Regular Meeting of the

Santa Clara County Health Authority Executive/Finance Committee

Thursday, April 28, 2022, 10:30 AM – 12:30 PM
Santa Clara Family Health Plan
6201 San Ignacio Ave, San Jose, CA 95119

Via Teleconference Only
(408) 638-0968
Meeting ID: 884 8545 5248
Passcode: ExFin2022!
https://us06web.zoom.us/j/88485455248

AGENDA

1. Roll Call	Mr. Brownstein	10:30	5 min
2. Public Comment Members of the public may speak to any item not 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.	Mr. Brownstein	10:35	5 min
3. Approve Consent Calendar and Changes to the Agenda Items removed from the Consent Calendar will be considered as regular agenda items.	Mr. Brownstein	10:40	5 min

Possible Action: Approve Consent Calendar

- **a.** Approve February 24, 2022 **Executive/Finance Committee** minutes
- **b.** Approve April 25, 2022 **Special Executive/Finance Committee** minutes
- **c.** Approve **Finance Policies**
  - FA.01 Finance - General
  - FA.02 Cash & Cash Receipts
  - FA.03 Cash Disbursements
  - 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 & Incurred-But-Not-Paid (IBNP)
  - FA.11 Healthcare Economics
  - FA.12 Employee Recognition Gift Cards
- **d.** Approve **Microsoft License Renewal**

4. February 2022 Financial Statements Review February 2022 Financial Statements.	Mr. Jarecki	10:45	10 min

Possible Action: Approve the February 2022 Financial Statements

5. Annual Investment Policy Review Review revisions to Policy FA.07: Investments, based on Annual Investment Policy Review by Meketa Investment Group. **Possible Action:** Approve Policy FA.07v4: Investments, and accept Investment Policy Annual Review	Mr. Jarecki	10:55	15 min
6. Institute on Aging (IOA) Contract Extension Review and discuss the extension of funding for Assisted Living Services. **Possible Action:** Approve extension of the IOA Contract for Assisted Living Services to December 31, 2022	Ms. Andersen	11:10	10 min
7. Board Designated Fund Expenditure Request Consider funding request for Alum Rock Counseling Center (ARCC) Clinic Renovations Project. **Possible Action:** Approve expenditure for the ARCC Clinic Renovations Project from the Board Designated Fund	Ms. Tomcala	11:20	15 min
8. CEO Update Discuss status of current topics and initiatives.	Ms. Tomcala	11:35	10 min
9. Government Relations Update Discuss local, state, and federal legislative and policy issues impacting the Plan and its members.	Mr. Haskell	11:45	10 min
Announcement Prior to Recessing into Closed Session Announcement that the Executive/Finance Committee will recess into Closed Session to discuss Item No. 9 below.			
10. Adjourn to Closed Session		11:55	
a. Conference with Labor Negotiators (Government Code Section 54957.6): It is the intention of the Executive/Finance Committee to meet in Closed Session to confer with its management representatives regarding negotiation with SEIU Local 521. • Santa Clara County Health Authority Designated Representatives: Christine Tomcala, Neal Jarecki, Teresa Chapman, and Richard Noack • Employee Organization: SEIU Local 521			
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.			
11. Report from Closed Session	Mr. Brownstein	12:25	5 min
12. Adjournment		12:30	

Notice to the Public—Meeting Procedures

- Persons wishing to address the Executive/Finance 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) 455-1335.
- To obtain a copy of any supporting document that is available, contact Rita Zambrano at (408) 455-1335. 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.

Santa Clara Family Health Plan™

Consent Calendar

Regular Meeting of the

Santa Clara County Health Authority
Executive/Finance Committee

Thursday, February 24, 2022, 10:30 AM – 12:30 PM
Santa Clara Family Health Plan – Teleconference
6201 San Ignacio Ave, San Jose, CA 95119

MINUTES

Members Present
Sue Murphy, Chair
Bob Brownstein
Dave Cameron
Michele Lew

Members Absent
Alma Burrell

Staff Present
Christine Tomcala, Chief Executive Officer
Neal Jarecki, Chief Financial Officer
Laurie Nakahira, DO, Chief Medical Officer
Jonathan Tamayo, Chief Information Officer
Chris Turner, Chief Operating Officer
Ngoc Bui-Tong, VP, Strategies & Analytics
Teresa Chapman, VP, Human Resources
Laura Watkins, VP, Marketing & Enrollment
Tyler Haskell, Interim Compliance Officer
Barbara Granieri, Controller
Johanna Liu, Director, Quality & Process Improvement
Khanh Pham, Director, Financial Reporting & Budgeting
Ashley Kerner, Manager, Administrative Services

Others Present
John Kennedy, Attorney, Nossaman LLP

1. **Roll Call**

   Sue Murphy, Chair, called the meeting to order at 10:30 AM. Roll call was taken and a quorum was established.

2. **Public Comments**

   There were no public comments.

3. **Approve Consent Calendar and Changes to the Agenda**

   Ms. Murphy presented the Consent Calendar and indicated all agenda items would be approved in one motion.

   a. Approve January 27, 2022 **Executive/Finance Committee** minutes
   b. Accept **Network Detection and Prevention Update**
   c. Approve **continued use of teleconferencing** without providing public access to each teleconference location pursuant to Government Code Section 54953

   It was moved, seconded, and the consent calendar was **unanimously approved**.

   Motion: Ms. Lew
   Second: Mr. Cameron
   Ayes: Mr. Cameron, Ms. Lew, Ms. Murphy
   Absent: Mr. Brownstein, Ms. Burrell

4. December 2021 Financial Statements

Neal Jarecki, Chief Financial Officer, presented the December 2021 unaudited financial statements, which reflected a current month net surplus of $2.4 million ($1.3 million favorable to budget) and a year-to-date net surplus of $25.2 million ($17.4 million favorable to budget).

Mr. Brownstein joined the meeting at 10:30 AM.

Mr. Jarecki stated enrollment increased by 1,809 members from the prior month to 291,097 members (3,974 members or 1.3% lower than monthly budget). Membership continues to grow due to the extended duration of the COVID public health emergency during which member disenrollments have been suspended. YTD member months trailed budget by 15,811 member months or 0.9%).

Mr. Jarecki shared that revenue reflected an unfavorable current month variance of $1.9 million (1.6%) largely due to the impact of true-ups associated with prior year estimates coupled with lower enrollment than budgeted. YTD Revenue was $2.1 million (0.3%) unfavorable to budget due to the same factors.

Mr. Jarecki explained that medical expense reflected a favorable current month variance of $2.7 million (2.5%) largely due to favorable unit cost and utilization in certain fee-for-service categories of service, coupled with favorable pharmacy expense due to lower cost trends coupled with lower capitated enrollment. YTD Medical Expense was $18.0 million (2.8%) favorable to budget due to the same factors.

Mr. Jarecki further explained that administrative expense was $801 thousand (11.6%) favorable to budget for the month. YTD Administrative Expense was $3.0 million (7.5%) favorable to budget largely due to lower headcount than budgeted and deferred timing of certain non-personnel expenses.

Mr. Jarecki indicated the balance sheet reflected a Current Ratio, a key measure of liquidity, of 1.32:1 versus the DMHC minimum current ratio requirement of 1.00:1. Tangible net equity was $280.1 million, which represented approximately three months of the Plan's total expenses, included unrestricted net assets of $237.2 million. Capital investments of $937 thousand were made year-to-date, predominately computer software licenses.

It was moved, seconded, and the December 2021 unaudited financial statements were **unanimously approved**.

Motion: Mr. Cameron
Second: Ms. Lew
Ayes: Mr. Brownstein, Mr. Cameron, Ms. Lew, Ms. Murphy
Absent: Ms. Burrell

5. DHCS Comprehensive Quality Strategy Report

Johanna Liu, Director, Quality & Process Improvement, discussed an overview of the Department of Health Care Services (DHCS) Comprehensive Quality Strategy 2022, including the DHCS ten-year vision for Medi-Cal and overarching quality and health equity goals.

Ms. Liu reported that DHCS was restructuring the Medi-Cal Managed Care (MCMC) contract for all plans as part of the RFP for Commercial Medi-Cal plans, which was released on February 9, 2022. Additionally, Ms. Liu shared that Cal MediConnect (CMC) enrollees will transition to Medicare Dual-Eligible Special Needs Plans (D-SNPs) as of January 1, 2023, with an Exclusively Aligned Enrollment approach.

Ms. Liu noted the DHCS clinical focus areas include: children's preventive care, maternity outcomes and birth equity, and behavioral health integration. She shared DHCS' Bold Goals to lower related health disparities by 50% and ensure all health plans exceed the 50th percentile for all children's preventive care measures by 2025.

Ms. Murphy requested further discussion at the next meeting regarding a clearer understanding of the State's expectations of the Plan, and an assessment of gap improvements needed.

Ms. Liu introduced the CalAIM Population Health Management Program (PHM) Framework, and noted the launch of a statewide effort to integrate and centralize data. She also shared the Health Equity Roadmap, which includes standards for measuring race and ethnicity, and requires plans to identify a Chief Health Equity Officer.

Ms. Liu presented the Value-Based Payment (VBP) Roadmap scheduled to begin in 2023, which will incorporate plan performance on clinical quality, health equity, and member experience measures to adjust payment rates and member assignment. Ms. Murphy requested that the Plan ensure provider contracts are aligned with, and provide incentives for providers to meet, these DHCS goals.

Lastly, Ms. Liu noted DHCS' Quality Assessment and Performance Improvement (QAPI) program will leverage performance metrics to ensure all delivery systems are providing a necessary level of care, including utilization of a variety of penalties, with the goal of achieving greater than the 90th percentile on key measures across programs. Bob Brownstein and Dave Cameron further commented on the need to have conversations with providers, and include incentives to achieve expected performance standards.

6. Innovation Fund Expenditure Request

Laura Watkins, VP, Marketing & Enrollment, presented a funding request from the Santa Clara County Public Health Department (SCCPHD) Juntos Initiative (formerly known as Park Rx). The three-year initiative assists members in underserved neighborhoods with transportation to parks to encourage physical activity.

It was moved, seconded, and the SCCPHD request for $15,000 to fund the Juntos Initiative was **unanimously approved** as an expenditure from the Board Designated Innovation Fund.

Motion:	Mr. Brownstein
Second:	Ms. Murphy
Ayes:	Mr. Brownstein, Mr. Cameron, Ms. Lew, Ms. Murphy
Absent:	Ms. Burrell

7. CEO Update

Christine Tomcala, Chief Executive Officer, presented updated COVID vaccination graphs, including data by age group, ethnicity, and booster status. Ms. Tomcala shared that there is currently a 20% gap between SCFHP members and overall Santa Clara County residents who received at least one COVID vaccine dose (age five and up). To date, 24% of SCFHP members age five and up have received a booster dose.

Ms. Tomcala highlighted recent COVID-19 vaccination communication and outreach efforts, including informing members age 12+ of their opportunity to receive a free $50 gift card upon receiving their first COVID-19 vaccination. She further shared results of recent SCFHP Vaccine Clinics, including those held at the Children's Discovery Museum and SCFHP Blanca Alvarado Community Resource Center (CRC). The CRC clinics also provide a $50 gift card at point of care for each individual who receives a COVID shot, including both members and non-members. Member outreach efforts include a robocall campaign and ongoing live call outreach.

Ms. Tomcala shared a new collaboration with community partner Covid-19 Black, featuring monthly pop-up testing or vaccination events and outreach to target populations.

Ms. Tomcala also provided a brief update on the Medi-Cal Rx carve-out transition. She indicated that although the Magellan call wait times have been extraordinarily long, SCFHP team members have assisted members when needed, and she is not aware of any SCFHP members that have experienced immediate harm as a result of any medication delays.

8. Government Relations Update

Tyler Haskell, Interim Compliance Officer, presented federal issues of note including the Build Back Better (BBB) Act, Medicare Sequester, and Senate mental health legislation. Mr. Haskell shared the effort to create a scaled down version of the BBB Act that would contain a subset of items from the larger package. Mr. Haskell stated the Medicare sequestration, reducing what Medicare pays its providers by 2%, is due to return in full by June 1, 2022. Mr. Haskell shared the Senate Finance Committee's early efforts to draft bi-partisan wide ranging mental health legislation.

Mr. Haskell presented state issues including budget and legislation items. Mr. Haskell stated draft budget trailer bills are underway and highlighted the Medi-Cal eligibility expansion trailer bill and the statewide Kaiser program that mentions eligibility requirements but has few details. Mr. Haskell highlighted the Governor's Budget proposal to provide $400 million in provider payments through Medical Managed Care Plans to incentivize improvements in certain quality and equity outcomes. Mr. Haskell shared that most legislation introduced to date falls into one of four categories: COVID-19, behavioral health, covered services, and Federally Qualified Health Centers (FQHCs).

Mr. Haskell reported the new CalAIM activity of population health management and shared the Cal MediConnect transition to Dual-Eligible Special Needs Plan (D-SNP) and further reported SCFHP has submitted its D-SNP application to CMS, including a model of care, and will be submitting a bid in June.

Mr. Haskell highlighted reprocurement items including the commercial plan RFP process, with responses due April 11, 2022, and with the State making Intent to Award notices publically available on August 9, 2022. Mr. Haskell stated the State is upgrading all of the Managed Care Plan (MCP) contracts due to start in 2024 to ensure standardization of contract language and benefits among MCPs statewide.

Mr. Haskell concluded this portion of the presentation by detailing the Kaiser direct contract where Kaiser would act as a direct Medi-Cal Plan with the same contract as the remaining MCPs, but with limited enrollment. Mr. Haskell indicated SCFHP shares concerns with other Plans regarding the lack of transparency and consequences of creating a two-tiered system that would result from the Kaiser direct contract.

9. Adjourn to Closed Session

a. Anticipated Litigation
The Executive/Finance Committee met in Closed Session to confer with Legal Counsel regarding anticipated litigation.

b. Report Involving Trade Secrets
The Executive/Finance Committee met in Closed Session to discuss plan contract rates.

c. Contract Rates
The Executive/Finance Committee met in Closed Session to discuss plan partner rates.

10. Report from Closed Session

Ms. Murphy reported that the Executive/Finance Committee met in Closed session to discuss items 9. a., b., & c.

11. Adjournment

The meeting was adjourned at 12:32 PM.

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Michele Lew, Secretary

Special Meeting of the

Santa Clara County Health Authority Executive/Finance Committee

Monday, April 25, 2022, 1:00 PM – 2:00 PM
Santa Clara Family Health Plan – Teleconference
6201 San Ignacio Ave, San Jose, CA 95119

MINUTES

Members Present
Bob Brownstein
Alma Burrell
Dave Cameron
Michele Lew

Members Absent
Sue Murphy

Staff Present
Christine Tomcala, Chief Executive Officer
Neal Jarecki, Chief Financial Officer
Tyler Haskell, Interim Compliance Officer
Ashley Kerner, Manager, Administrative Services
Amy O'Brien, Administrative Assistant
Rita Zambrano, Executive Assistant

1. Roll Call

Bob Brownstein called the meeting to order at 1:00 pm. Roll call was taken and a quorum was established.

2. Public Comments

There were no public comments.

3. AB 361 Compliance

Tyler Haskell, Interim Compliance Officer, explained the need for the Committee to meet in order to comply with AB 361. Under this law, public agencies that intend to continue meeting by teleconference during a declared state of emergency without providing public access to each teleconference location need to make certain findings and certify the ongoing need for teleconferencing every 30 days.

It was moved, seconded, and unanimously approved to continue use of teleconferencing without providing public access to each teleconference location pursuant to Government Code Section 54953.

Motion: Ms. Lew
Second: Mr. Cameron
Ayes: Mr. Brownstein, Ms. Burrell, Mr. Cameron, Ms. Lew
Absent: Ms. Murphy

4. Adjournment

The meeting was adjourned at 1:06 pm.

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Michele Lew, Secretary

Santa Clara Family Health Plan

Annual Review of Finance Policies
April 28, 2022

Policy No.	Policy Title	Changes
FA.01	Finance - General	No Change
FA.02	Cash & Cash Receipts	**Revised**
FA.03	Cash Disbursements	No Change
FA.04	Accounts Receivable & Revenue	No Change
FA.05	Payroll & Employee Expenses	No Change
FA.06	Fixed Assets & Depreciation Expense	No Change
FA.08	Treasury & Debt	No Change
FA.09	Financial Close & Reporting	No Change
FA.10	Medical Expense & Incurred-But-Not-Paid (IBNP)	No Change
FA.11	Healthcare Economics	No Change
FA.12	Employee Recognition Gift Cards	No Change

POLICY

Policy Title:	Finance - General	**Policy No.:**	FA.01 v3
Replaces Policy Title (if applicable):	N/A	**Replaces Policy No. (if applicable):**	N/A
Issuing Department:	Finance	**Policy Review Frequency:**	Annual
Lines of Business (check all that apply):	☒ Medi-Cal	☒ CMC	

I. Purpose

This policy governs the general financial policies and procedures used by SCFHP.

II. Policy

SCFHP's Governing Board, Executive Management Team, and generally-accepted accounting principles (GAAP) require that the Finance department implement and maintain proper controls and procedures to ensure that the Plan's assets are protected, properly recorded, and periodically reconciled.

This policy will ensure that the Finance department has sufficient procedures governing the general Finance areas not otherwise addressed through specific procedures for a specific area (e.g., Cash Receipts).

This policy will be supported by specific detailed procedures on:

a. Finance definitions,
b. Asset access controls
c. Budgeting & forecasting
d. Member months
e. Audit preparation
f. Financial systems access,
g. Accounting calendar development
h. Commercial insurance
i. Administrative expense allocations
j. Any future procedures of a general financial nature as needed.

III. Responsibilities

The Chief Financial Officer has overall responsibility for this policy. The Controller has responsibility for implementation, periodic updates, and oversight of the Finance's staff adherence to this policy and all related procedures.

POLICY

IV. References

None

V. Approval/Revision History

First Level Approval	Second Level Approval
Barbara Granieri, Controller **03/31/22** Date	Neal Jarecki, CFO **4/5/22** Date

Version Number	Original/ Reviewed/ Revised	Reviewing Committee (if applicable)	Committee Action/Date (Recommended or Approved)	Board Action/Date (Approved or Ratified)
V1	Original	Executive/Finance Committee	Approved 05/01/19	Ratified 06/27/19
V2	Revised	Executive/Finance Committee	Approved 05/27/21	Ratified 06/24/21
V3	Reviewed	Executive/Finance Committee		

Santa Clara Family Health Plan

POLICY

Policy Title:	Cash & Cash Receipts	**Policy No.:**	FA.02 v3
Replaces Policy Title (if applicable):	N/A	**Replaces Policy No. (if applicable):**	N/A
Issuing Department:	Finance	**Policy Review Frequency:**	~~Periodically As Warranted~~ Annual
Lines of Business (check all that apply):	☒ Medi-Cal	☒ CMC	

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I. Purpose

This policy governs all Cash and Cash Receipts received by SCFHP.

II. Policy

SCFHP's Governing Board, Executive Management Team, and generally-accepted accounting principles (GAAP) require that the Finance department implement and maintain proper controls and procedures governing cash and cash receipts to ensure that the Plan's assets are protected, properly recorded, and periodically reconciled.

This policy will be supported by specific detailed procedures on:

- Cash receipts
- Incoming wire transfers
- Bank accounts
- Bank statement reconciliations
- Incoming Finance mail
- Petty cash
- Any future cash receipts procedures as needed.

III. Responsibilities

The Chief Financial Officer has overall responsibility for this policy. The Controller has responsibility for implementation, ~~periodic upd~~atesannual revision, and oversight of the Finance's staff adherence to this policy and all related procedures.

IV. References

None.

POLICY

V. Approval/Revision History

First Level Approval	Third Level Approval
Barbara Granieri, Controller **03/31/22** Date	Neal Jarecki, CFO **4/5/22** Date

Version Number	Original/ Reviewed/ Revised	Reviewing Committee (if applicable)	Committee Action/Date (Recommended or Approved)	Board Action/Date (Approved or Ratified)
V1	Original	Executive/Finance Committee	Approved 05/01/19	~~Approved~~ Ratified 06/27/19
V2	Revised	Executive/Finance Committee	Approved 05/27/21	Ratified 06/24/21
V3	Revised	Executive/Finance Committee		

Santa Clara Family Health Plan

POLICY

Policy Title:	Cash Disbursements	Policy No.:	FA.03 v3
Replaces Policy Title (if applicable):	N/A	Replaces Policy No. (if applicable):	N/A
Issuing Department:	Finance	Policy Review Frequency:	Annually
Lines of Business (check all that apply):	☒ Medi-Cal	☒ CMC	

I. Purpose

SCFHP's Governing Board, Executive Management Team, and generally-accepted accounting principles (GAAP) require that the Finance department implement and maintain proper controls, policies and procedures governing all disbursement of funds, and ensure that the Plan's assets are protected, properly recorded, and routinely reconciled.

II. Policy

The Chief Executive Officer (CEO) and Executive Management Team are charged with the authority and responsibility for maximizing the purchasing value of the Plan's funds as follows:

a. Acquiring services, supplies and equipment for all department in an economical, consistent, expeditious, and reasonable manner.
b. Analyzing bids, awarding contracts, and assuring vendor performance through effective contract administration.
c. Identifying qualified vendors and maintaining good vendor relationships.
d. Educating and training employees and vendors on this policy and associated procedures.

Unless specifically exempted, no expenditure of funds should occur without a contract, statement of work (SOW), or check request approved by the CEO (or, for urgent purchases and/or in the CEO's absence, an Executive Management designee). Exceptions include:

a. Contracts with healthcare providers involved in the delivery of healthcare services (which are governed by specific procedures of the Provider Network Management department).
b. Personnel (which are governed by specific procedures of the Human Resources department).
c. Items under $1,000, which are subject to approval after purchase.
d. Urgent purchases, as designated by the CEO or CFO. Emergency purchases require CEO or CFO advance approval. Should an emergency occur in the absence of the CEO and CFO, another Executive may approve the purchase and subsequently the purchase will be approved by the CFO.

POLICY

e. Telephone and utilities expenses, which are recurring in nature and require initial approval by the Facilities department and CFO.
f. Brokered insurance and reinsurance, following a competitive bidding process, which require CFO review and approval.
g. Postage, delivery and shipping charges, which require approval after purchase.
h. Janitorial or facilities services, which require approval after purchase.
i. Purchases made via credit card or purchasing card, which require subsequent approval.

All contracts in excess of $250,000 require the review and approval of the Governing Board or the Executive/Finance Committee.

This policy is supported by detailed procedures on such topics as:

a. Procurement
b. Contracting
c. Payment processing
d. Authorization of administrative and capital expenditures
e. Company credit & purchasing cards
f. Accounts payable vendor maintenance
g. Company accounts with outside vendors
h. Prepaid expense
i. Stale checks & escheatment
j. Provider refunds
k. Any future cash disbursement procedures as needed.

III. Responsibilities

The Chief Financial Officer has overall responsibility for this policy. The Controller has responsibility for implementation, periodic updates, and oversight of the Finance's staff adherence to this policy and all related procedures.

IV. References

None.

POLICY

V. Approval/Revision History

First Level Approval	Third Level Approval
Barbara Granieri, Controller **5/3/21** Date	Neal Jarecki, CFO **4/5/22** Date

Version Number	Original/ Reviewed/ Revised	Reviewing Committee (if applicable)	Committee Action/Date (Recommended or Approved)	Board Action/Date (Approved or Ratified)
V1	Original	NA	NA	Ratified 12/13/18
V2	Revised	Executive/Finance Committee	Approved 05/27/21	Ratified 06/24/21
V3	Reviewed	Executive/Finance Committee		

POLICY

Policy Title:	Accounts Receivable and Revenue	**Policy No.:**	FA.04 v3
Replaces Policy Title (if applicable):	N/A	**Replaces Policy No. (if applicable):**	N/A
Issuing Department:	Finance	**Policy Review Frequency:**	Annual
Lines of Business (check all that apply):	☒ Medi-Cal	☒ CMC	

I. Purpose

This policy governs all accounts receivables and revenue recorded by SCFHP.

II. Policy

SCFHP's Governing Board, Executive Management Team, and generally-accepted accounting principles (GAAP) require that the Finance department implement and maintain proper controls and procedures governing accounts receivables and revenues to ensure that the Plan's assets are protected, properly recorded and periodically reconciled.

This policy will be supported by specific detailed procedures:

- Capitation
- Premiums accounts receivable/revenue
- Supplemental (kick) accounts receivable/revenue
- Pass-through accounts receivable/revenue
- Any future accounts receivable/revenue procedures as needed.

III. Responsibilities

The Chief Financial Officer has overall responsibility for this policy. The Controller has responsibility for implementation, periodic updates, and oversight of the Finance's staff adherence to this policy and all related procedures.

IV. References

None.

POLICY

V. **Approval/Revision History**

First Level Approval	Third Level Approval
Barbara Granieri, Controller **5/3/21** Date	Neal Jarecki, CFO **4/5/22** Date

Version Number	Original/ Reviewed/ Revised	Reviewing Committee (if applicable)	Committee Action/Date (Recommended or Approved)	Board Action/Date (Approved or Ratified)
V1	Original	Executive/Finance Committee	Approved 05/01/19	Ratified 06/27/19
V2	Revised	Executive/Finance Committee	Approved 05/27/21	Ratified 06/24/21
V3	Reviewed	Executive/Finance Committee		

POLICY

Policy Title:	Payroll & Employee Expenses	Policy No.:	FA.05 v3
Replaces Policy Title (if applicable):	N/A	Replaces Policy No. (if applicable):	N/A
Issuing Department:	Finance	Policy Review Frequency:	Annual
Lines of Business (check all that apply):	☒ Medi-Cal	☒ CMC	

I. Purpose

This policy governs all payroll and employee expenses recorded by SCFHP.

II. Policy

SCFHP's Governing Board, Executive Management Team, and generally-accepted accounting principles (GAAP) require that the Finance department implement and maintain proper controls and procedures governing payroll and employee expenses to ensure that the Plan's assets are protected, properly recorded and periodically reconciled.

This policy will be supported by specific detailed procedures on:

- Payroll & employee benefits processing
- Reimbursed business expenses
- Employee gift cards
- Any future payroll and/or employee expense procedures as needed.

III. Responsibilities

The Chief Financial Officer has overall responsibility for this policy. The Controller has responsibility for implementation, periodic updates, and oversight of the Finance's staff adherence to this policy and all related procedures.

IV. References

None.

POLICY

V. Approval/Revision History

First Level Approval	Third Level Approval
Barbara Granieri, Controller **3/31/22** Date	Neal Jarecki, CFO **4/5/22** Date

Version Number	Original/ Reviewed/ Revised	Reviewing Committee (if applicable)	Committee Action/Date (Recommended or Approved)	Board Action/Date (Approved or Ratified)
V1	Original	Executive/Finance Committee	Approved 05/01/19	Ratified 06/27/19
V2	Revised	Executive/Finance Committee	Approved 05/27/21	Ratified 06/24/21
V3	Reviewed	Executive/Finance Committee		

POLICY

Policy Title:	Fixed Assets & Depreciation Expense	**Policy No.:**	FA.06 v3
Replaces Policy Title (if applicable):	N/A	**Replaces Policy No. (if applicable):**	N/A
Issuing Department:	Finance	**Policy Review Frequency:**	Annual
Lines of Business (check all that apply):	☒ Medi-Cal	☒ CMC	

I. Purpose

This policy governs all fixed asset and depreciation transactions recorded by SCFHP.

II. Policy

SCFHP's Governing Board, Executive Management Team, and generally-accepted accounting principles (GAAP) require that the Finance department implement and maintain proper controls and procedures governing fixed asset transactions to ensure that the Plan's assets are protected, properly recorded and periodically reconciled.

This policy will be supported by specific detailed procedures on:

- Capital asset acquisitions
- Depreciation & amortization expense
- Disposition of fixed asset
- Any future fixed asset procedures as needed.

III. Responsibilities

The Chief Financial Officer has overall responsibility for this policy. The Controller has responsibility for implementation, periodic updates, and oversight of the Finance's staff adherence to this policy and all related procedures.

IV. References

None.

POLICY

V. Approval/Revision History

First Level Approval	Third Level Approval
Barbara Granieri, Controller **03/31/22** Date	Neal Jarecki, CFO **4/5/22** Date

Version Number	Original/ Reviewed/ Revised	Reviewing Committee (if applicable)	Committee Action/Date (Recommended or Approved)	Board Action/Date (Approved or Ratified)
V1	Original	Executive/Finance Committee	Approved 05/01/19	Ratified 06/27/19
V2	Revised	Executive/Finance Committee	Approved 05/27/21	Ratified 06/24/21
V3	Reviewed	Executive/Finance Committee		

POLICY

Policy Title:	Treasury & Debt	**Policy No.:**	FA.08 v3
Replaces Policy Title (if applicable):	N/A	**Replaces Policy No. (if applicable):**	N/A
Issuing Department:	Finance	**Policy Review Frequency:**	Annual
Lines of Business (check all that apply):	☒ Medi-Cal	☒ CMC	

I. Purpose

This policy governs all treasury and debt transactions recorded by SCFHP.

II. Policy

SCFHP's Governing Board, Executive Management Team, and generally-accepted accounting principles (GAAP) require that the Finance department implement and maintain proper controls and procedures governing treasury and debt to ensure that the Plan's assets are protected, properly recorded and periodically reconciled.

This policy will be supported by specific detailed procedures on:

- Treasury management
- Debt
- Any future treasury or debt procedures as needed.

III. Responsibilities

The Chief Financial Officer has overall responsibility for this policy. The Controller has responsibility for implementation, periodic updates, and oversight of the Finance's staff adherence to this policy and all related procedures.

IV. References

None.

POLICY

V. Approval/Revision History

First Level Approval	Third Level Approval
Barbara Granieri, Controller **3/31/22** Date	Neal Jarecki, CFO **4/5/22** Date

Version Number	Original/ Reviewed/ Revised	Reviewing Committee (if applicable)	Committee Action/Date (Recommended or Approved)	Board Action/Date (Approved or Ratified)
V1	Original	Executive/Finance Committee	Approved 05/01/19	Ratified 06/27/19
V2	Revised	Executive/Finance Committee	Approved 05/27/21	Ratified 06/24/21
V3	Reviewed	Executive/Finance Committee		

Santa Clara Family Health Plan

POLICY

Policy Title:	Financial Close & Reporting	**Policy No.:**	FA.09 v3
Replaces Policy Title (if applicable):	N/A	**Replaces Policy No. (if applicable):**	N/A
Issuing Department:	Finance	**Policy Review Frequency:**	Annual
Lines of Business (check all that apply):	☒ Medi-Cal	☒ CMC	

I. Purpose

This policy governs the financial closing and reporting processes used by SCFHP.

II. Policy

SCFHP's Governing Board, Executive Management Team, and generally-accepted accounting principles (GAAP) require that the Finance department implement and maintain proper controls and procedures governing financial close and reporting to ensure that the Plan's assets are protected, properly recorded, and periodically reconciled.

This policy will be supported by specific detailed procedures on:

- Month-end close & reconciliation process
- Journal entries
- Internal financial reporting
- External & regulatory financial reporting
- Monitoring of capitated providers' financial solvency
- Tangible net equity (TNE)
- Managed care organization (MCO) taxes
- Month-end close analysis
- Any future financial close and reporting procedures as needed.

III. Responsibilities

The Chief Financial Officer has overall responsibility for this policy. The Controller has responsibility for implementation, periodic updates, and oversight of the Finance's staff adherence to this policy and all related procedures.

IV. References

None.

V. Approval/Revision History

First Level Approval	Third Level Approval
Barbara Granieri, Controller	Neal Jarecki, CFO
3/22/22 Date	4/5/22 Date

Version Number	Original/ Reviewed/ Revised	Reviewing Committee (if applicable)	Committee Action/Date (Recommended or Approved)	Board Action/Date (Approved or Ratified)
V1	Original	Executive/Finance Committee	Approved 05/01/19	Ratified 06/27/19
V2	Revised	Executive/Finance Committee	Approved 05/27/21	Ratified 06/24/21
V3	Reviewed	Executive/Finance Committee		

POLICY

Policy Title:	Medical Expense & Incurred-But-Not Paid (IBNP)	**Policy No.:**	FA.10 v3
Replaces Policy Title (if applicable):	N/A	**Replaces Policy No. (if applicable):**	N/A
Issuing Department:	Finance	**Policy Review Frequency:**	Annual
Lines of Business (check all that apply):	☒ Medi-Cal	☒ CMC	

I. Purpose

This policy governs all medical expense and IBNP transactions recorded by SCFHP.

II. Policy

SCFHP's Governing Board, Executive Management Team and generally-accepted accounting principles (GAAP) require that the Finance department implement and maintain proper controls and procedures governing medical expense recordation and IBNP to ensure that the Plan's assets are protected, properly recorded, and periodically reconciled.

This policy will be supported by specific detailed procedures on:

- Fee-for-service (FFS) provider payments
- Capitation
- Pharmacy expense
- Pharmacy rebates
- IBNP calculations (claims incurred-but-not-paid)
- Reinsurance expense
- Reinsurance recoveries
- Any future medical expense and IBNP procedures as needed.

III. Responsibilities

The Chief Financial Officer has overall responsibility for this policy. The Controller has responsibility for implementation, periodic updates, and oversight of the Finance's staff adherence to this policy and all related procedures.

IV. References

None.

V. Approval/Revision History

First Level Approval	Third Level Approval
Barbara Granieri, Controller **5/3/21** Date	Neal Jarecki, CFO **4/5/22** Date

Version Number	Original/ Reviewed/ Revised	Reviewing Committee (if applicable)	Committee Action/Date (Recommended or Approved)	Board Action/Date (Approved or Ratified)
V1	Original	Executive/Finance Committee	Approved 05/01/19	Ratified 06/27/19
V2	Revised	Executive/Finance Committee	Approved 05/27/21	Ratified 06/24/21
V3	Reviewed	Executive/Finance Committee		

POLICY

Policy Title:	Healthcare Economics	Policy No.:	FA.11 v2
Replaces Policy Title (if applicable):	N/A	Replaces Policy No. (if applicable):	N/A
Issuing Department:	Finance	Policy Review Frequency:	Annual
Lines of Business (check all that apply):	☒ Medi-Cal	☒ CMC	

I. Purpose

This policy governs all key functions performed by the Healthcare Economics team.

II. Policy

SCFHP’s Governing Board and Executive Management Team require that the Healthcare Economics team implement and maintain proper controls and procedures governing certain key tasks to ensure that the Plan’s assets are protected, transactions are properly recorded, and records are periodically reconciled.

This policy will be supported by specific detailed procedures on:

- Target claims audits
- Monthly calculation and payment of capitation to delegates
- Medicare prescription drug event (PDE) reporting
- Any future Healthcare Economics procedures as needed.

III. Responsibilities

The Chief Financial Officer has overall responsibility for this policy. The Director of Healthcare Economics has responsibility for implementation, periodic updates, and oversight of the staff’s adherence to this policy and all related procedures.

IV. References

None.

POLICY

V. Approval/Revision History

First Level Approval	Third Level Approval
Ngoc Bui-Tong, VP, Strategies and Analytics **4/20/22** Date	Neal Jarecki, CFO **4/22/22** Date

Version Number	Original/ Reviewed/ Revised	Reviewing Committee (if applicable)	Committee Action/Date (Recommended or Approved)	Board Action/Date (Approved or Ratified)
V1	Original	Executive/Finance Committee	Approved 05/01/19	Ratified 06/27/19
V2	Reviewed	Executive/Finance Committee		

Santa Clara Family Health Plan™

POLICY

Policy Title:	Employee Recognition Gift Cards	Policy No.:	FA.12 v2
Replaces Policy Title (if applicable):	N/A	Replaces Policy No. (if applicable):	N/A
Issuing Department:	Finance & Accounting	Policy Review Frequency:	Annual
Lines of Business (check all that apply):	Medi-Cal	CMC	

I. Purpose

The purpose of this policy is to describe the Chief Executive Officer's authority to issue gift cards to employees in recognition of extraordinary effort and/or contributions to the Plan.

II. Policy

It is the policy of Santa Clara Family Health Plan (SCFHP) that the Chief Executive Officer (CEO) may award gift cards to employees in recognition of extraordinary efforts, commitment to a key project or initiative, or other extraordinary contributions to Plan objectives.

An employee may be awarded one gift card per recognition event, in an amount not to exceed $100. The aggregate value of all gift card awards issued by the CEO within a single fiscal year may not exceed $10,000.

The CEO shall provide periodic reports to the Governing Board on the issuance of gift cards.

III. Responsibilities

- The Finance Department is responsible for ensuring IRS laws are followed with respect to the issuance of gift cards and for maintaining custody and control of the gift cards prior to issuance.
- The Human Resources Department is responsible for coordinating the delivery of an employee award according to the terms of this policy.

IV. References

POLICY

V. Approval/Revision History

First Level Approval	Second Level Approval
Barbara Granieri	Neal Jarecki
Controller	Chief Financial Officer
Date 4/14/2022	Date 4/15/22

Version Number	Original/ Reviewed/ Revised	Reviewing Committee (if applicable)	Committee Action/Date (Recommended or Approved)	Board Action/Date (Approved or Ratified)
V1	Original	Executive/Finance Committee	Approved 05/01/19	Ratified 06/27/19
V2	Reviewed	Executive/Finance Committee		

Santa Clara Family Health Plan™

Microsoft License Renewal

April 2022

Microsoft Renewal

Renewal of Microsoft Enterprise Software License

- The current Microsoft Enterprise Agreement expired on March 31, 2022
- We are currently operating under a 90 day grace period
- The proposed agreement is for a three year term
- The total cost is quoted at $775k paid annually at a rate of $258.4k per year
- The new agreement continues to have us in the lowest Microsoft pricing tier (tier 4 out of 4) based on SCFHP qualifying for government pricing

  - **Possible Action:** Authorize Chief Executive Officer to negotiate, execute, amend, and terminate a contract with Microsoft in an amount not to exceed $775,000 for licensing a three year term

Santa Clara Family Health Plan™

Unaudited Financial Statements

For Eight Months Ended February 28, 2022

Agenda

Santa Clara Family Health Plan

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Financial Highlights

	MTD		YTD	
Revenue	$316 M		$1,105 M	
Medical Expense (MLR)	$308 M	97.3%	$1,043 M	94.4%
Administrative Expense (% Rev)	$5.7 M	1.8%	$49.2 M	4.5%
Other Income/(Expense)	$123K		$1.1 M	
Net Surplus (Net Loss)	**$2.9 M**		**$13.6 M**	

Cash and Investments	$505 M
Receivables	$735 M
Total Current Assets	$1.25 B
Current Liabilities	$1.01 B
Current Ratio	1.24
Tangible Net Equity	$268 M
% of DMHC Requirement	**787.8%**

Financial Highlights

Net Surplus (Net Loss)	Month: Surplus of $2.9M is $2.6M or 795.4% favorable to budget of $325K surplus. YTD: Surplus of $13.6M is $5.0M or 59.0% favorable to budget of $8.5M surplus.
Enrollment	Month: Membership was 295,422 (18,465 or 5.9% lower than budget of 313,887). YTD: Member Months YTD was 2,314,165 (55,470 or 2.3% lower than budget of 2,369,635).
Revenue	Month: $316.3M ($194.6M or 159.9% favorable to budget of $121.7M). YTD: $1.1B ($180.0M or 19.5% favorable to budget of $924.6M).
Medical Expenses	Month: $307.7M ($192.7M or 167.5% unfavorable to budget of $115.0M). YTD: $1.04B ($177.1M or 20.5% unfavorable to budget of $865.8M).
Administrative Expenses	Month: $5.7M ($964K or 14.4% favorable to budget of $6.7M). YTD: $49.2M ($4.1M or 7.6% favorable to budget of $53.3M).
Tangible Net Equity	TNE was $268.4M (represents approximately three months of total expenses).
Capital Expenditures	YTD Capital Investments of $939K vs. $3.3M annual budget, primarily software.

Santa Clara Family Health Plan™

Detail Analyses

Enrollment

- Total enrollment of 295,422 members is 18,465 or 5.9% lower than budget. Since the beginning of the fiscal year, total enrollment has increased by 12,752 members or 4.5%.
- Medi-Cal & CMC enrollment have been increasing since March 2020 largely due to COVID. Beginning in March 2020, annual eligibility redeterminations were suspended and enrollment continues to increase as a result.
- Since the beginning of the fiscal year, Medi-Cal Non-Dual enrollment has increased 4.7%, Medi-Cal Dual enrollment has increased 3.4%, and CMC enrollment has grown 1.7%.

	For the Month February 2022				For Eight Months Ending February 28, 2022					
	Actual	Budget	Variance	Variance (%)	Actual	Budget	Variance	Variance (%)	Prior Year Actuals	Δ FY22 vs. FY21
Medi-Cal	285,171	303,187	(18,016)	(5.9%)	2,231,763	2,285,905	(54,142)	(2.4%)	2,057,430	8.5%
Cal Medi-Connect	10,251	10,700	(449)	(4.2%)	82,402	83,730	(1,328)	(1.6%)	76,492	7.7%
Total	**295,422**	**313,887**	**(18,465)**	**(5.9%)**	**2,314,165**	**2,369,635**	**(55,470)**	**(2.3%)**	**2,133,922**	**8.4%**

Santa Clara Family Health Plan Enrollment By Network
February 2022

Network	Medi-Cal		CMC		Total	
	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total
Direct Contract Physicians	36,933	13%	10,251	100%	47,184	16%
SCVHHS[1], Safety Net Clinics, FQHC[2] Clinics	142,355	50%	-	0%	142,355	48%
North East Medical Services	3,392	1%	-	0%	3,392	1%
Palo Alto Medical Foundation	7,385	3%	-	0%	7,385	2%
Physicians Medical Group	44,472	16%	-	0%	44,472	15%
Premier Care	16,152	6%	-	0%	16,152	5%
Kaiser	34,482	12%	-	0%	34,482	12%
Total	**285,171**	**100%**	**10,251**	**100%**	**295,422**	**100%**
Enrollment at June 30, 2021	272,590		10,080		282,670	
Net Δ from Beginning of FY22	4.6%		1.7%		4.5%	

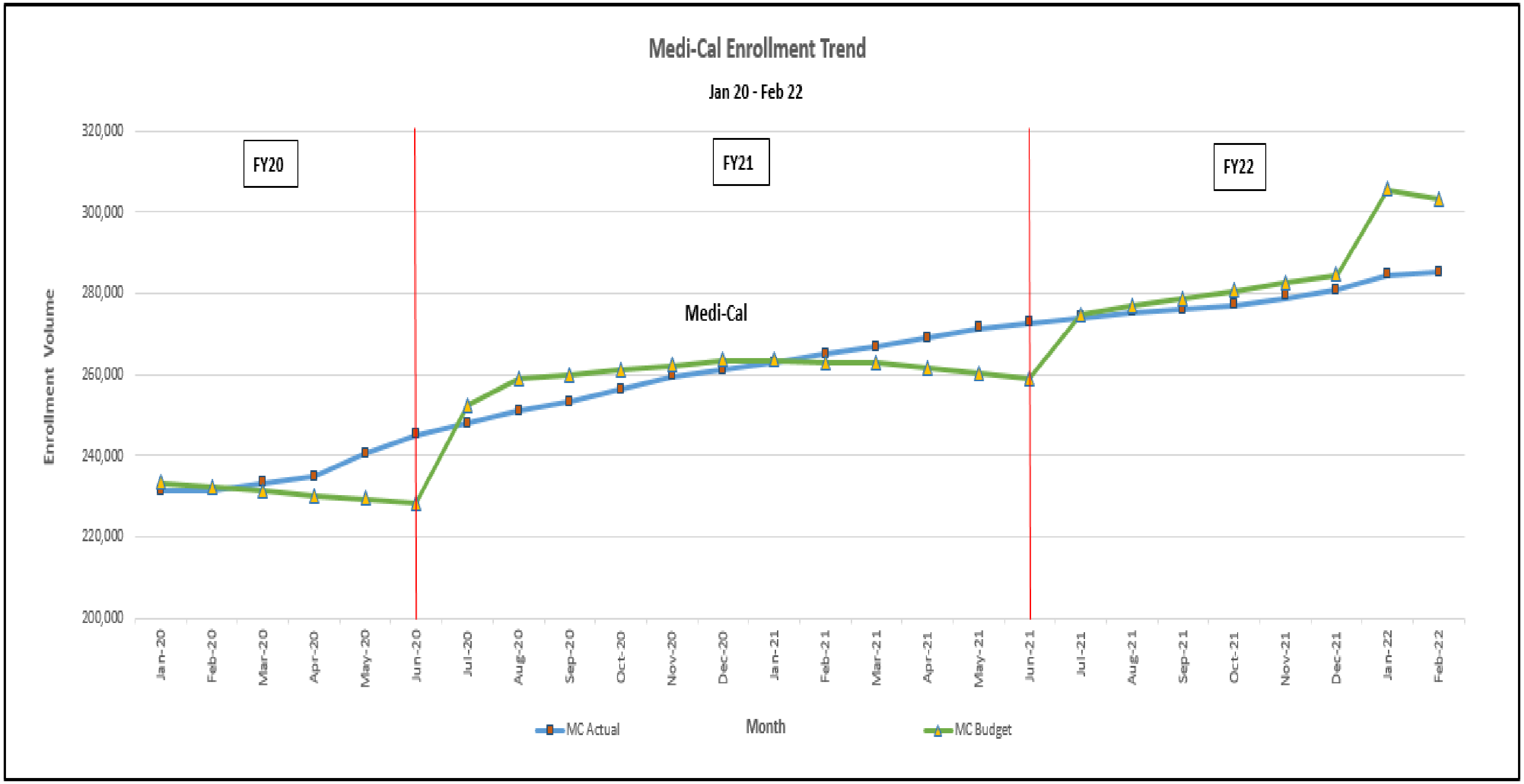
[1] *SCVHHS = Santa Clara Valley Health & Hospital System*
[2] *FQHC = Federally Qualified Health Center*

Enrollment By Aid Category

SCFHP TRENDED ENROLLMENT BY COA YTD FEBRUARY - 2022

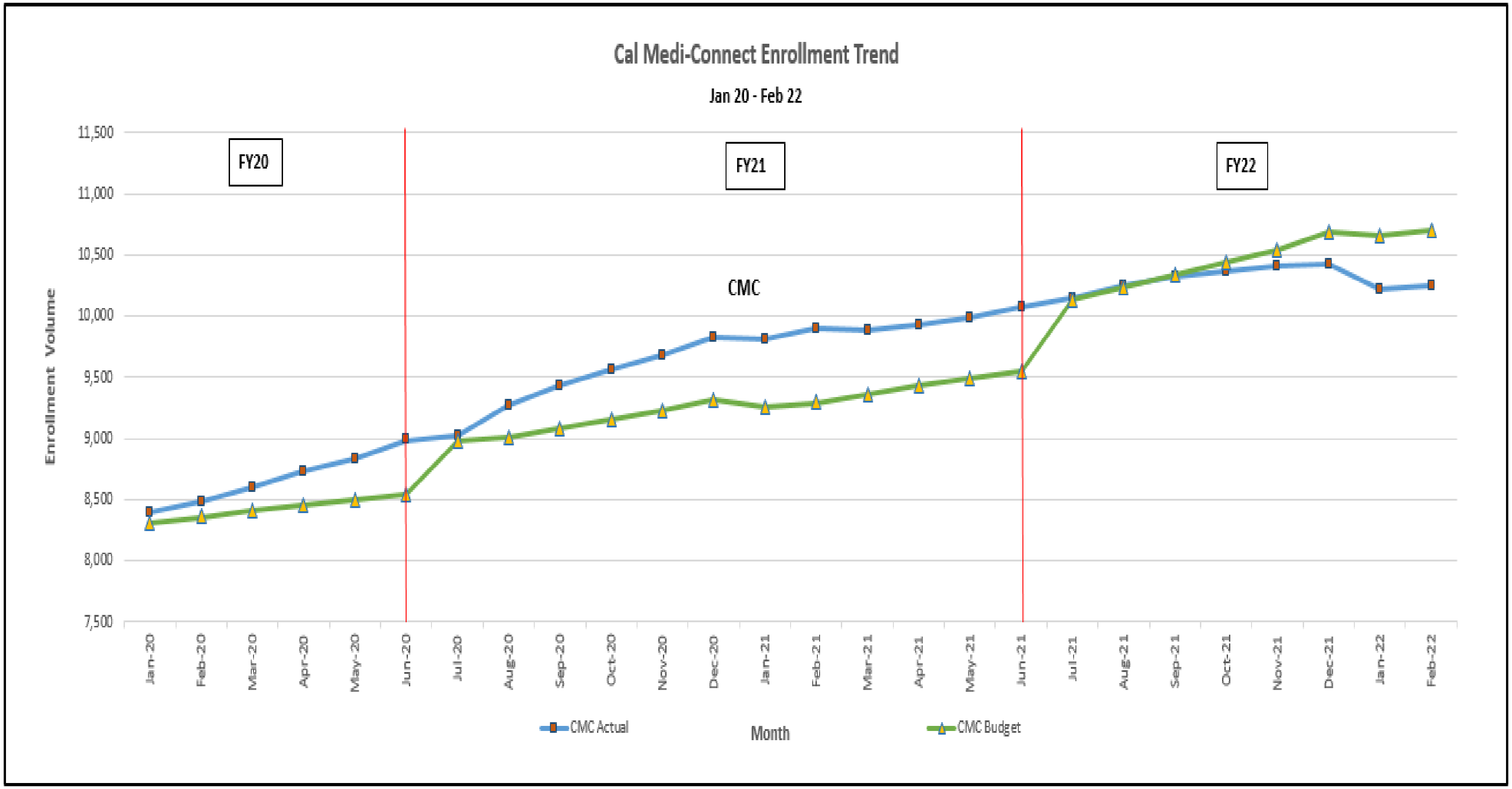
		2021-02	2021-03	2021-04	2021-05	2021-06	2021-07	2021-08	2021-09	2021-10	2021-11	2021-12	2022-01	2022-02	FYTD var	%
NON DUAL	Adult (over 19)	31,307	31,711	32,106	32,577	32,997	32,995	33,281	33,546	33,809	34,245	34,653	35,652	35,761	2,764	8.4%
	Child (under 19)	99,377	99,557	99,872	100,245	100,477	101,010	101,085	101,093	101,125	101,411	101,722	102,516	102,519	2,042	2.0%
	SPD	22,308	22,281	22,290	22,291	22,301	22,363	22,276	22,331	22,381	22,463	22,537	22,740	22,731	430	1.9%
	Adult Expansion	85,477	86,677	88,035	89,361	89,957	90,711	91,392	91,960	92,393	93,186	94,092	95,819	96,366	6,409	7.1%
	Long Term Care	380	373	375	367	365	414	408	401	391	385	392	391	403	38	10.4%
	Total Non-Duals	**238,849**	**240,599**	**242,678**	**244,841**	**246,097**	**247,493**	**248,442**	**249,331**	**250,099**	**251,690**	**253,396**	**257,118**	**257,780**	**11,683**	**4.7%**
DUAL	Adult (over 21)	355	361	357	365	366	367	376	375	396	398	408	410	403	37	10.1%
	SPD	24,155	24,206	24,168	24,146	24,115	23,980	24,159	24,206	24,244	24,307	24,320	24,330	24,350	235	1.0%
	Long Term Care	1,074	1,054	1,038	1,031	1,060	1,127	1,115	1,092	1,083	1,106	1,111	1,085	1,107	47	4.4%
	SPD OE	662	742	802	863	952	1,063	1,135	1,223	1,308	1,372	1,431	1,496	1,531	579	60.8%
	Total Duals	**26,246**	**26,363**	**26,365**	**26,405**	**26,493**	**26,537**	**26,785**	**26,896**	**27,031**	**27,183**	**27,270**	**27,321**	**27,391**	**898**	**3.4%**
	Total Medi-Cal	**265,095**	**266,962**	**269,043**	**271,246**	**272,590**	**274,030**	**275,227**	**276,227**	**277,130**	**278,873**	**280,666**	**284,439**	**285,171**	**12,581**	**4.6%**
CMC	CMC Non-Long Term Care	9,706	9,696	9,745	9,809	9,895	9,939	10,037	10,122	10,160	10,211	10,221	10,017	10,038	143	1.4%
	CMC - Long Term Care	187	184	179	180	185	209	208	203	208	204	210	202	213	28	15.1%
	Total CMC	**9,893**	**9,880**	**9,924**	**9,989**	**10,080**	**10,148**	**10,245**	**10,325**	**10,368**	**10,415**	**10,431**	**10,219**	**10,251**	**171**	**1.7%**
	Total Enrollment	**274,988**	**276,842**	**278,967**	**281,235**	**282,670**	**284,178**	**285,472**	**286,552**	**287,498**	**289,288**	**291,097**	**294,658**	**295,422**	**12,752**	**4.5%**

Medi-Cal Enrollment Trend



- Actual enrollment, represented by the blue line, showed steeper initial COVID enrollment growth in FY21 followed by a lower growth in FY22 with continued public health emergency.
- Budgeted enrollment, represented by the green line, was presumed to decrease in late FY21 but continues due to sustained public health emergency. Current budget effective July 2021. The Budget included a higher projection of new mandatory Medi-Cal population having Other Health Coverage (OHC).

Cal Medi-Connect Enrollment Trend

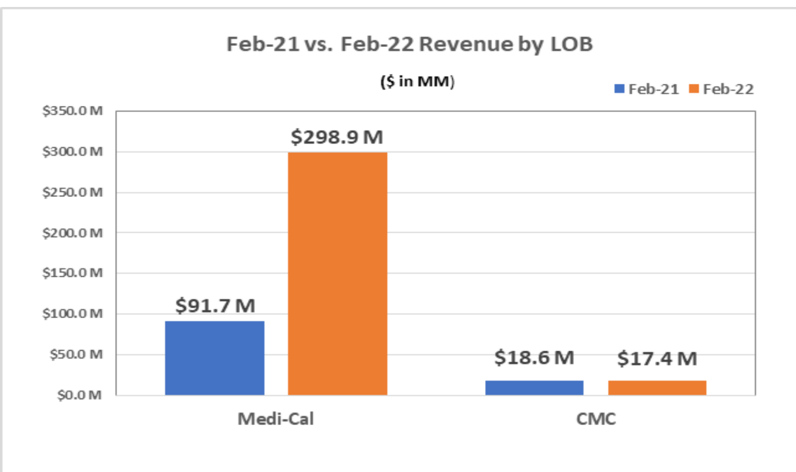


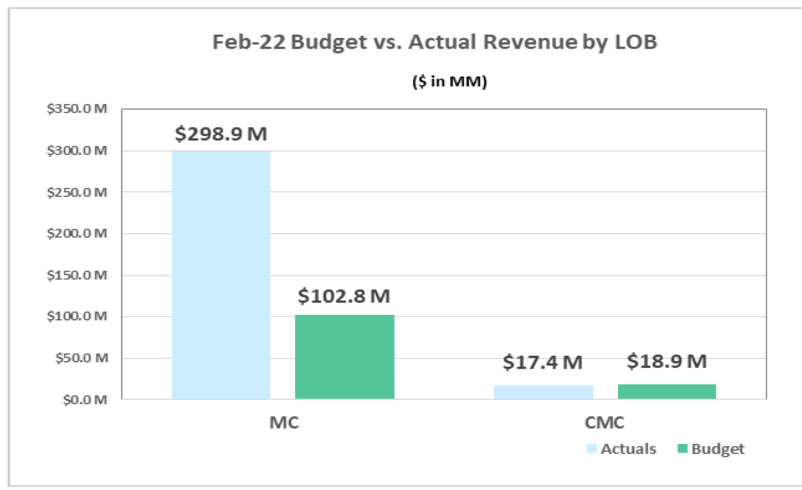
- Actual enrollment, represented by the blue line, showed steeper initial COVID enrollment growth in FY21 followed by a lower growth in FY22 with continued public health emergency.
- Budgeted enrollment, represented by the green line, was presumed to decrease in late FY21 but continues due to sustained public health emergency. Current budget effective July 2021.

Current Month Revenue

Current month revenue of $316.3M was $194.6M or 159.9% favorable to budget of $121.7M. The current month variance was primarily due to the following:

- Due to a change in accounting prescribed by DHCS, hospital directed payments are now reported on the P&L resulting in a favorable current month revenue variance of $212.4M with an offsetting unfavorable medical expense).
- Medi-Cal revenue was $16.2M unfavorable to budget due to (1) the pharmacy benefit carve-out and (2) lower Other Health Coverage (OHC) mandatory enrollment, offset by higher CY22 MLTSS rates versus budget. The Budget projected pharmacy benefit continued until the end of fiscal year but pharmacy carve-out began on Jan 1. Unfavorable pharmacy revenue is offset by favorable pharmacy expense.
- CMC revenue was $1.5M unfavorable to budget due to additional CY20 medical loss ratio (MLR) accrual payables to DHCS and CMS coupled with lower enrollment versus budget, partially offset by favorable CY22 rates versus budget.

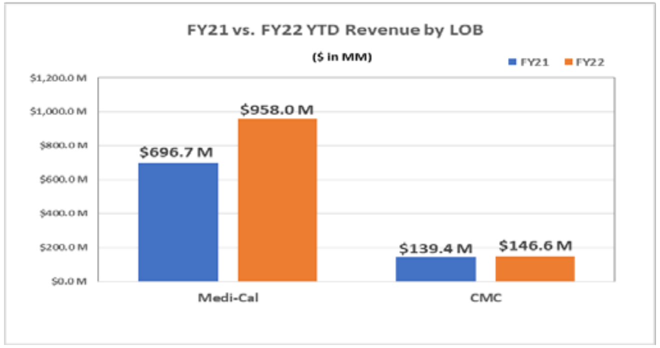


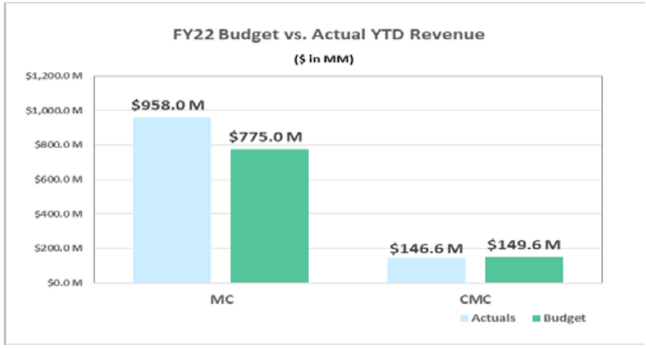


YTD Revenue

YTD revenue of $1.1B was $180.0M or 19.5% favorable to budget of $924.6M. The YTD variance was primarily due to the following:

- Due to a change in accounting prescribed by DHCS, hospital directed payments are now reported on the P&L resulting in a favorable current month revenue variance of $212.4M with an offsetting unfavorable medical expense).
- Medi-Cal revenue is $27.6M unfavorable largely due to the timing of the pharmacy benefit carve-out effective January 1st (the budget assumed the Rx benefit would continue through FY23). Lower pharmacy-related revenue is largely offset by lower pharmacy-related medical expense. Lower enrollment than anticipated from OHC contributes to the net unfavorable variance. Partially offsetting favorable variances pertained to higher CY22 rates versus budget and unbudgeted revenue associated with the COVID vaccine program (with associated expense).
- MCAL Prop-56 revenue is $1.8M unfavorable to budget due to lower enrollment from OHC than estimated budget (offset with lower Prop-56 expense).
- CMC revenue was $3.0M unfavorable to budget due to accrued CY20 Medical Loss Ratio reserves payable to DHCS & CMS and lower enrollment, offset by CY20 Part-D Reconciliation payment, Part-C Quality Withholding Earnback, and higher CY21 & CY22 CCI rates versus budget.

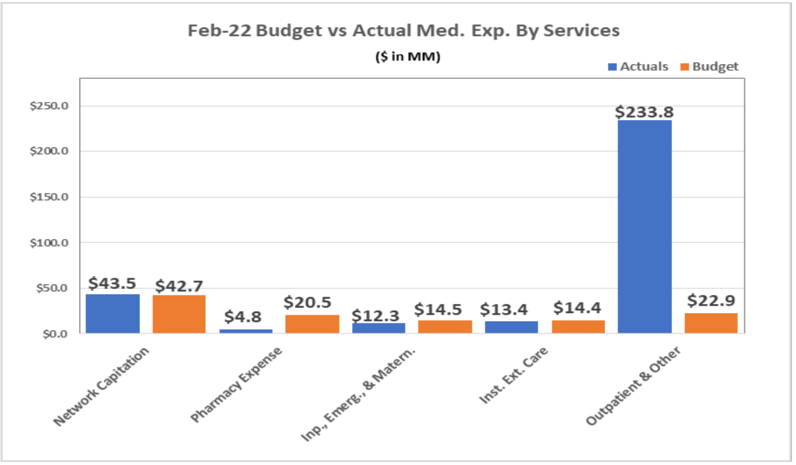


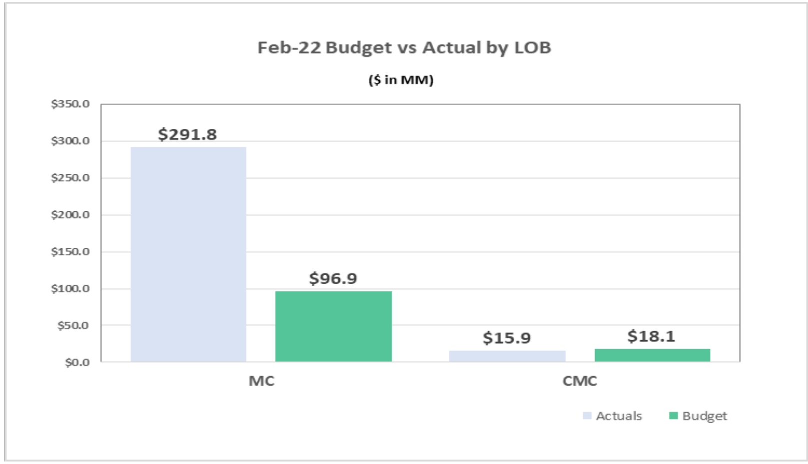


Current Month Medical Expense

Current month medical expense of $307.7M was $192.7M or 167.5% unfavorable to budget of $115.0M. The current month variance was due largely to:

- Due to a change in accounting prescribed by DHCS, hospital directed payments are now reported on the P&L resulting in a favorable current month revenue variance of $212.4M with an offsetting unfavorable medical expense).
- Pharmacy expenses were $15.8M favorable to budget primarily due to timing of the Medi-Cal pharmacy carve-out (largely offsetting the unfavorable revenue variance). The budget assumed the pharmacy benefit would continue until end of fiscal year.
- Fee-For-Service expenses reflected a $4.7M or 9.3% favorable variance due to lower enrollment than expected and favorable differences in unit costs for Inpatient, LTC, PCP, Specialty, Other MLTSS, Behavior Health and Transportation services.
- Capitation expense was $757K or 1.8% unfavorable to budget to higher CY22 capitated rates partially offset by lower capitated enrollment than expected.

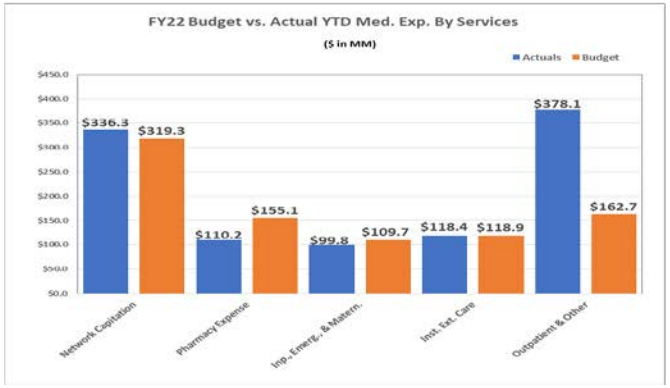


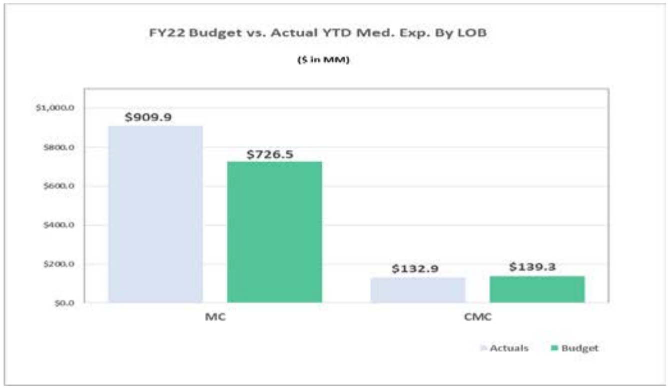


YTD Medical Expense

YTD medical expense of $1.04B was $177.1M or 20.5% unfavorable to budget of $865.8M. The YTD variance was due largely to:

- Due to a change in accounting prescribed by DHCS, hospital directed payments are now reported on the P&L resulting in a favorable current month revenue variance of $212.4M with an offsetting unfavorable medical expense).
- Pharmacy expenses were $44.9M or 28.9% favorable to budget because budget was projected to have pharmacy benefit continue until June 30 but it ended Jan 1 and lower enrollment from OHC than anticipated, thus lower overall pharmacy costs. Actual costs of diabetic drugs were also affected by lower enrollment. MC favorable pharmacy expenses were offset by unfavorable revenue.
- Capitation expense was $17.0M or 5.3% unfavorable to budget due to $20M accrued for VHP as one-time capitation payment for SPD utilization costs not reflected in original CY21 paid capitation rates. VHP is expected to pass the entire amount to VMC, offset by lower capitated MC enrollment.
- Fee-For-Service expenses reflected a net $7.4M or 1.6% favorable variance due to lower enrollment, which caused lower utilization in Inpatient and LTC, offset by unexpected cost increases in Outpatient, Specialty, PCP, ER and increased supplemental services such as Behavioral Health Therapy, Health Home and high maternity deliveries (offset with favorable revenue variance).

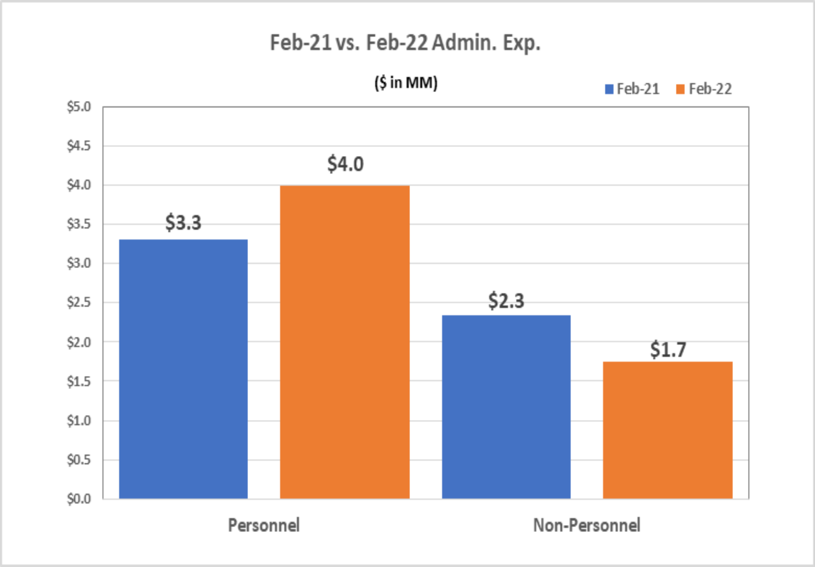


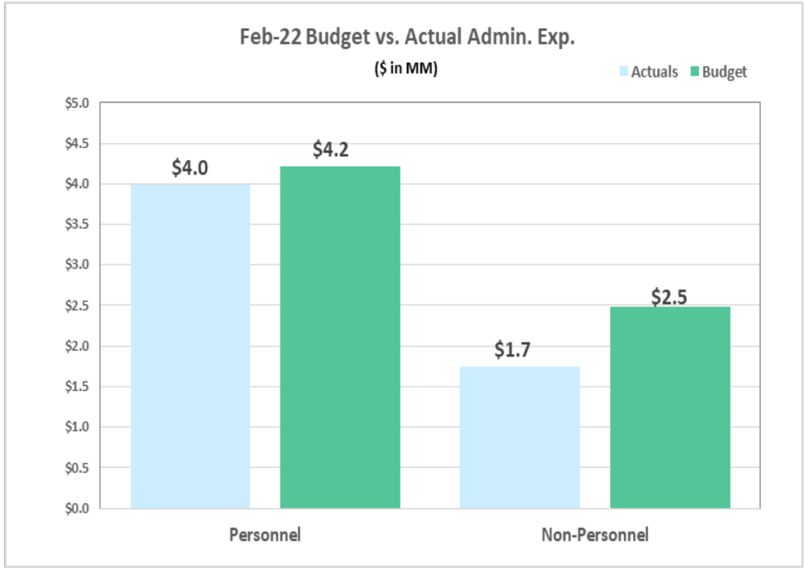


Current Month Administrative Expense

Current month expense of $5.7M was $963.9K or 14.4% favorable to budget of $6.7M. The current month variances were primarily due to the following:

- Non-Personnel expenses were $742K or 29.8% favorable to budget due to the timing of spending in certain expense categories (consulting, contract service, translation, and other fees). Other Expense included unbudgeted COVID incentive gift cards.
- Personnel expenses were $222K or 5.3% favorable to budget due to lower headcount than budget which included payroll tax, benefit savings and CalPERS reconciliations.

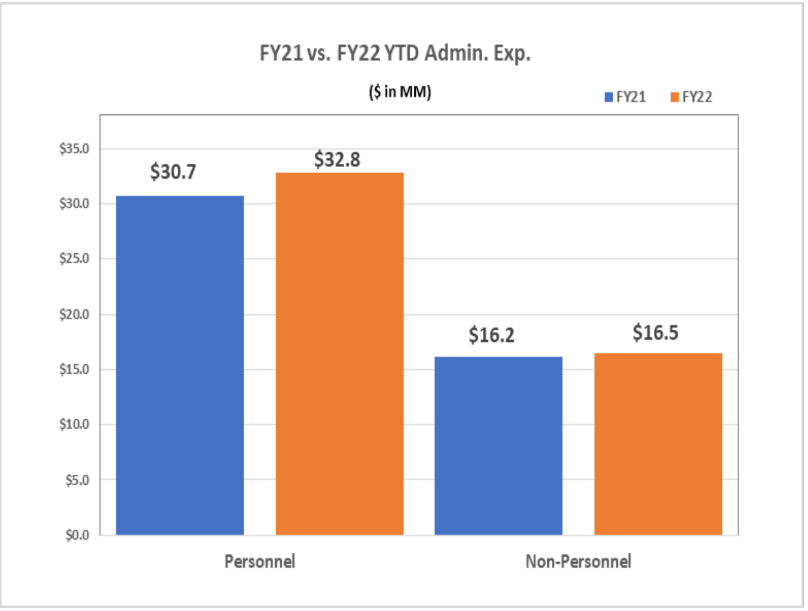


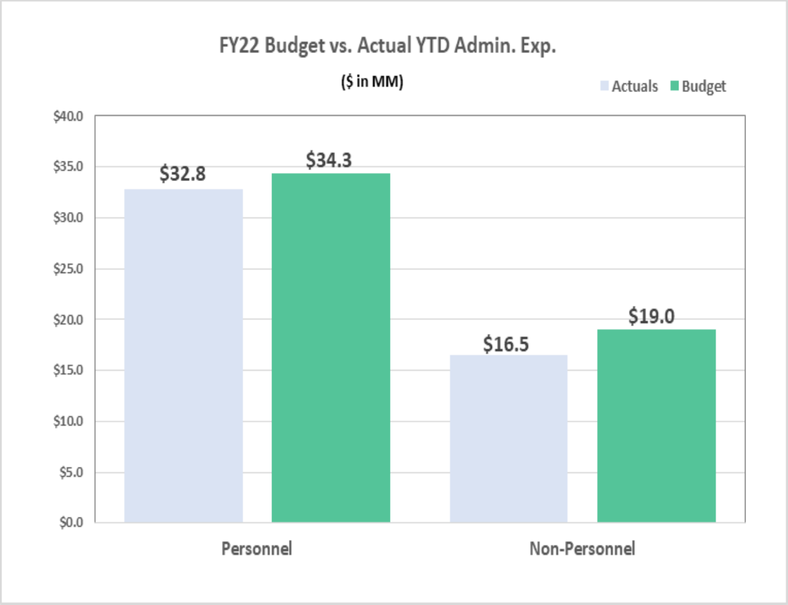


YTD Administrative Expense

YTD administrative expense of $49.2M was $4.1M or 7.6% favorable to budget of $53.3M. The YTD variance was primarily due to the following:

- Non-Personnel expenses were $2.6M or 13.4% favorable to budget due to the timing of budget spending in certain expenses (consulting, contract service, translation, advertising, information systems, and other fees) which are expected to be incurred later in the fiscal year. Other Expense included COVID member incentive gift cards.
- Personnel expenses were $1.5M or 4.4% favorable to budget due to lower headcount than budget which included lower payroll tax, benefits and CalPERS reconciliations.





Balance Sheet

- Current assets totaled $1.25B compared to current liabilities of $1.01B, yielding a current ratio (Current Assets/Current Liabilities) of 1.24:1 vs. the DMHC minimum requirement of 1.0:1.
- On a YTD basis, the overall cash balance increased by $97.0M compared to the cash balance as of year-end June 30, 2021 due to the timing of inflows and outflows.
- Current Cash & Equivalents components and yields were as follows:

Description	Cash & Investments	Current Yield %	Interest Income Month	Interest Income YTD
Short-Term Investments				
County of Santa Clara Comingled Pool	$183,331,585	0.65%	$124,392	$872,346
Wells Fargo Investments	($20)	0.00%	$0	$34,513
City National Bank Investments	$179,389,892	0.22%	($38,866)	($60,282)
	$362,721,456		$85,526	$846,578
Cash & Equivalents				
Bank of the West Money Market	$24,792	0.10%	$2	$3,308
City National Bank Accounts	$87,504,641	0.01%	$701	$2,109
Wells Fargo Bank Accounts	$54,452,287	0.01%	$416	$2,636
	$141,981,720		$1,119	$8,053
Assets Pledged to DMHC				
Restricted Cash	$325,000	0.01%	$3	$588
Petty Cash	$500	0.00%	$0	$0
Month-End Balance	**$505,028,677**		**$86,648**	**$855,218**

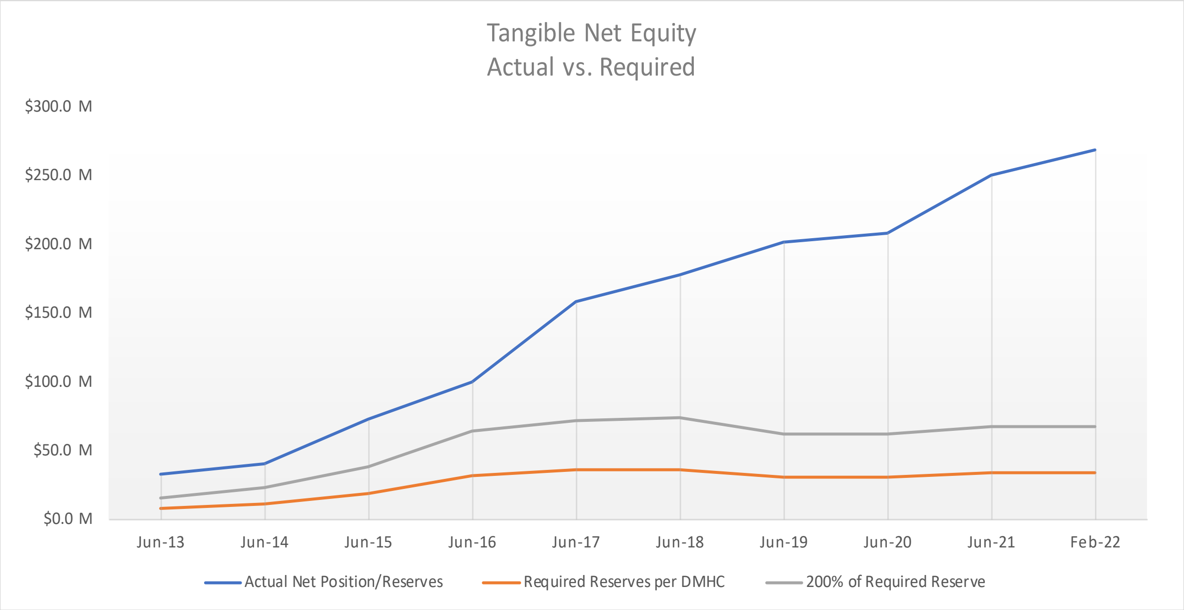
- County of Santa Clara Comingled Pool funds have longer-term investments which currently provide a higher yield than WFB Investments.
- The investment transition from Wells Fargo to City National Bank was largely completed in January.
- Overall cash and investment yield is lower than budget (0.32% actual vs. 1.4% budgeted).

Tangible Net Equity

- TNE was $268.4M - representing approximately three months of the Plan's total expenses.

Santa Clara Health Authority
Tangible Net Equity - Actual vs. Required
As of February 28, 2022

	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20	Jun-21	Feb-22
Actual Net Position/Reserves	$32.6 M	$40.9 M	$72.6 M	$100.3 M	$158.4 M	$178.0 M	$202.1 M	$208.6 M	$250.4 M	$268.4 M
Required Reserves per DMHC	$7.8 M	$11.4 M	$19.3 M	$32.4 M	$35.9 M	$36.8 M	$30.9 M	$31.3 M	$33.9 M	$34.1 M
200% of Required Reserve	$15.6 M	$22.9 M	$38.5 M	$64.8 M	$71.8 M	$73.6 M	$61.8 M	$62.5 M	$67.8 M	$68.1 M
Actual as % Required	418.5%	357.5%	376.9%	309.8%	441.2%	483.4%	654.4%	667.2%	739.1%	787.8%



Reserves Analysis

Santa Clara Family Health Plan

SCFHP RESERVES ANALYSIS FEBRUARY 2022

	Board Funds Committed	Approved Projects	Funds Expended	Balance
Financial Reserve Target #1: Tangible Net Equity				
Unrestricted Net Assets				**$226,382,089** *
Board Designated Funds (Note 1):				
Special Project Funding for CBOs	$4,000,000	$483,710	$363,710	$3,636,290
Innovation & COVID-19 Fund	$16,000,000	$6,442,273	$3,156,133	$12,843,867
Subtotal	$20,000,000	$6,925,983	$3,519,843	$16,480,157
Net Book Value of Fixed Assets				$25,243,661
Restricted Under Knox-Keene Agreement				$325,000
Total Tangible Net Equity (TNE)				$268,430,907
Current Required TNE				$34,074,891
TNE %				787.8%
SCFHP Target TNE Range:				
350% of Required TNE (Low)				$119,262,118
500% of Required TNE (High)				$170,374,455
Total TNE Above/(Below) SCFHP Low Target				**$149,168,789**
Total TNE Above/(Below) High Target				**$98,056,452**
Financial Reserve Target #2: Liquidity				
Cash & Investments				$505,028,677
Less Pass-Through Liabilities:				
Hospital Directed Payments				(212,873,067)
MCO Tax Payable to State of CA				(24,902,610)
Whole Person Care / Prop 56				(58,687,768)
Other Pass-Through Liabilities (Note 2)				(90,381,751)
Total Pass-Through Liabilities				**(386,845,196)**
Net Cash Available to SCFHP				118,183,481
SCFHP Target Liquidity (Note 3)				
45 Days of Total Operating Expense				(182,612,508)
60 Days of Total Operating Expense				(243,483,344)
Liquidity Above/(Below) SCFHP Low Target				**(64,429,027)**
Liquidity Above/(Below) High Target				**(125,299,863)**

- **Unrestricted Net Assets represents approximately two months of total expenses.**

Note 1: In December 2018, the Governing Board established a Board Discretionary Fund for Special Projects of $2.2M. In December 2019, the Governing Board also approved additional $1.8M for Special Project fund ($4M total) and $16M for Innovation & COVID-19 Fund.

Note 2: Other Pass-Through Liabilities include HQAF, Rate Range IGT, and DHCS overpayments.

Note 3: SCFHP Target Liquidity is based on total monthly budgeted expenses.

Capital Expenditures

- YTD Capital investments of $939K, largely due to software licensing, were comprised of the following:

Expenditure	YTD Actual	Annual Budget
Community Resource Center	$39,626	$55,800
Hardware	$246,074	$1,060,000
Software	$519,485	$1,896,874
Building Improvements	$130,174	$62,000
Furniture & Equipment	$3,391	$179,101
TOTAL	**$938,750**	**$3,253,775**

Santa Clara Family Health Plan™

Financial Statements

Income Statement

Santa Clara County Health Authority
INCOME STATEMENT
For Eight Months Ending February 28, 2022

	Feb-2022 Actuals	% of Rev	Feb-2022 Budget	% of Rev	Current Month Variance $	Current Month Variance %	YTD Feb-2022 Actuals	% of Rev	YTD Feb-2022 Budget	% of Rev	YTD Variance $	YTD Variance %
REVENUES												
MEDI-CAL	$ 298,850,373	94.5%	$ 102,802,879	84.5%	$ 196,047,494	190.7%	$ 957,971,588	86.7%	$ 774,970,773	83.8%	$ 183,000,815	23.6%
CMC MEDI-CAL	3,284,441	1.0%	3,567,013	2.9%	(282,572)	(7.9%)	28,618,371	2.6%	29,786,017	3.2%	(1,167,646)	(3.9%)
CMC MEDICARE	14,137,113	4.5%	15,309,239	12.6%	(1,172,126)	(7.7%)	117,978,141	10.7%	119,798,372	13.0%	(1,820,231)	(1.5%)
TOTAL CMC	17,421,554	5.5%	18,876,252	15.5%	(1,454,698)	(7.7%)	146,596,512	13.3%	149,584,389	16.2%	(2,987,877)	(2.0%)
TOTAL REVENUE	**$ 316,271,927**	**100.0%**	**$ 121,679,131**	**100.0%**	**$ 194,592,796**	**159.9%**	**$ 1,104,568,100**	**100.0%**	**$ 924,555,162**	**100.0%**	**$ 180,012,938**	**19.5%**
MEDICAL EXPENSES												
MEDI-CAL	$ 291,834,922	92.3%	$ 96,935,741	79.7%	$(194,899,181)	(201.1%)	$ 909,911,152	82.4%	$ 726,520,632	78.6%	$(183,390,520)	(25.2%)
CMC MEDI-CAL	3,569,584	1.1%	3,136,465	2.6%	(433,119)	(13.8%)	26,924,978	2.4%	24,320,367	2.6%	(2,604,611)	(10.7%)
CMC MEDICARE	12,337,280	3.9%	14,962,873	12.3%	2,625,593	17.5%	106,020,240	9.6%	114,942,438	12.4%	8,922,198	7.8%
TOTAL CMC	15,906,865	5.0%	18,099,338	14.9%	2,192,473	12.1%	132,945,218	12.0%	139,262,805	15.1%	6,317,587	4.5%
TOTAL MEDICAL EXPENSES	**$ 307,741,787**	**97.3%**	**$ 115,035,079**	**94.5%**	**$(192,706,708)**	**(167.5%)**	**$ 1,042,856,370**	**94.4%**	**$ 865,783,437**	**93.6%**	**$(177,072,934)**	**(20.5%)**
GROSS MARGIN	**$ 8,530,140**	**2.7%**	**$ 6,644,052**	**5.5%**	**$ 1,886,088**	**28.4%**	**$ 61,711,729**	**5.6%**	**$ 58,771,725**	**6.4%**	**$ 2,940,005**	**5.0%**
ADMINISTRATIVE EXPENSE												
SALARIES AND BENEFITS	$ 3,993,413	1.3%	$ 4,215,744	3.5%	$ 222,330	5.3%	$ 32,787,245	3.0%	$ 34,311,952	3.7%	$ 1,524,707	4.4%
RENTS AND UTILITIES	26,253	0.0%	42,067	0.0%	15,814	37.6%	286,951	0.0%	336,534	0.0%	49,583	14.7%
PRINTING AND ADVERTISING	40,770	0.0%	107,542	0.1%	66,772	62.1%	481,179	0.0%	862,333	0.1%	381,154	44.2%
INFORMATION SYSTEMS	252,099	0.1%	397,753	0.3%	145,653	36.6%	2,454,453	0.2%	3,052,671	0.3%	598,218	19.6%
PROF FEES/CONSULTING/TEMP STAFFING	508,580	0.2%	1,194,898	1.0%	686,318	57.4%	7,205,328	0.7%	8,939,869	1.0%	1,734,541	19.4%
DEPRECIATION/INSURANCE/EQUIPMENT	401,579	0.1%	452,953	0.4%	51,374	11.3%	3,197,877	0.3%	3,417,495	0.4%	219,618	6.4%
OFFICE SUPPLIES/POSTAGE/TELEPHONE	32,282	0.0%	62,242	0.1%	29,960	48.1%	402,971	0.0%	498,538	0.1%	95,566	19.2%
MEETINGS/TRAVEL/DUES	68,908	0.0%	134,088	0.1%	65,180	48.6%	731,494	0.1%	1,103,920	0.1%	372,426	33.7%
OTHER	418,855	0.1%	99,307	0.1%	(319,548)	(321.8%)	1,701,845	0.2%	801,053	0.1%	(900,792)	(112.5%)
TOTAL ADMINISTRATIVE EXPENSES	**$ 5,742,740**	**1.8%**	**$ 6,706,593**	**5.5%**	**$ 963,853**	**14.4%**	**$ 49,249,344**	**4.5%**	**$ 53,324,365**	**5.8%**	**$ 4,075,020**	**7.6%**
OPERATING SURPLUS/(LOSS)	**$ 2,787,400**	**0.9%**	**$ (62,541)**	**-0.1%**	**$ 2,849,941**	**(4,556.9%)**	**$ 12,462,385**	**1.1%**	**$ 5,447,360**	**0.6%**	**$ 7,015,025**	**128.8%**
INTEREST & INVESTMENT INCOME	$ 86,648	0.0%	$ 350,000	0.3%	$ (263,352)	(75.2%)	$ 855,218	0.1%	$ 2,800,000	0.3%	$ (1,944,782)	(69.5%)
OTHER INCOME	36,663	0.0%	37,602	0.0%	(939)	(2.5%)	262,703	0.0%	291,890	0.0%	(29,186)	(10.0%)
NON-OPERATING INCOME	**$ 123,311**	**0.0%**	**$ 387,602**	**0.3%**	**$ (264,291)**	**(68.2%)**	**$ 1,117,922**	**0.1%**	**$ 3,091,890**	**0.3%**	**$ (1,973,968)**	**(63.8%)**
NET SURPLUS (LOSS)	**$ 2,910,711**	**0.9%**	**$ 325,061**	**0.3%**	**$ 2,585,650**	**795.4%**	**$ 13,580,306**	**1.2%**	**$ 8,539,250**	**0.9%**	**$ 5,041,056**	**59.0%**

Balance Sheet

Santa Clara Family Health Plan

SANTA CLARA COUNTY HEALTH AUTHORITY
As of February 28, 2022

	Feb-2022	Jan-2022	Dec-2021	Feb-2021
Assets				
Current Assets				
Cash and Investments	$ 505,028,677	$ 494,670,999	$ 458,434,836	$ 362,000,143
Receivables	735,265,048	514,892,512	547,776,814	650,794,128
Prepaid Expenses and Other Current Assets	8,518,866	10,010,129	10,313,774	8,901,299
Total Current Assets	**$ 1,248,812,591**	**$ 1,019,573,640**	**$ 1,016,525,423**	**$ 1,021,695,570**
Long Term Assets				
Property and Equipment	$ 52,461,621	$ 52,450,485	$ 52,459,777	$ 51,070,144
Accumulated Depreciation	(27,217,960)	(26,876,796)	(26,521,602)	(23,133,032)
Total Long Term Assets	25,243,661	25,573,689	25,938,175	27,937,112
Total Assets	**$ 1,274,056,252**	**$ 1,045,147,329**	**$ 1,042,463,598**	**$ 1,049,632,682**
Deferred Outflow of Resources	**$ 6,048,237**	**$ 6,271,114**	**$ 6,493,990**	**$ 8,402,260**
Total Assets & Deferred Outflows	**$ 1,280,104,488**	**$ 1,051,418,442**	**$ 1,048,957,589**	**$ 1,058,034,942**
Liabilities and Net Assets:				
Current Liabilities				
Trade Payables	$ 13,396,942	$ 7,355,316	$ 7,102,079	$ 8,087,827
Deferred Rent	45,946	46,244	46,542	48,585
Employee Benefits	3,817,549	4,030,828	3,812,771	3,002,306
Retirement Obligation per GASB 75	2,339,162	2,299,037	2,218,787	2,768,118
Whole Person Care / Prop 56	58,687,768	55,058,764	51,817,008	49,144,350
Payable to Hospitals	(1,344)	18,152,703	18,152,889	20,688
Payable to Hospitals	212,874,410	474,774	474,774	124,936,215
Pass-Throughs Payable	8,422,934	4,650,420	759,037	330,470
Due to Santa Clara County Valley Health Plan and Kaiser	62,839,841	57,598,300	29,971,646	29,466,215
MCO Tax Payable - State Board of Equalization	24,902,610	14,771,399	35,024,325	18,230,783
Due to DHCS	81,958,818	77,988,907	76,739,175	52,760,437
Liability for In Home Support Services (IHSS)	419,990,933	419,990,933	419,990,933	419,268,582
Current Premium Deficiency Reserve (PDR)	8,294,025	8,294,025	8,294,025	8,294,025
Medical Cost Reserves	113,564,670	114,647,277	113,956,220	117,508,759
Total Current Liabilities	**$ 1,011,134,263**	**$ 785,358,928**	**$ 768,360,212**	**$ 833,867,361**
Non-Current Liabilities				
Net Pension Liability GASB 68	(0)	(0)	(0)	1,915,458
Total Non-Current Liabilities	**$ (0)**	**$ (0)**	**$ (0)**	**$ 1,915,458**
Total Liabilities	**$ 1,011,134,263**	**$ 785,358,928**	**$ 768,360,212**	**$ 835,782,819**
Deferred Inflow of Resources	**$ 539,318**	**$ 539,318**	**$ 539,318**	**$ 1,661,827**
Net Assets				
Board Designated Fund: Special Project Funding for CBOs	$ 3,636,290	$ 3,636,290	$ 3,636,290	$ 3,337,274
Board Designated Fund: Innovation & COVID-19 Fund	12,843,867	12,923,410	12,923,410	13,830,001
Invested in Capital Assets (NBV)	25,243,661	25,573,689	25,938,175	27,937,112
Restricted under Knox-Keene agreement	325,000	325,000	325,000	425,000
Unrestricted Net Equity	212,801,783	212,392,212	212,027,726	163,111,401
Current YTD Income (Loss)	13,580,306	10,669,596	25,207,458	11,949,509
Total Net Assets / Reserves	**$ 268,430,907**	**$ 265,520,197**	**$ 280,058,059**	**$ 220,590,296**
Total Liabilities, Deferred Inflows and Net Assets	**$ 1,280,104,488**	**$ 1,051,418,442**	**$ 1,048,957,589**	**$ 1,058,034,942**

Cash Flow Statement

	Feb-2022	Year-to-date
Cash Flows from Operating Activities		
Premiums Received	$ 110,000,512	$ 897,898,735
Medical Expenses Paid	(303,582,854)	(997,824,862)
Adminstrative Expenses Paid	203,827,844	196,703,567
Net Cash from Operating Activities	**$ 10,245,502**	**$ 96,777,439**
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets	$ (11,135)	$ (938,750)
Cash Flows from Investing Activities		
Interest Income and Other Income (Net)	123,311	1,117,922
Net Increase/(Decrease) in Cash & Cash Equivalents	**$ 10,357,678**	**$ 96,956,611**
Cash & Investments (Beginning)	494,670,999	408,072,066
Cash & Investments (Ending)	**$ 505,028,677**	**$ 505,028,677**
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating Surplus/(Loss)	$ 2,787,400	$ 12,462,385
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities		
Depreciation	341,163	2,751,752
Changes in Operating Assets/Liabilities		
Premiums Receivable	(220,372,536)	(223,045,523)
Prepaids & Other Assets	1,491,263	197,638
Accounts Payable & Accrued Liabilities	207,515,281	241,638,400
State Payable	14,101,121	16,376,158
IGT, HQAF & Other Provider Payables	5,241,541	39,054,162
Net Pension Liability	0	0
Medical Cost Reserves & PDR	(1,082,608)	5,977,346
Total Adjustments	**$ 7,458,102**	**$ 84,315,054**
Net Cash from Operating Activities	**$ 10,245,502**	**$ 96,777,439**

Statement of Operations by Line of Business - YTD

Santa Clara County Health Authority
Statement of Operations
By Line of Business (Including Allocated Expenses)
For Eight Months Ending February 28, 2022

	Medi-Cal	CMC Medi-Cal	CMC Medicare	Total CMC	Grand Total
P&L (ALLOCATED BASIS)					
REVENUE	$957,971,588	$28,618,371	$117,978,141	$146,596,512	**$1,104,568,100**
MEDICAL EXPENSE	$909,911,152	$26,924,978	$106,020,240	$132,945,218	**$1,042,856,370**
(MLR)	95.0%	94.1%	89.9%	90.7%	94.4%
GROSS MARGIN	$48,060,435	$1,693,393	$11,957,901	$13,651,294	**$61,711,729**
ADMINISTRATIVE EXPENSE	$42,713,050	$1,276,006	$5,260,288	$6,536,294	**$49,249,344**
(% of Revenue Allocation)					
OPERATING SURPLUS/(LOSS)	$5,347,385	$417,387	$6,697,613	$7,115,000	**$12,462,385**
(% of Revenue Allocation)					
OTHER INCOME/(EXPENSE)	$969,553	$28,964	$119,404	$148,369	**$1,117,922**
(% of Revenue Allocation)					
NET SURPLUS/(LOSS)	$6,316,938	$446,351	$6,817,017	$7,263,368	**$13,580,306**
PMPM (ALLOCATED BASIS)					
REVENUE	$429.24	$347.30	$1,431.74	$1,779.04	**$477.31**
MEDICAL EXPENSES	$407.71	$326.75	$1,286.62	$1,613.37	**$450.64**
GROSS MARGIN	$21.53	$20.55	$145.12	$165.67	**$26.67**
ADMINISTRATIVE EXPENSES	$19.14	$15.49	$63.84	$79.32	**$21.28**
OPERATING INCOME/(LOSS)	$2.40	$5.07	$81.28	$86.34	**$5.39**
OTHER INCOME/(EXPENSE)	$0.43	$0.35	$1.45	$1.80	**$0.48**
NET INCOME/(LOSS)	$2.83	$5.42	$82.73	$88.15	**$5.87**
ALLOCATION BASIS:					
MEMBER MONTHS - YTD	2,231,763	82,402	82,402	82,402	2,314,165
REVENUE BY LOB	86.7%	2.6%	10.7%	13.3%	100.0%

Santa Clara Family Health Plan™

Appendices

Statement of Operations by Line of Business – Current Month

Santa Clara Family Health Plan

Santa Clara County Health Authority
Statement of Operations
By Line of Business (Including Allocated Expenses)
For the Month February 2022

	Medi-Cal	CMC Medi-Cal	CMC Medicare	Total CMC	Grand Total
P&L (ALLOCATED BASIS)					
REVENUE	$298,850,373	$3,284,441	$14,137,113	$17,421,554	**$316,271,927**
MEDICAL EXPENSE	$291,834,922	$3,569,584	$12,337,280	$15,906,865	**$307,741,787**
(MLR)	97.7%	108.7%	87.3%	91.3%	97.3%
GROSS MARGIN	$7,015,451	($285,143)	$1,799,832	$1,514,689	**$8,530,140**
ADMINISTRATIVE EXPENSE	$5,426,406	$59,638	$256,696	$316,334	**$5,742,740**
(% of Revenue Allocation)					
OPERATING SURPLUS/(LOSS)	$1,589,045	($344,781)	$1,543,136	$1,198,356	**$2,787,400**
(% of Revenue Allocation)					
OTHER INCOME/(EXPENSE)	$116,518	$1,281	$5,512	$6,792	**$123,311**
(% of Revenue Allocation)					
NET SURPLUS/(LOSS)	$1,705,563	($343,500)	$1,548,648	$1,205,148	**$2,910,711**
PMPM (ALLOCATED BASIS)					
REVENUE	$1,047.97	$320.40	$1,379.10	$1,699.50	**$1,070.58**
MEDICAL EXPENSES	$1,023.37	$348.22	$1,203.52	$1,551.74	**$1,041.70**
GROSS MARGIN	$24.60	($27.82)	$175.58	$147.76	**$28.87**
ADMINISTRATIVE EXPENSES	$19.03	$5.82	$25.04	$30.86	**$19.44**
OPERATING INCOME/(LOSS)	$5.57	($33.63)	$150.54	$116.90	**$9.44**
OTHER INCOME/(EXPENSE)	$0.41	$0.12	$0.54	$0.66	**$0.42**
NET INCOME/(LOSS)	$5.98	($33.51)	$151.07	$117.56	**$9.85**
ALLOCATION BASIS:					
MEMBER MONTHS	285,171	10,251	10,251	10,251	295,422
REVENUE BY LOB	94.5%	1.0%	4.5%	5.5%	100.0%

Enrollment By Aid Category

Santa Clara Family Health Plan

SCFHP TRENDED ENROLLMENT BY COA YTD MARCH - 2022

		2021-03	2021-04	2021-05	2021-06	2021-07	2021-08	2021-09	2021-10	2021-11	2021-12	2022-01	2022-02	2022-03	FYTD var	%
NON DUAL	Adult (over 19)	31,711	32,106	32,577	32,997	32,995	33,281	33,546	33,809	34,245	34,653	35,652	35,761	36,104	3,107	9.4%
	Child (under 19)	99,557	99,872	100,245	100,477	101,010	101,085	101,093	101,125	101,411	101,722	102,516	102,519	102,740	2,263	2.3%
	SPD	22,281	22,290	22,291	22,301	22,363	22,276	22,331	22,381	22,463	22,537	22,740	22,731	22,749	448	2.0%
	Adult Expansion	86,677	88,035	89,361	89,957	90,711	91,392	91,960	92,393	93,186	94,092	95,819	96,366	97,386	7,429	8.3%
	Long Term Care	373	375	367	365	414	408	401	391	385	392	391	403	395	30	8.2%
	Total Non-Duals	**240,599**	**242,678**	**244,841**	**246,097**	**247,493**	**248,442**	**249,331**	**250,099**	**251,690**	**253,396**	**257,118**	**257,780**	**259,374**	**13,277**	**5.4%**
DUAL	Adult (over 21)	361	357	365	366	367	376	375	396	398	408	410	403	407	41	11.2%
	SPD	24,206	24,168	24,146	24,115	23,980	24,159	24,206	24,244	24,307	24,320	24,330	24,350	24,378	263	1.1%
	Long Term Care	1,054	1,038	1,031	1,060	1,127	1,115	1,092	1,083	1,106	1,111	1,085	1,107	1,102	42	4.0%
	SPD OE	742	802	863	952	1,063	1,135	1,223	1,308	1,372	1,431	1,496	1,531	1,612	660	69.3%
	Total Duals	**26,363**	**26,365**	**26,405**	**26,493**	**26,537**	**26,785**	**26,896**	**27,031**	**27,183**	**27,270**	**27,321**	**27,391**	**27,499**	**1,006**	**3.8%**
	Total Medi-Cal	**266,962**	**269,043**	**271,246**	**272,590**	**274,030**	**275,227**	**276,227**	**277,130**	**278,873**	**280,666**	**284,439**	**285,171**	**286,873**	**14,283**	**5.2%**
CMC	CMC Non-Long Term Care	9,696	9,745	9,809	9,895	9,939	10,037	10,122	10,160	10,211	10,221	10,017	10,038	10,084	189	1.9%
	CMC - Long Term Care	184	179	180	185	209	208	203	208	204	210	202	213	215	30	16.2%
	Total CMC	**9,880**	**9,924**	**9,989**	**10,080**	**10,148**	**10,245**	**10,325**	**10,368**	**10,415**	**10,431**	**10,219**	**10,251**	**10,299**	**219**	**2.2%**
	Total Enrollment	**276,842**	**278,967**	**281,235**	**282,670**	**284,178**	**285,472**	**286,552**	**287,498**	**289,288**	**291,097**	**294,658**	**295,422**	**297,172**	**14,502**	**5.1%**

Santa Clara Family Health Plan™

Annual Investment Policy Review

MEKETA
INVESTMENT GROUP

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MEMORANDUM

TO: Neal Jarecki, Chief Financial Officer
Santa Clara Family Health Plan
FROM: Hannah Schriner, Jared Pratt
Meketa Investment Group
DATE: April 15, 2022
RE: Summary of Annual Investment Policy Recommendations

Meketa Investment Group was engaged by the Santa Clara Family Health Plan ("SCFHP") to complete a review of the SCFHP Annual Investment Policy ("AIP"). Our process incorporated a thorough review of the SCFHP investment program, current AIP, discussions with the CFO, as well as feedback from City National Bank.

We can confirm that our recommendations are in alignment with the California Government Code and *Local Agency Investment Guidelines: Update for 2022*.

Below is a summary of recommended changes, along with supporting rationale.

General Updates:

→ Replaced "Board of Directors" with "Governing Board" throughout

→ Editorial/grammatical updates to clean up the document and provide clarification

Section V: Delegation of Authority

→ Added "Governing Board". The Governing Board is responsible for the management and oversight of the SCFHP investment program and referenced throughout the AIP, as such, we believe this body should be defined.

→ Added "Executive/Finance Committee". The Committee is responsible for providing advice and recommendations to the Board on the SCFHP investment program, as such, we believe this body should be defined.

→ Added "Chief Financial Officer". The CFO is responsible for the day-to-day management and reporting of the SCFHP investment program, as such, we believe this body should be defined.

Section VI: Authorized Investments

→ A. 1. Recommend that permitted investments in the managed portfolio be subject to a maximum stated term of two years (current max is 450 days). Where the maximum stated term allowed by the California Government Code is less than two years, no changes recommended.

- Given the liquid nature of the portfolio, and maximum of five years permitted by the Code, extending from 450 days to two years is a marginal increase (+9 months) that will allow the investment manager to expand its opportunity set for yield in balance with the investment goal of holding securities to maturity.

→ A. 2. Modified the table to include all permitted investment types, AIP permitted maximum maturity, maximum specified % of portfolio, and minimum quality requirements. Additionally, added the California Government Code maximum allowances for comparison purposes.

→ Recommend adding Negotiable Certificates of Deposit to authorized investment types. These have a highly liquid secondary market and are FDIC insured. Additionally, the Code has a 30% maximum exposure cap.

→ B. Recommend removing Negotiable Certificates of Deposit from the prohibited investment types.

We look forward to discussing our recommendations.

HS/JP/mps

Attachments:
FINANCE INVESTMENT POLICY UPDATED 04-28-22 CLEAN
FINANCE INVESTMENT POLICY UPDATED 04-28-22 REDLINED

Santa Clara Family Health Plan

POLICY

Policy Title:	Investment Policy	Policy No.:	FA.07
Replaces Policy Title (if applicable):	NA	Replaces Policy No. (if applicable):	NA
Issuing Department:	Finance	Procedure Review Frequency:	Annual
Lines of Business (check all that apply):	☐ Medi-Cal	☐ CMC	

I. PURPOSE

This I~~i~~nvestment P~~p~~olicy sets for the investment guidelines and structure for the investment of short- term operating funds not required for the immediate cash needs of the Plan on and after April 22, 2021 of the Santa Clara Family Health Plan ("SCFHP" or the "Plan") which was established by the Santa Clara County Board of Supervisors under Ordinance 300.576 and licensed by the State of California under the Knox-Keene Act of 1975 in 1996.

Investments may only be made as authorized by this Annual Investment Policy ("Policy" or "AIP"). SCFHP is required to invest its funds in accordance with the California Government Code ("Code") Sections 27130 et seq., Sections 53635 and/or 53601 et seq., Section 1346 of the Knox- Keene Act of 1975 as well as the prudent investment standard:

> The Prudent Investor Standard: When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including but not limited to, the general economic conditions and the anticipated needs of SCFHP, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency (California Government Code Section 53600.3).

II. OBJECTIVES

i. **Safety**: the primary objective of this P~~p~~olicy is the preservation of principal; avoiding capital losses by minimizing credit risk and interest rate or market risk.
ii. **Liquidity:** maintain sufficient liquidity to meet the operating requirements for six months.
iii. **Yield:** achieve a market-average rate of return (yield) through budgetary and economic cycles, considering SCFHP's regulatory constraints and cash flow characteristics. Investments will be limited to low risk securities in anticipation of earning a fair return relative to the risk being assumed.
iv. **Diversification:** provide diversification of the portfolio securities to avoid incurring unreasonable market and credit risks.

POLICY

III. INVESTMENT STRATEGY

The Plan will adhere to the investment goal of holding investments to maturity. From time to time, the portfolio may go out of alignment. The Chief Financial Officer may choose to rebalance the portfolio at any time ~~earlier~~ to bring it back into compliance if the portfolio will not suffer any losses for selling the investment prior to maturity.

IV. ETHICS AND CONFLICTS OF INTEREST

SCFHP's officers, employees and Governing Board members involved in the investment process shall refrain from personal and professional business activities that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. SCFHP's officers and employees involved in the investment process are not permitted to have any material financial interests in financial interests in financial institutions, including state or federal credit unions, that conduct business with SCFHP, and they are not permitted to have any personal financial or investment holdings that could be materially related to the performance of SCFHP's investments.

V. DELEGATION OF AUTHORITY

A. Governing Board

The Governing Board (the "Board") is responsible for the management and oversight of SCFHP's investment program.

B. Executive/Finance Committee

The Executive/Finance Committee ("Committee") is responsible for providing advice and recommendations on the SCFHP Investment Policies, Procedures and Practices.

C. Chief Financial Officer

The Chief Financial Officer is responsible for day-to-day managing and reporting of SCFHP's Investment Program. The Chief Financial Officer is also responsible for the oversight of investment contractual obligations between SCFHP and the County, Depository Institution and/or Investment Manager that has been granted authority over any SCFHP funds.

D~~A~~. County of Santa Clara Commingled Investment Pool

~~The Governing Board is responsible for the management and oversight of SCFHP's investment program.~~ The Board has directed that available excess funds not required for immediate operational cash flow purposes be deposited with the County Treasurer into the County of Santa Clara Commingled Investment Pool which will be invested by the County Treasurer in accordance with the policies contained in the County of Santa Clara Treasury Investment Policy, now in effect, and which may be revised from time to time. As per the deposit requirements for county health plans under California Health and Safety Code Section 1346 and 1376.1, depositing SCFHP's excess funds with the County of Santa Clara is permitted if:

(1) All of the evidence of indebtedness of the County, has been rated "A" or better by Moody's Investors Service, Inc. or Standard & Poor's Corporation, based on a rating conducted during the immediately preceding 12 months.

(2) The County has cash or cash equivalents in an amount equal to fifty million dollars or more, based on its audited financial statements for the immediately preceding fiscal year.

(3) The day-to-day managing, reporting, and oversight of the investment contractual obligations between the County and SCFHP shall be the responsibility of SCFHP's Chief Financial Officer.

~~B~~E. Depository (Financial) Institutions

All SCFHP money shall be deposited in financial institutions that meet the requirements as set forth in California Government Code Section 53635.2 and authorized by the Board. The financial institution shall have received an overall rating of not less than "satisfactory" in its most recent evaluation by its appropriate federal financial supervisory agency. In addition, the depository financial institution shall maintain a rating of its senior long-term debt obligations, deposit rating or claims-paying ability rating, or is guaranteed by an entity whose obligations are rated not lower than "AA- by S&P, AA- by Fitch or "Aa3" by Moody's or its equivalent from another nationally recognized rating agency.

(1) All depository institutions shall provide SCFHP with notification of any downgrades in long-term ratings or any unsatisfactory rating by their appropriate federal financial supervisory agency within 10 days of such downgrade.

(2) Any downgrade in ratings of a financial institution holding SCFHP funds, shall be provided to the Board by the Chief Financial Officer.

(3) The day-to-day managing, reporting, and oversight of the depository and investment contractual obligations for SCFHP shall be the responsibility of SCFHP's Chief Financial Officer.

(4) The Board ~~of Directors~~ may renew the delegation of authority to enter into depository and investment relationships annually.

(5) Funds not required to compensate for transaction costs shall be invested in and earn a market rate of return in the depository institution's highest rated money market mutual fund as permitted by the California Government Code, Section 53600 et seq.

F~~C~~. Portfolio Investment Manager

The Governing Board may grant authority to a qualified investment manager to direct investments of excess funds in accordance with the AIP and be subject to periodic review for compliance to the AIP. The qualified investment manager must meet all requirements established by federal and California law. Any Board-approved changes in ~~Permitted~~ Authorized Investments and the AIP shall be communicated to the investment manager upon approval.

~~D~~G. Exceptions to this Policy

POLICY

The Governing Board may grant express written authority to make a one-time investment not permitted by this Policy however, the investment must be permitted by the California~~A~~ Government C~~c~~ode. The Board ~~of Directors~~ may also make amendments to the AIP at any quarterly meeting as needed.

VI. AUTHORIZED INVESTMENTS

A. Authorized Investment Types: SCFHP shall invest only in instruments as permitted by the California~~A~~ Government Code Section 53601, subject to the limitations of this AIP.

1. Permitted investments in the investment manager~~d~~ portfolio shall be considered short-term operating funds and are subject to a maximum stated term of ~~four hundred fifty (450) days~~two years.

2. The Governing Board may designate a reserve fund for excess funds not required for operational cash flow for which permitted investments are subject to a maximum term of five years pursuant to the Code.

Authorized Investments

Investment Type	Maximum Maturity (Code Allowance in Parenthesis if Different)	Maximum Specified % of Portfolio (Code Allowance in Parenthesis if Different)	Minimum Quality Requirements (Code Allowance in Parenthesis if Different)
U.S. Treasury Obligations	2 years (5 years)	None	None. May invest in securities that could result in zero or negative interest accrual if held to maturity, in the event of a period of negative market interest rates.
U.S. Agency Obligations	2 years (5 years)	None	None
State Obligations: CA and Others	2 years (5 years)	None	None for CA; AA or better for other States (None for all States)
CA Local Agency Obligations	2 years (5 years)	None	AA rated (None)
Commercial Paper: Non-Pooled Funds (minimum $100,000,000 of investments)[5]	270 days or less	40% of Plan's investible funds	Highest letter and number rating by an NRSRO[1]~~,5~~
Negotiable Certificates of Deposit	2 years (5 years)	30%	None
Placement Service Certificates of Deposit	2 years (5 years)	$250,000 per deposit per institution (50%)	FDIC insured at all times (None)
Repurchase Agreements	1 year	None	U.S. Treasury and Agency Obligations (None)

POLICY

Medium-term Notes	2 years (5 years or less)	30%, ~~(~~with not more than 10 % in any one institution~~)~~ (30%)	"A" rating category or better
Mutual Funds and Money Market Mutual Funds	N/A	20%, ~~(~~with no more than 10% invested in any one mutual fund; limitation does not apply to money market mutual funds~~)~~	Multiple[2]
Collateralized Bank Deposits	2 years (5 years)	None	If investments require collateral, collateral must be placed in institution not affiliated with the issuer of the obligation.
Mortgage Pass-through and Asset Backed Securities	2 years (5 years or less)	20%	"AA" rating category or its equivalent or better[4]
County Pooled Investment Funds-Santa Clara County Pool	N/A	None	"A" or better (None)
Joint Powers Authority Pool (CAMP, CalTrust)	N/A	None	Multiple[3]
Local Agency Investment Fund (LAIF)	N/A	None	None
Supranational Obligations	2 years (5 years or less)	30%	"AA" rating or better
Public Bank Obligations	2 years (5 years)	None	Section 57600 (b) [6]

[1]Issuing corporation must be organized and operating within the U.S., have assets in excess of $500 million, and debt other than commercial paper must be in a rating category of "A" or its equivalent or higher by a nationally recognized statistical rating organization, or the issuing corporation must be organized within the U.S. as a special purpose corporation, trust, or LLC, have program wide credit enhancements, and have commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical rating agency (NSRO).

[2]A money market mutual fund must receive the highest ranking by not less than two nationally recognized rating organizations or retain an investment advisor registered with the SEC (or exempt from registration) and who has not less than five years' experience investment in money market instruments with assets under management in excess of $500 million.

[3]A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of $500 million, and has at least five years' experience investment in instruments authorized by Section 53601, subdivisions (a) to (o).

[4]Any investments in asset-backed securities (mortgage pass-through securities, collateralized mortgage obligations, mortgage-backed or other pay-through bonds, equipment lease-backed certificates, consumer receivable pass-through certificates, or consumer receivable-backed bonds) are required to have a maximum remaining maturity of five years or less. While the Legislature removed the requirement that the securities' issuer be rated "A" or its equivalent or better for the issuer's debts in accordance with a nationally recognized statistical rating organization (NRSRO), the Plan retains this requirement.

POLICY

[5] In 2021, Section 53601 (h) amended to allow local agencies that have one hundred million dollars or more of investment assets under management to invest no more than 40% of their moneys in eligible commercial paper. Further amendment to Section 53601 limits local agencies to invest no more than 10% of their total investment assets in commercial paper and medium- term notes of any single issuer. Commercial Paper: Pooled Funds are not allowed in the Investment Manager Portfolio.

[6] Public Bank means a corporation organized under the Nonprofit Mutual benefit corporation Law for the purpose of engaging in the commercial banking business or industrial banking business that is wholly owned by a local agency, local agencies or a joint powers authority that is composed only of local agencies. A local agency may invest in commercial paper, debt securities, or other obligations of a public bank.

B. Prohibited Investment Types: California~~A~~ Government Code Section 53601.6 prohibits local agencies from investing in inverse floaters, range notes, or mortgage-derived, interest-only strips, and any security which could result in zero interest accrual if held to maturity. In addition, the Plan does not authorize investment in the following:

i. Bankers' Acceptances
ii. Commercial Paper: Pooled Funds (pertains only to Investment Manager~~d~~ Portfolio)
~~iii. Negotiable Certificates of Deposit~~
~~iv.~~iii. Non-negotiable Certificates of Deposit
~~v.~~iv. Reverse Repurchase Agreements and Securities Lending Agreements
~~vi.~~v. Voluntary Investment Program Fund

VII. REPORTING REQUIREMENTS

The following documents and reports will be periodically provided to support the investment procedures, oversight and reporting requirements:

A. County of Santa Clara Investment Pool Disclosure and Agreement for Voluntary Deposits

B. County of Santa Clara Treasury Investment Policy

C. County of Santa Clara Treasury Quarterly Report

D. SAP Balance and Interest Earnings Report of SCFHP Invested Funds

E. Depository Institution – daily transaction and monthly activity report

F. ~~Managed~~ Investment Manager Portfolio - m~~M~~onth-end and quarter-end portfolio performance summary, income, ending balance sheet, trading activity, transaction detail and portfolio diversification report. The listing must include issuer names, dates of maturity, par amounts, dollar amount, market values as of month-end and comparable published index as to diversification and duration that most closely tracks the performance of the portfolio.

G. Investment Oversight Quarterly Report – provides independent review of all invested funds for tracking of AIP, diversification requirements and performance review. Minimum reporting requirements includes a listing of the types of investment, issuer names, dates of maturity, par amounts, dollar amount, market values, descriptions of the programs under the management of contracted parties, a statement of compliance with the investment policy, and a statement of the ability to meet cash flow needs for six months. Any irregularities shall be noted and included in the report.

POLICY

VIII. REVIEW OF INVESTMENT POLICY

At least annually and more frequently as needed, the Governing Board will review this investment policy at a regular meeting of the Board. Any recommended changes to the Policy, including modifications to current investment strategy, oversight procedures including internal controls will be first be brought to the Executive/Finance Committee by the CFO for review and approval prior to presentation to the Board. The Executive Committee and Governing Board ~~of Directors~~ will be supported in this work by the CFO, investment advisors and legal counsel for financial and legal issues, respectively.

Any modifications to this Investment Policy, including withdrawal from the County of Santa Clara Commingled Investment Pool, will be made in accordance with California Government Code Sections 27130 et seq., Sections 53635 and/or 53601 et seq., Section 1346 of the Knox Keene Act of 1975 as well as the prudent investment standard.

IX. Approval/Revision History

First Level Approval	Second Level Approval
Barbara Granieri, Controller ~~April 14, 2021~~ Date	Neal Jarecki Chief Financial Officer ~~April 14, 2021~~ Date

Version Number	Change (Original/ Reviewed/ Revised)	Reviewing Committee (if applicable)	Committee Action/Date (Recommend or Approve)	Board Action/Date (Approve or Ratify)
V1	Original	Exec/Finance	Approved 04/26/18	Approved 06/28/18
V1	Original (no changes)	Exec/Finance	Approved 05/01/19	Approved 06/27/19
V2	Revised	Exec/Finance	Approved 04/23/20	Approved 06/25/20
V3	Revised	Exec/Finance	04/22/21	Approved 06/24/2021
V4	Revised	Exec/Finance	04/28/22	

Santa Clara Family Health Plan

POLICY

Policy Title:	Investment Policy	Policy No.:	FA.07
Replaces Policy Title (if applicable):	NA	Replaces Policy No. (if applicable):	NA
Issuing Department:	Finance	Procedure Review Frequency:	Annual
Lines of Business (check all that apply):	☐ Medi-Cal	☐ CMC	

I. PURPOSE

This Investment Policy sets for the investment guidelines and structure for the investment of short- term operating funds not required for the immediate cash needs of the Plan on and after April 22, 2021 of the Santa Clara Family Health Plan ("SCFHP" or the "Plan") which was established by the Santa Clara County Board of Supervisors under Ordinance 300.576 and licensed by the State of California under the Knox-Keene Act of 1975 in 1996.

Investments may only be made as authorized by this Annual Investment Policy ("Policy" or "AIP"). SCFHP is required to invest its funds in accordance with the California Government Code ("Code") Sections 27130 et seq., Sections 53635 and/or 53601 et seq., Section 1346 of the Knox- Keene Act of 1975 as well as the prudent investment standard:

> The Prudent Investor Standard: When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including but not limited to, the general economic conditions and the anticipated needs of SCFHP, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency (California Government Code Section 53600.3).

II. OBJECTIVES

i. **Safety**: the primary objective of this Policy is the preservation of principal; avoiding capital losses by minimizing credit risk and interest rate or market risk.
ii. **Liquidity:** maintain sufficient liquidity to meet the operating requirements for six months.
iii. **Yield:** achieve a market-average rate of return (yield) through budgetary and economic cycles, considering SCFHP's regulatory constraints and cash flow characteristics. Investments will be limited to low risk securities in anticipation of earning a fair return relative to the risk being assumed.
iv. **Diversification:** provide diversification of the portfolio securities to avoid incurring unreasonable market and credit risks.

POLICY

III. INVESTMENT STRATEGY

The Plan will adhere to the investment goal of holding investments to maturity. From time to time, the portfolio may go out of alignment. The Chief Financial Officer may choose to rebalance the portfolio at any time to bring it back into compliance if the portfolio will not suffer any losses for selling the investment prior to maturity.

IV. ETHICS AND CONFLICTS OF INTEREST

SCFHP's officers, employees and Governing Board members involved in the investment process shall refrain from personal and professional business activities that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. SCFHP's officers and employees involved in the investment process are not permitted to have any material financial interests in financial interests in financial institutions, including state or federal credit unions, that conduct business with SCFHP, and they are not permitted to have any personal financial or investment holdings that could be materially related to the performance of SCFHP's investments.

V. DELEGATION OF AUTHORITY

A. Governing Board

The Governing Board (the "Board") is responsible for the management and oversight of SCFHP's investment program.

B. Executive/Finance Committee

The Executive/Finance Committee ("Committee") is responsible for providing advice and recommendations on the SCFHP Investment Policies, Procedures and Practices.

C. Chief Financial Officer

The Chief Financial Officer is responsible for day-to-day managing and reporting of SCFHP's Investment Program. The Chief Financial Officer is also responsible for the oversight of investment contractual obligations between SCFHP and the County, Depository Institution and/or Investment Manager that has been granted authority over any SCFHP funds.

D. County of Santa Clara Commingled Investment Pool

The Board has directed that available excess funds not required for immediate operational cash flow purposes be deposited with the County Treasurer into the County of Santa Clara Commingled Investment Pool which will be invested by the County Treasurer in accordance with the policies contained in the County of Santa Clara Treasury Investment Policy, now in effect, and which may be revised from time to time. As per the deposit requirements for county health plans under California Health and Safety Code Section 1346 and 1376.1, depositing SCFHP's excess funds with the County of Santa Clara is permitted if:

(1) All of the evidence of indebtedness of the County, has been rated "A" or better by Moody's Investors Service, Inc. or Standard & Poor's Corporation, based on a rating conducted during the immediately preceding 12 months.

(2) The County has cash or cash equivalents in an amount equal to fifty million dollars or more, based on its audited financial statements for the immediately preceding fiscal year.

(3) The day-to-day managing, reporting, and oversight of the investment contractual obligations between the County and SCFHP shall be the responsibility of SCFHP's Chief Financial Officer.

E. Depository (Financial) Institutions

All SCFHP money shall be deposited in financial institutions that meet the requirements as set forth in California Government Code Section 53635.2 and authorized by the Board. The financial institution shall have received an overall rating of not less than "satisfactory" in its most recent evaluation by its appropriate federal financial supervisory agency. In addition, the depository financial institution shall maintain a rating of its senior long-term debt obligations, deposit rating or claims-paying ability rating, or is guaranteed by an entity whose obligations are rated not lower than "AA- by S&P, AA- by Fitch or "Aa3" by Moody's or its equivalent from another nationally recognized rating agency.

(1) All depository institutions shall provide SCFHP with notification of any downgrades in long-term ratings or any unsatisfactory rating by their appropriate federal financial supervisory agency within 10 days of such downgrade.

(2) Any downgrade in ratings of a financial institution holding SCFHP funds, shall be provided to the Board by the Chief Financial Officer.

(3) The day-to-day managing, reporting, and oversight of the depository and investment contractual obligations for SCFHP shall be the responsibility of SCFHP's Chief Financial Officer.

(4) The Board may renew the delegation of authority to enter into depository and investment relationships annually.

(5) Funds not required to compensate for transaction costs shall be invested in and earn a market rate of return in the depository institution's highest rated money market mutual fund as permitted by the California Government Code, Section 53600 et seq.

F. Portfolio Investment Manager

The Governing Board may grant authority to a qualified investment manager to direct investments of excess funds in accordance with the AIP and be subject to periodic review for compliance to the AIP. The qualified investment manager must meet all requirements established by federal and California law. Any Board-approved changes in Authorized Investments and the AIP shall be communicated to the investment manager upon approval.

POLICY

G. Exceptions to this Policy

The Governing Board may grant express written authority to make a one-time investment not permitted by this Policy however, the investment must be permitted by the California Government Code. The Board may also make amendments to the AIP at any quarterly meeting as needed.

VI. AUTHORIZED INVESTMENTS

A. Authorized Investment Types: SCFHP shall invest only in instruments as permitted by the California Government Code Section 53601, subject to the limitations of this AIP.

1. Permitted investments in the investment manager portfolio shall be considered short-term operating funds and are subject to a maximum stated term of two years.

2. The Governing Board may designate a reserve fund for excess funds not required for operational cash flow for which permitted investments are subject to a maximum term of five years pursuant to the Code.

Authorized Investments

Investment Type	**Maximum Maturity** (Code Allowance in Parenthesis if Different)	**Maximum Specified % of Portfolio** (Code Allowance in Parenthesis if Different)	**Minimum Quality Requirements** (Code Allowance in Parenthesis if Different)
U.S. Treasury Obligations	2 years (5 years)	None	None. May invest in securities that could result in zero or negative interest accrual if held to maturity, in the event of a period of negative market interest rates.
U.S. Agency Obligations	2 years (5 years)	None	None
State Obligations: CA and Others	2 years (5 years)	None	None for CA; AA or better for other States (None for all States)
CA Local Agency Obligations	2 years (5 years)	None	AA rated (None)
Commercial Paper: Non-Pooled Funds (minimum $100,000,000 of investments) [5]	270 days or less	40% of Plan's investible funds	Highest letter and number rating by an NRSRO[1]
Negotiable Certificates of Deposit	2 years (5 years)	30%	None
Placement Service Certificates of Deposit	2 years (5 years)	$250,000 per deposit per institution (50%)	FDIC insured at all times (None)

Repurchase Agreements	1 year	None	U.S. Treasury and Agency Obligations (None)
Medium-term Notes	2 years (5 years or less)	30%, with not more than 10 % in any one institution (30%)	"A" rating category or better
Mutual Funds and Money Market Mutual Funds	N/A	20%, with no more than 10% invested in any one mutual fund; limitation does not apply to money market mutual funds	Multiple[2]
Collateralized Bank Deposits	2 years (5 years)	None	If investments require collateral, collateral must be placed in institution not affiliated with the issuer of the obligation.
Mortgage Pass-through and Asset Backed Securities	2 years (5 years or less)	20%	"AA" rating category or its equivalent or better[4]
County Pooled Investment Funds-Santa Clara County Pool	N/A	None	"A" or better (None)
Joint Powers Authority Pool (CAMP, CalTrust)	N/A	None	Multiple[3]
Local Agency Investment Fund (LAIF)	N/A	None	None
Supranational Obligations	2 years (5 years or less)	30%	"AA" rating or better
Public Bank Obligations	2 years (5 years)	None	Section 57600 (b) [6]

[1]Issuing corporation must be organized and operating within the U.S., have assets in excess of $500 million, and debt other than commercial paper must be in a rating category of "A" or its equivalent or higher by a nationally recognized statistical rating organization, or the issuing corporation must be organized within the U.S. as a special purpose corporation, trust, or LLC, have program wide credit enhancements, and have commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical rating agency (NSRO).

[2]A money market mutual fund must receive the highest ranking by not less than two nationally recognized rating organizations or retain an investment advisor registered with the SEC (or exempt from registration) and who has not less than five years' experience investment in money market instruments with assets under management in excess of $500 million.

[3]A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of $500 million, and has at least five years' experience investment in instruments authorized by Section 53601, subdivisions (a) to (o).

[4]Any investments in asset-backed securities (mortgage pass-through securities, collateralized mortgage obligations, mortgage-backed or other pay-through bonds, equipment lease-backed certificates, consumer receivable pass-through certificates, or consumer receivable-backed bonds) are required to have a maximum remaining maturity of five years or less. While the Legislature removed

the requirement that the securities' issuer be rated "A" or its equivalent or better for the issuer's debts in accordance with a nationally recognized statistical rating organization (NRSRO), the Plan retains this requirement.

[5] *In 2021, Section 53601 (h) amended to allow local agencies that have one hundred million dollars or more of investment assets under management to invest no more than 40% of their moneys in eligible commercial paper. Further amendment to Section 53601 limits local agencies to invest no more than 10% of their total investment assets in commercial paper and medium- term notes of any single issuer. Commercial Paper: Pooled Funds are not allowed in the Investment Manager Portfolio.*

[6] *Public Bank means a corporation organized under the Nonprofit Mutual benefit corporation Law for the purpose of engaging in the commercial banking business or industrial banking business that is wholly owned by a local agency, local agencies or a joint powers authority that is composed only of local agencies. A local agency may invest in commercial paper, debt securities, or other obligations of a public bank.*

POLICY

B. Prohibited Investment Types: California Government Code Section 53601.6 prohibits local agencies from investing in inverse floaters, range notes, or mortgage-derived, interest-only strips, and any security which could result in zero interest accrual if held to maturity. In addition, the Plan does not authorize investment in the following:

   i. Bankers' Acceptances
   ii. Commercial Paper: Pooled Funds (pertains only to Investment Manager Portfolio)
   iii. Non-negotiable Certificates of Deposit
   iv. Reverse Repurchase Agreements and Securities Lending Agreements
   v. Voluntary Investment Program Fund

VII. REPORTING REQUIREMENTS

The following documents and reports will be periodically provided to support the investment procedures, oversight and reporting requirements:

A. County of Santa Clara Investment Pool Disclosure and Agreement for Voluntary Deposits

B. County of Santa Clara Treasury Investment Policy

C. County of Santa Clara Treasury Quarterly Report

D. SAP Balance and Interest Earnings Report of SCFHP Invested Funds

E. Depository Institution – daily transaction and monthly activity report

F. Investment Manager Portfolio - month-end and quarter-end portfolio performance summary, income, ending balance sheet, trading activity, transaction detail and portfolio diversification report. The listing must include issuer names, dates of maturity, par amounts, dollar amount, market values as of month-end and comparable published index as to diversification and duration that most closely tracks the performance of the portfolio.

G. Investment Oversight Quarterly Report – provides independent review of all invested funds for tracking of AIP, diversification requirements and performance review. Minimum reporting requirements includes a listing of the types of investment, issuer names, dates of maturity, par amounts, dollar amount, market values, descriptions of the programs under the management of contracted parties, a statement of compliance with the investment policy, and a statement of the ability to meet cash flow needs for six months. Any irregularities shall be noted and included in the report.

POLICY

VIII. REVIEW OF INVESTMENT POLICY

At least annually and more frequently as needed, the Governing Board will review this investment policy at a regular meeting of the Board. Any recommended changes to the Policy, including modifications to current investment strategy, oversight procedures including internal controls will be first be brought to the Executive/Finance Committee by the CFO for review and approval prior to presentation to the Board. The Executive Committee and Governing Board will be supported in this work by the CFO, investment advisors and legal counsel for financial and legal issues, respectively.

Any modifications to this Investment Policy, including withdrawal from the County of Santa Clara Commingled Investment Pool, will be made in accordance with California Government Code Sections 27130 et seq., Sections 53635 and/or 53601 et seq., Section 1346 of the Knox Keene Act of 1975 as well as the prudent investment standard.

IX. Approval/Revision History

First Level Approval	Second Level Approval
Barbara Granieri, Controller Date	Neal Jarecki Chief Financial Officer Date

Version Number	Change (Original/ Reviewed/ Revised)	Reviewing Committee (if applicable)	Committee Action/Date (Recommend or Approve)	Board Action/Date (Approve or Ratify)
V1	Original	Exec/Finance	Approved 04/26/18	Approved 06/28/18
V1	Original (no changes)	Exec/Finance	Approved 05/01/19	Approved 06/27/19
V2	Revised	Exec/Finance	Approved 04/23/20	Approved 06/25/20
V3	Revised	Exec/Finance	04/22/21	Approved 06/24/2021
V4	Revised	Exec/Finance	04/28/22	

Santa Clara Family Health Plan™

Institute on Aging Contract Extension

Santa Clara Family Health Plan

MEMORANDUM

TO: Executive/Finance Committee
FROM: Lori Andersen, Director, Long Term Services and Supports (LTSS)
DATE: April 28, 2022
RE: Institute on Aging Contract Extension for Residential Care for the Elderly (RCFE) Supportive Services

On November 19, 2020, the Executive/Finance Committee approved a funding proposal of $867,000 from Institute on Aging (IOA) to provide supportive services to Santa Clara Family Health Plan (SCFHP) members who were placed in Residential Care Facilities for the Elderly (RCFEs) through the Whole Person Care program (WPC).

With the launch of California Advancing and Innovating Medi-Cal (CalAIM) in January 2022, WPC has transitioned to Community Supports, now allowing SCFHP to directly place eligible Medi-Cal members in RCFEs. However, Cal MediConnect (CMC) members are currently not eligible for Community Supports until SCFHP transitions to a Dual Eligible Special Needs Plan (D-SNP) in January 2023.

SCFHP would like to extend the IOA contract original termination date of February 15, 2022 until December 31, 2022, to ensure that CMC members are able to access RCFEs as a medically appropriate and cost-effective alternative.

Through March 31, 2022, costs of $375,000 have been incurred on the IOA contract.

Possible Action: Approve extension of the IOA Contract for Assisted Living Services to December 31, 2022.

Santa Clara Family Health Plan™

Board Designated Fund Expenditure Request

Santa Clara County Health Authority
Board Designated Fund Request Summary

Organization Name:	Alum Rock Counseling Center (ARCC)
Project Name:	Clinic Renovations Project
Contact Name and Title:	Steve Eckert, MSW Chief Executive Officer seckert@alumrockcc.org 408.240-0070 ext. 3000
Requested Amount:	$249,726
Time Period for Project Expenditures:	April – August, 2022
Proposal Submitted to:	Executive/Finance Committee, April 28, 2022
Date Proposal Submitted to SCFHP:	March 29, 2022

Summary of Proposal:

ARCC's Clinic Renovations Project will support key elements of ARCC's strategic plan, including expanding current programs, adding new programs, improving ARCC facilities, and recruiting and retaining staff. As ARCC prepares for providing services in the post-pandemic world, the agency is faced with renovating a physical space that, for all intents and purposes, has had no major renovations since it was built in 1978. This project will dramatically build up ARCC's organizational infrastructure and improve facilities by updating and making more flexible not only the physical clinic rooms and office space, but also the technology systems, which are foundational to the work of both counselors and administrators. This includes, but is not limited to, new electrical and IT wiring, replacing dilapidated furniture and technology, and creating workstations that will provide more privacy and confidentiality for telehealth. Improved ability to support telehealth will make it possible for providers to offer back-to-back sessions (or in person depending on client request and clinical need), lessening the need to travel to/from multiple community sites or homes, thereby saving valuable drive-time and serving more clients. Included in the renovation will be the installation of a two-way mirror with AV equipment which allows for innovative team training for interns and new staff. The improved facilities and upgraded equipment will also support staff retention by making it easier for providers to perform their duties efficiently and effectively and to do so in a higher quality space that will be "fresh" and more enjoyable in which to work.

Santa Clara Family Health Plan

Summary of Projected Outcome/Impact:

The expected outcome is a renovated ARCC facility, reconfigured and updated to more efficiently and appropriately support both current and expanded programming, including telehealth. The expected data of completion is July or August, 2022, with occupancy within two weeks of completion.

Summary of Additional Funding and Funding Requests:

The budgeted cost of the project is $1,342,596. ARCC has secured over 80% of the required funding for the renovation – $1,067,787 from Jest Us, Inc. (landlord) and $25,000 from Kaiser Permanente. ARCC is pursuing additional funding possibilities through the Santa Clara County Board of Supervisors (Inventory Item process, unlikely to provide full amount needed) and the Santa Clara County American Rescue Plan (strong competition). ARCC also investigated the possibility of funding through the State Behavioral Health Community Infrastructure Program but the state contractor determined ARCC was not eligible due to ARCC's inability to guarantee that ARCC can provide services in the current location for a minimum of 30 years.

Alum Rock Counseling Center Background

Since 1974, Alum Rock Counseling Center (ARCC) has worked with low-income, predominantly Latinx youth and families in some of the most underserved communities throughout Santa Clara County, with a focus on our founding region of East San Jose. Today, with a budget of about $8 million and a staff size of 80-90, ARCC serves 6,000-10,000 individuals annually through a variety of behavioral health and community support programs, including youth mentoring, parent advocates, peer support, school based behavioral health and clinic based child and family therapy.

Many of our core programs leverage Medi-Cal eligibility and aim to address a range of risk factors/behaviors including trauma, juvenile delinquency, gang activity, drug/alcohol use, school failure/dropout, and family violence, most of which result from or lead to serious emotional disturbances or serious mental illness. We serve a large proportion of immigrant families, including households where caregivers are monolingual Spanish-speakers and/or where at least one adult is undocumented. This makes it sometimes difficult for them to navigate the educational and healthcare systems, including accessing quality behavioral healthcare and other needed support. In FY21, ARCC's clients were over 90% ethnically diverse, with 70% being Latinx. Our direct service staff are typically from communities & neighborhoods similar to those served by ARCC, with 87% being ethnically diverse (71% Latinx) and 66% being bilingual.

A hallmark of ARCC's services has always been to meet clients where they are and where they feel safe - in homes, on school campuses, out in the community and in our clinic, which is very intentionally located in the heart of the community we primarily serve: East San Jose. In spite of the considerable stigma that mental health issues carry in the Latinx community, ARCC's staff and especially our clinic are viewed as a haven and trusted source of counseling and support for our often underserved, under-resourced youth and families.

Our mission is: To heal families and inspire youth to reach their full potential.

Renovation Strategic Plan

ARCC's clinic, located at 1245 East Santa Clara Street at 26th Street, was built in 1978 and prior to our occupancy, the building was occupied by the Indian Health Center. It is a 6000 square foot two story structure, with client counseling rooms on the first floor and offices and conference room on the second floor. ARCC has been the sole tenant since about 1995. As ARCC expanded with new programs 10 and 12 years ago, we leased additional office space in the building which currently houses our administrative offices at 777 North First Street.

In 2018, the ARCC Board of Directors approved a Strategic Plan which includes the below strategic goals:

1. Grow unrestricted revenue and increase financial reserves
2. Moderate Growth: Expand current programs and add new programs
3. Build up ARCC organizational infrastructure
4. Improve ARCC facilities
5. Increase recruitment and retention of staff

The proposed Clinic Renovations Project directly supports/aligns with strategic goals 2, 3 and 4. More specifically, improved telehealth will improve ARCC's capacity to maximize its existing contracts (goal #2), by improving the technological infrastructure supporting telehealth making it possible for providers to offer back-to-back sessions via telehealth (or in person depending on client request and clinical need), lessening the need to travel to/from multiple community sites or homes, thereby saving valuable drive-time and serving more clients. The project will dramatically build up ARCC's organizational infrastructure and improve facilities (goals #3 and #4), by updating and making more flexible not only the physical clinic rooms and office space, but also the technology systems, which are foundational to the work of both counselors and administrators. Included in the renovation will be the installation of a two-way mirror with AV equipment which allows for innovative team training for interns and new staff with live participating families. Finally, the improved facilities and upgraded equipment likely will also support staff retention (goal #5) by making it easier for providers to perform their duties efficiently and effectively and to do so in a higher quality space that will be "fresh" and more enjoyable in which to work.

Clinic Renovation Efficiency in a Post-Continuing COVID World

As ARCC prepares for providing services in the post-pandemic world, where COVID-19 transmission and variants are still very much a reality and may be so for many years to come, the agency is faced with renovating a physical space that, for all intents and purposes, has had no major renovations since it was built in 1978. This includes, but is not limited to, new electrical and IT wiring, replacing dilapidated furniture and technology, and creating workstations that will provide more privacy/confidentiality for telehealth. As our space was designed for primary and dental health care, we require structural renovations to increase the size of our clinic rooms due to the fact that cramming large families and a counselor into an 8x8 room is no longer safe in COVID times, in addition to being less than comfortable and conducive to family therapy.

Due in part to the well documented increases in behavioral health need brought on by COVID-19, the State is releasing unprecedented financial support to expand behavioral health services for children, youth and families to address this increased need. Prior to the pandemic, our clinic's space was already stretched and inefficient. During the pandemic, services necessarily pivoted significantly to telehealth. While telehealth at ARCC was born out of tragedy and necessity surrounding COVID-19, what we've learned is the potential of telehealth to dramatically improve the accessibility of mental/behavioral health services for our at-risk, hard-to-reach population even beyond the pandemic. However, what threatens ARCC's ability to fully serve our youth right now is the usability of our clinic space for both in-person and telehealth sessions.

As the pandemic wanes the demand for in person services is growing. While many clients will continue with telehealth as their preferred modality to receive services, others will prefer or need in person services. Our goal is to further refine and solidify our telehealth infrastructure, so that we can achieve and sustain high quality, hybrid programming on a permanent basis in our post-pandemic world.

With assistance from a board member who is an executive at a prominent commercial real estate firm, we set out to find alternate space, in East San Jose, large enough to combine our clinic (6000 square feet), and our programs and administration located at 777 North First Street (9000 square feet). We learned, after a couple of years of search, that finding appropriate space large enough to accommodate these needs was not and would not likely be available in East San Jose on a major bus line. At the same time we began negotiations with our landlord at our clinic to renovate the existing space. Also, with the pivot to more telehealth service delivery and hybrid work-from-home administration, we recognized that as the renovated clinic will use space more efficiently to accommodate more programs, our demand for office space footprint will actually reduce from the current 15,000 square feet total to more like 10,000 square feet.

The clinic building owners have owned the building since it was built in 1978. As ARCC has no capacity to purchase any property (our resources are fully dedicated to provision of services), the landlord agreed pay for the vast majority of tenant improvements. After multiple iterations complicated by the impact of COVID on construction costs and the City of San Jose's Planning division, we signed a 10 year lease (with a 5 year option to renew), in December, 2021.

ARCC has been paying below market rent, and with these new tenant improvements most costs will be amortized into the new lease at market rate rent. This increased cost will be offset by a reduction in rent costs at our 777 North First Street location.

Given these factors (i.e., likely increased funding to increase services, moderate return to in-person services, relocation of programs officed at our other location), we anticipate our clinic to be at capacity to be near or fully used again by the end of this year.

Budget Narrative:

Structural Tenant Improvements: includes internal demolition, counseling room size expansions, office modifications for flexible use including counseling rooms, HVAC upgrades, sidewalk repair/replacement, flooring and ceiling replacement.
Technology: includes cabling, panic alarm, ethernet jacks, white noise system (confidentiality), AX-Wi-Fi access points, security cameras, video conference monitors, switches, 1 server, Wi-Fi hotspots with power, power/data for conference monitor, cooled and secure IT room with dedicated power. (Desktops, laptops & phone upgrades are being purchased separately via a grant from the Sierra Foundation and not included in this proposal).
Furniture: Includes chairs, sofas and tables conducive for family therapy, modular work stations with chairs and separation panels allowing for confidential telehealth conversations, conference room collapsible tables, bookcases, artwork and internal and external murals provided by local community muralist organizations.
Current Change Order List: includes two-way mirror and AV equipment for innovative team approach family therapy training, employee lockers, kitchen appliances, janitor closet with sink.
Contingency: includes typical 5% for unplanned change orders found in a renovation project.

Asset Movability:

1. Permanent and non-moveable major items:
    a. Structural tenant improvements
    b. Technology that is built in such as: cabling, IT closet, power
    c. Murals
    d. Two-Way Mirror

2. Moveable major items
    a. Technology such as video conference monitors and server
    b. Furniture
    c. Appliances

Revenue Sources and Prospects

Confirmed:

1. Jest Us, Inc. (landlord): estimated $1,067,787
2. Kaiser Permanente: $25,000

Requested
1. Santa Clara Family Health Plan: $249,726

Additional Options:
1. Santa Clara County Board of Supervisors Inventory Item process (very unlikely to provide full amount needed, requests due April 18th)
2. Santa Clara County American Rescue Plan Act (likely strong competition, will be managed by the SVCF, not available yet)
3. State Behavioral Health Community Infrastructure Program: ARCC was determined by state contractor as not eligible due to our inability to guarantee that we can provide services in the current location for a minimum of 30 years.

Budget

Expense		
	Items	**Amount**
	Tenant Improvement	$ 1,067,787
	Technology	$ 91,708
	Furniture	$ 95,189
	Design Change Orders	$ 23,900
	subtotal	$ 1,278,584
	Contingency (5%)	$ 63,929
	Total	**$ 1,342,513**
Revenue		
	Source	**Amount**
	Jest Us, Inc. (landlord)	$1,067,787
	Kaiser Permanente	$ 25,000
	SC Family Health Plan	**$ 249,726**
	Total	**$ 1,342,596**

<u>Alum Rock Counseling Center</u>
<u>Santa Clara Family Health Plan</u>

Questions posed by SCFHP Executive Staff. Answers from Alum Rock Counseling Center

1. What is ARCC's timeline for renovation? Start date, completion date, occupancy date?
    a. Renovation (internal demolition) began in March, construction begins by end of April, and the project is anticipated to be complete in July or August. We plan to occupy and provide service within 2 weeks of completion.
2. The first sentence of paragraph 2 of the request says "Many of our core programs leverage Medi-Cal eligibility…" What does "leverage Medi-Cal eligibility" mean?
    a. Depending on the ARCC program, if a potential client is eligible for Medi-Cal, then we bill service (via Santa Clara County Behavioral Health Services Department) to Medi-Cal. For those clients who are "unsponsored" by Medi-Cal and who are 0-5 years old, First Five is billed. For a limited number of clients who are referred to us by schools participating in Santa Clara County's Prevention and Early Intervention or School Linked Services program who are "unsponsored", the Mental Health Services Act is billed.
3. We understand ARCC provides SED services to Medi-Cal members through a contract with County Behavioral Health. Does ARCC provide Mild-to-Moderate (M2M) services for Medi-Cal members?
    a. We currently do not provide service for Medi-Cal members with Mild-to-Moderate assessments. We are interested in doing so, but our understanding of the rate structure is that reimbursement rates will not cover costs.
    b. If Yes, through fee-for-service Medi-Cal and/or through Anthem Medi-Cal?
        i. N/A
    c. If Yes but not funded through Medi-Cal, how do low income residents of East San Jose pay for ARCC's M2M services/how are these services funded?
        i. N/A
4. SCFHP's Medi-Cal members match the profile of those identified in ARCC's mission, however ARCC has declined to contract with SCFHP to provide M2M services to SCFHP's Medi-Cal members. Why should SCFHP provide this funding if ARCC will not enter into a contract to provide M2M services to SCFHP Medi-Cal members? What are the barriers to contracting?
    a. Per item 3a above, ARCC is interested in contracting with SCFHP to provide M2M services if costs to provide services can be covered. We hope that with the State's Cal AIM and/or Child and Youth Behavioral Health Initiative there may be new processes that could allow for ARCC costs to be covered. We are interested in exploring these or other options with SCFHP. And, we also hope that whatever this outcome, that SCFHP will fund this renovation expense to better serve the community that both organizations serve.

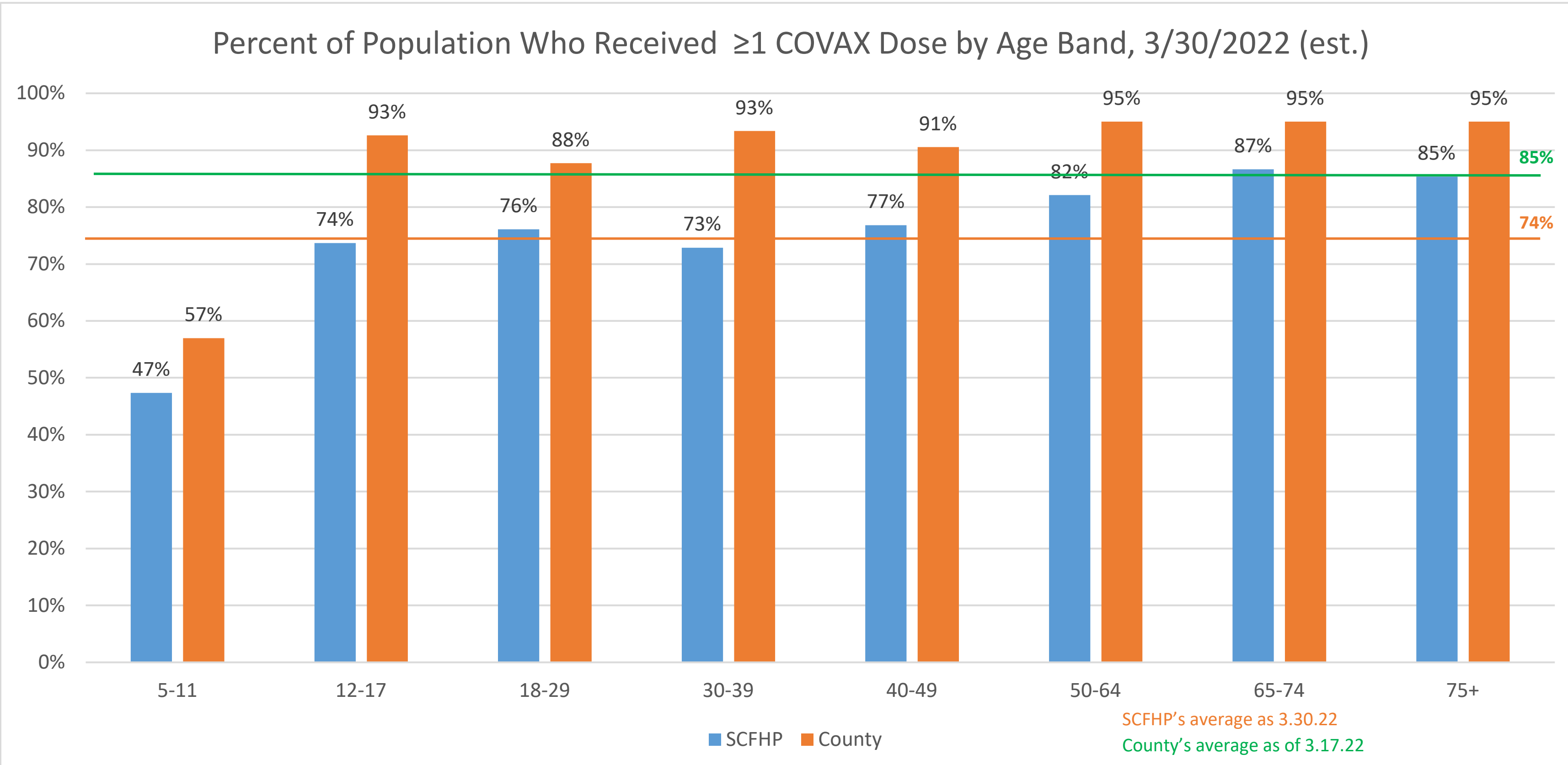
5. Budget includes 5% for Contingency. This seems low. What will ARCC do if the costs exceed the budgeted amount?
    a. We have been told by our project manager (an experienced local architect) that 5% is typical. However, if costs exceed this contingency we will seek additional funding from foundations. Our very last option is to absorb additional costs into our existing contracts, but that will be difficult given that contracts will likely be operating at contract maximums.
6. Additional funding options:
    a. How much is ARCC requesting from the Santa Clara County Board of Supervisors Inventory Item process?
        i. Supervisor Cindy Chavez represents District 2, where our clinic is located. We are asking for a “not to exceed” amount of $250,000 via the “Inventory Item” process. We will submit our proposal by the due date of 4/18/22. The Supervisor’s staff have advised us to include the “not to exceed” language and that will not receive funding anywhere close to that amount due to demand and limited funds.
    b. How much is ARCC planning to request through the Santa Clara County American Rescue Plan Act?
        i. Guidelines have not been released yet. We do know that the Board of Supervisors approved a broad plan to allocate $5M, which the Silicon Valley Council of Nonprofits is advising the Silicon Valley Community Foundation who will administer the program, and the requests will overwhelm the funding availability. Our challenge is that construction starts in April and subcontractors have already submitted bids for us (i.e. cabling, alarm system)

Alum Rock Counseling Center thanks the Santa Clara Family Health Plan for this opportunity to request support for this very timely and important strategic request to serve our community.

Santa Clara Family Health Plan™

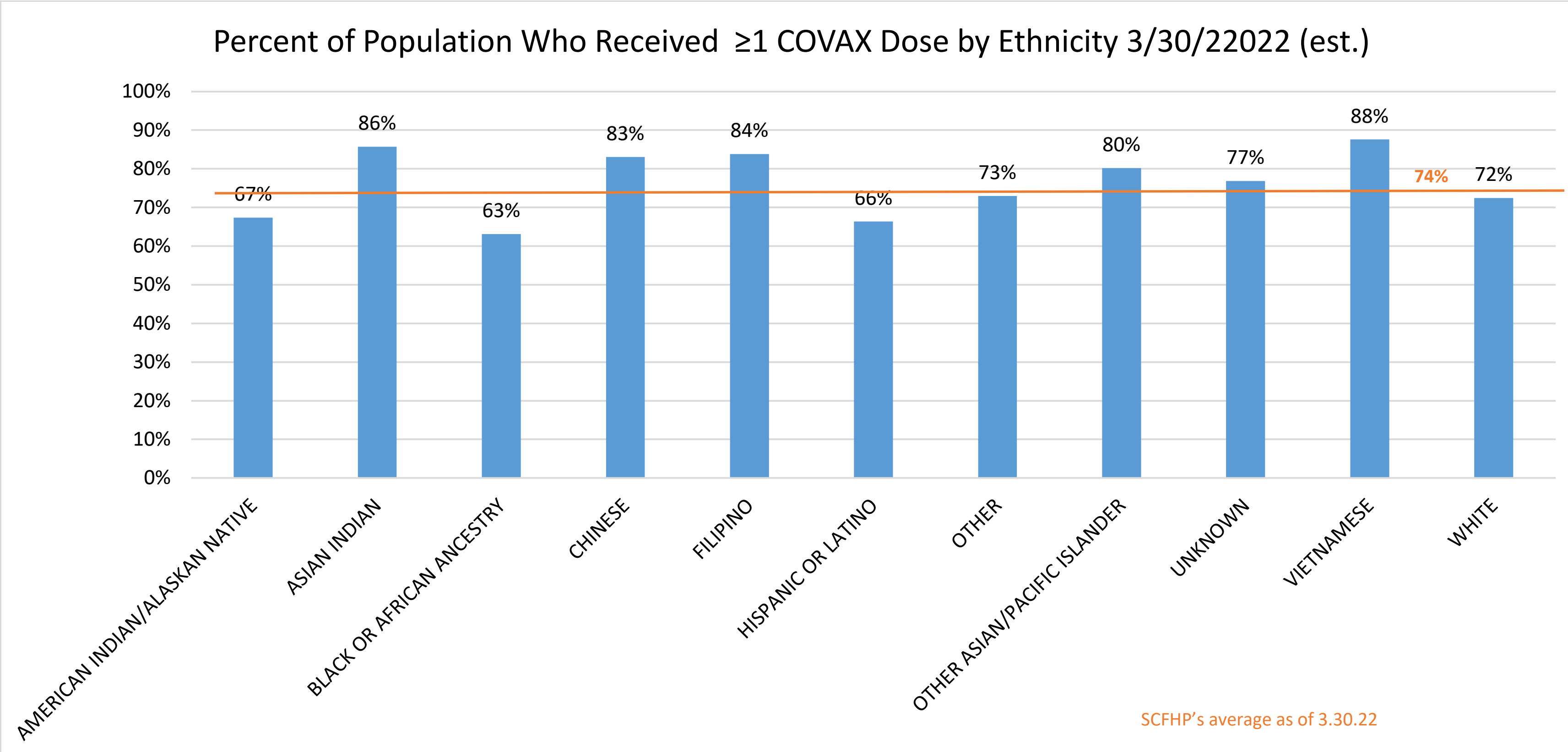
CEO Update

Santa Clara Family Health Plan

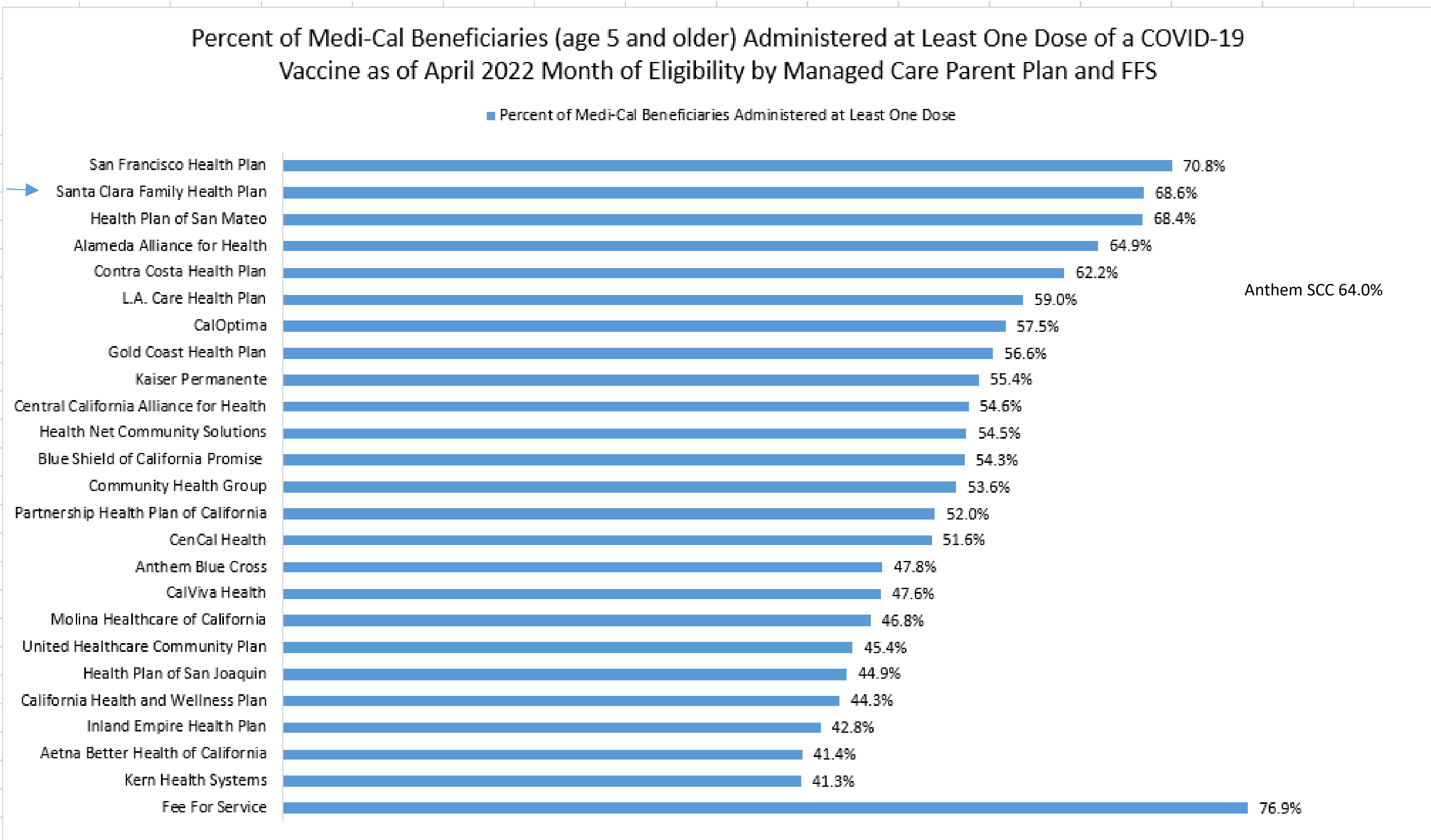


Age Band	5-11	12-17	18-29	30-39	40-49	50-64	65-74	75+	Total
Vaccinated	18,023	27,820	44,421	21,804	17,931	35,406	19,583	19,533	204,521
Unvaccinated	20,058	9,935	13,932	8,116	5,409	7,720	3,021	3,352	71,543
Boosted	71	9,563	22,645	11,937	10,612	24,015	14,677	15,053	108,573
Membership	38,081	37,755	58,353	29,920	23,340	43,126	22,604	22,885	276,064
% boosted	0%	25%	39%	40%	45%	56%	65%	66%	39%

Santa Clara Family Health Plan



	% of membership				% vaccinated			
Ethnicity/Age Band	5-11	12-17	18+	Overall % of SCFHP	5-11	12-17	18+	Overall
BLACK OR AFRICAN ANCESTRY	12%	13%	75%	3%	35%	61%	68%	63%
HISPANIC OR LATINO	23%	23%	54%	37%	44%	71%	74%	66%
Remaining Ethnicities	8%	8%	84%	59%	54%	80%	82%	80%



As of 3.7.22 (website: 4.18.22 data not available)

SCC 85%

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Government Relations Update

April 28, 2022

Federal Issues

CMS

- Public health emergency and Medicaid maintenance of effort
  - PHE extended through mid-July
  - Decouple PHE from MOE requirement?

Congress

- Insulin cost legislation
  - Bill capping out-of-pocket costs at $35/month passed the House
  - Senate eyeing a broader bill that includes PBM reform

State Issues

Budget

- LAO estimates revenues $36B above Jan. budget

Legislation

- AB 2724 – Kaiser direct Medi-Cal contract
- AB 2659 – midwifery services
- AB 2402 – continuous eligibility for Medi-Cal members under 5
- AB 1944 – public meeting teleconferencing

Local Issues

Santa Clara Family Health Plan

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: **City Council**

FROM: Mayor Sam Liccardo
Councilmember Magdalena Carrasco
Councilmember Matt Mahan

Determine how the City and other partners–including the County and local health plans, such as Anthem or SCFHP–can work together to identify, construct, and operate quick-build housing or rehabilitated motels that incorporate outpatient, on-site detoxification and treatment of drug-involved arrestees released by the courts.

i. Submit an application by the May 31, 2022 deadline for state funding under California's Behavioral Health Continuum Infrastructure Program (BHCIP) and Community Care Expansion (CCE) with ongoing treatment and staffing funding through the recently-federally approved Cal-AIM state program;