Partnership HealthPlan of California
Finance Committee Meeting Agenda

July 20, 2022 | 8:00 a.m. to 9:30 a.m.

Held at PHC's Southeast Regional Office at 4605 Business Center Drive, Fairfield, CA 94534
(East Building, Conference Center A, First Floor)

Video Conference Location
PHC's Southwest Regional Office at 495 Tesconi Circle, Santa Rosa, CA 95401,
PHC's Northwest Regional Office at 1036 5th Street, Eureka, CA 95501,
PHC's Northeast Regional Office at 2525 Airpark, Redding, CA 96001

Per Governor Newsom Executive Order, N-25-20, as it relates to social distancing measures being taken for COVID-19. The Executive Order authorizes public meetings with Brown Act requirements to be held via teleconference or telephone. It waives the Brown Act requirement for physical presence at the meeting for members, the clerk, and/ or other personnel of the body as a condition of participation for a quorum. However, the Executive Order requires at least one public location consistent with ADA requirements to be made available for members of the public to attend the meeting, so all PHC offices will be available for members of the public to attend the meeting in-person.

Finance Committee Members: Dave Jones, Chair, Alicia Hardy, Randall Hempling, Viola Lujan, Kathryn Powell, Nancy Starck, Mitesh Popat, M.D.

I.	Agenda Items	Lead	Page #	Time
1.	Agenda	Dave Jones, Chair	1	8:00
2.	Finance Committee Minutes – June 15, 2022 - **Decision**	Dave Jones, Chair	2	
3.	Commissioner Comments *At this time, committee members may provide comments and announcements.*	Commissioners	--	
4.	Public Comments *At this time, members of the public may address the committee on any non-agenda item of interest to the public that is within the subject matter jurisdiction of the committee. There will also be an opportunity to address the committee on a scheduled agenda item during the committee's consideration of that item. Speakers will be limited to three (3) minutes.*	Public	--	
II.	**New Business**			
1.	Brown Act Requirements: Open Meetings: State and Local Agencies – Teleconferences – **Decision**	Sonja Bjork	16	
2.	CEO's Health Plan Update – **Information**	Sonja Bjork	18	
3.	DHCS Operational Readiness Contract – **Decision**	Dani Ogren	19	
4.	Approve May 2022 Metrics and Financials – **Decision**	Jeff Ingram/ Patti McFarland	21	
III.	**Closed Session**			
1.	Closed Session: Action Pursuant to Government Code 54957(b) - Public Employment	Patti McFarland Regina Littlefield Jeff Ingram Marisa Dominguez	--	
IV.	**Adjournment**			9:30

Government Code §54957.5 requires that public records related to items on the open session agenda for a regular finance meeting be made available for public inspection. Records distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members of the committee. The Finance Committee has designated the Administrative Assistant to the CFO as the contact for Partnership HealthPlan of California located at 4665 Business Center Drive, Fairfield, CA 94534, for the purpose of making those public records available for inspection. The Finance Committee Meeting Agenda and supporting documentation is available for review from 8:00 AM to 5:00 PM, Monday through Friday at all PHC regional offices (see locations above). It can also be found online at www.partnershiphp.org.

PHC meeting rooms are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation (including auxiliary aids or services) to participate in this meeting, or who have a disability and wish to request an alternative format for the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting, should contact the Administrative Assistant to the CFO at least two (2) working days before the meeting at (707) 863-4207 or by email at *oodonovan@partnershiphp.org*. Notification in advance of the meeting will enable the Administrative Assistant to make reasonable arrangements to ensure accessibility to this meeting and to materials related to it.

This agenda contains a brief description of each item to be considered. Except as provided by law, no action shall be taken on any item not appearing on the agenda.

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PARTNERSHIP HEALTHPLAN OF CALIFORNIA
MEETING MINUTES

Per Governor Newsom, Executive Order, N-25-20 that relates to social distancing measures being taken for COVID-19. The Executive Order authorizes public meetings with Brown Act requirements to be held via teleconference or telephone. It waives the Brown Act requirement for physical presence at the meeting for members, the clerk, and/ or other personnel of the body as a condition of participation for a quorum. However, the Executive Order requires at least one public location consistent with ADA requirements to be made available for members of the public to attend the meeting, so all PHC offices will be available for members of the public to attend the meeting in-person.

Committee: Finance Committee
Date/Time: / 8:00 – 9:30 AM
Members Present: Dave Jones –Chairperson, Randall Hempling, Viola Lujan *, Kathryn Powell *, Nancy Starck*
Members Absent: Alicia Hardy, Mitesh Popat, M.D.
Staff Present: Liz Gibboney, Patti McFarland, Sonja Bjork, Kirt Kemp, Dani Ogren, Marisa Dominguez*, Mary Kerlin*, Jeff Ingram, Karl Santos*, Samantha Tieu*, Wendell Coats, Diane Walton, Olevia O'Donovan, Pearl Johns, Miranda Hamilton
Staff Absent: Amy Turnipseed, Wendi West
Guests:

* *Attendance via Video Conference*

DECISION AGENDA ITEMS	DISCUSSION / CONCLUSIONS	RECOMMENDATIONS / ACTION	TARGET DATE	DATE RESOLVED
Approval of May 18, 2022, Meeting Minutes	Dave Jones – Chairperson, confirmed a quorum at 8:02 a.m., stated there are no changes to the agenda. May 18, 2022, meeting minutes was presented for approval.	**Action:** Decision Mr. Randall Hempling moved to approve minutes. Ms. Kathie Powell seconded the motion. All voted to approve the minutes. Motion carried.	06/15/2022	06/15/2022
AGENDA CHANGES AND DELETIONS				
	None			
COMMISSIONER COMMENTS				
	None			
PUBLIC COMMENTS				
	None			
NEW BUSINESS				

Brown Act Requirements: Open Meetings: State and Local Agencies – Teleconferences **Presenter:** **Liz Gibboney, CEO**	Ms. Gibboney explained that the item is a standard request from the Staff, to continue to offer the Brown Act meeting through a virtual format. The State bill requires us to request this every 30 days.	**Action:** Decision Ms. Nancy Starck motioned to approve the resolution. Ms. Viola Lujan seconded the motion. All voted to approve. Motion carried.	06/15/2022	06/15/2022
Resolution: Compliance Dashboard Q1.2022 **Presenter:** **Dani Ogren, Associate Director of Compliance and Program Strategy**	Ms. Dani Ogren presented the agenda item, stating that it is the Q1.2022 - Compliance Dashboard. There are several measures above the threshold, as reported on the dashboard, in green. However, there are a couple of things to address as shown in red. Both our DHCS regulatory report and FWA notifications fell below the threshold, due to the system disruption. During this time, PHC worked closely with DHCS to keep appraised of our status, seek extensions where appropriate, and resume submissions once connection was restored. There are no other contributing factors at this time to the two items falling below the threshold. Ms. Ogren replied that PHC is up to speed now.	**Action:** Decision Mr. Hempling asked if PHC is up to speed at this time. Mr. Hempling moved to approve the resolution. Ms. Powell seconded the motion. No additional comments. None opposed and no abstention. All approve the resolution. Motion carried.	06/15/2022	06/15/2022

CEO's Health Plan Update **Presenter:** **Liz Gibboney, CEO**	Ms. Gibboney provided various PHC and Federal/State level updates. **DHCS and State Issues** **State Budget:** The State Legislature passed the State budget on time, according to their constitutional deadline of June 15th. The budget is with the Governor for review and additional negotiations. A couple of notes since the May Revise came out. In the January Budget Proposal, there was $400 million dedicated for Health Equity payments to providers on a one-time basis. The May Revise called for an additional $300 million. There are not a lot of details of how it would work, but that $700 million is now gone from the budget that was announced by the Legislature. We will see if it comes back in the final version. Additionally, there was over $500 million in new Providers Workforce Funds over the next four years, with specific emphasis on Behavioral Health, Public Health, Primary Care and Reproductive Health. It is a significant infusion of additional dollars on top of what is already in the budget on workforce. We will do our best to draw down those funds as much as possible for our service area, as we get additional details. **Cal-AIM/Enhanced Care Management & Community Supports:** We are ready for Phase 2 to launch on July 1st with the remaining counties that were not part of Phase 1, as they were not Whole Person Care counties. We are working on our second round of Incentive Program funds, specifically designed to further develop our infrastructure for Enhanced Care Management and Community Supports. We are reviewing all of those grants and making recommendations about funding. We are continuing to add more Enhanced Care Management and Community Support providers to our network each week. We will continue to build on that with interested providers who are willing to contract for their unique services. **Housing and Homeless Incentive Program:** The allocation for PHC for this program to administer across the 14 counties is $89 million. DHCS is still rolling out details of their expectations for grantees, as well as what health plans will administer and oversee. There is a very extensive	**Action:** Information only	06/15/2022	06/15/2022

	metric program that they put in place. They have heard from interested parties and health plans that some early funds are needed in order to develop investment plans at the county levels. The department is considering allowing the health plans to spend up to 10% of their initial grant to do those investment plans on a county-by-county basis. The deadline to express support for participation is June 30th. Margaret Kisliuk is leading this effort for PHC. **Kaiser Direct Contract Proposal:** This proposal is still in AB 2724 by Assemblyman Arambula. The attention is on the Senate side, where we are meeting with our delegation and expressing our concerns about the proposal. We are focusing on Senators Pan, McGuire and Dodd. **DHCS Contract:** We are determining how we will meet new requirements under the new DHCS contract which will go into effect in about 18 months. There are many new requirements, a few of which are: 1) Health Equity. Greater expectations on Health Equity, both in having designated leadership at the health plan focused on health equity, as well as following NCQA Accreditation Standards and their new Health Equity framework as their standards. 2) Reporting/Medical Loss Ratio. As Ms. Patti McFarland stated in the past, there are new requirements for Medi-Cal Loss Ratio, particularly for delegates who accept risks in providing greater reporting oversight. 3) Health Information Exchange. Greater expectations of health plans in terms of Health Information Exchange and compatibility. PHC already has achieved and will maintain NCQA accreditation. 4) County Agreements. The department has expanded the list of required Memorandums of Understanding (MOU). These MOUs we have to have in place with counties regarding CHDP, CCS, WIC and any kind of health programs that the county runs. They are going to add more social service type MOUs that we need to have in place, or demonstrate an effort to get them in each			

	county. This will be a very big administrative effort to get those through. 5) Emergency Preparedness. The department has increased expectations around health plans Emergency Preparedness. We are well-positioned for this given our continued experience putting our Business Recovery Plan into action. 6) Community Reinvestments. The Department will have greater insight and oversight into health plans community reinvestment plans. They want greater insight on how we are spending those more discretionary dollars in administrating our own Strategic Use of Reserves. The Staff is not sure how heavy-handed the department will be. **General Issues** **Geographic Expansion:** The department has said for all health plans that readiness for expansion/changes in model will be measured in three phases. The first will be announced in August, with a list of deliverables to complete over the three stages. We will be working with a consultant to help us with the provider network development in these additional 10 counties as our first effort. **June Strategic Planning Board Retreat:** For next week's Strategic Planning Board Retreat, we have Assemblyman Wood scheduled to address the Board on Tuesday evening. On Wednesday, DHCS Director, Michelle Baas, will be talking about the DHCS priorities. Finally, Dr. Margot Kushel, from UCSF Benioff Housing Program, is going to address the Board and discuss roles that health plans and providers play in housing. Ms. Gibboney stated that Community Health Care Workers are becoming billable providers under the Medi-Cal programs. Although the program goes into effect on July 1st, the department acknowledges that they have been late in rolling out the guidance and parameters. They expect to roll those out at the end of June – 2 to 3 days before it goes live, and will be flexible on how the delivery system rolls out the Community Health Care benefits. Additional guidance will be shared with the network providers as soon as it becomes available. We are also working in our Health Care Workforce recruitment effort with scholarships to further promote this as an entryway into healthcare professions. We	Ms. Viola Lujan stated that not covered on the CEO Update, was if there is new information related to the new Community Health Care Workers being able to provide billable services.		

	want to encourage our community to get the additional training, become CHWs, and stay local. More are coming out and awaiting on DHCS. Their rules are that the health plans will be getting an All Plans Letter (APL), which is the initial guidance. Ms. Gibboney added that on the State call with the department the previous week, they acknowledged that they were aware that they were running late on this program, yet still expecting the health plans to bring out the benefits on July 1st. Ms. Gibboney replied that it would be helpful if the counties reach out to Senator McGuire's office and express his reservation about the Kaiser Direct Contract arrangement to the Senate Leadership, and if he can express that to Dr. Pan in the very near future. Ms. Gibboney stated that it is Ms. Kisliuk's plan to get the efficiencies and have the most impact, especially where there is not enough clarity of what can and cannot be used. So, aligning with those larger state grants seems safe.	Ms. Lujan stated that there are many questions from providers of whether or not it is a covered cost or not, especially if there is not an actual billing or CPT code, that were mentioned a couple of CPT codes that exist which look like a Fee For Service (FFS) type or a service to get reimbursed for. It is very unclear for the providers and they are clamoring for details and information Ms. Starck asked if there's a way the counties could help the Staff with the conversation with State Senator McGuire, and what can be done to assist with the Kaiser Direct Contract. Ms. Starck added that if PHC is planning on dispersing the HHIP funds to the counties or continuum of care to administer/distribute, that from Humboldt County's perspective, it would be helpful if the eligible uses align with HHAF. It would be a big administrative burden on small counties to put out RFP and county contracts separately. If both programs could be aligned together and do one RFP, it would be easier. Ms. Starck stated that she plan to discuss this item with Margaret Kisliuk further. Mr. Jones asked if there was any additional comment or questions. No additional comment or question.		
Approve April 2022 Metrics and Financials	**Financial Performance:** Mr. Jeff Ingram stated that for the April 2022 performance, we had a loss of $18 million, bringing the year-to-date to $116 million. We have been	**Action:** Decision	06/15/2022	06/15/2022

Presenter: **Jeff Ingram, Sr. Director of Financial Analysis** **Patti McFarland, CFO**	posting surpluses for the last few months in this calendar year about $27-30 million. DHCS had planned on adjusting our rates downward to account for higher membership than expected. For the April close, we made an estimate of about $58 million to adjust revenue. It is a loss for this month, but more so to adjust from January to April revenue expectations and making sure we are in line with DHCS and their plans. We will reevaluate the estimates for the May and June close to prepare ourselves for the audit. **Healthcare Costs:** We are favorable year-to-date $49.9 million - less than 2% variance. We are mainly unfavorable in global sub-cap and transportation. Higher membership brought unexpected capitation expenses. Post-COVID transportation had an increase in specialty and rehab visits. We are offsetting that with favorable variance in Fee For Service, mainly for IBNR adjustments. We are letting go of reserves set during COVID periods which are lowering the expenses for this year. **Administrative Costs:** We are favorable $10.4 million year-to-date, mainly due to a higher-than-expected vacancy rate for FTEs and delays in capital projects, which translate to depreciation. We plan to be favorable to end the year within Admin as we close this out.	Mr. Jones asked for motion. Ms. Starck moved to approve the April 2022 Financials. Mr. Hempling seconded the motion. All voted to approve. Motion carried.		
Final Budget FY 2022-2023 **Presenter:** **Jeff Ingram, Sr. Director of Financial Analysis** **Patti McFarland, CFO**	We are targeting a surplus of $49-50 million for the 2022-23 fiscal year- which is at 1.7% of Revenue. DHCS targets between 1.5% and 2% for the underwriting gain. **Membership:** From March 2020 until now, we have added 110K members- almost 21% increase. The movement on membership has been flat at .5% for quite some time.	**Action:** Decision	06/15/2022	06/15/2022

	We are forecasting the membership based trend increases through April 2023, before we can start forecasting a drop in membership. Within the budget, we assumed that the redeterminations were going to begin in January 2023. DHCS has since published their 'unwinding guide'- a guide on how the redetermination process works. If the redeterminations begin in January, that's the first month we begin communicating, not the first month we begin to see membership dropping off. If January is the first full month of redeterminations, they are targeting March enrollees or March anniversary dates for their outreach and determinations if they are still eligible or not. Based on that scenario in our budget assumptions, the first loss month is in April. **Revenue:** Overall, we have a drop in revenue of $157 million. The biggest contributor is the pharmacy carve-out. They took off $180+ million from the pharmacy benefits, which is the biggest driver of the two. At the last meeting, the Staff mentioned to the committee that back in March, Mercer had planned on waiting to see how the PHE progressed and adjust the calendar year 2022 rates; and if they have not heard by May, they will move forward and make adjustments and deliver rates soon afterwards. Mercer and DHCS stated last week that they are planning on delivering to PHC calendar year 2023 rates by November and they will give us calendar year 2022 rates in the first quarter of 2023. They are doing the inverse - giving us the 2023 rates first and then the 2022 in 2023. The Department is still factoring the impacts of the unsatisfactory immigration status in the membership and the split, dating back to the 18-month bridge period. They are actively developing a budget-neutral rate, nonetheless, still splitting out the aid category for the bridge period dating back to July 2019, for the 18-month period, calendar 2021, and now calendar year 2022. . This puts PHC in a difficult spot as we do not know the revenue necessarily for 2022 or 2023, which is our entire fiscal year being presented today. Staff estimated revenue at a budget-neutral level for DHCS for CY 2022 and kept that flat in 2023. The best that can be done at this point, without over-engineering an estimate.			

	Proposition 56 Programs: This is a similar situation, where they set and depending which program it is, an amount either add-on tied to a service and separately tried to estimate the rates based on our membership. If membership is higher than expected, they are going to be delivering too much revenue on those programs, which will eventually get swept in the risk corridor, but impacts our year-to-year overall revenue. Prop 56 revenue is decreasing year-to-year, it is more so trying to adjust for the swings in membership and also they are sun-setting the VBP program, which was mentioned at the last Finance Committee meeting. **Interest and Other Income:** Staff budgeted for a decrease mainly due to one-time incentive programs that flow through this current fiscal year. However, knowing the State's budget and intentions to do a lot of one-time funding, we will likely see more of those programs flow through that are under other income and get flushed out in healthcare costs. **Healthcare Expenses:** We have a $135 million year-to-year decrease due to the pharmacy carve-out. Moving out that benefit is a big drop in overall cost. The other impact that offsets it, is IBNR. We are letting go of IBNR which is lowering expenses. Next year we do not have those reserves to let go of and will look like a year-to-year increase in some of those line items. **Capitation:** We are budgeting some decreases, just as we saw that the last quarter of the fiscal year, we show the membership going down, therefore, will decrease the overall expense. The pharmacy carve-out impacts the global sub-cap providers. We are adjusting the rates for this current fiscal year and next year to account for that not being part of their base expense. **Quality Improvement Programs (QIP):** Overall, we kept the budget equal to last fiscal year. But, last year we increased it to account for higher membership. The overall target set aside for the budget is an adequate cover, based on our current performance and our attempt to keep up with the DHCS requirements on quality. **Administrative Expenses:** We are looking at a $30 million increase in Administrative Expense from our current fiscal year. That is 1% of our overall Revenue and a good way to make sure we are staying on par as we take a look and			

	compare ourselves on admin ratio to other health plans across California. Across the board, we are looking at quarterly reporting from all the health plans, for the first calendar year of 2022. Historically, we have always prided ourselves on having a percentage that is sub-five percent. The removal of the pharmacy carve-out fundamentally changes the calculation by lowering revenue without an equal impact on the administrative burden. Just by doing that, every health plan across California's admin percentage automatically increased by removing that revenue from the top line. The other caveat, is what gets flushed through and what doesn't. For PHC, the Directed Payments, such as PHDP, EPP, and QIP programs, along with the HQAF, some plans run that through their Top Line Revenue. Others like us, keep it more so as balance sheet pass through. If PHC runs it through Revenue, it will drop the Admin percentage from 5.6% back to 4.9%. It is something every plan is actively working with their auditors to figure out. Overall, $30 million increase still puts us firmly in the middle of the pack or even slightly below average based on investments we are about to make in the coming year. Moving to why the Admin Expenses are going up. **Employee Related Expenses** are a little more than half ($16.8 million) of the overall $30 million increase. DHCS requirements have increased significantly due to increased scrutiny from CMS. As an example the Finance Department is currently recruiting for 11 positions across our Analytics Teams just to support the work DHCS has put forth up to this point. For all those Prop 56 programs, there are specific risk corridors tied to them depending on the year-end component. There is also the GME risk corridors for the 18-month bridge period, which has not been closed out yet. Even with the CY 2022 rate delay pushed to next year doubles our work because everything we do putting it as estimates and run the estimates back through again when we true-up the actual rate. Every department in PHC is likely to have a similar story on all the new requirements or reporting items the			

	department is pushing forward that is going to increase our overall administrative burden to work on. To refer to Ms. Gibboney's CEO report regarding grant administration and the new contract requirements, both of which require administrative support. **Transportation Initiative:** In this budget, we included an assumption to hire staff to bring that function in-house. We won't see the administrative savings yet, because it is in the 4th quarter of the fiscal year. **Higher FTE Count/Benefit Increases**: Overall, during periods of growth, we add more FTEs and when you carry higher FTE counts from year-to-year, naturally will have higher salary expense for just the fact of having more FTEs, along with Cost of Living Adjustments (COLA) made this year in retaining staff to keep up with the inflation, on a macro level. **Computer and Data:** We are increasing about $6.3 million, some of that is resumed planned purchases that got delayed this year, Microsoft 365 Implementation along with the Text Messaging Software. Once Project Phoenix goes live, there is an annual licensing cost that will be new going forward we will be picking up under the Computer and Data line. **Occupancy:** It is about $5.1 million increase tied to Tenant Improvements that cannot be tied to capital purchases that are put in place. **Capital Purchases**: The big one is Project Phoenix. Once it goes live and the funds that we are carrying for capital put into service, begins depreciation over the next 5 year which will add to the overall administrative expenses going forward. **Operational and Professional Services:** This has a small number of $1.8 million. Part of that on an offset is the pharmacy carve-out we have some administrative expenses to the 3rd party PBM we no longer have. Offsetting that is our cost of support with redetermination efforts for printing and mailing, post go-live support for HealthEdge and some IT Security Audits and Web Monitoring. **Capital Projects:** The significant item that should be paid attention to is the "Total New Request". This year the Staff			

	is requesting $16.5 million for capital, which is about $2.4 million more than last year or 14.1% increase. **Facilities:** Tenant Improvements are mainly for supporting prospective renters. Infrastructure Investments are for taking care of the buildings along with efficiency gains, like EV charging stations, solar projects or HVAC services. **Information Technology:** The bulk of IT again, is Project Phoenix, as well as Backup Expansion and Server & Storage Investments. Finally, investments for Cyber Security Tools. In terms of **Opportunities and Risks**, the longer that the plan retains the membership, there are always opportunities to have revenue tied to those. With CY 2022 and 2023 rates, our assumptions in the budget were conservative in terms of adjusting what Mercer was anticipating. There is some opportunity that they provide more revenue than anticipated for these next two fiscal years. Adversely, the same two can be a risk to the plan as well, if redeterminations start faster than expected, we lose membership, lose revenues along with the rate development if they implement a higher acuity adjustment or something happens in terms of timing of what they are expecting, we could have negative development in our plan based on their rate development. The Economic Outlook is another piece of it and Inflation in general. We are in a transitionary period to see what happens next, what happens with unemployment which could be good or bad in terms of our overall membership, because we are counter-cyclical to the market. The last piece is the New Programs and Long Term Feasibility of them**.** The last couple of years, as DHCS has had their windfall, they have been generating a lot of new programs and new incentives, whether or not that feasible is yet to be determined and we are working through that aspect of it. That concludes the overview of the budget presentation.	Ms. Starck appreciated the Staff for the explanation around retro-active adjustments and anticipated rates, especially in terms of the 2022 and 2023 rates.		

		She added that it would be helpful if the Staff would explain to the full Board what was just explained regarding the Administrative Costs, because for those that have been with the Board for a while, there is the talking point of less than 5% admin. The expansion counties are also using that same talking point. Therefore, it is very important for the full Board to have that picture and understand, and once the pharmacy carve-out was mentioned is when it became clear. It is recommended to talk it through with the full Board. Also, the consideration about bringing the Transportation in-house, will be met with cheers. Ms. Starck added that speaking for Humboldt County, they will be very patient with the Transportation changes coming in-house. Mr. Hempling stated that speaking historically on admin costs, in comparison to commercial plans, is a much stronger point to use. Mr. Jones asked if the associations or other plans are getting push back for establishing rates late and any arrears. Mr. Jones asked for a motion. Ms. Powell moved to approve the Final Budget. Ms. Starck seconded the motion.		
	Ms. Patti McFarland alluded to Ms. Starck's statement regarding the Transportation that it is the largest grievance in PHC and it has been worked on for quite sometimes. Ms. Gibboney added that there was a Feasibility Study in the works, checking against other operational priorities making sure we can handle this. We feel we are well-poised to do it and we are excited about the opportunity. Ms. McFarland added to Mr. Hempling's statement that it was a last minute clarification to the group due to the lack of available data than usual. Overall, every health plan's admin costs are all going up. There are also plans that have been historically much higher than PHC. In reply, Ms. McFarland stated that for example, the unsatisfactory category the State is implementing is a huge undertaking. They have to do 5 rates in one year, and they spend all year doing one set of rate. They have a corrective action plan that the rates must be done by December 31st 2022, or they lose federal funding. There is speculation of hitting the wall with the State Budget because it is highly dependent on capital gains, and with the current market plane there will not be much of capital gains to carry forward.			

		All voted to approve. Motion carried.		
III. New Business - CLOSED SESSION	1. Closed Session*: Action Pursuant to Government Code § 54956.9 – Pending Litigation (Information/Action)*	**Action:** Decision No action taken	06/15/2022	06/15/2022
Adjournment	Meeting adjourned at approximately 9:15 am.			

Minutes Prepared and Submitted by: Olevia E. O'Donovan
Reviewed and Edited by: Miranda Hamilton/Diane Walton
Minutes Reviewed and Submitted by: Jeff Ingram

Chairman Signature of Approval_____ Date_____

CONSENT AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Finance Committee Meeting Date:
July 20, 2022

Board Meeting Date:
August 24, 2022

Agenda Item Number:
2.1

Resolution Sponsor:
Liz Gibboney, CEO, Partnership HealthPlan of CA

Recommendation by:
PHC Staff

Topic Description:
AB361 authorizes public meetings with Brown Act requirements to be held via teleconference or telephone during a state of emergency. Virtual public meetings still require standard meeting agendas and notices and the ability for the public to provide public comment. To continue virtual meetings, the Commission must make findings every 30 days that 1) it has reconsidered the circumstances of the ongoing COVID-19 pandemic state of emergency and 2) either the state of emergency continues to directly impact the ability of the public to meet safely in person, or state or local officials continue to impose or recommend measures to promote social distancing.

Due to the ongoing risk of community transmission of COVID-19, it is recommended that the Partnership HealthPlan of California Commission continues to offer virtual attendance as an option and encourages in-person attendance following current PHC guidelines with regard to vaccinations, masking, social distancing and other protective measures.

Reason for Resolution:
To allow the Board the opportunity to review and approve ongoing virtual Board Meetings, due to the ongoing risk of community transmission of COVID-19.

Financial Impact:
There is no additional financial impact to the HealthPlan.

Requested Action of the Board:
Based on the recommendation of PHC staff and public health officials, the Board is asked to approve the recommended to continue to offer virtual attendance, due to the ongoing risk of community transmission of COVID-19.

CONSENT AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Finance Committee Meeting Date:
July 20, 2022
Board Meeting Date: **Agenda Item Number:**
August 24, 2022 2.1

Resolution Number:
22-

IN THE MATTER OF: APPROVING THE RECOMMENDED CONTINUATION OF MEETING VIRTUALLY

Recital: Whereas,

A. AB361, signed by Governor Newsom on September 16, 2021, requires the Commission must make findings every 30 days to continue to offer virtual attendance.

Now, Therefore, It Is Hereby Resolved As Follows:

1. To approve the recommended continuation of offering virtual attendance for meetings, due to the ongoing risk of COVID-19 transmission, for the next 30 days, per AB 361.

PASSED, APPROVED, AND ADOPTED by the Partnership HealthPlan of California this 24th day of August 2022, by motion of Commissioner, seconded by Commissioner, and by the following votes:

AYES: Commissioners:

NOES: Commissioners:

ABSTAINED: Commissioners:

ABSENT: Commissioners:

EXCUSED: Commissioners:

_____
Nancy Starck, Chair

_____
Date

ATTEST:

BY: _____
Ashlyn Scott, Clerk

Finance Committee

Chief Executive Officer Update

July, 2022

DHCS & State Issues

- State Budget
- CalAIM/Enhanced Care Management & Community Supports – Phase 2
- Housing and Homeless Incentive Program
- AB 2724/Kaiser Direct Contract Proposal
- DHCS Contract "Readiness"

General Issues:

- HEDIS Score Improvement Efforts/Joint Leadership Initiative (JLI)
- Geographic Expansion
- Medicaid and CHIP Payment and Access Commission (MACPAC) Appointment

CONSENT AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Finance Committee Meeting Date:
July 20, 2022

Agenda Item Number:
2.3

Board Meeting Date:
August 24, 2022

Resolution Sponsor:
Liz Gibboney, Partnership HealthPlan of CA

Recommended by:
PHC Staff

Topic Description:
The Operational Readiness Contract, effective August 1, 2022 – December 31, 2023, outlines deliverables required to qualify Partnership HealthPlan of California (PHC) to enter into the upcoming Medi-Cal Managed Care Contract with the Department of Health Care Services (DHCS) effective beginning calendar year (CY) 2024.

The contract applies to Partnership HealthPlan's current and proposed service areas: Solano, Napa, Yolo, Sonoma, Marin, Mendocino, Del Norte, Humboldt, Lake, Lassen, Modoc, Shasta, Siskiyou, Trinity, Butte, Colusa, Glenn, Nevada, Placer, Plumas, Sierra, Tehama, Sutter and Yuba Counties.

Reason for Resolution:
DHCS has requested the execution of the Operational Readiness Contract, Number 22-20196, on the terms and conditions set forth in the agreement. Adoption of this resolution authorizes the Chief Executive Officer (CEO) to execute the Operational Readiness Contract on behalf of PHC which will allow the submission of deliverables necessary to demonstrate readiness. The delegated authority to execute the agreement is contingent upon clarification that DHCS is requiring PHC to operationalize all requirements no sooner than the start of CY 2024.

Financial Impact:
There is no financial impact to PHC since this contract is for operational readiness activities in preparation for the new Medi-Cal Managed Care Contract with DHCS.

Requested Action of the Board:
Based on the recommendation of PHC Staff, the Board is asked to approve authorization of the CEO to execute the Operational Readiness Contract with DHCS.

CONSENT AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Finance Committee Meeting Date:
July 20, 2022
Board Meeting Date:
August 24, 2022

Agenda Item Number:
2.3

Resolution Number:
22-

IN THE MATTER OF: APPROVING 2024 DHCS OPERATIONAL READINESS CONTRACT

Recital: Whereas,

A. The Board has the responsibility for approving Partnership HealthPlan contract with DHCS

Now, Therefore, It Is Hereby Resolved As Follows:

1. To approve/authorize the CEO to execute the Operational Readiness Contract, Number 20196, with DHCS.

PASSED, APPROVED, AND ADOPTED by the Partnership HealthPlan of California this 24th day of August 22, by motion of Commissioner, seconded by Commissioner, and by the following votes:

AYES: Commissioners:

NOES: Commissioners:

ABSTAINED: Commissioners:

ABSENT: Commissioners:

EXCUSED: Commissioners:

_____
Nancy Starck, Chair

_____
Date

ATTEST:

BY: _____
Ashlyn Scott, Clerk

FINANCIAL HIGHLIGHTS
Of The Partnership HealthPlan Of California
For the Period Ending May 31, 2022

Financial Analysis for the Current Period

Total (Deficit) Surplus

For the month ending May 31, 2022, PHC reported a net surplus of $1.2 million, bringing the year-to- date surplus to $117.5 million. Significant variances are explained below.

Revenue

Total Revenue is lower than budget by $16.5 million for the month and greater than budget by $32.7 million for the year-to-date. The unfavorable variance for the month is primarily due to a retroactive adjustment to CY 2022 revenue in anticipation of DHCS rate decreases in the upcoming rate schedule update. The favorable year-to-date variance is primarily related to CY 2021 favorability related to COVID-19 impacts along with considerations for the delay in the pharmacy carve-out. Also contributing to the favorable variance are prior period adjustments for maternity kick and Indian Health Service programs, both of which have offsets in healthcare costs. Additionally, Other Revenue includes year-to-date revenue of $12.2 million for the Behavioral Health Integration (BHI) Incentive Program, $4.7 million for the COVID-19 vaccine incentive, and $2.5 million for the ECM Incentive Program; corresponding expenses are being recorded in Healthcare Investment Funds.

Healthcare Costs

Total Healthcare Costs are lower than budget by $6.1 million for the month and $52.1 million for the year-to-date. Long Term Care and Inpatient Hospital FFS are collectively $67.4 million favorable for the year-to-date due to prior period IBNR adjustments and lower than budgeted expenses. Hospital Stop- Loss is $19.7 million favorable year-to-date due primarily to FY 2019-20 stop-loss expense true-up and lower than budgeted stop-loss expenses for FY 2021-22. Physician and Ancillary expenses are $14.1 million favorable for the year-to-date due to prior period IBNR adjustments. PCP, ancillary, and hospital capitation expenses are collectively $10.1 million favorable for the year-to-date due to lower than budgeted expenses. Transportation expense is $14.4 million unfavorable year-to-date due to higher than anticipated utilization specific to drug rehabilitation trips and specialty visits. Pharmacy expenses are $4.7 million unfavorable year-to-date due to higher than budgeted cost and unbudgeted true-up of prior year pharmacy expense for Kaiser's whole child model population. Healthcare Investment Funds expenses are $12.9 million unfavorable year-to-date due to unbudgeted BHI, COVID-19 vaccines, and ECM incentive program expenses, offsets mentioned in revenue above. Global Subcapitation is $30.9 million unfavorable year-to-date due to unbudgeted prior period expense true-ups for maternity kick, higher than budgeted global subcap rates for CY 2022, adult age band catch-up accrual, and CY 2021 rate updates.

Administrative Costs

Total administrative costs are lower than budget by $1.5 million for the month and $11.9 million for the year-to-date. The overall positive variance for the year can be attributed to decreased Employee expenses due to the greater number of open positions than were originally anticipated. Additional decreases in Occupancy costs for the year continues to be attributed to the planned capital and IT projects that have yet to take place and the depreciation costs that are associated with them.

FINANCIAL HIGHLIGHTS
Of The Partnership HealthPlan Of California
For the Period Ending May 31, 2022

Balance Sheet

Total Cash & Cash Equivalents decreased by $8.7 million for the month. $277.9 million in State Capitation payments, $19.6 million in CalAIM incentive payments, and $0.8 million in Drug Medi-Cal payments were received during the month; in addition, $2.0 million in transfers between cash and Board Designated Reserves were recorded during the month. These payments were offset by $290.3 million in healthcare cost payments, $3.7 million in Drug Medi-Cal payments, and $15.2 million in administrative and capital costs. The remaining difference can be attributed to interest and other revenues.

General Statistics

Membership

Membership had a total net increase of 6,506 members for the month.

Utilization Metrics and High Dollar Case

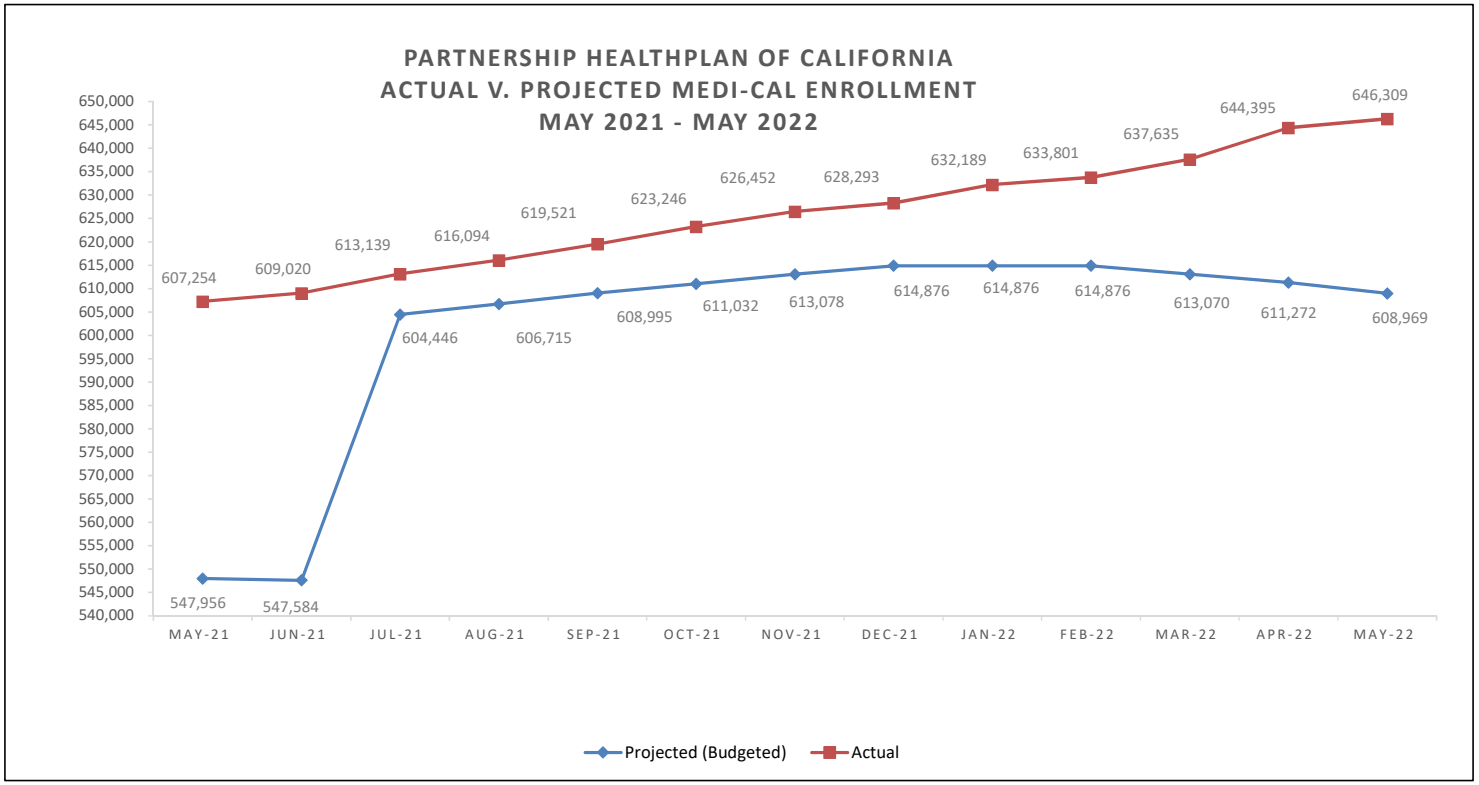
For the fiscal year 2021/22 through May 31, 2022, 437 members reached the $250,000 threshold with an average cost of $456,246. For fiscal year 2020/21, 509 members reached the $250,000 threshold with an average cost per case was $491,194. For fiscal year 2019/20, 443 members reached the $250,000 threshold with an average claims cost of $484,885.

Current Ratio/Required Reserves

Current Ratio Including Required Reserves	**1.84**
Current Ratio Excluding Required Reserves:	**1.28**
Required Reserves:	**$541,106,222**
Total Fund Balance:	**$768,150,648**

Days of Cash on Hand

Including Required Reserves:	**118.85**
Excluding Required Reserves:	**76.60**



Member Months by County:

County	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22
Solano	120,604	120,997	121,963	122,560	123,349	124,247	125,202	125,748	126,876	127,721	128,602	130,389	130,408
Napa	31,392	31,532	31,637	31,786	31,879	31,874	32,186	32,223	32,566	32,447	32,696	33,096	33,622
Yolo	55,646	55,623	56,116	56,290	56,687	57,644	58,371	58,386	58,531	58,770	59,008	59,247	59,768
Sonoma	115,779	116,329	117,149	118,045	118,578	119,138	119,850	120,345	121,061	121,635	122,221	123,035	124,906
Marin	43,137	43,322	43,642	43,883	44,239	44,637	44,731	44,833	45,288	45,344	45,716	46,275	47,488
Mendocino	38,305	38,504	38,627	38,773	38,942	39,128	39,272	39,266	39,507	39,422	39,655	40,143	39,955
Lake	32,520	32,605	32,826	32,933	33,083	33,137	33,281	33,340	33,552	33,537	33,682	33,892	34,005
Del Norte	12,040	12,069	12,089	12,147	12,138	12,175	12,166	12,271	12,233	12,245	12,323	12,378	12,331
Humboldt	57,014	57,052	57,391	57,547	57,895	58,203	58,217	58,347	58,779	58,818	59,127	59,837	59,059
Lassen	7,986	8,002	8,045	8,129	8,186	8,189	8,264	8,343	8,413	8,383	8,459	8,616	8,474
Modoc	3,722	3,708	3,760	3,761	3,785	3,809	3,803	3,820	3,871	3,883	3,896	3,981	3,887
Shasta	65,488	65,653	66,074	66,323	66,734	66,922	67,042	67,225	67,304	67,413	67,990	68,974	68,078
Siskiyou	18,540	18,506	18,691	18,733	18,826	18,926	18,830	18,859	18,921	18,911	18,900	19,094	18,865
Trinity	5,081	5,118	5,129	5,184	5,200	5,217	5,237	5,287	5,287	5,272	5,360	5,438	5,463
All Counties Total	**607,254**	**609,020**	**613,139**	**616,094**	**619,521**	**623,246**	**626,452**	**628,293**	**632,189**	**633,801**	**637,635**	**644,395**	**646,309**

Medi-Cal Region 1: Solano, Napa, Yolo & Marin; Medi-Cal Region 2: Sonoma, Mendocino & Rural 8 Counties

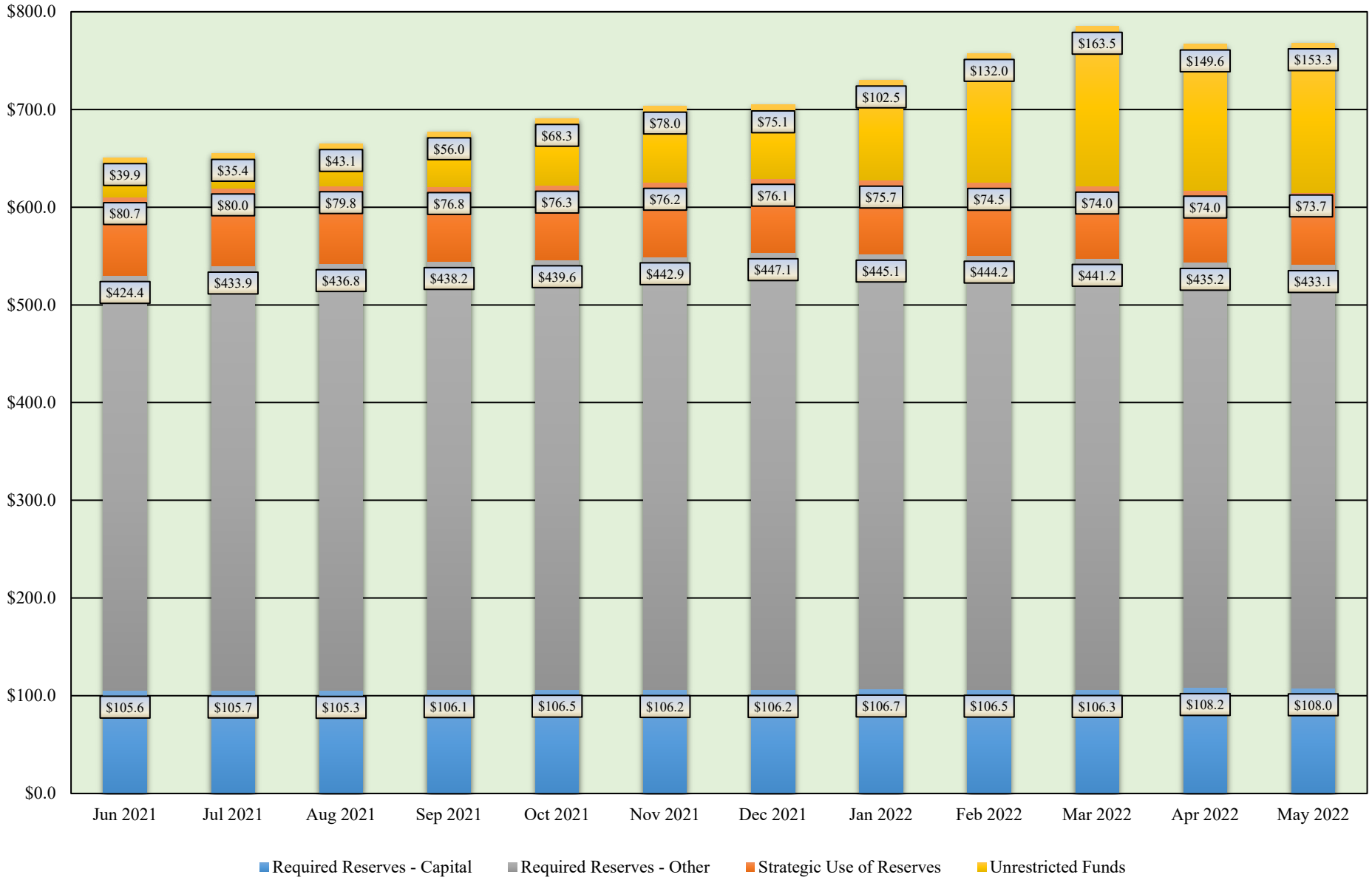
Partnership HealthPlan of California
Comparative Financial Indicators Monthly Report
Fiscal Year 2021 - 2022 & Fiscal Year 2020 - 2021

FINANCIAL INDICATORS	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22		YTD	Avg / Month As of May-22
Total Enrollment	612,565	615,504	619,135	622,749	625,752	627,918	632,226	633,903	637,424	643,907	650,413		6,921,496	629,227
Total Revenue	285,770,409	290,492,773	289,217,239	289,434,715	295,168,702	291,059,764	280,860,131	279,174,488	277,787,868	221,339,724	251,583,638		3,051,889,451	277,444,496
Total Healthcare Costs	258,057,572	256,910,666	252,438,582	251,402,013	258,737,530	263,716,815	230,109,224	227,347,263	219,750,868	215,289,340	225,173,550		2,658,933,422	241,721,220
Total Administrative Costs	9,527,532	9,674,878	10,915,842	10,456,654	10,013,386	12,195,146	11,432,906	10,800,639	16,431,194	10,231,596	11,360,634		123,040,407	11,185,492
Medi-Cal Hospital & Managed Care Taxes	13,854,167	13,854,167	13,854,167	13,854,167	13,854,167	13,854,167	13,854,167	13,854,167	13,854,167	13,854,167	13,854,167		152,395,837	13,854,167
Total Current Year Surplus (Deficit)	4,331,138	10,053,062	12,008,648	13,721,881	12,563,619	1,293,636	25,463,834	27,172,419	27,751,639	(18,035,379)	1,195,287		117,519,785	10,683,617
Total Claims Payable	479,612,906	469,987,817	490,436,456	489,196,877	474,284,933	488,534,512	474,970,355	492,259,098	538,975,371	558,387,815	481,431,569		481,431,569	494,370,701
Total Fund Balance	654,962,002	665,015,064	677,023,711	690,745,593	703,309,212	704,602,848	730,066,681	757,239,100	784,990,740	766,955,361	768,150,648		768,150,648	718,460,086
Reserve Fund - Required Reserves	433,909,347	436,773,283	438,173,175	439,588,278	442,927,577	447,118,437	445,125,440	444,244,504	441,232,366	435,169,278	433,144,210		433,144,210	439,764,172
Reserve Fund - Capital Assets	105,684,355	105,331,238	106,055,796	106,519,267	106,191,511	106,189,354	106,721,219	106,521,169	106,252,966	108,221,301	107,962,012		107,962,012	106,513,653
Reserve Fund - Strategic Use of Reserves	80,012,212	79,785,705	76,769,579	76,300,252	76,231,209	76,149,155	75,717,707	74,488,498	73,989,726	73,956,826	73,743,606		73,743,606	76,104,043
Unrestricted Fund Balance	35,356,088	43,124,838	56,025,161	68,337,796	77,958,915	75,145,902	102,502,315	131,984,929	163,515,682	149,607,956	153,300,820		153,300,820	96,078,218
Fund Balance as % of Reserved Funds	105.71%	106.93%	109.02%	110.98%	112.47%	111.94%	116.33%	121.11%	126.31%	124.23%	124.93%		124.93%	115.44%
Current Ratio	1.15:1	1.16:1	1.16:1	1.19:1	1.20:1	1.17:1	1.19:1	1.26:1	1.23:1	1.26:1	1.28:1		1.28:1	1.21:1
Medical Loss Ratio w/o Tax	94.94%	92.93%	91.76%	91.34%	92.11%	95.29%	86.64%	86.16%	83.75%	104.62%	95.42%		92.01%	92.01%
Admin Ratio w/o Tax	3.51%	3.50%	3.97%	3.80%	3.56%	4.41%	4.30%	4.09%	6.26%	4.97%	4.81%		4.26%	4.26%
Profit Margin Ratio	1.52%	3.46%	4.15%	4.74%	4.26%	0.44%	9.07%	9.73%	9.99%	-8.15%	0.48%		3.85%	3.85%

FINANCIAL INDICATORS	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	YTD	Avg / Month As of Jun-21
Total Enrollment	556,087	563,455	569,392	574,604	579,254	583,912	588,652	593,177	596,201	601,587	606,935	608,597	7,021,853	585,154
Total Revenue	244,622,822	258,045,152	257,210,637	268,252,952	261,036,547	260,390,466	266,550,404	280,192,651	270,995,801	280,012,525	287,059,375	271,418,148	3,205,787,480	267,148,957
Total Healthcare Costs	228,533,285	240,676,950	241,362,720	247,291,936	246,025,716	239,273,022	247,842,498	255,154,457	241,380,692	245,272,242	245,019,491	179,666,787	2,857,499,796	238,124,983
Total Administrative Costs	10,312,618	9,352,080	10,205,235	10,149,122	9,951,801	11,135,881	10,084,463	10,394,568	11,620,169	10,791,482	10,521,875	9,504,028	124,023,322	10,335,277
Medi-Cal Hospital & Managed Care Taxes	12,073,441	12,468,750	12,468,750	12,468,750	12,468,750	12,468,750	12,468,750	12,468,750	12,468,750	12,468,750	12,468,750	12,468,750	149,229,691	12,435,808
Total Current Year Surplus (Deficit)	(6,296,521)	(4,452,629)	(6,826,068)	(1,656,856)	(7,409,720)	(2,487,187)	(3,845,308)	2,174,876	5,526,190	11,480,051	19,049,259	69,778,582	75,034,671	6,252,889
Total Claims Payable	401,791,137	412,650,255	443,747,870	454,556,100	443,896,724	465,413,310	498,051,908	533,566,353	511,412,385	524,307,516	540,428,719	459,028,387	459,028,387	474,070,889
Total Fund Balance	569,299,672	564,847,043	558,020,975	556,364,119	548,954,399	546,467,212	542,621,904	544,796,781	550,322,971	561,803,022	580,852,281	650,630,864	650,630,864	564,581,770
Reserve Fund - Required Reserves	385,127,705	388,857,534	392,130,843	397,251,115	402,055,814	404,937,855	409,782,082	416,395,226	421,825,722	426,777,482	430,741,070	424,393,928	424,393,928	408,356,365
Reserve Fund - Capital Assets	106,003,559	105,914,664	106,538,718	106,279,522	106,095,318	106,918,382	107,015,106	106,595,855	105,296,542	104,979,446	105,564,656	105,550,369	105,550,369	106,062,678
Reserve Fund - Strategic Use of Reserves	85,732,498	84,460,474	84,275,330	83,096,409	82,803,306	82,590,776	82,439,453	81,423,816	81,052,937	81,038,133	80,724,657	80,743,188	80,743,188	82,531,748
Unrestricted Fund Balance	(7,564,090)	(14,385,629)	(24,923,916)	(30,262,927)	(42,000,039)	(47,979,801)	(56,614,736)	(59,618,116)	(57,852,230)	(50,992,038)	(36,178,101)	39,943,378	39,943,378	(32,369,020)
Fund Balance as % of Reserved Funds	98.69%	97.52%	95.72%	94.84%	92.89%	91.93%	90.55%	90.14%	90.49%	91.68%	94.14%	106.54%	106.54%	94.58%
Current Ratio	1.09:1	1.08:1	1.07:1	1.07:1	1.05:1	1.04:1	1.02:1	1.02:1	1.02:1	1.03:1	1.04:1	1.16:1	1.16:1	1.06:1
Medical Loss Ratio w/o Tax	98.06%	97.76%	98.36%	96.49%	98.80%	96.37%	97.90%	95.68%	93.76%	92.11%	89.67%	69.76%	93.61%	93.61%
Admin Ratio w/o Tax	4.42%	3.80%	4.16%	3.96%	4.00%	4.48%	3.98%	3.90%	4.51%	4.05%	3.85%	3.69%	4.06%	4.06%
Profit Margin Ratio	-2.57%	-1.73%	-2.65%	-0.62%	-2.84%	-0.96%	-1.44%	0.78%	2.04%	4.10%	6.64%	25.71%	2.34%	2.34%

Partnership HealthPlan of California
Fund Balance Comparison
(in Millions of Dollars)

For the Past 12 Months Ending May 31, 2022



PARTNERSHIP HEALTHPLAN OF CALIFORNIA
Membership and Financial Summary
For The Period Ending May 31, 2022

CURRENT MONTH	PRIOR MONTH	INC / DEC	MEMBERSHIP SUMMARY	CURRENT YTD AVG	PRIOR YTD AVG	VARIANCE
650,413	643,907	6,506	**Total Membership**	629,227	583,023	46,204

ACTUAL MONTH	BUDGET MONTH	$ VARIANCE MONTH	FINANCIAL SUMMARY	ACTUAL YTD	BUDGET YTD	$ VARIANCE YTD
251,583,638	268,071,883	(16,488,245)	**Total Revenue**	3,051,889,451	3,019,208,601	32,680,850
225,173,550	231,312,195	6,138,645	**Total Healthcare Costs**	2,658,933,422	2,710,998,751	52,065,329
11,360,634	12,848,181	1,487,547	**Total Administrative Costs**	123,040,407	134,925,749	11,885,342
13,854,167	14,666,132	811,965	**Medi-Cal Managed Care Tax**	152,395,837	156,983,743	4,587,906
1,195,287	**9,245,375**	**(8,050,088)**	**Total Current Year Surplus (Deficit)**	**117,519,785**	**16,300,358**	**101,219,427**
95.42%	91.28%		**Medical Loss Ratio (HC Costs as a % of Rev, excluding Managed Care Tax)**	92.01%	94.72%	
4.81%	5.07%		**Admin Ratio (Admin Costs as a % of Rev, excluding Managed Care Tax)**	4.26%	4.71%	

PARTNERSHIP HEALTHPLAN OF CALIFORNIA
Balance Sheet
As Of May 31, 2022

	May 2022	April 2022
A S S E T S		
Current Assets		
Cash &Cash Equivalents	**785,132,989**	**793,880,293**
Receivables		
Accrued Interest	122,500	72,100
State DHS - Cap Rec	185,122,282	217,250,790
Other Healthcare Receivable	16,226,803	17,165,272
Miscellaneous Receivable	6,266,711	2,348,912
Total Receivables	**207,738,296**	**236,837,074**
Other Current Assets		
Payroll Clearing	21,178	3,721
Prepaid Expenses	4,156,451	3,485,166
Total Other Current Assets	**4,177,629**	**3,488,887**
Total Current Assets	**997,048,914**	**1,034,206,254**
Non-Current Assets		
Fixed Assets		
Motor Vehicles	154,341	154,341
Furniture & Fixtures	7,518,859	7,518,859
Computer Equipment - HP	541,886	541,886
Computer Equipment	20,453,491	20,453,491
Computer Software	20,714,113	20,714,113
Leasehold Improvements	962,374	962,374
Land	6,767,292	6,767,292
Building	55,932,088	55,932,088
Building Improvements	31,104,018	30,342,041
Accum Depr - Motor Vehicles	(145,681)	(144,668)
Accum Depr - Furniture	(7,086,263)	(7,057,551)
Accum Depr - Comp Equip - HP	(541,886)	(541,886)
Accum Depr - Comp Equipment	(19,577,421)	(19,377,725)
Accum Depr - Comp Software	(19,223,838)	(19,069,946)
Accum Depr - Leasehold Improvements	(962,374)	(962,374)
Accum Depr - Building	(9,060,075)	(8,940,562)
Accum Depr - Bldg Improvements	(9,478,481)	(9,166,170)
Construction Work-In-Progress	29,889,568	30,095,697
Total Fixed Assets	**107,962,011**	**108,221,300**
Other Non-Current Assets		
Deposits	64,230	64,230
Board-Designated Reserves	432,844,210	434,869,278
Knox-Keene Reserves	300,000	300,000
Prepaid - Other Non-Current	2,479,018	2,414,927
Net Pension Asset	7,231,258	7,231,258
Deferred Outflows Of Resources	930,354	930,354
Total Other Non-Current Assets	**443,849,070**	**445,810,047**

PARTNERSHIP HEALTHPLAN OF CALIFORNIA
Balance Sheet
As Of May 31, 2022

	May 2022	April 2022
Total Non-Current Assets	**551,811,081**	**554,031,347**
Total Assets	**1,548,859,995**	**1,588,237,601**
L I A B I L I T I E S & F U N D B A L A N C E		
Liabilities		
Current Liabilities		
Accounts Payable	120,865,199	107,092,507
Unearned Income	23,122,898	5,214,279
Suspense Account	4,043,776	3,706,216
Capitation Payable	27,406,783	25,473,783
State DHS - Cap Payable	32,633,113	32,633,113
Accrued Healthcare Costs	6,676,697	9,671,049
Claims Payable	58,880,387	172,393,858
Incurred But Not Reported-IBNR	422,551,182	385,993,957
Quality Improvement Programs	82,744,371	77,318,537
Total Current Liabilities	**778,924,406**	**819,497,299**
Non-Current Liabilities		
Deferred Inflows Of Resources	1,784,941	1,784,941
Total Non-Current Liabilities	**1,784,941**	**1,784,941**
Total Liabilities	**780,709,347**	**821,282,240**
Fund Balance		
Unrestricted Fund Balance	**153,300,820**	**149,607,956**
Reserved Funds		
Reserve Fund-Board Designated	417,844,210	419,869,278
Reserve Fund-Board Designated-Infrastructure	15,000,000	15,000,000
Reserve Fund-Board Designated-Capital Assets	107,962,012	108,221,301
Reserve Fund-Strategic Use Of Reserve	73,743,606	73,956,826
Reserve For Restricted Fund-Knox-Keene	300,000	300,000
Total Reserved Funds	**614,849,828**	**617,347,405**
Total Fund Balance	**768,150,648**	**766,955,361**
Total Liabilities And Fund Balance	**1,548,859,995**	**1,588,237,601**

PARTNERSHIP HEALTHPLAN OF CALIFORNIA
Statement of Cash Flow
For The Period Ending May 31, 2022

	Current Month Activity	Year-To-Date Activity
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received From:		
Capitation from California Department of Health Care Services	277,723,437	3,660,235,420
Other Revenues	19,625,903	22,588,942
Cash Payments to Providers for Medi-Cal Members		
Capitation Payments	(40,995,255)	(474,550,015)
Medical Claims Payments	(249,280,983)	(2,175,426,246)
Drug Medi-Cal		
DMC Receipts from Counties	822,956	20,627,270
DMC Payments to Providers	(3,754,898)	(23,742,237)
Cash Payments to Vendors	(5,684,470)	(628,421,557)
Cash Payments to Employees	(9,312,646)	(96,607,542)
Net Cash (Used) Provided by Operating Activities	**(10,855,956)**	**304,704,035**
CASH FLOWS FROM CAPITAL FINANCING & RELATED ACTIVITIES:		
Purchases of Capital Assets	(166,101)	(12,316,184)
Net Cash Used by Capital Financial & Related Activities	**(166,101)**	**(12,316,184)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Board-Designated Reserve Transfers	2,025,068	(8,750,281)
Interest and Dividends on Investments	249,685	835,719
Net Cash (Used) Provided by Investing Activities	**2,274,753**	**(7,914,562)**
NET (DECREASE) INCREASE IN CASH & CASH EQUIVALENTS	**(8,747,304)**	**284,473,289**
CASH & CASH EQUIVALENTS, BEGINNING	**793,880,293**	**500,659,700**
CASH & CASH EQUIVALENTS, ENDING	**785,132,989**	**785,132,989**
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
TOTAL OPERATING (LOSS) INCOME	**895,202**	**116,649,665**
DEPRECIATION	**815,136**	**8,626,309**
CHANGES IN ASSETS AND LIABILITIES:		
Other Receivables	(2,979,331)	(6,694,751)
California Department of Health Services Receivable	32,128,507	107,360,864
Other Assets	(1,142,581)	1,136,524
Accounts Payable and Accrued Expenses	30,957,522	32,675,142
Accrued Claims Payable	(76,956,245)	22,403,183
Quality Improvement Programs	5,425,834	22,547,099
Net Cash Provided (Used) by Operating Activities	**(10,855,956)**	**304,704,035**

PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Statement of Revenues and Expenses
For The Period Ending May 31, 2022

****The Notes to the Financial Statement are an Integral Part of this Statement****

ACTUAL MONTH	BUDGET MONTH	$ VARIANCE MONTH	ACTUAL MONTH PMPM	BUDGET MONTH PMPM		ACTUAL YTD	BUDGET YTD	$ VARIANCE YTD	ACTUAL YTD PMPM	BUDGET YTD PMPM
650,413	**650,413**	**-**			**TOTAL MEMBERSHIP**	**6,921,496**	**6,921,496**	**-**		
					REVENUE					
244,738,543	263,818,161	(19,079,618)	376.28	405.62	State Capitation Revenue	3,030,233,265	3,012,792,379	17,440,886	437.80	435.28
300,085	101,583	198,502	0.46	0.16	Interest Income	870,119	1,117,413	(247,294)	0.13	0.16
6,545,010	4,152,139	2,392,871	10.06	6.38	Other Revenue	20,786,067	5,298,809	15,487,258	3.00	0.77
251,583,638	**268,071,883**	**(16,488,245)**	**386.80**	**412.16**	**TOTAL REVENUE**	**3,051,889,451**	**3,019,208,601**	**32,680,850**	**440.93**	**436.21**
					HEALTHCARE COSTS					
22,338,936	17,979,303	(4,359,633)	34.35	27.64	Global Subcapitation	239,376,555	208,428,793	(30,947,762)	34.58	30.11
2,374,069	2,600,580	226,511	3.65	4.00	Capitated Medical Groups	25,772,060	27,267,354	1,495,294	3.72	3.94
					Physician Services					
6,048,893	6,415,247	366,354	9.30	9.86	PCP Capitation	66,506,857	68,169,366	1,662,509	9.61	9.85
216,258	211,602	(4,656)	0.33	0.33	Specialty Capitation	2,269,555	2,234,742	(34,813)	0.33	0.32
33,655,155	35,953,890	2,298,735	51.74	55.28	Non-Capitated Physician Services	373,742,546	386,675,354	12,932,808	54.00	55.87
39,920,306	**42,580,739**	**2,660,433**	**61.37**	**65.47**	**Total Physician Services**	**442,518,958**	**457,079,462**	**14,560,504**	**63.94**	**66.04**
					Inpatient Hospital					
17,383,187	18,640,881	1,257,694	26.73	28.66	Hospital Capitation	189,045,935	195,824,476	6,778,541	27.31	28.29
51,962,369	60,795,945	8,833,576	79.89	93.47	Inpatient Hospital - FFS	599,246,505	658,254,032	59,007,527	86.58	95.10
850,000	1,983,941	1,133,941	1.31	3.05	Hospital Stoploss	1,150,939	20,842,776	19,691,837	0.17	3.01
70,195,556	**81,420,767**	**11,225,211**	**107.93**	**125.18**	**Total Inpatient Hospital**	**789,443,379**	**874,921,284**	**85,477,905**	**114.06**	**126.40**
26,568,943	30,530,686	3,961,743	40.85	46.94	Long Term Care	353,362,394	361,763,168	8,400,774	51.05	52.27
-	-	-	-	-	Pharmacy	183,588,912	178,908,641	(4,680,271)	26.52	25.85
					Ancillary Services					
935,397	1,010,849	75,452	1.44	1.55	Ancillary Services - Capitated	10,551,492	10,747,406	195,914	1.52	1.55
42,314,008	39,813,601	(2,500,407)	65.06	61.21	Ancillary Services - Non-Capitated	424,647,677	425,783,437	1,135,760	61.35	61.52
43,249,405	**40,824,450**	**(2,424,955)**	**66.50**	**62.76**	**Total Ancillary Services**	**435,199,169**	**436,530,843**	**1,331,674**	**62.87**	**63.07**
					Other Medical					
2,075,212	2,546,124	470,912	3.19	3.91	Quality Assurance	23,945,063	27,547,432	3,602,369	3.46	3.98
9,025,327	1,195,318	(7,830,009)	13.88	1.84	Healthcare Investment Funds	27,631,427	14,748,494	(12,882,933)	3.99	2.13
90,800	111,417	20,617	0.14	0.17	Advice Nurse	934,400	1,225,587	291,187	0.13	0.18
4,026	9,533	5,507	0.01	0.01	HIPP Payments	41,989	104,863	62,874	0.01	0.02
2,066,717	4,404,275	2,337,558	3.18	6.77	Transportation	61,036,716	46,644,080	(14,392,636)	8.82	6.74
13,262,082	**8,266,667**	**(4,995,415)**	**20.40**	**12.70**	**Total Other Medical**	**113,589,595**	**90,270,456**	**(23,319,139)**	**16.41**	**13.05**
7,264,253	7,109,003	(155,250)	11.17	10.93	Quality Improvement Programs	76,082,400	75,828,750	(253,650)	10.99	10.96
225,173,550	**231,312,195**	**6,138,645**	**346.22**	**355.62**	**TOTAL HEALTHCARE COSTS**	**2,658,933,422**	**2,710,998,751**	**52,065,329**	**384.14**	**391.69**
					ADMINISTRATIVE COSTS					
7,577,422	7,996,670	419,248	11.65	12.29	Employee	77,996,745	83,885,447	5,888,702	11.27	12.12
38,143	57,096	18,953	0.06	0.09	Travel And Meals	214,202	574,062	359,860	0.03	0.08
1,217,135	1,787,024	569,889	1.87	2.75	Occupancy	12,307,831	18,390,867	6,083,036	1.78	2.66
275,300	399,074	123,774	0.42	0.61	Operational	2,776,460	4,567,433	1,790,973	0.40	0.66
1,337,232	1,696,718	359,486	2.06	2.61	Professional Services	19,850,126	17,972,426	(1,877,700)	2.87	2.60
915,402	911,599	(3,803)	1.41	1.40	Computer And Data	9,895,043	9,535,514	(359,529)	1.43	1.38
11,360,634	**12,848,181**	**1,487,547**	**17.47**	**19.75**	**TOTAL ADMINISTRATIVE COSTS**	**123,040,407**	**134,925,749**	**11,885,342**	**17.78**	**19.50**
13,854,167	14,666,132	811,965	21.30	22.55	Medi-Cal Managed Care Tax	152,395,837	156,983,743	4,587,906	22.02	22.68
1,195,287	**9,245,375**	**(8,050,088)**	**1.81**	**14.24**	**TOTAL CURRENT YEAR SURPLUS (DEFICIT)**	**117,519,785**	**16,300,358**	**101,219,427**	**16.99**	**2.34**

PARTNERSHIP HEALTHPLAN OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
May 31, 2022

1. ORGANIZATION

The Partnership HealthPlan of California (PHC) was formed as a health insurance organization, and is legally a subdivision of the State of California, but is not part of any city, county or state government system. PHC has quasi-independent political jurisdiction to contract with the State for managing Medi-Cal beneficiaries who reside in various Northern California Counties. PHC is a combined public and private effort engaged principally in providing a more cost-effective method of healthcare. PHC began serving Medi-Cal eligible persons in Solano in May 1994. That was followed by Napa in March of 1998, Yolo in March of 2001, Sonoma in October 2009, Marin and Mendocino in July 2011, and eight Northern Counties in September 2013. Beginning July 2018 and in accordance with direction from the Department of Health Care Services (DHCS), PHC has consolidated its reporting from these fourteen counties into two regions; these are in alignment with the two DHCS rating regions.

As a public agency, the HealthPlan is exempt from state and federal income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING POLICIES:
The accounting and reporting policies of PHC conform to generally-accepted accounting principles and general practices within the healthcare industry.

PROPERTY AND EQUIPMENT:
Effective July 2015, property and equipment totaling $10,000 or more are recorded at cost; this includes assets acquired through capital leases and improvements that significantly add to the productive capacity or extend the useful life of the asset. Costs of maintenance and repairs are expensed as incurred. Depreciation for financial reporting purposes is provided on a straight-line method over the estimated useful life of the asset. The costs of major remodeling and improvements are capitalized as building or leasehold improvements. Leasehold improvements are amortized using the straight-line method over the shorter of the remaining term of the applicable lease or their estimated useful life. Building improvements are depreciated over their estimated useful life.

INVESTMENTS:
PHC investments can consist of U.S. Treasury Securities, Certificates of Deposits, Money Market and Mutual Funds, Government Pooled Funds, Agency Notes, Repurchase Agreements, Shares of Beneficial Interest and Commercial Paper and are carried at fair value.

PARTNERSHIP HEALTHPLAN OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
May 31, 2022

BOARD-DESIGNATED & KNOX KEENE RESERVES:

In April 2004, PHC's Board established a policy to set aside in a reserve account a designated amount that represents the Knox-Keene Tangible Net Equity (TNE) requirement. This policy was subsequently revised and reflected on the balance sheet since July 2012. Based on this policy and as of May 2022, PHC has Board-Designated and Knox-Keene Reserves of $540.8 million and $0.3 million respectively. To account for the Board approved Strategic Use of Reserves (SUR) initiatives, which includes funding for the Wellness & Recovery program, $73.7 million has been set aside as a "Reserve Fund-Strategic Use of Reserve." The amount represents the net amount remaining of all of the SUR projects that have been approved to date; this balance is periodically adjusted as projects are completed.

3. STATE CAPITATION REVENUE

Medi-Cal capitation revenue is based on the monthly capitation rates, as provided for in the State contract, and the actual number of Medi-Cal eligible members. Capitation revenues are paid by the State on a monthly basis in arrears based on estimated membership. As such, capitation revenue includes an estimate for amounts receivable from or refundable to the State for projected changes in membership and trued up monthly through a State reconciliation process. These estimates are continually monitored and adjusted, as necessary, as experience develops or new information becomes known.

4. HEALTHCARE COST

PHC continues to develop completion factors to calculate estimated liability for claims incurred but not reported. These factors are reviewed and adjusted as more historical data become available. Budgeted capitation revenues and healthcare costs are adjusted each month to reflect changes in enrollee counts.

5. QUALITY IMPROVEMENT PROGRAM

PHC maintains quality incentive contracts with acute care hospitals and primary care physicians. As of May 2022, PHC has accrued a Quality Incentive Program payout of $82.7 million.

PARTNERSHIP HEALTHPLAN OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
May 31, 2022

6. ESTIMATES

Due to the nature of the operations of the Partnership HealthPlan, it is necessary to estimate amounts for financial statement presentation. Substantial overstatement or understatement of these estimates would have a significant impact on the statements. The items estimated through various methodologies are:

- Value of Claims Incurred But Not Received
- Quality Incentive Payouts
- Earned Capitation Revenues
- Total Number of Members
- Retro Capitation Expense for Certain Providers

7. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, the HealthPlan is party to claims and legal actions by enrollees, providers, and others. After consulting with legal counsel, HealthPlan management is of the opinion any liability that may ultimately be incurred as a result of claims or legal actions will not have a material effect on the financial position or results of the operations of the HealthPlan.

8. UNUSUAL OR INFREQUENT ITEMS REPORTED IN CURRENT MONTH'S FINANCIAL STATEMENTS

During the month, an additional adjustment to revenue was recorded retroactive to calendar year 2022 in anticipation of DHCS rate decreases in the upcoming rate schedule update.

Partnership HealthPlan of California
Investment Schedule
May 31, 2022

Name of Investment	Investment Type	Yield to Maturity	Trade Date	Maturity Date	Call Date	Face Value	Purchase Price	Market Value	Credit Rating Agency	Credit Rating
FUNDS HELD FOR INVESTMENT:										
Highmark Money Market	Cash & Cash Equiv	NA	Various	NA	NA	NA	$ 1,533,293	$ 1,533,293	NA	NR
US Treasury Note for Knox Keene	Cash & Cash Equiv	0.01375	1/11/2022	1/31/2025	NA	$ 300,000	$ 303,281	$ 299,835	NA	NR
FUNDS HELD FOR OPERATIONS:										
Merrill Lynch Institutional	Cash for Operations	NA	NA	NA	NA	NA	NA	$ 66,664,411		
Merrill Lynch MMA - Checking	Cash for Operations	NA	NA	NA	NA	NA	NA	$ 154,304		
UB - General, MMA, and Sweeps	Cash for Operations	NA	NA	NA	NA	NA	NA	$ 1,030,585,930		
Government Investment Pools (LAIF)	Cash for Operations	NA	NA	NA	NA	NA	NA	$ 75,000,000		
Government Investment Pools (County)	Cash for Operations	NA	NA	NA	NA	NA	NA	$ 40,542,674		
West America Payroll	Cash for Operations	NA	NA	NA	NA	NA	NA	$ 3,493,287		
Petty Cash	Cash for Operations	NA	NA	NA	NA	NA	NA	$ 3,300		
GRAND TOTAL:								$ 1,218,277,034		

Required Reserves (Liquid)

Board Designated Assets	$ 432,844,210
Knox Keene Reserves	$ 300,000
Total Required Reserves (Liquid)	**$ 433,144,210**

Cash on Hand / Cash Days Available:

Including Required Reserves	$ 1,218,277,198	
Excluding Required Reserves	$ 785,132,988	
Cash Days Available incl. Required Reserves		**118.85**
Cash Days Available excl. Required Reserves		**76.60**

Partnership HealthPlan of California
Investment Yield Trends

FISCAL YEAR 21/22		JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD
Interest Income		69,194	34,507	35,073	48,030	35,292	32,599	43,164	43,000	49,137	180,039	300,085		870,120
Cash & Investments at Historical Cost	(1)	492,803,755	513,054,483	588,066,155	570,252,227	294,587,864	673,772,755	780,352,876	677,905,415	919,704,699	793,880,293	785,132,989		644,501,228
Computed Yield	(2)	0.17%	0.08%	0.08%	0.10%	0.10%	0.08%	0.07%	0.07%	0.07%	0.25%	0.46%		
Total Rate of Return	(3)	0.17%	0.12%	0.10%	0.10%	0.11%	0.10%	0.09%	0.09%	0.08%	0.11%	0.15%		
CA Pooled Money Investment Account (PMIA)	(4)	0.22%	0.22%	0.21%	0.20%	0.20%	0.21%	0.23%	0.28%	0.37%	0.52%	0.68%		

FISCAL YEAR 20/21		JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD
Interest Income		101,518	79,393	129,142	85,682	69,555	60,493	95,805	55,872	54,937	85,764	51,531	41,924	911,616
Cash & Investments at Historical Cost	(1)	447,722,427	457,223,207	608,616,971	474,773,196	430,208,837	457,366,473	747,219,094	482,418,564	609,864,227	566,842,230	657,099,091	500,659,700	536,667,835
Computed Yield	(2)	0.27%	0.21%	0.29%	0.19%	0.18%	0.16%	0.19%	0.11%	0.12%	0.17%	0.10%	0.09%	
Total Rate of Return	(3)	0.27%	0.24%	0.25%	0.24%	0.23%	0.22%	0.21%	0.20%	0.19%	0.19%	0.18%	0.17%	
CA Pooled Money Investment Account (PMIA)	(4)	0.92%	0.78%	0.69%	0.62%	0.58%	0.54%	0.46%	0.41%	0.36%	0.34%	0.32%	0.26%	

NOTES:

(1) Investment balances include Restricted Cash and Board Designated Reserves
YTD for Cash & Investments is average year-to-date

(2) Computed yield is calculated by annualizing the current month's interest divided by the current month's average balance.

(3) Total Rate of Return is computed based on year-to-date interest income annualized divided by an average of the fiscal year's portfolio's market value at month-end.

(4) LAIF limits the amount a single government entity can deposit into LAIF; currently that amount is set at $75 million.

Partnership HealthPlan of California
Investment Yield Trends