



*Pima Health System and Services*  
*Enterprise Fund*

---

**For the Fiscal Year Ended June 30, 2008**  
**Pima County, Arizona**

2008



*Pima Health System and Services*  
*Enterprise Fund*

---

**For the Fiscal Year Ended June 30, 2008**  
**Pima County, Arizona**

PIMA COUNTY, ARIZONA  
Pima Health System and Services – Enterprise Fund  
Report on Audit of Financial Statements  
and Additional Information  
June 30, 2008

**Table of Contents**

	<b>Page</b>
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 - 15
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	16-17
ADDITIONAL INFORMATION	
Combining Statement of Net Assets by Program	18
Combining Statement of Revenues, Expenses, and Changes in Net Assets by Program	19
Combining Statement of Cash Flows by Program	20 - 21
Combining Statement of Net Assets – Long-Term Care Contracts	22
Combining Statement of Revenues, Expenses, and Changes in Net Assets – Long-Term Care Contracts	23
Combining Statement of Cash Flows – Long-Term Care Contracts	24 - 25
ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM CONTRACTS	
Ambulatory Care Contract	
Medical Claims Payable Report	26
Claims Lag Report for Prospective Period Only:	
Hospital	27
Medical	28
Other	29
Profitability by Risk Group	30 - 32

PIMA COUNTY, ARIZONA  
Pima Health System and Services – Enterprise Fund  
Report on Audit of Financial Statements  
and Additional Information  
June 30, 2008

**Table of Contents (continued)**

	<b>Page</b>
PPC Claims Lag Report:	
Hospital	33
Medical	34
Other	35
Officers and Directors	36
Arizona Long-Term Care System (ALTCS) Contract	
Medical Claims Payable - (RBUCs)	37
Claims Lag Report for Prospective Period Only	38
Analysis of Profitability – Total Counties	39
Utilization Data Report – Total Counties	40
Claims Lag Report for Prior Period Only	41
Officers and Directors	42



## 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, 2008. 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, 2008, 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, 2008, 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 24, 2008 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 basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic 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.

Phoenix, Arizona  
October 24, 2008

*Mayer Hoffman McCann P.C.*

## **BASIC FINANCIAL STATEMENTS**

PIMA COUNTY, ARIZONA  
Pima Health System and Services - Enterprise Fund  
Statement of Net Assets  
June 30, 2008

**Assets**

Current assets:	
Cash and cash equivalents	\$ 42,624,380
Receivables:	
Accounts, net	781,015
Reinsurance claims	10,608,885
Grants	644,619
Interest	144,105
Due from:	
Medicare	285,932
Other Pima County funds	1,284
Inventory of supplies	81,406
Prepaid expenses	13,852
Total current assets	<u>55,185,478</u>
Noncurrent assets:	
Capital assets:	
Building improvements	693,876
Machinery and equipment	1,138,451
Accumulated depreciation:	
Leasehold improvements	(518,984)
Machinery and equipment	<u>(712,106)</u>
Capital assets, net	<u>601,237</u>
Total assets	<u>\$ 55,786,715</u>

**Liabilities**

Current liabilities:	
Accounts payable and accrued liabilities	\$ 863,954
Accrued medical and health care claims	34,375,130
Accrued employee compensation	3,015,745
Interest payable	4,985
Deferred revenue	1,629
Due to:	
Other Pima County funds	1,087,221
Other governments	<u>1,880,097</u>
Total current liabilities	<u>41,228,761</u>
Non-current liabilities:	
Accrued employee compensation	<u>688,824</u>
Total non-current liabilities	688,824
Total liabilities	<u>41,917,585</u>

**Net Assets**

Invested in capital assets	601,237
Restricted for health care	13,732,073
Unrestricted (deficit)	<u>(464,180)</u>
Total net assets	<u>\$ 13,869,130</u>

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA  
Pima Health System and Services - Enterprise Fund  
Statement of Revenues, Expenses, and Changes in Net Assets  
Year Ended June 30, 2008

**Operating revenues:**

Capitation	\$ 272,140,613
Reinsurance claims	17,510,419
Charges for services	2,328,419
Other	987,009
Total operating revenues	292,966,460

**Operating expenses:**

Medical and health care claims	264,651,859
Case management (contracted and salaried)	6,918,900
General, fiscal, and administrative services	9,266,061
Depreciation	215,162
Other	8,660,893
Total operating expenses	289,712,875
Operating income	3,253,585

**Nonoperating revenues (expenses):**

Grant revenue	4,722,756
Interest income	2,402,052
Interest expense	(92,860)
Premium tax	(5,892,658)
Loss on disposal of equipment	(539)
Total nonoperating revenues	1,138,751

Income before capital contributions and transfers	4,392,336
Capital contributions	72,118
Increase in net assets	4,464,454
Net assets, July 1, 2007	9,404,676
<b>Net assets, June 30, 2008</b>	<b>\$ 13,869,130</b>

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA  
Pima Health System and Services - Enterprise Fund  
Statement of Cash Flows  
Year Ended June 30, 2008

**Cash flows from operating activities:**

Cash receipts from:	
Contractors, patients and other payors	\$ 299,344,529
Other Pima County funds for goods and services	257,181
Miscellaneous operations	987,009
Cash payments to:	
Providers for health care services	(235,385,743)
Employees for services	(39,821,981)
Other Pima County funds for goods and services	(4,270,205)
Net cash provided by operating activities	21,110,790

**Cash flows from noncapital financing activities:**

Loans with other Pima County funds	(61,669)
Interest paid on short-term credit	(87,875)
Grant receipts	4,803,496
Premium tax payments	(5,892,658)
Net cash used for noncapital financing activities	(1,238,706)

**Cash flow from capital and related financing activities:**

Purchase of capital assets	(117,688)
Net cash used for capital and related financing activities	(117,688)

**Cash flow from investing activities:**

Interest received on cash and investments	2,323,775
Net cash provided by investing activities	2,323,775

<b>Net increase in cash and cash equivalents</b>	22,078,171
--	------------

Cash and cash equivalents, July 1, 2007	20,546,209
---	------------

<b>Cash and cash equivalents, June 30, 2008</b>	<b>\$ 42,624,380</b>
---	----------------------

(continued)

PIMA COUNTY, ARIZONA  
Pima Health System and Services - Enterprise Fund  
Statement of Cash Flows  
Year Ended June 30, 2008  
(continued)

**Reconciliation of operating income to net cash  
provided by operating activities:**

Operating income	\$	3,253,585
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		215,162
Decrease (increase) in assets:		
Accounts receivable		(28,990)
Reinsurance claims receivable		3,691,158
Due from Medicare		(158,529)
Due from other governments		2,122,664
Inventory of supplies		6,942
Prepaid expenses		(2,616)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities		110,693
Accrued medical and health care claims		8,595,496
Accrued employee compensation		1,424,288
Due to other governments		1,880,097
Deferred revenue		840
		21,110,790
Net cash provided by operating activities	\$	21,110,790

**Noncash investing, capital and financing activities:**

During the year ended June 30, 2008, the Fund received equipment worth \$91,289. Of this amount, the Fund transferred \$19,171 from capital in process and \$72,118 was a capital contribution.

During the year ended June 30, 2008, the Fund retired equipment with a net book value of \$539.

PIMA COUNTY, ARIZONA  
Pima Health System and Services – Enterprise Fund  
Notes to Financial Statements  
June 30, 2008

**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) and the regulatory requirements of the State of Arizona. A summary of the County's significant accounting policies affecting the Fund follows.

During the year ended June 30, 2008, the Fund implemented the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. GASB Statement No. 45 requires systematic measurement and recognition of other postemployment benefits' (OPEB) cost over employees' years of service and provides information about actuarial accrued liabilities associated with OPEB. Although OPEB is not required to be funded, whether and to what extent progress is being made in funding the liabilities must be disclosed. GASB 45 requires prospective application upon adoption and as a result of the implementation of GASB 45, the Fund has recorded a net OPEB obligation offset by OPEB expense in the accompanying financial statements, related to the post-employment healthcare benefit participation by Fund retirees and their beneficiaries in Pima County's healthcare benefit plan. Further information regarding this measurement and disclosure is available in Note 8. The County has implemented GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* for the fiscal year ended June 30, 2008.

**A. Reporting Entity**

The Fund is accounted for as an enterprise fund of Pima County, Arizona and the ultimate financial accountability for the Fund 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, whose activities are included in the accompanying financial statements.

The financial statements present only the Pima Health System and Services 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 because its operations are financed and operated in a manner similar to private business enterprises. It is the intent of the Pima County Board of Supervisors that the costs (expenses including depreciation) of goods or services provided by the Fund on a continuing basis be financed or recovered primarily through contractual agreements and user charges.

**C. Basis of Accounting**

Basis of accounting relates to the timing of the measurements made, 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 recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of the related

PIMA COUNTY, ARIZONA  
Pima Health System and Services – Enterprise Fund  
Notes to Financial Statements  
June 30, 2008

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

cash flows. When both restricted and unrestricted net assets are available to finance Fund expenses, restricted resources are used before unrestricted resources. Interfund transactions that would be treated as revenues or expenses if they involved parties external to the County are recorded in the appropriate revenue or expense accounts. Intrafund transactions within the Fund are eliminated for the financial statement presentation.

Unless in conflict with GASB pronouncements, the Fund follows Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions, and Accounting Research Bulletins. The County has chosen the option not to follow FASB statements and interpretations issued after November 30, 1989.

**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 restrictions or availability of assets to satisfy the Fund's obligations. Invested in capital assets represents the cost of capital assets, net of accumulated depreciation. 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 fund 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 and related 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.

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, 2008. 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 thereafter. At June 30, 2008, the Fund has approximately \$1,810,000 of estimated settlement payments due to AHCCCS for the PPC reconciliation for contract years 2005, 2006, 2007 and 2008.

PIMA COUNTY, ARIZONA  
Pima Health System and Services – Enterprise Fund  
Notes to Financial Statements  
June 30, 2008

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

Similar risk sharing was in place for the contract year ended September 30, 2008 for medical costs incurred by contracted health plans for the Social Security Disability Insurance-Temporary Medical Coverage (SSDI-TMC) members. AHCCCS reconciles the contractor's prospective medical costs to prospective capitation. This group is not eligible for prior period coverage, supplemental payments or reinsurance. The reconciliation limits the contractor's profits or losses to 2%.

At June 30, 2008, the Fund has recorded a receivable from AHCCCS representing estimated settlement payments due for the SSDI-TMC reconciliation of approximately \$22,000 for contract year ended September 30, 2008. These receivables 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 these receivables. These receivables at June 30, 2008 are considered by management to be fully collectible and, accordingly, an allowance for doubtful accounts has not been provided.

Additional capitation payments from AHCCCS include the Human Immunodeficiency Virus (HIV) supplemental payment and the Home and Community-Based Services (HCBS) Mix reconciliation. The HIV supplemental payment is paid to the Fund by AHCCCS to help offset the significant pharmaceutical expense the Fund incurs for members with the virus. At June 30, 2008, the Fund has recorded a \$173,000 receivable from AHCCCS representing supplemental payments due for AHCCCS members afflicted with HIV/AIDS. The HCBS Mix reconciliation is designed to limit the risk for both the Fund and AHCCCS of placement assumptions utilized in creating capitation rates. When computing capitation rates, AHCCCS assumes a certain percentage of members will be living in an HCBS setting as compared to a nursing facility. The accuracy of this assumption can materially affect the Fund's profitability. At June 30, 2008, the Fund has approximately \$729,000 of estimated settlement payments due to AHCCCS for the HCBS Mix reconciliation for contract years 2006, 2007 and 2008.

**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 traumatic 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, 2008, 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 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 reinsurance claims receivable. Reinsurance claims receivable at June 30, 2008 are considered by management to be fully collectible and, accordingly, an allowance for doubtful accounts has not been provided.

PIMA COUNTY, ARIZONA  
Pima Health System and Services – Enterprise Fund  
Notes to Financial Statements  
June 30, 2008

**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, 2008, the Fund had approximately \$521,000 due to AHCCCS related to share of costs. This amount is comprised of approximately \$271,000 and \$250,000 due from AHCCCS for contract years 2007 and 2008 respectively. The amount is included in due to 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 2007 through 2008 contract years may be less than or in excess of the amount estimated once AHCCCS completes the contract year reconciliations. 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 share of costs receivable. Share of costs receivable at June 30, 2008 are considered by management to be fully collectible and, accordingly, an allowance for doubtful accounts has not been provided.

**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**

Cash and cash equivalents consist of cash on hand, cash and investments held by the Pima County Treasurer, investments with the State Treasurer, and deposits held in escrow accounts from both restricted and unrestricted sources. Unrestricted cash and cash equivalents consist of cash on hand, cash and investments held by the Pima County Treasurer in an investment pool, and investments with the State Treasurer. All investments are stated at fair value.

**J. Accounts and Grants Receivable**

Accounts receivable consist primarily of amounts due from third-party payors for health care services provided to patients. Grants receivable consist primarily of amounts due directly from government agencies or passed through the Pima Council on Aging. 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, 2008, accounts receivable was net of an allowance for doubtful accounts of approximately \$190,000. Grants receivable at June 30, 2008 are considered by management to be fully collectible and, accordingly, an allowance for doubtful accounts has not been provided.

PIMA COUNTY, ARIZONA  
Pima Health System and Services – Enterprise Fund  
Notes to Financial Statements  
June 30, 2008

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

**K. Due to Other Governments**

Due to other governments consists of amounts due to AHCCCS based on contractual agreement provisions of the Ambulatory and ALTCS programs. The largest component relates to the Prior Period Coverage (PPC) reconciliation (see E).

**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:

Building improvements	7-10 years
Machinery and equipment	5-15 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 \$1.2 million to these sub-capitated providers during fiscal year 2008.

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, 2008, medical and health care claims payable consists of estimates of approximately \$22,666,000 for incurred but not reported claims and \$11,709,000 for reported but unpaid claims in the AHCCCS Ambulatory and ALTCS programs and the Grants and Community Service System.

**O. Compensated Absences**

Compensated absences consist of vacation leave and a calculated amount of sick leave earned by employees based on services already rendered.

PIMA COUNTY, ARIZONA  
Pima Health System and Services – Enterprise Fund  
Notes to Financial Statements  
June 30, 2008

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

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 up to 1,920 of sick 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, 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 as a liability.

**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, 2008 was \$5,892,658 which is included in the nonoperating expenses portion of the accompanying Statement of Revenues, Expenses, and Changes in Net Assets. The Fund has \$56,025 due to the Arizona Department of Insurance at June 30, 2008. This amount is netted against due to 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, 2008, 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 Investments**

Cash and cash equivalents at June 30, 2008 were as follows:

Cash on hand	\$ 2,500
Cash and investments in the Pima County Treasurer’s Investment pool	42,621,880
Total	\$ 42,624,380

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. Investment income is allocated to the Fund on a pro-rata basis.

**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.

**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 262 days at June 30, 2008.

**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.

PIMA COUNTY, ARIZONA  
Pima Health System and Services – Enterprise Fund  
Notes to Financial Statements  
June 30, 2008

**Note 2 - Cash and Investments (continued)**

*Credit risk* – Arizona Revised 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* – Arizona Revised 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* – Arizona Revised Statutes do not include any requirements for concentration of credit risk.

*Interest rate risk* – Arizona Revised 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* – Arizona Revised Statutes do not allow foreign investments.

**Note 3 - Capital Assets**

Capital assets activity for the year ended June 30, 2008 was as follows:

	<u>July 1, 2007</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2008</u> <u>Balance</u>
Building improvements	\$ 693,876			\$ 693,876
Accumulated depreciation	(427,506)	\$ (91,478)		(518,984)
Net leasehold improvements	266,370	(91,478)		174,892
Machinery and equipment	942,687	208,977	\$ (13,213)	1,138,451
Accumulated depreciation	(601,096)	(123,684)	12,674	(712,106)
Net machinery and equipment	341,591	85,293	(539)	426,345
Capital in process	19,171		(19,171)	
Capital assets, net	<u>\$ 627,132</u>	<u>\$ (6,185)</u>	<u>\$ (19,710)</u>	<u>\$ 601,237</u>

**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. Compliance with such laws and regulations can be subject to future review and interpretation as well as regulatory actions unknown at this time.

PIMA COUNTY, ARIZONA  
Pima Health System and Services – Enterprise Fund  
Notes to Financial Statements  
June 30, 2008

**Note 4 - Claims, Judgments and Risk Management (continued)**

The Fund has received notices from AHCCCS of possible sanctions for each quarter in fiscal year 2008. The sanctions are a result of pended encounters. As of June 30, 2008, there were approximately 82,660 pended encounters with associated sanction amounts of \$1,177,120. It is unknown whether pended encounters were due to the Fund's or AHCCCS' system issues and AHCCCS has preliminarily waived the monetary sanctions as of June 30, 2008. The sanctions could be re-imposed if the Fund is unable to adjudicate all pended encounters once AHCCCS system issues are corrected. Fund management does not believe these sanctions will be re-imposed. Subsequent to year end, the Fund purchased additional software to correct known encounter billing problems.

**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, 2008, the Fund incurred \$860,412 in self-insurance expense which is included in other operating 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 occurrence with an annual aggregate self insurance retention of \$5,000,000. The Fund's primary medical malpractice policy has a retroactive date of June 26, 1993. 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, 2008, the Fund received capitation revenues totaling \$114,000 from Pima County departments for services provided to Pima County patients and other income totaling \$257,181 for claims processing services. The Fund incurred expenses totaling \$5,925,321 for the allocation of overhead, insurance premiums, interest, and other charges for miscellaneous supplies and services from Pima County.

Of the \$1,087,221 balance in due to other Pima County funds, \$1,079,153 represents advances received from other County funds to eliminate cash overdrafts in the Fund's following programs:

Grants/Community Services System	\$ 744,548
Other Pima County Programs	<u>334,605</u>
Total	<u>\$ 1,079,153</u>

The remaining \$8,068 was for miscellaneous services.

**Note 6 - Retirement Plan**

Plan Description

The Fund contributes to the Arizona State Retirement System (ASRS). Benefits are established by State statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits.

The ASRS administers a cost-sharing multiple-employer defined benefit pension plan that covers general employees of the County. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. A report may be obtained by contacting the ASRS at 3300 North Central Avenue, P.O. Box 33910, Phoenix, AZ 85067-3910 or by calling (602) 240-2000.

PIMA COUNTY, ARIZONA  
Pima Health System and Services – Enterprise Fund  
Notes to Financial Statements  
June 30, 2008

**Note 6 - Retirement Plan (continued)**

Funding Policy

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 9.1% (8.6% for retirement and 0.5% for long-term disability) for 2008. The Fund's contributions to the ASRS were \$2,856,949 in 2008, \$2,557,913 in 2007 and \$1,983,861 in 2006, which were equal to the required contributions for the stated year. The 2008 amount is included in administrative services expense in the accompanying financial statements.

**Note 7 – Capitation**

For the year ended June 30, 2008, capitation revenues consist of the following amounts:

ALTCS long-term care	\$ 162,240,953
AHCCCS ambulatory/acute care	109,355,770
Pima County residual and other programs	543,890
Total	<u>\$ 272,140,613</u>

**Note 8 – Postemployment Healthcare Benefits**

In compliance with GASB Statement No. 45, the Fund reported an accrued actuarial liability or *Net OPEB obligation* and related OPEB expense at June 30, 2008. The short-term portion is reported with accrued employee compensation. The long-term portion is reported separately.

Retiree Insurance Program

Employees retiring from Pima County service, who receive monthly income from one of the Arizona State Retirement Plans, are eligible to continue medical and dental insurance coverage at group rates through the County (the Program). It is a single-employer plan and the benefits and premium rates are approved by the Board of Supervisors on an annual basis for active and retired members. Although Pima County does not explicitly pay a portion of the retiree's premiums, because of the inclusion of this risk class in the insured pool, there is an implicit rate subsidy or "premium rate differential" that is incurred by the County. No separate financial report is provided for the Program.

Funding Policy

The Program is currently funded on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

The County's annual healthcare pension cost and net pension obligation as of and for the fiscal year ended June 30, 2008, were as follows:

Annual Pension Cost and Net Pension Obligation	
Annual healthcare pension contribution	\$ 1,111,000
Interest on net pension obligation	43,000
Adjustment to annual required obligation	
Annual implicit pension cost	<u>1,154,000</u>
Implicit contributions made	<u>(192,000)</u>
Increase in net pension obligation	962,000
Net pension obligation at beginning of year	
Net pension obligation at end of year	<u>\$ 962,000</u>
Current portion	<u>(273,000)</u>
Non-current portion	<u>\$ 689,000</u>

PIMA COUNTY, ARIZONA  
Pima Health System and Services – Enterprise Fund  
Notes to Financial Statements  
June 30, 2008

**Note 8 – Postemployment Healthcare Benefits (continued)**

Actuarial Methods and Assumptions

The more significant actuarial assumptions and methods used in the calculations of employer contributions to the Retiree Insurance Program for the fiscal year ended June 30, 2008 are as follows:

<u>Method/Assumption</u>	
Valuation date	July 1, 2007
Actuarial cost method	Entry age normal cost method
Amortization method for actuarial accrued liabilities	Level percentage of payroll
Remaining amortization period	30 Years open
Actuarial cost method	Projected unit credit
Investment rate of return	4.50%
Medicare coverage age	65
Retirement and disability age	Based on EORP, CORP, ASRS, and PSRS pension valuations
Salary increases	2.50%
Payroll growth	2.50%
Active members	522
LTD/Retiree and spouses currently receiving benefits	20

**Note 9 – Subsequent Event**

On May 13, 2008, the Fund’s ambulatory services contract with AHCCCS serving Pima and Santa Cruz counties was not renewed. Effective October 1, 2008, of the 30,000 members currently accessing providers through the Fund, an estimated 3,000 dually-eligible members would remain resulting in a reduction of revenues and expenses of approximately \$82 million. As a result of this contract termination, the Fund has implemented a plan to significantly reduce expenses, primarily through a reduction in workforce of approximately 120 employees, effective September 30, 2008.

**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, 2008, and have issued our report thereon dated October 24, 2008. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ***Pima Health System and Services***' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the ***Pima Health System and Services***' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent and detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**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 ***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.

Phoenix, Arizona  
October 24, 2008

*Mayer Hoffman McCann P.C.*

**ADDITIONAL INFORMATION**

PIMA COUNTY, ARIZONA  
Pima Health System and Services - Enterprise Fund  
Combining Statement of Net Assets by Program  
June 30, 2008

	<b>AHCCCS</b>					
	<b>Ambulatory Contracts</b>	<b>Long-Term Care Contracts (1)</b>	<b>Grants/ Community Services System</b>	<b>Other Pima County Programs</b>	<b>Intrafund Eliminations</b>	<b>Total</b>
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 19,540,950	\$ 23,082,430		\$ 1,000		\$ 42,624,380
Receivables:						
Accounts, net	69,657	386,057		325,301		781,015
Reinsurance claims	4,757,937	5,850,948				10,608,885
Grants			\$ 644,619			644,619
Interest	70,401	73,704				144,105
Due from:						
Medicare		285,932				285,932
Other Pima County funds				1,284		1,284
Inventory of supplies		81,406				81,406
Prepaid expenses				13,852		13,852
Total current assets	<u>\$ 24,438,945</u>	<u>\$ 29,760,477</u>	<u>\$ 644,619</u>	<u>\$ 341,437</u>	<u>\$</u>	<u>\$ 55,185,478</u>
Non-current Assets:						
Capital assets:						
Building improvements				693,876		693,876
Machinery and equipment				1,138,451		1,138,451
Accumulated depreciation:						
Leasehold improvements				(518,984)		(518,984)
Machinery and equipment				(712,106)		(712,106)
Capital assets, net				601,237		601,237
Total assets	<u>\$ 24,438,945</u>	<u>\$ 29,760,477</u>	<u>\$ 644,619</u>	<u>\$ 942,674</u>	<u>\$</u>	<u>\$ 55,786,715</u>
<b>Liabilities</b>						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 211,849	\$ 652,105				\$ 863,954
Accrued medical and health care claims	16,934,652	17,137,349	303,129			34,375,130
Accrued employee compensation	300,147	2,672,240	43,358			3,015,745
Interest payable			4,985			4,985
Deferred revenue			1,629			1,629
Due to:						
Other Pima County funds		2,489	744,548	340,184		1,087,221
Other governments	1,304,169	575,928				1,880,097
Total current liabilities:	<u>18,750,817</u>	<u>21,040,111</u>	<u>1,097,649</u>	<u>340,184</u>		<u>41,228,761</u>
Non-current liabilities:						
Accrued employee compensation	86,575	589,846	12,403			688,824
Total non-current liabilities:	<u>86,575</u>	<u>589,846</u>	<u>12,403</u>			<u>688,824</u>
Total liabilities	<u>18,837,392</u>	<u>21,629,957</u>	<u>1,110,052</u>	<u>340,184</u>		<u>41,917,585</u>
<b>Net Assets (Deficit)</b>						
Invested in capital assets				601,237		601,237
Restricted for health care	5,601,553	8,130,520				13,732,073
Unrestricted (deficit)			(465,433)	1,253		(464,180)
Total net assets (deficit)	<u>\$ 5,601,553</u>	<u>\$ 8,130,520</u>	<u>\$ (465,433)</u>	<u>\$ 602,490</u>	<u>\$</u>	<u>\$ 13,869,130</u>

(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 Contract program. The combination is presented on page 22.

PIMA COUNTY, ARIZONA  
Pima Health System and Services - Enterprise Fund  
Combining Statement of Revenues, Expenses, and  
Changes in Net Assets by Program  
Year Ended June 30, 2008

	Ambulatory Contracts	Long-Term Care Contracts (1)	Grants/ Community Services System	Other Pima County Programs	Intrafund Eliminations	Total
<b>Operating revenues:</b>						
Capitation	\$ 109,355,770	\$ 162,240,953		\$ 543,890		\$ 272,140,613
Reinsurance claims	6,271,108	11,239,311				17,510,419
Charges for services		2,364,527			\$ (36,108)	2,328,419
Other	<u>417,565</u>	<u>219,163</u>		<u>565,443</u>	<u>(215,162)</u>	<u>987,009</u>
Total operating revenues	<u>116,044,443</u>	<u>176,063,954</u>		<u>1,109,333</u>	<u>(251,270)</u>	<u>292,966,460</u>
<b>Operating expenses:</b>						
Medical and health care claims	107,339,364	153,253,528	\$ 3,588,490	506,585	(36,108)	264,651,859
Case management (contracted and salaried)		5,910,253	1,008,647			6,918,900
General, fiscal, and administrative services	3,355,560	5,273,188	490,361	146,952		9,266,061
Depreciation				215,162		215,162
Other	<u>3,231,218</u>	<u>5,455,124</u>	<u>7,831</u>	<u>181,882</u>	<u>(215,162)</u>	<u>8,660,893</u>
Total operating expenses	<u>113,926,142</u>	<u>169,892,093</u>	<u>5,095,329</u>	<u>1,050,581</u>	<u>(251,270)</u>	<u>289,712,875</u>
Operating income (loss)	<u>2,118,301</u>	<u>6,171,861</u>	<u>(5,095,329)</u>	<u>58,752</u>		<u>3,253,585</u>
<b>Nonoperating revenues (expenses):</b>						
Grant revenue			4,722,756			4,722,756
Interest income	1,203,180	1,198,872				2,402,052
Interest expense			(92,860)			(92,860)
Premium tax	(2,408,227)	(3,484,431)				(5,892,658)
Loss on disposal of equipment				(539)		(539)
Total nonoperating revenues (expenses), net	<u>(1,205,047)</u>	<u>(2,285,559)</u>	<u>4,629,896</u>	<u>(539)</u>		<u>1,138,751</u>
Income (loss) before capital contributions and transfers	913,254	3,886,302	(465,433)	58,213		4,392,336
Capital contributions				72,118		72,118
Transfers in			1,053,088		(1,053,088)	
Transfers out	<u>(1,053,088)</u>				<u>1,053,088</u>	
Increase (decrease) in net assets	(139,834)	3,886,302	587,655	130,331		4,464,454
Net assets (deficit), July 1, 2007	<u>5,741,387</u>	<u>4,244,218</u>	<u>(1,053,088)</u>	<u>472,159</u>		<u>9,404,676</u>
<b>Net assets (deficit), June 30, 2008</b>	<u>\$ 5,601,553</u>	<u>\$ 8,130,520</u>	<u>\$ (465,433)</u>	<u>\$ 602,490</u>	<u>\$</u>	<u>\$ 13,869,130</u>

(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 23.

PIMA COUNTY, ARIZONA  
Pima Health System and Services - Enterprise Fund  
Combining Statement of Cash Flows by Program  
Year Ended June 30, 2008

	<u>Ambulatory Contracts</u>	<u>Long-Term Care Contracts (1)</u>	<u>Grants/ Community Services System</u>	<u>Other Pima County Programs</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>					
Cash receipts from:					
Contractors, patients and other payors	\$ 121,246,213	\$ 177,319,545	\$ 840	\$ 777,931	\$299,344,529
Other Pima County funds for goods and services				257,181	257,181
Miscellaneous operations	417,565	569,444			987,009
Cash payments to:					
Providers for health care services	(104,916,156)	(124,586,018)	(5,305,331)	(578,238)	(235,385,743)
Employees for services	(3,245,413)	(35,951,537)	(478,079)	(146,952)	(39,821,981)
Other Pima County funds for goods and services	(1,290,814)	(2,869,162)		(110,229)	(4,270,205)
Net cash provided (used) by operating activities	<u>12,211,395</u>	<u>14,482,272</u>	<u>(5,782,570)</u>	<u>199,693</u>	<u>21,110,790</u>
<b>Cash flows from noncapital financing activities:</b>					
Cash transfer with other Pima County funds	(1,053,088)		1,053,088		
Loans with other Pima County funds		2,489	17,847	(82,005)	(61,669)
Interest paid on short-term credit			(87,875)		(87,875)
Grant receipts			4,803,496		4,803,496
Premium tax payments	(2,408,227)	(3,484,431)			(5,892,658)
Net cash provided (used) by noncapital financing activities	<u>(3,461,315)</u>	<u>(3,481,942)</u>	<u>5,786,556</u>	<u>(82,005)</u>	<u>(1,238,706)</u>
<b>Cash flow from capital and related financing activities:</b>					
Purchase of capital assets				(117,688)	(117,688)
Net cash used for capital and related financing activities				<u>(117,688)</u>	<u>(117,688)</u>
<b>Cash flow from investing activities:</b>					
Interest on cash and investments	1,165,178	1,162,583	(3,986)		2,323,775
Net cash provided (used) by investing activities	<u>1,165,178</u>	<u>1,162,583</u>	<u>(3,986)</u>		<u>2,323,775</u>
<b>Net increase in cash and cash equivalents</b>	9,915,258	12,162,913			22,078,171
Cash and cash equivalents, July 1, 2007	9,625,692	10,919,517		1,000	20,546,209
<b>Cash and cash equivalents, June 30, 2008</b>	<u>\$ 19,540,950</u>	<u>\$ 23,082,430</u>	<u>\$ 0</u>	<u>\$ 1,000</u>	<u>\$ 42,624,380</u>

(continued)

(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 on page 24 and 25.

PIMA COUNTY, ARIZONA  
Pima Health System and Services - Enterprise Fund  
Combining Statement of Cash Flows by Program  
Year Ended June 30, 2008  
(continued)

**Reconciliation of operating income to net cash provided by operating activities:**

	<u>Ambulatory Contracts</u>	<u>Long-Term Care Contracts (1)</u>	<u>Grants/ Community Services System</u>	<u>Other Pima County Programs</u>	<u>Total</u>
Operating income (loss)	\$ 2,118,301	\$ 6,171,861	\$ (5,095,329)	\$ 58,752	\$ 3,253,585
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation				215,162	215,162
Decrease (increase) in assets:					
Accounts receivable	44,163	(1,548)		(71,605)	(28,990)
Reinsurance claims receivable	1,590,812	2,100,346			3,691,158
Due from Medicare		(158,529)			(158,529)
Due from other governments	2,592,853	(470,189)			2,122,664
Inventory of supplies		6,942			6,942
Prepaid expenses				(2,616)	(2,616)
Increase (decrease) in Liabilities:					
Accounts payable and accrued liabilities	87,338	23,355			110,693
Accrued medical and health care claims	4,340,270	4,955,589	(700,363)		8,595,496
Accrued employee compensation	133,489	1,278,517	12,282		1,424,288
Due to other governments	1,304,169	575,928			1,880,097
Deferred revenue			840		840
Net cash provided (used) by operating activities	<u>\$ 12,211,395</u>	<u>\$ 14,482,272</u>	<u>\$ (5,782,570)</u>	<u>\$ 199,693</u>	<u>\$ 21,110,790</u>

**Noncash investing, capital and financing activities:**

During the year ended June 30, 2008, the Fund received equipment worth \$91,289. Of this amount, the Fund transferred \$19,171 from capital in process and \$72,118 was a capital contribution.

During the year ended June 30, 2008, the Fund retired equipment with a net book value of \$539.

PIMA COUNTY, ARIZONA  
Pima Health System and Services - Enterprise Fund  
Combining Statement of Net Assets  
Long-Term Care Contracts  
June 30, 2008

**Posada Del Sol  
Nursing Home**

<b>Assets</b>	<b>ALTCS Contracts</b>	<b>ALTCS Residents</b>	<b>Other Residents (1)</b>	<b>Intraprogram Eliminations</b>	<b>Long-Term Care Contracts Total</b>
<b>Current assets:</b>					
Cash and cash equivalents	\$ 21,124,022	\$ 1,517,226	\$ 441,182		\$ 23,082,430
Receivables:					
Accounts, net	156,542	184,060	45,455		386,057
Reinsurance claims	5,850,948				5,850,948
Interest	72,500	1,168	36		73,704
Due from:					
Medicare		285,932			285,932
Inventory of supplies		78,963	2,443		81,406
Total assets	<u>\$ 27,204,012</u>	<u>\$ 2,067,349</u>	<u>\$ 489,116</u>	<u>\$</u>	<u>\$ 29,760,477</u>
<b>Liabilities</b>					
<b>Current liabilities:</b>					
Accounts payable and accrued liabilities	\$ 347,830	\$ 295,451	\$ 8,824		\$ 652,105
Accrued medical and health care claims	17,137,349				17,137,349
Accrued employee compensation	1,479,396	1,158,146	34,698		2,672,240
Due to: other Pima County funds	2,489				2,489
Other governments	575,928				575,928
Total current liabilities	<u>19,542,992</u>	<u>1,453,597</u>	<u>43,522</u>		<u>21,040,111</u>
Non-current Liabilities:	<u>326,893</u>	<u>255,064</u>	<u>7,889</u>		<u>589,846</u>
Total non-current Liabilities:	326,893	255,064	7,889		589,846
Total liabilities:	<u>19,869,885</u>	<u>1,708,661</u>	<u>51,411</u>		<u>21,629,957</u>
<b>Net Assets</b>					
Restricted for health care	<u>7,334,127</u>	<u>358,688</u>	<u>437,705</u>		<u>8,130,520</u>
Total net assets	<u>\$ 7,334,127</u>	<u>\$ 358,688</u>	<u>\$ 437,705</u>	<u>\$</u>	<u>\$ 8,130,520</u>

(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 - Enterprise Fund  
Combining Statement of Revenues, Expenses, and Changes in Net Assets  
Long-Term Care Contracts  
Year Ended June 30, 2008

**Posada Del Sol  
Nursing Home**

	ALTCS Contracts	ALTCS Residents	Other Residents (1)	Intraprogram Eliminations	Long-Term Care Contracts Total
<b>Operating revenues:</b>					
Capitation	\$ 162,240,953				\$ 162,240,953
Reinsurance claims	11,239,311				11,239,311
Charges for services		\$ 18,565,987	\$ 1,126,952	\$ (17,328,412)	2,364,527
Other	<u>185,662</u>	<u>32,543</u>	<u>958</u>		<u>219,163</u>
Total operating revenues	<u>173,665,926</u>	<u>18,598,530</u>	<u>1,127,910</u>	<u>(17,328,412)</u>	<u>176,063,954</u>
<b>Operating expenses:</b>					
Medical and health care claims	151,293,918	9,330,506	570,299	(7,941,195)	153,253,528
Case management (contracted and salaried)	5,910,253				5,910,253
General, fiscal, and administrative services	4,940,319	5,659,276	343,885	(5,670,292)	5,273,188
Other	<u>5,280,928</u>	<u>3,680,817</u>	<u>210,304</u>	<u>(3,716,925)</u>	<u>5,455,124</u>
Total operating expenses	<u>167,425,418</u>	<u>18,670,599</u>	<u>1,124,488</u>	<u>(17,328,412)</u>	<u>169,892,093</u>
Operating income (loss)	<u>6,240,508</u>	<u>(72,069)</u>	<u>3,422</u>		<u>6,171,861</u>
<b>Nonoperating revenues (expenses):</b>					
Interest income	1,130,225	66,683	1,964		1,198,872
Premium tax	<u>(3,484,431)</u>				<u>(3,484,431)</u>
Total nonoperating revenues (expenses), net	<u>(2,354,206)</u>	<u>66,683</u>	<u>1,964</u>		<u>(2,285,559)</u>
Income (loss)	<u>3,886,302</u>	<u>(5,386)</u>	<u>5,386</u>		<u>3,886,302</u>
Increase (decrease) in net assets	3,886,302	(5,386)	5,386		3,886,302
Net assets, July 1, 2007	<u>3,447,825</u>	<u>364,074</u>	<u>432,319</u>		<u>4,244,218</u>
<b>Net assets, June 30, 2008</b>	<u>\$ 7,334,127</u>	<u>\$ 358,688</u>	<u>\$ 437,705</u>	<u>\$</u>	<u>\$ 8,130,520</u>

(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 - Enterprise Fund  
Combining Statement of Cash Flows  
Long-Term Care Contracts  
Year Ended June 30, 2008

	<b>Posada Del Sol Nursing Home</b>			<b>Long-Term Care Contracts Total</b>
	<b>ALTCS Contracts</b>	<b>ALTCS Residents</b>	<b>Other Residents (1)</b>	
<b>Cash flow from operating activities:</b>				
Cash receipts from:				
Contractors, Patients and other payors	\$ 157,825,600	\$ 18,371,659	\$ 1,122,286	\$ 177,319,545
Miscellaneous operations	569,444			569,444
Cash payments to:				
Providers for health care services	(120,194,746)	(3,727,998)	(663,274)	(124,586,018)
Employees for services	(21,918,606)	(13,612,038)	(420,893)	(35,951,537)
Other Pima County funds for goods and services	(2,107,983)	(739,244)	(21,935)	(2,869,162)
Net cash provided by operating activities	<u>14,173,709</u>	<u>292,379</u>	<u>16,184</u>	<u>14,482,272</u>
<b>Cash flows from noncapital financing activities:</b>				
Loan with other Pima County funds		2,489		2,489
Premium tax payments	(3,484,431)			(3,484,431)
Net cash provided (used) by noncapital financing activities	<u>(3,484,431)</u>	<u>2,489</u>	<u></u>	<u>(3,481,942)</u>
<b>Cash flow from investing activities:</b>				
Interest on cash and investments	1,132,070	38,271	(7,758)	1,162,583
Net cash provided (used) by investing activities	<u>1,132,070</u>	<u>38,271</u>	<u>(7,758)</u>	<u>1,162,583</u>
<b>Net increase in cash and cash equivalents</b>	<b>11,821,348</b>	<b>333,139</b>	<b>8,426</b>	<b>12,162,913</b>
Cash and cash equivalents, July 1, 2007	9,302,674	1,184,087	432,756	10,919,517
<b>Cash and cash equivalents, June 30, 2008</b>	<u>\$ 21,124,022</u>	<u>\$ 1,517,226</u>	<u>\$ 441,182</u>	<u>\$ 23,082,430</u>

(continued)

(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 - Enterprise Fund  
Combining Statement of Cash Flows  
Long-Term Care Contracts  
Year Ended June 30, 2008  
(continued)

**Reconciliation of operating income to net cash  
provided by operating activities:**

	<b>Posada Del Sol Nursing Home</b>			<b>Long-Term Care Contracts Total</b>
	<b>ALTCS Contracts</b>	<b>ALTCS Residents</b>	<b>Other Residents (1)</b>	
Operating income (loss)	\$ 6,240,508	\$ (72,069)	\$ 3,422	\$ 6,171,861
Adjustments to reconcile operating income to net cash provided by operating activities:				
Decrease (increase) in assets				
Accounts receivable	(73,931)	87,489	(15,106)	(1,548)
Reinsurance claims receivable	2,100,346			2,100,346
Due from Medicare	32,224	(190,753)		(158,529)
Due from other governments	(470,189)	(12,667)	12,667	(470,189)
Inventory of supplies		6,857	85	6,942
Increase (decrease) in liabilities				
Accounts payable and accrued liabilities	144,422	(117,797)	(3,270)	23,355
Accrued medical and health care claims	4,955,589			4,955,589
Accrued employee compensation	668,812	591,319	18,386	1,278,517
Due to other governments	575,928			575,928
Net cash provided by operating activities	<u>\$ 14,173,709</u>	<u>\$ 292,379</u>	<u>\$ 16,184</u>	<u>\$ 14,482,272</u>

(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.

**ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM CONTRACTS**

**PIMA COUNTY, ARIZONA**  
**PIMA HEALTH SYSTEM AND SERVICES - ENTERPRISE FUND**  
**Ambulatory Contract - Medical Claims Payable Report**  
**Year Ended June 30, 2008**

<b>Payable Type</b>	<b>RBUCS 1-30</b>	<b>RBUCS 31-60</b>	<b>RBUCS 61-90</b>	<b>RBUCS Over 90</b>	<b>Total RBUCS</b>	<b>IBNR</b>	<b>Total Payable</b>
<i>Account: 220 - Medical Claims Payable</i>							
<i>Hospitalization</i>	956,437	277,989	333,891	35,665	1,603,982	4,614,487	6,218,469
<i>Medical</i>	1,657,714	450,334	46,836	32,196	2,187,081	1,209,587	3,396,668
<i>Other</i>	1,586,006	396,762	46,232	(35,369)	1,993,631	2,825,547	4,819,178
<i>Total Prospective</i>	\$ 4,200,157	\$ 1,125,085	\$ 426,958	\$ 32,493	\$ 5,784,693	\$ 8,649,621	\$14,434,314
<i>Total PPC</i>	528,143	216,420	63,839	46,296	854,698	1,645,640	2,500,337
<i>Total Payable</i>	\$ 4,728,300	\$ 1,341,505	\$ 490,797	\$ 78,789	\$ 6,639,391	\$10,295,261	\$16,934,652

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

**PIMA COUNTY, ARIZONA**  
**PIMA HEALTH SYSTEM AND SERVICES - ENTERPRISE FUND**  
**Ambulatory Contract - Claims Lag Report - Hospital**  
**Year Ended June 30, 2008**

<b>Payment Qtr</b>	<b>Current</b>	<b>1st Prior</b>	<b>2nd Prior</b>	<b>3rd Prior</b>	<b>4th Prior</b>	<b>5th Prior</b>	<b>6th Prior*</b>	<b>Total</b>
<b>Current</b>	2,091,223	4,197,644	1,030,549	257,604	76,908	212,529	79,665	7,946,122
<b>1st Prior</b>		2,001,736	3,095,059	865,694	108,195	(158,571)	(58,351)	5,853,762
<b>2nd Prior</b>			3,002,812	2,687,916	830,764	85,151	12,106	6,618,748
<b>3rd Prior</b>				1,391,763	3,139,477	258,624	220,132	5,009,996
<b>4th Prior</b>					2,318,419	3,058,310	458,433	5,835,162
<b>5th Prior</b>						2,671,846	3,612,164	6,284,010
<b>6th Prior*</b>							119,770,390	119,770,390
<b>Totals</b>	2,091,223	6,199,380	7,128,420	5,202,977	6,473,763	6,127,889	124,094,539	157,318,190
<b>Expense</b>	6,401,939	8,112,165	7,507,341	5,224,955	6,441,348	6,127,559	125,765,712	165,581,019
<b>Adjustment</b>		(605,467)	118,757	53,978	53,679	5,866	(1,671,173)	(2,044,360)
<b>Remaining</b>	4,310,716	1,307,318	497,679	75,956	21,264	5,536	-	6,218,469

\* 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 - ENTERPRISE FUND**  
**Ambulatory Contract - Claims Lag Report - Medical**  
**Year Ended June 30, 2008**

<b>Payment Qtr</b>	<b>Current</b>	<b>1st Prior</b>	<b>2nd Prior</b>	<b>3rd Prior</b>	<b>4th Prior</b>	<b>5th Prior</b>	<b>6th Prior*</b>	<b>Total</b>
<b>Current</b>	5,437,444	3,703,929	258,764	42,632	60,621	2	(38)	9,503,354
<b>1st Prior</b>		3,681,476	2,144,504	348,444	112,218	(10)	(4,914)	6,281,718
<b>2nd Prior</b>			3,585,240	1,867,171	141,967	16,264	8,273	5,618,915
<b>3rd Prior</b>				3,201,330	2,328,526	48,338	(12,579)	5,565,615
<b>4th Prior</b>					3,693,004	1,732,311	231,785	5,657,100
<b>5th Prior</b>						4,210,588	2,150,612	6,361,200
<b>6th Prior*</b>							102,314,648	102,314,648
<b>Totals</b>	5,437,444	7,385,405	5,988,508	5,459,577	6,336,336	6,007,493	104,687,787	141,302,550
<b>Expense</b>	7,736,207	7,453,143	6,492,014	5,973,917	6,176,100	6,220,305	103,677,741	143,729,426
<b>Adjustment</b>		635,806	(221,799)	(430,573)	182,653	(206,341)	1,010,046	969,792
<b>Remaining</b>	2,298,763	703,544	281,706	83,767	22,417	6,471	-	3,396,668

\* 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 - ENTERPRISE FUND**  
**Ambulatory Contract - Claims Lag Report - Other**  
**Year Ended June 30, 2008**

<b>Payment Qtr</b>	<b>Current</b>	<b>1st Prior</b>	<b>2nd Prior</b>	<b>3rd Prior</b>	<b>4th Prior</b>	<b>5th Prior</b>	<b>6th Prior*</b>	<b>Total</b>
<b>Current</b>	6,617,323	4,539,688	737,575	98,407	85,772	2,368	(2,934)	12,078,199
<b>1st Prior</b>		4,958,326	3,336,367	479,612	23,723	1,646	(9,890)	8,789,784
<b>2nd Prior</b>			6,156,488	2,699,254	432,051	15,832	62,919	9,366,543
<b>3rd Prior</b>				6,201,507	2,825,580	88,741	131,612	9,247,440
<b>4th Prior</b>					6,336,423	2,249,809	57,163	8,643,395
<b>5th Prior</b>						5,015,244	4,858,581	9,873,825
<b>6th Prior*</b>							168,629,223	168,629,223
<b>Totals</b>	6,617,323	9,498,014	10,230,430	9,478,780	9,703,549	7,373,640	173,726,674	226,628,409
<b>Expense</b>	10,214,848	10,505,047	10,201,026	9,671,473	9,386,398	7,717,001	174,855,500	232,551,293
<b>Adjustment</b>		(104,572)	254,012	(124,565)	338,917	(338,671)	(1,128,826)	(1,103,705)
<b>Remaining</b>	3,597,525	902,461	224,608	68,128	21,766	4,690	-	4,819,178

\* 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 - ENTERPRISE FUND  
Ambulatory Contract - Profitability by Risk Group - Total Counties**

Pima Health Plan Year Ending: 6/30/2008 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 Planning	SOBRA Moms	SSDI-TMC with Med	SSDI-TMC with out Med	Grand Total
<b>REVENUE &amp; EXPENSES</b>														
<b>Member Months</b>														
SOBRA FPS Mmbr Mths	0	0	0	0	0	0	0	0	0	1,767	0	0	0	1,767
PPC Member Months	520	5,195	2,986	1,401	520	360	360	442	5,052	0	740	0	0	17,576
Pros. Member Months	19,493	122,388	59,897	29,278	11,826	33,383	22,478	2,195	51,766	0	5,767	1	179	358,652
Total Member Months	20,013	127,583	62,883	30,680	12,346	33,744	22,838	2,637	56,818	1,767	6,507	1	179	377,995
Pros. & FPS Mbr. Mths	19,493	122,388	59,897	29,278	11,826	33,383	22,478	2,195	51,766	1,767	5,767	1	179	360,419
Pros. & PPC Mbr. Mths	20,013	127,583	62,883	30,680	12,346	33,744	22,838	2,637	56,818	0	6,507	1	179	376,228
<b>REVENUES</b>														
305 Capitation	9,458,590	12,622,274	12,769,450	4,129,692	4,415,186	5,807,969	15,111,472	1,629,592	20,920,561	18,955	1,219,987	696	191,177	88,295,600
310 PPC Capitation	767,334	340,822	745,955	310,191	227,274	43,467	114,514	1,083,362	5,202,586	0	187,808	0	0	9,023,314
312 Hospital Supplement	0	0	0	0	0	0	0	2,400,559	77,207	0	10,705	0	0	2,488,472
315 SOBRA Supplement	0	0	2,886,771	0	0	12,613	114,402	6,786	63,777	0	4,354,685	0	0	7,439,034
320 HIV-AIDS Supplement	0	12,113	49,273	19,833	12,103	2,945	157,508	0	302,660	0	0	0	0	556,435
321 TWG Settlement	0	0	0	0	0	0	0	83,825	1,469,091	0	0	0	0	1,552,916
322 PPC Settlement	0	0	0	0	0	0	0	0	0	0	0	0	0	0
325 Investment Income	65,185	408,204	200,898	98,647	40,273	110,878	74,788	7,628	170,767	6,274	19,016	4	617	1,203,180
330 Other Income	6,356	37,678	17,807	8,543	3,191	9,746	7,428	771	17,257	596	1,915	0	76	111,362
<b>TOTAL REVENUES</b>	<b>10,297,465</b>	<b>13,421,091</b>	<b>16,670,154</b>	<b>4,566,906</b>	<b>4,698,028</b>	<b>5,987,618</b>	<b>15,580,111</b>	<b>5,212,523</b>	<b>28,223,906</b>	<b>25,825</b>	<b>5,794,115</b>	<b>701</b>	<b>191,870</b>	<b>110,670,312</b>
<b>EXPENSES</b>														
<b>Hospitalization</b>														
402 Hospital Inpatient	6,858,827	736,081	4,217,057	437,537	638,917	757,271	4,668,737	1,353,500	6,045,586	0	1,505,391	0	28,066	27,246,970
404 Hospital Risk Pool Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
406 PPC-Hospital Inpatient	392,147	101,425	199,530	161,617	47,535	8,344	89,748	1,830,821	3,347,270	0	106,020	0	0	6,284,457
<b>Total Hospitalization</b>	<b>7,250,974</b>	<b>837,506</b>	<b>4,416,587</b>	<b>599,153</b>	<b>686,452</b>	<b>765,615</b>	<b>4,758,485</b>	<b>3,184,321</b>	<b>9,392,856</b>	<b>0</b>	<b>1,611,412</b>	<b>0</b>	<b>28,066</b>	<b>33,531,427</b>
<b>Medical Compensation</b>														
408 Primary Care Physician	645,045	1,954,036	1,423,420	428,484	480,793	171,765	700,489	67,957	1,842,611	5,186	98,398	0	3,341	7,821,526
410 Referral Physician	2,209,956	2,750,254	4,253,934	796,338	1,121,283	756,983	3,096,151	472,551	4,649,669	11,777	854,088	105	70,583	21,043,672
412 Physician Risk Pool Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
414 PPC - Physician Services	112,783	73,498	123,735	70,279	66,196	7,956	25,248	514,566	1,002,822	0	74,732	0	0	2,071,815
<b>Total Medical Comp</b>	<b>2,967,784</b>	<b>4,777,788</b>	<b>5,801,089</b>	<b>1,295,101</b>	<b>1,668,272</b>	<b>936,705</b>	<b>3,821,888</b>	<b>1,055,073</b>	<b>7,495,102</b>	<b>16,963</b>	<b>1,027,218</b>	<b>105</b>	<b>73,924</b>	<b>30,937,013</b>
<b>Other Medical Expenses</b>														
416 Emergency Services	162,391	503,020	566,401	161,020	101,501	152,976	427,404	41,731	644,236	6,386	52,256	0	714	2,820,036
418 Pharmacy	670,536	1,288,977	1,286,191	709,125	722,292	253,479	4,136,463	333,516	3,440,813	4,381	119,793	110	54,903	13,020,579
420 Lab, X-ray, & Medical Imaging	501,611	658,217	2,466,292	467,369	697,101	350,260	2,269,168	303,711	3,119,626	6,046	521,806	130	55,870	11,417,207
422 Outpatient Facility	98,531	207,141	182,763	67,482	75,968	212,873	230,306	33,491	239,835	110	31,553	0	3,079	1,383,131
424 Durable Medical Equipment	155,874	163,869	291,483	109,980	107,574	85,250	1,042,300	274,535	977,432	1,031	52,027	0	2,962	3,264,318
426 Dental	10,670	2,613,534	554,544	306,044	34,586	54,173	151,856	26,110	300,022	117	59,614	0	1,721	4,112,989
428 Transportation	230,142	249,861	361,443	154,807	90,821	348,749	678,375	56,693	751,028	0	75,988	0	3,880	3,001,787
430 Nursing Facility, Home Health C	38,459	24,415	53,901	15,782	31,142	68,082	171,953	67,286	255,890	0	9,917	0	2,625	739,451
432 Physical Therapy	98,398	99,329	81,773	44,171	28,348	34,450	116,981	28,202	263,530	0	3,880	0	2,741	801,803
434 Other Risk Pool Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
436 Miscellaneous Medical Expenses	0	984	1,648	2,436	573	5,297	6,623	82	13,449	0	0	0	0	31,092
438 PPC-Other	67,881	86,897	162,334	83,551	57,060	11,576	44,946	581,848	1,102,482	0	79,955	0	0	2,278,529
<b>Total Other Medical</b>	<b>2,034,492</b>	<b>5,896,244</b>	<b>6,008,774</b>	<b>2,121,766</b>	<b>1,946,966</b>	<b>1,577,163</b>	<b>9,276,376</b>	<b>1,747,207</b>	<b>11,108,343</b>	<b>18,070</b>	<b>1,006,787</b>	<b>240</b>	<b>128,496</b>	<b>42,870,924</b>
<b>TOTAL MEDICAL EXP</b>	<b>12,253,249</b>	<b>11,511,539</b>	<b>16,226,450</b>	<b>4,016,020</b>	<b>4,301,690</b>	<b>3,279,483</b>	<b>17,856,749</b>	<b>5,986,601</b>	<b>27,996,301</b>	<b>35,033</b>	<b>3,645,417</b>	<b>345</b>	<b>230,486</b>	<b>107,339,363</b>
<b>Less:</b>														
440 Reinsurance	(473,814)	(238,305)	(47,831)	(199,867)	(89,069)	(59,478)	(4,012,049)	(228,364)	(885,856)	0	(36,476)	0	0	(6,271,108)
441 PPC-Reinsurance	0	0	0	0	0	0	0	0	0	0	0	0	0	0
442 Third Party Liability	(266)	(22,167)	(99,284)	(6,603)	(21,553)	(1,633)	(33,670)	(17,290)	(103,676)	0	(61)	0	0	(306,202)
<b>TOTAL NET MEDICAL EXP</b>	<b>11,779,170</b>	<b>11,251,067</b>	<b>16,079,335</b>	<b>3,809,550</b>	<b>4,191,069</b>	<b>3,218,372</b>	<b>13,811,030</b>	<b>5,740,948</b>	<b>27,006,769</b>	<b>35,033</b>	<b>3,608,880</b>	<b>345</b>	<b>230,486</b>	<b>100,762,053</b>
<b>TOTAL ADMIN EXP</b>														
	222,451	1,417,435	703,419	345,234	145,759	390,576	255,080	492,228	2,527,140	19,694	65,787	10	1,968	6,586,779
<b>TOTAL EXPENSES</b>	<b>12,001,621</b>	<b>12,668,502</b>	<b>16,782,754</b>	<b>4,154,784</b>	<b>4,336,827</b>	<b>3,608,948</b>	<b>14,066,109</b>	<b>6,233,175</b>	<b>29,533,910</b>	<b>54,727</b>	<b>3,674,667</b>	<b>355</b>	<b>232,453</b>	<b>107,348,832</b>
Inc (loss) from operations	(1,704,156)	752,589	(112,600)	412,122	361,200	2,378,670	1,514,002	(1,020,652)	(1,310,004)	(28,902)	2,119,448	345	(40,583)	3,321,481
Non-operating inc (loss)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Inc (loss) before taxes	(1,704,156)	752,589	(112,600)	412,122	361,200	2,378,670	1,514,002	(1,020,652)	(1,310,004)	(28,902)	2,119,448	345	(40,583)	3,321,481
Income taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Premium taxes	226,377	282,463	351,025	98,419	100,631	127,849	422,224	110,724	558,882	549	124,975	16	4,094	2,408,227
<b>NET INCOME (LOSS)</b>	<b>(1,930,532)</b>	<b>470,127</b>	<b>(463,625)</b>	<b>313,704</b>	<b>260,569</b>	<b>2,250,821</b>	<b>1,091,778</b>	<b>(1,131,376)</b>	<b>(1,868,885)</b>	<b>(29,451)</b>	<b>1,994,473</b>	<b>329</b>	<b>(44,677)</b>	<b>913,254</b>

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

**PIMA COUNTY, ARIZONA**  
**PIMA HEALTH SYSTEM AND SERVICES - ENTERPRISE FUND**  
**Ambulatory Contract - Profitability by Risk Group - Pima County**

Pima Health Plan Year Ending: 6/30/2008 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	SSDI-TMC with Med	SSDI-TMC with out Med	Grand Total
<b>REVENUE &amp; EXPENSES</b>														
<b>Member Months</b>														
SOBRA FPS Mmbr Mths	0	0	0	0	0	0	0	0	0	1,618	0	0	0	1,618
PPC Member Months	445	4,425	2,527	1,141	383	287	307	379	4,573	0	657	0	0	15,124
Pros. Member Months	16,883	100,112	47,604	23,015	8,356	26,212	19,903	1,871	44,924	0	5,021	1	176	294,079
<b>Total Member Months</b>	17,329	104,537	50,131	24,156	8,739	26,500	20,210	2,249	49,498	1,618	5,678	1	176	310,821
Pros. & FPS Mbr. Mths	16,883	100,112	47,604	23,015	8,356	26,212	19,903	1,871	44,924	1,618	5,021	1	176	295,697
Pros. & PPC Mbr. Mths	17,329	104,537	50,131	24,156	8,739	26,500	20,210	2,249	49,498	0	5,678	1	176	309,203
<b>REVENUES</b>														
305 Capitation	8,192,310	10,325,276	10,144,927	3,245,364	3,086,464	4,561,268	13,380,415	1,384,937	18,159,525	17,377	1,061,654	696	189,088	73,749,302
310 PPC Capitation	656,951	290,301	633,423	251,988	168,440	34,749	96,692	929,731	4,717,603	0	166,295	0	0	7,946,175
312 Hospital Supplement	0	0	0	0	0	0	0	2,240,772	77,207	0	10,705	0	0	2,328,684
315 SOBRA Supplement	0	0	2,442,909	0	0	12,613	101,432	6,786	57,584	0	3,790,876	0	0	6,412,200
320 HIV-AIDS Supplement	0	12,113	49,273	19,833	12,103	2,945	157,508	0	302,660	0	0	0	0	556,435
321 TWG Settlement	0	0	0	0	0	0	0	67,348	1,279,604	0	0	0	0	1,346,952
322 PPC Settlement	0	0	0	0	0	0	0	0	0	0	0	0	0	0
325 Investment Income	56,455	333,725	159,513	77,487	28,293	87,109	66,238	6,495	147,759	5,747	16,625	4	604	986,055
330 Other Income	6,356	37,678	17,807	8,543	3,191	9,746	7,428	771	17,257	596	1,915	0	75	111,362
<b>TOTAL REVENUES</b>	8,912,073	10,999,094	13,447,853	3,603,214	3,298,491	4,708,430	13,809,713	4,636,840	24,759,198	23,719	5,048,070	701	189,768	93,437,164
<b>EXPENSES</b>														
Hospitalization														
402 Hospital Inpatient	6,186,786	624,362	3,701,534	300,167	457,948	535,338	4,405,721	1,361,135	5,453,852	0	1,379,074	0	28,066	24,433,983
404 Hospital Risk Pool Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
406 PPC-Hospital Inpatient	318,138	93,109	195,132	157,586	40,328	8,344	89,748	1,665,083	3,099,178	0	101,342	0	0	5,767,987
<b>Total Hospitalization</b>	6,504,924	717,471	3,896,666	457,753	498,276	543,682	4,495,468	3,026,218	8,553,029	0	1,480,416	0	28,066	30,201,970
Medical Compensation														
408 Primary Care Physician	558,187	1,717,069	1,242,571	362,390	381,351	140,460	648,129	64,104	1,694,412	5,049	93,188	0	3,341	6,910,252
410 Referral Physician	1,923,993	2,233,470	3,609,816	630,420	863,028	614,382	2,769,421	454,291	4,037,707	10,618	744,460	105	70,362	17,962,074
412 Physician Risk Pool Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
414 PPC - Physician Services	100,526	64,862	114,576	62,292	53,366	7,659	22,577	448,635	913,991	0	64,985	0	0	1,853,470
<b>Total Medical Comp</b>	2,582,707	4,015,402	4,966,964	1,055,102	1,297,745	762,501	3,440,127	967,030	6,646,109	15,667	902,633	105	73,702	26,725,796
Other Medical Expenses														
416 Emergency Services	141,701	428,580	503,469	129,021	85,628	111,600	399,207	40,059	599,320	6,160	47,448	0	715	2,492,909
418 Pharmacy	582,681	1,100,234	1,042,723	600,278	521,830	224,185	3,462,213	326,591	3,064,406	4,021	104,537	110	54,334	11,088,143
420 Lab, X-ray, & Medical Imaging	456,762	501,251	2,069,164	354,900	547,022	259,470	2,060,186	286,309	2,730,160	5,848	467,779	130	55,823	9,794,805
422 Outpatient Facility	97,123	202,908	157,676	65,161	63,825	164,566	215,775	33,497	223,396	110	28,913	0	3,080	1,256,031
424 Durable Medical Equipment	132,217	116,032	237,267	75,957	95,089	73,210	1,003,970	247,211	849,398	1,031	49,831	0	2,962	2,884,175
426 Dental	10,372	2,123,155	449,471	248,350	25,132	46,176	137,723	21,918	273,527	117	53,522	0	1,721	3,391,182
428 Transportation	131,462	159,633	269,831	117,307	64,227	249,626	559,851	52,680	639,431	0	73,229	0	3,884	2,321,161
430 Nursing Facility, Home Health C	21,536	24,415	37,870	14,800	30,576	56,863	163,587	58,241	216,961	0	9,917	0	2,625	637,392
432 Physical Therapy	83,828	83,569	55,788	34,667	19,477	21,947	106,188	26,223	203,047	0	3,861	0	2,743	641,339
434 Other Risk Pool Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
436 Miscellaneous Medical Expenses	0	984	1,419	2,436	573	5,258	6,623	82	13,449	0	0	0	0	30,826
438 PPC-Other	49,609	74,033	146,195	69,812	41,540	7,715	34,083	474,686	1,035,571	0	75,831	0	0	2,009,075
<b>Total Other Medical</b>	1,707,291	4,814,795	4,970,874	1,712,688	1,494,919	1,220,617	8,149,408	1,567,499	9,848,666	17,286	914,868	240	127,887	36,547,038
<b>TOTAL MEDICAL EXP</b>	10,794,921	9,547,668	13,834,504	3,225,543	3,290,940	2,526,800	16,085,004	5,560,747	25,047,805	32,954	3,297,918	345	229,656	93,474,804
<b>Less:</b>														
440 Reinsurance	(473,814)	(238,305)	(47,831)	(199,867)	(89,069)	(59,478)	(4,012,049)	(228,364)	(885,856)	0	(36,476)	0	0	(6,271,108)
441 PPC-Reinsurance	0	0	0	0	0	0	0	0	0	0	0	0	0	0
442 Third Party Liability	(266)	(22,167)	(99,284)	(6,603)	(21,553)	(1,633)	(33,670)	(17,290)	(103,676)	0	(61)	0	0	(306,202)
<b>TOTAL NET MEDICAL EXP</b>	10,320,841	9,287,196	13,687,389	3,019,073	3,180,319	2,465,689	12,039,284	5,315,094	24,058,273	32,954	3,261,381	345	229,656	86,897,494
<b>TOTAL ADMIN EXP</b>	185,361	1,099,367	526,272	254,639	93,621	287,908	218,560	442,008	2,233,861	17,611	55,136	10	1,934	5,416,288
<b>TOTAL EXPENSES</b>	10,506,202	10,386,563	14,213,661	3,273,712	3,273,939	2,753,597	12,257,844	5,757,102	26,292,134	50,564	3,316,517	355	231,590	92,313,781
Inc (loss) from operations	(1,594,129)	612,530	(765,808)	329,502	24,552	1,954,833	1,551,869	(1,120,262)	(1,532,935)	(26,845)	1,731,553	345	(41,823)	1,123,383
Non-operating inc (loss)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Inc (loss) before taxes	(1,594,129)	612,530	(765,808)	329,502	24,552	1,954,833	1,551,869	(1,120,262)	(1,532,935)	(26,845)	1,731,553	345	(41,823)	1,123,383
Income taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Premium taxes	197,819	232,923	284,141	78,787	71,519	101,236	384,948	99,522	492,678	504	109,231	16	4,050	2,057,374
<b>NET INCOME (LOSS)</b>	(1,791,948)	379,607	(1,049,949)	250,715	(46,968)	1,853,597	1,166,921	(1,219,784)	(2,025,614)	(27,349)	1,622,322	329	(45,872)	(933,990)

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

**PIMA COUNTY, ARIZONA**  
**PIMA HEALTH SYSTEM AND SERVICES - ENTERPRISE FUND**  
**Ambulatory Contract - Profitability by Risk Group - Santa Cruz County**

Pima Health Plan Year Ending: 6/30/2008 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	SSDI-TMC with Med	SSDI-TMC with out Med	Grand Total
<b>REVENUE &amp; EXPENSES</b>														
<b>Member Months</b>														
SOBRA FPS Mmbr Mths	0	0	0	0	0	0	0	0	0	149	0	0	0	149
PPC Member Months	75	771	459	260	137	73	53	63	479	0	83	0	0	2,452
Pros. Member Months	2,610	22,276	12,294	6,264	3,469	7,171	2,575	324	6,842	0	746	0	3	64,573
<b>Total Member Months</b>	<b>2,685</b>	<b>23,047</b>	<b>12,752</b>	<b>6,524</b>	<b>3,606</b>	<b>7,244</b>	<b>2,628</b>	<b>387</b>	<b>7,320</b>	<b>149</b>	<b>829</b>	<b>0</b>	<b>3</b>	<b>67,174</b>
Pros. & FPS Mbr. Mths	2,610	22,276	12,294	6,264	3,469	7,171	2,575	324	6,842	149	746	0	3	64,722
Pros. & PPC Mbr. Mths	2,685	23,047	12,752	6,524	3,606	7,244	2,628	387	7,320	0	829	0	3	67,025
<b>REVENUES</b>														
305 Capitation	1,266,280	2,296,998	2,624,523	884,328	1,328,723	1,246,701	1,731,056	244,654	2,761,036	1,578	158,333	0	2,089	14,546,299
310 PPC Capitation	110,383	50,521	112,532	58,203	58,834	8,717	17,822	153,631	484,984	0	21,512	0	0	1,077,139
312 Hospital Supplement	0	0	0	0	0	0	0	159,788	0	0	0	0	0	159,788
315 SOBRA Supplement	0	0	443,862	0	0	0	12,969	0	6,194	0	563,809	0	0	1,026,834
320 HIV-AIDS Supplement	0	0	0	0	0	0	0	0	0	0	0	0	0	0
321 TWG Settlement	0	0	0	0	0	0	0	16,477	189,487	0	0	0	0	205,964
322 PPC Settlement	0	0	0	0	0	0	0	0	0	0	0	0	0	0
325 Investment Income	8,729	74,479	41,385	21,160	11,980	23,769	8,550	1,133	23,008	528	2,391	0	13	217,125
330 Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL REVENUES</b>	<b>1,385,392</b>	<b>2,421,997</b>	<b>3,222,301</b>	<b>963,692</b>	<b>1,399,536</b>	<b>1,279,188</b>	<b>1,770,398</b>	<b>575,683</b>	<b>3,464,708</b>	<b>2,105</b>	<b>746,045</b>	<b>0</b>	<b>2,103</b>	<b>17,233,147</b>
<b>EXPENSES</b>														
<b>Hospitalization</b>														
402 Hospital Inpatient	672,040	111,719	515,523	137,370	180,969	221,933	263,016	(7,636)	591,734	0	126,318	0	0	2,812,987
404 Hospital Risk Pool Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
406 PPC-Hospital Inpatient	74,009	8,316	4,398	4,031	7,206	0	0	165,738	248,093	0	4,678	0	0	516,470
<b>Total Hospitalization</b>	<b>746,050</b>	<b>120,035</b>	<b>519,921</b>	<b>141,401</b>	<b>188,175</b>	<b>221,933</b>	<b>263,016</b>	<b>158,103</b>	<b>839,827</b>	<b>0</b>	<b>130,996</b>	<b>0</b>	<b>0</b>	<b>3,329,457</b>
<b>Medical Compensation</b>														
408 Primary Care Physician	86,858	236,967	180,849	66,094	99,442	31,305	52,360	3,853	148,199	137	5,210	0	0	911,274
410 Referral Physician	285,963	516,784	644,117	165,918	258,255	142,601	326,730	18,260	611,962	1,159	109,628	0	221	3,081,598
412 Physician Risk Pool Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
414 PPC - Physician Services	12,257	8,636	9,159	7,987	12,830	297	2,671	65,931	88,831	0	9,747	0	0	218,345
<b>Total Medical Comp</b>	<b>385,077</b>	<b>762,386</b>	<b>834,125</b>	<b>239,998</b>	<b>370,527</b>	<b>174,204</b>	<b>381,761</b>	<b>88,043</b>	<b>848,993</b>	<b>1,296</b>	<b>124,585</b>	<b>0</b>	<b>221</b>	<b>4,211,217</b>
<b>Other Medical Expenses</b>														
416 Emergency Services	20,705	74,291	62,948	31,967	15,877	41,318	28,274	1,684	45,026	227	4,810	0	0	327,128
418 Pharmacy	87,812	188,809	243,721	109,014	201,343	29,280	674,446	6,607	375,287	357	15,235	0	526	1,932,437
420 Lab, X-ray, & Medical Imaging	45,035	156,717	397,067	112,238	149,951	90,588	209,296	17,455	389,677	202	54,111	0	65	1,622,402
422 Outpatient Facility	1,424	4,266	25,090	2,326	12,147	48,297	14,551	0	16,356	0	2,644	0	0	127,101
424 Durable Medical Equipment	23,765	47,736	54,172	33,889	12,506	12,022	38,486	27,353	128,017	0	2,198	0	0	380,143
426 Dental	299	490,274	105,036	57,759	9,437	8,020	14,144	4,187	26,556	0	6,095	0	0	721,807
428 Transportation	98,287	90,198	91,631	37,528	26,566	99,055	118,759	4,026	111,800	0	2,776	0	0	680,626
430 Nursing Facility, Home Health C	16,914	0	16,018	982	582	11,212	8,377	9,058	38,916	0	0	0	0	102,059
432 Physical Therapy	14,614	15,737	25,989	9,489	8,880	12,442	10,808	1,993	60,492	0	21	0	0	160,464
434 Other Risk Pool Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
436 Miscellaneous Medical Expenses	0	0	228	0	0	38	0	0	0	0	0	0	0	266
438 PPC-Other	18,272	12,864	16,139	13,739	15,520	3,861	10,863	107,162	66,911	0	4,124	0	0	269,455
<b>Total Other Medical</b>	<b>327,128</b>	<b>1,080,891</b>	<b>1,038,039</b>	<b>408,930</b>	<b>452,807</b>	<b>356,133</b>	<b>1,128,003</b>	<b>179,525</b>	<b>1,259,038</b>	<b>786</b>	<b>92,013</b>	<b>0</b>	<b>591</b>	<b>6,323,886</b>
<b>TOTAL MEDICAL EXP</b>	<b>1,458,255</b>	<b>1,963,313</b>	<b>2,392,086</b>	<b>790,329</b>	<b>1,011,510</b>	<b>752,269</b>	<b>1,772,780</b>	<b>425,671</b>	<b>2,947,858</b>	<b>2,082</b>	<b>347,594</b>	<b>0</b>	<b>813</b>	<b>13,864,560</b>
<b>Less:</b>														
440 Reinsurance	0	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	0
442 Third Party Liability	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL NET MEDICAL EXP</b>	<b>1,458,255</b>	<b>1,963,313</b>	<b>2,392,086</b>	<b>790,329</b>	<b>1,011,510</b>	<b>752,269</b>	<b>1,772,780</b>	<b>425,671</b>	<b>2,947,858</b>	<b>2,082</b>	<b>347,594</b>	<b>0</b>	<b>813</b>	<b>13,864,560</b>
<b>TOTAL ADMIN EXP</b>														
	37,137	317,050	176,376	90,151	51,745	102,174	36,656	50,734	295,656	2,104	10,669	0	40	1,170,491
<b>TOTAL EXPENSES</b>	<b>1,495,392</b>	<b>2,280,363</b>	<b>2,568,461</b>	<b>880,481</b>	<b>1,063,255</b>	<b>854,443</b>	<b>1,809,436</b>	<b>476,405</b>	<b>3,243,513</b>	<b>4,186</b>	<b>358,263</b>	<b>0</b>	<b>852</b>	<b>15,035,051</b>
Inc (loss) from operations	(109,999)	141,634	653,840	83,211	336,281	424,744	(39,038)	99,278	221,194	(2,081)	387,782	0	1,251	2,198,097
Non-operating inc (loss)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Inc (loss) before taxes	(109,999)	141,634	653,840	83,211	336,281	424,744	(39,038)	99,278	221,194	(2,081)	387,782	0	1,251	2,198,097
Income taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Premium taxes	28,558	49,539	66,884	19,632	29,112	26,613	37,276	11,202	66,203	45	15,744	0	45	350,853
<b>NET INCOME (LOSS)</b>	<b>(138,557)</b>	<b>92,095</b>	<b>586,956</b>	<b>63,579</b>	<b>307,170</b>	<b>398,132</b>	<b>(76,314)</b>	<b>88,076</b>	<b>154,991</b>	<b>(2,126)</b>	<b>372,038</b>	<b>0</b>	<b>1,206</b>	<b>1,847,244</b>

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

**PIMA COUNTY, ARIZONA**  
**PIMA HEALTH SYSTEM AND SERVICES - ENTERPRISE FUND**  
**Ambulatory Contract - PPC Claims Lag Report - Hospital**  
**Year Ended June 30, 2008**

<b>Payment Qtr</b>	<b>Current</b>	<b>1st Prior</b>	<b>2nd Prior</b>	<b>3rd Prior</b>	<b>4th Prior</b>	<b>5th Prior</b>	<b>6th Prior*</b>	<b>Total</b>
<b>Current</b>	1,022,014	259,637	300,076	196,680	10,466	4,370	-	1,793,243
<b>1st Prior</b>		914,423	128,462	263,522	54,829	10,667	50,110	1,422,013
<b>2nd Prior</b>			700,536	461,510	281,979	44,404	1,006	1,489,435
<b>3rd Prior</b>				754,759	270,705	116,332	65,436	1,207,232
<b>4th Prior</b>					866,377	296,153	192,067	1,354,597
<b>5th Prior</b>						900,647	732,834	1,633,481
<b>6th Prior*</b>							22,343,432	22,343,432
<b>Totals</b>	1,022,014	1,174,060	1,129,074	1,676,471	1,484,356	1,372,573	23,384,885	31,243,433
<b>Expense</b>	2,397,713	1,230,104	1,168,699	1,487,941	1,190,981	1,687,637	23,275,935	32,439,010
<b>Adjustment</b>		200,000	19,906	200,717	297,656	(313,452)	108,950	513,777
<b>Remaining</b>	1,375,699	256,044	59,531	12,187	4,281	1,612	-	1,709,354

\* 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 - ENTERPRISE FUND**  
**Ambulatory Contract - PPC Claims Lag Report - Medical**  
**Year Ended June 30, 2008**

<b>Payment Qtr</b>	<b>Current</b>	<b>1st Prior</b>	<b>2nd Prior</b>	<b>3rd Prior</b>	<b>4th Prior</b>	<b>5th Prior</b>	<b>6th Prior*</b>	<b>Total</b>
<b>Current</b>	462,026	45,564	76,195	18,977	2,318	(446)	(963)	603,671
<b>1st Prior</b>		284,016	32,663	98,635	25,606	12,981	(4,145)	449,756
<b>2nd Prior</b>			297,483	68,367	66,301	7,957	1,920	442,029
<b>3rd Prior</b>				318,082	90,429	58,572	(6,353)	460,730
<b>4th Prior</b>					336,566	(22,518)	67,563	381,611
<b>5th Prior</b>						323,635	316,217	639,852
<b>6th Prior*</b>							6,490,829	6,490,829
<b>Totals</b>	462,026	329,580	406,341	504,061	521,220	380,181	6,865,068	9,468,478
<b>Expense</b>	826,685	362,707	433,452	448,971	431,333	423,357	6,687,919	9,614,424
<b>Adjustment</b>		13,561	(14,676)	59,263	90,618	(43,176)	177,149	282,739
<b>Remaining</b>	364,659	46,688	12,435	4,173	731	(0)	(0)	428,686

\* 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 - ENTERPRISE FUND**  
**Ambulatory Contract - PPC Claims Lag Report - Other**  
**Year Ended June 30, 2008**

<b>Payment Qtr</b>	<b>Current</b>	<b>1st Prior</b>	<b>2nd Prior</b>	<b>3rd Prior</b>	<b>4th Prior</b>	<b>5th Prior</b>	<b>6th Prior*</b>	<b>Total</b>
<b>Current</b>	378,206	38,616	84,510	18,040	3,323	1,345	(1,157)	522,883
<b>1st Prior</b>		260,405	95,126	201,348	40,363	11,561	719	609,522
<b>2nd Prior</b>			362,638	90,405	86,731	7,522	3,748	551,045
<b>3rd Prior</b>				430,281	98,110	117,705	13,021	659,117
<b>4th Prior</b>					67,734	276,001	149,537	493,272
<b>5th Prior</b>						359,561	161,948	521,509
<b>6th Prior*</b>							6,998,614	6,998,614
<b>Totals</b>	378,206	299,021	542,274	740,074	296,261	773,695	7,326,430	10,355,962
<b>Expense</b>	708,902	314,489	672,094	583,045	583,963	580,514	6,622,233	10,065,240
<b>Adjustment</b>		4,586	(121,375)	159,334	(286,903)	193,181	704,197	653,020
<b>Remaining</b>	330,696	20,054	8,445	2,305	799	0	(0)	362,297

\* 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 - ENTERPRISE FUND**  
**AMBULATORY CONTRACT - OFFICERS AND DIRECTORS**  
**Year Ended June 30, 2008**

<u>NAME</u>	<u>TITLE</u>	<u>OTHER RELATIONSHIP TO PLAN</u>	<u>TYPE OF COMPENSATION</u>
DiCicco, Melanie	Behavioral Health Manager	None	Salary
Eyde, Kathy	Preventative & Maternal Child Health Manager	None	Salary
Fields, Karen	Plan Administrator	None	Salary
Frederick, Pam	Quality Management Manager	None	Salary
Hall, Xenia	Claims Manager	None	Salary (2)
Hart, Mark	MIS Manager	None	Salary
Hartsfield, Kelli	Grievance Coordinator	None	Salary (1)
Le Blanc, Marcia	Chief Operations Officer	None	Salary (1)
Roundtree, Virginia	Corporate Compliance & Privacy Officer	None	Salary
Russell, R. Mark, M.D.	Medical Director	None	Salary
Stryker-Smit, Johanna	Pharmacy Services Manager	None	Salary
Terry, Donna	Chief Financial Officer	None	Salary
Toro, Anthony	Claims Manager	None	Salary (1)
West, Kitley Ann	Grievance Coordinator	None	Salary
Williams, Joane	Claims Manager	None	Salary (1)
Wortman, Susan	Utilization Management Manager	None	Salary

---

(1) Resigned or (2) changed positions during the period for July 1, 2007 to June 30, 2008.

**PIMA COUNTY, ARIZONA**  
**PIMA HEALTH SYSTEM AND SERVICES - ENTERPRISE FUND**  
**ALTCS - Medical Claims Payable Report - (RBUCS)**  
**Year Ended June 30, 2008**

ACCOUNT	1-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL RBUCs
Institutional Care	135,311	54,119	(57,689)	(89,536)	42,205
HCBS	2,297,101	793,181	64,202	(105,856)	3,048,627
Acute Care	1,090,852	388,279	62,899	36,845	1,578,875
Other Medical	246,352	99,165	5,970	(18,760)	332,727
Total Prospective	3,769,615	1,334,743	75,382	(177,306)	5,002,435
Total Prior Period Coverage	57,350	7,096	5,298	(2,592)	67,152
<b>TOTAL CLAIMS PAYABLE</b>	<b>3,826,965</b>	<b>1,341,840</b>	<b>80,680</b>	<b>(179,898)</b>	<b>5,069,587</b>

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

**PIMA COUNTY, ARIZONA**  
**PIMA HEALTH SYSTEM AND SERVICES - ENTERPRISE FUND**  
**ALTCS - Claims Lag Report for Prospective Period Only**  
**Year Ended June 30, 2008**

**A - 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	16,285,752	2,351,103	456,052	11,609	(2,368)	(4,383)	(12,118)	19,085,647	
2	1ST PRIOR		15,281,268	1,682,789	185,378	2,425	(15,969)	5,255	17,141,146	
3	2ND PRIOR			13,815,054	3,655,582	81,782	10,575	8,649	17,571,642	
4	3RD PRIOR				13,373,658	3,558,121	164,588	32,508	17,128,875	
5	4TH PRIOR					11,521,885	4,577,058	60,587	16,159,530	
6	5TH PRIOR						13,074,998	3,315,155	16,390,153	
7	6TH PRIOR							62,675,333	62,675,333	
8	TOTALS	16,285,752	17,632,371	15,953,895	17,226,227	15,161,845	17,806,867	66,085,369	166,152,326	
9	EXP.REPORTED	18,614,676	17,571,839	17,728,245	16,919,204	15,690,701	17,340,221	66,828,577	170,693,463	
10	ADJUSTMENT		(926,592)	1,570,372	(365,172)	508,105	(466,646)	743,208	1,063,275	
11	REMAINING LIABILITY	2,328,924	866,060	203,978	58,149	20,751	-	-	3,477,862	

**B - 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	7,177,600	3,564,422	294,149	58,552	32,615	4,654	-	11,131,992	
2	1ST PRIOR		8,038,738	2,520,088	186,222	26,765	71,791	532	10,844,136	
3	2ND PRIOR			7,265,796	2,986,073	61,085	2,091	1,740	10,316,785	
4	3RD PRIOR				7,160,344	3,712,683	44,456	(6,473)	10,911,010	
5	4TH PRIOR					7,020,401	2,942,280	32,184	9,994,865	
6	5TH PRIOR						8,188,994	2,818,710	11,007,704	
7	6TH PRIOR							30,855,088	30,855,088	
8	TOTALS	7,177,600	11,603,160	10,080,033	10,391,191	10,853,549	11,254,266	33,701,781	95,061,580	
9	EXP.REPORTED	11,893,211	13,245,345	11,276,139	11,388,838	11,275,066	11,062,180	37,252,738	107,393,517	
10	ADJUSTMENT		(7,259)	752,824	852,929	367,177	(192,086)	3,550,957	5,324,542	
11	REMAINING LIABILITY	4,715,611	1,649,444	443,282	144,718	54,340	-	-	7,007,395	

**C - 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	2,636,583	4,925,258	427,398	90,159	(9,995)	48,792	53,502	8,171,697	
2	1ST PRIOR		2,496,407	1,536,009	437,849	126,928	49,547	26,085	4,672,825	
3	2ND PRIOR			2,766,419	1,163,006	263,458	49,015	8,350	4,250,248	
4	3RD PRIOR				2,373,442	1,931,446	366,051	82,068	4,753,007	
5	4TH PRIOR					2,193,638	2,091,033	(26,345)	4,258,326	
6	5TH PRIOR						2,649,434	2,653,185	5,302,619	
7	6TH PRIOR							20,035,431	20,035,431	
8	TOTALS	2,636,583	7,421,665	4,729,826	4,064,456	4,505,475	5,253,872	22,832,276	51,444,153	
9	EXP.REPORTED	5,987,061	6,894,961	5,566,894	5,081,184	3,753,475	5,253,554	23,490,107	56,027,236	
10	ADJUSTMENT		(1,579,762)	476,237	928,216	(776,570)	(318)	657,831	(294,366)	
11	REMAINING LIABILITY	3,350,479	1,053,058	360,831	88,512	24,570	-	-	4,877,450	

**D - 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	1,178,605	158,342	30,253	757	40,442	249	772	1,409,420	
2	1ST PRIOR		542,811	1,135,925	39,308	733	(20,110)	16	1,698,683	
3	2ND PRIOR			916,733	192,486	27,837	4,935	675	1,142,666	
4	3RD PRIOR				468,779	644,486	68,199	50,133	1,231,597	
5	4TH PRIOR					1,048,674	381,105	14,173	1,443,952	
6	5TH PRIOR						695,079	614,641	1,309,720	
7	6TH PRIOR							4,316,776	4,316,776	
8	TOTALS	1,178,605	701,153	2,082,911	701,330	1,762,172	1,129,457	4,997,186	12,552,814	
9	EXP. REPORTED	2,604,545	650,679	1,226,455	667,418	1,263,577	914,430	5,100,648	12,427,752	
10	ADJUSTMENT		(149,872)	(868,272)	(36,344)	(498,902)	(215,027)	103,462	(1,664,955)	
11	REMAINING LIABILITY	1,425,940	99,398	11,816	2,432	307	-	-	1,539,893	

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

PIMA COUNTY, ARIZONA  
PIMA HEALTH SYSTEM AND SERVICES - ALTCS - ENTERPRISE FUND  
Analysis of Profitability by Major Rate Code Classification - Total Counties  
Year Ended June 30, 2008

Account #	Account Description	Dual Members Amount	Dual Members PMPM	Non-Dual Members Amount	Non-Dual Members PMPM	Total Amount	Total PMPM
<b>Revenues:</b>							
300	Capitation	121,253,786	3,352.33	41,486,930	1,147.00	162,740,715	4,499.32
305	PPC Capitation	1,231,224	34.04	77,336	2.14	1,308,560	36.17
310	Reinsurance	6,703,097	185.32	4,536,214	125.41	11,239,311	310.74
315	PPC - Reconciliation	-	-	-	-	-	-
320	Share of Cost (SOC) Reconciliation *	991,627	27.42	196,256	5.42	1,187,883	32.84
325	HCBS Placement Reconciliation *	(593,959)	(16.43)	(117,032)	(3.24)	(710,990)	(19.66)
330	HIV-AIDS (Supplement	66,230	1.83	13,084	0.36	79,313	2.19
335	Other AHCCCS Revenue (Report #4)	-	-	-	-	-	-
	Subtotal AHCCCS Revenue	129,652,006	3,584.52	46,192,787	1,277.09	175,844,791	4,861.61
350	Investment Income *	1,001,550	27.69	197,322	5.46	1,198,872	33.15
360	Third Party Liability Recoveries	70,561	1.95	3,433	0.09	73,993	2.04
370	Patient Contributions (MSOC)	59,315	1.64	11,708	0.32	71,023	1.96
380	Other Non-AHCCCS Income (Report #4)	61,929	1.71	12,217	0.34	74,147	2.05
	Subtotal Non-AHCCCS Revenue	1,193,355	32.99	224,680	6.22	1,418,035	39.21
	<b>TOTAL REVENUES</b>	<b>130,845,360</b>	<b>3,617.51</b>	<b>46,417,466</b>	<b>1,283.30</b>	<b>177,262,826</b>	<b>4,900.82</b>
<b>Institutional Care Expenses:</b>							
400	NF ICF & Bedholds	-	-	-	-	-	-
402	Level I	24,238,554	670.13	2,897,465	80.10	27,136,019	750.23
404	Level II	29,651,406	819.78	2,919,052	80.71	32,570,458	900.48
406	Level III	13,138,005	363.23	1,141,747	31.56	14,279,752	394.80
408	Institutional Care	-	-	-	-	-	-
410	PPC Institutional	648,411	17.93	41,384	1.15	689,795	19.07
412	Other Institutional Care (Report #4)	-	-	-	-	-	-
	<b>TOTAL INSTITUTIONAL CARE</b>	<b>67,676,377</b>	<b>1,871.07</b>	<b>6,999,648</b>	<b>193.52</b>	<b>74,676,024</b>	<b>2,064.58</b>
<b>Home &amp; Community Based Services (HCBS) Expenses:</b>							
414	Home Health Nurse	3,818,572	105.58	1,771,267	48.97	5,589,839	154.55
416	Home Health Aide	-	-	-	-	-	-
418	Personal Care	3,725,258	103.00	1,128,249	31.20	4,853,507	134.18
420	Homemaker	1,178,437	32.58	184,030	5.09	1,362,467	37.67
422	Home Delivered Meals	303,299	8.39	93,249	2.58	396,548	10.97
424	Respite Care	411,780	11.38	71,798	1.99	483,578	13.37
426	Attendant Care	19,214,655	531.23	3,923,270	108.46	23,137,925	639.70
428	Assisted Living Home	6,269,874	173.34	764,742	21.14	7,034,617	194.49
429	Assisted Living Center	2,664,857	73.67	1,008,825	27.89	3,673,682	101.56
430	Adult Day Health	131,914	3.64	30,261	0.84	162,175	4.48
432	Adult Foster Care	1,230,260	34.01	268,506	7.42	1,498,766	41.43
434	Group Respite	-	-	-	-	-	-
436	Hospice	152,176	4.21	255,246	7.05	407,422	11.26
438	Environmental Modifications	139,331	3.85	56,509	1.57	195,840	5.42
443	PPC HCBS	205,576	5.68	13,101	0.36	218,677	6.05
444	Other HCBS Costs (Report #4)	402,132	11.12	76,904	2.13	479,037	13.25
	<b>TOTAL HCBS</b>	<b>39,848,121</b>	<b>1,101.69</b>	<b>9,645,958</b>	<b>266.69</b>	<b>49,494,079</b>	<b>1,368.38</b>
<b>Acute Care Expenses:</b>							
448	Inpatient Services (Hosp.)	1,776,107	49.10	5,912,555	163.46	7,688,662	212.57
450	Primary Care Physician Services	117,057	3.24	251,263	6.95	368,320	101.9
452	Referral Physician Services	1,105,369	30.56	2,293,687	63.42	3,399,056	93.98
454	Emergency Services	136,341	3.77	152,828	4.23	289,169	8.00
456	Out Patient Facility	103,433	2.86	101,644	2.81	205,076	5.67
458	Prescription Drug	357,235	9.88	4,304,899	119.02	4,662,134	128.90
460	Lab/Radiology	208,070	5.75	790,023	21.84	998,093	27.59
462	Durable Medical Equipment	575,448	15.91	1,303,820	36.05	1,879,267	51.96
464	Dental	166,928	4.62	69,537	1.92	236,465	6.54
466	Transportation	1,484,304	41.04	778,470	21.52	2,262,775	62.56
468	Therapies	74,424	2.06	184,722	5.11	259,145	7.17
470	Outpatient Behavioral Health	494,122	13.66	938,990	25.96	1,433,112	39.62
471	PPC Acute Care	156,393	4.32	9,888	0.28	166,281	4.60
472	Other Acute Care Costs (Report #4)	-	-	-	-	-	-
	<b>TOTAL ACUTE CARE</b>	<b>6,755,230</b>	<b>186.76</b>	<b>17,092,325</b>	<b>472.57</b>	<b>23,847,555</b>	<b>659.34</b>
Amounts expressed in whole dollars, differences are due to rounding.							
<b>Other Medical Expenses:</b>							
474	Ventilator Dependent	1,337,508	36.98	3,934,288	108.77	5,271,796	145.75
477	PPC - Other	-	-	-	-	-	-
479	Other Medical (Report #4)	-	-	-	-	-	-
	<b>TOTAL OTHER MEDICAL</b>	<b>1,337,508</b>	<b>36.98</b>	<b>3,934,288</b>	<b>108.77</b>	<b>5,271,796</b>	<b>145.75</b>
480	Case Management	4,936,309	136.48	973,944	26.93	5,910,253	163.40
	<b>TOTAL MEDICAL EXPENSE:</b>	<b>120,553,545</b>	<b>3,332.98</b>	<b>38,646,163</b>	<b>1,068.48</b>	<b>159,199,707</b>	<b>4,401.45</b>
<b>Administrative Expenses:*</b>							
484	Compensation	4,565,601	126.23	902,101	24.94	5,467,702	151.17
488	Data Processing	905,258	25.03	178,999	4.95	1,084,256	29.98
490	Management Fees	-	-	-	-	-	-
492	Interest Expense	-	-	-	-	-	-
493	Occupancy	1,166,175	32.24	229,889	6.36	1,396,064	38.60
494	Marketing	-	-	-	-	-	-
495	Depreciation	-	-	-	-	-	-
496	Other Administration (Report #4)	2,291,983	63.36	452,381	12.51	2,744,364	75.87
	<b>TOTAL ADMINISTRATION</b>	<b>8,929,016</b>	<b>246.85</b>	<b>1,763,369</b>	<b>48.76</b>	<b>10,692,386</b>	<b>295.61</b>
	<b>TOTAL EXPENSE</b>	<b>129,482,561</b>	<b>3,579.83</b>	<b>40,409,532</b>	<b>1,117.24</b>	<b>169,892,093</b>	<b>4,697.06</b>
	<b>INCOME FROM OPERATIONS</b>	<b>1,362,800</b>	<b>37.68</b>	<b>6,007,934</b>	<b>166.06</b>	<b>7,370,733</b>	<b>203.76</b>
497	Non-Operating Income (Loss)-Not reported above	-	-	-	-	-	-
	<b>INCOME(LOSS) BEFORE TAXES</b>	<b>1,362,800</b>	<b>37.68</b>	<b>6,007,934</b>	<b>166.06</b>	<b>7,370,733</b>	<b>203.76</b>
498	Provision for Premium Taxes	2,730,567	75.49	753,864	20.84	3,484,431	96.33
499	Provision for Income Taxes	-	-	-	-	-	-
	<b>NET INCOME(LOSS) AFTER TAXES</b>	<b>(1,367,767)</b>	<b>(37.81)</b>	<b>5,254,070</b>	<b>145.22</b>	<b>3,886,302</b>	<b>107.43</b>
<b>CHANGES TO EQUITY/NET ASSETS:</b>							
530	Equity/Net Assets at Beginning of Period	-	-	-	-	4,244,218	-
505	Preferred Stock	-	-	-	-	-	-
510	Common Stock	-	-	-	-	-	-
515	Treasury Stock	-	-	-	-	-	-
520	Unrestricted Net Assets	-	-	-	-	-	-
525	Restricted Net Assets	-	-	-	-	-	-
527	Increase/(Decrease) in Add'l Paid-in Capital	-	-	-	-	-	-
528	Increase/(Decrease) in Contributed Capital	-	-	-	-	-	-
530	Increase/(Decrease) in R/E Fund Balance	-	-	-	-	-	-
	A. Net Income (Loss)	-	-	-	-	3,886,302	-
	B. Dividends to Stockholders	-	-	-	-	-	-
	C. Other: specify	-	-	-	-	-	-
530	Equity/Net Assets at End of Period:	-	-	-	-	8,130,520	-

**PIMA COUNTY, ARIZONA**  
**PIMA HEALTH SYSTEM AND SERVICES - ENTERPRISE FUND**  
**ALTCS Utilization Data Report - All Counties**  
**Year Ended June 30, 2008**

ITEM DESCRIPTION	DUAL		NON-DUAL		TOTAL	
	Current Period	Fiscal YTD	Current Period	Fiscal YTD	Current Period	Fiscal YTD
A. Enrollees (At End of Period)	3,385	3,385	683	683	4,068	4,068
B. Member Months (Unduplicated) Prospective Only	10,240	40,043	2,046	7,898	12,286	47,941
Institutional Member Months Total	-	-	-	-	-	-
1. Level 1	1,754	6,684	190	707	1,944	7,391
2. Level 2	1,687	7,144	158	678	1,845	7,822
3. Level 3	460	1,909	106	386	566	2,295
4. Specialty: Wandering Dementia					-	-
5. Specialty: SubAcute Medical					-	-
6. Specialty: Behavioral Health					-	-
7. Specialty: Respite Care					-	-
8. Home and Community Based Services (HCBS) Total	-	-	-	-	-	-
a. Adult Foster Care	178	704	30	129	208	833
b. Assisted Living Home	1,094	4,309	89	327	1,183	4,636
c. Group Home (DD)	-	-	-	-	-	-
d. Individual Home	4,440	16,746	1,236	4,654	5,676	21,400
e. Assisted Living Center	506	2,024	99	384	605	2,408
f. Other (Specify) Group Home	18	68	21	65	39	133
9. Acute Care	64	269	79	358	143	627
10. Ventilator	39	186	38	210	77	396
11. PPC	317	1,116	19	113	336	1,187
12. Other (Specify)	-	-	-	-	-	-
Admissions	216	681	121	445	337	1,126
Patient Days	1,039	3,427	673	3,133	1,712	6,560
Discharges	207	672	118	442	325	1,114
Discharge Days	956	3,344	658	3,118	1,614	6,462
Average Length of Stay	4.81	5.03	5.56	7.04	5.08	5.83
Emergency Room Visits	445	1,744	202	916	647	2,660

**PIMA COUNTY, ARIZONA**  
**PIMA HEALTH SYSTEM AND SERVICES - ENTERPRISE FUND**  
**ALTCS - Claims Lag Report for Prior Period Only**  
**Year Ended June 30, 2008**

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	94,702	1,376	23,239	1,949	1,730	-	-	122,996
2	1ST PRIOR		168,534	54,003	29,388	15,676	-	(1,922)	265,679
3	2ND PRIOR			81,518	9,462	11,681	5,953	3,217	111,831
4	3RD PRIOR				81,250	18,430	17,758	8,084	125,522
5	4TH PRIOR					94,081	2,275	17,865	114,221
6	5TH PRIOR						67,118	88,729	155,847
7	6TH PRIOR							6,682	6,682
8	TOTALS	94,702	169,910	158,760	122,049	141,598	93,104	122,655	902,778
9	EXP.REPORTED	196,227	173,108	188,070	116,335	131,955	161,840	76,185	1,043,720
10	ADJUSTMENT		(1,699)	28,778	(5,714)	(9,643)	68,736	(46,470)	33,988
11	REMAINING LIABILITY	101,525	4,897	532	-	-	-	-	106,954

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	35,196	3,965	7,317	-	-	-	-	46,478
2	1ST PRIOR		30,476	14,952	10,730	1,728	-	-	57,886
3	2ND PRIOR			14,551	27,063	2,339	-	-	43,953
4	3RD PRIOR				14,874	23,071	2,474	(385)	40,034
5	4TH PRIOR					103,334	(67,041)	6,335	42,628
6	5TH PRIOR						12,402	34,653	47,055
7	6TH PRIOR							-	-
8	TOTALS	35,196	34,441	36,820	52,667	130,472	(52,165)	40,603	278,034
9	EXP.REPORTED	71,935	60,007	32,927	48,720	114,063	43,530	40,988	412,170
10	ADJUSTMENT		23,476	(4,204)	(3,947)	(16,409)	95,695	385	94,996
11	REMAINING LIABILITY	36,739	2,090	311	-	-	-	-	39,140

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	3,906	11,021	7,815	2,523	108	(10,117)	-	15,256
2	1ST PRIOR		11,625	4,581	18,286	(199)	190	30	34,513
3	2ND PRIOR			9,195	5,287	7,090	3,785	312	25,669
4	3RD PRIOR				2,629	9,650	2,496	4,227	19,002
5	4TH PRIOR					13,252	(61)	9,195	22,386
6	5TH PRIOR						4,686	68,404	73,090
7	6TH PRIOR							171,466	171,466
8	TOTALS	3,906	22,646	21,591	28,725	29,901	979	253,634	361,382
9	EXP.REPORTED	82,245	32,765	21,250	26,151	15,764	52,286	137,315	367,776
10	ADJUSTMENT		1,080	(1,618)	(2,574)	(14,137)	51,307	(116,319)	(82,261)
11	REMAINING LIABILITY	78,339	9,039	1,277	-	-	-	-	88,655

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		-	14,846	-	-	-	-	14,846
3	2ND PRIOR			-	-	-	-	-	-
4	3RD PRIOR				-	-	-	-	-
5	4TH PRIOR					-	-	-	-
6	5TH PRIOR						-	-	-
7	6TH PRIOR							10	10
8	TOTALS	-	-	14,846	-	-	-	10	14,856
9	EXP. REPORTED	-	-	-	-	-	-	-	-
10	ADJUSTMENT		-	(14,846)	-	-	-	(10)	(14,856)
11	REMAINING LIABILITY	-	-	-	-	-	-	-	-

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

**PIMA COUNTY, ARIZONA**  
**PIMA HEALTH SYSTEM AND SERVICES - ENTERPRISE FUND**  
**ALTCS - OFFICERS AND DIRECTORS**  
**Year Ended June 30, 2008**

<u>NAME</u>	<u>TITLE</u>	<u>OTHER RELATIONSHIP TO PLAN</u>	<u>TYPE OF COMPENSATION</u>
Berkowitz, Mona	Assistant Director of Long Term Care	None	Salary
Dorgan, Patricia	Assistant Director of Long Term Care	None	Salary (1)
Fields, Karen	Plan Administrator	None	Salary
Frederick, Pam	Quality Management Manager	None	Salary
Gwozdz, Ann	Home Care Support Services Manager	None	Salary
Hall, Xenia	Claims Manager	None	Salary (2)
Hart, Mark	MIS Manager	None	Salary
Hartsfield, Kelli	Grievance Coordinator	None	Salary (1)
Le Blanc, Marcia	Chief Operations Officer	None	Salary (1)
Roundtree, Virginia	Corporate Compliance & Privacy Officer	None	Salary
Russell, R. Mark, M.D.	Medical Director	None	Salary
Spendiarian, Andrea	Behavioral Health Manager	None	Salary
Stryker-Smit, Johanna	Pharmacy Services Manager	None	Salary
Terry, Donna	Chief Financial Officer	None	Salary
Toro, Anthony	Claims Manager	None	Salary (1)
West, Kitley Ann	Grievance Coordinator	None	Salary
Williams, Joane	Claims Manager	None	Salary (1)
Wortman, Susan	Utilization Management Manager	None	Salary

---

(1) Resigned or (2) changed positions during the period for July 1, 2007 to June 30, 2008.