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

VIA TELECONFERENCE
Residence
2060 Bryant Street
Palo Alto, CA 94301

AGENDA

1.	**Roll Call**	Ms. Lew	11:30	5 min
2.	**Meeting Minutes**	Ms. Lew	11:35	5 min
3.	**Public Comment**	Ms. Lew	11:40	5 min
4.	**Adjourn to Closed Session**		11:45	

1. **Roll Call** — Ms. Lew — 11:30 — 5 min

2. **Meeting Minutes** — Ms. Lew — 11:35 — 5 min
   Review meeting minutes of the October 27, 2017 Executive/Finance Committee.
   Possible Action: Approve October 27, 2017 Executive/Finance Committee Minutes

3. **Public Comment** — Ms. Lew — 11:40 — 5 min
   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.

   Announcement Prior to Recessing into Closed Session
   Announcement that the Executive/Finance Committee will recess into closed session to discuss Items 4(a) and (b) below.

4. **Adjourn to Closed Session** — 11:45

   a. **Conference with Labor Negotiators** (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.
      - Santa Clara County Health Authority Designated Representatives: Christine Tomcala, Dave Cameron, Sharon Valdez, and Richard Noack.
      - Employee organization: SEIU Local 521

b. Significant Exposure to Litigation (Government Code Section 54956.9(d)(2)):
It is the intention of the Executive/Finance Committee to meet in Closed Session to confer with Legal Counsel relating to one item of significant exposure to litigation.

5.	**Report from Closed Session**	Ms. Lew	12:05	5 min
6.	**September 2017 Financial Statements** Review September 2017 Financial Statements. **Possible Action:** Approve September 2017 Financial Statements	Mr. Cameron	12:10	10 min
7.	**Fund Pension Liability** Review CalPERS 6/30/2017 pension liability. **Possible Action:** Approve one-time contribution to partially fund outstanding pension liability	Mr. Cameron	12:20	10 min
8.	**Fund Retiree Healthcare Liability** Review CalPERS 6/30/2017 retiree healthcare liability. **Possible Action:** Approve one-time contribution to partially fund outstanding retiree healthcare liability	Mr. Cameron	12:30	10 min
9.	**Enterprise Data Warehouse (EDW)** Consider contracting with a vendor for EDW development. **Possible Action:** Authorize CEO to negotiate, execute, amend, and terminate a contract with selected vendor to develop an Enterprise Data Warehouse	Mr. Tamayo	12:40	10 min
10.	**CEO Update** Discuss status of current topics and initiatives. **Possible Action:** Accept CEO Update	Ms. Tomcala	12:50	10 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

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

Friday, October 27, 2017
11:30 AM - 1:00 PM
210 E. Hacienda Avenue
Campbell CA 95008

Member Present
Michele Lew, Chair
Liz Kniss
Linda Williams

Members Absent
Bob Brownstein
Wally Wenner, M.D.

Staff Present
Christine Tomcala, Chief Executive Officer
Dave Cameron, Chief Financial Officer
Robin Larmer, Chief Compliance & Regulatory Affairs Officer
Sharon Valdez, VP Human Resources
Neal Jarecki, Controller
Rita Zambrano, Executive Assistant

Others Present
Chris Pritchard, Moss Adams
Gordon Lam, Moss Adams
Dick Noack, Hopkins Carley LLC

Minutes - Draft

1. Roll Call

Michele Lew, Chair, called the meeting to order at 11:35 am. Roll call was taken and a quorum was not established.

2. Public Comment

There were no public comments.

3. Fiscal Year 2016-17 External Independent Auditor's Report

Dave Cameron, CFO, introduced Chris Pritchard, Partner, and Gordon Lam, Manager, from the Plan's independent accountants, Moss Adams LLP. The auditors gave an overview of the Plan's audited financial statements for the fiscal year ended June 30, 2017. Mr. Pritchard indicated the financial statements once again had received an unmodified opinion. Mr. Pritchard and Mr. Lam reviewed their summary presentation of the Plan's financial statements and advised that: (1) management's accounting estimates are reasonable, (2) no audit adjustments to the financial statements were necessary, and (3) there were no disagreements with management.

Liz Kniss arrived and a quorum was established.

It was moved, seconded, and the FY2016-17 External Auditor Report was **unanimously approved** as presented.

4. Meeting Minutes

The minutes of the August 24, 2017 Executive/Finance Committee Meeting were reviewed.

It was moved, seconded, and the August 24, 2017 Executive/Finance Committee meeting minutes were **unanimously approved** as presented.

5. Adjourn to Closed Session

a. <u>Conference with Labor Negotiators</u>
The Executive/Finance Committee met in Closed Session to confer with Designated Representatives, Christine Tomcala, Dave Cameron, Sharon Valdez and Richard Noack regarding negotiations with SEIU Local 521.

6. Report from Closed Session

Ms. Lew reported that the Committee conferred with its labor negotiators and no action was taken.

7. August 2017 Financial Statements

Mr. Cameron presented the financial statements for the month and year-to-date ended August 31, 2017. The Plan recorded a net surplus of $2.8 million for the month and a net surplus of $5.4 million for the two months ended August 31, 2017 ($4.4 million favorable to the year-to-date budget of $1.1 million). Enrollment continues to decline. Year-to-date member months are 1.1% unfavorable to budget and 2.2% lower than August 2016, yielding related and largely offsetting variances in revenue (unfavorable) and capitation expense (favorable). Much of the decline in enrollment is in the Medi-Cal MCE category of aid while enrollment in Medi-Cal Dual is growing. Administrative expenses are lower than budget. The balance sheet continues to reflect significant receivables from and payables to DHCS. Capital investments consist largely of the new building purchase. Tangible Net Equity of $164 million is 459% of the DMHC required minimum of $35.7 million.

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

8. Fund Pension Liability

Upon brief discussion, Pension Liability funding was deferred to the November Executive/Finance Committee meeting.

9. Fund Retiree Healthcare Liability

Upon brief discussion, Retiree Healthcare Liability funding was deferred to the November Executive/Finance Committee meeting.

10. CEO Update

Christine Tomcala invited Mr. Cameron to provide an update on misdirected claims. Mr. Cameron reminded the Committee that 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 days. 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 to 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 expects 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). Mr. Cameron reminded the Committee that the backlog of PDRs identified through internal reviews last year were all processed, and the Plan achieved compliance in April. There may be a dip in September but the Plan remains compliant. The claims backlog has increased by 20%, however, there is a work plan in place to have it current by the end of December. Staff will continue to provide status reports.

Ms. Tomcala reported that DMHC imposed a $10,000 penalty for timely access standard violations identified for Measure Year 2015. The violations related to reporting and not to member access to care. All violations have been corrected; however, Ms. Tomcala noted that the Plan may receive another letter because this area was reexamined before the Plan received feedback identifying the violations from DMHC.

Ms. Tomcala further reported that the Plan received favorable feedback from the September 19th CMC site visit. Progress on the Core 2.1 Reporting Performance Improvement Plan continues, along with related work to enhance data and reporting integrity. Ms. Tomcala advised the Committee that the Plan was in the process of bringing all HRA functions in-house.

Ms. Tomcala updated the Committee on the new building, noting that the employee survey of desired amenities has been completed. She also noted a next step is to work collectively with the designer and construction manager on selecting a contractor.

Ms. Tomcala noted that the Plan is looking at potentially having a satellite office closer to where the majority of the Plan's members reside. She indicated that she approached Valley Health Plan (VHP) to assess interest in jointly developing a satellite office.

Bruce Butler, VHP CEO, met with the Santa Clara Housing Authority and discussed space downtown adjacent to Valley Medical center's property. However, buildout would be a multi-year endeavor. Staff will continue to look at other potential locations.

Ms. Tomcala gave a brief update on the status of the Joint Strategic Planning efforts, noting that the next meeting is scheduled for November 17, 2017. She also reminded the Committee that this is an ad-hoc temporary committee that needs to complete its work by mid-December.

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

11. Adjournment

The meeting was adjourned at 1:00 pm.

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Michele Lew, Chair

Santa Clara Family Health Plan

The Spirit of Care

Unaudited
Financial Statements
For Three Months Ended September 2017

Table of Contents

Fiscal Year 2017-18 Year-To-Date Highlights

- **Net Surplus –** September \$2.5 million surplus and year-to-date (YTD) \$7.9 million surplus (\$6.0 million favorable to budget). Almost all September favorable profitability is due lower medical expense than budget.
- **Enrollment –** September membership 271,328 (1.1% unfavorable to budget) and YTD : 815,771 member months (1.1% unfavorable to budget and 2.5% lower than YTD last year)
- **Revenue –** Unfavorable by \$5.4 million (-1.8%) YTD to budget
- **Medical Expenses –** Favorable YTD budget by \$11.1 million (+3.9%)
- **Administrative Expenses –** Favorable YTD budget by \$0.4 million (+3.4%)
- **Tangible Net Equity –** \$166.3 million or 467% of most recent required Tangible Net Equity (TNE) of \$35.6 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	\$99 million	\$292 million
Medical Costs	\$92 million	\$272 million
Medical Loss Ratio	93.1%	93.0%
Administrative Costs	\$4.3 million (4.3%)	\$12.3 million (4.2%)
Other Income/ Expense	(\$42,584)	(\$133,702)
Net Surplus (Loss)	\$2,460,584	\$7,908,068

Cash on Hand	\$448 million
Net Cash Available to SCFHP	\$275 million
Receivables	\$509 million
Current Liabilities	\$814 million
Tangible Net Equity	\$166 million
Percent Of DMHC Requirement	**467%**

Risks and Opportunities

- **Risks**
  - 2017 YTD enrollment is below budget and has been declining since November 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. It has also resulted in claims interest expense of $15K YTD.
  - Delay in revenue receipts due to rate differential vs. budget.
  - Rate reconciliation timing by Department of Healthcare Services (DHCS) for Coordinated Care Initiative (CCI) program.

- **Opportunities**
  - Grow CCI membership.
  - Fill open positions to clear claims back log and allow adequate training time to ramp up claims processing productivity.
  - Manage county pool investment to maximize earnings.
  - Continued funding of pension and other future liabilities.
  - As In-Home Support Services (IHSS) is removed from CCI, Fee for Service (FFS) expenses recorded will fall, as will the required TNE. Consequently, the Plan's actual to required TNE ratio should increase.

Member Months

For the month of September 2017, total membership was lower than budget by 3,000 (-1.1%). For YTD September 2017, total member months were lower than budget by 8,981 (-1.1%).

In the three months since the end of the prior fiscal year (FY), 6/30/2016, membership in Medi-Cal decreased by 1.5%, membership in Healthy Kids program decreased by 17.9%, and membership in Cal MediConnect (CMC) program decreased by 2.1%.

Santa Clara Family Health Plan Enrollment Summary

	For the Month of Sep 2017			Three Months Ending Sep 2017				
	Actual	**Budget**	**Variance**	**Actual**	**Budget**	**Variance**	**Prior Year Actual**	**Change FY18 vs. FY17**
Medi-Cal	261,702	264,028	(0.9%)	785,964	793,852	(1.0%)	801,467	(1.9%)
Healthy Kids	2,243	2,800	(19.9%)	7,494	8,400	(10.8%)	11,566	(35.2%)
Medicare	7,383	7,500	(1.6%)	22,313	22,500	(0.8%)	24,042	(7.2%)
Total	271,328	274,328	(1.1%)	815,771	824,752	(1.1%)	837,075	(2.5%)

Santa Clara Family Health Plan Enrollment by Network
September 2017

Network	Medi-Cal		Healthy Kids		CMC		Total	
	Enrollment	**% of Total**	**Enrollment**	**% of Total**	**Enrollment**	**% of Total**	**Enrollment**	**% of Total**
Direct Contact Physicians	28,620	11%	280	12%	7,383	100%	36,283	13%
SCVHHS, Safety Net Clinics, FQHC Clinics	134,530	51%	1,012	45%	-	0%	135,542	50%
Palo Alto Medical Foundation	7,443	3%	70	3%	-	0%	7,513	3%
Physicians Medical Group	47,958	18%	710	32%	-	0%	48,668	18%
Premier Care	16,322	6%	171	8%	-	0%	16,493	6%
Kaiser	26,829	10%	-	0%	-	0%	26,829	10%
Total	**261,702**	**100%**	**2,243**	**100%**	**7,383**	**100%**	**271,328**	**100%**
Enrollment at June 30, 2017	265,753		2,732		7,543		276,028	
Net Change from Beginning of FY18	-1.5%		-17.9%		-2.1%		-1.7%	

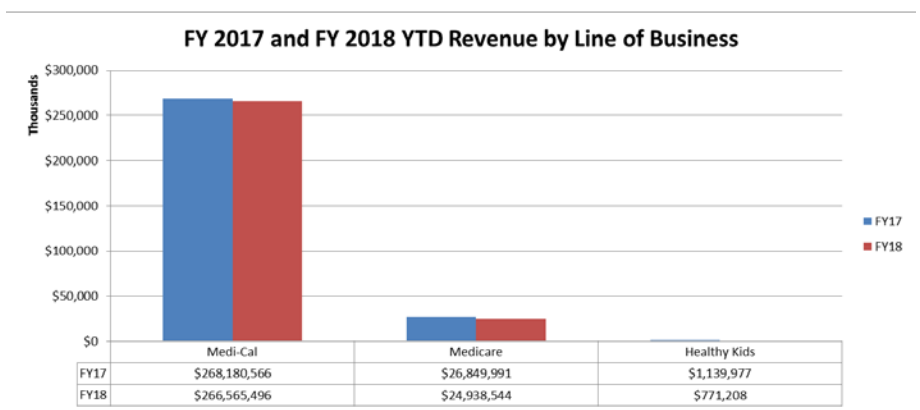
SCVHHS = Santa Clara Valley Health & Hospital System
FQHC = Federally Qualified Health Center

Revenue

Santa Clara Family Health Plan (SCFHP or The Plan) recorded net revenue of $99.3 million for the month of September 2017, compared to budgeted revenue of $99.2 million, resulting in a favorable variance from budget of $0.1 million, or +0.1%. For YTD September 2017, the Plan recorded net revenue of $292.3 million, compared to budgeted revenue of $297.7 million, resulting in an unfavorable variance from budget of $5.4 million, or -1.8%.

Major revenue variances for September 2017, which net to $0.1 million were:

1. Prior period revenue favorable by $1.3 million largely due to true-up of the estimated amounts recorded in earlier periods
2. Prior year revenue favorable by $0.9 million largely due to retroactive FY 2015-2016 revenues received in September
3. Other significant variances:
    a. Non-Dual Long Term Care (LTC) revenue favorable by $1.9 million due to both higher member months and rate differential
    b. AB 85 revenue unfavorable by $1.5 million (no impact on net income)
    c. IHSS revenue unfavorable due to both member months and rate differential (no impact on net income as the budgeted medical expense is equally lower)
    d. Medi-Cal CMC revenue unfavorable by $0.4 million due to lower member months as well as rate differential vs. budget
    e. Hepatitis C (Hep C) revenue unfavorable by $0.3 million due to fewer utilizers as well as rate differential vs. budget
    f. Medicare revenue unfavorable by $0.3 million due to lower member months vs. budget

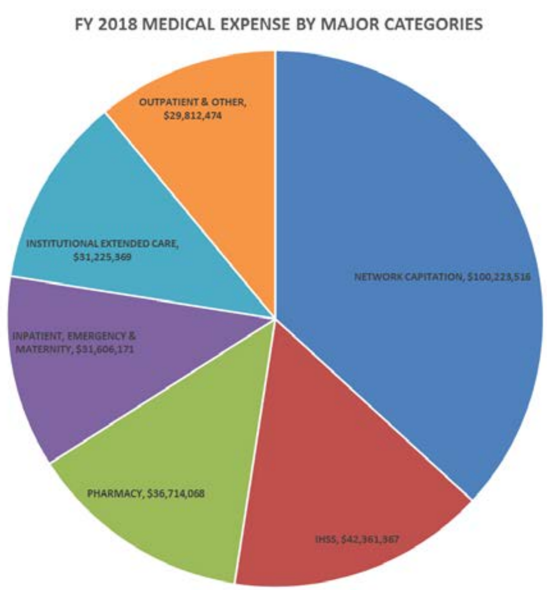


Medical Expenses

For the month of September 2017, medical expense was $92.5 million compared to budget of $94.3 million, resulting in a favorable budget variance of $1.8 million, or +1.9%. For year to date September 2017, medical expense was $271.9 million compared to budget of $283.0 million, resulting in a favorable budget variance of $11.1 million, or +3.9%.

Major medical expense variances for September 2017 were:

1. IHSS expense favorable by $2.1 million. Of this amount, $1.1 million has no impact on net income. However, a budgeted $1.0 million monthly loss for the potential risk the Plan carries (based on FY17 experience) is under review.
2. AB 85 medical expense favorable by $1.5 million (no impact on net income)
3. A $1.2 million reduction in medical cost reserves based on additional experience
4. Other smaller favorable variances (~$0.5 million each) in capitation, professional, and pharmacy expenses largely due to lower member months than budget
5. LTC costs unfavorable by $0.4 million due to higher number of utilizers than budget



Administrative Expenses

Overall administrative costs were unfavorable to budget by $0.2 million (-5.6%) for the month of September 2017 and favorable to budget by $0.4 million (+3.4%) for YTD September 2017.

Major administrative expense variances for September 2017 were:

1. Favorable payroll expense variance due to vacant positions; Offset by higher consulting and temporary help expense
2. Higher occupancy expense due to a significant unexpected annual common area maintenance (CAM) charge reconciliation associated with current location (210 East Hacienda)
3. Printing, postage, and translation services expense are favorable due to timing but are expected to match budget for the year
4. Telephone costs are favorable and expected to remain favorable due to change of providers to a cheaper Voice over Internet Protocol (VOIP) service

Overall administrative expenses were 4.2% of revenue for YTD September 2017 (0.1% favorable to budget).

Actual vs. Budget

For the Current Month & Fiscal Year to Date - Sep 2017

Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance $	Variance %		Actual	Budget	Variance $	Variance %
$ 2,414,691	$ 2,166,450	$ (248,241)	-11.5%	Personnel	$ 6,572,111	$ 6,558,706	$ (13,406)	-0.2%
1,890,598	1,909,067	18,469	1.0%	Non-Personnel	5,718,401	6,160,525	$ 442,124	7.2%
4,305,289	4,075,518	(229,772)	-5.6%	Total Administrative Expense	12,290,512	12,719,231	428,718	3.4%

Balance Sheet

- Current assets totaled $964.6 million compared to current liabilities of $814.0 million, yielding a current ratio (the ratio of current assets to current liabilities) of 1.2 vs. the DMHC minimum requirement of 1.0 as of September 30, 2017. Working capital (current assets minus current liabilities) decreased by $1.2 million for the three months YTD ended September 30, 2017.

- Cash as of September 30, 2017, increased by $83.4 million compared to the cash balance as of year-end June 30, 2017. Net receivables increased by $34.4 million during the same three month period ended September 30, 2017 largely due to a delay in receipt of Duals Recast differential revenue, Managed Care Organization (MCO) tax revenue, and IHSS receivable. The overall cash position increased largely due to receipt of pass-through funds that will be disbursed in October 2017 offset by delay in receiving the September capitation, beginning of the recoupment of FY2015-16 MCE overpayments (~$18 million per month), and the purchase of a new building.

- SCFHP had 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 in 2018.

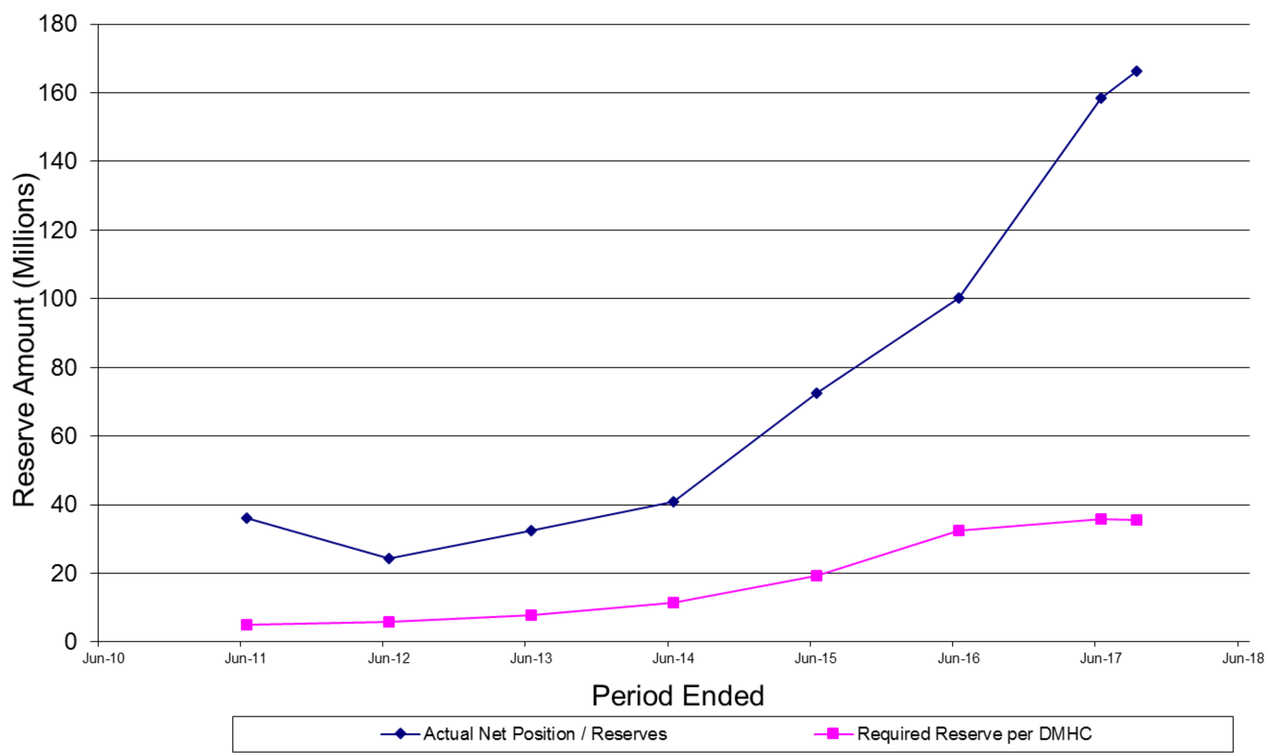
- Liabilities increased by a net amount of $119.5 million during the three months ended September 30, 2017. Liabilities increased primarily due to the pending disbursement of pass-through funds received in late September 2017, accrual of MCO tax for FY18, continued overpayment of MCE rates by the State, and deferred Medicare revenue for October 2017 that was received in September 2017.

Tangible Net Equity (TNE)

TNE was $166.3 million at September 30, 2017 or 467% of the most recent quarterly DMHC minimum requirement of $35.6 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	9/30/2017
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	166,288,628
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	35,586,520
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	71,173,039
Actual as % Required	722%	410%	419%	357%	377%	310%	441%	467%



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 September 30, 2017, the Plan's TNE was $41.7 million above the low-end Equity Target and $156.6 million above the low-end Liquidity Target and the Plan's TNE was $11.6 million below the high-end Equity Target and $117.1 million above the high-end Liquidity Target (see calculations below).

Financial Reserve Target #1: Tangible Net Equity	
Actual TNE	$166,288,628
Current Required TNE	$35,586,520
Excess TNE	$130,702,108
Required TNE Percentage	467%
SCFHP Target TNE Range:	
350% of Required TNE (low end)	$124,552,819
500% of Required TNE (high end)	$177,932,598
TNE Above/(Below) SCFHP Low End Target	**$41,735,809**
TNE Above/(Below) SCFHP High End Target	**($11,643,970)**
Financial Reserve Target #2: Liquidity	
Cash & Cash Equivalents	$448,058,194
Less Pass-through Liabilities:	
Net Receivable/(Payable) from/to State of CA*	(19,983,928)
Other Pass-through Liabilities	(153,199,136)
Total Pass-through Liabilities	(173,183,064)
Net Cash Available to SCFHP	$274,875,131
SCFHP Target Liquidity:	
45 days of Total Operating Expenses	($118,307,011)
60 days of Total Operating Expenses	($157,742,681)
Liquidity Above/(Below) SCFHP Low End Target	**$156,568,120**
Liquidity Above/(Below) SCFHP High End Target	**$117,132,449**

*Pass-Throughs from State of CA (excludes IHSS)	
Receivables Due to SCFHP	178,623,001
Payables Due from SCFHP	(198,606,928)
Net Receivable/(Payable)	($19,983,928)

Capital Expenditure

Capital investments of $10.2 million were made during the three months ended September 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*	$9,743,526	$14,300,000
Systems	0	1,595,000
Hardware	369,822	611,500
Software	10,534	587,000
Furniture and Fixtures	135,935	173,515
Automobile	0	33,000
Leasehold Improvements	0	10,000
TOTAL	**$10,259,817**	**$17,310,015**

**Budget includes ~$4 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

		2016-07	2016-08	2016-09	2016-10	2016-11	2016-12	2017-01	2017-02	2017-03	2017-04	2017-05	2017-06	2017-07	2017-08	2017-09
NON DUAL	Adult (over 19)	29,530	31,197	31,372	31,863	31,603	31,396	31,072	30,836	30,479	30,204	29,921	29,651	28,985	29,305	29,056
	Adult (under 19)	105,841	107,019	108,006	108,627	108,876	107,489	106,719	106,926	106,305	106,181	105,945	106,082	104,658	105,130	104,329
	Aged - Medi-Cal Only	9,256	10,078	10,138	10,199	10,216	10,206	10,371	10,400	10,400	10,520	10,538	10,674	10,776	10,772	10,802
	Disabled - Medi-Cal Only	10,785	11,014	10,998	11,046	11,024	11,009	11,013	11,042	11,057	11,071	11,060	10,900	10,899	10,685	10,676
	Child (HF conversion)	1,725	1,542	1,350	1,297	1,150	1,078	973	921	879	845	280	192	74	59	52
	Adult Expansion	82,983	83,513	83,721	84,679	84,327	84,551	83,031	82,715	82,618	82,751	82,418	82,349	80,300	80,836	80,571
	Other	40	38	38	37	35	35	34	38	38	39	35	38	33	35	45
	Long Term Care	297	307	305	313	325	331	330	325	328	327	341	355	358	353	349
	Total Non-Duals	240,457	244,708	245,928	248,061	247,556	246,095	243,543	243,203	242,104	241,938	240,538	240,241	236,083	237,175	235,880
DUAL	Aged	14,466	14,518	14,647	14,711	14,790	14,926	15,323	15,914	16,068	16,200	16,193	16,380	16,326	16,628	16,751
	Disabled	6,033	6,023	6,027	6,024	6,034	6,033	6,353	6,478	6,506	6,507	6,458	6,518	6,474	6,591	6,617
	Other	1,817	1,832	1,856	1,896	1,879	1,891	1,727	1,686	1,621	1,427	1,389	1,370	1,271	1,244	1,250
	Long Term Care	1,050	1,054	1,051	1,042	1,034	1,055	1,168	1,184	1,241	1,232	1,238	1,244	1,237	1,233	1204
	Total Duals	23,366	23,427	23,581	23,673	23,737	23,905	24,571	25,262	25,436	25,366	25,278	25,512	25,308	25,696	25,822
	Total Medi-Cal	263,823	268,135	269,509	271,734	271,293	270,000	268,114	268,465	267,540	267,304	265,816	265,753	261,391	262,871	261,702
	Healthy Kids	4,380	4,224	2,962	2,662	2,458	2,581	2,585	2,780	2,752	2,794	2,757	2,732	2,633	2,618	2,243
CMC	CMC Non-Long Term Care	7,776	7,698	7,587	7,485	7,269	7,241	7,223	7,298	7,329	7,273	7,251	7,257	7,252	7,141	7,126
	CMC - Long Term Care	332	327	322	316	314	305	304	300	293	294	294	286	273	264	257
	Total CMC	8,108	8,025	7,909	7,801	7,583	7,546	7,527	7,598	7,622	7,567	7,545	7,543	7,525	7,405	7,383
	Total Enrollment	**276,311**	**280,384**	**280,380**	**282,197**	**281,334**	**280,127**	**278,226**	**278,843**	**277,914**	**277,665**	**276,118**	**276,028**	**271,549**	**272,894**	**271,328**

Santa Clara County Health Authority
Income Statement for Three Months Ending September 30, 2017

	For the Month of Sep 2017					For Three Months Ending Sep 30, 2017				
	Actual	% of Revenue	Budget	% of Revenue	Variance	Actual	% of Revenue	Budget	% of Revenue	Variance
REVENUES										
MEDI-CAL	$ 90,712,780	91.4%	$ 90,295,231	91.0%	$ 417,549	$ 266,565,496	91.2%	$ 271,003,582	91.0%	$ (4,438,086)
HEALTHY KIDS	$ 230,705	0.2%	$ 252,000	0.3%	$ (21,295)	$ 771,208	0.3%	$ 756,000	0.3%	$ 15,208
MEDICARE	$ 8,320,905	8.4%	$ 8,637,957	8.7%	$ (317,052)	$ 24,938,544	8.5%	$ 25,913,872	8.7%	$ (975,328)
TOTAL REVENUE	$ 99,264,391	100.0%	$ 99,185,189	100.0%	$ 79,202	$ 292,275,247	100.0%	$ 297,673,454	100.0%	$ (5,398,207)
MEDICAL EXPENSES										
MEDI-CAL	$ 83,755,314	84.4%	$ 85,774,663	86.5%	$ 2,019,349	$ 246,924,510	84.5%	$ 257,582,112	86.5%	$ 10,657,603
HEALTHY KIDS	$ 209,950	0.2%	$ 213,264	0.2%	$ 3,314	$ 636,981	0.2%	$ 639,791	0.2%	$ 2,810
MEDICARE	$ 8,490,670	8.6%	$ 8,267,243	8.3%	$ (223,427)	$ 24,381,475	8.3%	$ 24,801,730	8.3%	$ 420,255
TOTAL MEDICAL EXPENSES	$ 92,455,933	93.1%	$ 94,255,170	95.0%	$ 1,799,237	$ 271,942,965	93.0%	$ 283,023,633	95.1%	$ 11,080,668
MEDICAL OPERATING MARGIN	$ 6,808,458	6.9%	$ 4,930,019	5.0%	$ 1,878,439	$ 20,332,282	7.0%	$ 14,649,821	4.9%	$ 5,682,461
ADMINISTRATIVE EXPENSES										
SALARIES AND BENEFITS	$ 2,414,691	2.4%	$ 2,166,450	2.2%	$ (248,241)	$ 6,572,111	2.2%	$ 6,558,706	2.2%	$ (13,406)
RENTS AND UTILITIES	$ 222,248	0.2%	$ 119,916	0.1%	$ (102,332)	$ 456,839	0.2%	$ 361,139	0.1%	$ (95,700)
PRINTING AND ADVERTISING	$ 15,593	0.0%	$ 68,150	0.1%	$ 52,557	$ 84,234	0.0%	$ 320,250	0.1%	$ 236,016
INFORMATION SYSTEMS	$ 137,616	0.1%	$ 217,714	0.2%	$ 80,098	$ 535,263	0.2%	$ 653,142	0.2%	$ 117,879
PROF FEES / CONSULTING / TEMP STAFFING	$ 1,040,261	1.0%	$ 917,577	0.9%	$ (122,684)	$ 3,217,227	1.1%	$ 2,973,072	1.0%	$ (244,154)
DEPRECIATION / INSURANCE / EQUIPMENT	$ 351,355	0.4%	$ 346,780	0.3%	$ (4,576)	$ 1,043,402	0.4%	$ 1,036,730	0.3%	$ (6,671)
OFFICE SUPPLIES / POSTAGE / TELEPHONE	$ 33,184	0.0%	$ 109,411	0.1%	$ 76,227	$ 133,737	0.0%	$ 483,834	0.2%	$ 350,097
MEETINGS / TRAVEL / DUES	$ 74,770	0.1%	$ 105,300	0.1%	$ 30,531	$ 214,438	0.1%	$ 283,199	0.1%	$ 68,761
OTHER	$ 15,572	0.0%	$ 24,220	0.0%	$ 8,648	$ 33,262	0.0%	$ 49,159	0.0%	$ 15,897
TOTAL ADMINISTRATIVE EXPENSES	$ 4,305,289	4.3%	$ 4,075,518	4.1%	$ (229,772)	$ 12,290,512	4.2%	$ 12,719,231	4.3%	$ 428,718
OPERATING SURPLUS (LOSS)	$ 2,503,168	2.5%	$ 854,501	0.9%	$ 1,648,668	$ 8,041,769	2.8%	$ 1,930,590	0.6%	$ 6,111,179
GASB 45 - POST EMPLOYMENT BENEFITS EXPENSE	$ (59,780)	-0.1%	$ (59,780)	-0.1%	$ -	$ (179,339)	-0.1%	$ (179,339)	-0.1%	$ -
GASB 68 - UNFUNDED PENSION LIABILITY	$ (75,000)	-0.1%	$ (75,000)	-0.1%	$ -	$ (225,000)	-0.1%	$ (225,000)	-0.1%	$ -
INTEREST & OTHER INCOME	$ 92,196	0.1%	$ 126,657	0.1%	$ (34,462)	$ 270,638	0.1%	$ 379,972	0.1%	$ (109,335)
NET SURPLUS (LOSS) FINAL	$ 2,460,584	2.5%	$ 846,379	0.9%	$ 1,614,206	$ 7,908,068	2.7%	$ 1,906,224	0.6%	$ 6,001,844

Santa Clara County Health Authority
Balance Sheet

	SEP 17	AUG 17	JUL 17	JUN 17
Assets				
Current Assets				
Cash and Marketable Securities	$ 448,058,194	$ 287,663,878	$ 302,258,460	$ 364,609,248
Premiums Receivable				
In Home Support Services (IHSS)	325,224,695	310,692,607	296,711,087	282,168,565
All Other	184,070,749	214,018,970	201,903,371	192,697,632
Prepaid Expenses and Other Current Assets	7,270,204	8,013,700	8,080,915	7,070,619
Total Current Assets	964,623,842	820,389,155	808,953,833	846,546,064
Long Term Assets				
Equipment	31,528,704	31,269,437	31,288,225	21,268,887
Less: Accumulated Depreciation	(11,656,940)	(11,358,920)	(10,954,498)	(10,761,759)
Total Long Term Assets	19,871,764	19,910,517	20,333,727	10,507,128
Total Assets	$ 984,495,606	$ 840,299,672	$ 829,287,560	$ 857,053,192
Deferred Outflow of Resources	$ 9,287,513	$ 9,287,513	9,287,513	9,287,513
Total Deferred Outflows and Assets	993,783,119	849,587,185	838,575,073	866,340,705
Liabilities and Net Position				
Current Liabilities				
Trade Payables	$ 5,818,458	$ 4,978,755	$ 4,857,207	$ 6,157,039
Deferred Rent	73,701	79,999	86,298	92,597
Employee Benefits	1,272,378	1,258,413	1,265,956	1,262,108
Retirement Obligation per GASB 45	4,997,698	4,937,918	4,878,139	4,818,359
Advance Premium - Healthy Kids	70,072	69,264	60,466	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)	64,197,175			0
Payable to Hospitals (SB208)	29,409,629		0	0
Payable to Hospitals (AB 85)	31,377,923	29,911,530	28,642,083	27,378,335
Due to Santa Clara County Valley Health Plan and Kaiser	26,149,229	6,586,869	4,905,409	9,456,454
MCO Tax Payable - State Board of Equalization	42,161,354	27,153,715	18,491,922	33,865,555
Due to DHCS	156,445,574	173,623,646	190,634,704	207,658,770
Liability for In Home Support Services (IHSS)	343,276,396	328,744,308	314,762,788	300,220,266
Premium Deficiency Reserve (PDR)	2,374,525	2,374,525	2,374,525	2,374,525
Medical Cost Reserves	93,532,008	90,562,820	91,216,364	90,922,381
Total Current Liabilities	814,007,293	672,346,943	664,241,040	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	7,082,370	7,007,370	6,932,370	6,857,370
Total Liabilities	827,009,163	685,273,813	677,092,910	707,474,817
Deferred Inflow of Resources	485,329	485,329	485,329	485,329
Net Position / Reserves				
Invested in Capital Assets	10,480,456	10,409,164	10,693,290	10,507,128
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Unrestricted Net Equity	147,594,754	147,666,046	147,381,920	89,480,978
Current YTD Income (Loss)	7,908,068	5,447,484	2,616,274	58,087,104
Net Position / Reserves	166,288,628	163,828,043	160,996,834	158,380,560
Total Liabilities, Deferred Inflows, and Net Assets	$ 993,783,119	$ 849,587,185	$ 838,575,073	$ 866,340,705

Santa Clara Family Health Plan
Statement of Cash Flows
For Three Months Ending Sep 30, 2017

Cash flows from operating activities		
Premiums received	$	214,928,603
Medical expenses paid	$	(209,584,433)
Administrative expenses paid	$	88,093,956
Net cash from operating activities	$	93,438,126
Cash flows from capital and related financing activities		
Purchases of capital assets	$	(10,259,817)
Cash flows from investing activities		
Interest income and other income, net	$	270,638
Net (Decrease) increase in cash and cash equivalents	$	83,448,946
Cash and cash equivalents, beginning of year	$	364,609,248
Cash and cash equivalents at Aug 31, 2017	$	448,058,194
Reconciliation of operating income to net cash from operating activities		
Operating income (loss)	$	7,637,430
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	$	895,181
Changes in operating assets and liabilities		
Premiums receivable	$	(34,429,247)
Due from Santa Clara Family Health Foundation	$	-
Prepaids and other assets	$	(199,585)
Deferred outflow of resources	$	-
Accounts payable and accrued liabilities	$	99,868,211
State payable	$	(42,917,397)
Santa Clara Valley Health Plan and Kaiser payable	$	16,692,775
Net Pension Liability	$	225,000
Medical cost reserves and PDR	$	2,609,627
Deferred inflow of resources	$	-
Total adjustments	$	85,800,695
Net cash from operating activities	$	93,438,126

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

For Three Months Ending Sep 30, 2017

	Medi-Cal	CMC	Healthy Kids	**Grand Total**
P&L (ALLOCATED BASIS)				
REVENUE	$259,983,643	$31,520,396	$771,208	**$292,275,247**
MEDICAL EXPENSES	239,282,759	32,023,225	636,981	**271,942,965**
(MLR)	92.0%	101.6%	82.6%	**93.0%**
GROSS MARGIN	20,700,885	(502,829)	134,226	**20,332,282**
ADMINISTRATIVE EXPENSES	10,932,613	1,325,469	32,430	**12,290,512**
(% of Revenue Allocation)				
OPERATING INCOME/(LOSS)	9,768,272	(1,828,298)	101,796	**8,041,769**
OTHER INCOME/(EXPENSE)	(118,930)	(14,419)	(353)	**(133,702)**
(% of Revenue Allocation)				
NET INCOME/ (LOSS)	$9,649,342	($1,842,717)	$101,443	**$7,908,068**
PMPM (ALLOCATED BASIS)				
REVENUE	$330.78	$1,412.65	$102.91	**$358.28**
MEDICAL EXPENSES	304.44	1,435.18	85.00	**333.36**
GROSS MARGIN	26.34	(22.54)	17.91	**24.92**
ADMINISTRATIVE EXPENSES	13.91	59.40	4.33	**15.07**
OPERATING INCOME/(LOSS)	12.43	(81.94)	13.58	**9.86**
OTHER INCOME / (EXPENSE)	(0.15)	(0.65)	(0.05)	**(0.16)**
NET INCOME / (LOSS)	$12.28	($82.58)	$13.54	**$9.69**
ALLOCATION BASIS:				
MEMBER MONTHS - YTD	*785,964*	*22,313*	*7,494*	***815,771***
Revenue by LOB	*89.0%*	*10.8%*	*0.3%*	***100%***

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

RESOLUTION TO FUND CALPERS PENSION LIABILITY

WHEREAS, the Santa Clara County Health Authority dba Santa Clara Family Health Plan (the Plan) participates in the California Public Employees' Retirement System (CalPERS) retirement program. The Plan and its employees make regular payroll contributions to CalPERS, which will provide post-employment pension benefits to employees.

WHEREAS, on an annual basis, CalPERS calculates the actuarial unfunded pension liability. The Plan seeks to make annual contributions of the unfunded pension liability to reduce its overall pension expense and to work toward full funding of its pension liability.

NOW, THEREFORE, BE IT RESOLVED:

I. As per Board Resolution of March 16, 2017, on an annual basis the Plan's executive management will obtain the actuarial unfunded employer pension liability per the annual CalPERS pension valuation reports and will present their recommendation of funding such annual amounts to the Plan's Board of Governors.

II. Based on the most recent pension valuation, dated June 30, 2016, the Plan will make an employer contribution of $3,210,150 on or before November 30, 2017. The Board approves this contribution and the Board approves the continued repetition of the annual process hereafter.

III. Once the annual employer contribution is approved by the Board of Governors, the Plan's CFO will remit funds to CalPERS in a timely manner.

PASSED AND ADOPTED by the governing body of the Santa Clara County Health Authority.

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this 20th day of November, 2017.

BY

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Robert Brownstein, Board Chair,
Santa Clara County Health Authority

RESOLUTION TO FUND CALPERS
OTHER POST-EMPLOYMENT BENEFITS LIABILITY

DRAFT

WHEREAS, the Santa Clara County Health Authority dba Santa Clara Family Health Plan (the Plan) participates in the California Public Employees' Retirement System's (CalPERS) California Employers' Retiree Benefit Trust (CERBT) program. The Plan makes regular contributions to the CalPERS CERBT program, which will provide other post-employment benefits (OPEB) as medical benefits to retired employees.

WHEREAS, on an annual basis, the Plan's actuaries calculate the actuarial unfunded OPEB liability. The Plan seeks to make annual contributions of the unfunded OPEB liability to reduce its overall OPEB expense and to work toward full funding of its OPEB liability.

NOW, THEREFORE, BE IT RESOLVED:

I. On an annual basis the Plan's executive management will obtain the actuarial unfunded employer OPEB liability per the annual OPEB valuation reports and will present their recommendation of funding such annual amounts to the Plan's Board of Governors.

II. Based on the most recent OPEB valuation, dated June 30, 2016, the Plan will make a total employer contribution of $5,286,378, payable in three (3) annual installments (with interest) of $1,878,397 payable annually on November 30, 2017, 2018, and 2019.

III. The Board approves these annual contributions and the Board also approves the repetition of the annual process hereafter.

IV. Once the annual employer contribution is approved by the Board of Governors, the Plan's CFO will remit funds to the CalPERS CERBT program in a timely manner.

PASSED AND ADOPTED by the governing body of the Santa Clara County Health Authority.

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this 20th day of November, 2017.

BY:

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Robert Brownstein, Board Chair,
Santa Clara County Health Authority