



Santa Clara Family Health Plan

The Spirit of Care

Financial Statements
For Eleven Months Ended May 2017
(Unaudited)

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Fiscal Year 2016-17 Year-To-Date Highlights

- **Net Surplus** – May \$1.7 million surplus and YTD \$22.7 million surplus (\$11.7 million favorable to budget)
- **Enrollment** – May 2017 membership: 276,118 (0.8% unfavorable to budget) and May YTD: 3,069,499 member months (1.3% favorable to budget and 5.1% higher than May YTD last year)
 - Medi-Cal membership continued the downward trend that started in November 2016. CMC membership continued its slight decreasing trend seen through the year. HK membership transition to Medi-Cal is slower than planned.
- **Revenue** – Favorable YTD budget by \$62.0 million (+5.9%)
 - Increase was largely due to higher than budgeted member months YTD, which was partially offset by unfavorable variance in Medi-Cal Expansion, Hep C, and Medi-Cal CMC revenue. Medicare revenue was favorable due to higher risk scores of the plan members. Part D Medicare revenue was unfavorable to budget.
- **Medical Expenses** – Unfavorable YTD budget by \$50.4 million (-5.1%)
 - Unfavorable variance was due to higher member months resulting in higher capitation costs as well as higher inpatient, LTC, and provider risk sharing/CCI and CMC recast reserve expenses. Claims interest expense are unfavorable due to clearing of PDRs. Prior year medical expense estimate reduction offset some of this unfavorable variance.
- **Administrative Expenses** – Unfavorable YTD budget by \$45 thousand (-0.1%)
 - Lower payroll costs are offset by unfavorable consulting/temporary expense; rent/utilities/furniture is favorable due to deferred expansion plans; advertising and postage expenses are favorable due to timing, and contract services are favorable due to a non-recurring pharmacy administration expense goodwill credit.
- **Other Income/Expenses** – Favorable to budget by \$0.2 million due to higher interest earnings than budget
- **Balance Sheet**
 - As Cash position had increased significantly due to a reduction in prior period receivables, SCFHP added \$140M to its county investment pool. Most receivables now relate to only IHSS and MCO. Although DHCS is paying monthly capitation prospectively, May's capitation was received in June affecting the cash balance at the end of May. DHCS expects to begin collection of MCE overpayments in July 2017.
 - TNE of \$123.0 million or 337% of most recent Required TNE of \$36.5 million per DMHC (\$4.8 million below the SCFHP low-end Equity Target and \$74.8 million above the low-end Liquidity Target).
 - YTD Capital Expenses increased by \$7.1 million largely due to capitalization of Trizetto/QNXT claims system expenses versus annual capital budget of \$10.9 million.

Consolidated Performance
May 2017 and Year to Date

	Month	YTD
Revenue	\$102 million	\$1110 million
Medical Costs	\$97 million	\$1047 million
Medical Loss Ratio	94.4%	94.3%
Administrative Costs	\$3.9 million (3.8%)	\$39.3 million (3.5%)
Other Income/ Expense	(\$144,978)	(\$764,254)
Net Surplus (Loss)	\$1,674,545	\$22,715,245
Cash on Hand		\$333 million
Net Cash Available to SCFHP		\$197 million
Receivables		\$538 million
Current Liabilities		\$758 million
Tangible Net Equity		\$123 million
Percent Of DMHC Requirement		337%

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

Summary of Financial Results

For the month of May 2017, SCFHP recorded a net surplus of \$1.7 million compared to a budgeted net surplus of \$0.8 million resulting in a favorable variance from budget of \$0.8 million. For year to date May 2017, SCFHP recorded a net surplus of \$22.7 million compared to a budgeted net surplus of \$11.0 million resulting in a favorable variance from budget of \$11.7 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 - May 2017

Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance \$	Variance %		Actual	Budget	Variance \$	Variance %
\$102,191,098	\$ 96,330,375	\$ 5,860,723	6.1%		\$ 1,110,210,853	\$ 1,048,257,221	\$ 61,953,632	5.9%
96,502,256	91,593,338	(4,908,918)	-5.4%		1,047,434,457	997,019,760	(50,414,696)	-5.1%
5,688,842	4,737,037	951,805	20.1%		62,776,396	51,237,461	11,538,936	22.5%
3,869,319	3,819,551	(49,768)	-1.3%		39,296,897	39,251,596	(45,301)	-0.1%
1,819,523	917,486	902,037	98.3%		23,479,499	11,985,865	11,493,634	95.9%
(144,978)	(85,842)	(59,136)	-68.9%		(764,254)	(944,267)	180,012	19.1%
\$ 1,674,545	\$ 831,644	\$ 842,901	101.4%		\$ 22,715,245	\$ 11,041,598	\$ 11,673,646	105.7%

Member Months

For the month of May 2017, overall member months were lower than budget by 2,274 (-0.8%). For year to date May 2017, overall member months were higher than budget by 40,796 (+1.3%).

In the eleven months since the end of the prior fiscal year, 6/30/2016, membership in Medi-Cal increased by 2.2%, membership in Healthy Kids program decreased by 37.8%, and membership in CMC program decreased by 8.0%.

Member months, and changes from prior year, are summarized on Page 10.

Revenue

The Plan recorded net revenue of \$102.2 million for the month of May 2017, compared to budgeted revenue of \$96.3 million, resulting in a favorable variance from budget of \$5.9 million, or 6.1%. For year to date May 2017, the Plan recorded net revenue of \$1.1 billion, compared to budgeted revenue of \$1.0 billion, resulting in a favorable variance from budget of \$62.0 million, or 5.9%. The favorable variance was largely due to higher than budgeted members year to date. The Plan also received prior year revenue and higher than budgeted supplemental revenues (Behavioral Health, Maternity, and Abortion). This positive variance was partially offset by unfavorable variances in Medi-Cal Expansion, Hep C, and Medi-Cal CMC revenue. Medi-Cal Expansion revenue is unfavorable due to both lower than budgeted member months and PMPM. Hep C revenue is unfavorable due to lower than budgeted actual rate and Medi-Cal CMC revenue is lower due to lower than budgeted member months. Medicare revenue was favorable due to higher PMPM reflecting the higher risk scores of the plan members.

A statistical and financial summary for all lines of business is included on page 15 of this report.

Medical Expenses

For the month of May 2017, medical expense was \$96.5 million compared to budget of \$91.6 million, resulting in an unfavorable budget variance of \$4.9 million, or -5.4%. For year to date May 2017, medical expense was \$1.0 billion compared to budget of \$997.0 million, resulting in an unfavorable budget variance of \$50.4 million, or -5.1%. The unfavorable variance was largely due to higher than budgeted member months, which led to higher capitation costs of \$10.4 million. Increased LTC and inpatient expenses also contributed to the unfavorable variance. Some of this unfavorability was offset by a lowering of the prior year medical cost reserves, lower than budgeted Pharmacy expenses including a cost saving share credit, and a net reinsurance recovery over premiums paid. Additionally, the Plan has set aside \$21.5 million for IHSS/recast reserves and provider risk sharing.

Administrative Expenses

Overall administrative costs were unfavorable to budget by \$50 thousand (-1.3%) for the month of May 2017 and unfavorable to budget by \$45 thousand (-0.1%) for year to date May 2017. Occupancy related costs (e.g., Contract Services, Utilities, Depreciation, Furniture etc.) were favorable due to deferred expansion plans and Advertising/Postage expenses were favorable due to timing. Lower personnel costs due to open positions were offset by higher consulting/temporary expenses.

Overall administrative expenses were 3.5% of revenue for year to date May 2017.

Balance Sheet

Current assets totaled \$877.7 million compared to current liabilities of \$758.2 million, yielding a current ratio (the ratio of current assets to current liabilities) of 1.2 vs. the DMHC minimum requirement of 1.0 as of May 31, 2017. Working capital increased by \$12.4 million for the eleven months year to date ended May 31, 2017.

Cash as of May 31, 2017, increased by \$186.5 million compared to the cash balance as of year-end June 30, 2016. 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. Net receivables increased by \$121.3 million during the same eleven month period ended May 31, 2017 largely due to a delay in receiving May capitation in time from DHCS. The overall cash position increased largely due to the receipt of prior period receivables, capitation revenue paid at the prospective rates, and an increase in the payables.

Liabilities increased by a net amount of \$290.2 million during the eleven months ended May 31, 2017. Liabilities increased primarily due to the overpayment of Medi-Cal expansion premium revenues by the State to \$180.8 million and an increase in IHSS/MCO payables year to date.

Capital Expenses increased by \$7.1 million for the eleven months ended May 31, 2017. The capital expenses include:

Expense	YTD Actual	Annual Budget
Trizetto	6,089,120	6,800,000
Computers	780,517	3,134,500
Leasehold Improvement & Furniture	209,029	992,700
TOTAL	7,078,666	10,927,200

Reserves Analysis

Tangible Net Equity (TNE) was \$123.0 million at May 31, 2017 or 337% of the most recent quarterly Department of Managed Health Care (DMHC) minimum requirement of \$36.5 million. A chart showing TNE trends is shown on page 16 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 May 31, 2017, the Plan's TNE was \$4.8 million below the low-end Equity Target and \$74.8 million above the low-end Liquidity Target and the Plan's TNE was \$59.5 million below the high-end Equity Target and \$34.1 million above the high-end Liquidity Target (see calculations below).

Financial Reserve Target #1: Tangible Net Equity	
Actual TNE	\$123,008,701
Current Required TNE	\$36,507,000
Excess TNE	\$86,501,701
Required TNE Percentage	337%
SCFHP Target TNE Range:	
350% of Required TNE (low end)	\$127,774,500
500% of Required TNE (high end)	\$182,535,000
TNE Above/(Below) SCFHP Low End Target	(\$4,765,799)
Financial Reserve Target #2: Liquidity	
Cash & Cash Equivalents	\$332,577,867
Less Pass-through Liabilities:	
Net Receivable/(Payable) from/to State of CA*	(125,569,488)
Other Pass-through Liabilities	(10,152,861)
Total Pass-through Liabilities	(135,722,349)
Net Cash Available to SCFHP	\$196,855,518
SCFHP Target Liquidity:	
45 days of Total Operating Expenses	(\$122,040,704)
60 days of Total Operating Expenses	(\$162,720,938)
Liquidity Above/(Below) SCFHP Low End Target	\$74,814,814
*Pass-Throughs from State of CA (excludes IHSS)	
Receivables Due to SCFHP	125,990,101
Payables Due from SCFHP	(251,559,589)
Net Receivable/(Payable)	(\$125,569,488)

Santa Clara Family Health Plan Enrollment Summary

For the Month of May 2017			Eleven Months Ending May 2017			Prior Year	FY17	
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>vs. FY16</u>
Medi-Cal	265,816	269,238	(1.3%)	2,951,733	2,918,863	1.1%	2,779,229	6.2%
Healthy Kids	2,757	1,426	93.4%	32,935	25,282	30.3%	47,590	(30.8%)
Medicare	7,545	7,728	(2.4%)	84,831	84,558	0.3%	93,740	(9.5%)
Total	276,118	278,392	(0.8%)	3,069,499	3,028,703	1.3%	2,920,559	5.1%

Santa Clara Health Authority
May 2017

Network	Medi-Cal		Healthy Kids		CMC		Total	
	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total
Direct Contact Physicians	27,611	10%	335	12%	7,545	100%	35,491	13%
SCVVHS, Safety Net Clinics, FQHC Clinics	139,085	52%	1,462	53%	-	0%	140,547	51%
Palo Alto Medical Foundation	7,528	3%	82	3%	-	0%	7,610	3%
Physicians Medical Group	48,123	18%	717	26%	-	0%	48,840	18%
Premier Care	16,476	6%	161	6%	-	0%	16,637	6%
Kaiser	26,993	10%	-	0%	-	0%	26,993	10%
Total	265,816	100%	2,757	100%	7,545	100%	276,118	100%
Enrollment at June 30, 2016	260,031		4,435		8,203		272,669	
Net Change from Beginning of FY17	2.2%		-37.8%		-8.0%		1.3%	

Santa Clara Family Health Plan

Enrollment by Aid-Category

	2015-07	2015-08	2015-09	2015-10	2015-11	2015-12	2016-01	2016-02	2016-03	2016-04	2016-05	2016-06	2016-07	2016-08	2016-09	2016-10	2016-11	2016-12	2017-01	2017-02	2017-03	2017-04	2017-05	
NON DUAL	Adult (over 19)	27,844	27,331	27,080	27,148	27,229	27,493	27,509	27,485	27,857	27,436	27,482	29,530	31,197	31,372	31,863	31,603	31,396	31,072	30,836	30,479	30,204	29,921	
	Adult (under 19)	92,783	95,565	97,889	99,823	101,802	103,083	102,501	103,018	104,740	104,443	105,205	105,342	105,841	107,019	108,006	108,627	108,876	107,489	106,719	106,926	106,305	106,181	105,945
	Aged - Medi-Cal Only	8,642	8,730	8,858	8,909	9,103	9,235	9,241	9,158	9,150	9,145	9,144	9,101	9,256	10,078	10,138	10,199	10,216	10,206	10,371	10,400	10,400	10,520	10,538
	Disabled - Medi-Cal Only	11,421	11,345	11,294	11,249	11,262	11,125	11,108	11,037	10,962	10,922	10,866	10,815	10,783	11,017	11,000	11,049	11,028	11,013	11,016	11,044	11,089	11,098	
	Child (HF conversion)	9,541	7,791	6,032	4,575	3,837	3,461	3,211	2,863	2,556	2,301	2,045	1,828	1,725	1,542	1,350	1,297	1,150	1,078	973	921	879	845	280
	Adult Expansion	71,183	73,695	75,814	77,756	79,406	81,235	79,284	79,393	81,325	79,934	80,941	81,786	82,983	83,513	83,721	84,679	84,327	84,551	83,031	82,715	82,618	82,751	82,418
	Other	48	47	55	47	45	45	40	40	42	42	40	38	40	38	38	37	35	35	34	38	38	39	35
	Long Term Care	194	194	205	212	229	247	246	288	289	293	294	299	304	303	310	321	327	327	323	321	309	303	303
	Total Non-Duals	221,656	224,698	227,227	229,719	232,913	235,924	233,140	233,282	236,926	234,512	235,965	236,686	240,457	244,708	245,928	248,061	247,556	246,095	243,543	243,203	242,104	241,938	240,538
DUAL	Aged	10,003	10,678	11,583	12,426	13,380	14,034	14,071	14,197	14,273	14,246	14,366	14,451	14,468	14,522	14,653	14,718	14,796	14,932	15,334	15,931	16,110	16,260	16,279
	Disabled	4,727	4,932	5,235	5,544	5,852	6,042	6,049	6,070	6,058	6,050	6,018	6,037	6,033	6,023	6,027	6,024	6,034	6,033	6,353	6,478	6,506	6,507	6,458
	Other	1,238	1,303	1,370	1,458	1,483	1,638	1,638	1,654	1,701	1,711	1,787	1,814	1,817	1,832	1,856	1,896	1,879	1,891	1,727	1,686	1,621	1,427	1,389
	Long Term Care	644	722	814	904	983	1,065	1,061	1,087	1,074	1,061	1,052	1,043	1,048	1,050	1,045	1,035	1,028	1,049	1,157	1,167	1,199	1,172	1,152
	Total Duals	16,612	17,635	19,002	20,332	21,698	22,779	22,819	23,008	23,106	23,068	23,223	23,345	23,366	23,427	23,581	23,673	23,737	23,905	24,571	25,262	25,436	25,366	25,278
Total Medi-Cal		238,268	242,333	246,229	250,051	254,611	258,703	255,959	256,290	260,032	257,580	259,188	260,031	263,823	268,135	269,509	271,734	271,293	270,000	268,114	268,465	267,540	267,304	265,816
Healthy Kids		4,496	4,598	4,375	4,362	4,325	4,273	4,186	4,114	4,158	4,328	4,375	4,435	4,380	4,224	2,962	2,662	2,458	2,581	2,585	2,780	2,752	2,794	2,757
CMC	CMC Non-Long Term Care	7,249	7,386	7,587	8,002	8,526	9,304	8,783	8,526	8,373	8,147	8,032	7,871	7,778	7,695	7,590	7,490	7,274	7,241	7,228	7,304	7,335	7,286	7,268
	CMC - Long Term Care	294	312	325	352	380	395	376	360	355	341	335	332	330	330	319	311	309	305	299	294	287	281	277
	Total CMC	7,543	7,698	7,912	8,354	8,906	9,699	9,159	8,886	8,728	8,488	8,367	8,203	8,108	8,025	7,909	7,801	7,583	7,546	7,527	7,598	7,622	7,567	7,545
Total Enrollment		250,307	254,629	258,516	262,767	267,842	272,675	269,304	269,290	272,918	270,396	271,930	272,669	276,311	280,384	280,380	282,197	281,334	280,127	278,226	278,843	277,914	277,665	276,118

Santa Clara County Health Authority
Balance Sheet

	<u>MAY 17</u>	<u>APR 17</u>	<u>MAR 17</u>	<u>JUN 16</u>
Assets				
Current Assets				
Cash and Marketable Securities	\$ 332,577,867	\$ 447,853,943	\$ 289,101,317	\$ 146,082,070
Premiums Receivable				
In Home Support Services (IHSS)	411,916,567	395,416,617	378,868,888	235,710,453
All Other	126,550,244	36,748,083	203,921,463	181,456,519
Prepaid Expenses and Other Current Assets	<u>6,613,321</u>	<u>9,279,170</u>	<u>10,125,364</u>	<u>6,766,163</u>
Total Current Assets	877,658,000	889,297,814	882,017,032	570,015,205
Long Term Assets				
Equipment	20,796,465	20,126,909	19,196,267	13,717,799
Less: Accumulated Depreciation	<u>(10,560,264)</u>	<u>(10,395,375)</u>	<u>(10,218,119)</u>	<u>(8,775,886)</u>
Total Long Term Assets	<u>10,236,201</u>	<u>9,731,533</u>	<u>8,978,148</u>	<u>4,941,913</u>
Total Assets	<u><u>\$ 887,894,200</u></u>	<u><u>\$ 899,029,347</u></u>	<u><u>\$ 890,995,181</u></u>	<u><u>\$ 574,957,118</u></u>
Deferred Outflow of Resources	<u><u>\$ 1,570,339</u></u>	<u><u>\$ 1,570,339</u></u>	<u><u>1,570,339</u></u>	<u><u>1,570,339</u></u>
Total Deferred Outflows and Assets	<u><u>889,464,539</u></u>	<u><u>900,599,686</u></u>	<u><u>892,565,520</u></u>	<u><u>576,527,457</u></u>
Liabilities and Net Position				
Current Liabilities				
Trade Payables	\$ 5,523,060	\$ 4,906,546	\$ 5,073,718	\$ 4,824,017
Deferred Rent	96,748	100,899	105,050	142,408
Employee Benefits	1,246,192	1,273,680	1,198,230	1,013,759
Retirement Obligation per GASB 45	657,576	597,797	538,017	
Advance Premium - Healthy Kids	51,202	52,515	47,050	65,758
Deferred Revenue - Medicare				
Liability for ACA 1202	2,065,180	2,065,180	2,065,180	5,503,985
Payable to Hospitals (SB90)	46,610			55,140
Payable to Hospitals (SB208)	(35,535)	(35,535)	(35,535)	(35,535)
Payable to Hospitals (AB 85)	1,282,329	1,378,461	1,382,777	1,717,483
Due to Santa Clara County Valley Health Plan and Kaiser	6,794,277	5,347,329	8,642,584	6,604,472
MCO Tax Payable - State Board of Equalization	18,087,074	34,529,672	53,486,885	10,779,014
Due to DHCS	233,472,515	226,823,793	220,020,766	107,213,315
Liability for In Home Support Services (IHSS)	414,394,167	397,894,217	383,545,576	238,387,141
Premium Deficiency Reserve (PDR)	2,374,525	2,374,525	2,374,525	2,374,525
Medical Cost Reserves	<u>72,150,797</u>	<u>81,378,845</u>	<u>79,216,042</u>	<u>84,321,012</u>
Total Current Liabilities	758,206,717	771,016,409	766,097,708	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	0	0	0	5,018,386
Total Liabilities	<u>764,126,217</u>	<u>776,935,909</u>	<u>772,017,208</u>	<u>473,904,380</u>
Deferred Inflow of Resources				
	<u>2,329,621</u>	<u>2,329,621</u>	<u>2,329,621</u>	<u>2,329,621</u>
Net Position / Reserves				
Invested in Capital Assets	10,236,201	9,731,533	8,978,148	4,941,913
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Unrestricted Net Equity	89,751,905	90,256,573	91,009,958	67,383,691
Current YTD Income (Loss)	<u>22,715,245</u>	<u>21,040,700</u>	<u>17,925,235</u>	<u>27,662,502</u>
Net Position / Reserves	<u>123,008,701</u>	<u>121,334,156</u>	<u>118,218,691</u>	<u>100,293,456</u>
Total Liabilities, Deferred Inflows, and Net Assets	<u><u>\$ 889,464,539</u></u>	<u><u>\$ 900,599,686</u></u>	<u><u>\$ 892,565,520</u></u>	<u><u>\$ 576,527,457</u></u>

Santa Clara County Health Authority
Income Statement for Eleven Months Ending May 31, 2017

	For the Month of May 2017					For Eleven Months Ending May 31, 2017				
	Actual	% of Revenue	Budget	% of Revenue	Variance	% of Revenue				
						Actual	% of Revenue	Budget	% of Revenue	Variance
REVENUES										
MEDI-CAL	\$ 93,507,407	91.5%	\$ 87,925,588	91.3%	\$ 5,581,819	\$ 1,012,265,506	91.2%	\$ 955,444,593	91.1%	\$ 56,820,913
HEALTHY KIDS	\$ 262,513	0.3%	\$ 126,354	0.1%	\$ 136,159	\$ 3,226,388	0.3%	\$ 2,231,924	0.2%	\$ 994,464
MEDICARE	\$ 8,421,178	8.2%	\$ 8,278,432	8.6%	\$ 142,746	\$ 94,718,959	8.5%	\$ 90,580,704	8.6%	\$ 4,138,255
TOTAL REVENUE	\$ 102,191,098	100.0%	\$ 96,330,375	100.0%	\$ 5,860,723	\$ 1,110,210,853	100.0%	\$ 1,048,257,221	100.0%	\$ 61,953,632
MEDICAL EXPENSES										
MEDI-CAL	\$ 85,747,187	83.9%	\$ 83,781,317	87.0%	\$ (1,965,870)	\$ 947,286,616	85.3%	\$ 910,719,010	86.9%	\$ (36,567,607)
HEALTHY KIDS	\$ 221,226	0.2%	\$ 121,206	0.1%	\$ (100,021)	\$ 2,637,920	0.2%	\$ 2,149,443	0.2%	\$ (488,477)
MEDICARE	\$ 10,533,843	10.3%	\$ 7,690,815	8.0%	\$ (2,843,028)	\$ 97,509,920	8.8%	\$ 84,151,308	8.0%	\$ (13,358,612)
TOTAL MEDICAL EXPENSES	\$ 96,502,256	94.4%	\$ 91,593,338	95.1%	\$ (4,908,918)	\$ 1,047,434,457	94.3%	\$ 997,019,760	95.1%	\$ (50,414,696)
MEDICAL OPERATING MARGIN	\$ 5,688,842	5.6%	\$ 4,737,037	4.9%	\$ 951,805	\$ 62,776,396	5.7%	\$ 51,237,461	4.9%	\$ 11,538,936
ADMINISTRATIVE EXPENSES										
SALARIES AND BENEFITS	\$ 2,272,691	2.2%	\$ 2,326,831	2.4%	\$ 54,140	\$ 20,835,258	1.9%	\$ 21,618,312	2.1%	\$ 783,054
RENTS AND UTILITIES	\$ 112,119	0.1%	\$ 137,625	0.1%	\$ 25,506	\$ 1,180,464	0.1%	\$ 1,353,159	0.1%	\$ 172,695
PRINTING AND ADVERTISING	\$ 44,578	0.0%	\$ 54,108	0.1%	\$ 9,531	\$ 567,296	0.1%	\$ 764,942	0.1%	\$ 197,646
INFORMATION SYSTEMS	\$ 154,205	0.2%	\$ 197,926	0.2%	\$ 43,721	\$ 1,960,365	0.2%	\$ 2,097,302	0.2%	\$ 136,938
PROF FEES / CONSULTING / TEMP STAFFING	\$ 960,925	0.9%	\$ 676,780	0.7%	\$ (284,144)	\$ 10,452,443	0.9%	\$ 8,579,089	0.8%	\$ (1,873,353)
DEPRECIATION / INSURANCE / EQUIPMENT	\$ 187,847	0.2%	\$ 239,319	0.2%	\$ 51,472	\$ 2,198,899	0.2%	\$ 2,239,981	0.2%	\$ 41,082
OFFICE SUPPLIES / POSTAGE / TELEPHONE	\$ 61,896	0.1%	\$ 89,180	0.1%	\$ 27,284	\$ 1,178,314	0.1%	\$ 1,563,976	0.1%	\$ 385,663
MEETINGS / TRAVEL / DUES	\$ 67,068	0.1%	\$ 78,252	0.1%	\$ 11,185	\$ 824,341	0.1%	\$ 927,959	0.1%	\$ 103,617
OTHER	\$ 7,991	0.0%	\$ 19,530	0.0%	\$ 11,538	\$ 99,519	0.0%	\$ 106,876	0.0%	\$ 7,358
TOTAL ADMINISTRATIVE EXPENSES	\$ 3,869,319	3.8%	\$ 3,819,551	4.0%	\$ (49,768)	\$ 39,296,897	3.5%	\$ 39,251,596	3.7%	\$ (45,301)
OPERATING SURPLUS (LOSS)										
ALLOWANCE FOR UNCOLLECTED PREMIUMS	\$ 1,819,523	1.8%	\$ 917,486	1.0%	\$ 902,037	\$ 23,479,499	2.1%	\$ 11,985,865	1.1%	\$ 11,493,634
GASB 45 - POST EMPLOYMENT BENEFITS EXPENSE	\$ (44,911)	0.0%	\$ 0.0%	\$ (44,911)	\$ (136,450)	0.0%	0.0%	0.0%	0.0%	\$ (136,450)
GASB 68 - UNFUNDED PENSION LIABILITY	\$ (59,780)	-0.1%	\$ (50,592)	-0.1%	\$ (9,187)	\$ (657,576)	-0.1%	\$ (556,515)	-0.1%	\$ (101,062)
INTEREST & OTHER INCOME	\$ (75,000)	-0.1%	\$ (75,000)	-0.1%	\$ -	\$ (825,000)	-0.1%	\$ (825,000)	-0.1%	\$ -
NET SURPLUS (LOSS) FINAL	\$ 34,712	0.0%	\$ 39,750	0.0%	\$ (5,038)	\$ 854,772	0.1%	\$ 437,248	0.0%	\$ 417,524
	\$ 1,674,545	1.6%	\$ 831,644	0.9%	\$ 842,901	\$ 22,715,245	2.0%	\$ 11,041,598	1.1%	\$ 11,673,646

Santa Clara Family Health Plan
Statement of Cash Flows
For Eleven Months Ended May 31, 2017

Cash flows from operating activities	
Premiums received	\$ 1,122,478,274
Medical expenses paid	\$ (883,407,841)
Administrative expenses paid	\$ (46,214,292)
Net cash from operating activities	\$ 192,856,141
Cash flows from capital and related financing activities	
Purchases of capital assets	\$ (7,078,666)
Cash flows from investing activities	
Interest income and other income, net	\$ 718,322
Net (Decrease) increase in cash and cash equivalents	\$ 186,495,797
Cash and cash equivalents, beginning of year	\$ 146,082,070
Cash and cash equivalents at May 31, 2017	<u>\$ 332,577,867</u>
Reconciliation of operating income to net cash from operating activities	
Operating income (loss)	\$ 21,996,923
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	\$ 1,784,379
Changes in operating assets and liabilities	
Premiums receivable	\$ (121,299,839)
Due from Santa Clara Family Health Foundation	\$ -
Prepays and other assets	\$ 152,841
Deferred outflow of resources	\$ -
Accounts payable and accrued liabilities	\$ (2,353,652)
State payable	\$ 133,567,259
Santa Clara Valley Health Plan and Kaiser payable	\$ 189,805
Net Pension Liability	\$ (5,018,386)
Medical cost reserves and PDR	\$ (12,170,215)
Deferred inflow of resources	\$ -
Total adjustments	\$ 170,859,218
Net cash from operating activities	<u>\$ 192,856,141</u>

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

Eleven Months Ended May 31, 2017

	Medi-Cal	CMC	Healthy Kids	Grand Total
P&L (ALLOCATED BASIS)				
REVENUE	\$988,235,395	\$118,749,071	\$3,226,388	\$1,110,210,853
MEDICAL EXPENSES (MLR)	917,687,404 92.9%	127,109,132 107.0%	2,637,920 81.8%	1,047,434,457 94.3%
GROSS MARGIN	70,547,990	(8,360,062)	588,468	62,776,396
ADMINISTRATIVE EXPENSES (% MM allocation except CMC)	34,979,468	4,203,229	114,201	39,296,897
OPERATING INCOME/(LOSS)	35,568,523	(12,563,290)	474,267	23,479,499
OTHER INCOME/(EXPENSE) (% of Revenue Allocation)	(680,288)	(81,745)	(2,221)	(764,254)
NET INCOME/ (LOSS)	\$34,888,235	(\$12,645,036)	\$472,046	\$22,715,245
PMPM (ALLOCATED BASIS)				
REVENUE	\$334.80	\$1,399.83	\$97.96	\$361.69
MEDICAL EXPENSES	310.90	1,498.38	80.09	341.24
GROSS MARGIN	23.90	(98.55)	17.87	20.45
ADMINISTRATIVE EXPENSES	11.85	49.55	3.47	12.80
OPERATING INCOME/(LOSS)	12.05	(148.10)	14.40	7.65
OTHER INCOME / (EXPENSE)	(0.23)	(0.96)	(0.07)	(0.25)
NET INCOME / (LOSS)	\$11.82	(\$149.06)	\$14.33	\$7.40
ALLOCATION BASIS:				
MEMBER MONTHS - YTD	2,951,733	84,831	32,935	3,069,499
Member MONTHS by LOB	96.2%	2.8%	1.1%	100%
Revenue by LOB	89.0%	10.7%	0.3%	100%

Note: CMC includes Medi-Cal portion of the CCI data

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

	<u>6/30/2010</u>	<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>5/31/2017</u>
Actual Net Position / Reserves	25,103,011	36,093,769	24,208,576	32,551,161	40,872,580	72,630,954	100,293,456	123,008,701
Required Reserve per DMHC	6,388,000	4,996,000	5,901,000	7,778,000	11,434,000	19,269,000	32,375,000	36,507,000
200% of Required Reserve	12,776,000	9,992,000	11,802,000	15,556,000	22,868,000	38,538,000	64,750,000	73,014,000
Actual as % Required	393%	722%	410%	419%	357%	377%	310%	337%

