Partnership HealthPlan of California
Finance Committee Meeting Agenda

August 17, 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 – July 20, 2022 - **Decision**	Dave Jones, Chair	3	
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**	Liz Gibboney	14	
2.	CEO's Health Plan Update – **Information**	Liz Gibboney	16	
3.	Approve June 2022 Metrics and Financials – **Decision**	Jeff Ingram	17	
III.	**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: July 20, 2022 / 8:00 – 9:30 AM
Members Present: Dave Jones –Chairperson, Randall Hempling, Viola Lujan*, Mitesh Popat, M.D.*, Kathryn Powell*, Nancy Starck*
Members Absent: Alicia Hardy
Staff Present: Sonja Bjork, Patti McFarland, Jeff Ingram, Wendell Coats, Mary Kerlin*, Kirt Kemp*, Wendi West *
Diane Walton, Olevia O'Donovan, Pearl Johns
Staff Absent: Liz Gibboney, Amy Turnipseed, Samantha Tieu, Miranda Hamilton
Guests: None

* *Attendance via Video Conference*

DECISION AGENDA ITEMS	DISCUSSION / CONCLUSIONS	RECOMMENDATIONS / ACTION	TARGET DATE	DATE RESOLVED
Approval of June 15, 2022, Meeting Minutes	Dave Jones – Chairperson, confirmed a quorum at 8:00 am and stated there are no changes to the agenda. June 15, 2022, meeting minutes was presented for approval.	**Action:** Decision Mr. Randall Hempling moved to approve minutes. Seconded by Ms. Kathie Powell. All voted to approve the minutes. Motion carried.	07/20/2022	07/20/2022
AGENDA CHANGES AND DELETIONS				
	None			
COMMISSIONER COMMENTS				
	None			
PUBLIC COMMENTS				
	None			
NEW BUSINESS				

Brown Act Requirements: Open Meetings: State and Local Agencies – Teleconferences **Presenter:** **Sonja Bjork, COO/ Deputy CEO**	Chairperson, Dave Jones, stated that this agenda item is to be brought forth every 30 days for approval. Ms. Bjork explained that this resolution allows us to conduct Brown Act meetings remotely during this Public Health Emergency (PHE), and requires a vote from the commissioners.	**Action:** Decision Ms. Nancy Starck motioned to approve the resolution. Ms. Kathie Powell seconded the motion. All voted to approve. Motion carried.	07/20/2022	07/20/2022
CEO's Health Plan Update **Presenter:** **Sonja Bjork, COO/ Deputy CEO**	Ms. Bjork, on behalf of Ms. Liz Gibboney, provided various PHC and Federal/State level updates. **DHCS & State Issues** **State Budget:** The Governor signed the budget on June 30th and it was a record spending plan of $308B, much of which focused on healthcare. The allocation for the Racial Justice and Health Equity Fund did not make it back into the budget by the time it was signed. **Notable Budget Elements:** The budget funds full scope Medi-Cal access for all Californians, regardless of immigration status. By 2024, the State of California will be the only state in the nation with this expansive approach to health coverage. Funding has been set aside to support reproductive health care for what might be an influx of people coming to California for their reproductive healthcare needs. The budget also includes a bonus labeled 'hero pay' for the frontline healthcare providers that saw us through the COVID-19 crisis. These funds are expected to be paid in the Fall. Most California taxpayers can look forward to some kind of refund or rebate of anywhere from $200 to $1,800-$2,000 depending on income level. Details and funds are also expected to roll-out soon. Finally, funds have been allocated in the state budget for workforce development. The goal is to develop and strengthen the pipeline for behavioral health, primary care, and reproductive healthcare providers	**Action:** Information only Ms. Starck added that to bolster the state budget, there is also Medi-Cal coverage for ages 0-5, and the full scope coverage for pregnant people instead of pregnancy-only benefits. Doulas services also become a Medi-Cal benefit	07/20/2022	07/20/2022

	AB 2724/Kaiser Direct Contract Proposal: AB2724 was signed by the Governor on June 30, 2022. This bill allows the State to hold a direct contract with Kaiser in areas where they currently have business. This includes areas where Kaiser does not currently participate in Medi-Cal. We are awaiting details as to how this will be operationalized. The State and Kaiser will enter into an MOU. The MOU will likely contain the same DHCS contract provisions PHC and other Medi-Cal managed care plans are required to comply with. It is yet to be determined if there will be litigation related to this contract. **CalAIM/Enhanced Care Management & Community Supports:** Phase 2 of CalAIM's Enhanced Care Management (ECM) and Community Supports (CS) went live on July 1, 2022. As of July 20, 2022, there were 29 ECM providers and 26 CS providers, with additional providers in various stages of the contracting process. Currently, there are at least one or two ECM or CS providers in every county to ensure coverage. We are working to contract with organizations that may not have any prior relationship with Medi-Cal or with a managed care plan. It is a challenging process for these organizations to make the necessary adjustments to contract with PHC, with many considering whether they even have the capacity to participate in this program. Our team continues to work with these providers to provide education and support. We are in the second phase of distribution of the CalAIM Incentive Program Grants. The grant recipients are signing their agreements with us so we can distribute the funds. The purpose of these grants is to offer funding to these organizations to strengthen their ability to provide ECM or CS services under CalAIM. An additional component of CalAIM funding is PATH (Providing Access and Transforming Health), which was initially earmarked solely for the Whole Person Care counties transition to CalAIM. It has been expanded so recipients can apply through the state if they are not in a Whole Person Care county. The State will request PHC provide information on each application, to ensure there is no duplicate spending on a given project. The State will be	in 2023.		

	conducting a series of webinars to explain the rollout of the five phases of PATH, which will explain requirements and how organizations can apply. **Housing and Homeless Incentive Program:** PHC is eligible for approximately $89M in funding to support housing and homeless initiatives in our service area. Margaret Kisliuk is our consultant on this project and we submitted applications for all of our counties. The State recently added some new requirements; PHC and each of the counties under their Continuity of Care Programs will be submitting a payment plan and a sustainable investment plan, due August 31st. Our advocacy group, Local Health Plans of California (LHPC), is seeking an extension of this date on behalf of all managed care plans. Grant dollars may be used for capital projects and PHC has prioritized the immediate need for more housing. It is unclear whether the funding can be used to pay for rent, based on federal rules. We are working to determine if this is a Medi-Cal expenditure or a separate incentive program. Once this is determined, we will then know if the funds may be used for rental payments **DHCS Contract "Readiness":** Ms. Bjork noted that Danielle Ogren, Director of Regulatory Affairs and Program Development, would provide a presentation on this topic later in the meeting. **General Issues** **HEDIS Score Improvement Efforts/Joint Leadership Initiative (JLI):** PHC leaders continue to conduct regularly scheduled meetings with leadership of health care provider sites in our network to support them in strengthening HEDIS performance scores. These meetings are becoming even more important as the State looks to regulate managed care plans more strongly. In some instances, there are opportunities for joint efforts to meet minimum performance levels. These JLI meetings have proven to be a critical component in ensuring these standards are achieved. **Geographic Expansion:** In anticipation of PHC's geographic expansion to 10 additional Northern California counties in January 1, 2024, we have begun the initial			

	outreach meetings with hospitals and other provider sites in these counties. These meetings are in-person at the sites, and are attended by various PHC leaders. **Medicaid and CHIP Payment and Access Commission (MACPAC) Appointment:** Ms. Bjork was recently appointed to this non-partisan federal commission which makes recommendations to Congress, the Secretary of the U.S. Department of Health and Human Services and CMS on issues affecting Medicaid and the Children's Health Insurance Program (CHIP). The first public meeting, where Ms. Bjork will be a voting commissioner, will occur next week on July 27, 2022. One of the issues that the commission will be focusing on, is the unwinding of the Public Health Emergency. The commission will subsequently advise Congress and CMS on varying aspects of the unwinding plan. California intends to also implement a carefully thought out plan, with the intention that no individual will lose their health coverage. This is the type of issues that the MACPAC will review at the July 27th meeting. Occasionally Ms. Bjork will report back to the Finance Committee with updates on MACPAC issue briefs and policy letters In regard to her MACPAC appointment, Ms. Bjork highlighted a recommendation letter from longtime Consumer Advisory Committee member, Darnice Richmond. In the letter, Ms. Richmond explained how the Consumer Advisory Committee CAC) is very important at PHC, as they represent PHC's 600,000-plus members. The CAC advises PHC on member education materials, policies and provides feedback on the member portal of the website and other issues of importance such as homelessness. Ms. Bjork expressed her appreciation to everyone who helped with the HHIP program application, especially to Ms. Nancy Starck in Humboldt County. Ms. Bjork asked Ms. Starck if she would speak more about Care Coordination from a county perspective as it seems the same population is being served through ECM.	Ms. Starck stated that Humboldt County did not receive additional funding for behavioral health. It is not just for Medi-Cal patients; it is for individuals with private insurance too. The county has		

	Ms. Bjork acknowledged Ms. Starck's concerns and stated that it will indeed require a lot of resources with all the care coordination programs being implemented. In response, Ms. Bjork stated that it is an expectedly slow roll-out. This is due in part to the many aspects of CalAIM. It is challenging to get started on the provider side due to many new program requirements for staff. Secondly, with the targeted outreach program, it takes a while to develop trust with some potential beneficiaries and to explain the benefits to them of signing up for the service/program. One may receive CS without being enrolled in ECM, but some of the CS services are on a one-time only basis therefore, we are hesitant to promote these of those services without the matching support of a care coordinator. The health centers have been key in signing up as ECM providers. PHC has a list of health centers ready to contract, but some are experiencing bandwidth issues and most importantly, workforce issues. They are developing their care teams. Finally, PHC knows that it is a slow take up for this type of program based on our experience with the Intensive Out Patient Care Management (IOPCM) program. We will provide updates as we move forward. Part of the grant opportunity requires managed care plans to show growth in the number of providers. Therefore, the	very few clinicians left working in the mental health field, and they are being assigned to the courtrooms, leaving the county health centers without clinicians for children's services or psychiatric facilities. The next appropriation hearing is in a couple of weeks and Ms. Starck believes that it will pass, but with no additional funding for the program. Ms. Starck added that once the program starts putting pressure on the system, other services will falter and will likely see backlash which is unfortunate. Ms. Starck continued to share that it is a big price tag and unrealistic due to many in the community who would like their adult children be referred to the behavioral health services, but the funding is well underestimated. Ms. Starck asked, regarding CalAIM, if PHC is getting more referrals than providers or how is the ratio working out this time. This is due to the fact that many people in Humboldt County are not aware of ECM or CS.		

	staff is focused in boosting up the FTEs that are designated to serve in ECM and CS. Otherwise, we will not be able to retain grant dollars or secure additional funding. All efforts are on meeting those goals.	Mr. Jones asked if there were any comments or questions. There were no comments or questions.		
DHCS Operational Readiness Contract **Presenter:** **Dani Ogren, Director of Regulatory Affairs/ Program Development**	Ms. Ogren stated that the Department of Health Care Services (DHCS) is requiring managed Medi-Cal plans in the State of California to enter into a new contract effective January 1, 2024. This contract added new requirements to the existing Medi-Cal contract. In an effort to demonstrate operational readiness for all of the new requirements, DHCS has kicked-off a process called the "Operational Readiness Process" which includes an operational readiness contract, as well as submissions of deliverables to demonstrate readiness from the period of August 1st, 2022 to December 31st, 2023. Health plans are required to submit deliverables to DHCS in three phases demonstrating that we have the structure and operational readiness to perform the functions and requirements effective in 2024. The requirements and the service areas under this contract are PHC's current 14 services areas, as well as the 10 proposed expansion counties. Recognizing that the Board has not provided its full approval of PHC's expansion, PHC would still need to engage in these activities for our current service areas to demonstrate readiness. The Department has requested an execution of the Operational Readiness Contract by each of the individual health plans. The resolution authorizes the CEO to execute the Operational Readiness Contract on behalf of PHC. Many COHS and associations have expressed concerns and requested clarifications on the contract verbiage to ensure health plans are only required to adhere to the plan standards effective in 2024, and not sooner or during the deliverables period. LHPC is working on a submission to DHCS to get that clarification. Once the clarification is received and the	**Action:** Decision	07/20/2022	07/20/2022

	contract is amended, Ms. Gibboney, CEO, would be authorized to sign the contract. Ms. Bjork added that it is very unusual that they want us to sign a contract to prove operational readiness prior to the new waiver. She emphasized the importance to receive clarifications on the language to ensure PHC is not responsible to implement the new requirements sooner than January 1, 2024. Ms. Dani Ogren is leading a workgroup internally to ensure that we adjust policies and procedures, add staff, etc. to be ready for January 1, 2024. Ms. Bjork replied that it does include the network adequacy. Without any financial information from the State, they want us to do the contracting and show them that we have the adequate network to serve the populations there. Ms. Bjork alluded that staff are waiting on the clarifications and ensuring that by signing the contract before the contract, PHC will not be obligated to conduct the expansion without any financial information. There is safety between the two contracts and that is what Ms. Gibboney will be looking for on the clarification from DHCS. Ms. Patti McFarland stated that the reservations from the Commissioners will assist PHC in the discussions with the State. She stated PHC can't compromise the financial health of the 14 counties in order to serve the 10 expansion counties, without the financial help from the State. Ms. Bjork stated that the 'readiness' portion of the contract still applies to the current 14 counties. We are waiting for the State to clarify if it will require PHC to move forward into those expansion counties. PHC, as a whole, has to complete the readiness assessment in order to move forward with the January 1, 2024, DHCS contract. Ms. Ogren added that, as they go through these operational readiness deliverables, we are noting what is specifically impacted or referenced with the expansion. Therefore, in the event that we don't expand, we are notating those areas as a	Ms. Starck asked for clarification if the readiness contract is about network adequacy or if it includes network adequacy for the 10 additional counties. Ms. Starck emphasized that PHC is required to sign an operational readiness contract, before a contract, without clarifications and without rates. Ms. Starck expressed her reservations, considering the Board has not been presented with any financial information around expansion of the 10 counties and the initial approval was predicated on having some financial information.		

	'draft' to the Department, and we would know which areas to modify during that time. The operational readiness contract terms on December 31, 2023. Ms. Bjork also added that when one says contract, it comes with negotiations. With this DHCS contract for January 1, 2024, there are no negotiations. Ms. Ogren, her team, and other members of PHC gave feedback, but there is no way of knowing whether it was considered. This is what is being offered for January 1st, and to serve the Medi-Cal population, that is the contract that has to be signed. However, we cannot agree to this pre-contract without an 'out' clause and force PHC to move forward into the expansion counties.	Ms. Viola Lujan asked if there was an 'out' clause of the agreement. No additional questions or comments. Ms. Powell moved to approve the resolution. Mr. Hempling seconded the motion. All voted to approve the resolution. Motion carried.		
Approve May 2022 Metrics and Financials **Presenter:** **Patti McFarland, CFO**	**Financial Performance:** This is the second to the last month of the fiscal year. We finished the month with a surplus of $1.2M, bringing the year-to-date surplus to $117.5M. **Revenue:** Year-to-date, PHC is $32.7M favorable. This is primarily due to the difference in CY 2021 rates vs. budget expectations, which are offset by acuity adjustment estimates for CY 2022 rates. DHCS will share CY 2022 rates in the first quarter of CY 2023, staff will promptly reconcile and book the difference. All other revenue is favorable by $15.5M due to the timing of the grants that ran through our P&L so far, for CalAIM and PHI. **Healthcare Costs:** PHC is favorable by $52.1M year-to-date, which is a 2% variance of the $2.7B spend so far this year. The majority of the favorability is tied to IBNR adjustments from prior periods. We plan to normalize our IBNR as we come out of these COVID waves, and get back	**Action:** Decision	07/20/2022	07/20/2000

	to using our more stabilized models, as opposed to attempting to predict waves brought on by COVID spikes. Global sub-capitation is currently over-budget. There are pending contract changes around the pharmacy carve-out component, in addition to higher supplemental payments than expected based on utilization. Healthcare Investment Fund is also over-budget. That is tied to the increase or favorability in Other Revenue tied to grants. **Administrative Costs:** We are favorable just under $12M year-to-date, primarily driven by higher vacancies than anticipated and lower occupancy costs due to delays in the implementation of capital projects. Moss Adams is currently doing their interim field work session and we are finalizing our estimates to close out the year. We mentioned in prior meetings that DHCS is currently working through the UIS and SIS complications. They have to split the two components into new aid categories dating back to the bridge period, CY 2021, 2022, and 2023. Last week the staff received the rates for the bridge period and we were able to validate that their split in the aid category was budget-neutral. Mr. Ingram stated that he has not heard about any specific dates just yet. In terms of IGTs, DHCS planned to net the differences in prior periods in the CY 2021 and CY 2022 cycles to avoid impacting participants. With the first part done on the bridge period, now they can start factoring in 2021, and when that is done, net-out the difference between the two of them. DHCS can then re-launch the CY 2021 cycle and re-do the allocation pools. Mr. Ingram deferred to Ms. McFarland if she has heard anything on the December date. Per Ms. McFarland, it was not mentioned, but is a standing agenda item. She will ask Mercer at the next meeting. Ms. McFarland added that the December date is due to CMS placing a corrective action plan on the State that has to be	Ms. Starck asked if unsatisfactory immigration status impacts the IGTs, if it will be taken back and asked if there was any indication that IGTs would be paid in December.		

	resolved by December 31, 2022. The State is working on the rates for next year, before they go back and complete the rates for this calendar year. The staff have to make some kind of assumptions to close out the fiscal year, as we don't expect to get the rates until Q1 or Q2 of calendar year 2023.	Ms. Starck moved to approve the May 2022 Financials. Seconded by Ms. Lujan. All voted to approve. Motion carried.		
III. New Business - CLOSED SESSION	1. Closed Session*: Action Pursuant to Government Code § 54957(b) – Public Employment*	**Action:** Decision Action taken as recommended by Staff.	07/20/2022	07/20/2022
Adjournment	Meeting adjourned at approximately 9:35 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:
August 17, 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:
August 17, 2022
Board Meeting Date:
August 24, 2022

Agenda Item Number:
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:

_____
Alicia Hardy, Chair

_____
Date

ATTEST:

BY: _____
Ashlyn Scott, Clerk

Finance Committee

Chief Executive Officer Update

August, 2022

DHCS & State Issues

- CalAIM/Enhanced Care Management & Community Supports – Status
- Housing and Homeless Incentive Program
- 2024 DHCS Contract "Readiness"
- Wellness & Recovery Program/Lake
- Medicare D-SNP/State Feasibility Study

General Issues:

- Phoenix/HRP – Go Live Date
- Clinical Excellence Resource Center ("CERC")
- Geographic Expansion
    - Round One/Provider Site Visits
    - State RFP process

FINANCIAL HIGHLIGHTS
Of The Partnership HealthPlan Of California
For the Period Ending June 30, 2022

Financial Analysis for the Current Period

Total (Deficit) Surplus

For the month ending June 30, 2022, PHC reported a net deficit of -$875,438, reducing the year-to- date surplus to $116.6 million. Significant variances are explained below.

Revenue

Total Revenue is lower than budget by $9.9 million for the month and greater than budget by $22.8 million for the year-to-date. The unfavorable variance for the month is due to reduction in CY 2022 rate estimates in anticipation of upcoming DHCS revenue rate decreases. 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 and true-up for the Indian Health Service programs. 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 $4.3 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 $19.4 million for the month and $71.5 million for the year-to-date. Long Term Care and Inpatient Hospital FFS are collectively $81.1 million favorable for the year-to-date due to prior period IBNR adjustments and lower than budgeted expenses. Hospital Stop- Loss is $20.9 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 $12.9 million favorable for the year-to-date due to prior period IBNR adjustments. PCP, ancillary, and hospital capitation expenses are collectively $11.2 million favorable for the year-to-date due to lower than budgeted expenses. Transportation expense is $12.2 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 $13.4 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 $30.1 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 greater than budget by $4.4 million for the year-to-date. The year-to-date positive variances in Occupancy and Operational expenses are primarily due to planned capital projects that are in progress or have been deferred to the next fiscal year. The negative year-to-date variance in professional services relates to continuing costs associated with system resumption.

FINANCIAL HIGHLIGHTS
Of The Partnership HealthPlan Of California
For the Period Ending June 30, 2022

Balance Sheet

Total Cash & Cash Equivalents increased by $6.1 million for the month. $267.3 million in State Capitation payments – including $5.4 million in Behavioral Incentive payments – and $2.5 million in Drug Medi-Cal payments were received during the month; in addition, $0.9 million in transfers between cash and Board Designated Reserves were recorded during the month. These payments were offset by $248.5 million in healthcare cost payments, $2.3 million in Drug Medi-Cal payments, and $14.4 million in administrative and capital costs. The remaining difference can be attributed to interest and other revenues.

General Statistics

Membership

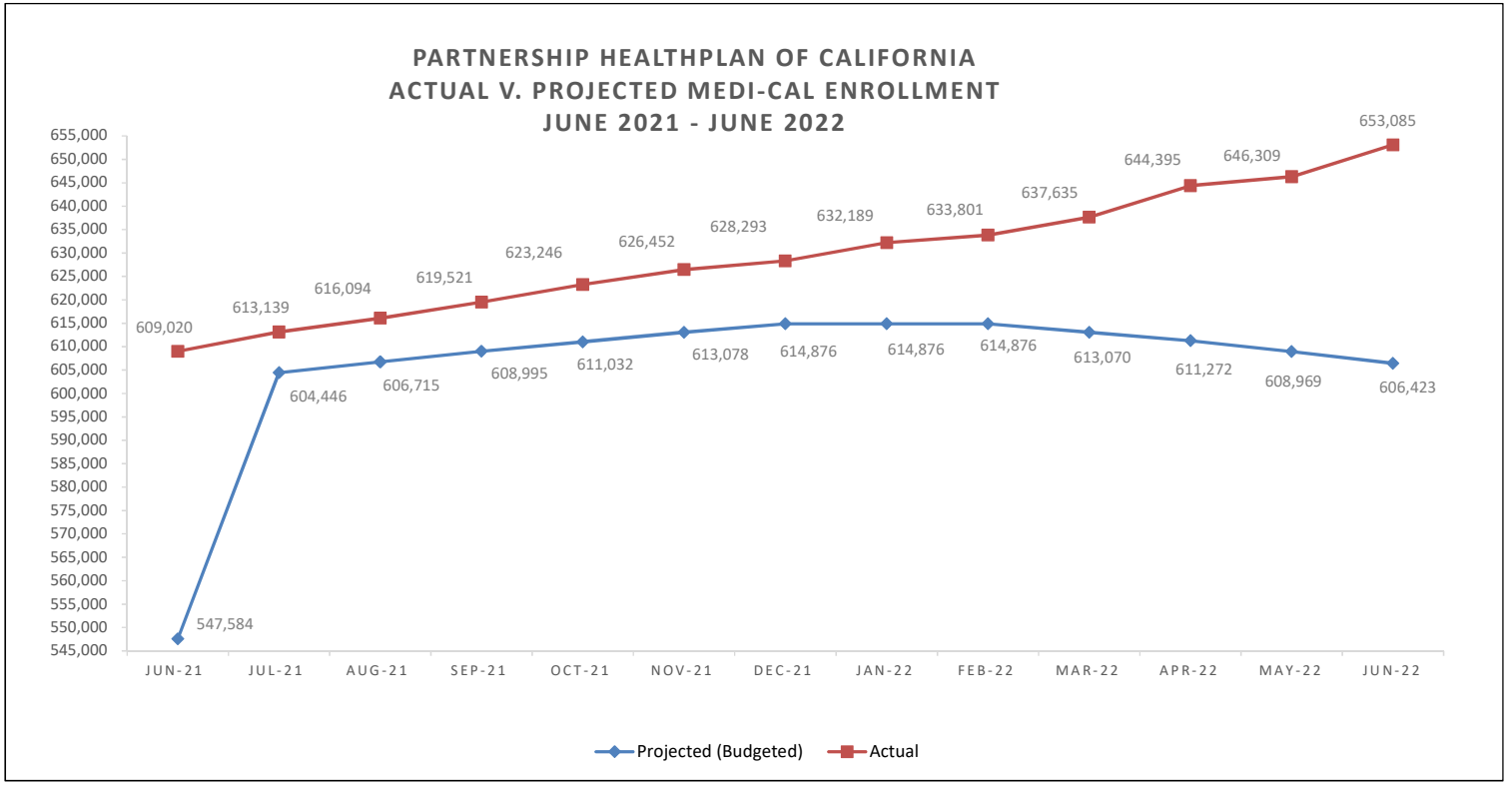
Membership had a total net increase of 2,774 members for the month.

Utilization Metrics and High Dollar Case

For the fiscal year 2021/22 through June 30, 2022, 452 members reached the $250,000 threshold with an average cost of $456,067. 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 / Days of Cash on Hand

Current Ratio	**1.28**
Days of Cash on Hand	**78.07**



Member Months by County:

County	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
Solano	120,997	121,963	122,560	123,349	124,247	125,202	125,748	126,876	127,721	128,602	130,389	130,408	132,152
Napa	31,532	31,637	31,786	31,879	31,874	32,186	32,223	32,566	32,447	32,696	33,096	33,622	33,994
Yolo	55,623	56,116	56,290	56,687	57,644	58,371	58,386	58,531	58,770	59,008	59,247	59,768	60,067
Sonoma	116,329	117,149	118,045	118,578	119,138	119,850	120,345	121,061	121,635	122,221	123,035	124,906	125,724
Marin	43,322	43,642	43,883	44,239	44,637	44,731	44,833	45,288	45,344	45,716	46,275	47,488	48,025
Mendocino	38,504	38,627	38,773	38,942	39,128	39,272	39,266	39,507	39,422	39,655	40,143	39,955	40,422
Lake	32,605	32,826	32,933	33,083	33,137	33,281	33,340	33,552	33,537	33,682	33,892	34,005	34,202
Del Norte	12,069	12,089	12,147	12,138	12,175	12,166	12,271	12,233	12,245	12,323	12,378	12,331	12,415
Humboldt	57,052	57,391	57,547	57,895	58,203	58,217	58,347	58,779	58,818	59,127	59,837	59,059	59,637
Lassen	8,002	8,045	8,129	8,186	8,189	8,264	8,343	8,413	8,383	8,459	8,616	8,474	8,631
Modoc	3,708	3,760	3,761	3,785	3,809	3,803	3,820	3,871	3,883	3,896	3,981	3,887	3,976
Shasta	65,653	66,074	66,323	66,734	66,922	67,042	67,225	67,304	67,413	67,990	68,974	68,078	69,215
Siskiyou	18,506	18,691	18,733	18,826	18,926	18,830	18,859	18,921	18,911	18,900	19,094	18,865	19,120
Trinity	5,118	5,129	5,184	5,200	5,217	5,237	5,287	5,287	5,272	5,360	5,438	5,463	5,505
All Counties Total	**609,020**	**613,139**	**616,094**	**619,521**	**623,246**	**626,452**	**628,293**	**632,189**	**633,801**	**637,635**	**644,395**	**646,309**	**653,085**

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	Jun-22	YTD	Avg / Month As of Jun-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	653,187	7,574,683	688,608
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	257,635,957	3,309,525,408	300,865,946
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	215,149,379	2,874,082,801	261,280,255
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	29,507,853	152,548,260	13,868,024
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	13,854,163	166,250,000	15,113,636
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	(875,438)	116,644,347	10,604,031
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	457,967,956	457,967,956	536,004,151
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	767,275,211	767,275,211	722,528,014
Reserved Funds														
State Financial Performance Guarantee	-	-	-	-	-	-	-	-	-	-	-	547,630,000	547,630,000	45,635,833
State Financial Performance Guarantee - 2024 Expansion Counties	-	-	-	-	-	-	-	-	-	-	-	168,159,000	168,159,000	14,013,250
State Required Reserves	102,368,056	105,893,648	103,703,232	103,061,873	104,622,613	105,274,263	101,599,402	101,205,061	100,276,930	97,507,282	98,770,865	98,186,315	98,186,315	101,872,462
Reserve Fund - Additional Required Reserves	316,541,291	315,879,635	319,469,942	321,526,405	323,304,964	326,844,173	328,526,038	328,039,443	325,955,437	322,661,997	319,373,344	-	-	295,676,889
Board Approved Infrastructure and Capital Purchases	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	60,383,581	60,383,581	18,781,965
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	107,920,578	107,920,578	106,630,897
Strategic Use Of Reserve-Board Approved Community Reinvestments	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	73,687,186	73,687,186	75,902,638
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	(288,691,449)	(288,691,449)	64,014,079
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%	72.66%	72.66%	109.72%
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	1.28:1	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%	83.60%	91.32%	91.32%
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%	11.47%	4.85%	4.85%
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%	-0.34%	3.52%	3.52%

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
Membership and Financial Summary
For The Period Ending June 30, 2022

CURRENT MONTH	PRIOR MONTH	INC / DEC	MEMBERSHIP SUMMARY	CURRENT YTD AVG	PRIOR YTD AVG	VARIANCE
653,187	650,413	2,774	**Total Membership**	631,224	585,154	46,070

ACTUAL MONTH	BUDGET MONTH	$ VARIANCE MONTH	FINANCIAL SUMMARY	ACTUAL YTD	BUDGET YTD	$ VARIANCE YTD
257,635,957	267,533,847	(9,897,890)	**Total Revenue**	3,309,525,408	3,286,742,448	22,782,960
215,149,379	234,538,221	19,388,842	**Total Healthcare Costs**	2,874,082,801	2,945,536,973	71,454,172
29,507,853	13,267,237	(16,240,616)	**Total Administrative Costs**	152,548,260	148,192,985	(4,355,275)
13,854,163	14,816,261	962,098	**Medi-Cal Managed Care Tax**	166,250,000	171,800,004	5,550,004
(875,438)	**4,912,128**	**(5,787,566)**	**Total Current Year Surplus (Deficit)**	**116,644,347**	**21,212,486**	**95,431,861**
83.60%	92.81%		**Medical Loss Ratio (HC Costs as a % of Rev, excluding Managed Care Tax)**	91.32%	94.56%	
11.47%	5.25%		**Admin Ratio (Admin Costs as a % of Rev, excluding Managed Care Tax)**	4.85%	4.76%	

PARTNERSHIP HEALTHPLAN OF CALIFORNIA
Balance Sheet
As Of June 30, 2022

	June 2022	May 2022
A S S E T S		
Current Assets		
Cash &Cash Equivalents	**791,201,036**	**785,132,989**
Receivables		
Accrued Interest	148,300	122,500
State DHS - Cap Rec	179,579,723	185,122,282
Other Healthcare Receivable	14,239,587	16,226,803
Miscellaneous Receivable	2,726,767	6,266,711
Total Receivables	**196,694,377**	**207,738,296**
Other Current Assets		
Payroll Clearing	(3,594)	21,178
Prepaid Expenses	5,434,249	4,156,451
Total Other Current Assets	**5,430,655**	**4,177,629**
Total Current Assets	**993,326,068**	**997,048,914**
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	20,509,972	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	31,104,018
Accum Depr - Motor Vehicles	(146,694)	(145,681)
Accum Depr - Furniture	(7,114,974)	(7,086,263)
Accum Depr - Comp Equip - HP	(541,886)	(541,886)
Accum Depr - Comp Equipment	(19,778,686)	(19,577,421)
Accum Depr - Comp Software	(19,343,670)	(19,223,838)
Accum Depr - Leasehold Improvements	(962,374)	(962,374)
Accum Depr - Building	(9,179,588)	(9,060,075)
Accum Depr - Bldg Improvements	(9,647,601)	(9,478,481)
Construction Work-In-Progress	30,431,107	29,889,568
Total Fixed Assets	**107,920,577**	**107,962,011**
Other Non-Current Assets		
Deposits	62,730	64,230
Board-Designated Reserves	431,934,563	432,844,210
Knox-Keene Reserves	300,000	300,000
Prepaid - Other Non-Current	3,065,377	2,479,018
Net Pension Asset	7,231,258	7,231,258
Deferred Outflows Of Resources	930,354	930,354
Total Other Non-Current Assets	**443,524,282**	**443,849,070**
Total Non-Current Assets	**551,444,859**	**551,811,081**

PARTNERSHIP HEALTHPLAN OF CALIFORNIA
Balance Sheet
As Of June 30, 2022

	June 2022	May 2022
Total Assets	**1,544,770,927**	**1,548,859,995**
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	139,089,922	120,865,199
Unearned Income	24,283,031	23,122,898
Suspense Account	2,088,595	4,043,776
Capitation Payable	22,372,573	27,406,783
State DHS - Cap Payable	32,633,113	32,633,113
Accrued Healthcare Costs	9,749,643	6,676,697
Claims Payable	94,200,417	58,880,387
Incurred But Not Reported-IBNR	363,767,539	422,551,182
Quality Improvement Programs	87,525,942	82,744,371
Total Current Liabilities	**775,710,775**	**778,924,406**
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	**777,495,716**	**780,709,347**
Fund Balance		
Unrestricted Fund Balance	**(288,691,449)**	**153,300,821**
Reserved Funds		
Reserve Fund-State Financial Performance Guarantee	547,630,000	319,373,344
Reserve Fund-State Financial Performance Guarantee - Expansion Counties	168,159,000	-
Reserve Fund-DMHC TNE Requirement	97,886,315	98,470,865
Reserve Fund-Knox-Keene Requirement	300,000	300,000
Reserve Fund-Board Approved Capital and Infrastructure Purchases	60,383,581	15,000,000
Reserve Fund-Capital Assets	107,920,578	107,962,012
Reserve Fund-Strategic Use Of Reserve-Board Approved Community Reinvestments	73,687,186	73,743,606
Total Reserved Funds	**1,055,966,660**	**614,849,827**
Total Fund Balance	**767,275,211**	**768,150,648**
Total Liabilities And Fund Balance	**1,544,770,927**	**1,548,859,995**

PARTNERSHIP HEALTHPLAN OF CALIFORNIA
Statement of Cash Flow
For The Period Ending June 30, 2022

	Current Month Activity	Year-To-Date Activity
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received From:		
Capitation from California Department of Health Care Services	267,333,162	3,927,568,582
Other Revenues	47,063	22,636,004
Cash Payments to Providers for Medi-Cal Members		
Capitation Payments	(47,796,913)	(522,346,928)
Medical Claims Payments	(200,719,429)	(2,376,145,675)
Drug Medi-Cal		
DMC Receipts from Counties	2,466,782	23,094,052
DMC Payments to Providers	(2,331,435)	(26,073,672)
Cash Payments to Vendors	(1,761,409)	(630,182,965)
Cash Payments to Employees	(11,866,619)	(108,474,162)
Net Cash (Used) Provided by Operating Activities	**5,371,202**	**310,075,236**
CASH FLOWS FROM CAPITAL FINANCING & RELATED ACTIVITIES:		
Purchases of Capital Assets	(794,936)	(13,111,120)
Net Cash Used by Capital Financial & Related Activities	**(794,936)**	**(13,111,120)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Board-Designated Reserve Transfers	909,647	(7,840,634)
Interest and Dividends on Investments	582,134	1,417,854
Net Cash (Used) Provided by Investing Activities	**1,491,781**	**(6,422,780)**
NET (DECREASE) INCREASE IN CASH & CASH EQUIVALENTS	**6,068,047**	**290,541,336**
CASH & CASH EQUIVALENTS, BEGINNING	**785,132,989**	**500,659,700**
CASH & CASH EQUIVALENTS, ENDING	**791,201,036**	**791,201,036**
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
TOTAL OPERATING (LOSS) INCOME	**(1,483,372)**	**115,166,294**
DEPRECIATION	**639,454**	**9,265,763**
CHANGES IN ASSETS AND LIABILITIES:		
Other Receivables	5,527,163	(1,167,591)
California Department of Health Services Receivable	5,542,560	112,903,424
Other Assets	(1,640,968)	(504,444)
Accounts Payable and Accrued Expenses	15,468,407	48,143,549
Accrued Claims Payable	(23,463,613)	(1,060,430)
Quality Improvement Programs	4,781,571	27,328,671
Net Cash Provided (Used) by Operating Activities	**5,371,202**	**310,075,236**

PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Statement of Revenues and Expenses
For The Period Ending June 30, 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
653,187	**653,187**	**-**			**TOTAL MEMBERSHIP**	**7,574,683**	**7,574,683**	**-**		
					REVENUE					
255,549,066	267,317,597	(11,768,531)	391.23	409.25	State Capitation Revenue	3,285,782,331	3,280,109,976	5,672,355	433.78	433.04
607,934	101,583	506,351	0.93	0.16	Interest Income	1,478,053	1,218,996	259,057	0.20	0.16
1,478,957	114,667	1,364,290	2.26	0.18	Other Revenue	22,265,024	5,413,476	16,851,548	2.94	0.71
257,635,957	**267,533,847**	**(9,897,890)**	**394.42**	**409.59**	**TOTAL REVENUE**	**3,309,525,408**	**3,286,742,448**	**22,782,960**	**436.92**	**433.91**
					HEALTHCARE COSTS					
17,110,665	17,941,785	831,120	26.20	27.47	Global Subcapitation	256,487,219	226,370,578	(30,116,641)	33.86	29.89
2,359,510	2,605,992	246,482	3.61	3.99	Capitated Medical Groups	28,131,570	29,873,346	1,741,776	3.71	3.94
					Physician Services					
5,288,591	6,457,385	1,168,794	8.10	9.89	PCP Capitation	71,795,448	74,626,751	2,831,303	9.48	9.85
216,442	214,213	(2,229)	0.33	0.33	Specialty Capitation	2,485,997	2,448,955	(37,042)	0.33	0.32
34,971,542	36,684,824	1,713,282	53.54	56.16	Non-Capitated Physician Services	408,714,088	423,360,178	14,646,090	53.96	55.89
40,476,575	**43,356,422**	**2,879,847**	**61.97**	**66.38**	**Total Physician Services**	**482,995,533**	**500,435,884**	**17,440,351**	**63.77**	**66.06**
					Inpatient Hospital					
17,307,544	18,761,797	1,454,253	26.50	28.72	Hospital Capitation	206,353,479	214,586,273	8,232,794	27.24	28.33
44,541,850	61,365,052	16,823,202	68.19	93.95	Inpatient Hospital - FFS	643,788,355	719,619,084	75,830,729	84.99	95.00
850,000	2,015,194	1,165,194	1.30	3.09	Hospital Stoploss	2,000,939	22,857,970	20,857,031	0.26	3.02
62,699,394	**82,142,043**	**19,442,649**	**95.99**	**125.76**	**Total Inpatient Hospital**	**852,142,773**	**957,063,327**	**104,920,554**	**112.49**	**126.35**
33,722,923	30,639,044	(3,083,879)	51.63	46.91	Long Term Care	387,085,316	392,402,212	5,316,896	51.10	51.80
645	-	(645)	-	-	Pharmacy	183,589,558	178,908,641	(4,680,917)	24.24	23.62
					Ancillary Services					
1,073,536	1,017,141	(56,395)	1.64	1.56	Ancillary Services - Capitated	11,625,028	11,764,547	139,519	1.53	1.55
44,172,357	41,252,963	(2,919,394)	67.63	63.16	Ancillary Services - Non-Capitated	468,820,035	467,036,400	(1,783,635)	61.89	61.66
45,245,893	**42,270,104**	**(2,975,789)**	**69.27**	**64.72**	**Total Ancillary Services**	**480,445,063**	**478,800,947**	**(1,644,116)**	**63.42**	**63.21**
					Other Medical					
2,286,917	2,599,822	312,905	3.50	3.98	Quality Assurance	26,231,980	30,147,255	3,915,275	3.46	3.98
1,691,360	1,195,318	(496,042)	2.59	1.83	Healthcare Investment Funds	29,322,787	15,943,812	(13,378,975)	3.87	2.10
94,357	111,417	17,060	0.14	0.17	Advice Nurse	1,028,757	1,337,004	308,247	0.14	0.18
4,187	9,533	5,346	0.01	0.01	HIPP Payments	46,176	114,396	68,220	0.01	0.02
2,244,303	4,465,841	2,221,538	3.44	6.84	Transportation	63,281,019	51,109,921	(12,171,098)	8.35	6.75
6,321,124	**8,381,931**	**2,060,807**	**9.68**	**12.83**	**Total Other Medical**	**119,910,719**	**98,652,388**	**(21,258,331)**	**15.83**	**13.03**
7,212,650	7,200,900	(11,750)	11.04	11.02	Quality Improvement Programs	83,295,050	83,029,650	(265,400)	11.00	10.96
215,149,379	**234,538,221**	**19,388,842**	**329.39**	**359.08**	**TOTAL HEALTHCARE COSTS**	**2,874,082,801**	**2,945,536,973**	**71,454,172**	**379.42**	**388.86**
					ADMINISTRATIVE COSTS					
14,121,427	8,087,046	(6,034,381)	21.62	12.38	Employee	92,118,172	91,972,493	(145,679)	12.16	12.14
47,397	83,019	35,622	0.07	0.13	Travel And Meals	261,600	657,081	395,481	0.03	0.09
1,022,465	1,860,907	838,442	1.57	2.85	Occupancy	13,330,296	20,251,774	6,921,478	1.76	2.67
393,120	590,955	197,835	0.60	0.90	Operational	3,169,580	5,158,388	1,988,808	0.42	0.68
12,956,887	1,773,273	(11,183,614)	19.84	2.71	Professional Services	32,807,013	19,745,699	(13,061,314)	4.33	2.61
966,557	872,037	(94,520)	1.48	1.34	Computer And Data	10,861,599	10,407,550	(454,049)	1.43	1.37
29,507,853	**13,267,237**	**(16,240,616)**	**45.18**	**20.31**	**TOTAL ADMINISTRATIVE COSTS**	**152,548,260**	**148,192,985**	**(4,355,275)**	**20.13**	**19.56**
13,854,163	14,816,261	962,098	21.21	22.68	Medi-Cal Managed Care Tax	166,250,000	171,800,004	5,550,004	21.95	22.68
(875,438)	**4,912,128**	**(5,787,566)**	**(1.36)**	**7.52**	**TOTAL CURRENT YEAR SURPLUS (DEFICIT)**	**116,644,347**	**21,212,486**	**95,431,861**	**15.42**	**2.81**

PARTNERSHIP HEALTHPLAN OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 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.

BOARD-DESIGNATED RESERVES:
As of June 2022, PHC has Board-Designated Reserves of $874.4 million, which includes $0.3 million of Knox-Keene Reserves. 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 June 2022, PHC has accrued a Quality Incentive Program payout of $87.5 million.

PARTNERSHIP HEALTHPLAN OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 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

As part of the financial year-end analysis, additional true-ups were recorded in administrative costs primarily pertaining to the continuing costs associated with system resumption.

Partnership HealthPlan of California
Investment Schedule
June 30, 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	$ 1,531,798	$ 1,531,798	NA	NR
US Treasury Note for Knox Keene	Cash & Cash Equiv	0.01375	1/11/2022	1/31/2025	NA	$ 300,000	$ 303,281	$ 287,730	NA	NR
FUNDS HELD FOR OPERATIONS:										
Merrill Lynch Institutional	Cash for Operations	NA	NA	NA	NA	NA	NA	$ 66,692,542		
Merrill Lynch MMA - Checking	Cash for Operations	NA	NA	NA	NA	NA	NA	$ 111,363		
UB - General, MMA, and Sweeps	Cash for Operations	NA	NA	NA	NA	NA	NA	$ 1,039,007,047		
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	$ 40,625,867		
West America Payroll	Cash for Operations	NA	NA	NA	NA	NA	NA	$ 163,681		
Petty Cash	Cash for Operations	NA	NA	NA	NA	NA	NA	$ 3,300		
GRAND TOTAL:								$ 1,223,423,328		

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	607,934	1,478,054
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	791,201,036	656,726,212
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%	0.93%	
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%	0.23%	
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%	0.86%	

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