



AGENDA  
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

1. **Roll Call** Ms. Lew
2. **Minute's approval. Review and approve minutes of the following meetings:** Ms. Lew
  - February 5, 2015 Regular Board meeting
  - March 19, 2015 Special Board meeting
  - March 30, 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 by Rene Santiago on Unified Managed Care Strategy** Mr. Santiago

**Possible Action:** Accept presentation
5. **Presentation on Important Issues for Governing Board Consideration relating to Unified Managed Care Strategy** Ms. Darrow

**Possible Action:** Accept presentation
6. **January and February 2015 Financial Statements.** Mr. Cameron

Consider recommendations relating to the January and February 2015 Financial Statements.  
**Possible Action:** Approve January and February 2015 Financial Statements
7. **Investment Policy Revision** Mr. Cameron

Consider revisions to the Investment Policy  
**Possible Action:** Approve revised Investment Policy
8. **Publicly Available Salary Schedule Changes** Ms. Valdez

Consider recommendations relating to Publicly Available Salary Schedule  
**Possible Action:** Approve Publicly Available Salary Schedule
9. **Discussion Item: Cal Mediconnect Update** Mr. Solem

**Possible Action:** Accept Update

10. **Committee Reports** Dr. Wenner
- a) Consumer Affairs Committee:
    - i. Discussion Item: A recap of December 9, 2014 Committee proceedings
    - ii. **Possible Action:** Accept 12/9/2014 Committee Report
  - b) Provider Advisory Council Dr. Robertson
    - i. Discussion Item: A recap of October 9, 2014 Council proceedings
    - ii. **Possible Action:** Accept 10/9/2014 Committee Report

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**

13. **Consider appointment of the Chief Executive Officer and approval of Employment Contract for the Chief Executive Officer**

**Possible Action:**

- a. Appoint the Chief Executive Officer
- b. Approve the Employment Contract for the Chief Executive Officer

11. **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](http://www.scfhp.com)

**MINUTES (DRAFT)**  
**Santa Clara County Health Authority**  
**Governing Board Meeting**

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

Board members present:

Ms. Dolores Alvarado  
Ms. Melinda Landau  
Ms. Kathleen King  
Ms. Laura Jones  
Ms. Michele Lew  
Dr. Daljeet Rai  
Dr. Waldermar Wenner  
Mr. Robert Brownstein  
Mr. Paul Murphy

Board members not present:

Mr. Christopher Dawes  
Ms. Jolene Smith  
Ms. Linda Williams  
Ms. Liz Kniss

Staff present:

Ms. Elizabeth Darrow, Chief Executive Officer  
Mr. Dave Cameron, Chief Financial Officer  
Dr. Jeff Robertson, Chief Medical Officer  
Mr. Anthony Solem, Chief Medicare Officer

Others present:

Elizabeth Pianca, Secretary to the Board  
Mark Pasos, Walgreens Co.

**1. Roll Call**

Chairperson Lew called the meeting to order at 2:30 pm. Roll was taken, and a quorum was established.

**2. Action Item: Review and approval of November 13, 2014, Annual Retreat Meeting**

**It was moved, seconded, and approved** to accept November 13, 2014 meeting minutes as presented.

**3. Public comment**

There were no public comments.

**4. Action Item: Adopt Resolution approving the revised Conflict of Interest**

Ms. Pianca, Secretary, presented the annual update to the Conflict of Interest Codes for the Health Authority. Ms. Pianca commented that there was an action taken by the Board to approve the Conflict of Interest Code Appendix A and Appendix B at the meeting on November 13, 2014. However, the resolution approving the Code amendments was not adopted and this matter is being returned to the Board for adoption of the resolution approving the Code amendments.

**It was moved, seconded, and approved** to accept the revised Conflict of Interest Codes.

**5. Action Item: Approval of October, November, December 2014 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 December 2014 and six months; SCFHP recorded a net surplus of \$0.3m and YTD \$13.4m (\$0.5m favorable to budget). Medi-Cal surplus was \$13.7m, largely due to Medi-Cal Expansion growth YTD. Lower Administrative costs YTD was 3.6 as % of revenue. Revenue was over budget by \$41.9m, with Medical Expenses over budget by \$40.0m. Administrative expenses were under budget by \$1.0m and other expenses were over budget by \$2.4m. December 2014 membership was at 220,858, 12.3% favorable to budget. December YTD: 1,265,140 member months which reflected 10.5% favorable to budget and 37% higher than December YTD last year, and continued growth in Medi-Cal Expansion membership was 69% favorable to budget.

**It was moved, seconded, and approved to accept** October, November, December 2014 Financial Statements. **Dr. Rai** abstained.

**6. Action Item: Approve extending ACA 1202 payment for applicable providers**

Mr. Cameron, Chief Financial Officer, gave a detailed overview of the Affordable Care Act (ACA) Section 1202: Increased Payments for Medicaid Primary Care Services. The background on Section 1202 requires payment of the Medicare rate for certain Medicaid primary care services provided in the calendar years 2013 and 2014. This provision applies to designated Providers for evaluation and management (E&M) codes when delivered by a physician with a specialty designation of family medicine, internal medicine, or pediatric medicine, or an approved subspecialty. Physicians and mid-levels reimbursed through the Federally Qualified Health Centers (FQHC) or Rural Health Centers (RHC) are not eligible.

The Centers for Medicare and Medicaid Services (CMS) allowed the Department of Health Care Services (DHCS) discretion on the selection of a model for payment distribution. DHCS chose model 1 payment structure, i.e. prospective capitation payment with full risk and no reconciliation. Based on this model and estimates using payments made to date, SCFHP has been incurring a residual for this ACA payment.

After payments to physicians for 2013 and 2014, SCFHP has residual funds. As such, in keeping with the mission of SCFHP to support the safety net providers, we recommend Board action to continue payments of enhanced primary care physician services beyond CY 2014, until residual of funds received from the DHCS have been disbursed to eligible providers.

**It was moved, seconded, and approved** to extend ACA 1202 payment for applicable providers.

**7. Action Item: Appoint Board Member Brownstein to the Executive Committee**

Ms. Lew commented that there is one vacancy on the Executive Committee and Ms. Lew recommended that the Board appoint Mr. Brownstein, who was a former Board Chair for SCFHP and is a returning Board Member. Mr. Brownstein would replace Emily Harrison's position.

**It was moved, seconded, and approved** to appoint Mr. Brownstein to the Executive Committee.

**8. Action Item: Accept Cal MediConnect Update**

Ms. Darrow gave a detailed overview of the implementation of Cal MediConnect (CMC). Specifically, opt outs: She noted that the Governor's budget mentions the termination of CMC if the opt out numbers don't improve. The statewide opt out last year was 54% yet the projected opt out rate was 30 to 35%. SCFHP for January and February averaged 40% opt out. She reminded the Board that one of the provisions of the demonstration is that if the program is not showing cost savings for the State, the Department of Finance can end the program. Additionally, advocates and providers, especially in Los Angeles, are vehemently opposed to CMC and this has had ripple effects statewide. Ms. Darrow also reminded the Board that MLTSS is delinked so even if CMC were to end, SCFHP would still be responsible for MLTSS. There is a lot of confusion and Ms. Darrow believes it will take a few months to smooth out for individuals to reconsider joining voluntarily, which they can do even if they've opted out once. With respect to SCFHP preparation, Ms. Darrow noted that all several staff was here on January 1st. The health plan had record phone volume and has ramped up significantly with Call Center staff. A lot of focus is on the IT implementation and Ms. Darrow was pleased to report the health plan expected to have the first Medicare check run next Friday, which has been a monumental undertaking. The staff is working Saturdays, Sundays, and well into the evening, it's been a huge project and Ms. Darrow praised the staff and noted we are lucky to have such a dedicated staff. SCFHP has been recruiting and by the next Board meeting a staffing ratio will be presented. SCFHP is currently meeting with CMS and DHCS on a weekly basis, there are multiple reporting requirements.

Ms. Darrow highlighted for the Board the major focus areas of CMS and DHCS:

**Access:** this includes Continuity of Care Protections and then movement of the member into network providers as needed

**Health Risk Assessment:** SCFHP is required to do a health risk assessment within 45 days of enrollment. Risk stratification is the focus of CMS, so that the high risk individuals are case managed immediately, that their needs are assessed and they are receiving care in the proper setting.

**Pharmacy:** We are now a Part D plan under all the regulatory requirements and scrutiny of CMS. Focus areas currently include access to prescriptions, ID Cards, transition supplies, appeal and grievance rights.

**Call Trend:** This includes phone volume, wait time, abandon call numbers, etc. We have augmented our call center through the use of a backup call center vendor.

**Appeals and Grievances**

Ms. Darrow concluded that as of February, SCFHP has a little over 6000 enrollees in CMC, retention and decreasing the number of opt outs will be paramount to the long term success of the program.

**It was moved, seconded, and approved** to accept Cal MediConnect update.

**9. Action Item: Accept presentation by Dr. Robertson who presented an overview of Cal MediConnect and MLTSS Managed Long Term Services and Supports**

Dr. Robertson, Chief Medical Officer, gave a detailed overview of the CCI and Dual Eligible population. He also reviewed Pharmacy utilization and its implication for this population

Dr. Robertson reviewed the following items:

- Cal MediConnect went live January 1, 2015
- Initial enrollment of 5400 hundred lives
- High Risk determination - 300 (5%)
- High prevalence of disabled vs. elderly -- 30% under 65 and 25% under 50
- Pharmacy: leading indicator of cost and disease burden
- Prescription cost comparison - Cal MediConnect \$359.45 PMPM, SPD \$155.56 PMPM, MediCal \$41.84 PMPM
- Dr. Robertson discussed the top 10 drug classes by count and cost and what that implies
- Disability - SMI, Chronic Pain, Fibromyalgia Syndromes, Advanced Diabetes, ESRD (25), Cancer
- Hepatitis B&C Part D cost - Medicare criteria for coverage vs MediCal
- Surprisingly absent was Alzheimer's
- Dr. Robertson also gave an overview of MLTSS, Managed Long Term Services and Supports.
- Started on July 1, 2014
- Applies to MediCal and Cal MediConnect; LTC - Custodial - 129 (22CMC), CBAS - 478, MSSP - 103, IHSS - 6,300

**It was moved, seconded, and approved** to accept Dr. Robertson's report

**10. Action Item: Accept Search Committee Update**

Ms. Lew, Chairperson, commented that the Search Committee has made good progress in the search for a new CEO. The Search Committee did a paper review of candidates vetted by the search firm. In January, four candidates were interviewed face to face and the Search Committee identified two strong finalists to bring forward to the full Board. Ms. Lew noted she will work with the Board to find a special Board meeting to meet with the two candidates. The candidates are also in the process of meeting with key Stakeholders including members of SCFHP Executive Team, and with County leadership which includes Jeff Smith, Rene Santiago, Paul Lorenz and Emily Harrison. The goal is to get the Stakeholder's feedback and include that in the discussion when the Board meets, hopefully sometime this month or early March.

**It was moved, seconded, and approved** approve the Search Committee Update

**11. Action Item: Committee Reports - Consumer Affairs Committee**

Dr. Wenner, Board Member, reported on the Consumer Affairs Committee's (CAC) September minutes. Dr. Wenner reported that the Committee had a discussion regarding the management of call center and that they were also interested in how the denials and grievances were being managed. The next CAC meeting is December 9<sup>th</sup> and the results from that meeting will be discussed in the next Committee Update.

Dr. Robertson, Chief Medical Officer, reported that the Provider Advisory Council (PAC) had not met, but there is a meeting planned for this month and he'll present a report at the next Board meeting.

**It was moved, seconded, and approved** to accept the Committee Reports.

**12. Adjournment**

**It was moved, seconded, and approved** to adjourn the meeting at 3:55 pm.

---

Elizabeth Pianca, Secretary to the Board

MINUTES - **DRAFT**

Santa Clara County Health Authority  
Governing Board Special Meeting

Monday, March 30, 2015  
3:00 PM – 6:00 PM  
210 E. Hacienda Avenue  
Campbell, CA 95008

**Members Present:**

Ms. Melinda Landau  
Ms. Kathleen King  
Ms. Laura Jones  
Ms. Dolores Alvarado  
Ms. Michele Lew  
Ms. Liz Kniss  
Mr. Bob Brownstein  
Mr. Paul Murphy  
Mr. Christopher Dawes

**Members not present:**

Ms. Jolene Smith  
Ms. Linda Williams  
Dr. Daljeet Rai  
Dr. Waldeman Wenner

1. Roll Call  
Chairman Lew called the meeting to order at 3:10PM. Roll was taken, and a quorum was established.
2. Public Comment  
There was no public comment.
3. Closed session  
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
  - a. Public Employee Appointment (Government Code Section 54957(b)):
  - b. Conference with Labor Negotiators (Government Code Section 54957.6).
4. Report from closed session  
No action taken.
5. Adjournment  
**It was moved, seconded, and approved** to adjourn the meeting at 6:30PM.

---

Elizabeth Pianca, Secretary to the Board



MINUTES – Draft

Santa Clara County Health Authority  
Governing Board Special Meeting

Thursday, March 19, 2015  
9:30 AM – 10:00 AM  
210 E. Hacienda Avenue  
Campbell, CA 95008

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

VIA TELECONFERENCE AT:  
855 Lenzen Ave., Room 205  
San Jose, CA 95126

VIA TELECONFERENCE AT:  
Center for Chronic Disease & Injury Prevention  
1400 Parkmoor Avenue, Suite 120B  
San Jose, CA 95126

VIA TELECONFERENCE AT:  
Washington Marriott Wardman Park  
2660 Woodley Road NW  
Washington, DC 20008

---

**Members present:**

Ms. Kathleen King  
Dr. Waldeman Wenner  
Ms. Michele Lew  
Mr. Paul Murphy  
Ms. Liz Kniss

**Members via Teleconference:**

Mr. Christopher Dawes  
Ms. Melinda Landau  
Ms. Dolores Alvarado  
Ms. Laura Jones

**Members not present:**

Ms. Linda Williams  
Ms. Jolene Smith  
Dr. Daljeet Rai  
Mr. Robert Brownstein

1. Roll Call  
Chairman Lew called the meeting to order at 9:33AM. Roll call was taken, and a quorum was established
2. Public Comment  
There was no public comment
3. Action Item: Accept Fourth Amendment to the Employment Contract of Elizabeth Darrow, Chief Executive Officer. Consider recommendation relating to Fourth Amendment to Employment Contract of the Chief Executive Officer to extend the term of the contract from March 31, 2015 to July 1, 2015.

It was moved, seconded, and approved to accept the 4th amendment of the CEO contract which was approved by the full Board who attended. Ms. Jones commented that she supports the extension but does not approve of the severance.

4. Adjournment  
It was moved, seconded, and approved to adjourn the meeting at 9:50AM.

---

Elizabeth Pianca, Secretary to the Board



Santa Clara  
Family Health Plan

*The Spirit of Care*

# Unified Managed Care: Issues for Board Consideration

SCCHA Governing Board Meeting  
April 23, 2015



# 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 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, you may recall 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, the JPA was put on hold and the concept of SCFHP becoming the MSO for VMC was proposed
- Health Care Consultant Swift Current was engaged by VMC to review and advise on MSO, report with recommendations released December 2013
- No movement on MSO to date
- March 2015, Board of Supervisors transmittal titled Unified and Effective Managed Care Strategy was approved
- The work is to be done by the County Administration for consideration by the BOS and the Health Authority Governing Board
- Directives in the memo include:



- a. Maximize coverage opportunities for all residents in Santa Clara County.
- b. Improve access and integrated care for low-income and vulnerable populations.
- c. Eliminate redundancies and inefficiencies to reduce overall costs, including unified management and operational structures.
- d. Leverage information technology, care management duties and responsibilities, and better manage risks in a more coordinated and aligned manner.
- e. Jointly pursue strategic, legislative, and other policies that further integrate and coordinate care across safety net providers.
- f. Provide for preventive care to avoid chronic illness and improve health.
- g. 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



# Thoughts:

- Both organizations should determine their short term and long term strategic goals first
- After strategic goals are approved determine where there are “Unified” opportunities
- Each participant must be clear about their agenda and clearly state this upfront
- Don’t be afraid that we are different and have 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
- You are overseeing an organization with an annual revenue of \$800 mil
- 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: Please don't forget

- The 238,222 members
- The 136 employees
- The providers who count on us, especially the safety net
- The regulatory agencies who pay us
- The support the plan has given to the safety net
- The new CEO





# February 2015 Financial Summary

SCCHA Governing Board Meeting  
April 23, 2015



# Fiscal Year 2014-15 Highlights

- **Net Surplus:**

- February \$1.0m and YTD \$15.7m (\$0.2m unfavorable to budget)
  - \$16.8m Medi-Cal surplus (largely due to Medi-Cal Expansion growth) YTD
  - Lower Administrative costs YTD (3.4 as % of revenue)

- **Revenue** – over budget by \$61.5m

- **Medical Expenses** – over budget by \$59.5m

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

- **Other Expenses** – over budget by \$3.1m

- **Enrollment**

- February 2015 membership: 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)
- Continued growth in Medi-Cal Expansion membership (81% favorable to budget)



# Consolidated Performance

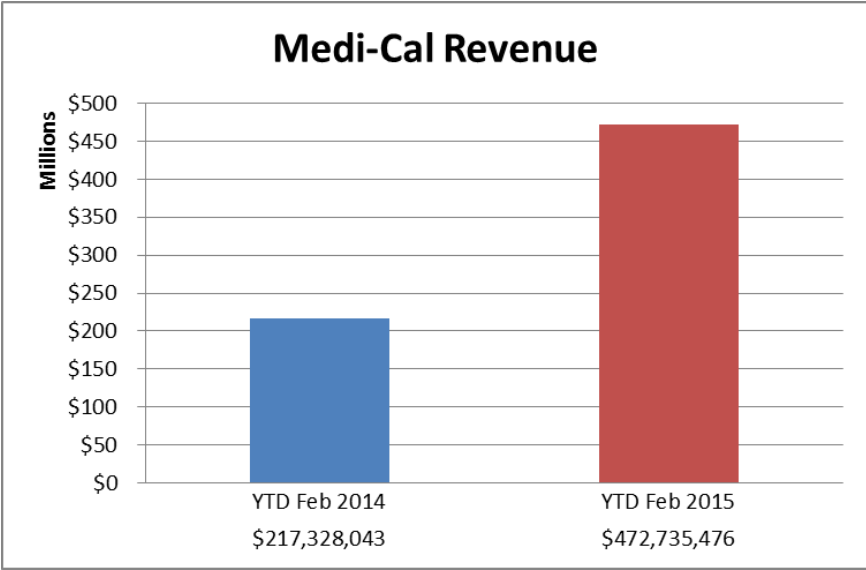
## February 2015 and Year to Date

February					Year - To - Date			
Actual	Budget	Variance	Variance		Actual	Budget	Variance	Variance
229,789	198,033	31,756	16.0%	<b>Member Months</b>	1,722,423	1,540,841	181,582	11.8%
\$67,674,515	\$63,328,087	\$4,346,429	6.9%	<b>Revenues</b>	\$490,002,826	\$428,545,215	\$61,457,612	14.3%
\$63,879,313	\$60,170,861	(\$3,708,452)	-6.2%	<b>Medical Expenses</b>	\$453,657,305	\$394,147,798	(\$59,509,507)	-15.1%
\$ 2,273,149	\$ 2,185,020	\$ (88,129)	-4.0%	<b>Administrative Expenses</b>	\$ 16,828,296	\$ 17,850,346	\$ 1,022,051	5.7%
\$ (481,515)	\$ (90,000)	(\$391,515)	-435.0%	<b>Non Operating</b>	\$ (3,849,229)	\$ (720,000)	(\$3,129,229)	-434.6%
<u>\$ 1,040,538</u>	<u>\$ 882,205</u>	<u>\$ 158,332</u>	<u>17.9%</u>	<b>Net Surplus</b>	<u>\$ 15,667,996</u>	<u>\$ 15,827,070</u>	<u>\$ (159,074)</u>	<u>-1.0%</u>
94.4%	95.0%	0.6%		<b>Medical Loss Ratio</b>	92.6%	92.0%	-0.6%	
3.4%	3.5%	0.1%		<b>Administrative Loss ratio</b>	3.4%	4.2%	0.7%	

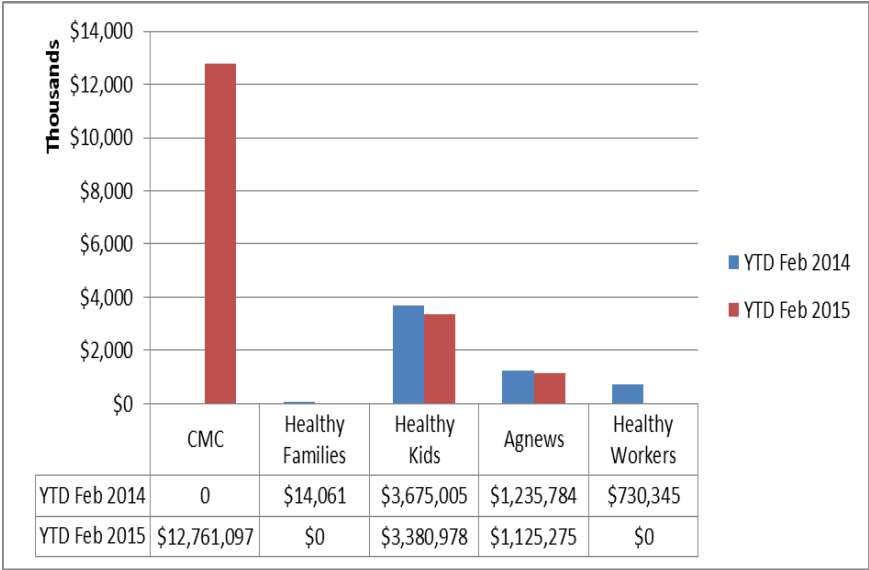


# Revenue Trend

Graph 1: Portrays current YTD Medi-Cal revenue vs. previous year. Increase of 118%.

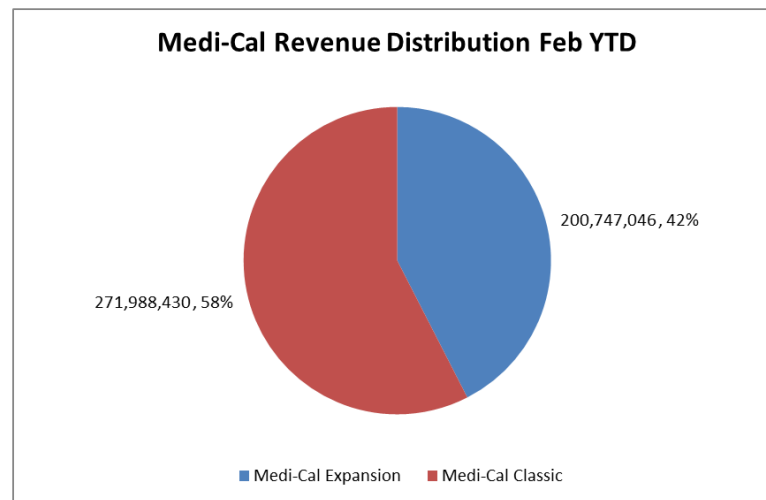
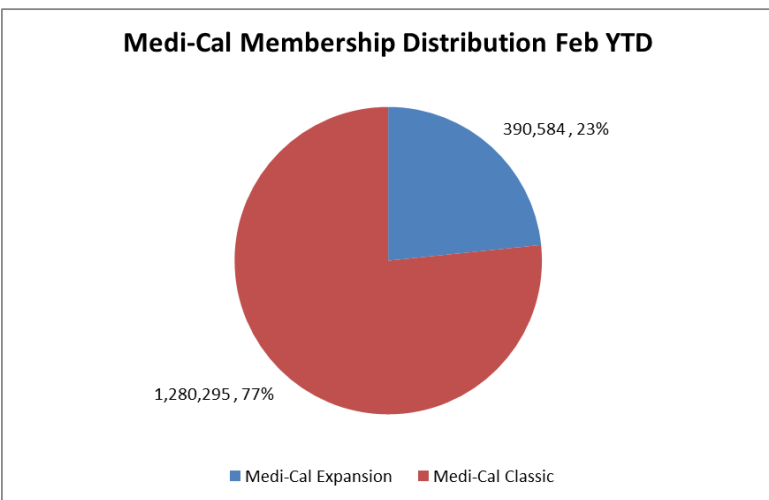
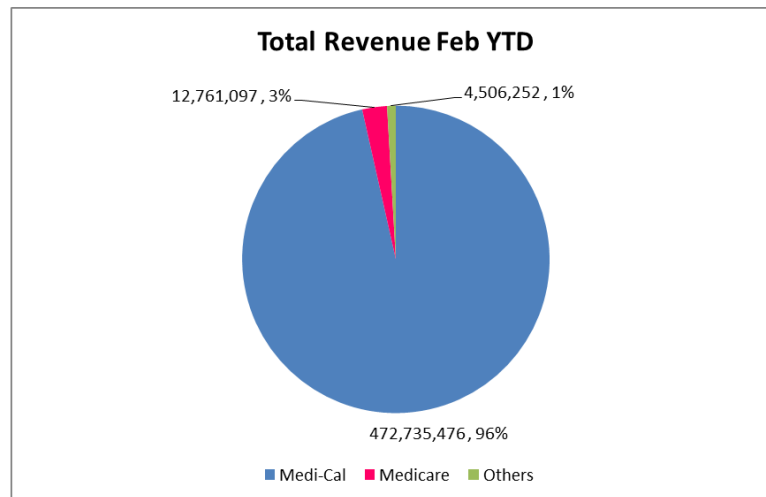
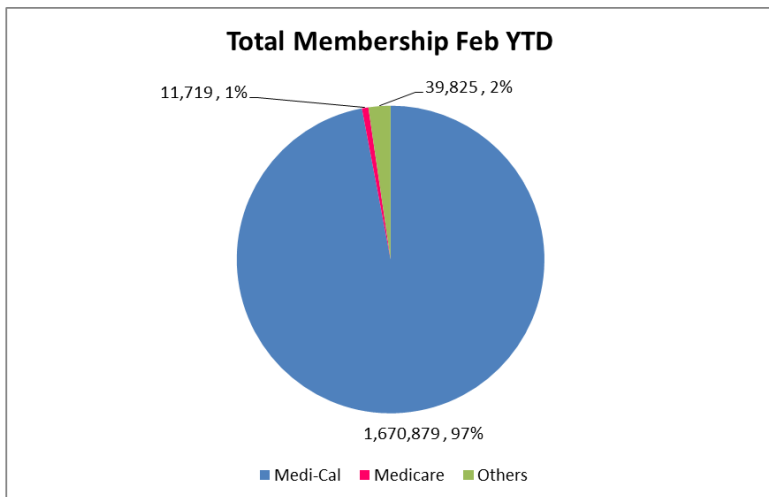


Graph 2: Represents all other operating revenue YTD compared to previous year. Increase of 205%.





## Medi-Cal Expansion comprises 23% of the plan's Medi-Cal membership and 42% of the Medi-Cal Revenue for Year – To – Date February 2015





# Enrollment Summary

## February and YTD

### Santa Clara Family Health Plan Enrollment Summary

	For the Month of February 2015			YTD Eight months Ending February 2015			Prior Year	Change FY15
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>vs. FY14</u>
Medi-Cal	218,832	186,430	17.4%	1,670,879	1,486,101	12.4%	1,216,499	37.4%
Healthy Kids	4,682	5,196	( 9.9%)	38,918	41,568	( 6.4%)	42,844	( 9.2%)
Medicare	6,162	6,291	( 2.1%)	11,719	12,244	( 4.3%)		
Agnews	113	116	0.0%	907	928	0.0%	961	( 5.6%)
<b>Total</b>	<b>229,789</b>	<b>198,033</b>	<b>16.0%</b>	<b>1,722,423</b>	<b>1,540,841</b>	<b>11.8%</b>	<b>1,263,911</b>	<b>36.3%</b>



# Enrollment by Network - YTD

Santa Clara County Health Authority  
February 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	14,469	7%	163	3%	6,162	100%	113	100%	20,907	9%
SCVHHS, Safety Net Clinics, FQHC Clinics	119,321	55%	3,175	68%	0	0%	0	0%	122,496	53%
Palo Alto Medical Foundation	5,411	2%	47	1%	0	0%	0	0%	5,458	2%
Physicians Medical Group	41,622	19%	1,133	24%	0	0%	0	0%	42,755	19%
Premier Care	14,777	7%	164	4%	0	0%	0	0%	14,941	7%
Kaiser	<u>23,232</u>	<u>11%</u>	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0%</u>	<u>23,232</u>	<u>10%</u>
Total	<u>218,832</u>	<u>100%</u>	<u>4,682</u>	<u>100%</u>	<u>6,162</u>	<u>100%</u>	<u>113</u>	<u>100%</u>	<u>229,789</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>17.0%</u>		<u>-12.0%</u>				<u>-1.7%</u>		<u>19.4%</u>	

Membership has increased 19.4% since the beginning of the Fiscal Year, primarily as a result of Medi-Cal Expansion, which started January 1, 2014 and has grown to 60,306 members and the new Cal-MediConnect (CMC) membership.





# Enrollment by Aid Category

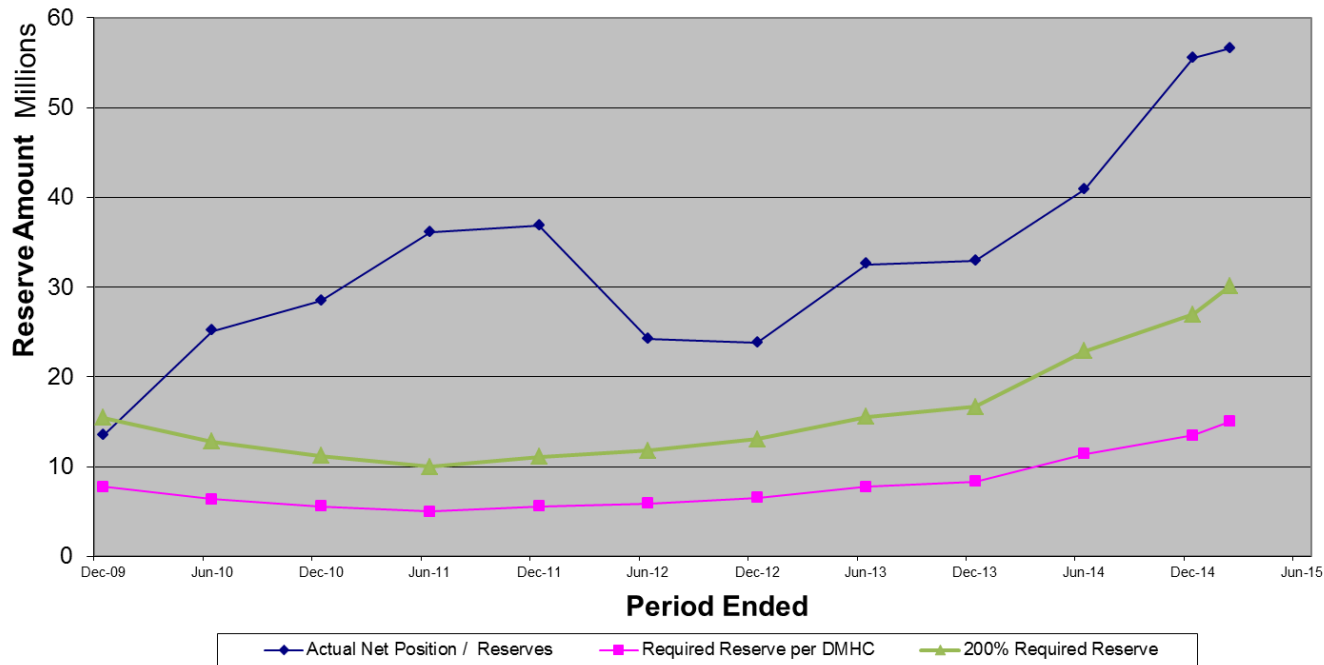
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Family	109,831	111,901	106,894	108,026	109,658	111,202	112,661	113,000
Aged - Medi-Cal Only	6,414	6,466	6,361	6,335	6,359	6,391	6,262	6,291
Disabled - Medi-Cal Only	11,585	11,582	11,511	11,499	11,494	11,460	11,299	11,233
Child (HF conversion)	26,041	25,846	21,972	20,886	20,535	19,422	17,672	16,795
Adult Expansion	32,118	36,839	43,498	48,649	53,024	56,439	59,716	60,307
<b>Total Non-Duals</b>	<b>185,989</b>	<b>192,634</b>	<b>190,236</b>	<b>195,395</b>	<b>201,070</b>	<b>204,914</b>	<b>207,610</b>	<b>207,626</b>
Aged -Duals	5,377	6,510	7,490	6,877	6,988	6,862	6,314	7,604
Disabled - Duals	3,305	3,741	4,140	3,870	3,900	3,835	2,877	3,370
Other Duals	328	326	314	316	313	312	204	232
<b>Total Duals</b>	<b>9,010</b>	<b>10,577</b>	<b>11,944</b>	<b>11,063</b>	<b>11,201</b>	<b>11,009</b>	<b>9,395</b>	<b>11,206</b>
<b>Total Medi-Cal</b>	<b>194,999</b>	<b>203,211</b>	<b>202,180</b>	<b>206,458</b>	<b>212,271</b>	<b>215,923</b>	<b>217,005</b>	<b>218,832</b>
Healthy Kids	5,081	4,983	4,910	4,858	4,762	4,820	4,822	4,682
Agnews	114	114	114	113	113	113	113	113
CMC	0	0	0	0	0	0	5,557	6,162
<b>Total Enrollment</b>	<b>200,194</b>	<b>208,308</b>	<b>207,204</b>	<b>211,429</b>	<b>217,146</b>	<b>220,856</b>	<b>227,497</b>	<b>229,789</b>



# Tangible Net Equity at February 28, 2015

TNE is \$55.5 million or 3.76 times the minimum TNE required by the Department of Managed Health Care (DMHC). The Plans reserves are roughly \$68.9m 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 Seven Months Ended January 2015  
(Unaudited)

# Table of Contents

Description	Page
Financial Statement Comments	1-5
Balance Sheet	6
Income Statement for the Month and YTD period Ended January 2015	7
Administrative Expense Summary January 2015	8
Statement of Operations by Line of Business <small>(Includes Allocated Expenses)</small>	9
Statement of Cash Flows for the YTD period Ended January 2015	10
Enrollment by Line of Business	11
Enrollment by Network	12
Enrollment by Aid Category	13
Tangible Net Equity – Actual vs. Required	14
Medi-Cal Enrollment Chart	15
Healthy Kids Enrollment Chart	16

# Santa Clara Family Health Plan CFO Finance Report

For the Month and Year to Date Ended January 31, 2015

## Summary of Financial Results

For the month of January 2015, SCFHP recorded a net surplus of \$1.3 million compared to a budgeted net surplus of \$2.1 million resulting in an unfavorable variance from budget of \$0.8 million. For year to date January 2015, SCFHP recorded a net surplus of \$14.6 million compared to a budgeted net surplus of \$14.9 million resulting in an unfavorable variance from budget of \$0.3 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 – January 2015

Favorable/ (Unfavorable)

<b>Current Month</b>					<b>Year to Date</b>			
Actual	Budget	Variance \$	Variance %		Actual	Budget	Variance \$	Variance %
\$ 77,609,148	\$ 62,349,565	\$ 15,259,583	24.5%	Revenue	\$ 422,328,311	\$ 365,217,128	\$ 57,111,183	15.6%
73,684,151	57,914,328	(15,769,823)	-27.2%	Medical Expense	389,777,992	333,976,937	(55,801,055)	-16.7%
3,924,997	4,435,237	(510,240)	-12%	Gross Margin	32,550,319	31,240,191	1,310,128	4%
2,181,691	2,290,573	108,881	4.8%	Administrative Expense	14,555,147	15,665,326	1,110,179	7.1%
1,743,306	2,144,664	(401,359)	-19%	Net Operating Income	17,995,172	15,574,865	2,420,308	16%
(467,603)	(90,000)	(377,603)	-420%	Non-Operating Income/Exp	(3,367,714)	(630,000)	(2,737,714)	-435%
\$ 1,275,703	\$ 2,054,664	\$ (778,962)	-38%	Net Surplus/ (Loss)	\$ 14,627,459	\$ 14,944,865	\$ (317,406)	-2%

## Revenue

The Health Plan recorded net revenue of \$77.6 million for the month of January 2015, compared to budgeted revenue of \$62.3 million, resulting in a favorable variance from budget of \$15.3 million, or 24.5%. For year to date January 2015, the Plan recorded net revenue of \$422.3 million compared to budgeted revenue of \$365.2 million, resulting in a favorable variance from budget of \$57.1 million, or 15.6%. The primary driver for the positive variance in revenue is the continued rapid growth of the Medi-Cal Expansion membership. In December we received notice from DHCS that our expansion rates would be decreased 5.1% retro active to July 1, 2014 and a 10% decrease commencing in January 1, 2015. Both adjustments are reflected in our year to date revenue. 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 January 2015, overall member months were higher than budget by 30,097 members (+15.2%). For January 2015 year to date, overall member months were higher than budget by 149,822 members (11.2%).

In the seven months since the end of the prior fiscal year, 6/30/2014, membership in Medi-Cal increased by 16.0%. The increase in Medi-Cal includes 59,717 new Medi-Cal Expansion members added in the 13 months between January 2014 and January 2015. Membership in the Healthy Kids program declined by 9.4%, since 6/30/2014. Member months, and changes from prior year, are summarized on Page 11.

## Medical Expenses

For the month of January 2015, medical expense was \$73.7 million compared to budget of \$57.9 million, resulting in an unfavorable budget variance of \$15.8 million, or -27.2%. For year to date January 2015, medical expense was \$389.8 million compared to budget of \$334.0 million, resulting in an unfavorable budget variance of \$55.8 million, or -16.7%. 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 80% 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 line of business were estimated as budgeted amount since we have very minimal claim experience to date.

## Administrative Expenses

Overall administrative costs were under budget by \$109 thousand, or 4.8% for the month of January 2015, and under budget by \$1.1 million (+7.1%) for year to date January 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 January 2015.

## Balance Sheet (Page 6)

Current assets at January 31, 2015 totaled \$181.8 million compared to current liabilities of \$130.5 million, yielding a current ratio (the ratio of current assets to current liabilities) of 1.4:1 as of January 31, 2015. Working capital increased by \$14.0 million for the seven months year-to-date ended January 31, 2015.

Cash as of January 31, 2015, increased by \$81.7 million compared to the cash balance as of year-end June 30, 2014. Net receivables decreased by \$5.1 million during the same seven month period ended January 31, 2015. The cash position increased largely due to the receipt of large pass-through Intergovernmental Transfers (IGT) funds, the advance payment of Medicare revenues, an increase in net payables as the Medicare expenses work through the claims payment system, overpayment of the Medi-Cal expansion revenue, and a substantial increase in Medical cost reserves.

Liabilities increased by a net amount of \$56.9 million during the seven months ended January 2015. This was primarily due to the payable for the IGTs, Medicare liabilities, and Medical cost reserves mentioned above. Additionally, the Health Plan recorded the unfunded Pension Liability of \$3.1 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 \$874 thousand for the seven months ended January 31, 2015.



## Tangible Net Equity

Tangible Net Equity (TNE) was \$55.5 million at January 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 12 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 January 31, 2015, the Plan's reserves are below this reserves target by about \$71.7 million (see calculation below).

(Note: Due to an additional ~59,700 members in the Medi-Cal Expansion program from Jan 2014 through January 2015, the monthly capitation amount for Medi-Cal has increased to approximately \$35.8 million more than the level at Dec 2013.)

### Calculation of targeted reserves as of January 31, 2015

Estimate of two months' capitation (based on January-2015) (January-2015 Medi-Cal capitation of \$61,324,000 x 2 = \$122,648,000)	\$122,648,000
Less: Unrestricted Net Equity per balance sheet (rounded)	<u>\$ 50,995,000</u>
Approximate reserves below target	<u>\$ 71,653,000</u>

**Santa Clara County Health Authority  
Balance Sheet**

	<u>1/31/2015</u>	<u>12/31/2014</u>	<u>11/30/2014</u>	<u>6/30/2014</u>
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Marketable Securities	\$ 120,489,623	\$ 112,665,218	\$ 70,640,436	\$ 38,802,506
Premiums Receivable	60,141,244	101,396,833	102,288,111	65,246,586
Due from Santa Clara Family Health Foundation - net	3,612	3,612	1,806	70,697
Prepaid Expenses and Other Current Assets	<u>1,172,785</u>	<u>754,600</u>	<u>1,033,451</u>	<u>6,833,379</u>
Total Current Assets	181,807,264	214,820,262	173,963,804	110,953,168
<b>Long Term Assets</b>				
Equipment	10,971,621	10,914,929	10,792,626	10,097,538
Less: Accumulated Depreciation	<u>(6,772,680)</u>	<u>(6,732,239)</u>	<u>(6,696,833)</u>	<u>(6,553,597)</u>
Total Long Term Assets	<u>4,198,941</u>	<u>4,182,690</u>	<u>4,095,793</u>	<u>3,543,941</u>
<b>Total Assets</b>	<b>\$ 186,006,204</b>	<b>\$ 219,002,952</b>	<b>\$ 178,059,597</b>	<b>\$ 114,497,109</b>
<b>Liabilities and Net Position</b>				
<b>Liabilities</b>				
Trade Payables	\$ 8,405,989	\$ 8,273,564	\$ 3,988,072	\$ 4,969,182
Employee Benefits	966,326	950,145	914,937	949,180
Retirement Obligation per GASB 45	405,622	347,676	289,730	0
Unfunded Pension Liability GASB 68	3,062,355	2,624,876	2,187,397	0
Due to Santa Clara County Valley Health Plan	4,401,704	11,953,753	13,481,241	4,664,956
Advance Premium - Healthy Kids	61,939	62,671	60,947	63,872
Deferred Rent	167,265	167,291	167,317	167,447
Deferred Revenue - Medicare	5,752,468	0	0	0
Liability for ACA 1202	40,750,578	36,541,711	30,857,525	30,689,658
Payable to Hospitals (SB208)	0	51,311,480	17,354,767	0
Payable to Hospitals (AB 85)	5,574,510	4,244,541	7,589,097	1,555,000
MCO Tax Payable - State Board of Equalization	6,520,963	7,571,689	5,566,839	1,954,025
Due to DHCS	7,549,527	7,186,315	1,765,533	2,541,250
Medical Cost Reserves	<u>46,886,920</u>	<u>33,542,905</u>	<u>39,882,538</u>	<u>26,069,960</u>
Total Liabilities	130,506,166	164,778,616	124,105,940	73,624,529
<b>Net Position / Reserves</b>				
Invested in Capital Assets	4,198,941	4,182,690	4,095,793	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	36,069,690	36,085,941	36,172,838	28,403,271
Current YTD Income (Loss)	<u>14,627,459</u>	<u>13,351,756</u>	<u>13,081,077</u>	<u>8,321,419</u>
Net Position / Reserves	<u>55,500,038</u>	<u>54,224,335</u>	<u>53,953,657</u>	<u>40,872,580</u>
<b>Total Liabilities and Net Position</b>	<b>\$ 186,006,204</b>	<b>\$ 219,002,952</b>	<b>\$ 178,059,597</b>	<b>\$ 114,497,109</b>
<b>Solvency Ratios:</b>				
Working Capital	\$ 51,301,097	\$ 50,041,645	\$ 49,857,864	\$ 37,328,639
Working Capital ratio	1.4	1.3	1.4	1.5
Average Days Cash on Hand	55	67	41	34

**Santa Clara County Health Authority**  
**Income Statement for the Seven Months Ending January 31, 2015**

	For the Month of January 2015					For Seven months Ending of January 2015				
	Actual	% of Revenue	Budget	% of Revenue	Variance	Actual	% of Revenue	Budget	% of Revenue	Variance
<b>REVENUES</b>										
MEDI-CAL	\$ 69,187,997	89.1%	\$ 50,015,856	80.2%	\$ 19,172,141	\$ 410,484,757	97.2%	\$ 349,499,188	95.7%	\$ 60,985,569
HEALTHY KIDS	419,571	0.5%	476,856	0.8%	(57,285)	2,972,457	0.7%	3,337,992	0.9%	(365,535)
MEDICARE	7,880,925	10.2%	11,769,670	18.9%	(3,888,745)	7,880,925	1.9%	11,769,670	3.2%	(3,888,745)
AGNEWS	<u>120,655</u>	<u>0.2%</u>	<u>87,183</u>	<u>0.1%</u>	<u>33,472</u>	<u>990,173</u>	<u>0.2%</u>	<u>610,278</u>	<u>0.2%</u>	<u>379,894</u>
<b>TOTAL REVENUE</b>	<b>77,609,148</b>	<b>100.0%</b>	<b>62,349,565</b>	<b>100.0%</b>	<b>15,259,583</b>	<b>422,328,311</b>	<b>100.0%</b>	<b>365,217,128</b>	<b>100.0%</b>	<b>57,111,183</b>
<b>MEDICAL EXPENSES</b>										
MEDI-CAL	65,671,072	84.6%	46,221,652	74.1%	(19,449,420)	378,975,851	89.7%	319,342,335	87.4%	(59,633,517)
HEALTHY KIDS	393,218	0.5%	415,680	0.7%	22,462	2,762,426	0.7%	2,909,760	0.8%	147,334
MEDICARE	7,534,089	9.7%	11,203,427	18.0%	3,669,337	7,534,089	1.8%	11,203,427	3.1%	3,669,337
AGNEWS	<u>85,772</u>	<u>0.1%</u>	<u>73,570</u>	<u>0.1%</u>	<u>(12,202)</u>	<u>505,625</u>	<u>0.1%</u>	<u>521,416</u>	<u>0.1%</u>	<u>15,791</u>
<b>TOTAL MEDICAL EXPENSES</b>	<b><u>73,684,151</u></b>	<b><u>94.9%</u></b>	<b><u>57,914,328</u></b>	<b><u>92.9%</u></b>	<b><u>(15,769,823)</u></b>	<b><u>389,777,992</u></b>	<b><u>92.3%</u></b>	<b><u>333,976,937</u></b>	<b><u>91.4%</u></b>	<b><u>(55,801,055)</u></b>
<b>MEDICAL OPERATING MARGIN</b>	<b>3,924,997</b>	<b>5.1%</b>	<b>4,435,237</b>	<b>7.1%</b>	<b>(510,240)</b>	<b>32,550,319</b>	<b>7.7%</b>	<b>31,240,191</b>	<b>8.6%</b>	<b>1,310,128</b>
<b>ADMINISTRATIVE EXPENSES</b>										
SALARIES AND BENEFITS	1,235,405	1.6%	1,435,770	2.3%	200,366	8,051,161	1.9%	9,681,711	2.7%	1,630,551
RENTS AND UTILITIES	102,456	0.1%	86,851	0.1%	(15,605)	740,331	0.2%	607,959	0.2%	(132,372)
PRINTING AND ADVERTISING	96,275	0.1%	35,972	0.1%	(60,302)	345,849	0.1%	251,807	0.1%	(94,042)
INFORMATION SYSTEMS	145,800	0.2%	148,556	0.2%	2,756	930,064	0.2%	1,039,889	0.3%	109,824
PROF FEES / CONSULTING / TEMP STAFFING	394,419	0.5%	352,762	0.6%	(41,657)	3,294,492	0.8%	2,469,336	0.7%	(825,155)
DEPRECIATION / INSURANCE / EQUIPMENT	83,297	0.1%	93,430	0.1%	10,133	428,518	0.1%	654,013	0.2%	225,495
OFFICE SUPPLIES / POSTAGE / TELEPHONE	79,159	0.1%	60,333	0.1%	(18,826)	344,494	0.1%	422,333	0.1%	77,839
MEETINGS / TRAVEL / DUES	41,514	0.1%	69,422	0.1%	27,908	376,143	0.1%	485,952	0.1%	109,809
OTHER	<u>3,367</u>	<u>0.0%</u>	<u>7,475</u>	<u>0.0%</u>	<u>4,108</u>	<u>44,094</u>	<u>0.0%</u>	<u>52,325</u>	<u>0.0%</u>	<u>8,231</u>
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b><u>2,181,691</u></b>	<b><u>2.8%</u></b>	<b><u>2,290,573</u></b>	<b><u>3.7%</u></b>	<b><u>108,881</u></b>	<b><u>14,555,147</u></b>	<b><u>3.4%</u></b>	<b><u>15,665,326</u></b>	<b><u>4.3%</u></b>	<b><u>1,110,179</u></b>
<b>OPERATING SURPLUS (LOSS)</b>	<b>1,743,306</b>	<b>2.2%</b>	<b>2,144,664</b>	<b>3.4%</b>	<b>(401,359)</b>	<b>17,995,172</b>	<b>4.3%</b>	<b>15,574,865</b>	<b>4.3%</b>	<b>2,420,308</b>
CONTRIBUTION EXPENSE	-	0.0%	(66,667)	-0.1%	66,667	-	0.0%	(466,667)	-0.1%	466,667
GASB 45-POST EMPLOYMENT BENEFITS EXPENSE	(57,946)	-0.1%	(33,333)	-0.1%	(24,613)	(405,622)	-0.1%	(233,333)	-0.1%	(172,289)
GASB 68 - UNFUNDED PENSION LIABILITY	(437,479)		0		(437,479)	(3,062,355)		0		(3,062,355)
INTEREST & OTHER INCOME	<u>27,822</u>	<u>0.0%</u>	<u>10,000</u>	<u>0.0%</u>	<u>17,822</u>	<u>100,263</u>	<u>0.0%</u>	<u>70,000</u>	<u>0.0%</u>	<u>30,263</u>
<b>NET SURPLUS (LOSS) FINAL</b>	<b>\$ 1,275,703</b>	<b>2%</b>	<b>\$ 2,054,664</b>	<b>3%</b>	<b>\$ (778,962)</b>	<b>\$ 14,627,459</b>	<b>3%</b>	<b>\$ 14,944,865</b>	<b>4%</b>	<b>\$ (317,406)</b>

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

<b>Current Month</b>					<b>Year to Date</b>			
Actual	Budget	Variance \$	Variance %		Actual	Budget	Variance \$	Variance %
\$ 1,235,405	\$ 1,435,770	\$ 200,366	14.0%	Personnel	\$ 8,051,161	\$ 9,681,711	\$ 1,630,551	16.8%
946,287	854,802	(91,485)	-10.7%	Non-Personnel	6,503,986	5,983,615	\$ (520,372)	-8.7%
2,181,691	2,290,573	108,881	4.8%	Total Administrative Expense	14,555,147	15,665,326	1,110,179	7.1%

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

**Seven months ENDED January 31, 2015**

	Cal MediConnect (CMC)			Healthy Kids	Agnews	Grand Total
	Medi-Cal	Medi-Cal CMC	Medicare			
<b>P&amp;L (ALLOCATED BASIS)</b>						
REVENUE	\$410,484,757	872,295	7,008,630	\$2,972,457	990,173	<b>\$422,328,311</b>
MEDICAL EXPENSES (MLR)	378,975,851 92.3%	862,647 98.9%	6,671,442 95.2%	2,762,426 92.9%	505,625 51.1%	<b>389,777,992</b> <b>92.3%</b>
GROSS MARGIN	31,508,906	9,648	337,187	210,031	484,548	<b>32,550,319</b>
ADMINISTRATIVE EXPENSES (% MM allocation except CMC)	13,947,071	30,063	241,546	328,841	7,626	<b>14,555,147</b>
OPERATING INCOME/(LOSS)	17,561,835	(20,415)	95,641	(118,810)	476,921	<b>17,995,172</b>
OTHER INCOME/EXPENSE (% of Revenue Allocation)	(3,273,271)	(6,956)	(55,888)	(23,703)	(7,896)	<b>(3,367,714)</b>
NET INCOME/ (LOSS)	\$14,288,564	<b>(\$27,371)</b>	\$39,753	<b>(\$142,513)</b>	\$469,025	<b>\$14,627,459</b>
<b>PMPM (ALLOCATED BASIS)</b>						
REVENUE	\$282.69		\$1,261.23	\$86.82	\$1,247.07	<b>\$282.94</b>
MEDICAL EXPENSES	260.99		1,200.55	80.69	636.81	<b>261.13</b>
GROSS MARGIN	21.70		60.68	6.13	610.26	<b>21.81</b>
ADMINISTRATIVE EXPENSES	9.61		43.47	9.61	9.61	<b>9.75</b>
OPERATING INCOME/(LOSS)	12.09		17.21	(3.47)	600.66	<b>12.06</b>
OTHER INCOME / (EXPENSE)	(2.25)		(10.06)	(0.69)	(9.94)	<b>(2.26)</b>
NET INCOME / (LOSS)	\$9.84		\$7.15	<b>(\$4.16)</b>	\$590.71	<b>\$9.80</b>
<b>ALLOCATION BASIS:</b>						
MEMBER MONTHS - YTD	1,452,045		5,557	34,236	794	<b>1,492,632</b>
Non-CMC Member MONTHS by LOB	97.6%			2.3%	0.1%	<b>100%</b>
Revenue by LOB	97.2%	0.2%	1.7%	0.7%	0.2%	<b>100%</b>

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

Cash flows from operating activities	
Premiums received	\$ 437,511,689
Medical expenses paid	\$ (369,224,284)
Administrative expenses paid	<u>\$ 14,173,531</u>
Net cash from operating activities	\$ 82,460,936
Cash flows from capital and related financing activities	
Purchases of capital assets	\$ (874,083)
Cash flows from investing activities	
Interest income and other income, net	<u>\$ 100,263</u>
Net (Decrease) increase in cash and cash equivalents	<u>\$ 81,687,116</u>
Cash and cash equivalents, beginning of year	<u>\$ 38,802,506</u>
Cash and cash equivalents at January 31, 2015	<u><u>\$ 120,489,623</u></u>
Reconciliation of operating income to net cash from operating activities	
Operating income (loss)	\$ 14,527,195
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	\$ 219,083
Changes in operating assets and liabilities	
Premiums receivable	\$ 5,105,343
Due from Santa Clara Family Health Foundation	\$ 67,085
Prepays and other assets	\$ 5,660,594
Accounts payable and accrued liabilities	\$ 26,299,831
Capitation payable	\$ 5,265,320
Employee benefit liabilities	\$ 17,147
Advance premium - Healthy Kids & CMC	\$ 5,750,535
Reserve for Rate Reductions	\$ 4,260,415
Incurred but not reported claims payable and risk share payments payable	<u>\$ 15,288,388</u>
Total adjustments	<u>\$ 67,933,741</u>
Net cash from operating activities	<u><u>\$ 82,460,936</u></u>

**Santa Clara Family Health Plan Enrollment Summary**

For the Month of January 2015

YTD Seven months Ending January 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	217,003	186,133	16.6%	1,452,044	1,299,672	11.7%	1,050,292	38.3%
Healthy Kids	4,822	5,196	( 7.2%)	34,236	36,372	( 5.9%)	37,637	( 9.0%)
CMC	5,557	5,953	( 6.7%)	5,557	5,953	( 6.7%)		
Agnews	113	116	0.0%	794	812	0.0%	843	( 5.8%)
<b>Total</b>	<b>227,495</b>	<b>197,398</b>	<b>15.2%</b>	<b>1,492,631</b>	<b>1,342,809</b>	<b>11.2%</b>	<b>1,092,379</b>	<b>36.6%</b>

**Santa Clara County Health Authority  
January 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	13,909	6%	163	3%	5,557	100%	113	100%	19,742	9%
SCVHHS, Safety Net Clinics, FQHC Clinics	119,266	55%	3,287	68%	0	0%	0	0%	122,553	54%
Palo Alto Medical Foundation	5,299	2%	46	1%	0	0%	0	0%	5,345	2%
Physicians Medical Group	41,093	19%	1,152	24%	0	0%	0	0%	42,245	19%
Premier Care	14,634	7%	174	4%	0	0%	0	0%	14,808	7%
Kaiser	<u>22,802</u>	<u>11%</u>	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0%</u>	<u>22,802</u>	<u>10%</u>
Total	<u>217,003</u>	<u>100%</u>	<u>4,822</u>	<u>100%</u>	<u>5,557</u>	<u>100%</u>	<u>113</u>	<u>100%</u>	<u>227,495</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>16.0%</u>		<u>-9.4%</u>				<u>-1.7%</u>		<u>18.2%</u>	



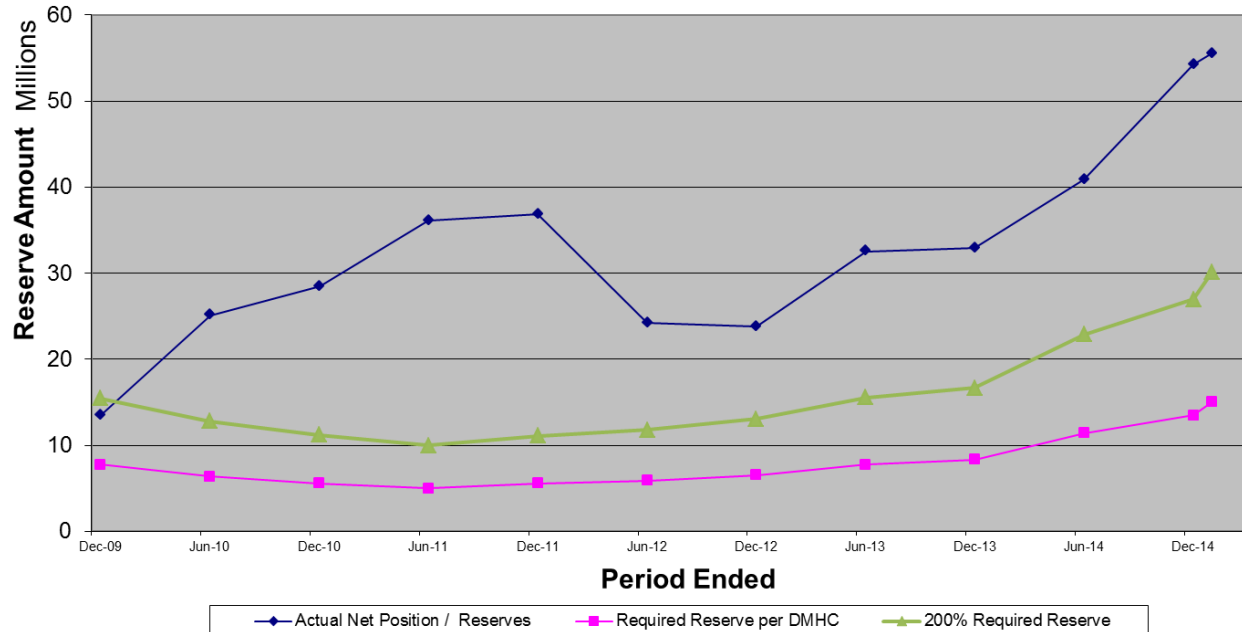
## Santa Clara Family Health Plan Enrollment by Aid-Category

	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Family	109,829	111,901	106,895	108,026	109,658	111,199	112,659
Aged - Medi-Cal Only	6,414	6,466	6,361	6,335	6,359	6,391	6,262
Disabled - Medi-Cal Only	11,585	11,582	11,511	11,499	11,494	11,460	11,299
Child (HF conversion)	26,041	25,846	21,972	20,886	20,535	19,422	17,672
Adult Expansion	32,119	36,839	43,498	48,649	53,024	56,441	59,716
<b>Total Non-Duals</b>	<b>185,988</b>	<b>192,634</b>	<b>190,237</b>	<b>195,395</b>	<b>201,070</b>	<b>204,913</b>	<b>207,608</b>
Aged -Duals	5,377	6,510	7,490	6,877	6,988	6,862	6,314
Disabled - Duals	3,305	3,741	4,140	3,870	3,900	3,835	2,877
Other Duals	328	326	314	316	313	312	204
<b>Total Duals</b>	<b>9,010</b>	<b>10,577</b>	<b>11,944</b>	<b>11,063</b>	<b>11,201</b>	<b>11,009</b>	<b>9,395</b>
<b>Total Medi-Cal</b>	<b>194,998</b>	<b>203,211</b>	<b>202,181</b>	<b>206,458</b>	<b>212,271</b>	<b>215,922</b>	<b>217,003</b>
Healthy Kids	5,081	4,983	4,910	4,858	4,762	4,820	4,822
Agnews	114	114	114	113	113	113	113
CMC	0	0	0	0	0	0	5,557
<b>Total Enrollment</b>	<b>200,193</b>	<b>208,308</b>	<b>207,205</b>	<b>211,429</b>	<b>217,146</b>	<b>220,855</b>	<b>227,495</b>

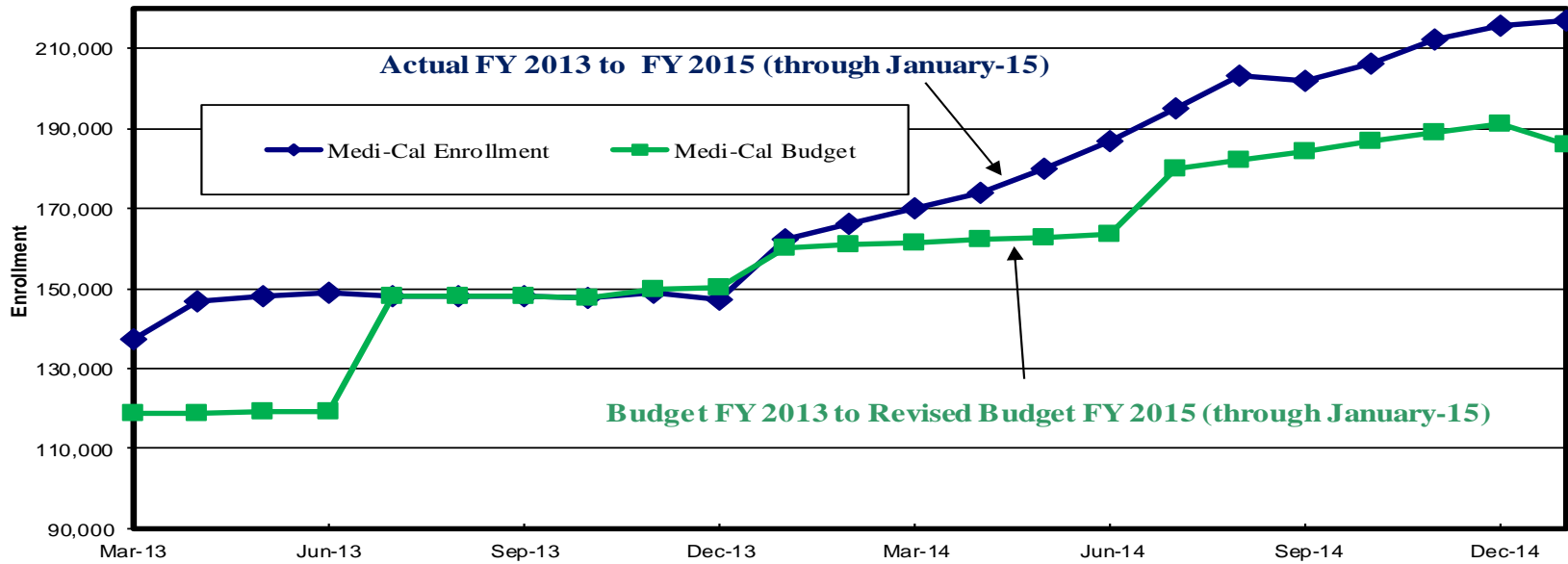
**Santa Clara County Health Authority  
Tangible Net Equity - Actual vs. Required  
As of Period Ended:**

	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	1/31/2015
<b>Actual Net Position / Reserves</b>	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	55,500,038
<b>Required Reserve per DMHC</b>	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
<b>200% of Required Reserve</b>	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

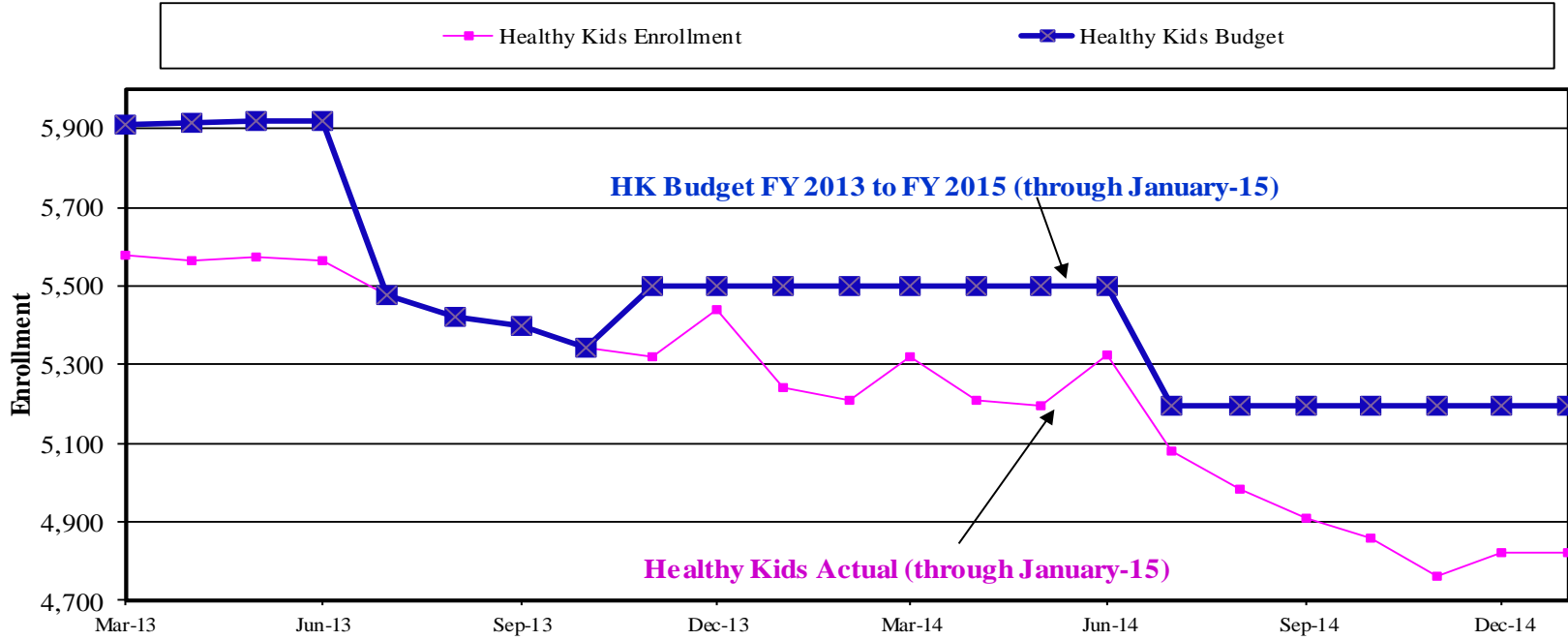
**TNE Actual vs. Required**



## SCFHP Medi-Cal Enrollment as of January 2015



## SCFHP Healthy Kids Enrollment as of January 2015





Santa Clara  
Family Health Plan

*The Spirit of Care*

Financial Statements  
For Eight Months Ended February 2015  
(Unaudited)

# Table of Contents

Description	Page
Financial Statement Comments	1-5
Balance Sheet	6
Income Statement for the Month and YTD period Ended February 2015	7
Administrative Expense Summary February 2015	8
Statement of Operations by Line of Business (Includes Allocated Expenses)	9
Statement of Cash Flows for the YTD period Ended February 2015	10
Enrollment by Line of Business	11
Enrollment by Network	12
Enrollment by Aid Category	13
Tangible Net Equity – Actual vs. Required	14
Medi-Cal Enrollment Chart	15
Healthy Kids Enrollment Chart	16

**Santa Clara Family Health Plan  
CFO Finance Report  
For the Month and Year to Date Ended February 28, 2015**

**Summary of Financial Results**

For the month of February 2015, SCFHP recorded a net surplus of \$1.0 million compared to a budgeted net surplus of \$0.9 million resulting in an favorable variance from budget of \$0.2 million. For year to date February 2015, SCFHP recorded a net surplus of \$15.7 million compared to a budgeted net surplus of \$15.8 million resulting in an unfavorable variance from budget of \$0.2 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 – February 2015

Favorable/ (Unfavorable)

<b>Current Month</b>					<b>Year to Date</b>			
Actual	Budget	Variance \$	Variance %		Actual	Budget	Variance \$	Variance %
\$ 67,674,515	\$ 63,328,087	\$ 4,346,429	6.9%	Revenue	\$ 490,002,826	\$ 428,545,215	\$ 61,457,612	14.3%
63,879,313	60,170,861	(3,708,452)	-6.2%	Medical Expense	453,657,305	394,147,798	(59,509,507)	-15.1%
3,795,202	3,157,226	637,976	20%	Gross Margin	36,345,521	34,397,416	1,948,105	6%
2,273,149	2,185,020	(88,129)	-4.0%	Administrative Expense	16,828,296	17,850,346	1,022,051	5.7%
1,522,053	972,205	549,848	57%	Net Operating Income	19,517,225	16,547,070	2,970,155	18%
(481,515)	(90,000)	(391,515)	-435%	Non-Operating Income/Exp	(3,849,229)	(720,000)	(3,129,229)	-435%
\$ 1,040,538	\$ 882,205	\$ 158,332	18%	Net Surplus/ (Loss)	\$ 15,667,996	\$ 15,827,070	\$ (159,074)	-1%

## Revenue

The Health Plan recorded net revenue of \$67.7 million for the month of February 2015, compared to budgeted revenue of \$63.3 million, resulting in a favorable variance from budget of \$4.3 million, or 6.9%. For year to date February 2015, the Plan recorded net revenue of \$490.0 million compared to budgeted revenue of \$428.5 million, resulting in a favorable variance from budget of \$61.5 million, or 14.3%. The primary driver for the positive variance in revenue is the continued rapid growth of the Medi-Cal Expansion membership. In December we received notice from DHCS that our expansion rates would be decreased 5.1% retro active to July 1, 2014 and a 10% decrease commencing in January 1, 2015. Both adjustments are reflected in our year to date revenue. 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 February 2015, overall member months were higher than budget by 31,756 members (+16.0%). For February 2015 year to date, overall member months were higher than budget by 181,582 members (11.8%).

In the eight months since the end of the prior fiscal year, 6/30/2014, membership in Medi-Cal increased by 17.0%. The increase in Medi-Cal includes 60,306 new Medi-Cal Expansion members added in the 14 months between January 2014 and February 2015. Membership in the Healthy Kids program declined by 12.0%, 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 February 2015, overall member months were lower than the budget by 129 (2.1%). For February 2015 year to date, overall members months were lower than budget by 525 (4.3%).



## Medical Expenses

For the month of February 2015, medical expense was \$63.9 million compared to budget of \$60.2 million, resulting in an unfavorable budget variance of \$3.7 million, or -6.2%. For year to date February 2015, medical expense was \$453.7 million compared to budget of \$394.1 million, resulting in an unfavorable budget variance of \$59.5 million, or -15.1%. 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 81% 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 line of business were estimated as budgeted amount since we have very minimal claim experience to date.

## Administrative Expenses

Overall administrative costs were over budget by \$88 thousand (-4.0%) for the month of February 2015, and under budget by \$1.0 million (+5.7%) for year to date February 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 February 2015.

## Balance Sheet (Page 6)

Current assets at February 28, 2015 totaled \$225.7 million compared to current liabilities of \$173.3 million, yielding a current ratio (the ratio of current assets to current liabilities) of 1.3:1 as of February 28, 2015. Working capital increased by \$15.0 million for the eight months year-to-date ended February 28, 2015.

Cash as of February 28, 2015, increased by \$111.5 million compared to the cash balance as of year-end June 30, 2014. Net receivables increased by \$8.9 million during the same eight month period ended February 28, 2015. The cash position increased largely due to the receipt of large pass-through Intergovernmental Transfers (IGT) funds, the advance payment of Medicare revenues, an increase in net payables as the Medicare expenses work through the claims payment system, overpayment of the Medi-Cal expansion revenue, and a substantial increase in Medical cost reserves.

Liabilities increased by a net amount of \$99.7 million during the eight months ended February 2015. This was primarily due to the payable for the IGTs, Medicare liabilities, and Medical cost reserves mentioned above. Additionally, the Health Plan recorded the unfunded Pension Liability of \$3.5 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 \$918 thousand for the eight months ended February 28, 2015.

## Tangible Net Equity

Tangible Net Equity (TNE) was \$56.5 million at February 28, 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 12 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 February 28, 2015, the Plan's reserves are below this reserves target by about \$68.9 million (see calculation below).

(Note: Due to an additional ~60,300 members in the Medi-Cal Expansion program from January 2014 through February 2015, the monthly capitation amount for Medi-Cal has increased to approximately \$34.9 million more than the level at Dec 2013.)

### Calculation of targeted reserves as of February 28, 2015

Estimate of two months' capitation (based on February 2015) (February-2015 Medi-Cal capitation of \$60,492,000 x 2 = \$120,984,000)	\$120,984,000
Less: Unrestricted Net Equity per balance sheet (rounded)	<u>\$ 52,034,000</u>
Approximate reserves below target	<u>\$ 68,950,000</u>

**Santa Clara County Health Authority  
Balance Sheet**

	<u>2/28/2015</u>	<u>1/31/2015</u>	<u>12/31/2014</u>	<u>6/30/2014</u>
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Marketable Securities	\$ 150,317,357	\$ 120,489,623	\$ 112,665,218	\$ 38,802,506
Premiums Receivable	74,116,349	60,141,244	101,396,833	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>1,218,693</u>	<u>1,172,785</u>	<u>754,600</u>	<u>6,833,379</u>
Total Current Assets	225,656,010	181,807,264	214,820,262	110,953,168
<b>Long Term Assets</b>				
Equipment	11,015,196	10,971,621	10,914,929	10,097,538
Less: Accumulated Depreciation	<u>(6,814,119)</u>	<u>(6,772,680)</u>	<u>(6,732,239)</u>	<u>(6,553,597)</u>
Total Long Term Assets	<u>4,201,077</u>	<u>4,198,941</u>	<u>4,182,690</u>	<u>3,543,941</u>
<b>Total Assets</b>	<b>\$ 229,857,087</b>	<b>\$ 186,006,204</b>	<b>\$ 219,002,952</b>	<b>\$ 114,497,109</b>
<b>Liabilities and Net Position</b>				
<b>Liabilities</b>				
Trade Payables	\$ 22,855,153	\$ 8,405,989	\$ 8,273,564	\$ 4,969,182
Deferred Rent	167,239	167,265	167,291	167,447
Employee Benefits	983,094	966,326	950,145	949,180
Retirement Obligation per GASB 45	463,568	405,622	347,676	0
Unfunded Pension Liability GASB 68	3,499,834	3,062,355	2,624,876	0
Advance Premium - Healthy Kids	62,353	61,939	62,671	63,872
Deferred Revenue - Medicare	6,517,794	5,752,468	0	0
Liability for ACA 1202	35,876,806	40,750,578	36,541,711	30,689,658
Payable to Hospitals (SB208)	(35,535)	0	51,311,480	0
Payable to Hospitals (AB 85)	1,439,065	5,574,510	4,244,541	1,555,000
Due to Santa Clara County Valley Health Plan	33,220,978	4,401,704	11,953,753	4,664,956
MCO Tax Payable - State Board of Equalization	5,454,770	6,520,963	7,571,689	1,954,025
Due to DHCS	10,313,867	7,549,527	7,186,315	2,541,250
Medical Cost Reserves	<u>52,497,525</u>	<u>46,886,920</u>	<u>33,542,905</u>	<u>26,069,960</u>
Total Liabilities	173,316,511	130,506,166	164,778,616	73,624,529
<b>Net Position / Reserves</b>				
Invested in Capital Assets	4,201,077	4,198,941	4,182,690	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	36,067,554	36,069,690	36,085,941	28,403,271
Current YTD Income (Loss)	<u>15,667,996</u>	<u>14,627,459</u>	<u>13,351,756</u>	<u>8,321,419</u>
Net Position / Reserves	<u>56,540,576</u>	<u>55,500,038</u>	<u>54,224,335</u>	<u>40,872,580</u>
<b>Total Liabilities and Net Position</b>	<b>\$ 229,857,087</b>	<b>\$ 186,006,204</b>	<b>\$ 219,002,952</b>	<b>\$ 114,497,109</b>
<b>Solvency Ratios:</b>				
Working Capital	\$ 52,339,499	\$ 51,301,097	\$ 50,041,645	\$ 37,328,639
Working Capital ratio	1.3	1.4	1.3	1.5
Average Days Cash on Hand	77	55	67	34

**Santa Clara County Health Authority**  
**Income Statement for the Eight Months Ending February 28, 2015**

	For the Month of February 2015					For Eight months Ending of February 2015				
	Actual	% of Revenue	Budget	% of Revenue	Variance	Actual	% of Revenue	Budget	% of Revenue	Variance
<b>REVENUES</b>										
MEDI-CAL	\$ 61,378,424	90.7%	\$ 50,326,118	79.5%	\$ 11,052,306	\$ 472,735,476	96.5%	\$ 399,825,306	93.3%	\$ 72,910,170
HEALTHY KIDS	408,521	0.6%	476,856	0.8%	(68,335)	3,380,978	0.7%	3,814,848	0.9%	(433,870)
MEDICARE	5,752,468	8.5%	12,437,929	19.6%	(6,685,462)	12,761,097	2.6%	24,207,599	5.6%	(11,446,502)
AGNEWS	<u>135,102</u>	<u>0.2%</u>	<u>87,183</u>	<u>0.1%</u>	<u>47,919</u>	<u>1,125,275</u>	<u>0.2%</u>	<u>697,461</u>	<u>0.2%</u>	<u>427,814</u>
<b>TOTAL REVENUE</b>	<b>67,674,515</b>	<b>100.0%</b>	<b>63,328,087</b>	<b>100.0%</b>	<b>4,346,429</b>	<b>490,002,826</b>	<b>100.0%</b>	<b>428,545,215</b>	<b>100.0%</b>	<b>61,457,612</b>
<b>MEDICAL EXPENSES</b>										
MEDI-CAL	57,284,886	84.6%	47,842,075	75.5%	(9,442,810)	436,260,737	89.0%	367,184,410	85.7%	(69,076,327)
HEALTHY KIDS	379,352	0.6%	415,680	0.7%	36,328	3,141,778	0.6%	3,325,440	0.8%	183,662
MEDICARE	6,172,952	9.1%	11,839,536	18.7%	5,666,583	13,707,042	2.8%	23,042,962	5.4%	9,335,920
AGNEWS	<u>42,123</u>	<u>0.1%</u>	<u>73,570</u>	<u>0.1%</u>	<u>31,447</u>	<u>547,748</u>	<u>0.1%</u>	<u>594,986</u>	<u>0.1%</u>	<u>47,238</u>
<b>TOTAL MEDICAL EXPENSES</b>	<b><u>63,879,313</u></b>	<b><u>94.4%</u></b>	<b><u>60,170,861</u></b>	<b><u>95.0%</u></b>	<b><u>(3,708,452)</u></b>	<b><u>453,657,305</u></b>	<b><u>92.6%</u></b>	<b><u>394,147,798</u></b>	<b><u>92.0%</u></b>	<b><u>(59,509,507)</u></b>
<b>MEDICAL OPERATING MARGIN</b>	<b>3,795,202</b>	<b>5.6%</b>	<b>3,157,226</b>	<b>5.0%</b>	<b>637,976</b>	<b>36,345,521</b>	<b>7.4%</b>	<b>34,397,416</b>	<b>8.0%</b>	<b>1,948,105</b>
<b>ADMINISTRATIVE EXPENSES</b>										
SALARIES AND BENEFITS	1,222,472	1.8%	1,330,218	2.1%	107,746	9,273,632	1.9%	11,011,930	2.6%	1,738,297
RENTS AND UTILITIES	103,248	0.2%	86,851	0.1%	(16,396)	843,579	0.2%	694,810	0.2%	(148,769)
PRINTING AND ADVERTISING	6,981	0.0%	35,973	0.1%	28,991	352,830	0.1%	287,780	0.1%	(65,050)
INFORMATION SYSTEMS	113,678	0.2%	148,556	0.2%	34,878	1,043,742	0.2%	1,188,444	0.3%	144,702
PROF FEES / CONSULTING / TEMP STAFFING	641,369	0.9%	352,762	0.6%	(288,607)	3,935,861	0.8%	2,822,099	0.7%	(1,113,762)
DEPRECIATION / INSURANCE / EQUIPMENT	63,391	0.1%	93,430	0.1%	30,039	491,910	0.1%	747,444	0.2%	255,534
OFFICE SUPPLIES / POSTAGE / TELEPHONE	65,551	0.1%	60,333	0.1%	(5,218)	410,045	0.1%	482,667	0.1%	72,621
MEETINGS / TRAVEL / DUES	52,771	0.1%	69,422	0.1%	16,650	428,914	0.1%	555,373	0.1%	126,459
OTHER	<u>3,688</u>	<u>0.0%</u>	<u>7,475</u>	<u>0.0%</u>	<u>3,787</u>	<u>47,782</u>	<u>0.0%</u>	<u>59,800</u>	<u>0.0%</u>	<u>12,018</u>
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b><u>2,273,149</u></b>	<b><u>3.4%</u></b>	<b><u>2,185,020</u></b>	<b><u>3.5%</u></b>	<b><u>(88,129)</u></b>	<b><u>16,828,296</u></b>	<b><u>3.4%</u></b>	<b><u>17,850,346</u></b>	<b><u>4.2%</u></b>	<b><u>1,022,051</u></b>
<b>OPERATING SURPLUS (LOSS)</b>	<b>1,522,053</b>	<b>2.2%</b>	<b>972,205</b>	<b>1.5%</b>	<b>549,848</b>	<b>19,517,225</b>	<b>4.0%</b>	<b>16,547,070</b>	<b>3.9%</b>	<b>2,970,155</b>
<b>CONTRIBUTION EXPENSE</b>	<b>-</b>	<b>0.0%</b>	<b>(66,667)</b>	<b>-0.1%</b>	<b>66,667</b>	<b>-</b>	<b>0.0%</b>	<b>(533,333)</b>	<b>-0.1%</b>	<b>533,333</b>
<b>GASB 45-POST EMPLOYMENT BENEFITS EXPENSE</b>	<b>(57,946)</b>	<b>-0.1%</b>	<b>(33,333)</b>	<b>-0.1%</b>	<b>(24,613)</b>	<b>(463,568)</b>	<b>-0.1%</b>	<b>(266,667)</b>	<b>-0.1%</b>	<b>(196,901)</b>
<b>GASB 68 - UNFUNDED PENSION LIABILITY</b>	<b>(437,479)</b>		<b>0</b>		<b>(437,479)</b>	<b>(3,499,834)</b>		<b>0</b>		<b>(3,499,834)</b>
<b>INTEREST &amp; OTHER INCOME</b>	<b><u>13,910</u></b>	<b><u>0.0%</u></b>	<b><u>10,000</u></b>	<b><u>0.0%</u></b>	<b><u>3,910</u></b>	<b><u>114,173</u></b>	<b><u>0.0%</u></b>	<b><u>80,000</u></b>	<b><u>0.0%</u></b>	<b><u>34,173</u></b>
<b>NET SURPLUS (LOSS) FINAL</b>	<b>\$ 1,040,538</b>	<b>2%</b>	<b>\$ 882,205</b>	<b>1%</b>	<b>\$ 158,332</b>	<b>\$ 15,667,996</b>	<b>3%</b>	<b>\$ 15,827,070</b>	<b>4%</b>	<b>\$ (159,074)</b>

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

<b>Current Month</b>					<b>Year to Date</b>			
Actual	Budget	Variance \$	Variance %		Actual	Budget	Variance \$	Variance %
\$ 1,222,472	\$ 1,330,218	\$ 107,746	8.1%	Personnel	\$ 9,273,632	\$ 11,011,930	\$ 1,738,297	15.8%
1,050,677	854,802	(195,875)	-22.9%	Non-Personnel	7,554,663	6,838,417	\$ (716,247)	-10.5%
2,273,149	2,185,020	(88,129)	-4.0%	Total Administrative Expense	16,828,296	17,850,346	1,022,051	5.7%

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

**Eight months ENDED February 28, 2015**

	Cal MediConnect (CMC)		Healthy Kids	Agnews	Grand Total	
	Medi-Cal	Medi-Cal CMC				Medicare
<b>P&amp;L (ALLOCATED BASIS)</b>						
REVENUE	471,005,839	1,729,637	12,761,097	\$3,380,978	1,125,275	<b>\$490,002,826</b>
MEDICAL EXPENSES (MLR)	434,600,382 92.3%	1,660,355 96.0%	13,707,042 107.4%	3,141,778 92.9%	547,748 48.7%	<b>\$453,657,305</b> <b>92.6%</b>
GROSS MARGIN	36,405,457	69,282	(945,944)	239,200	577,527	<b>36,345,521</b>
ADMINISTRATIVE EXPENSES (% MM allocation except CMC)	15,950,461	59,401	438,258	371,517	8,658	<b>16,828,296</b>
OPERATING INCOME/(LOSS)	20,454,996	9,881	(1,384,202)	(132,317)	568,868	<b>19,517,225</b>
OTHER INCOME/EXPENSE (% of Revenue Allocation)	(3,699,998)	(13,587)	(100,245)	(26,559)	(8,840)	<b>(3,849,229)</b>
NET INCOME/ (LOSS)	\$16,754,998	<b>(\$3,707)</b>	<b>(\$1,484,447)</b>	<b>(\$158,876)</b>	\$560,029	<b>\$15,667,996</b>
<b>PMPM (ALLOCATED BASIS)</b>						
REVENUE	\$281.89		\$1,088.92	\$86.87	\$1,240.66	<b>\$284.48</b>
MEDICAL EXPENSES	260.10		1,169.64	80.73	603.91	<b>263.38</b>
GROSS MARGIN	21.79		(80.72)	6.15	636.74	<b>21.10</b>
ADMINISTRATIVE EXPENSES	9.55		37.40	9.55	9.55	<b>9.77</b>
OPERATING INCOME/(LOSS)	12.24		(118.12)	(3.40)	627.20	<b>11.33</b>
OTHER INCOME / (EXPENSE)	(2.21)		(8.55)	(0.68)	(9.75)	<b>(2.23)</b>
NET INCOME / (LOSS)	\$10.03		<b>(\$126.67)</b>	<b>(\$4.08)</b>	\$617.45	<b>\$9.10</b>
<b>ALLOCATION BASIS:</b>						
MEMBER MONTHS - YTD	1,670,879		11,719	38,918	907	<b>1,722,423</b>
Non-CMC Member MONTHS by LOB	97.7%			2.3%	0.1%	<b>100%</b>
Revenue by LOB	96.1%	0.4%	2.6%	0.7%	0.2%	<b>100%</b>

**Santa Clara Family Health Plan**  
**Statement of Cash Flows**  
**For Eight months Ended February 28, 2015**

Cash flows from operating activities	
Premiums received	\$ 503,485,062
Medical expenses paid	\$ (398,673,718)
Administrative expenses paid	<u>\$ 7,506,992</u>
Net cash from operating activities	\$ 112,318,336
Cash flows from capital and related financing activities	
Purchases of capital assets	\$ (917,658)
Cash flows from investing activities	
Interest income and other income, net	<u>\$ 114,173</u>
Net (Decrease) increase in cash and cash equivalents	<u>\$ 111,514,850</u>
Cash and cash equivalents, beginning of year	<u>\$ 38,802,506</u>
Cash and cash equivalents at February 28, 2015	<u><u>\$ 150,317,357</u></u>
Reconciliation of operating income to net cash from operating activities	
Operating income (loss)	\$ 15,553,823
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	\$ 260,522
Changes in operating assets and liabilities	
Premiums receivable	\$ (8,869,762)
Due from Santa Clara Family Health Foundation	\$ 67,085
Prepays and other assets	\$ 5,614,686
Accounts payable and accrued liabilities	\$ 22,389,567
Capitation payable	\$ 28,556,022
Employee benefit liabilities	\$ 33,914
Advance premium - Healthy Kids & CMC	\$ 6,516,276
Reserve for Rate Reductions	\$ 15,768,638
Incurred but not reported claims payable and risk share payments payable	<u>\$ 26,427,565</u>
Total adjustments	<u>\$ 96,764,512</u>
Net cash from operating activities	<u><u>\$ 112,318,336</u></u>



**Santa Clara Family Health Plan Enrollment Summary**

For the Month of February 2015

YTD Eight months Ending February 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	218,832	186,430	17.4%	1,670,879	1,486,101	12.4%	1,216,499	37.4%
Healthy Kids	4,682	5,196	( 9.9%)	38,918	41,568	( 6.4%)	42,844	( 9.2%)
Medicare	6,162	6,291	( 2.1%)	11,719	12,244	( 4.3%)		
Agnews	113	116	0.0%	907	928	0.0%	961	( 5.6%)
<b>Total</b>	<b>229,789</b>	<b>198,033</b>	<b>16.0%</b>	<b>1,722,423</b>	<b>1,540,841</b>	<b>11.8%</b>	<b>1,263,911</b>	<b>36.3%</b>

**Santa Clara County Health Authority  
February 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	14,469	7%	163	3%	6,162	100%	113	100%	20,907	9%
SCVHHS, Safety Net Clinics, FQHC Clinics	119,321	55%	3,175	68%	0	0%	0	0%	122,496	53%
Palo Alto Medical Foundation	5,411	2%	47	1%	0	0%	0	0%	5,458	2%
Physicians Medical Group	41,622	19%	1,133	24%	0	0%	0	0%	42,755	19%
Premier Care	14,777	7%	164	4%	0	0%	0	0%	14,941	7%
Kaiser	<u>23,232</u>	<u>11%</u>	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0%</u>	<u>23,232</u>	<u>10%</u>
Total	<u>218,832</u>	<u>100%</u>	<u>4,682</u>	<u>100%</u>	<u>6,162</u>	<u>100%</u>	<u>113</u>	<u>100%</u>	<u>229,789</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>17.0%</u>		<u>-12.0%</u>				<u>-1.7%</u>		<u>19.4%</u>	

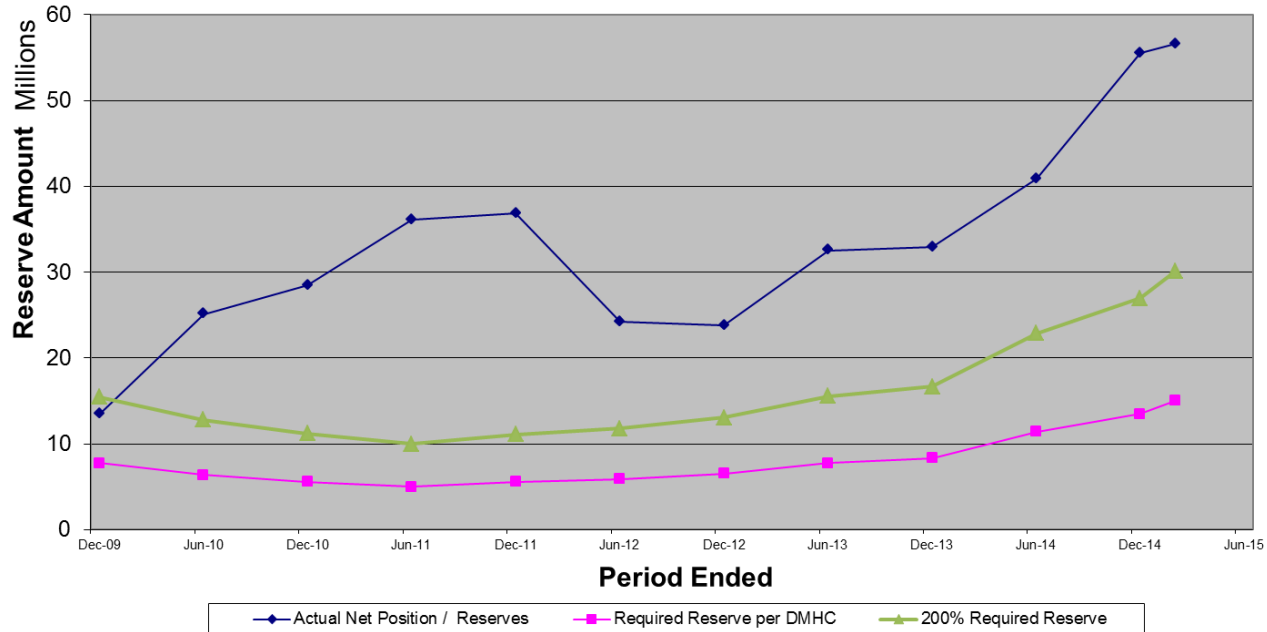
## Santa Clara Family Health Plan Enrollment by Aid-Category

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Family	109,831	111,901	106,894	108,026	109,658	111,202	112,661	113,000
Aged - Medi-Cal Only	6,414	6,466	6,361	6,335	6,359	6,391	6,262	6,291
Disabled - Medi-Cal Only	11,585	11,582	11,511	11,499	11,494	11,460	11,299	11,233
Child (HF conversion)	26,041	25,846	21,972	20,886	20,535	19,422	17,672	16,795
Adult Expansion	32,118	36,839	43,498	48,649	53,024	56,439	59,716	60,307
<b>Total Non-Duals</b>	<b>185,989</b>	<b>192,634</b>	<b>190,236</b>	<b>195,395</b>	<b>201,070</b>	<b>204,914</b>	<b>207,610</b>	<b>207,626</b>
Aged -Duals	5,377	6,510	7,490	6,877	6,988	6,862	6,314	7,604
Disabled - Duals	3,305	3,741	4,140	3,870	3,900	3,835	2,877	3,370
Other Duals	328	326	314	316	313	312	204	232
<b>Total Duals</b>	<b>9,010</b>	<b>10,577</b>	<b>11,944</b>	<b>11,063</b>	<b>11,201</b>	<b>11,009</b>	<b>9,395</b>	<b>11,206</b>
<b>Total Medi-Cal</b>	<b>194,999</b>	<b>203,211</b>	<b>202,180</b>	<b>206,458</b>	<b>212,271</b>	<b>215,923</b>	<b>217,005</b>	<b>218,832</b>
Healthy Kids	5,081	4,983	4,910	4,858	4,762	4,820	4,822	4,682
Agnews	114	114	114	113	113	113	113	113
CMC	0	0	0	0	0	0	5,557	6,162
<b>Total Enrollment</b>	<b>200,194</b>	<b>208,308</b>	<b>207,204</b>	<b>211,429</b>	<b>217,146</b>	<b>220,856</b>	<b>227,497</b>	<b>229,789</b>

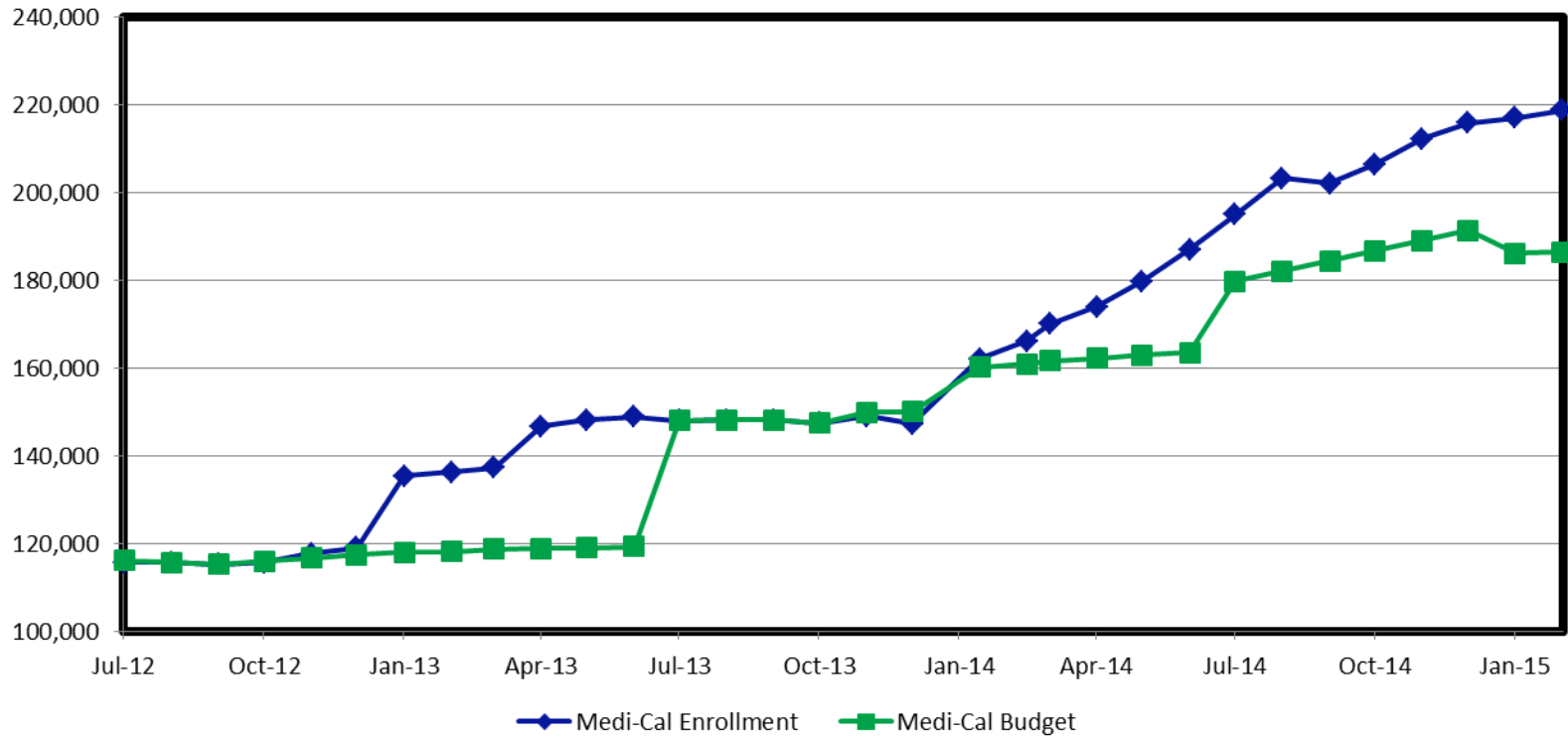
**Santa Clara County Health Authority  
Tangible Net Equity - Actual vs. Required  
As of Period Ended:**

	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	2/28/2015
<b>Actual Net Position / Reserves</b>	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	55,500,038	56,540,576
<b>Required Reserve per DMHC</b>	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
<b>200% of Required Reserve</b>	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

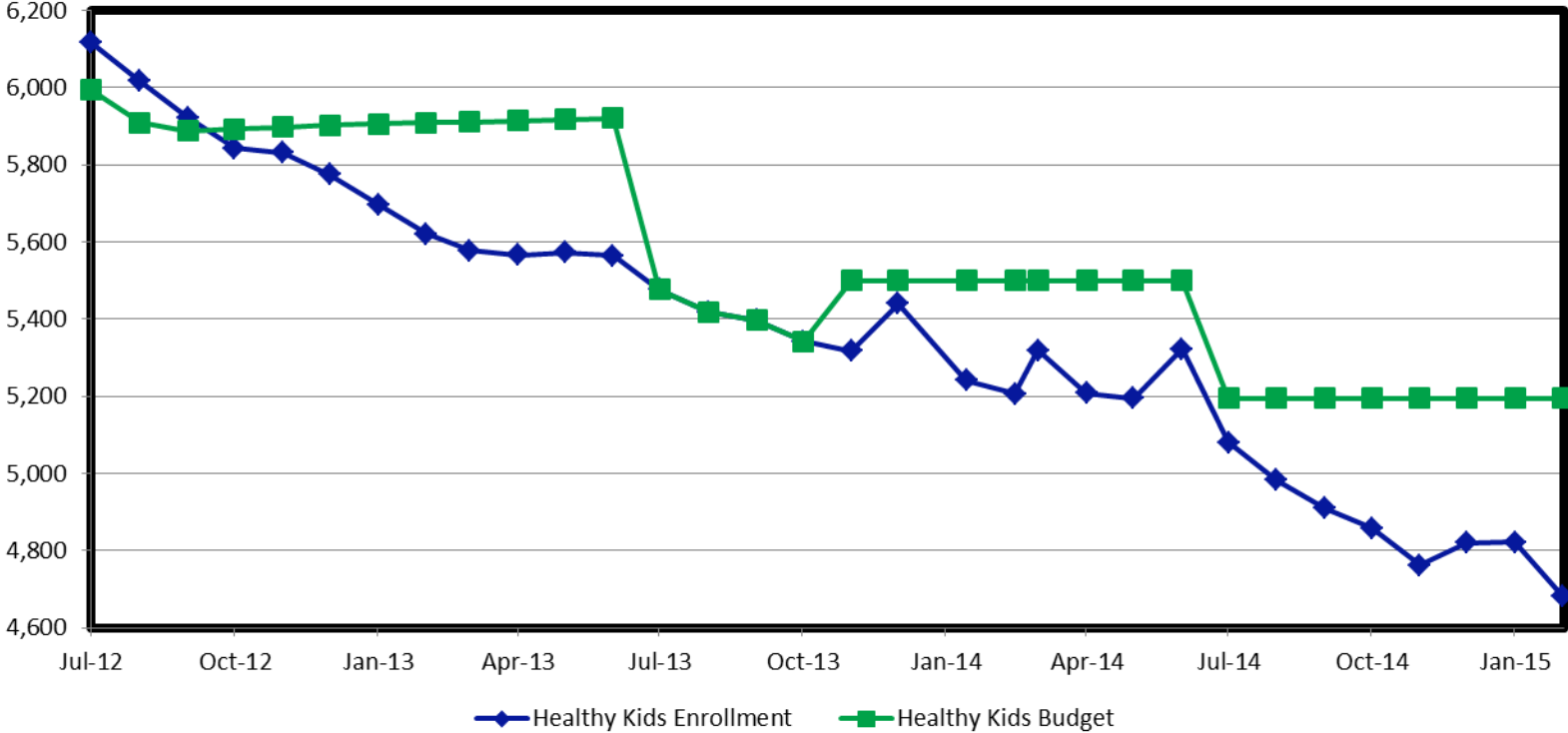
**TNE Actual vs. Required**



## SCFHP Medi-Cal Enrollment as of February 2015



### SCFHP Healthy Kids Enrollment as of February 2015



# DRAFT

## Santa Clara Family Health Plan Annual Investment Policy 2015

### I. PURPOSE

This Annual Investment Policy sets forth the investment guidelines and structure for the investment of short term operating funds and any Board-designated reserve funds invested on and after \_\_\_\_\_, 2015, of the Santa Clara Family Health Plan (SCFHP) which was established by the Santa Clara County Board of Supervisors under Ordinance 300.576 and licensed by the State of California under the Knox-Keene Act of 1975 in 1996.

Investments may only be made as authorized by this Annual Investment Policy. SCFHP is required to invest its funds in accordance with the California Government Code Sections 27130 et seq., Sections 53635 and/or 53601 et seq., Section 1346 of the Knox Keene Act of 1975 as well as the Prudent Investment Standard.

*The Prudent Investor Standard: When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including but not limited to, the general economic conditions and the anticipated needs of SCFHP, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency (California Government Code Section 53600.3).*

### II. OBJECTIVE

The objective of this Policy is to ensure that SCFHP funds not required for the immediate needs of SCFHP are prudently invested to ensure:

1. Preservation of capital,
2. Maintenance of sufficient liquidity to meet the operating requirements,
3. A market-average rate of return through economic cycles, and
4. Diversification of the portfolio to avoid incurring unreasonable market risks.

### III. ETHICS AND CONFLICTS OF INTEREST

SCFHP's officers, employees and Board members involved in the investment process shall refrain from personal and professional business activities that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. SCFHP's officers and employees involved in the investment process are not permitted to have any

material financial interests in financial institutions, including state or federal credit unions, that conduct business with SCFHP, and they are not permitted to have any personal financial or investment holdings that could be materially related to the performance of SCFHP's investments.

#### IV. DELEGATION OF AUTHORITY

The Board of Directors is responsible for the Annual Investment Policy of the SCFHP which sets forth the management and oversight of SCFHP's investment program. Investments may only be made as authorized by this Annual Investment Policy. Management responsibility for the investment program is hereby delegated to SCFHP's Chief Financial Officer as appointed by the Board of Directors. No person may engage in investment transactions except as provided under the terms of this Annual Investment Policy and the procedures established by the Chief Financial Officer.

The Board has directed that available excess funds be deposited with the County Treasurer into the County of Santa Clara Commingled Investment Pool which is managed by the County Treasurer in accordance with the policies contained in the County of Santa Clara Treasury Investment Policy, now in effect and which may be revised from time to time.

Day-to-day managing, reporting, and oversight of the investment contractual obligations between the County Treasurer and SCFHP shall be the responsibility of SCFHP's Chief Financial Officer. The Chief Financial Officer shall periodically report to the Executive Committee of the Board of Directors regarding the status of SCFHP's investment in the Pool including any significant events or deviations from Santa Clara County Investment Policy affecting SCFHP's funds. Any recommended modifications to SCFHP's participation in the County Pool will be first provided to the Executive Committee

Comment [MV1]:

#### V. DOCUMENTS

The following documents have been reviewed by County counsel and approved by the SCFHP Board of Directors to support the investment relationship between the County of Santa Clara and SCFHP:

- County of Santa Clara Investment Pool Disclosure and Agreement for Voluntary Deposit:

*This document states that SCFHP has provided funds to Santa Clara County Treasurer for investment, and that these funds are owned by and available to SCFHP for the purpose of SCFHP's use. This agreement spells out the rules for participating in the Pool and establishes the frequency and amount of funds that can be removed from the Pool at any particular time.*

- County of Santa Clara Treasury Investment Policy:

*The County of Santa Clara Treasury Investment Policy, as approved annually by the Santa Clara Board of Supervisors, details the investment policy, practices, and goals of the County of Santa Clara based on compliance with State law and prudent money management. The policy includes sections on the Standards of Care, the County Treasury Oversight Committee, Eligible, Authorized and*



*Suitable Investments, Internal Controls and Accounting, and Reporting. It is the responsibility of the County Treasury Oversight Committee to approve the investment policy prepared annually by the County Treasurer, to review and monitor the quarterly investment reports prepared by the County Treasurer, to review depositories for County funds and broker/dealers and banks as approved by the County Treasurer, and to cause an annual audit to be conducted to determine the County Treasury's compliance with all relevant California Government Code statutes and County of Santa Clara ordinances and the County Treasury Investment Policy.*

- County of Santa Clara Treasury Quarterly Report

*This quarterly investment report is provided to SCFHP as a voluntary participant and other participants whose funds are maintained and invested by the Treasurer of the County of Santa Clara, This report discloses a quarter end listing of the Pool's investment holdings, a portfolio summary of cost values versus market values and yields, a summary of portfolio strategy, diversification and credit compliance of permitted investments,, and a listing of all transactions that have taken place during the reporting period.*

- SAP Balance and Interest Earnings of SCFHP Invested Funds

*SCFHP periodically receives from the County of Santa Clara SAP reports that list the fund balance as well as interest earnings which is apportioned by the County Treasurer to SCFHP based upon the average daily balance of SCFHP funds on deposit for each quarter. The costs of the County's administration services for banking and investment functions are allocated against the earnings of the Pool prior to apportionment of earnings.*

## V. REVIEW OF ANNUAL INVESTMENT POLICY

At least annually and more frequently as needed, the SCFHP Board of Directors will review this Annual Investment Policy at a regular meeting of the Board. Any recommended changes to the Policy, including modifications to current investment strategy, oversight procedures including internal controls will first be brought to the Executive Committee by the CFO for review and approval prior to presentation to the Board. The Executive Committee and Board of Directors will be supported in this work by the CFO and the SCFHP Vice President/General Counsel for financial and legal issues, respectively.

Any modifications to this Annual Investment Policy will be made in accordance with California Government Code Sections 27130 et seq., Sections 53635 and/or 53601 et seq., Section 1346 of the Knox Keene Act of 1975 as well as the prudent investment standard.

Draft 10-20-2014

# Santa Clara Family Health Plan Annual Investment Policy

2015

## I. PURPOSE

This Annual Investment Policy sets forth the investment guidelines and structure for the investment of short term operating funds and any Board-designated reserve funds invested on and after \_\_\_\_\_, 2015, of the Santa Clara Family Health Plan (SCFHP) which was established by the Santa Clara County Board of Supervisors under Ordinance 300.576 and licensed by the State of California under the Knox-Keene Act of 1975 in 1996.

Investments may only be made as authorized by this Annual Investment Policy. SCFHP is required to invest its funds in accordance with the California Government Code Sections 27130 et seq., Sections 53635 and/or 53601 et seq., Section 1346 of the Knox Keene Act of 1975 as well as the prudent investment standard.

*The Prudent Investor Standard: When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including but not limited to, the general economic conditions and the anticipated needs of SCFHP, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency (California Government Code Section 53600.3).*

### 1. Policy Statement

SCFHP will ensure that its funds are invested in accordance with State law, and that the Plan's assets are adequately managed and protected by the County of Santa Clara.

### 2. Purpose

Set forth mechanisms and procedures to ensure SCFHP assets are invested in accordance with State law.

### 3. Background

4. Santa Clara County established the Santa Clara health Authority through Ordinance 300.576. This ordinance, in accordance with § 14087.38 of the Welfare & Institutions Code, establishes the Santa Clara Health Authority (Santa Clara Family Health Plan) and states that the Plan has all the powers, express or implied, given to the County as a health authority.

5.

Comment [MW1]: We recommend an annual review, discuss any changes to Govt Code, any objectives of SCFHP, etc

Formatted: Font: 14 pt

Formatted: Font: Palatino Linotype, 14 pt

Formatted: Font: 14 pt

Formatted: Font: 14 pt

Formatted: Font: Bold

Formatted: Indent: Left: 0.75"

Formatted: Font: Italic

Formatted: Font: Palatino Linotype, Bold

Formatted: Normal, Indent: Left: 0.25"

Formatted: Normal, Indent: Left: 0.5", Space After: 0 pt

Formatted: Font: Palatino Linotype

Formatted: Normal, Indent: Left: 0.5"

Formatted: Normal, Indent: Left: 0.5", Space After: 0 pt, No bullets or numbering

Formatted: Normal, Indent: Left: 0.5", Space After: 0 pt

Formatted: Font: Bold

~~6. SCFHP is required to invest its funds in accordance with Government Code Sections 27130 et seq., Government Code Sections 53635 and or 53601, as well as § 1346 of the Knox-Keene Act. The Government Code Sections govern the investment of all public funds, including those of the Plan, local governments and those of California State Governments. SCFHP invests its funds through the County of Santa Clara Commingled Fund. This arrangement provides SCFHP with the highest surety that its assets are protected and that investment decisions and strategies are in accordance with State laws governing the investment of public funds.~~

## II. OBJECTIVE

The objective of this Policy is to ensure that SCFHP funds not required for the immediate needs of SCFHP are prudently invested to ensure:

1. Preservation of capital,
2. Maintenance of sufficient liquidity to meet the operating requirements,
3. A market-average rate of return through economic cycles, and
4. Diversification of the portfolio to avoid incurring unreasonable market risks.

Formatted: Space Before: 12 pt

Formatted: Font: Palatino Linotype

Formatted: Font: Bold

## III. ETHICS AND CONFLICTS OF INTEREST

SCFHP's officers, employees and Board members involved in the investment process shall refrain from personal and professional business activities that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. SCFHP's officers and employees involved in the investment process are not permitted to have any material financial interests in financial institutions, including state or federal credit unions, that conduct business with SCFHP, and they are not permitted to have any personal financial or investment holdings that could be materially related to the performance of SCFHP's investments.

## IV. DELEGATION OF AUTHORITY

~~The Board of Directors of the SCFHP is responsible for the management and oversight of SCFHP's investment program. The Board has directed that available excess funds be deposited with the County Treasurer into the County of Santa Clara Commingled Investment Pool and which will be invested by the County Treasurer in accordance with the policies contained in the County of Santa Clara Treasury Investment Policy, now in effect and which may be revised from time to time. As per the deposit requirements for county health plans under California Health and Safety Code Section 1346 and 1376.1, depositing SCFHP's excess funds with the County of Santa Clara is permitted if:~~

Formatted: Font: Bold

Formatted: Space After: 0 pt, Line spacing: single

Formatted: Font: Bold

- (a) All of the evidence of indebtedness of the county, has been rated "A" or better by Moody's Investors Service, Inc. or Standard & Poor's Corporation, based on a rating conducted during the immediately preceding 12 months.

Formatted: Space After: 8 pt

Formatted: Font: Palatino Linotype

Formatted: Indent: Left: 0.75", Space After: 8 pt, No bullets or numbering

(b) The county has cash or cash equivalents in an amount equal to fifty million dollars or more, based on its audited financial statements for the immediately preceding fiscal year.

Formatted: Space After: 0 pt

The day-to-day managing, reporting, and oversight of the investment contractual obligations between the County and SCFHP shall be the responsibility of SCFHP's Chief Financial Officer.

Formatted: Font: Palatino Linotype

Formatted: Normal, Space After: 0 pt, No bullets or numbering

Formatted: Indent Left: 0"

## **V. DOCUMENTS**

Formatted: Font: Bold

### Documentation Between SCFHP and the County of Santa Clara

The following documents have been reviewed by County counsel and approved by the SCFHP Board of Directors to support the investment relationship between the County of Santa Clara and SCFHP:

Formatted: Indent Left: 0"

- County of Santa Clara Investment Pool Disclosure and Agreement for Voluntary Deposit;

- *This document states that SCFHP has provided funds to Santa Clara County for investment investment, and that these funds are owned and available to SCFHP for the purpose of SCFHP's use. This agreement spells out the rules for participating in the Pool and establishes the frequency and amount of funds that can be removed from the Pool at a particular time.*

Formatted: Indent Left: 0.75", No bullets or numbering

- County of Santa Clara Treasury Investment Policy;

- *This documentThe County of Santa Clara Treasury Investment Policy, as approved annually by the Santa Clara Board of Supervisors, details the investment policy, practices, and goals of the County of Santa Clara based on compliance with State law and prudent money management. The report policy includes sections on the Standards of Care, the County Treasury Oversight Committee, Eligible, Authorized and Suitable Investments, Internal Controls and Accounting, and Reporting. It is the responsibility of the County Treasury Oversight Committee to approve the investment policy prepared annually by the County Treasurer, to review and monitor the quarterly investment reports prepared by the County Treasurer, to review depositories for County fund and broker/dealers and banks as approved by the County Treasurer, and to cause an annual audit to be conducted to determine the County Treasury's compliance with all relevant California Government Code statutes and County of Santa Clara ordinances and the County Treasury Investment Policy.*

Formatted: Indent Left: 0.75", No bullets or numbering

- County of Santa Clara Treasury Quarterly Report

- *This quarterly investment report is provided to all entities SCFHP as a voluntary participant and other participants -whose funds are maintained and invested by the*

Formatted: Indent Left: 0.75", No bullets or numbering

Formatted: Indent Left: 1.5", No bullets or numbering

~~Treasurer of the County of Santa Clara, presents a "clear status~~ This report discloses a quarter end listing of the Pool's investment holdings, a portfolio summary of cost values versus market values and yields, a summary of portfolio strategy, diversification and credit compliance of permitted investments, ~~of the current investment portfolio, quarterly transactions, investment philosophy and market actions and trends: including specific information on purchases and a listing of all transactions that have taken place in during the reporting period.~~

Formatted: Font: Palatino Linotype, Italic

Formatted: Normal, Indent: Left: 0.75", No bullets or numbering

● ~~SAP Accounting System Reports Detailing Balance and Interest Earnings of SCFHP Fund~~

Formatted: Indent: Left: 0.5", First line: 0.5", No bullets or numbering

● SAP Balance and Interest Earnings of SCFHP Invested Funds

Formatted: Bulleted + Level: 1 + Aligned at: 0.5" + Indent at: 0.75"

~~The County of Santa Clara utilizes SAP as its accounting system. SCFHP periodically receives from the County of Santa Clara SAP reports that list Accounting staff periodically receives from the County of Santa Clara SAP reports that list the fund balance as well as interest earnings that have occurred, which is apportioned by the County Treasurer to all Pool participants based upon the average daily balance of SCFHP funds on deposit for each quarter.~~

Formatted: Indent: Left: 0.75"

Formatted: Font: Italic

Comment [MV2]: What is the frequency of the earnings report?

**VI. REVIEW OF INVESTMENT POLICY**

Formatted: Font: Bold

Formatted: Font: Bold

~~Review and Approval by the SCFHP Board of Directors:~~

~~On an~~At least annually basis, and more frequently as needed, the SCFHP Board of Directors will be presented with the County of Santa Clara Investment Policy. Any recommended changes to the Policy, including modifications to current investment strategy, oversight procedures including internal controls will be first be brought to the Executive Committee by the CFO for review and approval prior to presentation to the Board. This item will be agendaized for approval. The Investment Policy and the related Quarterly Reports to present any areas of concern or questions at the time the full Board discusses the item, as well as a recommendation for approval if deemed appropriate. The Investment Executive Committee and the full SCFHP Board of Directors will be supported in this work by the SCFHP CFO and the SCFHP VP Vice President/General Counsel for financial and legal issues, respectively. If the Investment Committee is not able to carry out this function, it will be carried out by the Executive Committee of the Board of Directors.

Formatted: Space After: 0 pt, Line spacing: single

Any modifications to this Investment Policy, including withdrawal from the County of Santa Clara Commingled Investment Pool, will be made in accordance with California Government Code Sections 27130 et seq., Sections 53635 and/or 53601 et seq., Section 1346 of the Knox Keene Act of 1975 as well as

Formatted: Indent: Left: 0", Space After: 0 pt, Line spacing: single

Formatted: Space After: 0 pt, Line spacing: single

Formatted: Indent: Left: 0", Space After: 0 pt, Line spacing: single

the prudent investment standard. Any request for withdrawal of funds from the County Pool shall require prior written approval from the County Treasurer to ensure that the interests of the other depositors in the County Pool will not be adversely affected.

Formatted: Indent: Left: 0"

~~If the Board of Directors were to not approve the continued use of the County's Commingled Fund because of a conclusion that the investments were improper or not consistent with legal requirements, the Plan would prepare a letter to the County Controller stating the concerns and asking for documentation or a meeting to resolve the issues. If resolution were not to be achieved, the Plan VP/General Counsel and CFO would contact DMHC for guidance regarding the investment issues(s).~~

REF

October 20, 2014

To: Dave Cameron

From: Martha Vujovich, Sperry Capital

Re: Summary of Recommended Changes to Investment Policy

This new Investment Policy which essentially leaves many of the provisions of the current policy in place, has been reorganized and modestly expanded to provide additional information and direction to the SCFHP Board in its oversight role. We believe the new revised policy is consistent with other policies of similar local agencies we have reviewed, and is in keeping with the recommendations found in the California Debt and Investment Advisory Commission's Local Agency Investment Guidelines (version 14.05). Except for county governments, the Code does not contain specific provisions that must be included in the investment policy of a local agency, however, we believe that this new policy tracks the essential elements of prudent investment of public funds.

New Section I. Purpose:

- This section combines the Policy Statement and Purpose of the current policy with additional information.
- The existence of an approved and annually updated policy demonstrates that the governing body is fiducially responsible; that the policy is timely and updated as needed.
- This Section establishes the foundation of how funds will be invested.
- This Section includes the prudent investor standard. All persons authorized to make investment decisions on behalf of local agencies are fiduciaries subject to the prudent investor standard per the California Government Code Section 53600.3.

New Section II. Objective:

- This new section sets forth the hierarchy of objectives of the Investment Policy. There were none called out in the current policy other than the funds are to be invested in accordance with State law.
- Diversification is a new objective to consider given that all funds are invested in the County Pool.

The County Pool is mandated by the Code regarding maximum percentages and maturities of permitted investment securities, and therefore, the Pool is diverse. However, by investing all funds in the County Pool, SCFHP's funds are subject to the management and investment policies/ strategies and oversight of one entity only.

- In the current policy under the Background section, it states that by investing funds in the County of Santa Clara Commingled Fund, the SCFHP is provided with the highest surety that its assets are protected. We believe that statement is a delegation of authority and is now modified and included in Section IV.

### New Section III. Ethics and Conflicts of Interest:

- Given the bankruptcy of Orange County and the financial decline of several California cities in recent years, increased public scrutiny is being given to local agency investment policies and strategies. The inclusion of this section speaks to the fiduciary responsibility of the Board. It is not mandated by the Code, but is recommended. There is a similar section in the County's Investment Policy.

### New Section IV. Delegation of Authority:

- This section tracks the delegation of authority for the investment policy.
- This sections details the day-to-day managing, reporting and oversight obligations.
- This section directs that SCFHP funds be deposited with the County Treasurer.
- This section requires that periodic updates regarding the investment of funds in the County Pool be reported to the Executive Committee of the Board.
- This section declares that this policy may be revised at any time.

### Revised Section V. Documents:

- This section remains largely unchanged regarding the listing of the documents that exist to support the current investment relationship between SCFHP and the County of Santa Clara.
- These documents have been reviewed by Sperry Capital and includes expanded descriptions of these documents.

### New Section VI. Review of Annual Investment Policy:

- This section sets forth the requirement that the investment policy will be reviewed at least annually at a regular meeting of the Board.
- It states the procedural steps that will be taken to modify the investment policy, strategy or oversight controls.
- This section deletes the statement that the SCFHP Board of Directors will approve the County of Santa Clara Investment Policy. Sperry Capital does not believe that should be the purview of the Board. The investment strategy of the County Pool and review of the related Quarterly Investment Reports should be reviewed by staff and periodically reported to the Executive Committee and subsequently to the Board.
- Should the CFO recommend any changes in the current investment strategy to the Board, i.e. ongoing participation in the County Pool, the new Section IV Delegation of



Authority provides that any such changes be first brought to the Executive Committee for approval.

- This section deletes Investment Committee reference. This function is currently provided by the Executive Committee.
- Reporting of any significant events of investment in the County Pool that deviate from the County Investment Policy are now addressed in Section IV. Delegation of Authority.

### Future Considerations:

As SCFHP expands and investible fund balances grow over the next several years, you may want to consider alternative investment options some of which are detailed in our White Paper dated October 2014 for purposes of diversification. Any modifications from the current strategy of directing excess funds to the Santa Clara County investment pool will require an amended investment policy, which of course, can be done at any time.

## Santa Clara Family Health Plan's Investment Policy and Program

White Paper - October 2014

At the request of the Chief Financial Officer of the Santa Clara Family Health Plan (SCFHP), Sperry Capital was engaged to review SCFHP's current Investment Policy, the Board of Directors' objectives of the Investment Policy, current oversight procedures and available alternative investment options for future consideration. This white paper summarizes our research, recommendations for fine tuning the investment policy and a brief discussion of future investment options that are available to SCFHP as it grows over the next several years.

The California Debt and Investment Advisory Commission states in its 2014 Local Agency Investment Guidelines, "The investment policy serves as the foundation of a local agency's investment goals and priorities. If the investment policy is carefully researched, effectively drafted, and reviewed regularly to assure that it continues to meet the agency's goals/priorities for its portfolio, it can help protect the assets of the organization. The existence of an approved investment policy demonstrates that the governing body is fiducially responsible, thereby promoting trust and confidence from the public that it serves."

We believe that a periodic review of SCFHP's investment policy and procedures is in keeping with prudent investor management and the fiduciary oversight responsibilities of the Board and staff. We recommend that an annual review of the Investment Policy be performed to ensure that all assets continue to be invested in accordance with the Board objectives and as outlined in the California Government Code's investment guidelines for local agencies. By presenting the Investment Policy annually for discussion and approval at a regularly scheduled Board meeting, the Board provides transparency and disclosure regarding its fiduciary responsibility of prudent investment management.

### Investment Management of SCFHP Funds

SCFHP's current Investment Policy, as previously approved by its Board of Directors, directs that available funds for investment be deposited into the County of Santa Clara Commingled Investment Pool (County Pool) which is managed by the County Finance Administration Department (County Treasurer). This action is permitted under the Knox-Keene Health Care Service Plan Act of 1975 (California Health and Safety Code § 1346) under which the Santa Clara County Health Authority was licensed in 1996.

"ARTICLE 2. ADMINISTRATION, § 1346. Powers of director

(a) The director shall administer and enforce this chapter and shall have the following powers:

(11) Determine that investments of a plan's assets necessary to meet the requirements of

Section 1376 are acceptable. For those purposes, reinvestment in the plan and investment in any obligations set forth in Article 3 (commencing with Section 1170) of, and Article 4 (commencing with Section 1190) of, Chapter 2 of Part 2 of Division 1 of the Insurance Code shall be considered acceptable. All other assets shall be invested in a prudent manner.”

Voluntary participants in the County Pool must execute the County’s Disclosure and Agreement for Voluntary Deposits which outlines the terms and conditions of participation, including certain constraints on deposits and withdrawals from the County Pool. Before any funds can be withdrawn, the County Treasurer will determine if the proposed withdrawal will adversely affect the interests of the other depositors in the County Pool. Participants agree to give the County Treasurer at least five working days’ notice prior to any withdrawal exceeding \$ 2 million and at least ten working days’ notice prior to any withdrawal exceeding \$10 million. The County’s administration and banking costs are allocated against the earnings of the Pool prior to the apportionment of earnings.

#### Investment Management of County Pooled Funds

Regulations governing the investments of a “local agency” are under California Government Code §§ 27000 and 53600. These include funds invested by a county treasurer. (“Local agency” is a county, city, city and county, including a chartered city or county, school district, community college district, public district, county board of education, county superintendent of schools or any public or municipal corporation.)

The county treasurer serves as a fiduciary and is subject to the prudent investor standard which is defined in the California Government Code (§ 27000.3) as: “they shall act with care, skill, prudence, and diligence under the circumstances then prevailing when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing funds; [ it further ] stipulates that the primary objective of any person investing public funds is to safeguard principal; secondly, to meet the liquidity needs of the depositor; and lastly, to achieve a return or yield on invested funds.”

SCFHP’s participation as a voluntary depositor in the County Pool requires that a fiduciary responsibility is retained by SCFHP’s Board of Directors to periodically review the Investment Policy of the County of Santa Clara and the published Quarterly Investment Reports.

#### Review of County of Santa Clara Treasury Investment Policy (approved December 17, 2013)

Sperry Capital reviewed the County of Santa Clara Treasury Investment Policy (“County Investment Policy”) and found that it is a comprehensive policy which includes stated objectives, a risk mitigation discussion, standards of care, procedures for authorized financial dealers and institutions, establishment of an oversight committee, permitted investments,

segregated investments, safekeeping and custody of investments, temporary loans to Pool participants, internal controls and reporting, among other items.

The County Treasurer utilizes an outside investment advisory firm, FTN Financial Main Street Advisors (“FTN Advisors”) as an investment resource for the County’s investment staff and to provide periodic investment oversight reports as requested. We reviewed the May 17, 2013 County of Santa Clara Investment Program Review which provided a comprehensive analysis of the County Pool’s compliance with the California Government Code and the County’s Investment Policy. The review also analyzed current investment strategy, objectives, staffing, reporting, a credit and diversification analysis of the portfolio, appropriateness of benchmarks, cash flow modeling, investment accounting and financial market analysis. FTN Advisors also provided suggestions to enhance procedures and investment strategy to improve returns in keeping with the Policy’s safety and liquidity objectives. Over the last several months, the County treasury investment staff has implemented several suggestions detailed in the report.

While it was not our task to review the work of FTN Advisors, we believe their 2013 Program Review provides a foundation for understanding the investment strategy and oversight activities practiced by the County Treasury staff for the County Pool. By retaining FTN Advisors as an investment advisor resource, the County Treasury staff appears to have a competent, experienced outside resource for accessing and comparing investment accounting systems, comparative local agency investment policies, investment strategies to consider, market research, market analytics, daily market evaluation of portfolio, cash flow reporting and other investment advisory best practices.

### County of Santa Clara Treasury Quarterly Investment Report

The County Treasury staff prepares a Quarterly Investment Report (QIR) for the Santa Clara Board of Supervisors which is distributed to all County Pool participants including SCFHP.

The elements of the QIR, as required and recommended under California Code §§ 53646 and 53607 includes: a listing of investments, fund balances, activity, and return on investments made by the local agency reflecting current positions and past performance of the portfolio for the quarter. Specifically, the following information regarding the Pool’s investments are required:

- Type of investment (ex. US Treasury, Agency, etc.)
- Issuer name;
- Date of maturity;
- Par amount;
- Dollar amount invested in all securities;
- A description of the funds, investments, and programs managed by contracted parties (ex. LAIF, outside money managers, securities lending agents);
- Current market value as of the date of the report of the Pool portfolio;

- A statement of compliance with the County's investment policy or an explanation of non-compliance;
- A statement of the County's ability to meet its Pool's expenditure requirements for the next six months; as well as an explanation of why sufficient money will not be available if that is the case.

We reviewed several past County QIRs and confirm that the required information is included and reported to SCFHP.

Findings/Considerations:

*(a) Liquidity Needs*

We understand that due to the mismatch in timing of receipts and provider payments, liquidity requirements can vary greatly. At most times the cash on hand averages less than 40 days for cash requirements for outlays. If the SCFHP investments were limited to 30-40 days, the rate of return would be about 0.01%, that of a short term money market fund. Investing in the Santa Clara County Pool has provided the SCFHP with a cost effective investment tool which provides adequate flexibility for deposits and withdrawals and an above average rate of return on investment. As a voluntary participant in the County Pool, SCFHP has been able to maximize its investment earnings by taking advantage of the County Pool's diversification of Pool participants, substantial portfolio size, diversification of permitted investments and ability to invest funds further out the yield curve. As of the end of June 2014, the market value of the commingled Investment Pool was \$4,667,299,555, the weighted yield to maturity for the month of June was 0.46% and a weighted asset maturity of 416 days.

*(b) Oversight of Investment Program*

The Pool has a comprehensive County Investment Policy in place which is reviewed and approved annually by the County Treasury Oversight Committee, which also reviews and monitors the QIRs, reviews depositories for County funds including broker/dealers and banks as approved by the County Treasurer, and directs an annual audit to determine the County Treasury's compliance with the County Investment Policy.

Members of the County Treasury Oversight Committee are nominated by the County Treasurer and confirmed by the Board of Supervisors. The Committee is comprised of the following members: 1) County Director Finance, 2) County Executive appointed by the Board of Supervisors, 3) representative appointed by the special districts in the County that are required or authorized to deposit funds with the County Treasury, 4) County Superintendent of Schools or designee, 5) representative from school districts and community college districts in the County, and 6) one member of the public that has expertise in public finance.

*(c) Monitor Cash Flow Needs*

In order to enhance investment return especially in times of slow economic growth and a low interest rate environment, it will be important for SCFHP staff to continue to fine tune and monitor cash flows and seasonal trends to determine if any portion of available funds can be segregated and invested for longer periods as SCFHP expands over time.

*(d) Invest Portion of Funds Longer Term to gain Return and Diversification*

If there are available funds which can be invested out for longer terms, you may consider requesting that the County Treasurer segregate an investment fund and invest in a higher yielding security, or you may request a withdrawal of a portion of funds and invest in another appropriate permitted investment, such as a fund formed by other local governmental agencies, or a joint powers authority. This would also provide diversification to your investment program. Other pool-type investments may include the State of California Local Agency Investment Fund (LAIF), California Asset Management Program (CAMP), and CalTRUST. An annual review of investment options including performance, fees, liquidity constraints, administrative costs and market risk should be compared with the County Pool. In addition, you may want to consider a periodic review of the performance of an outside portfolio manager along with these options when the growth of SCFHP can support such an action. At such point in time that diversification of the investment program seems appropriate, the SCFHP Investment Policy would need to be amended.

*(e) SCFHP Funds Invested with County Pool are not Guaranteed*

As a voluntary participant in the County Pool, pursuant to 4.8.16 of the County Investment Policy, "all depositors acknowledge that funds deposited in the Pool are subject to market/investment risk, and that the County Treasurer makes no warranties regarding performance, including but not limited to preservation of capital or rate of return earned on funds deposited in the Pool. Depositors knowingly accept these risks and waive any claims or causes of action against the County Treasurer, the County, and any employee, official or agent of the County for loss, damage or any other injury related to the depositors' funds in the Pool, with the exception of loss, damage or injury caused solely by the County Treasurer's material failure to comply with the County Investment Policy and all applicable laws and regulations."

Investment Options

Various available investment options we have reviewed, including remaining with the current investment strategy of investing in the County Pool are displayed in a table on pages 10 and 11. We compared:

- Net return
- Permitted investments pursuant to CA Government Code
- Liquidity constraints
- Minimum investment amounts

### *Option 1 – Remaining with the Santa Clara County Pool*

The Santa Clara Pool is non-rated. The Pool balance at the end of June 30, 2014 was \$4,667,299,555 with an annualized net (or gross?) yield of 0.49% and a weighted average maturity of 416 days. As of June 30, 2014, 27.60% of the Pool was invested in the 3 -12 month maturity range and 31.04% of the Pool was invested in the 1 – 2 year maturity range. Liquidity needs of the SCFHP are much shorter; in the last 12 months ranging from 5 to 84 days. By policy, the County Treasurer maintains an average maturity of underlying securities to meet all the liquidity needs of Pool participants that can be reasonably anticipated. Sperry Capital did not review the liquidity needs of other Pool participants. The County Treasurer staff selects and monitors all securities that are purchased for the Pool. Oversight monitoring of compliance with Investment Policy in addition to market research and strategy advice is provided by FTN Advisors. No administrative costs are provided in the QIR.

### *Option 2 – California Asset Management Program (CAMP)*

CAMP is a Joint Powers Authority managed by PFM Asset Management established in 1989 to provide California public agencies with a short-term money market portfolio and cash management investment vehicle. The CAMP pool is a permitted investment for all local agencies under the California Government Code Section 53601 (p). CAMP is rated AAAM by S&P. The CAMP pool offers daily liquidity, unlimited number of deposits and withdrawals with no minimum deposit. The Code permits a local agency such as SCFHP to invest in shares of beneficial interest issued by a joint powers authority that invests in securities and obligations permitted by the Code. Current SCFHP Investment Policy would need to be amended to include the CAMP Pool prior to participation.

### *Option 3 – Local Agency Investment Fund (LAIF)*

LAIF offers California local governmental agencies the ability to invest in a major portfolio managed by the California State Treasurer's Investment Division staff. LAIF began in 1977 and is part of California's \$60 plus billion Pooled Money Investment Account with oversight by the State Treasurer, Director of Finance and State Controller. LAIF is not rated by a national rating organization. LAIF indicates its investment policy is more stringent than statute and is similar to the requirements of the California Government Code Sections 53601 and 53636. LAIF accounts are subject to a \$50 million cap and limited to 15 transactions a month. Administration fees are included in the net return. Current SCFHP Investment Policy would need to be amended to include LAIF prior to participation.



*Option 4 – CalTRUST*

CalTRUST, is a JPA managed by Wells Fargo Asset Management. CalTRUST was created in February 2005 to provide California public agencies with a way to pool assets for investment purposes. Local government agencies can invest in shares issued by the JPA in three CalTRUST account options or a combination thereof: CalTRUST Heritage Money Market Fund (for daily cash flow and maximum liquidity), CalTRUST Short-Term Fund (0-2 years) and CalTRUST Medium-Term Fund (1 ½ to 3 ½ years) that best correlate to their cash flow needs. Holdings in JPA funds are permitted investments of local agencies pursuant to the Code. Current SCFHP Investment Policy would need to be amended to include CalTRUST prior to participation.

*Option 5 – County Treasurer Investment in longer term security segregated for SCFHP*

The County Treasurer staff has indicated that it may be willing to invest a portion of funds for SCFHP which can be invested longer term such as purchasing a longer term US Treasury note or other Code permitted investment (under 5 years per Code). However, if SCFHP would need to liquidate the security prior to maturity, there would be market risk to consider prior to liquidation.

*Option 5 – Outside Investment Portfolio Management (not recommended)*

While SCFHP's banking and financial accounting remain with Santa Clara County, in addition to the relatively small and volatile fund balances, the cost of this option – outside portfolio management, custodial bank fees and the cost of accounting and oversight functions are too high for SCFHP to achieve higher earnings than those realized with its current investment program with the County Treasurer.

Remaining Questions

1. The County's Investment Policy includes some permitted investment options that may be overly broad for SCFHP's purposes and objectives given the close scrutiny given to a local agency's financial stability these days. The lessons learned from the Orange County bankruptcy and financial decline of several California cities such Stockton, San Bernardino, Vallejo, San Jose, and others, place close public scrutiny on the financial health of public agencies. Even though Pool investments are in accordance with the California Government Code, the use of several of the investment options may prove more difficult to manage and risky than is prudent especially given the current economic turmoil . For example, the County Investment Policy permits securities lending, reverse repurchase agreements, investment in bonds, notes or other indebtedness of any local agency within California with no reference to minimum credit rating, and bonds of any other state including revenue producing property owned by a state or agency in any of the other 49 states in addition to California if rated A3/A-/A- by at least two national rating agencies. County Treasury staff is given the authority to invest in these securities because they are



permitted in the County Investment Policy. It is not clear what the monitoring and oversight procedures are when extraordinary economic “events” create an unstable rate environment affecting stability of the County Pool. This may be helpful to include in the County’s Investment Policy.

2. It is not clear how changes in investment strategy or disclosures of significant economic events or credit downgrades are provided to Pool participants. While Voluntary Pool Participants have no input into investment strategy or practices, disclosure of events affecting the investment performance of the Pool should be provided in order for each participant to determine its continued commitment to the Pool.
3. The Santa Clara County Pool is unrated. However, the debt of County of Santa Clara is rated AAA by S & P, the highest level. Having a rated Pool gives outside transparency by a national ratings organization such as S&P or Moody’s and voluntary Pool participants the assurance that industry standards in management, diversification of portfolio and reporting are being followed.
4. We would recommend having long term ratings required for the custodian banks for the County Pool. Only short-term ratings are required in the Policy.
5. We understand that the County Pool’s investment performance standard is measured against the monthly returns achieved by LAIF over the past 12 month’s period. We do note that a rolling 12-month yield to maturity for the Pool, LAIF, the 6 month T-Bill and the 2-year Treasury Note are provided in each QIR. We note that the County Pool has outperformed LAIF over the last 12 months. We also note that there is a mismatch in the weighted average maturities provided for the Pool and LAIF. The Pool’s weighted average maturities extended about 180 days longer than for LAIF over the last 12 months. We concur with FTN Advisors in its 2013 review that a custom investment performance benchmark be developed which takes into account the diversification guidelines of the County’s investment policy and the seasonal cash flow needs of the Pool participants which would determine the duration parameters for the Pool. We would expect that by comparing the Pool’s performance against a custom benchmark which reflects the specific attributes of the investment strategy and Policy, a better indication of the investment performance would be achieved. We also do not find in the QIR, the administrative costs assessed the Pool participants which is allocated before interest earnings. We do not know if the reported yield to maturity is net of costs.

6. The size of the County Pool is substantial. As of June 30, 2014, the market value of the commingled Pool was \$4,667,299,555. Therefore, it appears that there is sufficient liquidity to meet the needs of the SCFHP at this time.
  
7. Due to the fiduciary responsibilities of the investment management oversight duties of SCFHP's Board, diversification of investment options may be considered in the future as SCFHP grows. Does the Board feel comfortable directing all available funds to one program? Is the Board comfortable with the investment management and oversight procedures in place for the County Treasurer? Even if the answer is yes, does prudent investment strategy consider various alternatives be reviewed at least annually to avoid "putting all its eggs in one basket?" Included on page 7 is a matrix of shorter term investment options if, at some point, the Board would like to see more diversity in the investment management program.
  
8. Also included on page 8, is a comparison of return of various options of funds that invest in permitted California Code securities against published industry benchmarks. As you will note the Santa Clara County Pool has a good return, however it would be helpful to compare against a custom benchmark to track historical performance due to the mismatch in weighted average maturity of the Pool and LAIF.
  
9. We have included a revised Investment Policy for the SCFHP for the current investment program of the SCFHP. Should SCFHP desire a more comprehensive permitted investment policy that encompasses investment options for growth in the future, a new Policy can be revised and updated on its annually.

**EXAMPLES OF FUTURE INVESTMENT OPTIONS - SCFHP**

Characteristics	Santa Clara County Treasurer's Pool	CAMP	LAIF	CalTRUST Heritage Money Market Fund	CalTRUST Short Term	CalTRUST Medium Term
<b>Rating</b>	non-rated	AAAm (S&P)	non-rated	AAAm/Aaa-mf (S&P, Moody's)	Aaf/S1+ (S&P)	non-rated
<b>Type</b>	Pooled account- Santa Clara County districts, agencies, local voluntary participants only	CA JPA permitted under CA Govt. Code 53601; run under same rules as MMF/ Can participate in JPA or as investor only	State Local Agencies Investment Fund; part of CA Pooled Money Investment Account managed by State Treasurer; overseen by PMIB and LAIB	Money Market Fund; sweep account	CA JPA of public agencies created for pooled investment program	CA JPA of public agencies created for pooled investment program
<b>Benchmark</b>	N/A	Lipper MMF Index	N/A	Lipper MMF index	LAI; Barclays Short-Term U.S. Gov./Corp Index	ML U.S. Govt and Corp. "A" or better 1-3 Year Index
<b>Weighted Average Maturity of Portfolio</b>	weighted average maturity: 426 days	weighted average maturity target < 60 days	234 days	28 days	(474 days) or 1.3 yrs	1.5 - 3.5 years target
<b>Manager</b>	Santa Clara County Treasurer	PFM Asset Management	CA State Treasurer - Investment Div. Staff	Wells Capital Management	Wells Capital Management	Wells Capital Management
<b>Minimum Amount</b>	no minimum	no minimum	\$5,000	\$10,000,000, or lower at discretion of account officer	\$250,000	\$250,000
<b>Maximum Amount</b>	no maximum	Santa Clara County Investment Policy: no more than 10% of portfolio	\$50 million	Santa Clara County Investment Policy: no more than 10% of portfolio	Santa Clara County Investment Policy: no more than 10% of portfolio	Santa Clara County Investment Policy: no more than 10% of portfolio
<b>Withdrawal constraints</b>	None (?)	unlimited daily withdrawals;	15 transactions per month	none	monthly	monthly
<b>Types of Securities</b>	CA Govt. Code and Investment Policy of Santa Clara County Treasurer	CA Govt. Code permitted securities	CA Govt. Code permitted securities	Short-term US\$ money market instruments of domestic and foreign issuers; meets rating requirement of Code	CA Govt. Code permitted securities	CA Govt. Code permitted securities
<b>Inception Date</b>	N/A	1989	Jan. 1977	Nov. 1996	Feb. 2005	Feb. 2005
<b>Fund Size as of March 31, 2014</b>	\$4.6 billion	\$1.75+ billion	\$20+ billion	\$41+ billion	\$740+ million	\$625+ million
<b>Risks:</b>	Same risks exist at different level for all funds: market risk, interest rate risk, credit risk, issuer risk, liquidity risk, mortgage risk and management risk.					
<b>Fees:</b>	N/A	TBD	TBD	TBD	TBD	TBD

Investment Options vs. Benchmark Indices as of 6-30-2014										
Total Return**	Santa Clara Treas. Pool	Money Market Funds				Short Term Fund		Medium Term Fund		
		LAIF	CAMP♦	WF Heritage MMF	iMoney Net MMF Index	CalTRUST Short Term	Citi 3Month T-Bill Index	CalTRUST Medium Term	ML 1-3 Treasury Index	ML 1-3 Corp & Gov't, A Rated & Above Index
One Month	0.46%	0.02%	0.06%	0.01%	0.02%	0.00%	0.00%	0.06%	-0.04%	-0.04%
Three Month	0.44%	0.06%	0.05%	0.01%	0.02%	0.06%	0.01%	0.05%	0.27%	0.06%
Six Month	0.47%	0.12%	0.07%	0.01%		0.18%		0.24%		0.31%
One Year	0.49%	0.25%	0.07%	0.07%	0.02%	0.59%	0.04%	0.68%	0.76%	1.03%
Three Year*	N/A	0.31%	0.14%	0.10%	0.04%	0.42%	0.05%	0.88%	0.63%	0.92%
Five Year*	N/A	0.41%	0.19%	0.14%	0.07%	0.60%	0.08%	1.09%	1.18%	2.91%

\*Annualized (Yearly Average); ♦ as of 4-30-14 CAMP only

\*\* Sources have not been independently verified and should not be relied upon for investment advice.

Returns are approximate and used for illustration only.

Sources:

For this white paper we reviewed the following information:

1. Disclosure and Agreement for Voluntary Deposits
2. SCFHP Investment Policy dated 8-26-08
3. County of Santa Clara Quarterly Investment Report ending March 31, 2014
4. County of Santa Clara Quarterly Investment Report ending June 30, 2014
5. County of Santa Clara Treasury Investment Policy date Dec. 17, 2013
6. County of Santa Clara Investment Program Review provided by FTN Financial Main Street Advisors dated May 17, 2013
7. Santa Clara Health Authority (dba Santa Clara Family Health Plan) and Santa Clara Community Health Authority, Combined Financial Statements June 30, 2013 and 2012 (KPMG)
8. Knox-Keene Health Care Service Plan Act of 1975 § 1376 – 1377.
9. California Insurance Code § 1170 – 1182.
10. California Code of Regulations 28 CA ADC § 1300.76.1 Deposits
11. Cash Flow spreadsheets for FY 2012, 2013, and 2014.

We also met with Dave Cameron, Chris Paige from SCFHP and Emily Harrison, Herb Wiley, Santa Clara Finance Administration.

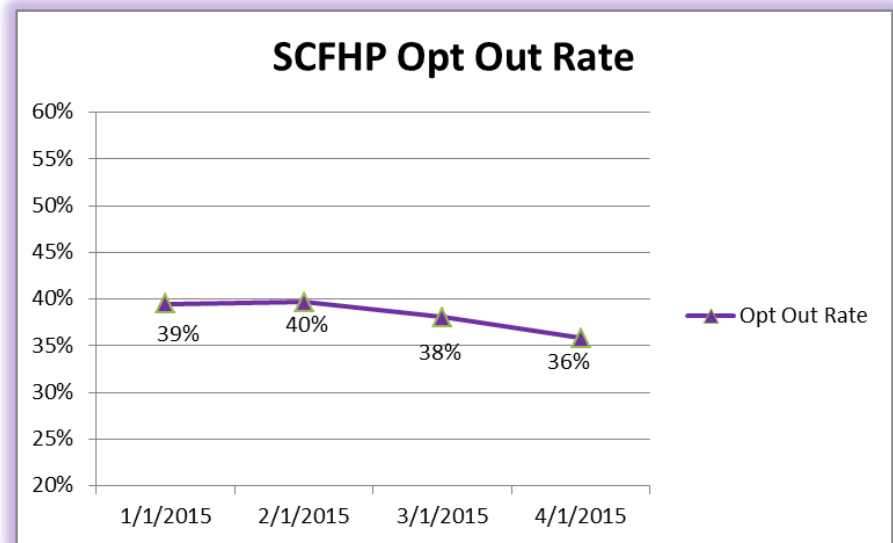
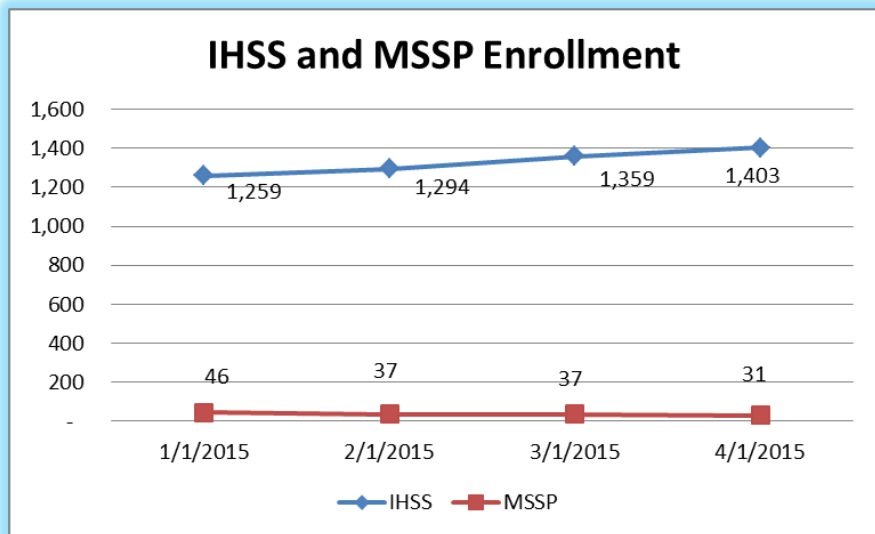
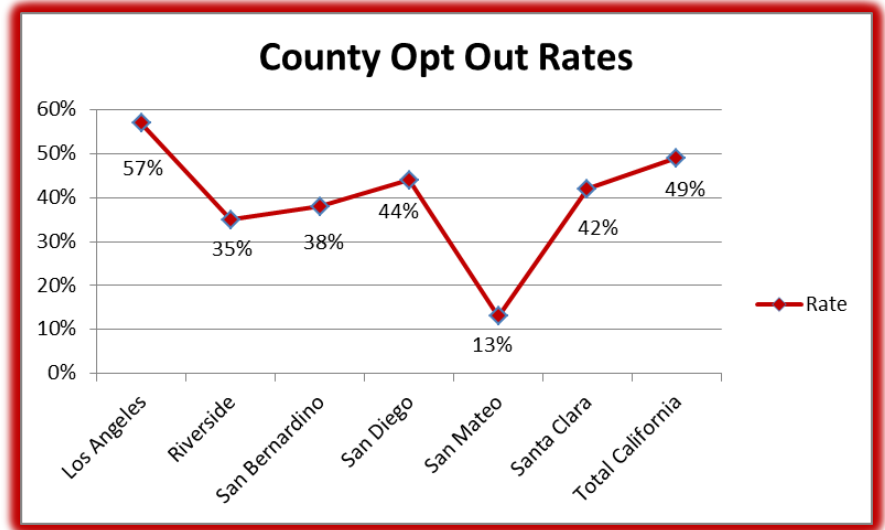
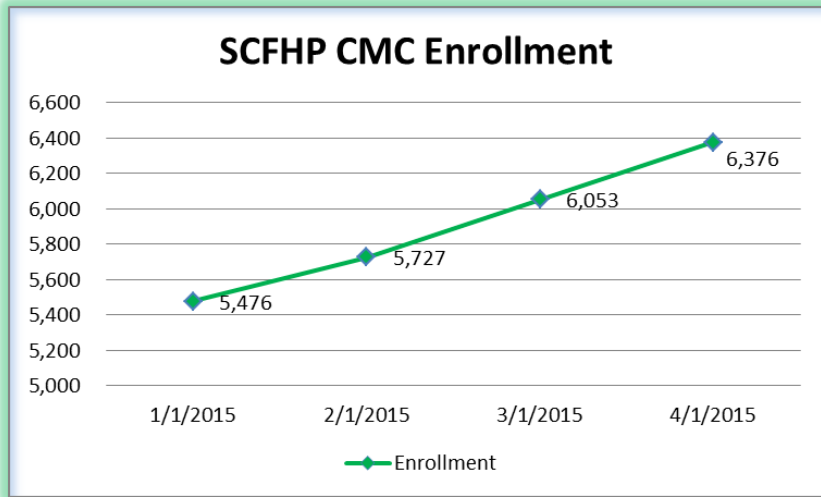
**Santa Clara County Health Authority**  
**Job Titles Added to Pay Schedule**  
**April 23, 2015**

<b>Job Title</b>	<b>Pay Rate</b>	<b>Minimum</b>	<b>Midpoint</b>	<b>Maximum</b>
Accounting Manager	Annually	83,102	108,033	132,964
Associate Medical Director	Annually	159,097	214,781	270,465
Behavioral Health Care Manager	Annually	83,102	108,033	132,964
Business Systems Analyst III	Annually	83,102	108,033	132,964
Business Systems Manager	Annually	112,569	149,153	185,738
Cal MediConnect Claims Analyst II	Annually	38,993	47,766	56,540
Cal MediConnect Claims Team Leader	Annually	43,867	53,737	63,607
Cal MediConnect Pharmacy Compliance Analyst	Annually	48,363	60,454	72,545
Clinical Pharmacist	Annually	112,569	149,153	185,738
Compliance and Audit Manager	Annually	83,102	108,033	132,964
Data Entry Specialist - Provider Configuration	Annually	35,984	43,181	50,378
Director of Project Management	Annually	97,645	126,939	156,233
Lead IT Specialist	Annually	62,706	79,951	97,195
Medicare Compliance Manager	Annually	83,102	108,033	132,964
Medicare Financial Analyst	Annually	72,112	91,943	111,774
Network and Telecommunications Support Engineer	Annually	62,706	79,951	97,195
Nurse Case Manager and Staff Development	Annually	83,102	108,033	132,964
Pharmacy Director	Annually	135,082	178,984	222,886
Sr. Director Contact Center Operations and Service Excellence	Annually	135,082	178,984	222,886
VP of Vendor Relations and Delegation Oversight	Annually	135,082	178,984	222,886

**Santa Clara County Health Authority  
Job Titles Removed from Pay Schedule  
April 23, 2015**

<b>Job Title</b>	<b>Pay Rate</b>	<b>Minimum</b>	<b>Midpoint</b>	<b>Maximum</b>
Healthy Kids Program Director	Annually	72,112	91,943	111,774

# SCFHP Cal MediConnect





## Consumer Affairs Committee Minutes – December 9, 2014

### In Attendance:

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

Guest: John Logan

SCFHP Staff: Elizabeth Darrow, Lori Andersen, and Tanya Nguyen

Item	Discussion	Action	Assigned to:	Due Date
Call to Order and Roll Call	Roll call was taken. A quorum was present at 6:04 pm and the meeting was called to order.			
Review of Minutes	The minutes from the September 09, 2014 meeting were reviewed and approved.	None		
Public Comment	Mr. John Logan, National Account Executive from Pharmacyclics, introduced himself. He stated that he was an observer and had no public comment.			
Health Plan Updates	Ms. Darrow announced that she will be retiring in March 2015. The Governing Board established a search committee to find the new CEO. Ms. Darrow shared she will provide an update on the progress at the next CAC meeting.  Membership update: Ms. Darrow provided an update on the Health Plan (HP) membership. As of December 1, 2014, the membership is 220,856 members. The			





## Consumer Affairs Committee Minutes – December 9, 2014

Item	Discussion	Action	Assigned to:	Due Date
	<p>membership increased significantly over the past year due in part to Health Care Reform and Medi-Cal expansion.</p> <p><b>Cal MediConnect (CMC) program update:</b> The Health Plan continues to prepare for the implementation of the new CMC program. Approximately, 7,000 dual beneficiaries are expected to enroll into the program on January 1, 2015. The Health Plan is projecting approximately 10,000 beneficiaries by the end of 2015. The Health Plan is also implementing a new operating system to support the new program as well as training Health Plan staff and providers about Medicare regulations and the CMC program.</p> <p>A committee member asked about the ownership status of the San Jose's O'Connor Hospital and Gilroy's Saint Louise Regional Hospital. The member asked whether or not the changes in ownership would impact the Health Plan. Ms. Darrow shared that the sale of the Daughters of Charity Health System is still under discussions, and she will provide update at a future meeting.</p>			
<p>Coordinated Care Initiative Update on Long Term Services and</p>	<p>Ms. Andersen provided an update on the Coordinated Care Initiative (CCI).</p> <p>CCI includes 2 different components with different start dates. The MLTSS component was implemented in July/August 2014, and the Cal</p>			



## Consumer Affairs Committee Minutes – December 9, 2014

Item	Discussion	Action	Assigned to:	Due Date
Support Operations	<p>MediConnect (CMC) component will begin in January 2015.</p> <p>Highlights of Medi-Cal Managed LTSS as of July 1, 2014:</p> <p>Effective July 1, 2014, several Medi-Cal programs were transitioned into the Medi-cal Managed Care plan. Those programs are In-Home Supportive Services, Multipurpose Senior Services Program, Long Term Care, and Community-Based Adult Services.</p> <p>In-Home Supportive Services (IHSS): This service is for people who are disabled, blind or aged 65+ and unable to live at home safely without help. About 70% of the IHSS providers/caregivers are family or friends.</p> <p>Multipurpose Senior Services Program (MSSP): Social and health “care management” including purchase of services for people aged 65+ with disabilities and eligibility for nursing home placement. There are about 400 eligible participants in the Santa Clara County.</p> <p>Long Term Care (LTC) in a skilled nursing facility: Currently there are about 90 long term care members enrolled in the Health Plan.</p> <p>Ms. Andersen shared that the Health Plan is building relationships and collaborating with other public and community agencies and providers to ensure a smooth transition for the members. Some of these include: Santa Clara County Health and Hospital, Social Services Agency,</p>			



## Consumer Affairs Committee Minutes – December 9, 2014

Item	Discussion	Action	Assigned to:	Due Date
	<p>Department of Aging &amp; Adult Services, Behavioral Health Services, Sourcewise, Silicon Valley Independent Living Center, and Institute on Aging. In addition, the Health Plan also established several CCI stakeholder engagement and community outreach efforts including:</p> <ul style="list-style-type: none"><li>(1) Formation of a CCI Communications Committee with broad community participation focused on consumer education, material development and community presentations. Over 30 presentations have been completed.</li><li>(2) Coordination of provider education with a focus on webinar training and web based resources.</li><li>(3) Coordination with the HICAP (Health Insurance &amp; Counseling Program) to distribute CCI flyers and respond to ongoing inquiries.</li><li>(4) Establishment of a CCI Stakeholder Committee and Consumer Advisory Board in partnership with Anthem Blue Cross, the other CCI health plans in Santa Clara County.</li><li>(5) Collaboration with the CCI Ombudsman for on-going communication, trouble-shooting and discussion.</li></ul>			



## Consumer Affairs Committee Minutes – December 9, 2014

Item	Discussion	Action	Assigned to:	Due Date
<b>Future Agenda Items</b>	The Committee would like additional information on the sale of Daughters of Charity Health System and CMC project.		All	
<b>Adjournment</b>	The meeting adjourned at 7:05pm.			
<b>Next Meeting Date</b>	The next meeting is scheduled for March 10, 2015 from 6:00- 7:00p.m			

\_\_\_\_\_  
Consumer Affairs Committee Chairperson

\_\_\_\_\_  
Date

**Santa Clara Family Health Plan  
 Provider Advisory Council  
 October 9, 2014  
 Boardroom**

PAC Attendees: Dr. Thad Padua, Center for Life; Dr. Peter Nguyen, Kelly Park Clinic; Dr. Bridget Harrison, Valley Health Plan; Sherri Sager, Lucile Packard Children’s Hospital; Steve Church, Willow Glen Center; Paul Taylor, Momentum for Health

Delegated Groups: Dr. Tuyen Ngo, Premier Care

SCFHP Attendees: Elizabeth Darrow, Jeff Robertson, MD, Jimmy Lin, MD, Tony Solem, Dave Cameron, Ngoc Bui-Tong, Pat McClelland, Jennifer Clements, Diane Brown, Vivian Than, Stacy Renteria

ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
<b>Meeting Called To Order</b>	Dr. Thad Padua, Chairperson, called meeting to order at 12:20.  A quorum is present.	None		
<b>Public Comment</b>	Rick Frees with Bayer HealthCare was present but did not contribute to the discussion.	None		
<b>Review of Minutes</b>	The minutes were reviewed and approved.	Approved with No Comment		
<b>CEO Report</b>	<b><u>Staff Introduction Reorganization of Departments</u></b> Ms. Elizabeth Darrow, Chief Executive Officer, expressed her appreciation to the Committee members for their commitment to the Provider Advisory Council. She then introduced Mr. Tony Solem, Chief Medicare Officer, to the Committee. Mr. Solem will be managing Medicare operations and compliance for the Health Plan. He comes to us from United HealthCare.  Ms. Darrow, stated with Cal MediConnect (CMC) on the horizon the Health Plan decided to reorganize the Medical Management, Member Services and Pharmacy Departments. The Health Plan combined the departments and arranged the	None	N/A	N/A

**Santa Clara Family Health Plan  
 Provider Advisory Council  
 October 9, 2014  
 Boardroom**

ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
	<p>staff so that a medical, pharmacy and member services representative are sitting together to help improve the customer experience. In addition, Ms. Pat McClelland's new title is Vice-President of Member and Medical Operations, and Ms. Diane Brown's new title is, Senior Director of Medical Management and Quality Improvement. This is a big transition as the Health Plan has never done this before.</p> <p>The Health Plan continues to recruit for more clinicians, behavioral health positions, compliance positions, and grievance and appeals positions for CMC.</p> <p>Ms. Darrow, CEO announced her impending departure from the Health Plan is March 31, 2015. Recruiting for her replacement is underway.</p> <p><b><u>SCFHP Membership</u></b>          Ms. Darrow provided an update regarding the Health Plan's membership, stating that the Health Plan's membership is at 211,429 with 40,000 as Medi-Cal expansion members. In 2007 the Health Plan had 100,000 members.</p> <p><b><u>Cal MediConnect Implementation Update</u></b>          Ms. Darrow, stated the Health Plan's is in the process of</p>	None	N/A	N/A

**Santa Clara Family Health Plan  
 Provider Advisory Council  
 October 9, 2014  
 Boardroom**

ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
	<p>implementing a new operating system for the Cal MediConnect program. The new system for Cal MediConnect is QNXT. The Medi-Cal and Healthy Kids programs will continue to be managed in the current system which is xpress.</p> <p>The Medicare claims system will be implemented before January 1, 2015.</p> <p>Ms. Darrow, CEO, stated the Health Plan is in the process of reviewing reimbursement rates for nursing homes. Medicare follows the Resource Utilization Grouping (RUG). However, the Health Plan is looking at a tiered approach for reimbursement rates.</p> <p>The Health Plan is in the process of calling all dual eligible members currently enrolled with the Health Plan to explain the Cal MediConnect program and answer any questions they may have. Pat McClelland, VP of Member and Medical Operations, is organizing this effort.</p> <p>The Committee discussed the differences between Healthy Generations and Cal MediConnect. Ms. Darrow explained that Cal MediConnect is a full-spectrum program and including both Medicare and Medi-Cal benefits, there is no marketing as members are passively enrolled, and reimbursement and contracts are paid at Medicare Fee-For-Service rates. The other</p>			

**Santa Clara Family Health Plan  
 Provider Advisory Council  
 October 9, 2014  
 Boardroom**

ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
	<p>difference is the Health Plan is in better financial shape to take on a program like this than it was in 2007. Beneficiaries have the ability to opt out of Medicare but they must be in a managed care plan for Medi-Cal.</p> <p>The Committee had a discussion about network capacity and contracted providers for the Cal MediConnect program. Ms. Darrow explained that the Centers for Medicare and Medicaid (CMS) approved SCFHP's network which means we have network adequacy.</p> <p>The Committee discussed adults vs. pediatrics in this new Cal MediConnect program. Children are exempt from Cal MediConnect and they continue to have the CCS carve-out. The Health Plan currently still runs about 58% under the age of 21. Our projections are that by the end of 2015 we will have about 10,000 members in the Cal MediConnect program and 40,000 members in the expansion program which is mainly childless adults. Contracted providers with the Health Plan are not limited to their Medi-Cal provider network, providers can refer to any Medicare provider in the Health Plan's network.</p> <p>The Committee discussed the level of outreach and provider training the Health Plan is providing to all providers and Valley Medical Center. Valley Health Plan will not be involved in the CMC program.</p>			



**Santa Clara Family Health Plan  
 Provider Advisory Council  
 October 9, 2014  
 Boardroom**

ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
<b>Provider Services</b>	<p><u>CME</u>            Jennifer Clements, Director of Provider Operations, spoke to the Committee about the upcoming CME next week. The registration deadline is today. There is a copy of the invitation in the binder in tab five. The Committee is invited to speak to Ms. Clements offline regarding suggested topics for next year's CME series.</p>	<p>None</p>	<p>None</p>	<p>N/A</p>
	<p><u>Provider Services Representative, Long Term Supports and Services</u>            Ms. Clements stated that Ms. Irene Walsh has been selected for the Provider Services Representative position that supports Long Term Supports and Services. This is a new position in the Health Plan. She will be the point person for facilities to contact regarding long term care and Managed Long Term Services and supports. Currently the Health Plan is still in the process of streamlining our implementation of long term care. Effective July 1<sup>st</sup> the Health Plan took over the management for the long-term care patients. This requires the Health Plan to work closely with skilled nursing facilities to identify the barriers and issues around long term care. We will be distributing our Department of Managed Health Care (DMHC) approved Long Term Care contracts to the skilled nursing facilities. The Health Plan has a weekly internal meeting to discuss any issues around the implementation of MLTSS.</p>	<p>None</p>	<p>None</p>	<p>N/A</p>

**Santa Clara Family Health Plan**  
**Provider Advisory Council**  
**October 9, 2014**  
**Boardroom**

ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
	<p>Ms. Walsh is currently in the process of visiting nursing care centers in her new role.</p>			
<p><b>Medical Management</b></p>	<p><b><u>Autism Benefit Update</u></b>            Dr. Robertson, Chief Medical Officer, addressed the Committee regarding the new Autism benefit that is covered under Medi-Cal. San Andreas Regional Center (SARC) has assisted the Health Plan with the implementation of this benefit to their client population. The Health Plan is now responsible to contract with these specialty providers. The regional center's role is still being reviewed.</p> <p><b><u>CMC Model of Care</u></b>            Diane Brown, Sr. Director of Medical Management and Quality Improvement, addressed the Committee regarding the model of care. One of the requirements of the Cal MediConnect program is to have a detailed model of care, which is the framework on how the Health Plan is going to accomplish the care coordination for members. Diane did not bring the 8-page document for distribution but she reviewed with the Committee the detail about care coordination for members for services, the integrated team work with the PCP and specialists and care givers and IHSS workers, whoever is involved in the members care. One requirement of the model of care is provider training. All contracted providers will receive model of care training.</p>	<p>None</p>	<p>None</p>	<p>N/A</p>

**Santa Clara Family Health Plan**  
**Provider Advisory Council**  
**October 9, 2014**  
**Boardroom**


ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
	<p>This model of care training will show providers our structure for case management and how providers fit into that and also how to do referrals.</p> <p>Ms. Brown invited the Committee to share ideas and suggestions on the best way to provide this training; is it online, office visits, large group meetings?</p> <p>The Committee gave ideas from the different meetings that other Health Plans are doing. The Health Plan will look into group meetings for providers.</p> <p><b><u>Managed Long Term Services and Supports (MLTSS)</u></b>  <b><u>Provider Training</u></b>            The Health Plan also has a requirement to train all contracted providers on MLTSS. The Health Plan will train our providers on what these services are, who qualifies for these services and how to refer members to the Health Plan or a service agency.</p>			
<p><b>Other Business</b></p>	<p><b><u>CCS Carve – Out Update</u></b>            Ms. Sherri Sager, Lucile Packard Children’s Hospital, addressed the Committee with an update on the CCS Carve-Out. The carve out is scheduled to end December 31, 2015. It is being discussed at waiver meetings. The eight pediatric hospitals are working on a solution to help providers and CCS recipients</p>	<p>Informational Item</p>	<p>N/A</p>	

**Santa Clara Family Health Plan  
 Provider Advisory Council  
 October 9, 2014  
 Boardroom**

ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
	<p>make sure they get the care that they need. There are three options: 1) Stay on the current program that carves CCS out on a blanket extension, what most families like; 2) Moving children into regular Medi-Cal Managed Care; 3) Allow CCS to set up Medi-Cal ACO's.</p> <p>Ms. Sager asked for the Health Plan's assistance in gathering claims data from the State. Ultimately she would like to see a Managed Care CCS program. Ms. Darrow responded the claims data from the State is not something the Health Plan can assist with. Ms. Sager asked for claims data from the Managed Care Medi-Cal programs LPCH participates with.</p> <p>The Health Plan does not have enough CCS data for LPCH to be considered relevant because of the carve-out. Ms. Darrow suggested looking at it from a reverse standpoint and to review what LPCH has billed CCS; further suggesting to ask the County in what they are seeing in CCS because that's who does CCS in this County.</p> <p>Ms. Darrow and Ms. Sager discussed how the children in the CCS program do not stay in the CCS program for their entire childhood; a preemptive focus on prenatal care to prevent a baby staying in the NICU instead of isolating these children after the fact and a review of qualifications for the CCS program and targeting children who have real complications other than</p>			

**Santa Clara Family Health Plan  
 Provider Advisory Council  
 October 9, 2014  
 Boardroom**

ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
	being in the NICU.			
<b>Other Business</b>	<b><u>PAC Resignation Announcement</u></b> Dr. Thad Padua announced Dr. Michelle Hugin has resigned from the Committee.	Send Dr. Hugin a thank you for her participation.	Provider Services	January 8, 2015
<b>Other Business</b>	<b><u>ACA Payment Update</u></b> Dave Cameron, CFO updated the Committee on the Affordable Care Act Payment schedule. He acknowledged Ngoc Bui-Tong's hard work on this project to keep the payments going. The Health Plan has another check run scheduled for next week for 2013 claims data. The finance department has until the end of the year to pay on 2013 data. Payments are based on encounter data.  The Health Plan will start working on the first quarter of 2014 claims data in November.	None		
<b>Adjournment</b>	Meeting Adjourned 1:42 -0 Next Meeting is January 8, 2015			

Signature:  \_\_\_\_\_

Date: 2/12/15 \_\_\_\_\_

**Santa Clara Family Health Plan  
Operations Report  
January, February and March 2015**

**Member Services, Membership Accounting, Outreach  
January 2015**

**Member Services**

	January 2015	January 2014	Change	Target KPI *
Total Inbound Calls	26,291	18,271	43% increase	-----
Average Talk Time	5:03 minutes	4:00 minutes	-----	-----
Average Speed of Answer	61 seconds	54 seconds	13% increase	<30 seconds
Service Level	51.5%	64.6 %	-----	80% in <30 seconds
Average Calls Abandoned	9.2%	4.2 %	119% Increase	<5%
Average Hold Time	33 seconds	32 seconds	3.1% Increase	≤ 25 seconds

\*KPI – Key Performance Indicator

**Membership**

	November 2014	November 2013	Change
Medi-Cal	215,923	162,157	33% Increase
Healthy Kids	4,822	5,241	8% Decrease
Agnews	113	119	5% Decrease
Total Membership	220,858	167,517	31.8% Increase

\*Jan 2013 HFP Transition / Kaiser HFP addition April 2013      \*\*\* Membership at capitation

\* Jan 2014 –Start LIHP Transition and MCE

\*Seniors and Persons with Disabilities / \*\* Dual Medicare Part AB and D and Medi-Cal / \*\*\*CBAS start Nov 2012

\*\* Includes Agnews / \*\*\*\*Low Income Health Plan (LIHP) and Medi-Cal Expansion (MCE) start Jan 2014

**Healthy Kids Program**

- Healthy Kids Application Activity: 136 applications processed
- Healthy Kids Renewal Applications Activity: 184 renewal applications processed
- Healthy Kids Renewal Applications Families Transitioned to Medi-Cal for Families: 12 Families and 17 Children

**Santa Clara Family Health Plan  
Operations Report  
January, February and March 2015**

**Member Services, Membership Accounting, Healthy Kids and Outreach  
February 2015**

**Member Services Department**

	February 2015	February 2014	Change	Target KPI *
Total Inbound Calls	24,974	15,114	65% increase	-----
Average Talk Time	4:49 minutes	4:6 minutes	-----	-----
Average Speed of Answer	69 seconds	47 seconds	46% increase	<30 seconds
Service Level	46.5%	67.0%	-----	80% in <30 seconds
Average Calls Abandoned	13%	3.4%	283% Increase	<5%
Average Hold Time	29 seconds	19 seconds	52% Increase	≤ 25 seconds

\*KPI – Key Performance Indicator

**Membership Accounting**

	February 2015	February 2014	Change
Medi-Cal	218,833	166,207	31% Increase
Healthy Kids	4,682	5,207	10% Decrease
Agnews	113	118	4.0% Decrease
Total Membership	223,628	171,532	30% Increase

\*Jan 2013 HFP Transition / Kaiser HFP addition April 2013      \*\*\* Membership at capitation

\* Jan 2014 –Start LIHP Transition and MCE

**Healthy Kids Program**

- Healthy Kids Application Activity: 128 applications processed
- Healthy Kids Renewal Applications Activity: 273 renewal applications processed
- Healthy Kids Renewal Applications Families Transitioned to Medi-Cal for Families: 11 Families and 9 Children

**Santa Clara Family Health Plan  
Operations Report  
January, February and March 2015**

**Member Services, Membership Accounting and Healthy Kids  
February 2015**

**Member Services Department**

	March 2015	March 2014	Change	Target KPI *
Total Inbound Calls	27,272	16,177	68% increase	-----
Average Talk Time	4:49 minutes	4:46 minutes	-----	-----
Average Speed of Answer	82 seconds	34 seconds	141% increase	<30 seconds
Service Level	46.0%	69.4%	-----	80% in <30 seconds
Average Calls Abandoned	15%	3.5%	328% Increase	<5%
Average Hold Time	32 seconds	35 seconds	8% Increase	≤ 25 seconds

\*KPI – Key Performance Indicator

**Membership Accounting**

	March 2015	March 2014	Change
Medi-Cal	222,182	170,053	31% Increase
Healthy Kids	4,648	5,319	13% Decrease
Agnews	113	118	4.0% Decrease
Total Membership	223,943	178,490	28% Increase

\*Jan 2013 HFP Transition / Kaiser HFP addition April 2013      \*\*\* Membership at capitation  
\* Jan 2014 –Start LIHP Transition and MCE

**Healthy Kids Program**

- Healthy Kids Application Activity: 128 applications processed
- Healthy Kids Renewal Applications Activity: 273 renewal applications processed
- Healthy Kids Renewal Applications Families Transitioned to Medi-Cal for Families: 14 Families and 20 Children



**Santa Clara Family Health Plan  
Operations Report  
January, February and March 2015**

**Pharmacy Department – January, February and March 2015**

**Brand Generic Utilization:** Brand: 12% Generic: 88%

Prior Authorization Report:

Month	# of PAs	Approved	Closed	Denied	# of PAs not approved in time	% PAs approved w/in 24 hrs	Note
January	1861	842	418	252	318	82.91%	Company Holiday 1/19, stafg shortage through 1/16
February	1706	964	360	276	121	92.91%	
March	2191	1183	471	386	76	96.53%	

**Pharmacy Costs**

	Month	Jan-15	Feb-15	Mar-15	Running Year Avg
<b>Medi-Cal (includes Agnews; includes HF starting Jan 2013)</b>	Mbr Months	194,316	195,714	198,506	181,365
	Generic (\$)	\$ 2,744,883	\$ 2,488,361	\$ 2,938,221	\$ 2,315,692
	Generic (vol)	141,635	128,324	148,646	121,911
	Brand (\$)	\$ 5,120,417	\$ 4,853,323	\$ 5,871,787	\$ 4,195,097
	Brand (vol)	18,578	15,956	17,684	15,793
	Claim admin fee	\$ 169,826	\$ 152,937	\$ 176,310	\$ 145,966
	<b>Total</b>	<b>\$ 8,035,126</b>	<b>\$ 7,494,622</b>	<b>\$ 8,986,317</b>	<b>\$ 6,656,755</b>
	<b>PMPM</b>	<b>\$ 41.35</b>	<b>\$ 38.29</b>	<b>\$ 45.27</b>	<b>\$ 36.46</b>
	# of Rx PMPM	0.82	0.74	0.84	0.76
	% Generic (\$)	36%	35%	34%	37%
	% Generic (vol)	88%	89%	89%	89%
	Avg cost/Rx	\$ 50.15	\$ 51.94	\$ 54.03	\$ 48.00
<b>Healthy Kids</b>	Mbr Months	4,822	4,682	4,648	4,941
	Generic (\$)	\$ 14,204	\$ 12,502	\$ 17,447	\$ 14,865
	Generic (vol)	599	562	660	545
	Brand (\$)	\$ 18,619	\$ 20,443	\$ 18,885	\$ 15,741
	Brand (vol)	124	133	96	87
	Claim admin fee	\$ 766	\$ 737	\$ 801	\$ 669
	<b>Total</b>	<b>\$ 33,589</b>	<b>\$ 33,682</b>	<b>\$ 37,134</b>	<b>\$ 31,276</b>
	<b>PMPM</b>	<b>\$ 6.97</b>	<b>\$ 7.19</b>	<b>\$ 7.99</b>	<b>\$ 6.36</b>
	# of Rx PMPM	0.15	0.15	0.16	0.13
	% Generic (\$)	44%	39%	49%	50%
	% Generic (vol)	83%	81%	87%	86%
	Avg cost/Rx	\$ 46.46	\$ 48.46	\$ 49.12	\$ 50.05
<b>CMC (January 2015 onwards)</b>	Mbr Months	5,557	6,162	6,548	6,089
	Generic (\$)	\$ 416,921	\$ 433,666	\$ 535,403	\$ 461,996
	Generic (vol)	15,246	15,554	18,582	16,461
	Brand (\$)	\$ 1,547,773	\$ 1,496,313	\$ 1,833,355	\$ 1,625,814
	Brand (vol)	3,119	3,163	3,858	3,380
	Claim admin fee	\$ 32,616	\$ 33,241	\$ 39,853	\$ 35,237
	<b>Total</b>	<b>\$ 1,997,310</b>	<b>\$ 1,963,220</b>	<b>\$ 2,408,611</b>	<b>\$ 2,123,047</b>
	<b>PMPM</b>	<b>\$ 359.42</b>	<b>\$ 318.60</b>	<b>\$ 367.84</b>	<b>\$ 348.62</b>
	# of Rx PMPM	3.30	3.04	3.43	3.26
	% Generic (\$)	22%	23%	23%	23%
	% Generic (vol)	83%	83%	83%	83%
	Avg cost/Rx	\$ 108.76	\$ 104.89	\$ 107.34	\$ 106.99

**Santa Clara Family Health Plan  
Operations Report  
January, February and March 2015**

**Claims Department  
January 2015**

**COMPLIANCE: % OF CLAIMS PROCESSED WITHIN 64 CALENDAR DAYS (45 WORKING DAYS) (DMHC MINIMUM IS 95%)**

<b>2015</b>	<b>2014</b>
January: 82%	January: 97%

\*Claims received in January are considered new and are still in progress (claims received in January will be processed in January and February). SCFHP has 64 calendar days from the day of receipt to process these claims.

**NOTE: Update for Claims Compliance % for 4<sup>th</sup> Quarter of 2014: 100%**

**CLAIMS VOLUME**

<b>2015</b>	<b>2014</b>
January: 39,113	January: 33,470

**PERCENTAGE OF CLAIMS RECEIVED ELECTRONICALLY (EDI) (GOAL IS 85%)**

<b>2015</b>	<b>2014</b>
January: 92%	January: 83%

**AUTO ADJUDICATION PERCENTAGE (GOAL IS 85%)**

<b>2015</b>	<b>2014</b>
January: 68%	January: 74%

**ANALYST PRODUCTIVITY (# OF CLAIMS PROCESSED PER HOUR) (GOAL IS 12 PER HOUR)**

<b>2015</b>	<b>2014</b>
January: 10	January: 12

**AGE OF PENDED CLAIMS AT MONTH END (CLAIMS MUST BE PROCESSED WITHIN 64 CALENDAR DAYS)**

<b>2015</b>		<b>2014</b>	
<b>0-30 DAYS</b>	<b>OVER 30 DAYS</b>	<b>0-30 DAYS</b>	<b>OVER 30 DAYS</b>
January: 5331	1398*	January: 8437	891*

\*Claims over 30 calendar days old are **not** out of compliance. It is simply a claims aging measure designed to identify which claims need immediate resolution. SCFHP has 64 calendar days from the day of receipt of the claim to either pay or deny the claim.

**Santa Clara Family Health Plan  
Operations Report  
January, February and March 2015**

**Claims Department  
February 2015**

**CLAIMS COMPLIANCE:**

**PERCENTAGE OF CLAIMS PROCESSED WITHIN 64 CALENDAR DAYS (45 WORKING DAYS) (DMHC MINIMUM IS 95%)**

2015	2014
February: 85%	February: 100%

\*Claims received in February are considered new and are still in progress (claims received in February are processed in February and March). SCFHP has 64 calendar days from the day of receipt to process these claims.

Note: SCFHP was compliant for January (99%)

**CLAIMS VOLUME**

2015	2014
February: 46,192	February: 29,280

**PERCENTAGE OF CLAIMS RECEIVED ELECTRONICALLY (EDI) (GOAL IS 85%)**

2015	2014
February: 82%	February: 84%

**AUTO ADJUDICATION PERCENTAGE (GOAL IS 85%)**

2015	2014
February: 76%	February: 69%

**ANALYST PRODUCTIVITY (# OF CLAIMS PROCESSED PER HOUR) (GOAL IS 12 PER HOUR)**

2015	2014
February: 11	February: 13

**AGE OF PENDED CLAIMS AT MONTH END (CLAIMS MUST BE PROCESSED WITHIN 64 CALENDAR DAYS)**

2015		2014	
<u>0-30 DAYS</u>	<u>OVER 30 DAYS</u>	<u>0-30 DAYS</u>	<u>OVER 30 DAYS</u>
February: 7900	1537*	February: 7080	421*

\*Claims over 30 calendar days old are **not** out of compliance. It is simply a claims aging measure designed to identify which claims need immediate resolution. SCFHP has 64 calendar days from the day of receipt of the claim to either pay or deny the claim.

**Santa Clara Family Health Plan  
Operations Report  
January, February and March 2015**

**Claims Department  
March 2014**

**COMPLIANCE: % OF CLAIMS PROCESSED WITHIN 64 CALENDAR DAYS (45 WORKING DAYS) (DMHC MINIMUM IS 95%)**

<b>2015</b>	<b>2014</b>
March: 84%	March: 100%

\*Claims received in March are considered **new** and are still in progress (claims received in March are processed in March and April). SCFHP has 64 calendar days from the day of receipt to process these claims.

**CLAIMS VOLUME**

<b>2015</b>	<b>2014</b>
March: 49,594	March: 37,283

**PERCENTAGE OF CLAIMS RECEIVED ELECTRONICALLY (EDI) (GOAL IS 85%)**

<b>2015</b>	<b>2014</b>
March: 83 %	March: 84%

**AUTO ADJUDICATION PERCENTAGE (GOAL IS 85%)**

<b>2015</b>	<b>2014</b>
March: 75%	March: 77%

**ANALYST PRODUCTIVITY (# OF CLAIMS PROCESSED PER HOUR) (GOAL IS 12 PER HOUR)**

<b>2015</b>	<b>2014</b>
March: 15	March: 12

**AGE OF PENDED CLAIMS AT MONTH END (CLAIMS MUST BE PROCESSED WITHIN 64 CALENDAR DAYS)**

<b>2015</b>		<b>2014</b>	
<b>0-30 DAYS</b>	<b>OVER 30 DAYS</b>	<b>0-30 DAYS</b>	<b>OVER 30 DAYS</b>
March: 8489	2007*	March: 7866	2347*

\*Claims over 30 calendar days old are **not** out of compliance. It is simply a claims aging measure designed to identify which claims need immediate resolution. SCFHP has 64 calendar days from the day of receipt of the claim to either pay or deny the claim.

**Santa Clara Family Health Plan  
Operations Report  
January, February and March 2015**

**Grievance & Appeals:** January 2015:

Total G&A cases received = 46

Total G&A cases closed = 42

G&A closed cases by LOB:

- Medi-Cal = 42
- Healthy Kids = 0

G&A closed cases by Network

- Kaiser = 1
- PAMF = 0
- PMG = 6
- Premier Care = 4
- SCFHP = 5
- VHP = 26

G&A closed cases by Category:

- Access to Care = 2
- Billing = 1
- C&L Complaints = 0
- Dispute: Continuity of Care = 0
- Dispute – Denied, Modified, Deferred Services = 17 ( 0 of these for Out of Network denials and redirection of services back into network)
- Dissatisfaction with Level of Care = 2
- Dissatisfaction with Level of Services = 15
- Pharmacy = 3
- SCFHP complaint = 1
- Timely Assignment to PCP = 0

State Fair Hearings:

- Total cases opened = 3
- Total cases closed = 4
  - # Dismissed= 3
  - # Withdrawn = 1

**Santa Clara Family Health Plan  
Operations Report  
January, February and March 2015**

**Grievance & Appeals:** February 2015:

Total G&A cases received = 42      Total G&A cases closed = 36

G&A closed cases by LOB:

- Medi-Cal = 36
- Healthy Kids = 0

G&A closed cases by Network

- Kaiser = 2
- PAMF = 2
- PMG = 8
- Premier Care = 2
- SCFHP = 1
- VHP = 21

G&A closed cases by Category:

- Access to Care = 3
- Billing = 0
- C&L Complaints = 0
- Dispute: Continuity of Care = 0
- Dispute – Denied, Modified, Deferred Services = 6 ( 2 of these for Out of Network denials and redirection of services back into network)
- Dissatisfaction with Level of Care = 1
- Dissatisfaction with Level of Services = 14
- Pharmacy = 8
- SCFHP complaint = 0
- Timely Assignment to PCP = 0

State Fair Hearings:

- Total cases opened = 6
- Total cases closed = 4
  - # Upheld = 0
  - # Overturned = 0
  - # Withdrawn = 4

**Santa Clara Family Health Plan  
Operations Report  
January, February and March 2015**

**Grievance & Appeals:** March 2014:

Total G&A cases received = 77      Total G&A cases closed = 43

G&A closed cases by LOB:

- Medi-Cal = 43
- Healthy Kids = 0

G&A closed cases by Network

- Kaiser = 1
- PAMF = 3
- PMG = 12
- Premier Care = 2
- SCFHP = 3
- VHP = 22

G&A closed cases by Category:

- Access to Care = 5
- Billing = 0
- C&L Complaints = 0
- Dispute: Continuity of Care = 1
- Dispute – Denied, Modified, Deferred Services = 11 ( 1 of these for Out of Network denials and redirection of services back into network)
- Dissatisfaction with Level of Care = 2
- Dissatisfaction with Level of Services = 14
- Pharmacy = 10
- SCFHP complaint = 0
- Timely Assignment to PCP = 0

State Fair Hearings:

- Total cases opened = 5
- Total cases closed = 3
  - # Upheld = 1
  - # Overturned = 0
  - # Withdrawn = 2

**Santa Clara Family Health Plan  
Operations Report  
January, February and March 2015**

**Compliance Department  
January through March 2015**

- Regulatory Filings/Reports/Other:
  - Filings
    - DMHC Key Personnel Changes – Board Members, CIO, Pharmacy Director
    - DMHC/DHCS 1Q and 2Q 2014 Medi-Cal Network Assessment Response
    - DMHC Block Transfer – Contract Extensions filed
    - DMHC Healthy Kids EOC Filing
    - DMHC Approval of Provider Boilerplate Contracts
    - DMHC Premier Care Corrective Action Plan Submission
    - DMHC Timely Access Reports
    - DMHC Reasonable and Customary ER Claim Payment Methodology
  - Routine Reports
    - DHCS BHT Services Weekly/Monthly Survey
    - DHCS Quarterly CBAS Report (Services and Assessment, Grievance and Appeals, Call Center Complaints)
    - DHCS Semi-Annual Facility Site Review Data
    - DHCS Quarterly Call Center Report
    - DMHC and DHCS Quarterly Grievance Report
    - DHCS Quarterly Geo Access
    - DHCS Quarterly Plan Subcontractor
    - DHCS Quarterly QI Committee minutes
    - DHCS Quarterly SPD Report (Continuity of Care, Out of Network, Detailed Provider Networks, Network Adequacy, Grievance and Appeals, Risk Stratification and Risk Adjustment)
    - DHCS Quarterly LIHP Report (Continuity of Care, Grievance and Appeals and Provider Network)
    - DHCS Quarterly TLIC Report (Grievance and Appeals and Continuity of Care)
    - DHCS Quarterly Mental Health Report (Referrals, Continuity of Care and Grievance and Appeals)
    - DHCS Quarterly Medical Exemption Request Denial and Continuity of Care Report
    - DHCS Quarterly MLTSS Risk Reporting (Risk Stratification and Risk Assessment)
    - DHCS Semi-Annual AB85 Expansion Plan Report
    - DHCS Annual SPD Benchmark for High Volume Providers and Specialists
    - DMHC Quarterly Survey of Risk Bearing Organizations (RB 260) Report
    - DMHC Quarterly and Annual Claims Settlement Practices (AB 1455)
    - DHCS Annual Formulary and Changes Report
  - Other Submissions
    - DHCS Submission of Spring 2015 Member Newsletter - Approved
    - DHCS submission of Block transfer Letters - Approved
    - DHCS Submission of Participation Request in Health & Safety Faire - Approved
    - DMHC Additional Joint Audit Request for meeting packets
    - DHCS Submission of Updated CAP related to 2014 Joint DHCS/DMHC Audit
    - DHCS Update of BHT Corrective Action
    - DHCS Submission request for approval of new Grievance Form
    - DHCS questions re Mental Health 2Q and 3Q Report Data



**Santa Clara Family Health Plan  
Operations Report  
January, February and March 2015**

- DHCS Aids/Antipsychotic Drugs Report Survey
- DHCS Psychotropic Medications for Youth in Foster Care Survey
- HSAG Encounter Data Validation Study and Questionnaire
- DHCS questions re AB 85 Default Assignment P&P
- Submit participation in event (March for Babies) for DHCS Approval

**Monitoring/Auditing**

- Continue to work with one delegate to complete their Corrective Action Plan.
- DMHC issued CAP to an SCFHP delegate requiring SCFHP to submit a CAP as to how they would provide oversight of the claims processing deficiencies.
- Review potential Fraud, Waste and Abuse Indicators
- Continue to work with DHCS re a member billing from the VA Hospital.
- Investigated 2 privacy disclosures in January and 3 disclosures in March. Cases were assessed and determined to be disclosures and not breaches. Providers and/or internal staff were educated on HIPAA requirements.
- Reviewed and processed 515 privacy officer (appointment of representative) requests.
- DHMC Inquiry re Member requests for assistance in finding an autism provider.
- DMHC Complaint: Member complained about eligibility in plan. Not a health plan issue but Medi-Cal processing issue. Resolved
- Conference call with DHCS re Deemed Continued Eligibility
- Received DHCS draft 2013-14 Plan Performance Evaluation Report

**Oversight**

- Conducted Joint Operation Committee Meeting with Premier Care.
- Continue to work on one delegate on two CAPS: SCFHP CAP and DMHC CAP
- Conducted focus audits on deficiencies identified during Delegation audits.
- Annual Review of Kaiser 2016 Medi-Cal EOC and accepted
- Compliance Committee (Feb 2015)
  - Establishing new P&P review process
  - Update provided on Q1 & 2 2014 Medi-Cal Network Assessments
  - Update on DHCS Contract Amendment re FWA Reporting
  - Explained DMHC Request from all health for information re Reasonable and Customary ER Claim Payment Methodology. Related to Blue Cross/Children's Hospital case.
  - Proposed internal audits of areas where deficiencies were identified in the Joint Audit findings: UM Denials, Pharmacy PA turnaround times, Provider Services provider orientation training timeframes; misdirected claims, grievance and appeals translated letters and quality check of call center inquiries.
- Distributed memos to delegated providers on the following topics:
  - Clarification on Medi-Cal Billing
  - Podiatric and Chiropractic Services at Federally Qualified Health Centers and Rural Health Clinics
  - Nursing Facility Bed Hold
  - Screening, Brief, Intervention and Referral to Treatment (SBIRT) Training provided by DHCS
  - DMHC Timely Access Regulations
  - Notice of Medicare Non-Coverage Requirements, Process and Timeline
  - DME vendor for Specialty Rehabilitation Equipment

**Education/Training**

- Revised the Compliance Orientation Training to include Medicare regulations

**Santa Clara Family Health Plan  
Operations Report  
January, February and March 2015**

**Response and Prevention**

- Awaiting Response from DMHC re Audit Corrective Action Plan for the March 2014 audit.
- Provided DHCS with update on EPSDT CAP. All training conducted.

**Standards & Policies**

- DMHC/DHCS Policy Changes/Clarifications – Jan, Feb, March 2015. MMCD Letters were disseminated to the appropriate SCFHP staff and Delegates as applicable:
  - DHCS All Plan Letters:
    - APL 15-001 Continuity of Care for New Enrollees Transitioned to Managed Care after Requesting a Medical Exemption (supersedes APL 13-013)
    - APL 15-002 Multipurpose Senior Services Program Complaint, Grievance, Appeal, and State Hearing Responsibilities in Coordinated Care Initiative Counties
    - APL 15-003 Podiatric and Chiropractic Services at Federally Qualified Health Centers and Rural Health Clinics
    - APL 15-004 Medi-Cal Managed Care Health Plan Requirements for Nursing Facility Services in Coordinated Care Initiative Counties for Beneficiaries not enrolled in Cal MediConnect.
    - APL 15-005 Data Request Requirements for Child Health Disability Prevention Report Contained in PL 10-013.
    - APL 15-006 Reporting Requirements related to Provider preventable Conditions
    -
  - Dual Plan Letters:
    - DPL 15-001 ICT and ICP Requirements for MMPS
    - DPL 15-002 Reporting Requirements related to Provider Preventable Conditions
    - DPL 15-003 CMC Continuity of Care
  - DHCS Policy Letters:
    - No new letters
  - DMHC All Plan Letters:
    - Gender Dysphoria – H&S Code 1365.5 - Defined acceptable and prohibited language related to Gender Dysphoria requiring resubmission of EOC and other documents with impermissible language.
- Roll out of policy review project at the Policy and Procedure Committee meeting.
- CMS HPMS Notices related to Medicare-Medicaid Plans (Cal MediConnect) disseminated to appropriate SCFHP staff:
  - HPMS Quarterly Pharmacy Risk Assessment
  - HPMS Marketing Module Updates
  - Advance Announcement of the May 2015 Software Release
  - New Medicare Part D Coverage Gap Discount Program Direct Payment Process
  - CMS' 2015 Medicare Advantage & Prescription Drug Plan Spring Conference & Webinar
  - CY 2015 Formulary Information
  - 2015 Part D Reporting Requirements and Technical Specifications
  - Announcement Regarding Additional Details on Information Transaction (Nx) Reports
  - Accounting Fiscal Year End Field
  - IOM website version of Chapter 16b is Correct
  - Contract Year 2016 Plan Benefit Package/Summary of Benefits Beta Testing

**Santa Clara Family Health Plan  
Operations Report  
January, February and March 2015**

- February 2015 Updates to the Drug Data Processing System
- 2015 Data Validation Training for Contractors
- Medicare Advantage Prescription Drug System (MARx) February 2015 Payment – INFORMATION
- Updates to the Medicare Coverage Gap Discount Program Manufacturer Dispute and Appeals Submission Process

**Santa Clara Family Health Plan  
Operations Report  
January, February and March 2015**

**Medical Management Department  
January, February and March 2015**

<b>Inpatient Authorizations by LOB</b>											
Month	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
AM	0	1	0	0	3	1	0	2	2	1	1
HK	1	2	0	1	2	4	2	1	3	0	3
MC	150	136	195	207	246	245	186	233	213	249	289
<b>Total</b>	<b>151</b>	<b>139</b>	<b>195</b>	<b>208</b>	<b>251</b>	<b>250</b>	<b>188</b>	<b>236</b>	<b>218</b>	<b>250</b>	<b>293</b>

<b>Outpatient Authorizations by LOB</b>											
Month	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
AM	5	3	4	5	1	4	0	4	9	11	8
HK	3	0	1	1	1	2	2	1	3	0	1
MC	500	565	626	543	623	682	474	506	518	525	604
<b>Total</b>	<b>508</b>	<b>568</b>	<b>631</b>	<b>549</b>	<b>625</b>	<b>688</b>	<b>476</b>	<b>511</b>	<b>530</b>	<b>536</b>	<b>613</b>

<b>Total Inpatient and Outpatient by LOB</b>											
Month	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
AM	5	4	4	5	4	5	0	6	11	12	9
HK	4	2	1	2	3	6	4	2	6	0	4
MC	650	701	821	750	869	927	660	739	731	774	893
<b>Total</b>	<b>659</b>	<b>707</b>	<b>826</b>	<b>757</b>	<b>876</b>	<b>938</b>	<b>664</b>	<b>747</b>	<b>748</b>	<b>786</b>	<b>906</b>

**Note: Total Prior Authorization Requests increased this month by 23% for MediCal/HK LOB**

**TURN AROUND TIME - March 2015**

Line of Business: MediCal and Healthy Kids								
Urgency	Under	%	Over	%	Incomplete	%	Total	
Routine	591	94%	38	6%	0	0%	629	
Urgent	144	99%	1	1%	0	0%	145	
Retro Active	70	96%	0	0%	3	4%	73	

Target KPI = 95%