

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



Meeting Agenda

Wednesday, August 28, 2024

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 (323) 705-3950
Phone Conference ID: 138 713 377#

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, August 27, 2024, to Dulcie San Paolo, Finance Administrative Specialist, at dsanpaolo@ccah-alliance.org.
 - i. Indicate in the subject line "Public Comment". Include your name, organization, agenda item number, and title of the item in the body of the e-mail along with your comments.
 - ii. Comments will be read during the meeting and are limited to three 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 three minutes.

HEALTHY PEOPLE. HEALTHY COMMUNITIES.

- 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 June 26, 2024. 1:40 p.m.**

- 4. Discuss the Annual Election of Officers of the Finance Committee. 1:45 p.m.**

- 5. 2024 YTD June Financial Results. 1:50 p.m.**

- 6. 2024 Forecast #1 based on YTD June Financials. 2:00 p.m.**

- 7. Q2 2024 Investment Update. 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, June 26, 2024

Members Present:

Ms. Anita Aguirre	At Large Health Care Provider Representative
Ralph Armstrong, DO	At Large Health Care Provider Representative
Ms. Elsa Jiménez,	County Health Director
Supervisor Josh Pedrozo	County Board of Supervisors
Allen Radner, MD	At Large Health Care Provider Representative

Members Absent:

Mr. Michael Molesky	Public Representative
---------------------	-----------------------

Staff Present:

Ms. Lisa Ba	Chief Financial Officer
Mr. Michael Schrader	Chief Executive Officer
Mr. Jimmy Ho	Accounting Director
Ms. Kay Lor	Provider Payment Strategy Director
Mr. Fabian Licerio	Risk Adjustment Director
Ms. Shannon Cotton	Finance Coordinator

1. Call to Order. (1:35 - 1:36 p.m.)

Commissioner Pedrozo called the meeting to order at 1:35 p.m. Roll call was taken. A quorum was present.

2. Oral Communications. (1:36 – 1:37 p.m.)

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

HEALTHY PEOPLE. HEALTHY COMMUNITIES.

www.ccah-alliance.org

No members of the public addressed the Committee.

Consent Agenda Items:

3. Approve minutes of the September 27, 2023 meeting of the Finance Committee. (1:37 – 1:38 p.m.)

FINANCE COMMITTEE ACTION: Commissioner Pedrozo opened the floor for approval of the minutes of the September 27, 2023 meeting.

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

ACTION: The motion passed with the following vote:

Ayes: Commissioners Armstrong, Jiménez, Pedrozo, Radner

Noes: None

Absent: Commissioners Aguirre, Molesky

Abstain: None

Regular Agenda Items:

4. April YTD Financial Results. (1:38 - 1:41 p.m.)

Ms. Lisa Ba, Chief Financial Officer (CFO), updated the commissioners on the Alliance's most recent financial performance for the four months ending on April 30, 2024. Year-to-Date (YTD) Operating Income was \$79.7M, with a Medical Loss Ratio (MLR) of 83.9% and an Administrative Loss Ratio (ALR) of 4.7%.

5. Provider Supplemental Payment. (1:41 - 2:03 p.m.)

Next, Ms. Ba introduced Ms. Kay Lor, Director of Provider Payment Strategy. Ms. Lor presented the proposed payment methodology for a provider supplemental payment. She explained that the goals of the provider supplemental payment are to improve realized network access and advance health equity through increased collaboration with providers. The methodology would be based on various data points to identify where there are specialty access challenges. The commissioners were asked to provide comments and feedback.

[Commissioner Aguirre arrived at this time: 1:51 p.m.]

The commissioners discussed the difficulties in accessing healthcare and the shortage of healthcare providers in all five counties. They were particularly interested in identifying the specific areas where there is a lack of specialty services in each county. Ms. Ba mentioned that suggested data points are included in the proposed methodology to help identify access challenges, including out-of-network utilization, complaints, provider satisfaction surveys, the ratio of specialty providers to members,

and the number of days between the authorization date to member being seen date. The commissioners agreed that the data points outlined in the proposed methodology were appropriate.

6. 2025 Provider Incentives (HQIP, SCI, RA). (2:03 – 2:27 p.m.)

Ms. Ba introduced the topic and explained that the purpose of the discussion is to gather feedback from the committee regarding the proposed 2025 provider incentives before presenting them for Board approval in August 2024. She introduced Ms. Kay Lor, Provider Payment Strategy Director, who will give an overview of the proposed 2025 Hospital Quality Incentive Program (HQIP) and the 2025 Specialist Care Incentive (SCI) Program. Additionally, Mr. Fabian Licerio, Risk Adjustment Director, will present a newly proposed Risk Adjustment Incentive program for 2025, which will be important to have in place as we prepare for Medicare Dual Eligible Special Needs Plan (D-SNP) implementation in 2026.

First, Ms. Lor presented an overview of the proposed 2025 HQIP. She explained that the program is a carryover from the 2024 program with some modifications. The program would consist of two measures: Inpatient Transitional Care Services (TCS) and Emergency Visit Follow-up. An additional data exchange incentive is also proposed as a new measure for the 2025 program. The program objectives are to achieve better health outcomes for members, improve coordination of care, allow hospitals to earn additional revenue through collaboration with physicians, lower the total cost of care, and advance value-based payment. Staff will propose budgeting \$20M for the calendar year 2025, with quarterly payouts. All contracted hospitals with 50 or more emergency or inpatient admissions would qualify to participate in the program.

Commissioner Radner mentioned that arranging post-discharge follow-up within 14 days can be complex. He noted that while every effort is made to coordinate the necessary follow-up care within that timeframe, it's not always feasible for the follow-up to be with the primary care physician. Ms. Lor confirmed that hospitals are still eligible to receive credit for post-discharge follow-up if it occurs within 14 days, even if it doesn't happen with the primary care provider.

Next, Ms. Lor presented an overview of the proposed 2025 Specialist Care Incentive program for the commissioners' consideration and feedback. She stated that the program aims to encourage physician actions that align with outcomes, improve member care by incentivizing referrals and coordinating care, reduce emergency department utilization, and enhance provider revenue through continuous advancement of value-based payment. Ms. Lor reviewed the proposed eight measures, the payment methodology, and the estimated funding for each. The proposed funding is approximately \$12M and will be based on the number of participating providers.

Lastly, Mr. Fabian Licerio shared the proposed Provider Risk Adjustment Incentive program. He gave an overview of the risk adjustment model and explained the key elements of the proposed incentive program. The program would have a simple design and aim to align with providers' regular workflows. The incentives would be tied to completing and submitting attestations, completing annual health assessment (AHA) exams, and participating in provider education sessions.

7. Investment Update. (2:27 – 2:38 p.m.)

Ms. Ba introduced Mr. Jimmy Ho, Accounting Director, who provided an economic and investment update.

Mr. Ho noted that the Federal Fund Rate is at 5.33% as of March 2024. He explained that the last federal rate hike occurred in July 2023 and that the Fed has paused the rate hikes because the inflation trend is moving towards the 2.0% Fed target after peaking at 9.1% in June 2022. He explained that as a public agency, Alliance staff are required to manage the investments in accordance with the Board approved Investment Policy. This policy conforms to the California Government Code section 53600 et seq. (the Code) and customary standards of prudent investment management. Staff have utilized the Pooled Money Investment Account (PMIA) accounts to manage the majority of the investments. These accounts are designed for public agencies and have low fees and investment objectives aligned with our policy, with safety being the primary priority.

Mr. Ho presented information about Environmental, Social, and Governance (ESG) investing, which is a strategy that selects companies with high scores in environmental and societal responsibility metrics. ESG investing aims for positive outcomes and aligns with social and environmental values. However, he explained that ESG bonds have limited investment options, lower returns, and are subject to high volatility due to market fluctuations. Although the Alliance's policy and investment strategy does not include ESG investment, it does have positive screening requirements that support the criteria of ESG investing.

Finally, Mr. Ho provided an overview of the Alliance's investment portfolio as of March 2024. He explained that due to rising interest rates, there was an unrealized loss of \$3.2M, representing a 0.1% decrease. The plan is to hold the bonds to maturity, and any negative fluctuations will not be recognized. Additionally, the higher interest rates have allowed for cash reinvestment at a rate of return that exceeds the pre-pandemic level. As of March 2024, the Alliance has generated \$11.4M in interest income, resulting in a 3.72% annual rate of return.

The Commission adjourned its meeting of June 26, 2024, at 2:38 p.m.

Respectfully submitted,

Ms. Shannon Cotton
Finance Coordinator



DATE: August 28, 2024
TO: The Finance Committee of the Santa Cruz – Monterey – Merced – San Benito – Mariposa Managed Medical Care Commission
FROM: Lisa Ba, Chief Financial Officer
SUBJECT: Election of Officers of the Finance Committee

Recommendation. This is informational only.

Background. The Commission must elect a Chairperson and Vice Chairperson annually, pursuant to section 3.2 of the bylaws.

Discussion. As a committee of the Alliance's Board, the Finance Committee follows the rules of the Commission as outlined in the Commission's bylaws. As such, it is suggested that the Finance Committee implements the process of electing a Chairperson and Vice Chairperson annually.

The role of the Chairperson is to facilitate meetings. The role of the Vice Chairperson is to preside at the meetings of the Finance Committee in the absence of the Chairperson.

Commissioners may be nominated by other commissioners or may nominate themselves for offices. At the end of the term, officers may be reappointed to a subsequent one-year term or terms as Chairperson or Vice Chairperson.

At the November 2024 meeting, the Finance Committee will be asked to nominate and elect a Chairperson and Vice Chairperson.

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

Attachments. N/A

HEALTHY PEOPLE. HEALTHY COMMUNITIES.



DATE: August 28, 2024
TO: Santa Cruz-Monterey-Merced-San Benito-Mariposa Managed Medical Care Commission
FROM: Lisa Ba, Chief Financial Officer
SUBJECT: Financial Highlights for the Sixth Month Ending June 30, 2024

For the month ending June 30, 2024, the Alliance reported an Operating Income of \$21.3M. The Year-to-Date (YTD) Operating Income is \$82.1M, with a Medical Loss Ratio (MLR) of 86.9% and an Administrative Loss Ratio (ALR) of 4.9%. The Net Income is \$94.4M after accounting for Non-Operating Income/Expenses.

The budget expected a \$36.5M Operating Income for YTD June. The actual result is favorable to budget by \$45.6M or 100.0%, driven primarily by rate variance and membership favorability.

<u>Key Indicators</u>	Jun-24 MTD (\$ In oos)			% Variance to Budget
	Current Actual	Current Budget	Current Variance	
<i>Membership</i>	449,959	399,413	50,546	12.7%
Revenue	\$168,527	\$134,388	\$34,140	25.4%
Medical Expenses	138,869	126,210	(12,660)	-10.0%
Administrative Expenses	8,310	8,622	312	3.6%
Operating Income	21,348	(444)	21,792	100.0%
Net Income	\$26,638	\$878	\$25,760	100.0%
<i>MLR %</i>	82.4%	93.9%	11.5%	
<i>ALR %</i>	4.9%	6.4%	1.5%	
<i>Operating Income %</i>	12.7%	-0.3%	13.0%	
<i>Net Income %</i>	15.8%	0.7%	15.2%	

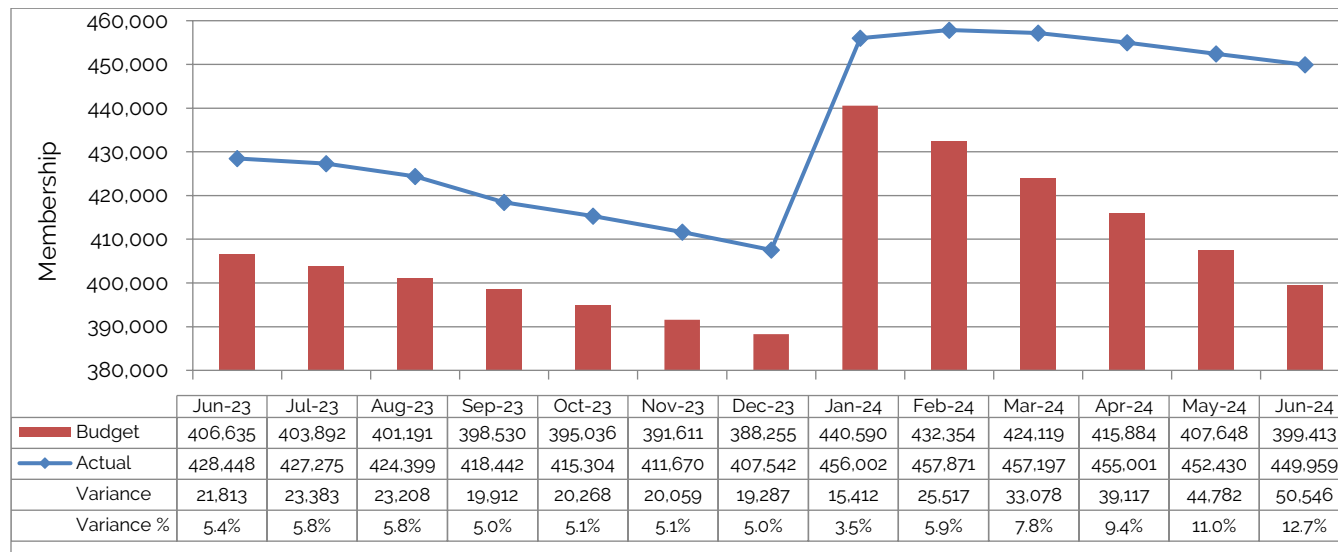
Jun-24 (In \$000s)				
<u>Key Indicators</u>	YTD Actual	YTD Budget	YTD Variance	% Variance to Budget
<i>Member Months</i>	2,728,460	2,520,008	208,452	8.3%
Revenue	\$1,005,924	\$852,565	\$153,359	18.0%
Medical Expenses	874,500	763,993	(110,507)	-14.5%
Administrative Expenses	49,332	52,055	2,723	5.2%
Operating Income/(Loss)	82,092	36,518	45,575	100.0%
Net Income/(Loss)	\$94,381	\$45,266	\$49,116	100.0%
PMPM				
Revenue	\$368.68	\$338.32	\$30.36	9.0%
Medical Expenses	320.51	303.17	(17.34)	-5.7%
Administrative Expenses	18.08	20.66	2.58	12.5%
Operating Income/(Loss)	\$30.09	\$14.49	\$15.60	100.0%
<i>MLR %</i>	86.9%	89.6%	2.7%	
<i>ALR %</i>	4.9%	6.1%	1.2%	
<i>Operating Income %</i>	8.2%	4.3%	3.9%	
<i>Net Income %</i>	9.4%	5.3%	4.1%	

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 \$368.68, which is favorable to budget by \$30.36 or 9.0%. Medical cost PMPM is \$320.51, which is unfavorable by \$17.34 or 5.7%. Overall, this results in a favorable gross margin of \$13.02 or 37.0% compared to the budget. The operating income PMPM is \$30.09, which is favorable to the budget by \$15.60 or 100.0%.

Membership: June 2024 membership is favorable to budget by 12.7%. The 2024 budget assumed a 17% decrease over the course of redetermination (July 2023 to June 2024) based on Mercer projections. Mercer later updated their projections to be less impactful than originally estimated and now only assumes an 11% decrease. The actual decrease from July 2023 to June 2024, is approximately 7.6%, excluding the new counties / new Unsatisfactory Immigration Status (UIS) members.

Membership. Actual vs. Budget (based on actual enrollment trend for Jun-24 rolling 13 months)



Revenue: The 2024 revenue budget was based on the current Department of Health Care Services (DHCS) 2024 draft rate package, and this does not include Targeted Rate Increase (TRI). Furthermore, the budget assumed breakeven performances for the San Benito Region. The prospective CY 2024 draft rates from DHCS (dated 12/5/2023, including Maternity) are favorable to the rates assumed in the CY 2024 budget by 2.1%, excluding TRI. Overall, actual revenue is favorable due to higher enrollment, a favorable category of aid (COA) mix, and an increase in prospective rates.

As of June MTD, actuals are favorable to budget by \$34.1M or 25.4%. This positive variance is driven by favorable enrollment contributing \$17.9M and prior year revenue of \$20.4M, which offsets unfavorable rates of -\$4.3M. The prior year revenue comprises \$12.6M from MCO Tax Revenue for CY 2021 and \$7.8M from MCO Tax Revenue for CY 2022, attributed to the implementation of final rates that relieved the current MCO liability for those periods. The unfavorable rates of -\$4.3M primarily result from the reversal of ECM Contra MLR for CY 2024 due to encounter data issues. This reversal will be adjusted in the future to ensure a more accurate entry once the data is resolved. Additionally, a remaining 0.5% downward adjustment for acuity from January to May was completed in June, culminating in a total 1% adjustment for the period.

As of June 2024 YTD, operating revenue stands at \$1,005.9M, surpassing the budget by \$153.4M or 18.0%. This favorable variance includes \$71.3M from increased enrollment and \$82.0M from positive rate variances, state incentives, and prior year revenue. The rate variance of \$82.0M comprises \$37.3M from favorable prospective rates, \$24.4M from State Incentive Programs, and \$20.4M from prior year revenue due to MCO tax liability relief for CY 2021 and CY 2022.

The State Incentive Programs consist of \$22.1M for HHIP, \$1.4M for SBHIP, and \$0.8M for EPT and are offset by the State Incentive Programs expense. These incentives are assumed to be budget-neutral.

Beginning January 2024, the new general ledger structure is reported by region and immigration status. Central California (CEC) includes the counties of Santa Cruz, Monterey, Merced, and Mariposa, and San Benito (SBN) includes San Benito. Immigration status is reported as UIS (Unsatisfactory Immigration Status) or SIS (Satisfactory Immigration Status).

Jun-24 YTD Capitation Revenue Summary (In \$000s)					
Region	Actual	Budget	Variance	Variance Due to Enrollment	Variance Due to Rate
CEC SIS	719,475	639,731	79,743	49,498	30,245
CEC UIS	197,370	179,998	17,372	17,134	238
SBN SIS	35,670	25,447	10,224	3,577	6,647
SBN UIS	6,188	5,325	864	740	124
Total*	958,703	850,500	108,203	70,949	37,254

*Excludes Jun-24 In-Home Supportive Services (IHSS) premiums revenue of \$2.5M, State Incentive Programs revenue of \$24.4M, and Prior Year Revenue of \$20.4M.

Medical Expenses: The 2024 budget assumed a 3.7% increase in utilization over the base data that spanned from 2018 through June 2023 and a 2.9% unit cost increase that included case mix and changes in fee schedules. 2024 incentives include a \$15M Care-Based Incentive (CBI), \$4M Data Sharing Incentives, \$18M for the Hospital Quality Incentive Program (HQIP), and \$10M for the Specialist Care Incentive (SCI).

June 2024 Medical Expenses of \$138.9M are \$12.7M or 10.0% unfavorable to budget. June 2024 YTD Medical Expenses of \$874.5M are above budget by \$110.5M or 14.5%. Of this amount, \$63.0M is due to higher enrollment and \$47.5M due to rate variances which include \$24.4M for State Incentive Programs. YTD, we are seeing increases in spending on Physician Services, LTC, and Outpatient Facility.

The State Incentive Programs consist of \$22.1M for HHIP, \$1.4M for SBHIP, and \$0.8M for EPT. These are also included under revenue and assumed to be budget-neutral.

Jun-24 YTD Medical Expense Summary (\$ In 000s)						
Category	Actual	Budget	Variance	Variance Due to Enrollment	Variance Due to Rate	
Inpatient Services - Hospital	278,921	279,785	864	(23,060)	23,924	
Inpatient Services - LTC	102,380	65,656	(36,724)	(5,401)	(31,323)	
Physician Services	199,181	162,648	(36,533)	(13,437)	(23,096)	
Outpatient Facility	114,957	94,928	(20,029)	(7,827)	(12,202)	
Other Medical*	154,669	160,976	6,307	(13,308)	19,615	
State Incentive Programs	24,392	-	(24,392)	-	(24,392)	
TOTAL COST	874,500	763,993	(110,507)	(63,032)	(47,475)	

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

At a PMPM level, YTD Medical Expenses are \$320.51, unfavorable by \$17.34 or 5.7% compared to the budget. More than half of this negative variance is due to budget-neutral State Incentive Programs.

Inpatient Services: Inpatient Services continues to be favorable to budget due to lower utilization than budgeted. Inpatient was budgeted to have a utilization of 344 days per 1,000 members but actual utilization is closer to 304 days per 1,000 members. Unit costs are comparable between budget and actuals which results in an 8% PMPM variance between budget and actual. This is expected to continue for the rest of the year.

Inpatient Services - LTC: LTC's unfavorability is primarily driven by unit cost. The budget underestimated the baseline cost and did not consider the continuation of the 10% COVID add-on for certain codes or the 3% annual fee schedule increase. We expect the unfavorable variance continue.

Outpatient Facility: Outpatient Facility consists of both Outpatient and Emergency Room. ER continues to significantly trend upwards for both utilization per 1k and unit cost and are unfavorable to budget for both utilization and unit cost. This is slightly offset by outpatient being favorable to budget for both utilization and unit cost being favorable to budget.

Physician Services: The budget assumed utilization would increase by 3% compared to 2023. However, it has increased by 14%, driven by the new UIS 26-49 age group at Federally Qualified Health Center (FQHC) clinics and an overall increase of ACA expansion and Whole child model enrollments, which utilize Specialty Clinics. Further, the ECM provider capitation expense shows unfavorable due to the budget being allocated under Other Medical.

Other Medical: Other Medical costs are favorable to budget by \$6.3M. This is primarily due to Non-Claims Health Care Costs being significantly lower than budgeted by \$4.6M and the ECM actuals only including FFS, while capitation is accounted for under Physician Services, resulting in ECM being favorable to budget by \$6.6M. However, this is slightly offset by unfavorable variances in Allied Health and Behavioral Health. Allied Health experienced a \$2.6M unfavorable variance due to increased utilization of Physical Therapists, and Behavioral Health saw a \$3.5M unfavorable variance due to higher unit

costs for Behavioral Analysts and Behavioral Neurology. In summary, despite the unfavorable variances in Allied Health and Behavioral Health, the lower Non-Claim Health Care Costs and favorable ECM variance lead to an overall \$6.3M favorable variance to budget for Other Medical costs.

Jun-24 YTD Medical Expense by Category of Service (In PMPM)				
Category	Actual	Budget	Variance	Variance %
Inpatient Services - Hospital	102.23	111.03	8.80	7.9%
Inpatient Services - LTC	37.52	26.05	(11.47)	-44.0%
Physician Services	73.00	64.54	(8.46)	-13.1%
Outpatient Facility	42.13	37.67	(4.46)	-11.8%
Other Medical	56.69	63.88	7.19	11.3%
State Incentive Programs	8.94	-	(8.94)	-100.0%
TOTAL MEDICAL COST	320.51	303.17	(17.34)	-5.7%

Administrative Expenses: June YTD Administrative Expenses are favorable to budget by \$2.7M or 5.2% with a 4.9% ALR. Salaries are favorable by \$1.6M, driven by savings from vacant positions, benefits, and PTO. Non-Salary Administrative Expenses are favorable by \$1.1M or 6.8% due to the timing of the actual spend versus budget.

Non-Operating Revenue/Expenses: June YTD Net Non-Operating income is \$12.3M, which is favorable to the budget. Total Non-Operating Revenue is favorable to budget by \$3.8M, attributed to \$8.9M in interest income offsetting a \$5.0M unrealized investment loss and \$0.1M in other revenues. Non-Operating Expenses are unfavorable by \$0.2M due to higher grant expenses.

Summary of Results: Overall, the Alliance generated a YTD Net Income of \$94.4M, with an MLR of 86.9% and an ALR of 4.9%.



CENTRAL CALIFORNIA ALLIANCE FOR HEALTH
Balance Sheet
For The Sixth Month Ending June 30, 2024
(In \$000s)

Assets	
Cash	\$379,107
Restricted Cash	300
Short Term Investments	866,774
Receivables	198,666
Prepaid Expenses	4,096
Other Current Assets	4,070
Total Current Assets	\$1,453,013
Building, Land, Furniture & Equipment	
Capital Assets	\$80,513
Accumulated Depreciation	(45,793)
CIP	2,590
Lease Receivable	3,084
Subscription Asset net Accum Depr	10,510
Total Non-Current Assets	50,904
Total Assets	\$1,503,918
Liabilities	
Accounts Payable	\$155,006
IBNR/Claims Payable	365,214
Provider Incentives Payable	22,995
Other Current Liabilities	9,227
Due to State	10,701
Total Current Liabilities	\$563,144
Subscription Liabilities	8,687
Deferred Inflow of Resources	2,933
Total Long-Term Liabilities	\$11,620
Fund Balance	
Fund Balance - Prior	\$834,772
Retained Earnings - CY	94,381
Total Fund Balance	929,153
Total Liabilities & Fund Balance	\$1,503,918
Additional Information	
Total Fund Balance	\$929,153
Board Designated Reserves Target	447,288
Strategic Reserve (DSNP)	56,700
Medi-Cal Capacity Grant Program (MCGP)*	157,418
Value Based Payments	46,100
Provider Supplemental Payments	152,410
Total Reserves	859,916
Total Operating Reserve	\$69,237



CENTRAL CALIFORNIA ALLIANCE FOR HEALTH
Income Statement - Actual vs. Budget
For The Sixth Month Ending June 30, 2024
(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	449,959	399,413	50,546	12.7%	2,728,460	2,520,008	208,452	8.3%
Capitation Revenue								
Capitation Revenue Medi-Cal	\$147,724	\$134,044	\$13,680	10.2%	\$958,703	\$850,500	\$108,203	12.7%
State Incentive Programs	-	-	-	0.0%	24,392	-	\$24,392	100.0%
Prior Year Revenue*	20,378	-	20,378	100.0%	20,378	-	\$20,378	100.0%
Premiums Commercial	425	344	81	23.6%	2,451	2,065	386	18.7%
Total Operating Revenue	\$168,527	\$134,388	\$34,140	25.4%	\$1,005,924	\$852,565	\$153,359	18.0%
Medical Expenses								
Inpatient Services (Hospital)	\$40,359	\$46,177	\$5,818	12.6%	\$278,921	\$279,785	\$864	0.3%
Inpatient Services (LTC)	15,879	10,836	(5,043)	-46.5%	102,380	65,656	(36,724)	-55.9%
Physician Services	35,736	26,845	(8,891)	-33.1%	199,181	162,648	(36,533)	-22.5%
Outpatient Facility	18,077	15,667	(2,409)	-15.4%	114,957	94,928	(20,029)	-21.1%
Other Medical**	28,819	26,684	(2,135)	-8.0%	154,669	160,976	6,307	3.9%
State Incentive Programs	-	-	-	0.0%	24,392	-	(24,392)	-100.0%
Total Medical Expenses	\$138,869	\$126,210	(\$12,660)	-10.0%	\$874,500	\$763,993	(\$110,507)	-14.5%
Gross Margin	\$29,658	\$8,178	\$21,480	100.0%	\$131,424	\$88,572	\$42,852	48.4%
Administrative Expenses								
Salaries	\$5,622	\$5,548	(\$75)	-1.3%	\$33,940	\$35,544	\$1,604	4.5%
Professional Fees	417	374	(43)	-11.5%	1,698	1,797	100	5.6%
Purchased Services	1,035	1,050	15	1.4%	6,249	6,249	(0)	0.0%
Supplies & Other	868	1,218	349	28.7%	5,187	5,937	750	12.6%
Occupancy	105	116	11	9.3%	673	744	71	9.5%
Depreciation/Amortization	263	317	55	17.2%	1,584	1,783	199	11.2%
Total Administrative Expenses	\$8,310	\$8,622	\$312	3.6%	\$49,332	\$52,055	\$2,723	5.2%
Operating Income	\$21,348	-\$444	\$21,792	100.0%	\$82,092	\$36,518	\$45,575	100.0%
Non-Op Income/(Expense)								
Interest	\$4,301	\$2,374	\$1,927	81.2%	\$24,666	\$15,813	\$8,854	56.0%
Gain/(Loss) on Investments	2,205	250	1,955	100.0%	(4,106)	750	(4,856)	-100.0%
Bank & Investment Fees	(60)	(36)	(24)	-64.9%	(322)	(218)	(104)	-47.8%
Other Revenues	202	197	5	2.6%	1,074	1,181	(106)	-9.0%
Grants	(1,358)	(1,463)	105	7.2%	(9,024)	(8,777)	(246)	-2.8%
Total Non-Op Income/(Expense)	5,290	1,322	3,968	100.0%	\$12,289	\$8,748	\$3,541	40.5%
Net Income/(Loss)	\$26,638	\$878	\$25,760	100.0%	\$94,381	\$45,266	\$49,116	100.0%
<i>MLR</i>	82.4%	93.9%			86.9%	89.6%		
<i>ALR</i>	4.9%	6.4%			4.9%	6.1%		
<i>Operating Income</i>	12.7%	-0.3%			8.2%	4.3%		
<i>Net Income %</i>	15.8%	0.7%			9.4%	5.3%		

*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
For The Sixth Month Ending June 30, 2024
(In PMPM)

	MTD Actual	MTD Budget	Variance	%	YTD Actual	YTD Budget	Variance	%
Member Months	449,959	399,413	50,546	12.7%	2,728,460	2,520,008	208,452	8.3%
Capitation Revenue								
Capitation Revenue Medi-Cal	\$328.31	\$335.60	(\$7.30)	-2.2%	\$351.37	\$337.50	\$13.87	4.1%
State Incentive Programs	-	-	-	0.0%	8.94	-	8.94	100.0%
Prior Year Revenue*	45.29	-	45.29	100.0%	7.47	-	7.47	100.0%
Premiums Commercial	0.95	0.86	0.08	9.7%	0.90	0.82	0.08	9.6%
Total Operating Revenue	\$374.54	\$336.46	\$38.08	11.3%	\$368.68	\$338.32	\$30.36	9.0%
Medical Expenses								
Inpatient Services (Hospital)	\$89.70	\$115.61	\$25.92	22.4%	\$102.23	\$111.03	\$8.80	7.9%
Inpatient Services (LTC)	35.29	27.13	(8.16)	-30.1%	37.52	26.05	(11.47)	-44.0%
Physician Services	79.42	67.21	(12.21)	-18.2%	73.00	64.54	(8.46)	-13.1%
Outpatient Facility	40.17	39.23	(0.95)	-2.4%	42.13	37.67	(4.46)	-11.8%
Other Medical**	64.05	66.81	2.76	4.1%	56.69	63.88	7.19	11.3%
State Incentive Programs	-	-	-	0.0%	8.94	-	(8.94)	-100.0%
Total Medical Expenses	\$308.63	\$315.99	\$7.36	2.3%	\$320.51	\$303.17	(\$17.34)	-5.7%
Gross Margin	\$65.91	\$20.48	\$45.44	100.0%	\$48.17	\$35.15	\$13.02	37.0%
Administrative Expenses								
Salaries	\$12.50	\$13.89	\$1.39	10.0%	\$12.44	\$14.10	\$1.67	11.8%
Professional Fees	0.93	0.94	0.01	1.0%	0.62	0.71	0.09	12.8%
Purchased Services	2.30	2.63	0.33	12.5%	2.29	2.48	0.19	7.6%
Supplies & Other	1.93	3.05	1.12	36.7%	1.90	2.36	0.45	19.3%
Occupancy	0.23	0.29	0.06	19.5%	0.25	0.30	0.05	16.4%
Depreciation/Amortization	0.58	0.79	0.21	26.5%	0.58	0.71	0.13	18.0%
Total Administrative Expenses	\$18.47	\$21.59	\$3.12	14.4%	\$18.08	\$20.66	\$2.58	12.5%
Operating Income	\$47.44	(\$1.11)	\$48.55	100.0%	\$30.09	\$14.49	\$15.60	100.0%

*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
Statement of Cash Flow
For The Sixth Month Ending June 30, 2024
(In \$000s)

	MTD	YTD
Net Income	\$26,638	\$94,381
Items not requiring the use of cash: Depreciation	263	1,584
Adjustments to reconcile Net Income to Net Cash provided by operating activities:		
Changes to Assets:		
Restricted Cash	0	0
Receivables	5,690	292,922
Prepaid Expenses	840	(1,868)
Current Assets	1,214	1,536
Subscription Asset net Accum Depr	0	0
Net Changes to Assets	7,743	292,590
Changes to Payables:		
Accounts Payable	23,055	(250,870)
Other Current Liabilities	(235)	36
Incurred But Not Reported Claims/Claims Payable	19,872	76,841
Provider Incentives Payable	(21,170)	(17,005)
Due to State	6,862	(0)
Subscription Liabilities	0	0
Net Changes to Payables	28,384	(190,997)
Net Cash Provided by (Used in) Operating Activities	63,028	197,558
Change in Investments	(4,325)	(20,942)
Other Equipment Acquisitions	(185)	(2,592)
Net Cash Provided by (Used in) Investing Activities	(4,510)	(23,534)
Deferred Inflow of Resources	0	0
Net Cash Provided by (Used in) Financing Activities	0	0
Net Increase (Decrease) in Cash & Cash Equivalents	58,517	174,024
Cash & Cash Equivalents at Beginning of Period	320,590	205,083
Cash & Cash Equivalents at June 30, 2024	\$379,107	\$379,107