

**Joint Meeting of the San Francisco Health Authority
and the San Francisco Community Health Authority**

Governing Board Agenda

Wednesday, June 8, 2022, 12:00 p.m. – 2:00 p.m.

SPECIAL NOTICE: Coronavirus COVID-19

Due to the COVID-19 public health emergency and in accordance with Governor Newsom’s Executive Order N-29-20, San Francisco Health Authority and San Francisco Community Health Authority Governing Board Members will be attending this meeting via teleconference. The meeting will be closed to in-person public attendance. This precaution is being taken to protect members of the Governing Board, staff, and the public. All Board members will attend the meeting telephonically and will participate in the meeting to the same extent as if they were present.

Members of the Governing Board and public may connect to the meeting with the Microsoft Teams link below:

[Click here to join the meeting](#) (Microsoft Teams link)

Or call in (audio only): [1 323-475-1528](tel:13234751528)

Phone Conference ID: 202 459 727#

All votes in a teleconferenced meeting shall be conducted by roll call.

*****OPEN SESSION*****

Public Comment on any matters within SFHA/SFCHA purview

1. (V) Approval of Consent Calendar
 - a. Review and Approval of Minutes from the Special May 2, 2022 and May 4, 2022 Board Meetings
 - b. Findings and Resolution 2022-09 That Establish the State of Emergency Continues to Impact the Ability of Governing Board and Committee Members to Meet Safely in Person and/or State or Local Officials Continue to Recommend Measures to Promote Social Distancing
2. (D) CEO Report (Yolanda R. Richardson)
3. (V) Review and Approval of Year-to-Date Unaudited Financial Statements and Investment Reports (Skip Bishop and Rand Takeuchi)
4. (V) Review and Approval of Combined Budget for San Francisco Health Authority and San Francisco Community Health Authority for Fiscal Year 2022-23 (Skip Bishop, Rand Takeuchi and Yolanda R. Richardson)
5. (V) Review and Approval of SFHP FY 2022-23 Organizational Goals and Success Criteria Measures (Yolanda R. Richardson)

6. (V) Review and Approval of Practice Improvement Program (PIP) Funding for FY 2022-23 (Yolanda R. Richardson)
7. (V) Review and Approval CalPERS Salary Schedule (Kate Gormley)
8. (D) Federal and State Policy Report - (Sumi Sousa)
9. (D) New Medi-Cal Managed Care Populations Effective January 1, 2023 (Skip Bishop)
10. (D) Member Advisory Committee (MAC) Report (Maria Luz Torre & Irene Conway)

*****CLOSED SESSION*****

11. (D) Public Employee Release
Pursuant to Government Code Section 54957

*****OPEN SESSION*****

12. (D) Report on Closed Session Action Items (Chair)
13. Adjourn

The San Francisco Health Authority and San Francisco Community Health Authority will meet concurrently.

(V) Denotes An Action Item Requiring A Vote (D) Denotes A Discussion Item

Please Note These Upcoming SFHA/SFCHA Meetings:

- Quality Improvement Committee: June 9, 2022 (7:30 a.m. – 9:00 a.m.)
- Member Advisory Committee: June 10, 2022 (1:00 p.m. – 3:00 p.m.)
- Special Governing Board: July 8, 2022 (12:00 p.m. – 12:10 p.m.)
- Special Governing Board: August 8, 2022 (12:00 p.m. – 12:10 p.m.)
- Finance Committee: September 7, 2022 (11:00 a.m. – 12:00 p.m.)
- Governing Board: September 7, 2022 (12:00 p.m. – 2:00 p.m.)
- Member Advisory Committee: September 9, 2022 (1:00 p.m. – 3:00 p.m.)

Please note that members of the public will be allowed to make public comments. If a person wishes to make a public comment during the meeting, they may either 1) use Microsoft Teams and will have the option to notify San Francisco Health Plan (SFHP) staff by alerting them via the “Chat” function or they can 2) contact SFHP staff via email at vhuggins@sfhp.org, in which staff would read the comment aloud during the public comment period. Public comments will be limited to two (2) minutes per comment.

If you plan to attend, please contact Valerie Huggins at (415) 615-4235.

If you plan to attend and need to request disability-related modification or accommodation, including auxiliary aids or services, in order to participate in the public meeting, please contact Valerie Huggins at (415) 615-4235.

Agenda Item 1

Action Item

Approval of Consent Calendar:

- a. Minutes from May 2, 2022 Special Board Meeting and May 4, 2022 Board Meeting
- b. Findings and Resolution 2022-09 That Establish the State of Emergency Continues to Impact the Ability of Governing Board and Committee Members to Meet Safely in Person and/or State or Local Officials Continue to Recommend Measures to Promote Social Distancing



MEMO

| | |
|------------------|--|
| Date | June 1, 2022 |
| To | SFHP Governing Board |
| From | Yolanda R. Richardson, CEO |
| Regarding | Consent Calendar Items for Approval |

Consent Calendar

All matters listed hereunder constitute a Consent Calendar and are considered to be routine by the Governing Board of the San Francisco Health Authority and San Francisco Community Health Authority Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

Item 1a. Recommendation to Approve Board Minutes

It is recommended that the Governing Board approve the minutes from the Special Governing Board meeting held on May 2, 2022 for compliance with AB 361 and Governing Board meeting on May 4, 2022. The minutes are attached for review.

Item 1b. Findings and Resolution That Establish the State of Emergency Continues to Impact the Ability of Governing Board and Committee Members to Meet Safely in Person and/or State or Local Officials Continue to Impose or Recommend Measures to Promote Social Distancing.

It is recommended the Governing Board approve the findings and proposed Resolution 2022-09 that establish the continued state of emergency that impacts the ability of Governing Board and Committee members to meet safely in person and State and local officials continue to recommend measures to promote public safety. Findings report and Resolution 2022-09 are attached for review.

Agenda Item 1

Action Item

Approval of Consent Calendar:

- a. Minutes from May 2, 2022 Special Board Meeting and May 4, 2022 Board Meeting



**Joint San Francisco Health Authority/San Francisco Community Health Authority
Governing Board Meeting
May 2, 2022
Meeting Minutes**

Chair: Steven Fugaro, MD
Vice-Chair: Roland Pickens, MHA, FACHE
Secretary-Treasurer: Reece Fawley

Members

Present: Irene Conway, Reece Fawley, Steve Fields, Maria Luz Torre, Roland Pickens, MHA, FACHE, Greg Wagner, Joseph Woo, MD, and Jian Zhang, DNP, MS, FNP-BC

Members

Absent: Dale Butler, Eddie Chan, PharmD, Steven Fugaro, MD, and Emily Webb

Due to the ongoing COVID-19 public health emergency and in accordance with Governor Newsom's Executive Order N-29-20, San Francisco Health Authority and San Francisco Community Health Authority Governing Board Members attended this meeting via teleconference. The meeting was closed to in-person public attendance, but the conference line information was provided on the publicly posted agenda. This precaution was taken to protect members of the Governing Board, staff, and the public. All Board members, staff members and public attended the meeting via video conference.

Roland Pickens, Vice-Chair, called the meeting to order. He asked if there was anyone from the public in attendance and if there were any public comments. There were no public guests or comments.

1. Approval of Findings and Resolution 2022-06 That the State of Emergency Continues to Impact the Ability of Governing Board and Committee Members to Meet Safely in Person and/or State or Local Officials Continue to Impose or Recommend Measures to Promote Social Distancing

Recommendation: SFHP recommends the Governing Board adopt Resolution No. 2022-06 to authorize the continued use of remote teleconferencing pursuant to Government Code section 54953(e) ("AB 361") for a period of thirty (30) days. SFHP recommended that the Governing Board continue to meet to make the findings required by AB 361 no later than every thirty (30) days thereafter.

Nina Maruyama, Chief Officer, Compliance and Regulatory Affairs, reviewed with the Board the finding that the public health emergency continues to exist, and State and local public health officials continue to recommend social distancing

and masking for safety. She reviewed Resolution 2022-06, which is necessary to comply with AB 361 and authorizes the continued use of remote teleconferencing pursuant to Government Code section 54953(e) for a period of thirty (30) days.

She stated SFHP recommends that the Governing Board approve Resolution 2022-006 and continue to establish the findings required by AB 361 at least every thirty (30) days.

The Board unanimously approved the findings and Resolution 2022-06 that the state of emergency continues to impact the ability of Governing Board and Committee members to meet safely in person and State and local officials continue to impose or recommend measures to promote social distancing.

2. Adjourn

Mr. Pickens adjourned the meeting.

Reece Fawley, Secretary/Treasurer



**Joint San Francisco Health Authority/San Francisco Community Health Authority
Governing Board
May 4, 2022
Meeting Minutes**

Chair: Steven Fugaro, MD
Vice-Chair: Roland Pickens, MHA, FACHE
Secretary-Treasurer: Reece Fawley

Members

Present: Eddie Chan, PharmD, Irene Conway, Reece Fawley, Steven Fugaro, MD, Roland Pickens, MHA, FACHE, Greg Wagner, Emily Webb, and Joseph Woo, MD

Members

Absent: Dale Butler, Steve Fields, Maria Luz Torre, and Jian Zhang, DNP, MS, FNP-BC

Due to the ongoing COVID-19 public health emergency and in accordance with Governor Newsom's Executive Order N-29-20, San Francisco Health Authority and San Francisco Community Health Authority Governing Board Members attended this meeting via teleconference. The meeting was closed to in-person public attendance, but the conference line information was provided on the publicly posted agenda. This precaution was taken to protect members of the Governing Board, staff, and the public. All Board members, staff members and public attended the meeting via video conference.

Steven Fugaro, MD, Chair, called the meeting to order. He asked if there was anyone from the public in attendance and if there were any public comments. In attendance from the public was Eunice Majam-Simpson, SFHP's counsel with DSR Health Law, Deneen Hadley, with UCSF, Deena Lahn, with San Francisco Community Clinic Consortium, Paul Sigle and Mike Taila, with City National Rochdale. There were no public comments.

Dr. Fugaro then welcomed Yolanda R. Richardson to her first Board meeting. In addition, he introduced and welcomed Dr. Joseph Woo to the Board as a new Board member.

1. Approval of Consent Calendar

The following Board items were on the consent calendar for the Board's approval:

- a. Approval of Minutes from March 2, 2022 Governing Board Meeting
- b. Approval of Quality Improvement Committee Minutes (QIC)
- c. Approval of Provider Credentialing and Recredentialing Recommendations for Participation in the SFHP Network
- d. Findings and Resolution 2022-07 That Establish the State of Emergency Continues to Impact the Ability of Governing Board and Committee Members to Meet Safely in Person and/or State or Local Officials Continue

to Impose or Recommend Measures to Promote Social Distancing

The Board unanimously approved the consent calendar without any issues.

2. CEO Report – Highlighted items – Next Chapter of SFHP, Return-to-Office Updates, and Operational Updates

Yolanda R. Richardson, CEO, presented her CEO report to the Board. (Detailed memo provided in the Board packet.) Ms. Richardson stated she had the honor of being the CEO for a little over 30 days. Since her start on March 31, 2022, she states she has been on a journey of learning and discovery of the amazing work that is performed daily by very passionate and mission driven staff. She is thrilled to have the opportunity to lead the next chapter of SFHP and build on the Plan's successes.

She will build on the Plan's gains in universal health care, health policy and delivery. SFHP has and can continue to serve as a laboratory for change as evidenced by SFHP's role in Healthy San Francisco, childhood immunization rates, quality scores and the COVID-19 vaccination rates for Medi-Cal members in San Francisco. This will be achieved through implementing a deliberate and strategic method of applying knowledge and data supported principles, evidence-based decision making at every level of the organization and maximizing our efforts with a focus on successful outcomes.

Ms. Richardson will build on existing partnerships and cultivate new external alliances to inspire innovation and position SFHP to improve the lives of SFHP members and influence change more broadly. This will be achieved through two-way communication and regular evaluation to ensure collaborations are effective and impactful.

She will also build on internal, individual capacity to provide the support and flexibility the Plan needs to balance the implementation of new requirements with opportunities to fulfill our mission and vision in new ways. This will be achieved by incorporating leadership development and succession planning activities into the culture of SFHP.

Ms. Richardson expressed her excitement with starting her journey at SFHP and is looking forward to partnering with the Board to achieve the vision for the future of SFHP together.

Ms. Richardson then talked about one of her primary goals to implement a long-term remote work policy. With the Executive Team and staff input, considering actions taken by sister plans, and changes in work culture and process, Mr. Richardson understands the importance of this decision and intends to be thoughtful about how to proceed. With that in mind, she informed the Board that SFHP will be extending the current remote policy until December 31, 2022. This will allow additional time to develop the best long-term policy using the list of considerations as a guide:

- How do we build high functioning and high performing teams in a remote work environment?
- How do we provide an equitable work environment in a hybrid work environment?
- How does remote work support our values in supporting the health and welfare of SFHP employees?
- How does the current policy support our fiduciary responsibility?
- How does the current policy illustrate our commitment to the community?

Ms. Richardson stated she will inform the Board of her plan at the September 2022 meeting.

Next, Ms. Richardson reviewed that at the February 5, 2022 Board meeting, the Board approved the resolution to allow Mr. Grgurina to work with SFHP as a retired annuitant. Mr. Grgurina has been representing the Plan with the Local Health Plans of California at the Department of Health Care Services (DHCS) Small Rate Workgroup, Quality Rates, and medical loss ratio (MLR) Workgroups. Ms. Richardson stated that she and Mr. Grgurina anticipate his role will be able to wind down by the end of June.

Ms. Richardson then introduced two key members of the SFHP leadership team in Health Services, Eddy Ang, MD, MPH, Senior Medical Director and Hanan Obeidi the Vice President, Health Services Programs.

Dr. Ang started on March 24, 2022 and has over 10 years of experience as a physician, with a variety of health plan and practice experiences. His most recent position was as the Medical Director of Blue Shield of California Promise Health Plan, which served Medi-Cal and dual eligible. Dr. Ang was also an attending physician at UCLA during this time. Prior to these experiences, he was the Medical Director at Alta Med and Associate Medical Director at Beth Israel Deaconess Medical Center. He is board certified in Family Medicine and Geriatric Medicine. In the short time Dr Ang has been with SFHP, his leadership and skills are already making significant contributions in the provision of health care services to our members.

Ms. Obeidi started on April 25, 2022 and comes to SFHP from LA Care, where she had been since 2012. In Ms. Obeidi's most recent role as Senior Director of Medi-Cal, she was responsible for the planning and implementation of Medi-Cal strategic initiatives that impacted LA Care's two million Medi-Cal members. She led a team focused on CalAIM, including implementation of Enhanced Care Management and Community Supports. She also developed practices to support benefits administration and Medi-Cal member retention. Ms. Obeidi has a background in public health and epidemiology and is passionate about improving access to care and health outcomes underserved communities.

Both were hired after several months of a rigorous and thoughtful search process and were selected from several excellent candidates. SFHP is privileged to have both individuals join our Health Services team.

Ms. Richardson then stated that as she shared with them on April 26, 2022, Dr. Fiona Donald, CMO, has taken a leave of absence and will be out for several months. The entire SFHP organization wishes her well. We are very fortunate to have Dr. Ang assume the duties of Chief Medical Officer while we start an immediate search for an interim CMO. We really appreciate Dr. Ang's leadership during this transition.

3. Review and Approval of FY 2022-23 Employee Health Benefit Contracts and Rates

Recommendation: SFHP recommends the Governing Board approve the following employee benefit changes for benefit year 2022-2023:

- Renew Kaiser CA HMO at a 3.9% increase
- Renew Kaiser HI HMO at a 5.4% increase
- Renew Aetna HMO, OAMC, and Aetna/Sutter OAMC JV at 5% increase with no plan changes
- Principal Dental is a 5% decrease after negotiations
- VSP is in the 3rd year of a 48-month rate guarantee
- Principal Life/AD&D is a 10.3% decrease and LTD a 25% decrease after negotiations
- Employee Assistance Program (EAP) renews at no increase
- Add Teladoc MyStrength to enhance behavioral health benefits at an additional cost of \$24,480

Shawn Paxson, Consultant, Lockton, provided the Board with an overview of benefit changes and highlights of SFHP's employee benefit year 2022-2023. (Detailed PowerPoint slides were provided in the Board packet.)

Initial gross increase was 6.6% or an increase of \$405,571 but after negotiations and addition of Teladoc MyStrength, the total renewal increase will be 3.9% or \$239,071. The proposed rate increases are reasonable given the size of SFHP's participation in Kaiser HMO and Aetna. Our insurance broker was able to save SFHP 3% or \$190,980 through additional negotiations.

Future Concerns

Our ability to maintain a non-Kaiser option continues to be a concern as most of our employee population continues to select Kaiser as their provider of choice despite the employee cost (\$0) being equal for both HMO products. Currently, we have an almost 60/40 split between Kaiser/Aetna. Most medical insurance providers are not interested in quoting us because they would like to either have our entire population or a large majority (60%+).

Mr. Gentner stated that SFHP did explore an option through CalPERS Medical, but found it to be financially unsuitable at this point. We continue to monitor pricing as well as other potential options so that we can maintain a non-Kaiser option.

The Board unanimously approved the employee benefit package for fiscal-year 2022-2023 as recommended.

4. Federal Updates and State Budget

Sumi Sousa, Chief Officer, Policy and Coverage Programs, provided updates on Federal policies and State policy updates. She reviewed State updates, including the Kaiser deal that is moving forward. She explained that the Newsom Administration's agreement to directly contract with Kaiser as a Medi-Cal managed care plan in One and Two-Plan counties, effective January 1, 2024, is outlined in Assembly Bill 2724 (Arambula) passed Assembly Health Committee.

- Newsom Administration, Kaiser, Health Access, CA Pan-Ethnic Health Network support the bill.
- Local Health Plans of CA (LHPC), CA State Assoc. of Counties and numerous individual counties and FQHCs oppose.
- No LHPC amendments have been accepted to date. LHPC's key request is to exempt County Organized Health System (COHS) counties.

Irene Conway asked a question on behalf of a Member Advisory Committee (MAC) member. If the MAC member is in Kaiser today, would she be able to stay with SFHP when the change with Kaiser is implemented? Ms. Sousa stated that the member would have to leave SFHP if she wanted to keep Kaiser.

Ms. Sousa then reviewed the Governor's May revision to be released on May 13th. Some items we will be keeping an eye on:

- Medi-Cal eligibility expansion for undocumented adults ages 26 through 49 years: Governor proposes an effective date of January 2024. Legislative Analyst Office suggests an earlier implementation date of July 2023.
- Eliminating premiums for Medi-Cal enrollees effective July 2022: This largely impacts children in families with incomes 161% to 266% of the federal poverty level (SFHP's former Healthy Kids program enrollees).
- Affordability Proposal for Covered CA: Enhanced federal subsidies provided to Covered CA enrollees under the American Rescue Plan will likely expire at the end of Plan Year 2022 as Build Back Better is stalled in the Congress. Some state funds are available for this purpose. SFHP will need to align with whatever state plan is established as we are designing a new affordability program for SF City Option on behalf of the Department of Public Health.

Lastly, Ms. Sousa reviewed the coverage programs updates on Healthy SF (HSF) and SF City Option. SFHP administers the HSF and the SF City Option programs on behalf of the SF Department of Public Health (DPH).

HSF is a health access program for uninsured San Francisco adults that don't qualify for public health insurance programs. SF City Option is a program that enables San Francisco employers to meet the employer spending requirement of the Health Care Security Ordinance and offers a Medical Reimbursement Account program for participating employers' employees to access those funds.

Ms. Sousa reviewed the following changes ahead for HSF:

1. The Older Adult Expansion in Medi-Cal beginning on May 1, 2022, will mean HSF participants may leave to enroll in Medi-Cal.
 - An estimated 3,300 participants are potentially eligible for this Medi-Cal expansion – HSF will shrink for a good reason!
 - SFHP HSF staff are collaborating closely with the Human Services Agency to exchange data to support a smooth transition.
 - SFHP Service Center is outreaching to HSF participants to inform them about the expansion.
2. Likely end of Public Health Emergency in July 2022 requires HSF program to redetermine all enrollees, like Medi-Cal.
 - HSF program has aligned with Medi-Cal and the COVID-19 Public Health Emergency (PHE) since March 2020 by providing automatic extensions of coverage to most participants
 - Current PHE goes through July 15 – all signs point to the federal government ending the PHE with no further extensions
 - HSF program, like Medi-Cal, will need to resume redetermination and renewal of entire membership
3. A new eligibility and enrollment system will be implemented by September 2022.
 - Current system, One-e-App is being decommissioned in fall of 2022 and SFHP will be assuming the contracting relationship
 - In 2021, SFHP released a Request for Proposals and selected RedMane's mCase solution. New contract will save DPH over \$300K per year, after first year development costs.
 - New system has better functionality such as a Public-facing portal for pre-enrollment, increased configurability resulting in lower costs, and improved user access management.
 - Long overdue eligibility changes can be implemented that were previously prevented by the limitations of the prior system.
4. Program eligibility changes were approved by SF Health Commission on April 5, 2022.
 - a. Removal of restrictions for individuals with active I-94 status
 - b. End the 90-day waiting period for recently uninsured individuals
 - Align HSF income counting rules with ACA and use Modified Adjusted Gross Income (MAGI) rules which eliminate the asset test and better aligns with Medi-Cal and Covered CA.

Ms. Sousa then reviewed the SF City Option (SFCO) program, which was originally the “small” program when the Health Care Security Ordinance passed and is growing. She stated that \$1.45B has been contributed by employers in the City since the program began in 2008. SFCO is a program with 527,462 employees enrolled. \$1B has been contributed since 2016. 4,389 San Francisco employers have participated in SFCO.

Detailed PowerPoint slides were provided in the Board packet. The Board thanked Ms. Sousa for her presentation and useful information.

5. City National Rochdale Presentation on the Market and Economic Landscape in 2022

Paul Single and Mike Taila of City National Rochdale provided an economic and market landscape outlook in 2022 to the Board. (A detailed PowerPoint presentation was provided in the Board packet.)

The Board thanked Mr. Single and Mr. Taila for their informative presentation.

6. Review and Approval of Year-To-Date Unaudited Financial Statements and Investment Reports

Recommendation: Review and Approval of Year-To-Date Unaudited Financial Statements and Investment Income Reports.

Skip Bishop, CFO, reviewed the year-to-date unaudited financial statements for the period ending March 30, 2022. He stated that the period ending March 30, 2022, reported a margin of \$3,235,000 versus a budgeted loss of (\$395,000). After removing Strategic Use of Reserves (SUR) activity, the actual margin from operations was \$3,352,000 versus a budgeted loss of (\$291,000).

He said the strong results for March were expected, given the rate increases the Department of Health Care Services (DHCS) and Mercer included in the CY 2022 rate development. Base rates increased by 6.7% and DHCS/Mercer included another 5.2% to cover the net additional costs to SFHP for taking responsibility for the hospital risk related to the San Francisco Community Clinic Consortium (SFCCC) members.

On a year-to-date basis, we have a margin of \$13,414,000 versus a budgeted margin of \$1,343,000. After removing SUR activity, the actual margin from operations was \$14,324,000 versus a budgeted margin of \$2,385,000.

The variances between March actual results and the budget can be explained by the following:

1. Variances between March actual results and the budget include:
 - a. A net decrease in revenue of \$9.5 million due to:
 - i. \$18.0 million less in Directed Payments funding for hospital partners. This is a timing difference. We expected \$18.0 million in March, however, the funding was recorded in February.
 - ii. \$8.5 million more in Medi-Cal premium revenue due to an additional 10,764 member months along with the premium rate increases noted above. Membership mix was also favorable as 77% of the additional member months were in the Adult, Adult Expansion and

Seniors and Persons with Disabilities (SPD) categories of aid where the per member, per month premium rates are much higher than rates for the Child and Duals categories of aid.

- b. A net increase in medical expense of \$13.8 million due to:
 - i. \$18.0 million less in Directed Payment funding for hospital partners. Similar to what we saw with the revenue variance, this is a timing difference. We expected \$18.0 million in March, however, the funding was recorded in February.
 - ii. \$2.4 million more in net capitation as the result of having 10,764 more member months plus a more favorable membership mix than what the budget projected. In addition, we continue to see strong growth in Kaiser membership. Kaiser is considered a Global Subcontractor and receives 98% of the premium SFHP receives from DHCS which increases SFHP's capitation expense. Increases in capitation expense are offset by the revenue SFHP receives for these additional members.
 - iii. \$1.8 million more in fee-for-service claims primarily due to five claims payment cycles in March along with increasing membership. Although hospital claims paid in March for members enrolled with the San Francisco Community Clinic Consortium were higher than expected, it is important to note that on a year-to-date basis, including adjustments for claims Incurred But Not Reported (IBNR), actual claims costs are in line with budget expectations.

- c. A net increase in administrative expenses of \$267,000 primarily due to professional fees paid to Russell Reynolds related to the CEO search, Three Tenants for services related to the CEO search, organization development and succession planning, VISIONS for services related to our Diversity, Equity and Inclusion (DEI) initiative and Varis LLC for services related to inpatient hospital claims auditing and recovery.

Rand Takeuchi, Director, Accounting, reviewed the table on the next page that highlights the key income statement categories for March with adjustments for SUR activity to show margin or loss from ongoing operations.

| CATEGORY | -----MAR 2022----- | | | | -----FYTD 21-22 THRU MAR----- | | | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------|-------------------------------|---------------------|----------------------|---------------|
| | ACTUAL | BUDGET | FAV (UNFAV) | % FAV (UNFAV) | ACTUAL | BUDGET | FAV (UNFAV) | % FAV (UNFAV) |
| MEMBER MONTHS | 169,827 | 159,063 | 10,764 | 6.8% | 1,485,772 | 1,442,747 | 43,025 | 3.0% |
| REVENUE | \$ 58,257,000 | \$ 67,719,000 | \$ (9,462,000) | -14.0% | \$ 682,615,000 | \$ 652,605,000 | \$ 30,010,000 | 4.6% |
| MEDICAL EXPENSE | \$ 49,597,000 | \$ 63,424,000 | \$ 13,827,000 | 21.8% | \$ 625,706,000 | \$ 608,671,000 | \$ (17,035,000) | -2.8% |
| MLR | 86.2% | 94.7% | | | 92.6% | 94.2% | | |
| ADMINISTRATIVE EXPENSE | \$ 4,999,000 | \$ 4,732,000 | \$ (267,000) | -5.6% | \$ 42,462,000 | \$ 42,966,000 | \$ 504,000 | 1.2% |
| ADMINISTRATIVE RATIO | 7.5% | 6.0% | | | 5.3% | 5.7% | | |
| INVESTMENT INCOME | \$ (426,000) | \$ 42,000 | \$ (468,000) | | \$ (1,033,000) | \$ 375,000 | \$ (1,408,000) | |
| MARGIN (LOSS) | \$ 3,235,000 | \$ (395,000) | \$ 3,630,000 | | \$ 13,414,000 | \$ 1,343,000 | \$ 12,071,000 | 898.8% |
| ADD BACK: SUR ACTIVITY | \$ 117,000 | \$ 104,000 | | | \$ 910,000 | \$ 1,042,000 | | |
| MARGIN (LOSS) FROM OPERATIONS | \$ 3,352,000 | \$ (291,000) | \$ 3,643,000 | | \$ 14,324,000 | \$ 2,385,000 | \$ 11,939,000 | 500.6% |

He stated that on a year-to-date basis through March and after the removal of SUR activity, SFHP is reporting a margin of \$14,324,000 which is significantly above budget expectations. Now that we have entered the second half of the fiscal year, margins will be steadily increasing due to the CY 2022 Medi-Cal rate increases effective January 1, 2022 along with increasing membership.

The variances in revenue and medical expense are due to the impact of new Medi-Cal rates effective January 2022, 43,025 more member months than anticipated and \$2.1 million less in Directed Payments (DP) and Intergovernmental Transfer (IGT) pass-through funding.

After removing the Directed Payments and IGT funding, premium revenue is above budget by \$32.1 million. This is due to:

- An overall net increase of 43,025 member months. 81% of the additional member months are in the Adult, Adult Expansion and SPD categories of aid which has a favorable impact on revenue due to the fact that the premium rates for these members are much higher than the premium rates for Child and Dual members.
- Rate increases DHCS/Mercer included in the CY 2022 rate development. Base rates increased by 6.7% and DHCS/Mercer included another 5.2% to cover the net additional costs to SFHP for taking responsibility for the hospital risk related to the SFCCC members.

After removing SUR activity, Directed Payments and IGT funding, medical expense is above budget by \$19.3 million. This increase can be accounted for as follows:

- Capitation expenses are up \$11,181,000
- FFS expenses are up \$ 5,549,000
- Medi-Cal non-Hep C pharmacy expenses are up \$ 1,316,000
- Non-specialty mental health expenses are up \$ 1,015,000
- Hepatitis C expenses are up \$ 686,000
- CBAS expenses are up \$ 404,000
- Healthy Workers pharmacy expenses are down (\$ 851,000)

Overall administrative expense is below budget by \$504,000. Most of this decrease is due to lower costs in the areas of lease and insurance costs as well as marketing expenses. The lower costs are due more to timing differences as actual spending is now more closely aligned with the budget as we enter the last quarter of the fiscal year.

PROJECTIONS

Mr. Bishop then reviewed the following financial projections through September 2022.

1. SFHP expects to continue to report strong margins through June 2022 due to the Medi-Cal rate increases that were effective January 1, 2022. The anticipated margins will help SFHP rebuild its reserve balance that was depleted by covering several retroactive rate adjustments implemented by DHCS that resulted in a return of \$12.7 million to DHCS. At the time, SFHP recommended and the Finance Committee and Governing Board approved not to make retroactive recoveries from providers, but rather to use reserves to cover these takebacks.
2. Beginning in July 2021, hospital risk for 16,000 San Francisco Community Clinic Consortium (SFCCC) members became the responsibility of SFHP. SFHP no longer pays capitation to ZSFG for these members. SFHP is responsible for all in-network and out-of-network hospital services under a fee-for-service arrangement – All Patient Refined Diagnosis Related Groups (APR-DRG) for inpatient services and 140% of the Medi-Cal Fee Schedule (MCFS) for outpatient facility services. Primary care and specialty care services remain under capitation. Original estimates showed this new risk would cost SFHP approximately \$18-20 million per year. With SFCCC membership now at 17,500 members as of March 2022, this new risk will cost \$20-22 million per year. CY 2022 Medi-Cal rate increases applied to the increased membership will cover this additional cost.

Now that we have nine months of experience with this new risk, we can begin to see that claims paid along with Incurred but Not Reported (IBNR) estimates are coming in close to expectations. Due to the normal pattern of claims lag, SFHP has increased its IBNR claims reserve to cover the anticipated claims incurred July 2021 through March 2022, but not received as of March 31, 2022.

3. SFHP started the new fiscal year with 2,400 more Medi-Cal members versus what was anticipated in the budget. This differential has grown to 11,000 members through March 2022. Now that the Public Health Emergency has been extended until mid-July, SFHP anticipates adding another 3,000 members through June 2022. This will increase our Medi-Cal membership to approximately 161,000 members.

When the Public Health Emergency ends in mid-July 2022, SFHP anticipates that Medi-Cal membership will begin to gradually decrease starting in the

fourth quarter of CY 2022 and into CY 2023 as members will be placed on hold or terminated due to no longer qualifying for the program.

4. The Medi-Cal pharmacy benefit was carved out of Medi-Cal managed care effective January 2022. This aligns with how SFHP prepared its FY 21-22 budget, i.e., we would have responsibility for this benefit through December 2021. SFHP continues to have the risk for the Healthy Workers pharmacy benefit. Although SFHP is positive \$851,000 through March (\$8.04 pmpm), we expect Healthy Workers pharmacy costs to gradually increase. We project that the \$93.61 pmpm included in the overall Healthy Workers rate should be adequate as move into FY 22-23.
5. Beginning in January 2022, SFHP has taken on responsibility for Enhanced Care Management (ECM), Community Supports (CS), formerly known as In Lieu Of Services (ILOS) and Major Organ Transplants (MOT). Multiple teams within SFHP worked for several months to prepare for these new programs. Final rates for ECM, CS and MOT were released at the end of January. It is important to note that the ECM and MOT benefits will be subject to a risk corridor which will limit SFHP's exposure to gains and losses.
6. Proposition 56 – this program will continue for all of FY 21-22. Proposition 56 provides enhanced payments to medical groups for qualifying physician services, supplemental payments for developmental screenings, adverse childhood experiences screenings, trauma screenings, family planning services and value-based payments related to a variety of health care quality measures. It is important to note that the value-based payments portion of the Proposition 56 program will end June 30, 2022. All other Proposition 56 programs will continue through December 2022.

HIGHLIGHTED IMPACTS TO THE HEALTH PLAN AND/OR PROVIDERS

Medical Loss Ratio Reporting for Delegated Entities

Mr. Bishop then reviewed the DHCS Medi-Cal 1115 and 1915(b) waiver submissions approved by the Centers for Medicare and Medicaid Services (CMS), which incorporated Special Terms and Conditions (STCs). The final approved STCs in the waiver target oversight and accountability. More specifically, one of the STCs requires Medical Loss Ratios (MLRs) to be reported at the managed care plans' delegated entity level.

Important aspects of MLR reporting at the delegated entity level include:

- CMS is generally concerned about the impact of delegation on access and quality in California.
- The STCs will require MLR reporting down to delegated entity level starting with the rating period of CY 2023 with remittance beginning with the rating period of CY 2025 (at the delegated entity level).
- MLR threshold will be set at 85%.

- It should be noted that state law requires MLR remittance effective CY 2024, but this would be at the plan level. This will be a new and significant requirement on a very aggressive timeline.
- MLR audits to be conducted no sooner than January 2028.
- DHCS will have six months to put together work plan to submit to CMS by July 1, 2022.

SFHP as well as representatives from other Medi-Cal managed care plans have been meeting with the Local Health Plans of California (LHPC) on a regular basis to help develop strategies that DHCS can use as it crafts the work plan due to CMS by July 1, 2022. We continue to have one-on-one conversations with delegated medical groups and hospitals to discuss these new Special Terms and Conditions and pass along new information as the rules are clarified.

Mr. Bishop also reviewed the tangible net equity (TNE) requirements for managed care plans (MCPs) and showed a chart comparing TNE amounts maintained by other Local Health Plans. Mr. Bishop explained the amounts over the minimum TNE amounts were necessary, but that it seemed that the appropriate multiple of the TNE to maintain would be in the six to eight times TNE (in the middle range).

Mr. Takeuchi briefly reviewed the investment reports that were provided to the Board in the packet, stating the reports reflect the review given by CNB representatives earlier in the meeting.

Reece Fawley stated the Finance Committee reviewed the financials and stated the Committee was impressed with the information and responses to questions asked regarding TNE. He stated the importance that the TNE level should not be too low, or plans risk being taken over by the Department of Managed Health Care, or too high, which would risk having dollars taken back by DHCS. The Committee asked staff to provide the Committee with quarterly TNE updates. In addition, he stated the Finance team is doing a remarkable job and thanked them.

With the Finance Committee recommendation to approve, the Board unanimously approved the year-to-date unaudited financial statements and investment reports for the period ending March 30, 2022.

7. Member Advisory Committee Report

Irene Conway provided the Board with a Member Advisory Committee (MAC) report. Ms. Conway reported that Mr. Grgurina expressed his gratitude for the last 14 years and that this would be his last MAC meeting with the members. He then informed the Committee that the new CEO would be attending the MAC meeting scheduled on April 8th.

Dr. Fiona Donald and Kaitlin Hawkins attended the March Committee meeting to provide COVID 19 vaccine and Medi-Cal transition updates.

Ms. Conway stated that Ms. Richardson attended the April 8th Committee meeting. The Committee introduced themselves to Ms. Richardson and then opened the floor for her to introduce herself.

Dr. Fugaro thanked Ms. Conway for her report.

8. Adjourn

Dr. Fugaro adjourned the meeting.

Reece Fawley, Secretary/Treasurer

Agenda Item 1

Action Item

Approval of Consent Calendar:

- b. Findings and Resolution 2022-09 That Establish the State of Emergency Continues to Impact the Ability of Governing Board and Committee Members to Meet Safely in Person and/or State or Local Officials Continue to Recommend Measures to Promote Social Distancing



MEMO

| | |
|-------------------|--|
| Date: | June 1, 2022 |
| To: | Governing Board |
| From: | Nina Maruyama, Chief Compliance & Regulatory Affairs Officer |
| Regarding: | Findings of the COVID-19 State of Emergency and Resolution 2022-09 to Establish the Findings That the State of Emergency Continues to Impact the Ability of Governing Board and Standing Committee Members to Meet Safely in Person and/or State or Local Officials Continue to Recommend Measures to Promote Social Distancing |

RECOMMENDATION

San Francisco Health Plan (SFHP) recommends the Governing Board adopt Resolution No. 2022-09 authorizing the continued use of remote teleconferencing pursuant to Government Code section 54953(e) ("AB 361") for a period of thirty (30) days. SFHP recommends that the Governing Board continue to make the findings required by AB 361 no later than every thirty (30) days thereafter.

COVID-19 State of Emergency Findings Summary

To continue meeting by teleconference pursuant to AB 361, the Governing Board must reconsider the circumstances of the novel coronavirus (COVID-19) state of emergency and either establish state or local officials have imposed or recommended measures to promote social distancing, or meeting in person meeting would present imminent risks to the health and safety of attendees.

The Governor's proclaimed state of emergency due to COVID-19 remains in effect.

Holding Governing Board and Standing Committee meetings in person would present ongoing risks to the health and safety of attendees, especially given the emergence of

COVID-19 variants and the continued risk of infection. Many COVID-19 infections are caused by people who have no symptoms of illness.¹

Both State of California officials and officials of the City and County of San Francisco continue to recommend measures to promote social distancing.

Current State of Emergency

The state of emergency due to COVID-19 remains in effect at both the state and local levels.

California Proclaimed State of Emergency

On March 4, 2020, Governor Newsom proclaimed a state of emergency to exist in California as a result of the threat of COVID-19.² The proclaimed state of emergency in California due to COVID-19 remains in effect, at this time, through July 15, 2022.

Local Emergency Declarations

On February 25, 2020, Mayor London Breed declared a local emergency due to the spread of COVID-19 within the City and County of San Francisco.³ On March 6, 2020, the Health Officer of the San Francisco Department of Public Health (SFDPH) declared a local health emergency under Health & Safety Code § 101080.⁴ Both these declarations remain in effect, per Order of the Health Officer No. C19-07y (updated April 21, 2022).

State and Local Officials Continue to Recommend Measures that Promote Social Distancing

Both state and local officials continue to require or recommend measures to promote physical distancing and other protections, such as masking.

State Requirements and Recommendations

State officials, including the California Department of Public Health (CDPH) and the California Occupational Safety and Health Administration (Cal/OSHA), continue to recommend measures that promote social distancing and other protections.

The CDPH's continues to promote vaccination and social distancing measures, such as masking. Effective March 1, 2022, the CDPH's current Guidance for Use of Face Coverings⁵ the requirement that unvaccinated individuals mask in indoor public settings will move to a strong recommendation that all persons, regardless of vaccine status,

¹ San Francisco Department of Public Health Order of the Health Officer No. C19-07y (updated April 21, 2022).

² Available at www.gov.ca.gov/wp-content/uploads/2020/03/3.4.20-Coronavirus-SOE-Proclamation.pdf

³ Mayoral declarations regarding COVID-19 are available at sfmayor.org/mayoral-declarations-regarding-covid-19

⁴ Available at www.sfdph.org/dph/alerts/files/HealthOfficerLocalEmergencyDeclaration-03062020.pdf

⁵ Available at <https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/guidance-for-face-coverings.aspx>

continue indoor masking. Universal masking shall remain required in specified high-risk settings.

The same information is provided as “current safety measures” on the State of California’s COVID-19 website.⁶

The California Occupational Safety and Health Administration (Cal/OSHA) issued the COVID-19 Emergency Temporary Standards (ETS),⁷ which require most employers to train employees about measures that can decrease the spread of COVID-19. The COVID-19 Prevention Emergency Temporary Standard are still in effect. The workplace standards were updated on April 20, 2022 and effective starting on March 1, 2022. The ETS also requires employers to evaluate how to maximize ventilation with outdoor air to the highest level of filtration efficiency compatible with the existing ventilation system and whether HEPA filtration units would reduce the risk of COVID-19 transmission.

San Francisco Department of Public Health Orders

Local City and County of San Francisco officials continue to impose or recommend measures that promote social distancing.

The SFDPH’s main health order governing the COVID-19, C19-07y – Safer Return Together,⁸ remains in place. In the health order, which was last revised on April 21, 2022, the SFDPH aligned its policy to be consistent with the CDPH.

SFHP cannot confirm it can meet all conditions of the Order that would allow the removal of the face mask requirements during an Open public meeting at SFHP.

The COVID-19 State of Emergency Continues to Directly Impact the Ability of the Governing Board to Meet Safely in Person

The spread of COVID-19 poses a continued risk to the health and safety of members of the Governing Board, Standing Committee members, SFHP staff, and members of the general public, who attend such meetings.

Prior to the COVID-19 pandemic, the Governing Board meetings, as well as meetings by the Standing Committees of the Board, took place in Conference Rooms at the SFHP headquarters, 50 Beale St, 13th Floor, San Francisco, CA 94105. The Member Advisory Committee held meetings at the Lighthouse, 1155 Market Street, 10th Floor, San Francisco, CA, which has been closed to in-person meetings. SFHP Conference Rooms and the Lighthouse cannot accommodate six feet of distance between Governing Board members, SFHP staff, and members of the public. Moreover, SFHP staff cannot ensure ventilation of the Conference Rooms and the Lighthouse meets Cal/OSHA ETS standards as ventilation is controlled by the building. SFHP Conference

⁶ See <https://covid19.ca.gov/safely-reopening/#what-to-do-now>

⁷ Available at <https://www.dir.ca.gov/dosh/coronavirus/ETS.html>

⁸ Available at www.sfdph.org/dph/alerts/coronavirus-healthorders.asp.

Rooms and the Lighthouse contain no windows that can be opened to maximize outdoor airflow.

Members of the public who attend Governing Board and Standing Committee meetings may be unvaccinated or partially vaccinated. Those who are unvaccinated or partially vaccinated persons are at higher risk of contracting COVID-19, including the COVID-19 Delta and Omicron variants. Even fully vaccinated persons can contract and potentially unknowingly spread COVID-19, including the Delta and Omicron variants.⁹

For these reasons, the COVID-19 state of emergency continues to directly impact the Governing Board's ability to meet in person. The threat of COVID-19 transmission poses a continued risk to the health and safety of vaccinated and unvaccinated members of the Governing Board, its Standing Committees, SFHP staff, and members of the general public who attend such meetings.

RECOMMENDATION

SFHP recommends that the Governing Board adopt Resolution No. 2022-09 authorizing the continued use of remote teleconferencing pursuant to Government Code section 54953(e) ("AB 361") for a period of thirty (30) days. SFHP recommends that the Governing Board continue to make the findings required by AB 361 every thirty (30) days thereafter.

ATTACHMENTS:

Resolution No. 2022-09

⁹ See [What You Need to Know About Variants | CDC](#)

APPENDIX: AB 361 (Rivas), Open Meetings: local agencies: teleconferences

AB 361 Legislative History

Governor Gavin Newsom signed Executive Order N-29-20 on March 17, 2020, in response to the COVID-19 pandemic.¹⁰ Executive Order N-29-20 waived certain requirements of the Brown Act to allow public agencies' legislative bodies more flexibility to hold meetings by teleconference and was set to expire on September 30, 2021.

Governor Newsom signed AB 361 on September 16, 2021.¹¹ AB 361 amends Government Code Section 54953 of the Brown Act to allow public agencies to hold virtual meetings during a proclaimed state of emergency without having to comply with the traditional Brown Act teleconferencing requirements stated in Gov. Code § 54953(b)(3).

AB 361 was enacted as an urgency legislation and was effective immediately. However, on September 20, 2021, Governor Newsom issued Executive Order N-15-21, delaying the application of AB 361 until 11:59 p.m. on October 1, 2021.¹² Public agencies could continue to hold virtual meetings through September 30, 2021 consistent with Executive Order N-29-20. However, any meetings starting October 1, 2021 need to comply with traditional Brown Act requirements or the specific requirements for teleconference meetings in AB 361.

Applicability of AB 361

AB 361, Gov. Code § 54953(e)(1), states that public agencies may use teleconferencing in any of the following circumstances:

- (A) The legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing.
- (B) The legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health and safety of attendees.
- (C) The legislative body holds a meeting during a proclaimed state of emergency and has determined, by majority vote, pursuant to subparagraph (B) that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

Public agencies may use the AB 361 teleconferencing flexibilities only during a proclaimed state of emergency, which is defined in Government Code 8558. The definition of emergency is broader than the COVID-19 pandemic and could include fire,

¹⁰ Available at www.gov.ca.gov/wp-content/uploads/2020/03/3.17.20-N-29-20-EO.pdf

¹¹ The full text of AB 361 is available at leginfo.ca.gov/faces/billPdf.xhtml?bill_id=202120220AB361&version=20210AB36192CHP

¹² Available at www.gov.ca.gov/wp-content/uploads/2021/09/9.20.21-executive-order.pdf

flood, epidemic, sudden and severe energy shortage, plan or animal infestation or disease, or earthquake. If there is no proclaimed state of emergency, the traditional Brown Act requirements for teleconference meetings apply, as shown in the table below.

The AB 361 teleconference flexibilities are set to expire on January 1, 2024.

Differences Between Traditional Brown Act Teleconferencing Requirements and AB 361

| | Traditional Brown Act Teleconferencing Requirements Gov. Code § 54953(b)(3) | AB 361 Teleconferencing Requirements Gov. Code § 54953(e) |
|--------------------------------|---|--|
| Quorum | At least a quorum of members must participate from locations within the boundaries of the territory over which the public agency exercises jurisdiction. | Quorum of member not required to be located within the boundaries of the territory. |
| Agenda | Each teleconference location from which a member will be participating must be identified in the meeting notice and agenda. Agenda must be posted for the required period of time at each teleconference location from which a member will be participating. | The public agency must only give notice and post the agenda per Brown Act requirements for in-person meetings. Agenda must include an opportunity for anyone the public to attend via a call-in or internet-based option. |
| Teleconference Location | Each teleconference location must be physically accessible to the public. Member of the public must be able to physically address the legislative body from each teleconference location. | Public agency does not have to allow member of the public to attend at each teleconference location. Public agency is not required to provide a physical location for the public to attend or provide comments. |
| Public Comment | Public agency required to allow public comment at the in-person meeting and from every teleconference location. | The legislative body must allow the public to address the legislative body directly and provide the means by which the public may access the meeting and offer public comment. In the event of a technical disruption, the legislative body |

| <p style="text-align: center;">Traditional Brown Act Teleconferencing Requirements Gov. Code § 54953(b)(3)</p> | <p style="text-align: center;">AB 361 Teleconferencing Requirements Gov. Code § 54953(e)</p> |
|---|--|
| | <p>cannot take further action on the agenda until the technical disruption is resolved.</p> <p>The legislative body may request, but cannot require, public comments be submitted in advance of the meeting. The public must be able to address the legislative body and offer comment in real time.</p> <p>Individuals providing public comment through a website or online platform that is not controlled by the legislative body may be required to register to participate, if required by the third-party internet website or online platform.</p> <p>If the legislative body provides timed comment periods for each agenda item, it cannot close the public comment period until the timed public comment period has elapsed.</p> <p>If the legislative body does not provide time public comment period, but takes public comment separately on each agenda item, it must allow a reasonable amount of time per agenda item for public comment, including time for the public to register.</p> <p>If the legislative body provides a timed general public comment period that does not correspond to a specific agenda item, it cannot close the public comment period or the opportunity to register until the</p> |

| | | |
|--|---|---|
| | Traditional Brown Act Teleconferencing Requirements Gov. Code § 54953(b)(3) | AB 361 Teleconferencing Requirements Gov. Code § 54953(e) |
| | | timed general public comment period has elapsed. |

Required Action by the Legislative Body

In addition to the AB 361 requirements described above, the legislative body must make the following factual findings, by majority vote, within 30 days after teleconferencing for the first time after September 30, 2021, and every 30 days thereafter:

1. The legislative body has reconsidered the circumstances of the state of emergency; and
2. Either of the following circumstances exist:
 - a. The state of emergency continues to directly impact the ability of the members to meet safely in person.
 - b. State or local officials continue to impose or recommend measures to promote social distancing.

San Francisco Health Plan Governing Board
Joint Resolution for San Francisco Health Authority/San Francisco Community Health Authority

Resolution 2022-09

Resolution to Establish the Findings That the State of Emergency Continues to Impact the Ability of Governing Board and Standing Committee Members to Meet Safely in Person and/or State or Local Officials Continue to Impose or Recommend Measures to Promote Social Distancing

WHEREAS, the San Francisco Health Authority and San Francisco Community Health Authority's Governing Board and its Standing Committees hold meetings in its jurisdiction of the City and County of San Francisco subject to the Ralph M. Brown Act (Cal. Gov. Code §§ 54950-54936, hereinafter "Brown Act"); and

WHEREAS, on March 4, 2020, the Governor of the State of California proclaimed a state of emergency in California in connection with the novel coronavirus ("COVID-19") pandemic, and that state of emergency remains in effect; and

WHEREAS, in February 25, 2020, the Mayor of the City and County of San Francisco (the "City") declared a local emergency, and on March 6, 2020 the City's Health Officer declared a local health emergency, and both those declarations also remain in effect; and

WHEREAS, on September 16, 2021, the Governor signed AB 361, a bill that amends the Brown Act to allow legislative bodies of local public agencies to continue to meet by teleconferencing during a state of emergency, as defined in Government Code Section 8558, without complying with restrictions in State law that would otherwise apply, provided that the legislative bodies make certain findings at least once every 30 days; and

WHEREAS, the findings that must be established per AB 361 are 1) the legislative body has reconsidered the circumstances of the proclaimed state of emergency, and 2) either state or local offices have imposed or recommended measures to promote social distancing, or meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, while federal, State, and local health officials emphasize the critical importance of vaccination and consistent mask-wearing to prevent the spread of COVID-19, the City's Health Officer has issued at least one order (Health Officer Order No. C19-07y, available online at www.sfdph.org/healthorders) and one directive (Health Officer Directive No. 2020-33i, available online at www.sfdph.org/directives) that continue to recommend measures to promote physical distancing and other social distancing measures, such as masking, in certain contexts; and

WHEREAS, the California Department of Industrial Relations Division of Occupational Safety and Health ("Cal/OSHA") has promulgated Section 3205 of Title 8 of the California Code of Regulations ("COVID-19 Prevention Emergency Temporary Standards"), which requires most employers in California, including in the City, to train and instruct employees about measures

that can decrease the spread of COVID-19, including physical distancing and other social distancing measures; and

WHEREAS, without limiting any requirements under applicable federal, state, or local pandemic-related rules, orders, or directives, the City's Department of Public Health, in coordination with the City's Health Officer, has advised that for group gatherings indoors, such as meetings of the San Francisco Health Authority Governing Board, people can increase safety and greatly reduce risks to the health and safety of attendees from COVID-19 by maximizing ventilation, wearing well-fitting masks (as required by Health Officer Order No. C19-07y), using physical distancing where the vaccination status of attendees is not known, and considering holding the meeting remotely if feasible, especially for long meetings, with any attendees with unknown vaccination status and where ventilation may not be optimal; and

WHEREAS, San Francisco Health Authority's Governing Board and its Standing Committees meetings are held in Conference Rooms at 50 Beale St, 13th Floor, San Francisco, CA 94105; and

WHEREAS, the Member Advisory Committee meetings are held at the Lighthouse, 1155 Market Street, 10th Floor, San Francisco, CA, which has been closed to in-person meetings; and

WHEREAS, Conference Rooms, and the Lighthouse cannot accommodate at least six feet distance between Governing Board members, its Standing Committee members, members of the public, and SFHP staff; and

WHEREAS, San Francisco Health Authority staff cannot ensure Conference Rooms and the Lighthouse meet the ventilation standards of the Cal/OSHA COVID-19 Prevention Emergency Temporary Standards; and

WHEREAS, the threat of COVID-19 transmission poses a continued risk to the health and safety of vaccinated and unvaccinated members of the Governing Board, San Francisco Health Authority staff, and members of the general public who attend such meetings; and

WHEREAS, even though a high percentage of people are vaccinated in San Francisco and the Bay Area region against the virus that causes COVID-19 and an increasing percentage are boosted, there remains a risk that people may come into contact with others who have COVID-19 when outside their residence; and

WHEREAS, many COVID-19 infections are caused by people who have no symptoms of illness; and

WHEREAS, there are people in San Francisco who have not completed their initial vaccine series or who are not yet eligible to receive a booster; and

WHEREAS, the San Francisco Health Authority Governing Board has met remotely

during the COVID-19 pandemic and can continue to do so in a manner that allows public participation and transparency while minimizing health risks to members, staff, and the public that would be present with in-person meetings while this emergency continues; and

WHEREAS, the San Francisco Health Authority Governing Board has approved Resolutions 2021-01, 2021-02, 2022-01, 2022-02, 2022-04, 2022-05, 2022-06, 2022-07, and 2022-08, which establish the continued findings of the public health emergency, that State and local health departments continue to recommend physical distancing and that conducting meetings in person would present imminent risks to the safety of meeting attendees.

NOW, THEREFORE, BE IT RESOLVED, that the San Francisco Health Authority Governing Board finds as follows:

1. The State of California and the City remain in a state of emergency due to the COVID-19 pandemic.
2. At this meeting, the members of the Governing Board have reconsidered the circumstances of the state of emergency.
3. State and City officials continue to recommend measures to promote physical distancing and other social distancing measures, in some settings.
4. Due to the COVID-19 pandemic, conducting meetings of this Governing Board and its Standing Committees in person would present imminent risks to the safety of attendees, and the state of emergency continues to directly impact the ability of members to meet safely in person; and

BE IT FURTHER RESOLVED, that for at least the next 30 days meetings of the San Francisco Health Authority's Governing Board and its Standing Committees will continue to occur exclusively by teleconferencing technology and not by any in-person meetings or any other meetings with public access to the places where any Governing Board member is present for the meeting. Such meetings of the Governing Board and its Standing Committees that occur by teleconferencing technology will provide an opportunity for members of the public to address this Governing Board and its Standing Committees and will otherwise occur in a manner that protects the statutory and constitutional rights of parties and the members of the public attending the meeting via teleconferencing; and

BE IT FURTHER RESOLVED, that the San Francisco Health Authority staff is directed to place a resolution substantially similar to this resolution on the agenda of a future meeting of the San Francisco Health Authority Governing Board within the next 30 days.

Adopted by the Governing Board on June 8, 2022.

Reece Fawley, Secretary
San Francisco Health Authority/San Francisco Community Health Authority

Agenda Item 2

Discussion Item

CEO Report

- Vision Update
- Board Members
- Healthy San Francisco Updates
- Operations
- ITS Security
- Semi-Annual Compliance Report





MEMO

| | |
|-------------------|--|
| Date: | June 1, 2022 |
| To: | Governing Board |
| From: | Yolanda Richardson, Chief Executive Officer |
| Regarding: | CEO Report for June 8, 2022 Meeting |

CEO REPORT

In the past few weeks, our country has been faced with unspeakable tragedy. For many of us, the horrific acts of violence have impacted us in ways we could never have imagined. The Executive Team and I have been addressing these issues with our staff ensuring their knowledge that the health and welfare of SFHP employees and our community is top of mind. As we all search for answers, we hope that through our sadness, anger, and fear that we find comfort and peace in each other.

Vision Update

Last Governing Board meeting I shared our key areas of focus for the Plan this year. Here are some advancements we have made in those areas:

Evidence-Based Decision Making

The organization just received the Employee Satisfaction Survey distributed in April. The Executive Team and I are reviewing the results to identify opportunities to sustain and improve, where needed, the experience of the staff. We look forward to sharing the results with the Governing Board in September.

Building and Strengthening Partnerships

I continue to enjoy and, most importantly, learn from my meet and greets with members of the Governing Board. The information is helping to form a clear vision of how instrumental the Plan can be in supporting our providers.

I am very happy to announce that Johanna Liu, PharmD., MBA, new President and CEO of the San Francisco Community Clinic Consortium, will be joining the San Francisco Health Plan (SFHP) Governing Board. We are very much looking forward to her energy and perspective.

I have also been spending some time building external partnerships and learning how the Plan can continue its success and navigate the next phase of managed care in California. Most recently I attended the Local Health Plan Initiative member retreat where Dr. Mark Ghaly, Secretary of Health and Human Services for the State of California, spoke. Dr. Ghaly emphasized that recent mandates, and policy changes, are focused to drive both innovation and thought leadership within the Managed Care Plans. I look forward to working with all of you to meet that expectation.

Leadership Development

Both the Executive and Management Team's at SFHP have been participating in Diversity, Equity, and Inclusion (DEI) training over the course of several weeks focusing on communication and interpersonal skills. We know that learning and practicing DEI skills internally, will position the Plan to support health equity efforts more broadly in San Francisco. I look forward to sharing more about our journey in a future board meeting.

Reece Fawley's Retirement

We want to share our gratitude to Mr. Fawley as he retires from our Governing Board and Finance Committee members at the end of June. He has been with us for over 20 years and has been a strong, steady, and rock-solid partner. While being a representative of the University of California, San Francisco, a key stakeholder in our community and provider network, Mr. Fawley has always taken his fiduciary responsibilities as a Board member seriously and served with the purpose to ensure the entire provider network was represented equally and fairly. It has been with remarkable skill and engagement that he has served as Chair of the Finance Committee and Secretary/Treasurer of the Board year after year and helped ensure the Plan's financial stability and viability. We have been extremely fortunate to have had his leadership, guidance, and partnership for these past two decades. We thank you, Mr. Fawley, will miss you, and wish you much happiness and joy in retirement.

Dale M. Butler

We were greatly saddened to hear the unexpected news of the passing of Dale M. Butler in May. Mr. Butler passed away after a long illness. He was a Board member with San Francisco Health Plan since March 2000, representing labor. We are grateful for his 20 years of service to the Plan and will miss him. His career with labor unions spanned over 30 years and he was also an educator, serving as guest lecturer at the University of San Francisco. As one of our longest serving Board members, Mr. Butler was a strong advocate for our staff, members, and providers. We offer our condolences to his family and are waiting for news about a service. We will share the information when it becomes available.

Staff Update

We are pleased to announce that Kaliki Kantheti, Chief Operations Officer, gave birth to a healthy baby boy, Nirav, on May 28, 2022. Both baby and mother are doing well.

Ms. Kantheti will be on maternity leave for a few months. She distributed her coverage plan well in advance of her leave. We wish her and her family well during this special time.

SAN FRANCISCO HEALTH PLAN STRATEGIC ANCHORS

Strategic Anchor: Universal Coverage

Healthy San Francisco Program Enrollment as of April 30, 2022

Total Enrollment: 16,560

A total of 16,560 participants were enrolled in Healthy San Francisco (HSF) as of April 30, 2022. Enrollment continues to be at a higher level due to the temporary policy of extending HSF eligibility with no need for renewal due to COVID-19.

HSF Program Metrics/Contract Requirements

HSF monitors multiple operational metrics that are tied to contract requirements with the San Francisco Department of Public Health (DPH). These include multiple operational reporting requirements (monthly, quarterly, and annual), ranging from customer service call abandonment and service levels, no-show rates at the SFHP Service Center and participant and provider complaint resolution timelines. The HSF program is currently meeting all program metrics and DPH contract requirements in FY 21-22.

SF City Option Program Enrollment as of April 2022

Employers in San Francisco can choose to meet the employer spending requirement of the San Francisco Health Care Security Ordinance (HCSO) by participating in the SF City Option Program (SFCO). Employees of participating employers can enroll in SF MRA, a medical reimbursement account to pay for eligible health care expenses.

Employer contributions are held in a contribution pool until the employee enrolls in SF MRA, at which point the employee account is established and contributions are deposited.

Increasing employee utilization within the SFCO program through multiple efforts, including streamlining and simplifying the program is a multi-year priority for SFHP and the DPH.

San Francisco City Option Program Data as of April 2022

| | Program-to-Date | April 2022 |
|--|------------------------|-------------------|
| Employers | | |
| Employers Participating in SF City Option | 4,420 | n/a |
| Employers with Contributions Within the Past 12 Months | n/a | 1,809 |
| Total SF City Option Program Contributions | \$1.47B | \$16.0M |

| | Program-to-Date | April 2022 |
|--|-----------------|------------|
| Contributions Assigned to the Contribution Pool | \$527.56M | \$9.03M |
| Contributions Assigned to San Francisco Medical Reimbursement Account (SF MRA) | \$786.20M | \$6.94M |
| Employees | | |
| Unique Participants receiving SF City Option Employer Contributions | 397,953 | n/a |
| Employees Receiving SF City Option Employer Contributions (<i>Where one participant receiving funds into one program or Pool, from one employer, is counted as one employee</i>) | 530,882 | n/a |
| SF MRA | | |
| Number of SF MRAs with Deposits | 234,747 | 5,383 |
| SF MRA Claims Paid | \$487.19M | \$5.24M |
| SF MRA Dollars Available | \$179.77M | |

SF City Option Program Metrics/Contract Requirements

Similar to HSF, the SFCO program monitors multiple operational metrics and contract requirements from the DPH. SFCO is currently meeting its operational metrics and contract requirements.

SFHP Enrollment Services

SFHP Enrollment Services has reopened the SFHP Service Center for two days a week and provides both in-person and phone enrollment assistance to the public. Beginning on June 9, the SFHP Service Center will expand in-person enrollment services to three days a week (Tuesday, Wednesday, and Thursday).

SFHP MEMBERSHIP UPDATE

The total SFHP membership as of May 1, 2022 is 172,886 members. Please see **Attachment 1** that includes the membership reports for May 2022. On page 2 of the report, Medi-Cal membership is 161,169 members, which is an increase of 9.15% increase compared to May 2022. The number of members on hold (page 4) is 2,220. The number of members on hold and disenrolled is expected to increase gradually over a 14-month period, after the Center for Medicare and Medicaid Services and the State declare the end of the public health emergency, which is not confirmed at this time.

Healthy Workers enrollment as of May 1, 2022 is 11,717 members, which is a 1.2% decrease compared to May 2021. The County Human Services Agency has resumed determining eligibility for In-Home Supportive Services (IHSS) providers, which has

resulted in some IHSS providers losing their Healthy Workers health plan coverage. When Healthy Workers members lose coverage, their information is sent to Covered California, per a recent state law for employer coverage, so that coverage options can be offered to them that are in addition to COBRA that is also offered to them. Please see **Attachment 1** for the complete SFHP Membership reports.

MEDI-CAL EXPANSION UPDATES

Please see the table below for the SFHP Medi-Cal expansion default assignments of non-choosers (in Adult Expansion aid codes) to the public hospital system. AB 85 requires Medi-Cal health plans to default at least 50% of non-choosers in the M1 and 7U aid codes to the public hospital system. The remaining non-choosers are defaulted to other providers based on family linkage, previous history, address, language, and other factors according to SFHP’s existing assignment algorithm.

| Month of Enrollment | M1 Aid Code (Optional Expansion members) | 7U Aid Code (CalFresh-related Optional Expansion members) | AB 85 Default Requirement to Public Hospital System (M1 and 7U aid codes only) |
|---------------------|--|---|--|
| 2022 | | | |
| January | 2,047 M1 members, 2,006 did not choose | 0 7U members | 876 of 2,006 members (43.7%) were defaulted to DPH |
| February | 1,064 M1 members, 1,009 did not choose | 0 7U members | 505 of 1,009 members (50%) were defaulted to DPH |
| March | 1,241 M1 members, 1,216 did not choose | 0 7U members | 133 of 1,216 members (10.9%) were defaulted to DPH |
| April | 1,305 M1 members, 1,258 did not choose | 0 7U members | 630 of 1,258 members (50%) were defaulted to DPH |
| May | 1,299 M1 members, 1,248 did not choose | 0 7U members | 626 of 1,248 members (50%) were defaulted to DPH |
| June | 1,057 M1 members, 1,029 did not choose | 0 7U members | 514 of 1,029 members (50%) were defaulted to DPH |

STRATEGIC ANCHOR 2: QUALITY CARE & ACCESS

National Committee on Quality Assurance (NCQA) Mock Survey

We completed the NCQA mock survey in preparation for the renewal survey in 2023. We are waiting for the report from the NCQA consultant and will work on improvements needed and address gaps identified from the mock survey.

Status of DHCS and DMHC Routine Audits

SFHP still awaits the preliminary report from DHCS and expects to receive it in June 2022. SFHP continues to wait for the Department of Managed Health Care (DMHC) to close the routine medical survey, which began in August 2021. Findings from the reports and corrective actions needed will be shared with the Board.

STRATEGIC ANCHOR 3: EXEMPLARY SERVICE

SFHP Operations

Operations is comprised of the following departments: Customer Service, Grievances, Claims, Member Eligibility Management (MEM), Business Solutions (includes Configuration, Business Systems Analysis, and Continuous Improvement), Provider Network Operations (includes Provider Relations, Contracting, Credentialing, and Facility Site Review), and Enterprise Project Management Office (EPMO). We continually strive to streamline processes to strengthen our core operations. All departments are operating smoothly in the current remote environment.

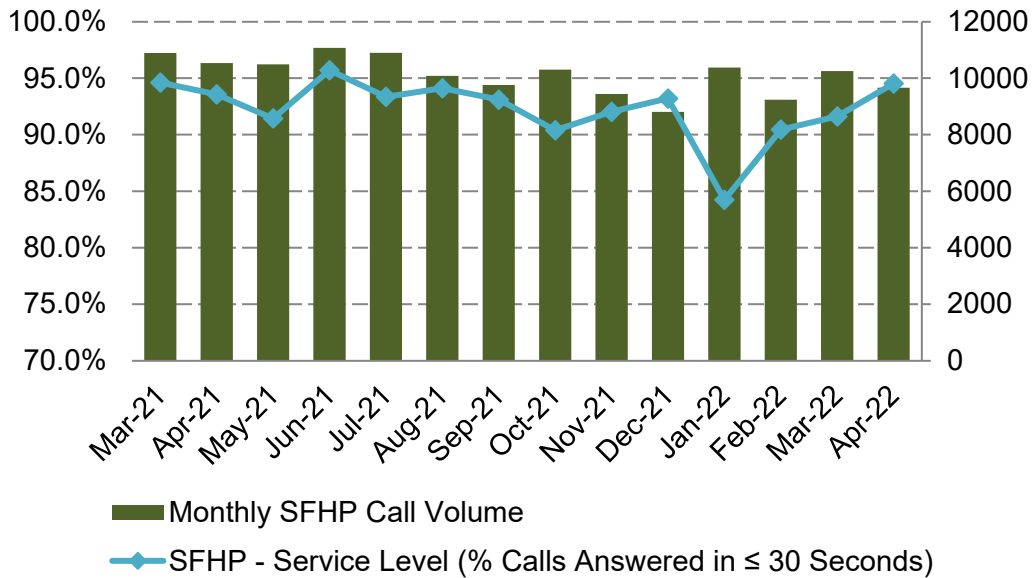
Customer Service (CS)

The Customer Service department continues to strive to deliver exemplary service to our members and providers across all lines of business. Key accomplishments include:

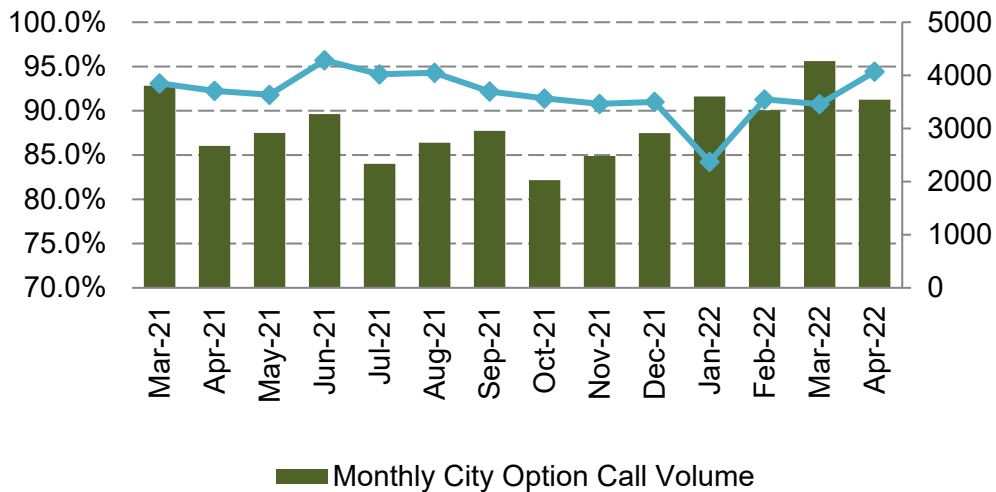
- In collaboration with the Grievance and Appeals team, simplified the grievance intake form used by Customer Service Representatives and delivered corresponding training to all staff to operationalize this change.
- Developed a member and provider contact pipeline to aid in the timely resolution of grievances and appeals, thereby improving our overall processes and adherence to regulatory requirements.

The charts on the next page show our service level performance on both queues alongside our incoming call volume through April of 2022.

SFHP Service Level



City Option/HSF Service Level



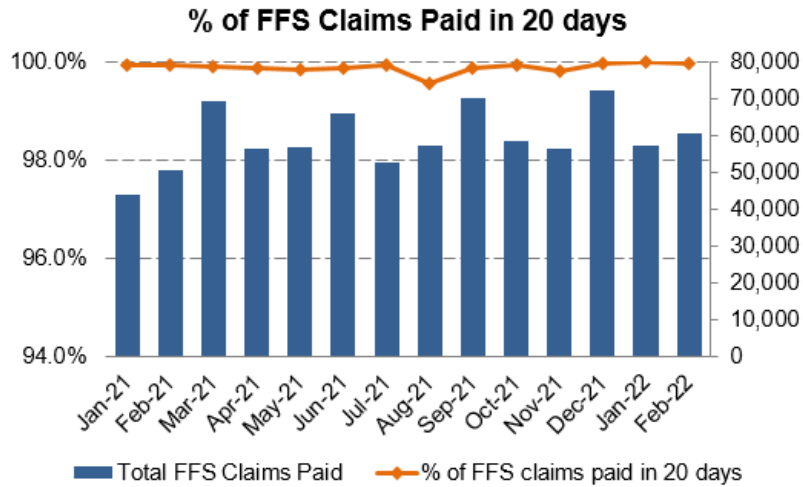
Claims

Claims continues to operate efficiently and is focused on opportunities to further enhance our operations. Key accomplishments include:

- The Claims Editing Software (CES) project is in the final stages of testing and is on track for to go-live in June following the systems upgrade of our core enterprise application. This software applies Medi-Cal and National Correct Coding Initiative (NCCI) guidelines to address claims coding discrepancies.

- Integrated the Utilization Management (UM) claims edits functions and staff into the Claims department in April to streamline operations. Optimized the process for creating an individual authorization approval form to eliminate duplicate work.

Below is a chart showing our percentage of claims paid within 20 business days from March 2021 through April 2022.



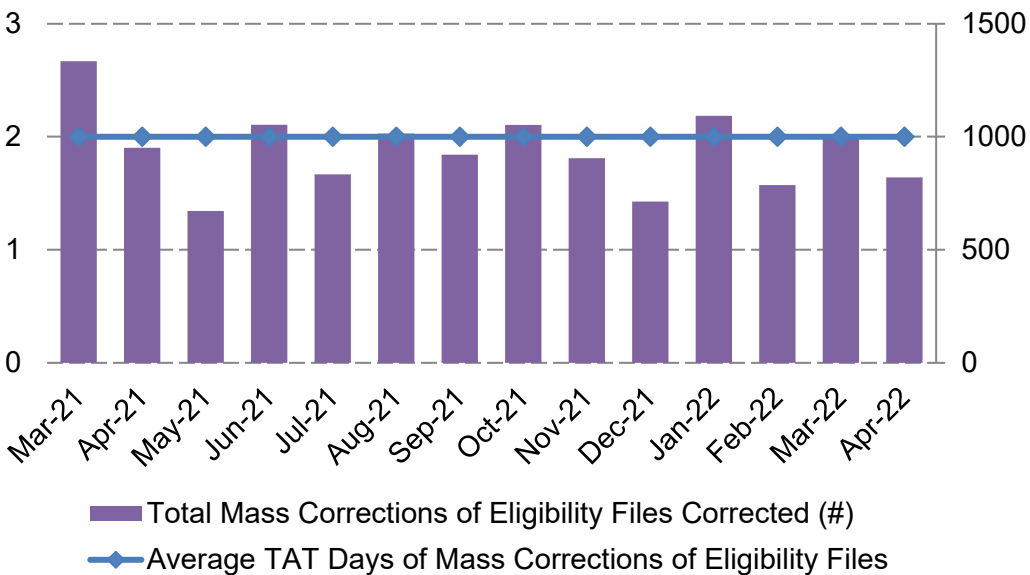
Member Eligibility Management (MEM)

The MEM team continues to process all eligibility files within two business days. Timely eligibility file processing ensures accurate member eligibility information and capitation payments to our providers and vendors.

- In March and April, the team consistently exceeded targets to capture other health coverage information for members, thereby ensuring proper claims processing while taking into account commercial insurance coverage.
- Lyon-Martin Health Service and Women’s Community Clinic were separated from Health Right 360 and merged as Lyon-Martin Community Health Service in March. In collaboration with other departments, we successfully updated our systems and processes to accommodate this change within a two-week timeline.
- Completed extensive business testing to upgrade our core enterprise application system, QNXT, and met our target go-live in May.

The chart on the next page shows our eligibility file processing timeline alongside volume of manual corrections made by staff through April 2022.

Mass Corrections of Eligibility File



Business Solutions

All units in Business Solutions are performing well and met established goals and metrics. Key accomplishments include:

- Revised the DHCS 274 provider network file to incorporate new CalAIM requirements and enhanced portrayal of SFHP network hierarchy.
- Created files and processes to share Other Health Coverage (OHC) information with Delegated Medical Groups (DMG) so they can meet cost avoidance and post payment recovery requirements outlined in DHCS All Plan Letter 21-002.
- Updated systems and processes including member assignment and capitation to support merger of Lyon-Martin Health Services and Women's Community Clinic to Lyon-Martin Community Health Services.
- Updated systems and processes to accommodate expanded eligibility for full scope Medi-Cal to individuals who are 50 years of age or older and lacking satisfactory immigration status, under the Older Adult Expansion (OAE) initiative.

Provider Network Operations

All units in Provider Network Operations are performing well and met established goals and metrics. Key accomplishments include:

- The Provider Relations Team finished distributing provider appreciation gifts. This year's package included SFHP-branded chocolates and coffee and a note of appreciation from the plan. The appreciation package was developed as an alternative to the annual Provider Awards Dinner that was cancelled due to pandemic-related restrictions and concerns.
- The Credentialing team is negotiating with the preferred vendor from the Request for Process (RFP) bids to provide SFHP's first-ever provider credentialing

system. The credentialing system will upgrade and modernize the end to end provider credentialing processes. Implementation is targeted for early July, which is earlier than originally expected.

- The Facility Site Review (FSR) team commenced scheduling in-person site visits. The teams first in-person provider visits since the beginning of the public health emergency resumed in April.

After nearly eight years, Russ Krause, SFHP's Director of Provider Network Operations, left SFHP on May 6th for a position in contracts at UCSF Children's Hospital.

Enterprise Project Management Office (EPMO)

Key project and program updates:

- Claims Edit Software – New software application that reviews claims prior to final adjudication will be implemented in June. The tool integrates with SFHP's core claims payment system, QNXT, and will improve internal efficiency and overall quality of claims processing.
- FY 22-23 Enterprise Project Portfolio – Project selection for next fiscal year's enterprise portfolio has been completed, prioritized, and assessed for resource capacity. The preliminary portfolio contains a mixture of projects that will address regulatory mandates and improve the health plan's internal operational efficiency.

STRATEGIC ANCHOR 4: FINANCIAL VIABILITY

Information Technology Services (ITS)

2022 Annual Disaster Recovery (DR) Test

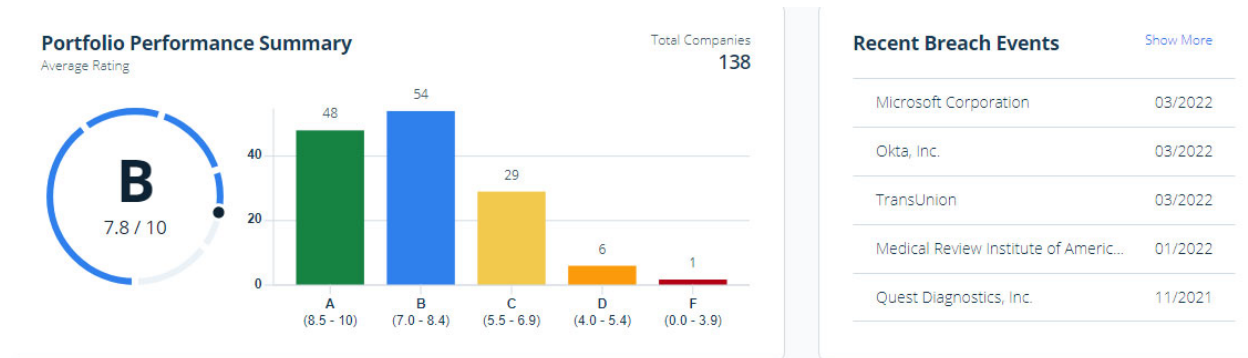
SFHP completed the annual Disaster Recovery (DR) Test on May 6, 2022. SFHP's primary data center is located at Santa Clara, California. The DR site is in Ashburn, Virginia. Failover to the DR site testing was completed and successfully met recovery time and recovery point objectives.

- *RTO (Recovery Time Objective)*. The maximum allowable amount of time for our mission critical applications to be down in each disaster event. RTO for mission critical applications is one (1) hour.
- *RPO (Recovery Point Objective)*. The maximum allowable data loss in terms of time. RPO for mission critical applications is one (1) hour.

RiskRecon Third-Party Management

RiskRecon is a third-party risk management service SFHP uses to gain cybersecurity ratings and insights on contracted or prospective vendors. Vendors that handle protected health information (or Business Associates) are assessed on a regular basis to provide SFHP with oversight of vendor infrastructure risks. Below is a summary of

the ratings of SFHP Business Associates. SFHP’s acceptable risk threshold for Business Associates is a grade of “B.” Potential Business Associates are also assessed prior to contracting to mitigate risks prior to operations to the extent possible.



Recent Breach Events [Show More](#)

| | |
|---------------------------------------|---------|
| Microsoft Corporation | 03/2022 |
| Okta, Inc. | 03/2022 |
| TransUnion | 03/2022 |
| Medical Review Institute of Americ... | 01/2022 |
| Quest Diagnostics, Inc. | 11/2021 |

| Recently Added | Lowest Rated | Largest Score Drop |
|---|---|--|
| San Francisco Community Clinic Co... A 9.4 | Excelsior Solutions F 3.8 | Deerfield Behavioral Health, Inc. -1.3 |
| Periscope B 7.8 | The University of California, Berkeley D 4.0 | TransUnion -1.2 |
| Intrado Corporation C 6.5 | Microsoft Corporation D 4.4 | Arctic Wolf Networks Inc -1.0 |
| Tactical Telesolutions, Inc C 6.0 | QNX Software Systems Ltd. D 4.7 | Moss Adams LLP -0.5 |
| US Bioservices Corporation B 8.4 | Templar Shield D 5.2 | Reinsurance Group of America (RG... -0.5 |

Vendors added since January 2022:




| Company | Start Rating | Current Rating | Change | Start Date | End Date | Folder | Criticality | Industry |
|---|--------------|----------------|--------|------------|----------|----------|---------------------|---------------------------|
| Clearlink Partners | 8.8 | 8.8 | 0 | May-22 | May-22 | Partners | Enterprise Critical | Professional Services |
| Devcool Inc. | 7.9 | 7.9 | 0 | May-22 | May-22 | Partners | Enterprise Critical | Professional Services |
| Periscope | 7.8 | 7.8 | 0 | May-22 | May-22 | Partners | Enterprise Critical | Professional Services |
| RedMane Technology | 8 | 8 | 0 | Jan-22 | May-22 | Vendors | Enterprise Critical | Software Services |
| ADO Professional Solutions, Inc dba Paladin Marketing Resources | 9.6 | 9.6 | 0 | May-22 | May-22 | Partners | Enterprise Critical | Administrative |
| San Francisco Women’s Cancer Network | 7.7 | 7.7 | 0 | May-22 | May-22 | Partners | Enterprise Critical | Religious, Civic, Charity |
| Antage Incorporated | 9.8 | 9.8 | 0 | May-22 | May-22 | Partners | Enterprise Critical | Software Services |
| Daponde Simpson Rowe PC (DSR Health Law) | 8.1 | 8.1 | 0 | May-22 | May-22 | Partners | Enterprise Critical | Legal Services |
| HipaaS Inc. | 7.6 | 7.6 | 0 | May-22 | May-22 | Partners | High | Software Services |
| Bullseye Compliance, LLC | 9.9 | 9.9 | 0 | May-22 | May-22 | Partners | Enterprise Critical | Software Services |
| Clinical Management Consultants, Inc. | 7.2 | 7.2 | 0 | May-22 | May-22 | Partners | Enterprise Critical | Administrative |
| Tactical Telesolutions, Inc | 6 | 6 | 0 | May-22 | May-22 | Partners | Enterprise Critical | Telecommunication |
| DocuStream, Inc. | 6.3 | 6.3 | 0 | May-22 | May-22 | Vendors | Enterprise Critical | Software Services |
| Maxim Staffing | 8 | 8 | 0 | May-22 | May-22 | Partners | Enterprise Critical | Uncategorized |
| Health Management Systems of America | 5.5 | 5.5 | 0 | May-22 | May-22 | Vendors | High | Health Care |

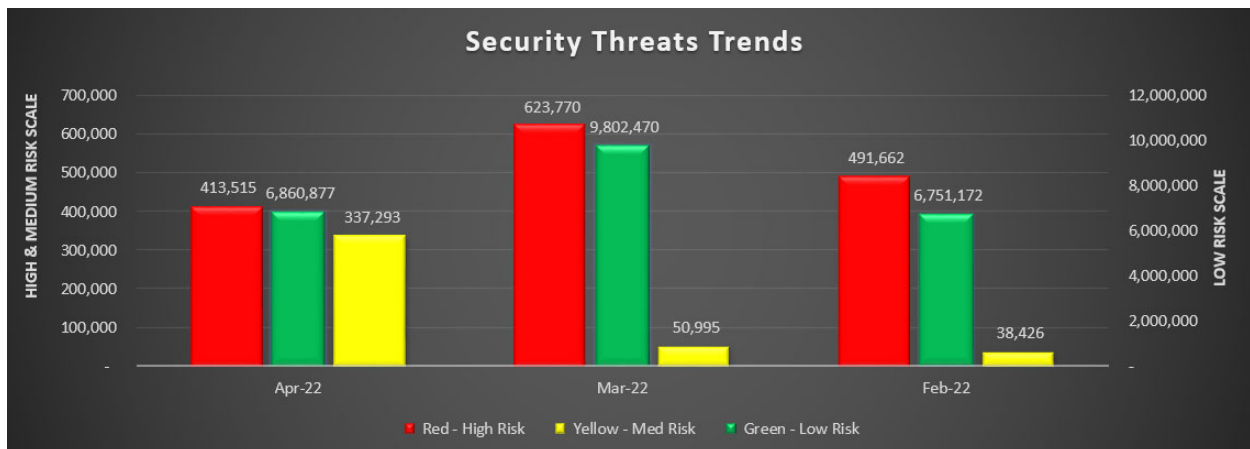
Please note that given the relatively new process, the Information Security team is developing steps with internal business owners to contact each vendor falling below the “B” threshold with the intent to bring their scores up.

ITS Security Metrics Report – April 2022:

Threats

- Number of Attacks Detected and Thwarted at the Network Perimeter – February 2022 through April 2022

| Risk Category | April | March | February |
|--|-----------|-----------|-----------|
|  High/Critical – Attempts to exploit various vulnerabilities, including repeated brute force attempts | 413,515 | 623,770 | 491,662 |
|  Medium - Malware, ransomware, and virus attempts | 337,293 | 50,995 | 38,426 |
|  Low/Informational –Authentication failures, login failures, HTTP Errors | 6,860,877 | 9,802,470 | 6,751,172 |



Security Trends

The number of overall attacks on SFHP’s network infrastructure have slightly decreased the past month. Types of attacks are relatively the same. All attacks were stopped at the firewall perimeter.

Malware

We experienced zero malware infections at our endpoints during the months of February 1, 2022 through April 30, 2022.

Email

The volume of legitimate emails into SFHP has remained about the same over time. On average approximately one-half (~50%) of the emails sent to SFHP are blocked as either spam or viruses. Rejected emails included blocked senders, viruses, spam, and other unwanted communications. Rejecting suspicious emails before they enter SFHP’s internal systems reduces the threat attack surface.

| Month-Year | Total Inbound Email | Rejections (includes viruses & spam) | Legit Inbound Email | % Rejections | Total Outbound Email | Total Internal Email |
|--------------|---------------------|--------------------------------------|---------------------|----------------|----------------------|----------------------|
| May - 2021 | 197,725 | 108,838 | 88,887 | 55.05 % | 137,555 | 2,031,261 |
| June - 2021 | 191,144 | 93,346 | 97,798 | 48.84 % | 81,447 | 503,378 |
| July - 2021 | 180,728 | 90,238 | 90,490 | 49.93 % | 33,040 | 466,196 |
| Aug - 2021 | 178,732 | 94,305 | 84,427 | 52.76 % | 43,160 | 511,578 |
| Sep - 2021 | 174,515 | 88,739 | 85,776 | 50.85 % | 167,470 | 489,008 |
| Oct - 2021 | 184,058 | 94,881 | 89,177 | 51.55 % | 35,904 | 520,439 |
| Nov - 2021 | 177,784 | 83,241 | 94,543 | 46.82 % | 54,101 | 518,621 |
| Dec - 2021 | 192,372 | 94,425 | 97,947 | 49.08 % | 31,521 | 667,184 |
| Jan - 2022 | 191,949 | 96,649 | 95,300 | 50.35 % | 369,020 | 759,907 |
| Feb - 2022 | 181,818 | 87,341 | 94,477 | 48.04 % | 346,101 | 579,740 |
| Mar - 2022 | 222,721 | 112,451 | 110,270 | 50.49 % | 281,465 | 549,823 |
| Apr - 2022 | 204,360 | 99,619 | 104,741 | 48.75 % | 269,026 | 521,561 |
| Total | 2,277,906 | 1,144,073 | 1,133,833 | N/A | 1,849,810 | 8,118,696 |
| Mean | 189,825.5 | 95,339.41 | 94,486.09 | 50.21 % | 154,150.83 | 676,558 |

Penetration Testing

Penetration Testing is the process of launching intentional simulated attacks to identify security gaps in our infrastructure by mimicking an attacker. SFHP’s last penetration test was completed in June 2021. Remediation of the findings is still underway. SFHP’s 2022 annual penetration test is scheduled to completed before June 2022. The status of findings is illustrated in the table below.

| Risk Category | Number of Findings | Remediated | Remaining |
|---------------|--------------------|------------|-----------|
| Critical | 1 | 1 | 0 |
| High | 2 | 2 | 0 |
| Medium | 4 | 4 | 0 |
| Low | 14 | 13 | 1 |

SEMI-ANNUAL COMPLIANCE REPORT

Annual Employee Training Program

Development and implementation of an updated annual employee training program was completed by January 2022, with all project milestones met on time. Employees are required to complete the training by June 6, 2022. This training also included on Health Insurance Portability and Accountability Act (HIPAA) privacy and security awareness. Employees that do not complete the training will not be eligible for their bonus, should bonuses be approved by the Board in September.

SFHP Member Fraud Awareness Education Program

A member-focused fraud awareness education page was developed in June 2021 to provide education to members about fraud, waste, and abuse. The material is currently under review by the Department of Health Care Services (DHCS). The www.sfhp.org website was updated with this information for members. In addition, an article titled “Member Fraud Awareness” was published in the 2022 Winter Member Newsletter.

FWA Detection Program - Pondera

The Compliance and Oversight department utilizes the Pondera Fraud-Detection-as-a-Solution (FDaaS) vendor to provide monthly “Alerts” based on aberrant claims or eligibility behavior. SFHP meets with Pondera on a quarterly basis to review new developments, trends in the industry, and trends they noticed in SFHP’s data. At the most recent meeting in late May, Pondera reported the following highlights:

- Provided SFHP with special investigation assistance with a provider case that may involve a violation of the law that prohibits self-referrals. The investigation is ongoing.
- Adjusted alerts to decrease false positive reports.
- Improved case tracking module to assist staff with tracking progress of investigations.

The contract with Pondera was extended for one year, through November 2023. SFHP Compliance staff will continue to evaluate the effectiveness of the software to determine next contract extension.

FWA Investigations

Compliance and Oversight received 1,901 alert results from Pondera since November 2021 and reviewed or cleared 493 results. The remaining large volume of results were not investigated for the following reasons:

- Due to issues with the encounter data, misidentification of providers, and the NPI numbers for the billing versus the rendering provider are still causing a larger number of false alarm alerts in Pondera. The Compliance and Oversight team is

working with Pondera to reduce these false positives. Progress in this area has reduced false positives by an average of 2,500 Alerts per month.

- The lack of claims editing software resulted in thousands of Alerts. These are time-intensive reviews that could not be reviewed due to lack of employee resources. A claims editing software has been selected by the Claims department for implementation in FY 22-23, which should decrease the number of false positive Alerts.
- Three regulatory audits during the past six months limited staff availability to focus on program integrity activities.

From the Alerts that were reviewed, 88 cases were opened as leads to be investigated. From the leads, there are 15 cases currently open, with all 15 allegations of suspected fraud. These were reported to the Department of Health Care Services (DHCS) as potential Medi-Cal fraud. The 15 cases include nine cases that were previously reported to the Finance Committee and Governing Board in the November 2021 semi-annual compliance report. Of these nine cases, three cases were closed with no findings of fraud, four are awaiting funds to be returned and then will be closed, and two cases remain open.

The tables on the following pages provides updates on the previously reported cases and six new cases. A typical investigation takes six to nine months. Several cases, however, remain open due to delays in provider or member responses and other staff priorities, e.g., State audits. Two of the six new cases have been closed, with findings in both cases and a total recovery of over \$9,000.

| # | Date Received Case # | Provider/ Member | Summary | Status |
|---|--|---------------------------|--|--|
| 1 | 10/29/2020 <i>2010051 (previously reported)</i> | Mini Pharmacy Enterprises | Pharmacy in Los Angeles was found to be automatically delivering refills of diabetic medications to patients' homes without patient request or knowledge. | Update: Also referred to Department of Justice (DOJ). Case Closed with no Findings. |
| 2 | 11/02/2020 <i>2010052 (previously reported)</i> | Mobility Express | Anonymous caller alleged that provider was "scamming" SFHP by billing SFHP for rides when members were not provided. In addition, caller alleged that provider has not had insurance since June 2020. Multiple allegations are being investigated: lack of insurance, lack of vehicle registration, unlicensed drivers, and submission of false claims. Investigation currently in progress. | Update: SFHP is conducting member outreach, to determine if members received rides on the dates of services that were billed and paid. Data Analytics provided over 300 transportation claims that do not have a valid medical destination and the investigator is working with the Provider to obtain documentation of active licensure, registration, and insurance. Case remains open. |
| 3 | 01/13/21 | SL Consulting | A non-contracted laboratory, Global Research Institute, | Update: Findings Confirmed. Also referred |

| # | Date Received Case # | Provider/ Member | Summary | Status |
|---|--|---------------------|--|--|
| | 2110081 (previously reported) | | submitted a high volume of provider dispute resolutions (PDRs). Upon further review of the claims, SFHP noticed that Global Research Institute billed SFHP for COVID testing and many other lab services that do not require authorization. | to DOJ. SFHP has confirmed that the provider did not receive the appropriate orders for the non-COVID related tests and is requesting a refund on identified claims. Case will remain open until monies are received. |
| 4 | 02/22/21 2110087 (previously reported) | Care DX, Inc. | DHCS received a fraud referral from an employee of Care Dx who alleged inappropriate conduct, including kickbacks. Case referred to Pondera SIU for additional assistance in background investigation into Care Dx. | Update: Case Closed with no finding of Fraud. |
| 5 | 02/26/21 2110086 (previously reported) | D. W. | Beacon's SIU data mining identified this provider billing HCPCs Q3014, a facility-based code for telehealth services. Beacon sent a MC609 to DHCS. Reviewed 98 claims for procedure code 90837 and telehealth facility code Q3014 for the total paid amount of \$7,349.90. Telehealth facility code was supported, and procedure code 90837 was supported by recorded service length. There were 51 claims that were not supported by documentation due to a computer crash and some records were unrecoverable. The provider submitted a copied receipt of the computer repair. The evidence supports the claim. These monies were not recovered. An education letter was sent to Provider. | Update: Case Closed with education provided to Provider and no finding of fraud. |
| 6 | 04/09/21 2110092 (previously reported) | A.C.R | Received an alert from Pondera that a provider's license was suspended but claims were identified. Analysis verified that over \$2,000 were paid to the provider for COVID testing after the license was suspended. Delegated providers have been alerted about the provider as well. | Update: Requested money back from Provider. Referred case to the DOJ, too. SFHP has requested funds back from provider. Case will remain open until monies received back. |
| 7 | 7/28/2021 2110106 (Previously Reported) | Bright Heart Health | Beacon SIU conducted data mining that indicated the provider is billing impossible services in a day. Two rendering providers | Update: Findings confirmed. Money requested from provider. |

| # | Date Received Case # | Provider/ Member | Summary | Status |
|----|--|-----------------------------|--|--|
| | | | billing over 50 visits in a day on multiple dates of service. San Francisco Health Plan exposure \$2,702.16. | Case will remain open until monies received. |
| 8 | 07/07/21 <i>2110100 (Previously Reported)</i> | BHC Sierra Vista Hospital | DHCS received a fraud referral from an employee of Sierra Vista who alleged inappropriate conduct, including claim fraud by changing the patient's hospital arrival time. | Update: Third and final medical record request sent on 5/24/22, if records are not received by June 1st, monies will be recouped. |
| 9 | 8/3/2021 <i>2110107 (Previously Reported)</i> | M.D.L. Community Psychiatry | Through the Beacon Monthly Reimbursement Report review, there was an anomaly found on one of the Beacon Providers. There was one Provider, Mark David Levine, MD (who is part of Community Psychiatry) that was only billing 99214 or 99215 during a period between June 2020 - September 2020 and was reimbursed at a much higher rate than the Medi-Cal Fee Schedule. | Update: After two requests of medical records, and a significant delay, SFHP received the records and E&M audit of medical records in progress. |
| 10 | 07/07/21 <i>2110115 (New)</i> | Roman Empire | Beacon SIU received an internal referral that the provider was billing under a different Board Certified Behavioral Analyst (BCBA) than was identified as the actual rendering provider. Clinical educated provided on multiple occasions but continues to bill improperly. Findings letter issued on 10/20/21. SFHP exposure for one year \$9,093.00. SFHP recovered a total of \$9,093.00. | SFHP Recovered \$9,093.00 Case will remain open for six (6) months for monitoring, |
| 11 | 07/07/21 <i>2110116 (New)</i> | I-CAN B | Beacon SIU conducted data mining that indicated the provider is a high utilizer, ratio of BCBA's to patients (3 to 85 all plans) seems to be excessive case load and possible impossible services in a day. SFHP potential exposure for one year \$34,197.50. | Medical Record Review in process. |
| 12 | 01/21/22 <i>2210121 (New)</i> | R.S.N | Beacon SIU received internal referrals that provider is billing for services not provided. Claims data review (7/1/21-1/1/22) identified many dates of services with impossible # of units. SFHP potential exposure for 1 year paid \$80,659.00 and 10 members. | Medical Record Review in process. |

| # | Date Received Case # | Provider/ Member | Summary | Status |
|----|-------------------------------|------------------------------|---|---|
| 13 | 01/21/22 2210117 (New) | Ron Gordon Corporation | Internal lead regarding allegations of possible misrepresentation of diagnosis to elicit payment approval and suspicious of a possible kickback agreement. Pondera's SIU team assisting in potential Stark Law violation investigation. Case also under review by SFHP Medical Director, Dr. Wayne Pan, for Medical Necessity review. Investigation in progress. | Investigation in progress |
| 14 | 01/21/22 2210119 (New) | Member Name Redacted | Internal lead indicated that member had claims from Sincere Care Medical Supply after member's date of death (DOD). Member's DOD is 2/19/2021 and Sincere submitted claims for DOS: 2/25/21, 3/25/21, 4/24/21, 5/25/21, and 6/25/21. | Received payment from Sincere Care Management in the amount of \$214.55. Claims were re-adjudicated and reversed. Case is closed. |
| 15 | 03/16/22 2210129 (New) | Member Name Redacted | Member believes someone else is using her medical insurance to get care. Member interview conducted. Member unable to provide the dates she alleges someone else was getting care using her insurance. Medical records requested for all the claims SFHP had been billed to date. Provided member the report of all services billed to SFHP and awaiting member's response. | Investigation in progress. |

Internal Audit Program

The Compliance and Oversight Department identifies risk areas with the Program Integrity Workgroup and surveys of subject matter experts across the organization. As a result of the assessment of the risk areas, an internal audit schedule is established for the fiscal year. The following are areas that have been or will be audited this fiscal year:

1. Documentation of requests for expedited grievances
2. Non-clinical grievances
3. Clinical grievances
4. Appeals
5. Provider preventable conditions
6. Pediatric and adult preventive services
7. Beacon claims processing
8. SFHP's third-party administration role for SFHN
9. Processing of members' personal representative forms
10. Medicare Coordination of Benefits Administration (COBA) misdirects
11. Encounter Data Validation

12. Cost Avoidance-Overpayment Recoveries
13. Member Correspondence

Delegation Oversight Program

SFHP's Compliance and Oversight department is also responsible to audit medical groups and vendors that have been delegated health plan functions, such claims, authorizations, and credentialing. The following annual audits have been completed or are scheduled this fiscal year. All audits are conducted via web conferencing and desk audits:

1. American Specialty Health (ASH)-Full Scope
2. Beacon Health Services-Full Scope
3. Brown and Toland-Full Scope
4. Laguna Honda-Subdelegate of SFHN-Full Scope
5. San Francisco Health Network (SFHN)-Full Scope
6. San Francisco Behavioral Health Services-Full Scope
7. University of California San Francisco (UCSF)-Full Scope
8. Pre-Delegation Audit of Jade MSO Network Medical Management
9. Pre-Contract Assessment of CareNet Nurse Advice Line

Privacy and Security Updates

There were no direct SFHP privacy or security breaches during the past year. MRIOA, one of SFHP's contracted vendors providing external medical review, reported a breach, but SFHP staff and systems did not experience a breach. It experienced a ransomware attack in November 2021 that impacted 58 SFHP members. Members were notified in early January.

The new hire and annual trainings were updated to include training on privacy and security requirements for working from home. Compliance and IT staff worked together to develop a virtual privacy survey. This is the virtual alternative to in-office privacy checks conducted by Compliance staff to check staff workstations and file cabinets. With the virtual privacy checks a team of Compliance and IT staff will schedule time with all staff over the course of several months to survey staff about their home office. With these virtual privacy checks IT and Compliance staff will provide staff with guidance to ensure their home offices are set up securely. Virtual privacy checks began in October 2021 and will continue on an ongoing basis.

Agenda Item 3

Action Item

- Review and Approval of the Unaudited Year-to-Date Financial Statements and Investment Reports

FINANCIAL RESULTS – APRIL 2022

April 2022 reported a margin of \$4,460,000 versus a budgeted margin of \$259,000. After removing Strategic Use of Reserves (SUR) activity, the actual margin from operations was \$4,560,000 versus a budgeted margin of \$463,000.

Once again, the strong results for April were expected given the rate increases DHCS/Mercer included in the CY 2022 rate development. Base rates increased by 6.7% and DHCS/Mercer included another 5.2% to cover the net additional costs to SFHP for taking responsibility for the hospital risk related to the San Francisco Community Clinic Consortium (SFCCC) members.

On a year-to-date basis, we have a margin of \$17,875,000 versus a budgeted margin of \$1,602,000. After removing SUR activity, the actual margin from operations was \$18,885,000 versus a budgeted margin of \$2,849,000.

1. Variances between April actual results and the budget include:
 - a. A net increase in revenue of \$10.0 million due to:
 - i. \$9.2 million more in Medi-Cal premium revenue due to an additional 13,266 member months along with the premium rate increases noted above. Membership mix was also favorable as 79% of the additional member months were in the Adult, Adult Expansion and Seniors and Persons with Disabilities (SPD) categories of aid where the per member, per month premium rates are much higher than rates for the Child and Duals categories of aid.
 - ii. \$643,000 more in Other Income due to the receipt of COVID-19 vaccination incentive funding. Effective September 2021, DHCS established a vaccination incentive program for managed care plans designed to increase the vaccination levels among Medi-Cal beneficiaries. As of April 2022, SFHP ranks first in the state with the highest percentage (71%) of Medi-Cal beneficiaries receiving at least one dose of COVID-19 vaccine. SFHP's performance against a variety of measures qualified the plan to receive this incentive funding.
 - iii. \$213,000 more in Maternity revenue. We reported 116 maternity events during April versus a budget of 91 maternity events.
 - b. A net increase in medical expense of \$5.9 million:
 - i. \$3.2 million more in net capitation as the result of having 13,266 more member months plus a more favorable membership mix than what the budget projected. In addition, Kaiser's membership remains strong at 15,000 members or 9.4% of SFHP's

total Medi-Cal membership. As discussed at the May Finance Committee meeting, Kaiser is considered a Global Subcontractor and received 98% of the premium SFHP receives from DHCS which increases SFHP's capitation expense. This relationship with Kaiser will remain in place through December 2023. Effective January 2024, Kaiser will have a direct contract with DHCS which means the 15,000 members will transition out of SFHP.

- ii. \$2.6 million more in fee-for-service hospital claims as shown in the chart below.

| HOSPITAL FFS - APRIL 2022 | | | | |
|--|---------------|---------------|--------------------|-----------------------------------|
| CATEGORY | ACTUAL | BUDGET | FAV (UNFAV) | PCT CHANGE FAV (UNFAV) |
| HOSPITAL FFS | \$ 9,388,967 | \$ 6,770,860 | \$ (2,618,107) | -38.7% |
| MEMBER MONTHS | 171,477 | 158,211 | 13,266 | 8.4% |
| PMPM | \$ 54.75 | \$ 42.80 | \$ (11.96) | -27.9% |
| ADDITIONAL FFS COST FOR BUDGETED MEMBER MONTHS | | | \$ (1,891,747) | |
| ADDITIONAL FFS COST FOR ADDITIONAL MEMBER MONTHS | | | \$ (726,360) | |
| | | | \$ (2,618,107) | |

As we can see in the chart above, hospital fee-for-service cost was up \$11.96 pmpm versus our budget projections. After analyzing the paid claims data, we came away with the following findings:

| DESCRIPTION | -----APRIL 2022----- | | | |
|---------------------|-----------------------------|---------------|--------------------|--------------------|
| | ACTUAL | BUDGET | FAV (UNFAV) | FAV (UNFAV) |
| # OF CLAIMS PAID | 344 | 275 | (69) | -25.1% |
| COST OF CLAIMS PAID | \$ 4,722,421 | \$ 3,060,679 | \$ (1,661,742) | -54.3% |
| AVERAGE COST/CLAIM | \$ 13,728 | \$ 11,130 | \$ (2,598) | -23.3% |

In addition to increases in claims volume and the cost per claim, we saw an increase in the APR-DRG payment weight factor of 8% (1.2169 versus 1.1268). The higher payment weight factor is an indication that on average, the severity of claims paid in April was higher than expected. This would cause the average cost per claim to increase.

We had 7 claims greater than \$100,000 and 3 claims greater than \$200,000. Normally we expect to see only 2-3 claims greater than \$100,000. This increase in large dollar claims was worth \$1.1 million.

- c. A net decrease in administrative expenses of \$392,000 primarily due to lower than expected professional fees. The budget anticipated that several of the professional services/consulting engagements would continue into the last quarter of the fiscal year. For some of these engagements, the total spend was less than anticipated while other engagements ended earlier than expected. We also experienced smaller savings for the insurance and marketing line items. These variances are related to timing differences.

Below is a chart highlighting the key income statement categories for April with adjustments for SUR activity to show margin or loss from ongoing operations.

| CATEGORY | -----APR 2022----- | | | | -----FYTD 21-22 THRU APR----- | | | |
|--------------------------------------|---------------------|-------------------|---------------------|----------------|-------------------------------|---------------------|----------------------|----------------|
| | ACTUAL | BUDGET | FAV (UNFAV) | % FAV (UNFAV) | ACTUAL | BUDGET | FAV (UNFAV) | % FAV (UNFAV) |
| MEMBER MONTHS | 171,477 | 158,211 | 13,266 | 8.4% | 1,657,249 | 1,600,958 | 56,291 | 3.5% |
| REVENUE | \$ 59,516,000 | \$ 49,478,000 | \$ 10,038,000 | 20.3% | \$ 742,131,000 | \$ 702,083,000 | \$ 40,048,000 | 5.7% |
| MEDICAL EXPENSE | \$ 50,591,000 | \$ 44,676,000 | \$ (5,915,000) | -13.2% | \$ 676,297,000 | \$ 653,347,000 | \$ (22,950,000) | -3.5% |
| MLR | 86.9% | 91.6% | | | 92.1% | 94.0% | | |
| ADMINISTRATIVE EXPENSE | \$ 4,193,000 | \$ 4,584,000 | \$ 391,000 | 8.5% | \$ 46,654,000 | \$ 47,550,000 | \$ 896,000 | 1.9% |
| ADMINISTRATIVE RATIO | 4.9% | 7.9% | | | 5.3% | 5.8% | | |
| INVESTMENT INCOME | \$ (272,000) | \$ 41,000 | \$ (313,000) | | \$ (1,305,000) | \$ 416,000 | \$ (1,721,000) | |
| MARGIN (LOSS) | \$ 4,460,000 | \$ 259,000 | \$ 4,201,000 | 1622.0% | \$ 17,875,000 | \$ 1,602,000 | \$ 16,273,000 | 1015.8% |
| ADD BACK: SUR ACTIVITY | \$ 100,000 | \$ 204,000 | | | \$ 1,010,000 | \$ 1,247,000 | | |
| MARGIN (LOSS) FROM OPERATIONS | \$ 4,560,000 | \$ 463,000 | \$ 4,097,000 | 884.9% | \$ 18,885,000 | \$ 2,849,000 | \$ 16,036,000 | 562.9% |

On a year-to-date basis through April and after the removal of SUR activity, SFHP is reporting a margin of \$18,885,000 which is significantly above budget expectations. Margins will continue to be strong for May and June due to the CY 2022 Medi-Cal rate increases effective January 1, 2022 along with increasing membership.

The variances in revenue and medical expense are due to the impact of new Medi-Cal rates effective January 2022, 56,291 more member months than anticipated and \$2.1 million less in Directed Payments (DP) and Intergovernmental Transfer (IGT) pass-through funding.

After removing the Directed Payments and IGT funding, premium revenue is above budget by \$42.1 million. This is due to:

- An overall net increase of 56,291 member months. 81% of the additional member months are in the Adult, Adult Expansion and SPD categories of aid which has a favorable impact on revenue due to the fact that the premium rates for these members are much higher than the premium rates for Child and Dual members.
- Rate increases DHCS/Mercer included in the CY 2022 rate development. Base rates increased by 6.7% and DHCS/Mercer included another 5.2% to cover the net additional costs to SFHP for taking responsibility for the hospital risk related to the SFCCC members.

After removing SUR activity, Directed Payments and IGT funding, medical expense is above budget by \$25.3 million. This increase can be accounted for as follows:

| | |
|---|--------------|
| ○ Capitation expenses are up | \$14,381,000 |
| ○ FFS expenses are up | \$ 8,149,000 |
| ○ Medi-Cal non-Hep C pharmacy expenses are up | \$ 1,267,000 |
| ○ Non-specialty mental health expenses are up | \$ 1,139,000 |
| ○ Hepatitis C expenses are up | \$ 686,000 |
| ○ CBAS expenses are up | \$ 325,000 |
| ○ Healthy Workers pharmacy expenses are down | (\$ 865,000) |

Overall administrative expense is below budget by \$896,000. Most of this decrease is due to lower costs in the areas of professional fees/consulting, marketing, and insurance. Some of the professional services/consulting engagements ended earlier than expected. The lower costs in the marketing area are due more to timing differences. Actual spending is expected to catch up with the budget projections during May and June.

PROJECTIONS

Financial projections through October 2022:

1. SFHP expects to continue to report strong margins through June 2022 due to the Medi-Cal rate increases that were effective January 1, 2022. The anticipated margins will help SFHP rebuild its reserve balance that was depleted by covering several retroactive rate adjustments implemented by DHCS that resulted in a return of \$12.7 million to DHCS.
2. Beginning in July 2021, hospital risk for 16,000 San Francisco Community Clinic Consortium (SFCCC) members became the responsibility of SFHP. SFHP no longer pays capitation to ZSFG for these members. SFHP is responsible for all in-network and out-of-network hospital services under a fee-for-service arrangement – All Patient Refined Diagnosis Related Groups (APR-DRG) for inpatient services and 140% of the Medi-Cal Fee Schedule (MCFS) for outpatient facility services. Primary care and specialty care services remain under capitation. Original estimates showed this new risk would cost SFHP approximately \$18-20 million per year. With SFCCC membership now at 17,500 members as of April 2022, this new risk will cost \$20-22 million per year. CY 2022 Medi-Cal rate increases applied to the increased membership will cover this additional cost.

Now that we have ten months of experience with this new risk, we can begin to see that claims paid along with Incurred but Not Reported (IBNR) estimates are coming in close to expectations. Due to the normal pattern of claims lag, SFHP has increased its IBNR claims reserve to cover the anticipated claims incurred July 2021 through April 2022, but not received as of April 30, 2022.

3. SFHP began the new fiscal year with 2,400 more Medi-Cal members versus what was anticipated in the budget. This differential has grown to 12,000 members through April 2022. Now that the Public Health Emergency has been extended until mid-July, SFHP anticipates adding another 2,000 members in the months of May and June. This will increase our Medi-Cal membership to approximately 162,000 members.

With the Public Health Emergency expected to end in mid-July 2022, SFHP anticipates that Medi-Cal membership will begin to gradually decrease starting in the fourth quarter of CY 2022 and into CY 2023 as members will be placed on hold or terminated due to no longer qualifying for the program.

4. The Medi-Cal pharmacy benefit was carved out of Medi-Cal managed care effective January 2022. This aligns with how SFHP prepared its FY 21-22 budget, i.e., we would have responsibility for this benefit through December 2021. SFHP continues to have the risk for the Healthy Workers pharmacy benefit. Although SFHP is positive \$865,000 through April (\$7.35 pmpm), we expect Healthy Workers pharmacy costs to gradually increase. We project that the \$93.61 pmpm included in the overall Healthy Workers rate should be adequate as move into FY 22-23.
5. Beginning in January 2022, SFHP has taken on responsibility for Enhanced Care Management (ECM), Community Supports (CS), formerly known as In Lieu Of Services (ILOS) and Major Organ Transplants (MOT). Multiple teams within SFHP worked for several months to prepare for these new programs. Final rates for ECM, CS and MOT were released at the end of January. It is important to note that the ECM and MOT benefits will be subject to a risk corridor which will limit SFHP's exposure to gains and losses.
6. Proposition 56 – Proposition 56 provides enhanced payments to medical groups for qualifying physician services, supplemental payments for developmental screenings, adverse childhood experiences screenings, trauma screenings, family planning services and value-based payments related to a variety of health care quality measures. It is important to note that the value-based payments portion of the Proposition 56 program will end June 30, 2022. All other Proposition 56 programs will continue through December 2022.
7. See income statement charts on subsequent pages. Due to the impact that pass-through funding and the disbursement of Strategic Use of Reserves have on projections, we have included graphs with and without this activity.

HIGHLIGHTED IMPACTS TO THE HEALTH PLAN AND/OR PROVIDERS

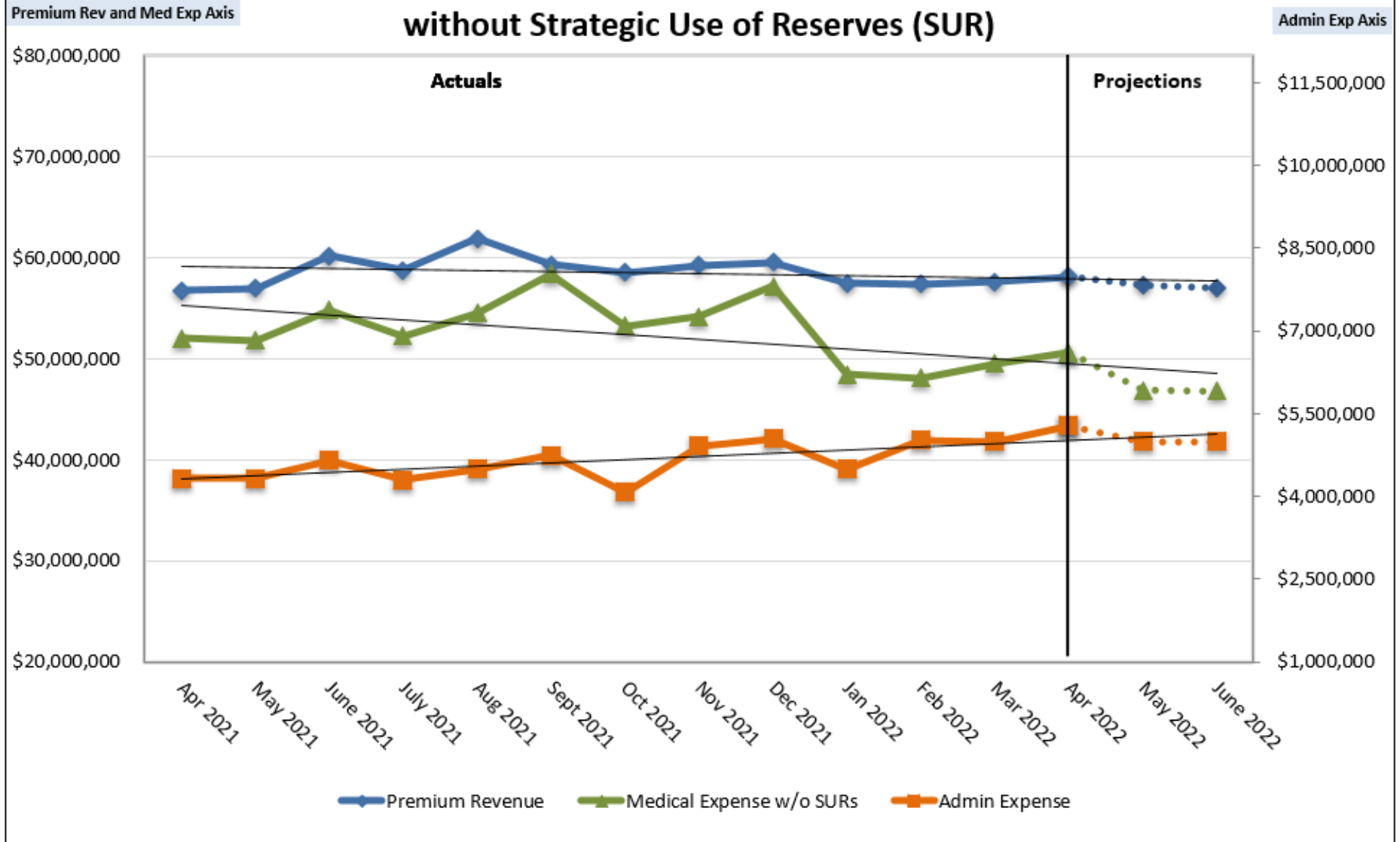
SFHP would like to like to remind providers of the rate increases effective July 1, 2022:

- Base capitation is increasing by a weighted average of 5.0%.
- The Practice Improvement Program (PIP) is increasing from 18.5% to 20.0%.
- Professional FFS rate is increasing from 139% to 150% of the Medi-Cal Fee Schedule.
- CBAS centers and San Francisco Institute on Aging rates are increasing by 10%.

| PROVIDER | % INCREASE | -----ANNUAL INCREASE----- | | |
|---------------------------------------|------------|---------------------------|--------------|---------------|
| | | BASE CAPITATION | PIP | TOTAL |
| HEALTHRIGHT 360 | 5.5% | \$ 90,397 | \$ 30,116 | \$ 120,514 |
| SOUTH OF MARKET HEALTH CENTER | 5.3% | \$ 69,149 | \$ 23,396 | \$ 92,545 |
| ST. ANTHONY MEDICAL CLINIC | 5.3% | \$ 18,492 | \$ 6,257 | \$ 24,749 |
| MARIN CITY HEALTH AND WELLNESS | 5.2% | \$ 11,823 | \$ 4,020 | \$ 15,843 |
| SAN FRANCISCO COMMUNITY HEALTH CENTER | 5.2% | \$ 26,439 | \$ 8,990 | \$ 35,429 |
| BAART | 5.2% | \$ 7,528 | \$ 2,556 | \$ 10,084 |
| DR. THANH TRAN | 5.2% | \$ 8,156 | \$ 2,769 | \$ 10,924 |
| ZUCKERBERG SAN FRANCISCO GENERAL | 5.1% | \$ 4,881,408 | \$ - | \$ 4,881,408 |
| CLINICAL PRACTICE GROUP | 5.1% | \$ 2,322,260 | \$ 794,572 | \$ 3,116,832 |
| NATIVE AMERICAN HEALTH CENTER | 5.1% | \$ 13,807 | \$ 4,742 | \$ 18,549 |
| JADE MEDICAL GROUP | 5.1% | \$ 206,906 | \$ 70,963 | \$ 277,869 |
| CHINESE HOSPITAL | 5.0% | \$ 641,306 | \$ - | \$ 641,306 |
| CHINESE COMMUNITY HEALTH CARE ASSN | 5.0% | \$ 239,236 | \$ 83,173 | \$ 322,409 |
| NORTH EAST MEDICAL SERVICES | 4.9% | \$ 2,587,099 | \$ 904,472 | \$ 3,491,570 |
| CALIFORNIA PACIFIC MEDICAL CENTER | 4.9% | \$ 1,726,941 | \$ - | \$ 1,726,941 |
| BROWN & TOLAND MEDICAL GROUP | 4.9% | \$ 60,327 | \$ 21,158 | \$ 81,485 |
| HILL PHYSICIANS | 4.8% | \$ 68,488 | \$ 24,158 | \$ 92,647 |
| MISSION NEIGHBORHOOD HEALTH CENTER | 4.8% | \$ 178,403 | \$ 63,302 | \$ 241,705 |
| | | \$ 13,158,167 | \$ 2,044,644 | \$ 15,202,811 |
| SFHP OVERALL | 5.0% | | | |
| | | | | |
| UCSF MEDICAL GROUP | | | | \$ 1,100,000 |
| CBAS/SF IOA | | | | \$ 750,000 |
| | | | | \$ 17,052,811 |

SFHP - April 2022

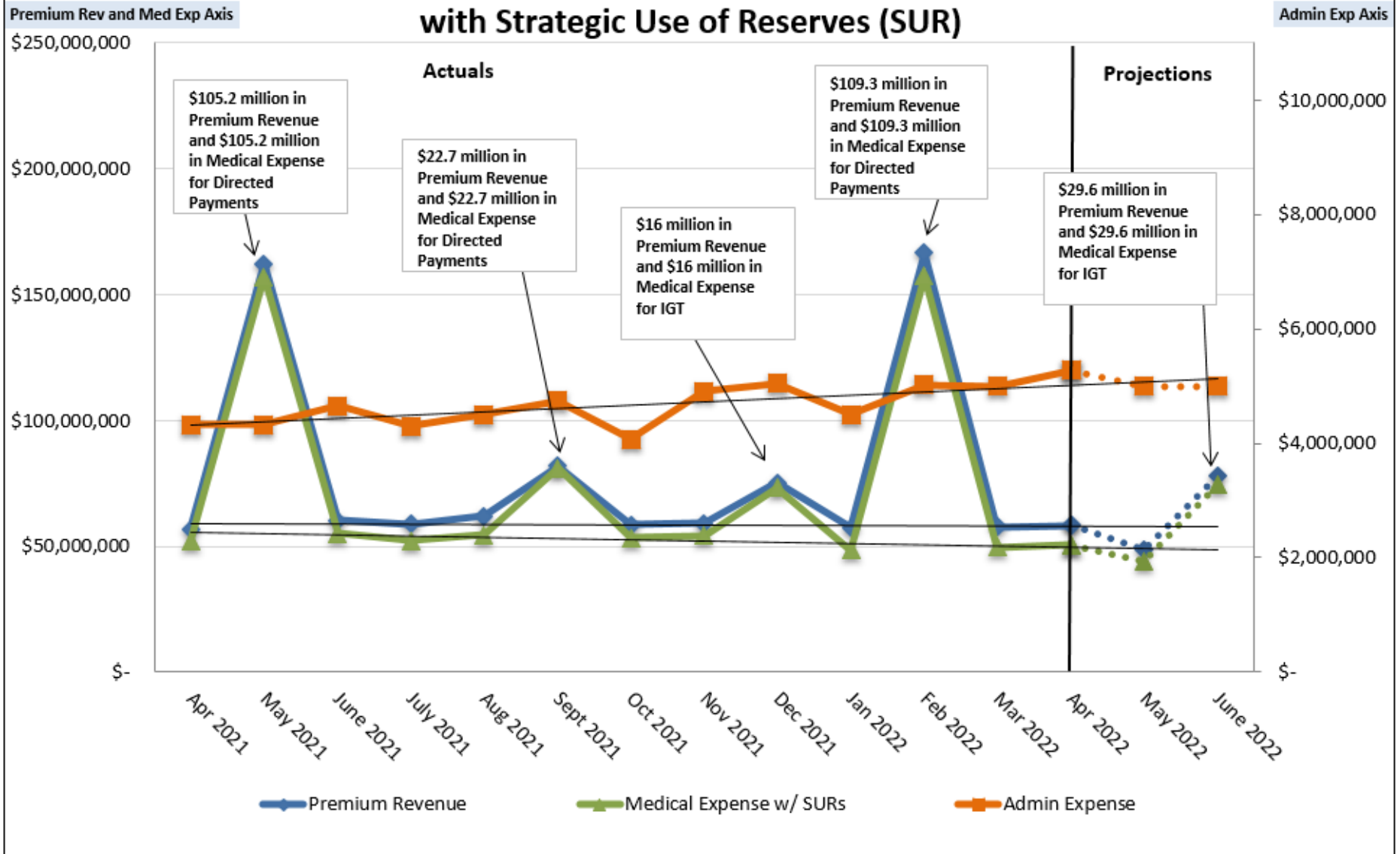
Rolling 12 Month Income Statement & 2 Month Projection without Strategic Use of Reserves (SUR)



- 1) Medical Expense **without** Strategic Use of Reserves (SUR)
- 2) Dual axis chart
- 3) Trend line **without** impact of Strategic Use of Reserves (SUR) or pass-throughs

SFHP - April 2022

Rolling 12 Month Income Statement & 2 Month Projection with Strategic Use of Reserves (SUR)



- 1) Medical Expense **with** Strategic Use of Reserves (SUR) and pass-throughs
- 2) Dual axis chart
- 3) Trend line **without** impact of Strategic Use of Reserves (SUR) or pass-throughs

San Francisco Health Plan Finance Big Picture Dashboard - April 2022

| | Apr-22 | | | Apr-21 | Fiscal Year to Date (21/22) | | | FY 20/21 |
|--------------------------------------|------------|------------|-------------|------------|-----------------------------|-------------|--------------|-------------|
| | MTD | MTD | MTD | MTD | FYTD | FYTD | FYTD | FYTD |
| | Actual | Budget | Fav (Unfav) | Actual | Actual | Budget | Fav (Unfav) | Actual |
| FINANCIAL POSITION: | | | | | | | | |
| Net Profit/Loss w/o HSF (\$) | 4,461,151 | 258,677 | 4,202,474 | 1,145,736 | 17,874,495 | 1,602,098 | 16,272,397 | 2,448,025 |
| Total Medical Loss Ratio_All LOB | 86.9% | 91.6% | 4.7% | 91.7% | 92.1% | 94.0% | 1.9% | 94.9% |
| Admin Expense Ratio | 4.9% | 7.9% | 3.0% | 6.4% | 5.3% | 5.8% | 0.5% | 4.8% |
| Number of FTE's | 347 | | | 354 | | | | |
| Premium Revenue (\$) | 58,196,527 | 48,768,436 | 9,428,091 | 56,722,042 | 734,239,095 | 694,928,519 | 39,310,576 | 714,475,061 |
| Medical Expenses (\$) | 50,591,401 | 44,676,168 | (5,915,233) | 52,010,205 | 676,297,355 | 653,346,783 | (22,950,572) | 677,749,547 |
| Administration Expenses w/o HSF (\$) | 4,192,594 | 4,584,405 | 391,811 | 4,325,359 | 46,654,475 | 47,550,493 | 896,018 | 41,432,725 |
| Member Months | 171,477 | 158,211 | 13,266 | 156,716 | 1,657,249 | 1,600,958 | 56,291 | 1,508,107 |
| Cash on Hand (Days) | 56 | | | 31 | | | | |

| RESERVES: | April-2022 | Budget @ 6/30/22 | June-2021 | June-2020 | June-2019 | June-2018 | June-2017 | June-2016 |
|--|---------------|---------------------|--------------|-------------|-------------|--------------|-------------|-------------|
| | Reserves (\$) | 113,482,711 | 99,037,922 | 96,977,825 | 91,960,120 | 97,935,725 | 108,542,472 | 120,761,132 |
| SUR carry-over balance from prior years | (2,306,651) | (2,500,000) | (2,511,173) | (4,145,463) | (6,046,189) | (15,567,350) | | |
| FY18-19 SUR for Medical Groups and Targeted Interv. | (1,741,100) | - | (2,548,975) | (2,945,000) | (6,558,333) | 0 | | |
| Adjusted Reserve Balance | 109,434,960 | 96,537,922 | 91,917,677 | 84,869,657 | 85,331,203 | 92,975,122 | | |
| Reserve Policy 2x Premium Rev (Rolling 12 month avg) | 116,393,054 | 96,586,486 | 118,618,434 | 86,669,751 | 93,747,256 | 93,684,010 | 94,325,464 | 100,027,410 |
| Reserves Over (Under) 2 x Premium Revenue | (6,958,094) | (48,564) | (28,700,757) | (1,800,095) | (8,416,053) | (708,888) | | |
| DMHC Required TNE | 15,255,105 | 12,000,000 | 14,662,413 | 13,951,203 | 12,597,375 | 11,960,363 | 11,818,641 | 10,744,461 |
| TNE Multiple | 7.2 | 8.3 | 6.3 | 6.1 | 6.8 | 7.8 | 10.2 | 10.5 |

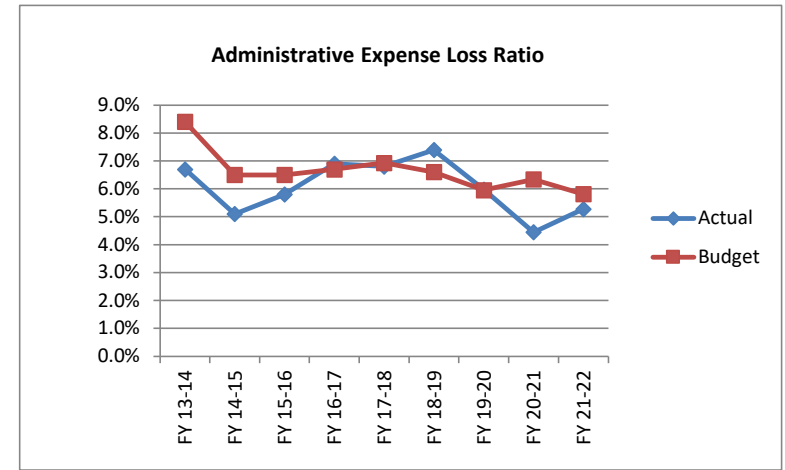
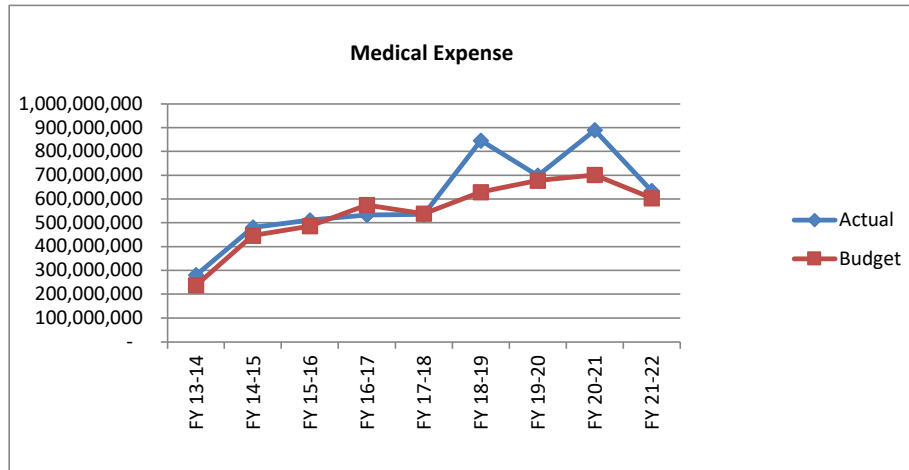
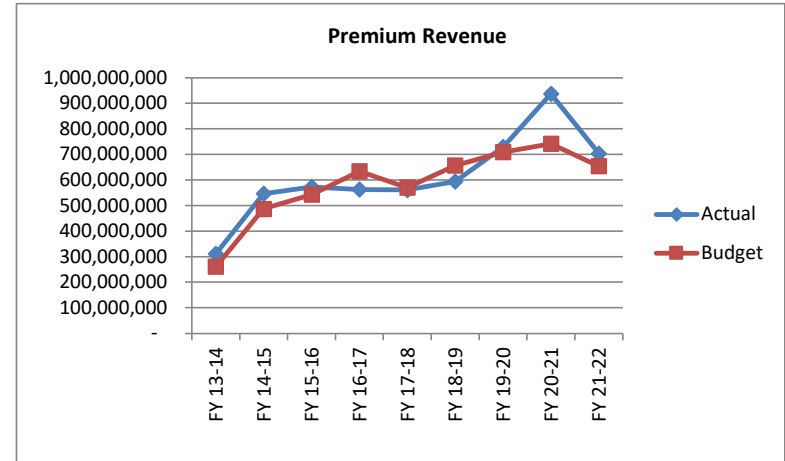
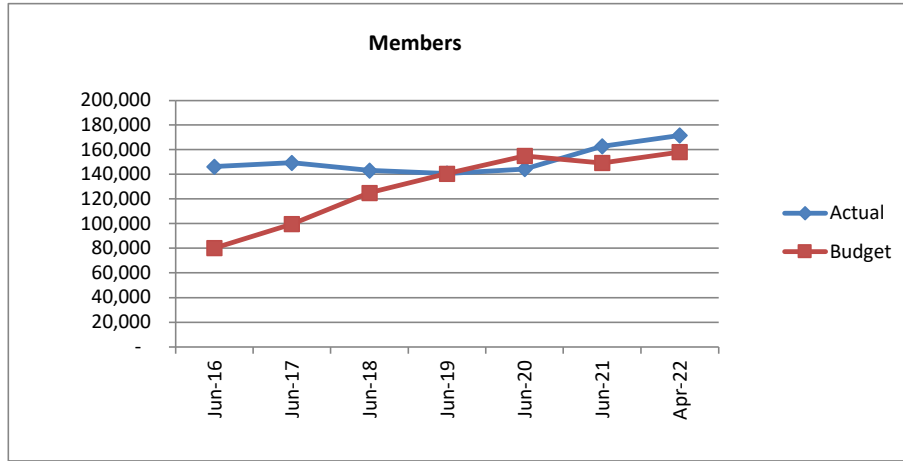
| FINANCIAL TREND: | FY 21/22 | | | | | | | | |
|--------------------------------------|--------------------|--------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Original Budget | Change | April-2022 | June-2021 | June-2020 | June-2019 | June-2018 | June-2017 | June-2016 |
| Premium Revenue (\$) | 694,928,519 | 39,310,576 | | | | | | | |
| Medical Expenses (\$) | 653,346,783 | (22,950,572) | | | | | | | |
| Administration Expenses w/o HSF (\$) | 47,550,493 | 896,018 | | | | | | | |
| Member Months | 171,477 | | 171,477 | 162,666 | 144,308 | 140,765 | 143,096 | 149,348 | 146,289 |
| Average Monthly Enrollment | 164,864 | | 164,864 | 152,436 | 138,890 | 142,038 | 146,847 | 148,354 | 144,347 |

Membership for the Month
Rolling 12 Month Average

San Francisco Health Plan

Finance Big Picture Dashboard - April 2022

FINANCIAL TREND:
(Rolling 12 months)



San Francisco Health Plan Finance Dashboard Metrics - April 2022

| | Apr-22 | | | Apr-21 | Fiscal Year to Date (21/22) | | | FY 20/21 |
|--|------------|------------|--------------------|------------|-----------------------------|-------------|-----------------------|-------------|
| | Actual | Budget | Fav (Unfav) | Actual | Actual | Budget | Fav (Unfav) | Actual |
| Member Months | 171,477 | 158,211 | 13,266 8.4% | 156,716 | 1,657,249 | 1,600,958 | 56,291 3.5% | 1,508,107 |
| Premium Revenue (\$) | 58,196,527 | 48,768,436 | 9,428,091 19.3% | 56,722,042 | 734,239,095 | 694,928,519 | 39,310,576 5.7% | 714,475,061 |
| Administration Expenses w/o HSF (\$) | 4,192,594 | 4,584,405 | 391,811 | 4,325,359 | 46,654,475 | 47,550,493 | 896,018 | 41,432,725 |
| Admin Expense Ratio | 4.9% | 7.9% | | 6.4% | 5.3% | 5.8% | | 4.8% |
| Medical Expenses (\$) | 50,591,401 | 44,676,168 | (5,915,233) | 52,010,205 | 676,297,355 | 653,346,783 | (22,950,572) | 677,749,547 |
| Total Medical Loss Ratio | 86.9% | 91.6% | | 91.7% | 92.1% | 94.0% | | 94.9% |
| MC Adult/Child/Dual MLR | 85.3% | 84.4% | | 84.2% | 90.7% | 88.2% | | 89.4% |
| MC SPD MLR | 89.3% | 90.7% | | 93.0% | 93.3% | 93.6% | | 94.5% |
| MC Expansion MLR | 85.1% | 94.1% | | 94.1% | 93.1% | 96.5% | | 96.8% |
| HW MLR | 96.8% | 98.0% | | 96.0% | 95.1% | 96.9% | | 101.5% |
| HSF + SFCMRA - TPA Fee (\$) | 1,085,512 | 1,120,255 | (34,743) -3.1% | 974,731 | 9,770,935 | 11,382,879 | (1,611,944) -14.2% | 8,958,049 |
| Cash on Hand (Days) | 56 | | | 31 | | | | |
| Maternity Reimb. Performance (\$) (per case pymt, actual vs. budget) | 988,133 | 764,545 | 223,588 29.2% | 773,344 | 8,455,749 | 7,645,450 | 810,299 10.6% | 7,787,278 |
| Number of Births | 116 | 91 | 25 | 92 | 1,001 | 910 | 91 | 900 |
| Hep-C Revenue (\$) | 0 | 0 | 0 | 396,341 | 2,660,517 | 2,055,468 | 605,049 | 3,857,592 |
| Hep-C Expense w/rebates (FFS + Cap) (\$) | 0 | 0 | 0 | 416,603 | 2,741,679 | 2,055,468 | 686,211 | 3,938,908 |
| Net Margin (\$) | 0 | 0 | 0 | (20,262) | (81,162) | 0 | (81,162) | (81,316) |
| Total Hep-C Treatments | 0 | 0 | 0 | 184 | 1,227 | 1,026 | 201 | 1,659 |
| Total reimbursable Hep-C weeks (exclude Daklinza) | 0 | 0 | 0 | 184 | 1,227 | 1,026 | 201 | 1,659 |
| Net Profit/Loss w/o HSF (\$) | 4,461,151 | 258,677 | 4,202,474 | 1,145,736 | 17,874,495 | 1,602,098 | 16,272,397 | 2,448,025 |

**San Francisco Health Plan
Consolidated Balance Sheet for SFHA and SFCHA
As of April 30, 2022**

| | SFHA | HSF | 4/30/2022 Total | 4/30/2021 Total | Variance |
|------------------------------------|--------------------|--------------------|----------------------|--------------------|--------------------|
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| (1) SFHP Cash and Cash Equivalents | 5,742,563 | | 5,742,563 | 3,923,750 | 1,818,813 |
| Short Term Investments | 150,653,715 | | 150,653,715 | 87,265,450 | 63,388,265 |
| HSF Cash and Cash Equivalents | | 780,646,230 | 780,646,230 | 654,182,275 | 126,463,954 |
| Petty Cash | 1,000 | | 1,000 | 1,000 | - |
| (2) Other Receivables | 899,046 | | 899,046 | 5,967,399 | (5,068,352) |
| Interest Receivable | 131,529 | | 131,529 | 160,976 | (29,447) |
| Grant Funds Receivable | 42,669 | | 42,669 | - | 42,669 |
| (3) Capitation Receivable | 60,644,300 | | 60,644,300 | 60,970,062 | (325,762) |
| HSF Operation Receivable | 6,873,885 | | 6,873,885 | 8,991,497 | (2,117,613) |
| HSF Provider Payment & Advance | | 2,469,159 | 2,469,159 | 2,508,722 | (39,563) |
| (4) HSF Receivables | | 693,075 | 693,075 | 15,422,254 | (14,729,179) |
| Prepaid Insurance | 214,003 | | 214,003 | 88,121 | 125,882 |
| HSF Prepaid Insurance | 3,704 | | 3,704 | 3,367 | 337 |
| Prepaid Rent | 10,902 | | 10,902 | 336,637 | (325,734) |
| Prepaid Expenses | 3,528,404 | | 3,528,404 | 2,943,860 | 584,543 |
| HSF Prepaid Expenses | (15,471) | | (15,471) | 6,844 | (22,315) |
| CalPERS Deferred Outflow Fund | 5,748,961 | | 5,748,961 | 7,592,229 | (1,843,268) |
| Deposits | 79,874 | | 79,874 | 79,874 | - |
| Total Current Assets | 234,559,083 | 783,808,464 | 1,018,367,547 | 850,444,316 | 167,923,231 |
| OTHER ASSETS | | | | | |
| Long Term Investments | 21,506,143 | | 21,506,143 | 23,349,404 | (1,843,262) |
| Restricted Funds Required by DMHC | 300,000 | | 300,000 | 300,000 | - |
| Total Other Assets | 21,806,143 | - | 21,806,143 | 23,649,404 | (1,843,262) |
| FIXED ASSETS | | | | | |
| Furniture & Equipment | 15,645,003 | | 15,645,003 | 15,420,811 | 224,191 |
| Accumulated Depreciation | (13,375,879) | | (13,375,879) | (12,235,726) | (1,140,153) |
| Net Fixed Assets | 2,269,124 | - | 2,269,124 | 3,185,085 | (915,962) |
| TOTAL ASSETS | 258,634,349 | 783,808,464 | 1,042,442,813 | 877,278,806 | 165,164,007 |

**San Francisco Health Plan
Consolidated Balance Sheet for SFHA and SFCHA
As of April 30, 2022**

| | SFHA | HSF | 4/30/2022 Total | 4/30/2021 Total | Variance |
|--|--------------------|--------------------|----------------------|--------------------|--------------------|
| LIABILITIES & FUND BALANCE | | | | | |
| CURRENT LIABILITIES | | | | | |
| Accounts Payable | 12,878,992 | | 12,878,992 | 17,772,668 | (4,893,676) |
| HSF Accounts Payable | | 2,206,817 | 2,206,817 | 677,166 | 1,529,651 |
| Deferred Rent | 1,636,408 | | 1,636,408 | 1,834,686 | (198,277) |
| Salaries/Benefits/PERS Payable | 6,865,003 | | 6,865,003 | 8,372,557 | (1,507,554) |
| CalPERS Unfunded Pension | (395,440) | | (395,440) | 41,309 | (436,749) |
| CalPERS Pension Deferred Inflow | 227,878 | | 227,878 | 180,387 | 47,491 |
| Notes Payable - Lease Equipment | 64,892 | | 64,892 | 31,023 | 33,869 |
| Unearned Premium Revenue | - | | - | - | - |
| (5) DHCS, MCO, IGT, AB-85, SB-335, SB-208 and ACA Payable | 43,532,129 | | 43,532,129 | 24,263,825 | 19,268,304 |
| HSF Earned Premium - Due to DPH | | 66,299,369 | 66,299,369 | 58,326,574 | 7,972,795 |
| Waiver, Discount, and Account Write-off | | (18,523) | (18,523) | (162,189) | 143,667 |
| HSF Unearned Participant Fees | | 196,046 | 196,046 | 546,559 | (350,512) |
| ESR due to DPH | | 528,443,352 | 528,443,352 | 450,255,844 | 78,187,508 |
| HSF MRA Fund Payable (Claim & Fee) | | 186,681,404 | 186,681,404 | 162,469,299 | 24,212,105 |
| Capitation Payable | 63,175,705 | | 63,175,705 | 51,989,271 | 11,186,434 |
| Claims Payable | 2,620,600 | | 2,620,600 | 3,147,725 | (527,126) |
| Claims IBNR | 14,545,471 | | 14,545,471 | 3,537,666 | 11,007,805 |
| TOTAL LIABILITIES | 145,151,637 | 783,808,464 | 928,960,101 | 783,284,367 | 145,675,734 |
| FUND BALANCE | | | | | |
| Contributed Capital | 1,516,840 | | 1,516,840 | 1,516,840 | - |
| Accumulated Surplus Revenue | 94,091,376 | | 94,091,376 | 90,029,573 | 4,061,803 |
| Current Year Surplus / Deficit | 17,874,495 | | 17,874,495 | 2,448,025 | 15,426,470 |
| Fund Balance | 113,482,711 | - | 113,482,711 | 93,994,439 | 19,488,273 |
| TOTAL LIABILITIES & FUND BALANCE | 258,634,349 | 783,808,464 | 1,042,442,813 | 877,278,806 | 165,164,007 |

**San Francisco Health Plan
Consolidated Balance Sheet for SFHA and SFCHA
As of April 30, 2022**

Notes:

- (1) SFHP Cash, Cash Equivalents and Short Term Investments had a combined balance of \$156.4 million at 4/30/22 as compared to \$91.2 million at 4/30/21. This increase of \$65.2 million is comprised of 1) \$35.0 million of excess Proposition 56, Enhanced Care Management and Major Organ Transplants funding that will need to be returned to DHCS as we will not achieve the required MLR thresholds, 2) \$7.5 million of Managed Care Organization tax to be paid to DHCS, 3) \$6.7 million in Ground Emergency Medical Transportation (GEMT) funding to be paid to hospitals and 4) \$16.0 million in positive cash flow generated from the new Medi-Cal rates effective January 2022.

The days cash on hand as of 4/30/22 was 56 days compared to 53 days at 3/31/22. As expected, April days cash on hand was consistent with March. Days cash on hand continues to gradually increase due to excess funding received for Proposition 56 and CalAIM programs along with increased revenues related to the new Medi-Cal rates that were effective January 2022.

- (2) The \$5.1 million reduction in Other Receivables is due to the collection of advances made to providers during FY 19-20 to assist with cash flow as they worked through the pandemic. Providers were given until June 30, 2021 to repay the advances.
- (3) Capitation Receivable is a combination of Medi-Cal premiums totaling \$60.6 million along with \$65,000 of receivables for the Healthy Workers program.
- (4) In January 2022, SF DPH reimbursed \$14.7 million related to the \$500 grants disbursed to San Francisco City Option MRA holders during August through December 2020.
- (5) The amount payable to SFHP providers and DHCS at 4/30/22 included the following - \$35.0 million in Proposition 56 and CalAIM funding that will have to be returned to DHCS as we will not reach the required MLR of 95% and \$7.5 million in Managed Care Organization (MCO) tax payable to DHCS.

All other asset and liability account balances appear to be reasonable.

**San Francisco Health Plan
Income Statement w/o HSF
Consolidated Statement for SFHA and SFCHA
For the Month Ending April 30, 2022**

| Current Month | | Fav (Unfav) | | Year to Date | | Year to Date | | Fav (Unfav) | | Fav (Unfav) | |
|---------------------|-------------------|-------------------|--------------|--------------------|--------------------|-------------------|-------------|-------------|---|-------------|---|
| Actual | Budget | Amount (\$) | % | Actual | Budget | Actual | Budget | (\$) | % | (\$) | % |
| Member Month | | | | | | | | | | | |
| 21,079 | 17,025 | 4,054 | 23.8% | 194,162 | 171,709 | 22,453 | 13.1% | | | | |
| 42,635 | 41,718 | 917 | 2.2% | 420,198 | 420,760 | (562) | (0.1%) | | | | |
| 15,570 | 13,847 | 1,723 | 12.4% | 150,083 | 139,656 | 10,427 | 7.5% | | | | |
| 13,669 | 13,194 | 475 | 3.6% | 135,275 | 131,973 | 3,302 | 2.5% | | | | |
| 66,760 | 60,752 | 6,008 | 9.9% | 639,908 | 620,110 | 19,798 | 3.2% | | | | |
| 11,764 | 11,675 | 89 | 0.8% | 117,623 | 116,750 | 873 | 0.7% | | | | |
| (1) | 171,477 | 158,211 | 13,266 | 8.4% | 1,657,249 | 1,600,958 | 56,291 | 3.5% | | | |
| REVENUE | | | | | | | | | | | |
| 6,088,380 | 4,778,291 | 1,310,089 | 27.4% | 79,032,384 | 67,952,301 | 11,080,083 | 16.3% | | | | |
| 5,341,370 | 4,872,631 | 468,739 | 9.6% | 66,166,354 | 64,212,897 | 1,953,458 | 3.0% | | | | |
| 2,570,231 | 2,124,675 | 445,556 | 21.0% | 25,081,764 | 21,896,829 | 3,184,936 | 14.5% | | | | |
| 12,231,611 | 10,019,443 | 2,212,168 | 22.1% | 174,525,479 | 164,045,288 | 10,480,191 | 6.4% | | | | |
| 25,044,748 | 20,103,476 | 4,941,272 | 24.6% | 319,685,736 | 307,693,512 | 11,992,225 | 3.9% | | | | |
| 0 | 0 | 0 | | 564,860 | 428,490 | 136,370 | 31.8% | | | | |
| 6,920,188 | 6,869,920 | 50,267 | 0.7% | 69,182,517 | 68,699,203 | 483,314 | 0.7% | | | | |
| (2) | 58,196,527 | 48,768,436 | 9,428,091 | 19.3% | 734,239,095 | 694,928,519 | 39,310,576 | 5.7% | | | |
| 1,319,876 | 709,146 | 610,730 | 86.1% | 7,828,113 | 7,154,188 | 673,924 | 9.4% | | | | |
| 0 | 0 | 0 | | 64,003 | 0 | 64,003 | | | | | |
| 0 | 0 | 0 | | 0 | 0 | 0 | | | | | |
| 1,319,876 | 709,146 | 610,730 | 86.1% | 7,892,116 | 7,154,188 | 737,927 | 10.3% | | | | |
| 59,516,403 | 49,477,582 | 10,038,821 | 20.3% | 742,131,211 | 702,082,707 | 40,048,503 | 5.7% | | | | |

**San Francisco Health Plan
Income Statement w/o HSF
Consolidated Statement for SFHA and SFCHA
For the Month Ending April 30, 2022**

| | Current Month Actual | Current Month Budget | Fav (Unfav) Amount (\$) | Fav (Unfav) % | | Year to Date Actual | Year to Date Budget | Fav (Unfav) (\$) | Fav (Unfav) % |
|-----------------|---------------------------------|---------------------------------|------------------------------------|--------------------------|---|--------------------------------|--------------------------------|-----------------------------|--------------------------|
| EXPENSES | | | | | | | | | |
| | | | | | Medical Expenses | | | | |
| | 18,905,185 | 17,351,058 | (1,554,127) | (9.0%) | Professional | 182,501,936 | 177,144,043 | (5,357,893) | (3.0%) |
| | 28,134,528 | 23,858,855 | (4,275,674) | (17.9%) | Hospital | 261,268,442 | 244,327,959 | (16,940,483) | (6.9%) |
| | 1,002,860 | 1,066,978 | 64,118 | 6.0% | Pharmacy | 59,505,899 | 58,417,809 | (1,088,090) | (1.9%) |
| | 37,542 | 32,772 | (4,771) | (14.6%) | Immunizations | 425,447 | 331,927 | (93,520) | (28.2%) |
| | 969,332 | 830,716 | (138,616) | (16.7%) | Vision and Mental Health | 9,632,109 | 8,385,823 | (1,246,286) | (14.9%) |
| | 1,541,953 | 1,535,790 | (6,164) | (0.4%) | Health Ed & Stop Loss & Other | 162,963,522 | 164,739,221 | 1,775,700 | 1.1% |
| (3) | 50,591,401 | 44,676,168 | (5,915,233) | (13.2%) | Total Medical Expenses | 676,297,355 | 653,346,783 | (22,950,572) | (3.5%) |
| | 86.9% | 91.6% | | | Medical Cost Ratio % | 92.1% | 94.0% | | |
| | | | | | Operating Expenses | | | | |
| | 2,395,375 | 2,403,587 | 8,212 | 0.3% | Compensation & Benefits | 24,990,014 | 24,297,981 | (692,033) | (2.8%) |
| | 24,653 | 78,000 | 53,347 | 68.4% | GASB-68 CalPERS Contribution | 257,381 | 837,999 | 580,618 | 69.3% |
| | 419,217 | 469,766 | 50,549 | 10.8% | Lease, Insurance, D & A | 4,448,108 | 4,921,469 | 473,361 | 9.6% |
| | 93,121 | 128,643 | 35,521 | 27.6% | Marketing & Outreach | 806,896 | 997,692 | 190,797 | 19.1% |
| | 164,616 | 146,818 | (17,798) | (12.1%) | PBM and Mental Health TPA Fees | 2,882,240 | 2,711,146 | (171,094) | (6.3%) |
| | 148,253 | 423,241 | 274,988 | 65.0% | Professional Fees & Consulting | 3,779,654 | 4,526,159 | 746,505 | 16.5% |
| | 947,359 | 934,350 | (13,008) | (1.4%) | Other Expenses | 9,490,182 | 9,258,046 | (232,136) | (2.5%) |
| (4) | 4,192,594 | 4,584,405 | 391,811 | 8.5% | Total Operating Expenses | 46,654,475 | 47,550,493 | 896,018 | 1.9% |
| | 4.9% | 7.9% | | | Administrative Cost Ratio % (Op Exp-Other Inc/Premium) | 5.3% | 5.8% | | |
| | 54,783,995 | 49,260,572 | (5,523,422) | (11.2%) | TOTAL EXPENSES | 722,951,830 | 700,897,276 | (22,054,554) | (3.1%) |
| | 4,732,408 | 217,010 | 4,515,398 | 2,080.7% | Operating Surplus / Deficit | 19,179,381 | 1,185,431 | 17,993,950 | 1,517.9% |
| | 39,381 | 41,667 | (2,285) | (5.5%) | Interest Income & Realized G/L on Investment | 405,987 | 416,667 | (10,680) | (2.6%) |
| | (311,639) | 0 | (311,639) | | Unrealized Gain / Loss on Investment | (1,710,872) | 0 | (1,710,872) | |
| | (272,257) | 41,667 | (313,924) | (753.4%) | Total Interest Income & Realized G/L on Investmen | (1,304,886) | 416,667 | (1,721,552) | (413.2%) |
| | 4,460,151 | 258,677 | 4,201,474 | 1,624.2% | SURPLUS / DEFICIT | 17,874,495 | 1,602,098 | 16,272,397 | 1,015.7% |

San Francisco Health Plan
Income Statement w/o HSF
Consolidated Statement for SFHA and SFCHA
For the Month Ending April 30, 2022

Notes:

Following are key points that impacted our financial performance during April 2022. For a more detailed discussion of each of these points, please refer to the attached FINANCIAL RESULTS-APRIL 2022 memo.

- April member months were 8.4% ahead of budget which is not surprising given the fact that we started the fiscal year with 2,400 more Medi-Cal members plus we received new enrollment that transitioned over from Medi-Cal Fee-For-Service. Membership is expected to increase slightly over the next two months as the Public Health Emergency (PHE) is now expected to end in mid-July 2022. It is important to note that once the PHE ends, we expect a gradual decline in membership as the redetermination process will resume requiring members to be placed on hold or terminated.
- (1)
- Premium revenue was up \$9.4 million due to an additional 13,266 member months along with premium rate increases that were effective January 2022. It should be noted that a portion of the premium rate increase was to help cover the hospital risk SFHP has had for the SFCCC members since July 2021. Membership mix was also favorable as 79% of the additional member months were in the Adult, Adult Expansion and Seniors and Persons with Disabilities (SPD) categories of aid where the per member, per month premium rates are much higher than the Child and Duals categories of aid. In addition, we now have new revenue streams for Enhanced Care Management, Community Supports and Major Organ Transplants. SFHP also received \$643,000 in COVID-19 vaccination incentive funding.
- (2)
- Overall medical expense was up \$5.9 million. We had \$3.2 million more in capitation expense as the result of having 13,266 more member months as well as a more favorable membership mix than what the budget projected. This additional cost is offset by the revenue SFHP received for these additional members. We saw \$2.6 million more in hospital fee-for-service claims due to 1) a pmpm cost of \$54.75 versus a budget projection of \$42.80 and 2) an increase in the number of at-risk members for hospital services.
- (3)
- Overall administrative expenses were down \$392,000 versus the budget. The budget projected that several of the professional services/consulting engagements would continue into the last quarter of the fiscal year. As it turned out, the total spend for some of these engagements was less than anticipated while other engagements ended earlier than expected. We also experienced smaller savings for the insurance and marketing line items. These variances are related to timing differences.
- (4)

San Francisco Health Plan
Income Statement w/o HSF
Consolidated Statement for SFHA and SFCHA
For the Month Ending April 30, 2022
(\$ PMPM)

| Current Month Actual | Current Month Budget | Fav (Unfav) Amount (\$) | Fav (Unfav) % | | Year to Date Actual | Year to Date Budget | Fav (Unfav) Amount (\$) | Fav (Unfav) % | |
|-------------------------|-------------------------|----------------------------|------------------|---------------------------------|------------------------|------------------------|----------------------------|------------------|--|
| REVENUE | | | | | | | | | |
| 288.84 | 280.66 | 8.17 | 2.9% | Medi-Cal - Adult 19 | 407.04 | 395.74 | 11.30 | 2.9% | |
| 125.28 | 116.80 | 8.48 | 7.3% | Medi-Cal - Child 18 | 157.46 | 152.61 | 4.85 | 3.2% | |
| 165.08 | 153.44 | 11.64 | 7.6% | Medi-Cal - Dual Members | 167.12 | 156.79 | 10.33 | 6.6% | |
| 894.84 | 759.39 | 135.45 | 17.8% | Medi-Cal SPD | 1,290.15 | 1,243.02 | 47.13 | 3.8% | |
| 375.15 | 330.91 | 44.24 | 13.4% | Medi-Cal Expansion | 499.58 | 496.19 | 3.39 | 0.7% | |
| 588.25 | 588.43 | (0.18) | (0.0%) | Healthy Workers | 588.17 | 588.43 | (0.26) | (0.0%) | |
| 339.38 | 308.25 | 31.13 | 10.1% | Total Capitation Revenue | 443.05 | 434.07 | 8.98 | 2.1% | |
| 7.70 | 4.48 | 3.21 | 71.7% | Other Income - Admin Svc & TPL | 4.72 | 4.47 | 0.25 | 5.7% | |
| - | - | - | | Other Income - Navigator Grant | 0.04 | - | 0.04 | | |
| - | - | - | | Other Income - BHI | - | - | - | | |
| 7.70 | 4.48 | 3.21 | 71.7% | Total Other Income | 4.76 | 4.47 | 0.29 | 6.6% | |
| 347.08 | 312.73 | 34.35 | 11.0% | TOTAL REVENUE | 447.81 | 438.54 | 9.27 | 2.1% | |

**San Francisco Health Plan
Income Statement w/o HSF
Consolidated Statement for SFHA and SFCHA
For the Month Ending April 30, 2022
(\$ PMPM)**

| Current Month Actual | Current Month Budget | Fav (Unfav) Amount (\$) | Fav (Unfav) % | | Year to Date Actual | Year to Date Budget | Fav (Unfav) Amount (\$) | Fav (Unfav) % | |
|---------------------------------|---------------------------------|------------------------------------|--------------------------|---|--------------------------------|--------------------------------|------------------------------------|--------------------------|--|
| EXPENSES | | | | | | | | | |
| Medical Expenses | | | | | | | | | |
| 110.25 | 109.67 | (0.58) | (0.5%) | Professional | 110.12 | 110.65 | 0.53 | 0.5% | |
| 164.07 | 150.80 | (13.27) | (8.8%) | Hospital | 157.65 | 152.61 | (5.04) | (3.3%) | |
| 5.85 | 6.74 | 0.90 | 13.3% | Pharmacy | 35.91 | 36.49 | 0.58 | 1.6% | |
| 0.22 | 0.21 | (0.01) | (5.7%) | Immunizations | 0.26 | 0.21 | (0.05) | (23.8%) | |
| 5.65 | 5.25 | (0.40) | (7.7%) | Vision and Mental Health | 5.81 | 5.24 | (0.57) | (11.0%) | |
| 8.99 | 9.71 | 0.72 | 7.4% | Health Ed & Stop Loss & Other | 98.33 | 102.90 | 4.57 | 4.4% | |
| 295.03 | 282.38 | (12.65) | (4.5%) | Total Medical Expenses | 408.08 | 408.10 | 0.01 | 0.0% | |
| 86.9% | 91.6% | | | Medical Cost Ratio % | 92.1% | 94.0% | | | |
| Operating Expenses | | | | | | | | | |
| 13.91 | 15.19 | 1.29 | 8.5% | Compensation & Benefits | 15.07 | 15.18 | 0.10 | 0.7% | |
| 0.14 | 0.49 | 0.35 | 70.8% | GASB-68 CalPERS Contribution | 0.16 | 0.52 | 0.37 | 70.3% | |
| 2.44 | 2.97 | 0.52 | 17.7% | Lease, Depreciation & Amortization | 2.68 | 3.07 | 0.39 | 12.7% | |
| 0.54 | 0.81 | 0.27 | 33.2% | Marketing & Outreach | 0.49 | 0.62 | 0.14 | 21.9% | |
| 0.96 | 0.93 | (0.03) | (3.4%) | PBM and Mental Health TPA Fees | 1.74 | 1.69 | (0.05) | (2.7%) | |
| 0.86 | 2.68 | 1.81 | 67.7% | Professional Fees & Consulting | 2.28 | 2.83 | 0.55 | 19.3% | |
| 5.52 | 5.91 | 0.38 | 6.5% | Other Expenses | 5.73 | 5.78 | 0.06 | 1.0% | |
| 24.39 | 28.98 | 4.59 | 15.8% | Total Operating Expenses | 28.15 | 29.70 | 1.56 | 5.2% | |
| 4.9% | 7.9% | | | Administrative Cost Ratio % | 5.3% | 5.8% | | | |
| 319.42 | 311.36 | (8.06) | (2.6%) | TOTAL EXPENSES | 436.23 | 437.80 | 1.57 | 0.4% | |
| 27.66 | 1.37 | 26.29 | 1916.6% | Operating Surplus / Deficit | 11.58 | 0.74 | 10.84 | 1463.8% | |
| 0.23 | 0.26 | (0.03) | (12.8%) | Interest Income & Realized G/(L) on Investmer | 0.24 | 0.26 | (0.02) | (5.9%) | |
| (1.82) | - | (1.82) | - | Unrealized Gain / (Loss) on Investment | (1.03) | - | (1.03) | - | |
| (1.59) | 0.26 | (1.85) | | | (0.79) | 0.26 | (1.05) | | |
| 26.07 | 1.64 | 24.44 | 1494.7% | SURPLUS / DEFICIT | 10.79 | 1.00 | 9.79 | 978.4% | |

**San Francisco Health Plan
Income Statement
Healthy San Francisco & SF Covered MRA
For the Month Ending April 30, 2022**

| Current Month Actual | Current Month Budget | Fav (Unfav) Amount (\$) | Fav (Unfav) % | | Year to Date Actual | Year to Date Budget | Fav (Unfav) (\$) | Fav (Unfav) % |
|---------------------------------|---------------------------------|------------------------------------|--------------------------|--------------------------------|--------------------------------|--------------------------------|-----------------------------|--------------------------|
| REVENUE | | | | | | | | |
| 1,085,512 | 1,120,255 | (34,743) | -3.1% | TPA Fee - HSF + SFCMRA | 9,770,935 | 11,382,879 | (1,611,944) | (14.2%) |
| EXPENSES | | | | | | | | |
| 746,223 | 819,322 | 73,099 | 8.9% | Compensation & Benefits | 7,895,036 | 8,373,541 | 478,505 | 5.7% |
| 94,316 | 94,316 | - | 0.0% | Lease, Insurance, D & A | 937,597 | 943,163 | 5,566 | 0.6% |
| 17,860 | 41,831 | 23,971 | 57.3% | Marketing & Outreach | 134,000 | 418,313 | 284,312 | 68.0% |
| 160,000 | 67,167 | (92,833) | (138.2%) | Professional Fees & Consulting | 169,684 | 671,667 | 501,983 | 74.7% |
| 67,112 | 97,620 | 30,507 | 31.3% | Other Expenses | 634,617 | 976,196 | 341,579 | 35.0% |
| 1,085,512 | 1,120,255 | 34,744 | 3.1% | TOTAL EXPENSES | 9,770,935 | 11,382,879 | 1,611,944 | 14.2% |
| 100.0% | 100.0% | | | Administrative Cost Ratio % | 100.0% | 100.0% | | |
| - | - | - | 0.0% | SURPLUS / DEFICIT | - | - | - | 0.0% |

San Francisco Health Plan

Investment Performance

(excludes balances in SFHA operating accounts)

April 30, 2022

| | Purchase Date | Quantity | Purchase Price | 4/30/22 Price | Market Value 4/30/22 | Amortized Prem / Disc | Remaining Cost | Unrealized Gain (Loss) | Estimated Annual Income |
|--|---------------|---------------|----------------|---------------|----------------------|-----------------------|----------------|------------------------|-------------------------|
| Fixed Income Securities | | | | | | | | | |
| Local Agency Investment Fund (LAIF) - rate @ .262% | | | \$ 1,220,852 | | \$ 1,220,852 | \$ - | \$ 1,220,852 | \$ - | \$ 3,199 |
| Principal Cash | | | | | | | | | |
| Principal Cash | | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| City National Rochdale Gov - 0.01% | | 220,218 | \$ 220,218 | \$ 1,000 | \$ 220,218 | \$ 1 | \$ 220,219 | \$ (1) | \$ 22 |
| Total Cash and Cash Equivalents | | \$ 220,218 | \$ 220,218 | | \$ 220,218 | \$ 1 | \$ 220,219 | \$ (1) | \$ 22 |
| U.S. Govt Bonds, Notes, & U.S. Agencies | | | | | | | | | |
| US Treasury Note - 2.625% - Mat 02/28/2023 | 10/6/21 | 485,000 | \$ 501,653 | \$ 100,527 | \$ 487,556 | \$ (4,750) | \$ 496,902 | \$ (9,347) | \$ 12,731 |
| US Treasury Note - 1.500% - Mat 03/31/2023 | 10/6/21 | 805,000 | \$ 820,691 | \$ 99,504 | \$ 801,007 | \$ (4,226) | \$ 816,465 | \$ (15,458) | \$ 12,075 |
| US Treasury Note - 2.750% - Mat 04/30/2023 | 10/30/19 | 840,000 | \$ 871,997 | \$ 100,563 | \$ 844,729 | \$ (30,035) | \$ 841,961 | \$ 2,768 | \$ 23,100 |
| US Treasury Note - 1.375% - Mat 09/30/2023 | 10/6/21 | 990,000 | \$ 1,011,579 | \$ 98,481 | \$ 974,962 | \$ (4,351) | \$ 1,007,228 | \$ (32,266) | \$ 13,613 |
| US Treasury Note - 2.750% - Mat 11/15/2023 | 5/7/20 | 680,000 | \$ 738,517 | \$ 100,297 | \$ 682,020 | \$ (29,755) | \$ 708,763 | \$ (26,743) | \$ 18,700 |
| US Treasury Note - 0.250% - Mat 11/15/2023 | 10/6/21 | 1,010,000 | \$ 1,008,738 | \$ 96,543 | \$ 975,084 | \$ 235 | \$ 1,008,972 | \$ (33,888) | \$ 2,525 |
| US Treasury Note - 2.875% - Mat 11/30/2023 | 10/6/21 | 950,000 | \$ 1,001,990 | \$ 100,453 | \$ 954,304 | \$ (9,673) | \$ 992,317 | \$ (38,014) | \$ 27,313 |
| US Treasury Note - 2.375% - Mat 02/29/2024 | 12/23/20 | 125,000 | \$ 133,691 | \$ 99,484 | \$ 124,355 | \$ (3,234) | \$ 130,457 | \$ (6,102) | \$ 2,969 |
| US Treasury Note - 2.125% - Mat 03/31/2024 | 6/8/20 | 585,000 | \$ 624,945 | \$ 98,930 | \$ 578,741 | \$ (18,323) | \$ 606,621 | \$ (27,881) | \$ 12,431 |
| US Treasury Note - 2.000% - Mat 06/30/2024 | 10/6/21 | 785,000 | \$ 817,811 | \$ 98,398 | \$ 772,424 | \$ (4,804) | \$ 813,007 | \$ (40,582) | \$ 15,700 |
| US Treasury Note - 2.375% - Mat 08/15/2024 | 5/7/20 | 570,000 | \$ 619,229 | \$ 98,977 | \$ 564,169 | \$ (20,686) | \$ 598,543 | \$ (34,374) | \$ 13,538 |
| US Treasury Note - 1.250% - Mat 08/31/2024 | 3/15/21 | 985,000 | \$ 1,009,122 | \$ 96,469 | \$ 950,220 | \$ (8,480) | \$ 1,000,641 | \$ (50,422) | \$ 12,313 |
| US Treasury Note - 2.250% - Mat 12/31/2024 | 6/2/20 | 685,000 | \$ 745,553 | \$ 98,398 | \$ 674,026 | \$ (23,127) | \$ 722,426 | \$ (48,400) | \$ 15,413 |
| US Treasury Note - 0.375% - Mat 04/30/2025 | 6/2/20 | 625,000 | \$ 626,904 | \$ 92,813 | \$ 580,081 | \$ (678) | \$ 626,226 | \$ (46,145) | \$ 2,344 |
| US Treasury Note - 2.875% - Mat 05/31/2025 | 6/2/20 | 670,000 | \$ 754,430 | \$ 99,891 | \$ 669,270 | \$ (29,559) | \$ 724,871 | \$ (55,602) | \$ 19,263 |
| US Treasury Note - 2.750% - Mat 06/30/2025 | 7/17/20 | 700,000 | \$ 763,218 | \$ 99,508 | \$ 696,556 | \$ (26,426) | \$ 736,792 | \$ (40,236) | \$ 19,250 |
| US Treasury Note - 0.250% Mat 07/31/2025 | 11/3/20 | 520,000 | \$ 516,913 | \$ 91,731 | \$ 477,001 | \$ 861 | \$ 517,774 | \$ (40,773) | \$ 1,300 |
| US Treasury Note - 2.000% - Mat 08/15/2025 | 9/10/20 | 150,000 | \$ 162,604 | \$ 97,086 | \$ 145,629 | \$ (3,736) | \$ 158,867 | \$ (13,238) | \$ 3,000 |
| US Treasury Note - 0.250% - Mat 09/30/2025 | 10/6/21 | 645,000 | \$ 631,369 | \$ 91,309 | \$ 588,943 | \$ 1,370 | \$ 632,739 | \$ (43,796) | \$ 1,613 |
| US Treasury Note - 0.375% - Mat 11/30/2025 | 12/23/20 | 250,000 | \$ 250,127 | \$ 91,285 | \$ 228,213 | \$ (30) | \$ 250,097 | \$ (21,884) | \$ 938 |
| US Treasury Note - 0.375% - Mat 12/31/2025 | 5/7/21 | 510,000 | \$ 501,732 | \$ 91,109 | \$ 464,656 | \$ 1,453 | \$ 503,185 | \$ (38,529) | \$ 1,913 |
| US Treasury Note - 0.375% - Mat 01/31/2026 | 2/16/21 | 505,000 | \$ 502,574 | \$ 90,883 | \$ 458,959 | \$ 509 | \$ 503,082 | \$ (44,123) | \$ 1,894 |
| US Treasury Note - 2.250% - Mat 03/31/26 | 10/6/21 | 355,000 | \$ 376,120 | \$ 97,406 | \$ 345,791 | \$ (1,886) | \$ 374,234 | \$ (28,442) | \$ 7,988 |
| US Treasury Note - 0.750% - Mat 04/30/2026 | 5/7/21 | 575,000 | \$ 573,720 | \$ 91,727 | \$ 527,430 | \$ (1,705) | \$ 572,015 | \$ (44,585) | \$ 4,313 |
| US Treasury Note - 0.625% - Mat 07/31/2026 | 8/9/21 | 965,000 | \$ 956,305 | \$ 90,703 | \$ 875,284 | \$ (4,541) | \$ 951,763 | \$ (76,479) | \$ 6,031 |
| Federal National Mortgage Assn-2.625% Mat 09/06/2024 | 10/30/19 | 790,000 | \$ 824,357 | \$ 99,627 | \$ 787,053 | \$ (16,850) | \$ 807,507 | \$ (20,454) | \$ 20,738 |
| Total U.S. Govt Bonds, Notes, & U.S. Agencies | | \$ 16,755,000 | \$ 17,345,887 | | \$ 16,228,463 | \$ (242,430) | \$ 17,103,457 | \$ (874,994) | \$ 273,000 |
| Corporate Bonds | | | | | | | | | |
| Wells Fargo & Company - 3.750% Mat - 01/24/2024 | 4/22/19 | 685,000 | \$ 701,050 | \$ 100,738 | \$ 690,055 | \$ (9,607) | \$ 691,442 | \$ (1,387) | \$ 25,688 |
| Morgan Stanley - Variable rate 3.737% Mat 04/24/2024 | 7/25/19 | 575,000 | \$ 599,121 | \$ 99,954 | \$ 574,736 | \$ (13,162) | \$ 585,960 | \$ (11,224) | \$ 21,488 |
| United Health Group Inc - 2.375% Mat 08/15/2024 | 2/17/21 | 320,000 | \$ 341,024 | \$ 98,484 | \$ 315,149 | \$ (6,158) | \$ 334,866 | \$ (19,717) | \$ 7,600 |
| JP Morgan Chase - 3.875% Mat 09/10/2024 | 5/10/21 | 680,000 | \$ 745,151 | \$ 100,339 | \$ 682,305 | \$ (15,534) | \$ 729,617 | \$ (47,311) | \$ 26,350 |
| Paccar Financial Corp - 1.80% Mat - 02/06/2025 | 5/18/20 | 375,000 | \$ 380,438 | \$ 96,124 | \$ 360,465 | \$ (2,027) | \$ 378,410 | \$ (17,945) | \$ 6,750 |
| Bank of America Corp - Variable rate 3.458% Mat 03/15/2025 | 5/12/20 | 695,000 | \$ 742,031 | \$ 99,066 | \$ 688,509 | \$ (17,330) | \$ 724,700 | \$ (36,192) | \$ 24,033 |
| 3M Company -2.650% Mat 04/15/2025 | 5/19/20 | 360,000 | \$ 382,644 | \$ 98,216 | \$ 353,578 | \$ (8,150) | \$ 374,494 | \$ (20,916) | \$ 9,540 |
| Citigroup Inc - Variable Rate 3.352% Mat 04/24/2025 | 5/19/20 | 480,000 | \$ 505,618 | \$ 98,415 | \$ 472,392 | \$ (9,220) | \$ 496,397 | \$ (24,005) | \$ 16,090 |
| Chevron USA INC - .687% Mat 08/12/2025 | 2/17/21 | 505,000 | \$ 504,753 | \$ 91,909 | \$ 464,140 | \$ 57 | \$ 504,809 | \$ (40,669) | \$ 3,469 |
| Comcast Corp- 3.95% Mat 10/15/2025 | 2/17/21 | 440,000 | \$ 501,675 | \$ 101,156 | \$ 445,086 | \$ (13,583) | \$ 488,091 | \$ (43,005) | \$ 17,380 |
| Apple Inc - .700% Mat 02/08/2026 | 2/17/21 | 630,000 | \$ 629,049 | \$ 91,330 | \$ 575,379 | \$ 196 | \$ 629,244 | \$ (53,865) | \$ 4,410 |
| Total Corporate Bonds | | 5,745,000 | 6,032,551 | | 5,621,794 | (94,520) | 5,938,032 | (316,238) | 162,797 |
| Foreign Bonds | | | | | | | | | |
| BK Montreal Mtn. 3.3% Mat - 02/05/2024 | 3/29/19 | 700,000 | \$ 709,618 | \$ 100,018 | \$ 700,126 | \$ (5,713) | \$ 703,905 | \$ (3,779) | \$ 23,100 |
| Santander UK PLC. 4% Mat - 03/13/2024 | 10/31/19 | 565,000 | \$ 603,606 | \$ 101,156 | \$ 571,531 | \$ (20,407) | \$ 583,200 | \$ (11,668) | \$ 22,600 |
| Total Foreign Bonds | | 1,265,000 | 1,313,224 | | 1,271,657 | (26,119) | 1,287,105 | (15,448) | 45,700 |
| Municipal Bonds | | | | | | | | | |
| Wisconsin State - 0.361% Mat-05/01/2024 | 3/17/2021 | 545,000 | \$ 545,000 | \$ 94,958 | \$ 517,521 | \$ - | \$ 545,000 | \$ (27,479) | \$ 1,967 |
| Total Municipal Bonds | | 545,000 | 545,000 | | 517,521 | - | 545,000 | (27,479) | 1,967 |
| Municipal Zero Coupon Bonds | | | | | | | | | |
| Total Zero Coupon Bonds | | - | - | | - | - | - | - | - |
| Total of City National Investments | | 24,310,000 | 25,236,663 | | 23,639,435 | (363,069) | 24,873,594 | (1,234,159) | 483,465 |
| Total City National Holdings | | 24,530,218 | 25,456,882 | | 23,859,654 | (363,068) | 25,093,814 | (1,234,160) | 483,487 |
| Estimated Accrued Income | | | | | \$ 109,866.92 | | | | |
| Total of City National Investments | | | | | \$ 23,969,520.55 | | | | |
| Mandatory 3 CDs - Assigned to DMHC | | | | | | | | \$ (1,597,228) | \$ - |
| Banc of California - # 3030018015 - Mat 08/3/2020 - 1.40% | 8/3/19 | 1 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ - | \$ - | \$ - | \$ 1,400 |
| City National Bank - # 432928519 - Mat - 10/16/2020- 0.10% | 10/16/19 | 1 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ - | \$ - | \$ - | \$ 100 |
| Beacon Business Bank # 1507765 - Mat 09/21/20 - 0.30% | 9/22/19 | 1 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ - | \$ - | \$ - | \$ 300 |
| Total of Time Deposits | | | \$ 300,000 | | \$ 300,000 | | | \$ - | \$ 1,800 |
| Total of Investments | | | \$ 26,977,733 | | \$ 25,380,505 | | | \$ (1,234,160) | \$ 488,485 |



April 2022

Portfolio Review

Prepared for: San Francisco Health Authority

Presented by:

Michael Taila

Managing Director, Co-Director Fixed Income

Definition of Terminology

Portfolio Structure Terms

- a) **Yield to Maturity:** The annual return that an investor earns on a bond, if the investor purchases the bond today and holds it until maturity. It takes into account the cash flow the investor receives as well as the adjustment of a bond's premium or discount.

Definitions are cited from the CFA Institute's Program Curriculum.



SFHA – Short Intermediate Portfolio Review Snapshot as of 4/30/2022

| Estimated MV + Accrued as of: | 3/31/2022 | 4/30/2022 | Change |
|-------------------------------|--------------|--------------|------------|
| | \$24,176,427 | \$23,969,521 | -\$206,906 |

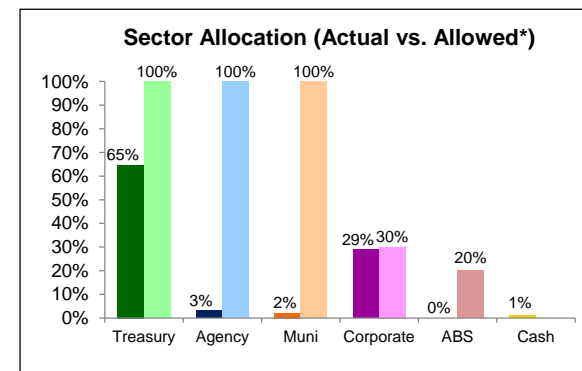
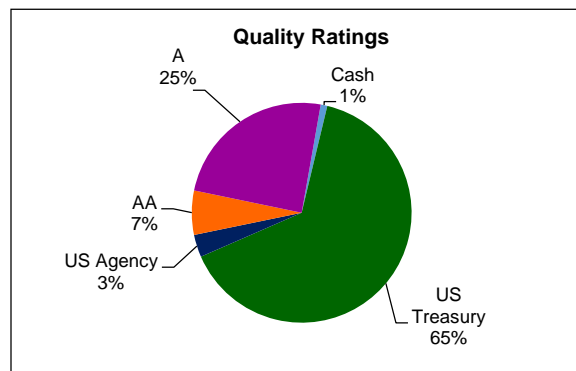
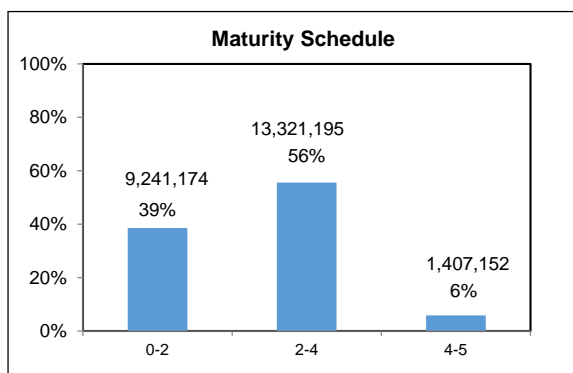
| Portfolio Structure | |
|------------------------|------------|
| Yield to Maturity | 2.84% |
| Yield to Cost | 0.87% |
| Average Maturity | 2.42 Years |
| Average Credit Quality | AAA- |

Fiscal Year Accounting Estimates 6/30/2021 through 4/30/2022:

| | |
|------------------------------------|---------------------|
| Beginning Balance (6/30/2021) | \$25,211,795 |
| Contributions | \$0 |
| Withdrawals | \$0 |
| Interest & Dividends Received | \$423,090 |
| Accrued Interest Sold | \$26,098 |
| Accrued Interest Purchased | -\$23,887 |
| Accrued Interest | \$109,867 |
| Fees | -\$67,223 |
| Value Before Market Changes | \$25,679,740 |
| Change in Market Value | -\$1,710,219 |
| Ending Balance (4/30/2022) | \$23,969,521 |

Historical Total Return Performance as of 4/30/2022:

| Time Period | Portfolio | Barclays 1-5 Year Gov't/Credit |
|---|-----------|--------------------------------|
| Fiscal YTD (6/30/21 – 4/30/2022) | -4.66% | -5.06% |
| April 2022 | -0.83% | -1.00% |
| Inception to Date (5/31/12 – 4/30/2022) | 1.64% | 1.22% |



*At time of purchase

Credit Issues

There were no credit issues for the month of April.



SFHA – Liquidity Portfolio Review Snapshot as of 4/30/2022

| | | |
|---|---------------|----------------|
| Estimated MV + Accrued as of: 3/31/2022 | 4/30/2022 | Change |
| \$ 254,292,174 | \$147,241,425 | -\$107,050,749 |

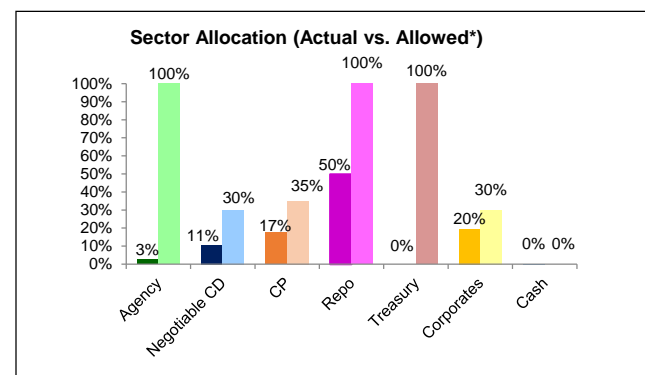
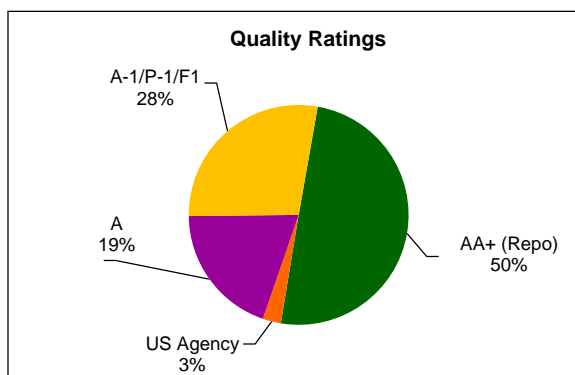
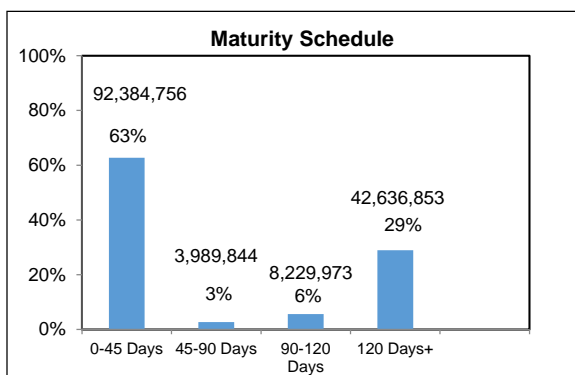
| | |
|----------------------------|----------|
| Portfolio Structure | |
| Yield to Maturity | 1.01% |
| Yield to Cost | 0.74% |
| Average Maturity | 101 Days |
| Average Credit Quality | AA+ |

Fiscal Year Accounting Estimates 6/30/2021 through 4/30/2022:

| | |
|--------------------------------------|----------------------|
| Beginning Balance (6/30/2021) | \$96,332,230 |
| Contributions | \$701,000,000 |
| Withdrawals | -\$650,000,000 |
| Interest & Dividends Received | \$240,529 |
| Accrued Interest Sold | \$42,663 |
| Accrued Interest Purchased | -\$98,208 |
| Accrued Interest | \$162,344 |
| Fees | -\$88,943 |
| Value Before Market Changes | \$147,590,615 |
| Change in Market Value | -\$349,190 |
| Ending Balance (4/30/2022) | \$147,241,425 |

Historical Total Return Performance as of 4/30/2022:

| Time Period | Portfolio | Barclays US T-Bill 1-3 Month |
|--|-----------|------------------------------|
| Fiscal YTD (6/30/21 – 4/30/2022) | 0.01% | 0.08% |
| April 2022 | -0.02% | 0.02% |
| Inception to Date (7/3/17 – 4/30/2022) | 1.17% | 1.07% |



*At time of purchase

Credit Issues

There were no credit issues for the month of April.



Agenda Item 4

Action Item

- Review and Approval of Combined Budget for San Francisco Health Authority and San Francisco Community Health Authority Fiscal Year 2022-2023



FY 22-23 SFHP BUDGET – FREQUENTLY ASKED QUESTIONS (FAQs)

For FY 22-23, San Francisco Health Plan (SFHP) projects an overall margin of \$22.3 million. This compares to an anticipated margin of \$21.1 million for FY 21-22. After excluding the impact of Strategic Use of Reserves (SUR) carrying over from prior years, SFHP projects a \$24.4 million margin from operations. This compares to an anticipated margin from operations of \$22.3 million for FY 21-22.

While reading through the PowerPoint presentation, Finance Committee and Governing Board members are likely to have questions regarding inconsistent patterns between membership, revenue, medical expense, administrative expense, staffing and margin. The purpose of this FAQ document is to address the anticipated questions and put context around the trends we project to see during FY 22-23.

Background and assumptions used in preparing the FY 22-23 budget include:

- Public Health Emergency (PHE) – for budget purposes, we assumed the PHE would end in mid-July 2022. Once the PHE ends, the Medi-Cal redetermination process will begin which means members will be placed on hold or terminated as they no longer qualify for participation in the Medi-Cal program. As a result, existing membership will gradually decline. In the event that the PHE is extended for another 90 days, membership levels will remain higher through December 2022.
- Dual member integration – Medi-Cal Dual members in San Francisco county currently enrolled in Medi-Cal Fee-For-Service will transition to managed care effective January 2023. SFHP projects adding approximately 13,500 Dual eligible members which will offset the loss of membership due to the redetermination process.
- Long-Term Care (LTC) - SFHP will become responsible for LTC benefit effective January 2023. We project to add 1,000 members to this new line of business. As we have limited experience with the LTC benefit, we have elected to budget fee-for-service costs equal to revenue. LTC will have a MLR of 101.9% due to the allocation of utilization management expenses to this line of business.
- CalAIM - existing as well as new programs related to California Advancing and Innovating Medi-Cal (CalAIM):
 - Enhanced Care Management (ECM) – effective January 2022
 - Community Supports (CS) – effective January 2022
 - Major Organ Transplants (MOT) – effective January 2022
 - Student Behavioral Health Incentive Program (SBHIP) – effective January 2022
 - Housing and Homelessness Incentive Program (HHIP) – effective January 2022
 - Dual member integration – effective January 2023
 - Long-Term Care (LTC) – effective January 2023

- Medi-Cal rates - the budget was prepared using current Medi-Cal revenue rates for July through December 2022. Although our CY 2020 Medi-Cal Rate Development Template (RDT) submission indicates we may receive a 1.7% increase in January 2023, we elected to use current rates for the period January through June 2023. We expect to receive the final CY 2023 rates from the Department of Health Care Services (DHCS) in late December 2022.
- Provider rate increases effective July 2022:
 - A weighted average increase of 5.0% for capitated providers.
 - Increase the Practice Improvement Program (PIP) from 18.5% to 20.0%.
 - Increase Professional fee-for-service rate from 139% to 150% of the Medi-Cal Fee Schedule (MCFS).
 - Increase fee-for-service rates for the Community-Based Adult Services (CBAS) centers by 10%.
 - Increase the rate for the San Francisco Institute on Aging (IOA) by 10%.
- San Francisco Community Clinic Consortium (SFCCC) hospital risk - SFHP will continue to have responsibility for the hospital risk for members enrolled with the SFCCC. Zuckerberg San Francisco General (ZSFG) will continue to be paid on a fee-for-service basis with SFHP covering all out-of-network utilization. The net cost the Plan is projected to be \$20-\$22 million which is covered through the Medi-Cal rates.
- ZSFG risk corridor – covering five specific services – dialysis, radiation/oncology, transgender surgical services, transportation, and trauma. The cost for these services will be compared to what is included in the capitation rates paid to ZSFG. The risk corridor has a cap of \$6.0 million. As current trending indicates actual cost is exceeding the capitation, it is anticipated that SFHP will be paying \$6.0 million to ZSFG.
- Medi-Cal pharmacy – there is no pharmacy revenue or expense included in the budget as this benefit was carved out of Medi-Cal managed care effective January 2022.
- Healthy Workers pharmacy - we will continue to have responsibility for the Healthy Workers pharmacy benefit for FY 22-23. The projected cost is \$89.00 per member, per month (pmpm). The Healthy Workers premium rate includes a pharmacy component of \$93.61 pmpm.

MEDI-CAL MEMBERSHIP INCREASING 2.5% AS PUBLIC HEALTH EMERGENCY ENDS

Medi-Cal membership is projected to be 165,700 on June 30, 2023. This compares to 161,655 on June 30, 2022, representing an increase of 2.5%.

Assuming the PHE ends in mid-July 2022 and the Medi-Cal redetermination process starting in September, one would expect to see an overall decline in membership. Although we do expect existing membership to gradually decline as we move through FY 22-23, the Dual eligible member integration that will happen in January 2023 is expected to add 13,500 new members which will more than offset the loss of members due to the redetermination process.

MEMBER MONTHS INCREASING 5% WHILE REVENUE AND MEDICAL EXPENSE INCREASING 23% AND 25% RESPECTIVELY

With a rather modest increase in member months, one would not expect such significant increases in revenue and medical expense. Factors in play include:

- The Medi-Cal premium rate increases effective January 2022 will be in place for the entire FY 22-23.
- New programs such as Enhanced Care Management (ECM), Community Supports (CS) and Major Organ Transplants (MOT) will be in place for the entire FY 22-23.
- Long-Term Care (LTC) and the Dual eligible member integration will generate an additional \$88 million in revenue and related medical expense for January through June 2023.
- Provider rate increases effective July 2022 will increase medical expense by \$17 million during FY 22-23.
- Enhancements to the Directed Payments program are expected to bring in an additional \$120 million in revenue and related medical expense during FY 22-23. Directed Payments do not impact the bottom line. This funding is passed through to Zuckerberg San Francisco General (ZSFG), University of California San Francisco (UCSF) and contracted private hospitals. DMHC and DHCS allow health plans to record Directed Payments as revenue and medical expense.
- We project a full year of Intergovernmental Transfer (IGT) funding. IGT funding received during FY 21-22 covered only the last six months of the Bridge Period of July through December 2020. A full year of IGT funding will bring in an additional \$22 million in revenue and related medical expense. IGT funding is a pass-through to ZSFG and UCSF. As with Directed Payments, IGT funding does not impact the bottom line and qualifies to be recorded as revenue and medical expense.

HEALTHY WORKERS PHARMACY

Although the Medi-Cal pharmacy benefit is now carved out of managed care, SFHP will continue to have responsibility for the Healthy Workers pharmacy benefit for the entire fiscal year. The pharmacy component of the overall Healthy Workers rate is \$93.61 pmpm. The FY 22-23 budget projects the pharmacy cost to be \$89.00 pmpm. As a result, SFHP projects to at least break even and possibly record a small margin. SFHP believes the \$93.61 pmpm is adequate for FY 22-23, therefore we did not seek an increase when the San Francisco Department of Public Health and the San Francisco Human Services Agency met to decide on a new overall Healthy Workers rate increase proposal for FY 22-23.

ADMINISTRATIVE EXPENSE – REQUEST FOR NEW FTEs

Since FY 17-18, there has been only one budget year where SFHP included a request for new FTEs. That occurred in FY 19-20 when the Plan requested 12 new FTEs to handle the anticipated workload related to the launch of the Health Homes Program (HHP). The HHP generated additional revenue for SFHP to cover the costs of the 12 new FTEs.

The FY 22-23 budget includes a request for 10 new FTEs to handle workload related to the CalAIM initiatives such as Enhanced Care Management, Community Supports, Housing and Homelessness, as well new programs such as Long-Term Care and the Dual eligible member integration. It is anticipated that the majority of the costs for these new FTEs will be covered by increases in SFHP's Medi-Cal rates.

ADMINISTRATIVE EXPENSE INCREASING 1.8%, ADMIN RATIO DECREASING FROM 5.7% TO 4.7%

FY 22-23 administrative expenses are projected to increase by \$1.0 million primarily in the area of Information Technology costs such as software licensing, system security and systems infrastructure maintenance and support.

With an overall increase in administrative expenses, one would expect that the administrative ratio would increase, however the ratio is projected to decrease from 5.7% to 4.7%. The primary drivers for this change are the increases in revenues:

- A full 12-month impact of Medi-Cal rate increases that were effective January 2022.
- A full 12-month impact of revenue from CalAIM programs that began January 2022 – Enhanced Care Management, Community Supports and Major Organ Transplants.
- Six months of revenue from Long-Term Care and the Dual eligible member integration effective January 2023.
- Increases in pass-through funding from Directed Payments and IGT programs.

SAN FRANCISCO HEALTH PLAN

PROPOSED OPERATING AND CAPITAL BUDGETS

FY 2022-2023



SAN FRANCISCO HEALTH PLAN RECOMMENDATION TO BOARD

RECOMMENDATION

- **SFHP recommends that the Finance Committee and Governing Board approve the FY 2022-23 Operating and Capital Budgets.**

Note – SFHP plans to have discussions with the Finance Committee and Governing Board regarding possible Medi-Cal provider rate changes for July 2023. These discussions are likely to take place during the March 2023 meeting as final rates for CY 2023 are not expected until late December 2022.



BUDGET PRESENTATION INDEX

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SFHP FY 22-23 BUDGET SUMMARY

- SFHP is projecting a margin of \$22.3 million for FY 22-23. This strong margin is made possible by the 11.9% increase in Medi-Cal rates effective January 2022. Of the overall increase, 6.7% is related to existing Medi-Cal benefits while the remaining 5.2% is to cover SFHP hospital risk for San Francisco Community Clinic Consortium (SFCCC) members.

- The margin will be used to build reserves as we prepare to take on the responsibility for the Long-Term Care benefit as well as the Dual member integration beginning January 1, 2023. We project our reserve balance to be \$142 million by June 30, 2023.

- The FY 22-23 budget includes the following provider increases effective July 1, 2022. These increases are worth \$17 million for the full fiscal year.
 - A weighted average increase of 5.0% for capitated providers.
 - Increase the Practice Improvement Program (PIP) from 18.5% to 20.0%.
 - Increase Professional fee-for-service rate from 139% to 150% of the Medi-Cal Fee Schedule (MCFS).
 - Increase fee-for-service rates for the Community-Based Adult Services (CBAS) centers by 10%.
 - Increase the rate for the San Francisco Institute on Aging (IOA) by 10%.

See budget slides 105-115 for background and assumptions



SFHP FY 22-23 BUDGET SUMMARY

- One key assumption used in preparing the budget is that the Public Health Emergency (PHE) that was declared in response to the COVID-19 pandemic is expected to end in mid-July 2022. The Medi-Cal redetermination process will begin in September 2022 which will result in a gradual decline in existing membership during FY 22-23. Losses in existing membership will be offset by Dual eligible members transitioning into managed care effective January 2023.
- At this time, we are not proposing any new Strategic Use of Reserves (SUR) programs for FY 22-23:
 - \$2.1 million carrying over to FY 22-23
 - \$1.9 million expected to carry over to FY 23-24

See budget slides 105-115 for background and assumptions



SFHP FY 22-23 BUDGET SUMMARY

The FY 22-23 budget includes the following programs that began January 2022 plus new programs effective January 2023:

- Enhanced Care Management (ECM) (January 2022)
- Community Supports (CS) (January 2022)
- Major Organ Transplants (MOT) (January 2022)
- Student Behavioral Health Incentive Program (SBHIP) (January 2022)
- Housing and Homelessness Incentive Program (HHIP) (January 2022)
- Dual member integration (January 2023)
- Long-Term Care (LTC) (January 2023)

Due to the upside and downside protection provided by risk corridors, SFHP projects to break even or report a small margin on these new programs. SFHP will have a need for additional staff for these programs which is outlined in the headcount slides.



SFHP FY 22-23 BUDGET SUMMARY

Other important components of the FY 22-23 budget include:

Hospital Risk with Zuckerberg San Francisco General (ZSFG):

- SFHP continues to have the hospital risk for 17,500 members enrolled with the SFCCC. ZSFG transitioned from capitation to fee-for-service for these members effective July 1, 2021. Projected net cost to SFHP is \$20-\$22 million.
- SFHP and ZSFG have a risk corridor in place for members assigned to the San Francisco Department of Public Health (DPH) clinics. The risk corridor is in place for CY 2022 and CY 2023 and covers five specific services – dialysis, radiation/oncology, transgender surgical services, transportation and trauma. The risk corridor has a maximum exposure of \$6.0 million.



SFHP FY 22-23 BUDGET SUMMARY

Other important components of the FY 22-23 budget include:

Pharmacy

- The Medi-Cal pharmacy benefit is excluded as it was carved out of managed care effective January 1, 2022. This removes \$104.4 million in revenue and related medical expense from the budget.
- SFHP continues to have responsibility for the Healthy Workers pharmacy benefit which has an estimated cost of \$12.5 million.



SFHP FY 22-23 BUDGET SUMMARY

Other important components of the FY 22-23 budget include:

Pass-Through Programs

- \$251.4 million in Directed Payments. This represents pass-through funding to public, UC system and private hospitals.
- \$38.2 million in Intergovernmental Transfers (IGT). This represents pass-through funding to ZSFG and the University of California San Francisco (UCSF).
- Department of Health Care Services (DHCS) and the Department of Managed Health Care (DMHC) allow health plans to treat these payments as revenue and medical expense.



SFHP FY 22-23 BUDGET SUMMARY

| CATEGORY | FY 22-23 | FY 21-22 | --FAVORABLE (UNFAVORABLE)-- | |
|--|--------------|------------|-----------------------------|---------|
| | BUDGET | PROJECTED | DIFFERENCE | PERCENT |
| MEMBER MONTHS | 2,098,164 | 2,001,772 | 96,392 | 5% |
| REVENUE (IN 000s) | \$ 1,055,732 | \$ 857,322 | \$ 198,410 | 23% |
| MEDICAL EXPENSE (IN 000s) | \$ 973,695 | \$ 777,080 | \$ (196,615) | -25% |
| MEDICAL LOSS RATIO (MLR) | 92.9% | 92.6% | | |
| ADMINISTRATIVE EXPENSE | \$ 57,894 | \$ 56,862 | \$ (1,032) | -2% |
| ADMINISTRATIVE RATIO | 4.7% | 5.7% | | |
| MARGIN (LOSS) (IN 000s) | \$ 22,287 | \$ 21,070 | \$ 1,217 | 6% |
| ADD BACK: SUR ACTIVITY (IN 000s) | \$ 2,128 | \$ 1,270 | \$ (858) | -68% |
| MARGIN (LOSS) FROM OPERATIONS (IN 000s) | \$ 24,415 | \$ 22,340 | \$ 2,075 | 9% |
| STAFFING (FTEs) | | | | |
| HEALTH PLAN - EXISTING | 323 | 323 | - | 0% |
| FUNDED BY NEW PROGRAMS - CALAIM, LONG TERM CARE, DUALS | 10 | - | 10 | |
| TPA (HSF/SF CITY OPTION) - CITY FUNDED AND APPROVED | 77 | 77 | - | 0% |
| TOTAL | 410 | 400 | 10 | 3% |
| RESERVES (IN 000s) | | | | |
| RESERVE BALANCE | \$ 142,287 | \$ 120,000 | \$ 22,287 | 19% |
| STRATEGIC USE OF RESERVES CARRYOVER | \$ (1,909) | \$ (4,037) | \$ 2,128 | 53% |
| ADJUSTED RESERVE BALANCE | \$ 140,378 | \$ 115,963 | \$ 24,415 | 21% |
| RESERVE POLICY 2 X PREMIUM REV (ROLLING 12 MONTH AVG) | \$ 143,000 | \$ 117,000 | \$ 26,000 | 22% |
| OVER (UNDER) RESERVE POLICY | \$ (2,622) | \$ (1,037) | \$ 1,585 | 153% |
| TNE REQUIREMENT (IN 000s) | \$ 20,500 | \$ 15,200 | \$ (5,300) | -35% |
| TNE MULTIPLE | 6.94 | 7.89 | (0.95) | -12% |



SFHP FY 22-23 BUDGET SUMMARY

➤ FY 22-23 Projected versus FY 21-22:

- | | |
|--|----------|
| ▪ Revenue Increase (favorable) | 23% |
| ▪ Medical Expense Increase (unfavorable) | (25%) |
| ▪ Member Month Increase (favorable) | 5% |
| ▪ SFHP Staffing for Insured Lines of Business | 323 FTEs |
| ▪ SFHP Staffing for New Programs | 10 FTEs |
| ▪ SFHP Staffing for TPA Contracts (City funded and approved) | 77 FTEs |
- Revenue and medical expense increases due to the impact of Long-Term Care, the Dual member integration beginning January 2023 plus increased funding for Directed Payments and Intergovernmental Transfers (IGTs).
- SFHP administrative ratio at 4.7%. (FY 21-22 approved budget 5.9%, FY 21-22 projected to be 5.7%). Decrease is due to the impact of significant increases in revenue related to Long-Term Care, Dual member integration and pass-through funding to hospitals.



KEY IMPACTS TO FY 22-23 BUDGET

➤ Medi-Cal

- Membership projected to increase by 2.5% between June 2022 and June 2023.
- Public Health Emergency is assumed to end mid-July 2022 which will remove the hold on the redetermination process. As a result, we will see a gradual decrease in existing Medi-Cal enrollment.
- SFHP will take responsibility for the Long-Term Care benefit effective January 2023. We project to have 1,000 members in long-term care facilities.
- Dual eligible members currently in Medi-Cal Fee-For-Service will transition to managed care effective January 2023. As a result, we expect to add approximately 13,500 new Dual eligible members.
- SFHP did not assume any change to current Medi-Cal rates effective January 2023. Although our 2020 Rate Development Template (RDT) submission indicates we may receive an increase of 1.7%, we have decided to remain conservative and keep rates at CY 2022 levels.

➤ Pharmacy

- The Medi-Cal pharmacy benefits remains carved out of managed care for FY 22-23. This removes \$104.4 million from revenue and medical expense.
- SFHP will continue to have responsibility for the Healthy Workers pharmacy benefit during FY 22-23. We project pharmacy expense at \$89.00 pmpm while the Healthy Workers premium rate includes \$93.61 pmpm. Estimated annual cost of \$12.5 million.



SFHP MEMBERSHIP – AS OF JUNE 30TH

| LINE OF BUSINESS | FY 22-23 | FY 21-22 | ---FAVORABLE (UNFAVORABLE)-- | | FY 21-22 |
|---------------------------|----------------|----------------|------------------------------|-------------|----------------|
| | BUDGET | PROJECTED | MEMBERS | PERCENT | BUDGET |
| MEDI-CAL ADULT/CHILD/DUAL | 92,845 | 82,398 | 10,447 | 12.7% | 72,048 |
| MEDI-CAL SPD | 13,277 | 13,303 | (26) | -0.2% | 13,200 |
| MEDI-CAL EXPANSION | 58,578 | 65,954 | (7,376) | -11.2% | 59,540 |
| MEDI-CAL LONG TERM CARE | 1,000 | - | 1,000 | | - |
| TOTAL MEDI-CAL | 165,700 | 161,655 | 4,045 | 2.5% | 144,788 |
| HEALTHY WORKERS | 11,726 | 11,726 | - | 0.0% | 11,675 |
| ALL LOB | 177,426 | 173,381 | 4,045 | 2.3% | 156,463 |



HEALTH PLAN REVENUE (IN 000s)

| LINE OF BUSINESS | FY 22-23 | FY 21-22 | --FAVORABLE (UNFAVORABLE)-- | | FY 21-22 |
|--|--------------|------------|-----------------------------|-------|------------|
| | BUDGET | PROJECTED | \$\$\$ | % | BUDGET |
| MEDI-CAL ADULT/CHILD/DUAL | \$ 252,199 | \$ 198,069 | \$ 54,130 | 27.3% | \$ 188,299 |
| MEDI-CAL SPD | \$ 216,839 | \$ 198,059 | \$ 18,780 | 9.5% | \$ 191,797 |
| MEDI-CAL EXPANSION | \$ 419,724 | \$ 369,541 | \$ 50,183 | 13.6% | \$ 358,830 |
| MEDI-CAL LONG TERM CARE | \$ 75,000 | \$ - | \$ 75,000 | | \$ - |
| TOTAL MEDI-CAL | \$ 963,762 | \$ 765,669 | \$ 198,093 | 25.9% | \$ 738,926 |
| HEALTHY WORKERS | \$ 82,799 | \$ 83,069 | \$ (270) | -0.3% | \$ 82,439 |
| TOTAL PREMIUM REVENUE | \$ 1,046,561 | \$ 848,738 | \$ 197,823 | 23.3% | \$ 821,365 |
| OTHER INCOME/TPA SERVICES | \$ 9,171 | \$ 8,584 | \$ 587 | 6.8% | \$ 8,564 |
| TOTAL REVENUE | \$ 1,055,732 | \$ 857,322 | \$ 198,410 | 23.1% | \$ 829,929 |
| FY 22-23 REVENUE INCLUDES \$251.4 MILLION IN DIRECTED PAYMENTS FUNDING PLUS \$38.2 MILLION IN IGT FUNDING. | | | | | |



HEALTH PLAN MEDICAL EXPENSE (IN 000s)

| LINE OF BUSINESS | FY 22-23 | FY 21-22 | --FAVORABLE (UNFAVORABLE)-- | | FY 21-22 |
|--|------------|------------|-----------------------------|--------|------------|
| | BUDGET | PROJECTED | \$\$\$ | % | BUDGET |
| MEDI-CAL ADULT/CHILD/DUAL | \$ 229,198 | \$ 175,715 | \$ (53,483) | -30.4% | \$ 166,352 |
| MEDI-CAL SPD | \$ 199,279 | \$ 182,660 | \$ (16,619) | -9.1% | \$ 179,508 |
| MEDI-CAL EXPANSION | \$ 388,346 | \$ 340,598 | \$ (47,748) | -14.0% | \$ 345,679 |
| MEDI-CAL LONG TERM CARE | \$ 76,357 | \$ - | \$ (76,357) | | \$ - |
| TOTAL MEDI-CAL | \$ 893,180 | \$ 698,973 | \$ (194,207) | -27.8% | \$ 691,539 |
| HEALTHY WORKERS | \$ 80,515 | \$ 78,107 | \$ (2,408) | -3.1% | \$ 79,999 |
| TOTAL MEDICAL EXPENSE | \$ 973,695 | \$ 777,080 | \$ (196,615) | -25.3% | \$ 771,538 |
| MEDICAL LOSS RATIO (MLR) | 92.9% | 92.6% | | | 93.9% |
| MLR FROM OPERATIONS | | | | | |
| MEDI-CAL ADULT/CHILD/DUAL | 90.9% | 88.3% | | | 88.3% |
| MEDI-CAL SPD | 91.9% | 93.6% | | | 93.6% |
| MEDI-CAL EXPANSION | 92.5% | 93.8% | | | 96.3% |
| MEDI-CAL LONG TERM CARE | 101.9% | N/A | | | N/A |
| TOTAL MEDI-CAL | 92.5% | 92.3% | | | 93.6% |
| HEALTHY WORKERS | 97.4% | 94.9% | | | 97.0% |
| FY 22-23 MEDICAL EXPENSE INCLUDES \$251.4 MILLION IN DIRECTED PAYMENTS FUNDING PLUS \$38.2 MILLION IN IGT FUNDING. | | | | | |



HEALTH PLAN ADMINISTRATIVE EXPENSE (IN 000s)

| CATEGORY | FY 22-23 | FY 21-22 | --FAVORABLE (UNFAVORABLE)-- | | FY 21-22 |
|---|------------------|------------------|-----------------------------|--------------|------------------|
| | BUDGET | PROJECTED | \$\$\$ | % | BUDGET |
| COMPENSATION, BENEFITS AND PENSION | \$ 31,478 | \$ 31,158 | \$ (320) | -1.0% | \$ 30,325 |
| LEASE, INSURANCE, DEPRECIATION AND AMORTIZATION | \$ 5,354 | \$ 5,226 | \$ (128) | -2.4% | \$ 5,861 |
| MARKETING AND OUTREACH | \$ 1,148 | \$ 879 | \$ (269) | -30.6% | \$ 1,110 |
| TPA FEES - PBM, MENTAL HEALTH AND TELEMEDICINE | \$ 2,083 | \$ 3,210 | \$ 1,127 | 35.1% | \$ 3,003 |
| PROFESSIONAL FEES AND CONSULTING | \$ 4,445 | \$ 5,557 | \$ 1,112 | 20.0% | \$ 5,371 |
| TELECOMM, SYSTEMS LICENSING/SUPPORT AND GENERAL OFFICE | \$ 13,386 | \$ 10,832 | \$ (2,554) | -23.6% | \$ 11,159 |
| TOTAL ADMINISTRATIVE EXPENSE | \$ 57,894 | \$ 56,862 | \$ (1,032) | -1.8% | \$ 56,829 |
| ADMINISTRATIVE EXPENSE RATIO | 4.7% | 5.7% | | | 5.9% |
| STAFFING (FTEs) | | | | | |
| HEALTH PLAN | 323 | 323 | - | 0.0% | 323 |
| FUNDING FROM NEW PROGRAMS - CALAIM, LONG-TERM CARE, DUALS | 10 | - | (10) | | - |
| TPA SERVICES (HSF/SF CITY OPTION) | 77 | 77 | - | 0.0% | 77 |
| TOTAL | 410 | 400 | (10) | -2.5% | 400 |



FY 22-23 SFHP ADMIN EXPENSE – KEY POINTS

- ▶ Administrative ratio of 4.7% (FY 21-22 budgeted at 5.9%. Projected to end FY 21-22 at 5.7%).

- ▶ 10 new FTEs requested for FY 22-23. The majority of these positions will be funded by new Medi-Cal programs related to CalAIM, Long-Term Care and the Dual member integration:
 - Health Plan 323 FTEs
 - New Medi-Cal programs (funded by DHCS) 10 FTEs
 - HSF/SF City Option (funded by SF DPH) 77 FTEs
 - 410 FTEs

- ▶ Merit increase of 0-6.0%.
 - 60% of employees receive 4.0-4.5%.
 - 30% of employees receive 5.0%.
 - 5% of employees receive 6.0%.
 - 5% of employees receive 0.0-2.5%.

- ▶ \$3.7 million accrual for potential Administrative and Health Services staff bonuses for FY 22-23 to be paid in September 2023 contingent on achieving Board-approved goals as well as the financial health of SFHP.

- ▶ \$600,000 for new and carry-over projects related to software upgrades and system configuration.

See budget slides 131-141 for background and assumptions

P&L SUMMARY – HSF AND SF CITY OPTION (IN 000s)

| DESCRIPTION | HSF | | HSF | | HSF |
|--|----------------|-----------|-----------------------------|--------|----------------|
| | SF CITY OPTION | | SF CITY OPTION | | SF CITY OPTION |
| | FY 22-23 | FY 21-22 | --FAVORABLE (UNFAVORABLE)-- | | FY 21-22 |
| BUDGET | PROJECTED | DOLLARS | PERCENT | BUDGET | |
| REVENUE | | | | | |
| TPA FEES | \$ 14,974 | \$ 14,184 | \$ 790 | 5.6% | \$ 14,473 |
| ADMINISTRATIVE EXPENSE | | | | | |
| COMPENSATION AND BENEFITS | \$ 10,413 | \$ 9,860 | \$ (553) | -5.6% | \$ 10,061 |
| ADMINISTRATIVE AND POLICY | \$ 3,186 | \$ 2,728 | \$ (458) | -16.8% | \$ 2,784 |
| MARKETING AND OUTREACH | \$ 1,020 | \$ 1,052 | \$ 32 | 3.0% | \$ 1,073 |
| CUSTOMER SERV AND ENROLLMENT | \$ 51 | \$ 50 | \$ (1) | -2.0% | \$ 51 |
| ITS | \$ 304 | \$ 494 | \$ 190 | 38.5% | \$ 504 |
| TOTAL ADMINISTRATIVE EXPENSE | \$ 14,974 | \$ 14,184 | \$ (790) | | \$ 14,473 |
| SURPLUS (DEFICIT) | \$ - | \$ - | | | \$ - |
| ADDITIONAL FUNDING HAS BEEN APPROVED BY THE SF DEPARTMENT OF PUBLIC HEALTH AND THE SF HEALTH COMMISSION. | | | | | |



CAPITAL EXPENDITURE REQUESTS

| CAPITAL EXPENDITURE REQUEST | FY 22-23 | FY 21-22 | -----FAVORABLE (UNFAVORABLE)--- | | FY 21-22 |
|---|---------------------|---------------------|---------------------------------|------------|---------------------|
| | BUDGET | PROJECTED | DOLLARS | PERCENT | BUDGET |
| COMPUTER HARDWARE | \$ 1,305,000 | \$ 665,000 | \$ (640,000) | -96% | \$ 665,000 |
| INCLUDES SERVER BLADE REPLACEMENT, FIREWALL REPLACEMENT, HARDWARE TO SUPPORT WIRELESS INFRASTRUCTURE, INCREASE NUTANIX PLATFORM CAPACITY TO SUPPORT VDI USERS | | | | | |
| COMPUTER SOFTWARE | \$ 200,000 | \$ 1,350,000 | \$ 1,150,000 | 85% | \$ 1,350,000 |
| REPLACE DATA DE-IDENTIFICATION SOFTWARE | | | | | |
| TOTAL CAPITAL EXPENDITURES | \$ 1,505,000 | \$ 2,015,000 | \$ 510,000 | 25% | \$ 2,015,000 |

See budget slide 144 for background and assumptions

SAN FRANCISCO HEALTH PLAN RECOMMENDATION TO BOARD

RECOMMENDATION

- **SFHP recommends that the Finance Committee and Governing Board approve the FY 2022-23 Operating and Capital Budgets.**

Note – SFHP plans to have discussions with the Finance Committee and Governing Board regarding possible Medi-Cal provider rate changes for July 2023. These discussions are likely to take place during the March 2023 meeting as final rates for CY 2023 are not expected until late December 2022.



SAN FRANCISCO HEALTH PLAN

FY 2022-2023 OPERATING AND CAPITAL BUDGETS

BACKGROUND AND ASSUMPTIONS



FY 22-23 BUDGET BACKGROUND AND ASSUMPTIONS

The following slides provide the background and assumptions used to create the budget:

- Membership
- Revenue
- Medical Expense
- Administrative Expense
- Coverage Programs
- Capital Expenditures



FY 22-23 BUDGET BACKGROUND AND ASSUMPTIONS

- ▶ Due to the Medi-Cal rate increases effective January 2022 along with strong membership, SFHP is projecting a margin of \$22.3 million.
- ▶ When excluding the impact of Strategic Use of Reserves (SUR) programs from prior years, the margin is projected to be \$24.4 million.
- ▶ The budget was prepared using current Medi-Cal rates for July through December 2022. Rates for January through June 2023 are assumed to remain at CY 2022 levels.
- ▶ SFHP anticipates receiving draft rates for January 2023 in October 2022. Final rates for CY 2023 are expected in late December 2022.



FY 22-23 BUDGET BACKGROUND AND ASSUMPTIONS

- A 2.5% increase in Medi-Cal membership (June 2023 compared to June 2022). We assumed the PHE will end mid-July 2022, however the Dual member integration happening in January 2023 will more than offset member losses due to the redetermination process.
- Healthy Workers membership is projected to remain at FY 21-22 levels.
- SFHP will continue to have the hospital risk for the members enrolled with the SFCCC. Net cost to SFHP of \$20-\$22 million.
- SFHP and ZSFG will have a risk corridor in place for five specific services – dialysis, radiation/oncology, transgender surgical services, transportation and trauma. The cost for these services will be compared to the amount included in capitation paid to ZSFG. The risk corridor has a cap of \$6.0 million.



FY 22-23 BUDGET BACKGROUND AND ASSUMPTIONS

- SFHP will continue to have pharmacy risk for the Healthy Workers program for FY 22-23. The pharmacy rate of \$93.61 pmpm is expected to cover drug costs.
- Small margin for benefits related to Enhanced Care Management, Community Supports, Major Organ Transplants and the Dual member integration. Long-Term Care is budgeted at a small loss due to the allocation of UM expenses.



FY 22-23 BUDGET BACKGROUND AND ASSUMPTIONS

- ▶ The budget projects revenues of \$1.1 billion and a margin of \$22.3 million (2.1% margin). After removing SUR disbursements, the margin from operations is \$24.4 million (2.3% margin).
- ▶ The budget includes \$251.4 million in Directed Payments and \$38.2 million in IGT funding.
- ▶ The budget includes \$2.1 million is SUR carry-over costs related to prior year SUR programs.
- ▶ The budget projects an overall Medical Loss Ratio of 92.9%.
- ▶ The budget projects an administrative expense ratio of 4.7%.
- ▶ The budget includes \$600,000 for new and carry-over projects related to software upgrades and system configuration.



FY 22-23 BUDGET BACKGROUND AND ASSUMPTIONS

➤ **Medi-Cal Adult/Child/Dual:**

- Use current rates for July through December 2022.
- Use CY 2022 rates for January through June 2023 (assumes no rate increase).
- Membership expected to increase by 12.7% (92,845 members at 6/30/23 compared to 82,398 members at 6/30/22).
- Member months projected to increase by 12.5% (1,049,368 member months for FY 22-23 compared to 932,834 member months for FY 21-22).
- Practice Improvement Program (PIP) incentive of 20.0% for the entire year.
- Projecting an 90.9% Medical Loss Ratio (MLR).



FY 22-23 BUDGET BACKGROUND AND ASSUMPTIONS

➤ **Medi-Cal Seniors and Persons with Disabilities (SPD):**

- Use current rates for July through December 2022.
- Use CY 2022 rates for January through June 2023 (assumes no rate increase).
- Membership expected to decrease by 0.2% (13,277 members at 6/30/23 compared to 13,303 members at 6/30/22).
- Member months projected to decrease by 0.9% (159,286 member months for FY 22-23 compared to 160,761 member months for FY 21-22).
- Practice Improvement Program (PIP) incentive of 20.0% for the entire year.
- Projecting a 91.9% Medical Loss Ratio (MLR).



FY 22-23 BUDGET BACKGROUND AND ASSUMPTIONS

➤ **Medi-Cal Adult Expansion (MCE):**

- Use current rates for July through December 2022.
- Use CY 2022 rates for January through June 2023 (assumes no increase).
- Membership expected to decrease by 11.1% (58,578 members at 6/30/23 compared to 65,954 members at 6/30/22).
- Member months projected to decrease by 3.2% (742,798 member months for FY 22-23 compared to 767,010 member months for FY 21-22).
- Practice Improvement Program (PIP) incentive of 20.0% for the entire year.
- Projecting a 92.5% Medical Loss Ratio (MLR).



FY 22-23 BUDGET BACKGROUND AND ASSUMPTIONS

➤ **Medi-Cal Long-Term Care (LTC):**

- SFHP takes responsibility for the Long-Term Care (LTC) benefit effective January 1, 2023.
- SFHP projects 1,000 members will be in LTC facilities.
- With assistance from Edrington Health Consulting, we estimate the LTC rate to be approximately \$12,500 per member, per month.
- SFHP expects to pay LTC providers on a fee-for-service basis.
- The State has provided rate protection for the managed care plans as contracted LTC providers will have to accept State LTC rates.
- As SFHP has limited experience with LTC, we are budgeting fee-for-service costs equal to revenue. LTC will have a MLR of 101.9% due to the allocation of UM expenses.



FY 22-23 BUDGET BACKGROUND AND ASSUMPTIONS

➤ **Healthy Workers (HW):**

- Using the premium rate of \$588.43 that was effective April 1, 2021.
- Membership expected to remain flat (11,726 members at 6/30/23 compared to 11,726 members at 6/30/22).
- Member months projected to decrease by 0.3% (140,712 member months for FY 22-23 compared to 141,167 member months for FY 21-22).
- SFHP will continue to be at-risk for pharmacy throughout FY 22-23. Projecting a cost of \$89.00 pmpm. The premium rate includes a pharmacy component of \$93.61 pmpm. This should allow SFHP to achieve at least break even or a small margin on the pharmacy benefit.
- Projecting a 97.2% Medical Loss Ratio (MLR).



FY 22-23 BUDGET BACKGROUND AND ASSUMPTIONS

- ▶ **Healthy San Francisco and SF City Option**
 - ❖ Contracted TPA budget of \$15.0 million.

| | FY 22-23 | FY 21-22 |
|---|-------------------|-------------------|
| | PROJECTED | PROJECTED |
| HEALTHY SAN FRANCISCO / SF CITY OPTION/SF COVERED MRA | AT 6/30/23 | AT 6/30/22 |
| NO. OF HSF PARTICIPANTS | 10,298 | 16,148 |
| SF CITY OPTION - NO. OF CONTRIBUTING EMPLOYERS (NO. OF ACTIVE EMPLOYERS WITH AT LEAST ONE CONTRIBUTION WITHIN THE LAST YEAR) | 1,837 | 1,804 |
| NO. OF UNIQUE EMPLOYEES RECEIVING CONTRIBUTIONS (PROGRAM TO DATE) | 429,585 | 401,852 |
| NO. OF SF MEDICAL REIMBURSEMENT ACCOUNTS (SF MRA) | 68,836 | 61,641 |



FY 22-23 MEMBERSHIP – KEY POINTS

- ▶ Total membership projected to increase by 4,045 members or 2.3% (June 2023 compared to June 2022):

| | | |
|-----------------------------|-----------|---------|
| ▪ Medi-Cal Adult/Child/Dual | 10,447 | 12.7% |
| ▪ Medi-Cal SPD | (26) | (0.0%) |
| ▪ Medi-Cal MCE | (7,376) | (11.1%) |
| ▪ Medi-Cal LTC | 1,000 | N/A |
| ▪ Healthy Workers | no change | |

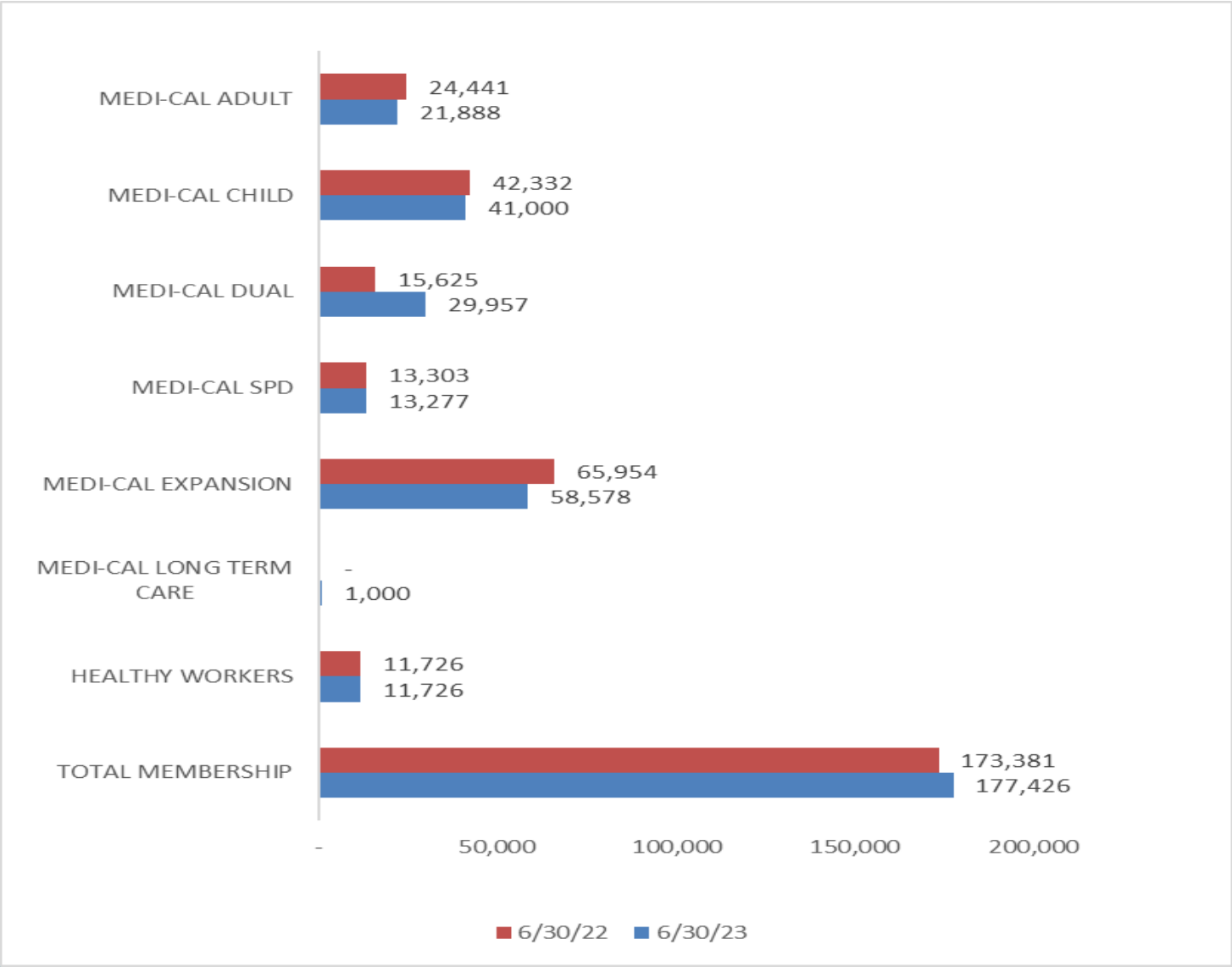
- ▶ Total member months projected to increase by 96,392 or 4.5%:

| | | |
|-----------------------------|----------|--------|
| ▪ Medi-Cal Adult/Child/Dual | 116,534 | 12.5% |
| ▪ Medi-Cal SPD | (1,475) | (0.9%) |
| ▪ Medi-Cal MCE | (24,212) | (3.2%) |
| ▪ Medi-Cal LTC | 6,000 | N/A |
| ▪ Healthy Workers | (455) | (0.3%) |

- ▶ Total membership of 177,426 by June 2023 compared to 173,381 at June 2022, an increase of 2.3%.

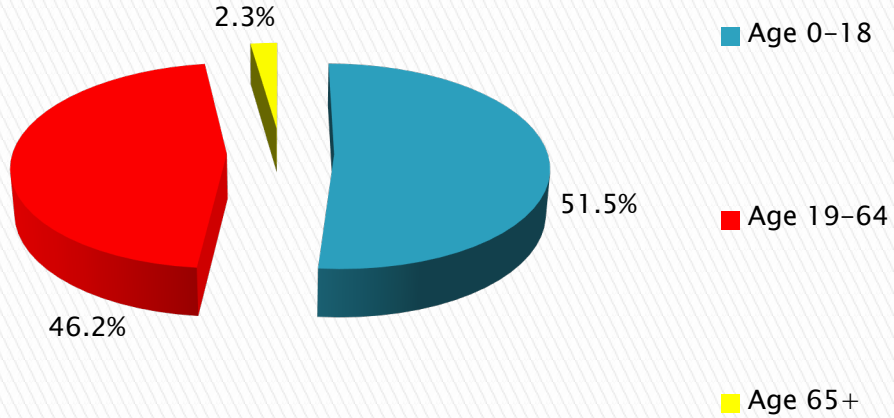


SFHP MEMBERSHIP – AS OF JUNE 30TH

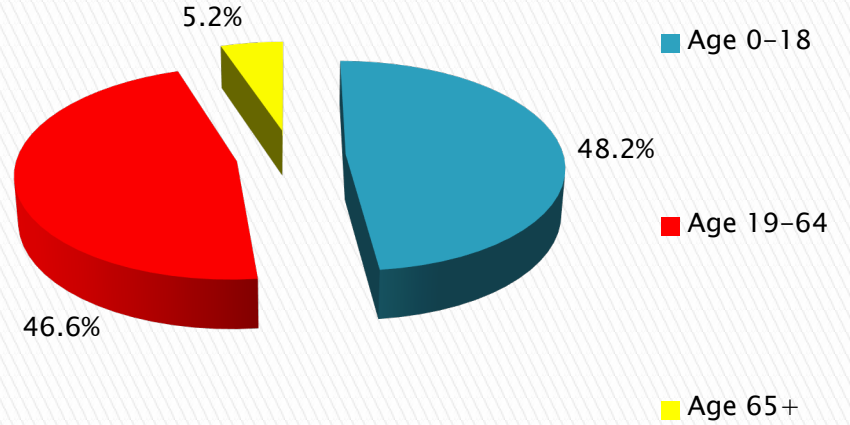


SFHP MEMBERSHIP BY AGE (ALL LINES OF BUSINESS)

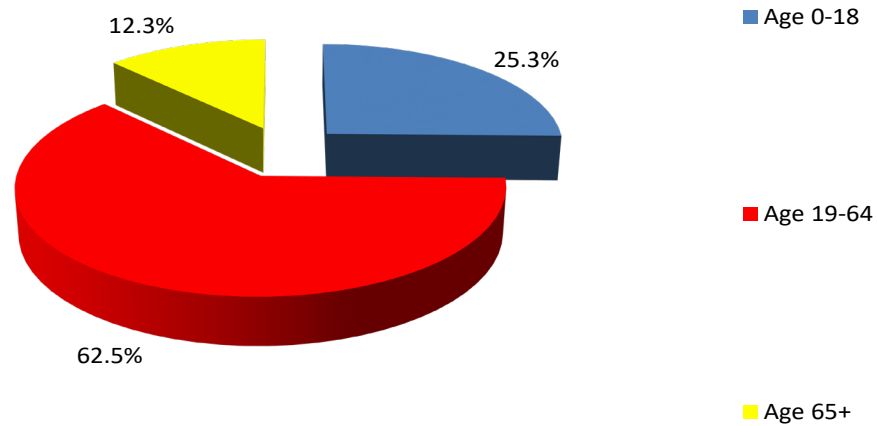
APRIL 2008



APRIL 2013



APRIL 2022



SFHP MEMBERSHIP HISTORY – AS OF JUNE 30TH

| LINE OF BUSINESS | FY 22-23 | FY 21-22 | -----ACTUAL----- | | | | | | | | | |
|--|----------|-----------|------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | BUDGET | PROJECTED | FY 20-21 | FY 19-20 | FY 18-19 | FY 17-18 | FY 16-17 | FY 15-16 | FY 14-15 | FY 13-14 | FY 12-13 | FY 11-12 |
| MEDI-CAL ADULT/CHILD/DUAL | 92,845 | 82,398 | 72,776 | 65,752 | 62,082 | 62,414 | 64,590 | 62,021 | 61,174 | 59,443 | 55,446 | 43,109 |
| MEDI-CAL SPD | 13,277 | 13,303 | 13,219 | 13,496 | 13,720 | 13,598 | 14,125 | 14,480 | 14,488 | 14,381 | 12,513 | 13,375 |
| MEDI-CAL EXPANSION | 58,578 | 65,954 | 60,598 | 50,257 | 51,444 | 53,848 | 58,084 | 56,386 | 47,887 | 26,006 | - | - |
| MEDI-CAL LONG-TERM CARE | 1,000 | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL MEDI-CAL | 165,700 | 161,655 | 146,594 | 129,505 | 127,246 | 129,860 | 136,799 | 132,887 | 123,549 | 99,830 | 67,959 | 56,484 |
| HEALTHY FAMILIES | - | - | - | - | - | - | - | - | - | - | - | 7,059 |
| HEALTHY WORKERS | 11,726 | 11,726 | 11,835 | 12,065 | 11,569 | 11,462 | 11,238 | 11,352 | 11,830 | 12,291 | 11,565 | 11,374 |
| HEALTHY KIDS | - | - | - | - | 2,300 | 2,049 | 1,309 | 2,050 | 2,048 | 2,170 | 2,300 | 2,619 |
| ALL LOB | 177,426 | 173,381 | 158,429 | 141,570 | 141,115 | 143,371 | 149,346 | 146,289 | 137,427 | 114,291 | 81,824 | 77,536 |
| | | | | | | | | | | | | |
| NOTE - HEALTHY KIDS MEMBERSHIP TRANSITIONED TO MEDI-CAL EFFECTIVE OCTOBER 1, 2019. | | | | | | | | | | | | |

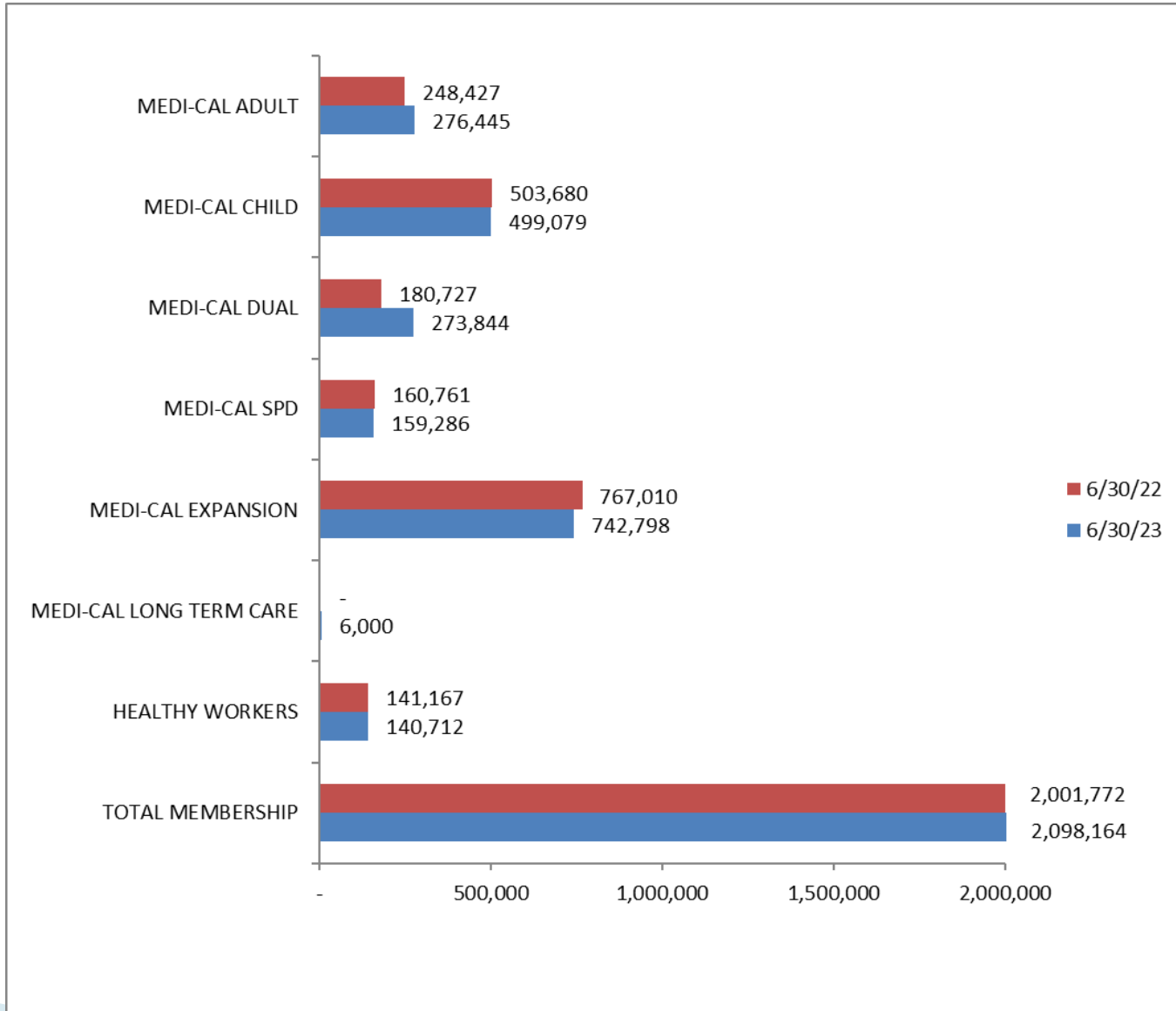


SFHP MEMBER MONTHS

| LINE OF BUSINESS | BUDGET | PROJECTED | ---FAVORABLE (UNFAVORABLE)-- | | BUDGET |
|---------------------------|-----------|-----------|------------------------------|---------|-----------|
| | FY 22-23 | FY 21-22 | MEMBERS | PERCENT | FY 21-22 |
| MEDI-CAL ADULT/CHILD/DUAL | 1,049,368 | 932,834 | 116,534 | 12.5% | 876,485 |
| MEDI-CAL SPD | 159,286 | 160,761 | (1,475) | -0.9% | 158,370 |
| MEDI-CAL EXPANSION | 742,798 | 767,010 | (24,212) | -3.2% | 739,789 |
| MEDI-CAL LONG TERM CARE | 6,000 | - | 6,000 | | - |
| TOTAL MEDI-CAL | 1,957,452 | 1,860,605 | 96,847 | 5.2% | 1,774,644 |
| HEALTHY WORKERS | 140,712 | 141,167 | (455) | -0.3% | 140,100 |
| ALL LOB | 2,098,164 | 2,001,772 | 96,392 | 4.8% | 1,914,744 |



SFHP MEMBER MONTHS



FY 22-23 REVENUE – KEY POINTS

- Premium Revenue increases 23.3%. Includes:
 - \$75.0 million for the Long-Term Care benefit.
 - \$13.4 million for the Dual eligible member integration.
 - \$251.4 million in directed payments for designated public hospitals (ZSFG), UC Systems (UCSF) and private hospitals.
 - \$38.2 million in Intergovernmental Transfers (IGTs) for ZSFG and UCSF.
- Total budget including Healthy San Francisco and SF City Option is \$1.1 billion.
- Revenue per member, per month is up 17.6% due to a change in membership mix, an increase in Directed Payments/IGT funding and the Long-Term Care benefit effective January 2023 :
 - FY 22-23 \$499.00 pmpm
 - FY 21-22 \$424.00 pmpm



OPERATING REVENUES OF \$1.1B (EXCLUDES HSF AND SF CITY OPTION REVENUE)

- ▶ FY 22-23 revenues are expected to increase by 23.1%.
 - \$198.4 million increase over projected FY 21-22.
 - Increase is due to a full 12-month impact of the CY 2022 Medi-Cal rates, a greater number of member months, more Directed Payments/IGT funding, the new Long-Term Care benefit and the Dual eligible member integration.
 - Projecting \$9.2 million in other income from third-party administrative (TPA) services.



OPERATING REVENUES OF \$1.1B CaAIM AND OTHER PROGRAMS

- Enhanced Care Management (effective January 2022)
- Community Supports (effective January 2022)
- Student Behavioral Health Incentive Program (effective January 2022)
- Major Organ Transplants (effective January 2022)
- Housing and Homelessness Incentive Program (January 2022)
- Long-Term Care (effective January 2023)
- Dual member integration (effective January 2023)



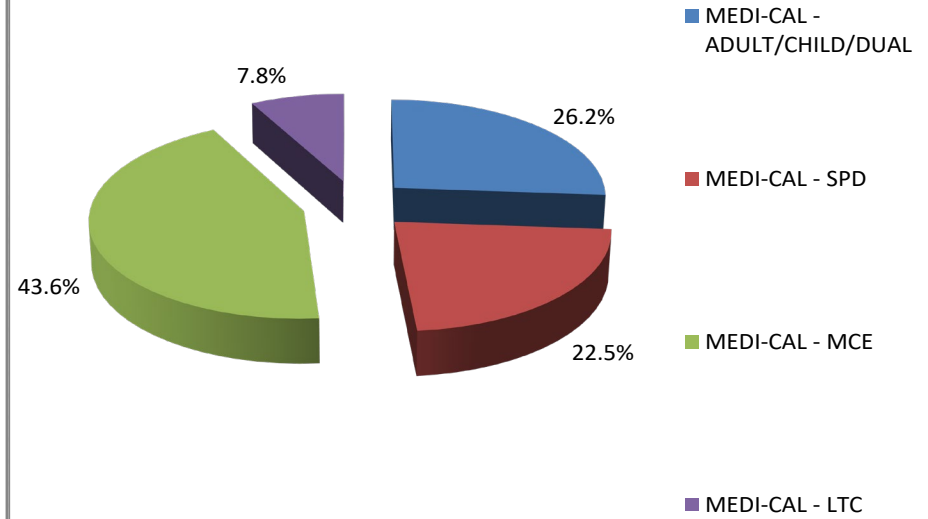
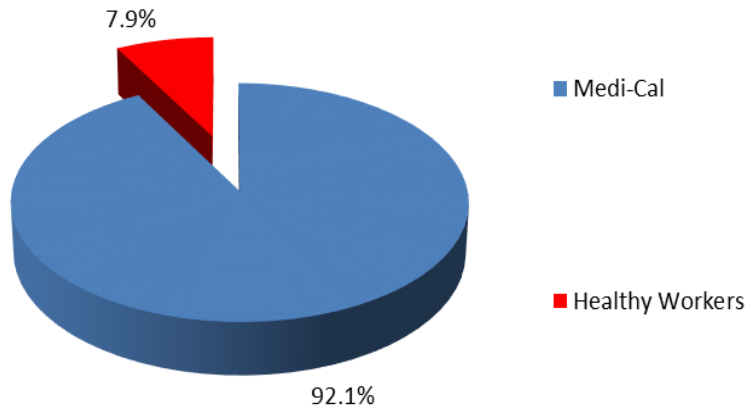
SFHP REVENUE PMPM

(EXCLUDES DIRECTED PAYMENTS AND IGT)

| LINE OF BUSINESS | FY 22-23 BUDGET PREMIUM PMPM | FY 21-22 PROJECTED PREMIUM PMPM | % CHANGE |
|--|---------------------------------|------------------------------------|-------------|
| MEDI-CAL ADULT/CHILD/DUAL | \$ 172 | \$ 178 | -3.5% |
| MEDI-CAL SPD | \$ 889 | \$ 938 | -5.3% |
| MEDI-CAL EXPANSION | \$ 373 | \$ 392 | -4.8% |
| MEDI-CAL LONG-TERM CARE | \$ 12,500 | \$ - | |
| HEALTHY WORKERS | \$ 588 | \$ 588 | 0.0% |
| ALL LOB | \$ 499 | \$ 424 | 17.6% |
| AVERAGE RATES ARE IMPACTED BY ADDITIONAL REVENUE FROM MATERNITY KICK, BEHAVIORAL HEALTH TREATMENT AND CALAIM REIMBURSEMENTS. | | | |
| FY 22-23 PMPMs ARE IMPACTED BY THE LOSS OF MEDI-CAL PHARMACY REVENUE. | | | |



FY 22-23 SFHP PREMIUM REVENUE



ALL LINES OF BUSINESS

MEDI-CAL ONLY

INVESTMENT INCOME

For FY 22-23, SFHP has budgeted \$800,000 in interest income from the following sources:

- SFHP will continue to work with City National Bank on a Liquidity Management Portfolio (LMP) account in order to increase the earnings potential for excess available funds. Given that we have transitioned to a rising interest rate environment, SFHP expects to earn \$300,000 more than in FY 21-22.
- For FY 22-23, the yield to maturity for the Liquidity Management Portfolio account is projected to be in the range of 1.0-2.0%.
- Funds in the Liquidity Management Portfolio account are invested in extremely low-risk securities and can be liquidated at any time upon SFHP request.
- SFHP will maintain an investment of \$25 million in low-risk government securities and corporate bonds in accordance with the SFHP Investment policy. The yield to maturity is projected to be in the range of 1.5-2.5%.

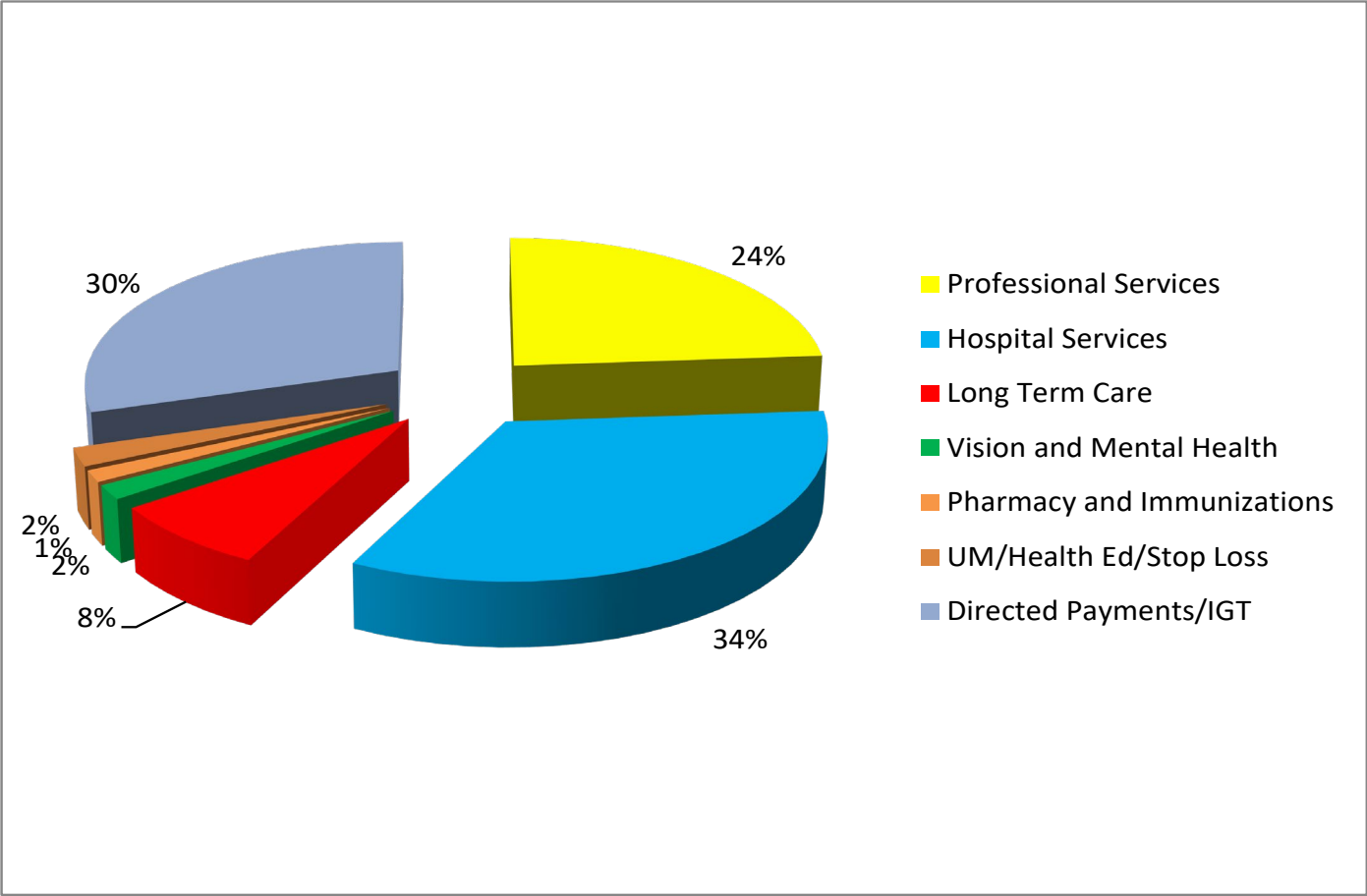


FY 22-23 MEDICAL EXPENSE – KEY POINTS

- ▶ Medical Expenses increase (25.3%) due to:
 - Increasing member months
 - Provider rate increases
 - Long-Term Care benefit
 - CalAIM programs
 - Greater Directed Payments/IGT funding
- ▶ Overall Medical Loss Ratio (MLR) of 92.9%.
- ▶ \$75.0 million in Long-Term Care fee-for-service costs.
- ▶ \$251.4 million in Directed Payments for designated public hospitals (ZSFG), UC System (UCSF) and private hospitals.
- ▶ \$38.2 million in IGT funding for ZSFG and UCSF.
- ▶ Practice Improvement Program (PIP) increases from 18.5% to 20.0% for Medi-Cal.
- ▶ Includes \$2.1 million of Strategic Use of Reserves carrying over from prior years.



SFHP MEDICAL EXPENSE DISTRIBUTION



SFHP MEDICAL EXPENSES OF \$974M

▶ **Assumptions:**

- ▶ Accrue PIP funds at 20.0% for Medi-Cal for the entire year.
- ▶ Project 92.9% MLR for all lines of business.
- ▶ Project 90.9% MLR for Medi-Cal excluding SPD and MCE.
- ▶ Project 91.9% MLR for SPD.
- ▶ Project 92.5% MLR for MCE.
- ▶ Project 101.9% MLR for LTC.
- ▶ Project 97.2% MLR for Healthy Workers.
- ▶ Additional \$20-\$22M in hospital expense related to SFCCC members.
- ▶ ZSFG risk corridor of \$6.0 million related to specific services for SFHN members.
- ▶ Healthy Workers pharmacy cost of \$89.00 pmpm.
- ▶ 70% reinsurance recovery rate.



SFHP ADMINISTRATIVE EXPENSE – KEY POINTS

\$600,000 IN PROJECT COSTS INCLUDED IN FY 22-23 BUDGET

SFHP reviewed business cases and included \$600,000 in project costs for new projects and carry-over projects.

| New Requests for FY 22–23 | Budget Request | Description |
|-----------------------------------|-------------------------|--|
| Provider Credentialing Software | \$123,000 | Track provider qualifications, licensing, etc. |
| Essette Upgrade | \$160,000 | Authorization software |
| myQNXT Implementation | \$40,000 | QNXT user customization of layout and content |
| Microsoft Dynamics (GP) Upgrade | <u>\$25,000</u> | Accounting software |
| Total | \$348,000 | |
| Carry-Over Projects from FY 21–22 | Budget Request | Description |
| Claims Editing Software | \$252,000 | Front-End Claims Edits |
| | | |
| Total | \$252,000 | |
| Grand Total | <u>\$600,000</u> | |



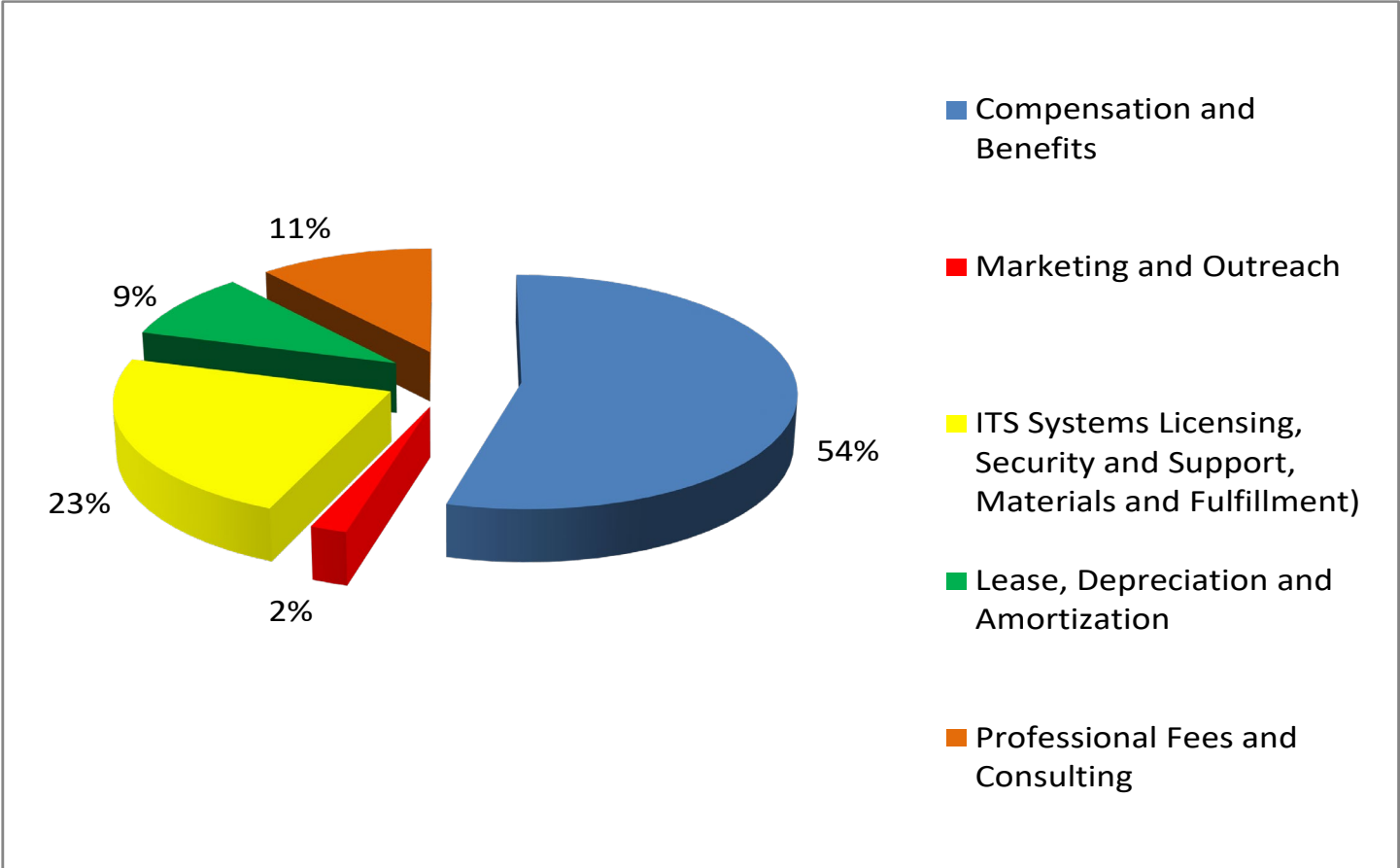
SFHP ADMIN EXPENSE HISTORY (EXCLUDES HSF/SF CITY OPTION)

▶ Percentage of Premium Revenue:

| | |
|--------------------------|------|
| ■ FY 2022-23 (budgeted) | 4.7% |
| ■ FY 2021-22 (projected) | 5.7% |
| ■ FY 2020-21 | 4.6% |
| ■ FY 2019-20 | 5.9% |
| ■ FY 2018-19 | 6.7% |
| ■ FY 2017-18 | 6.7% |
| ■ FY 2016-17 | 5.7% |
| ■ FY 2015-16 | 5.7% |
| ■ FY 2014-15 | 5.5% |
| ■ FY 2013-14 | 6.7% |
| ■ FY 2012-13 | 6.8% |
| ■ FY 2011-12 | 7.7% |
| ■ FY 2010-11 | 8.4% |
| ■ FY 2009-10 | 6.9% |



SFHP ADMINISTRATIVE EXPENSE DISTRIBUTION



SFHP EMPLOYEE HEADCOUNT (FTEs)

SFHP is requesting 10 new FTEs for FY 22-23 to support CalAIM programs, Long-Term Care and the Dual member integration. These programs will provide additional funding to help cover the cost of the new FTEs.

Full-Time Equivalents (FTEs) proposed for FY 22-23:

- Health Plan (existing) 323 FTEs
 - CalAIM, LTC, Duals (funded with Medi-Cal rates) 10 FTEs
 - TPA for HSF/SF City Option (City funded and approved) 77 FTEs
- 410 FTEs

A 9% attrition factor has been built into the budget to account for employee turnover and open positions. We are experiencing a 9% attrition rate for FY 21-22.



SFHP EMPLOYEE HEADCOUNT (FTEs)

10 new FTEs for FY 22-23:

- CalAIM Manager 1.0 FTE
- LTC Nurse Supervisor 1.0 FTE
- Senior Software Engineer 1.0 FTE
- Release Manager Specialist 1.0 FTE
- Claims Quality Assurance Analyst 1.0 FTE
- Claims Examiner 1.0 FTE
- Customer Service Representative 1.0 FTE
- Member Data Coordinator 1.0 FTE
- Provider Network Development Manager 1.0 FTE
- Compliance Analyst 1.0 FTE

Total estimated annual salary of \$967,000.

SFHP ADMINISTRATIVE EXPENSE

| AVERAGE MERIT SALARY INCREASES - RECENT HISTORY | | | |
|---|----------------|-------------------|----------------|
| | | | |
| SFHP DOES NOT OFFER COST OF LIVING ADJUSTMENTS (COLA) | | | |
| | | | |
| FISCAL YEAR | MERIT INCREASE | MARKET ADJUSTMENT | TOTAL INCREASE |
| FY 22-23 (BUDGETED) | 4.41% | 0.59% | 5.00% |
| FY 21-22 | 3.52% | 0.70% | 4.22% |
| FY 20-21 | 0.00% | 0.25% | 0.25% |
| FY 19-20 | 4.09% | 0.66% | 4.75% |
| FY 18-19 | 3.81% | 0.39% | 4.20% |
| FY 17-18 | 4.03% | 0.17% | 4.20% |
| FY 16-17 | 3.83% | 0.37% | 4.20% |
| FY 15-16 | 4.00% | | 4.00% |
| FY 14-15 | 4.50% | | 4.50% |
| FY 13-14 | 3.00% | | 3.00% |
| FY 12-13 | 3.00% | | 3.00% |
| FY 11-12 | 3.00% | | 3.00% |
| FY 10-11 | 3.50% | | 3.50% |
| FY 09-10 | 0.00% | | 0.00% |
| FY 08-09 | 3.00% | | 3.00% |
| SFHP BEGAN ADDING A MARKET ADJUSTMENT COMPONENT TO MERIT IN FY 16-17. | | | |



SFHP ADMINISTRATIVE EXPENSE

- Applied a 9% salary attrition factor (savings of \$4.7 million). Current position vacancy rate is running at 9%.
- Effective Sept. 1, 2022, overall average merit increase of 4.41% based on performance (range 0-6.0%). In addition to merit, estimated market adjustments of .59%. Total impact of \$1.4 million.
- Beginning with FY 15-16, CalPERS removed the portion of the employer contribution rate that goes towards paying down the Plan's unfunded accrued liability (UAL) balance. Participating employers had the option to pay the UAL in full or amortize the balance over 30 years at an interest rate of 6.8%. With Finance Committee and Governing Board approval, SFHP elected to pay previous UAL balances in full. Future UAL balances will be discussed with the Finance Committee and Governing Board on an as-needed basis.



SFHP ADMINISTRATIVE EXPENSE

CalPERS employer contribution rate decreases from 10.34% to 10.32% for employees hired before 1/1/13 (decrease of 0.2% or \$2,000). Employer contribution rate for employees hired after 12/31/12 will decrease from 7.59% to 7.47% (decrease of 1.6% or \$36,000). CalPERS rate history:

| FISCAL YEAR | -----CALPERS CLASSIC----- | | | -----CALPERS PEPRA----- | | |
|--|---------------------------|---------------------|---------------|-------------------------|---------------------|---------------|
| | EMPLOYER CONTRIBUTION | PERCENTAGE | | EMPLOYER CONTRIBUTION | PERCENTAGE | |
| | | INCREASE (DECREASE) | DOLLAR IMPACT | | INCREASE (DECREASE) | DOLLAR IMPACT |
| FY 22-23 | 10.320% | -0.2% | \$ (2,000) | 7.470% | -1.6% | \$ (36,000) |
| FY 21-22 | 10.340% | -1.4% | \$ (11,000) | 7.590% | -1.8% | \$ (42,000) |
| FY 20-21 | 10.484% | 8.3% | \$ 60,000 | 7.732% | 10.7% | \$ 213,000 |
| FY 19-20 | 9.680% | 8.9% | \$ 64,000 | 6.985% | 2.1% | \$ 41,000 |
| FY 18-19 | 8.892% | 5.6% | \$ 37,000 | 6.842% | 4.8% | \$ 89,000 |
| FY 17-18 | 8.417% | 0.5% | \$ 4,000 | 6.530% | 4.5% | \$ 80,000 |
| FY 16-17 | 8.377% | 4.7% | \$ 34,000 | 6.250% | 0.0% | \$ - |
| FY 15-16 | 8.003% | -27.5% | \$ (337,000) | 6.250% | 0.0% | \$ - |
| FY 14-15 | 11.032% | 7.3% | \$ 91,000 | 6.250% | 0.0% | \$ - |
| FY 13-14 | 10.282% | 5.8% | \$ 67,000 | 6.250% | | |
| FY 12-13 | 9.716% | 1.3% | \$ 21,000 | | | |
| FY 11-12 | 9.593% | 12.4% | \$ 110,000 | | | |
| FY 10-11 | 8.537% | 3.8% | \$ 32,000 | | | |
| FY 09-10 | 8.227% | | | | | |
| CLASSIC EMPLOYEES HIRED PRIOR TO JANUARY 1, 2013 | | | | | | |
| PEPRA EMPLOYEES HIRED JANUARY 1, 2013 AND AFTER | | | | | | |
| CURRENT STAFF = 18% CLASSIC , 82% PEPRA | | | | | | |



SFHP ADMINISTRATIVE EXPENSE

- Medical/dental/ancillary benefits rate changes for FY 22-23:
 - Aetna 5.0% increase impact \$159K
 - Kaiser 3.9% increase impact \$ 96K
 - Dental (5.0%) decrease impact (\$ 16K)
 - Life/LTD (19.3%) decrease impact (\$ 23K)
 - Vision No change

- Staff Bonus of \$3.7 million will be accrued during FY 22-23 for potential disbursement in September 2023.

- \$700,000 in annual depreciation and amortization for Managed Care System (TriZetto QNXT), IT equipment, leasehold improvements, office furnishings, etc.



SFHP ADMINISTRATIVE EXPENSE

➤ \$6.5 million in ITS Hardware/Software Licensing, Maintenance and Support. Major items include:

- Annual software and system maintenance contracts \$5.395M

| VENDOR | AMOUNT | VENDOR | AMOUNT | |
|------------------------|--------------|------------------------------|--------------|--------------|
| MICROSOFT | \$ 480,000 | CISCO SMARTNET | \$ 83,000 | |
| EDIFECs SMART TRADING | \$ 461,000 | IBM/HP | \$ 80,000 | |
| EDIFECs ENCOUNTER MGMT | \$ 307,000 | TABLEAU | \$ 80,000 | |
| PONDERA | \$ 284,000 | SFTP FILE TRANSFER SOLUTION | \$ 73,000 | |
| ESSETTE | \$ 241,000 | SECURITY MONITORING/SCANNING | \$ 70,000 | |
| PREMANAGE | \$ 235,000 | DISASTER RECOVERY/BC | \$ 65,000 | |
| ILLUMIO | \$ 218,000 | TEAMDYNAMIX | \$ 57,000 | |
| COTIVITI | \$ 200,000 | PURE STORAGE | \$ 54,000 | |
| FIRST DATA BANK | \$ 200,000 | ARCTIC WOLF | \$ 54,000 | |
| CLEARWATER | \$ 180,000 | VMWARE | \$ 47,000 | |
| CLARIZEN | \$ 167,000 | 3M GROUPER | \$ 45,000 | |
| XES | \$ 165,000 | PALO ALTO NETWORKS | \$ 45,000 | |
| CROWDSTRIKE | \$ 142,000 | ZSCALER | \$ 45,000 | |
| CAQH CORE | \$ 121,000 | ADOBE ACROBAT | \$ 44,000 | |
| OKTA | \$ 110,000 | TELX | \$ 43,000 | |
| FORCE POINT | \$ 100,000 | FUSION STORM | \$ 42,000 | |
| ADAPT | \$ 99,000 | SECURE ENDS | \$ 41,000 | |
| CMAS | \$ 98,000 | MIMECAST | \$ 41,000 | |
| BIZTALK | \$ 90,000 | AZURE | \$ 36,000 | |
| DEVCOOL | \$ 85,000 | ALL OTHERS | \$ 367,000 | |
| | \$ 3,983,000 | | \$ 1,412,000 | \$ 5,395,000 |



SFHP ADMINISTRATIVE EXPENSE

➤ \$6.5 million in ITS Hardware/Software Licensing, Maintenance and Support. Major items include:

| | |
|---|-------------------|
| ▪ QNXT annual support and maintenance | \$ 574,000 |
| ▪ Disaster Recovery costs (Virginia site/Agility) | \$ 280,000 |
| ▪ Hardware/software upgrades and refreshes | <u>\$ 203,000</u> |
| | \$1,057,000 |



HSF AND SF CITY OPTION ADMINISTRATIVE EXPENSE

Total Budget = \$15.0 million

- SF City Option \$8.8 million
- HSF \$6.2 million

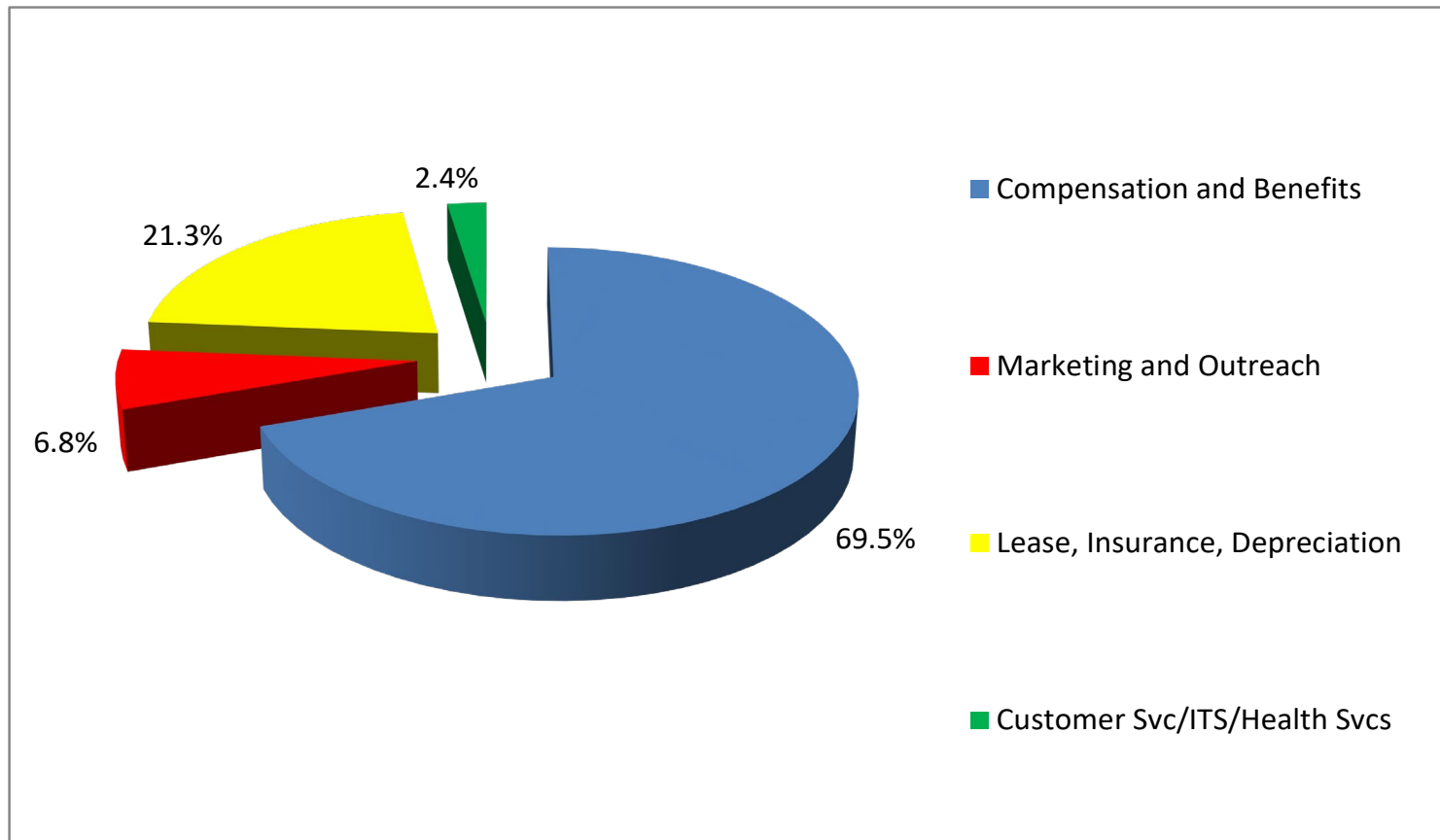
- 77 FTEs for FY 22-23 (City funded and approved):
 - 44 FTEs for SF City Option
 - 33 FTEs for HSF

- Highlights:
 - \$10.4 million in Personnel costs.
 - \$ 3.6 million in Administrative/Policy/ITS/Customer Service costs – office lease space, consulting, vendor support and engagement, insurance, outbound call center.
 - \$ 1.0 million in Marketing costs – collateral, website, mailings.

- Management fee allocation of \$888K included in Personnel costs.



FY 22-23 HSF AND SF CITY OPTION ADMIN EXPENSE DISTRIBUTION



SFHP FY 22-23 CAPITAL BUDGET

FY 22-23 Capital budget request is \$1,505,000

Recent history of capital budget requests:

| | |
|------------|-------------|
| ➤ FY 21-22 | \$2,015,000 |
| ➤ FY 20-21 | \$1,442,000 |
| ➤ FY 19-20 | \$ 828,000 |
| ➤ FY 18-19 | \$3,018,000 |
| ➤ FY 17-18 | \$ 50,000 |
| ➤ FY 16-17 | \$ 452,000 |
| ➤ FY 15-16 | \$ 354,000 |
| ➤ FY 14-15 | \$1,102,000 |

FY 22-23 includes \$1,305,000 for computer hardware and \$200,000 for computer software solutions.

FY 18-19 included \$2.0 million for Analytic Data Warehouse (ADW) Phase II. SFHP decided not to move forward with Phase II. SFHP selected Edifecs for its data warehouse solution.



Agenda Item 5

Action Item

- Review and Approval of SFHP FY 2022-23 Organizational Goals and Success Criteria Measures



MEMO

| | |
|------------------|---|
| Date | June 1, 2022 |
| To | Governing Board |
| From | Yolanda R. Richardson, Chief Executive Officer |
| Regarding | FY 2022-23 Organizational Goals and Success Criteria |

Recommendation

San Francisco Health Plan (SFHP) recommends the Governing Board approve the annual organizational goals and success criteria for fiscal year 2022-2023 (FY 22-23).

Proposed FY 22-23 Goals

Depending on the financial results at the end of the FY 22-23, the Board will determine whether staff bonuses are appropriate, and if so, the following Organizational Goals success criteria would serve as the basis to calculate the staff bonus. The organizational goals for FY 22-23 are structured around our four organizational strategic anchors. This memo provides a description of each goal in the four areas and the specific success criteria measures for each of the goals. The table below provides the high-level point distribution across the four strategic anchors.

| Strategic Anchors | Points |
|--|---------------|
| One: Universal Coverage | 25 |
| Two: Quality Care and Access for Members and Participants | 35 |
| Three: Exemplary Service to Members and Stakeholders | 20 |
| Four: Financial Viability for Plan and Safety Net | 20 |
| Total | 100 |

STRATEGIC ANCHOR 1:

Universal Coverage – 25 points

We believe every adult and child in San Francisco should have health coverage. Our strategic anchor of universal coverage recognizes that the health plan alone cannot provide coverage for everyone. Therefore, we work in partnership with the public health system, San Francisco Health Network (SFHN), community providers and our trade associations to support the Medi-Cal program and health care coverage for all.

Goal 1.1: Modernize the Healthy San Francisco (HSF) eligibility and enrollment system with mCase implementation. 10 points

1. Complete Configuration, Integration and Testing of the RedMane mCase System, the new eligibility and enrollment platform by November 1, 2022. (3 pts)
2. Complete Field Training and Implementation of mCase for all internal and external users by January 15, 2023. (5 pts)
3. Decommission One-e-App, the original, existing eligibility and enrollment system by May 30, 2023. (2 pts)

Goal 1.2: Support and measure increased San Francisco City Option (SFCO) employee fund utilization and enrollment. 15 points

1. Implement a program of targeted communication and outreach interventions by March 15, 2023 for new SFCO employees within the first 90 days of the employer contribution. (5 pts)
2. Increase funds available for utilization by SFCO employees through improved data matching and employee enrollment, measured by fund movement from Pool to Active Medical Reimbursement Accounts (MRAs) by June 15, 2023. (10 pts)
Minimum: \$19 million - 2 points
Meets: \$21 million - 7 points
Stretch: \$36 million - 10 points

STRATEGIC ANCHOR 2:

Quality Care and Access for Members and Participants – 35 points

We recognize that our members and program participants must have excellent access to care to achieve positive health outcomes. We support a range of efforts to improve access to high-quality health care, including CalAIM and addressing health disparities.

Goal 2.1: Improve Members' Access to Care by Addressing Health Equity and Disparities through Meeting New NCQA Standards and Implementing CalAIM Programs. 20 points

1. Implement additional community support services in alignment with DHCS approved model of care.
 - Phase 2 services by March 1, 2023 (4 pts)
 - Phase 3 services by July 1, 2023 (4 pts)
2. Expand enhanced care management to:
 - Phase 2 populations of focus by January 1, 2023 (3 pts)
 - Phase 3 populations of focus by July 1, 2023 (3 pts)
3. Implement Carve-in Long Term Care services by January 1, 2023. (6 pts)

2.2 Quality Improvement & Population Health Management Strategy – 15 points

1. Establish a plan for quality improvement and population health management aligned with DHCS by December 30, 2022. (5 pts)
2. Segment and identify populations of focus by March 1, 2023. (5 pts)
3. Execute plan by June 2023. (5 pts)

STRATEGIC ANCHOR 3:

Exemplary Service to Members and Stakeholders – 20 points

Build SFHP's Internal Capacity as a Diverse, Equitable, and Inclusive (DEI) Organization to Better Serve Our Members, Providers, and Each Other.

Goal 3.1: Share SFHP employee demographic data (a VISIONS DEI Assessment Recommendation) and measure DEI capacity. 15 points

1. Begin measuring SFHP DEI Capacity by creating and sending the SFHP 2022 DEI Survey by September 30, 2022. (5 pts)
2. Perform and share a gap analysis of SFHP employee demographic data and establish baseline by March 31, 2023. (5 pts)
3. Create a dashboard of employee demographic data and DEI Capacity by June 30, 2023.
 - Minimum: Collect ADP data (1 pt)
 - Meet: Collect DEI Capacity Data in (3 pts)
 - Stretch: Analyze areas for growth and improvement (5 pts)

Goal 3.2: Establish and grow the SFHP DEI SharePoint as a DEI resource site for training, education, and communication. Establish at least 3 educational and community building programs that support employee inclusivity by June 30, 2023. 5 points

1. Establish a workgroup that will review and prioritize available VISIONS DEI Training Videos for placement on the Intranet site by October 30, 2022. (2 pts)
2. Create an evaluation tool on the usefulness of the training videos for users by October 30, 2022 and use the results of the evaluation to inform future training content and videos. (3 pts)

STRATEGIC ANCHOR 4:

Financial Viability for Plan and Safety Net – 20 points

The fiscal environment in which we and our safety net providers operate is often in flux. Therefore, we maintain a strategic focus on the organization's financial viability and the economic sustainability of our safety net provider partners.

Goal 4.1: Support the City and County of San Francisco's (CCSF) effort to improve financial efficiencies of the SFCO program. 10 points

Develop and implement new cash management strategies with the CCSF Treasurer/Tax Collector office for SFCO funds currently held by SFHP. Goal includes the successful transfer of these funds under the timeline established by the CCSF as well as setting up a new process and procedures to ensure the smooth exchange of SFCO funds to support ongoing operations. (10 pts)

Goal 4.2: Protect Current Medi-Cal Rate Levels and Maximize Payments to Providers by Working to Ensure Complete and Timely Encounter Submissions – 10 points

1. Develop a comprehensive communication strategy and action plan for future DHCS/CMS medical loss ratio (MLR) reporting requirements applicable to delegated medical groups and hospitals by December 31, 2022. (3 pts)
2. Meet deliverables established in the action plan by conducting 1:1 sessions with each of the delegated entities that have an MLR below 85%. Includes gap assessment on concerns and feedback from the delegated entities on requirements. (4 pts)
Minimum: Conduct 1:1 sessions with 70% of delegated entities. (2 pts)
Meets: Conduct 1:1 sessions with 85% of delegated entities. (3 pts)
Stretch: Conduct 1:1 sessions with 100% of delegated entities. (4 pts)

3. Delivering summary report of gap analysis from delegated entities from our sessions, assessment of readiness and additional recommendations if any. (3 pts)

The attached table summarizes the FY 22-23 goals and success criteria.

FY 22-23 Organizational Goals and Success Criteria

| SFHP Strategic Anchors | FY 22-23 Success Criteria Measures | Points |
|---|---|-----------|
| <p>1. Universal Coverage Through Partnerships We believe every adult and child in San Francisco should have health coverage. Our strategic anchor of universal coverage recognizes that the health plan alone cannot provide coverage for everyone. Therefore, we work in partnership with the public health system, San Francisco Health Network, community providers and our trade associations to support the Medi-Cal program and health care coverage for all.</p> | <p>1.1 Modernize the Healthy San Francisco (HSF) eligibility and enrollment system with mCase implementation.</p> <ol style="list-style-type: none"> 1. Complete Configuration, Integration and Testing of the mCase System by November 1, 2022. (3 pts) 2. Complete Field Training and Implementation of mCase for all internal and external users by January 15, 2023. (5 pts) 3. Decommission OeA by May 30, 2023. (2 pts) | 10 |
| | <p>1.2 Support and measure increased San Francisco City Option (SFCO) employee fund utilization and enrollment by:</p> <ol style="list-style-type: none"> 1. Implement a program of targeted communication and outreach interventions by March 15, 2023 for new SFCO employees within the first 90 days of the employer contribution. (5 pts) 2. Increase funds available for utilization by SFCO employees through improved data matching and employee enrollment, measured by fund movement from Pool to Active MRAs by June 15, 2023. (10 pts) Minimum: \$19 million - 2 points Meets: \$21 million - 7 points Stretch: \$36 million - 10 points | 15 |
| | Total | 25 |

FY 22-23 Organizational Goals and Success Criteria

| SFHP Strategic Anchors | FY 22-23 Success Criteria Measures | Score |
|--|--|-----------|
| <p>2. Quality Care and Access for Members and Participants</p> <p>We recognize that our members and program participants must have excellent access to care to achieve positive health outcomes. We support a range of efforts to improve access to high-quality health care.</p> | <p>2.1 Achieve the required 2023 Department of Health Care Services (DHCS) deliverables for key CalAIM programs:</p> <ol style="list-style-type: none"> 1. Implement additional community support services in alignment with DHCS approved model of care. <ul style="list-style-type: none"> o Phase 2 services by March 1, 2023 (4 pts) o Phase 3 services by July 1, 2023 (4 pts) 2. Expand enhanced care management to: <ul style="list-style-type: none"> o Phase 2 populations of focus by January 1, 2023 (3 pts) o Phase 3 populations of focus by July 1, 2023 (3 pts) 3. Implement Carve-in Long Term Care services by January 1, 2023. (6 pts) | 20 |
| | <p>2.2 Quality Improvement & Population Health Management Strategy</p> <ol style="list-style-type: none"> 1. Establish a plan for quality improvement and population health management aligned with DHCS by December 30, 2022. (5 pts) 2. Segment and identify populations of focus by March 1, 2023. (5 pts) 3. Execute plan by June 2023. (5 pts) | 15 |
| | Total | 35 |

FY 22-23 Organizational Goals and Success Criteria

| SFHP Strategic Anchors | FY 22-23 Success Criteria Measures | Points |
|---|---|-----------|
| <p>3. Exemplary Service to Members and Stakeholders - Build SFHP’s Internal Capacity as a Diverse, Equitable, and Inclusive (DEI) Organization to Better Serve Our Members, Providers, and Each Other.</p> | <p>3.1. Share SFHP employee demographic data (a VISIONS DEI Assessment Recommendation) and measure DEI capacity.</p> <ol style="list-style-type: none"> 1. Begin measuring SFHP DEI Capacity by creating and sending the SFHP 2022 DEI Survey by September 30, 2022. (5 pts) 2. Perform and share a gap analysis of SFHP employee demographic data and establish baseline by March 31, 2023. (5 pts) 3. Create a dashboard of employee demographic data and DEI Capacity by June 30, 2023. <ul style="list-style-type: none"> o Minimum: Collect ADP data (1 pt) o Meet: Collect DEI Capacity Data in (3 pts) o Stretch: Analyze areas for growth and improvement (5 pts) | 15 |
| | <p>3.2 Establish and grow the SFHP DEI SharePoint as a DEI resource site for training, education, and communication. Establish at least 3 educational and community building programs that support employee inclusivity by June 30, 2023.</p> <ol style="list-style-type: none"> 1. Establish a workgroup that will review and prioritize available VISIONS DEI Training Videos for placement on the Intranet site by October 30, 2022. (2 pts) 2. Create an evaluation tool on the usefulness of the training videos for users by October 30, 2022 and use the results of the evaluation to inform future training content and videos. (3 pts) | 5 |
| | Total | 20 |

FY 22-23 Organizational Goals and Success Criteria

| SFHP Strategic Anchors | FY 22-23 Success Criteria Measures | Points |
|---|---|-----------|
| <p>4. Financial Viability for Plan and Safety Net The fiscal environment in which we and our safety net providers operate is often in flux. Therefore, we maintain a strategic focus on the organization’s financial viability and the economic sustainability of our safety net provider partners.</p> | <p>4.1 Support the City and County of San Francisco's (CCSF) effort to improve financial efficiencies of the SFCO program. Develop and implement new cash management strategies with the CCSF Treasurer/Tax Collector office for SFCO funds currently held by SFHP. Goal includes the successful transfer of these funds under the timeline established by the CCSF as well as setting up a new process and procedures to ensure the smooth exchange of SFCO funds to support ongoing operations. 10 pts</p> | 10 |
| | <p>4.2 Protect Current Medi-Cal Rate Levels and Maximize Payments to Providers by Working to Ensure Complete and Timely Encounter Submissions</p> <ol style="list-style-type: none"> 1. Develop a comprehensive communication strategy and action plan for future DHCS/CMS medical loss ratio (MLR) reporting requirements applicable to delegated medical groups and hospitals by December 31, 2022. (3 pts) 2. Meet deliverables established in the action plan by conducting 1:1 sessions with each of the delegated entities that have an MLR below 85%. Includes gap assessment on concerns and feedback from the delegated entities on requirements. (4 pts) Minimum: Conduct 1:1 sessions with 70% of delegated entities. (2 pts) Meets: Conduct 1:1 sessions with 85% of delegated entities. (3 pts) Stretch: Conduct 1:1 sessions with 100% of delegated entities. (4 pts) 3. Delivering summary report of gap analysis from delegated entities from our sessions, assessment of readiness and additional recommendations if any. (3 pts) | 10 |
| | Total | 20 |

Total Points = 100 points

Agenda Item 6

Action Item

- Review and Approval of Practice Improvement Program (PIP) Funding for FY 2022-23





MEMO

Date June 1, 2022
To Finance Committee and Governing Board
From Yolanda Richardson, Chief Operating Officer
Regarding Review and Approval of FY 2022-2023 Practice Improvement Program (PIP) Funding

Recommendations:

San Francisco Health Plan (SFHP) recommends that the Finance Committee and Governing Board approve:

1. Continuation of previous Practice Improvement Program (PIP) funding with capitation withholds in the amounts of 20% for Medi-Cal for the 2022-2023 fiscal year (FY); and
2. A new attestation process for Quality Improvement Program (QIP) projects, to be submitted by October 31, 2022.

Background:

The Practice Improvement Program (PIP) is SFHP's incentive program for Medi-Cal clinics and medical groups to achieve improvements in system and health outcomes.

Funding is sourced from withholding a percentage from the provider's capitation rates, which increases to 20% effective July 1, 2022. The increase was due to provider rate increases approved by the Governing Board at the March 2022 Board meeting. The PIP funding has been an effective incentive to achieve quality performance measures among the medical groups. SFHP's PIP will continue to run and align on a fiscal year (July – June) with operations and the San Francisco Health Network.

Additionally, SFHP will implement a new attestation for QIP projects to streamline provider activities to enhance access to care for our members.

SFHP requests continuation of funding of PIP funding for FY 2022-2023, at 20% effective July 1, 2022.

2022-23 Practice Improvement Program (PIP)

- The Practice Improvement Program (PIP) Advisory Committee approved the following measures for the period from July 1, 2022 through June 30, 2023:
- Quality Improvement Projects (attestation)
- Reporting and performance measures
 - ✓ 15 Existing Measures
 - ✓ 1 Modified Measure
 - ✓ No new measures

2022-23 PIP Measures

| Measure | Status |
|--|----------|
| Clinical Quality Domain | |
| CQ02 Diabetes HbA1c <8 (Good Control) | Existing |
| CQ04 Routine Cervical Cancer Screening | Existing |
| CQ05 Routine Colorectal Cancer Screening | Existing |
| CQ06 Breast Cancer Screenings | Existing |
| CQ08 Controlling High Blood Pressure (Hypertension) | Existing |
| CQ09 Adolescent Immunizations | Existing |
| CQ10 Childhood Immunizations | Modified |
| CQ11 Well Child Visits for Children 3-6 Years of Age | Existing |
| CQ12 Chlamydia Screening | Existing |
| CQ16 Well Child Visits in the First 15 Months of Life | Existing |
| CQ17 Well Child Visits in Children 15-30 Months of Age | Existing |

2022-23 PIP Measures

| Measure | Status |
|--|----------|
| Data Quality Domain | |
| DQ1 Provider Roster Updates | Existing |
| Patient Experience Domain | |
| SI1 Depression Screening and Follow-up | Existing |
| SI2 Follow-Up Visit After Hospital Discharge | Existing |
| SI3 Opioid Safety | Existing |
| SI5 Percent of Members with a Primary Care Visit | Existing |

Practice Improvement Program Advisory Committee Meeting

June 03, 2022

SFHP



Practice Improvement Program
Partnering to prepare for the future

Today's Agenda

| Time | Agenda Item |
|-------------|---------------------------------------|
| 11:00-11:10 | ➤ Agenda Review and Introductions |
| 11:10-11:20 | ➤ Review 2022-23 Programmatic Changes |
| 11:20-11:30 | ➤ Review 2022-23 Measure Set |
| 11:30-11:35 | ➤ Quality Improvement Projects |
| 11:35-11:50 | ➤ Questions & Closing |

Introductions & Icebreaker

Name

Organization

Answer One of the Following:

- Describe your dream holiday
- If you could have an extra hour of free time everyday, how would you use it?



2022-23 Programmatic Updates

SFHP

FY 2022-2023 PIP Overview

| | FY 2021-22 | FY 2022-23 |
|-------------------------------------|--|---|
| Medi-Cal Capitation Withhold | 18.5% | 20% |
| Priority Five Measures | Reset to 5 lowest performing measures | Remain the same as 21-22 to support sustainability of improvements |
| CQ 11, 16, and 17 | Pay-for-reporting | Pay-for-reporting |
| CQ10 Childhood Immunizations | Pay-for-reporting | Maintain >5% RI over baseline |
| Quality Improvement Projects (QIPs) | Application due in Q1, updates due in Q2 & Q3, outcome objective due in Q4 | Attestation due in Q1 |



2022-23 Measure Set

SFHP

2022-23 Measure Set

15 existing measures
1 modified measure
0 new measures

| Measure | Community Clinic | Clinic-Based RBO | IPA | Academic Medical Center |
|--|------------------|------------------|-----|-------------------------|
| Clinical Quality Domain | | | | |
| CQ02 Diabetes HbA1c <8 (Good Control) | X | X | X | X |
| CQ04 Routine Cervical Cancer Screening | X | X | X | X |
| CQ05 Routine Colorectal Cancer Screening | X | X | | |
| CQ06 Breast Cancer Screenings | X | X | X | X |
| CQ08 Controlling High Blood Pressure (Hypertension) | X | X | X | X |
| CQ09 Adolescent Immunizations | X | X | X | X |
| CQ10 Childhood Immunizations | X | X | X | X |
| CQ11 Well Child Visits for Children 3-6 Years of Age | X | X | X | X |
| CQ12 Chlamydia Screening | X | X | X | X |
| CQ16 Well Child Visits in the First 15 Months of Life | X | X | X | X |
| CQ17 Well Child Visits in Children 15-30 Months of Age | X | X | X | X |
| Data Quality Domain | | | | |
| DQ1 Provider Roster Updates | | | X | X |
| Patient Experience Domain | | | | |
| Systems Improvement Domain | | | | |
| SI1 Depression Screening and Follow-up | X | X | X | X |
| SI2 Follow-Up Visit After Hospital Discharge | X | X | X | X |
| SI3 Opioid Safety | X | X | | X |
| SI5 Percent of Members with a Primary Care Visit | X | X | X | X |

CQ Scoring

| Measure | 90 th percentile | 75 th percentile |
|---|-----------------------------|-----------------------------|
| CQ01 Diabetes HbA1c Test | - | - |
| CQ02 Diabetes HbA1c <8 | 55.23 | 51.34 |
| CQ03 Diabetes Eye Exam | - | - |
| CQ04 Cervical Cancer Screening | 67.99 | 63.66 |
| CQ06 Breast Cancer Screening | 63.77 | 58.7 |
| CQ08 Controlling High Blood Pressure | 66.79 | 62.53 |
| CQ09 Adolescent Immunizations | 50.61 | 43.55 |
| CQ10 Childhood Immunizations | 53.66 | 45.50 |
| CQ11 Child and Adolescent Well-Care Visits | P4R | P4R |
| CQ12 Chlamydia Screening | 66.15 | 61.75 |
| CQ13 Timely Access to Prenatal Care | - | - |
| CQ14 Postpartum Care | - | - |
| CQ15 Asthma Medication Ratio | - | - |
| CQ 16: Well Child Visits in the First 15 Months of Life | P4R | P4R |
| CQ 17: Well Child Visits for Children 15-30 Months of Age | P4R | P4R |
| Measure | 75 th percentile | 60 th percentile |
| CQ05 Colorectal Screening | 60.66 | 37.95 |



2021-22 Quality Improvement Projects

SFHP

QIP Attestation

- Attestations will be due in Q2 (October 31, 2022)

Agenda Item 7

Action Item

- Review and Approval CalPERS Salary Schedule





MEMO

Date June 1, 2022
To SFHP Finance Committee
SFHP Governing Board
From Kate Gormley, Chief Human Resources Officer
Regarding Approval of SFHP Salary Schedule (CalPERS
Required)

Recommendation: San Francisco Health Plan (SFHP) recommends the Finance Committee and Governing Board approve the adoption of the SFHP FY 2022-2023 Salary Schedule (Attachment A) to meet CalPERS requirements regarding retiree salary computation. The Salary Schedule changes include increasing the ranges by 4.0%.

Background: To satisfy CalPERS requirements and protect our retirees' pension eligibility, we must provide CalPERS with a copy of our Salary Ranges and Positions by Grade Level ("Salary Schedule") on an annual basis, with a formal approval by the Governing Board.

2022 – 2023 Compensation Philosophy and Program Review: SFHP's compensation philosophy is to pay at the mid-range (middle of the pay scale) of the market for both base and bonus compensation. We provide merit increases based on performance, not on years of service. We have continued to gauge our compensation program against the marketplace.

Additionally, to ensure proper market pricing for SFHP positions, we continue to employ several sources for market salary data:

- The Warren Survey: We continue to participate in the semi-annual Warren Surveys. Warren participants are 300+ HMO, managed care, hospital systems, health plans and other related organizations in over 630 locations nationwide and include over 370,000 incumbents.
- Kenexa's Comp Analyst: This survey augments our market data for non-health services-related positions, as we continue to face fierce competition for these positions. This tool allows data slices by regional area, industry, and/or organization size, thus tailoring each position review to our specific situation.
- LHPC: The survey provides compensation data for executives and directors in local health plans.
- Culpepper: The Culpepper survey focuses on Healthcare and Healthcare IT.

- Radford: Radford is Silicon Valley’s iconic high tech / biotech survey and has recently branched into healthcare.
- ACAP Survey Report: We continue to participate in this survey, which provides data for executive and director level positions based on input from 27 community affiliated plans nationwide.

Current Landscape and Outlook: Over the last 6 months, the U.S. economy has experienced significant inflation in every sector. Additionally, as we return to a “New Normal”, the job market has picked up significantly resulting in higher turnover and heavy competition for attracting and retaining talent. Projections for 2022-2023 salary budget increases in the San Francisco Bay Area continue to rise steadily and accurate data is elusive given the lag in salary survey data reporting.

| Source (Data 3-12 Months Old) | 2023 Projected Salary Increases |
|--|--|
| Culpepper - SF Bay Area | 4.42% |
| Economic Research Institute - US Wide | 4.4% |
| Korn Ferry / Hay - US Wide | 3.5% |
| Mercer - US Wide (Projected Adjustment Rate) | 6.0% |
| Salary.com - US Wide | 4.0% |
| The Conference Board – US Wide | 3.9% |
| WorldatWork - US Wide (mean/median) | 5.0% |
| HR Management Association – US Wide | 4.0% |
| Society for Human Resources Management – US Wide | 5.0% |
| Consumer Price Index - SF Bay Area | 5.2% |

LHPC Sister Plan Changes: We also consulted with our LHPC sister plans on what they are planning for 2022-2023 salary range and merit increases.

| Plan | Merit / Range Change |
|-------------|------------------------------|
| #1 | 6% Merit |
| #2 | 5.5% Merit |
| #3 | 5% Merit |
| #4 | Undecided, Moving towards 5% |
| #5 | 5% (Proposed) |
| #6 | 4% (Proposed) |
| #7 | 5% Merit |
| #8 | 4% Merit |
| #9 | 4% Merit |

2022 - 2023 Salary Range Movement: Based on the survey sources, and the anticipated outlook we recommend increasing our 2022-2023 salary ranges by 4.0%.

2022 – 2023 Salary Range Structure: Our salary ranges will continue to be very broad to allow for management flexibility as well as to ensure that all incumbents’ base pay falls within the market-driven, Governing Board approved salary ranges to meet CalPERS requirements. Currently, SFHP has 62 compensation categories to simplify administration. Please reference Attachment A.

September 2022 Merit Increases: We are budgeting a 4.41% overall merit increase, although individual increases will vary between 0% and 6.0% depending upon the individual’s performance score:

SFHP Salary Increase Matrix

| Performance Rating | Score | Expected Distribution | Salary Increase | |
|-------------------------|-------|--------------------------|-----------------|------------|
| Outstanding Performance | 5 | 4.5 - 5.0 | ~ 5% | 6.0% |
| Exceeds Expectations | 4 | 3.75 - 4.49 | ~ 30% | 5.0% |
| Successful Contributor | 3 | 3.5 - 3.74 3.0 - 3.49 | ~ 60% | 4.5% |
| | | | | 4.0% |
| Some Improvement Needed | 2 | 2.5 - 2.9* 1.0 - 2.49 | ~ 5% | Up to 2.5% |
| | | | | 0% |

* Merit increase for scores from 2.5 - 2.9 are at the discretion of department executive.

Additionally, as we have done in years prior, we will be making market and internal equity adjustments to keep pace with the job market, requiring an additional .59% of the budget to help bring current employees closer to market rates. This brings the 2022-2023 salary increase budget to 5% for merit increases and market/equity adjustments.

Please feel free to reach out to me with any questions.

ATTACHMENT A
SAN FRANCISCO HEALTH PLAN
SALARY SCHEDULE EFFECTIVE 9/1/2022

| Market Level | CalPERS Comp Title from Master Job Table | MIN | Q2 | MID | Q4 | MAX | Range Spread | Mid Point Jump |
|--------------|---|---------|---------|---------|---------|---------|--------------|----------------|
| 14 | CEO | 346,489 | 389,801 | 433,112 | 476,423 | 519,734 | 50% | 30% |
| 13 | Executive II | 266,530 | 299,847 | 333,163 | 366,479 | 399,796 | 50% | 25% |
| 12 | Executive I Director III | 213,224 | 239,877 | 266,530 | 293,183 | 319,836 | 50% | 25% |
| 11 | Director II | 170,579 | 191,902 | 213,224 | 234,547 | 255,869 | 50% | 12% |
| 10 | Director I Manager V Senior Manager IV | 152,303 | 171,341 | 190,379 | 209,417 | 228,455 | 50% | 12% |
| 9 | Analyst VII IT Systems Administrator IV Manager IV Pharmacist I Senior Manager III Supervisor V | 135,985 | 152,983 | 169,981 | 186,979 | 203,977 | 50% | 12% |
| 8 | Analyst VI IT Systems Administrator III Manager III Nurse III Program Manager V Project Manager V Senior Analyst IV Senior Manager II Supervisor IV | 121,415 | 136,592 | 151,769 | 166,946 | 182,123 | 50% | 12% |
| 7 | Analyst V IT Systems Administrator II Manager II Nurse II Program Manager IV Project Manager IV Senior Analyst III Senior Manager I Supervisor III | 108,406 | 121,957 | 135,508 | 149,059 | 162,609 | 50% | 16% |
| 6 | Accountant II Analyst IV IT Systems Administrator I Manager I Nurse I Program Manager III Senior Analyst II Supervisor II Project Manager III | 93,454 | 105,135 | 116,817 | 128,499 | 140,181 | 50% | 16% |
| 5 | Accountant I Administrative Support V Analyst III Marketing III Program Manager II Project Manager II Senior Analyst I Specialist III Supervisor I | 80,564 | 90,634 | 100,704 | 110,775 | 120,845 | 50% | 16% |
| 4 | Analyst II Marketing II Program Manager I Project Manager I Specialist II | 69,451 | 78,133 | 86,814 | 95,496 | 104,177 | 50% | 16% |
| 3 | Analyst I Coordinator II Intern I Marketing I Specialist I | 59,872 | 67,356 | 74,840 | 82,324 | 89,808 | 50% | 16% |
| 2 | Coordinator I | 51,614 | 58,065 | 64,517 | 70,969 | 77,420 | 50% | 16% |
| 1 | Administrative Support I | 44,495 | 50,056 | 55,618 | 61,180 | 66,742 | 50% | 16% |

Agenda Item 8

Discussion Item

- State Budget – Governor Newsom’s May Revision and Kaiser Proposal



State Budget Update Kaiser Proposal Update

May Revision: Governor Proposes Largest State Budget Ever (\$300B)

- Unprecedented economic growth continues, despite impact of inflation and stock market volatility.
- This allows Governor to continue proposing large investments in the health care safety net and other state programs.
- The level of investment seen in the last three years is likely the high point for Medi-Cal for some time.
 - Tens of billions in federal COVID-19 funds has flowed to California over the last 2 ½ years – much of this is likely to wind down or end in 2022-23.
 - Legislative Analyst warns of elevated recession risk in the next two years.

Key Medi-Cal Proposals

- **Hospital and Nursing Facility Worker Retention**
Payment: \$933M for one-time payments of up to \$1,500 for 600,000 hospital and nursing facility workers.
- **Medi-Cal eligibility expansion for undocumented adults ages 26 through 49 years:** Governor continues to propose an effective date of January 2024 for this Medi-Cal expansion.
- **\$700M in Equity and Practice Transformation**
Payments to Medi-Cal providers to reduce health disparities. \$200M is specifically targeted for preparing small providers for value-based care and payment, including EHRs, care management systems, improved data collection and data exchange.

Key Medi-Cal Proposals cont.

- **Long Term Care Integration:** Delays movement of services provided by Intermediate Care Facilities for the Developmentally Disabled and Subacute Care facilities into managed care from January 2023 to July 2023. All other long term care benefits and facility types will continue to be carved into managed care January 2023.
- **Eliminating premiums for Medi-Cal enrollees** effective July 2022 - this proposal mostly impacts families with children with incomes 161% - 266% FPL.
- **Doula Benefit Changes:** Delays implementation of this new benefit from July 2022 to January 2023 and increases the rate from \$450 to \$1,904.

Notable Other Health Initiatives

- **Youth Behavioral Health Funding:** an additional \$290M for youth mental health, including suicide prevention grants, wellness and mindfulness programs in schools.
- **Health Information Exchange Grants:** \$50M for technical assistance to community-based organizations, rural providers and small practices new to health information exchange.
- **Reproductive Health:** \$57M to fund uncompensated care to reproductive health providers, provide outreach and education on available services and a state website on available providers, services and state programs.

- Proposal for State to Partially Backfill Expiring Federal Subsidies (\$304M)
 - Enhanced federal subsidies provided to Covered CA enrollees under the American Rescue Plan (ARP) will likely expire at the end of 2022.
 - ARP subsidies dramatically reduced the premium costs for insurance purchased through Covered CA.
 - \$1.6B in annual additional subsidy to Covered CA enrollees in 2021 and 2022; 2/3 eligible for \$10 or less monthly premium.
 - Enrollment in Covered CA increased from 1.2M to 1.7M in this period.
 - State subsidies will partially fill the gap but Covered CA estimating 200,000 – 300,000 may drop coverage due to reduced affordability.

Other Negative Impacts

- ARP subsidies will likely end December 2022, when Medi-Cal redetermination potentially resumes.
 - Medi-Cal members whose income grew slightly and no longer qualify for Medi-Cal will face higher pricing in Covered CA in 2023.
- Covered CA estimating larger premium increases than last 2 years due to expiration of ARP.
- Likely increase in number of uninsured in CA.
- SF City Option Affordability Program will align with new subsidy program, but gap left by ARP will be too large for state or City to fill.

Unwinding of the Public Health Emergency (PHE)

- COVID-19 PHE brings dozens of federal flexibilities and enhanced funds: for example, CA receives an extra 6.2% federal funding for Medi-Cal while the PHE is in place and no redetermination can occur.
- Current PHE is valid through July 15; another extension likely through October 15.
- Once PHE is over, Medi-Cal redetermination will resume.
- DHCS proposing to keep some of the PHE flexibilities and enhanced funding in place in the May Revision.
 - Hospital presumptive eligibility activities for aged, blind, disabled.
 - Maintain the 10% rate increase for ICF/DD.
 - Separate billing by FQHCs for COVID-19 vaccine administration.
 - Maintain Medicare rates for oxygen and respiratory DME.

Unwinding of the Public Health Emergency (PHE) cont.

- May Revision proposes additional funding to support Medi-Cal renewal efforts.
 - Additional \$60M for health navigator funding (SFHP and SFCCC have received prior grant funding to support enrollment).
 - Media and outreach campaign to Medi-Cal members to update contact information with their county.
 - DHCS Coverage Ambassador Program: managed care, community-based organizations, local government to provide education and notify of need to renew coverage.

Kaiser Direct Contract Update

- Kaiser direct state contract proposal continues to move forward: AB 2724 (Arambula) as well as state budget.
- Mostly minor clarifying changes since initial announcement.
- Likely will be approved as a part of the budget process.
 - June 15: State budget must be passed
 - July 1: Start of new fiscal year
 - August 31: Last day for bills to pass, end of session

Impact of Kaiser Direct Contract Varies Amongst Local Plans

- Some Local Health Plans have significant membership subcontracted through Kaiser – these plans would likely lose most of that membership under this proposal.
 - Partnership Health Plan: its most populous counties have Kaiser membership ranging from 11% - 29%.
 - Contra Costa: 16%
- COHS such as Central CA Alliance for Health previously were the only plan for their counties: under this proposal, Kaiser would be another choice in Santa Cruz Co.
 - CenCal is not impacted because Kaiser has no presence in Santa Barbara.
- SFHP Kaiser membership: 15,070 (8.7%)
- LA Care Kaiser membership: 250,000 (7%)

Agenda Item 9

Discussion Item

- New Medi-Cal Managed Care Populations Effective January 1, 2023



Finance Committee & Governing Board

MEMO

| | |
|-------------------|--|
| Date: | June 1, 2022 |
| To: | Finance Committee and Governing Board |
| From: | Yolanda R. Richardson, Chief Executive Officer and Skip Bishop, Chief Financial Officer |
| Regarding: | New Medi-Cal Managed Care Populations Effective January 1, 2023 |

The following information is presented to the Finance Committee and Governing Board for information only. No action is needed at this time.

Background:

Effective January 1, 2022, the Department of Health Care Services (DHCS) launched California Advancing and Innovating Medi-Cal (CalAIM), which is a multi-year initiative to transform and strengthen the Medi-Cal program. As outlined in CalAIM, the following two new populations of members will transition from Medi-Cal Fee-For-Service to Medi-Cal Managed Care effective January 1, 2023:

- Members residing in Long-Term Care (LTC) facilities.
- Dual eligible members, i.e., members that are eligible for both Medi-Cal and Medicare.

SFHP's overall strategy to maintain the coordination of care and benefits for these two new populations of members includes the Plan retaining financial risk for the services utilized.

Long-Term Care (LTC)

As LTC is a complex benefit with high financial risk and numerous administrative challenges, SFHP intends on consolidating management of this benefit with the Plan for the following reasons:

- Leverage relationships with existing Skilled Nursing Facilities (SNF) to optimize bed placements.
- Continuity for SNF providers such as Laguna Honda Hospital:
 - One single payer for all members enrolled with SFHP.
 - One consistent authorization process for all members enrolled with SFHP.
- Members transitioning between different levels of care, i.e., acute care, skilled nursing and custodial care.

- Financial risk management:
 - Tracking eligibility and reconciling with the State for members with LTC aid codes.
 - Potential risk corridor considerations.

Dual Eligible Member Integration

Reasons for SFHP to retain management and financial risk for these members include:

- Alignment with the LTC population (a majority of the LTC population is Dual eligible).
- SFHP will be required to have a Dual-Special Needs Plan (D-SNP) by January 2026 to coordinate all Medi-Cal and Medicare benefits for Dual eligible members.
- Coordination of benefits and administrative functions can be challenging. SFHP has existing processes in place with COBA (Coordination of Benefits of Agreement) for Medicare claims processing.

Next Steps

- In the coming months, SFHP will meet with provider partners to discuss operational processes and solicit feedback.
- Any updates or revisions to this approach will be shared at the Governing Board meeting in September 2022.

Agenda Item 10

Member Advisory Committee Discussion Item

- Member Advisory Committee Report





MEMO

Date: June 1, 2022

| | |
|------------------|---|
| To | Governing Board |
| From | Valerie Huggins (415) 615-4235 Fax: (415) 615-6435 Email: vhuggins@sfhp.org |
| Regarding | Member Advisory Committee Materials |

Enclosed are the minutes and agenda for the May 2022 Member Advisory Committee meeting.

Please direct any questions to Maria Luz Torre and Irene Conway, Co-Chairs of the Members Advisory Committee.

**MEMBER ADVISORY COMMITTEE
SAN FRANCISCO HEALTH AUTHORITY**
www.sfhp.org

Valerie Huggins
Phone: (415) 615-4235 /Email: vhuggins@sfhp.org
Maria Luz Torre (415) 722-6229 & Irene Conway, Co-Chairs

Meeting Agenda & Zoom Information
May 13, 2022
1:00PM- 3:00PM
Via Zoom Meeting

Meeting ID: 999 0717 2615
Passcode: 044939

By Mobile Phone
Number: 1-669-900-6833 - Meeting ID: 93741032985#

To use the **LANGUAGE INTERPRETATION SERVICES**, you will need to **DOWNLOAD** and install the Zoom app either on a Windows or Mac computer **OR** download and install the Zoom app onto an Android or IOS device (**iPhone/iPad**). You will need to set up a free Zoom account to use this service. **PLEASE** do this the day **BEFORE** the meeting.

LANGUAGE INTERPRETATION will not work if you connect via a web browser or on a Chromebook.

In addition, we ask if you could follow these simple ground rules during the meeting:

1. Attend on time. Be engaged. Do not drift in and out of the meeting. And do not leave before meeting is adjourned.
2. Be patient while we are working out the technical issues.
3. Be courteous. Mute yourself and listen while others are talking.
4. Raise your hand to speak. (We will give instructions on how to do this on zoom).
5. Mute yourself unless you are recognized to speak and make sure you are in a quiet location.
6. Turn off TV, radio and other background noise.

AGENDA

1. Welcome, Introductions & Roll Call
2. Adopt Agenda/Approve Minutes
3. Reports-
 - Chairs & Governing Board: Maria Luz Torre & Irene Conway
 - Quality Improvement Committee: Irene Conway, Edward Evans, and Idell Wilson
 - Staff Report: Yolanda R. Richardson, Chief Executive Officer
4. Discussion: Committee Meeting Etiquette
5. Discussion: Wellness Check
6. Discussion: Julie Rogers, TLC Transitional Life Care
7. Public Comment:
8. Calendar Items for Next Meeting:
9. Announcements:
10. Other:
11. Adjournment:

Please Note These Upcoming SFHA Meetings:

| | |
|--------------------------------|-------------------------------|
| Finance Committee: | June 8, 2022 (10:30am-12pm) |
| Governing Board: | June 8, 2022 (12pm-2pm) |
| Quality Improvement Committee: | June 9, 2022 (7:30am- 9:30am) |
| Member Advisory Committee: | June 10, 2022 (1pm-3pm) |

**May 13, 2022
Member Advisory Committee
Meeting Minutes**

Members Present: redacted

Members Absent: redacted

Excused: redacted

Guests: Weikuen Tang (Interpreter) and Julie Rogers, TLC Transitional Life Care

Staff: Yolanda R. Richardson and Valerie Huggins

Due to the COVID-19 public health emergency and in accordance with Governor Newsom's Executive Order N-29-20, the Member Advisory Committee members attended this meeting via Zoom. The meeting was closed to in-person public attendance, but the Zoom information was provided on the publicly posted agenda. This precaution was taken to protect all members, staff, and the public. All the Committee members, staff and public attended the meeting virtually.

1. Welcome, Introductions and Roll Call:

The meeting was called to order at 1:00pm.

2. Approval of Agenda & Minutes:

The agenda was approved and the minutes from the April 8, 2022 Committee meeting were approved as written.

3. Committee Reports: Chair & Governing Board Report-Maria Luz Torre and Irene Conway

Ms. Conway reported that the Board met on May 4, 2022. SFHP's current remote work policy will be extended until December 31, 2022. This will give the Plan time to develop the best long-term policy. CEO, Yolanda R. Richardson, and the Executive Team will consider staff input, actions taken by Sister Plans, coupled with changes in work culture and process. Ms. Richardson welcomes the Board's input and sharing of experiences.

Lastly, Ms. Richardson will present a long-term work policy plan to the Board at the September 2022 meeting. The next scheduled Board meeting is June 8, 2022.

Quality Improvement Committee (QIC) Report-Ed Evans, Irene Conway, and Idell Wilson

Ms. Conway reported that the May QIC meeting was cancelled because the Plan's CMO, Dr. Fiona Donald took an unexpected medical leave and will be out for several months. They are seeking an Interim CMO. Eddy Ang, Senior Medical Director will assume the duties of CMO while the Plan starts an immediate search for an interim CMO.

Dr. Ang joined SFHP on March 24, 2022 as Senior Medical Director. In addition, Hanan Obeidi was hired as Vice President, Health Services Programs, a new position, on April 25, 2022.

The MAC will be updated on the next QIC meeting date.

Staff Report: Yolanda R. Richardson, CEO

Ms. Richardson stated since her start on March 31, 2022, she has been on a journey of learning and discovery of the amazing work that is performed daily by very passionate and mission driven staff at the San Francisco Health Plan (SFHP). Ms. Richardson said she is thrilled to have the opportunity to lead the next chapter of SFHP and build on the Plan's successes including:

Building on the Plan's gains in universal health care, health policy and delivery - SFHP has and can continue to serve as a laboratory for change as evidenced by SFHP's role in Healthy San Francisco, childhood immunization rates, quality scores and the COVID-19 vaccination rates for Medi-Cal members in San Francisco. This will be achieved through implementing a deliberate and strategic method of applying knowledge and data supported principles, evidence-based decision making at every level of the organization and maximizing our efforts with a focus on successful outcomes.

Strengthening our existing partnerships and cultivating new external alliances can inspire innovation, positioning SFHP to improve the lives of our membership and influence change more broadly. This will be achieved through two-way communication and regular evaluation to ensure collaborations are effective and impactful.

Developing internal and individual capacity will provide the support and flexibility the Plan needs to balance the implementation of new requirements with opportunities to fulfill our mission and vision in new ways. This will be achieved by incorporating leadership development and succession planning activities into the culture of SFHP. I am excited about starting my journey at SFHP and I am looking forward to partnering with all of you to achieve the vision for the future of SFHP together.

Ms. Richardson addressed the impact on current SFHP/Kaiser members when the State contracts directly with Kaiser effective January 2024.

Ms. Richardson then answered a few of the Committee's questions. The Committee thanked her and welcomed her as SFHP new CEO.

4. Discussion: Committee Etiquette

The Co-chairs reminded the members to participate in the meetings, be on time, and be courteous to one another as well as the Health Plan staff.

5. Discussion: Wellness Check

The Committee continues to practice keeping themselves healthy, safe, and sharing different activities to do during these difficult times.

6. Discussion: Julie Rogers, TLC Transitional Life Care

Ms. Rogers attended the Members Advisory Committee meeting to talk about transitional life care, which is one of the Committee's goals. Ms. Rogers gave an overview of Transitional Life Care (TLC) program. TLC offers informal, additional support to those approaching death, throughout the dying process, and to their families, friends, and caregivers. We aspire to provide spiritual encouragement in the tradition of Vajrayana Buddhism, and present programs to assist with end of life preparation for everyone. This includes opportunities such as educational events, Transitional State Forum workshops, 'Deep Chat' support groups, a growing film archive with available videos, our 'Teachings of the Masters' film series, an end of life manual, "Instructions for the Transitional State", bedside companionship and assistance, care of the body at death, assistance with planning cremations and memorial services, and resource material.

We are motivated by 1) a desire to ease suffering and offer comfort and support to those who have entered the dying process, and their loved ones, and 2) a desire to acknowledge and facilitate the opportunity for spiritual understanding and practice, the essence of the transference of consciousness.

Ms. Rogers then answered most of the Committees questions. The Committee thanked Ms. Rogers for taking time to come to their meeting.

7. Public Comment:

There were no public comments.

8. Calendar Items for Next Meeting:

There were no items calendared for the next meeting.

9. Announcements:

There were no announcements.

10. Other:

No other topics were discussed.

11. Adjournment

The meeting adjourned at 3pm.

Date Approved _____

Maria Luz Torre and Irene Conway, Co-Chairs