

MINUTES
Santa Clara County Health Authority
Executive Committee

Thursday, October 11th, 2012
8:30-10:00 AM
Santa Clara Family Health Plan
210 E. Hacienda Avenue
Campbell CA 95008

Members present:

Mr. Bob Brownstein
Ms. Michele Lew
Dr. Dale Rai
Mr. Chris Dawes
Dr. Wally Wenner

Members absent:

None

Staff present:

Ms. Elizabeth Darrow, Chief Executive Officer
Mr. Dave Cameron, Chief Financial Officer
Mr. Matthew Woodruff, Chief Operations Officer
Mr. Rayne Johnson, Chief Information Officer
Ms. Shannon McNally, Executive Assistant

1. Roll call

The meeting was called to order at 8:32 a.m. by Mr. Dawes. Roll call was taken, and a quorum was established.

2. Public comment

There was no public comment.

3. Action item: Approve minutes of Executive Committee dated September 13, 2012

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

4. Action Item: Accept report from Chief Financial Officer on July and August 2012 financial statement

Mr. Cameron presented highlights for the two months ending August 2012 financial statement:

- Operating loss of \$632k for the month and \$568,888k year to date. This compare to a budget loss of \$708k for the month and \$1.4m 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 1, 2011.
- Revenue is \$559k or 2.6% below budget for the month and \$149k or .4% below budget year to date.
- August enrollment was 138,998 or .2% below budget. Year to date the Plan is under budget by .3%. All lines of business are close to on budget except Healthy Workers which is 8.6% below budget for the first two months of the year.
- Health care costs were over budget by \$590k or 2.9% for the month because of a catch-up in maternity kick payments and \$500k under budget, or 1.2%, year to date.
- Administrative Expenses were \$96k or 5.8% favorable to budget for the month and \$168k or 5.1% favorable year to date. Administrative expenses were 7.1% and 7.3% of revenues for the month and year to date respectively.
- Tangible net equity (TNE) was \$24.0 million or 4.1 times the minimum TNE required by the Department of Managed Health Care (DMHC). The Plan's reserves are roughly \$14.3m below the reserves targeted by the Board of two months capitation revenue.

Mr. Cameron noted that he anticipates another loss in revenue recorded for September and then expects things to stabilize in October with the new rates in place. Mr. Cameron also noted a decrease in membership while health care costs were in line with volume and administrative costs were below budget again. The Health Plan continues to reserve for the provider rate cuts and the Medi-Cal decrease that will be retroactive to July 1, 2011 and October 1, 2011.

Committee members recommended making the financial status of the Health Plan more prominent in the monthly Executive Committee meetings and Governing Board meetings.

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

5. Discussion item: Healthy Families Transition

Mr. Woodruff gave an in depth overview of the transition of Health Families into Medi-Cal. The Health Plan is in the first transition phase which begins in January 2013. Mr. Woodruff noted that the transition appears to be seamless for members right now. Only 2.6% disruption, based on current contracted PCPs, to Healthy Families members. Five PCPs are not going to accept Medi-Cal patients. All of these PCPs are in PMG representing 431 members. Health Plans have been told to expect reporting requirements that mirror what was done for SPDs.

6. Discussion item: Joint Powers Authority

Ms. Darrow commented that, during a recent discussion on the possibility of a JPA with the County, she has recommended that the organizations meet with County Counsel to negotiate the terms. Ms. Darrow also commented that negotiations could take a long time and that the Executive Committee will be updated as things move forward.

Executive Session

7. Adjourn to closed session

a. Real Property Negotiations (Government Code Section 54956.8)

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

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

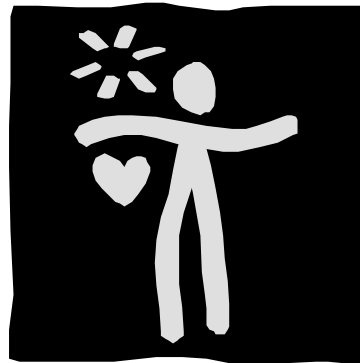
8. Report from closed session

The Executive Committee discussed property negotiations. No action was taken.

9. Adjournment

It was moved, seconded, and approved to adjourn the meeting at 9:19 a.m.

Shannon McNally, Secretary to the Board



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 a 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 a 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 the 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

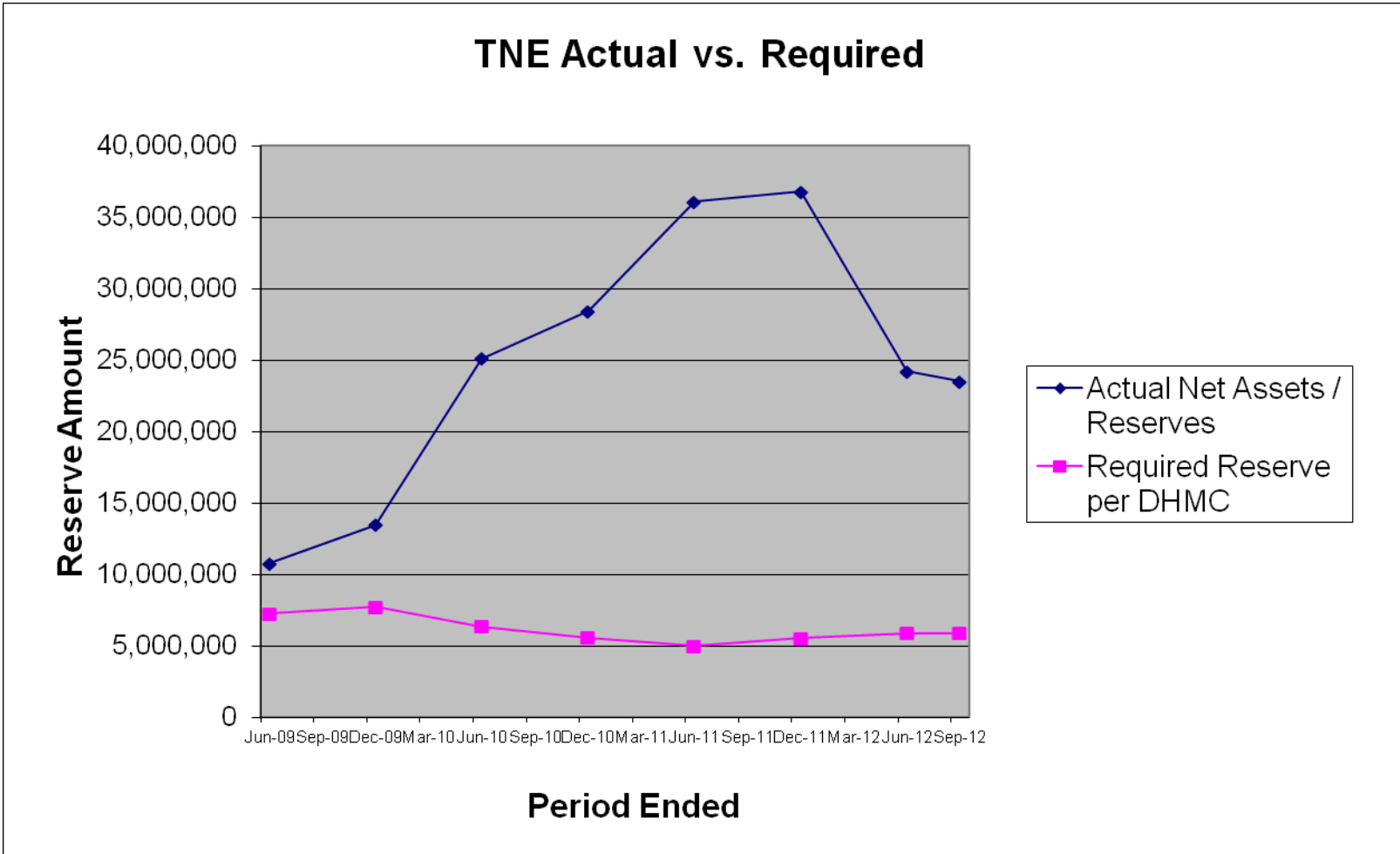
Cash flows from operating activities	
Premiums received	\$ 45,254,241
Medical expenses paid	\$ (58,796,438)
Administrative expenses paid	<u>\$ 7,362,832</u>
Net cash from operating activities	\$ (6,179,365)
 Cash flows from capital and related financing activities	
Increase Due to Board approved payment 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>Prior Year</u>	<u>% Change FY13</u>
	<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Actual</u>	<u>vs FY12</u>
Medi-Cal	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	525	591	(11.17%)	1,537	1,698	(9.48%)	984	56.20%
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:**

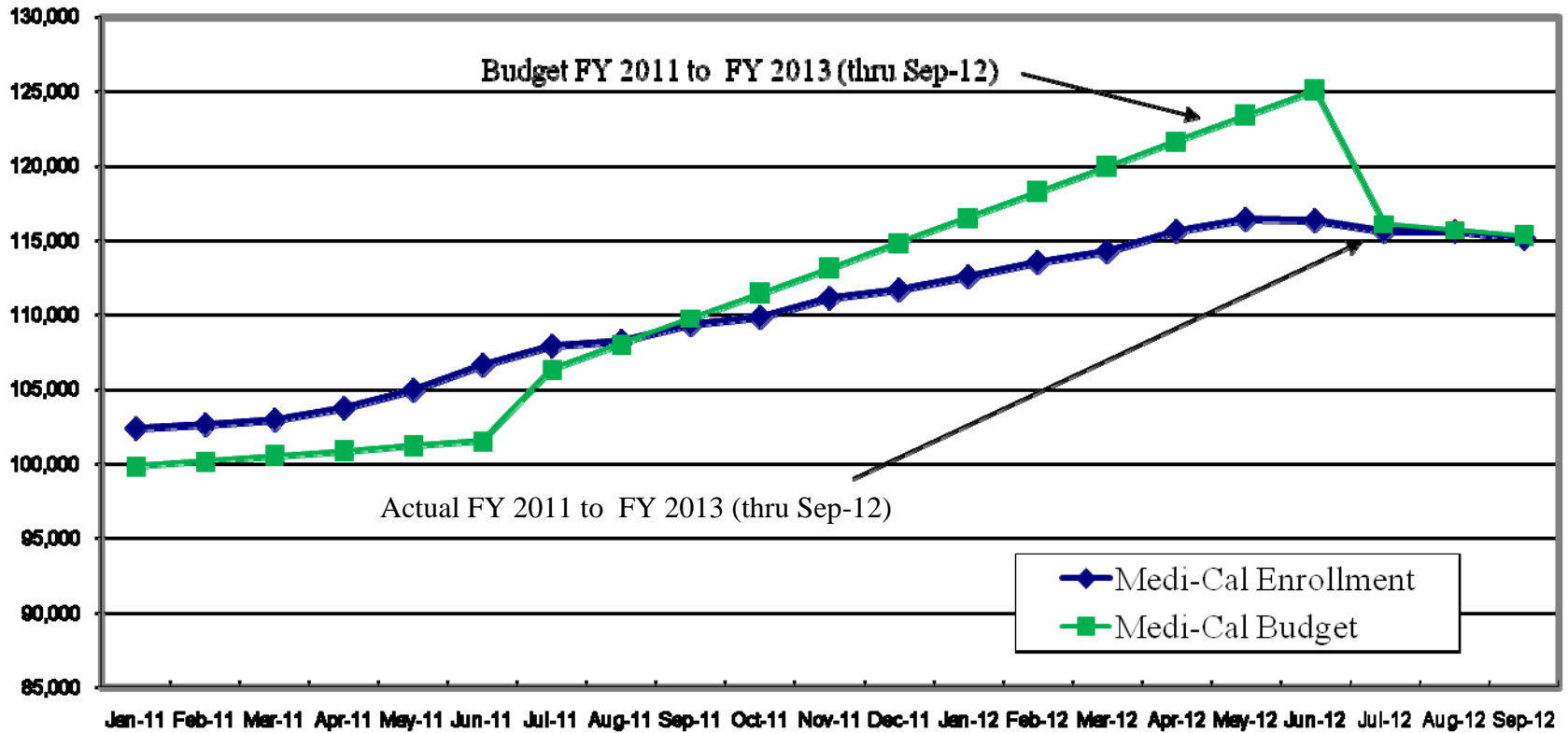
	<u>6/30/2009</u>	<u>12/31/2009</u>	<u>6/30/2010</u>	<u>12/31/2010</u>	<u>6/30/2011</u>	<u>12/31/2011</u>	<u>6/30/2012</u>	<u>9/30/2012</u>
Actual Net Assets / Reserves	10,807,911	13,501,652	25,103,011	28,445,504	36,093,769	36,803,460	24,208,576	23,502,086
Required Reserve per DHMC	7,285,000	7,737,000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



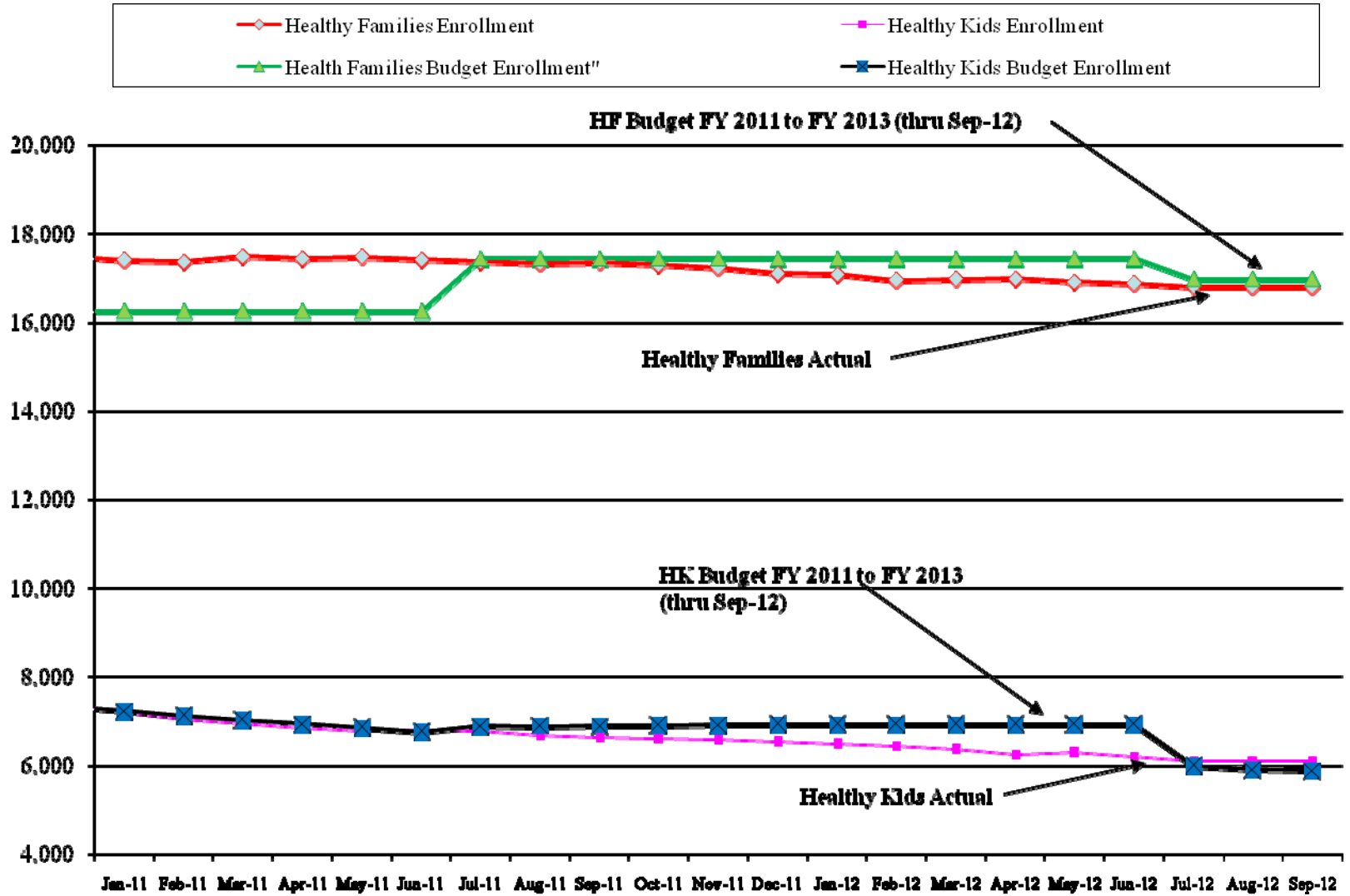
**Santa Clara County Health Authority
Enrollment Summary by Network
September 2012**

	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	58,749	51%	5,714	34%	4,122	70%	0	0%	525	100%	69,110	50%
Physicians Medical Group	2,561	2%	705	4%	69	1%	0	0%	0	0%	3,335	2%
Premier Care	27,483	24%	7,534	45%	1,420	24%	0	0%	0	0%	36,437	26%
Kaiser	8,098	7%	1,894	11%	141	2%	0	0%	0	0%	10,133	7%
Community Clinics	9,002	8%	0	0%	0	0%	0	0%	0	0%	9,002	7%
Community Clinics	0	0%	0	0%	0	0%	0	0%	0	0%	0	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>116,329</u>		<u>16,873</u>		<u>6,217</u>		<u>129</u>		<u>486</u>		<u>140,034</u>	
	<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





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
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

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**Santa Clara County Health Authority
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