

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



Teleconference Meeting

(Pursuant to Assembly Bill 361 signed by Governor Newsom, September 16, 2021)

DATE: **Wednesday, October 27, 2021**

TIME: **1:30 – 2:45 p.m.**

Important notice regarding COVID-19: In the interest of public health and safety due to the state of emergency caused by the spread of COVID-19, this meeting will be conducted via teleconference. The following alternatives are available to members of the public to view this meeting and to provide comment to the Committee.

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: 596 053 596#

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, October 26, 2021 to the Clerk of the Board at kstagnaro@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. 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 findings that the state of emergency continues to impact the ability of members to meet safely in person and/or State or local officials continue to impose or recommend measures to promote social distancing. 1:40 p.m.**
 - A. Reference materials: Staff report and recommendation on above topic.

- 4. Approve minutes of September 22, 2021 meeting of the Finance Committee. 1:45 p.m.**

- 5. YTD August 2021 Financials. 1:50 p.m.**

- 6. Preliminary 2022 Budget. 2:05 p.m.**

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.



DATE: October 27, 2021
TO: The Finance Committee of the Santa Cruz-Monterey-Merced Managed Medical Care Commission
FROM: Lisa Ba, Chief Financial Officer
SUBJECT: AB 361 – Brown Act: Teleconferencing Meeting Procedures

Recommendation. Staff recommends the Finance Committee make the following findings by majority vote, pursuant to Government Code § 54953 (e) (3), to allow for the continued authority to meet remotely through teleconferencing, due to the present state of emergency, under the permissions provided via AB 361:

- (A) The Finance Committee has reconsidered the circumstances of the state of emergency.
- (B) Any of the following exists:
 - (i) the state of emergency continues to impact the ability of members to meet safely in person
 - (ii) State or local officials continue to impose or recommend measures to promote social distancing.

Summary. The Governor's Executive Order (EO) providing public bodies certain flexibilities related to provisions of the Brown Act which governs public meetings expired on September 30, 2021. However, AB 361 (Statutes 2021) amended Government Code § 54953 to permanently extend teleconferencing flexibilities allowed under the EO during proclaimed states of emergency and state or local officials have imposed or recommended measures to promote social distancing. In order to meet while implementing the permissions provided in AB 361, the public body must make the above referenced findings by majority vote and must reconsider the circumstances every 30 days.

Background. On June 11, 2021 Governor Newsom issued Executive Order N-08-21 which rescinded flexibilities provided to the conduct of public meetings related to in-person participation effective September 30, 2021. Thus, absent legislative action, public meetings must be conducted in full compliance with the Brown Act effective October 1, 2021 including the requirement for full physical public access to all teleconference locations from which members were participating.

On September 16, 2021 the Governor signed AB 361 (Rivas) which allows a local agency to continue to use teleconferencing under the same basic rules as provided in the original EOs when certain circumstances occur and certain findings have been made or adopted by the agency. AB 361 requires that, if the state of emergency remains active for more than 30 days, the agency must make findings by majority vote every 30 days to continue using the bill's exemption to the Brown Act teleconferencing rules.

Under the provisions of AB 361, during a proclaimed state of emergency and state or local officials have imposed or recommended measures to promote social distancing, a public body may meet via teleconferencing when having determined by majority vote that, as a

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result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

Discussion. Given current levels of community transmission, the risk of COVID-19 infection in public settings persists. State and local recommendations regarding masking and in promotion of social distancing also continue.

To continue to meet via teleconferencing as permitted by the Brown Act (as amended in AB 361) during a proclaimed state of emergency, the Finance Committee must consider the circumstances of the state of emergency and, by majority vote, find that the state of emergency continues to impact the ability of members to meet safely in person and/or State or local officials continue to impose or recommend measures to promote social distancing.

Staff anticipates returning to pre-COVID Brown Act compliant meetings beginning in February 2022 and for the remainder of 2022.

Fiscal Impact. There is no fiscal impact associated with this agenda item.

Attachments. N/A

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



Meeting Minutes

Wednesday, September 22, 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 | Public Representative |
| Ms. Elsa Jiménez | County Health Director |
| Allen Radner, MD | Provider Representative |

Members Absent:

| | |
|----------------|-------------------------|
| Mr. Tony Weber | 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. (1:34 p.m.)

Chairperson Molesky called the meeting 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.

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Consent Agenda Items:**3. Approve minutes of the May 26, 2021 meeting of the Finance Committee. (1:36 – 1:38 p.m.)**

FINANCE COMMITTEE ACTION: Chairperson Molesky opened the floor for approval of the minutes of the May 26, 2021 meeting.

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

ACTION: The motion passed with the following vote:

Ayes: Commissioners Hall, Jiménez, Molesky

Noes: None

Absent: Commissioners Radner and Weber

Abstain: None

Regular Agenda Items:**4. Year-to-date July 2021 Financials. (1:38 – 1:47 p.m.)**

Ms. Lisa Ba, Chief Financial Officer (CFO), updated the commissioners on the Alliance's most recent financial performance. For the seven months ending on July 31, 2021, there was an operating income of \$86.2M. The Medical Loss Ratio (MLR) was favorable to budget at 85% compared to the budgeted 96%. Ms. Ba explained that, at the time the budget was developed in October 2020, there was the assumption that care would resume during the fourth quarter of 2020 and to rise to the 2019 levels in the first quarter of 2021. However, it is now known that resumption of care was further delayed due to the surge of COVID-19 cases that occurred from December 2020 through February 2021. Since then, utilization data has shown that utilization began to increase in March through June 2021, and then that upward trend slowed again in July and August of this year due to the spread of the COVID-19 Delta variant.

In summary, the continuation of lower utilization into 2021 due to the on-going pandemic, combined with increases in revenue, including the pharmacy carve-in and COVID and LTC add-ons, as well as increased enrollment, has resulted in positive financial results that have continued into the second quarter of 2021.

Ms. Ba opened the floor for questions and discussion.

5. Forecast based on Year-to-date July 2021 Financials. (1:47 - 2:24 p.m.)

Ms. Ba oriented the commissioners to the Alliance's trended performance for the past three years. Prior to the pandemic, the Plan incurred losses in 2018 and 2019. The pandemic has caused a pause in utilization which resulted in a small operating income in 2020. Year to date we continue to be profitable due to a continued suppressed utilization. With seven months of actual performance now available, the current forecast is based on a combination

of the actual results for the seven months through July 2021 and assumptions for the last five months of the year. Utilization did not increase as had been expected in the first seven months. Although the hope is that utilization will continue to grow, the current forecast includes an operating income of \$128M

Next, Ms. Ba went on to provide a more detailed view of the assumptions related to enrollment, revenue and utilization. She explained that the 2021 budget and earlier forecasts this year used the Department of Health Care Services (DHCS) rate assumption which assumed the Public Health Emergency (PHE) would end in June 2021. The State budget now assumes that the PHE will be extended through the end of the year and therefore, our current forecast factors in redetermination being further delayed until 2022. Based on actual data through August, the growth rate has been re-calculated to 8.2% for this forecast compared to 7.1% in the budget. Overall for the year, the average enrollment is up from the budgeted 375K to a forecast of 378K.

Revenue assumptions have been adjusted according to the most updated July rate package from DHCS which includes an extension of the 10% LTC increase from six months to the full year, as well as a trend factor built in to reflect a full year of pharmacy revenue for 2021. The rate is 4% higher compared to the budget at a PMPM level.

Ms. Ba explained that utilization is the primary driver for medical cost. She presented the commissioners with a view of authorizations per one thousand actual data from 2019 and 2020 compared to 2021 forecasts and explained that the projection is that there will be a 18% increase in utilization per 1000 members compared to 2020. In comparison to 2019 levels the assumption is that there will be a 1.9% increase from Q3 2019 and another 6% from Q4 2019. So, even with this projection, utilization continues to remain flat as compared to 2019 levels.

Commissioner Jiménez inquired about the increased enrollment and asked for some clarification related to utilization and if newer members may not be utilizing at the level of prior members because they are healthier, or if appropriate access points are not being created for them. Ms. Ba explained that the increased enrollment includes a combination of new members as well as the fact that disenrollment is not currently happening. She also noted that reports have shown that the new members who have joined since the onset of the pandemic generally have lower costs than members who had been with us prior to the pandemic.

In summary, Ms. Ba explained that the July revenue package further improved revenue due to the pharmacy carve-in and the extension the long-term care add-on. Additionally, the resumption of care slowed in January 2021 due to the winter surge and then again in July 2021 due to the Delta variant. She explained that the most recent forecast assumes an increase in utilization through the end of 2021. However, the overall utilization and cost will be at the 2019 level. The increases in revenue rates and enrollment, combined with decreased utilization have resulted in favorable financial performance.

Considerations for the 2022 Budget will include a redetermination process that occurs over a 12-month period. The Pharmacy Carve-out will be effective as of January 1, 2022 which will result in an approximate 18% or \$200M decrease in revenue. The PHE is scheduled to end on December 31, 2021 and with that the related revenue add-ons will also end. Others factors to be considered for next year include the beginning of phase one of the Regional

Rate. At this point the Regional Rate is still unknown and remains an uncertainty. Additionally, it is expected that, with a lower revenue base, combined with the need to invest in administrative resources to support CalAIM implementation efforts, administrative cost and ALR will be increased next year.

Ms. Ba communicated that Staff will continue to keep the Board and Finance Committee updated on budget assumptions and hope to have a first draft of the budget available for this committee's input and comment at the October 27, 2021 Finance Committee meeting.

Ms. Ba opened the floor for questions and discussion.

Commissioner Molesky asked a question related to federal legislation around expansion of member eligibility. Stephanie Sonnenshine, Chief Executive Officer (CEO) responded that, at this time, we are not aware of Medicaid being further expanded at the federal level. However, we are currently monitoring an initiative where the State may have the opportunity to receive federal funding to support infrastructure development for home and community-based services. She noted that, while this will not include a member eligibility expansion, we will continue to monitor this and how it may impact health plans in administering or developing programs related to that funding.

6. Investment Update Q2 2021. (2:24 – 2:32 p.m.)

Ms. Ba presented the commissioners with an overview of the Alliance's investment portfolio for the six-month period of January through June 2021. As of June 30, 2021, the Alliance holds \$439M in investment funds and about 75% or \$332M is invested in the Pooled Money Investment Account (PMIA), which includes CalTRUST and Local Agency Fund (LAIF). The CFO explained that we primarily utilize PMIA to manage our portfolio.

The remaining 25% or \$107M of investments outside of PMIA is spread mainly between Comerica and Union Banks. Most of these investments are in corporate bonds, government bonds and municipal bonds.

Ms. Ba went on to explain that, in accordance with the policy, the Alliance's investments are in institutions with A or higher ratings. Currently, about 5% of the investments are in the non-rated category of U.S. Treasury Notes. The investment policy allows for a five-year maturity. The return has decreased from 2% in 2019 to around 1% in the second quarter of 2020. For the second quarter of 2021 the return is slightly higher but still below 1%. Ms. Ba explained that this is largely due to our investments being short term in nature as well as the yield being lower due to the pandemic.

Additionally, Ms. Ba reported that, as of July 2021, the Alliance no longer has holdings with Wells Fargo and that the account was closed in the second quarter of 2021.

In closing, Ms. Ba spoke to a question that had been presented by a committee member related to any financial impacts that have been associated with the transition of the Alliance staff to a remote work environment. She noted that, during this time there have been some savings related to office supplies, travel and conferences and utilities. Currently, from a budget perspective, management has been asked to consider these expenses when planning for 2022 with an expected return to the office no sooner than February 1, 2022.

Ms. Ba opened the floor for questions and discussion.

[Commissioner Allen Radner, MD arrived at this time: 2:28 p.m.]

Commissioner Molesky thanked Ms. Ba for taking the action to close the Wells Fargo account and for ensuring the ethical investment of funds.

Commissioner Molesky asked the committee members to relay any questions to Ms. Ba ahead of the October 27, 2021 meeting, and thanked the commissioners for their support and work in the community.

Adjourn:

The Commission adjourned its meeting of September 22, 2021 at 2:32 p.m. to October 27, 2021 at 1:30p.m. via videoconference from the Alliance offices in Scotts Valley, Salinas, and Merced and by teleconference.

Respectfully submitted,

Ms. Dulcie San Paolo
Finance Administrative Specialist



DATE: October 27, 2021
TO: Santa Cruz-Monterey-Merced Managed Medical Care Commission
FROM: Lisa Ba, Chief Financial Officer
SUBJECT: Financial Highlights for the Eighth Month Ending August 31, 2021

For the month ending August 31, 2021, the Alliance reported an Operating Income of \$18.8M. The Year-to-Date (YTD) Operating Income is at \$105M, with a MLR of 85%, and ALR of 5%,

The 2021 budget assumed services to rebound starting Q4-2020 and return to the 2019 level by Q1-2021. However, the assumption was not realized and utilization continued to be suppressed through February 2021. Utilization increased from March through July. The delta variant slowed down the utilization in recent months. As a result, YTD medical expenses are favorable to budget by \$80.6M or 8.4%.

During the Board Finance Committee meeting on September 22, 2021, staff shared a forecast based on the YTD July financial result. Staff expect an operating income of \$128M for 2021. The Alliance received an updated revenue package in July which improved revenue by 4% compared to the budget due to the pharmacy carve-in, the COVID add on and the extension the long-term care add-on. The forecast assumes an increase in utilization through the end of 2021. However, due to the lower than expected utilization earlier in 2021, the overall utilization and cost for the year will be at the 2019 level. The increases in revenue rates and enrollment, combined with decreased utilization have resulted in favorable financial performance and forecast in 2021.

| <u>Key Indicators</u> | Aug-21 MTD (In \$000s) | | | |
|---------------------------|-------------------------------|----------------|------------------|----------------------|
| | Current Actual | Current Budget | Current Variance | % Variance to Budget |
| <i>Membership</i> | 381,066 | 377,645 | 3,421 | 0.9% |
| Revenue | 127,897 | 125,097 | 2,800 | 2.2% |
| Medical Expenses | 102,268 | 122,383 | 20,115 | 16.4% |
| Administrative Expenses | 6,816 | 7,304 | 488 | 6.7% |
| Operating Income/(Loss) | 18,812 | (4,590) | 23,403 | 100.0% |
| Net Income/(Loss) | 15,413 | (5,295) | 20,707 | 100.0% |
| <i>MLR %</i> | 80.0% | 97.8% | 17.9% | |
| <i>ALR %</i> | 5.3% | 5.8% | 0.5% | |
| <i>Operating Income %</i> | 14.7% | -3.7% | 18.4% | |
| <i>Net Income %</i> | 12.1% | -4.2% | 16.3% | |

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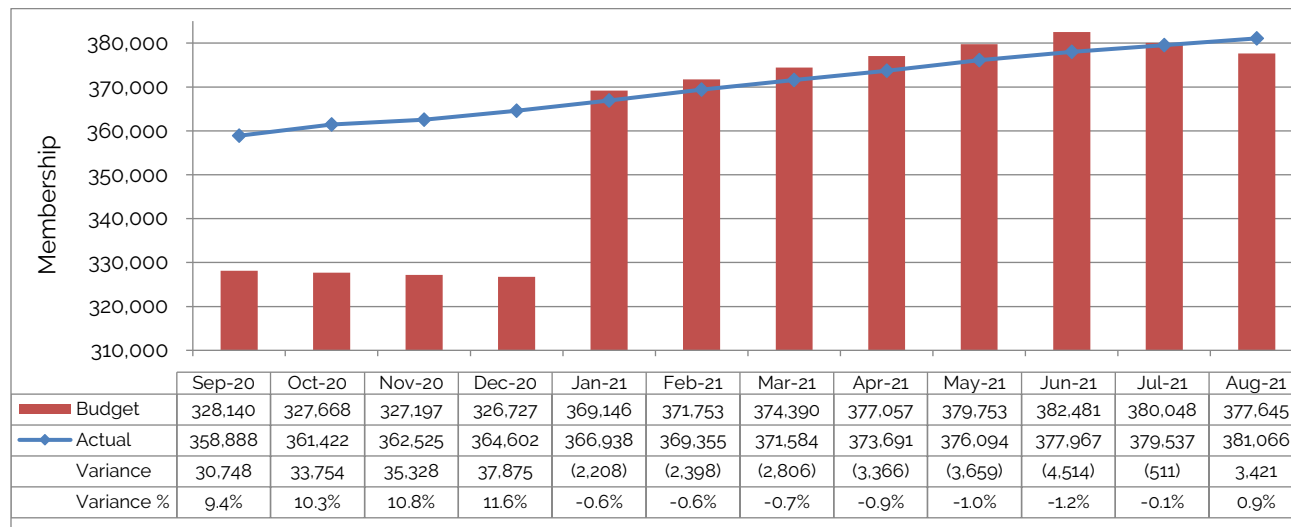
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| Aug-21 YTD (In \$000s) | | | | |
|-------------------------------|------------|------------|-----------------|-------------------------|
| <u>Key Indicators</u> | YTD Actual | YTD Budget | YTD Variance | % Variance to Budget |
| <i>Membership</i> | 2,996,232 | 3,012,272 | (16,040) | -0.5% |
| Revenue | 1,036,119 | 998,668 | 37,451 | 3.8% |
| Medical Expenses | 876,229 | 956,792 | 80,563 | 8.4% |
| Administrative Expenses | 54,841 | 57,265 | 2,424 | 4.2% |
| Operating Income/(Loss) | 105,049 | (15,389) | 120,439 | 100.0% |
| Net Income/(Loss) | 97,356 | (20,815) | 118,171 | 100.0% |
| PMPM | | | | |
| Revenue | 345.81 | 331.53 | 14.27 | 4.3% |
| Medical Expenses | 292.44 | 317.63 | 25.19 | 7.9% |
| Administrative Expenses | 18.30 | 19.01 | 0.71 | 3.7% |
| Operating Income/(Loss) | 35.06 | (5.11) | 40.17 | 100.0% |
| <i>MLR %</i> | 84.6% | 95.8% | 11.2% | |
| <i>ALR %</i> | 5.3% | 5.7% | 0.4% | |
| <i>Operating Income %</i> | 10.1% | -1.5% | 11.7% | |
| <i>Net Income %</i> | 9.4% | -2.1% | 11.5% | |

Per Member Per Month 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 \$345.81, which is favorable to budget by \$14.27 or 4.3%. Medical cost PMPM is \$292.44, which is favorable by \$25.19 or 7.9% and administrative cost PMPM is \$18.30, which is favorable by \$0.71 or 3.7%. The resulting operating income is \$35.06 PMPM.

Membership. August 2021 Member Months are favorable to budget by 0.9%. Please note that the budget assumed 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 Aug-21 rolling 12 months)



Revenue. 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.

August 2021 capitation revenue of \$127.6M is favorable to budget by \$2.8M or 2.3% and includes a reversal of \$1.3M to adjust July maternity revenue. August 2021 YTD revenue of \$1,034M is favorable to budget by \$37.7M or 3.8%, of which \$5.4M is attributed to enrollment and \$32.3M to rate variance.

| Aug-21 YTD Capitation Revenue Summary (In \$000s) | | | | | |
|--|------------------|----------------|-----------------|-----------------------------------|-----------------------------|
| County | Actual | Budget | Variance | Variance Due to Enrollment | Variance Due to Rate |
| Santa Cruz | 231,166 | 223,839 | 7,327 | 2,263 | 5,063 |
| Monterey | 449,839 | 433,632 | 16,207 | 1,294 | 14,914 |
| Merced | 352,984 | 338,800 | 14,185 | 1,869 | 12,316 |
| Total | 1,033,989 | 996,271 | 37,718 | 5,426 | 32,292 |

Note: Excludes Aug-21 YTD In-Home Supportive Services (IHSS) premiums revenue of \$2.1M.

Medical Expenses. August 2021 Medical Expenses of \$102.3M are favorable to budget by \$20.1M or 16.4%. August 2021 YTD Medical Expenses are \$876.2M, which is favorable to budget by \$80.6M or 8.4%, with an MLR of 84.6%. Of this \$80.6M favorability, \$5.1M is attributed to enrollment and \$75.5M to PMPM cost variance.

| Aug-21 YTD Medical Expense Summary (\$ In 000's) | | | | | |
|---|----------------|----------------|-----------------|-----------------------------------|-----------------------------|
| Category | Actual | Budget | Variance | Variance Due to Enrollment | Variance Due to Rate |
| Inpatient Services (Hospital) | 283,493 | 291,391 | 7,898 | 1,552 | 6,346 |
| Inpatient Services (LTC) | 92,400 | 130,531 | 38,131 | 695 | 37,436 |
| Physician Services | 151,398 | 157,145 | 5,746 | 837 | 4,910 |
| Outpatient Facility | 66,978 | 55,305 | (11,673) | 294 | (11,968) |
| Pharmacy | 136,765 | 141,989 | 5,224 | 756 | 4,468 |
| Other Medical | 145,194 | 180,432 | 35,238 | 961 | 34,277 |
| Total | 876,229 | 956,792 | 80,563 | 5,095 | 75,469 |

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 \$292.44, which is favorable by \$25.19 or 7.9% 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 close to the budget. We believe members are now aggressively seeking services within the outpatient setting that may had been postponed to post-pandemic times. Please note that Surgical Clinics actual cost has been reclassified from Other Medical to Outpatient Facility to align with RDT, whereas the budget remains intact.

| Aug-21 YTD Medical Expense by Category of Service (In PMPM) | | | | |
|--|---------------|---------------|-----------------|-------------------|
| Category | Actual | Budget | Variance | Variance % |
| Inpatient Services (Hospital) | 94.62 | 96.73 | 2.12 | 2.2% |
| Inpatient Services (LTC) | 30.84 | 43.33 | 12.49 | 28.8% |
| Physician Services | 50.53 | 52.17 | 1.64 | 3.1% |
| Outpatient Facility | 22.35 | 18.36 | (3.99) | -21.8% |
| Pharmacy | 45.65 | 47.14 | 1.49 | 3.2% |
| Other Medical | 48.46 | 59.60 | 11.44 | 19.1% |
| Total | 292.44 | 317.63 | 25.19 | 7.9% |

Administrative Expenses. August 2021 YTD Administrative Expenses are favorable to budget by \$2.4M or 4.2% with a 5.3% ALR.

Non-Operating Revenue/Expenses. August 2021 YTD Total Non-Operating Revenue is unfavorable to budget by \$3.4M, primarily driven by lower interest income and unrealized gain/loss on investments. This is offset by a favorable August 2021 YTD Non-Operating Expense of \$1.2M, for a net loss of \$2.3M.

Summary of Results. Overall, the Alliance generated a YTD Net Income of \$97.4M, with an MLR of 84.6%, and an ALR of 5.3%.



CENTRAL CALIFORNIA ALLIANCE FOR HEALTH
Balance Sheet
For The Eighth Month Ending August 31, 2021
(In \$000s)

Assets

| | |
|-----------------------------|------------------|
| Cash | \$108,732 |
| Restricted Cash | 300 |
| Short Term Investments | 490,211 |
| Receivables | 170,756 |
| Prepaid Expenses | 3,372 |
| Other Current Assets | 17,390 |
| Total Current Assets | \$790,762 |

Building, Land, Furniture & Equipment

| | |
|---------------------------------|------------------|
| Capital Assets | \$83,452 |
| Accumulated Depreciation | (39,927) |
| CIP | 4,495 |
| Total Non-Current Assets | 48,020 |
| Total Assets | \$838,782 |

Liabilities

| | |
|----------------------------------|------------------|
| Accounts Payable | \$30,292 |
| IBNR/Claims Payable | 231,831 |
| Accrued Expenses | 1 |
| Estimated Risk Share Payable | 6,695 |
| Other Current Liabilities | 8,016 |
| Due to State | 0 |
| Total Current Liabilities | \$276,836 |

Fund Balance

| | |
|---|------------------|
| Fund Balance - Prior | \$464,590 |
| Retained Earnings - CY | 97,356 |
| Total Fund Balance | 561,946 |
| Total Liabilities & Fund Balance | \$838,782 |



CENTRAL CALIFORNIA ALLIANCE FOR HEALTH
Income Statement - Actual vs. Budget
For The Eighth Month Ending August 31, 2021
(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> |
|--------------------------------------|-------------------|-------------------|------------------|----------------|--------------------|-------------------|------------------|---------------|
| Member Months | 381,066 | 377,645 | 3,421 | 0.9% | 2,996,232 | 3,012,272 | (16,040) | -0.5% |
| Capitation Revenue | | | | | | | | |
| Capitation Revenue Medi-Cal | \$127,610 | \$124,786 | \$2,824 | 2.3% | \$1,033,989 | \$996,271 | \$37,718 | 3.8% |
| Premiums Commercial | 287 | 311 | (24) | -7.6% | 2,130 | 2,397 | (267) | -11.1% |
| Total Operating Revenue | \$127,897 | \$125,097 | \$2,800 | 2.2% | \$1,036,119 | \$998,668 | \$37,451 | 3.8% |
| Medical Expenses | | | | | | | | |
| Inpatient Services (Hospital) | \$30,444 | \$36,503 | \$6,060 | 16.6% | \$283,493 | \$291,391 | \$7,898 | 2.7% |
| Inpatient Services (LTC) | 11,854 | 18,205 | 6,352 | 34.9% | 92,400 | 130,531 | 38,131 | 29.2% |
| Physician Services | 16,718 | 20,064 | 3,345 | 16.7% | 151,398 | 157,145 | 5,746 | 3.7% |
| Outpatient Facility | 8,894 | 6,975 | (1,919) | -27.5% | 66,978 | 55,305 | (11,673) | -21.1% |
| Pharmacy | 15,320 | 17,236 | 1,917 | 11.1% | 136,765 | 141,989 | 5,224 | 3.7% |
| Other Medical | 19,039 | 23,400 | 4,360 | 18.6% | 145,194 | 180,432 | 35,238 | 19.5% |
| Total Medical Expenses | \$102,268 | \$122,383 | \$20,115 | 16.4% | \$876,229 | \$956,792 | \$80,563 | 8.4% |
| Gross Margin | \$25,628 | \$2,713 | \$22,915 | 100.0% | \$159,890 | \$41,876 | \$118,015 | 100.0% |
| Administrative Expenses | | | | | | | | |
| Salaries | \$4,780 | \$4,788 | \$9 | 0.2% | \$37,313 | \$37,403 | \$90 | 0.2% |
| Professional Fees | 162 | 122 | (40) | -32.8% | 1,129 | 1,298 | 169 | 13.0% |
| Purchased Services | 927 | 901 | (26) | -2.9% | 6,873 | 6,821 | (52) | -0.8% |
| Supplies & Other | 332 | 729 | 397 | 54.4% | 4,555 | 5,920 | 1,365 | 23.1% |
| Occupancy | 62 | 118 | 56 | 47.8% | 552 | 880 | 329 | 37.4% |
| Depreciation/Amortization | 553 | 645 | 92 | 14.2% | 4,419 | 4,943 | 524 | 10.6% |
| Total Administrative Expenses | \$6,816 | \$7,304 | \$488 | 6.7% | \$54,841 | \$57,265 | \$2,424 | 4.2% |
| Operating Income | \$18,812 | (\$4,590) | \$23,403 | 100.0% | \$105,049 | (\$15,389) | \$120,439 | 100.0% |
| Non-Op Income/(Expense) | | | | | | | | |
| Interest | \$334 | \$562 | (\$228) | -40.5% | \$2,408 | \$4,589 | (\$2,181) | -47.5% |
| Gain/(Loss) on Investments | (248) | (23) | (225) | -100.0% | (1,607) | (184) | (1,423) | -100.0% |
| Other Revenues | 111 | 82 | 28 | 34.4% | 917 | 747 | 170 | 22.7% |
| Grants | (3,597) | (1,326) | (2,271) | -100.0% | (9,412) | (10,578) | 1,166 | 11.0% |
| Total Non-Op Income/(Expense) | (\$3,400) | (\$705) | (\$2,695) | -100.0% | (\$7,694) | (\$5,426) | (\$2,268) | -41.8% |
| Net Income/(Loss) | \$15,413 | (\$5,295) | \$20,707 | 100.0% | \$97,356 | (\$20,815) | \$118,171 | 100.0% |
| <i>MLR</i> | 80.0% | 97.8% | | | 84.6% | 95.8% | | |
| <i>ALR</i> | 5.3% | 5.8% | | | 5.3% | 5.7% | | |
| <i>Operating Income</i> | 14.7% | -3.7% | | | 10.1% | -1.5% | | |
| <i>Net Income %</i> | 12.1% | -4.2% | | | 9.4% | -2.1% | | |



CENTRAL CALIFORNIA ALLIANCE FOR HEALTH
Income Statement - Actual vs. Budget
For The Eighth Month Ending August 31, 2021
(In PMPM)

| | <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> | 381,066 | 377,645 | 3,421 | 0.9% | 2,996,232 | 3,012,272 | (16,040) | -0.5% |
| Capitation Revenue | | | | | | | | |
| Capitation Revenue Medi-Cal | \$334.88 | \$330.43 | \$4.44 | 1.3% | \$345.10 | \$330.74 | \$14.36 | 4.3% |
| Premiums Commercial | 0.75 | 0.82 | (0.07) | -8.5% | 0.71 | 0.80 | (0.08) | -10.7% |
| Total Operating Revenue | \$335.63 | \$331.25 | \$4.37 | 1.3% | \$345.81 | \$331.53 | \$14.27 | 4.3% |
| Medical Expenses | | | | | | | | |
| Inpatient Services (Hospital) | \$79.89 | \$96.66 | \$16.77 | 17.3% | \$94.62 | \$96.73 | \$2.12 | 2.2% |
| Inpatient Services (LTC) | 31.11 | 48.21 | 17.10 | 35.5% | 30.84 | 43.33 | 12.49 | 28.8% |
| Physician Services | 43.87 | 53.13 | 9.26 | 17.4% | 50.53 | 52.17 | 1.64 | 3.1% |
| Outpatient Facility | 23.34 | 18.47 | (4.87) | -26.4% | 22.35 | 18.36 | (3.99) | -21.8% |
| Pharmacy | 40.20 | 45.64 | 5.44 | 11.9% | 45.65 | 47.14 | 1.49 | 3.2% |
| Other Medical | 49.96 | 61.96 | 12.00 | 19.4% | 48.46 | 59.90 | 11.44 | 19.1% |
| Total Medical Expenses | \$268.37 | \$324.07 | \$55.70 | 17.2% | \$292.44 | \$317.63 | \$25.19 | 7.9% |
| Gross Margin | \$67.25 | \$7.18 | \$60.07 | 100.0% | \$53.36 | \$13.90 | \$39.46 | 100.0% |
| Administrative Expenses | | | | | | | | |
| Salaries | \$12.54 | \$12.68 | \$0.14 | 1.1% | \$12.45 | \$12.42 | (\$0.04) | -0.3% |
| Professional Fees | 0.43 | 0.32 | (0.10) | -31.6% | 0.38 | 0.43 | 0.05 | 12.6% |
| Purchased Services | 2.43 | 2.38 | (0.05) | -2.0% | 2.29 | 2.26 | (0.03) | -1.3% |
| Supplies & Other | 0.87 | 1.93 | 1.06 | 54.9% | 1.52 | 1.97 | 0.44 | 22.6% |
| Occupancy | 0.16 | 0.31 | 0.15 | 48.2% | 0.18 | 0.29 | 0.11 | 37.0% |
| Depreciation/Amortization | 1.45 | 1.71 | 0.26 | 15.0% | 1.47 | 1.64 | 0.17 | 10.1% |
| Total Administrative Expenses | \$17.89 | \$19.34 | \$1.45 | 7.5% | \$18.30 | \$19.01 | \$0.71 | 3.7% |
| Operating Income | \$49.37 | (\$12.15) | \$61.52 | 100.0% | \$35.06 | (\$5.11) | \$40.17 | 100.0% |



CENTRAL CALIFORNIA ALLIANCE FOR HEALTH
Statement of Cash Flow
For The Eighth Month Ending August 31, 2021
(In \$000s)

| | MTD | YTD |
|---|------------------|--------------------|
| Net Income | \$15,413 | \$97,356 |
| Items not requiring the use of cash: Depreciation | 343 | 3,680 |
| Adjustments to reconcile Net Income to Net Cash provided by operating activities: | | |
| Changes to Assets: | | |
| Receivables | 2,310 | 76,973 |
| Prepaid Expenses | (61) | (551) |
| Current Assets | 262 | 2,115 |
| Net Changes to Assets | \$2,512 | \$78,538 |
| Changes to Payables: | | |
| Accounts Payable | 14,100 | (10,267) |
| Accrued Expenses | - | - |
| Other Current Liabilities | 328 | 553 |
| Incurred But Not Reported Claims/Claims Payable | 2,367 | (78,985) |
| Estimated Risk Share Payable | 839 | (3,315) |
| Due to State | - | - |
| Net Changes to Payables | \$17,635 | (\$92,014) |
| Net Cash Provided by (Used in) Operating Activities | \$35,903 | \$87,560 |
| Change in Investments | (89) | (134,101) |
| Other Equipment Acquisitions | (848) | (1,772) |
| Net Cash Provided by (Used in) Investing Activities | (\$937) | (\$135,873) |
| Net Increase (Decrease) in Cash & Cash Equivalents | \$34,966 | (\$48,313) |
| Cash & Cash Equivalents at Beginning of Period | \$73,766 | \$157,045 |
| Cash & Cash Equivalents at August 31, 2021 | \$108,732 | \$108,732 |