# AGENDA SANTA CRUZ – MONTEREY – MERCED MANAGED MEDICAL CARE COMMISSION



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

DATE: Wednesday, September 22, 2021

TIME: **1:30 – 2:45 p.m.** 

Important notice regarding COVID-19: Based on guidance from the California Department of Public Health and the California Governor's Office, in order to minimize the spread of the COVID-19 virus, Alliance offices will be closed for this meeting. The following alternatives are available to members of the public to view this meeting and to provide comment to the Board.

- 1. Members of the public wishing to join the meeting 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: 598 578 583#
- 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, September 21, 2021 to the Clerk of the Board at <a href="mailto:kstagnaro@ccah-alliance.org">kstagnaro@ccah-alliance.org</a>.
    - 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. Public comment 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.
- 3. Mute your phone during presentations to eliminate background noise.
  - a. State your name prior to speaking during comment periods.
  - b. Limit background noise when unmuted (i.e. paper shuffling, cell phone calls, etc.).

#### 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 May 26, 2021 meeting of the Finance Committee. 1:40 p.m.
- 4. YTD July 2021 Financials. 1:45 p.m.
- 5. Forecast based on YTD July 2021 Financials. 1:55 p.m.
- 6. Investment Update Q2-2021. 2:25 p.m.

#### The next meeting of the Commission, after this September 22, 2021 meeting:

 Santa Cruz – Monterey – Merced Managed Medical Care Commission Finance Committee
 Wednesday, October 27, 2021, 1:30 – 2:45 p.m.

Locations: Videoconference from Alliance offices in Scotts Valley, Salinas and Merced and by teleconference.

Members of the public interested in attending should call the Alliance at (831) 430-5523 to verify meeting dates and locations prior to the meetings.

The complete agenda packet is available for review at Alliance offices, and 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, May 26, 2021

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

#### **Members Present:**

Ms. Mimi Hall County Health Services Agency Director

Mr. Michael Molesky
Allen Radner, MD
Public Representative
Provider Representative

#### **Members Absent:**

Ms. Elsa Jiménez

Mr. Tony Weber

County Health Director

Provider Representative

#### **Staff Present:**

Ms. Lisa Ba
Chief Financial Officer
Ms. Stephanie Sonnenshine
Chief Executive Officer

Ms. Dulcie San Paolo Finance Administrative Specialist

#### 1. Call to Order by Chairperson Molesky. (1:37 p.m.)

Chairperson Molesky called the meeting to order at 1:37p.m. Roll call was taken. A quorum was not yet present and approval of the March 24, 2021 minutes was postponed.

#### 2. Oral Communications. (1:37 - 1:38 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.

## **HEALTHY** PEOPLE. **HEALTHY** COMMUNITIES.

<u>www.ccah-alliance.org</u>

#### Regular Agenda Items:

#### 3. Year-to-date March 2021 Financials. (1:38 - 1:43 p.m.)

Ms. Lisa Ba, Chief Financial Officer (CFO), updated the commissioners on the Alliance's most recent financial performance. As of March 31, 2021, there was an operating income of \$22.7M. The Medical Loss Ratio (MLR) was favorable to budget at 88.5% compared to the budgeted 96%. Ms. Ba explained that, due to the pandemic, some of the uncertainties experienced in 2020 have continued into 2021. In the budget there was the assumption that care would resume during the first quarter of 2021. It is now known that a return to care was delayed due to the surge of COVID-19 cases that occurred through February 2021.

Next, Ms. Ba provided a view of the financial results for medical cost and revenue based on per member per month (PMPM) statements. As medical cost and revenue are variable based on enrollment, PMPM statements can provide a clearer picture than dollar amount statements in these areas. At a PMPM level, revenue was 3% favorable, and medical expense 4.7% favorable compared to budget due to lower utilization from outpatient, transportation and specialist services during the pandemic and stay-at-home orders between December 2020 and February 2021.

Therefore, in summary, the continuation of lower utilization into 2021 resulted in positive financial results in the first quarter of 2021. Administrative costs remain on target with budget.

Ms. Ba opened the floor for questions and discussion.

#### 4. Forecast based on Q1 Results. (1:43 - 2:10 p.m.)

Ms. Ba oriented the commissioners to the Alliance's trended performance since 2018 and noted that the Plan incurred losses of \$89M in 2018 and \$73M in 2019. The budgeted loss for 2020 was \$53M. However, due to the suppressed utilization brought on by the COVID-19 pandemic, the actual results for 2020 included a \$7.7M operating income. She went on to explain that, if utilization had been at the 2019, pre-pandemic levels then the medical costs would have been \$57M higher, which would then have resulted in a \$50M operating loss instead of the operating income that was realized in 2020.

The CFO went on to discuss the initial forecast for 2021 compared to the budgeted \$37,6M loss.

[Commissioner Allen Radner, MD arrived at this time: 1:45 p.m.]

Ms. Ba referenced the actual results for the first quarter of 2021 and framed them against the forecast. She noted that the forecast for the remainder of year includes a gradual improvement in utilization in the second quarter to continue through the fourth quarter. This projected increase in utilization will therefore result in an increase in medical cost, thereby causing the operating income to diminish in the third quarter and to result in a loss in the fourth quarter.

Ms. Ba went on to explain the budget versus forecast assumptions related to enrollment, revenue, utilization and medical and administrative costs.

The budget assumed a 7% increase in enrollment from prior year, assuming that the Public Health Emergency (PHE) would end in June. Now, with the most recent enrollment data and anticipating that the PHE will end in December, the forecast assumes an 8.3% increase.

The forecast shows revenue to be 1.3% favorable to budget. This is due to several factors, including an acuity adjustment received in the December rate package that was less than assumed in the budget. Additionally, there was an unexpected COVID add-on, in addition to the long-term add-on from the Department of Health Care Services (DHCS) which provides temporary additional revenue during the PHE. Also factored into the forecast is the pharmacy revenue due to delay of the pharmacy carve-out.

The medical cost is favorable to budget for the first quarter of 2021 due to suppressed utilization. The budget assumes a resumption of care by the end of 2020. Due to the winter pandemic surge, the resumption of care is delayed to the second quarter of 2021. On an annual basis, the utilization assumption is that we will be 10% higher than 2020 and 0.5% higher than 2019, and that the PMPM cost will be lower than the original budget by 0.5%.

Lastly, administrative costs were budgeted at \$85.6M or 5.7%. Of note, the Administrative Loss Ratio (ALR) has been reduced from prior years where it was 7.7% in 2018, 6.6% in 2019 and 6.3% in 2020. This is a result of work done by staff to improve overall efficiency and effectiveness. However, it is anticipated that in 2022 we will experience higher ALR in terms of dollars and percentage due to CalAIM related expenses as well as the loss of the pharmacy revenue once the carve-out occurs.

Next. Ms. Ba outlined for the commissioners several factors that will impact future performance. These factors will include the pandemic and duration of the PHE, the pharmacy carve-out, CalAIM and Enhanced Care Management (ECM) revenue and In Lieu of Services (ILOS) offerings and Dual Eligible Special Needs Plans (D-SNP). Additionally, the Regional Rate and the State Budget will also have an impact on future financial performance. The Cost Containment Plan (CCP) will be an important component to help ensure the Plan's financial viability. Ms. Ba reported that staff continue to make progress on the contract negotiations. Currently, 60% of the negotiations have been finalized and all will align with the industry benchmarked APR-DRG methodology.

In summary, Ms. Ba explained that the deferral of elective services due to the pandemic was the primary factor in the Alliance achieving an operating income in 2020 and in the first quarter of 2021. The most recent forecast assumes that utilization will gradually increase quarterly. As a result, the operating income is expected to decrease each quarter. The uncertainty brought on by the pandemic is likely to continue for the remainder of the year. Variables such as vaccine effectiveness, virus variants and "pandemic fatigue" could result in financial volatility that continues into 2022. Staff will continue to refresh the forecast and keep the Board and Finance Committee updated.

Ms. Ba opened the floor for questions and discussion.

Commissioner Molesky asked for some clarification around the ALR from a historical perspective. Ms. Ba explained that in 2018 a plan was identified to focus on how to improve efficiencies through process improvement measures including department assessments. She referenced that, for local plans, an ALR between 5% and 8% is normal. Additionally, with the unknowns related to CalAIM, we will continue to focus on managing our costs but need

to ensure that we are able to fund administrative activities appropriately. Commissioner Molesky thanked Ms. Ba for the clarification and expressed agreement that achieving an ALR below 8% and close to 6% is commendable.

Commissioner Hall acknowledged the diligent work of staff and the support of the Board in placing a focus on identifying process improvement opportunities around administrative costs and working towards balancing the Alliance's budget and prioritizing our mission.

#### **Consent Agenda Items:**

#### 5. Approve minutes of March 24, 2021 meeting of the Finance Committee. (2:10 - 2:12 p.m.)

FINANCE COMMITTEE ACTION: Chairperson Molesky opened the floor for approval of the minutes of the March 24, 2021 meeting.

**MOTION:** Commissioner Hall moved to approve the minutes, seconded by

Commissioner Radner

**ACTION**: The motion passed with the following vote:

Ayes: Commissioners Hall, Molesky, Radner

Noes: None

Absent: Commissioners Jiménez and Weber

Abstain: None

#### Adjourn:

The Commission adjourned its meeting of May 26, 2021 at 2:12 p.m. to September 22, 2021 at 1:30p.m. via teleconference from the Alliance office in Scotts Valley, Salinas, and Merced.

Respectfully submitted,

Ms. Dulcie San Paolo Finance Administrative Specialist



**DATE:** September 22, 2021

**TO**: Santa Cruz-Monterey-Merced Managed Medical Care Commission

FROM: Lisa Ba, Chief Financial Officer

**SUBJECT:** Financial Highlights for the Seventh Month Ending July 31, 2021

For the month ending July 31, 2021, the Alliance reported a Medical Loss Ratio (MLR) of 79.4%, an Administrative Loss Ratio (ALR) of 4.7%, and an Operating Income Ratio of 15.9%. The Year-to-Date (YTD) MLR is 85.2%, ALR is 5.3%, and the Operating Income is 9.5%.

The 2021 budget assumed services to rebound starting Q4-2020 and Q1-2021 to return to the 2019 level. However, the assumption was not realized and utilization continued to be suppressed through March 2021. Utilization from physician services, outpatient services and pharmacy has picked up in Q2-2021 and slightly trending down in July. As a result, YTD medical expenses are favorable to budget by \$60.4M or 7.2%.

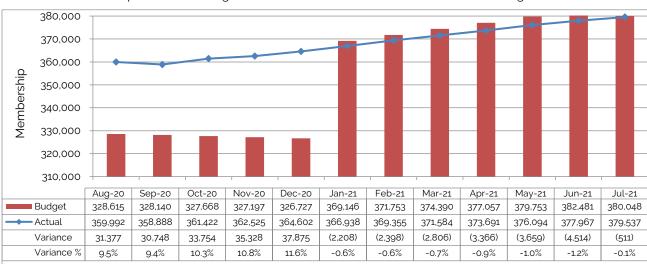
Jul-21 MTD (In \$000s)								
Key Indicators	Current Actual	Current Budget	Current Variance	% Variance to Budget				
Membership	<i>379,537</i>	380,048	(511)	-0.1%				
Revenue	138,031	125,920	12,111	9.6%				
Medical Expenses	109,580	122,071	12,491	10.2%				
Administrative Expenses _	6,529	7,452	923	12.4%				
Operating Income/(Loss)	21,922	(3,603)	25,525	100.0%				
Net Income/(Loss)	21,157	(4,313)	25,470	100.0%				
MLR %	79.4%	96.9%	17.6%					
ALR %	4.7%	5.9%	1.2%					
Operating Income %	15.9%	-2.9%	18.7%					
Net Income %	15.3%	-3.4%	18.8%					

# HEALTHY PEOPLE. HEALTHY COMMUNITIES.

Jul-21 YTD (In \$000s)								
Key Indicators	YTD Actual	YTD Budget	YTD Variance	% Variance to Budget				
Membership	2,615,166	2,634,627	(19,461)	-0.7%				
Revenue Medical Expenses Administrative Expenses	908,222 773,960 48,025	873,571 834,409 49,961	34,651 60,448 1,936	4.0% 7.2% 3.9%				
Operating Income/(Loss) Net Income/(Loss)	86,237 81,943	(10,799) (15,520)	97,036 97,463	100.0% 100.0%				
РМРМ								
Revenue Medical Expenses Administrative Expenses	347.29 295.95 18.36	331.57 316.71 18.96	15.72 20.76 0.60	4.7% 6.6% 3.2%				
Operating Income/(Loss)	32.98	(4.10)	37.07	100.0%				
MLR % ALR % Operating Income %	85.2% 5.3% 9.5%	95.5% 5.7% -1.2%	10.3% 0.4% 10.7%					
Net Income %	9.0%	-1.8%	10.8%					

<u>Per Member Per Month</u> Capitation revenue and medical expenses are variable 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 therefore viewed in terms of total dollar amount. At a PMPM level, YTD revenue is \$347.29, which is favorable to budget by \$15.72 or 4.7%. Medical cost PMPM is \$295.95, which is favorable by \$20.76 or 6.6% and administrative cost PMPM is \$18.36, which is favorable by \$0.60 or 3.2%. The resulting operating income is \$32.98 PMPM.

Membership. July 2021 Member Months are unfavorable to budget by 0.1%. Please note that the budget assumes the Public Health Emergency (PHE) will end in June 2021. In the Governor's May Revision, the PHE is assumed to end in December 2021. This will result in favorable membership and member months for the year.



Membership. Actual vs. Budget (based on actual enrollment trend for Jul-21 rolling 12 months)

<u>Revenue</u>. The budgeted revenue was based on the 2021 rate package as of October 2020. Revised rates received July 13, 2021 included Pharmacy, COVID and LTC add-ons for the entire CY 2021. This resulted in stronger and more favorable revenue.

July 2021 capitation revenue of \$137.8M is favorable to budget by \$12.1M or 9.7%. Of this \$12.1M favorability, \$6.8M is attributed to revised rates received on July 13, 2021 for the period of Jan-21 to Jul-21, and \$0.6M for prior year Hyde adjustments. July 2021 YTD revenue of \$906.4M is favorable to budget by \$34.9M or 4.0%, of which \$3.1M is attributed to enrollment and \$31.8M to rate variance.

Jul-21 YTD Capitation Revenue Summary (In \$000s)								
County	Actual	Budget	Variance	Variance Due to Enrollment	Variance Due to Rate			
Santa Cruz	202,402	195,810	6,593	1,587	5,006			
Monterey	394,889	379,303	15,586	527	15,059			
Merced	309,089	296,373	12,716	956	11,760			
Total	906,380	871,485	34,895	3,070	31,825			

Note: Excludes Jul-21 YTD In-Home Supportive Services (IHSS) premiums revenue of \$1.8M.

Central California Alliance for Health Financial Highlights for the Seventh Month Ending July 31, 2021 September 22, 2021 Page 4 of 5

Medical Expenses. July 2021 Medical Expenses of \$109.6M are favorable to budget by \$12.5M or 10.2%. July 2021 YTD Medical Expenses are \$774.0M, which is favorable to budget by \$60.4M or 7.2%, with an MLR of 85.2%. Of this \$60.4M favorability, \$6.2M is attributed to enrollment and \$54.3M to PMPM cost variance.

Jul-21 YTD Medical Expense Summary (\$ In 000's)								
Category	Actual	Budget	Variance	Variance Due to Enrollment	Variance Due to Rate			
Inpatient Services (Hospital)	253,049	254,887	1,838	1,883	(44)			
Inpatient Services (LTC)	80,547	112,326	31,779	830	30,949			
Physician Services	134,680	137,081	2,401	1,013	1,388			
Outpatient Facility	58,085	48,330	(9,755)	357	(10,112)			
Pharmacy	121,445	124,753	3,307	922	2,386			
Other Medical	126,155	157,032	30,877	1,160	29,718			
Total	773,960	834,409	60,448	6,163	54,285			

Note: Surgical Clinics cost was reclassified to Outpatient Facility and budget is in the Other Medical category.

At a PMPM level, YTD Medical Expenses are \$295.95, which is favorable by \$20.76 or 6.6% as compared to budget. Please note that rate (PMPM) is the unit cost for a service, and when multiplied by the utilization for the service, equals the medical cost. The suppressed utilization contributed to the favorable rate variance.

YTD authorization trends indicate outpatient services are rising, whereas inpatient services are right at budget. As the pandemic is turning a corner, we believe members are now aggressively seeking services within the outpatient setting that may had been postponed to post-pandemic times. This would explain the unfavorable variance in outpatient services against budget.

Jul-21 YTD Medical Expense by Category of Service (In PMPM)								
Category	Actual	Budget	Variance	Variance %				
Inpatient Services (Hospital)	96.76	96.75	(0.02)	0.0%				
Inpatient Services (LTC)	30.80	42.63	11.83	27.8%				
Physician Services	51.50	52.03	0.53	1.0%				
Outpatient Facility	22.21	18.34	(3.87)	-21.1%				
Pharmacy	46.44	47.35	0.91	1.9%				
Other Medical	48.24	59.60	11.36	19.1%				
Total	295.95	316.71	20.76	6.6%				

Central California Alliance for Health Financial Highlights for the Seventh Month Ending July 31, 2021 September 22, 2021 Page 5 of 5

<u>Administrative Expenses</u>. July 2021 YTD Administrative Expenses are favorable to budget by \$1.9M with a 5.3% ALR.

Non-Operating Revenue/Expenses. July 2021 YTD Total Non-Operating Revenue is unfavorable to budget by \$3.0M, primarily driven by lower interest income and unrealized gain/loss on investments. This is offset by a favorable July 2021 YTD Non-Operating Expense of \$3.4M, for a net impact of \$0.4M.

<u>Summary of Results.</u> Overall, the Alliance generated a YTD Net Income of \$81.9M, with a MLR of 85.2%, and an ALR of 5.3%.



# **Balance Sheet**

# For The Seventh Month Ending July 31, 2021 (In \$000s)

Assets	
Cash	\$73,766
Restricted Cash	300
Short Term Investments	490,123
Receivables	173,067
Prepaid Expenses	3,312
Other Current Assets	17,652
<b>Total Current Assets</b>	\$758,219
Building, Land, Furniture & Equipment	
Capital Assets	\$83,662
Accumulated Depreciation	(39,584)
CIP	3,437
<b>Total Non-Current Assets</b>	47,515
Total Assets	\$805,734
Liabilities	
Accounts Payable	\$16,193
IBNR/Claims Payable	229,464
Accrued Expenses	1
Estimated Risk Share Payable	5,856
Other Current Liabilities	7,688
Due to State	0
<b>Total Current Liabilities</b>	\$259,201
Fund Balance	
Fund Balance - Prior	\$464,590
Retained Earnings - CY	81,943
<b>Total Fund Balance</b>	546,533
<b>Total Liabilities &amp; Fund Balance</b>	\$805,734



# Income Statement - Actual vs. Budget For The Seventh Month Ending July 31, 2021 (In \$000s)

	MTD Actual	MTD Budget	Variance	%	YTD Actual	YTD Budget	Variance	%
Member Months	379,537	380,048	(511)	-0.1%	2,615,166	2,634,627	(19,461)	-0.7%
Capitation Revenue								
Capitation Revenue Medi-Cal	\$137,751	\$125,609	\$12,141	9.7%	\$906,380	\$871,485	\$34,895	4.0%
Premiums Commercial	281	311	(30)	-9.7%	1,843	2,086	(243)	-11.7%
<b>Total Operating Revenue</b>	\$138,031	\$125,920	\$12,111	9.6%	\$908,222	\$873,571	\$34,651	4.0%
Medical Expenses								
Inpatient Services (Hospital)	\$39,455	\$36,775	(\$2,680)	-7.3%	\$253,049	\$254,887	\$1,838	0.7%
Inpatient Services (LTC)	9,740	17,286	7,547	43.7%	80,547	112,326	31,779	28.3%
Physician Services	19,494	20,210	716	3.5%	134,680	137,081	2,401	1.8%
Outpatient Facility	7,854	7,030	(824)	-11.7%	58,085	48,330	(9,755)	-20.2%
Pharmacy	15,527	17,343	1,816	10.5%	121,445	124,753	3,307	2.7%
Other Medical	17,511	23,427	5,916	25.3%	126,155	157,032	30,877	19.7%
<b>Total Medical Expenses</b>	\$109,580	\$122,071	\$12,491	10.2%	\$773,960	\$834,409	\$60,448	7.2%
Gross Margin	\$28,451	\$3,849	\$24,602	100.0%	\$134,262	\$39,162	\$95,100	100.0%
<b>Administrative Expenses</b>								
Salaries	\$4,341	\$4,775	\$435	9.1%	\$32,534	\$32,615	\$81	0.2%
Professional Fees	209	175	(34)	-19.6%	967	1,176	209	17.8%
Purchased Services	807	849	42	4.9%	5,946	5,920	(26)	-0.4%
Supplies & Other	552	901	350	38.8%	4,223	5,191	968	18.6%
Occupancy	68	108	40	37.4%	490	762	272	35.7%
Depreciation/Amortization	553	644	91	14.1%	3,866	4,298	432	10.0%
<b>Total Administrative Expenses</b>	\$6,529	\$7,452	\$923	12.4%	\$48,025	\$49,961	\$1,936	3.9%
<b>Operating Income</b>	\$21,922	(\$3,603)	\$25,525	100.0%	\$86,237	(\$10,799)	\$97,036	100.0%
Non-Op Income/(Expense)								
Interest	\$316	\$565	(\$249)	-44.1%	\$2,074	\$4,028	(\$1,954)	-48.5%
Gain/(Loss) on Investments	142	(23)	164	100.0%	(1,359)	(162)	(1,197)	-100.0%
Other Revenues	107	82	24	29.7%	806	665	141	21.3%
Grants	(1,330)	(1,335)	5	0.4%	(5,815)	(9,252)	3,437	37.2%
<b>Total Non-Op Income/(Expense)</b>	(\$765)	(\$710)	(\$55)	-7.7%	(\$4,294)	(\$4,721)	\$427	9.0%
Net Income/(Loss)	\$21,157	(\$4,313)	\$25,470	100.0%	\$81,943	(\$15,520)	\$97,463	100.0%
MLR	79.4%	96.9%			85.2%	95.5%		
ALR	4.7%	5.9%			5.3%	5.7%		
Operating Income	15.9%	-2.9%			9.5%	-1.2%		
Net Income %	15.3%	-3.4%			9.0%	-1.8%		



# Income Statement - Actual vs. Budget For The Seventh Month Ending July 31, 2021 (In PMPM)

	MTD Actual	MTD Budget	Variance	%	YTD Actual	YTD Budget	Variance	%
Member Months	379,537	380,048	(511)	-0.1%	2,615,166	2,634,627	(19,461)	-0.7%
Capitation Revenue								
Capitation Revenue Medi-Cal	\$362.94	\$330.51	\$32.43	9.8%	\$346.59	\$330.78	\$15.80	4.8%
Premiums Commercial	0.74	0.82	(0.08)	-9.5%	0.70	0.79	(0.09)	-11.0%
<b>Total Operating Revenue</b>	\$363.68	\$331.33	\$32.36	9.8%	\$347.29	\$331.57	\$15.72	4.7%
Medical Expenses								
Inpatient Services (Hospital)	\$103.96	\$96.76	(\$7.19)	-7.4%	\$96.76	\$96.75	(\$0.02)	0.0%
Inpatient Services (LTC)	25.66	45.48	19.82	43.6%	30.80	42.63	11.83	27.8%
Physician Services	51.36	53.18	1.82	3.4%	51.50	52.03	0.53	1.0%
Outpatient Facility	20.69	18.50	(2.20)	-11.9%	22.21	18.34	(3.87)	-21.1%
Pharmacy	40.91	45.63	4.72	10.4%	46.44	47.35	0.91	1.9%
Other Medical	46.14	61.64	15.50	25.2%	48.24	59.60	11.36	19.1%
<b>Total Medical Expenses</b>	\$288.72	\$321.20	\$32.48	10.1%	\$295.95	\$316.71	\$20.76	6.6%
Gross Margin	<b>\$74.96</b>	\$10.13	\$64.84	100.0%	\$51.34	\$14.86	\$36.48	100.0%
Administrative Expenses								
Salaries	\$11.44	\$12.57	\$1.13	9.0%	\$12.44	\$12.38	(\$0.06)	-0.5%
Professional Fees	0.55	0.46	(0.09)	-19.7%	0.37	0.45	0.08	17.2%
Purchased Services	2.13	2.23	0.11	4.8%	2.27	2.25	(0.03)	-1.2%
Supplies & Other	1.45	2.37	0.92	38.7%	1.61	1.97	0.36	18.0%
Occupancy	0.18	0.28	0.11	37.3%	0.19	0.29	0.10	35.3%
Depreciation/Amortization	1.46	1.69	0.24	13.9%	1.48	1.63	0.15	9.4%
<b>Total Administrative Expenses</b>	\$17.20	\$19.61	\$2.40	12.3%	\$18.36	\$18.96	\$0.60	3.2%
Operating Income	\$57.76	(\$9.48)	\$67.24	100.0%	\$32.98	(\$4.10)	\$37.07	100.0%



### Statement of Cash Flow For The Seventh Month Ending July 31, 2021 (In \$000s)

	MTD	YTD
Net Income	\$21,157	\$81,943
Items not requiring the use of cash: Depreciation	553	3,338
Adjustments to reconcile Net Income to Net Cash		
provided by operating activities:		
Changes to Assets:		
Receivables	(6,067)	74,663
Prepaid Expenses	135	(490)
Current Assets	1,304	1,853
Net Changes to Assets	(\$4,628)	\$76,025
Changes to Payables:		
Accounts Payable	(24,909)	(24,367)
Accrued Expenses	-	-
Other Current Liabilities	125	225
Incurred But Not Reported Claims/Claims Payable	(10,227)	(81,352)
Estimated Risk Share Payable	842	(4,154)
Due to State	<u> </u>	<u>-</u>
Net Changes to Payables	(\$34,169)	(\$109,649)
Net Cash Provided by (Used in) Operating Activities	(\$17,086)	\$51,657
Change in Investments	(50,626)	(134,012)
Other Equipment Acquisitions	(551)	(924)
Net Cash Provided by (Used in) Investing Activities	(\$51,177)	(\$134,937)
Net Increase (Decrease) in Cash & Cash Equivalents	(\$68,264)	(\$83,279)
Cash & Cash Equivalents at Beginning of Period	\$142,030	\$157,045
Cash & Cash Equivalents at July 31, 2021	\$73,766	\$73,766