

Regular Meeting of the

Santa Clara County Health Authority Executive/Finance Committee

Thursday, August 23, 2018, 11:30 AM - 1:00 PM

Santa Clara Family Health Plan, Redwood Conference Room

6201 San Ignacio Blvd., San Jose, CA 95119

AGENDA

1. Roll Call	Mr. Darrow	11:30	5 min
2. Meeting Minutes Review meeting minutes of the July 26, 2018 Executive/Finance Committee. Possible Action: Approve July 26, 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.	Mr. Darrow	11:40	5 min
4. Interim June 2018 Financial Statements Review Interim June 2018 Financial Statements. Possible Action: Approve Interim June 2018 Financial Statements	Mr. Cameron	11:45	15 min
5. New Office Transition Update Provide status on buildout completion and transition to new office.	Mr. Cameron Ms. Tomcala	12:00	15 min
6. Network Detection and Prevention Report Review report on firewall intrusion, detection, and prevention efforts. Possible Action: Accept Network Detection and Prevention Report	Mr. Tamayo	12:15	15 min
7. Fiscal Year 2017-2018 Team Incentive Compensation Review performance on FY'17-'18 Team Incentive metrics.	Ms. Tomcala	12:30	15 min
8. CEO Update Discuss status of current topics and initiatives. Possible Action: Accept CEO Update	Ms. Tomcala	12:45	15 min
9. Adjournment	Mr. Darrow	1:00	

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 Executive/Finance 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 Avenue, San Jose, CA 95119.
- This agenda and meeting documents are available at www.scfhp.com

Regular Meeting of the
Santa Clara County Health Authority
Executive/Finance Committee

July 26, 2018, 11:30 AM – 1:00 PM
Santa Clara Family Health Plan, Cambrian Conference Room
210 East Hacienda Avenue, Campbell, CA 95008

Via Teleconference
Residence
1058 Main Street
Cotuit, MA 02635

MINUTES

Members Present

Brian Darrow, Chair
Bob Brownstein
Liz Kniss (*via telephone*)
Linda Williams

Members Absent

Dolores Alvarado

Staff Present

Christine Tomcala, Chief Executive Officer
Dave Cameron, Chief Financial Officer
Neal Jarecki, Controller
Sharon Valdez, VP of Human Resources
Rita Zambrano, Executive Assistant

Others Present

April Pitt, SEIU Chief Steward
Karly Davis, Pacific Premier Bank
Elizabeth Sanchez, Pacific Premier Bank
Gene Alarcon, Pacific Premier Bank

1. Roll Call

Brian Darrow 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 May 24, 2018 Executive/Finance Committee were reviewed.

It was moved, seconded, and the May 24, 2018 Executive/Finance Committee Minutes were unanimously approved.

3. Public Comment

April Pitt, SCFHP Employee and SEIU Local 521 Chief Steward, reported that SCFHP and SEIU Local 521 reached a Tentative Agreement on June 21, 2018, and on July 18, 2018 the Unit Members voted to ratify the agreement.

4. Tentative Agreement with SEIU Local 521

The Tentative Agreement with SEIU Local 521 was discussed.

It was moved, seconded, and unanimously approved to approve the Tentative Agreement with SEIU Local 521.

5. May 2018 Financial Statements

Dave Cameron, Chief Financial Officer, presented the May 2018 financial statements. For the month, the Plan reported a net surplus of \$48 thousand, which was \$1.6 million unfavorable to budget. For the first eleven months of the fiscal year, the Plan reported a net surplus of \$17.8 million, which was \$6.1 million favorable to budget.

May enrollment of 259,848 members reflected an unfavorable variance of 10,760 members (4.0%) and a decline of 2,271 members from the prior month. Year-to-date member months of 2.9 million reflected an unfavorable variance of 66,000 member months (2.2%). Since the beginning of the fiscal year, Medi-Cal membership has decreased 6.2%, Healthy Kids membership has increased 17.9%, and CMC membership has decreased 1.4%.

For the month, revenue of \$83.6 million reflected a favorable variance of \$0.6 million (0.8%). YTD, revenue reflected a favorable variance of \$98.7 million (9.8%). The current month variance was due to a variety of factors, including the mix of members between programs and within Medi-Cal categories of aid and Long Term Care (LTC) member months and rate differentials. The YTD Revenue and Medical Expense variances reflect the inclusion of AB85 to Cost and Prop 56 funds of \$85 million and \$6.6 million, respectively.

For the month, medical expense reflected an unfavorable variance of \$2.3 million (2.9%). YTD, medical expense reflected an unfavorable variance of \$94.7 million (10.0%). The current month and YTD variances both reflect increases in estimates for prior period medical expenses (partly reflecting certain high-cost CMC claims). Also, as noted above, the YTD Revenue and Medical Expense variances reflect the inclusion of AB85 to Cost and Prop 56 funds of \$85 million and \$6.6 million, respectively.

For the month, administrative expense reflected an unfavorable variance of \$258 thousand (6.1%). YTD, administrative expense reflected an unfavorable variance of \$51 thousand (0.1%). YTD, personnel expense was 2.8% under budget while non-personnel expense was 3.8% over budget. Non-Personnel Expense reflected higher consultant usage for open staff positions, special projects, and new Medi-Cal compliance requirements (HIF-MET new member assessments). The Plan is actively hiring permanent staff to replace consultants. Partially offsetting these unfavorable variances were deferred printing and postage expenses, some of which will be incurred later in the current fiscal year.

The balance sheet reflected a current ratio of 1.27, which exceeds the Department of Managed Health Care (DMHC) minimum of 1.0, while Tangible Net Equity (TNE) of \$176.1 million was 477.1% of the DMHC minimum requirement of \$36.9 million.

YTD capital investments of \$12.9 million were made versus the annual budget of \$17.3 million, much of which was due to the purchase and renovation of the new office building, acquired to reduce long-term occupancy costs.

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

6. Retirement Fund Administrative Changes

Sharon Valdez, VP of Human Resources, discussed the proposed administrative changes for the SCFHP retirement plans, which have been recommended by counsel.

It was moved, seconded, and unanimously approved to authorize and appoint the Matrix Trust Company to provide passive-directed trustee services for the SCFHP retirement plans, and to authorize the Chief Executive Officer to take all such actions necessary to implement the Trust, including the execution of an agreement with Matrix.

It was moved, seconded, and unanimously approved to appoint Sharon Valdez, of VP Human Resources, Dave Cameron, CFO, and Christine Tomcala, CEO, as Authorized Representatives for the SCFHP retirement plans.

7. New Building Update

Ms. Tomcala and Mr. Cameron provided an update on the buildout of the new office, noting we are on course to take occupancy and expect final permitting on July 27, 2018. Some completion work will continue after move-in (e.g., front lobby). The Plan would like to donate its used furniture to a non-profit organization.

It was moved, seconded, and unanimously approved to designate office furniture no longer required for public use as surplus.

8. CEO Update

Christine Tomcala, Chief Executive Officer, reported that on July 9 the Plan received notice that CMS would be conducting a Program Audit from July 11 - September 7, 2018. This is the first time SCFHP will be participating in a CMS Program Audit, and it will be a collaborative, cross-functional effort across the organization.

Ms. Tomcala noted that Verity Health System announced it may sell its hospitals.

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

9. Adjournment

The meeting was adjourned at 12:40 PM.

Brian Darrow, Chair



**Santa Clara Family
Health Plan™**

Unaudited Financial Statements
For The Twelve Months Ended June 30, 2018

Agenda

Table of Contents	Page
Financial Highlights	2 - 3
Risks and Opportunities	4
Detail Analyses:	5
Enrollment	6
Revenue	7
Medical Expense	8
Administrative Expense	9
Balance Sheet	10
Tangible Net Equity	11
Reserves Analysis	12
Capital Expenditure	13
Financial Statements:	14
Enrollment by Category of Aid	15
Income Statement	16
Balance Sheet	17
Cash Flow Statement	18
Statement of Operations by Line of Business	19

Financial Highlights

	MTD		YTD	
Revenue	\$115 M		\$1,224 M	
Medical Expense (MLR)	\$95 M	82.8%	\$1,141 M	93.3%
Administrative Expense (% Rev)	\$4.5 M	3.9%	\$50.5 M	4.1%
Other Income/Expense	\$651,978		\$2,150,839	
Net Surplus (Loss)	\$15,988,696		\$33,745,426	
Cash on Hand			\$224 M	
Net Cash Available to SCFHP			\$202 M	
Receivables			\$492 M	
Total Current Assets			\$722 M	
Current Liabilities			\$555 M	
Current Ratio			1.30	
Tangible Net Equity			\$192 M	
% of DMHC Requirements			533.1%	

Financial Highlights

- Net Surplus
 - Month: Surplus of \$16.0M is \$14.2M or 776.2% favorable to budget of \$1.8M.
 - YTD: Surplus of \$33.7M is \$20.3M or 151.2% favorable to budget of \$13.4M.
- Enrollment
 - Month: Membership was 259,475 (-10,684 or -4.0% unfavorable budget of 270,159).
 - YTD: Member months was 3.2M (-\$76.7K or -2.3% unfavorable budget of 3.3M).
- Revenue
 - Month: \$115.2M (\$32.3M or 38.9% favorable to budget of \$82.9M. Medi-Cal: \$27M or 37% favorable to budget of \$74M; Medicare: \$5M or 56% favorable to budget of \$8M)
 - YTD: \$1223.6M (\$130.9M or 12.0% favorable to budget of \$1092.6M. Medi-Cal: \$121M or 12% favorable to budget of \$985M; Medicare: \$9M or 9% favorable to budget of \$103M).
- Medical Expense
 - Month: \$95.4M (-\$18.5M or -24.0% unfavorable to budget of \$76.9M).
 - YTD: \$1141.4M (-\$113.2M or -11.0% unfavorable to budget of \$1,028.2M).
- Administrative Expense
 - Month: \$4.5M (-\$335.0K or -8.1% unfavorable to budget of \$4.1M).
 - YTD: \$50.5M (-\$386.0K or -0.8% unfavorable to budget of \$50.1M).
- Tangible Net Equity
 - June 2018 TNE was \$192.1M (533.1% of minimum DMHC requirement of \$36.0M).
- Capital Expenditures
 - YTD Capital Investment of \$17.2M vs. \$17.3 annual budget was primarily due to building purchase.

Risks & Opportunities

- Risks
 - YTD enrollment continues to trail budget. Medi-Cal enrollment has been declining since October 2016.
 - Revenue recordation for CY 2018 requires significant estimation for the Coordinated Care Initiative (CCI).
 - Additional Medi-Cal requirements, like HIF/MET (new member assessments) trigger additional unanticipated costs to maintain compliance.
- Opportunities
 - Continued incremental growth in CMC membership.
 - Continue to fill open positions to replace temporary staff and consultant usage.
 - With convergence of claims processing to QNXT, all claims are processed on one system, which allows for increased auto-adjudication rates and better efficiency.
 - Utilization management with in-house staffing for previously outsourced Health Risk Assessments and Individualized Care Management Plans yields better outcomes for members.



**Santa Clara Family
Health Plan™**

Detail Analyses

Enrollment

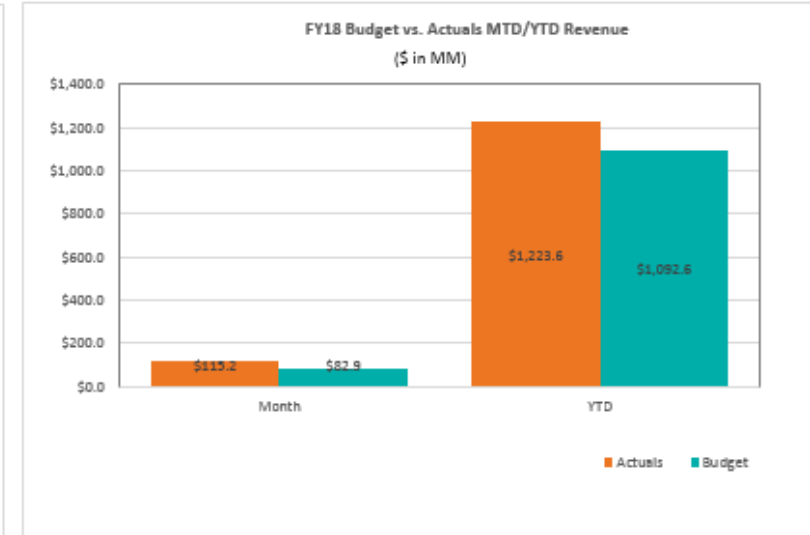
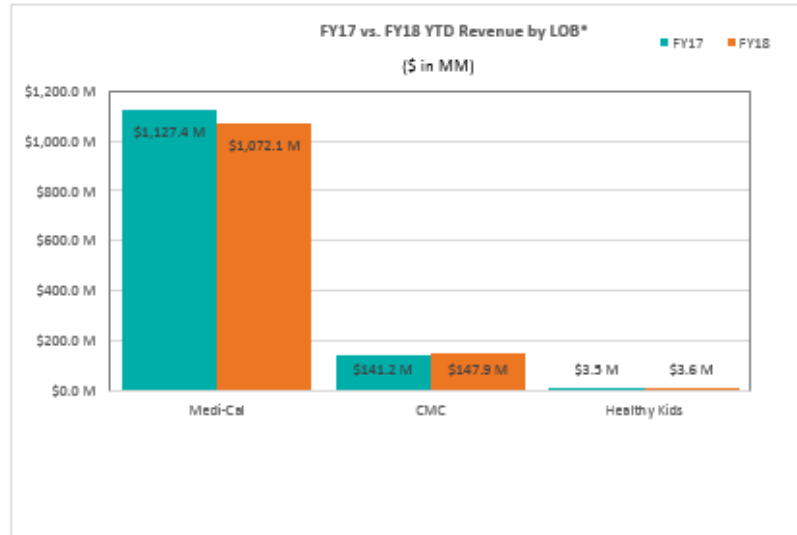
- Medi-Cal membership has declined since October 2016, while CMC membership has generally stabilized over the past few months.
- As detailed on page 15, much of the Medi-Cal Non-Dual enrollment decline has been in the Medicaid Expansion (MCE), Adult and Child categories of aid. Much of the Medi-Cal Dual enrollment decline has been in the MCE and Long term care (LTC) categories of aid.
- FY18 YTD Membership Trends:
 - Medi-Cal membership has decreased since the beginning of the fiscal year by -6.4%.
 - Healthy Kids membership increased since the beginning of the fiscal year by 17.0%.
 - CMC membership decreased since the beginning of the fiscal year by -0.5%.

	For the Month of June 2018			For Twelve Months Ending June 30 2018				
	Actual	Budget	Variance	Actual	Budget	Variance	Prior Year Actuals	Δ FY17 vs. FY18
Medi-Cal	248,776	259,859	-(4.3%)	3,073,288	3,149,632	-(2.4%)	3,217,527	-(4.5%)
Healthy Kids	3,196	2,800	14.1%	34,294	33,600	2.1%	35,692	-(3.9%)
Medicare	7,503	7,500	0.0%	88,970	90,000	-(1.1%)	92,376	-(3.7%)
Total	259,475	270,159	-(4.0%)	3,196,552	3,273,232	-(2.3%)	3,345,595	-(4.5%)

Santa Clara Family Health Plan Enrollment By Network								
June 2018								
Network	Medi-Cal		Healthy Kids		CMC		Total	
	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total
Direct Contract Physicians	29,564	12%	349	11%	7,503	100%	37,416	14%
SCVHHS, Safety Net Clinics, FQHC Clinics	124,419	50%	1,428	45%	-	0%	125,847	49%
Palo Alto Medical Foundation	7,228	3%	93	3%	-	0%	7,321	3%
Physicians Medical Group	45,881	18%	1,089	34%	-	0%	46,970	18%
Premier Care	15,628	6%	237	7%	-	0%	15,865	6%
Kaiser	26,056	10%	-	0%	-	0%	26,056	10%
Total	248,776	100%	3,196	100%	7,503	100%	259,475	100%
Enrollment at June 30, 2017	265,753		2,732		7,543		276,028	
Net Δ from Beginning of FY17	-6.4%		17.0%		-0.5%		-6.0%	

Revenue

- Current month revenue of \$115.2M is \$32.3M or 38.9% favorable to budget of \$82.9M. YTD revenue of \$1223.6M is \$130.9M or 12.0% favorable to budget of \$1092.6M. The current month and year-to-date variances were due to a variety of factors, including:
 - Current month and YTD revenue include significant one-time adjustments to CCI revenue and MCO taxes posted in June of \$29.8 MM. The CCI adjustments reflect DHCS' completion of recasting of CMC & MLTSS through December 2016 and revised estimates for FY17 and FY18. MCO taxes reflected a one-time true-up.
 - YTD revenue and medical expense both reflected the receipt of unbudgeted AB85-to-Cost and Prop 56 funds of approximately \$85M and \$7M, respectively.
 - Current month and YTD revenue variances also result from both the mix of members between programs and within Medi-Cal categories of aid.

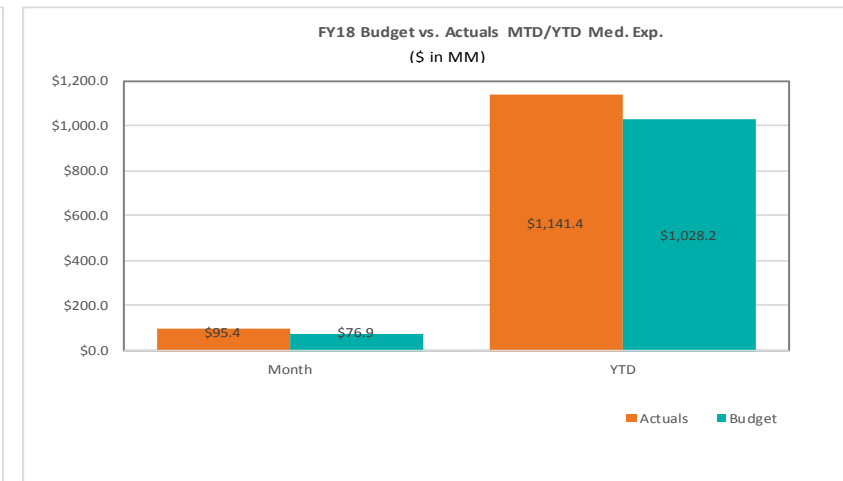
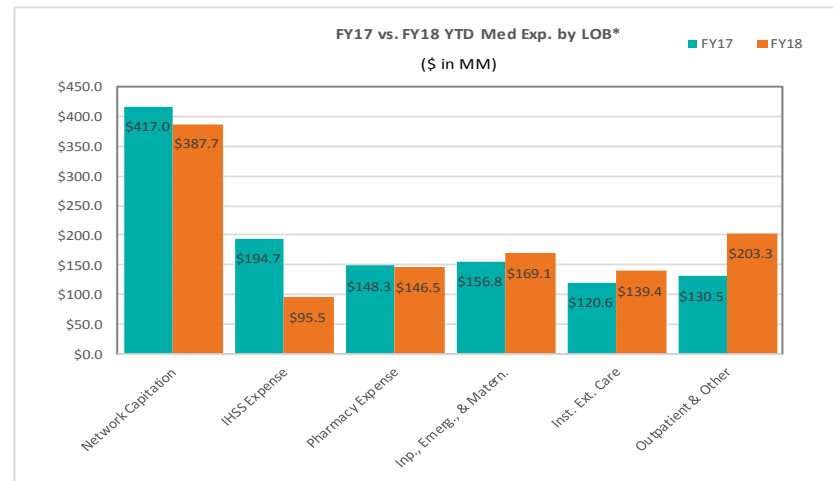


	FY17 vs. FY18 YTD Revenue by LOB*			
	FY17	FY18	Variance	
Medi-Cal	\$1,127.4 M	\$1,072.1 M	(\$55.3 M)	-4.9%
CMC	\$141.2 M	\$147.9 M	\$6.8 M	4.8%
Healthy Kids	\$3.5 M	\$3.6 M	\$0.1 M	3.1%
Total Revenue	\$1,272.0 M	\$1,223.6 M	(\$48.5 M)	-3.8%

	FY18 Budget vs. Actuals MTD/YTD Revenue			
	Actuals	Budget	Variance	
Month	\$115.2	\$82.9	\$32.3	38.9%
YTD	\$1,223.6	\$1,092.6	\$130.9	12.0%

Medical Expense

- Current month medical expense of \$95.4M is \$18.5M or 24.0% unfavorable to budget of \$76.9M. YTD medical expense of \$1,141.4M is \$113.2M or 11.0% unfavorable to budget of \$1,028.2M. The current month and year-to-date variances were due to a variety of factors, including:
 - Current month and YTD revenue include significant one-time CCI expense accruals posted in June of \$13.7 million. The CCI adjustments reflect DHCS' completion of recasting of CMC & MLTSS through December 2016 and revised estimates for FY17 and FY18.
 - YTD revenue and medical expense both reflected the receipt of unbudgeted AB85-to-Cost and Prop 56 funds of approximately \$85M and \$7M, respectively.
 - Current month and YTD variances also result from increased estimated of prior period medical expense (partly reflecting high-cost CMC claims) .



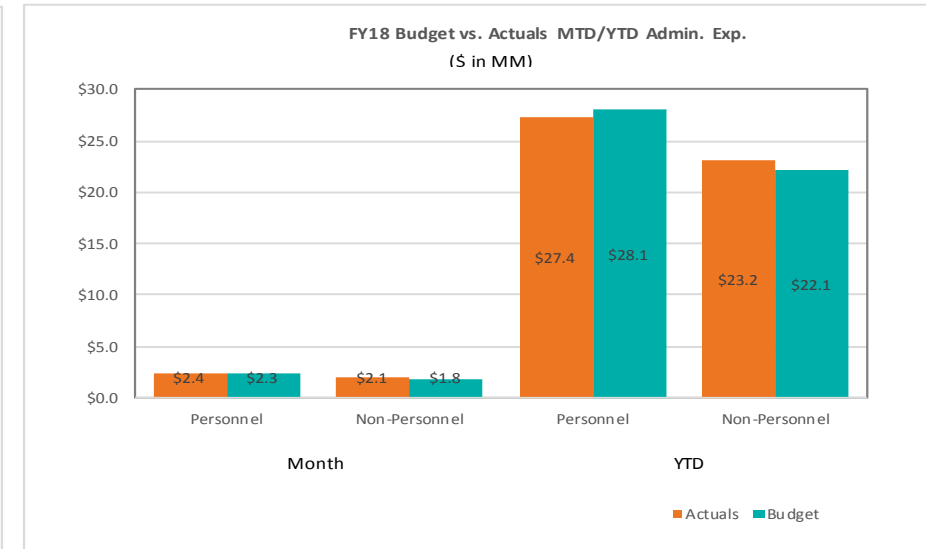
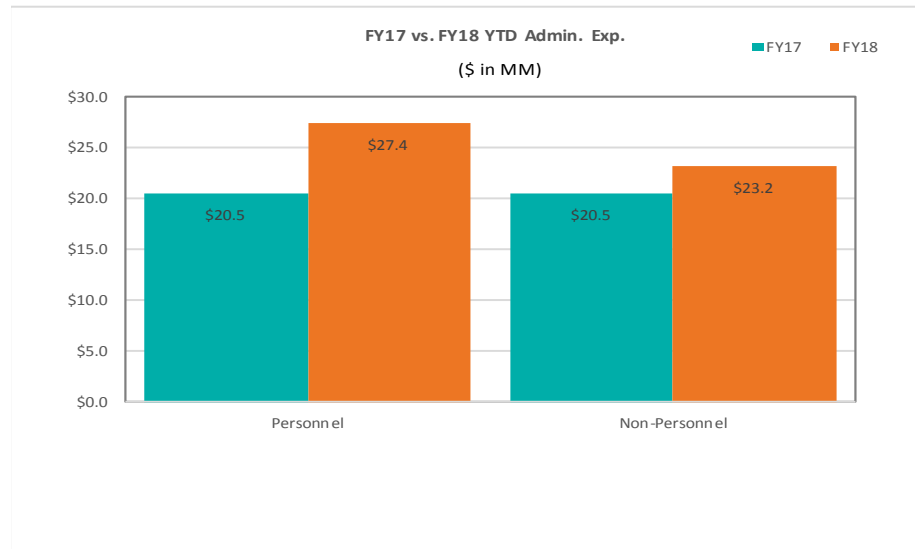
	FY17 vs. FY18 YTD Med Exp. by LOB*			
	FY17	FY18	Variance	
Network Capitation	\$417.0	\$387.7	-\$29.3	-7.0%
IHSS	\$194.7	\$95.5	-\$99.2	-51.0%
Pharmacy	\$148.3	\$146.5	-\$1.8	-1.2%
Inp., Emerg., & Matern.	\$156.8	\$169.1	\$12.3	7.8%
Inst. Ext. Care	\$120.6	\$139.4	\$18.8	15.6%
Outpatient & Other	\$130.5	\$203.3	\$72.8	55.8%
Total Medical Expense	\$1,167.9	\$1,141.4	-\$26.4	-2.3%

	FY18 Budget vs. Actuals MTD/YTD Med. Exp.			
	Actuals	Budget	Variance	
Month	\$95.4	\$76.9	\$18.5	24.0%
YTD	\$1,141.4	\$1,028.2	\$113.2	11.0%

*IHSS was included in medical expense through 12/31/17

Administrative Expense

- Current month admin expense of \$4.5M is \$335K or 8.1% unfavorable to budget of \$4.1M. YTD admin expense of \$50.5M is \$386.0K or 0.8% unfavorable to budget of \$50.1M.
- For the YTD, Personnel Expenses are 2.4% under budget, primarily due to increased consultant usage to fill open staff positions and special projects. Additional costs were incurred for HIF/MET (Health Information Form/Member Evaluation Tool) compliance. Partially offsetting this was deferred Postage and Contract Services expenses.



	FY17 vs. FY18 YTD Admin. Exp.			
	FY17	FY18	Variance	
Personnel	\$20.5	\$27.4	\$6.9	33.4%
Non-Personnel	\$20.5	\$23.2	\$2.7	13.0%
Total Administrative Expense	\$41.0	\$50.5	\$9.5	23.2%

		FY18 Budget vs. Actuals MTD/YTD Admin. Exp.			
		Actuals	Budget	Variance	
Month	Personnel	\$2.4	\$2.3	\$0.0	1.3%
	Non-Personnel	\$2.1	\$1.8	\$0.3	17.1%
	MTD Total	\$4.5	\$4.1	\$0.3	8.1%
YTD	Personnel	\$27.4	\$28.1	-\$0.7	-2.4%
	Non-Personnel	\$23.2	\$22.1	\$1.1	4.8%
	YTD Total	\$50.5	\$50.1	\$0.4	0.8%

Balance Sheet

- Current assets totaled \$722.5M compared to current liabilities of \$554.7M, yielding a current ratio (Current Assets/Current Liabilities) of 1.30:1 vs. the DMHC minimum requirement of 1.0:1.
- Working capital (current assets less current liabilities) increased by \$23.1M for the 12 months of the fiscal year.
- Cash as of June 30, 2018 decreased by -\$134.5M compared to the cash balance as of year-end June 30, 2017. The overall cash position decreased largely due to DHCS' recoupment of prior year MCE rate overpayments.
- Current Cash & Equivalents components and yields were as follows:

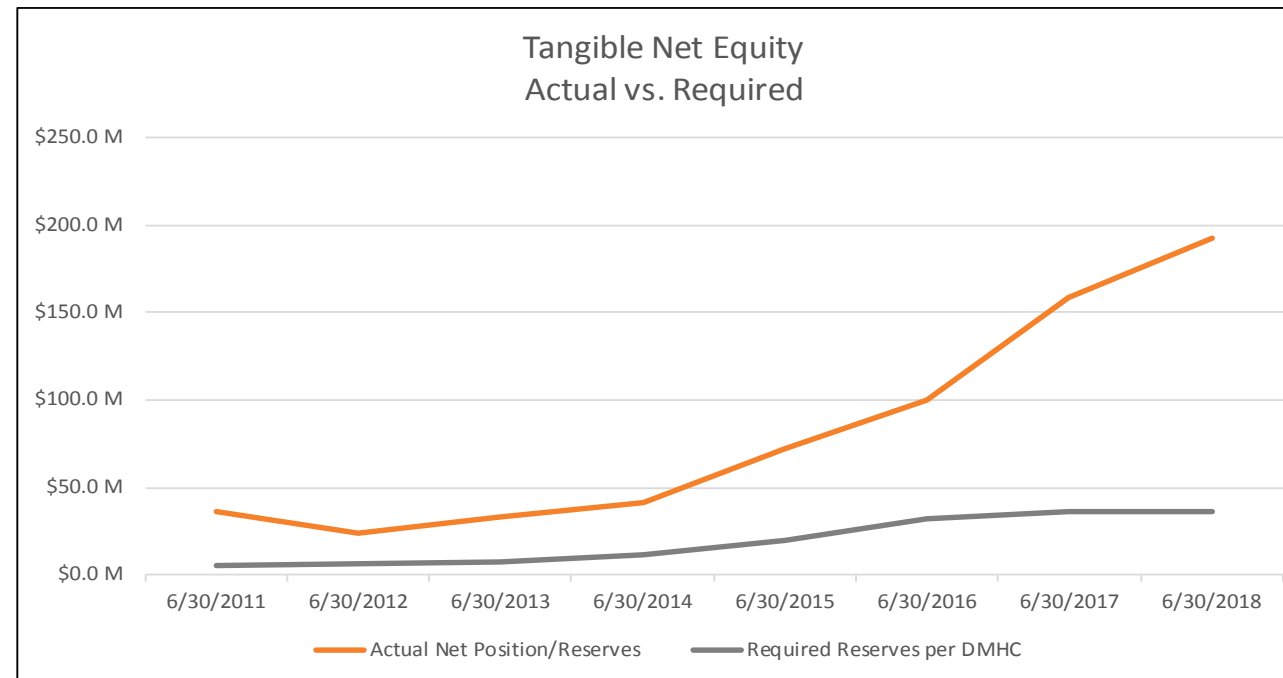
Description	Month-End	Current	Interest Earned	
	Balances	Yield %	Month	YTD
Short-Term Investments				
County of Santa Clara Comingled Pool	\$176,814,937	1.29%	\$604,446	\$2,962,716
Cash & Equivalents				
Bank of the West Money Market	\$427,815	0.90%	\$6,863	\$110,675
Wells Fargo Bank Accounts	\$46,607,607	1.79%	\$101,264	\$351,196
	\$47,035,422		\$108,127	\$461,871
Assets Pledged to DMHC				
Restricted Cash	\$305,350	0.08%	\$13	\$258
Petty Cash	\$500	0.00%	\$0	\$0
Total Cash & Equivalents	\$224,156,209		\$712,586	\$3,424,845

Tangible Net Equity

- TNE was \$192.1M in June 2018 or 533.1% of the most recent quarterly DMHC minimum requirement of \$36.0M.
- TNE trends for SCFHP are shown below.

Santa Clara Health Authority
Tangible Net Equity - Actual vs. Required
As of : June 30, 2018

	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
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	\$192.1 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	\$36.0 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	\$72.1 M
Actual as % Required	722.5%	410.2%	418.5%	357.5%	376.9%	309.8%	441.2%	533.1%



Reserves Analysis

SCFHP RESERVES ANALYSIS JUNE 2018	
Financial Reserve Target #1: Tangible Net Equity	
Actual TNE	192,125,985
Current Required TNE	36,037,046
Excess TNE	156,088,940
Required TNE %	533.1%
SCFHP Target TNE Range:	
350% of Required TNE (Low)	126,129,660
500% of Required TNE (High)	180,185,228
TNE Above/(Below) SCFHP Low Target	\$65,996,325
TNE Above/(Below) High Target	\$11,940,757
Financial Reserve Target #2: Liquidity	
Cash & Cash Equivalents	224,156,209
Less Pass-Through Liabilities	
Payable to State of CA (1)	-
Other Pass-Through Liabilities	(22,524,407)
Total Pass-Through Liabilities	(\$22,524,407)
Net Cash Available to SCFHP	\$201,631,801
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	\$81,420,867
Liquidity Above/(Below) High Target	\$41,350,556
(1) Pass-Through from State of CA (excludes IHSS)	
Receivables Due to SCFHP	113,225,403
Payables Due to DHCS	(297,011)
Net Receivables/(Payables)	\$112,928,392

Capital Expenditures

- Capital investments of \$17.2M were made in the 12 months ending June 2018, largely due to the purchase and renovation of a new building (in order to lower the long term occupancy costs in an ever increasing rental rate situation in the current location).
- YTD capital expenditure includes the following:

Expenditure	YTD Actual	Annual Budget
New Building (1)	\$15,787,397	\$14,300,000
Systems	380,421	1,595,000
Hardware	413,525	611,500
Software	405,406	587,000
Furniture and Fixtures	135,935	173,515
Automobile	29,248	33,000
Leasehold Improvements	0	10,000
TOTAL	\$17,151,930	\$17,310,015



**Santa Clara Family
Health Plan™**

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
NON DUAL	Adult (over 19)	29,745	29,019	29,307	29,056	28,726	28,256	28,075	27,528	27,566	27,365	27,252	27,351	27,184
	Adult (under 19)	106,200	104,714	105,200	104,404	103,890	103,339	103,160	101,327	101,769	101,314	100,730	100,449	100,201
	Aged - Medi-Cal Only	10,674	10,776	10,693	10,722	10,801	10,778	10,782	10,892	10,906	10,906	10,924	10,887	10,979
	Disabled - Medi-Cal Only	10,923	10,913	10,862	10,845	10,850	10,863	10,821	10,792	10,798	10,759	10,793	10,750	10,765
	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
	BCCTP	18	17	17	17	17	16	16	15	15	15	15	15	13
	Long Term Care	332	344	355	366	369	370	377	375	372	363	349	374	390
	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
DUAL	Adult (21 Over)	463	464	450	447	444	427	433	421	419	416	401	397	393
	Aged (21 Over)	16,401	16,329	16,709	16,813	16,832	16,829	16,721	16,716	16,782	16,707	16,533	16,661	16,563
	Disabled (21 Over)	6,518	6,474	6,502	6,522	6,547	6,555	6,552	6,545	6,559	6,526	6,409	6,403	6,378
	Adult Expansion	906	806	784	793	789	717	709	474	433	470	451	421	451
	BCCTP	1	1	1	1	0	0	0	1	1	2	2	2	2
	Long Term Care	1,223	1,234	1,250	1,246	1,255	1,251	1,253	1,248	1,219	1,197	1,144	1,159	1,165
	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
	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
	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
CMC	CMC Non-Long Term Care	7,260	7,252	7,139	7,124	7,070	7,095	7,132	7,135	7,169	7,168	7,201	7,213	7,275
	CMC - Long Term Care	283	273	266	259	256	254	257	254	248	241	234	227	228
	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
	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

Income Statement

Santa Clara County Health Authority												
Income Statement for Twelve Months Ending June 30, 2018												
	For the Month of Jun 2018						For 12 Months Ending June 30, 2018					
	Actuals	% of Rev	Budget	% of Rev	Variance	% Var	Actuals	% of Rev	Budget	% of Rev	Variance	% Var
REVENUE												
MEDI-CAL	\$ 101,346,076	88.0%	\$ 74,055,102	89.3%	\$ 27,290,975	36.9%	\$ 1,107,159,571	90.5%	\$ 985,946,772	90.2%	\$ 121,212,798	12.3%
HEALTHY KIDS	337,194	0.3%	252,000	0.3%	85,194	33.8%	3,571,300	0.3%	3,024,000	0.3%	547,300	18.1%
MEDICARE	13,534,763	11.7%	8,637,957	10.4%	4,896,805	56.7%	112,835,214	9.2%	103,655,489	9.5%	9,179,725	8.9%
TOTAL REVENUE	\$ 115,218,033	100.0%	\$ 82,945,059	100.0%	\$ 32,272,974	38.9%	\$ 1,223,566,085	100.0%	\$ 1,092,626,261	100.0%	\$ 130,939,823	12.0%
MEDICAL EXPENSE												
MEDI-CAL	\$ 82,951,762	72.0%	\$ 68,418,743	82.5%	\$ (14,533,018)	-21.2%	\$ 1,033,001,469	84.4%	\$ 926,123,694	84.8%	\$ (106,877,775)	-11.5%
HEALTHY KIDS	327,333	0.3%	240,242	0.3%	(87,091)	-36.3%	3,162,095	0.3%	2,882,902	0.3%	(279,193)	-9.7%
MEDICARE	12,142,815	10.5%	8,267,243	10.0%	(3,875,572)	-46.9%	105,276,259	8.6%	99,206,919	9.1%	(6,069,340)	-6.1%
TOTAL MEDICAL EXPENSES	\$ 95,421,909	82.8%	\$ 76,926,228	92.7%	\$ (18,495,681)	-24.0%	\$ 1,141,439,822	93.3%	\$ 1,028,213,515	94.1%	\$ (113,226,308)	-11.0%
MEDICAL OPERATING MARGIN	\$ 19,796,123	17.2%	\$ 6,018,831	7.3%	\$ 13,777,293	42.7%	\$ 82,126,262	6.7%	\$ 64,412,747	5.9%	\$ 17,713,516	13.5%
ADMINISTRATIVE EXPENSE												
SALARIES AND BENEFITS	\$ 2,372,493	2.1%	\$ 2,341,614	2.8%	\$ (30,879)	-1.3%	\$ 27,375,278	2.2%	\$ 28,056,520	2.6%	\$ 681,242	2.4%
RENTS AND UTILITIES	121,321	0.1%	115,170	0.1%	(6,150)	-5.3%	1,508,910	0.1%	1,391,212	0.1%	(117,698)	-8.5%
PRINTING AND ADVERTISING	27,021	0.0%	61,100	0.1%	34,079	55.8%	559,096	0.0%	1,011,200	0.1%	452,104	44.7%
INFORMATION SYSTEMS	175,671	0.2%	208,714	0.3%	33,043	15.8%	1,957,713	0.2%	2,558,567	0.2%	600,854	23.5%
PROF FEES/CONSULTING/TEMP STAFFING	1,231,069	1.1%	781,624	0.9%	(449,446)	-57.5%	13,194,342	1.1%	9,874,897	0.9%	(3,319,444)	-33.6%
DEPRECIATION/INSURANCE/EQUIPMENT	352,097	0.3%	406,519	0.5%	54,422	13.4%	4,090,926	0.3%	4,374,968	0.4%	284,041	6.5%
OFFICE SUPPLIES/POSTAGE/TELEPHONE	49,030	0.0%	116,411	0.1%	67,382	57.9%	702,559	0.1%	1,600,536	0.1%	897,978	56.1%
MEETINGS/TRAVEL/DUES	99,266	0.1%	89,054	0.1%	(10,212)	-11.5%	1,014,870	0.1%	1,128,068	0.1%	113,198	10.0%
OTHER	31,438	0.0%	4,220	0.0%	(27,218)	-645.0%	127,982	0.0%	149,673	0.0%	21,691	14.5%
TOTAL ADMINISTRATIVE EXPENSES	\$ 4,459,405	3.9%	\$ 4,124,425	5.0%	\$ (334,980)	-8.1%	\$ 50,531,675	4.1%	\$ 50,145,642	4.6%	\$ (386,034)	-0.8%
OPERATING SURPLUS (LOSS)	\$ 15,336,719	13.3%	\$ 1,894,406	2.3%	\$ 13,442,313	709.6%	\$ 31,594,587	2.6%	\$ 14,267,105	1.3%	\$ 17,327,482	121.5%
OTHER INCOME/EXPENSE												
GASB 45 - POST EMPLOYMENT BENEFITS EXPENSE	(59,780)	-0.1%	(59,780)	-0.1%	-	0.0%	(717,356)	-0.1%	(717,356)	-0.1%	-	0.0%
GASB 68 - UNFUNDED PENSION LIABILITY	(75,000)	-0.1%	(75,000)	-0.1%	-	0.0%	(900,000)	-0.1%	(900,000)	-0.1%	-	0.0%
INTEREST & OTHER INCOME	786,757	0.7%	65,153	0.1%	721,605	1107.6%	3,768,195	0.3%	781,832	0.1%	2,986,363	382.0%
OTHER INCOME/EXPENSE	651,978	0.6%	(69,627)	-0.1%	721,605	-1036.4%	2,150,839	0.2%	(835,524)	-0.1%	2,986,363	-357.4%
NET SURPLUS (LOSS)	\$ 15,988,696	13.9%	\$ 1,824,779	2.2%	\$ 14,163,918	776.2%	\$ 33,745,426	2.8%	\$ 13,431,581	1.2%	\$ 20,313,845	151.2%

Balance Sheet

	June 2018	May 2018	April 2018	March 2018	June 2017
Assets					
Current Assets					
Cash and Marketable Securities	\$224,156,209	\$256,044,077	\$430,143,232	\$238,428,566	\$364,609,248
Receivables	491,310,883	480,311,521	480,638,665	501,305,521	474,866,197
Prepaid Expenses and Other Current Assets	7,024,982	7,654,827	7,993,464	7,713,020	7,070,619
Total Current Assets	722,492,073	744,010,425	918,775,361	747,447,107	846,546,064
Long Term Assets					
Property and Equipment	38,420,817	34,170,890	32,527,805	32,420,963	21,268,887
Accumulated Depreciation	(14,309,761)	(14,013,419)	(13,716,660)	(13,420,155)	(10,761,759)
Total Long Term Assets	24,111,056	20,157,471	18,811,145	19,000,808	10,507,128
Total Assets	746,603,129	764,167,896	937,586,506	766,447,915	857,053,192
Deferred Outflow of Resources	14,405,010	14,405,010	14,405,010	14,405,010	9,287,513
Total Deferred Outflows and Assets	761,008,139	778,572,906	951,991,516	780,852,925	866,340,705
Liabilities and Net Assets					
Current Liabilities					
Trade Payables	8,954,130	5,046,194	4,335,052	5,641,340	6,157,039
Deferred Rent	17,011	23,310	29,609	35,908	92,597
Employee Benefits	1,473,524	1,538,777	1,576,739	1,541,057	1,262,108
Retirement Obligation per GASB 45	4,315,122	5,475,935	5,416,156	5,356,376	4,818,359
Advance Premium - Healthy Kids	66,195	66,668	66,514	66,818	53,439
Deferred Revenue - Medicare	9,928,268	-	-	8,501,089	8,372,938
Whole Person Care	9,253,443	8,678,072	8,095,462	7,501,830	2,065,180
Payable to Hospitals	13,270,965	13,264,966	160,117,006	12,654,006	27,378,335
Due to Santa Clara County Valley Health Plan and Kaiser	5,306,703	4,630,360	32,762,318	6,052,151	9,456,454
MCO Tax Payable - State Board of Equalization	(0)	14,483,915	7,241,386	(219,630)	33,865,555
Due to DHCS	13,416,262	48,612,592	56,838,036	61,514,786	207,658,770
Liability for In Home Support Services (IHSS)	396,372,624	390,509,778	390,509,778	390,509,778	300,220,266
Current Premium Deficiency Reserve (PDR)	2,374,525	2,374,525	2,374,525	2,374,525	2,374,525
Medical Cost Reserves	89,971,183	93,643,327	92,527,523	89,521,488	90,922,381
Total Current Liabilities	554,719,954	588,348,418	761,890,104	591,051,520	694,697,946
Non-Current Liabilities					
Noncurrent Premium Deficiency Reserve (PDR)	5,919,500	5,919,500	5,919,500	5,919,500	5,919,500
Net Pension Liability GASB 68	7,757,370	7,682,370	7,607,370	7,532,370	6,857,370
Total Non-Current Liabilities	13,676,870	13,601,870	13,526,870	13,451,870	12,776,870
Total Liabilities	568,396,824	601,950,288	775,416,974	604,503,390	707,474,816
Deferred Inflow of Resources	485,329	485,329	485,329	485,329	485,329
Net Assets / Reserves					
Invested in Capital Assets	9,335,737	9,456,555	9,623,030	9,737,811	10,507,128
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350	305,350
Unrestricted Net Equity	148,739,473	148,618,654	148,452,180	148,337,399	89,480,978
Current YTD Income (Loss)	33,697,071	17,756,729	17,708,653	17,483,645	58,087,104
Total Net Assets / Reserves	192,077,631	176,137,289	176,089,213	175,864,205	158,380,560
Total Liabilities, Deferred Inflows, and Net Assets	760,959,785	778,572,906	951,991,516	780,852,925	866,340,705

Cash Flow Statement

Cash Flows from Operating Activities	
Premiums Received	979,013,336
Medical Expenses Paid	(1,044,468,913)
Administrative Expenses Paid	(55,694,227)
Net Cash from Operating Activities	<u>(\$121,149,804)</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(17,151,930)
Cash Flows from Investing Activities	
Interest Income and Other Income (Net)	3,768,195
Net Increase/(Decrease) in Cash & Cash Equivalents	(134,533,540)
Cash & Cash Equivalents (Jun 17)	364,609,248
Cash & Cash Equivalents (Jun 18)	224,156,209
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating Income/(Loss)	33,745,426
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities	
Depreciation	3,548,002
Changes in Operating Assets/Liabilities	
Premiums Receivable	(16,444,686)
Other Receivable	(3,768,195)
Due from Santa Clara Family Health Foundation	-
Prepays & Other Assets	45,637
Deferred Outflow of Resources	(5,117,497)
Accounts Payable & Accrued Liabilities	(2,921,338)
State Payable	(228,108,063)
Santa Clara Valley Health Plan & Kaiser Payable	(4,149,751)
Net Pension Liability	900,000
Medical Cost Reserves & PDR	4,968,302
Deferred Inflow of Resources	96,152,358
Total Adjustments	<u>(\$158,443,232)</u>
Net Cash from Operating Activities	<u>(\$121,149,804)</u>

Statement of Operations

Santa Clara County Health Authority Statement of Operations By Line of Business (Including Allocated Expenses) For Twelve Months Ending June 30 2018				
	Medi-Cal	CMC	Healthy Kids	Grand Total
P&L (ALLOCATED BASIS)				
REVENUE	1,072,053,773	147,941,011.38	3,571,300	1,223,566,085
MEDICAL EXPENSE	1,001,232,319	137,045,408.59	3,162,095	1,141,439,822
(MLR)	93.4%	92.6%	88.5%	93.3%
GROSS MARGIN	70,821,454	10,895,603	409,205	82,126,262
ADMINISTRATIVE EXPENSE	44,274,416	6,109,770	147,490	50,531,675
(% of Revenue Allocation)				
OPERATING INCOME/(LOSS)	26,547,039	4,785,833	261,715	31,594,587
(% of Revenue Allocation)				
OTHER INCOME/(EXPENSE)	1,884,504	260,057	6,278	2,150,839
(% of Revenue Allocation)				
NET INCOME/(LOSS)	28,431,542	5,045,890	267,993	33,745,426
PMPM (ALLOCATED BASIS)				
REVENUE	\$4,358.76	\$1,662.82	\$104.14	\$3,313.94
MEDICAL EXPENSES	4,070.81	1,540.36	92.21	3,091.51
GROSS MARGIN	287.95	122.46	11.93	222.43
ADMINISTRATIVE EXPENSES	180.01	68.67	4.30	136.86
OPERATING INCOME/(LOSS)	107.93	53.79	7.63	85.57
OTHER INCOME/(EXPENSE)	7.66	2.92	0.18	5.83
NET INCOME/(LOSS)	115.60	56.71	7.81	91.40
ALLOCATION BASIS:				
MEMBER MONTHS - YTD	245,954	88,970	34,294	369,218
Revenue by LOB	87.6%	12.1%	0.3%	100.0%
<i>Note: CMC includes Medi-Cal portion of the Coordinated Care Initiative (CCI) data.</i>				

Network Detection and Prevention Report

August 2018

Executive Finance Committee Meeting

Firewall Background

The following network intrusion reports show the malicious activities that were prevented from accessing SCFHP's network. It is important to note that these attempts are not specifically targeted at SCFHP, but rather are common attempts against entire areas of the Internet. The results are typical of many organizations.

None of the intrusion attempts on the SCFHP network were successful.

The attempts have been categorized in three severity levels:

High

These attacks are the most dangerous. They can take down our entire network or disable servers, such as various Backdoor, DDoS(Distributed Denial of Service), and DOS(Denial of Service) attacks.

Medium

These attacks can cause disruption to the network, such as increased network traffic that slows down performance. For example, various DNS(Domain Naming Service), FTP(File Transfer Protocol), and Telnet attacks.

Low

These attacks are characterized more as informational events, such as various Scans (port and IP internet protocol address), RPC(Remote Procedure Call), and SMTP(Simple Mail Transfer Protocol) attacks.

Attack Statistics Combined

April/May/June/July

	Number of Different Types of Attacks				Total Number of Attempts				Percent of Attempts			
Severity Level	Apr	May	Jun	Jul	Apr	May	Jun	Jul	Apr	May	Jun	Jul
Critical				8				7834				1.93
High	9	7	7	16	39	33	84	3256	.05	.02	.07	.80
Medium	15	15	14	43	121	127	142	357	.16	.10	.12	.09
Low	26	20	31	44	75582	130667	119603	391169	99.79	99.88	99.81	96.33
Informational				35				3451				.85

Starting July SCFHP IT phased out the sophos firewall and replaced it with a Palo Alto Networks firewall. This added 2 new categories (informational and critical)

8/20/2018

Email Background

For email protection SCFHP utilizes software that intercepts every incoming email and scans them for suspicious content, attachments or URLs (Uniform Resource Locator or address to the World Wide Web). The software has anti-malware and phishing-detection technology that is constantly being updated to detect the latest threats. It is configured to detect phishing attempts as well SPF (Sender Policy Framework) anti-spoofing. SPF is a simple technology that detects spoofing by providing a mechanism to validate the incoming mail against the sender's domain name. The software can check those records to make sure mail is coming from legitimate email addresses.

Email Security – July 2018 Monthly Statistics

Overview > Incoming Mail Summary			✕
Message Category	%	Messages	
Stopped by Reputation Filtering	64.6%	141.9k	
Stopped as Invalid Recipients	0.0%	5	
Spam Detected	5.2%	11.5k	
Virus Detected	0.0%	0	
Detected by Advanced Malware Protection	0.0%	0	
Messages with Malicious URLs	0.4%	779	
Stopped by Content Filter	0.1%	282	
Stopped by DMARC	0.0%	0	
S/MIME Verification/Decryption Failed	0.0%	0	
Total Threat Messages:	70.0%	153.7k	
Marketing Messages	7.3%	15.9k	
Social Networking Messages	0.5%	1,104	
Bulk Messages	4.7%	10.3k	
Total Graymails:	12.4%	27.3k	
S/MIME Verification/Decryption Successful	0.0%	0	
Clean Messages	17.6%	38.7k	
Total Attempted Messages:		219.7k	

Implemented a new email security appliance
from Cisco Iron Port

8/20/2018

Email Security – Blocked Countries

<input checked="" type="checkbox"/>		Anonymous Proxy/Private IP
<input checked="" type="checkbox"/>		Bulgaria
<input checked="" type="checkbox"/>		Canada
<input checked="" type="checkbox"/>		China
<input checked="" type="checkbox"/>		Czech Republic
<input checked="" type="checkbox"/>		France
<input checked="" type="checkbox"/>		Germany
<input checked="" type="checkbox"/>		India
<input checked="" type="checkbox"/>		Japan
<input checked="" type="checkbox"/>		Korea, Democratic People's Repu
<input checked="" type="checkbox"/>		Korea, Republic of
<input checked="" type="checkbox"/>		Netherlands
<input checked="" type="checkbox"/>		Russian Federation
<input checked="" type="checkbox"/>		United Kingdom
<input checked="" type="checkbox"/>		Vietnam

SCFHP Phishing Attacks

	INCIDENT 38 – 4/12/2018	INCIDENT 39 – 4/14/2018	INCIDENT 40 – 4/20/2018	INCIDENT 41 – 4/25/2018
TYPE OF ATTACK	Phishing	Phishing	Phishing	Phishing
SUMMARY	1 employee	1 employee	1 employee	1 employee
RESPONSE	Step 1. Analyze email and take appropriate action.	Step 1. Analyze email and take appropriate action.	Step 1. Analyze email and take appropriate action.	Step 1. Analyze email and take appropriate action.
	Step 2. Block FW from Source email info@syafaindustry.com Add expression for line keyword, “Your mailbox is full”.	Step 2. Block FW from Source email seful_banilor90@yahoo.com Add expression for line keyword, “Saturday’s weekend office plans”.	Step 2. Block FW from Source email mariandowdell@gmail.com Add expression for line keyword, “I went to Sweden for a few days”.	Step 2. Block FW from Source email avrro10400@gmail.com and timwest120@gmail.com Add expression for line keyword, “Sales without profit” and “text 111”.
	Step 3. Remove threat by permanently deleting email.	Step 3. Remove threat by permanently deleting email.	Step 3. Remove threat by permanently deleting email.	Step 3. Remove threat by permanently deleting email.
	Step 4. Monitor email and user.	Step 4. Monitor email and user.	Step 4. Monitor email and user.	Step 4. Monitor email and user.

SCFHP Phishing Attacks

	INCIDENT 42 – 4/26/2018	INCIDENT 43 – 4/30/2018	INCIDENT 44 – 5/13/2018	INCIDENT 45 – 5/25/2018
TYPE OF ATTACK	Phishing	Phishing	Phishing	Phishing
SUMMARY	1 employee	3 employees	1 employee	1 employee
RESPONSE	Step 1. Analyze email and take appropriate action.	Step 1. Analyze email and take appropriate action.	Step 1. Analyze email and take appropriate action.	Step 1. Analyze email and take appropriate action.
	Step 2. Block FW from Source email angelapereira@cygnethealth.co.uk Add expression for line keyword, “Email Verification”.	Step 2. Block FW from Source email info@oyonalhejaz.com.sa Add expression for line keyword, “Re-Validate your Email Account or you loose it.” Blocked IP addresses 68.169.63.24 and 167.88.9.90	Step 2. Block FW from Source email jeniferlauren9012@gmail.com Add expression for line keyword, “SC12”	Step 2. Block FW from Source email jeff@acognitiviti.com and jeff--1@offshoreadviser.eu
	Step 3. Remove threat by permanently deleting email.	Step 3. Remove threat by permanently deleting email.	Step 3. Remove threat by permanently deleting email.	Step 3. Remove threat by permanently deleting email.
	Step 4. Monitor email and user.	Step 4. Monitor email and user.	Step 4. Monitor email and user.	Step 4. Monitor email and user.

SCFHP Phishing Attacks

	INCIDENT 46 – 5/31/2018	INCIDENT 47 – 6/08/2018		
TYPE OF ATTACK	Phishing	Phishing		
SUMMARY	1 employee	1 employee	No incidents for month of July	
RESPONSE	Step 1. Analyze email and take appropriate action.	Step 1. Analyze email and take appropriate action.		
	Step 2. Block FW from Source email SiO@gen.msgfocus.com . Add expression for line keyword, “Welcome to SiO Beauty”. Blocked IP address 81.29.79.162	Step 2. Block FW from Source email falramli@napleton.com . Add expression for line keyword, “Synchronization Error”. Blocked IP address 173.203.187.81		
	Step 3. Remove threat by permanently deleting email.	Step 3. Remove threat by permanently deleting email.		
	Step 4. Monitor email and user.	Step 4. Monitor email and user.		

Questions



Santa Clara
Family Health Plan

Fiscal Year 2017-2018 Team Incentive Compensation
June 22, 2017

Performance Level	Payout (% of salary/ wages)	Compliance Metrics (% of dashboard metrics in compliance)	Service Level (calls answered in ≤ 30 seconds)
<i>weighting</i>		<i>70%</i>	<i>30%</i>
Maximum	5%	97% - 100%	85%-100%
Target	3%	94% - 96.9%	80%-84.9%
Minimum	1%	91% - 93.9%	75%-79.9%

Calculation:

- $0.70 \text{ (Compliance Metrics Payout \%)} + 0.30 \text{ (Service Level Payout \%)} = \text{Overall Percent Payout}$
- All staff are eligible to receive the Overall Percent Payout multiplied by the salary/wages they were paid as a regular employee from July 2017 through June 2018. (Does not include PTO cash out.)

Process:

- Santa Clara Family Health Plan must achieve a **Net Operating Surplus** as a gate to any incentive award consideration.
- Incentive compensation will be determined upon receipt of the audited financial statements for the fiscal 2017-18 performance year.
- **Compliance Metrics** will be calculated as the percent of January – June 2018 compliance dashboard measures that meet or exceed regulatory requirements.
- **Service Level** will be calculated as the percentage of member and provider calls in the Customer Service and Utilization Management call queues answered in ≤ 30 seconds from January – June 2018.
- To be eligible to receive a payout, an employee must be employed by Santa Clara Family Health Plan in a regular position at the time of distribution.