



Santa Clara
Family Health Plan

The Spirit of Care

AGENDA
Santa Clara County Health Authority
Governing Board Regular Meeting

Thursday, September 27th, 2012

2:30-5:00 PM

210 E. Hacienda Avenue

Campbell CA 95008

and

VIA TELECONFERENCE AT:

770 Welch Road

Palo Alto, CA 94304

- | | |
|---|---------|
| 1. Roll Call | Ms. Lew |
| 2. Action item: Review and approval of May 2012 meeting minutes | Ms. Lew |
| 3. Public comment | Ms. Lew |

Members of the public may speak to any item not on the agenda; 2 minutes per speaker. The Board reserves the right to limit the duration or public comment period to 30 minutes

- | | |
|---|-----------|
| 4. Report of Executive Committee | Mr. Dawes |
| a. Action items | |
| 1. Acceptance of April through June 2012 financial statements | |
| 2. Ratification of budget for FY2012-2013 | |

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

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

6. Discussion item: Joint Powers Authority Mr. Gross

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

7. Discussion item: Employee Satisfaction Survey Results Ms. Valdez

Results from the SCFHP Employee Satisfaction Survey
will be presented

8. Discussion item: 2012 HEDIS Results Dr. Padua

A review of the 2012 HEDIS results will be presented

9. Discussion item: Dual Demonstration Project Mr. Woodruff

Update report on the Dual Demonstration Project will
be discussed

10. 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. Discussion item

A recap of recent Council proceedings will
be presented

11. Adjournment

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MINUTES
Santa Clara County Health Authority
Governing Board Regular Meeting

Thursday, May 24th, 2012
2:30 PM-5:00 PM
210 E. Hacienda Avenue
Campbell CA 95008

Board members present:

Ms. Michele Lew
Mr. Bob Brownstein
Ms. Judy Chirco
Mr. Patrick Love
Dr. Dale Rai
Dr. Wally Wenner
Ms. Emily Harrison
Dr. Adel Abi-Hanna

Board members not present:

Ms. Hao Bui
Hon. Liz Kniss
Mr. Christopher Dawes
Mr. Daniel Peddycord
,

Others present:

Ms. Elizabeth Darrow, Chief Executive Officer
Mr. Dave Cameron, Chief Financial Officer
Mr. Matt Woodruff, Chief Operations Officer
Mr. Ron Schmidt, VP Information Systems
Ms. Emily Hennessy, Foundation, Finance Director
Dr. Thad Padua, Medical Director
Ms. Kathleen King, Executive Director, Foundation
Ms. Shannon McNally, Recording Secretary
Ms. Kathleen McCarthy, Compliance Officer
Ms. Sharon Valdez, VP of Human Resources
Ms. Pat McClelland, VP of Member Operations
Mr. Robin Roche, Consultant
Mr. Greg Price, CEO of Valley Health Plan

Dr. Jeff Smith, County Executive, County of Santa Clara
Mr. Rene Santiago, Deputy County Executive and Director of Santa Clara Valley Health and Hospital Systems
Ms. Cindy Chavez, WPOSA
Ms. Amy Carta, Assistant Director, Santa Clara Valley Health & Hospital System
Mr. Jim Gross, Partner, Nielsen Merksamer Parrinello Gross & Leoni LLP – Legal Counsel to the Board

1. Roll Call

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

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

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

3. Public comment

There was no public comment.

4. Recognition of Hao Bui

The Governing Board recognized Hao Bui's service as a SCCHA Governing Board member. Hao Bui served on the board for twelve years and her final term will expire on June 30, 2012.

5. Report of executive Committee

a. Action items:

1. Acceptance of January through March 2012 financial statements

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

- Operating surplus of \$29,000 for the month and \$806,000 year to date.
- Revenue is \$2.3 million or 9.9% below budget for the month and \$6.5 million or 3.5% below budget year to date.

- March enrollment was 138,182 or 4.6% below budget. Year to date the Plan is under budget by 2.0%. Medi-Cal enrollment was under budget 4.7% for the month and 1.9% under budget year to date. Healthy Families and Healthy Kids are below budget year to date by 1.4% and 4.8% respectively.
- Health Care costs were under budget by \$1.2 million or 5.8% for the month and \$1.8 million under budget or 1.1% year to date.
- Administrative Expenses were \$127,000 or 7.9% favorable to budget for the month and \$1.6 million or 10.8% favorable year to date. Administrative expenses were 7.2% and 7.1% of revenues for the month and year to date respectively.
- The Plan has Unrestricted Net Equity of \$32.5 million and \$2.5 million of Board designated reserved for Healthy Kids premiums.

Mr. Cameron commented that the Health Plan has been diligently working on next fiscal year budget stating that the new rates will be out on July 1, 2012. Mr. Cameron also noted that the Health Plan is continuing to reserve for the provider rate cuts (AB-97) that will be retroactively applied back to July 1, 2011. Ms. Darrow commented that the Health Plan Board had previously made the decision to not pass on the rate cuts to providers, however, based on the new rates the Plan may not be able to sustain this. The percentage of the provider cut is unknown.

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

2. Accept resignation from Elizabeth Pianca

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

3. Accept appointment of Shannon McNally as Secretary of the SCCHA Governing Board

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

b. Discussion items:

1. SPDs (Seniors and People with Disabilities)

Ms. Darrow commented that the SPD population has been dominating the focus of the Health Plan. The Health Plan has 11,471 mandatorily enrolled SPD members as of 04/01/12. Clinical Case Managers continue to work with our independent network providers as well as our delegated networks to provide SPD members with care coordination. Mr. Cameron added that current experience is showing a decrease in

family aide code (moms and kids) and an increase in adults. Mr. Cameron also noted that the Health Plan wants more current data used in order to get appropriate rates from the state. Dr. Padua, Medical Director, gave a presentation to show SPD membership numbers and their risk assessment category as well as the impact that this population is having on the Health Plans pharmacy utilization. Chronic conditions impact the per capita spending. Dr. Padua commented that by eliminating readmissions, lowering costs and working as a team in the community it is possible to decrease this adverse impact.

2. Healthy Kids

Mr. Woodruff gave a review of the Healthy Kids program regarding eligibility and enrollment process changes. Mr. Woodruff commented that, over the life of the program, the Health Plan had not been following the enrollment and eligibility procedures originally intended for the program. There is a concern about funding, which has sharply decreased. The Health Plan is now applying the enrollment and eligibility procedures. State and Federal Governments are auditing the Health Plan on missing information. The goal is to find out if children qualify for Medi-Cal or Healthy Families or other insurance programs. Mr. Woodruff commented that the Health Plan has had a few members who were hesitant to send in their paperwork because they were undocumented. Board member Chirco expressed her concern around whether the Plan seemed approachable or non-threatening. Mr. Woodruff assured the Board that the Health Plan is very sensitive to this issue and in no way pushes for information. Mr. Woodruff also noted that there is no longer a wait list for the Healthy Kids program.

6. Discussion item: A&M and County Presentation

Mr. Santiago and Dr. Smith attended the Governing Board meeting to give an update on the Unified Managed Care project and to discuss recent changes to the Authority's ordinance. Seeking to create a unified managed care strategy, A&M has requested that the County submit detailed information on financials, operation statistics, etc. and has been conducting a series of interviews which will be reported back to the Board of Supervisors. Dr. Smith commented that the internal report would be discussed in the Health and Hospital Committee meeting scheduled for May 29th, at 1:00pm. By way of further conversation, Dr. Smith commented that everyone should be concerned with the County's financial statements, especially in the last eight months. Dr. Smith also noted that Santa Clara County is one of two counties left that has two public plans and expressed his concerns that it may not be the best or most efficient way of doing things. Dr. Smith went on to say that the

concept of the Unified Managed Care project was for the Health Plan and the County to ensure long term viability.

Members of the Board raised questions and concerns around the Health Authority nomination process and the future of their seats on the Governing Board wanting to know what the changes to the ordinance meant for appointments and reappointments to its current members. Dr. Smith commented that there was no great desire on the Board of Supervisors part to change the structure of the current board and that he did not anticipate immediate change.

7. Committee Reports

a. Consumer Affairs Committee

1. Discussion item

Dr. Wenner reported on recent proceedings of the Consumer Affairs Committee. Minutes from the most recent CAC meeting were included in the board packet, dated march 13. 2012. There were no questions and no further discussion.

b. Provider Advisory Council

1. Discussion item

Dr Padua reported on recent proceedings of the Provider Advisory Council. There were no questions and no further discussion.

2. Action item:

Approve nomination for Dr. Kenneth Phan to join the Provider Advisory Council.

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

8. Report if the Chief Executive Officer

Discussion items:

a. Status of State Budget

Ms. Darrow gave an overview of the May revise highlights stating that the deficit has increased from \$9.2B to \$15.7B due to weak revenue, Prop 98 funding, and unsuccessful proposed reductions from the January budget.

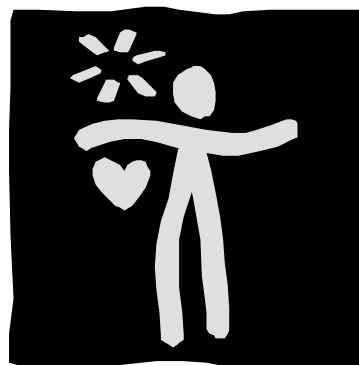
b. Status of Dual Demonstration Project

Ms. Darrow gave an update on the Health Plan submission for the Dual Demonstration project stating that this would be an opportunity to expand the Plan's portfolio. By way of further discussion, Ms. Darrow commented that the Health Plan would be contracting with DHCS and CMS and also that the project gives the Plan a chance to return to Medicare. Some advantages include having beneficiaries mandatorily enrolled and a much more streamlined process with an integrated delivery model. Ms. Darrow also noted that the Plan has several employees who have experience in Medicare; however, the demonstration also requires the Plan take risk for long-term care and In House Support Services (IHSS) which are new services for the Plan to administer. This will require staff recruitment and in-house expertise. Ms. Darrow commented that the Health Plan was selected for the second phase which will begin on March 1, 2013.

9. Adjournment

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

Shannon McNally, Secretary to the Board



Santa Clara
Family Health Plan

The Spirit of Care

Financial Statements
For Ten Months Ended
April 2012
(Unaudited)

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Santa Clara Family Health Plan CFO Finance Report

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

Summary of Financial Results

For the month of April 2012, SCFHP recorded an operating loss of \$10.3 million compared to a budgeted operating surplus of \$1.2 million, resulting in an unfavorable variance from budget of \$11.5 million for the month. For April 2012, year-to-date, SCFHP recorded an operating loss of \$9.5 million compared to a budgeted operating surplus of \$5.1 million, resulting in an unfavorable variance from budget of \$14.6 million. The table below summarizes the components of the overall variance from budget. As noted below, the month of April includes a one-time board-approved payment in the amount of \$10 million to support the County of Santa Clara Safety net.

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 %
\$ 21,554,663	\$ 23,615,114	\$ (2,060,452)	-8.7%	Revenue	\$ 201,484,753	\$ 210,040,221	\$ (8,555,467)	-4.1%
20,337,750	20,770,321	432,571	2.1%	Medical Expense	186,418,950	188,658,824	2,239,873	1.2%
1,216,912	2,844,793	(1,627,880)	-57%	Gross Margin	15,065,803	21,381,397	(6,315,594)	-30%
1,467,140	1,557,847	90,707	5.8%	Administrative Expense	14,309,579	15,957,046	1,647,468	10.3%
(250,227)	1,286,946	(1,537,173)	-119%	Net Operating Income	756,225	5,424,351	(4,668,126)	-86%
(17,926)	(29,167)	11,240	39%	Non-Operating Income/Exp	(218,153)	(291,667)	73,514	25%
\$ (268,154)	\$ 1,257,779	\$ (1,525,933)	-121%	Operating Surplus/ (Loss) before Adj.	\$ 538,071	\$ 5,132,684	(4,594,613)	-90%
\$ (10,000,000)	\$ -	(10,000,000)	0.0%	One-Time Board Designated Payment	\$ (10,000,000)	\$ -	(10,000,000)	0.0%
\$ (10,268,154)	\$ 1,257,779	\$ (11,525,933)	-916%	Operating Surplus/ (Loss) Final	\$ (9,461,929)	\$ 5,132,684	\$ (14,594,613)	-284%

Revenue

Overall revenue is under budget by \$2.1m, or -8.7%, for the month and \$8.6M, or -4.1%, under budget year-to-date. This is primarily a result of SCFHP receiving a Medi-Cal rate decrease and the effects of the passage of AB 97 provider rate reductions.

On October 27, 2011, DHCS announced that CMS approved key elements of California state bill AB97 passed earlier in 2011. AB97 contains cost saving measures in the state's Medi-Cal program that significantly impact the Plan's revenue rates retroactive to July 1, 2011. DMHC provided AB97 rate information in November 2011, however, final retro adjustments are not expected until July 2012.

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.

After taking the above into account, the Health Plan recorded net revenue of \$21.6 million for the month of April, 2012, compared to budgeted revenue of \$23.6 million, resulting in an unfavorable variance from budget of \$2.1 million, or -8.7%. For YTD April 2012, the Health Plan recorded revenue of \$201.5 million compared to budgeted revenue of \$210.0 million, resulting in an unfavorable variance from budget of \$8.6 million, or -4.1%.

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

Member Months

For the month of April 2012, overall member months were below budget by 7,210 members, or -4.9%. As of April 30, 2012, overall membership for ten months year-to-date is running below budget by 31,887 members, or -2.3%.

Compared to the end of the prior fiscal year, 6/30/2011, membership in Medi-Cal increased by 8.4%, while membership the Healthy Families and Healthy Kids programs declined, by 2.5% and 8.2%, respectively, since 6/30/2011. Member months and changes from prior year are summarized on Page 10.

Medical Expense

For the month of April 2012, medical expense was \$20.3 million compared to budget of \$20.8 million, resulting in a favorable budget variance of \$433 thousand, or 2.1%. For April 2012 year-to-date, medical expense was \$186.4 million compared to budget of \$188.7 million, resulting in favorable budget variance of \$2.2 million, or 1.2%. The positive variance is primarily a result of better inpatient experience in the Agnews line of business.

Administrative Expenses

For month of April 2012, and ten months year-to-date through April 2012, overall administrative costs were under budget by \$91 thousand (5.8%) and \$1.6 million (10.3%), respectively. The two categories with the largest cost variance were “Information Systems” and “Salaries and Benefits” expenses, respectively.

Administrative expenses were 6.8% and 7.1% of revenues for the month of April 2012, and April 2012 year-to-date, respectively.

Balance Sheet (Page 6)

Cash as of April 30, 2012, declined \$20.0 million from the cash balance as of year-end June 30, 2011. Net receivables increased by \$19.2 million during the same ten-month period.

Current assets at April 30, 2012 totaled \$58.5 million compared to current liabilities of \$32.6 million, yielding a current ratio (the ratio of current assets to current liabilities) of 1.8:1 as of April 30, 2012. Working capital decreased from the previous month of March 2012 by \$10.2 million. As of April 2012 year-to-date, working capital decreased from fiscal year-end 2011 by \$9.1 million.

Total liabilities increased by \$8.4 million from year-end June 30, 2011, to April 30, 2012, largely impacted by the reserve for Medi-Cal revenue rate reduction as explained on Page 2.

On February 25, 2010 the Board adopted a resolution to set aside excess funds generated from the Healthy Kids program, beginning with FY10, to be used for future HK premium costs. 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 April 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.

Capital Expenses increased by \$217.8 thousand for ten months ended April 2012 year-to-date.

Tangible Net Equity

Tangible net equity (TNE) was \$26.6 million at April 30, 2012, compared to the minimum TNE required by the Department of Managed Health Care (DMHC) of \$5.4 million (per last filing for quarter ended 03-31-12).

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 April 30, 2012, the Plan's reserves are about \$3.5 million below this reserves target (see calculation below).

Calculation of targeted reserves as of April 30, 2012:

Estimate of two months' capitation (April-2012 Medi-Cal Capitation of \$18,509,000 X 2 = \$ 37,018,000)	\$ 37.0 million
Less: Unrestricted Net Equity per balance sheet	<u>\$ 25.6 million</u>
Approximate reserves below target	<u>\$ 11.4 million</u>

**Santa Clara County Health Authority
Balance Sheet**

	<u>4/30/2012</u>	<u>3/31/2012</u>	<u>2/29/2012</u>	<u>6/30/2011</u>
Assets				
Current Assets				
Cash and Marketable Securities	\$ 33,135,122	\$ 38,660,621	\$ 41,878,191	\$ 53,105,220
Premiums Receivable	24,549,208	26,438,987	24,567,219	5,377,960
Due from Santa Clara Family Health Foundation - net	33,081	124,446	47,829	72,459
Prepaid Expenses and Other Current Assets	<u>787,001</u>	<u>824,588</u>	<u>868,405</u>	<u>629,975</u>
Total Current Assets	58,504,412	66,048,642	67,361,644	59,185,614
Long Term Assets				
Equipment	6,158,945	6,157,963	6,143,570	5,941,099
Less: Accumulated Depreciation	<u>(5,461,143)</u>	<u>(5,412,570)</u>	<u>(5,364,063)</u>	<u>(4,911,672)</u>
Total Long Term Assets	<u>697,802</u>	<u>745,392</u>	<u>779,506</u>	<u>1,029,427</u>
Total Assets	<u>\$ 59,202,214</u>	<u>\$ 66,794,034</u>	<u>\$ 68,141,150</u>	<u>\$ 60,215,041</u>
Liabilities and Net Assets				
Liabilities				
Trade Payables	\$ 5,246,623	\$ 3,901,194	\$ 7,744,241	\$ 4,035,666
Employee Benefits	744,375	721,822	685,033	731,571
Retirement Obligation per GASB 45	400,000	360,000	320,000	-
Due to Santa Clara County Valley Health Plan	815,942	1,441,199	1,117,202	3,091,105
Advance Premium - Healthy Kids	72,335	66,241	62,084	71,600
QIF Fees Payable	-	-	-	715,745
AB 97 Provider Reductions	9,754,689	8,333,748	6,970,395	-
Medical Cost Reserves	<u>15,536,409</u>	<u>15,069,836</u>	<u>14,370,860</u>	<u>15,475,585</u>
Total Liabilities	32,570,373	29,894,040	31,269,815	24,121,272
Net Assets / Reserves				
Invested in Capital Assets	697,802	745,392	779,506	1,029,427
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Board Designated Reserve - Healthy Kids	-	2,542,324	2,542,324	2,542,324
Unrestricted Net Equity	35,090,617	32,500,703	32,466,589	21,225,911
Current YTD Income (Loss)	<u>(9,461,929)</u>	<u>806,225</u>	<u>777,566</u>	<u>10,990,758</u>
Net Assets / Reserves	<u>26,631,840</u>	<u>36,899,994</u>	<u>36,871,334</u>	<u>36,093,769</u>
Total Liabilities and Net Assets	<u>\$ 59,202,214</u>	<u>\$ 66,794,034</u>	<u>\$ 68,141,150</u>	<u>\$ 60,215,041</u>

Santa Clara County Health Authority
Income Statement for the Ten Months Ending April 30, 2012

	For the Month of April 2012					For Ten Months Ending April 2012				
	Actual	% of Revenue	Budget	% of Revenue	Variance	Actual	% of Revenue	Budget	% of Revenue	Variance
REVENUES										
MEDI-CAL	\$ 19,466,948	90.3%	\$ 21,412,066	90.7%	\$ (1,945,118)	\$ 180,506,029	89.6%	\$ 188,291,527	89.6%	\$ (7,785,498)
HEALTHY FAMILIES	1,178,920	5.5%	1,187,847	5.0%	(8,927)	11,885,119	5.9%	11,878,466	5.7%	6,654
HEALTHY KIDS	647,540	3.0%	701,594	3.0%	(54,054)	6,655,378	3.3%	6,987,277	3.3%	(331,900)
AGNEWS	155,880	1.6%	204,933	0.9%	(49,053)	1,572,592	1.3%	2,049,327	1.4%	(476,734)
HEALTHY WORKERS	105,376	0.5%	108,675	0.5%	(3,300)	865,636	0.4%	833,625	0.4%	32,011
TOTAL REVENUE	21,554,663	100.9%	23,615,114	100.0%	(2,060,452)	201,484,753	100.6%	210,040,221	100.4%	(8,555,467)
MEDICAL EXPENSES										
MEDI-CAL	18,713,341	86.8%	18,939,187	80.2%	225,846	169,472,587	84.1%	170,578,738	81.2%	1,106,151
HEALTHY FAMILIES	967,542	4.5%	986,035	4.2%	18,493	10,057,842	5.0%	9,860,353	4.7%	(197,489)
HEALTHY KIDS	515,148	2.4%	568,441	2.4%	53,292	5,435,180	2.7%	5,667,944	2.7%	232,763
AGNEWS	60,156	0.3%	184,439	0.8%	124,283	809,820	0.0%	1,844,394	0.0%	1,034,574
HEALTHY WORKERS	81,562	0.4%	92,219	0.4%	10,657	643,521	0.0%	707,396	0.0%	63,874
TOTAL MEDICAL EXPENSES	20,337,750	94.4%	20,770,321	88.0%	432,571	186,418,950	91.8%	188,658,824	88.6%	2,239,873
MEDICAL OPERATING MARGIN	1,216,912	5.6%	2,844,793	12.0%	(1,627,880)	15,065,803	7.5%	21,381,397	10.2%	(6,315,594)
ADMINISTRATIVE EXPENSES										
SALARIES AND BENEFITS	993,538	4.6%	942,559	4.0%	(50,979)	9,452,677	4.7%	9,804,171	4.7%	351,494
RENTS AND UTILITIES	105,468	0.5%	108,167	0.5%	2,699	989,328	0.5%	1,081,667	0.5%	92,339
PRINTING AND ADVERTISING	12,602	0.1%	28,875	0.1%	16,273	43,700	0.0%	288,750	0.1%	245,050
INFORMATION SYSTEMS	73,417	0.3%	96,803	0.4%	23,385	517,414	0.3%	968,026	0.5%	450,612
PROF FEES / CONSULTING / TEMP STAFFING	104,221	0.5%	174,194	0.7%	69,973	1,469,164	0.7%	1,741,937	0.8%	272,773
DEPRECIATION / INSURANCE / EQUIPMENT	71,516	0.3%	89,739	0.4%	18,222	771,219	0.4%	897,386	0.4%	126,167
OFFICE SUPPLIES / POSTAGE / TELEPHONE	43,900	0.2%	52,250	0.2%	8,350	586,152	0.3%	522,500	0.2%	(63,652)
MEETINGS / TRAVEL / DUES	61,299	0.3%	58,268	0.2%	(3,032)	428,005	0.2%	582,676	0.3%	154,671
OTHER	1,178	0.0%	6,993	0.0%	5,815	51,920	0.0%	69,933	0.0%	18,014
TOTAL ADMINISTRATIVE EXPENSES	1,467,140	6.8%	1,557,847	6.6%	90,707	14,309,579	7.1%	15,957,046	7.6%	1,647,468
OPERATING SURPLUS (LOSS)	(250,227)	-1.2%	1,286,946	5.4%	(1,537,173)	756,225	0.4%	5,424,351	2.6%	(4,668,126)
GASB 45-POST EMPLOYMENT BENEFITS EXPENSE	(40,000)	-0.2%	(40,000)	-0.2%	-	(400,000)	0.0%	(400,000)	0.0%	-
INTEREST INCOME	22,074	0.1%	10,833	0.0%	11,240	181,847	0.1%	108,333	0.1%	73,514
NET INCOME (LOSS) BEFORE ADJ.	(268,154)	-1.2%	1,257,779	5.3%	(1,525,933)	538,071	0.3%	5,132,684	2.4%	(4,594,613)
BOARD DESIGNATED PAYMENT	(10,000,000)	-46.4%	0	0.0%	(10,000,000)	(10,000,000)	-5.0%	0	0.0%	(10,000,000)
NET INCOME (LOSS) FINAL	\$ (10,268,154)	-47.6%	\$ 1,257,779	5.3%	\$ (11,525,933)	\$ (9,461,929)	-4.7%	\$ 5,132,684	2.4%	\$ (14,594,613)

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

TEN MONTHS ENDED APRIL 30, 2012

	Medi-Cal	Healthy Families	Healthy Kids	Agnews	Healthy Workers	Grand Total
P&L (ALLOCATED BASIS)						
REVENUE	\$180,506,029	\$11,885,119	\$6,655,378	\$1,572,592	865,636	\$201,484,753
MEDICAL EXPENSES	169,472,587	10,057,842	5,435,180	809,820	643,521	\$186,418,950
GROSS MARGIN	11,033,442	1,827,277	1,220,197	762,773	222,114	\$15,065,803
ADMINISTRATIVE EXPENSES	11,754,535	1,810,759	690,434	13,798	40,053	\$14,309,579
(indirect costs subject to % MM allocation)						
OPERATING INCOME/(LOSS)	(721,093)	16,518	529,763	748,975	182,061	756,225
OTHER INCOME/EXPENSE (% of mm Allocation)	(8,393,653)	(1,293,023)	(493,023)	(9,853)	(28,601)	(10,218,153)
NET INCOME/ (LOSS)	<u>(\$9,114,746)</u>	<u>(\$1,276,504)</u>	<u>\$36,740</u>	<u>\$739,122</u>	<u>\$153,459</u>	<u>(\$9,461,929)</u>
PMPM ALLOCATED P&L:						
REVENUE	\$161.99	\$69.24	\$101.68	\$1,202.29	\$227.98	\$148.53
MEDICAL EXPENSES	152.09	58.59	83.04	619.13	169.48	137.42
GROSS MARGIN	9.90	10.64	18.64	583.16	58.50	11.11
ADMINISTRATIVE EXPENSSES	10.55	10.55	10.55	10.55	10.55	10.55
OPERATING INCOME/(LOSS)	(0.65)	0.10	8.09	572.61	47.95	0.56
OTHER INCOME / (EXPENSE)	(7.53)	(7.53)	(7.53)	(7.53)	(7.53)	(7.53)
NET INCOME / (LOSS)	<u>(\$8.18)</u>	<u>(\$7.44)</u>	<u>\$0.56</u>	<u>\$565.08</u>	<u>\$40.42</u>	<u>(\$6.98)</u>
ALLOCATION BASIS:						
MEMBER MONTHS - Month and YTD	1,114,311	171,657	65,452	1,308	3,797	1,356,525
% of Member Months	82.14%	12.65%	4.82%	0.10%	0.28%	100.00%

Santa Clara Family Health Plan
Statement of Cash Flows
For Ten Months Ended April 30, 2012

Cash flows from operating activities	
Premiums received	\$ 192,108,308
Medical expenses paid	\$ (188,633,289)
Administrative expenses paid	<u>\$ (13,409,117)</u>
Net cash from operating activities	\$ (9,934,098)
Cash flows from capital and related financing activities	
Increase Due to Board approved payment to Santa Clara Valley Health Plan	\$ (10,000,000)
Cash flows from capital and related financing activities	
Purchases of capital assets	\$ (217,846)
Cash flows from investing activities	
Interest income, net	<u>\$ 181,847</u>
Net (Decrease) increase in cash and cash equivalents	<u>\$ (19,970,098)</u>
Cash and cash equivalents, beginning of year	<u>\$ 53,105,220</u>
Cash and cash equivalents at April 30, 2012	<u>\$ 33,135,122</u>
Reconciliation of operating income to net cash from operating activities	
Operating income (loss)	\$ 356,225
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	\$ 549,349
Changes in operating assets and liabilities	
Premiums receivable	\$ (19,171,248)
Due from Santa Clara Family Health Foundation	\$ 39,378
Prepays and other assets	\$ (157,025)
Accounts payable and accrued liabilities	\$ 895,334
Capitation payable	\$ (2,275,163)
Employee benefit liabilities	\$ 12,804
Advance premium - Healthy Kids	\$ 735
Reserve for Rate Reductions (AB 97)	\$ 9,754,689
Incurred but not reported claims payable and risk share payments payable	<u>\$ 60,824</u>
Total adjustments	<u>\$ (10,290,323)</u>
Net cash from operating activities	<u>\$ (9,934,098)</u>

Santa Clara Family Health Plan Enrollment Summary

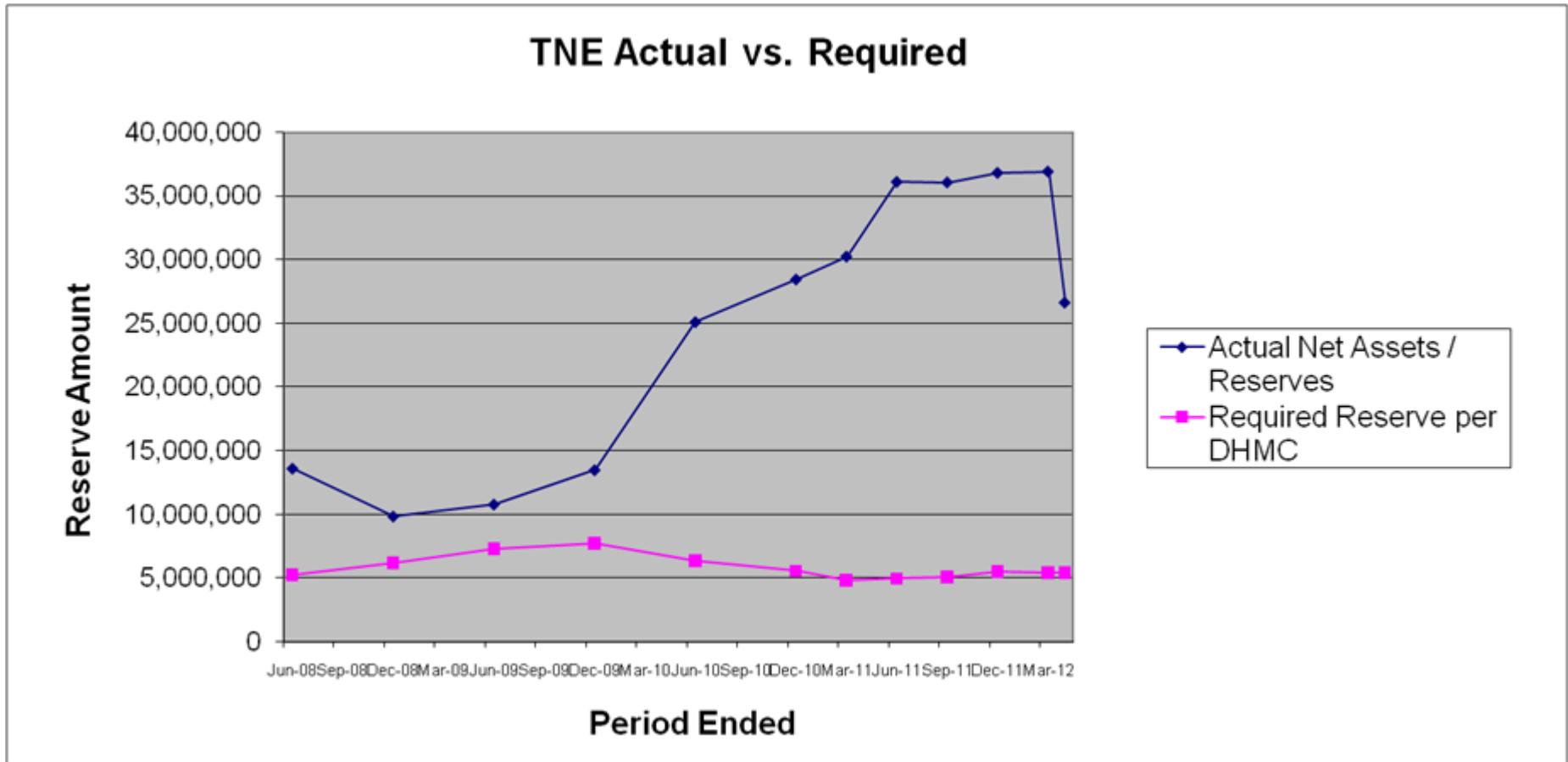
For the Month of April 2012

For the Ten Months Ending April 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 FY12 vs FY11</u>
Medi-Cal	115,598	121,658	(4.98%)	1,114,311	1,139,912	(2.25%)	1,015,620	9.72%
Healthy Families	16,983	17,435	(2.59%)	171,657	174,350	(1.54%)	171,055	0.35%
Healthy Kids	6,262	6,925	(9.57%)	65,452	69,115	(5.30%)	73,826	(11.34%)
Agnews	130	133	(2.26%)	1,308	1,330	(1.65%)	1,352	(3.25%)
Healthy Workers	<u>451</u>	<u>483</u>	<u>(6.63%)</u>	<u>3,797</u>	<u>3,705</u>	<u>2.48%</u>	<u>1,092</u>	<u>247.71%</u>
Total	<u>139,424</u>	<u>146,634</u>	<u>(4.92%)</u>	<u>1,356,525</u>	<u>1,388,412</u>	<u>(2.30%)</u>	<u>1,262,945</u>	<u>7.41%</u>

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

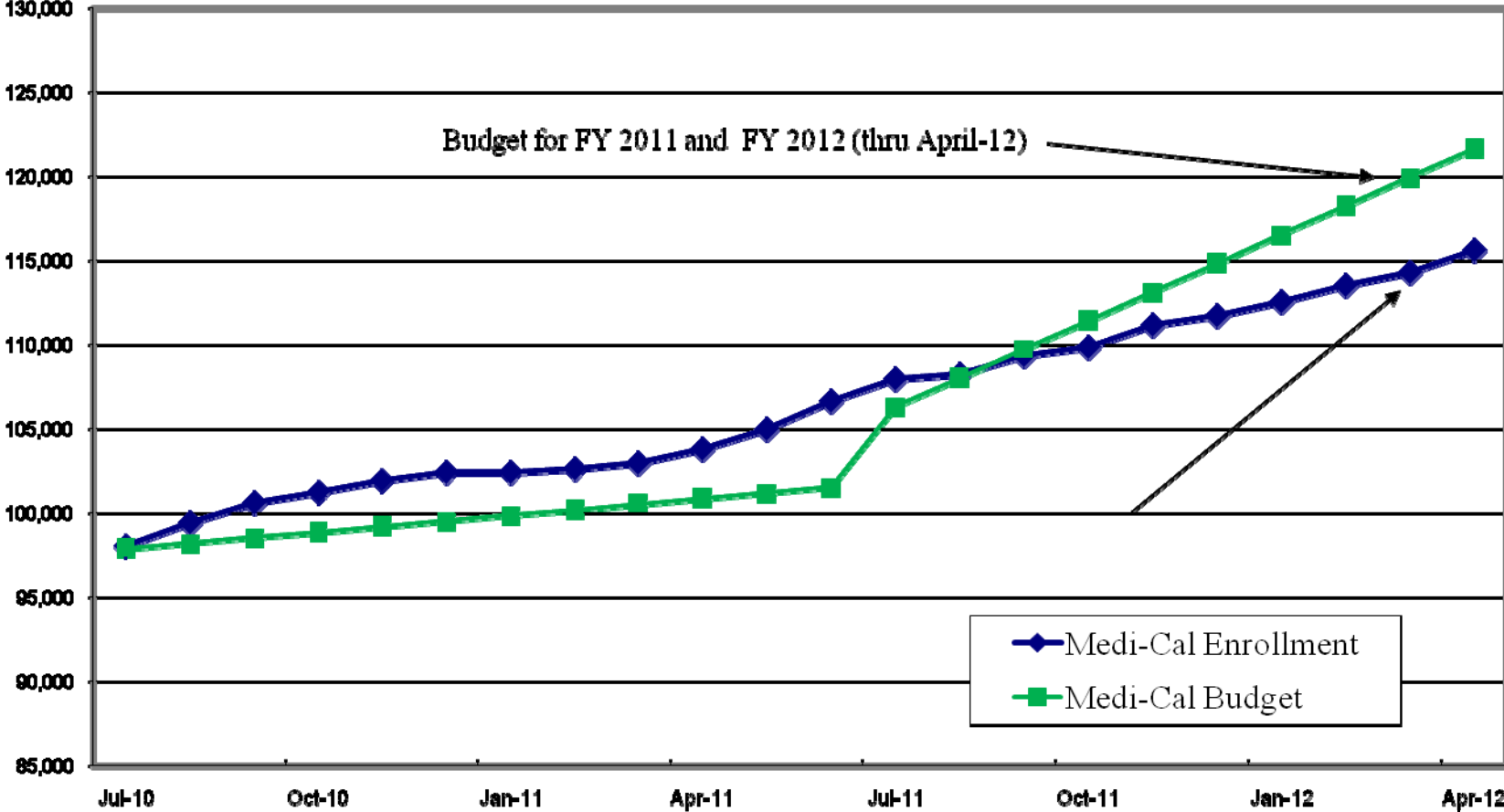
	<u>6/30/2008</u>	<u>12/31/2008</u>	<u>6/30/2009</u>	<u>12/31/2009</u>	<u>6/30/2010</u>	<u>12/31/2010</u>	<u>3/31/2011</u>	<u>6/30/2011</u>	<u>9/30/2011</u>	<u>12/31/2011</u>	<u>3/31/2012</u>	<u>4/30/2012</u>
Actual Net Assets / Reserves	13,625,110	9,870,082	10,807,911	13,501,652	25,103,011	28,445,504	30,243,838	36,093,769	36,051,035	36,803,460	36,899,994	26,631,840
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	5,108,000	5,558,000	5,444,000	5,444,000



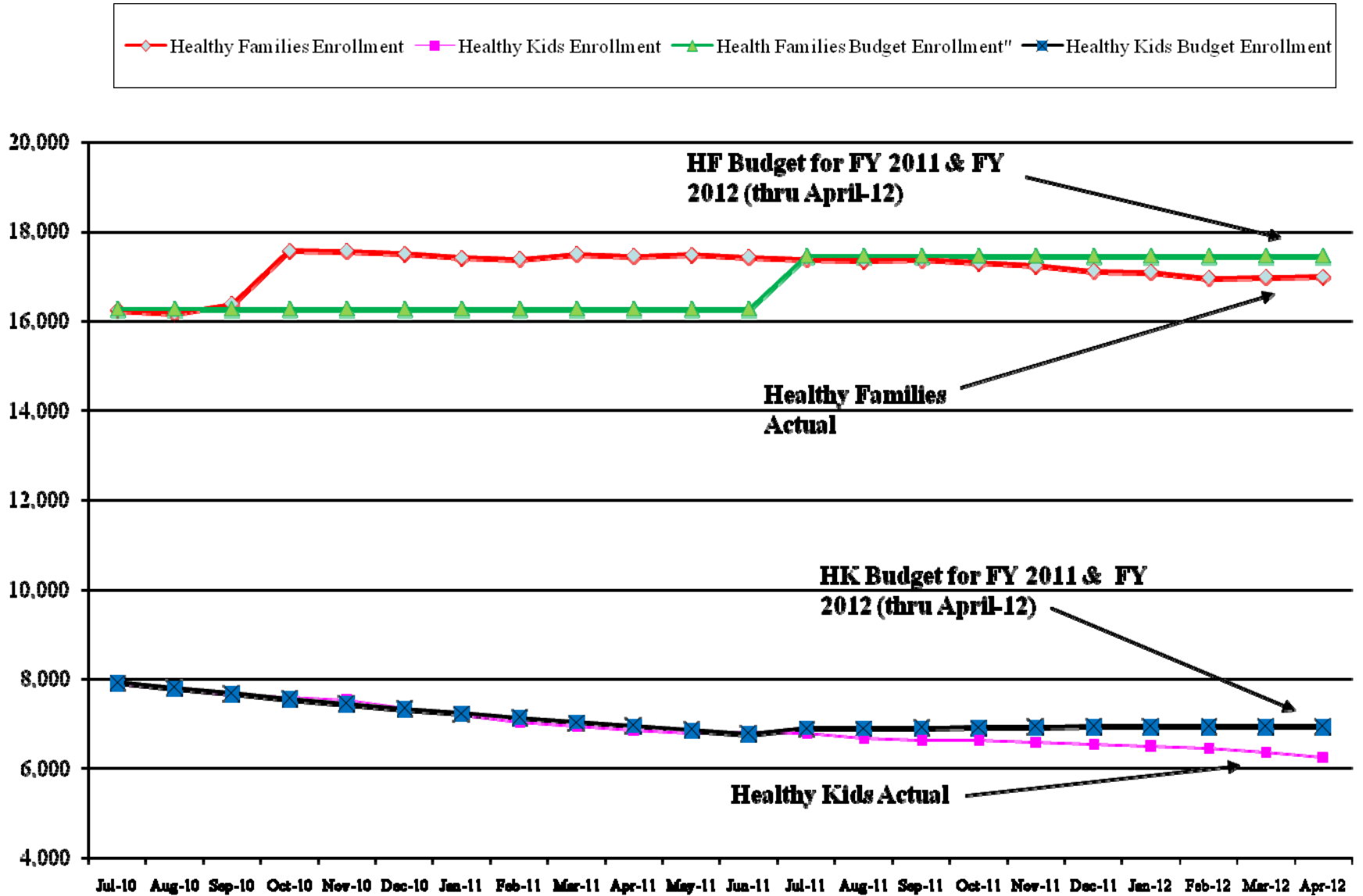
April 2012

	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	6,500	6%	731	4%	159	3%	130	100%	0	0%	7,520	5%
Network 2: SCVHHS, Safety Net Clinics, FQHC Clinics, Palo Medical Foundation Physicians Medical Group Premier Care Kaiser Community Clinics	59,081 2,569 30,439 8,171 8,838 <u>0</u>	51% 2% 26% 7% 8% 0%	5,785 776 7,758 1,933 0 <u>0</u>	34% 5% 46% 11% 0% 0%	4,360 62 1,540 141 0 <u>0</u>	70% 1% 25% 2% 0% 0%	0 0 0 0 0 <u>0</u>	0% 0% 0% 0% 0% 0%	451 0 0 0 0 <u>0</u>	100% 0% 0% 0% 0% 0%	69,677 3,407 39,737 10,245 8,838 <u>0</u>	50% 2% 29% 7% 6% 0%
Total	<u>115,598</u>	<u>100%</u>	<u>16,983</u>	<u>100%</u>	<u>6,262</u>	<u>100%</u>	<u>130</u>	<u>100%</u>	<u>451</u>	<u>100%</u>	<u>139,424</u>	<u>100%</u>
Enrollment @ 6-30-11	-	-	-	-	-	-	-	-	-	-	-	-
Net % Change from Beginning of FY	<u>106.668</u>		<u>17.417</u>		<u>6.820</u>		<u>131</u>		<u>293</u>		<u>131.329</u>	
	<u>8.37%</u>		<u>-2.49%</u>		<u>-8.18%</u>		<u>-0.76%</u>		<u>53.92%</u>		<u>6.16%</u>	

SCFHP Medi-Cal Enrollment



SCFHP Healthy Families and Healthy Kids Enrollment





Santa Clara
Family Health Plan

The Spirit of Care

Financial Statements
For Eleven Months Ended
May 2012
(Unaudited)

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Santa Clara Family Health Plan CFO Finance Report

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

Summary of Financial Results

For the month of May 2012, SCFHP recorded an operating surplus of \$208 thousand compared to a budgeted operating surplus of \$1.4 million, resulting in an unfavorable variance from budget of \$1.1 million for the month. For May 2012, year-to-date, SCFHP recorded an operating loss of \$9.3 million compared to a budgeted operating surplus of \$6.5 million, resulting in an unfavorable variance from budget of \$15.7 million. The table below summarizes the components of the overall variance from budget. Year to date results include a one-time board-approved payment in April 2012 for \$10 million to support the County of Santa Clara Safety net.

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 %
\$ 22,024,813	\$ 24,246,645	\$ (2,221,832)	-9.2%	Revenue	\$ 223,509,567	\$ 234,286,866	\$ (10,777,300)	-4.6%
20,136,176	21,213,210	1,077,034	5.1%	Medical Expense	206,555,126	209,872,034	3,316,907	1.6%
1,888,637	3,033,436	(1,144,798)	-38%	Gross Margin	16,954,440	24,414,833	(7,460,392)	-31%
1,651,681	1,650,583	(1,098)	-0.1%	Administrative Expense	15,961,260	17,607,629	1,646,370	9.4%
236,956	1,382,852	(1,145,896)	-83%	Net Operating Income	993,181	6,807,203	(5,814,023)	-85%
(29,197)	(29,167)	(30)	0%	Non-Operating Income/Exp	(247,350)	(320,833)	73,483	23%
\$ 207,759	\$ 1,353,686	\$ (1,145,927)	-85%	Operating Surplus/ (Loss) before Adj.	\$ 745,831	\$ 6,486,370	(5,740,540)	-89%
\$ -	\$ -	-	0.0%	One-Time Board Designated Payment	\$ (10,000,000)	\$ -	(10,000,000)	0.0%
\$ 207,759	\$ 1,353,686	\$ (1,145,927)	-85%	Operating Surplus/ (Loss) Final	\$ (9,254,169)	\$ 6,486,370	\$ (15,740,540)	-243%

Revenue

The Health Plan recorded net revenue of \$22.0 million for the month of May 2012, compared to budgeted revenue of \$24.2 million, resulting in an unfavorable variance from budget of \$2.2 million, or -9.2%. For YTD May 2012, the Health Plan recorded revenue of \$223.5 million compared to budgeted revenue of \$234.3 million, resulting in an unfavorable variance from budget of \$10.8 million, or -4.6%. This is primarily a result of SCFHP receiving a Medi-Cal rate decrease and the effects of the passage of AB 97 provider rate reductions.

On October 27, 2011, DHCS announced that CMS approved key elements of California state bill AB97 passed earlier in 2011. AB97 contains cost saving measures in the State's Medi-Cal program that significantly impact the Plan's revenue rates retroactive to July 1, 2011. DMHC provided AB97 rate information in November 2011, however, final retro adjustments are not expected until July 2012.

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.

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

Member Months

For the month of May 2012, overall member months were below budget by 8,123 members, or -5.5%. As of May 31, 2012, overall membership for eleven months year-to-date is running below budget by 40,010 members, or -2.6%.

Compared to the end of the prior fiscal year, 6/30/2011, membership in Medi-Cal increased by 9.2%, while membership the Healthy Families and Healthy Kids programs declined, by 2.9% and 7.6%, respectively, since 6/30/2011. Member months and changes from prior year are summarized on Page 10.

Medical Expenses

For the month of May 2012, medical expense was \$20.1 million compared to budget of \$21.2 million, resulting in a favorable budget variance of \$1.1 million, or 5.1%. For May 2012 year-to-date, medical expense was \$206.6 million compared to budget of \$209.9 million, resulting in favorable budget variance of \$3.3 million, or 1.6%. The positive variance is primarily a result of lower enrollment in Medi-Cal than budgeted, and better inpatient hospitalization experience in the Agnews line of business.

Administrative Expenses

Overall administrative costs were over budget by \$1 thousand, or 0.1%, for month of May 2012, and under budget by \$1.6 million, or 9.4%, for eleven months year-to-date through May 2012. The two categories with the largest cost variance were “Information Systems” and “Salaries and Benefits” expenses, respectively.

Administrative expenses were 7.5% and 7.1% of revenues for the month of May 2012, and May 2012 year-to-date, respectively.

Balance Sheet (Page 6)

Cash as of May 31, 2012, declined \$2.2 million from the cash balance as of year-end June 30, 2011. Net receivables decreased by \$1.0 million during the same eleven-month period.

Current assets at May 31, 2012 totaled \$56.0 million compared to current liabilities of \$29.9 million, yielding a current ratio (the ratio of current assets to current liabilities) of 1.9:1 as of May 31, 2012. Working capital increased from the previous month of April 2012 by \$109 thousand. May 2012 year-to-date working capital decreased from fiscal year-end 2011 by \$9.0 million.

Total liabilities increased by \$5.8 million from year-end June 30, 2011, to May 31, 2012, largely impacted by the reserve for Medi-Cal revenue rate reduction as explained on Page 2.

On February 25, 2010 the Board adopted a resolution to set aside excess funds generated from the Healthy Kids program, beginning with FY10, to be used for future HK premium costs. 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.

Capital Expenses increased by \$369.7 thousand for eleven months ended May 2012 year-to-date.

Tangible Net Equity

Tangible net equity (TNE) was \$26.8 million at May 31, 2012, compared to the minimum TNE required by the Department of Managed Health Care (DMHC) of \$5.4 million (per last filing for quarter ended 03-31-12).

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 May 31, 2012, the Plan's reserves are about \$11.6 million below this reserves target (see calculation below).

Calculation of targeted reserves as of May 31, 2012:

Estimate of two months' capitation (May-2012 Medi-Cal Capitation of \$18,667,000 X 2 = \$ 37,334,000)	\$ 37.3 million
Less: Unrestricted Net Equity per balance sheet	<u>\$ 25.7 million</u>
Approximate reserves below target	<u>\$ 11.6 million</u>

**Santa Clara County Health Authority
Balance Sheet**

	<u>5/31/2012</u>	<u>4/30/2012</u>	<u>3/31/2012</u>	<u>6/30/2011</u>
Assets				
Current Assets				
Cash and Marketable Securities	\$ 50,900,882	\$ 33,135,122	\$ 38,660,621	\$ 53,105,220
Premiums Receivable	4,401,335	24,549,208	26,438,987	5,377,960
Due from Santa Clara Family Health Foundation - net	35,737	33,081	124,446	72,459
Prepaid Expenses and Other Current Assets	<u>639,705</u>	<u>787,001</u>	<u>824,588</u>	<u>629,975</u>
Total Current Assets	55,977,659	58,504,412	66,048,642	59,185,614
Long Term Assets				
Equipment	6,310,794	6,158,945	6,157,963	5,941,099
Less: Accumulated Depreciation	<u>(5,514,589)</u>	<u>(5,461,143)</u>	<u>(5,412,570)</u>	<u>(4,911,672)</u>
Total Long Term Assets	<u>796,205</u>	<u>697,802</u>	<u>745,392</u>	<u>1,029,427</u>
Total Assets	<u>\$ 56,773,864</u>	<u>\$ 59,202,214</u>	<u>\$ 66,794,034</u>	<u>\$ 60,215,041</u>
Liabilities and Net Assets				
Liabilities				
Trade Payables	\$ 1,820,658	\$ 5,246,623	\$ 3,901,194	\$ 4,035,666
Employee Benefits	738,333	744,375	721,822	731,571
Retirement Obligation per GASB 45	440,000	400,000	360,000	-
Due to Santa Clara County Valley Health Plan	685,207	815,942	1,441,199	3,091,105
Advance Premium - Healthy Kids	63,941	72,335	66,241	71,600
QIF Fees Payable	-	-	-	715,745
AB 97 Provider Reductions	11,205,053	9,754,689	8,333,748	-
Medical Cost Reserves	<u>14,981,072</u>	<u>15,536,409</u>	<u>15,069,836</u>	<u>15,475,585</u>
Total Liabilities	29,934,264	32,570,373	29,894,040	24,121,272
Net Assets / Reserves				
Invested in Capital Assets	796,205	697,802	745,392	1,029,427
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Board Designated Reserve - Healthy Kids	-	-	2,542,324	2,542,324
Unrestricted Net Equity	34,992,214	35,090,617	32,500,703	21,225,911
Current YTD Income (Loss)	<u>(9,254,169)</u>	<u>(9,461,929)</u>	<u>806,225</u>	<u>10,990,758</u>
Net Assets / Reserves	<u>26,839,599</u>	<u>26,631,840</u>	<u>36,899,994</u>	<u>36,093,769</u>
Total Liabilities and Net Assets	<u>\$ 56,773,864</u>	<u>\$ 59,202,214</u>	<u>\$ 66,794,034</u>	<u>\$ 60,215,041</u>

Santa Clara County Health Authority
Income Statement for the Eleven Months Ending May 31, 2012

	For the Month of May 2012					For Eleven Months Ending May 2012				
	Actual	% of Revenue	Budget	% of Revenue	Variance	Actual	% of Revenue	Budget	% of Revenue	Variance
REVENUES										
MEDI-CAL	\$ 19,927,127	90.5%	\$ 22,037,973	90.9%	\$ (2,110,846)	\$ 200,433,156	89.7%	\$ 210,329,499	89.8%	\$ (9,896,344)
HEALTHY FAMILIES	1,171,076	5.3%	1,187,847	4.9%	(16,770)	13,056,195	5.8%	13,066,312	5.6%	(10,117)
HEALTHY KIDS	642,495	2.9%	701,594	2.9%	(59,098)	7,297,873	3.3%	7,688,871	3.3%	(390,998)
AGNEWS	174,000	1.6%	204,933	0.8%	(30,933)	1,746,592	1.3%	2,254,259	1.4%	(507,667)
HEALTHY WORKERS	<u>110,115</u>	<u>0.5%</u>	<u>114,300</u>	<u>0.5%</u>	<u>(4,185)</u>	<u>975,751</u>	<u>0.4%</u>	<u>947,925</u>	<u>0.4%</u>	<u>27,826</u>
TOTAL REVENUE	22,024,813	100.8%	24,246,645	100.0%	(2,221,832)	223,509,567	100.6%	234,286,866	100.5%	(10,777,300)
MEDICAL EXPENSES										
MEDI-CAL	18,355,458	83.3%	19,377,302	79.9%	1,021,845	187,828,044	84.0%	189,956,040	81.1%	2,127,996
HEALTHY FAMILIES	951,874	4.3%	986,035	4.1%	34,161	11,009,716	4.9%	10,846,388	4.6%	(163,328)
HEALTHY KIDS	596,454	2.7%	568,441	2.3%	(28,014)	6,031,635	2.7%	6,236,384	2.7%	204,750
AGNEWS	63,148	0.3%	184,439	0.8%	121,291	872,968	0.0%	2,028,833	0.0%	1,155,865
HEALTHY WORKERS	<u>169,242</u>	<u>0.8%</u>	<u>96,992</u>	<u>0.4%</u>	<u>(72,250)</u>	<u>812,763</u>	<u>0.0%</u>	<u>804,388</u>	<u>0.0%</u>	<u>(8,375)</u>
TOTAL MEDICAL EXPENSES	20,136,176	91.4%	21,213,210	87.5%	1,077,034	206,555,126	91.7%	209,872,034	88.4%	3,316,907
MEDICAL OPERATING MARGIN	1,888,637	8.6%	3,033,436	12.5%	(1,144,798)	16,954,440	7.6%	24,414,833	10.4%	(7,460,392)
ADMINISTRATIVE EXPENSES										
SALARIES AND BENEFITS	1,052,158	4.8%	1,035,296	4.3%	(16,863)	10,504,835	4.7%	10,839,467	4.6%	334,632
RENTS AND UTILITIES	98,575	0.4%	108,167	0.4%	9,592	1,087,903	0.5%	1,189,833	0.5%	101,930
PRINTING AND ADVERTISING	23,230	0.1%	28,875	0.1%	5,645	66,931	0.0%	317,625	0.1%	250,694
INFORMATION SYSTEMS	82,313	0.4%	96,803	0.4%	14,490	599,727	0.3%	1,064,829	0.5%	465,102
PROF FEES / CONSULTING / TEMP STAFFING	192,390	0.9%	174,194	0.7%	(18,196)	1,661,553	0.7%	1,916,131	0.8%	254,577
DEPRECIATION / INSURANCE / EQUIPMENT	81,223	0.4%	89,739	0.4%	8,515	852,442	0.4%	987,124	0.4%	134,682
OFFICE SUPPLIES / POSTAGE / TELEPHONE	67,427	0.3%	52,250	0.2%	(15,177)	653,579	0.3%	574,750	0.2%	(78,829)
MEETINGS / TRAVEL / DUES	46,917	0.2%	58,268	0.2%	11,350	474,923	0.2%	640,944	0.3%	166,022
OTHER	<u>7,447</u>	<u>0.0%</u>	<u>6,993</u>	<u>0.0%</u>	<u>(454)</u>	<u>59,367</u>	<u>0.0%</u>	<u>76,927</u>	<u>0.0%</u>	<u>17,560</u>
TOTAL ADMINISTRATIVE EXPENSES	1,651,681	7.5%	1,650,583	6.8%	(1,098)	15,961,260	7.1%	17,607,629	7.5%	1,646,370
OPERATING SURPLUS (LOSS)	236,956	1.1%	1,382,852	5.7%	(1,145,896)	993,181	0.4%	6,807,203	2.9%	(5,814,023)
GASB 45-POST EMPLOYMENT BENEFITS EXPENSE	(40,000)	-0.2%	(40,000)	-0.2%	-	(440,000)	0.0%	(440,000)	0.0%	-
INTEREST INCOME	10,803	0.0%	10,833	0.0%	(30)	192,650	0.1%	119,167	0.1%	73,483
NET INCOME (LOSS) BEFORE ADJ.	207,759	0.9%	1,353,686	5.6%	(1,145,927)	745,831	0.3%	6,486,370	2.8%	(5,740,540)
BOARD DESIGNATED PAYMENT	-	0.0%	-	0.0%	-	(10,000,000)	-4.5%	-	0.0%	(10,000,000)
NET INCOME (LOSS) FINAL	\$ 207,759	0.9%	\$ 1,353,686	5.6%	\$ (1,145,927)	\$ (9,254,169)	-4.1%	\$ 6,486,370	2.8%	\$ (15,740,540)

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

ELEVEN MONTHS ENDED MAY 31, 2012

P&L (ALLOCATED BASIS)	Medi-Cal	Healthy Families	Healthy Kids	Agnews	Healthy Workers	Grand Total
REVENUE	\$200,433,156	\$13,056,195	\$7,297,873	\$1,746,592	975,751	\$223,509,567
MEDICAL EXPENSES	187,828,044	11,009,716	6,031,635	872,968	812,763	\$206,555,126
GROSS MARGIN	12,605,112	2,046,479	1,266,238	873,624	162,987	\$16,954,440
ADMINISTRATIVE EXPENSES (indirect costs subject to % MM allocation)	13,124,436	2,010,828	765,159	15,324	45,513	\$15,961,260
OPERATING INCOME/(LOSS)	(519,324)	35,651	501,079	858,300	117,474	993,181
OTHER INCOME/EXPENSE (% of mm Allocation)	(8,426,070)	(1,290,979)	(491,243)	(9,838)	(29,220)	(10,247,350)
NET INCOME/ (LOSS)	<u>(\$8,945,394)</u>	<u>(\$1,255,328)</u>	<u>\$9,837</u>	<u>\$848,462</u>	<u>\$88,254</u>	<u>(\$9,254,169)</u>
PMPM ALLOCATED P&L:						
REVENUE	\$162.85	\$69.24	\$101.71	\$1,215.44	\$228.62	\$149.33
MEDICAL EXPENSES	152.61	58.39	84.06	607.49	190.43	138.00
GROSS MARGIN	10.24	10.85	17.65	607.95	38.19	11.33
ADMINISTRATIVE EXPENSES	10.66	10.66	10.66	10.66	10.66	10.66
OPERATING INCOME/(LOSS)	(0.42)	0.19	6.98	597.29	27.52	0.66
OTHER INCOME / (EXPENSE)	(6.85)	(6.85)	(6.85)	(6.85)	(6.85)	(6.85)
NET INCOME / (LOSS)	<u>(\$7.27)</u>	<u>(\$6.66)</u>	<u>\$0.14</u>	<u>\$590.44</u>	<u>\$20.68</u>	<u>(\$6.18)</u>
ALLOCATION BASIS:						
MEMBER MONTHS - Month and YTD	1,230,748	188,566	71,753	1,437	4,268	1,496,772
% of Member Months	82.23%	12.60%	4.79%	0.10%	0.29%	100.00%

Santa Clara Family Health Plan
Statement of Cash Flows
For Eleven Months Ended May 31, 2012

Cash flows from operating activities	
Premiums received	\$ 235,720,308
Medical expenses paid	\$ (209,455,537)
Administrative expenses paid	<u>\$ (18,292,063)</u>
Net cash from operating activities	\$ 7,972,707
Cash flows from capital and related financing activities	
Increase Due to Board approved payment to Santa Clara Valley Health Plan	\$ (10,000,000)
Cash flows from capital and related financing activities	
Purchases of capital assets	\$ (369,695)
Cash flows from investing activities	
Interest income, net	<u>\$ 192,650</u>
Net (Decrease) increase in cash and cash equivalents	<u>\$ (2,204,338)</u>
Cash and cash equivalents, beginning of year	<u>\$ 53,105,220</u>
Cash and cash equivalents at May 31, 2012	<u>\$ 50,900,882</u>
Reconciliation of operating income to net cash from operating activities	
Operating income (loss)	\$ 553,181
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	\$ 602,795
Changes in operating assets and liabilities	
Premiums receivable	\$ 976,625
Due from Santa Clara Family Health Foundation	\$ 36,722
Prepays and other assets	\$ (9,729)
Accounts payable and accrued liabilities	\$ (2,490,631)
Capitation payable	\$ (2,405,898)
Employee benefit liabilities	\$ 6,762
Advance premium - Healthy Kids	\$ (7,659)
Reserve for Rate Reductions (AB 97)	\$ 11,205,053
Incurred but not reported claims payable and risk share payments payable	<u>\$ (494,513)</u>
Total adjustments	<u>\$ 7,419,527</u>
Net cash from operating activities	<u>\$ 7,972,707</u>

Santa Clara Family Health Plan Enrollment Summary

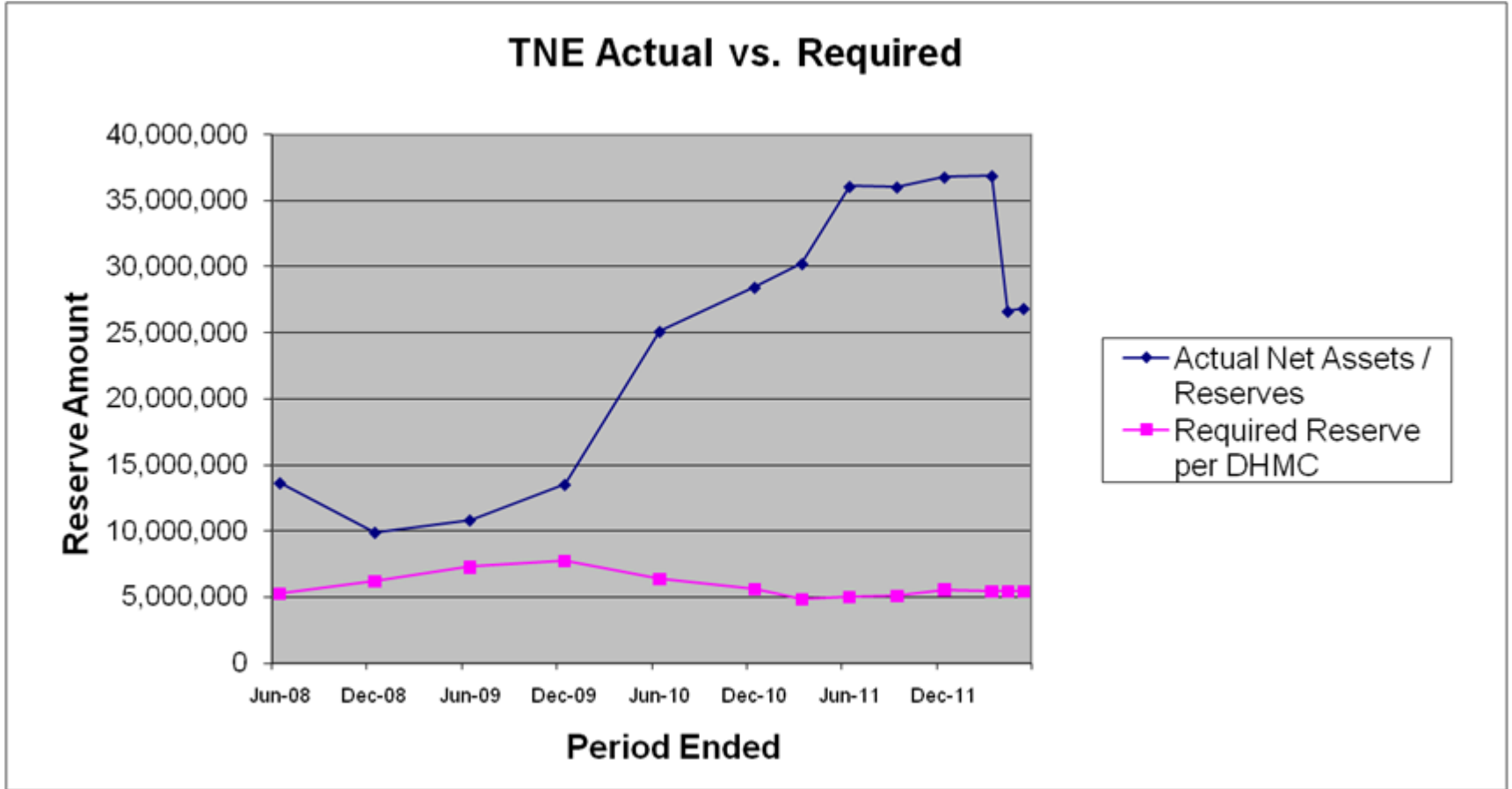
For the Month of May 2012

For the Eleven Months Ending May 2012

	For the Month of May 2012			For the Eleven Months Ending May 2012			<u>Prior Year</u>	<u>% Change FY12</u>
	<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Actual</u>	<u>vs FY11</u>
Medi-Cal	116,437	123,369	(5.62%)	1,230,748	1,263,281	(2.58%)	1,120,595	9.83%
Healthy Families	16,909	17,435	(3.02%)	188,566	191,785	(1.68%)	188,527	0.02%
Healthy Kids	6,301	6,925	(9.01%)	71,753	76,040	(5.64%)	80,617	(11.00%)
Agnews	129	133	(3.01%)	1,437	1,463	(1.78%)	1,485	(3.23%)
Healthy Workers	<u>471</u>	<u>508</u>	<u>(7.28%)</u>	<u>4,268</u>	<u>4,213</u>	<u>1.31%</u>	<u>1,347</u>	<u>216.85%</u>
Total	<u>140,247</u>	<u>148,370</u>	<u>(5.47%)</u>	<u>1,496,772</u>	<u>1,536,782</u>	<u>(2.60%)</u>	<u>1,392,571</u>	<u>7.48%</u>

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

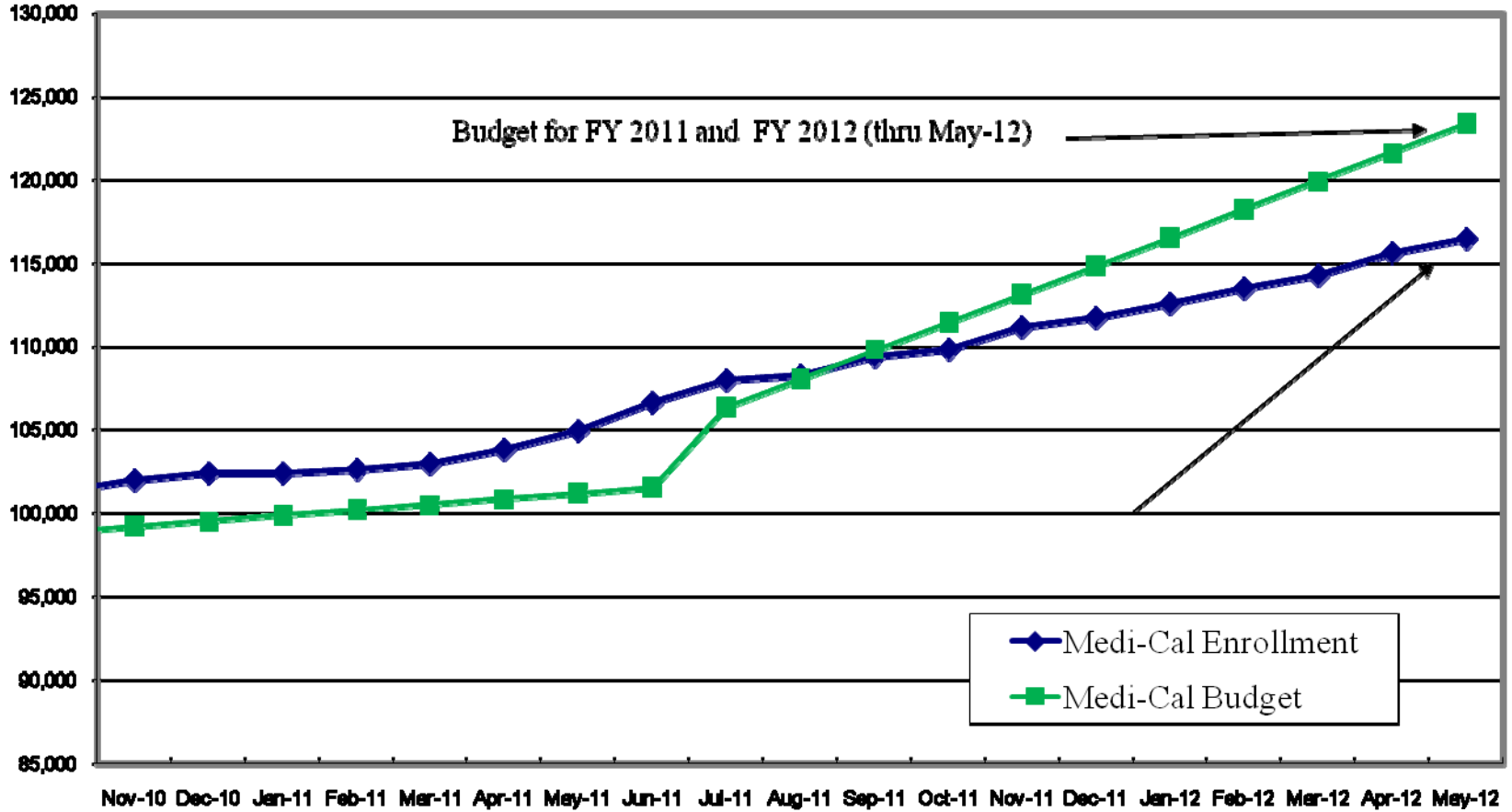
	6/30/2008	12/31/2008	6/30/2009	12/31/2009	6/30/2010	12/31/2010	3/31/2011	6/30/2011	9/30/2011	12/31/2011	3/31/2012	4/30/2012	5/31/2012
Actual Net Assets / Reserves	13,625,110	9,870,082	10,807,911	13,501,652	25,103,011	28,445,504	30,243,838	36,093,769	36,051,035	36,803,460	36,899,994	26,631,840	26,839,599
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	5,108,000	5,558,000	5,444,000	5,444,000	5,444,000



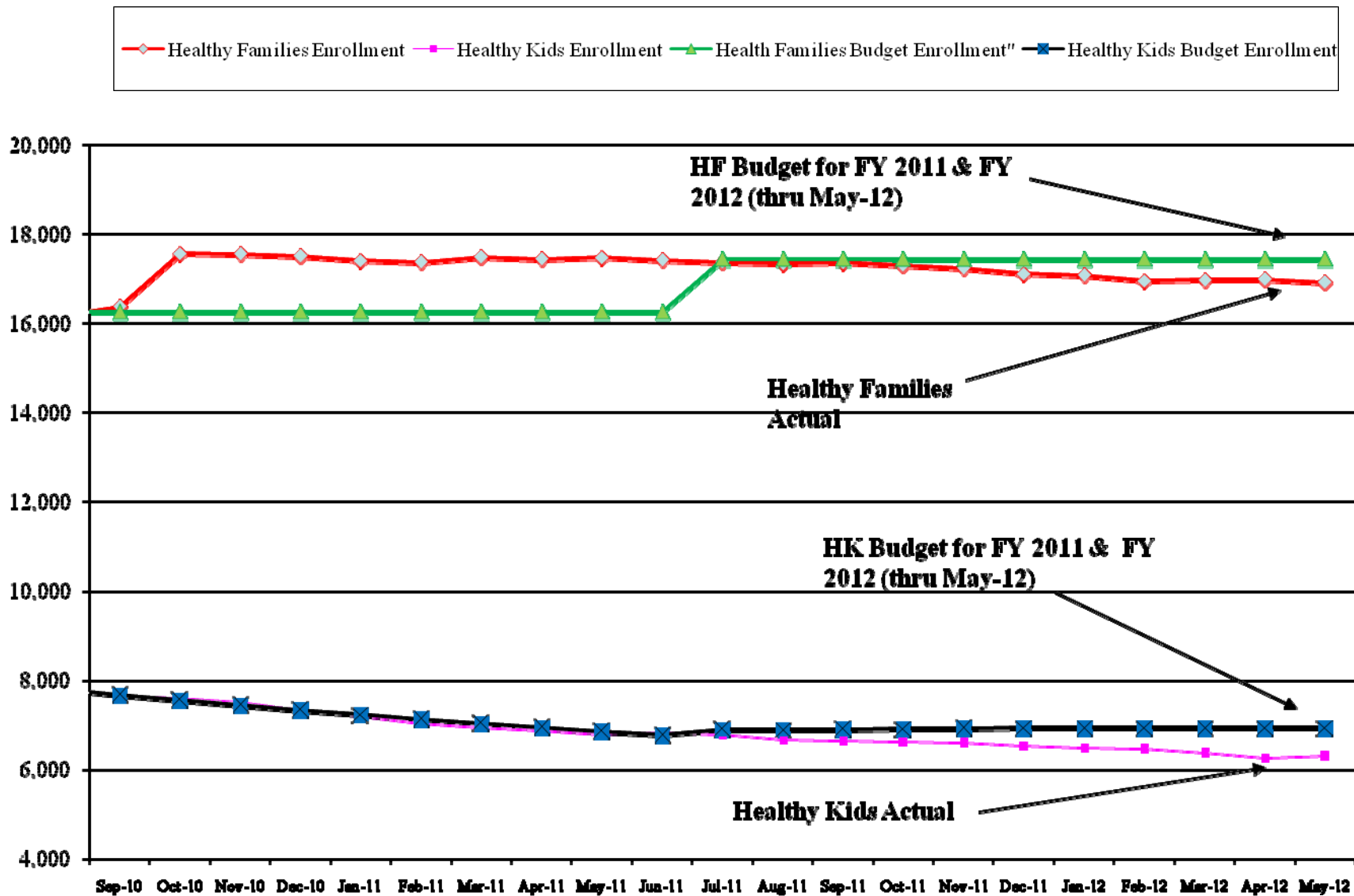
**Santa Clara County Health Authority
Enrollment Summary by Network
May 2012**

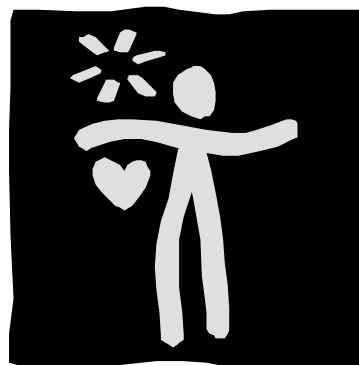
	Medi-Cal		Healthy Families		Healthy Kids		AG		Healthy Workers		Total	
	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>
Network 1	6,504	6%	725	4%	163	3%	129	100%	0	0%	7,521	5%
Network 2: SCVHHS, Safety Net Clinics, FQHC Clinics, Palo Medical Foundation Physicians Medical Group Premier Care Kaiser Community Clinics	59,514	51%	5,717	34%	4,391	70%	0	0%	471	100%	70,093	50%
	2,620	2%	769	5%	65	1%	0	0%	0	0%	3,454	2%
	30,678	26%	7,761	46%	1,540	24%	0	0%	0	0%	39,979	29%
	8,190	7%	1,937	11%	142	2%	0	0%	0	0%	10,269	7%
	8,931	8%	0	0%	0	0%	0	0%	0	0%	8,931	6%
	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Total	<u>116,437</u>	<u>100%</u>	<u>16,909</u>	<u>100%</u>	<u>6,301</u>	<u>100%</u>	<u>129</u>	<u>100%</u>	<u>471</u>	<u>100%</u>	<u>140,247</u>	<u>100%</u>
Enrollment @ 6-30-11	<u>106,668</u>	-	<u>17,417</u>	-	<u>6,820</u>	-	<u>131</u>	-	<u>293</u>	-	<u>131,329</u>	-
Net % Change from Beginning of FY	<u>9.16%</u>	-	<u>-2.92%</u>	-	<u>-7.61%</u>	-	<u>-1.53%</u>	-	<u>60.75%</u>	-	<u>6.79%</u>	-

SCFHP Medi-Cal Enrollment



SCFHP Healthy Families and Healthy Kids Enrollment





Santa Clara
Family Health Plan

The Spirit of Care

Financial Statements
For Twelve Months Ended
June 2012
(Unaudited)

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Santa Clara Family Health Plan CFO Finance Report

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

Summary of Financial Results

For the month of June 2012, SCFHP recorded an operating loss of \$249 thousand compared to a budgeted operating surplus of \$1.7 million, resulting in an unfavorable variance from budget of \$1.9 million for the month. For June 2012, year-to-date, SCFHP recorded an operating loss of \$9.5 million compared to a budgeted operating surplus of \$8.2 million, resulting in an unfavorable variance from budget of \$17.7 million. The table below summarizes the components of the overall variance from budget. Year to date results include a one-time board-approved payment in April 2012 of \$10 million to support the County of Santa Clara Safety net.

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 %
\$ 22,846,176	\$ 24,878,434	\$ (2,032,258)	-8.2%	Revenue	\$ 246,355,743	\$ 259,165,300	\$ (12,809,558)	-4.9%
21,496,200	21,660,876	164,676	0.8%	Medical Expense	228,051,327	231,532,910	3,481,583	1.5%
1,349,976	3,217,558	(1,867,582)	-58%	Gross Margin	18,304,416	27,632,391	(9,327,974)	-34%
1,665,522	1,508,562	(156,960)	-10.4%	Administrative Expense	17,626,781	19,116,191	1,489,410	7.8%
(315,546)	1,708,996	(2,024,542)	-118%	Net Operating Income	677,635	8,516,200	(7,838,565)	-92%
66,413	(29,167)	95,580	328%	Non-Operating Income/Exp	(180,937)	(350,000)	169,063	48%
\$ (249,133)	\$ 1,679,829	\$ (1,928,962)	-115%	Operating Surplus/ (Loss) before Adj.	\$ 496,698	\$ 8,166,200	(7,669,502)	-94%
\$ -	\$ -	-	0.0%	One-Time Board Designated Payment	\$ (10,000,000)	\$ -	(10,000,000)	0.0%
\$ (249,133)	\$ 1,679,829	\$ (1,928,962)	-115%	Operating Surplus/ (Loss) Final	\$ (9,503,302)	\$ 8,166,200	\$ (17,669,502)	-216%

Revenue

The Health Plan recorded net revenue of \$22.8 million for the month of June 2012, compared to budgeted revenue of \$24.9 million, resulting in an unfavorable variance from budget of \$2.0 million, or -8.2%. For YTD June 2012, the Health Plan recorded revenue of \$246.4 million compared to budgeted revenue of \$259.2 million, resulting in an unfavorable variance from budget of \$12.8 million, or -4.9%. This is primarily a result of SCFHP receiving a Medi-Cal rate decrease and the effects of the passage of AB 97 Provider rate reductions.

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. DMHC provided AB97 rate information in November 2011, however, final retro adjustments are not yet available. Rates for the new year are expected in September 2012.

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.

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

Member Months

For the month of June 2012, overall member months were below budget by 10,073 members, or -6.7%. As of June 30, 2012, overall membership for twelve months year-to-date ran below budget by 50,083 members, or -3.0%.

Compared to the end of the prior fiscal year, 6/30/2011, membership in Medi-Cal increased by 9.1%, while membership the Healthy Families and Healthy Kids programs declined, by 3.1% and 8.8%, respectively, since 6/30/2011. Member months and changes from prior year are summarized on Page 10.

Medical Expenses

For the month of June 2012, medical expense was \$21.5 million compared to budget of \$21.7 million, resulting in a slightly favorable budget variance of \$165 thousand, or 0.8%. For June 2012 year-to-date, medical expense was \$228.1 million compared to budget of \$231.5 million, resulting in favorable budget variance of \$3.5 million, or 1.5%. The positive variance is primarily a result of lower enrollment in Medi-Cal than budgeted, and better inpatient hospitalization experience in the Agnews line of business.

Administrative Expenses

Overall administrative costs were over budget by \$157 thousand, or 10.4%, for month of June 2012, and under budget by \$1.5 million, or 7.8%, for twelve months year-to-date through June 2012. The two categories with the largest cost variance were “Information Systems” and “Salaries and Benefits” expenses, respectively

Administrative expenses were 7.3% and 7.2% of revenues for the month of June 2012, and June 2012 year-to-date, respectively.

Balance Sheet (Page 6)

Cash as of June 30, 2012, increased by \$294 thousand from the cash balance as of year-end June 30, 2011. Net receivables decreased by \$272 thousand during the same twelve-month period.

Current assets at June 30, 2012 totaled \$59.3 million compared to current liabilities of \$33.4 million, yielding a current ratio (the ratio of current assets to current liabilities) of 1.8:1 as of June 30, 2012. Working capital decreased from the previous month of May 2012 by \$205 thousand. June 2012 year-to-date working capital decreased from fiscal year-end 2011 by \$9.2 million.

Total liabilities increased by \$9.3 million from year-end June 30, 2011, to June 30, 2012, largely due to an increase in reserve for Medi-Cal revenue rate reduction as explained on Page 2 (\$12.7 million), as well as an increase in medical cost reserves (\$1.2 million), offset by net reductions in trade payables, amount due to VHP, and other payables (\$4.6 million).

On February 25, 2010 the Board adopted a resolution to set aside excess funds generated from the Healthy Kids program, beginning with FY10, to be used for future HK premium costs. 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 \$675,758 subject to our year-end financial audit.

Capital Expenses increased by \$379.7 thousand for twelve months ended June 2012 year-to-date.

Tangible Net Equity

Tangible net equity (TNE) was \$26.6 million at June 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 June 30, 2012, the Plan’s reserves are about \$11.8 million below this reserves target (see calculation below).

Calculation of targeted reserves as of June 30, 2012:

Estimate of two months’ capitation (June-2012 Medi-Cal Capitation of \$18,662,000 X 2 = \$ 37,324,000)	\$ 37.3 million
Less: Unrestricted Net Equity per balance sheet	<u>\$ 25.5 million</u>
Approximate reserves below target	<u>\$ 11.8 million</u>

**Santa Clara County Health Authority
Balance Sheet**

	<u>6/30/2012</u>	<u>5/31/2012</u>	<u>4/30/2012</u>	<u>6/30/2011</u>
Assets				
Current Assets				
Cash and Marketable Securities	\$ 53,399,695	\$ 50,900,882	\$ 33,135,122	\$ 53,105,220
Premiums Receivable	5,105,903	4,401,335	24,549,208	5,377,960
Due from Santa Clara Family Health Foundation - net	34,629	35,737	33,081	72,459
Prepaid Expenses and Other Current Assets	<u>716,693</u>	<u>639,705</u>	<u>787,001</u>	<u>629,975</u>
Total Current Assets	59,256,920	55,977,659	58,504,412	59,185,614
Long Term Assets				
Equipment	6,320,782	6,310,794	6,158,945	5,941,099
Less: Accumulated Depreciation	<u>(5,568,491)</u>	<u>(5,514,589)</u>	<u>(5,461,143)</u>	<u>(4,911,672)</u>
Total Long Term Assets	<u>752,291</u>	<u>796,205</u>	<u>697,802</u>	<u>1,029,427</u>
Total Assets	<u>\$ 60,009,211</u>	<u>\$ 56,773,864</u>	<u>\$ 59,202,214</u>	<u>\$ 60,215,041</u>
Liabilities and Net Assets				
Liabilities				
Trade Payables	\$ 2,145,127	\$ 1,820,658	\$ 5,246,623	\$ 4,035,666
Employee Benefits	734,733	738,333	744,375	731,571
Retirement Obligation per GASB 45	0	440,000	400,000	-
Due to Santa Clara County Valley Health Plan	1,145,623	685,207	815,942	3,091,105
Advance Premium - Healthy Kids	61,520	63,941	72,335	71,600
QIF Fees Payable	-	-	-	715,745
AB 97 Provider Reductions	12,650,821	11,205,053	9,754,689	-
Medical Cost Reserves	<u>16,680,921</u>	<u>14,981,072</u>	<u>15,536,409</u>	<u>15,475,585</u>
Total Liabilities	33,418,744	29,934,264	32,570,373	24,121,272
Net Assets / Reserves				
Invested in Capital Assets	752,291	796,205	697,802	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	35,036,128	34,992,214	35,090,617	21,225,911
Current YTD Income (Loss)	<u>(9,503,302)</u>	<u>(9,254,169)</u>	<u>(9,461,929)</u>	<u>10,990,758</u>
Net Assets / Reserves	<u>26,590,467</u>	<u>26,839,599</u>	<u>26,631,840</u>	<u>36,093,769</u>
Total Liabilities and Net Assets	<u>\$ 60,009,211</u>	<u>\$ 56,773,864</u>	<u>\$ 59,202,214</u>	<u>\$ 60,215,041</u>

Santa Clara County Health Authority
Income Statement for the Twelve Months Ending June 30, 2012

	For the Month of June 2012					For Twelve Months Ending June 2012				
	Actual	% of Revenue	Budget	% of Revenue	Variance	Actual	% of Revenue	Budget	% of Revenue	Variance
REVENUES										
MEDI-CAL	\$ 20,741,593	90.8%	\$ 22,664,136	91.1%	\$ (1,922,543)	\$ 221,174,749	89.8%	\$ 232,993,635	89.9%	\$ (11,818,886)
HEALTHY FAMILIES	1,168,713	5.1%	1,187,847	4.8%	(19,134)	14,224,908	5.8%	14,254,159	5.5%	(29,250)
HEALTHY KIDS	637,560	2.8%	701,594	2.8%	(64,034)	7,935,433	3.2%	8,390,465	3.2%	(455,032)
AGNEWS	189,860	1.6%	204,933	0.8%	(15,073)	1,936,452	1.3%	2,459,192	1.4%	(522,740)
HEALTHY WORKERS	<u>108,450</u>	<u>0.5%</u>	<u>119,925</u>	<u>0.5%</u>	<u>(11,475)</u>	<u>1,084,201</u>	<u>0.4%</u>	<u>1,067,850</u>	<u>0.4%</u>	<u>16,351</u>
TOTAL REVENUE	22,846,176	100.8%	24,878,434	100.0%	(2,032,258)	246,355,743	100.6%	259,165,300	100.5%	(12,809,558)
MEDICAL EXPENSES										
MEDI-CAL	19,833,015	86.8%	19,820,195	79.7%	(12,820)	207,661,059	84.3%	209,776,235	80.9%	2,115,176
HEALTHY FAMILIES	1,036,480	4.5%	986,035	4.0%	(50,445)	12,046,197	4.9%	11,832,423	4.6%	(213,773)
HEALTHY KIDS	388,370	1.7%	568,441	2.3%	180,070	6,420,005	2.6%	6,804,825	2.6%	384,820
AGNEWS	15,576	0.1%	184,439	0.7%	168,864	888,544	0.0%	2,213,273	0.0%	1,324,729
HEALTHY WORKERS	<u>222,759</u>	<u>1.0%</u>	<u>101,766</u>	<u>0.4%</u>	<u>(120,993)</u>	<u>1,035,522</u>	<u>0.0%</u>	<u>906,154</u>	<u>0.0%</u>	<u>(129,368)</u>
TOTAL MEDICAL EXPENSES	<u>21,496,200</u>	<u>94.1%</u>	<u>21,660,876</u>	<u>87.1%</u>	<u>164,676</u>	<u>228,051,327</u>	<u>91.8%</u>	<u>231,532,910</u>	<u>88.1%</u>	<u>3,481,583</u>
MEDICAL OPERATING MARGIN	1,349,976	5.9%	3,217,558	12.9%	(1,867,582)	18,304,416	7.4%	27,632,391	10.7%	(9,327,974)
ADMINISTRATIVE EXPENSES										
SALARIES AND BENEFITS	1,004,936	4.4%	893,274	3.6%	(111,662)	11,509,771	4.7%	11,732,741	4.5%	222,970
RENTS AND UTILITIES	72,569	0.3%	108,167	0.4%	35,598	1,160,472	0.5%	1,298,000	0.5%	137,528
PRINTING AND ADVERTISING	9,865	0.0%	28,875	0.1%	19,010	76,795	0.0%	346,500	0.1%	269,705
INFORMATION SYSTEMS	163,881	0.7%	96,803	0.4%	(67,078)	763,608	0.3%	1,161,631	0.4%	398,024
PROF FEES / CONSULTING / TEMP STAFFING	240,087	1.1%	174,194	0.7%	(65,893)	1,901,640	0.8%	2,090,324	0.8%	188,684
DEPRECIATION / INSURANCE / EQUIPMENT	73,846	0.3%	89,739	0.4%	15,892	926,288	0.4%	1,076,863	0.4%	150,575
OFFICE SUPPLIES / POSTAGE / TELEPHONE	56,410	0.2%	52,250	0.2%	(4,160)	709,989	0.3%	627,000	0.2%	(82,989)
MEETINGS / TRAVEL / DUES	37,314	0.2%	58,268	0.2%	20,954	512,237	0.2%	699,212	0.3%	186,975
OTHER	<u>6,615</u>	<u>0.0%</u>	<u>6,993</u>	<u>0.0%</u>	<u>379</u>	<u>65,981</u>	<u>0.0%</u>	<u>83,920</u>	<u>0.0%</u>	<u>17,939</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>1,665,522</u>	<u>7.3%</u>	<u>1,508,562</u>	<u>6.1%</u>	<u>(156,960)</u>	<u>17,626,781</u>	<u>7.2%</u>	<u>19,116,191</u>	<u>7.4%</u>	<u>1,489,410</u>
OPERATING SURPLUS (LOSS)	(315,546)	-1.4%	1,708,996	6.9%	(2,024,542)	677,635	0.3%	8,516,200	3.3%	(7,838,565)
GASB 45-POST EMPLOYMENT BENEFITS EXPENSE	49,492	0.2%	(40,000)	-0.2%	89,492	(390,508)	0.0%	(480,000)	0.0%	89,492
INTEREST INCOME	<u>16,921</u>	<u>0.1%</u>	<u>10,833</u>	<u>0.0%</u>	<u>6,088</u>	<u>209,571</u>	<u>0.1%</u>	<u>130,000</u>	<u>0.1%</u>	<u>79,571</u>
NET INCOME (LOSS) BEFORE ADJ.	<u>(249,133)</u>	<u>-1.1%</u>	<u>1,679,829</u>	<u>6.8%</u>	<u>(1,928,962)</u>	<u>496,698</u>	<u>0.2%</u>	<u>8,166,200</u>	<u>3.2%</u>	<u>(7,669,502)</u>
BOARD DESIGNATED PAYMENT	-	0.0%	-	0.0%	-	(10,000,000)	-4.1%	-	0.0%	(10,000,000)
NET INCOME (LOSS) FINAL	\$ (249,133)	-1.1%	\$ 1,679,829	6.8%	\$ (1,928,962)	\$ (9,503,302)	-3.9%	\$ 8,166,200	3.2%	\$ (17,669,502)

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

TWELVE MONTHS ENDED JUNE 30, 2012

	Medi-Cal	Healthy Families	Healthy Kids	Agnews	Healthy Workers	Grand Total
P&L (ALLOCATED BASIS)						
REVENUE	\$221,174,749	\$14,224,908	\$7,935,433	\$1,936,452	1,084,201	\$246,355,743
MEDICAL EXPENSES	207,661,059	12,046,197	6,420,005	888,544	1,035,522	\$228,051,327
GROSS MARGIN	13,513,690	2,178,712	1,515,428	1,047,908	48,678	\$18,304,416
ADMINISTRATIVE EXPENSES (indirect costs subject to % MM allocation)	14,506,687	2,212,375	839,660	16,864	51,196	\$17,626,781
OPERATING INCOME/(LOSS)	(992,997)	(33,663)	675,768	1,031,044	(2,517)	677,635
OTHER INCOME/EXPENSE (% of mm Allocation)	(8,378,822)	(1,277,831)	(484,974)	(9,741)	(29,570)	(10,180,937)
NET INCOME/ (LOSS)	<u>(\$9,371,819)</u>	<u>(\$1,311,494)</u>	<u>\$190,795</u>	<u>\$1,021,304</u>	<u>(\$32,087)</u>	<u>(\$9,503,302)</u>
PMPM ALLOCATED P&L:						
REVENUE	\$164.19	\$69.24	\$101.78	\$1,236.56	\$228.06	\$150.51
MEDICAL EXPENSES	154.16	58.64	82.34	567.40	217.82	139.33
GROSS MARGIN	10.03	10.61	19.44	669.16	10.24	11.18
ADMINISTRATIVE EXPENSES	10.77	10.77	10.77	10.77	10.77	10.77
OPERATING INCOME/(LOSS)	(0.74)	(0.16)	8.67	658.39	(0.53)	0.41
OTHER INCOME / (EXPENSE)	(6.22)	(6.22)	(6.22)	(6.22)	(6.22)	(6.22)
NET INCOME / (LOSS)	<u>(\$6.96)</u>	<u>(\$6.38)</u>	<u>\$2.45</u>	<u>\$652.17</u>	<u>(\$6.75)</u>	<u>(\$5.81)</u>
ALLOCATION BASIS:						
MEMBER MONTHS - Month and YTD	1,347,077	205,439	77,970	1,566	4,754	1,636,806
% of Member Months	82.30%	12.55%	4.76%	0.10%	0.29%	100.00%

Santa Clara Family Health Plan
Statement of Cash Flows
For Twelve Months Ended June 30, 2012

Cash flows from operating activities	
Premiums received	\$ 259,306,370
Medical expenses paid	\$ (228,791,473)
Administrative expenses paid	<u>\$ (20,050,310)</u>
Net cash from operating activities	\$ 10,464,587
 Cash flows from capital and related financing activities	
Increase Due to Board approved payment to Santa Clara Valley Health Plan	\$ (10,000,000)
 Cash flows from capital and related financing activities	
Purchases of capital assets	\$ (379,683)
 Cash flows from investing activities	
Interest income, net	<u>\$ 209,571</u>
 Net (Decrease) increase in cash and cash equivalents	<u>\$ 294,475</u>
 Cash and cash equivalents, beginning of year	<u>\$ 53,105,220</u>
 Cash and cash equivalents at June 30, 2012	<u>\$ 53,399,695</u>
 Reconciliation of operating income to net cash from operating activities	
Operating income (loss)	\$ 287,127
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	\$ 656,696
Changes in operating assets and liabilities	
Premiums receivable	\$ 272,057
Due from Santa Clara Family Health Foundation	\$ 37,830
Prepays and other assets	\$ (86,718)
Accounts payable and accrued liabilities	\$ (2,606,162)
Capitation payable	\$ (1,945,482)
Employee benefit liabilities	\$ 3,162
Advance premium - Healthy Kids	\$ (10,080)
Reserve for Rate Reductions (AB 97)	\$ 12,650,821
Incurred but not reported claims payable and risk share payments payable	<u>\$ 1,205,336</u>
Total adjustments	<u>\$ 10,177,460</u>
Net cash from operating activities	<u>\$ 10,464,587</u>

Santa Clara Family Health Plan Enrollment Summary

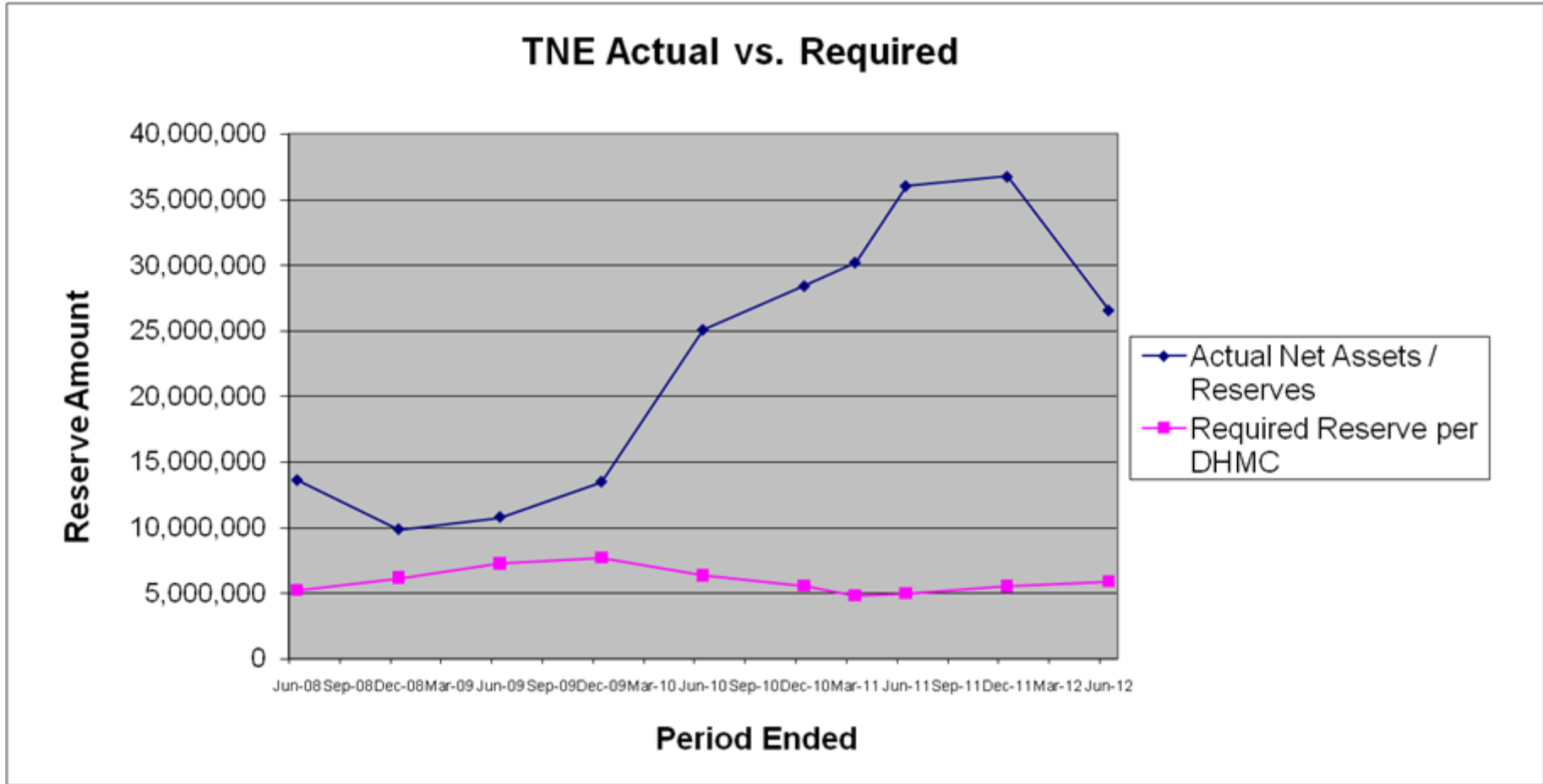
For the Month of June 2012

For the Twelve Months Ending June 2012

	For the Month of June 2012			For the Twelve Months Ending June 2012			<u>Prior Year</u>	<u>% Change FY12</u>
	<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Actual</u>	<u>vs FY11</u>
Medi-Cal	116,329	125,081	(7.00%)	1,347,077	1,388,362	(2.97%)	1,227,263	9.76%
Healthy Families	16,873	17,435	(3.22%)	205,439	209,220	(1.81%)	205,944	(0.25%)
Healthy Kids	6,217	6,925	(10.22%)	77,970	82,965	(6.02%)	87,437	(10.83%)
Agnews	129	133	(3.01%)	1,566	1,596	(1.88%)	1,616	(3.09%)
Healthy Workers	<u>486</u>	<u>533</u>	<u>(8.82%)</u>	<u>4,754</u>	<u>4,746</u>	<u>0.17%</u>	<u>1,640</u>	<u>189.88%</u>
Total	<u>140,034</u>	<u>150,107</u>	<u>(6.71%)</u>	<u>1,636,806</u>	<u>1,686,889</u>	<u>(2.97%)</u>	<u>1,523,900</u>	<u>7.41%</u>

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

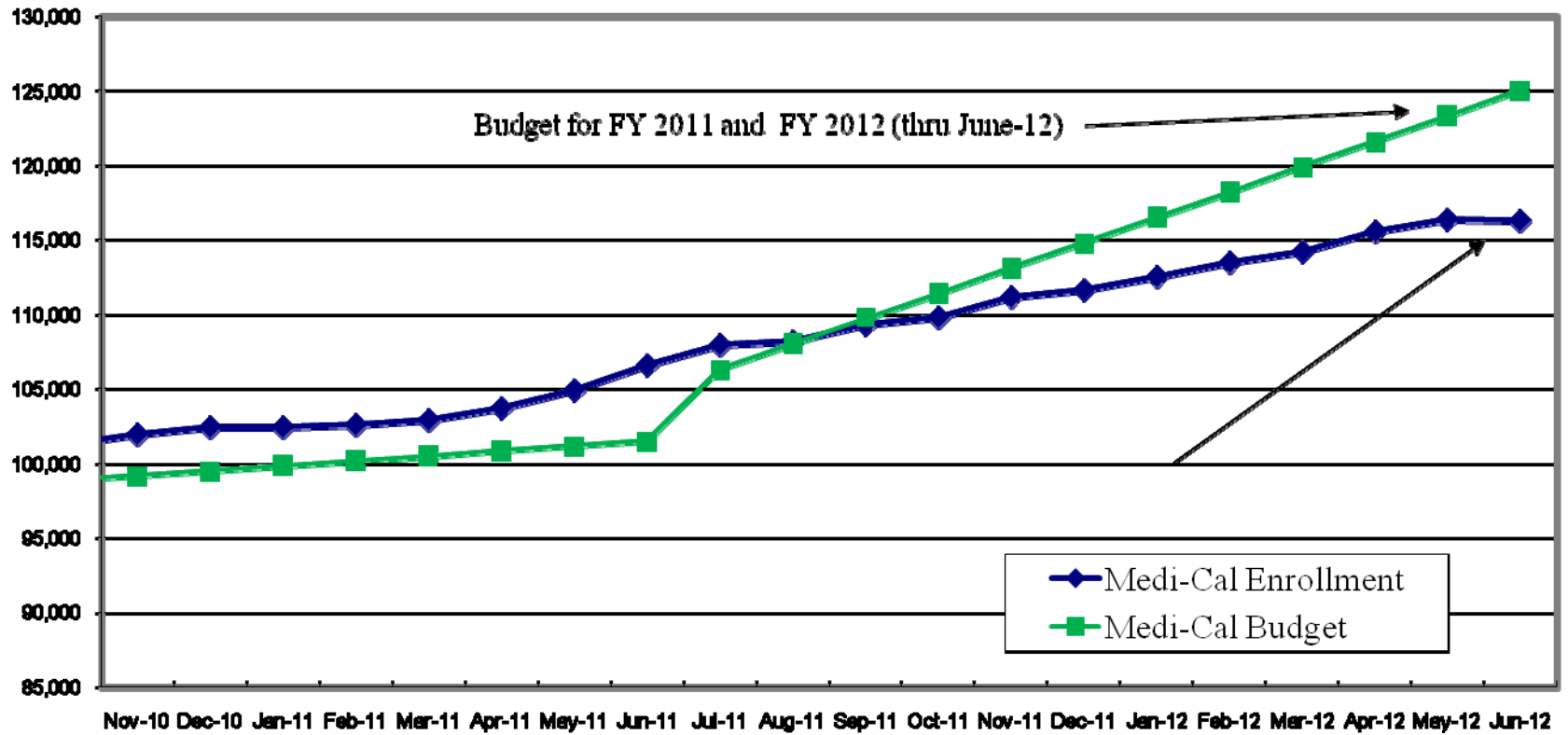
	6/30/2008	12/31/2008	6/30/2009	12/31/2009	6/30/2010	12/31/2010	3/31/2011	6/30/2011	12/31/2011	6/30/2012
Actual Net Assets / Reserves	13,625,110	9,870,082	10,807,911	13,501,652	25,103,011	28,445,504	30,243,838	36,093,769	36,803,460	26,590,467
Required Reserve per DHMC	5,271,000	6,198,000	7,285,000	7,737,000	6,388,000	5,591,000	4,851,000	4,996,000	5,558,000	5,901,000



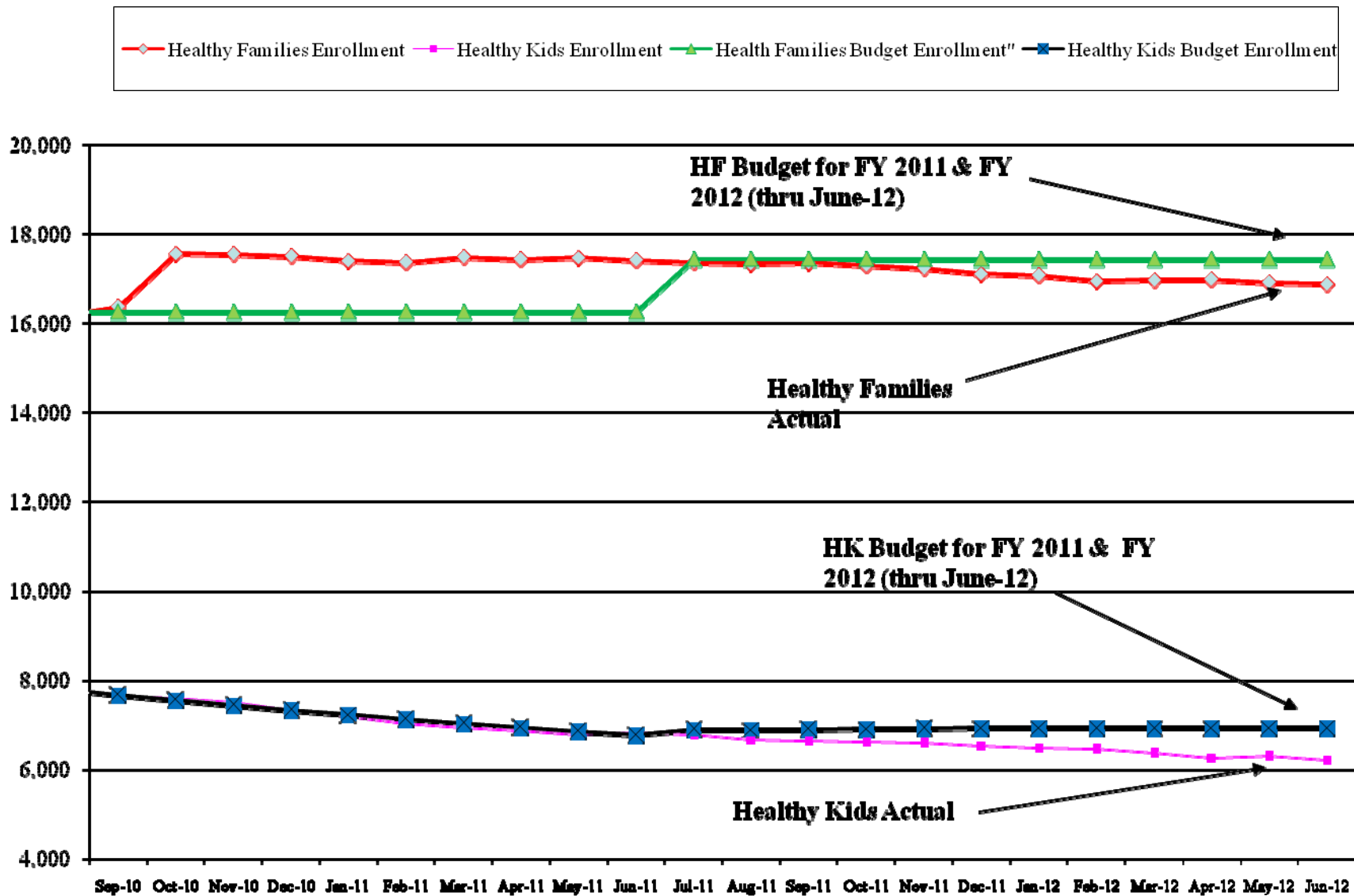
**Santa Clara County Health Authority
Enrollment Summary by Network
June 2012**

	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	6,567	6%	712	4%	169	3%	129	100%	0	0%	7,577	5%
Network 2: SCVHHS, Safety Net Clinics, FQHC Clinics, Palo Medical Foundation	59,395	51%	5,746	34%	4,298	69%	0	0%	486	100%	69,925	50%
Physicians Medical Group	2,609	2%	754	4%	66	1%	0	0%	0	0%	3,429	2%
Premier Care	30,669	26%	7,740	46%	1,541	25%	0	0%	0	0%	39,950	29%
Kaiser	8,117	7%	1,921	11%	143	2%	0	0%	0	0%	10,181	7%
Community Clinics	8,972	8%	0	0%	0	0%	0	0%	0	0%	8,972	6%
	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Total	<u>116,329</u>	<u>100%</u>	<u>16,873</u>	<u>100%</u>	<u>6,217</u>	<u>100%</u>	<u>129</u>	<u>100%</u>	<u>486</u>	<u>100%</u>	<u>140,034</u>	<u>100%</u>
Enrollment @ 6-30-11	-	-	-	-	-	-	-	-	-	-	-	-
	<u>106,668</u>		<u>17,417</u>		<u>6,820</u>		<u>131</u>		<u>293</u>		<u>131,329</u>	
Net % Change from Beginning of FY	<u>9.06%</u>		<u>-3.12%</u>		<u>-8.84%</u>		<u>-1.53%</u>		<u>65.87%</u>		<u>6.63%</u>	

SCFHP Medi-Cal Enrollment



SCFHP Healthy Families and Healthy Kids Enrollment





Financial Statement Highlights for the 12 months ending 6-30-12

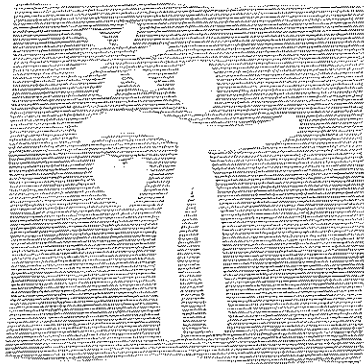
- Operating Loss of \$249k for the Month and \$9.5m loss year to date. This includes the One-Time Board approved payment made in April of \$10.0 m to the safety net.
- Revenue is \$2.0m or 8.2% below budget for the month and \$12.8m or 4.9% below budget year to date. We are continuing to reserve for 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.
- June enrollment is at 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 \$165k or 0.8% for the month and \$3.5m under budget or 1.5% year to date.
- Administrative Expenses are \$156k or 10.4% unfavorable to budget for the month and \$1.5m 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 \$26.6m or 4.5 times the minimum TNE required by the Department of Managed Health Care (DMHC). The Plan's reserves are roughly \$11.8m below the reserves targeted by the Board of two months capitation revenue.
- Healthy Kids accumulated surplus from FY 2010 & 2011 of \$2.5 million was redirected to support the County safety net. For FY 2012 excess funds accumulated for future Healthy kids premiums is \$675,758

**Santa Clara County Health Authority
Enrollment Summary by Network
June 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	6,567	6%	712	4%	169	3%	129	100%	0	0%	7,577	5%
Network 2: SCVHHS, Safety Net	59,395	51%	5,746	34%	4,298	69%	0	0%	486	100%	69,925	50%
Palo Medical Foundation	2,609	2%	754	4%	66	1%	0	0%	0	0%	3,429	2%
Physicians Medical Group	30,669	26%	7,740	46%	1,541	25%	0	0%	0	0%	39,950	29%
Premier Care	8,117	7%	1,921	11%	143	2%	0	0%	0	0%	10,181	7%
Kaiser	8,972	8%	0	0%	0	0%	0	0%	0	0%	8,972	6%
Community Clinics	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Total	<u>116,329</u>	<u>100%</u>	<u>16,873</u>	<u>100%</u>	<u>6,217</u>	<u>100%</u>	<u>129</u>	<u>100%</u>	<u>486</u>	<u>100%</u>	<u>140,034</u>	<u>100%</u>
Enrollment @ 6-30-11	<u>106,668</u>		<u>17,417</u>		<u>6,820</u>		<u>131</u>		<u>293</u>		<u>131,329</u>	
Net % Change from Beginning of FY	<u>9.06%</u>		<u>-3.12%</u>		<u>-8.84%</u>		<u>-1.53%</u>		<u>65.87%</u>		<u>6.63%</u>	

**Santa Clara County Health Authority
Balance Sheet**

	<u>6/30/2012</u>	<u>5/31/2012</u>	<u>4/30/2012</u>	<u>6/30/2011</u>
Assets				
Current Assets				
Cash and Marketable Securities	\$ 53,399,695	\$ 50,900,882	\$ 33,135,122	\$ 53,105,220
Premiums Receivable	5,105,903	4,401,335	24,549,208	5,377,960
Due from Santa Clara Family Health Foundation - net	34,629	35,737	33,081	72,459
Prepaid Expenses and Other Current Assets	<u>716,693</u>	<u>639,705</u>	<u>787,001</u>	<u>629,975</u>
Total Current Assets	59,256,920	55,977,659	58,504,412	59,185,614
Long Term Assets				
Equipment	6,320,782	6,310,794	6,158,945	5,941,099
Less: Accumulated Depreciation	<u>(5,568,491)</u>	<u>(5,514,589)</u>	<u>(5,461,143)</u>	<u>(4,911,672)</u>
Total Long Term Assets	<u>752,291</u>	<u>796,205</u>	<u>697,802</u>	<u>1,029,427</u>
Total Assets	<u>\$ 60,009,211</u>	<u>\$ 56,773,864</u>	<u>\$ 59,202,214</u>	<u>\$ 60,215,041</u>
Liabilities and Net Assets				
Liabilities				
Trade Payables	\$ 2,145,127	\$ 1,820,658	\$ 5,246,623	\$ 4,035,666
Employee Benefits	734,733	738,333	744,375	731,571
Retirement Obligation per GASB 45	0	440,000	400,000	-
Due to Santa Clara County Valley Health Plan	1,145,623	685,207	815,942	3,091,105
Advance Premium - Healthy Kids	61,520	63,941	72,335	71,600
QIF Fees Payable	-	-	-	715,745
AB 97 Reserve/Rate Reductions	12,650,821	11,205,053	9,754,689	-
Medical Cost Reserves	<u>16,680,921</u>	<u>14,981,072</u>	<u>15,536,409</u>	<u>15,475,585</u>
Total Liabilities	33,418,744	29,934,264	32,570,373	24,121,272
Net Assets / Reserves				
Invested in Capital Assets	752,291	796,205	697,802	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	35,036,128	34,992,214	35,090,617	21,225,911
Current YTD Income (Loss)	<u>(9,503,302)</u>	<u>(9,254,169)</u>	<u>(9,461,929)</u>	<u>10,990,758</u>
Net Assets / Reserves	<u>26,590,467</u>	<u>26,839,599</u>	<u>26,631,840</u>	<u>36,093,769</u>
Total Liabilities and Net Assets	<u>\$ 60,009,211</u>	<u>\$ 56,773,864</u>	<u>\$ 59,202,214</u>	<u>\$ 60,215,041</u>



Santa Clara
Family Health Plan

The Spirit of Care

Fiscal Year 2012-13 Budget

Introduction

This document sets forth the 2012-13 operating and capital budgets for Santa Clara Family Health Plan (SCFHP).

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

SCFHP will administer and operate the following health care programs during 2012-13:

Medi-Cal

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

Healthy Families

SCFHP is contracted with the Managed Risk Medical Insurance Board (MRMIB) to provide health coverage to children residing in Santa Clara County who qualify for the state-sponsored Healthy Families Program (HFP).

Healthy Workers

SCFHP administers health coverage to low-income eligible adults who live and are employed in Santa Clara County, earn incomes up to 350% of the federal poverty level, and are without health insurance.

Healthy Kids

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

Agnews

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

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

Capitation and premium revenue, reinsurance and related recoveries, and the medical expense budgets are presented on a per member per month (PMPM) basis and are considered flexible budgets whose aggregate dollar amounts vary with changes in a program's actual member enrollment. Administrative costs, interest income and other revenues are considered fixed budgets.

Summary of Significant Assumptions

Background

Fiscal year 11/12 was a year of significant growth and challenges for SCFHP:

1. Medi-Cal has grown by almost 10,000 members (9%), during the FY 11/12 primarily because of the mandatory enrollment of the Seniors and Persons with Disabilities (SPDs). The SPD population has had a major impact on virtually all departments at SCFHP due to clinical complexity and issues arising from mandatory enrollment including expanded continuity of care arrangements and additional extensive reporting requirements. The total membership for Medi-Cal as of June 2012 is 116,329.
2. Healthy Families experienced a slight decrease of 3% with a total membership of approximately 16,800 as of June 2012.
3. Healthy Kids decreased 8.8% to a total membership of 6,200 as of June 2012.
4. Agnews remains essentially flat in terms of membership with a total membership of 133 as of June 2012.
5. Healthy Workers has grown by 193 members, or 66%, with a total membership of 486 as of June 2012.

Enrollment Trends

1. Enrollment is forecasted monthly for each product line individually. Total enrollment is budgeted at 1,693,515 (member months) for FY 12/13 which is 56,709, or 3.7%, more than FY 11/12.
 - a) Medi-Cal: We are projecting an annual organic growth rate of approximately 2.5%, or 3,000 new members, over the year. The forecast assumes a slower growth in comparison to actual growth during the 11/12 fiscal year. The Seniors and Persons with Disability (SPD) category of aid (COA) enrollment is forecasted to remain constant each month. Overall the SPD enrollment is considerably higher in FY 12/13 than in FY 11/12 since the complete phase in of mandatory members was completed in May of 2012.
 - b) Healthy Families: Enrollment is forecasted to decrease slightly.
 - c) Healthy Kids: Enrollment is forecasted to decrease along current trends, primarily in the 0-5 age group.

- d) Agnews: Enrollment is forecasted to decrease slightly since we do not anticipate any new members.
- e) Healthy Workers: Enrollment is forecasted to grow by 25 members a month.

Figure 2 (on page 10) attached shows member comparisons for the past several fiscal years.

Revenues

1. Revenues: Are forecasted on a PMPM basis using the current contracted reimbursement rates for the specified product lines. For FY 12/13 revenue across all product lines is budgeted at \$269,289,029 (\$159.01 PMPM) which is \$22,933,286 (\$8.50 PMPM) higher than FY 11/12. The overall average revenue PMPM is higher due to the full impact of the SPDs.
 - a) Medi-Cal: Revenue projections assume the current PMPM reimbursements by COA from the California Department of Health Care Services (DHCS). Rate adjustments from DHCS are typically effective the beginning of their rate year, which is October 1, through September 30. For FY 12/13, total Medi-Cal revenues are budgeted at \$245,189,010 (173.99 PMPM) which is \$9.80 PMPM higher than FY 11/12 actual. The increase is primarily attributable to the full impact of SPDs.
 - b) Healthy Families: Revenue projections assume the October 1, 2011 current PMPM premiums from Managed Risk Medical Insurance Board (MRMIB) remain the same due to State's budget issues. For FY 12/13, Healthy Families revenues are budgeted at \$13,869,088 (\$69.24 PMPM) which is \$355,820 lower than FY 11/12. The decrease is due to decreases in projected enrollment.
 - c) Healthy Kids: Revenue projections assume the current PMPM reimbursements to be received from our funding partners. There are no rate adjustments planned at this time. The decrease is due to decreases in projected enrollment.
 - d) Agnews: Revenue projections assume a reduction in the PMPM premiums as a result of medical expenses being significantly lower than originally contracted for.
 - e) Healthy Workers: Projections assume the same PMPM premiums as in the FY 11/12.

Medical Expenditures:

1. Medical Costs: For FY 12/13, total medical expenditures across all lines of business is budgeted at \$246,399,002 (\$145.50 pmpm) which is \$18,347,676 (\$6.17) higher than FY11/12. The medical expenditures are forecasted individually for specific expense categories. The budget is formulated by reviewing current PMPM expenditures adjusted for any increasing trends for utilization and costs. Projected medical costs show increases overall but specifically in pharmacy and hospital costs related to the impact of mandatory enrollment of SPDs.
 - a) Medi-Cal: FY 12/13, medical expenses are projected at \$226,081,850 (\$160.43 PMPM) which is \$18,420,791 (\$6.27 PMPM) higher than FY 11/12. This is due to the rapid membership growth in the SPDs and increasing utilization and cost trends in the areas of hospital, pharmacy, and non-emergency transportation expenses.
 - b) Healthy Families: For FY 12/13, medical expenses are projected at \$11,708,220 (\$57.52 PMPM) which is \$1.12 PMPM less than FY 11/12. This is due to decreasing utilization trends.
 - c) Healthy Kids: For FY 12/13, medical expenses are projected at \$5,793,085 (\$81.63 PMPM) which is \$0.71 PMPM less than FY 11/12.
 - d) Agnews: FY 12/13, medical expenses are projected at \$1,017,034 (\$637.24 PMPM) which is \$69.84 PMPM higher than FY 11/12. This is due to increasing utilization and cost trends in the areas of hospital, specialist, and pharmacy expenses.
 - e) Healthy Workers: For FY 12/13, medical expenses are projected at \$1,798,812 (\$220.93 PMPM) which is \$3.11 PMPM higher than FY 11/12.

General and Administrative Expenses:

1. For FY 12/13 total G&A expense is budgeted at \$19,356,801 (\$11.43 PMPM) which is \$1,730,020 (\$.66 PMPM) higher than FY 11/12. Our overall G&A percent of revenue remains low at 7.2% although staffing has increased slightly due to the SPD enrollment. The G&A expenditures are forecasted by each department based on the current cost experience adjusted for any increases due to enrollment and growth trends.
 - a) Salaries & Benefits: \$12,735,487, which is \$1,225,716 higher than FY 11/12, mainly due to the filling of five open positions since the beginning of FY 11/12, returns from leaves of absences, and increases in health premiums.

- b) Non-Labor: \$6,783,401 which is \$666,391 higher than FY11/12. This is primarily due to three major initiatives; the provider portal, the disaster recovery implementation and ICD-10 compliance support and analysis.

Other Impacts on 12/13 budget due to California State budget cuts:

a) Revenues

- Medi-Cal: Potential Preventable Admissions (PPA), defined as admissions that potentially can be avoided, decreases Medi-Cal revenues approximately \$975k.
- Medi-Cal: the 10% provider Payment Reduction (AB-97) FY 11/12 attributable to the States budget cuts. Implementation has been delayed due to court injunctions. The impact has been estimated at \$6.7 million.
- Healthy Families: The State FY 12/13 budget included a 25% rate decrease for this program which is estimated to be \$2.9 million revenue reduction for SCFHP. Alternatively, the State is expected to move Healthy Families into Medi-Cal; the financial implications of this are not factored in this budget.

b) Expenditures:

- Medi-Cal: Our ability to pass through some of the rate reductions tied to the 10% Provider Payment Reduction in Medi-Cal is estimated at approximately \$2.3 million.
- Medi-Cal: The Accountable Care Act (ACA) mandated increased payments for primary care effective 1/1/13 (through 12/31/14). These are federally funded increases yet we have not yet received rates or operational guidance from DHCS.
- Healthy Families: Our ability to pass through some or all of the rate reductions to our providers is unknown at this time considering benefit cuts tied to this rate reduction are not defined.

c) Cash Flow Only

- Medi-Cal: the addition of Community Based Adult Services (CBAS) to Medi-Cal Managed Care program will be effective October 1, 2012

however, reimbursements from DHCS for this program to health plans will not occur until April 2013. DHCS is anticipating final approval of rates from CMS for this program by April 2013.

- The delayed revenue for the period October 2012 through April 2013 is estimated at \$2.9 million which SCFHP will essentially advance effecting SCFHP's liquidity and cash flow.

**Santa Clara County Health Authority
Budget Summary for FYE 6/30/2013**

	Budget for FYE 6/30/2013	Unaudited for FYE 6/30/2012	Variance (2013 vs. 2012)
<u>Enrollment:</u>			
Medi-Cal	1,409,241	1,347,077	62,164
Healthy Families	203,568	205,439	(1,871)
Healthy Kids	70,968	77,970	(7,002)
Agnews	1,596	1,566	30
Healthy Workers	8,142	4,754	3,388
Total Enrollment	1,693,515	1,636,806	56,709
<u>Revenues</u>			
Medi-Cal	\$ 245,189,010	\$ 221,174,749	\$ 24,014,261
Healthy Families	\$ 13,869,088	\$ 14,224,908	\$ (355,820)
Healthy Kids	\$ 7,139,794	\$ 7,935,433	\$ (795,639)
Agnews	\$ 1,259,187	\$ 1,936,452	\$ (677,265)
Healthy Workers	\$ 1,831,950	\$ 1,084,201	\$ 747,750
Total Revenues	\$ 269,289,029	\$ 246,355,743	\$ 22,933,286
<u>Medical Expenses</u>			
Medi-Cal	\$ 226,081,850	\$ 207,661,059	\$ 18,420,791
Healthy Families	\$ 11,708,220	\$ 12,046,197	\$ (337,976)
Healthy Kids	\$ 5,793,085	\$ 6,420,005	\$ (626,919)
Agnews	\$ 1,017,034	\$ 888,544	\$ 128,491
Healthy Workers	\$ 1,798,812	\$ 1,035,522	\$ 763,290
Total Medical Expenses	\$ 246,399,002	\$ 228,051,327	\$ 18,347,676
Medical Operating Margin	\$ 22,890,026	\$ 18,304,416	\$ 4,585,610
<u>Administrative Expenses</u>			
Salaries and Benefits	\$ 12,735,487	\$ 11,509,771	\$ 1,225,716
Rents and Utilities	\$ 1,255,912	\$ 1,160,472	\$ 95,441
Printing and Advertising	\$ 171,100	\$ 76,795	\$ 94,305
Information Systems	\$ 877,903	\$ 763,608	\$ 114,295
Prof Fees / Consulting / Temp Staffing	\$ 1,911,400	\$ 1,901,640	\$ 9,760
Depreciation / Insurance	\$ 943,000	\$ 926,288	\$ 16,712
Office Supplies / Postage / Telephone	\$ 685,800	\$ 709,989	\$ (24,189)
Meetings / Travel / Dues	\$ 613,098	\$ 512,237	\$ 100,861
Other	\$ 163,100	\$ 65,981	\$ 97,119
Total Administrative Expenses	\$ 19,356,801	\$ 17,626,781	\$ 1,730,020
Operating Surplus (Loss)	\$ 3,533,226	\$ 677,635	\$ 2,855,591
Interest Income	\$ 120,000	\$ 209,571	\$ (89,571)
Net Surplus (Loss) before Non-Operating Items	\$ 3,653,226	\$ 887,206	\$ 2,766,020
<u>Non-Operating Items</u>			
BOARD DESIGNATED PAYMENT		(10,000,000)	
GASB 45 Implementation	\$ (400,000)	\$ (390,508)	\$ (9,492)
Subtotal Non- Operating Items	\$ (400,000)	\$ (10,390,508)	\$ (9,492)
Net Surplus (Loss)	\$ 3,253,226	\$ (9,503,302)	\$ 2,756,528

**Santa Clara County Health Authority
Budget Summary By Major Financial Areas - Consolidated**

	Actual FY 11-12 (Unaudited)		Budget FY 12-13		Variance	
	PMPM	Ratios	PMPM	Ratios	PMPM	Ratios
1 Consolidated Enrollment	1,636,806		1,693,515		56,709	
2 Revenues	\$246,355,743	\$ 150.51	\$269,289,029	\$ 159.01	\$22,933,286	\$ 8.50
3 Medical Expenses:	\$228,051,327	139.33	\$246,399,002	145.50	\$18,347,676	6.17
4 Gross Margin	\$ 18,304,416	\$ 11.18	\$ 22,890,026	\$ 13.52	\$ 4,585,610	\$ 2.33
5 G & A Expenses	\$ 17,626,781	\$ 10.77	\$ 19,356,801	\$ 11.43	\$ 1,730,020	\$ 0.66
6 Other Revenue/Expenses	\$ (180,937)	\$ (0.11)	\$ (280,000)	\$ (0.17)	\$ (99,063)	\$ (0.05)
7 Net Surplus (before Board Adjustments)	\$ 496,698	\$ 0.30	\$ 3,253,226	\$ 1.92	\$ 2,756,528	\$ 1.62
8 Adjustments						
9 PPA Adjustment						
10 Adjusted Net Surplus (Deficit)			(\$974,785)	(0.58)		-0.36%
			\$2,278,441	1.35		0.85%
11 Medi-Cal AB-97 Revenue Reduction			\$ 6,732,226	\$ 3.98		2.50%
12 Medi-Cal AB-97 Expense Reduction			\$ (2,336,082)	\$ (1.38)		-0.87%
13 Adjusted Net Surplus			\$ (2,117,703)	\$ (1.25)		-0.79%
14 Final Net Surplus (Deficit)	\$ 496,698	\$ 0.30	\$ (2,117,703)	\$ (1.25)		-0.79%
15 Other contingencies:						
16 Healthy Families Revenue decrease @ 25%			\$ (2,927,055)	\$ (1.73)		-1.09%
17 Healthy Families expenses decrease (unknown)						
18 CBAS conversion to managed care (October 2012 - April 2013 payment delayed until April)			\$ (2,899,876)	\$ (1.71)		-1.08%

**Santa Clara County Health Authority
BUDGETED STATEMENT OF OPERATIONS 2012-13
BY LINE OF BUSINESS (INCLUDING ALLOCATED EXPENSES)**

P&L (ALLOCATED BASIS)	Medi-Cal	Healthy Families	Healthy Kids	Agnews	Healthy Workers	Grand Total
REVENUE	\$245,189,010	\$13,869,088	\$7,139,794	\$1,259,187	1,831,950	\$269,289,029
MEDICAL EXPENSES	226,081,850	11,708,220	5,793,085	1,017,034	1,798,812	\$246,399,002
GROSS MARGIN	19,107,160	2,160,868	1,346,709	242,153	33,138	\$22,890,026
ADMINISTRATIVE EXPENSES (indirect costs subject to % MM allocation)	16,107,561	2,326,774	811,161	18,242	93,063	\$19,356,801
OPERATING INCOME/(LOSS)	2,999,599	(165,906)	535,547	223,910	(59,925)	3,533,226
OTHER INCOME/EXPENSE (% of mm Allocation)	(232,999)	(33,657)	(11,734)	(264)	(1,346)	(280,000)
NET INCOME/(LOSS)	<u>\$2,766,600</u>	<u>(\$199,563)</u>	<u>\$523,814</u>	<u>\$223,646</u>	<u>(\$61,271)</u>	<u>\$3,253,226</u>

PMPM ALLOCATED P&L:

REVENUE	\$173.99	\$68.13	\$100.61	\$788.96	\$225.00	\$159.01
MEDICAL EXPENSES	160.43	57.52	81.63	637.24	220.93	145.50
GROSS MARGIN	13.56	10.61	18.98	151.72	4.07	13.52
ADMINISTRATIVE EXPENSES	11.43	11.43	11.43	11.43	11.43	11.43
OPERATING INCOME/(LOSS)	2.13	(0.81)	7.55	140.29	(7.36)	2.09
OTHER INCOME / (EXPENSE)	(0.17)	(0.17)	(0.17)	(0.17)	(0.17)	(0.17)
NET INCOME / (LOSS)	<u>\$1.96</u>	<u>(\$0.98)</u>	<u>\$7.38</u>	<u>\$140.13</u>	<u>(\$7.53)</u>	<u>\$1.92</u>

ALLOCATION BASIS:

MEMBER MONTHS - Month and YTD	1,409,241	203,568	70,968	1,596	8,142	1,693,515
% of Member Months	83.21%	12.02%	4.19%	0.09%	0.48%	100.00%

	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	2012-13 Budget
Medi-Cal	862,673	926,365 7.4%	1,019,720 10.1%	1,126,280 10.4%	1,227,263 9.0%	1,347,077 9.8%	1,409,241 5.1%
Healthy Families	156,983	177,695	192,882	194,456	205,944	205,439	203,568
Healthy Kids	157,330	136,240	114,387	104,141	87,437	77,970	70,968
Healthy Generations	899	18,234	40,350	24,679	0	0	0
Agnews	0	206	1,206	1,684	1,640	1,566	1,596
Healthy Workers	0	0	0	77	1,616	4,754	8,142
	<u>1,177,885</u>	<u>1,258,740</u>	<u>1,368,545</u>	<u>1,451,317</u>	<u>1,523,900</u>	<u>1,636,806</u>	<u>1,693,515</u>
Annual Pct. Growth		6.9%	8.7%	6.0%	5.0%	7.4%	3.7%
Avg. Covered Lives	98,157	104,895	114,045	120,943	126,992	136,401	141,126

Figure 2

Overall, SCFHP's covered lives are projected to average 141,126 resulting in 1,693,515 member months for 2012-13.

**Santa Clara Family Health Plan
Capital Budget**

Capital assets (office furniture and fixtures, computer equipment, software, and leasehold improvements) whose acquisition costs exceed \$1,000 are accounted for in the capital budget. Figure 3 presents the planned capital acquisitions for 2012-13.

<u>Description</u>	<u>Type</u>	<u>Cost</u>
Desk Top Computers	C	\$22,500
Website Development (based on NCQA req's)	C	100,000
Hardware server upgrades	C	33,700
Laptop Replacements	C	15,000
SAS Data mining/Predictive Module (Finance)	C	20,000
Laptop Encryption	C	15,000
Network Management Software	C	9,000
Electronic RA (rollover from 11-12)	C	50,000
Total Capital Expenditures		\$265,200

Figure 3

Capital assets acquired during 2012-13 will be recorded at acquisition cost and depreciated on a straight-line basis over their estimated useful lives as follows:

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

Santa Clara County Health Authority
Balance Sheets Highlights

	Year Ended June 30					
	Budgeted 2013	2012	2011	2010	2009	2008
Assets						
Current assets						
Capital assets	\$ 49,391,887	\$ 58,951,570	\$ 58,880,264	\$ 52,321,837	\$ 36,431,390	\$ 30,338,951
Other assets	417,491	752,291	1,029,426	1,628,436	2,343,837	2,709,602
Total Assets	<u>\$ 50,114,728</u>	<u>\$ 60,009,211</u>	<u>\$ 60,215,040</u>	<u>\$ 54,255,623</u>	<u>\$ 39,080,577</u>	<u>\$ 33,353,903</u>
Liabilities						
Current liabilities	\$ 20,767,923	33,418,744	\$ 24,121,270	29,152,611	\$ 28,272,663	\$ 19,728,793
Total Liabilities	<u>\$ 20,767,923</u>	<u>33,418,744</u>	<u>\$ 24,121,270</u>	<u>\$ 29,152,611</u>	<u>\$ 28,272,663</u>	<u>\$ 19,728,793</u>
Net assets (Reserves)						
Invested in Capital Assets	417,491	752,291	1,029,426	1,628,436	2,343,837	2,709,602
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350	305,350	305,350
Unrestricted Net Equity	28,786,052	25,532,826	34,758,994	23,169,226	8,158,727	10,610,158
Total net assets	<u>29,508,893</u>	<u>26,590,467</u>	<u>36,093,770</u>	<u>25,103,012</u>	<u>10,807,914</u>	<u>13,625,110</u>
Total Liabilities and net assets	<u>\$ 50,276,816</u>	<u>\$ 60,009,211</u>	<u>\$ 60,215,040</u>	<u>\$ 54,255,623</u>	<u>\$ 39,080,577</u>	<u>\$ 33,353,903</u>

CURRICULUM VITAE

Waldemar Hall Wenner, MD
533 Quailbrook Court
San Jose CA. 95110

Licensure and Certification

1958 – Graduated University of Minnesota Medical School, Minneapolis

1964 – Diplomate, American Board of Pediatrics

Professional Experience

1958-59 – Internship, San Francisco General Hospital

1960-61 – Residency, University of California Medical Center, San Francisco

1961-62 – Fellowship, United Cerebral Palsy Clinical Fellow, UCLA, Department of Pediatrics, Los Angeles; co-sponsors A.H. Parmelee Jr., MD and M.H Jones, MD

1962-63 – Fellowship, Mental Health Training Program, UCLA, Department of Pediatrics and Brain Research Institute; sponsor A.H. Parmelee Jr., MD

1963-66 – Assistant Professor, Pediatrics in Residence, UCLA, Department of Pediatrics, Los Angeles

1963-66 – Consultant to Holy Family Adoption Agency, Los Angeles

1964-66 - Consultant to Bureau of Adoptions, Los Angeles County

1965-66 - UCLA Medical Center, administrative responsibility for newborn nurseries, Los Angeles

1966-68 – Senior Surgeon, US Public Health Service, Children's Diagnostic and Study Branch, National Institute of Child Health and Human Development, National Institutes of Health, Bethesda, Maryland

1968-74 – Assistant Professor, Pediatrics, University of Washington School of Medicine

1974-79 – Lecturer, University of Washington School of Nursing, Project Pediatrician, Pediatric Nurse Practitioner Project

1979-1990 – Private pediatrics practice, San Jose, CA

1990-1993 – Pediatrician, O'Connor Medical Group, San Jose, CA

1994-1997 – Pediatrician, Mullikan Medical Group, San Jose, CA

1997-present – Private pediatrics practice, San Jose, Ca

Awards & Recognition

Valedictorian – St John's University

Valley of the Hearts Award - Parents Helping Parents, 1986

Vincentian Values Award – Daughters of Charity, 2004

Community Service

1971 – Member, Board of Directors, Onward Bound, Group Home for Single Teenage Mothers, Seattle

1978-79 – Member, Board of Directors, Agape Outreach, Christian group home for adult women with emotional problems, Seattle

1997-present – Member, Consumer Affairs Committee, Santa Clara Family Health Plan, Campbell, CA

Chief Operations Officer Department Dashboard

Santa Clara Family Health Plan Governance Board Activity Report September 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 October 1, 2012 and December 15, 2012. 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 NCOA, 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. 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.

In-Reach Activities

Santa Clara Family Health Plan in conjunction with Valley Medical Center, Community Health Partnership and the Social Services Administration have jointly created an in-reach flier that will eventually be in all medical offices of the County and Community Health Partnership. The flier is going to be piloted in one VMC clinic and one CHP clinic. The flier will be distributed in English, Spanish and Vietnamese once we fully roll it out. The flier is a take one brochure that highlights the Low Income Health Plan, Medi-Cal and Healthy Kids. Our stated goal is to drive as much membership as we can over the next fifteen months into these programs. The flier is currently waiting approval by the State. A copy of the flier is attached for your reference.

Member Service Excellence Certification

Service Excellence

Service Excellence is more than a commitment to continuous improvement, it is a workplace philosophy and culture to focus both on the external customers and partners and the internal workforce. Over the past several months SCFHP has focused on building a

Chief Operations Officer Department Dashboard

culture of Service Excellence. The goal of our Service Excellence program is to develop team spirit and morale, to improve employee engagement and to implement a continuous improvement system that helps build pride in what we do and who we are. To support our Service Excellence program SCFHP formed a Service Excellence Committee and applied for Call Center Certification.

The Service Excellence Committee was formed to engage the workforce and to begin a service excellence drive in the organization. A 16 member Committee was selected. The individuals selected represent all operational areas in the Health Plan. The members were also identified by their supervisor to be someone who would participate in the workgroup and come back to their teams and share what they are doing and what is happening. The Service Excellence Committee kick-off meeting was held February 1, 2012. The Committee has been asked to create an updated company mission statement. The mission statement will define the purpose of our organization and core principles. It gives the organization a roadmap of purpose – it spells out its overall goal and it guides decision making.

At the 2012 Board retreat, we will review the results the with Board. The Board will have an opportunity to review and comment on the work our team has done and give final approval of the mission statement.

Call Center Certification

To distinguish SCFHP in the marketplace and to demonstrate our focus on providing the highest level of customer satisfaction SCFHP will undertake a Call Center Certification audit on October 29th and 30th. SCFHP has engaged Benchmark Portal to complete the review. Benchmark Portal is a leader in benchmarking and certifying call centers. Certification assesses how effectively and efficiently our call center is functioning. There are three phases to Call Center Certification. The first phase evaluates 22 key performance indicators that highlight effectiveness and efficiency of operations and compares them against industry standards. The next step is an independent member satisfaction survey, and the last phase is an agent satisfaction survey.

We may not have the audit results back for the 2012 Board retreat but we will give any updates we have received from the audit process.

Our stated goal is to meet the standards of superior quality and efficiency and be awarded Certified Center of Excellence designation.

Healthy Families Transition

It appears that Healthy Families 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

Chief Operations Officer Department Dashboard

that are considering accepting Medi-Cal contracts. These seven providers see 438 Healthy Families members out of the 16,000 enrolled in SCFHP, or 2.6% of the enrolled population. SCFHP will continue to work with these providers and if needed, we will transition members to a new provider. SCFHP and DHCS will be sending notices to these 438 members about their need to transition to a new provider on January 1, 2012 if their provider chooses not to sign a Medi-Cal contract.

Chief Operations Officer Department Dashboard

Member Services Department

August 2012

- Total inbound queue calls: August 2012 = 12,758 calls (10.98% decrease from August 2011 – 14,159)
Total Time to answer – All languages: August 2012 = 45 seconds (37.7% decrease from August 2011 – 62 seconds)
- Abandonment Rate: August 2012 = 8.7 % (down from 9.6 % from August 2011)

July 2012

- Total inbound queue calls: July 2012 = 10,809 calls (14.5% decrease from July 2011 – 12,377)
Total Time to answer – All languages: July 2012 = 28 seconds (50% decrease from July 2011 – 56 seconds)
- Abandonment Rate: July 2012 = 6.4 % (down from 8.8 % from July 2011)

Eligibility and Enrollment Department

	August 2012	August 2011	Change
Medi-Cal	115,652	108,273	6.4% increase
Healthy Families	16,686	17,334	3.4% decrease
Healthy Kids	6,018	6,681	11% decrease
Agnews	130	130	No Change
Healthy Workers	512	321	36.7% increase
Total	138,998	132,739	4.5% increase

	July 2012	July 2011	Change
Medi-Cal	115,639	107,970	6.3% increase
Healthy Families	16,794	17,369	3.42% decrease
Healthy Kids	6,117	6,790	11% decrease
Agnews	128	129	0.78% decrease
Healthy Workers	500	311	37.8% increase
Total	139,178	132,569	4.74% increase

Chief Operations Officer Department Dashboard

Outreach Department

August 2012

New applications completed*:

- August 2012: 132 applications for 196 children
- August 2011: 183 applications for 273 children

Renewal applications completed*:

- August 2012: 131 renewal applications for 196 children
- August 2011: 109 renewal applications for 182 children

July 2012

New applications completed*:

- July 2012: 148 applications for 217 children
- July 2011: 157 applications for 230 children

Renewal applications completed*:

- July 2012: 137 renewal applications for 213 children
- July 2011: 100 renewal applications for 160 children

*** Includes Hacienda and AAC Locations**

Chief Operations Officer Department Dashboard

Outreach – Application Activity

TOTAL August 2012	Number of New Applications	Number of Children	Plan Selection SCFHP	BC	Kaiser	Status Approved	Status Denied	Status Pending	Status FWD MC
Healthy Kids	41	52	41	0	0	24	2	15	0
Healthy Families	76	119	65	1	10	40	0	36	0
Medi-Cal	11	19	0	0	0	6	0	5	0
Medi-Cal Adult	0	0	0	0	0	0	0	0	0
Kaiser	4	6	0	0	4	0	0	4	0
Total	132	196	106	1	14	70	2	60	0

TOTAL July 2012	Number of New Applications	Number of Children	Plan Selection SCFHP	BC	Kaiser	Status Approved	Status Denied	Status Pending	Status FWD MC
Healthy Kids	59	79	59	0	0	37	0	22	0
Healthy Families	77	120	60	3	14	44	0	33	0
Medi-Cal	11	16	0	0	0	3	0	8	0
Medi-Cal Adult	0	0	0	0	0	0	0	0	0
Kaiser	1	2	0	0	1	1	0	0	0
Total	168	263	124	4	22	101	5	59	1

Chief Operations Officer Department Dashboard

Outreach – Renewal Application Activity

TOTAL August 2012	Number of Renewals	Number of Children	Plan Selection SCFHP	BC	Kaiser	Status Approved	Status Denied	Status Pending	Status FWD MC
Healthy Kids	49	62	49	0	0	47	0	2	0
Healthy Families	81	132	74	2	5	44	1	33	3
Medi-Cal	1	2	1	0	0	0	0	1	0
Medi-Cal Adult	0	0	0	0	0	0	0	0	0
Kaiser	1	0	0	0	1	0	0	0	0
Total	131	196	124	2	5	91	1	36	3

TOTAL July 2012	Number of Renewals	Number of Children	Plan Selection SCFHP	BC	Kaiser	Status Approved	Status Denied	Status Pending	Status FWD MC
Healthy Kids	61	90	61	0	0	60	0	1	0
Healthy Families	70	111	62	3	5	46	0	23	1
Medi-Cal	5	11	5	0	0	3	0	2	0
Medi-Cal Adult	0	0	0	0	0	0	0	0	0
Kaiser	1	1	0	0	1	0	0	1	0
Total	137	213	128	3	6	109	0	27	1

Chief Operations Officer Department Dashboard

New and renewal application outcome - Percentage selected SCFHP

	Sep 2011	Oct 2011	Nov 2011	Dec 2011	Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012	Jul 2012	Aug 2012
New Application	68.6 %	64.9%	73.8 %	66.4%	75.9%	74.3%	73.3%	73.8 %	79.1%	85.3%	80.4%	80.3%
Renewal Application	86.6 %	86.8 %	84.3 %	83.9%	78.6%	93.5%	84.8%	84.8 %	85.9%	84.6%	93.4%	94.6%

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

	Sept 2011	Oct 2011	Nov 2011	Dec 2011	Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012	Jul 2012
New Application	68.6 %	64.9%	73.8 %	66.4%	75.9%	74.3%	73.3%	73.8 %	79.1%	85.3%	80.4%
Renewal Application	86.6 %	86.8 %	84.3 %	83.9%	78.6%	93.5%	84.8%	84.8 %	85.9%	84.6%	93.4%

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

Chief Operations Officer Department Dashboard

Healthy Workers Program

Enrollment as of September 1, 2012

Total

- 239 Groups
- 525 Individuals

New

- Groups – 9
- Members – 22 total (16 from new groups; 3 additions to enrolled groups; 3 reinstated)

Terms

- Groups – 4 (1 group sold the business; 1 w/ employment terminated for only enrolled employee; 1 no longer wants coverage, 1 has other coverage)
- Members – 9 (8 voluntary; 1 ineligible)

Claims Department

- Four Month Average – 99% paid within 45 days of receipt (98% paid within 45 days same period last year)
- Average claim load of 24,600 claims per month (21,500 same period last year)
- Auto Adjudication average of 66% (54% same period last year)
- Late interest payments average \$156 per week (All interest paid in August was due to a configuration error that has been corrected)

Chief Operations Officer Department Dashboard

Pharmacy Department

August 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>	85,245	\$3,032,786	106,645	0.8	\$28.44
<i>Healthy Families</i>	2,402	\$74,099	16,686	0.1	\$4.44
<i>Healthy Kids</i>	702	\$325,894	6,018	0.1	\$4.30

July 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>	80,748	\$2,934,848	106,706	0.76	\$28.34
<i>Healthy Families</i>	1,997	\$61,953	16,794	0.1	\$3.82
<i>Healthy Kids</i>	610	\$28,532	6,117	0.1	\$4.77

Chief Operations Officer Department Dashboard

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. So far SCFHP has improved BMI documentation by 6% and we increased counseling by 2%.

The Quality Team is analyzing the summer swim lessons intervention. The swim lessons were set up to support the COPE project. We hope to have the data analyzed and reported to the Quality Committee at our next meeting.

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

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.

Chief Operations Officer Department Dashboard

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. Our goal is to move to the All Plan Low field.

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%

HEDIS

Please see Medical Directors Presentation.

Chief Operations Officer Department Dashboard

Utilization Management:

CareNet 24 Nurse Advise Line

Total Number of Calls: August 2012 = 501

Top Calls by Symptoms in August

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

Total Number of Calls: July 2012: 515

Top Calls by Symptoms in July

1. Cough
2. Vomiting
3. Rash
4. Diarrhea
5. Pregnancy related complications

July and August data

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%

Chief Operations Officer Department Dashboard

Community Based Adult Services (CBAS)

- SCFHP has 84 enrollees that do not qualify for CBAS, therefore are mandated for Enhanced Case Management for the first 30 months of enrollment.
- UM Department and Member Services are working with newly enrolled members with Care Coordination.
- CBAS eligible enrollment has increased to 253 as of 9/14/12.
- Program is set to go live October 1, 2012

Medical Management Department – Prior Authorization Totals and TAT Report

Line of Business : All Lines of Business Network 10 (MediCal only Network 40)

End Date : 08/31/2012

Start Date : 08/01/2012

Urgency	Under	%	Over	%	Incomplete	%	Total
Routine	323	94%	22	6%	0	0%	345
Urgent	28	97%	1	3%	0	0%	29
Retro	25	96%	1	4%	0	0%	26
TOTAL							400

Line of Business : All Lines of Business Network 10 (MediCal only Network 40)

End Date : 07/31/2012

Start Date : 07/01/2012

Urgency	Under	%	Over	%	Incomplete	%	Total
Routine	328	95%	19	5%	0	0%	347
Urgent	74	97%	2	3%	0	0%	76
Retro	60	95%	3	3%	0	0%	63

Provider Services Department

PCP/Specialist Visits – 205 scheduled visits for July and August

The purposes of the visits:

➤ **Claims**

- NDC Number
- BMI Number
- E-Claims Final Notice
- Corrected Claims, Tracers and Appeals

➤ **Medical Services**

- Accessing Mental Health Services

➤ **Compliance**

- Fraud and Abuse Policies
 - Policy #CP002-Anti Fraud Policy
 - Policy #CP006_02 Federal False Claims Act

➤ **Member Services**

- Accessing Transportation Services for members
- Member Newsletter

➤ **Provider Services**

- Cultural and Linguistics
 - Tips for Working with Interpreters
 - Reference Guide for Interpreter Services
 - Tips for Communicating across Language Barriers

Chief Operations Officer Department Dashboard

- Santa Clara County Domestic Violence Council

PCP/Specialist Visits – 41 unscheduled visits which included:

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

Connect Trainings – 26 Trainings

Facility Site Review (Part C)

- Completed 14 of scheduled visits

Coordinated Continuing Medical Education (CME) on Child Mental Health and the Neurobiology of Attachment

- 47 physicians and staff attended the CME

Chief Operations Officer Department Dashboard

Compliance Department

- Developed, finalized and in August implemented the following resource tools for the Member Services Department:
 1. Standard Operating Procedure for HIPAA request
 2. HIPAA frequently asked questions
 3. Protocol (quick reference grid) of when to disclosure PHI
- DMHC Provider Complaints
 1. Collaborated with the Claims Department to resolve multiple provider complaints regarding coding issues received from DMHC.
- Grievance & Appeal – Notice of Action Audit
 1. Audited 8 appeal files that MRMIB-HSAG has selected to review for the onsite audit on September 25.
 2. Released the audit findings to the Department.
- UM Denial Audit – Notice of Action Audit
 1. Audited 15 denial files that MRMIB-HSAG has selected to review for the onsite audit on September 25.
 2. Released the audit findings to the Department.
- MRMIB-HSAG Audit
 1. Prepared interview preparation materials and sent the materials to all staff, who will be interviewed with HSAG.
 2. Followed up with all departments, who still need to submit materials for HSAG audit.
- Kaiser Grievance Audit
 1. Reviewed Grievance requirements that are required by State agencies.
 2. Preparing the audit tool for external audit in October.
- Autism Emergency Regulations
 1. Collaborated with Provider Services and Contracts Departments to determine appropriate methods in tracking the 1) qualified autism providers, 2) qualified autism professional, and 3) qualified autism paraprofessional.

Chief Operations Officer Department Dashboard

2. Prepared the departments for the network adequacy report that is due by December 31, 2012.

➤ Submission of the following Reports to DHCS:

1. Plan Safety Net Provider List for 2012 auto assignment default calculation
2. Outpatient Safety Net Provider List
3. 2nd Q 2012 SPD Reporting: Continuity of Care, Out-of-Network, SPD Grievance Summary, All Member Grievance Summary, Network Adequacy, Detailed Provider Networks, Grievance Log, GeoAccess reports.
4. 1st Q 2012 SPD Reporting: Risk Stratification and Risk Assessment Data

➤ Grievance and Appeals

1. Total Processed = 101
 - Opened = 55
 - Closed = 57
 - In process EOM = 26
2. Cases closed by LOB
 - Medi-Cal= 51 (13 SPD cases)
 - Healthy Families = 2
 - Healthy Kids = 3
 - Healthy Workers = 1
3. Cases Closed by Network
 - VHP = 25
 - PMG = 15
 - SCFHP = 5
 - Premier Care = 5
 - Kaiser = 2
 - PAMF = 1
4. Closed by Type
 - Medical Appeals = 16

Chief Operations Officer Department Dashboard

- Dissatisfaction of Services = 19
- Quality of Care = 7
- SCFHP complaint = 2
- Access appointment = 2
- Access transportation = 1
- Pharmacy = 1

State Fair Hearings = 6 (5 withdrawn)

5. Processed 154 Personal Representative Requests

Find the program that fits your needs!

Programs for Children

Gym Membership:

The fitness center is equipped with elliptical machines, treadmills, recumbent bikes and strength and cardio machines to help you improve and maintain your health. *

For children 13 years and older

Weight Management Program:

Series of 10 sessions focused on goal setting, low-fat meal planning, and physical exercise. *

For children 10 years and older

Martial Arts:

Learn self-defense techniques, blocking, kicking, etc., to increase physical and mental awareness.

For children 7 years and older

Summer Swimming Lessons:

A fun and physical activity for your children in the summer.

For children 5 years and younger

* Program also available to adults who are SCFHP members

Programs for Parents

5 KEYS to Raising a Happy, Healthy Eater:

For parents of babies and young children. This two hour class talks about introducing new foods, dealing with picky eaters, and thinking about your children's eating in a new way.

For parents with children 0 to 5 years

(Childcare available on site.)

Family Nutrition Education:

Series of 6 classes focused on healthy eating, physical activities, meal planning, food safety and more.

For parents with children 0 to 18 years

(Childcare available on site.)

Parenting Education:

Series of 8 classes teaching basic parenting skills to build positive tools for communicating with and disciplining your children.

For parents with children 0 to 18 years

We all want to help our children build healthy habits for eating and for physical activity.

Children who are overweight are at risk for heart disease, diabetes, asthma, and bullying.

Santa Clara Family Health Plan provides many no-cost programs to **help your family lead a healthier life!**

Help prevent weight problems and improve your child's health. Sign up for **NO-COST** programs through **Santa Clara Family Health Plan!**

Call us TODAY to register! **1-800-260-2055**



Santa Clara
Family Health Plan

Next Steps

- ✓ Talk to your child's doctor to understand your child's weight and health condition.
- ✓ Select one or more Health Education classes or activities for you or your child.
- ✓ Call **Santa Clara Family Health Plan** to enroll in classes or activities!
1-800-260-2055



For information on additional Santa Clara Family Health Plan resources, visit our website at:
www.scfhp.com
or e-mail us at:
healthed@scfhp.com

Start down the path to a healthier life for you and your children!

As a **Santa Clara Family Health Plan** member, take advantage of the **no-cost** programs available to you!

Are you **worried** about your child's **weight?**

These no-cost classes and activities can help you...



For more information or to register for classes and programs, CALL

1-800-260-2055 or
TTY: **1-800-735-2929**

or e-mail at: **healthed@scfhp.com**



Santa Clara
Family Health Plan

Rev 4/2012

210 East Hacienda Ave.
Campbell, CA 95008



Santa Clara
Family Health Plan

Coverage Made Easy

No health coverage?

Read below to see if you may qualify for *low cost* or *no cost health coverage*...then *call for help with the application*

Valley Care	Medi-Cal	Healthy Kids
<p>You must be all of the following to qualify:</p> <ul style="list-style-type: none"> • A Santa Clara County resident. • Between the ages of 19 and 64. • A U.S. citizen or Legal Permanent Resident for at least 5 years. • A member of a family whose income is at or below 75% of the federal poverty level. For a family of one this is \$698 per month. <p>Call for application assistance Community Health Partnership 408.579.6026</p>	<p>You may qualify if you are a California resident, a U.S. citizen or Legal Permanent Resident, and one of the following:</p> <ul style="list-style-type: none"> • 65 years of age or older. • Under 21 years of age. • Between 21 and 65 years of age, if you have minor children living with you. • Pregnant woman. • Person who is blind, disabled, or residing in a skilled nursing facility. • Person with breast or cervical cancer, tuberculosis, or needing kidney dialysis or tube feeding. <p>Income limits vary from \$600 per month for a single adult up to \$3,842 per month for a family of four. If you have income over the monthly amounts, you can still apply and may be eligible to receive Medi-Cal benefits.</p> <p>To see if you may qualify, go to www.benefitscalwin.org</p> <p>Call for application assistance Santa Clara Family Health Plan 877.688.7234</p>	<p>Regardless of immigration status, you must be all of the following to qualify:</p> <ul style="list-style-type: none"> • A Santa Clara County resident. • Under the age of 19. • Not eligible for Medi-Cal. • Not covered by employer sponsored health insurance in the past 3 months. • A member of a family whose income is at or below 300% of the federal poverty level. For a family of four, this is currently \$5,764 per month. <p>Call for application assistance Santa Clara Family Health Plan 877.688.7234</p>



Santa Clara
Family Health Plan
The Spirit of Care

To Apply, you will need these Documents*:



COPIES of the following are accepted

- Proof of Residency:** *For applicant.*
For example, utility bill, current paystub, or California Driver's License.

- Proof of Identity (Photo ID Required):** *For applicant.*
For example, California Driver's License or passport.

- Proof of Income:** *For anyone living in the household who has any source of income.*
Provide documentation for **all** income. For example, current pay stubs, federal tax return, rental income receipts, child support statement, student loan papers.

- Proof of Expenses:** *For anyone living in the household who has any of these expenses.*
Provide documentation for **all** that apply:
 - Child support, alimony, spousal support.
 - Childcare or dependent care.
 - Medical and hospital expenses.

- Proof of Assets:** *For anyone living in the household who has any of these assets.*
Provide documentation for **all** assets, including bank accounts, investment accounts, stocks, bonds, IRAs, 401(k), life insurance policies, vehicle registrations for car, motorcycle, boat or RV.

These documents must be **ORIGINAL** and **PROVIDED** for **EACH PERSON**

- Citizenship and Immigration Information:** *The immigration information you provide is private and confidential. We only use it to determine eligibility for certain programs.*
Provide any **one** of these documents:
 - Citizens: A copy of birth certificate, passport, Certificate of Naturalization, or Certificate of U.S. Citizenship for each person applying.
 - Non-citizens: A copy of birth certificate or proof of immigration status (Permanent Resident Card, 1-94, or other immigration documents) for each person applying.

* *Document requirements vary by program and by individual situation. When you call for assistance and screening, we will let you know which documents you need to bring.*



Consumer Affairs Committee Minutes – June 12, 2012

In Attendance:

Committee Members: Cassandra Chan, Danette Zuniga, Hung Vinh, Judy Chirco, Larry Olmsted, Myrna Vega, Rachel Hart, Tammy Nguyen, Tran Vu, Vanessa Ho, Vu Nguyen, Waldemar Wenner
SCFHP Staff: Pat McClelland and Tanya Nguyen

Item	Discussion	Action	Assigned to:	Due Date
Call to Order and Roll Call	Roll call was taken. A quorum was present at 6:10 pm and the meeting was called to order.			
Review of Minutes	The minutes from the March 13, 2012 meeting were reviewed and approved.	The minutes were approved	All	
Public Comment	No public comments			
Member Satisfaction Survey Results update	Ms. McClelland reported the results of the telephone customer satisfaction survey. The survey was conducted from February 1, 2012 through March 30, 2012 by mail in English, Spanish and Vietnamese. It consisted of five questions: 1. Service received from Member Service representative. 2. Courtesy of Member Service representative. 3. Usefulness of the information received in responding to the member questions. 4. Overall experience with Santa Clara Family Health Plan. 5. Overall comments and feedback. The survey was only sent to the members who had directly contacted			



Consumer Affairs Committee Minutes – June 12, 2012

Item	Discussion	Action	Assigned to:	Due Date
	<p>and received services through the Member Services call center during the sampling period.</p> <p>Out of 6,881 total mailed surveys, 1,101 surveys were completed. This was appropriately 16% of completion. Out of 16% of completion, 53 % was English speaking, 38% was Spanish speaking and 9% was Vietnamese speaking.</p> <p>Overall, the respondents were satisfied with the service that they received. A “very good” or “Excellent” was the most frequently reported response for all areas.</p> <ul style="list-style-type: none"> • 80% of respondents rated the service they received from the Member Service Representative as very good or excellent. • 81% of respondents rated the courtesy of the Member Service Representative as very good or excellent. • 79 % of respondents rated the usefulness of the information received in response to their question as very good or excellent. • 82 % of respondents rated their overall experience with Santa Clara Family Health Plan as their Health insurance Company at very good or excellent. <p>Ms. McClelland indicated that the health plan will continue to conduct</p>			



Consumer Affairs Committee Minutes – June 12, 2012

Item	Discussion	Action	Assigned to:	Due Date
	the survey and will share the results with the committee.			
Member Grievances and Appeals Q1 2012	<p>Ms. McClelland provided an update on the Health Plan's Member Grievances and Appeals for the first quarter of 2012 (Q1 2012).</p> <p>Committee members expressed concerns on whether or not the Health Plan's members understand their rights to file a grievance. Committee members also requested for further clarification of how the number of grievance cases were report in Q1 2012.</p>	<p>Ms. McClelland will share the (1) grievance related materials and (2) provide updates on the grievance reporting system.</p>		
Roles and Responsibilities of Committee Members	<p>Dr. Wenner asked the committee members to provide suggestions on (1) how they inform Health Plan members about their representation, (2) how the committee members become a resource to the Health Plan's members, and (3) how they serve as a health advocacy in educating community and Health Plan members.</p> <p>The Committee members shared several possible engaging activities. It include but are not limited to (1) reviewing current Health Plan's member newsletter and (2) participating in the community outreach events.</p>			
Future Agenda Items	<p>Dr. Wenner asked the Committee to consider ways to share presentation information to other members and their communities.</p>		All	



Santa Clara
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Consumer Affairs Committee Minutes – June 12, 2012

Item	Discussion	Action	Assigned to:	Due Date
Adjournment	The meeting adjourned at 7:40pm.			
Next Meeting Date	The next meeting is scheduled for September 11, 2012 from 6:00- 7:00p.m			

Wally Deenber 9/11/12

Consumer Affairs Committee Chairperson

_____ Date

MINUTES
Santa Clara Community Health Authority
Governing Board Regular Meeting
Thursday, April 21, 2011
4:00-4:15 PM
(Immediately following the meeting of the
Santa Clara County Health Authority Governing Board)
210 E. Hacienda Avenue
Campbell CA 95008

Board members present:

Ms. Hao Bui
Ms. Judy Chirco
Mr. Christopher Dawes
Hon. Liz Kniss
Ms. Michele Lew
Mr. Will Lightbourne
Mr. Patrick Love
Dr. Thad Padua
Dr. Dale Rai

Board members not present:

Mr. Bob Brownstein

Staff present:

Ms. Elizabeth Darrow, Chief Executive Officer
Mr. Dave Cameron, Chief Financial Officer
Mr. Matt Woodruff, Chief Operations Officer
Mr. Ron Schmidt, VP Information Systems
Dr. Farshad Fani Marvasti, VP Clinical Operations
Ms. Kathleen King, Executive Director, Foundation
Ms. Phyllis Romito, Recording Secretary

1. Roll Call

Mr. Dawes called the meeting to order at 4:25 p.m. A roll call was taken, and a quorum was established.

2. Review and Approval of February 2010 Meeting Minutes

It was moved, seconded, and approved to accept the February 2010 minutes as presented.

3. Public Comment

There was no public comment.

For action

4. Ratification of the Santa Clara County Health Authority Board approvals of reports, actions, and resolutions pertaining to Healthy Families, Healthy Kids, and Healthy Workers from March 2010 through April 2011, including:

- Financial statements, budgets, and audits
- Credentialing reports
- Quality Improvement Committee minutes
- Utilization Management Committee minutes
- Pharmacy & Therapeutics Committee minutes
- Grievance Reports
- Election of officers
- Signatory and spending authority resolutions
- Procedural and policy resolutions

It was moved, seconded, and approved to ratify the Santa Clara County Health Authority approvals of all reports, actions, and resolutions pertaining to Healthy Families, Healthy Kids, and Healthy Workers from March 2010 through April 2011

5. Other business

There was no other business.

6. Adjournment

It was moved, seconded, and approved to adjourn the meeting at 4:35 pm.

Elizabeth G. Pianca, Secretary to the Board

Phyllis Romito, Recorder to the Board

AGENDA

**Santa Clara Community Health Authority
Governing Board Regular Meeting**

Thursday, September 27, 2012

4:00-4:15 PM

*(Immediately following the meeting of the
Santa Clara County Health Authority Governing Board)*

**210 E. Hacienda Avenue
Campbell CA 95008**

1. Roll Call
2. Review and Approval of April 2011 Meeting Minutes
3. Public Comment

Members of the public may speak to any item not on the agenda; 2 minutes per speaker. The Board reserves the right to limit the duration or public comment period to 30 minutes.

For action

4. Ratification of the Santa Clara County Health Authority Board approvals of reports, actions, and resolutions pertaining to Healthy Families, Healthy Kids, and Healthy Workers from April 2011 through September 2012, including:
 - Financial statements, budgets, and audits
 - Credentialing reports
 - Quality Improvement Committee minutes
 - Utilization Management Committee minutes
 - Pharmacy & Therapeutics Committee minutes
 - Grievance Reports
 - Election of officers
 - Signatory and spending authority resolutions
 - Procedural and policy resolutions
5. Other business

6. Adjournment

For information about this notice, please contact Shannon McNally, Santa Clara Family Health Plan, 210 E. Hacienda Avenue, Campbell CA, 95008, tel. 408-874-1842. Requests for provision of this notice in an alternative format in accordance with the Americans with Disabilities Act of 1990 should be made no later than 5 business days prior to the date of the meeting.