



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

AGENDA

- | | | | |
|---|------------|-------|--------|
| 1. Roll Call | Ms. Lew | 11:30 | 5 min |
| 2. Meeting Minutes
Review meeting minutes of the August 24, 2017 Executive/Finance Committee.
Possible Action: Approve August 24, 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. | Ms. Lew | 11:40 | 5 min |
| 4. Fiscal Year 2016-17 External Independent Auditor's Report
Discuss draft FY2016-2017 External Independent Auditor's Report including Board Communication Letter and Audited Financial Statements
Possible Action: Approve FY2016-17 External Independent Auditor's Report | Moss Adams | 11:45 | 20 min |
| <u>Announcement Prior to Recessing into Closed Session</u>
Announcement that the Executive/Finance Committee will recess into closed session to discuss Items 4(a) below. | | | |
| 5. Adjourn to Closed Session | | | 12:05 |
| b. <u>Conference with Labor Negotiators</u> (Government Code Section 54957.6):
It is the intention of the SCCCHA Governing Board 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 | | | |

6. Report from Closed Session	Ms. Lew	12:25	5 min
7. August 2017 Financial Statements Review August 2017 Financial Statements. Possible Action: Approve August 2017 Financial Statements	Mr. Cameron	12:30	10 min
8. Fund Pension Liability Review CalPERS 6/30/2017 pension liability. Possible Action: Approve one-time contribution to partially fund outstanding pension liability	Mr. Cameron	12:40	5 min
9. 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	12:45	5 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



Santa Clara
Family Health Plan
The Spirit of Care

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

Thursday, August 24, 2017
10:30 AM - 12:00 AM
210 E. Hacienda Avenue
Campbell CA 95008

Members Present

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

Members Absent

Liz Kniss

Staff Present

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

Others Present

Janet Sommers, Burke, Williams, & Sorenson LLP
Stacy Renteria, SEIU Steward
April Pitt, SEIU Steward

MINUTES - Draft

1. Roll Call

Michele Lew, Chair, called the meeting to order at 10:35 am. Roll call was taken and a quorum was established.

2. Meeting Minutes

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

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

3. Public Comment

Stacy Renteria, Provider Services Specialist and SEIU Steward, announced the Compensation Committee reached a

tentative agreement with management and will take the proposal to the bargaining unit members with a recommendation for a “yes” vote. She thanked the management team and Board for continued support, and thanked management for the good faith bargaining over the last several months.

4. Adjourn to Closed Session

a. Anticipated Litigation

The Committee met in Closed Session to confer with Legal Counsel regarding significant exposure to litigation in connection with a CalPERS issue.

b. Conference with Labor Negotiators

The Committee met in Closed Session to confer with its Designated Representatives for labor relations regarding the status of salary benchmarking for SCCHA staff represented by SEIU Local 521.

5. Report from Closed Session

Ms. Lew reported the Committee met in closed session to discuss items 4 (a) and (b), and no action was taken.

6. Publicly Available Salary Schedule Ranges

The Publicly Available Salary Schedule changes were deferred to the Board.

7. Interim June 2017 Financial Statements

Mr. Cameron presented the preliminary pre-audit June 2017 financial statements, which report the results of operations for the Plan’s full fiscal year. The Plan’s independent auditors, Moss-Adams, LLP are conducting the annual audit of the annual financial statements and further changes are possible until the audited financial statements are issued in late October.

For the month, the Plan reported a net surplus of \$14.3 million, which is \$13.6 million favorable to budget. For the fiscal year, the Plan reported a net surplus of \$37.0 million or \$25.2 million favorable to budget.

A large portion of the Plan’s monthly and annual net surplus resulted from a recast of the CCI program. Updated 2016 CCI rates became known in June 2017 and resulted in a significant net surplus compared to prior estimates.

Mr. Cameron noted that enrollment of 276,000 member trailed budget by 1.2%, while annual member months of 3,345,000 exceeded budget by 1.1%. Enrollment peaked at 282,000 members in October 2016 and declined by approximately 1% thereafter, largely in the Medi-Cal program. Over the fiscal year, Medi-Cal enrollment increased 2.2%, Healthy Kids enrollment decreased 38.4% (as many members transitioned to Medi-Cal) and CMC enrollment decreased 8%. Mr. Cameron added that membership, which decreased by 4,000 members in July, was stable in August with no specific cause known.

Administrative expenses were 1% above budget for both the month and fiscal year. The Plan continued to use consultants and temps in support of unfilled staff positions and special projects. Some budgeted occupancy and postage costs were deferred into Fiscal Year 2017-18. Year-to-date, administrative expenses were 3.6% of revenue.

The Plan’s net assets of \$137.0 million represented 385% of the DMHC minimum required tangible net equity (TNE) of \$35.6 million. The Plan has exceeded its minimum internal liquidity and equity targets.

Capital assets of \$7.6 million have been acquired year-to-date, much of which is related to the QNXT claims system implementation. The Board approved capital acquisitions of \$10.9 million for full fiscal year, and some acquisitions included in the fiscal year 2017 budget have been delayed and were included in the fiscal year 2018 budget.

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

8. Allocate remaining ACA 1202 Funds to Whole Person Care Program

Mr. Jarecki presented background on ACA 1202, the “PCP bump”. He noted that ACA 1202 was a provision of the Affordable Care Act that provided additional funding for calendar years 2013-14. Mr. Cameron noted that SCFHP’s Board had voluntarily continued the program for calendar year 2015 to distribute residual funds. As of June 30, 2016, Mr. Jarecki noted that approximately \$2 million of ACA 1202 funds remained and recommended using these residual funds to fund the Plan’s investment in the Whole Person Care (WPC) pilot program, which the Board approved at its March 26, 2017 meeting.

It was moved, seconded, and unanimously approved to move the residual ACA 1202 funds of \$2.1m to the Whole Person Care Program.

9. Report on Internal Control Review by Moss Adams

Mr. Jarecki noted that in August 2016, WeiserMazar’s (WM) prepared a report of high-risk areas within the Finance department. In early 2017, Moss-Adams was hired to conduct an in-depth review of two of these high-risk areas – Procurement and Segregation of Duties.

Mr. Jarecki reviewed Moss-Adams’ report, which summarized the scope, results, and recommendations. Many of the recommendations have been addressed with implementation of a procurement function and detailed ongoing review of Great Plains (accounting system).

For fiscal year 2018, Mr. Jarecki noted that two other high-risk areas will be addressed: Delegate Oversight and Management Reporting.

It was moved, seconded, and the Moss Adams’ Internal Control Report and Recommendations were **unanimously approved** as presented.

10. CEO Update

Ms. Tomcala invited Mr. Cameron to update the Committee on the misdirected claims corrective action plan (CAP). For the quarter ended June 2017, the Plan achieved a compliance rate of 98%. Due to QNXT implementation, results for July and August declined, however, the Misdirected Claims Workgroup will focus on regaining compliance as quickly as possible and will provide regular updates to the Executive/Finance Committee and DMHC.

Mr. Cameron reported that the Plan is not only compliant, but is at its lowest level in a year on Provider Dispute Resolutions (PDRs). Ms. Tomcala noted the Plan is working with regulators to close the CAP.

Ms. Tomcala reported that the Authorization process in QNXT successfully went live in June, with the go live date-of-receipt cutover for claims received from July 1st onward. The plan continues to work cross-functionally on addressing any conversion issues.

Ms. Tomcala announced that the plan received a report from NCQA awarding Interim Accreditation for Cal Medi-Connect (CMC). Sha also noted that the latest HEDIS estimates are very favorable.

Ms. Tomcala updated the Committee on the new building, noting that three proposals/bids from architectural firms are under review.

The Committee discussed to changing the meeting time for the Executive/Finance Committee meetings to 11:30 am – 1:00 pm.

Ms. Tomcala also extended an invitation to the Committee members to join the Plan at the PACT Luncheon in November, at which Dolores Alvarado will be recognized.

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

11. Adjournment

The meeting was adjourned at 11:40 am.

Michele Lew, Chair



Santa Clara
Family Health Plan

The Spirit of Care

Unaudited
Financial Statements
For Two Months Ended August 2017

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Fiscal Year 2016-17 Year-To-Date Highlights

- **Net Surplus** – August \$2.8 million surplus and Year-to-date (YTD) \$5.4 million surplus (\$4.4 million favorable to budget)
- **Enrollment** – August 2017 membership: 272,894 (0.7% unfavorable to budget) and August YTD: 544,443 member months (1.1% unfavorable to budget and 2.2% lower than August YTD last year)
 - Medi-Cal membership recovered slightly from the loss experienced in July 2017 although the downward trend that started in November 2016 has continued in general. Cal MediConnect (CMC) membership continued its slight decreasing trend seen through the year. Healthy Kids (HK) membership transition to Medi-Cal is slower than planned.
- **Revenue** – Overall revenue variance is unfavorable by \$5.5 million (-2.8%) YTD to budget. Most variances are unfavorable, but they are offset by some favorable variances. Key variances are:
 - In Home Support Services (IHSS) revenue Lower (\$3.4 M) – due to both member months and rate differential; however, corresponding lower expense offsets this unfavorable variance (no impact on net income)
 - Assembly Bill 85 (AB 85) revenue Lower (\$2.4 M) – due to exclusion of both pass-through revenue and its corresponding expense (no impact on net income)
 - Medi-Cal CMC revenue Lower (\$1.0 M) – due to fewer member months
 - Hepatitis C (Hep C) revenue Lower (\$0.8 M) – due to fewer member months
 - Behavior Health Treatment (BHT) revenue Lower (\$0.6 M) – due to both member months and rate differential
 - Maternity revenue Lower (\$0.2 M) – due to fewer births
 - Prior Year revenue Higher (\$3.0 M) – largely due to retroactivity
- **Medical Expenses** – Favorable YTD budget by \$9.3 million (+4.9%)
 - Favorable variance was largely due to lower inpatient expenses offset by higher specialists' and out of area expense. Capitation expense was favorable due to lower enrollment. IHSS and AB 85 expenses were lower commensurate with lower revenues.

Fiscal Year 2017-18 Year-To-Date Highlights (continued)

- **Administrative Expenses** – Favorable YTD budget by \$0.7 million (+7.6%)
 - Lower payroll costs were offset by unfavorable temporary staff expense; postage and printing expenses were favorable due to timing and contract services were favorable due to lower pharmacy administration expense.

- **Balance Sheet**
 - August capitation was delayed until September but it did not include recoupment of ~\$18 million per month for prior Medicaid Coverage Expansion (MCE) rate overpayments that occurred in June and July.
 - Tangible Net Equity (TNE) of \$163.8 million or 459% of most recent Required TNE of \$35.7 million per Department of Managed Health Care (DMHC) – \$39.0 million above the Santa Clara Family Health Plan (SCFHP or The Plan) low-end Equity Target and \$141.2 million above the low-end Liquidity Target.
 - YTD Capital Expenditure increased by \$10.0 million largely due to the planned purchase of a new building in order to lower the long term occupancy costs in an increasing real estate rental rate environment in the current location.

Consolidated Performance
August 2017 and Year to Date

	Month	YTD
Revenue	\$97 million	\$193 million
Medical Costs	\$90 million	\$179 million
Medical Loss Ratio	92.7%	93.0%
Administrative Costs	\$4.2 million (4.3%)	\$8 million (4.1%)
Other Income/ Expense	(\$45,476)	(\$91,117)
Net Surplus (Loss)	\$2,831,209	\$5,447,484
Cash on Hand		\$288 million
Net Cash Available to SCFHP		\$257 million
Receivables		\$525 million
Current Liabilities		\$672 million
Tangible Net Equity		\$164 million
Percent Of DMHC Requirement		459%

**Santa Clara Family Health Plan
CFO Finance Report
For the Month and Year to Date Ended August 31, 2017**

Summary of Financial Results

For the month of August 2017, SCFHP recorded a net surplus of \$2.8 million compared to a budgeted net surplus of \$0.3 million resulting in a favorable variance from budget of \$2.5 million. For YTD August 2017, SCFHP recorded a net surplus of \$5.4 million compared to a budgeted net surplus of \$1.1 million resulting in a favorable variance from budget of \$4.4 million. The table below summarizes the components of the overall variance from budget.

**Summary Operating Results - Actual vs. Budget
For the Current Month & Fiscal Year to Date - Aug 2017**

Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance \$	Variance %		Actual	Budget	Variance \$	Variance %
\$ 96,998,037	\$ 99,224,323	\$ (2,226,285)	-2.2%	Revenue	\$ 193,010,856	\$ 198,488,265	\$ (5,477,409)	-2.8%
89,939,859	94,340,992	4,401,132	4.7%	Medical Expense	179,487,032	188,768,463	9,281,431	4.9%
7,058,178	4,883,331	2,174,847	44.5%	Gross Margin	13,523,824	9,719,802	3,804,022	39.1%
4,181,493	4,552,533	371,041	8.2%	Administrative Expense	7,985,223	8,643,713	658,490	7.6%
2,876,685	330,798	2,545,888	769.6%	Net Operating Income	5,538,601	1,076,089	4,462,512	414.7%
(45,476)	(8,122)	(37,354)	-459.9%	Non-Operating Income/Exp	(91,117)	(16,244)	(74,873)	-460.9%
\$ 2,831,209	\$ 322,676	\$ 2,508,534	777.4%	Net Surplus/ (Loss)	\$ 5,447,484	\$ 1,059,845	\$ 4,387,639	414.0%

Member Months

For the month of August 2017, overall member months were lower than budget by 2,022 (-0.7%). For YTD August 2017, overall member months were lower than budget by 5,981 (-1.1%).

In the two months since the end of the prior fiscal year, 6/30/2016, membership in Medi-Cal decreased by 1.1%, membership in Healthy Kids program decreased by 4.2%, and membership in CMC program decreased by 1.8%.

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

Revenue

The Plan recorded net revenue of \$97.0 million for the month of August 2017, compared to budgeted revenue of \$99.2 million, resulting in an unfavorable variance from budget of \$2.2 million, or -2.2%. For year to date August 2017, the Plan recorded net revenue of \$193.0 million, compared to budgeted revenue of \$198.5 million, resulting in an unfavorable variance from budget of \$5.5 million, or -2.8%. Major unfavorable variances were: IHSS revenue due to both member months and rate differential offset by an equal lower expense, AB 85 revenue due to the exclusion of pass-through revenue and its corresponding expense, Medi-Cal CMC revenue due to lower member months, Hep C revenue due to fewer utilizers, BHT revenue due to both member months and rate differential, and Maternity revenue due to fewer births. These unfavorable revenue variances were offset by favorable Prior Year revenue due to retroactivity.

A statistical and financial summary for all lines of business is included on page 16 of this report.

Medical Expenses

For the month of August 2017, medical expense was \$89.9 million compared to budget of \$94.3 million, resulting in a favorable budget variance of \$4.4 million, or +4.7%. For year to date August 2017, medical expense was \$179.5 million compared to budget of \$188.8 million, resulting in a favorable budget variance of \$9.3 million, or +4.9%. The favorable variance was largely due to lower inpatient expenses offset by higher specialists' and out of area expense. Capitation expense was favorable due to lower enrollment. IHSS and AB 85 expenses were lower commensurate with lower revenues.

Administrative Expenses

Overall administrative costs were favorable to budget by \$0.4 million (+8.2%) for the month of August 2017 and favorable to budget by \$0.7 million (+7.6%) for year to date August 2017. Lower payroll costs were offset by unfavorable temporary staff expense; postage and printing expenses were favorable due to timing and contract services were favorable due to lower pharmacy administration expense.

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

Balance Sheet

Current assets totaled \$820.4 million compared to current liabilities of \$672.3 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 August 31, 2017. Working capital decreased by \$3.8 million for the two months YTD ended August 31, 2017.

Cash as of August 31, 2017, decreased by \$76.9 million compared to the cash balance as of year-end June 30, 2017. Net receivables increased by \$49.8 million during the same two month period ended August 31, 2017 largely due to a delay in receipt of Duals Recast differential revenue, Managed Care Organization (MCO) tax revenue, and increase in IHSS liability. The overall cash position decreased largely due to the delay in receiving the August capitation, beginning of the recoupment of MCE overpayments (~\$18 million per month), payment of the final FY17 MCO quarterly installment, and the all cash 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 later this year.

Liabilities decreased by a net amount of \$22.2 million during the two months ended August 31, 2017. Liabilities decreased primarily due to the final quarterly payment of the MCO tax for FY17, recoupment of MCE overpayments by the State, and payments to Kaiser (KP) and Valley Health Plan (VHP) for supplemental revenues related to Maternity and BHT.

Capital Expenditure increased by a total of \$10.0 million for the two months ended August 31, 2017. The YTD capital expenditure includes:

Expenditure	Annual Budget	YTD Actual
New Building	14,300,000	9,743,526
Systems	1,595,000	-
Hardware	611,500	123,509
Software	587,000	-
Furniture and Fixtures	173,515	133,515
Automobile	33,000	-
Leasehold Improvements	10,000	-
TOTAL	17,310,015	10,000,551

Reserves Analysis

TNE was \$163.8 million at August 31, 2017 or 459% of the most recent quarterly DMHC minimum requirement of \$35.7 million. A chart showing TNE trends is shown on page 17 of this report.

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 August 31, 2017, the Plan's TNE was \$39.0 million above the low-end Equity Target and \$141.2 million above the low-end Liquidity Target and the Plan's TNE was \$14.5 million below the high-end Equity Target and \$102.6 million above the high-end Liquidity Target (see calculations below).

Financial Reserve Target #1: Tangible Net Equity	
Actual TNE	\$163,828,043
Current Required TNE	\$35,658,000
Excess TNE	\$128,170,043
Required TNE Percentage	459%
SCFHP Target TNE Range:	
350% of Required TNE (low end)	\$124,803,000
500% of Required TNE (high end)	\$178,290,000
TNE Above/(Below) SCFHP Low End Target	\$39,025,043
Financial Reserve Target #2: Liquidity	
Cash & Cash Equivalents	\$287,663,878
Less Pass-through Liabilities:	
Net Receivable/(Payable) from/to State of CA*	8,008,670
Other Pass-through Liabilities	(38,563,579)
Total Pass-through Liabilities	(30,554,909)
Net Cash Available to SCFHP	\$257,108,968
SCFHP Target Liquidity:	
45 days of Total Operating Expenses	(\$115,869,902)
60 days of Total Operating Expenses	(\$154,493,203)
Liquidity Above/(Below) SCFHP Low End Target	\$141,239,066
*Pass-Throughs from State of CA (excludes IHSS)	
Receivables Due to SCFHP	208,786,030
Payables Due from SCFHP	(200,777,360)
Net Receivable/(Payable)	\$8,008,670

Santa Clara Family Health Plan Enrollment Summary

For the Month of Aug 2017

Two Months Ending Aug 2017

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	Prior Year <u>Actual</u>	Change FY18 <u>vs. FY17</u>
Medi-Cal	262,871	264,616	(0.7%)	524,262	529,824	(1.0%)	531,954	(1.4%)
Healthy Kids	2,618	2,800	(6.5%)	5,251	5,600	(6.2%)	8,604	(39.0%)
Medicare	7,405	7,500	(1.3%)	14,930	15,000	(0.5%)	16,133	(7.5%)
Total	272,894	274,916	(0.7%)	544,443	550,424	(1.1%)	556,691	(2.2%)

Santa Clara Health Authority
August 2017

Network	Medi-Cal		Healthy Kids		CMC		Total	
	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total
Direct Contact Physicians	28,466	11%	385	15%	7,405	100%	36,256	13%
SCVVHS, Safety Net Clinics, FQHC Clinics	135,538	52%	1,240	47%	-	0%	136,778	50%
Palo Alto Medical Foundation	7,514	3%	75	3%	-	0%	7,589	3%
Physicians Medical Group	48,085	18%	738	28%	-	0%	48,823	18%
Premier Care	16,343	6%	180	7%	-	0%	16,523	6%
Kaiser	26,925	10%	-	0%	-	0%	26,925	10%
Total	262,871	100%	2,618	100%	7,405	100%	272,894	100%
Enrollment at June 30, 2017	265,753		2,732		7,543		276,028	
Net Change from Beginning of FY18	-1.1%		-4.2%		-1.8%		-1.1%	

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
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
	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
	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
	Disabled - Medi-Cal Only	10,785	11,014	10,998	11,046	11,024	11,009	11,013	11,042	11,057	11,071	11,062	10,921	10,920	10,708
	Child (HF conversion)	1,725	1,542	1,350	1,297	1,150	1,078	973	921	879	845	280	192	74	59
	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
	Other	40	38	38	37	35	35	34	38	38	39	35	38	33	35
	Long Term Care	297	307	305	313	325	331	330	325	328	327	339	334	337	330
	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
DUAL	Aged	14,466	14,518	14,648	14,713	14,792	14,929	15,326	15,917	16,071	16,204	16,199	16,402	16,355	16,666
	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
	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
	Long Term Care	1,050	1,054	1,050	1,040	1,032	1,052	1,165	1,181	1,238	1,228	1,232	1,222	1,208	1,195
	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
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	
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	
CMC	CMC Non-Long Term Care	7,776	7,698	7,589	7,486	7,271	7,243	7,224	7,300	7,331	7,276	7,254	7,264	7,259	7,146
	CMC - Long Term Care	332	327	320	315	312	303	303	298	291	291	291	279	266	259
	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
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	

**Santa Clara County Health Authority
Balance Sheet**

	<u>AUG 17</u>	<u>JUL 17</u>	<u>JUN 17</u>	<u>JUN 16</u>
Assets				
Current Assets				
Cash and Marketable Securities	\$ 287,663,878	\$ 302,258,460	\$ 364,609,248	\$ 146,082,070
Premiums Receivable				
In Home Support Services (IHSS)	310,692,607	296,711,087	282,168,565	235,710,453
All Other	214,018,970	201,903,371	192,697,632	181,456,519
Prepaid Expenses and Other Current Assets	<u>8,013,700</u>	<u>8,080,915</u>	<u>7,070,619</u>	<u>6,766,163</u>
Total Current Assets	820,389,155	808,953,833	846,546,064	570,015,205
Long Term Assets				
Equipment	31,269,437	31,288,225	21,268,887	13,717,799
Less: Accumulated Depreciation	<u>(11,358,920)</u>	<u>(10,954,498)</u>	<u>(10,761,759)</u>	<u>(8,775,886)</u>
Total Long Term Assets	<u>19,910,517</u>	<u>20,333,727</u>	<u>10,507,128</u>	<u>4,941,913</u>
Total Assets	\$ 840,299,672	\$ 829,287,560	\$ 857,053,192	\$ 574,957,118
Deferred Outflow of Resources				
	\$ 9,287,513	\$ 9,287,513	9,287,513	1,570,339
Total Deferred Outflows and Assets	<u>849,587,185</u>	<u>838,575,073</u>	<u>866,340,705</u>	<u>576,527,457</u>
Liabilities and Net Position				
Current Liabilities				
Trade Payables	\$ 4,978,755	\$ 4,857,207	\$ 6,157,039	\$ 4,824,017
Deferred Rent	79,999	86,298	92,597	142,408
Employee Benefits	1,258,413	1,265,956	1,262,108	1,013,759
Retirement Obligation per GASB 45	4,937,918	4,878,139	4,818,359	
Advance Premium - Healthy Kids	69,264	60,466	53,439	65,758
Deferred Revenue - Medicare			8,372,938	
Liability for ACA 1202	2,065,180	2,065,180	2,065,180	5,503,985
Payable to Hospitals (SB90)				55,140
Payable to Hospitals (SB208)		0	0	(35,535)
Payable to Hospitals (AB 85)	29,911,530	28,642,083	27,378,335	1,717,483
Due to Santa Clara County Valley Health Plan and Kaiser	6,586,869	4,905,409	9,456,454	6,604,472
MCO Tax Payable - State Board of Equalization	27,153,715	18,491,922	33,865,555	10,779,014
Due to DHCS	173,623,646	190,634,704	207,658,770	107,213,315
Liability for In Home Support Services (IHSS)	328,744,308	314,762,788	300,220,266	238,387,141
Premium Deficiency Reserve (PDR)	2,374,525	2,374,525	2,374,525	2,374,525
Medical Cost Reserves	<u>90,562,820</u>	<u>91,216,364</u>	<u>90,922,381</u>	<u>84,321,012</u>
Total Current Liabilities	672,346,943	664,241,040	694,697,947	462,966,494
Non-Current Liabilities				
Noncurrent Premium Deficiency Reserve	5,919,500	5,919,500	5,919,500	5,919,500
Net Pension Liability GASB 68	7,007,370	6,932,370	6,857,370	5,018,386
Total Liabilities	<u>685,273,813</u>	<u>677,092,910</u>	<u>707,474,817</u>	<u>473,904,380</u>
Deferred Inflow of Resources				
	485,329	485,329	485,329	2,329,621
Net Position / Reserves				
Invested in Capital Assets	10,409,164	10,693,290	10,507,128	4,941,913
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Unrestricted Net Equity	147,666,046	147,381,920	89,480,978	67,383,691
Current YTD Income (Loss)	<u>5,447,484</u>	<u>2,616,274</u>	<u>58,087,104</u>	<u>27,662,502</u>
Net Position / Reserves	<u>163,828,043</u>	<u>160,996,834</u>	<u>158,380,560</u>	<u>100,293,456</u>
Total Liabilities, Deferred Inflows, and Net Assets	\$ 849,587,185	\$ 838,575,073	\$ 866,340,705	\$ 576,527,457

Santa Clara County Health Authority
Income Statement for Two Months Ending August 31, 2017

	For the Month of Aug 2017					For Two Months Ending Aug 31, 2017				
	Actual	% of Revenue	Budget	% of Revenue	Variance	Actual	% of Revenue	Budget	% of Revenue	Variance
REVENUES										
MEDI-CAL	\$ 88,485,889	91.2%	\$ 90,334,365	91.0%	\$ (1,848,476)	\$ 175,852,716	91.1%	\$ 180,708,351	91.0%	\$ (4,855,635)
HEALTHY KIDS	\$ 267,448	0.3%	\$ 252,000	0.3%	\$ 15,448	\$ 540,502	0.3%	\$ 504,000	0.3%	\$ 36,502
MEDICARE	\$ 8,244,700	8.5%	\$ 8,637,957	8.7%	\$ (393,257)	\$ 16,617,638	8.6%	\$ 17,275,915	8.7%	\$ (658,276)
TOTAL REVENUE	<u>\$ 96,998,037</u>	<u>100.0%</u>	<u>\$ 99,224,323</u>	<u>100.0%</u>	<u>\$ (2,226,285)</u>	<u>\$ 193,010,856</u>	<u>100.0%</u>	<u>\$ 198,488,265</u>	<u>100.0%</u>	<u>\$ (5,477,409)</u>
MEDICAL EXPENSES										
MEDI-CAL	\$ 82,116,762	84.7%	\$ 85,860,485	86.5%	\$ 3,743,723	\$ 163,169,196	84.5%	\$ 171,807,449	86.6%	\$ 8,638,254
HEALTHY KIDS	\$ 219,074	0.2%	\$ 213,264	0.2%	\$ (5,810)	\$ 427,032	0.2%	\$ 426,527	0.2%	\$ (504)
MEDICARE	\$ 7,604,024	7.8%	\$ 8,267,243	8.3%	\$ 663,219	\$ 15,890,805	8.2%	\$ 16,534,486	8.3%	\$ 643,682
TOTAL MEDICAL EXPENSES	<u>\$ 89,939,859</u>	<u>92.7%</u>	<u>\$ 94,340,992</u>	<u>95.1%</u>	<u>\$ 4,401,132</u>	<u>\$ 179,487,032</u>	<u>93.0%</u>	<u>\$ 188,768,463</u>	<u>95.1%</u>	<u>\$ 9,281,431</u>
MEDICAL OPERATING MARGIN	\$ 7,058,178	7.3%	\$ 4,883,331	4.9%	\$ 2,174,847	\$ 13,523,824	7.0%	\$ 9,719,802	4.9%	\$ 3,804,022
ADMINISTRATIVE EXPENSES										
SALARIES AND BENEFITS	\$ 2,142,757	2.2%	\$ 2,313,386	2.3%	\$ 170,630	\$ 4,157,420	2.2%	\$ 4,392,255	2.2%	\$ 234,835
RENTS AND UTILITIES	\$ 118,640	0.1%	\$ 121,656	0.1%	\$ 3,016	\$ 234,591	0.1%	\$ 241,223	0.1%	\$ 6,632
PRINTING AND ADVERTISING	\$ 11,477	0.0%	\$ 191,050	0.2%	\$ 179,573	\$ 68,642	0.0%	\$ 252,100	0.1%	\$ 183,458
INFORMATION SYSTEMS	\$ 121,975	0.1%	\$ 217,714	0.2%	\$ 95,739	\$ 397,647	0.2%	\$ 435,428	0.2%	\$ 37,781
PROF FEES / CONSULTING / TEMP STAFFING	\$ 1,186,390	1.2%	\$ 987,278	1.0%	\$ (199,112)	\$ 2,176,966	1.1%	\$ 2,055,496	1.0%	\$ (121,470)
DEPRECIATION / INSURANCE / EQUIPMENT	\$ 446,313	0.5%	\$ 345,113	0.3%	\$ (101,200)	\$ 692,047	0.4%	\$ 689,951	0.3%	\$ (2,096)
OFFICE SUPPLIES / POSTAGE / TELEPHONE	\$ 67,457	0.1%	\$ 266,711	0.3%	\$ 199,254	\$ 100,553	0.1%	\$ 374,423	0.2%	\$ 273,870
MEETINGS / TRAVEL / DUES	\$ 76,484	0.1%	\$ 87,404	0.1%	\$ 10,920	\$ 139,669	0.1%	\$ 177,899	0.1%	\$ 38,230
OTHER	\$ 10,000	0.0%	\$ 22,220	0.0%	\$ 12,220	\$ 17,690	0.0%	\$ 24,939	0.0%	\$ 7,249
TOTAL ADMINISTRATIVE EXPENSES	<u>\$ 4,181,493</u>	<u>4.3%</u>	<u>\$ 4,552,533</u>	<u>4.6%</u>	<u>\$ 371,041</u>	<u>\$ 7,985,223</u>	<u>4.1%</u>	<u>\$ 8,643,713</u>	<u>4.4%</u>	<u>\$ 658,490</u>
OPERATING SURPLUS (LOSS)	\$ 2,876,685	3.0%	\$ 330,798	0.3%	\$ 2,545,888	\$ 5,538,601	2.9%	\$ 1,076,089	0.5%	\$ 4,462,512
GASB 45 - POST EMPLOYMENT BENEFITS EXPENSE	\$ (59,780)	-0.1%	\$ (59,780)	-0.1%	\$ -	\$ (119,559)	-0.1%	\$ (119,559)	-0.1%	\$ -
GASB 68 - UNFUNDED PENSION LIABILITY	\$ (75,000)	-0.1%	\$ (75,000)	-0.1%	\$ -	\$ (150,000)	-0.1%	\$ (150,000)	-0.1%	\$ -
INTEREST & OTHER INCOME	\$ 89,304	0.1%	\$ 126,657	0.1%	\$ (37,354)	\$ 178,442	0.1%	\$ 253,315	0.1%	\$ (74,873)
NET SURPLUS (LOSS) FINAL	<u>\$ 2,831,209</u>	<u>2.9%</u>	<u>\$ 322,676</u>	<u>0.3%</u>	<u>\$ 2,508,534</u>	<u>\$ 5,447,484</u>	<u>2.8%</u>	<u>\$ 1,059,845</u>	<u>0.5%</u>	<u>\$ 4,387,639</u>

Santa Clara Family Health Plan
Statement of Cash Flows
For Two Months Ending Aug 31, 2017

Cash flows from operating activities	
Premiums received	\$ 102,418,511
Medical expenses paid	\$ (154,192,136)
Administrative expenses paid	<u>\$ (15,349,637)</u>
Net cash from operating activities	\$ (67,123,262)
 Cash flows from capital and related financing activities	
Purchases of capital assets	\$ (10,000,551)
 Cash flows from investing activities	
Interest income and other income, net	<u>\$ 178,442</u>
 Net (Decrease) increase in cash and cash equivalents	<u>\$ (76,945,371)</u>
 Cash and cash equivalents, beginning of year	<u>\$ 364,609,248</u>
 Cash and cash equivalents at Aug 31, 2017	<u><u>\$ 287,663,878</u></u>
 Reconciliation of operating income to net cash from operating activities	
Operating income (loss)	\$ 5,269,042
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	\$ 597,161
Changes in operating assets and liabilities	
Premiums receivable	\$ (49,845,380)
Due from Santa Clara Family Health Foundation	\$ -
Prepays and other assets	\$ (943,081)
Deferred outflow of resources	\$ -
Accounts payable and accrued liabilities	\$ (6,898,935)
State payable	\$ (40,746,965)
Santa Clara Valley Health Plan and Kaiser payable	\$ (2,869,585)
Net Pension Liability	\$ 150,000
Medical cost reserves and PDR	\$ (359,561)
Deferred inflow of resources	<u>\$ -</u>
Total adjustments	<u>\$ (72,392,304)</u>
Net cash from operating activities	<u><u>\$ (67,123,262)</u></u>

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

For Two Months Ending Aug 31, 2017

	Medi-Cal	CMC	Healthy Kids	Grand Total
P&L (ALLOCATED BASIS)				
REVENUE	\$171,498,127	\$20,972,227	\$540,502	\$193,010,856
MEDICAL EXPENSES (MLR)	157,768,956 92.0%	21,291,045 101.5%	427,032 79.0%	179,487,032 93.0%
GROSS MARGIN	13,729,171	(318,817)	113,470	13,523,824
ADMINISTRATIVE EXPENSES <i>(% of Revenue Allocation)</i>	7,095,201	867,661	22,362	7,985,223
OPERATING INCOME/(LOSS)	6,633,970	(1,186,478)	91,109	5,538,601
OTHER INCOME/(EXPENSE) <i>(% of Revenue Allocation)</i>	(80,962)	(9,901)	(255)	(91,117)
NET INCOME/ (LOSS)	\$6,553,009	(\$1,196,378)	\$90,854	\$5,447,484
PMPM (ALLOCATED BASIS)				
REVENUE	\$327.12	\$1,404.70	\$102.93	\$354.51
MEDICAL EXPENSES	300.94	1,426.06	81.32	329.67
GROSS MARGIN	26.19	(21.35)	21.61	24.84
ADMINISTRATIVE EXPENSES	13.53	58.12	4.26	14.67
OPERATING INCOME/(LOSS)	12.65	(79.47)	17.35	10.17
OTHER INCOME / (EXPENSE)	(0.15)	(0.66)	(0.05)	(0.17)
NET INCOME / (LOSS)	\$12.50	(\$80.13)	\$17.30	\$10.01
ALLOCATION BASIS:				
MEMBER MONTHS - YTD	524,262	14,930	5,251	544,443
Revenue by LOB	88.9%	10.9%	0.3%	100%

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

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

	<u>6/30/2011</u>	<u>6/30/2012</u>	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>7/31/2017</u>
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	163,828,043
Required Reserve per DMHC	4,996,000	5,901,000	7,778,000	11,434,000	19,269,000	32,375,000	35,658,000	35,658,000
200% of Required Reserve	9,992,000	11,802,000	15,556,000	22,868,000	38,538,000	64,750,000	71,316,000	71,316,000
Actual as % Required	722%	410%	419%	357%	377%	310%	444%	459%

