

Regular Meeting of the

Santa Clara County Health Authority Executive/Finance Committee

Thursday, November 15, 2018, 11:30 AM-1:00 PM

Santa Clara Family Health Plan, Boardroom

6201 San Ignacio Ave, San Jose, CA 95119

Via Teleconference
Residence
2060 Bryant Street
Palo Alto, CA 94301

Via Teleconference
Residence
1985 Cowper Street
Palo Alto, CA 94301

AGENDA

-
- | | | | |
|---|-------------|-------|--------|
| 1. Roll Call | Mr. Darrow | 11:30 | 5 min |
| 2. Meeting Minutes
Review meeting minutes of the October 25, 2018 Executive/Finance Committee.
Possible Action: Approve October 25, 2018 Executive/Finance Committee Minutes | Mr. Darrow | 11:35 | 5 min |
| 3. Public Comment
Members of the public may speak to any item not on the agenda; two Minutes per speaker. The Executive/Finance Committee reserves the right to limit the duration of the public comment period to 30 minutes.

<u>Announcement Prior to Recessing into Closed Session</u>
Announcement that the Executive/Finance Committee will recess into Closed Session to discuss Item 4 below. | Mr. Darrow | 11:40 | 5 min |
| 4. Adjourn to Closed Session
<u>Contract Rates</u> (Welfare and Institutions Code Section 14087.38(n)):
It is the intention of the Executive/Finance Committee to meet in Closed Session to discuss plan partner rates. | | 11:45 | |
| 5. Report from Closed Session | Mr. Darrow | 12:05 | 5 min |
| 6. September 2018 Financial Statements
Review September 2018 Financial Statements.
Possible Action: Approve the September 2018 Financial Statements | Mr. Cameron | 12:10 | 10 min |

<p>7. Signature Authority Policy Discuss signature authority for CEO and management staff. Possible Action: Approve Signature Authority Policy</p>	<p>Mr. Cameron 12:20 5 min</p>
<p>8. Medicare Risk Adjustment Overview Discuss the Centers for Medicare and Medicaid Services (CMS) process for risk adjusting premium payments on Cal MediConnect members.</p>	<p>Ms. Bui-Tong 12:25 15 min</p>
<p>9. Compliance Update Discuss audit activity and corrective action plan progress. Possible Action: Accept Compliance Update</p>	<p>Ms. Larmer 12:40 10 min</p>
<p>10. CEO Update Discuss status of current topics and initiatives. Possible Action: Accept CEO Update</p>	<p>Ms. Tomcala 12:50 10 min</p>
<p>11. Adjournment</p>	<p>Mr. Darrow 1:00</p>

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 Committee 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 6201 San Ignacio Ave, San Jose, CA 95119.
- This agenda and meeting documents are available at www.scfhp.com

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Santa Clara Family Health Plan, Boardroom

6201 San Ignacio Ave, San Jose, CA 95119

MINUTES - Draft

Members Present

Brian Darrow, Chair
Bob Brownstein
Dolores Alvarado
Linda Williams

Members Absent

Liz Kniss

Staff Present

Christine Tomcala, Chief Executive Officer
Dave Cameron, Chief Financial Officer
Robin Larmer, Chief Compliance & Regulatory
Affairs Officer
Neal Jarecki, Controller
Rita Zambrano, Executive Assistant

Others Present

Chris Pritchard, Moss Adams
Rianne Suicco, Moss Adams

1. Roll Call

Brian Darrow, Chair, called the meeting to order at 11:35 am. Roll call was taken and a quorum was established.

2. Meeting Minutes

The minutes of the August 23, 2018 Executive/Finance Committee were reviewed.

It was moved, seconded, and the August 23, 2018 Executive/Finance Committee Minutes were approved. Bob Brownstein abstained.

3. Public Comment

There were no public comments.

4. Fiscal Year 2017-18 External Independent Auditor's Report

Dave Cameron, Chief Financial Officer, introduced Chris Pritchard, Partner, and Rianne Suicco, Senior Manager, from the Plan's independent accounting firm, Moss Adams LLP. Mr. Pritchard presented the Plan's audited financial statements and Board communication letter for the fiscal year ended June 30, 2018. He indicated the financial statements once again received an unmodified opinion and reflected a fiscal year net surplus of \$19.6 million. Ms. Suicco reviewed a summary of the Plan's financial statements and advised that: (1) management's accounting estimates were reasonable, (2) no audit adjustments to the financial statements were necessary, and (3) there were no disagreements with management.

It was moved, seconded, and the FY2017-18 External Independent Auditor's Report was unanimously approved.

5. August 2018 Financial Statements

Mr. Cameron presented the August 2018 financial statements, which reflected a current month net loss of \$800 thousand (\$456 thousand unfavorable to budget) and a year-to-date net loss of \$303 thousand (\$122 thousand unfavorable to budget). Enrollment declined 1,875 from the prior month to 256,681 members. Medi-Cal enrollment has continued to decline since October 2016, largely in the Medicaid Expansion (MCE), Adult, and Child categories of aid. CMC membership has grown modestly over the past few months due to continued outreach efforts. Revenue reflected a favorable current month variance of \$3.0 million (3.6%) largely due to retroactive revenue received. Medical expenses reflected an unfavorable current month variance of \$3.7 million (4.8%) largely due to increased medical expense estimates. Administrative expenses reflected a favorable current month variance of \$0.1 million (2.0%) largely due to delayed printing costs. The balance sheet reflected a current ratio of 1.25:1, versus the minimum required by DMHC of 1.0:1.

It was moved, seconded, and the August 2018 Financial Statements were unanimously approved.

6. Signature Authority Policy

Mr. Cameron discussed the Signature Authority Level previously approved by the Governing Board, as documented in minutes. The Finance Department is drafting the policy for the signatory limit and will bring it to the next Executive/Finance Committee meeting for approval.

7. Anniversary Bonuses

Ms. Tomcala noted longevity bonuses were negotiated in the recent agreement with SEIU, and it is organizational practice to offer recognition programs to all employees, both represented and non-represented. In implementing this service award program effective last July, a question arose regarding staff who achieved an anniversary milestone shortly prior to July. Discussion ensued regarding recognition of all staff (except the Executive Team) with greater than five years of seniority.

It was moved, seconded and unanimously approved to pay anniversaries bonuses for the latest anniversary milestone achieved by current staff prior to July 2018.

8. Compliance Update

Robin Larmer, Chief Compliance & Regulatory Affairs Officer, discussed the CMS Program Audit noting the Plan has yet to receive the draft final report with the total number of conditions. We expect the final draft report on or around November 6, 2018.

To date, seven Immediate Corrective Action Required (ICAR) conditions have been identified, three for Grievance & Appeals (G&A), two for Utilization Management (UM), one for G&A and UM combined, and one for Pharmacy. The Plan submitted Corrective Action Plans (CAPs) for the seven ICARs. The CAPs encompass a total of 46 individual actions, 27 of which (58.7%) have been completed. SCFHP anticipates that CMS' draft final report will identify Corrective Action Required (CAR) conditions in several areas, and that additional CAPs will be required. We also anticipate that CMS will assess Civil Monetary Penalties.

Ms. Larmer will provide an update to the Committee in November.

Ms. Larmer further noted the Plan received a potential Fraud, Waste, and Abuse (FWA) complaint. The Plan notified the State, and referred the matter to its FWA vendor for investigation. Ms. Larmer will keep this Committee apprised of the progress and outcome of the investigation.

It was moved, seconded and the Compliance Update was unanimously approved.

9. CEO Update

Ms. Tomcala noted that the search for a Satellite Office location is underway, and that discussions are ongoing with potential co-location partners.

Ms. Tomcala updated the Committee on the status of pending appointments to the Board by the SCC Board of Supervisors.

It was moved, seconded, and unanimously approved to accept the CEO update.

10. Adjourn to Closed Session

Contract Rates

The Executive/Finance Committee met in Closed Session to discuss plan partner rates.

11. Report from Closed Session

Mr. Darrow reported the Committee met in Closed Session to discuss plan partner rates.

12. Adjournment

The meeting was adjourned at 1:20 PM.

Brain Darrow, Chair



Santa Clara Family Health Plan™

Unaudited Financial Statements
For The Three Months Ended September 30, 2018

Agenda

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Financial Highlights



	<u>MTD</u>		<u>YTD</u>	
Revenue	\$83 M		\$249 M	
Medical Expense (MLR)	\$79 M	94.6%	\$236 M	94.6%
Administrative Expense (% Rev)	\$4.4 M	5.3%	\$13.9 M	5.6%
Other Income/(Expense)	\$232,001		\$386,208	
Net Surplus (Loss)	\$300,834		(\$2,354)	
Cash on Hand			\$233 M	
Net Cash Available to SCFHP			\$226 M	
Receivables			\$502 M	
Total Current Assets			\$742 M	
Current Liabilities			\$594 M	
Current Ratio			1.25	
Tangible Net Equity			\$178 M	
% of DMHC Requirements			527.1%	

Financial Highlights

Net Surplus (Loss)	<ul style="list-style-type: none">▶ Month: Surplus of \$301K is \$137K or 31.3% unfavorable to budget of \$438K.▶ YTD: Loss of \$2K is \$258K or 100.9% unfavorable to budget of \$256K.
Enrollment	<ul style="list-style-type: none">▶ Month: Membership was 256,647 (531 favorable to budget of 256,116).▶ YTD: Member months were 771,884 (135 favorable to budget of 771,749).
Revenue	<ul style="list-style-type: none">▶ Month: \$83.1M (\$2.1M or 2.6% favorable to budget of \$81.0M).▶ YTD: \$249.3M (\$5.8M or 2.4% favorable to budget of \$243.4M).
Medical Expenses	<ul style="list-style-type: none">▶ Month: \$78.6M (\$2.7M or 3.6% unfavorable to budget of \$75.9M).▶ YTD: \$235.7M (\$7.5M or 3.3% unfavorable to budget of \$228.2M).
Administrative Expenses	<ul style="list-style-type: none">▶ Month: \$4.4M (\$0.2M or 3.6% favorable to budget of \$4.6M).▶ YTD: \$13.9M (\$0.8M or 5.3% favorable to budget of \$14.7M).
Tangible Net Equity	<ul style="list-style-type: none">▶ TNE was \$178.0M (527.1% of minimum DMHC requirements of \$33.8M)
Capital Expenditures	<ul style="list-style-type: none">▶ YTD Capital Investment of \$3.8M was primarily due to building renovation work.
Ratios	<ul style="list-style-type: none">▶ MTD MLR at 94.6% compared to budget of 93.7%.▶ MTD ALR at 5.3% compared to budget of 5.7%.



**Santa Clara Family
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Detail Analyses

Enrollment

- As detailed on page 14, much of the Medi-Cal Non-Dual enrollment decline has been in the Medicaid Expansion (MCE), Adult and Child categories of aid. Medi-Cal Dual enrollment has stabilized while CMC enrollment has grown due to outreach efforts. Since March 2018, non-dual LTC enrollment has increased by 19.8% to 423 members.
- FY19 Membership Trends:
 - Medi-Cal membership has decreased since the end of FY18 by 1.2%.
 - Healthy Kids membership has decreased since the end of FY18 by 1.0%.
 - CMC membership has increased since the end of FY18 by 1.3%.

	For the Month of September 2018			For Three Months Ending September 30 2018			Prior Year	
	Actual	Budget	Variance	Actual	Budget	Variance	Actuals	Δ FY18 vs. FY19
Medi-Cal	245,884	245,657	0.1%	739,593	740,462	-(0.1%)	785,963	-(5.9%)
Healthy Kids	3,163	2,904	8.9%	9,628	8,742	10.1%	7,494	28.5%
Medicare	7,600	7,555	0.6%	22,663	22,545	0.5%	22,313	1.6%
Total	256,647	256,116	0.2%	771,884	771,749	0.0%	815,770	-(5.4%)

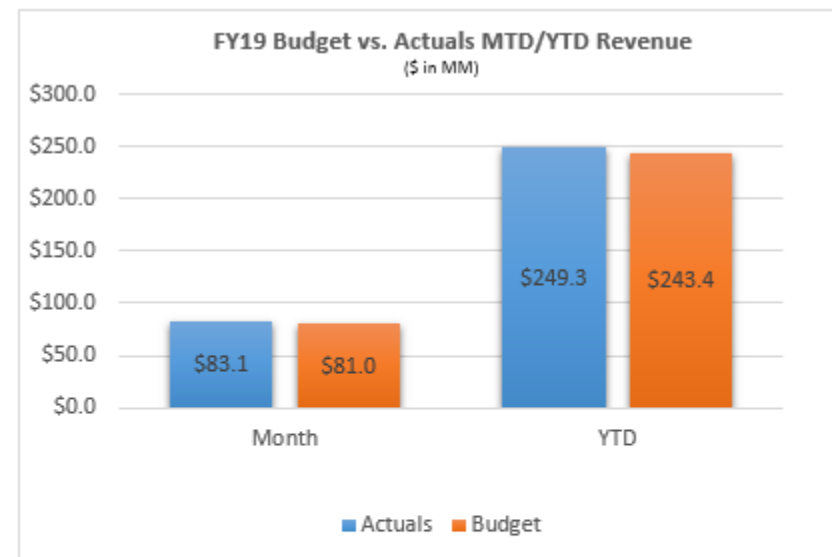
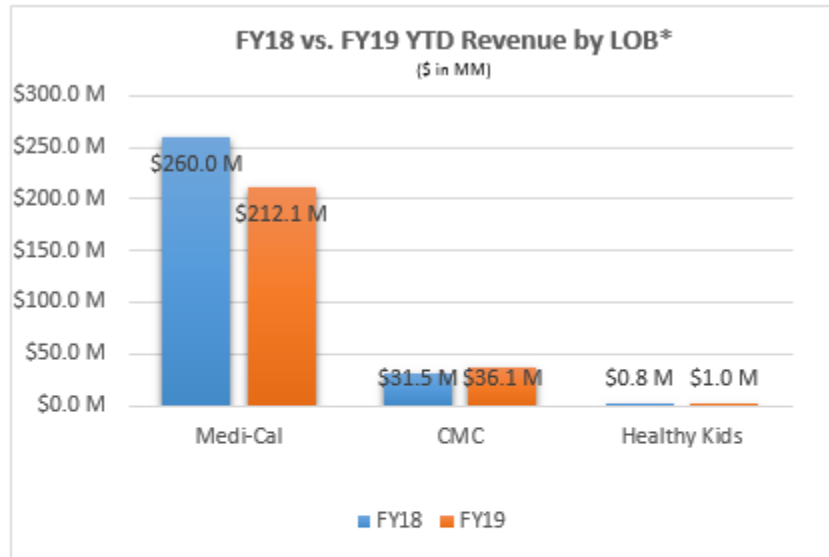
Santa Clara Family Health Plan Enrollment By Network September 2018								
Network	Medi-Cal		Healthy Kids		CMC		Total	
	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total
Direct Contract Physicians	29,701	12%	331	10%	7,600	100%	37,632	15%
SCVHHS ¹ , Safety Net Clinics, FQHC ² Clinics	122,852	50%	1,374	43%	-	0%	124,226	48%
Palo Alto Medical Foundation	7,176	3%	99	3%	-	0%	7,275	3%
Physicians Medical Group	44,979	18%	1,124	36%	-	0%	46,103	18%
Premier Care	15,251	6%	235	7%	-	0%	15,486	6%
Kaiser	25,925	11%	-	0%	-	0%	25,925	10%
Total	245,884	100%	3,163	100%	7,600	100%	256,647	100%
Enrollment at June 30, 2018	248,776		3,196		7,503		259,475	
Net Δ from June 30, 2018	-1.2%		-1.0%		1.3%		-1.1%	

¹ SCVHHS = Santa Clara Valley Health & Hospital System

² FQHC = Federally Qualified Health Center

Revenue

- Current month revenue of \$83.1M is \$2.1M or 2.6% favorable to budget of \$81.0M. YTD revenue of \$249.3M is \$5.8M or 2.4% favorable to budget of \$243.4M. The current month variances were due to a variety of factors, including:
 - Current month revenue includes unbudgeted prior year non-dual and MLTSS retroactive revenue of \$600K.
 - Additional Medicare revenue of \$1.1M was due to revisions in sweep and risk score adjustment estimates.
 - Mix of members between programs and within the Medi-Cal categories of aid.



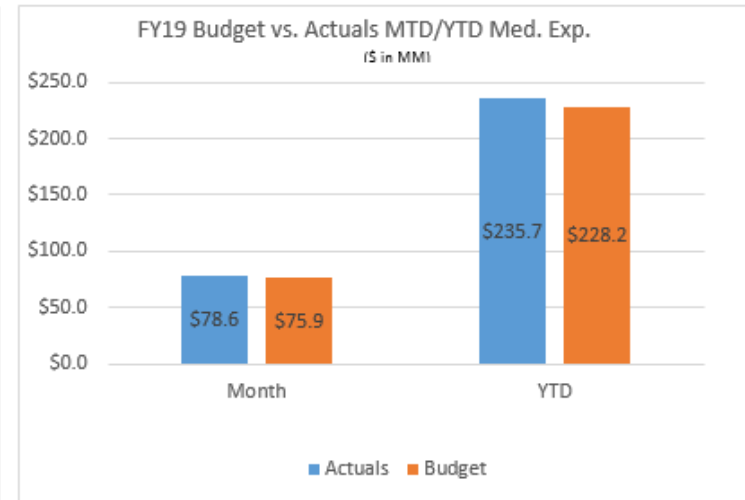
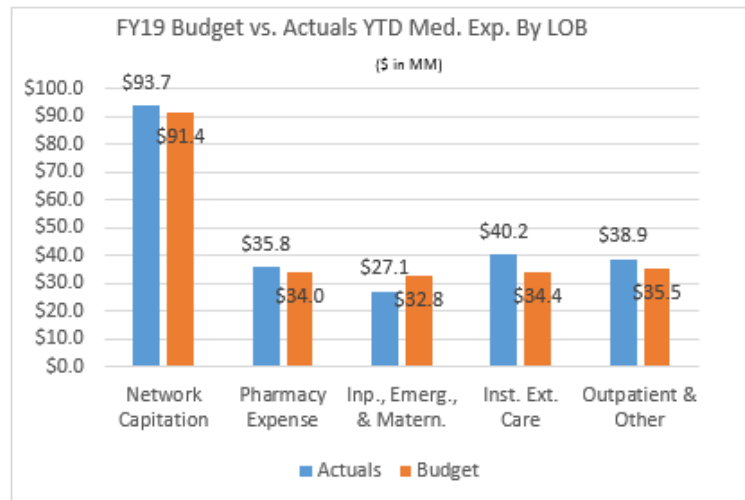
	FY18 vs. FY19 YTD Revenue by LOB*			
	FY18	FY19	Variance	
Medi-Cal	\$260.0 M	\$212.1 M	(\$47.9 M)	-18.4%
CMC	\$31.5 M	\$36.1 M	\$4.6 M	14.7%
Healthy Kids	\$0.8 M	\$1.0 M	\$0.3 M	35.8%
Total Revenue	\$292.3 M	\$249.3 M	(\$43.0 M)	-14.7%

	FY19 Budget vs. Actuals MTD/YTD Revenue			
	Actuals	Budget	Variance	
Month	\$83.1	\$81.0	\$2.1	2.6%
YTD	\$249.3	\$243.4	\$5.8	2.4%

*IHSS was included in FY18 revenue through 12/31/17

Medical Expense

- Current month medical expense of \$78.6M is \$2.7M or 3.6% unfavorable to budget of \$75.9M. YTD medical expense of \$235.7M is \$7.5M or 3.3% unfavorable to budget of \$228.2M. The current month variances were due to a variety of factors, including:
 - Increased Pharmacy, Specialist Services, Outpatient Services, and LTC expenses contributed to the unfavorable variance.
 - Pharmacy costs exceed budget due to an increase in scripts/1,000, and a decrease in generics use.
 - FY18 & FY19 retroactive capitation adjustment of \$2.2M
 - Increased estimates for prior period medical expenses.

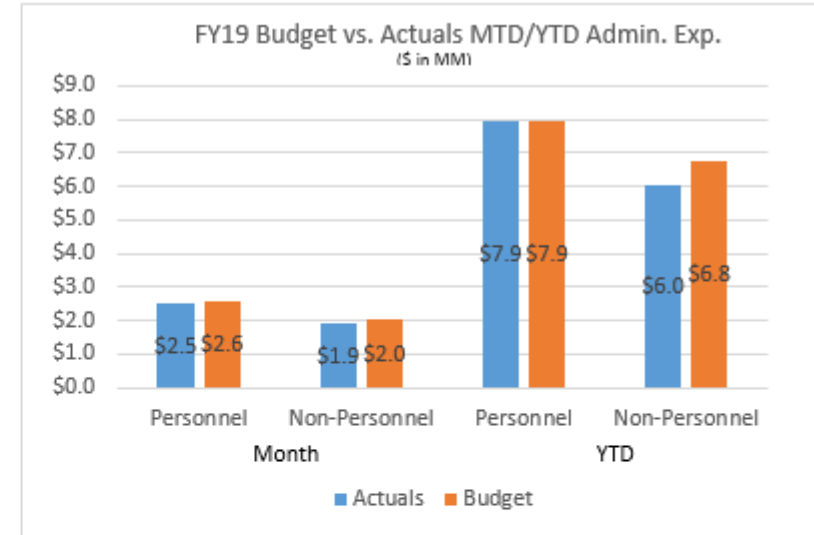
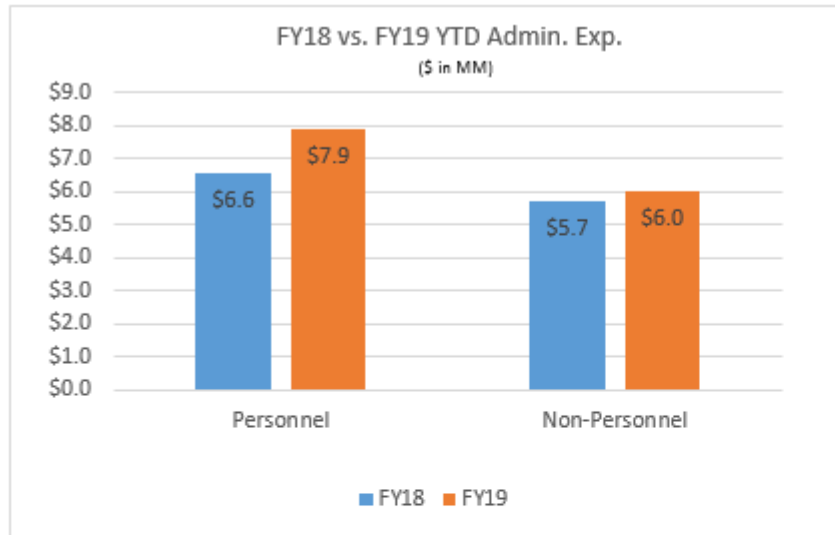


	FY19 Budget vs. Actuals YTD Med. Exp. By LOB			
	Actuals	Budget	Variance	
Network Capitation	\$93.7	\$91.4	-\$2.3	-2.5%
Pharmacy Expense	\$35.8	\$34.0	-\$1.8	-5.2%
Inp., Emerg., & Matern.	\$27.1	\$32.8	\$5.7	17.5%
Inst. Ext. Care	\$40.2	\$34.4	-\$5.8	-17.0%
Outpatient & Other	\$38.9	\$35.5	-\$3.4	-9.5%
Total Medical Expense	\$235.7	\$228.2	-\$7.5	-3.3%

	FY19 Budget vs. Actuals MTD/YTD Med. Exp.			
	Actuals	Budget	Variance	
Month	\$78.6	\$75.9	-\$2.7	-3.6%
YTD	\$235.7	\$228.2	-\$7.5	-3.3%

Administrative Expense

- Current month admin expense of \$4.4M is \$0.2M or 3.6% favorable to budget of \$4.6M. YTD admin expense of \$13.9M is \$0.8M or 5.3% favorable to budget of \$14.7M.
 - YTD Personnel Expenses are at budget.
 - YTD Postage and training expenses are favorable due to timing of expenses, while consulting and temp staff expenses have seen an increase due to CMC program and data validation audits.



	FY18 vs. FY19 YTD Admin. Exp.			
	FY18	FY19	Variance	
Personnel	\$6.6	\$7.9	\$1.3	20.4%
Non-Personnel	\$5.7	\$6.0	\$0.3	5.3%
Total Administrative Expense	\$12.3	\$13.9	\$1.6	13.4%

		FY19 Budget vs. Actuals MTD/YTD Admin. Exp.			
		Actuals	Budget	Variance	
Month	Personnel	\$2.5	\$2.6	\$0.1	2.8%
	Non-Personnel	\$1.9	\$2.0	\$0.1	4.6%
	MTD Total	\$4.4	\$4.6	\$0.2	3.6%
YTD	Personnel	\$7.9	\$7.9	\$0.0	0.4%
	Non-Personnel	\$6.0	\$6.8	\$0.7	11.1%
	YTD Total	\$13.9	\$14.7	\$0.8	5.3%

Balance Sheet

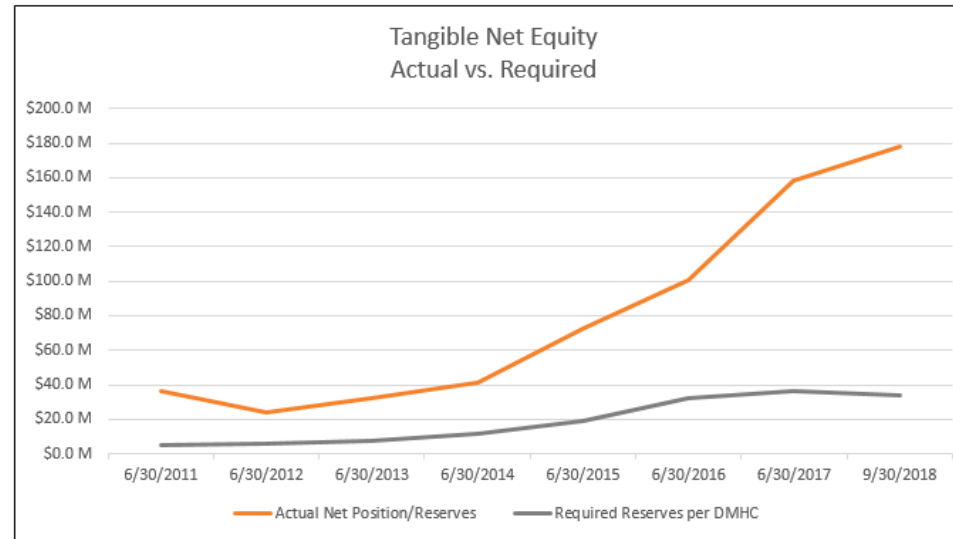
- Current assets totaled \$742.4M compared to current liabilities of \$594.1M, yielding a current ratio (Current Assets/Current Liabilities) of 1.25:1 vs. the DMHC minimum requirement of 1.0:1
- Cash as of September 30, 2018 increased by \$9.1M compared to the cash balance as of year-end June 30, 2018. The overall cash position increased largely due to timing of receipt of revenues, largely paid in arrears.
- Current Cash & Equivalents components and yields were as follows:

Description	Month-End Balance	Current Yield %	Interest Earned	
			Month	YTD
Short-Term Investments				
County of Santa Clara Comingled Pool	\$77,744,296	1.29%	\$100,000	\$300,000
Cash & Equivalents				
Bank of the West Money Market	\$438,247	0.90%	\$4,206	\$23,041
Wells Fargo Bank Accounts	\$154,791,584	1.76%	\$252,246	\$537,290
	\$155,229,831		\$256,452	\$560,332
Assets Pledged to DMHC				
Restricted Cash	\$305,350	0.08%	\$13	\$38
Petty Cash				
	\$500	0.00%	\$0	\$0
Total Cash & Equivalents	\$233,279,977		\$356,465	\$860,370

Tangible Net Equity

- TNE was \$178.0M or 527.1% of the most recent quarterly DMHC minimum requirement of \$33.8M. TNE trends for SCFHP are shown below.

	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	9/30/2018
Actual Net Position/Reserves	\$36.1 M	\$24.2 M	\$32.6 M	\$40.9 M	\$72.6 M	\$100.3 M	\$158.4 M	\$178.0 M
Required Reserves per DMHC	\$5.0 M	\$5.9 M	\$7.8 M	\$11.4 M	\$19.3 M	\$32.4 M	\$35.9 M	\$33.8 M
200% of Required Reserve	\$10.0 M	\$11.8 M	\$15.6 M	\$22.9 M	\$38.5 M	\$64.8 M	\$71.8 M	\$67.5 M
Actual as % Required	722.5%	410.2%	418.5%	357.5%	376.9%	309.8%	441.2%	527.1%



Reserves Analysis

SCFHP RESERVES ANALYSIS September 2018	
Financial Reserve Target #1: Tangible Net Equity	
Actual TNE	\$178,013,509
Current Required TNE	<u>\$33,773,116</u>
Excess TNE	\$144,240,392
Actual as % Required	527.1%
SCFHP Target TNE Range:	
350% of Required TNE (Low)	\$118,205,907
500% of Required TNE (High)	\$168,865,581
TNE Above/(Below) SCFHP Low Target	<u>\$59,807,602</u>
TNE Above/(Below) High Target	<u>\$9,147,927</u>
Financial Reserve Target #2: Liquidity	
Cash & Cash Equivalents	\$233,279,977
Less Pass-Through Liabilities	
Net Payable to State of CA (1)	-
Other Pass-Through Liabilities	<u>(\$7,324,264)</u>
Total Pass-Through Liabilities	<u>(\$7,324,264)</u>
Net Cash Available to SCFHP	<u>\$225,955,713</u>
SCFHP Target Liability	
45 Days of Total Operating Expense	(\$120,210,934)
60 Days of Total Operating Expense	(\$160,281,245)
Liquidity Above/(Below) SCFHP Low Target	<u>\$105,744,779</u>
Liquidity Above/(Below) High Target	<u>\$65,674,468</u>
(1) Pass-Through from State of CA	
Receivables Due to SCFHP	\$501,964,866
Payable Due From SCFHP	<u>(471,778,166)</u>
Net Receivables/(Payables)	\$30,186,700

Capital Expenditures

- Capital investments of \$3.8M were made in the three months ending September 2018, largely due to the renovation of the new building.
- YTD capital expenditure includes the following:

Expenditure	YTD Actual	Annual Budget
New Building	\$3,626,167	\$ 7,874,631
Systems	-	1,125,000
Hardware	59,760	1,550,000
Software	92,000	702,000
Furniture and Fixtures	-	-
Automobile	-	-
Leasehold Improvements	-	-
TOTAL	\$3,777,927	\$11,251,631

Note 1

Note 1: Includes FY18 budget rollover of \$6,628,131



**Santa Clara Family
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Financial Statements

Enrollment By Aid Category

		2017-06	2017-07	2017-08	2017-09	2017-10	2017-11	2017-12	2018-01	2018-02	2018-03	2018-04	2018-05	2018-06	2018-07	2018-08	2018-09
NON DUAL	Adult (over 19)	29,651	28,985	29,301	29,063	28,749	28,300	28,127	27,604	27,657	27,465	27,359	27,351	27,184	27,000	26,651	26,567
	Adult (under 19)	106,082	104,658	105,147	104,345	103,810	103,242	103,068	101,226	101,653	101,197	100,606	100,449	100,201	99,296	98,245	98,183
	Aged - Medi-Cal Only	10,674	10,776	10,693	10,722	10,801	10,778	10,781	10,892	10,906	10,906	10,924	10,891	10,979	10,916	10,834	10,905
	Disabled - Medi-Cal Only	10,979	10,965	10,903	10,888	10,880	10,875	10,843	10,807	10,825	10,786	10,801	10,750	10,765	10,748	10,697	10,653
	Adult Expansion	82,349	80,300	80,741	80,470	79,998	79,232	79,207	76,923	77,302	76,985	76,677	74,319	74,292	74,261	73,971	73,959
	BCCTP	18	17	17	17	17	16	16	15	15	15	15	15	13	13	14	13
	Long Term Care	488	382	373	375	396	411	396	385	370	353	358	370	390	442	419	423
	Total Non-Duals	240,241	236,083	237,175	235,880	234,651	232,854	232,438	227,852	228,728	227,707	226,740	224,145	223,824	222,676	220,831	220,703
DUAL	Adult (21 Over)	463	464	450	447	444	427	433	421	419	416	401	397	393	387	385	382
	Aged (21 Over)																
	Disabled (21 Over)	23,010	22,906	23,299	23,412	23,452	23,433	23,331	23,300	23,405	23,312	22,969	23,064	22,941	23,024	23,066	23,083
	Adult Expansion	906	806	784	793	789	717	709	474	433	470	451	421	451	455	485	521
	BCCTP	1	1	1	1				1	1	2	2	2	2	2	2	2
	Long Term Care	1,132	1,131	1,162	1,169	1,182	1,202	1,195	1,209	1,155	1,118	1,117	1,159	1,165	1,211	1,185	1,193
	Total Duals	25,512	25,308	25,696	25,822	25,867	25,779	25,668	25,405	25,413	25,318	24,940	25,043	24,952	25,079	25,123	25,181
Total Medi-Cal	265,753	261,391	262,871	261,702	260,518	258,633	258,106	253,257	254,141	253,025	251,680	249,188	248,776	247,755	245,954	245,884	
Healthy Kids	2,732	2,633	2,618	2,243	2,288	2,321	2,447	3,209	3,250	3,415	3,454	3,220	3,196	3,278	3,187	3,163	
CMC	CMC Non-Long Term Care	7,260	7,250	7,138	7,122	7,067	7,093	7,128	7,132	7,162	7,153	7,194	7,203	7,275	7,302	7,318	7,386
	CMC - Long Term Care	283	275	267	261	259	256	261	257	255	256	241	237	228	221	222	214
	Total CMC	7,543	7,525	7,405	7,383	7,326	7,349	7,389	7,389	7,417	7,409	7,435	7,440	7,503	7,523	7,540	7,600
Total Enrollment	276,028	271,549	272,894	271,328	270,132	268,303	267,942	263,855	264,808	263,849	262,569	259,848	259,475	258,556	256,681	256,647	

Income Statement



	Current Month						Fiscal Year To Date					
	Actuals	% of Rev	Budget	% of Rev	Variance	% Var	Actuals	% of Rev	Budget	% of Rev	Variance	% Var
REVENUE												
MEDI-CAL	\$ 69,787,783	84.0%	\$ 68,930,940	85.1%	\$ 856,842	1.2%	\$ 212,093,752	85.1%	\$ 207,431,678	85.2%	\$ 4,662,074	2.2%
CAL MEDI-CONNECT:												
CMC MEDI-CAL	2,278,550	2.7%	2,490,829	3.1%	(212,279)	-8.5%	6,730,042	2.7%	7,432,924	3.1%	(702,882)	-9.5%
CMC MEDICARE	10,671,348	12.8%	9,274,023	11.4%	1,397,325	15.1%	29,411,415	11.8%	27,674,763	11.4%	1,736,651	6.3%
TOTAL CMC	12,949,898	15.6%	11,764,852	14.5%	1,185,046	10.1%	36,141,456	14.5%	35,107,687	14.4%	1,033,769	2.9%
HEALTHY KIDS	342,904	0.4%	301,726	0.4%	41,178	13.6%	1,047,470	0.4%	908,294	0.4%	139,176	15.3%
TOTAL REVENUE	\$ 83,080,584	100.0%	\$ 80,997,518	100.0%	\$ 2,083,066	2.6%	\$ 249,282,678	100.0%	\$ 243,447,659	100.0%	\$ 5,835,019	2.4%
MEDICAL EXPENSE												
MEDI-CAL	\$ 67,607,122	81.4%	\$ 64,480,730	79.6%	\$ (3,126,392)	-4.8%	\$ 199,621,957	80.1%	\$ 194,243,941	79.8%	\$ (5,378,016)	-2.8%
CAL MEDI-CONNECT:												
CMC MEDI-CAL	2,406,823	2.9%	2,184,623	2.7%	(222,200)	-10.2%	7,373,863	3.0%	6,519,170	2.7%	(854,693)	-13.1%
CMC MEDICARE	8,263,339	9.9%	8,927,200	11.0%	663,860	7.4%	27,934,782	11.2%	26,637,157	10.9%	(1,297,625)	-4.9%
TOTAL CMC	10,670,163	12.8%	11,111,823	13.7%	441,660	4.0%	35,308,645	14.2%	33,156,327	13.6%	(2,152,318)	-6.5%
HEALTHY KIDS	292,463	0.4%	271,754	0.3%	(20,709)	-7.6%	805,766	0.3%	818,070	0.3%	12,303	1.5%
TOTAL MEDICAL EXPENSES	\$ 78,569,748	94.6%	\$ 75,864,308	93.7%	\$ (2,705,440)	-3.6%	\$ 235,736,369	94.6%	\$ 228,218,338	93.7%	\$ (7,518,030)	-3.3%
MEDICAL OPERATING MARGIN	\$ 4,510,836	5.4%	\$ 5,133,210	6.3%	\$ (622,374)	-29.9%	\$ 13,546,310	5.4%	\$ 15,229,321	6.3%	\$ (1,683,011)	-28.8%
ADMINISTRATIVE EXPENSE												
SALARIES AND BENEFITS	\$ 2,515,262	3.0%	\$ 2,588,590	3.2%	\$ 73,328	2.8%	\$ 7,915,234	3.2%	\$ 7,943,078	3.3%	\$ 27,843	0.4%
RENTS AND UTILITIES	29,882	0.0%	17,611	0.0%	(12,271)	-69.7%	241,928	0.1%	288,393	0.1%	46,465	16.1%
PRINTING AND ADVERTISING	71,428	0.1%	61,150	0.1%	(10,278)	-16.8%	300,099	0.1%	279,450	0.1%	(20,649)	-7.4%
INFORMATION SYSTEMS	137,666	0.2%	226,473	0.3%	88,807	39.2%	614,311	0.2%	679,419	0.3%	65,108	9.6%
PROF FEES/CONSULTING/TEMP STAFFING	1,166,810	1.4%	948,052	1.2%	(218,758)	-23.1%	3,282,741	1.3%	2,933,643	1.2%	(349,098)	-11.9%
DEPRECIATION/INSURANCE/EQUIPMENT	362,165	0.4%	457,566	0.6%	95,401	20.8%	1,045,948	0.4%	1,389,199	0.6%	343,251	24.7%
OFFICE SUPPLIES/POSTAGE/TELEPHONE	49,080	0.1%	161,005	0.2%	111,925	69.5%	232,645	0.1%	735,071	0.3%	502,426	68.4%
MEETINGS/TRAVEL/DUES	94,032	0.1%	130,176	0.2%	36,145	27.8%	249,364	0.1%	340,085	0.1%	90,721	26.7%
OTHER	15,679	0.0%	17,804	0.0%	2,125	11.9%	52,601	0.0%	122,995	0.1%	70,395	57.2%
TOTAL ADMINISTRATIVE EXPENSES	\$ 4,442,004	5.3%	\$ 4,608,427	5.7%	\$ 166,423	3.6%	\$ 13,934,872	5.6%	\$ 14,711,333	6.0%	\$ 776,462	5.3%
OPERATING SURPLUS (LOSS)	\$ 68,832	0.1%	\$ 524,783	0.6%	\$ (455,950)	-86.9%	\$ (388,562)	-0.2%	\$ 517,988	0.2%	\$ (906,549)	-175.0%
OTHER INCOME/EXPENSE												
GASB 75 - POST EMPLOYMENT BENEFITS EXPENSE	(59,780)	-0.1%	(59,780)	-0.1%	0	0.0%	(179,339)	-0.1%	(179,340)	-0.1%	1	0.0%
GASB 68 - UNFUNDED PENSION LIABILITY	(75,000)	-0.1%	(75,000)	-0.1%	-	0.0%	(225,000)	-0.1%	(225,000)	-0.1%	-	0.0%
INTEREST & OTHER INCOME	366,781	0.4%	47,605	0.1%	319,176	670.5%	790,547	0.3%	142,815	0.1%	647,732	453.5%
OTHER INCOME/EXPENSE	232,001	0.3%	(87,175)	-0.1%	319,176	-366.1%	386,208	0.2%	(261,525)	-0.1%	647,733	-247.7%
NET SURPLUS (LOSS)	\$ 300,834	0.4%	\$ 437,608	0.5%	\$ (136,774)	-31.3%	\$ (2,354)	0.0%	\$ 256,462	0.1%	\$ (258,817)	-100.9%

Balance Sheet

	September 2018	August 2018	July 2018	June 2018
Assets				
Current Assets				
Cash and Marketable Securities	\$233,279,977	\$235,488,840	\$302,258,460	\$224,156,209
Receivables	501,964,866	497,747,680	498,614,458	493,307,425
Prepaid Expenses and Other Current Assets	7,176,276	7,792,800	8,080,915	7,024,982
Total Current Assets	742,421,119	741,029,320	808,953,833	724,488,615
Long Term Assets				
Property and Equipment	42,357,057	42,306,060	31,288,225	38,579,130
Accumulated Depreciation	(15,212,360)	(14,888,918)	(10,954,498)	(14,309,761)
Total Long Term Assets	27,144,697	27,417,142	20,333,727	24,269,369
Total Assets	769,565,816	768,446,462	829,287,560	748,757,984
Deferred Outflow of Resources	14,535,240	14,535,240	9,287,513	14,535,240
Total Deferred Outflows and Assets	784,101,056	782,981,702	838,575,073	763,293,224
Liabilities and Net Assets				
Current Liabilities				
Trade Payables	5,194,835	5,065,866	4,857,207	8,351,090
Deferred Rent	(0)	(0)	86,298	17,011
Employee Benefits	1,584,704	1,527,690	1,265,956	1,473,524
Retirement Obligation per GASB 45	5,062,134	5,002,354	4,878,139	4,882,795
Advance Premium - Healthy Kids	87,424	80,809	60,466	66,195
Deferred Revenue - Medicare	-	8,858,943	-	9,928,268
Whole Person Care/Prop 56	7,324,264	6,746,392	2,065,180	9,263,004
Payable to Hospitals	-	0	28,642,083	0
Due to Santa Clara County Valley Health Plan and Kaiser	11,186,460	12,243,869	4,905,409	6,691,979
MCO Tax Payable - State Board of Equalization	27,231,162	18,113,329	18,491,922	(0)
Due to DHCS	30,997,453	28,918,776	190,634,704	24,429,978
Liability for In Home Support Services (IHSS)	413,549,552	413,549,551	314,762,788	413,549,551
Current Premium Deficiency Reserve (PDR)	2,374,525	2,374,525	2,374,525	2,374,525
Medical Cost Reserves	89,491,100	90,857,988	91,216,364	92,470,504
Total Current Liabilities	594,083,611	593,340,091	664,241,040	573,498,425
Non-Current Liabilities				
Noncurrent Premium Deficiency Reserve (PDR)	5,919,500	5,919,500	5,919,500	5,919,500
Net Pension Liability GASB 68	2,049,796	1,974,796	6,932,370	1,824,796
Total Non-Current Liabilities	7,969,296	7,894,296	12,851,870	7,744,296
Total Liabilities	602,052,907	601,234,387	677,092,910	581,242,721
Deferred Inflow of Resources	4,034,640	4,034,640	485,329	4,034,640
Net Assets / Reserves				
Invested in Capital Assets	17,350,172	17,633,610	20,333,727	18,067,094
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Unrestricted Net Equity	160,360,340	160,076,903	137,741,483	140,008,115
Current YTD Income (Loss)	(2,354)	(303,188)	2,616,274	19,635,303
Total Net Assets / Reserves	178,013,509	177,712,675	160,996,834	178,015,863
Total Liabilities, Deferred Inflows, and Net Assets	784,101,056	782,981,702	838,575,073	763,293,224

Cash Flow – YTD

Cash Flows from Operating Activities	
Premiums Received	\$274,423,873
Medical Expenses Paid	(234,221,292)
Administrative Expenses Paid	(28,091,433)
Net Cash from Operating Activities	\$12,111,149
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(3,777,927)
Cash Flows from Investing Activities	
Interest Income and Other Income (Net)	790,547
Net Increase/(Decrease) in Cash & Cash Equivalents - YTD	9,123,768
Cash & Cash Equivalents (Jun 2018)	224,156,209
Cash & Cash Equivalents (Sep 18)	<u><u>\$233,279,977</u></u>
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating Income/(Loss)	(\$2,354)
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities	
Depreciation	902,599
Changes in Operating Assets/Liabilities	
Premiums Receivable	(8,657,442)
Other Receivable	(790,547)
Due from Santa Clara Family Health Foundation	-
Prepays & Other Assets	(151,294)
Deferred Outflow of Resources	-
Accounts Payable & Accrued Liabilities	(14,728,527)
State Payable	33,798,636
Santa Clara Valley Health Plan & Kaiser Payable	4,494,481
Net Pension Liability	225,000
Medical Cost Reserves & PDR	(2,979,404)
Deferred Inflow of Resources	-
Total Adjustments	\$11,210,903
Net Cash from Operating Activities	\$12,111,148

Statement of Operations - YTD

Santa Clara County Health Authority Statement of Operations By Line of Business (Including Allocated Expenses) For Three Months Ending September 30 2018						
	Medi-Cal	CMC Medi-Cal	CMC Medicare	Total CMC	Healthy Kids	Grand Total
P&L (ALLOCATED BASIS)						
REVENUE	\$ 212,093,752	\$ 6,730,042	\$ 29,411,415	\$ 36,141,456	\$ 1,047,470	\$ 249,282,678
MEDICAL EXPENSE	\$ 199,621,957	\$ 7,373,863	\$ 27,934,782	\$ 35,308,645	\$ 805,766	\$ 235,736,369
(MLR)	94.1%	109.6%	95.0%	97.7%	76.9%	94.6%
GROSS MARGIN	\$ 12,471,795	\$ (643,821)	\$ 1,476,633	\$ 832,811	\$ 241,704	\$ 13,546,310
ADMINISTRATIVE EXPENSE	\$ 11,856,015	\$ 376,209	\$ 1,644,095	\$ 2,020,303	\$ 58,553	\$ 13,934,872
(% of Revenue Allocation)						
OPERATING INCOME/(LOSS)	\$ 615,780	\$ (1,020,030)	\$ (167,462)	\$ (1,187,492)	\$ 183,150	\$ (388,562)
(% of Revenue Allocation)						
OTHER INCOME/(EXPENSE)	\$ 328,592	\$ 10,427	\$ 45,566	\$ 55,993	\$ 1,623	\$ 386,208
(% of Revenue Allocation)						
NET INCOME/(LOSS)	\$ 944,371	\$ (1,009,603)	\$ (121,895)	\$ (1,131,499)	\$ 184,773	\$ (2,354)
PMPM (ALLOCATED BASIS)						
REVENUE	\$ 286.77	\$ 296.96	\$ 1,297.77	\$ 1,594.73	\$ 108.79	\$ 322.95
MEDICAL EXPENSES	\$ 269.91	\$ 325.37	\$ 1,232.62	\$ 1,557.99	\$ 83.69	\$ 305.40
GROSS MARGIN	\$ 16.86	\$ (28.41)	\$ 65.16	\$ 36.75	\$ 25.10	\$ 17.55
ADMINISTRATIVE EXPENSES	\$ 16.03	\$ 16.60	\$ 72.55	\$ 89.15	\$ 6.08	\$ 18.05
OPERATING INCOME/(LOSS)	\$ 0.83	\$ (45.01)	\$ (7.39)	\$ (52.40)	\$ 19.02	\$ (0.50)
OTHER INCOME/(EXPENSE)	\$ 0.44	\$ 0.46	\$ 2.01	\$ 2.47	\$ 0.17	\$ 0.50
NET INCOME/(LOSS)	\$ 1.28	\$ (44.55)	\$ (5.38)	\$ (49.93)	\$ 19.19	\$ (0.00)
ALLOCATION BASIS:						
MEMBER MONTHS - YTD	739,593	22,663	22,663	22,663	9,628	771,884
REVENUE BY LOB	85.1%	2.7%	11.8%	14.5%	0.4%	100.0%