



Santa Clara
Family Health Plan

The Spirit of Care

AGENDA

Santa Clara County Health Authority Governing Board Regular Meeting

Thursday, May 24th, 2012

2:30-5:00 PM

210 E. Hacienda Avenue

Campbell CA 95008

1. Roll Call Ms. Lew

2. Action item: Review and approval of February 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. Recognition of Hao Bui Ms. Lew

The Governing Board recognizes Hao Bui's service as a SCCCHA Governing Board member. Hao Bui's final term will expire on June 30, 2012

5. Report of Executive Committee Mr. Dawes
 - a. Action items
 1. Acceptance of January through March 2012 financial statements

2. Accept resignation from Elizabeth Pianca as Secretary of the SCCHA Governing Board

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

b. Discussion item:

1. SPDs (Seniors and People with Disabilities)

Mr. Cameron
Dr. Padua

Update report on the Health Plan's experience with the mandatory SPDs population. The CFO will present the Plan's financial experience and the Medical Director will present utilization trends

2. Healthy Kids

Mr. Woodruff

An update on Healthy Kids enrollment and eligibility will be presented

6. Discussion item: A&M and County Presentation

Mr. Finucane
Dr. Smith
Mr. Santiago

A presentation on the Unified Managed Care project will be discussed in addition to recent changes to the Authority's ordinance

7. 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

2. Action item:

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

8. Report of the Chief Executive Officer

Ms. Darrow

Discussion items:

- a. Status of the State Budget
- b. Status of Dual Demonstration Project

9. Adjournment

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MINUTES
Santa Clara County Health Authority
Governing Board Retreat

Thursday, February 23, 2012
2:30 AM-5:00 PM
210 E. Hacienda Avenue
Campbell CA 95008

Board members present:

Ms. Michele Lew
Mr. Bob Brownstein
Ms. Hao Bui
Ms. Judy Chirco
Mr. Christopher Dawes
Mr. Patrick Love
Dr. Dale Rai
Dr. Wally Wenner
Mr. Daniel Peddycord
Ms. Emily Harrison

Board members not present:

Hon. Liz Kniss
Dr. Adel Abi-Hanna

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
Mrs. Emily Hennessy, Foundation, Finance Director
Dr. Thad Padua, Medical Director
Ms. Kathleen King, Executive Director, Foundation
Ms. Shannon McNally, Recording Secretary
Mrs. Kathleen McCarthy, Compliance Officer
Mr. Jim Gross, Partner, Nielsen Merksamer Parrinello Gross & Leoni LLP

1. Roll Call

Chairman Lew called the meeting to order at 2:34pm. Roll call was taken, and a quorum was established.

Ms. Lew also thanked Mr. Brownstein for his services as Chairman on the Board and welcomed Ms. Emily Harrison.

2. Action item: Review and approval of December 2011 meeting minutes

Mr. Peddycord requested that the December 2011 be amended to include a dollar amount

It was moved, seconded, and approved to accept amended minutes

3. Public comment

There was no public comment.

4. Report of the Chief Executive Committee

a. Action items:

1. Acceptance of October through December 2011 financial statements

Mr. Cameron presented highlights of the year-to-date financial statements:

- Operating surplus of \$19,000 for December and \$710,000 year-to date
- Revenue was \$994,000, or 4.7% below budget for December and \$1.6m, or 1.3% below budget year to date.
- December enrollment was at 135,871 or 2.75% below budget, year-to-date the plan is under budget by 0.9%. Medi-Cal enrollment was under budget 2.7% for the month and .8% under budget year-to-date. Healthy Families and Healthy Kids are below budget year-to-date by 0.9% and 3.7% respectively.
- Health Care costs were under budget by \$485,000, or 2.6% in December and \$218,000 over budgeted, or .02% year-to-date
- Administrative expenses were \$124,000, or 11.4% favorable to budget for December and \$1.1m, or 11.4% favorable year-to-date. Administrative expenses were 7.4% and 7.3% of revenues for the month and year-to-date respectively
- The Plans Unrestricted Net Equity of \$32.4m is approximately \$1.5m above the reserves target established by the Board of two months capitation revenue.

Mr. Cameron commented that the Health Plan was continuing to reserve for the provider rate cuts (AB-97) that will be retroactively applied to July 1st, 2011. Mr. Cameron also stated that there has been a significantly slower growth trend, noting that it is still up year over year. Mr. Cameron also stated that the Health Plan would set aside \$2.5m for Healthy Kids premiums.

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

b. Approve Moss Adams proposal to perform FY2011-2-12 Audit

Mr. Cameron presented a proposal from Moss Adams to perform the FY2011-2012 audit for the Health Plan. Mr. Cameron noted that Moss Adams is charging the same audit fee that they have charged for the last two years and recommended that we continue to use their services.

It was moved, seconded, and approved to accept the Moss Adams proposal as presented

b. Discussion items:

1. Reductions in Medi-Cal Payments

Mr. Cameron commented that there was an injunction by a federal judge that is going to be appealed by DHCS and we don't yet know how that will impact proposed cuts.

Ms. Darrow also commented that hospitals, physicians, skilled nursing facilities, etc. are all adamantly opposed to any cuts. DHCS will appeal, but the argument for California providers is very strong since California provider payments are the lowest in the country. Ms. Darrow stated that Health Plan rates could still be decreased. Ms. Darrow noted that SPD, duals and long term care are the future. She further noted this is the expansion population in 2014.

2. Review Investment Policy

Mr. Cameron gave a brief summary review of the Health Plans investment policy. Mr. Cameron commented that all excess funds are with the County Treasury portfolio and, when compared with the State, the yield for the past

several years is double. Mr. Cameron noted that he is very satisfied with this policy.

3. School Collaborative Outreach

Ms. Darrow commented that letters had gone out to the School Collaborative Outreach last week explaining that the Health Foundation had made a decision to send all grant money back to school districts, who had granted the money in the first place. The Collaborative had raised some money and will also be receiving a check. Currently, the only commitment that the Health Plan has is to continue to provide the brochures until the end of 2012.

Ms. Darrow noted that there is a ten year history with the School Collaborative and that the Health Plan has donated money for their activities, which the Health Plan can no longer support. The decision was made to bring School Outreach under the general Outreach Department effective October, 2011. The reason for this change was to streamline and provide more efficient processes and management.

5. Report of the Medical Director

a. Discussion items:

1. Medical Management Update

Dr. Padua gave a presentation on current key projects in Medical Management. By way of further discussion, Dr. Padua commented that the focus of the Medical Management team is to measure performance on important dimensions of clinical care and services through HEDIS, clinical improvement activities, utilization management and care management. Dr. Padua also spoke to clinical problems such as obesity and high rates of hospital readmissions.

6. Committee Reports

a. Consumer Affairs Committee

1. Discussion item

Dr. Wenner reported on recent proceedings of the Consumer Affairs Committee. Dr. Wenner further commented on the services provided through 211, a free

service that helps connect people to appropriate community resources and services. Callers receive personalized information from a live phone specialist who can answer questions about a variety of nonprofit services and agencies.

b. Provider Advisory Council

1. Discussion item

Dr Padua referred Board members to the PAC minutes included in the board packet, dated November 30, 2011. There were no questions and no further discussion.

7. Report of the Chief Executive Officer

a. Action item:

1. Authorize the Chief Executive Officer to submit a proposal in response to the California Department of Health Care Services' Request for Solutions for a Dual Eligible Demonstration Project.

Ms. Darrow commented that the Health Plan has been selected for next steps in the California Dual Eligible Demonstration project and will be giving an oral presentation to the State next week. Without knowing the rates for this population, Ms. Darrow reminded the Board that the Health Plan can withdraw at anytime.

It was moved, seconded and approved to authorize the Chief Executive Officer to submit a proposal

8. The meeting was adjourned to closed session at 2:44pm

a. Personnel (Government Code 54957)

It is the intention of the Governing Board to meet in closed session to consider the performance evaluation of the Chief Executive Officer.

b. Rates of payment for hospital providers
(Welfare and Institutions Code 14087.38,

subdivision (m))

It is the intention of the Governing Board to
Meet in closed session to discuss matters
pertaining to rates of payment for hospital
providers

9. Report from closed session

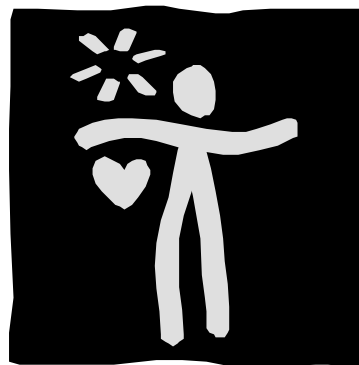
The board met in closed session and delegated to Chris Dawes the task of finalizing the CEO's evaluation, implementing a compensation adjustment based on the evaluation, and working with the CEO to prepare performance goals for review by the Executive Committee (with distribution to the full board).

The board met in closed session and directed the staff and two board members to meet expeditiously with the County Executive and his team to review the financial relationship between the two agencies in order to come to a common, factual understanding. The board further directed staff to report the outcome of this meeting with any possible action to the Executive Committee of the Board.

10. 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 Eight Months Ended
February 2012

(Unaudited)

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Santa Clara Family Health Plan CFO Finance Report

For the Month & Year to Date Ended February 29, 2012

Summary of Financial Results

For the month of February 2012, SCFHP recorded an operating income of \$136 thousand compared to a budgeted operating income of \$868 thousand, resulting in an unfavorable variance from budget of \$732 thousand for the month. For February 2012 year-to-date, SCFHP recorded an operating surplus of \$778 thousand compared to a budgeted operating surplus of \$2.9 million, resulting in an unfavorable variance from budget of \$2.1 million. The table below summarizes the components of the overall variance from budget.

Summary Operating Results - Actual vs. Budget

For the Current Month & Fiscal Year to Date
Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance \$	Variance %		Actual	Budget	Variance \$	Variance %
\$ 21,115,949	\$ 22,352,818	\$ (1,236,870)	-6%	Revenue	\$ 159,225,990	\$ 163,441,268	\$(4,215,278)	-3%
19,630,651	19,898,210	267,559	1%	Medical Expense	146,918,331	147,556,459	638,128	0%
1,485,297	2,454,609	(969,311)	-39%	Gross Margin	12,307,659	15,884,809	(3,577,150)	-23%
1,324,067	1,557,847	233,780	15%	Administrative Expense	11,355,550	12,784,841	1,429,291	11%
161,231	896,762	(735,531)	-82%	Net Operating Income	952,109	3,099,968	(2,147,858)	-69%
(25,694)	(29,167)	3,472	12%	Non-Operating Income/Exp	(174,544)	(233,333)	58,790	25%
\$ 135,536	\$ 867,595	\$ (732,059)	-84%	Operating Surplus/ (Loss)	\$ 777,566	\$ 2,866,635	(2,089,069)	-73%

Revenue

Overall revenue is under budget by \$1.2m, or 5.5%, for the month and \$4.2M, or 2.6%, 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 impacts the Plan's revenue rates, retroactive to July 1, 2011. DMHC provided related rate information in November 2011, however, final retro adjustments are not expected until June 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 \$21.1 million for the month of February 2012, compared to budgeted revenue of \$22.4 million, resulting in an unfavorable variance from budget of \$1.2 million, or -5.5%. For YTD February 2012, the Health Plan recorded revenue of \$159.2 million compared to budgeted revenue of \$163.4 million, resulting in an unfavorable variance from budget of \$4.2 million, or -2.6%.

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

Member Months

For the month of February 2012, overall member months were below budget by 5,584 members, or 4.0%. As of February 29, 2012, overall membership for eight months year-to-date is running below budget by 17,959 members, or -1.6%.

Compared to the end of the prior fiscal year, 6/30/2011, membership in Medi-Cal increased by 6.4%, while membership the Healthy Families and Healthy Kids programs declined, by 2.7% and 5.3%, respectively. Member months and changes from prior year are summarized on Page 10.

Medical Expense

For the month of February 2012, medical expense was \$19.6 million compared to budget of \$19.9 million, resulting in a less-than-budgeted favorable variance of \$268 thousand, or 1.3%. For February 2012 year-to-date, medical expense was \$146.9 million compared to budget of \$147.6 million, resulting in less-than-budgeted favorable variance of \$638 thousand, or 0.4%.

Administrative Expenses

For the month of February 2012, and eight months year-to-date through February 2012, overall administrative costs were under budget by \$234 thousand (15.0%) and \$1.4 million (11.2%), respectively. The category with the largest cost variance continues to be “Salaries and Benefits” expense, due to positions that were open during the year, with some impact due to employees on leave of absence. Administrative expenses were 6.3% and 7.1% of revenues for the month of February 2012, and February 2012 year-to-date, respectively.

Balance Sheet (Page 6)

Cash as of February 29, 2012, declined \$11.2 million from the cash balance as of year-end June 30, 2011. Net receivables increased by \$19.2 million during the same eight-month period.

Current assets at February 29, 2012 totaled \$67.4 million compared to current liabilities of \$31.3 million, yielding a current ratio (the ratio of current assets to current liabilities) of 2.2:1 as of February 29, 2012. Working capital increased from the previous month of January 2012 by \$188 thousand. As of February 2012 year-to-date, working capital increased from fiscal year-end 2011 by \$1.0 million.

The February 29, 2012 balance sheet also includes additional cash funds received (\$5.5 million) and payable due to hospitals (\$5.1 million) for SB90. These are additional Medi-Cal funds received to be passed through to hospitals. By comparison, removing the impact of SB90, current assets would have been \$61.9 million, current liabilities: \$26.2 million, an resulting current ratio would have been 2.4:1 as of February 29, 2012.

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) has been 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.

Capital Expenses increased by \$204.5 thousand for eight months ended February 2012 year-to-date.

Tangible Net Equity

Tangible net equity (TNE) was \$36.9 million at February 29, 2012, compared to the minimum TNE required by the Department of Managed Health Care (DMHC) of \$5.6 million (per last filing for quarter ended 12-31-11). Included in the TNE is the \$2.5 million Board designated fund for Healthy Kids future premiums.

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 February 29, 2012, the Plan’s reserves are about \$3.0 million below this reserves target (see calculation below).

Calculation of targeted reserves as of February 29, 2012:

Estimate of two months’ capitation (Feb-2012 Medi-Cal Capitation of \$17,730,000 X 2 = \$ 38,120,000)	\$ 35.5 million
Less: Unrestricted Net Equity per balance sheet	<u>\$ 32.5 million</u>
Approximate reserves below target	<u>\$ 3.0 million</u>

**Santa Clara County Health Authority
Balance Sheet**

	<u>2/29/2012</u>	<u>1/31/2012</u>	<u>12/31/2011</u>	<u>6/30/2011</u>
Assets				
Current Assets				
Cash and Marketable Securities	\$ 41,878,191	\$ 35,827,451	\$ 40,157,405	\$ 53,105,220
Premiums Receivable	24,567,219	23,201,499	24,498,789	5,377,960
Due from Santa Clara Family Health Foundation - net	47,829	84,173	39,687	72,459
Prepaid Expenses and Other Current Assets	<u>868,405</u>	<u>850,206</u>	<u>898,132</u>	<u>629,975</u>
Total Current Assets	67,361,644	59,963,329	65,594,013	59,185,614
Long Term Assets				
Equipment	6,143,570	6,141,878	6,134,624	5,941,099
Less: Accumulated Depreciation	<u>(5,364,063)</u>	<u>(5,309,949)</u>	<u>(5,255,940)</u>	<u>(4,911,672)</u>
Total Long Term Assets	<u>779,506</u>	<u>831,928</u>	<u>878,684</u>	<u>1,029,427</u>
Total Assets	<u>\$ 68,141,150</u>	<u>\$ 60,795,258</u>	<u>\$ 66,472,697</u>	<u>\$ 60,215,041</u>
Liabilities and Net Assets				
Liabilities				
Trade Payables	\$ 7,744,241	\$ 2,986,720	\$ 3,057,640	\$ 4,035,666
Employee Benefits	685,033	678,148	708,392	731,571
Retirement Obligation per GASB 45	320,000	280,000	240,000	-
Due to Santa Clara County Valley Health Plan	1,117,202	869,836	1,081,676	3,091,105
Advance Premium - Healthy Kids	62,084	63,524	63,117	71,600
QIF Fees Payable	-	31,825	31,825	715,745
AB 97 Provider Reductions	6,970,395	5,642,863	4,354,747	-
Medical Cost Reserves	<u>14,370,860</u>	<u>13,506,544</u>	<u>20,131,840</u>	<u>15,475,585</u>
Total Liabilities	31,269,815	24,059,460	29,669,236	24,121,272
Net Assets / Reserves				
Invested in Capital Assets	779,506	831,928	878,684	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	2,542,324
Unrestricted Net Equity	32,466,589	32,414,166	32,367,411	21,225,911
Current YTD Income (Loss)	<u>777,566</u>	<u>642,029</u>	<u>709,692</u>	<u>10,990,758</u>
Net Assets / Reserves	<u>36,871,334</u>	<u>36,735,798</u>	<u>36,803,460</u>	<u>36,093,769</u>
Total Liabilities and Net Assets	<u>\$ 68,141,150</u>	<u>\$ 60,795,258</u>	<u>\$ 66,472,697</u>	<u>\$ 60,215,041</u>

Santa Clara County Health Authority
Income Statement for the Eight Months Ending February 29, 2012

	For the Month of February 2012					For Eight Months Ending February 2012				
	Actual	% of Revenue	Budget	% of Revenue	Variance	Actual	% of Revenue	Budget	% of Revenue	Variance
REVENUES										
MEDI-CAL	\$ 19,019,741	90.1%	\$ 20,161,020	90.2%	\$(1,141,280)	\$ 142,342,759	89.4%	\$ 146,093,045	89.4%	\$ (3,750,286)
HEALTHY FAMILIES	1,174,525	5.6%	1,187,847	5.3%	(13,321)	9,531,094	6.0%	9,502,772	5.8%	28,322
HEALTHY KIDS	656,898	3.1%	701,594	3.1%	(44,696)	5,357,206	3.4%	5,584,090	3.4%	(226,884)
AGNEWS	174,000	1.6%	204,933	0.9%	(30,933)	1,331,846	1.3%	1,639,461	1.4%	(307,616)
HEALTHY WORKERS	<u>90,785</u>	<u>0.4%</u>	<u>97,425</u>	<u>0.4%</u>	<u>(6,640)</u>	<u>663,085</u>	<u>0.4%</u>	<u>621,900</u>	<u>0.4%</u>	<u>41,185</u>
TOTAL REVENUE	21,115,949	100.8%	22,352,818	100.0%	(1,236,870)	159,225,990	100.5%	163,441,268	100.4%	(4,215,278)
MEDICAL EXPENSES										
MEDI-CAL	17,989,875	85.2%	18,076,626	80.9%	86,750	133,157,203	83.6%	133,133,869	81.5%	(23,334)
HEALTHY FAMILIES	984,692	4.7%	986,035	4.4%	1,343	8,285,974	5.2%	7,888,282	4.8%	(397,692)
HEALTHY KIDS	501,550	2.4%	568,437	2.5%	66,886	4,310,208	2.7%	4,531,063	2.8%	220,854
AGNEWS	85,370	0.4%	184,439	0.8%	99,069	675,799	0.0%	1,475,515	0.0%	799,716
HEALTHY WORKERS	<u>69,163</u>	<u>0.3%</u>	<u>82,673</u>	<u>0.4%</u>	<u>13,509</u>	<u>489,147</u>	<u>0.0%</u>	<u>527,731</u>	<u>0.0%</u>	<u>38,584</u>
TOTAL MEDICAL EXPENSES	<u>19,630,651</u>	<u>93.0%</u>	<u>19,898,210</u>	<u>89.0%</u>	<u>267,559</u>	<u>146,918,331</u>	<u>91.5%</u>	<u>147,556,459</u>	<u>89.1%</u>	<u>638,128</u>
MEDICAL OPERATING MARGIN	1,485,297	7.0%	2,454,608	11.0%	(969,311)	12,307,659	7.7%	15,884,809	9.7%	(3,577,150)
ADMINISTRATIVE EXPENSES										
SALARIES AND BENEFITS	952,914	4.5%	942,559	4.2%	(10,355)	7,402,083	4.6%	7,862,541	4.8%	460,458
RENTS AND UTILITIES	98,589	0.5%	108,167	0.5%	9,577	791,315	0.5%	865,333	0.5%	74,018
PRINTING AND ADVERTISING	(17,768)	-0.1%	28,875	0.1%	46,643	16,972	0.0%	231,000	0.1%	214,028
INFORMATION SYSTEMS	(71,737)	-0.3%	96,803	0.4%	168,539	378,349	0.2%	774,421	0.5%	396,072
PROF FEES / CONSULTING / TEMP STAFFING	141,036	0.7%	174,194	0.8%	33,158	1,250,140	0.8%	1,393,549	0.9%	143,409
DEPRECIATION / INSURANCE / EQUIPMENT	72,161	0.3%	89,739	0.4%	17,578	632,672	0.4%	717,908	0.4%	85,237
OFFICE SUPPLIES / POSTAGE / TELEPHONE	66,102	0.3%	52,250	0.2%	(13,852)	497,187	0.3%	418,000	0.3%	(79,187)
MEETINGS / TRAVEL / DUES	50,511	0.2%	58,268	0.3%	7,756	325,260	0.2%	466,141	0.3%	140,881
OTHER	<u>32,258</u>	<u>0.2%</u>	<u>6,993</u>	<u>0.0%</u>	<u>(25,265)</u>	<u>61,573</u>	<u>0.0%</u>	<u>55,947</u>	<u>0.0%</u>	<u>(5,626)</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>1,324,067</u>	<u>6.3%</u>	<u>1,557,847</u>	<u>7.0%</u>	<u>233,780</u>	<u>11,355,550</u>	<u>7.1%</u>	<u>12,784,841</u>	<u>7.8%</u>	<u>1,429,291</u>
OPERATING SURPLUS (LOSS)	161,231	0.8%	896,762	4.0%	(735,531)	952,109	0.6%	3,099,968	1.9%	(2,147,858)
GASB 45-POST EMPLOYMENT BENEFITS EXPENSE	(40,000)	-0.2%	(40,000)	-0.2%	-	(320,000)	0.0%	(320,000)	0.0%	-
INTEREST INCOME	<u>14,306</u>	<u>0.1%</u>	<u>10,833</u>	<u>0.0%</u>	<u>3,472</u>	<u>145,456</u>	<u>0.1%</u>	<u>86,667</u>	<u>0.1%</u>	<u>58,790</u>
NET INCOME (LOSS)	<u>\$ 135,536</u>	<u>0.6%</u>	<u>\$ 867,595</u>	<u>3.9%</u>	<u>\$(732,058)</u>	<u>\$ 777,566</u>	<u>0.5%</u>	<u>\$ 2,866,635</u>	<u>1.8%</u>	<u>\$(2,089,069)</u>

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

MONTH OF FEBRUARY 2012

EIGHT MONTHS ENDED FEBRUARY 29, 2012

	Medi-Cal	Healthy Families	Healthy Kids	Agnews	Healthy Workers	Grand Total	Medi-Cal	Healthy Families	Healthy Kids	Agnews	Healthy Workers	Grand Total
P&L (ALLOCATED BASIS)												
REVENUE	\$19,019,741	\$1,174,525	\$656,898	174,000	90,785	\$21,115,949	\$142,342,759	\$9,531,094	\$5,357,206	\$1,331,846	663,085	\$159,225,990
MEDICAL EXPENSES	17,989,875	984,692	501,550	\$85,370	\$69,163	\$19,630,651	133,157,203	8,285,974	4,310,208	675,799	489,147	\$146,918,331
GROSS MARGIN	1,029,865	189,834	155,347	88,630	21,622	\$1,485,297	9,185,556	1,245,121	1,046,997	656,046	173,938	\$12,307,659
ADMINISTRATIVE EXPENSES (indirect costs subject to % MM allocation)	1,093,337	163,243	62,190	1,271	4,026	\$1,324,067	9,308,650	1,449,388	555,937	10,999	30,575	\$11,355,550
OPERATING INCOME/(LOSS)	(63,472)	26,591	93,157	87,358	17,596	161,231	(123,094)	(204,268)	491,060	645,048	143,363	952,109
OTHER INCOME/EXPENSE (% of mm Allocation)	(21,217)	(3,168)	(1,207)	(25)	(78)	(25,694)	(143,081)	(22,278)	(8,545)	(169)	(470)	(174,544)
NET INCOME/ (LOSS)	<u>(\$84,689)</u>	<u>\$23,423</u>	<u>\$91,951</u>	<u>\$87,334</u>	<u>\$17,518</u>	<u>\$135,536</u>	<u>(\$266,175)</u>	<u>(\$226,546)</u>	<u>\$482,515</u>	<u>\$644,879</u>	<u>\$142,893</u>	<u>\$777,566</u>

PMPM ALLOCATED P&L:

REVENUE	\$167.55	\$69.30	\$101.73	\$1,318.18	\$217.19	\$153.60	\$160.94	\$69.21	\$101.42	\$1,274.49	\$228.26	\$147.58
MEDICAL EXPENSES	158.48	58.10	77.68	646.74	165.46	142.80	150.56	60.17	81.60	646.70	168.38	136.17
GROSS MARGIN	9.07	11.20	24.06	671.44	51.73	10.80	10.39	9.04	19.82	627.80	59.88	11.41
ADMINISTRATIVE EXPENSES	9.63	9.63	9.63	9.63	9.63	9.63	10.52	10.52	10.52	10.52	10.52	10.52
OPERATING INCOME/(LOSS)	(0.56)	1.57	14.43	661.81	42.10	1.17	(0.14)	(1.48)	9.30	617.27	49.35	0.88
OTHER INCOME / (EXPENSE)	(0.19)	(0.19)	(0.19)	(0.19)	(0.19)	(0.19)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)
NET INCOME / (LOSS)	<u>(\$0.37)</u>	<u>\$1.76</u>	<u>\$14.61</u>	<u>\$661.99</u>	<u>\$42.28</u>	<u>\$1.36</u>	<u>\$0.02</u>	<u>(\$1.32)</u>	<u>\$9.46</u>	<u>\$617.43</u>	<u>\$49.51</u>	<u>\$1.04</u>

ALLOCATION BASIS:

MEMBER MONTHS - Month and YTD	113,518	16,949	6,457	132	418	137,474	884,438	137,710	52,821	1,045	2,905	1,078,919
% of Member Months	82.57%	12.33%	4.70%	0.10%	0.30%	100.00%	81.97%	12.76%	4.90%	0.10%	0.27%	100.00%

Santa Clara Family Health Plan
Statement of Cash Flows
For Eight Months Ended February 29, 2012

Cash flows from operating activities	
Premiums received	\$ 147,022,240
Medical expenses paid	\$ (149,996,959)
Administrative expenses paid	<u>\$ (8,195,296)</u>
Net cash from operating activities	\$ (11,170,015)
Cash flows from capital and related financing activities	
Purchases of capital assets	\$ (202,471)
Cash flows from investing activities	
Interest income, net	<u>\$ 145,456</u>
Net (Decrease) increase in cash and cash equivalents	<u>\$ (11,227,029)</u>
Cash and cash equivalents, beginning of year	<u>\$ 53,105,220</u>
Cash and cash equivalents at February 29, 2012	<u>\$ 41,878,191</u>
Reconciliation of operating income to net cash from operating activities	
Operating income (loss)	\$ 632,109
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	\$ 452,269
Changes in operating assets and liabilities	
Premiums receivable	\$ (19,189,259)
Due from Santa Clara Family Health Foundation	\$ 24,629
Prepays and other assets	\$ (238,430)
Accounts payable and accrued liabilities	\$ 3,312,952
Capitation payable	\$ (1,973,903)
Employee benefit liabilities	\$ (46,538)
Advance premium - Healthy Kids	\$ (9,516)
Reserve for Rate Reductions (AB 97)	\$ 6,970,395
Incurred but not reported claims payable and risk share payments payable	<u>\$ (1,104,725)</u>
Total adjustments	<u>\$ (11,802,124)</u>
Net cash from operating activities	<u>\$ (11,170,015)</u>

Santa Clara Family Health Plan Enrollment Summary

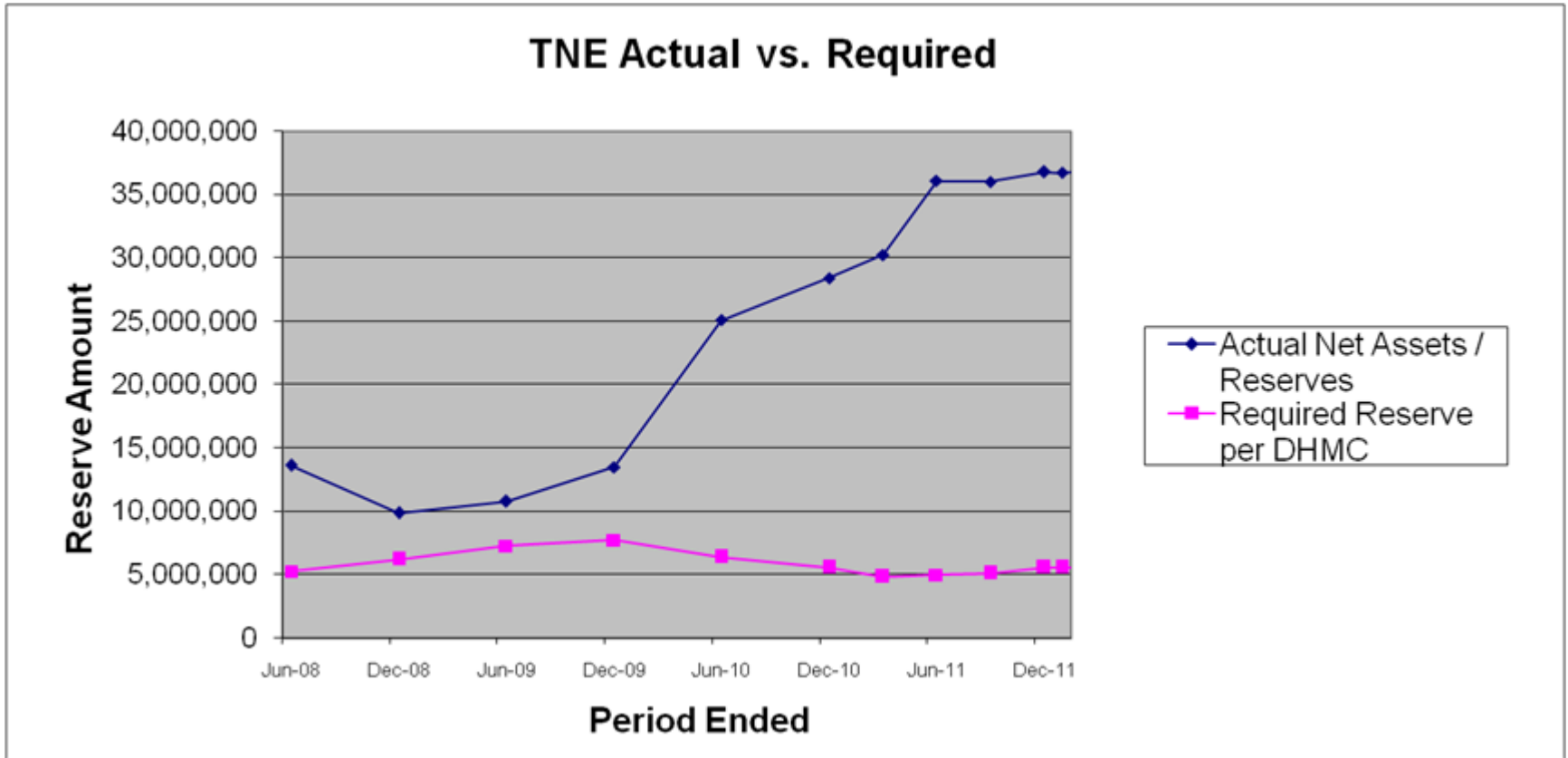
For the Month of February 2012

For the Eight Months Ending February 2012

	For the Month of February 2012			For the Eight Months Ending February 2012			Prior Year	% Change FY12
	<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	113,518	118,242	(4.00%)	884,438	898,305	(1.54%)	808,878	9.34%
Healthy Families	16,949	17,435	(2.79%)	137,710	139,480	(1.27%)	136,137	1.16%
Healthy Kids	6,457	6,925	(6.76%)	52,821	55,265	(4.42%)	60,006	(11.97%)
Agnews	132	133	(0.75%)	1,045	1,064	(1.79%)	1,085	(3.69%)
Healthy Workers	<u>418</u>	<u>433</u>	<u>(3.46%)</u>	<u>2,905</u>	<u>2,764</u>	<u>5.10%</u>	<u>673</u>	<u>331.65%</u>
Total	<u>137,474</u>	<u>143,168</u>	<u>(3.98%)</u>	<u>1,078,919</u>	<u>1,096,878</u>	<u>(1.64%)</u>	<u>1,006,779</u>	<u>7.17%</u>

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

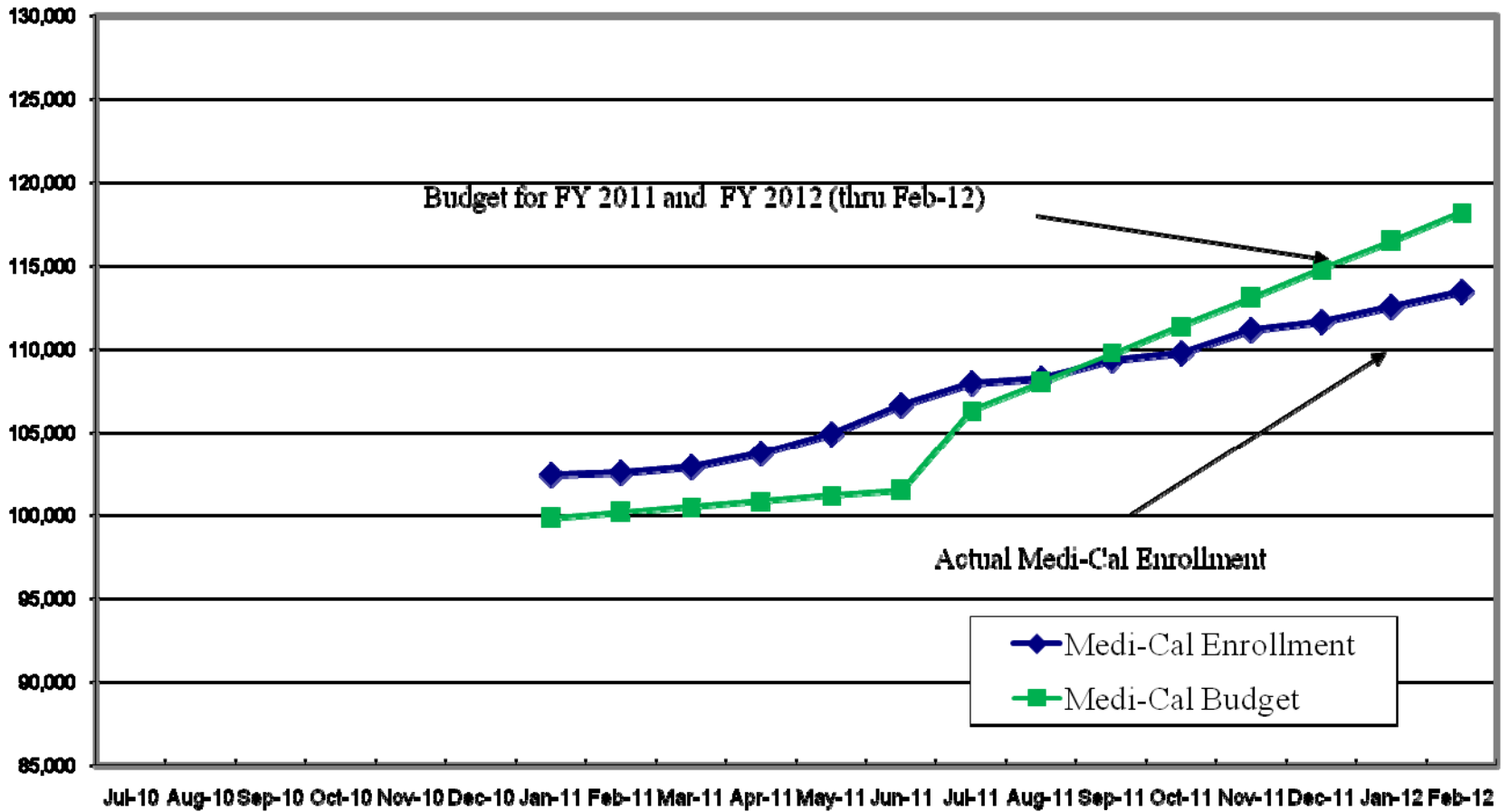
	<u>6/30/2008</u>	<u>12/31/2008</u>	<u>6/30/2009</u>	<u>12/31/2009</u>	<u>6/30/2010</u>	<u>12/31/2010</u>	<u>3/31/2011</u>	<u>6/30/2011</u>	<u>9/30/2011</u>	<u>12/31/2011</u>	<u>1/31/2012</u>	<u>2/29/2012</u>
Actual Net Assets / Reserves	13,625,110	9,870,082	10,807,911	13,501,652	25,103,011	28,445,504	30,243,838	36,093,769	36,051,035	36,803,460	36,735,798	36,871,334
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	5,558,000	5,558,000



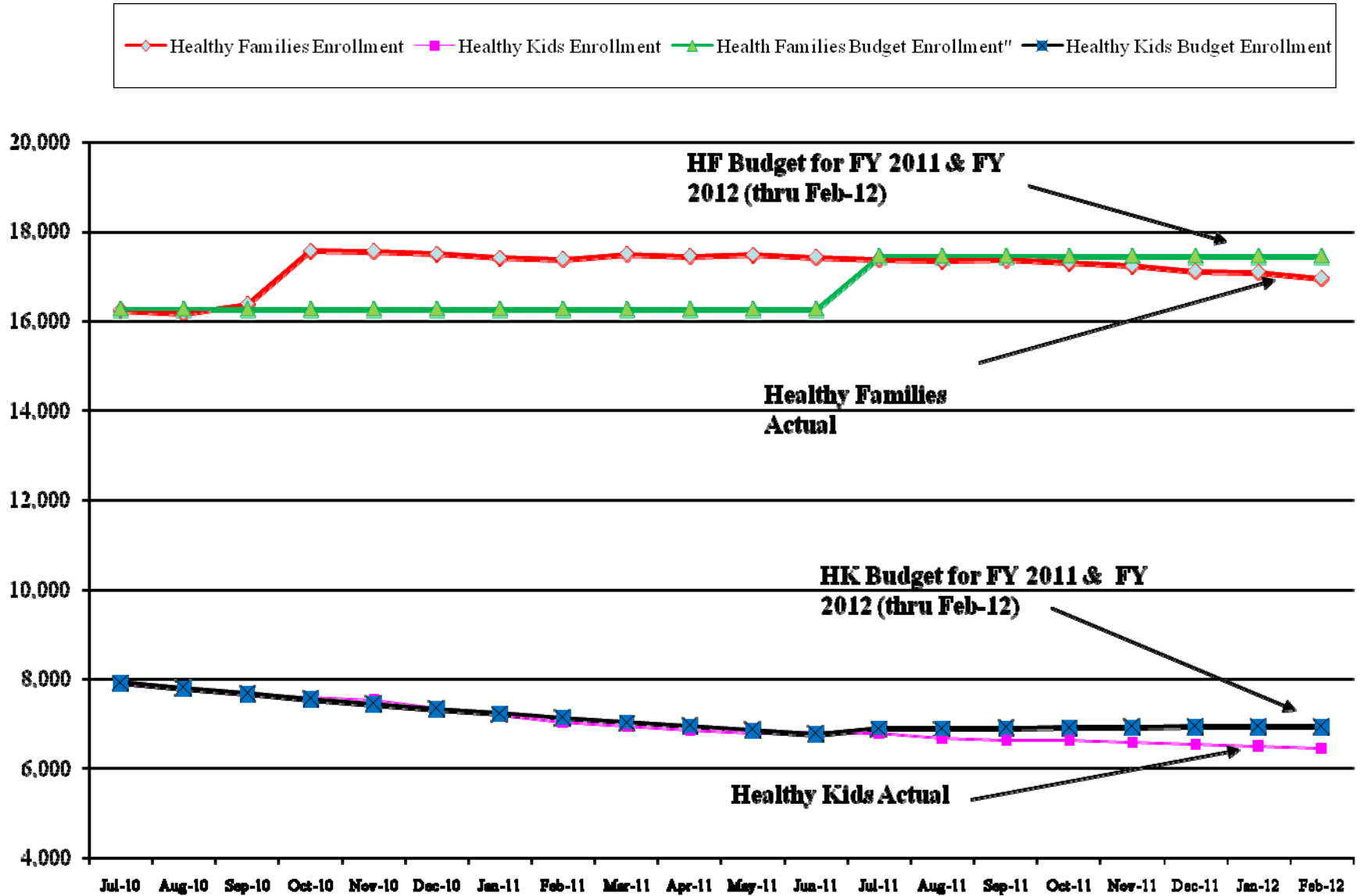
Santa Clara County Health Authority
Enrollment Summary by Network
February 2012

	Medi-Cal		Healthy Families		Healthy Kids		AG		Healthy Workers		Total	
	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total
Network 1	6,464	6%	735	4%	167	3%	132	100%	0	0%	7,498	5%
Network 2: SCVHHS, Safety Net Clinics, FQHC Clinics, Palo Medical Foundation Physicians Medical Group Premier Care Kaiser Community Clinics	57,435	51%	5,766	34%	4,493	70%	0	0%	418	100%	68,112	50%
	2,558	2%	768	5%	71	1%	0	0%	0	0%	3,397	2%
	30,321	27%	7,750	46%	1,578	24%	0	0%	0	0%	39,649	29%
	8,019	7%	1,930	11%	148	2%	0	0%	0	0%	10,097	7%
	8,721	8%	0	0%	0	0%	0	0%	0	0%	8,721	6%
	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Total	113,518	100%	16,949	100%	6,457	100%	132	100%	418	100%	137,474	100%
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>6.42%</u>		<u>-2.69%</u>		<u>-5.32%</u>		<u>0.76%</u>		<u>42.66%</u>		<u>4.68%</u>	

SCFHP Medi-Cal Enrollment



SCFHP Healthy Families and Healthy Kids Enrollment





Santa Clara
Family Health Plan

The Spirit of Care

Financial Statements
For Seven Months Ended
January 2012

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Santa Clara Family Health Plan CFO Finance Report

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

Summary of Financial Results

For the month of January 2011, SCFHP recorded an operating loss of \$68 thousand compared to a budgeted operating income of \$620 thousand, resulting in an unfavorable variance from budget of \$688 thousand for the month. For January 2012 year-to-date, SCFHP recorded an operating surplus of \$642 thousand compared to a budgeted operating surplus of \$2.0 million, resulting in an unfavorable variance from budget of \$1.4 million. The table below summarizes the components of the overall variance from budget.

Summary Operating Results - Actual vs. Budget

For the Current Month & Fiscal Year to Date
Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance \$	Variance %		Actual	Budget	Variance \$	Variance %
\$ 20,334,545	\$ 21,722,052	\$ (1,387,507)	-6%	Revenue	\$ 138,110,041	\$ 141,088,450	\$ (2,978,409)	-2%
18,870,015	19,468,670	598,655	3%	Medical Expense	127,287,680	127,658,250	370,570	0%
1,464,529	2,253,382	(788,852)	-35%	Gross Margin	10,822,361	13,430,200	(2,607,839)	-19%
1,509,710	1,604,215	94,505	6%	Administrative Expense	10,031,483	11,226,994	1,195,511	11%
(45,181)	649,167	(694,347)	-107%	Net Operating Income	790,879	2,203,206	(1,412,328)	-64%
(22,482)	(29,167)	6,685	23%	Non-Operating Income/Exp	(148,850)	(204,167)	55,317	27%
\$ (67,663)	\$ 620,000	\$ (687,663)	-111%	Operating Surplus/ (Loss)	\$ 642,029	\$ 1,999,040	(1,357,010)	-68%

Revenue

Overall revenue is under budget by \$1.4m, or 6.4% for the month and \$3.0m, or 2.1% 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 related rate information in November 2011, however, final retro adjustments for AB 97 and the Plans Medi-Cal rate decrease are not expected until June 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 January 2012, overall member months were below budget by 4,769 members, or 3.4%. As of January 31, 2012, overall membership for seven months year-to-date is running below budget by 12,265 members, or -1.3%.

Compared to the end of the prior fiscal year, 6/30/2011, membership in Medi-Cal increased by 5.5%, while membership the Healthy Families and Healthy Kids programs declined, by 2.0% and 4.8%, respectively, since 6/30/2011. Member months and changes from prior year are summarized on Page 10.

Medical Expense

For the month of January 2012, medical expense was \$18.9 million compared to budget of \$19.5 million, resulting in a less-than-budgeted variance of \$599 thousand, or 3.1%. For January 2012 year-to-date, medical expense was \$127.3 million compared to budget of \$127.7 million, resulting in less-than-budgeted favorable variance of \$371 thousand, or 0.3%.

Administrative Expenses

For month of January 2012, and seven months year-to-date through January 2012, overall administrative costs were under budget by \$95 thousand (5.9%) and \$1.2 million (10.7%), respectively. The category with the largest cost variance continues to be “Salaries and Benefits” expense, due to positions that were open during the year, with some impact due to employees on leave of absence. Administrative expenses were 7.4% and 7.3% of revenues for the month of January 2012, and January 2012 year-to-date, respectively.

Balance Sheet (Page 6)

Cash as of January 31, 2012, declined \$17.3 million from the cash balance as of year-end June 30, 2011. The variance in net receivables increased by \$17.8 million during the same seven-month period, thus offsetting the cash variance on the balance sheet.

Current assets at January 31, 2012 totaled \$60.0 million compared to current liabilities of \$24.1 million, yielding a current ratio (the ratio of current assets to current liabilities) of 2.5:1 as of January 31, 2012. Working capital increased from the previous month of December 2011 by \$21 thousand. As of January 2012 year-to-date, working capital increased from fiscal year-end 2011 by \$840 thousand.

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) has been designated by the Health Authority's board of directors to be used for future Healthy Kids premiums. Designated funds remain under the control of the board of directors, which may at its discretion later use the funds for other purposes.

Capital Expenses increased by \$200.8 thousand for seven months ended January 2012 year-to-date.

Tangible Net Equity

Tangible net equity (TNE) was \$36.7 million at January 31, 2012, compared to the minimum TNE required by the Department of Managed Health Care (DMHC) of \$5.6 million (per last filing for quarter ended 12-31-11). Included in the TNE is the \$2.5 million Board designated fund for Healthy Kids future premiums.

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 January 31, 2012, the plan's reserves are about \$2.6 million below this reserves target (see calculation below).

Calculation of targeted reserves as of January 31, 2012:

Estimate of two months' capitation (Jan-2012 Medi-Cal Capitation of \$17,480,000 X 2 = \$ 34,960,000)	\$ 35.0 million
Less: Unrestricted Net Equity per balance sheet	<u>\$ 32.4 million</u>
Approximate reserves below target	<u>\$ 2.6 million</u>

**Santa Clara County Health Authority
Balance Sheet**

	<u>1/31/2012</u>	<u>12/31/2011</u>	<u>11/30/2011</u>	<u>6/30/2011</u>
Assets				
Current Assets				
Cash and Marketable Securities	\$ 35,827,451	\$ 40,157,405	\$ 51,207,470	\$ 53,105,220
Premiums Receivable	23,201,499	24,498,789	23,202,433	5,377,960
Due from Santa Clara Family Health Foundation - net	84,173	39,687	46,219	72,459
Prepaid Expenses and Other Current Assets	850,206	898,132	807,474	629,975
Total Current Assets	59,963,329	65,594,013	75,263,596	59,185,614
Long Term Assets				
Equipment	6,141,878	6,134,624	6,133,675	5,941,099
Less: Accumulated Depreciation	<u>(5,309,949)</u>	<u>(5,255,940)</u>	<u>(5,198,314)</u>	<u>(4,911,672)</u>
Total Long Term Assets	<u>831,928</u>	<u>878,684</u>	<u>935,361</u>	<u>1,029,427</u>
Total Assets	<u>\$ 60,795,258</u>	<u>\$ 66,472,697</u>	<u>\$ 76,198,957</u>	<u>\$ 60,215,041</u>
Liabilities and Net Assets				
Liabilities				
Trade Payables	\$ 2,986,720	\$ 3,057,640	\$ 13,750,035	\$ 4,035,666
Employee Benefits	678,148	708,392	721,058	731,571
Retirement Obligation per GASB 45	280,000	240,000	200,000	-
Due to Santa Clara County Valley Health Plan	869,836	1,081,676	729,258	3,091,105
Advance Premium - Healthy Kids	63,524	63,117	66,463	71,600
QIF Fees Payable	31,825	31,825	31,825	715,745
AB 97 Provider Reductions	5,642,863	4,354,747	3,134,865	-
Medical Cost Reserves	<u>13,506,544</u>	<u>20,131,840</u>	<u>20,781,489</u>	<u>15,475,585</u>
Total Liabilities	24,059,460	29,669,236	39,414,994	24,121,272
Net Assets / Reserves				
Invested in Capital Assets	831,928	878,684	935,361	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	2,542,324
Unrestricted Net Equity	32,414,166	32,367,411	32,310,733	21,225,911
Current YTD Income (Loss)	<u>642,029</u>	<u>709,692</u>	<u>690,195</u>	<u>10,990,758</u>
Net Assets / Reserves	<u>36,735,798</u>	<u>36,803,460</u>	<u>36,783,964</u>	<u>36,093,769</u>
Total Liabilities and Net Assets	<u>\$ 60,795,258</u>	<u>\$ 66,472,697</u>	<u>\$ 76,198,957</u>	<u>\$ 60,215,041</u>

Santa Clara County Health Authority
Income Statement for the Seven Months Ending January 31, 2012

	For the Month of January 2012					For Seven Months Ending January 2012				
	Actual	% of Revenue	Budget	% of Revenue	Variance	Actual	% of Revenue	Budget	% of Revenue	Variance
REVENUES										
MEDI-CAL	\$ 18,223,254	89.6%	\$ 19,535,879	89.9%	\$(1,312,625)	\$ 123,323,019	89.3%	\$ 125,932,025	89.3%	\$ (2,609,006)
HEALTHY FAMILIES	1,184,374	5.8%	1,187,847	5.5%	(3,472)	8,356,569	6.1%	8,314,926	5.9%	41,643
HEALTHY KIDS	661,217	3.3%	701,594	3.2%	(40,377)	4,700,308	3.4%	4,882,496	3.5%	(182,188)
AGNEWS	174,000	1.6%	204,933	0.9%	(30,933)	1,157,846	1.3%	1,434,529	1.4%	(276,683)
HEALTHY WORKERS	<u>91,700</u>	<u>0.5%</u>	<u>91,800</u>	<u>0.4%</u>	<u>(100)</u>	<u>572,300</u>	<u>0.4%</u>	<u>524,475</u>	<u>0.4%</u>	<u>47,825</u>
TOTAL REVENUE	20,334,545	100.7%	21,722,052	100.0%	(1,387,507)	138,110,041	100.5%	141,088,450	100.4%	(2,978,409)
MEDICAL EXPENSES										
MEDI-CAL	17,251,157	84.8%	17,651,863	81.3%	400,706	115,167,328	83.4%	115,057,243	81.5%	(110,084)
HEALTHY FAMILIES	917,451	4.5%	986,035	4.5%	68,584	7,301,282	5.3%	6,902,247	4.9%	(399,035)
HEALTHY KIDS	551,502	2.7%	568,433	2.6%	16,931	3,808,658	2.8%	3,962,626	2.8%	153,968
AGNEWS	83,517	0.4%	184,439	0.8%	100,923	590,429	0.0%	1,291,076	0.0%	700,647
HEALTHY WORKERS	<u>66,388</u>	<u>0.3%</u>	<u>77,899</u>	<u>0.4%</u>	<u>11,511</u>	<u>419,983</u>	<u>0.0%</u>	<u>445,058</u>	<u>0.0%</u>	<u>25,074</u>
TOTAL MEDICAL EXPENSES	18,870,015	92.8%	19,468,670	89.6%	598,655	127,287,680	91.4%	127,658,250	89.3%	370,570
MEDICAL OPERATING MARGIN	1,464,529	7.2%	2,253,382	10.4%	(788,852)	10,822,361	7.8%	13,430,200	9.5%	(2,607,839)
ADMINISTRATIVE EXPENSES										
SALARIES AND BENEFITS	1,005,603	4.9%	988,927	4.6%	(16,676)	6,449,170	4.7%	6,919,982	4.9%	470,812
RENTS AND UTILITIES	99,160	0.5%	108,167	0.5%	9,007	692,725	0.5%	757,167	0.5%	64,441
PRINTING AND ADVERTISING	823	0.0%	28,875	0.1%	28,052	34,740	0.0%	202,125	0.1%	167,385
INFORMATION SYSTEMS	59,048	0.3%	96,803	0.4%	37,755	450,085	0.3%	677,618	0.5%	227,533
PROF FEES / CONSULTING / TEMP STAFFING	157,842	0.8%	174,194	0.8%	16,352	1,109,104	0.8%	1,219,356	0.9%	110,252
DEPRECIATION / INSURANCE / EQUIPMENT	75,279	0.4%	89,739	0.4%	14,459	560,511	0.4%	628,170	0.4%	67,659
OFFICE SUPPLIES / POSTAGE / TELEPHONE	75,171	0.4%	52,250	0.2%	(22,921)	431,085	0.3%	365,750	0.3%	(65,335)
MEETINGS / TRAVEL / DUES	35,220	0.2%	58,268	0.3%	23,048	274,749	0.2%	407,874	0.3%	133,125
OTHER	<u>1,564</u>	<u>0.0%</u>	<u>6,993</u>	<u>0.0%</u>	<u>5,430</u>	<u>29,315</u>	<u>0.0%</u>	<u>48,953</u>	<u>0.0%</u>	<u>19,639</u>
TOTAL ADMINISTRATIVE EXPENSES	1,509,710	7.4%	1,604,215	7.4%	94,505	10,031,483	7.3%	11,226,994	8.0%	1,195,511
OPERATING SURPLUS (LOSS)	(45,181)	-0.2%	649,167	3.0%	(694,347)	790,879	0.6%	2,203,206	1.6%	(1,412,328)
GASB 45-POST EMPLOYMENT BENEFITS EXPENSE	(40,000)	-0.2%	(40,000)	-0.2%	-	(280,000)	0.0%	(280,000)	0.0%	-
INTEREST INCOME	17,518	0.1%	10,833	0.0%	6,685	131,151	0.1%	75,833	0.1%	55,317
NET INCOME (LOSS)	\$ (67,663)	-0.3%	\$ 620,000	2.9%	\$ (687,663)	\$ 642,029	0.5%	\$ 1,999,040	1.4%	\$ (1,357,010)

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

	<u>MONTH OF JANUARY 2012</u>						<u>SEVEN MONTHS ENDED JANUARY 31, 2012</u>					
	Medi-Cal	Healthy Families	Healthy Kids	Agnews	Healthy Workers	Grand Total	Medi-Cal	Healthy Families	Healthy Kids	Agnews	Healthy Workers	Grand Total
P&L (ALLOCATED BASIS)												
REVENUE	\$18,223,254	\$1,184,374	\$661,217	174,000	91,700	\$20,334,545	\$123,323,019	\$8,356,569	\$4,700,308	\$1,157,846	572,300	\$138,110,041
MEDICAL EXPENSES	17,251,157	917,451	551,502	\$83,517	\$66,388	\$18,870,015	115,167,328	7,301,282	3,808,658	590,429	419,983	\$127,287,680
GROSS MARGIN	972,096	266,923	109,715	90,483	25,312	\$1,464,529	8,155,691	1,055,287	891,650	567,417	152,317	\$10,822,361
ADMINISTRATIVE EXPENSES (indirect costs subject to % MM allocation)	1,243,503	188,617	71,691	1,458	4,441	\$1,509,710	8,214,469	1,286,758	494,027	9,728	26,500	\$10,031,483
OPERATING INCOME/(LOSS)	(271,407)	78,306	38,024	89,025	20,871	(45,181)	(58,778)	(231,471)	397,623	557,688	125,817	790,879
OTHER INCOME/EXPENSE (% of mm Allocation)	(18,518)	(2,809)	(1,068)	(22)	(66)	(22,482)	(121,888)	(19,093)	(7,330)	(144)	(393)	(148,850)
NET INCOME/ (LOSS)	(\$289,924)	\$75,497	\$36,956	\$89,004	\$20,805	(\$67,663)	(\$180,666)	(\$250,564)	\$390,292	\$557,544	\$125,423	\$642,029
PMPM ALLOCATED P&L:												
REVENUE	\$161.88	\$69.36	\$101.88	\$1,318.18	\$228.11	\$148.79	\$159.97	\$69.20	\$101.38	\$1,268.18	\$230.12	\$146.70
MEDICAL EXPENSES	153.25	53.73	84.98	632.70	165.14	138.07	149.39	60.46	82.15	646.69	168.87	135.20
GROSS MARGIN	8.64	15.63	16.91	685.48	62.96	10.72	10.58	8.74	19.23	621.49	61.25	11.50
ADMINISTRATIVE EXPENSES	11.05	11.05	11.05	11.05	11.05	11.05	10.66	10.66	10.66	10.66	10.66	10.66
OPERATING INCOME/(LOSS)	(2.41)	4.59	5.86	674.43	51.92	(0.33)	(0.08)	(1.92)	8.58	610.83	50.59	0.84
OTHER INCOME / (EXPENSE)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)
NET INCOME / (LOSS)	(\$2.25)	\$4.75	\$6.02	\$674.60	\$52.08	(\$0.17)	\$0.08	(\$1.76)	\$8.73	\$610.99	\$50.75	\$1.00
ALLOCATION BASIS:												
MEMBER MONTHS - Month and YTD	112,571	17,075	6,490	132	402	136,670	770,920	120,761	46,364	913	2,487	941,445
% of Member Months	82.37%	12.49%	4.75%	0.10%	0.29%	100.00%	81.89%	12.83%	4.92%	0.10%	0.26%	100.00%

Santa Clara Family Health Plan
Statement of Cash Flows
For Seven Months Ended January 31, 2012

Cash flows from operating activities	
Premiums received	\$ 125,909,576
Medical expenses paid	\$ (131,477,990)
Administrative expenses paid	<u>\$ (11,639,726)</u>
Net cash from operating activities	\$ (17,208,141)
Cash flows from capital and related financing activities	
Purchases of capital assets	\$ (200,779)
Cash flows from investing activities	
Interest income, net	<u>\$ 131,151</u>
Net (Decrease) increase in cash and cash equivalents	<u>\$ (17,277,769)</u>
Cash and cash equivalents, beginning of year	<u>\$ 53,105,220</u>
Cash and cash equivalents at January 31, 2012	<u>\$ 35,827,451</u>
Reconciliation of operating income to net cash from operating activities	
Operating income (loss)	\$ 510,879
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	\$ 398,155
Changes in operating assets and liabilities	
Premiums receivable	\$ (17,823,538)
Due from Santa Clara Family Health Foundation	\$ (11,714)
Prepays and other assets	\$ (220,231)
Accounts payable and accrued liabilities	\$ (1,452,744)
Capitation payable	\$ (2,221,269)
Employee benefit liabilities	\$ (53,423)
Advance premium - Healthy Kids	\$ (8,076)
Reserve for Rate Reductions (AB 97)	\$ 5,642,863
Incurred but not reported claims payable and risk share payments payable	<u>\$ (1,969,042)</u>
Total adjustments	<u>\$ (17,719,019)</u>
Net cash from operating activities	<u>\$ (17,208,141)</u>

Santa Clara Family Health Plan Enrollment Summary

For the Month of January 2012

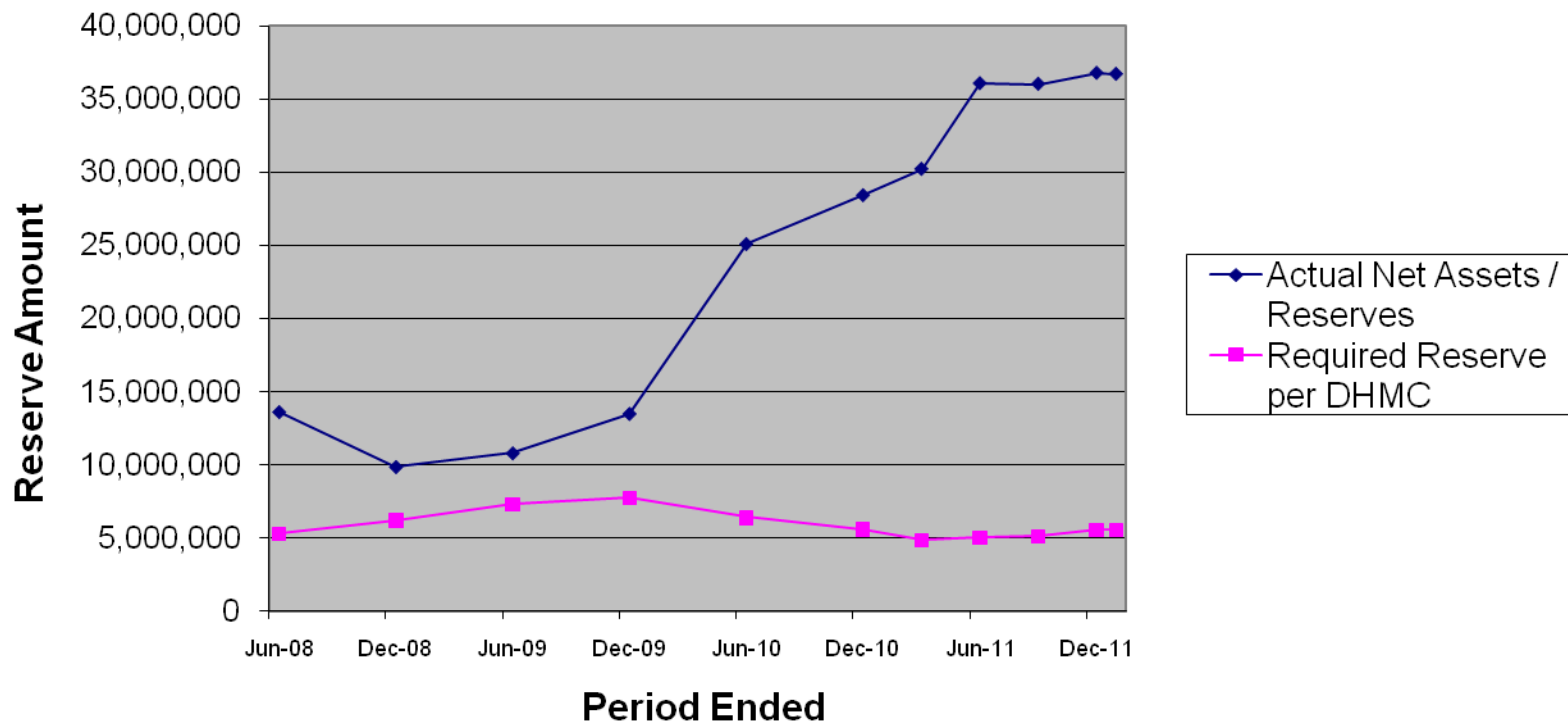
For the Seven Months Ending January 2012

	<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	112,571	116,538	(3.40%)	770,920	780,063	(1.17%)	706,271	9.15%
Healthy Families	17,075	17,435	(2.06%)	120,761	122,045	(1.05%)	118,769	1.68%
Healthy Kids	6,490	6,925	(6.28%)	46,364	48,340	(4.09%)	52,964	(12.46%)
Agnews	132	133	(0.75%)	913	931	(1.93%)	951	(4.00%)
Healthy Workers	<u>402</u>	<u>408</u>	<u>(1.47%)</u>	<u>2,487</u>	<u>2,331</u>	<u>6.69%</u>	<u>533</u>	<u>366.60%</u>
Total	<u>136,670</u>	<u>141,439</u>	<u>(3.37%)</u>	<u>941,445</u>	<u>953,710</u>	<u>(1.29%)</u>	<u>879,488</u>	<u>7.04%</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>1/31/2012</u>
Actual Net Assets / Reserves	13,625,110	9,870,082	10,807,911	13,501,652	25,103,011	28,445,504	30,243,838	36,093,769	36,051,035	36,803,460	36,735,798
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	5,558,000

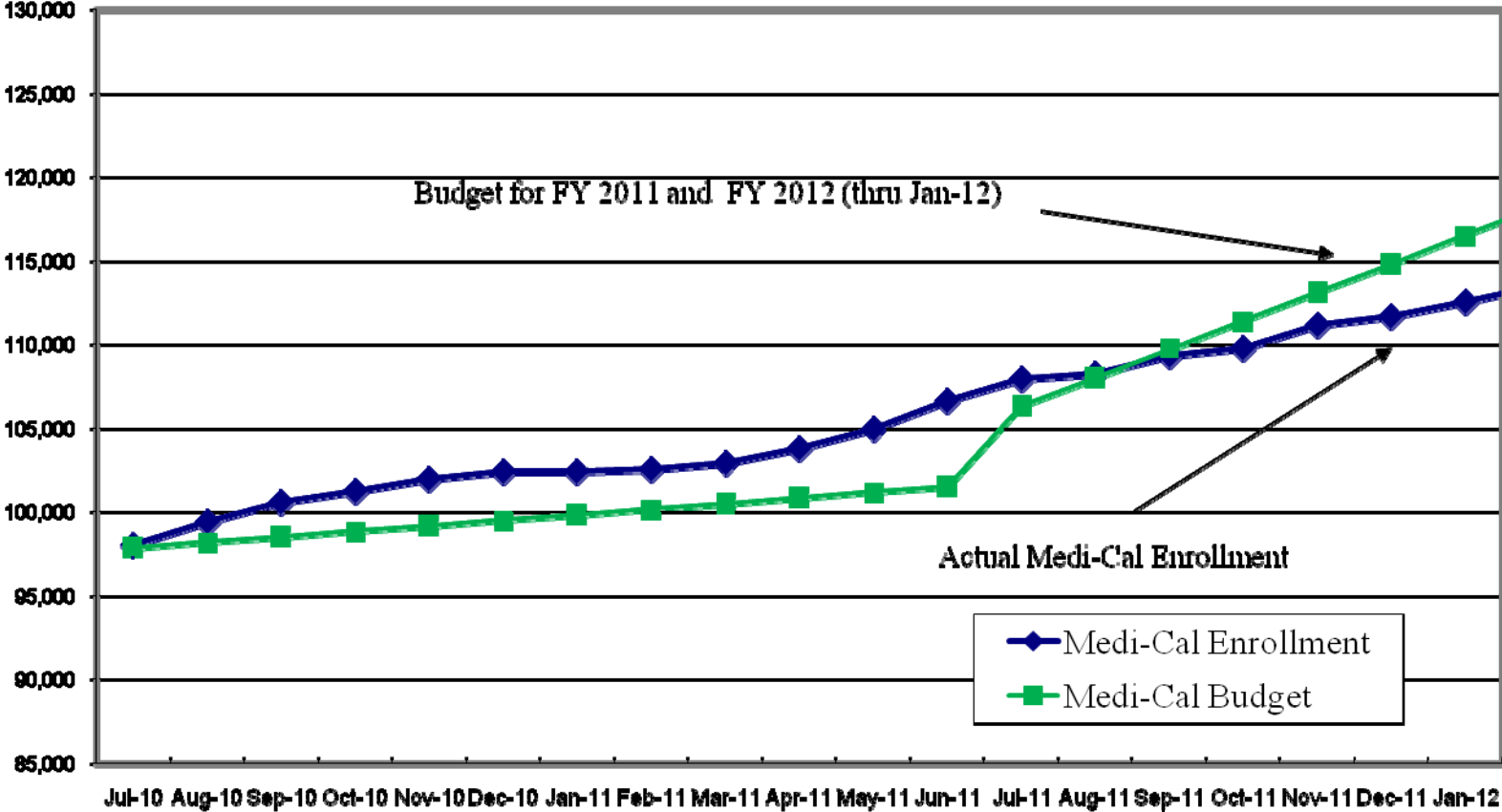
TNE Actual vs. Required



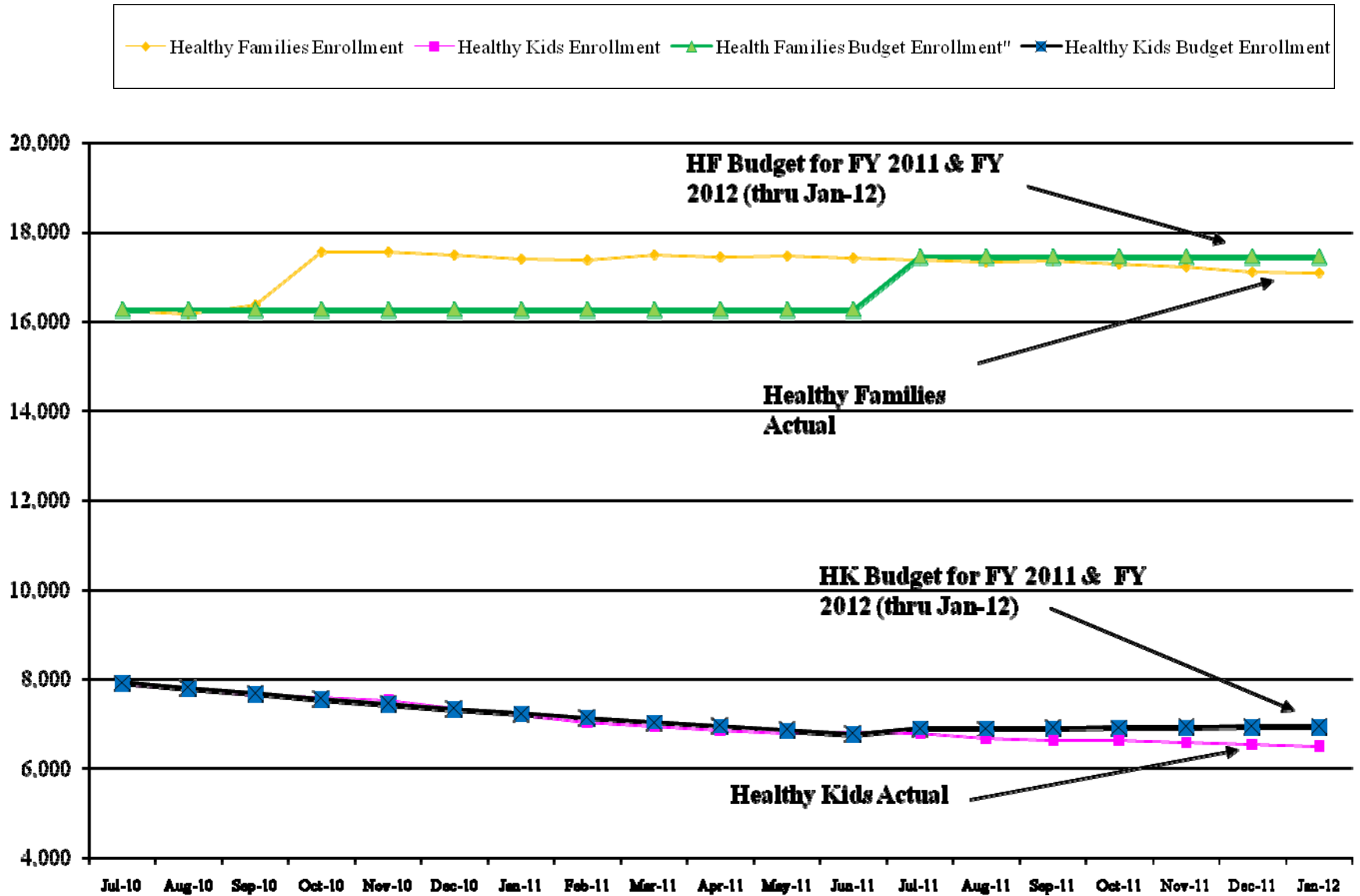
**Santa Clara County Health Authority
Enrollment Summary by Network
January 2012**

	Medi-Cal		Healthy Families		Healthy Kids		AG		Healthy Workers		Total	
	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total
Network 1	6,498	6%	746	4%	167	3%	132	100%	0	0%	7,543	6%
Network 2: SCVHHS, Safety Net Clinics, FQHC Clinics, Palo Medical Foundation Physicians Medical Group	56,867	51%	5,789	34%	4,511	70%	0	0%	402	100%	67,569	49%
Premier Care	2,527	2%	764	4%	71	1%	0	0%	0	0%	3,362	2%
Kaiser	30,119	27%	7,824	46%	1,586	24%	0	0%	0	0%	39,529	29%
Community Clinics	7,969	7%	1,952	11%	155	2%	0	0%	0	0%	10,076	7%
Total	8,591	8%	0	0%	0	0%	0	0%	0	0%	8,591	6%
	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
	112,571	100%	17,075	100%	6,490	100%	132	100%	402	100%	136,670	100%
Enrollment @ 6-30-11	-	-	-	-	-	-	131		293		131,329	-
Net % Change from Beginning of FY	106,668		17,417		6,820		0.76%		37.20%		4.07%	-
	5.53%		-1.96%		-4.84%							-

SCFHP Medi-Cal Enrollment



SCFHP Healthy Families and Healthy Kids Enrollment





Santa Clara
Family Health Plan

The Spirit of Care

Financial Statements
For Nine Months Ended
March 2012
(Unaudited)

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Santa Clara Family Health Plan CFO Finance Report

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

Summary of Financial Results

For the month of March 2012, SCFHP recorded an operating income of \$29 thousand compared to a budgeted operating income of \$1.0 million, resulting in an unfavorable variance from budget of \$980 thousand for the month. For March 2012 year-to-date, SCFHP recorded an operating surplus of \$806 thousand compared to a budgeted operating surplus of \$3.9 million, resulting in an unfavorable variance from budget of \$3.1 million. The table below summarizes the components of the overall variance from budget.

Summary Operating Results - Actual vs. Budget

For the Current Month & Fiscal Year to Date
Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance \$	Variance %		Actual	Budget	Variance \$	Variance %
\$ 20,704,101	\$ 22,983,839	\$ (2,279,738)	-10%	Revenue	\$ 179,930,091	\$ 186,425,107	\$(6,495,016)	-3%
19,162,869	20,332,043	1,169,174	6%	Medical Expense	166,081,200	167,888,502	1,807,302	1%
1,541,232	2,651,796	(1,110,564)	-42%	Gross Margin	13,848,891	18,536,604	(4,687,714)	-25%
1,486,889	1,614,359	127,469	8%	Administrative Expense	12,842,439	14,399,200	1,556,761	11%
54,342	1,037,437	(983,095)	-95%	Net Operating Income	1,006,452	4,137,405	(3,130,953)	-76%
(25,683)	(29,167)	3,484	12%	Non-Operating Income/Exp	(200,227)	(262,500)	62,273	24%
\$ 28,659	\$ 1,008,270	\$ (979,611)	-97%	Operating Surplus/ (Loss)	\$ 806,225	\$ 3,874,905	(3,068,680)	-79%

Revenue

Overall revenue is under budget by \$1.2m, or 5.5%, for the month and \$4.2M, or 2.6%, 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 June 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 \$20.7 million for the month of March 2012, compared to budgeted revenue of \$23.0 million, resulting in an unfavorable variance from budget of \$2.2 million, or -9.9%. For YTD March 2012, the health plan recorded revenue of \$179.9 million compared to budgeted revenue of \$186.4 million, resulting in an unfavorable variance from budget of \$6.5 million, or -3.5%.

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

Member Months

For the month of March 2012, overall member months were below budget by 6,718 members, or 4.6%. As of March 31, 2012, overall membership for nine months year-to-date is running below budget by 24,677 members, or -2.0%.

Compared to the end of the prior fiscal year, 6/30/2011, membership in Medi-Cal increased by 7.1%, while membership the Healthy Families and Healthy Kids programs declined, by 2.6% and 6.6%, respectively, since 6/30/2011. Member months and changes from prior year are summarized on Page 10.

Medical Expense

For the month of March 2012, medical expense was \$19.2 million compared to budget of \$20.3 million, resulting in a favorable budget variance of \$1.2 million, or 5.6%. For March 2012 year-to-date, medical expense was \$166.1 million, compared to budget of \$167.9 million, resulting in favorable budget variance of \$1.8 million, or 1.1%. The positive variance is primarily a result of better inpatient experience in the Agnews line of business.

Administrative Expenses

For the month of March 2012, and nine months year-to-date through March 2012, overall administrative costs were under budget by \$127 thousand (7.9%), and \$1.6 million (10.8%), respectively. The two categories with the largest cost variance were “Information Systems” and “Salaries and Benefits” expenses, respectively.

Administrative expenses were 7.2% and 7.1% of revenues for the month of March 2012, and March 2012 year-to-date, respectively.

Balance Sheet (Page 6)

Cash, as of March 31, 2012, declined \$14.4 million from the cash balance as of year-end June 30, 2011. Net receivables increased by \$21.1 million during the same nine-month period.

Current assets at March 31, 2012 totaled \$66.0 million compared to current liabilities of \$29.9 million, yielding a current ratio (the ratio of current assets to current liabilities) of 2.2:1 as of March 31, 2012. Working capital increased from the previous month of February 2012 by \$63 thousand. As of March 2012 year-to-date, working capital increased from fiscal year-end 2011 by \$1.1 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) has been 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.

Capital Expenses increased by \$216.9 thousand for nine months ended March 2012 year-to-date.

Tangible Net Equity

Tangible net equity (TNE) was \$36.9 million at March 31, 2012, compared to the minimum TNE required by the Department of Managed Health Care (DMHC) of \$5.6 million (per last filing for quarter ended 12-31-11). Included in the TNE is the \$2.5 million Board designated fund for Healthy Kids future premiums.

A chart showing TNE trends is shown on page 11 of this report.

At the December 2011 Governing 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 March 31, 2012, the Plan's reserves are about \$3.5 million below this reserves target (see calculation below).

Calculation of targeted reserves as of March 31, 2012:

Estimate of two months' capitation (Mar-2012 Medi-Cal Capitation of \$18,013,000 X 2 = \$ 36,026,000)	\$ 36.0 million
Less: Unrestricted Net Equity per balance sheet	<u>\$ 32.5 million</u>
Approximate reserves below target	<u>\$ 3.5 million</u>

**Santa Clara County Health Authority
Balance Sheet**

	<u>3/31/2012</u>	<u>2/29/2012</u>	<u>1/31/2012</u>	<u>6/30/2011</u>
Assets				
Current Assets				
Cash and Marketable Securities	\$ 38,660,621	\$ 41,878,191	\$ 35,827,451	\$ 53,105,220
Premiums Receivable	26,438,987	24,567,219	23,201,499	5,377,960
Due from Santa Clara Family Health Foundation - net	124,446	47,829	84,173	72,459
Prepaid Expenses and Other Current Assets	<u>824,588</u>	<u>868,405</u>	<u>850,206</u>	<u>629,975</u>
Total Current Assets	66,048,642	67,361,644	59,963,329	59,185,614
Long Term Assets				
Equipment	6,157,963	6,143,570	6,141,878	5,941,099
Less: Accumulated Depreciation	<u>(5,412,570)</u>	<u>(5,364,063)</u>	<u>(5,309,949)</u>	<u>(4,911,672)</u>
Total Long Term Assets	<u>745,392</u>	<u>779,506</u>	<u>831,928</u>	<u>1,029,427</u>
Total Assets	<u>\$ 66,794,034</u>	<u>\$ 68,141,150</u>	<u>\$ 60,795,258</u>	<u>\$ 60,215,041</u>
Liabilities and Net Assets				
Liabilities				
Trade Payables	\$ 3,901,194	\$ 7,744,241	\$ 2,986,720	\$ 4,035,666
Employee Benefits	721,822	685,033	678,148	731,571
Retirement Obligation per GASB 45	360,000	320,000	280,000	-
Due to Santa Clara County Valley Health Plan	1,441,199	1,117,202	869,836	3,091,105
Advance Premium - Healthy Kids	66,241	62,084	63,524	71,600
QIF Fees Payable	-	-	31,825	715,745
AB 97 Provider Reductions	8,333,748	6,970,395	5,642,863	-
Medical Cost Reserves	<u>15,069,836</u>	<u>14,370,860</u>	<u>13,506,544</u>	<u>15,475,585</u>
Total Liabilities	29,894,040	31,269,815	24,059,460	24,121,272
Net Assets / Reserves				
Invested in Capital Assets	745,392	779,506	831,928	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	2,542,324
Unrestricted Net Equity	32,500,703	32,466,589	32,414,166	21,225,911
Current YTD Income (Loss)	<u>806,225</u>	<u>777,566</u>	<u>642,029</u>	<u>10,990,758</u>
Net Assets / Reserves	<u>36,899,994</u>	<u>36,871,334</u>	<u>36,735,798</u>	<u>36,093,769</u>
Total Liabilities and Net Assets	<u>\$ 66,794,034</u>	<u>\$ 68,141,150</u>	<u>\$ 60,795,258</u>	<u>\$ 60,215,041</u>

Santa Clara County Health Authority
Income Statement for the Nine Months Ending March 31, 2012

For the Month of March 2012

For Nine Months Ending March 2012

	For the Month of March 2012					For Nine Months Ending March 2012				
	Actual	% of Revenue	Budget	% of Revenue	Variance	Actual	% of Revenue	Budget	% of Revenue	Variance
REVENUES										
MEDI-CAL	\$ 18,696,322	90.3%	\$ 20,786,416	90.4%	\$(2,090,094)	\$ 161,039,081	89.5%	\$ 166,879,461	89.5%	\$ (5,840,380)
HEALTHY FAMILIES	1,175,105	5.7%	1,187,847	5.2%	(12,742)	10,706,199	6.0%	10,690,619	5.7%	15,580
HEALTHY KIDS	650,632	3.1%	701,594	3.1%	(50,961)	6,007,838	3.3%	6,285,683	3.4%	(277,845)
AGNEWS	84,867	1.6%	204,933	0.9%	(120,066)	1,416,712	1.3%	1,844,394	1.4%	(427,681)
HEALTHY WORKERS	97,175	0.5%	103,050	0.4%	(5,875)	760,260	0.4%	724,950	0.4%	35,310
TOTAL REVENUE	20,704,101	101.2%	22,983,839	100.0%	(2,279,738)	179,930,091	100.6%	186,425,107	100.4%	(6,495,016)
MEDICAL EXPENSES										
MEDI-CAL	17,602,043	85.0%	18,505,682	80.5%	903,639	150,759,246	83.8%	151,639,551	81.3%	880,305
HEALTHY FAMILIES	804,326	3.9%	986,035	4.3%	181,709	9,090,300	5.1%	8,874,318	4.8%	(215,982)
HEALTHY KIDS	609,824	2.9%	568,441	2.5%	(41,383)	4,920,032	2.7%	5,099,503	2.7%	179,471
AGNEWS	73,864	0.4%	184,439	0.8%	110,575	749,663	0.0%	1,659,955	0.0%	910,291
HEALTHY WORKERS	72,813	0.4%	87,446	0.4%	14,633	561,959	0.0%	615,176	0.0%	53,217
TOTAL MEDICAL EXPENSES	19,162,869	92.6%	20,332,043	88.5%	1,169,174	166,081,200	91.6%	167,888,502	88.8%	1,807,302
MEDICAL OPERATING MARGIN	1,541,232	7.4%	2,651,796	11.5%	(1,110,564)	13,848,891	7.7%	18,536,604	9.9%	(4,687,714)
ADMINISTRATIVE EXPENSES										
SALARIES AND BENEFITS	1,057,056	5.1%	999,071	4.3%	(57,985)	8,459,139	4.7%	8,861,612	4.8%	402,473
RENTS AND UTILITIES	92,545	0.4%	108,167	0.5%	15,622	883,860	0.5%	973,500	0.5%	89,640
PRINTING AND ADVERTISING	14,126	0.1%	28,875	0.1%	14,749	31,098	0.0%	259,875	0.1%	228,777
INFORMATION SYSTEMS	65,648	0.3%	96,803	0.4%	31,155	443,997	0.2%	871,223	0.5%	427,227
PROF FEES / CONSULTING / TEMP STAFFING	114,803	0.6%	174,194	0.8%	59,391	1,364,943	0.8%	1,567,743	0.8%	202,801
DEPRECIATION / INSURANCE / EQUIPMENT	67,031	0.3%	89,739	0.4%	22,708	699,703	0.4%	807,647	0.4%	107,945
OFFICE SUPPLIES / POSTAGE / TELEPHONE	45,065	0.2%	52,250	0.2%	7,185	542,252	0.3%	470,250	0.3%	(72,002)
MEETINGS / TRAVEL / DUES	41,446	0.2%	58,268	0.3%	16,821	366,706	0.2%	524,409	0.3%	157,703
OTHER	(10,831)	-0.1%	6,993	0.0%	17,824	50,742	0.0%	62,940	0.0%	12,198
TOTAL ADMINISTRATIVE EXPENSES	1,486,889	7.2%	1,614,359	7.0%	127,469	12,842,439	7.1%	14,399,200	7.7%	1,556,761
OPERATING SURPLUS (LOSS)	54,342	0.3%	1,037,437	4.5%	(983,095)	1,006,452	0.6%	4,137,405	2.2%	(3,130,953)
GASB 45-POST EMPLOYMENT BENEFITS EXPENSE	(40,000)	-0.2%	(40,000)	-0.2%	-	(360,000)	0.0%	(360,000)	0.0%	-
INTEREST INCOME	14,317	0.1%	10,833	0.0%	3,484	159,773	0.1%	97,500	0.1%	62,273
NET INCOME (LOSS)	\$ 28,659	0.1%	\$ 1,008,270	4.4%	\$ (979,611)	\$ 806,225	0.4%	\$ 3,874,905	2.1%	\$ (3,068,680)

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

	<u>MONTH OF MARCH 2012</u>						<u>EIGHT MONTHS ENDED MARCH 31, 2012</u>					
	Medi-Cal	Healthy Families	Healthy Kids	Agnews	Healthy Workers	Grand Total	Medi-Cal	Healthy Families	Healthy Kids	Agnews	Healthy Workers	Grand Total
P&L (ALLOCATED BASIS)												
REVENUE	\$18,696,322	\$1,175,105	\$650,632	84,867	97,175	\$20,704,101	\$161,039,081	\$10,706,199	\$6,007,838	\$1,416,712	760,260	\$179,930,091
MEDICAL EXPENSES	17,602,043	804,326	609,824	\$73,864	\$72,813	\$19,162,869	150,759,246	9,090,300	4,920,032	749,663	561,959	\$166,081,200
GROSS MARGIN	1,094,279	370,779	40,808	11,003	24,362	\$1,541,232	10,279,836	1,615,899	1,087,806	667,049	198,301	\$13,848,891
ADMINISTRATIVE EXPENSES (indirect costs subject to % MM allocation)	1,229,641	182,539	68,533	1,431	4,745	\$1,486,889	10,538,082	1,632,068	624,553	12,430	35,306	\$12,842,439
OPERATING INCOME/(LOSS)	(135,362)	188,240	(27,725)	9,572	19,617	54,342	(258,247)	(16,168)	463,253	654,619	162,995	1,006,452
OTHER INCOME/EXPENSE (% of mm Allocation)	(21,240)	(3,153)	(1,184)	(25)	(82)	(25,683)	(164,300)	(25,446)	(9,737)	(194)	(550)	(200,227)
NET INCOME / (LOSS)	<u>(\$156,602)</u>	<u>\$185,087</u>	<u>(\$28,908)</u>	<u>\$9,547</u>	<u>\$19,535</u>	<u>\$28,659</u>	<u>(\$472,546)</u>	<u>(\$41,614)</u>	<u>\$453,515</u>	<u>\$654,425</u>	<u>\$162,445</u>	<u>\$806,225</u>
PMPM ALLOCATED P&L:												
REVENUE	\$163.61	\$69.27	\$102.16	\$638.10	\$220.35	\$149.83	\$161.25	\$69.22	\$101.50	\$1,202.64	\$227.21	\$147.83
MEDICAL EXPENSES	154.03	47.41	95.75	555.37	165.11	138.68	150.95	58.77	83.12	636.39	167.95	136.46
GROSS MARGIN	9.58	21.86	6.41	82.73	55.24	11.15	10.29	10.45	18.38	566.26	59.27	11.38
ADMINISTRATIVE EXPENSES	10.76	10.76	10.76	10.76	10.76	10.76	10.55	10.55	10.55	10.55	10.55	10.55
OPERATING INCOME/(LOSS)	(1.18)	11.10	(4.35)	71.97	44.48	0.39	(0.26)	(0.10)	7.83	555.70	48.71	0.83
OTHER INCOME / (EXPENSE)	(0.19)	(0.19)	(0.19)	(0.19)	(0.19)	(0.19)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)
NET INCOME / (LOSS)	<u>(\$1.00)</u>	<u>\$11.28</u>	<u>(\$4.17)</u>	<u>\$72.15</u>	<u>\$44.67</u>	<u>\$0.58</u>	<u>(\$0.09)</u>	<u>\$0.06</u>	<u>\$7.99</u>	<u>\$555.87</u>	<u>\$48.88</u>	<u>\$0.99</u>
ALLOCATION BASIS:												
MEMBER MONTHS - Month and YTD	114,275	16,964	6,369	133	441	138,182	998,713	154,674	59,190	1,178	3,346	1,217,101
% of Member Months	82.70%	12.28%	4.61%	0.10%	0.32%	100.00%	82.06%	12.71%	4.86%	0.10%	0.27%	100.00%

Santa Clara Family Health Plan
Statement of Cash Flows
For Nine Months Ended March 31, 2012

Cash flows from operating activities	
Premiums received	\$ 167,145,466
Medical expenses paid	\$ (168,136,855)
Administrative expenses paid	<u>\$ (13,396,119)</u>
Net cash from operating activities	\$ (14,387,508)
Cash flows from capital and related financing activities	
Purchases of capital assets	\$ (216,864)
Cash flows from investing activities	
Interest income, net	<u>\$ 159,773</u>
Net (Decrease) increase in cash and cash equivalents	<u>\$ (14,444,599)</u>
Cash and cash equivalents, beginning of year	<u>\$ 53,105,220</u>
Cash and cash equivalents at March 31, 2012	<u>\$ 38,660,621</u>
Reconciliation of operating income to net cash from operating activities	
Operating income (loss)	\$ 646,452
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	\$ 500,776
Changes in operating assets and liabilities	
Premiums receivable	\$ (21,061,027)
Due from Santa Clara Family Health Foundation	\$ (51,988)
Prepays and other assets	\$ (194,612)
Accounts payable and accrued liabilities	\$ (490,095)
Capitation payable	\$ (1,649,906)
Employee benefit liabilities	\$ (9,749)
Advance premium - Healthy Kids	\$ (5,359)
Reserve for Rate Reductions (AB 97)	\$ 8,333,748
Incurred but not reported claims payable and risk share payments payable	<u>\$ (405,749)</u>
Total adjustments	<u>\$ (15,033,960)</u>
Net cash from operating activities	<u>\$ (14,387,508)</u>

Santa Clara Family Health Plan Enrollment Summary

For the Month of March 2012

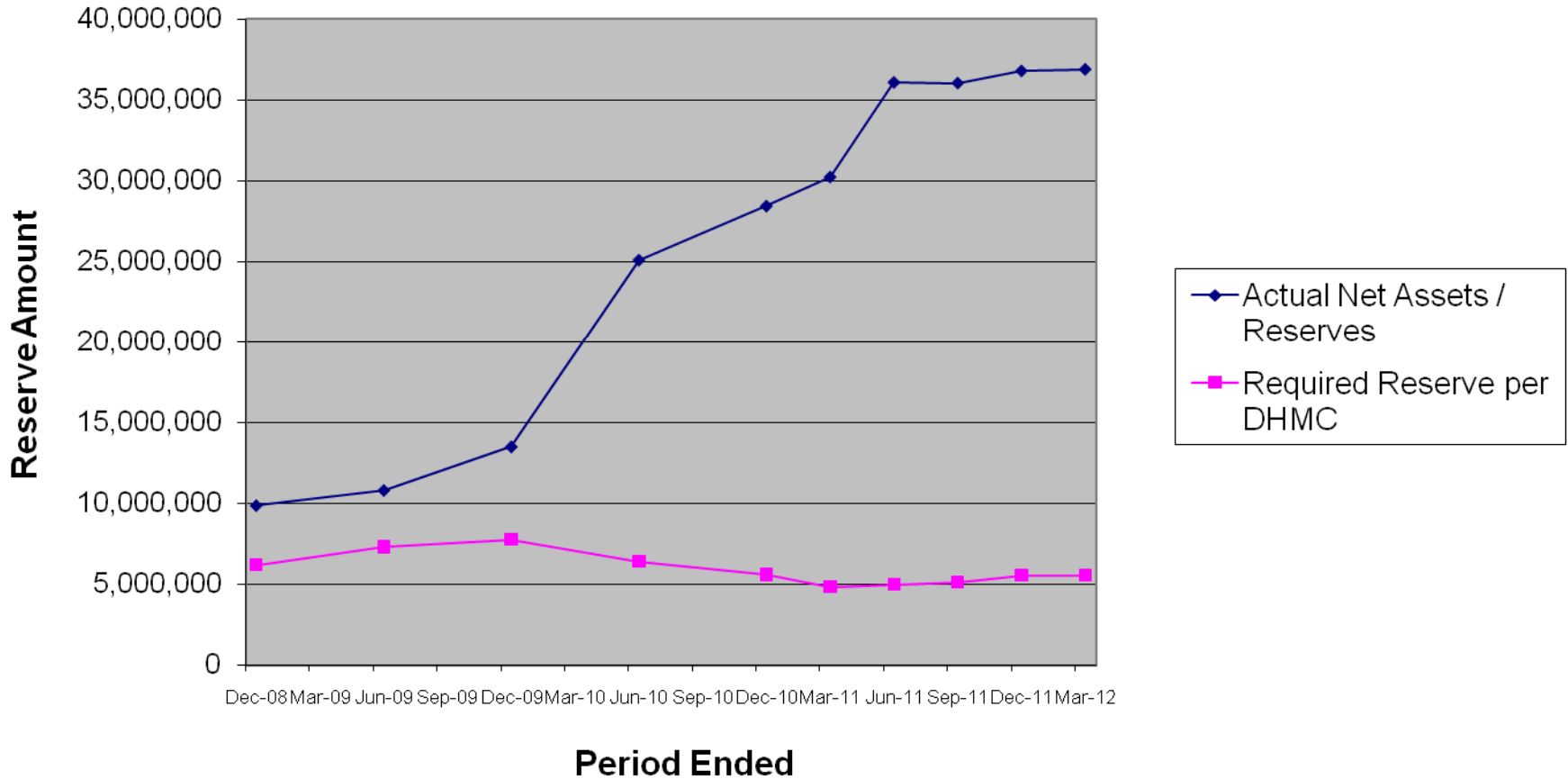
For the Nine Months Ending March 2012

	For the Month of March 2012			For the Nine Months Ending March 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	114,275	119,949	(4.73%)	998,713	1,018,254	(1.92%)	911,832	9.53%
Healthy Families	16,964	17,435	(2.70%)	154,674	156,915	(1.43%)	153,620	0.69%
Healthy Kids	6,369	6,925	(8.03%)	59,190	62,190	(4.82%)	66,961	(11.61%)
Agnews	133	133	0.00%	1,178	1,197	(1.59%)	1,219	(3.36%)
Healthy Workers	<u>441</u>	<u>458</u>	<u>(3.71%)</u>	<u>3,346</u>	<u>3,222</u>	<u>3.85%</u>	<u>859</u>	<u>289.52%</u>
Total	<u>138,182</u>	<u>144,900</u>	<u>(4.64%)</u>	<u>1,217,101</u>	<u>1,241,778</u>	<u>(1.99%)</u>	<u>1,134,491</u>	<u>7.28%</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
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
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	5,558,000

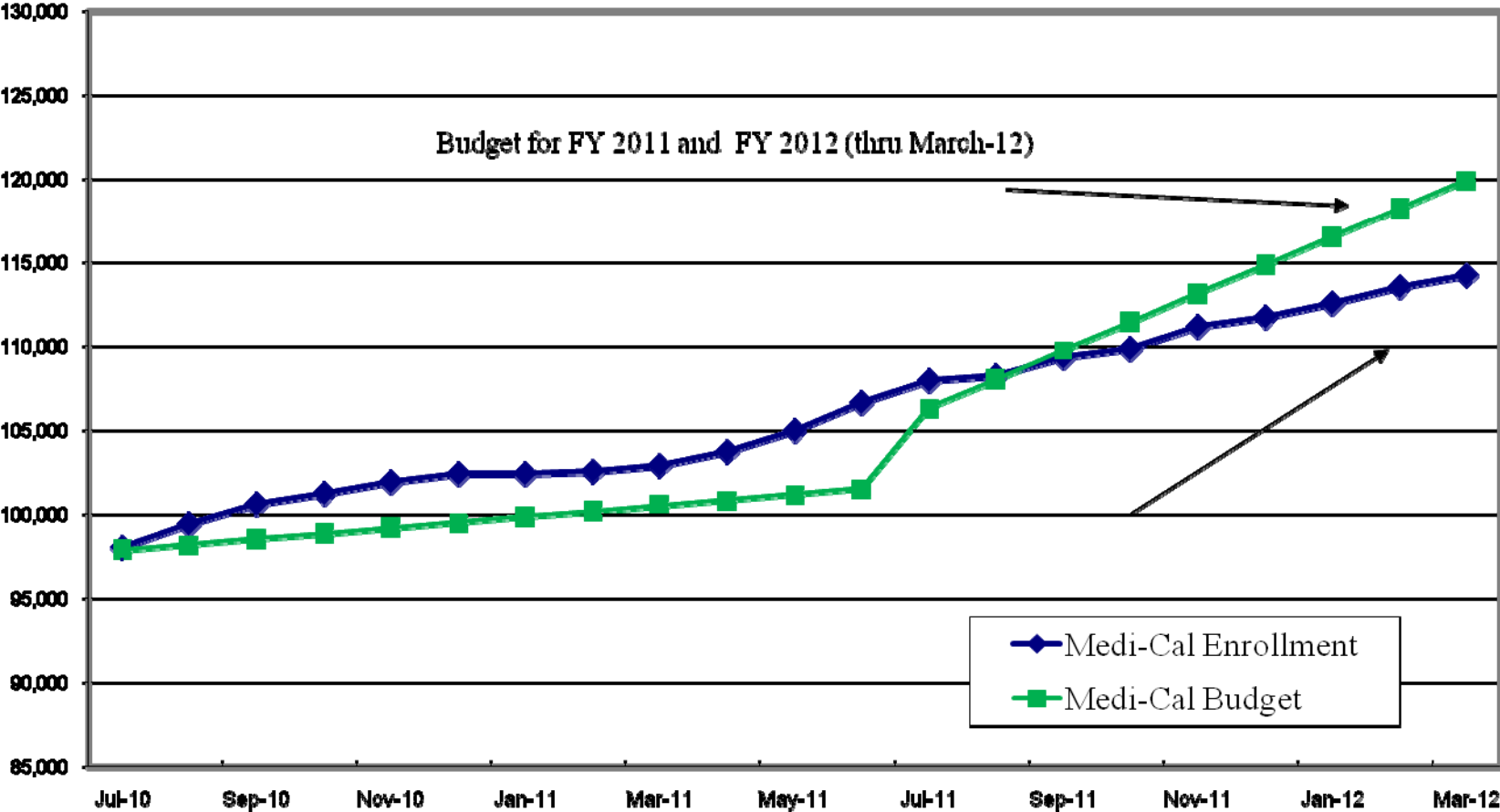
TNE Actual vs. Required



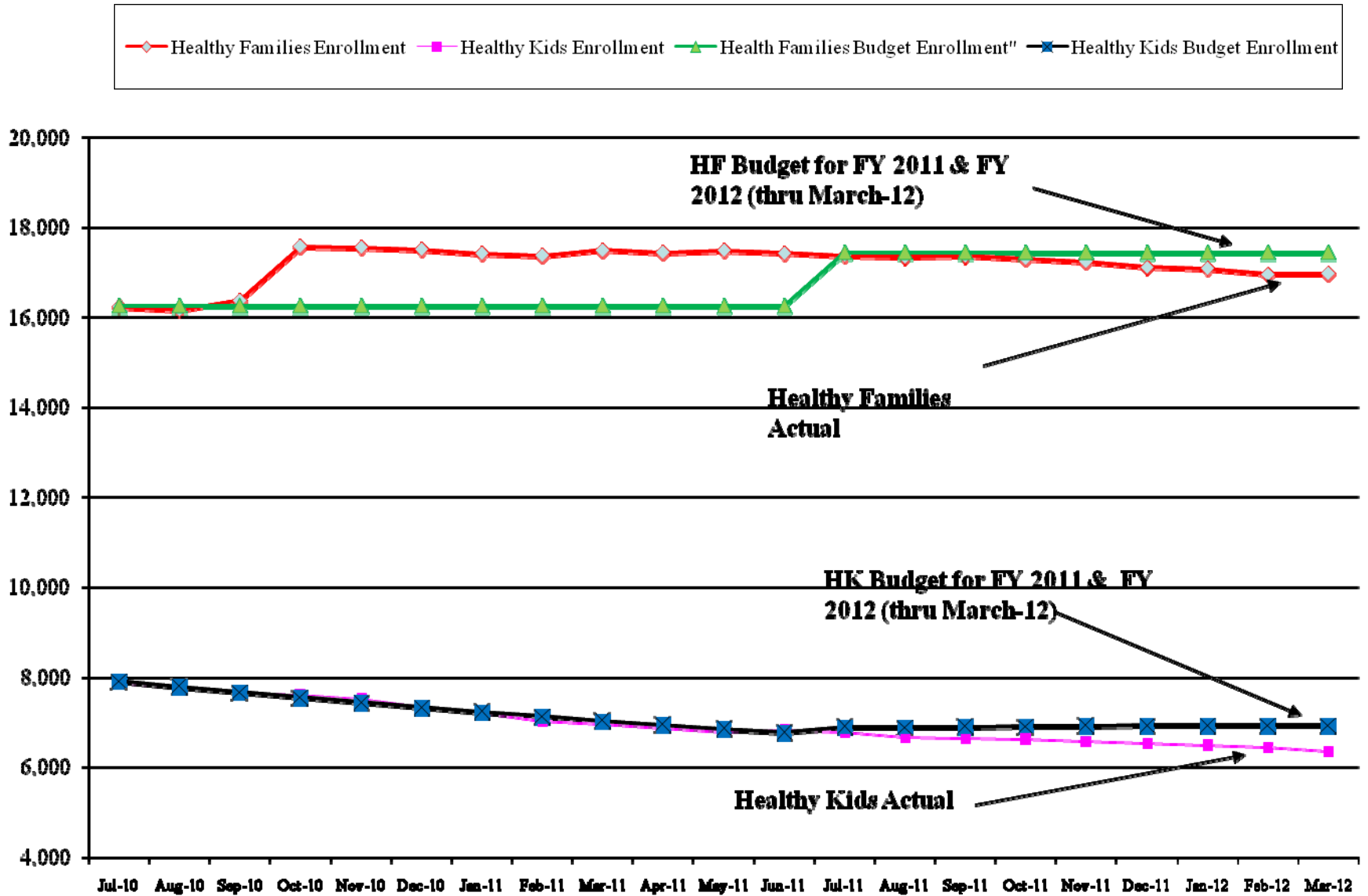
Santa Clara County Health Authority
Enrollment Summary by Network
March 2012

	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	6,494	6%	728	4%	159	2%	133	100%	0	0%	7,514	5%
Network 2: SCVHHS, Safety Net Clinics, FQHC Clinics, Palo Medical Foundation	58,045	51%	5,769	34%	4,444	70%	0	0%	441	100%	68,699	50%
Physicians Medical Group	2,551	2%	765	5%	67	1%	0	0%	0	0%	3,383	2%
Premier Care	30,332	27%	7,761	46%	1,554	24%	0	0%	0	0%	39,647	29%
Kaiser	8,068	7%	1,941	11%	145	2%	0	0%	0	0%	10,154	7%
Community Clinics	8,785	8%	0	0%	0	0%	0	0%	0	0%	8,785	6%
	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Total	<u>114,275</u>	<u>100%</u>	<u>16,964</u>	<u>100%</u>	<u>6,369</u>	<u>100%</u>	<u>133</u>	<u>100%</u>	<u>441</u>	<u>100%</u>	<u>138,182</u>	<u>100%</u>
Enrollment @ 6-30-11	-	-	-	-	-	-	131		-	-	-	-
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>7.13%</u>		<u>-2.60%</u>		<u>-6.61%</u>		<u>1.53%</u>		<u>50.51%</u>		<u>5.22%</u>	

SCFHP Medi-Cal Enrollment



SCFHP Healthy Families and Healthy Kids Enrollment



**OFFICE OF THE COUNTY COUNSEL
COUNTY OF SANTA CLARA**

70 West Hedding Street, 9th Floor
San Jose, California 95110-1770
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(408) 292-7240 (FAX)



Miguel Márquez
COUNTY COUNSEL

Winifred Botha
Orry P. Korb
Lori E. Pegg
ASSISTANT COUNTY COUNSEL

March 8, 2012

Ms. Michele Lew
Chairperson
Santa Clara County Health Authority Governing Board
210 East Hacienda Avenue
Campbell, CA 95008

Re: Notice of Resignation

Dear Chairperson Lew:

This letter is to inform you that effective immediately I am resigning as Secretary of the Santa Clara County Health Authority Governing Board because the legal services agreement between the Health Authority and the Office of the County Counsel has been terminated.

Thank you for the opportunity to have served as Secretary to the Governing Board.

Very truly yours,

MIGUEL MÁRQUEZ
County Counsel

A handwritten signature in blue ink, appearing to read "Elizabeth G. Pianca", is written over the typed name and title.

ELIZABETH G. PIANCA
Deputy County Counsel

c: Elizabeth Darrow, CEO
Miguel Márquez, County Counsel



Consumer Affairs Committee Minutes – March 13, 2012

In Attendance:

Committee Members: Blanca Esquerro, Cassandra Chan, Hung Vinh, Judy Chirco, Phu Vinh, Rachel Hart, Tammy Nguyen, Tran Vu, Vanessa Ho, Vu Nguyen, Waldemar Wenner

SCFHP Staff: Pat McClelland and Tanya Nguyen

Guest: Kathleen King

Item	Discussion	Action	Assigned to:	Due Date
Call to Order and Roll Call	Roll call was taken. A quorum was present at 6:06 pm and the meeting was called to order.			
Review of Minutes	<p>CAC members inquired about the progress of the 211 services that was discussed at the December 13, 2011 meeting. Ms. Tanya Nguyen reported that the Health Plan has established partnership with 211, and SCFHP Member Services staffs have received training on how to connect members to 211 resources if needed.</p> <p>Member Services referred approximately sixty (60) requests in the month of April to 211 services. The most common requests are related to (1) low cost adult dental services, (2) utility payment assistance, (3) housing and (4) food and meal programs.</p> <p>Ms. Pat McClelland explained that this is a pilot program, and the Health Plan will continue to monitor 211 referrals and call center resources.</p> <p>The minutes from the December 13, 2011 meeting were reviewed and</p>	The minutes were approved	All	



Consumer Affairs Committee Minutes – March 13, 2012

Item	Discussion	Action	Assigned to:	Due Date
	approved.			
Public Comment	No public comments			
Status on Children's Health In Santa Clara County Presentation	<p>Ms. Kathleen King, Santa Clara Family Health Foundation Executive Director, shared the Foundation's mission is to raise funds to support the Healthy Kids program and the Children's Health Initiative in Santa Clara County (SCC). Before the Children's Health Initiative was formed, 13% of children were uninsured, and this number has been reduced to 4%.</p> <p>SCC serves as a model to California and nation for providing coverage for children.</p> <p>Ms. King provided an overview of "At a Glance: Status on Children's Health in the Santa Clara County." The report focuses on health disparities and health issues among children in our community. The purpose of the report is to raise awareness of the importance of children's health and initiate dialogue to ensure collaboration to increase the overall health and well-being of children in Santa Clara County. Report highlight include:</p> <ul style="list-style-type: none"> • An overview of ethnicity of children by city, income level, and birth rates in SCC <ul style="list-style-type: none"> ✓ Latinos are projected to be the largest population group by 2040. ✓ 1 out of every 2 Latino children in SCC under the age of 5 are under 100% federal poverty level (FPL) in comparison 			



Consumer Affairs Committee Minutes – March 13, 2012

Item	Discussion	Action	Assigned to:	Due Date
	<p style="text-align: center;">to 1 out of every 3 Latino children over the age of 5.</p> <ul style="list-style-type: none"> • Health coverage among children ages 0-19 in SCC has increased from 87.5% in 2001 to an estimated 96.5% in 2009. • 12.8% of the children in SCC do not have dental coverage • Health issues statistic: <ul style="list-style-type: none"> ✓ 91.7% of children in California entering kindergarten were fully immunized compared to 94.5% of children in Santa Clara County. ✓ 79% of SCC's population does not receive optimal fluoridated water. ✓ 3 in 10 children with one or more chronic diseases report barriers to the health care system. ✓ 9% of middle and high school students are current smokers. ✓ The number of air quality days rated as good decreased from 305 days in 1998 to 192 in 2008. 			
<p>Health Plan Updates</p>	<p>Ms. McClelland provided an update on the Health Plan's membership.</p> <ul style="list-style-type: none"> • Medi-Cal Enrollment – February 2012 = 137,400 members. • Healthy Families Enrollment - February 2012 = 17,000 members. • Healthy Kids Enrollment - February 2012 = 16,460 members. <p>SPD Medi-Cal enrollment is growing and currently the Health Plan has over 5,000 SPD members.</p> <p>Ms. McClelland also reported the Health Plan is preparing to submit</p>			



Consumer Affairs Committee Minutes – March 13, 2012

Item	Discussion	Action	Assigned to:	Due Date
	<p>an application for the Dual Demonstration Project. This is an integrated health care pilot program for dual eligible (Medicare and Medi-Cal) members in California. It is funded by the Affordable Care Act and requires the approval of the Federal Centers for Medicare & Medical Services (CMS).</p> <p>California has approximately 1.1 million people enrolled in both Medicare and Medi-Cal. This population accounts for nearly 25 percent of Medi-Cal spending. The proposed three-year demonstration project would enroll a portion of California's dual eligible beneficiaries into an integrated care delivery model. An estimated \$678.8 million in General Fund savings is expected in fiscal year (FY) 2012-13, increasing to \$1 billion in 2013-14.</p> <p>The goals of the demonstration project are to (1) improve health outcomes, (2) promote a more efficient health care system and (3) allow more members to stay in their homes and communities for as long as possible.</p> <p>These Participating Health Plans will be responsible for providing members a full continuum of Medicare and Medi-Cal services, including medical care, behavioral health services, and long-term services and supports (LTSS). LTSS include home- and community-based services such as IHSS, Community-Based Adult Services (CBAS), and Multipurpose Senior Services Program (MSSP) in</p>			



Consumer Affairs Committee Minutes – March 13, 2012

Item	Discussion	Action	Assigned to:	Due Date
	<p>addition to care in nursing facility services when needed.</p> <p>Committee members requested information regarding the number of grievance cases from SPD members compared to non SPD members.</p>			
Future Agenda Items	<p>Members suggested a presentation on nutrition and healthy eating.</p> <p>Dr. Wenner asked the Committee to consider ways to share presentation information to other members and their communities..</p>		All	
Adjournment	The meeting adjourned at 7:30pm.			
Next Meeting Date	The next meeting is scheduled for June 12, 2012 from 6:00- 7:00p.m			

Consumer Affairs Committee Chairperson

Date

Kenneth T. Phan, M.D., FACOG

150 N. Jackson Ave #209
San Jose, CA 95116
Tel: (408) 293-3755 (office)
Email: siliconvalleyobgyn@yahoo.com

PERSONAL

Date of birth 4/28/73 Place of birth: Saigon, South Vietnam Citizenship: US
Languages spoken: English, Vietnamese, French, and Medical Spanish
Medical license: State of California A77173
DEA license: BP 7676818
Board Certified in Ob/Gyn

EDUCATION

1994- Bachelor of Science, University of California, Irvine. Graduated cum laude.
1998- Doctor of Medicine, Tufts University School of Medicine, Boston, Massachusetts.
2002- Residency in obstetrics and gynecology, University of Texas, Houston Health Sciences Center.
Awarded "Best Resident in Obstetrics and Gynecology."

EMPLOYMENT/POSITIONS

- 1) Private Practice- Silicon Valley Ob-Gyn Medical Associates from January 2007 to present
- 2) Employee physician for San Jose-Good Samaritan Medical Group from July 2002 to December 2006
- 3) Clinical instructor for the Family Practice Residency Program of San Jose, a Stanford University School of Medical-affiliated program from 2002 to present
- 4) Chairman, Department of Obstetrics and Gynecology, Regional Medical Center, 2006 to 2008

HOSPITAL AFFILIATIONS

Regional Medical Center of San Jose, CA (Active Status)
Good Samaritan Hospital of San Jose, CA (Active Status)
O'Connor Hospital of San Jose, CA (Provisional Status)

PROFESSIONAL ASSOCIATIONS AND COMMITTEES

Pharmaceutical and Therapeutics Committee- San Jose Medical Group -2002 to 2006
Quality Review Committee for the Department of Women and Children RMC- 2004 to present
Patient and Nursing Care Task Force for Regional Medical Center- 2005
Surgery Committee for Regional Medical Center- 2005
Medical Executive Committee for Regional Medical Center- 2006
Blood bank safety committee for the Trauma Department- 2005
Library and CME committee- RMC 2006 to present
Library and CME committee- O'Connor Hospital 2007

Fellow of the American College of Ob/Gyn
Member of the Santa Clara County Medical Association
Member of the Northern California Vietnamese Physician Association

AWARDS/HONORS

1993- Phi Beta Kappa
1994- Cum Laude
1995- Hickney-Peyton Fellowship in International Public Health Studies
1996- Tufts Scholarship
2002- Outstanding Ob/Gyn Resident of the Year

RESEARCH AND PUBLICATIONS

1992- "Expression of D7 gene in Aedes aegypti" Mentor: Dr. Anthony James, Assistant Professor, University of California, Irvine

1995 -"Premature ZP-3 activation in mice" Mentor Dr. Tom Ducibella, Associate Professor, Tufts University School of Medicine, Boston, Massachusetts

1995 - "Timing for post-lumpectomy baseline mammogram" Mentor: Dr. Lawrence Bassett, Professor and Vice Chair, Department of Radiology, University of California, Los Angeles School of Medicine

2001- "Placental pathology in discordant twin growth" Mentor: Dr. Lisa Hollier, President of the Texas Ob/Gyn Association, Assistant Professor, University of Texas, Houston Health Sciences Center

ACTIVITIES/VOLUNTEER

Community Impact
UNICEF
Catholic Big Brother
Depelchin Children's Center
Star of Hope Homeless Shelter

I have acted on the season premiere of the hit TV show ER. I enjoy cooking, tennis, writing, attending the theater, and traveling on my time off.

REFERENCE

Available upon request

To: SCCHA Governing Board

From: Elizabeth Darrow, Chief Executive Officer

Date: May 24, 2012

Subject: Budget - May Revise Highlights and Updates

Deficit has increased from \$9.2B to \$15.7B due to weak revenue, Prop 98 funding, and unsuccessful proposed reductions from the January budget.

Budget assumes Governor's November initiative will pass, to include:

- A temporary increase in personal income tax of wealthiest taxpayers for seven years, and
- Increased sales tax by 0.25% for four years, guaranteeing new revenue to schools. (\$8.5B)

Duals Demonstrations:

- Changed the number of requested counties in the first year to 8 from 10 – moving Sacramento and Contra Costa counties to implementation in 2014.
- The remaining 22 managed care counties will be required to begin Demonstration enrollment in 2014; however, not all of the plans will necessarily be required to participate. If DHCS does not have choice in the county, they may consider an alternative such as voluntary enrollment in the single Demonstration plan.
- The implementation of Long Term Support Services (LTSS) in Medi-Cal managed care will occur with the roll out of the Demonstration – not separately. DHCS intends to integrate the LTSS benefits into managed care with the same start date as the Demonstration (with the exception of CBAS).
- DHCS is maintaining that plans will only coordinate the IHSS benefit with no control over utilization except to increase service hours although plans will be at full risk for the costs.
- The May Revise includes language stating that the 6 month stable enrollment period is required to implement the Demonstration; however, it is not clear if DHCS would drop the Demonstration completely if CMS does not approve the stable enrollment period. DHCS has no "Plan B"
- Rate setting with CMS is moving more slowly than expected leading to the implementation delay to 3/1/13.
- DHCS still plans to send out information to Duals during the October Medicare open enrollment period and then also do a mailing 60 days before enrollment into the Demonstration.
- DHCS is requesting plans do more outreach to the LTSS provider community as they are unfamiliar with managed care.
- DHCS is planning a meeting with the plans and the counties at the end of the month in Sacramento.

IHSS:

- Across the board decrease of authorized hours by 7%, effective August 1, 2012. (Similar to 3.6% across the board reduction that under current law sunsets on July 1, 2012.) Recipients may direct the manner in which the reduction is applied to their services. (Savings \$99M).
- Eliminate domestic and related services for beneficiaries in a shared living arrangement.
- Federal government did not approve IHSS provider tax
- Federal government did not approve making the provision of IHSS services contingent upon certification of Licensed Health Care professional.
- Service hours cut for minors living with an able and available parent. (This section NOT updated in May Revise)

Hospital Fee:

- The state has an approved 30-month extension of the hospital QAF until the end of 2013.
- DHCS intends to keep \$100 million of the funds and retain them for children's health coverage (i.e. General Fund backfill) leaving less money to be passed through to the hospitals.
- This proposal is the only hospital proposal to impact managed care rates.
- DHCS is also hoping to do an additional withhold from the non-designated hospitals Intergovernmental transfer (IGT) funds. *(NOTE: CHA and the hospitals all oppose this proposal.)*

Healthy Families:

- No changes to the transition for all Healthy Families children into Medi-Cal. The time line:
 - 10/1 – Lift and shift of children whose HFP plan is also a Medi-Cal plan.
 - 1/1/13 – Enrollment of children with a HFP plan that is a Medi-Cal plan subcontract.
 - 3/1-6/1/13 – Enrollment of remaining children with no plan connection.
 - 6/1/13 – transition of children in Medi-Cal FFS counties.
- DHCS changed the HFP rate reduction from \$76.86 to \$83.91 to account for the additional cost of mental health services in the Healthy Families program.

Rural Managed Care:

- DHCS received a great deal of interest in the rural expansion even with the aggressive timeline.
- Some responses to the state RFI were county specific; others considered a range of county compositions for expansion.
- DHCS hopes to release an RFP in June and is preparing as such but will not be able to move forward without Legislative approval.

FQHCs:

- No change in the January proposal.
- DHCS still believes that with the administrative changes FQHCs can achieve a 10% reduction in costs due to increased efficiency.
- DHCS believes approval of the FQHC proposal is unlikely.

Co-payments:

- CMS rejected DHCS's prior request for co-payment in Medi-Cal per AB97. Since then, DHCS has been working with CMS to determine what level of co-payments is allowable under federal law.
- The May Revise proposal is to require \$15 co-payments for non-emergency use of the emergency room as well as tiered pharmacy co-payments (\$1 and \$3) based on the drug and method of dispensing. DHCS is still working with CMS on the drug co-payments proposal with the intent to incentivize the use of generics and mail order pharmacy.
- Overall, there must be a clear alternative to the services that are subject to co-payments. For example, the alternative to non-emergency use of the ER is a visit to a primary care provider. CMS will only approve co-payments for services that have an appropriate alternative.
- DHCS will give the plans 60 days to implement any new co-payment proposal.
- Implementation date is set at 1/1/13.

First 5 / Prop 10 Funding:

- Decrease Medi-Cal general fund by \$40M to reflect \$40M provided by First 5 for programs serving children birth through five.

**Santa Clara Family Health Plan Governance Board
Activity Report
May 2012**

Medicare Dual Demonstration

SCFHP has applied for the Medicare Dual Demonstration project. Our application is due May 24, 2012, and the Bid/Benefit package is due June 4, 2012. SCFHP was asked by DHCS and CMS to move forward with the full application even though the demonstration was only awarded to the original four Counties. Including our current dual eligible members enrollment of 6,400, averaging a dual eligible CMS risk score and payment this would equate to approximately an additional \$8 million in monthly gross revenue, if our current membership is enrolled in a Medicare product as of January 1, 2013. This approximate gross revenue projection does not take into account the shared savings model under the dual demonstration. The shared savings model has not been published. The dual eligible members who are already enrolled with SCFHP will be automatically enrolled in the dual demonstration on the first effective day. The remaining duals, approximately 30,000, will be automatically enrolled in SCFHP or Blue Cross if they do not make a choice. Assuming that no beneficiary makes a choice then over the course of a year SCFHP will receive approximately 18,000 additional dual members.

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 culture of Service Excellence. The goal of our Service Excellence program is to develop team spirit and morale, to improve employee engagement and pride 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

Chief Operations Officer Department Dashboard

our organization and core principles. It gives the organization a roadmap of purpose – it spells out its overall goal and it guides decision making.

A series of 4 meetings, scheduled February through June, is currently underway. The first three meetings have had great participation as well as good companywide employee engagement. In the upcoming months the Service Excellence Committee will review the Employee Opinion Survey results and formulate recommendations to address some issues as well as to review the telephone Customer Satisfaction Survey results and formulate recommendations to address member issues.

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 in the fall. SCFHP has engaged BenchmarkPortal to complete the review. BenchmarkPortal 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.

The preparation for the certification started with an operational assessment in late 2010. Since that time, the call center team has worked very hard to implement needed changes to improve our call center operations. The call center now has a call quality monitor program as well as improved training and coaching programs. By providing ongoing education to our call center agents we are able to further improve their ability to address a variety of member inquiries which results in a better experience for members.

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

Member Services Department

- Total inbound queue calls: March 2012 = 13,267 calls (11.9% increase from March 2011 – 11,688)
- Total Time to answer – All languages: March 2012 = 26 seconds (13% increase from March 2011 – 23 seconds)
- Average length of call: 279 seconds English, 260 seconds Spanish, 252 seconds Vietnamese, 144 seconds Provider group;
- Average 254 seconds (Average length of call up 12.6 % from last year - 222 seconds)
- Abandonment Rate: March 2012 = 3.9 % (up from 3.2 % from March 2011)

Chief Operations Officer Department Dashboard

- Total inbound queue calls: April 2012 = 12,234 calls (20% increase from April 2011 – 10,194)
- Total Time to answer – All languages: April 2012 = 31 seconds (6.9% increase from April 2011 – 29 seconds)
- Average length of call: 280 seconds English, 268 seconds Spanish, 248 seconds Vietnamese, 153 seconds Provider group; Average 257 (Average length of call up 14.2 % from last year - 225 seconds)
- Abandonment Rate: April 2012 = 4.6 % (up from 4.5 % from April 2011)

Eligibility and Enrollment Department

Membership Accounting

	March 2012	March 2011	Change
Medi-Cal	114,275	102,954	9.9% increase
Healthy Families	16,964	17,483	3.1% decrease
Healthy Kids	6,369	6,955	9.2% decrease
Agnews	133	134	.8% decrease
Healthy Workers	441	186	58% increase
Total	138,182	127,712	7.6% increase

	April 2012	April 2011	Change
Medi-Cal	115,598	103,788	10.2% increase
Healthy Families	16,983	17,453	2.8 % decrease
Healthy Kids	6,262	6,865	9.6% decrease
Agnews	130	133	2.3 % decrease
Healthy Workers	451	233	48.3 % increase
Total	139,424	128,454	7.9% increase

Chief Operations Officer Department Dashboard

Outreach Department

Applications at Application Assistance Center and Hacienda Office

- **New applications completed:**
 - March 2012: 161 applications for 235 children
 - March 2011: 132 applications for 199 children
 - April 2012: 168 applications for 263 children
 - April 2011: 118 applications for 149 children

- **Renewal applications completed:**
 - March 2012: 165 renewal applications for 261 children
 - March 2011: 155 renewal applications for 282 children
 - April 2012: 132 renewal applications for 228 children
 - April 2011: 97 renewal applications for 153 children

Chief Operations Officer Department Dashboard

Outreach – Application Activity

TOTAL March 2012	Number of New Applications	Number of Children	Plan Selection SCFHP	BC	Kaiser	Status Approved	Status Denied	Status Pending	Status FWD MC
Healthy Kids	46	58	46	0	0	29	1	16	0
Healthy Families	100	155	72	2	26	58	0	37	2
Medi-Cal	9	13	0	0	0	0	0	9	0
Medi-Cal Adult	0	0	0	0	0	0	0	1	0
Kaiser	6	9	0	0	6	0	0	6	0
Total	161	235	118	2	32	87	1	68	2

TOTAL April 2012	Number of New Applications	Number of Children	Plan Selection SCFHP	BC	Kaiser	Status Approved	Status Denied	Status Pending	Status FWD MC
Healthy Kids	56	85	55	0	0	44	3	9	0
Healthy Families	94	150	69	4	20	51	2	40	1
Medi-Cal	15	22	0	0	0	6	0	9	0
Medi-Cal Adult	0	0	0	0	0	0	0	0	0
Kaiser	3	6	0	0	2	0	0	1	0
Total	168	263	124	4	22	101	5	59	1

Chief Operations Officer Department Dashboard

Outreach – Renewal Application Activity

TOTAL March 2012	Number of Renewals	Number of Children	Plan Selection SCFHP	BC	Kaiser	Status Approved	Status Denied	Status Pendin g	Status FWD MC
Healthy Kids	49	64	49	0	0	47	0	2	0
Healthy Families	113	194	91	8	10	59	2	51	1
Medi-Cal	2	2	0	0	0	0	0	2	0
Medi-Cal Adult	0	0	0	0	0	0	0	0	0
Kaiser	1	1	0	0	0	0	0	0	0
Total	165	261	140	8	10	106	2	55	0

TOTAL April 2012	Number of Renewals	Number of Children	Plan Selection SCFHP	BC	Kaiser	Status Approved	Status Denied	Status Pending	Status FWD MC
Healthy Kids	36	53	36	0	0	33	0	3	0
Healthy Families	92	164	74	6	12	56	0	36	0
Medi-Cal	3	9	2	1	0	2	0	1	0
Medi-Cal Adult	0	0	0	0	0	0	0	0	0
Kaiser	1	2	0	0	0	0	0	1	0
Total	132	228	112	7	12	91	0	41	0

Chief Operations Officer Department Dashboard

New and renewal application outcome - Percentage selected SCFHP

	September 2011	October 2011	November 2011	December 2011	January 2012	February 2012	March 2012
New Application	68.6 %	64.9%	73.8 %	66.4%	75.9%	74.3%	73.3%
Renewal Application	86.6 %	86.8 %	84.3 %	83.9%	78.6%	93.5%	84.8%

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

* Does not include Healthy Workers or AGNEWS

	September 2011	October 2011	November 2011	December 2011	January 2012	February 2012	March 2012	April 2012
New Application	68.6 %	64.9%	73.8 %	66.4%	75.9%	74.3%	73.3%	73.8 %
Renewal Application	86.6 %	86.8 %	84.3 %	83.9%	78.6%	93.5%	84.8%	84.8 %

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

* Does not include Healthy Workers or AGNEWS

Chief Operations Officer Department Dashboard

Seniors and Persons with Disabilities (SPD)

- April 2012 Membership total: 11,471
- Health Risk Assessment: 47.8% completed telephonic HRA, 40.0% were sent a letter and 4.2% declined to participate in the telephonic HRA.

Healthy Workers Program

- Total – May 2012
 - 204 Groups
 - 451 Individuals
- New
 - Groups – 5
 - Members – 14 total (12 from new groups; 3 additions to enrolled groups)
- Terms
 - Groups – 1
 - Members – 4 (2 out of the country for extended time; 1 terminated employment; 1 voluntary)

Claims Department

- Four Month Average – 99% paid within 45 days of receipt (97% paid within 45 days same period last year)
- Average claim load of 23,500 claims per month (21,000 same period last year)
- Auto Adjudication average of 66% (53% same period last year)
- Late interest payments average \$1250 per week (This substantial increase was due to a single finding in our DMHC claims financial audit)

Chief Operations Officer Department Dashboard

Pharmacy Department

March 2012

- Prescription type: 86.3 % generic; 13.6 % brand
- Prior Authorizations Activity: 715 Approved; 312 Withdrawn; 3 Denied
- 97% compliant with turn around times
- Pharmacy call stats: 730 calls handled; 97% answered within 60 seconds

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>	76,067	\$2,559,314	104,797	0.7	\$24.42
<i>Healthy Families</i>	3,067	\$83,664	16,949	0.2	\$4.94
<i>Healthy Kids</i>	881	\$35,638	6,457	0.1	\$5.52

April 2012

- Prescription type: 86 % generic; 14 % brand
- Prior Authorizations Activity: 782 Approved; 308 Withdrawn; 0 Denied
- 92 compliant with turn around times
- Pharmacy call stats: 748 calls handled; 97% answered within 60 seconds

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>	83,460	\$2,890,592	106,760	0.8	\$27.08
<i>Healthy Families</i>	2,876	\$81,134	16,983	0.2	\$4.78
<i>Healthy Kids</i>	798	\$36,611	6,282	0.1	\$5.85

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 State's future mandated Quality project is - All Cause Readmission. SCFHP is in the process of formulating an internal process and reporting on this new project. The administration write up is due in July. The basic principle is lowering re-admission within 30 days of an inpatient stay for ages 21-64 excluding pregnancy.

The third Quality project is one of our choosing. SCFHP will choose a project that coincides with HEDIS measures which affects our overall enrollment default rate from the State. This project is due to the State in September 2012.

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 hope to expand this program in the Fall.

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

HEDIS

For the last two years SCFHP met or exceeded minimum performance levels for HEDIS. We are projected to meet or exceed all minimum performance levels this year.

In the five areas that determine our default assignment from the State, as of April 30, our current scores show improvement from last year's score in all five measures. This may go up or down depending on the final audit outcome. Default assignment from the State is any mandatory member that does not select a health plan is defaulted into a health plan. In the two-plan model HEDIS scores determine the default percentage allocated. The plan with the better HEDIS scores receives the higher default percentage. In Santa Clara County, SCFHP has a default enrollment percentage of 59% and our competitor has a default percentage of 41%.

Utilization Management:

Seniors and Persons with Disabilities

SCFHP has 11,471 mandatorily enrolled 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.

- Network 10 and Network 40 have 606 members as of 04/01/12.
- 88 Complex Case Management Cases were open as of 04/1/12.

CareNet 24 Nurse Advise Line

Total Number of Calls: March 2012 = 530

Top Calls by Symptoms in March

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

Chief Operations Officer Department Dashboard

Total Number of Calls: April 2012: 419

Top Calls by Symptoms in April

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

Case Management

In April 2012, SCFHP switched from Interqual to Milliman for our care management system. The reason SCFHP switched to Milliman's Careweb QI system is that Milliman's system is geared more to health plan business. The new system helps medical management track, trend, discharge to home, discharge to SNF, case manage to name a couple of the system modules.

Prior-authorization statistics for March 2012

Prior authorizations – March 2012 Data

Urgency	Under	%	Over	%	Incomplete	%	Total
Routine	423	98%	7	2%	0	0%	430
Urgent	35	100%	0	0%	0	0%	35
Retro	35	100%	0	0%	0	0%	35
TOTAL							500

Prior-authorization statistics for April 2012

Prior authorizations – April 2012 Data

Urgency	Under	%	Over	%	Incomplete	%	Total
Routine	384	98%	7	2%	0	0%	391
Urgent	38	95%	2	5%	0	0%	40
Retro	46	100%	0	0%	0	0%	46
TOTAL							477

Chief Operations Officer Department Dashboard

Provider Services Department

Provider Orientation – Four (4) new provider orientations were conducted

PCP/Specialist Visits – 145 scheduled visits for March and April

The purposes of the visits:

- Education on Electronic Claims
- Providing Claims Provider Dispute Process
- Providing Quick Reference Card
- Providing Influenza Vaccine Rates
- Providing Continuity of Care Policies
- Providing Medical Provider Dispute Process
- Providing Advance Directives Policy
- Providing California Children Services (CCS) Information
- Education on Online Eligibility Verification
- Providing Nurse Advice Line Services

PCP/Specialist Visits – 41 unscheduled visits which included:

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

Facility Site Review (Part C)

- Completed 144 of scheduled visits

Coordinated Continuing Medical Education (CME) on California Children Services (CCS) Program

- 73 physicians and staff attended the CME

Coordinated Continuing Medical Education (CME) on Diabetes

- 87 physicians and staff attended the CME

Chief Operations Officer Department Dashboard

Compliance Department

- Processed 147 Personal Representative Requests in March
- March Grievance and Appeals:
 - a. Total processed = 52
 - b. G&A cases closed by LOB
 - Medi-cal = 26 (SPD cases = 5 of the 26)
 - Healthy Families = 2
 - c. G&A closed cases by Network
 - VHP = 11
 - PMG = 10
 - SCFHP = 3
 - Premier Care = 1
 - Kaiser = 1
 - PAMF = 0
 - d. G&A closed cases by Type
 - Medical appeals = 10
 - Dissatisfaction with services = 11
 - Quality of Care = 2
 - SCFHP complaint = 2
 - Access appoint = 3
- Processed 128 Personal Representative Requests In April
- April Grievance and Appeals:
 - e. Total processed = 71
 - f. G&A cases closed by LOB
 - Medi-cal = 39 (SPD cases = 13 of the 39)
 - Healthy Families = 3
 - g. G&A closed cases by Network
 - VHP = 27
 - PMG = 5
 - SCFHP = 3
 - Premier Care = 3
 - Kaiser = 0
 - PAMF = 4

Chief Operations Officer Department Dashboard

- h. G&A closed cases by Type
 - Medical appeals = 26
 - Dissatisfaction with services = 15
 - Quality of Care = 0
 - SCFHP complaint = 0
 - Access = 1

- Submitted annual Timely Access Filing on March 30 to DMHC. This included the following:
 - a. 60 documents were submitted:
 - 1. Rate of Compliance (25 documents)
 - CMS: 80% compliant (CAP was given on 3/29/11)
 - NT 10: 100% compliant
 - PMG: 100% compliant
 - PAMF: 100% compliant based on ICE 8/30 method
 - Kaiser & VHP may submit their results directly to DMHC because they are Knox Keene licensed plans.

- Submitted SB 946 Autism filing to DMHC. This bill affects Healthy Kids and Healthy Workers. The filing included reporting on the following:
 - Behavioral health treatment plans
 - Qualified Autism providers, professionals, paraprofessionals
 - Provider Availability & Accessibility
 - Referrals Standards
 - Quality of Care
 - Provider Contracts
 - Provider Compensations
 - EOC/Disclosure forms

- Submitted Medi-Cal EOC to DHCS and DMHC with the following new CA legislation that was effective January 1, 2012:
 - b. AB 415 Telehealth: updates the definition of telehealth, prevents limiting the type of setting telehealth may be provided, or requiring in person contact for covered services appropriately provided through telehealth (subject to the terms and conditions of the Plan's contract)
 - c. SB 24 Security breaches: 1) details what information must be included in the breach notification and how to contact major credit agencies if a social security number or driver's license was revealed, 2) requires health plans, insurers and providers to comply with certain federal breach notification requirements; 3) for any breach affecting more than 500 Californians, requires that an electronic copy of the notification be provided to the Attorney General.