928	19,395
DEPRECIATION	388,386	204,769	(183,617)	322,051	(66,334)
DUES & SUBSCRIPTIONS	41,597	99,053	57,456	67,713	26,116
HEALTH PROMOTIONS PROGRAMS	301,541	413,285	111,744	388,519	86,979
INSURANCE	83,964	85,700	1,736	76,709	(7,254)
LEGAL	58,769	179,374	120,605	227,080	168,311
LEGISLATIVE LOBBYIST	15,833	0	(15,833)	18,333	2,500
MEMBER MATERIALS	173,437	192,374	18,937	157,386	(16,051)
MARKETING	158,668	97,750	(60,918)	85,049	(73,619)
MEALS-COUNTY STAFF	149,402	180,303	30,901	129,206	(20,195)
OFFICE SUPPLIES	39,610	45,870	6,260	42,417	2,808

SOUTH COUNTRY HEALTH ALLIANCE
STATEMENT OF NET INCOME COMPARED TO BUDGET
For the Eleven Months Ending 11/30/2016 and 2015

	YTD This Year	YTD Budget	Favorable/ (Unfavorable)	YTD Last Year	Favorable/ (Unfavorable)
OTHER EXPENSES	3,795	8,300	4,505	2,367	(1,428)
POSTAGE	118,473	118,860	387	109,061	(9,411)
RENT-OFFICE	262,258	262,255	(3)	246,801	(15,457)
LEASE-OFFICE EQUIPMENT	52,805	41,843	(10,962)	41,047	(11,759)
REPAIRS & MAINTENANCE	4,123	15,400	11,277	14,210	10,087
SOFTWARE MAINTENANCE	990,061	1,315,944	325,883	545,044	(445,017)
COMPUTER SOFTWARE	162,325	133,000	(29,325)	280,095	117,770
COMPUTER HARDWARE	37,320	64,000	26,680	51,270	13,950
STATEGIC PLANNING CONFERENCE	17,416	0	(17,416)	3,480	(13,936)
TELEPHONE EXPENSE	132,567	80,436	(52,131)	211,738	79,172
TRAINING/SEMINARS	45,582	105,723	60,141	42,421	(3,161)
UTILITIES	33,666	38,500	4,834	29,140	(4,525)
GRANTS	0	0	0	0	0
TPA FEES	8,607,144	9,141,214	534,070	9,294,016	686,872
CLAIMS ADJUSTMENT EXPENSES	(89,297)	100,000	189,297	111,487	200,784
TOTAL ADMINISTRATIVE EXPENSES	21,592,148	22,591,766	999,618	22,442,020	849,872
OPERATING INCOME	(4,695,239)	(2,249,687)	(2,445,552)	6,064,551	(10,759,790)
INVESTMENT INCOME	240,915	27,500	213,415	54,527	186,387
PREMIUM DEFICIENCY RESERVE	1,731,584	0	1,731,584	0	1,731,584
NET INCOME BEFORE GAIN SHARE	(2,722,741)	(2,222,187)	(500,554)	6,119,078	(8,841,819)
DHS GAIN SHARE	0	0	0	0	0
NET INCOME (LOSS)	$ (2,722,741)	$ (2,222,187)	$ (500,554)	$ 6,119,078	$ (8,841,819)
MEMBER MONTHS	390,507	399,818		407,626	
			(9,311)		(17,119)
Admin Expense PMPM	55.29	56.51	1.22	55.06	(0.23)
Admin Expense Ratio to Revenue	9.7%	10.5%	0.8%	10.0%	0.3%
TPA Fees PMPM	22.04	22.86	0.82	22.80	0.76

SOUTH COUNTRY HEALTH ALLIANCE
INCOME STATEMENT BY PRODUCT
For the Eleven Months Ending 11/30/2016

	Minnesota Programs						Federal Programs			
	Minnesota Care	PMAP	MSC+	SingleCare (SNBC)	SharedCare (SNBC)	Total Minnesota	SeniorCare	AbilityCare	Total Federal	Total All Programs
REVENUES										
DHS CAPITATION	$13,929,044	$118,273,424	$10,366,323	$16,779,673	$6,443,775	$165,792,239	$24,397,400	$2,899,729	$27,297,129	$193,089,369
CMS CAPITATION	-	-	-	-	-	-	24,702,314	6,606,897	31,309,211	31,309,211
REINSURANCE PREMIUMS	(127,303)	(1,080,032)	(34,215)	(32,606)	(53,135)	(1,327,291)	(170,282)	(59,191)	(229,473)	(1,556,764)
TOTAL REVENUES	13,801,741	117,193,392	10,332,108	16,747,067	6,390,640	164,464,948	48,929,432	9,447,435	58,376,867	222,841,816
PROGRAM EXPENSES										
HOSPITAL/MEDICAL	11,182,332	91,971,719	7,684,175	10,602,293	4,641,549	126,082,069	40,890,507	8,132,227	49,022,734	175,104,803
REINSURANCE RECOVERIES	(97,696)	(1,304,982)	-	(131,232)	-	(1,533,911)	(61,292)	(9,054)	(70,346)	(1,604,256)
PHARMACY	2,537,743	15,833,343	79,741	2,886,547	55,585	21,392,959	1,664,358	852,798	2,517,156	23,910,115
DENTAL	500,508	5,775,795	128,450	211,823	343,607	6,960,184	221,376	184,671	406,047	7,366,231
OTHER	43,993	386,039	11,878	11,269	18,207	471,387	31,833	11,326	43,159	514,545
COUNTY PAYMENTS	51,207	520,645	11,930	11,759	18,670	614,211	28,924	10,335	39,258	653,470
TOTAL PROGRAM EXPENSES	14,218,087	113,182,560	7,916,174	13,592,460	5,077,618	153,986,899	42,775,705	9,182,303	51,958,009	205,944,907
NET MARGIN	(416,346)	4,010,832	2,415,934	3,154,607	1,313,022	10,478,049	6,153,727	265,132	6,418,858	16,896,909
ADMINISTRATIVE EXPENSES										
TPA FEES	694,814	6,151,342	212,798	179,226	283,447	7,521,627	818,648	266,869	1,085,517	8,607,144
OTHER ADMIN EXPENSES	811,412	6,741,728	557,370	918,765	371,335	9,400,609	2,886,656	697,739	3,584,395	12,985,004
TOTAL ADMINISTRATIVE EXPENSES	1,506,225	12,893,070	770,168	1,097,991	654,782	16,922,236	3,705,303	964,608	4,669,911	21,592,148
INVESTMENT INCOME	-	91,573	36,412	112,930	-	240,915	-	-	-	240,915
NET INCOME (LOSS) W/O GAIN SHARE	(1,922,571)	(8,790,666)	1,682,178	2,169,546	658,240	(6,203,273)	2,448,424	(699,476)	1,748,947	(4,454,324)
PREMIUM DEFICIENCY RESERVE	77,922	1,319,468	-	-	-	1,397,390	-	334,194	334,194	1,731,584
NET INCOME (LOSS)	$ (1,844,649)	$ (7,471,198)	$ 1,682,178	$ 2,169,546	$ 658,240	$ (4,805,883)	$ 2,448,424	$ (365,282)	$ 2,083,141	$ (2,722,740)
TOTAL MEMBER MONTHS	33,978	300,457	9,213	8,744	14,135	366,527	17,689	6,291	23,980	390,507
LOSS RATIO	103.0%	96.6%	76.6%	81.2%	79.5%	93.6%	87.4%	97.2%	89.0%	92.4%
PMPM STATISTICS										
DHS REVENUE	$409.94	$393.65	$1,125.18	$1,918.99	$455.87	$452.33	$1,379.24	$460.93	$1,138.33	$494.46
CMS REVENUE	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$1,396.48	$1,050.21	$1,305.64	$80.18
REINSURANCE	$(3.75)	$(3.59)	$(3.71)	$(3.73)	$(3.76)	$(3.62)	$(9.63)	$(9.41)	$(9.57)	$(3.99)
HOSPITAL/MEDICAL	$329.11	$306.11	$834.06	$1,212.52	$328.37	$343.99	$2,311.63	$1,292.68	$2,044.32	$448.40
REINSURANCE RECOVERIES	$(2.88)	$(4.34)	$0.00	$(15.01)	$0.00	$(4.18)	$(3.46)	$(1.44)	$(2.93)	$(4.11)
PHARMACY	$74.69	$52.70	$8.66	$330.12	$3.93	$58.37	$94.09	$135.56	$104.97	$61.23
DENTAL	$14.73	$19.22	$13.94	$24.23	$24.31	$18.99	$12.51	$29.35	$16.93	$18.86
OTHER	$1.29	$1.28	$1.29	$1.29	$1.29	$1.29	$1.80	$1.80	$1.80	$1.32
COUNTY PAYMENTS	$1.51	$1.73	$1.29	$1.34	$1.32	$1.68	$1.64	$1.64	$1.64	$1.67
TPA FEES	$20.45	$20.47	$23.10	$20.50	$20.05	$20.52	$46.28	$42.42	$45.27	$22.04
OTHER ADMIN EXPENSES	$23.88	$22.44	$60.50	$105.07	$26.27	$25.65	$163.19	$110.91	$149.47	$33.25
NET INCOME (LOSS)	$(54.29)	$(24.87)	$182.59	$248.12	$46.57	$(13.11)	$138.42	$(58.06)	$86.87	$(6.97)

SOUTH COUNTRY HEALTH ALLIANCE
INCOME STATEMENT BY PRODUCT (ADJUSTED)
For the Eleven Months Ending 11/30/2016

	Minnesota Programs						Federal Programs			
	Minnesota Care	PMAP	MSC+	SingleCare (SNBC)	SharedCare (SNBC)	Total Minnesota	SeniorCare	AbilityCare	Total Federal	Total All Programs
REVENUES	(565,000)	(6,960,000)				(7,525,000)	(2,802,000)	(902,000)	(3,704,000)	(11,229,000)
DHS CAPITATION	$13,929,044	$118,273,424	$10,366,323	$16,779,673	$6,443,775	$165,792,239	$24,397,400	$2,899,729	$27,297,129	$193,089,369
CMS CAPITATION	-	-	-	-	-	-	24,702,314	6,606,897	31,309,211	31,309,211
REINSURANCE PREMIUMS	(127,303)	(1,080,032)	(34,215)	(32,606)	(53,135)	(1,327,291)	(170,282)	(59,191)	(229,473)	(1,556,764)
TOTAL REVENUES	13,801,741	117,193,392	10,332,108	16,747,067	6,390,640	164,464,948	48,929,432	9,447,435	58,376,867	222,841,816
	13,236,741	110,233,392				156,939,948	46,127,432	8,545,435	54,672,867	211,612,816
PROGRAM EXPENSES										
HOSPITAL/MEDICAL	11,182,332	91,971,719	7,684,175	10,602,293	4,641,549	126,082,069	40,890,507	8,132,227	49,022,734	175,104,803
REINSURANCE RECOVERIES	(97,696)	(1,304,982)	-	(131,232)	-	(1,533,911)	(61,292)	(9,054)	(70,346)	(1,604,256)
PHARMACY	2,537,743	15,833,343	79,741	2,886,547	55,585	21,392,959	1,664,358	852,798	2,517,156	23,910,115
DENTAL	500,508	5,775,795	128,450	211,823	343,607	6,960,184	221,376	184,671	406,047	7,366,231
OTHER	43,993	386,039	11,878	11,269	18,207	471,387	31,833	11,326	43,159	514,545
COUNTY PAYMENTS	51,207	520,645	11,930	11,759	18,670	614,211	28,924	10,335	39,258	653,470
TOTAL PROGRAM EXPENSES	14,218,087	113,182,560	7,916,174	13,592,460	5,077,618	153,986,899	42,775,705	9,182,303	51,958,009	205,944,907
NET MARGIN	(416,346)	4,010,832	2,415,934	3,154,607	1,313,022	10,478,049	6,153,727	265,132	6,418,858	16,896,909
	(981,346)	(2,949,168)				2,953,049	3,351,727	(636,868)	2,714,858	5,667,909
ADMINISTRATIVE EXPENSES										
TPA FEES	694,814	6,151,342	212,798	179,226	283,447	7,521,627	818,648	266,869	1,085,517	8,607,144
OTHER ADMIN EXPENSES	811,412	6,741,728	557,370	918,765	371,335	9,400,609	2,886,656	697,739	3,584,395	12,985,004
TOTAL ADMINISTRATIVE EXPENSES	1,506,225	12,893,070	770,168	1,097,991	654,782	16,922,236	3,705,303	964,608	4,669,911	21,592,148
INVESTMENT INCOME	-	91,573	36,412	112,930	-	240,915	-	-	-	240,915
NET INCOME (LOSS) BEFORE PDR	(1,922,571)	(8,790,666)	1,682,178	2,169,546	658,240	(6,203,273)	2,448,424	(699,476)	1,748,947	(4,454,324)
PREMIUM DEFICIENCY RESERVE	77,922	1,319,468	-	-	-	1,397,390	-	334,194	334,194	1,731,584
NET INCOME (LOSS)	$ (1,844,649)	$ (7,471,198)	$ 1,682,178	$ 2,169,546	$ 658,240	$ (4,805,883)	$ 2,448,424	$ (365,282)	$ 2,083,141	$ (2,722,740)
	(2,409,649)	(14,431,198)				(12,330,883)	(353,576)	(1,267,282)	(1,620,859)	(13,951,740)
TOTAL MEMBER MONTHS	33,978	300,457	9,213	8,744	14,135	366,527	17,689	6,291	23,980	390,507
LOSS RATIO	103.0%	96.6%	76.6%	81.2%	79.5%	93.6%	87.4%	97.2%	89.0%	92.4%
	107.4%	102.7%				98.1%	92.7%	107.5%	95.0%	97.3%
PMPM STATISTICS	393.31	370.48				431.80				465.70
DHS REVENUE	$409.94	$393.65	$1,125.18	$1,918.99	$455.87	$452.33	$1,379.24	$460.93	$1,138.33	$494.46
							1,238.08	906.83	1,151.18	51.42
CMS REVENUE	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$1,396.48	$1,050.21	$1,305.64	$80.18
REINSURANCE	$(3.75)	$(3.59)	$(3.71)	$(3.73)	$(3.76)	$(3.62)	$(9.63)	$(9.41)	$(9.57)	$(3.99)
HOSPITAL/MEDICAL	$329.11	$306.11	$834.06	$1,212.52	$328.37	$343.99	$2,311.63	$1,292.68	$2,044.32	$448.40
REINSURANCE RECOVERIES	$(2.88)	$(4.34)	$0.00	$(15.01)	$0.00	$(4.18)	$(3.46)	$(1.44)	$(2.93)	$(4.11)
PHARMACY	$74.69	$52.70	$8.66	$330.12	$3.93	$58.37	$94.09	$135.56	$104.97	$61.23
DENTAL	$14.73	$19.22	$13.94	$24.23	$24.31	$18.99	$12.51	$29.35	$16.93	$18.86
OTHER	$1.29	$1.28	$1.29	$1.29	$1.29	$1.29	$1.80	$1.80	$1.80	$1.32
COUNTY PAYMENTS	$1.51	$1.73	$1.29	$1.34	$1.32	$1.68	$1.64	$1.64	$1.64	$1.67
TPA FEES	$20.45	$20.47	$23.10	$20.50	$20.05	$20.52	$46.28	$42.42	$45.27	$22.04
OTHER ADMIN EXPENSES	$23.88	$22.44	$60.50	$105.07	$26.27	$25.65	$163.19	$110.91	$149.47	$33.25
NET INCOME (LOSS)	$(54.29)	$(24.87)	$182.59	$248.12	$46.57	$(13.11)	$138.42	$(58.06)	$86.87	$(6.97)
	(70.92)	(48.03)				(33.64)	(19.99)	(201.44)	(67.59)	(35.73)