

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



**Meeting Agenda**

**Wednesday, September 27, 2023**

**1:30 p.m. – 2:45 p.m.**

- Location:**
- In Santa Cruz County:**  
Central California Alliance for Health Board 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 Board Room  
530 West 16<sup>th</sup> Street, Suite B, Merced, CA

Alliance offices are open to attend Finance Committee meetings in each county.

1. Members of the public wishing to observe the meeting remotely via online livestreaming may do so as follows. Note: Livestreaming for the public is listening/viewing only.
  - 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: 591 253 805#
  
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 26, 2023, to Dulcie San Paolo, Finance Administrative Specialist, at [dsanpaolo@ccah-alliance.org](mailto: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, from an Alliance County office, 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.



- 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 August 23, 2023 meeting of the Finance Committee. 1:40 p.m.**
- 4. YTD July Financials. 1:45 p.m.**
- 5. 2023 Forecast. 1:55 p.m.**
- 6. 2024 Preliminary Budget and Five-Year Projection. 2:15 p.m.**

*The complete agenda packet is available for review on the Alliance website at [www.thealliance.health/about-the-alliance/public-meetings/](http://www.thealliance.health/about-the-alliance/public-meetings/). 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**



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**Meeting Minutes**

**Wednesday, August 23, 2023**

**Members Present:**

Ms. Elsa Jiménez	County Health Director
Ms. Shebreh Kalantari-Johnson	Public Representative
Mr. Michael Molesky	Public Representative
Supervisor Josh Pedrozo	County Board of Supervisors
Allen Radner, MD	Provider Representative

**Members Absent:**

**Staff Present:**

Ms. Lisa Ba	Chief Financial Officer
Mr. Michael Schrader	Chief Executive Officer
Dennis Hsieh, MD, JD	Deputy Chief Medical Officer
Ms. Kay Lor	Payment Strategy Director
Ms. Dulcie San Paolo	Finance Administrative Specialist

**1. Call to Order. (1:34 p.m.)**

The meeting was called to order at 1:34 p.m. Roll call was taken. A quorum was present.

**2. Oral Communications. (1:35 – 1:36 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.**

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**Consent Agenda Items:****3. Approve minutes of the June 28, 2023 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 June 28, 2023 meeting.

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

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

Ayes: Commissioners Jiménez, Molesky, Radner

Noes: None

Absent: Commissioners Kalantari-Johnson, Pedrozo

Abstain: None

**Regular Agenda Items:****4. June YTD financial results. (1:37 p.m.)**

Ms. Lisa Ba, Chief Financial Officer (CFO), updated the commissioners on the Alliance's most recent financial performance for the six months ending on June 30, 2023. Year-to-Date (YTD) Operating Income was \$65M, with a Medical Loss Ratio (MLR) of 87.3% and an Administrative Loss Ratio (ALR) of 5.2%.

Overall, medical cost was 9% unfavorable to the budget, due mainly to increased utilization in Inpatient, Behavioral Health, and Transportation services. To offer more insight, Ms. Ba went on to provide the commissioners with a detailed view of medical cost broken down by category of service.

[Commissioner Pedrozo arrived at this time: 1:43 p.m.]

The CFO explained that the Outpatient Facility category includes Emergency Department (ED) services. Medical cost in this category was 5% favorable compared to budget. Additional views of Emergency and Inpatient medical expense by Date-of-Service (DOS) were reviewed to illustrate a trended picture of utilization in those areas from 2019 to 2023 YTD. Ms. Ba clarified that, when examining utilization at the per 1,000 members per month level for ED services, it is below the 2019 levels. Therefore, she explained that increased utilization of emergency services is primarily attributed to the augmented enrollment from the Public Health Emergency (PHE). However, a similar analysis of Inpatient medical expense indicates that utilization in that category has increased compared to 2019 levels.

Ms. Ba reminded the commissioners that staff shared a preliminary forecast at the June 2023 Finance Committee meeting. She advised that the cost analysis will be refreshed, and an updated forecast will be provided for this committee's review in September.

Next, the CFO presented a view of membership projections by county-level detail. Overall, in June 2023, the Alliance enrollment peaked at 429,000. It is expected that the losses due to redetermination will be mitigated by the expansion into the new counties and the new undocumented adult coverage.

[Commissioner Kalantari-Johnson arrived at this time: 2:00 p.m.]

Ms. Ba explained that future membership losses to Kaiser will only occur in Santa Cruz and Mariposa counties and are expected to total approximately 4,000 members, representing less than 1% of the total membership.

The commissioners discussed the redetermination projections and how they have compared to actual reported numbers in the first two months of the redetermination process. Mr. Michael Schrader, Chief Executive Officer (CEO), explained that, so far, the number of disenrolled Alliance members appears to be below the Department of Health Care Services (DHCS) projections. He advised that it is possible that counties may have backlogs in processing renewals due to workforce and system restraints and that these numbers may change.

#### **5. 2024 Hospital Quality Incentive Program (HQIP). (2:05 p.m.)**

Ms. Ba introduced Ms. Kay Lor, Provider Payment Strategy Director, and Dennis Hsieh, M.D., J.D., Deputy Chief Medical Officer, to provide an overview of the proposed 2024 Hospital Quality Incentive Program (HQIP).

Ms. Lor outlined the program objectives, including better health outcomes for members, improving coordination of care, allowing hospitals to earn additional revenue through collaboration with physicians, reducing unnecessary use of expensive services, and advancing value-based payment.

The 2024 program would be based on two measures; Inpatient Transitional Care Services (TCS) and Emergency Visit Follow-Up: High Risk Outpatient ER Discharges. Payment will be based on completion of summary sheets per discharge. Payouts would occur quarterly, with participating hospitals having the opportunity to earn the maximum funds for each measurement.

Staff proposes \$18M be budgeted for the HQIP in 2024. The program would be available to all contracted hospitals with 50 or more emergency or inpatient admissions in 2022.

The commissioners expressed appreciation for the adjusted design of the program to have an increased emphasis on process. Ms. Ba thanked Ms. Lor and Dr. Hsieh for their work in developing the proposed program.

The next steps will be to present the program for the Board's consideration and approval in September 2023.

**6. Q2 2023 Investment Update. (2:21 p.m.)**

Ms. Ba provided the commissioners with an economic update and an overview of the Alliance's investment portfolio as of June 30, 2023.

In March 2023, staff informed this committee about bank failures that occurred in the first quarter of 2023 and outlined the Alliance's proposed contingency plan. Ms. Ba shared that, although the bank failures were stabilized through intervention by the federal government, the Alliance's contingency plan was successfully implemented in the second quarter of 2023 to avoid potential operational payment disruptions.

Next, Ms. Ba presented the commissioners with a view of the Alliance's portfolio by institution and holdings. Investments are managed per the Board-approved Investment Policy. Ms. Ba advised that staff have utilized the Pooled Money Investment Account (PMIA), including CalTRUST and Local Agency Investment Fund (LAIF), to manage most of the funds. These accounts are designed for public agencies, and their investment objectives align with the Alliance's, with safety being the primary priority.

The commissioners expressed interest in learning whether there could be an opportunity for the Alliance to explore alternate types of investment opportunities, such as utilizing equity in healthcare projects and initiatives. Ms. Ba noted that consultation with the Alliance's Compliance and Legal teams would be required before this could be considered.

**The Commission adjourned its meeting on August 23, 2023, at 2:35 p.m.**

Respectfully submitted,

Ms. Dulcie San Paolo  
Finance Administrative Specialist



**DATE:** September 27, 2023  
**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, 2023

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For the month ending July 31, 2023, the Alliance reported an Operating Income of \$10.8M. The Year-to-Date (YTD) Operating Income is \$75.7M, with a Medical Loss Ratio (MLR) of 87.3% and an Administrative Loss Ratio (ALR) of 5.2%. The Net Income is \$87.9M after accounting for Non-Operating Income/Expenses.

The budget expected a \$61.0M Operating Income for YTD July. The actual result is favorable to budget by \$14.7M or 24.2%, driven primarily by membership favorability.

<u>Key Indicators</u>	<b>Jul-23 (\$ In 000's)</b>			
	Current Actual	Current Budget	Current Variance	% Variance to Budget
<i>Membership</i>	427,275	403,892	23,383	5.8%
Revenue	137,799	128,058	9,741	7.6%
Medical Expenses	120,218	121,230	1,012	0.8%
Administrative Expenses	6,801	7,806	1,005	12.9%
Operating Income	10,780	(977)	11,758	100.0%
Net Income	13,933	1,016	12,917	100.0%
<i>MLR %</i>	87.2%	94.7%	7.4%	
<i>ALR %</i>	4.9%	6.1%	1.2%	
<i>Operating Income %</i>	7.8%	-0.8%	8.6%	
<i>Net Income %</i>	10.1%	0.8%	9.3%	

<b>Jul-23 YTD (In \$000s)</b>				
<u>Key Indicators</u>	YTD Actual	YTD Budget	YTD Variance	% Variance to Budget
<i>Member Months</i>	2,975,399	2,866,048	109,351	3.8%
Revenue	1,008,595	910,421	98,174	10.8%
Medical Expenses	880,702	793,832	(86,870)	-10.9%
Administrative Expenses	52,153	55,590	3,437	6.2%
Operating Income/(Loss)	75,740	60,999	14,741	24.2%
Net Income/(Loss)	87,899	50,393	37,505	74.4%
<b>PMPM</b>				
Revenue	338.98	317.66	21.32	6.7%
Medical Expenses	295.99	276.98	(19.02)	-6.9%
Administrative Expenses	17.53	19.40	1.87	9.6%
Operating Income/(Loss)	25.46	21.28	4.17	19.6%
<i>MLR %</i>	87.3%	87.2%	-0.1%	
<i>ALR %</i>	5.2%	6.1%	0.9%	
<i>Operating Income %</i>	7.5%	6.7%	0.8%	
<i>Net Income %</i>	8.7%	5.5%	3.2%	

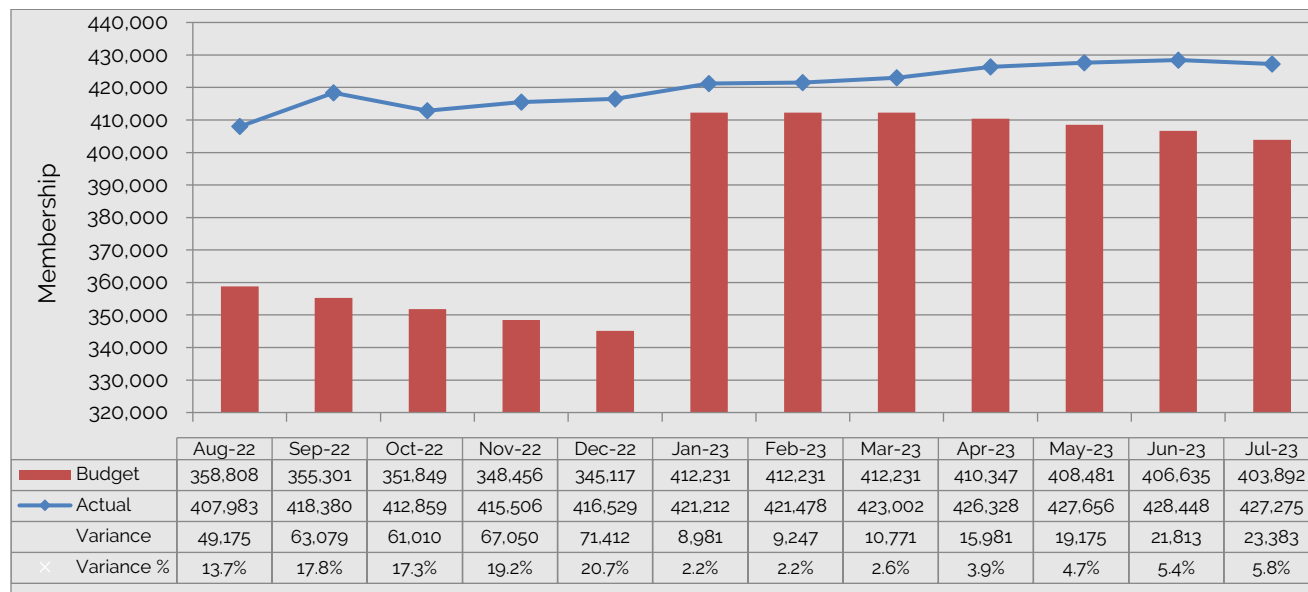
Per Member Per Month. Capitation revenue and medical expenses are variables based on enrollment fluctuations; therefore, the PMPM view offers more clarity than the total dollar amount. Conversely, administrative expenses do not usually correspond with enrollment and should be evaluated at the dollar amount.

At a PMPM level, YTD revenue is \$338.98, which is favorable to budget by \$21.32 or 6.7%. Medical cost PMPM is \$295.99, which is unfavorable by \$19.02 or 6.9%. Overall, this results in a favorable gross margin of \$2.30 or 5.7% compared to budget. The resulting operating income PMPM is \$25.46, which is favorable by \$4.17 or 19.6% compared to the budget which is comprised of \$2.30 gross margin and \$1.87 favorable admin spend.

Membership. July 2023 membership is favorable to budget by 5.8%. Please note that the 2023 budget assumed the Public Health Emergency (PHE) would end in January 2023, with membership beginning to decline in April 2023. The Health and Human Services Department announced that the PHE ended on May 11, 2023. The Department of Health Care Services (DHCS) began the redetermination process in April 2023 for the June 2023 renewal month, with the actual enrollment loss beginning in July 2023.



Membership. Actual vs. Budget (based on actual enrollment trend for Jul-23 rolling 12 months)



Revenue. The 2023 revenue budget was based on the current (DHCS) 2022 draft rate package and included a 1.2% rate increase. Furthermore, the budget assumed breakeven for Enhanced Care Management (ECM) and Community Supports (CS), both were new programs in 2022. The prospective CY 2023 draft rates from DHCS (dated 12/8/2022, including Maternity) are favorable to the rates assumed in the CY 2023 budget by 0.7%.

July 2023 capitation revenue of \$137.4M is favorable to budget by \$9.7M or 7.6%, mainly attributed to higher enrollment of \$7.4M and rate variances of \$2.3M.

July 2023 YTD capitation revenue of \$977.3M is favorable to budget by \$69.3M or 7.6%. Of this amount, \$31.4M is from boosted enrollment and \$37.9M is due to rate variance. Rate variances include prior year revenue of \$12.0M for the DHCS 2013-2016 MCO Tax Reconciliation and \$2.2M for the July 2019-December 2020 Prop 56 adjustment. July 2023 YTD, State Incentive Programs of \$28.7M consist of \$6.2M for the SBHIP, \$11.7M for the HHIP, and \$10.9M for CalAim IPP. These are also included under Medical Expenses and assumed to be budget neutral.

<b>Jul-23 YTD Capitation Revenue Summary (In \$000s)</b>					
County	Actual	Budget	Variance	Variance Due to Enrollment	Variance Due to Rate
Santa Cruz	200,902	193,893	7,009	4,321	2,688
Monterey	419,281	389,591	29,691	15,879	13,811
Merced	357,105	324,528	32,577	11,218	21,358
<b>Total</b>	<b>977,289</b>	<b>908,012</b>	<b>69,276</b>	<b>31,419</b>	<b>37,857</b>

Note: Excludes Jul-23 YTD In-Home Supportive Services (IHSS) premiums revenue of \$2.6M and State Incentive Programs revenue of \$28.7M.

Medical Expenses. The 2023 budget assumed a 5% increase in utilization from 2019 and a 3% unit cost increase that included case mix and changes in fee schedules. 2023 incentives include a \$15M Care-Based Incentive (CBI), \$10M for the Hospital Quality Incentive Program (HQIP), and \$5M for the Specialist Care Incentive (SCI).

July 2023 Medical Expenses of \$120.2M are \$1.0M or 0.8% favorable to budget. July 2023 YTD Medical Expenses of \$880.7M are above budget by \$86.9M or 10.9%. Of this amount, \$56.6M is due to rate, and \$30.3M is due to higher enrollment. YTD Inpatient Services (Hospital) is unfavorable to budget by \$28.3M or 9.5%. \$11.3M is attributed to enrollment and \$17.0M to increased spending primarily due to higher utilization. We are seeing similar increases in spending occurring in Physician Services and Other Medical. Other Medical includes Allied Health, Lab, DME, Behavioral Health, and Transportation.

The State Incentive Programs of \$28.7M consist of \$6.2M for the SBHIP, \$11.7M for the HHIP, and \$10.9M for CalAim IPP. These are also included under Revenue and assumed to be budget neutral.

<b>Jul-23 YTD Medical Expense Summary (In \$000s)</b>					
<b>Category</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>Variance Due to Enrollment</b>	<b>Variance Due to Rate</b>
Inpatient Services (Hospital)	325,187	296,890	(28,298)	(11,327)	(16,970)
Inpatient Services (LTC)	98,784	106,333	7,548	(4,057)	11,605
Physician Services	185,171	165,962	(19,208)	(6,332)	(12,876)
Outpatient Facility	108,934	109,928	993	(4,194)	5,187
Other Medical	133,918	114,720	(19,199)	(4,377)	(14,822)
State Incentive Programs	28,707	0	(28,707)	0	(28,707)
<b>Total</b>	<b>880,702</b>	<b>793,832</b>	<b>(86,870)</b>	<b>(30,288)</b>	<b>(56,583)</b>

Note: Other Medical Actual includes Allied Health, Non-Claims HC Cost, Transportation, Behavioral Health, and Lab.

At a PMPM level, YTD Medical Expenses are \$295.99, unfavorable by \$19.02 or 6.9% compared to the budget. Unfavorable trends in Inpatient Services (Hospitals) are driven by increased IBNR levels, which are primarily due to prior year high dollar claims in the first few months of the year. Allied Health, Behavioral Health, Transportation, and Lab drive the Other Medical cost unfavourability of 12.4%.

<b>Jul-23 YTD Medical Expense by Category of Service (In PMPM)</b>				
<b>Category</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>Variance %</b>
Inpatient Services (Hospital)	109.29	103.59	(5.70)	-5.5%
Inpatient Services (LTC)	33.20	37.10	3.90	10.5%
Physician Services	62.23	57.91	(4.33)	-7.5%
Outpatient Facility	36.61	38.36	1.74	4.5%
Other Medical	45.01	40.03	(4.98)	-12.4%
State Incentive Programs	9.65	0.00	(9.65)	0.0%
<b>Total</b>	<b>295.99</b>	<b>276.98</b>	<b>(19.02)</b>	<b>-6.9%</b>

Administrative Expenses. July YTD Administrative Expenses are favorable to budget by \$3.4M or 6.2% with a 5.2% ALR. Salaries are slightly favorable by \$0.7M driven by savings from vacant positions and benefits which offsets PTO, temporary services, and the staff bonus accrual. Non-Salary Administrative Expenses are favorable by \$2.7M or 15.7% due to the timing of expenses versus the budget.

Non-Operating Revenue/Expenses. July YTD Total Non-Operating Revenue is favorable to budget by \$19.4M, attributed to \$7.2M in unrealized gain on investments and \$12.2M in interest income. Non-Operating Expenses are favorable by \$3.4M due to the timing of grant expenses, resulting in a favorable Net Non-Operating income of \$22.8M compared to the budget.

Summary of Results. Overall, the Alliance generated a YTD Net Income of \$87.9M, with an MLR of 87.3% and an ALR of 5.2%.



**CENTRAL CALIFORNIA ALLIANCE FOR HEALTH**  
**Balance Sheet**  
**For The Seventh Month Ending July 31, 2023**  
**(In \$000s)**

**Assets**

Cash	\$191,424
Restricted Cash	302
Short Term Investments	746,934
Receivables	146,725
Prepaid Expenses	4,209
Other Current Assets	4,520
<b>Total Current Assets</b>	<b>\$1,094,115</b>

Building, Land, Furniture & Equipment	
Capital Assets	\$82,343
Accumulated Depreciation	(46,354)
CIP	169
Lease Receivable	2,539
<b>Total Non-Current Assets</b>	<b>38,697</b>
<b>Total Assets</b>	<b>\$1,132,812</b>

**Liabilities**

Accounts Payable	\$25,321
IBNR/Claims Payable	317,191
Provider Incentives Payable	14,120
Other Current Liabilities	8,995
Due to State	10,122
<b>Total Current Liabilities</b>	<b>\$375,749</b>

Deferred Inflow of Resources	\$2,437
<b>Total Long-Term Liabilities</b>	<b>\$2,437</b>

**Fund Balance**

Fund Balance - Prior	\$666,727
Retained Earnings - CY	87,899
<b>Total Fund Balance</b>	<b>754,626</b>
<b>Total Liabilities &amp; Fund Balance</b>	<b>\$1,132,812</b>

**Additional Information**

<b>Total Fund Balance</b>	<b>\$754,626</b>
Board Designated Reserves Target	413,077
Strategic Reserve (DSNP)	56,700
Medi-Cal Capacity Grant Program (MCGP)*	172,507
Value Based Payments	46,100
<b>Total Reserves</b>	<b>688,384</b>
<b>Total Operating Reserve</b>	<b>\$66,242</b>

\* MCGP includes Additional Contribution of \$48.6M



**CENTRAL CALIFORNIA ALLIANCE FOR HEALTH**  
**Income Statement - Actual vs. Budget**  
**For The Seventh Month Ending July 31, 2023**  
**(In \$000s)**

	<u>MTD Actual</u>	<u>MTD Budget</u>	<u>Variance</u>	<u>%</u>	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Variance</u>	<u>%</u>
<i>Member Months</i>	427,275	403,892	23,383	5.8%	2,975,399	2,866,048	109,351	3.8%
<b>Capitation Revenue</b>								
Capitation Revenue Medi-Cal	\$137,418	\$127,714	\$9,704	7.6%	\$977,289	\$908,012	\$69,276	7.6%
State Incentive Programs	-	-	\$0	0.0%	28,707	-	\$28,707	0.0%
Premiums Commercial	381	344	37	10.8%	2,600	2,409	191	7.9%
<b>Total Operating Revenue</b>	<b>\$137,799</b>	<b>\$128,058</b>	<b>\$9,741</b>	<b>7.6%</b>	<b>\$1,008,595</b>	<b>\$910,421</b>	<b>\$98,174</b>	<b>10.8%</b>
<b>Medical Expenses</b>								
Inpatient Services (Hospital)	\$43,085	\$45,342	\$2,257	5.0%	\$325,187	\$296,890	(\$28,298)	-9.5%
Inpatient Services (LTC)	14,680	16,240	1,560	9.6%	98,784	106,333	7,548	7.1%
Physician Services	26,028	25,344	(684)	-2.7%	185,171	165,962	(19,208)	-11.6%
Outpatient Facility	17,441	16,788	(653)	-3.9%	108,934	109,928	993	0.9%
Other Medical*	18,985	17,516	(1,469)	-8.4%	133,918	114,720	(19,199)	-16.7%
State Incentive Programs	-	-	-	0.0%	28,707	-	(28,707)	0.0%
<b>Total Medical Expenses</b>	<b>\$120,218</b>	<b>\$121,230</b>	<b>\$1,012</b>	<b>0.8%</b>	<b>\$880,702</b>	<b>\$793,832</b>	<b>(\$86,870)</b>	<b>-10.9%</b>
<b>Gross Margin</b>	<b>\$17,581</b>	<b>\$6,828</b>	<b>\$10,753</b>	<b>100.0%</b>	<b>\$127,893</b>	<b>\$116,589</b>	<b>\$11,304</b>	<b>9.7%</b>
<b>Administrative Expenses</b>								
Salaries	\$4,735	\$5,427	\$692	12.7%	\$37,624	\$38,345	\$721	1.9%
Professional Fees	126	273	147	54.0%	1,170	1,904	734	38.6%
Purchased Services	842	855	13	1.5%	6,009	6,316	307	4.9%
Supplies & Other	758	856	98	11.4%	4,851	6,328	1,477	23.3%
Occupancy	82	113	31	27.2%	689	758	68	9.0%
Depreciation/Amortization	258	282	24	8.4%	1,810	1,939	129	6.6%
<b>Total Administrative Expenses</b>	<b>\$6,801</b>	<b>\$7,806</b>	<b>\$1,005</b>	<b>12.9%</b>	<b>\$52,153</b>	<b>\$55,590</b>	<b>\$3,437</b>	<b>6.2%</b>
<b>Operating Income</b>	<b>\$10,780</b>	<b>(\$977)</b>	<b>\$11,758</b>	<b>100.0%</b>	<b>\$75,740</b>	<b>\$60,999</b>	<b>\$14,741</b>	<b>24.2%</b>
<b>Non-Op Income/(Expense)</b>								
Interest	\$3,083	\$1,025	\$2,058	100.0%	\$19,334	\$7,173	\$12,161	100.0%
Gain/(Loss) on Investments	731	2,312	(1,581)	-68.4%	(1,147)	(8,367)	7,220	86.3%
Other Revenues	191	156	35	22.6%	1,088	1,085	2	0.2%
Grants	(852)	(1,500)	648	43.2%	(7,116)	(10,497)	3,381	32.2%
<b>Total Non-Op Income/(Expense)</b>	<b>\$3,153</b>	<b>\$1,993</b>	<b>\$1,160</b>	<b>58.2%</b>	<b>\$12,159</b>	<b>(\$10,606)</b>	<b>\$22,765</b>	<b>100.0%</b>
<b>Net Income/(Loss)</b>	<b>\$13,933</b>	<b>\$1,016</b>	<b>\$12,917</b>	<b>100.0%</b>	<b>\$87,899</b>	<b>\$50,393</b>	<b>\$37,505</b>	<b>74.4%</b>
<i>MLR</i>	87.2%	94.7%			87.3%	87.2%		
<i>ALR</i>	4.9%	6.1%			5.2%	6.1%		
<i>Operating Income</i>	7.8%	-0.8%			7.5%	6.7%		
<i>Net Income %</i>	10.1%	0.8%			8.7%	5.5%		



**CENTRAL CALIFORNIA ALLIANCE FOR HEALTH**  
**Income Statement - Actual vs. Budget**  
**For The Seventh Month Ending July 31, 2023**  
**(In PMPM)**

	<b>MTD Actual</b>	<b>MTD Budget</b>	<b>Variance</b>	<b>%</b>	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>Variance</b>	<b>%</b>
<b>Member Months</b>	427,275	403,892	23,383	5.8%	2,975,399	2,866,048	109,351	3.8%
<b>Capitation Revenue</b>								
Capitation Revenue Medi-Cal	\$321.61	\$316.21	\$5.41	1.7%	\$328.46	\$316.82	\$11.64	3.7%
State Incentive Programs	-	-	-	0.0%	9.65	-	9.65	0.0%
Premiums Commercial	0.89	0.85	0.04	4.7%	0.87	0.84	0.03	4.0%
<b>Total Operating Revenue</b>	<b>\$322.51</b>	<b>\$317.06</b>	<b>\$5.45</b>	<b>1.7%</b>	<b>\$338.98</b>	<b>\$317.66</b>	<b>\$21.32</b>	<b>6.7%</b>
<b>Medical Expenses</b>								
Inpatient Services (Hospital)	\$100.84	\$112.26	\$11.43	10.2%	\$109.29	\$103.59	(\$5.70)	-5.5%
Inpatient Services (LTC)	34.36	40.21	5.85	14.6%	33.20	37.10	3.90	10.5%
Physician Services	60.92	62.75	1.83	2.9%	62.23	57.91	(4.33)	-7.5%
Outpatient Facility	40.82	41.57	0.75	1.8%	36.61	38.36	1.74	4.5%
Other Medical*	44.43	43.37	(1.06)	-2.5%	45.01	40.03	(4.98)	-12.4%
State Incentive Programs	-	-	-	0.0%	9.65	-	(9.65)	0.0%
<b>Total Medical Expenses</b>	<b>\$281.36</b>	<b>\$300.15</b>	<b>\$18.80</b>	<b>6.3%</b>	<b>\$295.99</b>	<b>\$276.98</b>	<b>(\$19.02)</b>	<b>-6.9%</b>
<b>Gross Margin</b>	<b>\$41.15</b>	<b>\$16.91</b>	<b>\$24.24</b>	<b>100.0%</b>	<b>\$42.98</b>	<b>\$40.68</b>	<b>\$2.30</b>	<b>5.7%</b>
<b>Administrative Expenses</b>								
Salaries	\$11.08	\$13.44	\$2.35	17.5%	\$12.64	\$13.38	\$0.73	5.5%
Professional Fees	0.29	0.68	0.38	56.5%	0.39	0.66	0.27	40.8%
Purchased Services	1.97	2.12	0.15	6.9%	2.02	2.20	0.18	8.4%
Supplies & Other	1.77	2.12	0.35	16.3%	1.63	2.21	0.58	26.2%
Occupancy	0.19	0.28	0.09	31.2%	0.23	0.26	0.03	12.4%
Depreciation/Amortization	0.60	0.70	0.09	13.4%	0.61	0.68	0.07	10.1%
<b>Total Administrative Expenses</b>	<b>\$15.92</b>	<b>\$19.33</b>	<b>\$3.41</b>	<b>17.6%</b>	<b>\$17.53</b>	<b>\$19.40</b>	<b>\$1.87</b>	<b>9.6%</b>
<b>Operating Income</b>	<b>\$25.23</b>	<b>(\$2.42)</b>	<b>\$27.65</b>	<b>100.0%</b>	<b>\$25.46</b>	<b>\$21.28</b>	<b>\$4.17</b>	<b>19.6%</b>



**CENTRAL CALIFORNIA ALLIANCE FOR HEALTH**  
**Statement of Cash Flow**  
**For The Seventh Month Ending July 31, 2023**  
**(In \$000s)**

	<u>MTD</u>	<u>YTD</u>
Net Income	\$13,933	\$87,899
Items not requiring the use of cash: Depreciation	258	1,772
Adjustments to reconcile Net Income to Net Cash provided by operating activities:		
Changes to Assets:		
Restricted Cash	(0)	(2)
Receivables	18,309	24,055
Prepaid Expenses	(191)	(159)
Current Assets	(1,151)	8,895
<b>Net Changes to Assets</b>	<b>\$16,967</b>	<b>\$32,790</b>
Changes to Payables:		
Accounts Payable	(191)	(45,353)
Accrued Expenses	-	-
Other Current Liabilities	260	1,286
Incurred But Not Reported Claims/Claims Payable	8,575	34,823
Provider Incentives Payable	(880)	4,120
Due to State	559	5,076
<b>Net Changes to Payables</b>	<b>\$8,323</b>	<b>(\$49)</b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$39,481</b>	<b>\$122,412</b>
Change in Investments	(3,389)	(70,938)
Other Equipment Acquisitions	(150)	1,614
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(\$3,539)</b>	<b>(\$69,324)</b>
Lease Interest Income	-	-
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>\$0</b>	<b>\$0</b>
<b>Net Increase (Decrease) in Cash &amp; Cash Equivalents</b>	<b>\$35,942</b>	<b>\$53,088</b>
<b>Cash &amp; Cash Equivalents at Beginning of Period</b>	<b>\$155,483</b>	<b>\$138,338</b>
<b>Cash &amp; Cash Equivalents at July 31, 2023</b>	<b>\$191,424</b>	<b>\$191,424</b>