

**MINUTES**  
**Santa Clara County Health Authority**  
**Executive Committee**

Thursday, December 13<sup>th</sup>, 2012

8:30-10:00 AM

Santa Clara Family Health Plan  
210 E. Hacienda Avenue  
Campbell CA 95008

---

**Members present:**

Mr. Bob Brownstein

Ms. Michele Lew

Mr. Chris Dawes

Dr. Wally Wenner

**Members absent:**

Dr. Dale Rai

**Staff present:**

Ms. Elizabeth Darrow, Chief Executive Officer

Mr. Dave Cameron, Chief Financial Officer

Ms. Shannon McNally, Executive Assistant

Mr. Rayne Johnson, Chief Information Officer

Mr. Matt Woodruff, Chief Operations Officer

**Others present:**

Mr. Chris Pritchard, Moss Adams

Mr. Anthony Bernardino, Moss Adams

1. Roll call

The meeting was called to order at 8:38 a.m. by Mr. Dawes. Roll call was taken, and a quorum was established.

2. Public comment

There was no public comment.

3. Action item: Approve minutes of Executive Committee dated November 15<sup>th</sup>, 2012.

**It was moved, seconded, and approved to approve the minutes as presented**

4. Action item: Accept audited financial statements and communications regarding fiscal year 2011-2012

Moss Adams presented the 2011-2012 audited financial statements to the committee. Mr. Pritchard stated that the combined financial statements are fairly presented in accordance with generally accepted accounting principles. The audit was completed on time and everything was found to be in order. Mr. Pritchard also commented that the biggest change was reflected in the net operating loss mainly due to the Health Plan's contribution to Valley Health Plan. There were no adjustments or issues and methodology used by management has been consistent.

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

5. Action item: Accept report from Chief Financial Officer on October 2012 financial statements
  - Operating surplus of \$338k for the month and a loss of \$368k year to date. This compares to a budgeted surplus of \$457k for the month and a loss of \$1.5m year to date.
  - Revenue is \$23.0m for the month and \$87.6m or 0.9% above budget year to date. In fiscal year 2012, DHCS announced that CMS approved key elements of California state bill AB97. AB97 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.
  - September enrollment is at 138,821 or 0.6% below budget. Year to date the Plan is under budget by 0.4%. Membership in Medi-Cal declined by 0.6%. Membership in the Healthy Families and Healthy Kids programs also declined by 1.6% and 6.0% respectively, since 6/30/12
  - Health Care costs were under budget by \$785k, or 3.9%, for the month. Year to date October 2012, health care costs were \$81.7m compared to budget of \$81.7m, resulting in a modestly favorable budget variance of \$2k.

- Overall administrative costs were under budget by \$48k, or -2.9%, and \$287k, or -4.4%, year to date. Administrative expenses were 7.1% of revenues for both the month and year to date October 2012.
- Tangible net equity (TNE) is \$23.8 million compared to the minimum TNE required by the Department of Managed Health Care (DMHC) of \$6.4 million.

Mr. Cameron commented that, pending resolution of AB97 and issuance of next year's rates, DHCS has continued to pay the Plan at rates that were in effect through September 2011. Drafts for new rates for the year October 2012 through September 2013 were received in September 2012. Mr. Cameron also noted that he anticipated a profit with the slight rate increase.

**It was moved, seconded, and approved** to approve the October 2012 financial statements as presented.

6. Discussion item: IT Update

Mr. Johnson gave an update on the current state of the IT department and the results of his team assessment. Mr. Johnson began by highlighting what was working well for the team such as the implementation of processes that are helping the Health Plan execute effectively as well as achieving HIPAA compliance and DMHC audit readiness. The development of project lifecycle process resulted in 80% on time delivery of solutions with an average 4.6 out of 5 customer satisfaction rating. Mr. Johnson also noted that the department was working on an implementation strategy for the Duals Demonstration Project. RFPs have been issued to industry healthcare services provider leaders for a new operating platform for the dual eligible project and the Xpress Core System configuration was underway as well.

7. Discussion item: CEO Update

Ms. Darrow updated the Executive Committee on the Health Plan activities and initiatives. Ms. Darrow was happy to announce that the Health Plan had hired a new Chief Medical Officer who has 17 years experience in Managed Care and a great fit for the Plan. Dr. Thad Padua's last day would be Friday, December 14<sup>th</sup> and Dr. Lin would be staying on as a part time Medical Director. Ms. Darrow also commented that there had been no further discussion on a JPA with Valley Health Plan since their meeting last month. Ms. Darrow stated that she had met with State senator Jim Beall to discuss the status of the Healthy Workers program

and to notify him of discontinuing the program at the end of 2013. Ms. Darrow also expressed her appreciation to the members of the Executive Committee for their continued support and participation.

8. Adjournment

**It was moved, seconded, and approved** to adjourn the meeting at 9:46 a.m.

---

Shannon McNally, Secretary to the Board

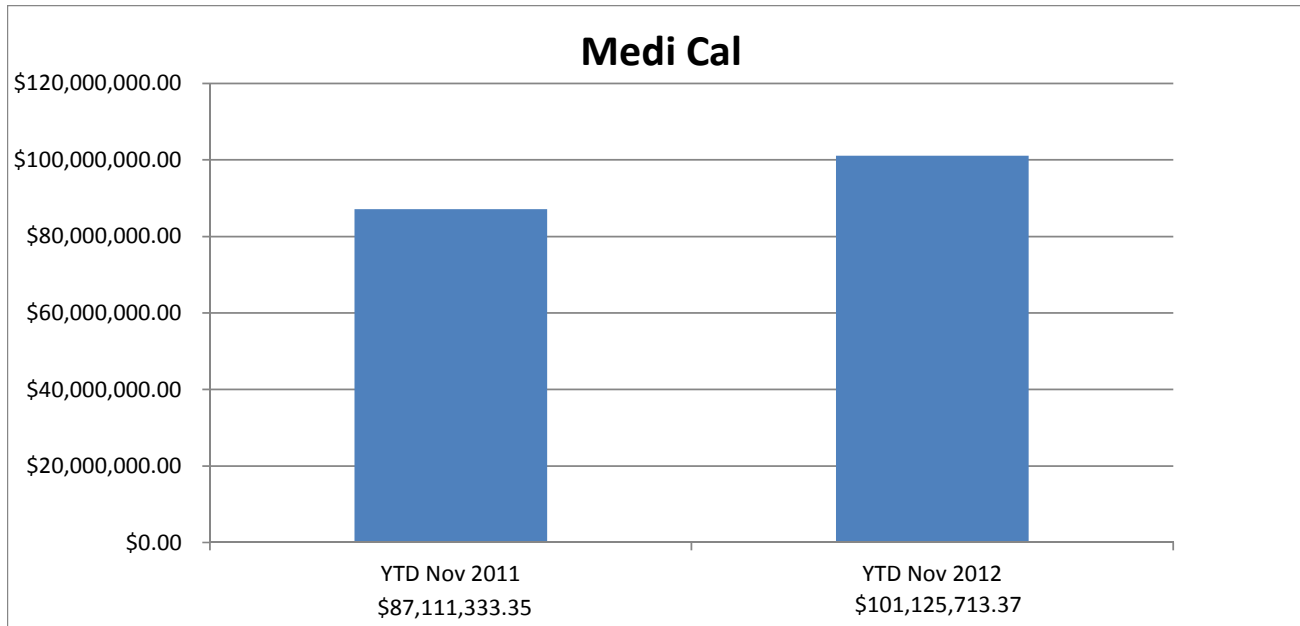


# Financial Statement Highlights for the 5 months ending 11-30-12

- Operating Surplus of \$94k for the month and a loss of \$274k year to date. This compares to a budgeted surplus of \$555k for the month and a loss of \$972k year to date.
- Revenue is \$694k, or 3.1%, above budget for the month and \$1.5m, or 1.4%, above budget year to date. The primary reason for the increase is a higher average Medi-Cal capitation rate than budgeted both for the month and year to date. We are continuing to reserve for the provider rate cuts (AB-97); on December 13<sup>th</sup> the court ruled that DHCS does have the authority to reduce Medi-Cal rates. The Plan is currently absorbing all rate cuts and not passing any reductions to our network providers.
- November enrollment is at 140,800, or .3%, above budget. Year to date the plan is under budget by .2%. All lines of business are close to or on budget except Healthy Workers which is 10.3% below budget year to date.
- Health Care costs were over budget by \$1.2m, or 5.9%, for the month and \$1.2m over budget, or 1.2%, year to date. The increase was primarily due to the catch up of Medi-Cal Maternity Kick payments, and increased Global Provider capitation payments based on membership volume.
- Administrative Expenses are \$42k, or 2.6%, favorable to budget for the month and \$329k, or 4.0%, favorable year to date. Administrative expenses were 6.8% and 7.0% of revenues for the month and year to date respectively.
- Tangible net equity (TNE) is \$23.9m or 3.7 times the minimum TNE required by the Department of Managed Health Care (DMHC). The Plan's reserves are roughly \$15.7m below the reserves targeted by the Board of two months capitation revenue.

Graph 1: Portrays current YTD Medi-Cal revenue vs. previous year. Increase of 15.5%

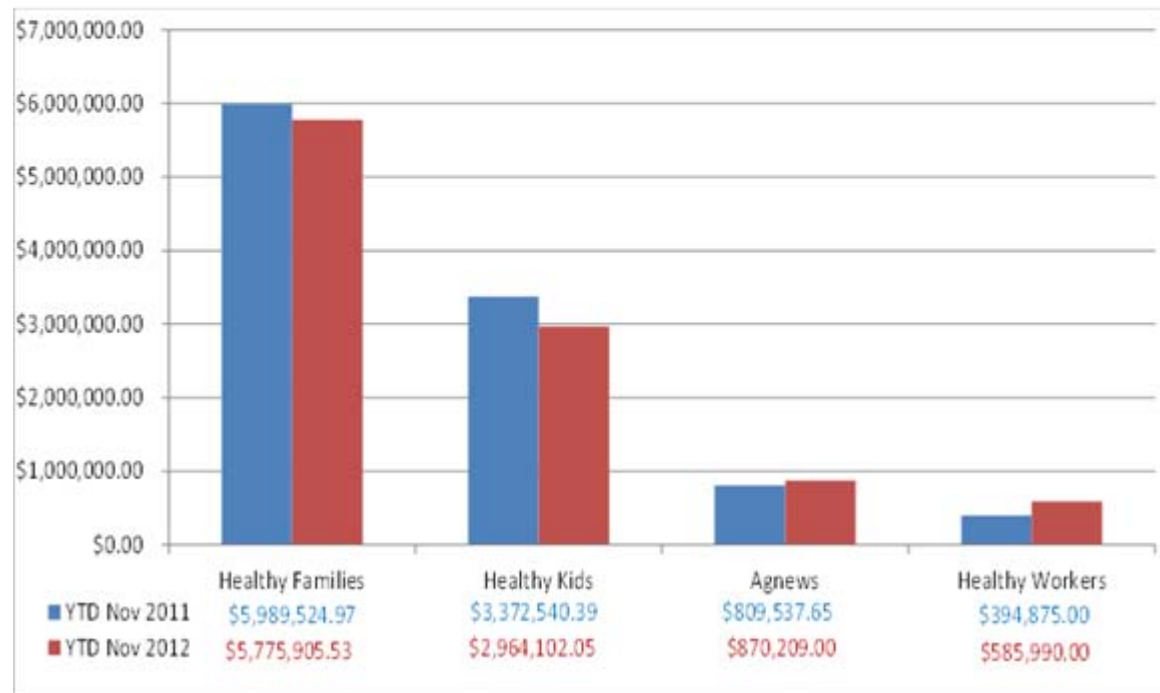
### Medi-Cal Revenue: YTD 11/2012 to 11/2011 (5 months)



Graph 2: Represents all other operating revenue YTD compared to previous year.

Decrease of 3.5%

### Revenue OLOBs: YTD 11/2012 to 11/2011 (5 months)



<b>Santa Clara Family Health Plan Enrollment Summary</b>
--

For the Month of November 2012
--------------------------------

For Five Months Ending November 2012
--------------------------------------

	<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Prior Year</u> <u>Actual</u>	<u>% Change</u> <u>FY13 vs FY12</u>
Medi-Cal	117,721	116,743	0.84%	579,890	579,799	0.02%	546,635	6.08%
Healthy Families	16,567	16,964	( 2.34%)	83,264	84,820	( 1.83%)	86,581	( 3.83%)
Healthy Kids	5,832	5,898	( 1.12%)	29,733	29,584	0.50%	33,332	( 10.80%)
Agnews	127	133	( 4.51%)	645	665	( 3.01%)	648	( 0.46%)
Healthy Workers	<u>553</u>	<u>641</u>	<u>( 13.73%)</u>	<u>2,635</u>	<u>2,955</u>	<u>( 10.83%)</u>	<u>1,708</u>	<u>54.27%</u>
Total	<u>140,800</u>	<u>140,379</u>	<u>0.30%</u>	<u>696,167</u>	<u>697,823</u>	<u>( 0.24%)</u>	<u>668,904</u>	<u>4.08%</u>

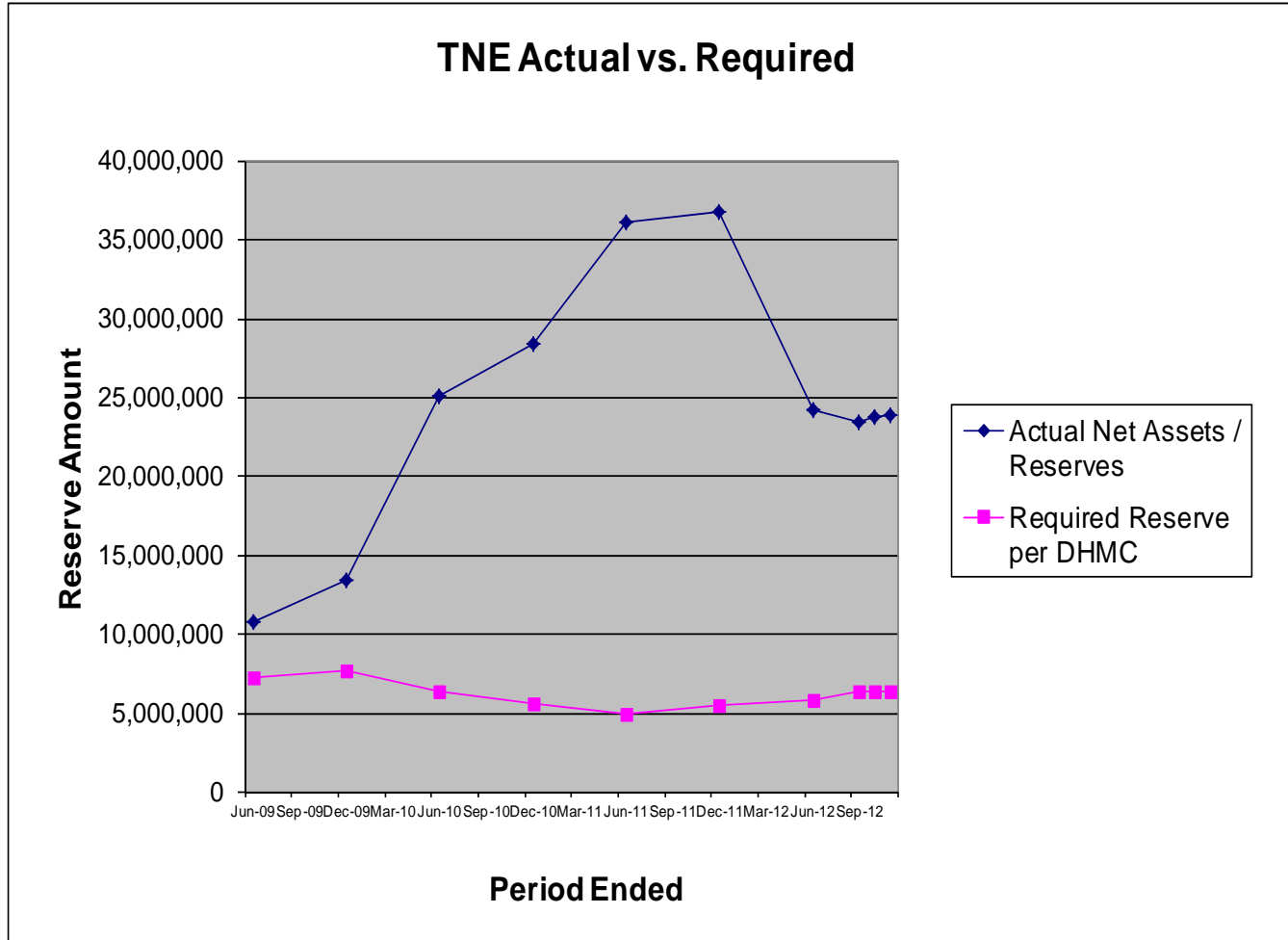


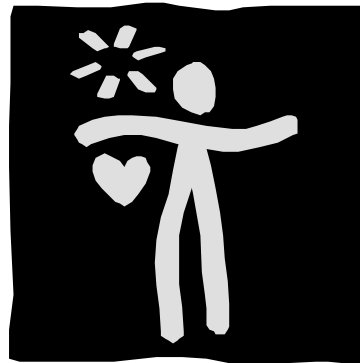
**Santa Clara County Health Authority  
Enrollment Summary by Network  
November 2012**

	Medi-Cal		Healthy Families		Healthy Kids		AG		Healthy Workers		Total	
	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>
Network 1	9,361	8%	763	5%	178	3%	127	100%	0	0%	10,429	7%
Network 2: SCVHHS, Safety Net	60,445	51%	5,736	35%	4,053	69%	0	0%	553	100%	70,787	50%
Palo Medical Foundation	2,617	2%	693	4%	57	1%	0	0%	0	0%	3,367	2%
Physicians Medical Group	27,860	24%	7,498	45%	1,408	24%	0	0%	0	0%	36,766	26%
Premier Care	8,185	7%	1,877	11%	136	2%	0	0%	0	0%	10,198	7%
Kaiser	9,253	8%	0	0%	0	0%	0	0%	0	0%	9,253	7%
Community Clinics	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0%</u>
Total	<u>117,721</u>	<u>100%</u>	<u>16,567</u>	<u>100%</u>	<u>5,832</u>	<u>100%</u>	<u>127</u>	<u>100%</u>	<u>553</u>	<u>100%</u>	<u>140,800</u>	<u>100%</u>
Enrollment @ 6-30-12	<u>116,329</u>		<u>16,873</u>		<u>6,217</u>		<u>129</u>		<u>486</u>		<u>140,034</u>	
Net % Change from Beginning of FY	<u>1.20%</u>		<u>-1.81%</u>		<u>-6.19%</u>		<u>-1.55%</u>		<u>13.79%</u>		<u>0.55%</u>	

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

	<u>6/30/2009</u>	<u>12/31/2009</u>	<u>6/30/2010</u>	<u>12/31/2010</u>	<u>6/30/2011</u>	<u>12/31/2011</u>	<u>6/30/2012</u>	<u>9/30/2012</u>	<u>10/31/2012</u>	<u>11/30/2012</u>
<b>Actual Net Assets / Reserves</b>	10,807,911	13,501,652	25,103,011	28,445,504	36,093,769	36,803,460	24,208,576	23,502,086	23,840,220	23,934,716
<b>Required Reserve per DHMC</b>	7,285,000	7,737,000	6,388,000	5,591,000	4,996,000	5,558,000	5,901,000	6,363,000	6,363,000	6,363,000





Santa Clara  
Family Health Plan

*The Spirit of Care*

Financial Statements

For Five Months Ended  
November 2012  
(Unaudited)

Table of Contents

Description	Page
Financial Statement Comments	1-5
Balance Sheet	6
Income Statement for the Month and YTD Period Ended November 2012	7
Administrative Expense Summary November 2012	8
Statement of Operations by Line of Business (Includes Allocated Expenses)	9
Statement of Cash Flows for the YTD Period Ended November 2012	10
Enrollment by Line of Business	11
Tangible Net Equity - Actual vs. Required	12
Enrollment by Network	13
Medi-Cal Enrollment Chart	14
Healthy Families and Healthy Kids Enrollment Chart	15

# Santa Clara Family Health Plan CFO Finance Report

For the Month & Year to Date Ended November 30, 2012

## Summary of Financial Results

For the month of November 2012, SCFHP recorded an operating surplus of \$94 thousand compared to a budgeted operating surplus of \$555 thousand, resulting in an unfavorable variance from budget of \$461 thousand. For year to date November 2012, SCFHP recorded an operating loss of \$274 thousand compared to a budgeted operating loss of \$942 thousand, resulting in a favorable variance from budget of \$668 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  
Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance \$	Variance %		Actual	Budget	Variance \$	Variance %
\$ 23,227,168	\$ 22,533,157	\$ 694,011	3.1%	Revenue	\$ 110,839,989	\$ 109,352,132	\$ 1,487,857	1.4%
21,525,046	20,327,550	(1,197,496)	-5.9%	Medical Expense	103,237,894	102,042,189	(1,195,704)	-1.2%
1,702,122	2,205,608	(503,485)	-23%	Gross Margin	7,602,096	7,309,943	292,153	4%
1,585,247	1,627,062	41,815	2.6%	Administrative Expense	7,806,646	8,135,309	328,663	4.0%
116,875	578,546	(461,671)	80%	Net Operating Income	(204,550)	(825,366)	620,816	75%
(22,378)	(23,333)	955	4%	Non-Operating Income/Exp	(69,309)	(116,667)	47,358	41%
\$ 94,497	\$ 555,212	\$ (460,716)	83%	Operating Surplus/ (Loss)	\$ (273,859)	\$ (942,033)	668,174	71%

## **Revenue**

The Health Plan recorded net revenue of \$23.2 million for the month of November 2012, compared to budgeted revenue of \$22.5 million, resulting in an favorable variance from budget of \$694 thousand, or 3.1%. For November 2012 year to date net revenue was \$110.8 million, compared to budgeted revenue of \$109.4 million, resulting in an favorable variance from budget of \$1.5 million, or 1.4%.

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 November 2012, overall member months were higher than budget by 421 members, or +0.3%. For year to date November 2012, overall member months were below budget by 1,656 members, or -0.2%.

Compared to the end of the prior fiscal year, 6/30/2012, membership in Medi-Cal increased by 1.2%. Membership in the Healthy Families and Healthy Kids programs declined, by 1.8% and 6.2%, respectively, since 6/30/2012. Member months and changes from prior year are summarized on Page 10.

**Medical Expenses**

For the month of November 2012, medical expense was \$21.5 million compared to budget of \$20.3 million, resulting in an unfavorable budget variance of \$1.2 million, or 5.9%. For year to date November 2012, medical expense was \$103.2 million compared to budget of \$102.0 million, resulting in an unfavorable budget variance of \$1.2 million, or 1.2%. The increase was primarily due to the catch up of Medi-Cal Maternity Kick payments, and increased Global Provider capitation payments based on membership volume

**Administrative Expenses**

Overall administrative costs were under budget by \$42 thousand (-2.6%), and \$329 thousand (-4.0%), for month of November 2012 and year to date November 2012, respectively.

Administrative expenses were 6.8% and 7.0% of revenues, for the month of November and year to date November 2012, respectively.

## **Balance Sheet (Page 6)**

Current assets at November 30, 2012 totaled \$69.7 million compared to current liabilities of \$46.4 million, yielding a current ratio (the ratio of current assets to current liabilities) of 1.5:1 as of November 30, 2012. Working capital decreased by \$173.5 thousand for the five month year-to-date period ended November 31, 2012.

Cash as of November 30, 2012, decreased by \$12.7 million from the cash balance as of year-end June 30, 2012. Net receivables increased by \$23.1 million during the same five-month period.

Liabilities increased by \$10.6 million during the five months ended November 30, 2012. \$6.5 million of this increase was due to additions to the reserve for Medi-Cal revenue rate reductions.

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 HK 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 \$191 thousand for the five months ended November 30, 2012.



### **Tangible Net Equity**

Tangible net equity (TNE) was \$23.9 million at November 30, 2012, compared to the minimum TNE required by the Department of Managed Health Care (DMHC) of \$6.4 million (per last filing for quarter ended 09-30-12).

A chart showing TNE trends is shown on page 11 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 November 30, 2012, the Plan's reserves are about \$15.7 million below this reserves target (see calculation below).

Calculation of targeted reserves as of October 31, 2012:

Estimate of two months' capitation (Nov-2012 Medi-Cal Capitation of \$19,339,000 X 2 = \$ 38,678,000)	\$ 38,678,000
Less: Unrestricted Net Equity per balance sheet (rounded up)	<u>\$ 22,978,000</u>
Approximate reserves below target	<u>\$ 15,700,000</u>

**Santa Clara County Health Authority  
Balance Sheet**

	<u>11/30/2012</u>	<u>10/31/2012</u>	<u>9/30/2012</u>	<u>6/30/2012</u>
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Marketable Securities	\$ 40,719,703	\$ 35,648,059	\$ 47,128,253	\$ 53,399,695
Premiums Receivable	28,195,255	29,199,550	28,811,439	5,105,903
Due from Santa Clara Family Health Foundation - net	83,838	39,592	40,850	34,629
Prepaid Expenses and Other Current Assets	<u>717,767</u>	<u>754,284</u>	<u>688,010</u>	<u>716,693</u>
Total Current Assets	69,716,564	65,641,485	76,668,552	59,256,920
<b>Long Term Assets</b>				
Equipment	6,512,201	6,492,318	6,462,870	6,320,782
Less: Accumulated Depreciation	<u>(5,860,310)</u>	<u>(5,801,588)</u>	<u>(5,743,830)</u>	<u>(5,568,491)</u>
Total Long Term Assets	<u>651,891</u>	<u>690,730</u>	<u>719,040</u>	<u>752,291</u>
<b>Total Assets</b>	<b><u>\$ 70,368,455</u></b>	<b><u>\$ 66,332,215</u></b>	<b><u>\$ 77,387,591</u></b>	<b><u>\$ 60,009,211</u></b>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Trade Payables	\$ 5,030,471	\$ 4,654,486	\$ 13,890,426	\$ 2,145,127
Employee Benefits	742,686	715,928	748,653	734,733
Retirement Obligation per GASB 45	166,668	133,334	100,001	-
Due to Santa Clara County Valley Health Plan	1,591,401	1,005,934	2,568,254	3,145,623
Advance Premium - Healthy Kids	57,948	72,237	63,331	61,520
QIF Fees Payable	-	-	-	-
AB 97 Provider Reductions	19,163,042	17,609,320	17,002,208	12,650,821
Medical Cost Reserves	<u>19,681,523</u>	<u>18,300,757</u>	<u>19,512,632</u>	<u>17,062,812</u>
Total Liabilities	46,433,738	42,491,995	53,885,505	35,800,635
<b>Net Assets / Reserves</b>				
Invested in Capital Assets	651,891	690,730	719,040	752,291
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Board Designated Reserve - Healthy Kids	-	-	-	-
Unrestricted Net Equity	23,251,335	23,212,496	23,184,186	35,036,128
Current YTD Income (Loss)	<u>(273,859)</u>	<u>(368,356)</u>	<u>(706,489)</u>	<u>(11,885,193)</u>
Net Assets / Reserves	<u>23,934,716</u>	<u>23,840,220</u>	<u>23,502,086</u>	<u>24,208,576</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 70,368,455</u></b>	<b><u>\$ 66,332,215</u></b>	<b><u>\$ 77,387,591</u></b>	<b><u>\$ 60,009,211</u></b>

**Santa Clara County Health Authority**  
**Income Statement for the Month Ending November 30, 2012**

	For the Month of November 2012					For Five Months Ending November 2012				
	Actual	% of Revenue	Budget	% of Revenue	Variance	Actual	% of Revenue	Budget	% of Revenue	Variance
<b>REVENUES</b>										
MEDI-CAL	\$ 21,201,624	91.3%	\$ 20,535,091	91.1%	\$ 666,533	\$ 100,643,783	90.8%	\$ 99,415,648	90.9%	\$ 1,228,134
HEALTHY FAMILIES	1,143,009	4.9%	1,155,757	5.1%	(12,748)	5,775,906	5.2%	5,778,787	5.3%	(2,881)
HEALTHY KIDS	591,195	2.5%	593,152	2.6%	(1,957)	2,964,102	2.7%	2,968,161	2.7%	(4,059)
AGNEWS	174,000	1.6%	104,932	0.5%	69,068	870,209	1.3%	524,661	1.4%	345,548
HEALTHY WORKERS	<u>117,340</u>	<u>0.5%</u>	<u>144,225</u>	<u>0.6%</u>	<u>(26,885)</u>	<u>585,990</u>	<u>0.5%</u>	<u>664,875</u>	<u>0.6%</u>	<u>(78,885)</u>
<b>TOTAL REVENUE</b>	<b>23,227,168</b>	<b>100.9%</b>	<b>22,533,157</b>	<b>100.0%</b>	<b>694,011</b>	<b>110,839,989</b>	<b>100.6%</b>	<b>109,352,132</b>	<b>100.9%</b>	<b>1,487,857</b>
<b>MEDICAL EXPENSES</b>										
MEDI-CAL	19,705,407	84.8%	18,644,042	82.7%	(1,061,365)	95,120,421	85.8%	93,672,225	85.7%	(1,448,196)
HEALTHY FAMILIES	1,221,323	5.3%	975,685	4.3%	(245,638)	4,891,775	4.4%	4,878,425	4.5%	(13,350)
HEALTHY KIDS	411,576	1.8%	481,454	2.1%	69,878	2,349,281	2.1%	2,414,926	2.2%	65,644
AGNEWS	72,684	0.3%	84,753	0.4%	12,069	362,996	0.0%	423,765	0.0%	60,769
HEALTHY WORKERS	<u>114,057</u>	<u>0.5%</u>	<u>141,616</u>	<u>0.6%</u>	<u>27,559</u>	<u>513,419</u>	<u>0.0%</u>	<u>652,848</u>	<u>0.0%</u>	<u>139,429</u>
<b>TOTAL MEDICAL EXPENSES</b>	<b>21,525,046</b>	<b>92.7%</b>	<b>20,327,550</b>	<b>90.2%</b>	<b>(1,197,496)</b>	<b>103,237,894</b>	<b>92.4%</b>	<b>102,042,189</b>	<b>92.3%</b>	<b>(1,195,704)</b>
<b>MEDICAL OPERATING MARGIN</b>	<b>1,702,122</b>	<b>7.3%</b>	<b>2,205,608</b>	<b>9.8%</b>	<b>(503,485)</b>	<b>7,602,096</b>	<b>6.9%</b>	<b>7,309,943</b>	<b>6.7%</b>	<b>292,153</b>
<b>ADMINISTRATIVE EXPENSES</b>										
SALARIES AND BENEFITS	1,092,675	4.7%	1,075,286	4.8%	(17,390)	5,095,240	4.6%	5,376,428.51	4.9%	281,188
RENTS AND UTILITIES	102,772	0.4%	104,659	0.5%	1,887	505,336	0.5%	523,296.85	0.5%	17,961
PRINTING AND ADVERTISING	32,293	0.1%	14,258	0.1%	(18,035)	91,585	0.1%	71,291.68	0.1%	(20,293)
INFORMATION SYSTEMS	55,345	0.2%	80,159	0.4%	24,813	404,772	0.4%	400,792.91	0.4%	(3,980)
PROF FEES / CONSULTING / TEMP STAFFING	119,271	0.5%	159,283	0.7%	40,013	779,117	0.7%	796,416.68	0.7%	17,300
DEPRECIATION / INSURANCE / EQUIPMENT	82,741	0.4%	78,583	0.3%	(4,158)	406,370	0.4%	392,916.66	0.4%	(13,454)
OFFICE SUPPLIES / POSTAGE / TELEPHONE	52,765	0.2%	57,150	0.3%	4,385	271,432	0.2%	285,750.02	0.3%	14,318
MEETINGS / TRAVEL / DUES	45,936	0.2%	51,091	0.2%	5,156	235,807	0.2%	255,457.48	0.2%	19,651
OTHER	<u>1,449</u>	<u>0.0%</u>	<u>6,592</u>	<u>0.0%</u>	<u>5,143</u>	<u>16,987</u>	<u>0.0%</u>	<u>32,958.34</u>	<u>0.0%</u>	<u>15,971</u>
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>1,585,247</b>	<b>6.8%</b>	<b>1,627,062</b>	<b>7.2%</b>	<b>41,815</b>	<b>7,806,646</b>	<b>7.0%</b>	<b>8,135,309</b>	<b>7.4%</b>	<b>328,663</b>
<b>OPERATING SURPLUS (LOSS)</b>	<b>116,875</b>	<b>0.5%</b>	<b>578,546</b>	<b>2.6%</b>	<b>(461,671)</b>	<b>(204,550)</b>	<b>-0.2%</b>	<b>(825,366)</b>	<b>-0.8%</b>	<b>620,816</b>
<b>GASB 45-POST EMPLOYMENT BENEFITS EXPENSE</b>	<b>(33,334)</b>	<b>-0.1%</b>	<b>(33,333)</b>	<b>-0.1%</b>	<b>(0)</b>	<b>(166,668)</b>	<b>0.0%</b>	<b>(166,667)</b>	<b>0.0%</b>	<b>(1)</b>
<b>INTEREST &amp; OTHER INCOME</b>	<b>10,955</b>	<b>0.0%</b>	<b>10,000</b>	<b>0.0%</b>	<b>955</b>	<b>97,359</b>	<b>0.1%</b>	<b>50,000</b>	<b>0.0%</b>	<b>47,359</b>
<b>NET INCOME (LOSS) FINAL</b>	<b>\$ 94,497</b>	<b>0.4%</b>	<b>\$ 555,212</b>	<b>2.5%</b>	<b>\$ (460,716)</b>	<b>\$ (273,859)</b>	<b>-0.2%</b>	<b>\$ (942,033)</b>	<b>-0.9%</b>	<b>\$ 668,174</b>

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

<b>Current Month</b>					<b>Year to Date</b>			
Actual	Budget	Variance \$	Variance %		Actual	Budget	Variance \$	Variance %
\$ 1,092,675	\$ 1,075,286	\$ (17,390)	-1.6%	Personnel	\$ 5,095,240	\$ 5,376,429	\$ 281,188	5.2%
492,572	551,776	59,204	10.7%	Non-Personnel	2,711,406	2,758,881	\$ 47,475	1.7%
1,585,247	1,627,062	41,815	2.6%	Total Administrative Expense	7,806,646	8,135,309	328,663	4.0%

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

FIVE MONTHS ENDED NOVEMBER 30, 2012

	Medi-Cal	Healthy Families	Healthy Kids	Agnews	Healthy Workers	Grand Total
<b>P&amp;L (ALLOCATED BASIS)</b>						
REVENUE	\$100,643,783	\$5,775,906	\$2,964,102	\$870,209	585,990	\$110,839,989
MEDICAL EXPENSES	95,120,421	4,891,775	2,349,281	362,996	513,419	\$103,237,894
GROSS MARGIN	5,523,361	884,130	614,821	507,213	72,571	\$7,602,096
ADMINISTRATIVE EXPENSES	6,502,744	933,702	333,419	7,233	29,548	\$7,806,646
(indirect costs subject to % MM allocation)						
OPERATING INCOME/(LOSS)	(979,383)	(49,572)	281,402	499,980	43,023	(204,550)
OTHER INCOME/EXPENSE (% of mm Allocation)	(57,733)	(8,290)	(2,960)	(64)	(262)	(69,309)
NET INCOME/ (LOSS)	<u>(\$1,037,116)</u>	<u>(\$57,861)</u>	<u>\$278,442</u>	<u>\$499,916</u>	<u>\$42,761</u>	<u>(\$273,859)</u>
<b>PMPM ALLOCATED P&amp;L:</b>						
REVENUE	\$173.56	\$69.37	\$99.69	\$1,349.16	\$222.39	\$159.21
MEDICAL EXPENSES	164.03	58.75	79.01	562.79	194.85	148.29
GROSS MARGIN	9.52	10.62	20.68	786.38	27.54	10.92
ADMINISTRATIVE EXPENSES	11.21	11.21	11.21	11.21	11.21	11.21
OPERATING INCOME/(LOSS)	(1.69)	(0.60)	9.46	775.16	16.33	(0.29)
OTHER INCOME / (EXPENSE)	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)
NET INCOME / (LOSS)	<u>(\$1.79)</u>	<u>(\$0.69)</u>	<u>\$9.36</u>	<u>\$775.06</u>	<u>\$16.23</u>	<u>(\$0.39)</u>
<b>ALLOCATION BASIS:</b>						
MEMBER MONTHS - Month and YTD	579,890	83,264	29,733	645	2,635	696,167
% of Member Months	83.30%	11.96%	4.27%	0.09%	0.38%	100.00%

Santa Clara Family Health Plan  
Statement of Cash Flows  
For Five Months Ended November 30, 2012

Cash flows from operating activities	
Premiums received	\$ 94,210,076
Medical expenses paid	\$ (102,173,404)
Administrative expenses paid	<u>\$ (4,622,604)</u>
Net cash from operating activities	\$ (12,585,932)
Cash flows from capital and related financing activities	
Purchases of capital assets	\$ (191,419)
Cash flows from investing activities	
Interest income and other income, net	<u>\$ 97,359</u>
Net (Decrease) increase in cash and cash equivalents	<u>\$ (12,679,992)</u>
Cash and cash equivalents, beginning of year	<u>\$ 53,399,695</u>
Cash and cash equivalents at November 30, 2012	<u>\$ 40,719,703</u>
Reconciliation of operating income to net cash from operating activities	
Operating income (loss)	\$ (371,218)
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	\$ 291,819
Changes in operating assets and liabilities	
Premiums receivable	\$ (23,089,353)
Due from Santa Clara Family Health Foundation	\$ (49,209)
Prepays and other assets	\$ (1,074)
Accounts payable and accrued liabilities	\$ 3,052,012
Capitation payable	\$ (1,554,222)
Employee benefit liabilities	\$ 7,953
Advance premium - Healthy Kids	\$ (3,572)
Reserve for Rate Reductions (AB 97)	\$ 6,512,221
Incurred but not reported claims payable and risk share payments payable	<u>\$ 2,618,711</u>
Total adjustments	<u>\$ (12,214,714)</u>
Net cash from operating activities	<u>\$ (12,585,932)</u>

**Santa Clara Family Health Plan Enrollment Summary**

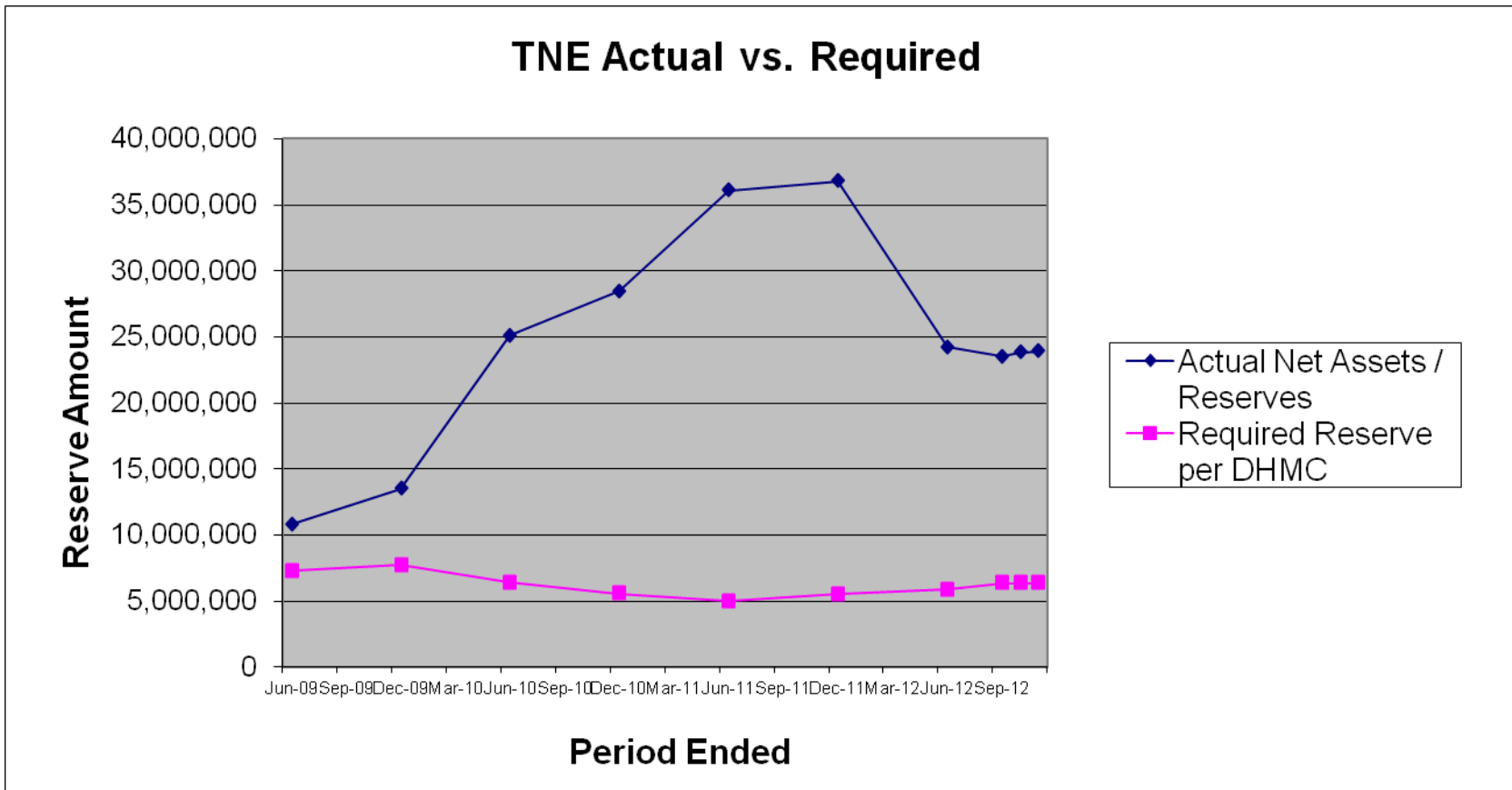
For the Month of November 2012

For Five Months Ending November 2012

	For the Month of November 2012			For Five Months Ending November 2012			<u>Prior Year</u>	<u>% Change FY13</u>
	<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Actual</u>	<u>vs FY12</u>
Medi-Cal	117,721	116,743	0.84%	579,890	579,799	0.02%	546,635	6.08%
Healthy Families	16,567	16,964	( 2.34%)	83,264	84,820	( 1.83%)	86,581	( 3.83%)
Healthy Kids	5,832	5,898	( 1.12%)	29,733	29,584	0.50%	33,332	( 10.80%)
Agnews	127	133	( 4.51%)	645	665	( 3.01%)	648	( 0.46%)
Healthy Workers	<u>553</u>	<u>641</u>	<u>( 13.73%)</u>	<u>2,635</u>	<u>2,955</u>	<u>( 10.83%)</u>	<u>1,708</u>	<u>54.27%</u>
Total	<u>140,800</u>	<u>140,379</u>	<u>0.30%</u>	<u>696,167</u>	<u>697,823</u>	<u>( 0.24%)</u>	<u>668,904</u>	<u>4.08%</u>

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

	<u>6/30/2009</u>	<u>12/31/2009</u>	<u>6/30/2010</u>	<u>12/31/2010</u>	<u>6/30/2011</u>	<u>12/31/2011</u>	<u>6/30/2012</u>	<u>9/30/2012</u>	<u>10/31/2012</u>	<u>11/30/2012</u>
<b>Actual Net Assets / Reserves</b>	10,807,911	13,501,652	25,103,011	28,445,504	36,093,769	36,803,460	24,208,576	23,502,086	23,840,220	23,934,716
<b>Required Reserve per DHMC</b>	7,285,000	7,737,000	6,388,000	5,591,000	4,996,000	5,558,000	5,901,000	6,363,000	6,363,000	6,363,000

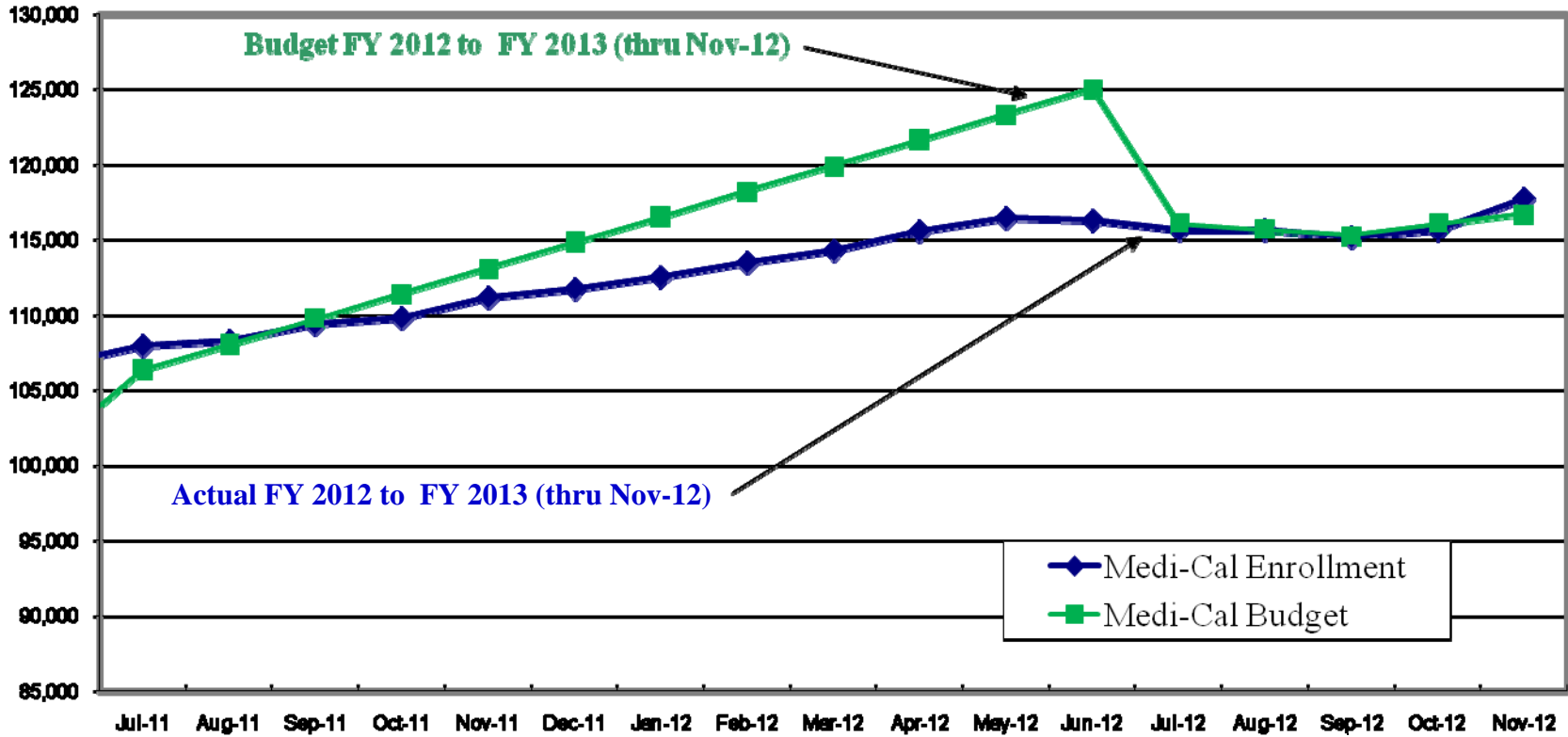




**Santa Clara County Health Authority  
Enrollment Summary by Network  
November 2012**

	<b>Medi-Cal</b>		<b>Healthy Families</b>		<b>Healthy Kids</b>		<b>AG</b>		<b>Healthy Workers</b>		<b>Total</b>	
	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>
Network 1	9,361	8%	763	5%	178	3%	127	100%	0	0%	10,429	7%
Network 2: SCVHHS, Safety Net Clinics, FQHC Clinics, Palo Medical Foundation Physicians Medical Group Premier Care Kaiser Community Clinics	60,445	51%	5,736	35%	4,053	69%	0	0%	553	100%	70,787	50%
	2,617	2%	693	4%	57	1%	0	0%	0	0%	3,367	2%
	27,860	24%	7,498	45%	1,408	24%	0	0%	0	0%	36,766	26%
	8,185	7%	1,877	11%	136	2%	0	0%	0	0%	10,198	7%
	9,253	8%	0	0%	0	0%	0	0%	0	0%	9,253	7%
	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
<b>Total</b>	<u>117,721</u>	<u>100%</u>	<u>16,567</u>	<u>100%</u>	<u>5,832</u>	<u>100%</u>	<u>127</u>	<u>100%</u>	<u>553</u>	<u>100%</u>	<u>140,800</u>	<u>100%</u>
Enrollment @ 6-30-12	-	-	-	-	-	-	-	-	-	-	-	-
	<u>116,329</u>		<u>16,873</u>		<u>6,217</u>		<u>129</u>		<u>486</u>		<u>140,034</u>	
Net % Change from Beginning of FY	<u>1.20%</u>		<u>-1.81%</u>		<u>-6.19%</u>		<u>-1.55%</u>		<u>13.79%</u>		<u>0.55%</u>	

### SCFHP Medi-Cal Enrollment



### SCFHP Healthy Families and Healthy Kids Enrollment

