

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

Thursday, April 22, 2021, 11:30 AM – 1:30 PM
Santa Clara Family Health Plan
6201 San Ignacio Ave, San Jose, CA 95119

Via Teleconference
(408) 638-0968
Meeting ID: 987 9967 7951
Passcode: ExecFin21
<https://zoom.us/j/98799677951>

AGENDA

- | | | | |
|--|--------------|-------|--------|
| 1. Roll Call | Ms. Alvarado | 11:30 | 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. Alvarado | 11:35 | 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 | Ms. Alvarado | 11:40 | 5 min |
| <ul style="list-style-type: none"> a. Approve minutes of the February 25, 2021 Executive/Finance Committee Meeting b. Approve Claims Policies <ul style="list-style-type: none"> • CL.04 Skilled Nursing Facility • CL.05 Long Term Care • CL.08 General Physician/Professional Services • CL.11 Ambulatory Surgery Center • CL.14 Processing of Radiology Claims • CL.15 Processing of Anesthesia Claims • CL.16 Processing of Drugs & Biologicals Claims • CL.17 Processing of Durable Medical Equipment, Orthotics, and Prosthetics Claims • CL.18 Processing of Home Health Claims • CL.28 Other Health Coverage Cost Avoidance and Post-Payment Recovery | | | |
| 4. CEO Update
Discuss status of current topics and initiatives. | Ms. Tomcala | 11:45 | 15 min |

<p>5. Government Relations Update Discuss local, state, and federal legislative and policy issues impacting the Plan and its members.</p>	Mr. Haskell	12:00	15 min
<p>6. Provider Payment Solution Vendor Selection Review provider payment solution vendor selection process. Possible Action: Authorize CEO to execute contract with PaySpan</p>	Ms. Turner	12:15	15 min
<p>7. Trizetto NetworX Pricer and Modeler Consider proposal for NetworX claims pricing and modeling tool. Possible Action: Authorize CEO to execute a contract amendment with Cognizant for NetworX Pricer and Modeler</p>	Ms. Bui-Tong Mr. Tamayo	12:30	10 min
<p>8. February 2021 Financial Statements Review February 2021 Financial Statements. Possible Action: Approve the February 2021 Financial Statements</p>	Mr. Jarecki	12:40	15 min
<p>9. Annual Investment Policy Review Review revisions to Policy FA.07: Investments, based on Annual Investment Policy Review by Sperry Capital, Inc. Possible Action: Approve Policy FA.07 v3: Investments, and accept Investment Policy Annual Review</p>	Mr. Jarecki	12:55	10 min
<p>10. Donations and Sponsorships Policy Consider revisions to the Donations and Sponsorships Policy. Possible Action: Approve Policy GO.04 v2: Donations and Sponsorships</p>	Ms. Watkins	1:05	10 min
<p>11. Adjournment</p>		1:15	

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) 874-1842.
- To obtain a copy of any supporting document that is available, contact Amy O'Brien at (408) 874-1997. 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.

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

Thursday, February 25, 2021, 11:30 PM – 1:30 PM
Santa Clara Family Health Plan - Teleconference
6201 San Ignacio Ave, San Jose, CA 95119

Minutes

Members Present

Dolores Alvarado, Chair
Bob Brownstein
Dave Cameron
Liz Kniss
Sue Murphy

Staff Present

Christine Tomcala, Chief Executive Officer
Neal Jarecki, Chief Financial Officer
Laurie Nakahira, D.O., Chief Medical Officer
Jonathan Tamayo, Chief Information Officer
Chris Turner, Chief Operating Officer
Ngoc Bui-Tong, VP, Strategies & Analytics
Teresa Chapman, VP, Human Resources
Laura Watkins, VP, Marketing & Enrollment
Barbara Granieri, Controller
Chelsea Byom, Director, Marketing & Communications
Tyler Haskell, Director, Government Relations
Johanna Liu, Director, Quality & Process
Improvement
Khanh Pham, Director of Finance Reporting &
Budgeting
Rita Zambrano, Executive Assistant
Nancy Aguirre, Administrative Assistant
Amy O'Brien, Administrative Assistant

Others Present

Bobbie Wunsch, Pacific Health Consulting Group

1. Roll Call

Dolores Alvarado, Chair, called the meeting to order at 11:32 am. Roll call was taken and a quorum was established.

2. Public Comment

There were no public comments.

3. Approve Consent Calendar and Changes to the Agenda

Ms. Alvarado presented the Consent Calendar and indicated each item would be approved separately.

a. Approve **minutes**

It was moved, seconded, and the January 28, 2021 Executive/Finance Committee minutes were **unanimously approved.**

Motion: Ms. Murphy

Second: Ms. Kniss

Ayes: Ms. Alvarado, Mr. Brownstein, Mr. Cameron, Ms. Kniss, Ms. Murphy

b. Approve **Claims Policies**

It was moved, seconded, and Claims Policies: CL.01 Interest on the Late Payment of Claims, CL.02 Misdirected Claims, CL.03 Notice of Denial of Payment, CL.09 Claims Timeframes Turn-Around-Time, and CL.21 Claims Processing & Adjudication were **unanimously approved.**

Motion: Ms. Murphy

Second: Ms. Kniss

Ayes: Ms. Alvarado, Mr. Brownstein, Mr. Cameron, Ms. Kniss, Ms. Murphy

c. Accept **Network Detection and Prevention Update**

It was moved, seconded, and unanimously approved to accept the Network Detection and Prevention Update.

Motion: Ms. Murphy

Second: Ms. Kniss

Ayes: Ms. Alvarado, Mr. Brownstein, Mr. Cameron, Ms. Kniss, Ms. Murphy

4. **Strategic Planning Update**

Bobbie Wunsch, Pacific Health Consulting Group, introduced the strategic planning topics for discussion, and noted Committee input would be incorporated in the documents presented at the upcoming Board Strategic Planning Session on March 11, 2021.

Ms. Tomcala provided descriptions of the various strategic planning elements, and reviewed options for the new Vision, a draft Mission statement, and proposed Values. She noted the aim was to be succinct and meaningful. Ms. Tomcala confirmed that input from a staff survey was reflected in the proposed draft, as well as prior feedback from this Committee.

Discussion ensued regarding the Committee's perspectives and suggested edits to the Vision, Mission, and Values statements.

Ms. Wunsch presented the 2021-2023 Strategic Plan, noting three goals—Community Health Leadership, Quality, Access & Equity, and Organizational Excellence—and related strategies and success measures. The Committee provided suggested changes to the Strategic Plan.

Ms. Wunsch also shared a draft agenda for the March 11, 2021 Strategic Planning Session. She indicated further edits reflecting suggestions received at that Special Governing Board meeting would be incorporated in the planning documents, and updated drafts would be offered for consideration and approval at the March 25, 2021 Governing Board meeting.

4. **CEO Update**

Ms. Tomcala presented the updated SCFHP COVID-19 Summary, noting 4,945 members have tested positive, 1,736 have been hospitalized, and 181 are deceased (94 SNF and 87 non-SNF), representing 10% of County-reported deaths, while total membership equals approximately 12% of the County population.

Ms. Tomcala reported that 23,752 members have received a first vaccination dose, and 4,158 have received the second dose. Ms. Tomcala stated the Plan is collaborating with the Santa Clara County Public Health Department (SCCPHD) on a co-branded flier about how to get a vaccine and access transportation. SCFHP also is conducting outreach calls to 6,300 high-risk members 65+ to assist with appointment scheduling and

transportation. We are working with the public health department, utilizing a reserved block of appointments to help our most vulnerable members receive the vaccine. There was an expressed concern and discussion regarding the potential disruption of these efforts given that the State is contracting with a TPA to coordinate vaccine distribution and scheduling going forward.

A breakdown of vaccine uptake by age groups (65+) and ethnicity was provided. Overall, 47.5% of members 75+ have received at least one COVAX dose, compared to 50% countywide.

Ms. Tomcala also shared that Mike Gonzalez, Manager, Community Resource Center, is co-chairing the Health Care Access and Community Clinic Workgroup with Dolores Alvarado. This is one of the subgroups of the County's Vaccine Community Stakeholders Working Group, which several staff attend.

6. Quality Update

Johanna Liu, Director, Quality & Process Improvement, reported on the CMC Consumer Assessment of Healthcare Providers and Systems Survey (CAHPS), a required member satisfaction survey by the Centers for Medicare and Medicaid Services (CMS). The results impact NCQA accreditation and health plan ratings. Dr. Liu shared the annual 2020 results, which reflect member satisfaction with the health plan and their providers.

Dr. Liu indicated CMS will not be recognizing the 2020 survey submission because of the potential impact of COVID-19, but SCFHP is using the results as part of the continuous quality improvement process. She highlighted the top three performing measures, which include Rating of Drug Plan, Rating of Health Plan, and Rating of Specialist. The lowest three performing measures include Customer Service, Getting Needed Care, and How Well Doctors Communicate. She indicated these are general categories, and some of the questions within those categories are not necessarily intuitive to the category name.

Dr. Liu presented the five overall ratings for the past three years, noting an increase in all of the categories, with four of them showing statistically significant improvement over that time.

Dr. Liu discussed the future impact on Medicare star ratings, and provided a breakdown of scores by demographic segments. She further highlighted focus areas for improvement and general interventions.

7. Government Relations Update

Tyler Haskell, Director of Government Relations, provided an update on the COVID-19 relief legislation under consideration in Congress, as well as an outlook on other legislation later this year. Mr. Haskell also provided updates on the State Budget, CalAIM, and the delayed carve-out of the pharmacy benefit to Fee-For-Service Medi-Cal.

8. COVID Vaccine Transportation Assistance

The COVID Vaccine Transportation Assistance discussion was removed from the agenda.

9. December 2020 Financial Statements

Neal Jarecki, Chief Financial Officer, presented the December 2020 financial statements, which reflected a current month net loss of \$750 thousand (\$25 thousand favorable to budget) and a fiscal year to date net surplus of \$4.8 million (\$3.9 million favorable to budget). Enrollment increased by 2,226 members from the prior month to 271,107 members (1,539 members below budget). Year-to-date membership growth due to COVID-19 has not been as initially-pronounced as budgeted, but will be sustained for a longer period of time due to the continued public health emergency. Revenue reflected a favorable current month variance of \$2.6 million (2.5%) largely due to (1) higher CY20 full-dual Medi-Cal CMC & MLTSS capitation rates versus budget and (2) higher Medi-Cal Non-Dual rates versus budget. Medical Expense reflected an unfavorable current month variance of \$2.4 million largely due to (1) Medi-Cal capitation expenses in excess of budget, related to the retroactive capitation rate updates from DHCS, and (2) certain fee-for-service expenses in excess of budget, some of which are related to COVID. Administrative Expense reflected a favorable current month variance of \$264 thousand (4.5%) due higher personnel expenses offset by the timing of certain non-

personnel expenses. The balance sheet reflected a Current Ratio of 1.25:1, versus the minimum required by DMHC of 1.00:1. Tangible Net Equity of \$213.4 million, which represented approximately two months of the Plan's total expenses, included unrestricted net assets of \$168 million. Year-to-date capital investments of \$3.2 million were made, predominately construction expenses of the Blanca Alvarado Community Resource Center.

It was moved, seconded, and the December 2020 Financial Statements were **unanimously approved.**

Motion: Ms. Kniss

Second: Mr. Cameron

Ayes: Ms. Alvarado, Mr. Brownstein, Mr. Cameron, Ms. Kniss, Ms. Murphy

10. Adjournment

The meeting was adjourned at 1:28 pm.

Susan G. Murphy, Secretary

POLICY

Policy Title:	Skilled Nursing Facility	Policy No.:	CL.04 v2
Replaces Policy Title (if applicable):	Skilled Nursing Facility	Replaces Policy No. (if applicable):	CL044
Issuing Department:	Claims	Policy Review Frequency:	Annual
Lines of Business (check all that apply):	<input checked="" type="checkbox"/> Medi-Cal	<input checked="" type="checkbox"/> CMC	

I. Purpose

To accurately process claims regarding Skilled Nursing Facilities (SNF) in accordance with State and Federal regulatory requirements, and contractual obligations.

II. Policy

A. Timeframes

1. Contracted Providers

- a. Medi-Cal: For Medi-Cal SNF claims from contracted providers, Santa Clara Family Health Plan (SCFHP) shall pay at least ninety percent (90%) of all clean claims within thirty (30) calendar days, and ninety-nine (99%) within ninety (90) calendar days of the date of receipt of the claims.
- b. Cal Medi-Connect: For Cal Medi-Connect (CMC) SNF Claims from contracted providers, SCFHP shall pay all claims within thirty (30) calendar days of the date of receipt.

2. Non-Contracted Providers

- a. Medi-Cal: For Medi-Cal claims regarding SNF from non-contracted providers, SCFHP shall pay ninety-five percent (95%) of all clean claims within forty-five (45) working days (sixty-two (62) calendar days) of the date of receipt.
- b. Cal Medi-Connect: For CMC claims regarding SNF from non-contracted providers, SCFHP shall pay all claims within thirty (30) calendar days of the date of receipt.

POLICY

B. Date of Receipt

The date of receipt shall be the working day when a claim, by physical or electronic means, is first delivered to either the Plan's specified claims payment office, post office box, or designated claims processor, or to the Plan's capitated provider for that claim.

C. Date of Payment

The date of payment shall be the date of the check.

D. Clean Claim

A claim is considered to be a clean claim when a claim is complete and accurate with a claim form that includes all provider and member information, as well as medical records, additional information, or documents needed from the member or provider to enable SCFHP to process the claim.

E. Reimbursement Rates

1. Contracted Providers

Contracted Providers shall be paid in accordance with their applicable contract.

2. Non-Contracted Providers

- a. Medi-Cal: Non-contracted providers will be paid for covered services at not less than 100% of the Medi-Cal FFS rates.
- b. CMC: In area Non-contracted providers will be paid for covered services at not less than 100% of Medicare FFS rates.
- c. CMC: Out of area non-contracted providers will be paid at Medicare Patient Driven Payment Model (PDPM) rates that are not less than the recognized rates under CMS Medicare.

III. Responsibilities

Utilization Management (UM) is responsible for determining the member's appropriate level of care with the facility based on clinical information presented at the time of admission and ongoing review. In the event that services require prior authorization, UM is to enter authorizations in the UM module of the system for Medi-Cal and CMC members.

The Claims Department is responsible for ensuring applicable rates and interest payments are calculated accurately, applied correctly, and processed timely.

POLICY

In accordance with SCFHP Confidentiality Policy, and all applicable State and Federal laws, any and all information that is required to be kept confidential, shall be kept confidential.

The Claims Department will retain copies of all interest and penalty payments in accordance with SCFHP's Records Retention Policy.

IV. References

Title 28, California Code of Regulations, Section 1300.71

Geographic Managed Care (GMC) Contract

California W&I Code § 14186.3 (c)(5)

Health and Safety Code (H&S) §§ 1371-1371.36

W&I Code § 14132.276 (b) and (c)

W&I Code § 14186.1 (c)(4)

Title 22 California Code of Regulations (CCR), § 72520

Title 22 (CCR) §§ 51535 and 51535.1

Medi-Cal SNF Provider Manual, Share of Cost

Medicare Claims Processing Manual Chapter 6 and 7

<http://www.cms.gov/Regulations-and-Guidance/Manuals/Internet-Only-Manuals-IOMs-Items/CMS018912.html>

Medicare Benefit Policy Manual Chapter 8

<http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/bp102c08.pdf>

POLICY

V. Approval/Revision History

First Level Approval		Second Level Approval		
Arlene Bell Director, Claims		Neal Jarecki Chief Financial Officer		
Date		Date		
Version Number	Change (Original/ Reviewed/ Revised)	Reviewing Committee (if applicable)	Committee Action/Date (Recommend or Approve)	Board Action/Date (Approve or Ratify)
1	Original			8/26/2016
2	Revised	Executive/Finance	Recommend	4/22/2021

POLICY

Policy Title:	Long Term Care	Policy No.:	CL.05 v2
Replaces Policy Title (if applicable):	N/A	Replaces Policy No. (if applicable):	New
Issuing Department:	Claims	Policy Review Frequency:	Annual
Lines of Business (check all that apply):	<input checked="" type="checkbox"/> Medi-Cal	<input checked="" type="checkbox"/> CMC	

I. Purpose

To accurately process claims regarding Long Term Care (LTC) facilities in accordance with State and Federal regulatory requirements.

II. Policy

A. Timeframes

1. Contracted Providers

- a. Medi-Cal: For Medi-Cal LTC claims from contracted providers, Santa Clara Family Health Plan (SCFHP) shall pay at least ninety percent (90%) of all clean claims within thirty (30) calendar days, and ninety-nine (99%) within ninety (90) calendar days of the date of receipt.
- b. Cal Medi-Connect: For Cal Medi-Connect (CMC) LTC claims from contracted providers, SCFHP shall pay all claims within thirty (30) calendar days of the date of receipt.

2. Non-Contracted Providers

- a. Medi-Cal: For Medi-Cal claims regarding SNF from non-contracted providers, SCFHP shall pay ninety-five percent (95%) of all clean claims within forty-five (45) working days (sixty-two (62) calendar days) of the date of receipt.
- b. Cal Medi-Connect: For CMC LTC claims from non-contracted providers, SCFHP shall pay all clean claims within thirty (30) calendar days of the date of receipt.

B. Date of Receipt

The date of receipt shall be the working day when a claim, by physical or electronic means, is first delivered to either the Plan's specified claims payment office, post office box, or designated claims processor, or to the Plan's capitated provider for that claim.

POLICY

C. Date of Payment

The date of payment shall be the date of the check.

D. Clean Claim

A claim is considered to be a clean claim when a claim is complete and accurate with a claim form that includes all provider and member information, as well as medical records, additional information, or documents needed from the member or provider to enable SCFHP to process the claim.

E. Reimbursement Rates

1. Contracted Providers

Contracted Providers shall be paid in accordance with their applicable contract.

2. Non-Contracted Providers

- a. Medi-Cal: Non-contracted providers are paid for covered services at not less than 100% of the Medi-Cal FFS rates.
- b. CMC: Non-contracted providers are paid for covered services at not less than 100% of the Medi-Cal FFS rates.

III. Responsibilities

The Claims Department is responsible for ensuring applicable rates and interest payments are calculated accurately, applied correctly, and processed timely.

UM is responsible to determine the member's appropriate level of care with the facility based on clinical information presented at the time of admission and ongoing review. In the event of services that require prior authorization, UM is to enter authorizations in the UM module of the system for Medi-Cal and CMC members.

In accordance with SCFHP Confidentiality Policy, and all applicable State and Federal laws, any and all information that is required to be kept confidential, shall be kept confidential.

The Claims Department will retain copies of all interest and penalty payments in accordance with SCFHP's Records Retention Policy.

POLICY

IV. References

Title 28, California Code of Regulations, Section 1300.71
 W&I Code § 14186.3 (c)(5)
 Health and Safety Code (H&S) §§ 1371-1371.36
 W&I Code § 14132.276 (b) and (c)
 W&I Code § 14186.1 (c)(4)
 Title 22 California Code of Regulations (CCR), § 72520
 Title 22 (CCR) §§ 51535 and 51535
 Medi-Cal LTC Provider Manual, Share of Cost
www.medicare.gov
 DHCS.ca.gov
 CCR, Title 22, Section 51511 (a) (3)

V. Approval/Revision History

First Level Approval		Second Level Approval		
Arlene Bell Director, Claims		Neal Jarecki Chief Financial Officer		
Date		Date		
Version Number	Change (Original/ Reviewed/ Revised)	Reviewing Committee (if applicable)	Committee Action/Date (Recommend or Approve)	Board Action/Date (Approve or Ratify)
V1	Original			08/26/2016
V2	Revised	Executive/Finance	Recommend	04/22/2021

POLICY

Policy Title:	General Physician/Professional Services	Policy No.:	CL.08 v3
Replaces Policy Title (if applicable):		Replaces Policy No. (if applicable):	
Issuing Department:	Claims	Policy Review Frequency:	Annual
Lines of Business (check all that apply):	<input checked="" type="checkbox"/> Medi-Cal	<input checked="" type="checkbox"/> CMC	

I. Purpose

To accurately process claims regarding general physician or professional services in accordance with State and Federal regulatory requirements, and contractual obligations.

II. Policy

A. Timeframes

1. Contracted Providers

- a. **Medi-Cal:** For Medi-Cal claims regarding general physician or professional services from contracted providers, Santa Clara Family Health Plan (SCFHP) shall pay ninety-five percent (95%) of all clean claims within forty-five (45) working days of the date of receipt.
- b. **Cal Medi-Connect:** For Cal Medi-Connect (CMC) claims regarding general physician or professional services from contracted providers, SCFHP shall pay all clean claims within sixty (60) calendar days of the date of receipt.

2. Non-Contracted Providers

- a. **Medi-Cal:** For Medi-Cal claims regarding general physician or professional services from non-contracted providers, SCFHP shall pay ninety-five percent (95%) of all clean claims within forty-five (45) working days of the date of receipt.
- b. **Cal Medi-Connect:** For CMC claims regarding general physician or professional services from non-contracted providers, SCFHP shall pay all clean claims within thirty (30) calendar days of the date of receipt.

3. Date of Receipt

The date of receipt shall be the working day when a claim, by physical or electronic means, is first delivered to either the Plan's specified claims payment office, post office box, or designated

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claims processor, or to the Plan's capitated provider for that claim.

4. Date of Payment

The date of payment shall be the date of the check.

5. Clean Claim

A claim is considered to be a clean claim when a claim is complete and accurate with a claim form that includes all provider and member information, as well as medical records, additional information, or documents needed from the member or provider to enable SCFHP to process the claim.

B. Reimbursement Rates

1. Contracted Providers

Contracted Providers shall be paid in accordance with their applicable contract.

2. Non-Contracted Providers

a. Medi-Cal: Non-contracted providers will be paid for covered services at not less than 100% of the Medi-Cal FFS rates.

b. CMC: Non-contracted providers will be paid for covered services at not less than 100% of the applicable Medicare FFS rates.

III. Responsibilities

A. Utilization Management (UM) is responsible for determining the medical necessity of services. In the event of services that require prior authorization, UM is to enter authorizations in the UM module of the system for Medi-Cal and CMC members.

B. The Claims Department is responsible for ensuring applicable professional rates and interest payments are calculated accurately, applied correctly, and processed timely.

C. The Claims Department is responsible for running daily claims pend reports to monitor and track timely processing compliance for all claims.

D. In accordance with SCFHP Confidentiality Policy, and all applicable State and Federal laws, any and all information that is required to be kept confidential, shall be kept confidential.

E. The Claims Department will retain copies of all interest and penalty payments in accordance with SCFHP's Records Retention Policy.

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IV. References

Title 28, California Code of Regulations, Section 1300.71
 GMC Contract
 Medi-Cal Provider Manual, Share of Cost
 Medicare Claims Processing Chapter 12

V. Approval/Revision History

First Level Approval		Second Level Approval		
Arlene Bell Director, Claims		Neal Jarecki Chief Financial Officer		
Date		Date		
Version Number	Change (Original/ Reviewed/ Revised)	Reviewing Committee (if applicable)	Committee Action/Date (Recommend or Approve)	Board Action/Date (Approve or Ratify)
1	Original 08/23/2016	N/A	N/A	N/A
2	Revised 02/19/2020	N/A	N/A	N/A
3	Revised	Executive/Finance	Recommend	04/22/2021

POLICY

Policy Title:	Ambulatory Surgery Center (ASC)	Policy No.:	CL.11 v2
Replaces Policy Title (if applicable):		Replaces Policy No. (if applicable):	
Issuing Department:	Claims	Procedure Review Frequency:	Annually
Lines of Business (check all that apply):	<input checked="" type="checkbox"/> Medi-Cal	<input checked="" type="checkbox"/> CMC	

I. Purpose

To accurately process claims regarding Ambulatory Surgery Center (ASC) services in accordance with State and Federal regulatory requirements, and contractual obligations.

II. Policy

A. Timeframes

1. Contracted Providers

- a. **Medi-Cal:** For Medi-Cal claims regarding ASC services from contracted providers, Santa Clara Family Health Plan (SCFHP) shall pay ninety-five percent (95%) of all clean claims within forty-five (45) working days of the date of receipt.
- b. **Cal Medi-Connect:** For Cal Medi-Connect (CMC) claims regarding ASC services from contracted providers, SCFHP shall pay all clean claims within sixty (60) calendar days of the date of receipt.

2. Non-Contracted Providers

- a. **Medi-Cal:** For Medi-Cal claims regarding ASC services from non-contracted providers, SCFHP shall pay ninety-five percent (95%) of all clean claims within forty-five (45) working days of the date of receipt.
- b. **Cal Medi-Connect:** For CMC claims regarding ASC services from non-contracted providers, SCFHP shall pay all clean claims within thirty (30) calendar days of the date of receipt.

3. Date of Receipt

The date of receipt shall be the working day when a claim, by physical or electronic means, is first delivered to either the Plan's specified claims payment office, post office box, or designated

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claims processor, or to the Plan's capitated provider for that claim.

4. Date of Payment

The date of payment shall be the date of the check.

5. Clean Claim

A claim is considered to be a clean claim when a claim is complete and accurate with a claim form that includes all provider and member information, as well as medical records, additional information, or documents needed from the member or provider to enable SCFHP to process the claim.

B. Reimbursement Rates

1. Contracted Providers

Contracted Providers shall be paid in accordance with their applicable contract.

2. Non-Contracted Providers

- a. Medi-Cal: Non-contracted providers will be paid for covered services at not less than 100% of the Medi-Cal FFS rates.
- b. CMC: Non-contracted providers will be paid for covered services at not less than 100% of the applicable Medicare FFS rates.

III. Responsibilities

- A. Utilization Management (UM) is responsible for determining the medical necessity of services. In the event of services that require prior authorization, UM is to enter authorizations in the UM module of the system for Medi-Cal and CMC members.
- B. The Claims Department is responsible for ensuring applicable ASC rates and interest payments are calculated accurately, applied correctly, and processed timely
- C. In accordance with SCFHP Confidentiality Policy, and all applicable State and Federal laws, any and all information that is required to be kept confidential, shall be kept confidential.
- D. The Claims Department will retain copies of all interest and penalty payments in accordance with SCFHP's Records Retention Policy.

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IV. References

Title 28, California Code of Regulations, Section 1300.71

Title 22, California Code of Regulations, Sections 51509 and 51509.1

Medicare Claims Processing Manual Chapter 14 - Ambulatory Surgical Centers

<http://www.cms.gov/Regulations-andGuidance/Guidance/Manuals/downloads>

<https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ASCPayment/archive.html>

V. Approval/Revision History

First Level Approval		Second Level Approval		
Arlene Bell Director, Claims		Neal Jarecki Chief Financial Officer		
Date		Date		
Version Number	Change (Original/ Reviewed/ Revised)	Reviewing Committee (if applicable)	Committee Action/Date (Recommend or Approve)	Board Action/Date (Approve or Ratify)
1	Original 08/26/2016			
2	Revised	Executive/Finance	Recommend	04/22/2021

POLICY

Policy Title:	Processing of Radiology Claims	Policy No.:	CL.14 v2
Replaces Policy Title (if applicable):		Replaces Policy No. (if applicable):	
Issuing Department:	Claims	Procedure Review Frequency:	Annual
Lines of Business (check all that apply):	<input checked="" type="checkbox"/> Medi-Cal	<input checked="" type="checkbox"/> CMC	

I. Purpose

To accurately process claims related to radiology services in accordance with State and Federal regulatory requirements.

II. Policy

A. Timeframes

1. Contracted Providers

- a. **Medi-Cal:** For Medi-Cal claims regarding radiology services from contracted providers, Santa Clara Family Health Plan (SCFHP) shall pay ninety-five percent (95%) of all clean claims within forty-five (45) working days of the date of receipt.
- b. **Cal Medi-Connect:** For Cal Medi-Connect (CMC) claims regarding radiology services from contracted providers, SCFHP shall pay all clean claims within sixty (60) calendar days of the date of receipt.

2. Non-Contracted Providers

- a. **Medi-Cal:** For Medi-Cal claims regarding radiology services from non-contracted providers, SCFHP shall pay ninety-five percent (95%) of all clean claims within forty-five (45) working days of the date of receipt.
- b. **Cal Medi-Connect:** For CMC claims regarding radiology services from non-contracted providers, SCFHP shall pay all clean claims within thirty (30) calendar days of the date of receipt.

3. Date of Receipt

The date of receipt shall be the working day when a claim, by physical or electronic means, is first

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delivered to either the Plan's specified claims payment office, post office box, or designated claims processor, or to the Plan's capitated provider for that claim.

4. Date of Payment

The date of payment shall be the date of the check.

5. Clean Claim

A claim is considered to be a clean claim when a claim is complete and accurate with a claim form that includes all provider and member information, as well as medical records, additional information, or documents needed from the member or provider to enable SCFHP to process the claim.

B. Reimbursement Rates

1. Contracted Providers

Contracted Providers shall be paid in accordance with their applicable contract.

2. Non-Contracted Providers

- a. Medi-Cal: Non-contracted providers will be paid for covered services at not less than 100% of the Medi-Cal FFS rates.
- b. CMC: Non-contracted providers will be paid for covered services at not less than 100% of the applicable Medicare FFS rates.

III. Responsibilities

- A. Utilization Management (UM) is responsible for determining the medical necessity of services. In the event of services that require prior authorization, UM is to enter authorizations in the UM module of the system for Medi-Cal and CMC members.
- B. The Claims Department is responsible for ensuring applicable radiology rates and interest payments are calculated accurately, applied correctly, and processed timely.
- C. The Claims Department is responsible for running daily claims pend reports to monitor and track timely processing compliance for all claims.
- D. In accordance with SCFHP Confidentiality Policy, and all applicable State and Federal laws, any and all information that is required to be kept confidential, shall be kept confidential.

POLICY

- E. The Claims Department will retain copies of all interest and penalty payments in accordance with SCFHP's Records Retention Policy.

IV. References

Title 28, California Code of Regulations, Section 1300.71

www.Medi-Cal.ca.gov – Radiology Services, Radiology Diagnostic and Radiology Nuclear Medicine and Medicare Chapter 13 – Radiology Services and Other Diagnostic Procedures -
<https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c13.pdf>

Medi-Cal Provider Manual, Share of Cost

Medicare Claims Processing Manual Chapter 13 - Radiology Services and Other Diagnostic Procedures
<https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c13.pdf>

V. Approval/Revision History

First Level Approval		Second Level Approval		
Arlene Bell Director, Claims		Neal Jarecki Chief Financial Officer		
Date		Date		
Version Number	Change (Original/ Reviewed/ Revised)	Reviewing Committee (if applicable)	Committee Action/Date (Recommend or Approve)	Board Action/Date (Approve or Ratify)
1	Original			08/26/2016
2	Revised			04/08/2021

POLICY

Policy Title:	Processing of Anesthesia Claims	Policy No.:	CL.15 v2
Replaces Policy Title (if applicable):		Replaces Policy No. (if applicable):	
Issuing Department:	Claims	Procedure Review Frequency:	Annual
Lines of Business (check all that apply):	<input checked="" type="checkbox"/> Medi-Cal	<input checked="" type="checkbox"/> CMC	

I. Purpose

To accurately process claims related to anesthesia in accordance with State and Federal regulatory requirements.

II. Policy

A. Timeframes

1. Contracted Providers

- a. Medi-Cal: For Medi-Cal claims related to anesthesia from contracted providers, Santa Clara Family Health Plan (SCFHP) shall pay ninety-five percent (95%) of all clean claims within forty-five (45) working days of the date of receipt.
- b. Cal Medi-Connect: For Cal Medi-Connect (CMC) claims related to anesthesia from contracted providers, SCFHP shall pay all clean claims within sixty (60) calendar days of the date of receipt.

2. Non-Contracted Providers

- a. Medi-Cal: For Medi-Cal claims related to anesthesia from non-contracted providers, SCFHP shall pay ninety-five percent (95%) of all clean claims within forty-five (45) working days of the date of receipt.
- b. Cal Medi-Connect: For CMC claims related to anesthesia from non-contracted providers, SCFHP shall pay all clean claims within thirty (30) calendar days of the date of receipt.

3. Date of Receipt

The date of receipt shall be the working day when a claim, by physical or electronic means, is first

POLICY

delivered to either the Plan's specified claims payment office, post office box, or designated claims processor, or to the Plan's capitated provider for that claim.

4. Date of Payment

The date of payment shall be the date of the check.

5. Clean Claim

A claim is considered to be a clean claim when a claim is complete and accurate with a claim form that includes all provider and member information, as well as medical records, additional information, or documents needed from the member or provider to enable SCFHP to process the claim.

B. Reimbursement Rates

1. Contracted Providers

Contracted Providers shall be paid in accordance with their applicable contract.

2. Non-Contracted Providers

- a. Medi-Cal: Non-contracted providers will be paid for covered services at not less than 100% of the Medi-Cal FFS rates
- b. CMC: Non-contracted providers will be paid for covered services at not less than 100% of the applicable Medicare FFS rates.

III. Responsibilities

- A. Utilization Management (UM) is responsible for determining the medical necessity of services. In the event of services that require prior authorization, UM is to enter authorizations in the UM module of the system for Medi-Cal and CMC members.
- B. The Claims Department is responsible for ensuring applicable anesthesia rates and interest payments are calculated accurately, applied correctly, and processed timely.
- C. The Claims Department is responsible for running daily claims pend reports to monitor and track timely processing compliance for all claims.
- D. In accordance with SCFHP Confidentiality Policy, and all applicable State and Federal laws, any and all information that is required to be kept confidential, shall be kept confidential.
- E. The Claims Department will retain copies of all interest and penalty payments in accordance with SCFHP's Records Retention Policy.

POLICY

IV. References

Title 28, California Code of Regulations, Section 1300.71

www.Medi-Cal.ca.gov – Anesthesia Services

Medicare Claims Processing Manual Chapter 12, Sections 50, 140.3.2, 140.4.2, 140.4.4 and 140.5
<https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c13.pdf>

American Society of Anesthesia (ASA) www.asahq.org

V. Approval/Revision History

First Level Approval		Second Level Approval		
Arlene Bell Director, Claims		Neal Jarecki Chief Financial Officer		
Date		Date		
Version Number	Change (Original/ Reviewed/ Revised)	Reviewing Committee (if applicable)	Committee Action/Date (Recommend or Approve)	Board Action/Date (Approve or Ratify)
1	Original 08/26/2016			
2	Revised	Executive/Finance	Recommend	04/22/2021

POLICY

Policy Title:	Processing of Drugs and Biologicals Claims	Policy No.:	CL.16 v2
Replaces Policy Title (if applicable):		Replaces Policy No. (if applicable):	CL.16 v1
Issuing Department:	Claims	Procedure Review Frequency:	Annual
Lines of Business (check all that apply):	<input checked="" type="checkbox"/> Medi-Cal	<input checked="" type="checkbox"/> CMC	

I. Purpose

To accurately process claims related to drugs and biologicals in accordance with State and Federal regulatory requirements.

II. Policy

A. Timeframes

1. Contracted Providers

- a. **Medi-Cal:** For Medi-Cal claims related to drugs and biologicals from contracted providers, Santa Clara Family Health Plan (SCFHP) shall pay ninety-five percent (95%) of all clean claims within forty-five (45) working days of the date of receipt.
- b. **Cal Medi-Connect:** For Cal Medi-Connect (CMC) claims related to drugs and biologicals from contracted providers, SCFHP shall pay all clean claims within sixty (60) calendar days of the date of receipt.

2. Non-Contracted Providers

- a. **Medi-Cal:** For Medi-Cal claims related to drugs and biologicals from non-contracted providers, SCFHP shall pay ninety-five percent (95%) of all clean claims within forty-five (45) working days of the date of receipt.
- b. **Cal Medi-Connect:** For CMC claims related to drugs and biologicals from non-contracted providers, SCFHP shall pay all clean claims within thirty (30) calendar days of the date of receipt.

POLICY

3. Date of Receipt

The date of receipt shall be the working day when a claim, by physical or electronic means, is first delivered to either the Plan's specified claims payment office, post office box, or designated claims processor, or to the Plan's capitated provider for that claim.

4. Date of Payment

The date of payment shall be the date of the check.

5. Clean Claim

A claim is considered to be a clean claim when a claim is complete and accurate with a claim form that includes all provider and member information, as well as medical records, additional information, or documents needed from the member or provider to enable SCFHP to process the claim.

B. Reimbursement Rates

1. Contracted Providers

Contracted Providers shall be paid in accordance with their applicable contract.

2. Non-Contracted Providers

- a. Medi-Cal: Non-contracted providers will be paid for covered services at not less than 100% of the Medi-Cal FFS rates.
- b. CMC: Non-contracted providers will be reimbursed at 106% of the applicable Medicare Average Sales Price (ASP) rates.

III. Responsibilities

- A. Utilization Management (UM) is responsible for determining the medical necessity of services. In the event of services that require prior authorization, UM is to enter authorizations in the UM module of the system for Medi-Cal and CMC members.
- B. The Claims Department is responsible for ensuring applicable radiology rates and interest payments are calculated accurately, applied correctly, and processed timely.
- C. The Claims Department is responsible for running daily claims pend reports to monitor and track timely processing compliance for all claims.
- D. In accordance with SCFHP Confidentiality Policy, and all applicable State and Federal laws, any and all information that is required to be kept confidential, shall be kept confidential.

POLICY

- E. The Claims Department will retain copies of all interest and penalty payments in accordance with SCFHP's Records Retention Policy.

IV. References

Title 28, California Code of Regulations, Section 1300.71

www.Medi-Cal.ca.gov – Drugs and Biologicals Services and any related provider manual policies.

Medicare Claims Processing Manual Chapter 17 - Drugs and biologicals

V. Approval/Revision History

First Level Approval		Second Level Approval		
Arlene Bell Director, Claims		Neal Jarecki Chief Financial Officer		
Date		Date		
Version Number	Change (Original/ Reviewed/ Revised)	Reviewing Committee (if applicable)	Committee Action/Date (Recommend or Approve)	Board Action/Date (Approve or Ratify)
1	Original 08/26/2016	NA	NA	
2	Revised	Executive/Finance	Recommend	04/22/2021

POLICY

Policy Title:	Processing of Durable Medical Equipment, Orthotics, and Prosthetics Claims	Policy No.:	CL.17 v2
Replaces Policy Title (if applicable):		Replaces Policy No. (if applicable):	CL.17 v1
Issuing Department:	Claims	Procedure Review Frequency:	Annual
Lines of Business (check all that apply):	<input checked="" type="checkbox"/> Medi-Cal	<input checked="" type="checkbox"/> CMC	

I. Purpose

To accurately process claims related to Durable Medical Equipment (DME) in accordance with State and Federal regulatory requirements.

II. Policy

A. Timeframes

1. Contracted Providers

- a. **Medi-Cal:** For Medi-Cal claims regarding DME from contracted providers, Santa Clara Family Health Plan (SCFHP) shall pay ninety-five percent (95%) of all clean claims within forty-five (45) working days of the date of receipt.
- b. **Cal Medi-Connect:** For Cal Medi-Connect (CMC) claims regarding DME from contracted providers, SCFHP shall pay all clean cleans within sixty (60) calendar days of the date of receipt.

2. Non-Contracted Providers

- a. **Medi-Cal:** For Medi-Cal claims regarding DME from non-contracted providers, SCFHP shall pay ninety-five percent (95%) of all clean claims within forty-five (45) working days of the date of receipt.
- b. **Cal Medi-Connect:** For CMC claims regarding DME from non-contracted providers, SCFHP shall pay all clean cleans within thirty (30) calendar days of the date of receipt.

3. Date of Receipt

The date of receipt shall be the working day when a claim, by physical or electronic means, is first

POLICY

delivered to either the Plan's specified claims payment office, post office box, or designated claims processor, or to the Plan's capitated provider for that claim.

4. Date of Payment

The date of payment shall be the date of the check.

5. Clean Claim

A claim is considered to be a clean claim when a claim is complete and accurate with a claim form that includes all provider and member information, as well as medical records, additional information, or documents needed from the member or provider to enable SCFHP to process the claim.

B. Reimbursement Rates

1. Contracted Providers

Contracted Providers shall be paid in accordance with their applicable contract.

2. Non-Contracted Providers

- a. Medi-Cal: Non-contracted providers will be paid for covered services at not less than 100% of the Medi-Cal FFS rates.
- b. CMC: Non-contracted providers will be paid for covered services at not less than 100% of the applicable Medicare FFS rates.

III. Responsibilities

- A. Utilization Management (UM) is responsible for determining the medical necessity of services. In the event of services that require prior authorization, UM is to enter authorizations in the UM module of the system for Medi-Cal and CMC members.
- B. The Claims Department is responsible for ensuring applicable DME rates and interest payments are calculated accurately, applied correctly, and processed timely.
- C. The Claims Department is responsible for running daily claims pend reports to monitor and track timely processing compliance for all claims.
- D. In accordance with SCFHP Confidentiality Policy, and all applicable State and Federal laws, any and all information that is required to be kept confidential, shall be kept confidential.
- E. The Claims Department will retain copies of all interest and penalty payments in accordance with SCFHP's Records Retention Policy.

POLICY

IV. References

Title 28, California Code of Regulations, Section 1300.71

www.Medi-Cal.ca.gov – DME Provider Manual Services

Medicare Claims Processing Manual Chapter 20 Durable Medical Equipment, Prosthetics, Orthotics

V. Approval/Revision History

First Level Approval			Second Level Approval	
Arlene Bell Director, Claims			Neal Jarecki Chief Financial Officer	
Date			Date	
Version Number	Change (Original/ Reviewed/ Revised)	Reviewing Committee (if applicable)	Committee Action/Date (Recommend or Approve)	Board Action/Date (Approve or Ratify)
1	Original 08/26/2016	NA	NA	
2	Revised	Executive/Finance	Recommend	04/22/2021

POLICY

Policy Title:	Processing of Home Health Claims	Policy No.:	CL.18 v2
Replaces Policy Title (if applicable):		Replaces Policy No. (if applicable):	CL.18 v1
Issuing Department:	Claims	Procedure Review Frequency:	Annual
Lines of Business (check all that apply):	<input checked="" type="checkbox"/> Medi-Cal	<input checked="" type="checkbox"/> CMC	

I. Purpose

To accurately process claims related to home health (HH) in accordance with State and Federal regulatory requirements, and contractual obligations.

II. Policy

A. Timeframes

1. Contracted Providers

- a. **Medi-Cal:** For Medi-Cal claims regarding home health services from contracted providers, Santa Clara Family Health Plan (SCFHP) shall pay ninety-five percent (95%) of all clean claims within forty-five (45) working days of the date of receipt.
- b. **Cal Medi-Connect:** For Cal Medi-Connect (CMC) claims regarding home health services from contracted providers, SCFHP shall pay all clean cleans within sixty (60) calendar days of the date of receipt.

2. Non-Contracted Providers

- a. **Medi-Cal:** For Medi-Cal claims regarding home health services from non-contracted providers, SCFHP shall pay ninety-five percent (95) of all clean claims within forty-five (45) working days of the date of receipt.
- b. **Cal Medi-Connect:** For CMC claims regarding home health services from non-contracted providers, SCFHP shall pay all clean cleans within thirty (30) calendar days of the date of receipt.

3. Date of Receipt

The date of receipt shall be the working day when a claim, by physical or electronic means, is first delivered to either the Plan's specified claims payment office, post office box, or designated

POLICY

claims processor, or to the Plan's capitated provider for that claim.

4. Date of Payment

The date of payment shall be the date of the check.

5. Clean Claim

A claim is considered to be a clean claim when a claim is complete and accurate with a claim form that includes all provider and member information, as well as medical records, additional information, or documents needed from the member or provider to enable SCFHP to process the claim.

B. Reimbursement Rates

1. Contracted Providers

Contracted Providers shall be paid in accordance with their applicable contract.

2. Non-Contracted Providers

- a. Medi-Cal: Non-contracted providers will be paid for covered services at not less than 100% of the Medi-Cal FFS rates.
- b. CMC: Non-contracted providers will be paid for covered services at not less than 100% of the applicable Medicare FFS rates.

III. Responsibilities

- A. Utilization Management (UM) is responsible for determining the medical necessity of services. In the event of services that require prior authorization, UM is to enter authorizations in the UM module of the system for Medi-Cal and CMC members.
- B. The Claims Department is responsible for ensuring applicable radiology rates and interest payments are calculated accurately, applied correctly, and processed timely.
- C. The Claims Department is responsible for running daily claims pend reports to monitor and track timely processing compliance for all claims.
- D. In accordance with SCFHP Confidentiality Policy, and all applicable State and Federal laws, any and all information that is required to be kept confidential, shall be kept confidential.
- E. The Claims Department will retain copies of all interest and penalty payments in accordance with SCFHP's Records Retention Policy.

POLICY

IV. References

Title 28, California Code of Regulations, Section 1300.71

www.medi-cal.ca.gov – Home Health Services

Medicare Claims Processing Manual Chapter 10 – Home Health

V. Approval/Revision History

First Level Approval		Second Level Approval		
Arlene Bell Director, Claims		Neal Jarecki Chief Financial Officer		
Date		Date		
Version Number	Change (Original/ Reviewed/ Revised)	Reviewing Committee (if applicable)	Committee Action/Date (Recommend or Approve)	Board Action/Date (Approve or Ratify)
1	Original 08/26/2016	NA	NA	
2	Revised	Executive/Finance	Recommend	04/22/2021

POLICY

Policy Title:	Other Health Coverage Cost Avoidance and Post Payment Recovery	Policy No.:	CL.28 v1
Replaces Policy Title (if applicable):	N/A	Replaces Policy No. (if applicable):	N/A
Issuing Department:	Claims	Policy Review Frequency:	Annual
Lines of Business (check all that apply):	<input checked="" type="checkbox"/> Medi-Cal	<input type="checkbox"/> CMC	

I. Purpose

To provide clarification and guidance to Santa Clara Family Health Plan (SCFHP) departments on cost avoidance and post-payment recovery requirements when a Medi-Cal member has other health coverage (OHC).

II. Policy

- A. State law requires Medi-Cal to be the payer of last resort for services in which there is a responsible third party. Medi-Cal members with OHC must utilize their OHC for covered services prior to utilizing their Medi-Cal benefits. Cost avoidance is the practice of requiring providers to bill liable third parties prior to seeking payment from the Medi-Cal program.
- B. SCFHP and its delegates utilize OHC information from the Department of Health Care Services' (DHCS) Medi-Cal Eligibility Record for processing claims, as well as reporting requirements.
- C. Pursuant to federal law, states must take all reasonable measures to determine the legal liability of third parties, and seek reimbursement for covered services for which the third party is liable. This requirement is referred to as post-payment recovery and extends to SCFHP. If SCFHP or its delegates paid a provider claim for which OHC was/is available at the time of service, SCFHP or the delegate engages in post-payment recovery for the reasonable value of the services from the liable third party.

III. Responsibilities

- A. Information Technology (IT) is responsible for loading eligibility and OHC information into the claims system and submitting post payment recovery report.
- B. Claims is responsible for denying claims without explanation of benefits (EOB) from OHC carrier for Medi-Cal members with OHC.
- C. Finance is responsible for post payment recovery of paid claims for Medi-Cal members with OHC, for reporting, and repayment to DHCS of any recovery received on or after the 13th month of original claim payment.

POLICY

D. Enrollment and Eligibility is responsible for verifying eligibility and notifying the state of OHC updates.

IV. References

APL 21-002 - Cost Avoidance and Post-Payment Recovery for Other Health Coverage.

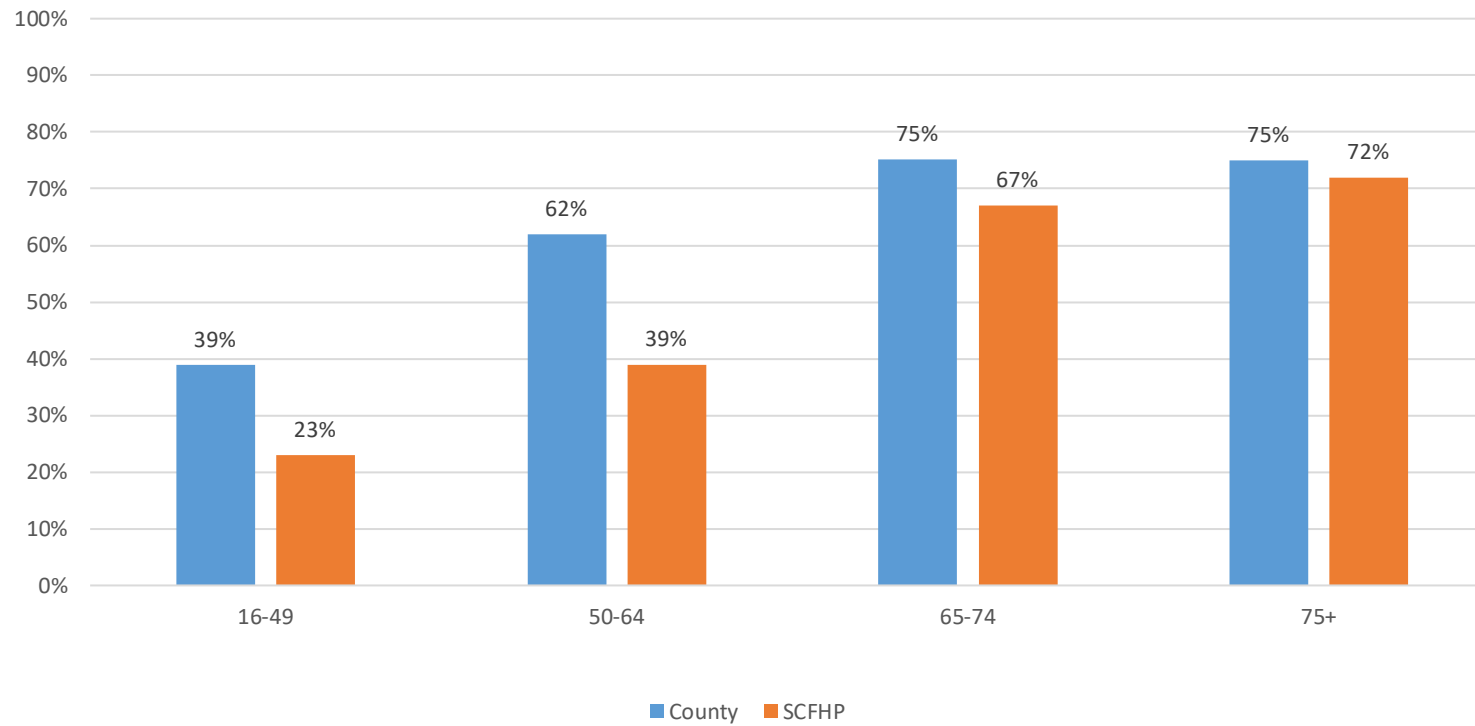
V. Approval/Revision History

First Level Approval		Second Level Approval		
Arlene Bell Director, Claims		Neal Jarecki Chief Financial Officer		
Date		Date		
Version Number	Change (Original/ Reviewed/ Revised)	Reviewing Committee (if applicable)	Committee Action/Date (Recommend or Approve)	Board Action/Date (Approve or Ratify)
1	Original	Executive/Finance	Recommend	4/22/2021

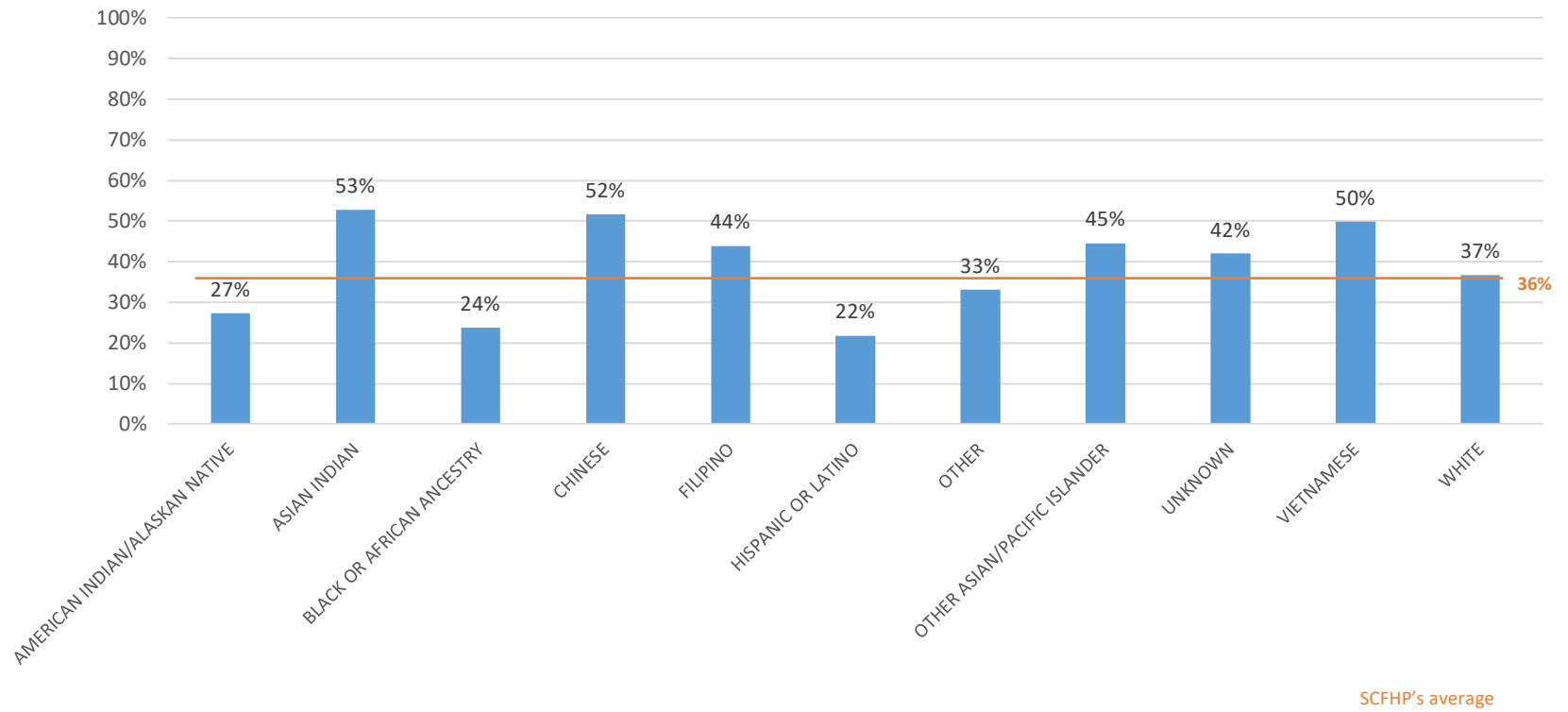
SCFHP COVID-19 Summary – April 13, 2021

Group	Focus Area	Activities and Metrics																								
Members	Statistics	<ul style="list-style-type: none"> • 6,177 members positive • Cumulatively 1,771 members hospitalized • 184 deceased (94 SNF and 90 non-SNF), representing 9% of County-reported total (total membership equals about 12% of the County population) 																								
	Vaccinations	<ul style="list-style-type: none"> • 18,452 members partially vaccinated; 30,956 members fully vaccinated • Mailed flier cobranded with County Public Health Department to 8,230 non-vaccinated Medi-Cal, non-Kaiser, members 65+ with information about how to get vaccinated, including how to access transportation • Planning robocall campaign the week of 4/19 to all non-vaccinated members 16+ to provide vaccine appointment URL and phone number and offer transportation • Planning late April letter to members 16-64 with underlying conditions with information on how to schedule a vaccine appointment, vaccine safety, and transportation • Held two vaccine clinics in early April and vaccinated 300 people at each with single-dose Johnson & Johnson vaccines. 																								
	Skilled Nursing Facilities	<table border="1"> <thead> <tr> <th>SNF</th> <th># Positive</th> <th>Expired</th> <th>Total Beds</th> <th>STAR Rating</th> </tr> </thead> <tbody> <tr> <td>Cedar Crest</td> <td>0</td> <td>6</td> <td>99</td> <td>5</td> </tr> <tr> <td>Mission De La Casa</td> <td>1</td> <td>0</td> <td>163</td> <td>5</td> </tr> <tr> <td>Gilroy Healthcare & Rehabilitation Center</td> <td>1</td> <td>8</td> <td>134</td> <td>4</td> </tr> <tr> <td>Mission Skilled</td> <td>1</td> <td>3</td> <td>133</td> <td>2</td> </tr> </tbody> </table>	SNF	# Positive	Expired	Total Beds	STAR Rating	Cedar Crest	0	6	99	5	Mission De La Casa	1	0	163	5	Gilroy Healthcare & Rehabilitation Center	1	8	134	4	Mission Skilled	1	3	133
SNF	# Positive	Expired	Total Beds	STAR Rating																						
Cedar Crest	0	6	99	5																						
Mission De La Casa	1	0	163	5																						
Gilroy Healthcare & Rehabilitation Center	1	8	134	4																						
Mission Skilled	1	3	133	2																						

Percent of Population Who Received
≥1 COVAX Dose by Age Band, as of 4/10/21



SCFHP Members Who Received ≥1 COVAX Dose by Ethnicity, as of 4/10/21





**Santa Clara Family
Health Plan™**

Provider Payment Solution Vendor Selection

April 16, 2021


Provider Payment Solution

- SCFHP utilizes a vendor to process provider payments and associated notifications
- In order to improve provider satisfaction it was determined that a new, more responsive vendor solution was needed for:
 - Processing payments to providers (electronic and paper);
 - Issuing provider payment notification (835, eRA, paper RAs)
 - Monitoring payments (reporting and analytics)
 - Improving service to providers and increasing adoption of electronic payments & notifications

Project Deliverables and Milestones

- Obtain cross-functional feedback from internal stakeholders
- Develop & distribute RFP
- Receive & review proposals
- Participate in live candidate demonstrations
- Group discussions on proposal and demonstrations
- Obtain network match for each solution
- Conduct reference calls
- Complete vendor scorecard

Vendor Selection Process

January 4, 2021	RFP – Request for Proposal
January 20, 2021	Proposals received from 4 vendors
February 11 - March 9, 2021	Candidate demonstrations
March 5 - March 26, 2021	Candidate reference calls
March 29, 2021	Scorecards submitted by internal stakeholders
March 30, 2021	Scorecards reviewed & recommendation developed
 April 15, 2021	Vendor decision: PaySpan
May - June 2021	Negotiate contract & begin implementation

Scorecard

Scoring 1-3 Score x Weight = Final rating					
	Weight (1-3)	Change Healthcare	Payspan	Zelis	Notes
Implementation Cost	1				
Implementation Length of Time	2				
Provider Support Model (Availability, scope of support)	3				
Solution Utilized by MC/CMC/MA Plans	2				
Funding Mechanism/Model	3				
Platform (single platform, portal)	2				
Reporting & Analytics	3				
Ease of Integration w/ Existing Products	2				
Provider Electronic Adoption Rate	1				
Total		0	0	0	
Additional Considerations/Factors					
Existing Working Relationship					
Quality of Working Relationship					
References					
Total		0	0	0	
Final Score		0	0	0	

Recommended Solution

- **Payspan** scored the highest with stakeholder group.
- Rationale:
 - Solid strategy for provider support and increasing adoption of electronic processes
 - High match rate with SCFHP providers
 - 93% of our providers are in Payspan's network
 - 94% receiving electronic payment
 - Preferred funding mechanism
 - Robust reporting capabilities
 - Single system platform model & ease of use of provider portal
 - Other candidates had 2 platforms for their solution
 - Positive references
 - Understanding of SCFHP's business (existing clients include Medi-Cal and CMC plans)
 - Supports business requirements in terms of flexibility and timeliness of execution

Cost Analysis

Based on pricing as presented in RFP responses, Payspan meets SCFHP's requirements and offers pricing comparable with our current vendor

- Current spend is ~\$111,000 per year (varies based on volume)
- Paper checks/RA
 - Proposal is comparable to current vendor
- Electronic payments/eRA
 - Proposal is comparable to current vendor
 - Increased adoption will reduce overall costs to SCFHP
- Provider Support
 - No charge for outreach, enrollment & training of providers
 - Provider portal use will reduce calls to SCFHP
 - Improvements in the RA/eRA will increase provider satisfaction, reduce calls to SCFHP
- One-time implementation fee
 - Waived with 4-year agreement

Provider Payment Solution

Possible Action

- Authorize Chief Executive Officer to negotiate, execute, amend, and terminate a contract with Payspan based on RFP pricing.



**Santa Clara Family
Health Plan™**

Trizetto NetworX Pricer and Modeler

April 22, 2021

What is NetworX?

- NetworX Pricer and NetworX Modeler is part of the Cognizant line of Trizetto products designed to allow payers to implement more complex contract terms, as well as provide a way to support quick and accurate reimbursement comparisons.

Why NetworX?

- SCFHP currently uses pricing options embedded within QNXT.
- As our contractual agreements with providers and facilities have evolved, and become more complex, it was determined that an integrated solution was needed to:
 - Handle more intricate pricing methods
 - Improve auto-adjudication
 - Improve accuracy of payments
 - Address pain points that are manually corrected

Trizetto NetworX Pricer and Modeler

Cost: \$277,000 (One time Perpetual License fee)/ \$50,000 (Annual Maintenance Fees)

- Only product that integrates with QNXT
- Expands the amount of configurable payment methodologies (from 25 to 350)
 - Allows greater flexibility and options when negotiating provider contract agreements
 - Allows for automation of items that are currently manually handled in QNXT today resulting in higher rate of auto-adjudication, efficiency, and accuracy
- Ability to quickly conduct more robust testing of contract changes
- Ability to easily move contract setup between Test environment and Production environment, reducing implementation time and manual setup errors
- Allows Contracting/Finance to view and compare financial impact of various pricing scenarios
- Produces standard reports of provider contract setup and claims payment

BUDGETED – FY20-21		
Item	Finance	IT
Perpetual License	\$277,000	
Annual Maintenance		\$50,000
Implementation	\$100,000	

TOTAL CLAIMS AFFECTED	TOTAL TIME SAVINGS - Claims	TOTAL DOLLAR SAVINGS - Claims
54,000	850 hrs	\$49,000
TOTAL CLAIMS AFFECTED	TOTAL TIME SAVINGS - Config	TOTAL DOLLAR SAVINGS - Config
	200 hrs	\$12,000

Trizetto NetworX Pricer and Modeler

Possible Action:

- Authorize Chief Executive Officer to negotiate, execute, amend, and terminate a contract amendment with Cognizant at a cost of \$377,000 for the perpetual license fee and implementation, plus \$50,000 for annual maintenance



Santa Clara Family Health Plan™

Questions?



Santa Clara Family
Health Plan™

Unaudited Financial Statements
For The Eight Months Ended February 28, 2021

Agenda

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Financial Highlights



	<u>MTD</u>		<u>YTD</u>	
Revenue	\$110 M		\$836 M	
Medical Expense (MLR)	\$100 M	90.7%	\$779 M	93.2%
Administrative Expense (% Rev)	\$5.7 M	5.2%	\$44.3 M	5.3%
Other Income/(Expense)	\$354K		(\$387K)	
Net Surplus (Net Loss)	\$4.8 M		\$11.9 M	
Cash and Investments			\$362 M	
Receivables			\$651 M	
Total Current Assets			\$1,022 M	
Current Liabilities			\$834 M	
Current Ratio			1.23	
Tangible Net Equity			\$221 M	
% of DMHC Requirement			641.9%	

Financial Highlights

Net Surplus (Net Loss)	<ul style="list-style-type: none"> ▶ Month: Surplus of \$4.8M is \$6.6M or 373.3% favorable to budget of \$1.8M loss. ▶ YTD: Surplus of \$11.9M is \$14.7M or 539.7% favorable to budget of \$2.7M loss.
Enrollment	<ul style="list-style-type: none"> ▶ Month: Membership was 274,988 (2,720 or 1.0% higher than budget of 272,268). ▶ YTD: Member Months YTD was 2,133,922 (23,276 or 1.1% lower than budget of 2,157,198).
Revenue	<ul style="list-style-type: none"> ▶ Month: \$110.3M (\$19.5M or 21.5% favorable to budget of \$90.8M). ▶ YTD: \$836.1M (\$53.4M or 6.8% favorable to budget of \$782.7M).
Medical Expenses	<ul style="list-style-type: none"> ▶ Month: \$100.1M (\$12.6M or 14.4% unfavorable to budget of \$87.5M). ▶ YTD: \$779.4M (\$36.6M or 4.9% unfavorable to budget of \$742.8M).
Administrative Expenses	<ul style="list-style-type: none"> ▶ Month: \$5.7M (\$417K or 7.8% unfavorable to budget of \$5.3M). ▶ YTD: \$44.3M (\$273K or 0.6% favorable to budget of \$44.6M).
Tangible Net Equity	<ul style="list-style-type: none"> ▶ TNE was \$220.6M (represents approximately two months of total expenses).
Capital Expenditures	<ul style="list-style-type: none"> ▶ YTD Capital Investments of \$3.7M vs. \$6.9M annual budget, primarily Community Resource Center.



Santa Clara Family
Health Plan™

Detail Analyses

Enrollment



- Total enrollment of 274,988 members is 2,720 or 1.0% higher than budget. Since the beginning of the fiscal year, total enrollment has increased by 21,113 members or 8.3%.
- Medi-Cal enrollment has been increasing since January 2020, largely COVID enrollment (beginning in March 2020 annual eligibility redeterminations were suspended).
- Since the beginning of the fiscal year, Medi-Cal Non-Dual enrollment has increased 8.8%, Medi-Cal Dual enrollment has increased 3.7%, and CMC enrollment has grown 10.1% also due largely to the suspension of disenrollments.

	For the Month February 2021				For Eight Months Ending February 28, 2021				Prior Year Actuals	Δ FY20 vs. FY21
	Actual	Budget	Variance	Variance (%)	Actual	Budget	Variance	Variance (%)		
Medi-Cal	265,095	262,974	2,121	0.8%	2,057,430	2,083,866	(26,436)	(1.3%)	1,886,396	9.1%
Cal Medi-Connect	9,893	9,294	599	6.4%	76,492	73,332	3,160	4.3%	66,241	15.5%
Total	274,988	272,268	2,720	1.0%	2,133,922	2,157,198	(23,276)	(1.1%)	1,952,637	9.3%

Santa Clara Family Health Plan Enrollment By Network February 2021

Network	Medi-Cal		CMC		Total	
	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total
Direct Contract Physicians	33,180	13%	9,893	100%	43,073	16%
SCVHHS ¹ , Safety Net Clinics, FQHC ² Clinics	132,968	50%	-	0%	132,968	48%
Palo Alto Medical Foundation	7,143	3%	-	0%	7,143	3%
Physicians Medical Group	45,466	17%	-	0%	45,466	17%
Premier Care	15,781	6%	-	0%	15,781	6%
Kaiser	30,557	12%	-	0%	30,557	11%
Total	265,095	100%	9,893	100%	274,988	100%
Enrollment at June 30, 2020	244,888		8,987		253,875	
Net Δ from Beginning of FY21	8.3%		10.1%		8.3%	

¹ SCVHHS = Santa Clara Valley Health & Hospital System

² FQHC = Federally Qualified Health Center

Enrollment By Aid Category

SCFHP TRENDED ENROLLMENT BY COA YTD FEBRUARY-2021

		2020-02	2020-03	2020-04	2020-05	2020-06	2020-07	2020-08	2020-09	2020-10	2020-11	2020-12	2021-01	2021-02	FYTD var	%	
NON DUAL	Adult (over 19)	23,604	23,873	24,051	25,253	26,299	27,066	27,877	28,269	29,181	29,835	30,327	30,750	31,307	5,008	19.0%	
	Child (under 19)	92,248	92,843	93,374	95,145	96,173	96,605	97,359	97,629	98,409	98,930	99,012	99,172	99,377	3,204	3.3%	
	Aged - Medi-Cal Only	10,831	10,753	10,801	11,044	11,207	11,227	11,178	11,229	11,263	11,328	11,385	11,463	11,451	244	2.2%	
	Disabled - Medi-Cal Only	10,854	10,882	10,851	10,902	10,922	10,944	10,910	10,839	10,875	10,830	10,849	10,877	10,847	-75	(0.7%)	
	Adult Expansion	68,372	69,272	70,458	72,546	74,553	76,262	77,701	79,263	80,654	82,060	83,250	84,477	85,477	10,924	14.7%	
	BCCTP	11	11	11	11	11	11	11	11	11	11	11	11	10	10	-1	(9.1%)
	Long Term Care	373	367	380	398	405	402	406	407	409	389	393	388	380	-25	(6.2%)	
	Total Non-Duals	206,293	208,001	209,926	215,299	219,570	222,517	225,442	227,647	230,802	233,383	235,227	237,137	238,849	19,279	8.8%	

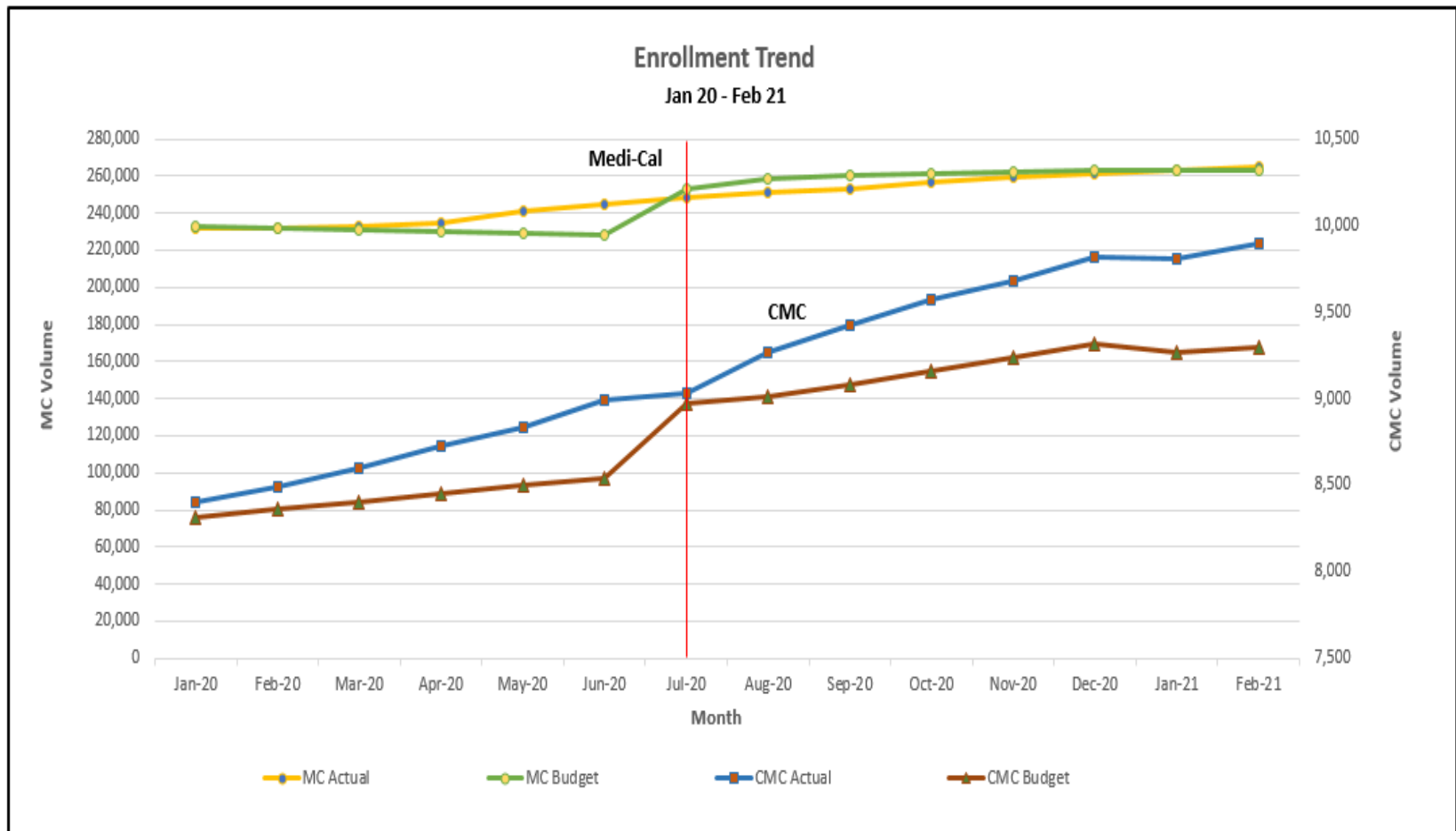
DUAL	Adult (21 Over)	328	320	311	320	321	327	320	337	354	353	353	352	355	34	10.6%
	SPD (21 Over)	23,540	23,541	23,443	23,595	23,508	23,641	23,686	23,654	23,687	23,760	23,988	23,899	24,155	647	2.8%
	Adult Expansion	130	136	134	190	241	261	289	358	410	498	537	590	662	421	174.7%
	Long Term Care	1,257	1,231	1,235	1,252	1,248	1,261	1,267	1,256	1,237	1,208	1,182	1,115	1,074	-174	(13.9%)
	Total Duals	25,255	25,228	25,123	25,357	25,318	25,490	25,562	25,605	25,688	25,819	26,060	25,956	26,246	928	3.7%

Total Medi-Cal	231,548	233,229	235,049	240,656	244,888	248,007	251,004	253,252	256,490	259,202	261,287	263,093	265,095	20,207	8.3%
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CMC	CMC Non-Long Term Care	8,261	8,388	8,511	8,625	8,775	8,814	9,055	9,212	9,360	9,470	9,613	9,614	9,706	931	10.6%
	CMC - Long Term Care	225	213	214	212	212	215	211	216	210	209	207	193	187	-25	(11.8%)
	Total CMC	8,486	8,601	8,725	8,837	8,987	9,029	9,266	9,428	9,570	9,679	9,820	9,807	9,893	906	10.1%

Total Enrollment	240,034	241,830	243,774	249,493	253,875	257,036	260,270	262,680	266,060	268,881	271,107	272,900	274,988	21,113	8.3%
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Enrollment Trend

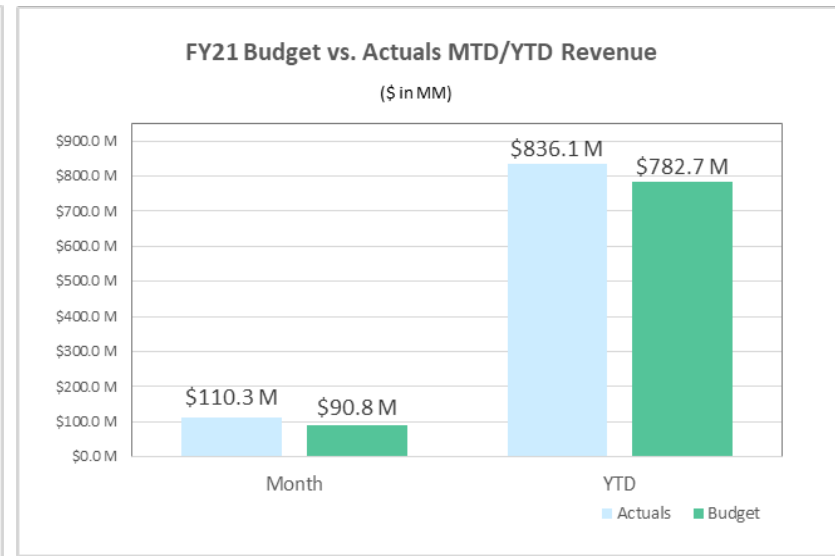
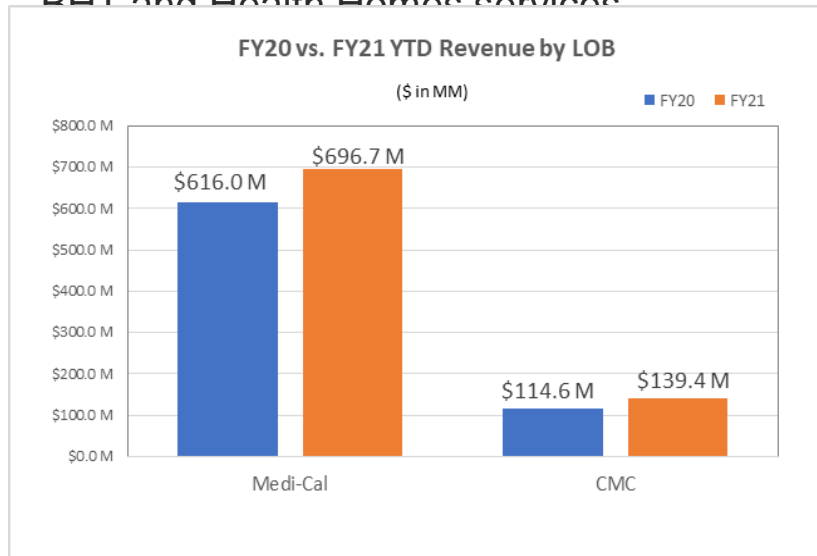


- Budgeted enrollment, represented by the green & red lines, anticipated steep COVID enrollment growth early in the fiscal year followed by a general flattening.
- Actual enrollment, represented by the gold & blue lines, has grown steadily.

Revenue

Current month revenue of \$110.3M is \$19.5M or 21.5% favorable to budget of \$90.8M. The current month variance was primarily due to the following:

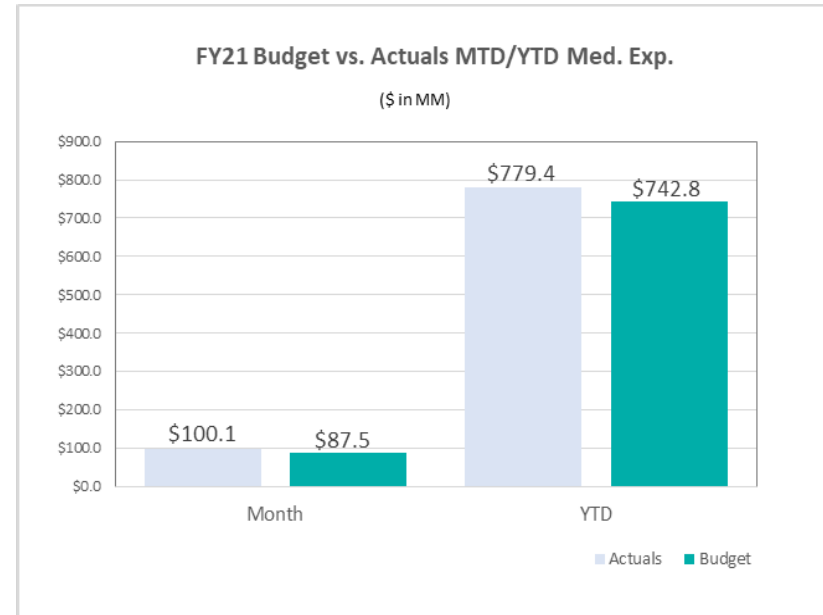
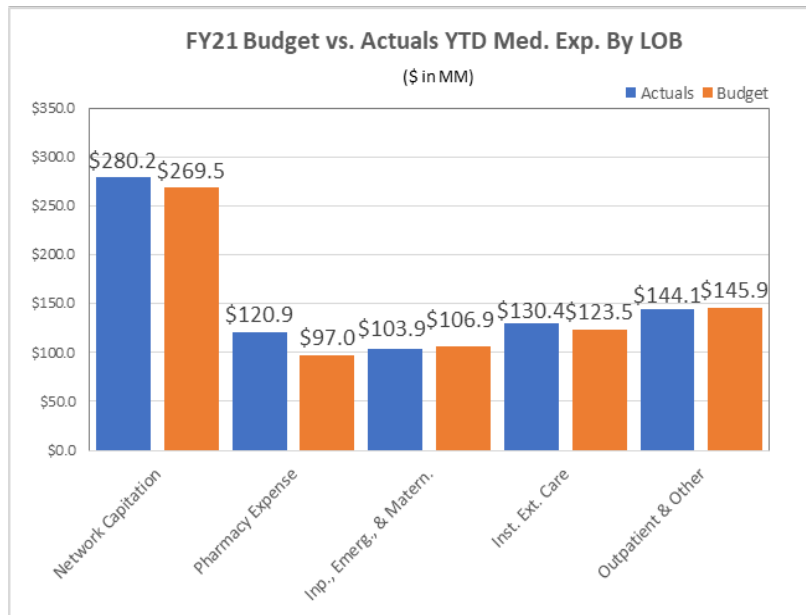
- MCAL Non-Dual revenue is \$15.7M net favorable to budget primarily due to the Rx carve-out suspension (with associated medical expense offset) coupled with FY14 – FY17 retro rates payment, certain CY21 rates higher than budgeted and favorable enrollment variances in certain categories of aid.
- CMC revenue is \$2.1M favorable to budget due to CY15 – CY17 retro rates payment and favorable enrollment to budget.
- MCAL Dual MLTSS revenue is \$1.3M favorable to budget due to higher CY20 rates and higher enrollment than budgeted.
- MCAL Supplemental Kick revenue is \$403K favorable to budget due to increase utilization in BHT and Health Homes services.



Medical Expense

Current month medical expense of \$100.1M is \$12.6M or 14.4% unfavorable to budget of \$87.5M. The current month variance was due largely to:

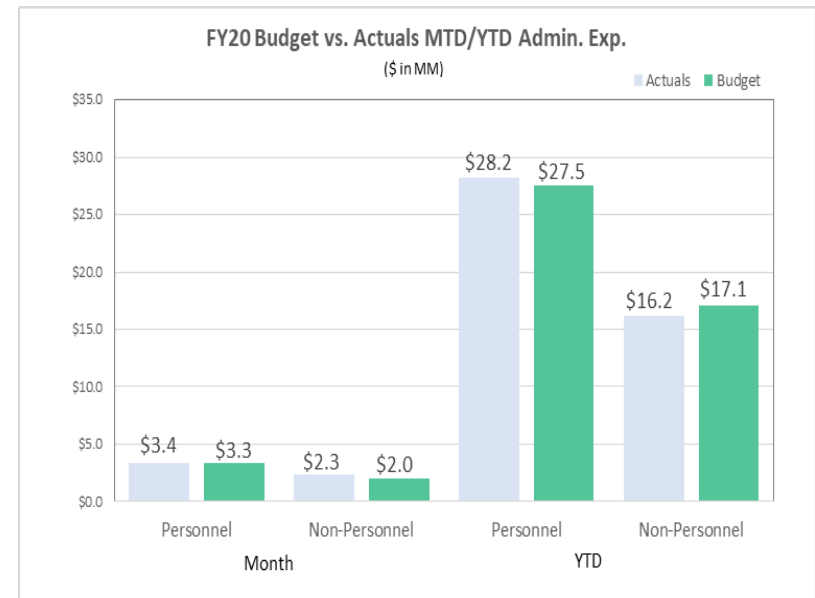
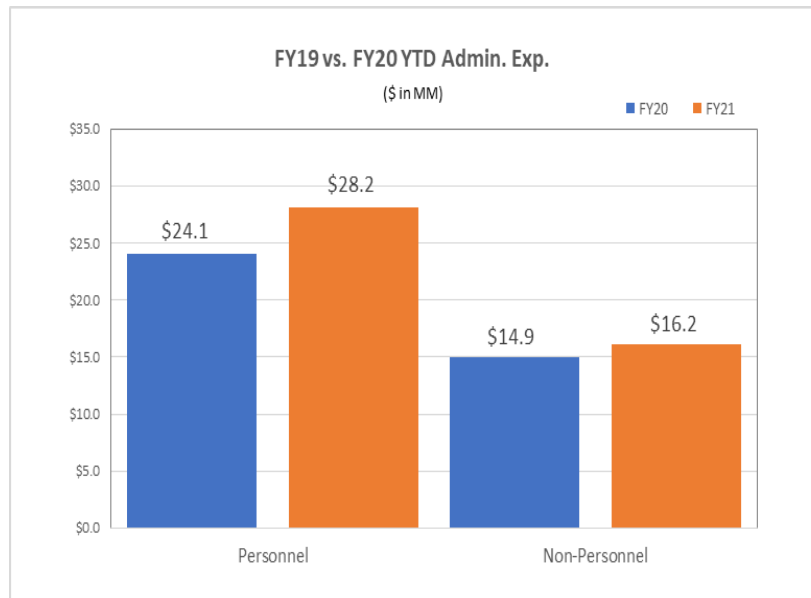
- Pharmacy expenses were \$10.8M or 297% unfavorable to budget due to postponement of the pharmacy carve-out from managed care (offset with favorable revenue variance).
- Fee-For-Service expenses reflects a \$2.0M or 4.3% favorable variance due to an increase trend of LTC enrollment decreases (largely deaths) which resulted in lower enrollment and lower utilization of Long-Term-Care facilities and Professional services.
- Supplemental kick payments are \$207K unfavorable to budget due to an increase in BHT utilization (offsetting unfavorable revenue variance).



Administrative Expense

Current month expense of \$5.7M is \$417K or 7.8% unfavorable to budget of \$5.3M. The current month variances were primarily due to the following:

- Personnel expenses were \$57K or 1.7% unfavorable to budget due to savings on salary and benefits from lower headcount than budget, offset by increased CalPERS retirement expense.
- Non-Personnel expenses were \$360K or 18.2% unfavorable to budget due to timing of budgeted spending in professional & contract services for translations, claim recovery fee (offset with favorable claim refunds), and quality improvement consulting.



Balance Sheet

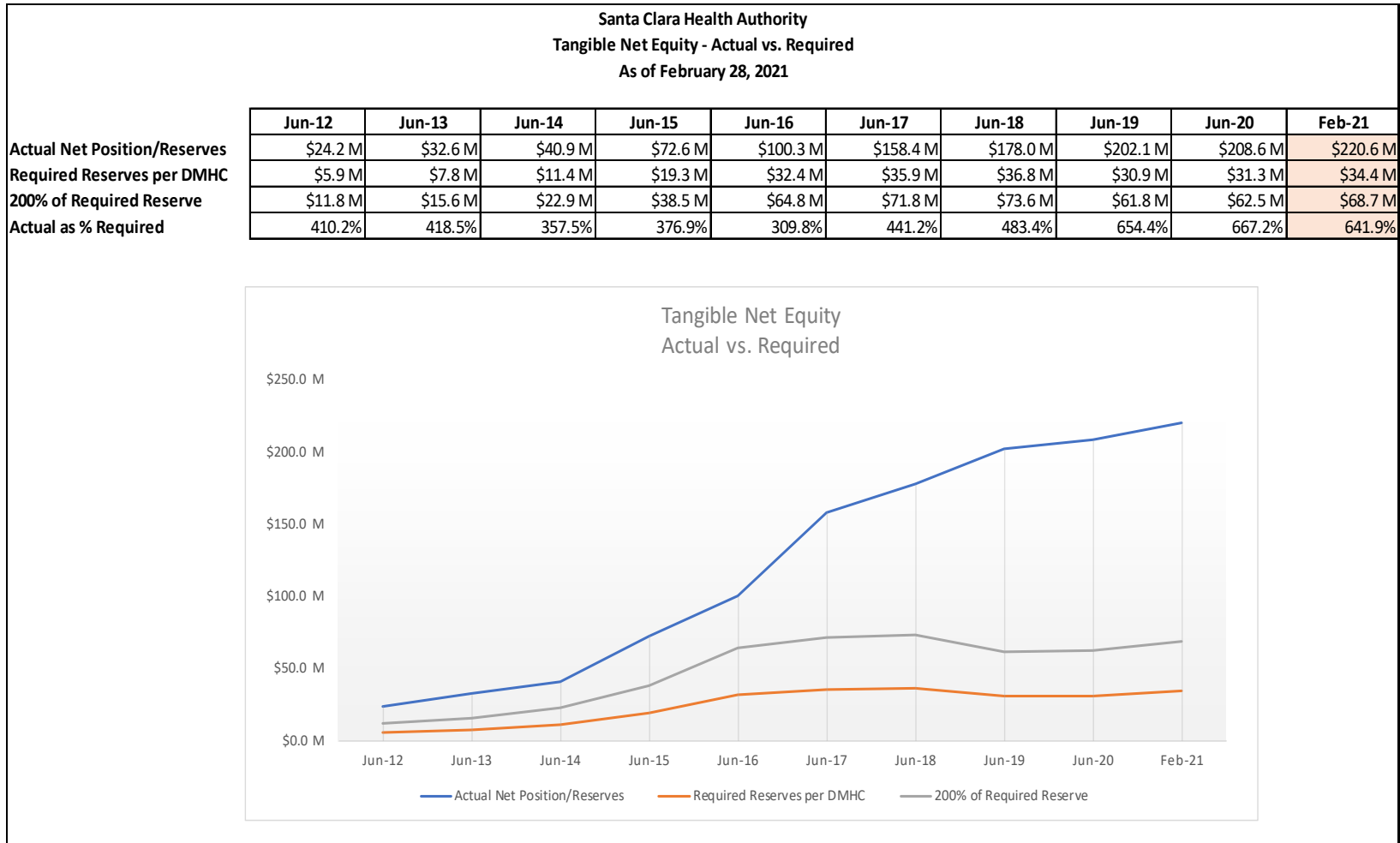
- Current assets totaled \$1.02B compared to current liabilities of \$833.9M, yielding a current ratio (Current Assets/Current Liabilities) of 1.23:1 vs. the DMHC minimum requirement of 1.0:1.
- On a YTD basis, the overall cash balance increased by \$28.0M compared to the cash balance as of year-end June 30, 2020 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	\$157,013,467	0.92%	\$216,271	\$1,021,175
Wells Fargo Investments	\$193,847,673	0.12%	\$10,113	\$217,576
	<u>\$350,861,139</u>		<u>\$226,384</u>	<u>\$1,238,751</u>
Cash & Equivalents				
Bank of the West Money Market	\$327,408	0.10%	\$272	\$12,425
Wells Fargo Bank Accounts	\$10,386,096	0.01%	\$394	\$4,575
	<u>\$10,713,504</u>		<u>\$666</u>	<u>\$17,000</u>
Assets Pledged to DMHC				
Restricted Cash	\$425,000	0.42%	\$79	\$1,105
Petty Cash				
	\$500	0.00%	\$0	\$0
Month-End Balance	<u><u>\$362,000,143</u></u>		<u><u>\$227,128</u></u>	<u><u>\$1,256,857</u></u>

- County of Santa Clara Comingled Pool funds have longer-term investments currently with a higher yield than WFB investments.
- Overall cash and investment yield is lower than budget (0.46% actual vs. 1.4% budgeted).

Tangible Net Equity

- TNE was \$220.6M - representing approximately two months of the Plan's total expenses.



Reserves Analysis

SCFHP RESERVES ANALYSIS FEBRUARY 2021			
Financial Reserve Target #1: Tangible Net Equity			
	Approved	Expended	Balance
Unrestricted Net Assets			\$175,060,910 *
Board Designated Funds (Note 1):			
Special Project Funding for CBOs	\$4,000,000	\$662,727	\$3,337,274
Innovation & COVID-19 Fund	\$16,000,000	\$2,169,999	\$13,830,001
Subtotal	\$20,000,000	\$2,832,726	\$17,167,275
Net Book Value of Fixed Assets			\$27,937,112
Restricted Under Knox-Keene Agreement			\$425,000
Total Tangible Net Equity (TNE)			\$220,590,296
Current Required TNE			\$34,366,177
TNE %			641.9%
SCFHP Target TNE Range:			
350% of Required TNE (Low)			\$120,281,619
500% of Required TNE (High)			\$171,830,884
Total TNE Above/(Below) SCFHP Low Target			\$100,308,678
Total TNE Above/(Below) High Target			\$48,759,412
Financial Reserve Target #2: Liquidity			
Cash & Investments			\$362,000,143
Less Pass-Through Liabilities:			
Hospital Directed Payments			(124,956,903)
MCO Tax Payable to State of CA			(18,230,783)
Whole Person Care / Prop 56			(49,144,350)
Other Pass-Through Liabilities (Note 2)			(53,090,907)
Total Pass-Through Liabilities			(245,422,943)
Net Cash Available to SCFHP			<u>116,577,200</u>
SCFHP Target Liquidity (Note 3)			
45 Days of Total Operating Expense			(139,235,856)
60 Days of Total Operating Expense			(185,647,807)
Liquidity Above/(Below) SCFHP Low Target			<u>(22,658,655)</u>
Liquidity Above/(Below) High Target			<u>-\$69,070,607</u>

- **Unrestricted Net Assets represents less than 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 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

- Majority of the capital variances are Community Resource Center, hardware, software, and building improvements due to timing of certain projects.

Expenditure	YTD Actual	Annual Budget
Community Resource Center	\$2,841,527	\$3,507,100
Hardware	\$246,700	\$1,282,500
Software	\$131,703	\$1,194,374
Building Improvements	\$464,328	\$866,500
Furniture & Equipment	\$0	\$28,000
TOTAL	\$3,684,258	\$6,878,474



**Santa Clara Family
Health Plan™**

Financial Statements

Income Statement



Santa Clara County Health Authority INCOME STATEMENT For Eight Months Ending February 28, 2021

	Feb-2021	% of	Feb-2021	% of	Current Month Variance		YTD Feb-2021	% of	YTD Feb-2021	% of	YTD Variance	
	Actuals	Rev	Budget	Rev	\$	%	Actuals	Rev	Budget	Rev	\$	%
REVENUES												
MEDI-CAL	\$ 91,745,688	83.2%	\$ 74,346,540	81.9%	\$ 17,399,148	23.4%	\$ 696,703,188	83.3%	\$ 653,636,591	83.5%	\$ 43,066,597	6.6%
CMC MEDI-CAL	4,559,153	4.1%	2,886,384	3.2%	1,672,770	58.0%	30,531,681	3.7%	23,444,843	3.0%	7,086,838	30.2%
CMC MEDICARE	14,012,113	12.7%	13,573,701	14.9%	438,411	3.2%	108,861,065	13.0%	105,614,996	13.5%	3,246,069	3.1%
TOTAL CMC	18,571,266	16.8%	16,460,085	18.1%	2,111,181	12.8%	139,392,746	16.7%	129,059,839	16.5%	10,332,907	8.0%
TOTAL REVENUE	\$ 110,316,953	100.0%	\$ 90,806,624	100.0%	\$ 19,510,329	21.5%	\$ 836,095,934	100.0%	\$ 782,696,430	100.0%	\$ 53,399,504	6.8%
MEDICAL EXPENSES												
MEDI-CAL	\$ 82,892,853	75.1%	\$ 72,084,125	79.4%	\$ (10,808,729)	-15.0%	\$ 654,329,269	78.3%	\$ 620,735,829	79.3%	\$ (33,593,441)	-5.4%
CMC MEDI-CAL	3,425,893	3.1%	3,004,794	3.3%	(421,099)	-14.0%	24,275,603	2.9%	24,112,850	3.1%	(162,752)	-0.7%
CMC MEDICARE	13,783,872	12.5%	12,417,499	13.7%	(1,366,373)	-11.0%	100,800,542	12.1%	97,932,203	12.5%	(2,868,339)	-2.9%
TOTAL CMC	17,209,765	15.6%	15,422,293	17.0%	(1,787,473)	-11.6%	125,076,144	15.0%	122,045,053	15.6%	(3,031,091)	-2.5%
HEALTHY KIDS	0	0.0%	0	0.0%	0	0.0%	7,303	0.0%	0	0.0%	(7,303)	0.0%
TOTAL MEDICAL EXPENSES	\$ 100,102,618	90.7%	\$ 87,506,417	96.4%	\$ (12,596,201)	-14.4%	\$ 779,412,717	93.2%	\$ 742,780,882	94.9%	\$ (36,631,835)	-4.9%
MEDICAL OPERATING MARGIN	\$ 10,214,335	9.3%	\$ 3,300,207	3.6%	\$ 6,914,128	209.5%	\$ 56,683,217	6.8%	\$ 39,915,548	5.1%	\$ 16,767,669	42.0%
ADMINISTRATIVE EXPENSE												
SALARIES AND BENEFITS	\$ 3,393,169	3.1%	\$ 3,336,586	3.7%	\$ (56,583)	-1.7%	\$ 28,180,283	3.4%	\$ 27,512,996	3.5%	\$ (667,288)	-2.4%
RENTS AND UTILITIES	43,684	0.0%	43,275	0.0%	(409)	-0.9%	322,115	0.0%	293,285	0.0%	(28,830)	-9.8%
PRINTING AND ADVERTISING	13,177	0.0%	77,429	0.1%	64,253	83.0%	165,521	0.0%	590,658	0.1%	425,137	72.0%
INFORMATION SYSTEMS	204,774	0.2%	351,656	0.4%	146,882	41.8%	2,126,664	0.3%	2,717,244	0.3%	590,580	21.7%
PROF FEES/CONSULTING/TEMP STAFFING	1,463,756	1.3%	868,417	1.0%	(595,339)	-68.6%	7,786,758	0.9%	7,692,307	1.0%	(94,451)	-1.2%
DEPRECIATION/INSURANCE/EQUIPMENT	403,818	0.4%	384,396	0.4%	(19,422)	-5.1%	2,834,531	0.3%	2,870,063	0.4%	35,531	1.2%
OFFICE SUPPLIES/POSTAGE/TELEPHONE	41,266	0.0%	66,006	0.1%	24,741	37.5%	573,579	0.1%	519,685	0.1%	(53,893)	-10.4%
MEETINGS/TRAVEL/DUES	70,853	0.1%	110,304	0.1%	39,452	35.8%	630,542	0.1%	882,228	0.1%	251,686	28.5%
OTHER	99,545	0.1%	79,417	0.1%	(20,128)	-25.3%	1,726,801	0.2%	1,541,186	0.2%	(185,615)	-12.0%
TOTAL ADMINISTRATIVE EXPENSES	\$ 5,734,042	5.2%	\$ 5,317,487	5.9%	\$ (416,555)	-7.8%	\$ 44,346,793	5.3%	\$ 44,619,652	5.7%	\$ 272,858	0.6%
OPERATING SURPLUS (LOSS)	\$ 4,480,294	4.1%	\$ (2,017,279)	-2.2%	\$ 6,497,573	322.1%	\$ 12,336,424	1.5%	\$ (4,704,104)	-0.6%	\$ 17,040,528	362.2%
GASB 75 - POST EMPLOYMENT BENEFITS EXPENSE	\$ 65,750	0.1%	\$ 60,000	0.1%	\$ (5,750)	-9.6%	\$ 654,221	0.1%	\$ 480,000	0.1%	\$ (174,221)	-36.3%
GASB 68 - UNFUNDED PENSION LIABILITY	(156,500)	-0.1%	75,000	0.1%	231,500	308.7%	1,915,458	0.2%	600,000	0.1%	(1,315,458)	-219.2%
NON-OPERATING EXPENSES	\$ (90,750)	-0.1%	\$ 135,000	0.1%	\$ 225,750	167.2%	\$ 2,569,679	0.3%	\$ 1,080,000	0.1%	\$ (1,489,679)	-137.9%
INTEREST & INVESTMENT INCOME	\$ 227,128	0.2%	\$ 350,000	0.4%	\$ (122,872)	-35.1%	\$ 1,256,857	0.2%	\$ 2,800,000	0.4%	\$ (1,543,143)	-55.1%
OTHER INCOME	35,828	0.0%	33,668	0.0%	2,159	6.4%	925,908	0.1%	266,255	0.0%	659,653	247.8%
NON-OPERATING INCOME	\$ 262,956	0.2%	\$ 383,668	0.4%	\$ (120,712)	-31.5%	\$ 2,182,765	0.3%	\$ 3,066,255	0.4%	\$ (883,490)	-28.8%
NET NON-OPERATING ACTIVITIES	\$ 353,706	0.3%	\$ 248,668	0.3%	\$ 105,038	42.2%	\$ (386,914)	0.0%	\$ 1,986,255	0.3%	\$ (2,373,169)	-119.5%
NET SURPLUS (LOSS)	\$ 4,834,000	4.4%	\$ (1,768,611)	-1.9%	\$ 6,602,611	373.3%	\$ 11,949,509	1.4%	\$ (2,717,849)	-0.3%	\$ 14,667,358	539.7%

Balance Sheet



SANTA CLARA COUNTY HEALTH AUTHORITY
As of February 28, 2021

	Feb-2021	Jan-2021	Dec-2020	Feb-2020
Assets				
Current Assets				
Cash and Investments	362,000,143	384,167,611	335,480,779	331,155,934
Receivables	650,794,128	502,763,948	561,944,558	538,827,087
Prepaid Expenses and Other Current Assets	8,901,299	10,789,770	10,139,670	10,910,433
Total Current Assets	1,021,695,570	897,721,329	907,565,007	880,893,455
Long Term Assets				
Property and Equipment	51,070,144	50,645,446	50,627,203	46,056,161
Accumulated Depreciation	(23,133,032)	(22,794,622)	(22,461,569)	(19,711,463)
Total Long Term Assets	27,937,112	27,850,825	28,165,634	26,344,698
Total Assets	1,049,632,682	925,572,153	935,730,641	907,238,153
Deferred Outflow of Resources	8,402,260	8,402,260	8,402,260	9,237,609
Total Assets & Deferred Outflows	1,058,034,942	933,974,413	944,132,901	916,475,762
Liabilities and Net Assets:				
Current Liabilities				
Trade Payables	8,087,827	6,472,762	8,192,320	6,954,520
Deferred Rent	48,585	48,414	48,243	0
Employee Benefits	3,002,306	2,948,693	2,858,642	1,995,511
Retirement Obligation per GASB 75	2,768,118	2,702,368	2,618,301	3,168,673
Deferred Revenue - Medicare	0	0	0	10,629,601
Whole Person Care / Prop 56	49,144,350	47,108,193	44,179,230	33,656,494
Payable to Hospitals (SB90)	20,688	37,715,808	37,699,413	0
Payable to Hospitals (SB208)	124,936,215	203,428	832,942	0
Pass-Throughs Payable	330,470	26,787	26,787	28,935,668
Due to Santa Clara County Valley Health Plan and Kaiser	29,466,215	22,286,701	22,553,954	37,115,900
MCO Tax Payable - State Board of Equalization	18,230,783	9,115,391	27,346,174	16,205,140
Due to DHCS	52,760,437	45,976,921	45,596,872	41,503,407
Liability for In Home Support Services (IHSS)	419,268,582	419,268,582	419,268,582	416,092,527
Current Premium Deficiency Reserve (PDR)	8,294,025	8,294,025	8,294,025	8,294,025
Medical Cost Reserves	117,508,759	112,316,256	107,840,726	102,342,543
Total Current Liabilities	833,867,361	714,484,332	727,356,210	706,894,007
Non-Current Liabilities				
Net Pension Liability GASB 68	1,915,458	2,071,957.68	1,704,912	571,940
Total Non-Current Liabilities	1,915,458	2,071,957.68	1,704,912	571,940
Total Liabilities	835,782,819	716,556,289	729,061,122	707,465,947
Deferred Inflow of Resources	1,661,827	1,661,827	1,661,827	2,994,548
Net Assets				
Board Designated Fund: Special Project Funding for CBOs	3,337,274	3,377,274	3,419,274	3,840,000
Board Designated Fund: Innovation & COVID-19 Fund	13,830,001	13,830,001	13,830,001	16,000,000
Invested in Capital Assets (NBV)	27,937,112	27,850,825	28,165,634	26,344,698
Restricted under Knox-Keene agreement	425,000	530,350	305,350	305,350
Unrestricted Net Equity	163,111,401	163,052,338	162,920,529	155,635,705
Current YTD Income (Loss)	11,949,509	7,115,510	4,769,165	3,889,514
Total Net Assets / Reserves	220,590,296	215,756,297	213,409,952	206,015,267
Total Liabilities, Deferred Inflows and Net Assets	1,058,034,942	933,974,413	944,132,901	916,475,762

Cash Flow Statement



	<u>Feb-2021</u>	<u>Year-to-date</u>
Cash Flows from Operating Activities		
Premiums Received	(21,814,319)	962,239,806
Medical Expenses Paid	(87,730,602)	(754,487,968)
Administrative Expenses Paid	87,539,195	(178,209,672)
Net Cash from Operating Activities	(22,005,726)	29,542,167
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets	(424,697)	(3,684,258)
Cash Flows from Investing Activities		
Interest Income and Other Income (Net)	262,956	2,182,765
Net Increase/(Decrease) in Cash & Cash Equivalents	(22,167,468)	28,040,674
Cash & Investments (Beginning)	384,167,611	333,959,470
Cash & Investments (Ending)	362,000,143	362,000,143
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating Income/(Loss)	4,571,044	9,766,745
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities		
Depreciation	338,410	2,396,233
Changes in Operating Assets/Liabilities		
Premiums Receivable	(148,030,180)	160,212,588
Prepays & Other Assets	1,888,471	962,400
Accounts Payable & Accrued Liabilities	91,112,106	(136,567,290)
State Payable	15,898,907	(34,068,716)
IGT, HQAF & Other Provider Payables	7,179,514	(5,478,860)
Net Pension Liability	(156,500)	1,915,458
Medical Cost Reserves & PDR	5,192,503	30,403,609
Total Adjustments	(26,576,770)	19,775,422
Net Cash from Operating Activities	(22,005,726)	29,542,167

Statement of Operations by Line of Business - YTD



Santa Clara County Health Authority
Statement of Operations
By Line of Business (Including Allocated Expenses)
For Eight Months Ending February 28, 2021

	Medi-Cal	CMC Medi-Cal	CMC Medicare	Total CMC	Grand Total
P&L (ALLOCATED BASIS)					
REVENUE	\$696,703,188	\$30,531,681	\$108,861,065	\$139,392,746	\$836,095,934
MEDICAL EXPENSE (MLR)	\$654,329,269 93.9%	\$24,275,603 79.5%	\$100,800,542 92.6%	\$125,076,144 89.7%	\$779,412,717 93.2%
GROSS MARGIN	\$42,373,919	\$6,256,078	\$8,060,524	\$14,316,602	\$56,683,217
ADMINISTRATIVE EXPENSE (% of Revenue Allocation)	\$36,953,358	\$1,619,410	\$5,774,025	\$7,393,435	\$44,346,793
OPERATING INCOME/(LOSS) (% of Revenue Allocation)	\$5,420,561	\$4,636,668	\$2,286,498	\$6,923,166	\$12,336,424
OTHER INCOME/(EXPENSE) (% of Revenue Allocation)	(\$322,408)	(\$14,129)	(\$50,377)	(\$64,506)	(\$386,914)
NET INCOME/(LOSS)	\$5,098,152	\$4,622,539	\$2,236,121	\$6,858,661	\$11,949,509
PMPM (ALLOCATED BASIS)					
REVENUE	\$338.63	\$399.15	\$1,423.17	\$1,822.32	\$391.81
MEDICAL EXPENSES	\$318.03	\$317.36	\$1,317.79	\$1,635.15	\$365.25
GROSS MARGIN	\$20.60	\$81.79	\$105.38	\$187.16	\$26.56
ADMINISTRATIVE EXPENSES	\$17.96	\$21.17	\$75.49	\$96.66	\$20.78
OPERATING INCOME/(LOSS)	\$2.63	\$60.62	\$29.89	\$90.51	\$5.78
OTHER INCOME/(EXPENSE)	(\$0.16)	(\$0.18)	(\$0.66)	(\$0.84)	(\$0.18)
NET INCOME/(LOSS)	\$2.48	\$60.43	\$29.23	\$89.67	\$5.60
ALLOCATION BASIS:					
MEMBER MONTHS - YTD	2,057,430	76,492	76,492	76,492	2,133,922
REVENUE BY LOB	83.3%	3.7%	13.0%	16.7%	100.0%



**Santa Clara Family
Health Plan™**

Appendix

Enrollment By Aid Category

SCFHP TRENDED ENROLLMENT BY COA YTD MARCH-2021

		2020-03	2020-04	2020-05	2020-06	2020-07	2020-08	2020-09	2020-10	2020-11	2020-12	2021-01	2021-02	2021-03	FYTD var	%
NON DUAL	Adult (over 19)	23,873	24,051	25,253	26,299	27,066	27,877	28,269	29,181	29,835	30,327	30,750	31,307	31,711	5,412	20.6%
	Child (under 19)	92,843	93,374	95,145	96,173	96,605	97,359	97,629	98,409	98,930	99,012	99,172	99,377	99,557	3,384	3.5%
	Aged - Medi-Cal Only	10,753	10,801	11,044	11,207	11,227	11,178	11,229	11,263	11,328	11,385	11,463	11,451	11,459	252	2.2%
	Disabled - Medi-Cal Only	10,882	10,851	10,902	10,922	10,944	10,910	10,839	10,875	10,830	10,849	10,877	10,847	10,811	-111	(1.0%)
	Adult Expansion	69,272	70,458	72,546	74,553	76,262	77,701	79,263	80,654	82,060	83,250	84,477	85,477	86,677	12,124	16.3%
	BCCTP	11	11	11	11	11	11	11	11	11	11	10	10	11	0	0.0%
	Long Term Care	367	380	398	405	402	406	407	409	389	393	388	380	373	-32	(7.9%)
	Total Non-Duals	208,001	209,926	215,299	219,570	222,517	225,442	227,647	230,802	233,383	235,227	237,137	238,849	240,599	21,029	9.6%

DUAL	Adult (21 Over)	320	311	320	321	327	320	337	354	353	353	352	355	361	40	12.5%
	SPD (21 Over)	23,541	23,443	23,595	23,508	23,641	23,686	23,654	23,687	23,760	23,988	23,899	24,155	24,206	698	3.0%
	Adult Expansion	136	134	190	241	261	289	358	410	498	537	590	662	742	501	207.9%
	Long Term Care	1,231	1,235	1,252	1,248	1,261	1,267	1,256	1,237	1,208	1,182	1,115	1,074	1,054	-194	(15.5%)
	Total Duals	25,228	25,123	25,357	25,318	25,490	25,562	25,605	25,688	25,819	26,060	25,956	26,246	26,363	1,045	4.1%

Total Medi-Cal	233,229	235,049	240,656	244,888	248,007	251,004	253,252	256,490	259,202	261,287	263,093	265,095	266,962	22,074	9.0%
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CMC	CMC Non-Long Term Care	8,388	8,511	8,625	8,775	8,814	9,055	9,212	9,360	9,470	9,613	9,614	9,706	9,696	921	10.5%
	CMC - Long Term Care	213	214	212	212	215	211	216	210	209	207	193	187	184	-28	(13.2%)
	Total CMC	8,601	8,725	8,837	8,987	9,029	9,266	9,428	9,570	9,679	9,820	9,807	9,893	9,880	893	9.9%

Total Enrollment	241,830	243,774	249,493	253,875	257,036	260,270	262,680	266,060	268,881	271,107	272,900	274,988	276,842	22,967	9.0%
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POLICY

Policy Title:	Investment Policy	Policy No.:	FA.07
Replaces Policy Title (if applicable):	NA	Replaces Policy No. (if applicable):	NA
Issuing Department:	Finance	Procedure Review Frequency:	Annual
Lines of Business (check all that apply):	<input type="checkbox"/> Medi-Cal	<input type="checkbox"/> CMC	

I. PURPOSE

This investment policy (~~AIP~~) sets for the investment guidelines and structure for the investment of short-term operating funds not required for the immediate needs on and after April ~~2322~~, 2020~~1~~ of the Santa Clara Family Health Plan (SCFHP or the Plan) which was established by the Santa Clara County Board of Supervisors under Ordinance 300.576 and licensed by the State of California under the Knox-Keene Act of 1975 in 1996.

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

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

II. OBJECTIVES

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

POLICY

III. INVESTMENT STRATEGY

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

IV. ETHICS AND CONFLICTS OF INTEREST

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

V. DELEGATION OF AUTHORITY

A. County of Santa Clara Commingled Investment Pool

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

- (1) All of the evidence of indebtedness of the County, has been rated "A" or better by Moody's Investors Service, Inc. or Standard & Poor's Corporation, based on a rating conducted during the immediately preceding 12 months.
- (2) The County has cash or cash equivalents in an amount equal to fifty million dollars or more, based on its audited financial statements for the immediately preceding fiscal year.
- (3) The day-to-day managing, reporting, and oversight of the investment contractual obligations between the County and SCFHP shall be the responsibility of SCFHP's Chief Financial Officer.

POLICY

B. Depository (Financial) Institutions

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

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

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

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

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

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

C. Portfolio Investment Manager

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

D. Exceptions to this Policy

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

VI. AUTHORIZED INVESTMENTS

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



POLICY

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

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

INVESTMENT TYPE	MAXIMUM REMAINING MATURITY	MAXIMUM SPECIFIED % OF PORTFOLIO	MINIMUM QUALITY REQUIREMENTS
U.S. Treasury Obligations	5 years	None	None. <u>May invest in securities that could result in zero or negative interest accrual if held to maturity, in the event of a period of negative market interest rates.</u>
U.S. Agency Obligations	5 years	None	None
State Obligations: CA and Others	5 years	None	None for CA; AA or better for other States
CA Local Agency Obligations	5 years	None	AA rated
Commercial Paper: Non-Pooled Funds <u>(minimum \$100,000,000 of investments)</u>	270 days or less	25 40% of Plan's investible funds	Highest letter and number rating by an NRSRO ^{1,5}
Placement Service Certificates of Deposit	2 years	\$250,000 per deposit per institution	FDIC insured at all times
Repurchase Agreements	1 year	None	U.S. Treasury and Agency Obligations
Medium-term Notes	5 years or less	30% (with not more than 10 % in any one institution)	"A" rating category or better
Mutual Funds and Money Market Mutual Funds	N/A	20% (no more than 10% invested in any one mutual fund; limitation does not apply to money market mutual funds)	Multiple ²
Collateralized Bank Deposits	5 years	None	If investments require collateral, collateral must be placed in institution not affiliated with the issuer of the obligation.

POLICY

Mortgage Pass-through and Asset Backed Securities	5 years or less	20%	“AA” rating category or its equivalent or better ⁴
County Pooled Investment Funds- Santa Clara County Pool	N/A	None	A or better
Joint Powers Authority Pool (CAMP, CalTrust)	N/A	None	Multiple ³
Local Agency Investment Fund (LAIF)	N/A	None	None
Supranational Obligations	5 years or less	30%	“AA” rating or better
<u>Public Bank Obligations</u>	<u>5 years</u>	<u>None</u>	<u>Section 57600 (b)</u> ⁶

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

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

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

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

⁵In 2021, Section 53601 (h) amended to allow local agencies that have one hundred million dollars or more of investment assets under management to invest no more than 40% of their moneys in eligible commercial paper. Further amendment to Section 53601 limits local agencies to invest no more than 10% of their total investment assets in commercial paper and medium- term notes of any single issuer.

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

POLICY

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

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

VII. REPORTING REQUIREMENTS

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

- A. County of Santa Clara Investment Pool Disclosure and Agreement for Voluntary Deposits
- B. County of Santa Clara Treasury Investment Policy
- C. County of Santa Clara Treasury Quarterly Report
- D. SAP Balance and Interest Earnings Report of SCFHP Invested Funds
- E. Depository Institution – daily transaction and monthly activity report
- F. Managed Portfolio - Month-end and quarter-end portfolio performance summary, income, ending balance sheet, trading activity, transaction detail and portfolio diversification report. The listing must include issuer names, dates of maturity, par amounts, dollar amount, market values as of month-end and comparable published index as to diversification and duration that most closely tracks the performance of the portfolio.
- G. Investment Oversight Quarterly Report – provides independent review of all invested funds for tracking of AIP, diversification requirements and performance review. Minimum reporting requirements includes a listing of the types of investment, issuer names, dates of maturity, par amounts, dollar amount, market values, descriptions of the programs under the management of contracted parties, a statement of compliance with the investment policy, and a statement of the ability to meet cash flow needs for six months. Any irregularities shall be noted and included in the report.



POLICY

VIII. REVIEW OF INVESTMENT POLICY

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

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

IX. Approval/Revision History

First Level Approval			Second Level Approval	
Barbara Granieri, Controller <u>April 14, 2021</u>			Neal Jarecki Chief Financial Officer <u>April 14, 2021</u>	
Date			Date	
Version Number	Change (Original/ Reviewed/ Revised)	Reviewing Committee (if applicable)	Committee Action/Date (Recommend or Approve)	Board Action/Date (Approve or Ratify)
V1	Original	Exec/Finance	Approved 04/26/18	Approved 06/28/18
V1	Original (no changes)	Exec/Finance	Approved 05/01/19	Approved 06/27/19
V2	Revised	Exec/Finance	Approved 04/23/20	Approved 06/25/20
<u>V3</u>	<u>Revised</u>	<u>Exec/Finance</u>	<u>04/22/21</u>	



POLICY

Policy Title:	Investment Policy	Policy No.:	FA.07
Replaces Policy Title (if applicable):	NA	Replaces Policy No. (if applicable):	NA
Issuing Department:	Finance	Procedure Review Frequency:	Annual
Lines of Business (check all that apply):	<input type="checkbox"/> Medi-Cal	<input type="checkbox"/> CMC	

I. PURPOSE

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

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

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II. OBJECTIVES

- i. **Safety:** the primary objective of this policy is the preservation of principal; avoiding capital losses by minimizing credit risk and interest rate or market risk.
- ii. **Liquidity:** maintain sufficient liquidity to meet the operating requirements for six months.
- iii. **Yield:** achieve a market-average rate of return (yield) through budgetary and economic cycles, considering SCFHP’s regulatory constraints and cash flow characteristics. Investments will be limited to low risk securities in anticipation of earning a fair return relative to the risk being assumed.
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The Plan will adhere to the investment goal of holding investments to maturity. From time to time, the portfolio may go out of alignment. The Chief Financial Officer may choose to rebalance the portfolio earlier to bring it back into compliance if the portfolio will not suffer any losses for selling the investment prior to maturity.

IV. ETHICS AND CONFLICTS OF INTEREST

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

V. DELEGATION OF AUTHORITY

A. County of Santa Clara Commingled Investment Pool

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

- (1) All of the evidence of indebtedness of the County, has been rated "A" or better by Moody's Investors Service, Inc. or Standard & Poor's Corporation, based on a rating conducted during the immediately preceding 12 months.
- (2) The County has cash or cash equivalents in an amount equal to fifty million dollars or more, based on its audited financial statements for the immediately preceding fiscal year.
- (3) The day-to-day managing, reporting, and oversight of the investment contractual obligations between the County and SCFHP shall be the responsibility of SCFHP's Chief Financial Officer.

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B. Depository (Financial) Institutions

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

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

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

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

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

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

C. Portfolio Investment Manager

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

D. Exceptions to this Policy

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

VI. AUTHORIZED INVESTMENTS

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



POLICY

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

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

INVESTMENT TYPE	MAXIMUM REMAINING MATURITY	MAXIMUM SPECIFIED % OF PORTFOLIO	MINIMUM QUALITY REQUIREMENTS
U.S. Treasury Obligations	5 years	None	None. May invest in securities that could result in zero or negative interest accrual if held to maturity, in the event of a period of negative market interest rates.
U.S. Agency Obligations	5 years	None	None
State Obligations: CA and Others	5 years	None	None for CA; AA or better for other States
CA Local Agency Obligations	5 years	None	AA rated
Commercial Paper: Non-Pooled Funds (minimum \$100,000,000 of investments)	270 days or less	40% of Plan's investible funds	Highest letter and number rating by an NRSRO ^{1,5}
Placement Service Certificates of Deposit	2 years	\$250,000 per deposit per institution	FDIC insured at all times
Repurchase Agreements	1 year	None	U.S. Treasury and Agency Obligations
Medium-term Notes	5 years or less	30% (with not more than 10 % in any one institution)	"A" rating category or better
Mutual Funds and Money Market Mutual Funds	N/A	20% (no more than 10% invested in any one mutual fund; limitation does not apply to money market mutual funds)	Multiple ²
Collateralized Bank Deposits	5 years	None	If investments require collateral, collateral must be placed in institution not affiliated with the issuer of the obligation.

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Mortgage Pass-through and Asset Backed Securities	5 years or less	20%	“AA” rating category or its equivalent or better ⁴
County Pooled Investment Funds- Santa Clara County Pool	N/A	None	A or better
Joint Powers Authority Pool (CAMP, CalTrust)	N/A	None	Multiple ³
Local Agency Investment Fund (LAIF)	N/A	None	None
Supranational Obligations	5 years or less	30%	“AA” rating or better
<u>Public Bank Obligations</u>	<u>5 years</u>	<u>None</u>	<u>Section 57600 (b)</u> ⁶

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

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

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

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

³In 2021, Section 53601 (h) amended to allow local agencies that have one hundred million dollars or more of investment assets under management to invest no more than 40% of their moneys in eligible commercial paper. Further amendment to Section 53601 limits local agencies to invest no more than 10% of their total investment assets in commercial paper and medium- term notes of any single issuer.

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

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

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

VII. REPORTING REQUIREMENTS

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

- A. County of Santa Clara Investment Pool Disclosure and Agreement for Voluntary Deposits
- B. County of Santa Clara Treasury Investment Policy
- C. County of Santa Clara Treasury Quarterly Report
- D. SAP Balance and Interest Earnings Report of SCFHP Invested Funds
- E. Depository Institution – daily transaction and monthly activity report
- F. Managed Portfolio - Month-end and quarter-end portfolio performance summary, income, ending balance sheet, trading activity, transaction detail and portfolio diversification report. The listing must include issuer names, dates of maturity, par amounts, dollar amount, market values as of month-end and comparable published index as to diversification and duration that most closely tracks the performance of the portfolio.
- G. Investment Oversight Quarterly Report – provides independent review of all invested funds for tracking of AIP, diversification requirements and performance review. Minimum reporting requirements includes a listing of the types of investment, issuer names, dates of maturity, par amounts, dollar amount, market values, descriptions of the programs under the management of contracted parties, a statement of compliance with the investment policy, and a statement of the ability to meet cash flow needs for six months. Any irregularities shall be noted and included in the report.



POLICY

VIII. REVIEW OF INVESTMENT POLICY

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

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

IX. Approval/Revision History

First Level Approval		Second Level Approval		
Barbara Granieri, Controller April 14, 2021		Neal Jarecki Chief Financial Officer April 14, 2021		
Date		Date		
Version Number	Change (Original/ Reviewed/ Revised)	Reviewing Committee (if applicable)	Committee Action/Date (Recommend or Approve)	Board Action/Date (Approve or Ratify)
V1	Original	Exec/Finance	Approved 04/26/18	Approved 06/28/18
V1	Original (no changes)	Exec/Finance	Approved 05/01/19	Approved 06/27/19
V2	Revised	Exec/Finance	Approved 04/23/20	Approved 06/25/20
V3	Revised	Exec/Finance	04/22/21	

POLICY

Policy Title:	Donations and Sponsorships	Policy No.:	GO.04 v 21
Replaces Policy Title (if applicable):	N/A	Replaces Policy No. (if applicable):	N/A
Issuing Department:	Governance & Org Structure	Policy Review Frequency:	Periodically as warranted
Lines of Business (check all that apply):	<input type="checkbox"/> Medi-Cal	<input type="checkbox"/> CMC	

I. Purpose

To establish criteria for Santa Clara Family Health Plan (SCFHP) to make a donation or sponsorship using SCFHP funds.

II. Policy

SCFHP makes donations and sponsorships in support of SCFHP’s mission to improve the well-being of our members by addressing their health and social needs in a culturally competent manner, and partnering with providers and organizations in our shared commitment to the health of our community~~provide high quality, comprehensive health care coverage to those in Santa Clara County who do not have access to, or are not able to purchase, good health care at an affordable price~~, and to support the broader Santa Clara County safety net. SCFHP recognizes that health is impacted by many factors. It is SCFHP’s policy to support community organizations and public agencies that provide safety net services that help to directly or indirectly strengthen community health and/or the health of county residents.

Any donations or sponsorships must meet the following criteria:

- A. The organization requesting funding is a non-profit, not-for-profit, or public agency providing safety net services to residents of Santa Clara County; and
- B. The donation or sponsorship will not be used to support political causes, candidates, organizations, campaigns, ballot measures, or religious organizations for religious purposes; and
- C. The donation or sponsorship will not personally financially benefit any Santa Clara County Health Authority official or employee.

SCFHP’s Chief Executive Officer has authority to approve donations and sponsorships not to exceed \$5,000 to a single organization in any given fiscal year, up to a total limit for all donations and sponsorships of ~~\$200~~50,000 in any given fiscal year. Exceptions to these limits require approval by the Executive/Finance Committee.

III. Approval/Revision History

First Level Approval		Third Level Approval		
Laura Watkins VP, Marketing & Enrollment		Christine M. Tomcala CEO		
April 16, 2021		April 16, 2021		
Version Number	Original/ Reviewed/ Revised	Reviewing Committee (if applicable)	Committee Action/Date (Recommended or Approved)	Board Action/Date (Approved or Ratified)
-	Board Resolution			Approved November 4, 2010
-	Board Resolution			Approved April 28, 2016
v1	Original	Executive/Finance Committee	Approved May 28, 2020	Ratified June 25, 2020
<u>v2</u>	<u>Revised</u>	<u>Executive/Finance Committee</u>		

POLICY

Policy Title:	Donations and Sponsorships	Policy No.:	GO.04 v2
Replaces Policy Title (if applicable):	N/A	Replaces Policy No. (if applicable):	N/A
Issuing Department:	Governance & Org Structure	Policy Review Frequency:	Periodically as warranted
Lines of Business (check all that apply):	<input type="checkbox"/> Medi-Cal		<input type="checkbox"/> CMC

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