



Santa Clara Family Health Plan™

Executive/Finance Committee Meeting

May 26, 2022

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

Thursday, May 26, 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	Ms. Murphy	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.	Ms. Murphy	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. Possible Action: Approve Consent Calendar a. Approve April 28, 2022 Executive/Finance Committee minutes b. Accept Network Detection and Prevention Update c. Approve Finance Policy • FA.14 Board Committee Stipends d. Approve Dynamic Module for D-SNP revenue reconciliation e. Approve Healthcare Fraud Shield software solution f. Approve continued use of teleconferencing without providing public access to each teleconference location pursuant to Government Code Section 54953	Ms. Murphy	10:40	5 min
4. March 2022 Financial Statements Review March 2022 Financial Statements. Possible Action: Approve the March 2022 Financial Statements	Mr. Jarecki	10:45	15 min
5. CEO Update Discuss status of current topics and initiatives.	Ms. Tomcala	11:00	15 min
6. Government Relations Update Discuss local, state, and federal legislative and policy issues impacting the Plan and its members.	Mr. Haskell	11:15	15 min

Announcement Prior to Recessing into Closed Session

Announcement that the Executive/Finance Committee will recess into Closed Session to discuss Item No. 7 below.

7. Adjourn to Closed Session

11:30

a. Existing Litigation (Government Code Section 54956.9(d)(1)):

It is the intention of the Executive/Finance Committee to meet in Closed Session to confer with Legal Counsel regarding litigation initiated by a vendor. Case name unspecified: disclosure of case name may jeopardize existing settlement negotiations.

b. Pending Litigation (Government Code Section 54956.9(d)(1)):

It is the intention of the Executive/Finance Committee to meet in Closed Session to confer with Legal Counsel regarding Kindred Hospital - San Francisco Bay Area v. Santa Clara Family Health Plan; Superior Court of the State of California for the County of Alameda Case No.: RG20076644

c. 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.

8. Report from Closed Session

Ms. Murphy

12:25

5 min

9. 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

May 26, 2022

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

MINUTES

Members Present

Bob Brownstein, Chair
Alma Burrell
Dave Cameron
Michele Lew

Members Absent

Sue Murphy

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
Chelsea Byom, VP, Marketing, Communications & Outreach
Tyler Haskell, Interim Compliance Officer
Barbara Granieri, Controller
Lori Andersen, Director, Long Term Services & Supports
Khanh Pham, Director, Financial Reporting & Budgeting
Ashley Kerner, Manager, Administrative Services
Lloyd Alaban, Copy Writer and Content Strategist
Robyn Esparza, Administrative Assistant
Rita Zambrano, Executive Assistant

Others Present

Steve Eckert, CEO, Alum Rock Counseling Center
Richard Noack, Hopkins & Carley LLC
Jared Pratt, VP/Senior Investment Analyst, Meketa Investment Group
Hannah Schriener, Managing Principal/Consultant, Meketa Investment Group

1. Roll Call

Bob Brownstein, Chair, called the meeting to order at 10:33 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

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

- a. Approve February, 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 (IBMP)
- FA.11 Healthcare Economics
- FA.12 Employee Recognition Gift Cards

d. Approve **Microsoft License Renewal**

It was moved, seconded, and the Consent Calendar was unanimously approved.

Motion: Ms. Lew

Second: Ms. Burrell

Ayes: Mr. Brownstein, Ms. Burrell, Mr. Cameron, Ms. Lew

Absent: Ms. Murphy

4. **February 2022 Financial Statements**

Neal Jarecki, Chief Financial Officer, presented the unaudited financial statements for February 2022, which reflected a current month net surplus of \$2.9 million (\$2.6 million favorable to budget) and a year-to-date net surplus of \$13.6 million (\$5.0 million favorable to budget).

Enrollment increased by 764 members from the prior month to 295,422 members (18,265 members or 5.9% lower than budget, largely due to fewer newly-eligible members having Other Health Coverage (OHC). Membership continues to grow due to the extended duration of the COVID public health emergency during which member disenrollment's have been suspended. YTD member months trailed budget by 55,470 member months or 2.3%).

Revenue reflected a favorable current month variance of \$194.6 million (160%) largely due to two key factors: (1) the inclusion of \$212.4 million of unbudgeted hospital directed payment revenue (with offsetting unbudgeted medical expense) partially offset by (2) the inclusion Med-Cal pharmacy throughout FY22 in the budget. Pharmacy was carved-out of managed care effective January 1, 2022, which reduced revenue (with a corresponding reduction to medical expense). Additionally, revenue was lower than budget due to lower enrollment due to fewer OHC members than budgeted (with a corresponding reduction to medical expense). Revenue also reflected favorable calendar year 2022 Medi-Cal CCI rates versus budget and unbudgeted COVID vaccine program revenue received partially offset by additional medical loss ratio accruals payable to DHCS.

Medical Expense reflected an unfavorable current month variance of \$192.7 million (168%) largely due to offsets to the three key revenue items above (hospital directed payments, pharmacy carve-out, and OHC enrollment). Additionally, certain fee-for-service expense categories reflected favorable variances due to reduced enrollment and lower unit costs than budgeted. Capitation expense was slightly unfavorable due to budget due to higher capitation rates partially offset by lower capitated enrollment.

Administrative Expense was \$963.9 thousand (14.4%) favorable to budget for the month largely due to lower headcount than budgeted and a favorable variance in non-personnel expense due to the timing of certain expenses in the budget.

The **Balance Sheet** reflected a Current Ratio, a key measure of liquidity, of 1.24:1 versus the DMHC minimum current ratio requirement of 1.00:1.

Tangible Net Equity of \$268.4 million, which represented approximately three months of the Plan's total expenses, included unrestricted net assets of \$226.4 million.

Capital Investments of \$939 thousand were made year-to-date, predominately computer software licenses, versus the annual capital budget of \$3.3 million.

It was moved, seconded, and the February 2022 unaudited Financial Statements were **unanimously approved.**

Motion: Mr. Cameron

Second: Ms. Lew

Ayes: Mr. Brownstein, Ms. Burrell, Mr. Cameron, Ms. Lew

Absent: Ms. Murphy

5. Annual Investment Policy Review

Mr. Jarecki introduced Harrah Schriener and Jared Pratt of the Meketa Investment Group, who presented recommended updates to the Investment Policy FA.07 Version 4. The policy was last updated in April 2021. Proposed revision reflect the updated Government Code, investment vehicle and duration recommendation by Meketa, and minor verbiage changes.

It was moved, seconded, and the revised Investment Policy FA.07 was **unanimously approved.**

Motion: Mr. Cameron

Second: Ms. Burrell

Ayes: Mr. Brownstein, Ms. Burrell, Mr. Cameron, Ms. Lew

Absent: Ms. Murphy

6. Institute on Aging (IOA) Contract Extension

Lori Andersen, Director, Long Term Services & Supports, presented a request to extend the funding period for Institute on Aging's (IOA) Assisted Living Services. Ms. Andersen noted that in November 2019, the Executive/Finance Committee approved a funding proposal of \$867,000 from IOA to provide supportive services to SCFHP members who were placed in Residential Care Facilities for the Elderly (RCFEs) through the Whole Person Care (WPC) program.

With the launch of CalAIM in January 2022, Medi-Cal members receiving RCFE Assisted Living Services transitioned to Community Supports. However, Cal MediConnect (CMC) members are not eligible for Community Supports until SCFHP transitions to a Dual Eligible Special Needs Plan (D-SNP). One CMC member is therefore at risk of eviction from the RCFE where he lives.

By extending the IOA contract, some of the remaining funds can be used to continue covering supportive services for CMC members until they transition to the D-SNP in January 2023, at which time they will be eligible for Community Supports.

SCFHP would like to extend the IOA contract's 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.

It was moved, seconded, and an extension of the IOA Contract for Assisted Living Services to December 31, 2022 was **unanimously approved.**

Motion: Ms. Lew

Second: Mr. Cameron

Ayes: Mr. Brownstein, Ms. Burrell, Mr. Cameron, Ms. Lew

Absent: Ms. Murphy

7. Board Designated Fund Expenditure Request

Christine Tomcala, Chief Executive Officer, presented a funding request for \$249,726 for the Alum Rock Counseling Center (ARCC) Clinic Renovations Project. 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. It will also improve the ability to support telehealth and make it possible for providers to serve more clients. The expected completion is July or August 2022. To date, ARCC has secured over 80% of the required funding for the renovation.

Ms. Tomcala introduced Steve Eckert, the ARCC CEO, and the Committee asked several questions regarding the ARCC request. Mr. Brownstein also requested that future funding applicants be educated and encouraged to provide information timely enough to allow for feedback on opportunities to seek funding from additional entities.

It was moved, seconded, and the ARCC request for \$249,726 to fund the Clinic Renovations Project was **unanimously approved** as an expenditure from the Board Designated Innovation Fund.

Motion: Ms. Burrell

Second: Ms. Lew

Ayes: Mr. Brownstein, Ms. Burrell, Mr. Cameron, Ms. Lew

Absent: Ms. Murphy

Michele Lew requested a future agenda item to refresh the Committee on the available funding policies. Alma Burrell further requested a list of projects previously funded.

8. CEO Update

Ms. Tomcala presented updated COVID vaccination graphs, including data by age group, ethnicity, and booster status. Ms. Tomcala shared that there is currently an 11% gap between eligible SCFHP members (74%) and overall Santa Clara County (85%) residents who have received at least one COVID vaccine dose.

Ms. Tomcala discussed the State's vaccine incentive program and noted that for SCFHP members age 12 and up, 78% have received one vaccination, up from 65% last August, a 13% increase. SCFHP continues to host vaccine clinics at our Blanca Alvarado Community Resource Center (CRC), offer \$50 gift cards, and support local community-based organizations that are providing outreach to communities with low vaccination rates.

Ms. Tomcala further shared that Partnership Health Plan recently had a ransomware attack and was significantly impacted. She noted that SCFHP continues to take preventive measures in an effort to reduce the odds of a malicious system penetration.

9. Government Relations Update

Tyler Haskell, Interim Compliance Officer, discussed the recent extension of the federal public health emergency and the related impact on plan enrollment, congressional efforts to cap out-of-pocket insulin costs, and the possibility of other federal health legislation in 2022.

Mr. Haskell provided an update on the State budget, which is expecting a large surplus, likely resulting in additional one-time infrastructure spending. He mentioned four state bills concerning a Kaiser direct Medi-Cal contract, network requirements relating to midwives, continuous Medi-Cal eligibility for young children, and teleconferencing for public agencies.

Mr. Haskell concluded his presentation with a report on a proposal developed by the Mayor and members of the San Jose City Council regarding the possibility of SCFHP participation in establishing and operating a housing development with on-site outpatient treatment for substance use disorder.

10. Adjourn to Closed Session

a. Conference with Labor Negotiators

The Executive/Finance Committee met in Closed Session to confer with its management representatives regarding negotiation with SEIU Local 521.

b. Contract Rates

The Executive/Finance Committee met in Closed Session to discuss Plan partner rates.

11. Report from Closed Session

Mr. Brownstein reported that the Executive/Finance Committee met in Closed Session to discuss items 10. a. & b.

12. Adjournment

The meeting was adjourned at 12:02 pm.

Michele Lew, Secretary



**Santa Clara Family
Health Plan™**

Network Detection and Prevention Report

May 2022

Executive/Finance Committee Meeting

Firewall Background

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

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

The attempts have been categorized in three severity levels:

Critical/High

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

Medium

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

Low/Informational

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

Attack Statistics Combined

Jan/Feb/Mar/Apr



Severity Level	Number of Different Types of Attacks				Total Number of Attempts				Percent of Attempts			
	Jan	Feb	Mar	Apr	Jan	Feb	Mar	Apr	Jan	Feb	Mar	Apr
Critical	24	24	17	19	1,925	980	1942	819	0.03	0.02	0.02	0.01
High	19	17	19	12	601,383	4402	6591	10,026	10.26	0.10	0.07	0.11
Medium	24	29	34	25	796,313	639,431	355,474	720,569	13.58	14.13	3.60	7.72
Low	11	10	11	10	1,474,999	417,447	2,106,697	2,966,538	25.16	9.22	21.33	31.79
Informational	34	35	34	36	2,988,340	3,464,339	7,404,369	5,633,743	50.97	76.53	74.98	60.37

- Summary – Compare Apr 2022 to previous month of Mar 2022
- Critical Severity Level – number of threat attempts is **57.83%** lower
 - High Severity Level - number of threat attempts is **52.12%** higher
 - Medium Severity Level - number of threat attempts **102.71%** higher
 - Low Severity Level - number of threat attempts is **40.82%** higher

Top 5 Events for Feb/Mar/Apr

Critical Events – total 3,741 events

Top 5 Critical vulnerability events

- 2027 events for “Realtek Jungle SDK Remote Code Execution Vulnerability” (**Code-Execution**)
- 606 events for “ZeroAccess.Gen Command and Control Traffic” (**Code-Execution**)
- 251 events for “D-Link DSL Soap Authorization Remote Command Execution Vulnerability” (**Code-Execution**)
- 172 events for “Cisco IOS and IOS XE Software Cluster Management Protocol Remote Code Execution Vulnerability” (**Code-Execution**)
- 111 events for “GPON Home Routers Remote Code Execution Vulnerability” (**Code-Execution**)

High Events – total 21,019 events

Top 5 High vulnerability events

- 11,257 events for “SIP INVITE Method Request Flood Attempt” (**Brute Force**)
- 4,875 events for “HTTP Unauthorized Brute Force Attack” (**Brute Force**)
- 2,582 events for “SMB: User Password Brute Force Attempt” (**Brute Force**)
- 1773 events for “SIP Bye Message Brute Force Attack” (**Brute Force**)
- 133 events for “SSH User Authentication Brute Force Attempt” (**Brute Force**)

Medium Events – total 1,715,474 events

Top 5 Medium vulnerability events

- 1,500,789 events for “SCAN: Host Sweep” (**Info-Leak**)
- 189,224 events for “SIPVicious Scanner Detection” (**Info-Leak**)
- 17,699 events for “RPC Portmapper DUMP Request Detected” (**Info-Leak**)
- 3,669 events for “Metasploit VxWorks WDB Agent Scanner Detection” (**Info-Leak**)
- 1,226 events for “DNS Amplification Attack Query” (**Info-Leak**)

Definitions:

Code-Execution – Attempt to install or run an application.

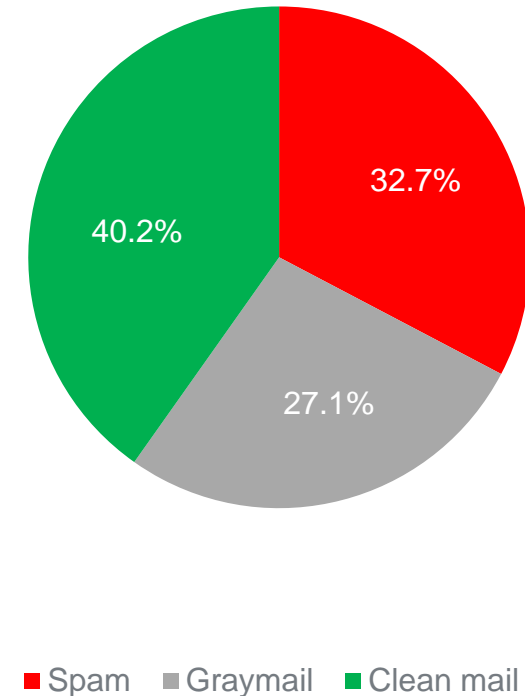
Brute Force – Vulnerability attempt to obtain user credentials.

Info-Leak – attempt to obtain user or sensitive information.

Botnet – used to perform distributed denial-of-service attack (DDoS attack), steal data and send spam.

Email Security – Monthly Statistics

Overview > Incoming Mail Summary		
Message Category	%	Messages
Stopped by IP Reputation Filtering	23.0%	43.5k
Stopped by Domain Reputation Filtering	2.8%	5,344
Stopped as Invalid Recipients	1.0%	1,821
Spam Detected	5.4%	10.1k
Virus Detected	0.0%	2
Detected by Advanced Malware Protection	0.0%	2
Messages with Malicious URLs	0.1%	137
Stopped by Content Filter	0.4%	784
Stopped by DMARC	2.1%	3,962
S/MIME Verification/Decryption Failed	0.0%	0
Total Threat Messages:	32.7%	61.7k
Marketing Messages	14.9%	28.1k
Social Networking Messages	0.3%	623
Bulk Messages	11.9%	22.5k
Total Graymails:	27.1%	51.2k
S/MIME Verification/Decryption Successful	0.0%	0
Clean Messages	40.2%	75.9k
Total Attempted Messages:		188.8k



April

During the month.

- 32.7% of threat messages had been blocked.
- 27.1% were Graymails (*Graymail is solicited bulk email messages that don't fit the definition of email spam*).
- 40.2% were clean messages that delivered.



**Santa Clara Family
Health Plan™**

FA.14 Finance Policy

May 26, 2022

POLICY

Procedure Title:	Board Committee Stipends	Procedure No.:	FA.14 v1
Replaces Procedure Title (if applicable):	N/A	Replaces Procedure No. (if applicable):	N/A
Issuing Department:	Finance	Procedure Review Frequency:	Annual
Lines of Business (check all that apply):	<input checked="" type="checkbox"/> Medi-Cal	<input checked="" type="checkbox"/> CMC	

I. Purpose

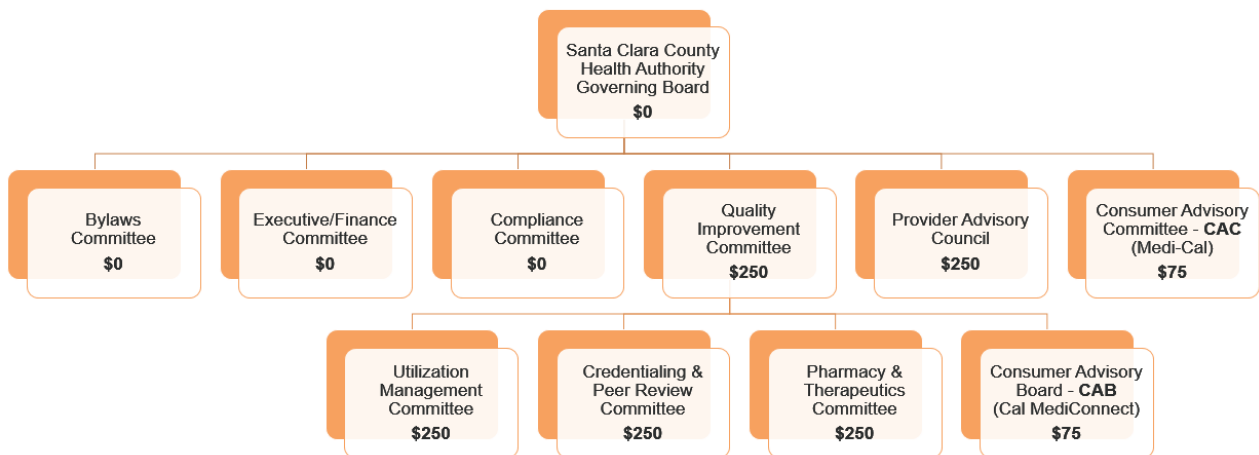
This policy governs the payment of stipends to members of certain Governing Board committees and subcommittees for meeting attendance in recognition of the following:

Provider committees - their time and advice relative to their expertise and experience as participating Medi-Cal and/or Medicare providers.

Member advisory committees - their input and feedback to help SCFHP provide culturally appropriate and equitable services, and achieve its mission.

II. Policy

The Governing Board authorizes payment of stipends to committee members as follows:



POLICY

The payments noted above are per meeting attended. Details concerning the tracking of committee attendance and stipend payments are included in the associated procedure. SCFHP staff are ineligible for committee stipends.

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. Policy Reference

FA.03 v2 Cash Disbursements

VI. Approval/Revision History

First Level Approval			Second Level Approval	
Barbara Granieri, Controller			Neal Jarecki, CFO	
05/18/22			05/18/22	
Date			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		



Santa Clara Family Health Plan™

Dual-Eligible Special Needs Plan (D-SNP)

Software for Revenue Reconciliation and Coordination of Benefits

May 26, 2022

D-SNP Requirements

Ensure timely, accurate eligibility and enrollment processing, revenue reconciliation and coordination of benefits when members have other health coverage

- Effective 1/1/23, in addition to application processing, eligibility, enrollment and disenrollment management for the D-SNP plan (for which software modules have already been approved and purchased), SCFHP will be responsible for the following additional functions:
 - **Revenue reconciliation**
 - Functionality for revenue reconciliation and coordination of benefits must be integrated with D-SNP enrollment and eligibility system
 - **Management of Medicare secondary payer (MSP)/coordination of benefits (COB)**
 - MA Plans (including D-SNP plans) are required to coordinate benefits with other carriers when their members have other health coverage (OHC), and are required to send and receive updates through file submissions to the COB contractor
- SCFHP's existing IT systems do not support requirements for Revenue Reconciliation or Coordination of Benefits

Overview of Functionality

Implementation of Revenue Reconciliation and MSP/COB modules will support revenue optimization, operational efficiency, and regulatory compliance

- Revenue optimization
 - Automatically imports members with information relating to their secondary payers, supporting identification of reimbursement opportunities and mitigation of potential revenue shortfalls
 - Tracks retroactive payments and adjustments
- Operational efficiency
 - Automates generation of CMS required correspondence and storing of that correspondence with member records for audit purposes
 - Automation to ensure proper primary or secondary payment and recovery of overpayments
 - Supports submitting to CMS changes to existing OHC information and adding new OHC information
- Regulatory compliance

Vendor Selection

Recommendation:

Contract with Dynamic Healthcare Systems for Revenue Reconciliation and Medicare Secondary Payer/Coordination of Benefits (MSP/COB) modules, which:

- Provide the required functionality
- Are integrated with Dynamic's Member Enrollment & Eligibility module (approved by Executive/Finance Committee November 2021)
- Can be implemented as part of implementation of the Dynamic Enrollment & Eligibility module, to ensure launch in advance of D-SNP launch

Possible Action:

Authorize Chief Executive Officer to negotiate, execute, and amend contracts with Dynamic Healthcare Systems for Revenue Reconciliation and MSP/COB modules, not to exceed \$500,000 over three years.



Santa Clara Family Health Plan™

Fraud, Waste and Abuse (FWA) Software Solution

Executive/Finance Committee

May 26, 2022

Vendor Selection

The Plan Needs a FWA Software Solution To:

- Comply with DHCS auditors' recommendation for more pro-active FWA activities
- Avoid costs associated with improper claims payments
- Detect suspicious intentional or unintentional FWA activities as soon as possible
- Integrate FWA activities into regular business unit operations

What Does a Fraud, Waste and Abuse Software Solution Do?

- Detect anomalous medical claims practice patterns
- Enhance data mining process for detecting new and emerging fraud schemes
- Provide a centralized system that offers business units easy access to FWA dashboards, reports, and ad-hoc analysis.

Vendor Selection

SCFHP's Compliance team interviewed three vendors, compared costs & functionality, and reviewed references.

Recommendation: Healthcare Fraud Shield FWA Product

Possible Action:

Authorize CEO to negotiate, execute, and amend contract(s) with Healthcare Fraud Shield for Fraud, Waste and Abuse Software Solution up to a three-year cost of \$500,000 (inclusive of implementation fee and 10% contingency).



Santa Clara Family Health Plan™

Continued Teleconferencing

May 26, 2022

MEMORANDUM

Date: May 19, 2022

From: Tyler Haskell, Interim Compliance Officer

To: SCFHP Executive/Finance Committee

Re. AB 361 compliance

Background

Because the Governor's executive order suspending certain Brown Act requirements expired at the end of September 2021, the Legislature passed, and the Governor signed, AB 361. AB 361 amends Government Code §54953 to permit teleconferencing by local agencies during a declared state of emergency without providing public access to each individual teleconference location. In order to do so, a local agency must, within 30 days of its first teleconference meeting following enactment of AB 361 and every 30 days thereafter, make the following findings by majority vote:

- The local agency has reconsidered the circumstances of the state of emergency.
- Any of the following circumstances exist:
 - o The state of emergency continues to directly impact the ability of the members to meet safely in person.
 - o State or local officials continue to impose or recommend measures to promote social distancing.

The Executive/Finance Committee met and made the above findings in April, and needs to do so again in order for the Governing Board and committees to continue meeting remotely during the ongoing state of emergency. SCFHP bylaws permit the Executive/Finance Committee to act on behalf of the Governing Board on urgent matters.

Recommended Action

Make the following findings and approve continued use of teleconferencing without providing public access to each teleconference location:

- Santa Clara Family Health Plan has reconsidered the circumstances of the state of emergency.
- Any of the following circumstances exist:
 - o The state of emergency continues to directly impact the ability of the members to meet safely in person.
 - o State or local officials continue to impose or recommend measures to promote social distancing.



**Santa Clara Family
Health Plan™**

Unaudited Financial Statements

For Nine Months Ended March 31, 2022

Agenda

Table of Contents	Page
Financial Highlights	3 - 4
Detail Analyses:	5
Enrollment	6
Enrollment by Category of Aid – Current Month & Trend	7 - 9
Revenue – Current Month & YTD	10 - 11
Medical Expense – Current Month & YTD	12 - 13
Administrative Expense – Current Month & YTD	14 - 15
Balance Sheet	16
Tangible Net Equity	17
Reserves Analysis	18
Capital Expenditures	19
Financial Statements:	20
Income Statement	21
Balance Sheet	22
Cash Flow Statement	23
Statement of Operations by Line of Business - YTD	24
Appendices:	25
Statement of Operations by Line of Business – Current Month	26
Enrollment by Category of Aid – subsequent month	27

Financial Highlights



	MTD		YTD	
Revenue	\$110 M		\$1.21 B	
Medical Expense (MLR)	\$102 M	92.0%	\$1.14 B	94.2%
Administrative Expense (% Rev)	\$6.1 M	5.5%	\$55.4 M	4.6%
Other Income/(Expense)	\$71K		\$1.2 M	
Net Surplus (Net Loss)	\$2.8 M		\$16.4 M	
Cash and Investments			\$523 M	
Receivables			\$537 M	
Total Current Assets			\$1.07 B	
Current Liabilities			\$827 M	
Current Ratio			1.29	
Tangible Net Equity			\$271 M	
% of DMHC Requirement			797.0%	

Financial Highlights

Net Surplus (Net Loss)	<ul style="list-style-type: none"> ▶ Month: Surplus of \$2.8M is \$2.9M or 1,791.1% favorable to budget of \$164K loss. ▶ YTD: Surplus of \$16.4M is \$8.0M or 95.3% favorable to budget of \$8.4M surplus.
Enrollment	<ul style="list-style-type: none"> ▶ Month: Membership was 297,172 (14,503 or 4.7% lower than budget of 311,675). ▶ YTD: Member Months YTD was 2,611,337 (69,973 or 2.6% lower than budget of 2,681,310).
Revenue	<ul style="list-style-type: none"> ▶ Month: \$110.4M (\$10.6M or 8.7% unfavorable to budget of \$121.0M). ▶ YTD: \$1.2B (\$169.4M or 16.2% favorable to budget of \$1.05B).
Medical Expenses	<ul style="list-style-type: none"> ▶ Month: \$101.6M (\$12.8M or 11.2% favorable to budget of \$114.4M). ▶ YTD: \$1.14B (\$164.2M or 16.8% unfavorable to budget of \$980.2M).
Administrative Expenses	<ul style="list-style-type: none"> ▶ Month: \$6.1M (\$1.0M or 14.2% favorable to budget of \$7.1M). ▶ YTD: \$55.4M (\$5.1M or 8.4% favorable to budget of \$60.5M).
Tangible Net Equity	<ul style="list-style-type: none"> ▶ TNE was \$271.2M (represents approximately three months of total expenses).
Capital Expenditures	<ul style="list-style-type: none"> ▶ YTD Capital Investments of \$923K vs. \$3.3M annual budget, primarily software.



**Santa Clara Family
Health Plan™**

Detail Analyses

Enrollment



- Total enrollment of 297,172 members is 14,503 or 4.7% lower than budget. Since the beginning of the fiscal year, total enrollment has increased by 14,502 members or 5.1%.
- Medi-Cal & CMC enrollment have been increasing since March 2020 largely due to COVID. Beginning in March 2020, annual eligibility redeterminations were suspended and, as a result, enrollment continues to increase.
- Since the beginning of the fiscal year, Medi-Cal Non-Dual enrollment has increased 5.4%, Medi-Cal Dual enrollment has increased 3.8%, and CMC enrollment has grown 2.2%.

	For the Month March 2022				For Nine Months Ending March 31, 2022				Prior Year Actuals	Δ FY22 vs. FY21
	Actual	Budget	Variance	Variance (%)	Actual	Budget	Variance	Variance (%)		
Medi-Cal	286,873	300,945	(14,072)	(4.7%)	2,518,636	2,586,850	(68,214)	(2.6%)	2,324,392	8.4%
Cal Medi-Connect	10,299	10,730	(431)	(4.0%)	92,701	94,460	(1,759)	(1.9%)	86,372	7.3%
Total	297,172	311,675	(14,503)	(4.7%)	2,611,337	2,681,310	(69,973)	(2.6%)	2,410,764	8.3%

Santa Clara Family Health Plan Enrollment By Network March 2022

Network	Medi-Cal		CMC		Total	
	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total
Direct Contract Physicians	37,438	13%	10,299	100%	47,737	16%
SCVHHS ¹ , Safety Net Clinics, FQHC ² Clinics	143,056	50%	-	0%	143,056	48%
North East Medical Services	3,384	1%	-	0%	3,384	1%
Palo Alto Medical Foundation	7,399	3%	-	0%	7,399	2%
Physicians Medical Group	44,571	16%	-	0%	44,571	15%
Premier Care	16,211	6%	-	0%	16,211	5%
Kaiser	34,814	12%	-	0%	34,814	12%
Total	286,873	100%	10,299	100%	297,172	100%
Enrollment at June 30, 2021	272,590		10,080		282,670	
Net Δ from Beginning of FY22	5.2%		2.2%		5.1%	

¹ SCVHHS = Santa Clara Valley Health & Hospital System

² FQHC = Federally Qualified Health Center

Enrollment By Aid Category

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%

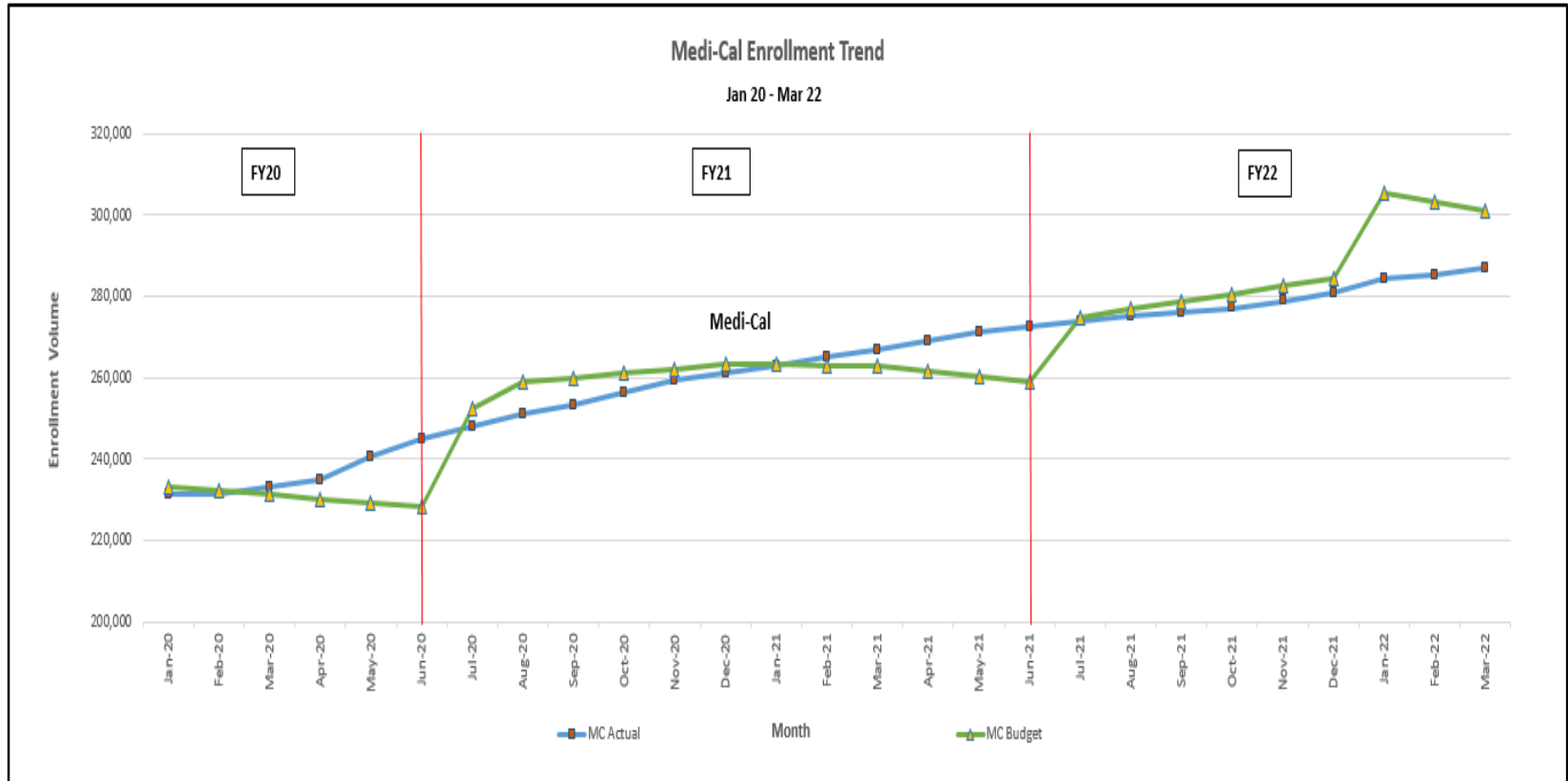
DUAL	Adult (over 21)	361	357	365	366	367	376	375	396	398	408	410	403	407	41	11.2%
	SPD	24,206	24,168	24,146	24,115	23,980	24,159	24,206	24,244	24,307	24,320	24,330	24,350	24,378	263	1.1%
	Long Term Care	1,054	1,038	1,031	1,060	1,127	1,115	1,092	1,083	1,106	1,111	1,085	1,107	1,102	42	4.0%
	SPD OE	742	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%
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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%

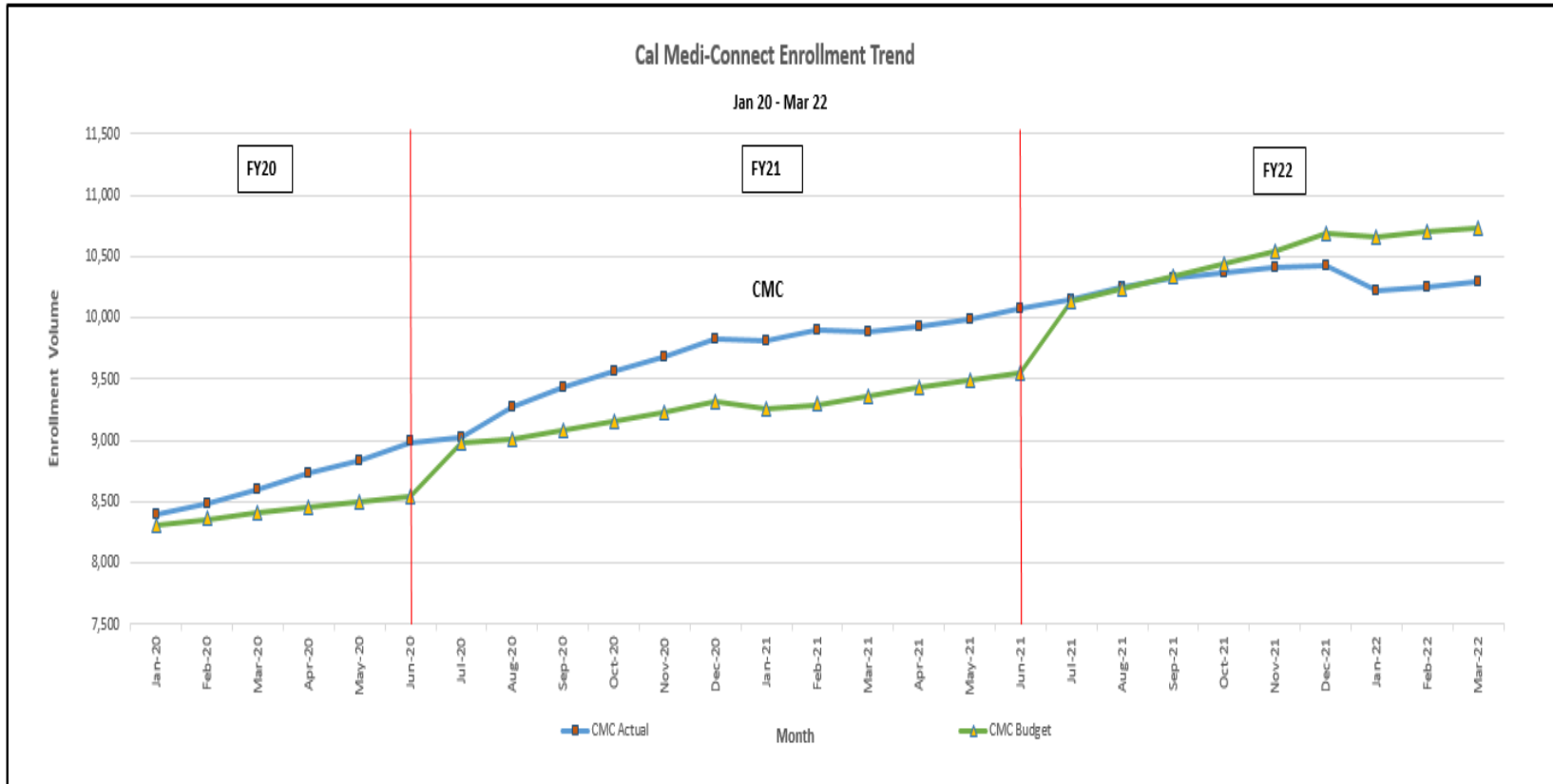
Total Enrollment	276,842	278,967	281,235	282,670	284,178	285,472	286,552	287,498	289,288	291,097	294,658	295,422	297,172	14,502	5.1%
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Medi-Cal Enrollment Trend



- 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

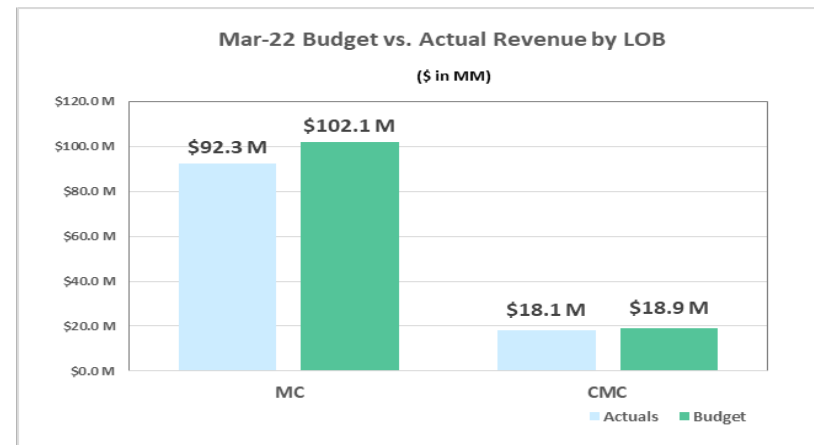
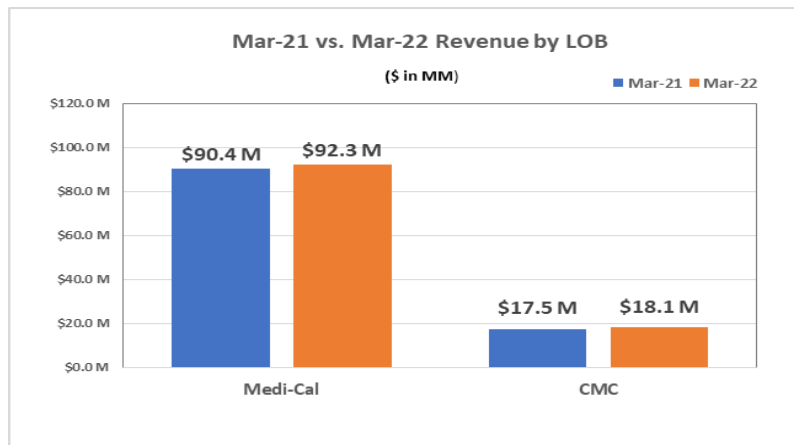


- Actual enrollment, represented by the blue line, showed steeper initial COVID enrollment growth in FY21 followed by a lower growth in FY22 with continued public health emergency.
- Budgeted enrollment, represented by the green line, was presumed to decrease in late FY21 but continues due to sustained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

Current Month Revenue

Current month revenue of \$110.4M was \$10.6M or 8.7% unfavorable to budget of \$121.0M. The current month variance was primarily due to the following:

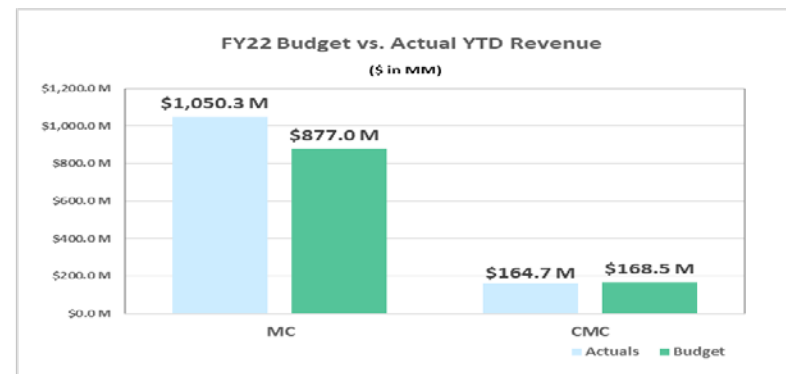
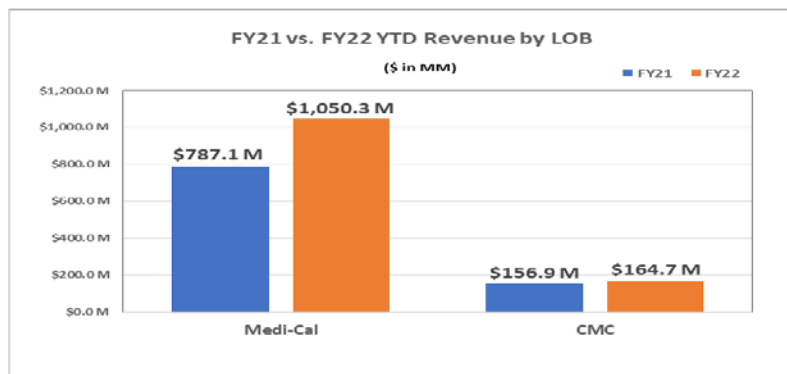
- Medi-Cal revenue was \$13.8M unfavorable to budget due to (1) the pharmacy benefit carve-out and (2) lower Other Health Coverage (OHC) mandatory enrollment, offset by higher CY22 MLTSS rates versus budget. The Budget anticipated the Medi-Cal pharmacy benefit would continue until the end of fiscal year but pharmacy carve-out began on Jan 1. Unfavorable pharmacy revenue is offset by favorable pharmacy expense.
- Prop-56 revenue is \$1.5M favorable to budget due to CY21 retro payment (offset with unfavorable Prop-56 expense). COVID incentive program payment received of \$1.3M. Other supplemental revenue is \$1.2M favorable to budget due to increase BHT and Health Home utilization, offset by lower maternity deliveries and budgeted Hep-C.
- CMC revenue was \$886K 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 \$1.2B was \$169.4M or 16.2% favorable to budget of \$1.05B. The YTD variance was primarily due to the following:

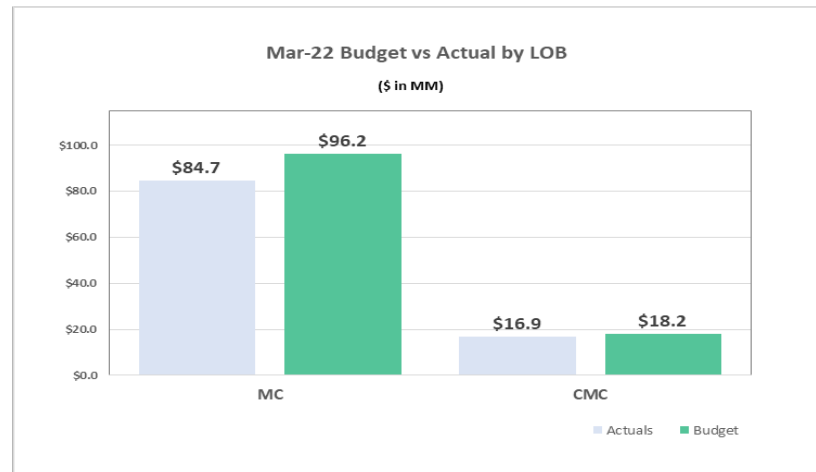
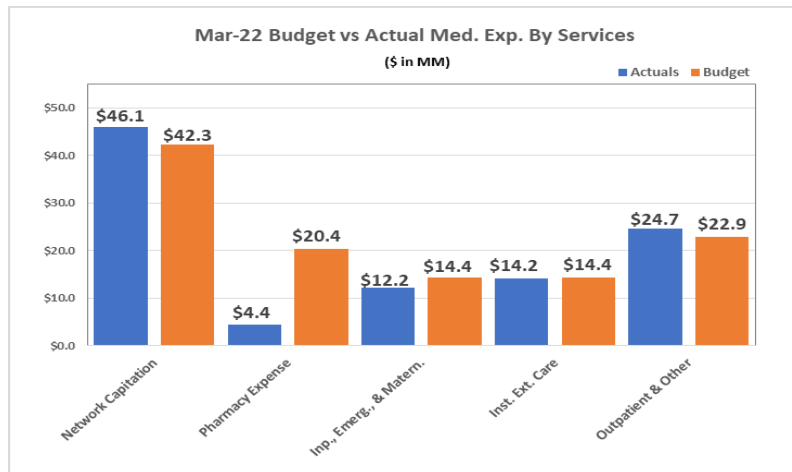
- Due to a change in accounting prescribed by DHCS, hospital directed payments are now reported on the P&L resulting in a favorable current month revenue variance of \$212.4M (with an offsetting unfavorable medical expense).
- Medi-Cal revenue is \$41.6M unfavorable largely due to the timing of the pharmacy 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).
- Supplemental revenue is \$2.7M favorable to budget due to increased utilization in BHT, Health Homes, and Hep-C and higher maternity deliveries.
- CMC revenue was \$3.9M 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 \$101.6M was \$12.8M or 11.2% favorable to budget of \$114.4M. The current month variance was due largely to:

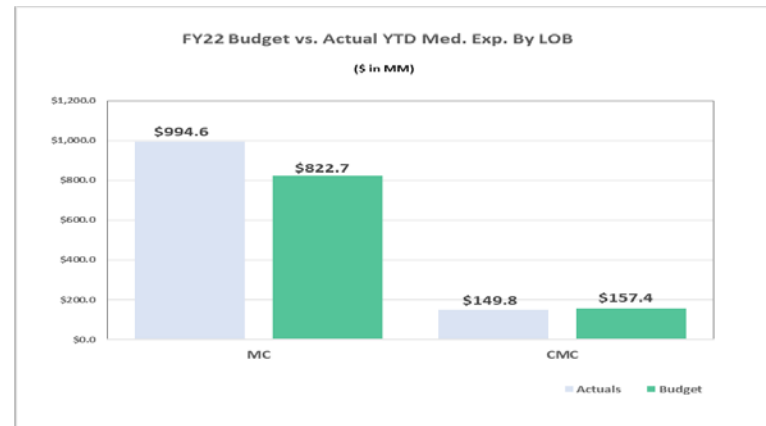
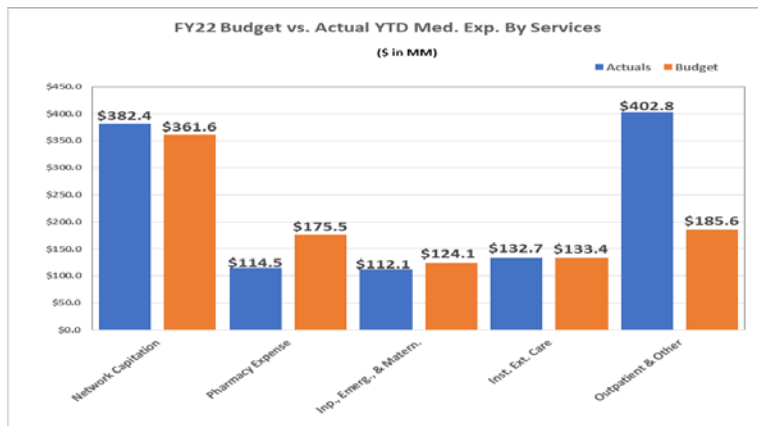
- Capitation expense was \$3.7M or 8.8% unfavorable to budget due to higher CY22 capitated rates partially offset by lower capitated enrollment than expected.
- Pharmacy expenses were \$16.1M favorable to budget primarily due to timing of the Medi-Cal pharmacy carve-out (largely offsetting the unfavorable revenue variance). The budget assumed the pharmacy benefit would continue through the end of fiscal year.
- Fee-For-Service expenses reflected a \$2.8M or 5.9% 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.
- Reinsurance & Other expense was \$2.4M or 62.9% unfavorable to budget due to Prop-56 prior year payment true-up (offset with favorable revenue).



YTD Medical Expense

YTD medical expense of \$1.14B was \$164.2M or 16.8% unfavorable to budget of \$980.2M. The YTD variance was due largely to:

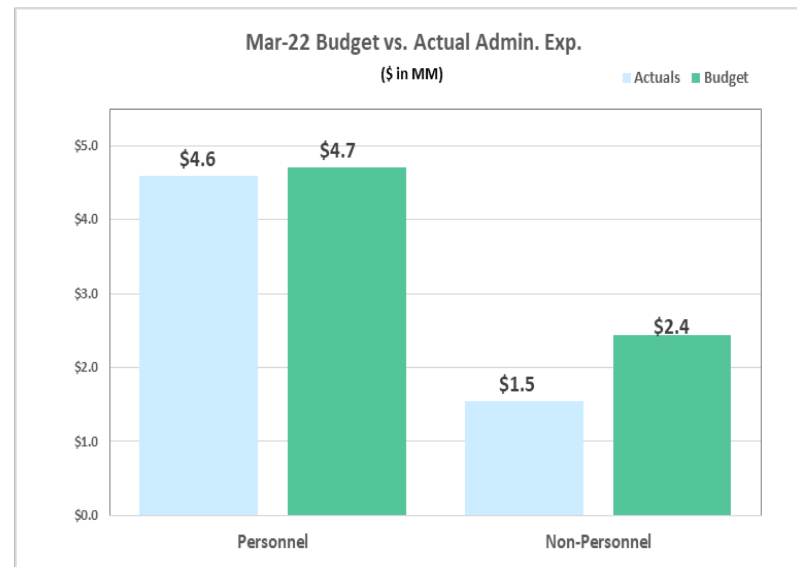
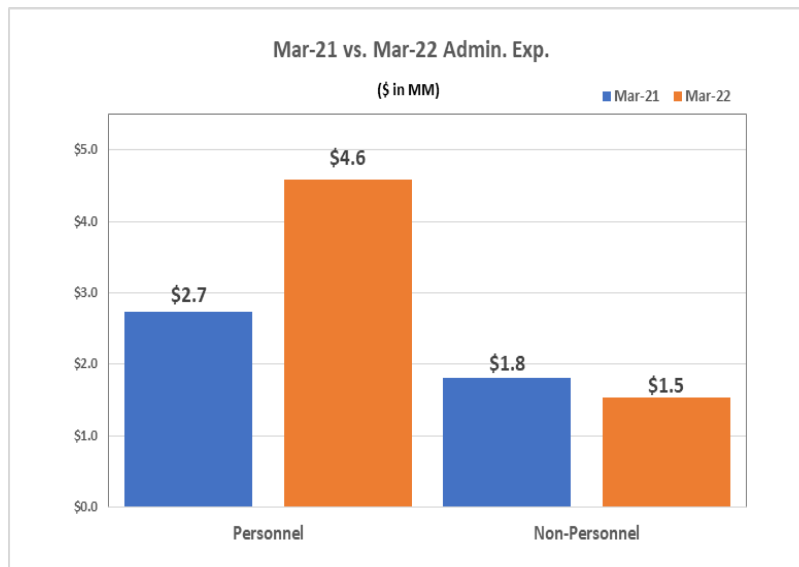
- Due to a change in accounting prescribed by DHCS, hospital directed payments are now reported on the P&L resulting in a favorable current month revenue variance of \$212.4M with an offsetting unfavorable medical expense).
- Pharmacy expenses were \$61.0M or 34.7% favorable to budget because budget 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 \$20.8M or 5.7% unfavorable to budget due to \$23M 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 \$8.1M or 2.0% 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 \$6.1M was \$1.0M or 14.2% favorable to budget of \$7.1M. The current month variances were primarily due to the following:

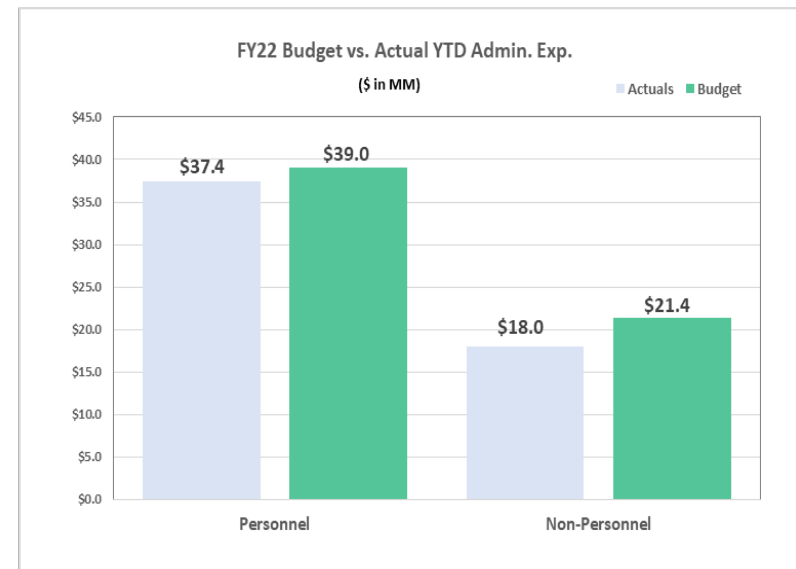
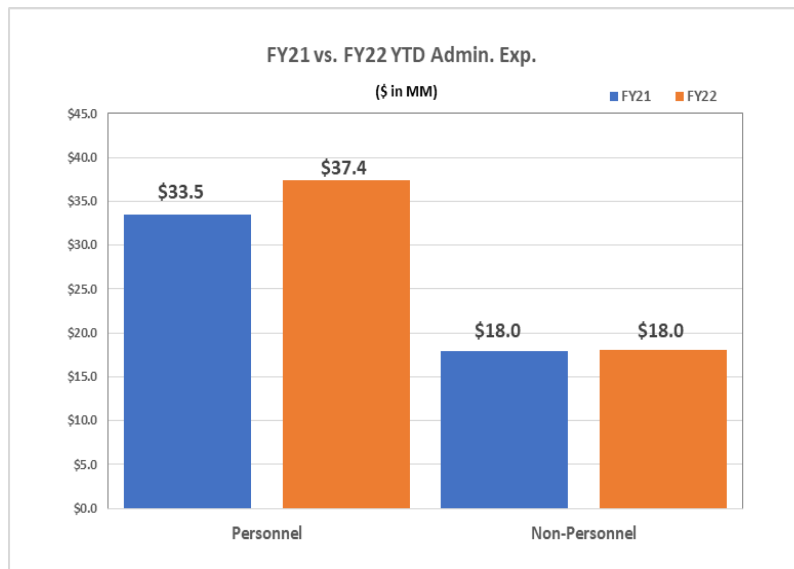
- Personnel expenses were \$116K or 2.5% favorable to budget due to lower headcount than budget which included payroll tax, benefit savings and CalPERS reconciliations.
- Non-Personnel expenses were \$896K or 36.8% favorable to budget due to the timing of spending in certain expense categories (consulting, contract service, translation, and other fees). Other Expense also included unbudgeted COVID incentive gift cards.



YTD Administrative Expense

YTD administrative expense of \$55.4M was \$5.1M or 8.4% favorable to budget of \$60.5M. The YTD variance was primarily due to the following:

- Non-Personnel expenses were \$3.4M or 16.1% 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 \$1.6M or 4.2% favorable to budget due to lower headcount than budget which included lower payroll tax, benefits and CalPERS reconciliations.



Balance Sheet

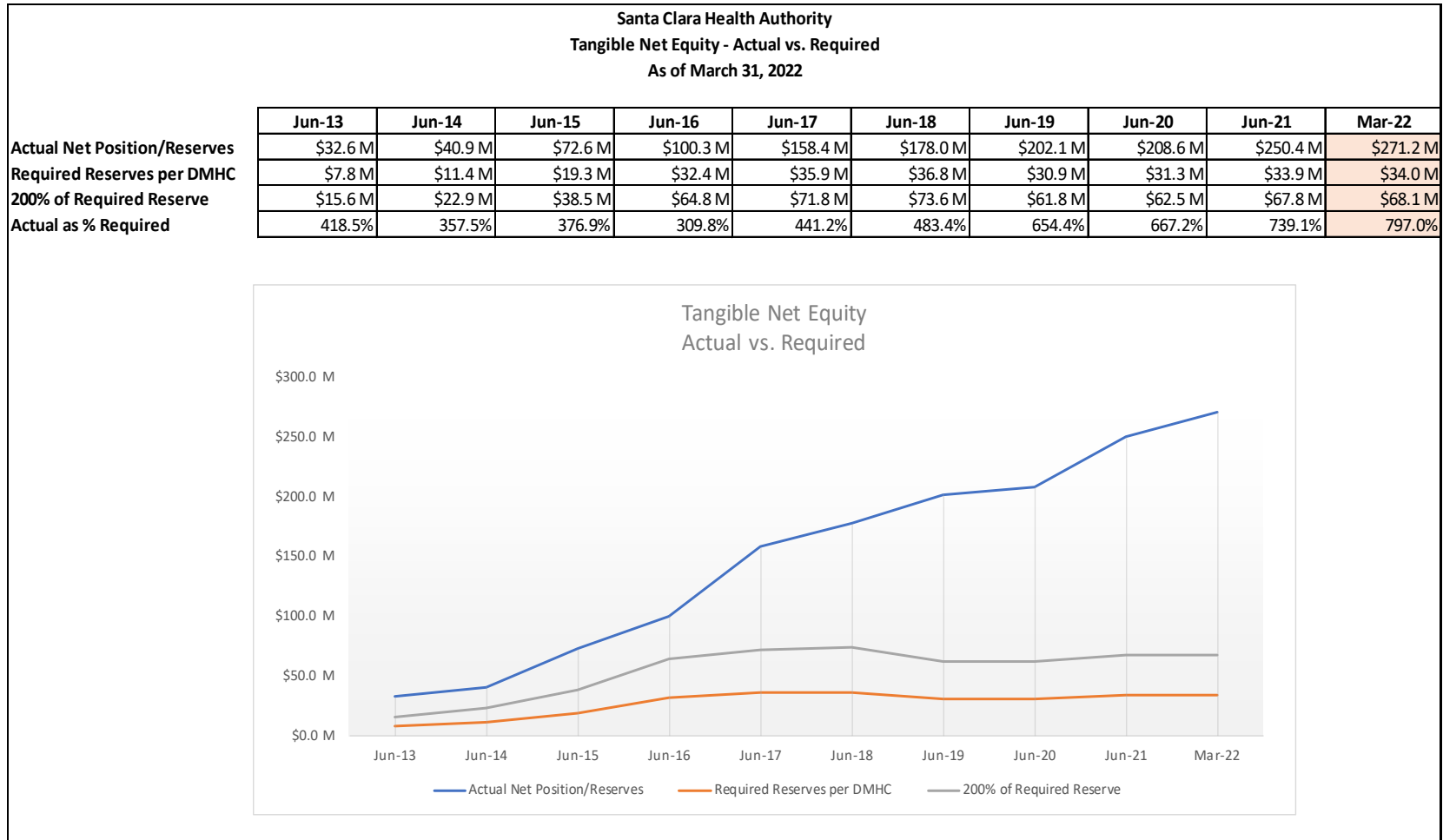
- Current assets totaled \$1.07B compared to current liabilities of \$827.5M, yielding a current ratio (Current Assets/Current Liabilities) of 1.29:1 vs. the DMHC minimum requirement of 1.0:1.
- On a YTD basis, the overall cash balance increased by \$115.2M compared to the cash balance as of year-end 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	YTD
Short-Term Investments				
County of Santa Clara Comingled Pool	\$183,331,585	0.65%	\$100,000	\$972,346
Wells Fargo Investments	(\$20)	0.00%	\$0	\$34,513
City National Bank Investments	<u>\$254,126,972</u>	0.51%	<u>(\$67,348)</u>	<u>(\$127,630)</u>
	\$437,458,537		\$32,652	\$879,229
Cash & Equivalents				
Bank of the West Money Market	\$0	0.00%	\$0	\$3,308
City National Bank Accounts	\$80,632,040	0.01%	\$767	\$2,875
Wells Fargo Bank Accounts	<u>\$4,825,547</u>	0.13%	<u>\$463</u>	<u>\$3,099</u>
	\$85,457,587		\$1,230	\$9,282
Assets Pledged to DMHC				
Restricted Cash	\$325,000	0.01%	\$2	\$590
Petty Cash				
	\$500	0.00%	\$0	\$0
Month-End Balance	<u><u>\$523,241,624</u></u>		<u><u>\$33,884</u></u>	<u><u>\$889,102</u></u>

- Cash balances include balances payable to the State of CA for certain items.
- 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 (0.48% actual vs. 1.4% budgeted).

Tangible Net Equity

- TNE was \$271.2M - representing approximately three months of the Plan's total expenses.



Reserves Analysis

SCFHP RESERVES ANALYSIS MARCH 2022				
Financial Reserve Target #1: Tangible Net Equity				
	Board Funds Committed	Approved Projects	Funds Expended	Balance
Unrestricted Net Assets				\$229,514,784 *
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	\$7,206,999	\$3,156,133	\$12,843,867
Subtotal	\$20,000,000	\$7,690,709	\$3,519,843	\$16,480,157
Net Book Value of Fixed Assets				\$24,887,074
Restricted Under Knox-Keene Agreement				\$325,000
Total Tangible Net Equity (TNE)				\$271,207,016
Current Required TNE				\$34,028,453
TNE %				797.0%
SCFHP Target TNE Range:				
350% of Required TNE (Low)				\$119,099,585
500% of Required TNE (High)				\$170,142,264
Total TNE Above/(Below) SCFHP Low Target				\$152,107,431
Total TNE Above/(Below) High Target				\$101,064,752
Financial Reserve Target #2: Liquidity				
Cash & Investments				\$523,241,624
Less Pass-Through Liabilities:				
Hospital Directed Payments				(432,909)
MCO Tax Payable to State of CA				(35,033,577)
Prop 56 / Whole Person Care				(60,272,504)
Other Pass-Through Liabilities (Note 2)				(96,114,346)
Total Pass-Through Liabilities				(191,853,336)
Net Cash Available to SCFHP				331,388,288
SCFHP Target Liquidity (Note 3)				
45 Days of Total Operating Expense				(182,316,966)
60 Days of Total Operating Expense				(243,089,288)
Liquidity Above/(Below) SCFHP Low Target				149,071,323
Liquidity Above/(Below) High Target				88,299,001

- **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 \$923K, largely due to software licensing, were comprised of the following:

Expenditure	YTD Actual	Annual Budget
Community Resource Center	\$17,593	\$55,800
Hardware	\$246,074	\$1,060,000
Software	\$519,485	\$1,896,874
Building Improvements	\$136,794	\$62,000
Furniture & Equipment	\$3,391	\$179,101
TOTAL	\$923,336	\$3,253,775



**Santa Clara Family
Health Plan™**

Financial Statements

Income Statement



Santa Clara County Health Authority INCOME STATEMENT For Nine Months Ending March 31, 2022

	Mar-2022	% of	Mar-2022	% of	Current Month Variance		YTD Mar-2022	% of	YTD Mar-2022	% of	YTD Variance	
	Actuals	Rev	Budget	Rev	\$	%	Actuals	Rev	Budget	Rev	\$	%
REVENUES												
MEDI-CAL	\$ 92,326,958	83.6%	\$ 102,063,665	84.4%	\$ (9,736,708)	(9.5%)	\$ 1,050,298,545	86.4%	\$ 877,034,438	83.9%	\$ 173,264,107	19.8%
CMC MEDI-CAL	4,190,570	3.8%	3,577,052	3.0%	613,518	17.2%	32,808,941	2.7%	33,363,069	3.2%	(554,128)	(1.7%)
CMC MEDICARE	13,889,577	12.6%	15,352,162	12.7%	(1,462,585)	(9.5%)	131,867,718	10.9%	135,150,534	12.9%	(3,282,816)	(2.4%)
TOTAL CMC	18,080,147	16.4%	18,929,214	15.6%	(849,067)	(4.5%)	164,676,659	13.6%	168,513,603	16.1%	(3,836,943)	(2.3%)
TOTAL REVENUE	\$ 110,407,105	100.0%	\$ 120,992,880	100.0%	\$ (10,585,775)	(8.7%)	\$ 1,214,975,205	100.0%	\$ 1,045,548,041	100.0%	\$ 169,427,164	16.2%
MEDICAL EXPENSES												
MEDI-CAL	\$ 84,694,742	76.7%	\$ 96,229,326	79.5%	\$ 11,534,584	12.0%	\$ 994,605,894	81.9%	\$ 822,749,958	78.7%	\$(171,855,937)	(20.9%)
CMC MEDI-CAL	3,675,471	3.3%	3,155,027	2.6%	(520,444)	(16.5%)	30,600,448	2.5%	27,475,394	2.6%	(3,125,054)	(11.4%)
CMC MEDICARE	13,208,353	12.0%	15,025,595	12.4%	1,817,242	12.1%	119,228,593	9.8%	129,968,033	12.4%	10,739,439	8.3%
TOTAL CMC	16,883,823	15.3%	18,180,622	15.0%	1,296,798	7.1%	149,829,042	12.3%	157,443,427	15.1%	7,614,385	4.8%
TOTAL MEDICAL EXPENSES	\$ 101,578,565	92.0%	\$ 114,409,947	94.6%	\$ 12,831,382	11.2%	\$ 1,144,434,936	94.2%	\$ 980,193,384	93.7%	\$(164,241,552)	(16.8%)
GROSS MARGIN	\$ 8,828,539	8.0%	\$ 6,582,932	5.4%	\$ 2,245,607	34.1%	\$ 70,540,269	5.8%	\$ 65,354,657	6.3%	\$ 5,185,612	7.9%
ADMINISTRATIVE EXPENSE												
SALARIES AND BENEFITS	\$ 4,585,168	4.2%	\$ 4,700,999	3.9%	\$ 115,831	2.5%	\$ 37,372,413	3.1%	\$ 39,012,951	3.7%	\$ 1,640,538	4.2%
RENTS AND UTILITIES	45,521	0.0%	42,067	0.0%	(3,454)	(8.2%)	332,472	0.0%	378,600	0.0%	46,129	12.2%
PRINTING AND ADVERTISING	20,004	0.0%	107,542	0.1%	87,538	81.4%	501,183	0.0%	969,875	0.1%	468,692	48.3%
INFORMATION SYSTEMS	283,062	0.3%	397,753	0.3%	114,691	28.8%	2,737,515	0.2%	3,450,424	0.3%	712,909	20.7%
PROF FEES/CONSULTING/TEMP STAFFING	324,595	0.3%	1,143,397	0.9%	818,802	71.6%	7,529,923	0.6%	10,083,266	1.0%	2,553,343	25.3%
DEPRECIATION/INSURANCE/EQUIPMENT	414,617	0.4%	452,953	0.4%	38,336	8.5%	3,612,494	0.3%	3,870,448	0.4%	257,954	6.7%
OFFICE SUPPLIES/POSTAGE/TELEPHONE	41,234	0.0%	62,242	0.1%	21,008	33.8%	444,206	0.0%	560,780	0.1%	116,575	20.8%
MEETINGS/TRAVEL/DUES	128,621	0.1%	127,187	0.1%	(1,434)	(1.1%)	860,115	0.1%	1,231,107	0.1%	370,992	30.1%
OTHER	280,158	0.3%	100,557	0.1%	(179,602)	(178.6%)	1,982,003	0.2%	901,610	0.1%	(1,080,394)	(119.8%)
TOTAL ADMINISTRATIVE EXPENSES	\$ 6,122,981	5.5%	\$ 7,134,696	5.9%	\$ 1,011,716	14.2%	\$ 55,372,325	4.6%	\$ 60,459,061	5.8%	\$ 5,086,736	8.4%
OPERATING SURPLUS/(LOSS)	\$ 2,705,559	2.5%	\$ (551,764)	-0.5%	\$ 3,257,323	(590.3%)	\$ 15,167,944	1.2%	\$ 4,895,596	0.5%	\$ 10,272,348	209.8%
INTEREST & INVESTMENT INCOME	\$ 33,884	0.0%	\$ 350,000	0.3%	\$(316,116)	(90.3%)	\$ 889,102	0.1%	\$ 3,150,000	0.3%	\$(2,260,898)	(71.8%)
OTHER INCOME	36,666	0.0%	37,602	0.0%	(936)	(2.5%)	299,369	0.0%	329,492	0.0%	(30,123)	(9.1%)
NON-OPERATING INCOME	\$ 70,549	0.1%	\$ 387,602	0.3%	\$ (317,052)	(81.8%)	\$ 1,188,471	0.1%	\$ 3,479,492	0.3%	\$ (2,291,021)	(65.8%)
NET SURPLUS (LOSS)	\$ 2,776,108	2.5%	\$ (164,163)	-0.1%	\$ 2,940,271	(1,791.1%)	\$ 16,356,415	1.3%	\$ 8,375,088	0.8%	\$ 7,981,327	95.3%

Balance Sheet



SANTA CLARA COUNTY HEALTH AUTHORITY				
As of March 31, 2022				
	Mar-2022	Feb-2022	Jan-2022	Mar-2021
Assets				
Current Assets				
Cash and Investments	\$ 523,241,624	\$ 505,028,677	\$ 494,670,999	\$ 520,024,777
Receivables	537,062,747	735,265,048	514,892,512	507,477,386
Prepaid Expenses and Other Current Assets	8,189,334	8,518,866	10,010,129	9,506,927
Total Current Assets	\$ 1,068,493,705	\$ 1,248,812,591	\$ 1,019,573,640	\$ 1,037,009,089
Long Term Assets				
Property and Equipment	\$ 52,446,207	\$ 52,461,621	\$ 52,450,485	\$ 51,142,872
Accumulated Depreciation	(27,559,133)	(27,217,960)	(26,876,796)	(23,463,932)
Total Long Term Assets	24,887,074	25,243,661	25,573,689	27,678,940
Total Assets	\$ 1,093,380,779	\$ 1,274,056,252	\$ 1,045,147,329	\$ 1,064,688,028
Deferred Outflow of Resources	\$ 5,825,360	\$ 6,048,237	\$ 6,271,114	\$ 8,402,260
Total Assets & Deferred Outflows	\$ 1,099,206,139	\$ 1,280,104,488	\$ 1,051,418,442	\$ 1,073,090,288
Liabilities and Net Assets:				
Current Liabilities				
Trade Payables	\$ 27,246,778	\$ 13,396,942	\$ 7,355,316	\$ 6,086,219
Deferred Rent	45,647	45,946	46,244	48,757
Employee Benefits	4,084,708	3,817,549	4,030,828	3,097,436
Retirement Obligation per GASB 75	2,379,287	2,339,162	2,299,037	2,833,868
Prop 56 / Whole Person Care	60,272,504	58,866,403	55,165,639	49,776,444
Payable to Hospitals	(1,415)	(1,344)	18,152,703	10,014
Payable to Hospitals	434,325	212,874,410	474,774	124,936,215
Pass-Throughs Payable	12,462,691	8,422,934	4,650,420	330,470
Due to Santa Clara County Valley Health Plan and Kaiser	63,609,776	62,839,841	57,598,300	29,732,966
MCO Tax Payable - State Board of Equalization	35,033,577	24,902,610	14,771,399	27,447,737
Due to DHCS	83,651,655	81,780,182	77,882,032	53,630,663
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	109,955,316	113,564,670	114,647,277	119,021,715
Total Current Liabilities	\$ 827,459,806	\$ 1,011,134,263	\$ 785,358,928	\$ 844,609,111
Non-Current Liabilities				
Net Pension Liability GASB 68	(0)	(0)	(0)	1,758,958
Total Non-Current Liabilities	\$ (0)	\$ (0)	\$ (0)	\$ 1,758,958
Total Liabilities	\$ 827,459,806	\$ 1,011,134,263	\$ 785,358,928	\$ 846,368,069
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	12,843,867	12,923,410	13,830,001
Invested in Capital Assets (NBV)	24,887,074	25,243,661	25,573,689	27,678,940
Restricted under Knox-Keene agreement	325,000	325,000	325,000	425,000
Unrestricted Net Equity	213,158,369	212,801,783	212,392,212	163,369,573
Current YTD Income (Loss)	16,356,415	13,580,306	10,669,596	16,419,606
Total Net Assets / Reserves	\$ 271,207,016	\$ 268,430,907	\$ 265,520,197	\$ 225,060,393
Total Liabilities, Deferred Inflows and Net Assets	\$ 1,099,206,139	\$ 1,280,104,488	\$ 1,051,418,442	\$ 1,073,090,288

Cash Flow Statement



	Mar-2022	Year-to-date
Cash Flows from Operating Activities		
Premiums Received	\$ 320,611,846	\$ 1,218,331,945
Medical Expenses Paid	(104,417,984)	(1,102,242,847)
Administrative Expenses Paid	(198,066,877)	(1,184,675)
Net Cash from Operating Activities	\$ 18,126,985	\$ 114,904,424
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets	\$ 15,414	\$ (923,336)
Cash Flows from Investing Activities		
Interest Income and Other Income (Net)	70,549	1,188,471
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ 18,212,948	\$ 115,169,559
Cash & Investments (Beginning)	505,028,677	408,072,066
Cash & Investments (Ending)	\$ 523,241,624	\$ 523,241,624
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating Surplus/(Loss)	\$ 2,705,559	\$ 15,167,944
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities		
Depreciation	341,173	3,092,925
Changes in Operating Assets/Liabilities		
Premiums Receivable	198,202,301	(24,843,221)
Prepays & Other Assets	329,532	527,170
Accounts Payable & Accrued Liabilities	(192,837,478)	48,979,558
State Payable	12,002,440	28,199,962
IGT, HQAF & Other Provider Payables	769,935	39,824,097
Net Pension Liability	0	0
Medical Cost Reserves & PDR	(3,609,354)	2,367,992
Total Adjustments	\$ 15,421,426	\$ 99,736,480
Net Cash from Operating Activities	\$ 18,126,985	\$ 114,904,424

Statement of Operations by Line of Business - YTD



Santa Clara County Health Authority
Statement of Operations
By Line of Business (Including Allocated Expenses)
For Nine Months Ending March 31, 2022

	Medi-Cal	CMC Medi-Cal	CMC Medicare	Total CMC	Grand Total
P&L (ALLOCATED BASIS)					
REVENUE	\$1,050,298,545	\$32,808,941	\$131,867,718	\$164,676,659	\$1,214,975,205
MEDICAL EXPENSE (MLR)	\$994,605,894 94.7%	\$30,600,448 93.3%	\$119,228,593 90.4%	\$149,829,042 91.0%	\$1,144,434,936 94.2%
GROSS MARGIN	\$55,692,651	\$2,208,493	\$12,639,125	\$14,847,618	\$70,540,269
ADMINISTRATIVE EXPENSE (% of Revenue Allocation)	\$47,867,209	\$1,495,263	\$6,009,853	\$7,505,116	\$55,372,325
OPERATING SURPLUS/(LOSS) (% of Revenue Allocation)	\$7,825,442	\$713,230	\$6,629,272	\$7,342,502	\$15,167,944
OTHER INCOME/(EXPENSE) (% of Revenue Allocation)	\$1,027,387	\$32,093	\$128,991	\$161,084	\$1,188,471
NET SURPLUS/(LOSS)	\$8,852,828	\$745,323	\$6,758,263	\$7,503,586	\$16,356,415
PMPM (ALLOCATED BASIS)					
REVENUE	\$417.01	\$353.92	\$1,422.51	\$1,776.43	\$465.27
MEDICAL EXPENSES	\$394.90	\$330.10	\$1,286.16	\$1,616.26	\$438.26
GROSS MARGIN	\$22.11	\$23.82	\$136.34	\$160.17	\$27.01
ADMINISTRATIVE EXPENSES	\$19.01	\$16.13	\$64.83	\$80.96	\$21.20
OPERATING INCOME/(LOSS)	\$3.11	\$7.69	\$71.51	\$79.21	\$5.81
OTHER INCOME/(EXPENSE)	\$0.41	\$0.35	\$1.39	\$1.74	\$0.46
NET INCOME/(LOSS)	\$3.51	\$8.04	\$72.90	\$80.94	\$6.26
ALLOCATION BASIS:					
MEMBER MONTHS - YTD	2,518,636	92,701	92,701	92,701	2,611,337
REVENUE BY LOB	86.4%	2.7%	10.9%	13.6%	100.0%



**Santa Clara Family
Health Plan™**

Appendices

Statement of Operations by Line of Business – Current Month



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

	Medi-Cal	CMC Medi-Cal	CMC Medicare	Total CMC	Grand Total
P&L (ALLOCATED BASIS)					
REVENUE	\$92,326,958	\$4,190,570	\$13,889,577	\$18,080,147	\$110,407,105
MEDICAL EXPENSE (MLR)	\$84,694,742 91.7%	\$3,675,471 87.7%	\$13,208,353 95.1%	\$16,883,823 93.4%	\$101,578,565 92.0%
GROSS MARGIN	\$7,632,216	\$515,099	\$681,224	\$1,196,324	\$8,828,539
ADMINISTRATIVE EXPENSE (% of Revenue Allocation)	\$5,120,288	\$232,402	\$770,291	\$1,002,693	\$6,122,981
OPERATING SURPLUS/(LOSS) (% of Revenue Allocation)	\$2,511,928	\$282,698	(\$89,067)	\$193,631	\$2,705,559
OTHER INCOME/(EXPENSE) (% of Revenue Allocation)	\$58,996	\$2,678	\$8,875	\$11,553	\$70,549
NET SURPLUS/(LOSS)	\$2,570,924	\$285,376	(\$80,191)	\$205,184	\$2,776,108
PMPM (ALLOCATED BASIS)					
REVENUE	\$321.84	\$406.89	\$1,348.63	\$1,755.52	\$371.53
MEDICAL EXPENSES	\$295.23	\$356.88	\$1,282.49	\$1,639.37	\$341.82
GROSS MARGIN	\$26.60	\$50.01	\$66.14	\$116.16	\$29.71
ADMINISTRATIVE EXPENSES	\$17.85	\$22.57	\$74.79	\$97.36	\$20.60
OPERATING INCOME/(LOSS)	\$8.76	\$27.45	(\$8.65)	\$18.80	\$9.10
OTHER INCOME/(EXPENSE)	\$0.21	\$0.26	\$0.86	\$1.12	\$0.24
NET INCOME/(LOSS)	\$8.96	\$27.71	(\$7.79)	\$19.92	\$9.34
ALLOCATION BASIS:					
MEMBER MONTHS	286,873	10,299	10,299	10,299	297,172
REVENUE BY LOB	83.6%	3.8%	12.6%	16.4%	100.0%

Enrollment By Aid Category

SCFHP TRENDED ENROLLMENT BY COA YTD APRIL - 2022

		2021-04	2021-05	2021-06	2021-07	2021-08	2021-09	2021-10	2021-11	2021-12	2022-01	2022-02	2022-03	2022-04	FYTD var	%
NON DUAL	Adult (over 19)	32,106	32,577	32,997	32,995	33,281	33,546	33,809	34,245	34,653	35,652	35,761	36,104	36,529	3,532	10.7%
	Child (under 19)	99,872	100,245	100,477	101,010	101,085	101,093	101,125	101,411	101,722	102,516	102,519	102,740	103,211	2,734	2.7%
	SPD	22,290	22,291	22,301	22,363	22,276	22,331	22,381	22,463	22,537	22,740	22,731	22,749	22,751	450	2.0%
	Adult Expansion	88,035	89,361	89,957	90,711	91,392	91,960	92,393	93,186	94,092	95,819	96,366	97,386	98,130	8,173	9.1%
	Long Term Care	375	367	365	414	408	401	391	385	392	391	403	395	393	28	7.7%
	Total Non-Duals	242,678	244,841	246,097	247,493	248,442	249,331	250,099	251,690	253,396	257,118	257,780	259,374	261,014	14,917	6.1%

DUAL	Adult (over 21)	357	365	366	367	376	375	396	398	408	410	403	407	412	46	12.6%
	SPD	24,168	24,146	24,115	23,980	24,159	24,206	24,244	24,307	24,320	24,330	24,350	24,378	24,282	167	0.7%
	Long Term Care	1,038	1,031	1,060	1,127	1,115	1,092	1,083	1,106	1,111	1,085	1,107	1,102	1,111	51	4.8%
	SPD OE	802	863	952	1,063	1,135	1,223	1,308	1,372	1,431	1,496	1,531	1,612	1,666	714	75.0%
	Total Duals	26,365	26,405	26,493	26,537	26,785	26,896	27,031	27,183	27,270	27,321	27,391	27,499	27,471	978	3.7%

Total Medi-Cal	269,043	271,246	272,590	274,030	275,227	276,227	277,130	278,873	280,666	284,439	285,171	286,873	288,485	15,895	5.8%
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CMC	CMC Non-Long Term Care	9,745	9,809	9,895	9,939	10,037	10,122	10,160	10,211	10,221	10,017	10,038	10,084	10,127	232	2.3%
	CMC - Long Term Care	179	180	185	209	208	203	208	204	210	202	213	215	206	21	11.4%
	Total CMC	9,924	9,989	10,080	10,148	10,245	10,325	10,368	10,415	10,431	10,219	10,251	10,299	10,333	253	2.5%

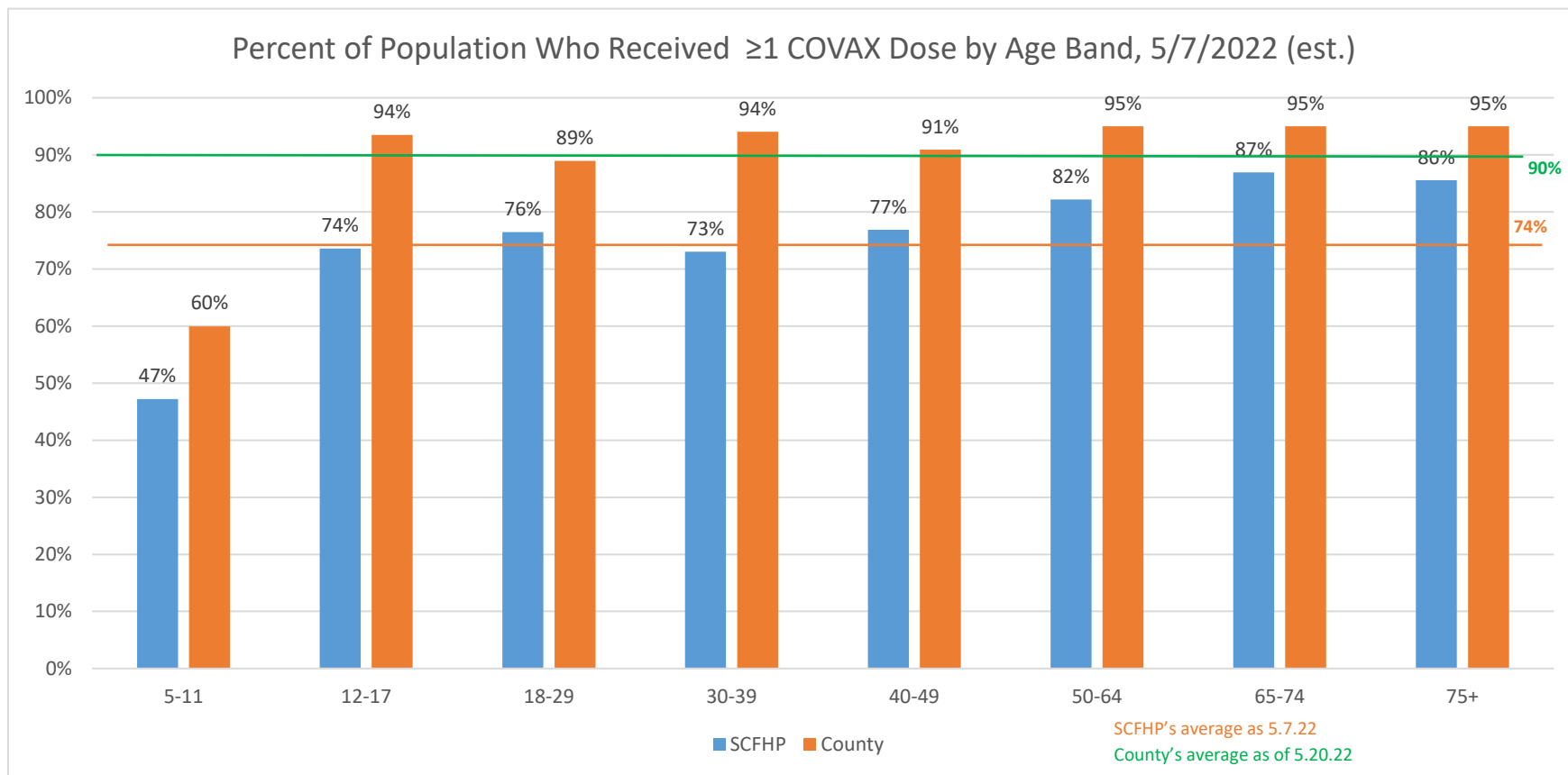
Total Enrollment	278,967	281,235	282,670	284,178	285,472	286,552	287,498	289,288	291,097	294,658	295,422	297,172	298,818	16,148	5.7%
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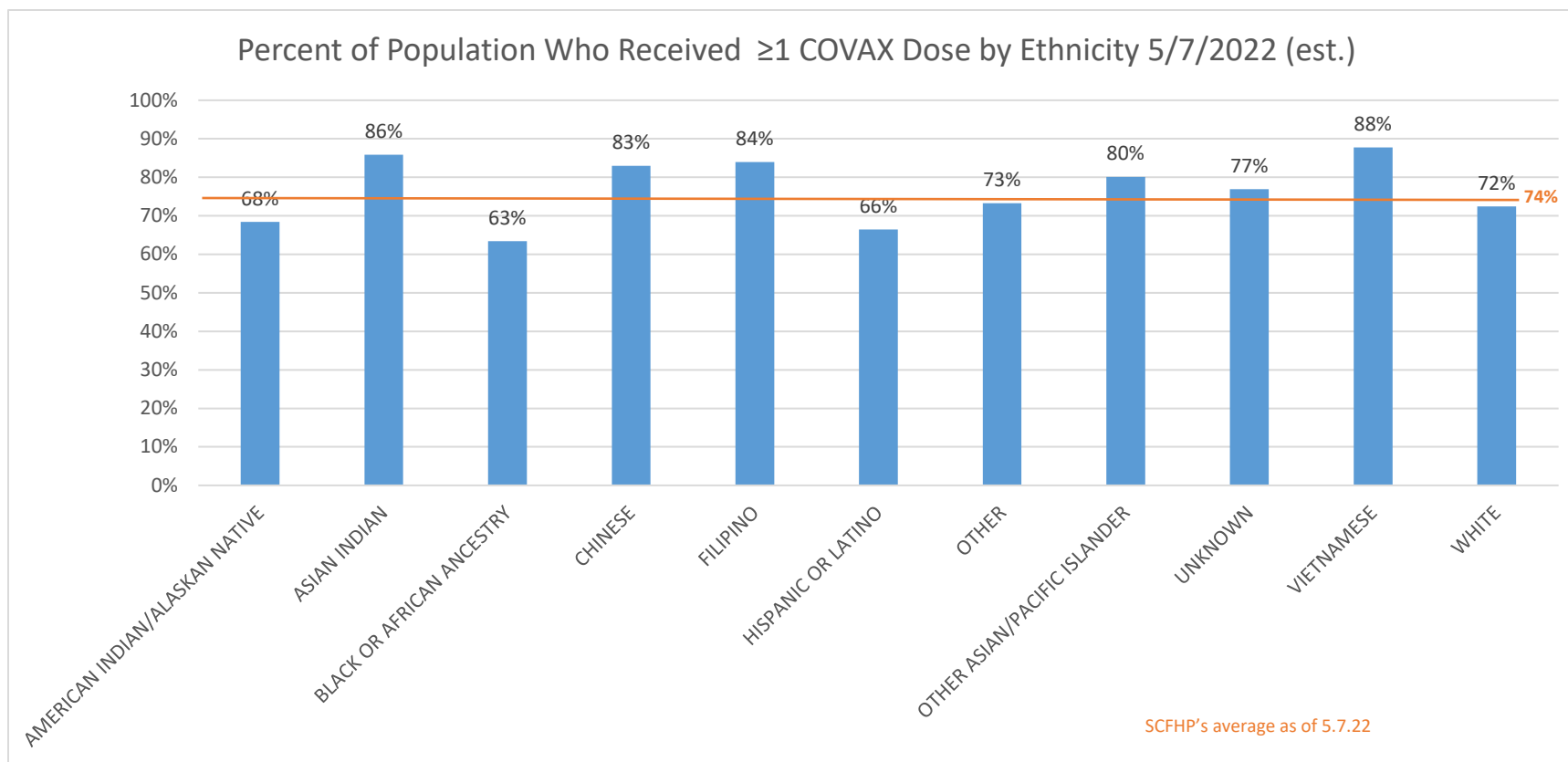
Santa Clara Family Health Plan™

CEO Update

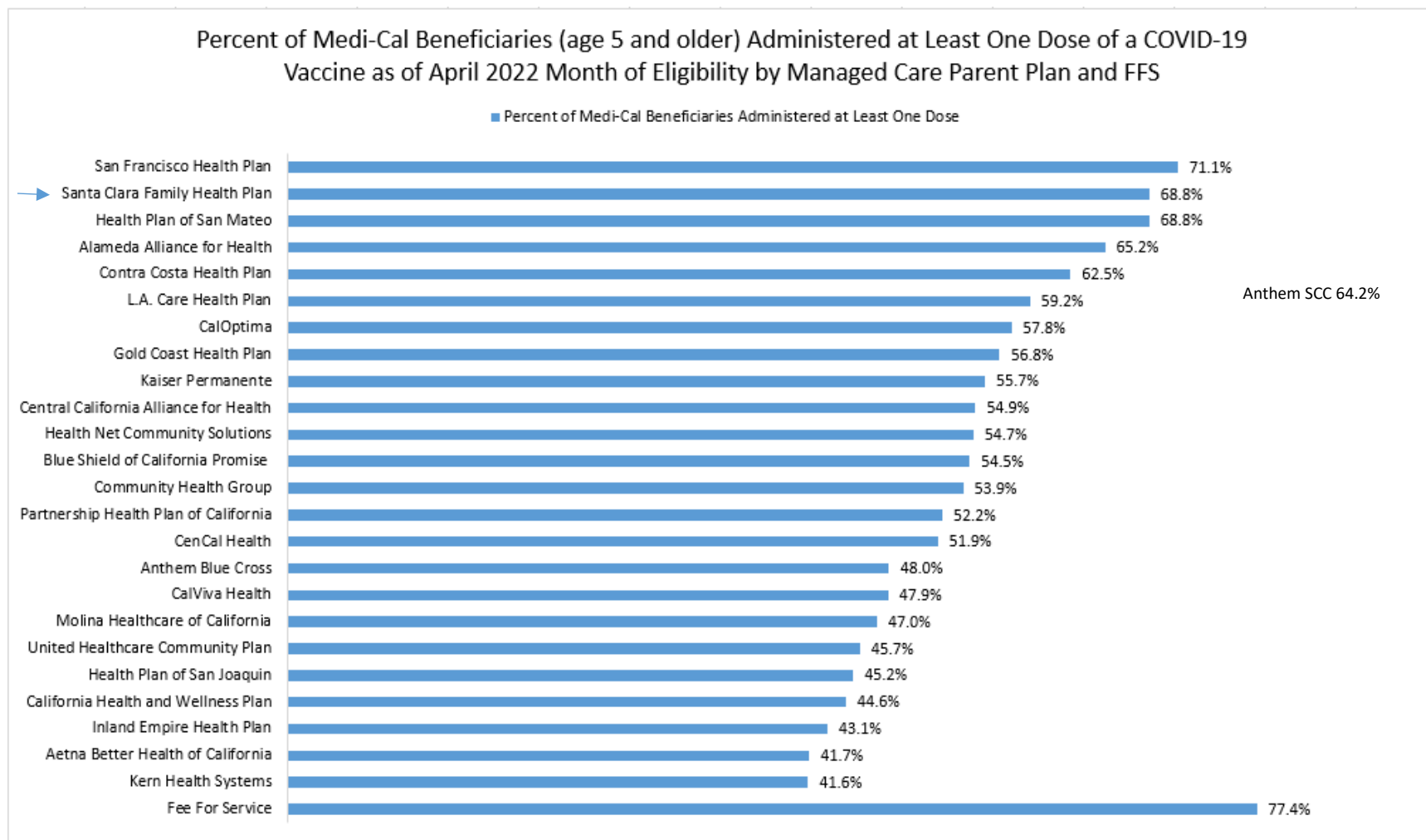
May 26, 2022



Age Band	5-11	12-17	18-29	30-39	40-49	50-64	65-74	75+	Total
Vaccinated	18,057	27,886	45,186	22,177	18,105	35,638	19,809	19,694	206,552
Unvaccinated	20,182	10,004	13,913	8,183	5,453	7,737	2,982	3,329	71,783
Boosted	77	9,941	23,840	12,442	10,938	24,693	15,174	15,485	112,590
Membership	38,239	37,890	59,099	30,360	23,558	43,375	22,791	23,023	278,335
% boosted	0%	26%	40%	41%	46%	57%	67%	67%	40%



Ethnicity/Age Band	% of membership				% vaccinated			
	5-11	12-17	18+	Overall % of SCFHP	5-11	12-17	18+	Overall
BLACK OR AFRICAN ANCESTRY	12%	13%	75%	3%	35%	60%	69%	63%
HISPANIC OR LATINO	23%	23%	55%	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%

COVID-19 One-Stop-Shop

SCFHP Blanca Alvarado Community Resource Center

One-Stop-Shop offers:

- **Information:** vaccination, testing, sharing key messages to combat misinformation and promote health and safety
- **Resource Navigation:** Connecting residents to safety net services including food and housing assistance
- **COVID-19 Vaccination Clinics:**
 - Jan 2022 – May 2022
 - 2,051 shots administered
 - 8x more clinics scheduled for May, June, July, and August
- **\$50 incentive for people getting vaccinated at the CRC**
 - Available to anyone five years old or older receiving their first, second, or booster
- **COVID-19 Testing Clinic:** Walk-in and Drive-through testing
- **Partnerships:** Bay Area Community Health, County of Santa Clara Mobile Vaccine Unit, COVID-19 Black, Roots Community Health Center



SCFHP launched a \$50 incentive for people getting vaccinated at the CRC

SCFHP Blanca Alvarado Community Resource Center (CRC)

COVID-19 Vaccination Clinic

	Jan 22	Feb 7	Feb 18	Feb 19	March 19	March 28	April 8	April 9	April 15	May 3	May 15
Total shots administered	380	105	94	167	126	47	36	141	243	231	481
Members of SCFHP	77	46	47	77	63	27	8	39	243	231	133
Number of First Dose	90	19	24	26	25	3	6	12	78	96	0
Pediatric – First Dose	60	8	13	9	20	3	5	6	4	5	4
Number of Second Dose	17	16	30	58	38	11	3	16	2	3	0
Pediatric – Second Dose	13	11	13	42	25	6	3	15	2	0	5
Number of Boosters	273	70	40	83	60	32	19	37	2	0	26
Number of 2nd Boosters							6	86	37	14	446



Santa Clara Family Health Plan™

Government Relations Update

May 26, 2022

Federal Issues

CMS

- Public Health Emergency
- Telephone Consumer Protection Act

Congress

- COVID funding
- Other health care legislation

State Issues

Budget

- May revise updates

Legislation

- AB 2724 – Kaiser direct Medi-Cal contract update
- SB 958 – “white bagging”
- SB 987 – National Cancer Institute-designated Cancer Centers



Santa Clara Family Health Plan™

Closed Session

May 26, 2022