

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



Meeting Agenda

Wednesday, November 6, 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: 184 459 259#

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, November 5, 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.

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- 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 August 28, 2024. 1:40 p.m.**
- 4. Annual Election of Officers of the Finance Committee. 1:45 p.m.**
- 5. 2024 Draft September Financial Results. 1:50 p.m.**
- 6. 2024 Forecast #2 based on Draft September Financials. 2:00 p.m.**
- 7. 2025 Preliminary Budget. 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 Finance Administrative Specialist at least 72 hours prior to the meeting at (831) 430-1429. 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, August 28, 2024

Commissioners Present:

Ms. Anita Aguirre,
Ralph Armstrong, DO,
Ms. Elsa Jiménez,
Mr. Michael Molesky,
Supervisor Josh Pedrozo,
Allen Radner, MD,

At Large Health Care Provider Representative
At Large Health Care Provider Representative
County Health Director
Public Representative
County Board of Supervisors
At Large Health Care Provider Representative

Commissioners Absent:

Staff Present:

Ms. Lisa Ba,
Mr. Michael Schrader,
Ms. Danita Carlson,
Mr. Jimmy Ho,
Ms. Dulcie San Paolo,

Chief Financial Officer
Chief Executive Officer
Government Relations Director
Accounting Director
Finance Administrative Specialist

1. Call to Order. (1:32 - 1:33 p.m.)

Chairperson Molesky called the meeting to order at 1:32 p.m. Roll call was taken. A quorum was present.

2. Oral Communications. (1:33 – 1:34 p.m.)

[Commissioner Pedrozo arrived at this time: 1:33 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 June 26, 2024 meeting of the Finance Committee. (1:34 – 1:35 p.m.)**

FINANCE COMMITTEE ACTION: Chairperson Molesky opened the floor for approval of the minutes of the June 26, 2024 meeting.

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

ACTION: The motion passed with the following vote:

Ayes: Commissioners Aguirre, Jiménez, Molesky, Pedrozo, Radner

Noes: None

Absent: Commissioner Armstrong

Abstain: None

Regular Agenda Items:**4. Discuss the Annual Election of Officers of the Finance Committee. (1:35 – 1:38 p.m.)**

Chair Molesky introduced the topic of holding an annual election for the Chairperson and Vice Chairperson of the Finance Committee for discussion. Ms. Lisa Ba, Chief Financial Officer (CFO), provided background information. The Finance Committee, as part of the Alliance's Board, should adhere to the same rules for the annual election of officers. At the upcoming November meeting, the committee will nominate and elect a Chairperson and Vice Chairperson for a one-year term.

5. 2024 YTD June Financial Results. (1:38 - 1:51 p.m.)

Ms. Lisa Ba, Chief Financial Officer (CFO), updated the commissioners on the Alliance's most recent financial performance for the six months ending on June 30, 2024. Year-to-date (YTD) Operating Income was \$82.1M, with a Medical Loss Ratio (MLR) of 86.9% and an Administrative Loss Ratio (ALR) of 4.9%.

Ms. Ba provided an overview of the per member per month (PMPM) June 2024 YTD Medical Expenses by Category of Service. She mentioned that the Inpatient Services (LTC) category exceeded the budget. She explained that this was because the category had been underbudgeted, as it did not account for the continuation of the 10% COVID add-on for certain codes in 2024, as well as the annual fee schedule increase. The unfavorable variance is anticipated to continue.

Chair Molesky noted the importance of having long-term care services available in the counties where Alliance members reside and requested that information on access to these

services and facilities in the Alliance's service area be provided at the November 2024 Finance Committee meeting.

6. 2024 Forecast #1 based on YTD June Financials. (1:51 - 2:18 p.m.)

Ms. Ba presented the commissioners with an overview of the forecast based on the YTD June financials including a summarized view of the 2024 forecast as compared to the actual financial results for 2022 through 2023 and the 2024 budget.

The current enrollment is higher than was budgeted, and this, combined with a favorable Category of Aid (COA) mix and a favorable rate of 0.7%, is expected to generate \$260M more in revenue compared to the budget. Medical expenses are projected to increase by \$200M primarily due to the higher-than-budgeted enrollment. The 2024 forecast expects an MLR of 89.3%, equivalent to \$1.7B for medical costs, and an ALR of 5.4%, which is \$105.4M, towards administrative expenses. An operating income of \$102.3M or 5.3% is projected for 2024. The predicted 2024 Administrative cost is \$105.4M or 5.4% ALR and includes \$8.5M for Behavioral Health insourcing and \$4.0M for Medicare D-SNP. Ms. Ba reminded the commissioners that the Board allocates the excess operating reserve from the previous year-end balance every June for strategic use. As of June 2024, the operating reserve amounted to \$69.2M, with an expected balance of \$105.8M at the year-end. The Board will allocate this amount for strategic use in June 2025.

7. Q2 2024 Investment Update. (2:18 – 2:39 p.m.)

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

In his economic update, Mr. Ho mentioned that the Federal Fund Rate is currently at 5.33% as of June 2024. The last increase in the federal rate happened in July 2023, and the Fed has not raised the rates since then. If inflation continues to decrease towards the Fed's 2% target, it is expected that there will be three rate cuts in the second half of the year, with the first one anticipated to occur in September 2024.

Next, Mr. Ho reviewed the Investment Policy and explained the Alliance's investment strategies. He gave an overview of the Pooled Money Investment Accounts (PMIA) that the Alliance is qualified to participate in. Additionally, Mr. Ho advised that the Alliance aims to have 95% of its total holdings invested in core short to medium-term investments, with no more than 5% in available cash. The benchmark targets are set to achieve a diversified investment portfolio, with 75% of investment holdings in PMIAs and a combined 25% in self-managed investment institutions.

Mr. Ho provided an overview of the Alliance's investment portfolio as of June 2024. He explained that due to the higher interest rates, cash was reinvested at a higher return rate than before the pandemic. As of June 2024, the investments show a 4.36% annual rate of return.

[Commissioner Armstrong arrived at this time: 2:32 p.m.]

Commissioner Radner suggested that future investment updates should include not only the percentage yield on the fund balance but also the absolute dollar amount so that the Finance Committee can better understand the impact of investments compared to operating income.

Additionally, Commissioner Radner asked if the staff could consider exploring the possibility of investing in partnerships and joint ventures, such as the construction of healthcare properties for Federally Qualified Health Centers (FQHCs). He suggested that taking advantage of these opportunities would result in more healthcare facilities and improved access, as well as potentially offering a higher rate of return compared to the Alliance's current investments. Mr. Michael Schrader, Chief Executive Officer, stated that investing the reserve funds for the above purposes would involve using funds already allocated for specific purposes, such as the Medi-Cal Capacity Grant, value-based payment programs, and provider supplemental payments.

In closing, Chairperson Molesky noted the newly eligible Unsatisfactory Immigration Status (UIS) population and suggested discussing its impact on future enrollment in upcoming meetings. Ms. Ba mentioned that this change is projected to add approximately 29,000 new members across the five counties.

The Commission adjourned its meeting of August 28, 2024, at 2:39 p.m.

Respectfully submitted,

Ms. Dulcie San Paolo
Finance Administrative Specialist



DATE: November 6, 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. Staff recommend the Finance Committee nominate one member of the Santa Cruz – Monterey – Merced – San Benito – Mariposa Managed Medical Care Commission's Finance Committee to serve as Chairperson and one member to serve as Vice Chairperson.

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, the Finance Committee shall elect officers for one-year terms at the first meeting in October of each year. Officers shall serve a term which begins on the day of the election and ends at the first meeting in October of the following calendar year.

Commissioners may be nominated by other commissioners or may nominate themselves for offices.

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

Attachments. N/A

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DATE: November 6, 2024
TO: Santa Cruz-Monterey-Merced-San Benito-Mariposa Managed Medical Care Commission
FROM: Lisa Ba, Chief Financial Officer
SUBJECT: Financial Highlights for the Eighth Month Ending August 31, 2024

For the month ending August 31, 2024, the Alliance reported an Operating Loss of \$31.0M. The Year-to-Date (YTD) Operating Income is \$49.7M, with a Medical Loss Ratio (MLR) of 91.1% and an Administrative Loss Ratio (ALR) of 5.1%. The Net Income is \$80.8M after accounting for Non-Operating Income/Expenses.

The budget expected a \$39.6M Operating Income for YTD August. The actual result is favorable to budget by \$10.1M or 25.6%, driven primarily by rate variance and membership favorability.

<u>Key Indicators</u>	Aug-24 MTD (\$ In 000s)			
	Current Actual	Current Budget	Current Variance	% Variance to Budget
<i>Membership</i>	447,805	398,633	49,172	12.3%
Revenue	\$137,805	\$135,548	\$2,257	1.7%
Medical Expenses	159,769	124,050	(35,719)	-28.8%
Administrative Expenses	9,021	8,740	(281)	-3.2%
Operating Income	(30,986)	2,758	(33,743)	-100.0%
Net Income	(\$22,966)	\$3,994	(\$26,960)	-100.0%
<i>MLR %</i>	115.9%	91.5%	-24.4%	
<i>ALR %</i>	6.5%	6.4%	-0.1%	
<i>Operating Income %</i>	-22.5%	2.0%	-24.5%	
<i>Net Income %</i>	-16.7%	2.9%	-19.6%	

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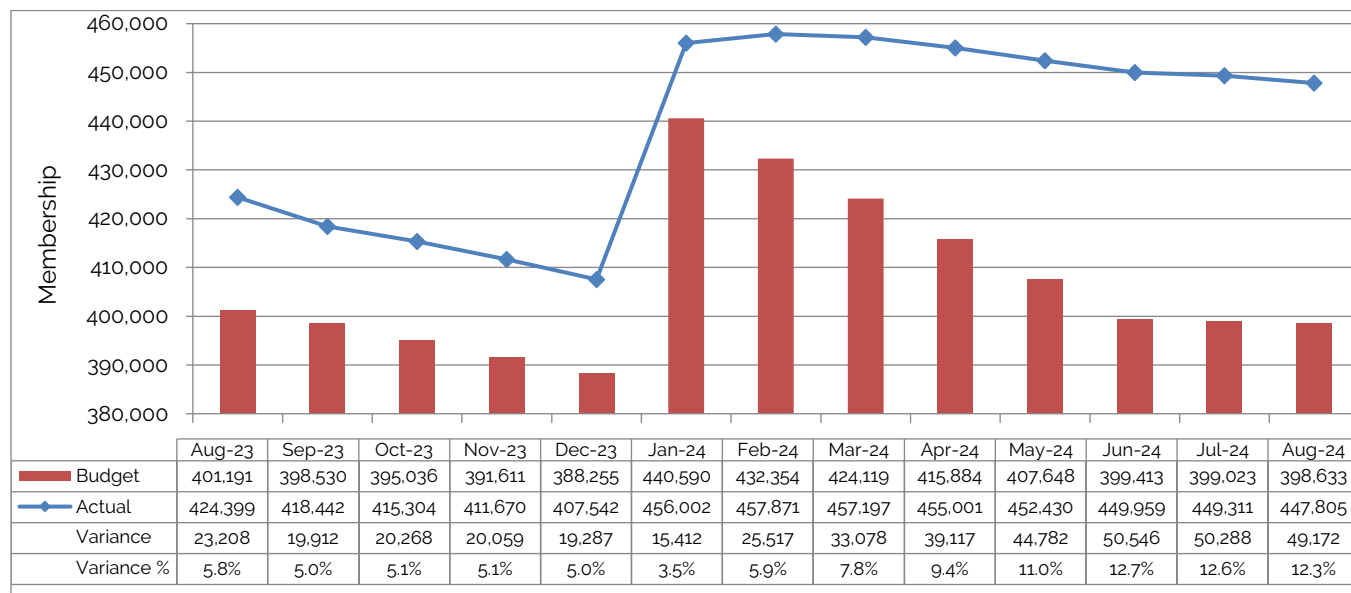
Aug-24 (In \$000s)				
<u>Key Indicators</u>	YTD Actual	YTD Budget	YTD Variance	% Variance to Budget
<i>Member Months</i>	3,625,576	3,317,663	307,913	9.3%
Revenue	\$1,304,796	\$1,122,689	\$182,108	16.2%
Medical Expenses	1,188,225	1,013,380	(174,845)	-17.3%
Administrative Expenses	66,901	69,750	2,849	4.1%
Operating Income/(Loss)	49,670	39,559	10,111	25.6%
Net Income/(Loss)	\$80,753	\$50,821	\$29,932	58.9%
PMPM				
Revenue	\$359.89	\$338.40	\$21.49	6.4%
Medical Expenses	327.73	305.45	(22.28)	-7.3%
Administrative Expenses	18.45	21.02	2.57	12.2%
Operating Income/(Loss)	\$13.70	\$11.92	\$1.78	14.9%
<i>MLR %</i>	91.1%	90.3%	-0.8%	
<i>ALR %</i>	5.1%	6.2%	1.1%	
<i>Operating Income %</i>	3.8%	3.5%	0.3%	
<i>Net Income %</i>	6.2%	4.5%	1.7%	

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 \$359.89, which is favorable to budget by \$21.49 or 6.4%. Medical cost PMPM is \$327.73, which is unfavorable by \$22.28 or 7.3%. Overall, this results in an unfavorable gross margin of \$0.80 or 2.4% compared to the budget. The operating income PMPM is \$13.70, which is favorable to the budget by \$1.78 or 14.9%.

Membership: August 2024 membership is favorable to budget by 12.3%. 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 during the unwinding period from July 2023 to June 2024, is approximately 7.6%, excluding the new counties / new Unsatisfactory Immigration Status (UIS) members. Redetermination losses continued in August and total loss between July 2023 and August 2024 is 8.5%.

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



Revenue: The 2024 revenue budget was based on the Department of Health Care Services (DHCS) 2024 draft rate package (dated 10/13/2023), which reflected a 0.4% rate increase, not including the Targeted Rate Increase (TRI). Furthermore, the budget assumed breakeven performances for the San Benito Region. The CY 2024 Prospective rates from DHCS (dated 12/5/2023, including Maternity) represented a 2.1% increase over CY 2023 Rates 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 August MTD, actuals are favorable to budget by \$2.3M or 1.7%. This positive variance is driven by favorable enrollment contributing \$17.9M offsetting rate variances of \$15.7M. The rate variance is mainly attributed to an \$18.0M reduction due to UIS Adult and Adult Expansion Risk Corridor. To align with the risk corridor threshold, August is the first entry to reflect UIS payable based on January through April actual with 3 months of claims runout at 75% and going forward this will be reconciled monthly for the remainder year.

As of August 2024 YTD, operating revenue stands at \$1,304.8M, surpassing the budget by \$182.1M or 16.2%. This favorable variance includes \$107.2M from increased enrollment and \$74.9M from positive rate variances, state incentives, and prior year revenue. The rate variance of \$74.9M comprises \$30.1M 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).

Aug-24 YTD Capitation Revenue Summary (In \$000s)					
Region	Actual	Budget	Variance	Variance Due to Enrollment	Variance Due to Rate
CEC SIS	951,580	843,935	107,645	70,642	37,003
CEC UIS	248,554	235,392	13,161	29,705	(16,544)
SBN SIS	47,957	33,562	14,396	5,191	9,205
SBN UIS	8,394	7,047	1,347	1,125	222
Total*	1,256,485	1,119,936	136,549	106,663	29,887

*Excludes Aug-24 In-Home Supportive Services (IHSS) premiums revenue of \$3.5M, 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 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).

August 2024 Medical Expenses of \$159.8M are \$35.7M or 28.8% unfavorable to budget. August 2024 YTD Medical Expenses of \$1,188.2M are above budget by \$174.8M or 17.3%. Of this amount, \$93.8M is due to higher enrollment and \$81.1M due to rate variances which include \$24.4M for State Incentive Programs. YTD, we are seeing increases in spending on Inpatient Services, Physician Services, LTC, Outpatient Facility, and Other Medical.

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.

Aug-24 YTD Medical Expense Summary (\$ In 000s)					
Category	Actual	Budget	Variance	Variance Due to Enrollment	Variance Due to Rate
Inpatient Services - Hospital	371,221	370,865	(355)	(34,282)	33,927
Inpatient Services - LTC	138,648	87,029	(51,618)	(8,031)	(43,587)
Physician Services	273,589	215,598	(57,991)	(19,970)	(38,021)
Outpatient Facility	165,879	125,831	(40,048)	(11,636)	(28,412)
Other Medical*	214,497	214,056	(441)	(19,834)	19,393
State Incentive Programs	24,392	-	(24,392)	-	(24,392)
TOTAL COST	1,188,225	1,013,380	(174,845)	(93,753)	(81,092)

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

At a PMPM level, YTD Medical Expenses are \$327.73, unfavorable by \$22.28 or 7.3% compared to the budget.

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 307 days per 1,000 members. Unit costs are comparable between budget and actuals which results in a 8.4% PMPM variance between budget and actual. This is expected to continue for the rest of the year.

Inpatient Services – LTC: LTC's unfavourability 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. The budget was based on a -96% free-standing SNF service mix for both regions; however, San Benito actual utilization is 95% hospital-based SNF, resulting in higher costs. As San Benito is a new country the risk corridor will assist in managing the higher cost hospital affiliated service mix. The unfavorable variance is expected to 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 by 9% and 12% respectively, partially offset by favorable other Outpatient to budget both in utilization and unit cost.

Physician Services: Utilization has risen by 14% to the previous year, across SIS and UIS populations, driven by increased utilization at Federally Qualified Health Center (FQHC) clinics, Primary Care Physicians (PCP) and as well as overall growth at ACA expansion and Whole child model enrollments, which utilize Specialty Clinics. The budget underestimated FFS unit cost in PCP and FQHC and we expect this unfavorable variance to continue. Further, the ECM provider capitation expense shows unfavorable to budget, as the budget was allocated to Other Medical. Move over, ECM enrollments have doubled since the beginning of the year as of Aug YTD and continues to grow at a rate of 11% month-over-month. As ECM is a newer program the risk corridor will assist in mitigating the increased expenses due to growth.

Other Medical: Other Medical costs are unfavorable to budget by \$0.4M. This small variance is primarily due to Non-Claims Health Care Costs being significantly lower than budgeted by \$6.0M and the ECM actuals only including FFS expense, while capitation is accounted for under Physician Services, resulting in ECM being favorable to budget by \$9.2M. However, this is offset by unfavorable variances in Allied Health, Behavioral Health, and Durable Medical Equipment. Allied Health experienced a \$5.4M unfavorable variance due to increased utilization of Physical Therapists and Chiropractors, and Behavioral Health saw a \$6.2M unfavorable variance due to higher unit costs for Behavioral Analysts and Behavioral Neurology. In addition, DME and Supplies is unfavorable by \$1.1M due to a significant increase in Unit Cost for Neonatal equipment. In summary, despite the unfavorable variances in Allied Health, Behavioral Health, and Durable Medical Equipment, the lower Non-Claim Health Care Costs and favorable ECM variance lead to an overall \$0.4M unfavorable variance.

Aug-24 YTD Medical Expense by Category of Service (In PMPM)				
Category	Actual	Budget	Variance	Variance %
Inpatient Services - Hospital	102.39	111.79	9.40	8.4%
Inpatient Services - LTC	38.24	26.23	(12.01)	-45.8%
Physician Services	75.46	64.98	(10.48)	-16.1%
Outpatient Facility	45.75	37.93	(7.82)	-20.6%
Other Medical	59.16	64.52	5.36	8.3%
State Incentive Programs	6.73	-	(6.73)	-100.0%
TOTAL MEDICAL COST	327.73	305.45	(22.28)	-7.3%

Administrative Expenses: August YTD Administrative Expenses are favorable to budget by \$2.8M or 4.1% with a 5.1% ALR. Salaries are favorable by \$2.0M, driven by savings from vacant positions, employment taxes, benefits, and PTO. Non-Salary Administrative Expenses are favorable by \$0.8M or 3.7% due to savings and unspent budgets.

Non-Operating Revenue/Expenses: August YTD Net Non-Operating income is \$31.1M, which is favorable to the budget. Total Non-Operating Revenue is favorable to budget by \$19.3M, attributed to \$13.6M in interest income and \$5.8M unrealized investment gain offsetting lower other revenues of \$0.1M. Non-Operating Expenses are favorable by \$0.5M due to lower grant expenses.

Summary of Results: Overall, the Alliance generated a YTD Net Income of \$80.8M, with an MLR of 91.1% and an ALR of 5.1%.



CENTRAL CALIFORNIA ALLIANCE FOR HEALTH
Balance Sheet
For The Eighth Month Ending August 31, 2024
(In \$000s)

Assets	
Cash	\$200,657
Restricted Cash	300
Short Term Investments	1,033,049
Receivables	195,014
Prepaid Expenses	5,932
Other Current Assets	4,058
Total Current Assets	\$1,439,009
Building, Land, Furniture & Equipment	
Capital Assets	\$82,651
Accumulated Depreciation	(46,353)
CIP	162
Lease Receivable	3,084
Subscription Asset net Accum Depr	10,510
Total Non-Current Assets	50,054
Total Assets	\$1,489,063
Liabilities	
Accounts Payable	\$119,325
IBNR/Claims Payable	375,217
Provider Incentives Payable	30,636
Other Current Liabilities	8,026
Due to State	28,713
Total Current Liabilities	\$561,917
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	80,753
Total Fund Balance	915,525
Total Liabilities & Fund Balance	\$1,489,063
Additional Information	
Total Fund Balance	\$915,525
Board Designated Reserves Target	453,461
Strategic Reserve (DSNP)	56,700
Medi-Cal Capacity Grant Program (MCGP)*	155,247
Value Based Payments	46,100
Provider Supplemental Payments	152,410
Total Reserves	863,918
Total Operating Reserve	\$51,607



CENTRAL CALIFORNIA ALLIANCE FOR HEALTH
Income Statement - Actual vs. Budget
For The Eighth Month Ending August 31, 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>
<i>Member Months</i>	447,805	398,633	49,172	12.3%	3,625,576	3,317,663	307,913	9.3%
Capitation Revenue								
Capitation Revenue Medi-Cal	\$137,308	\$135,204	\$2,105	1.6%	\$1,256,485	\$1,119,936	\$136,549	12.2%
State Incentive Programs	-	-	-	0.0%	24,392	-	\$24,392	100.0%
Prior Year Revenue*	-	-	-	0.0%	20,378	-	\$20,378	100.0%
Premiums Commercial	496	344	152	44.2%	3,541	2,753	789	28.6%
Total Operating Revenue	\$137,805	\$135,548	\$2,257	1.7%	\$1,304,796	\$1,122,689	\$182,108	16.2%
Medical Expenses								
Inpatient Services (Hospital)	\$44,438	\$45,302	\$864	1.9%	\$371,221	\$370,865	(\$355)	-0.1%
Inpatient Services (LTC)	19,962	10,630	(9,331)	-87.8%	138,648	87,029	(51,618)	-59.3%
Physician Services	37,543	26,337	(11,206)	-42.6%	273,589	215,598	(57,991)	-26.9%
Outpatient Facility	26,393	15,371	(11,022)	-71.7%	165,879	125,831	(40,048)	-31.8%
Other Medical**	31,433	26,410	(5,023)	-19.0%	214,497	214,056	(441)	-0.2%
State Incentive Programs	-	-	-	0.0%	24,392	-	(24,392)	-100.0%
Total Medical Expenses	\$159,769	\$124,050	(\$35,719)	-28.8%	\$1,188,225	\$1,013,380	(\$174,845)	-17.3%
Gross Margin	(\$21,964)	\$11,498	(\$33,462)	-100.0%	\$116,571	\$109,309	\$7,262	6.6%
Administrative Expenses								
Salaries	\$5,949	\$6,064	\$116	1.9%	\$45,895	\$47,932	\$2,038	4.3%
Professional Fees	426	323	(102)	-31.7%	2,442	2,429	(14)	-0.6%
Purchased Services	1,069	948	(121)	-12.8%	8,214	8,108	(106)	-1.3%
Supplies & Other	1,206	936	(270)	-28.8%	7,340	7,827	487	6.2%
Occupancy	96	134	38	28.2%	887	999	113	11.3%
Depreciation/Amortization	276	336	59	17.7%	2,124	2,455	331	13.5%
Total Administrative Expenses	\$9,021	\$8,740	(\$281)	-3.2%	\$66,901	\$69,750	\$2,849	4.1%
Operating Income	(\$30,986)	\$2,758	(\$33,743)	-100.0%	\$49,670	\$39,559	\$10,111	25.6%
Non-Op Income/(Expense)								
Interest	\$4,297	\$2,188	\$2,109	96.4%	\$33,917	\$20,279	\$13,637	67.2%
Gain/(Loss) on Investments	5,157	350	4,807	100.0%	7,307	1,400	5,907	100.0%
Bank & Investment Fees	(31)	(36)	5	14.8%	(421)	(290)	(130)	-44.8%
Other Revenues	198	198	(0)	-0.1%	1,474	1,576	(102)	-6.5%
Grants	(1,601)	(1,463)	(138)	-9.4%	(11,195)	(11,703)	508	4.3%
Total Non-Op Income/(Expense)	8,020	1,236	6,783	100.0%	\$31,083	\$11,262	\$19,821	100.0%
Net Income/(Loss)	(\$22,966)	\$3,994	(\$26,960)	-100.0%	\$80,753	\$50,821	\$29,932	58.9%
<i>MLR</i>	115.9%	91.5%			91.1%	90.3%		
<i>ALR</i>	6.5%	6.4%			5.1%	6.2%		
<i>Operating Income</i>	-22.5%	2.0%			3.8%	3.5%		
<i>Net Income %</i>	-16.7%	2.9%			6.2%	4.5%		

*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
For The Eighth Month Ending August 31, 2024
(In PMPM)

	MTD Actual	MTD Budget	Variance	%	YTD Actual	YTD Budget	Variance	%
Member Months	447,805	398,633	49,172	12.3%	3,625,576	3,317,663	307,913	9.3%
Capitation Revenue								
Capitation Revenue Medi-Cal	\$306.63	\$339.17	(\$32.54)	-9.6%	\$346.56	\$337.57	\$8.99	2.7%
State Incentive Programs	-	-	-	0.0%	6.73	-	6.73	100.0%
Prior Year Revenue*	-	-	-	0.0%	5.62	-	5.62	100.0%
Premiums Commercial	1.11	0.86	0.24	28.4%	0.98	0.83	0.15	17.7%
Total Operating Revenue	\$307.73	\$340.03	(\$32.30)	-9.5%	\$359.89	\$338.40	\$21.49	6.4%
Medical Expenses								
Inpatient Services (Hospital)	\$99.24	\$113.64	\$14.41	12.7%	\$102.39	\$111.79	\$9.40	8.4%
Inpatient Services (LTC)	44.58	26.67	(17.91)	-67.2%	38.24	26.23	(12.01)	-45.8%
Physician Services	83.84	66.07	(17.77)	-26.9%	75.46	64.98	(10.48)	-16.1%
Outpatient Facility	58.94	38.56	(20.38)	-52.9%	45.75	37.93	(7.82)	-20.6%
Other Medical**	70.19	66.25	(3.94)	-5.9%	59.16	64.52	5.36	8.3%
State Incentive Programs	-	-	-	0.0%	6.73	-	(6.73)	-100.0%
Total Medical Expenses	\$356.78	\$311.19	(\$45.59)	-14.7%	\$327.73	\$305.45	(\$22.28)	-7.3%
Gross Margin	(\$49.05)	\$28.84	(\$77.89)	-100.0%	\$32.15	\$32.95	(\$0.80)	-2.4%
Administrative Expenses								
Salaries	\$13.28	\$15.21	\$1.93	12.7%	\$12.66	\$14.45	\$1.79	12.4%
Professional Fees	0.95	0.81	(0.14)	-17.2%	0.67	0.73	0.06	8.0%
Purchased Services	2.39	2.38	(0.01)	-0.4%	2.27	2.44	0.18	7.3%
Supplies & Other	2.69	2.35	(0.34)	-14.7%	2.02	2.36	0.33	14.2%
Occupancy	0.21	0.34	0.12	36.0%	0.24	0.30	0.06	18.8%
Depreciation/Amortization	0.62	0.84	0.23	26.7%	0.59	0.74	0.15	20.8%
Total Administrative Expenses	\$20.15	\$21.93	\$1.78	8.1%	\$18.45	\$21.02	\$2.57	12.2%
Operating Income	(\$69.19)	\$6.92	(\$76.11)	-100.0%	\$13.70	\$11.92	\$1.78	14.9%

*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 Eighth Month Ending August 31, 2024
(In \$000s)

	MTD	YTD
Net Income	(\$22,966)	\$80,753
Items not requiring the use of cash: Depreciation	297	2,144
Adjustments to reconcile Net Income to Net Cash provided by operating activities:		
Changes to Assets:		
Restricted Cash	0	0
Receivables	3,053	296,574
Prepaid Expenses	(1,008)	(3,704)
Current Assets	758	1,548
Subscription Asset net Accum Depr	0	0
Net Changes to Assets	2,803	294,418
Changes to Payables:		
Accounts Payable	44,335	(286,550)
Other Current Liabilities	(2,061)	(1,166)
Incurred But Not Reported Claims/Claims Payable	(11,750)	86,844
Provider Incentives Payable	3,817	(9,364)
Due to State	18,012	18,012
Subscription Liabilities	0	0
Net Changes to Payables	52,352	(192,224)
Net Cash Provided by (Used in) Operating Activities	32,486	185,092
Change in Investments	(33,156)	(187,217)
Other Equipment Acquisitions	441	(2,302)
Net Cash Provided by (Used in) Investing Activities	(32,715)	(189,519)
Deferred Inflow of Resources	0	0
Net Cash Provided by (Used in) Financing Activities	0	0
Net Increase (Decrease) in Cash & Cash Equivalents	(229)	(4,427)
Cash & Cash Equivalents at Beginning of Period	200,885	205,083
Cash & Cash Equivalents at August 31, 2024	\$200,657	\$200,657