



Here for you

**Joint San Francisco Health Authority &
San Francisco Community Health Authority
Finance Committee
Agenda**

Wednesday January 5, 2022
11:00 am – 12:00 pm

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 (SFHA) and San Francisco Community Health Authority (SFCHA) Finance Committee members will be attending this meeting via video conference. The meeting will be closed to in-person public attendance. This precaution is being taken to protect members of the Finance Committee, staff and the public. All Finance Committee members will attend the meeting via video conference and will participate in the meeting to the same extent as if they were present.

Members of the Finance Committee and public may connect to the meeting by Microsoft Teams:

- TIME: **11am to 12pm**
- LINK: [Click here to join the meeting](#)
- Or call in (audio only)
- [+1 323-475-1528,,593023597#](#)

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

Call to Order and Public Comment on any matters within the SFHA/SFCHA purview

1. (V) Review and Approval of Minutes from November 3, 2021 Meeting
2. (V) Review and Approval of Year-To-Date Unaudited Financial Statements and Investment Reports (Skip Bishop and Rand Takeuchi)
3. (V) Review and Approval of Contract with Reinsurance Vendor (Skip Bishop)
4. (D) Review Option to Purchase Employee Health Benefits from CalPERS (Brian Gentner and Skip Bishop)

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

5. (D) Review Status of Medi-Cal Rate Changes for Provider Contracts
(Skip Bishop and John F. Grgurina, Jr.)
Pursuant to Welfare and Institutions Code Section 14087.36(x)

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

6. (D) Report by Chair on Closed Session Action Items (Chair)
7. Adjourn

(V) Denotes an Action Item Requiring a Vote (D) Denotes Discussion Item

NOTE: NEXT FINANCE COMMITTEE MEETING IS MARCH 3, 2022

Please Note These Up Coming SFHA/SFCHA Meetings:

- | | |
|-----------------------------------|--|
| • Member Advisory Committee: | January 14, 2022 (1:00 pm – 3:00 pm) |
| • Governing Board Special Meeting | February 2, 2022 (12:00 pm – 12:10 pm) |
| • Member Advisory Committee: | February 11, 2022 (1:00 pm – 3:00 pm) |
| • Quality Improvement Committee: | February 10, 2022 (7:30 am – 9:00 am) |
| • Finance Committee: | March 2, 2022 (11:00 am – 12:00 pm) |
| • Governing Board: | March 2, 2022 (12:00 pm – 2:00 pm) |

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 yhuggins@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 Minutes from November 3, 2021 Meeting



**Joint San Francisco Health Authority/San Francisco Community Health Authority
Minutes of the Finance Committee
November 3, 2021**

Present: Eddie Chan, Pharm D, Reece Fawley, Steven Fugaro, MD, and Emily Webb

Staff: Skip Bishop, Rand Takeuchi, John F. Grgurina, Jr., and Nina Maruyama (note taker)

Absent: Greg Wagner

Guests: Chris Pritchard and Rianne Suico, Moss Adams Consultants, LLP

Reece Fawley, Chair, Finance Committee, chaired the meeting and identified that there were no public guests. Mr. Fawley asked for public comments and there were none.

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 Finance Committee Members attended this meeting via teleconference. The meeting was closed to in-person public attendance, but the public was provided with the conference line to attend if interested. This precaution was taken to protect members of the Finance Committee, staff, and the public. The Finance Committee members and staff of the San Francisco Health Plan (SFHP) attended the meeting via video conference.

Call to Order and Public Comment on any matters within the SFHA/SFCHA purview

1. Approval of Minutes from September 1, 2021 Finance Committee Meeting

The minutes of the September 1, 2021 Finance Committee meeting were unanimously approved as written.

2. Review and Approval of the Annual Independent Audit Report for FY 2020-21

Recommendation: Review and Approval of the Annual Independent Audit Report for FY 2020-21.

Chris Pritchard, Partner, and Rianne Suico, Partner, Moss Adams Consultants, the independent audit firm hired by SFHP, presented the FY 2020-21

independent financial audit report. The auditors gave SFHP an “Unmodified Opinion,” which is the highest opinion available (also known as a “clean opinion”). There were no significant, or material, comments in the Communication to the Governing Board. There were no required or recommended adjustments to the journal entries.

Ms. Suico reviewed the following key points of the audit report:

- Over the years, SFHP has been very consistent, which is a testament to management’s ability to produce financial statements without material error.
- All reported receivables and assets were properly supported and appropriate.
- All payments and liabilities were appropriately accounted.
- Assumptions and information used by SFHP’s actuary for the Incurred But Not Reported (IBNR) were tested and all liabilities were reasonably stated.
- All capitation payments to providers were properly supported.
- Recording of operational expenses were in accord with accounting policies and principles.
- Trends were consistent with expectations, without any unusual spikes.
- SFHP’s tangible net equity (TNE), which is a measure of an organization’s financial health, was very strong.
- There were no disagreements with SFHP’s management.

The consultants discussed that the audit went well.

Mr. Fawley stated that the Finance Committee has confidence in the Finance department leadership. Mr. Fawley also informed staff that during the Finance Committee members’ discussions with the auditors, they discussed the upcoming change in the CEO. With this change, the Finance Committee believed that continuity and stability of the health plan’s finances is critical and recommended that the health plan continue with the Moss Adams audit firm to maintain continuity of oversight. The Finance Committee and staff agreed with this suggestion.

The Finance Committee unanimously approved the independent auditor’s report for FY 2020-21 for forwarding to the full Governing Board for approval.

3. Review and Approval of Unaudited Monthly Financial Statements and Investment Reports

Recommendation: Review and Approval of Unaudited Monthly Financial Statements and Investment Reports.

Rand Takeuchi, Director, Accounting, reviewed the unaudited monthly financial statements for the period ending September 30, 2021.

1. September 2021 reported a loss of (\$3,226,000) versus a budgeted loss of (\$947,000). After removing Strategic Use of Reserves (SUR) activity, the actual loss from operations was (\$3,133,000) versus a budgeted loss of (\$842,000).

On a year-to-date basis, we have a margin of \$520,000 versus a budgeted margin of \$3,022,000. After removing SUR activity, the actual margin from operations was \$803,000 versus a budgeted margin of \$3,337,000.

In September, we received \$22.7 million in Directed Payments funding related to the Bridge Period of July 2019 through December 2020. This funding covered only two of the four types of Directed Payments and covered only July through December 2019. The FY 21-22 budget projected Directed Payments funding of \$132.0 million for September which was based on historical patterns. The next wave of funding should bring us much closer to our budget projections. It is important to note that Directed Payments funding is a pass-through to hospital providers and does not impact SFHP's bottom line. As has been the case in previous years, the Department of Health Care Services (DHCS) and the Department of Managed Health Care (DMHC) allow Directed Payments funding to be treated as revenue and medical expense.

2. Variances between September actual results and the budget include:
 - a. A net decrease in revenue of \$107.6 million due to:
 - i. \$109.3 million less in Directed Payments funding related to the Bridge Period of July 2019 through December 2020.
 - ii. \$1.5 million more in Medi-Cal and Healthy Workers premium revenue due to an additional 3,225 member months along with actual premium rates that were 0.8% higher than what was used for the budget projections.
 - iii. \$133,000 more in Hepatitis C revenue. There were 218 treatment weeks in September versus a budget of 171 treatment weeks.
 - iv. \$118,000 more in Maternity revenue. We reported 105 maternity events during September versus a budget of 91 maternity events.
 - b. A net decrease in medical expense of \$31.5 million primarily due to:
 - i. \$109.3 million less in Directed Payments funding related to the Bridge Period of July 2019 through December 2020.
 - ii. \$1.6 million more in fee-for-service (FFS) expense. We had five claims payment cycles in September. The budget anticipated higher FFS cost due to the extra payment cycle, however actual paid claims were even greater than expected. When looking at the paid claims data, we saw several high dollar claims submitted by Zuckerberg San Francisco General for services rendered to members enrolled with the University of California, San Francisco (UCSF) and Brown & Toland Medical Group. For example, one

claim totaled \$300,000 for a 35-day stay in the intensive care unit at ZSFG.

- iii. \$766,000 more in net capitation as the result of having 3,225 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.
- iv. \$1.4 million more in Medi-Cal non-Hepatitis C pharmacy expense. The main driver of this additional expense can be found in the cost for generic drugs. Beginning July 1, 2021, SFHP moved to Magellan for Pharmacy Benefit Management (PBM) services. Results for July through September clearly show that Magellan's cost for generic drugs is higher than the pricing SFHP received through PerformRx. Generic medications represent 89% of all prescription filled. For the first three months of FY 21-22, generics represented 26.4% of total drug costs. This compares to 15.0% for the period of April through June 2021. The largest factor here appears to be network contracting. Magellan is paying Walgreens, our largest retail pharmacy chain, significantly more for generics. Our Pharmacy department is engaged in ongoing discussions with Magellan to better understand the reasons for the higher than expected drug costs. The MLR for September was 103%. SFHP will continue to have responsibility for the pharmacy benefit through December 2021. Beginning in January 2022, the pharmacy benefit will transition to the State.
- v. \$119,000 more in Hepatitis C drug expense. We had 218 treatment weeks versus a budget of 171 weeks, or an increase of 47 weeks. In addition, the budget assumed 39% of the treatment weeks would be under 340B pricing which is lower cost. For September, only 1% of the actual treatment weeks were under 340B pricing. Limiting the purchasing under 340B rules is actually a benefit to SFHP due to the fact that SFHP pays the same for the Hepatitis C drug, but receives a lower reimbursement from the State. The entity with whom we have the 340B special pricing arrangement retains the spread.
- vi. Healthy Workers pharmacy expense was slightly higher than budget expectations, i.e., \$1,073,000 in drug costs versus a budget of \$1,009,000. On a pmpm basis, the actual cost was \$90.82 versus a budget of \$86.42. Although actual expense exceeded the budget, SFHP had a margin of \$33,000 as we receive \$93.61 pmpm in the Healthy Workers rate for pharmacy.
- vii. \$84,000 more in Non-Specialty Mental Health (NSMH) expense as utilization continues to be higher than expected.
- viii. \$82,000 more is Community-Based Adult Services (CBAS) expense. This increase is due to higher utilization resulting from the implementation of Temporary Alternative Services (TAS) which allows the CBAS centers to submit claims for CBAS services that

were delivered telephonically and as telehealth services during the Public Health Emergency (PHE). The PHE is expected to last until the end of December 2021.

- c. A net increase in administrative expenses of \$169,000 primarily due to:
 - i. \$267,000 less in all non-compensation administrative expense categories. This difference is primarily due to timing as it was anticipated that more professional fees/consulting services and system maintenance/infrastructure costs would be incurred in the earlier part of the fiscal year. The expectation is that actual spending will align with the budget as we move further into FY 21-22.
 - ii. \$98,000 more in Compensation, Benefits and GASB 68 costs. The budget assumed a staff attrition factor of 10%. The actual attrition factor for September continues to run slightly less than 10%.

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

CATEGORY	-----SEP 2021-----				-----FYTD 21-22 THRU SEP-----			
	ACTUAL	BUDGET	FAV (UNFAV)	% FAV (UNFAV)	ACTUAL	BUDGET	FAV (UNFAV)	% FAV (UNFAV)
MEMBER MONTHS	163,415	160,190	3,225	2.0%	487,711	478,743	8,968	1.9%
REVENUE	\$ 82,654,000	\$ 190,174,000	\$ (107,520,000)	-56.5%	\$ 204,689,000	\$ 308,879,000	\$ (104,190,000)	-33.7%
MEDICAL EXPENSE	\$ 81,032,000	\$ 186,248,000	\$ 105,216,000	56.5%	\$ 190,618,000	\$ 291,851,000	\$ 101,233,000	34.7%
MLR	98.8%	98.3%			94.0%	95.1%		
ADMINISTRATIVE EXPENSE	\$ 4,746,000	\$ 4,915,000	\$ 169,000	3.4%	\$ 13,548,000	\$ 14,131,000	\$ 583,000	4.1%
ADMINISTRATIVE RATIO	5.0%	2.2%			5.7%	3.9%		
INVESTMENT INCOME	\$ (102,000)	\$ 42,000	\$ (144,000)	-342.9%	\$ (3,000)	\$ 125,000	\$ (128,000)	-102.4%
MARGIN (LOSS)	\$ (3,226,000)	\$ (947,000)	\$ (2,279,000)	-240.7%	\$ 520,000	\$ 3,022,000	\$ (2,502,000)	-82.8%
ADD BACK: SUR ACTIVITY	\$ 93,000	\$ 105,000			\$ 283,000	\$ 314,000		
MARGIN (LOSS) FROM OPERATIONS	\$ (3,133,000)	\$ (842,000)	\$ (2,291,000)	-272.1%	\$ 803,000	\$ 3,336,000	\$ (2,533,000)	-75.9%

On a year-to-date basis through September and after the removal of SUR activity, SFHP is reporting a margin of \$803,000 which is \$2.5 million less than budget expectations.

- After removing the Directed Payments funding, premium revenue is above budget by \$5.1 million. This is due to:
 - An overall net increase of 8,968 member months. Member months for the Adult, Adult Expansion and Seniors and Persons with Disabilities (SPD) categories of aid are all above budget 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.

- A Medi-Cal rate increase effective January 1, 2021 that was 0.8% greater than budget expectations.
- After removing SUR activity and Directed Payments funding, medical expense is above budget by \$8.1 million. This increase can be accounted for as follows:
 - Medi-Cal non-Hep C pharmacy expenses are up \$2,788,000
 - Capitation expenses are up \$2,548,000
 - FFS expenses are up \$2,215,000
 - Hepatitis C expenses are up \$ 555,000
- Overall administrative expense is below budget by \$583,000. The majority of this decrease is due to lower costs in the areas of professional services and information technology services. The lower costs are due to timing differences as actual spending is expected to more closely align with the budget as we move through the fiscal year. Overall administrative expense savings has been partially offset by increases in Compensation, Benefits and GASB 68 costs due to a slightly lower attrition rate than what was used for budgeting purposes.

PROJECTIONS

Mr. Bishop reviewed the following financial projections through March 2022.

1. 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 will be 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. It is estimated that this new risk will cost SFHP approximately \$16 million to \$20 million per year which is built into the FY 21-22 budget. Our draft CY 2022 Medi-Cal rates confirm that DHCS and Mercer have included this added cost in the CY 2022 Medi-Cal rate development process which means SFHP has to absorb the costs only for the period of July through December 2021.

SFHP expects the fee-for-service claims cost to exceed the capitation savings by approximately \$1.5 million per month. Due to the normal pattern of claims lag, SFHP has increased its Incurred But Not Reported (IBNR) claims reserve in an amount equal to its projected exposure in order to cover the anticipated claims incurred July through September, but not received as of September 30, 2021.

2. SFHP started the new fiscal year with 2,400 more Medi-Cal members versus what was anticipated in the budget. Due to the ongoing COVID-19 pandemic, SFHP anticipates adding another 2,000 members through December 2021. With some upcoming changes in the Medi-Cal eligibility rules, SFHP expects to add another 3,000-4,000 members in early 2022. This will increase our Medi-Cal membership to approximately 160,000 members.

It is important to note that with the State's intention to lift the Public Health Emergency by December 31, 2021, SFHP anticipates that Medi-Cal membership will gradually decrease during CY 2022, as members will be placed on hold or terminated due to no longer qualifying for the program.

3. The Medi-Cal pharmacy benefit is scheduled to be carved out 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 31, 2021. The State takes over this benefit on January 1, 2021 with Magellan as its Pharmacy Benefits Manager (PBM). This will be viewed as a positive development as drug costs have increased now that Magellan is our PBM.
4. Beginning in January 1, 2022, SFHP will take responsibility for Enhanced Care Management (ECM), Community Supports, formerly known as In Lieu Of Services (ILOS) and major organ transplants. Multiple teams within SFHP have been working for several months to prepare for these new programs. Draft rates for ECM and Community Supports were released in early October. We are still waiting on draft rates for major organ transplants from DHCS.
5. 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.

HIGHLIGHTED IMPACTS TO THE HEALTH PLAN AND/OR PROVIDERS

Medi-Cal Pharmacy Costs

Mr. Bishop reviewed the analysis prepared by Lisa Ghotbi, Director of Pharmacy, which was provided in the Finance Committee packet. The analysis focused on potential causes for increases in pharmacy costs.

Investment Reports

Mr. Takeuchi briefly reviewed the investment reports that were provided to the Finance Committee in the packet.

The Finance Committee unanimously approved the monthly financial statements and investment reports ending September 30, 2021, for forwarding to the full Governing Board for approval.

4. Semi-Annual Compliance Report

Nina Maruyama, Chief Officer, Compliance and Regulatory Affairs, provided highlights of the semi-annual Compliance Report that was included in the Finance Committee packet for the period from May 2021 through October 2021.

Included in the report was a follow-up item from the May 2021 Finance Committee, during which a Board member suggested that SFHP increase measures to ensure that staff do not have conflicts of interest when contracting with vendors. Mr. Maruyama highlighted that SFHP took steps to strengthen processes to prevent conflicts of interest at all staff levels when contracting. The procurement policy and procedures have been revised to include steps at the beginning of the procurement process to have staff at all levels consider and disclose any potential conflicts of interest with potential and selected vendors. Staff with any potential conflicts would not be allowed to participate in any portion of the vendor selection and management process. This new policy became effective on September 1, 2021.

The Finance Committee Adjourned to Closed Session.

5. Review Draft Calendar Year 2022 Medi-Cal Rates for San Francisco Health Plan

This item was discussed in closed session.

The Finance Committee Resumed to Open Session.

6. Report by Chair on Closed Session Action Items

7. Adjourn

Reece Fawley, Secretary/Treasurer

Joint San Francisco Health Authority/San Francisco Community Health Authority
Minutes of the Finance Committee
November 3, 2021
Closed Session

1. Review Draft Calendar Year (CY) 2022 Medi-Cal Rates for San Francisco Health Plan

Skip Bishop, CFO, and Kaliki Kantheti, COO, provided an update on CY 2022 Medi-Cal rates. As the recently released calendar year (CY) 2022 Medi-Cal rates are in draft form and require further analysis, SFHP would not be making any recommendation at this time regarding potential changes to current Medi-Cal capitation and fee-for-services rates for providers. Information regarding the draft CY 2022 Medi-Cal rates was provided for discussion purposes only. No action from the Committee was necessary.

Discussion:

The Department of Health Care Services (DHCS) released draft CY 2022 Medi-Cal rates at the beginning of October. Although the preliminary rates shared with SFHP appear to be very favorable, DHCS still needs to apply adjustments for program changes as well as for county-wide averaging which have the potential to increase or decrease these draft rates. It is expected that DHCS will release final CY 2022 rates at the end of December.

When compared to our CY 2021 rates for existing benefits, the overall weighted average rate increase for CY 2022 is approximately 6.7%. This increase is projected to be worth \$17 million in additional revenue for January through June 2022. This is a positive development for SFHP as the CY 2018 Rate Development Template (RDT) on which the CY 2022 rates are based indicated that we should receive an increase in the range of 3.0%. This can be viewed as a reflection of the strength of the financial position of the state of California.

In addition to the 6.7% increase noted above, DHCS and its actuary, Mercer, built in 5.2% to cover the net additional medical expense SFHP expects to incur as a result of taking on the hospital risk for the San Francisco Community Clinic Consortium (SFCCC) members effective July 1, 2021. This increase is projected to be worth \$13 million in additional revenue for January through June 2022 and will be retained by SFHP to cover hospital claims for SFCCC members. SFHP appreciates DHCS and Mercer for agreeing to include this additional cost in the CY 2022 rate development process. DHCS and Mercer could have waited to consider these costs as part of the normal Medi-Cal rate development template (RDT) submission process, which would have pushed these costs into the CY 2023 and CY 2024 rate development cycles. Including a rate adjustment in the CY 2022 rates means SFHP will have to absorb these costs only for the period of July 1, 2021 through December 31, 2021.

Highlights of significant changes affecting CY 2022 rates include:

- Elimination of the pharmacy benefit from SFHP's responsibility and transfers the responsibility to the State effective January 1, 2022.
- A new rate increment for Ground Emergency Medical Transportation (GEMT) for public providers.
- A new rate increment for the Community Supports/Whole Person Care (WPC) transition to Medi-Cal managed care.
- A new rate increment for the Enhanced Care Management (ECM) benefit (not included in previous draft rates).
- A new rate increment for the Major Organ Transplants (MOT) benefit (not included in previous draft rates).
- Increases in unit cost and utilization trend factors for the various categories of service.
- Increase in administrative load to cover expanded administrative requirements placed on the health plan.
- Restoration of the 0.5% underwriting gain (margin) for the health plan. The underwriting gain was reduced by 0.5% for the Bridge Period (July 1, 2019 through December 31, 2020) as well as for CY 2021.

This larger than expected rate increase for CY 2022 will allow SFHP to continue rebuilding its reserves as well as cover significant cost increases in the following areas:

- Higher than expected Medi-Cal pharmacy costs July 1 through December 2021. Generic drug pricing with Magellan is not as favorable as it was with PerformRx (estimated exposure of \$6.0-\$9.0 million).
- Hospital costs for SFCCC members July through December 2021. CY 2021 rates are not covering this additional medical expense (estimated exposure \$8.0-\$10.0 million).
- CY 2022 risk corridor for five specific hospital-related services provided by Zuckerberg San Francisco General (estimated exposure for FY 21-22 is \$3.0 million).

SFHP will come back to the Finance Committee and Governing Board at the January 2022 meetings to provide more details about the Medi-Cal rates for CY 2022, as well as discuss potential changes to provider capitation and fee-for-service rates for July 1, 2022. These discussions will include alternative approaches to compensation increases for the delegated medical groups. Increases to current capitation rates would only exacerbate the problem with the existing differences between capitation paid and the value of encounters.

The Finance Committee congratulated Mr. Grgurina and Mr. Bishop on the draft rates, which they stated were due to the staff's work, as well as the stellar reputation of the health plan with the State.

Agenda Item 2

Action Item

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

FINANCIAL RESULTS – NOVEMBER 2021

1. November 2021 reported a margin of \$631,000 versus a budgeted loss of (\$653,000). After removing Strategic Use of Reserves (SUR) activity, the actual margin from operations was \$730,000 versus a budgeted loss of (\$448,000).

On a year-to-date basis, we have a margin of \$2,484,000 versus a budgeted margin of \$2,130,000. After removing SUR activity, the actual margin from operations was \$2,961,000 versus a budgeted margin of \$2,754,000.

2. Variances between November actual results and the budget include:
 - a. A net increase in revenue of \$1.3 million due to:
 - i. \$1.2 million more in Medi-Cal and Healthy Workers premium revenue due to an additional 2,626 member months along with actual premium rates that were 0.8% higher than what was used for the budget projections. Membership mix was also favorable as 90% 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.
 - ii. \$118,000 more in Maternity revenue. We reported 105 maternity events during November versus a budget of 91 maternity events.
 - b. A net increase in medical expense of \$99,000 due to:
 - i. \$694,000 more in net capitation as the result of having 2,626 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.
 - ii. \$523,000 less in fee-for-service claims. Claims volume during the second half of November was less than anticipated, most likely due to the Thanksgiving holiday break. We accrued the first claims check run in December which is our normal practice, however we did not make up for the shortfall in the volume for November. The expectation is that claims expense for December will end up higher than budget.
 - iii. \$42,000 more in Pharmacy expense. Medi-Cal pharmacy costs were \$204,000 above budget, however Healthy Workers pharmacy expense came in \$162,000 below budget. Our Pharmacy department has been working with Magellan on reductions in drug costs. As a reminder, the Medi-Cal pharmacy benefit will transition to the State effective January 1, 2022.

- iv. \$114,000 less in Health Education and Utilization Management costs. This variance is primarily due to timing issues as it is expected that the actual costs will align with the budget as we get further into the fiscal year.
- c. A net decrease in administrative expenses of \$188,000 primarily due to lower than expected professional fees and consulting costs. This difference is primarily due to timing as it was anticipated that higher costs would be incurred during the first half of the fiscal year. The expectation is that actual spending will align with the budget as we move further into FY 21-22.

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

CATEGORY	-----NOV 2021-----				-----FYTD 21-22 THRU NOV-----			
	ACTUAL	BUDGET	FAV (UNFAV)	% FAV (UNFAV)	ACTUAL	BUDGET	FAV (UNFAV)	% FAV (UNFAV)
MEMBER MONTHS	163,954	161,328	2,626	1.6%	814,807	800,826	13,981	1.7%
REVENUE	\$ 59,872,000	\$ 58,588,000	\$ 1,284,000	2.2%	\$ 323,725,000	\$ 425,849,000	\$ (102,124,000)	-24.0%
MEDICAL EXPENSE	\$ 54,282,000	\$ 54,184,000	\$ (98,000)	-0.2%	\$ 298,190,000	\$ 399,874,000	\$ 101,684,000	25.4%
MLR	91.7%	93.6%			93.0%	94.7%		
ADMINISTRATIVE EXPENSE	\$ 4,911,000	\$ 5,099,000	\$ 188,000	3.7%	\$ 22,889,000	\$ 24,053,000	\$ 1,164,000	4.8%
ADMINISTRATIVE RATIO	7.2%	7.6%			6.1%	4.8%		
INVESTMENT INCOME	\$ (48,000)	\$ 42,000	\$ (90,000)		\$ (162,000)	\$ 208,000	\$ (370,000)	
MARGIN (LOSS)	\$ 631,000	\$ (653,000)	\$ 1,284,000		\$ 2,484,000	\$ 2,130,000	\$ 354,000	16.6%
ADD BACK: SUR ACTIVITY	\$ 99,000	\$ 205,000			\$ 477,000	\$ 624,000		
MARGIN (LOSS) FROM OPERATIONS	\$ 730,000	\$ (448,000)	\$ 1,178,000		\$ 2,961,000	\$ 2,754,000	\$ 207,000	7.5%

On a year-to-date basis through November and after the removal of SUR activity, SFHP is reporting a margin of \$2,961,000 which is slightly above budget expectations.

- After removing the Directed Payments funding, premium revenue is above budget by \$7.1 million. This is due to:
 - An overall net increase of 13,981 member months. Member months for the Adult, Adult Expansion and SPD categories of aid are all above budget 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.
 - A Medi-Cal rate increase effective January 1, 2021 that was 0.8% greater than budget expectations.
- After removing SUR activity and Directed Payments funding, medical expense is above budget by \$7.8 million. This increase can be accounted for as follows:
 - Capitation expenses are up \$3,370,000
 - FFS expenses are up \$2,434,000
 - Medi-Cal non-Hep C pharmacy expenses are up \$1,640,000
 - Hepatitis C expenses are up \$ 684,000
 - Healthy Workers pharmacy expenses are down (\$ 328,000)

- Overall administrative expense is below budget by \$1,164,000. The majority of this decrease is due to lower costs in the areas of professional services and information technology services. The lower costs are due to timing differences as actual spending is expected to more closely align with the budget as we move through the fiscal year. Overall administrative expense savings has been partially offset by increases in Compensation, Benefits and GASB 68 costs due to a slightly lower attrition rate than what was used for budgeting purposes.

PROJECTIONS

Financial projections through May 2022:

1. 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. It is estimated that this new risk will cost SFHP approximately \$16 million to \$20 million per year which is built into the FY 21-22 budget. Our draft CY 2022 Medi-Cal rates confirm that DHCS and Mercer have included this added cost in the CY 2022 Medi-Cal rate development process which means SFHP has to absorb the costs only for the period of July through December 2021.

SFHP expects the fee-for-service claims cost to exceed the capitation savings by approximately \$1.5 million per month. Due to the normal pattern of claims lag, SFHP increased its Incurred But Not Reported (IBNR) claims reserve in an amount equal to its projected exposure in order to cover the anticipated claims incurred from July 2021 through November 2021, but not received as of November 30, 2021.

2. SFHP started the new fiscal year with 2,400 more Medi-Cal members versus what was anticipated in the budget. Due to the ongoing COVID-19 pandemic, SFHP anticipates adding another 500 members for December. With some upcoming enrollment changes in certain aid code groups due to CalAIM's Mandatory Managed Care Enrollment, which will be effective on January 1, 2021, SFHP expects to add another 3,000 members. This will increase our Medi-Cal membership to approximately 158,000 members.

It is important to note that with the Public Health Emergency expected to end in April 2022, SFHP anticipates that Medi-Cal membership will begin to gradually decrease during CY 2022 as members will be placed on hold or terminated due to no longer qualifying for the program.

3. The Medi-Cal pharmacy benefit is scheduled to be carved out effective January 1, 2022. This aligns with how SFHP prepared its FY 21-22 budget, i.e., we would have responsibility for this benefit through December 2021. The long-term plan has been for the State to take on this benefit and has selected Magellan as its Pharmacy Benefits Manager (PBM). This will be viewed as a positive development as drug costs have increased now that Magellan is our PBM.
4. Beginning on January 1, 2022, SFHP will take responsibility for Enhanced Care Management (ECM), Community Supports, formerly known as In Lieu Of Services (ILOS), and Major Organ Transplants (MOT). Multiple teams within SFHP have been working for several months to prepare

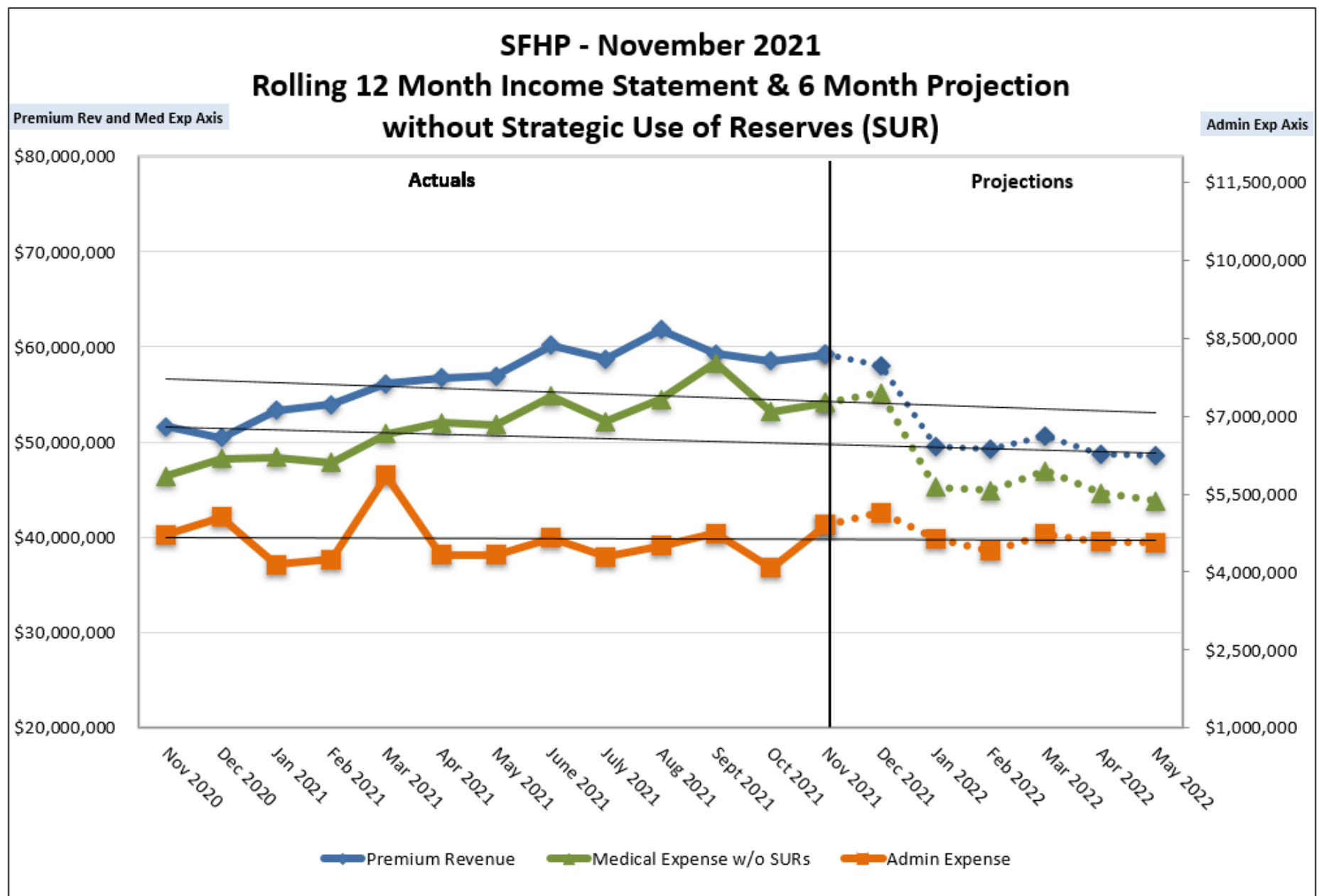
for these new programs. Draft rates for ECM and Community Supports were released in early October. Draft rates for MOT were released in November. It is important to note that the ECM and MOT benefits will be subject to a risk corridor which will limit SFHP's exposure to gains and losses.

5. 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.
6. 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

CY 2022 Medi-Cal Rates and Potential Impact to Provider Rates and SFHP Reserves

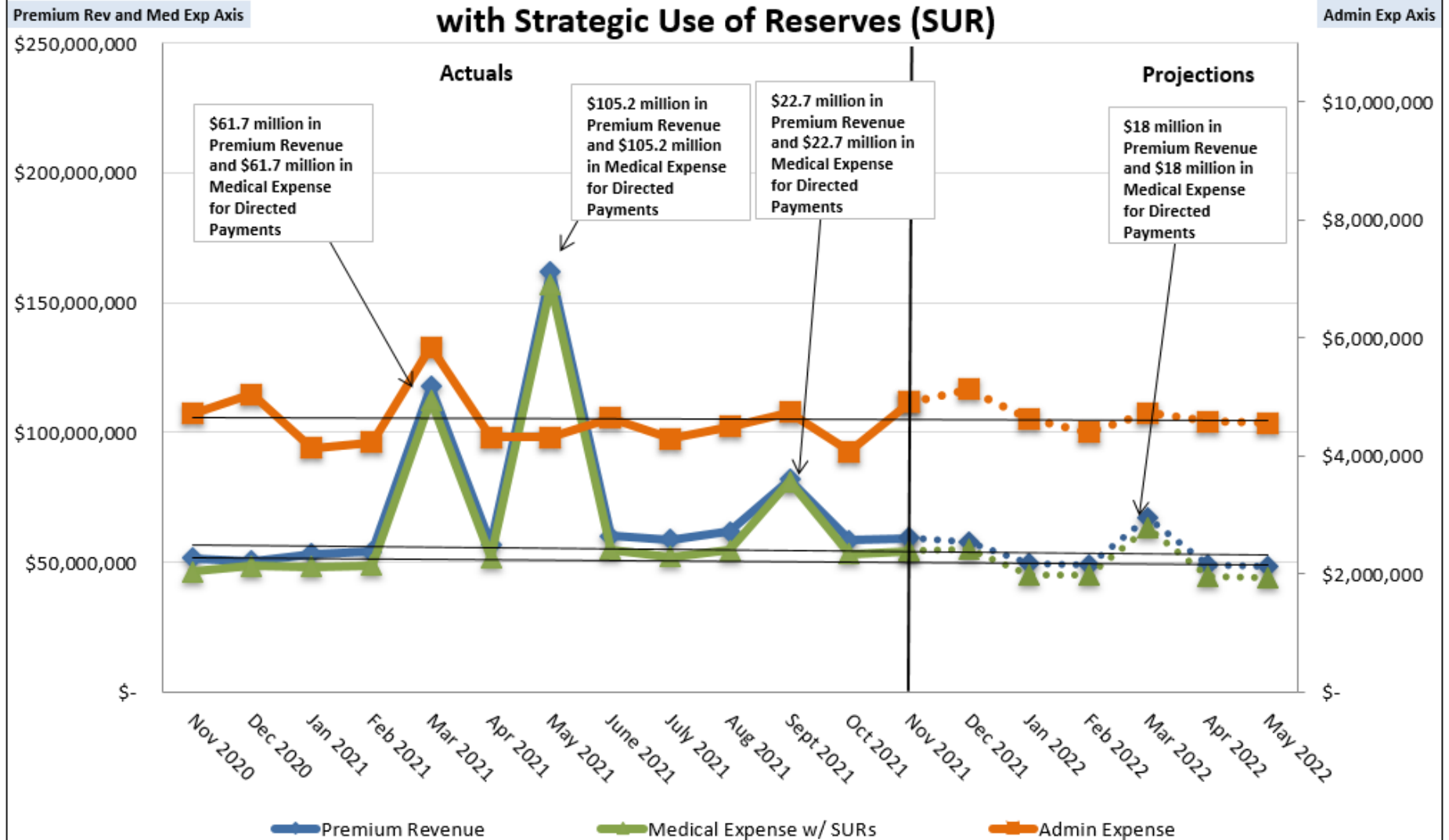
Please see separate memo – Finance Committee Agenda Item #5 and Governing Board Agenda Item #10.



- 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 - November 2021

Rolling 12 Month Income Statement & 6 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 - November 2021

	Nov-21			Nov-20	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 (\$)	630,531	(652,559)	1,283,090	507,904	2,483,963	2,130,231	353,732	(1,323,633)
Total Medical Loss Ratio_All LOB	91.7%	93.6%	2.0%	92.7%	93.0%	94.7%	1.7%	96.1%
Admin Expense Ratio	7.2%	7.6%	0.4%	6.4%	6.1%	4.8%	-1.3%	4.3%
Number of FTE's	357			350				
Premium Revenue (\$)	59,223,563	57,868,708	1,354,855	50,086,967	320,487,462	422,271,896	(101,784,435)	382,128,551
Medical Expenses (\$)	54,282,557	54,183,872	(98,685)	46,428,480	298,190,395	399,873,271	101,682,876	367,352,678
Administration Expenses w/o HSF (\$)	4,910,714	5,098,830	188,115	3,878,414	22,888,798	24,053,493	1,164,695	19,670,429
Member Months	163,954	161,328	2,626	149,315	814,807	800,826	13,981	738,790
Cash on Hand (Days)	14			7				

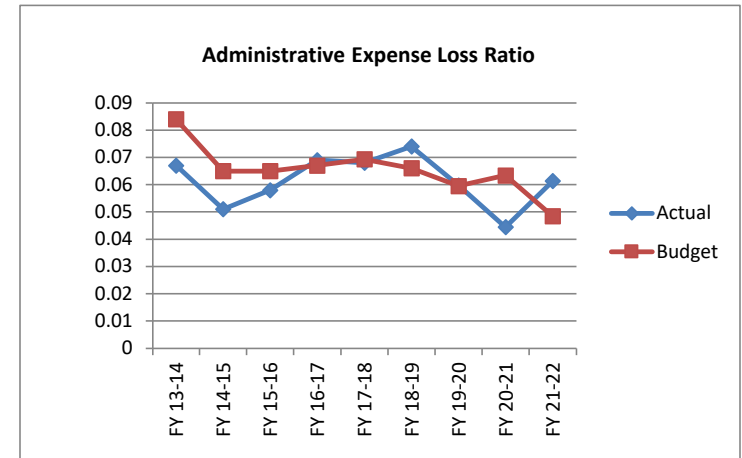
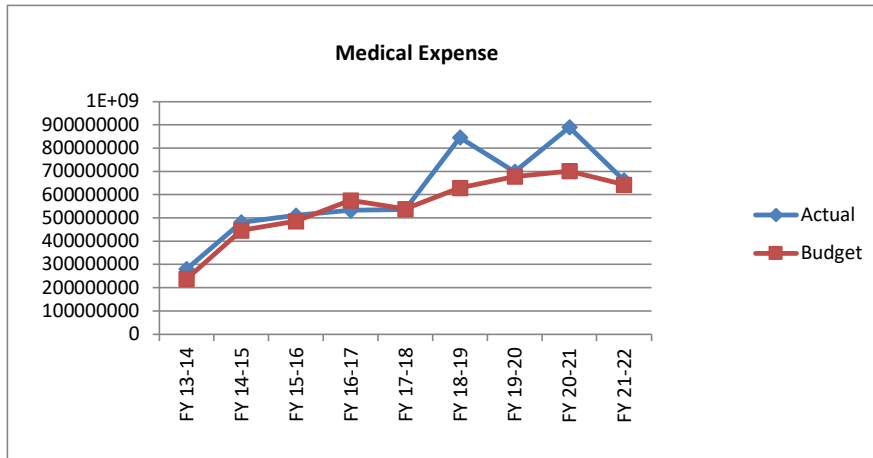
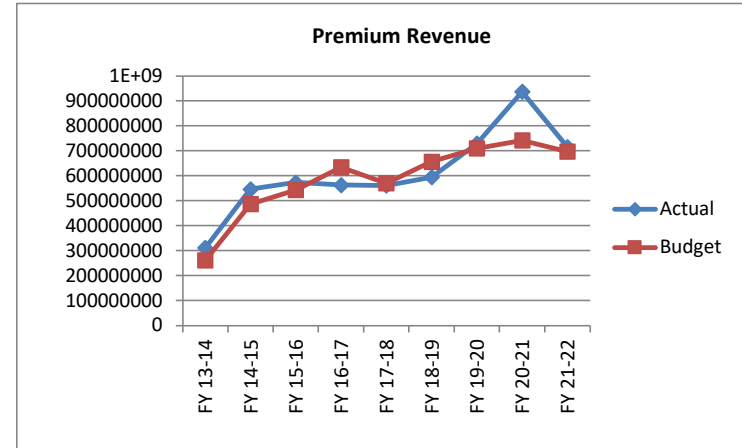
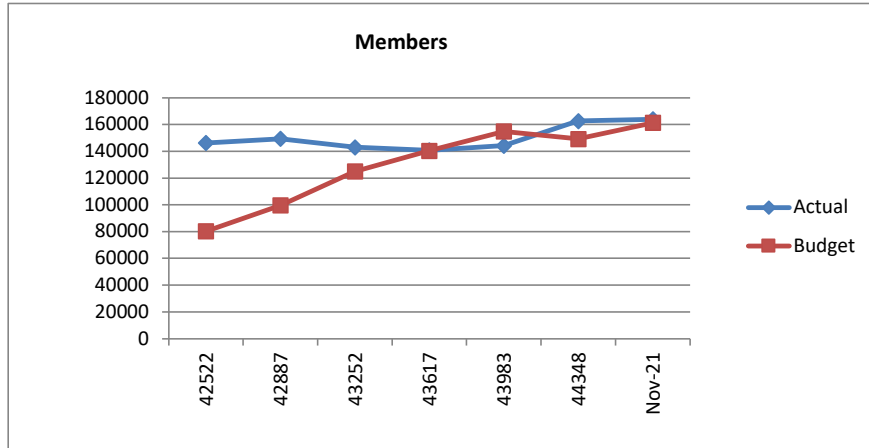
	Budget							
	November-2021	@ 6/30/22	June-2021	June-2020	June-2019	June-2018	June-2017	June-2016
RESERVES:								
Reserves (\$)	98,092,179	99,037,922	96,977,825	91,960,120	97,935,725	108,542,472	120,761,132	112,637,840
SUR carry-over balance from prior years	(2,411,584)	(2,500,000)	(2,511,173)	(4,145,463)	(6,046,189)	(15,567,350)		
FY18-19 SUR for Medical Groups and Targeted Interv.	(2,168,525)	-	(2,548,975)	(2,945,000)	(6,558,333)	0		
Adjusted Reserve Balance	93,512,071	96,537,922	91,917,677	84,869,657	85,331,203	92,975,122		
Reserve Policy 2x Premium Rev (Rolling 12 month avg)	118,447,125	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	(24,935,054)	(48,564)	(28,700,757)	(1,800,095)	(8,416,053)	(708,888)		
DMHC Required TNE	15,607,702	12,000,000	14,662,413	13,951,203	12,597,375	11,960,363	11,818,641	10,744,461
TNE Multiple	6.0	8.3	6.3	6.1	6.8	7.8	10.2	10.5

FINANCIAL TREND:								
	FY 21/22							
	Original							
	Budget	Change						
Premium Revenue (\$)	422,271,896	(101,784,435)						
Medical Expenses (\$)	399,873,271	101,682,876						
Administration Expenses w/o HSF (\$)	24,053,493	1,164,695						
	November-2021	June-2021	June-2020	June-2019	June-2018	June-2017	June-2016	
Member Months	163,954	162,666	144,308	140,765	143,096	149,348	146,289	Membership for the Month
Average Monthly Enrollment	158,770	152,436	138,890	142,038	146,847	148,354	144,347	Rolling 12 Month Average

San Francisco Health Plan

Finance Big Picture Dashboard - November 2021

FINANCIAL TREND:
(Rolling 12 months)



San Francisco Health Plan

Finance Dashboard Metrics - November 2021

	Nov-21			Nov-20	Fiscal Year to Date (21/22)			FY 20/21
	Actual	Budget	Fav (Unfav)	Actual	Actual	Budget	Fav (Unfav)	Actual
Member Months	163,954	161,328	2,626 1.6%	149,315	814,807	800,826	13,981 1.7%	738,790
Premium Revenue (\$)	59,223,563	57,868,708	1,354,855 2.3%	50,086,967	320,487,462	422,271,896	(101,784,435) -24.1%	382,128,551
Administration Expenses w/o HSF (\$)	4,910,714	5,098,830	188,115	3,878,414	22,888,798	24,053,493	1,164,695	19,670,429
Admin Expense Ratio	7.2%	7.6%		6.4%	6.1%	4.8%		4.3%
Medical Expenses (\$)	54,282,557	54,183,872	(98,685)	46,428,480	298,190,395	399,873,271	101,682,876	367,352,678
Total Medical Loss Ratio	91.7%	93.6%		92.7%	93.0%	94.7%		96.1%
MC Medical Loss Ratio	97.6%	86.9%		95.5%	94.2%	89.8%		91.3%
MC SPD Medical Loss Ratio	92.9%	94.2%		83.3%	95.1%	93.7%		96.9%
MC Expansion	94.0%	96.1%		94.4%	95.2%	97.3%		97.3%
HW Medical Loss Ratio	93.9%	97.0%		100.0%	94.7%	96.2%		101.4%
HSF + SFCMRA - TPA Fee (\$)	1,027,674	1,150,445	(122,771) -10.7%	836,727	4,817,848	5,666,741	(848,893) -15.0%	4,397,129
Cash on Hand (Days)	14			7				
Maternity Reimb. Performance (\$) (per case pymt, actual vs. budget)	882,167	764,545	117,622 15.4%	871,125	4,310,016	3,822,725	487,291 12.7%	4,162,022
Number of Births	105	91	14	99	513	455	58	473
Hep-C Revenue (\$)	375,423	342,578	32,845	506,132	2,339,358	1,712,890	626,468	1,982,582
Hep-C Expense w/rebates (FFS + Cap) (\$)	410,347	342,578	67,769	516,217	2,400,507	1,712,890	687,617	1,997,597
Net Margin (\$)	(34,924)	0	(34,924)	(10,085)	(61,149)	0	(61,149)	(15,015)
Total Hep-C Treatments	174	171	3	204	1,077	855	222	795
Net Profit/Loss w/o HSF (\$)	630,531	(652,559)	1,283,090	507,904	2,483,963	2,130,231	353,732	(1,323,633)

**San Francisco Health Plan
Consolidated Balance Sheet for SFHA and SFCHA
As of November 30, 2021**

	SFHA	HSF	11/30/2021 Total	11/30/2020 Total	Variance
ASSETS					
CURRENT ASSETS					
(1) SFHP Cash and Cash Equivalents	8,051,188		8,051,188	3,531,781	4,519,407
Short Term Investments	63,508,436		63,508,436	38,958,490	24,549,946
HSF Cash and Cash Equivalents		726,107,287	726,107,287	629,533,210	96,574,077
Petty Cash	1,000		1,000	1,000	-
(2) Other Receivables	166,135		166,135	7,558,889	(7,392,755)
Interest Receivable	137,075		137,075	175,649	(38,575)
Grant Funds Receivable	106,834		106,834	-	106,834
(3) Capitation Receivable	117,352,241		117,352,241	105,331,521	12,020,720
HSF Operation Receivable	3,820,955		3,820,955	4,430,578	(609,623)
HSF Provider Payment & Advance		1,488,462	1,488,462	1,082,122	406,341
(4) HSF Receivables		15,329,201	15,329,201	15,563,477	(234,276)
Prepaid Insurance	132,656		132,656	73,053	59,603
HSF Prepaid Insurance	12,962		12,962	11,784	1,178
Prepaid Rent	360,647		360,647	338,636	22,012
Prepaid Expenses	4,734,496		4,734,496	3,251,218	1,483,278
HSF Prepaid Expenses	26,111		26,111	13,688	12,424
CalPERS Unfunded Pension			-	208,691	(208,691)
CalPERS Deferred Outflow Fund	5,943,426		5,943,426	7,887,320	(1,943,894)
Deposits	79,874		79,874	79,874	-
Total Current Assets	204,434,035	742,924,950	947,358,985	818,030,980	129,328,004
OTHER ASSETS					
Long Term Investments	24,872,749		24,872,749	23,716,847	1,155,902
Restricted Funds Required by DMHC	300,000		300,000	300,000	-
Total Other Assets	25,172,749	-	25,172,749	24,016,847	1,155,902
FIXED ASSETS					
Furniture & Equipment	15,448,397		15,448,397	15,071,270	377,127
Accumulated Depreciation	(13,177,067)		(13,177,067)	(11,520,390)	(1,656,677)
Net Fixed Assets	2,271,331	-	2,271,331	3,550,880	(1,279,550)
TOTAL ASSETS	231,878,114	742,924,950	974,803,064	845,598,707	129,204,357

San Francisco Health Plan
Consolidated Balance Sheet for SFHA and SFCHA
As of November 30, 2021

	SFHA	HSF	11/30/2021 Total	11/30/2020 Total	Variance
LIABILITIES & FUND BALANCE					
CURRENT LIABILITIES					
Accounts Payable	17,383,688		17,383,688	15,499,215	1,884,473
HSF Accounts Payable		871,292	871,292	717,469	153,823
Deferred Rent	1,730,708		1,730,708	1,909,990	(179,282)
Salaries/Benefits/PERS Payable	6,021,667		6,021,667	8,217,595	(2,195,928)
CalPERS Unfunded Pension	(395,440)		(395,440)		(395,440)
CalPERS Pension Deferred Inflow	227,878		227,878	180,387	47,491
Notes Payable - Lease Equipment	738		738	69,899	(69,161)
Unearned Premium Revenue	-		-	-	-
(5) DHCS, MCO, IGT, AB-85, SB-335, SB-208 and ACA Payable	34,946,552		34,946,552	25,325,026	9,621,526
HSF Earned Premium - Due to DPH		67,387,392	67,387,392	59,283,387	8,104,005
Waiver, Discount, and Account Write-off		(43,696)	(43,696)	(325,801)	282,105
HSF Unearned Participant Fees		148,151	148,151	1,322,113	(1,173,962)
ESR due to DPH		499,212,660	499,212,660	423,187,616	76,025,045
HSF MRA Fund Payable (Claim & Fee)		175,349,150	175,349,150	161,994,025	13,355,126
Capitation Payable	60,123,767		60,123,767	53,864,409	6,259,358
Claims Payable	1,897,799		1,897,799	1,292,928	604,870
Claims IBNR	12,845,471		12,845,471	2,837,667	10,007,804
TOTAL LIABILITIES	134,782,828	742,924,950	877,707,778	755,375,926	122,331,851
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	1,487,070		1,487,070	(1,323,633)	2,810,703
Fund Balance	97,095,287	-	97,095,287	90,222,781	6,872,506
TOTAL LIABILITIES & FUND BALANCE	231,878,114	742,924,950	974,803,064	845,598,707	129,204,357

**San Francisco Health Plan
Consolidated Balance Sheet for SFHA and SFCHA
As of November 30, 2021**

Notes:

- (1) SFHP Cash, Cash Equivalents and Short Term Investments had a combined balance of \$71.6 million at 11/30/21 as compared to \$42.5 million at 11/30/20. The balances are much lower than normal as October Medi-Cal premium payments were not received until December 2021.

The days cash on hand as of 11/30/21 was 14 days compared to 33 days at 9/30/21. This decrease was due to a delay in receiving the October Medi-Cal premium payment. The payment arrived in December. SFHP has a \$40 million line of credit with City National Bank to cover unexpected delays in payments from DHCS. Fortunately the payment for October arrived in early December, therefore it was not necessary to use the line of credit.

- (2) The \$7.4 million reduction in Other Receivables is due to the collection of \$4.5 million in provider advances made during FY 19-20 to assist providers with cash flow as they worked through the pandemic. The remainder represents an amount collected from Kaiser. This amount was related to timing differences on capitation payments (SFHP pays Kaiser 98% of the final premium rates from DHCS).
- (3) Capitation Receivable is a combination of Medi-Cal premiums totaling \$117.2 million along with \$191,000 of receivables for the Healthy Workers program.
- (4) The majority of this balance is related to the \$500 grants disbursed to San Francisco City Option MRA holders. These funds will come back into the SF City Option program at a later date.
- (5) The balance at 11/30/21 included \$23.5 million in Proposition 56 funding that will have to be returned to DHCS as we will not reach the required MLR of 95%. The balance also included \$10.3 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 November 30, 2021**

Current Month	Current Month	Fav (Unfav)	Fav (Unfav)		Year to Date	Year to Date	Fav (Unfav)
Actual	Budget	Amount (\$)	%		Actual	Budget	(\$)
							%
Member Month							
18,979	17,249	1,730	10.0%	Medi-Cal - Adult 19	93,820	85,977	7,843
41,734	42,267	(533)	(1.3%)	Medi-Cal - Child 18	208,456	210,680	(2,224)
14,767	14,029	738	5.3%	Medi-Cal - Dual Members	73,338	69,928	3,410
13,493	13,206	287	2.2%	Medi-Cal SPD	67,370	65,962	1,408
63,255	62,902	353	0.6%	Medi-Cal Expansion	312,838	309,904	2,934
11,726	11,675	51	0.4%	Healthy Workers	58,985	58,375	610
(1)	163,954	161,328	2,626	1.6% TOTAL MEMBER MONTH	814,807	800,826	13,981
REVENUE							
6,556,604	5,918,477	638,127	10.8%	Medi-Cal - Adult 19	36,027,221	41,223,766	(5,196,545)
5,314,348	5,343,193	(28,845)	(0.5%)	Medi-Cal - Child 18	28,415,330	37,763,878	(9,348,549)
2,317,800	2,200,808	116,992	5.3%	Medi-Cal - Dual Members	11,511,244	11,124,675	386,569
12,631,440	12,337,486	293,954	2.4%	Medi-Cal SPD	74,640,274	105,970,016	(31,329,742)
25,417,372	25,127,409	289,963	1.2%	Medi-Cal Expansion	134,728,514	191,482,884	(56,754,370)
90,000	71,415	18,585	26.0%	MC Health Homes	474,860	357,075	117,785
6,895,999	6,869,920	26,079	0.4%	Healthy Workers	34,690,019	34,349,601	340,418
(2)	59,223,563	57,868,708	1,354,855	2.3% Total Capitation Revenue	320,487,462	422,271,896	(101,784,435)
648,115	719,769	(71,654)	(10.0%)	Other Income - Admin Svc & TPL	3,216,325	3,576,765	(360,440)
-	-	-		Other Income - Navigator Grant	21,334	-	21,334
-	-	-		Other Income - BHI	-	-	-
648,115	719,769	(71,654)	(10.0%)	Total Other Income	3,237,660	3,576,765	(339,106)
	59,871,678	58,588,477	1,283,201	2.2% TOTAL REVENUE	323,725,121	425,848,662	(102,123,540)

**San Francisco Health Plan
Income Statement w/o HSF
Consolidated Statement for SFHA and SFCHA
For the Month Ending November 30, 2021**

Current Month	Current Month	Fav (Unfav)	Fav (Unfav)		Year to Date	Year to Date	Fav (Unfav)
Actual	Budget	Amount (\$)	%		Actual	Budget	(\$)
							%
EXPENSES							
				Medical Expenses			
17,961,945	18,062,193	100,248	0.6%	Professional	89,664,664	89,278,295	(386,369)
24,787,005	24,583,067	(203,938)	(0.8%)	Hospital	127,082,842	122,520,307	(4,562,535)
9,136,989	9,094,748	(42,241)	(0.5%)	Pharmacy	47,059,628	45,063,877	(1,995,750)
50,803	33,475	(17,328)	(51.8%)	Immunizations	198,758	166,009	(32,750)
892,966	843,614	(49,352)	(5.9%)	Vision and Mental Health	4,935,980	4,195,157	(740,822)
1,452,849	1,566,775	113,926	7.3%	Health Ed & Stop Loss & Other	29,248,524	138,649,626	109,401,102
(3)	54,282,557	54,183,872	(98,685)	Total Medical Expenses	298,190,395	399,873,271	101,682,876
	91.7%	93.6%		Medical Cost Ratio %	93.0%	94.7%	25.4%
				Operating Expenses			
2,528,107	2,488,698	(39,409)	(1.6%)	Compensation & Benefits	12,287,181	11,920,403	(366,778)
47,803	78,162	30,359	38.8%	GASB-68 CalPERS Contribution	158,315	414,819	256,504
451,828	513,081	61,253	11.9%	Lease, Insurance, D & A	2,302,755	2,545,209	242,454
149,732	108,004	(41,728)	(38.6%)	Marketing & Outreach	407,245	477,131	69,886
400,029	355,161	(44,868)	(12.6%)	PBM and Mental Health TPA Fees	1,854,050	1,762,835	(91,215)
293,889	483,241	189,352	39.2%	Professional Fees & Consulting	1,560,094	2,353,704	793,611
1,039,325	1,072,484	33,158	3.1%	Other Expenses	4,319,158	4,579,391	260,233
(4)	4,910,714	5,098,830	188,115	Total Operating Expenses	22,888,798	24,053,493	1,164,695
	7.2%	7.6%		Administrative Cost Ratio % (Op Exp-Other Inc/Premium)	6.1%	4.8%	4.8%
				59,193,272	59,282,702	89,430	0.2% TOTAL EXPENSES
					321,079,193	423,926,764	102,847,571
				678,406	(694,225)	1,372,631	(197.7%) Operating Surplus / Deficit
					2,645,928	1,921,897	724,031
3,693	41,667	(37,974)	(91.1%)	Interest Income & Realized G/L on Investment	275,525	208,333	67,192
(51,568)	-	(51,568)		Unrealized Gain / Loss on Investment	(437,490)	-	(437,490)
(47,875)	41,667	(89,542)	(214.9%)	Total Interest Income & Realized G/L on Investment	(161,965)	208,333	(370,298)
				630,531	(652,559)	1,283,090	(196.6%) SURPLUS / DEFICIT
					2,483,963	2,130,231	353,732

**San Francisco Health Plan
Income Statement w/o HSF
Consolidated Statement for SFHA and SFCHA
For the Month Ending November 30, 2021**

Notes:

Following are key points that impacted our financial performance during November 2021. For a more detailed discussion of each of these points, please refer to the attached FINANCIAL RESULTS-NOVEMBER 2021 memo.

November member months were 1.6% ahead of budget which is not surprising given the fact that we started the fiscal year with 2,400 more Medi-Cal members and 194 more Healthy Workers members than expected. Membership is expected to increase over the next two months as the Public Health Emergency (PHE) will remain in place until at least mid-January 2022. Due to some upcoming changes to the

(1) Medi-Cal eligibility rules, we expect to add approximately 3,000 members in January 2022. It is important to note that once the PHE ends, we expect a gradual decline in membership as the redetermination process will resume which means members will be placed on hold or terminated.

- (2) Premium revenue was up \$1.3 million due to an additional 2,626 member months along with actual premium rates that were 0.8% higher than what was used for the budget projections. Membership mix was also favorable as 90% 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.

- (3) Overall medical expense was up \$99,000. We had \$694,00 more in capitation expense as the result of having 2,626 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 \$523,000 less in fee-for-service claims. Claims volume during the second half of November was less than anticipated, most likely due to the Thanksgiving holiday break. We accrued the first claims check run in December which is our normal practice, however we did not make up for the shortfall in the volume for November. The expectation is that claims expense for December will end up higher than budget. Pharmacy expense was \$42,000 higher than budget while Health Education and Utilization Management expenses were \$114,000 less than budget due to timing.

- (4) Overall administrative expenses came in \$188,000 less than budget. This is primarily due to lower than expected professional fees and consulting costs. This difference is due to timing as some professional services were budgeted slightly heavier in the first few months of FY 21-22. It is expected that actual expenses will align more closely with the budget in the coming months.

San Francisco Health Plan
Income Statement w/o HSF
Consolidated Statement for SFHA and SFCHA
For the Month Ending November 30, 2021
(\$ PMPM)

Current Month	Current Month	Fav (Unfav)	Fav (Unfav)
Actual	Budget	Amount (\$)	%

Year to Date	Year to Date	Fav (Unfav)	Fav (Unfav)
Actual	Budget	Amount (\$)	%

REVENUE								
345.47	343.12	2.34	0.7%	Medi-Cal - Adult 19	384.00	479.48	(95.47)	(19.9%)
127.34	126.41	0.92	0.7%	Medi-Cal - Child 18	136.31	179.25	(42.93)	(24.0%)
156.96	156.88	0.08	0.1%	Medi-Cal - Dual Members	156.96	159.09	(2.13)	(1.3%)
942.82	939.64	3.18	0.3%	Medi-Cal SPD	1,114.96	1,611.94	(496.98)	(30.8%)
401.82	399.47	2.35	0.6%	Medi-Cal Expansion	430.67	617.88	(187.21)	(30.3%)
588.13	588.43	(0.30)	(0.1%)	Healthy Workers	588.12	588.43	(0.31)	(0.1%)
361.22	358.70	2.52	0.7%	Total Capitation Revenue	393.33	527.30	(133.97)	(25.4%)
3.95	4.46	(0.51)	(11.4%)	Other Income - Admin Svc & TPL	3.95	4.47	(0.52)	(11.7%)
-	-			Other Income - Navigator Grant	0.03	-	0.03	
3.95	4.46	(0.51)	(11.4%)	Total Other Income	3.97	4.47	(0.50)	(11.1%)
365.17	363.16	2.01	0.6%	TOTAL REVENUE	397.30	531.77	(134.46)	(25.3%)

San Francisco Health Plan
Income Statement w/o HSF
Consolidated Statement for SFHA and SFCHA
For the Month Ending November 30, 2021
(\$ 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				
109.55	111.96	2.40	2.1%	Professional	110.04	111.48	1.44	1.3%
151.18	152.38	1.20	0.8%	Hospital	155.97	152.99	(2.97)	(1.9%)
55.73	56.37	0.65	1.1%	Pharmacy	57.76	56.27	(1.48)	(2.6%)
0.31	0.21	(0.10)	(49.3%)	Immunizations	0.24	0.21	(0.04)	(17.7%)
5.45	5.23	(0.22)	(4.2%)	Vision and Mental Health	6.06	5.24	(0.82)	(15.6%)
8.86	9.71	0.85	8.8%	Health Ed & Stop Loss & Other	35.90	173.13	137.24	79.3%
331.08	335.86	4.78	1.4%	Total Medical Expenses	365.96	499.33	133.36	26.7%
91.7%	93.6%			Medical Cost Ratio %	93.0%	94.7%		
				Operating Expenses				
15.42	15.43	0.01	0.0%	Compensation & Benefits	14.76	14.24	(0.52)	(3.7%)
0.29	0.48	0.19	39.8%	GASB-68 CalPERS Contribution	0.15	0.57	0.42	73.3%
2.76	3.18	0.42	13.3%	Lease, Depreciation & Amortization	3.39	3.23	(0.16)	(5.0%)
0.91	0.67	(0.24)	(36.4%)	Marketing & Outreach	0.26	0.76	0.50	66.2%
2.44	2.20	(0.24)	(10.8%)	PBM and Mental Health TPA Fees	1.96	2.20	0.24	11.0%
1.79	3.00	1.20	40.2%	Professional Fees & Consulting	1.32	2.65	1.33	50.2%
6.34	6.65	0.31	4.6%	Other Expenses	4.70	5.54	0.84	15.2%
29.95	31.61	1.65	5.2%	Total Operating Expenses	26.55	29.19	2.65	9.1%
7.2%	7.6%			Administrative Cost Ratio %	5.7%	4.7%		
361.04	367.47	6.43	1.8%	TOTAL EXPENSES	392.51	528.52	136.01	25.7%
4.14	(4.30)	8.44	-196.2%	Operating Surplus / Deficit	4.79	3.25	1.54	47.5%
0.02	0.26	(0.24)	(91.3%)	Interest Income & Realized G/(L) on Investment	0.20	0.26	(0.07)	(25.3%)
(0.31)	-	(0.31)	-	Unrealized Gain / (Loss) on Investment	0.46	-	0.46	-
-	-	-	-	Realized Gain / (Loss) on Lease Equipments	-	-	-	-
(0.29)	0.26	(0.55)			0.65	0.26	0.39	149.7%
3.85	(4.04)	7.89	-195.1%	SURPLUS / DEFICIT	5.45	3.51	1.93	55.1%

San Francisco Health Plan
Income Statement
Healthy San Francisco & SF Covered MRA
For the Month Ending November 30, 2021

Current Month	Current Month	Fav (Unfav)	Fav (Unfav)		Year to Date	Year to Date	Fav (Unfav)	Fav (Unfav)
Actual	Budget	Amount (\$)	%		Actual	Budget	(\$)	%
REVENUE								
1,027,674	1,150,445	(122,771)	-10.7%	TPA Fee - HSF + SFCMRA	4,817,848	5,666,741	(848,893)	(15.0%)
EXPENSES								
802,088	849,511	47,424	5.6%	Compensation & Benefits	3,954,070	4,162,071	208,002	5.0%
94,316	94,316	-	0.0%	Lease, Insurance, D & A	466,015	471,582	5,567	1.2%
64,697	41,831	(22,866)	(54.7%)	Marketing & Outreach	78,608	209,156	130,548	62.4%
316	67,167	66,850	99.5%	Professional Fees & Consulting	1,342	335,833	334,491	99.6%
66,256	97,620	31,364	32.1%	Other Expenses	317,813	488,098	170,285	34.9%
1,027,674	1,150,445	122,771	10.7%	TOTAL EXPENSES	4,817,848	5,666,741	848,893	15.0%
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)									
November 30, 2021									
	Purchase Date	Quantity	Purchase Price	11/30/21 Price	Market Value 11/30/21	Amortized Prem / Disc	Remaining Cost	Unrealized Gain (Loss)	Estimated Annual Income
Fixed Income Securities									
Local Agency Investment Fund (LAIF) - rate @ .262%									
Principal Cash									
Principal Cash		-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City National Rochdal Gov - 0.01%		62,065	\$ 62,065	\$ 1,000	\$ 62,065	\$ 1	\$ 62,066	\$ (1)	\$ 6
Total Cash and Cash Equivalents		\$ 62,065	\$ 62,065		\$ 62,065	\$ 1	\$ 62,066	\$ (1)	\$ 6
U.S. Govt Bonds, Notes, & U.S. Agencies									
US Treasury Note - 2.625% - Mat 02/28/2023	10/6/21	485,000	\$ 501,653	\$ 102,848	\$ 498,813	\$ (797)	\$ 500,856	\$ (2,043)	\$ 12,731
US Treasury Note - 1.500% - Mat 03/31/2023	10/6/21	805,000	\$ 820,691	\$ 101,531	\$ 817,325	\$ (709)	\$ 819,982	\$ (2,658)	\$ 12,075
US Treasury Note - 2.750% - Mat 04/30/2023	10/30/19	840,000	\$ 871,997	\$ 103,313	\$ 867,829	\$ (25,755)	\$ 846,242	\$ 21,587	\$ 23,100
US Treasury Note - 1.375% - Mat 09/30/2023	10/6/21	990,000	\$ 1,011,579	\$ 101,598	\$ 1,005,820	\$ (730)	\$ 1,010,849	\$ (5,029)	\$ 13,613
US Treasury Note - 2.750% - Mat 11/15/2023	5/7/20	680,000	\$ 738,517	\$ 104,277	\$ 709,084	\$ (24,289)	\$ 714,229	\$ (5,145)	\$ 18,700
US Treasury Note - 0.250% - Mat 11/15/2023	10/6/21	1,010,000	\$ 1,008,738	\$ 99,414	\$ 1,004,081	\$ 39	\$ 1,008,777	\$ (4,696)	\$ 2,525
US Treasury Note - 2.875% - Mat 11/30/2023	10/6/21	950,000	\$ 1,001,990	\$ 104,598	\$ 993,681	\$ (1,623)	\$ 1,000,367	\$ (6,686)	\$ 27,313
US Treasury Note - 2.375% - Mat 02/29/2024	12/23/20	125,000	\$ 133,691	\$ 103,844	\$ 129,805	\$ (2,325)	\$ 131,366	\$ (1,561)	\$ 2,969
US Treasury Note - 2.125% - Mat 03/31/2024	6/8/20	585,000	\$ 624,945	\$ 103,379	\$ 604,767	\$ (14,833)	\$ 610,111	\$ (5,344)	\$ 12,431
US Treasury Note - 2.000% - Mat 06/30/2024	10/6/21	785,000	\$ 817,811	\$ 103,250	\$ 810,513	\$ (806)	\$ 817,005	\$ (6,492)	\$ 15,700
US Treasury Note - 2.375% - Mat 08/15/2024	5/7/20	570,000	\$ 619,229	\$ 104,293	\$ 594,470	\$ (16,886)	\$ 602,343	\$ (7,873)	\$ 13,538
US Treasury Note - 1.250% - Mat 08/31/2024	3/15/21	985,000	\$ 1,009,122	\$ 101,285	\$ 997,657	\$ (5,535)	\$ 1,003,587	\$ (5,930)	\$ 12,313
US Treasury Note - 2.250% - Mat 12/31/2024	6/2/20	685,000	\$ 745,553	\$ 104,203	\$ 713,791	\$ (18,722)	\$ 726,831	\$ (13,041)	\$ 15,413
US Treasury Note - 0.375% - Mat 04/30/2025	6/2/20	625,000	\$ 626,904	\$ 98,066	\$ 612,913	\$ (549)	\$ 626,355	\$ (13,443)	\$ 2,344
US Treasury Note - 2.875% - Mat 05/31/2025	6/2/20	670,000	\$ 754,430	\$ 106,578	\$ 714,073	\$ (23,929)	\$ 730,502	\$ (16,429)	\$ 19,263
US Treasury Note - 2.750% - Mat 06/30/2025	7/17/20	700,000	\$ 763,218	\$ 106,227	\$ 743,589	\$ (21,393)	\$ 741,825	\$ 1,764	\$ 19,250
US Treasury Note - 0.250% - Mat 07/31/2025	11/3/20	520,000	\$ 516,913	\$ 97,301	\$ 505,965	\$ 644	\$ 517,557	\$ (11,591)	\$ 1,300
US Treasury Note - 2.00% - Mat 08/15/2025	9/10/20	150,000	\$ 162,604	\$ 103,613	\$ 155,420	\$ (2,892)	\$ 159,712	\$ (4,292)	\$ 3,000
US Treasury Note - 0.250% - Mat 09/30/2025	10/6/21	645,000	\$ 631,369	\$ 97,113	\$ 626,379	\$ 230	\$ 631,599	\$ (5,220)	\$ 1,613
US Treasury Note - 0.375% - Mat 11/30/2025	12/23/20	250,000	\$ 250,127	\$ 97,293	\$ 243,233	\$ (22)	\$ 250,105	\$ (6,873)	\$ 938
US Treasury Note - 0.375% - Mat 12/31/2025	5/7/21	510,000	\$ 501,732	\$ 97,207	\$ 495,756	\$ 860	\$ 502,592	\$ (6,837)	\$ 1,913
US Treasury Note - 0.375% - Mat 01/31/2026	2/16/21	505,000	\$ 502,574	\$ 97,086	\$ 490,284	\$ 345	\$ 502,919	\$ (12,635)	\$ 1,894
US Treasury Note - 2.250% - Mat 03/31/26	10/6/21	355,000	\$ 376,120	\$ 104,856	\$ 372,239	\$ (316)	\$ 375,803	\$ (3,564)	\$ 7,988
US Treasury Note - 0.750% - Mat 04/30/2026	5/7/21	575,000	\$ 573,720	\$ 98,430	\$ 565,973	\$ (1,009)	\$ 572,710	\$ (6,738)	\$ 4,313
US Treasury Note - 0.625% - Mat 07/31/2026	8/9/21	965,000	\$ 956,305	\$ 97,668	\$ 942,496	\$ (1,847)	\$ 954,458	\$ (11,962)	\$ 6,031
Federal National Mortgage Assn-2.625% Mat 09/06/2024	10/30/19	790,000	\$ 824,357	\$ 105,079	\$ 830,124	\$ (14,523)	\$ 809,834	\$ 20,290	\$ 20,738
Total U.S. Govt Bonds, Notes, & U.S. Agencies		\$ 16,755,000	\$ 17,345,887		\$ 17,046,077	\$ (177,370)	\$ 17,168,518	\$ (122,441)	\$ 273,000
Corporate Bonds									
Wells Fargo & Company - 3.750% Mat - 01/24/2024	4/22/19	685,000	\$ 701,050	\$ 105,390	\$ 721,922	\$ (8,487)	\$ 692,563	\$ 29,359	\$ 25,688
Morgan Stanley - Variable rate 3.737% Mat 04/24/2024	7/25/19	575,000	\$ 599,121	\$ 103,755	\$ 596,591	\$ (11,476)	\$ 587,646	\$ 8,946	\$ 21,488
United Health Group Inc - 2.375% Mat 08/15/2024	2/17/21	320,000	\$ 341,024	\$ 103,605	\$ 331,536	\$ (4,176)	\$ 336,848	\$ (5,312)	\$ 7,600
JP Morgan Chase - 3.875% Mat 09/10/2024	5/10/21	680,000	\$ 745,151	\$ 106,703	\$ 725,580	\$ (9,135)	\$ 736,016	\$ (10,436)	\$ 26,350
Paccar Financial Corp - 1.80% Mat - 02/06/2025	5/18/20	375,000	\$ 380,438	\$ 101,648	\$ 381,180	\$ (1,649)	\$ 378,789	\$ 2,391	\$ 6,750
Bank of America Corp - Variable rate 3.458% Mat 03/15/2025	5/12/20	695,000	\$ 742,031	\$ 104,742	\$ 727,957	\$ (14,123)	\$ 727,908	\$ 49	\$ 24,033
3M Company -2.650% Mat 04/15/2025	5/19/20	360,000	\$ 382,644	\$ 104,557	\$ 376,405	\$ (6,626)	\$ 376,018	\$ 387	\$ 9,540
Citigroup Inc - Variable Rate 3.352% Mat 04/24/2025	5/19/20	480,000	\$ 505,618	\$ 104,701	\$ 502,565	\$ (7,496)	\$ 498,122	\$ 4,443	\$ 16,090
Chevron USA INC - 687% Mat 08/12/2025	2/17/21	505,000	\$ 504,753	\$ 97,901	\$ 494,400	\$ 38	\$ 504,791	\$ (10,391)	\$ 3,469
Comcast Corp- 3.95% Mat 10/15/2025	2/17/21	440,000	\$ 501,675	\$ 109,029	\$ 479,728	\$ (9,212)	\$ 492,463	\$ (12,736)	\$ 17,380
Apple Inc - .700% Mat 02/08/2026	2/17/21	630,000	\$ 629,049	\$ 97,656	\$ 615,233	\$ 133	\$ 629,181	\$ (13,949)	\$ 4,410
Total Corporate Bonds		5,745,000	6,032,551		5,953,097	(72,207)	5,960,345	(7,248)	162,797
Foreign Bonds									
BK Montreal Mtn. 3.3% Mat - 02/05/2024	3/29/19	700,000	\$ 709,618	\$ 104,772	\$ 733,404	\$ (5,062)	\$ 704,556	\$ 28,848	\$ 23,100
Santander UK PLC. 4% Mat - 03/13/2024	10/31/19	565,000	\$ 603,606	\$ 106,380	\$ 601,047	\$ (17,495)	\$ 586,112	\$ 14,935	\$ 22,600
Total Foreign Bonds		1,265,000	\$ 1,313,224		\$ 1,334,451	(22,556)	\$ 1,290,668	\$ 43,783	\$ 45,700
Municipal Bonds									
Wisconsin State - 0.361% Mat-05/01/2024	3/17/2021	545,000	\$ 545,000	\$ 98,922	\$ 539,125	\$ -	\$ 545,000	\$ (5,875)	\$ 1,967
Total Municipal Bonds		545,000	545,000		539,125	-	545,000	(5,875)	1,967
Municipal Zero Coupon Bonds									
Total Zero Coupon Bonds		-	\$ -		\$ -	\$ -	\$ -	\$ -	-
Total of City National Investments		24,310,000	25,236,663		24,872,749	(272,133)	24,964,530	(91,781)	483,465
Total City National Holdings		24,372,065	25,298,728		\$ 24,934,814	\$ (272,132)	\$ 25,026,596	\$ (91,782)	\$ 483,471
Estimated Accrued Income					\$ 100,295.75				
Total of City National Investments					\$ 25,035,109.71				
					(31,378.85)				
Mandatory 3 CDs - Assigned to DMHC									
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			\$ 26,819,579		\$ 26,455,666		\$ (91,782)		\$ 488,470

SFHA – Short Intermediate Portfolio Review Snapshot as of 11/30/2021

Estimated MV + Accrued as of: 10/31/2021	11/30/2021	Change
\$25,066,489	\$25,035,110	-\$31,379

Portfolio Structure

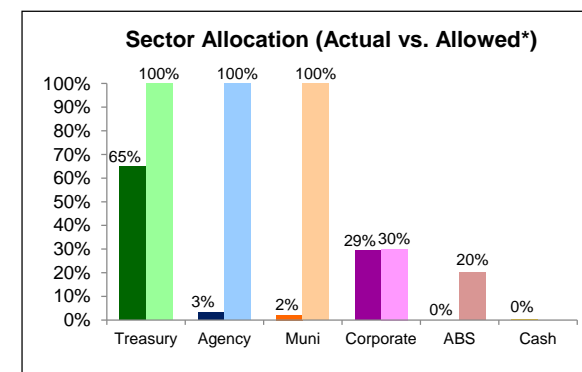
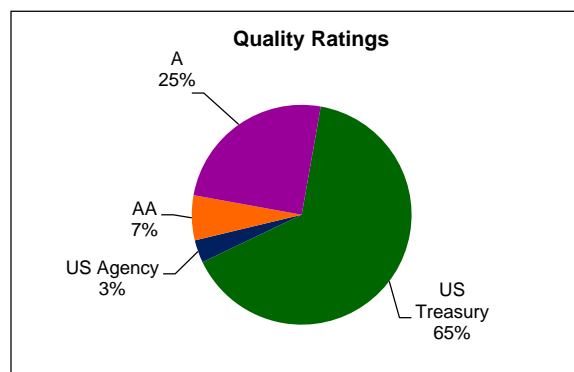
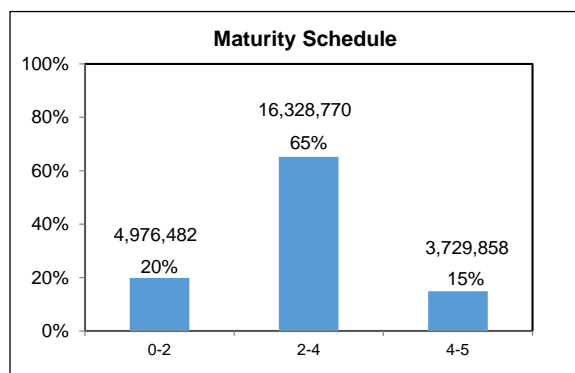
Yield to Maturity	0.88%
Yield to Cost	0.88%
Average Maturity	2.86 Years
Average Credit Quality	AAA-

Fiscal Year Accounting Estimates 6/30/2021 through 11/30/2021:

Beginning Balance (6/30/2021)	\$25,211,795
Contributions	\$0
Withdrawals	\$0
Interest & Dividends Received	\$231,585
Accrued Interest Sold	\$26,098
Accrued Interest Purchased	-\$23,887
Accrued Interest	\$100,296
Fees	-\$33,871
Value Before Market Changes	\$25,512,016
Change in Market Value	-\$476,906
Ending Balance (11/30/2021)	\$25,035,110

Historical Total Return Performance as of 11/30/2021:

Time Period	Portfolio	Barclays 1-5 Year Gov't/Credit
Fiscal YTD (6/30/21 – 11/30/2021)	-0.57%	-0.52%
November 2021	-0.10%	-0.06%
Inception to Date (5/31/12 – 11/30/2021)	2.16%	1.77%



*At time of purchase

Credit Issues

There were no credit issues for the month of November.

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 – Liquidity Portfolio Review Snapshot as of 11/30/2021

Estimated MV + Accrued as of:	10/31/2021	11/30/2021	Change
	\$107,329,611	\$62,320,802	-\$45,008,809

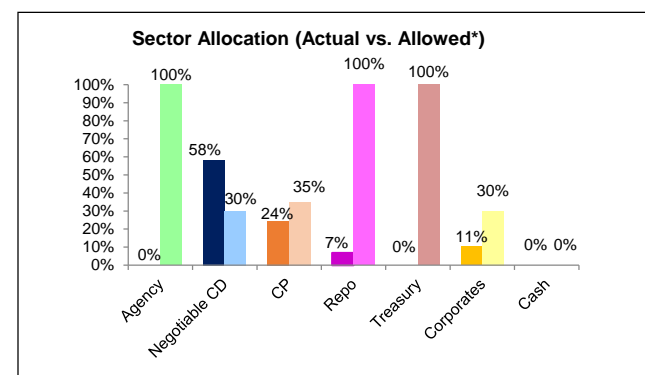
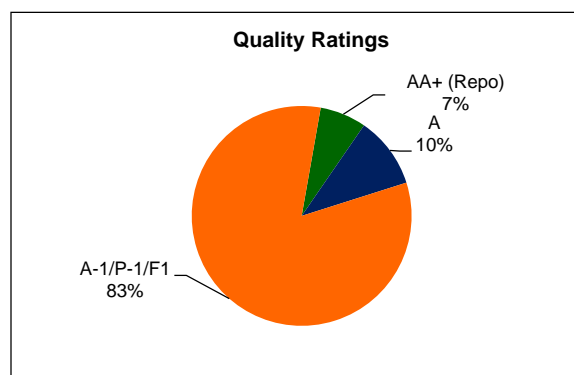
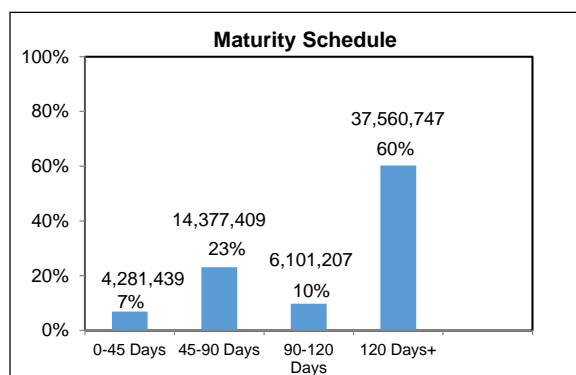
Portfolio Structure	
Yield to Maturity	0.25%
Yield to Cost	0.20%
Average Maturity	138 Days
Average Credit Quality	AA

Fiscal Year Accounting Estimates 6/30/2021 through 11/30/2021:

Beginning Balance (6/30/2021)	\$96,332,230
Contributions	\$238,000,000
Withdrawals	-\$272,000,000
Interest & Dividends Received	\$91,959
Accrued Interest Sold	\$4,766
Accrued Interest Purchased	-\$12,858
Accrued Interest	\$95,554
Fees	-\$38,376
Value Before Market Changes	\$62,473,275
Change in Market Value	-\$152,473
Ending Balance (11/30/2021)	\$62,320,802

Historical Total Return Performance as of 11/30/2021:

Time Period	Portfolio	Barclays US T-Bill 1-3 Month
Fiscal YTD (6/30/21 – 11/30/2021)	0.03%	0.02%
November 2021	0.00%	0.01%
Inception to Date (7/3/17 – 11/30/2021)	1.29%	1.16%



*At time of purchase

Credit Issues

There were no credit issues for the month of November. Strategy remains focused on improving yield while meeting cash flow estimates.

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.

Agenda Item 3

Action Item

- Review and Approval of Contract with Reinsurance Vendor

MEMO

Date: December 22, 2021

To	SFHP Finance Committee and Governing Board
From	Skip Bishop, CFO
Regarding	Review and Approval of Contract with Reinsurance Vendor

Recommendation:

San Francisco Health Plan (SFHP) will bring a recommendation to the Finance Committee and Governing Board meetings to contract with a reinsurance vendor for calendar year (CY) 2022.

SFHP will bring the proposed rate or rate range to the Finance Committee and Governing Board meetings for approval as we are collecting more information and our broker is continuing to negotiate a final price.

Background:

SFHP purchases reinsurance to protect from losses due to high-cost professional and hospital claims and encounters.

Our current broker has requested quotes from several carriers offering reinsurance coverage. We have been with our current broker and reinsurance carrier since CY 2015.

RGA, our current reinsurance carrier, has presented four options for the CY 2022 renewal:

Option #1 – Renew under existing policy terms with no changes. Annual reinsurance premiums would decrease by 2.0% or \$91,000.

Option #2 – Renew under existing policy terms and include coverage for major organ transplants. Annual reinsurance premiums would increase by 0.7% over current rates, or \$33,000.

Option #3 – Renew under existing policy terms and include coverage for gene and cell therapy drugs. Annual reinsurance premiums would increase by 14.8% or \$667,000.

Option #4 – Renew under existing policy terms and include coverage for major organ transplants and gene and cell therapy drugs. Annual reinsurance premiums would increase by 17.5% or \$792,000.

Reinsurance premiums for CY 2021 will be approximately \$4.5 million. Under the options outlined above, premiums for CY 2022 would range from \$4.4 million to \$5.3 million.

The final recovery percentages for CY 2019 and CY 2020 will be in the range of 80% to 85%. For CY 2021, the final recovery percentage is expected to be in the range of 75% to 80%. Reinsurance companies target their premiums to achieve a 70% to 75% loss ratio.

SFHP is working with our Pharmacy department, other Local Health Plans, and the reinsurance broker to evaluate adding coverage for gene and cell therapy drugs. These drugs are very expensive and not part of the Medi-Cal pharmacy carve-out to DHCS. Should we choose to add this coverage, the additional premium would affect the hospital portion of the reinsurance policy.

We will provide additional information and a recommendation to the Finance Committee and Governing Board on January 5, 2022.

Agenda Item 4

Discussion Item

- Review Option to Purchase Employee Health Benefits from CalPERS



MEMO

Date: December 22, 2021

To	Finance Committee and Governing Board
From	Brian Gentner, Director, Human Resources Skip Bishop, Chief Financial Officer
Regarding	Decision not to pursue CalPERS Health Benefits – Information Only

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

SFHP has decided to suspend the pursuit of CalPERS Health Benefits because of high costs of the insurance premiums provided through CalPERS, as well as costs associated with Public Employees' Hospital and Medical Care Act (PEMHCA) requirements.

Background

As mentioned previously, our ability to maintain a non-Kaiser option remains in serious jeopardy as the majority of our employee population continues to select Kaiser as their health plan of choice despite the employee cost (\$0) being equal for both the Kaiser and the Aetna HMO products. Currently, we have a 60/40 split between Kaiser/Aetna, and most medical insurance providers are not interested in providing a quote for us because they would like to either have our entire population or a large majority (60%+) of it. Given all these factors, we felt an obligation to investigate moving to CalPERS as a non-Kaiser option.

On Tuesday, November 2, 2021, we met with a representative from CalPERS to get an overview of the CalPERS medical insurance offerings and below is a summary of our findings:

Pro:

- CalPERS health insurance pool would have no minimum participation requirements.
- Employees would have a wider choice of plans at different price points based on geographical locations.

Con:

- Premium Costs/Fees
 - Premiums increased significantly for 2022 and their lowest cost HMO is now roughly \$300 per member per month above our lowest HMO offering through Kaiser. This would translate to a \$700,000 increase in annual costs.
 - Additional administration fee would be added to total costs of premiums.
- Public Employees' Hospital and Medical Care Act (PEMHCA) Requirements
 - Requires us to offer the same medical benefits to our retirees along with mandatory subsidies that increase over time. This would make it very difficult to project costs.
 - Requirement to offer medical plans up to a month earlier than our current practice, as well as maintain them for up to two months after an employee separates from SFHP, which would also increase our costs.

Next Steps

We will continue to research alternative medical insurance plan options/policies to allow us to maintain a non-Kaiser option. We anticipate being able to keep our current providers (Kaiser and Aetna) for the next year or two if premiums remain reasonable.

Please feel free to contact Brian Gentner, Director, Human Resources, with any questions.

Closed Session

Agenda Item 5

Discussion Item

- Review of Future Medi-Cal Rate Changes for Provider Contracts



Finance Committee & Governing Board

MEMO

Date:	December 22, 2021
To:	Finance Committee and Governing Board
From:	Skip Bishop, Chief Financial Officer John F. Grgurina Jr., Chief Executive Officer
Regarding:	Discussion of CY 2022 Medi-Cal Rates

Discussion:

San Francisco Health Plan (SFHP) is not making any recommendation at this time regarding changes to current Medi-Cal capitation and fee-for-services rates. Information regarding the draft calendar year (CY) 2022 Medi-Cal rates is being provided for discussion purposes only.

DHCS released draft CY 2022 Medi-Cal rates at the beginning of October. Although the preliminary rates shared with SFHP appear to be very favorable, DHCS still needs to apply adjustments for program changes as well as for county-wide averaging which have the potential to increase or decrease these draft rates. It is expected that DHCS will release final CY 2022 rates at the end of January 2022.

When compared to our CY 2021 rates for existing benefits, the overall weighted average rate increase for CY 2022 is approximately **6.7%**. This increase is projected to be worth \$33 million in additional revenue for January through December 2022. This is an extremely positive development for SFHP as the CY 2018 Rate Development Template (RDT) on which the CY 2022 rates are based indicated that we should receive an increase in the range of 3.0%. This can be viewed as a reflection of the strength of the financial position of the state of California.

In addition to the 6.7% increase noted above, DHCS and its actuary, Mercer, built in 5.2% to cover the net additional medical expense SFHP expects to incur as a result of taking on the hospital risk for the San Francisco Community Clinic Consortium (SFCCC) members effective July 1, 2021. This increase is projected to be worth \$26 million in additional revenue for January through December 2022 and will be retained by SFHP to cover hospital claims for SFCCC members. As mentioned during our meeting in November, SFHP would like to thank DHCS and Mercer for agreeing to include this additional cost in the CY 2022 rate development process. DHCS and Mercer could have waited to consider these costs as part of the normal Medi-Cal RDT submission process which would have pushed these costs into the CY 2023 and CY 2024 rate development cycles. Including a rate adjustment in the CY 2022 rates means SFHP will have to absorb these costs only for the period of July through December 2021.

Highlights of significant changes affecting CY 2022 rates include:

- Elimination of the pharmacy benefit which transfers to the State effective January 1, 2022.
- A new rate increment for Ground Emergency Medical Transportation (GEMT) for public providers.
- A new rate increment for the Community Supports/Whole Person Care (CS/WPC) transition to Medi-Cal managed care.
- A new rate increment for the Enhanced Care Management (ECM) benefit (not included in draft rates).
- A new rate increment for the Major Organ Transplants (MOT) benefit (not included in draft rates).
- Increases in unit cost and utilization trend factors for the various categories of service.
- Increase in administrative load to cover expanded administrative requirements placed on the health plan.
- Restoration of the 0.5% underwriting gain (margin) for the health plan. The underwriting gain was reduced by 0.5% for the Bridge Period (July 2019 through December 2020) as well as for CY 2021.

As we look at the additional revenue SFHP will receive beginning January 2022, we are considering several options including:

- Passing more dollars to the delegated medical groups through increases to the Practice Improvement Program (PIP).
- Passing more dollars to the delegated hospitals through increases in capitation rates.
- Increasing rates for the Community-Based Adult Services (CBAS) providers. The last increase was effective July 1, 2018.
- Increasing the SFHP reserve balance to the Board-approved maximum level of two times premium revenue.
- A new Strategic Use of Reserves (SUR) program for reserves in excess of two times premium revenue.

SFHP will come back to the Finance Committee and Governing Board in March to provide more details about the Medi-Cal rates for CY 2022.

Agenda Item 6

- Report on Closed Session
Action Items
(Verbal report only)