

**PIMA COUNTY, ARIZONA  
PIMA HEALTH CARE SYSTEM  
Report on Audit of Financial Statements  
June 30, 2004**

**PIMA HEALTH CARE SYSTEM**  
**Report on Audit of Financial Statements**  
**June 30, 2004**

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**PIMA HEALTH CARE SYSTEM**  
**Report on Audit of Financial Statements**  
**June 30, 2004**



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, 2004, 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 the changes in financial position and cash flows, of only that portion of the business-type activities and major funds of the County that is attributable to the Pima Health Care System Fund. They do not purport to, and do not, present fairly the financial position of the County, and the changes in financial position and cash flows, 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, 2004, and the changes in financial position and cash flows, for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Pima Health Care System. 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 24, 2004

**PIMA HEALTH CARE SYSTEM**  
**Statement of Net Assets**  
**Enterprise Fund**  
**June 30, 2004**

Assets

Current assets:	
Cash and cash equivalents	\$ 23,655,060
Receivables:	
Accounts	903,478
Reinsurance claims	4,225,925
Grants	754,034
Interest	29,182
Due from:	
Medicare	194,674
Other governments	3,161,303
Inventory of supplies	<u>97,308</u>
Total current assets	<u>33,020,964</u>

Noncurrent assets:

Capital assets:	
Leasehold improvements	1,116,257
Machinery and equipment	1,282,070
Accumulated depreciation:	
Leasehold improvements	(549,521)
Machinery and equipment	<u>(634,894)</u>
Capital assets, net	<u>1,213,912</u>
Total assets	<u>34,234,876</u>

Liabilities

Current liabilities:	
Accounts payable and accrued liabilities	545,020
Accrued medical and health care claims	21,749,909
Accrued employee compensation	2,922,130
Interfund payable	97,423
Interest payable	2,318
Deferred revenue	1,986
Due to other Pima County funds	<u>6,144,734</u>
Total liabilities	<u>31,463,520</u>

Net Assets

Invested in capital assets	1,213,912
Restricted for health care	4,010,313
Unrestricted (deficit)	<u>(2,452,869)</u>
Total net assets	<u>\$ 2,771,356</u>

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, 2004**

Operating revenues:	
Patient service revenues:	
Daily hospital services	\$ 16,973,871
Ancillary services	<u>19,719,426</u>
Gross patient service revenues	<u>36,693,297</u>
Deductions from patient service revenues:	
Medicare contractual and administrative adjustments	(5,942,889)
Other contractual adjustments	<u>(10,029,033)</u>
Net patient service revenues	<u>20,721,375</u>
Capitation	188,160,608
Reinsurance claims	14,036,684
Charges for services	1,902,058
Other	<u>1,670,432</u>
Total operating revenues	<u>226,491,157</u>
Operating expenses:	
Daily hospital services	10,448,376
Ancillary services	22,451,974
Medical and health care claims	191,350,974
Case management (contracted and salaried)	6,076,758
General, fiscal, and administrative services	24,706,223
Provision for doubtful accounts	4,050,871
Depreciation	1,232,846
Other	<u>5,124,648</u>
Total operating expenses	<u>265,442,670</u>
Operating loss	<u>(38,951,513)</u>
Nonoperating revenues (expenses):	
Grant revenue	4,398,380
Loss on disposal of equipment	(164,949)
Interest income	369,180
Interest expense	(73,827)
Premium tax	(3,160,016)
Loss on closure of business	<u>(139,294)</u>
Total nonoperating revenues, net	<u>1,229,474</u>
Loss before capital contributions and transfers	<u>(37,722,039)</u>
Capital contributions	18,896
Transfers in	31,100,000
Transfers out	<u>(17,104,466)</u>
Decrease in net assets	<u>(23,707,609)</u>
Total net assets, July 1, 2003	<u>26,478,965</u>
Total net assets, June 30, 2004	<u>\$ 2,771,356</u>

See accompanying notes to financial statements.

**PIMA HEALTH CARE SYSTEM**  
**Statement of Cash Flows**  
**Enterprise Fund**  
**Year Ended June 30, 2004**

Cash flows from operating activities:	
Cash receipts from:	
Contractors, patients, and other payors	\$ 217,815,300
Other Pima County funds for goods and services	3,064,073
Miscellaneous operations	1,670,432
Cash payments to:	
Providers for health care services	(156,858,189)
Suppliers for goods and services	(35,648,122)
Employees for services	(51,979,681)
Other Pima County funds for goods and services	(3,789,852)
State General Fund for disproportionate share settlement	<u>(5,625,187)</u>
Net cash used for operating activities	<u>(31,351,226)</u>
Cash flows from noncapital financing activities:	
Cash transfers to other Pima County funds	(115,469)
Cash transfers from other Pima County funds	28,000,000
Loan proceeds from other Pima County funds	2,837,465
Interest paid on short-term credit	(73,742)
Grant receipts	4,767,926
Interest received from Medicare	29,564
Premium tax payments	<u>(3,160,016)</u>
Net cash provided by noncapital financing activities	<u>32,285,728</u>
Cash flows from capital and related financing activities:	
Purchases of capital assets	(1,388,566)
Proceeds from sale of capital assets	<u>15,000</u>
Net cash used for capital and related financing activities	<u>(1,373,566)</u>
Cash flows from investing activities:	
Interest received on cash and cash equivalents	<u>346,588</u>
Net cash used for investing activities	<u>346,588</u>
Net decrease in cash and cash equivalents	(92,476)
Cash and cash equivalents, July 1, 2003	<u>23,747,536</u>
Cash and cash equivalents, June 30, 2004	<u>\$ 23,655,060</u>

(Continued)

See accompanying notes to financial statements.

**PIMA HEALTH CARE SYSTEM**  
**Statement of Cash Flows**  
**Enterprise Fund**  
**Year Ended June 30, 2004**  
(Continued)

Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (38,951,513)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	1,232,846
Provisions for doubtful accounts	4,050,871
Changes in assets and liabilities:	
Accounts receivable	(1,001,491)
Reinsurance claims receivable	(862,623)
Interfund receivables	(188,159)
Due from Medicare	(627,133)
Due from other governments	(725,019)
Note receivable	(122,427)
Inventory of supplies	38,501
Prepaid expenses	1,064,210
Accounts payable and accrued liabilities	886,063
Accrued medical and health care claims	11,694,027
Accrued employee compensation	(1,828,229)
Interfund payable	(321,209)
Deferred revenue	581
Due to Medicare	(65,335)
Due to other governments	(5,625,187)
Net cash used for operating activities	<u>\$ (31,351,226)</u>

The following noncash transactions occurred during the year ended June 30, 2004:

Unpaid transfer in	\$ 5,100,000
Unpaid transfers out	3,500,000
Disposal of equipment	949,402
Deletion of related accumulated depreciation	769,453
Loss on disposal of equipment (net of cash received)	164,949
Capital contributions from the Pima County Capital Projects Fund	18,896
Sale of inventories to University Physicians, Inc.	684,542
Sale of equipment to University Physicians, Inc.	5,755,303
Deletion of related accumulated depreciation	4,383,805
Sale of capital improvements to University Physicians, Inc.	41,141
Deletion of related accumulated depreciation	34,801
Note receivable made by University Physicians, Inc. for sale of assets	1,923,086
Loss on disposal of assets due to closure of business	139,294
Net assets transferred to Pima County general government (net of cash transfer shown previously)	13,488,997

See accompanying notes to financial statements.

Pima Health Care System  
Notes to Financial Statements  
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**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). A summary of PHCS' more significant accounting policies follows.

**A. Reporting Entity**

PHCS has been administered through its two service entities, Pima Health System and Services (PHS&S) and, through June 15, 2004, Kino Community Hospital. PHS&S is responsible for overseeing the operations of Pima Health System (the AHCCCS contracts), Posada Del Sol Nursing Home, the Grants and Community Services System, and other Pima County programs. Kino Community Hospital (Hospital) was 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 Ambulatory and Arizona Long-Term Care System (ALTCS) programs. The Ambulatory program provides both inpatient and outpatient medical and nursing services to eligible enrollees of the Ambulatory 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 Ambulatory and ALTCS programs. During fiscal year 2004, PHCS provided both inpatient and outpatient medical and nursing services to the general public, indigent patients of Pima County, and eligible enrollees of AHCCCS through Kino Community Hospital and Posada Del Sol Nursing Home. The County discontinued its operations of Kino Hospital on June 15, 2004. Portions of the hospital's assets were sold, and its remaining assets and liabilities at that date were transferred to other County funds. Therefore, the financial statements include only the Hospital's financial activities and cash flows through June 15, 2004.

**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

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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 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 are segregated into invested in capital assets, restricted for health care, and unrestricted. The operating statement presents increases, such as revenues, and decreases, such as expenses, in net total assets.

PHCS follows Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. PHCS has chosen the option not to follow FASB Statements and Interpretations issued after November 30, 1989.

**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. PHCS funds certain programs with restricted and unrestricted resources. When both are available, PHCS applies restricted resources first.

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' obligations. Invested in capital assets represents the net value of capital assets. 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.

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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. Operating expenses include the costs of providing health care services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, AHCCCS premium taxes, and loss on disposal of capital assets, are considered to be nonoperating expenses.

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

**E. Cash and Cash Equivalents**

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

**F. Due from Other Governments**

Due from other governments consists of amounts due from AHCCCS based on contractual agreement provisions of the Ambulatory and ALTCS programs.

**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. Capital Assets**

Capital assets 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 capital assets valued at \$5,000 and above. 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:

Leasehold improvements	7 to 10 years
Machinery and equipment	5 to 15 years

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**I. 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.

**J. Patient Service Revenues**

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

The Hospital provided services to patients under a contractual agreement with the Medicare program. Amounts received from Medicare were 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 provided services to patients under agreements with AHCCCS and various Pima County departments. Payments for services under those agreements were based on discounted amounts from established rates for outpatient services or tiered per diem rates for inpatient services.

**K. Charity Care**

Since the Hospital was owned and operated by Pima County, it was prohibited by Arizona Revised Statutes from providing care to patients without charging them for such services. Accordingly, there was no charity care recognized for the year ended June 30, 2004. However, the Hospital, as a provider of care to indigent as well as nonindigent patients, did provide care to patients who may not have been able to pay. Consequently, the charges (presented in revenues) for the unreimbursed care provided to these patients were included in the provision for doubtful accounts.

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**L. 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 - Cash and Cash Equivalents**

Cash and cash equivalents on the statement of net assets consist of \$2,500 of cash on hand and \$23,652,560 of cash and investments held by the Pima County Treasurer in its investment pool.

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 3 - Receivables**

**A. Accounts Receivable**

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

**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, 2004, were in excess of specified deductible limits.

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**Note 4 - Capital Assets**

Capital asset activity for the year ended June 30, 2004, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital assets not being depreciated:</b>				
Land	\$ 250,000		\$ (250,000)	
<b>Capital assets being depreciated:</b>				
Buildings and improvements	28,484,178	\$ 15,575	(28,499,753)	
Accumulated depreciation	(20,482,437)	(518,973)	21,001,410	
Leasehold improvements	904,198	212,059		\$ 1,116,257
Accumulated depreciation	(452,737)	(96,784)		<u>(549,521)</u>
Net leasehold improvements				566,736
Machinery and equipment	9,896,425	1,179,828	(9,794,183)	1,282,070
Accumulated depreciation	(7,705,282)	(617,089)	7,687,477	<u>(634,894)</u>
Net machinery and equipment				647,176
Total capital assets being depreciated, net				<u>1,213,912</u>
Total capital assets, net				<u>\$ 1,213,912</u>

**Note 5 - Medical and Health Care Claims**

Medical and health care claims payable consists of estimates of \$13,734,256 incurred but not reported claims and \$8,015,653 reported but unpaid claims in the AHCCCS Ambulatory and ALTCS programs and the Grants and Community Service System.

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

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

Ambulatory Contracts	\$3,000,000
Long-Term Care Contracts	500,000
Grants/Community Services System	1,785,094
Other Pima County Programs	<u>859,640</u>
Total	<u>\$6,144,734</u>

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**Note 7 - Interfund Transfers**

Interfund transfers are reported as either capital contributions, transfers in, or transfers out. Capital contributions are capital assets 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 include 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. Transfers out also include all of Kino Hospital's remaining asset and liability balances after its closure.

**Note 8 - Capitation**

Capitation revenues comprise the following amounts.

ALTCS long-term care	\$117,923,396
AHCCCS acute care	65,564,889
ALTCS ventilator dependent	4,637,603
Pima County Residual	<u>34,720</u>
Total	<u>\$188,160,608</u>

**Note 9 - Related Party Transactions**

During the course of its operations, PHCS had numerous transactions with other Pima County funds to finance operations and provide services. During the year ended June 30, 2004, patient service revenues included \$3,445,014 from Pima County departments for services provided to County patients. In addition, PHCS received interest income totaling \$339,616 from the Pima County Treasurer. PHCS incurred expenses totaling \$3,713,622 from Pima County for the allocation of overhead, insurance premiums, interest, and other miscellaneous supplies and services.

**Note 10 - 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 PHCS are determined on an actuarial basis and are included in the *Pima County Comprehensive Annual Financial Report*.

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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 11 - 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, 2004, active plan members and PHCS were each required by statute to contribute at the actuarially determined rate of 5.70 percent (5.20 percent retirement and 0.50 percent long-term disability) of the members' annual covered payroll. PHCS' contributions to the ASRS for the years ended June 30, 2004, 2003, and 2002, were \$2,159,438, \$1,152,974, and \$1,079,029 respectively, which were equal to the required contributions for the year.

**Note 12 - Significant Event**

**Lease of Property and Closure of Kino Community Hospital**

On February 4, 2004, University Physicians, Inc. (UPI) began managing the daily operations of Kino Community Hospital pursuant to a contract with the Pima County Board of Supervisors. During the period February 4, 2004 through June 15, 2004, Pima County paid UPI approximately \$3,000,000 for general and administrative, daily hospital, and ancillary services.

On June 15, 2004, the Pima County Board of Supervisors entered into another contract with UPI. This contract was effective June 16, 2004. The contract contained an operating lease of the hospital's buildings, improvements, and land to UPI for 25 years for \$10 per year. UPI may terminate the lease after 5 years subject to certain conditions. In addition, the contract contained provisions to sell specific capital assets and inventories to UPI in exchange for a

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note receivable. The net present value of the note is \$1,923,086, and the payment period is 10 years. This resulted in a net loss of \$139,294 calculated as follows:

Capital assets	\$ 1,377,838
Inventories	<u>684,542</u>
Total assets	2,062,380
Less: note receivable	<u>(1,923,086)</u>
Net loss	<u><u>\$ 139,294</u></u>

The remaining assets and liabilities were transferred to Pima County. They consisted of the following:

Cash	\$ 115,469
Receivable s:	
Accounts (net of allowances for uncollectibles and contractual and administrative adjustments)	3,389,777
Interfund	487,431
Due from Medicare	484,358
Due from other programs	418,632
Due from other Pima County funds	5,100,000
Note receivable – University Physicians, Inc.	1,923,086
Note receivable - El Pueblo	122,427
Capital assets:	
Land	250,000
Buildings and improvements	28,458,612
Machinery and equipment	3,089,478
Accumulated depreciation:	
Building and improvements	(20,966,609)
Machinery and equipment	<u>(2,534,219)</u>
Total capital assets (net of accumulated depreciation)	<u>8,297,262</u>
Total assets	<u>20,338,442</u>
Accounts payable and accrued liabilities	4,448,006
Accrued employee compensation	95,827
Interest payable	5,338
Due to Medicare	256,000
Due to other Pima County funds	<u>1,928,805</u>
Total liabilities	<u>6,733,976</u>
Net assets transferred out	<u><u>\$ 13,604,466</u></u>

## **Supplementary Schedules**

**PIMA HEALTH CARE SYSTEM**  
**Consolidating Statement of Net Assets by Program**  
**June 30, 2004**

	<b>AHCCCS</b>	
	<b>Ambulatory Contracts</b>	<b>Long-Term Care Contracts (1)</b>
Assets		
Current assets:		
Cash and cash equivalents	\$ 15,155,251	\$ 8,498,809
Receivables:		
Accounts	32,432	871,046
Reinsurance claims	1,465,799	2,760,126
Grants		
Interest	20,103	9,079
Due from:		
Medicare		194,674
Other governments	1,616,637	1,544,666
Inventory of supplies		97,308
Total current assets	<u>18,290,222</u>	<u>13,975,708</u>
Noncurrent assets:		
Capital assets:		
Leasehold improvements		
Machinery and equipment		
Accumulated depreciation:		
Leasehold improvements		
Machinery and equipment		
Capital assets, net		
Total assets	<u>18,290,222</u>	<u>13,975,708</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	83,074	461,946
Accrued medical and health care claims	10,893,529	10,338,819
Accrued employee compensation	236,504	2,645,709
Interfund payable	66,802	30,621
Interest payable		
Deferred revenue		
Due to other Pima County funds	<u>3,000,000</u>	<u>500,000</u>
Total liabilities	<u>14,279,909</u>	<u>13,977,095</u>
Net Assets		
Invested in capital assets		
Restricted for health care	4,010,313	
Unrestricted (deficit)		(1,387)
Total net assets	<u>\$ 4,010,313</u>	<u>\$ (1,387)</u>

(1) The financial positions of the Posada Del Sol Healthcare Center and the ALTCS Contracts have been consolidated and are reported as the Long-Term Care Contracts program. The consolidation is presented on page 24.

<u>Grants/ Community Services System</u>	<u>Other Pima County Programs</u>	<u>Total</u>
	\$ 1,000	\$ 23,655,060
		903,478
		4,225,925
\$ 754,034		754,034
		29,182
		194,674
		3,161,303
		97,308
<u>754,034</u>	<u>1,000</u>	<u>33,020,964</u>
	1,116,257	1,116,257
	1,282,070	1,282,070
	(549,521)	(549,521)
	(634,894)	(634,894)
	<u>1,213,912</u>	<u>1,213,912</u>
<u>754,034</u>	<u>1,214,912</u>	<u>34,234,876</u>
		545,020
517,561		21,749,909
39,917		2,922,130
		97,423
2,318		2,318
1,986		1,986
<u>1,785,094</u>	<u>859,640</u>	<u>6,144,734</u>
<u>2,346,876</u>	<u>859,640</u>	<u>31,463,520</u>
	1,213,912	1,213,912
(1,592,842)	(858,640)	4,010,313
		(2,452,869)
<u>\$ (1,592,842)</u>	<u>\$ 355,272</u>	<u>\$ 2,771,356</u>

**PIMA HEALTH CARE SYSTEM**  
**Consolidating Statement of Revenues, Expenses, and**  
**Changes in Net Assets by Program**  
**Year Ended June 30, 2004**

	<b>AHCCCS</b>		
	<b>Ambulatory Contracts</b>	<b>Long-Term Care Contracts (1)</b>	<b>Kino Community Hospital</b>
Operating revenues:			
Patient service revenues:			
Daily hospital services			\$ 17,698,048
Ancillary services			25,447,372
Gross patient service revenues			43,145,420
Deductions from patient service revenues:			
Medicare contractual and administrative adjustments			(5,942,889)
Other contractual adjustments			(11,484,521)
Net patient service revenues			25,718,010
Capitation	\$ 65,564,889	\$ 122,560,999	
Reinsurance claims	5,443,047	8,593,637	
Charges for services		1,902,058	
Other	396,694	521,399	518,695
Total operating revenues	<u>71,404,630</u>	<u>133,578,093</u>	<u>26,236,705</u>
Operating expenses:			
Daily hospital services			10,448,376
Ancillary services			22,451,974
Medical and health care claims	64,345,836	128,344,779	
Case management (contracted and salaried)		4,759,322	
General, fiscal, and administrative services	1,905,426	3,399,788	19,005,813
Provision for doubtful accounts			4,050,871
Depreciation			1,046,292
Other	1,619,679	3,495,406	
Total operating expenses	<u>67,870,941</u>	<u>139,999,295</u>	<u>57,003,326</u>
Operating income (loss)	<u>3,533,689</u>	<u>(6,421,202)</u>	<u>(30,766,621)</u>
Nonoperating revenues (expenses):			
Grant revenue			14,967
Loss on disposal of equipment			(11,064)
Interest income	195,676	143,940	29,564
Interest expense			(51,227)
Premium tax	(1,157,793)	(2,002,223)	
Loss on closure of business			(139,294)
Total nonoperating revenues (expenses), net	<u>(962,117)</u>	<u>(1,858,283)</u>	<u>(157,054)</u>
Income (loss) before capital contributions and transfers	<u>2,571,572</u>	<u>(8,279,485)</u>	<u>(30,923,675)</u>
Capital contributions			18,896
Transfers in			31,100,000
Transfers out	(3,000,000)	(500,000)	(13,604,466)
Decrease in net assets	<u>(428,428)</u>	<u>(8,779,485)</u>	<u>(13,409,245)</u>
Total net assets (deficit), July 1, 2003	<u>4,438,741</u>	<u>8,778,098</u>	<u>13,409,245</u>
Total net assets (deficit), June 30, 2004	<u>\$ 4,010,313</u>	<u>\$ (1,387)</u>	<u>\$</u>

(1) The changes in financial positions of the Posada Del Sol Healthcare Center and the ALTCS Contracts have been consolidated and are reported as the Long-Term Care Contracts program. The consolidation is presented on page 25.

<b>Grants/ Community Services System</b>	<b>Other Pima County Programs</b>	<b>Intrafund Eliminations</b>	<b>Total</b>
		\$ (724,177)	\$ 16,973,871
		(5,727,946)	19,719,426
		(6,452,123)	36,693,297
			(5,942,889)
		1,455,488	(10,029,033)
		(4,996,635)	20,721,375
	\$ 34,720		188,160,608
			14,036,684
			1,902,058
\$ 541	340,438	(107,335)	1,670,432
541	375,158	(5,103,970)	226,491,157
			10,448,376
			22,451,974
3,610,858	153,471	(5,103,970)	191,350,974
1,317,436			6,076,758
395,196			24,706,223
			4,050,871
	186,554		1,232,846
9,563			5,124,648
5,333,053	340,025	(5,103,970)	265,442,670
(5,332,512)	35,133		(38,951,513)
			4,398,380
4,383,413	(153,885)		(164,949)
			369,180
(22,600)			(73,827)
			(3,160,016)
			(139,294)
4,360,813	(153,885)		1,229,474
(971,699)	(118,752)		(37,722,039)
			18,896
			31,100,000
			(17,104,466)
(971,699)	(118,752)		(23,707,609)
(621,143)	474,024		26,478,965
\$ (1,592,842)	\$ 355,272	\$	\$ 2,771,356

**PIMA HEALTH CARE SYSTEM**  
**Consolidating Statement of Cash Flows by Program**  
**Year Ended June 30, 2004**

	<b>AHCCCS</b>		
	<b>Ambulatory Contracts</b>	<b>Long-Term Care Contracts (1)</b>	<b>Kino Community Hospital</b>
Cash flows from operating activities:			
Cash receipts from:			
Contractors, patients, and other payors	\$ 69,371,845	\$ 132,768,380	\$ 15,675,075
Other programs for medical and health care services		107,335	5,694,228
Other Pima County funds for goods and services		15,442	2,990,010
Miscellaneous operations	396,694	414,064	518,695
Cash payments to:			
Providers for health care services	(54,725,917)	(97,077,645)	
Other programs for medical and health care services	(3,353,824)	(2,447,739)	
Suppliers for goods and services	(1,196,124)	(4,608,604)	(29,834,412)
Employees for services	(1,833,167)	(29,221,525)	(20,540,012)
Other Pima County funds for goods and services	(844,703)	(1,454,080)	(1,491,069)
State General Fund for disproportionate share settlement			(5,625,187)
Net cash provided by (used for) operating activities	<u>7,814,804</u>	<u>(1,504,372)</u>	<u>(32,612,672)</u>
Cash flows from noncapital financing activities:			
Cash transfers to other Pima County funds			(115,469)
Cash transfers from other Pima County funds			28,000,000
Loan proceeds from other Pima County funds			1,928,805
Interest paid on short-term credit			(51,027)
Grant receipts			64,414
Interest received from Medicare			29,564
Premium tax payments	(1,157,793)	(2,002,223)	
Net cash provided by noncapital financing activities	<u>(1,157,793)</u>	<u>(2,002,223)</u>	<u>29,856,287</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets			(848,595)
Proceeds from sale of capital assets			15,000
Net cash used for capital and related financing activities			<u>(833,595)</u>
Cash flows from investing activities:			
Interest received on cash and cash equivalents	191,728	154,860	
Net cash provided by investing activities	<u>191,728</u>	<u>154,860</u>	
Net increase (decrease) in cash and cash equivalents	6,848,739	(3,351,735)	(3,589,980)
Cash and cash equivalents, July 1, 2003	<u>8,306,512</u>	<u>11,850,544</u>	<u>3,589,980</u>
Cash and cash equivalents, June 30, 2004	<u>\$ 15,155,251</u>	<u>\$ 8,498,809</u>	<u>\$</u>

(1) The cash flows of the Posada Del Sol Healthcare Center and the ALTCS Contract have been consolidated and are reported as the Long-Term Care Contracts program. The consolidation is presented on pages 26 and 27.

<u>Grants/ Community Services System</u>	<u>Other Pima County Programs</u>	<u>Intrafund Eliminations</u>	<u>Total</u>
			\$ 217,815,300
	\$ 58,621	\$ (5,801,563)	3,064,073
\$ 541	340,438		1,670,432
(4,901,771)	(152,856)		(156,858,189)
(8,982)		5,801,563	(35,648,122)
(384,977)			(51,979,681)
			(3,789,852)
			<u>(5,625,187)</u>
<u>(5,295,189)</u>	<u>246,203</u>		<u>(31,351,226)</u>
			(115,469)
			28,000,000
614,392	294,268		2,837,465
(22,715)			(73,742)
4,703,512			4,767,926
			29,564
			<u>(3,160,016)</u>
<u>5,295,189</u>	<u>294,268</u>		<u>32,285,728</u>
	(539,971)		(1,388,566)
			<u>15,000</u>
	(539,971)		<u>(1,373,566)</u>
			<u>346,588</u>
			<u>346,588</u>
	500		(92,476)
	500		<u>23,747,536</u>
<u>\$</u>	<u>\$ 1,000</u>	<u>\$</u>	<u>\$ 23,655,060</u>

(Continued)

**PIMA HEALTH CARE SYSTEM**  
**Consolidating Statement of Cash Flows by Program**  
**Year Ended June 30, 2004**

(Continued)

	<b>AHCCCS</b>		
	<b>Ambulatory Contracts</b>	<b>Long-Term Care Contracts (1)</b>	<b>Kino Community Hospital</b>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 3,533,689	\$ (6,421,202)	\$ (30,766,621)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation			1,046,292
Provisions for doubtful accounts			4,050,871
Changes in assets and liabilities:			
Accounts receivable	331,798	(525,786)	(807,503)
Reinsurance claims receivable	(386,952)	(475,671)	
Interfund receivables		15,442	(227,502)
Due from Medicare		(142,775)	(484,358)
Due from other governments	(1,580,937)	855,918	
Due from other programs			348,428
Note receivable			(122,427)
Inventory of supplies		(1,929)	40,430
Prepaid expenses			1,063,595
Accounts payable and accrued liabilities	(201,020)	(476,724)	1,563,807
Accrued medical and health care claims	6,378,194	5,289,310	
Accrued employee compensation	72,259	716,455	(2,627,162)
Interfund payable	(220,128)	(101,081)	
Deferred revenue			
Due to Medicare			(65,335)
Due to other governments			(5,625,187)
Due to other programs	(112,099)	(236,329)	
Net cash provided by (used for) operating activities	<u>\$ 7,814,804</u>	<u>\$ (1,504,372)</u>	<u>\$ (32,612,672)</u>

The following noncash transactions occurred during the year ended June 30, 2004:

Unpaid transfer in			\$ 5,100,000
Unpaid transfers out	\$ 3,000,000	\$ 500,000	
Disposal of equipment			687,962
Deletion of related accumulated depreciation			661,898
Loss on disposal of equipment (net of cash received)			11,064
Capital contributions from the Pima County Capital Projects Fund			18,896
Sale of inventories to University Physicians, Inc.			684,542
Sale of equipment to University Physicians, Inc.			5,755,303
Deletion of related accumulated depreciation			4,383,805
Sale of capital improvements to University Physicians, Inc.			41,141
Deletion of related accumulated depreciation			34,801
Note receivable made by University Physicians, Inc. for sale of assets			1,923,086
Loss on disposal of assets due to closure of business			139,294
Net assets transferred to Pima County general government (net of cash transfer shown previously)			13,488,997

(1) The cash flows of the Posada Del Sol Healthcare Center and the ALTCS Contract have been consolidated and are reported as the Long-Term Care Contracts program. The consolidation is presented on pages 26 and 27.

<u>Grants/ Community Services System</u>	<u>Other Pima County Programs</u>	<u>Intrafund Eliminations</u>	<u>Total</u>
\$ (5,332,512)	\$ 35,133		\$ (38,951,513)
	186,554		1,232,846
			4,050,871
			(1,001,491)
			(862,623)
	23,901		(188,159)
			(627,133)
			(725,019)
		\$ (348,428)	(122,427)
			38,501
	615		1,064,210
			886,063
26,523			11,694,027
10,219			(1,828,229)
			(321,209)
581			581
			(65,335)
			(5,625,187)
		348,428	
<u>\$ (5,295,189)</u>	<u>\$ 246,203</u>	<u>\$</u>	<u>\$ (31,351,226)</u>

\$ 5,100,000  
3,500,000

\$ 261,440  
107,555  
153,885

949,402  
769,453  
164,949

18,896

684,542  
5,755,303  
4,383,805  
41,141  
34,801  
1,923,086  
139,294

13,488,997

**PIMA HEALTH CARE SYSTEM**  
**Consolidating Statement of Net Assets**  
**Long-Term Care Contracts**  
**June 30, 2004**

	<b>Posada Del Sol Nursing Home</b>			<b>Intraprogram Eliminations</b>	<b>Long-Term Care Contracts Total</b>
	<b>ALTCS Contracts</b>	<b>ALTCS Residents</b>	<b>Other Residents (1)</b>		
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 7,356,091	\$ 1,465,110	\$ (322,392)		\$ 8,498,809
Receivables:					
Accounts	220,785	47,066	603,195		871,046
Reinsurance claims	2,760,126				2,760,126
Interest	11,821	(2,596)	(146)		9,079
Due from:					
Medicare		194,674			194,674
Other governments	1,544,666				1,544,666
Inventory of supplies		92,121	5,187		97,308
<b>Total assets</b>	<b>11,893,489</b>	<b>1,796,375</b>	<b>285,844</b>		<b>13,975,708</b>
<b>Liabilities</b>					
Current Liabilities:					
Accounts payable and accrued liabil	165,514	280,657	15,775		461,946
Accrued medical and health care cl:	10,338,819				10,338,819
Accrued employee compensation	1,656,313	936,661	52,735		2,645,709
Interfund payable	30,621				30,621
Due to other Pima County funds	500,000				500,000
<b>Total liabilities</b>	<b>12,691,267</b>	<b>1,217,318</b>	<b>68,510</b>		<b>13,977,095</b>
<b>Net Assets</b>					
Restricted for health care		579,057	217,334	(796,391)	
Unrestricted (deficit)	(797,778)			796,391	(1,387)
<b>Total net assets</b>	<b>\$ (797,778)</b>	<b>\$ 579,057</b>	<b>\$ 217,334</b>	<b>\$</b>	<b>\$ (1,387)</b>

(1) The other residents column includes the financial position related to members enrolled in Pima Health System's AHCCCS Contracts program, other counties' ALTCS Contracts program, other providers' ambulatory programs, AHCCCS fee-for-service resident programs, commercial insurance programs, and private residents not enrolled in a program.

**PIMA HEALTH CARE SYSTEM**  
**Consolidating Statement of Revenues, Expenses,**  
**and Changes in Net Assets**  
**Long-Term Care Contracts**  
**Year Ended June 30, 2004**

	<b>Posada Del Sol Nursing Home</b>				<b>Long-Term Care Contracts Total</b>
	<b>ALTCS Contracts</b>	<b>ALTCS Residents</b>	<b>Other Residents (1)</b>	<b>Intraprogram Eliminations</b>	
Operating revenues:					
Capitation	\$ 122,560,999				\$ 122,560,999
Reinsurance claims	8,593,637				8,593,637
Charges for Services		\$ 12,851,462	\$ 1,172,417	\$ (12,121,821)	1,902,058
Other	411,266	2,798	107,335		521,399
Total operating revenues	<u>131,565,902</u>	<u>12,854,260</u>	<u>1,279,752</u>	<u>(12,121,821)</u>	<u>133,578,093</u>
Operating expenses:					
Medical and health care claims	126,699,102	7,728,235	772,536	(6,855,094)	128,344,779
Case management (contracted and salaried)	4,759,322				4,759,322
General, fiscal, and administrative services	3,364,268	3,421,612	35,520	(3,421,612)	3,399,788
Other	3,191,021	1,845,115	304,385	(1,845,115)	3,495,406
Total operating expenses	<u>138,013,713</u>	<u>12,994,962</u>	<u>1,112,441</u>	<u>(12,121,821)</u>	<u>139,999,295</u>
Operating income (loss)	<u>(6,447,811)</u>	<u>(140,702)</u>	<u>167,311</u>		<u>(6,421,202)</u>
Nonoperating revenues (expenses):					
Interest income (expense)	170,549	(24,746)	(1,863)		143,940
Premium tax	(2,002,223)				(2,002,223)
Total nonoperating revenues (expenses)	<u>(1,831,674)</u>	<u>(24,746)</u>	<u>(1,863)</u>		<u>(1,858,283)</u>
Income (loss) before transfers	<u>(8,279,485)</u>	<u>(165,448)</u>	<u>165,448</u>		<u>(8,279,485)</u>
Transfer out	<u>(500,000)</u>				<u>(500,000)</u>
Increase (decrease) in net assets	<u>(8,779,485)</u>	<u>(165,448)</u>	<u>165,448</u>		<u>(8,779,485)</u>
Total net assets, July 1, 2003	<u>7,981,707</u>	<u>744,505</u>	<u>51,886</u>		<u>8,778,098</u>
Total net assets (deficit) June 30, 2004	<u>\$ (797,778)</u>	<u>\$ 579,057</u>	<u>\$ 217,334</u>	<u>\$</u>	<u>\$ (1,387)</u>

(1) The other residents column includes the changes in financial position related to members enrolled in Pima Health System's AHCCCS Ambulatory Contracts program, other counties' ALTCS Contracts program, other providers' ambulatory programs, AHCCCS fee-for-service resident programs, commercial insurance programs, and private residents not enrolled in a program.

**PIMA HEALTH CARE SYSTEM**  
**Consolidating Statement of Cash Flows**  
**Long-Term Care Contracts**  
**Year Ended June 30, 2004**

**Posada Del Sol**  
**Nursing Home**

	<b>ALTCS Contracts</b>	<b>ALTCS Residents</b>	<b>Other Residents (1)</b>	<b>Intraprogram Eliminations</b>	<b>Long-Term Care Contracts Total</b>
Cash flows from operating activities:					
Cash receipts from:					
Contractors, patients, and other payors	\$ 131,573,265	\$ 539,800	\$ 655,315		\$ 132,768,380
Other programs for medical and health care services		13,757,580	107,335	\$ (13,757,580)	107,335
Other Pima County funds for goods and services			15,442		15,442
Miscellaneous operations	411,266	2,798			414,064
Cash payments to:					
Providers for health care services	(95,989,867)	(1,038,704)	(49,074)		(97,077,645)
Other programs for medical and health care services	(16,204,336)		(983)	13,757,580	(2,447,739)
Suppliers for goods and services	(2,482,052)	(1,820,585)	(305,967)		(4,608,604)
Employees for services	(18,669,311)	(9,811,127)	(741,087)		(29,221,525)
Other Pima County funds for goods and services	(1,320,955)	(131,096)	(2,029)		(1,454,080)
Net cash provided by (used for) operating activities	(2,681,990)	1,498,666	(321,048)		(1,504,372)
Cash flows from noncapital financing activities:					
Premium tax payments	(2,002,223)				(2,002,223)
Net cash used for noncapital financing activities	(2,002,223)				(2,002,223)
Cash flows from investing activities:					
Interest received on cash and cash equivalents	179,825	(23,193)	(1,772)		154,860
Net cash provided by (used for) investing activities	179,825	(23,193)	(1,772)		154,860
Net increase (decrease) in cash and cash equivalents	(4,504,388)	1,475,473	(322,820)		(3,351,735)
Cash and cash equivalents, July 1, 2003	11,860,479	(10,363)	428		11,850,544
Cash and cash equivalents, June 30, 2004	\$ 7,356,091	\$ 1,465,110	\$ (322,392)	\$	\$ 8,498,809

(Continued)

(1) The other residents column includes the cash flows related to members enrolled in Pima Health System's AHCCCS Ambulatory Contracts program, other counties' ALTCS Contracts program, other providers' ambulatory programs, AHCCCS fee-for-service resident programs, commercial insurance programs, and private residents not enrolled in a program.

**PIMA HEALTH CARE SYSTEM**  
**Consolidating Statement of Cash Flows**  
**Long-Term Care Contracts**  
**Year Ended June 30, 2004**  
(Continued)

**Posada Del Sol**  
**Nursing Home**

	<u>ALTCS Contracts</u>	<u>ALTCS Residents</u>	<u>Other Residents (1)</u>	<u>Intraprogram Eliminations</u>	<u>Long-Term Care Contracts Total</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ (6,447,811)	\$ (140,702)	\$ 167,311		\$ (6,421,202)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Changes in assets and liabilities:					
Accounts receivable	38,382	(47,066)	(517,102)		(525,786)
Reinsurance claims receivable	(475,671)				(475,671)
Interfund receivables			15,442		15,442
Due from Medicare		(142,775)			(142,775)
Due from other governments	855,918				855,918
Due from other programs		1,635,759		\$ (1,635,759)	
Inventory of supplies		(1,511)	(418)		(1,929)
Accounts payable and accrued liabilities	(393,797)	(79,734)	(3,193)		(476,724)
Accrued medical and health care claims	5,289,310				5,289,310
Accrued employee compensation	423,865	274,695	17,895		716,455
Interfund payable	(101,081)				(101,081)
Due to other programs	(1,871,105)		(983)	1,635,759	(236,329)
Net cash provided by (used for) operating activities	<u>\$ (2,681,990)</u>	<u>\$ 1,498,666</u>	<u>\$ (321,048)</u>	<u>\$</u>	<u>\$ (1,504,372)</u>

The following noncash transaction occurred during the year ended June 30, 2004:

Unpaid transfer out	\$ 500,000	\$ 500,000
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(1) The other residents column includes the cash flows related to members enrolled in Pima Health System's AHCCCS Ambulatory Contracts program, other counties' ALTCS Contracts program, other providers' ambulatory programs, AHCCCS fee-for-service resident programs, commercial insurance programs, and private residents not enrolled in a program.

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**PIMA HEALTH PLAN**  
**Year Ended: 06/30/2004**  
**Risk Pool Receivable/ Payable Report**

<b>Participant Name</b>	<b>Pool Type</b>	<b>Amount</b>
<i>Account 135 - Risk Pool Receivable</i>		
Risk Pool Receivable 1	<i>Hospital</i>	0
Risk Pool Receivable 2	<i>Physician</i>	0
Risk Pool Receivable 3	<i>Other</i>	0
	<i>Subtotal</i>	\$ -
<i>Account 225 - Risk Pool Payable</i>		
Risk Pool Payable 1	<i>Hospital</i>	0
Risk Pool Payable 2	<i>Physician</i>	0
Risk Pool Payable 3	<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 PLAN**  
**Year Ended: 06/30/2004**  
**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>	1,755,143	57,172	-	-	1,812,315	2,058,847	3,871,162
<i>Medical</i>	1,520,945	58,934	1,812	1,508	1,583,199	1,659,978	3,243,177
<i>Other</i>	1,342,161	26,904	1,885	1,245	1,372,195	1,631,261	3,003,456
<i>Total Prospective</i>	\$ 4,618,249.00	\$ 143,010.00	\$ 3,697.00	\$ 2,753.00	\$ 4,767,709.00	\$ 5,350,086.00	\$ 10,117,795.00
<i>Total PPC</i>	652,818	14,723	-	-	667,541	174,995	842,536
<i>Total Payable</i>	\$ 5,271,067.00	\$ 157,733.00	\$ 3,697.00	\$ 2,753.00	\$ 5,435,250.00	\$ 5,525,081.00	\$ 10,960,331.00

**PIMA HEALTH PLAN**  
**Year Ended: 06/30/2004**  
**Claims Lag Report**  
**Expense Type: Hospital**

<b>Payment Qtr</b>	<b>Current</b>	<b>1st Prior</b>	<b>2nd Prior</b>	<b>3rd Prior</b>	<b>4th Prior</b>	<b>5th Prior</b>	<b>6th Prior*</b>	<b>Total</b>
<b>Current</b>	3,180,492	1,335,517	485,904	51,275	14,094	(7,418)	-	5,059,864
<b>1st Prior</b>		1,915,985	1,903,140	326,543	19,003	158,176	(4,626)	4,318,221
<b>2nd Prior</b>			1,736,467	933,788	71,867	22,758	8,870	2,773,750
<b>3rd Prior</b>				1,811,857	1,326,560	175,104	101,965	3,415,486
<b>4th Prior</b>					2,010,844	1,624,040	555,788	4,190,672
<b>5th Prior</b>						1,435,302	1,777,053	3,212,355
<b>6th Prior*</b>							36,210,678	36,210,678
<b>Totals</b>	3,180,492	3,251,502	4,125,511	3,123,463	3,442,368	3,407,962	38,649,728	59,181,026
<b>Expense</b>	6,469,843	4,011,424	4,196,373	2,854,463	3,673,853	3,606,720	39,790,694	64,603,370
<b>Adjustment</b>	-	(378,192)	112,530	285,689	(231,485)	(198,758)	(1,140,966)	(1,551,182)
<b>Remaining</b>	3,289,351	381,730	183,392	16,689	-	-	-	3,871,162

\* 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 PLAN**  
**Year Ended: 06/30/2004**  
**Claims Lag Report**  
**Expense Type: Medical**

<b>Payment Qtr</b>	<b>Current</b>	<b>1st Prior</b>	<b>2nd Prior</b>	<b>3rd Prior</b>	<b>4th Prior</b>	<b>5th Prior</b>	<b>6th Prior*</b>	<b>Total</b>
<b>Current</b>	2,777,583	1,483,626	59,955	10,118	8,262	3,013	148	4,342,705
<b>1st Prior</b>		2,139,794	1,305,141	25,410	(1,070)	(7,848)	(2,309)	3,459,118
<b>2nd Prior</b>			2,401,476	408,059	43,972	33,775	7,780	2,895,062
<b>3rd Prior</b>				1,824,853	512,093	63,822	14,403	2,415,171
<b>4th Prior</b>					1,598,453	670,593	57,069	2,326,115
<b>5th Prior</b>						1,209,713	778,717	1,988,430
<b>6th Prior*</b>							27,869,454	27,869,454
<b>Totals</b>	2,777,583	3,623,420	3,766,572	2,268,440	2,161,710	1,973,068	28,725,262	45,296,055
<b>Expense</b>	5,390,250	3,677,282	4,030,808	2,453,413	2,208,906	2,247,933	26,596,710	46,605,302
<b>Adjustment</b>	-	445,864	(170,286)	(159,645)	(35,690)	(274,865)	2,128,552	1,933,930
<b>Remaining</b>	2,612,667	499,726	93,950	25,328	11,506	-	-	3,243,177

\* 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 PLAN**  
**Year Ended: 06/30/2004**  
**Claims Lag Report**  
**Expense Type: Other**

<b>Payment Qtr</b>	<b>Current</b>	<b>1st Prior</b>	<b>2nd Prior</b>	<b>3rd Prior</b>	<b>4th Prior</b>	<b>5th Prior</b>	<b>6th Prior*</b>	<b>Total</b>
<b>Current</b>	4,912,767	1,906,169	92,873	8,905	16,399	614	(2,540)	6,935,187
<b>1st Prior</b>		4,031,876	1,975,115	37,524	4,365	(3,552)	(1,475)	6,043,853
<b>2nd Prior</b>			3,754,933	1,122,765	38,848	6,096	9,009	4,931,651
<b>3rd Prior</b>				3,517,976	1,055,997	53,048	19,647	4,646,668
<b>4th Prior</b>					3,192,504	1,245,091	114,307	4,551,902
<b>5th Prior</b>						2,887,177	1,219,029	4,106,206
<b>6th Prior*</b>							53,565,179	53,565,179
<b>Totals</b>	4,912,767	5,938,045	5,822,921	4,687,170	4,308,113	4,188,474	54,923,156	84,780,646
<b>Expense</b>	7,282,385	6,084,344	6,116,351	4,585,829	4,475,269	4,340,241	55,626,635	88,511,054
<b>Adjustment</b>	-	290,264	(201,356)	168,954	(129,568)	(151,767)	(703,479)	(726,952)
<b>Remaining</b>	2,369,618	436,563	92,074	67,613	37,588	-	-	3,003,456

\* 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.

Profitability by Risk Group

PIMA HEALTH PLAN Year Ended: 06/30/2004 Pima County						SSI with Med	SSI with out Med	MED	Non - MED	SOBRA Family Planning	SOBRA Moms	Title XIX Total	Grand Total
TANF < 1 MF	TANF 1-13 MF	TANF 14-44 F	TANF 14-44 M	TANF 45+									
<b>REVENUE &amp; EXPENSES</b>													
<b>Member Months</b>													
SOBRA FPS Mmbr Mths	0	0	0	0	0	0	0	0	0	1,412	0	1,412	1,412
PPC Member Months	480	5,297	3,129	1,611	445	385	519	326	4,667	0	676	17,535	17,535
Pros. Member Months	13,801	64,846	33,271	16,755	4,850	16,359	16,952	1,319	32,729	0	3,276	204,158	204,158
<b>Total Member Months</b>	<b>14,281</b>	<b>70,143</b>	<b>36,400</b>	<b>18,366</b>	<b>5,295</b>	<b>16,744</b>	<b>17,471</b>	<b>1,645</b>	<b>37,396</b>	<b>1,412</b>	<b>3,952</b>	<b>223,105</b>	<b>223,105</b>
Pros. & FPS Mbr. Mths	13,801	64,846	33,271	16,755	4,850	16,359	16,952	1,319	32,729	1,412	3,276	205,570	205,570
Pros. & PPC Mbr. Mths	14,281	70,143	36,400	18,366	5,295	16,744	17,471	1,645	37,396	0	3,952	221,693	221,693
<b>REVENUES</b>													
305 Capitation	5,002,807	5,605,612	5,185,623	1,877,594	1,512,573	3,797,121	8,356,435	849,807	10,219,068	17,359	509,829	42,933,828	42,933,828
310 PPC Capitation	562,797	195,558	462,286	185,452	118,419	11,091	40,889	419,339	2,376,724	0	100,411	4,472,966	4,472,966
312 Hospital Supplement	0	0	0	0	0	0	0	1,740,314	604,833	0	0	2,345,147	2,345,147
315 SOBRA Supplement	0	0	1,503,536	0	0	10,524	46,853	0	31,703	0	1,850,201	3,442,817	3,442,817
320 HIV-AIDS Supplement	0	0	3,620	4,597	2,153	91,380	33,071	0	92,229	0	0	227,050	227,050
321 TWG Settlement	0	0	0	0	0	0	0	0	1,377,246	0	0	1,377,246	1,377,246
322 PPC Settlement	(7,048)	(85,381)	(54,785)	(25,407)	(7,749)	(6,004)	(9,837)	(8,641)	(71,297)	0	(8,011)	(284,160)	(284,160)
325 Investment Income	10,547	49,506	25,379	12,807	3,714	12,491	12,951	1,017	25,019	1,081	2,517	157,029	157,029
330 Other Income	372	1,792	931	455	129	448	458	29	873	37	87	5,611	5,611
<b>TOTAL REVENUES</b>	<b>5,569,475</b>	<b>5,767,087</b>	<b>7,126,590</b>	<b>2,055,498</b>	<b>1,629,239</b>	<b>3,917,051</b>	<b>8,480,820</b>	<b>3,001,865</b>	<b>14,656,398</b>	<b>18,477</b>	<b>2,455,034</b>	<b>54,677,534</b>	<b>54,677,534</b>
<b>EXPENSES</b>													
<b>Hospitalization</b>													
402 Hospital Inpatient	2,953,305	286,433	1,541,380	386,747	270,819	95,230	3,092,582	825,755	4,686,618	0	1,139,836	15,278,705	15,278,705
404 Hosp Risk Pool Exp	0	0	0	0	0	0	0	0	0	0	0	0	0
406 PPC-Hospital Inpatient	378,308	44,745	176,030	140,536	42,052	876	84,587	1,050,142	1,781,900	0	46,740	3,745,916	3,745,916
<b>Total Hospitalization</b>	<b>3,331,613</b>	<b>331,178</b>	<b>1,717,410</b>	<b>527,283</b>	<b>312,871</b>	<b>96,106</b>	<b>3,177,169</b>	<b>1,875,897</b>	<b>6,468,518</b>	<b>0</b>	<b>1,186,576</b>	<b>19,024,621</b>	<b>19,024,621</b>
<b>Medical Compensation</b>													
408 Primary Care Phy	549,629	1,879,802	1,131,257	412,815	233,187	265,651	597,778	66,710	1,299,173	18,677	94,255	6,548,934	6,548,934
410 Referral Phy	1,016,558	927,083	1,053,136	531,183	231,007	186,417	1,066,514	114,463	1,476,891	2,798	491,871	7,097,921	7,097,921
412 Phy Risk Pool Exp	0	0	0	0	0	0	0	0	0	0	0	0	0
414 PPC - Physician Services	103,625	49,451	87,560	53,935	17,067	6,443	25,759	270,400	492,877	0	36,234	1,143,351	1,143,351
<b>Total Medical Comp</b>	<b>1,669,812</b>	<b>2,856,336</b>	<b>2,271,953</b>	<b>997,933</b>	<b>481,261</b>	<b>458,511</b>	<b>1,690,051</b>	<b>451,573</b>	<b>3,268,941</b>	<b>21,475</b>	<b>622,360</b>	<b>14,790,206</b>	<b>14,790,206</b>
<b>Other Medical Expenses</b>													
416 Emergency Services	104,217	243,186	270,151	75,461	30,660	63,913	198,339	12,000	338,102	0	23,293	1,359,322	1,359,322
418 Pharmacy	126,273	344,113	654,517	192,337	258,398	1,875,020	1,810,616	74,900	1,710,231	4,496	47,346	7,098,247	7,098,247
420 Lab, X-ray, & med image	117,125	283,505	926,425	197,262	229,393	146,421	901,012	119,211	1,478,256	70	196,767	4,595,447	4,595,447
422 Outpatient Facility	24,995	139,539	242,124	83,815	66,919	152,806	299,108	24,201	381,525	1,028	79,571	1,495,631	1,495,631
424 Durable Med Equip	29,985	132,855	196,419	39,266	44,774	61,128	248,341	13,788	277,244	911	38,922	1,083,633	1,083,633
426 Dental	1,598	1,372,328	245,063	129,122	5,991	19,395	72,576	9,840	111,490	0	12,556	1,979,959	1,979,959
428 Transportation	52,964	92,798	162,501	55,025	21,811	167,660	389,641	31,478	469,323	0	23,417	1,466,618	1,466,618
430 NF, Home HC	6,622	3,846	8,655	3,142	15,988	41,694	158,057	35,497	126,535	0	1,843	401,879	401,879
432 Physical Therapy	11,560	39,047	63,646	17,843	22,876	9,514	85,847	9,735	181,443	292	1,839	443,642	443,642
434 Other Risk Pool Exp	0	0	0	0	0	0	0	0	0	0	0	0	0
436 Miscellaneous Med Exp	0	1,559	1,760	0	0	8,693	1,438	2,662	11,004	0	0	27,116	27,116
438 PPC-Other	9,938	58,653	102,630	39,900	21,116	19,349	17,449	175,274	514,589	0	43,438	1,002,336	1,002,336
<b>Total Other Medical</b>	<b>485,277</b>	<b>2,711,429</b>	<b>2,873,891</b>	<b>833,173</b>	<b>717,926</b>	<b>2,565,593</b>	<b>4,182,424</b>	<b>508,586</b>	<b>5,599,742</b>	<b>6,797</b>	<b>468,992</b>	<b>20,953,830</b>	<b>20,953,830</b>
<b>TOTAL MEDICAL EXP</b>	<b>5,486,702</b>	<b>5,898,943</b>	<b>6,863,254</b>	<b>2,358,389</b>	<b>1,512,058</b>	<b>3,120,210</b>	<b>9,049,644</b>	<b>2,836,056</b>	<b>15,337,201</b>	<b>28,272</b>	<b>2,277,928</b>	<b>54,768,657</b>	<b>54,768,657</b>
<b>Less:</b>													
440 Reinsurance	(273,436)	(40,672)	(157,593)	(169,359)	(129,798)	(126,482)	(2,250,870)	(306,482)	(1,264,334)	0	(8,923)	(4,727,949)	(4,727,949)
441 PPC-Reinsurance	(67,698)	(4,753)	(21,941)	(27,589)	(47,853)	0	(950)	(135,075)	(166,492)	0	(10,393)	(482,744)	(482,744)
442 Third Party Liability	(9,395)	(6,544)	(89,155)	(19,225)	(6,287)	(19,395)	(12,394)	(45,573)	(115,467)	0	(709)	(324,144)	(324,144)
<b>TOTAL NET MEDICAL EXP</b>	<b>5,136,173</b>	<b>5,846,974</b>	<b>6,594,565</b>	<b>2,142,216</b>	<b>1,328,120</b>	<b>2,974,333</b>	<b>6,785,430</b>	<b>2,348,926</b>	<b>13,790,908</b>	<b>28,272</b>	<b>2,257,903</b>	<b>49,233,820</b>	<b>49,233,820</b>
<b>TOTAL ADMIN EXP</b>													
	192,975	909,421	467,028	234,627	67,784	229,068	237,119	18,018	457,036	19,684	46,009	2,878,769	2,878,769
<b>TOTAL EXPENSES</b>	<b>5,329,148</b>	<b>6,756,395</b>	<b>7,061,593</b>	<b>2,376,843</b>	<b>1,395,904</b>	<b>3,203,401</b>	<b>7,022,549</b>	<b>2,366,944</b>	<b>14,247,944</b>	<b>47,956</b>	<b>2,303,912</b>	<b>52,112,589</b>	<b>52,112,589</b>
Inc (loss) from operations	240,327	(989,308)	64,997	(321,345)	233,335	713,650	1,458,271	634,921	408,454	(29,479)	151,122	2,564,945	2,564,945
Non-operating inc (loss)	0	0	0	0	0	0	0	0	0	0	0	0	0
Inc (loss) before taxes	240,327	(989,308)	64,997	(321,345)	233,335	713,650	1,458,271	634,921	408,454	(29,479)	151,122	2,564,945	2,564,945
Income taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Premium Tax Expense	95,175	91,748	116,020	37,291	27,496	66,565	165,218	62,174	248,382	254	39,889	950,212	950,212
<b>NET INCOME (LOSS)</b>	<b>145,152</b>	<b>(1,081,056)</b>	<b>(51,023)</b>	<b>(358,636)</b>	<b>205,839</b>	<b>647,085</b>	<b>1,293,053</b>	<b>572,747</b>	<b>160,072</b>	<b>(29,733)</b>	<b>111,233</b>	<b>1,614,733</b>	<b>1,614,733</b>

Profitability by Risk Group

PIMA HEALTH PLAN Year Ended: 06/30/2004 Santa Cruz County	TANF < 1 MF	TANF 1-13 MF	TANF 14-44 F	TANF 14-44 M	TANF 45+	SSI with Med	SSI with out Med	MED	Non - MED	SOBRA Family Planing	SOBRA Moms	Title XIX Total	Grand Total
<b>REVENUE &amp; EXPENSES</b>													
<b>Member Months</b>													
SOBRA FPS Mmbr Mths	0	0	0	0	0	0	0	0	0	199	0	199	199
PPC Member Months	44	662	293	193	83	38	48	20	373	0	45	1,799	1,799
Pros. Member Months	1,824	17,992	8,500	5,620	2,718	3,891	3,002	87	5,605	0	449	49,688	49,688
<b>Total Member Months</b>	<b>1,868</b>	<b>18,654</b>	<b>8,793</b>	<b>5,813</b>	<b>2,801</b>	<b>3,929</b>	<b>3,050</b>	<b>107</b>	<b>5,978</b>	<b>199</b>	<b>494</b>	<b>51,686</b>	<b>51,686</b>
Pros. & FPS Mbr. Mths	1,824	17,992	8,500	5,620	2,718	3,891	3,002	87	5,605	199	449	49,887	49,887
Pros. & PPC Mbr. Mths	1,868	18,654	8,793	5,813	2,801	3,929	3,050	107	5,978	0	494	51,487	51,487
<b>REVENUES</b>													
305 Capitation	674,869	1,588,693	1,361,625	653,060	880,100	957,940	1,545,133	62,631	1,920,395	2,140	71,885	9,718,471	9,718,471
310 PPC Capitation	51,431	25,493	44,580	23,702	23,465	1,134	3,702	30,091	215,444	0	6,901	425,943	425,943
312 Hospital Supplement	0	0	0	0	0	0	0	71,761	0	0	0	71,761	71,761
315 SOBRA Supplement	0	0	295,880	0	0	0	5,376	0	5,376	0	295,880	602,512	602,512
320 HIV-AIDS Supplement	0	0	0	0	0	0	0	0	0	0	0	0	0
321 TWG Settlement	0	0	0	0	0	0	0	0	298,247	0	0	298,247	298,247
322 PPC Settlement	0	0	0	0	0	0	0	0	0	0	0	0	0
325 Investment Income	1,420	13,934	6,555	4,375	2,107	3,016	2,328	66	4,345	154	347	38,647	38,647
330 Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL REVENUES</b>	<b>727,720</b>	<b>1,628,120</b>	<b>1,708,640</b>	<b>681,137</b>	<b>905,672</b>	<b>962,090</b>	<b>1,556,539</b>	<b>164,549</b>	<b>2,443,807</b>	<b>2,294</b>	<b>375,013</b>	<b>11,155,581</b>	<b>11,155,581</b>
<b>EXPENSES</b>													
<b>Hospitalization</b>													
402 Hospital Inpatient	375,149	58,441	469,341	240,454	102,173	8,800	528,115	861	356,931	0	113,135	2,253,400	2,253,400
404 Hosp Risk Pool Exp	0	0	0	0	0	0	0	0	0	0	0	0	0
406 PPC-Hospital Inpatient	13,356	2,902	3,139	15,200	0	0	11,555	30,725	57,892	0	3,183	137,952	137,952
<b>Total Hospitalization</b>	<b>388,505</b>	<b>61,343</b>	<b>472,480</b>	<b>255,654</b>	<b>102,173</b>	<b>8,800</b>	<b>539,670</b>	<b>31,586</b>	<b>414,823</b>	<b>0</b>	<b>116,318</b>	<b>2,391,352</b>	<b>2,391,352</b>
<b>Medical Compensation</b>													
408 Primary Care Phy	81,084	336,699	231,975	135,050	119,320	51,330	102,629	5,487	235,382	1,670	9,044	1,309,670	1,309,670
410 Referral Phy	81,725	283,136	269,976	98,677	128,682	29,440	314,431	14,426	269,550	107	68,833	1,558,983	1,558,983
412 Phy Risk Pool Exp	0	0	0	0	0	0	0	0	0	0	0	0	0
414 PPC - Physician Services	2,613	3,288	1,013	9,421	1,006	101	1,822	16,792	14,745	0	1,979	52,780	52,780
<b>Total Medical Comp</b>	<b>165,422</b>	<b>623,123</b>	<b>502,964</b>	<b>243,148</b>	<b>249,008</b>	<b>80,871</b>	<b>418,882</b>	<b>36,705</b>	<b>519,677</b>	<b>1,777</b>	<b>79,856</b>	<b>2,921,433</b>	<b>2,921,433</b>
<b>Other Medical Expenses</b>													
416 Emergency Services	15,951	75,114	44,789	22,266	8,059	3,233	15,262	531	35,181	0	1,871	222,257	222,257
418 Pharmacy	35,728	155,707	174,799	79,307	140,975	367,814	337,366	4,004	248,691	1,102	9,227	1,554,720	1,554,720
420 Lab, X-ray, & med image	19,856	118,576	226,221	74,406	99,309	23,510	137,206	5,320	259,053	0	20,095	983,552	983,552
422 Outpatient Facility	4,651	36,836	66,470	31,025	41,232	14,087	74,925	19	77,987	0	7,791	355,023	355,023
424 Durable Med Equip	6,138	32,299	39,163	8,816	16,675	2,781	24,045	330	23,100	0	5,307	158,654	158,654
426 Dental	60	365,470	45,533	33,227	2,429	2,730	3,964	489	11,659	0	1,443	467,004	467,004
428 Transportation	12,496	34,113	27,873	26,315	25,328	24,822	47,179	3,393	47,820	0	1,018	250,357	250,357
430 NF, Home HC	513	0	0	0	0	1,184	34,783	1,103	30,151	0	0	67,734	67,734
432 Physical Therapy	2,682	17,559	21,026	5,885	15,216	3,225	10,111	0	47,441	0	0	123,145	123,145
434 Other Risk Pool Exp	0	0	0	0	0	0	0	0	0	0	0	0	0
436 Miscellaneous Med Exp	0	0	0	0	0	1,081	0	0	0	0	0	1,081	1,081
438 PPC-Other	981	5,663	7,380	3,925	3,396	0	4,948	18,936	30,413	0	5,225	80,867	80,867
<b>Total Other Medical</b>	<b>99,056</b>	<b>841,337</b>	<b>653,254</b>	<b>285,172</b>	<b>352,619</b>	<b>444,467</b>	<b>689,789</b>	<b>34,125</b>	<b>811,496</b>	<b>1,102</b>	<b>51,977</b>	<b>4,264,394</b>	<b>4,264,394</b>
<b>TOTAL MEDICAL EXP</b>	<b>652,983</b>	<b>1,525,803</b>	<b>1,628,698</b>	<b>783,974</b>	<b>703,800</b>	<b>534,138</b>	<b>1,648,341</b>	<b>102,416</b>	<b>1,745,996</b>	<b>2,879</b>	<b>248,151</b>	<b>9,577,179</b>	<b>9,577,179</b>
<b>Less:</b>													
440 Reinsurance	(28,146)	(1,276)	(70,025)	(50,252)	(14,002)	(23)	(54,800)	0	(8,912)	0	(4,918)	(232,354)	(232,354)
441 PPC-Reinsurance	0	0	0	0	0	0	0	0	0	0	0	0	0
442 Third Party Liability	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL NET MEDICAL EXP</b>	<b>624,837</b>	<b>1,524,527</b>	<b>1,558,673</b>	<b>733,722</b>	<b>689,798</b>	<b>534,115</b>	<b>1,593,541</b>	<b>102,416</b>	<b>1,737,084</b>	<b>2,879</b>	<b>243,233</b>	<b>9,344,825</b>	<b>9,344,825</b>
<b>TOTAL ADMIN EXP</b>													
<b>TOTAL ADMIN EXP</b>	<b>23,689</b>	<b>233,049</b>	<b>109,686</b>	<b>73,180</b>	<b>35,234</b>	<b>50,439</b>	<b>38,919</b>	<b>1,115</b>	<b>72,636</b>	<b>2,572</b>	<b>5,817</b>	<b>646,336</b>	<b>646,336</b>
<b>TOTAL EXPENSES</b>													
<b>TOTAL EXPENSES</b>	<b>648,526</b>	<b>1,757,576</b>	<b>1,668,359</b>	<b>806,902</b>	<b>725,032</b>	<b>584,554</b>	<b>1,632,460</b>	<b>103,531</b>	<b>1,809,720</b>	<b>5,451</b>	<b>249,050</b>	<b>9,991,161</b>	<b>9,991,161</b>
Inc (loss) from operations	79,194	(129,456)	40,281	(125,765)	180,640	377,536	(75,921)	61,018	634,087	(3,157)	125,963	1,164,420	1,164,420
Non-operating inc (loss)	0	0	0	0	0	0	0	0	0	0	0	0	0
Inc (loss) before taxes	79,194	(129,456)	40,281	(125,765)	180,640	377,536	(75,921)	61,018	634,087	(3,157)	125,963	1,164,420	1,164,420
Income taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Premium Tax Expense	14,064	30,255	33,497	13,701	17,162	17,895	30,101	3,322	40,328	41	7,215	207,581	207,581
<b>NET INCOME (LOSS)</b>	<b>65,130</b>	<b>(159,711)</b>	<b>6,784</b>	<b>(139,466)</b>	<b>163,478</b>	<b>359,641</b>	<b>(106,022)</b>	<b>57,696</b>	<b>593,759</b>	<b>(3,198)</b>	<b>118,748</b>	<b>956,839</b>	<b>956,839</b>

Profitability by Risk Group

PIMA HEALTH PLAN Year Ended: 06/30/2004 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	MED	Non - MED	SOBRA Family Planning	SOBRA Moms	Title XIX Total	Grand Total	
<b>REVENUE &amp; EXPENSES</b>															
<b>Member Months</b>															
SOBRA FPS Mmbr Mths	0	0	0	0	0	0	0	0	0	0	1,611	0	1,611	1,611	
PPC Member Months	524	5,959	3,422	1,804	528	12,237	423	567	346	5,040	0	721	19,334	19,334	
Pros. Member Months	15,625	82,838	41,771	22,375	7,568	170,177	20,250	19,954	1,406	38,334	0	3,725	253,846	253,846	
<b>Total Member Months</b>	<b>16,149</b>	<b>88,797</b>	<b>45,193</b>	<b>24,179</b>	<b>8,096</b>	<b>182,414</b>	<b>20,673</b>	<b>20,521</b>	<b>1,752</b>	<b>43,374</b>	<b>1,611</b>	<b>4,446</b>	<b>274,791</b>	<b>274,791</b>	
Pros. & FPS Mbr. Mths	15,625	82,838	41,771	22,375	7,568	170,177	20,250	19,954	1,406	38,334	1,611	3,725	255,457	255,457	
Pros. & PPC Mbr. Mths	16,149	88,797	45,193	24,179	8,096	182,414	20,673	20,521	1,752	43,374	0	4,446	273,180	273,180	
<b>REVENUES</b>															
305 Capitation	5,677,676	7,194,305	6,547,248	2,530,654	2,392,673	24,342,556	4,755,061	9,901,568	912,438	12,139,463	19,499	581,714	52,652,299	52,652,299	
310 PPC Capitation	614,228	221,051	506,866	209,154	141,884	1,693,183	12,225	44,591	449,430	2,592,168	0	107,312	4,898,909	4,898,909	
312 Hospital Supplement	0	0	0	0	0	0	0	0	1,812,075	604,833	0	0	2,416,908	2,416,908	
315 SOBRA Supplement	0	0	1,799,416	0	0	1,799,416	10,524	52,229	0	37,079	0	2,146,081	4,045,329	4,045,329	
320 HIV-AIDS Supplement	0	0	3,620	4,597	2,153	10,370	91,380	33,071	0	92,229	0	0	227,050	227,050	
321 TWG Settlement	0	0	0	0	0	0	0	0	0	1,675,493	0	0	1,675,493	1,675,493	
322 PPC Settlement	(7,048)	(85,381)	(54,785)	(25,407)	(7,749)	(180,370)	(6,004)	(9,837)	(8,641)	(71,297)	0	(8,011)	(284,160)	(284,160)	
325 Investment Income	11,967	63,440	31,934	17,182	5,821	130,344	15,507	15,279	1,083	29,364	1,235	2,864	195,676	195,676	
330 Other Income	372	1,792	931	455	129	3,679	448	458	29	873	37	87	5,611	5,611	
<b>TOTAL REVENUES</b>	<b>6,297,195</b>	<b>7,395,207</b>	<b>8,835,230</b>	<b>2,736,635</b>	<b>2,534,911</b>	<b>27,799,178</b>	<b>4,879,141</b>	<b>10,037,359</b>	<b>3,166,414</b>	<b>17,100,205</b>	<b>20,771</b>	<b>2,830,047</b>	<b>65,833,115</b>	<b>65,833,115</b>	
<b>EXPENSES</b>															
<b>Hospitalization</b>															
402 Hospital Inpatient	3,328,454	344,874	2,010,721	627,201	372,992	6,684,242	104,030	3,620,697	826,616	5,043,549	0	1,252,971	17,532,105	17,532,105	
404 Hosp Risk Pool Exp	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
406 PPC-Hospital Inpatient	391,664	47,647	179,169	155,736	42,052	816,268	876	96,142	1,080,867	1,839,792	0	49,923	3,883,868	3,883,868	
<b>Total Hospitalization</b>	<b>3,720,118</b>	<b>392,521</b>	<b>2,189,890</b>	<b>782,937</b>	<b>415,044</b>	<b>7,500,510</b>	<b>104,906</b>	<b>3,716,839</b>	<b>1,907,483</b>	<b>6,883,341</b>	<b>0</b>	<b>1,302,894</b>	<b>21,415,973</b>	<b>21,415,973</b>	
<b>Medical Compensation</b>															
408 Primary Care Phy	630,713	2,216,501	1,363,232	547,865	352,507	5,110,818	316,981	700,407	72,197	1,534,555	20,347	103,299	7,858,604	7,858,604	
410 Referral Phy	1,098,283	1,210,219	1,323,112	629,860	359,689	4,621,163	215,857	1,380,945	128,889	1,746,441	2,905	560,704	8,656,904	8,656,904	
412 Phy Risk Pool Exp	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
414 PPC - Physician Services	106,238	52,739	88,573	63,356	18,073	328,979	6,544	27,581	287,192	507,622	0	38,213	1,196,131	1,196,131	
<b>Total Medical Comp</b>	<b>1,835,234</b>	<b>3,479,459</b>	<b>2,774,917</b>	<b>1,241,081</b>	<b>730,269</b>	<b>10,060,960</b>	<b>539,382</b>	<b>2,108,933</b>	<b>488,278</b>	<b>3,788,618</b>	<b>23,252</b>	<b>702,216</b>	<b>17,711,639</b>	<b>17,711,639</b>	
<b>Other Medical Expenses</b>															
416 Emergency Services	120,168	318,300	314,940	97,727	38,719	889,854	67,146	213,601	12,531	373,283	0	25,164	1,581,579	1,581,579	
418 Pharmacy	162,001	499,820	829,316	271,644	399,373	2,162,154	2,242,834	2,147,982	78,904	1,958,922	5,598	56,573	8,652,967	8,652,967	
420 Lab, X-ray, & med image	136,981	402,081	1,152,646	271,668	328,702	2,292,078	169,931	1,038,218	124,531	1,737,309	70	216,862	5,578,999	5,578,999	
422 Outpatient Facility	29,646	176,375	308,594	114,840	108,151	737,606	166,893	374,033	24,220	459,512	1,028	87,362	1,850,654	1,850,654	
424 Durable Med Equip	36,123	165,154	235,582	48,082	61,449	546,390	63,909	272,386	14,118	300,344	911	44,229	1,242,287	1,242,287	
426 Dental	1,658	1,737,798	290,596	162,349	8,420	2,200,821	22,125	76,540	10,329	123,149	0	13,999	2,446,963	2,446,963	
428 Transportation	65,460	126,911	190,374	81,340	47,139	511,224	192,482	436,820	34,871	517,143	0	24,435	1,716,975	1,716,975	
430 NF, Home HC	7,135	3,846	8,655	3,142	15,988	38,766	42,878	192,840	36,600	156,686	0	1,843	469,613	469,613	
432 Physical Therapy	14,242	56,606	84,672	23,728	38,092	217,340	12,739	95,958	9,735	228,884	292	1,839	566,787	566,787	
434 Other Risk Pool Exp	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
436 Miscellaneous Med Exp	0	1,559	1,780	0	0	3,319	9,774	1,438	2,662	11,004	0	0	28,197	28,197	
438 PPC-Other	10,919	64,316	110,010	43,825	24,512	253,582	19,349	22,397	194,210	545,002	0	48,663	1,083,203	1,083,203	
<b>Total Other Medical</b>	<b>584,333</b>	<b>3,552,766</b>	<b>3,527,145</b>	<b>1,118,345</b>	<b>1,070,545</b>	<b>9,853,134</b>	<b>3,010,060</b>	<b>4,872,213</b>	<b>542,711</b>	<b>6,411,238</b>	<b>7,899</b>	<b>520,969</b>	<b>25,218,224</b>	<b>25,218,224</b>	
<b>TOTAL MEDICAL EXP</b>	<b>6,139,685</b>	<b>7,424,746</b>	<b>8,491,952</b>	<b>3,142,363</b>	<b>2,215,858</b>	<b>27,414,604</b>	<b>3,654,348</b>	<b>10,697,985</b>	<b>2,938,472</b>	<b>17,083,197</b>	<b>31,151</b>	<b>2,526,079</b>	<b>64,345,836</b>	<b>64,345,836</b>	
<b>Less:</b>															
440 Reinsurance	(301,582)	(41,948)	(227,618)	(219,611)	(143,800)	(934,559)	(126,505)	(2,305,670)	(306,482)	(1,273,246)	0	(13,841)	(4,960,303)	(4,960,303)	
441 PPC-Reinsurance	(67,698)	(4,753)	(21,941)	(27,589)	(47,853)	(169,834)	0	(950)	(135,075)	(166,492)	0	(10,393)	(482,744)	(482,744)	
442 Third Party Liability	(9,395)	(6,544)	(89,155)	(19,225)	(6,287)	(130,606)	(19,395)	(12,394)	(45,573)	(115,467)	0	(709)	(324,144)	(324,144)	
<b>TOTAL NET MEDICAL EXP</b>	<b>5,761,010</b>	<b>7,371,501</b>	<b>8,153,238</b>	<b>2,875,938</b>	<b>2,017,918</b>	<b>26,179,605</b>	<b>3,508,448</b>	<b>8,378,971</b>	<b>2,451,342</b>	<b>15,527,992</b>	<b>31,151</b>	<b>2,501,136</b>	<b>58,578,645</b>	<b>58,578,645</b>	
<b>TOTAL ADMIN EXP</b>	<b>216,664</b>	<b>1,142,470</b>	<b>576,714</b>	<b>307,807</b>	<b>103,018</b>	<b>2,346,673</b>	<b>279,507</b>	<b>276,038</b>	<b>19,133</b>	<b>529,672</b>	<b>22,256</b>	<b>51,826</b>	<b>3,525,105</b>	<b>3,525,105</b>	
<b>TOTAL EXPENSES</b>	<b>5,977,674</b>	<b>8,513,971</b>	<b>8,729,952</b>	<b>3,183,745</b>	<b>2,120,936</b>	<b>28,526,278</b>	<b>3,787,955</b>	<b>8,655,009</b>	<b>2,470,475</b>	<b>16,057,664</b>	<b>53,407</b>	<b>2,552,962</b>	<b>62,103,750</b>	<b>62,103,750</b>	
Inc (loss) from operations	319,521	(1,118,764)	105,278	(447,110)	413,975	(727,100)	1,091,186	1,382,350	695,939	1,042,541	(32,636)	277,085	3,729,365	3,729,365	
Non-operating inc (loss)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Inc (loss) before taxes	319,521	(1,118,764)	105,278	(447,110)	413,975	(727,100)	1,091,186	1,382,350	695,939	1,042,541	(32,636)	277,085	3,729,365	3,729,365	
Income taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Premium Tax Expense	109,239	122,003	149,517	50,992	44,658	476,409	84,460	195,319	65,496	288,710	295	47,104	1,157,793	1,157,793	
<b>NET INCOME (LOSS)</b>	<b>210,282</b>	<b>(1,240,767)</b>	<b>(44,239)</b>	<b>(498,102)</b>	<b>369,317</b>	<b>(1,203,509)</b>	<b>1,006,726</b>	<b>1,187,031</b>	<b>630,443</b>	<b>753,831</b>	<b>(32,931)</b>	<b>229,981</b>	<b>2,571,572</b>	<b>2,571,572</b>	

**PIMA HEALTH PLAN**  
**Year Ended: 06/30/2004**  
**PPC Claims Lag Report**  
**Expense Type: Hospital**

<b>Payment Qtr</b>	<b>Current</b>	<b>1st Prior</b>	<b>2nd Prior</b>	<b>3rd Prior</b>	<b>4th Prior</b>	<b>5th Prior</b>	<b>6th Prior*</b>	<b>Total</b>
<b>Current</b>	883,201	355,727	181,374	30,865	5,564	9,678	-	1,466,409
<b>1st Prior</b>		218,002	656,849	105,095	9,532	(10,738)	621	979,361
<b>2nd Prior</b>			197,886	382,009	67,557	47,863	(8,463)	686,852
<b>3rd Prior</b>				108,391	288,308	110,404	57,387	564,490
<b>4th Prior</b>					388,099	86,361	84,072	558,532
<b>5th Prior</b>						157,352	372,528	529,880
<b>6th Prior*</b>							3,181,973	3,181,973
<b>Totals</b>	883,201	573,729	1,036,109	626,360	759,060	400,920	3,688,118	7,967,497
<b>Expense</b>	1,311,345	1,035,014	986,415	551,094	598,120	464,943	3,342,815	8,289,746
<b>Adjustment</b>		(443,839)	49,694	75,266	160,940	(64,023)	345,303	123,341
<b>Remaining</b>	428,144	17,446	-	-	-	-	-	445,590

\* 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 PLAN**  
**Year Ended: 06/30/2004**  
**PPC Claims Lag Report**  
**Expense Type: Medical**

<b>Payment Qtr</b>	<b>Current</b>	<b>1st Prior</b>	<b>2nd Prior</b>	<b>3rd Prior</b>	<b>4th Prior</b>	<b>5th Prior</b>	<b>6th Prior*</b>	<b>Total</b>
<b>Current</b>	276,144	58,760	33,278	2,642	3,872	613	265	375,574
<b>1st Prior</b>		77,773	211,440	26,652	4,460	381	82	320,788
<b>2nd Prior</b>			57,441	121,019	11,725	2,413	2,983	195,581
<b>3rd Prior</b>				36,013	75,814	7,944	1,443	121,214
<b>4th Prior</b>					101,267	44,011	23,116	168,394
<b>5th Prior</b>						43,861	116,952	160,813
<b>6th Prior*</b>							950,472	950,472
<b>Totals</b>	276,144	136,533	302,159	186,326	197,138	99,223	1,095,313	2,292,836
<b>Expense</b>	442,057	342,761	244,839	166,474	137,134	168,464	975,903	2,477,632
<b>Adjustment</b>		(149,867)	57,320	19,852	60,004	(69,241)	119,410	37,478
<b>Remaining</b>	165,913	56,361	-	-	-	-	-	222,274

\* 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 PLAN**  
**Year Ended: 06/30/2004**  
**PPC Claims Lag Report**  
**Expense Type: Other**

<b>Payment Qtr</b>	<b>Current</b>	<b>1st Prior</b>	<b>2nd Prior</b>	<b>3rd Prior</b>	<b>4th Prior</b>	<b>5th Prior</b>	<b>6th Prior*</b>	<b>Total</b>
<b>Current</b>	259,191	57,943	70,041	6,356	736	570	(1,108)	393,729
<b>1st Prior</b>		55,487	182,261	37,681	2,471	487	(82)	278,305
<b>2nd Prior</b>			38,633	118,059	13,875	3,811	1,660	176,038
<b>3rd Prior</b>				32,048	121,723	32,747	4,156	190,674
<b>4th Prior</b>					120,251	16,171	29,055	165,477
<b>5th Prior</b>						32,824	121,403	154,227
<b>6th Prior*</b>							837,453	837,453
<b>Totals</b>	259,191	113,430	290,935	194,144	259,056	86,610	992,537	2,195,903
<b>Expense</b>	385,596	342,038	215,290	140,279	197,959	165,278	870,163	2,316,603
<b>Adjustment</b>		(180,341)	75,645	53,865	61,097	(78,668)	122,374	53,972
<b>Remaining</b>	126,405	48,267	-	-	-	-	-	174,672

\* 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 PLAN  
OFFICERS AND DIRECTORS  
Year Ended June 30, 2004

<u>NAME</u>	<u>TITLE</u>	<u>OTHER RELATIONSHIP TO PLAN</u>	<u>TYPE OF COMPENSATION</u>
DiCicco, Melanie	Behavioral Health Manager	None	Salary
Eyde, Kathy	Preventative & Maternal Child Health Manager	None	Salary
Frederick, Pam	Quality Management Manager	None	Salary
Hartsfield, Kelli	Grievance Coordinator	None	Salary
Kaehler, Mary	Plan Administrator	None	Salary
Le Blanc, Marcia	Contracts, Provider & Member Services Manager	None	Salary
Newton, Marita	Corporate Compliance & Privacy Officer	None	Salary
Peterson, Timothy, M.D.	Medical Director	None	Salary
Russell, R. Mark, M.D.	Medical Director	None	Salary
Terry, Donna	Chief Financial Officer	None	Salary
Toro, Anthony	Claims Manager	None	Salary
Wortman, Susan	Utilization Management Manager	None	Salary

**PIMA HEALTH CARE SYSTEM**  
**AHCCCS Schedule 6**  
**Summary Financial Data (11)**  
**Year Ended June 30, 2004**

	<u>Total</u>	<u>Per Member Per Month</u>
Capitation revenues	\$ 65,564,889	\$ 238.60
Reinsurance claims revenue	5,443,047	19.81
Other income	396,694	1.44
Medical claims expense (1)	64,345,836	234.16
Net medical claims expense (2)	58,902,789	214.35
Expenses other than medical claims (10)	4,682,898	17.04
Net income	2,571,572	9.36

	<u>Total</u>	<u>Per Enrollee</u>
Cash and cash equivalents	\$ 15,155,251	\$ 596.59
Total assets	18,290,222	720.00
Accrued medical and health care claims (3)	10,960,331	431.46
Non-medical payables	3,319,578	130.68
Net assets	4,010,313	157.87

	<u>Ratio</u>
Medical claims expense to total revenue	.90 to 1.00
Net medical claims expense to capitation revenue	.90 to 1.00
Expenses other than medical claims to total revenue	.07 to 1.00
Expenses other than medical claims to capitation revenue	.07 to 1.00
Net income to capitation revenues	.04 to 1.00
Current assets to current liabilities (working capital ratio)	1.28 to 1.00
Cash and cash equivalents to accrued medical and health care claims	1.38 to 1.00

	<u>Percent</u>
Operating margin (4)	10.16
Return on capitation revenues (5)	3.92
Return on equity (6)	64.12
Return on total assets (7)	14.06

	<u>Days</u>
Received but unpaid claims days outstanding (8)	23
Accrued medical and health care claims days outstanding (9)	47

- (1) Medical claims expense includes \$1,029,869 in subcapitation expense.
- (2) Net medical claims expense represents medical claims expense net of reinsurance claims revenues.
- (3) Accrued medical and health care claims plus due to other programs. This amount includes \$5,435,250 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 the average daily medical claims expense net of subcapitation expense for the fourth quarter of fiscal year 2004. This metric usually utilizes the average daily medical claims expense computed for the entire fiscal year. However, with the rapid membership growth since October 2003, the average daily medical expense has increased significantly. When utilizing the average daily medical claims expense for the entire fiscal year, this metric totals 31 days. However, PHS believes that utilizing only the most recent quarter's medical expenses to compute average daily medical claims expense is more appropriate. At no point during the first three quarters of fiscal year 2004 was the Received but unpaid claims outstanding ratio over 27 using the traditional year to date computation method.
- (9) Accrued medical and health care claims divided by average daily medical expense net of subcapitation expense.
- (10) Expenses other than medical claims include \$1,157,793 of premium taxes.
- (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 6/30/04

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 6/30/04

<-----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	102,445	9,464	-	-	111,909	3,477,089	3,588,998
HCBS	1,167,827	14,531	-	-	1,182,358	1,892,063	3,074,421
Acute Care	1,064,829	30,446	1,515	1,634	1,098,424	2,171,210	3,269,634
Other Medical	162,670	2,123	3,216	679	168,688	176,024	344,712
Total Prospective	2,497,771	56,564	4,731	2,313	2,561,379	7,716,386	10,277,765
Total Prior Period Coverage	18,984	12	28	-	19,024	72,651	91,675
<b>TOTAL CLAIMS PAYABLE</b>	<b>2,516,755</b>	<b>56,576</b>	<b>4,759</b>	<b>2,313</b>	<b>2,580,403</b>	<b>7,789,037</b>	<b>10,369,440</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 6/30/04

**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	11,732,641	3,149,629	103,400	49,935	9,249	(2,239)	-	15,042,615
2	1ST PRIOR		9,900,990	4,153,691	51,834	22,943	10,721	54	14,140,233
3	2ND PRIOR			10,214,809	4,165,309	108,386	41,280	8,500	14,538,284
4	3RD PRIOR				10,634,903	3,215,254	116,513	47,846	14,014,516
5	4TH PRIOR					12,310,768	3,257,592	29,028	15,597,388
6	5TH PRIOR						9,637,548	3,380,494	13,018,042
7	6TH PRIOR							9,046,442	9,046,442
8	TOTALS	11,732,641	13,050,619	14,471,900	14,901,981	15,666,600	13,061,415	12,512,364	95,397,520
9	EXPENSE REPORTED	14,956,643	14,189,976	14,787,144	14,567,631	14,947,791	12,540,340	12,700,670	98,690,195
10	ADJUSTMENT		895,889	218,832	(356,833)	(721,442)	(521,075)	188,306	(296,323)
11	REMAINING LIABILITY	3,224,002	243,468	96,412	22,483	2,633	-	-	3,588,998

**NOTE: We are now able to separate the payments and IBNR for the Vent Dependent Members and have adjusted the above payments and expenses.**

REPORT #2 EXPENSES	\$	15,108,687
LESS: PPC		(152,044)
	\$	14,956,643

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 6/30/04

**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	5,496,026	2,303,546	30,066	4,177	(723)	(95)	-	7,832,997
2	1ST PRIOR		6,014,586	1,579,765	117,618	484	(62)	306	7,712,697
3	2ND PRIOR			6,641,338	1,037,620	14,901	5,859	8,235	7,707,953
4	3RD PRIOR				7,170,880	798,441	17,221	322	7,986,864
5	4TH PRIOR					5,667,782	1,544,537	21,905	7,234,224
6	5TH PRIOR						5,309,775	1,455,716	6,765,491
7	6TH PRIOR							4,682,513	4,682,513
8	TOTALS	5,496,026	8,318,132	8,251,169	8,330,295	6,480,885	6,877,235	6,168,997	49,922,739
9	EXPENSE REPORTED	8,291,354	8,184,854	8,029,367	8,258,825	7,149,947	5,989,412	6,217,249	52,121,008
10	ADJUSTMENT		(346,953)	(262,877)	(95,813)	669,062	(887,823)	48,252	(876,152)
11	REMAINING LIABILITY	2,795,328	213,675	41,075	24,343	-	-	-	3,074,421

**NOTE: We are now able to separate the payments and IBNR for the Vent Dependent Members and have adjusted the above payments and expenses.**

REPORT #2 EXPENSES	\$	8,291,354
LESS: PPC		<u>-</u>
	\$	8,291,354

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 6/30/04

**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	4,453,232	2,897,446	288,060	90,938	6,784	2,576	(684)	7,738,352
2	1ST PRIOR		3,963,066	3,192,846	160,425	49,940	5,662	50,267	7,422,206
3	2ND PRIOR			4,606,526	1,611,194	188,304	85,491	28,286	6,519,801
4	3RD PRIOR				6,457,448	759,906	295,847	73,899	7,587,100
5	4TH PRIOR					6,153,426	1,178,677	526,571	7,858,674
6	5TH PRIOR						4,398,593	2,653,183	7,051,776
7	6TH PRIOR							4,599,741	4,599,741
8	TOTALS	4,453,232	6,860,512	8,087,432	8,320,005	7,158,360	5,966,846	7,931,263	48,777,650
9	EXPENSE REPORTED	7,492,833	7,606,994	7,548,468	7,982,374	8,020,764	7,089,220	6,131,844	51,872,497
10	ADJUSTMENT		618,664	(599,023)	(365,209)	850,767	1,119,433	(1,799,419)	(174,787)
11	REMAINING LIABILITY	3,039,601	127,818	60,059	27,578	11,637	2,941	-	3,269,634

**NOTE: We are now able to separate the payments and IBNR for the Vent Dependent Members and have adjusted the above payments and expenses.**

REPORT #2 EXPENSES \$	7,510,682
LESS: PPC	<u>(17,849)</u>
\$	7,492,833

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 6/30/04

**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	926,078	137,257	35,228	527	-	-	217	1,099,307	
2	1ST PRIOR		735,261	334,389	49,060	1,871	160	383	1,121,124	
3	2ND PRIOR			648,689	252,871	2,202	2,671	599	907,032	
4	3RD PRIOR				780,993	183,611	16,567	345	981,516	
5	4TH PRIOR					702,198	231,688	2,582	936,468	
6	5TH PRIOR						614,706	368,509	983,215	
7	6TH PRIOR							672,282	672,282	
8	TOTALS	926,078	872,518	1,018,306	1,083,451	889,882	865,792	1,044,917	6,700,944	
9	EXPENSE REPORTED	1,160,173	890,916	1,101,696	1,022,671	864,541	852,926	1,019,831	6,912,754	
10	ADJUSTMENT		(67,213)	60,235	(62,631)	(25,341)	(12,866)	(25,086)	(132,902)	
11	REMAINING LIABILITY	234,095	85,611	23,155	1,851	-	-	-	344,712	

**NOTE: We are now able to separate the payments and 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 6/30/04

Account #	Account Description	MEDICARE	NON-MEDICARE	TOTAL
Revenues:				
305	Capitation	90,355,978	24,901,253	115,257,231
310	PPC Capitation	788,515	73,816	862,331
320	HIV-AIDS /Supplement	97,718	26,931	124,649
325	Investment Income *	125,680	34,636	160,316
335	Patient Contributions	2,164	597	2,761
340	HCBS Placement Reconciliation *	85,761	23,635	109,396
345	Share of Cost (SOC) Reconciliation *	64,338	17,731	82,069
330	Other Income (Specify)	24,985	6,886	31,871
TOTAL REVENUES		\$ 91,545,139	\$ 25,085,485	\$ 116,630,624

Institutional Care Expenses:				
400	Level I	16,912,908	3,712,590	20,625,498
402	Level II	21,587,266	4,111,861	25,699,127
404	Level III	7,361,837	1,198,439	8,560,276
406				
408				
410	PPC Institutional	469,733	19,572	489,305
412	Share of Cost (SOC) Reconciliation *	-	-	-
TOTAL INSTITUTIONAL CARE		\$ 46,331,744	\$ 9,042,462	\$ 55,374,206

Home & Community Bases Services (HCBS)Expenses:				
414	Home Health Nurse	1,158,496	838,912	1,997,408
416	Home Health Aide	4,342	5,756	10,098
418	Personal Care	3,640,412	1,213,470	4,853,882
420	Homemaker	1,057,009	280,977	1,337,986
422	Home Delivered Meals	262,118	65,530	327,648
424	Respite Care	616,829	216,723	833,552
426	Attendant Care	7,250,877	2,961,626	10,212,503
428	Assisted Living Home	4,353,452	708,702	5,062,154
430	Adult Day Health	205,484	28,021	233,505
432	Adult Foster Care	1,089,578	363,193	1,452,771
434	Group Respite	-	-	-
436	Hospice	-	420,220	420,220
438	Environmental Modifications	10,402	5,359	15,761
440	HCBS Placement Reconciliation *	-	-	-
442	Assisted Living Center	2,755,886	1,071,733	3,827,619
444	Other (Lifeline, Sheltered Employment)	440,861	38,336	479,197
TOTAL HCBS		\$ 22,845,746	\$ 8,218,558	\$ 31,064,304

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 6/30/04

Account #	Account Description	MEDICARE	NON-MEDICARE	TOTAL
Acute Care Expenses:				
448	Inpatient Services (Hosp.)	837,049	5,141,869	5,978,918
450	Primary Care Physician Services	520,293	1,105,623	1,625,916
452	Referral Physician Services	821,960	1,746,665	2,568,625
454	Emergency Services	85,433	108,732	194,165
456	Out Patient Facility	354,854	416,568	771,422
458	Prescription Drug	7,611,207	3,581,744	11,192,951
460	Lab/Radiology	293,079	1,039,100	1,332,179
462	Durable Medical Equipment	313,286	1,048,829	1,362,115
464	Dental	19,632	23,995	43,627
466	Transportation	1,551,455	950,893	2,502,348
468	Therapies	43,465	391,186	434,651
470	Outpatient Behavioral Health	515,328	581,115	1,096,443
471	PPC Acute Care	97,247	4,052	101,299
472	Other (Specify)	-	-	-
TOTAL ACUTE CARE		\$ 13,064,288	\$ 16,140,371	\$ 29,204,659

Other Medical Expenses:				
474	Ventilator Dependent	1,398,253	2,380,809	3,779,062
476	Risk Pool Adjustment	-	-	-
477	PPC - Other	48	-	48
479	Other (Specify)	-	-	-
TOTAL OTHER MEDICAL		\$ 1,398,301	\$ 2,380,809	\$ 3,779,110

Reduction to Medical Expenses:				
480	Reinsurance	3,944,098	4,630,029	8,574,127
481	PPC - Reinsurance	-	19,510	19,510
482	Third Party Liability Recoveries	255,465	2,580	258,045
TOTAL REDUCTION TO MEDICAL EXPENSES		\$ 4,199,563	\$ 4,652,119	\$ 8,851,682
TOTAL MEDICAL EXPENSE:		\$ 79,440,516	\$ 31,130,081	\$ 110,570,597

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 6/30/04

Account #	Account Description	MEDICARE	NON-MEDICARE	TOTAL
Administrative Expenses:*				
484	Compensation	2,470,958	680,972	3,151,930
486	Case Management	3,495,585	963,350	4,458,935
488	Data Processing	223,184	61,508	284,692
490	Management Fees	-	-	-
492	Interest Expense	-	-	-
494	Occupancy	525,917	144,937	670,854
496	Depreciation	-	-	-
497	Other (Specify)	1,594,612	439,460	2,034,072
TOTAL ADMINISTRATION		\$ 8,310,256	\$ 2,290,227	\$ 10,600,483

TOTAL EXPENSE		\$ 87,750,772	\$ 33,420,308	\$ 121,171,080
INCOME FROM OPERATIONS		\$ 3,794,367	\$ (8,334,823)	\$ (4,540,456)
498	Non-Operating Income (Loss)			
INCOME(LOSS) BEFORE INCOME TAXES		\$ 3,794,367	\$ (8,334,823)	\$ (4,540,456)
499	Income Taxes	1,453,709	452,846	1,906,555
NET INCOME(LOSS) AFTER INCOME TAXES		\$ 2,340,658	\$ (8,787,669)	\$ (6,447,011)

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 6/30/04

Account #	Account Description	MEDICARE	NON-MEDICARE	TOTAL
Revenues:				
305	Capitation	4,650,836	1,550,278	6,201,114
310	PPC Capitation	19,752	658	20,410
320	HIV-AIDS /Supplement	5,967	1,989	7,956
325	Investment Income *	7,675	2,558	10,233
335	Patient Contributions	132	44	176
340	HCBS Placement Reconciliation *	5,237	1,746	6,983
345	Share of Cost (SOC) Reconciliation *	3,929	1,310	5,239
330	Other Income (Specify)	1,526	508	2,034
TOTAL REVENUES		\$ 4,695,054	\$ 1,559,091	\$ 6,254,145

Institutional Care Expenses:				
400	Level I	911,864	173,688	1,085,552
402	Level II	1,402,458	384,113	1,786,571
404	Level III	543,391	200,982	744,373
406		-	-	-
408		-	-	-
410	PPC Institutional	34,016	-	34,016
412	Share of Cost (SOC) Reconciliation *	-	-	-
TOTAL INSTITUTIONAL CARE		\$ 2,891,729	\$ 758,783	\$ 3,650,512

Home & Community Bases Services (HCBS)Expenses:				
414	Home Health Nurse	27,311	13,452	40,763
416	Home Health Aide	312	-	312
418	Personal Care	83,209	15,849	99,058
420	Homemaker	18,295	9,011	27,306
422	Home Delivered Meals	41,631	16,190	57,821
424	Respite Care	31,370	31,370	62,740
426	Attendant Care	862,389	272,333	1,134,722
428	Assisted Living Home	151,865	59,058	210,923
430	Adult Day Health	-	-	-
432	Adult Foster Care	-	-	-
434	Group Respite	-	-	-
436	Hospice	-	22,117	22,117
438	Environmental Modifications	-	830	830
440	HCBS Placement Reconciliation *	-	-	-
442	Assisted Living Center	29,384	9,279	38,663
444	Other (Lifeline, Sheltered Employment)	3,872	968	4,840
TOTAL HCBS		\$ 1,249,638	\$ 450,457	\$ 1,700,095

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 6/30/04

Account #	Account Description	MEDICARE	NON-MEDICARE	TOTAL
<b>Acute Care Expenses:</b>				
448	Inpatient Services (Hosp.)	15,734	298,946	314,680
450	Primary Care Physician Services	25,672	59,902	85,574
452	Referral Physician Services	40,557	94,634	135,191
454	Emergency Services	4,369	3,721	8,090
456	Out Patient Facility	29,515	37,565	67,080
458	Prescription Drug	406,481	182,622	589,103
460	Lab/Radiology	21,258	63,775	85,033
462	Durable Medical Equipment	11,278	91,247	102,525
464	Dental	1,363	454	1,817
466	Transportation	50,047	54,218	104,265
468	Therapies	7,320	15,556	22,876
470	Outpatient Behavioral Health	5,538	5,538	11,076
471	PPC Acute Care	2,512	-	2,512
472	Other (Specify)	-	-	-
	<b>TOTAL ACUTE CARE</b>	<b>\$ 621,644</b>	<b>\$ 908,178</b>	<b>\$ 1,529,822</b>
<b>Other Medical Expenses:</b>				
474	Ventilator Dependent	-	396,394	396,394
476	Risk Pool Adjustment	-	-	-
477	PPC - Other	-	-	-
479	Other (Specify)	-	-	-
	<b>TOTAL OTHER MEDICAL</b>	<b>\$ -</b>	<b>\$ 396,394</b>	<b>\$ 396,394</b>
<b>Reduction to Medical Expenses:</b>				
480	Reinsurance	-	-	-
481	PPC - Reinsurance	-	-	-
482	Third Party Liability Recoveries	-	-	-
	<b>TOTAL REDUCTION TO MEDICAL EXPENSES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
	<b>TOTAL MEDICAL EXPENSE:</b>	<b>\$ 4,763,011</b>	<b>\$ 2,513,812</b>	<b>\$ 7,276,823</b>

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 6/30/04

Account #	Account Description	MEDICARE	NON-MEDICARE	TOTAL
Administrative Expenses:*				
484	Compensation	159,253	53,085	212,338
486	Case Management	225,290	75,097	300,387
488	Data Processing	14,384	4,795	19,179
490	Management Fees	-	-	-
492	Interest Expense	-	-	-
494	Occupancy	33,895	11,298	45,193
496	Depreciation	-	-	-
497	Other (Specify)	102,773	34,258	137,031
TOTAL ADMINISTRATION		\$ 535,595	\$ 178,533	\$ 714,128

TOTAL EXPENSE		\$ 5,298,606	\$ 2,692,345	\$ 7,990,951
INCOME FROM OPERATIONS		\$ (603,552)	\$ (1,133,254)	\$ (1,736,806)
498	Non-Operating Income (Loss)			
INCOME(LOSS) BEFORE INCOME TAXES		\$ (603,552)	\$ (1,133,254)	\$ (1,736,806)
499	Income Taxes	71,820	23,848	95,668
NET INCOME(LOSS) AFTER INCOME TAXES		\$ (675,372)	\$ (1,157,102)	\$ (1,832,474)

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 6/30/04

**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)	2,880	2,880	778	778	3,658	3,658
B. Member Months (Unduplicated)	8,508	33,781	2,331	9,310	10,839	43,091
Institutional Member Months Total						
1. Level 1	1,491	6,084	242	998	1,733	7,082
2. Level 2	1,723	6,931	256	1,035	1,979	7,966
3. Level 3	408	1,641	111	443	519	2,084
4.						
5.						
6.						
7. Home and Community Based Services (HCBS) Total						
a. Adult Foster Care	190	780	53	205	243	985
b. Assisted Living Home	954	3,532	112	424	1,066	3,956
c. Group Home (DD)		-		-		
d. Individual Home	3,201	12,689	1,255	4,971	4,456	17,660
e. Assisted Living Centers	395	1,528	109	437	504	1,965
f. Other (Specify) Group Home	34	104	28	80	62	184
8. Acute Care	45	244	124	543	169	787
9. Ventilator	67	248	41	174	108	422
10. PPC	369	1,143	46	106	415	1,249
11. Other (Specify)		-		-		
C. Acute Patient Day Information						
a. Admissions	453	1,825	144	645	597	2,470
b. Patient Days	2,509	9,817	848	3,609	3,357	13,426
c. Discharges	455	1,834	141	644	596	2,478
d. Discharge Days	2,525	10,382	815	4,000	3,340	14,382
e. Average Length of Stay	5.55	5.66	5.78	6.21	5.60	5.80
D. Emergency Room Visits	746	3,338	240	1,133	986	4,471

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 6/30/04

**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)	183	183	63	63	246	246
B. Member Months (Unduplicated)	540	2,185	186	719	726	2,904
Institutional Member Months Total						
1. Level 1	52	206	10	39	62	245
2. Level 2	94	377	13	50	107	427
3. Level 3	25	90	19	71	44	161
4.						
5.						
6.						
7. Home and Community Based Services (HCBS) Total						
a. Adult Foster Care	-	-	-	-	-	-
b. Assisted Living Home	32	123	11	38	43	161
c. Group Home (DD)		-		-	-	-
d. Individual Home	336	1,383	119	480	455	1,863
e. Assisted Living Centers	1	3	-	-	1	3
f. Other (Specify) Group Home	-	-	-	-	-	-
8. Acute Care	-	3	6	12	6	15
9. Ventilator	-	-	8	29	8	29
10. PPC	3	30	-	1	3	31
11. Other (Specify)						
C. Acute Patient Day Information						
a. Admissions	30	82	8	20	38	102
b. Patient Days	163	408	32	112	195	520
c. Discharges	30	82	9	20	39	102
d. Discharge Days	167	453	40	129	207	582
e. Average Length of Stay	5.57	5.52	4.44	6.45	5.31	5.71
D. Emergency Room Visits	55	195	9	40	64	235

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 6/30/04

**Utilization Data Report for all Counties**

ITEM DESCRIPTION	MEDICARE		NON-MEDICARE		TOTAL	
	Current Period	YTD	Current Period	YTD	Current Period	YTD
A. Enrollees (At End of Period)	3,063	3,063	841	841	3,904	3,904
B. Member Months (Unduplicated)	9,048	35,966	2,517	10,029	11,565	45,995
Institutional Member Months Total						
1. Level 1	1,543	6,290	252	1,037	1,795	7,327
2. Level 2	1,817	7,308	269	1,085	2,086	8,393
3. Level 3	433	1,731	130	514	563	2,245
4.						
5.						
6.						
7. Home and Community Based Services (HCBS) Total						
a. Adult Foster Care	190	780	53	205	243	985
b. Assisted Living Home	986	3,655	123	462	1,109	4,117
c. Group Home (DD)	-	-	-	-	-	-
d. Individual Home	3,537	14,072	1,374	5,451	4,911	19,523
e. Assisted Living Centers	396	1,531	109	437	505	1,968
f. Other (Specify) Group Home	34	104	28	80	62	184
8. Acute Care	45	247	130	555	175	802
9. Ventilator	67	248	49	203	116	451
10. PPC	372	1,173	46	107	418	1,280
11. Other (Specify)	-	-	-	-	-	-
C. Acute Patient Day Information						
a. Admissions	483	1,907	152	665	635	2,572
b. Patient Days	2,672	10,225	880	3,721	3,552	13,946
c. Discharges	485	1,916	150	664	635	2,580
d. Discharge Days	2,692	10,835	855	4,129	3,547	14,964
e. Average Length of Stay	5.55	5.66	5.70	6.22	5.59	5.80
D. Emergency Room Visits	801	3,533	249	1,173	1,050	4,706

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 6/30/04

**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	79,383	16,789	8,127	4,535	(436)	-	-	108,398
2	1ST PRIOR		56,422	95,488	474	6,066	923	-	159,373
3	2ND PRIOR			36,920	68,858	18,747	3,882	3,601	132,008
4	3RD PRIOR				35,979	69,531	8,823	4,739	119,072
5	4TH PRIOR					86,427	34,882	11,625	132,934
6	5TH PRIOR						30,549	59,731	90,280
7	6TH PRIOR							66,459	66,459
8	TOTALS	79,383	73,211	140,535	109,846	180,335	79,059	146,155	808,524
9	EXPENSE REPORTED	152,044	128,652	149,745	92,883	150,875	121,213	237,202	1,032,614
10	ADJUSTMENT	-	48,765	5,689	(18,655)	(29,460)	42,154	91,047	139,540
11	REMAINING LIABILITY	72,661	6,676	3,521	1,692	-	-	-	84,550

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 6/30/04

**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	13,638	1,307	1,229	1,296	115	(174)	79	17,490
2	1ST PRIOR		7,802	6,512	11,264	533	308	444	26,863
3	2ND PRIOR			953	13,309	12,421	2,216	982	29,881
4	3RD PRIOR				2,020	15,262	9,718	773	27,773
5	4TH PRIOR					30,317	(63)	6,727	36,981
6	5TH PRIOR						544	13,055	13,599
7	6TH PRIOR							7,032	7,032
8	TOTALS	13,638	9,109	8,694	27,889	58,648	12,549	29,092	159,619
9	EXPENSE REPORTED	17,849	23,284	26,491	36,187	36,128	43,240	24,617	207,796
10	ADJUSTMENT	-	12,229	17,065	8,110	(22,520)	30,691	(4,475)	41,100
11	REMAINING LIABILITY	4,211	1,946	732	188	-	-	-	7,077

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 6/30/04

**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	-	182	-	-	-	-	-	182
2	1ST PRIOR		-	-	-	-	-	-	-
3	2ND PRIOR			-	-	-	-	-	-
4	3RD PRIOR				-	-	-	350	350
5	4TH PRIOR					-	-	-	-
6	5TH PRIOR						-	-	-
7	6TH PRIOR							-	-
8	TOTALS	-	182	-	-	-	-	350	532
9	EXPENSE REPORTED	48	-	-	-	-	-	-	48
10	ADJUSTMENT		(182)	-	-	-	-	(350)	(532)
11	REMAINING LIABILITY	48	-	-	-	-	-	-	48

PIMA LONG TERM CARE  
OFFICERS AND DIRECTORS  
Year Ended June 30, 2004

<u>NAME</u>	<u>TITLE</u>	<u>OTHER RELATIONSHIP TO PLAN</u>	<u>TYPE OF COMPENSATION</u>
Dorgan, Patricia	Assistant Director of Long Term Care	None	Salary
Frederick, Pam	Quality Management Manager	None	Salary
Hartsfield, Kelli	Grievance Coordinator	None	Salary
Kaehler, Mary	Plan Administrator	None	Salary
Le Blanc, Marcia	Contracts, Provider & Member Services Manager	None	Salary
Newton, Marita	Corporate Compliance & Privacy Officer	None	Salary
Peterson, Timothy, M.D.	Medical Director	None	Salary
Roundtree, Virginia	Home Care Support Services Manager	None	Salary
Russell, R. Mark, M.D.	Medical Director	None	Salary
Shulman, Lynne	Behavioral Health Manager	None	Salary (1)
Spendiarian, Andrea	Behavioral Health Manager	None	Salary (2)
Terry, Donna	Chief Financial Officer	None	Salary
Toro, Anthony	Claims Manager	None	Salary
Wortman, Susan	Utilization Management Manager	None	Salary

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(1) Resigned or (2) changed positions during the period for July 1, 2003 to June 30, 2004.

**PIMA HEALTH CARE SYSTEM**  
**ALTCS Schedule 5**  
**Summary Financial Data (12)**  
**Year Ended June 30, 2004**

	<b>Total</b>	<b>Per Member Per Month</b>
Capitation revenues:		
Long-term care (10)	122,560,999	2,664.66
Reinsurance claims revenue	8,593,637	186.84
Other income	2,423,457	52.69
Medical claims expense (1)	128,344,779	2,790.41
Net medical claims expense (2)	119,360,492	2,595.08
Expenses other than medical claims (11)	13,656,739	296.92
Net income	(8,279,485)	(180.01)

	<b>Total</b>	<b>Per Enrollee</b>
Cash and cash equivalents	8,498,809	2,176.95
Total assets	13,975,708	3,579.84
Accrued medical and health care claims (3)	10,369,440	2,656.11
Non-medical payables	3,607,655	924.09
Net assets	(1,387)	(0.36)

	<b>Ratio</b>
Medical claims expense to total revenue	.96 to 1.00
Net medical claims expense to capitation revenue	.97 to 1.00
Expenses other than medical claims to total revenue	.10 to 1.00
Expenses other than medical claims to capitation revenue	.11 to 1.00
Net income to capitation revenues	-.01 to 1.00
Current assets to current liabilities (working capital ratio)	1.00 to 1.00
Cash and cash equivalents to accrued medical and health care claims	.82 to 1.00

	<b>Percent</b>
Operating margin (4)	2.61
Return on capitation revenues (5)	(6.76)
Return on equity (6)	596,934.75
Return on total assets (7)	(59.24)

	<b>Days</b>
Received but unpaid claims days outstanding (8)	7
Accrued medical and health care claims days outstanding (9)	30

- (1) Medical claims expense includes \$631,652 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 due to other programs less intrafund payables. This amount includes \$2,580,404 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 \$83,307 attributable to the SOC Reconciliation.
- (11) Expenses other than medical claims include \$2,002,223 of premium taxes.
- (12) This schedule is presented for purposes of additional analysis and is not a required part of the annual supplementary schedules prescribed by the *ALTCS Reporting Guide*.