



September 2014 Financial Summary

Board of Governors Meeting
November 13, 2014



Fiscal Year 2014-15 Highlights

- **Operating Surplus:**

- September \$1.2m and YTD \$10.2m (\$4.6m favorable to budget)
- Attributed to Medi-Cal: \$10.1m surplus due to Medi-Cal Expansion growth, lower Medical and Administrative costs YTD

- **Enrollment**

- September 2014 membership: 207,204 (9.2% favorable to budget)
- September YTD: 615,705 member months (9.5% favorable to budget and 33% higher than last year)
- Continued growth in Medi-Cal Expansion membership (59.3% favorable to budget)



Consolidated Performance

September 2014 and Year to Date

September					Year - To - Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
207,204	189,754	17,450	9.2%	Member Months	615,705	562,376	53,329	9.5%
\$55,019,458	\$49,768,361	\$5,251,097	10.6%	Revenues	\$155,280,145	\$145,048,491	\$10,231,654	7.1%
\$51,798,863	\$45,394,874	(\$6,403,989)	-14.1%	Medical Expenses	\$139,177,757	\$132,504,893	(\$6,672,864)	-5.0%
\$ 1,955,770	\$ 2,214,176	\$ 258,406	11.7%	Administrative Expenses	5,721,140	\$ 6,621,159	\$ 900,019	13.6%
\$ (84,530)	\$ (90,000)	\$ (5,470)	6.1%	Non Operating	\$ (135,050)	\$ (270,000)	\$ (134,950)	50.0%
<u>\$ 1,180,295</u>	<u>\$ 2,069,311</u>	<u>\$ (889,016)</u>	<u>-43.0%</u>	Net Surplus	<u>\$ 10,246,198</u>	<u>\$ 5,652,439</u>	<u>\$ 4,593,760</u>	<u>81.3%</u>
94.1%	91.2%	-2.9%		Medical Loss Ratio	89.6%	91.4%	1.7%	
3.6%	4.4%	0.9%		Administrative Loss ratio	3.7%	4.6%	0.9%	



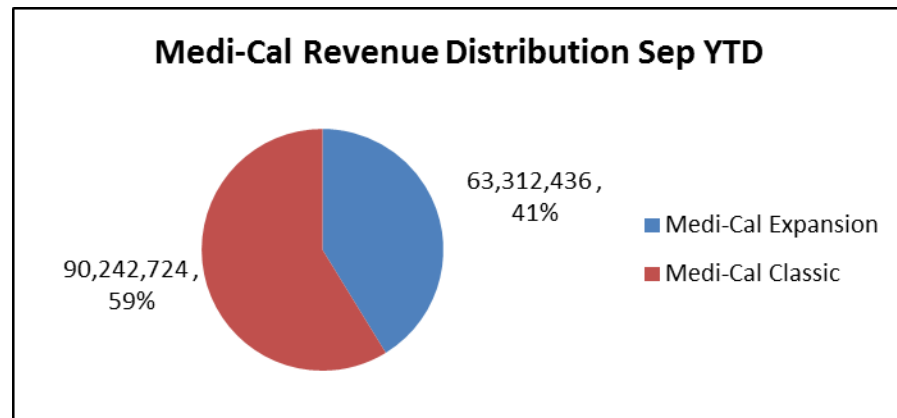
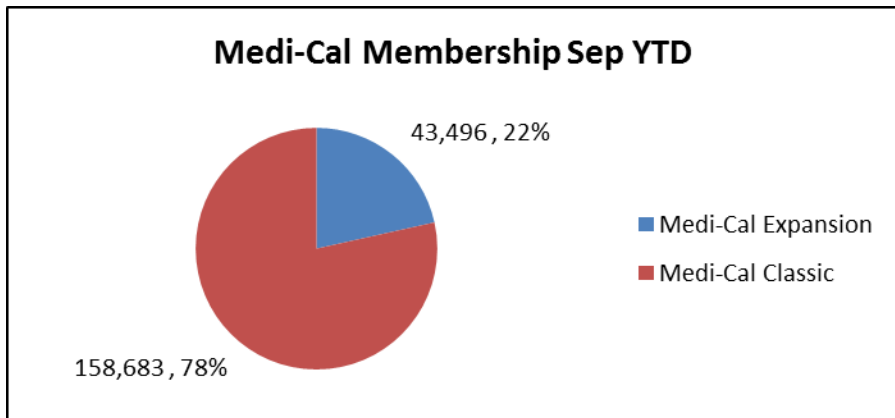
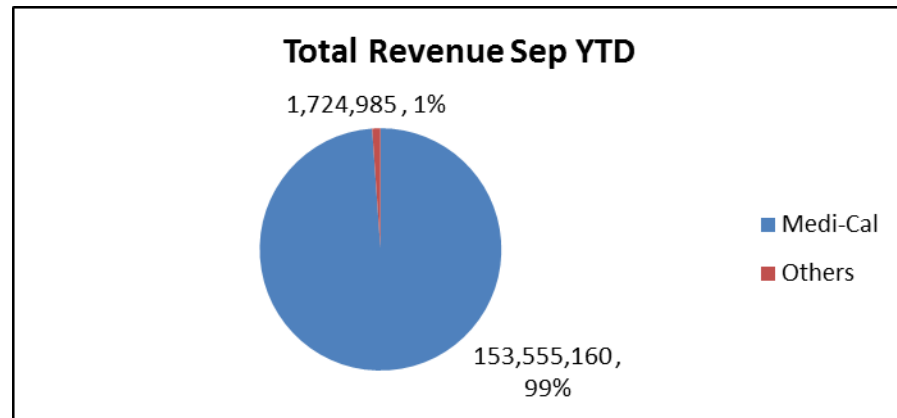
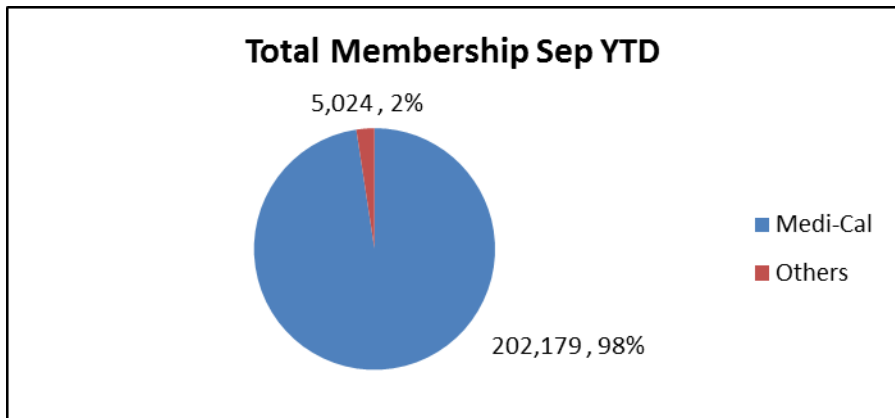
Enrollment Summary September and YTD

Santa Clara Family Health Plan Enrollment Summary

	For the Month of September 2014			YTD Three Months Ending September 2014				
	<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	202,180	184,442	9.62%	600,389	546,440	9.87%	444,352	35.12%
Healthy Families	-	-	0.00%	-	-	0.00%	179	(100.00%)
Healthy Kids	4,910	5,196	(5.50%)	14,974	15,588	(3.94%)	16,294	(8.10%)
Agnews	114	116	(1.72%)	342	348	(1.72%)	369	(7.32%)
Healthy Workers	-	-	0.00%	-	-	0.00%	1,800	(100.00%)
Total	<u>207,204</u>	<u>189,754</u>	<u>9.20%</u>	<u>615,705</u>	<u>562,376</u>	<u>9.48%</u>	<u>462,994</u>	<u>32.98%</u>



Medi-Cal Expansion comprises 22% of the plan's Medi-Cal membership and 41% of the Medi-Cal Revenue for Year – To – Date September 2014





Enrollment by Network - YTD

**Santa Clara County Health Authority
Enrollment Summary by Network
September 2014**

	Medi-Cal		Healthy Kids		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>
Direct Contract Physicians	13,125	6%	151	3%	114	100%	13,390	6%
SCVHHS, Safety Net Clinics, FQHC	110,658	55%	3,404	69%	0	0%	114,062	55%
Palo Alto Medical Foundation	4,879	2%	46	1%	0	0%	4,925	2%
Physicians Medical Group	39,095	19%	1,142	23%	0	0%	40,237	19%
Premier Care	13,444	7%	167	3%	0	0%	13,611	7%
Kaiser	<u>20,979</u>	<u>10%</u>	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0%</u>	<u>20,979</u>	<u>10%</u>
Total	<u><u>202,180</u></u>	<u><u>100%</u></u>	<u><u>4,910</u></u>	<u><u>100%</u></u>	<u><u>114</u></u>	<u><u>100%</u></u>	<u><u>207,204</u></u>	<u><u>100%</u></u>
Enrollment @ 6-30-14	<u>187,085</u>		<u>5,323</u>		<u>115</u>		<u>192,523</u>	
Net % Change from Beginning of FY	<u>8.07%</u>		<u>-7.76%</u>		<u>-0.87%</u>		<u>7.63%</u>	

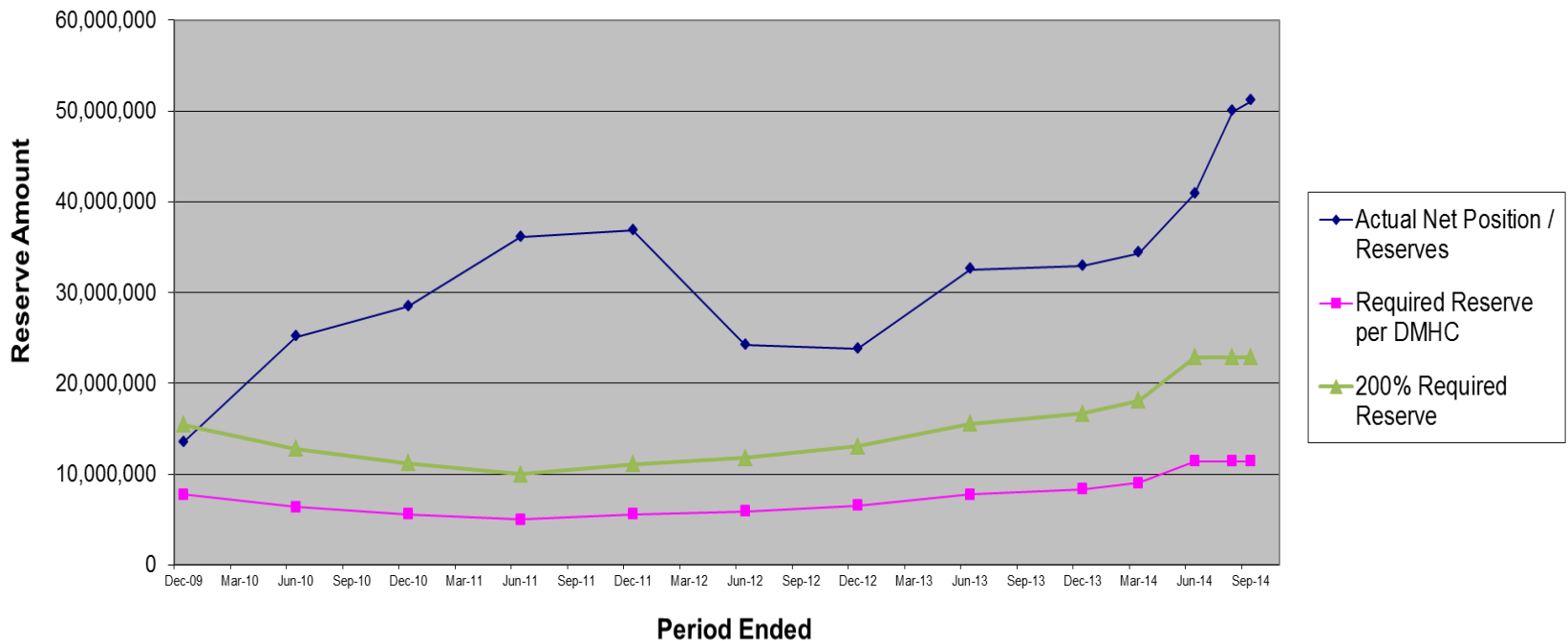
Membership has increased 8.07% since the beginning of the Fiscal Year, primarily as a result of Medi-Cal Expansion which started January 1, 2014 and has grown to 43,496 members.



Tangible Net Equity at September 30, 2014

TNE is \$51.1 million or 4.47 times the minimum TNE required by the Department of Managed Health Care (DMHC). The Plans reserves are roughly \$58.2m below the reserves targeted by the Authority Board of two months capitation revenue.

TNE Actual vs. Required



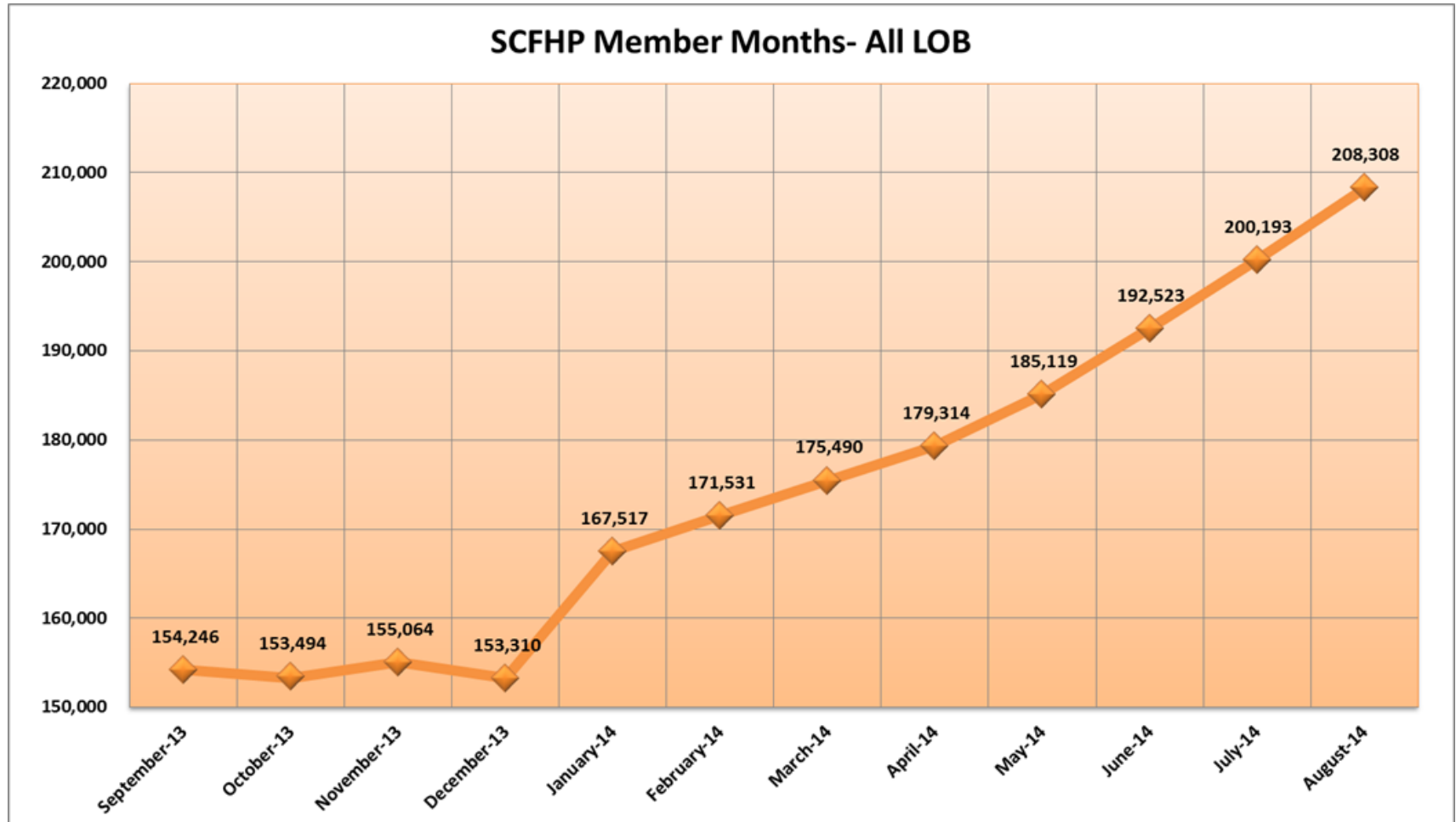
An Exceptional Year
2014 in Review

Jeff Robertson MD
Chief Medical Officer





Growth – the BIG story



Avg Age 20.77

27.30



ACA Expansion

- Low Income Health Program – 1/1/14
- Expanded criteria for qualification
- CalFresh express enrollment
- ACA Physician enhanced payment
- MLTSS delinked from CCI



MLTSS – new program

- Managed Long Term Services and Supports
Effective July 1, 2014, independent of CCI
- Long Term Care (Custodial Care)
 - MCP responsible for all skilled and unskilled institutional care after 2nd month
- IHSS (in Home Support Services)
- MSSP (Multipurpose Senior Services Program)

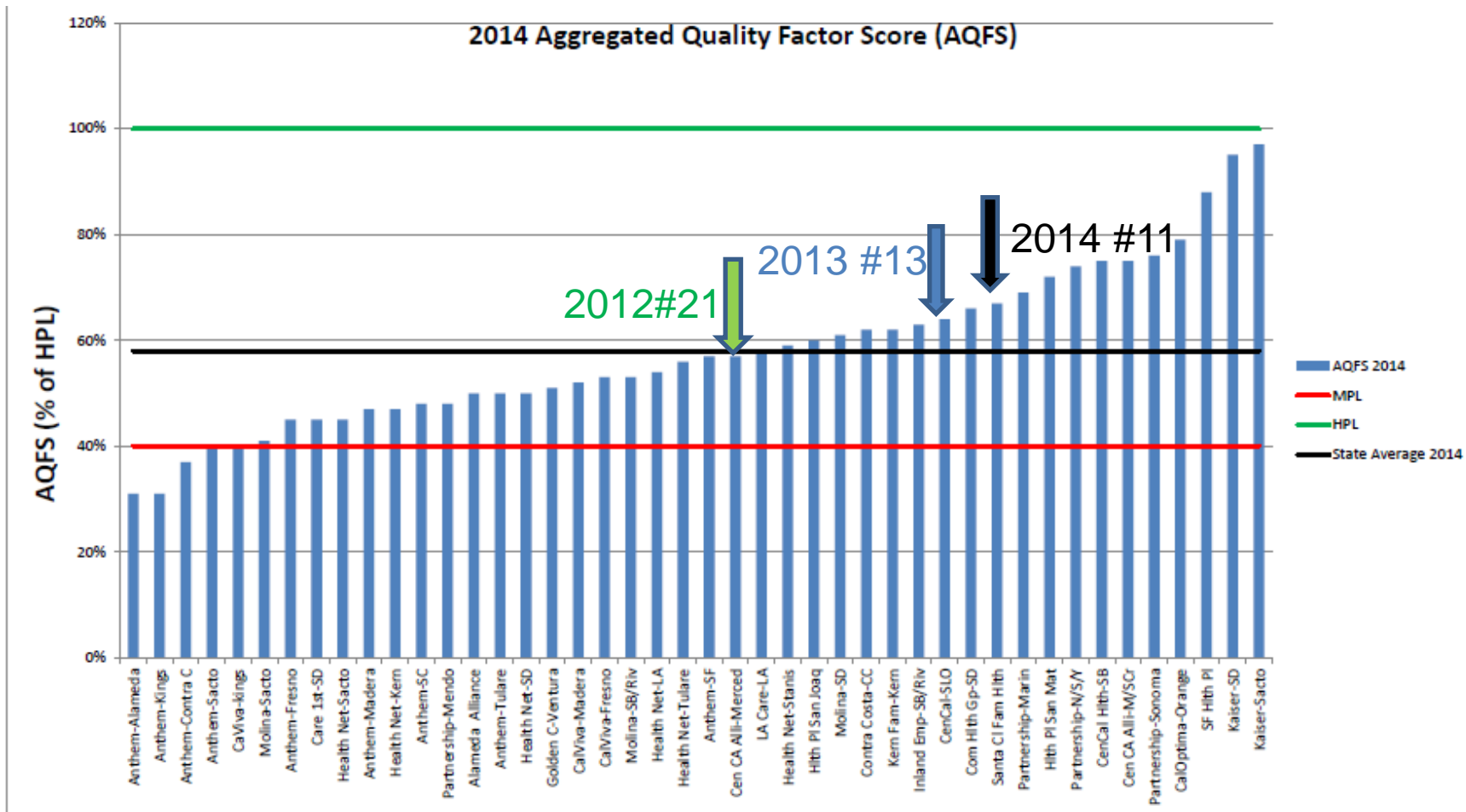


Behavioral Health – new benefit

- Behavioral Health Carve-In
 - Mild-Moderate Behavioral disorders
- Substance Use Disorders - SBIRT
 - Screening Brief Intervention and Referral to Treatment
- Autism (ASD) – coverage of BHT (ABA)
 - CMS determination ASD included in EPSDT
 - July 7, 2014
 - DHCS APL for coverage, network, policies
 - Sept 15, , 2014
 - Transition plan from SARC



Maternal Child Health Quality





Patient Safety – Prescribed Opioids

- Leading cause of death in young adults
- Anticipated Overutilization/Polypharmacy
- Pharmacy Data Deep Dive
 - Members with multiple doctors and pharmacies
 - Number of opioid prescriptions, patients, refills, pill count, product variation
 - Non-contracted “pain angels”
- Unanticipated Results



Breathtaking Breakthroughs

- Hepatitis C
 - Sovaldi, Olysio, Harvoni (and more in 2015)
 - \$1000/pill, treatment cost average \$120K/patient
 - Prevalence 2% US, 6% Vietnam, 15% Egypt
 - Estimated 8000 SCFHP members infected





2014-2015 Drug Pipeline

- More Hepatitis C agents – 4 more by year-end
 - Competition increases price in Health Care
- Oral Anticoagulants – no more blood tests
- Insulin Nasal Spray – no more needles
- Injectable Cholesterol medications – WTH?
- Breakthrough agents for Parkinson's, Multiple Sclerosis, Schizophrenia, HIV, Cystic Fibrosis
- Dozens of specialized Cancer drugs
- Celebrex, Nexium generic available 2015



Unofficial Predictions

“It’s tough to make predictions, especially about the future” - *Yogi Berra*

- Accelerated funneling of MC FFS to MC MC
- California Children’s Services (CCS) – Oct 2015
- Gradual Carve-In of Carve-Outs – SMI, GHPP
- Housing as MediCal Benefit
- Reintroduction of 2009 exclusions
- Breathtaking breakthroughs have disproportionate impact on Medicaid plans



Cal MediConnect – Jan 1, 2015

“Never before in history have we had such an opportunity to roll up our sleeves and make a difference to the community of the frail, disabled elderly” - Richard Bringewatt, Nat’l Health Policy

- Comprehensive Clinical Coordination –
 - Extraordinarily integrated, new processes
 - Clinical Care Management Platform (Altruista)
- Reporting
 - additional data set for HEDIS
- Compliance and Appeals & Grievances
 - due process protections
- Part D – Complex, high risk, high visibility



All Eyes on Cal MediConnect

- Everyone is watching the rollout of Cal MediConnect
- Other states/counties have started and others are interested
- Mixed reviews so far:
 - Physicians and advocates voice concerns
 - Confusion re opt-out (30 to 35% average)
 - Concerns about networks and social supports in community