

Regular Meeting of the  
**Santa Clara County Health Authority  
 Executive/Finance Committee**

Thursday, May 23, 2019, 11:30 AM - 1:00 PM  
 Santa Clara Family Health Plan, Boardroom  
 6201 San Ignacio Ave, San Jose, CA 95119

Via Teleconference  
 Residence  
 1985 Cowper Street  
 Palo Alto, CA 94301

## AGENDA

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- |  |                |       |       |
|--|----------------|-------|-------|
| <b>1. Roll Call</b>  | Mr. Brownstein | 11:30 | 5 min |
| <b>2. Meeting Minutes</b><br>Review meeting minutes of the May 1, 2019 Executive/Finance Committee.<br><b>Possible Action:</b> Approve May 1, 2019 Executive/Finance Committee Minutes   | Mr. Brownstein | 11:35 | 5 min |
| <b>3. Public Comment</b><br>Members of the public may speak to any item on the agenda; two minutes per speaker. The Executive/Finance Committee reserves the right to limit the duration of the public comment period to 30 minutes.<br><br><b><u>Announcement Prior to Recessing into Closed Session</u></b><br>Announcement that the Executive/Finance Committee will recess into Closed Session to discuss Item 4 below.  | Mr. Brownstein | 11:40 | 5 min |
| <b>4. Adjourn to Closed Session</b>  |                |       | 11:45 |
| <b>a. Existing Litigation</b> (Government Code Section 54956.9(d)(1)):<br>It is the intention of the Executive/Finance Committee to meet in Closed Session to confer with Legal Counsel regarding consolidated cases before the Board Administration of the California Public Employees' Retirement System: <ol style="list-style-type: none"> <li>i. In the Matter of the Appeal Regarding Membership Exclusion of Foundation Employees by Santa Clara County Health Authority (Respondent) and Craig W. Walsh (Respondent) Case Number: CalPERS Case No. 2017-1114; OAH No. 2018051223.</li> </ol> |                |       |       |

- ii. In the Matter of Appeal Regarding Membership Exclusion of Foundation Employees by Santa Clara County Health Authority (Respondent) and Melodie U. Gellman (Respondent) Case Number: CalPERS Case No. 2017-1115; OAH Case No. 2018051029.

- b. **Contract Rates** (Welfare and Institutions Code Section 14087.38(n)): It is the intention of the Executive/Finance Committee to meet in Closed Session to discuss plan partner rates.

<b>5. Report from Closed Session</b>	Mr. Brownstein	12:10	5 min
<b>6. March 2019 Financial Statements</b> Review March 2019 Financial Statements: <b>Possible Action:</b> Approve the March 2019 Financial Statements	Mr. Cameron	12:15	10 min
<b>7. Fiscal Year 2018-2019 Donations and Sponsorships Annual Report</b> Review FY'18'-19 Donations and Sponsorships. <b>Possible Action:</b> Accept FY' 18'-19 Donations and Sponsorships Annual Report	Ms. Tomcala	12:25	5 min
<b>8. Health Homes Program (HHP) Update</b> Discuss status of HHP implementation. <b>Possible Action:</b> Accept Health Homes Program Update	Dr. Nakahira	12:30	10 min
<b>9. Compliance Update</b> Discuss audit activity and corrective action plan progress. <b>Possible Action:</b> Accept Compliance Update	Ms. Larmer	12:40	10 min
<b>10. Network Detection and Prevention Report</b> Review report on firewall intrusion, detection, and prevention efforts. <b>Possible Action:</b> Accept Network Detection and Prevention Report	Mr. Tamayo	12:50	5 min
<b>11. CEO Update</b> Discuss status of current topics and initiatives. <b>Possible Action:</b> Accept CEO Update	Ms. Tomcala	12:55	5 min
<b>12. Adjournment</b>	Mr. Brownstein	1:00	

**Notice to the Public—Meeting Procedures**

- Persons wishing to address the Committee on any item on the agenda are requested to advise the Recorder so that the Chairperson can call on them when the item comes up for discussion.
- The Committee may take other actions relating to the issues as may be determined following consideration of the matter and discussion of the possible action.
- In compliance with the Americans with Disabilities Act, those requiring accommodations in this meeting should notify Rita Zambrano 48 hours prior to the meeting at 408-874-1842.
- To obtain a copy of any supporting document that is available, contact Rita Zambrano at 408-874-1842. Agenda materials distributed less than 72 hours before a meeting can be inspected at the Santa Clara Family Health Plan offices at 6201 San Ignacio Ave, San Jose, CA 95119.
- This agenda and meeting documents are available at [www.scfhp.com](http://www.scfhp.com)



Regular Meeting of the

**Santa Clara County Health Authority  
Executive/Finance Committee**

Wednesday, May 1, 2019, 1:30 PM - 2:30 PM

Santa Clara Family Health Plan, Boardroom

6201 San Ignacio Ave, San Jose, CA 95119

## Minutes - Draft

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### **Members Present**

Bob Brownstein, Chair *(via telephone)*

Dolores Alvarado *(via telephone)*

Liz Kniss

Linda Williams *(via telephone)*

### **Staff Present**

Christine Tomcala, Chief Executive Officer

Dave Cameron, Chief Financial Officer

Robin Larmer, Chief Compliance & Regulatory  
Affairs Officer

Laurie Nakahira, D.O., Chief Medical Officer

Jonathan Tamayo, Chief Information Officer

Laura Watkins, VP, Marketing and Enrollment

Neal Jarecki, Controller

Daniel Welch, Director, Integrated Business  
Solutions

Johanna Liu, Director, Quality & Pharmacy

Jayne Giangreco, Manager, Administrative Services

Rita Zambrano, Executive Assistant

### **1. Roll Call**

Mr. Brownstein, Chair, called the meeting to order at 1:35 pm. Roll call was taken and a quorum was established.

### **2. Meeting Minutes**

The minutes of the February 28, 2019 Executive/Finance Committee were reviewed.

**It was moved, seconded, and the February 28, 2019 Executive/Finance Committee Minutes were unanimously approved.**

### **3. Public Comment**

There were no public comments.

#### 4. February 2019 Financial Statements

Dave Cameron, Chief Financial Officer, presented the February 2019 financial statements, which reflected a current month net surplus of \$824 thousand (\$394 thousand unfavorable to budget) and a fiscal year-to-date surplus of \$10.8 million (\$6.9 million favorable to budget). Enrollment increased 199 members from the prior month to 251,199 members and is within 0.5% of budget. Medi-Cal enrollment has declined since October 2016, Healthy Kids enrollment has increased, and CMC membership has grown modestly due to continued outreach efforts. Revenue reflected a favorable current month variance of \$2.3 million (2.8%) largely due to higher Prop 56 accruals (offset by higher medical expense) and non-dual rate accruals retroactive to July 1. Medical expense reflected an unfavorable current month variance of \$3.0 million (4.0%) due to the combination of increased inpatient, LTC, pharmacy and Prop 56 expenses. Administrative expense reflected an unfavorable current month variance of \$80 thousand (1.8%). Personnel expenses slightly exceeded budget. The balance sheet reflected a Current Ratio of 1.26:1, versus the minimum required by DMHC of 1.0:1. Tangible Net Equity (TNE) of \$188.8 million represented 540.4% of the minimum required by DMHC of \$34.9 million

**It was moved, seconded and the February 2019 Financial Statements were unanimously approved.**

#### 5. Microsoft License Renewal

Daniel Welch, Director of Integrated Business Solutions, presented a proposal to renew the Microsoft Enterprise Software License, noting the current three-year agreement expired March 3, 2019. The new proposed agreement is a three-year term at a cost of \$604,726 (paid annually at a rate of \$201,575), for a total savings of \$67,274 from the prior contract.

**It was moved, seconded, and unanimously approved** to authorize the Chief Executive Officer to negotiate, execute, amend, and terminate a contract with Microsoft in an amount not to exceed \$605,000 for licensing.

*Liz Kniss arrived at 1:47 pm.*

#### 6. Server Infrastructure Upgrade

Mr. Welch presented a proposal to contract with Cisco to upgrade server infrastructure to replace aging equipment and meet anticipated future needs over the next five years. The upgrade includes servers to support all production system environments, the disaster recovery environment in Denver, and phone system servers. ePlus is the Plan's proposed purchasing partner to provide implementation support, including hardware configuration and testing.

**It was moved, seconded, and unanimously approved** to authorize the Chief Executive Officer to negotiate, execute, amend, and terminate contracts with Cisco and ePlus in an amount not to exceed \$660,000 for hardware and implementation.

#### 7. Healthcare Effectiveness Data and Information Set (HEDIS) RFP

Laurie Nakahira, Chief Medical Officer, reported on the RFP process for HEDIS certified engine software and medical record review selection, noting the current contract with Cotiviti ends December 31, 2019. The recommendation is to migrate from the current vendor to new vendors, CitiusTech Inc. (HEDIS Certified Engine Software) for a 3-year contract and Guardian Angel Consulting, Inc. (HEDIS Medical Records Selection) for a 1-year contract. Committee members inquired about Guardian Angel's existing relationship with VMC and the community clinics.

**It was moved, seconded, and unanimously approved** to authorize the Chief Executive Officer to negotiate, execute, amend, and terminate contracts with selected HEDIS vendors in an amount not to \$665,000 for licensing and implementation.

## **8. Collective Medical Technology (CMT) Platform**

Dr. Nakahira discussed a proposal to contract with Collective Medical Technology (CMT) to obtain its software application, which provides a platform to exchange real-time health information. Collective Medical's technologies allow healthcare entities a pathway to exchange protected health information (PHI) between health plans, providers, emergency rooms/hospitals, case management programs, and post-acute care facilities to improve treatment planning, claims adjudication, and health care operations. Anticipated benefits include efficient medical information sharing, real-time patient information for ER and Inpatient utilization, improved coordination of care between case management teams and providers, and improved risk stratification.

**It was moved, seconded, and unanimously approved** to authorize the Chief Executive Officer to negotiate, execute, amend, and terminate a contract with Collective Medical Technology in an amount not to exceed \$250,000 for licensing, implementation, and training.

## **9. Annual Investment Policy Review**

Mr. Cameron presented a report from Sperry Capital, Inc., which was contracted to conduct the annual review of the Plan's investment policy. The report includes no revisions to the investment policy, last approved in April 2018. Sperry recommended pursuing additional diversification of investments, which the Plan is pursuing.

**It was moved, seconded, and the Investment Policy Review was unanimously accepted.**

Mr. Brownstein recommended moving agenda Item 12, Compliance Update, to immediately follow Item 9, Annual Investment Policy Review, to ensure a quorum was available for the remaining items.

## **10. Compliance Update**

Robin Larmer, Chief Compliance and Regulatory Affairs Officer, discussed the 2018 CMS Program Audit noting the Plan submitted Corrective Action Plans (CAPs) for each of the CARs, and on February 1, 2019, all CAPs were deemed reasonable and accepted by CMS. (ICARS were previously submitted to and accepted by CMS).

Audit protocol requires the Plan to engage an independent validation audit firm (IVA) to validate the Plan's corrections of the Conditions cited in the report. A draft audit work plan that lays out the processes and timeframes the validation auditor will use was submitted to CMS. The IVA will be much like the CMS program audit, except the auditors will only audit to verify the deficiencies have been corrected.

Due to concerns with the Beacon implementation workaround processes, the Plan requested an extension of the remediation period to allow for a later clean date (the beginning date from which all conditions will be tested). CMS granted the extension. The independent validation auditor's report and CEO's attestation that all Conditions have been corrected must be submitted to CMS by September 30, 2019.

Ms. Larmer also noted some general areas of concern, including staffing, and in particular the ability of staff to sustain the effort required to manage CMS Program Audit remediation along with the demands of simultaneous, multiple state audits and daily work. Ms. Larmer also noted difficulty finding an independent audit firm to conduct the mandatory Compliance Program Effectiveness audit.

**It was moved, seconded, and the Compliance Update was unanimously accepted.**

## 11. Approval of Finance Policies

The Finance Department has eleven policies and approximately sixty procedures documenting key processes. Policies require Board or Committee review and approval. Two of the eleven policies have already been approved – the Cash Disbursements Policy was approved by the Board in December, and no change was warranted to the Investment Policy reviewed in the preceding agenda item.

**It was moved, seconded, and unanimously approved** to approve the following Finance Policies —

- FA.01 General
- FA.02 Cash & Cash Receipts
- FA.04 Accounts Receivable & Revenue
- FA.05 Payroll & Employee Expenses
- FA.06 Fixed Assets & Depreciation Expense
- FA.08 Treasury & Debt
- FA.09 Financial Close & Reporting
- FA.10 Medical Expense & IBNP
- FA.11 Healthcare Economics

## 12. Member Retention Plan

The Member Retention Plan discussion was deferred to the June Governing Board meeting.

## 13. Adjournment

The meeting was adjourned at 2:37 pm.

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Robin Larmer, Secretary





**Santa Clara Family  
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Unaudited Financial Statements  
For The Nine Months Ended March 31, 2019

# Agenda



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## Financial Highlights



	<u>MTD</u>		<u>YTD</u>	
Revenue	\$89 M		\$770 M	
Medical Expense (MLR)	\$83 M	93.6%	\$718 M	93.3%
Administrative Expense (% Rev)	\$4.5 M	5.0%	\$41.7 M	5.4%
Other Income/Expense	\$520,278		\$2,292,012	
<b>Net Surplus (Loss)</b>	<b>\$1,740,431</b>		<b>\$12,502,346</b>	
Cash on Hand			\$350 M	
Receivables			\$522 M	
Total Current Assets			\$879 M	
Current Liabilities			\$717 M	
Current Ratio			1.22	
Tangible Net Equity			\$191 M	
% of DMHC Requirements			<b>546.5%</b>	

# Financial Highlights



<b>Net Surplus (Loss)</b>	<ul style="list-style-type: none"> <li>▶ Month: Surplus of \$1.7M is \$0.5M or 44.8% favorable to budget of \$1.2M.</li> <li>▶ YTD: Surplus of \$12.5M is \$7.5M or 147.5% favorable to budget of \$5.1M.</li> </ul>
<b>Enrollment</b>	<ul style="list-style-type: none"> <li>▶ Month: Membership was 251,068 (1,491 or 0.6% favorable budget of 249,577).</li> <li>▶ YTD: Member months were 2.3M (3,227 or 0.1% favorable budget of 2.3M).</li> </ul>
<b>Revenue</b>	<ul style="list-style-type: none"> <li>▶ Month: \$89.1M (\$8.7M or 10.8% favorable to budget of \$80.4M)</li> <li>▶ YTD: \$770.1M (\$42.8M or 5.9% favorable to budget of \$727.3M)</li> </ul>
<b>Medical Expenses</b>	<ul style="list-style-type: none"> <li>▶ Month: \$83.4M (\$8.8M or 11.7% unfavorable to budget of \$74.7M)</li> <li>▶ YTD: \$718.2M (\$39.1M or 5.8% unfavorable to budget of \$679.2M)</li> </ul>
<b>Administrative Expenses</b>	<ul style="list-style-type: none"> <li>▶ Month: \$4.5M (\$2.3K or 0.1% unfavorable to budget of \$4.5M)</li> <li>▶ YTD: \$41.7M (\$0.6M or 1.5% favorable to budget of \$42.3M)</li> </ul>
<b>Tangible Net Equity</b>	<ul style="list-style-type: none"> <li>▶ TNE was \$190.5M (546.5% of minimum DMHC requirements of \$34.9M)</li> </ul>
<b>Capital Expenditures</b>	<ul style="list-style-type: none"> <li>▶ YTD Capital Investment of \$5.7M vs. \$10.9M annual budget was primarily due to building renovations.</li> </ul>



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Detail Analyses

# Enrollment



- Total enrollment has decreased since June 30, 2018 by 8,407 or 3.2%, in line with budgeted expectation.
- As detailed on page 7, much of the Medi-Cal enrollment decline has been in the Medi-Cal Non-Dual Child, Adult and Adult Expansion categories of aid. Medi-Cal Dual enrollment has been stable while CMC enrollment has grown due to outreach efforts.
- FY19 Membership Trends:
  - Medi-Cal membership has decreased since the beginning of the fiscal year by 3.6%. Over the past 12 months, membership has decreased 5.2%.
  - CMC membership increased since the beginning of the fiscal year by 5.1%. Over the past 12 months, membership has increased 6.4%.
  - Healthy Kids membership increased since the beginning of the fiscal year by 4.8%. Over the past 12 months, membership has decreased 2.0%.

Santa Clara Family Health Plan Enrollment Summary									
	For the Month of March 2019			For Nine Months Ending March 31 2019				Prior Year	Δ
	Actual	Budget	Variance	Actual	Budget	Variance	Variance (%)	Actuals	FY18 vs. FY19
Medi-Cal	239,836	238,848	0.4%	2,190,024	2,190,443	(419)	(0.0%)	2,323,643	(5.8%)
Cal Medi-Connect	7,884	7,795	1.1%	69,032	68,715	317	0.5%	66,592	3.7%
Healthy Kids	3,348	2,934	14.1%	29,625	26,296	3,329	12.7%	24,424	21.3%
<b>Total</b>	<b>251,068</b>	<b>249,577</b>	<b>0.6%</b>	<b>2,288,681</b>	<b>2,285,454</b>	<b>3,227</b>	<b>0.1%</b>	<b>2,414,659</b>	<b>(5.2%)</b>

Santa Clara Family Health Plan Enrollment By Network March 2019								
Network	Medi-Cal		CMC		Healthy Kids		Total	
	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total
Direct Contract Physicians	30,165	13%	7,884	100%	390	12%	38,439	15%
SCVHHS <sup>1</sup> , Safety Net Clinics, FQHC <sup>2</sup> Clinics	119,376	50%	-	0%	1,455	43%	120,831	48%
Palo Alto Medical Foundation	6,984	3%	-	0%	82	2%	7,066	3%
Physicians Medical Group	42,996	18%	-	0%	1,169	35%	44,165	18%
Premier Care	14,873	6%	-	0%	252	8%	15,125	6%
Kaiser	25,442	11%	-	0%	-	0%	25,442	10%
<b>Total</b>	<b>239,836</b>	<b>100%</b>	<b>7,884</b>	<b>100%</b>	<b>3,348</b>	<b>100%</b>	<b>251,068</b>	<b>100%</b>
Enrollment at June 30, 2018	248,776		7,503		3,196		259,475	
Net Δ from Beginning of FY19	-3.6%		5.1%		4.8%		-3.2%	

<sup>1</sup> SCVHHS = Santa Clara Valley Health & Hospital System

<sup>2</sup> FQHC = Federally Qualified Health Center

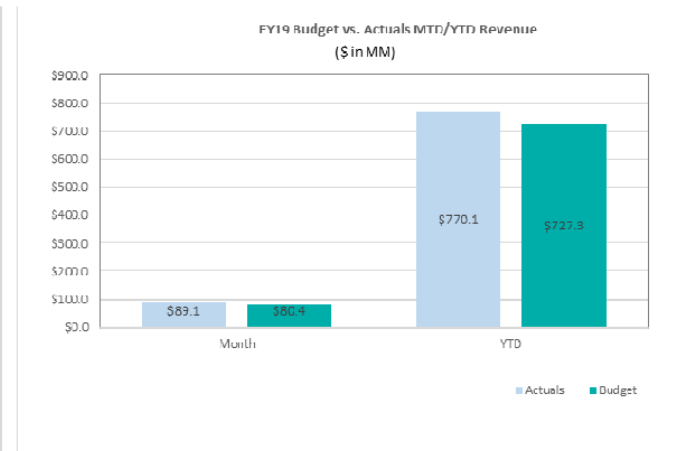
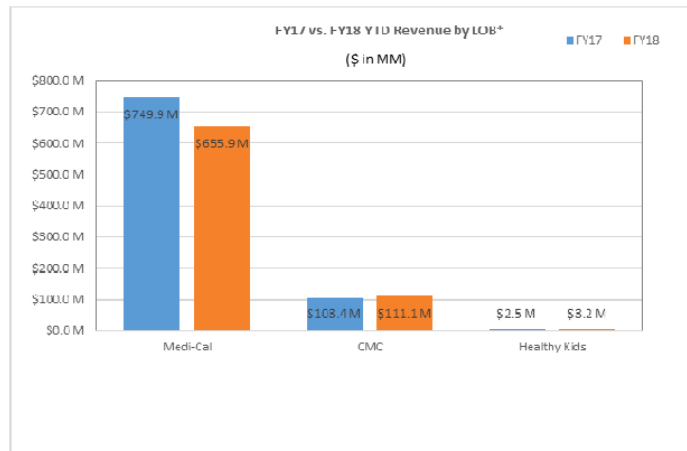
# Enrollment By Aid Category

SCFHP TRENDED ENROLLMENT BY COA YTD MAR-19

		2018-03	2018-04	2018-05	2018-06	2018-07	2018-08	2018-09	2018-10	2018-11	2018-12	2019-01	2019-02	2019-03
<b>NON DUAL</b>	Adult (over 19)	27,465	27,359	27,351	27,185	27,001	26,652	26,568	26,354	26,213	26,175	25,954	25,846	25,772
	Adult (under 19)	101,197	100,606	100,449	100,238	99,369	98,316	98,255	97,518	96,830	96,330	95,155	95,177	95,286
	Aged - Medi-Cal Only	10,906	10,924	10,891	10,963	10,909	10,815	10,887	10,869	10,887	10,923	10,901	10,963	10,934
	Disabled - Medi-Cal Only	10,786	10,801	10,750	10,750	10,742	10,679	10,635	10,611	10,624	10,631	10,629	10,579	10,558
	Adult Expansion	76,985	76,677	74,319	74,292	74,261	73,971	73,959	73,601	73,398	73,186	72,075	72,223	72,143
	BCCTP	15	15	15	13	13	14	13	12	11	11	9	9	8
	Long Term Care	353	358	370	384	382	384	387	379	377	372	371	376	375
	<b>Total Non-Duals</b>	<b>227,707</b>	<b>226,740</b>	<b>224,145</b>	<b>223,824</b>	<b>222,676</b>	<b>220,831</b>	<b>220,703</b>	<b>219,343</b>	<b>218,340</b>	<b>217,628</b>	<b>215,093</b>	<b>215,173</b>	<b>215,076</b>
<b>DUAL</b>	Adult (21 Over)	416	401	397	393	387	385	382	385	390	379	373	376	367
	Aged (21 Over)													
	Disabled (21 Over)	23,312	22,969	23,064	22,811	22,919	22,928	22,984	22,963	22,897	22,893	22,765	22,728	22,712
	Adult Expansion	470	451	421	451	455	485	521	533	538	586	556	529	479
	BCCTP	2	2	2	2	2	2	2	1	1	1	2	1	1
	Long Term Care	1,118	1,117	1,159	1,295	1,316	1,323	1,292	1,268	1,233	1,208	1,209	1,203	1,201
	<b>Total Duals</b>	<b>25,318</b>	<b>24,940</b>	<b>25,043</b>	<b>24,952</b>	<b>25,079</b>	<b>25,123</b>	<b>25,181</b>	<b>25,150</b>	<b>25,059</b>	<b>25,067</b>	<b>24,905</b>	<b>24,837</b>	<b>24,760</b>
<b>Total Medi-Cal</b>	<b>253,025</b>	<b>251,680</b>	<b>249,188</b>	<b>248,776</b>	<b>247,755</b>	<b>245,954</b>	<b>245,884</b>	<b>244,493</b>	<b>243,399</b>	<b>242,695</b>	<b>239,998</b>	<b>240,010</b>	<b>239,836</b>	
<b>Healthy Kids</b>	<b>3,415</b>	<b>3,454</b>	<b>3,220</b>	<b>3,196</b>	<b>3,278</b>	<b>3,187</b>	<b>3,163</b>	<b>3,217</b>	<b>3,460</b>	<b>3,345</b>	<b>3,252</b>	<b>3,375</b>	<b>3,348</b>	
<b>CMC</b>	CMC Non-Long Term Care	7,153	7,194	7,203	7,275	7,302	7,318	7,386	7,383	7,407	7,484	7,540	7,616	7,680
	CMC - Long Term Care	256	241	237	228	221	222	214	218	218	211	210	198	204
	<b>Total CMC</b>	<b>7,409</b>	<b>7,435</b>	<b>7,440</b>	<b>7,503</b>	<b>7,523</b>	<b>7,540</b>	<b>7,600</b>	<b>7,601</b>	<b>7,625</b>	<b>7,695</b>	<b>7,750</b>	<b>7,814</b>	<b>7,884</b>
<b>Total Enrollment</b>	<b>263,849</b>	<b>262,569</b>	<b>259,848</b>	<b>259,475</b>	<b>258,556</b>	<b>256,681</b>	<b>256,647</b>	<b>255,311</b>	<b>254,484</b>	<b>253,735</b>	<b>251,000</b>	<b>251,199</b>	<b>251,068</b>	

# Revenue

- Current month revenue of \$89.1M is \$8.7M or 10.8% favorable to budget of \$80.4M. YTD revenue of \$770.1M is \$42.8M or 5.9% favorable to budget of \$727.3M. This month's variances were due to several factors including:
  - Additional MLTSS rate accrual for January to June 2018 yielded a favorable variance of \$4M.
  - Proposition 56 increased revenue by \$1.8M (with an offsetting increase to medical expense).
  - Non-Dual revenue was higher than budget by \$1.4M due to a higher enrollment.
  - Behavioral Health (BHT) and Hep-C volumes were higher than budget resulting in a \$600K favorable variance.



	FY17 vs. FY18 YTD Revenue by LOB*			Variance	
	FY17	FY18	Variance		
Medi-Cal	\$749.9 M	\$655.9 M	(\$94.0 M)	-12.5%	
CMC	\$103.4 M	\$111.1 M	\$7.7 M	7.4%	
Healthy Kids	\$2.5 M	\$3.2 M	\$0.6 M	24.8%	
<b>Total Revenue</b>	<b>\$855.8 M</b>	<b>\$770.1 M</b>	<b>(\$78.0 M)</b>	<b>-9.1%</b>	

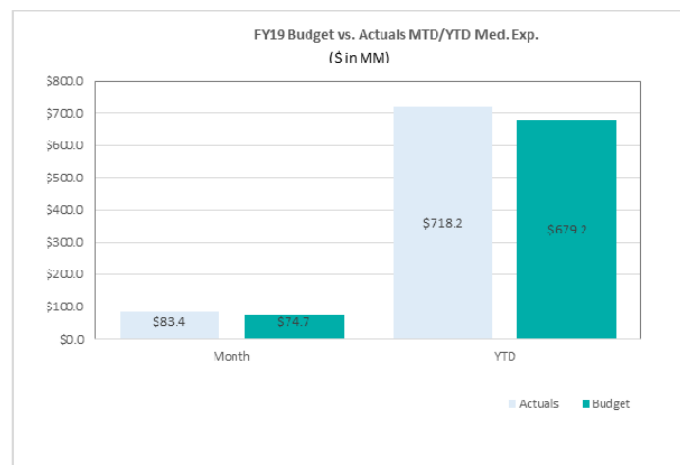
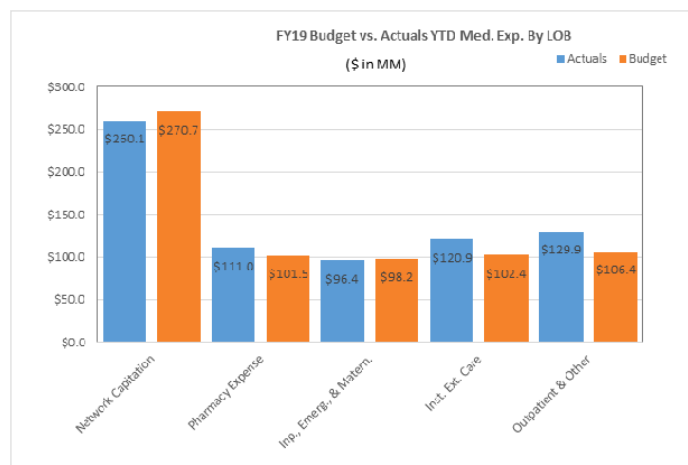
	FY19 Budget vs. Actuals MTD/YTD Revenue			Variance	
	Actuals	Budget	Variance		
Month	\$89.1	\$80.4	\$8.7	10.8%	
YTD	\$770.1	\$727.3	\$42.8	5.9%	

\*IHSS was included in FY18 revenue through 12/31/17



# Medical Expense

- Current month medical expense of \$83.4M is \$8.8M or 11.7% unfavorable to budget of \$74.7M. YTD medical expense of \$718.2M is \$39.1M or 5.8% unfavorable to budget of \$679.2M. The current month variances were due to a variety of factors, including:
  - Inpatient and LTC expenses in excess of budget yielded an unfavorable variance of \$3.9M.
  - Proposition 56 increased medical expense by \$1.8M (with offsetting an increase to revenue).
  - Pharmacy costs exceeded budget by \$3.1M due to increased utilization, higher specialty drug costs and increased branded usage.



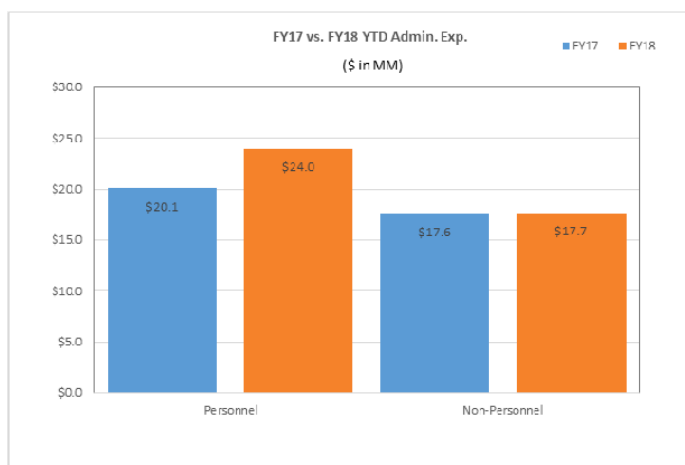
	FY19 Budget vs. Actuals YTD Med. Exp. By LOB			
	Actuals	Budget	Variance	
Network Capitation	\$260.1	\$270.7	\$10.6	4.1%
Pharmacy	\$111.0	\$101.5	-\$9.5	-8.5%
Inp., Emerg., & Matern.	\$96.4	\$98.2	\$1.8	1.9%
Inst. Ext. Care	\$120.9	\$102.4	-\$18.5	-15.3%
Outpatient & Other	\$129.9	\$106.4	-\$23.5	-18.1%
<b>Total Medical Expense</b>	<b>\$718.2</b>	<b>\$679.2</b>	<b>-\$39.1</b>	<b>-5.4%</b>

	FY19 Budget vs. Actuals MTD/YTD Med. Exp.			
	Actuals	Budget	Variance	
Month	\$83.4	\$74.7	\$8.8	11.7%
YTD	\$718.2	\$679.2	\$39.1	5.8%

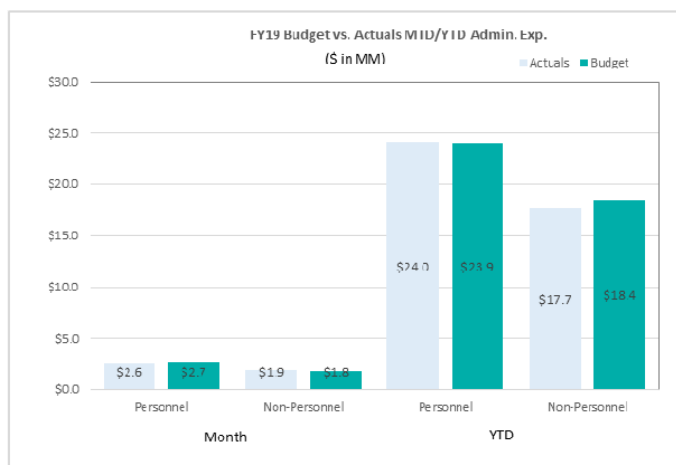
\*IHSS was included in medical expense through 12/31/17

# Administrative Expense

- Current month admin expense of \$4.5M is \$2.3K or 0.1% unfavorable to budget of \$4.5M. YTD admin expense of \$41.7M is \$600K or 1.5% favorable to budget of \$42.3M. The current month variances were due to a variety of factors, including:
  - Personnel expenses were \$76K or 2.8% favorable to budget due to the timing of hiring staff.
  - Unbudgeted expenses related to the CMC program and data validation audits resulted in an unfavorable variance of \$202K.
  - Printing and advertising are favorable to the YTD budget by \$477K due to timing of expenses.



	FY17 vs. FY18 YTD Admin. Exp.			Variance	
	FY17	FY18			
Personnel	\$20.1	\$24.0	\$3.9	19.5%	
Non-Personnel	\$17.6	\$17.7	\$0.0	0.1%	
<b>Total Administrative Expense</b>	<b>\$37.7</b>	<b>\$41.7</b>	<b>\$3.9</b>	<b>10.4%</b>	



		FY19 Budget vs. Actuals MTD/YTD Admin. Exp.			
		Actuals	Budget	Variance	
Month	Personnel	\$2.6	\$2.7	\$0.1	2.8%
	Non-Personnel	\$1.9	\$1.8	-\$0.1	-4.4%
	<b>MTD Total</b>	<b>\$4.5</b>	<b>\$4.5</b>	<b>\$0.0</b>	<b>-0.1%</b>
YTD	Personnel	\$24.0	\$23.9	-\$0.1	-0.4%
	Non-Personnel	\$17.7	\$18.4	\$0.7	3.9%
	<b>YTD Total</b>	<b>\$41.7</b>	<b>\$42.3</b>	<b>\$0.6</b>	<b>1.5%</b>

# Balance Sheet



- Current assets totaled \$878.8M compared to current liabilities of \$717.5M, yielding a current ratio (Current Assets/Current Liabilities) of 1.22:1 vs. the DMHC minimum requirement of 1.0:1.
- Cash as of March 31, 2019 increased by \$125.7M compared to the cash balance as of year-end June 30, 2018.
- Current Cash & Equivalent components and yields were as follows:

Description	Month-End Balance	Current Yield %	Interest Earned	
			Month	YTD
<b>Short-Term Investments</b>				
County of Santa Clara Comingled Pool	\$78,538,319	1.95%	\$183,452	\$1,094,023
<b>Cash &amp; Equivalents</b>				
Bank of the West Money Market	\$283,327	1.34%	\$19,502	\$78,860
Wells Fargo Bank Accounts	\$270,766,078	2.27%	\$432,103	\$2,286,014
	\$271,049,405		\$451,605	\$2,364,874
<b>Assets Pledged to DMHC</b>				
Restricted Cash	\$305,350	0.42%	\$0	\$335
Petty Cash	\$500	0.00%	\$0	\$0
<b>Total Cash &amp; Equivalents</b>	<b>\$349,893,574</b>		<b>\$635,057</b>	<b>\$3,459,232</b>

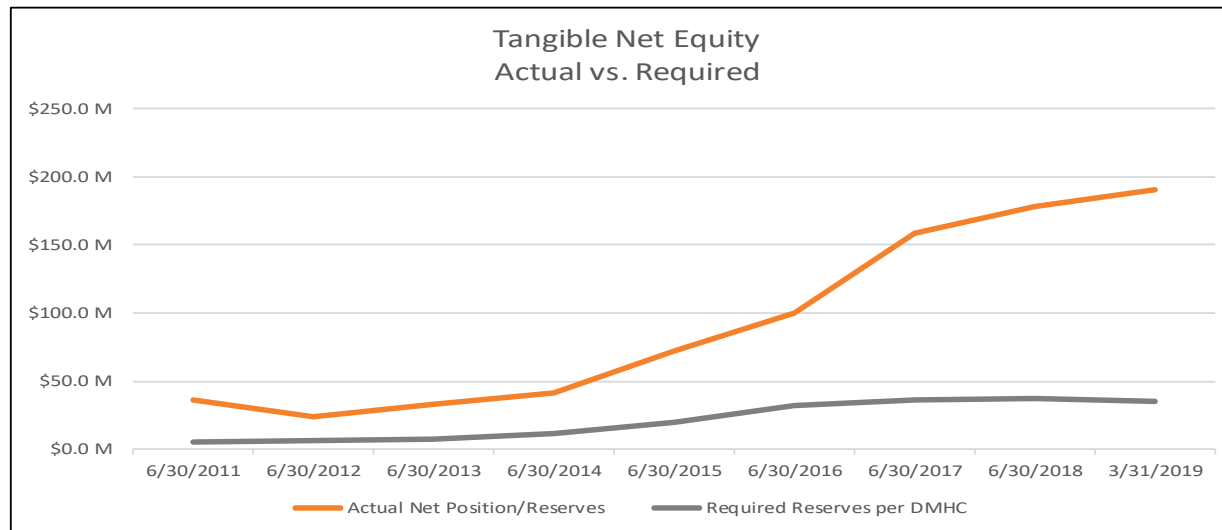
# Tangible Net Equity



- TNE was \$190.5M or 546.5% of the most recent quarterly DMHC minimum requirement of \$34.9M.
- TNE trends for SCFHP are shown below.

**Santa Clara Health Authority  
Tangible Net Equity - Actual vs. Required  
As of: March 31, 2019**

	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	3/31/2019
<b>Actual Net Position/Reserves</b>	\$36.1 M	\$24.2 M	\$32.6 M	\$40.9 M	\$72.6 M	\$100.3 M	\$158.4 M	\$178.0 M	\$190.5 M
<b>Required Reserves per DMHC</b>	\$5.0 M	\$5.9 M	\$7.8 M	\$11.4 M	\$19.3 M	\$32.4 M	\$35.9 M	\$36.8 M	\$34.9 M
<b>200% of Required Reserve</b>	\$10.0 M	\$11.8 M	\$15.6 M	\$22.9 M	\$38.5 M	\$64.8 M	\$71.8 M	\$73.6 M	\$69.7 M
<b>Actual as % Required</b>	722.5%	410.2%	418.5%	357.5%	376.9%	309.8%	441.2%	483.4%	546.5%



# Reserves Analysis



<b>SCFHP RESERVES ANALYSIS March 2019</b>	
<b>Financial Reserve Target #1: Tangible Net Equity</b>	
Actual TNE	190,518,209
Current Required TNE	<u>34,858,924</u>
<b>Excess TNE</b>	<b>155,659,285</b>
Required TNE %	546.5%
<b>SCFHP Target TNE Range:</b>	
350% of Required TNE (Low)	122,006,232
500% of Required TNE (High)	<u>174,294,618</u>
<b>TNE Above/(Below) SCFHP Low Target</b>	<b><u>\$68,511,976</u></b>
<b>TNE Above/(Below) High Target</b>	<b><u>\$16,223,591</u></b>
<b>Financial Reserve Target #2: Liquidity</b>	
Cash & Cash Equivalents	349,893,574
Less Pass-Through Liabilities	
Other Pass-Through Liabilities	<u>(17,205,579)</u>
<b>Total Pass-Through Liabilities</b>	<b>(17,205,579)</b>
Net Cash Available to SCFHP	<u>\$332,687,995</u>
SCFHP Target Liability	
45 Days of Total Operating Expense	(120,210,934)
60 Days of Total Operating Expense	<u>(160,281,245)</u>
Liquidity Above/(Below) SCFHP Low Target	<b><u>\$212,477,061</u></b>
Liquidity Above/(Below) High Target	<b><u>\$172,406,750</u></b>

In December 2018, the Governing Board established a Board Discretionary Fund of \$2.2M. The specific projects/recipients have yet to be determined.

Other Pass-Through Liabilities include Prop 56 and other payables to providers.

## Capital Expenditures

- YTD Capital investments of \$6M, largely to complete the renovation of the new building, were comprised of the following:

<b>Expenditure</b>	<b>YTD Actual</b>	<b>Annual Budget</b>
Building	\$4,941,770	\$ 7,874,631 *
Systems	0	925,000
Hardware	380,953	1,550,000
Software	344,225	593,000
Furniture and Fixtures	0	0
Automobile	0	0
Leasehold Improvements	0	0
<b>TOTAL</b>	<b>\$5,666,948</b>	<b>\$10,942,631</b>

*\* Includes FY18 budget rollover of \$6,628,131*

The timing of certain I.T. expenses has been delayed to later in the current fiscal year or possibly into the next fiscal year.



**Santa Clara Family  
Health Plan™**

Financial Statements

# Income Statement



Santa Clara County Health Authority												
Income Statement for Nine Months Ending March 31, 2019												
	Current Month						Fiscal Year To Date					
	Actuals	% of Rev	Budget	% of Rev	Variance	% Var	Actuals	% of Rev	Budget	% of Rev	Variance	% Var
<b>REVENUE</b>												
MEDI-CAL	\$ 76,119,382	85.4%	\$ 67,691,264	84.1%	\$ 8,428,118	12.5%	\$ 655,876,593	85.2%	\$ 616,649,817	84.8%	\$ 39,226,776	6.4%
CAL MEDI-CONNECT:												
CMC MEDI-CAL	2,461,846	2.8%	2,569,955	3.2%	(108,109)	-4.2%	21,582,941	2.8%	22,654,840	3.1%	(1,071,899)	-4.7%
CMC MEDICARE	10,189,139	11.4%	9,878,470	12.3%	310,669	3.1%	89,492,451	11.6%	85,274,776	11.7%	4,217,675	4.9%
TOTAL CMC	12,650,985	14.2%	12,448,426	15.5%	202,559	1.6%	111,075,393	14.4%	107,929,616	14.8%	3,145,776	2.9%
HEALTHY KIDS	362,251	0.4%	304,843	0.4%	57,408	18.8%	3,164,641	0.4%	2,732,154	0.4%	432,487	15.8%
<b>TOTAL REVENUE</b>	<b>\$ 89,132,618</b>	<b>100.0%</b>	<b>\$ 80,444,532</b>	<b>100.0%</b>	<b>\$ 8,688,086</b>	<b>10.8%</b>	<b>\$ 770,116,626</b>	<b>100.0%</b>	<b>\$ 727,311,587</b>	<b>100.0%</b>	<b>\$ 42,805,039</b>	<b>5.9%</b>
<b>MEDICAL EXPENSE</b>												
MEDI-CAL	\$ 70,433,620	79.0%	\$ 62,918,811	78.2%	\$ (7,514,809)	-11.9%	\$ 607,859,148	78.9%	\$ 575,630,297	79.1%	\$ (32,228,851)	-5.6%
CAL MEDI-CONNECT:												
CMC MEDI-CAL	2,903,123	3.3%	2,254,022	2.8%	(649,101)	-28.8%	22,982,811	3.0%	19,869,807	2.7%	(3,113,004)	-15.7%
CMC MEDICARE	9,726,690	10.9%	9,216,085	11.5%	(510,605)	-5.5%	84,545,823	11.0%	81,211,455	11.2%	(3,334,368)	-4.1%
TOTAL CMC	12,629,813	14.2%	11,470,107	14.3%	(1,159,706)	-10.1%	107,528,634	14.0%	101,081,262	13.9%	(6,447,373)	-6.4%
HEALTHY KIDS	354,382	0.4%	274,561	0.3%	(79,821)	-29.1%	2,851,841	0.4%	2,460,759	0.3%	(391,082)	-15.9%
<b>TOTAL MEDICAL EXPENSES</b>	<b>\$ 83,417,816</b>	<b>93.6%</b>	<b>\$ 74,663,480</b>	<b>92.8%</b>	<b>\$ (8,754,335)</b>	<b>-11.7%</b>	<b>\$ 718,239,623</b>	<b>93.3%</b>	<b>\$ 679,172,318</b>	<b>93.4%</b>	<b>\$ (39,067,305)</b>	<b>-5.8%</b>
<b>MEDICAL OPERATING MARGIN</b>	<b>\$ 5,714,802</b>	<b>6.4%</b>	<b>\$ 5,781,052</b>	<b>7.2%</b>	<b>\$ (66,250)</b>	<b>-0.8%</b>	<b>\$ 51,877,003</b>	<b>6.7%</b>	<b>\$ 48,139,269</b>	<b>6.6%</b>	<b>\$ 3,737,734</b>	<b>8.7%</b>
<b>ADMINISTRATIVE EXPENSE</b>												
SALARIES AND BENEFITS	\$ 2,630,200	3.0%	\$ 2,706,686	3.4%	\$ 76,486	2.8%	\$ 24,009,727	3.1%	\$ 23,925,642	3.3%	\$ (84,085)	-0.4%
RENTS AND UTILITIES	17,682	0.0%	17,611	0.0%	(71)	-0.4%	374,208	0.0%	406,059	0.1%	31,851	7.8%
PRINTING AND ADVERTISING	36,449	0.0%	43,150	0.1%	6,701	15.5%	731,721	0.1%	1,208,350	0.2%	476,629	39.4%
INFORMATION SYSTEMS	240,625	0.3%	226,473	0.3%	(14,152)	-6.2%	1,725,066	0.2%	2,038,258	0.3%	313,192	15.4%
PROF FEES/CONSULTING/TEMP STAFFING	1,003,533	1.1%	801,472	1.0%	(202,061)	-25.2%	9,697,562	1.3%	8,029,138	1.1%	(1,668,424)	-20.8%
DEPRECIATION/INSURANCE/EQUIPMENT	369,122	0.4%	457,566	0.6%	88,444	19.3%	3,315,626	0.4%	4,158,597	0.6%	842,971	20.3%
OFFICE SUPPLIES/POSTAGE/TELEPHONE	105,807	0.1%	117,005	0.1%	11,198	9.6%	794,198	0.1%	1,336,187	0.2%	541,989	40.6%
MEETINGS/TRAVEL/DUES	80,447	0.1%	104,546	0.1%	24,100	23.1%	777,752	0.1%	971,013	0.1%	193,261	19.9%
OTHER	10,785	0.0%	17,804	0.0%	7,019	39.4%	240,809	0.0%	229,819	0.0%	(10,989)	-4.8%
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>\$ 4,494,649</b>	<b>5.0%</b>	<b>\$ 4,492,313</b>	<b>5.6%</b>	<b>\$ (2,336)</b>	<b>-0.1%</b>	<b>\$ 41,666,669</b>	<b>5.4%</b>	<b>\$ 42,303,063</b>	<b>5.8%</b>	<b>\$ 636,394</b>	<b>1.5%</b>
<b>OPERATING SURPLUS (LOSS)</b>	<b>\$ 1,220,153</b>	<b>1.4%</b>	<b>\$ 1,288,738</b>	<b>1.6%</b>	<b>\$ (68,585)</b>	<b>-5.3%</b>	<b>\$ 10,210,334</b>	<b>1.3%</b>	<b>\$ 5,836,206</b>	<b>0.8%</b>	<b>\$ 4,374,128</b>	<b>74.9%</b>
<b>OTHER INCOME/EXPENSE</b>												
GASB 45 - POST EMPLOYMENT BENEFITS EXPENSE	(59,780)	-0.1%	(59,780)	-0.1%	0	0.0%	(538,017)	-0.1%	(538,020)	-0.1%	3	0.0%
GASB 68 - UNFUNDED PENSION LIABILITY	(75,000)	-0.1%	(75,000)	-0.1%	-	0.0%	(675,000)	-0.1%	(675,000)	-0.1%	-	0.0%
INTEREST & OTHER INCOME	655,058	0.7%	47,605	0.1%	607,453	1276.0%	3,505,029	0.5%	428,445	0.1%	3,076,584	718.1%
<b>OTHER INCOME/EXPENSE</b>	<b>520,278</b>	<b>0.6%</b>	<b>(87,175)</b>	<b>-0.1%</b>	<b>607,453</b>	<b>-696.8%</b>	<b>2,292,012</b>	<b>0.3%</b>	<b>(784,575)</b>	<b>-0.1%</b>	<b>3,076,587</b>	<b>-392.1%</b>
<b>NET SURPLUS (LOSS)</b>	<b>\$ 1,740,431</b>	<b>2.0%</b>	<b>\$ 1,201,563</b>	<b>1.5%</b>	<b>\$ 538,868</b>	<b>44.8%</b>	<b>\$ 12,502,346</b>	<b>1.6%</b>	<b>\$ 5,051,631</b>	<b>0.7%</b>	<b>\$ 7,450,716</b>	<b>147.5%</b>



# Balance Sheet

SANTA CLARA COUNTY HEALTH AUTHORITY  
For the Nine Months Ending March 31, 2019



	March 2019	February 2019	January 2019	June 2018
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Marketable Securities	\$349,893,574	\$270,810,416	\$206,033,993	\$224,156,209
Receivables	521,781,883	492,373,644	550,751,893	493,307,425
Prepaid Expenses and Other Current Assets	7,163,561	7,358,731	8,648,220	7,024,982
<b>Total Current Assets</b>	<b>878,839,018</b>	<b>770,542,791</b>	<b>765,434,106</b>	<b>724,488,615</b>
<b>Long Term Assets</b>				
Property and Equipment	43,486,597	43,382,948	43,842,601	38,579,130
Accumulated Depreciation	(16,404,608)	(16,084,786)	(16,511,470)	(14,309,761)
Total Long Term Assets	27,081,988	27,298,162	27,331,131	24,269,369
<b>Total Assets</b>	<b>905,921,007</b>	<b>797,840,954</b>	<b>792,765,237</b>	<b>748,757,984</b>
<b>Deferred Outflow of Resources</b>	<b>14,535,240</b>	<b>14,535,240</b>	<b>14,535,240</b>	<b>14,535,240</b>
<b>Total Deferred Outflows and Assets</b>	<b>920,456,247</b>	<b>812,376,194</b>	<b>807,300,477</b>	<b>763,293,224</b>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Trade Payables	5,344,550	4,263,225	4,494,896	8,351,090
Deferred Rent	(0)	(0)	(0)	17,011
Employee Benefits	1,765,354	1,738,577	1,686,776	1,473,524
Retirement Obligation per GASB 45	4,088,812	4,029,032	3,969,253	4,882,795
Advance Premium - Healthy Kids	91,854	95,070	87,512	66,195
Deferred Revenue - Medicare	-	-	-	9,928,268
Whole Person Care/Prop 56	16,962,490	15,198,657	15,583,165	9,263,004
Payable to Hospitals	243,089	243,089	-	0
IGT, HQAF & Other Provider Payables	110,652,871	14,159,501	12,593,341	6,691,979
MCO Tax Payable - State Board of Equalization	26,354,443	17,569,814	8,784,630	(0)
Due to DHCS	47,065,057	52,268,200	57,457,558	24,429,978
Liability for In Home Support Services (IHSS)	416,092,527	416,092,527	416,092,527	413,549,551
Current Premium Deficiency Reserve (PDR)	2,374,525	2,374,525	2,374,525	2,374,525
Medical Cost Reserves	86,448,529	83,187,262	83,918,726	92,470,504
<b>Total Current Liabilities</b>	<b>717,484,102</b>	<b>611,219,480</b>	<b>607,042,908</b>	<b>573,498,425</b>
<b>Non-Current Liabilities</b>				
Noncurrent Premium Deficiency Reserve (PDR)	5,919,500	5,919,500	5,919,500	5,919,500
Net Pension Liability GASB 68	2,499,796	2,424,796	2,349,796	1,824,796
<b>Total Non-Current Liabilities</b>	<b>8,419,296</b>	<b>8,344,296</b>	<b>8,269,296</b>	<b>7,744,296</b>
<b>Total Liabilities</b>	<b>725,903,398</b>	<b>619,563,776</b>	<b>615,312,204</b>	<b>581,242,721</b>
<b>Deferred Inflow of Resources</b>	<b>4,034,640</b>	<b>4,034,640</b>	<b>4,034,640</b>	<b>4,034,640</b>
<b>Net Assets / Reserves</b>				
Invested in Capital Assets	27,081,988	27,298,162	27,331,131	24,269,369
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Unrestricted Net Equity	150,628,524	150,412,350	150,379,382	133,805,841
Current YTD Income (Loss)	12,502,346	10,761,915	9,937,769	19,635,303
Total Net Assets / Reserves	190,518,209	188,777,778	187,953,632	178,015,863
<b>Total Liabilities, Deferred Inflows, and Net Assets</b>	<b>920,456,247</b>	<b>812,376,194</b>	<b>807,300,477</b>	<b>763,293,224</b>

## Cash Flow – YTD



Cash Flows from Operating Activities	
Premiums Received	790,631,691
Medical Expenses Paid	(617,757,731)
Administrative Expenses Paid	(44,974,675)
<b>Net Cash from Operating Activities</b>	<b>\$127,899,284</b>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(5,666,948)
Cash Flows from Investing Activities	
Interest Income and Other Income (Net)	3,505,029
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>125,737,365</b>
Cash & Cash Equivalents (Jun 2018)	224,156,209
Cash & Cash Equivalents (Mar 19)	<b>\$349,893,574</b>
Reconciliation of Operating Income to Net Cash from Operating Activities	
<b>Operating Income/(Loss)</b>	<b>\$12,502,346</b>
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities	
Depreciation	2,854,329
Changes in Operating Assets/Liabilities	
Premiums Receivable	(28,474,459)
Other Receivable	(3,505,029)
Due from Santa Clara Family Health Foundation	-
Prepays & Other Assets	(138,579)
Deferred Outflow of Resources	-
Accounts Payable & Accrued Liabilities	(5,485,738)
State Payable	48,989,523
IGT, HQAF & Other Provider Payables	103,960,892
Net Pension Liability	675,000
Medical Cost Reserves & PDR	(6,021,975)
IHSS Payable	2,542,975
Deferred Inflow of Resources	-
<b>Total Adjustments</b>	<b>112,542,610</b>
<b>Net Cash from Operating Activities</b>	<b>\$127,899,284</b>

# Statement of Operations - YTD



Santa Clara County Health Authority Statement of Operations By Line of Business (Including Allocated Expenses) For Nine Months Ending March 31 2019						
	Medi-Cal	CMC Medi-Cal	CMC Medicare	Total CMC	Healthy Kids	Grand Total
<b>P&amp;L (ALLOCATED BASIS)</b>						
REVENUE	\$ 655,876,593	\$ 21,582,941	\$ 89,492,451	\$ 111,075,393	\$ 3,164,641	\$ 770,116,626
<b>MEDICAL EXPENSE</b>	\$ 607,859,148	\$ 22,982,811	\$ 84,545,823	\$ 107,528,634	\$ 2,851,841	\$ 718,239,623
(MLR)	92.7%	106.5%	94.5%	96.8%	90.1%	93.3%
<b>GROSS MARGIN</b>	\$ 48,017,445	\$ (1,399,870)	\$ 4,946,628	\$ 3,546,758	\$ 312,800	\$ 51,877,003
<b>ADMINISTRATIVE EXPENSE</b>	\$ 35,485,785	\$ 1,167,731	\$ 4,841,932	\$ 6,009,663	\$ 171,221	\$ 41,666,669
(% of Revenue Allocation)						
<b>OPERATING INCOME/(LOSS)</b>	\$ 12,531,660	\$ (2,567,601)	\$ 104,696	\$ (2,462,905)	\$ 141,579	\$ 10,210,334
(% of Revenue Allocation)						
<b>OTHER INCOME/(EXPENSE)</b>	\$ 1,952,012	\$ 64,235	\$ 266,346	\$ 330,581	\$ 9,419	\$ 2,292,012
(% of Revenue Allocation)						
<b>NET INCOME/(LOSS)</b>	\$ 14,483,672	\$ (2,503,366)	\$ 371,042	\$ (2,132,324)	\$ 150,998	\$ 12,502,346
<b>PMPM (ALLOCATED BASIS)</b>						
REVENUE	\$ 299.48	\$ 335.31	\$ 1,296.39	\$ 1,609.04	\$ 106.82	\$ 336.49
MEDICAL EXPENSES	\$ 277.56	\$ 357.06	\$ 1,224.73	\$ 1,557.66	\$ 96.26	\$ 313.82
GROSS MARGIN	\$ 21.93	\$ (21.75)	\$ 71.66	\$ 51.38	\$ 10.56	\$ 22.67
ADMINISTRATIVE EXPENSES	\$ 16.20	\$ 18.14	\$ 70.14	\$ 87.06	\$ 5.78	\$ 18.21
OPERATING INCOME/(LOSS)	\$ 5.72	\$ (39.89)	\$ 1.52	\$ (35.68)	\$ 4.78	\$ 4.46
OTHER INCOME/(EXPENSE)	\$ 0.89	\$ 1.00	\$ 3.86	\$ 4.79	\$ 0.32	\$ 1.00
NET INCOME/(LOSS)	\$ 6.61	\$ (38.89)	\$ 5.37	\$ (30.89)	\$ 5.10	\$ 5.46
<b>ALLOCATION BASIS:</b>						
MEMBER MONTHS - YTD	2,190,024	64,367	69,032	69,032	29,625	2,288,681
REVENUE BY LOB	85.2%	2.8%	11.6%	14.4%	0.4%	100.0%

# Questions



**SCFHP DONATIONS/SPONSORSHIPS**

Organization	Event Name	FY 2018-2019		
		Check Date	Event Date	Amount
Alum Rock Counseling Center	Annual Luncheon	2/12/2019	3/27/2019	\$ 1,000
Silicon Valley Leadership Group	Silicon Valley Turkey Trot - Sponsorship	1/7/2019	11/22/2018	\$ 5,000
Asian Americans for Community Involvement	Annual Event (Gala)	4/19/2019	9/7/2019	\$ 5,000
California Association for Adult Day Services	Northern California Spring Conference: The Quality Imperative	2/26/2019	4/29/2019	\$ 350
Chinese American Coalition for Compassionate Care	Seminar	2/28/2019	4/13/2019	\$ 500
City of San Jose	Disability Awareness Day	8/31/2018	10/4/2018	\$ 65
Gilroy Downtown Business Association	South County Health Fair	2/28/2019	4/27/2019	\$ 555
Happy Hollow Foundation	Senior Safari	4/8/2019	6/25/2019	\$ 5,000
The Health Trust	Spring into Health Breakfast	2/22/2019	4/5/2019	\$ 5,000
	World AIDS Day Benefit Dinner			
Healthier Kids Foundation	Wine Tasting Benefit	8/31/2018	10/12/2018	\$ 5,000
Indian Health Center Santa Clara Valley	Annual Event	10/12/2018	10/20/2018	\$ 5,000
March of Dimes	March for Babies	11/21/2018	4/27/2019	\$ 5,000
Momentum for Mental Health	Annual Shining Stars Benefit	9/6/2018	10/19/2018	\$ 5,000
Parents Helping Parents	Annual Gala	2/22/2019	4/27/2019	\$ 500
Recovery Café	Closing the Gap Breakfast	2/28/2019	5/3/2019	\$ 2,500
Santa Clara County Board of Supervisors	Day on the Bay	7/11/2018	10/7/2018	\$ 2,000
Silicon Valley Council of Non Profits	Be Our Guest Annual Luncheon	9/14/2018	10/25/2018	\$ 1,200
	Housing Summit	9/14/2018	1/18/2019	\$ 2,500
SOMOS Mayfair	Gracias A La Vida Annual Luncheon	3/22/2019	4/18/2019	\$ 2,500
Uplift Family Services	Silicon Valley Community Awards Luncheon	2/22/2019	3/29/2019	\$ 5,000
Veggielution	Feast San Jose	5/3/2019	6/9/2019	\$ 5,000
VMC Foundation	Annual Gala	5/3/2019	9/14/2019	\$ 5,000
Working Partnerships USA	Champions for Change (tickets)	9/14/2018	10/3/2018	\$ 550
<b>TOTAL</b>				<b>\$ 69,220</b>



**Santa Clara Family  
Health Plan™**

## Network Detection and Prevention Report

May 2019

Executive Finance Committee Meeting

# Firewall Background

The following network intrusion reports show the malicious activities that were prevented from accessing SCFHP's network. It is important to note that these attempts are not specifically targeted at SCFHP, but rather are common attempts against entire areas of the Internet. The results are typical of many organizations.

None of the intrusion attempts on the SCFHP network were successful.

The attempts have been categorized in three severity levels:

## High/Critical

These attacks are the most dangerous. They can take down our entire network or disable servers. Can take the form of various Backdoor, DDoS (Distributed Denial of Service), and DOS (Denial of Service) attacks.

## Medium

These attacks can cause disruption to the network, such as increased network traffic that slows performance. For example, various DNS (Domain Naming Service), FTP (File Transfer Protocol), and Telnet attacks.

## Low/Informational

These attacks are characterized more as informational events, such as various scans (port and IP internet protocol address), RPC (Remote Procedure Call), and SMTP (Simple Mail Transfer Protocol) attacks. The new informational category is from the recently implemented Palo Alto Firewall. These events are of low to no threat and are more of an FYI for reporting.

















# Attack Statistics Combined

## January - April

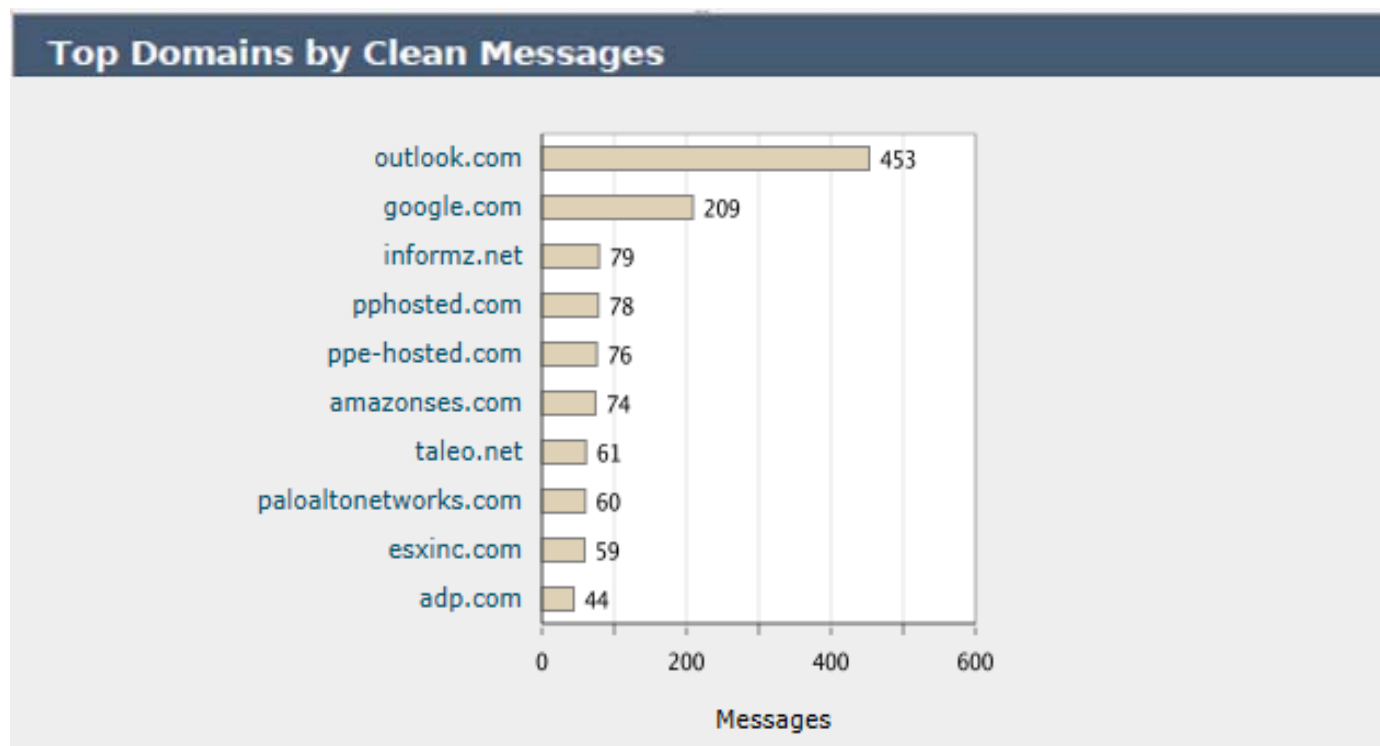
Severity Level	Number of Different Types of Attacks				Total Number of Attempts				Percent of Attempts			
	Jan	Feb	Mar	Apr	Jan	Feb	Mar	Apr	Jan	Feb	Mar	Apr
Critical	4	5	5	3	25	28	32	24	.05	.06	.06	.03
High	6	2	3	6	2584	1587	4304	17102	4.89	3.39	8.46	23.54
Medium	18	16	13	13	442	397	415	1092	.84	.85	.82	1.50
Low	7	9	11	10	4237	4159	6738	9623	8.01	8.89	13.24	13.24
Informational	17	14	11	17	45605	40591	39409	44820	86.22	86.80	77.43	61.68

Significant increase of attacks with a High severity level in April – This was due to a single day, April 5<sup>th</sup>, where the internet had a spike in brute force username/password hack attempts. We normally average a few hundred attempts per day, but on April 5<sup>th</sup> our firewall blocked over 7,500 attempts. Our Firewall vendor, Palo Alto Networks, confirmed that this was not isolated to our IP address and the spike of brute force login attempts was seen across the World Wide Web.

# Email Security – April 2019 Statistics

Incoming Mail Summary <span style="float: right;">+</span>		
Message Category	%	Messages
 Stopped by Reputation Filtering	28.6%	44.3k
 Stopped as Invalid Recipients	0.0%	52
 Spam Detected	8.3%	12.8k
 Virus Detected	0.0%	2
 Detected by Advanced Malware Protection	0.0%	1
 Messages with Malicious URLs	0.9%	1,348
 Stopped by Content Filter	0.2%	245
 Stopped by DMARC	0.0%	0
 S/MIME Verification/Decryption Failed	0.0%	0
<b>Total Threat Messages:</b>	<b>37.0%</b>	<b>57.4k</b>
 Marketing Messages	13.5%	20.9k
 Social Networking Messages	0.8%	1,316
 Bulk Messages	6.6%	10.2k
<b>Total Graymails:</b>	<b>20.9%</b>	<b>32.4k</b>
 S/MIME Verification/Decryption Successful	0.0%	0
 Clean Messages	42.1%	65.3k
<b>Total Attempted Messages:</b>		<b>155.1k</b>

# Email Security – May 7<sup>th</sup> Statistics



Snapshot of May 7<sup>th</sup>

- **esxinc.com** - provides association, membership, events, continuing education, mobile, or custom solutions for any industry or market
- **amazonses.com** - Amazon Simple Email Service
- **informz.net** - leading provider of email marketing and marketing automation solutions for associations and nonprofits
- **ppe-hosted.com** - Proofpoint Essentials Data Center Information
- **Pphosted.com** - Email relay host

# Email Background

For email protection, SCFHP utilizes software that intercepts every incoming email and scans for suspicious content, attachments, or URLs (Uniform Resource Locator or address to the World Wide Web). The software has anti-malware and phishing-detection technology that is constantly being updated to detect the latest threats. It is configured to detect phishing attempts as well as SPF (Sender Policy Framework) anti-spoofing. SPF is a simple technology that detects spoofing by providing a mechanism to validate the incoming mail against the sender's domain name. The software can check those records to make sure mail is coming from legitimate email addresses.

# SCFHP Phishing Attacks January - April 2019



	INCIDENT 57 – 02/07/2019	INCIDENT 58 – 02/07/2019	INCIDENT 59 – 03/15/2019	INCIDENT 60 – 4/15/2019
TYPE OF ATTACK	Phishing	Phishing	Phishing	Phishing
SUMMARY	1 employee	1 employee	1 employee	1 employee
RESPONSE	<b>Step 1.</b> Analyze email and take appropriate action.	<b>Step 1.</b> Analyze email and take appropriate action.	<b>Step 1.</b> Analyze email and take appropriate action.	<b>Step 1.</b> Analyze email and take appropriate action.
	<b>Step 2.</b> <ul style="list-style-type: none"> <li>Block Source email on Cisco IronPort – <a href="mailto:frank.jordan444@gmail.com">frank.jordan444@gmail.com</a></li> <li>Blocked IP address 122.167.37.101</li> </ul>	<b>Step 2.</b> <ul style="list-style-type: none"> <li>Block Source email on Cisco IronPort – <a href="mailto:annejim.templegate@btinternet.com">annejim.templegate@btinternet.com</a></li> <li>Filtered Expression in body of email “Sunrise Petroleum”</li> <li>No IP address was supplied to block</li> </ul>	<b>Step 2.</b> <ul style="list-style-type: none"> <li>Block Source email on Cisco IronPort – <a href="mailto:agustinchermaz@fusunap.com.ar">agustinchermaz@fusunap.com.ar</a></li> <li>Filtered Expression “Software Factory Java and Testing”</li> <li>Blocked IP address 181.119.18.59</li> </ul>	<b>Step 2.</b> <ul style="list-style-type: none"> <li>Block Source email on Cisco IronPort – <a href="mailto:mail@eseveir.co">mail@eseveir.co</a></li> <li>Filter Expression “Checking In”</li> <li>Block IP address 209.85.217.65</li> </ul>
	<b>Step 3.</b> Remove threat by permanently deleting email.	<b>Step 3.</b> Remove threat by permanently deleting email.	<b>Step 3.</b> Remove threat by permanently deleting email.	<b>Step 3.</b> Remove threat by permanently deleting email.
	<b>Step 4.</b> Monitor email and user.	<b>Step 4.</b> Monitor email and user.	<b>Step 4.</b> Monitor email and user.	<b>Step 4.</b> Monitor email and user.

# Tevora Penetration Test Remediation Status

- The penetration test was conducted on SCFHP's internal and external networks between Dec. 4<sup>th</sup> 2018 and Jan. 10<sup>th</sup> 2019.
- There were 34 findings.
  - One external threat was categorized as low risk.
  - Thirty three internal threats (1 critical, 11 high, 18 medium, and 3 low).
- Sixteen have been remediated (1 critical, 8 high, and 7 medium).
- Eighteen are still in process.
  - 7 old HP devices will be decommissioned.
  - 5 will be fixed by purchasing either software and/or hardware.
  - 5 are still being evaluated.
  - 2 will need a senior consulting engineer.

# Questions