

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

Thursday, February 28, 2019, 11:30 AM - 1:00 PM

Santa Clara Family Health Plan, Boardroom

6201 San Ignacio Ave, San Jose, CA 95119

Via Teleconference

Residence

23000 Newport Coast Drive

Newport Coast, California 92657-2100

## AGENDA

- 
- |  |            |       |       |
|--|------------|-------|-------|
| 1. <b>Roll Call</b>  | Mr. Darrow | 11:30 | 5 min |
| 2. <b>Meeting Minutes</b><br>Review meeting minutes of the November 15, 2018 Executive/Finance Committee.<br><b>Possible Action:</b> Approve November 15, 2018 Executive/Finance Committee Minutes   | Mr. Darrow | 11:35 | 5 min |
| 3. <b>Public Comment</b><br>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. Darrow | 11:40 | 5 min |
| <b><u>Announcement Prior to Recessing into Closed Session</u></b><br>Announcement that the Executive/Finance Committee will recess into Closed Session to discuss Item 4(a), (b), & (c) below.   | Mr. Darrow |       |       |
| 4. <b>Adjourn to Closed Session</b>  |            | 11:45 |       |
| a. <b><u>Existing Litigation</u></b> (Government Code Section 54956.9(d)(1)):<br>It is the intention of the Executive/Finance Committee to meet in Closed Session to confer with Legal Counsel regarding case: Board Administration of the California Public Employees' Retirement System: In the Matter of the Appeal Regarding Membership Exclusion of Foundation Employees by Santa Clara County Health Authority (Respondent) and Craig W. Walsh (Respondent) Case Number: CalPERS Case No. 2017-1114; OAH No. 2018051223. |            |       |       |

- b. **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 case: Board Administration of the California Public Employees' Retirement System: In the Matter of Appeal Regarding Membership Exclusion of Foundation Employees by Santa Clara County Health Authority (Respondent) and Melodie U. Gellman (Respondent) Case Number: CalPERS Case No. 2017-1115; OAH Case No. 2018051029.
- 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.

<b>5. Report from Closed Session</b>	Mr. Darrow	12:05	5 min
<b>6. November and December 2018 Financial Statements</b> Review November and December 2018 Financial Statements. <b>Possible Action:</b> Approve the November and December 2018 Financial Statements	Mr. Jarecki	12:10	15 min
<b>7. Reappointment of External Auditor</b> Discuss continuation of contract with External Auditor. <b>Possible Action:</b> Approve reappointment of External Auditor	Mr. Jarecki	12:25	5 min
<b>8. Compliance Update</b> Discuss audit activity and corrective action plan progress. <b>Possible Action:</b> Accept Compliance Update	Ms. Larmer	12:30	10 min
<b>9. Network Detection and Prevention Report</b> Review report on firewall intrusion, detection, and prevention efforts. <b>Possible Action:</b> Accept Network Detection and Prevention Report	Mr. McLarin	12:40	10 min
<b>10. CEO Update</b> Discuss status of current topics and initiatives. <b>Possible Action:</b> Accept CEO Update	Ms. Tomcala	12:50	10 min
<b>11. Adjournment</b>	Mr. Darrow	1:00	

### **Notice to the Public—Meeting Procedures**

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

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**Santa Clara County Health Authority**  
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Santa Clara Family Health Plan, Boardroom  
6201 San Ignacio Ave, San Jose, CA 95119

## MINUTES - Draft

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### **Members Present**

Brian Darrow, Chair  
Bob Brownstein  
Dolores Alvarado (*via telephone*)  
Linda Williams  
Liz Kniss (*via telephone*)

### **Staff Present**

Christine Tomcala, Chief Executive Officer  
Dave Cameron, Chief Financial Officer  
Robin Larmer, Chief Compliance & Regulatory  
Affairs Officer  
Neal Jarecki, Controller  
Rita Zambrano, Executive Assistant

#### **1. Roll Call**

Brian Darrow, Chair, called the meeting to order at 11:35 am. Roll call was taken and a quorum was established.

#### **2. Meeting Minutes**

The minutes of the October 25, 2018 Executive/Finance Committee were reviewed.

**It was moved, seconded and the October 25, 2018 Executive/Finance Committee Minutes were unanimously approved.**

#### **3. Public Comment**

There were no public comments.

#### **4. Adjourn to Closed Session**

**Contract Rates** (Welfare and Institutions Code Section 14087.35(n)):

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

*Linda Williams arrived at 11:43*

## 5. Report from Closed Session

Mr. Darrow reported the Committee met in Closed Session to discuss plan partner rates.

## 6. September 2018 Financial Statements

Dave Cameron, Chief Financial Officer, presented the September 2018 financial statements, which reflected a current month net surplus of \$301 thousand (\$137 thousand unfavorable to budget) and a year-to-date net loss of \$2 thousand (\$258 thousand unfavorable to budget). Enrollment declined 34 from the prior month to 256,647 members. Medi-Cal enrollment has declined since October 2016, largely in the Medicaid Expansion (MCE), Adult, and Child categories of aid. CMC membership has grown modestly over the past few months due to continued outreach efforts. Revenue reflected a favorable current month variance of \$2.1 million (2.6%) largely due to retroactive revenue received and additional projected Medicare risk score revenue. Medical expenses reflected an unfavorable current month variance of \$2.7 million (3.6%) largely due to a one-time retroactive capitation adjustment of \$2.2 million and increased medical expense estimates. Administrative expenses reflected a favorable current month variance of \$200 thousand (3.6%). Personnel expenses were at budget while non-personnel expenses reflected additional contracted services partially offset by the deferred timing of certain costs. The balance sheet reflected a current ratio of 1.25:1, versus the minimum required by DMHC of 1.0:1.

**It was moved, seconded, and the September 2018 Financial Statements were unanimously approved.**

## 7. Signature Authority Policy

Mr. Cameron discussed the Signature Authority level previously approved by the Governing Board, as documented in minutes. The Finance Department is drafting a Signature Authority policy and will bring it to the next Governing Board meeting for approval.

## 8. Medicare Risk Adjustment Overview

The Medicare Risk Adjustment Overview was deferred.

## 9. Compliance Update

Robin Larmer, Chief Compliance & Regulatory Affairs Officer, discussed the CMS Program Audit, noting the Plan has yet to receive the Draft Final Report indicating the total number of Conditions resulting from the Audit.

Ms. Larmer presented the Committee with the Plan's 2018 CMS Audit Actions Tracker, reflecting the Corrective Action Plans (CAPs) implemented in response to the Immediate Corrective Action Conditions (ICARs) identified by CMS subsequent to issuance of the Preliminary Draft Report.

Seven ICARs have been identified, three for Grievance & Appeals (G&A), two for Utilization Management (UM), one for G&A and UM combined, and one for Pharmacy. The Plan submitted CAPs encompassing a total of 46 individual actions, 27 of which (58.7%) have been completed. SCFHP anticipates that the Draft Final Report will identify Corrective Action Required (CAR) conditions in several areas, and that additional CAPs will be required. We also anticipate that CMS will assess Civil Monetary Penalties.

Ms. Larmer will provide an update at the next Governing Board meeting on December 13, 2018.

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

## 10. CEO Update

Christine Tomcala, Chief Executive Officer, shared that the construction of the outdoor classroom space for Veggielution in honor of the Plan's 20th Anniversary is now complete.

Ms. Tomcala updated the Committee on the Patient-Centered Medical Home (PCMH) support payments discussed at last May's Executive/Finance meeting. The Committee approved payments of up to \$10,000 per entity for PCMH certification survey fees and practice transformation. Ms. Tomcala noted the Plan would move forward with payments to seven clinics that are pursuing this designation: Asian Americans for Community Involvement, Gardner Downtown Health Center, Indian Health Center Meridian, North East Medical Services Lundy Clinic, Planned Parenthood Mar Monte Blossom Hill, Planned Parenthood Mar Monte Mountain View, and Ravenswood Family Health Center.

Ms. Tomcala noted that the Plan was advised that its auto-assignment rate for the 2019 calendar year is 67%.

Ms. Tomcala reported the Plan is actively working with a broker to identify a location for a satellite office and indicated it has been difficult finding a suitable location. Discussions are ongoing with potential co-location partners. The Plan recently learned that Alum Rock Counseling Center may be looking for space on the east side, presenting a possible co-location opportunity.

Discussions on the extension of the Cal MediConnect program are ongoing. CMS declined DHCS' request for a one-year extension, but indicated it would consider a three-year extension .

Ms. Tomcala noted that the California State Auditor recently released a report indicating there may have been \$4 billion in overpayments due to Medi-Cal eligibility errors from 2014 through 2017. The report identified questionable payments in all 58 counties and across both managed care and fee for service. Questionable managed care premiums identified in Santa Clara County totaled \$33 million.

**It was moved, seconded and unanimously approved** to accept the CEO update.

## 11. Adjournment

The meeting was adjourned at 1:08 PM.

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Brian Darrow, Chairman



# Santa Clara Family Health Plan™

Unaudited Financial Statements  
For The Five Months Ended November 30, 2018

# Agenda

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# Financial Highlights

	<u>MTD</u>		<u>YTD</u>	
Revenue	\$89 M		\$425 M	
Medical Expense (MLR)	\$85 M	95.2%	\$402 M	94.7%
Administrative Expense (% Rev)	\$4.6 M	5.1%	\$23.4 M	5.5%
Other Income/Expense	\$219,137		\$848,515	
<b>Net Surplus (Loss)</b>	<b>(\$99,874)</b>		<b>\$148,266</b>	
Cash on Hand			\$219 M	
Net Cash Available to SCFHP			\$207 M	
Receivables			\$517 M	
Total Current Assets			\$744 M	
Current Liabilities			\$596 M	
Current Ratio			1.25	
Tangible Net Equity			\$178 M	
% of DMHC Requirements			<b>511.2%</b>	

# Financial Highlights

<b>Net Surplus (Loss)</b>	<ul style="list-style-type: none"> <li>▶ Month: Loss of -\$0.1M is -\$0.7M or -116.5% unfavorable to budget of \$0.6M.</li> <li>▶ YTD: Surplus of \$0.1M is -\$1.1M or -88.5% unfavorable to budget of \$1.3M.</li> </ul>
<b>Enrollment</b>	<ul style="list-style-type: none"> <li>▶ Month: Membership was 254,484 (582 or 0.2% favorable budget of 253,902).</li> <li>▶ YTD: Member months was 1.3M (1.0K or 0.1% favorable budget of 1.3M).</li> </ul>
<b>Revenue</b>	<ul style="list-style-type: none"> <li>▶ Month: \$89.2M (\$8.5M or 10.5% favorable to budget of \$80.7M)</li> <li>▶ YTD: \$424.9M (\$19.9M or 4.9% favorable to budget of \$405.0M)</li> </ul>
<b>Medical Expenses</b>	<ul style="list-style-type: none"> <li>▶ Month: \$84.9M (-\$9.4M or -12.5% unfavorable to budget of \$75.5M)</li> <li>▶ YTD: \$402.2M (-\$22.9M or -6.0% unfavorable to budget of \$379.3M)</li> </ul>
<b>Administrative Expenses</b>	<ul style="list-style-type: none"> <li>▶ Month: \$4.6M (-\$13.6K or -0.3% unfavorable to budget of \$4.6M)</li> <li>▶ YTD: \$23.4M (\$0.6M or 2.3% favorable to budget of \$23.9M)</li> </ul>
<b>Tangible Net Equity</b>	<ul style="list-style-type: none"> <li>▶ \$178.2M (511.2% of DMHC minimum requirement of \$34.9M)</li> </ul>
<b>Capital Expenditures</b>	<ul style="list-style-type: none"> <li>▶ YTD Capital Investment of \$4.5M vs. \$10.9 annual budget was primarily due to building renovation.</li> </ul>



**Santa Clara Family  
Health Plan™**

Detail Analyses

# Enrollment

- Total enrollment has decreased since fiscal year-end June 30, 2018 by 4,991 members or -1.9%.
- As detailed on page 16, much of the enrollment decline has been in the Medi-Cal Non-Dual Child and Adult categories of aid. Medi-Cal Dual enrollment has stabilized while CMC enrollment has grown due to outreach efforts.
- FY19 Membership Trends:
  - Total Medi-Cal membership has decreased since the beginning of the fiscal year by 2.2%. Over 12 months, enrollment has decreased 5.9%.
  - CMC membership has increased since the beginning of the fiscal year by 1.6%. Over 12 months, enrollment has increased 3.8%.
  - Healthy Kids membership has increased since the beginning of the fiscal year by 8.3%. Over 12 months, enrollment has increased 49.1%.

Santa Clara Family Health Plan Enrollment Summary								
	For the Month of November 2018			For Five Months Ending November 30 2018			Prior Year	Δ
	Actual	Budget	Variance	Actual	Budget	Variance	Actuals	FY18 vs. FY19
Medi-Cal	243,399	243,358	0.0%	1,227,485	1,228,323	-(0.1%)	1,305,114	-(5.9%)
Healthy Kids	3,460	2,909	18.9%	16,305	14,545	12.1%	12,103	34.7%
Medicare	7,625	7,635	-(0.1%)	37,889	37,775	0.3%	36,988	2.4%
<b>Total</b>	<b>254,484</b>	<b>253,902</b>	<b>0.2%</b>	<b>1,281,679</b>	<b>1,280,643</b>	<b>0.1%</b>	<b>1,354,205</b>	<b>-(5.4%)</b>

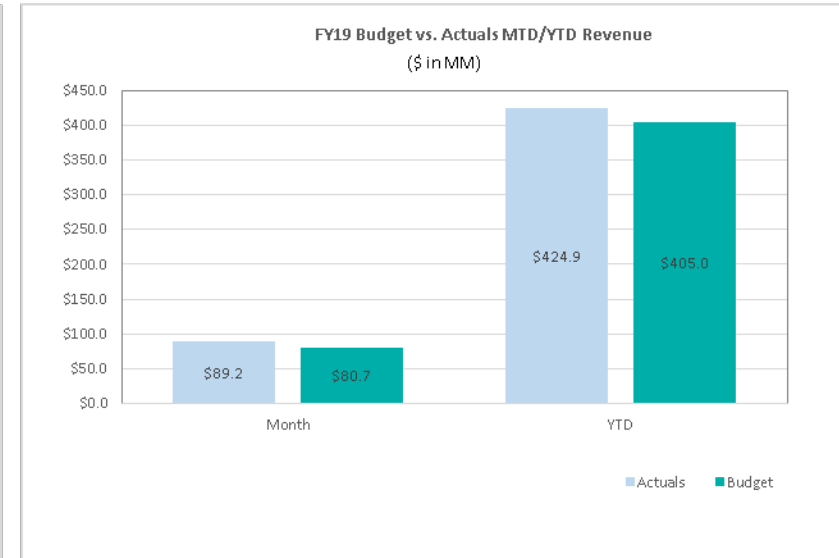
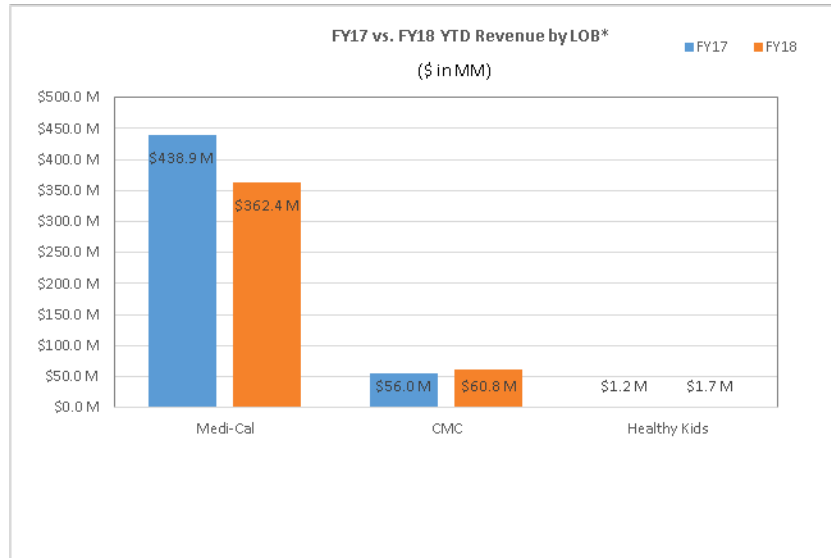
Santa Clara Family Health Plan Enrollment By Network								
November 2018								
Network	Medi-Cal		CMC		Healthy Kids		Total	
	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total
Direct Contract Physicians	29,892	12%	7,625	100%	386	11%	37,903	15%
SCVHHS <sup>1</sup> , Safety Net Clinics, FQHC <sup>2</sup> Clinics	121,504	50%	-	0%	1,505	43%	123,009	48%
Palo Alto Medical Foundation	7,082	3%	-	0%	94	3%	7,176	3%
Physicians Medical Group	44,100	18%	-	0%	1,227	35%	45,327	18%
Premier Care	15,139	6%	-	0%	248	7%	15,387	6%
Kaiser	25,682	11%	-	0%	-	0%	25,682	10%
<b>Total</b>	<b>243,399</b>	<b>100%</b>	<b>7,625</b>	<b>100%</b>	<b>3,460</b>	<b>100%</b>	<b>254,484</b>	<b>100%</b>
Enrollment at June 30, 2018	248,776		7,503		3,196		259,475	
Net Δ from Beginning of FY19	-2.2%		1.6%		8.3%		-1.9%	

<sup>1</sup> SCVHHS = Santa Clara Valley Health & Hospital System  
<sup>2</sup> FQHC = Federally Qualified Health Center

# Revenue

- Current month revenue of \$89.2M is \$8.5M or 10.5% favorable to budget of \$80.7M. YTD revenue of \$424.9M is \$19.9M or 4.9% favorable to budget of \$405.0M. This month's variances were due to several factors including:
  - Updated FY19 Prop 56 accrual increased revenue by \$6.7M (with offsetting increase to medical expense).
  - Unbudgeted prior year retroactive revenue of \$1.8M.
  - Updated FY19 MCO tax reduced revenue by \$1.0M. MCO expense is anticipated to exceed MCO revenue by \$2.0M for the fiscal year.



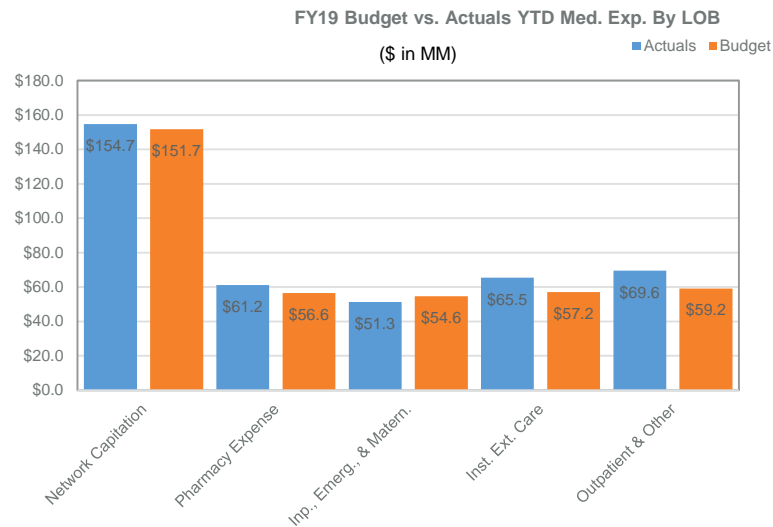
	FY17 vs. FY18 YTD Revenue by LOB*			
	FY17	FY18	Variance	
Medi-Cal	\$438.9 M	\$362.4 M	(\$76.5 M)	-17.4%
CMC	\$56.0 M	\$60.8 M	\$4.8 M	8.5%
Healthy Kids	\$1.2 M	\$1.7 M	\$0.5 M	40.3%
<b>Total Revenue</b>	<b>\$496.1 M</b>	<b>\$424.9 M</b>	<b>(\$66.4 M)</b>	<b>-13.4%</b>

	FY19 Budget vs. Actuals MTD/YTD Revenue			
	Actuals	Budget	Variance	
Month	\$89.2	\$80.7	\$8.5	10.5%
YTD	\$424.9	\$405.0	\$19.9	4.9%

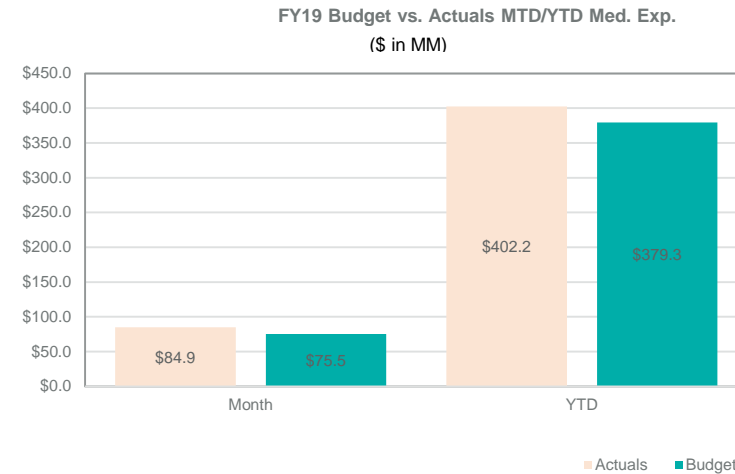
\*IHSS was included in FY18 revenue through 12/31/17

# Medical Expense

- Current month medical expense of \$84.9M is \$9.4M or 12.5% unfavorable to budget of \$75.5M. YTD medical expense of \$402.2M is \$22.9M or 6.0% unfavorable to budget of \$379.3M. The current month variances were due to a variety of factors, including:
  - Updated FY19 Prop 56 accrual increased medical expense by \$6.7M (with offsetting increase to revenue).
  - Pharmacy costs exceeded budget by \$1.0M due to an increased utilization, an increase in scripts/1,000, and a decrease in generics usage.
  - Increased Inpatient, Specialist Services, and Outpatient expenses contributed \$1.7M to the unfavorable variance versus budget largely due to increased utilization.



	FY19 Budget vs. Actuals YTD Med. Exp. By LOB			
	Actuals	Budget	Variance	
Network Capitation	\$154.7	\$151.7	-\$2.9	-1.9%
Pharmacy	\$61.2	\$56.6	-\$4.6	-7.5%
Inp., Emerg., & Matern.	\$51.3	\$54.6	\$3.4	6.6%
Inst. Ext. Care	\$65.5	\$57.2	-\$8.3	-12.7%
Outpatient & Other	\$69.6	\$59.2	-\$10.4	-15.0%
<b>Total Medical Expense</b>	<b>\$402.2</b>	<b>\$379.3</b>	<b>-\$22.9</b>	<b>-5.7%</b>

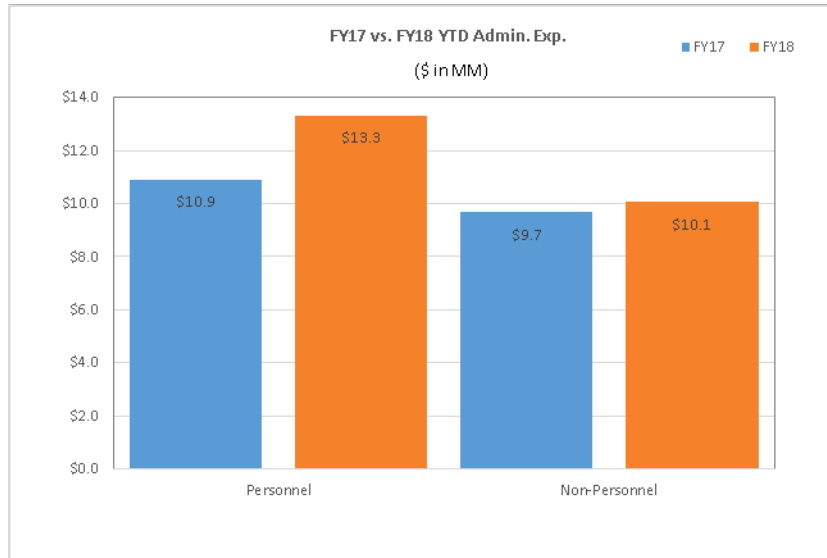


	FY19 Budget vs. Actuals MTD/YTD Med. Exp.			
	Actuals	Budget	Variance	
Month	\$84.9	\$75.5	\$9.4	12.5%
YTD	\$402.2	\$379.3	\$22.9	6.0%

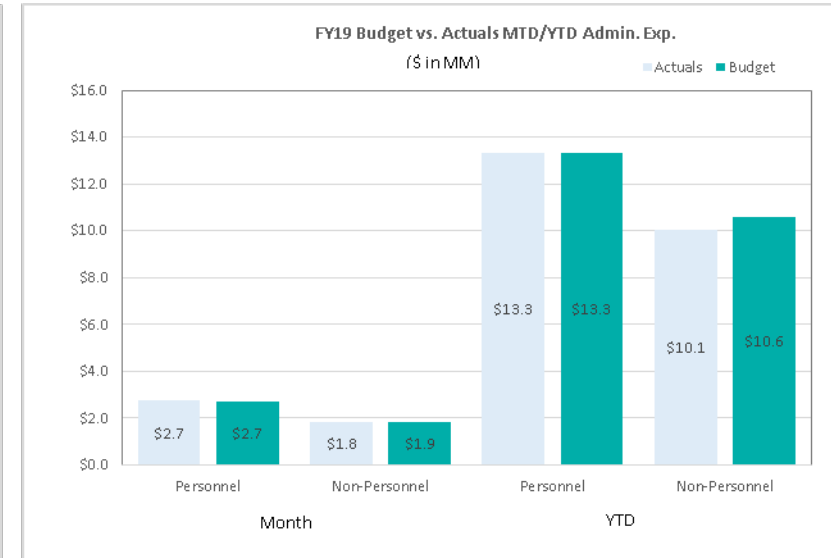
\*IHSS was included in medical expense through 12/31/17

# Administrative Expense

- Current month administrative expenses of \$4.6M are at budget. YTD administrative expense of \$23.4M is \$0.6M or 2.3% favorable to budget of \$23.9M.
  - Current month and YTD personnel expenses are at budget.
  - Consulting and temp staff expenses have seen an increase due to CMC program and data validation audits.
  - YTD postage and printing expenses are unfavorable due to timing differences.



	FY17 vs. FY18 YTD Admin. Exp.			
	FY17	FY18	Variance	
Personnel	\$10.9	\$13.3	\$2.4	22.3%
Non-Personnel	\$9.7	\$10.1	\$0.4	4.0%
<b>Total Administrative Expense</b>	<b>\$20.6</b>	<b>\$23.4</b>	<b>\$2.8</b>	<b>13.7%</b>



		FY19 Budget vs. Actuals MTD/YTD Admin. Exp.			
		Actuals	Budget	Variance	
Month	Personnel	\$2.7	\$2.7	\$0.0	1.7%
	Non-Personnel	\$1.8	\$1.9	\$0.0	-1.7%
	<b>MTD Total</b>	<b>\$4.6</b>	<b>\$4.6</b>	<b>\$0.0</b>	<b>0.3%</b>
YTD	Personnel	\$13.3	\$13.3	\$0.0	-0.1%
	Non-Personnel	\$10.1	\$10.6	-\$0.5	-5.1%
	<b>YTD Total</b>	<b>\$23.4</b>	<b>\$23.9</b>	<b>-\$0.6</b>	<b>-2.3%</b>

# Balance Sheet

- Current assets totaled \$744.4M compared to current liabilities of \$595.9M, yielding a current ratio (Current Assets/Current Liabilities) of 1.25:1 vs. the DMHC minimum requirement of 1.0:1
- Cash as of November 30, 2018 decreased by -\$5.0M compared to the cash balance as of year-end June 30, 2018 due to the timing of cash receipts and disbursements
- Current Cash & Equivalents components and interest yields were as follows:

Description	Month-End Balance	Current Yield %	Interest Earned	
			Month	YTD
<b>Short-Term Investments</b>				
County of Santa Clara Comingled Pool	\$77,910,740	1.29%	\$100,000	\$500,000
<b>Cash &amp; Equivalents</b>				
Bank of the West Money Market	\$245,151	1.12%	\$10,143	\$48,130
Wells Fargo Bank Accounts	\$140,684,959	2.07%	\$222,023	\$1,000,063
	\$140,930,110		\$232,166	\$1,048,193
<b>Assets Pledged to DMHC</b>				
Restricted Cash	\$305,350	0.08%	\$13	\$64
<b>Petty Cash</b>				
	\$500	0.00%	\$0	\$0
<b>Total Cash &amp; Equivalents</b>	<b>\$219,146,700</b>		<b>\$332,179</b>	<b>\$1,548,257</b>

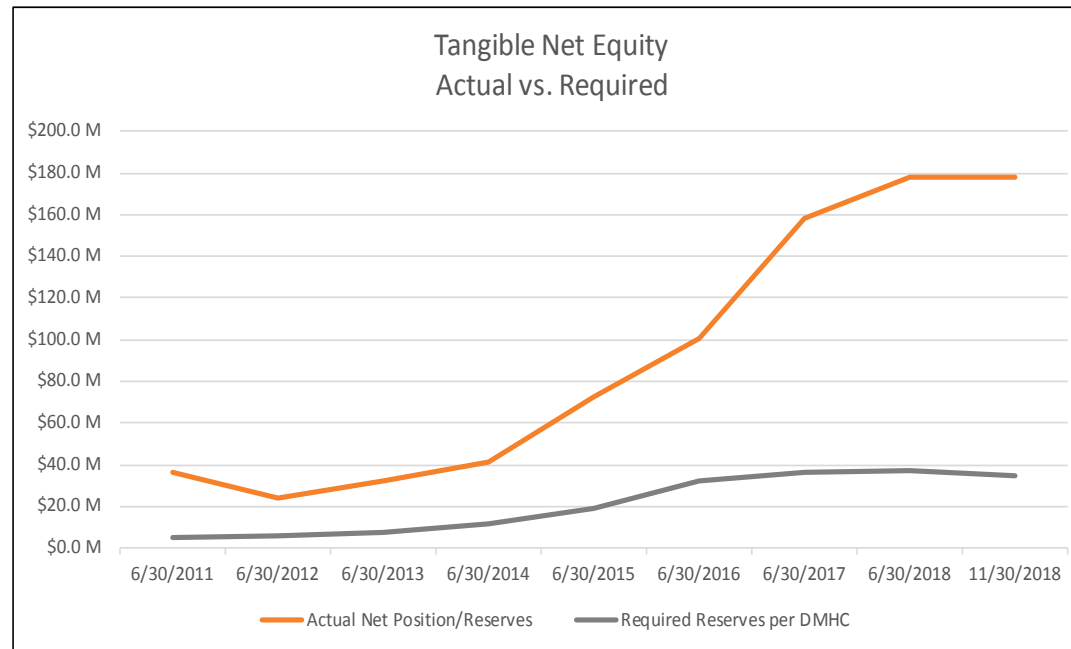


# Tangible Net Equity

- TNE was \$178.2M or 511.2% of the most recent quarterly DMHC minimum requirement of \$34.9M. TNE trends for SCFHP are shown below.

Santa Clara Health Authority  
Tangible Net Equity - Actual vs. Required  
As of: November 30, 2018

	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	11/30/2018
Actual Net Position/Reserves	\$36.1 M	\$24.2 M	\$32.6 M	\$40.9 M	\$72.6 M	\$100.3 M	\$158.4 M	\$178.0 M	\$178.2 M
Required Reserves per DMHC	\$5.0 M	\$5.9 M	\$7.8 M	\$11.4 M	\$19.3 M	\$32.4 M	\$35.9 M	\$36.8 M	\$34.9 M
200% of Required Reserve	\$10.0 M	\$11.8 M	\$15.6 M	\$22.9 M	\$38.5 M	\$64.8 M	\$71.8 M	\$73.6 M	\$69.7 M
Actual as % Required	72.5%	410.2%	418.5%	357.5%	376.9%	309.8%	441.2%	483.4%	511.2%



# Reserves Analysis

SCFHP RESERVES ANALYSIS November 2018	
<b>Financial Reserve Target #1: Tangible Net Equity</b>	
Actual TNE	178,164,129
Current Required TNE	<u>34,854,268</u>
<b>Excess TNE</b>	<b>143,309,861</b>
Required TNE %	511.2%
<b>SCFHP Target TNE Range:</b>	
350% of Required TNE (Low)	121,989,937
500% of Required TNE (High)	<u>174,271,339</u>
<b>TNE Above/(Below) SCFHP Low Target</b>	<b><u>\$56,174,192</u></b>
<b>TNE Above/(Below) High Target</b>	<b><u>\$3,892,790</u></b>
<b>Financial Reserve Target #2: Liquidity</b>	
Cash & Cash Equivalents	219,146,700
Less Pass-Through Liabilities	
Net Payable to State of CA	-
Other Pass-Through Liabilities	<u>(12,063,420)</u>
<b>Total Pass-Through Liabilities</b>	<b><u>(\$12,063,420)</u></b>
Net Cash Available to SCFHP	<u>\$207,083,280</u>
SCFHP Target Liability	
45 Days of Total Operating Expense	(120,210,934)
60 Days of Total Operating Expense	<u>(160,281,245)</u>
Liquidity Above/(Below) SCFHP Low Target	<b><u>\$86,872,346</u></b>
Liquidity Above/(Below) High Target	<b><u>\$46,802,035</u></b>

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

# Capital Expenditures

- YTD Capital investments of \$4.5M, largely to complete the renovation of the new building, were comprised of the following:

Expenditure	YTD Actual	Annual Budget
Building	\$4,098,593	\$7,874,631
Systems	0	925,000
Hardware	125,699	1,550,000
Software	277,000	593,000
Furniture and Fixtures	0	0
Automobile	0	0
Leasehold Improvements	0	0
<b>TOTAL</b>	<b>\$4,501,292</b>	<b>\$10,942,631</b>

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



# Santa Clara Family Health Plan™

Financial Statements

# Enrollment By Aid Category

SCFHP TRENDED ENROLLMENT BY COA YTD NOV-18

		2017-06	2017-07	2017-08	2017-09	2017-10	2017-11	2017-12	2018-01	2018-02	2018-03	2018-04	2018-05	2018-06	2018-07	2018-08	2018-09	2018-10	2018-11
<b>NON DUAL</b>	Adult (over 19)	29,651	28,985	29,301	29,063	28,749	28,300	28,127	27,604	27,657	27,465	27,359	27,351	27,185	27,001	26,652	26,568	26,354	26,213
	Adult (under 19)	106,082	104,658	105,147	104,345	103,810	103,242	103,068	101,226	101,653	101,197	100,606	100,449	100,238	99,369	98,316	98,255	97,518	96,830
	Aged - Medi-Cal Only	10,674	10,776	10,693	10,722	10,801	10,778	10,781	10,892	10,906	10,906	10,924	10,891	10,963	10,909	10,815	10,887	10,869	10,887
	Disabled - Medi-Cal Only	10,979	10,965	10,903	10,888	10,880	10,875	10,843	10,807	10,825	10,786	10,801	10,750	10,750	10,742	10,679	10,635	10,611	10,624
	Adult Expansion	82,349	80,300	80,741	80,470	79,998	79,232	79,207	76,923	77,302	76,985	76,677	74,319	74,292	74,261	73,971	73,959	73,601	73,398
	BCCTP	18	17	17	17	17	16	16	15	15	15	15	15	13	13	14	13	12	11
	Long Term Care	488	382	373	375	396	411	396	385	370	353	358	370	384	382	384	387	379	377
	<b>Total Non-Duals</b>	<b>240,241</b>	<b>236,083</b>	<b>237,175</b>	<b>235,880</b>	<b>234,651</b>	<b>232,854</b>	<b>232,438</b>	<b>227,852</b>	<b>228,728</b>	<b>227,707</b>	<b>226,740</b>	<b>224,145</b>	<b>223,824</b>	<b>222,676</b>	<b>220,831</b>	<b>220,703</b>	<b>219,343</b>	<b>218,340</b>
<b>DUAL</b>	Adult (21 Over)	463	464	450	447	444	427	433	421	419	416	401	397	393	387	385	382	385	390
	Aged (21 Over)																		
	Disabled (21 Over)	23,010	22,906	23,299	23,412	23,452	23,433	23,331	23,300	23,405	23,312	22,969	23,064	22,811	22,919	22,928	22,984	22,963	22,897
	Adult Expansion	906	806	784	793	789	717	709	474	433	470	451	421	451	455	485	521	533	538
	BCCTP	1	1	1	1				1	1	2	2	2	2	2	2	2	1	1
	Long Term Care	1,132	1,131	1,162	1,169	1,182	1,202	1,195	1,209	1,155	1,118	1,117	1,159	1,295	1,316	1,323	1,292	1,268	1,233
<b>Total Duals</b>	<b>25,512</b>	<b>25,308</b>	<b>25,696</b>	<b>25,822</b>	<b>25,867</b>	<b>25,779</b>	<b>25,668</b>	<b>25,405</b>	<b>25,413</b>	<b>25,318</b>	<b>24,940</b>	<b>25,043</b>	<b>24,952</b>	<b>25,079</b>	<b>25,123</b>	<b>25,181</b>	<b>25,150</b>	<b>25,059</b>	
<b>Total Medi-Cal</b>	<b>265,753</b>	<b>261,391</b>	<b>262,871</b>	<b>261,702</b>	<b>260,518</b>	<b>258,633</b>	<b>258,106</b>	<b>253,257</b>	<b>254,141</b>	<b>253,025</b>	<b>251,680</b>	<b>249,188</b>	<b>248,776</b>	<b>247,755</b>	<b>245,954</b>	<b>245,884</b>	<b>244,493</b>	<b>243,399</b>	
<b>Healthy Kids</b>	<b>2,732</b>	<b>2,633</b>	<b>2,618</b>	<b>2,243</b>	<b>2,288</b>	<b>2,321</b>	<b>2,447</b>	<b>3,209</b>	<b>3,250</b>	<b>3,415</b>	<b>3,454</b>	<b>3,220</b>	<b>3,196</b>	<b>3,278</b>	<b>3,187</b>	<b>3,163</b>	<b>3,217</b>	<b>3,460</b>	
<b>CMC</b>	CMC Non-Long Term Care	7,260	7,250	7,138	7,122	7,067	7,093	7,128	7,132	7,162	7,153	7,194	7,203	7,275	7,302	7,318	7,386	7,383	7,407
	CMC - Long Term Care	283	275	267	261	259	256	261	257	255	256	241	237	228	221	222	214	218	218
	<b>Total CMC</b>	<b>7,543</b>	<b>7,525</b>	<b>7,405</b>	<b>7,383</b>	<b>7,326</b>	<b>7,349</b>	<b>7,389</b>	<b>7,389</b>	<b>7,417</b>	<b>7,409</b>	<b>7,435</b>	<b>7,440</b>	<b>7,503</b>	<b>7,523</b>	<b>7,540</b>	<b>7,600</b>	<b>7,601</b>	<b>7,625</b>
<b>Total Enrollment</b>	<b>276,028</b>	<b>271,549</b>	<b>272,894</b>	<b>271,328</b>	<b>270,132</b>	<b>268,303</b>	<b>267,942</b>	<b>263,855</b>	<b>264,808</b>	<b>263,849</b>	<b>262,569</b>	<b>259,848</b>	<b>259,475</b>	<b>258,556</b>	<b>256,681</b>	<b>256,647</b>	<b>255,311</b>	<b>254,484</b>	

# Income Statement

Santa Clara County Health Authority												
Income Statement for Five Months Ending November 30, 2018												
	Current Month						Fiscal Year To Date					
	Actuals	% of Rev	Budget	% of Rev	Variance	% Var	Actuals	% of Rev	Budget	% of Rev	Variance	% Var
<b>REVENUE</b>												
MEDI-CAL	\$ 76,512,251	85.8%	\$ 68,511,155	84.9%	\$ 8,001,096	11.7%	\$ 362,402,619	85.3%	\$ 344,663,051	85.1%	\$ 17,739,568	5.1%
CAL MEDI-CONNECT:												
CMC MEDI-CAL	2,409,649	2.7%	2,517,204	3.1%	(107,556)	-4.3%	11,868,172	2.8%	12,454,145	3.1%	(585,973)	-4.7%
CMC MEDICARE	9,876,761	11.1%	9,372,225	11.6%	504,536	5.4%	48,885,365	11.5%	46,370,113	11.4%	2,515,253	5.4%
TOTAL CMC	12,286,410	13.8%	11,889,430	14.7%	396,981	3.3%	60,753,538	14.3%	58,824,258	14.5%	1,929,280	3.3%
HEALTHY KIDS	356,178	0.4%	302,245	0.4%	53,933	17.8%	1,745,728	0.4%	1,511,226	0.4%	234,502	15.5%
<b>TOTAL REVENUE</b>	<b>\$ 89,154,840</b>	<b>100.0%</b>	<b>\$ 80,702,830</b>	<b>100.0%</b>	<b>\$ 8,452,010</b>	<b>10.5%</b>	<b>\$ 424,901,885</b>	<b>100.0%</b>	<b>\$ 404,998,534</b>	<b>100.0%</b>	<b>\$ 19,903,350</b>	<b>4.9%</b>
<b>MEDICAL EXPENSE</b>												
MEDI-CAL	\$ 73,497,523	82.4%	\$ 63,952,918	79.2%	\$ (9,544,605)	-14.9%	\$ 340,972,306	80.2%	\$ 322,412,777	79.6%	\$ (18,559,529)	-5.8%
CAL MEDI-CONNECT:												
CMC MEDI-CAL	2,344,543	2.6%	2,207,756	2.7%	(136,787)	-6.2%	12,384,063	2.9%	10,923,117	2.7%	(1,460,946)	-13.4%
CMC MEDICARE	8,715,547	9.8%	9,023,495	11.2%	307,948	3.4%	47,179,020	11.1%	44,635,999	11.0%	(2,543,021)	-5.7%
TOTAL CMC	11,060,090	12.4%	11,231,251	13.9%	171,162	1.5%	59,563,083	14.0%	55,559,116	13.7%	(4,003,967)	-7.2%
HEALTHY KIDS	348,075	0.4%	272,222	0.3%	(75,853)	-27.9%	1,682,460	0.4%	1,361,110	0.3%	(321,351)	-23.6%
<b>TOTAL MEDICAL EXPENSES</b>	<b>\$ 84,905,688</b>	<b>95.2%</b>	<b>\$ 75,456,392</b>	<b>93.5%</b>	<b>\$ (9,449,296)</b>	<b>-12.5%</b>	<b>\$ 402,217,849</b>	<b>94.7%</b>	<b>\$ 379,333,003</b>	<b>93.7%</b>	<b>\$ (22,884,846)</b>	<b>-6.0%</b>
<b>MEDICAL OPERATING MARGIN</b>	<b>\$ 4,249,152</b>	<b>4.8%</b>	<b>\$ 5,246,438</b>	<b>6.5%</b>	<b>\$ (997,286)</b>	<b>-11.8%</b>	<b>\$ 22,684,035</b>	<b>5.3%</b>	<b>\$ 25,665,531</b>	<b>6.3%</b>	<b>\$ (2,981,496)</b>	<b>-15.0%</b>
<b>ADMINISTRATIVE EXPENSE</b>												
SALARIES AND BENEFITS	\$ 2,748,324	3.1%	\$ 2,703,406	3.3%	\$ (44,918)	-1.7%	\$ 13,324,881	3.1%	\$ 13,343,380	3.3%	\$ 18,499	0.1%
RENTS AND UTILITIES	13,092	0.0%	17,611	0.0%	4,519	25.7%	273,064	0.1%	329,615	0.1%	56,552	17.2%
PRINTING AND ADVERTISING	34,952	0.0%	139,150	0.2%	104,198	74.9%	504,099	0.1%	462,750	0.1%	(41,349)	-8.9%
INFORMATION SYSTEMS	225,109	0.3%	226,473	0.3%	1,364	0.6%	973,279	0.2%	1,132,365	0.3%	159,087	14.0%
PROF FEES/CONSULTING/TEMP STAFFING	913,999	1.0%	820,480	1.0%	(93,519)	-11.4%	5,385,041	1.3%	4,694,415	1.2%	(690,625)	-14.7%
DEPRECIATION/INSURANCE/EQUIPMENT	397,915	0.4%	457,566	0.6%	59,652	13.0%	1,832,191	0.4%	2,316,332	0.6%	484,141	20.9%
OFFICE SUPPLIES/POSTAGE/TELEPHONE	74,690	0.1%	73,930	0.1%	(760)	-1.0%	513,945	0.1%	954,918	0.2%	440,972	46.2%
MEETINGS/TRAVEL/DUES	83,653	0.1%	98,176	0.1%	14,524	14.8%	424,131	0.1%	551,788	0.1%	127,657	23.1%
OTHER	76,429	0.1%	17,804	0.0%	(58,625)	-329.3%	153,654	0.0%	158,603	0.0%	4,949	3.1%
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>\$ 4,568,163</b>	<b>5.1%</b>	<b>\$ 4,554,597</b>	<b>5.6%</b>	<b>\$ (13,566)</b>	<b>-0.3%</b>	<b>\$ 23,384,284</b>	<b>5.5%</b>	<b>\$ 23,944,166</b>	<b>5.9%</b>	<b>\$ 559,882</b>	<b>2.3%</b>
<b>OPERATING SURPLUS (LOSS)</b>	<b>\$ (319,011)</b>	<b>-0.4%</b>	<b>\$ 691,841</b>	<b>0.9%</b>	<b>\$ (1,010,852)</b>	<b>-146.1%</b>	<b>\$ (700,249)</b>	<b>-0.2%</b>	<b>\$ 1,721,365</b>	<b>0.4%</b>	<b>\$ (2,421,614)</b>	<b>-140.7%</b>
<b>OTHER INCOME/EXPENSE</b>												
GASB 45 - POST EMPLOYMENT BENEFITS EXPENSE	(59,780)	-0.1%	(59,780)	-0.1%	0	0.0%	(298,898)	-0.1%	(298,900)	-0.1%	2	0.0%
GASB 68 - UNFUNDED PENSION LIABILITY	(75,000)	-0.1%	(75,000)	-0.1%	-	0.0%	(375,000)	-0.1%	(375,000)	-0.1%	-	0.0%
INTEREST & OTHER INCOME	353,916	0.4%	47,605	0.1%	306,311	643.4%	1,522,413	0.4%	238,025	0.1%	1,284,389	539.6%
<b>OTHER INCOME/EXPENSE</b>	<b>219,137</b>	<b>0.2%</b>	<b>(87,175)</b>	<b>-0.1%</b>	<b>306,312</b>	<b>-351.4%</b>	<b>848,515</b>	<b>0.2%</b>	<b>(435,875)</b>	<b>-0.1%</b>	<b>1,284,390</b>	<b>-294.7%</b>
<b>NET SURPLUS (LOSS)</b>	<b>\$ (99,874)</b>	<b>-0.1%</b>	<b>\$ 604,666</b>	<b>0.7%</b>	<b>\$ (704,541)</b>	<b>-116.5%</b>	<b>\$ 148,266</b>	<b>0.0%</b>	<b>\$ 1,285,490</b>	<b>0.3%</b>	<b>\$ (1,137,224)</b>	<b>-88.5%</b>

# Balance Sheet

	November 2018	October 2018	September 2018	June 2018
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Marketable Securities	\$219,146,700	\$210,241,106	\$233,279,977	\$224,156,209
Receivables	516,509,111	507,221,511	501,964,866	493,307,425
Prepaid Expenses and Other Current Assets	8,790,259	8,811,521	7,176,276	7,024,982
<b>Total Current Assets</b>	<b>744,446,070</b>	<b>726,274,138</b>	<b>742,421,119</b>	<b>724,488,615</b>
<b>Long Term Assets</b>				
Property and Equipment	43,080,423	42,947,276	42,357,057	38,579,130
Accumulated Depreciation	(15,859,845)	(15,535,421)	(15,212,360)	(14,309,761)
Total Long Term Assets	27,220,578	27,411,855	27,144,697	24,269,369
<b>Total Assets</b>	<b>771,666,648</b>	<b>753,685,993</b>	<b>769,565,816</b>	<b>748,757,984</b>
<b>Deferred Outflow of Resources</b>	<b>14,535,240</b>	<b>14,535,240</b>	<b>14,535,240</b>	<b>14,535,240</b>
<b>Total Deferred Outflows and Assets</b>	<b>786,201,888</b>	<b>768,221,233</b>	<b>784,101,056</b>	<b>763,293,224</b>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Trade Payables	8,265,839	5,327,669	5,194,835	8,351,090
Deferred Rent	(0)	(0)	(0)	17,011
Employee Benefits	1,668,438	1,599,737	1,584,704	1,473,524
Retirement Obligation per GASB 45	5,181,693	5,121,914	5,062,134	4,882,795
Advance Premium - Healthy Kids	82,523	80,686	87,424	66,195
Deferred Revenue - Medicare	8,943,810	-	-	9,928,268
Whole Person Care/Prop 56	12,063,420	7,896,914	7,324,264	9,263,004
Payable to Hospitals	-	-	-	0
Due to Santa Clara County Valley Health Plan and Kaiser	9,163,650	9,213,279	11,186,460	6,691,979
MCO Tax Payable - State Board of Equalization	17,569,260	8,784,631	27,231,162	(0)
Due to DHCS	30,744,662	28,225,971	30,997,453	24,429,978
Liability for In Home Support Services (IHSS)	413,549,552	413,549,552	413,549,552	413,549,551
Current Premium Deficiency Reserve (PDR)	2,374,525	2,374,525	2,374,525	2,374,525
Medical Cost Reserves	86,276,451	95,703,417	89,491,100	92,470,504
<b>Total Current Liabilities</b>	<b>595,883,823</b>	<b>577,878,294</b>	<b>594,083,611</b>	<b>573,498,425</b>
<b>Non-Current Liabilities</b>				
Noncurrent Premium Deficiency Reserve (PDR)	5,919,500	5,919,500	5,919,500	5,919,500
Net Pension Liability GASB 68	2,199,796	2,124,796	2,049,796	1,824,796
<b>Total Non-Current Liabilities</b>	<b>8,119,296</b>	<b>8,044,296</b>	<b>7,969,296</b>	<b>7,744,296</b>
<b>Total Liabilities</b>	<b>604,003,119</b>	<b>585,922,590</b>	<b>602,052,907</b>	<b>581,242,721</b>
<b>Deferred Inflow of Resources</b>	<b>4,034,640</b>	<b>4,034,640</b>	<b>4,034,640</b>	<b>4,034,640</b>
<b>Net Assets / Reserves</b>				
Invested in Capital Assets	27,220,578	27,411,855	27,144,697	24,269,369
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Unrestricted Net Equity	150,489,935	150,298,658	150,565,816	133,805,841
Current YTD Income (Loss)	148,266	248,141	(2,354)	19,635,303
Total Net Assets / Reserves	178,164,129	178,264,003	178,013,509	178,015,863
<b>Total Liabilities, Deferred Inflows, and Net Assets</b>	<b>786,201,888</b>	<b>768,221,233</b>	<b>784,101,056</b>	<b>763,293,224</b>

# Cash Flow – YTD

Cash Flows from Operating Activities	
Premiums Received	425,584,143
Medical Expenses Paid	(405,940,231)
Administrative Expenses Paid	(21,674,541)
<b>Net Cash from Operating Activities</b>	<b>(\$2,030,629)</b>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(4,501,293)
Cash Flows from Investing Activities	
Interest Income and Other Income (Net)	1,522,413
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(5,009,509)</b>
Cash & Cash Equivalents (Jun 2018)	224,156,209
Cash & Cash Equivalents (Nov 18)	<b>\$219,146,700</b>
Reconciliation of Operating Income to Net Cash from Operating Activities	
<b>Operating Income/(Loss)</b>	<b>\$148,266</b>
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities	
Depreciation	1,550,084
Changes in Operating Assets/Liabilities	
Premiums Receivable	(23,201,686)
Other Receivable	(1,522,413)
Due from Santa Clara Family Health Foundation	-
Prepays & Other Assets	(1,765,278)
Deferred Outflow of Resources	-
Accounts Payable & Accrued Liabilities	2,223,835
State Payable	23,883,944
Santa Clara Valley Health Plan & Kaiser Payable	2,471,671
Net Pension Liability	375,000
Medical Cost Reserves & PDR	(6,194,053)
IHSS Payable	0
Deferred Inflow of Resources	-
<b>Total Adjustments</b>	<b>(\$3,728,980)</b>
<b>Net Cash from Operating Activities</b>	<b>(\$2,030,629)</b>



# Statement of Operations - YTD

Santa Clara County Health Authority Statement of Operations By Line of Business (Including Allocated Expenses) For Five Months Ending November 30 2018						
	Medi-Cal	CMC Medi-Cal	CMC Medicare	Total CMC	Healthy Kids	Grand Total
<b>P&amp;L (ALLOCATED BASIS)</b>						
REVENUE	\$ 362,402,619	\$ 11,868,172	\$ 48,885,365	\$ 60,753,538	\$ 1,745,728	\$ 424,901,885
<b>MEDICAL EXPENSE</b> (MLR)	\$ 340,972,306 94.1%	\$ 12,384,063 104.3%	\$ 47,179,020 96.5%	\$ 59,563,083 98.0%	\$ 1,682,460 96.4%	\$ 402,217,849 94.7%
<b>GROSS MARGIN</b>	\$ 21,430,313	\$ (515,891)	\$ 1,706,345	\$ 1,190,454	\$ 63,267	\$ 22,684,035
<b>ADMINISTRATIVE EXPENSE</b> (% of Revenue Allocation)	\$ 19,944,665	\$ 653,160	\$ 2,690,384	\$ 3,343,544	\$ 96,075	\$ 23,384,284
<b>OPERATING INCOME/(LOSS)</b> (% of Revenue Allocation)	\$ 1,485,648	\$ (1,169,050)	\$ (984,039)	\$ (2,153,089)	\$ (32,808)	\$ (700,249)
<b>OTHER INCOME/(EXPENSE)</b> (% of Revenue Allocation)	\$ 723,706	\$ 23,700	\$ 97,622	\$ 121,323	\$ 3,486	\$ 848,515
<b>NET INCOME/(LOSS)</b>	\$ 2,209,354	\$ (1,145,350)	\$ (886,417)	\$ (2,031,766)	\$ (29,322)	\$ 148,266
<b>PMPM (ALLOCATED BASIS)</b>						
REVENUE	\$ 295.24	\$ 334.49	\$ 1,290.23	\$ 1,603.46	\$ 107.07	\$ 331.52
MEDICAL EXPENSES	\$ 277.78	\$ 349.03	\$ 1,245.19	\$ 1,572.04	\$ 103.19	\$ 313.82
GROSS MARGIN	\$ 17.46	\$ (14.54)	\$ 45.04	\$ 31.42	\$ 3.88	\$ 17.70
ADMINISTRATIVE EXPENSES	\$ 16.25	\$ 18.41	\$ 71.01	\$ 88.25	\$ 5.89	\$ 18.25
OPERATING INCOME/(LOSS)	\$ 1.21	\$ (32.95)	\$ (25.97)	\$ (56.83)	\$ (2.01)	\$ (0.55)
OTHER INCOME/(EXPENSE)	\$ 0.59	\$ 0.67	\$ 2.58	\$ 3.20	\$ 0.21	\$ 0.66
NET INCOME/(LOSS)	\$ 1.80	\$ (32.28)	\$ (23.40)	\$ (53.62)	\$ (1.80)	\$ 0.12
<b>ALLOCATION BASIS:</b>						
MEMBER MONTHS - YTD	1,227,485	35,481	37,889	37,889	16,305	1,281,679
REVENUE BY LOB	85.3%	2.8%	11.5%	14.3%	0.4%	100.0%



# Santa Clara Family Health Plan™

Unaudited Financial Statements  
For The Six Months Ended December 31, 2018

# Agenda

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# Financial Highlights



	<u>MTD</u>		<u>YTD</u>	
Revenue	\$91 M		\$516 M	
Medical Expense (MLR)	\$79 M	86.8%	\$481 M	93.3%
Administrative Expense (% Rev)	\$4.3 M	4.8%	\$27.7 M	5.4%
Other Income/Expense	\$253,037		\$1,101,552	
<b>Net Surplus (Loss)</b>	<b>\$7,908,295</b>		<b>\$8,056,809</b>	

Cash on Hand	\$208 M
Net Cash Available to SCFHP	\$194 M
Receivables	\$535 M
Total Current Assets	\$751 M
Current Liabilities	\$595 M
Current Ratio	1.26
Tangible Net Equity	\$186 M
% of DMHC Requirements	<b>537.4%</b>

# Financial Highlights

<b>Net Surplus (Loss)</b>	<ul style="list-style-type: none"> <li>▶ Month: Surplus of \$7.9M is \$7.1M or 879.7% favorable to budget of \$0.8M.</li> <li>▶ YTD: Surplus of \$8.1M is \$6.0M or 285.0% favorable to budget of \$2.1M.</li> </ul>
<b>Enrollment</b>	<ul style="list-style-type: none"> <li>▶ Month: Membership was 253,735 (917 or 0.4% favorable budget of 252,818).</li> <li>▶ YTD: Member months was 1.5M (2.0K or 0.1% favorable budget of 1.5M).</li> </ul>
<b>Revenue</b>	<ul style="list-style-type: none"> <li>▶ Month: \$91.2M (\$10.6M or 13.2% favorable to budget of \$80.6M)</li> <li>▶ YTD: \$516.1M (\$30.5M or 6.3% favorable to budget of \$485.6M)</li> </ul>
<b>Medical Expenses</b>	<ul style="list-style-type: none"> <li>▶ Month: \$79.2M (-\$3.9M or -5.2% unfavorable to budget of \$75.3M)</li> <li>▶ YTD: \$481.4M (-\$26.8M or -5.9% unfavorable to budget of \$454.6M)</li> </ul>
<b>Administrative Expenses</b>	<ul style="list-style-type: none"> <li>▶ Month: \$4.3M (\$66.6K or 1.5% favorable to budget of \$4.4M)</li> <li>▶ YTD: \$27.7M (\$0.6M or 2.2% favorable to budget of \$28.4M)</li> </ul>
<b>Tangible Net Equity</b>	<ul style="list-style-type: none"> <li>▶ December 2018 TNE was \$186.1M (537.4% of minimum DMHC requirement of \$34.6M)</li> </ul>
<b>Capital Expenditures</b>	<ul style="list-style-type: none"> <li>▶ YTD Capital Investment of \$5.0M vs. \$10.9M annual budget was primarily due to building renovation.</li> </ul>



**Santa Clara Family  
Health Plan™**

Detail Analyses

# Enrollment

- Total enrollment has decreased since June 30, 2018 by 5,740 members or -2.2%.
- As detailed on page 15, much of the Medi-Cal enrollment decline has been in the Medi-Cal Non-Dual Adult and Child categories of aid. Medi-Cal Dual enrollment has stabilized while CMC enrollment has grown due to outreach efforts.
- FY19 Membership Trends:
  - Medi-Cal membership has decreased since the beginning of the fiscal year by -2.4%. Over the past 12 months, enrollment has decreased 6.0%.
  - CMC membership increased since the beginning of the fiscal year by 2.6%. Over the past 12 months, enrollment has increased 4.1%.
  - Healthy Kids membership increased since the beginning of the fiscal year by 4.7%. Over the past 12 months, enrollment has increased 36.7%.

Santa Clara Family Health Plan Enrollment Summary								
	For the Month of December 2018			For Six Months Ending December 31 2018			Prior Year	Δ
	Actual	Budget	Variance	Actual	Budget	Variance	Actuals	FY18 vs. FY19
Medi-Cal	242,695	242,219	0.2%	1,470,180	1,470,542	-(0.0%)	1,563,220	-(6.0%)
Healthy Kids	3,345	2,924	14.4%	19,650	17,469	12.5%	14,550	35.1%
Medicare	7,695	7,675	0.3%	45,584	45,450	0.3%	44,377	2.7%
<b>Total</b>	<b>253,735</b>	<b>252,818</b>	<b>0.4%</b>	<b>1,535,414</b>	<b>1,533,461</b>	<b>0.1%</b>	<b>1,622,147</b>	<b>-(5.3%)</b>

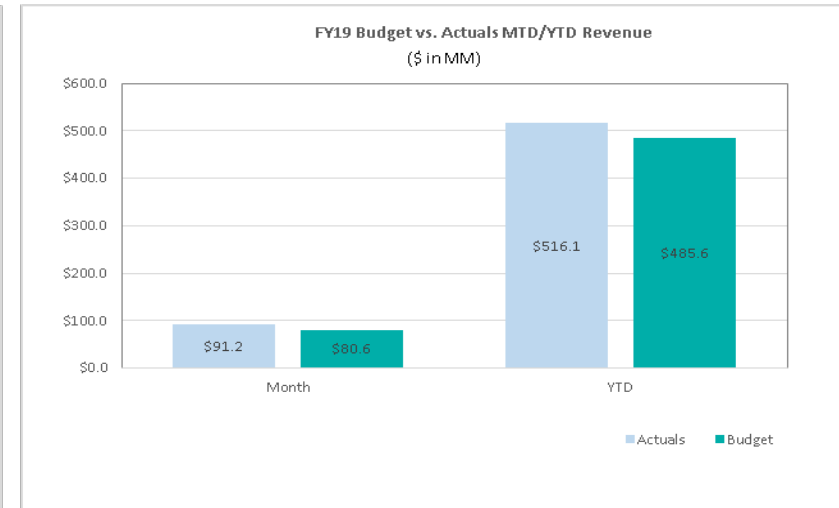
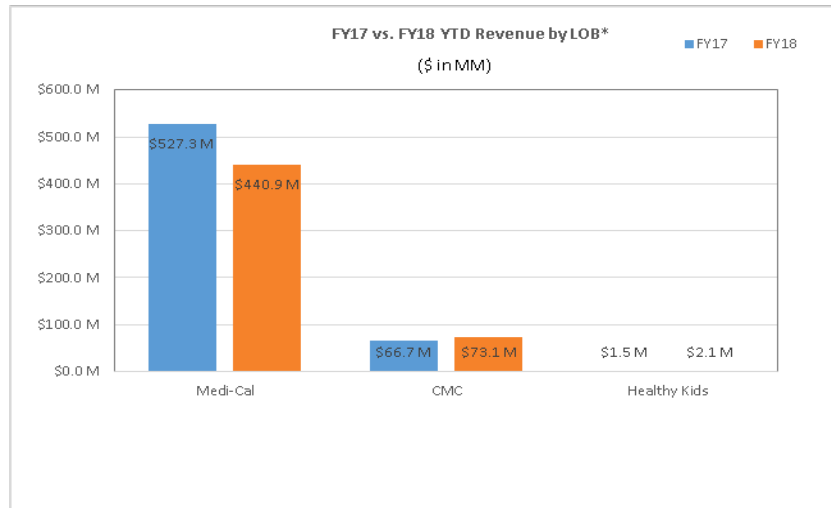
  

Santa Clara Family Health Plan Enrollment By Network December 2018								
Network	Medi-Cal		CMC		Healthy Kids		Total	
	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total
Direct Contract Physicians	30,083	12%	7,695	100%	382	11%	38,160	15%
SCVHHS <sup>1</sup> , Safety Net Clinics, FQHC <sup>2</sup> Clinics	121,113	50%	-	0%	1,441	43%	122,554	48%
Palo Alto Medical Foundation	7,055	3%	-	0%	89	3%	7,144	3%
Physicians Medical Group	43,866	18%	-	0%	1,200	36%	45,066	18%
Premier Care	15,110	6%	-	0%	233	7%	15,343	6%
Kaiser	25,468	10%	-	0%	-	0%	25,468	10%
<b>Total</b>	<b>242,695</b>	<b>100%</b>	<b>7,695</b>	<b>100%</b>	<b>3,345</b>	<b>100%</b>	<b>253,735</b>	<b>100%</b>
Enrollment at June 30, 2018	248,776		7,503		3,196		259,475	
Net Δ from Beginning of FY19	-2.4%		2.6%		4.7%		-2.2%	

<sup>1</sup> SCVHHS = Santa Clara Valley Health & Hospital System  
<sup>2</sup> FQHC = Federally Qualified Health Center

# Revenue

- Current month revenue of \$91.2M is \$10.6M or 13.2% favorable to budget of \$80.6M. YTD revenue of \$516.1M is \$30.5M or 6.3% favorable to budget of \$485.6M. This month's variances were due to several factors including:
  - Retroactive adjustments of \$7.6M received from DHCS for HCBS High and Low CY18 revenue.
  - Updated FY19 Prop 56 accrual increased revenue by \$1.8M (with offsetting increase to medical expense).
  - Increased BHT & Maternity kick revenue of \$1.3M.
  - Updated FY19 MCO rates reduced revenue by \$100K. MCO expense is expected to exceed MCO revenue by \$2.0 for the fiscal year.



	FY17 vs. FY18 YTD Revenue by LOB*			
	FY17	FY18	Variance	
Medi-Cal	\$527.3 M	\$440.9 M	(\$86.4 M)	-16.4%
CMC	\$66.7 M	\$73.1 M	\$6.4 M	9.6%
Healthy Kids	\$1.5 M	\$2.1 M	\$0.6 M	39.7%
<b>Total Revenue</b>	<b>\$595.5 M</b>	<b>\$516.1 M</b>	<b>(\$73.0 M)</b>	<b>-12.3%</b>

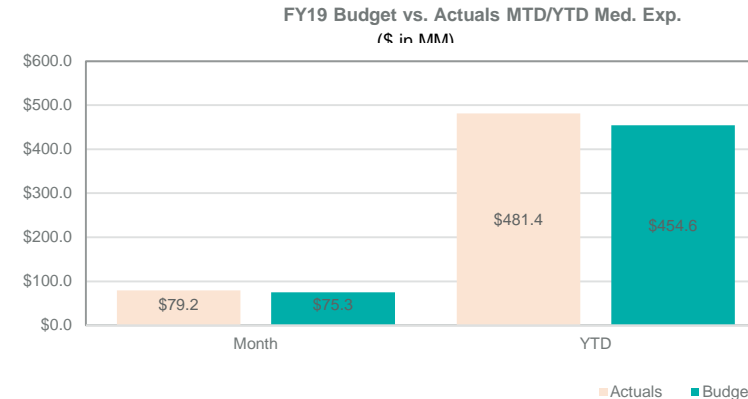
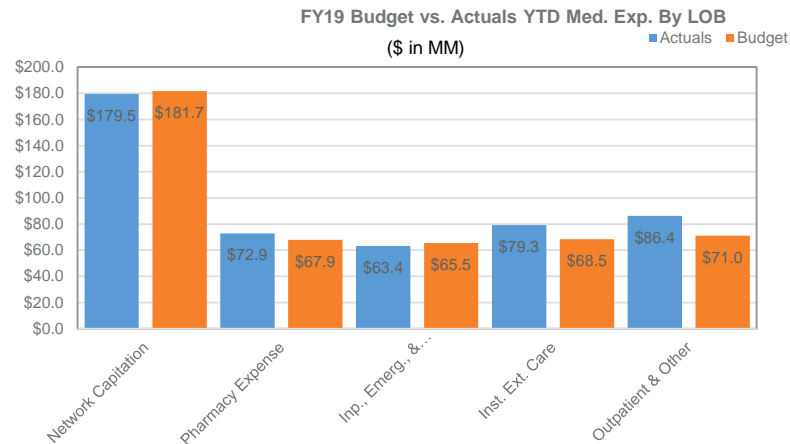
	FY19 Budget vs. Actuals MTD/YTD Revenue			
	Actuals	Budget	Variance	
Month	\$91.2	\$80.6	\$10.6	13.2%
YTD	\$516.1	\$485.6	\$30.5	6.3%

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



# Medical Expense

- Current month medical expense of \$79.2M is \$3.9M or 5.2% unfavorable to budget of \$75.3M. YTD medical expense of \$481.4M is \$26.8M or 5.9% unfavorable to budget of \$454.6M. The current month variances were due to a variety of factors, including:
  - Increased Inpatient, Outpatient, Maternity and LTC expenses yielded an unfavorable variance of \$5.2M
  - Pharmacy costs exceeded budget by \$400K due to increased utilization and decreased generics usage.
  - **Out of Areas costs exceeded budget by \$1M.**
  - Partially offsetting the above items, capitation expense was under budget by \$5M due to retroactive clawbacks.

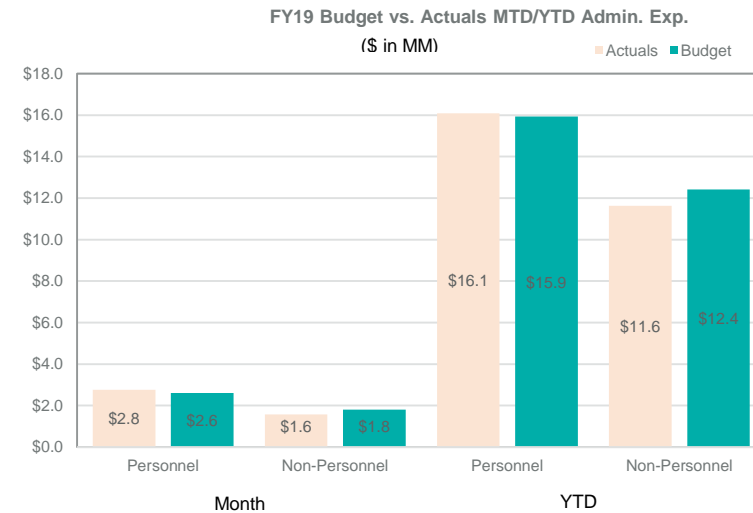
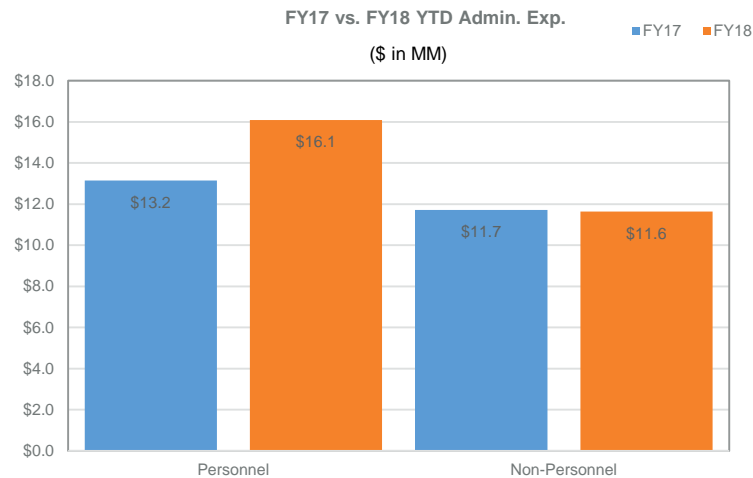


	FY19 Budget vs. Actuals YTD Med. Exp. By LOB			
	Actuals	Budget	Variance	
Network Capitation	\$179.5	\$181.7	\$2.2	1.2%
Pharmacy	\$72.9	\$67.9	-\$5.0	-6.9%
Inp., Emerg., & Matern.	\$63.4	\$65.5	\$2.2	3.4%
Inst. Ext. Care	\$79.3	\$68.5	-\$10.7	-13.6%
Outpatient & Other	\$86.4	\$71.0	-\$15.4	-17.8%
<b>Total Medical Expense</b>	<b>\$481.4</b>	<b>\$454.6</b>	<b>-\$26.8</b>	<b>-5.6%</b>

	FY19 Budget vs. Actuals MTD/YTD Med. Exp.			
	Actuals	Budget	Variance	
Month	\$79.2	\$75.3	\$3.9	5.2%
YTD	\$481.4	\$454.6	\$26.8	5.9%

# Administrative Expense

- Current month admin expense of \$4.3M is \$66.6K or -1.5% favorable to budget of \$4.4M. YTD admin expense of \$27.7M is \$0.6M or -2.2% favorable to budget of \$28.4M. The current month variances were due to a variety of factors, including:
  - Personnel expenses were 0.9% over budget due to the timing of hiring staff.
  - Consultants and temp staff expense have seen an increase due to the CMC program and data validation audits.
  - Printing and postage are favorable to the YTD budget due to timing of expenses.



	FY17 vs. FY18 YTD Admin. Exp.			
	FY17	FY18	Variance	
Personnel	\$13.2	\$16.1	\$2.9	22.4%
Non-Personnel	\$11.7	\$11.6	-\$0.1	-0.7%
<b>Total Administrative Expense</b>	<b>\$24.9</b>	<b>\$27.7</b>	<b>\$2.9</b>	<b>11.5%</b>

		FY19 Budget vs. Actuals MTD/YTD Admin. Exp.			
		Actuals	Budget	Variance	
Month	Personnel	\$2.8	\$2.6	\$0.2	6.4%
	Non-Personnel	\$1.6	\$1.8	-\$0.2	-12.8%
	MTD Total	\$4.3	\$4.4	-\$0.1	-1.5%
YTD	Personnel	\$16.1	\$15.9	\$0.1	0.9%
	Non-Personnel	\$11.6	\$12.4	-\$0.8	-6.2%
	YTD Total	\$27.7	\$28.4	-\$0.6	-2.2%

# Balance Sheet

- Current assets totaled \$751.3M compared to current liabilities of \$594.9M, yielding a current ratio (Current Assets/Current Liabilities) of 1.26:1 vs. the DMHC minimum requirement of 1.0:1.
- Cash as of December 31, 2018 decreased by -\$16.1M compared to the cash balance as of year-end June 30, 2018.
- Current Cash & Equivalents components and yields were as follows:

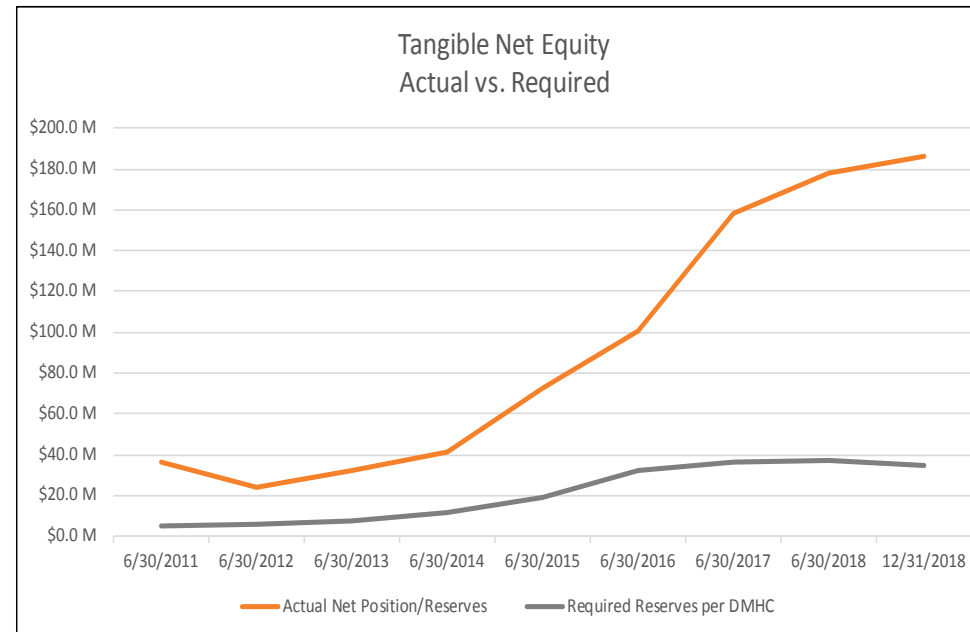
Description	Month-End Balance	Current Yield %	Interest Accrued	
			Month	YTD
<b>Short-Term Investments</b>				
County of Santa Clara Comingled Pool	\$77,910,740	1.29%	\$100,000	\$600,000
<b>Cash &amp; Equivalents</b>				
Bank of the West Money Market	\$97,148	1.12%	\$2,497	\$50,627
Wells Fargo Bank Accounts	\$129,712,344	2.35%	\$270,745	\$1,270,808
	\$129,809,492		\$273,242	\$1,321,435
<b>Assets Pledged to DMHC</b>				
Restricted Cash	\$305,350	0.42%	\$0	\$64
<b>Petty Cash</b>	\$500	0.00%	\$0	\$0
<b>Total Cash &amp; Equivalents</b>	<b>\$208,026,081</b>		<b>\$373,242</b>	<b>\$1,921,499</b>

# Tangible Net Equity

- TNE was \$186.1M in December 2018 or 537.4% of the most recent quarterly DMHC minimum requirement of \$34.6M. TNE trends for SCFHP are shown below.

Santa Clara Health Authority  
Tangible Net Equity - Actual vs. Required  
As of: December 31, 2018

	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	12/31/2018
Actual Net Position/Reserves	\$36.1 M	\$24.2 M	\$32.6 M	\$40.9 M	\$72.6 M	\$100.3 M	\$158.4 M	\$178.0 M	\$186.1 M
Required Reserves per DMHC	\$5.0 M	\$5.9 M	\$7.8 M	\$11.4 M	\$19.3 M	\$32.4 M	\$35.9 M	\$36.8 M	\$34.6 M
200% of Required Reserve	\$10.0 M	\$11.8 M	\$15.6 M	\$22.9 M	\$38.5 M	\$64.8 M	\$71.8 M	\$73.6 M	\$69.3 M
Actual as % Required	722.5%	410.2%	418.5%	357.5%	376.9%	309.8%	441.2%	483.4%	537.4%



# Reserves Analysis

SCFHP RESERVES ANALYSIS December 2018	
<b>Financial Reserve Target #1: Tangible Net Equity</b>	
Actual TNE	186,072,672
Current Required TNE	34,625,948
<b>Excess TNE</b>	<b>151,446,724</b>
Required TNE %	537.4%
<b>SCFHP Target TNE Range:</b>	
350% of Required TNE (Low)	121,190,817
500% of Required TNE (High)	173,129,739
<b>TNE Above/(Below) SCFHP Low Target</b>	<b>\$64,881,855</b>
<b>TNE Above/(Below) High Target</b>	<b>\$12,942,933</b>
<b>Financial Reserve Target #2: Liquidity</b>	
Cash & Cash Equivalents	208,026,081
Less Pass-Through Liabilities	
Net Payable to State of CA	-
Other Pass-Through Liabilities	(13,847,960)
<b>Total Pass-Through Liabilities</b>	<b>(\$13,847,960)</b>
Net Cash Available to SCFHP	\$194,178,121
SCFHP Target Liability	
45 Days of Total Operating Expense	(120,210,934)
60 Days of Total Operating Expense	(160,281,245)
Liquidity Above/(Below) SCFHP Low Target	<b>\$73,967,187</b>
Liquidity Above/(Below) High Target	<b>\$33,896,876</b>

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

# Capital Expenditures

- YTD Capital investments of \$5M, largely to complete the renovation of the new building, were comprised of the following:

<b>Expenditure</b>	<b>YTD Actual</b>	<b>Annual Budget</b>
New Building	\$4,563,854	\$ 7,874,631.00
Systems	0	925,000
Hardware	134,415	1,550,000
Software	277,000	593,000
Furniture and Fixtures	0	0
Automobile	0	0
Leasehold Improvements	0	0
<b>TOTAL</b>	<b>\$4,975,269</b>	<b>\$10,942,631</b>

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



**Santa Clara Family  
Health Plan™**

Financial Statements

# Enrollment By Aid Category

SCFHP TRENDED ENROLLMENT BY COA YTD DEC-18

		2017-06	2017-07	2017-08	2017-09	2017-10	2017-11	2017-12	2018-01	2018-02	2018-03	2018-04	2018-05	2018-06	2018-07	2018-08	2018-09	2018-10	2018-11	2018-12	
<b>NON DUAL</b>	Adult (over 19)	29,651	28,985	29,301	29,063	28,749	28,300	28,127	27,604	27,657	27,465	27,359	27,351	27,185	27,001	26,652	26,568	26,354	26,213	26,175	
	Adult (under 19)	106,082	104,658	105,147	104,345	103,810	103,242	103,068	101,226	101,653	101,197	100,606	100,449	100,238	99,369	98,316	98,255	97,518	96,830	96,330	
	Aged - Medi-Cal Only	10,674	10,776	10,693	10,722	10,801	10,778	10,781	10,892	10,906	10,906	10,924	10,891	10,963	10,909	10,815	10,887	10,869	10,887	10,923	
	Disabled - Medi-Cal Only	10,979	10,965	10,903	10,888	10,880	10,875	10,843	10,807	10,825	10,786	10,801	10,750	10,750	10,742	10,679	10,635	10,611	10,624	10,631	
	Adult Expansion	82,349	80,300	80,741	80,470	79,998	79,232	79,207	76,923	77,302	76,985	76,677	74,319	74,292	74,261	73,971	73,959	73,601	73,398	73,186	
	BCCTP	18	17	17	17	17	16	16	15	15	15	15	15	15	13	13	14	13	12	11	11
	Long Term Care	488	382	373	375	396	411	396	385	370	353	358	370	384	382	384	387	379	377	372	
	<b>Total Non-Duals</b>	<b>240,241</b>	<b>236,083</b>	<b>237,175</b>	<b>235,880</b>	<b>234,651</b>	<b>232,854</b>	<b>232,438</b>	<b>227,852</b>	<b>228,728</b>	<b>227,707</b>	<b>226,740</b>	<b>224,145</b>	<b>223,824</b>	<b>222,676</b>	<b>220,831</b>	<b>220,703</b>	<b>219,343</b>	<b>218,340</b>	<b>217,628</b>	
<b>DUAL</b>	Adult (21 Over)	463	464	450	447	444	427	433	421	419	416	401	397	393	387	385	382	385	390	379	
	Aged (21 Over)																				
	Disabled (21 Over)	23,010	22,906	23,299	23,412	23,452	23,433	23,331	23,300	23,405	23,312	22,969	23,064	22,811	22,919	22,928	22,984	22,963	22,897	22,893	
	Adult Expansion	906	806	784	793	789	717	709	474	433	470	451	421	451	455	485	521	533	538	586	
	BCCTP	1	1	1	1				1	1	2	2	2	2	2	2	2	1	1	1	
	Long Term Care	1,132	1,131	1,162	1,169	1,182	1,202	1,195	1,209	1,155	1,118	1,117	1,159	1,295	1,316	1,323	1,292	1,268	1,233	1,208	
	<b>Total Duals</b>	<b>25,512</b>	<b>25,308</b>	<b>25,696</b>	<b>25,822</b>	<b>25,867</b>	<b>25,779</b>	<b>25,668</b>	<b>25,405</b>	<b>25,413</b>	<b>25,318</b>	<b>24,940</b>	<b>25,043</b>	<b>24,952</b>	<b>25,079</b>	<b>25,123</b>	<b>25,181</b>	<b>25,150</b>	<b>25,059</b>	<b>25,067</b>	
<b>Total Medi-Cal</b>	<b>265,753</b>	<b>261,391</b>	<b>262,871</b>	<b>261,702</b>	<b>260,518</b>	<b>258,633</b>	<b>258,106</b>	<b>253,257</b>	<b>254,141</b>	<b>253,025</b>	<b>251,680</b>	<b>249,188</b>	<b>248,776</b>	<b>247,755</b>	<b>245,954</b>	<b>245,884</b>	<b>244,493</b>	<b>243,399</b>	<b>242,695</b>		
<b>Healthy Kids</b>	<b>2,732</b>	<b>2,633</b>	<b>2,618</b>	<b>2,243</b>	<b>2,288</b>	<b>2,321</b>	<b>2,447</b>	<b>3,209</b>	<b>3,250</b>	<b>3,415</b>	<b>3,454</b>	<b>3,220</b>	<b>3,196</b>	<b>3,278</b>	<b>3,187</b>	<b>3,163</b>	<b>3,217</b>	<b>3,460</b>	<b>3,345</b>		
<b>CMC</b>	CMC Non-Long Term Care	7,260	7,250	7,138	7,122	7,067	7,093	7,128	7,132	7,162	7,153	7,194	7,203	7,275	7,302	7,318	7,386	7,383	7,407	7,484	
	CMC - Long Term Care	283	275	267	261	259	256	261	257	255	256	241	237	228	221	222	214	218	218	211	
	<b>Total CMC</b>	<b>7,543</b>	<b>7,525</b>	<b>7,405</b>	<b>7,383</b>	<b>7,326</b>	<b>7,349</b>	<b>7,389</b>	<b>7,389</b>	<b>7,417</b>	<b>7,409</b>	<b>7,435</b>	<b>7,440</b>	<b>7,503</b>	<b>7,523</b>	<b>7,540</b>	<b>7,600</b>	<b>7,601</b>	<b>7,625</b>	<b>7,695</b>	
<b>Total Enrollment</b>	<b>276,028</b>	<b>271,549</b>	<b>272,894</b>	<b>271,328</b>	<b>270,132</b>	<b>268,303</b>	<b>267,942</b>	<b>263,855</b>	<b>264,808</b>	<b>263,849</b>	<b>262,569</b>	<b>259,848</b>	<b>259,475</b>	<b>258,556</b>	<b>256,681</b>	<b>256,647</b>	<b>255,311</b>	<b>254,484</b>	<b>253,735</b>		



# Income Statement



Santa Clara County Health Authority												
Income Statement for Six Months Ending December 31, 2018												
	Current Month						Fiscal Year To Date					
	Actuals	% of Rev	Budget	% of Rev	Variance	% Var	Actuals	% of Rev	Budget	% of Rev	Variance	% Var
<b>REVENUE</b>												
MEDI-CAL	\$ 78,501,095	86.1%	\$ 68,303,739	84.8%	\$ 10,197,357	14.9%	\$ 440,903,715	85.4%	\$ 412,966,790	85.0%	\$ 27,936,925	6.8%
CAL MEDI-CONNECT:												
CMC MEDI-CAL	2,422,984	2.7%	2,530,392	3.1%	(107,408)	-4.2%	14,291,156	2.8%	14,984,537	3.1%	(693,381)	-4.6%
CMC MEDICARE	9,906,672	10.9%	9,421,327	11.7%	485,345	5.2%	58,792,037	11.4%	55,791,439	11.5%	3,000,598	5.4%
TOTAL CMC	12,329,655	13.5%	11,951,719	14.8%	377,937	3.2%	73,083,193	14.2%	70,775,977	14.6%	2,307,216	3.3%
HEALTHY KIDS	346,077	0.4%	303,804	0.4%	42,274	13.9%	2,091,805	0.4%	1,815,029	0.4%	276,776	15.2%
<b>TOTAL REVENUE</b>	<b>\$ 91,176,828</b>	<b>100.0%</b>	<b>\$ 80,559,261</b>	<b>100.0%</b>	<b>\$ 10,617,567</b>	<b>13.2%</b>	<b>\$ 516,078,713</b>	<b>100.0%</b>	<b>\$ 485,557,795</b>	<b>100.0%</b>	<b>\$ 30,520,917</b>	<b>6.3%</b>
<b>MEDICAL EXPENSE</b>												
MEDI-CAL	\$ 66,215,138	72.6%	\$ 63,691,720	79.1%	\$ (2,523,418)	-4.0%	\$ 407,187,444	78.9%	\$ 386,104,497	79.5%	\$ (21,082,947)	-5.5%
CAL MEDI-CONNECT:												
CMC MEDI-CAL	2,492,588	2.7%	2,219,323	2.8%	(273,265)	-12.3%	14,876,651	2.9%	13,142,439	2.7%	(1,734,212)	-13.2%
CMC MEDICARE	10,154,326	11.1%	9,071,643	11.3%	(1,082,684)	-11.9%	57,333,347	11.1%	53,707,642	11.1%	(3,625,705)	-6.8%
TOTAL CMC	12,646,915	13.9%	11,290,965	14.0%	(1,355,949)	-12.0%	72,209,998	14.0%	66,850,081	13.8%	(5,359,916)	-8.0%
HEALTHY KIDS	317,524	0.3%	273,626	0.3%	(43,898)	-16.0%	1,999,984	0.4%	1,634,736	0.3%	(365,249)	-22.3%
<b>TOTAL MEDICAL EXPENSES</b>	<b>\$ 79,179,576</b>	<b>86.8%</b>	<b>\$ 75,256,311</b>	<b>93.4%</b>	<b>\$ (3,923,265)</b>	<b>-5.2%</b>	<b>\$ 481,397,426</b>	<b>93.3%</b>	<b>\$ 454,589,314</b>	<b>93.6%</b>	<b>\$ (26,808,112)</b>	<b>-5.9%</b>
<b>MEDICAL OPERATING MARGIN</b>	<b>\$ 11,997,252</b>	<b>13.2%</b>	<b>\$ 5,302,950</b>	<b>6.6%</b>	<b>\$ 6,694,302</b>	<b>63.0%</b>	<b>\$ 34,681,287</b>	<b>6.7%</b>	<b>\$ 30,968,481</b>	<b>6.4%</b>	<b>\$ 3,712,806</b>	<b>12.2%</b>
<b>ADMINISTRATIVE EXPENSE</b>												
SALARIES AND BENEFITS	\$ 2,765,007	3.0%	\$ 2,599,112	3.2%	\$ (165,894)	-6.4%	\$ 16,089,887	3.1%	\$ 15,942,492	3.3%	\$ (147,395)	-0.9%
RENTS AND UTILITIES	12,064	0.0%	17,611	0.0%	5,547	31.5%	285,128	0.1%	347,226	0.1%	62,099	17.9%
PRINTING AND ADVERTISING	12,939	0.0%	70,150	0.1%	57,211	81.6%	517,038	0.1%	532,900	0.1%	15,862	3.0%
INFORMATION SYSTEMS	133,082	0.1%	226,473	0.3%	93,391	41.2%	1,106,360	0.2%	1,358,839	0.3%	252,478	18.6%
PROF FEES/CONSULTING/TEMP STAFFING	897,019	1.0%	805,522	1.0%	(91,497)	-11.4%	6,281,812	1.2%	5,499,937	1.1%	(781,875)	-14.2%
DEPRECIATION/INSURANCE/EQUIPMENT	379,987	0.4%	457,566	0.6%	77,580	17.0%	2,212,178	0.4%	2,773,898	0.6%	561,720	20.3%
OFFICE SUPPLIES/POSTAGE/TELEPHONE	23,368	0.0%	119,005	0.1%	95,637	80.4%	537,313	0.1%	1,073,922	0.2%	536,609	50.0%
MEETINGS/TRAVEL/DUES	101,328	0.1%	95,346	0.1%	(5,981)	-6.3%	525,459	0.1%	647,134	0.1%	121,675	18.8%
OTHER	17,201	0.0%	17,804	0.0%	603	3.4%	170,855	0.0%	176,407	0.0%	5,552	3.1%
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>\$ 4,341,993</b>	<b>4.8%</b>	<b>\$ 4,408,590</b>	<b>5.5%</b>	<b>\$ 66,597</b>	<b>1.5%</b>	<b>\$ 27,726,030</b>	<b>5.4%</b>	<b>\$ 28,352,756</b>	<b>5.8%</b>	<b>\$ 626,726</b>	<b>2.2%</b>
<b>OPERATING SURPLUS (LOSS)</b>	<b>\$ 7,655,258</b>	<b>8.4%</b>	<b>\$ 894,360</b>	<b>1.1%</b>	<b>\$ 6,760,898</b>	<b>755.9%</b>	<b>\$ 6,955,257</b>	<b>1.3%</b>	<b>\$ 2,615,725</b>	<b>0.5%</b>	<b>\$ 4,339,532</b>	<b>165.9%</b>
<b>OTHER INCOME/EXPENSE</b>												
GASB 45 - POST EMPLOYMENT BENEFITS EXPENSE	(59,780)	-0.1%	(59,780)	-0.1%	0	0.0%	(358,678)	-0.1%	(358,680)	-0.1%	2	0.0%
GASB 68 - UNFUNDED PENSION LIABILITY	(75,000)	-0.1%	(75,000)	-0.1%	-	0.0%	(450,000)	-0.1%	(450,000)	-0.1%	-	0.0%
INTEREST & OTHER INCOME	387,816	0.4%	47,605	0.1%	340,211	714.7%	1,910,230	0.4%	285,630	0.1%	1,624,600	568.8%
<b>OTHER INCOME/EXPENSE</b>	<b>253,037</b>	<b>0.3%</b>	<b>(87,175)</b>	<b>-0.1%</b>	<b>340,212</b>	<b>-390.3%</b>	<b>1,101,552</b>	<b>0.2%</b>	<b>(523,050)</b>	<b>-0.1%</b>	<b>1,624,602</b>	<b>-310.6%</b>
<b>NET SURPLUS (LOSS)</b>	<b>\$ 7,908,295</b>	<b>8.7%</b>	<b>\$ 807,185</b>	<b>1.0%</b>	<b>\$ 7,101,110</b>	<b>879.7%</b>	<b>\$ 8,056,809</b>	<b>1.6%</b>	<b>\$ 2,092,675</b>	<b>0.4%</b>	<b>\$ 5,964,134</b>	<b>285.0%</b>

# Balance Sheet



	December 2018	November 2018	October 2018	June 2018
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Marketable Securities	\$208,026,081	\$219,146,700	\$210,241,106	\$224,156,209
Receivables	534,641,224	516,509,111	507,221,511	493,307,425
Prepaid Expenses and Other Current Assets	8,623,739	8,790,259	8,811,521	7,024,982
<b>Total Current Assets</b>	<b>751,291,045</b>	<b>744,446,070</b>	<b>726,274,138</b>	<b>724,488,615</b>
<b>Long Term Assets</b>				
Property and Equipment	43,554,399	43,080,423	42,947,276	38,579,130
Accumulated Depreciation	(16,186,309)	(15,859,845)	(15,535,421)	(14,309,761)
<b>Total Long Term Assets</b>	<b>27,368,090</b>	<b>27,220,578</b>	<b>27,411,855</b>	<b>24,269,369</b>
<b>Total Assets</b>	<b>778,659,134</b>	<b>771,666,648</b>	<b>753,685,993</b>	<b>748,757,984</b>
<b>Deferred Outflow of Resources</b>	<b>14,535,240</b>	<b>14,535,240</b>	<b>14,535,240</b>	<b>14,535,240</b>
<b>Total Deferred Outflows and Assets</b>	<b>793,194,374</b>	<b>786,201,888</b>	<b>768,221,233</b>	<b>763,293,224</b>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Trade Payables	3,986,497	8,265,592	5,327,669	8,351,090
Deferred Rent	(0)	(0)	(0)	17,011
Employee Benefits	1,725,742	1,668,438	1,599,737	1,473,524
Retirement Obligation per GASB 45	3,909,473	5,181,693	5,121,914	4,882,795
Advance Premium - Healthy Kids	78,886	82,523	80,686	66,195
Deferred Revenue - Medicare	-	8,943,810	-	9,928,268
Whole Person Care/Prop 56	13,847,960	12,063,420	7,896,914	9,263,004
Payable to Hospitals	-	-	-	0
Due to Santa Clara County Valley Health Plan and Kaiser	10,370,443	9,163,650	9,213,279	6,691,979
MCO Tax Payable - State Board of Equalization	26,353,890	17,569,260	8,784,631	(0)
Due to DHCS	35,038,446	30,744,662	28,225,971	24,429,978
Liability for In Home Support Services (IHSS)	413,549,552	413,549,552	413,549,552	413,549,551
Current Premium Deficiency Reserve (PDR)	2,374,525	2,374,525	2,374,525	2,374,525
Medical Cost Reserves	83,657,353	86,276,451	95,703,417	92,470,504
<b>Total Current Liabilities</b>	<b>594,892,767</b>	<b>595,883,575</b>	<b>577,878,294</b>	<b>573,498,425</b>
<b>Non-Current Liabilities</b>				
Noncurrent Premium Deficiency Reserve (PDR)	5,919,500	5,919,500	5,919,500	5,919,500
Net Pension Liability GASB 68	2,274,796	2,199,796	2,124,796	1,824,796
<b>Total Non-Current Liabilities</b>	<b>8,194,296</b>	<b>8,119,296</b>	<b>8,044,296</b>	<b>7,744,296</b>
<b>Total Liabilities</b>	<b>603,087,063</b>	<b>604,002,871</b>	<b>585,922,590</b>	<b>581,242,721</b>
<b>Deferred Inflow of Resources</b>	<b>4,034,640</b>	<b>4,034,640</b>	<b>4,034,640</b>	<b>4,034,640</b>
<b>Net Assets / Reserves</b>				
Invested in Capital Assets	27,368,090	27,220,578	27,411,855	24,269,369
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Unrestricted Net Equity	150,342,423	150,489,935	150,298,658	133,805,841
Current YTD Income (Loss)	8,056,809	148,514	248,141	19,635,303
<b>Total Net Assets / Reserves</b>	<b>186,072,672</b>	<b>178,164,377</b>	<b>178,264,003</b>	<b>178,015,863</b>
<b>Total Liabilities, Deferred Inflows, and Net Assets</b>	<b>793,194,374</b>	<b>786,201,888</b>	<b>768,221,233</b>	<b>763,293,224</b>

# Cash Flow – YTD

Cash Flows from Operating Activities	
Premiums Received	511,707,272
Medical Expenses Paid	(486,532,113)
Administrative Expenses Paid	(38,240,247)
<b>Net Cash from Operating Activities</b>	<b>(\$13,065,088)</b>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(4,975,269)
Cash Flows from Investing Activities	
Interest Income and Other Income (Net)	1,910,230
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(16,130,127)</b>
Cash & Cash Equivalents (Jun 2018)	224,156,209
Cash & Cash Equivalents (Dec 18)	<b>\$208,026,081</b>
Reconciliation of Operating Income to Net Cash from Operating Activities	
<b>Operating Income/(Loss)</b>	<b>\$8,056,809</b>
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities	
Depreciation	1,876,548
Changes in Operating Assets/Liabilities	
Premiums Receivable	(41,333,799)
Other Receivable	(1,910,230)
Due from Santa Clara Family Health Foundation	-
Prepays & Other Assets	(1,598,758)
Deferred Outflow of Resources	-
Accounts Payable & Accrued Liabilities	(10,433,330)
State Payable	36,962,358
Santa Clara Valley Health Plan & Kaiser Payable	3,678,463
Net Pension Liability	450,000
Medical Cost Reserves & PDR	(8,813,151)
IHSS Payable	0
Deferred Inflow of Resources	-
<b>Total Adjustments</b>	<b>(\$22,998,445)</b>
<b>Net Cash from Operating Activities</b>	<b>(\$13,065,088)</b>

# Statement of Operations - YTD

Santa Clara County Health Authority Statement of Operations By Line of Business (Including Allocated Expenses) For Six Months Ending December 31 2018						
	Medi-Cal	CMC Medi-Cal	CMC Medicare	Total CMC	Healthy Kids	Grand Total
<b>P&amp;L (ALLOCATED BASIS)</b>						
REVENUE	\$ 440,903,715	\$ 14,291,156	\$ 58,792,037	\$ 73,083,193	\$ 2,091,805	\$ 516,078,713
<b>MEDICAL EXPENSE</b>	\$ 407,187,444	\$ 14,876,651	\$ 57,333,347	\$ 72,209,998	\$ 1,999,984	\$ 481,397,426
(MLR)	92.4%	104.1%	97.5%	98.8%	95.6%	93.3%
<b>GROSS MARGIN</b>	\$ 33,716,271	\$ (585,495)	\$ 1,458,690	\$ 873,195	\$ 91,821	\$ 34,681,287
<b>ADMINISTRATIVE EXPENSE</b>	\$ 23,687,296	\$ 767,784	\$ 3,158,568	\$ 3,926,352	\$ 112,381	\$ 27,726,030
(% of Revenue Allocation)						
<b>OPERATING INCOME/(LOSS)</b>	\$ 10,028,974	\$ (1,353,279)	\$ (1,699,878)	\$ (3,053,157)	\$ (20,560)	\$ 6,955,257
(% of Revenue Allocation)						
<b>OTHER INCOME/(EXPENSE)</b>	\$ 941,093	\$ 30,504	\$ 125,490	\$ 155,993	\$ 4,465	\$ 1,101,552
(% of Revenue Allocation)						
<b>NET INCOME/(LOSS)</b>	\$ 10,970,068	\$ (1,322,775)	\$ (1,574,388)	\$ (2,897,163)	\$ (16,095)	\$ 8,056,809
<b>PMPM (ALLOCATED BASIS)</b>						
REVENUE	\$ 299.90	\$ 335.29	\$ 1,289.75	\$ 1,603.26	\$ 106.45	\$ 336.12
MEDICAL EXPENSES	\$ 276.96	\$ 349.03	\$ 1,257.75	\$ 1,584.11	\$ 101.78	\$ 313.53
GROSS MARGIN	\$ 22.93	\$ (13.74)	\$ 32.00	\$ 19.16	\$ 4.67	\$ 22.59
ADMINISTRATIVE EXPENSES	\$ 16.11	\$ 18.01	\$ 69.29	\$ 86.13	\$ 5.72	\$ 18.06
OPERATING INCOME/(LOSS)	\$ 6.82	\$ (31.75)	\$ (37.29)	\$ (66.98)	\$ (1.05)	\$ 4.53
OTHER INCOME/(EXPENSE)	\$ 0.64	\$ 0.72	\$ 2.75	\$ 3.42	\$ 0.23	\$ 0.72
NET INCOME/(LOSS)	\$ 7.46	\$ (31.03)	\$ (34.54)	\$ (63.56)	\$ (0.82)	\$ 5.25
<b>ALLOCATION BASIS:</b>						
MEMBER MONTHS - YTD	1,470,180	42,623	45,584	45,584	19,650	1,535,414
REVENUE BY LOB	85.4%	2.8%	11.4%	14.2%	0.4%	100.0%

# Network Detection and Prevention Report

February 2019

Executive/Finance Committee Meeting

2/22/2019

# Firewall Background

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

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

The attempts have been categorized in three severity levels:

## High/Critical

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

## Medium

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

## Low/Informational

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

# Attack Statistics Combined

## October/November/December/January

Severity Level	Number of Different Types of Attacks				Total Number of Attempts				Percent of Attempts			
	Oct	Nov	Dec	Jan	Oct	Nov	Dec	Jan	Oct	Nov	Dec	Jan
Critical	2	1	11	4	2	4	484	25	.001	.001	.59	.05
High	2	3	12	6	43	40	5200	2584	.003	.02	6.32	4.89
Medium	19	8	30	18	226	85	8547	442	.014	.04	10.39	.84
Low	28	33	35	7	162111	198902	35632	4237	99.47	99.86	43.33	8.01
Informational	2	4	22	17	599	158	32377	45605	.037	.08	39.37	86.22

Numbers are higher for December due to the change in firewalls from SonicWall to PAN-Firewall at our datacenter.

# Email Background

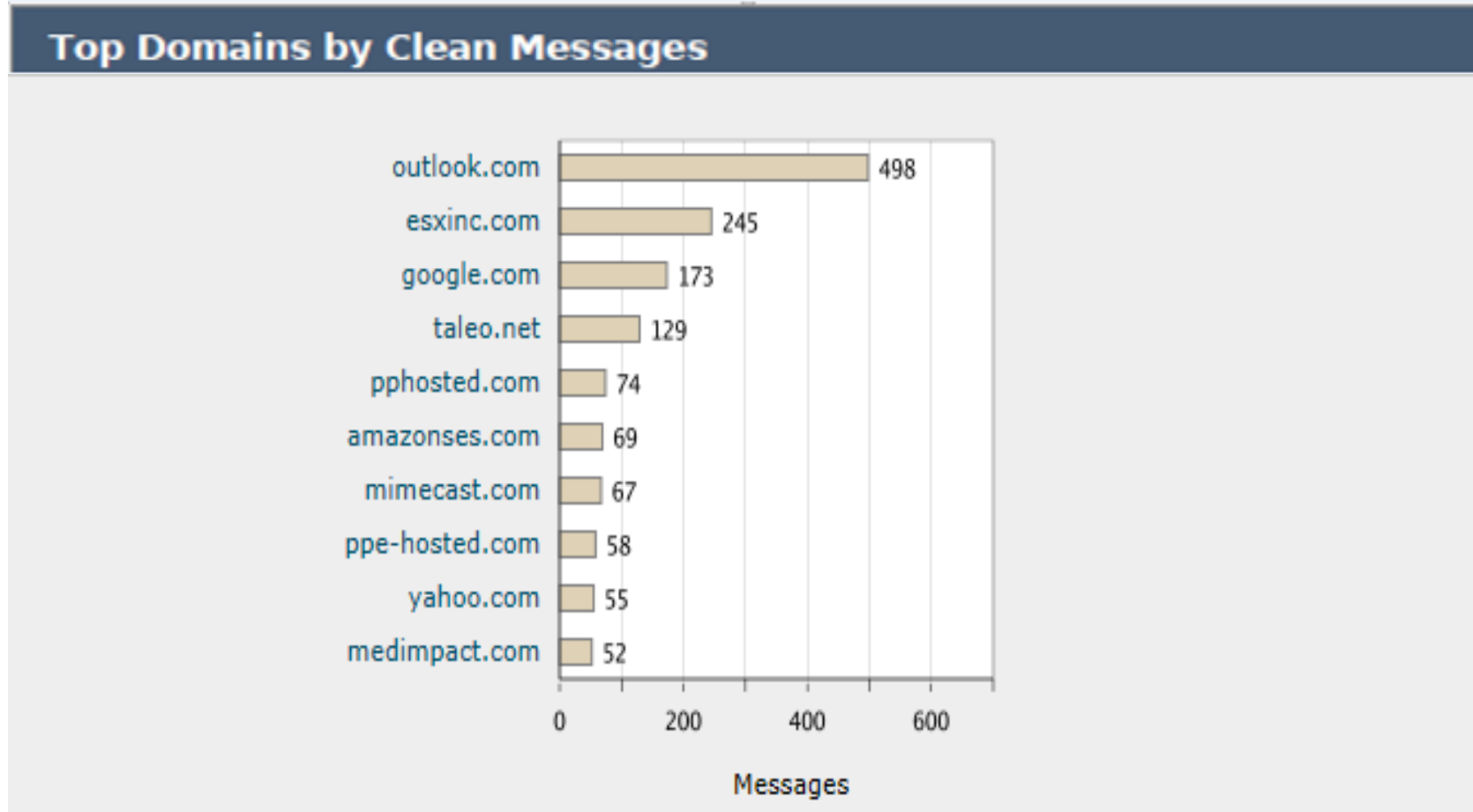
For email protection, SCFHP utilizes software that intercepts every incoming email and scans for suspicious content, attachments, or URLs (Uniform Resource Locator or address to the World Wide Web). The software has anti-malware and phishing-detection technology that is constantly being updated to detect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



# Email Security – Monthly Statistics

Incoming Mail Summary <span style="float: right;">+</span>		
Message Category	%	Messages
<span style="color: #0070C0;">■</span> Stopped by Reputation Filtering	57.4%	114.9k
<span style="color: #AEC6E0;">■</span> Stopped as Invalid Recipients	0.0%	7
<span style="color: #F0E68C;">■</span> Spam Detected	6.0%	11.9k
<span style="color: #FFA500;">■</span> Virus Detected	0.0%	3
<span style="color: #FF0000;">■</span> Detected by Advanced Malware Protection	0.0%	0
<span style="color: #FF8C00;">■</span> Messages with Malicious URLs	0.2%	409
<span style="color: #800000;">■</span> Stopped by Content Filter	0.1%	171
<span style="color: #808080;">■</span> Stopped by DMARC	0.0%	0
<span style="color: #654321;">■</span> S/MIME Verification/Decryption Failed	0.0%	0
<b>Total Threat Messages:</b>	<b>63.5%</b>	<b>127.0k</b>
<span style="color: #D3D3D3;">■</span> Marketing Messages	8.8%	17.6k
<span style="color: #8B4513;">■</span> Social Networking Messages	0.5%	904
<span style="color: #FF8C00;">■</span> Bulk Messages	5.0%	10.1k
<b>Total Graymails:</b>	<b>14.3%</b>	<b>28.6k</b>
<span style="color: #D3D3D3;">■</span> S/MIME Verification/Decryption Successful	0.0%	0
<span style="color: #D2B48C;">■</span> Clean Messages	22.2%	44.5k
<b>Total Attempted Messages:</b>		<b>200.1k</b>

# Email Security – Daily Statistics



Snapshot of one day – February 6th

2/22/2019

# Email Security – Country Blocking

UNITED ARAB EMIRATES	GERMANY	KUWAIT	RUSSIAN FEDERATION
AFGHANISTAN	FRANCE	KAZAKHSTAN	RWANDA
ALBANIA	UNITED KINGDOM	LIBERIA	SAUDI ARABIA
ANGOLA	GEORGIA	LIBYAN ARAB JAMAHIRIYA	SUDAN
BANGLADESH	HONG KONG	MYANMAR	SLOVENIA
BULGARIA	HONDURAS	MOZAMBIQUE	SLOVAKIA
BAHRAIN	CROATIA	NAMIBIA	SENEGAL
BERMUDA	INDIA	NIGERIA	SOMALIA
BOTSWANA	IRAQ	NETHERLANDS	SYRIAN ARAB REPUBLIC
CANADA	IRAN, ISLAMIC REPUBLIC OF	NAURU	TAJIKISTAN
CONGO, THE DEMOCRATIC REPUBLIC OF THE	JAPAN	PERU	UGANDA
CENTRAL AFRICAN REPUBLIC	KENYA	PHILIPPINES	UZBEKISTAN
CONGO	KYRGYZSTAN	PAKISTAN	VIET NAM
CHINA	CAMBODIA	QATAR	YEMEN
CUBA	KOREA, DEMOCRATIC PEOPLE'S REPUBLIC OF	ROMANIA	SOUTH AFRICA
CZECH REPUBLIC	KOREA, REPUBLIC OF	SERBIA	ZAMBIA
			ZIMBABWE

# SCFHP Phishing Attacks

	INCIDENT 50 – 9/24/2018	INCIDENT 51 – 10/5/2018	INCIDENT 52 – 10/8/2018	INCIDENT 53 – 10/29/2018
TYPE OF ATTACK	Phishing	Phishing	Phishing	Phishing
SUMMARY	1 employee	1 employee	1 employee	1 employee
RESPONSE	<b>Step 1.</b> Analyze email and take appropriate action.	<b>Step 1.</b> Analyze email and take appropriate action.	<b>Step 1.</b> Analyze email and take appropriate action.	<b>Step 1.</b> Analyze email and take appropriate action.
	<b>Step 2.</b> Block source email on Cisco Ironport - <a href="mailto:accounts@willerbym Manor.co.uk">accounts@willerbym Manor.co.uk</a> and filtered expression “Remittance Advice”. Blocked IP Address - 80.255.3.95	<b>Step 2.</b> Block source email on Cisco Ironport - <a href="mailto:ceo_dropbox@rievergroup.com">ceo_dropbox@rievergroup.com</a> and filtered expression “Are you on Seat?”. No IP available from email to block.	<b>Step 2.</b> Block source email on Cisco Ironport - <a href="mailto:noreply@microsoft-activation.jfk b j k l . website">noreply@microsoft-activation.jfk b j k l . website</a> and filtered expression “Office365 Postmaster”. No IP available from email to block.	<b>Step 2.</b> Block source email on Cisco Ironport - <a href="mailto:jimmyfall316@gmail.com">jimmyfall316@gmail.com</a> and filtered expression “Quote of the day”. Blocked IP address 209.185.167.195
	<b>Step 3.</b> Remove threat by permanently deleting email.	<b>Step 3.</b> Remove threat by permanently deleting email.	<b>Step 3.</b> Remove threat by permanently deleting email.	<b>Step 3.</b> Remove threat by permanently deleting email.
	<b>Step 4.</b> Monitor email and user.	<b>Step 4.</b> Monitor email and user.	<b>Step 4.</b> Monitor email and user.	<b>Step 4.</b> Monitor email and user.

# SCFHP Phishing Attacks

	INCIDENT 54 – 10/29/2018	INCIDENT 55 – 11/28/2018	INCIDENT 56 – 12/4/2018	
TYPE OF ATTACK	Phishing	Phishing	Phishing	
SUMMARY	1 employee	1 employee	1 employee	No incidents for month of January
RESPONSE	<b>Step 1.</b> Analyze email and take appropriate action.	<b>Step 1.</b> Analyze email and take appropriate action.	<b>Step 1.</b> Analyze email and take appropriate action.	
	<b>Step 2.</b> Block source email on Cisco Ironport - <a href="mailto:Jimmyteh@Conduent.com">Jimmyteh@Conduent.com</a> and filtered expression “Shipping Status changed” Blocked IP address 185.94.191.124	<b>Step 2.</b> Block source email domain on Cisco Ironport - <a href="mailto:@alertsp.chase.com">@alertsp.chase.com</a> and filtered expression “Account Notification #17769” Blocked IP address 173.203.187.96	<b>Step 2.</b> Block source email on Cisco Ironport – <a href="mailto:Support@sharefile.com">Support@sharefile.com</a> and filtered expression “Citrix Sharefile Password Reset.” Blocked IP address 34.192.163.240.	
	<b>Step 3.</b> Remove threat by permanently deleting email.	<b>Step 3.</b> Remove threat by permanently deleting email.	<b>Step 3.</b> Remove threat by permanently deleting email.	
	<b>Step 4.</b> Monitor email and user.	<b>Step 4.</b> Monitor email and user.	<b>Step 4.</b> Monitor email and user.	

# Vendor Penetration Testing Objective

The Penetration (Pen) test for Santa Clara Family Health Plan (SCFHP) was conducted between December 17<sup>th</sup> and December 18<sup>th</sup> 2018 to help ensure that SCFHP's network is secure from advanced threat actors.

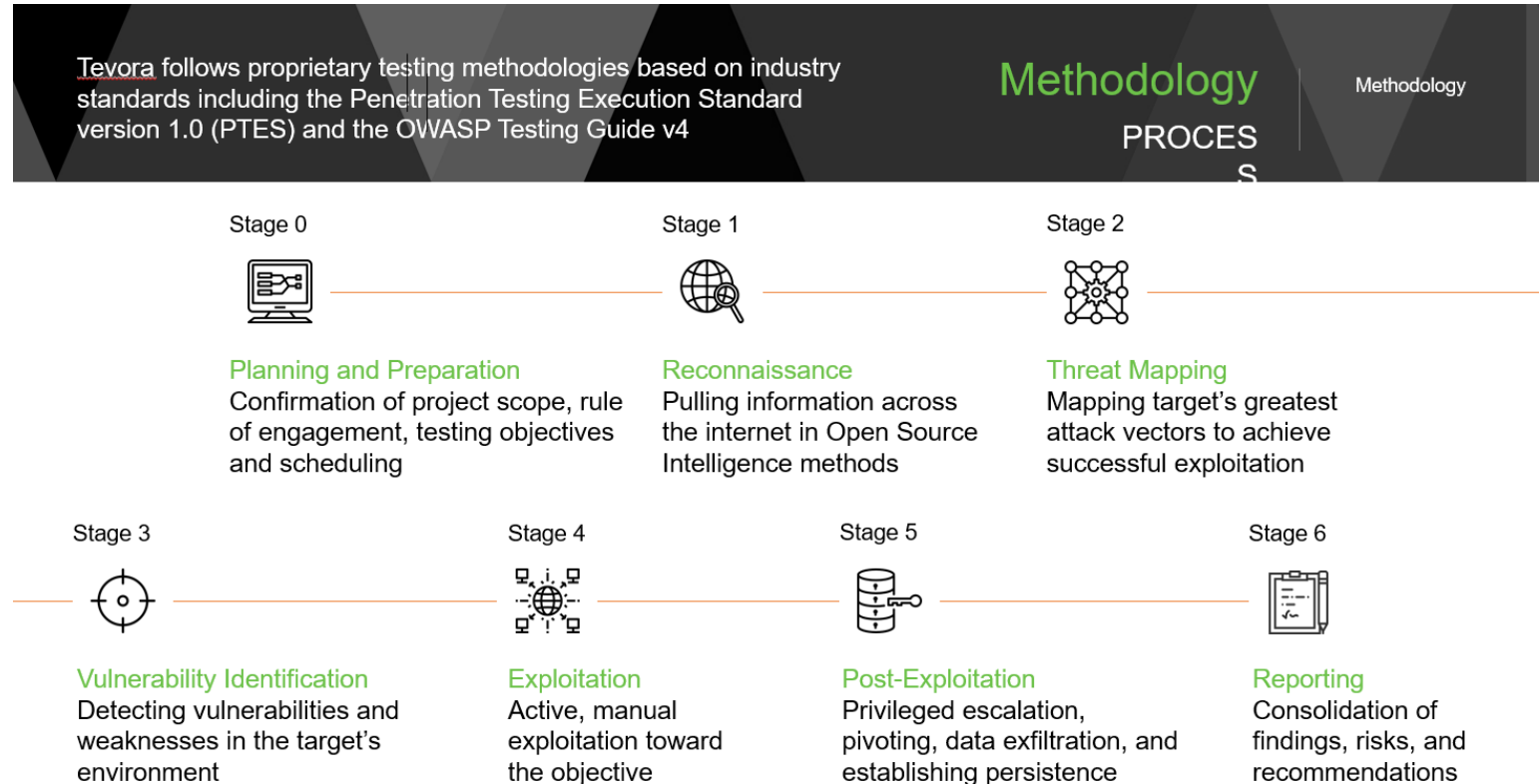
Additional objectives for this penetration test were based on industry standard guidelines as follows:

- Identification of vulnerabilities so that they can be identified and remediated prior to being exploited by an attacker
- Direct observation of physical access throughout the building to restricted areas or services
- Compromise of the domain by privileged users
- Sensitive data leakage or exfiltration
- Verification of network segmentation

# Vendor Overview

## Tevora

- Founded in 2003, focused on CyberSecurity, Penetration Testing, Risk and Compliance Services.
- Used By other Leading Health Plans
- Solid methodology and approach towards risk mitigation



# Approach & Scope

Santa Clara Family Health Plan has a policy of performing Penetration testing annually to ensure that any changes to the environment are tested and any new vulnerabilities are found and remediated.

The scope of the penetration test included the following:

- External Penetration Test – Performed network discovery and testing against SCFHP’s internet-facing (external) assets in an attempt to identify exploitable weaknesses by a user who did not have physical access to SCFHP's office and/or internal network.
- Internal Penetration Test – Performed network discovery and testing against SCFHP's internal network environment in an attempt to identify exploitable weaknesses to gain unauthorized access to systems and data.



# Why do Pen Testing?

1 Cyber attacks and data breaches are becoming more prevalent. Across the board in all attack vectors, cyber attacks are continually increasing.

2 Data breaches carry tangible risk. Risks include damaged reputation and brand. Financial risks include fines from the FTC and other regulatory bodies. Data breaches in 2016 cost an estimated \$3.8 million which was a 23% increase from prior years.

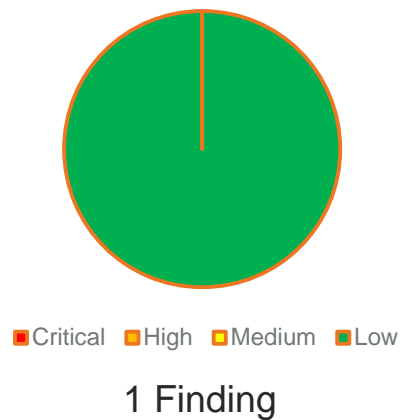
3 Executive management has a fiduciary duty to protect customer information. Failure in this duty could lead to personal liability.

# Results - Summary

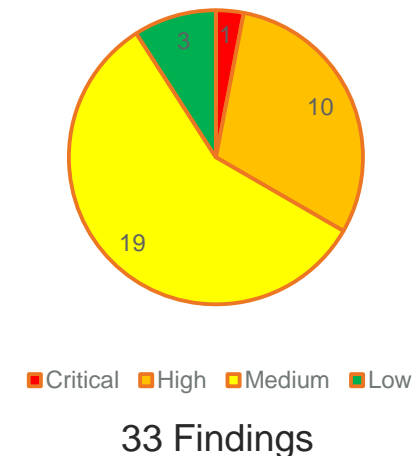
External Penetration Test – **No** Critical, High or Medium vulnerabilities were found! Tevora was not able to penetrate SCFHP’s external defenses.

Internal Penetration Test – Tevora discovered 33 vulnerabilities (Critical (1), High (10), Medium (19), Low (3)) within the SCFHP environment. IT Management has already taken actions to remediate the Critical and High priority vulnerabilities, and is currently working to remediate the Medium priority vulnerabilities.

External Results



Internal Results



# Results - Detail

The internal results centered around the below areas ---

Area	Critical	High	Medium	Low
Patch Management	1	4	6	
Password Management, Credentials		1	7	0
Access/Permissions/Authentication			2	4
Unsupported Operating Systems, Applications, Hardware		5	4	
<b>Total</b>	<b>1</b>	<b>10</b>	<b>19</b>	<b>4</b>

# Questions