

Tips to solve the finance case study

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Agenda:

- Objectives
- Demographics
- Industry Trends
- Facts | Assumptions
- Strengths | Weaknesses
- Strategies | Recommendations

Virginia | Demographics

- 12th most populated state in the U.S. | 17th fastest growing population.
- Lower unemployment rate and higher birth rates, especially in northern and western areas.
- Moderate economic growth.
- Over one million non-elderly individuals, or 19% of Virginia's population, were uninsured in 2012.
- Above average rate of coverage to non-elderly.
- The states having VA have excellent percentages of covered individuals.

Takeaway from FJA

Commonwealth

- Profitability trending upwards and high compared to industry standard.
- Increased cash equivalents
- Low acute patient mix

Strengths | Weaknesses

- High customer loyalty
- Strong relationships with medical professionals
- Highly competitive
- Highly profitable
- Highly flexible
- Highly innovative

Strategy | Recommendations

- Lowering both Commercial and Medicare premiums
- Focus on industry level in order to avoid involvement in health care and paying for health care costs.
- Work with both HMOs and DMOs to run more competitive health plans.
- Find a niche. Where will Commonwealth provide a value that other companies cannot provide?
- Be proactive in investments.
- Maintain a high degree of flexibility
- Pursue relationships with networks of medical professionals beyond physicians.

Conclusion

Commonwealth had a great year overall. Its performance in controlling costs, reducing health care expenses, and increasing revenue is a positive sign for the future.

What's Next?

We believe our strategic outlook will firmly position us as a leader of the MCO market and enable us to remain competitive in the MCO.

Commonwealth Health Plans

Assessing HMO Performance

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Objective

- Perform a financial analysis to compare Commonwealth's performance against its primary competitors, to whom have the resources to become prominent players in the VA managed care industry. Given the data provided, our goal is to strategically analyze what factors pose potential threats to Commonwealth's future success.