



SANTA CRUZ – MONTEREY – MERCED – SAN BENITO – MARIPOSA MANAGED MEDICAL CARE COMMISSION

Finance Committee

The meeting and the Santa Cruz-Monterey-Merced-San Benito-Mariposa Managed Medical Care Commission's Finance Committee are held in accordance with the requirements of the [Ralph M. Brown Act](#).

Meeting Agenda

Wednesday, March 25, 2026

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 16th Street, Suite B, Merced, CA
- In San Benito County:**
Community Services & Workforce Development (CSWD)
CSWD Conference Room
1161 San Felipe Road, Building B, Hollister, CA
- In Mariposa County:**
Mariposa County Health and Human Services Agency
Catheys Valley Conference Room
5362 Lemee Lane, Mariposa, CA

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 (872) 242-9041
Phone Conference ID: 224 974 496#
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 Monday, March 23, 2026, to Dulcie San Paolo, Finance Administrative Specialist, at dsanpaolo@thealliance.health
 - 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 three minutes.
 - b. In person, from an Alliance County office, during the meeting when that item is announced.

HEALTHY PEOPLE. HEALTHY COMMUNITIES.

- i. State your name and organization prior to providing comment.
- ii. Comments are limited to three 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 three 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 three minutes per item.

3. Approve the Finance Committee meeting minutes of October 22, 2025. 1:35 p.m.

4. Preliminary 2025 Financial Results (Unaudited as of 2/27/2026). 1:40 p.m.

5. SFY 24/25 RDT Findings for CY 2027 Rate Setting. 1:50 p.m.

6. Alliance Investment in Property. 2:05 p.m.

7. CY 2025 Investment Update Through December 2025. 2:25 p.m.

The complete agenda packet is available for review on the Alliance website at 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 – SAN
BENITO – MARIPOSA MANAGED MEDICAL CARE
COMMISSION**

Meeting Minutes

Wednesday, October 22, 2025

Commissioners Present:

Ralph Armstrong, DO,
Ms. Elsa Jiménez,
Mr. Michael Molesky,
Allen Radner, MD,
Ms. Kristynn Sullivan,

At Large Health Care Provider Representative
County Director of Health Services
Public Representative
At Large Health Care Provider Representative
County Health Department Representative

Commissioners Absent:

Ms. Anita Aguirre,
Supervisor Josh Pedrozo,

At Large Health Care Provider Representative
County Board of Supervisors

Staff Present:

Ms. Lisa Ba,
Mr. Michael Schrader,
Ms. Dulcie San Paolo,

Chief Financial Officer
Chief Executive Officer
Finance Administrative Specialist

1. Call to Order. (1:30 – 1:31 p.m.)

Chairperson Molesky called the meeting to order at 1:30 p.m. Roll call was taken. A quorum was present.

[Commissioner Armstrong arrived at this time: 1:31 p.m.]

2. Oral Communications. (1:31 – 1:32 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. Approval of the Minutes of the August 27, 2025 Finance Committee Meeting. (1:32 – 1:33 p.m)

FINANCE COMMITTEE ACTION: Chairperson Molesky opened the floor for approval of the minutes of the August 27, 2025 meeting.

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

ACTION: The motion passed with the following vote:

Ayes: Commissioners Armstrong, Jiménez, Molesky, Radner, Sullivan

Noes: None

Absent: Commissioners Aguirre and Pedrozo

Abstain: None

Regular Agenda Items:

4. Annual Election of Officers of the Finance Committee. (1:33 – 1:34 p.m.)

Chair Molesky announced that, pursuant to the Commission's bylaws, the annual election of Finance Committee officers occurs at the October meetings. Accordingly, this procedure will be conducted during today's session. He invited nominations for both Chairperson and Vice Chair of the Finance Committee.

Commissioner Radner nominated Chair Molesky to serve for another term as Chairperson of the Finance Committee, and Chair Molesky nominated Vice Chair Radner to continue as Vice Chair for an additional year.

MOTION: Commissioner Radner moved to approve the nomination of Chair Molesky as the Chairperson of the Finance Committee and Vice Chair Radner as Vice Chairperson, seconded by Commissioner Jimenez

ACTION: The motion passed with the following vote:

Ayes: Commissioners Armstrong, Jiménez, Molesky, Radner, Sullivan

Noes: None

Absent: Commissioners Aguirre, Pedrozo

Abstain: None

4. 2025 Forecast #3 Based on YTD August Performance. (1:34 – 2:12 p.m.)

Ms. Lisa Ba, Chief Financial Officer (CFO), presented the third financial forecast for 2025, which she explained is based on eight months' actual results, plus four months of forecast. Ms. Ba began by presenting the results for the eighth month ending August 31, 2025. She reported a Year-to-Date (YTD) Operating Loss of \$30M, slightly better than the budgeted loss of \$33M. The Medical Loss Ratio (MLR) was 97%, closely aligned with budget expectations.

Ms. Ba stated the forecast predicts a \$44M operating loss over the next four months, totaling a \$74.9M loss for 2025 with an MLR of 98%. Enhanced Care Management (ECM) enrollment rose from 16,000 to 22,000, driving significant year-to-date losses, while Community Supports (CS) also added to the \$41M shortfall from both programs. Ms. Ba noted that the risk corridor limits ECM losses to 5% of revenue, capping the impact even as actual losses exceed that limit. She emphasized that while the Alliance successfully advocated to the Department of Health Care Services (DHCS) to extend the risk corridor through 2026, reliance on it should not persist beyond that year, making achieving financial break-even by 2027 crucial.

During a review of enrollment assumptions and trends, Ms. Ba indicated that current enrollment projections are slightly below previous estimates. This adjustment is primarily attributed to a decrease in Unsatisfactory Immigration Status (UIS) membership beginning in June, an ongoing drop in Satisfactory Immigration Status (SIS) membership, and the expiration of COVID-related eligibility flexibilities in July, which further reduced enrollment figures in August, September, and October. The projected average enrollment for 2025 is 440,604, compared to the budgeted figure of 439,000.

Regarding revenue and medical cost assumptions, Ms. Ba reported that revenue exceeds the budget by \$116.8M, driven by higher enrollment and a 5.2% rate adjustment from Draft rates used in the budget to the Prospective rates. This increase was offset by \$57.9M in core medical service categories, including Inpatient and Outpatient, due to higher enrollment and increased utilization. An additional offset of \$38.2M was attributable to elevated costs associated with Community Supports, with insufficient offsetting revenue resulting in a forecasted loss of \$34.6M. ECM Enrollment increased from 16,000 to 22,000 members, leading to a year-to-date loss of \$75.2M through August and a projected year-end loss of \$118.8M before the risk corridor reconciliation. The risk corridor is projected to mitigate \$111.7M in losses, resulting in a net loss of \$7.2M.

Ms. Ba informed the commissioners that staff remain committed to maximizing operational efficiency and are expected to stay within the allocated budget of \$119.6M, which represents a 5.3% ALR, including \$9M designated for Dual Special Needs Plan (D-SNP) initiatives. The financial forecast predicts a negative operating reserve by year-end. Additionally, Tangible Net Equity (TNE) multiples are anticipated to decline to 8.8 from a peak of 13 in 2023.

The commissioners discussed the financial and operational challenges associated with ECM and Community Supports. Ms. Ba observed that these programs currently lack sufficient aggregate return on investment to offset their costs, prompting ongoing evaluation and potential adjustments, including changes to payment methodologies and enhanced monitoring of provider performance. Mr. Michael Schrader, the Chief Executive Officer (CEO), noted that transitioning ECM provider payments from a capitation model to a fee-for-service case rate, based on actual service encounters, is one strategy to control costs by paying only for services

received. Furthermore, Mr. Schrader identified the housing trio and medically tailored meals as significant contributors to Community Supports overages and indicated that there are considerations to either eliminate or modify these optional services due to insufficient evidence of medical cost savings.

Ms. Ba also mentioned that additional measures to address ongoing financial deficits could include ending provider supplemental payments early, as well as ongoing efforts to secure rate increases and greater program flexibility from the State.

5. 2026 Preliminary Budget. (2:12 – 2:42 p.m.)

Next, Ms. Ba presented the draft 2026 budget. The consolidated budget, including D-SNP, allocates 99.7% of revenue to medical expenses and 6.1% to administrative costs, leading to an expected operating loss of \$125.1M or 5.8% for 2026. Of this loss, \$108M comes from Medi-Cal and \$17.6M from D-SNP. Ms. Ba noted that the budget is still being finalized, particularly the administrative portion. Staff will present the final budget to the Board in December.

Focusing solely on the Medi-Cal and IHSS budget, 99.5% of revenue goes to medical expenses, and 5.7% is allocated to administrative costs, resulting in an \$108.9M operating loss, or 5.2%. Membership is projected to drop 7.8% to 395,415 in 2026, with revenue based on a 2.7% rate increase and utilization growth, and a 1.3% rise in unit costs. ECM enrollment is expected at 5% as payments shift to fee-for-service. Losses are expected at \$41.3M before the risk corridor adjustment and \$5.2M after, with CS cost controls showing modest gains and a net CS loss of \$18.5M. The budget includes the \$50M Board-approved provider supplemental payment (PSP)

The D-SNP budget, based on the bid submission, allocates 107.4% of revenue toward medical expenses (including Part D) and 21.2% for administrative costs. This results in an operating loss of \$16.2M, or 28.6%.

The administrative budget is targeted at 6%, with current estimates at 6.1%. Ms. Ba explained that the fund balance is projected at \$742M, which is 7.9 times the required level set by the State. We will have a negative reserve of \$25.9M.

In a look at the five-year financial outlook, Ms. Ba explained that, due to ongoing State budget constraints and the implications of the Federal HR1, the Alliance anticipates continued financial challenges in the coming years, resulting from decreased enrollment and insufficient revenue. The TNE may fall below six times the California Department of Managed Health Care (DMHC) requirement, down from a peak of thirteen times in 2023. Ideally, this multiple should be between six and eight.

Ms. Ba stated that staff are committed to optimizing revenue streams to ensure members receive timely and high-quality care. Furthermore, she noted that the Alliance has implemented a workforce strategy designed to maintain a low Administrative Loss Ratio (ALR) while ensuring the plan operates both effectively and efficiently.

[Commissioner Radner departed at this time: 2:37 p.m.]

The Finance Committee adjourned its meeting of October 22, 2025, at 2:42 p.m.

Respectfully submitted,

Ms. Dulcie San Paolo
Finance Administrative Specialist

Minutes were supported by AI-generated content.



DATE: March 25, 2026
TO: Santa Cruz – Monterey - Merced - San Benito - Mariposa Managed Medical Care Commission
FROM: Lisa Ba, Chief Financial Officer
SUBJECT: Financial Highlights for the First Month Ending January 31, 2026

Consolidated (All Lines of Business)

For the month ending January 31, 2026, the Alliance reported an Operating Income of \$6.9M with a Medical Loss Ratio (MLR) of 91.9% and an Administrative Loss Ratio (ALR) of 4.6%. The Net Income is \$6.2M after accounting for Non-Operating Income/Expenses.

The budget expected \$1.4M in Operating Income for January. The actual result is favorable to the budget by \$5.6M or 100%, driven by rate variances.

Jan-26 Income Statement Consolidated (\$ In 000s)				
<u>Key Indicators</u>	YTD Actual	YTD Budget	YTD Variance	% Variance to Budget
<i>Member Months</i>	431,178	427,404	3,774	0.9%
Revenue	\$197,715	\$192,172	\$5,543	2.9%
Medical Expenses	181,747	180,329	(1,419)	-0.8%
Administrative Expenses	9,029	10,472	1,444	13.8%
Operating Income/(Loss)	6,939	1,371	5,568	100.0%
Net Income	\$6.167	\$3.471	\$2.697	77.7%
<i>MLR %</i>	91.9%	93.8%	1.9%	
<i>ALR %</i>	4.6%	5.4%	0.9%	
<i>Operating Income %</i>	3.5%	0.7%	2.8%	
<i>Net Income %</i>	3.1%	1.8%	1.3%	

Medi-Cal Line of Business (Including IHSS)

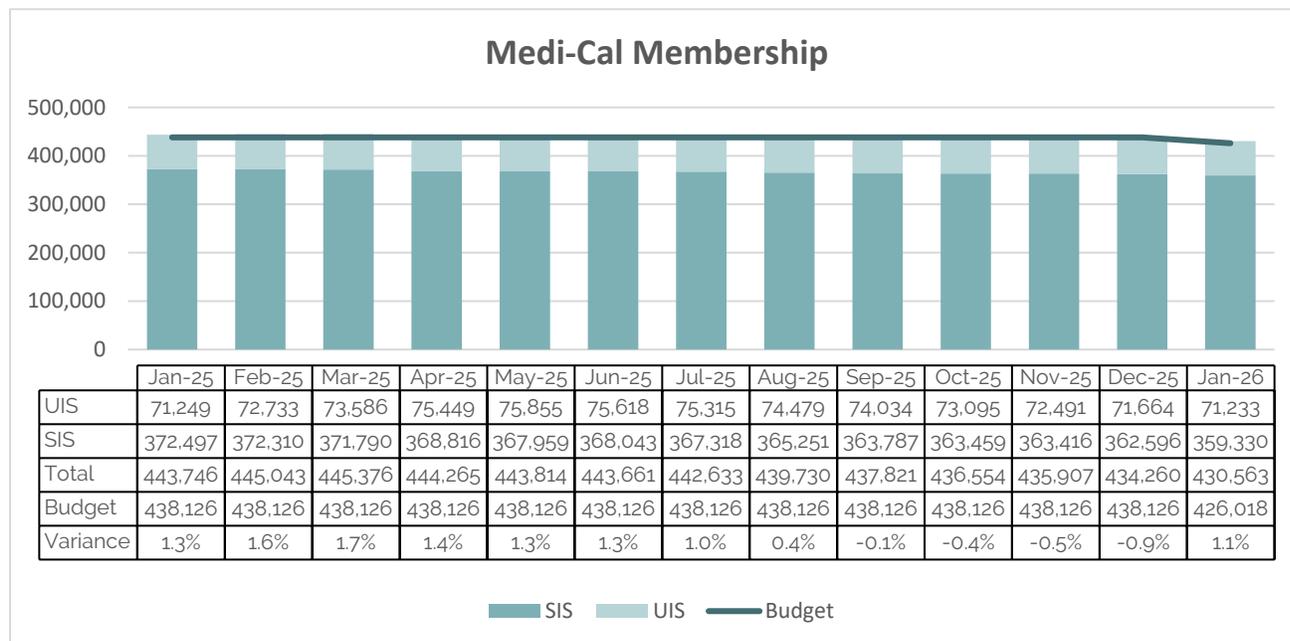
For the month ending January 31, 2026, the Alliance reported an Operating Income of \$8.0M or 4.0% with a Medical Loss Ratio (MLR) of 91.6% and an Administrative Loss Ratio (ALR) of 4.4%.

Net Income is \$7.2M or 3.6% after accounting for Non-Operating Income/Expenses. The budget expected an Operating Income of \$2.6M for January. The actual result is favorable to the budget by \$5.3M or 100%, driven by rate variances and enrollment.

Jan-26 Income Statement Medi-Cal (In \$000s)				
<u>Key Indicators</u>	YTD Actual	YTD Budget	YTD Variance	% Variance to Budget
<i>Member Months</i>	430,848	426,747	4,101	1.0%
Revenue	\$197,063	\$191,033	\$6,030	3.2%
Medical Expenses	180,526	178,876	(1,649)	-0.9%
Administrative Expenses	8,574	9,532	959	10.1%
Operating Income/(Loss)	7,964	2,624	5,340	100.0%
Net Income/(Loss)	\$7,192	\$4,724	\$2,468	52.2%
PMPM				
Revenue	\$457.38	\$447.65	\$9.73	2.2%
Medical Expenses	419.00	419.16	0.16	0.0%
Administrative Expenses	19.90	22.34	2.44	10.9%
Operating Income/(Loss)	\$18.48	\$6.15	\$12.33	100.0%
<i>MLR %</i>	91.6%	93.6%	2.0%	
<i>ALR %</i>	4.4%	5.0%	0.6%	
<i>Operating Income %</i>	4.0%	1.4%	2.7%	
<i>Net Income %</i>	3.6%	2.5%	1.2%	

Membership: January 2026 Medi-Cal membership is favorable to the budget by 1.1%. The 2026 budgeted Medi-Cal enrollment assumed a 7.8% decline by year-end from projected December 2025 levels, driven by the expiration of federal flexibilities, changes to the state budget, and the implications of the federal H.R.1 legislation.

For January 2026, two new provisions were implemented: a UIS enrollment freeze, with no newly enrolled members between the ages of 19 and 64, and a reinstatement of a Medi-Cal asset limit for our SPD population. Those provisions are estimated to lower membership by 6% and 2.4%, respectively, in their aid category. These items, along with the ongoing redetermination process and the unwinding of COVID-19 flexibilities, are causing both Satisfactory Immigration Status (SIS) and Unsatisfactory Immigrant Status (UIS) membership to trend downward and are projected to continue the remainder of the year.



Revenue: The 2026 revenue budget was based on the Department of Health Care Services (DHCS) 2026 Prospective rate package (dated 11/12/2025). The budget also includes a 1% quality withhold with a 75% performance earn-back assumption. The risk corridors will continue for ECM and UIS State only through CY 2026, as assumed in the budget. In addition, a 1% reserve was included in the budget to account for a potential decrease in the final rate, as the Prospective rates do not incorporate the State Budget changes for 2026.

Jan-26 YTD Medi-Cal Capitation Revenue Summary (In \$000s)					
Region	Actual	Budget	Variance	Variance Due to Enrollment	Variance Due to Rate
CEC SIS	\$149,826	\$143,909	\$5,917	\$2,041	\$3,876
CEC UIS	36,641	36,695	(54)	(487)	433
SBN SIS	8,490	8,326	164	119	45
SBN UIS	1,597	1,602	(5)	(6)	0
Total*	\$196,554	\$190,532	\$6,022	\$1,668	\$4,355

*Excludes Jan-26 In-Home Supportive Services (IHSS) premiums revenue of \$0.5M,

As of January, actuals exceeded the budget by \$6.0M, representing a 3.2% positive variance. This variance is primarily driven by underbudgeted maternity revenue and changes in member mix. Maternity revenue was budgeted at \$0.5M per month, but actual revenue averages \$5.5M per month, creating a significant favorable variance. Additionally, SPD-LTC membership is 24% higher than budget, while overall membership is only 0.5% above budget, indicating that the shift in member mix is also contributing to the revenue favorability. Part of the rate variance is related to the ECM Risk Corridor. The budget assumed \$5.1M, but January included only a \$2.7M accrual, resulting in a \$2.4M shortfall.

Medical Expenses: The 2026 budget assumed a 2.7% increase in utilization over the 2025 forecast, based on data from 2022 through September 2025, and a 1.4% increase in unit cost driven by changes in case mix and fee schedule adjustments, excluding ECM and CS. The 2026 incentives include \$20M for the Hospital Quality Incentive Program (HQIP), \$15M for Care-Based Incentive (CBI), \$12.5M for the Specialist Care Incentive (SCI), \$4M for Data Sharing Incentives, and \$3.7M for Behavioral Health Value-Based Program (BH VBP).

Jan-26 YTD Medi-Cal Medical Expense Summary (\$ In 000s)					
Category	Actual	Budget	Variance	Variance Due to Enrollment	Variance Due to Rate
Inpatient Hospital	\$49,627	\$47,006	(\$2,621)	(\$452)	(\$2,169)
Inpatient Services - LTC	17,585	18,343	758	(176)	934
Physician Services	38,852	41,022	2,171	(394)	2,565
Outpatient Facility	21,557	19,690	(1,867)	(189)	(1,678)
ECM / CS	21,558	19,668	(1,889)	(189)	(1,700)
Behavioral Health	7,797	7,895	98	(76)	174
Other Medical*	23,551	25,252	1,701	(243)	1,944
State Incentives	-	-	-	-	-
TOTAL COST	\$180,526	\$178,876	(\$1,649)	(\$1,719)	\$70

*Other Medical actuals include Allied Health, Non-Claims HC Cost, Transportation, and Lab.

January 2026 Medical Expenses of \$180.5M are \$1.6M or 0.9% unfavorable to the budget. Of this amount, \$1.7M is due to higher enrollment offsetting lower rate variances of \$70k. The unfavorability is primarily driven by ECM and Community Supports (CS) due to the higher-than-budget enrollment, followed by Inpatient and Outpatient, which are impacted by high prior-year adjustments made in January. Please note that January medical expenses are typically regarded as preliminary, with a clearer picture emerging as the year progresses and claims are fully processed.

At a PMPM level, YTD Medical Expenses are \$419.00, favorable by \$0.16 or 0.0% compared to the budget.

Jan-26 YTD Medi-Cal Medical Expense by Category of Service (In PMPM)				
Category	Actual	Budget	Variance	Variance %
Inpatient Services - Hospital	\$115.18	\$110.15	(\$5.03)	-4.6%
Inpatient Services - LTC	40.81	42.98	2.17	5.0%
Physician Services	90.18	96.13	5.95	6.2%
Outpatient Facility	50.03	46.14	(3.89)	-8.4%
ECM /CS	50.04	46.09	(3.95)	-8.6%
Behavioral Health	18.10	18.50	0.40	2.2%
Other Medical	54.66	59.17	4.51	7.6%
State Incentives	-	-	-	0.0%
TOTAL MEDICAL COST	\$419.00	\$419.16	\$0.16	0.0%

Inpatient Services: Inpatient Services are unfavorable to the budget due to high prior period adjustments. The January incurred PMPM is \$102.42, and approximately \$13 PMPM is recorded in the current month that relates to a prior period.

Inpatient Services—Long Term Care (LTC): LTC is in line with the budget and slightly favorable, primarily due to a methodology change in IBNR reserve, reflecting a downward adjustment of \$3M for SPD/LTC duals.

Physician Services: Physician services are trending consistently month over month, with slight favorability to budget. The Specialty Physicians category includes \$4.3M in supplemental payment through the reserve for January, with an estimated annual total of \$50M funded by Board-approved strategic use of reserve.

Outpatient Facility: The Outpatient Facility category consists of both Outpatient and Emergency Room (ER) services. ER continues to show an upward trend in both utilization per 1k and unit cost. The January incurred PMPM is \$45.23, which is within budget; however, it does not fully capture the additional \$5 PMPM recorded in the current period that relates to prior periods, causing an unfavorable variance. This will continue to be monitored as the budget assumed a 4% increase and expects trends to align going forward.

ECM: Effective January, ECM reflects the Board-approved transition from capitation to a fee-for-service (FFS) case rate methodology, including the elimination of the one-time incentive. While the ECM risk corridor remains in effect through CY 2026, with net loss limited to 5% of ECM revenue, DHCS has advised that ECM costs will be considered credible only if supported by corresponding encounters. As a result, the current low encounter rate can materially reduce expense amounts recognized under the risk corridor and future rate-setting, creating potential for significant unreimbursed exposure. In addition, a change in the current case rate to an FFS reimbursement rate would be required to ensure the ECM services meet dosage and intensity expectations.

Community Supports: Community Supports is trending above budget, as policy changes intended to enhance program integrity were assumed in the 2026 budget but have not yet materialized. These changes are expected to begin in February for Medically Tailored Meals (MTM) and in April for Housing deposits and Housing Transitional services. A portion of the policy change savings is expected to be offset by ongoing increases in Personal care & Homemaker services since October 2025, which are currently under review by Health Services.

Behavioral Health: Behavioral Health expenses are tracking closely to budget, as the budget accounts for the anticipated increase in utilization resulting from the in-sourcing initiative implemented in July 2025. Additionally, the budget reflects the expected increase in unit costs associated with incorporating TRI services, which further aligns current performance with projected spending.

Other Medical: Other Medical expenses are favorable to the budget, largely due to accurate budget development that appropriately accounted for historical utilization growth in Transportation, Hospice, and Allied Health services. To help manage elevated non-medical transportation, several operational controls are expected to be implemented to promote appropriate utilization.

Dual Eligible Special Needs Plan (D-SNP) Line of Business

Beginning January 2026, the Alliance launched the TotalCare (HMO D-SNP), a Medicare Advantage Dual Special Needs Plan (D-SNP) for people 65 years old and over and for some people with certain disabilities who are enrolled in both Medicare and Medi-Cal.

For the month ending January 31, 2026, the Alliance reported an Operating Loss of \$1.0M with a Medical Loss Ratio (MLR) of 187.7% and an Administrative Loss Ratio (ALR) of 69.8%. The budget expected an Operating Loss of \$1.3M for January. The actual result is favorable to the budget by \$0.2M or 18.1%.

Jan-26 Income Statement D-SNP (In \$000s)				
<u>Key Indicators</u>	YTD Actual	YTD Budget	YTD Variance	% Variance to Budget
<i>Member Months</i>	330	657	(327)	-49.8%
Revenue	\$652	\$1,139	(\$487)	-42.8%
Medical Expenses	1,223	1,452	229	15.8%
Administrative Expenses	455	940	485	51.6%
Operating Income/(Loss)	(1,026)	(1,253)	227	18.1%
PMPM				
Revenue	\$1,974.86	\$1,733.15	\$241.70	13.9%
Medical Expenses	3,706.29	2,210.23	(1,496.06)	-67.7%
Administrative Expenses	1,378.93	1,430.57	51.64	3.6%
Operating Income/(Loss)	(\$3,110.37)	(\$1,907.65)	(\$1,202.72)	-63.0%
<i>MLR %</i>	187.7%	127.5%	-60.1%	
<i>ALR %</i>	69.8%	82.5%	12.7%	
<i>Operating Income %</i>	-157.5%	-110.1%	-47.4%	

Membership: January 2026 D-SNP membership is unfavorable to the budget by 49.8%. D-SNP enrollment was projected to begin the year at approximately 635 members in January, with anticipated growth of about 350 members per month reaching an estimated 4,500 by year-end.

Actual January membership totaled 330, reflecting the figures reported in CMS's January Monthly Membership Report (MMR), with enrollment adds largely attributable to telephonic sales conversions and Medicare.gov activity. We expect February to include substantial retroactive adjustments of approximately 147 enrollments to capture eligible members who were not submitted in time for January's MMR cutoff.

Revenue: The 2026 D-SNP revenue budget was based on the bid submitted in June 2025, prepared by our actuary partners. It uses 2026 county-level benchmarks released by CMS and reflects that the plan is considered a "New Plan" for Star rating purposes for three years. The risk score is derived from the Medicare FFS sample and adjusted using CMS's CY 2026 county-level risk score projections.

As of January, actuals are below the budget by \$0.5M, representing a negative variance of 42.8%. This shortfall is primarily attributable to lower-than-anticipated enrollment, partially offset by a favorable variance in the risk-adjusted rate. It is important to note that early months are expected to exhibit significant volatility until enrollment levels stabilize for this newly launched D-SNP line of business.

Jan-26 YTD D-SNP Revenue Summary (In \$000s)					
CMS CAP	Actual	Budget	Variance	Variance Due to Enrollment	Variance Due to Rate
Part C	\$557	\$923	(\$366)	(\$459)	\$93
Part D	95	216	(121)	(107)	(13)
Total	\$652	\$1,139	(\$487)	(\$567)	\$80

Medical Expenses: The 2026 budget is based on the bid submitted in June 2025, prepared by our actuary partners, which covers Medicare Part A and B services, including Part D pharmacy benefits, as well as supplemental benefits that are not offered through the traditional Medicare FFS program. Supplemental benefits include fitness, an allowance for over-the-counter (OTC) medications and supplies, routine vision and eyewear, and worldwide emergency coverage. The budget incorporates medical cost management savings converted from traditional FFS, provider reimbursement aligned with in-network rates, and D-SNP-related non-claims medical expenses, including \$1M Risk Adjustment Incentives.

January 2026 Medical Expenses of \$1.2M are below budget by \$0.2M or 15.8%, primarily due to lower than anticipated enrollment.

Jan-26 YTD D-SNP Medical Expense Summary (\$ In 000s)					
Category	Actual	Budget	Variance	Variance Due to Enrollment	Variance Due to Rate
Inpatient Hospital	\$245	\$318	\$73	\$158	(\$86)
Inpatient Services - LTC	57	74	17	37	(20)
Physician Services	274	340	67	169	(103)
Outpatient Facility	180	230	50	114	(64)
CMS Pharmacy Part D	114	219	105	109	(4)
Other Medical*	354	271	(82)	135	(217)
TOTAL COST	\$1,223	\$1,452	\$229	\$723	(\$494)

*Including Ambulance, DME, Other Medicare Part B, Supplemental Benefits and UM/QA/CC

At a PMPM level, Medical Expenses are \$3,706.29, unfavorable by \$1,496.06 or 67.7% compared to the budget. The PMPM variance is unfavorable because costs are spread across a smaller membership base than projected, leading to an unfavorable PMPM variance despite the favorable dollar variance. It is important to note that the actual results are heavily Incurred but Not Reported (IBNR) driven, utilizing the bid submission as the basis. As claims are fully processed and more complete data becomes available, a clearer picture of the underlying medical expense experience will emerge. As such, these early-month results are considered preliminary.

Jan-26 YTD D-SNP Medical Expense by Category of Service (In PMPM)				
Category	Actual	Budget	Variance	Variance %
Inpatient Services - Hospital	\$743.76	\$483.98	(\$259.78)	-53.7%
Inpatient Services - LTC	172.01	111.93	(60.08)	-53.7%
Physician Services	829.14	517.88	(311.27)	-60.1%
Outpatient Facility	545.14	349.97	(195.17)	-55.8%
CMS Pharmacy Part D	344.45	333.40	(11.06)	-3.3%
Other Medical*	1,071.77	413.07	(658.70)	-159.5%
TOTAL MEDICAL COST	\$3,706.29	\$2,210.23	(\$1,496.06)	-67.7%

*Including Ambulance, DME, Other Medicare Part B, Supplemental Benefits and UM/QA/CC

Administrative Expenses: January Consolidated Administrative Expenses are favorable to the budget by \$1.4M or 13.8% with 4.6% ALR. Salaries are favorable by \$0.9M or 12.1%, driven by savings from vacant positions, benefits, employment taxes, and PTO. Non-salary administrative expenses are favorable by \$0.6M, or 17.5%, due to the timing of actual vs. budget.

Non-Operating Revenue/Expenses: January Net Non-Operating Loss is \$0.8M, which is \$2.9M unfavorable to the budget. The unfavorability as compared to the budget is derived from the Net Investment Loss of \$0.9M. The Other Revenue is \$0.3M and is slightly below budget. The Non-Operating Expense is \$4.3M from the grant distribution. This is unfavorable to the budget by \$1.9M.

Summary of Results: Overall, the Alliance generated a Consolidated Net Income of \$6.2M, with an MLR of 91.9% and an ALR of 4.6%.



CENTRAL CALIFORNIA ALLIANCE FOR HEALTH
Balance Sheet
For The First Month Ending January 31, 2026
(In \$000s)

Assets	
Cash	\$144,010
Restricted Cash	309
Short Term Investments	809,919
Receivables	406,683
Prepaid Expenses	1,845
Other Current Assets	5,145
Total Current Assets	\$1,367,910
Building, Land, Furniture & Equipment	
Capital Assets	\$79,537
Accumulated Depreciation	(46,031)
CIP	4,735
Lease Receivable	4,133
Subscription Asset net Accum Depr	13,214
Total Non-Current Assets	55,587
Total Assets	\$1,423,497
Liabilities	
Accounts Payable	\$84,700
IBNR/Claims Payable	334,091
Provider Incentives Payable	45,791
Other Current Liabilities	11,463
Due to State	73,549
Total Current Liabilities	\$549,594
Subscription Liabilities	10,590
Deferred Inflow of Resources	3,899
Total Long-Term Liabilities	\$14,489
Fund Balance	
Fund Balance - Prior	\$853,246
Retained Earnings - CY	6,167
Total Fund Balance	859,413
Total Liabilities & Fund Balance	\$1,423,497
Additional Information	
Total Fund Balance	\$859,413
Board Designated Reserves Target	562,418
Strategic Reserve (DSNP)	55,674
Medi-Cal Capacity Grant Program (MCGP)*	123,573
Value Based Payments	46,100
Provider Supplemental Payments	119,009
Total Reserves	906,773
Total Operating Reserve	(\$47,360)



CENTRAL CALIFORNIA ALLIANCE FOR HEALTH
Income Statement - Actual vs. Budget-Consolidated
For The First Month Ending January 31, 2026
(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>	431,178	427,404	3,774	0.9%	431,178	427,404	3,774	0.9%
Capitation Revenue								
Capitation Revenue Medi-Cal	\$196,554	\$190,532	\$6,022	3.2%	\$196,554	\$190,532	\$6,022	3.2%
CMS D-SNP	\$652	\$1,139	(487)	-42.8%	\$652	\$1,139	(487)	-42.8%
State Incentive Programs	-	-	-	0.0%	-	-	-	0.0%
Prior Year Revenue*	-	-	-	0.0%	-	-	-	0.0%
Premiums Commercial	509	501	8	1.5%	509	501	8	1.5%
Total Operating Revenue	\$197,715	\$192,172	\$5,543	2.9%	\$197,715	\$192,172	\$5,543	2.9%
Medical Expenses								
Inpatient Services (Hospital)	\$49,873	\$47,324	(\$2,548)	-5.4%	\$49,873	\$47,324	(\$2,548)	-5.4%
Inpatient Services (LTC)	17,641	18,416	775	4.2%	17,641	18,416	775	4.2%
Physician Services	39,125	41,363	2,237	5.4%	39,125	41,363	2,237	5.4%
Outpatient Facility	21,737	19,920	(1,817)	-9.1%	21,737	19,920	(1,817)	-9.1%
ECM/Community Supports	21,558	19,668	(1,889)	-9.6%	21,558	19,668	(1,889)	-9.6%
Behavioral Health	7,797	7,895	98	1.2%	7,797	7,895	98	1.2%
CMS Pharmacy Part D	114	219	105	48.1%	114	219	105	48.1%
Other Medical**	23,903	25,523	1,620	6.3%	23,903	25,523	1,620	6.3%
State Incentive Programs	-	-	-	0.0%	-	-	-	0.0%
Total Medical Expenses	\$181,747	\$180,329	(\$1,419)	-0.8%	\$181,747	\$180,329	(\$1,419)	-0.8%
Gross Margin	\$15,968	\$11,843	\$4,124	34.8%	\$15,968	\$11,843	\$4,124	34.8%
Administrative Expenses								
Salaries	\$6,358	\$7,234	\$877	12.1%	\$6,358	\$7,234	\$877	12.1%
Professional Fees	277	487	210	43.2%	277	487	210	43.2%
Purchased Services	640	630	(10)	-1.6%	640	630	(10)	-1.6%
Supplies & Other	936	1,119	183	16.4%	936	1,119	183	16.4%
Occupancy	131	154	23	15.2%	131	154	23	15.2%
Depreciation/Amortization	687	848	161	18.9%	687	848	161	18.9%
Total Administrative Expenses	\$9,029	\$10,472	\$1,444	13.8%	\$9,029	\$10,472	\$1,444	13.8%
Operating Income	\$6,939	\$1,371	\$5,568	100.0%	\$6,939	\$1,371	\$5,568	100.0%
Non-Op Income/(Expense)								
Interest	\$3,597	\$3,292	\$306	9.3%	\$3,597	\$3,292	\$306	9.3%
Gain/(Loss) on Investments	(322)	833	(1,155)	-100.0%	(322)	833	(1,155)	-100.0%
Bank & Investment Fees	(74)	-	(74)	-100.0%	(74)	-	(74)	-100.0%
Other Revenues	289	308	(19)	-6.1%	289	308	(19)	-6.1%
Grants	(4,263)	(2,333)	(1,929)	82.7%	(4,263)	(2,333)	(1,929)	82.7%
Total Non-Op Income/(Expense)	(772)	2,100	(2,871)	-100.0%	(772)	2,100	(2,871)	-100.0%
Net Income/(Loss)	\$6,167	\$3,471	\$2,697	77.7%	\$6,167	\$3,471	\$2,697	77.7%
<i>MLR</i>	91.9%	93.8%			91.9%	93.8%		
<i>ALR</i>	4.6%	5.4%			4.6%	5.4%		
<i>Operating Income</i>	3.5%	0.7%			3.5%	0.7%		
<i>Net Income %</i>	3.1%	1.8%			3.1%	1.8%		

**Other Medical includes Pharmacy and IHSS.



CENTRAL CALIFORNIA ALLIANCE FOR HEALTH
Income Statement - Actual vs. Budget-Consolidated
For The First Month Ending January 31, 2026
(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>	431,178	427,404	3,774	0.9%	431,178	427,404	3,774	0.9%
Capitation Revenue								
Capitation Revenue Medi-Cal	\$455.85	\$445.79	\$10.07	2.3%	\$455.85	\$445.79	\$10.07	2.3%
CMS D-SNP	1.51	2.66	(1.15)	-43.3%	1.51	2.66	(1.15)	-43.3%
State Incentive Programs	-	-	-	0.0%	-	-	-	0.0%
Prior Year Revenue*	-	-	-	0.0%	-	-	-	0.0%
Premiums Commercial	1.18	1.17	0.01	0.7%	1.18	1.17	0.01	0.7%
Total Operating Revenue	\$458.55	\$449.63	\$8.92	2.0%	\$458.55	\$449.63	\$8.92	2.0%
Medical Expenses								
Inpatient Services (Hospital)	\$115.67	\$110.73	(\$4.94)	-4.5%	\$115.67	\$110.73	(\$4.94)	-4.5%
Inpatient Services (LTC)	40.91	43.09	2.17	5.0%	40.91	43.09	2.17	5.0%
Physician Services	90.74	96.78	6.04	6.2%	90.74	96.78	6.04	6.2%
Outpatient Facility	50.41	46.61	(3.81)	-8.2%	50.41	46.61	(3.81)	-8.2%
ECM/Community Supports	50.00	46.02	(3.98)	-8.6%	50.00	46.02	(3.98)	-8.6%
Behavioral Health	18.08	18.47	0.39	2.1%	18.08	18.47	0.39	2.1%
CMS Pharmacy Part D	0.26	0.51	0.25	48.6%	0.26	0.51	0.25	48.6%
Other Medical**	55.44	59.72	4.28	7.2%	55.44	59.72	4.28	7.2%
State Incentive Programs	-	-	-	0.0%	-	-	-	0.0%
Total Medical Expenses	\$421.51	\$421.92	\$0.40	0.1%	\$421.51	\$421.92	\$0.40	0.1%
Gross Margin	\$37.03	\$27.71	\$9.32	33.6%	\$37.03	\$27.71	\$9.32	33.6%
Administrative Expenses								
Salaries	\$14.75	\$16.93	\$2.18	12.9%	\$14.75	\$16.93	\$2.18	12.9%
Professional Fees	0.64	1.14	0.50	43.7%	0.64	1.14	0.50	43.7%
Purchased Services	1.48	1.47	(0.01)	-0.7%	1.48	1.47	(0.01)	-0.7%
Supplies & Other	2.17	2.62	0.45	17.1%	2.17	2.62	0.45	17.1%
Occupancy	0.30	0.36	0.06	15.9%	0.30	0.36	0.06	15.9%
Depreciation/Amortization	1.59	1.98	0.39	19.6%	1.59	1.98	0.39	19.6%
Total Administrative Expenses	\$20.94	\$24.50	\$3.56	14.5%	\$20.94	\$24.50	\$3.56	14.5%
Operating Income	\$16.09	\$3.21	\$12.89	100.0%	\$16.09	\$3.21	\$12.89	100.0%
Non-Op Income/(Expense)								
Interest	\$8.34	\$7.70	\$0.64	8.3%	\$8.34	\$7.70	\$0.64	8.3%
Gain/(Loss) on Investments	(0.75)	\$1.95	(2.70)	-100.0%	(0.75)	1.95	(2.70)	-100.0%
Bank & Investment Fees	(0.17)	-	(0.17)	-100.0%	(0.17)	-	(0.17)	-100.0%
Other Revenues	0.67	0.72	(0.05)	-6.9%	0.67	0.72	(0.05)	-6.9%
Grants	(9.89)	(5.46)	(4.43)	-81.1%	(9.89)	(5.46)	(4.43)	-81.1%
Total Non-Op Income/(Expense)	(\$1.79)	\$4.91	(\$6.70)	-100.0%	(\$1.79)	\$4.91	(\$6.70)	-100.0%
Net Income/(Loss)	\$14.30	\$8.12	\$6.18	76.1%	\$14.30	\$8.12	\$6.18	76.1%
<i>MLR</i>	91.9%	93.8%			91.9%	93.8%		
<i>ALR</i>	4.6%	5.4%			4.6%	5.4%		
<i>Operating Income</i>	3.5%	0.7%			3.5%	0.7%		
<i>Net Income %</i>	3.1%	1.8%			3.1%	1.8%		

*Prior Year Revenue consist of revenue booked in the current calendar year for services rendered in prior years.

**Other Medical includes Pharmacy and IHSS.



CENTRAL CALIFORNIA ALLIANCE FOR HEALTH
Income Statement - Actual vs. Budget-Medi-Cal
For The First Month Ending January 31, 2026
(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>	430,848	426,747	4,101	1.0%	430,848	426,747	4,101	1.0%
Capitation Revenue								
Capitation Revenue Medi-Cal	\$196,554	\$190,532	\$6,022	3.2%	\$196,554	\$190,532	\$6,022	3.2%
State Incentive Programs	0	0	-	0.0%	0	0	-	0.0%
Prior Year Revenue*	0	0	-	0.0%	0	0	-	0.0%
Premiums Commercial	509	501	8	1.5%	509	501	8	1.5%
Total Operating Revenue	\$197,063	\$191,033	\$6,030	3.2%	\$197,063	\$191,033	\$6,030	3.2%
Medical Expenses								
Inpatient Services (Hospital)	\$49,627	\$47,006	(\$2,621)	-5.6%	\$49,627	\$47,006	(\$2,621)	-5.6%
Inpatient Services (LTC)	17,585	18,343	758	4.1%	17,585	18,343	758	4.1%
Physician Services	38,852	41,022	2,171	5.3%	38,852	41,022	2,171	5.3%
Outpatient Facility	21,557	19,690	(1,867)	-9.5%	21,557	19,690	(1,867)	-9.5%
ECM/Community Supports	21,558	19,668	(1,889)	-9.6%	21,558	19,668	(1,889)	-9.6%
Behavioral Health	7,797	7,895	98	1.2%	7,797	7,895	98	1.2%
Other Medical**	23,551	25,252	1,701	6.7%	23,551	25,252	1,701	6.7%
State Incentive Programs	0	0	-	0.0%	0	0	-	0.0%
Total Medical Expenses	\$180,526	\$178,876	(\$1,649)	-0.9%	\$180,526	\$178,876	(\$1,649)	-0.9%
Gross Margin	\$16,538	\$12,157	\$4,381	36.0%	\$16,538	\$12,157	\$4,381	36.0%
Administrative Expenses								
Salaries	\$6,125	\$6,799	\$674	9.9%	\$6,125	\$6,799	\$674	9.9%
Professional Fees	198	336	138	41.0%	198	336	138	41.0%
Purchased Services	512	451	(61)	-13.5%	512	451	(61)	-13.5%
Supplies & Other	921	1,025	104	10.1%	921	1,025	104	10.1%
Occupancy	131	154	23	15.2%	131	154	23	15.2%
Depreciation/Amortization	687	768	81	10.5%	687	768	81	10.5%
Total Administrative Expenses	\$8,574	\$9,532	\$959	10.1%	\$8,574	\$9,532	\$959	10.1%
Operating Income	\$7,964	\$2,624	\$5,340	100.0%	\$7,964	\$2,624	\$5,340	100.0%
Non-Op Income/(Expense)								
Interest	\$3,597	\$3,292	\$306	9.3%	\$3,597	\$3,292	\$306	9.3%
Gain/(Loss) on Investments	(322)	833	(1,155)	-100.0%	(322)	833	(1,155)	-100.0%
Bank & Investment Fees	(74)	0	(74)	-100.0%	(74)	0	(74)	-100.0%
Other Revenues	289	308	(19)	-6.1%	289	308	(19)	-6.1%
Grants	(4,263)	(2,333)	(1,929)	82.7%	(4,263)	(2,333)	(1,929)	82.7%
Total Non-Op Income/(Expense)	(772)	2,100	(2,871)	-100.0%	(772)	2,100	(2,871)	-100.0%
Net Income/(Loss)	\$7,192	\$4,724	\$2,468	52.2%	\$7,192	\$4,724	\$2,468	52.2%
<i>MLR</i>	91.6%	93.6%			91.6%	93.6%		
<i>ALR</i>	4.4%	5.0%			4.4%	5.0%		
<i>Operating Income</i>	4.0%	1.4%			4.0%	1.4%		
<i>Net Income %</i>	3.6%	2.5%			3.6%	2.5%		

**Other Medical includes Pharmacy and IHSS.



CENTRAL CALIFORNIA ALLIANCE FOR HEALTH
Income Statement - Actual vs. Budget-Medi-Cal
For The First Month Ending January 31, 2026
(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>	430,848	426,747	4,101	1.0%	430,848	426,747	4,101	1.0%
Capitation Revenue								
Capitation Revenue Medi-Cal	\$456.20	\$446.48	\$9.73	2.2%	\$456.20	\$446.48	\$9.73	2.2%
State Incentive Programs	-	-	-	0.0%	-	-	-	0.0%
Prior Year Revenue*	-	-	-	0.0%	-	-	-	0.0%
Premiums Commercial	1.18	1.17	0.01	0.6%	1.18	1.17	0.01	0.6%
Total Operating Revenue	\$457.38	\$447.65	\$9.73	2.2%	\$457.38	\$447.65	\$9.73	2.2%
Medical Expenses								
Inpatient Services (Hospital)	\$115.18	\$110.15	(\$5.03)	-4.6%	\$115.18	\$110.15	(\$5.03)	-4.6%
Inpatient Services (LTC)	40.81	42.98	2.17	5.0%	40.81	42.98	2.17	5.0%
Physician Services	90.18	96.13	5.95	6.2%	90.18	96.13	5.95	6.2%
Outpatient Facility	50.03	46.14	(3.89)	-8.4%	50.03	46.14	(3.89)	-8.4%
ECM/Community Supports	50.04	46.09	(3.95)	-8.6%	50.04	46.09	(3.95)	-8.6%
Behavioral Health	18.10	18.50	0.40	2.2%	18.10	18.50	0.40	2.2%
Other Medical**	54.66	59.17	4.51	7.6%	54.66	59.17	4.51	7.6%
State Incentive Programs	-	-	-	0.0%	-	-	-	0.0%
Total Medical Expenses	\$419.00	\$419.16	\$0.16	0.0%	\$419.00	\$419.16	\$0.16	0.0%
Gross Margin	\$38.38	\$28.49	\$9.90	34.7%	\$38.38	\$28.49	\$9.90	34.7%
Administrative Expenses								
Salaries	\$14.22	\$15.93	\$1.72	10.8%	\$14.22	\$15.93	\$1.72	10.8%
Professional Fees	0.46	0.79	0.33	41.6%	0.46	0.79	0.33	41.6%
Purchased Services	1.19	1.06	(0.13)	-12.4%	1.19	1.06	(0.13)	-12.4%
Supplies & Other	2.14	2.40	0.26	11.0%	2.14	2.40	0.26	11.0%
Occupancy	0.30	0.36	0.06	16.0%	0.30	0.36	0.06	16.0%
Depreciation/Amortization	1.60	1.80	0.20	11.3%	1.60	1.80	0.20	11.3%
Total Administrative Expenses	\$19.90	\$22.34	\$2.44	10.9%	\$19.90	\$22.34	\$2.44	10.9%
Operating Income	\$18.48	\$6.15	\$12.33	100.0%	\$18.48	\$6.15	\$12.33	100.0%
Non-Op Income/(Expense)								
Interest	\$8.35	\$7.71	\$0.64	8.2%	\$8.35	\$7.71	\$0.64	8.2%
Gain/(Loss) on Investments	(0.75)	\$1.95	(2.70)	-100.0%	(0.75)	1.95	(2.70)	-100.0%
Bank & Investment Fees	(0.17)	-	(0.17)	-100.0%	(0.17)	-	(0.17)	-100.0%
Other Revenues	0.67	0.72	(0.05)	-7.0%	0.67	0.72	(0.05)	-7.0%
Grants	(9.89)	(5.47)	(4.43)	-80.9%	(9.89)	(5.47)	(4.43)	-80.9%
Total Non-Op Income/(Expense)	(\$1.79)	\$4.92	(\$6.71)	-100.0%	(\$1.79)	\$4.92	(\$6.71)	-100.0%
Net Income/(Loss)	\$16.69	\$11.07	\$5.62	50.8%	\$16.69	\$11.07	\$5.62	50.8%
<i>MLR</i>	91.6%	93.6%			91.6%	93.6%		
<i>ALR</i>	4.4%	5.0%			4.4%	5.0%		
<i>Operating Income</i>	4.0%	1.4%			4.0%	1.4%		
<i>Net Income %</i>	3.6%	2.5%			3.6%	2.5%		

*Prior Year Revenue consist of revenue booked in the current calendar year for services rendered in prior years.

**Other Medical includes Pharmacy and IHSS.



CENTRAL CALIFORNIA ALLIANCE FOR HEALTH
Income Statement - Actual vs. Budget-D-SNP
For The First Month Ending January 31, 2026
(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>	330	657	(327)	-49.8%	330	657	(327)	-49.8%
Capitation Revenue								
CMS Capitation Revenue Part C	\$557	\$923	(\$366)	-39.7%	\$557	\$923	(\$366)	-39.7%
CMS Capitation Revenue Part D	95	216	(121)	-55.9%	95	216	(121)	-55.9%
Total Operating Revenue	\$652	\$1,139	(\$487)	-42.8%	\$652	\$1,139	(\$487)	-42.8%
Medical Expenses								
Inpatient Services (Hospital)	\$245	\$318	\$73	22.8%	\$245	\$318	\$73	22.8%
Inpatient Services (LTC)	57	74	17	22.8%	57	74	17	22.8%
Physician Services	274	340	67	19.6%	274	340	67	19.6%
Outpatient Facility	180	230	50	21.8%	180	230	50	21.8%
Behavioral Health	0	0	(0)	0.0%	0	0	(0)	0.0%
CMS Pharmacy Part D	114	219	105	48.1%	114	219	105	48.1%
Other Medical**	354	271	(82)	-30.3%	354	271	(82)	-30.3%
Total Medical Expenses	\$1,223	\$1,452	\$229	15.8%	\$1,223	\$1,452	\$229	15.8%
Gross Margin	(\$571)	(\$313)	(\$258)	-82.3%	(\$571)	(\$313)	(\$258)	-82.3%
Administrative Expenses								
Salaries	\$233	\$436	\$202	46.5%	\$233	\$436	\$202	46.5%
Professional Fees	79	151	73	48.1%	79	151	73	48.1%
Purchased Services	129	179	51	28.2%	129	179	51	28.2%
Supplies & Other	15	94	79	84.3%	15	94	79	84.3%
Occupancy	0	-	-	0.0%	0	-	-	0.0%
Depreciation/Amortization	0	80	80	100.0%	0	80	80	100.0%
Total Administrative Expenses	\$455	\$940	\$485	51.6%	\$455	\$940	\$485	51.6%
Operating Income	(\$1,026)	(\$1,253)	\$227	18.1%	(\$1,026)	(\$1,253)	\$227	18.1%
Net Income/(Loss)	(\$1,026)	(\$1,253)	\$227	18.1%	(\$1,026)	(\$1,253)	\$227	18.1%
<i>MLR</i>	<i>187.7%</i>	<i>127.5%</i>			<i>187.7%</i>	<i>127.5%</i>		
<i>ALR</i>	<i>69.8%</i>	<i>82.5%</i>			<i>69.8%</i>	<i>82.5%</i>		
<i>Operating Income</i>	<i>-157.5%</i>	<i>-110.1%</i>			<i>-157.5%</i>	<i>-110.1%</i>		
<i>Net Income %</i>	<i>-157.5%</i>	<i>-110.1%</i>			<i>-157.5%</i>	<i>-110.1%</i>		

**Other Medical includes Pharmacy and IHSS.



CENTRAL CALIFORNIA ALLIANCE FOR HEALTH
Income Statement - Actual vs. Budget-D-SNP
For The First Month Ending January 31, 2026
(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>	330	657	(327)	-49.8%	330	657	(327)	-49.8%
Capitation Revenue								
CMS Capitation Revenue Part C	\$1,686.37	\$1,404.60	\$281.77	20.1%	\$1,686.37	\$1,404.60	\$281.77	20.1%
CMS Capitation Revenue Part D	288.49	328.55	(40.07)	-12.2%	288.49	328.55	(40.07)	-12.2%
Total Operating Revenue	\$1,974.86	\$1,733.15	\$241.70	13.9%	\$1,974.86	\$1,733.15	\$241.70	13.9%
Medical Expenses								
Inpatient Services (Hospital)	\$743.76	\$483.98	(\$259.78)	-53.7%	\$743.76	\$483.98	(\$259.78)	-53.7%
Inpatient Services (LTC)	172.01	111.93	(60.08)	-53.7%	172.01	111.93	(60.08)	-53.7%
Physician Services	829.14	517.88	(311.27)	-60.1%	829.14	517.88	(311.27)	-60.1%
Outpatient Facility	545.14	349.97	(195.17)	-55.8%	545.14	349.97	(195.17)	-55.8%
Behavioral Health	0.02	-	(0.02)	-100.0%	0.02	-	(0.02)	-100.0%
CMS Pharmacy Part D	344.45	333.40	(11.06)	-3.3%	344.45	333.40	(11.06)	-3.3%
Other Medical**	1,071.75	413.07	(658.68)	-100.0%	1,071.75	413.07	(658.68)	-100.0%
Total Medical Expenses	\$3,706.29	\$2,210.23	(\$1,496.06)	-67.7%	\$3,706.29	\$2,210.23	(\$1,496.06)	-67.7%
Gross Margin	(\$1,731.43)	(\$477.08)	(\$1,254.36)	-100.0%	(\$1,731.43)	(\$477.08)	(\$1,254.36)	-100.0%
Administrative Expenses								
Salaries	\$706.64	\$663.00	(\$43.64)	-6.6%	\$706.64	\$663.00	(\$43.64)	-6.6%
Professional Fees	237.88	230.17	(7.70)	-3.3%	237.88	230.17	(7.70)	-3.3%
Purchased Services	389.69	272.61	(117.08)	-42.9%	389.69	272.61	(117.08)	-42.9%
Supplies & Other	44.72	143.05	98.33	68.7%	44.72	143.05	98.33	68.7%
Occupancy	-	-	-	0.0%	-	-	-	0.0%
Depreciation/Amortization	-	121.74	121.74	100.0%	-	121.74	121.74	100.0%
Total Administrative Expenses	\$1,378.93	\$1,430.57	\$51.64	3.6%	\$1,378.93	\$1,430.57	\$51.64	3.6%
Operating Income	(\$3,110.37)	(\$1,907.65)	(\$1,202.72)	-63.0%	(\$3,110.37)	(\$1,907.65)	(\$1,202.72)	-63.0%
Net Income/(Loss)	(\$3,110.37)	(\$1,907.65)	(\$1,202.72)	-63.0%	(\$3,110.37)	(\$1,907.65)	(\$1,202.72)	-63.0%
<i>MLR</i>	187.7%	127.5%			187.7%	127.5%		
<i>ALR</i>	69.8%	82.5%			69.8%	82.5%		
<i>Operating Income</i>	-157.5%	-110.1%			-157.5%	-110.1%		
<i>Net Income %</i>	-157.5%	-110.1%			-157.5%	-110.1%		



CENTRAL CALIFORNIA ALLIANCE FOR HEALTH
Statement of Cash Flow
For The First Month Ending January 31, 2026
(In \$000s)

	MTD	YTD
Net Income	\$6,167	\$6,167
Items not requiring the use of cash: Depreciation	217	217
Adjustments to reconcile Net Income to Net Cash provided by operating activities:		
Changes to Assets:		
Restricted Cash	0	0
Receivables	(6,497)	(6,497)
Prepaid Expenses	(263)	(263)
Current Assets	(116)	(116)
Subscription Asset net Accum Depr	0	0
Net Changes to Assets	(6,876)	(6,876)
Changes to Payables:		
Accounts Payable	(122,861)	(122,861)
Other Current Liabilities	2,129	2,129
Incurred But Not Reported Claims/Claims Payable	(131,594)	(131,594)
Provider Incentives Payable	4,683	4,683
Due to State	0	(73,167)
Subscription Liabilities	0	0
Net Changes to Payables	(247,643)	(320,810)
Net Cash Provided by (Used in) Operating Activities	(248,135)	(321,302)
Change in Investments	(2,524)	(2,524)
Other Equipment Acquisitions	(435)	(435)
Net Cash Provided by (Used in) Investing Activities	(2,959)	(2,959)
Deferred Inflow of Resources	0	0
Net Cash Provided by (Used in) Financing Activities	0	0
Net Increase (Decrease) in Cash & Cash Equivalents	(251,094)	(324,261)
Cash & Cash Equivalents at Beginning of Period	394,722	394,722
Cash & Cash Equivalents at January 31, 2026	\$144,010	\$144,010