

**PIMA COUNTY, ARIZONA**  
**PIMA HEALTH CARE SYSTEM**  
**Report on Audit of Financial Statements**  
**June 30, 2002**

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**PIMA HEALTH CARE SYSTEM**  
**Report on Audit of Financial Statements**  
**June 30, 2002**

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DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

**STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL**

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report**

Members of the Arizona State Legislature

The Board of Supervisors of Pima County, Arizona

We have audited the accompanying financial statements of the Pima Health Care System as of and for the year ended June 30, 2002, as listed in the table of contents. These financial statements are the responsibility of the Pima Health Care System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, Pima Health Care System's financial statements are intended to present the financial position and changes in financial position, including cash flows, of only that portion of the business-type activities and major funds of the County that is attributable to the transactions of the Pima Health Care System. They do not purport to, and do not, present fairly the financial position and changes in financial position, including cash flows, of the County in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pima Health Care System as of June 30, 2002, and the changes in financial position, including cash flows, for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 2, Pima County adopted the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, for the year ended June 30, 2002, to implement a new financial reporting model for Pima Health Care System. Also, as described in Note 2, the County changed its policy for capitalizing assets by raising its capitalization threshold. This represents a change in the application of an accounting principle.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Pima Health Care System taken as a whole. The accompanying financial information listed as supplementary schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Debbie Davenport  
Auditor General

September 27, 2002

**PIMA HEALTH CARE SYSTEM**  
**Statement of Net Assets—Enterprise Fund**  
**June 30, 2002**

Assets

Current assets:	
Cash and cash equivalents	\$ 34,032,758
Receivables:	
Accounts (net of allowances for uncollectibles and contractual and administrative adjustments)	11,644,305
Reinsurance claims	1,936,173
Interfund	801,344
Grants	727,634
Due from Medicare	1,492,830
Interest receivable	41,488
Due from other governments	1,205,900
Inventory of supplies	818,424
Prepaid expenses	123,762
	<hr/>
Total current assets	52,824,618
Property, plant, and equipment:	
Land	250,000
Buildings and improvements	27,446,562
Leasehold improvements	444,924
Machinery and equipment	10,553,357
Accumulated depreciation:	
Buildings and improvements	(20,608,225)
Leasehold improvements	(403,817)
Machinery and equipment	(7,665,908)
	<hr/>
Net property, plant, and equipment	10,016,893
	<hr/>
Total assets	62,841,511

Liabilities

Current liabilities:	
Accounts payable and accrued liabilities	3,771,316
Accrued medical and health care claims	13,416,084
Accrued employee compensation	4,831,178
Interest payable	32,335
Interfund payable	22,553
Due to other Pima County funds	12,574,070
Due to other governments	1,311,182
	<hr/>
Total current liabilities	35,958,718

Net Assets

Invested in capital assets, net of related debt	10,016,893
Restricted for health care	19,683,790
Unrestricted deficit	(2,817,890)
	<hr/>
Total net assets	\$ 26,882,793

See accompanying notes to financial statements.

**PIMA HEALTH CARE SYSTEM**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Enterprise Fund**  
**Year Ended June 30, 2002**

Operating revenues:	
Patient service revenues:	
Daily hospital services	\$ 21,669,086
Ancillary services	<u>38,505,808</u>
Gross patient service revenues	<u>60,174,894</u>
Deductions from patient service revenues:	
Medicare contractual and administrative adjustments	(5,752,600)
Other contractual adjustments	<u>(16,983,338)</u>
Net patient service revenues	<u>37,438,956</u>
Capitation	133,868,069
Reinsurance claims	5,017,359
Charges for services	2,997,460
Other operating revenues:	
Disproportionate share settlement	13,253,500
Other	<u>2,490,518</u>
Total other operating revenues	<u>15,744,018</u>
Deductions from other operating revenues:	
Reimbursement of disproportionate share settlement to State General Fund	<u>(13,253,500)</u>
Net other operating revenues	<u>2,490,518</u>
Total operating revenues	<u>181,812,362</u>
Operating expenses:	
Daily hospital services	9,774,156
Ancillary services	25,060,669
Medical and health care claims	116,921,443
Case management (contracted and salaried)	5,039,292
General, fiscal, and administrative services	24,144,798
Provision for doubtful accounts	7,475,236
Depreciation	1,565,337
Other	<u>5,316,199</u>
Total operating expenses	<u>195,297,130</u>
Operating loss	<u>(13,484,768)</u>
Nonoperating revenues (expenses):	
Grant revenue	4,330,897
Loss on disposal of equipment	(145,149)
Interest income	1,015,949
Interest expense	<u>(437,969)</u>
Total nonoperating revenues	<u>4,763,728</u>
Loss before capital contributions and transfers	<u>(8,721,040)</u>
Capital contributions	504,091
Transfers in	20,012,227
Transfers out	<u>(8,499,159)</u>
Change in net assets	<u>3,296,119</u>
Total net assets, July 1, 2001 (as restated)	<u>23,586,674</u>
Total net assets, June 30, 2002	<u>\$ 26,882,793</u>

See accompanying notes to financial statements.

**PIMA HEALTH CARE SYSTEM**  
**Statement of Cash Flows—Enterprise Fund**  
**Year Ended June 30, 2002**

Cash flows from operating activities:	
Cash receipts from:	
Contractors, patients, and other payors	\$ 151,573,206
Other Pima County funds for goods and services	17,348,973
Disproportionate share settlement	13,253,500
Miscellaneous operations	2,638,554
Cash payments to:	
Providers for health care services	(98,504,457)
Suppliers for goods and services	(26,509,790)
Employees for services	(56,431,415)
Other Pima County funds for goods and services	(2,860,457)
State General Fund for disproportionate share settlement	<u>(13,253,500)</u>
Net cash used for operating activities	<u>(12,745,386)</u>
Cash flows from noncapital financing activities:	
Cash transfers from other Pima County Funds	15,284,465
Payments to other Pima County Funds	(6,108,754)
Interest paid on short-term credit	(884,125)
Grant receipts	4,674,293
Interest received from Medicare	<u>85</u>
Net cash provided by noncapital financing activities	<u>12,965,964</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(495,164)</u>
Cash used for capital and related financing activities	<u>(495,164)</u>
Cash flows from investing activities:	
Interest receipts on cash and cash equivalents	<u>1,048,625</u>
Cash provided by investing activities	<u>1,048,625</u>
Net increase in cash and cash equivalents	774,039
Cash and cash equivalents, July 1, 2001	<u>33,258,719</u>
Cash and cash equivalents, June 30, 2002	<u>\$ 34,032,758</u>

(continued)

See accompanying notes to financial statements.

**PIMA HEALTH CARE SYSTEM**  
**Statement of Cash Flows—Enterprise Fund**  
**Year Ended June 30, 2002**  
(Continued)

Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (13,484,768)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	1,565,337
Provision for doubtful accounts	7,475,236
Changes in assets and liabilities:	
Accounts receivable	(8,596,923)
Reinsurance claims receivables	(625,894)
Interfund receivables	58,032
Due from Medicare	(1,492,830)
Due from other governments	(524,521)
Inventory of supplies	14,206
Prepaid expenses	(55,341)
Accounts payable and accrued liabilities	(335,166)
Accrued medical and health care claims	2,210,108
Accrued employee compensation	644,475
Due to Medicare	(108,368)
Due to other governments	511,031
	<hr/>
Net cash used for operating activities	<u><u>\$ (12,745,386)</u></u>

The following noncash transactions occurred during the year ended June 30, 2002.

Disposal of property, plant, and equipment	\$ 4,578,892
Deletion of related accumulated depreciation	\$ 4,433,743
Loss on disposal of equipment	\$ 145,149
Donated equipment	\$ 13,485
Capital assets purchased by Pima County Capital Projects	
Fund general obligation bond monies	\$ 490,606

See accompanying notes to financial statements.

Pima Health Care System  
Notes to Financial Statements  
June 30, 2002

**Note 1 - Summary of Significant Accounting Policies**

The financial statements of the Pima Health Care System (PHCS) have been prepared in a format that complies with the *Health Care Organizations Audit and Accounting Guide* of the American Institute of Certified Public Accountants and the regulatory reporting requirements of the State of Arizona. The accounting policies of PHCS conform to U.S. generally accepted accounting principles applicable to governmental units as promulgated by the Governmental Accounting Standards Board (GASB). During the year ended June 30, 2002, Pima County implemented GASB Statement No. 34, as amended by GASB Statement No. 37, which prescribes a new reporting model for state and local governments. The County also implemented GASB Statement No. 38, which prescribes new and revised note disclosures. As a result, PHCS has changed its financial statement presentation to conform with the reporting requirements for business-type activities. A summary of PHCS' more significant accounting policies follows.

**A. Reporting Entity**

PHCS is administered through two of its service entities, Pima Health System and Services (PHS&S) and Kino Community Hospital. PHS&S is responsible for overseeing the operations of Pima Health System (the AHCCCS and ALTCS contracts), Posada Del Sol Nursing Home, Pima Home Health, the Grants and Community Services System and other Pima County programs. The Pima Home Health program was closed on March 31, 2002 and all related services were discontinued. The Kino Community Hospital is an acute care facility.

PHCS is accounted for as an enterprise fund of Pima County, Arizona and the ultimate financial accountability for PHCS remains with Pima County. The financial statements present only PHCS and are not intended to present the balances and activity of Pima County or its business-type activities and enterprise funds. PHCS is a contractor with the Arizona Health Care Cost Containment System (AHCCCS) Administration to provide health care services to eligible enrollees of the AHCCCS and Arizona Long-Term Care System (ALTCS) programs. The AHCCCS program provides both inpatient and outpatient medical and nursing services to eligible enrollees of the AHCCCS program. The ALTCS program provides inpatient and outpatient medical and nursing services in addition to managed institutional and home- and community-based long-term care services to eligible enrollees of the ALTCS program. PHCS receives monthly premiums from AHCCCS for all eligible enrollees under the respective AHCCCS and ALTCS programs. PHCS provides both inpatient and outpatient medical and nursing services to the general public, indigent patients of Pima County, and eligible enrollees of AHCCCS through its hospital, Kino Community Hospital (Hospital), and Posada Del Sol Nursing Home.

**B. Fund Accounting**

PHCS' accounts are maintained in accordance with the principles of fund accounting to ensure that limitations and restrictions on PHCS' available resources are observed. The principles of fund accounting require that the resources be classified for accounting and reporting purposes into funds in accordance with the activities or objectives specified for those resources. Each fund is considered a separate accounting entity, and its operations are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues, and expenses. PHCS' financial transactions are recorded and reported as an enterprise fund since its operations are financed and operated in a manner similar to private business enterprises, in which the intent of the County Board of Supervisors is that the costs (expenses, including depreciation) of providing goods or services to

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the general public on a continuing basis be financed or recovered primarily through user charges. The measurement focus of the fund is on the flow of economic resources. With this measurement focus, all assets and all liabilities associated with the operation of the PHCS are included on the statement of net assets. Net assets is segregated into invested in capital assets, net of related debt; restricted; and unrestricted. The operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

PHCS applies only those applicable Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**C. Basis of Accounting**

Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied and determines when revenues and expenses are recognized in the accounts and reported in the financial statements. The financial statements of PHCS are presented on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Interfund transactions with other Pima County funds are recorded in the appropriate revenue or expense account. Intrafund transactions within PHCS are eliminated for the consolidated financial statement presentation.

**D. Basis of Presentation**

The financial statements include a statement of net assets; a statement of revenues, expenses, and changes in net assets; and a statement of cash flows. A statement of net assets provides information about the assets, liabilities, and net assets of PHCS at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net assets are classified according to external donor restrictions or availability of assets to satisfy PHCS's obligations. Invested in capital assets net of related debt represents the net value of capital assets less the debt incurred to acquire or construct the asset. Restricted net assets represent grants, contracts, and other resources that have been externally restricted for specific purposes. Unrestricted net assets include all other net assets, including those that have been designated by management to be used for other than general operating purposes.

A statement of revenues, expenses, and changes in net assets provides information about PHCS' financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net assets are reported, including capital contributions and transfers. Generally, patient service, capitation, and other charges generated by PHCS for providing health care are considered to be operating revenues. Other revenues used for health care, such as grants and interest earnings, are not generated from operations and are considered to be nonoperating revenues.

A statement of cash flows provides information about the PHCS's sources and uses of cash and cash equivalents during the year. Increases and decreases in cash and cash equivalents are classified as either operating, noncapital financing, capital financing, or investing.

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**E. Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand, demand deposits, and cash and investments held by the Pima County Treasurer. All investments are stated at fair value.

**F. Accounts Receivable**

Accounts receivable include amounts due from self-pay patients and third-party payors for health care services provided to patients. The allowance for uncollectible accounts is based on management's evaluation of the collectibility of such accounts.

**G. Inventory of Supplies**

Inventories are recorded as assets when purchased and expensed when consumed. These inventories are stated at cost using the first-in, first-out method.

**H. Property, Plant, and Equipment**

As of June 30, 1977, property, plant, and equipment (excluding Hospital land) of the PHCS were valued at estimated historical cost based on an independent appraisal. Subsequent acquisitions and all other property, plant, and equipment of the PHCS are capitalized at cost. Donated assets are capitalized at their estimated fair market value on the date received. PHCS capitalizes all land and buildings regardless of cost and all other property, plant, and equipment valued at \$5,000 and above. As of June 30, 2002, approximately 37 percent of net property, plant, and equipment were valued at estimated historical cost. Depreciation of assets is charged as an expense against operations. Assets are depreciated over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Building and improvements	10 to 40 years
Leasehold improvements	7 to 10 years
Machinery and equipment	5 to 25 years

**I. Accrued Medical and Health Care Claims**

Accrued medical and health care claims consist of estimates of incurred but not reported and reported but unpaid medical claims.

**J. Compensated Absences**

Compensated absences consist of annual leave and a calculated amount of sick leave earned by employees based on services already rendered. Employees may accumulate up to 240 hours of annual leave, but any annual leave hours in excess of the maximum amount that are unused at the end of the employee's anniversary year are forfeited. Upon termination of employment, all unused and unforfeited annual leave benefits are paid to employees. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but are forfeited upon termination of employment. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements. However, for employees who retire with 20 or more years of service, some accumulated sick leave benefits do vest based on various criteria and, therefore, are accrued.

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**K. Patient Service Revenues**

Patient service revenues, including services provided to indigent patients of Pima County, are recorded at established rates regardless of whether collection in full is expected. Provisions for uncollectible accounts and contractual and administrative adjustments are recorded as deductions from patient service revenues.

The Hospital provides services to patients under a contractual agreement with the Medicare program. Amounts received from Medicare are determined based on a mix of prospectively determined payments and reimbursement of allowable expenses for patient service costs, capital costs, and medical education costs.

The Hospital also provides services to patients under agreements with AHCCCS and various Pima County departments. Payments for services under these agreements are based on discounted amounts from established rates for outpatient services or tiered per diem for inpatient services.

**L. Charity Care**

Since the Hospital is owned and operated by Pima County, it is prohibited by Arizona Revised Statutes (A.R.S.) from providing care to patients without charging them for such services. Accordingly, there is no charity care recognized for the year ended June 30, 2002. However, the Hospital, as a provider of care to indigent as well as nonindigent patients, does provide care to patients who may not be able to pay. Consequently, the charges (presented in revenues) for the unreimbursed care provided to these patients are included in the provision for doubtful accounts.

**M. Grant Revenues**

Grants and assistance awards made on the basis of entitlement periods are recorded as grants receivable and revenues when entitlement occurs. Reimbursement grants are recorded as grants receivable and revenues as soon as all eligibility requirements have been met.

**Note 2 - Accounting Changes**

As a result of implementing GASB Statement No. 34, the County made several accounting and reporting changes. The most significant change is that fund equity has been relabeled as net assets, and its components have changed as described in Note 1. Additionally, as of July 1, 2001, Pima County changed its capitalization threshold from \$1,000 to \$5,000 and applied that policy change retroactively. The cumulative effect of these changes follows:

Total fund equity at June 30, 2001, as previously reported	\$24,133,139
Cumulative effect of change in capital asset policy	<u>(546,465)</u>
Total fund equity at July 1, 2001	<u><u>\$23,586,674</u></u>
Net assets—Invested in capital assets, net of related debt	\$10,728,124
Net assets—Restricted for health care	19,674,319
Net assets—Unrestricted	<u>(6,815,769)</u>
Total net assets at July 1, 2001	<u><u>\$23,586,674</u></u>

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Notes to Financial Statements  
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**Note 3 - Cash and Cash Equivalents**

Cash and cash equivalents on the statement of net assets consist of \$27,279 of cash in bank and on hand, and \$34,005,479 of cash and investments held by the Pima County Treasurer in its investment pool.

At June 30, 2002, PHCS' total cash on hand was \$8,078. The carrying amount of the total cash in bank was \$19,201 and the bank balance was \$3,614,741. Of the bank balance, \$100,000 was covered by federal depository insurance and \$3,514,741 was covered by pledged securities held in book entry form by the pledging financial institution's agent in the County's name.

The PHCS' cash and investments held by the Pima County Treasurer represent a portion of the County Treasurer's investment pool portfolios. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. Those shares are not identified with specific investments and are not subject to custodial credit risk.

**Note 4 - Receivables**

**A. Accounts Receivable**

Accounts receivable are reported net of allowances for uncollectibles and contractual and administrative adjustments as follows:

	<b>AHCCCS Contract</b>	<b>ALTCS Contract</b>	<b>Kino Community Hospital</b>	<b>Posada Del Sol Nursing Home</b>	<b>Total</b>
Gross accounts receivable	\$29,298	\$13,806	\$21,196,100	\$220,892	\$21,460,096
Less:					
Allowance for uncollectibles			3,934,245		3,934,245
Allowance for contractual and administrative adjustments	_____	_____	<u>5,881,546</u>	_____	<u>5,881,546</u>
Net accounts receivable	<u>\$29,298</u>	<u>\$13,806</u>	<u>\$11,380,309</u>	<u>\$220,892</u>	<u>\$11,644,305</u>

**B. Reinsurance Claims Receivable**

Reinsurance claims receivable and revenues result from additional payments from the AHCCCS Administration to PHCS for certain enrollees whose medical expenses paid by PHCS during the year ended June 30, 2002, were in excess of specified deductible limits. At June 30, 2002, the entire amount of reinsurance claims receivable of \$1,936,173 was unbilled.

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**Note 5 - Capital Asset Activity**

Capital asset activity for the year ended June 30, 2002 was as follows:

	Beginning Balance (as restated)	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 250,000			\$ 250,000
Net value of land				<u>250,000</u>
Other capital assets:				
Buildings and improvements	28,785,088	\$ 9,907	\$(1,348,433)	27,446,562
Accumulated depreciation	(21,400,429)	(498,412)	1,290,616	(20,608,225)
Net buildings and improvements				<u>6,838,337</u>
Leasehold improvements	413,099	39,694	(7,869)	444,924
Accumulated depreciation	(408,667)	(3,019)	7,869	(403,817)
Net leasehold improvements				<u>41,107</u>
Machinery and equipment	12,826,293	949,654	(3,222,590)	10,553,357
Accumulated depreciation	(9,737,260)	(1,063,906)	3,135,258	(7,665,908)
Net machinery and equipment				<u>2,887,449</u>
Other capital assets net				<u>9,766,893</u>
Pima Health Care System capital assets, net				<u>\$ 10,016,893</u>

**Note 6 - Due to Other Pima County Funds**

Due to other Pima County funds represents advances received from other County funds to eliminate cash overdrafts in the following PHCS' programs.

Kino Community Hospital	\$9,581,314
Posada Del Sol Nursing Home	1,769,459
Grants/Community Services System	692,023
Other Pima County Programs	<u>531,274</u>
Total	<u>\$12,574,070</u>

**Note 7 - Interfund Transfers**

Interfund transfers are reported as either capital contributions, transfers in, and transfers out. Capital contributions are machinery and equipment purchased by Pima County Capital Projects Fund general obligation bond monies and transferred to Kino Hospital. Transfers in are cash transfers from Pima County's General Fund to cover short term cash deficits and to help defray the cost of providing medical services to patients that are uninsured or underinsured. Transfers out are cash transfers to Pima County's General Fund to pay part of the County's share of the total nonfederal part of Arizona's health care system.

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Notes to Financial Statements  
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**Note 8 - Capitation**

Capitation revenues comprise the following amounts.

ALTCS long-term care	\$ 97,577,469
AHCCCS acute care	32,543,755
ALTCS ventilator dependent	3,579,576
Pima County General Fund	<u>167,269</u>
Total	<u>\$133,868,069</u>

**Note 9 - Disproportionate Share Settlement**

Section 1923 of the Social Security Act establishes federal requirements designed to aid entities that provide medical services to a disproportionate share of medically indigent patients. These requirements were met for the year ended June 30, 2002, through disproportionate share settlements established by Laws 2001, Second Special Session, Chapter 5. AHCCCS was directed to distribute such settlements based on various qualifying criteria and allocation processes. Laws 2001 appropriated disproportionate share settlement amounts to be distributed to the hospitals for the year ended June 30, 2002. PHCS' share of the settlement for the year ended June 30, 2002, totaled \$13,253,500. However, Laws 2001, Second Special Session, Chapter 7, also mandated the reimbursement of the total settlement through the State Treasurer to the State General Fund.

**Note 10 - Related Party Transactions**

During the course of its operations, PHCS had numerous transactions with other Pima County funds to finance operations, provide services, and service debt. During the year ended June 30, 2002, patient service revenues included \$13,567,679 from Pima County Departments for services provided to County patients. In addition, PHCS received capitation revenues totaling \$167,269 from the Pima County General Fund for health care services provided to indigent residents of Pima County meeting Pima County eligibility requirements and received interest income totaling \$577,895 from the Pima County Treasurer. PHCS incurred expenses totaling \$2,860,457 from Pima County for the allocation of overhead, insurance premiums, interest, and other miscellaneous supplies and services.

In addition, in 1977 Pima County allocated general obligation bond proceeds totaling \$20,750,000 to Kino Hospital to aid in the construction of hospital facilities. As of June 30, 2002, Kino Hospital has returned \$5,126,344. It is not probable that Pima County will require any further payments.

**Note 11 - Risk Management**

PHCS is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; medical malpractice; and natural disasters. PHCS is a participant in Pima County's self-insurance program, and in the opinion of PHCS' management, that self-insurance program would cover any unfavorable outcomes from these risks. Accordingly, PHCS has no risk of loss beyond adjustments to future years' premium payments to Pima County's self-insurance program. All estimated losses for unsettled claims and actions of Pima County are

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Notes to Financial Statements  
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determined on an actuarial basis and are included in the *Pima County Comprehensive Annual Financial Report*.

PHCS has obtained modified claims-made insurance policies to cover medical malpractice claims. Deductibles are the responsibility of Pima County through Risk Management and are \$1,000,000 per claim with an annual deductible aggregate of \$3,000,000. Medical malpractice coverage started on October 1, 1991, for operations at Kino Hospital and on October 1, 1993, for other PHCS entities. Claims occurring before these dates were Pima County's responsibility through Risk Management. Settled claims have not exceeded insurance coverage in any of the prior three fiscal years.

**Note 12 - Retirement Plan**

**Plan Description**—PHCS contributes to a cost-sharing multiple-employer defined benefit pension plan administered by the Arizona State Retirement System (ASRS). Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The ASRS issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the ASRS, 3300 North Central Avenue, PO Box 33910, Phoenix, Arizona 85067-3910, or by calling (602) 240-2000 or (800) 621-3778.

**Funding Policy**—The Arizona State Legislature establishes and may amend active plan members' and PHCS' contribution rate. For the year ended June 30, 2002, active plan members and PHCS were each required by statute to contribute at the actuarially determined rate of 2.49 percent (2.00 percent retirement and 0.49 percent long-term disability) of the members' annual covered payroll. PHCS' contributions to the ASRS for the years ended June 30, 2002, 2001, and 2000, were \$1,079,029, \$1,017,993, and \$955,086 respectively, which were equal to the required contributions for the year.

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## **Supplementary Schedules**

**PIMA HEALTH CARE SYSTEM**  
**Consolidating Statement of Net Assets by Program**  
**June 30, 2002**

	<b>AHCCCS Contracts</b>	<b>ALTCS Contracts</b>	<b>Kino Community Hospital</b>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 13,470,575	\$ 20,554,105	\$ 6,578
Receivables:			
Accounts (net of allowances for uncollectibles and contractual and administrative adjustments)	29,298	13,806	11,380,309
Reinsurance claims	721,938	1,214,235	
Interfund			801,344
Grants			32,015
Due from Medicare			1,413,456
Interest receivable	13,980	24,976	
Due from other programs			782,402
Due from other governments		1,205,900	
Inventory of supplies			735,440
Prepaid expenses			122,775
Total current assets	14,235,791	23,013,022	15,274,319
Property, plant, and equipment:			
Land			250,000
Buildings and improvements			27,446,562
Leasehold improvements			
Machinery and equipment			9,363,418
Accumulated depreciation:			
Buildings and improvements			(20,608,225)
Leasehold improvements			
Machinery and equipment			(7,118,139)
Net property, plant, and equipment	-	-	9,333,616
Total assets	14,235,791	23,013,022	24,607,935
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued liabilities	19,343	88,838	3,477,241
Accrued medical and health care claims	5,043,798	7,926,865	
Accrued employee compensation	77,492	1,260,928	2,841,300
Interest payable			19,947
Interfund payable			
Due to other Pima County funds			9,581,314
Due to other governments	1,311,182		
Due to other programs	479,225	1,357,352	
Total current liabilities	6,931,040	10,633,983	15,919,802
<b>Net Assets</b>			
Invested in capital assets, net of related debt			9,333,616
Restricted for health care	7,304,751	12,379,039	
Unrestricted deficit			(645,483)
Total net assets	\$ 7,304,751	\$ 12,379,039	\$ 8,688,133

<b>Posada Del Sol Nursing Home</b>	<b>Grants/ Community Services System</b>	<b>Other Pima County Programs</b>	<b>Intrafund Eliminations</b>	<b>Total</b>
\$ 1,000		\$ 500		\$ 34,032,758
220,892				11,644,305
				1,936,173
				801,344
79,374	\$ 695,619			727,634
		2,532		1,492,830
938,594		124,902	\$ (1,845,898)	41,488
82,984				-
				1,205,900
				818,424
		987		123,762
<u>1,322,844</u>	<u>695,619</u>	<u>128,921</u>	<u>(1,845,898)</u>	<u>52,824,618</u>
				250,000
54,751		390,173		27,446,562
420,951		768,988		444,924
				10,553,357
				(20,608,225)
(13,644)		(390,173)		(403,817)
(156,856)		(390,913)		(7,665,908)
<u>305,202</u>	<u>-</u>	<u>378,075</u>	<u>-</u>	<u>10,016,893</u>
<u>1,628,046</u>	<u>695,619</u>	<u>506,996</u>	<u>(1,845,898)</u>	<u>62,841,511</u>
				3,771,316
184,401	1,493			13,416,084
	443,831	1,590		4,831,178
634,374	17,084			32,335
12,388				22,553
		22,553		12,574,070
1,769,459	692,023	531,274		1,311,182
492		8,829	(1,845,898)	-
<u>2,601,114</u>	<u>1,154,431</u>	<u>564,246</u>	<u>(1,845,898)</u>	<u>35,958,718</u>
				10,016,893
305,202		378,075		19,683,790
(1,278,270)	(458,812)	(435,325)		(2,817,890)
<u>\$ (973,068)</u>	<u>\$ (458,812)</u>	<u>\$ (57,250)</u>	<u>\$ -</u>	<u>\$ 26,882,793</u>

**PIMA HEALTH CARE SYSTEM**  
**Consolidating Statement of Revenues, Expenses, and**  
**Changes in Net Assets by Program**  
**Year Ended June 30, 2002**

	<b>AHCCCS Contracts</b>	<b>ALTCS Contracts</b>	<b>Kino Community Hospital</b>
Operating revenues:			
Patient service revenues:			
Daily hospital services			\$ 22,926,682
Ancillary services			48,358,164
Gross patient service revenues	-	-	71,284,846
Deductions from patient service revenues:			
Medicare contractual and administrative adjustments			(5,752,600)
Other contractual adjustments			(20,309,324)
Net patient service revenues	-	-	45,222,922
Capitation	\$ 32,543,755	\$ 101,157,045	
Reinsurance claims	1,860,315	3,157,044	
Charges for services			
Other operating revenues:			
Disproportionate share settlement			13,253,500
Other	132,986	247,546	1,867,088
Total other operating revenues	132,986	247,546	15,120,588
Deductions from other operating revenues:			
Reimbursement of disproportionate share settlement to State General Fund			(13,253,500)
Net other operating revenues	132,986	247,546	1,867,088
Total operating revenues	34,537,056	104,561,635	47,090,010
Operating expenses:			
Daily hospital services			9,774,156
Ancillary services			25,060,669
Medical and health care claims	30,638,647	91,344,456	
Case management (contracted and salaried)		3,722,334	
General, fiscal, and administrative services	741,682	3,197,778	17,683,630
Provision for doubtful accounts			7,475,236
Depreciation			1,300,067
Other	570,794	2,779,486	
Total operating expenses	31,951,123	101,044,054	61,293,758
Operating income (loss)	2,585,933	3,517,581	(14,203,748)
Nonoperating revenues (expenses):			
Grant revenue			652,546
Loss on disposal of equipment			(144,453)
Interest income	309,959	683,438	85
Interest expense			(336,307)
Total nonoperating revenues (expenses)	309,959	683,438	171,871
Income (loss) before capital contributions and transfers	2,895,892	4,201,019	(14,031,877)
Capital contributions			504,091
Transfers in			16,934,720
Transfers out	(715,244)	(7,005,474)	
Change in net assets	2,180,648	(2,804,455)	3,406,934
Total net assets (deficit) , July 1, 2001 (as restated)	5,124,103	15,183,494	5,281,199
Total net assets (deficit) , June 30, 2002	\$ 7,304,751	\$ 12,379,039	\$ 8,688,133

Posada Del Sol Nursing Home	Pima Home Health	Grants/ Community Services System	Other Pima County Programs	Intrafund Eliminations	Total
				\$ (1,257,596)	\$ 21,669,086
				(9,852,356)	38,505,808
-	-	-	-	(11,109,952)	60,174,894
					(5,752,600)
				3,325,986	(16,983,338)
-	-	-	-	(7,783,966)	37,438,956
			\$ 167,269		133,868,069
\$ 10,578,535	\$ 721,672	\$ 1,730		(8,304,477)	5,017,359
					2,997,460
1,248	93,781		420,807	(272,938)	13,253,500
1,248	93,781	-	420,807	(272,938)	2,490,518
					15,744,018
					(13,253,500)
1,248	93,781	-	420,807	(272,938)	2,490,518
10,579,783	815,453	1,730	588,076	(16,361,381)	181,812,362
					9,774,156
7,602,224	643,411	2,625,762	155,386	(16,088,443)	25,060,669
1,983,301	271,605	1,316,958			116,921,443
		266,802			5,039,292
45,829	7,476		211,965		24,144,798
1,977,411	198,135	2,338	60,973	(272,938)	7,475,236
11,608,765	1,120,627	4,211,860	428,324	(16,361,381)	1,565,337
(1,028,982)	(305,174)	(4,210,130)	159,752	-	5,316,199
		3,678,351			195,297,130
			(696)		(13,484,768)
(63,153)	(29,510)	(8,999)	22,467		4,330,897
(63,153)	(29,510)	3,669,352	21,771	-	(145,149)
(1,092,135)	(334,684)	(540,778)	181,523	-	1,015,949
					(437,969)
1,579,030	999,663	715,244	(994,871)	(216,430)	4,763,728
486,895	664,979	174,466	(813,348)	216,430	(8,721,040)
(1,459,963)	(664,979)	(633,278)	756,098		504,091
\$ (973,068)	\$ -	\$ (458,812)	\$ (57,250)	\$ -	20,012,227
					(8,499,159)
					3,296,119
					23,586,674
					\$ 26,882,793

**PIMA HEALTH CARE SYSTEM**  
**Consolidating Statement of Cash Flows by Program**  
**Year Ended June 30, 2002**

	<b>AHCCCS Contracts</b>	<b>ALTCS Contracts</b>	<b>Kino Community Hospital</b>
Cash flows from operating activities:			
Cash receipts from:			
Contractors, patients, and other payors	\$ 35,218,088	\$ 103,802,154	\$ 9,752,621
Other programs for medical and health care services			8,188,636
Other Pima County funds for goods and services			17,181,704
Disproportionate share settlement			13,253,500
Miscellaneous operations	132,986	247,546	1,867,088
Cash payments to:			
Providers for health care services	(24,364,299)	(70,948,864)	
Other programs for medical and health care services	(5,060,290)	(11,110,820)	
Suppliers for goods and services	(513,441)	(2,065,784)	(21,741,539)
Employees for services	(564,190)	(15,542,188)	(28,839,443)
Other Pima County funds for goods and services	(158,526)	(875,413)	(1,102,181)
State General Fund for disproportionate share settlement			(13,253,500)
Net cash provided by (used for) operating activities	<u>4,690,328</u>	<u>3,506,631</u>	<u>(14,693,114)</u>
Cash flows from noncapital financing activities:			
Cash transfers from (to) other programs			
Cash transfers from (to) other Pima County funds	(715,244)	(7,005,474)	16,934,720
Payments to other Pima County Funds			(2,738,864)
Interest paid on short-term credit		(364,654)	(415,971)
Grant receipts			620,531
Interest received from Medicare			85
Net cash provided by (used for) noncapital financing activities	<u>(715,244)</u>	<u>(7,370,128)</u>	<u>14,400,501</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets			(93,360)
Cash provided by (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(93,360)</u>
Cash flows from investing activities:			
Interest receipts on cash and cash equivalents	<u>390,163</u>	<u>658,462</u>	
Cash provided by investing activities	<u>390,163</u>	<u>658,462</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	4,365,247	(3,205,035)	(385,973)
Cash and cash equivalents, July 1, 2001	<u>9,105,328</u>	<u>23,759,140</u>	<u>392,551</u>
Cash and cash equivalents, June 30, 2002	<u>\$ 13,470,575</u>	<u>\$ 20,554,105</u>	<u>\$ 6,578</u>

<b>Posada Del Sol Nursing Home</b>	<b>Pima Home Health</b>	<b>Grants/ Community Services System</b>	<b>Other Pima County Programs</b>	<b>Intrafund Eliminations</b>	<b>Total</b>
\$ 2,448,341	\$ 350,272	\$ 1,730			\$ 151,573,206
7,602,825	571,686			\$ (16,363,147)	-
			\$ 167,269		17,348,973
					13,253,500
1,248	93,781		295,905		2,638,554
(1,319,639)	(53,657)	(1,767,544)	(50,454)		(98,504,457)
(12,000)	(10,343)		(169,694)	16,363,147	-
(1,400,927)	(105,828)	(588,318)	(93,953)		(26,509,790)
(8,128,061)	(944,893)	(2,382,674)	(29,966)		(56,431,415)
(613,472)	(110,865)				(2,860,457)
					(13,253,500)
<u>(1,421,685)</u>	<u>(209,847)</u>	<u>(4,736,806)</u>	<u>119,107</u>	<u>-</u>	<u>(12,745,386)</u>
	241,073		(241,073)		-
3,348,489	783,233	1,407,267	531,474		15,284,465
(1,579,030)	(783,233)	(715,224)	(292,403)		(6,108,754)
(54,863)	(31,426)	(8,999)	(8,212)		(884,125)
		4,053,762			4,674,293
					85
<u>1,714,596</u>	<u>209,647</u>	<u>4,736,806</u>	<u>(10,214)</u>	<u>-</u>	<u>12,965,964</u>
(293,411)			(108,393)		(495,164)
<u>(293,411)</u>	<u>-</u>	<u>-</u>	<u>(108,393)</u>	<u>-</u>	<u>(495,164)</u>
					1,048,625
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,048,625</u>
(500)	(200)	-	500	-	774,039
1,500	200	-	-	-	33,258,719
<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 34,032,758</u>

(continued)

**PIMA HEALTH CARE SYSTEM**  
**Consolidating Statement of Cash Flows by Program**  
**Year Ended June 30, 2002**  
(Continued)

	<b>AHCCCS Contracts</b>	<b>ALTCS Contracts</b>	<b>Kino Community Hospital</b>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 2,585,933	\$ 3,517,581	\$ (14,203,748)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation			1,300,067
Provision for doubtful accounts			7,475,236
Changes in assets and liabilities:			
Accounts receivable	7,502	551,944	(9,050,246)
Reinsurance claims receivables	(86,536)	(539,358)	-
Interfund receivables			58,032
Due from Medicare			(1,413,456)
Due from other programs			402,456
Due from other governments		(524,521)	
Inventory of supplies			30,106
Prepaid expenses			(54,354)
Accounts payable and accrued liabilities	(101,173)	(161,711)	585,337
Accrued medical and health care claims	1,546,153	270,640	
Accrued employee compensation	77,492	293,796	274,203
Due to Medicare			(96,747)
Due to other governments	893,052		
Due to other programs	(232,095)	98,260	
Net cash provided by (used for) operating activities	<u>\$ 4,690,328</u>	<u>\$ 3,506,631</u>	<u>\$ (14,693,114)</u>

The following noncash transactions occurred during the year ended June 30, 2002.

Disposal of property, plant, and equipment	\$ 4,112,575
Deletion of related accumulated depreciation	\$ 3,968,122
Loss on disposal of equipment	\$ 144,453
Transfer of equipment	
Transfer of related accumulated depreciation	
Donated equipment	\$ 13,485
Capital assets purchased by Pima County Capital Projects	
Fund general obligation bond monies	\$ 490,606

<u>Posada Del Sol Nursing Home</u>	<u>Pima Home Health</u>	<u>Grants/ Community Services System</u>	<u>Other Pima County Programs</u>	<u>Intrafund Eliminations</u>	<u>Total</u>
\$ (1,028,982)	\$ (305,174)	\$ (4,210,130)	\$ 159,752		\$ (13,484,768)
45,829	7,476		211,965		1,565,337
					7,475,236
(208,457)	102,334				(8,596,923)
					(625,894)
					58,032
(79,374)					(1,492,830)
(239,538)	109,573		(124,902)	\$ (147,589)	-
					(524,521)
(15,900)					14,206
			(987)		(55,341)
(21,088)	(18,558)	(585,980)	(31,993)		(335,166)
		443,831	(50,516)		2,210,108
125,333	(93,877)	(2,506)	(29,966)		644,475
	(11,621)				(108,368)
		(382,021)			511,031
<u>492</u>	<u></u>	<u></u>	<u>(14,246)</u>	<u>147,589</u>	<u>-</u>
					-
<u>\$ (1,421,685)</u>	<u>\$ (209,847)</u>	<u>\$ (4,736,806)</u>	<u>\$ 119,107</u>	<u>\$ -</u>	<u>\$ (12,745,386)</u>
			\$ 466,317		\$ 4,578,892
			\$ 465,621		\$ 4,433,743
			\$ 696		\$ 145,149
	\$ (105,509)		\$ 105,509		
	\$ (80,866)		\$ 80,866		\$ -
					\$ 13,485
					\$ 490,606

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**PIMA Health System**  
**Year Ended: 6/30/2002**  
**Risk Pool Receivable/ Payable Report**

Participant Name	Pool Type	Amount
<i>Account 135 - Risk Pool Receivable</i>		
<b>NONE</b>	<i>Hospital</i>	0
<b>NONE</b>	<i>Physician</i>	0
<b>NONE</b>	<i>Other</i>	0
<i>Subtotal</i>		\$ -
<i>Account 225 - Risk Pool Payable</i>		
<b>NONE</b>	<i>Hospital</i>	0
<b>NONE</b>	<i>Physician</i>	0
<b>NONE</b>	<i>Other</i>	0
<i>Subtotal</i>		\$ -
<i>Hospital Risk Pool Receivable/ Payable Balance</i>		\$ -
<i>Physician Risk Pool Receivable/ Payable Balance</i>		\$ -
<i>Other Risk Pool Receivable/ Payable Balance</i>		\$ -
<i>Total Net Risk Pool Receivable/ Payable Balance</i>		\$ -

**PIMA Health System**  
**Year Ended: 6/30/2002**  
**Medical Claims Payable Report**

<b>Payable Type</b>	<b>RBUCS 1-30</b>	<b>RBUCS 31-60</b>	<b>RBUCS 61-90</b>	<b>RBUCS Over 90</b>	<b>Total RBUCS</b>	<b>IBNR</b>	<b>Total Payable</b>
<i>Account: 220 - Medical Claims Payable</i>							
<i>Hospitalization</i>	472,657	17,362	0	4,087	494,106	1,875,984	2,370,090
<i>Medical</i>	362,849	6,720	3,594	450	373,613	820,923	1,194,536
<i>Other</i>	557,088	2,246	2,012	0	561,346	1,052,991	1,614,337
<i>Total Prospective</i>	\$ 1,392,594	\$ 26,328	\$ 5,606	\$ 4,537	\$ 1,429,065	\$ 3,749,898	\$ 5,178,963
<i>Total PPC</i>	176,268	534	0	0	176,802	146,025	322,827
<i>Total Payable</i>	\$ 1,568,862	\$ 26,862	\$ 5,606	\$ 4,537	\$ 1,605,867	\$ 3,895,923	\$ 5,501,790

**PIMA Health System**  
**Fiscal Year Ended: 6/30/2002**  
**Claims Lag Report**  
**Expense Type: Hospital**

Payment Qtr	Current	1st Prior	2nd Prior	3rd Prior	4th Prior	5th Prior	6th Prior*	Total
<b>Current</b>	804,012	974,979	139,879	32,048	4,396	3,403	2,959	\$1,961,676
<b>1st Prior</b>		894,187	1,106,431	217,116	139,342	18,558	6,169	\$2,381,803
<b>2nd Prior</b>			745,740	1,066,582	136,567	61,224	9,644	\$2,019,757
<b>3rd Prior</b>				752,072	860,397	128,553	39,973	\$1,780,995
<b>4th Prior</b>					601,175	840,057	262,185	\$1,703,417
<b>5th Prior</b>						889,234	1,423,733	\$2,312,967
<b>6th Prior*</b>							18,578,162	\$18,578,162
<b>Totals</b>	804,012	1,869,166	1,992,050	2,067,818	1,741,877	1,941,029	20,322,825	\$30,738,777
<b>Expense</b>	2,057,691	2,374,769	2,464,132	1,708,271	2,466,172	1,678,659	21,846,386	\$34,596,080
<b>Adjustment</b>	0	233,737	(221,852)	452,164	(698,328)	270,627	(1,523,561)	(\$1,487,213)
<b>Remaining</b>	1,253,679	739,340	250,230	92,617	25,967	8,257	0	\$2,370,090

\* Amounts in this column or row include the amounts for the 6th prior period, and any earlier periods where the expenses reported exceed the payments made to date.

**PIMA Health System**  
**Fiscal Year Ended: 6/30/2002**  
**Claims Lag Report**  
**Expense Type: Medical**

Payment Qtr	Current	1st Prior	2nd Prior	3rd Prior	4th Prior	5th Prior	6th Prior*	Total
Current	804,449	674,913	26,143	229	(2,611)	(1,441)	(6,752)	\$1,494,930
1st Prior		673,285	563,467	27,290	1,743	17	(798)	\$1,265,004
2nd Prior			649,351	593,314	27,717	2,553	1,903	\$1,274,838
3rd Prior				603,643	507,264	29,638	8,910	\$1,149,455
4th Prior					555,111	382,498	32,292	\$969,901
5th Prior						917,320	455,593	\$1,372,913
6th Prior*							16,884,946	\$16,884,946
Totals	804,449	1,348,198	1,238,961	1,224,476	1,089,224	1,330,585	17,376,094	\$24,411,987
Expense	1,440,128	1,365,740	1,811,413	1,211,879	1,043,446	1,031,645	15,436,909	\$23,341,160
Adjustment	0	387,945	(453,052)	30,543	56,428	304,314	1,939,185	\$2,265,363
Remaining	635,679	405,487	119,400	17,946	10,650	5,374	0	\$1,194,536

\* Amounts in this column or row include the amounts for the 6th prior period, and any earlier periods where the expenses reported exceed the payments made to date.

**PIMA Health System**  
**Fiscal Year Ended: 6/30/2002**  
**Claims Lag Report**  
**Expense Type: Other**

Payment Qtr	Current	1st Prior	2nd Prior	3rd Prior	4th Prior	5th Prior	6th Prior*	Total
Current	2,306,272	1,151,401	34,278	1,467	(4,970)	(1,356)	(1,381)	\$3,485,711
1st Prior		2,585,722	434,467	29,962	7,366	5,865	6,491	\$3,069,873
2nd Prior			1,871,691	819,050	30,207	11,185	4,220	\$2,736,353
3rd Prior				1,704,364	883,409	103,348	13,043	\$2,704,164
4th Prior					1,307,335	701,276	15,659	\$2,024,270
5th Prior						1,319,355	870,021	\$2,189,376
6th Prior*							29,665,938	\$29,665,938
Totals	2,306,272	3,737,123	2,340,436	2,554,843	2,223,347	2,139,673	30,573,991	\$45,875,685
Expense	3,350,660	3,639,800	3,241,755	2,290,736	2,119,057	2,280,910	31,108,145	\$48,031,063
Adjustment	0	477,565	(751,265)	293,182	114,868	(141,237)	(534,154)	(\$541,041)
Remaining	1,044,388	380,242	150,054	29,075	10,578	0	0	\$1,614,337

\* Amounts in this column or row include the amounts for the 6th prior period, and any earlier periods where the expenses reported exceed the payments made to date.

PIMA Health System Fiscal Year Ending 6/30/2002 Total Counties	TANF < 1 MF	TANF 1-13 MF	TANF 14-44 F	TANF 14-44 M	TANF 45+	TANF Total	SSI with Med	SSI with out Med	MN/MI	MED	Non - MED	SOBRA Family Planing	SOBRA Moms	Title XIX Total	KIDS CARE < 1 MF	KIDS CARE 1-13 MF
<b>REVENUE &amp; EXPENSES</b>																
<b>Member Months</b>																
SOBRA FPS Mmbr Mths	0	0	0	0	0	0	0	0	0	0	0	1,367	0	1,367	0	0
PPC Member Months	235	2,420	1,842	878	198	5,573	286	354	11	87	1,890	0	420	8,621	0	0
Pros. Member Months	9,536	46,305	23,730	10,267	2,903	92,741	13,069	15,870	2,099	817	14,538	634	2,444	142,212	99	5,448
Total Member Months	9,771	48,725	25,572	11,145	3,101	98,314	13,355	16,224	2,110	904	16,428	2,001	2,864	152,200	99	5,448
Pros. & FPS Mbr. Mths	9,536	46,305	23,730	10,267	2,903	92,741	13,069	15,870	2,099	817	14,538	2,001	2,444	143,579	99	5,448
Pros. & PPC Mbr. Mths	9,771	48,725	25,572	11,145	3,101	98,314	13,355	16,224	2,110	904	16,428	634	2,864	150,833	99	5,448
<b>REVENUES</b>																
305 Capitation	3,213,001	3,709,266	3,141,309	1,040,233	804,164	11,907,973	2,470,901	6,315,496	1,004,838	180,043	4,097,560	27,834	323,186	26,327,831	24,533	408,822
310 PPC Capitation	315,746	91,526	289,047	77,719	40,588	814,626	4,677	24,329	282,147	23,838	523,044	0	53,239	1,725,900	0	0
312 Hospital Supplement	0	0	0	0	0	0	0	0	0	323,850	2,621,756	0	0	2,945,606	0	0
315 SOBRA Supplement	0	0	265,590	0	0	265,590	0	11,804	0	0	5,902	437,628	853,606	1,574,530	0	0
320 HIV-AIDS Supplement	0	3,648	6,737	1,551	5,525	17,461	45,074	27,291	0	4,669	51,310	0	2,245	148,050	0	0
321 TWG Settlement	0	0	0	0	0	0	0	0	0	0	(772,160)	0	0	(772,160)	0	0
322 PPC Settlement	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
325 Investment Income	20,628	98,443	49,162	20,779	5,932	194,944	28,020	34,522	6,681	908	23,653	843	4,616	294,187	254	11,749
330 Other Income	988	4,950	2,675	1,232	337	10,182	1,365	1,587	0	91	2,416	148	344	16,133	5	538
<b>TOTAL REVENUES</b>	3,550,363	3,907,833	3,754,520	1,141,514	856,546	13,210,776	2,550,037	6,415,029	1,293,666	533,399	6,553,481	466,453	1,237,236	32,260,077	24,792	421,109
<b>EXPENSES</b>																
<b>Hospitalization</b>																
402 Hospital Inpatient	2,153,604	239,990	863,040	155,481	119,018	3,531,133	86,370	1,807,971	519,046	239,593	1,761,042	0	624,665	8,569,820	2,217	12,115
404 Hosp Risk Pool Exp	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
406 PPC-Hospital Inpatient	188,044	14,926	60,499	25,390	10,134	298,993	2,508	113,644	88,653	217,342	753,252	0	33,917	1,508,309	0	0
<b>Total Hospitalization</b>	2,341,648	254,916	923,539	180,871	129,152	3,830,126	88,878	1,921,615	607,699	456,935	2,514,294	0	658,582	10,078,129	2,217	12,115
<b>Medical Compensation</b>																
408 Primary Care Phy	262,560	959,747	495,997	170,205	83,764	1,972,273	146,513	350,858	9,137	20,212	408,509	1,436	48,541	2,957,479	1,077	100,843
410 Referral Phy	637,407	375,557	628,134	142,682	97,048	1,880,828	115,284	617,899	232,651	318,938	397,076	8,239	308,023	3,878,938	5,722	46,825
412 Phy Risk Pool Exp	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
414 PPC - Physician Services	41,389	11,957	23,672	6,973	8,624	92,615	2,562	3,774	21,168	102,891	158,568	0	20,998	402,576	0	0
<b>Total Medical Comp</b>	941,356	1,347,261	1,147,803	319,860	189,436	3,945,716	264,359	972,531	262,956	442,041	964,153	9,675	377,562	7,238,993	6,799	147,668
<b>Other Medical Expenses</b>																
416 Emergency Services	107,973	264,920	182,461	52,705	22,979	631,038	89,328	204,343	28,308	5,007	158,014	0	16,878	1,132,916	680	28,285
418 Pharmacy	129,409	181,426	283,569	66,015	146,212	806,631	1,012,085	1,165,289	120,219	44,034	640,738	6,027	28,922	3,823,945	451	16,470
420 Lab, X-ray, & med image	94,613	156,071	512,059	123,719	83,067	969,529	84,712	634,515	110,012	40,379	574,909	515	123,576	2,538,147	1,430	18,810
422 Outpatient Facility	77,320	208,059	192,462	70,487	54,286	602,614	152,004	450,039	52,102	9,020	245,271	3,014	49,301	1,563,365	208	31,223
424 Durable Med Equip	21,865	118,929	120,025	43,404	17,614	321,837	61,776	210,618	39,184	9,676	135,491	2,012	19,323	799,917	0	10,505
426 Dental	1,344	744,065	134,770	68,377	5,779	954,335	19,686	65,616	6,807	777	51,843	0	8,680	1,107,744	0	134,236
428 Transportation	46,528	63,425	87,672	28,813	7,947	234,385	112,871	247,907	38,629	5,180	175,402	0	17,530	831,904	0	4,341
430 NF, Home HC	10,688	1,437	6,797	777	487	20,186	56,519	74,593	29,132	41,868	74,681	0	291	297,270	0	0
432 Physical Therapy	6,058	22,114	33,295	8,318	20,190	89,975	8,576	118,102	13,796	4,716	48,697	0	1,200	285,062	0	1,528
434 Other Risk Pool Exp	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
436 Miscellaneous Med Exp	0	0	0	0	1,062	1,062	2,108	0	4,944	0	15,978	0	0	24,092	0	0
438 PPC-Other	16,543	15,976	43,104	11,628	12,043	99,294	3,253	14,394	10,968	37,931	171,334	0	37,276	374,450	0	0
<b>Total Other Medical</b>	512,341	1,776,422	1,596,214	474,243	371,666	4,730,886	1,602,918	3,185,416	454,101	198,588	2,292,358	11,568	302,977	12,778,812	2,769	245,398

PIMA Health System Fiscal Year Ending 6/30/2002 Total Counties	KIDS CARE 14-18 F	KIDS CARE 14-18 M	Title XXI Total	Grand Total
<b>REVENUE &amp; EXPENSES</b>				
<b>Member Months</b>				
SOBRA FPS Mmbr Mths	0	0	0	1,367
PPC Member Months	0	0	0	8,621
Pros. Member Months	833	812	7,192	149,404
Total Member Months	833	812	7,192	159,392
Pros. & FPS Mbr. Mths	833	812	7,192	150,771
Pros. & PPC Mbr. Mths	833	812	7,192	158,025
<b>REVENUES</b>				
305 Capitation	100,015	60,628	593,998	26,921,829
310 PPC Capitation	0	0	0	1,725,900
312 Hospital Supplement	0	0	0	2,945,606
315 SOBRA Supplement	0	0	0	1,574,530
320 HIV-AIDS Supplement	0	0	0	148,050
321 TWG Settlement	0	0	0	(772,160)
322 PPC Settlement	0	0	0	0
325 Investment Income	1,813	1,956	15,772	309,959
330 Other Income	75	58	676	16,809
<b>TOTAL REVENUES</b>	<b>101,903</b>	<b>62,642</b>	<b>610,446</b>	<b>32,870,523</b>
<b>EXPENSES</b>				
Hospitalization				
402 Hospital Inpatient	18,011	2,700	35,043	8,604,863
404 Hosp Risk Pool Exp	0	0	0	0
406 PPC-Hospital Inpatient	0	0	0	1,508,309
<b>Total Hospitalization</b>	<b>18,011</b>	<b>2,700</b>	<b>35,043</b>	<b>10,113,172</b>
Medical Compensation				
408 Primary Care Phy	9,756	9,929	121,605	3,079,084
410 Referral Phy	15,508	6,531	74,586	3,953,524
412 Phy Risk Pool Exp	0	0	0	0
414 PPC - Physician Services	0	0	0	402,576
<b>Total Medical Comp</b>	<b>25,264</b>	<b>16,460</b>	<b>196,191</b>	<b>7,435,184</b>
Other Medical Expenses				
416 Emergency Services	4,304	2,827	36,096	1,169,012
418 Pharmacy	7,040	2,245	26,206	3,850,151
420 Lab, X-ray, & med image	11,695	2,284	34,219	2,572,366
422 Outpatient Facility	3,414	4,073	38,918	1,602,283
424 Durable Med Equip	1,454	1,229	13,188	813,105
426 Dental	9,769	10,911	154,916	1,262,660
428 Transportation	495	1,433	6,269	838,173
430 NF, Home HC	0	0	0	297,270
432 Physical Therapy	69	70	1,667	286,729
434 Other Risk Pool Exp	0	0	0	0
436 Miscellaneous Med Exp	0	0	0	24,092
438 PPC-Other	0	0	0	374,450
<b>Total Other Medical</b>	<b>38,240</b>	<b>25,072</b>	<b>311,479</b>	<b>13,090,291</b>

PIMA Health System Fiscal Year Ending 6/30/2002 Total Counties	TANF < 1 MF	TANF 1-13 MF	TANF 14-44 F	TANF 14-44 M	TANF 45+	TANF Total	SSI with Med	SSI with out Med	MN/MI	MED	Non - MED	SOBRA Family Planing	SOBRA Moms	Title XIX Total	KIDS CARE < 1 MF	KIDS CARE 1-13 MF
<b>TOTAL MEDICAL EXP</b>	3,795,345	3,378,599	3,667,556	974,974	690,254	<b>12,506,728</b>	1,956,155	6,079,562	1,324,756	1,097,564	5,770,805	21,243	1,339,121	<b>30,095,934</b>	11,785	405,181
<b>Less:</b>																
440 Reinsurance	(353,718)	(321,674)	(160,360)	(142,119)	(20,118)	<b>(997,989)</b>	(82,847)	(260,190)	(103,825)	(6,232)	(260,269)	(9,874)	(19,189)	<b>(1,740,415)</b>	(380)	(33,899)
441 PPC-Reinsurance	(27,926)	(12,741)	(9,073)	(4,422)	(909)	<b>(55,071)</b>	(920)	(905)	0	(630)	(13,616)	0	(5,565)	<b>(76,707)</b>	0	0
442 Third Party Liability	(3,974)	(20,899)	(11,199)	(6,309)	(1,344)	<b>(43,725)</b>	(6,016)	(9,432)	(8,050)	(412)	(43,730)	(655)	(1,289)	<b>(113,309)</b>	(24)	(2,255)
<b>TOTAL NET MEDICAL EXP</b>	<b>3,409,727</b>	<b>3,023,285</b>	<b>3,486,924</b>	<b>822,124</b>	<b>667,883</b>	<b>11,409,943</b>	<b>1,866,372</b>	<b>5,809,035</b>	<b>1,212,881</b>	<b>1,090,290</b>	<b>5,453,190</b>	<b>10,714</b>	<b>1,313,078</b>	<b>28,165,503</b>	<b>11,381</b>	<b>369,027</b>
<b>TOTAL ADMIN EXP</b>	<b>83,259</b>	<b>403,678</b>	<b>206,471</b>	<b>89,290</b>	<b>25,219</b>	<b>807,917</b>	<b>113,953</b>	<b>138,418</b>	<b>19,686</b>	<b>5,302</b>	<b>125,767</b>	<b>17,527</b>	<b>21,303</b>	<b>1,249,873</b>	<b>867</b>	<b>47,399</b>
<b>TOTAL EXPENSES</b>	<b>3,492,986</b>	<b>3,426,963</b>	<b>3,693,395</b>	<b>911,414</b>	<b>693,102</b>	<b>12,217,860</b>	<b>1,980,325</b>	<b>5,947,453</b>	<b>1,232,567</b>	<b>1,095,592</b>	<b>5,578,957</b>	<b>28,241</b>	<b>1,334,381</b>	<b>29,415,376</b>	<b>12,248</b>	<b>416,426</b>
Inc (loss) from operations	57,377	480,870	61,125	230,100	163,444	<b>992,916</b>	569,712	467,576	61,099	(562,193)	974,524	438,212	(97,145)	<b>2,844,701</b>	12,544	4,683
Non-operating inc (loss)						<b>0</b>								<b>0</b>		
Inc (loss) before taxes	57,377	480,870	61,125	230,100	163,444	<b>992,916</b>	569,712	467,576	61,099	(562,193)	974,524	438,212	(97,145)	<b>2,844,701</b>	12,544	4,683
Income taxes						<b>0</b>								<b>0</b>		
<b>NET INCOME (LOSS)</b>	<b>57,377</b>	<b>480,870</b>	<b>61,125</b>	<b>230,100</b>	<b>163,444</b>	<b>992,916</b>	<b>569,712</b>	<b>467,576</b>	<b>61,099</b>	<b>(562,193)</b>	<b>974,524</b>	<b>438,212</b>	<b>(97,145)</b>	<b>2,844,701</b>	<b>12,544</b>	<b>4,683</b>

Profitability by Risk Group

PIMA Health System Fiscal Year Ending 6/30/2002 Total Counties	KIDS CARE 14-18 F	KIDS CARE 14-18 M	Title XXI Total	Grand Total
<b>TOTAL MEDICAL EXP</b>	81,515	44,232	<b>542,713</b>	<b>30,638,647</b>
<b>Less:</b>				
440 Reinsurance	(5,004)	(3,910)	<b>(43,193)</b>	<b>(1,783,608)</b>
441 PPC-Reinsurance	0	0	<b>0</b>	<b>(76,707)</b>
442 Third Party Liability	(331)	(258)	<b>(2,868)</b>	<b>(116,177)</b>
<b>TOTAL NET MEDICAL EXP</b>	<b>76,180</b>	<b>40,064</b>	<b>496,652</b>	<b>28,662,155</b>
<b>TOTAL ADMIN EXP</b>	<b>7,238</b>	<b>7,099</b>	<b>62,603</b>	<b>1,312,476</b>
<b>TOTAL EXPENSES</b>	<b>83,418</b>	<b>47,163</b>	<b>559,255</b>	<b>29,974,631</b>
Inc (loss) from operations	18,485	15,479	<b>51,191</b>	<b>2,895,892</b>
Non-operating inc (loss)			<b>0</b>	<b>0</b>
Inc (loss) before taxes	18,485	15,479	<b>51,191</b>	<b>2,895,892</b>
Income taxes			<b>0</b>	<b>0</b>
<b>NET INCOME (LOSS)</b>	<b>18,485</b>	<b>15,479</b>	<b>51,191</b>	<b>2,895,892</b>

Program Contractor Financial Reporting Systems - Report #12A - Claims Lag Report for PPC

Statement for Program Contractor 010124 & 010182 - **PIMA HEALTH PLAN Program Contractor**

For the fiscal year ending **6/30/02**

**Inpatient**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		-----QUARTER IN WHICH SERVICE PROVIDED----->							
LINE	QUARTER OF PAYMENT	CURRENT	1ST PRIOR	2ND PRIOR	3RD PRIOR	4TH PRIOR	5TH PRIOR	6TH PRIOR	TOTAL
1	CURRENT	286,756	94,786	27,679	1,857	57,028	-	-	468,106
2	1ST PRIOR		118,778	331,159	51,005	7,299	6,988	-	515,229
3	2ND PRIOR			111,899	134,685	21,676	6,420	36,968	311,648
4	3RD PRIOR				33,288	140,326	46,252	7,170	227,036
5	4TH PRIOR					41,389	106,727	49,237	197,353
6	5TH PRIOR						48,055	210,273	258,328
7	6TH PRIOR							158,588	158,588
8	TOTALS	286,756	213,564	470,737	220,835	267,718	214,442	462,236	2,136,288
9	EXPENSE REPORTED	465,296	456,129	476,130	110,754	291,931	186,977	270,652	2,257,869
10	ADJUSTMENT		208,408	5,393	(110,081)	24,213	(27,465)	(191,584)	(91,116)
11	REMAINING LIABILITY	178,540	34,157	-	-	-	-	-	212,697

Program Contractor Financial Reporting Systems - Report #12B - Claims Lag Report for PPC

Statement for Program Contractor 010124 & 010182 - **PIMA HEALTH PLAN Program Contractor**

For the fiscal year ending **6/30/02**

**Physicians**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		-----QUARTER IN WHICH SERVICE PROVIDED----->							
LINE	QUARTER OF PAYMENT	CURRENT	1ST PRIOR	2ND PRIOR	3RD PRIOR	4TH PRIOR	5TH PRIOR	6TH PRIOR	TOTAL
1	CURRENT	73,575	92,739	15,271	1,685	367	(208)	(3,479)	179,950
2	1ST PRIOR		33,624	59,311	6,477	817	366	98	100,693
3	2ND PRIOR			34,058	44,629	4,669	831	171	84,358
4	3RD PRIOR				23,721	41,375	8,209	13,016	86,321
5	4TH PRIOR					26,895	37,797	5,426	70,118
6	5TH PRIOR						34,408	63,586	97,994
7	6TH PRIOR							60,473	60,473
8	TOTALS	73,575	126,363	108,640	76,512	74,123	81,403	139,291	679,907
9	EXPENSE REPORTED	113,039	157,710	103,988	27,839	103,881	82,511	95,434	684,402
10	ADJUSTMENT		29,943	(4,652)	(48,673)	29,758	1,108	(43,857)	(36,373)
11	REMAINING LIABILITY	39,464	1,404	-	-	-	-	-	40,868

Program Contractor Financial Reporting Systems - Report #12C - Claims Lag Report for PPC

Statement for Program Contractor 010124 & 010182 - **PIMA HEALTH PLAN Program Contractor**

For the fiscal year ending **6/30/02**

**Other**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
-----QUARTER IN WHICH SERVICE PROVIDED----->									
LINE	QUARTER OF PAYMENT	CURRENT	1ST PRIOR	2ND PRIOR	3RD PRIOR	4TH PRIOR	5TH PRIOR	6TH PRIOR	TOTAL
1	CURRENT	67,611	54,722	17,009	2,043	403	429	(2)	142,215
2	1ST PRIOR		28,905	60,295	4,883	597	830	-	95,510
3	2ND PRIOR			25,418	38,704	4,242	1,781	483	70,628
4	3RD PRIOR				15,120	29,148	6,610	1,283	52,161
5	4TH PRIOR					7,828	22,587	4,812	35,227
6	5TH PRIOR						18,770	43,536	62,306
7	6TH PRIOR							57,086	57,086
8	TOTALS	67,611	83,627	102,722	60,750	42,218	51,007	107,198	515,133
9	EXPENSE REPORTED	133,583	125,037	91,837	23,993	66,252	53,089	66,879	560,670
10	ADJUSTMENT		38,120	(10,885)	(36,757)	24,034	2,082	(40,319)	(23,725)
11	REMAINING LIABILITY	65,972	3,290	-	-	-	-	-	69,262

PIMA HEALTH PLAN  
OFFICERS AND DIRECTORS

Year Ended June 30, 2002

<u>NAME</u>	<u>TITLE</u>	<u>OTHER RELATIONSHIP TO PLAN</u>	<u>TYPE OF COMPENSATION</u>
Baca, Corina	Grievance Coordinator	None	Salary
DiCicco, Melanie	Behavioral Health Manager	None	Salary
Dinning, Jeanette	Utilization Management Manager	None	Salary (2)
Eyde, Kathy	Preventative & Maternal Child Health Manager	None	Salary
Frederick, Pam	Quality Management Manager	None	Salary
Hart, Mark	Principal Systems Analyst & HIPAA Coordinator	None	Salary
Hill, Geraldine	Utilization Management Manager	None	Salary (1)
Kaehler, Mary	Plan Administrator	None	Salary
Le Blanc, Marcia	Assistant Director of Operations	None	Salary
Newton, Marita	Corporate Compliance & Security Officer	None	Salary
Peterson, Timothy, M.D.	Medical Director	None	Salary
Ramos, Veronika	Database Administrator	None	Salary
Russell, R. Mark, M.D.	Medical Director	None	Salary
Shah, Yash	Senior Financial Analyst	None	Salary
Smith, Colin	Administrative Services Manager	None	Salary
Terry, Donna	Chief Financial Officer	None	Salary
Toro, Anthony	Claims Manager	None	Salary

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(1) Resigned or (2) changed positions during the period for July 1, 2001 to June 30, 2002.

**PIMA HEALTH CARE SYSTEM**  
**AHCCCS Schedule 6**  
**Summary Financial Data (10)**  
**Year Ended June 30, 2002**

	<u>Total</u>	<u>Per Member Per Month</u>
Capitation revenues	\$ 32,543,755	\$ 204.17
Reinsurance claims revenue	1,860,315	11.67
Other income	132,986	0.83
Medical claims expense (1)	30,638,647	192.22
Net medical claims expense (2)	28,514,105	178.89
Expenses other than medical claims	1,312,476	8.23
Net income	2,895,892	18.17

	<u>Total</u>	<u>Per Enrollee</u>
Cash and cash equivalents	\$ 13,470,575	\$ 933.51
Total assets	14,235,791	986.54
Accrued medical and health care claims (3)	5,501,790	381.27
Non-medical payables	1,429,250	99.05
Net assets	7,304,751	506.22

	<u>Ratio</u>
Medical claims expense to total revenue	.89 to 1.00
Net medical claims expense to capitation revenue	.88 to 1.00
Expenses other than medical claims to total revenue	.04 to 1.00
Expenses other than medical claims to capitation revenue (10)	.04 to 1.00
Net income to capitation revenues	.09 to 1.00
Current assets to current liabilities (working capital ratio)	2.06 to 1.00
Cash and cash equivalents to accrued medical and health care claims	2.45 to 1.00

	<u>Percent</u>
Operating margin (4)	12.38
Return on capitation revenues (5)	8.90
Return on net assets (6)	39.64
Return on total assets (7)	20.34

	<u>Days</u>
Received but unpaid claims days outstanding (8)	20
Accrued medical and health care claims days outstanding (9)	69

- (1) Medical claims expenses includes \$1,396,337 in subcapitation expense.
- (2) Net medical claims expense represents medical claims expense net of reinsurance claims, TPL, and HIV Supplement revenues.
- (3) Accrued medical and health care claims plus \$457,992 of due to other programs. This amount includes \$1,605,867 in reported but unpaid claims.
- (4) Capitation revenues less net medical claims expense divided by capitation revenues.
- (5) Net income divided by capitation revenues.
- (6) Net income divided by net assets.
- (7) Net income divided by total assets.
- (8) Reported but unpaid claims divided by average daily medical claims expense net of subcapitation expense.
- (9) Accrued medical and health care claims divided by average daily medical expense net of subcapitation expense.
- (10) Capitation revenue does not include reinsurance & TPL revenues. This ratio does not equal the administrative viability criteria.
- (11) This schedule is presented for purposes of additional analysis and is not a required part of the annual supplementary schedules prescribed by the *AHCCCS Reporting Guide*.

Program Contractor Financial Reporting Systems - Report #4 Risk Pool Receivable/Payable

Statement for Program Contractor #110015 & #550013 - PIMA LONG TERM CARE

For the fiscal year ending **6/30/02**

Participant Name	Pool Type	Amount
Account: 135 - Risk Pool Receivable		
NONE		
	Subtotal	

Account: 225 - Risk Pool Payable		
NONE		
	Subtotal	
Total Net Risk Pool Receivable/Payable Balance:		

Program Contractor Financial Reporting Systems - Report #7 - Medical Claims Payable (RBUCs & IBNRs)

Statement for Program Contractor #110015 & #550013 - PIMA LONG TERM CARE

For the fiscal year ending **6/30/02**

<-----Reported But Unpaid Claims (RBUCs)----->							
ACCOUNT	1-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL RBUCs	IBNR	TOTAL RBUCs & IBNRs
Institutional Care	107,011	2,495	-	-	109,506	3,978,889	4,088,395
HCBS	382,995	-	-	-	382,995	1,276,884	1,659,879
Acute Care	675,958	2,398	747	-	679,103	2,630,634	3,309,737
Other Medical					-	-	-
Total Prospective	1,165,964	4,893	747	-	1,171,604	7,886,407	9,058,011
Total Prior Period Coverage	28,625	-	10		28,635	93,902	122,537
<b>TOTAL CLAIMS PAYABLE</b>	<b>1,194,589</b>	<b>4,893</b>	<b>757</b>	<b>-</b>	<b>1,200,239</b>	<b>7,980,309</b>	<b>9,180,548</b>

Program Contractor Financial Reporting Systems - Report #8A - Claims Lag Report for Prospective Period Only

Statement for Program Contractor #110015 & #550013 - PIMA LONG TERM CARE

For the fiscal year ending **6/30/02**

**Institutional Care Payments**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<-----QUARTER IN WHICH SERVICE PROVIDED----->									
LINE	QUARTER OF PAYMENT	CURRENT	1ST PRIOR	2ND PRIOR	3RD PRIOR	4TH PRIOR	5TH PRIOR	6TH PRIOR	TOTAL
1	CURRENT	9,040,623	3,392,880	105,312	15,881	12,457	11,960	(302)	12,578,811
2	1ST PRIOR		7,361,891	4,661,466	64,681	22,586	15,240	3,320	12,129,184
3	2ND PRIOR			7,351,703	3,591,585	42,418	20,329	2,880	11,008,915
4	3RD PRIOR				7,051,054	3,628,739	108,285	26,049	10,814,127
5	4TH PRIOR					6,810,702	3,997,928	275,358	11,083,988
6	5TH PRIOR						6,331,591	3,706,143	10,037,734
7	6TH PRIOR							7,040,861	7,040,861
8	TOTALS	9,040,623	10,754,771	12,118,481	10,723,201	10,516,902	10,485,333	11,054,309	74,693,620
9	EXPENSE REPORTED	12,797,504	11,392,072	11,493,388	11,165,340	9,373,122	10,779,046	11,134,165	78,134,637
10	ADJUSTMENT		485,083	(705,624)	405,356	(1,175,825)	263,776	79,856	(647,378)
11	REMAINING LIABILITY	3,756,881	152,218	80,531	36,783	32,045	29,937	-	4,088,395

Program Contractor Financial Reporting Systems - Report #8B - Claims Lag Report for Prospective Period Only

Statement for Program Contractor #110015 & #550013 - PIMA LONG TERM CARE

For the fiscal year ending **6/30/02**

**HCBS PAYMENTS**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		←-----QUARTER IN WHICH SERVICE PROVIDED-----→							
LINE	QUARTER OF PAYMENT	CURRENT	1ST PRIOR	2ND PRIOR	3RD PRIOR	4TH PRIOR	5TH PRIOR	6TH PRIOR	TOTAL
1	CURRENT	6,196,218	488,469	43,416	9,388	1,684	-	-	6,739,175
2	1ST PRIOR		4,512,304	1,693,954	43,454	(41)	(143)	10	6,249,538
3	2ND PRIOR			5,022,843	1,059,268	36,823	(960)	105	6,118,079
4	3RD PRIOR				4,292,608	678,683	20,658	112	4,992,061
5	4TH PRIOR					3,480,622	724,443	26,131	4,231,196
6	5TH PRIOR						3,382,815	1,080,145	4,462,960
7	6TH PRIOR							2,684,979	2,684,979
8	TOTALS	6,196,218	5,000,773	6,760,213	5,404,718	4,197,771	4,126,813	3,791,482	35,477,988
9	EXPENSE REPORTED	7,604,996	6,089,661	5,814,204	5,082,750	4,399,040	4,449,618	3,957,292	37,397,561
10	ADJUSTMENT		885,353	(969,549)	(338,303)	193,578	322,805	165,810	259,694
11	REMAINING LIABILITY	1,408,778	203,535	23,540	16,335	7,691	-	-	1,659,879

Program Contractor Financial Reporting Systems - Report #8C - Claims Lag Report for Prospective Period Only

Statement for Program Contractor #110015 & #550013 - PIMA LONG TERM CARE

For the fiscal year ending **6/30/02**

**ACUTE CARE PAYMENTS**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<-----QUARTER IN WHICH SERVICE PROVIDED----->									
LINE	QUARTER OF PAYMENT	CURRENT	1ST PRIOR	2ND PRIOR	3RD PRIOR	4TH PRIOR	5TH PRIOR	6TH PRIOR	TOTAL
1	CURRENT	2,830,960	1,924,359	168,748	18,587	5,256	2,614	(3,447)	4,947,077
2	1ST PRIOR		3,016,829	1,902,790	142,942	103,104	33,132	14,177	5,212,974
3	2ND PRIOR			2,856,960	1,453,843	141,079	44,060	33,643	4,529,585
4	3RD PRIOR				2,513,046	1,739,705	200,049	46,878	4,499,678
5	4TH PRIOR					2,315,775	1,432,188	105,006	3,852,969
6	5TH PRIOR						2,267,738	1,503,502	3,771,240
7	6TH PRIOR							2,236,279	2,236,279
8	TOTALS	2,830,960	4,941,188	4,928,498	4,128,418	4,304,919	3,979,781	3,936,038	29,049,802
9	EXPENSE REPORTED	5,519,018	4,394,632	5,114,821	4,182,090	3,691,995	3,948,527	3,698,079	30,549,162
10	ADJUSTMENT		(852,227)	26,231	(53,700)	(645,621)	(47,101)	(237,959)	(1,810,377)
11	REMAINING LIABILITY	2,688,058	305,671	160,092	107,372	32,697	15,847	-	3,309,737

Program Contractor Financial Reporting Systems - Report #8D - Claims Lag Report for Prospective Period Only

Statement for Program Contractor #110015 & #550013 - PIMA LONG TERM CARE

For the fiscal year ending **6/30/02**

**OTHER MEDICAL PAYMENTS**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		<-----QUARTER IN WHICH SERVICE PROVIDED----->							
LINE	QUARTER OF PAYMENT	CURRENT	1ST PRIOR	2ND PRIOR	3RD PRIOR	4TH PRIOR	5TH PRIOR	6TH PRIOR	TOTAL
1	CURRENT								-
2	1ST PRIOR								-
3	2ND PRIOR								-
4	3RD PRIOR								-
5	4TH PRIOR								-
6	5TH PRIOR								-
7	6TH PRIOR								-
8	TOTALS	-	-	-	-	-	-	-	-
9	EXPENSE REPORTED								-
10	ADJUSTMENT								-
11	REMAINING LIABILITY	-	-	-	-	-	-	-	-

**NOTE:** At the present time we are not able to separate the IBNR for the Vent Dependent Members.

Program Contractor Financial Reporting Systems - Report #10 Analysis of Profitability by County by Major Rate Code Classification

Statement for Program Contractor #110015 & #550013 - PIMA LONG TERM CARE PIMA COUNTY

For the fiscal year ending **6/30/02**

Account #	Account Description	MEDICARE	NON-MEDICARE	TOTAL
Revenues:				
305	Capitation	71,836,944	19,162,883	90,999,827
310	PPC Capitation	989,937	93,494	1,083,431
320	HIV-AIDS /Supplement	-	70,350	70,350
325	Investment Income *	461,141	123,011	584,152
335	Patient Contributions	10,255	2,736	12,991
340	HCBS Placement Reconciliation *	-	-	-
345	Share of Cost (SOC) Reconciliation *	1,005,849	268,316	1,274,165
330	Other Income (Specify)	21,658	1,907	23,565
	TOTAL REVENUES	\$ 74,325,784	\$ 19,722,697	\$ 94,048,481

Institutional Care Expenses:				
400	Level I	15,613,754	3,197,998	18,811,752
402	Level II	15,427,265	3,159,801	18,587,066
404	Level III	4,370,436	895,150	5,265,586
406		-	-	-
408		-	-	-
410	PPC Institutional	575,748	43,336	619,084
412	Share of Cost (SOC) Reconciliation *	-	-	-
	TOTAL INSTITUTIONAL CARE	\$ 35,987,203	\$ 7,296,285	\$ 43,283,488

Home & Community Bases Services (HCBS)Expenses:				
414	Home Health Nurse	467,137	730,651	1,197,788
416	Home Health Aide	128,603	66,250	194,853
418	Personal Care	1,746,947	679,368	2,426,315
420	Homemaker	491,621	146,847	638,468
422	Home Delivered Meals	159,415	68,321	227,736
424	Respite Care	320,057	187,970	508,027
426	Attendant Care	5,639,053	2,220,022	7,859,075
428	Assisted Living Home	3,810,121	331,315	4,141,436
430	Adult Day Health	150,116	20,470	170,586
432	Adult Foster Care	1,149,618	252,355	1,401,973
434	Group Respite	-	-	-
436	Hospice	-	169,412	169,412
438	Environmental Modifications	26,531	5,824	32,355
440	HCBS Placement Reconciliation *	844,153	252,149	1,096,302
442	Assisted Living Center	1,527,530	358,309	1,885,839
444	Other (Lifeline, Sheltered Employment)	70,059	15,379	85,438
	TOTAL HCBS	\$ 16,530,961	\$ 5,504,642	\$ 22,035,603

Program Contractor Financial Reporting Systems - Report #10 Analysis of Profitability by County by Major Rate Code Classification

Statement for Program Contractor #110015 & #550013 - PIMA LONG TERM CARE PIMA COUNTY

For the fiscal year ending **6/30/02**

Account #	Account Description	MEDICARE	NON-MEDICARE	TOTAL
Acute Care Expenses:				
448	Inpatient Services (Hosp.)	278,871	3,207,022	3,485,893
450	Primary Care Physician Services	1,137,290	303,378	1,440,668
452	Referral Physician Services	473,234	1,158,608	1,631,842
454	Emergency Services	108,938	75,702	184,640
456	Out Patient Facility	223,483	321,598	545,081
458	Prescription Drug	4,300,998	1,672,597	5,973,595
460	Lab/Radiology	152,718	511,275	663,993
462	Durable Medical Equipment	200,661	515,987	716,648
464	Dental	8,349	29,600	37,949
466	Transportation	843,781	611,014	1,454,795
468	Therapies	17,018	550,265	567,283
470	Outpatient Behavioral Health	276,861	312,204	589,065
471	PPC Acute Care	40,277	31,646	71,923
472	Other (Specify)	-	-	-
TOTAL ACUTE CARE		\$ 8,062,479	\$ 9,300,896	\$ 17,363,375

Other Medical Expenses:				
474	Ventilator Dependent	1,301,217	1,235,269	2,536,486
476	Risk Pool Adjustment	-	-	-
477	PPC - Other	-	-	-
479	Other (Specify)	-	-	-
TOTAL OTHER MEDICAL		\$ 1,301,217	\$ 1,235,269	\$ 2,536,486

Reduction to Medical Expenses:				
480	Reinsurance	1,042,812	2,117,223	3,160,035
481	PPC - Reinsurance	-	(2,991)	(2,991)
482	Third Party Liability Recoveries	-	210,990	210,990
TOTAL REDUCTION TO MEDICAL EXPENSES		\$ 1,042,812	\$ 2,325,222	\$ 3,368,034
TOTAL MEDICAL EXPENSE:		\$ 60,839,048	\$ 21,011,870	\$ 81,850,918

Program Contractor Financial Reporting Systems - Report #10 Analysis of Profitability by County by Major Rate Code Classification

Statement for Program Contractor #110015 & #550013 - PIMA LONG TERM CARE PIMA COUNTY

For the fiscal year ending **6/30/02**

Account #	Account Description	MEDICARE	NON-MEDICARE	TOTAL
Administrative Expenses:*				
484	Compensation	2,286,702	609,990	2,896,692
486	Case Management	2,782,422	742,226	3,524,648
488	Data Processing	50,856	13,566	64,422
490	Management Fees	-	-	-
492	Interest Expense	-	-	-
494	Occupancy	20,003	5,336	25,339
496	Depreciation	-	-	-
497	Other (Specify)	1,499,221	399,925	1,899,146
TOTAL ADMINISTRATION		\$ 6,639,204	\$ 1,771,043	\$ 8,410,247

TOTAL EXPENSE		\$ 67,478,252	\$ 22,782,913	\$ 90,261,165
INCOME FROM OPERATIONS		\$ 6,847,532	\$ (3,060,216)	\$ 3,787,316
498	Non-Operating Income (Loss)			
INCOME(LOSS) BEFORE INCOME TAXES		\$ 6,847,532	\$ (3,060,216)	\$ 3,787,316
499	Income Taxes			
NET INCOME(LOSS) AFTER INCOME TAXES		\$ 6,847,532	\$ (3,060,216)	\$ 3,787,316

Program Contractor Financial Reporting Systems - Report #10 Analysis of Profitability by County by Major Rate Code Classification

Statement for Program Contractor #110015 & #550013 - PIMA LONG TERM CARE SANTA CRUZ COUNTY

For the fiscal year ending **6/30/02**

Account #	Account Description	MEDICARE	NON-MEDICARE	TOTAL
Revenues:				
305	Capitation	3,322,687	4,416,384	7,739,071
310	PPC Capitation	-	-	-
320	HIV-AIDS /Supplement	-	-	-
325	Investment Income *	42,627	56,659	99,286
335	Patient Contributions	-	-	-
340	HCBS Placement Reconciliation *	-	-	-
345	Share of Cost (SOC) Reconciliation *	-	-	-
330	Other Income (Specify)	-	-	-
	TOTAL REVENUES	\$ 3,365,314	\$ 4,473,043	\$ 7,838,357

Institutional Care Expenses:				
400	Level I	701,733	932,716	1,634,449
402	Level II	668,204	888,150	1,556,354
404	Level III	-	-	-
406		-	-	-
408		-	-	-
410	PPC Institutional	-	-	-
412	Share of Cost (SOC) Reconciliation *	4,207	5,592	9,799
	TOTAL INSTITUTIONAL CARE	\$ 1,374,144	\$ 1,826,458	\$ 3,200,602

Home & Community Bases Services (HCBS)Expenses:				
414	Home Health Nurse	35,878	47,688	83,566
416	Home Health Aide	6,179	8,213	14,392
418	Personal Care	67,601	89,853	157,454
420	Homemaker	16,785	22,310	39,095
422	Home Delivered Meals	4,984	6,624	11,608
424	Respite Care	15,997	21,263	37,260
426	Attendant Care	317,215	421,630	738,845
428	Assisted Living Home	100,994	134,238	235,232
430	Adult Day Health	-	-	-
432	Adult Foster Care	-	-	-
434	Group Respite	-	-	-
436	Hospice	6,912	9,187	16,099
438	Environmental Modifications	-	-	-
440	HCBS Placement Reconciliation *	11,479	15,256	26,735
442	Assisted Living Center	-	-	-
444	Other (Lifeline, Sheltered Employment)	-	-	-
	TOTAL HCBS	\$ 584,024	\$ 776,262	\$ 1,360,286

Program Contractor Financial Reporting Systems - Report #10 Analysis of Profitability by County by Major Rate Code Classification

Statement for Program Contractor #110015 & #550013 - PIMA LONG TERM CARE SANTA CRUZ COUNTY

For the fiscal year ending **6/30/02**

Account #	Account Description	MEDICARE	NON-MEDICARE	TOTAL
Acute Care Expenses:				
448	Inpatient Services (Hosp.)	129,268	171,818	301,086
450	Primary Care Physician Services	84,875	112,813	197,688
452	Referral Physician Services	61,178	81,315	142,493
454	Emergency Services	6,912	9,187	16,099
456	Out Patient Facility	18,985	25,234	44,219
458	Prescription Drug	210,599	279,919	490,518
460	Lab/Radiology	24,919	33,122	58,041
462	Durable Medical Equipment	21,918	29,133	51,051
464	Dental	1,439	1,913	3,352
466	Transportation	53,356	70,918	124,274
468	Therapies	23,412	31,118	54,530
470	Outpatient Behavioral Health	37,820	50,269	88,089
471	PPC Acute Care	1,278	1,697	2,975
472	Other (Specify)	-	-	-
TOTAL ACUTE CARE		\$ 675,959	\$ 898,456	\$ 1,574,415

Other Medical Expenses:				
474	Ventilator Dependent	-	-	-
476	Risk Pool Adjustment	-	-	-
477	PPC - Other	-	-	-
479	Other (Specify)	-	-	-
TOTAL OTHER MEDICAL		\$ -	\$ -	\$ -

Reduction to Medical Expenses:				
480	Reinsurance	-	-	-
481	PPC - Reinsurance	-	-	-
482	Third Party Liability Recoveries	-	-	-
TOTAL REDUCTION TO MEDICAL EXPENSES		\$ -	\$ -	\$ -
TOTAL MEDICAL EXPENSE:		\$ 2,634,127	\$ 3,501,176	\$ 6,135,303

Program Contractor Financial Reporting Systems - Report #10 Analysis of Profitability by County by Major Rate Code Classification

Statement for Program Contractor #110015 & #550013 - PIMA LONG TERM CARE SANTA CRUZ COUNTY

For the fiscal year ending **6/30/02**

Account #    Account Description	MEDICARE	NON-MEDICARE	TOTAL
Administrative Expenses:*			
484 Compensation	129,268	171,818	301,086
486 Case Management	84,873	112,813	197,686
488 Data Processing	61,178	81,315	142,493
490 Management Fees	-	-	-
492 Interest Expense	-	-	-
494 Occupancy	210,599	279,919	490,518
496 Depreciation	-	-	-
497 Other (Specify)	67,650	89,918	157,568
TOTAL ADMINISTRATION	\$ 553,568	\$ 735,783	\$ 1,289,351
TOTAL EXPENSE	\$ 3,187,695	\$ 4,236,959	\$ 7,424,654
INCOME FROM OPERATIONS	\$ 177,619	\$ 236,084	\$ 413,703
498 Non-Operating Income (Loss)			
INCOME(LOSS) BEFORE INCOME TAXES	\$ 177,619	\$ 236,084	\$ 413,703
499 Income Taxes			
NET INCOME(LOSS) AFTER INCOME TAXES	\$ 177,619	\$ 236,084	\$ 413,703

Program Contractor Financial Reporting Systems - Report #11A Utilization Data Report by County

Statement for Program Contractor #110015 & #550013 - PIMA LONG TERM CARE

For the fiscal year ending **6/30/02**

**Utilization Data Report by County - PIMA COUNTY**

ITEM DESCRIPTION	MEDICARE		NON-MEDICARE		TOTAL	
	Current Period	YTD	Current Period	YTD	Current Period	YTD
A. Enrollees (At End of Period)	2,665	2,665	641	641	3,306	3,306
B. Member Months (Unduplicated)	7,729	30,095	2,062	8,028	9,791	38,123
Institutional Member Months Total						
1. Level 1	1,608	6,943	242	1,021	1,850	7,964
2. Level 2	1,624	6,349	183	763	1,807	7,112
3. Level 3	341	1,101	88	297	429	1,398
4.						
5.						
6.						
7. Home and Community Based Services (HCBS) Total						
a. Adult Foster Care	216	862	75	293	291	1,155
b. Assisted Living Home	675	2,441	94	344	769	2,785
c. Group Home (DD)						
d. Individual Home	2,753	10,392	1,115	4,364	3,868	14,756
e. Assisted Living Centers	346	1,391	97	352	443	1,743
f. Other (Specify) Group Home	21	97	20	69	41	166
8. Acute Care	73	255	118	389	191	644
9. Ventilator	45	168	45	185	90	353
10. PPC	178	983	9	75	187	1,058
11. Other (Specify)						
C. Acute Patient Day Information						
a. Admissions	365	1,404	132	494	497	1,898
b. Patient Days	2,874	6,964	753	2,555	3,627	9,519
c. Discharges	341	1,316	124	555	465	1,871
d. Discharge Days	1,823	6,978	846	2,711	2,669	9,689
e. Average Length of Stay	5.35	5.30	6.82	4.88	5.74	5.18
D. Emergency Room Visits	624	2,410	260	966	884	3,376

Program Contractor Financial Reporting Systems - Report #11A Utilization Data Report by County

Statement for Program Contractor #110015 & #550013 - PIMA LONG TERM CARE

For the fiscal year ending **6/30/02**

**Utilization Data Report by County - SANTA CRUZ COUNTY**

ITEM DESCRIPTION	MEDICARE		NON-MEDICARE		TOTAL	
	Current Period	YTD	Current Period	YTD	Current Period	YTD
A. Enrollees (At End of Period)	157	157	51	51	208	208
B. Member Months (Unduplicated)	457	1,358	154	447	611	1,805
Institutional Member Months Total						
1. Level 1	54	168	11	39	65	207
2. Level 2	77	247	15	47	92	294
3. Level 3	14	26	6	10	20	36
4.						
5.						
6.						
7. Home and Community Based Services (HCBS) Total						
a. Adult Foster Care	-	-	-	-	-	-
b. Assisted Living Home	23	73	7	19	30	92
c. Group Home (DD)	-	-	-	-	-	-
d. Individual Home	287	839	115	315	402	1,154
e. Assisted Living Centers	-	-	-	-	-	-
f. Other (Specify) Group Home	-	1	-	12	-	13
8. Acute Care	1	-	-	3	1	3
9. Ventilator	-	-	-	-	-	-
10. PPC	14	29	1	1	15	30
11. Other (Specify)						
C. Acute Patient Day Information						
a. Admissions	15	41	5	7	20	48
b. Patient Days	14	101	6	16	20	117
c. Discharges	37	62	11	13	48	75
d. Discharge Days	37	124	15	19	52	143
e. Average Length of Stay	1.00	2.00	1.36	1.46	1.08	1.91
D. Emergency Room Visits	23	34	8	11	31	45

Program Contractor Financial Reporting Systems - Report #11B Utilization Data Report for all Counties

Statement for Program Contractor #110015 & #550013 - PIMA LONG TERM CARE

For the fiscal year ending 6/30/02

**Utilization Data Report for all Counties**

	MEDICARE		NON-MEDICARE		TOTAL	
	Current Period	YTD	Current Period	YTD	Current Period	YTD
A. Enrollees (At End of Period)	2,822	2,822	692	692	3,514	3,514
B. Member Months (Unduplicated)	8,186	31,453	2,216	8,475	10,402	39,928
Institutional Member Months Total						
1. Level 1	1,662	7,111	253	1,060	1,915	8,171
2. Level 2	1,701	6,596	198	810	1,899	7,406
3. Level 3	355	1,127	94	307	449	1,434
4.						
5.						
6.						
7. Home and Community Based Services (HCBS) Total						
a. Adult Foster Care	216	862	75	293	291	1,155
b. Assisted Living Home	698	2,514	101	363	799	2,877
c. Group Home (DD)	-	-	-	-	-	-
d. Individual Home	3,040	11,231	1,230	4,679	4,270	15,910
e. Assisted Living Centers	346	1,391	97	352	443	1,743
f. Other (Specify) Group Home	21	98	20	81	41	179
8. Acute Care	74	255	118	392	192	647
9. Ventilator	45	168	45	185	90	353
10. PPC	192	1,012	10	76	202	1,088
11. Other (Specify)	-	-	-	-	-	-
C. Acute Patient Day Information						
a. Admissions	380	1,445	137	501	517	1,946
b. Patient Days	2,888	7,065	759	2,571	3,647	9,636
c. Discharges	378	1,378	135	568	513	1,946
d. Discharge Days	1,860	7,102	861	2,730	2,721	9,832
e. Average Length of Stay	4.92	5.15	6.38	4.81	5.30	5.05
D. Emergency Room Visits	647	2,444	268	977	915	3,421

Program Contractor Financial Reporting Systems - Report #12A - Claims Lag Report for PPC

Statement for Program Contractor #110015 & #550013 - PIMA LONG TERM CARE

For the fiscal year ending **6/30/02**

**Institutional Care Payments**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<-----QUARTER IN WHICH SERVICE PROVIDED----->									
LINE	QUARTER OF PAYMENT	CURRENT	1ST PRIOR	2ND PRIOR	3RD PRIOR	4TH PRIOR	5TH PRIOR	6TH PRIOR	TOTAL
1	CURRENT	85,432	82,320	16,041	2,761	2,376	(354)	(1,906)	186,670
2	1ST PRIOR		46,588	85,456	8,613	20,491	-	-	161,148
3	2ND PRIOR			64,064	79,606	6,989	862	1,376	152,897
4	3RD PRIOR				65,596	119,180	29,937	829	215,542
5	4TH PRIOR					55,873	139,387	24,937	220,197
6	5TH PRIOR						67,846	151,146	218,992
7	6TH PRIOR							43,882	43,882
8	TOTALS	85,432	128,908	165,561	156,576	204,909	237,678	220,264	1,199,328
9	EXPENSE REPORTED	190,690	194,441	167,017	66,936	302,693	248,279	270,680	1,440,736
10	ADJUSTMENT	-	55,655	1,456	(89,640)	97,784	10,601	50,416	126,272
11	REMAINING LIABILITY	105,258	9,878	-	-	-	-	-	115,136

Program Contractor Financial Reporting Systems - Report #12B - Claims Lag Report for PPC

Statement for Program Contractor #110015 & #550013 - PIMA LONG TERM CARE

For the fiscal year ending **6/30/02**

**ACUTE CARE PAYMENTS**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<-----QUARTER IN WHICH SERVICE PROVIDED----->									
LINE	QUARTER OF PAYMENT	CURRENT	1ST PRIOR	2ND PRIOR	3RD PRIOR	4TH PRIOR	5TH PRIOR	6TH PRIOR	TOTAL
1	CURRENT	14,826	2,148	4,281	7,915	2,508	23	(103)	31,598
2	1ST PRIOR		2,158	8,515	3,859	2,459	1,409	325	18,725
3	2ND PRIOR			840	3,300	7,203	2,370	66	13,779
4	3RD PRIOR				1,021	6,921	11,101	(1,234)	17,809
5	4TH PRIOR					1,833	40,698	3,154	45,685
6	5TH PRIOR						256	42,808	43,064
7	6TH PRIOR							520	520
8	TOTALS	14,826	4,306	13,636	16,095	20,924	55,857	45,536	171,180
9	EXPENSE REPORTED	20,439	26,543	9,434	18,480	36,353	81,643	61,234	254,126
10	ADJUSTMENT		20,449	(4,202)	2,385	15,429	25,786	15,698	75,545
11	REMAINING LIABILITY	5,613	1,788	-	-	-	-	-	7,401

Program Contractor Financial Reporting Systems - Report #12C - Claims Lag Report for PPC

Statement for Program Contractor #110015 & #550013 - PIMA LONG TERM CARE

For the fiscal year ending **6/30/02**

**OTHER MEDICAL PAYMENTS**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<-----QUARTER IN WHICH SERVICE PROVIDED----->									
LINE	QUARTER OF PAYMENT	CURRENT	1ST PRIOR	2ND PRIOR	3RD PRIOR	4TH PRIOR	5TH PRIOR	6TH PRIOR	TOTAL
1	CURRENT								-
2	1ST PRIOR								-
3	2ND PRIOR								-
4	3RD PRIOR								-
5	4TH PRIOR								-
6	5TH PRIOR								-
7	6TH PRIOR								-
8	TOTALS	-	-	-	-	-	-	-	-
9	EXPENSE REPORTED								-
10	ADJUSTMENT								-
11	REMAINING LIABILITY	-	-	-	-	-	-	-	-

**NOTE:** At the present time we are not able to separate the IBNR for the Vent Dependent Members.

PIMA LONG TERM CARE  
OFFICERS AND DIRECTORS

Year Ended June 30, 2002

<u>NAME</u>	<u>TITLE</u>	<u>OTHER RELATIONSHIP TO PLAN</u>	<u>TYPE OF COMPENSATION</u>
Baca, Corina	Grievance Coordinator	None	Salary
DiCicco, Melanie	Behavioral Health Manager	None	Salary
Dinning, Jeanette	Utilization Management Manager	None	Salary (2)
Dorgan, Patricia	Assistant Director of Long Term Care	None	Salary
Frederick, Pam	Quality Management Manager	None	Salary
Hart, Mark	Principal Systems Analyst & HIPAA Coordinator	None	Salary
Hill, Geraldine	Utilization Management Manager	None	Salary (1)
Kaehler, Mary	Plan Administrator	None	Salary
Le Blanc, Marcia	Assistant Director of Operations	None	Salary
Newton, Marita	Corporate Compliance & Security Officer	None	Salary
Peterson, Timothy, M.D.	Medical Director	None	Salary
Ramos, Veronika	Database Administrator	None	Salary
Rountree, Virginia	Home Care Support Services Manager	None	Salary
Russell, R. Mark, M.D.	Medical Director	None	Salary
Shah, Yash	Senior Financial Analyst	None	Salary
Smith, Colin	Administrative Services Manager	None	Salary
Terry, Donna	Chief Financial Officer	None	Salary
Toro, Anthony	Claims Manager	None	Salary
Weigand, Claudia	Assisted Living Facility Program Manager	None	Salary

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(1) Resigned or (2) changed positions during the period for July 1, 2001 to June 30, 2002.

**PIMA HEALTH CARE SYSTEM**  
**ALTCS Schedule 5**  
**Summary Financial Data (10)**  
**Year Ended June 30, 2002**

	<u>Total</u>	<u>Per Member Per Month</u>
Capitation revenues:		
Long-term care (10)	101,157,045	2,466.28
Reinsurance claims revenue	3,157,044	76.97
Other income	247,546	6.04
Medical claims expense (1)	91,344,456	2,227.04
Net medical claims expense (2)	87,906,072	2,143.21
Expenses other than medical claims	9,699,598	236.48
Net income	4,201,019	102.42

	<u>Total</u>	<u>Per Enrollee</u>
Cash and cash equivalents	20,554,105	5,849.20
Total assets	23,013,022	6,548.95
Accrued medical and health care claims (3)	9,180,548	2,612.56
Non-medical payables	1,453,435	413.61
Net assets	12,379,039	3,522.78

	<u>Ratio</u>
Medical claims expense to total revenue	.87 to 1.00
Net medical claims expense to capitation revenue	.87 to 1.00
Expenses other than medical claims to total revenue	.09 to 1.00
Expenses other than medical claims to capitation revenue (11)	.10 to 1.00
Net income to capitation revenues	.04 to 1.00
Current assets to current liabilities (working capital ratio)	2.19 to 1.00
Cash and cash equivalents to accrued medical and health care claims	2.24 to 1.00

	<u>Percent</u>
Operating margin (4)	13.10
Return on capitation revenues (5)	4.15
Return on net assets (6)	33.94
Return on total assets (7)	18.25

	<u>Days</u>
Received but unpaid claims days outstanding (8)	5
Accrued medical and health care claims days outstanding (9)	37

- (1) Medical claims expenses includes \$165,925 in subcapitation expense.
- (2) Net medical claims expense represents medical claims expense net of reinsurance claims, TPL, and HIV Supplement revenues.
- (3) Accrued medical and health care claims plus \$1,253,683 of due to other programs. This amount includes \$1,200,239 in reported but unpaid claims.
- (4) Capitation revenues less net medical claims expense divided by capitation revenues.
- (5) Net income divided by capitation revenues.
- (6) Net income divided by net assets.
- (7) Net income divided by total assets.
- (8) Reported but unpaid claims divided by average daily medical claims expense net of subcapitation expense.
- (9) Accrued medical and health care claims divided by average daily medical expense net of subcapitation expense.
- (10) Capitation revenues include \$1,264,366 attributable to the SOC Reconciliation.