2006

Pima County, Arizona

Pima Health System and Services Enterprise Fund

For the Fiscal Year Ended June 30, 2006

PIMA COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES

ENTERPRISE FUND

FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

Year Ended June 30, 2006

PIMA COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES

ENTERPRISE FUND

FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

Year Ended June 30, 2006

CONTENTS

	Pages
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Net Assets – Enterprise Fund	2
Statement of Revenues, Expenses, and Changes in Net Assets – Enterprise Fund	3
Statement of Cash Flows – Enterprise Fund	4 - 5
Notes to Financial Statements	6 - 14
GOVERNMENT AUDITING STANDARDS REPORT	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards	15
ADDITIONAL INFORMATION	
Combining Statement of Net Assets by Program	16
Combining Statement of Revenues, Expenses, and Changes in Net Assets by Program	17
Combining Statement of Cash Flows by Program	18 - 19
Combining Statement of Net Assets – Long-Term Care Contracts	20
Combining Statement of Revenues, Expenses, and Changes in Net Assets – Long-Term Care Contracts	21
Combining Statement of Cash Flows – Long-Term Care Contracts	22 - 23
ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM CONTRACTS	
Acute Care Contract	
Medical Claims Payable Report	24
Claims Lag Report for Prospective Period Only:	
Hospital	25
Medical	26
Other	27
Profitability by Risk Group	28 - 30

PIMA COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES

ENTERPRISE FUND

FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

Year Ended June 30, 2006

CONTENTS (Continued)

	Pages
PPC Claims Lag Report:	
Hospital	31
Medical	32
Other	33
Acute Care Officers and Directors	34
Summary Financial Data	35
Arizona Long-Term Care System (ALTCS) Contract	
Medical Claims Payable (RBUCs and IBNRs)	36
Claims Lag Report for Prospective Period Only	37
Analysis of Profitability by County by Major Rate Code Classification	38 - 39
Utilization Data Report by County	40 - 41
Utilization Data Report for All Counties	42
Claims Lag Report for PPC	43
Officers and Directors	44
Summary Financial Data	45

Mayer Hoffman McCann P.C.
An Independent CPA Firm

3101 North Central Avenue, Suite 300
Phoenix, Arizona 85012
602-264-6835 ph
602-265-7631 fx
www.mhm-pc.com

INDEPENDENT AUDITORS' REPORT

To the Members of the Arizona State Legislature and the Board of Supervisors of Pima County, Arizona

We have audited the accompanying financial statements of ***Pima Health System and Services*** at and for the year ended June 30, 2006. These financial statements are the responsibility of ***Pima Health System and Services'*** 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, the financial statements of ***Pima Health System and Services*** are intended to present the financial position, the changes in financial position and cash flows, where applicable, of only that portion of the business-type activities and the aggregate remaining fund information of Pima County that are attributable to the transactions of ***Pima Health System and Services***. They do not purport to, and do not, present fairly the financial position of Pima County at June 30, 2006, and the changes in its financial position and its cash flows, where applicable, for the year then ended 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 System and Services*** at June 30, 2006, and the changes in financial position and cash flows, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2006 on our consideration of ***Pima Health System and Services'*** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of ***Pima Health System and Services***. The accompanying financial information listed as additional information 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.

This report is intended solely for the information and use of ***Pima Health System and Services*** and Pima County and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

Phoenix, Arizona
October 17, 2006

BASIC FINANCIAL STATEMENTS

PIMA COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES

STATEMENT OF NET ASSETS - ENTERPRISE FUND

June 30, 2006

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 12,739,199
Receivables	
Accounts, net	723,779
Reinsurance claims	13,900,838
Grants	889,457
Due from	
Medicare	238,032
Other Pima County funds	1,352
Other governments	1,715,244
Inventory of supplies	115,969
TOTAL CURRENT ASSETS	30,323,870
NONCURRENT ASSETS	
Capital assets	
Leasehold improvements	1,116,257
Machinery and equipment	1,301,810
Accumulated depreciation	
Leasehold improvements	(740,015)
Machinery and equipment	(788,426)
Capital assets, net	889,626
TOTAL ASSETS	$ 31,213,496
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	910,596
Accrued medical and health care claims	18,736,064
Accrued employee compensation	2,348,363
Deferred revenue	1,847
Due to other Pima County funds	1,657,294
TOTAL LIABILITIES	$ 23,654,164
NET ASSETS	
Invested in capital assets	889,626
Restricted for health care	5,463,887
Unrestricted	1,205,819
TOTAL NET ASSETS	$ 7,559,332

See Notes to Financial Statements

PIMA COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - ENTERPRISE FUND

Year Ended June 30, 2006

OPERATING REVENUES	
Capitation	$ 236,547,032
Reinsurance claims	15,486,765
Charges for services	1,714,239
Other	649,179
TOTAL OPERATING REVENUES	254,397,215
OPERATING EXPENSES	
Medical and health care claims	231,300,818
Case management (contracted and salaried)	6,177,249
General, fiscal, and administrative services	7,750,826
Depreciation	218,371
Other	5,873,417
TOTAL OPERATING EXPENSES	251,320,681
OPERATING INCOME	3,076,534
NONOPERATING REVENUES (EXPENSES)	
Grant revenue	4,467,880
Interest income	1,464,164
Premium tax	(4,949,013)
Interest expense	(95,734)
TOTAL NONOPERATING REVENUES (EXPENSES), net	887,297
INCREASE IN NET ASSETS	3,963,831
TOTAL NET ASSETS, JULY 1, 2005	3,595,501
TOTAL NET ASSETS, JUNE 30, 2006	$ 7,559,332

See Notes to Financial Statements

PIMA COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES

STATEMENT OF CASH FLOWS - ENTERPRISE FUND

Year Ended June 30, 2006

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash receipts from:	
Contractors, patients, and other payors	$ 247,244,032
Other Pima County funds for goods and services	1,670,213
Miscellaneous operations	661,502
Cash payments to:	
Providers for health care services	(210,997,254)
Suppliers for goods and services	(7,329,994)
Employees for services	(36,038,886)
Other Pima County funds for goods and services	(3,362,804)
Net cash used for operating activities	(8,153,191)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Loan proceeds from other Pima County funds	(2,010,386)
Loan payments to other Pima County funds	212,982
Interest paid on short-term credit	(103,007)
Grant receipts	4,661,571
Premium tax payments	(4,949,013)
Net cash used for noncapital financing activities	(2,187,853)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of capital assets	(47,227)
Net cash used for capital and related financing activities	(47,227)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received on cash and cash equivalents	1,538,563
Net cash provided by investing activities	1,538,563
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,849,708)
CASH AND CASH EQUIVALENTS, July 1, 2005	21,588,907
CASH AND CASH EQUIVALENTS, June 30, 2006	$ 12,739,199

See Notes to Financial Statements

PIMA COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES

STATEMENT OF CASH FLOWS - ENTERPRISE FUND

Year Ended June 30, 2006

RECONCILIATION OF OPERATING INCOME TO NET CASH USED FOR OPERATING ACTIVITIES:		
Operating income	$	3,076,534
Adjustments to reconcile operating income to net cash used for operating activities:		
Depreciation		218,371
Changes in operating assets and liabilities:		
Decrease / (increase)		
Accounts receivable		(63,760)
Allowance for uncollectible accounts		(104,974)
Reinsurance claims receivable		(5,604,981)
Due from Medicare		61,827
Due from other governments		772,658
Inventory of supplies		(3,738)
Increase / (decrease)		
Accounts payable and accrued liabilities		349,298
Accrued medical and health care claims		(5,820,184)
Accrued employee compensation		(1,030,797)
Interfund payable		(2,980)
Deferred revenue		(465)
Net cash used for operating activities	$	(8,153,191)

SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Disposal of equipment	$	63,286
Deletion of related accumulated depreciation	$	(58,809)

See Notes to Financial Statements

PIMA COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES

ENTERPRISE FUND

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2006

Note 1 Summary of Significant Accounting Policies

The accounting policies of Pima County (County) and its ***Pima Health System and Services*** Enterprise Fund (Fund) conform to U.S. generally accepted accounting principles (GAAP) applicable to governmental units as promulgated by the Governmental Accounting Standards Board (GASB). The Fund's financial statements have been prepared in a format that complies with U.S. GAAP and the regulatory requirements of the State of Arizona. A summary of the Fund's significant accounting policies follows.

A. Reporting Entity

The Fund is accounted for as an enterprise fund of Pima County, Arizona and the ultimate financial accountability for the System remains with Pima County. The Fund's management 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.

The financial statements present only the ***Pima Health System and Services*** as an enterprise fund and are not intended to present the balances and activity of Pima County or its business-type activities and enterprise funds. The County and ***Pima Health System and Services*** is a contractor with the Arizona Health Care Cost Containment System (AHCCCS) 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. The Fund also provides long-term care services to Posada del Sol Nursing Home residents who are primarily ALTCS enrollees. The Fund receives monthly premiums from AHCCCS for all eligible enrollees under the respective Ambulatory and ALTCS programs.

B. Fund Accounting

The Fund's accounts are maintained in accordance with the principles of fund accounting to ensure that limitations and restrictions on the Fund's available resources are observed. The principles of fund accounting require that the resources be classified for accounting and reporting purposes into funds in accordance with the activities or objectives specified for those resources. Each fund is considered a separate accounting entity, and its operations are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues, and expenses. The Fund's 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. It is the intent of the County Board of Supervisors that the costs (expenses, including depreciation) of goods or services provided by the System on a continuing basis be financed or recovered primarily through user charges.

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 the Fund are reported using the economic resources measurement focus and are presented on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Certain programs of the Fund are funded with restricted and unrestricted resources. When both are available, the System applies restricted resources first.

Note 1 **Summary of Significant Accounting Policies (continued)**

Interfund transactions with other Pima County funds are recorded in the appropriate revenue or expense account. Intrafund transactions within the Fund are eliminated for financial statement presentation.

The Fund follows Financial Accounting Standards (FASB) 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.

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 the Fund 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 the Fund's 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.

A statement of revenues, expenses, and changes in net assets provides information about the Fund's 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, capitation and other charges generated by the Fund for providing health care services 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 and AHCCCS premium taxes are considered to be nonoperating expenses.

A statement of cash flows provides information about the Fund's 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. Capitation Receipts

The Fund receives from AHCCCS fixed capitation payments, generally in advance, based on certain rates for each AHCCCS member enrolled with the Fund. The Fund is required to provide all covered health care services to their members, regardless of the cost of care. If there are funds remaining, the Fund retains the funds as profit; if the costs are higher than the amount of capitation payments from AHCCCS, the Fund absorbs the loss. The Fund may recover certain losses for those cases eligible for reinsurance payments. Capitation premiums are recognized in accordance with the Fund's contract with AHCCCS.

Note 1 Summary of Significant Accounting Policies (continued)

Capitation is paid prospectively as well as for prior period coverage (PPC). The PPC period is from the first day of the month of application to the time of enrollment with a contracted health plan. The risk under PPC is shared by both the Fund and AHCCCS for the contract year ended September 30, 2006. AHCCCS reconciles the actual PPC medical costs to the PPC capitation paid during the year. The reconciliation limits the contractor's profits and losses to 2%. Except for Title XIX waiver members, effective October 1, 2002, the PPC rates were adjusted and the reconciliation of PPC costs was not performed for the contract year ended September 30, 2003. The PPC reconciliation was reinstated for the contract year ended September 30, 2004 and after. At June 30, 2006, amounts due from other governments are net of approximately $150,000 of estimated settlement payments due to AHCCCS for the PPC reconciliation for contract years 2004, 2005 and 2006.

Similar risk sharing is in place for medical costs incurred by contracted health plans for the Title XIX Waiver Group (TWG) members. AHCCCS reconciles the contractor's PPC and prospective medical costs to PPC capitation, prospective capitation, hospitalized supplemental payments, delivery supplemental payments and HIV/AIDS supplemental payments paid to the contractor during the year. The reconciliation limits the contractor's profits or losses to 2%. At June 30, 2006, the Fund has not recorded as a payable to AHCCCS and an amount representing estimated settlement payments due for the TWG reconciliation since management believes any resulting receivable or payable will be immaterial.

F. Reinsurance Receipts

AHCCCS provides a stop-loss reinsurance program for the Fund for partial reimbursement of reinsurable covered medical services incurred for members with an acute medical condition. The program includes a deductible, which varies based on the Fund's enrollment and the eligibility category of the members. AHCCCS reimburses the Fund based on a coinsurance amount for reinsurable covered services incurred above the deductible.

The reinsurance program includes reinsurance reimbursement for covered organ transplantation. The reinsurance program also includes a special catastrophic reinsurance program which covers conditions such as certain brain injuries and certain blood related disorders. There is no deductible for catastrophic reinsurance cases and AHCCCS reimburses the Fund at a percentage of the Fund's paid amount, less the coinsurance amount, unless the costs are paid under a subcapitated arrangement. AHCCCS pays 85% (75% for traumatic brain injuries) of the Fund's paid amount up to $650,000 and 100% thereafter for catastrophic reinsurance. Regular reinsurance provides partial reimbursement of reinsurance eligible covered services and AHCCCS will reimburse 75% of eligible costs above a certain deductible level. The deductible is the responsibility of the program contractor. For transplants, payment is limited to 85% of the AHCCCS contract amount for the transplant services rendered or 85% of the Fund's paid amount, whichever is lower.

Reinsurance claims receivable result from additional payments from the AHCCCS Administration to the Fund for certain enrollees whose qualifying medical expenses paid by the Fund during the year ended June 30, 2006, were in excess of specified deductible limits. Reinsurance claims receivables are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through a change to earnings and a credit to a valuation allowance based on its assessment of the current status of individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to reinsurance claims receivable. Reinsurance claims receivable at June 30, 2006 are considered by management to be fully collectible and, accordingly, an allowance for doubtful accounts has not been provided.

Note 1 Summary of Significant Accounting Policies (continued)

G. Share of Costs

The Fund's members covered under the ALTCS program who do not meet certain eligibility criteria are required to pay for a portion of the care they receive. AHCCCS reduces the contracted capitation rate with the Fund by the estimated amount of participant shared costs. After contract year end, AHCCCS analyzes the amount that the Fund should have received from members for share of costs. If the Fund receives less money from the participants in payment of their share of the costs than AHCCCS anticipated, AHCCCS reimburses the Fund for the difference. The share of costs receivables are based off of the contract year which runs from October 1 to September 30. At June 30, 2006, the Fund had approximately $1,589,000 due from AHCCCS related to share of costs. $207,000, $58,000, $948,000 and $376,000 were for contract years 2003, 2004, 2005, and 2006, respectively, and are included in due from other governments in the accompanying statement of net assets.

Share of cost receivables are based on assumptions and estimates, and while management believes the receivable is reasonable, the ultimate share of cost payment for the 2004, 2005 and 2006 contract years may be less than or in excess of the amount estimated once AHCCCS completes the contract year reconciliations.

H. 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. Funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, if the Fund does not comply with the terms of the contract.

I. 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. Substantially all of the cash and investments maintained by the Fund are held by the Pima County Treasurer ("Treasurer") and are pooled with other Pima County monies. Investment income is allocated to the Fund on a pro rata basis.

J. Accounts Receivable

Accounts receivable consist primarily of amounts due from third-party payors for health care services provided to patients. These balances are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At June 30, 2006, accounts receivable was net of an allowance for doubtful accounts of approximately $84,000.

K. 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. The largest component relates to share of costs (see G).

Note 1 Summary of Significant Accounting Policies (continued)

L. Inventory of Supplies

Inventories consist of medical supplies and are recorded as assets when purchased and expensed when consumed. These inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

M. Capital Assets

Purchased capital assets are capitalized at cost. Donated assets are capitalized at their estimated fair market value on the date received. The Fund capitalizes all land regardless of cost, buildings valued at $100,000 and all machinery and equipment 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

N. Medical and Health Care Claims Payable

The Fund is responsible for the cost of providing medical services on a fee-for-service basis to a majority of the health care service providers through which it contracts with the exception of five providers that have negotiated sub-capitation agreements. The Fund paid approximately $1.6 million to these sub-capitated providers during fiscal year 2006.

In the accompanying financial statements, medical and health care claims expense includes claims paid, claims in process and pending, and the estimate made by management for incurred but not reported (IBNR) programmatic claims. These IBNR programmatic claims include charges by physicians, hospitals and other health care providers for services rendered to eligible members during the period for which claims have not yet been submitted.

The estimates for IBNR programmatic claims are developed using methods based upon historical data for payment patterns and other relevant factors. Such liabilities are necessarily based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and adjustments are reflected in the period determined.

At June 30, 2006, medical and health care claims payable consists of estimates of $15,341,583 for incurred but not reported claims and $3,394,481 for reported but unpaid claims in the AHCCCS Ambulatory and ALTCS programs and the Grants and Community Service System.

Note 1 Summary of Significant Accounting Policies (continued)

O. Compensated Absences

Compensated absences consist of vacation leave and a calculated amount of sick leave earned by employees based on services already rendered. Employees may accumulate up to 240 hours of vacation depending upon years of service, but any vacation hours in excess of the maximum amount that are unused at year-end are forfeited. Upon termination of employment, all unused and unforfeited vacation benefits are paid to employees. Accordingly, vacation benefits are accrued as a liability in the financial statements.

Employees may accumulate a limited number of sick leave hours. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but are forfeited upon termination of employment. Sick leave benefits do not vest with employees; however, an estimate is made for non-vested sick leave. Employees who are eligible to retire from County service into the Arizona State Retirement System, Public Safety Personnel Retirement Plan, or Corrections Officer Retirement Plan may request sick leave be converted to annual leave, on a predetermined conversion basis. An estimate of those retirement payouts is accrued.

P. Taxes

The Fund is an enterprise fund of Pima County and is not subject to income taxes. However, payments from AHCCCS for acute care, ventilator dependent care, and ALTCS care are subject to a premium tax of 2%. Total premium tax expense for the year ended June 30, 2006 was $4,949,013 which is included in the nonoperating expenses portion of the accompanying Statement of Revenues, Expenses, and Changes in Net Assets. $14,475 is due to AHCCCS at June 30, 2006 and is netted against due from other governments in the accompanying Statement of Net Assets.

Q. Management's Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at June 30, 2006, and the reported amounts of revenues and expenses during the fiscal year then ended. Actual results may differ from these estimates.

Note 2 Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2006 on the statement of net assets were as follows:

Cash on hand	$ 2,500
Cash and investments in the Pima County Treasurer's Investment pool	12,736,699
Total	$ 12,739,199

Cash and investments in the Pima County Treasurer's investment pool represent a portion of the County Treasurer's pool portfolio. The pool's structure does not provide for shares. The Fund's portion in the pool is not identified with specific investments.

Credit risk – Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The County does not have a formal investment policy with respect to credit risk. The Pima County Treasurer's investment pool is unrated.

Note 2 Cash and Cash Equivalents (continued)

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect an investment's fair value. The County does not have a formal investment policy with respect to interest rate risk. The Pima County Treasurer's investment pool had a weighted average maturity of 22 days at June 30, 2006.

Legal provisions – Arizona Revised Statutes authorize counties to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds' interest earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; and specified commercial paper, bonds, debentures, and notes issued by corporations organized and doing business in the United States. In addition, the County Treasurer may invest trust funds in fixed income securities of corporations doing business in the United States or District of Columbia.

Credit risk – Statutes have the following requirements for credit risk:

1. Commercial paper must be rated P1 by Moody's investors service or A1 or better by Standard and Poor's rating service.
2. Corporate bonds, debentures, and notes must be rated A or better by Moody's investors service or Standard and Poor's rating service.
3. Fixed income securities must carry one of the two highest ratings by Moody's investors service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk – Statutes require collateral for demand deposits, certificates of deposit, and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

Concentration of credit risk – Statutes do not include any requirements for concentration of credit risk.

Interest rate risk – Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years and that public operating fund monies invested in securities and deposits have a maximum maturity of 3 years. Investments in repurchase agreements must have a maximum maturity of 180 days.

Foreign currency risk – Statutes do not allow foreign investments.

Note 3 Capital Assets

Capital assets activity for the year ended June 30, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Leasehold improvements	$ 1,116,257	$ -	$ -	$ 1,116,257
Accumulated depreciation	(643,935)	(96,080)	-	(740,015)
Net leasehold improvements	472,322	(96,080)	-	376,242
Machinery and equipment	1,317,869	47,227	(63,286)	1,301,810
Accumulated depreciation	(724,944)	(122,291)	58,809	(788,426)
Net machinery and equipment	592,925	(75,064)	(4,477)	513,384
Capital assets, net	$ 1,065,247	$ (171,144)	$ (4,477)	$ 889,626

Note 4 Claims, Judgments and Risk Management

Compliance with Laws and Regulations – The Fund is subject to numerous laws, regulations and oversight by the state and federal governments. These laws and regulations include, but are not necessarily limited to, matters such as government health care program participation requirements, reimbursement for member services and Medicaid fraud and abuse. Violations of these laws and regulations could result in expulsion from government health care programs, together with the imposition of significant financial sanctions. Management believes that the Fund is in compliance with fraud and abuse laws and regulations, as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future review and interpretation as well as regulatory actions unknown at this time.

Self-insurance - The Fund 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. The Fund is a participant in Pima County's self-insurance program, and in the opinion of the Fund's management, that self-insurance program would cover any unfavorable outcomes from these risks. Accordingly, the Fund 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 the Fund are determined on an actuarial basis and are included in the *Pima County Comprehensive Annual Financial Report*. As of June 30, 2006, the Fund incurred $57,534 in self-insurance expense which is included in other expenses in the accompanying Statement of Revenues, Expenses, and Changes in Net Assets.

Medical Malpractice - The Fund 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. The Fund's medical malpractice coverage started on October 1, 1993. 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 5 Related Party Transactions

During the course of its operations, the Fund had numerous transactions with other Pima County funds to finance operations and provide services. During the year ended June 30, 2006, the Fund received capitation revenues totaling $98,254 from Pima County departments for services provided to Pima County patients and other income totaling $159,016 for claims processing services. In addition, the Fund received interest income totaling $1,464,164 from the Pima County Treasurer. The Fund incurred expenses totaling $3,250,523 for the allocation of overhead, insurance premiums, interest, and other charges for miscellaneous supplies and services from Pima County.

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

Grants/Community Services System	$ 1,077,232
Other Pima County Programs	580,062
Total	$ 1,657,294

Note 6 Retirement Plan

The Fund 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 to System employees. 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 retirement plan is funded by payroll deductions from eligible employees' gross wages and matching amounts contributed by the Fund. These amounts satisfy the statutory requirement that employees and the Fund contributions must cover the actuarially determined current service costs of the retirement plan, plus amortization over a 30-year period of the unfunded past service liability. The Arizona State Legislature establishes and may amend active plan members' and the Fund's contribution rate. Payroll deductions as a percentage of employee wages were 7.4% (6.9% for retirement and 0.5% for long-term disability) for 2006. The Fund's contributions to the ASRS were $1,983,861 in 2006, $1,430,006 in 2005 and $2,159,438 in 2004, which were equal to the required contributions for the year. The 2006 amount is included in administrative services expense in the accompanying financial statements.

Retirement benefit payments are obligations of the retirement plan and not the Fund. Actuarial and financial data on the retirement plan are available from the retirement plan's separately issued Comprehensive Annual Financial Report (CAFR). The most recent report may be obtained by writing the ASRS, 3300 North Central Avenue, P.O. Box 33910, Phoenix, Arizona 85067-3910, or by calling (602) 240-2000 or (800) 621-3778.

Note 7 Capitation

For the year ended June 30, 2006, capitation revenues consist of the following amounts:

ALTCS long-term care	$ 138,225,130
AHCCCS ambulatory/acute care	93,634,225
ALTCS ventilator dependent	4,430,407
Pima County residual and other programs	257,270
Total	$ 236,547,032

GOVERNMENT AUDITING STANDARDS REPORT

Mayer Hoffman McCann P.C.
An Independent CPA Firm

3101 North Central Avenue, Suite 300
Phoenix, Arizona 85012
602-264-6835 ph
602-265-7631 fx
www.mhm-pc.com

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Members of the Arizona State Legislature and the Board of Supervisors of Pima County, Arizona

PIMA HEALTH SYSTEM AND SERVICES

We have audited the financial statements of ***Pima Health System and Services*** at and for the year ended June 30, 2006, and have issued our report thereon dated October 17, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered ***Pima Health System and Services'*** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ***Pima Health System and Services'*** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Members of the Arizona State Legislature and the Board of Supervisors of Pima County, Arizona, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

Phoenix, Arizona
October 17, 2006

ADDITIONAL INFORMATION

PIMA COUNTY, ARIZONA
PIMA HEALTH SYSTEM AND SERVICES
COMBINING STATEMENT OF NET ASSETS BY PROGRAM
June 30, 2006

	AHCCCS				
	Ambulatory Contracts	Long-Term Care Contracts (1)	Grants/ Community Services System	Other Pima County Programs	Total
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 8,262,424	$ 4,475,775	$ -	$ 1,000	$ 12,739,199
Receivables:					
Accounts	231,126	407,687	-	84,966	723,779
Reinsurance claims	6,141,957	7,758,881	-	-	13,900,838
Grants	-	-	889,457	-	889,457
Due from:					
Medicare	-	238,032	-	-	238,032
Other Pima County funds	-	-	-	1,352	1,352
Other governments	111,323	1,603,921	-	-	1,715,244
Inventory of supplies	-	115,969	-	-	115,969
TOTAL CURRENT ASSETS	14,746,830	14,600,265	889,457	87,318	30,323,870
NONCURRENT ASSETS					
Capital assets					
Leasehold improvements	-	-	-	1,116,257	1,116,257
Machinery and equipment	-	-	-	1,301,810	1,301,810
Accumulated depreciation:					
Leasehold improvements	-	-	-	(740,015)	(740,015)
Machinery and equipment	-	-	-	(788,426)	(788,426)
Capital assets, net	-	-	-	889,626	889,626
TOTAL ASSETS	$ 14,746,830	$ 14,600,265	$ 889,457	$ 976,944	$ 31,213,496
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	$ 97,298	$ 813,298	$ -	$ -	$ 910,596
Accrued medical and health care claims	8,889,748	9,324,144	522,172	-	18,736,064
Accrued employee compensation	295,897	2,014,441	38,025	-	2,348,363
Deferred revenue	-	-	1,847	-	1,847
Due to other Pima County funds	-	-	1,072,755	584,539	1,657,294
TOTAL LIABILITIES	$ 9,282,943	$ 12,151,883	$ 1,634,799	$ 584,539	$ 23,654,164
NET ASSETS					
Invested in capital assets	$ -	$ -	$ -	$ 889,626	$ 889,626
Restricted for health care	5,463,887	-	-	-	5,463,887
Unrestricted (deficit)	-	2,448,382	(745,342)	(497,221)	1,205,819
TOTAL NET ASSETS (DEFICIT)	$ 5,463,887	$ 2,448,382	$ (745,342)	$ 392,405	$ 7,559,332

(1) The financial positions of the Posada Del Sol Nursing Home and the ALTCS Contracts have been combined and are reported as the Long-Term Care Contracts program. The combination is presented on page 20.

PIMA COUNTY, ARIZONA
PIMA HEALTH SYSTEM AND SERVICES

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY PROGRAM

Year Ended June 30, 2006

	AHCCCS					
	Ambulatory Contracts	Long-Term Care Contracts (1)	Grants/ Community Services System	Other Pima County Programs	Intrafund Eliminations	Total
OPERATING REVENUES						
Capitation	$ 93,634,226	$ 142,655,537	$ -	$ 257,269	$ -	$ 236,547,032
Reinsurance claims	6,811,478	8,675,287	-	-	-	15,486,765
Charges for services	-	1,899,085	-	-	(184,846)	1,714,239
Other	478,438	17,023	-	372,089	(218,371)	649,179
TOTAL OPERATING REVENUES	100,924,142	153,246,932	-	629,358	(403,217)	254,397,215
OPERATING EXPENSES						
Medical and health care claims	93,696,323	134,227,074	3,307,696	254,571	(184,846)	231,300,818
Case management (contracted and salaried)	-	4,988,847	1,188,402	-	-	6,177,249
General, fiscal, and administrative services	2,744,806	4,444,252	497,069	64,699	-	7,750,826
Depreciation	-	-	-	218,371	-	218,371
Other	2,242,885	3,788,392	5,927	54,584	(218,371)	5,873,417
TOTAL OPERATING EXPENSES	98,684,014	147,448,565	4,999,094	592,225	(403,217)	251,320,681
OPERATING INCOME (LOSS)	2,240,128	5,798,367	(4,999,094)	37,133	-	3,076,534
NONOPERATING REVENUES (EXPENSES)						
Grant revenue	-	-	4,467,880	-	-	4,467,880
Interest income	908,189	555,975	-	-	-	1,464,164
Premium tax	(2,009,230)	(2,939,783)	-	-	-	(4,949,013)
Interest expense	-	-	(95,734)	-	-	(95,734)
TOTAL NONOPERATING REVENUES (EXPENSES), net	(1,101,041)	(2,383,808)	4,372,146	-	-	887,297
INCOME (LOSS) BEFORE TRANSFERS	1,139,087	3,414,559	(626,948)	37,133		3,963,831
TRANSFERS IN	-	-	1,994,096	-	-	1,994,096
TRANSFERS OUT	(1,994,096)	-	-	-	-	(1,994,096)
INCREASE (DECREASE) IN NET ASSETS	(855,009)	3,414,559	1,367,148	37,133	-	3,963,831
TOTAL NET ASSETS (DEFICIT), July 1, 2005	6,318,896	(966,177)	(2,112,490)	355,272	-	3,595,501
TOTAL NET ASSETS (DEFICIT), June 30, 2006	$ 5,463,887	$ 2,448,382	$ (745,342)	$ 392,405	$ -	$ 7,559,332

(1) The changes in financial positions of the Posada Del Sol Nursing Home and the ALTCS Contracts have been combined and are reported as the Long-Term Care Contracts program. The combination is presented on page 21.

PIMA COUNTY, ARIZONA
PIMA HEALTH SYSTEM AND SERVICES
COMBINING STATEMENT OF CASH FLOWS BY PROGRAM
Year Ended June 30, 2006

	AHCCCS					
	Ambulatory Contracts	Long-Term Care Contracts (1)	Grants/ Community Services System	Other Pima County Programs	Intrafund Eliminations	Total
Cash receipts from:						
Contractors, patients, and other payors	$ 98,347,504	$ 148,896,528	$ -	$ -	$ -	$ 247,244,032
Other Pima County funds for goods and services	-	-	-	1,670,213	-	1,670,213
Miscellaneous operations	478,431	25,648	-	157,423	-	661,502
Cash payments to:						
Providers for health care services	(97,168,202)	(109,636,440)	(4,018,530)	(174,082)	-	(210,997,254)
Suppliers for goods and services	(2,268,434)	(3,936,778)	(400,993)	(723,789)	-	(7,329,994)
Employees for services	(2,808,457)	(32,422,858)	(459,044)	(348,527)	-	(36,038,886)
Other Pima County funds for goods and services	-	(2,952,104)	-	(410,700)	-	(3,362,804)
Net cash provided by (used for) operating activities	(3,419,158)	(26,004)	(4,878,567)	170,538	-	(8,153,191)
Cash flows from noncapital financing activities:						
Loan proceeds from other Pima County funds	(2,010,386)	-	-	-	-	(2,010,386)
Loan payment to other Pima County funds	16,289	-	320,003	(123,310)	-	212,982
Interest paid on short-term credit	-	-	(103,007)	-	-	(103,007)
Grant receipts	-	-	4,661,571	-	-	4,661,571
Premium tax payments	(2,009,230)	(2,939,783)	-	-	-	(4,949,013)
Net cash provided by (used for) noncapital financing activities	(4,003,327)	(2,939,783)	4,878,567	(123,310)	-	(2,187,853)
Cash flows from capital and related financing activities:						
Purchases of capital assets	-	-	-	(47,227)	-	(47,227)
Net cash used for capital and related financing activities	-	-	-	(47,227)	-	(47,227)
Cash flows from investing activities:						
Interest received on cash and cash equivalents	963,430	575,133	-	-	-	1,538,563
Net cash provided by investing activities	963,430	575,133	-	-	-	1,538,563
Net decrease in cash and cash equivalents	(6,459,055)	(2,390,654)	-	1	-	(8,849,708)
Cash and cash equivalents, July 1, 2005	14,721,478	6,866,429	-	1,000	-	21,588,907
Cash and cash equivalents, June 30, 2006	$ 8,262,423	$ 4,475,775	$ -	$ 1,001	$ -	$ 12,739,199

(1) The cash flows of the Posada Del Sol Nursing Home and the ALTCS Contract have been combined and are reported as the Long-Term Care Contracts program. The combination is presented on pages 22 and 23.

PIMA COUNTY, ARIZONA
PIMA HEALTH SYSTEM AND SERVICES
COMBINING STATEMENT OF CASH FLOWS BY PROGRAM
Year Ended June 30, 2006

	AHCCCS					
	Ambulatory Contracts	Long-Term Care Contracts (1)	Grants/ Community Services System	Other Pima County Programs	Intrafund Eliminations	Total
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	$ 2,240,128	$ 5,798,367	$ (4,999,094)	$ 37,133	$ -	$ 3,076,534
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	-	-	-	218,371	-	218,371
Changes in assets and liabilities:						
Decrease / (increase)						
Accounts receivable	(155,543)	176,749	-	(84,966)	-	(63,760)
Allowance for uncollectible accounts	-	(104,974)	-	-	-	(104,974)
Reinsurance claims receivable	(2,668,599)	(2,936,382)	-	-	-	(5,604,981)
Due from Medicare	-	61,827	-	-	-	61,827
Due from other governments	725,943	46,715	-	-	-	772,658
Inventory of supplies	-	(3,738)	-	-	-	(3,738)
Increase / (decrease)						
Accounts payable and accrued liabilities	(22,578)	371,876	-	-	-	349,298
Accrued medical and health care claims	(3,471,878)	(2,469,485)	121,179	-	-	(5,820,184)
Accrued employee compensation	(63,651)	(966,959)	(187)	-	-	(1,030,797)
Interfund payable	(2,980)	-	-	-	-	(2,980)
Deferred revenue	-	-	(465)	-	-	(465)
Net cash provided by (used for) operating activities	$ (3,419,158)	$ (26,004)	$ (4,878,567)	$ 170,538	$ -	$ (8,153,191)
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES						
Disposal of equipment				$ 63,286		$ 63,286
Deletion of related accumulated depreciation				$ (58,809)		$ (58,809)

(1) The cash flows of the Posada Del Sol Nursing Home and the ALTCS Contract have been combined and are reported as the Long-Term Care Contracts program. The combination is presented on pages 22 and 23.

PIMA COUNTY, ARIZONA
PIMA HEALTH SYSTEM AND SERVICES
COMBINING STATEMENT OF NET ASSETS
LONG-TERM CARE CONTRACTS
June 30, 2006

	ALTCS Contracts	Posada Del Sol Nursing Home: ALTCS Residents	Posada Del Sol Nursing Home: Other Residents (1)	Intraprogram Eliminations	Long-Term Care Contracts Total
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 3,208,446	$ 1,108,337	$ 158,992	$ -	$ 4,475,775
Receivables					
Accounts	74,960	74,763	257,964	-	407,687
Reinsurance claims	7,758,881	-	-	-	7,758,881
Due from					-
Medicare	-	238,032	-	-	238,032
Other governments	1,603,921	-	-	-	1,603,921
Inventory of supplies	-	105,532	10,437	-	115,969
TOTAL ASSETS	$ 12,646,208	$ 1,526,664	$ 427,393	$ -	$ 14,600,265
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	$ 544,064	$ 245,003	$ 24,231	$ -	$ 813,298
Accrued medical and health care claims	9,324,144	-	-	-	9,324,144
Accrued employee compensation	1,126,009	808,472	79,960	-	2,014,441
TOTAL LIABILITIES	$ 10,994,217	$ 1,053,475	$ 104,191	$ -	$ 12,151,883
NET ASSETS					
RESTRICTED FOR HEALTH CARE	$ -	$ 473,189	$ 323,202	$ (796,391)	$ -
UNRESTRICTED	1,651,991	-	-	796,391	2,448,382
TOTAL NET ASSETS	$ 1,651,991	$ 473,189	$ 323,202	$ -	$ 2,448,382

(1) The other residents column includes the financial position related to members enrolled in the System's AHCCCS Acute Care Contract 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 COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
LONG-TERM CARE CONTRACTS

Year Ended June 30, 2006

	ALTCS Contracts	Posada Del Sol Nursing Home: ALTCS Residents	Posada Del Sol Nursing Home: Other Residents(1)	Intraprogram Eliminations	Long-Term Care Contracts Total
OPERATING REVENUES					
Capitation	$ 142,655,537	$ -	$ -	$ -	$ 142,655,537
Reinsurance claims	8,675,287	-	-	-	8,675,287
Charges for Services	-	15,015,894	1,495,164	(14,611,973)	1,899,085
Other	11,068	5,596	359	-	17,023
TOTAL OPERATING REVENUES	151,341,892	15,021,490	1,495,523	(14,611,973)	153,246,932
OPERATING EXPENSES					
Medical and health care claims	132,940,810	8,791,062	869,446	(8,374,244)	134,227,074
Case management (contracted and salaried)	4,988,847	-	-	-	4,988,847
General, fiscal, and administrative services	4,012,530	4,365,186	431,722	(4,365,186)	4,444,252
Other	3,603,195	1,872,543	185,197	(1,872,543)	3,788,392
TOTAL OPERATING EXPENSES	145,545,382	15,028,791	1,486,365	(14,611,973)	147,448,565
OPERATING INCOME (LOSS)	5,796,510	(7,301)	9,158	-	5,798,367
NONOPERATING REVENUES (EXPENSES)					
Interest income (expense)	557,832	(1,690)	(167)	-	555,975
Premium tax	(2,939,783)	-	-	-	(2,939,783)
TOTAL NONOPERATING REVENUES (EXPENSES), net	(2,381,951)	(1,690)	(167)	-	(2,383,808)
INCOME (LOSS) BEFORE TRANSFERS	3,414,559	(8,991)	8,991	-	3,414,559
INCREASE (DECREASE) IN NET ASSETS	3,414,559	(8,991)	8,991	-	3,414,559
TOTAL NET ASSETS (DEFICIT), July 1, 2005	(1,762,568)	482,180	314,211	-	(966,177)
TOTAL NET ASSETS, June 30, 2006	$ 1,651,991	$ 473,189	$ 323,202	$ -	$ 2,448,382

(1) The other residents column includes the financial position related to members enrolled in the System's AHCCCS Acute Care Contract 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 COUNTY, ARIZONA
PIMA HEALTH SYSTEM AND SERVICES

COMBINING STATEMENT OF CASH FLOWS
LONG-TERM CARE CONTRACTS

Year Ended June 30, 2006

	Posada Del Sol Nursing Home				
	ALTCS Contracts	ALTCS Residents	Other Residents (1)	Intraprogram Eliminations	Long-Term Care Contracts Total
Cash flows from operating activities:					
Cash receipts from:					
Contractors, patients, and other payors	$ 2,401,430	$ 145,694,622	$ 800,476	$ -	$ 148,896,528
Miscellaneous operations	25,648	-	-	-	25,648
Cash payments to:					
Providers for health care services	(1,908,558)	(107,091,657)	(636,225)	-	(109,636,440)
Suppliers for goods and services	(46,792)	(3,874,389)	(15,597)	-	(3,936,778)
Employees for services	(265,268)	(32,045,124)	(112,466)	-	(32,422,858)
Other Pima County funds for goods and services	-	(2,952,104)	-	-	(2,952,104)
Net cash provided by (used for) operating activities	206,460	(268,652)	36,188	-	(26,004)
Cash flows from noncapital financing activities:					
Premium tax payments	(2,939,783)	-	-	-	(2,939,783)
Net cash used for noncapital financing activities	(2,939,783)	-	-	-	(2,939,783)
Cash flows from investing activities:					
Interest received on cash and cash equivalents	575,133	-	-	-	575,133
Net cash provided by (used for) investing activities	575,133	-	-	-	575,133
Net increase (decrease) in cash and cash equivalents	(2,158,190)	(268,652)	36,188	-	(2,390,654)
Cash and cash equivalents, July 1, 2005	5,366,636	1,376,989	122,804	-	6,866,429
Cash and cash equivalents, June 30, 2006	$ 3,208,446	$ 1,108,337	$ 158,992	$ -	$ 4,475,775

(1) The other residents column includes the cash flows related to members enrolled in the System's AHCCCS Acute Care Contract 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 COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES

COMBINING STATEMENT OF CASH FLOWS
LONG-TERM CARE CONTRACTS

Year Ended June 30, 2006

	Posada Del Sol Nursing Home				
	ALTCS Contracts	ALTCS Residents	Other Residents (1)	Intraprogram Eliminations	Long-Term Care Contracts Total
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	$ 5,796,510	$ (7,301)	$ 9,158	-	$ 5,798,367
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Changes in assets and liabilities:					
Accounts receivable	78,719	(18,800)	116,830	-	176,749
Allowance for uncollectible accounts	-	-	(104,974)	-	(104,974)
Reinsurance claims receivable	(2,936,382)	-	-	-	(2,936,382)
Due from Medicare		61,827	-	-	61,827
Due from other governments	46,715	-	-	-	46,715
Inventory of supplies	-	77	(3,815)	-	(3,738)
Accounts payable and accrued liabilities	353,113	9,368	9,395	-	371,876
Accrued medical and health care claims	(2,469,485)	-	-	-	(2,469,485)
Accrued employee compensation	(662,730)	(313,823)	9,594	-	(966,959)
Net cash provided by (used for) operating activities	$ 206,460	$ (268,652)	$ 36,188	$ -	$ (26,004)

(1) The other residents column includes the cash flows related to members enrolled in the System's AHCCCS Acute Care Contract 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.

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM CONTRACTS

PIMA COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES

Acute Care - Medical Claims Payable Report

Year Ended June 30, 2006

Payable Type	RBUCS 1-30	RBUCS 31-60	RBUCS 61-90	RBUCS Over 90	Total RBUCS	IBNR	Total Payable
Account: 220 - Medical Claims Payable							
Hospitalization	$ 556,493	$ -	$ -	$ -	$ 556,493	$ 2,138,252	$ 2,694,745
Medical	453,729	195	-	-	453,924	1,675,956	2,129,880
Other	926,085	3,278	-	-	929,363	2,407,935	3,337,298
Total Prospective	1,936,307	3,473	-	-	1,939,780	6,222,143	8,161,923
Total PPC	198,724	629	-	-	199,353	528,472	727,825
Total Payable	$ 2,135,031	$ 4,102	$ -	$ -	$ 2,139,133	$ 6,750,615	$ 8,889,748

Amounts expressed in whole dollars, differences are due to rounding.

PIMA COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES

Acute Care - Claims Lag Report - Hospital

Year Ended June 30, 2006

Payment Qtr	Current	1st Prior	2nd Prior	3rd Prior	4th Prior	5th Prior	6th Prior*	Total
Current	3,195,910	2,913,198	1,295,890	138,911	15,393	9,961	13,776	7,583,039
1st Prior		2,993,859	3,990,287	771,436	123,431	37,116	64,519	7,980,648
2nd Prior			2,035,406	3,076,854	347,371	69,184	40,814	5,569,629
3rd Prior				2,812,939	2,274,678	268,078	83,786	5,439,481
4th Prior					3,511,714	2,411,564	859,389	6,782,667
5th Prior						3,372,913	2,555,910	5,928,823
6th Prior*							70,520,856	70,520,856
Totals	3,195,910	5,907,057	7,321,583	6,800,140	6,272,587	6,168,816	74,139,050	109,805,143
Expense	5,554,791	6,093,022	6,079,029	6,274,246	7,258,471	6,328,350	75,910,874	113,498,783
Adjustment	-	14,287	1,303,568	568,978	(963,548)	(150,356)	(1,771,824)	(998,895)
Remaining	2,358,881	200,252	61,014	43,084	22,336	9,178	-	2,694,745

* 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.

Amounts expressed in whole dollars, differences are due to rounding.

PIMA COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES

Acute Care - Claims Lag Report - Medical

Year Ended June 30, 2006

Payment Qtr	Current	1st Prior	2nd Prior	3rd Prior	4th Prior	5th Prior	6th Prior *	Total
Current	3,657,541	2,583,375	251,810	36,207	2,584	1,905	(1,292)	6,532,130
1st Prior		3,258,522	3,260,357	230,018	24,828	(8,539)	(917)	6,764,269
2nd Prior			2,054,693	2,673,814	93,525	27,435	1,896	4,851,363
3rd Prior				2,902,169	2,096,266	84,653	26,846	5,109,934
4th Prior					3,341,799	2,677,190	127,983	6,146,972
5th Prior						3,487,946	1,996,126	5,484,072
6th Prior*							57,044,728	57,044,728
Totals	3,657,541	5,841,897	5,566,860	5,842,208	5,559,002	6,270,590	59,195,370	91,933,468
Expense	5,455,242	5,751,134	5,456,559	5,676,270	6,041,433	5,779,859	58,044,299	92,204,796
Adjustment	-	316,444	168,589	196,584	(469,823)	495,687	1,151,071	1,858,552
Remaining	1,797,701	225,681	58,288	30,646	12,608	4,956	-	2,129,880

* 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.

Amounts expressed in whole dollars, differences are due to rounding.

PIMA COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES

Acute Care - Claims Lag Report - Other

Year Ended June 30, 2006

Payment Qtr	Current	1st Prior	2nd Prior	3rd Prior	4th Prior	5th Prior	6th Prior *	Total
Current	7,619,722	1,622,171	135,288	22,041	3,523	(3,716)	(554)	9,398,475
1st Prior		7,234,327	2,845,036	291,906	52,599	22,145	(524)	10,445,489
2nd Prior			5,107,161	3,659,928	(11,603)	64,031	4,582	8,824,099
3rd Prior				5,024,984	2,740,372	(83)	16,648	7,781,921
4th Prior					6,319,625	2,164,854	165,702	8,650,181
5th Prior						5,576,428	2,195,449	7,771,877
6th Prior*							99,897,973	99,897,973
Totals	7,619,722	8,856,498	8,087,485	8,998,859	9,104,516	7,823,659	102,279,276	152,770,015
Expense	10,356,445	8,982,612	8,293,112	8,576,091	9,365,342	7,544,774	103,990,828	157,109,204
Adjustment	-	197,985	(98,564)	502,135	(205,356)	304,265	(1,702,356)	(1,001,891)
Remaining	2,736,723	324,099	107,063	79,367	55,470	25,380	9,196	3,337,298

* 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.

Amounts expressed in whole dollars, differences are due to rounding.

PIMA COUNTY, ARIZONA - PIMA HEALTH SYSTEM AND SERVICES
Acute Care - Profitability by Risk Group - Total Counties

Total Counties	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	Grand Total
REVENUE & EXPENSES												
Member Months												
SOBRA FPS Mmbr Mths	0	0	0	0	0	0	0	0	0	2,601	0	2,601
PPC Member Months	478	4,733	2,720	1,347	407	374	371	423	4,086	0	703	15,642
Pros. Member Months	19,179	108,975	59,675	30,574	11,300	29,933	23,572	2,321	48,399	0	4,997	338,925
Total Member Months	19,657	113,708	62,395	31,921	11,707	30,307	23,943	2,744	52,485	2,601	5,700	357,168
Pros. & FPS Mbr. Mths	19,179	108,975	59,675	30,574	11,300	29,933	23,572	2,321	48,399	2,601	4,997	341,526
Pros. & PPC Mbr. Mths	19,657	113,708	62,395	31,921	11,707	30,307	23,943	2,744	52,485	0	5,700	354,567
REVENUES												
305 Capitation	7,731,889	10,713,348	10,488,521	3,843,152	3,964,755	7,051,140	13,684,162	1,874,548	18,265,667	20,150	867,496	**78,504,819**
310 PPC Capitation	550,307	181,469	403,678	162,320	113,022	11,018	29,124	640,845	2,383,396	0	104,461	**4,579,640**
312 Hospital Supplement	0	0	0	0	0	9,739	0	2,642,704	0	0	0	**2,652,443**
315 SOBRA Supplement	0	0	2,362,193	0	0	11,574	92,929	5,496	91,397	0	3,273,760	**5,837,349**
320 HIV-AIDS Supplement	0	53	19,722	5,064	0	82,570	60,190	1,920	147,773	0	0	**317,292**
321 TWG Settlement	0	0	0	0	0	0	0	10,501	186,827	0	0	**197,328**
322 PPC Settlement	45,656	462,155	262,435	125,697	34,924	34,618	32,359	38,179	385,893	0	75,421	**1,497,337**
325 Investment Income	50,732	294,468	155,744	79,933	30,048	80,713	61,440	6,143	128,622	6,995	13,349	**908,187**
330 Other Income	3,270	18,036	8,990	4,399	1,555	5,034	3,815	445	8,343	488	859	**55,234**
TOTAL REVENUES	8,381,845	11,669,529	13,701,283	4,220,565	4,144,304	7,286,406	13,964,019	5,220,781	21,597,918	27,633	4,335,346	**94,549,629**
EXPENSES												
Hospitalization												
402 Hospital Inpatient	3,904,600	969,122	2,333,326	755,043	762,214	258,297	4,048,903	2,045,972	7,144,328	0	1,779,283	**24,001,088**
404 Hosp Risk Pool Exp	0	0	0	0	0	0	0	0	0	0	0	**0**
406 PPC-Hospital Inpatient	360,678	109,870	193,630	172,006	101,628	2,748	80,298	2,042,933	3,115,996	0	59,791	**6,239,578**
Total Hospitalization	4,265,278	1,078,992	2,526,956	927,049	863,842	261,045	4,129,201	4,088,905	10,260,324	0	1,839,074	**30,240,666**
Medical Compensation												
408 Primary Care Phy	797,508	2,002,581	1,611,275	514,067	526,729	175,779	810,567	98,737	1,988,229	6,868	111,098	**8,643,420**
410 Referral Phy	1,722,526	2,153,803	2,433,161	672,097	654,133	507,080	2,187,604	458,464	3,124,205	11,696	994,319	**14,919,088**
412 Phy Risk Pool Exp	0	0	0	0	0	0	0	0	0	0	0	**0**
414 PPC - Physician Services	118,235	64,381	100,727	38,147	34,552	19,643	31,856	506,389	834,172	0	49,709	**1,797,811**
Total Medical Comp	2,638,269	4,220,765	4,145,163	1,224,311	1,215,495	702,502	3,030,027	1,063,590	5,946,597	18,564	1,155,126	**25,360,319**
416 Emergency Services	82,704	185,743	338,878	15,102	42,965	30,144	250,842	12,739	433,754	79	16,115	**1,409,065**
418 Pharmacy	298,040	931,238	1,301,056	573,679	572,978	1,796,491	3,839,351	237,757	3,694,662	10,675	117,002	**12,772,929**
420 Lab, X-ray, & med image	221,651	754,606	2,257,266	463,708	592,030	323,287	1,774,020	296,023	2,883,791	920	506,507	**10,073,809**
422 Outpatient Facility	145,196	319,186	320,084	94,148	89,136	51,880	514,364	56,688	413,535	0	30,460	**2,034,677**
424 Durable Med Equip	87,244	209,793	301,393	116,235	85,404	68,932	566,884	123,074	653,054	432	52,034	**2,264,479**
426 Dental	3,135	2,529,421	439,625	258,508	16,928	41,715	110,266	8,638	178,309	0	29,232	**3,615,777**
428 Transportation	111,053	182,440	298,576	112,476	70,115	311,073	589,577	60,164	711,969	0	57,666	**2,505,109**
430 NF, Home HC	71,988	15,312	27,339	10,405	20,285	159,432	283,609	79,158	378,121	0	184	**1,045,833**
432 Physical Therapy	13,763	44,768	66,778	34,345	29,840	10,521	83,485	12,215	172,516	0	2,379	**470,610**
434 Other Risk Pool Exp	0	0	0	0	0	0	0	0	0	0	0	**0**
436 Miscellaneous Med Exp	0	206	2,225	1,030	58	520	4,927	155	6,765	0	56	**15,972**
438 PPC-Other	40,342	64,460	127,153	51,148	23,476	10,324	37,632	465,997	958,656	100	82,090	**1,871,378**
Total Other Medical	1,075,116	5,237,173	5,480,373	1,730,764	1,553,215	2,804,319	8,055,007	1,352,608	9,885,132	12,206	893,725	**38,079,638**
TOTAL MEDICAL EXP	7,978,663	10,536,930	12,152,492	3,882,124	3,632,462	3,767,866	15,214,235	6,505,103	26,092,053	30,770	3,887,925	**93,680,623**
Less:												
440 Reinsurance	(469,797)	(119,823)	(112,876)	(597,373)	116,710	(220,629)	(1,917,770)	(1,069,660)	(2,419,620)	0	(639)	**(6,811,477)**
441 PPC-Reinsurance	0	0	0	0	0	0	0	0	0	0	0	**0**
442 Third Party Liability	0	(26,321)	(83,918)	(27,739)	(10,580)	(2,884)	(155,104)	(14,701)	(149,677)	(293)	0	**(471,217)**
TOTAL NET MEDICAL EXP	7,508,866	10,390,786	11,955,698	3,257,012	3,738,592	3,544,353	13,141,361	5,420,742	23,522,756	30,477	3,887,286	**86,397,929**
TOTAL ADMIN EXP	147,276	855,643	488,899	253,811	95,964	238,461	182,456	566,902	2,116,603	19,391	37,981	**5,003,387**
TOTAL EXPENSES	7,656,142	11,246,429	12,444,597	3,510,823	3,834,556	3,782,814	13,323,817	5,987,644	25,639,359	49,868	3,925,267	**91,401,316**
Inc (loss) from operations	725,703	423,100	1,256,686	709,742	309,748	3,503,592	640,202	(766,863)	(4,041,441)	(22,235)	410,079	**3,148,313**
Non-operating inc (loss)	0	0	0	0	0	0	0	0	0	0	0	**0**
Inc (loss) before taxes	725,703	423,100	1,256,686	709,742	309,748	3,503,592	640,202	(766,863)	(4,041,441)	(22,235)	410,079	**3,148,313**
Income taxes	0	0	0	0	0	0	0	0	0	0	0	**0**
Premium Tax Expense	176,848	229,466	272,347	93,955	79,647	149,252	316,274	126,763	476,454	659	87,562	**2,009,227**
NET INCOME (LOSS)	548,855	193,634	984,339	615,787	230,101	3,354,340	323,928	(893,626)	(4,517,895)	(22,894)	322,517	**1,139,086**

Amounts expressed in whole dollars, differences are due to rounding.

PIMA COUNTY, ARIZONA - PIMA HEALTH SYSTEM AND SERVICES

Acute Care - Profitability by Risk Group - Pima County

Pima 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
REVENUE & EXPENSES													
Member Months													
SOBRA FPS Mmbr Mths	0	0	0	0	0	0	0	0	0	2,377	0	2,377	2,377
PPC Member Months	430	4,035	2,382	1,137	331	329	346	380	3,750	0	643	13,763	13,763
Pros. Member Months	16,576	89,997	44,780	22,307	7,749	23,639	20,347	2,169	41,410	0	4,413	273,387	273,387
Total Member Months	17,006	94,032	47,162	23,444	8,080	23,968	20,693	2,549	45,160	2,377	5,056	289,527	289,527
Pros. & FPS Mbr. Mths	16,576	89,997	44,780	22,307	7,749	23,639	20,347	2,169	41,410	2,377	4,413	275,764	275,764
Pros. & PPC Mbr. Mths	17,006	94,032	47,162	23,444	8,080	23,968	20,693	2,549	45,160	0	5,056	287,150	287,150
REVENUES	0	0	0	0	0	0	0	0	0	0	0	0	0
305 Capitation	6,683,101	8,828,193	7,896,064	2,810,895	2,714,787	5,573,999	11,819,612	1,751,913	15,628,977	18,306	766,253	64,491,200	64,491,200
310 PPC Capitation	495,672	154,716	353,590	136,992	91,997	9,677	27,160	575,261	2,188,245	0	95,557	4,128,867	4,128,867
312 Hospital Supplement	0	0	0	0	0	9,739	0	2,535,658	0	0	0	2,545,397	2,545,397
315 SOBRA Supplement	0	0	2,021,955	0	0	11,574	86,311	5,496	85,943	0	2,830,242	5,041,521	5,041,521
320 HIV-AIDS Supplement	0	53	19,722	5,064	0	82,579	60,190	1,920	147,773	0	0	317,292	317,292
321 TWG Settlement	0	0	0	0	0	0	0	10,501	186,827	0	0	197,328	197,328
322 PPC Settlement	44,636	417,795	245,609	111,675	31,865	31,814	30,574	34,610	367,282	0	71,852	1,387,712	1,387,712
325 Investment Income	43,868	240,085	119,300	59,345	20,688	63,596	53,364	5,733	110,208	6,405	11,815	734,407	734,407
330 Other Income	3,270	18,036	8,990	4,399	1,555	5,034	3,815	445	8,343	488	859	55,234	55,234
TOTAL REVENUES	7,270,547	9,658,878	10,665,230	3,128,370	2,860,892	5,788,003	12,081,026	4,921,537	18,722,698	25,199	3,776,578	78,898,958	78,898,958
EXPENSES	0	0	0	0	0	0	0	0	0	0	0	0	0
Hospitalization	0	0	0	0	0	0	0	0	0	0	0	0	0
402 Hospital Inpatient	3,403,782	883,643	2,043,660	692,121	605,668	205,657	3,575,959	1,833,666	6,614,503	0	1,604,272	21,462,871	21,462,871
404 Hosp Risk Pool Exp	0	0	0	0	0	0	0	0	0	0	0	0	0
406 PPC-Hospital Inpatient	304,072	93,732	168,350	158,748	84,507	2,748	47,012	1,912,860	2,904,452	0	54,115	5,730,596	5,730,596
Total Hospitalization	3,707,854	977,375	2,211,950	850,869	690,175	208,405	3,622,971	3,746,526	9,518,955	0	1,658,387	27,193,467	27,193,467
Medical Compensation	0	0	0	0	0	0	0	0	0	0	0	0	0
408 Primary Care Phy	626,033	1,695,835	1,323,190	384,390	363,015	136,828	703,165	93,805	1,733,175	6,868	104,951	7,171,305	7,171,305
410 Referral Phy	1,548,009	1,702,911	2,006,105	550,788	439,624	422,093	1,885,720	402,160	2,807,304	10,409	863,408	12,638,531	12,638,531
412 Phy Risk Pool Exp	0	0	0	0	0	0	0	0	0	0	0	0	0
414 PPC - Physician Services	101,826	55,452	80,655	34,217	29,774	11,592	26,120	467,372	787,396	0	45,243	1,640,147	1,640,147
Total Medical Comp	2,275,918	3,454,198	3,409,950	969,395	832,413	570,513	2,615,005	963,337	5,327,875	17,277	1,014,102	21,449,983	21,449,983
	0	0	0	0	0	0	0	0	0	0	0	0	0
416 Emergency Services	70,376	142,268	296,816	(106)	35,156	26,646	245,598	10,829	411,825	79	14,662	1,254,149	1,254,149
418 Pharmacy	262,823	685,008	1,027,754	489,556	409,261	1,513,411	2,908,090	217,245	2,821,881	10,078	104,261	10,449,368	10,449,368
420 Lab, X-ray, & med image	187,457	578,349	1,882,873	353,814	421,232	264,312	1,580,208	264,085	2,533,041	886	460,184	8,526,441	8,526,441
422 Outpatient Facility	120,046	257,998	268,239	66,816	51,232	91,924	227,619	36,267	316,926	0	63,104	1,500,171	1,500,171
424 Durable Med Equip	76,762	174,083	277,817	198,970	72,839	59,888	529,705	115,612	605,776	432	49,591	2,071,475	2,071,475
426 Dental	3,091	2,049,517	368,715	215,046	13,791	37,667	103,982	8,525	162,377	0	26,921	2,989,632	2,989,632
428 Transportation	65,966	144,019	245,120	91,428	40,890	257,473	518,892	47,286	627,808	0	54,066	2,092,948	2,092,948
430 NF, Home HC	60,827	15,183	16,916	10,405	16,083	139,541	270,135	72,629	368,857	0	184	970,760	970,760
432 Physical Therapy	11,796	36,909	51,401	31,294	23,660	9,231	74,996	11,022	163,281	0	2,298	415,888	415,888
434 Other Risk Pool Exp	0	0	0	0	0	0	0	0	0	0	0	0	0
436 Miscellaneous Med Exp	0	206	2,225	1,010	58	520	4,977	155	6,707	0	56	15,914	15,914
438 PPC-Other	28,790	47,362	111,864	44,222	26,905	8,969	33,629	420,691	880,722	0	76,391	1,679,545	1,679,545
Total Other Medical	887,934	4,130,902	4,549,740	1,412,455	1,111,107	2,409,582	6,497,831	1,204,346	8,899,201	11,475	851,718	31,966,291	31,966,291
TOTAL MEDICAL EXP	6,871,706	8,562,475	10,171,640	3,232,719	2,633,695	3,188,500	12,735,807	5,914,209	23,746,031	28,752	3,524,207	80,609,741	80,609,741
Less:	0	0	0	0	0	0	0	0	0	0	0	0	0
440 Reinsurance	(469,797)	(119,823)	(112,876)	(597,373)	116,710	(220,629)	(1,917,770)	(1,069,660)	(2,419,620)	0	(639)	(6,811,477)	(6,811,477)
441 PPC-Reinsurance	0	0	0	0	0	0	0	0	0	0	0	0	0
442 Third Party Liability	0	(26,321)	(83,918)	(27,739)	(10,589)	(2,854)	(155,104)	(14,701)	(149,677)	(293)	0	(471,217)	(471,217)
TOTAL NET MEDICAL EXP	6,401,909	8,416,331	9,974,846	2,607,607	2,739,825	2,964,987	10,662,933	4,829,848	21,176,734	28,459	3,523,568	73,327,047	73,327,047
	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL ADMIN EXP	117,142	636,222	316,304	157,956	54,822	165,852	144,774	540,060	1,858,586	16,791	31,211	4,039,720	4,039,720
	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	6,519,051	9,052,553	10,291,150	2,765,563	2,794,647	3,130,839	10,807,707	5,369,908	23,035,320	45,250	3,554,779	77,366,767	77,366,767
	0	0	0	0	0	0	0	0	0	0	0	0	0
Inc (loss) from operations	751,496	606,325	374,080	362,807	66,245	2,657,164	1,273,319	(448,371)	(4,312,622)	(20,051)	221,799	1,532,191	1,532,191
Non-operating inc (loss)	0	0	0	0	0	0	0	0	0	0	0	0	0
Inc (loss) before taxes	751,496	606,325	374,080	362,807	66,245	2,657,164	1,273,319	(448,371)	(4,312,622)	(20,051)	221,799	1,532,191	1,532,191
Income taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Premium Tax Expense	155,165	190,692	214,287	73,213	54,748	120,427	279,979	120,830	420,437	604	76,585	1,706,967	1,706,967
	0	0	0	0	0	0	0	0	0	0	0	0	0
NET INCOME (LOSS)	596,331	415,633	159,793	289,594	11,497	2,536,737	993,340	(569,201)	(4,733,059)	(20,655)	145,214	(174,776)	(174,776)

Amounts expressed in whole dollars, differences are due to rounding.

PIMA COUNTY, ARIZONA - PIMA HEALTH SYSTEM AND SERVICES

Acute Care - Profitability by Risk Group - Santa Cruz County

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
REVENUE & EXPENSES													
Member Months													
SOBRA FPS Mmbr Mths	0	0	0	0	0	0	0	0	0	224	0	224	224
PPC Member Months	48	698	338	210	76	45	25	43	336	0	60	1,879	1,879
Pros. Member Months	2,603	18,978	14,895	8,267	3,551	6,294	3,225	152	6,989	0	584	65,538	65,538
Total Member Months	2,651	19,676	15,233	8,477	3,627	6,339	3,250	195	7,325	224	644	67,641	67,641
Pros. & FPS Mbr. Mths	2,603	18,978	14,895	8,267	3,551	6,294	3,225	152	6,989	224	584	65,762	65,762
Pros. & PPC Mbr. Mths	2,651	19,676	15,233	8,477	3,627	6,339	3,250	195	7,325	0	644	67,417	67,417
REVENUES	0	0	0	0	0	0	0	0	0	0	0	0	0
305 Capitation	1,048,779	1,885,155	2,592,457	1,032,257	1,249,968	1,477,141	1,864,550	122,635	2,637,590	1,844	101,243	14,013,619	14,013,619
310 PPC Capitation	54,635	26,753	59,088	25,328	21,025	1,341	1,964	65,584	195,151	0	8,904	450,773	450,773
312 Hospital Supplement	0	0	0	0	0	0	0	107,046	0	0	0	107,046	107,046
315 SOBRA Supplement	0	0	340,238	0	0	0	6,618	0	5,454	0	443,518	795,828	795,828
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	0	0	0	0	0
322 PPC Settlement	1,020	44,360	16,826	14,022	3,059	2,804	1,785	3,569	18,611	0	3,569	109,625	109,625
325 Investment Income	6,864	54,383	36,444	20,588	9,360	17,137	8,076	410	18,414	590	1,534	173,780	173,780
330 Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUES	1,111,298	2,010,651	3,036,053	1,092,195	1,283,412	1,498,403	1,882,993	299,244	2,875,220	2,434	558,768	15,650,671	15,650,671
EXPENSES	0	0	0	0	0	0	0	0	0	0	0	0	0
Hospitalization	0	0	0	0	0	0	0	0	0	0	0	0	0
402 Hospital Inpatient	500,818	85,479	289,726	62,922	156,546	52,649	472,944	212,306	529,825	0	175,011	2,538,217	2,538,217
404 Hosp Risk Pool Exp	0	0	0	0	0	0	0	0	0	0	0	0	0
406 PPC-Hospital Inpatient	56,606	16,138	25,280	13,258	17,121	0	33,286	130,073	211,544	0	5,676	508,982	508,982
Total Hospitalization	557,424	101,617	315,006	76,180	173,667	52,649	506,230	342,379	741,369	0	180,687	3,047,199	3,047,199
Medical Compensation	0	0	0	0	0	0	0	0	0	0	0	0	0
408 Primary Care Phy	171,425	306,746	288,085	129,677	163,705	38,951	107,402	4,932	255,045	0	6,147	1,472,115	1,472,115
410 Referral Phy	174,517	450,892	427,056	121,309	214,509	84,987	301,884	56,304	316,901	1,287	130,911	2,280,557	2,280,557
412 Phy Risk Pool Exp	0	0	0	0	0	0	0	0	0	0	0	0	0
414 PPC - Physician Services	16,409	8,929	20,072	3,930	4,778	8,051	5,736	39,017	46,776	0	3,966	157,664	157,664
Total Medical Comp	362,351	766,567	735,213	254,916	382,992	131,989	415,022	100,253	618,722	1,287	141,024	3,910,336	3,910,336
	0	0	0	0	0	0	0	0	0	0	0	0	0
416 Emergency Services	12,328	43,475	42,062	15,208	7,809	3,498	5,244	1,910	21,929	0	1,453	154,916	154,916
418 Pharmacy	35,217	246,230	273,302	84,123	163,717	283,089	931,261	20,512	272,781	597	12,741	2,323,561	2,323,561
420 Lab, X-ray, & med image	34,194	176,257	374,393	109,894	170,798	58,975	193,812	31,938	350,750	34	46,323	1,547,368	1,547,368
422 Outpatient Facility	25,150	61,188	51,845	27,332	37,904	(40,044)	286,745	20,421	96,609	0	(32,644)	534,506	534,506
424 Durable Med Equip	10,482	35,710	23,576	7,265	12,565	9,044	37,179	7,462	47,278	0	2,443	193,004	193,004
426 Dental	44	479,904	70,910	43,462	3,137	4,048	6,284	113	15,932	0	2,311	626,145	626,145
428 Transportation	45,087	38,421	53,456	21,048	29,225	53,600	70,685	12,878	84,161	0	3,600	412,161	412,161
430 NF, Home HC	11,161	129	10,423	0	4,202	19,891	13,474	6,529	9,264	0	0	75,073	75,073
432 Physical Therapy	1,967	7,859	15,377	3,051	6,180	1,290	8,489	1,193	9,235	0	81	54,722	54,722
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	0	0	0	58	0	0	58	58
438 PPC-Other	11,552	17,098	15,289	6,926	6,571	1,355	4,003	45,306	77,934	100	5,699	191,833	191,833
Total Other Medical	187,182	1,106,271	939,633	318,309	442,108	394,737	1,557,176	148,262	985,931	731	42,007	6,113,347	6,113,347
TOTAL MEDICAL EXP	1,106,957	1,974,455	1,980,852	649,405	998,767	579,366	2,478,428	590,894	2,346,022	2,018	363,718	13,070,882	13,070,882
Less:	0	0	0	0	0	0	0	0	0	0	0	0	0
440 Reinsurance	0	0	0	0	0	0	0	0	0	0	0	0	0
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
TOTAL NET MEDICAL EXP	1,106,957	1,974,455	1,980,852	649,405	998,767	579,366	2,478,428	590,894	2,346,022	2,018	363,718	13,070,882	13,070,882
	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL ADMIN EXP	30,134	219,421	172,595	95,855	41,142	72,609	37,682	26,842	258,017	2,600	6,770	963,667	963,667
	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	1,137,091	2,193,876	2,153,447	745,260	1,039,909	651,975	2,516,110	617,736	2,604,039	4,618	370,488	14,034,549	14,034,549
	0	0	0	0	0	0	0	0	0	0	0	0	0
Inc (loss) from operations	(25,793)	(183,225)	882,606	346,935	243,503	846,428	(633,117)	(318,492)	271,181	(2,184)	188,280	1,616,122	1,616,122
Non-operating inc (loss)	0	0	0	0	0	0	0	0	0	0	0	0	0
Inc (loss) before taxes	(25,793)	(183,225)	882,606	346,935	243,503	846,428	(633,117)	(318,492)	271,181	(2,184)	188,280	1,616,122	1,616,122
Income taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Premium Tax Expense	21,683	38,774	58,060	20,742	24,899	28,825	36,295	5,933	56,017	55	10,977	302,260	302,260
	0	0	0	0	0	0	0	0	0	0	0	0	0
NET INCOME (LOSS)	(47,476)	(221,999)	824,546	326,193	218,604	817,603	(669,412)	(324,425)	215,164	(2,239)	177,303	1,313,862	1,313,862

Amounts expressed in whole dollars, differences are due to rounding.

PIMA COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES

Acute Care - PPC Claims Lag Report - Hospital

Year Ended June 30, 2006

Payment Qtr	Current	1st Prior	2nd Prior	3rd Prior	4th Prior	5th Prior	6th Prior *	Total
Current	894,902	424,995	309,429	33,946	50,518	3,104	685	1,717,579
1st Prior		1,299,420	286,308	188,543	81,960	9,199	-	1,865,430
2nd Prior			942,596	28,074	231,397	54,914	1,793	1,258,774
3rd Prior				1,219,211	224,533	153,183	40,961	1,637,888
4th Prior					901,696	166,150	302,660	1,370,506
5th Prior						297,248	844,511	1,141,759
6th Prior*							10,900,811	10,900,811
Totals	894,902	1,724,415	1,538,333	1,469,774	1,490,104	683,798	12,091,421	19,892,747
Expense	1,182,199	2,025,782	1,488,749	1,542,849	1,498,929	1,259,805	11,196,766	20,195,079
Adjustment		(229,160)	85,624	(54,769)	1,023	(576,007)	894,655	121,366
Remaining	287,297	72,207	36,040	18,306	9,848	-	-	423,698

* 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.

Amounts expressed in whole dollars, differences are due to rounding.

PIMA COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES

Acute Care - PPC Claims Lag Report - Medical

Year Ended June 30, 2006

Payment Qtr	Current	1st Prior	2nd Prior	3rd Prior	4th Prior	5th Prior	6th Prior *	Total
Current	294,536	103,679	70,534	10,037	1,548	237	205	480,776
1st Prior		440,744	81,636	60,458	9,414	2,165	1,566	595,983
2nd Prior			338,516	6,650	4,451	2,321	3,611	355,549
3rd Prior				296,864	95,454	26,517	4,950	423,785
4th Prior					238,151	60,951	51,735	350,837
5th Prior						102,688	239,812	342,500
6th Prior*							3,285,793	3,285,793
Totals	294,536	544,423	490,686	374,009	349,018	194,879	3,587,672	5,835,223
Expense	359,537	549,711	492,986	395,580	394,764	327,414	3,405,902	5,925,894
Adjustment		21,164	16,895	(10,265)	(40,036)	(132,535)	181,770	36,993
Remaining	65,001	26,452	19,195	11,306	5,710	-	-	127,664

* 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.

Amounts expressed in whole dollars, differences are due to rounding.

PIMA COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES

Acute Care - PPC Claims Lag Report - Other

Year Ended June 30, 2006

Payment Qtr	Current	1st Prior	2nd Prior	3rd Prior	4th Prior	5th Prior	6th Prior *	Total
Current	334,590	64,982	47,713	13,082	4,277	580	(66)	465,158
1st Prior		327,800	73,155	70,074	11,316	1,286	1,596	485,227
2nd Prior			387,326	62,759	55,098	37,132	(3,509)	538,806
3rd Prior				291,315	40,290	42,676	10,471	384,752
4th Prior					273,615	52,742	47,308	373,665
5th Prior						61,634	204,266	265,900
6th Prior*							3,197,418	3,197,418
Totals	334,590	392,782	508,194	437,230	384,596	196,050	3,457,484	5,710,926
Expense	417,657	462,836	596,395	394,490	418,467	272,361	3,268,747	5,830,953
Adjustment		(24,201)	(59,658)	56,558	(28,689)	(76,311)	188,737	56,436
Remaining	83,067	45,853	28,543	13,818	5,182	-	-	176,463

* 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.

Amounts expressed in whole dollars, differences are due to rounding.

PIMA COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES

ACUTE CARE - OFFICERS AND DIRECTORS

Year Ended June 30, 2006

NAME	TITLE	OTHER RELATIONSHIP TO PLAN	TYPE OF COMPENSATION
DeCicco, Melanie	Behavioral Health Manager	None	Salary
Eyde, Kathy	Preventative & Maternal Child Health Manager	None	Salary
Frederick, Pam	Quality Management Manager	None	Salary
Harsfield, Kelli	Grievance Coordinator	None	Salary
Kaehler, Mary	Plan Administrator	None	Salary
LeBlanc, Marcia	Contracts, Provider & Member Services Manager	None	Salary
Peterson, Timothy, M.D.	Medical Director	None	Salary
Roundtree, Virginia	Corporate Compliance & Privacy Officer	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 COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES

ACUTE SUMMARY FINANCIAL DATA (11)

Year Ended June 30, 2006

	Total	Per Member Per Month
Capitation revenues	$ 93,634,226	$ 262.16
Reinsurance claims revenue	6,811,478	19.07
Other income	478,438	1.34
Medical claims expense (1)	93,696,323	262.33
Net medical claims expense (2)	86,884,845	243.26
Expenses other than medical claims (10)	6,996,921	19.59
Net income	1,139,087	3.19

	Total	Per Enrollee
Cash and cash equivalents	$ 8,262,424	$ 284.44
Total assets	14,746,830	507.67
Accrued medical and health care claims (3)	8,889,748	306.04
Non-medical payables	393,195	13.54
Net assets	5,463,887	188.10

	Ratio
Medical claims expense to total revenue	.93 to 1.00
Net medical claims expense to capitation revenue	.93 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	.01 to 1.00
Current assets to current liabilities (working capital ratio)	1.59 to 1.00
Cash and cash equivalents to accrued medical and health care claims	.93 to 1.00

	Percent
Operating margin (4)	7.21
Return on capitation revenues (5)	1.22
Return on equity (6)	20.85
Return on total assets (7)	7.72

	Days
Received but unpaid claims days outstanding (8)	8
Accrued medical and health care claims days outstanding (9)	35

(1) Medical claims expense includes $1,219,183 in subcapitation expense.
(2) Net medical claims expense represents medical claims expense net of reinsurance claims revenues.
(3) Accrued medical and health care claims includes $2,139,133 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.
(9) Accrued medical and health care claims divided by average daily medical expense net of subcapitation expense.
(10) Expenses other than medical claims include $2,009,230 in 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*.

PIMA COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES

ALTCS Medical Claims Payable (RBUCs & IBNRs)

Year Ended June 30, 2006

	<----------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	41,778	-	-	-	41,778	4,349,239	4,391,017
HCBS	139,598	-	-	-	139,598	2,258,186	2,397,784
Acute Care	482,076	-	-	-	482,076	1,813,535	2,295,611
Other Medical	41,558	-	-	-	41,558	144,803	186,361
Total Prospective	705,010	-	-	-	705,010	8,565,763	9,270,773
Total Prior Period Coverage	28,165	-	-	-	28,165	25,205	53,370
TOTAL CLAIMS PAYABLE	733,175	-	-	-	733,175	8,590,968	9,324,143

Amounts expressed in whole dollars, differences are due to rounding.

PIMA COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES

ALTCS - Claims Lag Report for Prospective Period Only

Year Ended June 30, 2006

INSTITUTIONAL 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	13,126,847	3,702,807	130,085	29,317	(829)	845	(561)	16,988,511
2	1ST PRIOR		12,223,093	3,955,534	80,025	3,019	7,326	(1,466)	16,267,531
3	2ND PRIOR			12,385,681	3,315,037	93,222	1,351	14,411	15,809,702
4	3RD PRIOR				11,791,387	3,719,600	79,901	11,058	15,601,946
5	4TH PRIOR					11,584,675	3,998,648	101,974	15,685,297
6	5TH PRIOR						10,323,458	4,378,942	14,702,400
7	6TH PRIOR							11,476,590	11,476,590
8	TOTALS	13,126,847	15,925,900	16,471,300	15,215,766	15,399,687	14,411,529	15,980,948	106,531,977
9	EXP.REPORTED	16,971,565	16,577,125	16,186,658	15,600,392	15,590,026	15,094,686	15,676,413	111,696,865
10	ADJUSTMENT		220,717	(352,025)	350,689	175,868	683,157	(304,535)	773,871
11	REMAINING LIABILITY	3,844,718	430,508	67,383	33,937	14,471	-	-	4,391,017

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	7,218,697	2,358,218	84,082	(737)	13,239	1,533	-	9,675,032
2	1ST PRIOR		6,059,279	3,646,523	74,301	4,249	2,069	-	9,786,421
3	2ND PRIOR			5,703,138	2,490,904	44,119	4,022	809	8,242,992
4	3RD PRIOR				6,322,674	2,162,545	47,000	(3,375)	8,528,844
5	4TH PRIOR					5,619,490	2,876,333	13,944	8,509,767
6	5TH PRIOR						5,870,292	2,029,316	7,899,608
7	6TH PRIOR							5,914,722	5,914,722
8	TOTALS	7,218,697	8,417,497	9,433,743	8,887,142	7,843,642	8,801,249	7,955,416	58,557,386
9	EXP.REPORTED	9,040,396	8,890,673	9,098,877	9,056,187	8,273,581	8,859,089	8,272,737	61,491,540
10	ADJUSTMENT		(36,468)	(375,896)	152,568	421,005	57,840	317,321	536,370
11	REMAINING LIABILITY	1,821,699	509,644	41,030	16,477	8,934	-	-	2,397,784

ACUTE PAYMENTS

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		<-----QUARTER IN WHICH SERVICE PROVIDED----->							
LINE	QUARTER OF PAYMENT	CURRENT	1ST PRIOR	2ND PRIOR	3RD PRIOR	4TH PRIOR	5TH PRIOR	6TH PRIOR	TOTAL
1	CURRENT	2,883,375	2,718,482	347,188	61,401	20,214	36	117,946	6,148,642
2	1ST PRIOR		5,058,908	1,947,710	598,667	135,212	20,066	(65,411)	7,695,152
3	2ND PRIOR			3,182,156	3,744,187	89,006	78,748	21,682	7,115,779
4	3RD PRIOR				3,572,657	3,404,045	168,648	95,598	7,240,948
5	4TH PRIOR					4,676,453	2,946,756	225,197	7,848,406
6	5TH PRIOR						5,920,939	1,637,444	7,558,383
7	6TH PRIOR							5,248,793	5,248,793
8	TOTALS	2,883,375	7,777,390	5,477,054	7,976,912	8,324,930	9,135,193	7,281,249	48,856,103
9	EXP.REPORTED	4,804,697	7,872,152	7,804,435	8,107,154	8,132,491	7,484,119	7,815,742	52,020,790
10	ADJUSTMENT		(198,215)	2,285,693	101,335	(203,156)	(1,651,074)	534,493	869,076
11	REMAINING LIABILITY	1,921,322	292,977	41,688	28,907	10,717	-	-	2,295,611

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	1,119,241	221,016	24,488	2,136	47	392	-	1,367,320
2	1ST PRIOR		981,491	62,269	5,524	792	(345)	153	1,049,884
3	2ND PRIOR			788,685	240,033	4,638	5,924	155	1,039,435
4	3RD PRIOR				663,992	267,834	(12,072)	1,756	921,510
5	4TH PRIOR					984,120	90,446	10,017	1,084,583
6	5TH PRIOR						658,215	306,075	964,290
7	6TH PRIOR							782,435	782,435
8	TOTALS	1,119,241	1,202,507	875,442	911,685	1,257,431	742,560	1,100,591	7,209,457
9	EXP. REPORTED	1,231,111	1,236,530	1,063,205	926,838	1,190,670	905,943	982,065	7,536,362
10	ADJUSTMENT		(12,501)	168,976	8,568	(69,356)	163,383	(118,526)	140,544
11	REMAINING LIABILITY	111,870	46,524	18,787	6,585	2,595	-	-	186,361

Amounts expressed in whole dollars, differences are due to rounding.

PIMA COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES - ALTCS

Analysis of Profitability by County by Major Rate Code Classification - Pima County

Year Ended June 30, 2006

Account #	Account Description	MEDICARE	NON-MEDICARE	Fiscal Year-End TOTAL
Revenues:				
305	Capitation	109,043,250	25,336,348	134,379,599
310	PPC Capitation	774,621	55,272	829,893
320	HIV-AIDS /Supplement	94,329	22,132	116,461
325	Investment Income *	426,789	97,572	524,361
335	Patient Contributions	19,882	4,583	24,465
340	HCBS Placement Reconciliation *	-	-	-
345	Share of Cost (SOC) Reconciliation *	320,255	78,991	399,245
330	Other Income (Specify)	13,832	3,089	16,921
380	Reinsurance	5,089,501	3,585,783	8,675,284
381	PPC - Reinsurance	1,904	(1,904)	-
385	Third Party Liability Recoveries	211,288	(235,647)	(24,359)
	TOTAL REVENUES	$ 115,995,652	$ 28,946,219	$ 144,941,871
Institutional Care Expenses:				
400	NH ICF & Bedholds	-	-	-
402	Level I	18,522,879	2,746,073	21,268,903
404	Level II	26,484,356	3,239,292	29,723,648
406	Level III	10,346,806	1,137,113	11,483,919
408	Insititutional Care	-	-	-
410	PPC Institutional	632,267	25,461	657,728
412	Share of Cost (SOC) Reconciliation *	-	-	-
	TOTAL INSTITUTIONAL CARE	$ 55,986,259	$ 7,147,939	$ 63,134,198
Home & Community Bases Services (HCBS)Expenses:				
414	Home Health Nurse	1,204,301	918,385	2,122,686
416	Home Health Aide	7,533	1,271	8,804
418	Personal Care	3,448,223	1,301,472	4,749,694
420	Homemaker	995,762	210,033	1,205,795
422	Home Delivered Meals	305,163	74,284	379,447
424	Respite Care	766,412	146,644	913,056
426	Attendant Care	9,408,452	2,055,801	11,464,254
428	Assisted Living Home	5,227,439	696,774	5,924,213
430	Adult Day Health	157,440	35,068	192,509
432	Adult Foster Care	970,002	308,184	1,278,186
434	Group Respite	-	-	-
436	Hospice	181,605	289,168	470,774
438	Environmental Modifications	35,721	37,177	72,898
440	HCBS Placement Reconciliation *	(39,629)	(8,300)	(48,028)
442	Assisted Living Center	2,802,684	1,166,643	3,969,327
444	Other (Lifeline, Sheltered Employment)	349,451	61,055	410,506
	TOTAL HCBS	$ 25,820,560	$ 7,293,560	$ 33,114,120
Acute Care Expenses:				
448	Inpatient Services (Hosp.)	1,859,749	4,197,340	6,057,089
450	Primary Care Physician Services	537,687	772,077	1,309,765
452	Referral Physician Services	1,051,971	1,556,952	2,608,923
454	Emergency Services	25,495	61,271	86,766
456	Out Patient Facility	92,034	80,244	172,278
458	Prescription Drug	2,922,934	5,411,920	8,334,854
460	Lab/Radiology	293,648	909,029	1,202,677
462	Durable Medical Equipment	543,487	1,045,008	1,588,495
464	Dental	20,975	56,279	77,253
466	Transportation	1,412,934	748,531	2,161,465
468	Therapies	85,239	167,576	252,816
470	Outpatient Behavioral Health	540,257	951,740	1,491,997
471	PPC Acute Care	111,408	15,865	127,273
472	Other (Specify)	-	-	-
	TOTAL ACUTE CARE	$ 9,497,820	$ 15,973,832	$ 25,471,652
Other Medical Expenses:				
474	Ventilator Dependent	1,224,966	2,674,024	3,898,990
476	Risk Pool Adjustment	-	-	-
477	PPC - Other	-	-	-
479	Other (Specify)	-	-	-
	TOTAL OTHER MEDICAL	$ 1,224,966	$ 2,674,024	$ 3,898,990
486	Case Management	3,805,512	884,004	4,689,516
	TOTAL REDUCTION TO MEDICAL EXPENSES			
	TOTAL MEDICAL EXPENSE:	**$ 96,335,117**	**$ 33,973,359**	**$ 130,308,475**
Administrative Expenses:*				
484	Compensation	2,970,950	800,829	3,771,778
488	Data Processing	314,399	84,747	399,147
490	Management Fees	-	-	-
492	Interest Expense	-	-	-
494	Occupancy	486,114	131,034	617,148
495	Marketing	-	-	-
496	Depreciation	-	-	-
497	Other (Specify)	1,867,389	503,360	2,370,750
	TOTAL ADMINISTRATION	$ 5,638,852	$ 1,519,970	$ 7,158,822
	TOTAL EXPENSE	**$ 101,973,969**	**$ 35,493,329**	**$ 137,467,297**
	INCOME FROM OPERATIONS	$ 14,021,683	$ (6,547,110)	$ 7,474,573
498	Non-Operating Income (Loss)	$ -	$ -	$ -
	INCOME(LOSS) BEFORE INCOME TAXES	$ 14,021,683	$ (6,547,110)	$ 7,474,573
499	Provision for Income and/or Premium Taxes	2,237,286	564,400	2,801,686
	NET INCOME(LOSS) AFTER INCOME TAXES	$ 11,784,397	$ (7,111,510)	$ 4,672,888

Amounts expressed in whole dollars, differences are due to rounding.

See Independent Auditors' Report

PIMA COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES - ALTCS

Analysis of Profitability by County by Major Rate Code Classification - Santa Cruz County

Year Ended June 30, 2006

Account #	Account Description	MEDICARE	NON MEDICARE	Fiscal Year-End TOTAL
Revenues:				
305	Capitation	5,647,068	1,227,546	6,874,614
310	PPC Capitation	22,813	(0)	22,813
320	HIV-AIDS /Supplement	6,125	1,309	7,434
325	Investment Income *	27,887	5,583	33,470
335	Patient Contributions	1,293	268	1,562
340	HCBS Placement Reconciliation *	-	-	-
345	Share of Cost (SOC) Reconciliation *	20,389	5,095	25,484
330	Other Income (Specify)	914	166	1,080
380	Reinsurance	-	-	-
381	PPC - Reinsurance	-	-	-
385	Third Party Liability Recoveries	-	-	-
	TOTAL REVENUES	$ 5,726,489	$ 1,239,967	$ 6,966,456
Institutional Care Expenses:				
400	NH ICF & Bedholds	-	-	-
402	Level I	712,361	16,964	729,325
404	Level II	1,190,281	181,066	1,371,347
406	Level III	623,329	37,015	660,344
408	Institutional Care	-	-	-
410	PPC - Institutional	21,911	(3,363)	18,548
412	Share of Cost (SOC) Reconciliation *	-	-	-
	TOTAL INSTITUTIONAL CARE	$ 2,547,882	$ 231,683	$ 2,779,564
Home & Community Bases Services (HCBS)Expenses:				
414	Home Health Nurse	73,530	54,778	128,308
416	Home Health Aide	-	6,937	6,937
418	Personal Care	75,669	9,925	85,594
420	Homemaker	30,075	11,164	41,239
422	Home Delivered Meals	18,255	1,643	19,898
424	Respite Care	6,036	5,362	11,398
426	Attendant Care	1,920,769	296,570	2,217,339
428	Assisted Living Home	281,426	21,473	302,900
430	Adult Day Health	-	3,484	3,484
432	Adult Foster Care	-	-	-
434	Group Respite	-	-	-
436	Hospice	18,842	34,605	53,446
438	Environmental Modifications	-	13,120	13,120
440	HCBS Placement Reconciliation *	(2,414)	(652)	(3,066)
442	Assisted Living Center	26,329	25,539	51,868
444	Other (Lifeline, Sheltered Employment)	36,547	3,000	39,547
	TOTAL HCBS	$ 2,485,066	$ 486,947	$ 2,972,013
Acute Care Expenses:				
448	Inpatient Services (Hosp.)	54,473	181,735	236,209
450	Primary Care Physician Services	23,477	23,361	46,838
452	Referral Physician Services	47,497	47,530	95,027
454	Emergency Services	2,091	820	2,912
456	Out Patient Facility	27,148	(212)	26,936
458	Prescription Drug	221,359	172,477	393,836
460	Lab/Radiology	23,543	49,435	72,978
462	Durable Medical Equipment	19,185	43	19,228
464	Dental	(628)	395	(232)
466	Transportation	92,153	11,738	103,891
468	Therapies	1,181	1,319	2,499
470	Outpatient Behavioral Health	14,113	1,913	16,026
471	PPC Acute Care	3,992	-	3,992
472	Other (Specify)	-	-	-
	TOTAL ACUTE CARE	$ 529,584	$ 490,555	$ 1,020,139
Other Medical Expenses:				
474	Ventilator Dependent		558,694	558,694
476	Risk Pool Adjustment	-	-	-
477	PPC - Other	-	-	-
479	Other (Specify)	-	-	-
	TOTAL OTHER MEDICAL	$ -	$ 558,694	558,694
486	Case Management	245,931	53,399	299,331
	TOTAL REDUCTION TO MEDICAL EXPENSES			
	TOTAL MEDICAL EXPENSE:	**$ 5,808,463**	**$ 1,821,279**	**$ 7,629,742**
Administrative Expenses:*				
484	Compensation	197,660	43,092	240,752
488	Data Processing	20,966	4,511	25,477
490	Management Fees	-	-	-
492	Interest Expense	-	-	-
494	Occupancy	32,297	7,095	39,392
495	Marketing	-	-	-
496	Depreciation	-	-	-
497	Other (Specify)	124,128	27,196	151,324
	TOTAL ADMINISTRATION	$ 375,052	$ 81,895	456,946
	TOTAL EXPENSE	**$ 6,183,514**	**$ 1,903,173**	**$ 8,086,688**
	INCOME FROM OPERATIONS	$ (457,025)	$ (663,206)	$ (1,120,232)
498	Non-Operating Income (Loss)	$ -	$ -	$ -
	INCOME(LOSS) BEFORE INCOME TAXES	$ (457,025)	$ (663,206)	$ (1,120,232)
499	Provision for Income and/or Premium Taxes	113,520	24,577	138,097
	NET INCOME(LOSS) AFTER INCOME TAXES	$ (570,545)	$ (687,783)	$ (1,258,329)

Amounts expressed in whole dollars, differences are due to rounding.

PIMA COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES - ALTCS

Utilization Data Report by County - Pima County

Year Ended June 30, 2006

ITEM DESCRIPTION	MEDICARE		NON-MEDICARE		TOTAL	
	Current Period	Fiscal YTD	Current Period	Fiscal YTD	Current Period	Fiscal YTD
A. Enrollees (At End of Period)	3,068	3,068	624	624	3,692	3,692
B. Member Months (Unduplicated)	9,105	35,746	1,848	8,310	10,953	44,056
Institutional Member Months Total						
1. Level 1	1,460	5,718	155	758	1,615	6,476
2. Level 2	1,922	7,384	196	863	2,118	8,247
3. Level 3	469	1,976	86	436	555	2,412
4. Specialty: Wandering Dementia						
5. Specialty: SubAcute Medical						
6. Specialty: Behavioral Health						
7. Speciality: Respite Care						
8. Home and Community Based Services (HCBS) Total						
a. Adult Foster Care	147	600	33	155	180	755
b. Assisted Living Home	999	4,093	81	408	1,080	4,501
c. Group Home (DD)	-	-	-	-	-	-
d. Individual Home	3,584	13,843	1,013	4,521	4,597	18,364
e. Assisted Living Centers	413	1,677	122	528	535	2,205
f. Other (Specify) Group Home	17	82	16	70	33	152
9. Acute Care	41	178	85	352	126	530
10. Ventilator	53	195	61	221	114	416
11. PPC	245	1,072	10	78	255	1,150
12. Other (Specify)					-	-
Admissions	286	1,516	125	592	411	2,108
Patient Days	1,665	8,461	828	3,715	2,493	12,176
Discharges	286	1,520	127	601	413	2,121
Discharge Days	1,388	6,943	676	2,905	2,064	9,848
Average Length of Stay	4.85	4.57	5.32	4.83	5.00	4.64
Emergency Room Visits	418	2,538	253	978	671	3,516

Amounts expressed in whole dollars, differences are due to rounding.

PIMA COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES - ALTCS

Utilization Data Report by County - Santa Cruz County

Year Ended June 30, 2006

ITEM DESCRIPTION	MEDICARE		NON-MEDICARE		TOTAL	
	Current Period	Fiscal YTD	Current Period	Fiscal YTD	Current Period	Fiscal YTD
A. Enrollees (At End of Period)	199	199	27	27	226	226
B. Member Months (Unduplicated)	590	2,270	83	497	673	2,767
Institutional Member Months Total						
1. Level 1	47	173	1	10	48	183
2. Level 2	80	355	3	22	83	377
3. Level 3	39	145	3	30	42	175
4. Specialty: Wandering Dementia						
5. Specialty: SubAcute Medical						
6. Specialty: Behavioral Health						
7. Speciality: Respite Care						
8. Home and Community Based Services (HCBS) Total						
a. Adult Foster Care	-	-	-	-	-	-
b. Assisted Living Home	49	166	2	29	51	195
c. Group Home (DD)	-	-	-	-	-	-
d. Individual Home	372	1,440	63	356	435	1,796
e. Assisted Living Centers	3	15	3	11	6	26
f. Other (Specify) Group Home	-	-	-	-	-	-
9. Acute Care	-	12	6	24	6	36
10. Ventilator	-	-	2	13	2	13
11. PPC	8	33	-	-	8	33
12. Other (Specify)						
Admissions	15	129	7	19	22	148
Patient Days	55	545	25	90	80	635
Discharges	15	128	7	19	22	147
Discharge Days	42	469	20	86	62	555
Average Length of Stay	2.80	3.66	2.86	4.53	2.82	3.78
Emergency Room Visits	39	231	22	232	61	463

Amounts expressed in whole dollars, differences are due to rounding.

PIMA COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES - ALTCS

Utilization Data Report for all Counties

Year Ended June 30, 2006

ITEM DESCRIPTION	MEDICARE		NON-MEDICARE		TOTAL	
	Current Period	Fiscal YTD	Current Period	Fiscal YTD	Current Period	Fiscal YTD
A. Enrollees (At End of Period)	3,267	3,267	651	651	3,918	3,918
B. Member Months (Unduplicated)	9,695	38,016	1,931	8,807	11,626	46,823
Institutional Member Months Total						
1. Level 1	1,507	5,891	156	768	1,663	6,659
2. Level 2	2,002	7,739	199	885	2,201	8,624
3. Level 3	508	2,121	89	466	597	2,587
4. Specialty: Wandering Dementia						
5. Specialty: SubAcute Medical						
6. Specialty: Behavioral Health						
7. Speicality: Respite Care						
8. Home and Community Based Services (HCBS) Total						
a. Adult Foster Care	147	600	33	155	180	755
b. Assisted Living Home	1,048	4,259	83	437	1,131	4,696
c. Group Home (DD)	-	-	-	-	-	-
d. Individual Home	3,956	15,283	1,076	4,877	5,032	20,160
e. Assisted Living Centers	416	1,692	125	539	541	2,231
f. Other (Specify) Group Home	17	82	16	70	33	152
9. Acute Care	41	190	91	376	132	566
10. Ventilator	53	195	63	234	116	429
11. PPC	253	1,105	10	78	263	1,183
12. Other (Specify)						
Admissions	301	1,645	132	611	433	2,256
Patient Days	1,720	9,006	853	3,805	2,573	12,811
Discharges	301	1,648	134	620	435	2,268
Discharge Days	1,430	7,412	696	2,991	2,126	10,403
Average Length of Stay	4.75	4.50	5.19	4.82	4.89	4.59
Emergency Room Visits	457	2,769	275	1,210	732	3,979

Amounts expressed in whole dollars, differences are due to rounding.

See Independent Auditors' Report

PIMA COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES

Claims Lag Report for Prior Period Only

Year Ended June 30, 2006

INSTITUTIONAL 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	117,794	36,972	25,225	2,452	-	-	-	182,443
2	1ST PRIOR		69,667	111,635	36,140	3,116	-	-	220,558
3	2ND PRIOR			47,152	89,608	11,283	3,787	2,299	154,129
4	3RD PRIOR				31,893	83,518	12,440	7,168	135,019
5	4TH PRIOR					114,227	44,330	10,382	168,939
6	5TH PRIOR						33,201	110,598	143,799
7	6TH PRIOR							87,722	87,722
8	TOTALS	117,794	106,639	184,012	160,093	212,144	93,758	218,169	1,092,609
9	EXP.REPORTED	147,840	199,175	185,689	143,572	162,480	130,196	247,176	1,216,128
10	ADJUSTMENT		80,992	(3,687)	(17,568)	(49,664)	36,438	29,007	75,518
11	REMAINING LIABILITY	30,046	11,544	5,364	1,047	-	-	-	48,001

ACUTE 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	20,772	(4,200)	3,616	5,138	(3,064)	57	(554)	21,765
2	1ST PRIOR		1,299	39,691	20,953	1,859	2,199	565	66,566
3	2ND PRIOR			4,986	8,290	10,664	1,854	85	25,879
4	3RD PRIOR				2,114	7,624	11,188	1,529	22,455
5	4TH PRIOR					22,867	(7,179)	11,713	27,401
6	5TH PRIOR						2,467	16,234	18,701
7	6TH PRIOR							1,611	1,611
8	TOTALS	20,772	(2,901)	48,293	36,495	39,950	10,586	31,183	184,378
9	EXP.REPORTED	23,899	43,197	45,856	18,313	29,675	34,848	15,727	211,515
10	ADJUSTMENT		44,708	(3,289)	(18,182)	(10,275)	24,262	(15,456)	21,768
11	REMAINING LIABILITY	3,127	1,390	852	-	-	-	-	5,369

OTHER MEDICAL PAYMENTS

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		<----------QUARTER IN WHICH SERVICE PROVIDED---------->							
LINE	QUARTER OF PAYMENT	CURRENT	1ST PRIOR	2ND PRIOR	3RD PRIOR	4TH PRIOR	5TH PRIOR	6TH PRIOR	TOTAL
1	CURRENT	-	-	-	-	-	-	-	-
2	1ST PRIOR		-	10	791	-	-	-	801
3	2ND PRIOR			-	-	-	52	177	229
4	3RD PRIOR				-	-	-	11	11
5	4TH PRIOR					-	34	591	625
6	5TH PRIOR						318	632	950
7	6TH PRIOR							21	21
8	TOTALS	-	-	10	791	-	404	1,432	2,637
9	EXP. REPORTED	-	-	-	-	-	-	-	-
10	ADJUSTMENT		-	(10)	(791)	-	(404)	(1,432)	(2,637)
11	REMAINING LIABILITY	-	-	-	-	-	-	-	-

Amounts expressed in whole dollars, differences are due to rounding.

PIMA COUNTY, ARIZONA
PIMA HEALTH SYSTEM AND SERVICES
LONG-TERM CARE OFFICERS AND DIRECTORS

Year Ended June 30, 2006

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

PIMA COUNTY, ARIZONA

PIMA HEALTH SYSTEM AND SERVICES

ALTCS SUMMARY FINANCIAL DATA (12)

Year Ended June 30, 2006

	Total	Per Member Per Month
Capitation revenues:		
Long-term care (10)	142,655,537	3,046.70
Reinsurance claims revenue	8,675,287	185.28
Other income	1,916,108	40.92
Medical claims expense (1)	139,215,921	2,973.24
Net medical claims expense (2)	130,441,098	2,785.83
Expenses other than medical claims (11)	11,172,427	238.61
Net income	3,414,559	72.92

	Total	Per Enrollee
Cash and cash equivalents	4,475,775	1,142.36
Total assets	14,600,265	3,726.46
Accrued medical and health care claims (3)	9,324,144	2,379.82
Non-medical payables	2,827,739	721.73
Net assets	2,448,382	624.91

	Ratio
Medical claims expense to total revenue	.88 to 1.00
Net medical claims expense to capitation revenue	.88 to 1.00
Expenses other than medical claims to total revenue	.07 to 1.00
Expenses other than medical claims to capitation revenue	.08 to 1.00
Net income to capitation revenues	.02 to 1.00
Current assets to current liabilities (working capital ratio)	1.20 to 1.00
Cash and cash equivalents to accrued medical and health care claims	.48 to 1.00

	Percent
Operating margin (4)	8.56
Return on capitation revenues (5)	2.40
Return on equity (6)	139.46
Return on total assets (7)	23.39

	Days
Received but unpaid claims days outstanding (8)	2
Accrued medical and health care claims days outstanding (9)	25

(1) Medical claims expense includes $343,930 in subcapitation expense and $4,988,847 in case management 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 includes $733,175 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 $424,729 attributable to the SOC Reconciliation.
(11) Expenses other than medical claims include $2,939,783 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*.