



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

Thursday, January 25, 2017
11:30 AM - 1:00 PM
210 E. Hacienda Avenue
Campbell CA 95008

Via Teleconference

Business
1401 Parkmoor, Suite 200
San Jose, CA 95126

AGENDA

- | | | | |
|--|---------|-------|-------|
| 1. Roll Call | Ms. Lew | 11:30 | 5 min |
| 2. Meeting Minutes
Review meeting minutes of the November 16, 2017 Executive/Finance Committee.
Possible Action: Approve November 16, 2017 Executive/Finance Committee Minutes | Ms. Lew | 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(a) below. | Ms. Lew | 11:40 | 5 min |
| 4. Adjourn to Closed Session | | 11:45 | |
| a. <u>Conference with Labor Negotiators</u> (Government Code Section 54957.6):
It is the intention of the Executive/Finance Committee to meet in Closed Session to confer with management representatives regarding negotiations with SEIU Local 521. <ul style="list-style-type: none">• Santa Clara County Health Authority Designated Representatives: Christine Tomcala, Dave Cameron, Sharon Valdez, and Richard Noack.• Employee organization: SEIU Local 521 | | | |

5. Report from Closed Session	Ms. Lew	12:05	5 min
6. Tentative Agreement with SEIU Local 521 Possible Action: Approve Tentative Agreement with SEIU Local 521	Ms. Lew	12:10	5 min
7. November 2017 Financial Statements Review November 2017 Financial Statements. Possible Action: Approve November 2017 Financial Statements	Mr. Cameron	12:15	10 min
8. Selection of General Contractor for Build-out of 50 Great Oaks Blvd. Provide overview of anticipated material contract terms and key assumptions. Possible Action: Authorize CEO to negotiate and execute contract with General Contractor consistent with material terms as described to the Committee	Mr. Cameron Ms. Tomcala	12:25	10 min
9. Enterprise Data Warehouse Vendor Provide background information on FluidEdge.	Mr. Tamayo	12:35	10 min
10. CEO Update Discuss status of current topics and initiatives. Possible Action: Accept CEO Update	Ms. Tomcala	12:45	15 min
11. Adjournment	Ms. Lew	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 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

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

Thursday, November 16, 2017
11:30 AM - 1:00 PM
210 E. Hacienda Avenue
Campbell CA 95008

Members Present

Michele Lew, Chair
Bob Brownstein
Linda Williams
Wally Wenner, M.D.

Member Absent

Liz Kniss

Staff Present

Christine Tomcala, Chief Executive Officer
Dave Cameron, Chief Financial Officer
Robin Larmer, Chief Compliance Officer & Regulatory
Affairs Officer
Jonathan Tamayo, Chief Information Officer
Rita Zambrano, Executive Assistant

Minutes - Draft

1. Roll Call

Michele Lew, Chair, called the meeting to order at 11:40 am. Roll call was taken and a quorum was established.

2. Meeting Minutes

The minutes of the October 27, 2017 Executive/Finance Committee Meeting were reviewed.

It was moved, seconded, and the October 27, 2017 Executive/Finance Committee meeting minutes were **unanimously approved** as presented.

3. Public Comment

There were no public comments.

4. Adjourn to Closed Session

a. Conference with Labor Negotiators

The Executive/Finance Committee met in Closed Session to confer with Designated Representatives regarding negotiations with SEIU Local 521.

b. Significant Exposure to Litigation

The Executive/Finance Committee met in Closed Session to confer with Legal Counsel relating to one item of significant exposure to litigation.

5. Report from Closed Session

Ms. Lew reported that the Committee conferred on Items 4. (a) and (b).

6. September 2017 Financial Statements

Mr. Cameron presented the financial statements for the month and year-to-date ended September 30, 2017. The Plan recorded a net surplus of \$2.5 million for the month and a net surplus of \$7.9 million for the three months ended September 30, 2017 (\$6.5 million favorable to the year-to-date budget). Year-to-date member months of 816,000 are 1.1% unfavorable to budget and 2.5% lower than September 2016, as enrollment continues its decline noted since October 2016. Much of the decline in enrollment is in the Medi-Cal MCE category while enrollment in Medi-Cal Dual category is growing. Lower member months yielded largely offsetting variances in both revenue (unfavorable) and capitation expense (favorable). Prior period revenue is slightly higher than budget. Medical expense is under budget by 1.9% for the year-to-date. Administrative expenses are lower than budget by 3.4% for the year-to-date. The balance sheet continues to reflect significant receivables from, and payables to, DHCS. The Plan's Current Ratio (the ratio of current assets to current liabilities) is 1.2, above the DMHC-required minimum of 1.0. Capital investments consisted largely of the new building purchase. Tangible Net Equity of \$166 million is 467% of the DMHC-required minimum of \$35.6 million.

It was moved, seconded, and the September 2017 Financial Statements were unanimously approved as presented.

7. Fund Pension Liability

Mr. Cameron noted that SCFHP participates in CalPERS to provide pension benefits to its retired, vested employees. The latest CalPERS pension valuation report, dated June 30, 2016, indicated an unfunded pension liability of \$2.5 million (93% funded). Mr. Cameron noted that many CalPERS plans defer these contributions over a 30 year period, incurring significant interest costs. Instead, he recommended that SCFHP continue pre-funding an annual pension contribution, as the Board initially approved in March 2017 (for the fiscal year ended June 30, 2015). Based on amounts obtained from both SCFHP's actuaries for the fiscal year ended June 2016, including a known reduction to the CalPERS discount rate to 7.0%, Mr. Cameron recommended pre-funding a pension contribution of \$3.1 million (including accrued interest) as of November 30, 2017. By making this pre-payment immediately, rather than over 30 years, estimated future interest of \$4 million is avoided.

It was moved, seconded, and unanimously approved to endorse pre-funding the pension contribution and to request approval by the Board at its December 2017 meeting. The Committee requested a revision to the resolution to accrue interest through December 2017.

8. Fund Retiree Healthcare Liability

Mr. Cameron noted that SCFHP participates in CalPERS' CERBT program to provide medical coverage to retired and vested employees. The latest CalPERS OPEB valuation report, dated June 30, 2016, indicated an unfunded liability of \$2.5 million (93% funded). Mr. Cameron noted that many CalPERS plans defer these contributions

over a 30 year period, incurring significant interest costs. Instead, he recommended that SCFHP begin pre-funding OPEB contributions. Based on amounts obtained from both CalPERS and SCFHP's actuaries for the fiscal year ended June 2016, Mr. Cameron recommended making pre-funding an OPEB contribution of approximately \$5.3 million as of November 30, 2017. For cash flow purposes, Mr. Cameron recommended making the contributions in three annual installments of approximately \$1.9 million, payable in November 2017, November 2018 and November 2019. By making this pre-payment immediately, rather than over 30 years, estimated future interest of \$6 million is avoided.

It was moved, seconded, and unanimously approved to endorse pre-funding the OPEB contribution and to request approval by the Board at its December 2017 meeting. The Committee requested a revision to the resolution to accrue interest through December 2017.

9. Enterprise Data Warehouse (EDW)

Jonathan Tamayo, Chief Information Officer, presented a proposal to develop an Enterprise Data Warehouse (EDW) in conjunction with Kern Family Health Care. Mr. Tamayo updated the Committee on the existing infrastructure and technology that was developed internally by staff nine years ago and has limited capabilities. Quotes were obtained and the Plan recommends building a new system. The Committee requested additional information on the vendor at its next meeting.

It was moved, seconded, and unanimously approved to authorize the CEO to negotiate, execute, amend, and terminate a contract with FluidEdge and participate in Phase I development of an Enterprise Data Warehouse with Kern Family Health Care in an amount not to exceed \$300,000.

10. CEO Update

Christine Tomcala gave a brief update on the status of the Joint Strategic Planning efforts, noting the next meeting is scheduled for November 28, 2017. She also reminded the Committee that this is a temporary ad hoc committee that needs to complete its work by mid-December.

Ms. Tomcala invited Mr. Cameron to provide an update on misdirected claims. In its routine financial audit report of November 2016, the DMHC found that the Plan had not rerouted at least 95% of misdirected claims within ten working day. The Plan self-proposed a Corrective Action Plan (CAP) to address this issue and achieved 98% compliance through June 2017. During the quarter ended September 2017, the Plan's focus shifted away from misdirected claims to issues surrounding the QNXT claims system implementation. As a result, misdirected claims compliance fell to 61% during the quarter. In early October, the Plan launched a series of measures aimed at restoring misdirected claims compliance as quickly as possible and the Plan expect to regain compliance by the end of December 2017. The Plan has voluntarily extended its CAP timetable from December 2017 to March 2018.

Mr. Cameron further reported on Provider Dispute Resolutions (PDRs), noting that there are more PDRs as a result of some of the decisions made regarding misdirected claims. Compliance may slip this quarter, but there is progress and staff will continue to update the Committee.

Ms. Tomcala noted that the QNXT implementation claims back-log has been cut in half and we are seeing progress.

Ms. Tomcala updated the Committee on the new building, noting that the focus is on the design phase and selection of a general contractor.

Ms. Tomcala shared a new version of the logo with the Committee.

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

11. Adjournment

The meeting was adjourned at 12:55 pm.

Michele Lew, Chair



Santa Clara
Family Health Plan

The Spirit of Care

Unaudited
Financial Statements
For Five Months Ended November 2017

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Financial Highlights

- **Net Surplus** – November \$2.1 million surplus (\$1.5 million favorable to budget) and year-to-date (YTD) \$12.9 million surplus (\$10.6 million favorable to budget). YTD surplus is mostly driven by lower medical expenses than budget.
- **Enrollment** – November membership 268,303 (1.9% unfavorable to budget) and YTD: 1,354,206 member months (1.3% unfavorable to budget and 3.3% lower than YTD last year). While Medi-Cal enrollment has continually declined since October 2016, Cal MediConnect (CMC) membership grew for the first time since March, 2017.
- **Revenue** – Favorable to budget by \$2.9 million for the month (3%) and favorable to budget by \$0.8 million (0.2%) YTD
- **Medical Expenses** – Unfavorable to budget by \$1.8 million for the month (1.9%) and favorable to budget by \$8.7 million (1.9%)
- **Administrative Expenses** – Favorable to budget by \$78 thousand (1.9%) and favorable YTD budget by \$0.7 million (+3.5%)
- **Tangible Net Equity** – \$171.3 million or 475% of minimum required Tangible Net Equity (TNE) of \$36.0 million per Department of Managed Health Care (DMHC)
- **Capital Expenditure** – YTD capital investments of \$10.3 million versus \$17.3 million per annual budget, largely building purchase

	Month	YTD
Revenue	\$102 million	\$496 million
Medical Costs	\$96 million	\$463 million
Medical Loss Ratio	94.1%	93.3%
Administrative Costs	\$4.1 million (4%)	\$20.6 million (4.1%)
Other Income/ Expense	\$196,861	\$40,344
Net Surplus (Loss)	\$2,106,252	\$12,908,895
Cash on Hand		\$285 million
Net Cash Available to SCFHP		\$282 million
Receivables		\$523 million
Current Liabilities		\$659 million
Tangible Net Equity		\$171 million
Percent Of DMHC Requirement		475%

Risks and Opportunities

▪ **Risks**

- Fiscal Year 2017-18 YTD enrollment is below budget. Medi-Cal enrollment has been declining since October 2016.
- Claim inventory build-up due to conversion of claims payments system is causing some volatility in claims payment and in estimation of total monthly medical expenses. The claims inventory returned to a normal level by December 2017.
- Delay in revenue receipts due to rate differential vs. budget requires some estimation and accruals.
- Rate reconciliation timing by Department of Healthcare Services (DHCS) for Coordinated Care Initiative (CCI) program.

▪ **Opportunities**

- Continued growth in CCI 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 should allow for increased auto-adjudication rates and better efficiency.

Member Months

For the month of November 2017, total membership was lower than budget by 5,152 (-1.9%). For YTD, total member months were lower than budget by 18,241 (-1.3%). Medi-Cal membership has declined since October 2016 while CMC membership grew marginally for the first time since March, 2017.

In the five months since the end of the prior fiscal year (FY), 6/30/2017, membership in Medi-Cal decreased by 2.7%, membership in Healthy Kids program decreased by 15.0%, and membership in CMC program decreased by 2.6%.

Santa Clara Family Health Plan Enrollment Summary

For the Month of Nov 2017

For Five Months Ending Nov 30, 2017

	<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 FY18 vs. FY17</u>
Medi-Cal	258,633	263,155	(1.7%)	1,305,115	1,320,947	(1.2%)	1,344,671	(2.9%)
Healthy Kids	2,321	2,800	(17.1%)	12,103	14,000	(13.6%)	16,686	(27.5%)
Medicare	7,349	7,500	(2.0%)	36,988	37,500	(1.4%)	39,426	(6.2%)
Total	268,303	273,455	(1.9%)	1,354,206	1,372,447	(1.3%)	1,400,783	(3.3%)

Santa Clara Family Health Plan Enrollment by Network November 2017

Network	Medi-Cal		Healthy Kids		CMC		Total	
	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total
Direct Contact Physicians	28,640	11%	260	11%	7,349	100%	36,249	14%
SCVHHS, Safety Net Clinics, FQHC Clinics	132,321	51%	1,029	44%	-	0%	133,350	50%
Palo Alto Medical Foundation	7,399	3%	76	3%	-	0%	7,475	3%
Physicians Medical Group	47,619	18%	773	33%	-	0%	48,392	18%
Premier Care	16,115	6%	183	8%	-	0%	16,298	6%
Kaiser	26,539	10%	-	0%	-	0%	26,539	10%
Total	258,633	100%	2,321	100%	7,349	100%	268,303	100%
Enrollment at June 30, 2017	265,753		2,732		7,543		276,028	
Net Change from Beginning of FY18	-2.7%		-15.0%		-2.6%		-2.8%	

SCVHHS = Santa Clara Valley Health & Hospital System
FQHC = Federally Qualified Health Center

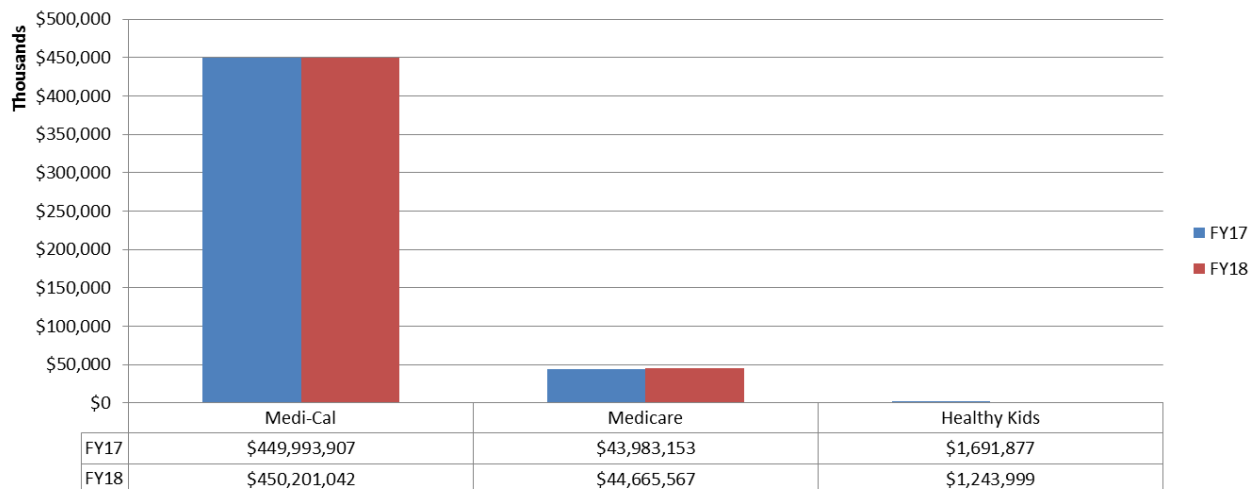
Revenue

Santa Clara Family Health Plan (SCFHP or The Plan) recorded net revenue of \$101.8 million for the month of November 2017, compared to budgeted revenue of \$98.9 million, resulting in a favorable variance from budget of \$2.9 million, or +2.9%. For YTD November 2017, the Plan recorded net revenue of \$496.1 million, compared to budgeted revenue of \$495.4 million, resulting in a favorable variance from budget of \$0.8 million, or +0.2%.

Major revenue variances for November 2017, which net to \$2.9 million were:

1. Long Term Care (LTC) revenue favorable by \$1.5 million due to both higher member months and rate differential.
2. In-Home Support Services (IHSS) revenue net of higher expense favorable by \$0.6 million due to prior period adjustment.
3. BHT revenue favorable by \$0.6 million due to both higher member months and rate differential.
4. Prior period revenue unfavorable by \$1.3 million largely due to true-up of Home and Community-Based Services (HCBS) member months YTD that were estimated until October 2017; offset by a reduction in rate difference payable to DHCS for Medicaid Coverage Expansion (MCE) members and rate adjustment for Medi-Cal CMC members.
5. Assembly Bill (AB 85) revenue unfavorable by \$1.2 million (no impact on net income).

FY 2017 and FY 2018 YTD Revenue by Line of Business



Medical Expenses

For the month of November 2017, medical expense was \$95.9 million compared to budget of \$94.1 million, resulting in an unfavorable budget variance of \$1.8 million, or -1.9%. For year to date November 2017, medical expense was \$462.7 million compared to budget of \$471.4 million, resulting in a favorable budget variance of \$8.7 million, or +1.9%.

Major medical expense variances for November 2017 were:

1. LTC expense unfavorable due by \$2.2 million due to higher number of utilizers vs. budget
2. Hospital costs unfavorable by \$0.6 million due to prior period adjustment of \$1.0 million offset by a \$0.4 million favorable adjustment due to lower utilization vs. budget
3. Specialists' expense unfavorable by \$0.5 million due to higher utilization vs. budget
4. Capitation expense favorable by \$1.2 million due to lower member months vs. budget
5. AB 85 medical expense favorable by \$1.2 million (no impact on net income)

YTD medical expense favorability of \$8.7 million is largely driven by:

1. The Plan had recorded a net IHSS loss for FY 17. Based on this experience, a \$1.0 million monthly net IHSS expense (\$5.0 million YTD) was budgeted for FY18 for the potential risk the Plan still carries. This expense is under evaluation for FY18.
2. Capitation expense favorable by \$3.4 million due to lower member months vs. budget.

YTD medical expense summary:

Medical Expense	Amount	% of Total
Network Capitation	\$165,923,139	36%
IHSS	\$74,248,143	16%
Pharmacy	\$62,273,662	13%
Inpatient, Emergency, and Maternity	\$56,485,703	12%
Institutional Extended Care	\$54,639,445	12%
Outpatient and Other	\$49,112,235	11%
Total Medical Expense	\$462,682,329	

Administrative Expenses

Administrative costs were favorable to budget by \$0.1 million (+1.9%) for the month of November 2017 and favorable to budget by \$0.7 million (+3.5%) for YTD November 2017.

Major administrative expense variances for November 2017 and YTD were:

1. Payroll expense is favorable payroll due to vacant positions; Offset by higher consulting and temporary help expense.
2. Printing, Postage, and Information Services expenses are favorable due to timing but expected to match budget for the year.

Overall administrative expenses were 4.1% of revenue for YTD November 2017 (0.2% favorable to budget).

Actual vs. Budget
For the Current Month & Fiscal Year to Date - Nov 2017
 Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance \$	Variance %		Actual	Budget	Variance \$	Variance %
\$ 2,095,588	\$ 2,388,807	\$ 293,219	12.3%	Personnel	\$ 10,891,827	\$ 11,301,287	\$ 409,460	3.6%
1,960,264	1,745,338	(214,926)	-12.3%	Non-Personnel	9,667,900	9,998,986	\$ 331,086	3.3%
4,055,852	4,134,145	78,293	1.9%	Total Administrative Expense	20,559,727	21,300,274	740,546	3.5%

Balance Sheet

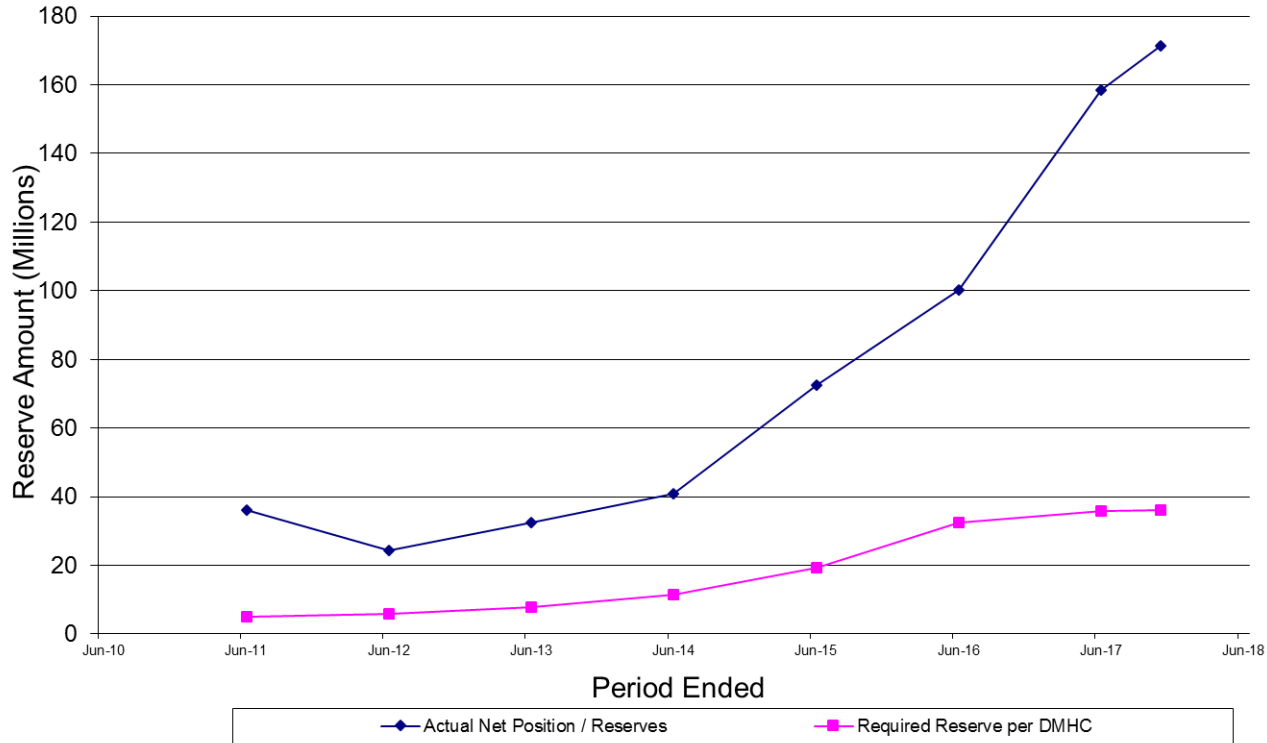
- Current assets totaled \$815.5 million compared to current liabilities of \$659.2 million, yielding a current ratio (the ratio of current assets to current liabilities) of 1.2 vs. the DMHC minimum requirement of 1.0. Working capital (current assets minus current liabilities) increased by \$4.5 million for the five months of the fiscal year.
- Cash as of November 30, 2017 decreased by \$79.4 million compared to the cash balance as of year-end June 30, 2017. The overall cash position decreased largely due to:
 1. recoupment of FY2015-16 MCE overpayments (~\$18 million per month) by DHCS.
 2. increase in net receivables by \$48.6 million due to a delay in receipt of payments for Duals Recast differential revenue, Managed Care Organization (MCO) tax revenue, and Supplemental revenue.
 3. payment of MCO tax for FY17 and prior years.
 4. purchase of a new building.
- SCFHP moved \$140.0 million of its cash to the county investment pool in order to achieve higher interest income while still maintaining the liquidity of its funds. With the commencement of monthly recoupment of MCE overpayments by the State beginning in June's capitation, the Plan may need to withdraw some of these funds as early as in January 2018.
- Liabilities decreased by \$35.2 million during the five months ended November 30, 2017. Liabilities decreased primarily due to the disbursement of pass-through funds to hospitals, payment of MCO tax for FY17 and prior years, and recoupment of FY2015-16 MCE overpayments by DHCS.

Tangible Net Equity (TNE)

TNE was \$171.3 million at November 30, 2017 or 475% of the most recent quarterly DMHC minimum requirement of \$36.0 million. TNE trends for SCFHP are shown below.

As of Period Ended:

	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	11/30/2017
Actual Net Position / Reserves	36,093,769	24,208,576	32,551,161	40,872,580	72,630,954	100,293,456	158,380,560	171,289,455
Required Reserve per DMHC	4,996,000	5,901,000	7,778,000	11,434,000	19,269,000	32,375,000	35,898,000	36,049,554
200% of Required Reserve	9,992,000	11,802,000	15,556,000	22,868,000	38,538,000	64,750,000	71,796,000	72,099,109
Actual as % Required	722%	410%	419%	357%	377%	310%	441%	475%



Reserves Analysis

- At the September 2016 Governing Board meeting, a policy was adopted for targeting the organization's capital reserves to include a) an Equity Target of 350-500% of DMHC required TNE percentage and b) a Liquidity Target of 45-60 days of total operating expenses in available cash.
- As of November 30, 2017, the Plan's TNE was \$45.1 million above the low-end Equity Target and \$161.7 million above the low-end Liquidity Target. The Plan's TNE was \$9.0 million below the high-end Equity Target and \$121.6 million above the high-end Liquidity Target (see calculations below).

SCFHP RESERVES ANALYSIS NOVEMBER 2017

Financial Reserve Target #1: Tangible Net Equity	
Actual TNE	\$171,289,455
Current Required TNE	\$36,049,554
Excess TNE	\$135,239,900
Required TNE Percentage	475%
SCFHP Target TNE Range:	
350% of Required TNE (low end)	\$126,173,440
500% of Required TNE (high end)	\$180,247,771
TNE Above/(Below) SCFHP Low End Target	\$45,116,015
TNE Above/(Below) SCFHP High End Target	(\$8,958,317)
Financial Reserve Target #2: Liquidity	
Cash & Cash Equivalents	\$285,180,287
Less Pass-through Liabilities:	
Net Receivable/(Payable) from/to State of CA*	19,033,530
Other Pass-through Liabilities	(22,232,231)
Total Pass-through Liabilities	(3,198,700)
Net Cash Available to SCFHP	\$281,981,586
SCFHP Target Liquidity:	
45 days of Total Operating Expenses	(\$120,292,327)
60 days of Total Operating Expenses	(\$160,389,770)
Liquidity Above/(Below) SCFHP Low End Target	\$161,689,259
Liquidity Above/(Below) SCFHP High End Target	\$121,591,816
*Pass-Throughs from State of CA (excludes IHSS)	
Receivables Due to SCFHP	165,828,357
Payables Due from SCFHP	(146,794,827)
Net Receivable/(Payable)	\$19,033,530

Capital Expenditure

Capital investments of \$10.3 million were made during the five months ended November 30, 2017, largely due to the purchase of a new building (in order to lower the long term occupancy costs in an ever increasing rental rate situation in the current location). The YTD capital expenditure includes:

Expenditure	YTD Actual	Annual Budget
New Building*	\$9,753,134	\$14,300,000
Systems	32,894	1,595,000
Hardware	385,435	611,500
Software	20,647	587,000
Furniture and Fixtures	135,935	173,515
Automobile	0	33,000
Leasehold Improvements	0	10,000
TOTAL	\$10,328,044	\$17,310,015

**Budget includes \$4.5 million of renovation expend associated with 50 Great Oaks building*

The Plan expects to incur the bulk of the remaining expenditures later in the FY 2018.

Santa Clara Family Health Plan Enrollment by Aid-Category

		2017-01	2017-02	2017-03	2017-04	2017-05	2017-06	2017-07	2017-08	2017-09	2017-10	2017-11
NON DUAL	Adult (over 19)	31,072	30,836	30,479	30,204	29,921	29,651	28,985	29,305	29,056	28,727	28,260
	Adult (under 19)	106,719	106,926	106,305	106,181	105,945	106,082	104,658	105,130	104,329	103,794	103,225
	Aged - Medi-Cal Only	10,371	10,400	10,400	10,520	10,538	10,674	10,776	10,772	10,802	10,876	10,861
	Disabled - Medi-Cal Only	11,014	11,043	11,058	11,073	11,062	10,899	10,886	10,656	10,642	10,646	10,654
	Child (HF conversion)	973	921	879	845	280	192	74	59	52	57	53
	Adult Expansion	83,031	82,715	82,618	82,751	82,418	82,349	80,300	80,836	80,571	80,110	79,348
	Other	34	38	38	39	35	38	33	35	45	61	82
	Long Term Care	329	324	327	325	339	356	371	382	383	380	371
Total Non-Duals		243,543	243,203	242,104	241,938	240,538	240,241	236,083	237,175	235,880	234,651	232,854
DUAL	Aged	15,325	15,916	16,069	16,200	16,193	16,375	16,302	16,585	16,695	16,725	16,733
	Disabled	6,353	6,478	6,506	6,507	6,458	6,518	6,474	6,591	6,617	6,649	6,660
	Other	1,727	1,686	1,621	1,427	1,389	1,370	1,271	1,244	1,250	1,244	1,154
	Long Term Care	1,166	1,182	1,240	1,232	1,238	1,249	1,261	1,276	1,260	1,249	1,232
Total Duals		24,571	25,262	25,436	25,366	25,278	25,512	25,308	25,696	25,822	25,867	25,779
Total Medi-Cal		268,114	268,465	267,540	267,304	265,816	265,753	261,391	262,871	261,702	260,518	258,633
Healthy Kids		2,585	2,780	2,752	2,794	2,757	2,732	2,633	2,618	2,243	2,288	2,321
CMC	CMC Non-Long Term Care	7,223	7,298	7,329	7,273	7,251	7,257	7,249	7,135	7,121	7,072	7,103
	CMC - Long Term Care	304	300	293	294	294	286	276	270	262	254	246
	Total CMC		7,527	7,598	7,622	7,567	7,545	7,543	7,525	7,405	7,383	7,326
Total Enrollment		278,226	278,843	277,914	277,665	276,118	276,028	271,549	272,894	271,328	270,132	268,303

**Santa Clara County Health Authority
Income Statement for Five Months Ending November 30, 2017**

	For the Month of Nov 2017					For Five Months Ending Nov 30, 2017				
	Actual	% of Revenue	Budget	% of Revenue	Variance	Actual	% of Revenue	Budget	% of Revenue	Variance
REVENUES										
MEDI-CAL	\$ 93,208,108	91.5%	\$ 90,041,120	91.0%	\$ 3,166,988	\$ 450,201,042	90.7%	\$ 450,905,877	91.0%	\$ (704,835)
HEALTHY KIDS	\$ 236,328	0.2%	\$ 252,000	0.3%	\$ (15,672)	\$ 1,243,999	0.3%	\$ 1,260,000	0.3%	\$ (16,001)
MEDICARE	\$ 8,383,436	8.2%	\$ 8,637,957	8.7%	\$ (254,522)	\$ 44,665,567	9.0%	\$ 43,189,787	8.7%	\$ 1,475,780
TOTAL REVENUE	<u>\$ 101,827,872</u>	<u>100.0%</u>	<u>\$ 98,931,078</u>	<u>100.0%</u>	<u>\$ 2,896,794</u>	<u>\$ 496,110,608</u>	<u>100.0%</u>	<u>\$ 495,355,664</u>	<u>100.0%</u>	<u>\$ 754,943</u>
MEDICAL EXPENSES										
MEDI-CAL	\$ 86,963,744	85.4%	\$ 85,604,980	86.5%	\$ (1,358,764)	\$ 421,916,298	85.0%	\$ 428,876,588	86.6%	\$ 6,960,291
HEALTHY KIDS	\$ 204,584	0.2%	\$ 240,242	0.2%	\$ 35,658	\$ 1,113,801	0.2%	\$ 1,201,209	0.2%	\$ 87,408
MEDICARE	\$ 8,694,301	8.5%	\$ 8,267,243	8.4%	\$ (427,058)	\$ 39,652,230	8.0%	\$ 41,336,216	8.3%	\$ 1,683,986
TOTAL MEDICAL EXPENSES	<u>\$ 95,862,629</u>	<u>94.1%</u>	<u>\$ 94,112,465</u>	<u>95.1%</u>	<u>\$ (1,750,164)</u>	<u>\$ 462,682,329</u>	<u>93.3%</u>	<u>\$ 471,414,013</u>	<u>95.2%</u>	<u>\$ 8,731,685</u>
MEDICAL OPERATING MARGIN	\$ 5,965,243	5.9%	\$ 4,818,613	4.9%	\$ 1,146,630	\$ 33,428,279	6.7%	\$ 23,941,651	4.8%	\$ 9,486,628
ADMINISTRATIVE EXPENSES										
SALARIES AND BENEFITS	\$ 2,095,588	2.1%	\$ 2,388,807	2.4%	\$ 293,219	\$ 10,891,827	2.2%	\$ 11,301,287	2.3%	\$ 409,460
RENTS AND UTILITIES	\$ 114,011	0.1%	\$ 115,399	0.1%	\$ 1,387	\$ 686,691	0.1%	\$ 600,584	0.1%	\$ (86,107)
PRINTING AND ADVERTISING	\$ 35,671	0.0%	\$ 63,050	0.1%	\$ 27,379	\$ 165,439	0.0%	\$ 565,350	0.1%	\$ 399,911
INFORMATION SYSTEMS	\$ 138,444	0.1%	\$ 217,714	0.2%	\$ 79,270	\$ 864,489	0.2%	\$ 1,088,570	0.2%	\$ 224,081
PROF FEES / CONSULTING / TEMP STAFFING	\$ 1,189,312	1.2%	\$ 785,819	0.8%	\$ (403,493)	\$ 5,567,457	1.1%	\$ 4,638,549	0.9%	\$ (928,908)
DEPRECIATION / INSURANCE / EQUIPMENT	\$ 328,845	0.3%	\$ 349,145	0.4%	\$ 20,300	\$ 1,704,361	0.3%	\$ 1,733,770	0.4%	\$ 29,409
OFFICE SUPPLIES / POSTAGE / TELEPHONE	\$ 68,659	0.1%	\$ 110,411	0.1%	\$ 41,752	\$ 246,462	0.0%	\$ 809,657	0.2%	\$ 563,195
MEETINGS / TRAVEL / DUES	\$ 79,177	0.1%	\$ 89,081	0.1%	\$ 9,903	\$ 390,791	0.1%	\$ 479,259	0.1%	\$ 88,468
OTHER	\$ 6,145	0.0%	\$ 14,720	0.0%	\$ 8,575	\$ 42,211	0.0%	\$ 83,248	0.0%	\$ 41,037
TOTAL ADMINISTRATIVE EXPENSES	<u>\$ 4,055,852</u>	<u>4.0%</u>	<u>\$ 4,134,145</u>	<u>4.2%</u>	<u>\$ 78,293</u>	<u>\$ 20,559,727</u>	<u>4.1%</u>	<u>\$ 21,300,274</u>	<u>4.3%</u>	<u>\$ 740,546</u>
OPERATING SURPLUS (LOSS)	\$ 1,909,391	1.9%	\$ 684,468	0.7%	\$ 1,224,923	\$ 12,868,551	2.6%	\$ 2,641,377	0.5%	\$ 10,227,174
GASB 45 - POST EMPLOYMENT BENEFITS EXPENSE	\$ (59,780)	-0.1%	\$ (59,780)	-0.1%	\$ -	\$ (298,898)	-0.1%	\$ (298,898)	-0.1%	\$ -
GASB 68 - UNFUNDED PENSION LIABILITY	\$ (75,000)	-0.1%	\$ (75,000)	-0.1%	\$ -	\$ (375,000)	-0.1%	\$ (375,000)	-0.1%	\$ -
INTEREST & OTHER INCOME	\$ 331,640	0.3%	\$ 65,153	0.1%	\$ 266,488	\$ 714,242	0.1%	\$ 325,763	0.1%	\$ 388,479
NET SURPLUS (LOSS) FINAL	<u>\$ 2,106,252</u>	<u>2.1%</u>	<u>\$ 614,841</u>	<u>0.6%</u>	<u>\$ 1,491,411</u>	<u>\$ 12,908,895</u>	<u>2.6%</u>	<u>\$ 2,293,242</u>	<u>0.5%</u>	<u>\$ 10,615,653</u>

**Santa Clara County Health Authority
Balance Sheet**

	NOV 17	OCT 17	SEP 17	JUN 17
Assets				
Current Assets				
Cash and Marketable Securities	\$ 285,180,287	\$ 357,109,019	\$ 448,058,194	\$ 364,609,248
Premiums Receivable				
In Home Support Services (IHSS)	357,111,472	339,579,401	325,224,695	282,168,565
All Other	166,363,472	87,217,376	184,070,749	192,697,632
Prepaid Expenses and Other Current Assets	<u>6,802,123</u>	<u>7,531,826</u>	<u>7,270,204</u>	<u>7,070,619</u>
Total Current Assets	815,457,354	791,437,623	964,623,842	846,546,064
Long Term Assets				
Equipment	31,596,931	31,587,323	31,528,704	21,268,887
Less: Accumulated Depreciation	<u>(12,257,068)</u>	<u>(11,965,083)</u>	<u>(11,656,940)</u>	<u>(10,761,759)</u>
Total Long Term Assets	<u>19,339,863</u>	<u>19,622,240</u>	<u>19,871,764</u>	<u>10,507,128</u>
Total Assets	<u>\$ 834,797,217</u>	<u>\$ 811,059,863</u>	<u>\$ 984,495,606</u>	<u>\$ 857,053,192</u>
Deferred Outflow of Resources	<u>\$ 9,287,513</u>	<u>\$ 9,287,513</u>	<u>9,287,513</u>	<u>9,287,513</u>
Total Deferred Outflows and Assets	<u>844,084,730</u>	<u>820,347,376</u>	<u>993,783,119</u>	<u>866,340,705</u>
Liabilities and Net Position				
Current Liabilities				
Trade Payables	\$ 5,833,810	\$ 5,890,149	\$ 5,818,458	\$ 6,157,039
Deferred Rent	61,103	67,402	73,701	92,597
Employee Benefits	1,344,252	1,276,273	1,272,378	1,262,108
Retirement Obligation per GASB 45	5,117,257	5,057,478	4,997,698	4,818,359
Advance Premium - Healthy Kids	42,696	55,358	70,072	53,439
Deferred Revenue - Medicare			10,785,993	8,372,938
Whole Person Care	2,065,180	2,065,180	2,065,180	2,065,180
Payable to Hospitals (SB90)				0
Payable to Hospitals (SB208)			29,409,629	0
Payable to Hospitals (AB 85)	11,049,602	11,067,353	31,377,923	27,378,335
Due to Santa Clara County Valley Health Plan and Kaiser	9,117,449	7,379,033	26,149,229	9,456,454
MCO Tax Payable - State Board of Equalization	25,445,080	25,566,157	42,161,354	33,865,555
Due to DHCS	121,349,747	120,989,438	156,445,574	207,658,770
Liability for In Home Support Services (IHSS)	375,163,173	357,631,102	343,276,396	300,220,266
Premium Deficiency Reserve (PDR)	2,374,525	2,374,525	2,374,525	2,374,525
Medical Cost Reserves	<u>100,194,202</u>	<u>98,182,526</u>	<u>93,532,008</u>	<u>90,922,381</u>
Total Current Liabilities	659,158,076	637,601,974	814,007,293	694,697,947
Non-Current Liabilities				
Noncurrent Premium Deficiency Reserve	5,919,500	5,919,500	5,919,500	5,919,500
Net Pension Liability GASB 68	7,232,370	7,157,370	7,082,370	6,857,370
Total Liabilities	<u>672,309,946</u>	<u>650,678,844</u>	<u>827,009,163</u>	<u>707,474,817</u>
Deferred Inflow of Resources	<u>485,329</u>	<u>485,329</u>	<u>485,329</u>	<u>485,329</u>
Net Position / Reserves				
Invested in Capital Assets	10,171,607	10,349,463	10,480,456	10,507,128
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Unrestricted Net Equity	147,903,603	147,725,747	147,594,754	89,480,978
Current YTD Income (Loss)	<u>12,908,895</u>	<u>10,802,643</u>	<u>7,908,068</u>	<u>58,087,104</u>
Net Position / Reserves	<u>171,289,455</u>	<u>169,183,203</u>	<u>166,288,628</u>	<u>158,380,560</u>
Total Liabilities, Deferred Inflows, and Net Assets	<u>\$ 844,084,730</u>	<u>\$ 820,347,376</u>	<u>\$ 993,783,119</u>	<u>\$ 866,340,705</u>

**Santa Clara Family Health Plan
Statement of Cash Flows
For Five Months Ending Nov 30, 2017**

Cash flows from operating activities	
Premiums received	\$ 352,772,362
Medical expenses paid	\$ (378,806,606)
Administrative expenses paid	<u>\$ (43,780,915)</u>
Net cash from operating activities	\$ (69,815,160)
 Cash flows from capital and related financing activities	
Purchases of capital assets	\$ (10,328,044)
 Cash flows from investing activities	
Interest income and other income, net	<u>\$ 714,242</u>
 Net (Decrease) increase in cash and cash equivalents	<u>\$ (79,428,961)</u>
 Cash and cash equivalents, beginning of year	<u>\$ 364,609,248</u>
 Cash and cash equivalents at Nov 30, 2017	<u>\$ 285,180,287</u>
 Reconciliation of operating income to net cash from operating activities	
Operating income (loss)	\$ 12,194,653
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	\$ 1,495,309
Changes in operating assets and liabilities	
Premiums receivable	\$ (48,608,747)
Due from Santa Clara Family Health Foundation	\$ -
Prepays and other assets	\$ 268,496
Deferred outflow of resources	\$ -
Accounts payable and accrued liabilities	\$ (24,686,095)
State payable	\$ (94,729,498)
Santa Clara Valley Health Plan and Kaiser payable	\$ (339,005)
Net Pension Liability	\$ 375,000
Medical cost reserves and PDR	\$ 9,271,821
Deferred inflow of resources	<u>\$ -</u>
Total adjustments	<u>\$ (82,009,812)</u>
Net cash from operating activities	<u>\$ (69,815,160)</u>

**Santa Clara County Health Authority
STATEMENT OF OPERATIONS
BY LINE OF BUSINESS (INCLUDING ALLOCATED EXPENSES)**

For Five Months Ending Nov 30, 2017

	Medi-Cal	CMC	Healthy Kids	Grand Total
P&L (ALLOCATED BASIS)				
REVENUE	\$438,882,835	\$55,983,773	\$1,243,999	\$496,110,608
MEDICAL EXPENSES (MLR)	410,105,843 93.4%	51,462,685 91.9%	1,113,801 89.5%	462,682,329 93.3%
GROSS MARGIN	28,776,993	4,521,088	130,197	33,428,279
ADMINISTRATIVE EXPENSES <i>(% of Revenue Allocation)</i>	18,188,104	2,320,070	51,554	20,559,727
OPERATING INCOME/(LOSS)	10,588,889	2,201,019	78,644	12,868,551
OTHER INCOME/(EXPENSE) <i>(% of Revenue Allocation)</i>	35,690	4,553	101	40,344
NET INCOME/ (LOSS)	\$10,624,578	\$2,205,572	\$78,745	\$12,908,895
PMPM (ALLOCATED BASIS)				
REVENUE	\$336.28	\$1,513.57	\$102.78	\$366.35
MEDICAL EXPENSES	314.23	1,391.33	92.03	341.66
GROSS MARGIN	22.05	122.23	10.76	24.68
ADMINISTRATIVE EXPENSES	13.94	62.72	4.26	15.18
OPERATING INCOME/(LOSS)	8.11	59.51	6.50	9.50
OTHER INCOME / (EXPENSE)	0.03	0.12	0.01	0.03
NET INCOME / (LOSS)	\$8.14	\$59.63	\$6.51	\$9.53
ALLOCATION BASIS:				
MEMBER MONTHS - YTD	1,305,115	36,988	12,103	1,354,206
Revenue by LOB	88.5%	11.3%	0.3%	100%

Note: CMC includes Medi-Cal portion of the Coordinated Care Initiative (CCI) data

FluidEdge Consulting
A Healthcare Management Consulting Firm
January 2018



Who We Are

- Established in 2007 with Corporate headquarters in Malvern, PA
- Currently 120 full time employee consultants
- FluidEdge is completely focused on the Healthcare Industry
- Clients include Payers, Providers, Software Vendors , Life Science Organizations
- Our team has on average 20 years of senior level experience in Health Plan and Health System business operations, Information Technology, process improvement and project management
- We have deep knowledge in Medi-Cal, Medicaid, Commercial, and Medicare programs
- Recognized nationally 2012 – 2016 for sustainable growth and high quality performance



Enterprise Data Warehouse (EDW) Capabilities

HEALTHCARE MANAGEMENT CONSULTING

System Development Life Cycle (SDLC) Management

We help you plan, manage and implement EDW technology and solutions without putting the business at risk. Whether deciding to build or buy a system, selecting a new vendor or replacing an existing one, we can lead the entire SDLC ranging from small-scale to enterprise-wide implementations using industry standard methodologies.

Strategic Planning

Assess, design and implement a new EDW strategy using our own disciplined approach to turn disparate data into actionable information.

Program/Project Management

Experienced resources to manage all aspects of an EDW project, from requirements, to database design, to report development, to testing, to production. We manage the work, resources, time, and budget so projects are delivered with high quality and cost effective results.



FluidEdge EDW Experience

FluidEdge Consultants have worked with major health plans and delivery organizations to successfully design and build Enterprise Data Warehouse solutions including:

ENTERPRISE DATA WAREHOUSE

Large Eastern Blues Plan

Led the design, development and deployment of the health plan's Enterprise Data Warehouse including indemnity claims, drug claims, membership, provider, denied claims, finance, and other domains.

Large North East Health Plan and Hospital System

Led the design, development and deployment of a major expansion of the Enterprise Data Warehouse in support of the Accountable Care Organization including Medicare shared savings program, primary care payment reform, and Medicaid and commercial managed care risk arrangements.

Large East Coast Health Plan

Led the design, development and deployment of the expansion of the health plan's Enterprise Data Warehouse including care management, UM and prior authorizations, HEDIS quality measures, lab and pharma data, ACG risk stratification, diagnoses, appointments, and other domains.



FluidEdge EDW Results

FluidEdge Consultants have worked with major health plans and delivery organizations to successfully design and build Enterprise Data Warehouse solutions including:

ENTERPRISE DATA WAREHOUSE

Large Eastern Blues Plan

After initial EDW deployment, completed EDW projects supporting sales, marketing, actuarial, medical benefits management, quality management and corporate compliance.

Large North East Health Plan and Hospital System

After initial EDW deployment, implemented real time gaps in care quality metrics system to support improvement in preventative care measures resulting in a 10% increase in Ambulatory AQC score. Developed SQL claims database to support Quality and Financial Total Medical Expense reporting at the network, practice and physician level

Large East Coast Health Plan

The results of FluidEdge's EDW deployment are captured on the next slide.



“FluidEdge Consulting listened to our needs and requirements. They worked with us to build an extension of our EDW that supported our various programs and internal definitions.”

Results

- Monitoring and Reporting on 128 Care Management Metrics addressing:
 - Outcomes
 - Program Enrollment
 - Patient Characteristics
 - Patient Identification
 - Case Management Productivity
- Self Service Dashboards
- Source of Truth
- Ad hoc Reporting capabilities requiring less resources

Case Study Results

Client Challenge: Ability to Monitor & Measure Care Management

The ability to measure and monitor the effectiveness of the Care Management Program was limited by disparate systems and multiple sources. The current infrastructure required numerous resources to gather information manually. The manual results were often questioned and difficult to regard as a source of truth with confidence.

FluidEdge Services & Solution: Care Management Data Mart

- Multiple data source aggregation
- Patient centric data model design
- Care Management Data Mart, Patient Center Data Mode, Key Performance Indicators, and Dashboards Tool Set developed and implemented

Distinguishing Outcomes

Timely and accurate data available to key business stakeholders to support improving patient outcomes and care management operational efficiencies

Why FluidEdge?

We thrive in the trenches.

Our Clients look to us first to help with strategy, business process optimization, operational analysis, analytics and EDW solutions, system selection , and project management. Through a strong health plan network, FluidEdge has access to a large number of world-class solutions, processes, and methodologies that we leverage for our clients. FluidEdge has key knowledge of claims processing systems, care and utilization management systems, provider data management systems, and Enterprise Data Warehouse solutions that brings actionable opportunities to disparate data sources.

Benefits:

- Real world experience working within health plans combined with consulting methodologies and best practices
- We are agnostic to solution methodologies, whether build or buy
- We are agnostic to vendor solutions. We find the most appropriate solutions for our Clients based on their unique needs
- Collaboration at executive level across all practices on national market trends, analysis and lessons learned
- Boutique firm with senior leadership experience in health plans at cost competitive rates
- Senior level advisors are staffed on every project at no cost to the client



FluidEdge Clients

California Clients



Blues Clients



Other Clients



Questions?



Santa Clara Family Health Plan

