



Regular Meeting of the Santa Clara County Health Authority Executive Committee

Thursday, December 17, 2015
8:30 AM - 10:00 AM
210 E. Hacienda Avenue
Campbell CA 95008

VIA TELECONFERENCE AT:

Residence
1985 Cowper Street
Palo Alto, CA 94301

AGENDA

1. **Roll Call** Ms. Lew
2. **Minutes Review and Approval** Ms. Lew
 - October 22, 2015 Executive Committee Regular Meeting
3. **Public Comment** Ms. Lew

Members of the public may speak to any item not on the agenda; 2 minutes per speaker. The Executive Committee reserves the right to limit the duration or public comment period to 30 minutes.

Announcement Prior to Recessing into Closed Session
Announcement that the Executive Committee will recess into closed session to discuss Item No. 4a, and will identify its Designated Representatives for Item No. 4a.
4. **Adjourn to Closed Session** Ms. Lew
 - a. Conference with Labor Negotiators (Government Code Section 54957.6): It is the the intention of the Executive Committee to meet in Closed Session to confer with its Designated Representatives:
 - Designated Representatives' Names: Dave Cameron, Sharon Valdez, and Richard Noack
 - Employee organization: Local 521, SEIU
5. **Report from Closed Session**

- 6. Fiscal Year 2014-2015 Audited Financial Statements** KPMG
Discuss audited financials.
Possible Action: Accept audited financial statements for fiscal year 2014-15
- 7. October 2015 Financial Statements** Mr. Cameron
Consider recommendations relating to the October 2015 Financial Statements.
Possible Action: Approve October 2015 Financial Statements
- 8. CEO Update** Ms. Tomcala
Discuss status of current topics and initiatives.
Possible Action: Accept CEO update
- 10. Adjournment** Ms. Lew

Notice to the Public—Meeting Procedures

- Persons wishing to address the Committee on any item on the agenda are requested to advise the Recorder so that the Chairperson can call on them when the item comes up for discussion.
- The Governing Board may take other actions relating to the issues as may be determined following consideration of the matter and discussion of the possible action.
- In compliance with the Americans with Disabilities Act, those requiring accommodations in this meeting should notify Rita Zambrano 48 hours prior to the meeting at 408-874-1842.
- To obtain a copy of any supporting document that is available, contact Rita Zambrano at 408-874-1842. Agenda materials distributed less than 72 hours before a meeting can be inspected at the Santa Clara Family Health Plan offices at 210 E. Hacienda Avenue, Campbell.
- This agenda and meeting documents are available at www.scfhp.com



Santa Clara
Family Health Plan
The Spirit of Care

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Santa Clara County Health Authority
Executive Committee**

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VIA TELECONFERENCE AT:

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Members present

Ms. Michele Lew, Chair
Mr. Bob Brownstein
Dr. Wally Wenner
Ms. Linda Williams

Members present via phone

Ms. Liz Kniss

Staff present

Ms. Christine Tomcala, CEO
Mr. Dave Cameron, CFO
Ms. Sharon Valdez, VP Human Resources
Ms. Janet Smith

Other Attendees

Mr. Dick Noack, Hopkins & Carley LLC

MINUTES - DRAFT

1. Roll Call

Chairperson Lew called the meeting to order at 8:30 am. Roll call was taken, and a quorum was established.

2. Review and Approval of Minutes

It was moved, seconded, and approved to approve the July 23, 2015 Executive Committee meeting minutes as presented.

3. Public Comment

Janet Smith, a SCFHP employee, addressed the Executive Committee with her concerns regarding the acceptance of the Union. No notification was sent regarding the voting process, and she and other employees did not have the opportunity to voice their reluctance in joining the Union. She stated she has dealt with Unions in the past and really doesn't want to be a member, and was hoping there was a way to opt out. She indicated it will be a financial hardship for her. Ms. Smith stated she works well with her team, manager, the department director, and the HR director, who are always there to listen and help resolve any issues that may occur. She really does not want to be a part of the bargaining unit and was hoping there would be a way for those individuals who do not want to be in the Union to opt out.

Ms. Lew responded that this discussion can potentially be agendaized for the next Board meeting.

4. Adjourn to Closed Session

a. **Conference with Labor Negotiators** (Government Code Section 54957.6): The Executive Committee met in Closed Session to confer with its Designated Representatives:

- Designated Representatives' Names: Dave Cameron, Sharon Valdez, and Richard Noack
- Employee organization: Local 521, SEIU

5. Report from Closed Session

No Action was taken.

6. CEO Update

Ms. Tomcala brought to the Committee's attention the resignation of Tony Solem, Chief Medicare Officer, and reported that two of his direct reports have recently departed, as well. She indicated Mr. Solem will be replaced on an interim basis until we determine a long-term solution.

At the last Board meeting, the Plan Objectives were discussed, with the first being Compliance. Ms. Tomcala indicated we are going to engage consultants to help identify compliance gaps, so they can be addressed before the upcoming audits. The Executive Team has looked at different firms and has selected one we want to engage imminently. This expense was not fully anticipated in the budget.

Ms. Tomcala also noted that O'Conner recently agreed to a proposal for Medi-Cal moving forward, and within the last 24 to 48 hours they expressed surprise that it did not include the Cal Medi-Connect line of business, which had not been on the rate sheet. We are having a conversation this afternoon to further address that.

It was moved, seconded, and approved to accept CEO update as presented.

7. Update on Fiscal 2014-15 Year End Financials

Mr. Cameron stated that at the last Board meeting an update on the year-end financials was presented on the interim financials. The discussion was the booking of a Premium Deficiency Reserve for the Cal Medi-Connect product line. We had booked \$14.4M, but after discussion with our external auditors we have increased to \$18M.

Dr. Wenner commented that this topic comes up when speaking with other physicians as to why are there such large reserves and why aren't you paying that to the physicians.

Mr. Cameron commented that SCFHP will do some comparisons with the other health plans in the state and other health plans in general.

8. July and August 2015 Financial Statements

Mr. Cameron gave an update on the August year to date highlights through the first two months of the fiscal year. Revenue is over budget primarily due to the Medicaid expansion and IHSS. Medical expenses were over budget primarily due to our estimates for Cal Medi-Connect and IHSS. Enrollment is up 3.3% year over year, and 1.1% over budget for the first two months of the fiscal year.

It was moved, seconded, and approved to accept the July and August financials as presented.

9. Budget Line Item Adjustment

Mr. Cameron explained that we need to move the Administrative fee charged from our Pharmacy Benefits Manager (PBM) from our medical expense budget into our administrative budget as required by the Department of Health Care Services.

It was moved, seconded, and approved to approve the Budget Line Item Adjustment.

10. Reserves Discussion

Mr. Cameron presented a reserved analysis that had been requested by the board in June of this year. The last Board update and policy adoption was in December 2011. The Board policy currently is two months premium revenue.

Mr. Cameron reviewed the reasons to hold reserves and discussed the different methodologies, Tangible Net Equity (TNE) and Risk Based Capital (RBC). TNE, which is the measurement used by the state is outdated. The RBC method takes into account: Asset, underwriting, credit and business risk. A research paper by Milliman that looked at all the Medicaid plans, profit, and non-profit in the other states that do a risk-based capital and what their benchmarks are is referenced in the presentation. The Department of Managed Health Care (DMHC) has discussed shifting the reserve requirements from TNE to RBC.

Mr. Brownstein commented that he needs more time to review and understand this. Plans in other states do not have to deal with the reimbursement rates that California has to deal with. There are other potential uses for revenue beyond flowing into reserves, although reserves are an important factor. This looks like a massive shift in terms of making reserves important and making it a top priority which Bob indicated he might be convinced to do, but was not yet ready to agree with that. He suggested this should be an issue for the full Board, and any additional information on other options would be helpful.

Ms. Williams commented that it might be helpful to have some sort of an incremental plan and asked how long it would take to reach that target. She found the comparative information on other California plans interesting and helpful.

Mr. Brownstein added that he is more comfortable trying to balance real risks versus other uses of revenue, as opposed to what looks like an arbitrary standard.

Ms. Tomcala commented that this proposal is less than the current Board-approved standard of two months of Capitation revenue.

Mr. Cameron commented that we're probably not going to generate more than a 2% surplus because we've dedicated to paying for provider incentives.

Mr. Brownstein responded that his idea would be to have a methodology where there is a target and we have a process that enables us to exercise judgment, so that adding to the reserves will not trump everything else no matter how important it is.

Mr. Cameron responded that we will continue this discussion at the next Board meeting in November.

Ms. Williams responded that it is important information and we need to recognize we are not meeting our current benchmark.

Action was deferred to the next Board meeting.

11. Adjournment

It was moved, seconded, and approved to adjourn the meeting at 10:15 am.

Elizabeth Pianca, Secretary to the Board



Santa Clara
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Financial Statements
For Four Months Ended October 2015
(Unaudited)

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Santa Clara Family Health Plan
CFO Finance Report
For the Month and Year to Date Ended October 31, 2015

Summary of Financial Results

For the month of October 2015, SCFHP recorded a net loss of \$0.8 million compared to a budgeted net surplus of \$1.9 million resulting in an unfavorable variance from budget of \$2.8 million. For year to date October 2015, SCFHP recorded a net surplus of \$2.4 million compared to a budgeted net surplus of \$8.0 million resulting in a unfavorable variance from budget of \$5.6 million The table below summarizes the components of the overall variance from budget.

Summary Operating Results – Actual vs. Budget
For the Current Month & Fiscal Year to Date – October 2015
Favorable/ (Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance \$	Variance %		Actual	Budget	Variance \$	Variance %
\$ 86,001,336	\$ 79,113,344	\$ 6,887,993	8.7%	Revenue	\$340,271,680	\$309,568,468	\$ 30,703,211	9.9%
83,986,329	73,893,214	(10,093,115)	-13.7%	Medical Expense	326,389,531	288,222,501	(38,167,029)	-13.2%
2,015,008	5,220,130	(3,205,122)	-61.4%	Gross Margin	13,882,149	21,345,967	(7,463,818)	-35.0%
2,917,881	2,815,225	(102,656)	-3.6%	Administrative Expense	11,348,284	11,422,280	73,996	0.6%
(902,873)	2,404,905	(3,307,779)	-137.5%	Net Operating Income	2,533,865	9,923,687	(7,389,822)	-74.5%
21,957	(478,570)	500,527	104.6%	Non-Operating Income/Exp	(95,261)	(1,914,281)	1,819,019	95.0%
\$ (880,917)	\$ 1,926,335	\$ (2,807,252)	-145.7%	Net Surplus/ (Loss)	\$ 2,438,604	\$ 8,009,406	\$ (5,570,802)	-69.6%

Revenue

The Health Plan recorded net revenue of \$86.0 million for the month of October 2015, compared to budgeted revenue of \$79.1 million, resulting in a favorable variance from budget of \$6.9 million, or 8.7%. For year to date October 2015, the Plan recorded net revenue of \$340.3 million, compared to budgeted revenue of \$309.6 million, resulting in a favorable variance from budget of \$30.7 million, or 9.9%, which was primarily driven by the additional In Home Support Services (IHSS) pass-through revenue that also increases the medical expenses commensurately. Higher than budgeted membership also contributed to positive variance in Medi-Cal expansion revenue.

A statistical and financial summary for all lines of business is included on page 9 of this report.

Member months

For the month of October 2015, overall member months were higher than budget by 10,579 (+4.2%). For year to date October 2015, overall member months were higher than budget by 23,257 (+2.3%).

In the four months since the end of the prior fiscal year, 6/30/2015, membership in Medi-Cal increased by 6.6%, membership in the Healthy Kids program decreased by 3.9%, and membership in the Agnews program decreased by 1.8%.

In January 2015, we started enrolling members for the Medicare Line of Business (CMC). For the month of October 2015, membership in the Medicare program was lower than the budget by 664 member months (-7.4%). For year to date October 2015, membership in the Medicare program was lower than the budget by 1,931 member months (-5.8%). In the four months since the end of the prior fiscal year, 6/30/2015, membership in Medicare program increased by 16.2%.

Member months, and changes from prior year, are summarized on Page 11.

Medical Expenses

For the month of October 2015, medical expense was \$83.9 million compared to budget of \$73.9 million, resulting in an unfavorable budget variance of \$10.1 million, or -13.7%. For year to date October 2015, medical expense was \$326.4 million compared to budget of \$288.2 million, resulting in an unfavorable budget variance of \$38.2 million, or -13.2%. The increased medical expenses year to date, compared to budget, are primarily attributable to two categories: Long term care contributed to \$12.8 million or 92.0% over budget and IHSS pass-through expense contributed to \$24.9 million or 208.1% over budget. Higher than budgeted membership also contributed to the unfavorable variance in medical expenses.

Administrative Expenses

Overall administrative costs were over budget by \$102 thousand (-3.6%) for the month of October 2015, and under budget by \$74 thousand (+0.6%) for year to date October 2015. Salaries/Benefits are under budget; however, higher than budgeted Professional Fees/Consulting/Temporary Staffing costs offset some of this favorable variance. Information systems expenses were also higher than budgeted because of the continued Cal Medi Connect (CMC) program and systems implementation needs.

Overall administrative expenses were 3.7% of revenues for year to date October 2015.

Balance Sheet (Page 6)

Current assets at October 31, 2015 totaled \$387.1 million compared to current liabilities of \$306.1 million, yielding a current ratio (the ratio of current assets to current liabilities) of 1.3 as of October 31, 2015. Working capital increased by \$2.6 million for the four months year to date ended October 31, 2015.

Cash as of October 31, 2015, increased by \$49.3 million compared to the cash balance as of year-end June 30, 2015. Net receivables increased by \$47.8 million during the same four months period ended October 31, 2015. The cash position increased largely due to the continued overpayment of Medi-Cal expansion premium revenues by the DHCS and deferred Medicare revenue.

Liabilities increased by a net amount of \$94.6 million during the four months ended October 2015. This was primarily due to the continued overpayment of Medi-Cal expansion premium revenues by the State, an increase in medical cost reserves largely as a result of the rapid growth of long term care claims, and an increase in the IHSS liability. The plan also recorded a Premium Deficiency Reserve (\$18.0 million) for the Cal MediConnect contract period ending December 31, 2017. Additionally, the Health Plan recorded the unfunded Pension Liability of \$4.8 million as required by GASB 68, as of June 30, 2015.

Capital Expenses increased by \$313 thousand for the four months ended October 31, 2015.

Tangible Net Equity

Tangible Net Equity (TNE) was \$75.1 million at October 31, 2015 compared to the minimum TNE required by the Department of Managed Health Care (DMHC) of \$23.9 million. A chart showing TNE trends is shown on page 14 of this report.

At the December 2011 Board of Director's meeting, a policy was adopted for targeting the organization's capital reserves to equal two months of Medi-Cal capitation revenue.

As of October 31, 2015, the Plan's reserves are below this reserves target by about \$75.6 million (see calculation below).

Calculation of targeted reserves as of October 31, 2015

Estimate of two months' capitation (based on October 2015) (October-2015 Medi-Cal capitation of \$72,965,003 x 2 = \$145,930,006)	\$145,932,000
Less: Unrestricted Net Equity per balance sheet (rounded)	<u>\$ 70,362,000</u>
Approximate reserves below target	<u>\$ 75,570,000</u>

**Santa Clara County Health Authority
Balance Sheet**

	<u>10/31/2015</u>	<u>9/30/2015</u>	<u>8/31/2015</u>	<u>6/30/2015</u>
Assets				
Current Assets				
Cash and Marketable Securities	\$ 159,817,870	\$ 133,454,211	\$ 150,661,832	\$ 110,520,927
Premiums Receivable	225,482,179	189,805,625	182,278,826	177,531,031
Due from Santa Clara Family Health Foundation - net	0	0	0	3,612
Prepaid Expenses and Other Current Assets	<u>1,809,748</u>	<u>2,271,185</u>	<u>2,292,669</u>	<u>1,917,101</u>
Total Current Assets	387,109,797	325,531,022	335,233,327	289,972,670
Long Term Assets				
Equipment	12,191,691	12,175,786	12,085,696	11,879,173
Less: Accumulated Depreciation	<u>(7,790,190)</u>	<u>(7,681,463)</u>	<u>(7,572,258)</u>	<u>(7,363,871)</u>
Total Long Term Assets	4,401,501	4,494,323	4,513,438	4,515,302
Total Assets	\$ 391,511,298	\$ 330,025,345	\$ 339,746,764	\$ 294,487,972
Deferred Outflow of Resources	\$ 1,367,331	\$ 1,367,331	1,367,331	1,367,331
Total Deferred Outflows and Assets	392,878,629	331,392,676	341,114,095	295,855,303
Liabilities and Net Position				
Current Liabilities				
Trade Payables	\$ 8,693,107	\$ 8,553,349	\$ 30,532,575	\$ 4,924,038
Deferred Rent	158,892	160,953	163,013	167,134
Employee Benefits	894,979	868,782	861,161	973,066
Retirement Obligation per GASB 45	187,662	151,777	115,892	0
Advance Premium - Healthy Kids	62,852	61,781	64,208	64,127
Deferred Revenue - Medicare	9,365,547	0	0	0
Liability for ACA 1202	5,075,111	5,075,257	5,069,591	5,069,225
Payable to Hospitals (SB208)	(35,535)	(35,535)	(35,535)	(35,535)
Payable to Hospitals (AB 85)	1,608,214	1,580,865	1,540,785	4,615,251
Due to Santa Clara County Valley Health Plan	3,690,932	2,824,551	2,389,080	11,230,305
MCO Tax Payable - State Board of Equalization	8,783,495	8,773,976	10,681,043	8,909,559
Due to DHCS	68,732,897	56,389,864	44,318,631	22,173,221
Liability for In Home Support Services (IHSS)	106,445,324	69,537,810	69,537,810	69,537,810
Premium Deficiency Reserve (PDR)	13,088,054	13,088,054	13,088,054	13,088,054
Medical Cost Reserves	<u>79,368,988</u>	<u>76,722,166</u>	<u>74,036,781</u>	<u>70,819,543</u>
Total Current Liabilities	306,120,520	243,753,650	252,363,091	211,535,798
Non-Current Liabilities				
Noncurrent Pension Deficiency Reserve	4,911,946	4,911,946	4,911,946	4,911,946
Net Pension Liability GASB 68	4,883,971	4,883,971	4,883,971	4,883,971
Total Liabilities	315,916,437	253,549,567	262,159,008	221,331,715
Deferred Inflow of Resources	1,892,634	1,892,634	1,892,634	1,892,634
Net Position / Reserves				
Invested in Capital Assets	4,401,501	4,494,323	4,513,438	4,515,302
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Unrestricted Net Equity	67,924,103	67,831,281	67,812,166	30,416,972
Current YTD Income (Loss)	<u>2,438,604</u>	<u>3,319,521</u>	<u>4,431,499</u>	<u>37,393,330</u>
Net Position / Reserves	<u>75,069,558</u>	<u>75,950,475</u>	<u>77,062,453</u>	<u>72,630,954</u>
Total Liabilities, Deferred Inflows, and Net Assets	\$ 392,878,629	\$ 331,392,676	\$ 341,114,095	\$ 295,855,303
Solvency Ratios:				
Working Capital	\$ 80,989,277	\$ 81,777,372	\$ 82,870,236	\$ 78,436,872
Working Capital Ratio	1.3	1.3	1.3	1.4
Average Days Cash on Hand	58	49	58	55

Santa Clara County Health Authority
Income Statement for the Four Months Ending Oct 31, 2015

	For the Month of Oct 2015					For Four Months Ending Oct 31, 2015				
	Actual	% of Revenue	Budget	% of Revenue	Variance	Actual	% of Revenue	Budget	% of Revenue	Variance
REVENUES										
MEDI-CAL	\$ 76,738,485	89.2%	\$ 68,801,277	87.0%	\$ 7,937,208	\$ 305,017,305	89.6%	\$ 271,743,981	87.8%	\$ 33,273,324
HEALTHY KIDS	\$ 379,741	0.4%	\$ 377,102	0.5%	\$ 2,640	\$ 1,545,407	0.5%	\$ 1,533,546	0.5%	\$ 11,861
MEDICARE	\$ 8,883,110	10.3%	\$ 9,849,285	12.4%	\$ (966,175)	\$ 33,708,968	9.9%	\$ 35,948,221	11.6%	\$ (2,239,253)
AGNEWS	\$ -	0.0%	\$ 85,680	0.1%	\$ (85,680)	\$ -	0.0%	\$ 342,720	0.1%	\$ (342,720)
TOTAL REVENUE	\$ 86,001,336	100.0%	\$ 79,113,344	100.0%	\$ 6,887,993	\$ 340,271,680	100.0%	\$ 309,568,468	100.0%	\$ 30,703,211
MEDICAL EXPENSES										
MEDI-CAL	\$ 81,888,614	95.2%	\$ 63,178,687	79.9%	\$ (18,709,927)	\$ 296,314,658	87.1%	\$ 248,349,593	80.2%	\$ (47,965,065)
HEALTHY KIDS	\$ 720,131	0.8%	\$ 344,442	0.4%	\$ (375,689)	\$ 1,501,367	0.4%	\$ 1,400,729	0.5%	\$ (100,638)
MEDICARE	\$ 1,337,446	1.6%	\$ 10,297,371	13.0%	\$ 8,959,924	\$ 28,393,769	8.3%	\$ 38,181,323	12.3%	\$ 9,787,554
AGNEWS	\$ 40,138	0.0%	\$ 72,714	0.1%	\$ 32,576	\$ 179,736	0.1%	\$ 290,856	0.1%	\$ 111,120
TOTAL MEDICAL EXPENSES	\$ 83,986,329	97.7%	\$ 73,893,214	93.4%	\$ (10,093,115)	\$ 326,389,531	95.9%	\$ 288,222,501	93.1%	\$ (38,167,029)
MEDICAL OPERATING MARGIN	\$ 2,015,008	2.3%	\$ 5,220,130	6.6%	\$ (3,205,122)	\$ 13,882,149	4.1%	\$ 21,345,967	6.9%	\$ (7,463,818)
ADMINISTRATIVE EXPENSES										
SALARIES AND BENEFITS	\$ 1,471,536	1.7%	\$ 1,664,624	2.1%	\$ 193,088	\$ 5,855,114	1.7%	\$ 6,600,705	2.1%	\$ 745,591
RENTS AND UTILITIES	\$ 108,211	0.1%	\$ 114,203	0.1%	\$ 5,991	\$ 450,132	0.1%	\$ 481,811	0.2%	\$ 31,678
PRINTING AND ADVERTISING	\$ 112,018	0.1%	\$ 30,317	0.0%	\$ (81,702)	\$ 222,653	0.1%	\$ 172,267	0.1%	\$ (50,386)
INFORMATION SYSTEMS	\$ 230,961	0.3%	\$ 124,602	0.2%	\$ (106,359)	\$ 648,701	0.2%	\$ 498,407	0.2%	\$ (150,294)
PROF FEES / CONSULTING / TEMP STAFFING	\$ 700,619	0.8%	\$ 557,838	0.7%	\$ (142,782)	\$ 3,077,993	0.9%	\$ 2,469,505	0.8%	\$ (608,488)
DEPRECIATION / INSURANCE / EQUIPMENT	\$ 150,651	0.2%	\$ 173,105	0.2%	\$ 22,454	\$ 540,400	0.2%	\$ 611,489	0.2%	\$ 71,090
OFFICE SUPPLIES / POSTAGE / TELEPHONE	\$ 49,357	0.1%	\$ 85,346	0.1%	\$ 35,989	\$ 263,707	0.1%	\$ 251,883	0.1%	\$ (11,823)
MEETINGS / TRAVEL / DUES	\$ 82,649	0.1%	\$ 57,549	0.1%	\$ (25,100)	\$ 271,432	0.1%	\$ 305,645	0.1%	\$ 34,213
OTHER	\$ 11,879	0.0%	\$ 7,642	0.0%	\$ (4,237)	\$ 18,153	0.0%	\$ 30,568	0.0%	\$ 12,415
TOTAL ADMINISTRATIVE EXPENSES	\$ 2,917,881	3.4%	\$ 2,815,225	3.6%	\$ (102,656)	\$ 11,348,284	3.3%	\$ 11,422,280	3.7%	\$ 73,996
OPERATING SURPLUS (LOSS)	\$ (902,873)	-1.0%	\$ 2,404,905	3.0%	\$ (3,307,779)	\$ 2,533,865	0.7%	\$ 9,923,687	3.2%	\$ (7,389,822)
GASB 45-POST EMPLOYMENT BENEFITS EXPENSE	\$ (35,885)	0.0%	\$ (57,946)	-0.1%	\$ 22,061	\$ (187,662)	-0.1%	\$ (231,784)	-0.1%	\$ 44,123
GASB 68 - UNFUNDED PENSION LIABILITY	\$ -	0.0%	\$ (437,479)	-0.6%	\$ 437,479	\$ -	0.0%	\$ (1,749,917)	-0.6%	\$ 1,749,917
INTEREST & OTHER INCOME	\$ 57,841	0.1%	\$ 16,855	0.0%	\$ 40,986	\$ 92,400	0.0%	\$ 67,420	0.0%	\$ 24,980
NET SURPLUS (LOSS) FINAL	\$ (880,917)	-1%	\$ 1,926,335	2.4%	\$ (2,807,252)	\$ 2,438,604	0.7%	\$ 8,009,406	2.6%	\$ (5,570,802)

Administrative Expense
Actual vs. Budget
For the Current Month & Fiscal Year to Date - Oct 2015
Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance \$	Variance %		Actual	Budget	Variance \$	Variance %
\$ 1,471,536	\$ 1,664,624	\$ 193,088	11.6%	Personnel	\$ 5,855,114	\$ 6,600,705	\$ 745,591	11.3%
1,446,345	1,150,601	(295,745)	-25.7%	Non-Personnel	5,493,170	4,821,575	\$ (671,595)	-13.9%
2,917,881	2,815,225	(102,656)	-3.6%	Total Administrative Expense	11,348,284	11,422,280	73,996	0.6%

**STATEMENT OF OPERATIONS
BY LINE OF BUSINESS (INCLUDING ALLOCATED EXPENSES)**

Four Months Ended Oct 31, 2015

	Medi-Cal (incl. Agnews)	CMC	Healthy Kids	Grand Total
P&L (ALLOCATED BASIS)				
REVENUE	297,212,217	41,514,056	\$1,545,407	\$340,271,680
MEDICAL EXPENSES	286,334,582	38,553,582	1,501,367	\$326,389,531
(MLR)	96.3%	92.9%	97.2%	95.9%
GROSS MARGIN	10,877,635	2,960,475	44,039	13,882,149
ADMINISTRATIVE EXPENSES <i>(% MM allocation except CMC)</i>	9,785,105	1,384,521	178,658	11,348,284
OPERATING INCOME/(LOSS)	1,092,530	1,575,954	(134,619)	2,533,865
OTHER INCOME/(EXPENSE) <i>(% of Revenue Allocation)</i>	(83,206)	(11,622)	(433)	(95,261)
NET INCOME/ (LOSS)	\$1,009,324	\$1,564,332	(\$135,051)	\$2,438,604
PMPM (ALLOCATED BASIS)				
REVENUE	\$304.33	\$1,317.61	\$86.67	\$331.67
MEDICAL EXPENSES	293.19	1,223.65	84.20	318.14
GROSS MARGIN	11.14	93.96	2.47	13.53
ADMINISTRATIVE EXPENSES	10.02	43.94	10.02	11.06
OPERATING INCOME/(LOSS)	1.12	50.02	(7.55)	2.47
OTHER INCOME/ (EXPENSE)	(0.09)	(0.37)	(0.02)	(0.09)
NET INCOME/ (LOSS)	\$1.03	\$49.65	(\$7.57)	\$2.38
ALLOCATION BASIS:				
MEMBER MONTHS - YTD	976,605	31,507	17,831	1,025,943
Member MONTHS by LOB	95.2%	3.1%	1.8%	100%
Revenue by LOB	87.3%	12.2%	0.5%	100%

**Santa Clara Family Health Plan
Statement of Cash Flows
For Four Months Ended Oct 31, 2015**

Cash flows from operating activities	
Premiums received	\$ 338,757,755
Medical expenses paid	\$ (288,471,945)
Administrative expenses paid	<u>\$ (768,750)</u>
Net cash from operating activities	\$ 49,517,061
 Cash flows from capital and related financing activities	
Purchases of capital assets	\$ (312,518)
 Cash flows from investing activities	
Interest income and other income, net	<u>\$ 92,400</u>
 Net (Decrease) increase in cash and cash equivalents	<u>\$ 49,296,943</u>
 Cash and cash equivalents, beginning of year	<u>\$ 110,520,927</u>
 Cash and cash equivalents at Oct 31, 2015	<u><u>\$ 159,817,870</u></u>
 Reconciliation of operating income to net cash from operating activities	
Operating income (loss)	\$ 2,346,204
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	\$ 426,319
Changes in operating assets and liabilities	
Premiums receivable	\$ (47,951,149)
Due from Santa Clara Family Health Foundation	\$ 3,612
Prepays and other assets	\$ 107,353
Deferred outflow of resources	\$ -
Accounts payable and accrued liabilities	\$ 10,233,523
State payable	\$ 46,433,612
Santa Clara Valley Health Plan payable	\$ (7,539,374)
Net Pension Liability	\$ -
Medical cost reserves and PDR	\$ 8,549,445
Deferred inflow of resources	<u>\$ -</u>
Total adjustments	<u>\$ 47,170,857</u>
Net cash from operating activities	<u><u>\$ 49,517,061</u></u>

Santa Clara Family Health Plan Enrollment Summary

For the Month of Oct 2015

Four Months Ending Oct 2015

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Prior Year Actual</u>	<u>Change FY16 vs. FY15</u>
Medi-Cal	249,867	238,621	4.7%	976,168	951,061	2.6%	806,849	21.0%
Healthy Kids	4,362	4,360	0.0%	17,831	17,731	0.6%	19,832	(10.1%)
Medicare	8,354	9,018	(7.4%)	31,507	33,438	(5.8%)		
Agnews	110	114	0.0%	437	456	0.0%	455	(4.0%)
Total	262,693	252,114	4.2%	1,025,943	1,002,686	2.3%	827,136	24.0%

**Santa Clara County Health Authority
October 2015**

	Medi-Cal		Healthy Kids		CMC		AG		Total	
	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total
Direct Contract Physicians	20,708	8%	192	4%	8,354	100%	110	100%	29,364	11%
SCVHHS, Safety Net Clinics, FQHC Clinics	136,725	55%	2,926	67%	0	0%	0	0%	139,651	53%
Palo Alto Medical Foundation	6,883	3%	42	1%	0	0%	0	0%	6,925	3%
Physicians Medical Group	44,617	18%	1,064	24%	0	0%	0	0%	45,681	17%
Premier Care	15,269	6%	138	3%	0	0%	0	0%	15,407	6%
Kaiser	<u>25,665</u>	<u>10%</u>	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0%</u>	<u>25,665</u>	<u>10%</u>
Total	<u>249,867</u>	<u>100%</u>	<u>4,362</u>	<u>100%</u>	<u>8,354</u>	<u>100%</u>	<u>110</u>	<u>100%</u>	<u>262,693</u>	<u>100%</u>
Enrollment @ 6-30-15	<u>234,497</u>		<u>4,541</u>		<u>7,187</u>		<u>112</u>		<u>246,337</u>	
Net % Change from Beginning of FY	<u>6.6%</u>		<u>-3.9%</u>		<u>16.2%</u>		<u>-1.8%</u>		<u>6.6%</u>	

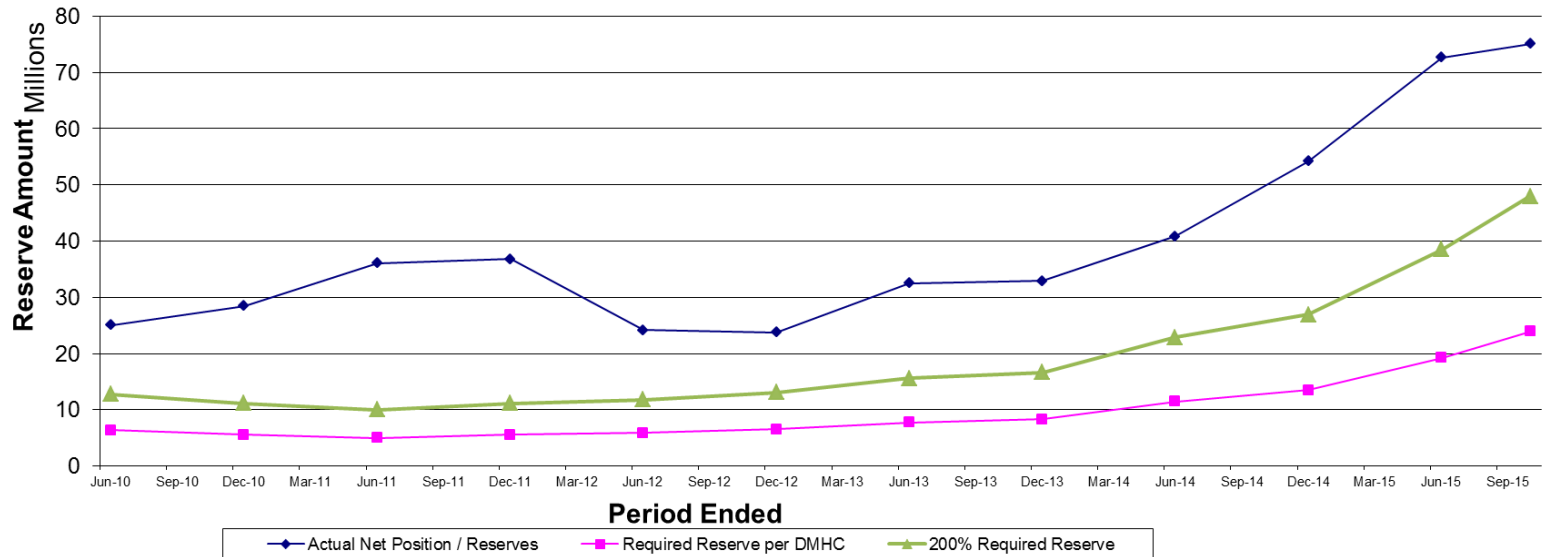
Santa Clara Family Health Plan Enrollment by Aid-Category

	2014-11	2014-12	2015-01	2015-02	2015-03	2015-04	2015-05	2015-06	2015-07	2015-08	2015-09	2015-10
Adult (over 19)	32,051	31,670	31,384	30,539	30,128	29,402	28,746	28,225	27,892	27,378	27,136	27,196
Adult (under 19)	77,710	79,189	80,857	82,027	83,773	85,820	88,510	90,765	92,716	95,501	97,820	99,750
Aged - Medi-Cal Only	7,911	7,980	8,211	8,430	8,376	8,544	8,699	8,776	8,702	8,790	8,920	8,971
Disabled - Medi-Cal Only	11,719	11,675	11,538	11,511	11,478	11,377	11,381	11,295	11,258	11,174	11,121	11,081
Child (HF conversion)	20,535	19,420	17,664	16,784	15,827	14,420	12,762	11,153	9,541	7,791	6,032	4,575
Adult Expansion	52,493	55,582	58,725	59,298	61,043	63,349	66,492	68,736	71,197	73,710	75,831	77,776
Long Term Care	57	60	91	102	104	124	139	157	175	180	187	186
Total Non-Duals	202,476	205,576	208,470	208,691	210,729	213,036	216,729	219,107	221,481	224,524	227,047	229,535
Aged -Duals	5,389	5,209	4,289	5,373	6,270	7,343	8,360	9,323	10,024	10,699	11,602	12,464
Disabled - Duals	3,525	3,458	2,466	2,920	3,260	3,669	4,037	4,450	4,733	4,938	5,243	5,549
Other Duals	837	886	839	883	950	1,008	1,065	1,150	1,237	1,302	1,371	1,461
Long Term Care - Duals	44	43	42	69	102	234	343	468	618	697	787	859
Total Duals	9,795	9,596	7,636	9,245	10,582	12,254	13,805	15,390	16,612	17,635	19,002	20,332
Total Medi-Cal	212,271	215,172	216,106	217,936	221,311	225,290	230,534	234,497	238,093	242,159	246,049	249,867
Healthy Kids	4,762	4,763	4,795	4,665	4,623	4,584	4,595	4,541	4,496	4,598	4,375	4,362
Agnews	113	112	112	112	112	112	112	112	108	109	110	110
CMC	0	0	5,415	6,001	6,353	7,001	6,590	6,924	7,235	7,381	7,587	8,018
CMC - Long Term Care	0	0	142	161	195	225	246	263	308	317	325	336
Total Enrollment	217,146	220,047	226,570	228,875	232,594	237,212	242,077	246,337	250,240	254,564	258,446	262,693

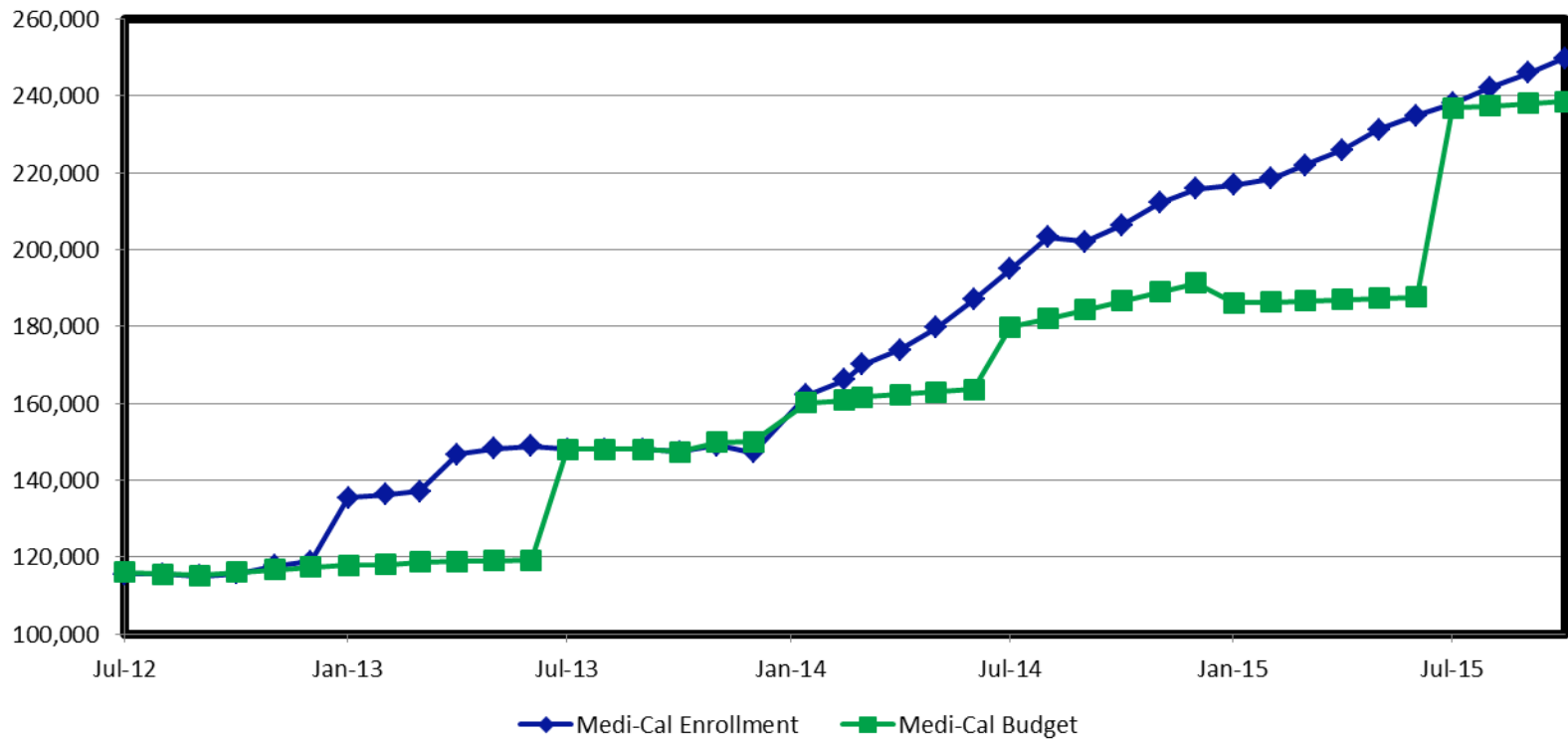
**Santa Clara County Health Authority
Tangible Net Equity - Actual vs. Required
As of Period Ended:**

	<u>6/30/2010</u>	<u>12/31/2010</u>	<u>6/30/2011</u>	<u>12/31/2011</u>	<u>6/30/2012</u>	<u>12/31/2012</u>	<u>6/30/2013</u>	<u>12/31/2013</u>	<u>6/30/2014</u>	<u>12/31/2014</u>	<u>6/30/2015</u>	<u>10/31/2015</u>
Actual Net Position / Reserves	25,103,011	28,445,504	36,093,769	36,803,460	24,208,576	23,776,902	32,551,161	32,878,950	40,872,580	54,224,335	72,630,954	75,069,558
Required Reserve per DMHC	6,388,000	5,591,000	4,996,000	5,558,000	5,901,000	6,525,000	7,778,000	8,330,000	11,434,000	13,467,000	19,269,000	23,971,000
200% of Required Reserve	12,776,000	11,182,000	9,992,000	11,116,000	11,802,000	13,050,000	15,556,000	16,660,000	22,868,000	26,934,000	38,538,000	47,942,000

TNE Actual vs. Required



SCFHP Medi-Cal Enrollment as of Oct 2015



SCFHP Healthy Kids Enrollment as of Oct 2015

