Santa Clara
Family Health Plan

The Spirit of Care

AGENDA
Santa Clara County Health Authority
Governing Board Regular Meeting

Thursday, June 20tht, 2013
2:30-5:00 PM
210 E. Hacienda Avenue
Campbell CA 95008

1. Roll Call — Ms. Lew

2. Action item: Review and approval of February 21st 2013 meeting minutes — Ms. Lew

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 or public comment period to 30 minutes

4. Action item: Acceptance of February through April 2013 financial statements — Mr. Cameron

5. Action item: Approve SCFHP Budget FY 13/14 — Mr. Cameron

6. Report of the Chief Executive Officer — Ms. Darrow

   a. Discussion items:

      1. COO Report

         The CEO will highlight the COO report

2. Medicare Update

   An update on DSNP and the Dual Demonstration Project will be discussed

3. Joint Powers Authority Update

   An update on legal review of the Joint Powers Authority will be discussed

7. Report of the Chief Medical Officer — Dr. Robertson

   a. Action item:

      1. Approval of 2013 QI Program

      2. Approval of 2013 QI Workplan

8. Committee reports

   a. Consumer Affairs Committee: — Dr. Wenner

      1. Discussion item

         A recap of recent Committee proceedings will be presented

   b. Provider Advisory Council: — Dr. Robertson

      1. Discussion item

         A recap of recent Council proceedings will be presented

9. Recognition of Departing Board Members — Ms. Darrow

   The Governing Board recognizes the service of Ms. Judy Chirco, Mr. Bob Brownstein and Mr. Christopher Dawes as SCCHA Governing Board members whose

final terms expire on June 30, 2013

10. Action item: Appoint two SCCHA Executive Committee members — Ms. Darrow

11. Action item: Appoint Chair of SCCHA Executive Committee — Ms. Darrow

12. Action item: Appoint one SCCHA Bylaws Committee member — Ms. Darrow

Executive Session

13. Adjourn to closed session — Mr. Dawes

a. Personnel (Government Code 54957)

It is the intention of the Governing Board to meet in closed session to consider the performance evaluation of the Chief Executive Officer.

b. Real Property Negotiations (Government Code Section 54956.8)

It is the intention of the Executive Committee of the Santa Clara County Health Authority Governing Board to meet in Closed Session to confer with its Real Property Negotiators concerning:

The price and terms for the possible acquisition of real property located at 210 E. Hacienda Avenue, Campbell, CA 95008, APN 424-33-121. The negotiator for the Health Authority is Dave Cameron, Chief Financial Officer. The other negotiating party is the owner of the 210 E. Hacienda Avenue property.

14. Report from closed session — Mr. Dawes

15. Adjournment

For information about this notice or to review any of the documents constituting the agenda packet, please contact Shannon McNally, Santa Clara Family Health Plan, 210 E. Hacienda Avenue, Campbell CA, 95008, tel. 408-874-1842. Requests for provision of this notice in an alternative format in accordance with the Americans with Disabilities Act of 1990 should be made no later than two business days prior to the date of the meeting.

MINUTES
Santa Clara County Health Authority
Governing Board Regular Meeting

Thursday, February 21st, 2013
2:30 PM-5:00 PM
210 E. Hacienda Avenue
Campbell CA 95008

Board members present:
Ms. Michele Lew
Mr. Bob Brownstein
Dr. Dale Rai
Dr. Wally Wenner
Ms. Emily Harrison
Ms. Laura Jones
Mr. Daniel Peddycord
Mr. Christopher Dawes
Ms. Judy Chirco
Ms. Linda Williams
Ms. Pattie DeMellopine
Ms. Liz Kniss

Board members not present:
Dr. Adel Abi-Hanna

Others present:
Ms. Elizabeth Darrow, Chief Executive Officer
Mr. Dave Cameron, Chief Financial Officer
Mr. Matt Woodruff, Chief Operations Officer
Mr. Rayne Johnson, Chief Information Officer
Dr. Jeff Robertson, Chief Medical Officer
Ms. Shannon McNally, Secretary
Mr. Bob McGarry, Account Director, GlaxoSmithKline

1. Roll Call

   Chairman Lew called the meeting to order at 2:38pm. Roll call was taken, and a quorum was established.

2. Action item: Review and approval of November 2012 meeting minutes.

   It was moved, seconded, and approved to accept minutes as presented.

3. Public comment

   There was no public comment.

4. Action item: Approval of revised Appendix A, Conflict of Interest Code

   It was moved, seconded, and approved to accept the revised Appendix A, Conflict of Interest Code, as presented.

5. Report of Executive Committee

   a. Action items

   1. Acceptance of October through December 2012 financials

   Mr. Cameron presented highlights for the three months ending September 2012 financial statement:

- Operating loss of $158,000 for the month and $432,000 year to date. This compares to a budgeted operating surplus of $605,000, resulting in an unfavorable variance from budget of $763,000. Year to date, December 2012, SCFHP recorded an operating loss of $432,000 compared to a budgeted operating loss of $337,000, resulting in an unfavorable variance from budget of $95,000.
- Revenue is $42,000 or 0.2% above budget for the month and $1.5 million, or 1.2%, above budget year to date.
- December enrollment was 141,936 or 0.6% over budget. All lines of business are close to or on budget.
- Medical Expenses were over budget by $816,000 or 4.0% for the month and $2.0 million over budget, or 1.6% year to date.
- Administrative Expenses were over budget by $49,000, or -3.1% for the month and $280,000, or 2.9%, favorable to budget year to date. The primary reason for being over budget in December was additional actuarial consulting expenses as a result of numerous DHCS requests and work on the Duals demonstration project.
- Tangible Net Equity was $23.8 million compared to the minimum TNE required by the Department of Managed Health Care (DMHC) of $6.4 million. The Plan's

reserves are roughly $16.2 million below the reserves targeted by the Board of two months capitation revenue.

Mr. Cameron commented that the current month loss included the reserves for AB97. There continues to be uncertainties with AB97 and when the adjustments will be and the Health Plan believes that the best position is to keep this in reserves and see what happens. Mr. Cameron also noted that the Health Plan is still being paid on 2010/11 rates. Ms. Darrow commented that the AB97 appeal was still being litigated and is supposed to be settled this summer. Mr. Cameron stated that, depending on the duals budget, the Plan will likely break even this year and that next year is going to be a challenge. Ms. Darrow also commented that if trends stay where they are now the Plan may break even or have a slight loss which was forecasted in the Plan's original budget.

It was moved, seconded, and approved to approve the financial statements as presented.

2. Approve Duals Proposed Budget FY 12/13

Mr. Cameron provided an overview of additional funding that would be necessary to allow the Health Plan staff to continue pre-implementation planning and related activities for participation in California's Coordinated Care Initiative (CCI). These expenditures were not included in the FY 2012-13 budget because the CCI requirements had not yet been made available when the budget was approved. Mr. Cameron commented that both the state and CMS are pursuing aggressive, and constantly evolving, program requirements and timelines for implementation of the CCI. The proposed action would authorize management to allocate additional funding necessary to continue with the preparation and completion of the tasks necessary prior to a final decision to participate in the CCI.

6. Discussion item: Review of Other Health Plan Key Initiatives

Ms. Darrow gave an update on several current initiatives that the Health Plan is working on:

Ms. Darrow gave an update on the Dual project stating that as soon as the MOU is signed CMS and DHCS will be doing a review of the processes and procedures along with contracts and then will be onsite doing interviews to make sure that the Health Plan is ready to meet the full requirements of the project. Ms. Darrow

commented that there have been discussions about what staffing needs. Recruiting seasoned managed care people is very challenging. The Health Plan is also looking at some vendors that could possibly help with long term care management. In Home Support Services (IHSS) is also something that the Plan would be responsible. Medicare Advantage is the back up plan if the Demo does not come together. Medicare Advantage has some of the same requirements but with less staffing needs. IHSS and long term care support are not included in the program. Ms. Darrow also noted that with Medi-Cal expansion the Health Plan is looking at significant growth in the adults populations.

By way of further discussion, Ms. Darrow stated that VMC has asked the Health Plan to be their new MSO. Initial discussions have taken place and the start date will be July 2013. The Health Plan has several data requests to VHP and is also getting some work teams together and will be meeting with Paul Lorenz to start working up a contract. Ms. Darrow noted that this is in the best interest of the Health Plan and its providers.

Ms. Darrow also gave an update on Satellite Dialysis. Satellite has a Medicare Advantage Chronic Disease Special Needs program and their focus would be End Stage Renal Disease. Satellite received their Knoxx Keene license and beginning in 2014 will enroll Medicare beneficiaries who have ESRD. Satellite approached The Health Plan because they do not have the infrastructure and as a result the Plan has contracted to be their MSO.

7. Discussion item: Model of Care for the Dual Demonstration Project

Dr. Robertson gave a presentation on the Model of Care and essential elements for the Duals Demonstration Coordinated Care Initiative (CCI). Some of the highlights included in the presentation:

- Face-to-face Health Risk Assessments (HRA)
- Individualized Care Plan (ICP)
- Interdisciplinary Care Team (ICT)
- Communication Network
- Long Term Care Alternatives
- Performance and Health Measure Outcomes

8. Discussion item: Notice of Additional Board Meeting

Ms. Darrow commented that there may be an additional board meeting in late May/early April to present final Dual Demo budget, financials and decision to go forward.

9. Committee reports

    a. Consumer Affairs Committee

        i. Discussion item

A recap of recent Committee proceedings were presented.

    b. Provider Advisory Council

        i. Discussion item

A recap of recent committee proceedings were presented. Mr. Robertson commented that the three main topics discussed during the last meeting which included an update on the Healthy Families transition, noting that only five PCP's opted out. The Health Plan is very pleased with the minimal amount of disruption during the transition. Also included was an updated from the Pharmaceutical and Therapeutic Committee stating that the Health Plan switched to a new, deeply discounted, glucometer. Lastly, Dr. Robertson commented on the discussion around the retro authorization policy. The Health Plan has requested that these authorizations are processed no longer than 90 days after the procedure.

        ii. Action item

Approve nomination for Dr. Thad Padua to join the Provider Advisory Council

Ms. Darrow recognized Paul Estes for his leadership as Chair of the Provider Advisory Council.

It was moved, seconded, and approved to approve the nomination for Dr. Thad Padua to join the Provider Advisory Council

10. Action item: Request for, and approval of, volunteers for Bylaws Committee

Ms. Darrow noted that the Health Plan needed three volunteers for the Bylaws Committee. The reason that the Bylaws need to be reviewed and changed is because the business changed last year and therefore the Bylaws are outdated. Ms. Darrow volunteered Mr. Chris Dawes, Ms. Liz Kniss and Ms. Laura Jones to the Bylaws Committee.

It was moved, seconded, and approved to approve the members of the Bylaws Committee

11. Adjournment

It was moved, seconded, and approved to adjourn the meetings at 4:23pm.

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Shannon McNally, Secretary to the Board

Santa Clara
Family Health Plan

The Spirit of Care

Financial Statements for Eight Months Ended
February 2013
(Unaudited)

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Santa Clara Family Health Plan
CFO Finance Report
For the Month & Year to Date Ended February 28, 2013

Summary of Financial Results

For the month of February 2013, SCFHP recorded an operating surplus of $125 thousand compared to a budgeted operating surplus of $655 thousand, resulting in an unfavorable variance from budget of $530 thousand. For year to date February 2013, SCFHP recorded an operating surplus of $22 thousand compared to a budgeted operating loss of $845 thousand, resulting in an unfavorable variance from budget of $823 thousand. The table below summarizes the components of the overall variance from budget.

Summary Operating Results - Actual vs. Budget

For the Current Month & Fiscal Year to Date – February 2013
Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance $	Variance %		Actual	Budget	Variance $	Variance %
$ 23,805,163	$ 22,775,029	$ 1,030,135	4.5%	Revenue	$ 181,168,417	$ 177,534,308	$ 3,634,109	2.0%
22,180,465	20,553,920	(1,626,545)	-7.9%	Medical Expense	168,502,039	163,570,151	(4,931,888)	-3.0%
1,624,698	2,221,109	(596,411)	-27%	Gross Margin	12,666,378	13,964,157	(1,297,778)	-9%
1,486,016	1,543,091	57,075	3.7%	Administrative Expense	12,586,746	12,932,524	345,778	2.7%
138,682	678,018	(539,336)	80%	Net Operating Income	79,632	1,031,633	(952,001)	92%
(14,076)	(23,333)	9,257	40%	Non-Operating Income/Exp	(57,365)	(186,667)	129,302	69%
$ 124,606	$ 654,684	$ (530,078)	81%	Operating Surplus/ (Loss)	$ 22,267	$ 844,966	(822,699)	97%

Revenue

The Health Plan recorded net revenue of $23.8 million for the month of February 2013, compared to budgeted revenue of $22.8 million, resulting in an favorable variance from budget of $1.0 million, or 4.5%. For February 2013 year to date net revenue was $181.2 million, compared to budgeted revenue of $177.5 million, resulting in a favorable variance from budget of $3.6 million, or 2.1%. Actual net revenues are higher primarily due to revenue from the CBAS program and higher than budgeted membership in the Medi-Cal line of business.

On October 27, 2011, DHCS announced that CMS approved key elements of California state bill AB 97. AB 97 contains cost saving measures in the state's Medi-Cal program that would significantly impact the Plan's revenue rates retroactive to July 1, 2011. The State scored a major victory on December 13, 2012, when a three judge panel of the Ninth Circuit of Appeals upheld the Medi-Cal provider cuts contained in AB 97. SCFHP has reserved for all AB 97 cuts in case the State decides to recoup funding back to the AB 97 effective date of July 2011.

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 2013, overall member months were higher than budget by 2,169 members, or +1.5%. For year to date February 2013, overall member months were higher than budget by 2,929 members, or +0.3%.

In the eight months since the end of the prior fiscal year, 6/30/2012, membership in Medi-Cal increased by 17.2%. Membership in the Healthy Families program declined by 91.9% and membership in Healthy Kids program declined by 9.6%, since 6/30/2012. Member months and changes from prior year are summarized on Page 10.

The large upward fluctuation in Medi-Cal membership and the large downward fluctuation in Healthy Families membership are due to a transfer of approximately 15,000 members from Healthy Families to Medi-Cal during the month of January. This transfer represents Phase 1 of the planned Medi-Cal Healthy Families Product Transition.

Medical Expenses

For the month of February 2013, medical expense was $22.2 million compared to budget of $20.6 million, resulting in an unfavorable budget variance of $1.6 million, or 7.9%. For year to date February 2013, medical expense was $168.5 million compared to budget of $163.6 million, resulting in an unfavorable budget variance of $4.9 million, or 3.0%. The increase over budget for the month and year to date is primarily due to do higher than budgeted membership and increased costs in the Medi-Cal line of business.

Administrative Expenses

Overall administrative costs were under budget by $57 thousand (+3.7%), and $346 thousand under budget (+2.7%), for the month of February 2013 and year to date February 2013, respectively.

Administrative expenses were 6.3% and 7.0% of revenues for the month of February 2013 and year to date February 2013, respectively.

Balance Sheet (Page 6)

Current assets at February 28, 2013 totaled $69.7 million compared to current liabilities of $46.0 million, yielding a current ratio (the ratio of current assets to current liabilities) of 1.5:1 as of February 28, 2013. Working capital increased by $287.1 thousand for the eight-month year-to-date period ended February 28, 2013.

Cash as of February 28, 2013, decreased by $14.4 million from the cash balance as of year-end June 30, 2012. Net receivables increased by $24.6 million during the same eight-month period.

Liabilities increased by a net amount of $10.2 million during the eight months ended February 28, 2013. Increases include $9.8 million for additions to the reserve for Medi-Cal revenue rate reductions, plus small net increases in other categories of liabilities.

On February 25, 2010, the Board adopted a resolution to set aside excess funds generated from the Healthy Kids program, to be used for future Healthy Kids premium costs beginning with FY10. Based on this resolution, $1.4 million, $1.1 million, and $710 thousand, for FY2010, FY2011, and FY2012, respectively, were designated by the Health Authority's Governing Board to be used for future Healthy Kids premiums. Designated funds remain under the control of the Governing Board which may, at its discretion, later use the funds for other purposes. As of May 2012, potential funding for Healthy Kids as designated with this resolution was redirected to be used toward the support of the County Safety net.

Capital Expenses increased by $197 thousand for the eight months ended February 28, 2013.

Tangible Net Equity

Tangible net equity (TNE) was $24.2 million at February 28, 2013, compared to the minimum TNE required by the Department of Managed Health Care (DMHC) of $6.5 million (per last filing for quarter ended 12-31-12). 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, 2013, the Plan's reserves are about $16.2 million below this reserves target (see calculation below).

Calculation of targeted reserves as of February 28, 2013:

Estimate of two months' capitation (Feb-2013 Medi-Cal Capitation of $19,820,500 X 2 = $ 39,641,000)	$ 39,641,000
Less: Unrestricted Net Equity per balance sheet (rounded up)	$ 23,438,000
Approximate reserves below target	$ 16,203,000

Santa Clara County Health Authority

Balance Sheet

	2/28/2013	1/31/2013	12/31/2012	6/30/2012
Assets				
Current Assets				
Cash and Marketable Securities	$ 38,983,117	$ 57,810,508	$ 32,811,448	$ 53,399,695
Premiums Receivable	29,740,522	7,686,813	29,470,508	5,105,903
Due from Santa Clara Family Health Foundation - net	44,845	79,127	41,347	34,629
Prepaid Expenses and Other Current Assets	940,350	954,984	820,584	716,693
Total Current Assets	69,708,834	66,531,431	63,143,887	59,256,920
Long Term Assets				
Equipment	6,518,046	6,518,046	6,517,201	6,320,782
Less: Accumulated Depreciation	(6,030,563)	(5,973,804)	(5,917,045)	(5,568,491)
Total Long Term Assets	487,482	544,241	600,155	752,291
Total Assets	$ 70,196,316	$ 67,075,673	$ 63,744,042	$ 60,009,211
Liabilities and Net Assets				
Liabilities				
Trade Payables	$ 7,189,958	$ 6,445,022	$ 5,572,159	$ 2,145,127
Employee Benefits	779,060	725,137	751,146	734,733
Retirement Obligation per GASB 45	266,668	233,335	200,001	-
Due to Santa Clara County Valley Health Plan	309,940	319,695	1,316,929	3,145,623
Advance Premium - Healthy Kids	56,330	59,326	62,109	61,520
AB 97 Provider Reductions	22,481,409	21,369,421	20,259,985	12,650,821
Medical Cost Reserves	14,882,108	13,817,501	11,804,811	17,062,812
Total Liabilities	45,965,473	42,969,436	39,967,140	35,800,635
Net Assets / Reserves				
Invested in Capital Assets	487,485	544,241	600,155	752,291
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Board Designated Reserve - Healthy Kids	710,588	710,588	710,588	710,588
Unrestricted Net Equity	22,705,155	22,648,397	22,592,482	34,325,540
Current YTD Income (Loss)	22,267	(102,339)	(431,674)	(11,885,193)
Net Assets / Reserves	24,230,846	24,106,237	23,776,902	24,208,576
Total Liabilities and Net Assets	$ 70,196,319	$ 67,075,673	$ 63,744,042	$ 60,009,211
Solvency Ratios:				
Working Capital	23,743,360	23,561,996	23,176,746	23,456,285
Working Capital ratio	1.5	1.5	1.6	1.7
Average Days Cash on Hand	56	84	60	85

Santa Clara County Health Authority

Income Statement for the Month Ending February 28, 2013

	For the Month of February 2013					For Eight Months Ending February 2013				
	Actual	% of Revenue	Budget	% of Revenue	Variance	Actual	% of Revenue	Budget	% of Revenue	Variance
REVENUES										
MEDI-CAL	$ 22,844,010	96.0%	$ 20,757,891	91.1%	$ 2,086,120	$ 167,071,097	92.2%	$ 161,565,082	91.0%	$ 5,506,015
HEALTHY FAMILIES	101,400	0.4%	1,155,757	5.1%	(1,054,357)	7,129,164	3.9%	9,246,059	5.2%	(2,116,895)
HEALTHY KIDS	566,493	2.4%	595,349	2.6%	(28,856)	4,685,338	2.6%	4,752,410	2.7%	(67,072)
AGNEWS	164,760	1.6%	104,932	0.5%	59,828	1,345,268	1.3%	839,458	1.4%	505,810
HEALTHY WORKERS	128,500	0.5%	161,100	0.7%	(32,600)	937,550	0.5%	1,131,300	0.6%	(193,750)
TOTAL REVENUE	23,805,163	100.9%	22,775,029	100.0%	1,030,135	181,168,417	100.6%	177,534,308	100.9%	3,634,109
MEDICAL EXPENSES										
MEDI-CAL	21,569,858	90.6%	18,852,946	82.8%	(2,716,912)	157,346,014	86.9%	150,114,568	84.6%	(7,231,446)
HEALTHY FAMILIES	(54,750)	-0.2%	975,685	4.3%	1,030,435	6,122,983	3.4%	7,805,480	4.4%	1,682,497
HEALTHY KIDS	424,319	1.8%	482,350	2.1%	58,031	3,670,986	2.0%	3,861,243	2.2%	190,257
AGNEWS	123,285	0.5%	84,753	0.4%	(38,532)	595,736	0.0%	678,024	0.0%	82,288
HEALTHY WORKERS	117,754	0.5%	158,186	0.7%	40,432	766,320	0.0%	1,110,836	0.0%	344,516
TOTAL MEDICAL EXPENSES	22,180,465	93.2%	20,553,920	90.2%	(1,626,545)	168,502,039	92.3%	163,570,151	91.1%	(4,931,888)
MEDICAL OPERATING MARGIN	1,624,698	6.8%	2,221,109	9.8%	(596,411)	12,666,378	7.0%	13,964,157	7.9%	(1,297,778)
ADMINISTRATIVE EXPENSES										
SALARIES AND BENEFITS	997,171	4.2%	991,315	4.4%	(5,856)	8,214,824	4.5%	8,518,315	4.8%	303,491
RENTS AND UTILITIES	100,688	0.4%	104,659	0.5%	3,971	808,542	0.4%	837,275	0.5%	28,733
PRINTING AND ADVERTISING	(3,057)	0.0%	14,258	0.1%	17,315	116,406	0.1%	114,067	0.1%	(2,339)
INFORMATION SYSTEMS	45,435	0.2%	80,159	0.4%	34,723	621,618	0.3%	641,269	0.4%	19,650
PROF FEES / CONSULTING / TEMP STAFFING	185,113	0.8%	159,283	0.7%	(25,830)	1,286,052	0.7%	1,274,267	0.7%	(11,786)
DEPRECIATION / INSURANCE / EQUIPMENT	92,242	0.4%	78,583	0.3%	(13,659)	686,529	0.4%	628,667	0.4%	(57,863)
OFFICE SUPPLIES / POSTAGE / TELEPHONE	24,280	0.1%	57,150	0.3%	32,870	429,612	0.2%	457,200	0.3%	27,588
MEETINGS / TRAVEL / DUES	43,430	0.2%	51,091	0.2%	7,662	383,155	0.2%	408,732	0.2%	25,577
OTHER	713	0.0%	6,592	0.0%	5,878	40,008	0.0%	52,733	0.0%	12,725
TOTAL ADMINISTRATIVE EXPENSES	1,486,016	6.2%	1,543,091	6.8%	57,075	12,586,746	6.9%	12,932,524	7.3%	345,778
OPERATING SURPLUS (LOSS)	138,682	0.6%	678,018	3.0%	(539,336)	79,632	0.0%	1,031,633	0.6%	(952,001)
GASB 45-POST EMPLOYMENT BENEFITS EXPENSE	(33,334)	-0.1%	(33,333)	-0.1%	(0)	(266,668)	0.0%	(266,667)	0.0%	(1)
INTEREST & OTHER INCOME	19,257	0.1%	10,000	0.0%	9,257	209,303	0.1%	80,000	0.0%	129,303
NET INCOME (LOSS) FINAL	$ 124,606	0.5%	$ 654,684	2.9%	$ (530,079)	$ 22,267	0.0%	$ 844,966	0.5%	$ (822,699)

Administrative Expense
Actual vs. Budget
For the Current Month & Fiscal Year to Date - February 2013
Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance $	Variance %		Actual	Budget	Variance $	Variance %
$ 997,171	$ 991,315	$ (5,856)	-0.6%	Personnel	$ 8,214,824	$ 8,518,315	$ 303,491	3.6%
488,845	551,776	62,931	11.4%	Non-Personnel	4,371,923	4,414,209	$ 42,286	1.0%
1,486,016	1,543,091	57,075	3.7%	Total Administrative Expense	12,586,746	12,932,524	345,778	2.7%

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

EIGHT MONTHS ENDED FEBRUARY 28, 2013

	Medi-Cal	Healthy Families	Healthy Kids	Agnews	Healthy Workers	Grand Total
P&L (ALLOCATED BASIS)						
REVENUE	$167,071,097	$7,129,164	$4,685,338	$1,345,268	937,550	$181,168,417
MEDICAL EXPENSES	157,346,014	6,122,983	3,670,986	595,736	766,320	$168,502,039
GROSS MARGIN	9,725,083	1,006,181	1,014,352	749,532	171,230	$12,666,378
ADMINISTRATIVE EXPENSES (indirect costs subject to % MM allocation)	10,855,905	1,146,852	523,749	11,408	48,833	$12,586,746
OPERATING INCOME/(LOSS)	(1,130,822)	(140,671)	490,604	738,124	122,397	79,632
OTHER INCOME/EXPENSE (% of mm Allocation)	(49,477)	(5,227)	(2,387)	(52)	(223)	(57,365)
NET INCOME/ (LOSS)	($1,180,298)	($145,898)	$488,217	$738,072	$122,174	$22,267
PMPM ALLOCATED P&L:						
REVENUE	$172.13	$69.53	$100.06	$1,318.89	$214.74	$160.99
MEDICAL EXPENSES	162.11	59.71	78.39	584.05	175.52	149.73
GROSS MARGIN	10.02	9.81	21.66	734.84	39.22	11.26
ADMINISTRATIVE EXPENSS	11.18	11.18	11.18	11.18	11.18	11.18
OPERATING INCOME/(LOSS)	(1.17)	(1.37)	10.48	723.65	28.03	0.07
OTHER INCOME / (EXPENSE)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
NET INCOME / (LOSS)	($1.22)	($1.42)	$10.43	$723.60	$27.98	$0.02
ALLOCATION BASIS:						
MEMBER MONTHS - Month and YTD	970,598	102,537	46,827	1,020	4,366	1,125,348
% of Member Months	86.25%	9.11%	4.16%	0.09%	0.39%	100.00%

Santa Clara Family Health Plan
Statement of Cash Flows
For Eight Months Ended February 28, 2013

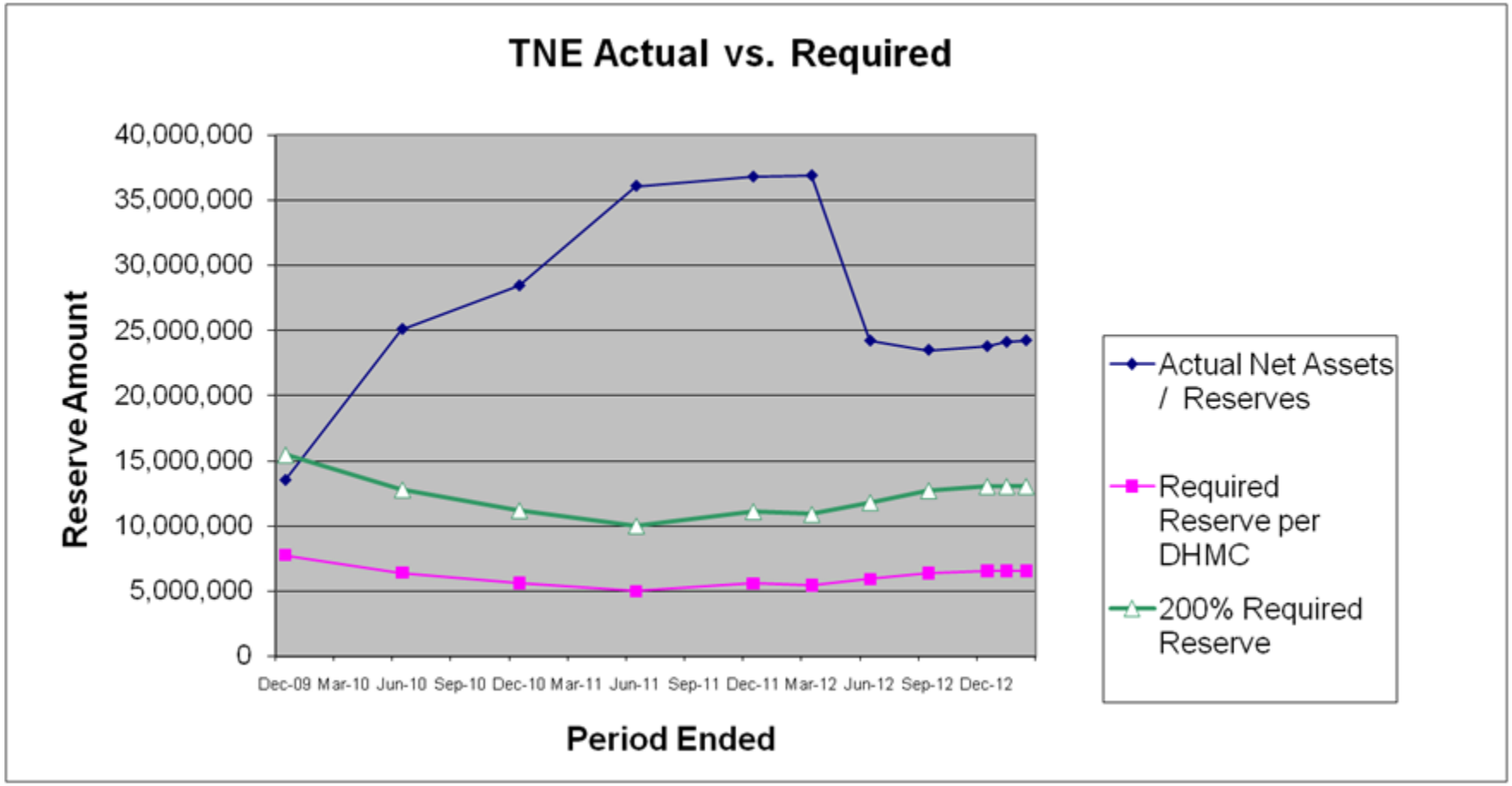
Cash flows from operating activities		
Premiums received	$	166,348,981
Medical expenses paid	$	(173,518,425)
Administrative expenses paid	$	(7,259,173)
Net cash from operating activities	$	(14,428,617)
Cash flows from capital and related financing activities		
Purchases of capital assets	$	(197,264)
Cash flows from investing activities		
Interest income and other income, net	$	209,303
Net (Decrease) increase in cash and cash equivalents	$	(14,416,578)
Cash and cash equivalents, beginning of year	$	53,399,695
Cash and cash equivalents at February 28, 2013	$	38,983,117
Reconciliation of operating income to net cash from operating activities		
Operating income (loss)	$	150,745
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	$	462,073
Changes in operating assets and liabilities		
Premiums receivable	$	(24,634,619)
Due from Santa Clara Family Health Foundation	$	(10,216)
Prepaids and other assets	$	(223,657)
Accounts payable and accrued liabilities	$	5,311,499
Capitation payable	$	(2,835,683)
Employee benefit liabilities	$	44,327
Advance premium - Healthy Kids	$	(5,189)
Reserve for Rate Reductions (AB 97)	$	9,830,588
Incurred but not reported claims payable and risk share payments payable	$	(2,518,484)
Total adjustments	$	(14,579,362)
Net cash from operating activities	$	(14,428,617)

Santa Clara Family Health Plan Enrollment Summary

	For the Month of February 2013			For Eight Months Ending February 2013				
	Actual	**Budget**	**% Variance**	**Actual**	**Budget**	**% Variance**	**Prior Year Actual**	**% Change FY13 vs FY12**
Medi-Cal	136,290	118,088	15.41%	970,598	933,313	3.99%	884,438	9.74%
Healthy Families	1,368	16,964	(91.94%)	102,537	135,712	(24.45%)	137,710	(25.54%)
Healthy Kids	5,622	5,909	(4.86%)	46,827	47,302	(1.00%)	52,821	(11.35%)
Agnews	125	133	(6.02%)	1,020	1,064	(4.14%)	1,045	(2.39%)
Healthy Workers	574	716	(19.83%)	4,366	5,028	(13.17%)	2,905	50.29%
Total	143,979	141,810	1.53%	1,125,348	1,122,419	0.26%	1,078,919	4.30%

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

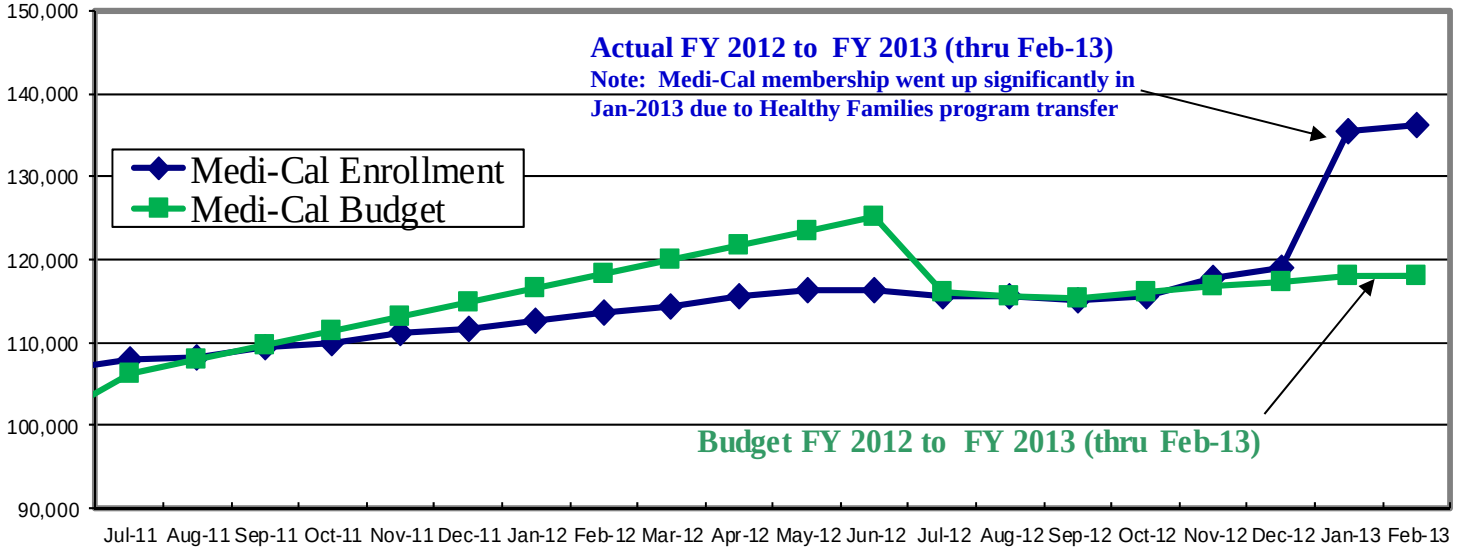
	12/31/2009	6/30/2010	12/31/2010	6/30/2011	12/31/2011	3/31/2012	6/30/2012	9/30/2012	12/31/2012	1/31/2013	2/28/2013
Actual Net Assets / Reserves	13,501,652	25,103,011	28,445,504	36,093,769	36,803,460	36,899,994	24,208,576	23,502,086	23,776,902	24,106,237	24,230,843
Required Reserve per DHMC	7,737,000	6,388,000	5,591,000	4,996,000	5,558,000	5,444,000	5,901,000	6,363,000	6,525,000	6,525,000	6,525,000
200% of Required Reserve	15,474,000	12,776,000	11,182,000	9,992,000	11,116,000	10,888,000	11,802,000	12,726,000	13,050,000	13,050,000	13,050,000



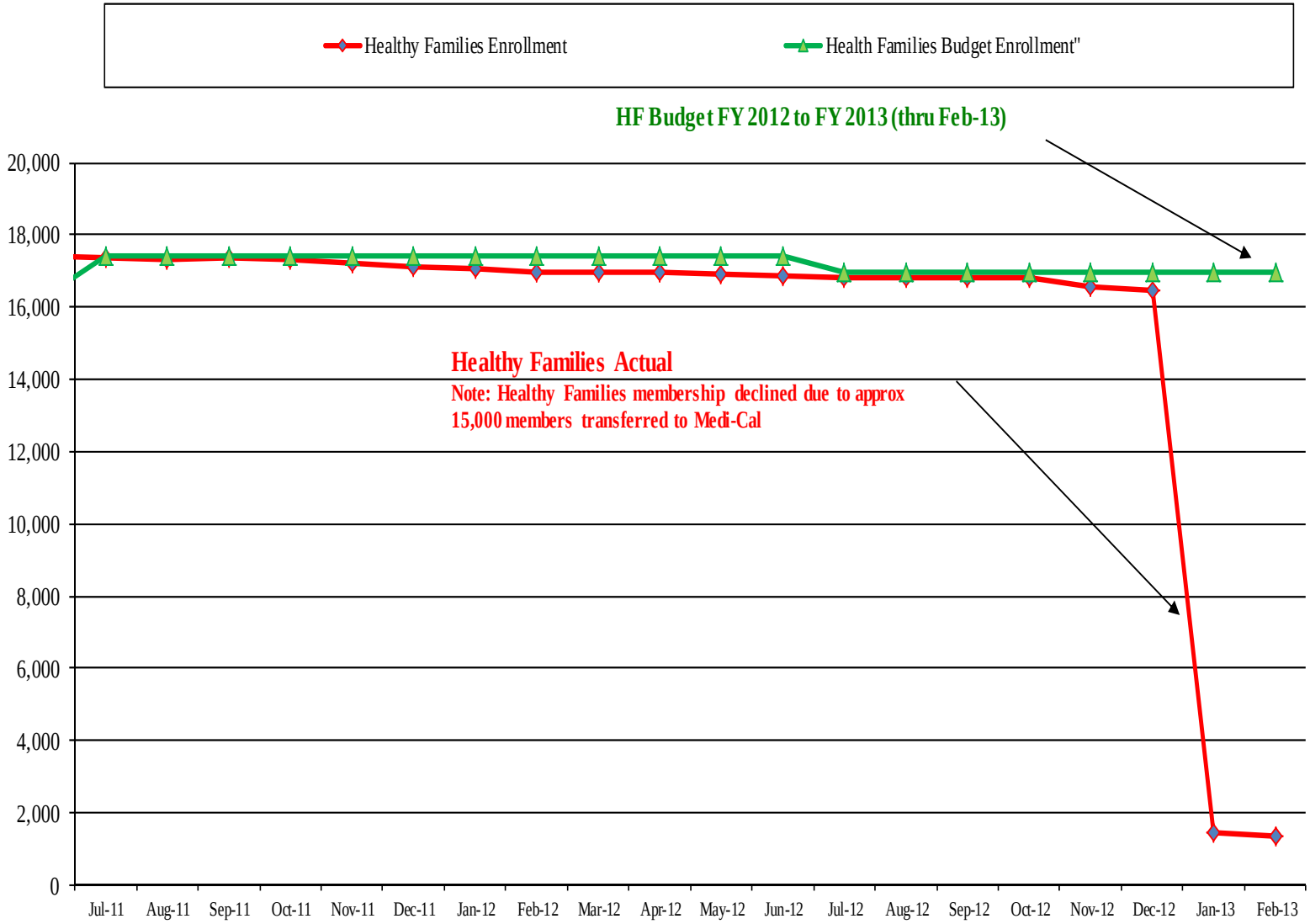
Santa Clara County Health Authority
Enrollment Summary by Network
February 2013

	Medi-Cal		Healthy Families		Healthy Kids		AG		Healthy Workers		Total	
	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total
Direct Contract Physicians	9,716	7%	74	5%	171	3%	125	100%	0	0%	10,086	7%
SCVHHS, Safety Net Clinics, FQHC Clinics,	68,257	50%	547	40%	3,919	70%	0	0%	574	100%	73,297	51%
Palo Alto Medical Foundation	3,295	2%	77	6%	54	1%	0	0%	0	0%	3,426	2%
Physicians Medical Group	35,472	26%	540	39%	1,336	24%	0	0%	0	0%	37,348	26%
Premier Care	10,053	7%	130	10%	142	3%	0	0%	0	0%	10,325	7%
Kaiser	9,497	7%	0	0%	0	0%	0	0%	0	0%	9,497	7%
Total	136,290	100%	1,368	100%	5,622	100%	125	100%	574	100%	143,979	100%
Enrollment @ 6-30-12	116,329		16,873		6,217		129		486		140,034	
Net % Change from Beginning of FY	17.16%		-91.89%		-9.57%		-3.10%		18.11%		2.82%	

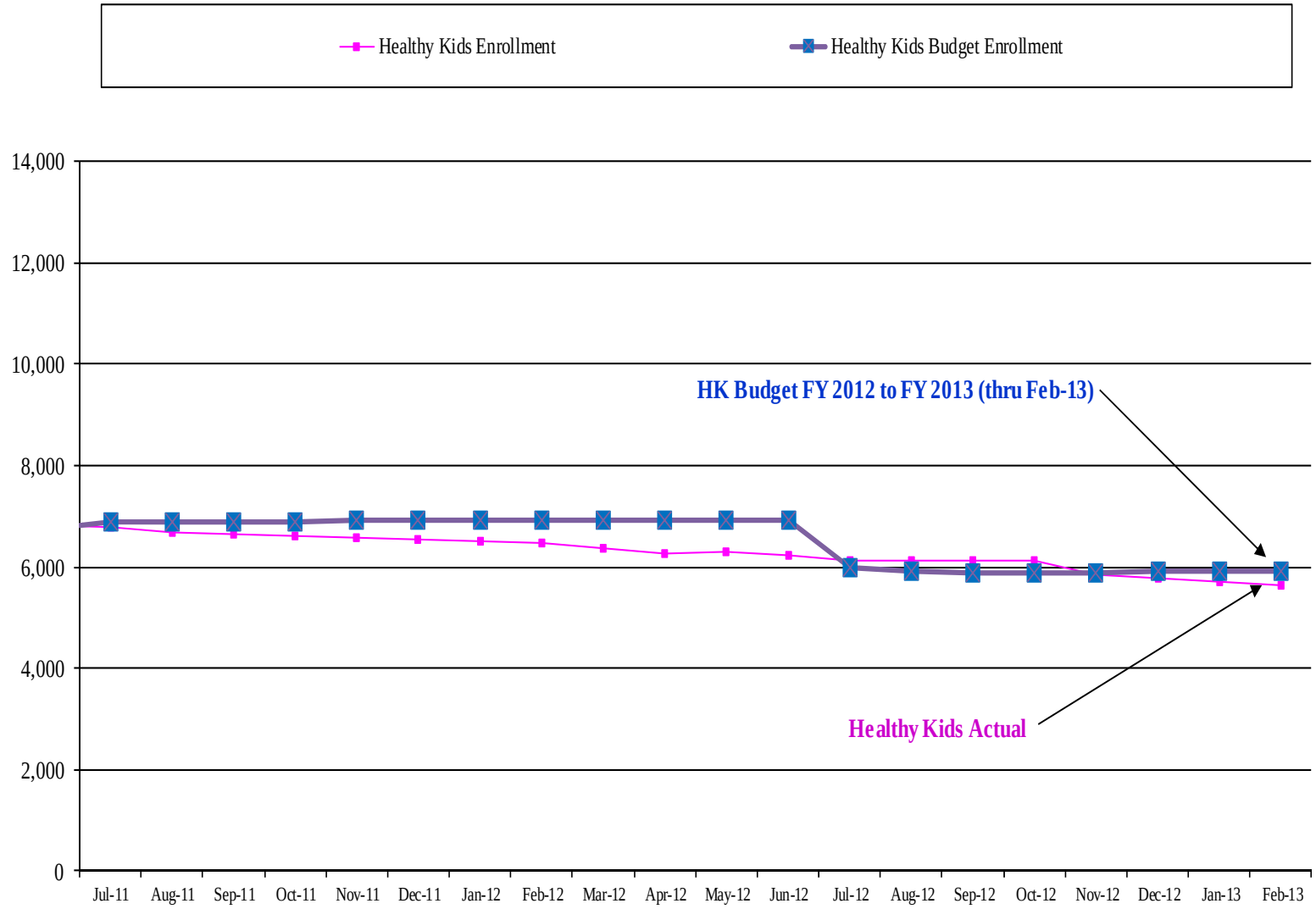
SCFHP Medi-Cal Enrollment as of Feb 2013



SCFHP Healthy Families Enrollment as of Feb 2013



SCFHP Healthy Kids Enrollment as of Feb 2013



Santa Clara
Family Health Plan

The Spirit of Care

Financial Statements
For Ten Months Ended April 2013
(Unaudited)

Table of Contents

Santa Clara Family Health Plan
CFO Finance Report
For the Month & Year to Date Ended April 30, 2013

Summary of Financial Results

For the month of April 2013, SCFHP recorded an operating surplus of $3.1 million compared to a budgeted operating surplus of $580 thousand, resulting in a favorable variance from budget of $2.5 million. For year to date April 2013, SCFHP recorded an operating surplus of $3.1 million compared to a budgeted operating surplus of $2.0 million, resulting in a favorable variance from budget of $1.1 million. The table below summarizes the components of the overall variance from budget.

Summary Operating Results - Actual vs. Budget

For the Current Month & Fiscal Year to Date – April 2013
Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance $	Variance %		Actual	Budget	Variance $	Variance %
$ 33,528,086	$ 22,919,831	$ 10,608,255	46.3%	Revenue	$ 238,585,767	$ 223,336,273	$ 15,249,493	6.8%
28,870,749	20,689,574	(8,181,176)	-39.5%	Medical Expense	219,633,915	204,914,011	(14,719,904)	-7.2%
4,657,337	2,230,258	2,427,079	109%	Gross Margin	18,951,852	18,422,263	529,589	3%
1,562,272	1,627,062	64,789	4.0%	Administrative Expense	15,774,283	16,144,662	370,379	2.3%
3,095,064	603,196	2,491,869	-413%	Net Operating Income	3,177,569	2,277,600	899,968	-40%
17,261	(23,333)	40,594	174%	Non-Operating Income/Exp	(54,184)	(233,333)	179,149	77%
$ 3,112,325	$ 579,862	$ 2,532,463	-437%	Operating Surplus/ (Loss)	$ 3,123,385	$ 2,044,267	1,079,118	-53%

Revenue

The Health Plan recorded net revenue of $33.5 million for the month of April 2013, compared to budgeted revenue of $22.9 million, resulting in a favorable variance from budget of $10.6 million, or 46.3%. For April 2013 year to date net revenue was $238.6 million, compared to budgeted revenue of $223.3 million, resulting in a favorable variance from budget of $15.2 million, or 6.8%. (In April 2013, SCFHP reversed $8.8 million previously reserved for rate reductions for AB97. The result is an increase in revenues for the month, and a decrease in liabilities.)

On October 27, 2011, DHCS announced that CMS approved key elements of California state bill AB 97. AB 97 contains cost saving measures in the state's Medi-Cal program that would significantly impact the Plan's revenue rates retroactive to July 1, 2011. The State scored a major victory on December 13, 2012, when a three judge panel of the Ninth Circuit of Appeals upheld the Medi-Cal provider cuts contained in AB 97. The State has confirmed that managed care rates will not be cut retroactive to July 2011 like it will be to FFS providers. The State has communicated its intent to reduce our rates prospectively beginning one month after the injunction is lifted.

A Statistical and Financial Summary for all lines of business is included on page 9 of this report.

Member Months

For the month of April 2013, overall member months were higher than budget by 10,573 members, or +7.4%. For year to date April 2013, overall member months were higher than budget by 15,003 members, or +1.1%.

In the ten months since the end of the prior fiscal year, 6/30/2012, membership in Medi-Cal increased by 26.2%. Membership in the Healthy Families program (which is phasing into Medi-Cal) declined by 98.9%, and membership in Healthy Kids program declined by 10.5%, since 6/30/2012. Member months and changes from prior year are summarized on Page 11.

The large upward fluctuation in Medi-Cal membership and the large downward fluctuation in Healthy Families membership are due to the transfer of Healthy Families members to Medi-Cal. This transfer is occurring in three phases of the planned Medi-Cal Healthy Families Product Transition.

Medical Expenses

For the month of April 2013, medical expense was $28.9 million compared to budget of $20.7 million, resulting in an unfavorable budget variance of $8.2 million, or 39.5%. For year to date April 2013, medical expense was $219.6 million compared to budget of $204.9 million, resulting in an unfavorable budget variance of $14.7 million, or 7.2%. The increase over budget for the month and year to date is primarily due higher than budgeted membership, increased costs in the Medi-Cal line of business and the recording a year t date safety net risk pool adjustment.

Administrative Expenses

Overall administrative costs were under budget by $65 thousand (+4.0), for the month of April 2013, and under budget by $370 thousand (+2.3%), for year to date April 2013.

Administrative expenses were 4.7% and 6.6% of revenues, for the month of April 2013 and year to date April 2013, respectively.

Balance Sheet (Page 6)

Current assets at April 30, 2013 totaled $72.3 million compared to current liabilities of $44.9 million, yielding a current ratio (the ratio of current assets to current liabilities) of 1.6:1 as of April 30, 2013. Working capital increased b $3.9 million for the ten months ended April 30, 2013.

Cash as of April 30, 2013, decreased by $11.9 million compared to the cash balance as of year-end June 30, 2012. Net receivables increased by $24.5 million during the same ten-month period.

Liabilities increased by a net amount of $9.1 million during the ten months ended April 30, 2013. The reserve for Medi-Cal revenue rate reductions was reduced by $8.8 million in April 2013 for amounts previously reserved for AB97, however, a liability for regular rate reductions remains until settlement is made by DHCS. The net reduction to liability related to rates changes was offset by an increase in reserve pool during April 2013.

On February 25, 2010, the Board adopted a resolution to set aside excess funds generated from the Healthy Kids program, to be used for future Healthy Kids premium costs beginning with FY10. Based on this resolution, $1.4 million, $1.1 million, and $710 thousand, for FY2010, FY2011, and FY2012, respectively, were designated by the Health Authority's Governing Board to be used for future Healthy Kids premiums. Designated funds remain under the control of the Governing Board which may, at its discretion, later use the funds for other purposes. As of May 2012, potential funding for Healthy Kids as designated with this resolution was redirected to be used toward the support of the County Safety net.

Capital Expenses increased by $240 thousand for the ten months ended April 30, 2013.

Tangible Net Equity

Tangible net equity (TNE) was $27.3 million at April 30, 2013, compared to the minimum TNE required by the Department of Managed Health Care (DMHC) of $7.0 million (per last filing for quarter ended 03-31-13). 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 April 30, 2013, the Plan's reserves are about $20.1 million below this reserves target (see calculation below).

Calculation of targeted reserves as of April 30, 2013:

Estimate of two months' capitation (Apr-2013 Medi-Cal Capitation of $20,245,200 X 2 = $ 40,489,400)	$ 40,489,400
Less: Unrestricted Net Equity per balance sheet (rounded up)	$ 20,362,800
Approximate reserves below target	$ 20,127,600

Santa Clara County Health Authority
Balance Sheet

	4/30/2013	3/31/2013	2/28/2013	6/30/2012
Assets				
Current Assets				
Cash and Marketable Securities	$ 41,497,513	$ 40,035,004	$ 38,983,117	$ 53,399,695
Premiums Receivable	29,641,522	29,715,184	29,740,522	5,105,903
Due from Santa Clara Family Health Foundation - net	37,379	49,931	44,845	34,629
Prepaid Expenses and Other Current Assets	675,536	889,541	940,350	716,693
Total Current Assets	71,851,949	70,689,659	69,708,834	59,256,920
Long Term Assets				
Equipment	6,561,101	6,550,992	6,518,046	6,320,782
Less: Accumulated Depreciation	(6,144,105)	(6,088,237)	(6,030,563)	(5,568,491)
Total Long Term Assets	416,996	462,755	487,482	752,291
Total Assets	$ 72,268,945	$ 71,152,415	$ 70,196,316	$ 60,009,211
Liabilities and Net Assets				
Liabilities				
Trade Payables	$ 6,712,167	$ 6,698,533	$ 7,189,958	$ 2,145,127
Employee Benefits	801,936	820,688	779,060	734,733
Retirement Obligation per GASB 45	333,335	300,002	266,668	-
Due to (from) Santa Clara County Valley Health Plan	1,162,675	(171,596)	309,940	3,145,623
Advance Premium - Healthy Kids	67,394	62,452	56,330	61,520
Reserve for Rate Reductions	15,429,834	23,591,525	22,481,409	12,650,821
Medical Cost Reserves	20,429,643	15,631,175	14,882,108	17,062,812
Total Liabilities	44,936,985	46,932,779	45,965,473	35,800,635
Net Assets / Reserves				
Invested in Capital Assets	416,996	462,755	487,485	752,291
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Board Designated Reserve - Healthy Kids	710,588	710,588	710,588	710,588
Unrestricted Net Equity	22,775,642	22,729,883	22,705,155	34,325,540
Current YTD Income (Loss)	3,123,385	11,059	22,267	(11,885,193)
Net Assets / Reserves	27,331,960	24,219,635	24,230,846	24,208,576
Total Liabilities and Net Assets	$ 72,268,945	$ 71,152,415	$ 70,196,319	$ 60,009,211
Solvency Ratios:				
Working Capital	26,914,964	23,756,880	23,743,360	23,456,285
Working Capital ratio	1.6	1.5	1.5	1.7
Average Days Cash on Hand	57	84	60	85

Santa Clara County Health Authority

Income Statement for the Month Ending April 30, 2013

	For the Month of April 2013					For Ten Months Ending April 2013				
	Actual	% of Revenue	Budget	% of Revenue	Variance	Actual	% of Revenue	Budget	% of Revenue	Variance
REVENUES										
MEDI-CAL	$ 32,651,446	97.4%	$ 20,890,245	91.1%	$ 11,761,200	$ 222,721,941	93.4%	$ 203,314,099	91.0%	$ 19,407,843
HEALTHY FAMILIES	16,490	0.0%	1,155,757	5.0%	(1,139,267)	7,181,190	3.0%	11,557,573	5.2%	(4,376,384)
HEALTHY KIDS	562,920	1.7%	596,547	2.6%	(33,627)	5,808,639	2.4%	5,944,904	2.7%	(136,265)
AGNEWS	163,820	1.6%	104,932	0.5%	58,888	1,677,089	1.3%	1,049,322	1.4%	627,766
HEALTHY WORKERS	133,410	0.4%	172,350	0.8%	(38,940)	1,196,908	0.5%	1,470,375	0.7%	(273,467)
TOTAL REVENUE	33,528,086	101.1%	22,919,831	100.0%	10,608,255	238,585,767	100.6%	223,336,273	101.0%	15,249,493
MEDICAL EXPENSES										
MEDI-CAL	28,061,073	83.7%	18,977,065	82.8%	(9,084,008)	207,005,173	86.8%	188,039,178	84.2%	(18,965,996)
HEALTHY FAMILIES	43,124	0.1%	975,685	4.3%	932,561	6,203,131	2.6%	9,756,850	4.4%	3,553,720
HEALTHY KIDS	438,457	1.3%	482,839	2.1%	44,382	4,529,030	1.9%	4,826,675	2.2%	297,645
AGNEWS	119,145	0.4%	84,753	0.4%	(34,392)	824,250	0.0%	847,530	0.0%	23,280
HEALTHY WORKERS	208,951	0.6%	169,232	0.7%	(39,719)	1,072,330	0.0%	1,443,778	0.0%	371,447
TOTAL MEDICAL EXPENSES	28,870,749	86.1%	20,689,574	90.3%	(8,181,176)	219,633,915	91.3%	204,914,011	90.7%	(14,719,904)
MEDICAL OPERATING MARGIN	4,657,337	13.9%	2,230,258	9.7%	2,427,079	18,951,852	7.9%	18,422,263	8.2%	529,589
ADMINISTRATIVE EXPENSES										
SALARIES AND BENEFITS	1,050,019	3.1%	1,075,286	4.7%	25,267	10,299,307	4.3%	10,626,901	4.8%	327,594
RENTS AND UTILITIES	91,087	0.3%	104,659	0.5%	13,573	999,910	0.4%	1,046,594	0.5%	46,683
PRINTING AND ADVERTISING	33,285	0.1%	14,258	0.1%	(19,027)	151,414	0.1%	142,583	0.1%	(8,831)
INFORMATION SYSTEMS	85,048	0.3%	80,159	0.3%	(4,889)	763,139	0.3%	801,586	0.4%	38,446
PROF FEES / CONSULTING / TEMP STAFFING	112,789	0.3%	159,283	0.7%	46,494	1,600,561	0.7%	1,592,833	0.7%	(7,728)
DEPRECIATION / INSURANCE / EQUIPMENT	102,913	0.3%	78,583	0.3%	(24,329)	885,304	0.4%	785,833	0.4%	(99,471)
OFFICE SUPPLIES / POSTAGE / TELEPHONE	40,565	0.1%	57,150	0.2%	16,585	541,651	0.2%	571,500	0.3%	29,849
MEETINGS / TRAVEL / DUES	44,793	0.1%	51,091	0.2%	6,299	485,224	0.2%	510,915	0.2%	25,691
OTHER	1,775	0.0%	6,592	0.0%	4,817	47,772	0.0%	65,917	0.0%	18,144
TOTAL ADMINISTRATIVE EXPENSES	1,562,272	4.7%	1,627,062	7.1%	64,789	15,774,283	6.6%	16,144,662	7.2%	370,379
OPERATING SURPLUS (LOSS)	3,095,064	9.2%	603,196	2.6%	2,491,869	3,177,568	1.3%	2,277,600	1.0%	899,968
GASB 45-POST EMPLOYMENT BENEFITS EXPENSE	(33,334)	-0.1%	(33,333)	-0.1%	(0)	(333,335)	0.0%	(333,333)	0.0%	(2)
INTEREST & OTHER INCOME	50,594	0.2%	10,000	0.0%	40,594	279,151	0.1%	100,000	0.0%	179,151
NET INCOME (LOSS) FINAL	$ 3,112,325	9.3%	$ 579,862	2.5%	$ 2,532,463	$ 3,123,385	1.3%	$ 2,044,267	0.9%	$ 1,079,118

Administrative Expense
Actual vs. Budget
For the Current Month & Fiscal Year to Date - April 2013
Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance $	Variance %		Actual	Budget	Variance $	Variance %
$ 1,050,019	$ 1,075,286	$ 25,267	2.3%	Personnel	$ 10,299,307	$ 10,626,901	$ 327,594	3.1%
512,254	551,776	39,522	7.2%	Non-Personnel	5,474,976	5,517,761	$ 42,785	0.8%
1,562,272	1,627,062	64,789	4.0%	Total Administrative Expense	15,774,283	16,144,662	370,379	2.3%

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

TEN MONTHS ENDED APRIL 30, 2013

	Medi-Cal	Healthy Families	Healthy Kids	Agnews	Healthy Workers	Grand Total
P&L (ALLOCATED BASIS)						
REVENUE	$222,721,941	$7,181,190	$5,808,639	$1,677,089	1,196,908	$238,585,767
MEDICAL EXPENSES	207,005,173	6,203,131	4,529,030	824,250	1,072,330	$219,633,915
GROSS MARGIN	15,716,768	978,059	1,279,609	852,838	124,578	$18,951,852
ADMINISTRATIVE EXPENSES	13,912,108	1,143,927	642,832	61,310	14,105	$15,774,283
(indirect costs subject to % MM allocation)						
OPERATING INCOME/(LOSS)	1,804,660	(165,868)	636,776	791,528	110,473	3,177,568
OTHER INCOME/EXPENSE (% of mm Allocation)	(47,787)	(3,929)	(2,208)	(211)	(48)	(54,184)
NET INCOME/ (LOSS)	$1,756,872	($169,797)	$634,568	$791,318	$110,424	$3,123,385
PMPM ALLOCATED P&L:						
REVENUE	$177.52	$69.61	$100.20	$303.33	$940.97	$167.72
MEDICAL EXPENSES	165.00	60.13	78.13	149.08	843.03	154.40
GROSS MARGIN	12.53	9.48	22.07	154.25	97.94	13.32
ADMINISTRATIVE EXPENSS	11.09	11.09	11.09	11.09	11.09	11.09
OPERATING INCOME/(LOSS)	1.44	(1.61)	10.98	143.16	86.85	2.23
OTHER INCOME / (EXPENSE)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
NET INCOME / (LOSS)	$1.40	($1.65)	$10.95	$143.12	$86.81	$2.20
ALLOCATION BASIS:						
MEMBER MONTHS - Month and YTD	1,254,602	103,160	57,971	5,529	1,272	1,422,534
% of Member Months	88.19%	7.25%	4.08%	0.39%	0.09%	100.00%

Santa Clara Family Health Plan
Statement of Cash Flows
For Ten Months Ended April 30, 2013

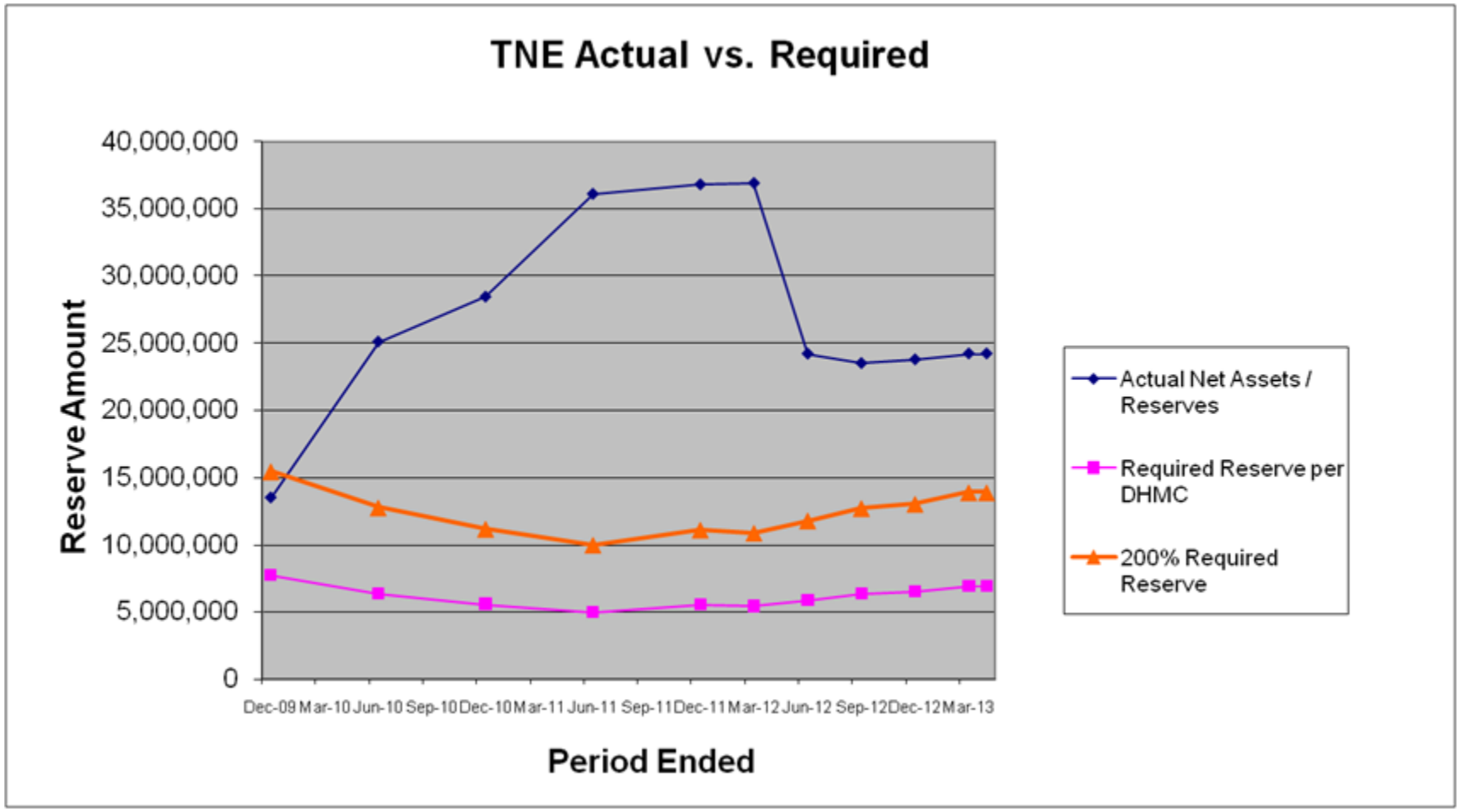
Cash flows from operating activities		
Premiums received		$ 216,832,285
Medical expenses paid		$ (218,250,031)
Administrative expenses paid		$ (10,523,269)
Net cash from operating activities		$ (11,941,014)
Cash flows from capital and related financing activities		
Purchases of capital assets		$ (240,319)
Cash flows from investing activities		
Interest income and other income, net	$	279,151
Net (Decrease) increase in cash and cash equivalents		$ (11,902,182)
Cash and cash equivalents, beginning of year		$ 53,399,695
Cash and cash equivalents at April 30, 2013		$ 41,497,513
Reconciliation of operating income to net cash from operating activities		
Operating income (loss)	$	2,844,234
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	$	575,614
Changes in operating assets and liabilities		
Premiums receivable		$ (24,535,619)
Due from Santa Clara Family Health Foundation		$ (2,750)
Prepaids and other assets	$	41,157
Accounts payable and accrued liabilities	$	4,900,375
Capitation payable		$ (1,982,948)
Employee benefit liabilities	$	67,203
Advance premium - Healthy Kids	$	5,874
Reserve for Rate Reductions	$	2,779,013
Incurred but not reported claims payable and risk share payments payable	$	3,366,832
Total adjustments		$ (14,785,248)
Net cash from operating activities		$ (11,941,014)

Santa Clara Family Health Plan Enrollment Summary

	For the Month of April 2013			For Ten Months Ending April 2013				
	Actual	**Budget**	**% Variance**	**Actual**	**Budget**	**% Variance**	**Prior Year Actual**	**% Change FY13 vs FY12**
Medi-Cal	146,779	118,887	23.46%	1,254,602	1,170,897	7.15%	1,114,311	12.59%
Healthy Families	186	16,964	(98.90%)	103,160	169,640	(39.19%)	171,657	(39.90%)
Healthy Kids	5,566	5,915	(5.90%)	57,971	59,129	(1.96%)	65,452	(11.43%)
Agnews	126	133	(5.26%)	1,272	1,330	(4.36%)	1,308	(2.75%)
Healthy Workers	581	766	(24.15%)	5,529	6,535	(15.39%)	3,797	45.61%
Total	153,238	142,665	7.41%	1,422,534	1,407,531	1.07%	1,356,525	4.87%

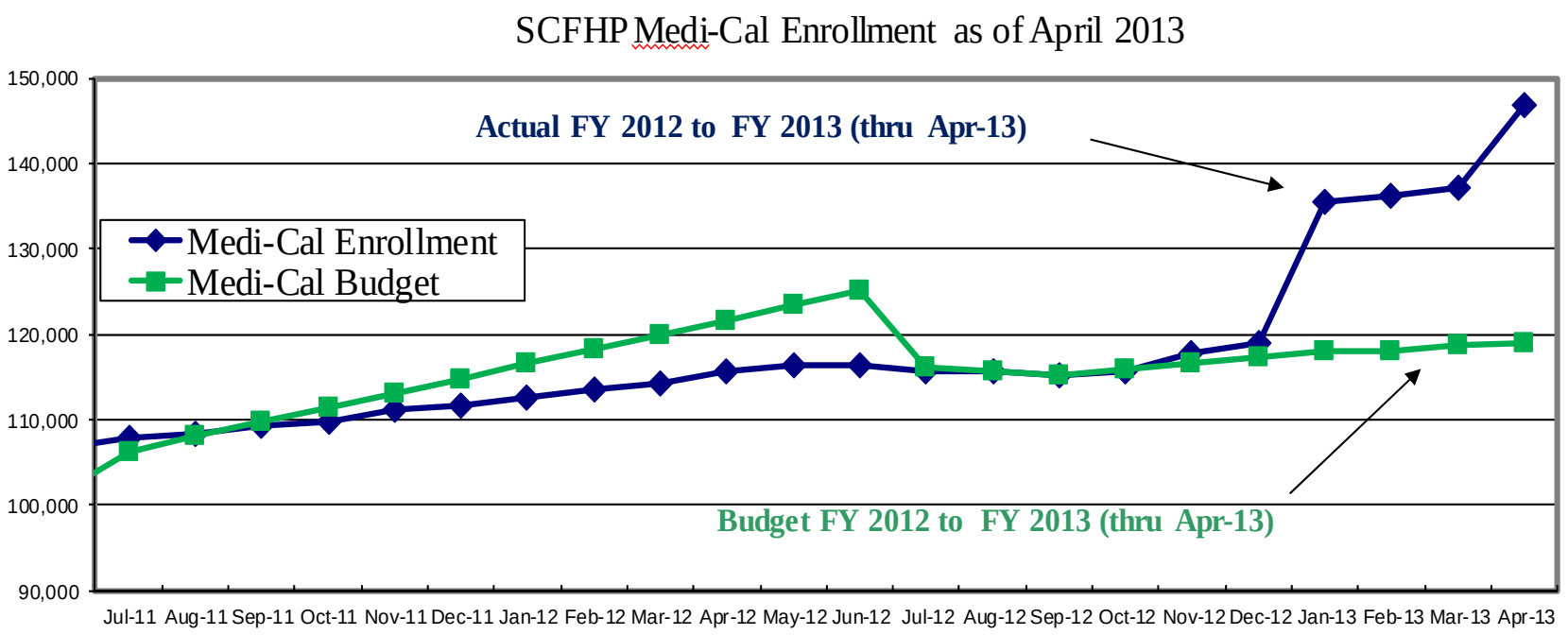
Santa Clara County Health Authority
Tangible Net Equity - Actual vs. Required
As of Period Ended:

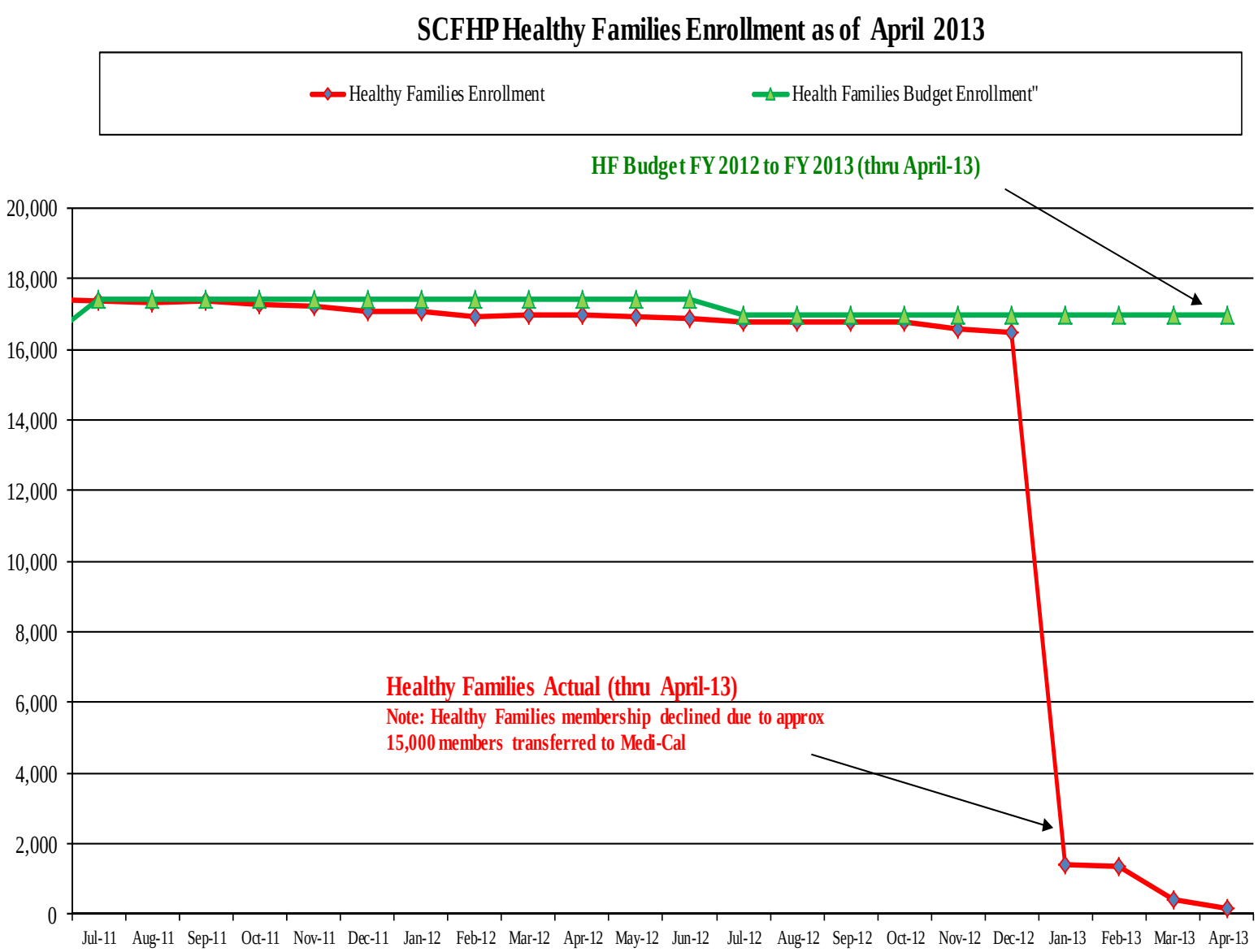
	12/31/2009	6/30/2010	12/31/2010	6/30/2011	12/31/2011	3/31/2012	6/30/2012	9/30/2012	12/31/2012	3/31/2013	4/30/2013
Actual Net Assets / Reserves	13,501,652	25,103,011	28,445,504	36,093,769	36,803,460	36,899,994	24,208,576	23,502,086	23,776,902	24,219,635	24,219,635
Required Reserve per DHMC	7,737,000	6,388,000	5,591,000	4,996,000	5,558,000	5,444,000	5,901,000	6,363,000	6,525,000	6,954,000	6,954,000
200% of Required Reserve	15,474,000	12,776,000	11,182,000	9,992,000	11,116,000	10,888,000	11,802,000	12,726,000	13,050,000	13,908,000	13,908,000



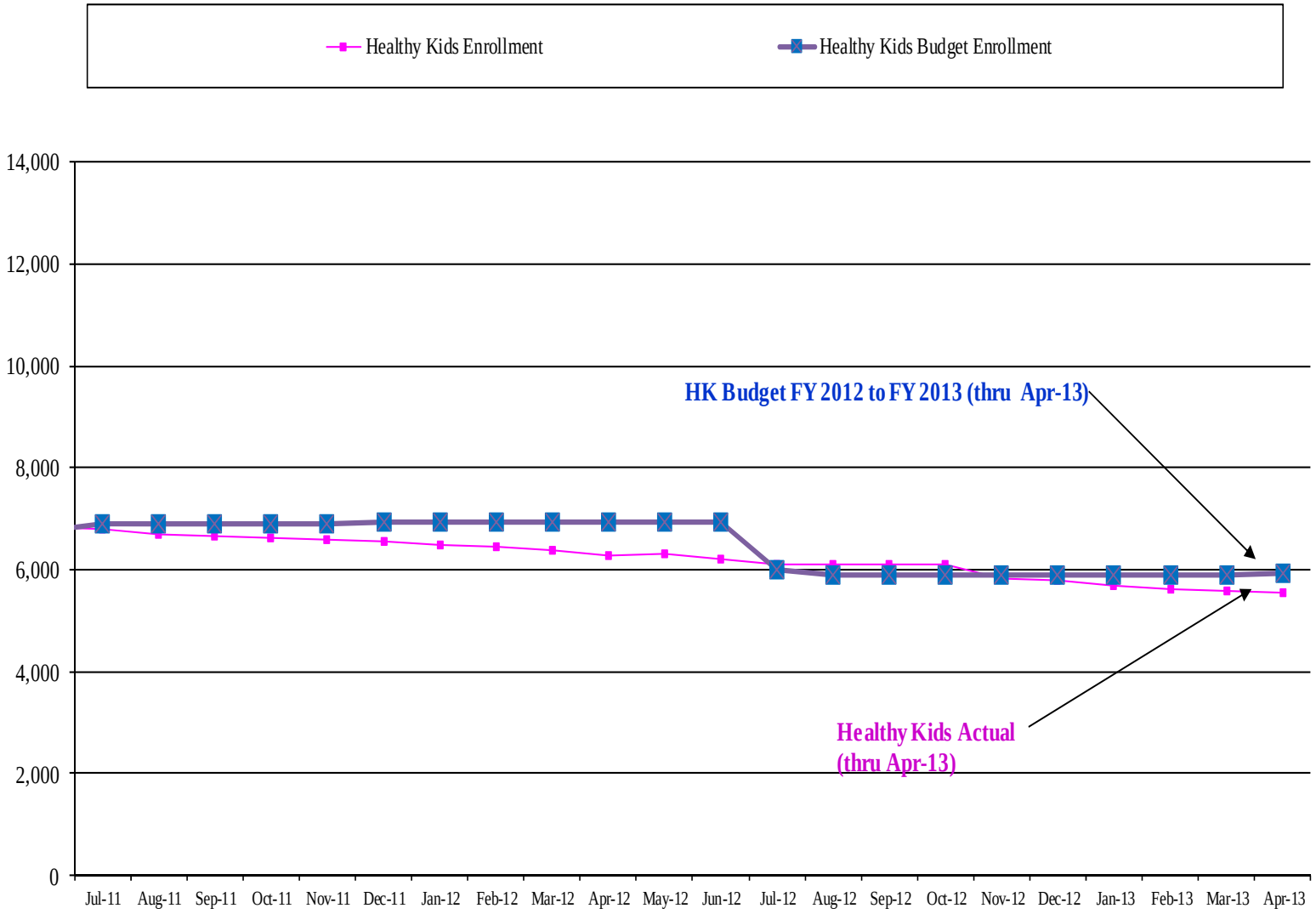
Santa Clara County Health Authority
Enrollment Summary by Network
April 2013

	Medi-Cal		Healthy Families		Healthy Kids		AG		Healthy Workers		Total	
	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total
Direct Contract Physicians	9,894	7%	9	5%	155	3%	126	100%	0	0%	10,184	7%
SCVHHS, Safety Net Clinics, FQHC Clinics,	68,905	47%	56	30%	3,887	70%	0	0%	581	100%	73,429	48%
Palo Alto Medical Foundation	3,380	2%	18	10%	55	1%	0	0%	0	0%	3,453	2%
Physicians Medical Group	36,259	25%	82	44%	1,324	24%	0	0%	0	0%	37,665	25%
Premier Care	10,218	7%	21	11%	145	3%	0	0%	0	0%	10,384	7%
Kaiser	18,123	12%	0	0%	0	0%	0	0%	0	0%	18,123	12%
Total	146,779	100%	186	100%	5,566	100%	126	100%	581	100%	153,238	100%
Enrollment @ 6-30-12	116,329		16,873		6,217		129		486		140,034	
Net % Change from Beginning of FY	26.18%		-98.90%		-10.47%		-2.33%		19.55%		9.43%	


SCFHP Medi-Cal Enrollment as of April 2013
150,000
140,000
130,000
120,000
110,000
100,000
90,000
Actual FY 2012 to FY 2013 (thru Apr-13)
Medi-Cal Enrollment
Medi-Cal Budget
Budget FY 2012 to FY 2013 (thru Apr-13)
Jul-11 Aug-11 Sep-11 Oct-11 Nov-11 Dec-11 Jan-12 Feb-12 Mar-12 Apr-12 May-12 Jun-12 Jul-12 Aug-12 Sep-12 Oct-12 Nov-12 Dec-12 Jan-13 Feb-13 Mar-13 Apr-13


SCFHP Healthy Families Enrollment as of April 2013
Healthy Families Enrollment
Health Families Budget Enrollment"
HF Budget FY 2012 to FY 2013 (thru April-13)
20,000
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
Healthy Families Actual (thru April-13)
Note: Healthy Families membership declined due to approx
15,000 members transferred to Medi-Cal
Jul-11
Aug-11
Sep-11
Oct-11
Nov-11
Dec-11
Jan-12
Feb-12
Mar-12
Apr-12
May-12
Jun-12
Jul-12
Aug-12
Sep-12
Oct-12
Nov-12
Dec-12
Jan-13
Feb-13
Mar-13
Apr-13

SCFHP Healthy Kids Enrollment as of April 2013



Santa Clara
Family Health Plan

The Spirit of Care

Financial Statements
For Nine Months Ended March 2013
(Unaudited)

Table of Contents

Santa Clara Family Health Plan
CFO Finance Report
For the Month & Year to Date Ended March 31, 2013

Summary of Financial Results

For the month of March 2013, SCFHP recorded an operating loss of $11 thousand compared to a budgeted operating surplus of $619 thousand, resulting in an unfavorable variance from budget of $630 thousand. For year to date March 2013, SCFHP recorded an operating surplus of $11 thousand compared to a budgeted operating surplus of $1.5 million, resulting in an unfavorable variance from budget of $1.5 million. The table below summarizes the components of the overall variance from budget.

Summary Operating Results - Actual vs. Budget

For the Current Month & Fiscal Year to Date – March 2013
Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance $	Variance %		Actual	Budget	Variance $	Variance %
$ 23,889,263	$ 22,882,134	$ 1,007,129	4.4%	Revenue	$ 205,057,681	$ 200,416,442	$ 4,641,239	2.3%
22,261,127	20,654,286	(1,606,841)	-7.8%	Medical Expense	190,763,166	184,224,437	(6,538,729)	-3.5%
1,628,137	2,227,848	(599,712)	-27%	Gross Margin	14,294,515	16,192,005	(1,897,490)	-12%
1,625,264	1,585,077	(40,188)	-2.5%	Administrative Expense	14,212,011	14,517,601	305,590	2.1%
2,872	642,772	(639,899)	100%	Net Operating Income	82,504	1,674,404	(1,591,900)	95%
(14,080)	(23,333)	9,253	40%	Non-Operating Income/Exp	(71,445)	(210,000)	138,555	66%
$ (11,208)	$ 619,438	$ (630,646)	102%	Operating Surplus/ (Loss)	$ 11,059	$ 1,464,404	(1,453,345)	99%

Revenue

The Health Plan recorded net revenue of $23.9 million for the month of March 2013, compared to budgeted revenue of $22.9 million, resulting in a favorable variance from budget of $1.0 million, or 4.4%. For March 2013 year to date net revenue was $205.1 million, compared to budgeted revenue of $200.4 million, resulting in a favorable variance from budget of $4.6 million, or 2.3%. Actual net revenues are higher primarily due to revenue from the CBAS program and higher than budgeted membership in the Medi-Cal line of business.

On October 27, 2011, DHCS announced that CMS approved key elements of California state bill AB 97. AB 97 contains cost saving measures in the state's Medi-Cal program that would significantly impact the Plan's revenue rates retroactive to July 1, 2011. The State scored a major victory on December 13, 2012, when a three judge panel of the Ninth Circuit of Appeals upheld the Medi-Cal provider cuts contained in AB 97. SCFHP has reserved for all AB 97 cuts in case the State decides to recoup funding back to the AB 97 effective date of July 2011.

A Statistical and Financial Summary for all lines of business is included on page 9 of this report.

Member Months

For the month of March 2013, overall member months were higher than budget by 1,501 members, or +1.1%. For year to date March 2013, overall member months were higher than budget by 4,430 members, or +0.4%.

In the nine months since the end of the prior fiscal year, 6/30/2012, membership in Medi-Cal increased by 18.0%. Membership in the Healthy Families program (which is phasing into Medi-Cal) declined by 97.4%, and membership in Healthy Kids program declined by 10.3%, since 6/30/2012. Member months and changes from prior year are summarized on Page 11.

The large upward fluctuation in Medi-Cal membership and the large downward fluctuation in Healthy Families membership are due to the transfer of Healthy Families members to Medi-Cal. This transfer is occurring in three phases of the planned Medi-Cal Healthy Families Product Transition.

Medical Expenses

For the month of March 2013, medical expense was $22.3 million compared to budget of $20.7 million, resulting in an unfavorable budget variance of $1.6 million, or 7.8%. For year to date March 2013, medical expense was $190.8 million compared to budget of $184.2 million, resulting in an unfavorable budget variance of $6.5 million, or 3.6%. The increase over budget for the month and year to date is primarily due to higher than budgeted membership and increased costs in the Medi-Cal line of business.

Administrative Expenses

Overall administrative costs were over budget by $40 thousand (-2.5%), for the month of March 2013, and under budget by $306 thousand (+2.1%), for year to date March 2013.

Administrative expenses were 6.8% and 6.9% of revenues, for the month of March 2013 and year to date March 2013, respectively.

Balance Sheet (Page 6)

Current assets at March 31, 2013 totaled $70.7 million compared to current liabilities of $46.9 million, yielding a current ratio (the ratio of current assets to current liabilities) of 1.5:1 as of March 31, 2013. Working capital increased by $300.6 thousand for the nine months ended March 31, 2013.

Cash as of March 31, 2013, decreased by $13.4 million from the cash balance as of year-end June 30, 2012. Net receivables increased by $24.6 million during the same nine-month period.

Liabilities increased by a net amount of $11.1 million during the nine months ended March 31, 2013. Increases include $10.9 million for additions to the reserve for Medi-Cal revenue rate reductions, plus small net increases in other categories of liabilities.

On February 25, 2010, the Board adopted a resolution to set aside excess funds generated from the Healthy Kids program to be used for future Healthy Kids premium costs beginning with FY10. Based on this resolution, $1.4 million, $1.1 million, and $710 thousand, for FY2010, FY2011, and FY2012, respectively, were designated by the Health Authority's Governing Board to be used for future Healthy Kids premiums. Designated funds remain under the control of the Governing Board which may, at its discretion, later use the funds for other purposes. As of May 2012, potential funding for Healthy Kids as designated with this resolution was redirected to be used toward the support of the County Safety net.

Capital Expenses increased by $230 thousand for the nine months ended March 31, 2013.

Tangible Net Equity

Tangible net equity (TNE) was $24.2 million at March 31, 2013, compared to the minimum TNE required by the Department of Managed Health Care (DMHC) of $6.5 million (per last filing for quarter ended 12-31-12). 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 March 31, 2013, the Plan's reserves are about $16.1 million below this reserves target (see calculation below).

Calculation of targeted reserves as of March 31, 2013:

Estimate of two months' capitation (Mar-2013 Medi-Cal Capitation of $19,796,300 X 2 = $ 39,592,600)	$ 39,592,600
Less: Unrestricted Net Equity per balance sheet (rounded up)	$ 23,429,400
Approximate reserves below target	$ 16,163,200

Santa Clara County Health Authority
Balance Sheet

	3/31/2013	2/28/2013	1/31/2013	6/30/2012
Assets				
Current Assets				
Cash and Marketable Securities	$ 40,035,004	$ 38,983,117	$ 57,810,508	$ 53,399,695
Premiums Receivable	29,715,184	29,740,522	7,686,813	5,105,903
Due from Santa Clara Family Health Foundation - net	49,931	44,845	79,127	34,629
Prepaid Expenses and Other Current Assets	889,541	940,350	954,984	716,693
Total Current Assets	70,689,659	69,708,834	66,531,431	59,256,920
Long Term Assets				
Equipment	6,550,992	6,518,046	6,518,046	6,320,782
Less: Accumulated Depreciation	(6,088,237)	(6,030,563)	(5,973,804)	(5,568,491)
Total Long Term Assets	462,755	487,482	544,241	752,291
Total Assets	$ 71,152,415	$ 70,196,316	$ 67,075,673	$ 60,009,211
Liabilities and Net Assets				
Liabilities				
Trade Payables	$ 6,698,533	$ 7,189,958	$ 6,445,022	$ 2,145,127
Employee Benefits	820,688	779,060	725,137	734,733
Retirement Obligation per GASB 45	300,002	266,668	233,335	-
Due to (from) Santa Clara County Valley Health Plan	(171,596)	309,940	319,695	3,145,623
Advance Premium - Healthy Kids	62,452	56,330	59,326	61,520
AB 97 Provider Reductions	23,591,525	22,481,409	21,369,421	12,650,821
Medical Cost Reserves	15,631,175	14,882,108	13,817,501	17,062,812
Total Liabilities	46,932,779	45,965,473	42,969,436	35,800,635
Net Assets / Reserves				
Invested in Capital Assets	462,755	487,485	544,241	752,291
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Board Designated Reserve - Healthy Kids	710,588	710,588	710,588	710,588
Unrestricted Net Equity	22,729,883	22,705,155	22,648,397	34,325,540
Current YTD Income (Loss)	11,059	22,267	(102,339)	(11,885,193)
Net Assets / Reserves	24,219,635	24,230,846	24,106,237	24,208,576
Total Liabilities and Net Assets	$ 71,152,415	$ 70,196,319	$ 67,075,673	$ 60,009,211
Solvency Ratios:				
Working Capital	23,756,880	23,743,360	23,561,996	23,456,285
Working Capital ratio	1.5	1.5	1.5	1.7
Average Days Cash on Hand	57	84	60	85

Santa Clara County Health Authority

Income Statement for the Month Ending March 31, 2013

	For the Month of March 2013					For Nine Months Ending March 2013				
	Actual	% of Revenue	Budget	% of Revenue	Variance	Actual	% of Revenue	Budget	% of Revenue	Variance
REVENUES										
MEDI-CAL	$ 22,999,398	96.3%	$ 20,858,772	91.2%	$ 2,140,627	$ 190,070,496	92.7%	$ 182,423,854	91.0%	$ 7,646,642
HEALTHY FAMILIES	35,535	0.1%	1,155,757	5.1%	(1,120,222)	7,164,699	3.5%	10,401,816	5.2%	(3,237,117)
HEALTHY KIDS	560,381	2.3%	595,948	2.6%	(35,566)	5,245,719	2.6%	5,348,357	2.7%	(102,638)
AGNEWS	168,000	1.6%	104,932	0.5%	63,068	1,513,268	1.3%	944,390	1.4%	568,878
HEALTHY WORKERS	125,948	0.5%	166,725	0.7%	(40,777)	1,063,498	0.5%	1,298,025	0.6%	(234,527)
TOTAL REVENUE	23,889,263	100.9%	22,882,134	100.0%	1,007,129	205,057,681	100.6%	200,416,442	101.0%	4,641,239
MEDICAL EXPENSES										
MEDI-CAL	21,598,087	90.4%	18,947,544	82.8%	(2,650,542)	178,944,101	87.3%	169,062,113	84.4%	(9,881,988)
HEALTHY FAMILIES	37,023	0.2%	975,685	4.3%	938,662	6,160,006	3.0%	8,781,165	4.4%	2,621,159
HEALTHY KIDS	419,588	1.8%	482,594	2.1%	63,006	4,090,574	2.0%	4,343,837	2.2%	253,263
AGNEWS	109,369	0.5%	84,753	0.4%	(24,616)	705,105	0.0%	762,777	0.0%	57,672
HEALTHY WORKERS	97,059	0.4%	163,709	0.7%	66,650	863,379	0.0%	1,274,545	0.0%	411,166
TOTAL MEDICAL EXPENSES	22,261,127	93.2%	20,654,286	90.3%	(1,606,841)	190,763,166	92.3%	184,224,437	90.9%	(6,538,729)
MEDICAL OPERATING MARGIN	1,628,137	6.8%	2,227,848	9.7%	(599,712)	14,294,515	7.0%	16,192,005	8.1%	(1,897,490)
ADMINISTRATIVE EXPENSES										
SALARIES AND BENEFITS	1,034,465	4.3%	1,033,300	4.5%	(1,164)	9,249,289	4.5%	9,551,616	4.8%	302,327
RENTS AND UTILITIES	100,281	0.4%	104,659	0.5%	4,378	908,824	0.4%	941,934	0.5%	33,111
PRINTING AND ADVERTISING	1,723	0.0%	14,258	0.1%	12,535	118,129	0.1%	128,325	0.1%	10,196
INFORMATION SYSTEMS	56,473	0.2%	80,159	0.4%	23,685	678,092	0.3%	721,427	0.4%	43,336
PROF FEES / CONSULTING / TEMP STAFFING	201,720	0.8%	159,283	0.7%	(42,436)	1,487,772	0.7%	1,433,550	0.7%	(54,222)
DEPRECIATION / INSURANCE / EQUIPMENT	95,862	0.4%	78,583	0.3%	(17,279)	782,392	0.4%	707,250	0.4%	(75,142)
OFFICE SUPPLIES / POSTAGE / TELEPHONE	71,474	0.3%	57,150	0.2%	(14,324)	501,086	0.2%	514,350	0.3%	13,264
MEETINGS / TRAVEL / DUES	57,277	0.2%	51,092	0.2%	(6,185)	440,431	0.2%	459,824	0.2%	19,392
OTHER	5,989	0.0%	6,592	0.0%	602	45,997	0.0%	59,325	0.0%	13,328
TOTAL ADMINISTRATIVE EXPENSES	1,625,264	6.8%	1,585,077	6.9%	(40,188)	14,212,011	6.9%	14,517,601	7.2%	305,590
OPERATING SURPLUS (LOSS)	2,872	0.0%	642,772	2.8%	(639,899)	82,504	0.0%	1,674,404	0.8%	(1,591,900)
GASB 45-POST EMPLOYMENT BENEFITS EXPENSE	(33,334)	-0.1%	(33,333)	-0.1%	(0)	(300,002)	0.0%	(300,000)	0.0%	(2)
INTEREST & OTHER INCOME	19,254	0.1%	10,000	0.0%	9,254	228,557	0.1%	90,000	0.0%	138,557
NET INCOME (LOSS) FINAL	$ (11,208)	0.0%	$ 619,438	2.7%	$ (630,646)	$ 11,059	0.0%	$ 1,464,404	0.7%	$(1,453,345)

Administrative Expense
Actual vs. Budget
For the Current Month & Fiscal Year to Date - March 2013
Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance $	Variance %		Actual	Budget	Variance $	Variance %
$ 1,034,465	$ 1,033,300	$ (1,164)	-0.1%	Personnel	$ 9,249,289	$ 9,551,616	$ 302,327	3.2%
590,800	551,776	(39,023)	-7.1%	Non-Personnel	4,962,722	4,965,985	$ 3,263	0.1%
1,625,264	1,585,077	(40,188)	-2.5%	Total Administrative Expense	14,212,011	14,517,601	305,590	2.1%

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

NINE MONTHS ENDED MARCH 31, 2013

	Medi-Cal	Healthy Families	Healthy Kids	Agnews	Healthy Workers	Grand Total
P&L (ALLOCATED BASIS)						
REVENUE	$190,070,496	$7,164,699	$5,245,719	$1,513,268	1,063,498	$205,057,681
MEDICAL EXPENSES	178,944,101	6,160,006	4,090,574	705,105	863,379	$190,763,166
GROSS MARGIN	11,126,395	1,004,693	1,155,146	808,163	200,119	$14,294,515
ADMINISTRATIVE EXPENSES	12,404,035	1,152,976	586,767	12,831	55,402	$14,212,011
(indirect costs subject to % MM allocation)						
OPERATING INCOME/(LOSS)	(1,277,640)	(148,283)	568,379	795,331	144,717	82,504
OTHER INCOME/EXPENSE (% of mm Allocation)	(62,356)	(5,796)	(2,950)	(65)	(279)	(71,445)
NET INCOME/ (LOSS)	($1,339,996)	($154,079)	$565,429	$795,267	$144,439	$11,059
PMPM ALLOCATED P&L:						
REVENUE	$171.57	$69.58	$100.10	$1,320.48	$214.93	$161.55
MEDICAL EXPENSES	161.53	59.82	78.06	615.28	174.49	150.29
GROSS MARGIN	10.04	9.76	22.04	705.20	40.44	11.26
ADMINISTRATIVE EXPENSS	11.20	11.20	11.20	11.20	11.20	11.20
OPERATING INCOME/(LOSS)	(1.15)	(1.44)	10.85	694.01	29.25	0.06
OTHER INCOME / (EXPENSE)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)
NET INCOME / (LOSS)	($1.21)	($1.50)	$10.79	$693.95	$29.19	$0.01
ALLOCATION BASIS:						
MEMBER MONTHS - Month and YTD	1,107,823	102,974	52,405	1,146	4,948	1,269,296
% of Member Months	87.28%	8.11%	4.13%	0.09%	0.39%	100.00%

Santa Clara Family Health Plan
Statement of Cash Flows
For Nine Months Ended March 31, 2013

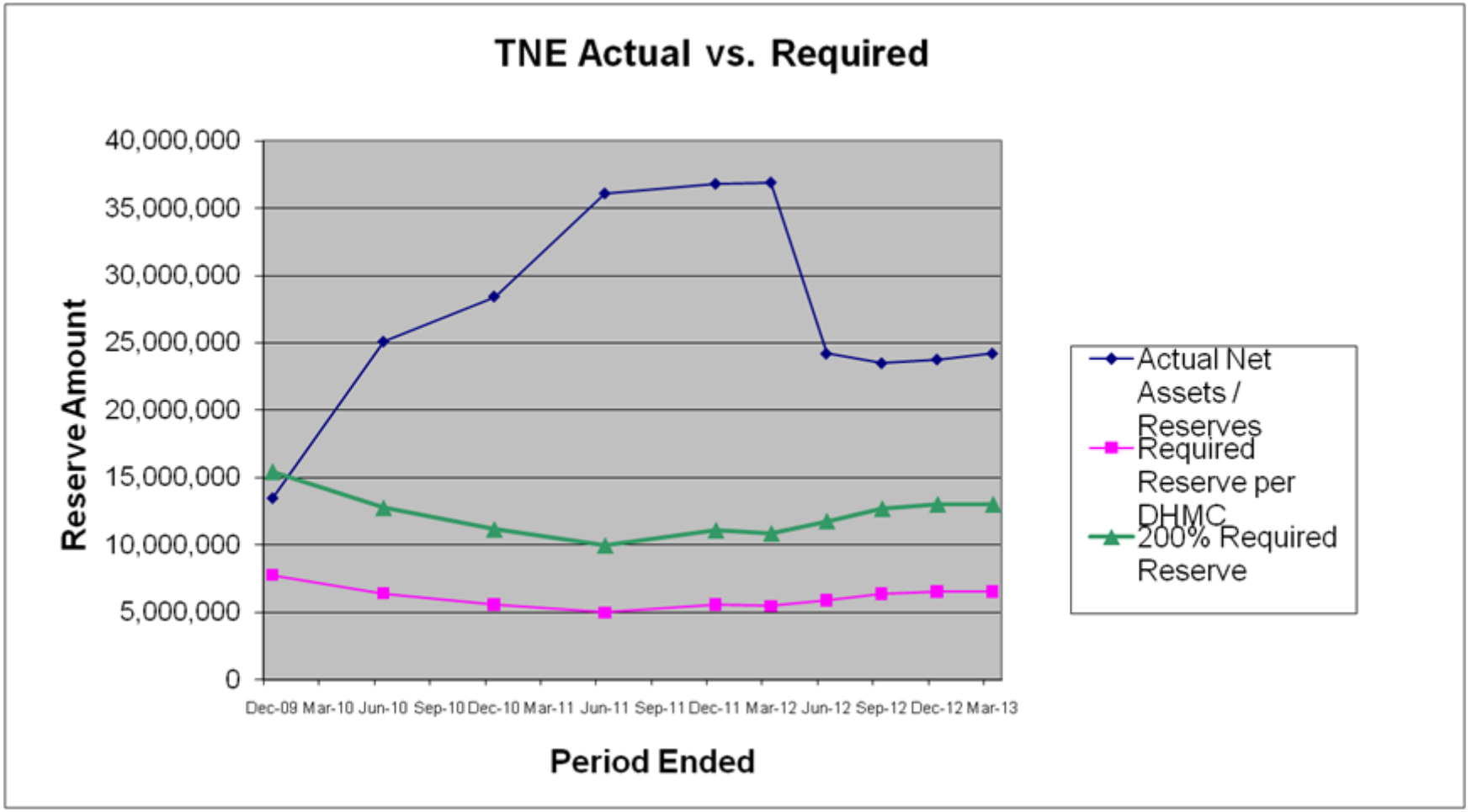
Cash flows from operating activities		
Premiums received	$	191,374,734
Medical expenses paid	$	(195,512,020)
Administrative expenses paid	$	(9,225,751)
Net cash from operating activities	$	(13,363,037)
Cash flows from capital and related financing activities		
Purchases of capital assets	$	(230,211)
Cash flows from investing activities		
Interest income and other income, net	$	228,557
Net (Decrease) increase in cash and cash equivalents	$	(13,364,691)
Cash and cash equivalents, beginning of year	$	53,399,695
Cash and cash equivalents at March 31, 2013	$	40,035,004
Reconciliation of operating income to net cash from operating activities		
Operating income (loss)	$	(217,497)
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	$	519,747
Changes in operating assets and liabilities		
Premiums receivable	$	(24,609,281)
Due from Santa Clara Family Health Foundation	$	(15,302)
Prepaids and other assets	$	(172,848)
Accounts payable and accrued liabilities	$	4,853,407
Capitation payable	$	(3,317,219)
Employee benefit liabilities	$	85,955
Advance premium - Healthy Kids	$	933
Reserve for Rate Reductions (AB 97)	$	10,940,704
Incurred but not reported claims payable and risk share payments payable	$	(1,431,636)
Total adjustments	$	(13,145,540)
Net cash from operating activities	$	(13,363,037)

Santa Clara Family Health Plan Enrollment Summary

	For the Month of March 2013			For Nine Months Ending March 2013				
	Actual	**Budget**	**% Variance**	**Actual**	**Budget**	**% Variance**	**Prior Year Actual**	**% Change FY13 vs FY12**
Medi-Cal	137,225	118,697	15.61%	1,107,823	1,052,010	5.31%	998,713	10.93%
Healthy Families	437	16,964	(97.42%)	102,974	152,676	(32.55%)	154,674	(33.43%)
Healthy Kids	5,578	5,912	(5.65%)	52,405	53,214	(1.52%)	59,190	(11.46%)
Agnews	126	133	(5.26%)	1,146	1,197	(4.26%)	1,178	(2.72%)
Healthy Workers	582	741	(21.46%)	4,948	5,769	(14.23%)	3,346	47.88%
Total	143,948	142,447	1.05%	1,269,296	1,264,866	0.35%	1,217,101	4.29%

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

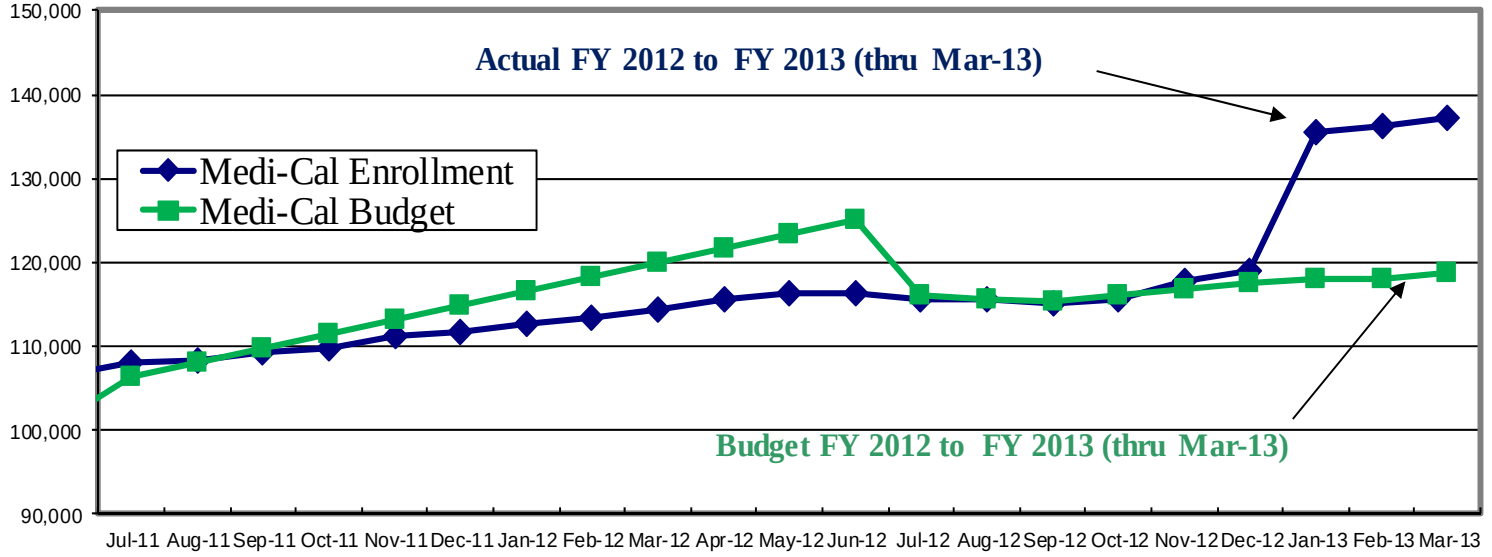
	12/31/2009	6/30/2010	12/31/2010	6/30/2011	12/31/2011	3/31/2012	6/30/2012	9/30/2012	12/31/2012	3/31/2013
Actual Net Assets / Reserves	13,501,652	25,103,011	28,445,504	36,093,769	36,803,460	36,899,994	24,208,576	23,502,086	23,776,902	24,219,635
Required Reserve per DHMC	7,737,000	6,388,000	5,591,000	4,996,000	5,558,000	5,444,000	5,901,000	6,363,000	6,525,000	6,525,000
200% of Required Reserve	15,474,000	12,776,000	11,182,000	9,992,000	11,116,000	10,888,000	11,802,000	12,726,000	13,050,000	13,050,000

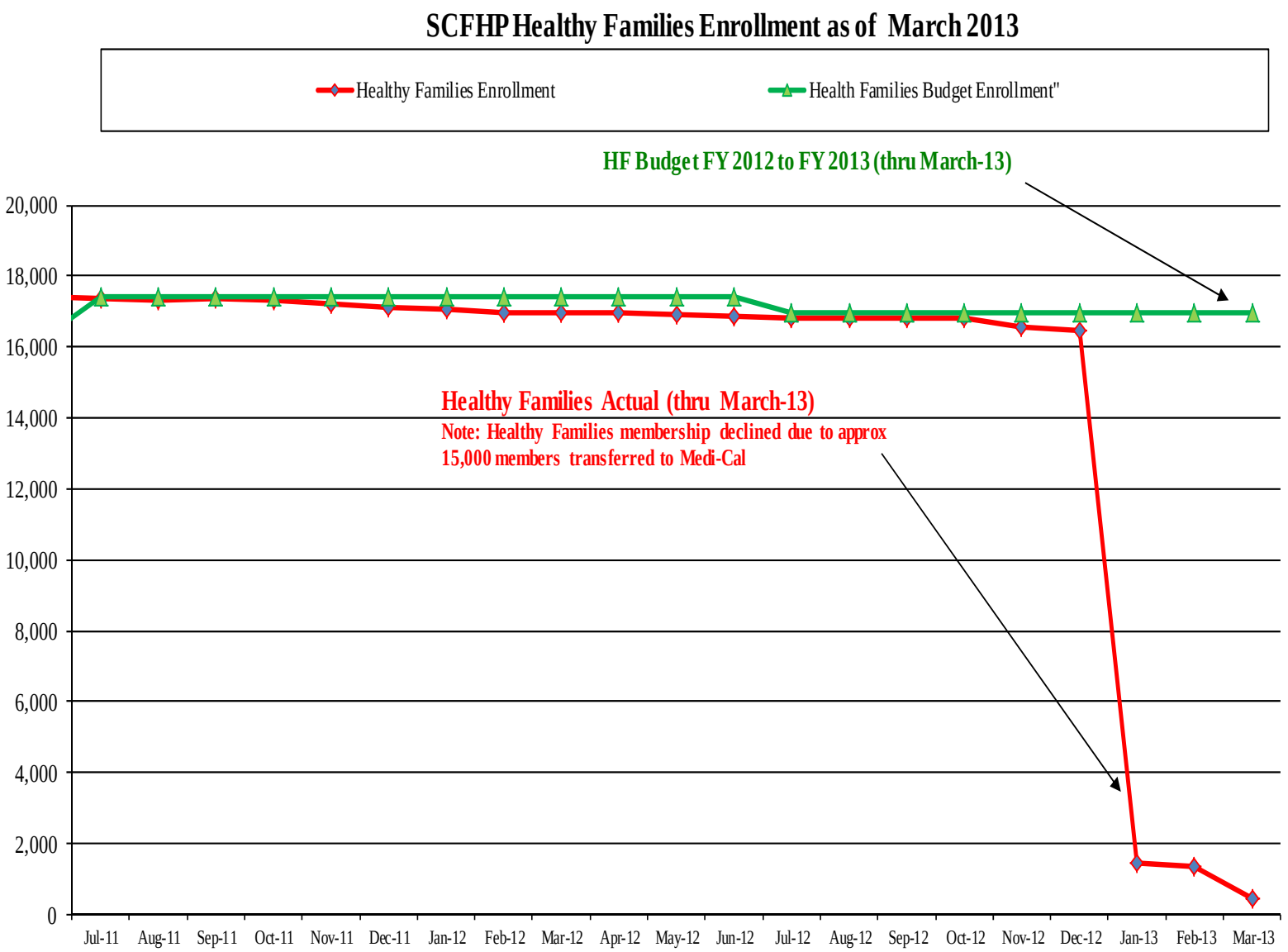


Santa Clara County Health Authority
Enrollment Summary by Network
March 2013

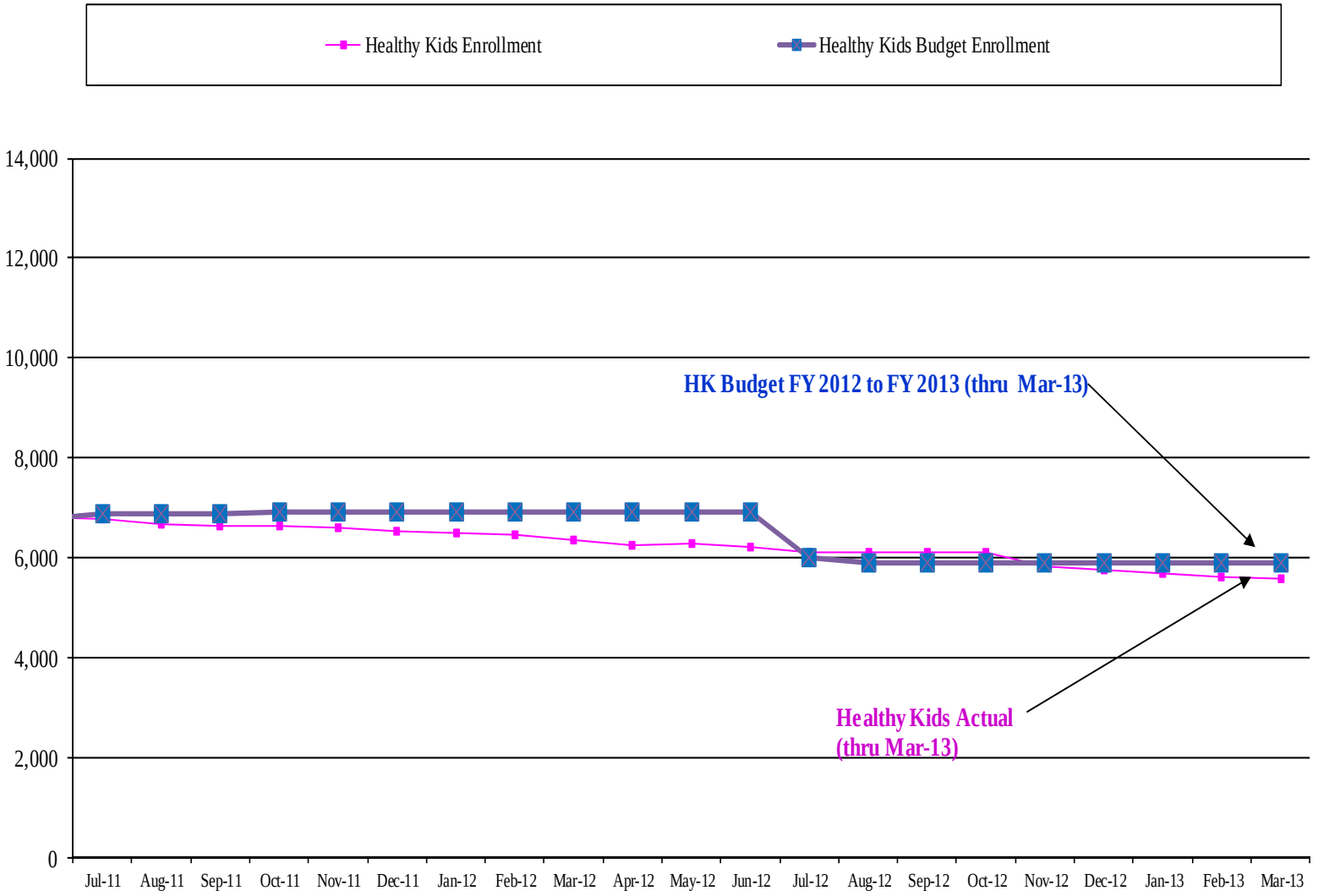
	Medi-Cal		Healthy Families		Healthy Kids		AG		Healthy Workers		Total	
	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total
Direct Contract Physicians	9,827	7%	20	5%	155	3%	126	100%	0	0%	10,128	7%
SCVHHS, Safety Net Clinics, FQHC Clinics,	68,440	50%	164	38%	3,904	70%	0	0%	582	100%	73,090	51%
Palo Alto Medical Foundation	3,370	2%	25	6%	57	1%	0	0%	0	0%	3,452	2%
Physicians Medical Group	35,901	26%	173	40%	1,316	24%	0	0%	0	0%	37,390	26%
Premier Care	10,102	7%	55	13%	146	3%	0	0%	0	0%	10,303	7%
Kaiser	9,585	7%	0	0%	0	0%	0	0%	0	0%	9,585	7%
Total	137,225	100%	437	100%	5,578	100%	126	100%	582	100%	143,948	100%
Enrollment @ 6-30-12	116,329		16,873		6,217		129		486		140,034	
Net % Change from Beginning of FY	17.96%		-97.41%		-10.28%		-2.33%		19.75%		2.80%	

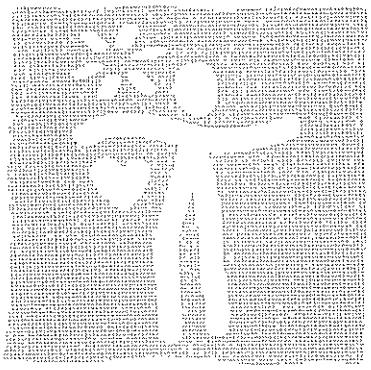
SCFHP Medi-Cal Enrollment as of March 2013




SCFHP Healthy Families Enrollment as of March 2013
Healthy Families Enrollment
Health Families Budget Enrollment"
HF Budget FY 2012 to FY 2013 (thru March-13)
Healthy Families Actual (thru March-13)
Note: Healthy Families membership declined due to approx 15,000 members transferred to Medi-Cal
20,000
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
Jul-11
Aug-11
Sep-11
Oct-11
Nov-11
Dec-11
Jan-12
Feb-12
Mar-12
Apr-12
May-12
Jun-12
Jul-12
Aug-12
Sep-12
Oct-12
Nov-12
Dec-12
Jan-13
Feb-13
Mar-13

SCFHP Healthy Kids Enrollment as of March 2013





Santa Clara
Family Health Plan

The Spirit of Care

Fiscal Year 2013-14 Budget

Table of Contents

Introduction

This document sets forth the 2013-14 operating and capital budgets for Santa Clara Family Health Plan (SCFHP).

The operating budget consists of individual budgets developed for each of SCFHP's health care programs and then combines these budgets into a consolidated operating budget.

SCFHP will administer and operate the following health care programs during 2013-14:

Medi-Cal
Through a contract with the State of California Department of Health Care Services (DHCS), SCFHP administers a Medi-Cal program in Santa Clara County.

Healthy Families
SCFHP is contracted with the Managed Risk Medical Insurance Board (MRMIB) to provide health coverage to children residing in Santa Clara County who qualify for the state-sponsored Healthy Families Program (HFP). This program has been eliminated and members have been transitioned into Medi-Cal starting in January 2013. The final phase of Healthy Families members transferring will occur in August 2013.

Healthy Workers
SCFHP administers health coverage to low-income eligible adults who live and are employed in Santa Clara County, earn incomes up to 350% of the federal poverty level, and are without health insurance. SCFHP will be terminating this program effective December 31, 2013.

Healthy Kids
SCFHP administers the Healthy Kids program (HK) which provides health coverage to eligible children through age 18 who reside in Santa Clara County.

Agnews
SCFHP contracted with DHCS to administer appropriate health care coverage to the developmentally disabled population as a result of the closure of the Agnews Development Center in Santa Clara County.

Each health care program will include projections for membership, revenue, and medical or program expenses. Revenue and expenses in the budget are presented and projected on the "accrual basis" of accounting.

Capitation and premium revenue, reinsurance and related recoveries, and the medical expense budgets are presented on a per member per month (PMPM)

basis and are considered flexible budgets whose aggregate dollar amounts vary with changes in a program's actual member enrollment. Administrative costs, interest income and other revenues are considered fixed budgets.

Summary of Significant Assumptions

Background

Fiscal year 12/13 was another year of significant growth and challenges for SCFHP:

1. Medi-Cal has grown by almost 31,000 members (26%), during the FY 12/13 primarily because of the transition of the Healthy Families program into Medi-Cal. The total membership for Medi-Cal as of April 2013 is 146,779.

2. The Healthy Families program transitioned into the Medi-Cal program in FY 12/13. The remaining membership in the Healthy Families program as of April 2013 is186.

3. Healthy Kids decreased 10.5% to a total membership as of April 2013 of 6,200.

4. Agnews remains essentially flat with a total membership as of April 2013 of 126.

5. Healthy Workers has grown by 95 members, or 19.6%, with a total membership as of April 2013 of 581.

6. Kaiser contract change: In order to prevent Kaiser contracting directly with DHCS in Santa Clara County, SCFHP entered into an agreement which specifies that:

   a) The Healthy Families enrollees transitioned from Kaiser to SCFHP would be a 100% pass through to Kaiser; and
   b) The SCFHP Medi-Cal enrollees assigned to Kaiser limits SCFHP to a 2% admin fee.

Enrollment Trends

1. Enrollment is forecasted monthly for each product line individually. Total enrollment is budgeted at 1,933,577 (member months) for FY 13/14 which is 201,703, or 11.7%, more than FY 12/13.

a) Medi-Cal: We are projecting an annual organic growth rate of approximately 2.0%, or 2,752 new members, over the year. The forecast assumes a slower growth in comparison to actual growth during the 12/13 fiscal year. With Medi-Cal Expansion commencing in January 2014 we are projecting to add approximately 11,000 additional expansion members between January and June of 2014.

b) Healthy Families: The Healthy Families program transitioned to Medi-Cal in FY 12/13 other then a small remaining membership which will complete their transition by the end of July 2013.

c) Healthy Kids: With the County's proposed increase in outreach and FPL, enrollment is forecasted to remain flat for the FY 13/14.

d) Agnews: Enrollment is forecasted to decrease slightly since we do not anticipate any new members.

e) Healthy Workers: With the program terminating December 31, 2013, the enrollment is forecasted to remain flat thru the first six months of the year.

Figure 2 (on page 11) attached shows member comparisons for the past several fiscal years.

Revenues

1. Revenues: Are forecasted on a PMPM basis using the current contracted reimbursement rates for the specified product lines. For FY 13/14 revenue across all product lines is budgeted at $312,337,740 ($161.53 PMPM) which is $26,001,990 higher and ($3.80 PMPM) lower than FY 12/13.

   a) Medi-Cal: Revenue projections assume the current PMPM reimbursements by Category of Aide (COA) from DHCS. Rate adjustments from DHCS are typically effective the beginning of their rate year, which is October 1, through September 30. For FY 13/14, total Medi-Cal revenues are budgeted at $303,768,780 (163.10 PMPM) which is $10.15 PMPM lower than FY 12/13 actual. The decrease is primarily attributable to the full impact of the Healthy Families transition to Medi-Cal at a lower pmpm.

   b) Healthy Families: Revenue projections are for the month of July only since the final phase of transition to Medi-Cal will be complete by August.

c) Healthy Kids: Revenue projections take into account the loss of funding from First 5. There are no rate adjustments planned at this time.

d) Agnews: Revenue projections assume a reduction in the PMPM premiums as a result of medical expenses being significantly lower than originally contracted for.

e) Healthy Workers: Projections assume the same PMPM premiums as in FY 12/13.

Medical Expenditures:

1. Medical Costs: For FY 13/14, total medical expenditures across all lines of business is budgeted at $291,960,560 ($151.00 pmpm) which is $27,066,826 higher and ($1.96 pmpm) lower than FY12/13.The medical expenditures are forecasted individually for specific expense categories. The budget is formulated by reviewing current PMPM expenditures adjusted for any increasing trends for utilization and costs. Projected medical costs show increases overall but specifically in pharmacy and hospital costs related to the impact of mandatory enrollment of SPDs.

   a) Medi-Cal: FY 13/14, medical expenses are projected at $284,745,501 ($152.89 PMPM) which is $34,040,328) higher than FY 12/13 with the pmpm being lower by ($8.75). This is due to the impact of lower cost Healthy Families members being accounted for in Medi-Cal.

   b) Healthy Families: For FY 13/14, all medical expenses other than July are reported in the Medi-Cal line of business.

   c) Healthy Kids: For FY 13/14, medical expenses are projected at $5,454,000 ($82.64 PMPM) which is $4.42 PMPM higher than FY 12/13.

   d) Agnews: FY 13/14, medical expenses are projected at $1,044,727 ($690.96 PMPM) which is $6.25 PMPM lower than FY 12/13.

   e) Healthy Workers: For FY 13/14, medical expenses are projected at $707,130 ($202.85 PMPM) which is $18.81 PMPM lower than FY 12/13.

General and Administrative Expenses:

1. For FY 13/14 total G&A expense is budgeted at $20,443,651 ($10.57 PMPM) which is $1,312,261 higher than the forecasted FY 12/13. Our overall G&A percent of revenue remains low at 6.6% although staffing has increased slightly due to the SPD enrollment. The G&A expenditures are forecasted by each department based on the current cost experience adjusted for any increases due to enrollment and growth trends.

   a) Salaries & Benefits: $13,954,057, which is $1,344,709 higher than FY 12/13 actual due to additional FTE's. This represents 4.5% of revenue.

   b) Non-Labor: $6,489,594 which is $32,448 lower than FY12/13.

Other potential impacts on 13/14 budget due to California State budget cuts/New Programs not included in this budget:

- Medi-Cal: the 10% provider Payment Reduction (AB-97) FY 13/14 attributable to the States budget cuts, implementation of which has not been determined at this time:

- Duals Demonstration Pilot – We are awaiting rate analysis from Actuaries to see if it's financially feasible to move forward with this program.

- The impact of Long Term Care and Long Term Care and Support Services in managed care counties that were selected for the dual demonstration project. This provision in the Governor's May Revise is proposed to go forward even if the dual demonstration project does not. Rates have not been determined and the actual effective date remains unclear. These services are currently carved out of Medi-Cal managed care.

- Potential Medi-Cal Rate Increase: Although the State Budget assumes an overall rate increase of 5.1% for the Medi-Cal program, the following illustrates the financial impact of a 3% and 5% rate increase to SCFHP for the period October 2013 through June 2014:

  a) 3% - $ 6.8 million
  b) 5% - $11.3 million

Santa Clara County Health Authority
Budget Summary for FYE 6/30/2014

	- new year - Budget for FYE 6/30/2014	Forecast FYE 6/30/2013 (Actual through 4-30-13, + May & June forecast)	Variance (2014 vs. 2013)
Enrollment:			
Medi-Cal	1,862,433	1,551,060	311,373
Healthy Families	146	103,450	(103,304)
Healthy Kids	66,000	69,117	(3,117)
Agnews	1,512	1,524	(12)
Healthy Workers	3,486	6,723	(3,237)
Total Enrollment	1,933,577	1,731,874	201,703
Revenues			
Medi-Cal	$ 303,768,780	268,721,941	$ 35,046,838
Healthy Families	$ 11,207	7,210,872	$ (7,199,665)
Healthy Kids	$ 6,060,000	6,934,479	$ (874,479)
Agnews	$ 1,712,054	2,004,729	$ (292,676)
Healthy Workers	$ 785,700	1,463,728	$ (678,028)
Total Revenues	$ 312,337,740	$ 286,335,750	$ 26,001,990
Medical Expenses			
Medi-Cal	$ 284,745,501	250,705,173	$ 34,040,328
Healthy Families	$ 9,202	6,229,845	$ (6,220,643)
Healthy Kids	$ 5,454,000	5,405,943	$ 48,057
Agnews	$ 1,044,727	1,062,540	$ (17,813)
Healthy Workers	$ 707,130	1,490,233	$ (783,103)
Total Medical Expenses	$ 291,960,560	$ 264,893,734	$ 27,066,826
Medical Operating Margin	$ 20,377,180	$ 21,442,016	$ (1,064,836)
Administrative Expenses			
Salaries and Benefits	$ 13,954,057	12,609,348	$ 1,344,709
Rents and Utilities	$ 1,246,500	1,182,083	$ 64,417
Printing and Advertising	$ 165,050	217,984	$ (52,934)
Information Systems	$ 859,120	933,235	$ (74,115)
Prof Fees / Consulting / Temp Staffing	$ 1,845,500	1,848,698	$ (3,198)
Depreciation / Insurance	$ 960,139	1,091,129	$ (130,990)
Office Supplies / Postage / Telephone	$ 514,800	622,781	$ (107,981)
Meetings / Travel / Dues	$ 725,285	574,810	$ 150,475
Other	$ 173,200	51,322	$ 121,878
Total Administrative Expenses	$ 20,443,651	$ 19,131,390	$ 1,312,261
	6.55%	*6.68%*	
Operating Surplus (Loss)	$ (66,471)	$ 2,310,626	$ (2,377,096)
Interest Income	$ 120,000	380,340	$ (260,340)
Net Surplus (Loss) before Non-Operating Items	$ 53,529	$ 2,690,966	$ (2,637,436)
Non-Operating Items			
GASB 45 Implementation	$ (400,000)	(400,002)	$ 2
Subtotal Non- Operating Items	$ (400,000)	$ (400,002)	$ 2
Net Surplus (Loss)	$ (346,471)	$ 2,290,964	$ (2,637,434)

Santa Clara County Health Authority

Budget Summary By Major Financial Areas - Consolidated

		Forecasted FY 12-13 (Unaudited)			Budget FY 13-14			Variance		
	Consolidated		PMPM	Ratios		PMPM	Ratios		PMPM	Ratios
1	Enrollment	1,731,874			1,933,577			201,703		
2	Revenues	$ 286,335,750	$ 165.33		$ 312,337,740	$ 161.53		$26,001,990	$ (3.80)	
3	Medical Expenses:	$ 264,893,734	152.95	92.5%	$ 291,960,560	151.00	93.5%	$27,066,826	(1.96)	
4	Gross Margin	$ 21,442,016	$ 12.38	7.5%	$ 20,377,180	$ 10.54	6.5%	$ (1,064,836)	$ (1.84)	-0.96%
5	G & A Expenses	$ 19,131,390	$ 11.05	6.7%	$ 20,443,651	$ 10.57	6.5%	$ 1,312,261	$ (0.47)	-0.14%
6	Other Revenue/Expenses	$ (19,662)	$ (0.01)	0.0%	$ (280,000)	$ (0.14)	-0.1%	$ (260,338)	$ (0.13)	-0.08%
7	Net Surplus (before Board Adjustments)	$ 2,290,964	$ 1.32	0.8%	$ (346,471)	$ (0.18)	-0.1%	$ (2,637,434)	$ (1.50)	-0.91%
8	**Contingencies:**									
9	Medi-Cal AB-97 prospective revenue reduction				$6,379,144	3.30	2.04%			
10	Adjusted Net Surplus (Deficit)				($6,725,615)	(3.48)	-2.15%			
11	**Other contingencies:**									
12	Impact of 3% rate increase for Medi-Cal for October 2013 - June 2014.				$ 6,834,798	$ 3.53	2.19%			
13	Impact of 5% rate increase for Medi-Cal for October 2013 - June 2014.				$ 11,391,329	$ 5.89	3.65%			
	Note: the average increase in the State budget for next year is 5.1%									

Santa Clara County Health Authority
BUDGETED STATEMENT OF OPERATIONS 2013-14
BY LINE OF BUSINESS (INCLUDING ALLOCATED EXPENSES)

	Medi-Cal	Healthy Families	Healthy Kids	Agnews	Healthy Workers	Grand Total
P&L (ALLOCATED BASIS)						
REVENUE	$303,768,780	$11,207	$6,060,000	$1,712,054	785,700	$312,337,740
MEDICAL EXPENSES	284,745,501	9,202	5,454,000	1,044,727	707,130	$291,960,560
GROSS MARGIN	19,023,278	2,005	606,000	667,327	78,570	$20,377,180
ADMINISTRATIVE EXPENSES (indirect costs subject to % MM allocation)	19,691,447	1,544	697,816	15,986	36,857	$20,443,651
OPERATING INCOME/(LOSS)	(668,169)	461	(91,816)	651,340	41,713	(66,471)
OTHER INCOME/EXPENSE (% of mm Allocation)	(269,698)	(21)	(9,557)	(219)	(505)	(280,000)
NET INCOME/ (LOSS)	($937,867)	$440	($101,373)	$651,121	$41,208	($346,471)
PMPM ALLOCATED P&L:						
REVENUE	$163.10	$76.76	$91.82	$1,132.31	$225.39	$161.53
MEDICAL EXPENSES	152.89	63.03	82.64	690.96	202.85	151.00
GROSS MARGIN	10.21	13.73	9.18	441.35	22.54	10.54
ADMINISTRATIVE EXPENSS	10.57	10.57	10.57	10.57	10.57	10.57
OPERATING INCOME/(LOSS)	(0.36)	3.16	(1.39)	430.78	11.97	(0.03)
OTHER INCOME / (EXPENSE)	(0.14)	(0.14)	(0.14)	(0.14)	(0.14)	(0.14)
NET INCOME / (LOSS)	($0.50)	$3.01	($1.54)	$430.64	$11.82	($0.18)
ALLOCATION BASIS:						
MEMBER MONTHS - Month and YTD	1,862,433	146	66,000	1,512	3,486	1,933,577
% of Member Months	96.32%	0.01%	3.41%	0.08%	0.18%	100.00%

	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	Projected FY 12/13	2013-14 Budget
Medi-Cal	862,673	926,365	1,019,720	1,126,280	1,227,263	1,347,077	1,551,060	1,862,433
		7.4%	10.1%	10.4%	9.0%	9.8%	15.1%	42.0%
Healthy Families	156,983	177,695	192,882	194,456	205,944	205,439	103,450	146
Healthy Kids	157,330	136,240	114,387	104,141	87,437	77,970	69,117	66,000
Healthy Generations	899	18,234	40,350	24,679	0	0	0	0
Agnews	0	206	1,206	1,684	1,640	1,566	1,524	1,512
Healthy Workers	0	0	0	77	1,616	4,754	6,723	3,486
	1,177,885	1,258,740	1,368,545	1,451,317	1,523,900	1,636,806	1,731,874	1,933,578
Annual Pct. Growth		6.9%	8.7%	6.0%	5.0%	7.4%	5.8%	19.5%
Avg. Covered Lives	98,157	104,895	114,045	120,943	126,992	136,401		161,131

Figure 2

Overall, SCFHP's covered lives are projected to average 161,131 resulting in 1,933,578 member months for 2013-14.

Santa Clara Family Health Plan
Capital Budget

Capital assets (office furniture and fixtures, computer equipment, software, and leasehold improvements) whose acquisition costs exceed $1,000 are accounted for in the capital budget. Figure 3 presents the planned capital acquisitions for 2013-14.

Description	Type	Cost
Desktop Workstation and Laptop replacement (4 year refresh cycle)	C	$22,500
Website Development (rollover from 12-13)	C	100,000
Server and Storage Replacement (4 year refresh cycle)	C	25,000
Contract Management Software	C	45,000
SAS Data mining/Predictive Module (Finance)	C	20,000
SAS Server License	C	17,000
Document Management Solution	C	30,000
Cisco Phone System Redundancy	C	80,000
Electronic RA (rollover from 11-12)	C	50,000
Microsoft Licensing True Up required in 2014	C	100,000
Leasehold Improvements (various)	O	50,000
Total Capital Expenditures		$539,500

Figure 3

Capital assets acquired during 2013-14 will be recorded at acquisition cost and depreciated on a straight-line basis over their estimated useful lives as follows:

Office furniture and fixtures (O)	5 years
Computer equipment and software (C)	3 years
Leasehold improvements (L)	5 years or lease term, if less

Santa Clara County Health Authority
Balance Sheets Highlights

	Year Ended June 30						
	Budgeted 2014	**2013 (forecast)**	**2012**	**2011**	**2010**	**2009**	**2008**
Assets							
Current assets	$ 55,770,486	$ 71,546,600	$ 59,647,508	$ 58,880,264	$ 52,321,837	$ 36,431,390	30,338,951
Capital assets	496,496	306,996	752,292	1.029,426	1,628,436	2,343,837	2,709,602
Other assets	305,350	305,350	305,350	305,350	305,350	305,350	305,350
Total Assets	$ 56,572,332	72,158,946	$ 60,705,150	$ 60,215,040	$ 54,255,623	$ 39,080,577	$ 33,353,903
Liabilities							
Current liabilities	$ 30,339,763	45,769,406	36,496,574	$ 24,121,270	29,152,611	$ 28,272,663	$ 19,728,793
Total Liabilities	$ 30,339,763	45,769,406	36,496,574	$ 24,121,270	$ 29,152,611	$ 28,272,663	$ 19,728,793
Net assets (Reserves)							
Invested in Capital Assets	$ 496,496	$ 306,996	$ 752,292	$ 1,029,426	$ 1,628,436	$ 2,343,837	$ 2,709,602
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350	305,350	305,350	305,350
Unrestricted Net Equity	25,430,723	25,777,194	23,150,934	34,758,994	23,169,226	8,158,727	10,610,158
Total net assets	26,232,569	26,389,540	24,208,576	36,093,770	25,103,012	10,807,914	13,625,110
Total Liabilities and net assets	$ 56,572,332	72,158,946	$ 60,705,150	$ 60,215,040	$ 54,255,623	$ 39,080,577	$ 33,353,903

Chief Operations Officer Department Dashboard

Santa Clara Family Health Plan Governance Board
Activity Report
June 2013

Medicare Advantage Dually Eligible Special Needs Plan

SCFHP is pleased to announce that we received approval from CMS for our Medicare Advantage Dually Eligible Special Needs Plan (DSNP). SCFHP's team worked hard in order to satisfy all the regulatory requirements needed to launch a DSNP. However, due to the Governor's May revise budget SCFHP was forced to withdraw its DSNP approval. The Governor's May revise changed the landscape of Medicare as did draft All Plan Letter 13. In draft APL 13, the Governor changed how and when members and Health Plans are allowed to enroll, more specifically:

> Health Plans will not be allowed to enroll a Demonstration-eligible beneficiary in 2014, unless that individual:
>
> a. Was enrolled in their D-SNP as of December 31, 2013;
> b. Was passively enrolled into a Cal MediConnect plan; and
> c. Requests to disenroll from the Cal MediConnect plan and return to that same D-SNP.

SCFHP is focused on preparations for the Medicare Dual Demonstration.

Medicare Dual Demonstration

SCFHP is currently preparing our provider network filing which is due June 26, 2013. SCFHP is also preparing for our readiness audit which DHCS has stated should happen during the month of July. DHCS also announced in May that the three-way contract between the CMS/DHCS/SCFHP will be out early Fall.

Member Services Excellence Program

SCFHP is now entering the third phase of the Member Services Excellence Program. We concluded our onsite audit in April. Over the next 6-9 months SCFHP will focus on technology upgrades that will lead us to the Excellence Certification.

Chief Operations Officer Department Dashboard

Member Services Department

- Total inbound queue calls: May 2013 = 12,118 calls (2.5% increase from May 2012 – 11,822)
- Total Time to answer – All languages: May 2013 = 33 seconds (5.71% decrease from May 2012 – 35 seconds)
- Service Level: 79.77% calls answered in 60 seconds
- Abandonment Rate: May 2013 = 2.9% (4.44% May 2012)

Eligibility and Enrollment Department

- Healthy Kids Renewal applications mailed: 343 packets mailed
- Healthy Kids Renewal Applications Activity: 289 renewal applications processed
- Healthy Kids Renewal Applications Families Transitioned to MC /HFP: 7 Families and 7 Children
- Health Kids Premium Statements Mailed: 1,078 statements mailed – 746 current and 332 past due accounts

Membership Accounting

	May 2013	May 2012	Change
Medi-Cal	148,229	116,437	27.3% Increase
Healthy Families *	145	16,909	99% Decrease
Healthy Kids	5,573	6,301	11% Decrease
Agnews	126	129	2 % Decrease
Healthy Workers	597	471	26.7% Increase
Total	154,670	140,247	10.2% Increase

*Jan 2013 HFP Transition

Chief Operations Officer Department Dashboard

Outreach Department

- New applications completed*:
  - May 2013: 49 applications for 81 children
  - May 2012: 140 applications for 217 children

- Renewal applications completed*:
  - May 2013: 52 renewal applications for 76 children
  - May 2012: 121 renewal applications for 180 children

*** Includes Hacienda and AAC Locations**

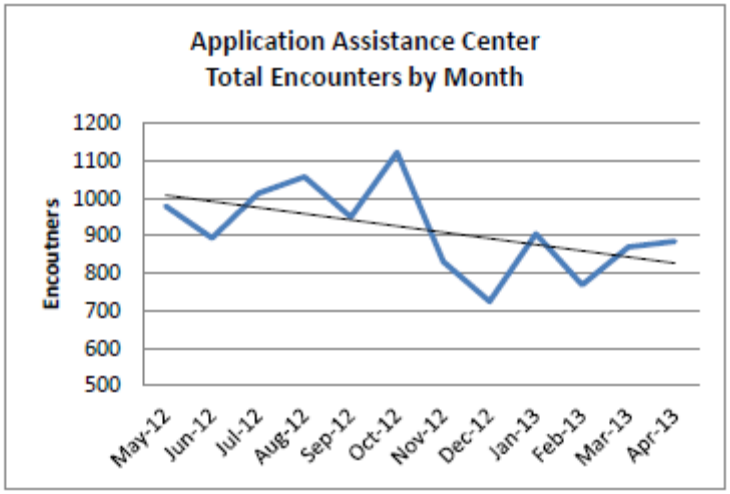
Outreach Department

The Outreach department has seen a steady decrease in appointments and renewals with the State folding Healthy Families into Medi-Cal. As you will see from the following statistics only 45% of encounters at our Hacienda Office and the AAC are now for enrolling members or renewing members.

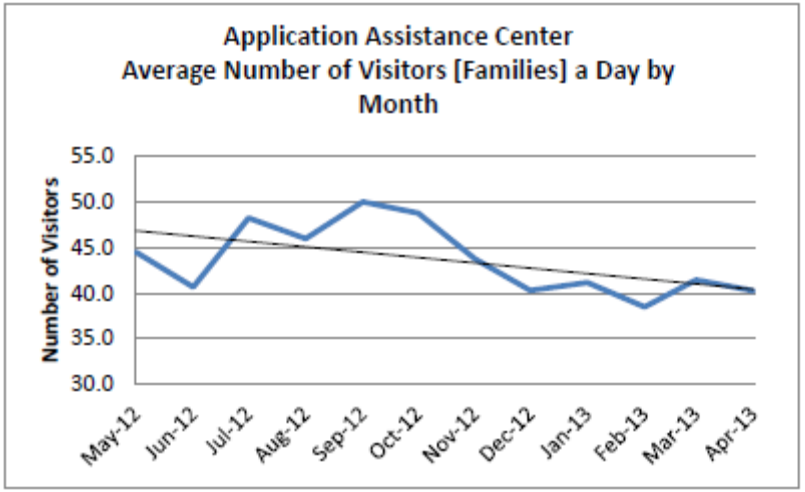
45% requests for application and renewal assistance (require CAA assistance)
26% requests handled over the telephone by member services or enrollment and eligiblity teams (does not require CAA)
29% Non telephone Administrative requests (does not require CAA)
23% Self-Service (payment /document drop box)

Chief Operations Officer Department Dashboard

This chart shows the decline of encounters, which can be attributed to Healthy Families being moved into the Med-Cal program.



Average 914 encounters a month



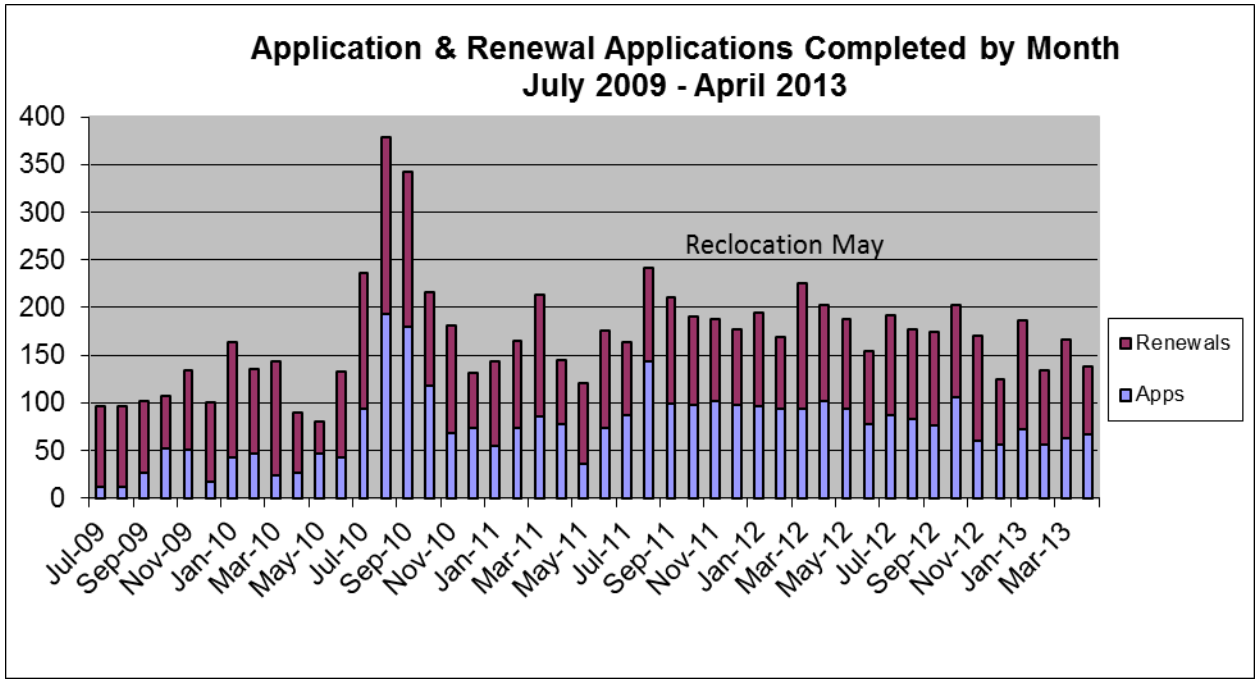
Average 44 visitors/families a day

The number of encounters in the current reporting period dropped 8.6% compared to the previous reporting period Jun-11 to April-12. This corresponds to a 6.4% drop in the average number of families accessing services during the same period.

Chief Operations Officer Department Dashboard

Application Assistance Center
Staffing and Productivity

The following charts and statistics show that with Healthy Families moving into Medi-Cal our outreach representatives are now completing 6 applications or renewals per day as compared to 8 applications or renewals for the same time period last year.



Chief Operations Officer Department Dashboard

Application Assistance Center:

Total 3.6 FTE

	Spanish	Vietnamese
SCFHP CAA	1 FTE	0.4 FTE (2 days/week)
The Health Trust (THT) CAA	1 FTE	0.6 FTE (3 days/week)

3.0 FTEs CAA and 0.6 FTE SCFHP Manager

May 2011 – April 2012 - Staffing has not changed in the 12 month period.
May 2012 – April 2013 – Staffing has not changed in the 12 month period.

CAA Productivity – Average number of applications or renewals completed per FTE per day

AAC: May 2011 through April 2012
8 Applications/renewals/1FTE/day

AAC: May 2012 through April 2013
6 Applications/renewals/1FTE/day

SCFHP will continue to monitor the Outreach department activities and report to the Board.

Business Development

Program Withdrawal

- HW program withdrawal 12/31/2013 approved by DMHC
- 180 day notices to be sent to groups and members 6/2013

Enrollment as of June 1, 2013

- Total
  - 270 Groups
  - 605 Individuals
- New

Chief Operations Officer Department Dashboard

- Groups – 6
- Members – 20 total (17 from new groups; 3 additions to enrolled groups)

o Terms

- Groups – 3 (all voluntary)
- Members – 12 (6 voluntary; 6 no longer eligible)

Claims Department

CLAIMS RECEIVED 2013 (VOLUME)

April 2013: 31,707
May 2013: 31,584

AUTO ADJUDICATION PERCENTAGE

April 2013 and May 2013: 70%

PERCENTAGE OF CLAIMS RECEIVED ELECTRONICALLY (EDI)

April 2013 and May 2013: 78%

ANALYST PRODUCTIVITY (# OF CLAIMS PROCESSED)

April 2013: 12,340
May 2013: 11,881

NUMBER OF PENDED CLAIMS AT END OF MONTH

April 2013: 8,163
May 2013: 6,963

COMPLIANCE: % OF CLAIMS PROCESSED WITHIN 45 WORKING DAYS (DMHC STANDARD TIME TO PROCESS)

April 2013 and May 2013: 100%

Chief Operations Officer Department Dashboard

Pharmacy Department May 2013

Prescription Type: Generic = 90 %, Brand = 10 %
Prior Authorization Activity: Approved = 614 Withdrawn = 291 Denied = 0

Compliance: 97.5 % (Turnaround Times within 24 hours upon receipt of a completed PA)

The following chart shows the pharmacy costs by Line of Business.

LOB		Data	Jan-13	Feb-13	Mar-13	Apr-13	May-13
		Total Amt Paid	$ 3,320,128.28	$ 3,038,834.12	$ 3,164,742.70	$ 3,299,510	$ 3,384,311
		Total Rx Count	103,562	91,640	99,355	101,113	99,683
		Mbr Months	126,092	126,793	127,640	128,656	129,959
		PMPM	$ 26.33	$ 23.97	$ 24.79	$ 25.65	$ 26.04
Medi-Cal		Rx PMPM	0.8	0.7	0.8	0.8	0.8
		Total Amt Paid	$ 28,912.90	$ 25,857.38	$ 28,874.62	$ 30,685	$ 31,692
		Total Rx Count	822	716	775	788	772
		Mbr Months	5,697	5,622	5,578	5,566	5,573
		PMPM	$ 5.08	$ 4.60	$ 5.18	$ 5.51	$ 5.51
Healthy Kids		Rx PMPM	0.1	0.1	0.1	0.1	0.1
		Total Amt Paid	$ 7,041.59	$ 8,053.87	$ 1,234.70	$ 1,798	$ 845
		Total Rx Count	290	283	81	45	31
		Mbr Months	1,427	1,368	437	186	145
		PMPM	$ 4.93	$ 5.89	$ 2.83	$ 9.67	$ 5.83
Healthy Families		Rx PMPM	0.2	0.2	0.2	0.2	0.2

Chief Operations Officer Department Dashboard

The following chart shows the Seniors and Persons with Disabilities pharmacy costs by Network

LOB		Data	Jan-13	Feb-13	Mar-13	Apr-13	May-13
SPD	NT10	Total Amt Paid	$ 132,566.08	$ 114,570.23	$ 118,226.15	$ 123,251	$135,575
		Total Rx Count	2,905	2,494	2,656	2,736	2,701
		Mbr Months	1,044	992	991	1000	869
		PMPM	$ 126.98	$ 115.49	$ 119.30	$ 123.25	$136.81
		Rx PMPM	2.8	2.5	2.7	2.7	3.1
	NT20	Total Amt Paid	$ 1,141,985.74	$ 1,070,612.20	$ 1,058,799.19	$ 1,135,710	$1,198,840
		Total Rx Count	26,894	23,655	24,747	25,352	25,640
		Mbr Months	9,718	9,744	9,672	9,629	9661
		PMPM	$ 117.51	$ 109.87	$ 109.47	$ 117.95	$123.95
		Rx PMPM	2.8	2.4	2.6	2.6	2.7
	NT40	Total Amt Paid	$ 79,872.89	$ 76,246.63	$ 73,778.24	$ 80,296	$72,642
		Total Rx Count	1,753	1,515	1,666	1,672	1,686
		Mbr Months	647	650	656	654	656
		PMPM	$ 123.45	$ 117.30	$ 112.47	$ 122.78	$110.74
		Rx PMPM	2.7	2.3	2.5	2.6	2.6
	NT50	Total Amt Paid	$ 372,108.57	$ 322,998.10	$ 347,469.86	$ 347,059	$362,279
		Total Rx Count	9,857	8,503	9,288	9,372	9,298
		Mbr Months	2,865	2,913	2,902	2,911	2,945
		PMPM	$ 129.88	$ 110.88	$ 119.73	$ 119.22	$124.84
		Rx PMPM	3.4	2.9	3.2	3.2	3.2
	NT60	Total Amt Paid	$ 127,802.51	$ 108,332.85	$ 130,676.37	$ 125,738	$126,563
		Total Rx Count	5,888	5,217	5,802	5,791	5,731
		Mbr Months	1,488	1,486	1,468	1,475	1,463
		PMPM	$ 85.89	$ 72.90	$ 89.02	$ 85.25	$86.21
		Rx PMPM	4.0	3.5	4.0	3.9	3.9

Chief Operations Officer Department Dashboard
Provider Services Department

Each Provider Service Representative completes about 2-3 office visits per working day.

FY14 Provider Service Representatives will redeploy existing resources to cover areas of the network we have not met with in the past, such as Mental Health, SNF's, and new providers to be added as a result of Cal MediConnect (CMC). The program is scheduled to roll out in August as new providers are contracted for CMC.

After conducting a thorough RFP process, LifeCare Solutions was awarded the SCFHP DME contract.

IT Project Focus for Provider Operations:

Project Name

1) Inbound and Outbound 5010/837 Compliance – 5010/837 EDI Claims SCVHHS
    a. 5010/837 EDI Encounters PMG
    b. 5010/837 EDI Encounters PremierCare

2) SCFHP.com Website Redesign – Finalizing Provider landing page and site content to begin acceptance testing

3) Reroute Misdirected Claims in 837 Outbound - Provider Notification for testing has gone out. This project will bring Claims into full compliance after our last DHCS audit

4) 278C Auth/Referral Files for Delegated Groups – working with delegated groups to finalize

5) Finalize HSD MA & Facility, Contract tables for CMC upload on 6/26

6) New DRG Pricing Methodology – in process with claims and IT/Config. 3M software to be loaded on test server.

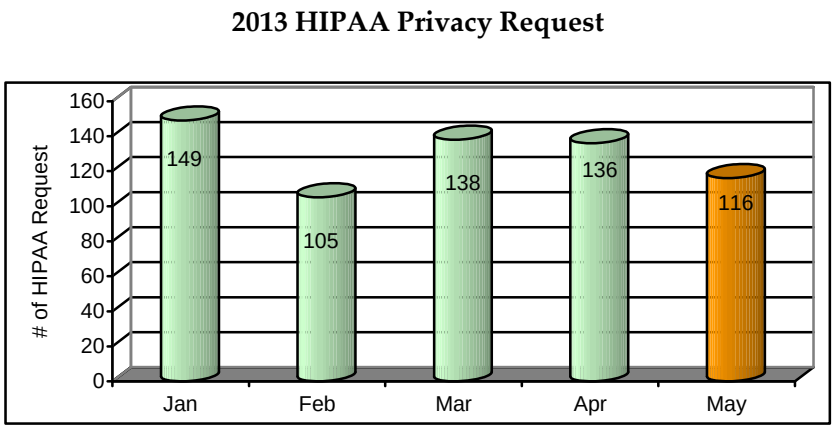
7) PCP Utilization Report Enhancement – Now reviewing at monthly meetings with Chief Medical Officer over and under utilization reports on all PCPs

Chief Operations Officer Department Dashboard
Delegation Oversight

SCFHP is currently revamping its delegation oversight processes to incorporate Medicare and NCQA guidelines.

All audits and corrective actions from last year's audits have been completed and corrective actions with our delegates are in place.

Compliance Department



- May Grievance and Appeals:
    a. Total processed = 90 (please note; numbers on a monthly basis will not match up, SCFHP has 30 days to close cases and many cases cross over months)

    b. G&A cases closed by LOB
        - Medi-cal = 48 (SPD cases = 18 of the 48)
        - Healthy Kids = 1
        - Healthy Workers = 1

    c. G&A closed cases by Network
        - PAMF = 2
        - VHP = 28
        - PMG = 9

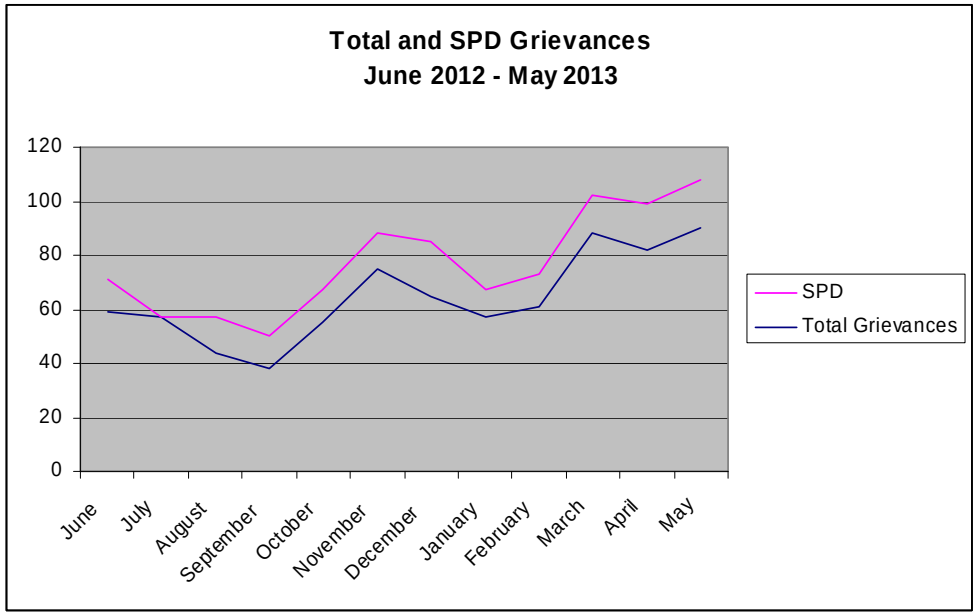
Chief Operations Officer Department Dashboard

- SCFHP = 5
- Premier Care = 2
- Kaiser = 1
- PAMF = 5

d. G&A closed cases by Type
   - Medical appeals = 15
   - Dissatisfaction with services = 13

e. G&A closed cases by Type
   - Medical appeals = 23
   - Dissatisfaction with services = 13
   - Quality of Care = 1
   - SCFHP complaint = 4
   - Access appoint = 2
   - Pharmacy Appeal = 1
   - State Fair Hearing = 6

Chief Operations Officer Department Dashboard



- New Grievance coding has been developed and tested. It will enable the Plan to more accurately report grievance data for regulatory and committee reporting.
- 3 HIPAA Privacy Incidents were assessed and determined to be low risk requiring no reporting:
    a. Un-encrypted email of one PHI to contracted provider
    b. Faxed one PHI to wrong recipient
    c. Un-encrypted email of PHI to contract manager

Security and Privacy officer conducting HIPAA training with all Departments

- SCFHP Compliance Week was June 3 -7. The Compliance training will be a self-study program. Questions on specific topics sent to all staff each day. The topics include 1) Fraud, Waste and Abuse; 2) HIPAA privacy and security; 3) Compliance 101; and general compliance issues. Annual Compliance training is a regulatory requirement.
- DMHC approved ending the Healthy Workers Program.

Chief Operations Officer Department Dashboard

- The Plan Benefit Package (PBP) was prepared for the Cal MediConnect Product
- All Regulatory filings were submitted on time with no reported corrective actions

SANTA CLARA FAMILY HEALTH PLAN

QUALITY IMPROVEMENT PROGRAM

2013

INTRODUCTION

The Santa Clara County Health Authority, operating business as Santa Clara Family Health Plan (SCFHP), is licensed under the Knox Keene Act of 1975 and the regulations adopted hereunder as administered by the State of California's Department of Managed Health Care (DMHC). It is a public agency established to enter into a contract with the Department of Health Care Services (DHCS) to serve the Medi-Cal enrollees in Santa Clara County. SCFHP has subsequently contracted with the California Managed Risk Medical Insurance Board (MRMIB) to serve enrollees in the Healthy Families Program. In 2001, SCFHP commenced providing health care to children enrolled in the Healthy Kids Program. SCFHP is dedicated to improving the health and well- being of the residents of our region. SCFHP will continue to realize its vision of serving new enrollees, consistent with its mission and its core values. Our mission is to provide high quality, comprehensive health coverage for those who do not have access to, or are not able to purchase health care at an affordable price. Working in partnership with select providers, SCFHP acts as a bridge between the health care system and those who need coverage.

One of SCFHP's core values is our belief that as a publicly funded, local health plan we have a unique responsibility to work toward improving the health status of the community in which we are based. SCFHP will continually advocate promoting community health by incorporating a comprehensive approach to health care and wellness. It is essential that SCFHP has a comprehensive Quality Improvement Program (QIP) that systematically monitors and continually improves the quality of health care to our beneficiaries, provides culturally and linguistically appropriate services, identifies over and under- utilization and substandard care, assures member satisfaction and safety, and takes corrective action when indicated.

STATEMENT of PURPOSE

The goal of SCFHP's QIP is to support, foster, and promote continuous quality improvement for the quality, safety and satisfaction of care for all of our members and in organization-wide performance. Quality Improvement Activities are developed and maintained within the limits of the resources available to SCFHP and our participating providers.

Improvement processes are also developed to meet the requirements of State and Federal agencies such as the California Department of Health Care Services (DHCS), Department of Managed Health Care (DMHC), and standards, such as the National Committee for Quality Assurance (NCQA) Healthcare Effectiveness Data and Information Set (HEDIS), and the Quality Improvement System for Managed Care (QISMC). SCFHP will work to ensure and monitor that members have a choice of practitioners and providers, are served with cultural sensitivity and linguistic competency, receive necessary health education, and are assisted to appropriately use the health care system. SCFHP will also ensure that all medically necessary covered services are available and accessible to all members, regardless of race, color, national origin, creed, ancestry, religion, language, age, gender, marital status, sexual orientation, health status, or disability, and that all covered services are provided in a culturally and linguistically appropriate manner. These goals are accomplished through the systematic monitoring and evaluation of the quality, safety appropriateness, outcomes, and satisfaction of the services provided to members and through the active pursuit of opportunities for improvement to the health care delivery system.

PROGRAM OBJECTIVES

A. Establish performance standards to determine that care provided meets the requirements of good, safe medical practice and meets or exceeds members' expectations in services provided. These services include but are not limited to, preventive services for children and adults, perinatal care, persons with disabilities and chronic conditions, primary care, specialty, emergency, inpatient, and ancillary care services.

- Performance standards are developed by adopting guidelines established by organizations such as the American College of Obstetrics and Gynecology (ACOG), the US Preventive Services Task Force (USPSTF), the American Cancer Society (ACS), the National Institute of Health (NIH), the Centers for Disease Control (CDC), the American Diabetes Association (ADA), the American Academy of Family Practice (AAFP), the American Academy of Pediatrics (AAP), and the Advisory Committee on Immunization Practices (ACIP).

- Improve clinical decision making, promote consistency and cultivate better healthcare quality through best diagnostic and treatment recommendations.
- NCQA guidelines and HEDIS, and other quality studies will be used to measure compliance/adherence to these standards of care. (Refer to Utilization Management (UM) Program for complete description of clinical and care management services provided).

B. Identify and establish mechanisms, both internally and externally, to evaluate and improve patient care, safety, behavioral health and clinical outcomes.
- Perform tracking activities and trend analyses on the quality and safety of clinical care and quality of service, which may include but is not limited to, over and under- utilization, member access to care, medical and non-medical member grievances, pharmacy, credentialing/re-credentialing timelines, peer review findings, facility review results, member satisfaction surveys and other quality study indicators to identify patterns that may indicate the need for quality improvement activities.
- Develop and implement an annual QI Work Plan. Quality Improvement Committee (QIC) Members will have accountability for defining Quality Initiatives and Activities as identified in the QI Work Plan.
- Monitor the medical care provided to members for quality, safety, and medical appropriateness through prospective, concurrent and retrospective reviews of ambulatory, inpatient, and ancillary services. Encourage providers to foster a safe clinical practices environment.
- Improve the reliability, accuracy, consistency, and timeliness of data processing and data reports.

C. Identify potential quality of care issues (PQI) through a systematic review of clinical indicators, with analysis based upon professionally recognized standards of practice.
- Address member concerns regarding quality of care issues.
- Monitor corrective actions taken and evaluate their impact on the quality of care.

D. Provide a mechanism for members, practitioners and providers to offer suggestions for improvements to SCFHP's health care delivery systems. Ensure the support, understanding, and participation of all beneficiaries, practitioners, providers, and other constituencies that are affected by QIP activities.

E. Comply with the requirements and recommendations of audit and survey results conducted by external bodies, including licensing agencies and payers, and submit a corrective action plan (CAP) if warranted.

F. Monitor and ensure compliance with the requirements of Federal, State, and other regulatory agencies to for all QIP activities.

G. Monitor provider compliance with Comprehensive Perinatal Services Program (CPSP) and Children's Health and Disability Program (CHDP) standards and regulations.

H. Educate SCFHP's staff, contracted practitioners, and member communities regarding the Federal and State laws, health plan goals, objectives, activities, and expectations of the quality improvement process.
- Disease surveillance is required and communicable disease must be reported to the public health authorities according to the appropriate statues, regulations or ordinances. SCFHP provides and maintains a policy/procedure for practitioners/providers to report communicable diseases or conditions to public health authorities as required by Federal and State law.
- Provide relevant QIP information to practitioners and providers to assist with improving their clinical decision making processes.

I. Perform an annual assessment of the QIP activities and analyze the results of the QI Initiatives, including barrier analysis and comparison to benchmarks. Evaluate the overall effectiveness of the QIP and its influence on network-wide safe clinical practices.
- Obtain input through physician committee participation for the development of policies and standards, guidelines, and assessment of care.
- Perform and report the outcomes of all QIP activities to the QIC and SCFHP's Health Authority.

J. Credential practitioners upon their initial application, and if approved for participation, re-credential all practitioners on a three year cycle. Ensure initial and re-credentialing procedures are consistent with NCQA guidelines, State and Federal regulations, CMS regulations and SCFHP's contract with DHCS.

K. Establish, maintain and enforce a confidentiality/conflict of interest policy in compliance with current Health Insurance Portability and Accountability Act (HIPAA) standards.

SCOPE

The QIP is comprehensive, systematic and ongoing. It includes a review of the quality of all services provided by practitioners and providers. The QIP encompasses a review of services in the following settings: inpatient; outpatient; behavioral health; vision; dental; skilled

nursing; ancillary; care management; disease management; chronic care management; outreach; health education; and pharmacy. It also includes performance of SCFHP's credentialing, re-credentialing, oversight of delegated activities, and the development of clinical protocols and standards. The QIP reflects the needs of the population served through all offered health insurance programs. The QIP also applies to any additional health insurance programs established in accordance with SCFHP's Mission. The QIP is a means of evaluating, monitoring and improving quality of service including, but not limited to, availability, accessibility, safety, coordination, and continuity of care. Member input is obtained through their participation in the Consumer Affairs Committees and in the evaluation of grievances, member satisfaction surveys, and focus groups. In addition the Quality Department reviews internal QI findings that may impact the health care provided to its members.

PROGRAM STRUCTURE and ORGANIZATION

SCFHP is a Prepaid Healthcare Service Plan that is licensed under the Knox Keene Act for Health Maintenance Organizations (HMO) in the State of California. SCFHP has responsibility under its contracts with DHCS, MRMIB, and DMHC to provide, monitor, and evaluate the effectiveness of health care services delivered throughout SCFHP's care delivery system.

A. Governing Board

The Santa Clara County Health Authority Governing Board maintains ultimate authority and responsibility for the operation of SCFHP and for the quality of patient care for all its members. The Board is responsible for overseeing the quality of care and service provided in the Program.

1. Composition: A thirteen (13) member body appointed by the Santa Clara County Board of Supervisors, pursuant to County ordinance.

2. Meetings: At least four times per year or more frequently, if required, to conduct business. The Board adopts a schedule of meetings annually. Meeting agendas include recommendations for action as proposed by staff and all advisory committees. The meetings are open to the public, are publicized and meet the conditions of the Ralph M. Brown Open Meeting Act.

3. Minutes and Reports: SCFHP's staff maintains complete minutes for every meeting. Minutes are maintained in a central file at SCFHP and are available to the public for review at SCFHP's office.

4. Functions:
   - Review and ratify recommendations that the QIC/Subcommittees have assessed and approved as Corrective Action Plans (CAPs) from the Provider Advisory Council (PAC) and the UM, Member Grievance, Credentialing, and Pharmacy and Therapeutics (P&T) Committees, as required.
   - Advise and ratify recommendations presented by the CEO on the quality issues or changes that have a significant impact on the member and/or provider network of SCFHP.
   - Review in closed executive session any Practitioner/Provider disciplinary action or other issue deemed as having a confidential component entitled to protection under the law (CAR Evidence Code 1157), or being of such a nature as to expose the organization to significant liability.

B. Chief Executive Officer (CEO)

The CEO, who is employed by and reports directly to the Health Authority Board of SCFHP, ensures that SCFHP maintains a meaningful and effective QIP including allocating adequate staff and resources to achieve the Board's objectives. The CEO has overall responsibility to ensure that a continuous QI process is implemented for all systems within SCFHP. The CEO is also responsible for all aspects of the administration of SCFHP and for establishing and meeting goals and objectives approved by the Health Authority. The CEO:

- Implements plans, policies, and procedures approved by the Health Authority.
- Ensures compliance with all regulatory requirements and with all applicable Federal, State and local statutes and regulations.
- Establishes internal controls, which are appropriate for SCFHP and the nature of its business.
- Supports and implements a continuous QI Process.
- Interacts with the CMO and Director of Medical Management regarding the status of ongoing QIP activities and CAPs as required.
- Participates as a voting member of the QIC.

C. Chief Operations Officer (COO)

The COO reports directly to the Chief Executive Officer (CEO) and is responsible for the ongoing operations of SCFHP programs to ensure health plan goals and objectives are met. This position has responsibility for operations for the Divisions of Claims, Provider Network Administration, Member Services, Eligibility, Compliance,

Credentialing, Pharmacy, and Project Management. In the absence of the CEO, the COO has overall responsibility to:

- Provide direction and oversight of the major operational areas of the Health Plan
- Assist in and direct each key division toward the achievement of their respective goals
- Maintain positive corporate relationships within the external community, particularly the provider community; establish a total Quality Management philosophy within areas of responsibility while supporting and implementing a continuous QI process.
- Interacts with the CMO regarding the status of ongoing QIP activities and CAPs as required.

D. Chief Medical Officer (CMO)

The CMO reports directly to the CEO and acts as an advisor to the QIC and any subcommittees/standing committees as convened. The CMO is responsible for the direction and management of all clinically related QI activities in conjunction with the QIC. The CMO:

- Ensures that an effective QIP is established, supported and maintained in conjunction with the QIC and SCFHP.
- Provides clinical direction for all QIP functions
- In conjunction with the QI Manager, provides information to assist the QIC and Health Authority with their decision making process regarding matters of quality of care, peer review, credentialing, re-credentialing, health education, behavioral health care and clinical and medical procedures.
- In conjunction with the Sr. Manager of Contracts and Credentialing, provides oversight, direction, and pre-approval for all providers presented to the Credentialing Committee.
- Recommends Committee chairs and members to the Health Authority for review and approval.
- Has sole responsibility for the determination of denials of care for medical necessity.
- Participates in the behavioral health aspects and internal clinical quality improvement process of the QIP.
- Reports all healthcare delivery systems issues to the Health Authority on all clinically related issues and to the CEO on administrative issues.

E. Director of Medical Management

The Director of Medical Management reports to the CMO and is responsible for the ongoing operations of SCFHP medical management program to ensure health plan goals and objectives are met. This position has responsibility for operations of the Utilization Management, Quality Management, and Health Education Departments.

- Provides leadership in the implementation and maintenance of the utilization and quality improvement programs in accordance with regulatory, corporate, state, and accreditation requirements.
- Collaborates with the CMO and Department Managers to identify trends in utilization of medical services, practice patterns, and adequacy of benefit/payment components.
- Provides expertise and vision with planning and establishing goals and objectives to improve quality and cost-effectiveness of care and services for members.
- Participates in the review and assessment of provider contracts and provider networks to facilitate implementation of recommendations that would improve utilization and health care quality.
- Recommends Committee chairs and members to the Health Authority for review and approval.
- Provides regular written updates to the Health Authority on program management and committee activities as requested by the CEO, CMO, or COO.

F. Quality Improvement Committee (QIC)

The QIC oversees the development, implementation and effectiveness of the QIP and is accountable to the Health Authority. All Standing Meetings report to the QIC.

1. Composition: The Committee Chair for the QIC is appointed by the CEO. The QIC shall consist of at least 8 voting members to include the chairs of the Credentialing, Pharmacy and Therapeutics, Utilization Management, and Provider Advisory Committees, and a designated representative from a major subcontractor. Other members include Primary Care Physicians (PCPs) and Specialists. The members serve two-year terms and re-application is based on the member's willingness to serve, as well as attendance during the previous term. Quorum is defined as 50% plus 1 of voting members.

2. Meetings: On a quarterly basis or more, as required to conduct business.

3. Minutes and Reports: the Quality Management Department staff has the primary responsibility of logistics for meetings, minutes. Meeting minutes are signed, dated and maintained in a central location.

4. Functions:
    - Oversight of the medical and operational systems as they directly or indirectly affect care provided to the member, and service to the Practitioner/Provider.
    - Accountable for the oversight of the QIP. Review, revise and approve the QIP and QI Work Plan on an annual basis and/or as needed to meet external regulatory agency or internal requirements. For 2013: Responsible for the development of QI Work Plan activities involved in two (2) Quality Improvement Initiatives for DHCS:
        a. Hospital Readmissions Collaborative
        b. Childhood Obesity Partnership & Education (COPE)

    - Consent to Medical Management's QI/UM/Pharmacy policies and procedures, standards of practice, quality indicators, and explicit criteria used in the performance of the QIP.
    - Review potential and actual quality of care issues, focus review studies and findings, monitor trends, and develop appropriate CAPs.
    - Continuously monitor the implementation and effectiveness of CAPs and revise as needed.
    - Review in the aggregate, generated data reports that are based on claims, authorizations and encounter data that measure compliance with NCQA HEDIS and other quality indicators.
    - Review the results of all State, Federal and/or regulatory mandated audits and surveys and recommend appropriate action.
    - Peer Review Committee is responsible to review all available information regarding the practice patterns of a practitioner or provider in question and make a determination that is fair and impartial. Deliberations are conducted in confidential closed sessions with only physician participants. The QI Committee serves as the Peer Review Committee and is responsible for recommending actions to the QIC that are fair and justifiable. Quality Management is responsible for logistics of meetings, meeting minutes and reports and maintenance of all deliberations as protected by law.

- Review and ratify chairperson selections as well as the committee membership proposed by the CMO and the director of Medical Management.

F. Quality Improvement Committee Chairperson

The Chairperson of the QIC or designee is responsible for directing the Committee in monitoring and evaluating the appropriateness and quality of health care services delivered. The Chairperson or designee may attend and present the QIC Report to the Health Authority.

G. QIC Sub-Committees

Sub-Committees of the QIC are convened *ad hoc* at the request of SCFHP's CMO, CEO, Director of Medical Management or the QIC Chair. The Sub-Committees may review specifically identified areas for continuous quality improvement including but not limited to Emergency Care, Primary Care and Public Health. Coordination of the meeting will be the responsibility of the Medical Management Department. QIC Sub-Committees report to the QIC.

H. Standing Committees

All QIC Standing Committees report to the QIC. Standing Committees include:

1. Credentialing Committee

The primary purpose of the Credentialing Committee is to perform credentialing and re-credentialing activities consistent with NCQA guidelines, State and Federal regulations, CMS regulations and SCFHP's contract with DHCS. Credentialing activities are designed to evaluate the quality of each practitioners and SCFHP's provider network. All actions are reported to the QIC.

a. Composition: The Credentialing Committee is chaired by a contracted practitioner. The Chair is recommended by the CMO and appointed by the CEO. The Committee consists of a multidisciplinary team of SCFHP contracted practitioners, and other licensed providers as necessary, who are preferably board certified. Committee membership shall include at

least three Primary Care Physicians of different specialties. SCFHP's CMO is the primary advisor to the Committee.

b. Meetings are held on a bi-monthly basis or more, as required to conduct business.

c. Minutes and Reports: The Sr. Manager of Contracting and Credentialing has the primary responsibility of logistics for meetings and minutes. Meeting minutes are signed and dated by the Committee Chair and Committee Secretary. Minutes are maintained in a secure central location.

d. Functions:
- Responsible for initial credentialing of all providers and re-credentialing contracted providers on a three (3) year cycle.
- Monitor trends and patterns of care by individual providers that may adversely affect members and recommend appropriate action as warranted to the QIC.

2. Utilization Management (UM) Committee

The UM Committee ensures the delivery of quality medical care at the most appropriate level, in a timely, effective, and efficient manner.

a. Composition: The Health Authority approves the Committee members. The Committee is composed of six to eight (6-8) members from the Practitioner/Provider community, with representation from primary care and specialist physicians. The CMO, Director of Medical Management, or designee will serve as advisors to the Committee and will attend every meeting. Committee appointments last no longer than two (2) years, with the opportunity for reappointment based on the member's willingness to serve and attendance during the previous term.

b. Meetings: On a quarterly basis or more, as required to conduct business.

c. Minutes and Reports: The Utilization Management Department has the primary responsibility of logistics for meetings, minutes. Meeting minutes are signed, dated and maintained in a secure central location.

d. Functions:
   - Recommend changes to the UM Program as demonstrated by the review of UM data, Practitioner/Provider or member patterns, or other utilization issues.
   - Recommend the adoption of clinical practice guidelines.
   - Recommend, based on oversight reviews, the continuation of UM delegation to delegated and capitated groups.

3. Pharmacy and Therapeutics (P&T) Committee

The Pharmacy and Therapeutics (P&T) Committee's primary responsibility is to develop, maintain, and monitor a dynamic clinical formulary that ensures effective and efficient drug management.

a. Composition: The P&T Committee will be chaired by the CMO. The Committee is composed of six to eight (6-8) members. Members include PCPs, Specialists, Pharmacists, a representative from SCFHP's Pharmacy Benefit Manager (PBM) Provider, and the CMO (or designee) from a major subcontractor.

b. Meetings: On a quarterly basis or more, as required to conduct business.

c. Minutes and Reports: The Pharmacy Management Department has the primary responsibility of logistics for meetings, minutes. Meeting minutes are signed, dated and maintained in a secure central location.

4. Grievance Review Committee

The Grievance Review Committee is responsible for reviewing all grievances and resolutions as prepared by the Sr. Manager of Compliance & Grievances & Appeals and conducted in accordance with SCFHP's policy and procedure.

a. Composition: The Committee's voting members include the CEO or his/her designee, COO, CMO, Director of Medical Management, VP of Provider Operations, Compliance Officer and VP of Member Operations. Support staff may include but is not limited to, Member Services Director, and Sr. Manager of Compliance & Grievances & Appeals, and QI Manager.
b. Meetings: Monthly or more frequently, if required to conduct business.

c. Minutes and Reports: The Sr. Manager of Compliance & Grievances & Appeals is responsible for logistics of the meetings, minutes and maintenance of confidentiality of all deliberations as protected by law.

5. Additional Committees Participating in Quality Improvement Activities

In addition to the QIC and the Standing Committees, the Provider Advisory Committee and the Consumer Affairs Committee convene regularly and report to the CMO regarding Quality Improvement activities. Health Plan QI activities are discussed with the CMO as applicable for appropriate follow-up, which include the outlined QI Committee processes and then ultimately reporting to the Health Authority.

PROGRAM IMPLEMENTATION AND COORDINATION

The resources and efforts of the management staff of SCFHP, including the CEO, COO, CMO, and Director of Medical Management of SCFHP are necessary and essential for the proper implementation of the QIP.

A. Quality Improvement (QI) Manager

The QI Manager reports to the Director of Medical Management. Responsibilities include the day-to-day management of the implementation of SCFHP's QIP, and review of adequate resources in meeting QIP needs as approved by the Health Authority. Qualifications for the position of QI Manager include possession of a current valid Registered Nurse (RN) license issued by the State of California and three or more years' experience in a managed care or ambulatory care setting or equivalent.

The QI Manager oversees a Quality Improvement staff including an adequate number of Registered Nurses with the required qualifications to complete the full spectrum of SCFHP's responsibilities for QIP development and implementation as well as the ability to oversee quality issue involvement. Staff positions may include clinical Quality Improvement Nurses Specialists and non-nursing staff such as QI Project Analyst and Project Managers.

The QI Manager is responsible for oversight, direction, and determination of priorities for QIP staff. The QI Manager responsibilities also include the following:

- Review and submit Medical Management quality improvement issues and information to the Director of Medical Management, as applicable, and QIC for approval and resolution. Submissions to the QIC may include but are not

limited to, applicable policies and procedures, proposed review studies, provider relationships as they relate to the quality of care for the members and regulatory reports that affect the medical management system for SCFHP. Additional submissions consist of the ongoing assessment of participating provider compliance with SCFHP requirements and standards including: medical record assessments, accessibility and availability studies, and oversight of facility reviews.

- Direct and coordinate, in concert with the Director of Medical Management the development, preparation, analysis and presentation to SCFHP's medical committees and networks the following types of reports: member disenrollment data; grievances and potential quality of care issues (PQIs); utilization data, utilization management denials and appeals; health status and outcome reports; quality of care studies (NCQA HEDIS; Quality Improvement Projects [QIPs]; and other quality studies); member satisfaction survey results; and the QI Work Plan.
- In concert with the Director of Medical Management provides guidance and assistance to the Health Education Department and Cultural and Linguistics Services Manager.
- Initiate delegated audit reviews and act as the primary coordinator and/or contact to ensure that the delegated groups meets the NCQA standards for delegation of Utilization Management, Credentialing /Re-credentialing, Member Grievances and QI (as applicable). The delegated groups will be re-audited on an annual basis by SCFHP.
- Participate in the internal QI process.

B. Business System Analyst

- The Business System Analyst reports to the Vice President of Information Technology (VPIT) and acts as an information systems resource in the Medical Management Department. The Business System Analyst is responsible for developing reports on a variety of studies and/or projects to analyze the delivery and outcomes of healthcare for Plan members and to create reports that assist in the monitoring and evaluation of SCFHP's performance. These reports include but are not limited to: NCQA HEDIS; QIP; CHDP; CPSP; and other focused areas of study that may be requested by the CMO, QI Manager, Director of Medical Management, and the QIC. The Business System Analyst under the direction of the to review and analyze the information that is collected to evaluate SCFHP's performance as defined by the QIP and Work Plan and direct activities associated

with data integrity on receipt and disposition of encounter data from and to the SCFHP Data Repository.

D. VP of Provider Operations

The VP of Provider Operations reports to the COO. Under the direction of the COO, the VP of Provider Operations' responsibilities include but are not limited to the following:

- Responsible for overseeing daily operations of SCFHP's network of participating providers in order to ensure the delivery of covered medical services in compliance with contractual requirements;
- Develops, implements and monitors policies and procedures designed to support criteria established by SCFHP, and/or regulatory bodies;
- In collaboration with the Medical Management Department, oversees the development and scheduling of educational seminars and conferences for participating providers; and
- Responsible for investigating complaints and/or grievances involving participating providers.

E. Vice President (VP) of Member Operations

The Vice President of Member Operations reports to the COO and is responsible to process, monitor and respond to members about inquiries, requests for assistance, and other member issues encountered within SCFHP. This includes managing and overseeing the intake and referral of issues relative to member grievances. Responsibilities also include but are not limited to the following:

- Adhere to criteria as established by the CMO for integration to the QI Process.
- Act as the member advocate in all Plan deliberations regarding member complaints, grievances or concerns.
- Participate in the development, preparation and presentation of reports concerning member assistance requests, member disenrollment, and member satisfaction survey results to the QIC or other committees as needed.
- Adhere to all policies and procedures related to the reporting and monitoring of member concerns and issues to the QI department.
- Review and analyze member satisfaction survey(s) to evaluate SCFHP's performance. Conduct periodic surveys with members that have dis-enrolled, changed PCPs and/or speak languages that are considered to be threshold languages during the survey period. Any areas requiring a member related CAP are the responsibility of the VP of Member Operations. The VP of Member

Operations develops implements and monitors the CAP as approved by SCFHP's internal QI process. The QIC and the Health Authority then review the QI process.

- Participate in the internal QI process.

F. Claims Director

The Claims Director reports to the VP of Provider Operations and is responsible for monitoring and reporting to the Director of Medical Management any perceived deviations of care noted throughout the review of claims submitted. The Claims Director also participates in the internal QI process.

G. Sr. Manager of Compliance & Grievances & Appeals

The Sr. Manager of Compliance & Grievances & Appeals reports to the Compliance Officer and assures that all member grievances are resolved within timeframes established by regulatory agencies and SCFHP policy. The Sr. Manager of Compliance & Grievances & Appeals assists in arranging for arbitration of a member grievance and, along with Legal Counsel, represents SCFHP at State administered Fair Hearings involving members. The Sr. Manager of Compliance & Grievances & Appeals also prepares letters and documents required within specific time frames and monthly reports in order to maintain compliance with all regulatory requirements. The Sr. Manager of Compliance & Grievances & Appeals maintains the confidentiality of all sensitive documents, records, discussions and other information generated in connection with any grievance activities and makes no disclosures of such information except to persons authorized to receive it in the conduct of business.

H. Health Education

Health Education is overseen by the Director of Medical Management who is directly responsible for the leadership, planning, organization, direction, management, staffing and development of SCFHP's Health Education, targeted health promotion interventions, and compliance with all Federal and State regulatory agencies. Health Education Department collaborates with Quality Improvement to identify and implement programs that improve the provision of services and the quality of health care delivery for members.

I. Director of Pharmacy

The Director of Pharmacy reports directly to the COO and is responsible for planning and operating the pharmacy program for SCFHP and its members. Responsibilities include:

- Oversight of all PBM operations
- Formulary management
- Strategic planning for the benefit offering
- Management of all internal operations
- Delegation oversight
- Compliance with all regulatory requirements
- Monitor, analyze and present pharmacy utilization expenditures

PROGRAM ACCOUNTABILITY

An annual evaluation of the QIP is conducted to assess the overall effectiveness of SCFHP's quality improvement process. The evaluation examines and reports on all aspects of the program.

A. The QIC annually reviews and recommends the QIP to the Health Authority for ratification. Review and approval is documented in the minutes of the Health Authority. The QIC may also make recommendations for revision of the program as required.

B. SCFHP annually develops a work plan that is reviewed for approval by the QIC and ratification by the Health Authority. The QI Work Plan outlines the aspects of care that may be reviewed and related QI activities to be performed.

C. The QI Manager, in concert with the CMO and Director of Medical Management, prepares an annual report of the QI Program for review and approval by the QIC. This report is then sent to the Health Authority for ratification and approval. The report summarizes the QI activities and identifies areas where improvement in quality and outcomes have been measured and documented. Deficiencies are reported to the QIC and Health Authority with suggested actions for improvements in the following year.

CONFIDENTIALITY AND CONFLICT OF INTEREST

All records and proceedings of the QIC are confidential and protected from discovery according to State and Federal legal regulations, accrediting standards, and SCFHP's Confidentiality Policy.

A. Confidentiality of practitioner, provider, and member identified information is ensured at all times in the performance of QI activities and enforced through the following:

1. All members of the Health Authority, the QIC and related committees and all Plan staff, are required to sign confidentiality and conflict of interest statements that are maintained in SCFHP's files in the appropriate department.

2. The CMO and/or QIC Chair requests a closed committee session for discussion of any sensitive practitioner, provider, or member related issues.

3. All confidential QI documents have access restricted to the Medical Management Department staff, those designated by the CMO, the QIC, Credentialing Committee, reporting bodies authorized by the QIC and regulatory agencies as required by contract of law.

4. Confidential documents may include meeting minutes and agendas and all attached documents, reports and findings, potential quality of care issues (PQIs), QI files, UM reports, and any correspondence or memos relating to confidential issues where the name of the practitioner, provider, and/or any member identifier information is included. The CMO along with the Compliance Officer resolves any question about what is confidential.

5. The CMO in concert with the Compliance Officer acts as the confidentiality officer for the Medical Management Department and maintains adherence to state and federal regulations regarding access and outside review requests for matters considered under the QIP.

6. Confidential information is stored in locked files with access limited to authorized personnel as prescribed by the Medical Director.

7. Confidential documents are destroyed in an appropriate manner through a shredding service. All confidential meeting documents / packets logged out to participating members of the QIC and sub-committees or standing committees are

collected by SCFHP staff and destroyed at the end of the meeting. All confidential information distributed at the meeting and is collected at the end of the meeting by SCFHP staff.

QUALITY IMPROVEMENT PROGRAM DESIGN

The QIP is designed to include operational planning, internal and external quality control in the Practitioner/Provider network, and quality improvement activities. QI activities related to Practitioner/Provider performance are conducted in compliance with State and Federal Regulations.

A. Medical QI Process

1. Credentialing/Re-credentialing or Peer Review of contracted Practitioner / Provider performance

   a. Review of contracted practitioner / provider care and services are performed by the SCFHP CMO or designee and members of the QIC and Credentialing Committee.

   b. Review of contracted practitioners / providers is conducted on an ongoing basis and findings are reported to the QIC at least quarterly or as needed if immediate action is required.

2. Delegated Activities under direction of the Delegation Oversight Committee

   SCFHP interdepartmental annual delegations perform oversight audits of all entities delegated for any health plan activity. Annual delegated oversight audit results are reviewed and approved by the QIC and ratified by the Board. Delegated activities may include but are not limited to the collection of NCQA HEDIS data, focus studies, office site review, and Peer Review. Delegated entities to which UM/Pharmacy/Credentialing have been delegated are responsible for reporting UM/Pharmacy/Credentialing outcomes and analyses to the QIC through the respective sub-committees and Health Authority. Annual delegation oversight evaluation is completed by a formal audit process using standards from NCQA and the DHCS contract in the delegation of any UM/ Pharmacy/Credentialing/Member Grievance activities.

3. Aspects of Care and Service

The Quality Improvement process utilizes a variety of mechanisms to identify aspects of care/service and to establish meaningful priorities for review and improvement. Emphasis is placed upon identifying high-risk, high-volume or problem-prone (including acute and chronic problems as well as cultural and linguistic issues) aspects of care and services that encompasses the scope of the health care services provided. Aspects of care and service for review may include but are not limited to:

a. Access and Availability of Care
b. Member Satisfaction
c. Patient Safety
d. Cultural Sensitivity and Linguistic Competency
e. Preventive Services
f. Emergency Services
g. Over and Under Utilization
h. Chronic Care Management / Complex Case Management
i. Disease Management
j. Maternal Health/Neonatal Health
k. Adult Health
l. Pediatric Health
m. Behavioral Health
n. Practitioner/Provider Credentialing/Re-credentialing
o. Information Management (Medical Records)
p. Health Education
q. Care Transitions

4. Quality Indicators

Quality Indicators are quantitative measures that are used as a guide or screen for monitoring and evaluating the quality of important aspects of patient care and supportive service activities within the health care delivery System. Quality Indicators are objective, measurable and relate to structure, process or outcome. Emphasis is focused on identified areas representing high-cost, high-risk, and high-volume and problem-prone areas.

5. Risk Management

Areas of risk and liability are identified through a variety of QI/UM/Pharmacy resources and may include but are not limited to:

a. Internal and external monitoring activities
b. Peer Review activities
c. Member/Practitioner/Provider appeals/grievances
d. Utilization review activities
e. Severity of illness/disease trends/patterns
f. Incident reports
g. Regulatory agencies
h. Claims
i. Practitioner/Provider/Member satisfaction surveys

6. Establishment of Thresholds

A threshold is identified for each quality indicator and is defined as a pre-established level of performance that, when not met, results in initiating further in-depth review to determine if a problem or opportunity for improvement exists. Thresholds may be based upon current professional standards, literature, and practical experience. Data collected is analyzed for trends and comparison to established thresholds.

7. Focus Studies

Focus studies are utilized to analyze specific practitioners/providers or categories of practitioners/providers, types of health care services, diagnoses, treatments, and health outcomes. Studies are designed to include an identified objective, sampling frame and data collection methodology, report of data findings, analyses, improvement project activities (QIP) and conclusions and an action plan for reassessment.

Data sources may include but are not limited to:

a. Medical records
b. Claims/Encounter information
c. Member/Provider satisfaction surveys
d. Medical and Pharmacy utilization data
e. Member Grievances
f. NCQA HEDIS results
g. QIPs

8. Potential Quality of Care Issues (PQIs)

Quality Indicators are distributed to all appropriate staff and providers for use in identifying and reporting Potential Quality of Care Issues (PQIs). Each case

or identified trend that falls under QI review as a result of quality indicators, focus studies, or member/provider complaints is analyzed as PQIs. Analysis of PQIs may involve review of pertinent medical records, input from the provider, or other data sources. Review will be based upon professionally recognized standards of care and practice and thresholds established by the QIC.

9. Internal QI Program

The CEO, in concert with the CMO as applicable, directs the Internal QI process. The Internal QIP provides individual department oversight for SCFHP. Identified issues are monitored and reported and includes but are not limited to turn-around times for authorizations, claims, and complaints from members, practitioners/providers.

The QI department, in coordination with other appropriate Plan departments, reviews and evaluates quality indicators for identification of patterns / trends of members who are not receiving care specified in practice guidelines and NCQA HEDIS indicators.

Focus reviews may be performed as issues, trends, patterns that indicate barriers of care are identified and are reflective of healthcare delivery system issues.

10. Development of Action Plan

Any QI issue identified as requiring correction shall require a Corrective Action Plan (CAP) developed by the QI Manager in coordination with other appropriate Plan departments and reviewed by the CMO. A CAP may include but is not limited to Practitioner/Provider education, member education, staff development, education, training, Plan administrative changes, Practitioner/Provider contract changes, and alliteration of Practitioner/Provider privileges.

The QIC reviews internal CAPs to determine impact on SCFHP's healthcare delivery system and disseminates CAPs to SCFHP staff. Re-evaluations at prescribed intervals are performed to measure changes and improvements in SCFHP's operations.

All Changes to SCFHP's internal operational systems will be implemented after a 30-day notification to the relevant members and/or practitioners and providers.

The Health Authority receives timely and ongoing reports and updates regarding system changes based on the Internal QIP.

11. Delegated Review

Delegated reviews are conducted utilizing NCQA delegation standards and the DHCS contract. Delegated groups must have systems in place that are uniform to those of SCFHP. SCFHP performs ongoing reviews of applicable delegated activities, which may include UM, Pharmacy, credentialing and grievances, and compares them with SCFHP and other delegated groups. SCFHP participates in network orientations at the delegated group level. Delegated functions are monitored on a quarterly basis through a joint operating committee (JOC) structure at the delegated group level. All appeals, complaints, grievances and network satisfactions surveys must be forwarded to SCFHP. Delegated groups are reviewed annually for re-evaluation of delegation status using a tool based on NCQA, DMHC, and DHCS standards.

SCFHP does not delegate any QI review, with the exception of peer review for specified Networks, which is conducted at the delegated level. The results must be forwarded to SCFHP's CMO for review and inclusion in SCFHP's Peer Review process. Grievances and complaints from the delegated groups must be forwarded to SCFHP within five (5) days for action and review by the Grievance Review Committee.

SCFHP may request assistance from any delegated group with audits or surveys.

PROGRAM UPDATE

The Quality Improvement Program including the QI Work Plan is reviewed, updated and approved annually by the QIC. A copy will be submitted to the Health Authority for ratification. In addition, a summary of the annual accomplishments of the QI Program will be provided to the QIC and the Health Authority. The summary will include recommendations for program revisions and additions to the next year's Quality Improvement program.

Reviewed and Approved by Quality Improvement Committee:

Thad Padua, MD
Chairperson
Quality Improvement Committee

6-11-13
Date

Jeffrey Robertson, MD
Chief Medical Officer
Santa Clara Family Health Plan

05-24-2013
Date

Diane Brown, RN, MBA
Director of Medical Management
Santa Clara Family Health Plan

5/24/2013
Date

Matthew Woodruff
Chief Operations Officer
Santa Clara Family Health Plan

6/10/13
Date

Elizabeth Darrow
Chief Executive Officer
Santa Clara Family Health Plan

6/10/13
Date

Santa Clara
Family Health Plan

The Spirit of Care

SANTA CLARA FAMILY HEALTH PLAN
2013 QUALITY IMPROVEMENT (QI) WORKPLAN

WORKPLAN ACTIVITIES	TARGET DATES
A. Clinical Improvement	
Clinical Improvement Activities	
1. Collect and report Healthcare Effectiveness Data & Information Set (HEDIS) rates for ALL Product Lines	December 31 2013
▪ Develop and implement interventions for Medi-Cal Managed Care (MCMC) Auto-Assignment Measures	August 30 2013
▪ Analyze rates by Network (NTW) and collaborate on improvement interventions (Best Practices)	August 30 2013
▪ Review of Baseline Data:	
o VSP Diabetic Retinal Screen Reminder Program	August 2013
o Pfizer/Televox Childhood Immunization Reminder Program	
o HbA1c Reminder Program	
o Prenatal/Postpartum Care	
2. Childhood Obesity and Partnership Education (COPE)	Dec 31 2013
▪ COPE Internal Project with Goal of decreasing childhood obesity trend through provider and member education.	*3rd year of 4 year project* *Measurement year*
▪ Provider education:	
o Disseminate Provider information on Summer 2013 programs.	March 2013
▪ Evaluate strategies for member:	March 2013
o Analysis of data on the nutrition & fitness class interventions	
o Analysis of data on the martial arts class interventions	
o Review strategies for member participation in other programs (i.e. basketball camp, soccer leagues, and/or open gym).	May 2013
▪ Evaluate program effectiveness:	
o The percentage of identified children aged 2 to 18 years with BMI >95th percentile for age and gender that attended at least one nutritional program during the measurement year.	August 30 2013
o Measure Outcomes of Health Education Classes on Nutrition, Fitness, Weight Management, Healthy Lifestyles	
o Perform yearly cost-benefit analysis or return on investment of program	
o Analysis of provider and member/parent satisfaction surveys	

Santa Clara
Family Health Plan

The Spirit of Care

WORKPLAN ACTIVITIES	TARGET DATES
3. Perinatal Program ▪ Analysis of data to identify pregnant members. ▪ Develop program to ensure that pregnant women and their newborns have access to appropriate, high quality care to reduce risk of maternal/neonatal complications o Outreach and promotion of prenatal care/ visits early in pregnancy o Analysis of Text4Baby data o Outreach and promotion of appropriate newborn care and immunizations within specified timeframe ▪ Coordinate with Maternity Kick project to identify eligible members	 September 30 2013 July –Dec 2013
B. Continuity and Coordination of Care	
1.DHCS Statewide collaborative on All Cause Readmissions (ACR) ▪ Develop interventions to ensure member's transition to care from one level to the next. ▪ Monitoring methodology: HEDIS administrative measure: All-Cause Readmissions: MC; SPD; combined rate ▪ QIP Proposal submission to DHCS ▪ Barrier analysis and design interventions for Jan 2013 implementation ▪ QIP Study design data to DHCS 2. Ensure DHCS compliance with SPD continuity and coordination of Care ▪ Monitoring methodology: Case Management activities	Jan –Dec 2013 *2nd year of 3 year project* *Intervention year* March 31, 2013 September 30 2013 Quarterly 2013
C. Access	
1. Ensure DHCS compliance with SPD Accessibility at PCP and specialty and ancillary service providers ▪ Perform Attachment C / PARS access tool on all PCP sites during the 3-year cycle of PCP FSR/MRR reviews. ▪ Perform Attachment C / PARS access tool on all specialty and ancillary services providers per contractual requirement 2. Ensure compliance with Timely Access Standards ▪ Monitor and report on Plan Outpatient visits, ER visits and "Avoidable" ER Visit rates	Jan - Dec 2013 Jan- Dec 2013 Jan - Dec 2013 Bi-annually

WORKPLAN ACTIVITIES	TARGET DATES
▪ Track/trend and analyze access / outpatient visit data, member requests / grievances regarding access for patterns requiring improvement intervention	Monthly
D. Satisfaction Improvement	
Member Complaint / Grievance	
1. Continue to monitor / track and trend Member grievances for analysis of issues and for correlation with other Plan reports for identification of areas requiring improvement activities	Quarterly 2013
2. Continue to submit –at least - quarterly all member grievances to the Quality Improvement Committee (QIC) for review and appropriate action with particular attention to those related to access to care, quality of care, and denial of services	Quarterly 2013
Member Satisfaction	
3. Report analysis of 2013 member satisfaction with educational classes on nutrition and fitness in the COPE program	3rd – 4th Quarter 2013
E. Patient Safety	
1. Perform Facility Site Review and Medical Record Review for PCP offices. ▪ Review every 3 years as part of the Credentialing process ▪ Provide follow/up and ongoing monitoring of timely correction of Critical Element (CE) deficiencies and Corrective Action Plan as mandated by DHCS guidelines. ▪ Continue the collaborative process with the County's MCMC Commercial Plan	Ongoing
2. Identify potential quality of care (PQI) through systematic review of clinical indicators with analysis based upon professionally recognized standards of practice	Ongoing
▪ Track and trend patterns of improvement	Quarterly
F. Other QI Activities	
1. Clinical Practice Guidelines	
▪ Systematically review, update and modify Clinical Practice Guidelines	Nov 2013
2. Bi-Annual Memorandum of Understanding (MOU) meetings	Ongoing
▪ Continue collaboration with Regional Immunization Registry and County Immunization Program to encourage and support	Ongoing

WORKPLAN ACTIVITIES	TARGET DATES
physicians to join registry ▪ Continue collaboration with local Child Health and Disability Prevention Program (CHDP) ▪ Continue collaboration with local Maternal, Child and Adolescent Health (MCAH) and Black Infant Health (BIH) programs	Ongoing
3. Medical Director Report to the Governing Board to include a detailed presentation and discussion of at least one aspect of the QI Workplan Activities	June 2013
4. Develop, review and revise QI Policies and Procedures as appropriate	Ongoing

Santa Clara
Family Health Plan

The Spirit of Care

Santa Clara Family Health Plan
2012 Quality Studies

KEY: H = **Hybrid Measures**
A = Administrative Measures
* = **Auto Assignment Measures (Medi-Cal)**
NEW = **New HEDIS measure to report**

Code	Measures	DHCS MC	MRMIB HF	HK	QIP's DHCS	QIA's Internal
	Effectiveness of Care					
WCC	Weight Assessment & Counseling for Nutrition & Physical Activity for Children & Adolescents	**H**				
CIS	**Childhood Immunization Status Combo 3*** • Combo 10 (HF / HK)	**H***	**H**	**H**		
LSC	Lead Screening In Children		**H**			
IMA	**Immunizations for Adolescents *(MC-NEW)***	**H**	**H**	**H**		
CCS	**Cervical Cancer Screening***	**H***				
CDC	Comprehensive Diabetes Care – 8 indicators • Eye Exam (Retinal) Preformed • LDL-C Screening Performed • LDL-C Control (<100 mg/dl) • **HbA1c Testing*** • HbA1c Poor Control (>9%) • HbA1c Control (<8%) • Medical Attention for Nephropathy • Blood Pressure Control (<140/90 mm/Hg)	**H***				
CHL	Chlamydia Screening in Woman		A	A		
CWP	Appropriate Testing for Children with Pharyngitis		A	A		
URI	Appropriate Treatment for Children with Upper Respiratory Infection		A	A		
AAB	Avoidance of Antibiotic Treatment in Adults with Acute Bronchitis	A				
ASM	Use of Appropriate Medication for People with Asthma		A	A		
LBP	Use of Imaging Studies for Low Back Pain	A				
MPM	Annual Monitoring for Patients on Persistent Medications (w/out	A				

Code	Measures	DHCS MC	MRMIB HF	HK	QIP's DHCS	QIA's Internal
	anticonvulsant indicator) ***(MC-NEW)***					
	Access/Availability of Care					
CAP	Children's & Adolescent's Access to Primary Care Practitioners ***(MC-NEW)***	A	A	A		
ADV	Annual Dental Visit			A		
PPC	Prenatal & Postpartum Care – 2 indicators • **Timeliness of Prenatal Care*** • Postpartum Care	**H*** **H**				
	Utilization & Relative Resource Use					
W15	Well-Child Visits in the First 15 Months of Life		**H**	**H**		
W34	**Well-Child Visits in 3,4,5,6 Years of Life**	**H***	**H**	**H**		
AWC	**Adolescent Well-Care Visits**	**H***	**H**	**H**		
AMB	Ambulatory Care: ***(MC-NEW)*** • Outpatient visits • Emergency Department Visits	A				
FSP	Frequency of Selected Procedures • Back surgery • Bariatric Weight Loss Surgery • Lumpectomy • Mastectomy	A				
IPU	Inpatient Utilization: General Hospital/Acute Care • Discharges • Discharges / 1,000 member months • Days • Days / 1,000 member months • Average length of stay	A/HP	A/HP	A/HP		
IAD	Identification of Alcohol & other Drug Services		A			
MPT	Mental Health Utilization		A			
	All-Cause Readmissions – Statewide Collaborative QIP Measure ***(MC-NEW)***	A				
	Quality Improvement Projects:					
	Hospital Readmissions Collaborative				X	X

Code	Measures	DHCS MC	MRMIB HF	HK	QIP's DHCS	QIA's Internal
	Childhood Obesity Partnership & Education (COPE)				X	X
	IHA 120-Day Health Assessment	X	X	X		

Santa Clara
Family Health Plan

The Spirit of Care

Consumer Affairs Committee
Minutes – March 12, 2013

In Attendance:

Committee Members: Blanca Esquerro, Danette Zuniga, Hung Vinh, Judy Chirco, Myrna Vega, Rachel Hart, Tammy Nguyen, Tran Vu, Vanessa Ho, Vu Nguyen, Waldemar Wenner

SCFHP Staff: Diane Brown, Pat McClelland, 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 6:05 pm and the meeting was called to order.			
Review of Minutes	The minutes from the December 12, 2012 meeting were reviewed and approved.	The minutes were approved	All	
Public Comment	No public comment			
Health Plan Updates	**Membership updates:** Ms. McClelland provided updates on the Health Plan (HP) membership. As of February 1, 2013, the HP membership is 143,979 members, and is about 5% increased from February 2012. Medi-Cal (MC) program is increased significantly as a result of the Healthy Families Plan (HFP) transition in January 2013. Approximately, 16,000 HF children transitioned into MC program. Overall, 150,000 HF children had successfully transitioned into the MC program statewide. Committee members inquired if the HFP continues to exist. Ms. McClelland explained that HFP stopped enrolling children into the HFP as of January 1, 2013. Instead, MC program has increased its			

Consumer Affairs Committee
Minutes – March 12, 2013

Item	Discussion	Action	Assigned to:	Due Date
	income criteria in allowing children, who eligible with the HFP, to continue be eligible with the MC program. Committee members inquired if the transitioned children have to pay premium and copayment. Ms. McClelland indicated that the premium has been reduced and there is no copayment for the MC program. In addition, Ms. McClelland also shared that the HP is expected to enroll about 9,000 children into MC program effective April 1, 2013. Those children are currently eligible with Kaiser in the HFP. **Cal MediConnect Eligible:** Ms. McClelland provided updates on Cal MediConnect eligible. The go live with the program has changed from June 1, 2013 to September 1, 2013. The HP anticipates to enroll about 17,000-18,000 enrollees in Santa Clara County. Committee member suggested the HP should recruit a representative from the Cal MediConnect program to participate in the Committee.			
Advance Healthcare Directives	Ms. Diane Brown gave a presentation on Advance Health Care Directives (AD). AD is a legal form to identify a health care decision maker on someone's behalf. Ms. Brown provided the differences between AD and Physician Orders for Life Sustaining Treatment (POLST), and how to complete a POLST form vs. AD. Below is a summary of the AD vs. POLST:			

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Family Health Plan

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Consumer Affairs Committee
Minutes – March 12, 2013

Item	Discussion	Action	Assigned to:	Due Date
	Advance Directives / **POLST** Future decisions / Check boxes Statement of preferences / Stays with patient Needs to be retrieved / Actionable medical Ordered Requires interpretations / Specific Options Ms. Brown suggested visiting this web- site: www.org.ca.gov/consumers/general/adv/hc/dir to learn more about AD, to view forms and get instructions.			
Committee Structure Update	Dr. Wenner announced the resignation of Committee's Vice Chair Ms. Candace Roney. The Committee members nominated and agreed to recommend Ms. Danette Zuniga as a new Vice Chair. Ms. Danette Zuniga has 3 children in the Health Plan. She is also currently a board member of the Special Needs Resource Events. She actively involves in coordinating and planning events to provide the special needs resources to the community. She is also advocating for the people with disabilities and autism.			
Future Agenda Items	Dr. Wenner asked the Committee to consider ways to share the presented information to other members and their communities. Some members suggest to learn about Health care reform (Coverage California), MC enrollment for newborn, HIPAA and Privacy Act and CPR.		All	

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Consumer Affairs Committee
Minutes – March 12, 2013

Item	Discussion	Action	Assigned to:	Due Date
Adjournment	The meeting adjourned at 7:04pm.			
Next Meeting Date	The next meeting is scheduled for June 11, 2013 from 6:00- 7:00p.m			

Consumer Affairs Committee Chairperson

6/11/13
Date

Santa Clara
Family Health Plan

The Spirit of Care

Consumer Affairs Committee
Minutes – December 11, 2012

In Attendance:

Committee Members: Blanca Esquerro, Cassandra Chan, Danette Zuniga, Hung Vinh, Larry Olmstead, Myrna Vega, Rachel Hart, Tammy Nguyen, Vanessa Ho, Vu Nguyen, Waldemar Wenner

SCFHP Staff: Laura Watkins, Matthew Woodruff, Tanya Nguyen

Guest: Carol Danaher

Item	Discussion	Action	Assigned to:	Due Date
Call to Order and Roll Call	Roll call was taken. A quorum was present at 6:06 pm and the meeting was called to order.			
Review of Minutes	The minutes from the September 12, 2012 meeting were reviewed and approved.	The minutes were approved	All	
Public Comment	No public comments			
Health Plan Updates	Healthy Families Plan Transition: Mr. Woodruff provided updates on Healthy Families Program (HFP) transition. The HFP transition will be in four phases throughout 2013. The first phrase will begin on January 1, 2013. Healthy Families children will be moved into the Medi-Cal Program effective January 1, 2013. Approximately, 16,000 HF eligibility members will move into the Medi-cal program. About 95 % Healthy Families members will keep the same primary care providers (PCP) under the Medi-Cal program and will be identified through membership file with new Medi-Cal aid codes categories.			

Santa Clara
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The Spirit of Care

Consumer Affairs Committee
Minutes – December 11, 2012

Item	Discussion	Action	Assigned to:	Due Date
	Dual Demonstration Project Mr. Woodruff provided updates on the Dual Demonstration Project. The program will become effective on June 1, 2013, and members can select between SCFHP and Blue Cross.			
Childhood Feeding Collaborative and the 5 Keys to raising a Healthy, Happy Eater	Mrs. Danaher provided an overview of the 5Keys to raising a Healthy, Happy, Eater. The 5Keys class is the division of responsibility between parents and children. The parents are responsible for: 1. What food is served 2. When food is served 3. Where food is served The children are responsible for: 4. How much to eat 5. Whether to eat or not It is two-hour, one time class, and is taught by a registered dietitian. The class is available in English, Spanish and Vietnamese. It provides basic understanding of the child development, and basic feeding skills to parents. 5Keys class is the collaboration efforts in Santa Clara County among Community Based Organizations, Health Plans, Hospitals and Clinics. Mrs. Danaher also indicated that the Pediatric Healthy Lifestyle Center's (PHLC) provides assessment and treatment for the overweight and obesity children if needed.			

Santa Clara
Family Health Plan

The Spirit of Care

Consumer Affairs Committee
Minutes – December 11, 2012

Item	Discussion	Action	Assigned to:	Due Date
Future Agenda Items	Dr. Wenner asked the Committee to consider ways in sharing the presented information to other members and their communities. Some members suggested providing demonstration on the new web-site or any changes on the HFP transition		All	
Adjournment	The meeting adjourned at 7:12pm.			
Next Meeting Date	The next meeting is scheduled for March 12, 2013 from 6:00- 7:00p.m			

T. Wenner M. Wenner

Consumer Affairs Committee Chairperson

3/14/13

Date

Santa Clara Family Health Plan
Provider Advisory Council
December 12, 2012
Boardroom

PAC Attendees: Thad Padua, MD, Peter L. Nguyen, DO, Paul Estess, Kenneth Phan, MD, Bridget Harrison, MD, Karen Anton, Paul Taylor and Carmen Meza-Rocha

Delegated Groups: None

SCFHP Attendees: Matthew Woodruff, Jimmy Lin, MD, Mike Lipman, Jenny Vu, Vivian Than, Stacy Renteria, Diane Brown, Abby Baldovinos, and Sarah Moline

ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
Meeting Called To Order	Co-Chair Dr. Thad Padua called meeting to order. Welcome to new Committee members Ms. Anton, Dr. Rocha and Mr. Taylor.	None	N/A	N/A
Review of Minutes	Meeting minutes are approved by the Committee.	None	N/A	N/A
CEO Report	**Dual Demonstration** Matthew Woodruff, COO reported out on the progress of the Dual Demonstration project. The State is calling meetings and the regulations should be distributed on December 31st. The State has now scheduled a February 14th publication of payment/reimbursement rates. Contracts have to be signed by march 1st. The State is looking at extending the audit period. June 1st the Health Plan is expecting 6,500 members enrolled in the Dual Demonstration program, roughly 1,100 members a month based on the member's birth date or month of member re-determination. Dr. Lin stated some of his Dual members are already receiving notices about choosing a plan. Matt would like to see the letter because he is not aware of any member letters being	None	N/A	N/A

ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
	distributed by the State or the Health Plan at this time. Mike Lipman spoke about the community stakeholder workgroups around long-term support services and behavioral health for the Dual Demonstration project. Paul Taylor shared with the Committee from what he heard at the Policy Forum Conference: 1. Because of the Dual Demonstration project being a pilot program and funding, the Medicare rules of engagement do not apply around credentialing, etc. 2. Very unlikely that the mental health carve-out will go away. Very unlikely for CMS to do anything about the carve-out. 3. In a 2-plan county, if one plan backs out the county would go forward but no passive enrollment. 4. Mental health financial responsibility should remain as a carve-out. Matt stated as far as the Dual Demonstration project we are scheduling a town hall meeting tentatively February 6th open to members and sponsored by Santa Clara Family Health Plan, On-Lok and CareMore. **Healthy Families Transition** Members transitioned 4,660 with 438 members required to find a new PCP. The Health Plan has reached 37% of membership by phone and another 34% have contacted us and are in the process of choosing providers. The remaining membership	None	N/A	N/A

ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
	will be getting letters and will be auto-assigned a new PCP. The auto assignment to a new provider based in member's neighborhood, speaks the same language and see's the appropriate age group of member. **CBAS** Membership is 485 members, have contracted providers and the Health Plan is paying claims. Medical management is working harder to compensate for the additional membership.	None	N/A	N/A
Medical Management	**Draft Authorization Policy** – Diane Brown, Medical Management Director reviewed the retrospective review process via Powerpoint presentation with the Committee. Retro authorizations are not issued passed 30 days of date of service. The goal is intended to clarify the authorization policy revisions with the Committee. Committee has no questions or concerns. **Authorization Updates for January 2013** - Authorization changes for 2013 – Jenny Vu reviewed Powerpoint presentation screen with list of services. The Committee discussed ambulance services to be updated around emergency vs. non-emergency ambulance services. Also revise podiatry piece - as it currently reads it does not	None Podiatry service	N/A Medical	N/A 02/20/13

ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
	make sense to Dr. Peter Nguyen. Make a PAR for members over 21 years old. Committee agreed to discuss this topic off-line and internally. **HEDIS Update** – Dr. Padua, Medical Director, reviewed his Powerpoint presentation with the Committee. The Committee discussed different measures. There are no metrics for behavioral health yet.	revision on proposed authorization grid	Management/Jenny Vu	Next PAC Mtg.
Pharmacy	**ForaCare** – Sarah Moline, Pharmacy Director, updated the Committee on the new ForaCare glucometer roll out progress. Santa Clara Family Health Plan has worked with Valley Health Plan and ForaCare regarding the accuracy of readings. The purchasing department at Valley health Plan is supplying ForaCare for members. The implementation date is January 1, 2013. Letters have been send to members and providers about the new product. The Pharmacy department is training Walgreens and CVS this Thursday and Friday.	None	N/A	N/A
	Pharmacy Request Form – The form is included in the PAC binder for Committee review. It is being distributed and is ready for providers to sign and fax in. Committee discussed online ordering regarding prescriptions. Is Valley Health Plan changing everything over to ForaCare regardless is member is SCFHP or not? No. The Pharmacy department will call pharmacies to make sure the new prescriptions are signed off.	None	N/A	N/A

Santa Clara Family Health Plan
Provider Advisory Council
December 12, 2012
Boardroom

ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
Compliance	Grievance Report – Matt reviewed enclosed grievance report with Committee. Self explanatory and no comments or issues.	None	N/A	N/A
IT/Claims Issues	Encounter Data – Mike Lipman reviewed the background issue of non-compliance with encounter data issues. Providers do not send because they are on CAP. Committee suggested penalizing providers by withholding cap checks until offices are compliant. Electronic Claims – 80% compliance on electronic claims.	None	N/A	N/A
Provider Services	PAC Calendar – Mike reviewed the proposed 2013 PAC calendar with the Committee. Future CME Topic – For the new year – Palliative Care	None	N/A	N/A
Other	Dr. Peter Nguyen stated he is taking care of patients that are not assigned to him and sending patients to specialist that won't see them because of no authorization. Determined that Provider Services needs to educate Dr. Kumar	Education of provider around authorization services	Provider Services	02/20/13
Adjournment	Adjourned at 2:00 pm			

Signature: _____ Date: 5/24/13