



**Regular Meeting of the
Santa Clara County Health Authority
Governing Board**

**Thursday, June 25, 2015
2:30 PM - 5:00 PM
210 E. Hacienda Avenue
Campbell CA 95008**

1. **Roll Call** Ms. Lew
2. **Minute's approval. Review and approve minutes of** Ms. Lew
 - April 23, 2015 Regular Board Meeting
 - June 2, 2015 Special Board meeting
3. **Public comment** Ms. Lew

Members of the public may speak to any item not on the agenda; 2 minutes per speaker. The Board reserves the right to limit the duration of public comment period to 30 minutes.
4. **Presentation on organizing efforts by SEIU 521** Mr. Noack

Consider accepting the presentation on the organizing efforts of SEIU 521
Possible Action: Accept presentation
5. **March and April 2015, Financial Statements.** Mr. Cameron

Consider recommendation relating to the March and April 2015 Financial Statements
Possible Action: Approve March and April, Financial Statements
6. **Presentation on Budget Peview** Ms. Darrow

Consider a summary of current issues affecting the budget
Possible Action: Approve presentation
7. **Budget Approval – Approve SCFHP budget for FY15-16** Mr. Cameron

Consider approval of FY15-16 budget
Possible Action: Approve SCFHP budget FY15-16
8. **Sick Leave Policy approval** Ms. Valdez

Consider approval of Sick Leave Policy
Possible Action: Approve Sick Leave Policy
9. **Publicly Available Salary Schedule Changes** Ms. Valdez

Consider recommendations relating to Publicly Available Salary Schedule
Possible Action: Approve Publicly Available Salary Schedule

- 10. Committee Report** Dr. Wenner
- a) Consumer Affairs Committee:
- i. Discussion Item: A recap of March 10, 2015 Committee proceedings
- ii. **Possible Action:** Accept March 10, 2015 Committee Report
- 11. Action Item: Approve Dave Cameron as Interim CEO until new CEO start Date, July 20, 2015** Ms. Lew
- Consider approving Mr. Cameron as Interim CEO
- Possible Action:** Approve Mr. Cameron as Interim CEO
- 12. Action Item: Resignation of Michele Lew as Chairperson and Special Election of Governing Board Member Bob Brownstein as Chairperson** Ms. Lew
- Possible Action:**
- i. Accept resignation of Michele Lew as Chairperson, effective June 26, 2015;
- ii. And elect Governing Board Member Bob Brownstein as Chairperson to serve the remainder Chairperson Lew’s unexpired term, effective June 26, 2015
- 13. Action Item: Update on unified managed care discussion** Mr. Brownstein
- Possible Action:** Provide direction to Administration regarding discussions with the County of Santa Clara on unified managed care strategy
- 14. Adjournment** Ms. Lew

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 Governing Board 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



Minutes - **DRAFT**
Regular Meeting of the
Santa Clara County Health Authority
Governing Board

Thursday, April 23, 2015
2:30 PM - 5:00 PM
210 E. Hacienda Avenue
Campbell CA 95008

Board members present:

Ms. Dolores Alvarado
Ms. Laura Jones
Ms. Michele Lew
Ms. Linda Williams
Ms. Liz Kniss
Mr. Christopher Dawes
Dr. Waldeman Wenner
Mr. Paul Murphy

Members not present:

Ms. Kathleen King
Mr. Robert Brownstein
Ms. Jolene Smith
Ms. Melinda Landau

Staff present:

Ms. Elizabeth Darrow, Chief Executive Officer
Mr. Dave Cameron, Chief Financial Officer
Dr. Jeff Robertson, Chief Medical Officer
Mr. Tony Solem, Chief of Medicare Operations
Ms. Pat McClelland, VP, Member and Medical
Operations
Ms. Sharon Valdez, VP of Human Resources
Ms. Beth Paige, Compliance Officer
Ms. Rita Zambrano, Executive Assistant

Others present:

Ms. Elizabeth Pianca, Secretary
Mr. Rene Santiago, Deputy County Executive
Mr. Peter Goll, CEO Excel Management Services
Mr. Mark Pasos, Walgreens Co.

1. Roll Call

Chairman Lew called the meeting to order at 2:40PM. Roll call was taken, and a quorum was established

2. Action Item: Review and approve minutes from the following meetings:

- February 5, 2015 Regular Board Meeting
- March 19, 2015 Special Board Meeting
- March 30, 2015 Special Board meeting

It was moved, seconded, and approved to accept the meeting minutes as presented. Linda Williams abstained on all minutes presented.

3. Public comment

There were no public comments

4. Action Item: Accepted Presentation by Rene Santiago on Unified Managed Care Strategy

Mr. Santiago gave an overview of the Unified and Effective Managed Care Strategy and was directed by the Board of Supervisors to work with Santa Clara Family Health Plan and SCCHA Board of Directors in terms of evaluating and assessing Unified and Effective Managed Care Strategy for the county of Santa Clara. The first meeting was held with several of the SCCHA Board Members and it outlined some opportunities in terms of further collaboration. Quite a bit of progress has been made over the last 2-3 years in terms of working together and in that spirit a few things have been identified in terms of delivering more specific actions moving forward. A few things covered were changes that occurred in the external environment and the significance of Medi-Cal expansion. Mr. Dawes noted the one thing that hasn't changed is the chronic underfunding of Medi-Cal across the State of California which is a big legislative topic. Mr. Santiago anticipates that more meetings will be scheduled and updates will be provided to both the Board of Supervisors and the SCCHA Board.

It was moved, seconded, and approved to accept the presentation.

5. Action Item: Accept presentation on Important Issues for Governing Board Consideration

Ms. Darrow gave a detailed overview on the important issues for the Governing Board to consider relating to Unified Managed Care Strategy.

History: Since 2000, consultants have offered advice on what the potential benefits of combining VHP and SCFHP. In the early assessments, the goals were: save money and eliminate duplication. Another discussion was started in 2009, but was abruptly stopped when the administration at VMC changed. Times were much simpler then and much has changed. Next review was in light of Health Care Reform and how to position the County delivery system to prepare, as described in the "North Star" document issued in January 2011. This was a document produced as a result of A&M's work. This was the birth of Unified Managed Care Strategy. Work focused next at VMC in consultation with A&M. In September 2012, A&M returned and the JPA discussion started. October 2013, JPA was put on hold and the concept of SCFHP becoming the MSO for VMC was proposed. HealthCare Consultant, SwiftCurrent, was engaged by VMC to review and advise on the MSO, a report with recommendations was released December 2013, however, there has been no movement on the MSO to date. March 2015, a Board of Supervisor's transmittal titled Unified and Effective Managed Care Strategy was approved. The work is to be done by the County Administrator for consideration by the Board of Supervisors and the Health Authority Governing Board.

Directives in the memo include: Maximize coverage opportunities for all residents in Santa Clara County. Improve access and integrate care for low-income and vulnerable populations. Eliminate redundancies and inefficiencies to reduce overall costs, including unified management and operational structures. Leverage information technology, care management duties, and responsibilities, and better manage risks in a more coordinated and aligned manner. Jointly pursue strategic, legislative, and other policies that further integrate and coordinate care across safety net providers. Provide for preventive care to avoid chronic illness and improve health. Through improved efficiency and effectiveness of administrative functions, maximize all available resources to deliver direct care, case management, health education and other healthcare support services to the covered populations. Ms. Darrow pointed out the following to the Board and prefaced that these were her opinions and advice:

Thoughts: First, both organizations should determine their short and long-term strategic goals. After strategic goals are approved determine where there are "Unified" opportunities. Each participant must be clear about their agenda and clearly state this up front. Don't be afraid that SCFHP is different and has different goals and objectives to pursue. Don't forget why SCFHP was created and why it was created as an independent agency

Consider in your deliberations: Flexibility is important for an organization like SCFHP, let history be your guide. The SCCHA Board is overseeing an organization with annual revenue of \$800m. That money comes from the state and federal government, requirements are extraordinarily stringent and getting more so as the organization grows. SCFHP

has a good reputation in the market, be proud of its achievements. Protect the significant investments that have been made. Keep in mind there are threats to the two plan model. Strive for excellence and continue to raise the bar

Finally: Don't forget there are 238,222 members who count on Santa Clara Family Health Plan. Additionally, SCFHP has 136 employees who count on this health plan to support their families. Keep in mind; we have providers who count on us, especially the safety net. Regulatory agencies that fund SCFHP programs have a big stake in stability of SCFHP. Finally, the Board will appoint a new CEO today and the new CEO needs to be focused on the organization, they need to be dedicated to learning about the staff, the market and various programs, be mindful of not too many distractions at first.

It was moved, seconded, and approved to accept the presentation.

6. Action Item: Approve January and February Financial Statements

Mr. Cameron, Chief Financial Officer, reviewed the highlights for Fiscal year 2014-15. Mr. Cameron covered the financial results summary for the month and year to date as of February 2015; SCFHP recorded a net surplus of \$1.0m and YTD \$15.7m (\$0.2m unfavorable to budget). Revenue was over budget by \$61.5m, with Medical Expenses over budget by \$59.5m. Administrative Expenses were under budget by \$1.0m and other expenses were over budget by \$3.1m. February 2015 membership was at 229,789 (16.0% favorable to budget). February YTD: 1,722,423 member months (11.8% favorable to budget and 36% higher than February YTD last year), and continued growth in Medi-Cal Expansion membership (81% favorable to budget).

It was moved, seconded, and approved to accept Financial Statements.

7. Action Item: Approve Revised Investment Policy

SCFHP management proposes an update to the Investment Policy since the policy has not been updated formally since 2008. The summary from Sperry Capital (included in the Board packet) gave recommended changes and provided a Whitepaper to update and give background information. SCFHP should update the policy at least annually to explore if SCFHP should consider other investment vehicles.

It was moved, seconded, and approved to accept the Revised Investment Policy.

8. Action Item: Approve Publicly Available Salary Schedule

Ms. Valdez gave an update on the Publicly Available Salary Schedule, the positions that were added or deleted since the last update given to the SCCHA Board of Directors on November 13, 2014.

It was moved, seconded, and approved to accept the Updated Publicly Available Salary Schedule.

9. Action: Accept Cal MediConnect Update

Anthony Solem, Chief of Medicare Operations, gave an update on Cal MediConnect. Mr. Solem pointed out that because of California's large Medicare population and dual eligible population it is currently the largest demonstration state. Effective January 1, 2015, SCFHP enrollment was 5,400, as of April enrollment is 6,300. Within California, SCFHP is one of only two plans that grew net membership in April. Clearly the biggest concern for the State and CMS is the number of beneficiaries opting out. LA County has the highest rate at 57%; Santa Clara County on average is at 42%. SCFHP average opt out rate is 38% and our goal is to be at 30% or less. Of further note, SCFHP has a larger market share than our competitor.

It was moved, seconded, and approved to accept the presentation.

10. Committee Reports:

a) Consumer Affairs Committee: A recap of December 9, 2014

Dr. Wenner gave a recap of December 9, 2014, Committee proceedings.

It was moved, seconded, and approved to accept the Consumer Affairs Committee updates

b) Provider Advisory Council: A recap of October 9, 2014 and

Dr. Robertson, Chief Medical Officer, gave a recap of the October 9, 2014, Provider Advisory Council proceedings.

It was moved, seconded, and approved to accept the Provider Advisory Council updates.

11. Adjourn to closed session

a) Public Employee Appointment (Government Code Section 54957(b).

It is the intention of the Governing Board to meet in Closed Session to discuss the position of Chief Executive Officer.

b) Conference with Labor Negotiators (Government Code Section 54957.6).

It is the intention of the Governing Board to meet in Closed Session to confer with its Designated Representative(s):

Agency designated representative(s): Michele Lew and Chris Dawes
Unrepresented Employee: Chief Executive Officer

12. Report from closed session.

No report from closed session.

13. Action item: Appoint the Chief Executive Officer and approve the Employment Contract for the Chief Executive Officer

Possible Action:

a) Appoint the Chief Executive Officer

It was moved, seconded and approved unanimously to appoint Christine Tomcala as the Chief Executive Officer, effective July 20, 2015.

b) Approve the Employment Contract for the Chief Executive Officer

It was moved, seconded and approved unanimously to approve the Employment Contract for Chief Executive Officer Christine Tomcala.

14. Adjournment

It was moved, seconded, and approved to adjourn the meeting at 4:00PM.

Elizabeth Pianca, Secretary to the Board



MINUTES - DRAFT

Santa Clara County Health Authority
Governing Board Special Meeting

Tuesday, June 2, 2015
4:00 PM

210 E. Hacienda Avenue
Campbell, CA 95008

Notice of Teleconference

VIA TELECONFERENCE AT:
Lucile Salter Packard Children's Hospital
Suite 150 Conference Room
770 Welch Road
Palo Alto, CA 94304

VIA TELECONFERENCE AT:
EMQ FamiliesFirst
251 Llewellyn Avenue
Campbell, CA 95008

VIA TELECONFERENCE AT:
Residence
1985 Cowper Street
Palo Alto, CA 94301

VIA TELECONFERENCE AT:
Sobrato Center for NonProfits – San Jose
1400 Parkmoor Avenue, Suite 120B
San Jose, CA 95126

VIA TELECONFERENCE AT:
Planned Parenthood Mar Monte
1605 The Alameda
San Jose, CA 95126

Board members present:

Ms. Kathleen King
Ms. Melinda Landau
Ms. Michele Lew
Ms. Dolores Alvarado
Dr. Waldemar Wenner
Mr. Paul Murphy
Mr. Bob Brownstein

Board members via Teleconference:

Mr. Christopher Dawes
Ms. Liz Kniss
Ms. Laura Jones
Mr. Darrell Evora
Ms. Linda Williams

Board members not present:

Ms. Jolene Smith

Others present:

Ms. Elizabeth Darrow, Chief Executive Officer
Mr. Dave Cameron, Chief Financial Officer
Ms. Sharon Valdez, VP, Human Resources
Ms. Christina Ohara, HR Supervisor
Mr. Richard Noack, Hopkins & Carley LLC

Members of the public present:

Stacey Renteria
Cesar Mata
Caitlin Grandison
April Pitt
Albert Carlson

1. Roll Call

Chairman Lew called the meeting to order at 4:05PM. Roll call was taken and a quorum was established.

2. Public Comment

Ms. Stacey Renteria an employee of SCFHP for 9 years addressed the Governing Board and the Executive Team; stating she was here to ask the SCCHA Governing Board and the Executive Team to respect the decision to Unionize and recognize the Union today. We know that quality services also require quality jobs and we look forward to working with you as we move forward in this process. I'm also proud to tell you that the workers of the Health Plan have come together to say that we need a voice at work and we ask that you respect us and that there's a fair process to organize and to that end we request and agree to a formal neutrality agreement today.

Ms. April Pitt an employee with SCFHP for 13 years addressed the Governing Board and the Executive Team; stating she was here to ask that you respect the decision to Unionize and recognize the Union. Over the last few weeks I've spoken to dozens of my coworkers about having a voice in the work place. Across departments what I've heard over and over again is that my coworkers want respect for the important work we do for our members. Respect means fair and equitable rules for all of us, and a seat at the table making the decisions that impact the work we do and the services we provide. SEIU is the largest Healthcare Union in the State and the County and is a strong advocate for improving healthcare for all residents. They represent thousands of workers in healthcare. SEIU 521 represents members who do Medi-Cal eligibility and case management work at Valley Medical Center, County Behavior Health and Public Health, Valley Health Plan and health related and community based nonprofits in the county. The law is clear, the law allows us to decide whether or not to form a Union with our coworkers and we have already decided. We urge you to respect our decision and recognize our Union without delay.

Mr. Cesar Mata spoke on behalf of Ms. Llecenia Solorio, an employee with SCFP. Stating that she wanted to be here but she was not able to schedule the time. She asked Mr. Mata to read a brief message on her behalf. Stating she would ask that you respect our decision to Unionize and recognize the Union. As you know SCFHP we strive to serve our community in the spirit of care. Every day we the workers of SCFHP strive to provide the best services and to treat our clients with dignity and respect. By supporting our efforts to form a Union through agreeing to neutrality on all things related to the Union you will show us that you believe we deserve dignity and respect as well. We want to continue providing the highest quality of service but to do so we need quality jobs and a fair contract at work. We look forward to, as SEIU members, working with you to build a stronger health plan.

3. Action Item: Review and consider memo to Santa Clara County Health Authority Employees from the Governing Board regarding SEIU Local 521 attempting to become the bargaining representative of Santa Clara County Health Authority employees and to delegate authority to Michele Lew, Chairperson of the Board, to execute memo on behalf of the Board.

Ms. Lew, Chairperson, stated the first action item is to Review and consider the memo to Santa Clara County Health Authority Employees from the Governing Board regarding SEIU Local 521 attempting to become the bargaining representative of Santa Clara County Health Authority employees. Ms. Lew introduced Mr. Noack from Hopkins and Carley LLC; legal counsel on these issues, to give an introduction as to the material being presented to the Board.

Mr. Noack, legal counsel, stated the memo was requested by SEIU. The Executive Team reviewed the memo and made some contextual changes and as a result has come up with this draft for the consideration by the Board. It supports the commentment to maintain neutrality by management.

Mr. Brownstein, Board member, asked what the law states in regard to the way in which workers can choose a Union to be their bargaining representative. Is there any other option either suggested or required under State law?

Mr. Noack responded that SCFHP is a public agency, it's a Joint Power of Authority created by the County of Santa Clara which is covered by the Meyers-Milias-Brown Act (MMBA); the statute gives cities and counties, the primary entities covered by the MMBA, the ability to create small employer/employee resolutions, which would be small bargaining statutes on their own and there is a provision that authorizes that. This particular agency appears not to have an employer/employee resolution. The traditional way of having a Union recognized by a public agency would be to provide for a request for recognition, which needs to be filed with the Public Employment Relations Board and accompanying that request for recognition would be a sufficient showing of interest in an appropriate bargaining unit; the Public Employee Relations Board would establish a procedure for an election. To determine whether the proposed bargaining unit is appropriate under the law, that requires looking at the classifications and whether they share a community of interest. The Meyers-Milias-Brown Act in 2001, added a provision allowing for an employer organization to achieve recognition based on the submission of a sufficient number of authorization cards which usually have a signature line, a printed name line and date, and simply says, "I authorize the Service Employees International Union Local 521 to represent me in my labor relations with my employer." In 2001 a change to the statute provided once there was sufficient showing of interest, more than 50% of the employees, in an appropriate bargaining unit, the Public Agency would need to automatically recognize the employee organization and so an election would not be required.

Mr. Brownstein, Board member, asked if some demonstration of sufficiency of interest less than 50% triggers an election. Mr. Noack responded yes, the minimum standard is 30% and the standard on all the Bargaining Statutes in California which is consistent with the private sector and under the National Labor Relations Act. Mr. Brownstein also asked if less than 30% is insufficient, 30%-50% is sufficient and triggers an election over 50% generates recognition? Mr. Noack responded that's correct. Ms. Lew asked if that is 50% of all the employees.

Mr. Noack responded it would be all employees in an appropriate bargaining unit, there are specific rules about what is an appropriate bargaining unit. California has a law which is part of the MMBA, which states certain professional employees and they've identified those professional employees to include doctors, nurses, lawyers, engineers, architects and any State employee have the right to be represented separate from all other employees. There are rules under the MMBA about containing supervisory level employees in the same bargaining unit of those employees they supervise, because it creates an inherent conflict of interest.

Mr. Dawes, Board member, asked if there's more than 50% of the cards signed representing the entire group that would be potentially eligible, does this employer still have an option for asking for a secret ballot election or is it automatic that SCFHP accept the Unions presented.

Mr. Noack responded the 2001, statute suggest that if more than 50% of the employee's in appropriate bargaining unit have signed there would be recognition. The MMBA states that after the representation petition is posted and no other employee organizations are claiming to represent the employees in that bargaining unit the petitioning employee organization would be the only entity on a ballot and they have more than 50% of the employees in the bargaining unit they can cancel the election and go forward with an automatic recognition. If there were other Employee Organizations there would need to be an election if they represented 30% of the employees in the bargaining unit, at which point a determination would be made whether a majority was interested in one particular representative.

Ms. King, Board member, asked if the pledge cards have gone through all the steps. Mr. Noack replied that a representation petition has been filed by the Service Employees International Union, Local 521 with the Public Employment Relations Board. SCFHP has received a copy of the petition which does not indicate a showing of interest except on the petition itself; however there is a check at the 50% box. They requested to meet with SCFHP to pick a neutral 3rd party to look at the authorization cards or the showing of interest to determine whether there is a sufficient amount which they believe they have collected greater than 50% and have listed as an attachment all position titles they claim should be part of the bargaining unit. The determination as to whether or not the proposed bargaining unit is appropriate still needs to be confirmed because some professional level employees have been included, and there are positions that have been identified with either coordinator or manager in their title and so additional information is required in order to determine whether or not they should be excluded from the bargaining unit because of a Conflict of Interest.

Mr. Murphy, Board member, asked if Mr. Noack had any idea whether it is 51 to 100%. Mr. Noack responded they have identified 97 people in the bargaining unit that would indicate they have more than 50 cards or showings of interest that have been signed by current employees, but could not determine whether it is 50 or 96%.

Ms. Kniss, Board member, asked to clarify if the number of signatures exceeds 50%? Mr. Noack replied there is no evidence because that would not be submitted with the Representation Petition to the employer, it goes directly to the Public Employee Relations Board. Ms. Alvarado, Board member, asked what the current total number of employee's is and Ms. Valdez, VP of Human Resources, responded approximately 141. Ms. King, Board member, asked if this could be immaterial if they've already gotten 50% or greater pledge cards.

Mr. Noack responded the next step is to determine whether or not there's an appropriate bargaining unit identified and the employees within the bargaining unit share a community of interest and this is usually done through the auspices of the Public Employment Relations.

Mr. Brownstein, Board member, inquired if SEIU Local 521 has indicated they want to meet with SCFHP and discuss the sense of the bargaining unit. Mr. Noack responded the letter received was a copy the attorney for Local 521 sent to the Public Employer Relations Board and they will be contacting the employer to determine whether or not they can select a neutral third party. In the event it's impossible to find a neutral third party the State Conciliation Service would appoint somebody to review the cards and make sure they are correct.

Ms. Lew addressed the memo presented to the Board which requires some edits and suggested that those changes be raised now.

Ms. King, Board member, inquired if SCFHP was required to allow employees to meet on campus? Mr. Noack responded traditionally employers are not required to allow Union meetings on site until an exclusive representative has been determined. Ms. Darrow added that SCFHP would be happy to assist in scheduling a location to meet as long as it does not interfere with normal working hours. SCFHP would be more than happy to make the building available before work, after work, during break times, and during lunch time.

Mr. Dawes, Board member, supports the letter as written. Ms. Jones, Board member, inquired whether this was reviewed by Mr. Noack or another attorney as appropriate and Ms. Darrow responded yes it was.

Mr. Murphy, Board member, had a couple of edits that would not change the content or the intent of the letter. First, spell out PERBS because not everyone knows what that is and second the third paragraph, which says "we will promptly investigate any reports of intimidation of employees" what's the obligation of an entity to act in the disciplinary manner because investigate means you're going to look into something not necessarily do anything if it was happening.

Mr. Noack commented this is a question concerning representation; there are protections provided under the law for retaliation against employees who have advanced the cause of the Union. The reality is there will be conversations between employees who have differences of opinions and we want to make sure those individuals are treated respectfully on all sides of the issue. Mr. Murphy, Board member, commented that the only other suggestion would be to consider adding a sentence that says, "We thank you for your service at SCFHP and the members we serve."

Mr. Brownstein, Board member, made two suggestions regarding the letter. First in the second paragraph delete the second clause in the sentence that begins with "Nevertheless, whether SEIU Local 521 would be good for you is for you to decide" add a period there and delete the section about the election, since State law apparently indicates if a majority of workers have signed cards an election is not required. Mr. Brownstein's position is that we act in accordance with State law. Secondly delete everything after the first sentence in the first paragraph, as an institution we can make it attractive and easy to communicate in the workplace assuming people won't bother them at home.

Ms. Alvarado, Board member, inquired what the purpose was in opening the letter with that comment. Ms. Darrow responded that SCFHP had feedback from some employees that they were surprised when someone

came to their home on a weekend. Ms. Landau thought it important that SCFHP let the employees know that this information did not come from SCFHP. Mr. Dawes, Board member, agreed, but thought it was important for the reason just stated the first and second paragraphs remain as is. Mr. Dawes' perspective is to leave it as is but in order to get this approved we need to be clearer about the process.

It was moved and seconded to accept the memo. **Mr. Brownstein** motioned to amend the memo.

Ms. Lew suggested that perhaps someone would entertain a motion to allow her as the Board Chair to refine the letter based on these discussions

Mr. Brownstein, Board member, moved to add an amendment to the letter that says "Nevertheless with SEIU Local 521 would be good for you to decide." Then it would go on to say under State law if more than 50% of the employees sign authorization cards that SCFHP will recognize Local 521 as a Bargaining Unit and if less than 50% sign the cards then an election may be required. Mr. Dawes, Board member, supported that with the exception of making it less than 50% but more than 30%. Mr. Brownstein agreed. Ms. Kniss, Board member, agreed as well and suggested delegating authority to Ms. Lew as Chair of the Board to look at the language and be sure that the essence of what we discussed is captured. Ms. Lew responded in order to move forward we would need a formal motion. Mr. Dawes stated that he would amend his motion to incorporate the modifications to paragraph two described by Mr. Brownstein with the addition of the comment he made about more than 30%. He then added to that motion that the final review is delegated to the Chair of the Board to finalize and execute the letter. Ms. Kniss seconded the motion.

Mr. Dawes, Board member, responded to the issue around the first paragraph and would be fine with the motion he made to remove the specific reference to knocking on doors, but thinks it should be stated we recognize the importance of people's privacy and we want to assure them that we have not provided their home address or telephone number to any third party. Ms. Kniss, Board member, responded we haven't now but we wouldn't want to if we're about to provide it as a result of the later agenda item. To that Mr. Dawes responded this is what he would put in the letter and then we can go to the next item and if we need to change it then we'll do so accordingly. Mr. Dawes went on to say we need to acknowledge that in this letter. Ms. Kniss agreed.

It was moved, seconded, and approved to delegate authority to Michele Lew, Chairperson of the Board, to execute memo on behalf of the Board.

4. Action Required: Review and consider Neutrality Agreement and Recognition Procedure (Agreement) between SEIU Local 521 and Santa Clara Family Health Plan

Mr. Noack explained the difference between this document and what was just approved to the Governing Board and Management. He stated in the absence of an employer/employee resolution, which has certain procedural and substantive rights regarding labor relations for the Joint Powers of Authority, and the default would fall to the Meyers-Milias-Brown Act (MMBA). This Neutrality and Recognition Procedure is a process that has been proposed by the Union and would require that the agency here go further than its legal obligation under the MMBA. We also need to begin having discussions with the employer organization on the process for choosing a neutral third party. It also suggests that the employer would be endorsing the efforts of the Union as a result of this Neutrality Agreement, which is different than taking a neutral position, and there is no legal requirement for the employer to have such a neutrality procedure. Mr. Noack also recommended following the rules as they exist.

Mr. Brownstein, Board member, inquired as to what the specific points are in this Neutrality Agreement that have the effect of having the agency not only agree to be neutral but endorse the Union's position. Mr. Noack responded as noted previously he has not gone through the material specifically other than to note there were instances in which it was going beyond the requirements of the law. There are other provisions that are provided by the MMBA which are covered by State Law, for instance agreeing not to discriminate or retaliate against individuals who are involved in the organizing effort. There are provisions that include how the third party is to be selected and how that process is going to work. There needs to be substantive discussions once the determination of the existence of an appropriate bargaining unit has been agreed on.

Mr. Dawes, Board member, commented if there are already provisions in the State law that speak to issues around card check procedures, protecting employees' rights and so forth, then there really is no need to adopt this Neutrality and Recognition Procedure proposed by the Union, is that correct? Mr. Noack responded yes, the letter the Board just approved had a statement about remaining neutral, and neutral does not include endorsement and does not necessarily include enhancing the rights already guaranteed under the law. There needs to be substantive discussions either between the employer and SEIU or in the context of the process with the Public Employment Relations Board about how the card check process is going to take place. Mr. Dawes stated it does not appear we need to proceed any further, it's premature at this time and until there has been a meeting and we get the letter out there doesn't seem to be a need at this point in time for this document.

Dr. Wenner, Board member, made a motion to table the Neutrality and Recognition Procedure for further discussion outside this meeting, it is a relatively complex situation and we are not in the position to make a decision on it today. Ms. Kniss, Board member, seconded the motion.

Mr. Brownstein, Board member, strongly believed that a neutrality procedure was necessary and the entire tenor of Labor Law in the United States which ensures guarantees to protect workers against intimidation and retaliation. Mr. Brownstein understood Dr. Wenner's point about the fact there are multiple eliminates to this so he would be inclined to consider this proposal if there was a process and timeline set to deal with the issue. Mr. Brownstein would be willing to table the issue if we were to create a process that would direct Ms. Lew, Chairperson and Ms. Darrow, CEO, to meet with SEIU to discuss the contents of this and bring this back to the Executive Committee within a reasonable period of time.

Dr. Wenner, Board member, responded that he wished to table this. Mr. Brownstein, Board member, commented the problem with Tabling is there won't be another Governing Board meeting for three weeks and that's a problem? Mr. Dawes, Board member, doesn't understand the rush, but thinks SCFHP Management Team needs to meet with the Union and go through those conversations and then we can come back to this. But Mr. Dawes can't support forcing a review of this again and thinks it's a matter of seeing what happens over the next couple weeks and at which point we can take this up at the next Board meeting, scheduled for June 25th, if necessary.

Dr. Wenner, Board member, asked if the motion to Table was up for discussion and also asked if it was an appropriate discussion because his understanding is a motion to Table a discussion is a yes or no response. Ms. Kniss, Board member, responded that once a motion to Table has been made then that item is no longer discussable.

It was moved, seconded, and approved to Table the Neutrality Agreement and Recognition Procedure. **Mr. Murphy, Mr. Brownstein and Ms. King** opposed.

5. Action Required: Review and consider public information request from SEIU Local 521 for home address information of Santa Clara Family Health Plan employees

Mr. Noack reported the SCFHP received from SEIU Public Records request under the Public Records Act to provide four items of information, all of which are considered to be Public Record and so SEIU would be entitled to the information with the exception of the home addresses and home phone numbers of employees.

1. Any SCFHP policy or ordinance governing employer-employee relations, such as an Employee Relations Ordinance
2. Current Salary Schedule
3. Current list of all SCFHP staff including their job class, email, home address, phone number, department, worksite location and hire date
4. Job description for all full-time and part-time positions

Mr. Noack responded to a question regarding email addresses and stated that SCFHP probably has an email convention which would be considered Public Records. Mr. Noack stated that once the bargaining unit is recognized SSFHP would be required to release this information.

Mr. Murphy, Board member, asked what are the requirements to share information and are you aware of requirements for a public agency. Mr. Noack responded that within the Public Records Act public employee addresses of specifically identified entities, for instance Police Officers, District Attorneys, Public Defenders, Judges or any State employee, the Union would be entitled to home addresses. In order to satisfy their ongoing statutory obligation of representing the individuals within the bargaining unit. There is a provision in the Public Records Act stating the privacy interest versus the public interest has to be waived.

Ms. Lew stated that the action before us was to comply with the Public Records Act request and the possible action is to authorize the release of home addresses.

Dr. Wenner, Board member, asked if this release of addresses applies to people who are Union members or does it apply to all employees? Mr. Noack replied it only applies to those employees within the appropriate bargaining unit. Dr. Wenner also asked about employees who didn't join the Union? Mr. Noack responded that if SEIU Local 521 is recognized as the representative of the employees of a bargaining unit each of those employees in that bargaining unit are going to need to make a determination whether they are going to join or not. The people who choose not to join may still need to be contacted by the Union because they have a statutory obligation to represent them, they just don't represent their members they represent all the employees within the appropriate bargaining unit. In the event that was an agreed upon term between the Union and the employers, non-members could be required as a condition of employment to pay a service or agency fee to the Union. There are communications that have to happen between the Union and even non-members within the bargaining unit they represent.

Mr. Dawes, Board member, made a motion to support what Mr. Noack stated, we cannot provide item one, we can provide the salary schedule and the job description as well as the information listed in item three with the exception of the home email, home address and home phone number. Mr. Dawes motioned that we go ahead with the proposed request for information as described. Dr. Wenner, Board member, seconded the motion. Mr. Brownstein, Board member, agreed to accept the motion with two amendments; one, which the Board does this with the full confidence the CEO and the Management Team will provide opportunities for the Union to meet with employees at the worksite. Second, it's done without prejudice on any further decision we make regarding the release of information later in the process. Mr. Dawes concurred with Mr. Brownstein.

It was moved, seconded, and approved to accept the Public Information Request from SEIU Local 521 and not to include home address information of Santa Clara Family Health Plan employees

Ms. Lew noted that the Governing Board and SCFHP Management Team have ten days from the date of request to comply with the Public Records Act.

6. **Adjournment**

It was moved, seconded, and approved to adjourn the meeting at 5:15 PM.

Elizabeth Pianca, Secretary to the Board



Santa Clara
Family Health Plan

The Spirit of Care

Financial Statements
For Ten Months Ended April 2015
(Unaudited)

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**Santa Clara Family Health Plan
CFO Finance Report
For the Month and Year to Date Ended April 30, 2015**

Summary of Financial Results

For the month of April 2015, SCFHP recorded a net surplus of \$0.8 million compared to a budgeted net loss of \$1.0 million resulting in a favorable variance from budget of \$1.9 million. For year to date April 2015, SCFHP recorded a net surplus of \$15.7 million compared to a budgeted net surplus of \$14.6 million resulting in a favorable variance from budget of \$1.1 million. The table below summarizes the components of the overall variance from budget.

**Summary Operating Results – Actual vs. Revised Budget
For the Current Month & Fiscal Year to Date – April 2015
Favorable/ (Unfavorable)**

Current Month					Year to Date			
Actual	Budget	Variance \$	Variance %		Actual	Budget	Variance \$	Variance %
\$ 71,937,755	\$ 65,285,333	\$ 6,652,422	10.2%	Revenue	\$ 629,899,128	\$ 558,137,223	\$ 71,761,904	12.9%
68,232,214	63,901,406	(4,330,808)	-6.8%	Medical Expense	587,910,030	520,085,304	(67,824,726)	-13.0%
3,705,541	1,383,927	2,321,613	168%	Gross Margin	41,989,098	38,051,919	3,937,179	10%
2,408,824	2,315,123	(93,700)	-4.0%	Administrative Expense	21,459,719	22,488,953	1,029,234	4.6%
1,296,717	(931,196)	2,227,913	239%	Net Operating Income	20,529,379	15,562,967	4,966,412	32%
(454,462)	(90,000)	(364,462)	-405%	Non-Operating Income/Exp	(4,785,701)	(900,000)	(3,885,701)	-432%
\$ 842,254	\$ (1,021,196)	\$ 1,863,450	182%	Net Surplus/ (Loss)	\$ 15,743,678	\$ 14,662,967	\$ 1,080,711	7%

Revenue

The Health Plan recorded net revenue of \$71.9 million for the month of April 2015, compared to budgeted revenue of \$65.3 million, resulting in a favorable variance from budget of \$6.7 million, or 10.2%. For year to date April 2015, the Plan recorded net revenue of \$629.9 million compared to budgeted revenue of \$558.1 million, resulting in a favorable variance from budget of \$71.8 million, or 12.9%. The primary driver for the positive variance in revenue is the continued rapid growth of the Medi-Cal Expansion membership. However, our expansion rates have been decreasing and DHCS has informed us that this rate will reduce by an additional 20% starting July 1, 2015. These decreases have and will continue to have a significant impact on the positive revenue variance experienced throughout FY15. In January, we started receiving revenue for the Medicare portion of the Dual Demonstration, also known as Cal MediConnect.

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 2015, overall member months were higher than budget by 38,917 members (+19.5%). For April 2015 year to date, overall member months were higher than budget by 255,323 (13.2%).

In the ten months since the end of the prior fiscal year, 6/30/2014, membership in Medi-Cal increased by 20.9%. The increase in Medi-Cal includes 64,468 new Medi-Cal Expansion members added in the 16 months between January 2014 and April 2015. Membership in the Healthy Kids program declined by 13.3%, since 6/30/2014. Member months, and changes from prior year, are summarized on Page 11.

In January, we started enrolling members for the Medicare LOB. For the month of April 2015, overall member months were higher than the budget by 259 (3.7%). For April 2015 year to date, overall members months were lower than budget by 347 (1.3%).

Medical Expenses

For the month of April 2015, medical expense was \$68.2 million compared to budget of \$63.9 million, resulting in an unfavorable budget variance of \$4.3 million, or -6.8%. For year to date April 2015, medical expense was \$587.9 million compared to budget of \$520.1 million, resulting in an unfavorable budget variance of \$67.8 million, or -13.0%. The increased medical expenses for the month, and year to date, compared to budget is primarily attributable to the Medi-Cal Expansion (MCE) population that commenced in January of 2014. Approximately 77% of these members are delegated to the safety net and other Global providers and therefore they receive a substantial amount of the state capitation to care for these members. Additionally, the MCE line of business has a 85% Medical Loss Ratio (MLR) requirement. If the plan falls below the 85% corridor we will have to pay the difference back to the State. In September 2014, we began reserving for the difference between actual expenses and the 85% MLR. The medical expenses for the Cal MediConnect (CMC) line of business, especially the Medi-Cal CMC, are running higher than the budget; therefore, we are accruing significant incurred but not paid expenses based on the very minimal claim experience to date.

Administrative Expenses

Overall administrative costs were over budget by \$94 thousand (-4.0%) for the month of April 2015, and under budget by \$1.0 million (+4.6%) for year to date April 2015. Salaries/Benefits are under budget because of the slower than anticipated ramp up costs for Cal MediConnect; however, higher than budget Professional Fees/Consulting/Temporary Staffing costs offset some of this favorable variance. Additionally, translation and printing of plan materials in new languages contributed to higher than budgeted costs.

Overall administrative expenses were 3.4% of revenues for year to date April 2015.

Balance Sheet (Page 6)

Current assets at April 30, 2015 totaled \$184.3 million compared to current liabilities of \$132.1 million, yielding a current ratio (the ratio of current assets to current liabilities) of 1.4:1 as of April 30, 2015. Working capital increased by \$14.8 million for the ten months year-to-date ended April 30, 2015.

Cash as of April 30, 2015, increased by \$64.9 million compared to the cash balance as of year-end June 30, 2014. Net receivables increased by \$14.2 million during the same ten month period ended April 30, 2015. The cash position increased largely due to the overpayment of the Medi-Cal expansion revenue and a substantial increase in Medical cost reserves, including additional amounts for the CMC while the Medicare expenses work through the claims payment system.

Liabilities increased by a net amount of \$58.4 million during the ten months ended April 2015. This was primarily due to the payable for the Intergovernmental Transfers (IGTs), overpayment of Medi-Cal expansion, and Medical cost reserves mentioned above. Additionally, the Health Plan recorded the unfunded Pension Liability of \$4.4 million as required by GASB 68.

As of the fiscal year ending June 30, 2013, the “Board Designated Reserve – Healthy Kids” totaled \$1,489,090. During fiscal year 2014, the plan made contributions totaling \$1,190,491, thus reducing the reserve balance to \$298,599 as of June 30, 2014. It is anticipated that the remaining balance of this reserve will be used this year. No changes to the Board Designated Reserve were made in Fiscal Year 2015.

Capital Expenses increased by \$1.5 million for the ten months ended April 30, 2015.

Tangible Net Equity

Tangible Net Equity (TNE) was \$56.6 million at April 30, 2015 compared to the minimum TNE required by the Department of Managed Health Care (DMHC) of \$17.0 million (as per quarterly filing at 3-31-15). 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, 2015, the Plan's reserves are below this reserves target by about \$75.8 million (see calculation below).

(Note: Due to an additional ~64,500 members in the Medi-Cal Expansion program from January 2014 through April 2015, the monthly capitation amount for Medi-Cal has increased to approximately \$38.2 million more than the level at Dec 2013.)

Calculation of targeted reserves as of April 30, 2015

Estimate of two months' capitation (based on April 2015) (April-2015 Medi-Cal capitation of \$63,717,000 x 2 = \$127,434,000)	\$127,434,000
Less: Unrestricted Net Equity per balance sheet (rounded)	<u>\$ 51,617,000</u>
Approximate reserves below target	<u>\$ 75,817,000</u>

**Santa Clara County Health Authority
Balance Sheet**

	<u>4/30/2015</u>	<u>3/31/2015</u>	<u>2/28/2015</u>	<u>6/30/2014</u>
Assets				
Current Assets				
Cash and Marketable Securities	\$ 103,662,212	\$ 102,928,357	\$ 150,317,357	\$ 38,802,506
Premiums Receivable	79,451,034	78,113,316	74,116,349	65,246,586
Due from Santa Clara Family Health Foundation - net	3,612	3,612	3,612	70,697
Prepaid Expenses and Other Current Assets	<u>1,134,421</u>	<u>1,179,533</u>	<u>1,218,693</u>	<u>6,833,379</u>
Total Current Assets	184,251,279	182,224,818	225,656,010	110,953,168
Long Term Assets				
Equipment	11,594,495	11,414,484	11,015,196	10,097,538
Less: Accumulated Depreciation	<u>(7,155,323)</u>	<u>(6,857,829)</u>	<u>(6,814,119)</u>	<u>(6,553,597)</u>
Total Long Term Assets	<u>4,439,172</u>	<u>4,556,655</u>	<u>4,201,077</u>	<u>3,543,941</u>
Total Assets	\$ 188,690,451	\$ 186,781,473	\$ 229,857,087	\$ 114,497,109
Liabilities and Net Position				
Liabilities				
Trade Payables	\$ 2,630,936	\$ 3,359,153	\$ 22,855,153	\$ 4,969,182
Deferred Rent	167,186	167,213	167,239	167,447
Employee Benefits	1,020,534	1,005,858	983,094	949,180
Retirement Obligation per GASB 45	579,460	521,514	463,568	0
Unfunded Pension Liability GASB 68	4,374,792	3,937,313	3,499,834	0
Advance Premium - Healthy Kids	67,252	64,007	62,353	63,872
Deferred Revenue - Medicare	0	0	6,517,794	0
Liability for ACA 1202	31,568,068	35,110,290	35,876,806	30,689,658
Payable to Hospitals (SB208)	(35,535)	(35,535)	(35,535)	0
Payable to Hospitals (AB 85)	1,565,175	2,948,449	1,439,065	1,555,000
Due to Santa Clara County Valley Health Plan	8,387,608	7,295,911	33,220,978	4,664,956
MCO Tax Payable - State Board of Equalization	6,470,832	6,010,474	5,454,770	1,954,025
Due to DHCS	17,709,280	14,811,328	10,313,867	2,541,250
Medical Cost Reserves	<u>57,568,607</u>	<u>55,811,496</u>	<u>52,497,525</u>	<u>26,069,960</u>
Total Liabilities	132,074,194	131,007,470	173,316,511	73,624,529
Net Position / Reserves				
Invested in Capital Assets	4,693,539	4,556,655	4,201,077	3,543,941
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Board Designated Reserve - Healthy Kids	298,599	298,599	298,599	298,599
Unrestricted Net Equity	35,575,092	35,711,975	36,067,554	28,403,271
Current YTD Income (Loss)	<u>15,743,678</u>	<u>14,901,423</u>	<u>15,667,996</u>	<u>8,321,419</u>
Net Position / Reserves	<u>56,616,257</u>	<u>55,774,003</u>	<u>56,540,576</u>	<u>40,872,580</u>
Total Liabilities and Net Position	\$ 188,690,451	\$ 186,781,473	\$ 229,857,087	\$ 114,497,109
Solvency Ratios:				
Working Capital	\$ 52,177,085	\$ 51,217,348	\$ 52,339,499	\$ 37,328,639
Working Capital ratio	1.4	1.4	1.3	1.5
Average Days Cash on Hand	51	52	77	34

Santa Clara County Health Authority
Income Statement for the Ten Months Ending April 30, 2015

	For the Month of April 2015					For Ten Months Ending of April 2015				
	Actual	% of Revenue	Budget	% of Revenue	Variance	Actual	% of Revenue	Budget	% of Revenue	Variance
REVENUES										
MEDI-CAL	\$ 65,169,232	90.6%	\$ 50,946,846	78.0%	\$ 14,222,386	\$ 598,777,950	95.1%	\$ 501,408,601	89.8%	\$ 97,369,350
HEALTHY KIDS	402,352	0.6%	476,856	0.7%	(74,504)	4,190,959	0.7%	4,768,560	0.9%	(577,601)
MEDICARE	6,824,919	9.5%	13,774,448	21.1%	(6,949,529)	26,103,811	4.1%	51,088,237	9.2%	(24,984,425)
AGNEWS	<u>(458,749)</u>	<u>-0.6%</u>	<u>87,183</u>	<u>0.1%</u>	<u>(545,931)</u>	<u>826,407</u>	<u>0.1%</u>	<u>871,826</u>	<u>0.2%</u>	<u>(45,419)</u>
TOTAL REVENUE	71,937,755	100.0%	65,285,333	100.0%	6,652,422	629,899,128	100.0%	558,137,223	100.0%	71,761,904
MEDICAL EXPENSES										
MEDI-CAL	59,777,640	83.1%	50,300,402	77.0%	(9,477,238)	554,729,185	88.1%	466,556,018	83.6%	(88,173,167)
HEALTHY KIDS	349,417	0.5%	415,680	0.6%	66,263	3,941,482	0.6%	4,156,800	0.7%	215,318
MEDICARE	8,057,412	11.2%	13,111,754	20.1%	5,054,342	28,544,333	4.5%	48,630,361	8.7%	20,086,028
AGNEWS	<u>47,745</u>	<u>0.1%</u>	<u>73,570</u>	<u>0.1%</u>	<u>25,824</u>	<u>695,030</u>	<u>0.1%</u>	<u>742,125</u>	<u>0.1%</u>	<u>47,095</u>
TOTAL MEDICAL EXPENSES	<u>68,232,214</u>	<u>94.8%</u>	<u>63,901,406</u>	<u>97.9%</u>	<u>(4,330,808)</u>	<u>587,910,030</u>	<u>93.3%</u>	<u>520,085,304</u>	<u>93.2%</u>	<u>(67,824,726)</u>
MEDICAL OPERATING MARGIN	3,705,541	5.2%	1,383,927	2.1%	2,321,613	41,989,098	6.7%	38,051,919	6.8%	3,937,179
ADMINISTRATIVE EXPENSES										
SALARIES AND BENEFITS	1,313,097	1.8%	1,460,321	2.2%	147,225	11,954,906	1.9%	13,940,932	2.5%	1,986,025
RENTS AND UTILITIES	103,519	0.1%	86,851	0.1%	(16,667)	1,049,979	0.2%	868,513	0.2%	(181,467)
PRINTING AND ADVERTISING	63,441	0.1%	35,972	0.1%	(27,469)	445,512	0.1%	359,725	0.1%	(85,787)
INFORMATION SYSTEMS	(46,626)	-0.1%	148,556	0.2%	195,181	1,078,844	0.2%	1,485,555	0.3%	406,711
PROF FEES / CONSULTING / TEMP STAFFING	523,375	0.7%	352,762	0.5%	(170,613)	4,934,344	0.8%	3,527,623	0.6%	(1,406,720)
DEPRECIATION / INSURANCE / EQUIPMENT	344,653	0.5%	93,430	0.1%	(251,223)	912,160	0.1%	934,305	0.2%	22,145
OFFICE SUPPLIES / POSTAGE / TELEPHONE	91,511	0.1%	60,333	0.1%	(31,178)	534,513	0.1%	603,333	0.1%	68,820
MEETINGS / TRAVEL / DUES	11,548	0.0%	69,422	0.1%	57,874	495,321	0.1%	694,217	0.1%	198,895
OTHER	<u>4,305</u>	<u>0.0%</u>	<u>7,475</u>	<u>0.0%</u>	<u>3,170</u>	<u>54,140</u>	<u>0.0%</u>	<u>74,750</u>	<u>0.0%</u>	<u>20,610</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>2,408,824</u>	<u>3.3%</u>	<u>2,315,123</u>	<u>3.5%</u>	<u>(93,700)</u>	<u>21,459,719</u>	<u>3.4%</u>	<u>22,488,953</u>	<u>4.0%</u>	<u>1,029,234</u>
OPERATING SURPLUS (LOSS)	1,296,717	1.8%	(931,196)	-1.4%	2,227,913	20,529,379	3.3%	15,562,967	2.8%	4,966,412
CONTRIBUTION EXPENSE	-	0.0%	(66,667)	-0.1%	66,667	-	0.0%	(666,667)	-0.1%	666,667
GASB 45-POST EMPLOYMENT BENEFITS EXPENSE	(57,946)	-0.1%	(33,333)	-0.1%	(24,613)	(579,460)	-0.1%	(333,333)	-0.1%	(246,127)
GASB 68 - UNFUNDED PENSION LIABILITY	(437,479)		0		(437,479)	(4,374,792)		0		(4,374,792)
INTEREST & OTHER INCOME	<u>40,963</u>	<u>0.1%</u>	<u>10,000</u>	<u>0.0%</u>	<u>30,963</u>	<u>168,551</u>	<u>0.0%</u>	<u>100,000</u>	<u>0.0%</u>	<u>68,551</u>
NET SURPLUS (LOSS) FINAL	\$ 842,254	1%	\$ (1,021,196)	-2%	\$ 1,863,450	\$ 15,743,678	2%	\$ 14,662,967	3%	\$ 1,080,711

Administrative Expense
Actual vs. Budget
For the Current Month & Fiscal Year to Date - April 2015
Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance \$	Variance %		Actual	Budget	Variance \$	Variance %
\$ 1,313,097	\$ 1,460,321	\$ 147,225	10.1%	Personnel	\$ 11,954,906	\$ 13,940,932	\$ 1,986,025	14.2%
1,095,727	854,802	(240,925)	-28.2%	Non-Personnel	9,504,812	8,548,021	\$ (956,792)	-11.2%
2,408,824	2,315,123	(93,700)	-4.0%	Total Administrative Expense	21,459,719	22,488,953	1,029,234	4.6%

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

Ten Months ENDED April 30, 2015

	Cal MediConnect (CMC)			Healthy Kids	Agnews	Grand Total
	Medi-Cal	Medi-Cal CMC	Medicare			
P&L (ALLOCATED BASIS)						
REVENUE	595,161,411	3,616,539	26,103,811	\$4,190,959	826,407	\$629,899,128
MEDICAL EXPENSES (MLR)	549,080,039 92.3%	5,649,146 156.2%	28,544,333 109.3%	3,941,482 94.0%	695,030 84.1%	\$587,910,030 93.3%
GROSS MARGIN	46,081,372	(2,032,607)	(2,440,522)	249,477	131,377	41,989,098
ADMINISTRATIVE EXPENSES (% MM allocation except CMC)	19,982,221	123,210	889,318	454,287	10,683	21,459,719
OPERATING INCOME/(LOSS)	26,099,151	(2,155,817)	(3,329,840)	(204,810)	120,694	20,529,379
OTHER INCOME/EXPENSE (% of Revenue Allocation)	(4,521,779)	(27,477)	(198,325)	(31,841)	(6,279)	(4,785,701)
NET INCOME/ (LOSS)	\$21,577,372	(\$2,183,294)	(\$3,528,165)	(\$236,651)	\$114,416	\$15,743,678
PMPM (ALLOCATED BASIS)						
REVENUE	\$280.83		\$1,023.96	\$86.98	\$729.40	\$287.08
MEDICAL EXPENSES	259.08		1,119.69	81.80	613.44	267.95
GROSS MARGIN	21.74		(95.73)	5.18	115.96	19.14
ADMINISTRATIVE EXPENSES	9.43		34.88	9.43	9.43	9.78
OPERATING INCOME/(LOSS)	12.31		(130.62)	(4.25)	106.53	9.36
OTHER INCOME/ (EXPENSE)	(2.13)		(7.78)	(0.66)	(5.54)	(2.18)
NET INCOME/ (LOSS)	\$10.18		(\$138.40)	(\$4.91)	\$100.98	\$7.18
ALLOCATION BASIS:						
MEMBER MONTHS - YTD	2,119,328		25,493	48,182	1,133	2,194,136
Non-CMC Member MONTHS by LOB	97.7%			2.2%	0.1%	100%
Revenue by LOB	94.5%	0.6%	4.1%	0.7%	0.1%	100%

**Santa Clara Family Health Plan
Statement of Cash Flows
For Ten Months Ended April 30, 2015**

Cash flows from operating activities	
Premiums received	\$ 639,945,257
Medical expenses paid	\$ (552,688,731)
Administrative expenses paid	<u>\$ (21,068,414)</u>
Net cash from operating activities	\$ 66,188,112
 Cash flows from capital and related financing activities	
Purchases of capital assets	\$ (1,496,957)
 Cash flows from investing activities	
Interest income and other income, net	<u>\$ 168,551</u>
 Net (Decrease) increase in cash and cash equivalents	<u>\$ 64,859,706</u>
 Cash and cash equivalents, beginning of year	<u>\$ 38,802,506</u>
 Cash and cash equivalents at April 30, 2015	<u><u>\$ 103,662,212</u></u>
 Reconciliation of operating income to net cash from operating activities	
Operating income (loss)	\$ 15,575,127
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	\$ 601,725
Changes in operating assets and liabilities	
Premiums receivable	\$ (14,204,448)
Due from Santa Clara Family Health Foundation	\$ 67,085
Prepays and other assets	\$ 5,698,958
Accounts payable and accrued liabilities	\$ (1,026,481)
Capitation payable	\$ 3,722,652
Employee benefit liabilities	\$ 71,354
Advance premium - Healthy Kids & CMC	\$ 3,381
Reserve for Rate Reductions	\$ 24,180,112
Incurred but not reported claims payable and risk share payments payable	<u>\$ 31,498,647</u>
Total adjustments	<u>\$ 50,612,985</u>
Net cash from operating activities	<u><u>\$ 66,188,112</u></u>

Santa Clara Family Health Plan Enrollment Summary

For the Month of April 2015

YTD Ten Months Ending April 2015

	<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 FY15 vs. FY14</u>
Medi-Cal	226,266	187,025	21.0%	2,119,328	1,859,853	14.0%	1,560,547	35.8%
Healthy Kids	4,616	5,196	(11.2%)	48,182	51,960	(7.3%)	53,372	(9.7%)
Medicare	7,226	6,967	3.7%	25,493	25,840	(1.3%)		
Agnews	113	116	0.0%	1,133	1,160	0.0%	1,195	(5.2%)
Total	238,221	199,304	19.5%	2,194,136	1,938,813	13.2%	1,618,721	35.5%

Santa Clara County Health Authority
April 2015

	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	16,221	7%	170	4%	7,226	100%	113	100%	23,730	10%
SCVHHS, Safety Net Clinics, FQHC Clinics	122,246	54%	3,121	68%	0	0%	0	0%	125,367	53%
Palo Alto Medical Foundation	5,873	3%	45	1%	0	0%	0	0%	5,918	2%
Physicians Medical Group	42,547	19%	1,127	24%	0	0%	0	0%	43,674	18%
Premier Care	15,172	7%	153	3%	0	0%	0	0%	15,325	6%
Kaiser	<u>24,207</u>	<u>11%</u>	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0%</u>	<u>24,207</u>	<u>10%</u>
Total	<u>226,266</u>	<u>100%</u>	<u>4,616</u>	<u>100%</u>	<u>7,226</u>	<u>100%</u>	<u>113</u>	<u>100%</u>	<u>238,221</u>	<u>100%</u>
Enrollment @ 6-30-14	<u>187,085</u>		<u>5,322</u>				<u>115</u>		<u>192,522</u>	
Net % Change from Beginning of FY	<u>20.9%</u>		<u>-13.3%</u>				<u>-1.7%</u>		<u>23.7%</u>	

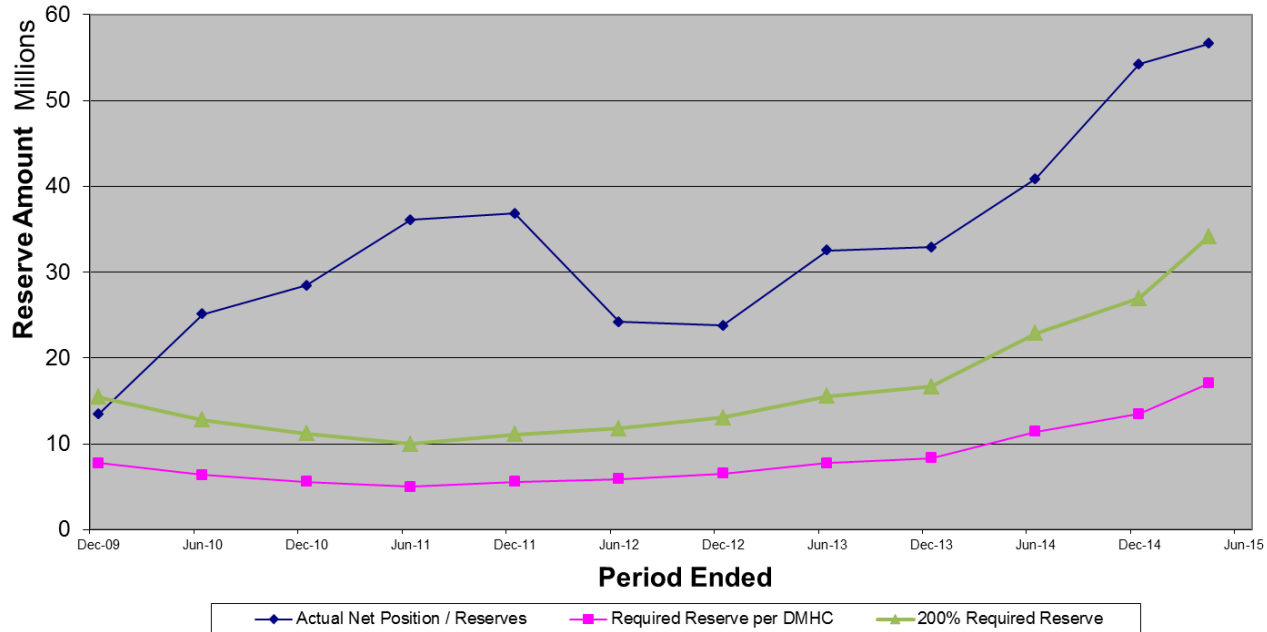
Santa Clara Family Health Plan Enrollment by Aid-Category

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Family	109,830	111,901	106,894	108,026	109,658	111,201	112,660	113,003	114,334	115,725
Aged - Medi-Cal Only	6,414	6,466	6,361	6,335	6,359	6,391	6,262	6,291	6,154	6,137
Disabled - Medi-Cal Only	11,585	11,582	11,511	11,499	11,494	11,460	11,299	11,233	11,157	11,059
Child (HF conversion)	26,041	25,846	21,972	20,886	20,535	19,422	17,672	16,795	15,844	14,428
Adult Expansion	31,855	36,519	43,110	48,211	52,543	55,907	59,024	59,590	61,299	63,645
Total Non-Duals	185,725	192,314	189,848	194,957	200,589	204,381	206,917	206,912	208,788	210,994
Aged -Duals	5,377	6,510	7,490	6,877	6,988	6,862	6,314	7,604	8,611	9,976
Disabled - Duals	3,305	3,741	4,140	3,870	3,900	3,835	2,877	3,370	3,767	4,218
Other Duals	591	646	702	754	794	845	896	948	1017	1078
Total Duals	9,273	10,897	12,332	11,501	11,682	11,542	10,087	11,922	13,395	15,272
Total Medi-Cal	194,998	203,211	202,180	206,458	212,271	215,923	217,004	218,834	222,183	226,266
Healthy Kids	5,081	4,983	4,910	4,858	4,762	4,820	4,822	4,682	4,648	4,616
Agnews	114	114	114	113	113	113	113	113	113	113
CMC	0	0	0	0	0	0	5,557	6,162	6,548	7,226
Total Enrollment	200,193	208,308	207,204	211,429	217,146	220,856	227,496	229,791	233,492	238,221

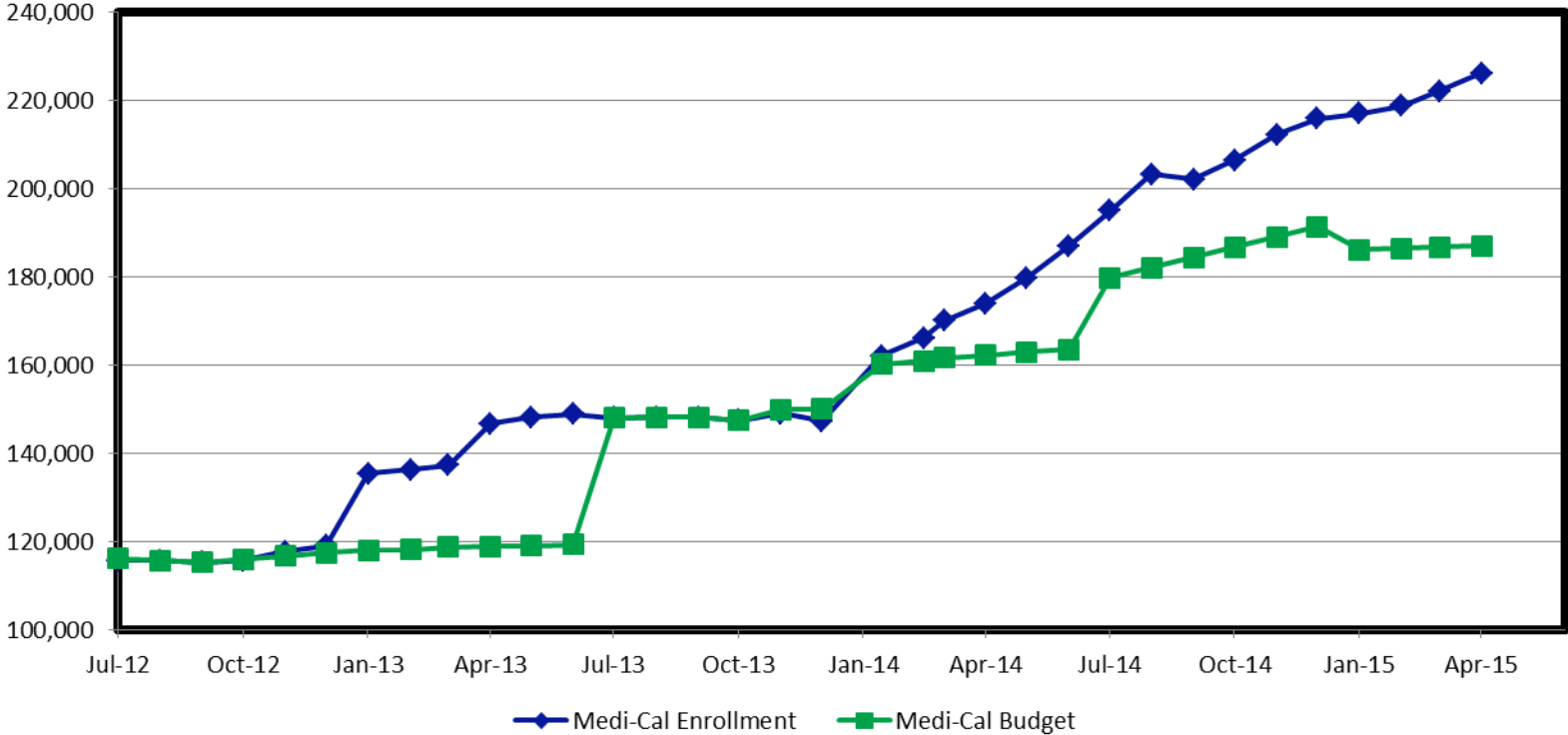
**Santa Clara County Health Authority
Tangible Net Equity - Actual vs. Required
As of Period Ended:**

	12/31/2009	6/30/2010	12/31/2010	6/30/2011	12/31/2011	6/30/2012	12/31/2012	6/30/2013	12/31/2013	6/30/2014	12/31/2014	4/30/2015
Actual Net Position / Reserves	13,501,652	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	56,616,257
Required Reserve per DMHC	7,737,000	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	17,049,000
200% of Required Reserve	15,474,000	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	34,098,000

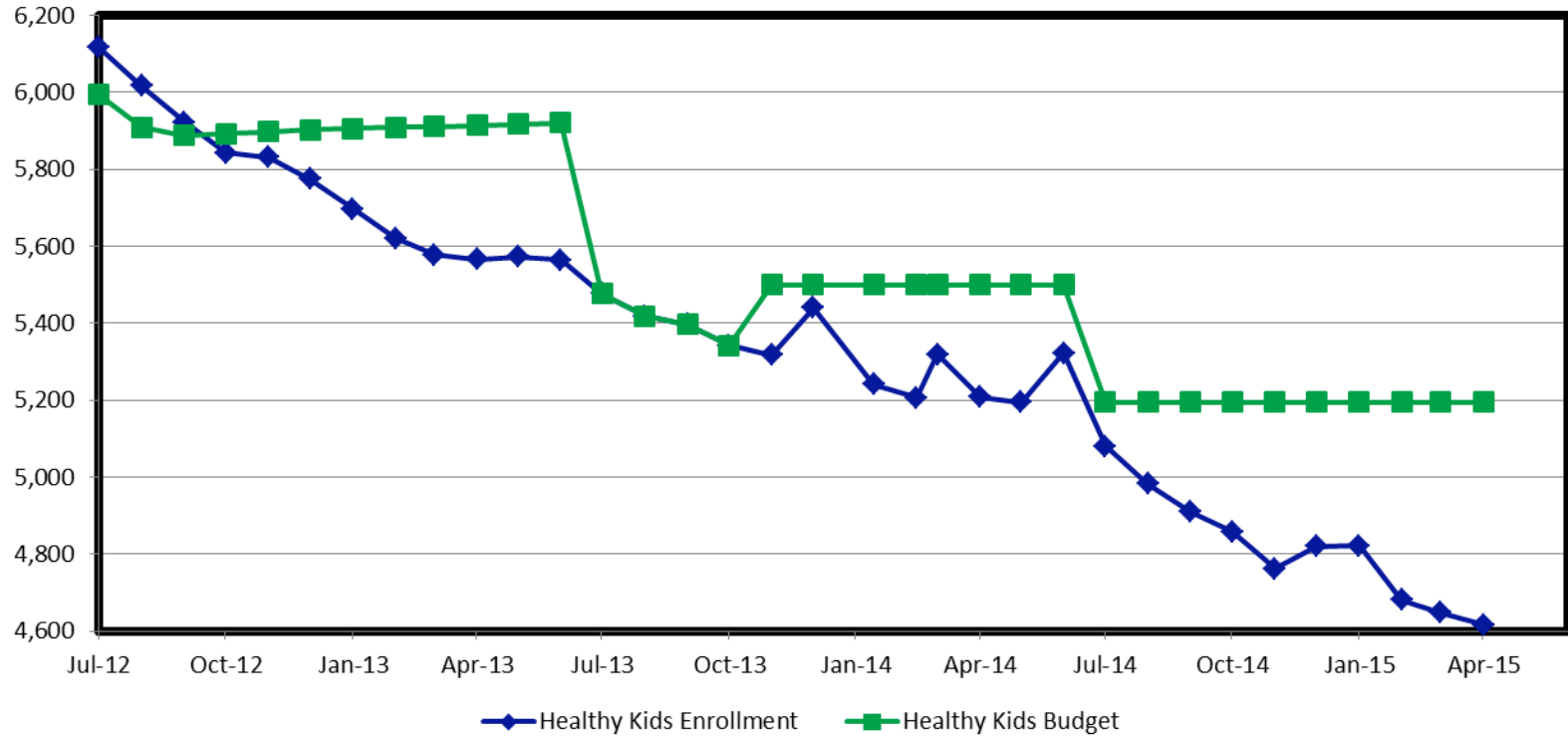
TNE Actual vs. Required



SCFHP Medi-Cal Enrollment as of April 2015



SCFHP Healthy Kids Enrollment as of April 2015





April 2015 Financial Summary

SCCHA Governing Board Meeting
June 25, 2015



Fiscal Year 2014-15 Highlights

- **Net Surplus:**

- April \$0.8m and YTD \$15.7m (\$1.1m favorable to budget)
 - \$21.6m Medi-Cal surplus (largely due to Medi-Cal Expansion growth) YTD
 - Lower Administrative costs YTD (3.4 as % of revenue)

- **Revenue** – over budget by \$71.8m

- **Medical Expenses** – over budget by \$67.8m

- **Administrative Expenses** – under budget by \$1.0m

- **Other Expenses** – over budget by \$3.9m

- **Enrollment**

- April 2015 membership: 238,221 (19.5% favorable to budget)
- April YTD: 2,194,136 member months (13.2% favorable to budget and 36% higher than April YTD last year)
- Continued growth in Medi-Cal Expansion membership (94% favorable to budget)



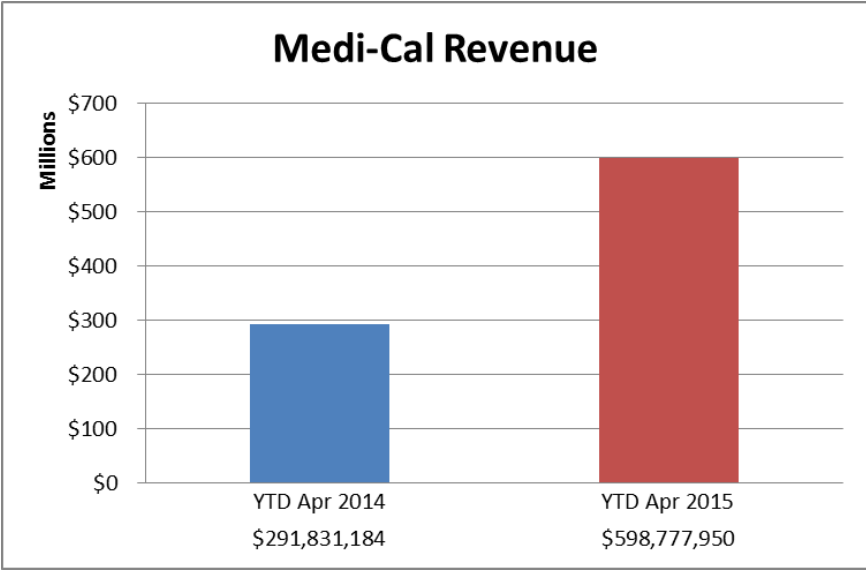
Consolidated Performance April 2015 and Year to Date

April					Year - To - Date			
Actual	Budget	Variance	Variance		Actual	Budget	Variance	Variance
238,221	199,304	38,917	19.5%	Member Months	2,194,136	1,938,813	255,323	13.2%
\$71,937,755	\$65,285,333	\$6,652,422	10.2%	Revenues	\$629,899,128	\$558,137,223	\$71,761,904	12.9%
\$68,232,214	\$63,901,406	(\$4,330,808)	-6.8%	Medical Expenses	\$587,910,030	\$520,085,304	(\$67,824,726)	-13.0%
\$ 2,408,824	\$ 2,315,123	\$ (93,700)	-4.0%	Administrative Expenses	\$ 21,459,719	\$ 22,488,953	\$ 1,029,234	4.6%
\$ (454,462)	\$ (90,000)	(\$364,462)	-405.0%	Non Operating	\$ (4,785,701)	\$ (900,000)	(\$3,885,701)	-431.7%
<u>\$ 842,254</u>	<u>\$ (1,021,196)</u>	<u>\$ 1,863,450</u>	<u>-182.5%</u>	Net Surplus	<u>\$ 15,743,678</u>	<u>\$ 14,662,967</u>	<u>\$ 1,080,711</u>	<u>7.4%</u>
94.8%	97.9%	3.0%		Medical Loss Ratio	93.3%	93.2%	-0.2%	
3.3%	3.5%	0.2%		Administrative Loss ratio	3.4%	4.0%	0.6%	

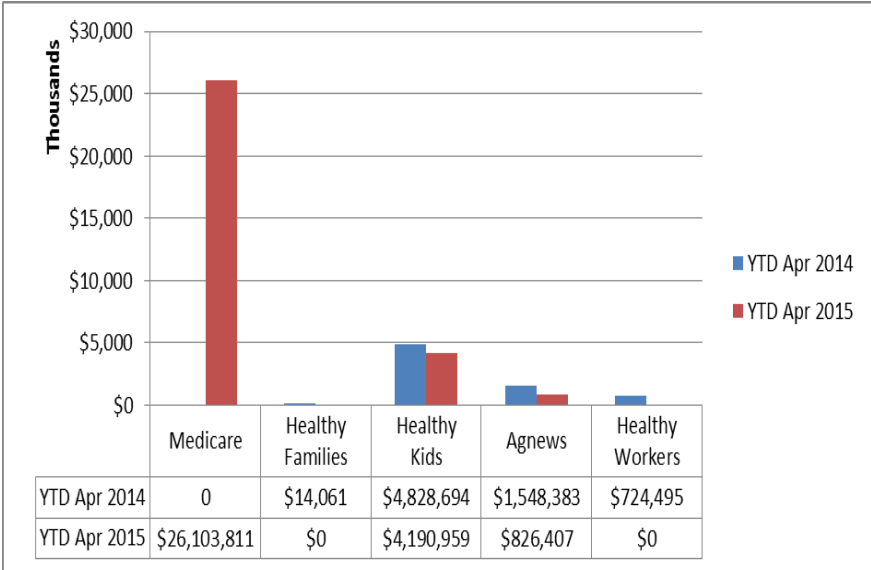


Revenue Trend

Graph 1: Portrays current YTD Medi-Cal revenue vs. previous year. Increase of 105%.

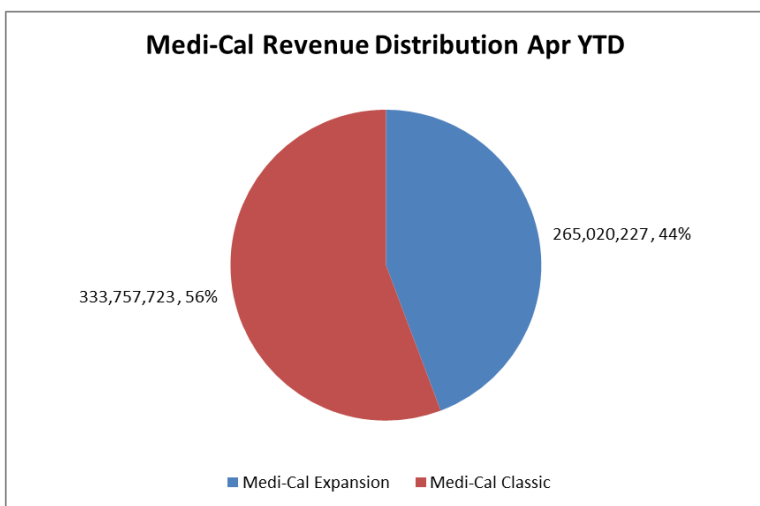
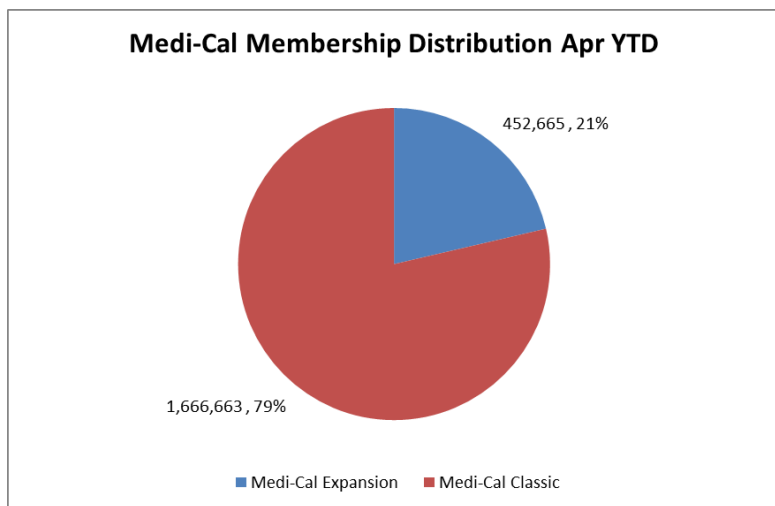
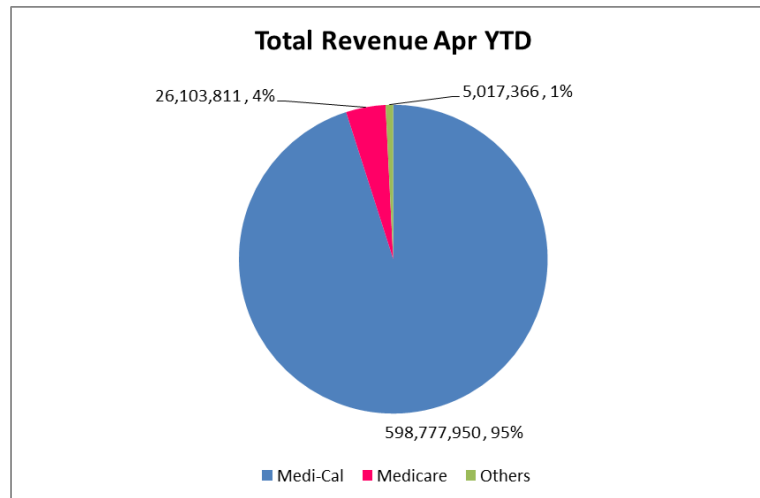
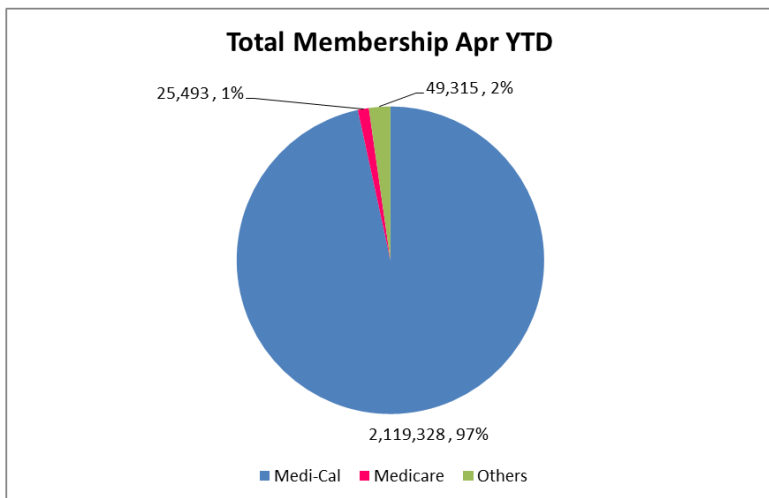


Graph 2: Represents all other operating revenue YTD compared to previous year. Increase of 337%.





Medi-Cal Expansion comprises 21% of the plan's Medi-Cal membership and 44% of the Medi-Cal Revenue for Year – To – Date April 2015





Enrollment Summary April and YTD

Santa Clara Family Health Plan Enrollment Summary

For the Month of April 2015

YTD Ten Months Ending April 2015

	<u>Actual</u> <u>Budget</u> <u>Variance</u>			<u>Actual</u> <u>Budget</u> <u>Variance</u>			Prior Year	Change FY15
							<u>Actual</u>	<u>vs. FY14</u>
Medi-Cal	226,266	187,025	21.0%	2,119,328	1,859,853	14.0%	1,560,547	35.8%
Healthy Kids	4,616	5,196	(11.2%)	48,182	51,960	(7.3%)	53,372	(9.7%)
Medicare	7,226	6,967	3.7%	25,493	25,840	(1.3%)		
Agnews	113	116	0.0%	1,133	1,160	0.0%	1,195	(5.2%)
Total	238,221	199,304	19.5%	2,194,136	1,938,813	13.2%	1,618,721	35.5%



Enrollment by Network - YTD

Santa Clara County Health Authority
April 2015

	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	16,221	7%	170	4%	7,226	100%	113	100%	23,730	10%
SCVHHS, Safety Net Clinics, FQHC Clinics	122,246	54%	3,121	68%	0	0%	0	0%	125,367	53%
Palo Alto Medical Foundation	5,873	3%	45	1%	0	0%	0	0%	5,918	2%
Physicians Medical Group	42,547	19%	1,127	24%	0	0%	0	0%	43,674	18%
Premier Care	15,172	7%	153	3%	0	0%	0	0%	15,325	6%
Kaiser	<u>24,207</u>	<u>11%</u>	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0%</u>	<u>24,207</u>	<u>10%</u>
Total	<u>226,266</u>	<u>100%</u>	<u>4,616</u>	<u>100%</u>	<u>7,226</u>	<u>100%</u>	<u>113</u>	<u>100%</u>	<u>238,221</u>	<u>100%</u>
Enrollment @ 6-30-14	<u>187,085</u>		<u>5,322</u>				<u>115</u>		<u>192,522</u>	
Net % Change from Beginning of FY	<u>20.9%</u>		<u>-13.3%</u>				<u>-1.7%</u>		<u>23.7%</u>	

Membership has increased 23.7% since the beginning of the Fiscal Year, primarily as a result of Medi-Cal Expansion, which started January 1, 2014 and has grown to 64,468 members and the new Cal-MediConnect (CMC) membership.



Enrollment by Aid Category

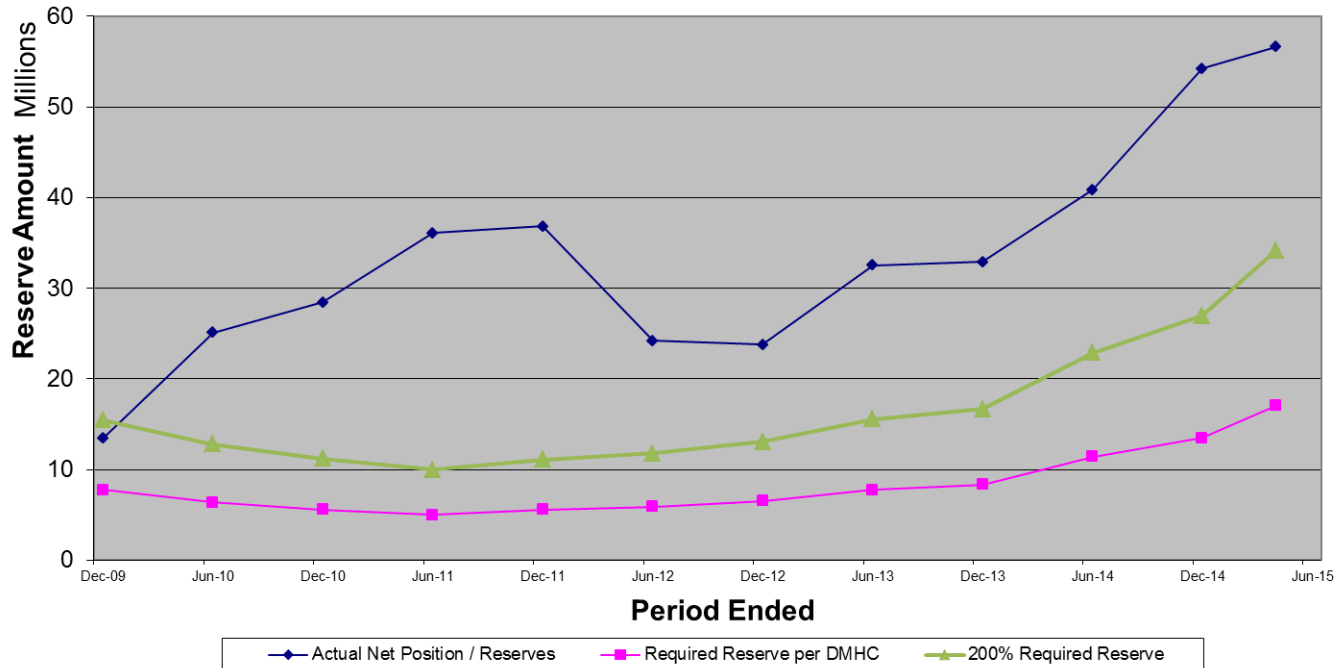
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Family	109,830	111,901	106,894	108,026	109,658	111,201	112,660	113,003	114,334	115,725
Aged - Medi-Cal Only	6,414	6,466	6,361	6,335	6,359	6,391	6,262	6,291	6,154	6,137
Disabled - Medi-Cal Only	11,585	11,582	11,511	11,499	11,494	11,460	11,299	11,233	11,157	11,059
Child (HF conversion)	26,041	25,846	21,972	20,886	20,535	19,422	17,672	16,795	15,844	14,428
Adult Expansion	31,855	36,519	43,110	48,211	52,543	55,907	59,024	59,590	61,299	63,645
Total Non-Duals	185,725	192,314	189,848	194,957	200,589	204,381	206,917	206,912	208,788	210,994
Aged -Duals	5,377	6,510	7,490	6,877	6,988	6,862	6,314	7,604	8,611	9,976
Disabled - Duals	3,305	3,741	4,140	3,870	3,900	3,835	2,877	3,370	3,767	4,218
Other Duals	591	646	702	754	794	845	896	948	1017	1078
Total Duals	9,273	10,897	12,332	11,501	11,682	11,542	10,087	11,922	13,395	15,272
Total Medi-Cal	194,998	203,211	202,180	206,458	212,271	215,923	217,004	218,834	222,183	226,266
Healthy Kids	5,081	4,983	4,910	4,858	4,762	4,820	4,822	4,682	4,648	4,616
Agnews	114	114	114	113	113	113	113	113	113	113
CMC	0	0	0	0	0	0	5,557	6,162	6,548	7,226
Total Enrollment	200,193	208,308	207,204	211,429	217,146	220,856	227,496	229,791	233,492	238,221



Tangible Net Equity at April 30, 2015

TNE is \$56.6 million or 3.32 times the minimum TNE required by the Department of Managed Health Care (DMHC). The Plans reserves are roughly \$75.8m 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 Nine Months Ended March 2015
(Unaudited)

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**Santa Clara Family Health Plan
CFO Finance Report
For the Month and Year to Date Ended March 31, 2015**

Summary of Financial Results

For the month of March 2015, SCFHP recorded a net loss of \$0.7 million compared to a budgeted net loss of \$0.1 million resulting in an unfavorable variance from budget of \$0.6 million. For year to date March 2015, SCFHP recorded a net surplus of \$14.9 million compared to a budgeted net surplus of \$15.7 million resulting in an unfavorable variance from budget of \$0.8 million. The table below summarizes the components of the overall variance from budget.

Summary Operating Results – Actual vs. Revised Budget

For the Current Month & Fiscal Year to Date – March 2015
Favorable/ (Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance \$	Variance %		Actual	Budget	Variance \$	Variance %
\$ 67,958,547	\$ 64,306,676	\$ 3,651,871	5.7%	Revenue	\$ 557,961,373	\$ 492,851,890	\$ 65,109,483	13.2%
66,020,511	62,036,101	(3,984,410)	-6.4%	Medical Expense	519,677,816	456,183,899	(63,493,917)	-13.9%
1,938,036	2,270,575	(332,539)	-15%	Gross Margin	38,283,557	36,667,992	1,615,565	4%
2,222,599	2,323,483	100,884	4.3%	Administrative Expense	19,050,895	20,173,829	1,122,934	5.6%
(284,563)	(52,908)	(231,656)	-438%	Net Operating Income	19,232,662	16,494,163	2,738,499	17%
(482,010)	(90,000)	(392,010)	-436%	Non-Operating Income/Exp	(4,331,239)	(810,000)	(3,521,239)	-435%
\$ (766,573)	\$ (142,908)	\$ (623,666)	-436%	Net Surplus/ (Loss)	\$ 14,901,423	\$ 15,684,163	\$ (782,740)	-5%

Revenue

The Health Plan recorded net revenue of \$68.0 million for the month of April 2015, compared to budgeted revenue of \$64.3 million, resulting in a favorable variance from budget of \$3.7 million, or 5.7%. For year to date March 2015, the Plan recorded net revenue of \$558.0 million compared to budgeted revenue of \$492.9 million, resulting in a favorable variance from budget of \$65.1 million, or 13.2%. The primary driver for the positive variance in revenue is the continued rapid growth of the Medi-Cal Expansion membership. However, our expansion rates have been decreasing and DHCS has informed us that this rate will reduce by an additional 20% starting July 1, 2015. These decreases have and will continue to have a significant impact on the positive revenue variance experienced throughout FY15. In January, we started receiving revenue for the Medicare portion of the Dual Demonstration, also known as Cal MediConnect.

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

Member months

For the month of March 2015, overall member months were higher than budget by 34,824 members (+17.5%). For March 2015 year to date, overall member months were higher than budget by 216,046 (12.4%).

In the nine months since the end of the prior fiscal year, 6/30/2014, membership in Medi-Cal increased by 18.8%. The increase in Medi-Cal includes 62,076 new Medi-Cal Expansion members added in the 15 months between January 2014 and March 2015. Membership in the Healthy Kids program declined by 12.7%, since 6/30/2014. Member months, and changes from prior year, are summarized on Page 11.

In January, we started enrolling members for the Medicare LOB. For the month of March 2015, overall member months were lower than the budget by 81 (1.2%). For March 2015 year to date, overall members months were lower than budget by 606 (3.2%).

Medical Expenses

For the month of March 2015, medical expense was \$66.0 million compared to budget of \$62.0 million, resulting in an unfavorable budget variance of \$4.0 million, or -6.4%. For year to date March 2015, medical expense was \$519.7 million compared to budget of \$456.2 million, resulting in an unfavorable budget variance of \$63.5 million, or -13.9%. The increased medical expenses for the month, and year to date, compared to budget is primarily attributable to the Medi-Cal Expansion (MCE) population that commenced in January of 2014. Approximately 77% of these members are delegated to the safety net and other Global providers and therefore they receive a substantial amount of the state capitation to care for these members. Additionally, the MCE line of business has a 85% Medical Loss Ratio (MLR) requirement. If the plan falls below the 85% corridor we will have to pay the difference back to the State. In September 2014, we began reserving for the difference between actual expenses and the 85% MLR. The medical expenses for the Cal MediConnect (CMC) line of business, especially the Medi-Cal CMC, are running higher than the budget; therefore, we are accruing significant incurred but not paid expenses based on the very minimal claim experience to date.

Administrative Expenses

Overall administrative costs were under budget by \$101 thousand (+4.3%) for the month of March 2015, and under budget by \$1.1 million (+5.6%) for year to date March 2015. Salaries/Benefits are under budget because of the slower than anticipated ramp up costs for Cal MediConnect; however, higher than budget Professional Fees/Consulting/Temporary Staffing costs offset some of this favorable variance. Additionally, translation and printing of plan materials in new languages contributed to higher than budgeted costs.

Overall administrative expenses were 3.4% of revenues for year to date March 2015.

Balance Sheet (Page 6)

Current assets at March 31, 2015 totaled \$182.2 million compared to current liabilities of \$131.0 million, yielding a current ratio (the ratio of current assets to current liabilities) of 1.4:1 as of March 31, 2015. Working capital increased by \$13.9 million for the nine months year-to-date ended March 31, 2015.

Cash as of March 31, 2015, increased by \$64.1 million compared to the cash balance as of year-end June 30, 2014. Net receivables increased by \$12.9 million during the same nine month period ended March 31, 2015. The cash position increased largely due to the overpayment of the Medi-Cal expansion revenue and a substantial increase in Medical cost reserves, including additional amounts for the CMC while the Medicare expenses work through the claims payment system.

Liabilities increased by a net amount of \$57.4 million during the nine months ended March 2015. This was primarily due to the payable for the Intergovernmental Transfers (IGTs), overpayment of Medi-Cal expansion, and Medical cost reserves mentioned above. Additionally, the Health Plan recorded the unfunded Pension Liability of \$3.9 million as required by GASB 68.

As of the fiscal year ending June 30, 2013, the “Board Designated Reserve – Healthy Kids” totaled \$1,489,090. During fiscal year 2014, the plan made contributions totaling \$1,190,491, thus reducing the reserve balance to \$298,599 as of June 30, 2014. It is anticipated that the remaining balance of this reserve will be used this year. No changes to the Board Designated Reserve were made in Fiscal Year 2015.

Capital Expenses increased by \$1.3 million for the nine months ended March 31, 2015.

Tangible Net Equity

Tangible Net Equity (TNE) was \$55.8 million at March 31, 2015 compared to the minimum TNE required by the Department of Managed Health Care (DMHC) of \$15.0 million (as per quarterly filing at 12-31-14). 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 March 31, 2015, the Plan's reserves are below this reserves target by about \$73.0 million (see calculation below).

(Note: Due to an additional ~62,000 members in the Medi-Cal Expansion program from January 2014 through March 2015, the monthly capitation amount for Medi-Cal has increased to approximately \$36.4 million more than the level at Dec 2013.)

Calculation of targeted reserves as of March 31, 2015

Estimate of two months' capitation (based on March 2015) (March-2015 Medi-Cal capitation of \$61,948,000 x 2 = \$123,896,000)	\$123,896,000
Less: Unrestricted Net Equity per balance sheet (rounded)	<u>\$ 50,911,000</u>
Approximate reserves below target	<u>\$ 72,985,000</u>

**Santa Clara County Health Authority
Balance Sheet**

	<u>3/31/2015</u>	<u>2/28/2015</u>	<u>1/31/2015</u>	<u>6/30/2014</u>
Assets				
Current Assets				
Cash and Marketable Securities	\$ 102,928,357	\$ 150,317,357	\$ 120,489,623	\$ 38,802,506
Premiums Receivable	78,113,316	74,116,349	60,141,244	65,246,586
Due from Santa Clara Family Health Foundation - net	3,612	3,612	3,612	70,697
Prepaid Expenses and Other Current Assets	<u>1,179,533</u>	<u>1,218,693</u>	<u>1,172,785</u>	<u>6,833,379</u>
Total Current Assets	182,224,818	225,656,010	181,807,264	110,953,168
Long Term Assets				
Equipment	11,414,484	11,015,196	10,971,621	10,097,538
Less: Accumulated Depreciation	<u>(6,857,829)</u>	<u>(6,814,119)</u>	<u>(6,772,680)</u>	<u>(6,553,597)</u>
Total Long Term Assets	<u>4,556,655</u>	<u>4,201,077</u>	<u>4,198,941</u>	<u>3,543,941</u>
Total Assets	\$ 186,781,473	\$ 229,857,087	\$ 186,006,204	\$ 114,497,109
Liabilities and Net Position				
Liabilities				
Trade Payables	\$ 3,359,153	\$ 22,855,153	\$ 8,405,989	\$ 4,969,182
Deferred Rent	167,213	167,239	167,265	167,447
Employee Benefits	1,005,858	983,094	966,326	949,180
Retirement Obligation per GASB 45	521,514	463,568	405,622	0
Unfunded Pension Liability GASB 68	3,937,313	3,499,834	3,062,355	0
Advance Premium - Healthy Kids	64,007	62,353	61,939	63,872
Deferred Revenue - Medicare	0	6,517,794	5,752,468	0
Liability for ACA 1202	35,110,290	35,876,806	40,750,578	30,689,658
Payable to Hospitals (SB208)	(35,535)	(35,535)	0	0
Payable to Hospitals (AB 85)	2,948,449	1,439,065	5,574,510	1,555,000
Due to Santa Clara County Valley Health Plan	7,295,911	33,220,978	4,401,704	4,664,956
MCO Tax Payable - State Board of Equalization	6,010,474	5,454,770	6,520,963	1,954,025
Due to DHCS	14,811,328	10,313,867	7,549,527	2,541,250
Medical Cost Reserves	<u>55,811,496</u>	<u>52,497,525</u>	<u>46,886,920</u>	<u>26,069,960</u>
Total Liabilities	131,007,470	173,316,511	130,506,166	73,624,529
Net Position / Reserves				
Invested in Capital Assets	4,556,655	4,201,077	4,198,941	3,543,941
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Board Designated Reserve - Healthy Kids	298,599	298,599	298,599	298,599
Unrestricted Net Equity	35,711,975	36,067,554	36,069,690	28,403,271
Current YTD Income (Loss)	<u>14,901,423</u>	<u>15,667,996</u>	<u>14,627,459</u>	<u>8,321,419</u>
Net Position / Reserves	<u>55,774,003</u>	<u>56,540,576</u>	<u>55,500,038</u>	<u>40,872,580</u>
Total Liabilities and Net Position	\$ 186,781,473	\$ 229,857,087	\$ 186,006,204	\$ 114,497,109
Solvency Ratios:				
Working Capital	\$ 51,217,348	\$ 52,339,499	\$ 51,301,097	\$ 37,328,639
Working Capital ratio	1.4	1.3	1.4	1.5
Average Days Cash on Hand	52	77	55	34

Santa Clara County Health Authority
Income Statement for the Nine Months Ending March 31, 2015

	For the Month of March 2015					For Nine months Ending of March 2015				
	Actual	% of Revenue	Budget	% of Revenue	Variance	Actual	% of Revenue	Budget	% of Revenue	Variance
REVENUES										
MEDI-CAL	\$ 60,873,242	89.6%	\$ 50,636,448	78.7%	\$ 10,236,794	\$ 533,608,719	95.6%	\$ 450,461,755	91.4%	\$ 83,146,964
HEALTHY KIDS	407,629	0.6%	476,856	0.7%	(69,227)	3,788,607	0.7%	4,291,704	0.9%	(503,097)
MEDICARE	6,517,794	9.6%	13,106,189	20.4%	(6,588,394)	19,278,892	3.5%	37,313,788	7.6%	(18,034,896)
AGNEWS	159,882	0.2%	87,183	0.1%	72,699	1,285,156	0.2%	784,643	0.2%	500,513
TOTAL REVENUE	67,958,547	100.0%	64,306,676	100.0%	3,651,871	557,961,373	100.0%	492,851,890	100.0%	65,109,483
MEDICAL EXPENSES										
MEDI-CAL	58,690,808	86.4%	49,071,206	76.3%	(9,619,602)	494,951,545	88.7%	416,255,616	84.5%	(78,695,929)
HEALTHY KIDS	450,287	0.7%	415,680	0.6%	(34,607)	3,592,064	0.6%	3,741,120	0.8%	149,056
MEDICARE	6,779,880	10.0%	12,475,645	19.4%	5,695,765	20,486,921	3.7%	35,518,607	7.2%	15,031,686
AGNEWS	99,537	0.1%	73,570	0.1%	(25,968)	647,285	0.1%	668,555	0.1%	21,270
TOTAL MEDICAL EXPENSES	66,020,511	97.1%	62,036,101	96.5%	(3,984,410)	519,677,816	93.1%	456,183,899	92.6%	(63,493,917)
MEDICAL OPERATING MARGIN	1,938,036	2.9%	2,270,575	3.5%	(332,539)	38,283,557	6.9%	36,667,992	7.4%	1,615,565
ADMINISTRATIVE EXPENSES										
SALARIES AND BENEFITS	1,368,178	2.0%	1,468,681	2.3%	100,503	10,641,810	1.9%	12,480,611	2.5%	1,838,801
RENTS AND UTILITIES	102,882	0.2%	86,851	0.1%	(16,031)	946,461	0.2%	781,661	0.2%	(164,799)
PRINTING AND ADVERTISING	29,240	0.0%	35,973	0.1%	6,732	382,070	0.1%	323,753	0.1%	(58,318)
INFORMATION SYSTEMS	81,728	0.1%	148,556	0.2%	66,828	1,125,470	0.2%	1,337,000	0.3%	211,530
PROF FEES / CONSULTING / TEMP STAFFING	475,107	0.7%	352,762	0.5%	(122,345)	4,410,968	0.8%	3,174,861	0.6%	(1,236,107)
DEPRECIATION / INSURANCE / EQUIPMENT	75,597	0.1%	93,431	0.1%	17,834	567,506	0.1%	840,875	0.2%	273,368
OFFICE SUPPLIES / POSTAGE / TELEPHONE	32,957	0.0%	60,333	0.1%	27,377	443,002	0.1%	543,000	0.1%	99,998
MEETINGS / TRAVEL / DUES	54,859	0.1%	69,422	0.1%	14,563	483,773	0.1%	624,795	0.1%	141,022
OTHER	2,053	0.0%	7,475	0.0%	5,422	49,835	0.0%	67,275	0.0%	17,440
TOTAL ADMINISTRATIVE EXPENSES	2,222,599	3.3%	2,323,483	3.6%	100,884	19,050,895	3.4%	20,173,829	4.1%	1,122,934
OPERATING SURPLUS (LOSS)	(284,563)	-0.4%	(52,908)	-0.1%	(231,656)	19,232,662	3.4%	16,494,163	3.3%	2,738,499
CONTRIBUTION EXPENSE	-	0.0%	(66,667)	-0.1%	66,667	-	0.0%	(600,000)	-0.1%	600,000
GASB 45-POST EMPLOYMENT BENEFITS EXPENSE	(57,946)	-0.1%	(33,333)	-0.1%	(24,613)	(521,514)	-0.1%	(300,000)	-0.1%	(221,514)
GASB 68 - UNFUNDED PENSION LIABILITY	(437,479)		0		(437,479)	(3,937,313)		0		(3,937,313)
INTEREST & OTHER INCOME	13,415	0.0%	10,000	0.0%	3,415	127,588	0.0%	90,000	0.0%	37,588
NET SURPLUS (LOSS) FINAL	\$ (766,573)	-1%	\$ (142,908)	0%	\$ (623,666)	\$ 14,901,423	3%	\$ 15,684,163	3%	\$ (782,740)

Administrative Expense
Actual vs. Budget
For the Current Month & Fiscal Year to Date - March 2015
Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance \$	Variance %		Actual	Budget	Variance \$	Variance %
\$ 1,368,178	\$ 1,468,681	\$ 100,503	6.8%	Personnel	\$ 10,641,810	\$ 12,480,611	\$ 1,838,801	14.7%
854,422	854,802	380	0.0%	Non-Personnel	8,409,085	7,693,219	\$ (715,867)	-9.3%
2,222,599	2,323,483	100,884	4.3%	Total Administrative Expense	19,050,895	20,173,829	1,122,934	5.6%

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

Nine months ENDED March 31, 2015

	Cal MediConnect (CMC)		Healthy Kids	Agnews	Grand Total	
	Medi-Cal	Medi-Cal CMC				Medicare
P&L (ALLOCATED BASIS)						
REVENUE	530,963,260	2,645,459	19,278,892	\$3,788,607	1,285,156	\$557,961,373
MEDICAL EXPENSES (MLR)	492,433,068 92.7%	2,518,477 95.2%	20,486,921 106.3%	3,592,064 94.8%	647,285 50.4%	\$519,677,816 93.1%
GROSS MARGIN	38,530,192	126,982	(1,208,030)	196,542	637,871	38,283,557
ADMINISTRATIVE EXPENSES (% MM allocation except CMC)	17,881,172	90,326	658,254	411,509	9,635	19,050,895
OPERATING INCOME/(LOSS)	20,649,020	36,656	(1,866,283)	(214,967)	628,236	19,232,662
OTHER INCOME/EXPENSE (% of Revenue Allocation)	(4,121,663)	(20,536)	(149,655)	(29,409)	(9,976)	(4,331,239)
NET INCOME/ (LOSS)	\$16,527,357	\$16,120	(\$2,015,938)	(\$244,376)	\$618,260	\$14,901,423
PMPM (ALLOCATED BASIS)						
REVENUE	\$280.48		\$1,055.39	\$86.96	\$1,259.96	\$285.27
MEDICAL EXPENSES	260.13		1,121.53	82.45	634.59	265.70
GROSS MARGIN	20.35		(66.13)	4.51	625.36	19.57
ADMINISTRATIVE EXPENSES	9.45		36.04	9.45	9.45	9.74
OPERATING INCOME/(LOSS)	10.91		(102.17)	(4.93)	615.92	9.83
OTHER INCOME/ (EXPENSE)	(2.18)		(8.19)	(0.68)	(9.78)	(2.21)
NET INCOME/ (LOSS)	\$8.73		(\$110.36)	(\$5.61)	\$606.14	\$7.62
ALLOCATION BASIS:						
MEMBER MONTHS - YTD	1,893,060		18,267	43,566	1,020	1,955,913
Non-CMC Member MONTHS by LOB	97.7%			2.2%	0.1%	100%
Revenue by LOB	95.2%	0.5%	3.5%	0.7%	0.2%	100%

**Santa Clara Family Health Plan
Statement of Cash Flows
For Nine months Ended March 31, 2015**

Cash flows from operating activities	
Premiums received	\$ 565,983,666
Medical expenses paid	\$ (487,305,325)
Administrative expenses paid	<u>\$ (13,363,133)</u>
Net cash from operating activities	\$ 65,315,208
 Cash flows from capital and related financing activities	
Purchases of capital assets	\$ (1,316,946)
 Cash flows from investing activities	
Interest income and other income, net	<u>\$ 127,588</u>
 Net (Decrease) increase in cash and cash equivalents	<u>\$ 64,125,850</u>
 Cash and cash equivalents, beginning of year	<u>\$ 38,802,506</u>
 Cash and cash equivalents at March 31, 2015	<u><u>\$ 102,928,357</u></u>
 Reconciliation of operating income to net cash from operating activities	
Operating income (loss)	\$ 14,773,835
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	\$ 304,232
Changes in operating assets and liabilities	
Premiums receivable	\$ (12,866,729)
Due from Santa Clara Family Health Foundation	\$ 67,085
Prepays and other assets	\$ 5,653,845
Accounts payable and accrued liabilities	\$ 4,131,834
Capitation payable	\$ 2,630,955
Employee benefit liabilities	\$ 56,678
Advance premium - Healthy Kids & CMC	\$ 136
Reserve for Rate Reductions	\$ 20,821,802
Incurred but not reported claims payable and risk share payments payable	<u>\$ 29,741,536</u>
Total adjustments	<u>\$ 50,541,373</u>
Net cash from operating activities	<u><u>\$ 65,315,208</u></u>

Santa Clara Family Health Plan Enrollment Summary

For the Month of March 2015

YTD Nine months Ending March 2015

	<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 FY15 vs. FY14</u>
Medi-Cal	222,183	186,727	19.0%	1,893,060	1,672,828	13.2%	1,386,553	36.5%
Healthy Kids	4,648	5,196	(10.5%)	43,566	46,764	(6.8%)	48,162	(9.5%)
Medicare	6,548	6,629	(1.2%)	18,267	18,873	(3.2%)		
Agnews	113	116	0.0%	1,020	1,044	0.0%	1,079	(5.5%)
Total	233,492	198,668	17.5%	1,955,913	1,739,509	12.4%	1,439,401	35.9%

**Santa Clara County Health Authority
March 2015**

	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	15,180	7%	157	3%	6,548	100%	113	100%	21,998	9%
SCVHHS, Safety Net Clinics, FQHC Clinics	120,596	54%	3,152	68%	0	0%	0	0%	123,748	53%
Palo Alto Medical Foundation	5,646	3%	44	1%	0	0%	0	0%	5,690	2%
Physicians Medical Group	42,050	19%	1,126	24%	0	0%	0	0%	43,176	18%
Premier Care	14,922	7%	169	4%	0	0%	0	0%	15,091	6%
Kaiser	<u>23,789</u>	<u>11%</u>	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0%</u>	<u>23,789</u>	<u>10%</u>
Total	<u>222,183</u>	<u>100%</u>	<u>4,648</u>	<u>100%</u>	<u>6,548</u>	<u>100%</u>	<u>113</u>	<u>100%</u>	<u>233,492</u>	<u>100%</u>
Enrollment @ 6-30-14	<u>187,085</u>		<u>5,322</u>				<u>115</u>		<u>192,522</u>	
Net % Change from Beginning of FY	<u>18.8%</u>		<u>-12.7%</u>				<u>-1.7%</u>		<u>21.3%</u>	

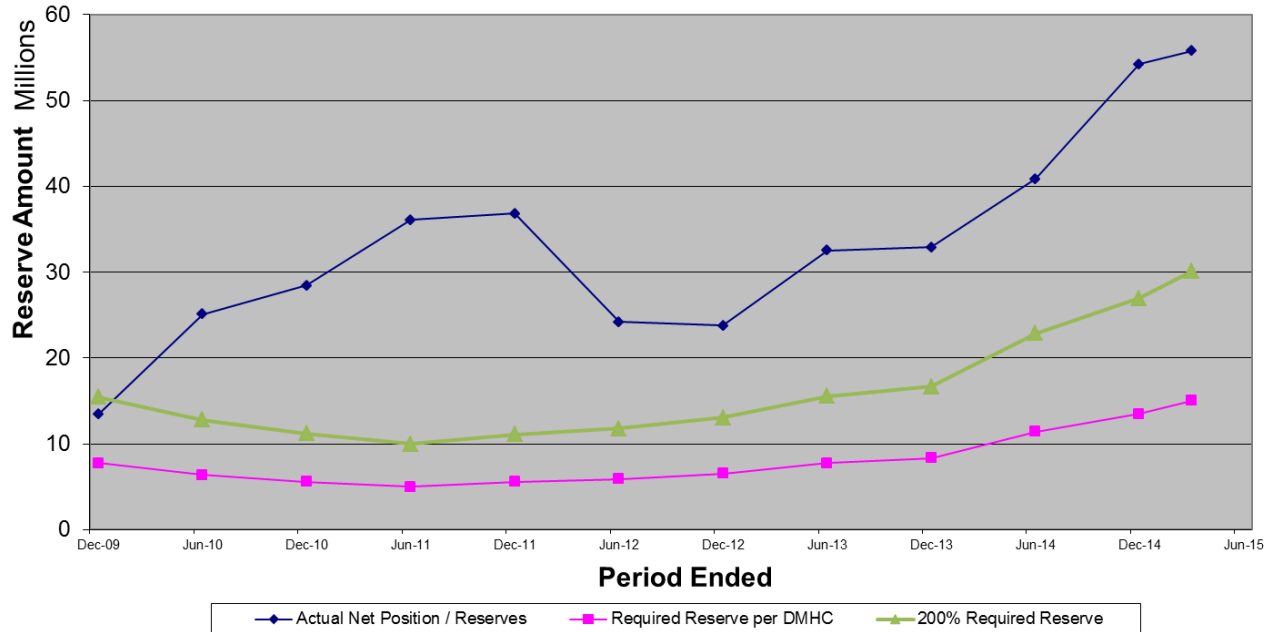
Santa Clara Family Health Plan Enrollment by Aid-Category

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Family	109,830	111,901	106,894	108,026	109,658	111,201	112,660	113,003	114,334
Aged - Medi-Cal Only	6,414	6,466	6,361	6,335	6,359	6,391	6,262	6,291	6,154
Disabled - Medi-Cal Only	11,585	11,582	11,511	11,499	11,494	11,460	11,299	11,233	11,157
Child (HF conversion)	26,041	25,846	21,972	20,886	20,535	19,422	17,672	16,795	15,844
Adult Expansion	31,855	36,519	43,110	48,211	52,543	55,907	59,024	59,590	61,299
Total Non-Duals	185,725	192,314	189,848	194,957	200,589	204,381	206,917	206,912	208,788
Aged - Duals	5,377	6,510	7,490	6,877	6,988	6,862	6,314	7,604	8,611
Disabled - Duals	3,305	3,741	4,140	3,870	3,900	3,835	2,877	3,370	3,767
Other Duals	591	646	702	754	794	845	896	948	1017
Total Duals	9,273	10,897	12,332	11,501	11,682	11,542	10,087	11,922	13,395
Total Medi-Cal	194,998	203,211	202,180	206,458	212,271	215,923	217,004	218,834	222,183
Healthy Kids	5,081	4,983	4,910	4,858	4,762	4,820	4,822	4,682	4,648
Agnews	114	114	114	113	113	113	113	113	113
CMC	0	0	0	0	0	0	5,557	6,162	6,548
Total Enrollment	200,193	208,308	207,204	211,429	217,146	220,856	227,496	229,791	233,492

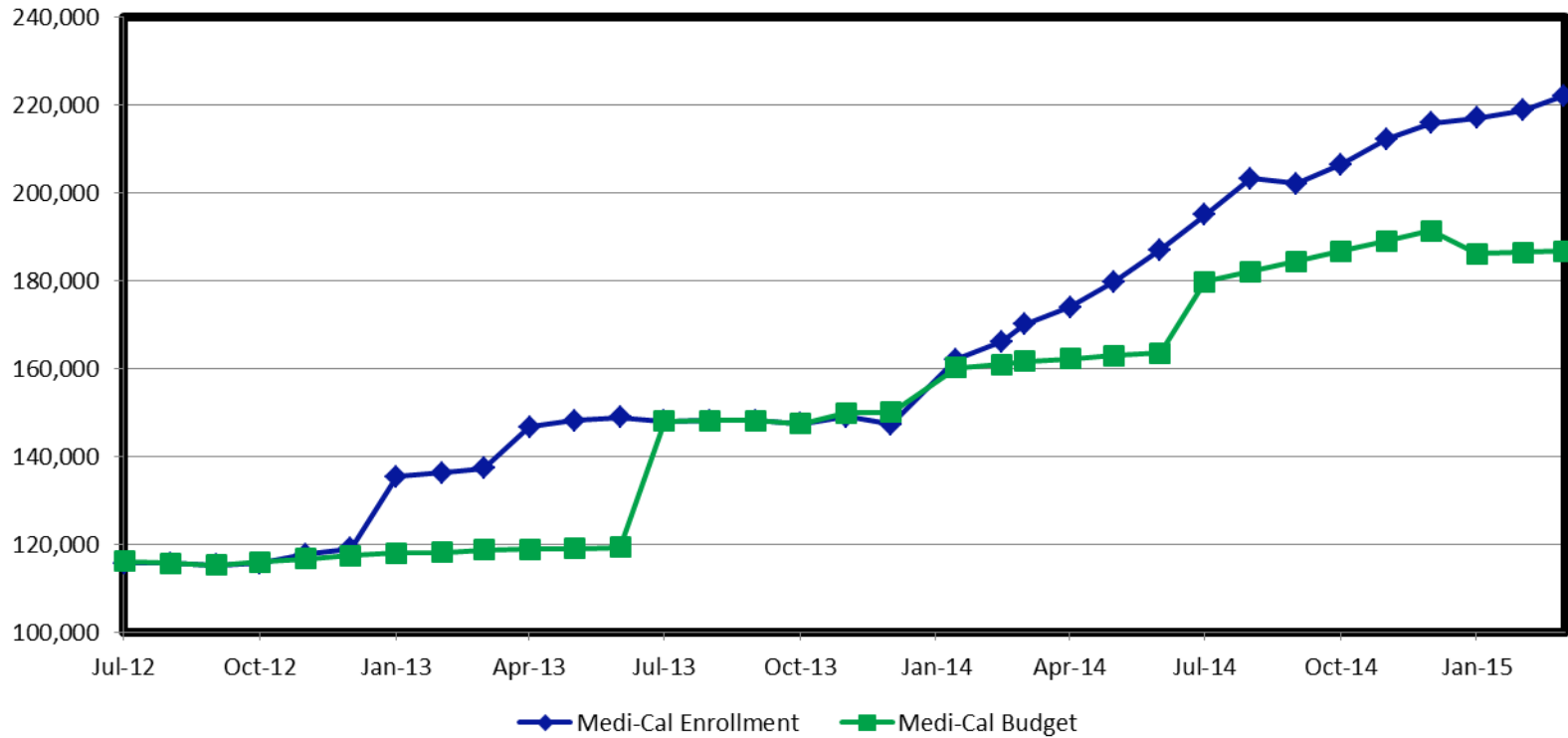
**Santa Clara County Health Authority
Tangible Net Equity - Actual vs. Required
As of Period Ended:**

	<u>12/31/2009</u>	<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>3/31/2015</u>
Actual Net Position / Reserves	13,501,652	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	55,774,003
Required Reserve per DMHC	7,737,000	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	15,041,000
200% of Required Reserve	15,474,000	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	30,082,000

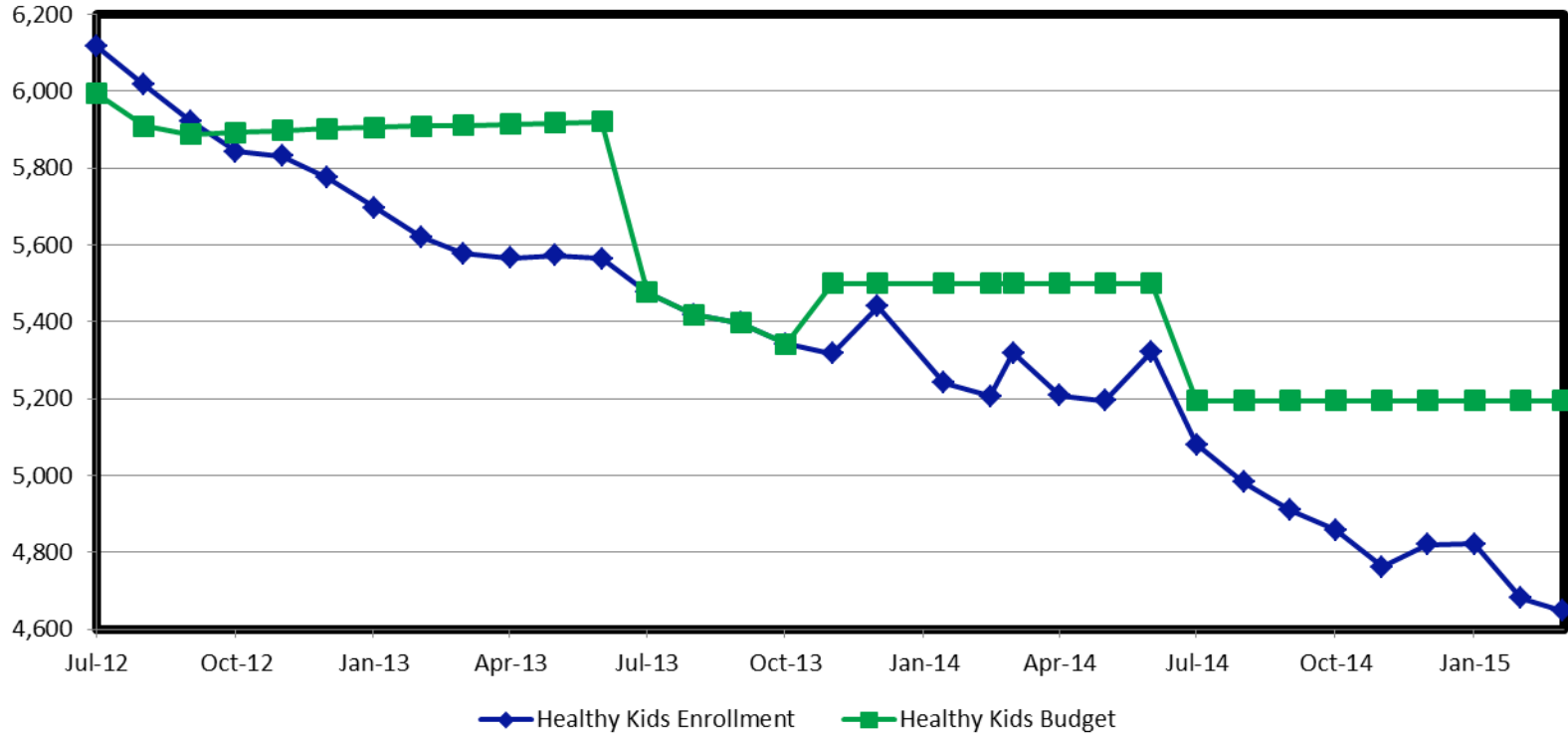
TNE Actual vs. Required



SCFHP Medi-Cal Enrollment as of March 2015



SCFHP Healthy Kids Enrollment as of March 2015





TO: SCCHA Governing Board of Directors
FROM: Elizabeth Darrow and Dave Cameron
DATE: June 25, 2015

As a result of The Affordable Care Act (ACA) and other major initiatives by the State, FY 2014-2015 was a year of significant growth and challenges for SCFHP. The primary growth area was Medi-Cal Expansion, which is forecasted to grow to 70,392 members this FY. The Coordinated Care Initiative (CCI) and Cal Medicconnect (CMC) pilot which includes expanded Medi-Cal benefits for long-term care, behavioral health services, Multi Services Senior Program Waiver, In Home Supportive Services and Medicare also contributed to the plan's growth in the fiscal year 2014-2015. This growth and required resource allocation is reflected in the proposed FY 2015-2016 Operating Budget. Revenue is projected to increase by 25.4%, from \$776,409,596 to \$973,841,005. The proposed budget surplus is \$11.6 million or 1.2 percent of revenue.

Key fiscal year 2015-2016 budget assumptions include:

Membership:

- < Membership growth of 4.3 % to reach 259,254 members by July 2016, from 248,477 at the close of the FY 2014-2015. The growth is largely attributed to the Medi-Cal Expansion, the CCI, and CMC lines of business.
- < CMC commenced in January 2015, with passive enrollment of 6,301 and is anticipated to grow to 10,000 members by June 30, 2016.
- < Long term care (LTC) members expected to grow from 300 in FY2014-2015 to 1,400 in FY2015-2016.

Revenue

- < Medi-Cal Classic revenue includes a 3% rate increase.
- < Medi-Cal expansion revenue reflects a 20.7 % rate decrease.
- < CMC based on 2015 rates from CMS with Medical Component based on projected membership mix.
- < Healthy Kids revenue expected to decline slightly consistent to declining membership.

Health care costs

- < Health care costs are based on current trends and expected provider increases or actuarial estimates for Medi-Cal, Medi-Cal Expansion, and CMC
- < Per February Board resolution in February 2015, SCFHP will continue paying primary care physicians at Medicare rates until excess funds are depleted.

General and Administrative

- < The primary drivers are increased staffing to accommodate the new programs and the implementation of the new computer system to support the CMC program.
- < Administrative expenses for the FY 2015-16 are projected to be \$31,359,811 or 3.2% of revenue.



Santa Clara
Family Health Plan

The Spirit of Care

Fiscal Year 15-16 Proposed Operating Budget

Board of Governors Meeting

June 25th, 2015



Overview

- Consolidated Budget
- Enrollment
- Operating budgets by Line of Business
- Projected TNE
- Capital Budget



2015-2016 Programs

- Medi-Cal Classic
- Medi-Cal Expansion
- Cal MediConnect
- Healthy Kids
- Agnews



Budget Development

Revenue

- Membership by Aid category
- Projected growth/contraction
- Projected premium rate changes

Health Care Expenses

- Unit cost and utilization trends
- Provider increases
- Network and program changes

General and Administrative

- Salaries and Wages
- Professional fees, Purchased services, Occupancy costs, Printing/Postage, and other operating costs



Consolidated Budget

	FY 2014-15 Forecast	FY 2015-16 Budget
Average Monthly Enrollment	225,873	254,373
Revenues	\$ 776,409,596	\$ 973,841,005
Health Care Costs	725,990,544	925,131,269
Administrative Expenses	26,545,960	31,359,811
Other Income/Expense	(5,755,030)	(5,742,842)
Net Surplus (deficit)	18,118,062	11,607,084
Medical Loss Ratio	93.5%	95.0%
Administrative Ratio	3.4%	3.2%

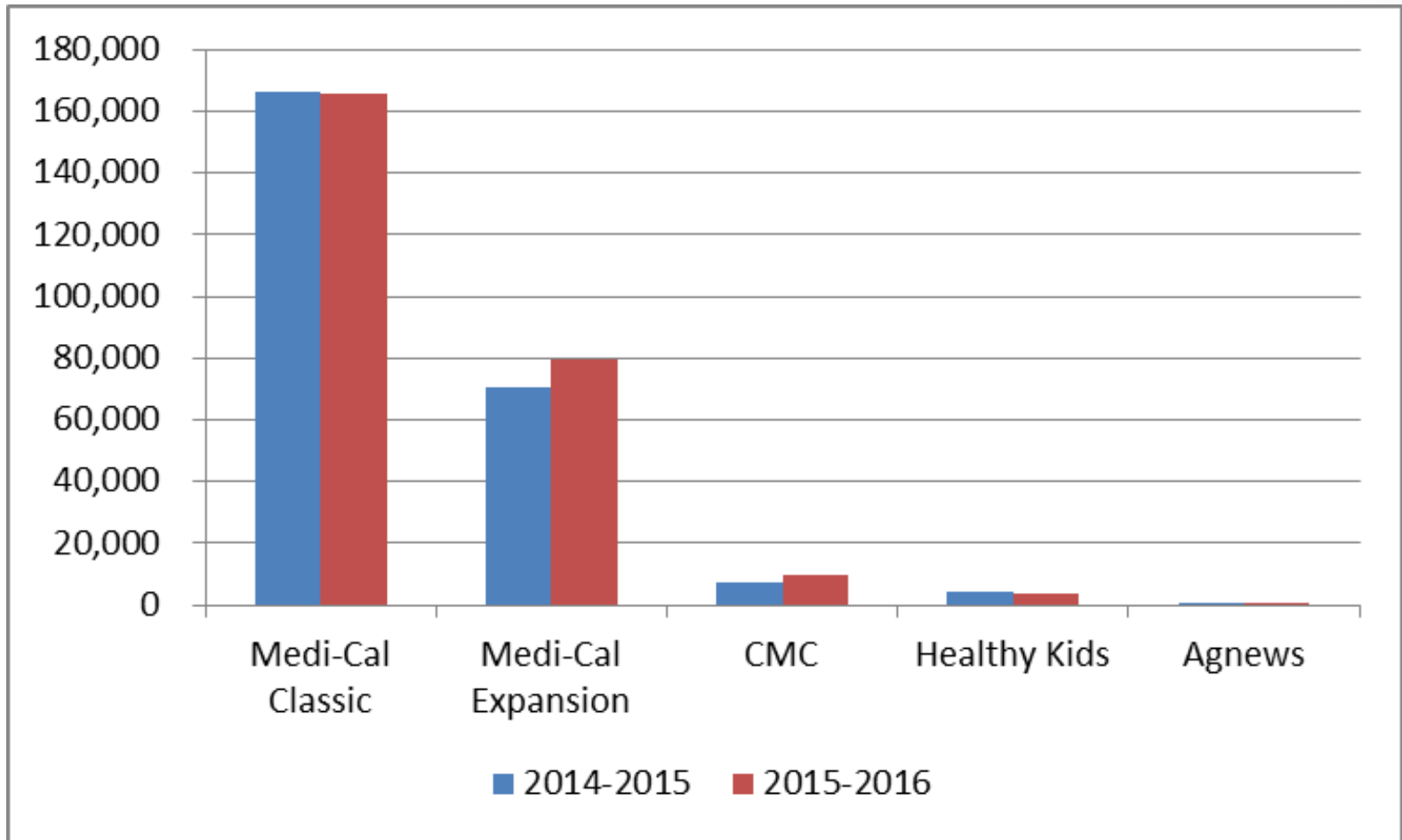


Budget Assumptions

- **Revenue grows from \$776 million in FY 2015 to \$974 million in FY 2016 (annual growth of 25.4%). The increase is largely attributed to the growth in Medi-Cal Expansion, Coordinated Care Initiative (CCI), and Cal MediConnect (CMC) lines of business.**
 - Membership reaches 259,254 by June 30, 2016 from 248,477 at the close of the 2014-2015 FY (annual growth of 4.3%).
 - CMC pilot commenced January 2015 with passive enrollment of 6,301 and is anticipated to grow to 10,000 members by June 30, 2016. (Note: Passive enrollment ends December 2015)
 - Long term care (LTC) members expected to grow from 300 to 1,400 during FY 2015-16.
 - Medi-Cal Classic revenue includes a 3% rate increase.
 - Medi-Cal Expansion revenue reflects a 20.7% rate decrease.
- **Health care costs grow from \$726 million in FY 2015 to \$925 million in FY 2016 (annual growth of 27.4%). The health care costs grow at a higher rate than the revenue based on increasing current utilization and unit cost trends and expected provider increases or actuarial estimates for Medi-Cal Expansion, CCI, and CMC.**
 - Per February 5th Board resolution, SCFHP will continue paying Medicare rates for certain Medi-Cal primary care services until excess funds are depleted.
- **General and Administrative costs grow to \$31 million in FY 2015-16. The increase is largely attributed to additional staffing needed to accommodate the new programs and the implementation of the new computer system to support the CMC program.**



Membership



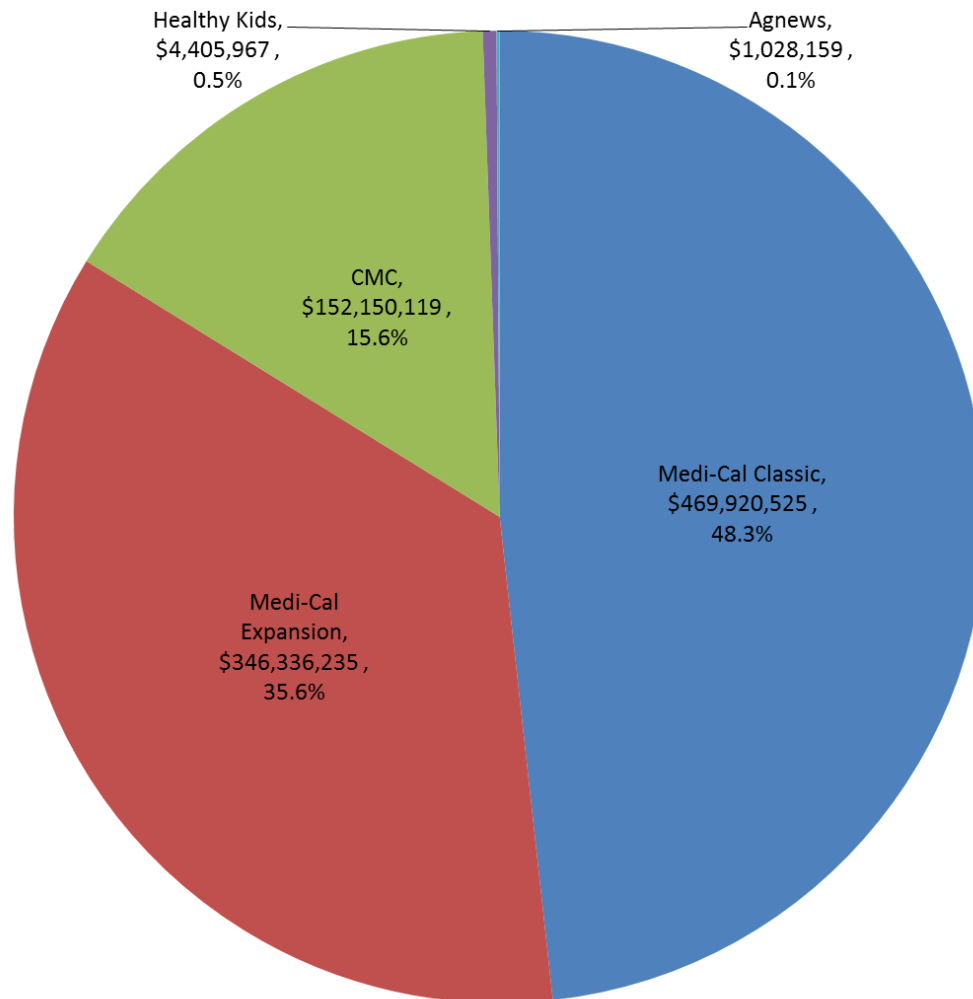
Enrollment

	Actual								Projected	Budget
	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	2015-16
Medi-Cal	862,673	926,365	1,019,720	1,126,280	1,227,263	1,347,077	1,551,705	1,927,440	2,612,081	2,887,227
Annual Growth		7.4%	10.1%	10.4%	9.0%	9.8%	15.2%	24.2%	35.5%	10.5%
Cal MediConnect									39,674	112,935
Healthy Families	156,983	177,695	192,882	194,456	205,944	205,439	103,451	212	-	-
Healthy Kids	157,330	136,240	114,387	104,141	87,437	77,970	69,109	63,893	57,356	50,941
Healthy Generations	899	18,234	40,350	24,679	-	-	-	-	-	-
Agnews	-	206	1,206	1,684	1,640	1,566	1,524	1,426	1,359	1,368
Healthy Workers	-	-	-	77	1,616	4,754	6,730	3,395	-	-
Total	1,177,885	1,258,740	1,368,545	1,451,317	1,523,900	1,636,806	1,732,519	1,996,366	2,710,470	3,052,471
Annual Growth		6.9%	8.7%	6.0%	5.0%	7.4%	5.8%	15.2%	35.8%	12.6%
Average Covered Lives	98,157	104,895	114,045	120,943	126,992	136,401	144,377	166,364	225,873	254,373

Overall, SCFHP's covered lives are projected to average 254,373 resulting in 3,052,471 member months for 2015-16.



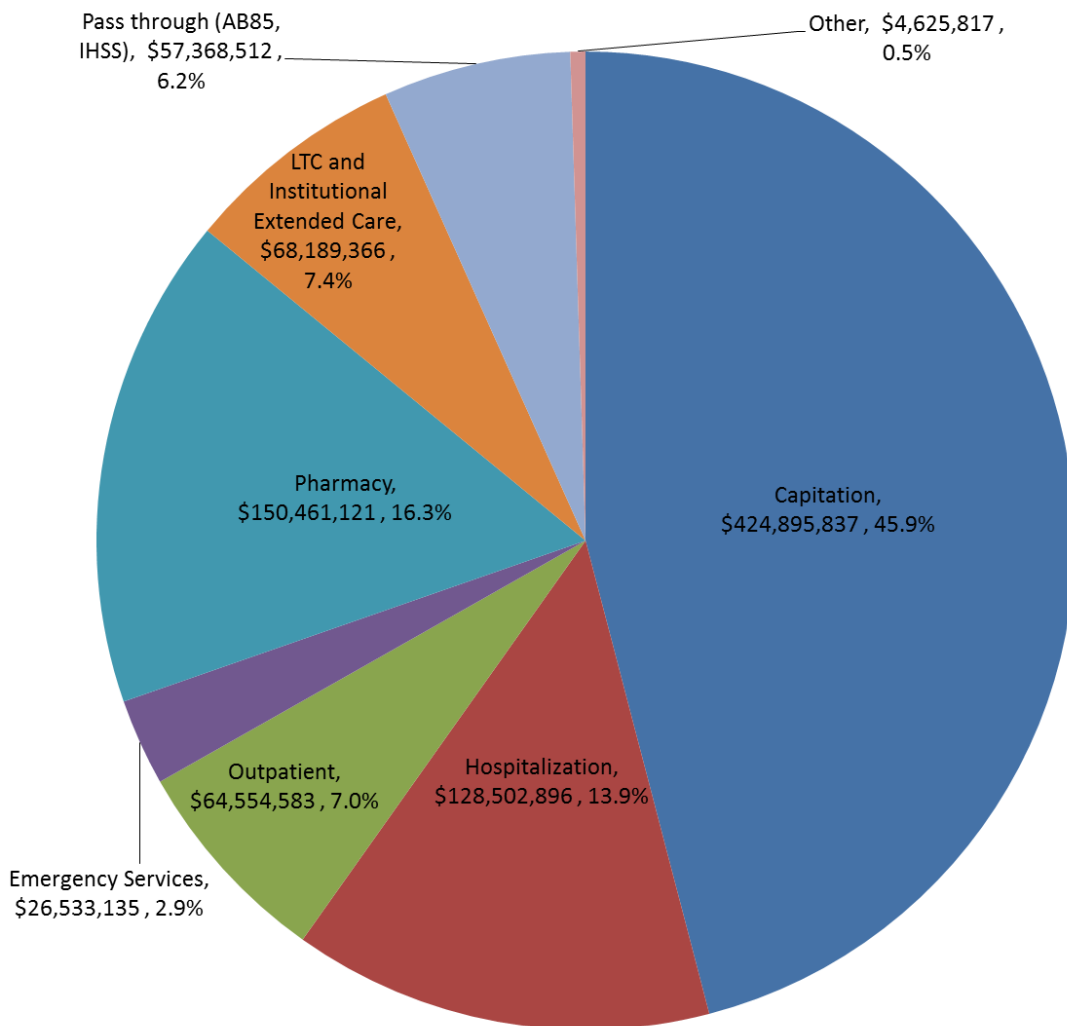
Revenue Distribution



Total Revenue = \$973,841,005



Health Care Costs Distribution



Total Health Care Costs = \$925,131,269



Medi-Cal-Classic

\$469,920,525

Revenue

- Projects flat overall membership with continued growth in aged population partially offsetting decline in family aid category
- Revenues based on preliminary fy 15/16 rates received from DHCS, which reflect a 3% increase

\$436,156,130

Health Care Expense

- FFS Costs based on historical claims experience adjusted for utilization trends and contracting changes with providers
- Capitation payments based on rates and network distribution as of May 2015.
- 7.5% upward trend for pharmacy services
- Significant increase in LTC expenses to account for high anticipated growth in Dual members

\$14,755,177

Admin Cost

- Based on 2015 admin budget with LOB allocations based on Health Care Costs
- Admin as a % of revenue = 3.1%

Projected Surplus of \$16,238,048

Medi-Cal- Expansion (MCE)

\$346,336,235

Revenue

- Enrollment projected to grow 12% which is a decrease over current year % growth because of expected re-certification requirement
- Rates based on preliminary DHCS rate package pending CMS approval. Rates reflect a decrease of 21% over current year.

\$329,822,940

Health Care Expense

- Assumes majority of new members are assigned to Valley Health Plan
- Capitation payments based on rates and network distribution as of May 2015
- FFS Costs based on historical claims experience adjusted for utilization trends and contracting changes with providers
- 7.5% upward trend for pharmacy services

\$11,152,785

Admin Cost

- Based on 2015 admin budget with LOB allocations based on Health Care Costs
- Admin as a % of revenue = 3.2%

Projected Surplus of \$3,318,130

Cal MediConnect

\$152,150,119

Revenue

- New Line of Business commenced 01/01/2015; passive enrollment started in January with 6,300 projected to grow to 10,000
- Medicare Revenue based on 2015 county risk adjusted base premium
- Medi-Cal revenue is blended based on projected membership mix
- Assumes Year 1 savings target of 1%

\$154,202,945

Health Care Expense

- Inpatient expense based on current experience increased 10% for trends
- Professional and other medical based on current claims experience, increased 5% for projected utilization ramp up.

\$5,276,859

Admin Cost

- Based on 2015 admin budget with LOB allocations based on Health Care Costs
- Admin as a % of revenue = 3.5%
- Large allocation of the information services and depreciation expense

Projected *Deficit* of \$(8,226,930)

Healthy Kids

\$4,405,967

Revenue

- Decreasing membership based on current trends
- No change in premium or members' contribution
- Local cities' contributions decreasing resulting in the County's contribution increasing to keep the LOB revenue and expense budget neutral

\$4,075,318

Health Care Expense

- No change in FY15 PMPM expense assumptions

\$141,882

Admin Cost

- Based on 2015 admin budget with LOB allocations based on Health Care Costs
- Admin as a % of revenue = 3.2%

Projected Surplus of \$162,785

Agnews

\$1,028,159

Revenue

- Flat membership based on current trends
- No change in premium from FY15 despite actual receipt at a higher than budgeted rate throughout FY15

\$873,936

Health Care Expense

- Expense budgeted at 85% MLR as in FY15

\$33,109

Admin Cost

- Based on 2015 admin budget with LOB allocations based on Health Care Costs
- Admin as a % of revenue = 3.2%

Projected Surplus of \$115,051

General and Administrative

Payroll and Benefits

- Total cost increase over current year = 35%
- Proposed Budget adds 21 positions. Several of these are contingent upon meeting pre-determined membership growth targets and/or efficiency metrics.
- Total current Staff 157 (including vacant and temps)

Non-Payroll Costs

- Total cost *decrease* over current year = 0.2% largely due to reduction in contract/consulting costs, which will be offset by an increase in payroll and benefits costs
- Main increase in continued implementation costs for CMC (information services and related depreciation)

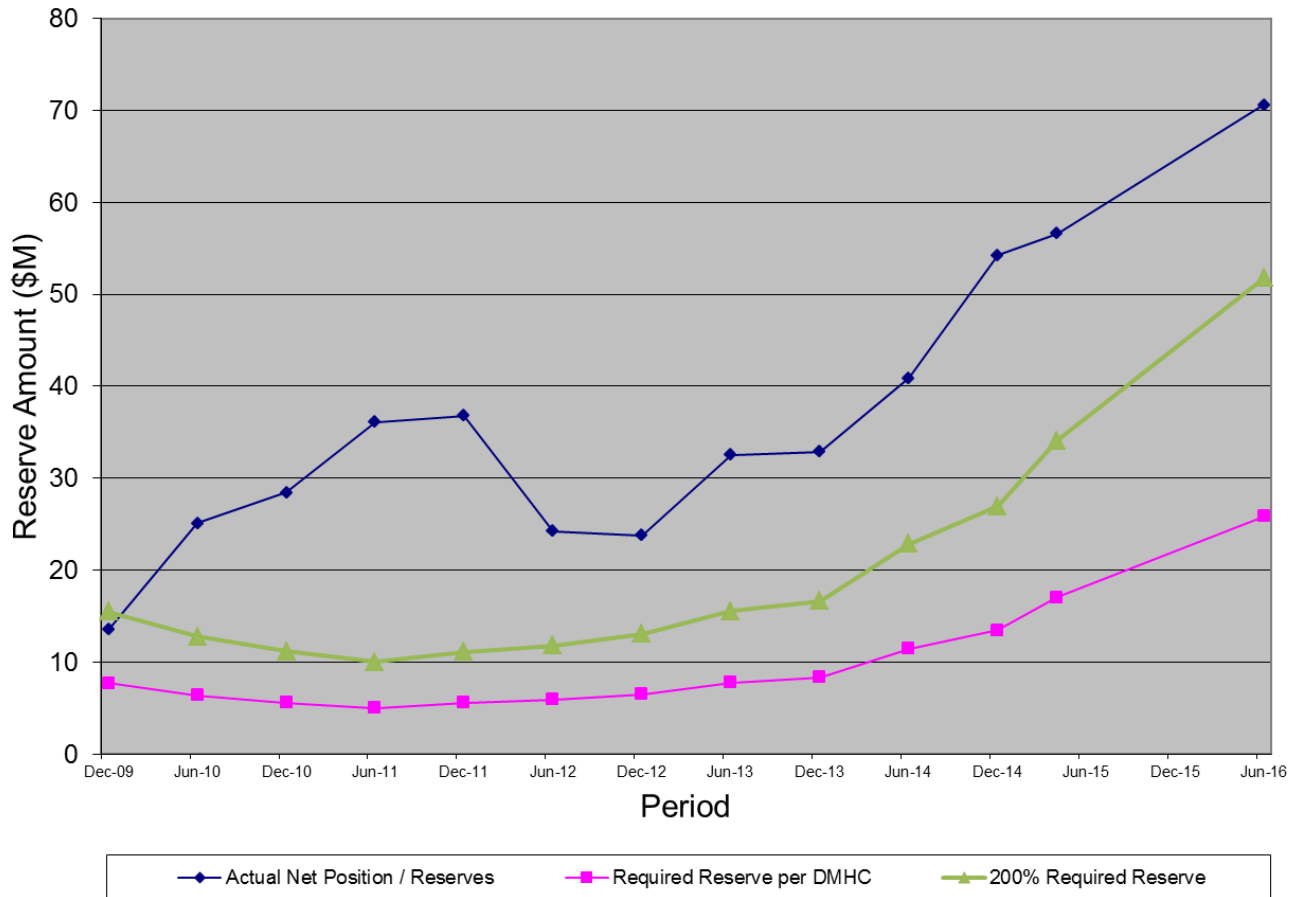


Consolidated Budget

	Consolidated		Medi-Cal Classic		Medi-Cal Expansion		Total Medi-Cal		CalMediConect		Healthy Kids		Agnews	
	Totals	PMPM	Totals	PMPM	Totals	PMPM	Totals	PMPM	Totals	PMPM	Totals	PMPM	Totals	
Member Months	\$ 3,052,471		\$ 1,985,558		\$ 901,669		\$ 2,887,227		\$ 112,935		\$ 50,941		\$ 1,368	
Revenues:														
Capitation and Premium Revenue	\$ 973,841,005	\$ 236.67	\$ 469,920,525	\$ 384.11	\$ 346,336,235	\$ 282.71	\$ 816,256,760	\$ 1,347.24	\$ 152,150,119	\$ 86.49	\$ 4,405,967	\$ 751.58	\$ 1,028,159	
Total Revenues	\$ 973,841,005	\$ 236.67	\$ 469,920,525	\$ 384.11	\$ 346,336,235	\$ 282.71	\$ 816,256,760	\$ 1,347.24	\$ 152,150,119	\$ 86.49	\$ 4,405,967	\$ 751.58	\$ 1,028,159	
Medical Expenses:														
Capitation	\$ 424,895,837	\$ 100.66	\$ 199,871,117	\$ 246.95	\$ 222,671,545	\$ 146.35	\$ 422,542,662	\$ -	\$ -	\$ 43.09	\$ 2,195,260	\$ 115.44	\$ 157,916	
Hospitalization	\$ 128,502,896	\$ 22.87	\$ 45,407,107	\$ 22.76	\$ 20,524,648	\$ 22.84	\$ 65,931,756	\$ 547.66	\$ 61,850,153	\$ 3.48	\$ 177,514	\$ 397.28	\$ 543,473	
Outpatient	\$ 64,554,583	\$ 10.72	\$ 21,287,982	\$ 12.91	\$ 11,636,815	\$ 11.40	\$ 32,924,796	\$ 268.09	\$ 30,276,716	\$ 25.86	\$ 1,317,163	\$ 26.25	\$ 35,908	
Emergency Services	\$ 26,533,135	\$ 3.59	\$ 7,130,643	\$ 1.56	\$ 1,407,453	\$ 2.96	\$ 8,538,096	\$ 158.78	\$ 17,931,241	\$ 1.16	\$ 59,170	\$ 3.38	\$ 4,627	
Pharmacy	\$ 150,461,121	\$ 29.06	\$ 57,699,487	\$ 58.06	\$ 52,349,671	\$ 38.12	\$ 110,049,157	\$ 354.02	\$ 39,981,640	\$ 6.08	\$ 309,623	\$ 88.23	\$ 120,701	
LTC and Institutional Extended Care	\$ 68,189,366	\$ 31.39	\$ 62,324,079	\$ 1.94	\$ 1,747,134	\$ 22.19	\$ 64,071,213	\$ 36.38	\$ 4,108,196	\$ -	\$ -	\$ 7.28	\$ 9,957	
Pass through (AB85, IHSS)	\$ 57,368,512	\$ 19.57	\$ 38,866,272	\$ 20.52	\$ 18,502,240	\$ 19.87	\$ 57,368,512	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Other	\$ 4,625,817	\$ 1.80	\$ 3,569,443	\$ 1.09	\$ 983,434	\$ 1.58	\$ 4,552,877	\$ 0.49	\$ 54,998	\$ 0.33	\$ 16,588	\$ 0.99	\$ 1,355	
Total Medical Expenses	\$ 925,131,269	\$ 219.66	\$ 436,156,130	\$ 365.79	\$ 329,822,940	\$ 265.30	\$ 765,979,069	\$ 1,365.42	\$ 154,202,945	\$ 80.00	\$ 4,075,318	\$ 638.84	\$ 873,936	
MLR	95.0%		92.8%		95.2%		93.8%		101.3%		92.5%		85.0%	
Gross Margin	\$ 48,709,736	\$ 17.00	\$ 33,764,396	\$ 18.31	\$ 16,513,295	\$ 17.41	\$ 50,277,691	\$ (18.18)	\$ (2,052,826)	\$ 6.49	\$ 330,649	\$ 112.74	\$ 154,223	
Administrative Expenses	\$ 31,359,811	\$ 7.43	\$ 14,755,177	\$ 12.37	\$ 11,152,785	\$ 8.97	\$ 25,907,962	\$ 46.72	\$ 5,276,859	\$ 2.79	\$ 141,882	\$ 24.20	\$ 33,109	
ALR	3.2%		3.1%		3.2%		3.2%		3.5%		3.2%		3.2%	
Other Income/(Expenses)	\$ (5,742,842)	\$ (1.40)	\$ (2,771,170)	\$ (2.27)	\$ (2,042,381)	\$ (1.67)	\$ (4,813,551)	\$ (7.94)	\$ (897,245)	\$ (0.51)	\$ (25,982)	\$ (4.43)	\$ (6,063)	
Net Surplus (Deficit)	\$ 11,607,084	\$ 8.18	\$ 16,238,048	\$ 3.68	\$ 3,318,130	\$ 6.77	\$ 19,556,178	\$ (72.85)	\$ (8,226,930)	\$ 3.20	\$ 162,785	\$ 84.10	\$ 115,051	



TNE (Actual and Forecast)



Capital Budget

Description	Type	Cost
Reconfiguration of cubicles, move, and designer for Medical Department, 1st Floor, Quad 2	O	\$ 60,000
Replace entire carpet areas on the 1st floor, all of Quad 2	L	35,000
Moves and reconfigurations to accommodate projected growth in current building	O	50,000
Moves and reconfigurations to accommodate projected growth in future building	O	50,000
Great Plains Upgrade	C	50,000
Microsoft Licensing True Up required in 2015	C	400,000
Backup solution to replace eVault	C	327,779
Hardware (PCs etc. for new employees and refresh of outdated equipment)	C	100,000
Cisco Phone system upgrade (UCCX)	C	304,000
Cactus Software	C	80,000
Total Capital Expenditures		\$ 1,456,779

O = Office furniture and fixtures

L = Leasehold improvements

C = Computer equipment and software



MEMORANDUM

TO: Santa Clara County Governing Board

FROM: Sharon Valdez

RE: New Paid Sick Leave Law

DATE: June 23, 2015

As provided in the Healthy Workplaces, Healthy Families Act of 2014, Labor Code Sections 245-249, effective July 1, 2015, California employers are required to provide up to 24 hours of paid sick leave per year. Based on a legal review of the existing Paid Time Off (PTO) policy, the Santa Clara County Health Authority is already in substantial compliance with the requirements of the Healthy Workplaces, Healthy Families Act. Employers can choose between different options under the Act to satisfy the Paid Sick Leave requirements.

Due to the filing of the representation petition by SEIU Local 521, the Santa Clara County Health Authority acknowledges that it has a duty to maintain the status quo concerning the terms and conditions of employment until the question concerning representation is resolved.

With the assistance of legal counsel, the Santa Clara County Health Authority has prepared minor revisions to the language of the existing PTO policy to assure compliance with the Healthy Workplaces, Healthy Families Act, while not substantively changing the working conditions of employees in the proposed bargaining unit.

Since the terms of the PTO policy are not being substantively modified by these revisions, neither improving nor diminishing the benefits or obligations, the administration is bringing this to the attention of the Board as an information item which does require approval.

Santa Clara County Health Authority
Job Titles Added to Pay Schedule
June 25, 2015

Job Title	Pay Rate	Minimum	Midpoint	Maximum
Appeals & Grievance Manager	Annually	72,112	91,943	111,774
Claims Supervisor	Annually	55,618	69,522	83,427
Human Resources Manager	Annually	83,102	108,033	132,964
Lead IT Operator Analyst	Annually	62,706	79,951	97,195
Quality Improvement Manager	Annually	97,645	126,939	156,233

Job Titles Removed from Pay Schedule

June 25, 2015

Job Title	Pay Rate	Minimum	Midpoint	Maximum
Human Resources Supervisor	Annually	62,706	79,951	97,195



Consumer Affairs Committee Minutes – March 10, 2015

In Attendance:

Committee Members: Blanca Esquerro, Danette Zuniga, Hung Vinh, Myrna Vega, Rachel Hart, Vu Nguyen and Waldermar Wenner, M.D.

SCFHP Staff: Pat McClelland and Laura Watkins

Item	Discussion	Action	Assigned to:	Due Date
Call to Order and Roll Call	Roll call was taken. A quorum was present at 6:10 pm and the meeting was called to order.			
Review of Minutes	The minutes from the December 9, 2014 meeting were reviewed and approved.	None		
Public Comment	No public comment			
Health Plan Updates	<p>Membership update: Ms. McClelland provided an update on the Health Plan membership. As of March 1, 2015, the total health plan membership is 233,491. The membership continues to grow steadily each month.</p> <p>Cal MediConnect (CMC) program update: The CMC program started January 1, 2015. At this time, there are approximately 6,300 members enrolled in the CMC program. Overall the program implementation went very well.</p>			
Resources and Information for	Ms. Laura Watkins, Director of Marketing and Business Development was introduced. Ms. Watkins provided an overview of the various ways the Health Plan communicates with our members. Highlights			



Consumer Affairs Committee Minutes – March 10, 2015

Item	Discussion	Action	Assigned to:	Due Date
Members and the Community	<p>from the discussion include:</p> <ul style="list-style-type: none"> • Member materials for Medi-Cal are now available in 5 languages – English, Spanish, Vietnamese, Chinese and Tagalog • Announcements and Reminders – Includes information about services and benefits, for example, flu shots, eye exams for member’s with diabetes, children’s dental visits, as well as community events, new benefits, etc. <ul style="list-style-type: none"> ○ Information is posted on the website and is included in printed materials, the newsletter, etc. ○ There are a series of posters in the office lobby that are changed over time with targeted messages and information. ○ Brochures – these provide a general overview of the health plan, there is one for each program. • Resources on the Website <ul style="list-style-type: none"> ○ Medi-Cal or Healthy Kids program information ○ Forms and Documents including Provider Directory, Formulary and EOCs; these are self-service options available to members and member representatives. ○ There are separate web pages dedicated to the Cal MediConnect program. 			



Consumer Affairs Committee Minutes – March 10, 2015

Item	Discussion	Action	Assigned to:	Due Date
	<ul style="list-style-type: none"> ○ Helpful information ○ Find a doctor; this feature is currently being updated. ○ Frequently asked questions ○ Newsletters- these are sent to members 3 times a year ○ Community News and Events <p>New communication tools and resources are planned for the upcoming year. For example, Member Orientation videos. These are 1 – 2 minute videos that are available on the SCFHP website. Topics include Welcome to SCFHP – what is SCFHP, how does it work, Getting started with SCFHP, choosing a PCP, what is a primary care provider, etc.</p> <p>The Health Plan is also engaging in the use of social media - SCFHP Facebook page is used to post community announcements, community events and health and wellness information.</p> <p>There are also resources and tools available for our providers. For example, a web portal to check membership and member eligibility.</p>			
Future Agenda Items	None identified.		All	
Adjournment	The meeting adjourned at 7:12pm.			



Santa Clara
Family Health Plan

The Spirit of Care

Consumer Affairs Committee Minutes – March 10, 2015

Item	Discussion	Action	Assigned to:	Due Date
Next Meeting Date	The next meeting is scheduled for June 9, 2015 from 6:00- 7:00 p.m			

J. Penner

Consumer Affairs Committee Chairperson

6/9/15

Date