

AGENDA

Santa Clara County Health Authority Governing Board Retreat

Thursday, November 29th, 2012

12:00PM-4:00PM

Santa Clara Family Health Plan

210 E. Hacienda Avenue

Campbell CA 95008

- | | | |
|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| 12:30pm -
12:35pm | 1. Roll Call | Ms. Lew |
| 12:35pm -
12:40pm | 2. Public Comment | Ms. Lew |
| | Members of the public may speak to any item not on the agenda; 2 minutes per speaker. The Committee reserves the right to limit the duration of public comment period to 30 minutes. | |
| 12:40pm -
12:45pm | 3. Action item: review and approve September 27, 2012 meeting minutes | Ms. Lew |
| 12:45pm -
1:15pm | 4. Discussion item: Report of the County Health Officer | Dr. Fenstersheib |
| | The County Health Officer will present an overview of the state of the County's health. | |
| 1:15pm -
1:45pm | 5. Discussion item: View from Sacramento | Mr. Ramey |
| | John Ramey will discuss the recent election results and what it means for health care and specifically for the Health Plan. | |
| 1:45pm -
2:00pm | 6. Action item: Acceptance of July through September 2012 financial statements | Mr. Cameron |
| 2:00pm -
2:15pm | 7. Discussion item: Reserves Discussion | Mr. Cameron |
| | The CFO will discuss reserve requirements and | |

review SCFHP's current position and future considerations.

2:15pm - 3:15pm 8. Report of the Chief Executive Officer Ms. Darrow

- a. Discussion item: Program Overview and Outlook
 - a. Medi-Cal and Healthy Families
 - b. Dual Demonstration Program
 - c. Healthy Kids
 - d. Healthy Workers
 - i. Action item: motion to approve Healthy Kids and Healthy Workers strategy

3:15pm - 3:45pm 9. 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. Padua

1. Action item:

Approval of committee appointments.

2. Discussion item

A recap of recent Council proceedings will be presented.

3:45pm - 4:00pm 10. Action item: Approve 2013 Meeting calendar(s) Ms. Darrow

4:00pm 11. Adjournment

Notice to the Public—Meeting Procedures

- Persons wishing to address the Committee on any item on the agenda are requested to advise the Recorder so that the Chairperson can call on them when the item comes up for discussion.
- In compliance with the Americans with Disabilities Act, those requiring accommodations in this meeting should notify Shannon McNally 24 hours prior to the meeting at 408-874-1842.
- To obtain a copy of any supporting document that is available, contact Shannon McNally at 408-874-1842. Agenda materials distributed less than 72 hours before a meeting can be inspected at the Santa Clara Family Health Plan offices at 210 E. Hacienda Avenue, Campbell.

2013 Calendar of Meetings

	SCCHA Governing Board	SCCHA Executive Committee	Santa Clara Community Health Authority - QIF
January	NO MEETING	Thursday, January 17	NO MEETING
February	Thursday, February 21	NO MEETING	NO MEETING
March	NO MEETING	Thursday, March 14	NO MEETING
April	NO MEETING	NO MEETING	NO MEETING
May	NO MEETING	Thursday, May 16	NO MEETING
June	Thursday, June 20	NO MEETING	Thursday, June 20
July	NO MEETING	NO MEETING	NO MEETING
August	NO MEETING	NO MEETING	NO MEETING
September	NO MEETING	Thursday, September 12	NO MEETING
October	Thursday, October 24	NO MEETING	NO MEETING
November	NO MEETING	Thursday, November 14	NO MEETING
December	Thursday, December 12	NO MEETING	NO MEETING

MINUTES
Santa Clara County Health Authority
Governing Board Regular Meeting

Thursday, September 27, 2012
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
Dr. Adel Abi-Hanna
Ms. Laura Jones
Mr. Daniel Peddycord
Mr. Christopher Dawes (via teleconference)
Ms. Pattie DeMellopine

Board members not present:

Ms. Judy Chirco
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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. Thad Padua, Medical Director
Ms. Kathleen King, Executive Director, Foundation
Ms. Shannon McNally, Secretary
Ms. Beth Paige, Compliance Officer
Ms. Sharon Valdez, VP of Human Resources
Ms. Pat McClelland, VP of Member Operations
Mr. Rene Santiago, Deputy County Executive and Director of Santa Clara Valley Health and Hospital Systems

Mr. Jim Gross, Partner, Nielsen Merksamer Parrinello Gross & Leoni LLP – Legal Counsel to the Board
Ms. Jennifer Sprinkles, Deputy County Counsel, County of Santa Clara
Mr. Miguel Moreno, County of Santa Clara
Anonymous Health Plan Member, Public

1. Roll Call

Chairman Lew called the meeting to order at 2:36pm. Roll call was taken, and a quorum was established.

2. Action item: Review and approval of May 24th, 2012 meeting minutes

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

3. Public comment

A member of the Health Plan expressed general concerns about how the health plan handles privacy and restriction of protected health information, prior authorizations and payment for medications.

4. Report of executive Committee

a. Action items:

1. Acceptance of April through June 2012 financial statements

Mr. Cameron presented highlights for the nine months ending June 2012 financial statement:

- Operating surplus of \$249,000 for the month and \$9.5 million loss year to date. This includes the one-time Board approved payment made in April of \$10 million to the safety net.
- Revenue is \$2.0 million or 8.2% below budget for the month and \$12.8 million or 4.9% below budget year to date.
- June enrollment was 140,034 or 6.7% below budget. Year to date the Plan is under budget by 3.0%. Medi-Cal enrollment was under budget 7.0% for the month and 3.0% under budget year to date. Healthy Families and Healthy Kids are below budget year to date by 1.8% and 6.0% respectively.

- Health care costs were under budget by \$165 thousand or 0.8% for the month and \$3.5 million under budget or 1.5% year to date.
- Administrative Expenses were \$156,000 or 10.4% unfavorable to budget for the month and \$1.5 million or 7.8% favorable year to date. Administrative expenses were 7.3% and 7.2% of revenues for the month and year to date respectively.
- Tangible Net Equity was \$26.6 million or 4.5 times the minimum TNE required by the Department of Managed Health Care. The Plan's reserves are roughly \$11.8 million below the reserves targeted by the Board of two months capitation revenue.
- Healthy Kids accumulated surplus from FY2010 and 2011 of \$2.5 million was redirected to support the County safety net. For FY 2012 excess funds accumulated to future Healthy Kids premiums is \$675,758.

Mr. Cameron stated that the \$9.5M loss included the \$10M board designated fund which was paid to the safety net. Recording the AB-97 provider reductions as well as the rate reductions received a year ago, but not yet implemented, were also significant to the loss of revenue. The Health Plan continues to reserve for the provider rate cuts and the Medi-Cal rate decrease that will be retroactive to July 1, 2011 and October 1, 2011. Mr. Cameron also noted that Administrative costs have gone up for the first time in several months due to employees returning from leave of absence as well as an increase in hiring.

It was moved, seconded, and approved to accept the financial report as presented.

2. Ratification of budget for FY2012-2013

Mr. Cameron presented the 2012-2013 budget to the Governing Board members. Fiscal year 11/12 was a year of significant growth and challenges for the Health Plan. The Seniors and People with Disabilities (SPD) have had a major impact on all departments at the Health Plan due to clinical complexity and reporting requirements arising from mandatory enrollment. The overall average revenue PMPM is higher due to the full impact of SPDs. Projected medical costs show increases overall but specifically in pharmacy and hospital costs related to the SPDs. Ms. Darrow also noted that the Health Plan has had to increase staff to manage the SPD population.

It was moved, seconded, and approved to accept ratification for FY2012-2013 budget as presented.

3. Nomination of Dr. Wally Wenner to SCCHA Executive Committee

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

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

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

6. Discussion item: Joint Powers Authority

Mr. Gross, General Counsel to the Health Plan, gave an in depth review of the definition and meaning of Joint Powers Authority as it relates to the Health Authority based on the recommendations by A&M on the Unified Managed Care Strategy. Mr. Gross noted that a JPA must be specific and limited to the only power possessed by SCFHP which is the authority to provide medical insurance coverage. Mr. Gross further noted that VHP and SCVMC are arms of Santa Clara County – a public agency with broad and numerous powers. Finally, the organizations must agree on the specifics of the JPA and the creation of the JPA will require extensive legal and regulatory review.

7. Discussion item: Employee Satisfaction Survey

Ms. Valdez shared the results from the SCFHP Employee Satisfaction Survey with the Governing Board. The results highlighted the areas of strength and the key areas for improvement. Ms. Valdez also gave an update on the steps that are currently being taken to continue to measure progress and demonstrate commitment to the Health Plan employees.

8. Discussion item: 2012 HEDIS Results

Dr. Padua presented the 2012 HEDIS results for the Health Plan. Measures are based on data collected administratively and through medical record review. The Health Plan's performance determines the auto assignment default algorithm. Overall the Health Plan is doing well in all HEDIS measures. Improvement is needed in postpartum care and lead screening.

9. Discussion item: Dual Demonstration Project

Ms. Darrow stated that the Health Plan has applied for the Medicare Dual Demonstration project, having submitted all applications, and are waiting for CMS approval. Ms. Darrow also noted that the Health Plan is still waiting for the final rules and payment methodology to be published. Once these are made public our actuaries will perform an in depth assessment and the management team will present a Medicare pro forma for Board approval.

10. 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.

11. Adjournment

It was moved, seconded, and approved to adjourn the meetings at 4:46pm.

Shannon McNally, Secretary to the Board



Financial Statement Highlights for the 3 months ending 9-30-12

- Operating Loss of \$138k for the month and \$706k year to date. This compares to a budgeted loss of \$581k for the month and \$2.0m year to date. We are continuing to reserve for the provider rate cuts (AB-97) as the state will likely retroactively apply them to July 1st, 2011. The Plan is currently absorbing all rate cuts and not passing any reductions to our network providers.
- Revenue is \$54k or 0.3% above budget for the month and \$203k or .3% above budget year to date. We are continuing to reserve for the provider rate cuts (AB-97) and our Medi-Cal rate decrease that will be retroactively applied to July 1st, 2011 and October 1, 2011 respectively.
- September enrollment is at 138,370 or .4% below budget, year to date the plan is under budget by .3%. All line's of business are close to on budget except Healthy Workers which is 9.5% below budget for the first three months of the year.
- Health Care costs were under budget by \$310k, or 1.5%, for the month and \$787k under budget, or 1.3%, year to date.
- Administrative Expenses are \$70k, or 4.6%, favorable to budget for the month and \$239k, or 4.9%, favorable year to date. Administrative expenses were 6.9% and 7.1% of revenues for the month and year to date respectively.
- Tangible net equity (TNE) is \$23.5m or 4.0 times the minimum TNE required by the Department of Managed Health Care (DMHC). The Plan's reserves are roughly \$14.9m below the reserves targeted by the Board of two months capitation revenue.
- SCFHP was issued a Unqualified Opinion by our external auditors, Moss Adams, which means our June 30, 2012 Financial statements are fairly presented in accordance with generally accepted accounting principles

Santa Clara Family Health Plan Enrollment Summary

For the Month of September 2012

For Three Months Ending September 2012

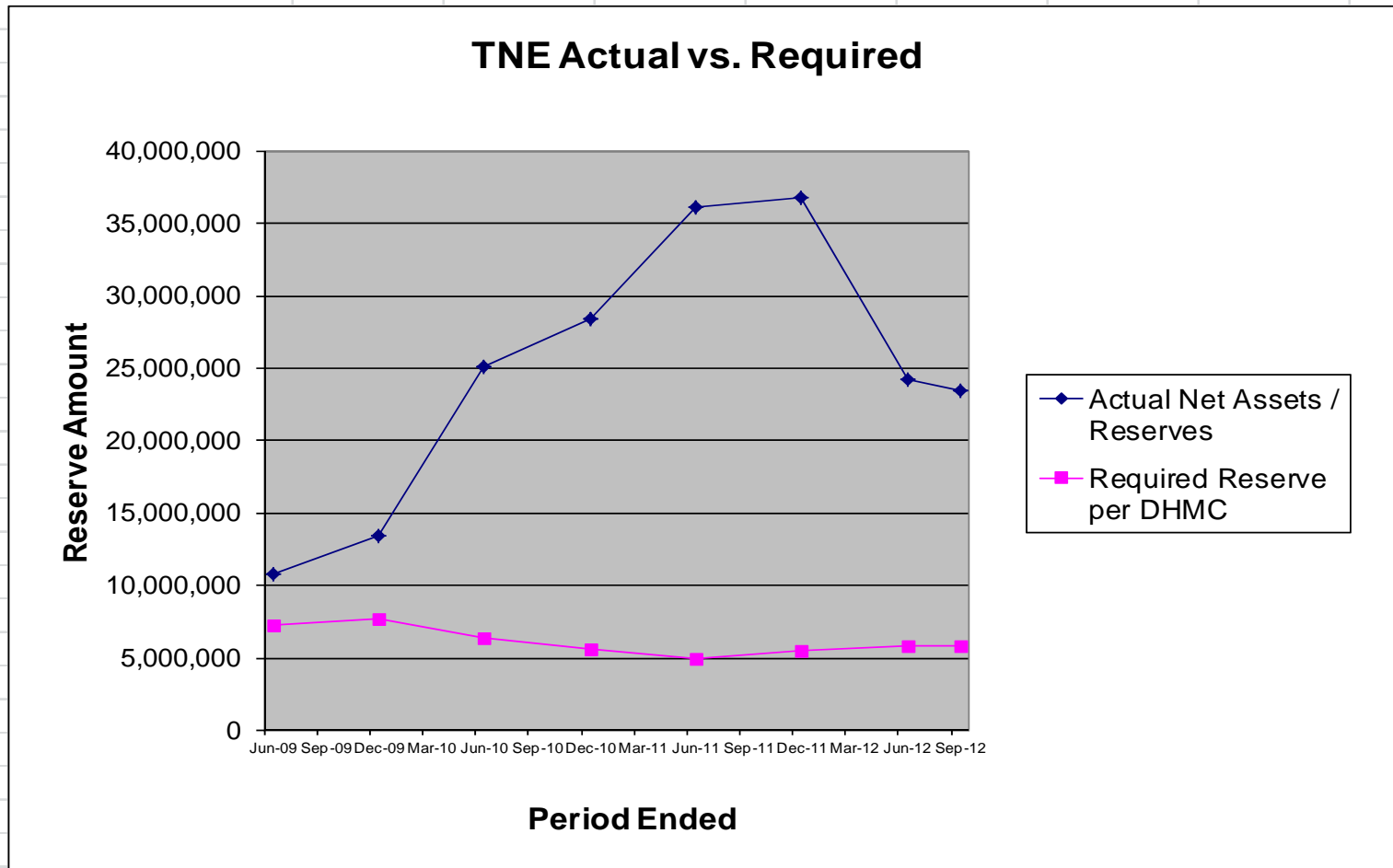
	<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Prior Year Actual</u>	<u>% Change FY13 vs FY12</u>
Medi-Cal	115,179	115,295	(0.10%)	346,470	347,023	(0.16%)	325,636	6.40%
Healthy Families	16,613	16,964	(2.07%)	50,093	50,892	(1.57%)	52,058	(3.77%)
Healthy Kids	5,923	5,888	0.59%	18,058	17,793	1.49%	20,116	(10.23%)
Agnews	130	133	(2.26%)	388	399	(2.76%)	389	(0.26%)
Healthy Workers	<u>525</u>	<u>591</u>	<u>(11.17%)</u>	<u>1,537</u>	<u>1,698</u>	<u>(9.48%)</u>	<u>984</u>	<u>56.20%</u>
Total	<u>138,370</u>	<u>138,871</u>	<u>(0.36%)</u>	<u>416,546</u>	<u>417,805</u>	<u>(0.30%)</u>	<u>399,183</u>	<u>4.35%</u>

Santa Clara County Health Authority
Enrollment Summary by Network
September 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	9,286	8%	766	5%	171	3%	130	100%	0	0%	10,353	7%
Network 2: SCVHHS, Safety Net	58,749	51%	5,714	34%	4,122	70%	0	0%	525	100%	69,110	50%
Palo Medical Foundation	2,561	2%	705	4%	69	1%	0	0%	0	0%	3,335	2%
Physicians Medical Group	27,483	24%	7,534	45%	1,420	24%	0	0%	0	0%	36,437	26%
Premier Care	8,098	7%	1,894	11%	141	2%	0	0%	0	0%	10,133	7%
Kaiser	9,002	8%	0	0%	0	0%	0	0%	0	0%	9,002	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>115,179</u>	<u>100%</u>	<u>16,613</u>	<u>100%</u>	<u>5,923</u>	<u>100%</u>	<u>130</u>	<u>100%</u>	<u>525</u>	<u>100%</u>	<u>138,370</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>-0.99%</u>		<u>-1.54%</u>		<u>-4.73%</u>		<u>0.78%</u>		<u>8.02%</u>		<u>-1.19%</u>	

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

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



Reserve Calculations for California Health Plans

As of 06/30/2011							RESERVE DIVIDED BY
TYPE	HEALTH PLAN	MONTHS IN RESERVE	DAYS IN RESERVE	-----REVENUE----- QUARTERLY	PROJ ANNUAL	RESERVE (TNE LINE)	PROJ ANNUAL REVENUE
REG	ON LOK SENIOR HEALTH SERVICES	10.54	316	\$ 23,680,004	\$ 94,720,016	\$ 82,045,766	86.62%
LHP	KERN HEALTH SYSTEMS	6.38	191	\$ 43,425,000	\$ 173,700,000	\$ 91,053,000	52.42%
COMM	BLUE SHIELD (CALIFORNIA PHYSICIANS SERVICE)	4.97	149	\$ 2,191,913,000	\$ 8,767,652,000	\$ 3,581,789,000	40.85%
REG	SCAN HEALTH PLAN	4.76	143	\$ 441,248,000	\$ 1,764,992,000	\$ 690,410,000	39.12%
LHP	PARTNERSHIP HEALTH PLAN OF CALIFORNIA	3.98	119	\$ 93,620,369	\$ 374,481,476	\$ 122,423,443	32.69%
COMM	KAISER PERMANENTE	3.64	109	\$12,167,381,000	\$48,669,524,000	\$14,554,171,000	29.90%
LHP	HEALTH PLAN OF SAN JOAQUIN	3.41	102	\$ 44,269,576	\$ 177,078,304	\$ 49,600,557	28.01%
LHP	COMMUNITY HEALTH GROUP	2.74	82	\$ 57,275,842	\$ 229,103,368	\$ 51,503,730	22.48%
LHP	CENTRAL COAST ALLIANCE FOR HEALTH (Santa Cruz)	2.72	82	\$ 141,636,449	\$ 566,545,796	\$ 126,801,515	22.38%
LHP	SAN FRANCISCO HEALTH PLAN	2.59	78	\$ 36,566,766	\$ 146,267,064	\$ 31,145,085	21.29%
REG	SHARP HEALTH PLAN	1.77	53	\$ 58,691,779	\$ 234,767,116	\$ 34,096,363	14.52%
LHP	SANTA CLARA FAMILY HEALTH PLAN	1.79	54	\$ 57,165,000	\$ 228,660,000	\$ 33,551,446	14.67%
COMM	ANTHEM BLUE CROSS	1.70	51	\$ 2,757,175,000	\$11,028,700,000	\$1,540,861,000	13.97%
LHP	HEALTH PLAN OF SAN MATEO	1.66	50	\$ 113,675,892	\$ 454,703,568	\$ 61,860,817	13.60%
REG	CARE FIRST HEALTH PLAN	1.47	44	\$ 188,270,574	\$ 753,082,296	\$ 91,119,745	12.10%
COMM	HEALTH NET	1.39	42	\$ 2,346,258,135	\$ 9,385,032,540	\$ 1,075,578,053	11.46%
LHP	CALOPTIMA (Orange County)	1.32	40	\$ 352,031,184	\$ 1,408,124,736	\$ 153,319,695	10.89%
COMM	PACIFICARE (UHC of Calif)	1.29	39	\$ 1,623,530,000	\$ 6,494,120,000	\$ 687,225,000	10.58%
LHP	LA CARE (Local Los Angeles)	1.28	39	\$ 341,648,809	\$ 1,366,595,236	\$ 144,244,668	10.56%
LHP	ALAMEDA ALLIANCE FOR HEALTH	1.23	37	\$ 73,196,517	\$ 292,786,068	\$ 29,605,298	10.11%
COMM	AETNA HEALTH OF CALIFORNIA	1.09	33	\$ 452,812,752	\$ 1,811,251,008	\$ 162,075,688	8.95%
LHP	INLAND EMPIRE HEALTH PLAN	1.05	32	\$ 203,563,639	\$ 814,254,556	\$ 70,590,501	8.67%
LHP	CENCAL HEALTH (Santa Barbara)	0.80	24	\$ 81,606,926	\$ 326,427,704	\$ 21,462,065	6.57%
REG	MOLINA HEALTHCARE OF CALIFORNIA	0.69	21	\$ 137,485,884	\$ 549,943,536	\$ 31,120,855	5.66%
REG	WESTERN HEALTH ADVANTAGE	0.56	17	\$ 92,601,091	\$ 370,404,364	\$ 16,946,646	4.58%
LHP	CONTRA COSTA HEALTH PLAN	0.45	13	\$ 55,158,177	\$ 220,632,708	\$ 8,085,002	3.66%
LHP - Local Health Plan, COMM - Commercial Plan, REG - Regional							
NOTE 1 QUARTERLY REVENUE MULTIPLIED BY 4 TO ANNUALIZE REVENUE							
NOTE 2 # DAYS IN RESERVE IS CALCULATED USING 365 DAYS							

As of 06/30/2012							RESERVE DIVIDED BY
TYPE	HEALTH PLAN	MONTHS IN RESERVE	DAYS IN RESERVE	-----REVENUE----- QUARTERLY	PROJ ANNUAL	RESERVE (TNE LINE)	PROJ ANNUAL REVENUE
REG	ON LOK SENIOR HEALTH SERVICES	10.50	315	\$ 23,826,167	\$ 95,304,668	\$ 82,267,798	86.32%
COMM	BLUE SHIELD (CALIFORNIA PHYSICIANS SERVICE)	5.12	154	\$ 2,143,876,000	\$ 8,575,504,000	\$ 3,608,851,000	42.08%
LHP	KERN HEALTH SYSTEMS	4.10	123	\$ 52,724,000	\$ 210,896,000	\$ 71,027,000	33.68%
REG	SCAN HEALTH PLAN	3.52	106	\$ 422,867,000	\$ 1,691,468,000	\$ 489,685,000	28.95%
COMM	KAISER PERMANENTE	3.45	104	\$12,745,036,000	\$50,980,144,000	\$14,472,748,000	28.39%
LHP	CENTRAL COAST ALLIANCE FOR HEALTH (Santa Cruz)	3.28	98	\$ 156,307,396	\$ 625,229,584	\$ 168,504,204	26.95%
LHP	HEALTH PLAN OF SAN JOAQUIN	2.69	81	\$ 56,956,574	\$ 227,826,296	\$ 50,374,169	22.11%
LHP	PARTNERSHIP HEALTH PLAN OF CALIFORNIA	2.40	72	\$ 220,817,829	\$ 883,271,316	\$ 174,109,415	19.71%
LHP	COMMUNITY HEALTH GROUP	2.04	61	\$ 75,416,640	\$ 301,666,560	\$ 50,470,478	16.73%
LHP	HEALTH PLAN OF SAN MATEO	1.90	57	\$ 116,749,110	\$ 466,996,440	\$ 72,773,911	15.58%
REG	SHARP HEALTH PLAN	1.66	50	\$ 71,222,142	\$ 284,888,568	\$ 38,943,528	13.67%
COMM	HEALTH NET	1.41	42	\$ 2,554,247,491	\$10,216,989,964	\$1,187,104,120	11.62%
LHP	SAN FRANCISCO HEALTH PLAN	1.38	41	\$ 56,670,325	\$ 226,681,300	\$ 25,692,434	11.33%
REG	CARE FIRST HEALTH PLAN	1.34	40	\$ 232,973,887	\$ 931,895,548	\$ 102,734,508	11.02%
COMM	ANTHEM BLUE CROSS	1.28	38	\$ 2,860,383,000	\$11,441,532,000	\$1,206,306,000	10.54%
LHP	CALOPTIMA (Orange County)	1.21	36	\$ 390,790,718	\$ 1,563,162,872	\$ 155,975,131	9.98%
COMM	AETNA HEALTH OF CALIFORNIA	1.20	36	\$ 471,222,856	\$ 1,884,891,424	\$ 186,002,963	9.87%
LHP	INLAND EMPIRE HEALTH PLAN	1.19	36	\$ 274,820,164	\$ 1,099,280,656	\$ 107,659,835	9.79%
LHP	SANTA CLARA FAMILY HEALTH PLAN	1.19	36	\$ 68,046,000	\$ 272,184,000	\$ 26,590,000	9.77%
COMM	PACIFICARE (UHC of Calif)	0.80	24	\$ 1,637,306,000	\$ 6,549,224,000	\$ 433,113,000	6.61%
LHP	LA CARE (Local Los Angeles)	0.77	23	\$ 514,901,858	\$ 2,059,607,432	\$ 130,612,727	6.34%
LHP	CENCAL HEALTH (Santa Barbara)	0.75	22	\$ 88,042,619	\$ 352,170,476	\$ 21,621,980	6.14%
REG	MOLINA HEALTHCARE OF CALIFORNIA	0.65	19	\$ 165,009,829	\$ 660,039,316	\$ 35,099,844	5.32%
LHP	ALAMEDA ALLIANCE FOR HEALTH	0.61	18	\$ 101,464,605	\$ 405,858,420	\$ 20,449,397	5.04%
REG	WESTERN HEALTH ADVANTAGE	0.59	18	\$ 95,645,771	\$ 382,583,084	\$ 18,456,335	4.82%
LHP	CONTRA COSTA HEALTH PLAN	0.39	12	\$ 93,778,635	\$ 375,114,540	\$ 12,040,409	3.21%
LHP - Local Health Plan, COMM - Commercial Plan, REG - Regional							
NOTE 1 QUARTERLY REVENUE MULTIPLIED BY 4 TO ANNUALIZE REVENUE							
NOTE 2 # DAYS IN RESERVE IS CALCULATED USING 365 DAYS							



Santa Clara
Family Health Plan

The Spirit of Care

Financial Statements
For One Month Ended
July 2012
(Unaudited)

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Santa Clara Family Health Plan CFO Finance Report

For the Month & Year to Date Ended July 31, 2012

Summary of Financial Results

For July 2012, the first month of the new fiscal year, SCFHP recorded an operating surplus of \$64 thousand compared to a budgeted operating loss of \$666 thousand, resulting in a favorable variance from budget of \$729 thousand for the month. 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 %
\$ 21,120,539	\$ 21,531,147	\$ (410,608)	-1.9%	Revenue	\$ 21,120,539	\$ 21,531,147	\$ (410,608)	-1.9%
19,479,357	20,546,285	1,066,928	5.2%	Medical Expense	19,479,357	20,546,285	1,066,928	5.2%
1,641,182	984,862	656,320	67%	Gross Margin	1,641,182	984,862	656,320	67%
1,554,953	1,627,062	72,109	4.4%	Administrative Expense	1,554,953	1,627,062	72,109	4.4%
86,229	(642,199)	728,429	-113%	Net Operating Income	86,229	(642,199)	728,429	-113%
(22,655)	(23,333)	679	3%	Non-Operating Income/Exp	(22,655)	(23,333)	679	3%
\$ 63,575	\$ (665,533)	\$ 729,108	-110%	Operating Surplus/ (Loss)	\$ 63,575	\$ (665,533)	729,108	-110%

Revenue

The Health Plan recorded net revenue of \$21.1 million for the month of July 2012, compared to budgeted revenue of \$21.5 million, resulting in an unfavorable variance from budget of \$411 thousand, or -1.9%.

In fiscal year 2012, on October 27, 2011, 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.

Note: On February 1, 2012, the US District Court filed a preliminary injunction to block the rate cuts. In response, DHCS indicated they would appeal the decision. Since it is still law we will not make any changes to our accounting treatment until this is resolved.

Pending resolution of AB97 and issuance of new year's rates, DMHC has continued to pay the plan at rates that were in effect through Sep 2011. Drafts for new rates for the year Oct 2012 through Sep 2013 were received in September 2012.

A Statistical and Financial Summary for all lines of business is included on page 8 of this report.

Member Months

For the month of July 2012, overall member months were below budget by 519 members, or -0.4%.

Compared to the end of the prior fiscal year, 6/30/2012, membership in Medi-Cal declined by 0.6%. Membership in the Healthy Families and Healthy Kids programs also declined, by 0.5% and 1.6%, respectively, since 6/30/2012. Member months and changes from prior year are summarized on Page 10.

Medical Expenses

For the month of July 2012, medical expense was \$19.5 million compared to budget of \$20.6 million, resulting in a favorable budget variance of \$1.1 million, or 5.2%. The primary driver of the decreased cost was lower than budgeted maternity kick payments in July.

Administrative Expenses

Overall administrative costs were under budget by \$72 thousand, or 4.4%, for month of July 2012.

Administrative expenses were 7.4% of revenues for the month of July 2012.

Balance Sheet (Page 6)

Cash as of July 31, 2012, decreased by \$20.5 million from the cash balance as of year-end June 30, 2012. Net receivables increased by \$22.5 million during the same one-month period.

Current assets at July 31, 2012 totaled \$61.3 million compared to current liabilities of \$37.5 million, yielding a current ratio (the ratio of current assets to current liabilities) of 1.6:1 as of July 31, 2012. Working capital decreased from the previous month of June 2012 by \$1 thousand.

Total liabilities increased by \$2.1 million from year-end June 30, 2012, to July 31, 2012, largely due to a \$1.4 million increase in reserve for AB-97 provider rate adjustments and a Medi-Cal revenue rate reduction for the month of July 2012.

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, a total of \$2.5 million (\$1.4 million for FY2010, and \$1.1 million for FY2011) was 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, the above potential funding for Healthy Kids as designated with this resolution was redirected to be used toward the support of the County Safety net. For the FY2012 the excess funds for future Healthy Kids premiums is \$667,149 subject to our year-end financial audit.

Capital Expenses increased by \$123 thousand for one month of July 2012.

Tangible Net Equity

Tangible net equity (TNE) was \$24.7 million at July 31, 2012, compared to the minimum TNE required by the Department of Managed Health Care (DMHC) of \$5.9 million (per last filing for quarter ended 06-30-12).

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 July 31, 2012, the Plan’s reserves are about \$13.7 million below this reserves target (see calculation below).

Calculation of targeted reserves as of July 31, 2012:

Estimate of two months’ capitation (July-2012 Medi-Cal Capitation of \$18,631,000 X 2 = \$ 37,262,000)	\$ 37,262,000
Less: Unrestricted Net Equity per balance sheet	<u>\$ 23,532,000</u>
Approximate reserves below target	<u>\$ 13,730,000</u>

**Santa Clara County Health Authority
Balance Sheet**

	<u>7/31/2012</u>	<u>6/30/2012</u>	<u>5/31/2012</u>	<u>6/30/2011</u>
Assets				
Current Assets				
Cash and Marketable Securities	\$ 32,907,875	\$ 53,399,695	\$ 50,900,882	\$ 53,105,220
Premiums Receivable	27,572,558	5,105,903	4,401,335	5,377,960
Due from Santa Clara Family Health Foundation - net	71,759	34,629	35,737	72,459
Prepaid Expenses and Other Current Assets	<u>782,378</u>	<u>716,693</u>	<u>639,705</u>	<u>629,975</u>
Total Current Assets	61,334,570	59,256,920	55,977,659	59,185,614
Long Term Assets				
Equipment	6,443,861	6,320,782	6,310,794	5,941,099
Less: Accumulated Depreciation	<u>(5,626,696)</u>	<u>(5,568,491)</u>	<u>(5,514,589)</u>	<u>(4,911,672)</u>
Total Long Term Assets	<u>817,165</u>	<u>752,291</u>	<u>796,205</u>	<u>1,029,427</u>
Total Assets	<u>\$ 62,151,735</u>	<u>\$ 60,009,211</u>	<u>\$ 56,773,864</u>	<u>\$ 60,215,041</u>
Liabilities and Net Assets				
Liabilities				
Trade Payables	\$ 2,451,950	\$ 2,145,127	\$ 1,820,658	\$ 4,035,666
Employee Benefits	756,747	734,733	738,333	731,571
Retirement Obligation per GASB 45	33,334	0	440,000	-
Due to Santa Clara County Valley Health Plan	2,895,520	3,145,623	685,207	3,091,105
Advance Premium - Healthy Kids	63,107	61,520	63,941	71,600
QIF Fees Payable	-	-	-	715,745
AB 97 Provider Reductions	14,098,865	12,650,821	11,205,053	-
Medical Cost Reserves	<u>17,198,171</u>	<u>16,680,921</u>	<u>14,981,072</u>	<u>15,475,585</u>
Total Liabilities	37,497,694	35,418,744	29,934,264	24,121,272
Net Assets / Reserves				
Invested in Capital Assets	817,165	752,291	796,205	1,029,427
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Board Designated Reserve - Healthy Kids	-	-	-	2,542,324
Unrestricted Net Equity	23,467,952	35,036,128	34,992,214	21,225,911
Current YTD Income (Loss)	<u>63,575</u>	<u>(11,503,302)</u>	<u>(9,254,169)</u>	<u>10,990,758</u>
Net Assets / Reserves	<u>24,654,041</u>	<u>24,590,467</u>	<u>26,839,599</u>	<u>36,093,769</u>
Total Liabilities and Net Assets	<u>\$ 62,151,735</u>	<u>\$ 60,009,211</u>	<u>\$ 56,773,864</u>	<u>\$ 60,215,041</u>

Santa Clara County Health Authority
Income Statement for the Month Ending July 31, 2012

	For the Month of July 2012					For One Month Ending July 2012				
	Actual	% of Revenue	Budget	% of Revenue	Variance	Actual	% of Revenue	Budget	% of Revenue	Variance
REVENUES										
MEDI-CAL	\$ 19,057,282	90.2%	\$ 19,549,512	90.8%	\$ (492,229)	\$ 19,057,282	90.2%	\$ 19,549,512	90.8%	\$ (492,229)
HEALTHY FAMILIES	1,169,347	5.5%	1,155,757	5.4%	13,590	1,169,347	5.5%	1,155,757	5.4%	13,590
HEALTHY KIDS	605,635	2.9%	599,221	2.8%	6,414	605,635	2.9%	599,221	2.8%	6,414
AGNEWS	174,000	1.6%	104,932	0.5%	69,068	174,000	1.3%	104,932	1.4%	69,068
HEALTHY WORKERS	<u>114,275</u>	<u>0.5%</u>	<u>121,725</u>	<u>0.6%</u>	<u>(7,450)</u>	<u>114,275</u>	<u>0.5%</u>	<u>121,725</u>	<u>0.6%</u>	<u>(7,450)</u>
TOTAL REVENUE	21,120,539	100.8%	21,531,147	100.0%	(410,608)	21,120,539	100.5%	21,531,147	100.9%	(410,608)
MEDICAL EXPENSES										
MEDI-CAL	17,955,506	85.0%	18,876,969	87.7%	921,463	17,955,506	85.0%	18,876,969	87.7%	921,463
HEALTHY FAMILIES	850,908	4.0%	975,685	4.5%	124,777	850,908	4.0%	975,685	4.5%	124,777
HEALTHY KIDS	489,210	2.3%	489,354	2.3%	144	489,210	2.3%	489,354	2.3%	144
AGNEWS	88,107	0.4%	84,753	0.4%	(3,354)	88,107	0.0%	84,753	0.0%	(3,354)
HEALTHY WORKERS	<u>95,626</u>	<u>0.5%</u>	<u>119,523</u>	<u>0.6%</u>	<u>23,897</u>	<u>95,626</u>	<u>0.0%</u>	<u>119,523</u>	<u>0.0%</u>	<u>23,897</u>
TOTAL MEDICAL EXPENSES	19,479,357	92.2%	20,546,285	95.4%	1,066,928	19,479,357	91.4%	20,546,285	94.5%	1,066,928
MEDICAL OPERATING MARGIN	1,641,182	7.8%	984,862	4.6%	656,320	1,641,182	7.8%	984,862	4.6%	656,320
ADMINISTRATIVE EXPENSES										
SALARIES AND BENEFITS	1,015,050	4.8%	1,075,286	5.0%	60,236	1,015,050	4.8%	1,075,285.69	5.0%	60,236
RENTS AND UTILITIES	95,849	0.5%	104,659	0.5%	8,810	95,849	0.5%	104,659.37	0.5%	8,810
PRINTING AND ADVERTISING	34,894	0.2%	14,258	0.1%	(20,635)	34,894	0.2%	14,258.34	0.1%	(20,635)
INFORMATION SYSTEMS	89,333	0.4%	80,159	0.4%	(9,175)	89,333	0.4%	80,158.58	0.4%	(9,175)
PROF FEES / CONSULTING / TEMP STAFFING	127,467	0.6%	159,283	0.7%	31,817	127,467	0.6%	159,283.34	0.7%	31,817
DEPRECIATION / INSURANCE / EQUIPMENT	83,840	0.4%	78,583	0.4%	(5,257)	83,840	0.4%	78,583.33	0.4%	(5,257)
OFFICE SUPPLIES / POSTAGE / TELEPHONE	57,484	0.3%	57,150	0.3%	(334)	57,484	0.3%	57,150.01	0.3%	(334)
MEETINGS / TRAVEL / DUES	40,847	0.2%	51,091	0.2%	10,245	40,847	0.2%	51,091.49	0.2%	10,245
OTHER	<u>10,189</u>	<u>0.0%</u>	<u>6,592</u>	<u>0.0%</u>	<u>(3,597)</u>	<u>10,189</u>	<u>0.0%</u>	<u>6,591.67</u>	<u>0.0%</u>	<u>(3,597)</u>
TOTAL ADMINISTRATIVE EXPENSES	1,554,953	7.4%	1,627,062	7.6%	72,109	1,554,953	7.4%	1,627,062	7.6%	72,109
OPERATING SURPLUS (LOSS)	86,229	0.4%	(642,199)	-3.0%	728,429	86,229	0.4%	(642,199)	-3.0%	728,429
GASB 45-POST EMPLOYMENT BENEFITS EXPENSE	(33,334)	-0.2%	(33,333)	-0.2%	(0)	(33,334)	0.0%	(33,333)	0.0%	(0)
INTEREST INCOME	10,679	0.1%	10,000	0.0%	679	10,679	0.1%	10,000	0.0%	679
NET INCOME (LOSS) FINAL	\$ 63,575	36.5%	\$ (665,533)	-634.3%	\$ 729,108	\$ 63,575	36.5%	\$ (665,533)	-634.3%	\$ 729,108

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

ONE MONTH ENDED JULY 31, 2012

	Medi-Cal	Healthy Families	Healthy Kids	Agnews	Healthy Workers	Grand Total
P&L (ALLOCATED BASIS)						
REVENUE	\$19,057,282	\$1,169,347	\$605,635	\$174,000	114,275	\$21,120,539
MEDICAL EXPENSES	17,955,506	850,908	489,210	88,107	95,626	\$19,479,357
GROSS MARGIN	1,101,776	318,440	116,424	85,893	18,649	\$1,641,182
ADMINISTRATIVE EXPENSES (indirect costs subject to % MM allocation)	1,291,966	187,629	68,342	1,430	5,586	\$1,554,953
OPERATING INCOME/(LOSS)	(190,190)	130,810	48,083	84,463	13,063	86,229
OTHER INCOME/EXPENSE (% of mm Allocation)	(18,823)	(2,734)	(996)	(21)	(81)	(22,655)
NET INCOME/ (LOSS)	<u>(\$209,013)</u>	<u>\$128,077</u>	<u>\$47,087</u>	<u>\$84,442</u>	<u>\$12,981</u>	<u>\$63,575</u>

PMPM ALLOCATED P&L:

REVENUE	\$164.80	\$69.63	\$99.01	\$1,359.38	\$228.55	\$151.75
MEDICAL EXPENSES	155.27	50.67	79.98	688.33	191.25	139.96
GROSS MARGIN	9.53	18.96	19.03	671.04	37.30	11.79
ADMINISTRATIVE EXPENSES	11.17	11.17	11.17	11.17	11.17	11.17
OPERATING INCOME/(LOSS)	(1.64)	7.79	7.86	659.87	26.13	0.62
OTHER INCOME / (EXPENSE)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)
NET INCOME / (LOSS)	<u>(\$1.81)</u>	<u>\$7.63</u>	<u>\$7.70</u>	<u>\$659.71</u>	<u>\$25.96</u>	<u>\$0.46</u>

ALLOCATION BASIS:

MEMBER MONTHS - Month and YTD	115,639	16,794	6,117	128	500	139,178
% of Member Months	83.09%	12.07%	4.40%	0.09%	0.36%	100.00%

Santa Clara Family Health Plan
Statement of Cash Flows
For One Month Ended July 31, 2012

Cash flows from operating activities	
Premiums received	\$ 66,385
Medical expenses paid	\$ (19,212,209)
Administrative expenses paid	<u>\$ (1,233,595)</u>
Net cash from operating activities	\$ (20,379,419)
 Cash flows from capital and related financing activities	
Increase Due to Board approved payment to Santa Clara Valley Health Plan	\$ -
 Cash flows from capital and related financing activities	
Purchases of capital assets	\$ (123,080)
 Cash flows from investing activities	
Interest income, net	<u>\$ 10,679</u>
 Net (Decrease) increase in cash and cash equivalents	<u>\$ (20,491,820)</u>
 Cash and cash equivalents, beginning of year	<u>\$ 53,399,695</u>
 Cash and cash equivalents at July 31, 2012	<u>\$ 32,907,875</u>
 Reconciliation of operating income to net cash from operating activities	
Operating income (loss)	\$ 52,896
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	\$ 58,206
Changes in operating assets and liabilities	
Premiums receivable	\$ (22,466,656)
Due from Santa Clara Family Health Foundation	\$ (37,130)
Prepays and other assets	\$ (65,685)
Accounts payable and accrued liabilities	\$ 340,156
Capitation payable	\$ (250,103)
Employee benefit liabilities	\$ 22,014
Advance premium - Healthy Kids	\$ 1,587
Reserve for Rate Reductions (AB 97)	\$ 1,448,044
Incurred but not reported claims payable and risk share payments payable	<u>\$ 517,250</u>
Total adjustments	<u>\$ (20,432,315)</u>
Net cash from operating activities	<u>\$ (20,379,419)</u>

Santa Clara Family Health Plan Enrollment Summary

For the Month of July 2012

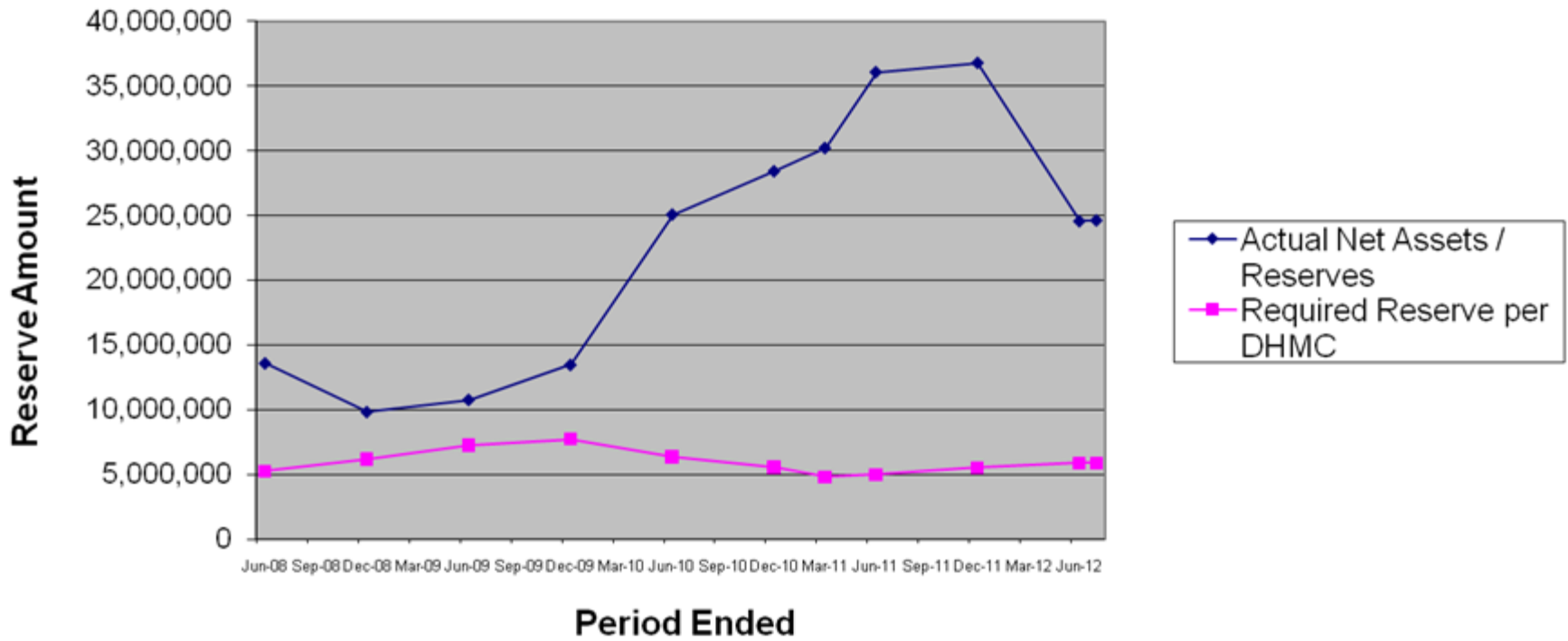
YTD One Month Ending July 2012

	<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Prior Year Actual</u>	<u>% Change FY13 vs FY12</u>
Medi-Cal	115,639	116,064	(0.37%)	115,639	116,064	(0.37%)	107,970	7.10%
Healthy Families	16,794	16,964	(1.00%)	16,794	16,964	(1.00%)	17,369	(3.31%)
Healthy Kids	6,117	5,995	2.04%	6,117	5,995	2.04%	6,790	(9.91%)
Agnews	128	133	(3.76%)	128	133	(3.76%)	129	(0.78%)
Healthy Workers	<u>500</u>	<u>541</u>	<u>(7.58%)</u>	<u>500</u>	<u>541</u>	<u>(7.58%)</u>	<u>311</u>	<u>60.77%</u>
Total	<u>139,178</u>	<u>139,697</u>	<u>(0.37%)</u>	<u>139,178</u>	<u>139,697</u>	<u>(0.37%)</u>	<u>132,569</u>	<u>4.99%</u>

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

	<u>6/30/2008</u>	<u>12/31/2008</u>	<u>6/30/2009</u>	<u>12/31/2009</u>	<u>6/30/2010</u>	<u>12/31/2010</u>	<u>3/31/2011</u>	<u>6/30/2011</u>	<u>12/31/2011</u>	<u>6/30/2012</u>	<u>7/31/2012</u>
Actual Net Assets / Reserves	13,625,110	9,870,082	10,807,911	13,501,652	25,103,011	28,445,504	30,243,838	36,093,769	36,803,460	24,590,467	24,654,041
Required Reserve per DHMC	5,271,000	6,198,000	7,285,000	7,737,000	6,388,000	5,591,000	4,851,000	4,996,000	5,558,000	5,901,000	5,901,000

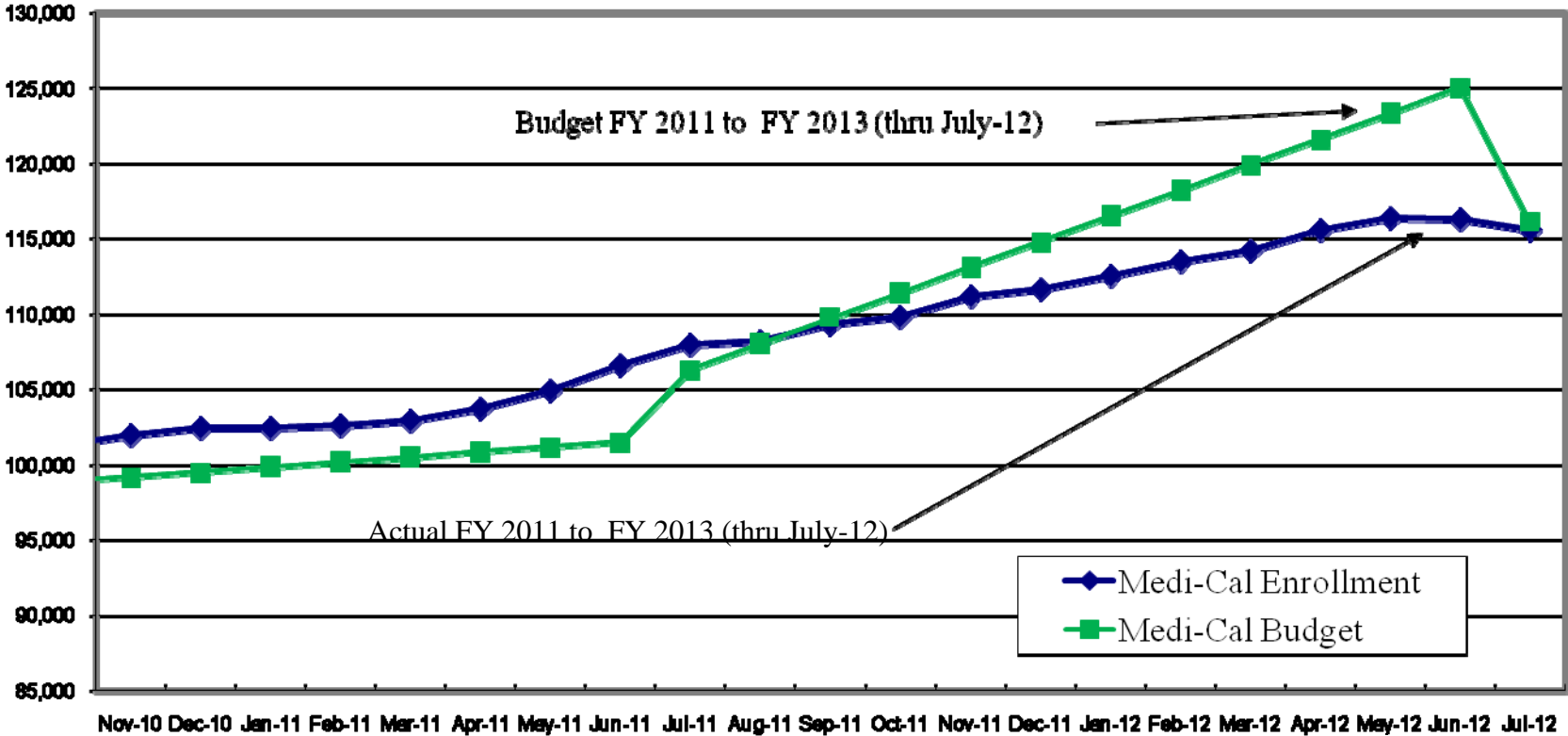
TNE Actual vs. Required



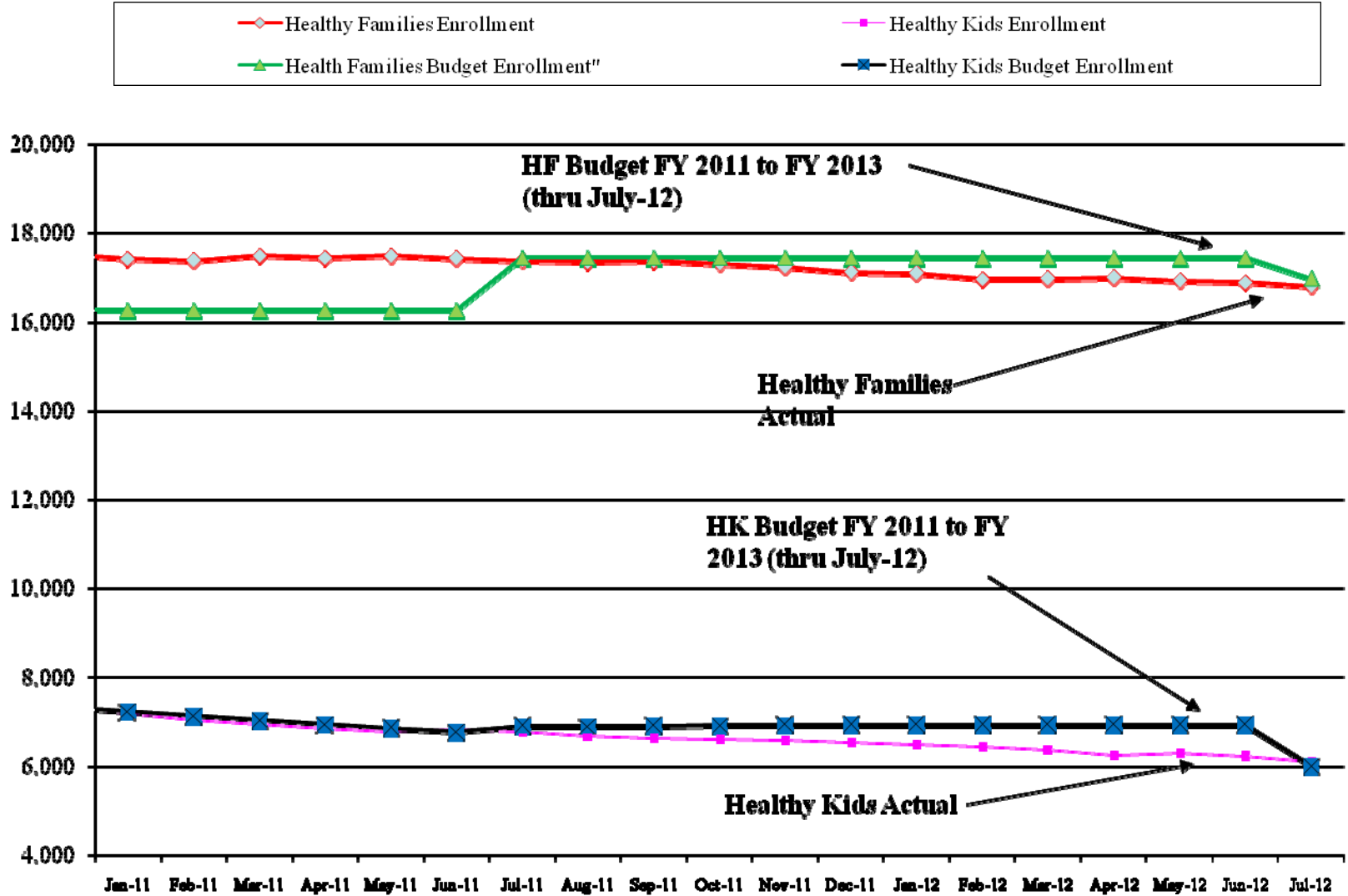
**Santa Clara County Health Authority
Enrollment Summary by Network
July 2012**

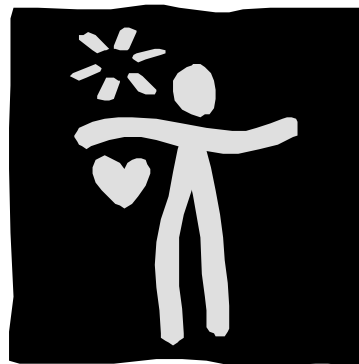
	Medi-Cal		Healthy Families		Healthy Kids		AG		Healthy Workers		Total	
	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>
Network 1	9,364	8%	784	5%	188	3%	128	100%	0	0%	10,464	8%
Network 2: SCVHHS, Safety Net Clinics, FQHC Clinics, Palo Medical Foundation Physicians Medical Group Premier Care Kaiser Community Clinics	59,063	51%	5,730	34%	4,226	69%	0	0%	500	100%	69,519	50%
	2,583	2%	743	4%	66	1%	0	0%	0	0%	3,392	2%
	27,597	24%	7,618	45%	1,500	25%	0	0%	0	0%	36,715	26%
	8,099	7%	1,919	11%	137	2%	0	0%	0	0%	10,155	7%
	8,933	8%	0	0%	0	0%	0	0%	0	0%	8,933	6%
	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Total	<u>115,639</u>	<u>100%</u>	<u>16,794</u>	<u>100%</u>	<u>6,117</u>	<u>100%</u>	<u>128</u>	<u>100%</u>	<u>500</u>	<u>100%</u>	<u>139,178</u>	<u>100%</u>
Enrollment @ 6-30-12	-	-	-	-	-	-	129		-	-	140,034	-
Net % Change from Beginning of FY	<u>-0.59%</u>		<u>-0.47%</u>		<u>-1.61%</u>		<u>-0.78%</u>		<u>2.88%</u>		<u>-0.61%</u>	

SCFHP Medi-Cal Enrollment



SCFHP Healthy Families and Healthy Kids Enrollment





Santa Clara
Family Health Plan

The Spirit of Care

Financial Statements
For Two Months Ended
August 2012
(Unaudited)

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Santa Clara Family Health Plan CFO Finance Report

For the Month & Year to Date Ended August 31, 2012

Summary of Financial Results

For the month of August 2012, SCFHP recorded an operating loss of \$632 thousand compared to a budgeted operating loss of \$708 thousand, resulting in a favorable variance from budget of \$75. For year to date August 2012, SCFHP recorded an operating loss of \$569 thousand compared to a budgeted operating loss of \$1.4 million, resulting in a favorable variance from budget of \$804 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 %
\$ 22,025,923	\$ 21,466,572	\$ 559,350	2.6%	Revenue	\$ 43,146,462	\$ 42,997,719	\$ 148,743	0.3%
21,072,122	20,481,806	(590,316)	-2.9%	Medical Expense	40,551,479	41,028,090	476,611	1.2%
953,801	984,766	(30,966)	-3%	Gross Margin	2,594,983	1,969,629	625,354	32%
1,572,612	1,669,047	96,435	5.8%	Administrative Expense	3,127,565	3,296,109	168,544	5.1%
(618,811)	(684,281)	65,469	10%	Net Operating Income	(532,582)	(1,326,480)	793,898	60%
(13,652)	(23,333)	9,682	-41%	Non-Operating Income/Exp	(36,306)	(46,667)	10,360	22%
\$ (632,463)	\$ (707,614)	\$ 75,151	11%	Operating Surplus/ (Loss)	\$ (568,888)	\$ (1,373,147)	804,259	59%

Revenue

The Health Plan recorded net revenue of \$22.0 million for the month of August 2012, compared to budgeted revenue of \$21.5 million, resulting in an favorable variance from budget of \$559 thousand, or 2.6%. For August 2012 year to date net revenue was \$43.1 million, compared to budgeted revenue of \$43.0 million, resulting in an favorable variance from budget of \$149 thousand, or 0.4%.

In fiscal year 2012, on October 27, 2011, 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.

Note: On February 1, 2012, the US District Court filed a preliminary injunction to block the rate cuts. In response, DHCS indicated they would appeal the decision. Since it is still law we will not make any changes to our accounting treatment until this is resolved.

Pending resolution of AB97 and issuance of new year's rates, DMHC has continued to pay the plan at rates that were in effect through Sep 2011. Drafts for new rates for the year Oct 2012 through Sep 2013 were received in September 2012.

A Statistical and Financial Summary for all lines of business is included on page 8 of this report.

Member Months

For the month of August 2012, overall member months were below budget by 239 members, or -0.2%. For year to date August 2012, overall member months were below budget by 758 members, or -0.3%.

Compared to the end of the prior fiscal year, 6/30/2012, membership in Medi-Cal declined by 0.6%. Membership in the Healthy Families and Healthy Kids programs also declined, by 1.1% and 3.2%, respectively, since 6/30/2012. Member months and changes from prior year are summarized on Page 10.

Medical Expenses

For the month of August 2012, medical expense was \$21.1 million compared to budget of \$20.5 million, resulting in a favorable budget variance of \$590 thousand, or 2.9%. For year to date August 2012, medical expense was \$40.6 million compared to budget of \$41.0 million, resulting in an unfavorable budget variance of \$476.6 thousand, or -1.2%.

Administrative Expenses

Overall administrative costs were under budget by \$96 thousand (-5.8%), and \$169 thousand (5.1%), for month 2012 and year to date August 2012, respectively. The category with the largest variance is in “Salaries and Benefits”. To date we are experiencing a larger vacancy factor than budgeted.

Administrative expenses were 7.1% and 7.3% of revenues for the month of August and year to date August 2012, respectively.

Balance Sheet (Page 6)

Cash as of August 31, 2012, decreased by \$20.2 million from the cash balance as of year-end June 30, 2012. Net receivables increased by \$23.4 million during the same two-month period.

Current assets at August 31, 2012 totaled \$62.6 million compared to current liabilities of \$39.3 million, yielding a current ratio (the ratio of current assets to current liabilities) of 1.6:1 as of August 31, 2012. Working capital decreased \$594.1 thousand for the two month period ended August 31, 2012.

Total liabilities increased by \$3.9 million from year-end June 30, 2012, to August 31, 2012, largely due to a \$2.9 million increase in reserve for Medi-Cal revenue rate reduction accrued during the two month period ended August 31, 2012.

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, a total of \$2.5 million (\$1.4 million for FY2010, and \$1.1 million for FY2011) was 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, the above potential funding for Healthy Kids as designated with this resolution was redirected to be used toward the support of the County Safety net. For the FY2012 the excess funds for future Healthy Kids premiums is \$667,149 subject to our year-end financial audit.

Capital Expenses increased by \$142 thousand for the two months ended August 31, 2012.

Tangible Net Equity

Tangible net equity (TNE) was \$24.0 million at August 31, 2012, compared to the minimum TNE required by the Department of Managed Health Care (DMHC) of \$5.9 million (per last filing for quarter ended 06-30-12).

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 August 31, 2012, the Plan’s reserves are about \$14.3 million below this reserves target (see calculation below).

Calculation of targeted reserves as of August 31, 2012:

Estimate of two months’ capitation (August-2012 Medi-Cal Capitation of \$18,624,500 X 2 = \$ 37,249,000)	\$ 37,249,000
Less: Unrestricted Net Equity per balance sheet	<u>\$ 22,939,000</u>
Approximate reserves below target	<u>\$ 14,310,000</u>

**Santa Clara County Health Authority
Balance Sheet**

	<u>8/31/2012</u>	<u>7/31/2012</u>	<u>6/30/2012</u>	<u>6/30/2011</u>
Assets				
Current Assets				
Cash and Marketable Securities	\$ 33,240,449	\$ 32,907,875	\$ 53,399,695	\$ 53,105,220
Premiums Receivable	28,521,992	27,572,558	5,105,903	5,377,960
Due from Santa Clara Family Health Foundation - net	49,078	71,759	34,629	72,459
Prepaid Expenses and Other Current Assets	<u>749,707</u>	<u>782,378</u>	<u>716,693</u>	<u>629,975</u>
Total Current Assets	62,561,225	61,334,570	59,256,920	59,185,614
Long Term Assets				
Equipment	6,462,870	6,443,861	6,320,782	5,941,099
Less: Accumulated Depreciation	<u>(5,685,375)</u>	<u>(5,626,696)</u>	<u>(5,568,491)</u>	<u>(4,911,672)</u>
Total Long Term Assets	<u>777,495</u>	<u>817,165</u>	<u>752,291</u>	<u>1,029,427</u>
Total Assets	<u>\$ 63,338,721</u>	<u>\$ 62,151,735</u>	<u>\$ 60,009,211</u>	<u>\$ 60,215,041</u>
Liabilities and Net Assets				
Liabilities				
Trade Payables	\$ 1,956,808	\$ 2,451,950	\$ 2,145,127	\$ 4,035,666
Employee Benefits	739,807	756,747	734,733	731,571
Retirement Obligation per GASB 45	66,667	33,334	0	-
Due to Santa Clara County Valley Health Plan	2,736,364	2,895,520	3,145,623	3,091,105
Advance Premium - Healthy Kids	65,295	63,107	61,520	71,600
QIF Fees Payable	-	-	-	715,745
AB 97 Provider Reductions	15,548,970	14,098,865	12,650,821	-
Medical Cost Reserves	<u>18,203,231</u>	<u>17,198,171</u>	<u>16,680,921</u>	<u>15,475,585</u>
Total Liabilities	39,317,142	37,497,694	35,418,744	24,121,272
Net Assets / Reserves				
Invested in Capital Assets	777,495	817,165	752,291	1,029,427
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Board Designated Reserve - Healthy Kids	-	-	-	2,542,324
Unrestricted Net Equity	23,507,621	23,467,952	35,036,128	21,225,911
Current YTD Income (Loss)	<u>(568,888)</u>	<u>63,575</u>	<u>(11,503,302)</u>	<u>10,990,758</u>
Net Assets / Reserves	<u>24,021,579</u>	<u>24,654,041</u>	<u>24,590,467</u>	<u>36,093,769</u>
Total Liabilities and Net Assets	<u>\$ 63,338,721</u>	<u>\$ 62,151,735</u>	<u>\$ 60,009,211</u>	<u>\$ 60,215,041</u>

Santa Clara County Health Authority
Income Statement for the Month Ending August 31, 2012

	For the Month of August 2012					For Two Months Ending August 2012				
	Actual	% of Revenue	Budget	% of Revenue	Variance	Actual	% of Revenue	Budget	% of Revenue	Variance
REVENUES										
MEDI-CAL	\$ 19,974,108	90.7%	\$ 19,486,053	90.8%	\$ 488,055	\$ 39,031,391	90.5%	\$ 39,035,565	90.8%	\$ (4,174)
HEALTHY FAMILIES	1,155,077	5.2%	1,155,757	5.4%	(680)	2,324,425	5.4%	2,311,515	5.4%	12,910
HEALTHY KIDS	608,378	2.8%	592,479	2.8%	15,899	1,214,012	2.8%	1,191,700	2.8%	22,313
AGNEWS	174,209	1.6%	104,932	0.5%	69,277	348,209	1.3%	209,864	1.4%	138,345
HEALTHY WORKERS	<u>114,150</u>	<u>0.5%</u>	<u>127,350</u>	<u>0.6%</u>	<u>(13,200)</u>	<u>228,425</u>	<u>0.5%</u>	<u>249,075</u>	<u>0.6%</u>	<u>(20,650)</u>
TOTAL REVENUE	22,025,923	100.8%	21,466,572	100.0%	559,350	43,146,462	100.5%	42,997,719	100.9%	148,743
MEDICAL EXPENSES										
MEDI-CAL	19,594,213	89.0%	18,813,890	87.6%	(780,324)	37,549,719	87.0%	37,690,859	87.7%	141,140
HEALTHY FAMILIES	820,680	3.7%	975,685	4.5%	155,005	1,671,587	3.9%	1,951,370	4.5%	279,783
HEALTHY KIDS	493,354	2.2%	482,431	2.2%	(10,922)	982,564	2.3%	971,785	2.3%	(10,779)
AGNEWS	79,493	0.4%	84,753	0.4%	5,260	167,600	0.0%	169,506	0.0%	1,906
HEALTHY WORKERS	<u>84,382</u>	<u>0.4%</u>	<u>125,046</u>	<u>0.6%</u>	<u>40,664</u>	<u>180,008</u>	<u>0.0%</u>	<u>244,570</u>	<u>0.0%</u>	<u>64,561</u>
TOTAL MEDICAL EXPENSES	21,072,122	95.7%	20,481,806	95.4%	(590,316)	40,551,479	93.2%	41,028,090	94.5%	476,611
MEDICAL OPERATING MARGIN	953,801	4.3%	984,766	4.6%	(30,966)	2,594,983	6.0%	1,969,629	4.6%	625,354
ADMINISTRATIVE EXPENSES										
SALARIES AND BENEFITS	1,022,374	4.6%	1,117,271	5.2%	94,897	2,037,423	4.7%	2,192,556.64	5.1%	155,133
RENTS AND UTILITIES	112,138	0.5%	104,659	0.5%	(7,479)	207,988	0.5%	209,318.74	0.5%	1,331
PRINTING AND ADVERTISING	7,063	0.0%	14,258	0.1%	7,195	41,957	0.1%	28,516.68	0.1%	(13,440)
INFORMATION SYSTEMS	83,315	0.4%	80,159	0.4%	(3,157)	172,649	0.4%	160,317.16	0.4%	(12,331)
PROF FEES / CONSULTING / TEMP STAFFING	175,278	0.8%	159,283	0.7%	(15,995)	302,745	0.7%	318,566.68	0.7%	15,822
DEPRECIATION / INSURANCE / EQUIPMENT	81,437	0.4%	78,583	0.4%	(2,854)	165,278	0.4%	157,166.66	0.4%	(8,111)
OFFICE SUPPLIES / POSTAGE / TELEPHONE	43,472	0.2%	57,150	0.3%	13,678	100,956	0.2%	114,300.02	0.3%	13,344
MEETINGS / TRAVEL / DUES	46,203	0.2%	51,091	0.2%	4,888	87,050	0.2%	102,182.98	0.2%	15,133
OTHER	<u>1,330</u>	<u>0.0%</u>	<u>6,592</u>	<u>0.0%</u>	<u>5,261</u>	<u>11,519</u>	<u>0.0%</u>	<u>13,183.34</u>	<u>0.0%</u>	<u>1,664</u>
TOTAL ADMINISTRATIVE EXPENSES	1,572,612	7.1%	1,669,047	7.8%	96,435	3,127,565	7.2%	3,296,109	7.7%	168,544
OPERATING SURPLUS (LOSS)	(618,811)	-2.8%	(684,281)	-3.2%	65,469	(532,582)	-1.2%	(1,326,480)	-3.1%	793,898
GASB 45-POST EMPLOYMENT BENEFITS EXPENSE	(33,334)	-0.2%	(33,333)	-0.2%	(0)	(66,667)	0.0%	(66,667)	0.0%	(0)
INTEREST INCOME	19,682	0.1%	10,000	0.0%	9,682	30,361	0.1%	20,000	0.0%	10,361
NET INCOME (LOSS) FINAL	\$ (632,463)	-363.0%	\$ (707,614)	-674.4%	\$ 75,151	\$ (568,888)	-163.4%	\$ (1,373,147)	-654.3%	\$ 804,259

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

TWO MONTHS ENDED AUGUST 31, 2012

	Medi-Cal	Healthy Families	Healthy Kids	Agnews	Healthy Workers	Grand Total
P&L (ALLOCATED BASIS)						
REVENUE	\$39,031,391	\$2,324,425	\$1,214,012	\$348,209	228,425	\$43,146,462
MEDICAL EXPENSES	37,549,719	1,671,587	982,564	167,600	180,008	\$40,551,479
GROSS MARGIN	1,481,671	652,837	231,449	180,609	48,417	\$2,594,983
ADMINISTRATIVE EXPENSES (indirect costs subject to % MM allocation)	2,600,431	376,419	136,435	2,901	11,378	\$3,127,565
OPERATING INCOME/(LOSS)	(1,118,760)	276,418	95,013	177,708	37,039	(532,582)
OTHER INCOME/EXPENSE (% of mm Allocation)	(30,187)	(4,370)	(1,584)	(34)	(132)	(36,306)
NET INCOME/ (LOSS)	<u>(\$1,148,947)</u>	<u>\$272,048</u>	<u>\$93,430</u>	<u>\$177,675</u>	<u>\$36,907</u>	<u>(\$568,888)</u>
PMPM ALLOCATED P&L:						
REVENUE	\$168.75	\$69.43	\$100.04	\$1,349.65	\$225.72	\$155.10
MEDICAL EXPENSES	162.35	49.93	80.97	649.61	177.87	145.78
GROSS MARGIN	6.41	19.50	19.07	700.04	47.84	9.33
ADMINISTRATIVE EXPENSES	11.24	11.24	11.24	11.24	11.24	11.24
OPERATING INCOME/(LOSS)	(4.84)	8.26	7.83	688.79	36.60	(1.91)
OTHER INCOME / (EXPENSE)	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)
NET INCOME / (LOSS)	<u>(\$4.97)</u>	<u>\$8.13</u>	<u>\$7.70</u>	<u>\$688.66</u>	<u>\$36.47</u>	<u>(\$2.05)</u>
ALLOCATION BASIS:						
MEMBER MONTHS - Month and YTD	231,291	33,480	12,135	258	1,012	278,176
% of Member Months	83.15%	12.04%	4.36%	0.09%	0.36%	100.00%

Santa Clara Family Health Plan
Statement of Cash Flows
For Two Months Ended August 31, 2012

Cash flows from operating activities	
Premiums received	\$ 22,617,849
Medical expenses paid	\$ (39,438,428)
Administrative expenses paid	<u>\$ (3,226,940)</u>
Net cash from operating activities	\$ (20,047,518)
 Cash flows from capital and related financing activities	
Increase Due to Board approved payment to Santa Clara Valley Health Plan	\$ -
 Cash flows from capital and related financing activities	
Purchases of capital assets	\$ (142,088)
 Cash flows from investing activities	
Interest income and other income, net	<u>\$ 30,361</u>
 Net (Decrease) increase in cash and cash equivalents	<u>\$ (20,159,246)</u>
 Cash and cash equivalents, beginning of year	<u>\$ 53,399,695</u>
 Cash and cash equivalents at August 31, 2012	<u>\$ 33,240,449</u>
 Reconciliation of operating income to net cash from operating activities	
Operating income (loss)	\$ (599,249)
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	\$ 116,884
Changes in operating assets and liabilities	
Premiums receivable	\$ (23,416,089)
Due from Santa Clara Family Health Foundation	\$ (14,449)
Prepays and other assets	\$ (33,014)
Accounts payable and accrued liabilities	\$ (121,652)
Capitation payable	\$ (409,259)
Employee benefit liabilities	\$ 5,074
Advance premium - Healthy Kids	\$ 3,776
Reserve for Rate Reductions (AB 97)	\$ 2,898,149
Incurred but not reported claims payable and risk share payments payable	<u>\$ 1,522,310</u>
Total adjustments	<u>\$ (19,448,269)</u>
Net cash from operating activities	<u>\$ (20,047,518)</u>

Santa Clara Family Health Plan Enrollment Summary

For the Month of August 2012

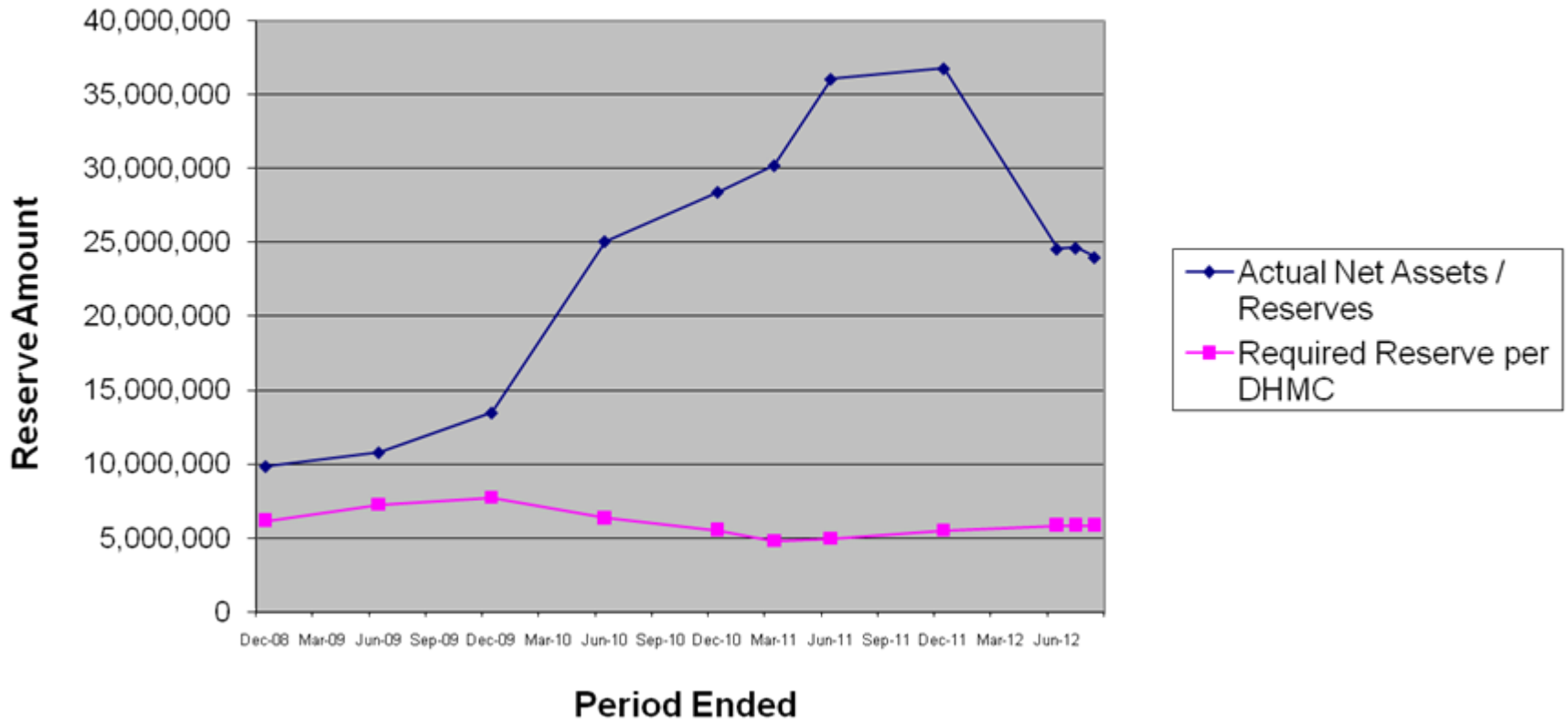
For Two Months Ending August 2012

	<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Prior Year Actual</u>	<u>% Change FY13 vs FY12</u>
Medi-Cal	115,652	115,664	(0.01%)	231,291	231,728	(0.19%)	216,243	6.96%
Healthy Families	16,686	16,964	(1.64%)	33,480	33,928	(1.32%)	34,703	(3.52%)
Healthy Kids	6,018	5,910	1.83%	12,135	11,905	1.93%	13,471	(9.92%)
Agnews	130	133	(2.26%)	258	266	(3.01%)	259	(0.39%)
Healthy Workers	<u>512</u>	<u>566</u>	<u>(9.54%)</u>	<u>1,012</u>	<u>1,107</u>	<u>(8.58%)</u>	<u>632</u>	<u>60.13%</u>
Total	<u>138,998</u>	<u>139,237</u>	<u>(0.17%)</u>	<u>278,176</u>	<u>278,934</u>	<u>(0.27%)</u>	<u>265,308</u>	<u>4.85%</u>

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

	12/31/2008	6/30/2009	12/31/2009	6/30/2010	12/31/2010	3/31/2011	6/30/2011	12/31/2011	6/30/2012	7/31/2012	8/31/2012
Actual Net Assets / Reserves	9,870,082	10,807,911	13,501,652	25,103,011	28,445,504	30,243,838	36,093,769	36,803,460	24,590,467	24,654,041	24,021,579
Required Reserve per DHMC	6,198,000	7,285,000	7,737,000	6,388,000	5,591,000	4,851,000	4,996,000	5,558,000	5,901,000	5,901,000	5,901,000

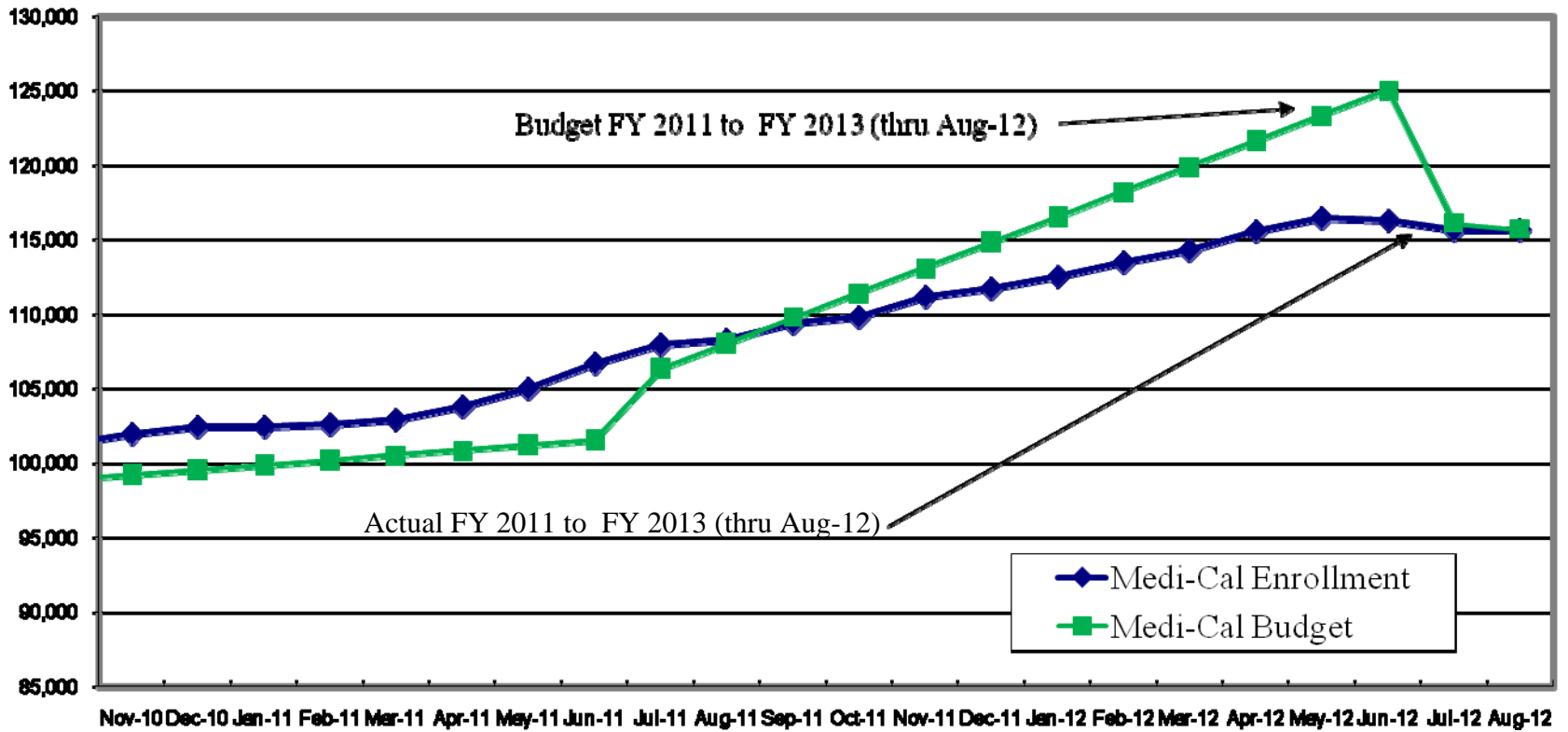
TNE Actual vs. Required



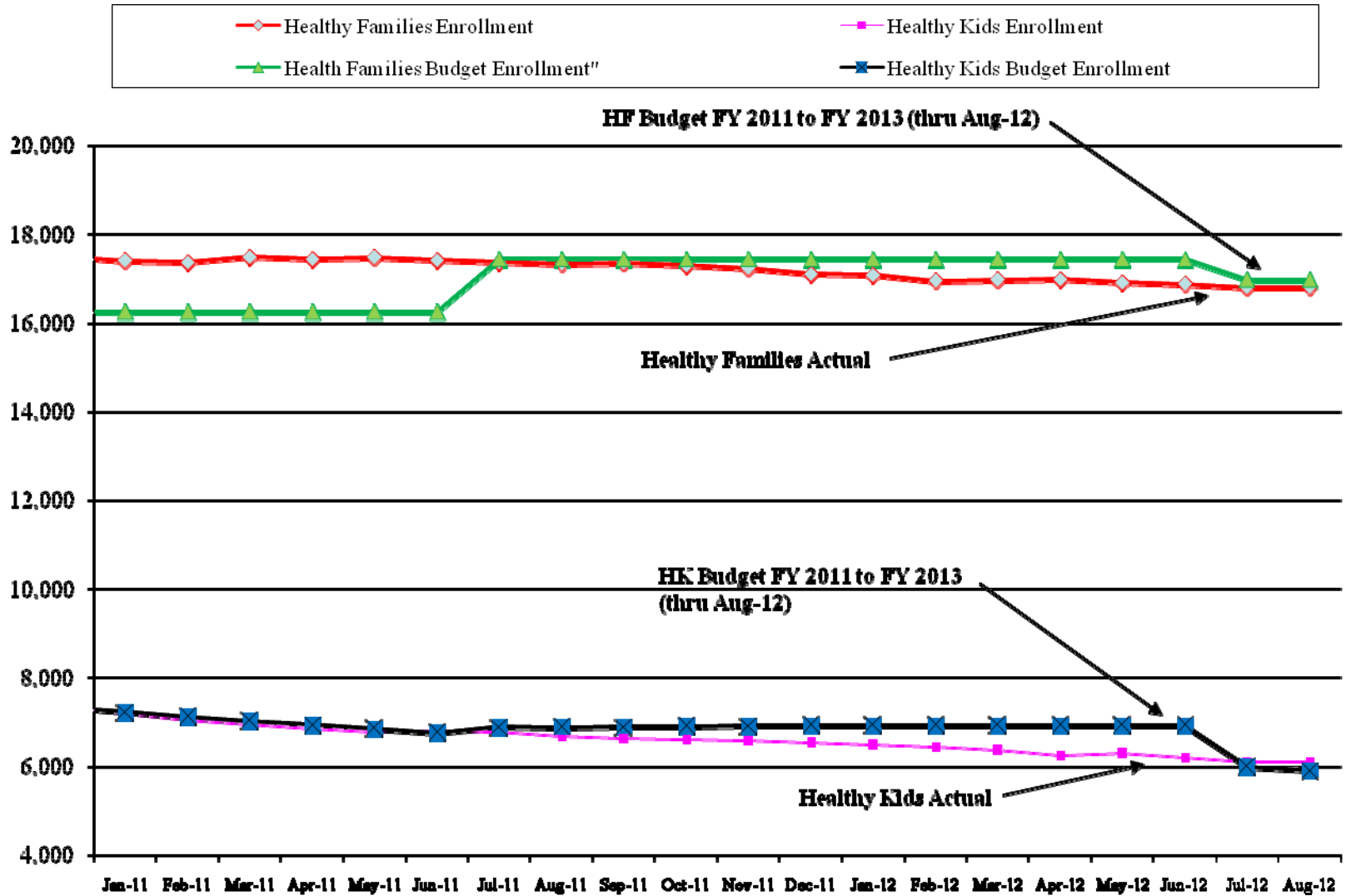
Enrollment Summary by Network
August 2012

	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	9,413	8%	761	5%	180	3%	130	100%	0	0%	10,484	8%
Network 2: SCVHHS, Safety Net Clinics, FQHC Clinics, Palo Medical Foundation Physicians Medical Group	58,939	51%	5,716	34%	4,167	69%	0	0%	512	100%	69,334	50%
Premier Care	2,618	2%	732	4%	72	1%	0	0%	0	0%	3,422	2%
Kaiser	27,581	24%	7,576	45%	1,461	24%	0	0%	0	0%	36,618	26%
Community Clinics	8,094	7%	1,901	11%	138	2%	0	0%	0	0%	10,133	7%
Total	9,007	8%	0	0%	0	0%	0	0%	0	0%	9,007	6%
	<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>
	<u>115,652</u>	<u>100%</u>	<u>16,686</u>	<u>100%</u>	<u>6,018</u>	<u>100%</u>	<u>130</u>	<u>100%</u>	<u>512</u>	<u>100%</u>	<u>138,998</u>	<u>100%</u>
Enrollment @ 6-30-12	-	-	-	-	-	-	-	-	-	-	-	-
Net % Change from Beginning of FY	<u>116,329</u>	-	<u>16,873</u>	-	<u>6,217</u>	-	<u>129</u>	-	<u>486</u>	-	<u>140,034</u>	-
	<u>-0.58%</u>	-	<u>-1.11%</u>	-	<u>-3.20%</u>	-	<u>0.78%</u>	-	<u>5.35%</u>	-	<u>-0.74%</u>	-

SCFHP Medi-Cal Enrollment



SCFHP Healthy Families and Healthy Kids Enrollment





Santa Clara
Family Health Plan

The Spirit of Care

Financial Statements
For Three Months Ended
September 2012
(Unaudited)

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Santa Clara Family Health Plan CFO Finance Report

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

Summary of Financial Results

For the month of September 2012, SCFHP recorded an operating loss of \$138 thousand compared to a budgeted operating loss of \$581 thousand, resulting in a favorable variance from budget of \$444 thousand. For year to date September 2012, SCFHP recorded an operating loss of \$706 thousand compared to a budgeted operating loss of \$2.0 million, resulting in a favorable variance from budget of \$1.2 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
Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance \$	Variance %		Actual	Budget	Variance \$	Variance %
\$ 21,466,338	\$ 21,412,333	\$ 54,005	0.3%	Revenue	\$ 64,612,800	\$ 64,410,052	\$ 202,748	0.3%
20,117,411	20,427,252	309,841	1.5%	Medical Expense	60,668,890	61,455,342	786,452	1.3%
1,348,927	985,082	363,846	37%	Gross Margin	3,943,910	2,954,710	989,200	33%
1,472,846	1,543,091	70,246	4.6%	Administrative Expense	4,600,410	4,839,200	238,790	4.9%
(123,918)	(558,010)	434,092	78%	Net Operating Income	(656,500)	(1,884,490)	1,227,990	65%
(13,683)	(23,333)	9,650	41%	Non-Operating Income/Exp	(49,989)	(70,000)	20,011	29%
\$ (137,601)	\$ (581,343)	\$ 443,742	76%	Operating Surplus/(Loss)	\$ (706,489)	\$ (1,954,490)	1,248,001	64%

Revenue

The Health Plan recorded net revenue of \$21.5 million for the month of September 2012, compared to budgeted revenue of \$21.4 million, resulting in an favorable variance from budget of \$54 thousand, or 0.3%. For September 2012 year to date net revenue was \$64.6 million, compared to budgeted revenue of \$64.4 million, resulting in an favorable variance from budget of \$203 thousand, or 0.3%.

In fiscal year 2012, on October 27, 2011, 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.

Note: On February 1, 2012, the US District Court filed a preliminary injunction to block the rate cuts. In response, DHCS indicated they would appeal the decision. Since it is still law we will not make any changes to our accounting treatment until this is resolved.

Pending resolution of AB97 and issuance of new year's rates, DMHC has continued to pay the plan at rates that were in effect through Sep 2011. Drafts for new rates for the year Oct 2012 through Sep 2013 were received in September 2012.

A Statistical and Financial Summary for all lines of business is included on page 8 of this report.

Member Months

For the month of September 2012, overall member months were below budget by 501 members, or -0.4%. For year to date September 2012, overall member months were below budget by 1,259 members, or -0.3%.

Compared to the end of the prior fiscal year, 6/30/2012, membership in Medi-Cal declined by 1.0%. Membership in the Healthy Families and Healthy Kids programs also declined, by 1.5% and 4.7%, respectively, since 6/30/2012. Member months and changes from prior year are summarized on Page 10.

Medical Expenses

For the month of September 2012, medical expense was \$20.1 million compared to budget of \$20.4 million, resulting in a favorable budget variance of \$310 thousand, or 1.5%. For year to date September 2012, medical expense was \$60.7 million compared to budget of \$61.5 million, resulting in a favorable budget variance of \$786.5 thousand, or 1.3%. Pharmacy costs have trended higher than budget for the month and year to date; this has been offset by lower than expected inpatient costs for the same time period.

Administrative Expenses

Overall administrative costs were under budget by \$70 thousand (-4.6%), and \$239 thousand (-4.9%), for month 2012 and year to date September 2012, respectively.

Administrative expenses were 6.9% and 7.1% of revenues for the month of September and year to date September 2012, respectively.

Balance Sheet (Page 6)

Current assets at September 30, 2012 totaled \$76.7 million compared to current liabilities of \$53.9 million, yielding a current ratio (the ratio of current assets to current liabilities) of 1.4:1 as of September 30, 2012. Working capital decreased \$461.1 thousand for the three month year-to-date period ended September 30, 2012.

Cash as of September 30, 2012, decreased by \$6.3 million from the cash balance as of year-end June 30, 2012. Net receivables increased by \$23.7 million during the same three-month period.

Both cash and liabilities are \$10.4 million higher than normal because as of September 30 they included an amount for intra-governmental transfer (“IGT”) payable to Santa Clara Valley Medical Center (“SCVMC”). The “IGT” was paid in October, and had the effect of temporarily increasing current liabilities, and lowering the current ratio. The remaining increase in liabilities is mostly due to \$4.4 million accrued to date for reserve for Medi-Cal revenue rate reduction.

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. For the FY 2012 the excess funds for future Healthy Kids premiums is \$710,588.

Capital Expenses increased by \$142 thousand for the three months ended September 30, 2012.

Tangible Net Equity

Tangible net equity (TNE) was \$23.5 million at September 30, 2012, compared to the minimum TNE required by the Department of Managed Health Care (DMHC) of \$5.9 million (per last filing for quarter ended 06-30-12).

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 September 30, 2012, the Plan’s reserves are about \$14.9 million below this reserves target (see calculation below).

Calculation of targeted reserves as of September 30, 2012:

Estimate of two months’ capitation (Sep-2012 Medi-Cal Capitation of \$18,667,000 X 2 = \$ 37,334,000)	\$ 37,334,000
Less: Unrestricted Net Equity per balance sheet	<u>\$ 22,478,000</u>
Approximate reserves below target	<u>\$ 14,856,000</u>

**Santa Clara County Health Authority
Balance Sheet**

	<u>9/30/2012</u>	<u>8/31/2012</u>	<u>7/31/2012</u>	<u>6/30/2012</u>
Assets				
Current Assets				
Cash and Marketable Securities	\$ 47,128,253	\$ 33,240,449	\$ 32,907,875	\$ 53,399,695
Premiums Receivable	28,811,439	28,521,992	27,572,558	5,105,903
Due from Santa Clara Family Health Foundation - net	40,850	49,078	71,759	34,629
Prepaid Expenses and Other Current Assets	<u>688,010</u>	<u>749,707</u>	<u>782,378</u>	<u>716,693</u>
Total Current Assets	76,668,552	62,561,225	61,334,570	59,256,920
Long Term Assets				
Equipment	6,462,870	6,462,870	6,443,861	6,320,782
Less: Accumulated Depreciation	<u>(5,743,830)</u>	<u>(5,685,375)</u>	<u>(5,626,696)</u>	<u>(5,568,491)</u>
Total Long Term Assets	<u>719,040</u>	<u>777,495</u>	<u>817,165</u>	<u>752,291</u>
Total Assets	<u>\$ 77,387,591</u>	<u>\$ 63,338,721</u>	<u>\$ 62,151,735</u>	<u>\$ 60,009,211</u>
Liabilities and Net Assets				
Liabilities				
Trade Payables	\$ 13,890,426	\$ 1,956,808	\$ 2,451,950	\$ 2,145,127
Employee Benefits	748,653	739,807	756,747	734,733
Retirement Obligation per GASB 45	100,001	66,667	33,334	-
Due to Santa Clara County Valley Health Plan	2,568,254	2,736,364	2,895,520	3,145,623
Advance Premium - Healthy Kids	63,331	65,295	63,107	61,520
QIF Fees Payable	-	-	-	-
AB 97 Provider Reductions	17,002,208	15,548,970	14,098,865	12,650,821
Medical Cost Reserves	<u>19,512,632</u>	<u>18,585,122</u>	<u>17,580,062</u>	<u>17,062,812</u>
Total Liabilities	53,885,505	39,699,033	37,879,585	35,800,635
Net Assets / Reserves				
Invested in Capital Assets	719,040	777,495	817,165	752,291
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Board Designated Reserve - Healthy Kids	-	-	-	-
Unrestricted Net Equity	23,184,186	23,125,731	23,086,061	35,036,128
Current YTD Income (Loss)	<u>(706,489)</u>	<u>(568,888)</u>	<u>63,575</u>	<u>(11,885,193)</u>
Net Assets / Reserves	<u>23,502,086</u>	<u>23,639,688</u>	<u>24,272,151</u>	<u>24,208,576</u>
Total Liabilities and Net Assets	<u>\$ 77,387,591</u>	<u>\$ 63,338,721</u>	<u>\$ 62,151,735</u>	<u>\$ 60,009,211</u>

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

For the Month of September 2012

For Three Months Ending September 2012

	Actual	% of Revenue	Budget	% of Revenue	Variance	Actual	% of Revenue	Budget	% of Revenue	Variance
REVENUES										
MEDI-CAL	\$ 19,430,478	90.5%	\$ 19,427,513	90.7%	\$ 2,965	\$ 58,461,869	90.5%	\$ 58,463,078	90.8%	\$ (1,209)
HEALTHY FAMILIES	1,154,295	5.4%	1,155,757	5.4%	(1,462)	3,478,720	5.4%	3,467,272	5.4%	11,448
HEALTHY KIDS	582,310	2.7%	591,155	2.8%	(8,846)	1,796,322	2.8%	1,782,855	2.8%	13,467
AGNEWS	174,000	1.6%	104,932	0.5%	69,068	522,209	1.3%	314,797	1.4%	207,412
HEALTHY WORKERS	<u>125,255</u>	<u>0.6%</u>	<u>132,975</u>	<u>0.6%</u>	<u>(7,720)</u>	<u>353,680</u>	<u>0.5%</u>	<u>382,050</u>	<u>0.6%</u>	<u>(28,370)</u>
TOTAL REVENUE	21,466,338	100.8%	21,412,333	100.0%	54,005	64,612,800	100.5%	64,410,052	100.9%	202,748
MEDICAL EXPENSES										
MEDI-CAL	18,351,107	85.5%	18,755,604	87.6%	404,497	55,900,827	86.5%	56,446,464	87.6%	545,637
HEALTHY FAMILIES	1,088,190	5.1%	975,685	4.6%	(112,504)	2,759,777	4.3%	2,927,055	4.5%	167,278
HEALTHY KIDS	512,278	2.4%	480,640	2.2%	(31,639)	1,494,842	2.3%	1,452,425	2.3%	(42,417)
AGNEWS	48,250	0.2%	84,753	0.4%	36,503	215,850	0.0%	254,259	0.0%	38,409
HEALTHY WORKERS	<u>117,586</u>	<u>0.5%</u>	<u>130,570</u>	<u>0.6%</u>	<u>12,984</u>	<u>297,594</u>	<u>0.0%</u>	<u>375,139</u>	<u>0.0%</u>	<u>77,545</u>
TOTAL MEDICAL EXPENSES	20,117,411	93.7%	20,427,252	95.4%	309,841	60,668,890	93.1%	61,455,342	94.4%	786,452
MEDICAL OPERATING MARGIN	1,348,927	6.3%	985,082	4.6%	363,846	3,943,910	6.1%	2,954,710	4.6%	989,200
ADMINISTRATIVE EXPENSES										
SALARIES AND BENEFITS	915,429	4.3%	991,315	4.6%	75,886	2,952,852	4.6%	3,183,871.87	4.9%	231,019
RENTS AND UTILITIES	92,270	0.4%	104,659	0.5%	12,389	300,258	0.5%	313,978.11	0.5%	13,720
PRINTING AND ADVERTISING	(3,964)	0.0%	14,258	0.1%	18,222	37,993	0.1%	42,775.00	0.1%	4,782
INFORMATION SYSTEMS	77,922	0.4%	80,159	0.4%	2,237	250,571	0.4%	240,475.75	0.4%	(10,095)
PROF FEES / CONSULTING / TEMP STAFFING	196,262	0.9%	159,283	0.7%	(36,979)	499,007	0.8%	477,850.00	0.7%	(21,157)
DEPRECIATION / INSURANCE / EQUIPMENT	80,281	0.4%	78,583	0.4%	(1,698)	245,559	0.4%	235,750.00	0.4%	(9,809)
OFFICE SUPPLIES / POSTAGE / TELEPHONE	57,026	0.3%	57,150	0.3%	124	157,982	0.2%	171,450.00	0.3%	13,468
MEETINGS / TRAVEL / DUES	54,960	0.3%	51,092	0.2%	(3,868)	142,010	0.2%	153,274.50	0.2%	11,265
OTHER	<u>2,658</u>	<u>0.0%</u>	<u>6,592</u>	<u>0.0%</u>	<u>3,933</u>	<u>14,178</u>	<u>0.0%</u>	<u>19,775.00</u>	<u>0.0%</u>	<u>5,597</u>
TOTAL ADMINISTRATIVE EXPENSES	1,472,846	6.9%	1,543,091	7.2%	70,246	4,600,410	7.1%	4,839,200	7.5%	238,790
OPERATING SURPLUS (LOSS)	(123,918)	-0.6%	(558,010)	-2.6%	434,092	(656,500)	-1.0%	(1,884,490)	-2.9%	1,227,990
GASB 45-POST EMPLOYMENT BENEFITS EXPENSE	(33,334)	-0.2%	(33,333)	-0.2%	(0)	(100,001)	0.0%	(100,000)	0.0%	(1)
INTEREST INCOME	19,650	0.1%	10,000	0.0%	9,650	50,011	0.1%	30,000	0.0%	20,011
NET INCOME (LOSS) FINAL	\$ (137,601)	-0.6%	\$ (581,343)	-2.7%	\$ 443,742	\$ (706,489)	-1.1%	\$ (1,954,490)	-3.0%	\$ 1,248,001

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

THREE MONTHS ENDED SEPTEMBER 30, 2012

	Medi-Cal	Healthy Families	Healthy Kids	Agnews	Healthy Workers	Grand Total
P&L (ALLOCATED BASIS)						
REVENUE	\$58,461,869	\$3,478,720	\$1,796,322	\$522,209	353,680	\$64,612,800
MEDICAL EXPENSES	55,900,827	2,759,777	1,494,842	215,850	297,594	\$60,668,890
GROSS MARGIN	2,561,042	718,943	301,480	306,359	56,086	\$3,943,910
ADMINISTRATIVE EXPENSES	3,826,478	553,236	199,436	4,285	16,975	\$4,600,410
(indirect costs subject to % MM allocation)						
OPERATING INCOME/(LOSS)	(1,265,436)	165,707	102,044	302,074	39,111	(656,500)
OTHER INCOME/EXPENSE (% of mm Allocation)	(41,580)	(6,012)	(2,167)	(47)	(184)	(49,989)
NET INCOME/ (LOSS)	<u>(\$1,307,015)</u>	<u>\$159,695</u>	<u>\$99,877</u>	<u>\$302,028</u>	<u>\$38,927</u>	<u>(\$706,489)</u>
PMPM ALLOCATED P&L:						
REVENUE	\$168.74	\$69.45	\$99.48	\$1,345.90	\$230.11	\$155.12
MEDICAL EXPENSES	161.34	55.09	82.78	556.31	193.62	145.65
GROSS MARGIN	7.39	14.35	16.70	789.59	36.49	9.47
ADMINISTRATIVE EXPENSSES	11.04	11.04	11.04	11.04	11.04	11.04
OPERATING INCOME/(LOSS)	(3.65)	3.31	5.65	778.54	25.45	(1.58)
OTHER INCOME / (EXPENSE)	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)
NET INCOME / (LOSS)	<u>(\$3.77)</u>	<u>\$3.19</u>	<u>\$5.53</u>	<u>\$778.42</u>	<u>\$25.33</u>	<u>(\$1.70)</u>
ALLOCATION BASIS:						
MEMBER MONTHS - Month and YTD	346,470	50,093	18,058	388	1,537	416,546
% of Member Months	83.18%	12.03%	4.34%	0.09%	0.37%	100.00%

Santa Clara Family Health Plan
Statement of Cash Flows
For Three Months Ended September 30, 2012

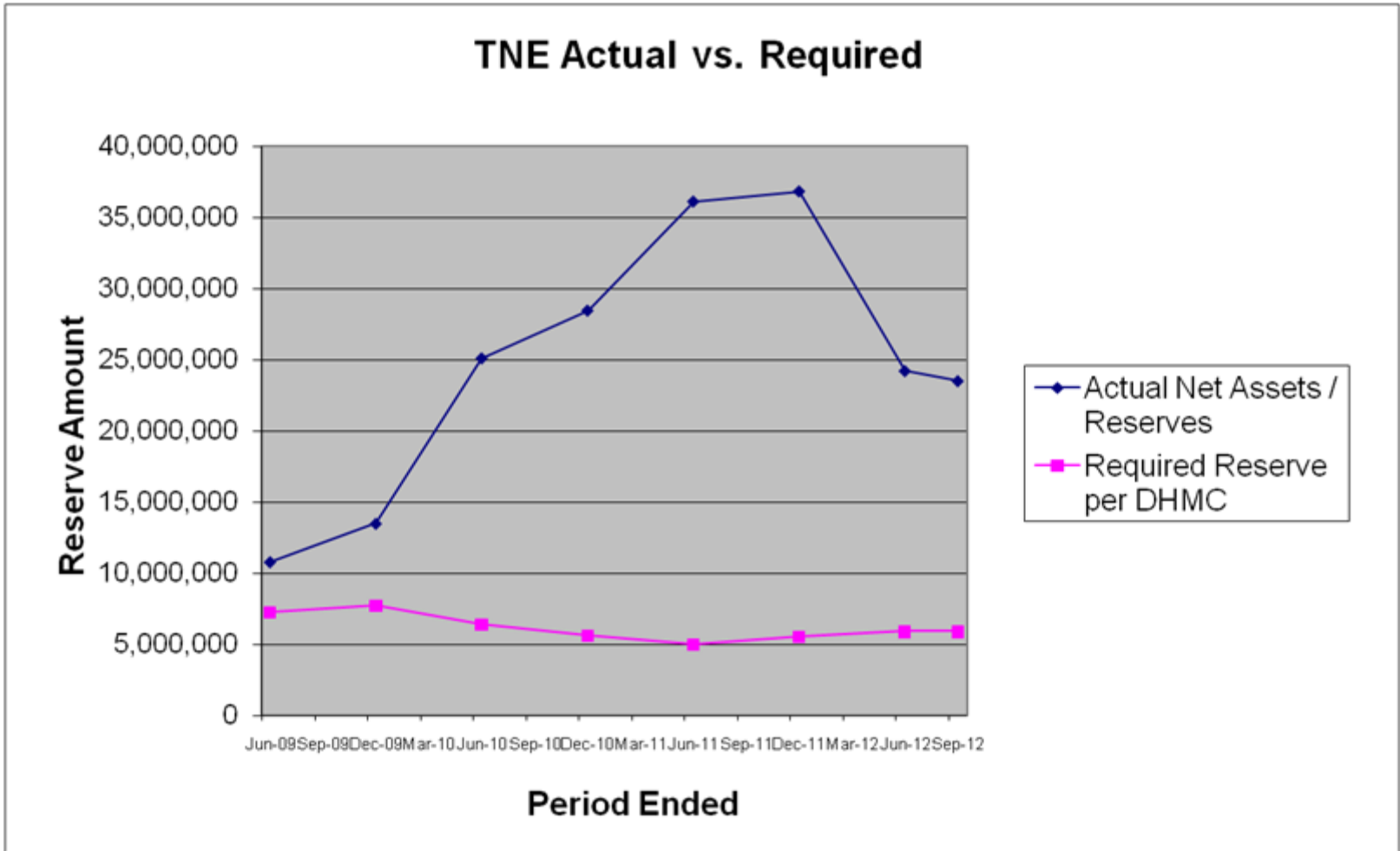
Cash flows from operating activities	
Premiums received	\$ 45,254,241
Medical expenses paid	\$ (58,796,438)
Administrative expenses paid	<u>\$ 7,362,832</u>
Net cash from operating activities	\$ (6,179,365)
 Cash flows from capital and related financing activities	
Increase Due to Board approved payment to Santa Clara Valley Health Plan	\$ -
 Cash flows from capital and related financing activities	
Purchases of capital assets	\$ (142,088)
 Cash flows from investing activities	
Interest income and other income, net	<u>\$ 50,011</u>
 Net (Decrease) increase in cash and cash equivalents	<u>\$ (6,271,443)</u>
 Cash and cash equivalents, beginning of year	<u>\$ 53,399,695</u>
 Cash and cash equivalents at September 30, 2012	<u>\$ 47,128,253</u>
 Reconciliation of operating income to net cash from operating activities	
Operating income (loss)	\$ (756,500)
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	\$ 175,340
Changes in operating assets and liabilities	
Premiums receivable	\$ (23,705,537)
Due from Santa Clara Family Health Foundation	\$ (6,221)
Prepays and other assets	\$ 28,683
Accounts payable and accrued liabilities	\$ 11,845,300
Capitation payable	\$ (577,369)
Employee benefit liabilities	\$ 13,920
Advance premium - Healthy Kids	\$ 1,811
Reserve for Rate Reductions (AB 97)	\$ 4,351,387
Incurred but not reported claims payable and risk share payments payable	<u>\$ 2,449,821</u>
Total adjustments	<u>\$ (5,422,865)</u>
Net cash from operating activities	<u>\$ (6,179,365)</u>

Santa Clara Family Health Plan Enrollment Summary

	For the Month of September 2012			For Three Months Ending September 2012				
	<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Prior Year Actual</u>	<u>% Change FY13 vs FY12</u>
Medi-Cal	115,179	115,295	(0.10%)	346,470	347,023	(0.16%)	325,636	6.40%
Healthy Families	16,613	16,964	(2.07%)	50,093	50,892	(1.57%)	52,058	(3.77%)
Healthy Kids	5,923	5,888	0.59%	18,058	17,793	1.49%	20,116	(10.23%)
Agnews	130	133	(2.26%)	388	399	(2.76%)	389	(0.26%)
Healthy Workers	<u>525</u>	<u>591</u>	<u>(11.17%)</u>	<u>1,537</u>	<u>1,698</u>	<u>(9.48%)</u>	<u>984</u>	<u>56.20%</u>
Total	<u>138,370</u>	<u>138,871</u>	<u>(0.36%)</u>	<u>416,546</u>	<u>417,805</u>	<u>(0.30%)</u>	<u>399,183</u>	<u>4.35%</u>

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

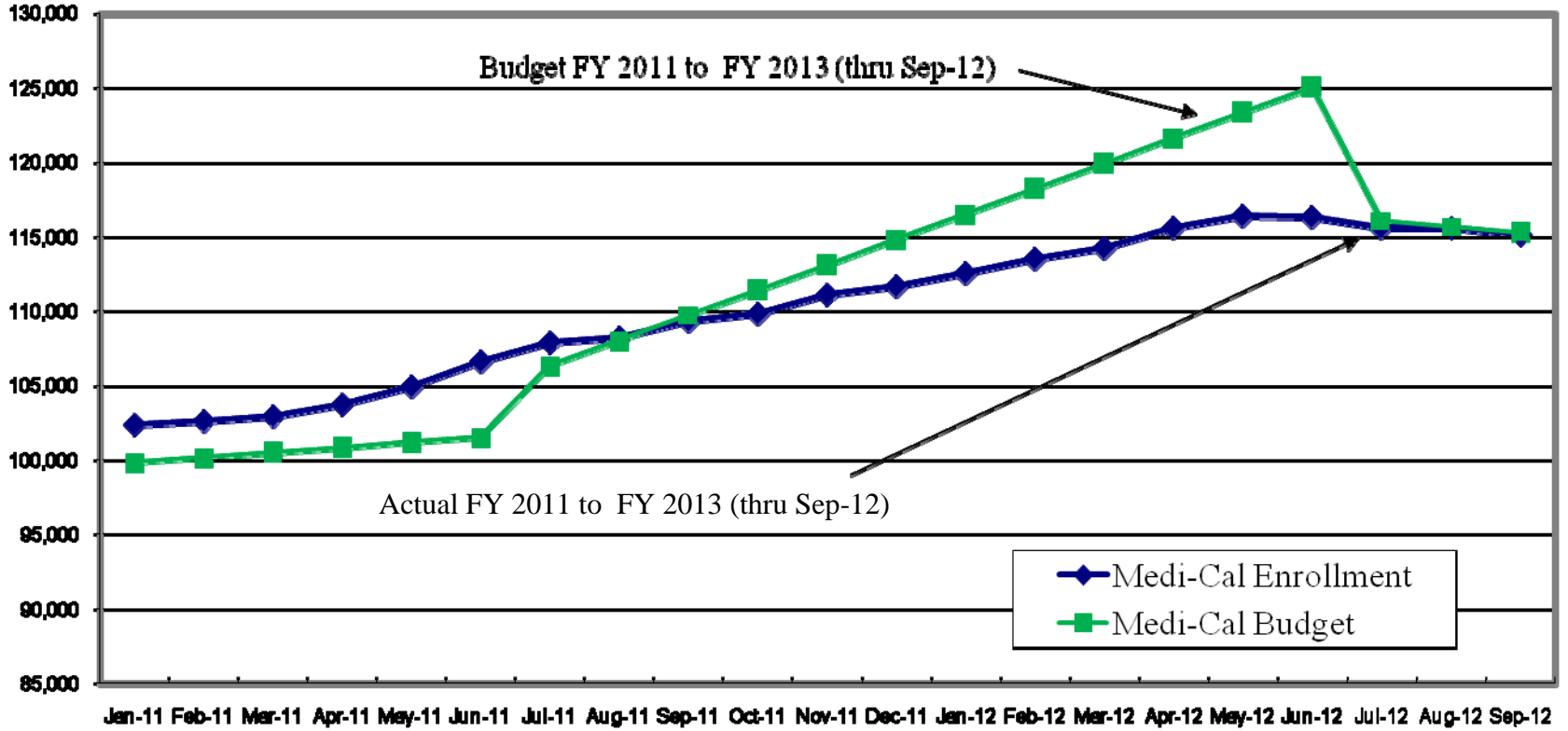
	<u>6/30/2009</u>	<u>12/31/2009</u>	<u>6/30/2010</u>	<u>12/31/2010</u>	<u>6/30/2011</u>	<u>12/31/2011</u>	<u>6/30/2012</u>	<u>9/30/2012</u>
Actual Net Assets / Reserves	10,807,911	13,501,652	25,103,011	28,445,504	36,093,769	36,803,460	24,208,576	23,502,086
Required Reserve per DHMC	7,285,000	7,737,000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



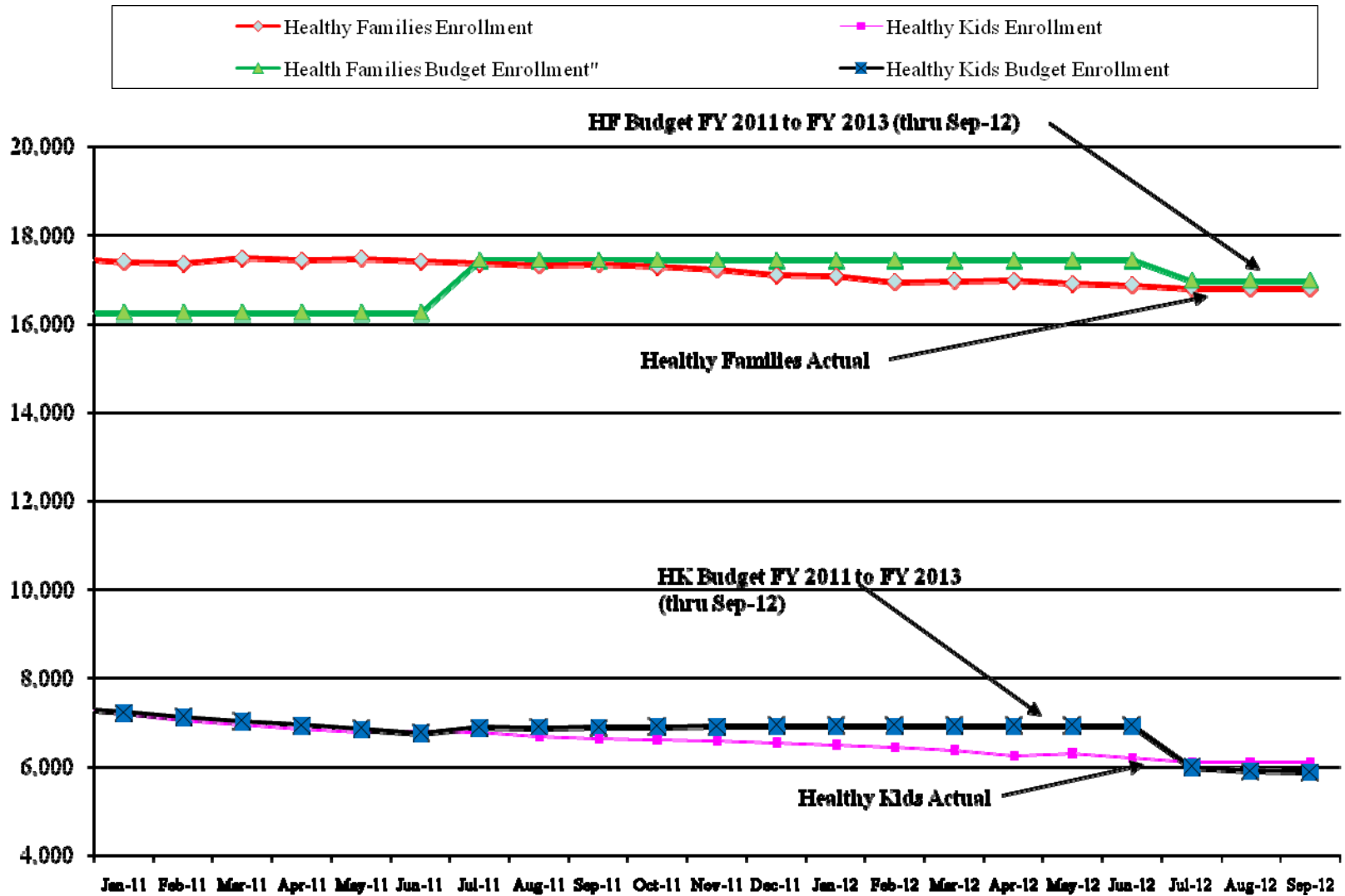
**Santa Clara County Health Authority
Enrollment Summary by Network
September 2012**

	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	9,286	8%	766	5%	171	3%	130	100%	0	0%	10,353	7%
Network 2: SCVHHS, Safety Net Clinics, FQHC Clinics, Palo Medical Foundation Physicians Medical Group Premier Care Kaiser Community Clinics	58,749 2,561 27,483 8,098 9,002 0	51% 2% 24% 7% 8% 0%	5,714 705 7,534 1,894 0 0	34% 4% 45% 11% 0% 0%	4,122 69 1,420 141 0 0	70% 1% 24% 2% 0% 0%	0 0 0 0 0 0	0% 0% 0% 0% 0% 0%	525 0 0 0 0 0	100% 0% 0% 0% 0% 0%	69,110 3,335 36,437 10,133 9,002 0	50% 2% 26% 7% 7% 0%
Total	<u>115,179</u>	<u>100%</u>	<u>16,613</u>	<u>100%</u>	<u>5,923</u>	<u>100%</u>	<u>130</u>	<u>100%</u>	<u>525</u>	<u>100%</u>	<u>138,370</u>	<u>100%</u>
Enrollment @ 6-30-12	-	-	-	-	-	-	-	-	-	-	-	-
Net % Change from Beginning of FY	<u>-0.99%</u>		<u>-1.54%</u>		<u>-4.73%</u>		<u>0.78%</u>		<u>8.02%</u>		<u>-1.19%</u>	

SCFHP Medi-Cal Enrollment



SCFHP Healthy Families and Healthy Kids Enrollment



Santa Clara Family Health Plan Governance Board Activity Report November 2012

Medicare Dual Demonstration

SCFHP has applied for the Medicare Dual Demonstration project. We have submitted all applications and we are waiting for CMS approval. As part of the CMS approval process SCFHP will go through a full scope Federal audit sometime between January 15, 2013 and February 28, 2013. We have not been notified of our audit date as of yet.

As part of the application process, SCFHP received a two year accreditation on our Model of Care from NCQA, CMS and the State. The Model of Care explains in detail how SCFHP will care for our members in the demonstration. SCFHP received the second highest accreditation possible. As we begin to care for Medicare patients and have case studies available we hope to receive a three year accreditation when the two year accreditation ends.

SCFHP is still waiting for the final rules and payment methodology to be published. DHCS has stated that the new rules governing the dual demonstration and the payment rates will be released on or before December 31, 2013. Once these are made public our actuaries and operations teams will begin full scale implementation, assuming the payment methodology makes the program viable long term. SCFHP will present a Medicare pro-forma for Board approval in the first quarter of 2013.

Healthy Families Transition

Santa Clara Family Healthy Families members will transition into Medi-Cal on January 1, 2012. The transition for Santa Clara Family Health Plan appears to be seamless for members as of right now. We currently have seven Healthy Families exclusive primary care providers that are considering accepting Medi-Cal contracts. These seven providers see 438 Healthy Families members out of the 16,600 enrolled in SCFHP, or 2.6% of the enrolled population. SCFHP has started calling all 438 members helping them transition to a new primary care physician as of January 1, 2013. SCFHP will also follow up with an approved DHCS letter to these 438 members about their transition to a new provider on January 1, 2013.

Chief Operations Officer Department Dashboard

DHCS has started their communication to members about the transition into Medi-Cal. Members received letters on November 1, 2013, and will again receive letters from DHCS on December 1, 2013. SCFHP started receiving phone calls from members on November 1, 2013 about the letters. With the exception of the 438 members that we are calling individually and following up with a letter, we are assuring the other 16,162 members that they will not need to take any action during this transition.

Member Services Department

- Total inbound queue calls: October 2012 = 12,175 calls (48% decrease from October 2011 – 12,234)
- Total Time to answer – All languages: October 2012 = 25 seconds (25% increase from October 2011 – 20 seconds)
- Abandonment Rate: October 2012 = 4.5% (up from 4.3% from October 2011)

Eligibility and Enrollment Department

- Healthy Kids Renewal Applications in October: 293 packets mailed
- Healthy Kids Renewal Applications Activity in October: 290 renewal applications processed
- Healthy Kids Renewal Applications Families Transitioned to MC /HFP: 19 Families and 29 Children

Membership Accounting

	October 2012	October 2011	Change
Medi-Cal	115,699	109,834	5.3% increase
Healthy Families	16,604	17,295	3.9% decrease
Healthy Kids	5,843	6,624	11.8% decrease
Agnews	130	130	No Change
Healthy Workers	545	364	49.7 % increase
Total	138,821	134,247	3% increase

Outreach Department

- Health Kids and Healthy Families new applications completed*:
 - October 2012: 172 applications for 264 children
 - October 2011: 148 applications for 227 children

- Health Kids and Healthy Families renewal applications completed*:
 - October 2012: 115 renewal applications for 186 children
 - October 2011: 114 renewal applications for 205 children

** Includes Hacienda and AAC Locations*

Outreach – Application Activity

TOTAL Oct 2012	Number of New Applications	Number of Children	Plan Selection SCFHP	BC	Kaiser	Status Approved	Status Denied	Status Pending	Status FWD MC
Healthy Kids	54	69	54	0	0	35	3	16	0
Healthy Families	99	167	82	1	16	69	0	28	2
Medi-Cal Children	16	24	0	0	0	8	0	8	0
Medi-Cal Adult	0	0	0	0	0	0	0	0	0
Kaiser	3	4	0	0	3	0	0	3	0
Total	172	264	136	1	19	112	3	55	2

Outreach – Renewal Application Activity

TOTAL Oct 2012	Number of Renewals	Number of Children	Plan Selection SCFHP	BC	Kaiser	Status Approved	Status Denied	Status Pending	Status FWD MC
Healthy Kids	35	46	35	0	0	34	0	1	0
Healthy Families	78	138	65	3	10	49	1	23	5
Medi-Cal Children	1	1	1	0	0	0	0	1	0
Medi-Cal Adult	0	0	0	0	0	0	0	0	0
Kaiser	1	1	0	0	1	0	0	1	0
Total	115	186	101	3	11	83	1	26	5

New and renewal application outcome - Percentage selected SCFHP

	Oct 2011	Nov 2011	Dec 2011	Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012	Jul 2012	Aug 2012	Sept 2012	Oct 2012
New Applicatio n	64.9 %	73.8 %	66.4 %	75.9 %	74.3 %	73.3 %	73.8 %	79.1 %	85.3 %	80.4 %	80.3 %	81.6 %	79%
Renewal Applicatio n	86.8 %	84.3 %	83.9 %	78.6 %	93.5 %	84.8 %	84.8 %	85.9 %	84.6 %	93.4 %	94.6 %	94%	87.8 %

*Other Health Plan choices are Blue Cross or Kaiser Child Health Plan

Business Development

Healthy Workers Program

Enrollment as of November 1, 2012

- Total
 - 252 Groups
 - 552 Individuals
- New
 - Groups – 9
 - Members – 21 total (17 from new groups; 2 additions to enrolled groups; 2 reinstated)
- Terms
 - Groups – 3
 - Members – 12

Marketing

SCFHP in conjunction with VMC and Community Health Partnership (CHP) jointly created an in-reach enrollment flier to help drive enrollment into the LIHP and Healthy Kids. SCFHP drafted the flier and working in partnership with VMC and CHP edited the flier into its final form. Currently, the in-reach flier is being piloted at two sites, the VMC Bascom Clinic and Planned Parenthood on Blossom Hill. The pilot phase began on November 15, 2013 and will continue for 30-60 days. After this initial piloting phase SCFHP, VMC and CHP will adjust the flier as needed and expand the use of the flier to all VMC and Community Clinics as needed.

Claims Department

CLAIMS RECEIVED 2012 (VOLUME)

1ST Quarter: 70,151

2nd Quarter: 73,067

Chief Operations Officer Department Dashboard

3rd Quarter: 79,738

AUTO ADJUDICATION PERCENTAGE

1ST Quarter: 63%

2nd Quarter: 63%

3rd Quarter: 67%

PERCENTAGE OF CLAIMS RECEIVED ELECTRONICALLY (EDI)

1ST Quarter: 57%

2nd Quarter: 58%

*3rd Quarter: 64% (October: 80%)

ANALYST PRODUCTIVITY (# OF CLAIMS PROCESSED)

1ST Quarter: 27,781

2nd Quarter: 27,762

3rd Quarter: 28,781

NUMBER OF PENDED CLAIMS AT END OF QUARTER

1st Quarter: 1361

2nd Quarter: 1114

3rd Quarter: 4410

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

1ST Quarter: 100%

2nd Quarter: 100%

3rd Quarter: 100%

Pharmacy Department

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- Prescription type: 86.3 % generic; 13.7 % brand
- Prior Authorizations Activity: 743 Approved; 273 Withdrawn; 12 Denied
- 97% compliant with turnaround times (within 24 hours upon receipt of the PA)

September 2012

Per Member Per Month (PMPM) for volume and cost by line of business:

Line of Business	# Rx	Amount Paid	Member Months (excludes Kaiser)	# Rx PMPM	\$ PMPM
<i>Medi-Cal</i>	81,459	\$2,701,551	106,177	0.6	\$19.89
<i>Healthy Families</i>	2,476	\$70,942	16,613	0.2	\$4.14
<i>Healthy Kids</i>	705	\$32,016	5,923	0.1	\$5.03

October 2012

Per Member Per Month (PMPM) for volume and cost by line of business:

Line of Business	# Rx	Amount Paid	Member Months (excludes Kaiser)	# Rx PMPM	\$ PMPM
<i>Medi-Cal</i>	89,511	\$3,084,621	106,630	0.8	\$28.83
<i>Healthy Families</i>	2,479	\$70,693	16,604	0.1	\$4.26
<i>Healthy Kids</i>	667	\$27,846	5,843	0.1	\$4.77

Medical Management Department

Quality:

The active Quality project is our childhood obesity prevention and education (COPE) program. The goal of this project is to increase provider education in documenting and evaluating the BMI of children and then educate the provider about interventions to help lower childhood obesity. SCFHP has set a baseline, we accomplished our interventions and measured our progress. Now we are beginning phase two with more interventions before we re-measure.

Baseline results of SCFHP COPE program was submitted and accepted by DHCS.

Baseline (CY2011) results were:

- 12% of eligible members attended the 5 Keys Program
- 5% of eligible members attended Packard Pediatric Weight Management Program
- 2% of eligible members attended Pediatric Healthy Lifestyle Center
- Overall 18.5% of eligible members attended at least one intervention in CY2011

Quality Management (QM) analyzed 2012 Swim Lesson Intervention:

- May 1, 2012, QM identified 439 members (ages 2-16) with a BMI greater than 85% from the COPE reporting tool.
- Member Services Representative completed an outreach to all 439 members (phone call or mail).
- Results: 232 registered and attended (53%)
207 offered but did not attend (47%)
- Six months after this intervention 96% of all targeted members are still currently enrolled.

QM is currently analyzing similar data on 2012 Martial Arts Classes and Nutrition Classes.

Health Education distributed the COPE brochure in over forty-five (45) offices July and August. The brochure is attached for your reference.

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SCFHP has also started a few programs that prompt members to receive the care they need.

- We have started the Text4Baby program. In the Text4Baby program expectant Mother’s receive text messages about prenatal and postnatal care depending on their due date.
- We have immunization reminder campaigns for children and flu vaccine programs for adults. Members receive post cards reminding them about necessary immunizations their child may need. For flu vaccines we started weekend programs with safety-net providers so adults do not have to take off work to receive their flu shot.
- We started a reminder program in conjunction with our vendor VSP for diabetic eye check ups. Diabetic members receive calls and post cards to remind them to get their retinal checks.

Statewide Collaborative Quality Improvement Program (QIP)

The Statewide QIP in 2012 studies hospital re-admission rates. This is an All Cause Re-admission Rate and the study follows HEDIS specific criteria. SCFHP is required to report SPD population separately in addition to our Medi-Cal members.

Santa Clara Family Health Plan’s baseline results show Santa Clara Family Health Plan’s All Cause Re-admission Rate is below average for SPD and Non-SPD population. Our rate being lower than the State-wide average shows how much effort our team has put into Case Management, Discharge Planning and IT system upgrades.

QM is convening a group of Providers from the hospital case management departments to assist in our Barrier Analysis, scheduled for December. QM is inviting Providers, Hospitalists, and Case Managers from SCVMC, OCH and RMC to participate.

Table 1

All Plan SPD Average	SCFHP SPD Average	All Plan Non SPD Average	SCFHP Non SPD Average	All Plan Total SPD and Non SPD Average	SCFHP Total SPD and Non SPD Average
15.14%	14.97%	9.19%	6.90%	11.96%	10.16%
All Plan SPD Low	All Plan SPD High	All Plan Non SPD Low	All Plan Non-SPD High	All Plan Total SPD and Non SPD Low	All Plan Total SPD and Non SPD High
9.06%	21.05%	4.99%	14.02%	7.59%	16.85%

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Utilization Management

CareNet 24 Nurse Advise Line

Total Number of Calls: October 2012 = 521

Top Calls by Symptoms in August

1. Cold Symptoms/Fever/Sore Throat
2. Cough
3. Rash
4. Vomiting
5. Diarrhea

October

Disposition	#	% of Total
Activate EMS 911	23	2%
See ED Immediately	131	13%
Call Provider	460	45%
CareNet provided Home/Self Care	250	25%
Information or Advice only	115	11%
No call backs after Multiple Attempts	37	4%
TOTAL	1016	100%

Community Based Adult Services (CBAS)

- SCFHP has 93 enrollees that do not qualify for CBAS, therefore are mandated for Enhanced Case Management for the first 30 months of enrollment
- CBAS eligible enrollment has increased to 394 as of 11/1/12
- UM currently has 63 new CBAS members going through full evaluation

Medical Management Department – Prior Authorization Totals and TAT Report

Line of Business : All Lines of
 Business Network 10 (MediCal only
 Network 40)
 End Date :
 10/31/2012
 Start Date :
 10/01/2012

Urgency	Under	%	Over	%	Incomplete	%	Total
Routine	356	92%	30	8%	0	0%	386
Urgent	41	89%	5	11%	0	0%	46
Retro	300	99%	0	0%	3	1%	303
TOTAL	735 *PA up 45% since 9/1						

Provider Services Department

PCP/Specialist Visits – 256 scheduled visits for September and October

PCP/Specialist Visits – 31 unscheduled visits which included:

- Billing Issues
- Drop-off Forms, CME Certificates
- Mental Health Training
- Delegation Questions

Facility Site Review (Part C)

- Completed 18 of scheduled visits

Coordinated Continuing Medical Education (CME) on Updates in field of Addiction Medicine

- 55 physicians and staff attended the CME

Delegation Oversight

SCFHP has completed its yearly delegation oversight audits. All delegated vendors have been audited in the following areas as applicable: credentialing, claims, utilization management, appeals and grievances, pharmacy, cultural and linguistics, provider services and timely access.

Compliance Department

➤ DHCS auto assignment for default enrollment

1. Prepared the second phase report to DHCS
2. Submitted the assignment rate and member assignment to safety net provider reports to DHCS

➤ DHCS March 2011 Member Rights Audit Follow-up Report

1. DHCS conducted a Conference call to follow up on the status of the finding of the March 2011 Member Rights/Program Integrity Unit Audit. The audit finding was that some provider offices did not discouraging the use of family and friends or minors as interpreters. The training provided by SCFHP Provider Services team was described to the DHCS representatives on the call. The training was described by DHCS as sufficient.

DHCS also asked for an update on SPD-related processes. This was a general follow up DHCS was doing with all plans and was not related to any SCFHP deficiency. This included whether or not cultural and sensitivity training on Seniors and Persons with Disabilities had been given to providers, provider staff and new and existing SCFHP staff. The other SPD issue had to do with Facility Site Reviews using DHCS' Part C review template. This measures the physical accessibility of provider offices. SPD cultural and sensitivity trainings were described to DHCS representatives on the phone. DHCS was told that specific metrics on the number of facility site reviews conducted and the SCFHP action plan to have the site reviews completed by spring 2013.

2. DHCS accepted verbal responses from SCFHP as compliant and these responses were submitted in a detailed written response. No further action needed at this time.

➤ Cultural Sensitivity Training to Providers

1. Revised the cultural sensitivity training presentations from the approved DHCS materials
2. Developed cultural sensitivity etiquette tips on how to work with SPDs who have visual, cognitive, intellectual, psychiatric, and physical disabilities

Chief Operations Officer Department Dashboard

3. Provided the etiquette tips to Provider Services for the 4th quarter provider training. The material will be distributed to providers during the onsite visit.
4. Coordinated with Provider Services and IT Departments to post the training on the SCFHP website under the provider portal.

➤ Grievance and Appeals

1. Total Processed = 55
 - Opened = 29
 - Closed = 17
 - In process = 35

2. Cases closed by LOB
 - Medi-Cal= 14 (12 SPD cases)
 - Healthy Families = 2
 - Healthy Kids = 1

3. Closed by Type
 - Medical Appeals = 8
 - Dissatisfaction of Services = 5
 - Quality of Care = 0
 - SCFHP complaint = 1
 - Pharmacy Appeal = 1
 - State Fair Hearing = 1 (withdrawn)
 - Billing Appeal = 1

➤ DHCS Submission

1. Outreach-In Reach Flyer for Healthy Kids and Valley Care
2. Quarterly Reports
 - a. Group Needs Assessment
 - b. Grievance
 - c. Call Center

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- d. Plan Subcontractor
- e. Provider Geo Access

➤ DMHC Submissions

1. Healthy Workers Group Enrollment Packet
2. Healthy Workers Group Enrollment Renewal Application
3. Resubmission of revised Healthy Families EOC to address DMHC comments
4. Healthy Kids Benefits at a Glance
5. Grievance Quarterly Reports

➤ MRMIB Submissions

1. C-CHIP Statistical Report and Budget/Invoices Submission
2. Group Needs Assessment
3. CCS Referral Report



Silicon Valley Council of Nonprofits

Sobrato Center for Nonprofits - San Jose
1400 Parkmoor Ave, Suite 130
San Jose CA, 95126

Phone 408.260.3915 Fax 408.249.3496
www.svcn.org

September 21, 2012

Elizabeth Darrow and Michael Lipman
Family Health Plan

SVCN is pleased to recommend to the Family Health Plan two fine Nonprofit Leaders for the Provider Advisory Council. We are very excited to have an ability to place two representatives from the nonprofit sector on this committee.

We feel this representation of both Mental Health and Drug and Alcohol is a great next step to building a stronger and more informed provider network of services as we move toward health care reform. We know these individuals will represent their areas of interest and in addition be a conduit of information back to both SVCN and to their respective contractor associations. SVCN appoints for your consideration:

Karen Anton from Asian American Recovery Services (AARS) to represent the Drug and Alcohol Providers.

Paul Taylor, CEO of Momentum for Mental Health to represent the Mental Health Providers.

Attached are brief bio's on each as to provide deeper background on these exceptional individuals. We ask you to connect with each of them on the next steps and follow up meeting information.

Thank you for your willingness to include us in your planning process and we know this is just one more step in a long collaboration with the Family Health Plan.

Sincerely

Patricia Gardner
Executive Director, SVCN

Karen Anton

Program Director

Asian American Recovery Services, Inc.

1340 Tully Rd. Suite 304

San José, CA 95122

kanton@aars.org

T: (408)271-3900 ext. 304

F: (408)271-3909

Karen Anton is the Program Director of Asian American Recovery Services (AARS), a 501(c)3 committed to reducing the impact and incident of substance abuse among the Asian/Pacific Islander and other underrepresented communities of the greater San Francisco Bay Area. Karen has been instrumental in working closely with stakeholders in Santa Clara County to ensure culturally responsive behavioral health services - and particularly substance abuse prevention, intervention, and treatment services - are integrated into the County's overall strategy for health care reform.

Karen has contractual and fiscal oversight across all AARS programming in Santa Clara County totaling over \$2 million across 30 staff and interns. She has experience contracting with local departments including the Department of Alcohol and Drugs Services, the Department of Mental Health, the Probation Department, and the City of San Jose. She works with executive management in the research and drafting of funding submissions and has extensive experience coaching and supporting mid-level management.

She holds a Master's Degree in Ethnic Studies, American Indian emphasis from San Francisco State University and a B.A. degree in Human Communication. She has worked with California native tribes around contemporary issues ranging from health, education, tribal recognition, and cultural preservation.

Prior to her current role she also held various positions with AARS including Youth Intervention Worker and Adult Program Manager.

Paul S. Taylor, CPRP

President and CEO

Momentum for Mental Health

408-254-6820 Ext. 1218

FAX: 408-259-2273

Ptaylor@MomentumMH.org

www.momentumformentalhealth.org

Paul has worked in community mental health programs since 1972 and for Momentum since 1975. Over the course of his career he helped establish one of the first residential treatment programs in the nation for mentally ill ex-offenders, has been active and held several Officer positions, including past President of the California Association of Social Rehabilitation Agencies (CASRA), served as President of the California chapter of United States Psychiatric Rehabilitation Association (USPRA), and has served as President of the Association of Mental Health Contractors in Santa Clara County and on the Board of the California Council of Community Mental Health Agencies who co-authored the Mental Health Services Act. He currently is President of The Foundation for Mental Health.

Paul founded La Selva, the first residential treatment program for mentally ill adults in California funded by both commercial insurance and private pay. His first job was living in what was then called a "halfway house" for adults with psychiatric disabilities, where he learned the value of listening to consumer concerns. He recognized the importance of family partnerships in 1979, and worked to help establish both family support and multi-family therapy groups that greatly increased the opportunity for individual clients to move forward in their recovery process. He has worked in or overseen residential programs, day programs, employment services, and various types of outpatient services. Paul enjoys strong support from staff and managers at Momentum for his consumer centered values and supportive leadership style. He is a strong and effective advocate for helping both the individual and community understand what elements are important to help people affected by serious mental illness to fully participate in life.

He is a graduate of Beloit College, a certified psychiatric rehabilitation practitioner (CPRP), and a recognized leader locally and throughout the state. Paul lives with his wife and two cats in Palo Alto, and is the proud father of three adult children--a daughter and two sons.