

2002 Profile and Annual Report

California Association of Health Plans

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California Association of Health Plans
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Mission Statement

The California Association of Health Plans is the statewide trade association that represents 31 Knox-Keene licensed health plans that provide health coverage to more than 21 million Californians.

The Association's mission is to improve the health of California's communities by promoting the growth of health plans dedicated to providing high quality, affordable, accessible health care to their members. We do this by:

Promoting cooperative efforts among health plans and providers to improve the quality, effectiveness and efficiency of care and service.

Advocating for the interests of health plans and their members on legislative and regulatory issues.

Educating policymakers and the public about the philosophy of managed care and the benefits that health plans provide.

Every year, it seems, the message delivered on this page – via varying examples and updates—is strikingly similar: managed care health plans and those who represent them face a daunting organizational and economic challenge. They must endeavor to meet the ever-growing consumer demand for greater quality, choice and breadth in health care services. At the same time they have to keep the premium charged for those services affordable. In short, they are challenged to provide much more in services for little or no more in price.

In most industries, this problem takes care of itself. Demand is largely controlled by ability to pay. In health care – and health insurance in particular – the rules are different. Those making the demands for more do not face the full economic consequences of those demands. Employers pay most of the premiums, insurers pay most of the bills. The gap that is inevitably created – between demand and ability to pay – often must be bridged by the health plan, not the consumer. A daunting challenge indeed.

This year, the challenge grew even stiffer. The one clear success for which managed care had been awarded widespread credit – the control of health care costs – seemed to be evaporating. For the third year in a row, health care premiums rose, in most cases by double digits. To knowledgeable industry observers, the causes of these increases were fairly obvious: an aging population, new technology, stronger hospital and physician bargaining units, a turning away from the tools that enabled managed care plans to control demand and costs, soaring pharmaceutical costs, etc. Still, the task of explaining that premiums are rising because costs are rising was one more burden for the industry and its spokespersons.

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affordability became the key issue in managed care debates,
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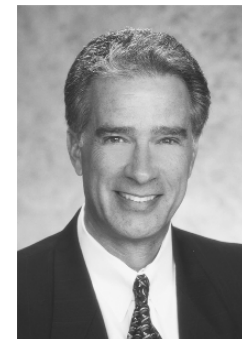
But here comes the good news: either we did a pretty good job of explaining the new realities or state opinion leaders – including state legislators – somehow got the picture by other means. This year, for the first time in years, affordability became the key issue in managed care debates and with all the expected results. Concerned about the potential impacts of rising costs – the most extreme being the loss of insurance altogether – state legislators rejected virtually all proposals that would have contributed significantly to rising health care costs and premiums. Among the casualties were:

- Eighteen proposals for new benefits and services, all victims ultimately of an extraordinary Assembly Health Committee moratorium on new mandates.
- California Medical Association (CMA)-sponsored legislation to provide physicians with an exemption to antitrust laws or with a private right of action to sue health plans over payment rates.
- Trial attorney-supported legislation to ban health plans from using mandatory arbitration in resolving disputes with consumers.

In addition to state legislators, other critical opinion leaders and organizations seemed more attuned to affordability concerns. For the first time in anyone’s recollection, leading California labor unions responded to health plan approaches and opposed the CMA-sponsored legislation noted above. And major press outlets, most notably the *Sacramento Bee* and the *Los Angeles Times*, backed health plans on several key cost-related issues.

Next year may be different. The drumbeat of demand may return louder than ever. But, working together, the health plan community – with CAHP as its spokesperson – has begun to raise the right questions and to stimulate the dialogue that may provide some viable answers. We do so with the help of many unsung supporters who work for our member plans and who supply us with information, analyses and contacts without which we would be far less effective.

Their support, the broader support of our member plans and the knowledge that all of us together are pursuing the goal of high quality, affordable health care for Californians enables us to face the tough challenges and attempt to bridge the economic and political divides. We sincerely thank you for that support.



A handwritten signature in cursive script that reads "Mark G. Hyde".

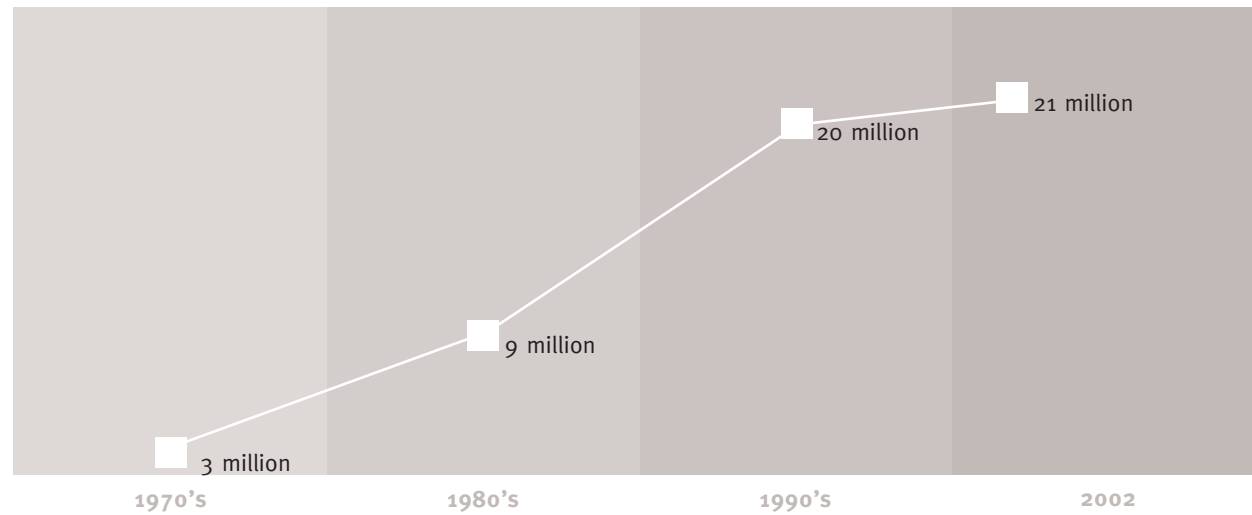
Mark G. Hyde
Chairman of the Board
California Association
of Health Plans
President and CEO Lifeguard, Inc.



A handwritten signature in cursive script that reads "Walter A. Zelman".

Walter A. Zelman, Ph.D.
President and CEO
California Association
of Health Plans

From its humble beginnings in the 1970s to the tremendous growth of the 1990s, the California Association of Health Plans remains a committed advocate for its 31 member plans and the Californians enrolled in them. The Association has a long and proud history, including actively sponsoring legislation that benefits Californians, helping to expand health services and products through our advocacy efforts and promoting high quality health care at affordable costs.



The Association began over 30 years ago when the leadership of the Southern California Association of HMOs realized the importance of health plan advocacy – not only within the region – but throughout the state. Three million Californians were enrolled in health plans by the end of the decade.

As health plans grew, so did the need for health plans to cooperate on a statewide basis. By 1984, health plans in Northern California became active member plans. Within a year, the organization was incorporated and became known as the California Association of HMOs. At that time almost 9 million people were enrolled in California health plans.

Rapid and dramatic growth occurred in health plans throughout the state. The Association became a staffed entity in 1991 to keep up with this growth. In addition, a new generation of health plan products and services began to appear, including point-of-service plans, Medi-Cal managed care and Medicare risk plans. To reflect the ongoing changes within the health plan community, the Association modified its name to the California Association of Health Plans in 1997.

Today, in 2002, there are more than 21 million Californians enrolled in our member health plans. The industry remains strong as it faces new challenges in the young decade.

The California Association of Health Plans and its members in 2002 were able to turn an unusually challenging year into a number of key successes on various fronts while forging unprecedented alliances with California unions, including the California Teachers Association.

CAHP during 2002 emphasized rising health care costs as the core of our legislative, media and outreach efforts. This theme was used as we fought key legislation, lobbied regulatory issues, implemented our media strategy and called attention to the impact of these costs on working families.

Legislative Activities

CAHP began the year by launching a new grassroots program and resuming its aggressive lobbying activities in the regulatory and legislative arenas. Atop CAHP's "most dangerous bills" list was AB 1600, California Medical Association-sponsored legislation that would have—depending on the version—created a antitrust exemption, a private right of action or a new regulatory process that might empower physicians in contract negotiations with health plans. At the outset of the year, AB 1600 was just one legislative step from the Governor's desk.

Rumors of AB 1600 draft amendments and legislative action on the measure soon began circulating throughout the Capitol on a regular basis. CAHP quickly launched a three-pronged anti-AB 1600 assault – lobbying, coalition building and proactive media.

The effort produced one of our key alliances of the year when California's top labor organizations signed on as solid AB 1600 opponents. The bill ultimately sat without legislative consideration most of the year and then died for lack of action as lawmakers adjourned the session on Aug. 31.

Earlier in the year, CAHP and its member plans scored another major legislative victory when 18 newly introduced bills proposing additional health coverage mandates were effectively killed. Following their introduction, CAHP coordinated a lobbying, media and grass roots campaign against the bills. As a result, anti-mandate editorials and columns appeared in the *Los Angeles Times* and the *Sacramento Bee*.

Assembly Health Committee Chair Helen Thomson also publicly disclosed her concern about the measures' impact on already rising health care costs. She then took action – convincing the committee to hold the bills in her committee and preventing further legislative consideration.

The mandate measures were just part of the large contingent of health care bills introduced and considered by lawmakers in the 2001-2002 legislative session. Prominent among these were bills that would have barred plans from using mandatory arbitration for dispute resolution and required plans to prominently disclose percentages of premium dollars spent on administrative costs. In all but a few instances, CAHP lobbyists, along with lobbyists representing member plans, were able to either defeat such legislation or amend them in ways that removed health plan objections.

Only three CAHP-opposed bills were sent to the Governor at the end of the session.

Regulatory Activities

CAHP also was actively involved in the Dept. of Managed Health Care's growing array of regulatory issues, some of which were adopted during the year. Others are still pending. Among those adopted were regulations involving administrative processes and public records, acts of war and a new electronic filing process. The pending issues include SB 260 (financial solvency of medical groups) and grievance/independent medical review regulations, and AB 1455, unfair claims settlement practices.

CAHP continues to coordinate regulatory activities for plans through its Legal Affairs Committee, comprised of attorneys and other regulatory personnel from member plans. The Committee meets three to four times a year and supplements these meetings with conference calls as necessary.

Earlier this year, CAHP for the first time hosted a single-day regulatory conference in Sacramento. The successful event attracted more than 200 attendees, far in excess of the anticipated turnout.

A special feature of the event was the announcement of a survey conducted by CAHP to determine how our members feel about the relatively new Dept. of Managed Health Care. Surprisingly, many of the comments were positive, but most respondents believe the Department has overstepped its authority on a number of issues.

New Alliances

Another first this year was CAHP's alliance with the California Teachers Association (CTA) to promote the Healthy Families and Medi-Cal Programs. (This collaboration was in addition to our earlier breakthrough with labor on AB 1600, making our outreach to labor a major story in 2002.)

CAHP has been active for years in attempting to enroll more children in the programs, but realized that the effort could be accelerated with the help of teachers.

After CAHP invited the CTA to participate, teachers – responding in focus groups in key areas of the state – overwhelmingly expressed their eagerness to help in the process of enrolling an estimated 1 million uninsured California children who are eligible for either the Healthy Families or Medi-Cal Programs.

The California Endowment, responding to a funding request, subsequently made a \$547,000 grant available to make the collaborative effort a reality. Under the new program, health plans will instruct teachers about Healthy Families and Medi-Cal. In turn, teachers will conduct an outreach project to help bring the eligible children into the two programs.

CAHP and CTA announced the joint effort at five, same-day news conferences on Sept. 4. The conferences – in Los Angeles, Sacramento, San Diego, Fresno and San Jose – attracted considerable media response, especially television

and radio. *Associated Press*' coverage of the conferences was published by many newspapers around the state. The events were featured in the CTA's magazine for teachers, the *Educator*, as well as in CAHP's newly revamped newsletter, *CAHPital Report*.

In the past, CAHP has coordinated numerous Healthy Families/Medi-Cal events with legislators at schools in their respective districts. CAHP will continue to organize these individual Healthy Families/Medi-Cal programs.

Overall, the year 2002 was a good one for CAHP. We continued to score successes in various venues while acquiring new allies and moving ahead on positive programs such as Healthy Families.

Overall, 2002 was a successful legislative year for the plans. We stopped AB 1600 – which in its first iteration would have created an antitrust exemption and, in later versions, a private right of action for physicians. At the same time, the Assembly Health Committee rejected 18 CAHP-opposed mandate bills. Industry opposition also defeated a legislative effort to require plans to prominently disclose percentages of premium dollars spent on administrative costs. While the Governor did sign a few bills that present challenges to health care service plans, he shared the plans’ opinion that cultural and linguistic standards should retain maximum flexibility and vetoed AB 2739. A great number of other bills were amended to address many of the concerns raised by the health plan community, resulting in the removal of CAHP opposition. Following is a brief summary of 2002 bills that were passed by the Legislature and acted on by the Governor:

CAHP Supported Bills

The following CAHP supported bills were signed into law:

AB 1996 (Thomson) University of California: analysis of legislation mandating health care benefits and services Chapter 795

This measure requests the University of California to assess legislation proposing mandated health care benefits and to prepare a written analysis.

AB 2364 (Negrete McLeod) Medi-Cal: study - Chapter 452

This measure requires a non-state funded study on how the administration of the Medi-Cal program might be simplified, with a focus on creating efficiency in the system and reducing costs to the program, health care service plans and health care providers

SB 283 (Speier) Healthy Families Program - Chapter 667

This bill authorizes, until Jan. 1, 2006, plans participating in the Healthy Families Program, to provide application assistance directly to an applicant.

CAHP Opposed and Vetoed Bills

CAHP requested and received a veto on the following bill:

AB 2739 (Chan) Health care coverage: multilingual information and services

This bill would have placed in statute a requirement on managed care plans, participating in the Medi-Cal program, and/or the Healthy Families Program, to take specific actions to provide culturally and linguistically appropriate services to enrollees.

Other Significant Legislation Signed into Law

AB 1401 (Thomson) Health benefit coverage - Chapter 794

This bill revises certain provisions of Cal-COBRA and other existing laws that require plans and insurers to offer health benefit coverage to certain individuals.

AB 2052 (Goldberg) Health care service plans and health insurance: group contract or policy rate changes – Chapter 336

This measure prohibits a plan – after the start of an open enrollment period or after receipt of the premium payment for the first month of coverage from changing its premium rates or applicable co-payments or coinsurances or deductibles after the group contract-holder or group policyholder has delivered written acceptance of the contract or policy. The bill would provide for exemptions from the prohibition where the change is authorized under a preliminary agreement or is mutually agreed to in writing, as specified.

AB 2085 (Corbett) Health care grievances - Chapter 796

This bill requires a health care service plan to provide a written acknowledgment of the receipt of a grievance within five calendar days of receipt unless the grievance is received by telephone, fax, e-mail or online and meets specified requirements, unless the grievance is subject to expedited review.

AB 2178 (Goldberg) Living wage health care coverage – Chapter 649

This bill provides that an employer subject to a local living wage law will be a small employer for purposes of obtaining coverage under the small employer provisions.

AB 2179 (Cohn) Health care service plans: access/time standards Chapter 797

This measure requires the Department of Managed Health Care (DMHC) and the Commissioner of Insurance to ensure access to needed health care services in a timely manner. Penalties may be assessed against a plan in specified circumstances for its failure to comply with requirements concerning timely access to care.

AB 2420 (Richman) Health care service plans - Chapter 798

This bill provides that no health care service plan contract that is issued, amended, or renewed in this state on or after July 1, 2003, shall require or allow a health care service provider, to assume or be at any financial risk for certain designated items. The bill would allow a health care service provider to request in writing the ability to assume the financial risk for these items.

AB 2907 (Cohn) Provider contracts - Chapter 925

This measure prohibits provisions in a contract between a health care service plan or health insurer and a health care provider that would allow a unilateral change in a material term of the contract without meeting specified requirements.

SB 398 (Chesbro) Health care service plans: bankruptcy: rural withdrawals - Chapter 928

This legislation requires a health care service plan, except in extraordinary circumstances, to meet and confer with the director at least 10 business days prior to filing a petition for bankruptcy. This bill also requires the plan to provide certain information requested by the director. This measure allows the Department to adopt regulations that establish an extended geographic accessibility standard for access to health care providers served by a health care service plan in small counties. The bill additionally requires a health care service plan at least 30 days prior withdrawing from an area to file a notice of withdrawal and to hold a public meeting. (These provisions chaptered out AB 1282)

SB 686 (Ortiz) Health care service plans: fees - Chapter 790

The bill requires non-specialized health care service plans to pay 65 percent of the DMHC's costs and expenses for the ensuing fiscal year and specialized plans to pay 35 percent of the Department's costs and expenses for the ensuing fiscal year, calculated on a per enrollee basis. The bill would, effective July 1, 2003, remove the director's authority to require a health care service plan to pay an additional assessment to provide the department with sufficient revenue.

SB 842 (Speier) Health care: prescription drug benefits Chapter 791

This bill, which CAHP opposed, grants the Department of Managed Health Care regulatory powers over prescription drug benefits offered by health plans. This bill would specify that certain provisions of the Knox-Keene Act requiring a health care service plan to include prescription drug benefits shall not be construed to deny or restrict the authority of the DMHC to ensure a plan's compliance with the act when a plan provides coverage for prescription drugs.

SB 1092 (Sher) Health care service plans: advocate Fees Chapter 792

This bill, which CAHP opposed, requires that the DMHC Director adopt regulations on or before July 1, 2003, to establish the Consumer Participation Program. This program will allow for the director to award reasonable advocacy and witness fees to any person or organization demonstrating that they represent the interests of consumers on the adoption of any regulation or to an order or decision, as specified, made by the director.

SB 1411 (Speier) Health care coverage: maternity services Chapter 880

This measure prohibits, effective July 1, 2003, a health care service plan and a disability insurer from imposing a co-payment or deductible for health care or health insurance for specified maternity services that exceeds the most common amount of the co-payment or deductible imposed for services provided for other covered medical conditions.

SB 1531 (Speier) Health care coverage: MediCare+Choice Chapter 555

This bill expands the eligibility for the guaranteed issuance of a Medicare supplement policy to include an individual enrolled in a MediCare+Choice plan if the plan reduces its benefits, increases the cost-sharing amount or discontinues for other than good cause.



A major change in health plan oversight since the creation of the Department of Managed Health Care has been the increase in promulgated regulations. The Department of Corporations rarely promulgated regulations; the new Department takes pride in pointing to more than 80 new regulations since its creation July 1, 2000.

While many plan representatives give the new DMHC high marks for a more open process, many are increasingly concerned about the Department's scope of regulatory activity and its tendency to reach beyond its statutory authority.

Adopted Regulations

In 2002, regulatory activities have ranged over a wide variety of issue areas. Regulations adopted this year include new policy standards relating to administrative processes and public records, acts of war (adopted in the wake of the September 11 terrorists' attacks) and a new electronic filing process. The DMHC also adopted new regulations on arbitration and settlements. CAHP continued to express strong opposition to this regulation because of the inclusion of settlement agreements, over which CAHP plans believed the DMHC does not have authority.

Pending Regulations

In addition to regulations already promulgated, a sizable number of regulatory processes are ongoing. Three of these continue to demand particular attention of plans.

SB 260 Regulations: Financial Solvency of Medical Groups

After creating a more robust regulatory record, via additional hearings, to support disclosure of medical group financial data, the Department intends to re-file the SB 260 regulations. They were struck down by the court as the result of a suit brought by the California Medical Association. The new regulations may also face a court challenge. Given all the uncertainty relating to its authority to act on SB 260, the Department has not moved forward on the second phase of the regulations, which deal with corrective action plans.

Grievance/Independent Medical Review Regulations

The IMR/Grievance regulations were scheduled to go to the Office of Administrative Law for final adoption by this fall. From the health plan perspective, the most recent version contained several important improvements – many suggested by plans. But plans still had serious concerns regarding the lack of an appropriate definition of “urgent services.”

AB 1455 Regulations: Unfair Claims Payment Practices

The Department released the initial draft of regulations for formal notice and comment in mid-June and then released a revision for an informal two-week comment period. CAHP continues to work with the Department on refining the language.

New Regulations

During the summer, the Department released several new regulations for initial notice and comment. Depending on the level of complexity and concern, some of these regulations may be finalized by the end of the year.

Assignment of enrollees to capitated providers

The “assignment” regulations address the questions of (1) when plans that contract with providers on a capitated basis must assign an enrollee to a provider and (2) when plans are required to begin making capitation payments to providers.

Civil Penalties

Regulation pertaining to civil penalties would state that for the purposes of Section 1387 of the Health and Safety Code, a violation that is ongoing and continuous is subject to a \$2,500 civil penalty for each day that the violation continues.

Mental Health Parity

Regulations to implement AB 88 (Thomson) would (1) clarify what mental health services must be provided when medically necessary, (2) restate statutory requirements regarding the licensure requirements for providers, (3)

explain the standards used to make a diagnosis and (4) detail a number of other provisions dealing within referrals, continuity of care and specific diagnoses.

Regulations in Development

The Department continues to develop additional regulations. One regulatory initiative is designed to require plans to submit standardized reports on four prevention measures:

- Smoking/Tobacco-use Cessation
- Chlamydia Screening
- Colorectal Cancer Screening
- Childhood Immunization

The Department also plans to promulgate regulations regarding chiropractic, dental and other specialized plans; benefits provided for speech, occupational, rehabilitative and physical therapy, and provisions that would increase the current Tangible Net Equity requirements.

The Governor signed several bills likely to trigger considerable regulatory activity. SB 842 (Speier) heads this list. It grants the DMHC new rights to regulate prescription drug benefits. Given the costs and powers involved the regulatory process relating to this bill is likely to be contentious and complex.

CAHP Regulatory Conference

This year, for the first time, CAHP hosted a conference devoted exclusively to regulatory affairs. The event drew over 200 registrants and featured an array of speakers including Director Daniel Zingale and other DMHC representatives.

CAHP President Walter Zelman opened the conference with the results of a CAHP poll on plan perceptions of the new regulatory regime. It revealed praise for improved DMHC communication, but concerns that some directives lacked statutory authority.

In this section, we present trend data for California health plans. As these pages show, managed care continues to grow in California, but rising health care costs present significant challenges to the industry, both here and across the country. California still enjoys a health care bargain relative to the rest of the U.S., though the range appears to be narrowing somewhat. Data for 2002 show that increasingly, working families are feeling the effects of rising health care costs directly as employee cost sharing increases and plans develop copayment requirements that attempt to reflect the relative costs for a wider range of services. Finally, 2002 offers no indication that Californians have found a consensus regarding how health care can be kept affordable in future years.

Enrollment

Managed Care Enrollment by Plan. Enrollment in managed care plans continues to grow in California. Data from Cattaneo & Stroud, Inc. indicate that approximately 24.5 million Californians were enrolled in managed care health plans in March, 2002. The comparable figure for 2001 was 23.7 million, for an increase of about 700,000 individuals, or 3 percent. Most notably for 2002, however, is that enrollment growth came entirely in PPO arrangements, which now serve 6.2 million Californians. Enrollment in HMO plans remained constant between 2001 and 2002 at 18.3 million.

Figure 1 shows total California enrollment by health plan for 2001 and 2002.

figure 1.

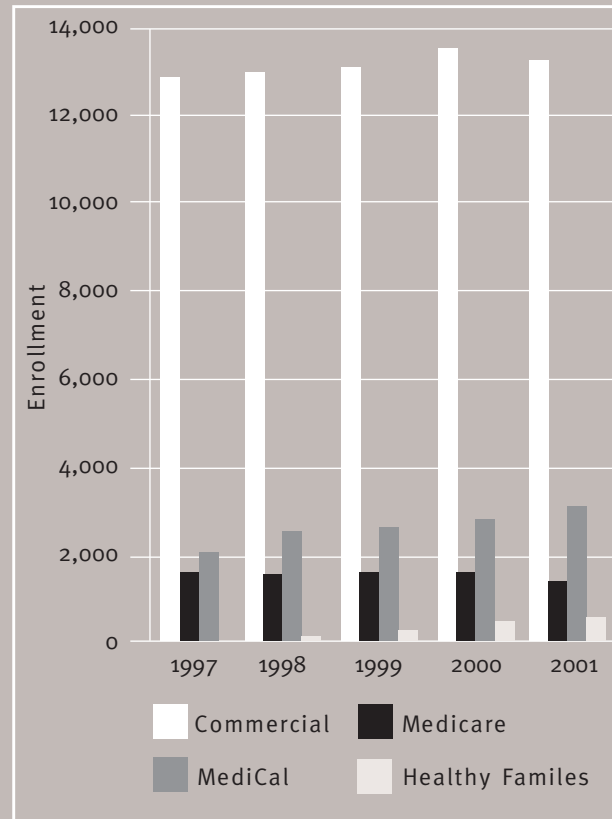
California Managed Care Enrollment By Plan*

	2001	2002
Aetna US Healthcare of CA	1,223,929	1,230,141
Alameda Alliance for Health	74,909	85,778
Blue Cross of CA	4,231,123	4,690,371
Blue Shield of CA	2,037,392	2,237,925
Care 1st Health Plan	240,172	201,317
Chinese Community Health Plan	8,154	10,421
CIGNA Health Care of CA	653,854	638,430
Community Health Group	83,161	96,353
Community Health Plan	128,882	161,984
Contra Costa Health Plan	55,574	56,932
Health Net	2,403,422	2,471,800
Health Plan of San Joaquin	55,956	61,544
Health Plan of San Mateo	38,832	42,012
Health Plan of the Redwoods	75,874	78,390
Inland Empire Health Plan	207,819	243,000
Inter Valley Health Plan	69,585	16,748
Kaiser Foundation Health Plan	6,138,684	6,309,546
Kern Health System	182,301	72,623
LA Care Health Plan	710,747	796,132
Lifeguard	240,490	167,693
Maxicare	257,408	--
Molina Healthcare of CA	233,120	248,537
National Health Plan	36,430	--
On Lok Senior Health Services	875	905
One Health Plan of CA	82,051	62,557
PacificCare of CA	2,198,442	2,013,288
San Francisco Health Plan	34,146	39,749
Santa Clara Family Health Plan	52,593	74,524
SCAN	46,676	53,455
Sharp Health Plan	97,670	114,615
Tower Health	112,108	--
UHP Healthcare	99,945	112,000
Universal Care, Inc.	333,519	355,670
Valley Health Plan	52,593	45,731
Western Health Advantage	51,472	60,260

* Figures include HMO, POS, and PPO products licensed by the DMHC, as reported by plans to CAHP or the DMHC. Some plans have additional enrollees in insurance arrangements regulated by the Dept of Insurance.

figure 2.

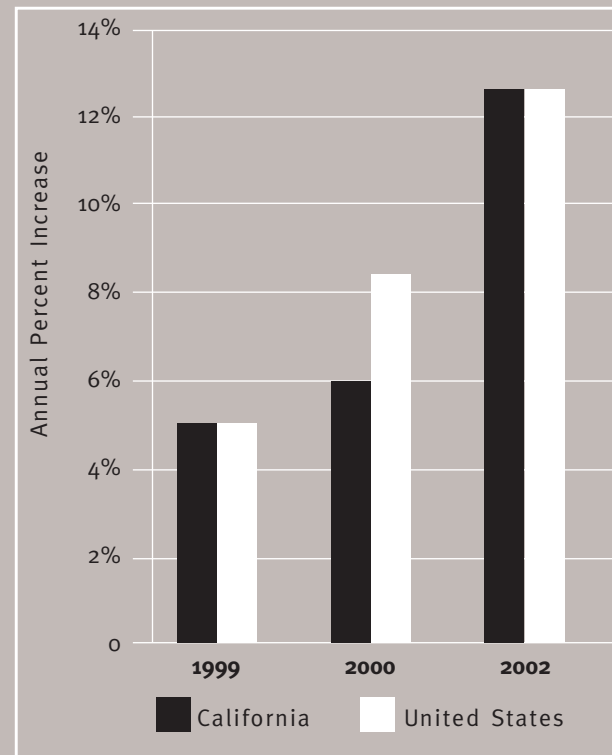
HMO Enrollment in California by Payor Source



* Source: Catianeo & Stroud, Inc.

figure 3.

Health Insurance Premium Increases Similar in California and the United States



* Source: Kaiser Family Foundation/HRET Employer Health Benefits Surveys

HMO Enrollment by Payor

As Figure 2 shows, total HMO enrollment has increased by roughly 20 percent since 1997, from 15.2 million in 1998 to 18.3 million in 2002.

As the figure also shows, enrollment in commercial HMOs has increased by about 10 percent over the same period, while enrollment in government-sponsored coverage has risen at a much faster rate – about 57 percent. In particular, the state’s focus on expanding programs that provide managed health care to lower income children, including the creation of the Healthy Families Program, has contributed significantly to overall HMO enrollment growth in the last five years. Total California enrollment in the federal Medicare program has remained constant at 1.4 million over the five-year period, though erosion of plan participation in this federal program has been significant in the last two years.

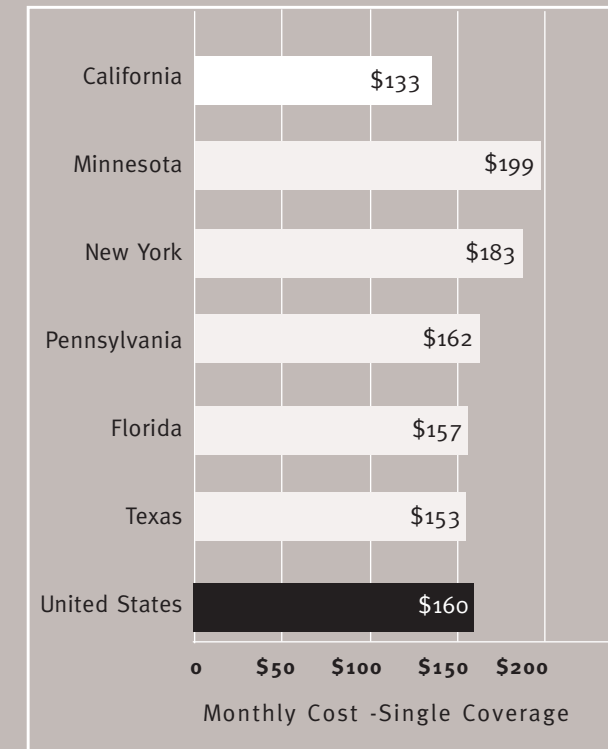
Cost Trends and the Impact On Consumers

Average Premium Increases. Health plan premiums in California and nationally increased substantially in 2002, by an average of 12.7 percent both in California and across the country – the first double-digit increase in more than a decade. The annual percentage increase for health plans is shown in Figure 3.

Costs in California vs. the U.S. Although California premiums appear increasingly tied to the same dynamics that affect national premiums and, therefore, the resulting increases appear similar, it continues to be the case that average monthly health insurance premiums in California are less than the national average.

figure 4.

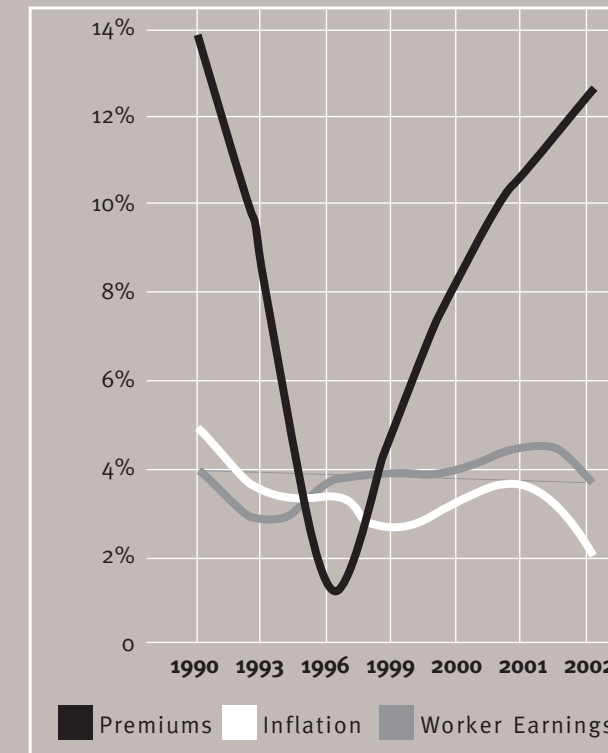
Average Health Insurance Premiums



* Source: Avenir Managed Care Digest/SMG Marketing Group

figure 5.

Health Insurance Premiums Rising Faster than Inflation or Worker Earnings*



* Source: Kaiser Family Foundation/HRET Employer Health Benefits Surveys, KPMG Survey of Employer-Sponsored Health Benefits, HIAA, U.S. Bureau of Labor Statistics.

Average Health Insurance Premiums

As Figure 4 indicates, the average monthly premium for single coverage in a California HMO plan is \$133, as compared to an average of \$160 for the nation as a whole. The difference between California and major states in the Northeast and Midwest is even more striking. In New York, for example, the cost of enrolling in an HMO averages \$183 per month, or 38 percent higher than the cost for obtaining health coverage in California.

Health Costs In Context

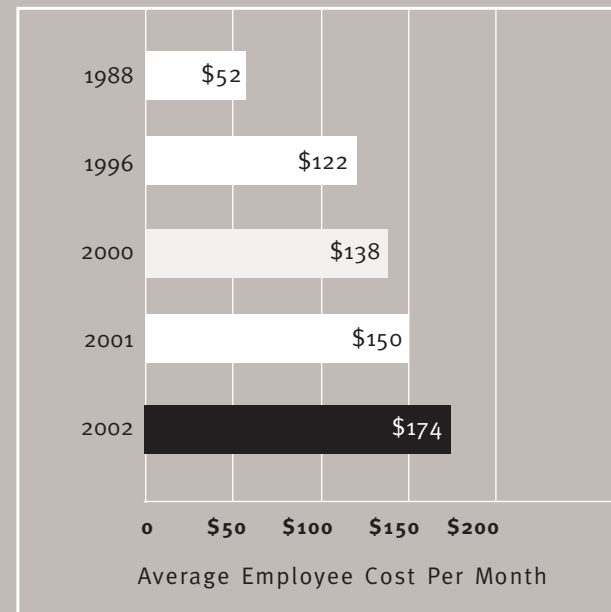
As shown in Figure 5, the rate of increase in health insurance costs is rising rapidly relative to other important indicators – the rate of overall inflation, and the annual increase in employee incomes. Most observers agree that the rise in health insurance premiums in the last few years is primarily attributable to: dramatic increases in utilization of services (most notably for prescription drugs) technological advancement, and increasingly, the strengthened bargaining power of hospital and other providers, and a less aggressive application of cost control by managed care plans.

As the Center for Studying Health System Change reported in June 2002:

Many providers are taking a hard line in negotiations, threatening to terminate health plan contracts if payment demands go unmet. These contract showdowns signal a shift in the balance of power in local markets toward hospitals and physicians

The gap measured in 2002 between the annual increase in health insurance premiums and employer earnings has not been as great since the early 1990s, when national concern over the ability of the economy to sustain rising health care costs led to the Clinton administration’s proposal for a federal system of universal coverage.

figure 6.
Workers Paying Greater Share of Cost
for Family Coverage



* Source: Kaiser Family Foundation/HRET Employer Health Benefits Surveys

Impact on Employee Cost Sharing

The impact of rising health care costs is increasingly being felt by enrollees directly. As shown in Figure 6, the average employee contribution for family coverage rose to \$174 nationally – more than three times the average contribution that was required in 1988. Despite significant increases in the last few years, it is worth noting that the percentage of the total cost for family coverage that is being met by employee contributions remains at 27 percent – unchanged from 2001, with employers continuing to cover the remainder.

These data suggest that rising health insurance costs in future years may increasingly be considered a pocketbook issue not just by employers, the traditional financiers of health insurance coverage, but by employees individually as their out-of-pocket costs for coverage increase at a rate that is closely tied to the overall increase in premium costs.

Prescription drug coverage continues to be a significant focus of employee cost sharing. Copayments now average \$9 for generics and \$17 for formulary drugs without generic equivalents. Copayments for name drugs that have generic equivalents increased significantly, from \$21 last year to \$26 in 2002. The use of three-tier pharmacies doubled in 2002. Fully 85 percent of covered workers now have some type of tiered cost sharing arrangement for prescription drugs. Similarly, in California, 2002 saw the beginning of tiered approaches for hospital utilization. These trends undoubtedly reflect the reality that health insurance costs for prescription drugs and hospital stays are growing at an explosive pace, driven in large part by consumer advertising for new drugs and the dramatically strengthened negotiating clout of hospital chains.

Beyond higher employee cost sharing, the extent of employer-based coverage may be at risk as health insurance costs increase. In a recent report, the Kaiser Family Foundation concluded:

Multiple years of accelerating premium growth and a weakened economy may have begun to erode the coverage improvements of the past few years.

The report sounded “a cautionary note,” primarily due to a drop in the number of small businesses offering coverage (from 65 percent in 2001 to 61 percent in 2002) and the fact that nearly two-thirds of employers worry that the cost of health insurance will increase at a rate that is greater than they can afford.

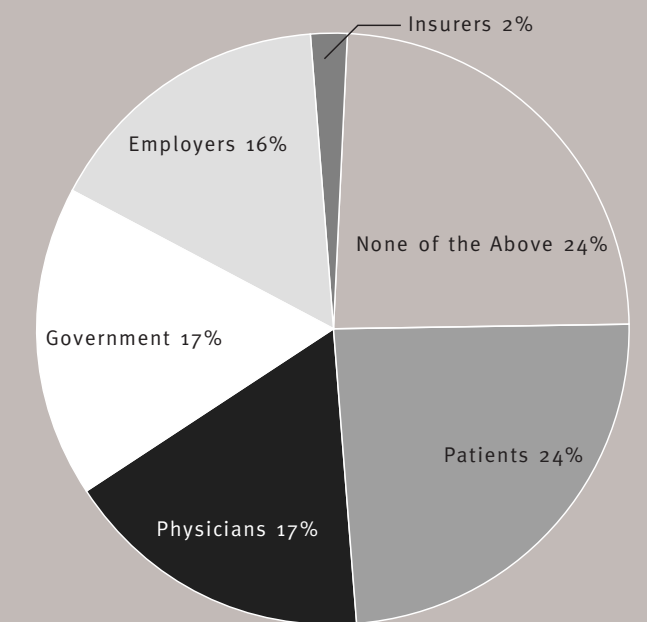
Consumer Attitudes

The challenges for managed care plans in such an environment clearly are significant. No doubt, public policymakers would agree that rising health care costs, both in California and nationally, are a cause for concern. Yet, it appears equally clear that no societal consensus exists as to how cost increases should be made more sustainable in future years. Just one indication of this lack of a workable consensus is shown in Figure 7.

Who Should Control Health Care Costs?

In response to the question “Who should have primary responsibility for controlling health care costs?” a poll conducted on behalf of the Association found that Californians overwhelmingly believe health care costs should be controlled primarily by patients and physicians – those who utilize those services and those who provide them – or no one at all. Just one in three respondents believes that cost containment is an appropriate role for the public and private entities that must ultimately pay the bill for California’s health care, and the three actors that are best suited to control costs – insurers, physicians, and government – get the least support for assuming that role.

figure 7.
Who Should Control Health Care Costs?



* Source: California Association of Health Plans

2002 California Enrollment by County		Number of Plans Present in 2002	Aetna	Alameda	Blue Cross	Blue Shield	Care 1st	Chinese	CIGNA	Community Health Group	Community Health Plan	Contra Costa	Health Net	HP San Joaquin	HP San Mateo	Inland	Inter Valley	Kaiser	Kern	LA Care	Molina	One Health Plan of CA	PacifiCare	San Francisco	Santa Clara	SCAN	Sharp	UHP Healthcare	Universal	Valley	Western		
Alameda	9																																
Alpine	3																																
Amador	6																																
Butte	7																																
Calaveras	5																																
Colusa	6																																
Contra Costa	9																																
Del Norte	5																																
El Dorado	9																																
Fresno	8																																
Glenn	6																																
Humboldt	5																																
Imperial	6																																
Inyo	5																																
Kern	10																																
Kings	8																																
Lake	5																																
Lassen	5																																
Los Angeles	16																																
Madera	7																																
Marin	8																																
Mariposa	5																																
Mendocino	5																																
Merced	7																																
Modoc	5																																
Mono	5																																
Monterey	6																																
Napa	6																																
Nevada	6																																

2002 California Enrollment by County		Number of Plans Present in 2002	Aetna	Alameda	Blue Cross	Blue Shield	Care 1st	Chinese	CIGNA	Community Health Group	Community Health Plan	Contra Costa	Health Net	HP San Joaquin	HP San Mateo	Inland	Inter Valley	Kaiser	Kern	LA Care	Molina	One Health Plan of CA	PacifiCare	San Francisco	Santa Clara	SCAN	Sharp	UHP Healthcare	Universal	Valley	Western	
Orange	11																															
Placer	9																															
Plumas	5																															
Riverside	16																															
Sacramento	10																															
San Benito	5																															
San Bernardino	14																															
San Diego	11																															
San Francisco	10																															
San Joaquin	9																															
San Luis Obispo	8																															
San Mateo	9																															
Santa Barbara	8																															
Santa Clara	10																															
Santa Cruz	8																															
Shasta	5																															
Sierra	5																															
Siskiyou	5																															
Solano	9																															
Sonoma	8																															
Stanislaus	8																															
Sutter	5																															
Tehama	5																															
Trinity	5																															
Tulare	8																															
Tuolumne	6																															
Ventura	9																															
Yolo	10																															
Yuba	6																															

Member Plans

Aetna US Healthcare of California, Inc.
 Alameda Alliance for Health
 Blue Cross of California
 Blue Shield of California
 Care 1st Health Plans
 Chinese Community Health Plan
 CIGNA Healthcare of California
 Community Health Group
 Community Health Plan
 Contra Costa Health Plan
 Health Net of California, Inc.
 Health Plan of San Joaquin
 Health Plan of San Mateo
 Inland Empire Health Plan
 Inter Valley Health Plan
 Kaiser Foundation Health Plan, Inc.
 Kern Health Systems
 L.A. Care
 Lifeguard, Inc.
 Molina Healthcare of California
 On Lok Senior Health
 One Health Plan of California, Inc.
 PacifiCare of California
 San Francisco Health Plan
 Santa Clara Family Health Plan
 SCAN
 Sharp Health Plan
 UHP Healthcare
 Universal Care, Inc.
 Valley Health Plan
 Western Health Advantage

Associate Members

3M Pharmaceuticals
 Adventist Health Managed Care
 Amgen
 Angela A. Mickelson, Inc.
 CIGNA Behavioral Care
 GlaxoSmithKline
 HMSA
 LifeMasters Supported SelfCare
 Medical Eye Services
 Meridian Health Care Management
 Miller & Holguin
 Nossaman, Gunthner, Knox, Elliot
 Pearle Visioncare, Inc
 Procter & Gamble
 TAP Pharmaceuticals
 UCSD Health Plan
 ValiCert, Inc
 Word & Brown

Aetna US Healthcare of California, Inc.

2409 Camino Ramon San Ramon, CA 94583
 925-543-9000 fax: 925-543-9010 www.aetna.com

Executive Officers

National President
 Ronald A. Williams

National CEO
 John W. Rowe, M.D.

California CEO
 Thomas Williams

Regional CFO
 Lee Aurich

National CIO
 Wei-Tih Cheng

Executive Staff

Medical Director
 Milton Schwarz, M.D.

Chief Legal Counsel
 Mary V. Anderson

Marketing Director
 Mary Kyriopoulos

Pharmacy Director
 Yrena Friedman

Employer Relations
 Darlene Swenson

Provider Relations
 Curtis Terry

Member Relations
 Diane Souza

Primary Contacts

Government Relations
 Vanda B. McMurtry
 860-273-0721

Public Affairs
 Rachelle Cunningham
 925-543-8686

Plan Organization

Parent Company/Affiliate	Aetna, Inc.
Recent mergers or acquisitions within California	None
Year founded	1981
Year licensed	1981
Tax status	For profit
Number of employees	3,115 fulltime
Enrollment	14,400,000 National 1,230,141 California

Plan-Provider Arrangements

Model types (ranked in descending order)

<i>Network of Medical Groups and IPAs, Direct Contracting with Physicians, Single Medical Group</i>	
Number of medical groups	0 owned, 3 contracted
Number of IPAs	0 owned, 223 contracted
Number of hospitals	0 owned, 323 contracted

Compensation Methods

Physicians-primary care (ranked by method)	Group Capitation, Individual Capitation, Other (Negotiated Fee Schedule), Other (Global Capitation)
Physicians-specialty (ranked by method)	Group Capitation, Individual Capitation, Other (Negotiated Fee Schedule), Other (Global Capitation)
Hospitals (ranked by payment type)	Per Diem, Capitation – Los Angeles, Other (Per Diem with Stop Loss), Capitation, Other (Per Diem with Case Rate), Discount Charges – Northern California Capitation, Other (Per Diem with Stop Loss), Other (Global Capitation), Other (Case Rate Based on Stay), Discounted Charges, Other (Negotiated Fee Schedule) – San Diego

Plan Products

Products currently offered

Individual enrollment	N/A
Small group (2-50 employees) enrollment	N/A
Large group (50+ employees) enrollment	N/A
Medicare	HMO
Medicaid (i.e. MediCal)	N/A
Access for Infants and Mothers	N/A
Healthy Families	N/A
Major Risk Medical Insurance	N/A
Other (Indemnity)	HMO, PPO, POS, Other

Range of services offered on a bundled basis

HMO	Vision
PPO	Chiropractic, Vision
POS	Chiropractic, Vision

Range of services offered on a stand-alone basis

HMO	Dental, Prescription Drugs, Long Term Health Care, Life Insurance, Accidental Death & Dismemberment
PPO	Dental, Prescription Drugs, Long Term Health Care, Life Insurance, Accidental Death & Dismemberment
POS	Dental, Prescription Drugs, Long Term Health Care, Life Insurance, Accidental Death & Dismemberment

Alameda Alliance for Health

1240 S. Loop Road, Alameda, CA 94502
510-747-4500 fax: 510-747-4503 www.alamedaalliance.com

Executive Officers

CEO
Irene M. Ibarra

CFO
Kelvin P. Quan, J.D.

CIO
Gerald Shebar

Plan Organization

Parent Company/Affiliate None

Subsidiaries None

Recent mergers or acquisitions within California None

Year founded 1994

Year licensed 1995

Tax status Non profit

Number of employees 120 fulltime, 4 part-time

Enrollment 85,778 California

Executive Staff

Medical Director
Arthur Chen, M.D.

Chief Legal Counsel
Kelvin P. Quan, J.D.

Plan-Provider Arrangements

Model types (ranked in descending order)

Direct Contracting with Physicians, IPAs, Other

Number of medical groups 0 owned, 136 contracted

Number of IPAs 0 owned, 2 contracted

Number of hospitals 0 owned, 11 contracted

Compensation Methods

Physicians-primary care (ranked by method) Individual Capitation, Group Capitation, Fee-For-Service

Physicians-specialty (ranked by method) Fee-For-Service, Group Capitation

Hospitals (ranked by payment type) Diagnosis Related Group, Capitation

Plan Products

Products currently offered

Individual enrollment HMO

Small group (2-50 employees) enrollment None

Large group (50+ employees) enrollment None

Medicare None

Medicaid (i.e. MediCal) HMO

Access for Infants and Mothers None

Healthy Families HMO

Major Risk Medical Insurance None

Other HMO

(In-home supportive services workers in Alameda County)

Range of services offered on a bundled basis

HMO Acupuncture, Chiropractic, Dental, Substance Abuse, Prescription Drugs, Durable Medical Equipment, Rehabilitation

PPO None

POS None

Range of services offered on a stand-alone basis

HMO None

PPO None

POS None

Blue Cross of California

1 Wellpoint Way, Thousand Oaks, California 91362
805-557-6797 fax: 805-557-6872
www.bluecrossca.com or www.Wellpoint.com

Executive Officers

National CEO and Chairman
Leonard D. Schaeffer

California President
David Helwig

CFO
Kenneth Zurek

Plan Organization

Parent Company WellPoint California Services Inc.
WellPoint Health Networks, Inc.
BC Life and Health Insurance Company

Affiliate None

Recent mergers or acquisitions within California None

Year founded 1937

Year licensed 1993

Tax status For profit

Number of employees 3,247 fulltime, 34 part-time

Enrollment 13,042,368 National (Wellpoint)
6,766,937 California
(4,690,371 - BCC;
2,076,566 - BC Life and Health)

CIO
Ron Ponder

Executive Staff

Medical Director
Jeff Kamil

Chief Legal Counsel
Thomas Geiser

Plan-Provider Arrangements

Model types (ranked in descending order)
Network of Medical Groups and IPAs, Direct Contracting with Physicians

Number of medical groups 0 owned, 41 contracted

Number of IPAs 0 owned, 127 contracted

Number of hospitals 0 owned, 419 contracted

Marketing Director
Chuck Curry

Compensation Methods

Physicians-primary care (ranked by method) Other (fee schedule), Group Capitation

Physicians-specialty (ranked by method) Other (fee schedule), Group Capitation

Hospitals (ranked by payment type) Per Diem, Case Rates, Discounted Charges

Pharmacy Director
Robert Seidman, Pharm.D., M.P.H.

Employer Relations
Barbara McNamara

Provider Relations
Max Brown

Plan Products

Products currently offered

Individual enrollment HMO, PPO, Other

Small group (2-50 employees) enrollment HMO, PPO

Large group (50+ employees) enrollment HMO, PPO, POS, Other

Medicare HMO

Medicaid (i.e. MediCal) HMO

Access for Infants and Mothers HMO, PPO

Healthy Families HMO, PPO

Major Risk Medical Insurance PPO

Other (California Kids, Interim High Risk) HMO, PPO

Range of services offered on a bundled basis

HMO Acupuncture, Vision, Dental, Prescription Drugs, Durable Medical Equipment

PPO Acupuncture, Vision, Dental, Prescription Drugs, Durable Medical Equipment

POS Acupuncture, Vision, Dental, Prescription Drugs, Durable Medical Equipment

Range of services offered on a stand-alone basis

HMO Dental

PPO Dental

POS Dental

Blue Shield of California

50 Beale Street, San Francisco, CA 94105
415-229-5000 www.mylifepath.com

Executive Officers

California CEO
Bruce Bodaken

CFO
Paul Swenson

COO
Kenneth Wood

CIO
David Bowen

Executive Staff

Medical Director
Eric Brook

Chief Legal Counsel
Seth A. Jacobs, Esq.

Marketing Director
Teri Levine

Pharmacy Director
Debby Naegle, Pharm.D.

Employer Relations
Perri Perin (Northern
Region)
Laurel Klaus (Southern
Region)

Provider Relations
Lisa Farnan

Member Relations
Jack Hickey

Primary Contacts

Government Relations
Monica Wagoner
916-552-2962

Public Affairs
Tom Epstein
415-229-5110

Plan Organization

Parent Company/Affiliate	California Physician Services
Subsidiaries	CPIC Life
Recent mergers or acquisitions within California	None
Year founded	1939
Year licensed	1939
Tax status	Non profit
Number of employees	3,832 fulltime, 151 part-time
Enrollment	2,232,983 National 1,866,357 California

Plan-Provider Arrangements

Model types (ranked in descending order)

Direct Contracting with Physicians, Network of Medical Groups and IPAs

Number of medical groups	0 owned, 9,278 (PPO) contracted
Number of IPAs	0 owned, 257 (HMO) contracted
Number of hospitals	0 owned, 297 (HMO) 362 (PPO) contracted

Compensation Methods

Physicians-primary care (ranked by method)	Fee-For-Service (PPO), Global Capitation (HMO)
Physicians-specialty (ranked by method)	Fee-For-Service (PPO), Global Capitation (HMO)
Hospitals (ranked by payment type)	Per Diem, Case Rates, Discounted Charged, Capitation

Plan Products

Products currently offered

Individual enrollment	HMO, PPO
Small group (2-50 employees) enrollment	HMO, PPO, POS
Large group (50+ employees) enrollment	HMO, PPO, POS
Medicare	HMO
Medicaid (i.e. MediCal)	None
Access for Infants and Mothers	HMO
Healthy Families	HMO, EPO
Major Risk Medical Insurance	PPO
Other	N/A

Range of services offered on a bundled basis

HMO	None
PPO	None
POS	None

Range of services offered on a stand-alone basis

HMO	Acupuncture, Chiropractic, Vision, Dental, Substance Abuse, Prescription Drugs*, Durable Medical Equipment*, Rehabilitation*, Life Insurance, Accidental Death & Dismemberment
PPO	Acupuncture*, Chiropractic*, Vision, Dental, Substance Abuse, Prescription Drugs*, Durable Medical Equipment*, Rehabilitation*, Life Insurance, Accidental Death & Dismemberment
POS	Acupuncture, Chiropractic, Vision, Dental, Substance Abuse, Prescription Drugs*, Durable Medical Equipment*, Rehabilitation*, Life Insurance, Accidental Death & Dismemberment

* = Incorporated in plan benefit

Care 1st Health Plans

1000 S. Fremont Ave., Bldg. A-11, #22, Alhambra, CA 91803
626-299-4299 fax: 626-458-0415 www.care1st.com

Executive Officers

President
Refaat Abraham, M.D.

CFO and COO
Anna Tran

VP, Information Technology
Herbert Woo

Executive Staff

Medical Director
Jorge Weingarten, M.D.

Counsel, Director
Gamini Gunawardane, J.D.

Marketing Director
Felicia DuPuch

Pharmacy Director
Jamie Ueoka

Provider Relations
Remon Walker

Member Services
Tracie Howell

Plan Organization

Parent Company/Affiliate	None
Subsidiaries	None
Recent acquisitions within California	Maxicare Health Plan (Medi-cal only)
Year founded	1994
Year licensed	1995
Tax status	For profit
Number of employees	110 fulltime, 0 part-time
Enrollment	201,317 California

Plan-Provider Arrangements

Model types (ranked in descending order)

Single Medical Group, Network of Medical Groups and IPAs, Staff

Number of medical groups	0 owned, 5 contracted
Number of IPAs	0 owned, 60 contracted
Number of hospitals	0 owned, 65 contracted

Compensation Methods

Physicians-primary care (ranked by method)	Group Capitation, Individual Capitation
Physicians-specialty (ranked by method)	Fee-For-Service
Hospitals (ranked by payment type)	Per Diem, Capitation

Plan Products

Products currently offered

Individual enrollment	None
Small group (2-50 employees) enrollment	None
Large group (50+ employees) enrollment	None
Medicare	None
Medicaid (i.e. MediCal)	HMO
Access for Infants and Mothers	HMO
Healthy Families	HMO
Major Risk Medical Insurance	None
Other (Dental)	HMO

Range of services offered on a bundled basis

HMO	None
PPO	None
POS	None

Range of services offered on a stand-alone basis

HMO	Acupuncture, Chiropractic, Vision, Dental, Substance Abuse, Massage Therapy, Prescription Drugs, Durable Medical Equipment, Rehabilitation, Long Term Health Care, Life Insurance, Accidental Death and Dismemberment, Workers' Compensation
PPO	None
POS	None

Chinese Community Health Plan

170 Columbus Avenue #210, San Francisco, CA 94133
415-397-3190 fax: 415-397-6140 www.cchphmo.com

Executive Officers

CEO
Richard Loos

CFO
Steve Tsang

Associate Administrator
Catherine Benedict

Plan Organization

Parent Company/Affiliate	None
Subsidiaries	None
Recent mergers or acquisitions within California	None
Year founded	1987
Year licensed	1987
Tax status	For profit
Number of employees	N/A
Enrollment	10,421 California

Executive Staff

Medical Director
Edward Chow, M.D.

Marketing Director
Yolanda Lee

Plan-Provider Arrangements

Model types (ranked in descending order)
Network of Medical Groups and IPAs

Number of medical groups	0 owned, 0 contracted
Number of IPAs	0 owned, 1 contracted
Number of hospitals	0 owned, 7 contracted

Member Relations

Irene Louie

Compensation Methods

Physicians-primary care (ranked by method)	N/A
Physicians-specialty (ranked by method)	N/A
Hospitals (ranked by payment type)	N/A

Primary Contact

Government Relations
Jerry Hill
415-771-8710

Plan Products

Products currently offered

Individual enrollment	HMO
Small group (2-50 employees) enrollment	HMO
Large group (50+ employees) enrollment	None
Medicare	HMO
Medicaid (i.e. MediCal)	None
Access for Infants and Mothers	None
Healthy Families	None
Major Risk Medical Insurance	None
Other	None

Range of services offered on a bundled basis

HMO	Acupuncture, Vision, Prescription Drugs, Durable Medical Equipment
PPO	None
POS	None

Range of services offered on a stand-alone basis

HMO	None
PPO	None
POS	None

CIGNA HealthCare of California

400 N. Brand Blvd. #500, Glendale, CA 91203
818-500-6262 fax: 818-500-6480 www.cigna.com/healthcare

Executive Officers

President
Patrick Welch

California CEO
Bud Volberding, (President,
West Coast Region)

CFO
Jean-Francois Beaulé

Plan Organization

Parent Company	CIGNA, Inc.
Affiliates	CIGNA Dental Health of CA, Inc., CIGNA Behavioral Health
Recent mergers or acquisitions within California	None
Year founded	1929
Year licensed	1979
Tax status	For profit
Number of employees	504 fulltime, 60 part-time
Enrollment	638,430 California

CIO

Kumar Chatani

Executive Staff

Medical Director
James Wang, M.D.

Plan-Provider Arrangements

Model types (ranked in descending order)
Network of Medical Groups and IPAs, Direct Contracting with Physicians

Number of medical groups	0 owned, 50 contracted
Number of IPAs	0 owned, 98 contracted
Number of hospitals	0 owned, 237 contracted

Chief Legal Counsel

William Jameson, Esq.

Compensation Methods

Physicians-primary care (ranked by method)	Group Capitation, Fee-For-Service
Physicians-specialty (ranked by method)	Group Capitation, Fee-For-Service
Hospitals (ranked by payment type)	Per Diem, Capitation, Discounted Charges

Marketing Director

Christine Kerns

Plan Products

Products currently offered

Individual enrollment	HMO
Small group (2-50 employees) enrollment	HMO, POS
Large group (50+ employees) enrollment	HMO, POS
Medicare	None
Medicaid (i.e. MediCal)	None
Access for Infants and Mothers	None
Healthy Families	None
Major Risk Medical Insurance	None
Other	None

Pharmacy Director

Martin Fornataro, Pharm.D.

Employer Relations

Michael Menzia

Provider Relations

Sally Pinkham

Member Relations

Melanie Beatty

Primary Contact

Government Relations
Katharine Ware
860-226-8861

Range of services offered on a bundled basis

HMO	Acupuncture, Chiropractic, Vision, Dental, Substance Abuse, Massage Therapy, Prescription Drugs
PPO	None
POS	Acupuncture, Chiropractic, Vision, Dental, Substance Abuse, Massage Therapy, Prescription Drugs

Public Affairs

Gwyn Dilday
818-500-6370

Range of services offered on a stand-alone basis

HMO	Vision, Dental, Substance Abuse
PPO	None
POS	Vision, Dental, Substance Abuse

Community Health Group

740 Bay Blvd., Chula Vista, CA 91910
619-422-0422 fax: 619-422-5930 www.chgsd.com

Executive Officers

CEO
Norma Diaz

CFO (Interim)
Norma McGuire

COO
Ann Warren

Plan Organization

Parent Company/Affiliate	None
Subsidiaries	None
Recent mergers or acquisitions within California	None
Year founded	1982
Year licensed	1985
Tax status	Non profit
Number of employees	143 fulltime, 11 part-time
Enrollment	96,353 California

CIO
Jonathan Tamayo

Plan-Provider Arrangements

Model types (ranked in descending order)
Direct Contracting with Physicians, Network of Medical Groups and IPAs

Number of medical groups	0 owned, 220 contracted
Number of IPAs	0 owned, 9 contracted
Number of hospitals	0 owned, 18 contracted

Executive Staff
Medical Director
Glenn Perelson, M.D.

Compensation Methods

Physicians-primary care (ranked by method)	Individual Capitation, Group Capitation, Fee-For-Service
Physicians-specialty (ranked by method)	Fee-For-Service, Group Capitation
Hospitals (ranked by payment type)	Per Diem

Chief Legal Counsel
Michael Scarano

Marketing Director
Joseph Garcia

Plan Products

Products currently offered

Individual enrollment	None
Small group (2-50 employees) enrollment	HMO
Large group (50+ employees) enrollment	HMO
Medicare	None
Medicaid (i.e. MediCal)	HMO
Access for Infants and Mothers	None
Healthy Families	HMO
Major Risk Medical Insurance	None
Other	None

Range of services offered on a bundled basis

HMO	Acupuncture, Vision, Dental, Prescription Drugs, Durable Medical Equipment
PPO	None
POS	None

Range of services offered on a stand-alone basis

HMO	None
PPO	None
POS	None

Pharmacy Director
Noreen Koizumi, Pharm.D.

Provider Relations
Lee Harris

Member Relations
Nora Pintado

Primary Contacts
Government Relations
Melissa Stout
619-498-6434

Public Affairs
Joseph Garcia
619-498-6557

Community Health Plan (County of Los Angeles – Department of Health Services)

1000 S. Fremont Ave., Bldg. A-9 East, 2nd Fl., Unit 4, Alhambra, CA 91803-1323
626-299-5300 fax: 626-458-6761

Executive Officers

CEO
Pauline Rodriguez

CFO
David Beck

COO
Pauline Rodriguez

Plan Organization

Parent Company/Affiliate	None
Subsidiaries	None
Recent mergers or acquisitions within California	None
Year founded	1982
Year licensed	1985
Tax status	Non profit
Number of employees	121 fulltime
Enrollment	161,984 California

CIO
Laura Williams

Plan-Provider Arrangements

Model types (ranked in descending order)
Network of medical groups and IPAs, Staff

Number of medical groups and IPAs	1 owned, 37 contracted
Number of hospitals	6 owned, 87 contracted

Executive Staff
Medical Director
Mary Abbott, M.D.

Compensation Methods

Physicians-primary care (ranked by method)	Group Capitation
Physicians-specialty (ranked by method)	Group Capitation
Hospitals (ranked by payment type)	Capitation, Per Diem

Chief Legal Counsel
Los Angeles County Counsel

Marketing Director
Vergree Gray

Plan Products

Products currently offered

Individual enrollment	None
Small group (2-50 employees) enrollment	None
Large group (50+ employees) enrollment	None
Medicare	None
Medicaid (i.e. MediCal)	HMO
Access for Infants and Mothers	None
Healthy Families	HMO
Major Risk Medical Insurance	None
Other	HMO

Pharmacy Director
Duane Asao, Pharm.D.

Provider Relations
Kathryn Darnell

Provider Contracting
Dexter Minter

Member Relations
Charlotte Piggee

Range of services offered on a bundled basis

HMO	None
PPO	None
POS	None

Primary Contact
Government
Relations/Public Affairs
John Wallace
213-240-8059

Range of services offered on a stand-alone basis

HMO	None
PPO	None
POS	None

Contra Costa Health Plan (Contra Costa County Medical Services)

595 Center Avenue, Suite 100, Martinez, CA 94553
925-313-6000 fax: 925-313-6002 www.cchealth.org

Executive Officers

CEO
Milton S. Camhi

CFO
Patrick Godley

COO
Richard Harrison

CIO
Jeff Wanger

Executive Staff

Medical Director
James Tysell, M.D.

Chief Legal Counsel
Frank Lee

Marketing Director
Nancy McCauley

Pharmacy Director
Adeebah Fakurnejad

Employer and Provider Relations
Richard Harrison

Member Relations
Judi Louro

Primary Contacts

Government Relations
Frank Lee
925-313-6082

Public Affairs
Teresa Snook
925-313-6967

Plan Organization

Parent Company/Affiliate	Division of Contra Costa County Health Services Dept.
Subsidiaries	None
Recent mergers or acquisitions within California	None
Year founded	1973
Year licensed	1973
Tax status	Non profit
Number of employees	82 fulltime, 36 part-time
Enrollment	56,932 California

Plan-Provider Arrangements

Model types (ranked in descending order)
Staff, Direct Contracting with Physicians

Number of medical groups	0 owned, 0 contracted
Number of IPAs	0 owned, 0 contracted
Number of hospitals	1 owned, 4 contracted

Compensation Methods

Physicians-primary care (ranked by method)	Fee-For-Service, Salary
Physicians-specialty (ranked by method)	Fee-For-Service, Salary
Hospitals (ranked by payment type)	Per Diem

Plan Products

Products currently offered

Individual enrollment	HMO
Small group (2-50 employees) enrollment	HMO
Large group (50+ employees) enrollment	HMO
Medicare	HMO
Medicaid (i.e. MediCal)	HMO
Access for Infants and Mothers	HMO
Healthy Families	HMO
Major Risk Medical Insurance	HMO
Other:	HMO

Range of services offered on a bundled basis

HMO	Acupuncture, Chiropractic, Vision, Dental, Substance Abuse, Prescription Drugs, Durable Medical Equipment, Rehabilitation
PPO	None
POS	None

Range of services offered on a stand-alone basis

HMO	None
PPO	None
POS	None

Health Net of California

21281 Burbank Blvd., Woodland Hills, CA 91367
818-676-6775 fax: 818-676-6992 www.healthnet.com

Executive Officers

National President and CEO
Jay M. Gellert

California CEO
Christopher P. Wing

CFO
Barry Shane

COO
Kate Longwirth-Gentry

CIO
Rick Simmons

Executive Staff

Medical Director
William Bracciodieta, M.D.

Chief Legal Counsel
Franklin Tom

Marketing Director
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Robert Taketomo, Pharm.D

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Provider Relations
Jenni Vargas

Member Relations
Victoria Guggenheim

Primary Contacts

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916-557-1138

Public Affairs
Lisa Kalustian
818-676-7666

Plan Organization

Parent Company/Affiliate	Health Net, Inc.
Subsidiaries	Health Net Life Insurance Co.
Recent mergers or acquisitions within California	None
Year founded	1979
Year licensed	1979
Tax status	For profit
Number of employees	2,627 fulltime, 36 part-time
Enrollment	5,273,000 National 2,471,800 California

Plan-Provider Arrangements

Model types (ranked in descending order)
Network of Medical Groups or IPAs, Direct Contracting with Physicians

Number of medical groups	0 owned, 241 contracted
Number of IPAs	0 owned, 491 contracted
Number of hospitals	0 owned, 365 contracted

Compensation Methods

Physicians-primary care (ranked by method)	Group Capitation, Other (RBRLS)
Physicians-specialty (ranked by method)	Group Capitation, Other (RBRLS)
Hospitals (ranked by payment type)	Capitation, Per Diem, Discounted Charges

Plan Products

Products currently offered:

Individual enrollment	HMO, PPO
Small group (2-50 employees) enrollment	HMO, PPO, POS, Indemnity
Large group (50+ employees) enrollment	HMO, PPO, POS, EPO
Medicare	HMO
Medicaid (i.e. MediCal)	HMO
Access for Infants and Mothers	HMO
Healthy Families	HMO
Major Risk Medical Insurance	None
Other (Salud Con Health Net)	HMO, PPO, EPO

Range of services offered on a bundled basis

HMO	Acupuncture, Chiropractic, Vision, Dental, Substance Abuse, Prescription Drugs, Durable Medical Equipment, Rehabilitation, Long Term Health Care, Life Insurance, Accidental Death & Dismemberment, Worker's Compensation
PPO	Acupuncture, Chiropractic, Vision, Dental, Substance Abuse, Prescription Drugs, Durable Medical Equipment, Rehabilitation, Long Term Health Care, Life Insurance, Accidental Death & Dismemberment, Worker's Compensation
POS	Acupuncture, Chiropractic, Vision, Dental, Substance Abuse, Prescription Drugs, Durable Medical Equipment, Rehabilitation, Long Term Health Care, Life Insurance, Accidental Death & Dismemberment, Worker's Compensation

Range of services offered on a stand-alone basis

HMO	Vision, Dental, Substance Abuse, Prescription Drugs, Life Insurance, Accidental Death & Dismemberment
PPO	Vision, Dental, Substance Abuse, Prescription Drugs, Life Insurance, Accidental Death & Dismemberment
POS	Vision, Dental, Substance Abuse, Prescription Drugs, Life Insurance, Accidental Death & Dismemberment

Health Plan of San Joaquin

1550 W. Fremont Street #200, Stockton, CA 95203
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209-932-2265

Public Affairs
David Hurst
209-939-3500

Plan Organization

Parent Company/Affiliate	None
Subsidiaries	None
Recent mergers or acquisitions within California	None
Year founded	1995
Year licensed	1996
Tax status	Non profit
Number of employees	91 fulltime
Enrollment	61,544 California

Plan-Provider Arrangements

Model types (ranked in descending order)
Direct Contracting with Physicians, Network of Medical Groups and IPAs

Number of medical groups	0 owned, 18 contracted
Number of IPAs	0 owned, 1 contracted
Number of hospitals	0 owned, 12 contracted

Compensation Methods

Physicians-primary care (ranked by method)	Individual Capitation
Physicians-specialty (ranked by method)	Fee-For-Service including withhold or bonus
Hospitals (ranked by payment type)	Per diem

Plan Products

Products currently offered

Individual enrollment	None
Small group (2-50 employees) enrollment	None
Large group (50+ employees) enrollment	None
Medicare	None
Medicaid (i.e. MediCal)	HMO
Access for Infants and Mothers	None
Healthy Families	HMO
Major Risk Medical Insurance	None
Other	None

Range of services offered on a bundled basis

HMO	Acupuncture, Chiropractic, Vision, Prescription Drugs, Rehabilitation
PPO	None
POS	None

Range of services offered on a stand-alone basis

HMO	None
PPO	None
POS	None

Health Plan of San Mateo (San Mateo Health Commission)

701 Gateway Blvd., Suite 400, So. San Francisco, CA 94080
650-616-0050 fax: 650-616-0060 www.hpsm.org

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Craig A. Kellar

Primary Contact
Government Relations
Ellen Dunn-Malhotra
650-616-0050

Plan Organization

Parent Company/Affiliate	None
Subsidiaries	None
Recent mergers or acquisitions within California	None
Year founded	1986
Year licensed	1987
Tax status	Non profit
Number of employees	83 fulltime, 1 part-time
Enrollment	44,442 California

Plan-Provider Arrangements

Model types (ranked in descending order)
Networking of Medical Groups and IPAs, Direct Contracting with Physicians

Number of medical groups	0 owned, 25 contracted
Number of IPAs	0 owned, 0 contracted
Number of hospitals	0 owned, 9 contracted

Compensation Methods

Physicians-primary care (ranked by method)	Individual Capitation, Fee-For-Service
Physicians-specialty (ranked by method)	Fee-For-Service
Hospitals (ranked by payment type)	Per Diem, Discounted Charges

Plan Products

Products currently offered:

Individual enrollment	None
Small group (2-50 employees) enrollment	None
Large group (50+ employees) enrollment	None
Medicare	None
Medicaid (i.e. MediCal)	HMO
Access for Infants and Mothers	None
Healthy Families	HMO
Major Risk Medical Insurance	None
Other	HMO

(Publicly Funded Health Insurance for IHSS Workers in San Mateo County)

Range of services offered on a bundled basis

HMO	None
PPO	None
POS	None

Range of services offered on a stand-alone basis

HMO	None
PPO	None
POS	None

Inland Empire Health Plan

303 E. Vanderbilt Way Ste 400, San Bernardino, CA 92408
909-890-2000 fax 909-890-2019 www.iehp.com

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Lucy Furuta

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Lynn Borup

Primary Contact

Government
Relations/Public Affairs
Richard Bruno
909-890-2010

Plan Organization

Parent Company/Affiliate	None
Subsidiaries	None
Recent mergers or acquisitions within California	None
Year founded	1994
Year licensed	1996
Tax status	Non profit
Number of employees	318 fulltime, 0 part-time
Enrollment	243,00 California

Plan-Provider Arrangements

Model types (ranked in descending order)

Network of Medical Groups and IPAs

Number of medical groups	N/A
Number of IPAs	N/A
Number of hospitals	N/A

Compensation Methods

Physicians-primary care (ranked by method)	N/A
Physicians-specialty (ranked by method)	N/A
Hospitals (ranked by payment type)	N/A

Plan Products

Products currently offered

Individual enrollment	None
Small group (2-50 employees) enrollment	None
Large group (50+ employees) enrollment	None
Medicare	None
Medicaid (i.e. MediCal)	HMO
Access for Infants and Mothers	None
Healthy Families	HMO
Major Risk Medical Insurance	None
Other	None

Range of services offered on a bundled basis

HMO	N/A
PPO	N/A
POS	N/A

Range of services offered on a stand-alone basis

HMO	N/A
PPO	N/A
POS	N/A

Inter Valley Health Plan

300 South Park Avenue, Pomona, CA 91769-6002
909-623-6333 fax: 909-622-2907 www.ivhp.com

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909-623-6333

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909-623-6333

Plan Organization

Parent Company/Affiliate	None
Subsidiaries	None
Recent mergers or acquisitions within California	None
Year founded	1979
Year licensed	1979
Tax status	Non profit
Number of employees	93 fulltime
Enrollment	16,748 California

Plan-Provider Arrangements

Model types (ranked in descending order)

Network of Medical Groups and IPAs

Number of medical groups	0 owned, 4 contracted
Number of IPAs	0 owned, 12 contracted
Number of hospitals	0 owned, 19 contracted

Compensation Methods

Physicians-primary care (ranked by method)	Group Capitation
Physicians-specialty (ranked by method)	N/A
Hospitals (ranked by payment type)	Capitation / Per Diem

Plan Products

Products currently offered

Individual enrollment	N/A
Small group (2-50 employees) enrollment	N/A
Large group (50+ employees) enrollment	N/A
Medicare	N/A
Medicaid (i.e. MediCal)	N/A
Access for Infants and Mothers	N/A
Healthy Families	N/A
Major Risk Medical Insurance	N/A
Other	N/A

Range of services offered on a bundled basis

HMO	Chiropractic, Vision, Prescription Drugs
PPO	None
POS	None

Range of services offered on a stand-alone basis

HMO	Chiropractic, Vision, Prescription Drugs
PPO	None
POS	None

Kaiser Permanente (Kaiser Foundation Health Plan, Inc.)

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510-987-1000 Fax: 510-987-4303 www.kaiserpermanente.org

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Plan Organization

Parent Company/Affiliate	None
Subsidiaries	None
Recent mergers or acquisitions within California	None
Year founded	1945
Year licensed	1977
Tax status	Non profit
Number of employees	N/A
Enrollment	8,365,448 National 3,177,352 Northern California 3,132,194 Southern California

Plan-Provider Arrangements

Model types (ranked in descending order)

Group Model HMO

Number of medical groups	0 owned, 2 contracted
Number of IPAs	N/A
Number of hospitals	27 owned, 17 contracted

Compensation Methods

Physicians-primary care (ranked by method)	Group Capitation
Physicians-specialty (ranked by method)	Group Capitation
Hospitals (ranked by payment type)	Discounted Charges, Per Diem, Case Rates (non-Kaiser)

Plan Products

Products currently offered

Individual enrollment	HMO
Small group (2-50 employees) enrollment	HMO
Large group (50+ employees) enrollment	HMO
Medicare	HMO
Medicaid (i.e. MediCal)	HMO
Access for Infants and Mothers	HMO
Healthy Families	HMO
Major Risk Medical Insurance	HMO
Other	HMO

Range of services offered on a bundled basis

HMO	None
PPO	None
POS	None

Range of services offered on a stand-alone basis

HMO	Life Insurance, Accidental Death & Dismemberment, Workers' Compensation
PPO	None
POS	None

Kern Health Systems

1600 Norris Road, Bakersfield, CA 93308

661-391-4000 fax: 661-391-4097

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Janet Sanders
661-391-4000

Plan Organization

Parent Company/Affiliate	None
Subsidiaries	Kern Family Health Care
Recent mergers or acquisitions within California	None
Tax status	Non profit
Number of employees	87 fulltime, 2 part-time
Enrollment	72,000 California

Plan-Provider Arrangements

Number of medical groups	0 owned, 6 contracted
Number of IPAs	0 owned, 0 contracted
Number of hospitals	0 owned, 14 contracted

Compensation Methods

Physicians-primary care (ranked by method)	N/A
Physicians-specialty (ranked by method)	N/A
Hospitals (ranked by payment type)	N/A

Plan Products

Products currently offered

Individual enrollment	None
Small group (2-50 employees) enrollment	None
Large group (50+ employees) enrollment	None
Medicare	None
Medicaid (i.e. MediCal)	HMO
Access for Infants and Mothers	None
Healthy Families	HMO
Major Risk Medical Insurance	None
Other	None

Range of services offered on a bundled basis

HMO	None
PPO	None
POS	None

Range of services offered on a stand-alone basis

HMO	None
PPO	None
POS	None

L.A. Care Health Plan (Local Initiative Health Authority for Los Angeles County)

555 W. Fifth St, 29th Floor, Los Angeles, CA 90013
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Plan Organization

Parent Company/Affiliate	None
Subsidiaries	None
Recent mergers or acquisitions within California	None
Year founded	1994
Year licensed	1997
Tax status	Non profit
Number of employees	295 fulltime
Enrollment	796,132 California

Plan-Provider Arrangements

Model types (ranked in descending order)

Plan Partner/Delegated, Network of Medical Groups and IPAs

Number of medical groups and IPAs	0 owned, 37 contracted
Number of hospitals	0 owned, 50 contracted

Compensation Methods

Physicians-primary care (ranked by method)	Group Capitation, Fee-For-Service
Physicians-specialty (ranked by method)	Group Capitation, Fee-For-Service
Hospitals (ranked by payment type)	Per Diem (Inpatient Services), Discount Charges, Other Fixed Amount (Outpatient Services)

Plan Products

Products currently offered

Individual enrollment	None
Small group (2-50 employees) enrollment	None
Large group (50+ employees) enrollment	None
Medicare	None
Medicaid (i.e. MediCal)	HMO
Access for Infants and Mothers	HMO
Healthy Families	HMO
Major Risk Medical Insurance	None
Other	HMO

Range of services offered on a bundled basis

HMO	None
PPO	None
POS	None

Range of services offered on a stand-alone basis

HMO	None
PPO	None
POS	None

Molina Healthcare of California

One Golden Shore Drive, Long Beach, CA 90802
562-435-3666 fax: 562-437-1335 www.molinahealthcare.com

Executive Officers

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Public Affairs
Irene Doti
562-435-3666

Plan Organization

Parent Company/Affiliate	Molina Healthcare, Inc.
Subsidiaries	None
Recent mergers or acquisitions within California	None
Year founded	1980
Year licensed	1994
Tax status	For profit
Number of employees	523 fulltime, 10 part-time
Enrollment	445,868 National, 248,537 California

Plan-Provider Arrangements

Model types (ranked in descending order)

Network of Medical Groups and IPAs, Direct Contracting with Physicians, Staff

Number of medical groups	0 owned, 46 contracted
Number of IPAs	0 owned, 64 contracted
Number of hospitals	0 owned, 114 contracted

Compensation Methods

Physicians-primary care (ranked by method)	Group Capitation, Individual Capitation, Salary, Fee for Service
Physicians-specialty (ranked by method)	Fee-For-Service
Hospitals (ranked by payment type)	Per Diem

Plan Products

Products currently offered

Individual enrollment	None
Small group (2-50 employees) enrollment	None
Large group (50+ employees) enrollment	None
Medicare	None
Medicaid (i.e. MediCal)	HMO
Access for Infants and Mothers	None
Healthy Families	HMO
Major Risk Medical Insurance	None
Other	None

Range of services offered on a bundled basis

HMO	Benefits offered consistent with Medi-Cal and Healthy Families Programs
PPO	None
POS	None

Range of services offered on a stand-alone basis

HMO	Benefits offered consistent with Medi-Cal and Healthy Families Programs
PPO	None
POS	None

One Health Plan of California, Inc.

655 North Central Avenue, 19th Floor, Glendale, CA 91204
818-539-9000 fax: 818-545-9238 www.onehealthplan.com

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California)
Kurt Hoekendorf (So.
California)

Member Relations
Patrick Maloney

Primary Contact

Government Relations
James Theiring
818-539-9607

Plan Organization

Parent Company/Affiliate	One Corporation
Subsidiaries	None
Recent mergers or acquisitions within California	None
Year founded	1994
Year licensed	1996
Tax status	For profit
Number of employees	240 fulltime, 0 part-time
Enrollment	2,225,00 National, 250,000 California

Plan-Provider Arrangements

Model types (ranked in descending order)

Network of Medical Groups and IPAs, Direct Contracting with Physicians

Number of medical groups	0 owned, 115 contracted
Number of IPAs	0 owned, 20 contracted
Number of hospitals	0 owned, 275 contracted

Compensation Methods

Physicians-primary care (ranked by method)	Fee-For-Service Including Withhold or Bonus, Group Capitation
Physicians-specialty (ranked by method)	Fee-For-Service Including Withhold or Bonus, Group Capitation
Hospitals (ranked by payment type)	Discounted Charges, Per Diem, Case Rates

Plan Products

Products currently offered

Individual enrollment	N/A
Small group (2-50 employees) enrollment	N/A
Large group (50+ employees) enrollment	N/A
Medicare	N/A
Medicaid (i.e. MediCal)	N/A
Access for Infants and Mothers	N/A
Healthy Families	N/A
Major Risk Medical Insurance	N/A
Other	N/A

Range of services offered on a bundled basis

HMO	Acupuncture, Chiropractic, Vision, Dental, Substance Abuse, Prescription Drugs, Durable Medical Equipment, Rehabilitation, Life Insurance, Accidental Death & Dismemberment, Other
PPO	Acupuncture, Chiropractic, Vision, Dental, Substance Abuse, Prescription Drugs, Durable Medical Equipment, Rehabilitation, Life Insurance, Accidental Death & Dismemberment, Other
POS	Acupuncture, Chiropractic, Vision, Dental, Substance Abuse, Prescription Drugs, Durable Medical Equipment, Rehabilitation, Life Insurance, Accidental Death & Dismemberment, Other

Range of services offered on a stand-alone basis

HMO	None
PPO	None
POS	None

PacifiCare of California

5995 Plaza Drive, Cypress, CA 92630
800-624-8822 fax: 714-226-3914 www.pacificare.com www.securehorizons.com

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916-447-8660

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Nancy Monk
714-226-3582

Plan Organization

Parent Company/Affiliate
Subsidiaries

Recent mergers or acquisitions within California

Year founded
Year licensed

Tax status
Number of employees
Enrollment

Plan-Provider Arrangements

Model types (ranked in descending order)

Network of Medical Groups and IPAs, Direct Contracting with Physicians

Number of medical groups	0 owned, 86 contracted
Number of IPAs	0 owned, 216 contracted
Number of hospitals	0 owned, 294 contracted

Compensation Methods

Physicians-primary care (ranked by method)	N/A
Physicians-specialty (ranked by method)	N/A
Hospitals (ranked by payment type)	N/A

Plan Products

Products currently offered:

Individual enrollment	HMO, POS
Small group (2-50 employees) enrollment	HMO, POS
Large group (50+ employees) enrollment	HMO, POS
Medicare	HMO, POS
Medicaid (i.e. MediCal)	None
Access for Infants and Mothers	HMO, POS
Healthy Families	None
Major Risk Medical Insurance	None
Other	None

Range of services offered on a bundled basis

HMO	Acupuncture, Chiropractic, Vision, Dental, Substance Abuse, Prescription Drugs, Life Insurance
PPO	Acupuncture, Chiropractic, Vision, Dental, Prescription Drugs, Life Insurance
POS	Acupuncture, Chiropractic, Vision, Dental, Substance Abuse, Prescription Drugs, Life Insurance

Note: Durable Medical Equipment is a core benefit in HMO, PPO and POS products

Range of services offered on a stand-alone basis

HMO	Dental
PPO	Vision, Dental
POS	Dental

San Francisco Health Plan (San Francisco Health Authority)

568 Howard Street, 4th Floor, San Francisco, CA 94105
415-547-7800 fax: 415-547-7826 www.sfhp.org

Executive Officers

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CFO
Jaquelyn Oliveri

CIO
David Kwei

Plan Organization

Parent Company/Affiliate	None
Subsidiaries	None
Recent mergers or acquisitions within California	None
Year founded	1997
Year licensed	1996
Tax status	Non profit
Number of employees	53 fulltime
Enrollment	39,749 California

Executive Staff

Medical Director
Karen K. Smith, M.D.

Marketing Director
Robyn Thaw

Plan-Provider Arrangements

Model types (*ranked in descending order*)
Network of Medical Groups and IPAs, Staff (Kaiser)
Number of medical groups 0 owned, 6 contracted
Number of IPAs 0 owned, 0 contracted
Number of hospitals 0 owned, 6 contracted

Compensation Methods

Pharmacy Director
Lucy Saldana, Pharm.D.

Provider Relations
Janny Lukawski

Physicians-primary care (ranked by method)	Group Capitation
Physicians-specialty (ranked by method)	Group Capitation
Hospitals (ranked by payment type)	Capitation

Plan Products

Member Relations
Mark Villares

Products currently offered
Individual enrollment None
Small group (2-50 employees) enrollment None
Large group (50+ employees) enrollment None
Medicare None
Medicaid (i.e. MediCal) HMO
Access for Infants and Mothers None
Healthy Families HMO
Major Risk Medical Insurance None
Other: HMO
(Commercial Healthy Workers, Commercial Healthy Kids)

Range of services offered on a bundled basis
HMO Acupuncture, Chiropractic, Vision, Dental, Substance Abuse, Prescription Drugs, Durable Medical Equipment
PPO None
POS None

Range of services offered on a stand-alone basis
HMO None
PPO None
POS None

Primary Contacts

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Santa Clara Family Health Plan (Santa Clara Health Authority)

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Executive Officers

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CIO
John Pawlyshyn

Plan Organization

Parent Company/Affiliate	None
Subsidiaries	None
Recent mergers or acquisitions within California	None
Year founded	1995
Year licensed	1997
Tax status	Non profit
Number of employees	88 fulltime, 0 part-time
Enrollment	80,521 California

Executive Staff

Medical Director
Dolly Goel, M.D.

Legal Counsel / VP
Compliance
Sheila Maloney

Plan-Provider Arrangements

Model types (*ranked in descending order*)
Network of Medical Groups and IPAs, Direct Contracting with Physicians
Number of medical groups 0 owned, 4 contracted
Number of IPAs 0 owned, 2 contracted
Number of hospitals 0 owned, 11 contracted

Compensation Methods

VP Marketing and Member
Services
Janie Tyre

Clinical Pharmacist
Angeli Garg

Physicians-primary care (ranked by method)	Group Capitation, Fee For Service including withhold or bonus
Physicians-specialty (ranked by method)	Group Capitation, Fee For Service including withhold or bonus
Hospitals (ranked by payment type)	Per Diem

Plan Products

VP Health Affairs
Lisa Kraymer

Products currently offered
Individual enrollment None
Small group (2-50 employees) enrollment None
Large group (50+ employees) enrollment None
Medicare None
Medicaid (i.e. MediCal) HMO
Access for Infants and Mothers None
Healthy Families HMO
Major Risk Medical Insurance None
Other (Healthy Kids) HMO

Range of services offered on a bundled basis
HMO Acupuncture, Chiropractic, Vision, Dental, Substance Abuse, Prescription Drugs, Durable Medical Equipment, Rehabilitation
PPO None
POS None

Range of services offered on a stand-alone basis
HMO None
PPO None
POS None

Primary Contacts

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Public Affairs / Marketing
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SCAN

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Pharmacy Director
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Government Relations
Mike Mayers
562-989-5247

Public Affairs
Sherry Stanislaw
562-989-5216

Plan Organization

Parent Company/Affiliate	None
Subsidiaries	Age Concerns
Recent mergers or acquisitions within California	None
Year founded	1977
Year licensed	1985
Tax status	Non profit
Number of employees	498 fulltime, 8 part-time
Enrollment	52,446 California

Plan-Provider Arrangements

Model types (ranked in descending order)
Network of Medical Groups and IPAs

Number of medical groups	0 owned, 11 contracted
Number of IPAs	0 owned, 20 contracted
Number of hospitals	0 owned, 79 contracted

Compensation Methods

Physicians-primary care (ranked by method)	Group Capitation
Physicians-specialty (ranked by method)	Group Capitation
Hospitals (ranked by payment type)	Per Diem, Diagnosis-Related Group, Capitation

Plan Products

Products currently offered

Individual enrollment	None
Small group (2-50 employees) enrollment	None
Large group (50+ employees) enrollment	None
Medicare	HMO
Medicaid (i.e. MediCal)	HMO
Access for Infants and Mothers	None
Healthy Families	None
Major Risk Medical Insurance	None
Other	None

Range of services offered on a bundled basis

HMO	Vision, Substance Abuse, Prescription Drugs, Durable Medical Equipment, Rehabilitation, Independent Living Power™
PPO	None
POS	None

Range of services offered on a stand-alone basis

HMO	N/A
PPO	N/A
POS	N/A

Sharp Health Plan

9325 Sky Park Court #300, San Diego, CA 92123
858-637-6530 fax: 858-637-6504 www.sharp.com

Executive Officers

CEO
B. Kathryn Mead

CFO
Jeffrey Willmann

COO
Leslie Pels-Beck

Executive Staff

Medical Director
Nora Faine, M.D.

Chief Legal Counsel
Ky Lewis, Esq.

Marketing Director
Jeff Lazenby

Primary Contacts

Government Relations
Jennifer Johnson
858-637-6536

Public Affairs
Jeff Lazenby
858-637-6696

Plan Organization

Parent Company/Affiliate	Sharp HealthCare
Subsidiaries	None
Recent mergers or acquisitions within California	None
Year founded	1992
Year licensed	1992
Tax status	Non profit
Number of employees	87 fulltime, 2 part-time
Enrollment	114,615 California

Plan-Provider Arrangements

Model types (ranked in descending order)

Network of Medical Groups and IPAs, Direct Contracting with Physicians

Number of medical groups	0 owned, 19 contracted
Number of IPAs	0 owned, 2 contracted
Number of hospitals	0 owned, 14 contracted

Compensation Methods

Physicians-primary care (ranked by method)	Group Capitation, Individual Capitation, Fee-For-Service
Physicians-specialty (ranked by method)	Group Capitation, Fee-For-Service
Hospitals (ranked by payment type)	Per Diem, Capitation, Discounted Charges

Plan Products

Products currently offered

Individual enrollment	None
Small group (2-50 employees) enrollment	HMO
Large group (50+ employees) enrollment	HMO
Medicare	None
Medicaid (i.e. MediCal)	HMO
Access for Infants and Mothers	HMO
Healthy Families	HMO
Major Risk Medical Insurance	None
Other	None

Range of services offered on a bundled basis

HMO	Acupuncture, Chiropractic, Vision, Substance Abuse, Prescription Drugs, Durable Medical Equipment
PPO	None
POS	None

Range of services offered on a stand-alone basis

HMO	None
PPO	None
POS	None

UHP Healthcare (WATTHealth Foundation, Inc.)

3405 West Imperial Highway, Inglewood, CA 90303
310-671-3465 fax: 310-412-5796 www.uhphealthcare.com

Executive Officers

CEO
Jennifer L. Spalding

CFO
Greg Hamblin

VP, Managed Care Services
Patricia Johnson

Plan Organization

Parent Company/Affiliate	None
Subsidiaries	None
Recent mergers or acquisitions within California	None
Year founded	1967
Year licensed	1978
Tax status	Non profit
Number of employees	171 fulltime, 3 part-time
Enrollment	112,000 California

CIO

Michael Rowan

Plan-Provider Arrangements

Model types (ranked in descending order)
Network of Medical Groups and IPAs, Staff

Number of medical groups	0 owned, 51 Contracted
Number of IPAs	0 owned, 36 Contracted
Number of hospitals	0 owned, 72 contracted

Executive Staff

Chief Legal Counsel
Alma Graham

Compensation Methods

Physicians-primary care (ranked by method)	Group Capitation
Physicians-specialty (ranked by method)	Group Capitation, Fee-For-Service, Individual Capitation
Hospitals (ranked by payment type)	Per Diem, Capitation, Case Rates, Discounted Charges, Diagnosis-Related Group

Marketing Director
John Rupert

Pharmacy Director
Glenn Chavez, Pharm.D.

Employer Relations
Madria Marshall

Plan Products

Products currently offered

Individual enrollment	HMO
Small group (2-50 employees) enrollment	HMO
Large group (50+ employees) enrollment	HMO
Medicare	HMO
Medicaid (i.e. MediCal)	HMO
Access for Infants and Mothers	HMO
Healthy Families	HMO
Major Risk Medical Insurance	None
Other	None

Range of services offered on a bundled basis

HMO	Vision
PPO	None
POS	None

Range of services offered on a stand-alone basis

HMO	Chiropractic, Dental, Durable Medical Equipment
PPO	None
POS	None

Provider Relations
Sylvia Grantham

Member Relations
Norma Shishido

Primary Contact

Government and Public Relations
Roberta York
310-681-3387

Universal Care

1600 East Hill Street, Signal Hill, CA 90755
800-635-6668 fax: 562-490-9419 www.universalcare.com

Executive Officers

President and CEO
Howard E. Davis

CFO
Kenneth L. Watkins

COO
Jeffrey V. Davis

CIO (Acting CIO / Director Information Systems)
Dan Sun

Executive Staff

Medical Director
John D. Adams, M.B.A., D.O.

Chief Legal Counsel
William Rustrum, J.D.

Marketing Director
Maria Perez-Flatt

Pharmacy Director
Martin Grubin, M.D.

Employer Relations
Allan Rahn

Provider Relations
Eric Spencer

Member Relations
Lorrie Holt, R.N.

Primary Contacts

Government Relations
Mike Myers
562-981-4019

Public Affairs
Jay B. Davis
562-981-4028

Plan Organization

Parent Company/Affiliate	Universal Care, Inc.
Subsidiaries	Universal Care of California, Orange County Friendship Center
Recent mergers or acquisitions within California	None
Year founded	1983
Year licensed	1985
Tax status	For profit
Number of employees	1209 fulltime, 50 part-time
Enrollment	461,555 National, 341,304 California

Plan-Provider Arrangements

Model types (ranked in descending order)
Network of Medical Groups and IPAs, Staff, Single Medical Group, Direct Contracting with Physicians

Number of medical groups	12 owned, 50 contracted
Number of IPAs	0 owned, 175 contracted
Number of hospitals	0 owned, 180 contracted

Compensation Methods

Physicians-primary care (ranked by method)	Group Capitation, Salary, Individual Capitation
Physicians-specialty (ranked by method)	Group Capitation, Fee-For-Service, Salary
Hospitals (ranked by payment type)	Per Diem, Discounted Charges, Case Rates, Diagnosis Related Group, Capitation

Plan Products

Products currently offered

Individual enrollment	HMO
Small group (2-50 employees) enrollment	HMO, POS
Large group (50+ employees) enrollment	HMO, POS
Medicare	HMO
Medicaid (i.e. MediCal)	HMO
Access for Infants and Mothers	None
Healthy Families	HMO
Major Risk Medical Insurance	None
Other	None

Range of services offered on a bundled basis

HMO	Chiropractic, Vision, Dental, Substance Abuse, Prescription Drugs, Durable Medical Equipment, Rehabilitation, Herbal
PPO	None
POS	None

Range of services offered on a stand-alone basis

HMO	Dental
PPO	None
POS	None

Valley Health Plan (Santa Clara County)

2325 Enborg Lane, Suite 290, San Jose, CA 95128
 408-885-4080 fax: 408-885-5921 www.santaclaracounty.org/vhp

Executive Officers

CEO
 Greg Price

 CFO
 Kim Roberts

 CIO
 Robert Feldman

Plan Organization

Parent Company/Affiliate	None
Subsidiaries	None
Recent mergers or acquisitions within California	None
Year founded	N/A
Year licensed	N/A
Tax status	Non-profit
Number of employees	37 fulltime, 3 part-time
Enrollment	45,731 California

Executive Staff

Medical Director
 Kent Imai, M.D.

 Marketing Director
 Susan Brauss

Plan-Provider Arrangements

Model types (ranked in descending order)
 Number of medical groups 0 owned, 1 contracted
 Number of IPAs 0 owned, 3 contracted
 Number of hospitals 0 owned, 5 contracted

Compensation Methods

Physicians-primary care (ranked by method)	Group Capitation, Individual Capitation, Fee-For-Service
Physicians-specialty (ranked by method)	Group Capitation, Fee-For-Service
Hospitals (ranked by payment type)	Per Diem, Capitation

Primary Contacts

Government Relations and Public Affairs
 Helen Norman
 408-885-5607

Plan Products

Products currently offered

Individual enrollment	HMO
Small group (2-50 employees) enrollment	None
Large group (50+ employees) enrollment	HMO
Medicare	None
Medicaid (i.e. MediCal)	HMO
Access for Infants and Mothers	None
Healthy Families	HMO
Major Risk Medical Insurance	None
Other (Healthy Kids)	HMO

Range of services offered on a bundled basis

HMO	Acupuncture, Chiropractic, Vision, Substance Abuse, Massage Therapy, Prescription Drugs, Durable Medical Equipment, Rehabilitation, Long Term Health Care
PPO	None
POS	None

Range of services offered on a stand-alone basis

HMO	None
PPO	None
POS	None

Western Health Advantage

1331 Garden Highway, Suite 100, Sacramento, CA 95831
 916-563-3180 fax: 916-563-3182 www.westernhealth.com

Executive Officers

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 Garry Maisel

CFO
 Rita Ruecker

Executive Staff

Medical Director
 Donald Hufford, M.D.

Marketing Director
 Bill Figenshu

Provider Relations
 Christine Williams

Primary Contact

Public Affairs
 Bill Figenshu
 916-563-3192

Plan Organization

Parent Company/Affiliate	None
Subsidiaries	None
Recent mergers or acquisitions within California	None
Year founded	1995
Year licensed	1997
Tax status	Non profit
Number of employees	59 fulltime, 3 part-time
Enrollment	60,260 California

Plan-Provider Arrangements

Model types (ranked in descending order)
Network of Medical Groups and IPAs, Direct Contracting with Physicians
 Number of medical groups 0 owned, 4 contracted
 Number of IPAs 0 owned, 2 contracted
 Number of hospitals 0 owned, 8 contracted

Compensation Methods

Physicians-primary care (ranked by method)	Group Capitation
Physicians-specialty (ranked by method)	Group Capitation
Hospitals (ranked by payment type)	Capitation, Discount Charges

Plan Products

Products currently offered

Individual enrollment	None
Small group (2-50 employees) enrollment	HMO
Large group (50+ employees) enrollment	HMO
Medicare	HMO
Medicaid (i.e. MediCal)	HMO
Access for Infants and Mothers	None
Healthy Families	None
Major Risk Medical Insurance	None
Other	None

Range of services offered on a bundled basis

HMO	Acupuncture, Chiropractic, Prescription Drugs
PPO	None
POS	None

Range of services offered on a stand-alone basis

HMO	None
PPO	None
POS	None

GLOSSARY

Compensation Methods

Capitation: Provider is paid a fixed, per capita amount for each person served without regard to the actual number or nature of services provided to each person, most common in contracts between plans and medical groups.

Fee For Service (FFS): Provider is paid for each encounter of service rendered. Under fee for service arrangements, expenditures increase if the fees themselves increase, if more units of service are charged, or if more expensive services are substituted for less expensive ones, most common in traditional indemnity and PPO arrangements.

Fee For Service With Withhold: Provider is paid for each encounter or service rendered, and is reimbursed for the amount billed less a specified percentage or "withhold". Withhold is returned to the provider if various agreed-upon targets are met.

Salary: A method of payment whereby an individual provider is paid a fixed salary without regard to the actual number or nature of services provided to each person, most common in staff model HMOs and in some medical groups.

Health Plan Types

Health Maintenance Organizations (HMO): Provides a wide range of comprehensive health care services for a specified group or individual for a fixed premium. There is generally deductible for physician services and only modest co-payments.

Point of Service (POS): An HMO product that allows the enrollee to receive a service from a non-HMO provider at a higher cost in to the enrollee. The higher cost can take the form of a deductible and/or a higher point-of-service charge.

Preferred Provider Organization (PPO): Provides care through a network of physicians, hospitals and pharmacies that have agreed to provide services at a predetermined negotiated fee. Enrollees generally pay a percentage of the provider charge. They may access services from non-participating providers at a higher cost. Most PPOs have a deductible.

HMO Model Types

Group: An organizational form, whereby the HMO contracts for medical services with a specific physician group in an environment calling for the joint use of equipment, facilities, technical personnel and centralized administration.

Independent Practice Association (IPA): A partnership, corporation, association or other legal entity which has entered into an arrangement with persons who are licensed to practice medicine for the provision of their professional services in accordance with a compensation arrangement.

Network, or Medical Groups/IPA Model: HMO contracts with multiple medical groups and independent practice associations to provide medical services to plan enrollees. Groups and IPAs are likely to be paid by capitation. Hospital payment methodologies may vary.

Staff: HMO directly employs the necessary medical talent to provide its medical services.

Provider Types

Primary Care Physician: The physician who assumes responsibility for the comprehensive medical care of an individual on a continuing basis. The physician obtains professional assistance when needed for services he or she is not qualified to provide and coordinates the care provided by other professional personnel or specialists.

Specialty Physician: The physician who assumes responsibility for medical care of an individual for specialized services and generally on a limited basis, usually on referral from a primary care physician.

Range of Services

Bundled Basis: The provision of a wide range of health care services that may be purchased as a comprehensive care package.

Stand-Alone Basis: The provision of special health care services on a service-by-service basis. For example, an individual can choose to purchase vision services separately from the purchase of a comprehensive care package.

GLOSSARY

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Vice Chair of the Board

B. Kathlyn Mead

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Vice Chair of the Board

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President
Secretary/Treasurer

J. Mario Molina, M.D.

Molina Healthcare of California
President

Milt Camhi

Contra Costa Health Plan
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Jeffery V. Davis

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President

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Health Net of California
California Chief Executive Officer

Ken Wood

Blue Shield of California
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Steve Zatkan

Kaiser Foundation Health Plan, Inc.
Senior Vice President – Government
Relations

James Frey

PacifiCare of California
President

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Bruce Bodaken	1998-2000
Arthur M. Southam, M.D	1996-1998
Kathleen Swenson	1994-1995
R. Jedd Jessup	1992-1994
Stuart Byer	1987-1992
Anthony Pescetti	1985-1987
Maree Church	1983-1985

CAHP Staff

Walter A. Zelman, Ph.D.

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Bill Werhle

Vice President, Legislative Affairs

David Gonzalez

Vice President, Legal and Regulatory Affairs

Bill Packer

Vice President, Communications

Joanne Bovée

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Sean South

Director, Grass Roots Operations

Victoria Sanchez

Assistant to Walter Zelman, President and CEO
Administrative Services Manager

Kelly Flynn

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2002 Profile and Annual Report

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