

**SANTA CRUZ – MONTEREY – MERCED
MANAGED MEDICAL CARE COMMISSION**
Finance Committee



Meeting Agenda

Wednesday, May 25, 2022

1:30 p.m. – 2:45 p.m.

Location: In Santa Cruz County:

Central California Alliance for Health Monterey Room
1600 Green Hills Road, Suite 101, Scotts Valley, CA

In Monterey County:

Central California Alliance for Health Board Room
950 East Blanco Road, Suite 101, Salinas, CA

In Merced County:

Central California Alliance for Health Los Banos Room
530 West 16th Street, Suite B, Merced, CA

Alliance offices have opened for Finance Committee meetings in each county. Face coverings are required in all Alliance facilities and must be worn throughout the duration of the meeting regardless of vaccination status.

1. Members of the public wishing to observe the meeting remotely via online livestreaming may do so as follows:
 - a. Computer, tablet or smartphone via Microsoft Teams:
[Click here to join the meeting](#)
 - b. Or by telephone at:
United States: +1 (323) 705-3950
Phone Conference ID: 842 565 139#
2. Members of the public wishing to provide public comment on items not listed on the agenda that are within jurisdiction of the commission or to address an item that is listed on the agenda may do so in one of the following ways.
 - a. Email comments by 5:00 p.m. on Tuesday, May 24, 2022 to Dulcie San Paolo, Finance Administrative Specialist at dsanpaolo@ccah-alliance.org.
 - i. Indicate in the subject line "Public Comment". Include your name, organization, agenda item number, and title of the item in the body of the e-mail along with your comments.
 - ii. Comments will be read during the meeting and are limited to five minutes.
 - b. In person, during the meeting, when that item is announced.
 - i. State your name and organization prior to providing comment.
 - ii. Comments are limited to five minutes.

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- 1. Call to Order by Chairperson Molesky. 1:30 p.m.**
 - A. Roll call; establish quorum.
- 2. Oral Communications. 1:35 p.m.**
 - A. Members of the public may address the Commission on items not listed on today's agenda that are within the jurisdiction of the Commission. Presentations must not exceed five minutes in length, and any individuals may speak only once during Oral Communications.
 - B. If any member of the public wishes to address the Commission on any item that is listed on today's agenda, they may do so when that item is called. Speakers are limited to five minutes per item.
- 3. Approve minutes of March 23, 2022 meeting of the Finance Committee. 1:40 p.m.**
- 4. 2022-Q1 Results. 1:45 p.m.**
- 5. Five-Year Projection. 1:55 p.m.**
- 6. Considerations for an Updated Reserve Policy. 2:15 p.m.**

The complete agenda packet is available for review on the Alliance website at www.ccah-alliance.org/boardmeeting.html. The Commission complies with the Americans with Disabilities Act (ADA). Individuals who need special assistance or a disability-related accommodation to participate in this meeting should contact the Clerk of the Board at least 72 hours prior to the meeting at (831) 430-5523. Board meeting locations in Salinas and Merced are directly accessible by bus. As a courtesy to persons affected, please attend the meeting smoke and scent free.

**FINANCE COMMITTEE
SANTA CRUZ – MONTEREY – MERCED
MANAGED MEDICAL CARE COMMISSION**



Meeting Minutes

Wednesday, March 23, 2022

**Teleconference Meeting
(Pursuant to Governor Newsom's Executive Order N-29-20)**

Members Present:

Mr. Michael Molesky
Allen Radner, MD
Mr. Tony Weber

Public Representative
Provider Representative
Provider Representative

Members Absent:

Ms. Elsa Jiménez

County Health Director

Staff Present:

Ms. Lisa Ba
Ms. Stephanie Sonnenshine
Ms. Dulcie San Paolo

Chief Financial Officer
Chief Executive Officer
Finance Administrative Specialist

1. Call to Order by Chairperson Molesky. (1:31 p.m.)

Chairperson Molesky called the meeting to order at 1:31 p.m. Roll call was taken. A quorum was present.

2. Oral Communications. (1:32 – 1:33 p.m.)

Chairperson Molesky opened the floor for any members of the public to address the Committee on items not listed on the agenda.

No members of the public addressed the Committee.

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Consent Agenda Items:**3. Approve minutes of the October 27, 2021 meeting of the Finance Committee. (1:33 – 1:34 p.m.)**

FINANCE COMMITTEE ACTION: Chairperson Molesky opened the floor for approval of the minutes of the October 27, 2021 meeting.

MOTION: Commissioner Weber moved to approve the minutes, seconded by Commissioner Radner.

ACTION: The motion passed with the following vote:

Ayes: Commissioners Molesky, Radner, Weber

Noes: None

Absent: Commissioner Jiménez

Abstain: None

Regular Agenda Items:**4. Preliminary 2021 financial results. (1:34 – 1:51 p.m.)**

Ms. Lisa Ba, Chief Financial Officer (CFO), provided an update on the Alliance's 2021 financial performance and oriented the commissioners to a view of the Plan's trended financial performance since 2018.

The 2021 unaudited financial results include an operating income of \$123.3M or 7.8%. Favorability was due in part to higher than budgeted revenue by \$84.2M or 5.6%, which resulted from a higher enrollment and capitation rate as well as special add-ons during the pandemic. Utilization continued to be suppressed throughout 2021 due to the continuation of the Public Health Emergency (PHE). This in turn contributed to medical cost being favorable to budget by \$76.8M or 5.3%. Administrative Expense was at budget at \$85.6M. Ms. Ba noted that the 2021 financials are currently still open until the financial audit is finalized. The final report will be presented to the Board by our auditor, Moss Adams, at the May 2022 meeting.

Ms. Ba opened the floor for questions and discussion.

Commissioner Allen Radner inquired about the Administrative Loss Ratio (ALR) and asked why it has continued to decline since 2018. Ms. Ba explained that Staff have made a conscious effort to control the administrative expense since 2018 by looking closely at processes and technology to ensure that efficiencies are in place where possible. However, Ms. Ba noted that favorable enrollment is likely the biggest factor that has contributed to the ALR percentage remaining low over the past two years. The CFO advised that the expectation is that the ALR will likely be higher in the coming years due to increased

administrative costs associated with many new initiatives that the Department of Health Care Services (DHCS) has asked Health Plans to implement.

5. 2020-2021 RDT findings. (1:51 – 1:59 p.m.)

Ms. Ba provided an overview of the 2020-2021 Rate Determination Template (RDT) process and findings. She explained that DHCS and Mercer have indicated that the 2023 rates will be based on submitted costs from the 2020 and 2021 base period. Utilization was down approximately 9% in both periods, which could then result in 2023 rates being lowered by up to 9% if no additional trend is applied by DHCS. It is expected that the rate will be available in late August, and staff will analyze the rate in comparison to utilization for the first half of 2022 and provide an impact analysis for the Finance Committee's review.

6. Investment update through December 2021. (1:59 – 2:09)

Ms. Ba provided the commissioners with an update on the Alliance's investment portfolio as of December 31, 2021. She noted that, in accordance with the Board approved Investment Policy, Staff have utilized the Pooled Money Investment Account (PMIA), which includes CalTRUST and Local Agency Fund (LAIF), to manage the majority of the funds. These accounts are designed for public agencies and their investment objectives are aligned with those of the Alliance.

Ms. Ba explained that Staff manage less than 25% of the balance through Comerica and US Bank. The Wells Fargo account was closed in May of 2021. The internally managed accounts are focused on long term bonds (4-5 years) to diversify our portfolio. The PMIA reserves have been moved from short-term (less than 12 months) to mid-term (1-3 years) as we move from operating losses in 2018-2019 to operating gains in 2020 and 2021. Overall, the Alliance's investment performance through December 2021 was better than benchmark.

7. Guest speaker from CalTRUST. (2:09-2:38)

Ms. Ba introduced Laura Labanieh, CalTRUST Chief Executive Officer and Ludwig Marek, BlackRock Managing Director. Ms. Labanieh presented an overview of CalTRUST. Mr. Marek provided a market and economic update for the commissioners.

Adjourn:

The Commission adjourned its meeting of March 23, 2022 at 2:38 p.m.

Respectfully submitted,

Ms. Dulcie San Paolo
Finance Administrative Specialist



DATE: May 25, 2022
TO: Santa Cruz-Monterey-Merced Managed Medical Care Commission
FROM: Lisa Ba, Chief Financial Officer
SUBJECT: Financial Highlights for the Third Month Ending March 31, 2022

For the month ending March 31, 2022, the Alliance reported an Operating Income of \$15.0M. The Year-to-Date (YTD) Operating Income is at \$39.1M, with a Medical Loss Ratio (MLR) of 84.4% and an Administrative Loss Ratio (ALR) of 5.2%.

For Mar-22 YTD, an operating income of \$23.5M was expected based on the 2022 budget. The actual operating income is favorable to budget by \$15.6M or 66.3%, driven primarily by \$10.8M in favorable revenue rate variances and \$2.3M from medical expense rate variances. Increased enrollment as compared to budget drove offsetting revenue and medical expense variances of \$8.9M and (\$8.1M), respectively. Such increased enrollment is driven by the extension of the Public Health Emergency (PHE) into 2022; the 2022 budget assumed the PHE would end and enrollment would decrease effective January 1, 2022, while the PHE is currently anticipated to end in mid-July 2022 with decreased enrollment to follow.

The 2022 budget assumed utilization levels to return to the 2019 level by Q1-2022, incrementally increasing each quarter and ending at a 5% increase from pre-pandemic levels. Staff expected that utilization would rise as members resumed delayed elective procedures, surgeries, and specialist referrals in 2022. Actual utilization continues to rebound from the lowest observed levels from 2020 and is heading towards 2019 levels. The 2022 budget additionally assumed that the LTC rate increase which was implemented in response to the PHE would be discontinued, which has not been realized.

| Mar-22 MTD (In \$000s) | | | | |
|---------------------------|----------------|----------------|------------------|----------------------|
| <u>Key Indicators</u> | Current Actual | Current Budget | Current Variance | % Variance to Budget |
| <i>Membership</i> | 392,688 | 377,272 | 15,416 | 4.1% |
| Revenue | 127,138 | 117,504 | 9,634 | 8.2% |
| Medical Expenses | 105,204 | 110,570 | 5,366 | 4.9% |
| Administrative Expenses | 6,950 | 7,413 | 463 | 6.2% |
| Operating Income/(Loss) | 14,984 | (479) | 15,463 | 100.0% |
| Net Income/(Loss) | 8,761 | (1,715) | 10,476 | 100.0% |
| | | | | |
| <i>MLR %</i> | 82.7% | 94.1% | 11.4% | |
| <i>ALR %</i> | 5.5% | 6.3% | 0.8% | |
| <i>Operating Income %</i> | 11.8% | -0.4% | 12.2% | |
| <i>Net Income %</i> | 6.9% | -1.5% | 8.4% | |

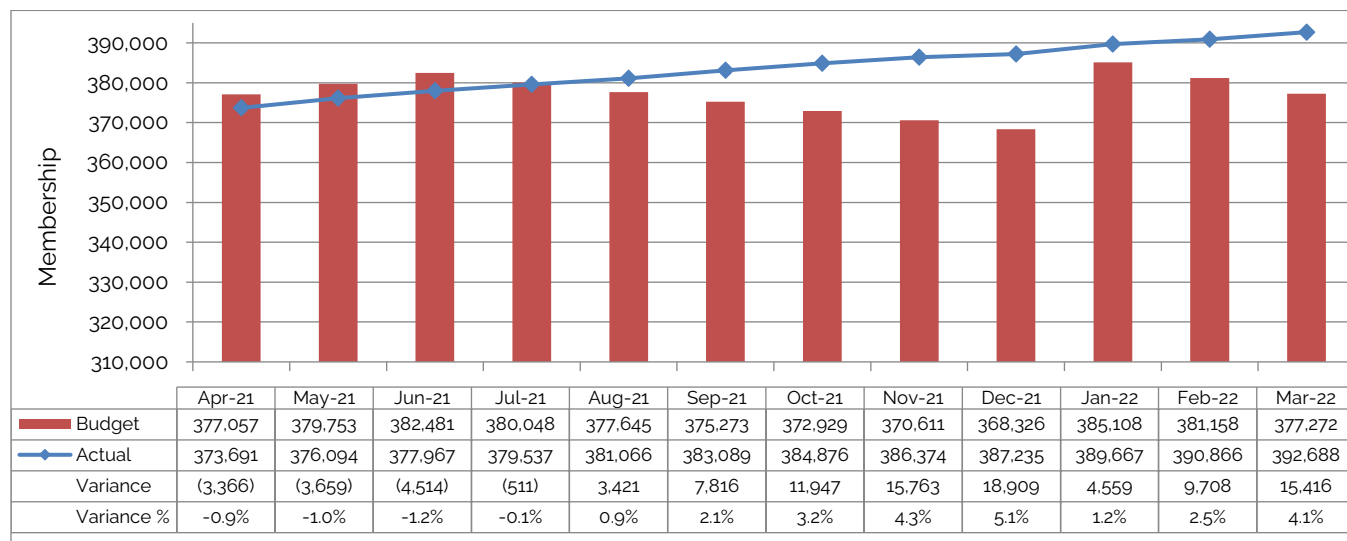
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| Mar-22 YTD (In \$000s) | | | | |
|-------------------------------|------------------|------------------|---------------|----------------------|
| <u>Key Indicators</u> | YTD Actual | YTD Budget | YTD Variance | % Variance to Budget |
| <i>Member Months</i> | <i>1,173,221</i> | <i>1,143,538</i> | <i>29,683</i> | <i>2.6%</i> |
| Revenue | 376,020 | 356,206 | 19,814 | 5.6% |
| Medical Expenses | 317,388 | 311,663 | (5,725) | -1.8% |
| Administrative Expenses | 19,565 | 21,054 | 1,489 | 7.1% |
| Operating Income/(Loss) | 39,067 | 23,489 | 15,578 | 66.3% |
| Net Income/(Loss) | 27,253 | 19,780 | 7,473 | 37.8% |
| PMPM | | | | |
| Revenue | 320.50 | 311.49 | 9.01 | 2.9% |
| Medical Expenses | 270.53 | 272.54 | 2.02 | 0.7% |
| Administrative Expenses | 16.68 | 18.41 | 1.74 | 9.4% |
| Operating Income/(Loss) | 33.30 | 20.54 | 12.76 | 62.1% |
| <i>MLR %</i> | <i>84.4%</i> | <i>87.5%</i> | <i>3.1%</i> | |
| <i>ALR %</i> | <i>5.2%</i> | <i>5.9%</i> | <i>0.7%</i> | |
| <i>Operating Income %</i> | <i>10.4%</i> | <i>6.6%</i> | <i>3.8%</i> | |
| <i>Net Income %</i> | <i>7.2%</i> | <i>5.6%</i> | <i>1.7%</i> | |

Per Member Per Month. Capitation revenue and medical expenses are variables based on enrollment fluctuations; therefore, the PMPM view offers more clarity than the total dollar amount. Conversely, administrative expenses do not directly correspond with enrollment and are consequently viewed in terms of total dollar amount. At a PMPM level, YTD revenue is \$320.50, which is favorable to budget by \$9.01 or 2.9%. Medical cost PMPM is \$270.53, which is favorable by \$2.02 or 0.7%. The resulting operating income is \$33.30 PMPM, which is favorable by \$12.76 as compared to budget.

Membership. March 2022 Member Months are favorable to budget by 4.1%. Please note that the 2022 budget assumed the Public Health Emergency (PHE) would end in January 2022 and redetermination would resume. Therefore, it was expected that enrollment would decrease gradually to the pre-pandemic level by December 2022. The State anticipates the PHE will expire no sooner than July 2022. This will result in favorable membership and member months for the first half of the year, with the percentage variance anticipated to increase monthly.



Revenue. The 2022 revenue budget was based on the 2022 DHCS rate package received in October 2021. The rate package included funding for Enhanced Care Management (ECM) and Community Supports (CS); both are new programs in 2022 and are assumed to be budget-neutral in the 2022 budget. Pharmacy revenue was removed from 2022 rates in alignment with the Medi-Cal Rx carve-out effective January 1, 2022.

March 2022 capitation revenue of \$126.8M is favorable to budget by \$9.6M or 8.2%. Favorability to budget is attributed to increased enrollment revenue of \$4.8M, prior period rate adjustments and retroactive WCM enrollment of \$3.2M, MCO Tax revenue of \$1.3M, and other miscellaneous rate adjustments of \$0.3M.

March 2022 YTD revenue of \$375.1M is favorable to budget by \$19.7M or 5.5%, of which \$8.9M is attributed to enrollment and \$10.8M to rate variance. This includes funding for various programs not yet finalized when preparing the 2022 budget, including rapid genome sequencing and the expansion of Medi-Cal benefits to undocumented Californians age 50 and older.

| Mar-22 YTD Capitation Revenue Summary (In \$000s) | | | | | |
|---|----------------|----------------|---------------|----------------------------|----------------------|
| County | Actual | Budget | Variance | Variance Due to Enrollment | Variance Due to Rate |
| Santa Cruz | 84,515 | 80,437 | 4,078 | 1,913 | 2,165 |
| Monterey | 160,984 | 151,545 | 9,439 | 3,604 | 5,835 |
| Merced | 129,617 | 123,421 | 6,196 | 3,386 | 2,810 |
| Total | 375,116 | 355,403 | 19,713 | 8,903 | 10,810 |

Note: Excludes Mar-22 YTD In-Home Supportive Services (IHSS) premiums revenue of \$0.9M.

Medical Expenses. March 2022 Medical Expenses of \$105.2M are \$5.4M or 4.9% favorable to budget. March 2022 YTD Medical Expenses of \$317.4M are unfavorable to budget by \$5.7M or 1.8%, with an MLR of 84.4%. Of this \$5.7M unfavorability, \$8.1M is due to enrollment and is partially offset by \$2.4M attributed to PMPM cost variance.

| Mar-22 YTD Medical Expense Summary (In \$000s) | | | | | |
|---|----------------|----------------|-----------------|-----------------------------------|-----------------------------|
| Category | Actual | Budget | Variance | Variance Due to Enrollment | Variance Due to Rate |
| Inpatient Services (Hospital) | 127,009 | 119,123 | (7,886) | (3,092) | (4,794) |
| Inpatient Services (LTC) | 42,100 | 36,627 | (5,473) | (951) | (4,522) |
| Physician Services | 61,805 | 65,300 | 3,496 | (1,695) | 5,191 |
| Outpatient Facility | 35,620 | 40,359 | 4,740 | (1,048) | 5,787 |
| Pharmacy | (955) | 201 | 1,156 | (5) | 1,161 |
| Other Medical | 51,810 | 50,053 | (1,758) | (1,299) | (459) |
| Total | 317,388 | 311,663 | (5,725) | (8,090) | 2,365 |

Note: Other Medical includes Allied Health, Non-Claims HC Cost, transportation, ECM, ILOS, BHT, Lab, and other medical cost.

At a PMPM level, YTD Medical Expenses are \$270.53, which is favorable by \$2.02 or 0.7% as compared to budget. Please note that rate (PMPM) is the unit cost for a service multiplied by the utilization for the service.

Throughout the second half of 2021, Trended Authorization per 1,000 was indicating that utilization was rebounding from the most extreme suppressed levels observed in 2020 but not yet reaching 2019 levels. This trend has continued into 2022, possibly driven by loosened COVID restrictions, resumption of outpatient surgeries and procedures, delivery of backlogged services, and members' increased confidence in seeking care outside of emergency care that may result in an inpatient stay. The 2022 budget assumed utilization would return to the 2019 level during Q1-22 and increase 5% over 2019 by year-end.

Actual overall 2022 utilization has not achieved the 2019 level through March. Authorizations indicate that Inpatient (Hospital) utilization continued to be suppressed below the 2019 level through early 2022, which represents approximately 40% of medical expenses. However, \$2M in retroactive claims payments from 2019 and 2020 and \$8.9M in Incurred but Not Reported (IBNR) increases due to recent October and November 2021 payments have driven Inpatient Services costs higher than budget both on a PMPM and dollar basis.

The 2022 budget further assumed that the LTC rate increase implemented in response to the PHE would be discontinued. This assumption has not been realized, and an additional 4% LTC rate increase was assumed for 2022. Unknown impacts from the continuation of the PHE in Q1-22 could further impact utilization and will drive continuing variances in actual versus budgeted LTC costs.

| Mar-22 YTD Medical Expense by Category of Service (In PMPM) | | | | |
|--|---------------|---------------|-----------------|-------------------|
| Category | Actual | Budget | Variance | Variance % |
| Inpatient Services (Hospital) | 108.26 | 104.17 | (4.09) | -3.9% |
| Inpatient Services (LTC) | 35.88 | 32.03 | (3.85) | -12.0% |
| Physician Services | 52.68 | 57.10 | 4.42 | 7.7% |
| Outpatient Facility | 30.36 | 35.29 | 4.93 | 14.0% |
| Pharmacy | (0.81) | 0.18 | 0.99 | 100.0% |
| Other Medical | 44.16 | 43.77 | (0.39) | -0.9% |
| Total | 270.53 | 272.54 | 2.02 | 0.7% |

Administrative Expenses. March 2022 YTD Administrative Expenses are favorable to budget by \$1.5M or 7.1% with a 5.2% ALR. Salaries, Wages, & Benefits (SWB) are favorable by \$0.9M or 6.4% due to Benefits running lower than budget and vacant positions savings. Non-Salary Administrative Expenses are favorable by \$0.5M or 8.6% due to the timing of the actual spend versus the budgeted timing.

Non-Operating Revenue/Expenses. March 2022 YTD Total Non-Operating Revenue is unfavorable to budget by \$10.7M, primarily driven by unrealized gains/loss on investments. This is offset by a favorable March 2022 YTD Non-Operating Expense of \$2.6M, resulting in an unfavorable net loss of \$8.1M.

Summary of Results. Overall, the Alliance generated a YTD Net Income of \$27.3M, with an MLR of 84.4%, and an ALR of 5.2%.



CENTRAL CALIFORNIA ALLIANCE FOR HEALTH
Balance Sheet
For The Third Month Ending March 31, 2022
(In \$000s)

Assets

| | |
|-----------------------------|------------------|
| Cash | \$235,896 |
| Restricted Cash | 300 |
| Short Term Investments | 556,304 |
| Receivables | 164,590 |
| Prepaid Expenses | 4,644 |
| Other Current Assets | 17,724 |
| Total Current Assets | \$979,457 |

| | |
|---------------------------------------|--------------------|
| Building, Land, Furniture & Equipment | |
| Capital Assets | \$83,315 |
| Accumulated Depreciation | (42,090) |
| CIP | 278 |
| Total Non-Current Assets | 41,503 |
| Total Assets | \$1,020,960 |

Liabilities

| | |
|----------------------------------|------------------|
| Accounts Payable | \$47,232 |
| IBNR/Claims Payable | 344,336 |
| Accrued Expenses | 1 |
| Estimated Risk Share Payable | 12,500 |
| Other Current Liabilities | 6,845 |
| Due to State | 0 |
| Total Current Liabilities | \$410,914 |

Fund Balance

| | |
|---|--------------------|
| Fund Balance - Prior | \$582,793 |
| Retained Earnings - CY | 27,253 |
| Total Fund Balance | 610,046 |
| Total Liabilities & Fund Balance | \$1,020,960 |



CENTRAL CALIFORNIA ALLIANCE FOR HEALTH
Income Statement - Actual vs. Budget
For The Third Month Ending March 31, 2022
(In \$000s)

| | MTD Actual | MTD Budget | Variance | % | YTD Actual | YTD Budget | Variance | % |
|--------------------------------------|------------------|------------------|------------------|----------------|-------------------|------------------|------------------|----------------|
| <i>Member Months</i> | 392,688 | 377,272 | 15,416 | 4.1% | 1,173,221 | 1,143,538 | 29,683 | 2.6% |
| Capitation Revenue | | | | | | | | |
| Capitation Revenue Medi-Cal | \$126,806 | \$117,237 | \$9,569 | 8.2% | \$375,116 | \$355,403 | \$19,713 | 5.5% |
| Premiums Commercial | 332 | 268 | 65 | 24.1% | 905 | 803 | 102 | 12.6% |
| Total Operating Revenue | \$127,138 | \$117,504 | \$9,634 | 8.2% | \$376,020 | \$356,206 | \$19,814 | 5.6% |
| Medical Expenses | | | | | | | | |
| Inpatient Services (Hospital) | \$40,418 | \$41,869 | \$1,452 | 3.5% | \$127,009 | \$119,123 | (\$7,886) | -6.6% |
| Inpatient Services (LTC) | 14,327 | 13,221 | (1,107) | -8.4% | 42,100 | 36,627 | (5,473) | -14.9% |
| Physician Services | 20,962 | 23,514 | 2,553 | 10.9% | 61,805 | 65,300 | 3,496 | 5.4% |
| Outpatient Facility | 11,664 | 14,850 | 3,186 | 21.5% | 35,620 | 40,359 | 4,740 | 11.7% |
| Pharmacy | 427 | 81 | (346) | -100.0% | (955) | 201 | 1,156 | 100.0% |
| Other Medical | 17,406 | 17,034 | (371) | -2.2% | 51,810 | 50,053 | (1,758) | -3.5% |
| Total Medical Expenses | \$105,204 | \$110,570 | \$5,366 | 4.9% | \$317,388 | \$311,663 | (\$5,725) | -1.8% |
| Gross Margin | \$21,934 | \$6,934 | \$15,000 | 100.0% | \$58,632 | \$44,543 | \$14,089 | 31.6% |
| Administrative Expenses | | | | | | | | |
| Salaries | \$4,851 | \$5,278 | \$426 | 8.1% | \$13,787 | \$14,731 | \$944 | 6.4% |
| Professional Fees | 170 | 175 | 5 | 2.9% | 420 | 548 | 128 | 23.4% |
| Purchased Services | 808 | 720 | (88) | -12.2% | 2,057 | 2,050 | (7) | -0.3% |
| Supplies & Other | 730 | 853 | 124 | 14.5% | 2,177 | 2,562 | 385 | 15.0% |
| Occupancy | 111 | 101 | (10) | -9.5% | 283 | 308 | 25 | 8.0% |
| Depreciation/Amortization | 281 | 285 | 5 | 1.6% | 841 | 855 | 14 | 1.6% |
| Total Administrative Expenses | \$6,950 | \$7,413 | \$463 | 6.2% | \$19,565 | \$21,054 | \$1,489 | 7.1% |
| Operating Income | \$14,984 | (\$479) | \$15,463 | 100.0% | \$39,067 | \$23,489 | \$15,578 | 66.3% |
| Non-Op Income/(Expense) | | | | | | | | |
| Interest | \$472 | \$316 | \$156 | 49.2% | \$1,323 | \$947 | \$377 | 39.8% |
| Gain/(Loss) on Investments | (6,211) | (239) | (5,973) | -100.0% | (11,891) | (715) | (11,176) | -100.0% |
| Other Revenues | 155 | 83 | 71 | 85.7% | 384 | 250 | 134 | 53.6% |
| Grants | (638) | (1,397) | 759 | 54.3% | (1,631) | (4,190) | 2,559 | 61.1% |
| Total Non-Op Income/(Expense) | (\$6,223) | (\$1,236) | (\$4,987) | -100.0% | (\$11,814) | (\$3,709) | (\$8,106) | -100.0% |
| Net Income/(Loss) | \$8,761 | (\$1,715) | \$10,476 | 100.0% | \$27,253 | \$19,780 | \$7,473 | 37.8% |
| <i>MLR</i> | 82.7% | 94.1% | | | 84.4% | 87.5% | | |
| <i>ALR</i> | 5.5% | 6.3% | | | 5.2% | 5.9% | | |
| <i>Operating Income</i> | 11.8% | -0.4% | | | 10.4% | 6.6% | | |
| <i>Net Income %</i> | 6.9% | -1.5% | | | 7.2% | 5.6% | | |



CENTRAL CALIFORNIA ALLIANCE FOR HEALTH
Income Statement - Actual vs. Budget
For The Third Month Ending March 31, 2022
(In PMPM)

| | MTD Actual | MTD Budget | Variance | % | YTD Actual | YTD Budget | Variance | % |
|--------------------------------------|-----------------|-----------------|----------------|---------------|-----------------|-----------------|----------------|--------------|
| <i>Member Months</i> | 392,688 | 377,272 | 15,416 | 4.1% | 1,173,221 | 1,143,538 | 29,683 | 2.6% |
| Capitation Revenue | | | | | | | | |
| Capitation Revenue Medi-Cal | \$322.92 | \$310.75 | \$12.17 | 3.9% | \$319.73 | \$310.79 | \$8.94 | 2.9% |
| Premiums Commercial | 0.85 | 0.71 | 0.14 | 19.3% | 0.77 | 0.70 | 0.07 | 9.8% |
| Total Operating Revenue | \$323.76 | \$311.46 | \$12.31 | 4.0% | \$320.50 | \$311.49 | \$9.01 | 2.9% |
| Medical Expenses | | | | | | | | |
| Inpatient Services (Hospital) | \$102.93 | \$110.98 | \$8.05 | 7.3% | \$108.26 | \$104.17 | (\$4.09) | -3.9% |
| Inpatient Services (LTC) | 36.49 | 35.04 | (1.44) | -4.1% | 35.88 | 32.03 | (3.85) | -12.0% |
| Physician Services | 53.38 | 62.33 | 8.95 | 14.4% | 52.68 | 57.10 | 4.42 | 7.7% |
| Outpatient Facility | 29.70 | 39.36 | 9.66 | 24.5% | 30.36 | 35.29 | 4.93 | 14.0% |
| Pharmacy | 1.09 | 0.21 | (0.87) | -100.0% | (0.81) | 0.18 | 0.99 | 100.0% |
| Other Medical | 44.32 | 45.15 | 0.83 | 1.8% | 44.16 | 43.77 | (0.39) | -0.9% |
| Total Medical Expenses | \$267.91 | \$293.08 | \$25.17 | 8.6% | \$270.53 | \$272.54 | \$2.02 | 0.7% |
| Gross Margin | \$55.86 | \$18.38 | \$37.48 | 100.0% | \$49.98 | \$38.95 | \$11.02 | 28.3% |
| Administrative Expenses | | | | | | | | |
| Salaries | \$12.35 | \$13.99 | \$1.63 | 11.7% | \$11.75 | \$12.88 | \$1.13 | 8.8% |
| Professional Fees | 0.43 | 0.46 | 0.03 | 6.7% | 0.36 | 0.48 | 0.12 | 25.3% |
| Purchased Services | 2.06 | 1.91 | (0.15) | -7.7% | 1.75 | 1.79 | 0.04 | 2.2% |
| Supplies & Other | 1.86 | 2.26 | 0.40 | 17.8% | 1.86 | 2.24 | 0.39 | 17.2% |
| Occupancy | 0.28 | 0.27 | (0.01) | -5.2% | 0.24 | 0.27 | 0.03 | 10.4% |
| Depreciation/Amortization | 0.71 | 0.76 | 0.04 | 5.5% | 0.72 | 0.75 | 0.03 | 4.1% |
| Total Administrative Expenses | \$17.70 | \$19.65 | \$1.95 | 9.9% | \$16.68 | \$18.41 | \$1.74 | 9.4% |
| Operating Income | \$38.16 | (\$1.27) | \$39.43 | 100.0% | \$33.30 | \$20.54 | \$12.76 | 62.1% |



CENTRAL CALIFORNIA ALLIANCE FOR HEALTH
Statement of Cash Flow
For The Third Month Ending March 31, 2022
(In \$000s)

| | MTD | YTD |
|---|------------------|-------------------|
| Net Income | \$8,761 | \$27,253 |
| Items not requiring the use of cash: Depreciation | 281 | 841 |
| Adjustments to reconcile Net Income to Net Cash provided by operating activities: | | |
| Changes to Assets: | | |
| Receivables | (1,580) | 80,959 |
| Prepaid Expenses | 404 | (2,446) |
| Current Assets | (884) | (1,619) |
| Net Changes to Assets | (\$2,059) | \$76,894 |
| Changes to Payables: | | |
| Accounts Payable | 15,065 | (9,708) |
| Accrued Expenses | - | - |
| Other Current Liabilities | (1,562) | (470) |
| Incurred But Not Reported Claims/Claims Payable | 100,912 | 19,586 |
| Estimated Risk Share Payable | 833 | 2,500 |
| Due to State | - | - |
| Net Changes to Payables | \$115,248 | \$11,908 |
| Net Cash Provided by (Used in) Operating Activities | \$122,231 | \$116,896 |
| Change in Investments | 5,800 | (18,420) |
| Other Equipment Acquisitions | (4) | (108) |
| Net Cash Provided by (Used in) Investing Activities | \$5,796 | (\$18,528) |
| Net Increase (Decrease) in Cash & Cash Equivalents | \$128,026 | \$98,368 |
| Cash & Cash Equivalents at Beginning of Period | \$107,870 | \$137,528 |
| Cash & Cash Equivalents at March 31, 2022 | \$235,896 | \$235,896 |