



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

Thursday, May 26, 2016
8:30 AM - 10:00 AM
210 E. Hacienda Avenue
Campbell CA 95008

VIA TELECONFERENCE AT:

Residence
1985 Cowper Street
Palo Alto, CA 94301

AGENDA

1. Roll Call	Ms. Lew	8:30	5 min
2. Minutes Review and Approval <ul style="list-style-type: none">March 24, 2016 Executive Committee Regular Meeting	Ms. Lew	8:35	5 min
3. Public Comment <p>Members of the public may speak to any item not on the agenda; two minutes per speaker. The Executive Committee reserves the right to limit the duration of public comment period to 30 minutes.</p>	Ms. Lew	8:40	5 min
4. April 2016 Financial Statements <p>Consider recommendations relating to the April 2016 Financial Statements. Possible Action: Approve April 2016 Financial Statements</p>	Mr. Cameron	8:45	15 min
5. FY'17 Budget Planning <p>Discuss process for developing FY'17 budget.</p>	Mr. Cameron	9:00	15 min
6. CEO Update <p>Discuss status of current topics and initiatives. Possible Action: Accept CEO update</p>	Ms. Tomcala	9:15	15 min
7. Adjournment	Ms. Lew	9:30	

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 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 Committee

Thursday, March 24, 2016
8:30 AM - 10:00 AM
210 E. Hacienda Avenue
Campbell, CA 95008

Minutes - **DRAFT**

Members Present:

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

Members Not Present:

Liz Kniss
Linda Williams

Staff Present:

Christine Tomcala, CEO
Dave Cameron, CFO
Sharon Valdez, VP Human Resources
Rita Zambrano, Executive Assistant

Others Present:

Richard Noack, Hopkins & Carley LLC

1. Roll Call

Chairperson Lew called the meeting to order at 8:30 am. Roll call was taken and a quorum was established.

2. Minutes Review and Approval

It was moved, seconded, and the February 25, 2016 meeting minutes were **approved** as presented.

3. Public Comment

There were no public comments.

4. Adjourn to Closed Session

a. Conference with Labor Negotiators

The Executive Committee conferred with its Designated Representatives: Dave Cameron, Sharon Valdez, and Mr. Richard Noack.

b. Pending Litigation

The Executive Committee conferred regarding one item of existing litigation.

c. Significant Exposure to Litigation

The Executive Committee conferred relating to one item of significant exposure to litigation.

4. Report from Closed Session

Michele Lew reported that the Executive Committee met with its designated representatives for item 4(a) and conferred on items 4(b) & (c) and no action was taken.

5. February 2016 Financial Statements

Dave Cameron reported on the February and February YTD 2016 financials.

For YTD February, the Plan showed a surplus of \$10.2 million. This represents a negative variance from the budget of \$0.9 million. The primary driver of the variance is higher than expected Long Term Care (LTC) costs.

Receivables from DHCS have increased \$30m since the beginning of the FY, primarily because of the delays in the State performing the recast of premium rates for both CCI and CMC populations. The Plan's payable to DHCS has also increased substantially this FY with the continued overpayments of the higher prior year MCE rates. In January, DHCS began recouping the overpayments and will continue to do so until it is fully paid back.

YTD February member months are 0.1% favorable to budget and 22.2% higher than February YTD last year.

It was moved, seconded, and approved to accept the February 2016 Financial Statements as presented.

7. External Audit RFP Update

Mr. Cameron reported that the Audit RFP was sent to three regional firms and requested a PDR analysis be done. The review process has begun and meetings will be scheduled in mid-April with a decision being made in early May.

8. Policy Review: GO.01 Organizational Policies

Christine Tomcala discussed the need for overhauling the structure, content, and review process of SCFHP's policies for consistency, and to ensure they meet State, Federal, and NCOA guidelines. Ultimately, it is the Board's role to oversee policies, which provide guidance regarding how the organization is operated. The draft policy on Organizational Policies provides guidance on the development of policies, and it outlines the designated approval process. Following executive approval of a policy, it will be brought to the Board for review.

It was moved, seconded, and approved to recommend to the Governing Board adoption of Policy GO.01.

9. CEO Update 30:00

Ms. Tomcala announced that Pat McClelland accepted a position with DHCS as Chief of the Systems of Care Division and will be leaving SCFHP after 20 years of service. The Committee wished to convey appreciation to Ms. McClelland for her years of dedicated service.

Ms. Tomcala also reported that DHCS/DMHC would be on-site for a joint audit the last two weeks of April. Staff are actively preparing for the audit.

In addition, Ms. Tomcala noted that DHCS has officially requested CMS to approve the MCO tax proposal.

Lastly, Ms. Tomcala indicated discussion continues with Valley representatives Paul Lorenz and Bruce Butler

regarding default PCP assignments for Medi-Cal Expansion (MCE) members.

Wally Wenner asked for an update regarding his request to have input on appointments to the Board. Ms. Tomcala provided a document summarizing the current Board appointments and terms. Discussion ensued regarding meeting with the Supervisors prior to future appointments.

It was noted the Board Team designated to address Unified Managed Care Strategy is scheduled to meet April 1st.

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

10. Adjournment

The meeting was adjourned at 9:50 am.

Elizabeth Pianca, Secretary to the Board



April 2016 Financial Summary

SCCHA Executive Committee Meeting

May 26, 2016



Fiscal Year 2015-16 Highlights (*Revised Budget*)

- **Net Surplus (loss)** – April \$1.2m surplus and YTD \$12.2m surplus (\$1.6m) unfavorable to budget
 - The variance is primarily related to long-term care expenses (LTC) that have increased rapidly this fiscal year (note expense growth on page 6 chart).
- **Revenue** – over budget by \$7.6 m (+0.9%)
 - Increase is due to higher In Home Support Services (IHSS) pass-through revenue, higher Abortion capitation rate, higher number of Hep C users, and LTC rate adjustment revenue. However, CMC revenue is lower than budget.
- **Medical Expenses** – over budget by \$12.4m (-1.5%)
 - Primarily due to higher than budgeted LTC, Pharmacy, and IHSS expense.
- **Administrative Expenses** – under budget by \$2.8m (9.0%)
 - Slower hiring personnel (FTE and Consultants) ramp up than budgeted.
- **Other Expenses** – under budget by \$334k; due to higher interest earned and lower post-employments benefits expense.
- **Enrollment**
 - April 2016 membership: 270,394 (3.7% favorable to budget)
 - April YTD: 2,648,631 member months (0.8% favorable to budget and 35% higher than April YTD last year)
 - Continued growth in Medi-Cal Expansion membership. CMC membership has been trending downward since January.
- **Balance Sheet**
 - Net receivables due from DHCS have increased \$38m primarily because of CCI and CMC rate recasting delays.
 - Medi-Cal Expansion rate overpayment: State recouped most of the FY15 overpayments; however, FY16 overpayments continue to grow.



Consolidated Performance April 2016 and Year to Date

	Month of April	FYTD through April
Revenue	\$93.1 million	\$898.8 million
Medical Costs	\$89 million	\$857 million
Medical Loss Ratio	95.6%	95.3%
Administrative Costs	\$2.9 million (3.1%)	\$28.8 million (3.2%)
Other Income/ Expense	(\$3,481)	(\$858,424)
Net Surplus (Loss)	\$1,164,580	\$12,170,177
Cash on Hand	(49 Days)	\$143.2 million
Receivables		\$317.9 million
Current Liabilities		\$372.6 million
Tangible Net Equity		\$84.8 million
Pct. Of Min. Requirement		283%



Consolidated Performance

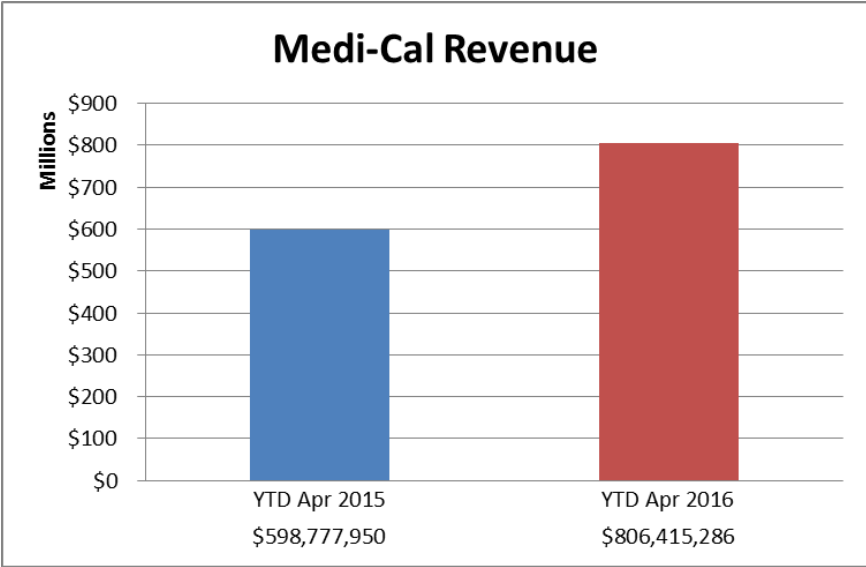
Summary Operating Results - Actual vs. Budget
For the Current Month & Fiscal Year to Date - Apr 2016
 Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance \$	Variance %		Actual	Budget	Variance \$	Variance %
\$ 93,061,453	\$ 90,041,969	\$ 3,019,484	3.4%	Revenue	\$898,836,870	\$891,233,395	\$ 7,603,475	0.9%
88,990,166	84,711,572	(4,278,595)	-5.1%	Medical Expense	857,001,505	844,606,810	(12,394,695)	-1.5%
4,071,286	5,330,397	(1,259,111)	-23.6%	Gross Margin	41,835,365	46,626,585	(4,791,220)	-10.3%
2,903,225	4,035,944	1,132,718	28.1%	Administrative Expense	28,806,764	31,644,930	2,838,167	9.0%
1,168,061	1,294,454	(126,393)	-9.8%	Net Operating Income	13,028,601	14,981,655	(1,953,054)	-13.0%
(3,481)	(139,752)	136,271	97.5%	Non-Operating Income/Exp	(858,424)	(1,192,748)	334,324	28.0%
\$ 1,164,580	\$ 1,154,702	\$ 9,878	0.9%	Net Surplus/ (Loss)	\$ 12,170,177	\$ 13,788,906	\$ (1,618,729)	-11.7%

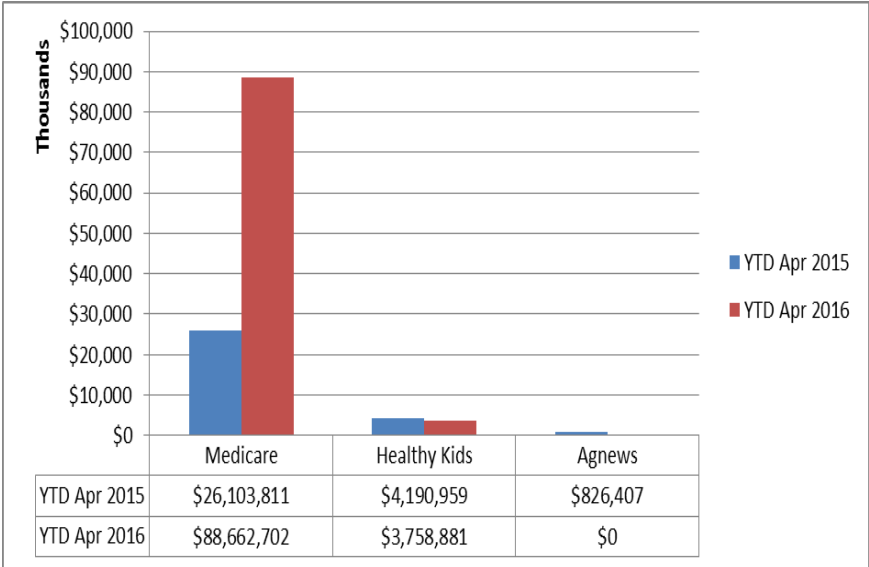


Revenue Trend

Graph 1: Portrays current YTD Medi-Cal revenue vs. previous year. Increase of 35%.

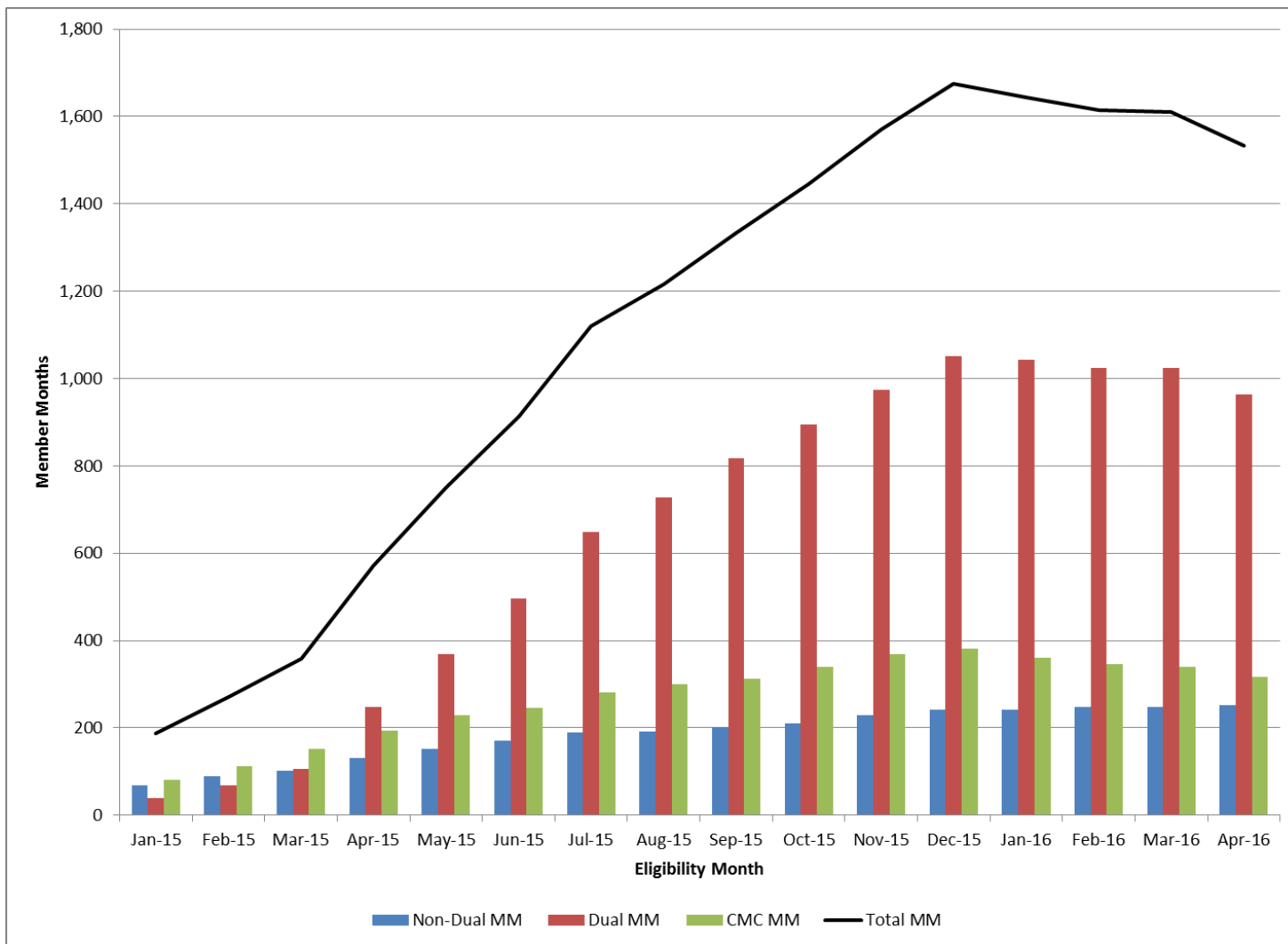


Graph 2: Represents all other operating revenue YTD compared to previous year. Increase of 197%.





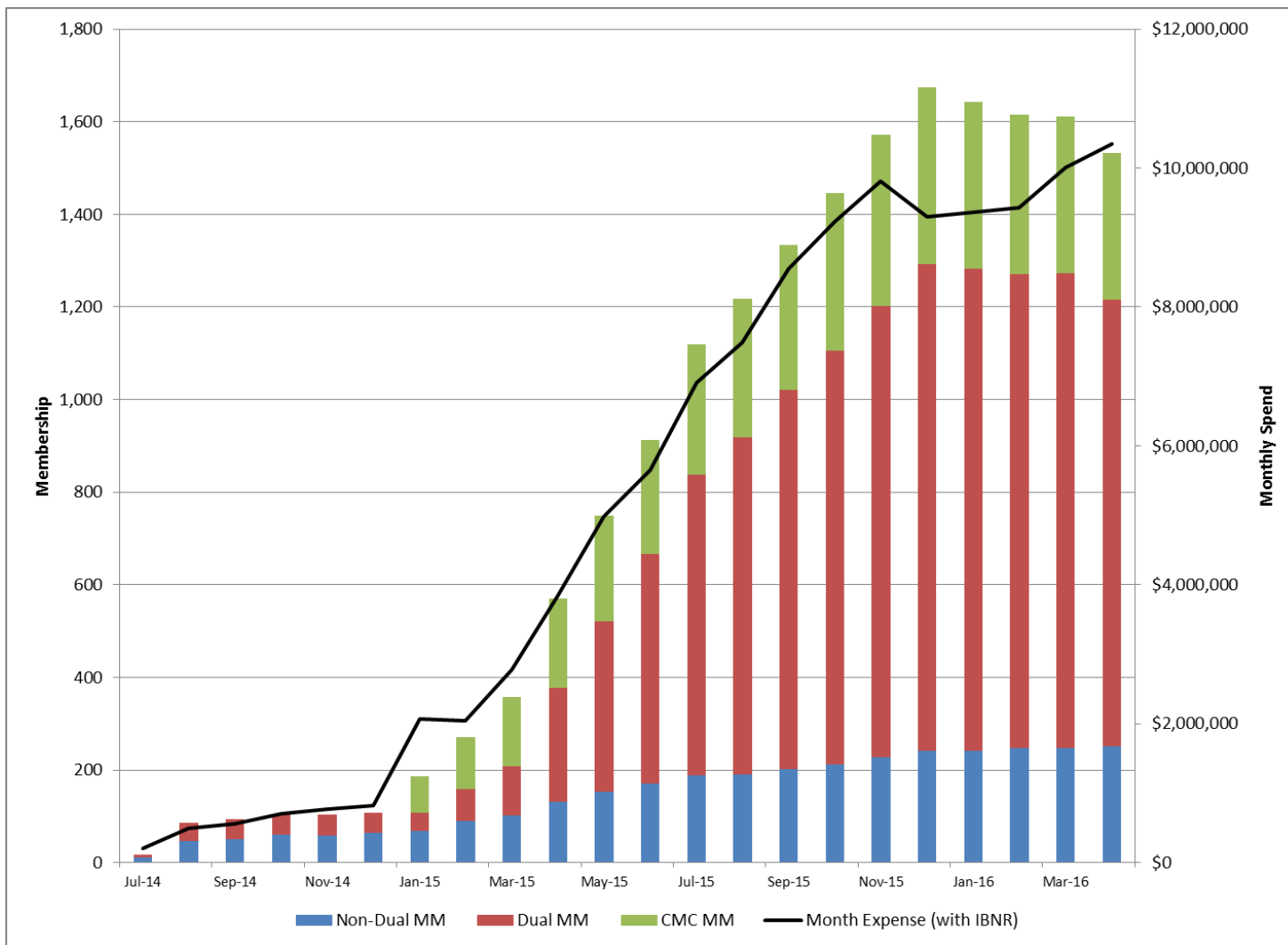
Long Term Care Membership Medi-Cal and CMC





Medi-Cal Long Term Care Experience

July 2014 – April 2016





Enrollment Summary

April and YTD

Santa Clara Family Health Plan Enrollment Summary
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For the Month of Apr 2016

Ten Months Ending Apr 2016

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Prior Year Actual</u>	<u>Change FY16 vs. FY15</u>
Medi-Cal	257,469	247,402	4.1%	2,518,943	2,495,760	0.9%	1,893,060	33.1%
Healthy Kids	4,328	4,082	6.0%	43,215	42,997	0.5%	43,566	(0.8%)
Medicare	8,488	9,159	(7.3%)	85,373	86,748	(1.6%)	18,267	367.4%
Agnews	109	114	(4.4%)	1,100	1,118	(1.6%)	1,020	7.8%
Total	270,394	260,757	3.7%	2,648,631	2,626,623	0.8%	1,955,913	35.4%



Enrollment by Network - YTD

Santa Clara County Health Authority
April 2016

	Medi-Cal		Healthy Kids		CMC		AG		Total	
	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>
Direct Contract Physicians	22,399	9%	202	5%	8,488	100%	109	100%	31,198	12%
SCVHHS, Safety Net Clinics, FQHC Clinics	138,551	54%	2,913	67%	0	0%	0	0%	141,464	52%
Palo Alto Medical Foundation	7,362	3%	31	1%	0	0%	0	0%	7,393	3%
Physicians Medical Group	46,401	18%	1,041	24%	0	0%	0	0%	47,442	18%
Premier Care	15,782	6%	141	3%	0	0%	0	0%	15,923	6%
Kaiser	<u>26,974</u>	<u>10%</u>	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0%</u>	<u>26,974</u>	<u>10%</u>
Total	<u>257,469</u>	<u>100%</u>	<u>4,328</u>	<u>100%</u>	<u>8,488</u>	<u>100%</u>	<u>109</u>	<u>100%</u>	<u>270,394</u>	<u>100%</u>
Enrollment @ 6-30-15	<u>234,497</u>		<u>4,541</u>		<u>7,187</u>		<u>112</u>		<u>246,337</u>	
Net % Change from Beginning of FY	<u>9.8%</u>		<u>-4.7%</u>		<u>18.1%</u>		<u>-2.7%</u>		<u>9.8%</u>	

Membership has increased 9.8% since the beginning of the Fiscal Year, primarily as a result of Medi-Cal Expansion, which started January 1, 2014 and has grown to 81,122 members.



Enrollment by Aid Category

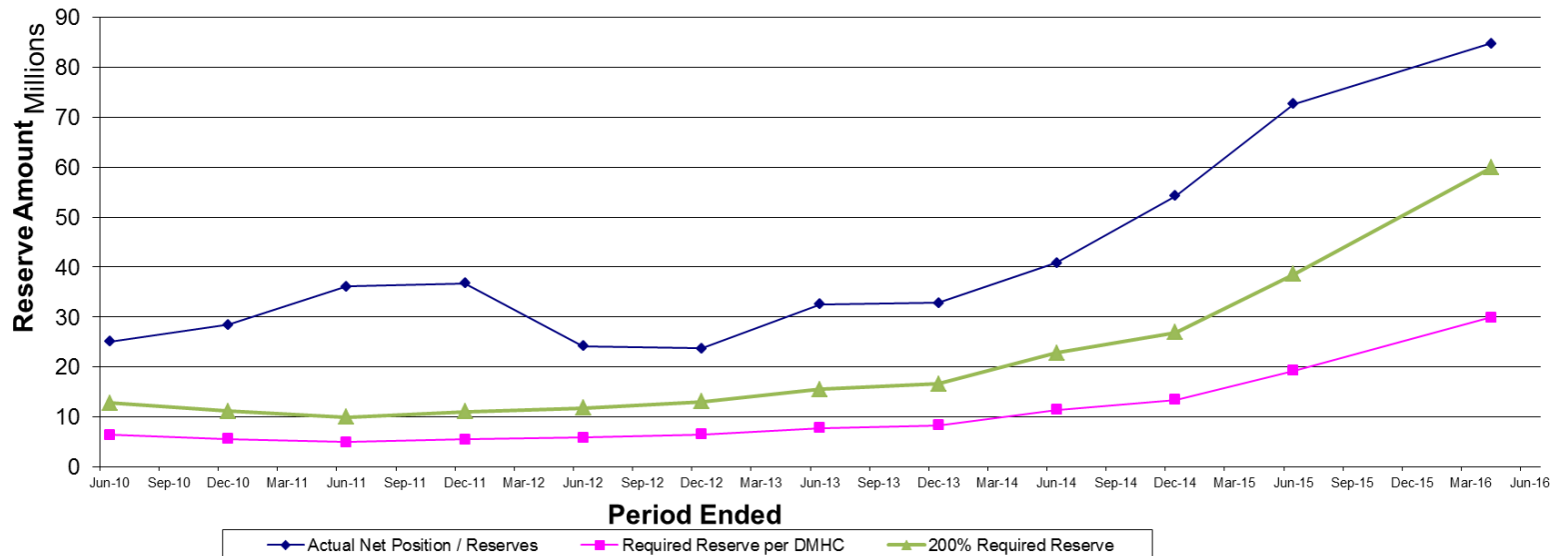
	2015-01	2015-02	2015-03	2015-04	2015-05	2015-06	2015-07	2015-08	2015-09	2015-10	2015-11	2015-12	2016-01	2016-02	2016-03	2016-04
Adult (over 19)	31,337	30,489	30,078	29,351	28,694	28,174	27,844	27,331	27,080	27,148	27,229	27,493	27,509	27,485	27,857	27,436
Adult (under 19)	80,858	82,029	83,777	85,840	88,550	90,811	92,782	95,564	97,888	99,822	101,801	103,082	102,500	103,017	104,739	104,442
Aged - Medi-Cal Only	8,208	8,425	8,366	8,522	8,664	8,731	8,642	8,730	8,858	8,909	9,103	9,235	9,241	9,158	9,150	9,145
Disabled - Medi-Cal Only	11,687	11,648	11,613	11,516	11,533	11,455	11,426	11,348	11,297	11,250	11,263	11,130	11,113	11,078	11,008	10,959
Child (HF conversion)	17,664	16,784	15,827	14,420	12,762	11,153	9,541	7,791	6,032	4,575	3,837	3,461	3,211	2,863	2,556	2,301
Adult Expansion	58,718	59,291	61,035	63,336	66,475	68,720	71,183	73,695	75,814	77,756	79,406	81,235	79,284	79,392	81,324	79,933
Other	44	50	49	53	52	51	48	47	55	47	45	45	40	40	42	42
Long Term Care	68	90	101	131	152	171	189	191	202	211	228	242	241	247	248	252
Total Non-Duals	208,584	208,806	210,846	213,169	216,882	219,266	221,655	224,697	227,226	229,718	232,912	235,923	233,139	233,280	236,924	234,510
Aged	4,295	5,381	6,274	7,339	8,340	9,299	9,998	10,673	11,579	12,436	13,389	14,048	14,090	14,261	14,323	14,343
Disabled	2,461	2,913	3,251	3,659	4,030	4,444	4,727	4,932	5,235	5,544	5,852	6,042	6,049	6,070	6,058	6,050
Other	841	883	951	1,009	1,066	1,151	1,238	1,303	1,370	1,458	1,483	1,638	1,638	1,654	1,701	1,711
Long Term Care	39	68	106	247	369	496	649	727	818	894	974	1,051	1,042	1,023	1,024	964
Total Duals	7,636	9,245	10,582	12,254	13,805	15,390	16,612	17,635	19,002	20,332	21,698	22,779	22,819	23,008	23,106	23,068
Total Medi-Cal	216,220	218,051	221,428	225,423	230,687	234,659	238,267	242,332	246,228	250,050	254,610	258,702	255,958	256,288	260,030	257,578
Healthy Kids	4,793	4,665	4,623	4,584	4,595	4,541	4,496	4,598	4,375	4,362	4,325	4,273	4,186	4,114	4,158	4,328
CMC Non-Long Term Care	5,477	6,049	6,397	7,033	6,607	6,941	7,261	7,399	7,599	8,014	8,537	9,317	8,799	8,541	8,389	8,171
CMC - Long Term Care	80	113	151	193	229	246	282	299	313	340	369	382	360	345	339	317
Total CMC	5,557	6,162	6,548	7,226	6,836	7,187	7,543	7,698	7,912	8,354	8,906	9,699	9,159	8,886	8,728	8,488
Total Enrollment	226,570	228,878	232,599	237,233	242,118	246,387	250,306	254,628	258,515	262,766	267,841	272,674	269,303	269,288	272,916	270,394



Tangible Net Equity at April 30, 2016

TNE is \$84.8 million or 2.83 times the minimum TNE required by the Department of Managed Health Care (DMHC). The Plans reserves are roughly \$69.7 million below the reserves targeted by the Authority Board of two months' Medi-Cal capitation revenue.

TNE Actual vs. Required





Santa Clara
Family Health Plan

The Spirit of Care

Financial Statements
For Ten Months Ended April 2016
(Unaudited)

Table of Contents

Description	Page
Financial Statement Comments	1-5
Balance Sheet	6
Income Statement for the Month and YTD period Ended April 2016	7
Administrative Expense Summary April 2016	8
Statement of Operations by Line of Business (Includes Allocated Expenses)	9
Statement of Cash Flows for the YTD period Ended April 2016	10
Enrollment by Line of Business	11
Enrollment by Network	12
Enrollment by Aid Category	13
Tangible Net Equity – Actual vs. Required	14
Enrollment Charts	15-16

Santa Clara Family Health Plan
CFO Finance Report
For the Month and Year to Date Ended April 30, 2016

Summary of Financial Results (Revised Budget)

For the month of April 2016, SCFHP recorded a net surplus of \$1.16 million compared to a budgeted net surplus of \$1.15 million resulting in a favorable variance from budget of \$0.01 million. For year to date April 2016, SCFHP recorded a net surplus of \$12.2 million compared to a budgeted net surplus of \$13.8 million resulting in a unfavorable variance from budget of \$1.6 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 – April 2016
Favorable/ (Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance \$	Variance %		Actual	Budget	Variance \$	Variance %
\$ 93,061,453	\$ 90,041,969	\$ 3,019,484	3.4%	Revenue	\$898,836,870	\$891,233,395	\$ 7,603,475	0.9%
88,990,166	84,711,572	(4,278,595)	-5.1%	Medical Expense	857,001,505	844,606,810	(12,394,695)	-1.5%
4,071,286	5,330,397	(1,259,111)	-23.6%	Gross Margin	41,835,365	46,626,585	(4,791,220)	-10.3%
2,903,225	4,035,944	1,132,718	28.1%	Administrative Expense	28,806,764	31,644,930	2,838,167	9.0%
1,168,061	1,294,454	(126,393)	-9.8%	Net Operating Income	13,028,601	14,981,655	(1,953,054)	-13.0%
(3,481)	(139,752)	136,271	97.5%	Non-Operating Income/Exp	(858,424)	(1,192,748)	334,324	28.0%
\$ 1,164,580	\$ 1,154,702	\$ 9,878	0.9%	Net Surplus/ (Loss)	\$ 12,170,177	\$ 13,788,906	\$ (1,618,729)	-11.7%

Revenue

The Health Plan recorded net revenue of \$93.1 million for the month of April 2016, compared to budgeted revenue of \$90.0 million, resulting in a favorable variance from budget of \$3.0 million, or 3.4%. For year to date April 2016, the Plan recorded net revenue of \$898.8 million, compared to budgeted revenue of \$891.2 million, resulting in a favorable variance from budget of \$7.6 million, or 0.9%, which was primarily driven by higher In Home Support Services (IHSS) pass-through revenue, increased Abortion capitation rate, and higher number of Hep C eligible users. The Plan received Long Term Care (LTC) prior year revenue and also recorded partial LTC rate adjustment revenue reflecting the more expensive MLTSS mix than originally projected by the state during the rate setting. The positive variance was partially offset by unfavorable variance in Medicare and Maternity Kick revenue.

A statistical and financial summary for all lines of business is included on page 9 of this report.

Member months

For the month of April 2016, overall member months were higher than budget by 9,637 (+3.7%). For year to date April 2016, overall member months were higher than budget by 22,008 (+0.8%).

In the ten months since the end of the prior fiscal year, 6/30/2015, membership in Medi-Cal increased by 9.8%, membership in the Healthy Kids program decreased by 4.7%, and membership in the Agnews program decreased by 2.7%.

In January 2015, we started enrolling members in Cal MediConnect (CMC). For the month of April 2016, membership in the CMC program was lower than the budget by 671 member months (- 7.3%). For year to date April 2016, membership in the CMC program was lower than the budget by 1,375 member months (- 1.6%). In the ten months since the end of the prior fiscal year, 6/30/2015, membership in CMC program increased by 18.1%.

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

Medical Expenses

For the month of April 2016, medical expense was \$89.0 million compared to budget of \$84.7 million, resulting in an unfavorable budget variance of \$4.3 million, or -5.1%. For year to date April 2016, medical expense was \$857.0 million compared to budget of \$844.6 million, resulting in an unfavorable budget variance of \$12.4 million, or -1.5%. The increased medical expenses year to date are primarily attributable to Long term care (\$6.8 million or 9.4%), Pharmacy (\$3.8 million or 3.3%), and IHSS pass-through expense (\$3.5 million or 3.6%) over budget.

Administrative Expenses

Overall administrative costs were under budget by \$1.1 million (28.1%) for the month of April 2016, and under budget by \$2.8 million (9.0%) for year to date April 2016. Both Salaries/Benefits and Consulting expenses were under budget due to the longer than expected ramp up time to hire/engage additional resources approved at the mid-year budget review. Some of this favorability is offset by higher than budgeted Information systems expenses.

Overall administrative expenses were 3.2% of revenues for year to date April 2016.

Balance Sheet (Page 6)

Current assets at April 30, 2016 totaled \$463.8 million compared to current liabilities of \$372.6 million, yielding a current ratio (the ratio of current assets to current liabilities) of 1.2 as of April 30, 2016. Working capital increased by \$12.8 million for the ten months year to date ended April 30, 2016.

Cash as of April 30, 2016, increased by \$32.6 million compared to the cash balance as of year-end June 30, 2015. Net receivables increased by \$140.4 million during the same ten month period ended April 30, 2016. The cash position increased largely due to the continued overpayment of Medi-Cal expansion premium revenues by the DHCS. Commencing in January DHCS started to recoup the over payments and completion of the payback is anticipated by February 2017. However, DHCS has still not implemented the substantially reduced FY16 rate, so this liability amount is likely to continue growing despite partial recoupment.

Liabilities increased by a net amount of \$161.9 million during the ten months ended April 2016. This was primarily due to the continued overpayment of Medi-Cal expansion premium revenues by the State, an increase in medical cost reserves largely as a result of the rapid growth of long term care claims, and an increase in the IHSS liability. The plan also recorded a Premium Deficiency Reserve (\$18.0 million) for the Cal MediConnect contract period ending December 31, 2017. Additionally, the Health Plan recorded the unfunded Pension Liability of \$5.6 million as required by GASB 68, as of April 30, 2016.

Capital Expenses increased by \$1.3 million for the ten months ended April 30, 2016.

Tangible Net Equity

Tangible Net Equity (TNE) was \$84.8 million at April 30, 2016 compared to the minimum TNE required by the Department of Managed Health Care (DMHC) of \$30.0 million. A chart showing TNE trends is shown on page 14 of this report.

At the December 2011 Board of Director's meeting, a policy was adopted for targeting the organization's capital reserves to equal two months of Medi-Cal capitation revenue.

As of April 30, 2016, the Plan's reserves are below this reserves target by about \$69.7 million (see calculation below).

Calculation of targeted reserves as of April 30, 2016

Estimate of two months' capitation based on April 2016 (rounded) \$149,476,000
(April 2016 Medi-Cal capitation of \$74,737,753 x 2 = \$149,475,506)

Less: Unrestricted Net Equity per balance sheet (rounded) \$ 79,821,000

Approximate reserves below target \$ 69,655,000

**Santa Clara County Health Authority
Balance Sheet**

	<u>APR 16</u>	<u>MAR 16</u>	<u>FEB 16</u>	<u>JUN 15</u>
Assets				
Current Assets				
Cash and Marketable Securities	\$ 143,160,175	\$ 126,021,360	\$ 141,331,207	\$ 110,520,927
Premiums Receivable	317,887,525	303,384,171	271,422,011	177,531,031
Due from Santa Clara Family Health Foundation - net				3,612
Prepaid Expenses and Other Current Assets	<u>2,796,167</u>	<u>3,019,935</u>	<u>3,224,026</u>	<u>1,917,101</u>
Total Current Assets	463,843,868	432,425,467	415,977,243	289,972,670
Long Term Assets				
Equipment	13,165,506	12,493,431	12,088,019	11,879,173
Less: Accumulated Depreciation	<u>(8,491,534)</u>	<u>(8,352,033)</u>	<u>(8,229,771)</u>	<u>(7,363,871)</u>
Total Long Term Assets	<u>4,673,972</u>	<u>4,141,398</u>	<u>3,858,248</u>	<u>4,515,302</u>
Total Assets	<u>\$ 468,517,839</u>	<u>\$ 436,566,865</u>	<u>\$ 419,835,491</u>	<u>\$ 294,487,972</u>
Deferred Outflow of Resources				
	<u>\$ 1,367,331</u>	<u>\$ 1,367,331</u>	<u>1,367,331</u>	<u>1,367,331</u>
Total Deferred Outflows and Assets	<u>469,885,170</u>	<u>437,934,196</u>	<u>421,202,822</u>	<u>295,855,303</u>
Liabilities and Net Position				
Current Liabilities				
Trade Payables	\$ 3,658,195	\$ 7,214,335	\$ 3,947,070	\$ 4,924,038
Deferred Rent	146,529	148,590	150,650	167,134
Employee Benefits	1,026,662	1,079,171	1,039,884	973,066
Retirement Obligation per GASB 45	505,923	455,330	404,738	
Advance Premium - Healthy Kids	66,999	63,041	67,920	64,127
Deferred Revenue - Medicare	8,006,172			0
Liability for ACA 1202	516,561	516,500	2,569,872	5,069,225
Payable to Hospitals (SB208)	(35,535)	(35,535)	(35,535)	(35,535)
Payable to Hospitals (AB 85)	1,733,119	1,647,982	1,658,201	4,615,251
Due to Santa Clara County Valley Health Plan	2,568,192	2,375,009	2,262,481	11,230,305
MCO Tax Payable - State Board of Equalization	11,082,866	10,212,271	9,352,184	8,909,559
Due to DHCS	80,751,901	73,135,234	66,549,670	22,173,221
Liability for In Home Support Services (IHSS)	170,791,594	160,352,374	149,134,056	69,537,810
Premium Deficiency Reserve (PDR)	13,088,054	13,088,054	13,088,054	13,088,054
Medical Cost Reserves	<u>78,738,257</u>	<u>71,681,738</u>	<u>75,858,425</u>	<u>70,819,543</u>
Total Current Liabilities	372,645,488	341,934,094	326,047,671	211,535,798
Non-Current Liabilities				
Noncurrent Premium Deficiency Reserve	4,911,946	4,911,946	4,911,946	4,911,946
Net Pension Liability GASB 68	5,633,971	5,558,971	5,483,971	4,883,971
Total Liabilities	<u>383,191,405</u>	<u>352,405,011</u>	<u>336,443,588</u>	<u>221,331,715</u>
Deferred Inflow of Resources	<u>1,892,634</u>	<u>1,892,634</u>	<u>1,892,634</u>	<u>1,892,634</u>
Net Position / Reserves				
Invested in Capital Assets	4,673,972	4,141,398	3,858,248	4,515,302
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Unrestricted Net Equity	67,651,632	68,184,206	68,467,356	30,416,972
Current YTD Income (Loss)	<u>12,170,177</u>	<u>11,005,597</u>	<u>10,235,646</u>	<u>37,393,330</u>
Net Position / Reserves	<u>84,801,131</u>	<u>83,636,551</u>	<u>82,866,600</u>	<u>72,630,954</u>
Total Liabilities, Deferred Inflows, and Net Assets	<u>\$ 469,885,170</u>	<u>\$ 437,934,196</u>	<u>\$ 421,202,822</u>	<u>\$ 295,855,303</u>

Santa Clara County Health Authority
Income Statement for the Ten Months Ending Apr 30, 2016

	For the Month of Apr 2016					For Ten Months Ending Apr 30, 2016				
	Actual	% of Revenue	Budget	% of Revenue	Variance	Actual	% of Revenue	Budget	% of Revenue	Variance
REVENUES										
MEDI-CAL	\$ 82,565,962	88.7%	\$ 79,938,238	88.8%	\$ 2,627,724	\$ 806,415,286	89.7%	\$ 795,161,801	89.2%	\$ 11,253,485
HEALTHY KIDS	\$ 382,205	0.4%	\$ 354,024	0.4%	\$ 28,181	\$ 3,758,881	0.4%	\$ 3,728,815	0.4%	\$ 30,066
MEDICARE	\$ 10,113,286	10.9%	\$ 9,749,706	10.8%	\$ 363,579	\$ 88,662,702	9.9%	\$ 92,342,779	10.4%	\$ (3,680,076)
TOTAL REVENUE	\$ 93,061,453	100.0%	\$ 90,041,969	100.0%	\$ 3,019,484	\$ 898,836,870	100.0%	\$ 891,233,395	100.0%	\$ 7,603,475
MEDICAL EXPENSES										
MEDI-CAL	\$ 83,307,956	89.5%	\$ 75,970,557	84.4%	\$ (7,337,399)	\$ 773,069,728	86.0%	\$ 757,975,638	85.0%	\$ (15,094,089)
HEALTHY KIDS	\$ 333,408	0.4%	\$ 366,253	0.4%	\$ 32,845	\$ 3,674,095	0.4%	\$ 3,739,491	0.4%	\$ 65,396
MEDICARE	\$ 5,327,806	5.7%	\$ 8,336,770	9.3%	\$ 3,008,964	\$ 79,884,334	8.9%	\$ 82,513,811	9.3%	\$ 2,629,477
AGNEWS	\$ 20,996	0.0%	\$ 37,991	0.0%	\$ 16,995	\$ 373,349	0.0%	\$ 377,870	0.0%	\$ 4,522
TOTAL MEDICAL EXPENSES	\$ 88,990,166	95.6%	\$ 84,711,572	94.1%	\$ (4,278,595)	\$ 857,001,505	95.3%	\$ 844,606,810	94.8%	\$ (12,394,695)
MEDICAL OPERATING MARGIN	\$ 4,071,286	4.4%	\$ 5,330,397	5.9%	\$ (1,259,111)	\$ 41,835,365	4.7%	\$ 46,626,585	5.2%	\$ (4,791,220)
ADMINISTRATIVE EXPENSES										
SALARIES AND BENEFITS	\$ 1,502,652	1.6%	\$ 2,130,305	2.4%	\$ 627,653	\$ 15,153,385	1.7%	\$ 16,772,742	1.9%	\$ 1,619,357
RENTS AND UTILITIES	\$ 103,530	0.1%	\$ 110,064	0.1%	\$ 6,534	\$ 1,068,896	0.1%	\$ 1,094,423	0.1%	\$ 25,527
PRINTING AND ADVERTISING	\$ 2,481	0.0%	\$ 445,473	0.5%	\$ 442,992	\$ 400,153	0.0%	\$ 864,391	0.1%	\$ 464,237
INFORMATION SYSTEMS	\$ 164,277	0.2%	\$ 87,999	0.1%	\$ (76,279)	\$ 1,702,209	0.2%	\$ 1,377,681	0.2%	\$ (324,528)
PROF FEES / CONSULTING / TEMP STAFFING	\$ 787,241	0.8%	\$ 968,286	1.1%	\$ 181,045	\$ 7,706,344	0.9%	\$ 8,801,933	1.0%	\$ 1,095,589
DEPRECIATION / INSURANCE / EQUIPMENT	\$ 222,401	0.2%	\$ 164,089	0.2%	\$ (58,312)	\$ 1,459,515	0.2%	\$ 1,395,807	0.2%	\$ (63,708)
OFFICE SUPPLIES / POSTAGE / TELEPHONE	\$ 43,563	0.0%	\$ 66,684	0.1%	\$ 23,120	\$ 615,465	0.1%	\$ 645,276	0.1%	\$ 29,811
MEETINGS / TRAVEL / DUES	\$ 69,061	0.1%	\$ 55,966	0.1%	\$ (13,095)	\$ 646,311	0.1%	\$ 633,793	0.1%	\$ (12,518)
OTHER	\$ 8,018	0.0%	\$ 7,077	0.0%	\$ (941)	\$ 54,485	0.0%	\$ 58,884	0.0%	\$ 4,399
TOTAL ADMINISTRATIVE EXPENSES	\$ 2,903,225	3.1%	\$ 4,035,944	4.5%	\$ 1,132,718	\$ 28,806,764	3.2%	\$ 31,644,930	3.6%	\$ 2,838,167
OPERATING SURPLUS (LOSS)	\$ 1,168,061	1.3%	\$ 1,294,454	1.4%	\$ (126,393)	\$ 13,028,601	1.4%	\$ 14,981,655	1.7%	\$ (1,953,054)
GASB 45-POST EMPLOYMENT BENEFITS EXPENSE	\$ (50,592)	-0.1%	\$ (80,007)	-0.1%	\$ 29,415	\$ (505,923)	-0.1%	\$ (623,583)	-0.1%	\$ 117,660
GASB 68 - UNFUNDED PENSION LIABILITY	\$ (75,000)	-0.1%	\$ (75,000)	-0.1%	\$ -	\$ (750,000)	-0.1%	\$ (750,000)	-0.1%	\$ -
INTEREST & OTHER INCOME	\$ 122,111	0.1%	\$ 15,255	0.0%	\$ 106,856	\$ 397,498	0.0%	\$ 180,834	0.0%	\$ 216,664
NET SURPLUS (LOSS) FINAL	\$ 1,164,580	1%	\$ 1,154,702	1.3%	\$ 9,878	\$ 12,170,177	1.4%	\$ 13,788,906	1.5%	\$ (1,618,729)

Administrative Expense
Actual vs. Budget
For the Current Month & Fiscal Year to Date - Apr 2016
Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance \$	Variance %		Actual	Budget	Variance \$	Variance %
\$ 1,502,652	\$ 2,130,305	\$ 627,653	29.5%	Personnel	\$ 15,153,385	\$ 16,772,742	\$ 1,619,357	9.7%
1,400,573	1,905,638	505,065	26.5%	Non-Personnel	13,653,378	14,872,188	\$ 1,218,809	8.2%
2,903,225	4,035,944	1,132,718	28.1%	Total Administrative Expense	28,806,764	31,644,930	2,838,167	9.0%

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

Ten Months Ended Apr 30, 2016

	Medi-Cal (incl. Agnews)	CMC	Healthy Kids	Grand Total
P&L (ALLOCATED BASIS)				
REVENUE	783,820,919	111,257,070	\$3,758,881	\$898,836,870
MEDICAL EXPENSES (MLR)	745,501,252 95.1%	107,826,158 96.9%	3,674,095 97.7%	\$857,001,505 95.3%
GROSS MARGIN	38,319,666	3,430,912	84,786	41,835,365
ADMINISTRATIVE EXPENSES <i>(% MM allocation except CMC)</i>	24,815,543	3,565,671	425,550	28,806,764
OPERATING INCOME/(LOSS)	13,504,123	(134,758)	(340,764)	13,028,601
OTHER INCOME/(EXPENSE) <i>(% of Revenue Allocation)</i>	(748,579)	(106,255)	(3,590)	(858,424)
NET INCOME/ (LOSS)	\$12,755,544	(\$241,013)	(\$344,353)	\$12,170,177
PMPM (ALLOCATED BASIS)				
REVENUE	\$311.03	\$1,303.19	\$86.98	\$339.36
MEDICAL EXPENSES	295.83	1,263.00	85.02	323.56
GROSS MARGIN	15.21	40.19	1.96	15.80
ADMINISTRATIVE EXPENSES	9.85	41.77	9.85	10.88
OPERATING INCOME/(LOSS)	5.36	(1.58)	(7.89)	4.92
OTHER INCOME / (EXPENSE)	(0.30)	(1.24)	(0.08)	(0.32)
NET INCOME / (LOSS)	\$5.06	(\$2.82)	(\$7.97)	\$4.59
ALLOCATION BASIS:				
MEMBER MONTHS - YTD	2,520,043	85,373	43,215	2,648,631
Member MONTHS by LOB	95.1%	3.2%	1.7%	100%
Revenue by LOB	87.2%	12.4%	0.4%	100%

**Santa Clara Family Health Plan
Statement of Cash Flows
For Ten Months Ended Apr 30, 2016**

Cash flows from operating activities	
Premiums received	\$ 819,235,974
Medical expenses paid	\$ (756,491,121)
Administrative expenses paid	<u>\$ (29,216,770)</u>
Net cash from operating activities	\$ 33,528,083
 Cash flows from capital and related financing activities	
Purchases of capital assets	\$ (1,286,333)
 Cash flows from investing activities	
Interest income and other income, net	<u>\$ 397,498</u>
 Net (Decrease) increase in cash and cash equivalents	<u>\$ 32,639,249</u>
 Cash and cash equivalents, beginning of year	<u>\$ 110,520,927</u>
 Cash and cash equivalents at Apr 30, 2016	<u><u>\$ 143,160,175</u></u>
 Reconciliation of operating income to net cash from operating activities	
Operating income (loss)	\$ 11,772,679
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	\$ 1,127,662
Changes in operating assets and liabilities	
Premiums receivable	\$ (140,356,495)
Due from Santa Clara Family Health Foundation	\$ 3,612
Prepays and other assets	\$ (879,066)
Deferred outflow of resources	\$ -
Accounts payable and accrued liabilities	\$ (152,681)
State payable	\$ 60,751,987
Santa Clara Valley Health Plan payable	\$ (8,662,114)
Net Pension Liability	\$ 750,000
Medical cost reserves and PDR	\$ 7,918,714
Deferred inflow of resources	<u>\$ -</u>
Total adjustments	<u>\$ 21,755,404</u>
Net cash from operating activities	<u><u>\$ 33,528,083</u></u>

Santa Clara Family Health Plan Enrollment Summary

For the Month of Apr 2016

Ten Months Ending Apr 2016

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Prior Year Actual</u>	<u>Change FY16 vs. FY15</u>
Medi-Cal	257,469	247,402	4.1%	2,518,943	2,495,760	0.9%	1,893,060	33.1%
Healthy Kids	4,328	4,082	6.0%	43,215	42,997	0.5%	43,566	(0.8%)
Medicare	8,488	9,159	(7.3%)	85,373	86,748	(1.6%)	18,267	367.4%
Agnews	109	114	(4.4%)	1,100	1,118	(1.6%)	1,020	7.8%
Total	270,394	260,757	3.7%	2,648,631	2,626,623	0.8%	1,955,913	35.4%

Santa Clara County Health Authority
April 2016

	Medi-Cal		Healthy Kids		CMC		AG		Total	
	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>
Direct Contract Physicians	22,399	9%	202	5%	8,488	100%	109	100%	31,198	12%
SCVHHS, Safety Net Clinics, FQHC Clinics	138,551	54%	2,913	67%	0	0%	0	0%	141,464	52%
Palo Alto Medical Foundation	7,362	3%	31	1%	0	0%	0	0%	7,393	3%
Physicians Medical Group	46,401	18%	1,041	24%	0	0%	0	0%	47,442	18%
Premier Care	15,782	6%	141	3%	0	0%	0	0%	15,923	6%
Kaiser	<u>26,974</u>	<u>10%</u>	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0%</u>	<u>26,974</u>	<u>10%</u>
Total	<u>257,469</u>	<u>100%</u>	<u>4,328</u>	<u>100%</u>	<u>8,488</u>	<u>100%</u>	<u>109</u>	<u>100%</u>	<u>270,394</u>	<u>100%</u>
Enrollment @ 6-30-15	<u>234,497</u>		<u>4,541</u>		<u>7,187</u>		<u>112</u>		<u>246,337</u>	
Net % Change from Beginning of FY	<u>9.8%</u>		<u>-4.7%</u>		<u>18.1%</u>		<u>-2.7%</u>		<u>9.8%</u>	

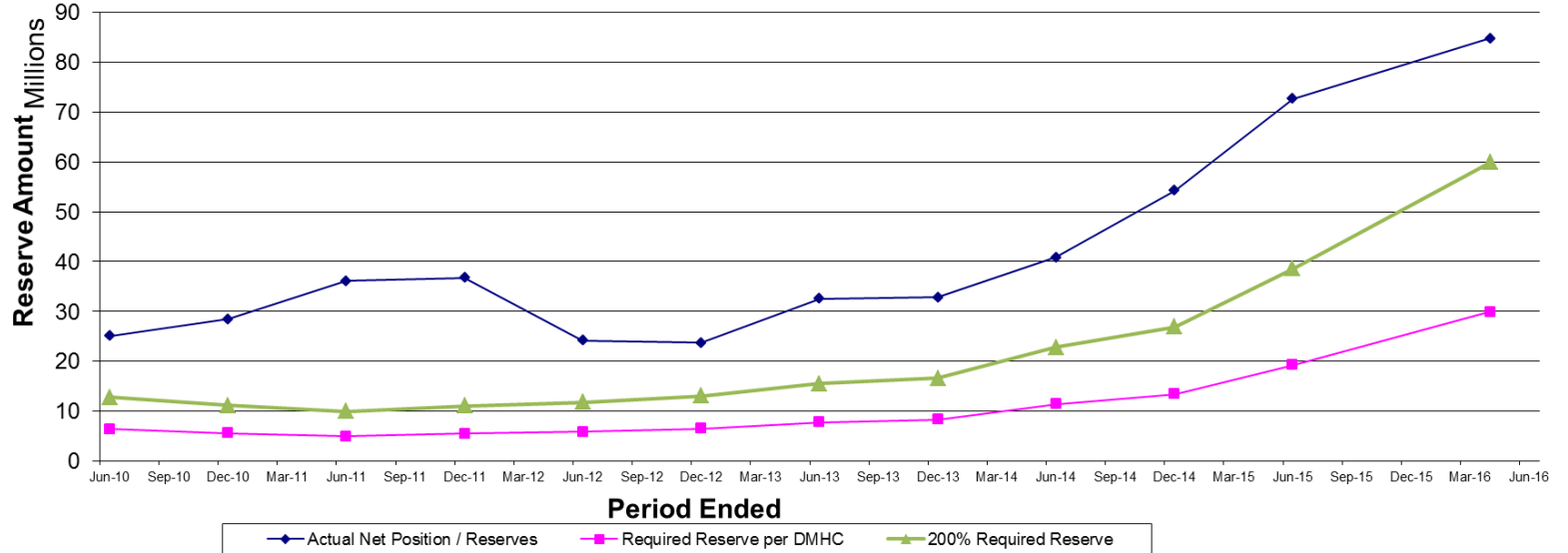
Santa Clara Family Health Plan Enrollment by Aid-Category

	2015-01	2015-02	2015-03	2015-04	2015-05	2015-06	2015-07	2015-08	2015-09	2015-10	2015-11	2015-12	2016-01	2016-02	2016-03	2016-04
Adult (over 19)	31,337	30,489	30,078	29,351	28,694	28,174	27,844	27,331	27,080	27,148	27,229	27,493	27,509	27,485	27,857	27,436
Adult (under 19)	80,858	82,029	83,777	85,840	88,550	90,811	92,782	95,564	97,888	99,822	101,801	103,082	102,500	103,017	104,739	104,442
Aged - Medi-Cal Only	8,208	8,425	8,366	8,522	8,664	8,731	8,642	8,730	8,858	8,909	9,103	9,235	9,241	9,158	9,150	9,145
Disabled - Medi-Cal Only	11,687	11,648	11,613	11,516	11,533	11,455	11,426	11,348	11,297	11,250	11,263	11,130	11,113	11,078	11,008	10,959
Child (HF conversion)	17,664	16,784	15,827	14,420	12,762	11,153	9,541	7,791	6,032	4,575	3,837	3,461	3,211	2,863	2,556	2,301
Adult Expansion	58,718	59,291	61,035	63,336	66,475	68,720	71,183	73,695	75,814	77,756	79,406	81,235	79,284	79,392	81,324	79,933
Other	44	50	49	53	52	51	48	47	55	47	45	45	40	40	42	42
Long Term Care	68	90	101	131	152	171	189	191	202	211	228	242	241	247	248	252
Total Non-Duals	208,584	208,806	210,846	213,169	216,882	219,266	221,655	224,697	227,226	229,718	232,912	235,923	233,139	233,280	236,924	234,510
Aged	4,295	5,381	6,274	7,339	8,340	9,299	9,998	10,673	11,579	12,436	13,389	14,048	14,090	14,261	14,323	14,343
Disabled	2,461	2,913	3,251	3,659	4,030	4,444	4,727	4,932	5,235	5,544	5,852	6,042	6,049	6,070	6,058	6,050
Other	841	883	951	1,009	1,066	1,151	1,238	1,303	1,370	1,458	1,483	1,638	1,638	1,654	1,701	1,711
Long Term Care	39	68	106	247	369	496	649	727	818	894	974	1,051	1,042	1,023	1,024	964
Total Duals	7,636	9,245	10,582	12,254	13,805	15,390	16,612	17,635	19,002	20,332	21,698	22,779	22,819	23,008	23,106	23,068
Total Medi-Cal	216,220	218,051	221,428	225,423	230,687	234,659	238,267	242,332	246,228	250,050	254,610	258,702	255,958	256,288	260,030	257,578
Healthy Kids	4,793	4,665	4,623	4,584	4,595	4,541	4,496	4,598	4,375	4,362	4,325	4,273	4,186	4,114	4,158	4,328
CMC Non-Long Term Care	5,477	6,049	6,397	7,033	6,607	6,941	7,261	7,399	7,599	8,014	8,537	9,317	8,799	8,541	8,389	8,171
CMC - Long Term Care	80	113	151	193	229	246	282	299	313	340	369	382	360	345	339	317
Total CMC	5,557	6,162	6,548	7,226	6,836	7,187	7,543	7,698	7,912	8,354	8,906	9,699	9,159	8,886	8,728	8,488
Total Enrollment	226,570	228,878	232,599	237,233	242,118	246,387	250,306	254,628	258,515	262,766	267,841	272,674	269,303	269,288	272,916	270,394

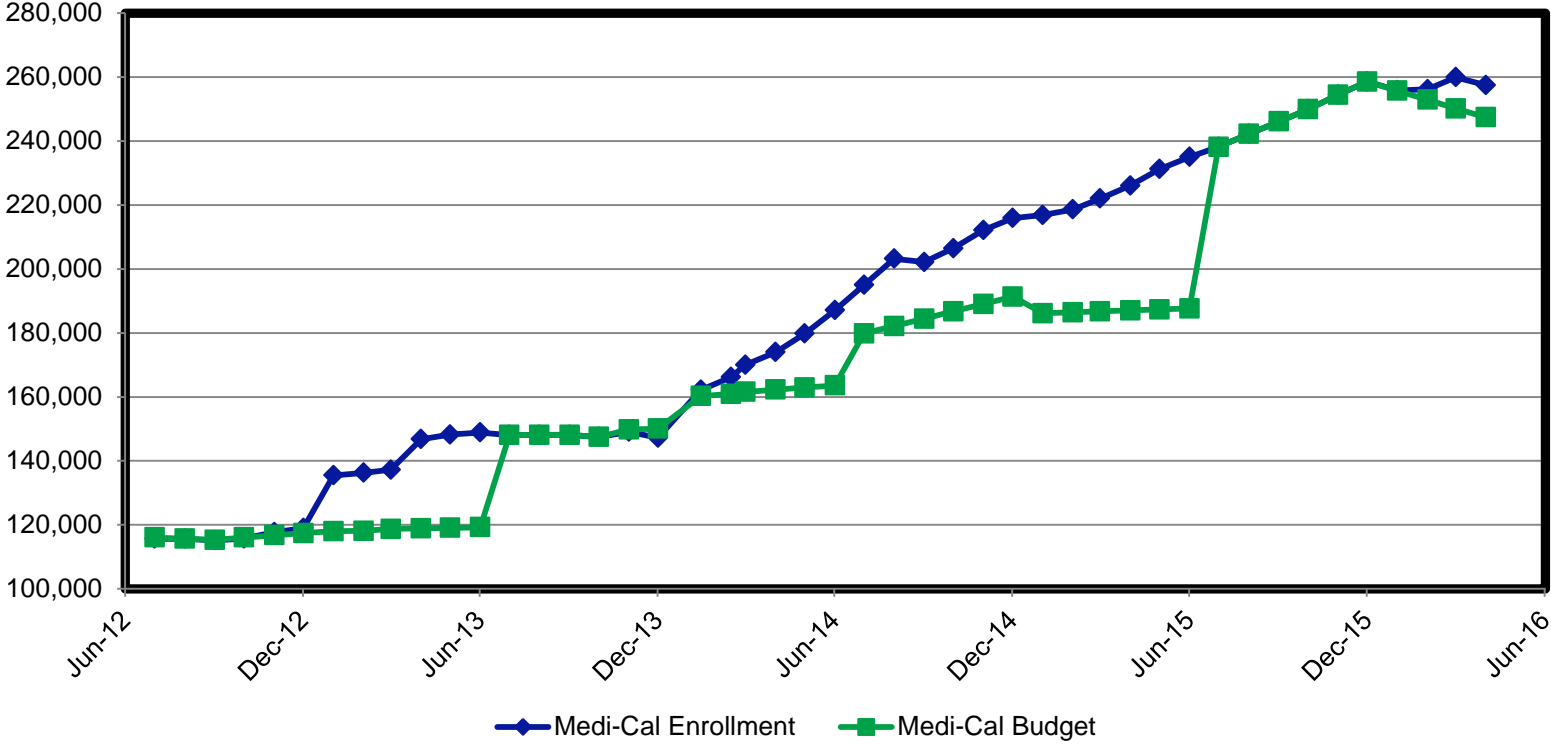
**Santa Clara County Health Authority
Tangible Net Equity - Actual vs. Required
As of Period Ended:**

	<u>6/30/2010</u>	<u>12/31/2010</u>	<u>6/30/2011</u>	<u>12/31/2011</u>	<u>6/30/2012</u>	<u>12/31/2012</u>	<u>6/30/2013</u>	<u>12/31/2013</u>	<u>6/30/2014</u>	<u>12/31/2014</u>	<u>6/30/2015</u>	<u>4/30/2016</u>
Actual Net Position / Reserves	25,103,011	28,445,504	36,093,769	36,803,460	24,208,576	23,776,902	32,551,161	32,878,950	40,872,580	54,224,335	72,630,954	84,801,131
Required Reserve per DMHC	6,388,000	5,591,000	4,996,000	5,558,000	5,901,000	6,525,000	7,778,000	8,330,000	11,434,000	13,467,000	19,269,000	29,952,000
200% of Required Reserve	12,776,000	11,182,000	9,992,000	11,116,000	11,802,000	13,050,000	15,556,000	16,660,000	22,868,000	26,934,000	38,538,000	59,904,000

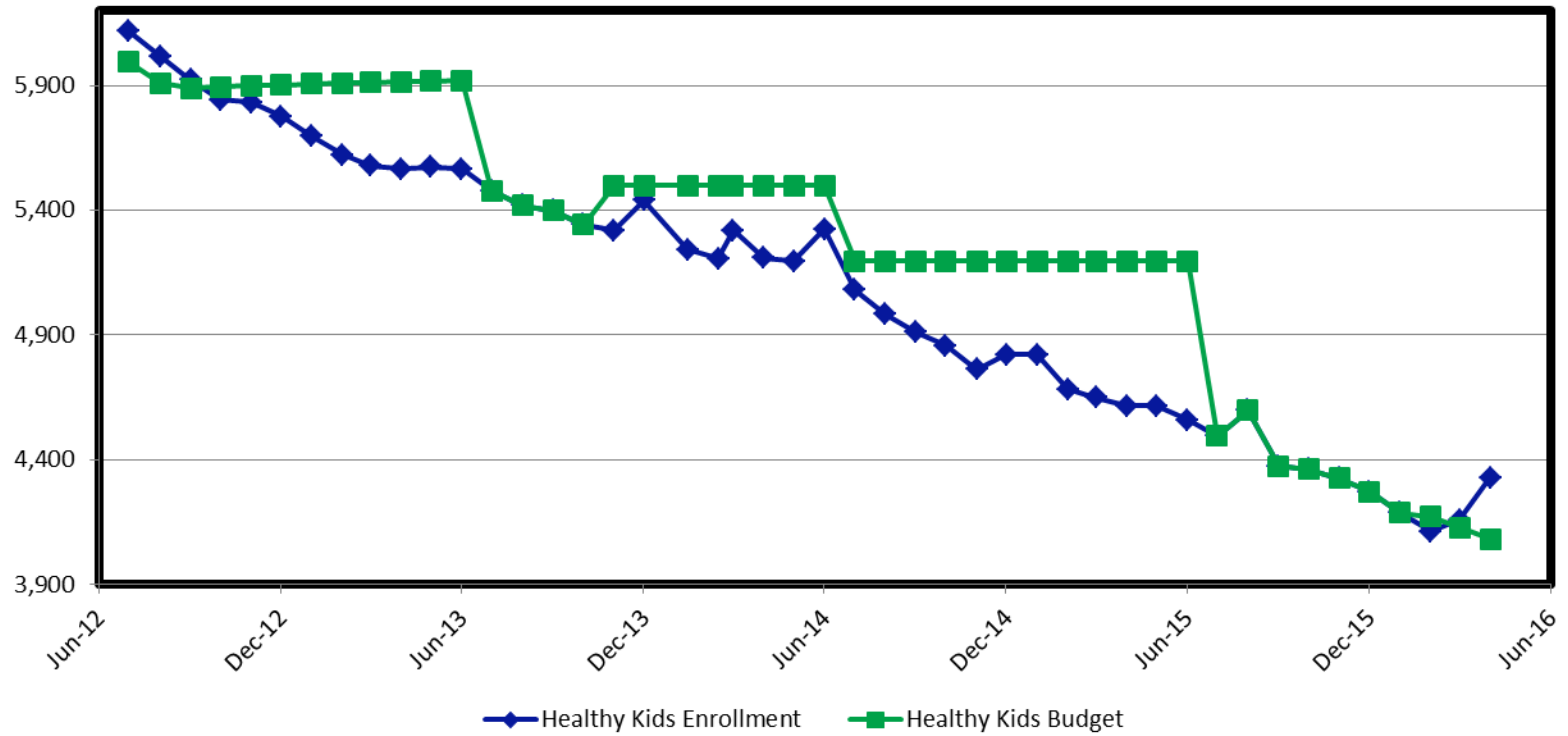
TNE Actual vs. Required



SCFHP Medi-Cal Enrollment as of Apr 2016



SCFHP Healthy Kids Enrollment as of Apr 2016





Santa Clara
Family Health Plan

The Spirit of Care

Budget Planning

FY 2016-17

Executive/Finance Committee

May 26th, 2016



Overview

- Lines of Business
- Enrollment
 - Market Share
 - Medi-Cal Classic & Expansion
 - Cal MediConnect
 - Healthy Kids
- Operating Budget Assumptions
 - Revenue
 - Medical Expenses
 - Administrative Expenses
- Capital Budget Assumptions
- Next Steps



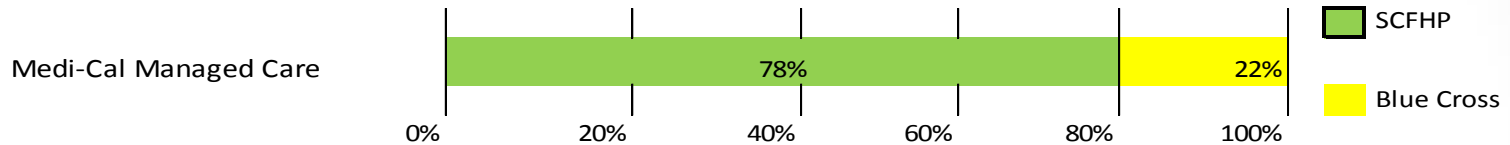
2016-2017 Programs

- Medi-Cal Classic (including LTSS)
- Medi-Cal Expansion
- Cal MediConnect
- Healthy Kids

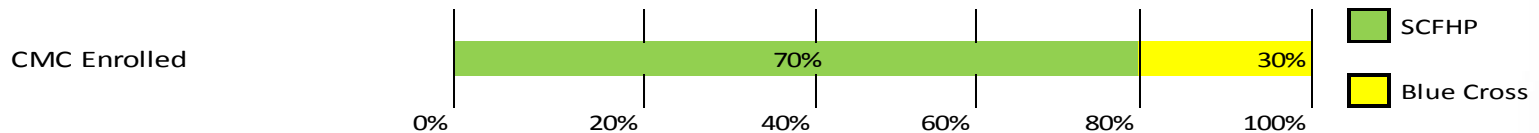


Enrollment: Market Share

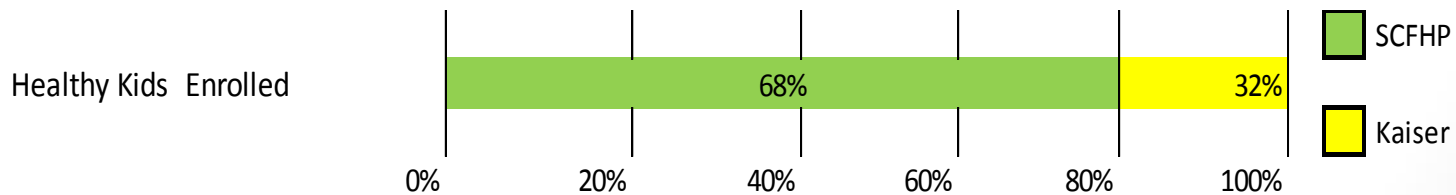
- **Medi-Cal (as of 3/1/16)**



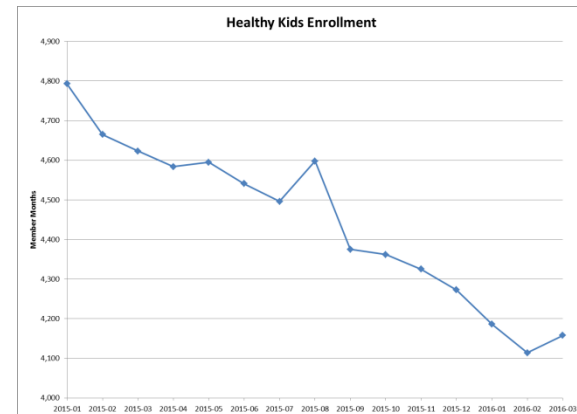
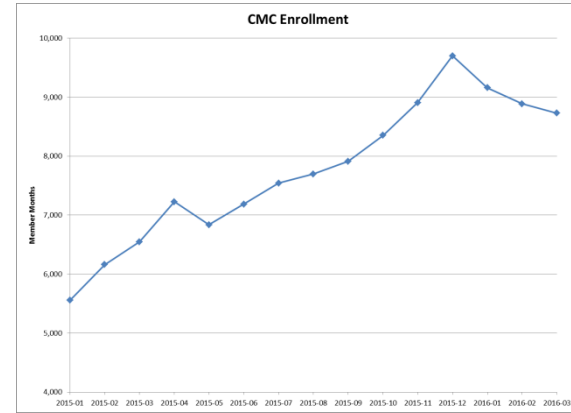
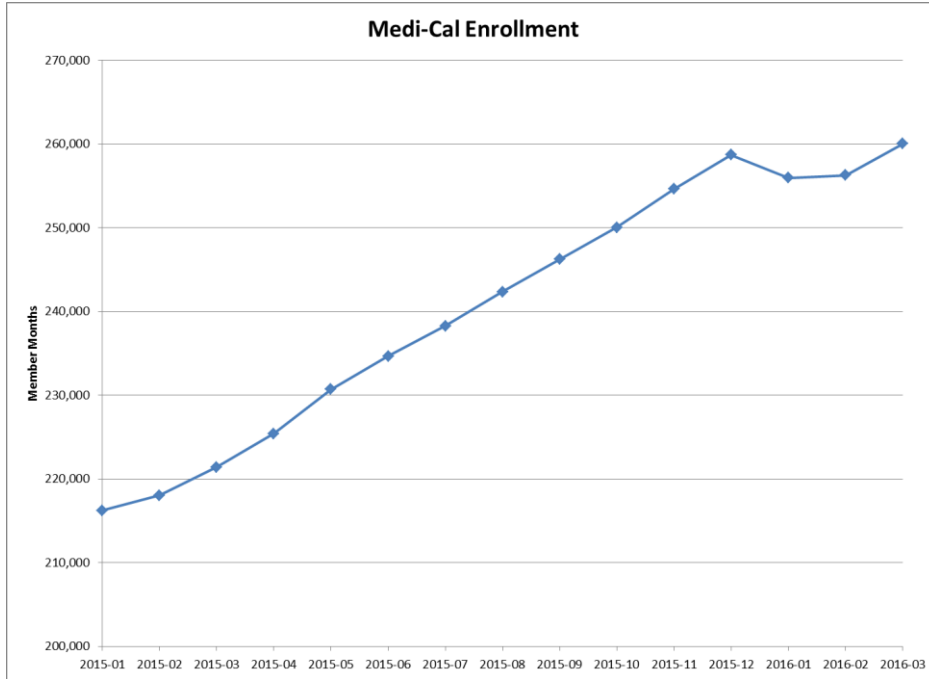
- **Cal MediConnect (as of 3/1/16)**



- **Healthy Kids (as of 3/1/16)**



Enrollment: Historical Trend



Revenue Assumptions

Program	Assumption	
Medi-Cal	Use rates from DHCS provided 4/29/16. These are noted as “preliminary rates” with final rates to be received by 7/1/16. CCI revenue is based on CY 2014 rates blended on actual population grouping experience through September 30, 2015.	
Cal MediConnect	<p>Medicare</p> <ul style="list-style-type: none"> -Use most recent 2016 Part C rates -Estimates Part D rates from CMC actuals and projected risk adjustment factor for CMC population 	Medi-Cal CY 2014 rates applied to current population grouping experience through September 30, 2015.
Healthy Kids	Based on current PMPM experience	



Medical Expenses Assumptions

Program	Assumption	
Medi-Cal	<ul style="list-style-type: none">- Based on Provider rates as of April 2016 except NT 20 and 30- Use historical data to project FFS expenses	
Cal-MediConnect	<p>Medicare</p> <ul style="list-style-type: none">- Use historical data and emerging trends to project expenses	<p>Medi-Cal</p> <ul style="list-style-type: none">- Use historical data and emerging trends to project expenses
Healthy Kids	<p>Based on current trends for FFS expenses and projected network changes</p>	



Administrative Expense Assumptions

- Zero-based budget: Departments identify resource requirements based on:
 - Enrollment
 - Regulatory changes
 - Organizational needs



Capital Budget Assumptions

- Departments submit requests for capital projects based on strategic and operational needs
 - Capital Budget is primarily comprised of Facility and Information Technology related items



Next Steps

- Objectives
- Build a budget for expenses that adjusts or flex's with changes in volume of activity, such as those pegged to enrollment, claims, referrals or authorizations.
- Timeline

Date	Meeting
May 19 – May 30	Review department submissions and assumptions
June 23, 2016	Present FY 2016-17 budgets to SCFHP Governing Board
July 1, 2016	Beginning of Fiscal Year 2016-17

