



AGENDA
Santa Clara County Health Authority
Executive Committee

Thursday, October 11, 2012

8:30-10:00 AM

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

1. Roll call	Christopher Dawes
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2. Public comment	Christopher Dawes
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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.

3. Action item: Approve minutes of Executive Committee dated September 13, 2012	Christopher Dawes
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4. Action item: Accept report from Chief Financial Officer on July and August 2012 financial statements	Dave Cameron
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5. Discussion item: Healthy Families Transition	Matt Woodruff
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Mr. Woodruff will discuss the Health Families transition to Medi-Cal

6. Discussion item: JPA (Joint Powers Authority) Update	Elizabeth Darrow
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Ms. Darrow will discuss the current status of the negotiations of the JPA.

Executive 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. 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.

MINUTES
Santa Clara County Health Authority
Executive Committee

Thursday, September 13th, 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

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

Others Present:

Dr. Wally Wenner, Physician

1. Roll call

The meeting was called to order at 8:33 a.m. by Ms. Lew. 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 June 14, 2012

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

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

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

- Operating loss of \$249k for the month and \$9.5 million year to date. This includes the one time Board approved payment made in April of \$10m 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 \$165,000 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 (TNE) was \$26.6 million or 4.5 times the minimum TNE required by the Department of Managed Health care (DMHC). The Plan's reserves are roughly \$11.8 million below the reserves targeted by the Board of two months capitation revenue.

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 our Medi-Cal 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.

5. Action item: Approve SCFHP 2012-2013 Budget

Mr. Cameron presented the 2012-2013 budget to the Executive Committee members. Fiscal year 11/12 was a year of significant growth and challenges for the Health Plan. The SPD (Seniors and People with Disabilities) has had a major impact on all departments at the Health Plan due to clinical complexity and issues 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 impact of mandatory enrollment of SPDs. Ms. Darrow also noted that the Health Plan has had to increase staff to manage the SPD population. Ms. Darrow also recognized the finance team for their contribution and hard work in creating the budget.

It was moved, seconded, and approved to accept the 2012-2013 budget as presented.

6. Discussion item: Medicare Dual Demonstration

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 and operations teams will begin full scale implementation, assuming the payment methodology makes the program viable long term.

7. Discussion item: A&M Project Update

Ms. Darrow commented that the Board of Supervisors had a recent discussion about moving forward with a JPA (Joint Powers authority). Committee members were concerned with the reasons why a JPA would be needed or wanted. Ms. Darrow noted that a JPA is usually negotiated between all parties. The Executive Committee suggested having the Health Plan's General Council attend the upcoming Board meeting to give an in depth review of the definition and meaning of JPA as it relates to the Health Authority based on the recommendations by A&M on the Unified Managed Care Strategy

Executive Session

8. Adjourn to closed session
 - a. Rates of payment for hospital providers (Welfare and Institutions Code 14087.38, subdivision (m))

It is the intention of the Executive Committee to meet in closed session to discuss matters pertaining to rates of payment for hospital providers.

Report from closed session

9. The Executive Committee discussed provider contracts and has given authority to the Chief Executive Officer and the Chief Financial Officer to negotiate based on certain parameters. Adjournment
10. Adjournment

It was moved, seconded, and approved to adjourn the meeting at 10:03 a.m.

Shannon McNally, Secretary to the Board



Financial Statement Highlights for the 2 months ending 8-31-12

- Operating Loss of \$632k for the Month and \$568,888k year to date. This compares to a budgeted 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 1st, 2011.
- Revenue is \$559k or 2.6% below budget for the month and \$149k or .4% below 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. The Plan is currently absorbing all rate cuts and not passing any reductions to our network providers.
- August enrollment is at 138,998 or .2% 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 8.6% below budget for the 1st 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 are \$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 \$24.0m 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.

Santa Clara County Health Authority
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	58,939	51%	5,716	34%	4,167	69%	0	0%	512	100%	69,334	50%
Palo Medical Foundation	2,618	2%	732	4%	72	1%	0	0%	0	0%	3,422	2%
Physicians Medical Group	27,581	24%	7,576	45%	1,461	24%	0	0%	0	0%	36,618	26%
Premier Care	8,094	7%	1,901	11%	138	2%	0	0%	0	0%	10,133	7%
Kaiser	9,007	8%	0	0%	0	0%	0	0%	0	0%	9,007	6%
Community Clinics	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Total	<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	<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>-0.58%</u>		<u>-1.11%</u>		<u>-3.20%</u>		<u>0.78%</u>		<u>5.35%</u>		<u>-0.74%</u>	



Santa Clara Family Health Plan

The Spirit of Care

Financial Statements
For Two Months Ended
August 2012
(Unaudited)

Table of Contents

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

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 \$76 thousand. 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 a 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 a 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	<u>21,072,122</u>	<u>95.7%</u>	<u>20,481,806</u>	<u>95.4%</u>	<u>(590,316)</u>	<u>40,551,479</u>	<u>93.2%</u>	<u>41,028,090</u>	<u>94.5%</u>	<u>476,611</u>
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	<u>1,572,612</u>	<u>7.1%</u>	<u>1,669,047</u>	<u>7.8%</u>	<u>96,435</u>	<u>3,127,565</u>	<u>7.2%</u>	<u>3,296,109</u>	<u>7.7%</u>	<u>168,544</u>
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	<u>19,682</u>	<u>0.1%</u>	<u>10,000</u>	<u>0.0%</u>	<u>9,682</u>	<u>30,361</u>	<u>0.1%</u>	<u>20,000</u>	<u>0.0%</u>	<u>10,361</u>
NET INCOME (LOSS) FINAL	<u>\$ (632,463)</u>	<u>-363.0%</u>	<u>\$ (707,614)</u>	<u>-674.4%</u>	<u>\$ 75,151</u>	<u>\$ (568,888)</u>	<u>-163.4%</u>	<u>\$ (1,373,147)</u>	<u>-654.3%</u>	<u>\$ 804,259</u>

**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
--

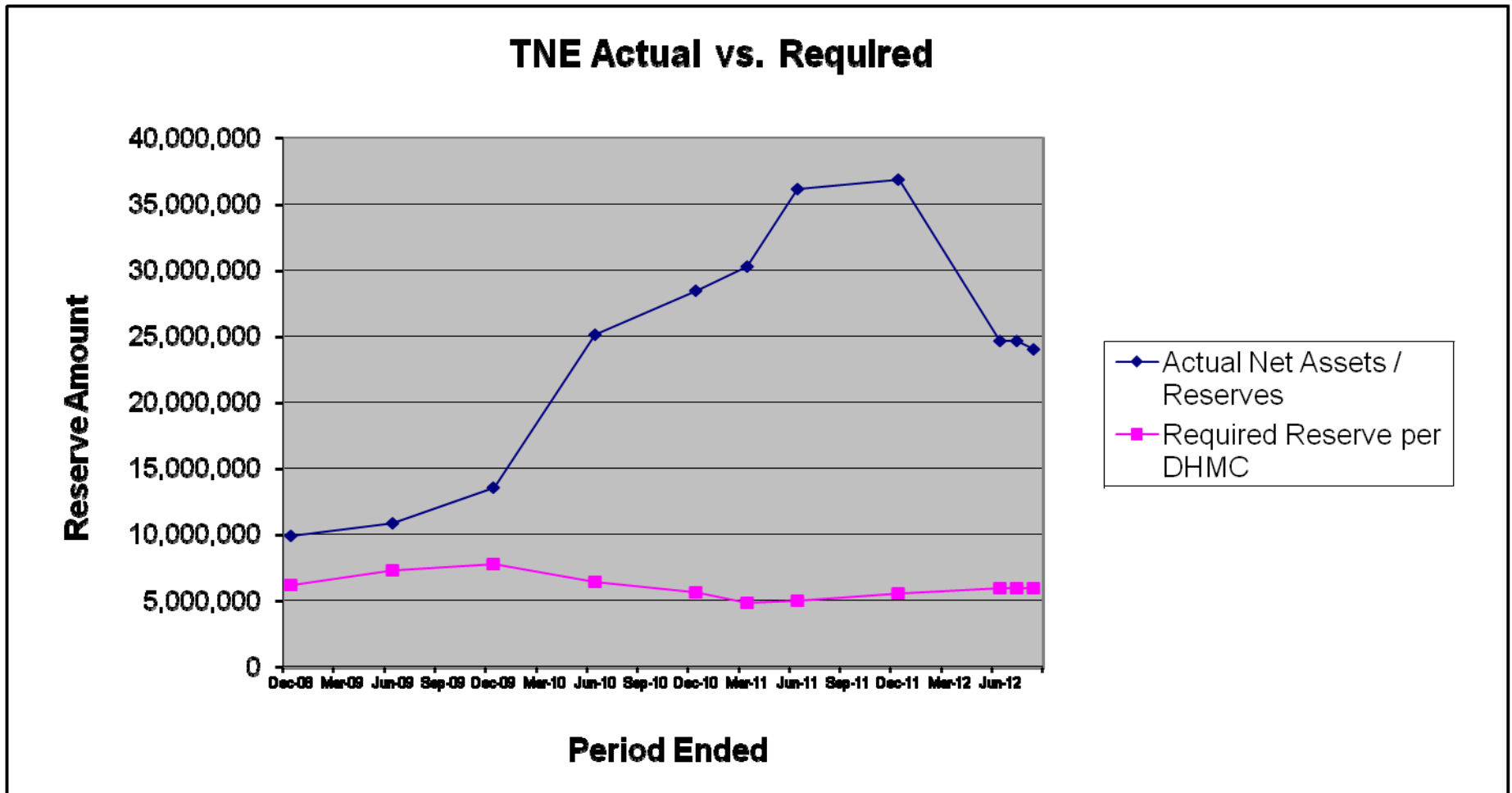
For the Month of August 2012

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:

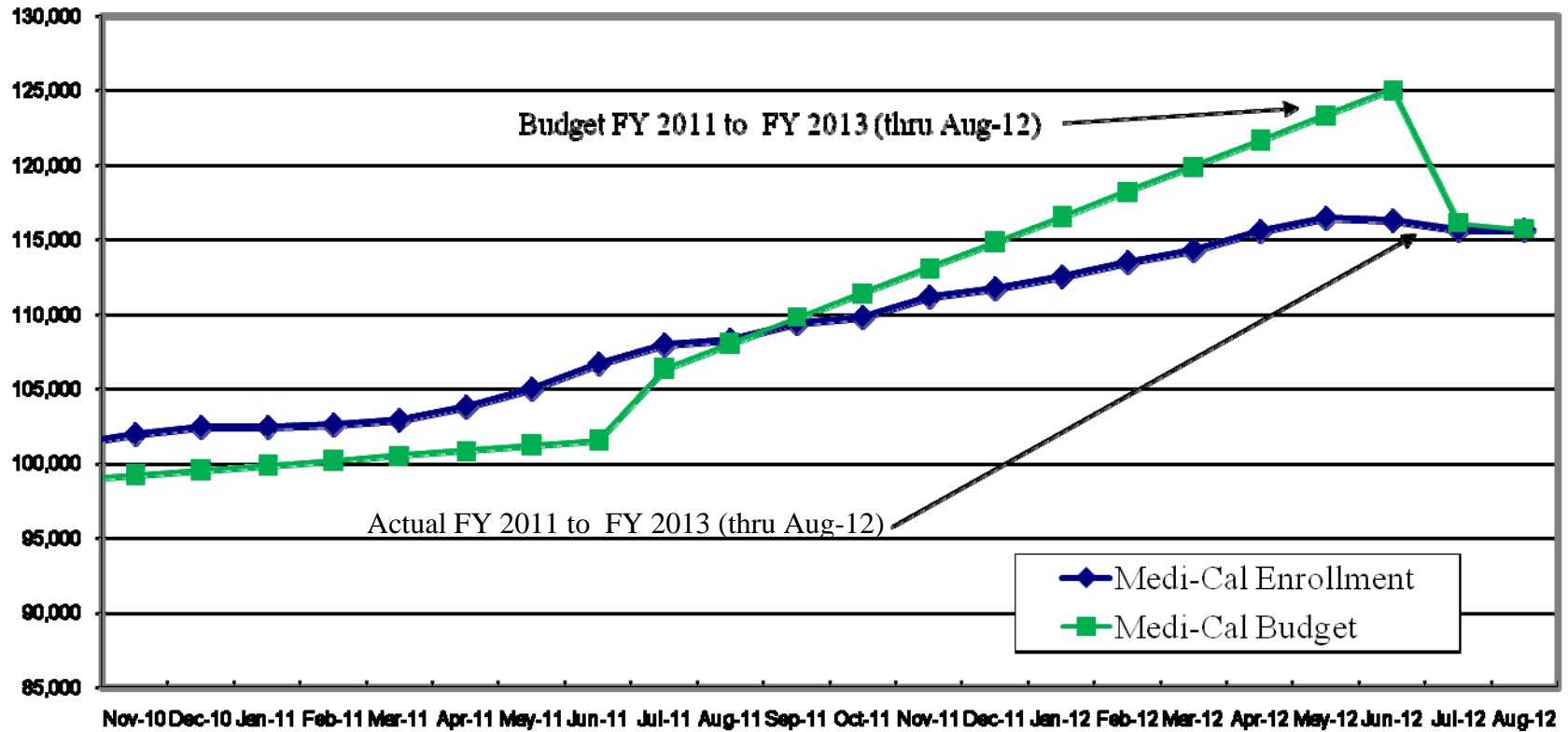
	12/31/2008	6/30/2009	12/31/2009	6/30/2010	12/31/2010	3/31/2011	6/30/2011	12/31/2011	6/30/2012	7/31/2012	8/31/2012
Actual Net Assets / Reserves	9,870,082	10,807,911	13,501,652	25,103,011	28,445,504	30,243,838	36,093,769	36,803,460	24,590,467	24,654,041	24,021,579
Required Reserve per DHMC	6,198,000	7,285,000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



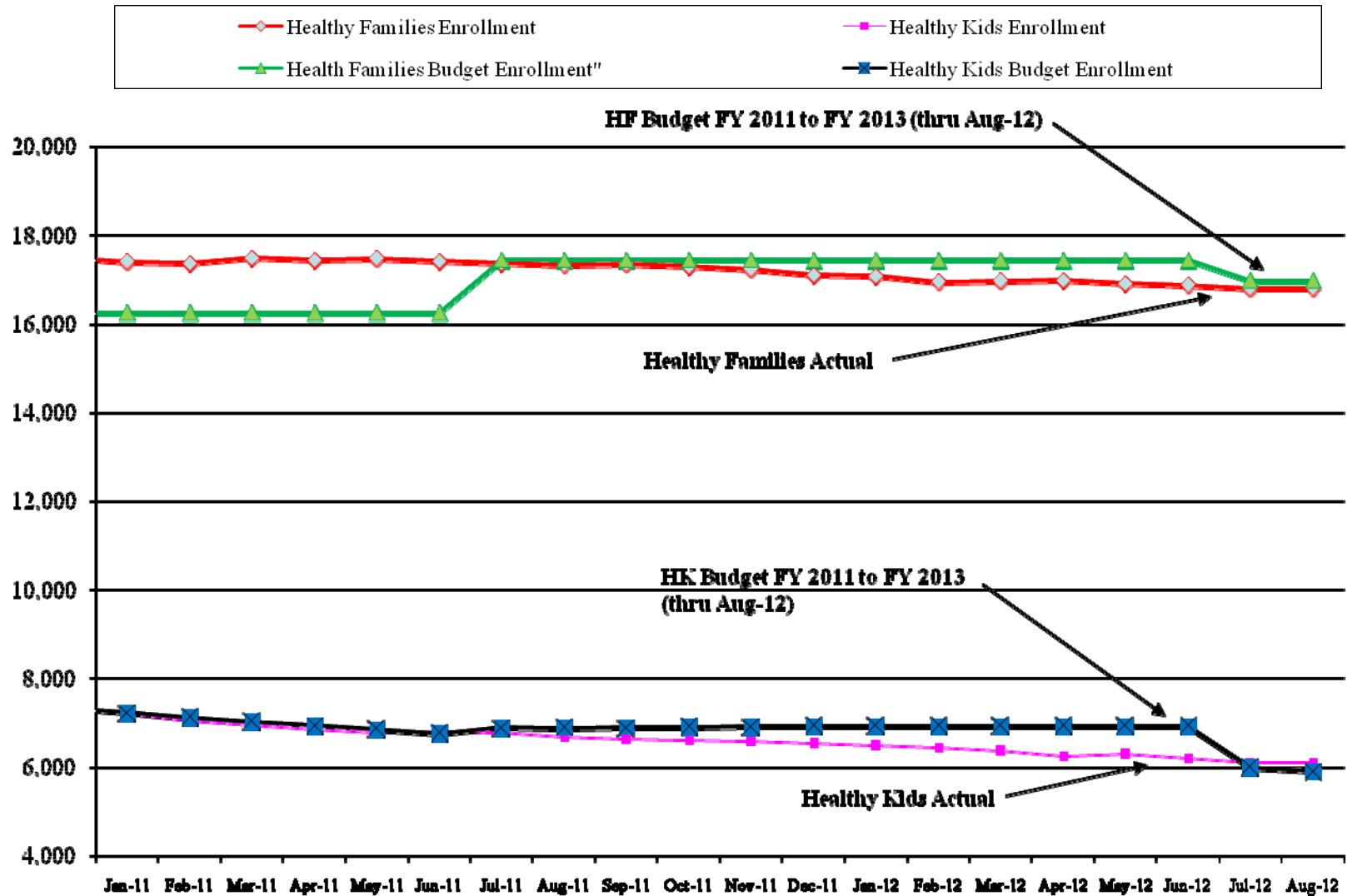
Enrollment Summary by Network
August 2012

	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,	58,939	51%	5,716	34%	4,167	69%	0	0%	512	100%	69,334	50%
Palo Medical Foundation	2,618	2%	732	4%	72	1%	0	0%	0	0%	3,422	2%
Physicians Medical Group	27,581	24%	7,576	45%	1,461	24%	0	0%	0	0%	36,618	26%
Premier Care	8,094	7%	1,901	11%	138	2%	0	0%	0	0%	10,133	7%
Kaiser	9,007	8%	0	0%	0	0%	0	0%	0	0%	9,007	6%
Community Clinics	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Total	<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 One Month Ended
July 2012
(Unaudited)

Table of Contents

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

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
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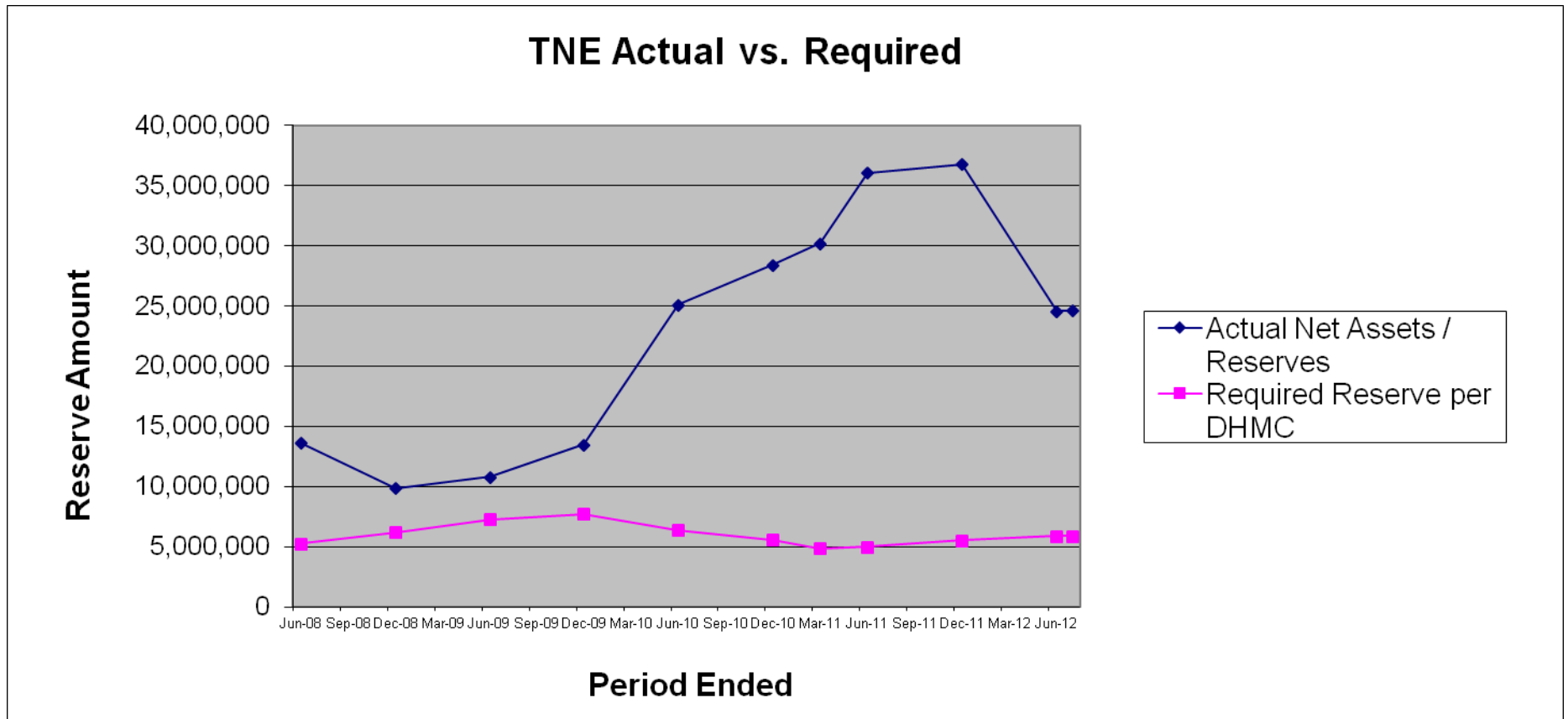
For the Month of July 2012

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:

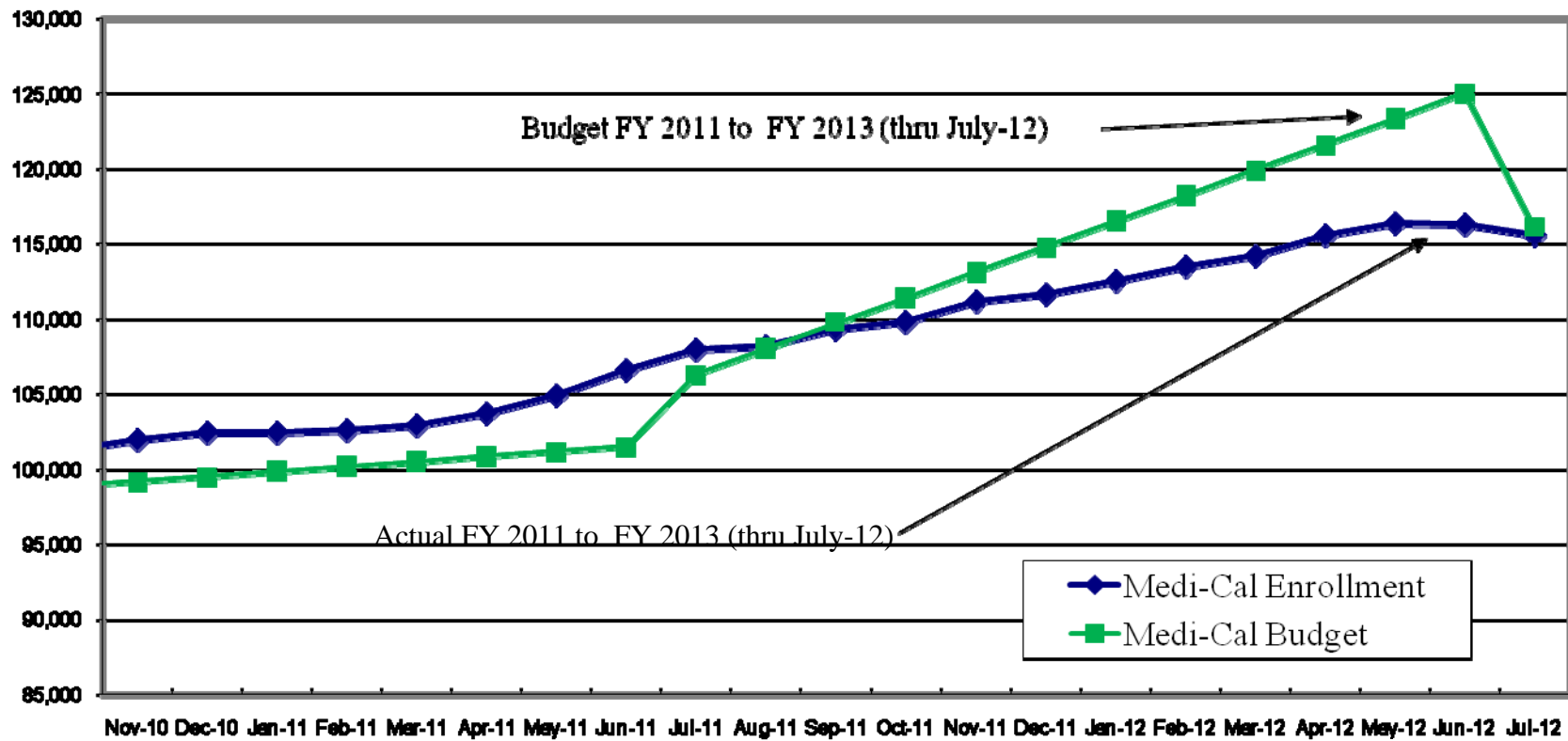
	6/30/2008	12/31/2008	6/30/2009	12/31/2009	6/30/2010	12/31/2010	3/31/2011	6/30/2011	12/31/2011	6/30/2012	7/31/2012
Actual Net Assets / Reserves	13,625,110	9,870,082	10,807,911	13,501,652	25,103,011	28,445,504	30,243,838	36,093,769	36,803,460	24,590,467	24,654,041
Required Reserve per DHMC	5,271,000	6,198,000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



**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 2,583 27,597 8,099 8,933 0	51% 2% 24% 7% 8% 0%	5,730 743 7,618 1,919 0 0	34% 4% 45% 11% 0% 0%	4,226 66 1,500 137 0 0	69% 1% 25% 2% 0% 0%	0 0 0 0 0 0	0% 0% 0% 0% 0% 0%	500 0 0 0 0 0	100% 0% 0% 0% 0% 0%	69,519 3,392 36,715 10,155 8,933 0	50% 2% 26% 7% 6% 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	- <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>-0.59%</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

