



Here for you

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

Wednesday January 6, 2021
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](#)

*****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 4, 2020 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. (V) Review and Approval of \$150,000 Grant to San Francisco Community Clinic Consortium (SFCCC) to Purchase Personal Protective Equipment for SFCCC Provider Network (Skip Bishop and John F. Grgurina, Jr.)
5. (D) CalPERS Replacement Benefit Plan Description and Update (Skip Bishop and Brian Gentner)

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

6. (D) Review of Future Medi-Cal Rate Changes for Provider Contracts
(Skip Bishop and John F. Grgurina, Jr.)
Pursuant to Welfare and Institutions Code Section 14087.36(x)
7. (D) Review Contract Change for Zuckerberg San Francisco General Hospital to
Fee-for-Service Payments for SFCCC Clinic Members
(Kaliki Kantheti and Skip Bishop)
Pursuant to Welfare and Institutions Code Section 14087.36(x)

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

8. (D) Report by Chair on Closed Session Action Items (Chair)
9. Adjourn

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

NOTE: NEXT FINANCE COMMITTEE MEETING IS MARCH 3, 2021

Please Note These Up Coming SFHA/SFCHA Meetings:

- Member Advisory Committee: January 8, 2021 (1:00 pm – 3:00 pm)
- Member Advisory Committee: February 12, 2021 (1:00 pm – 3:00 pm)
- Quality Improvement Committee: February 11, 2021 (7:30 am – 9:00 am)
- Finance Committee: March 3, 2021 (11:00 am – 12:00 pm)
- Governing Board: March 3, 2021 (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 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 Minutes from November 4, 2020 Meeting

**Joint San Francisco Health Authority/San Francisco Community Health Authority
Minutes of the Finance Committee
November 4, 2020**

Present: Eddie Chan, Pharm D, Reece Fawley, Steven Fugaro, MD, Greg Wagner, Emily Webb, Skip Bishop, John F. Grgurina, Jr., Rand Takeuchi, and Nina Maruyama (note taker)

Absent: None

Guests: Chris Pritchard and Rianne Suico, Moss Adams Consultants, LLP, and Robert Harder, City National Bank

Reece Fawley, Chair, Finance Committee, chaired the meeting and identified the 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 Governing Board 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 Governing Board, 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 2, 2020 Finance Committee Meeting

The minutes of the September 2, 2020 Finance Committee meeting were unanimously approved as written.

2. Review and Approval of the Annual Independent Audit Report for FY 2019-20

Recommendation: Review and Approval of the Annual Independent Audit Report for FY 2019-20.

Chris Pritchard, Partner, and Rianne Suico, Senior Manager, Moss Adams Consultants, the independent audit firm hired by SFHP, presented the FY 2019-20 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. The only comment was that SFHP should increase oversight of vendors, with a specific mention of WageWorks, a vendor for the City Option program.

Mr. Fawley stated that the Finance Committee has confidence in the Finance department leadership and recommended the Committee approve the Moss Adams independent audit report.

The Finance Committee unanimously approved the independent auditor's report for FY 2019-20 for forwarding to the 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.

Skip Bishop, CFO, and Rand Takeuchi, Director, Accounting, reviewed the financial statements for the period ending September 30, 2020. Mr. Bishop discussed the following highlights:

1. September 2020 reported a loss of (\$1,662,000) versus a budgeted loss of (\$1,636,000). After removing Strategic Use of Reserves (SUR) activity, the actual loss from operations would remain (\$1,662,000) versus a budgeted loss of (\$1,220,000).

On a year-to-date basis, we have a loss of (\$2,127,000) versus a budgeted loss of (\$3,784,000). After removing SUR activity, the actual loss from operations remains (\$2,127,000) versus a budgeted loss (\$2,388,000).

In September, we received \$133.9 million in Directed Payments funding related to FY 18-19. The FY 20-21 budget projected Directed Payments funding would be \$120.6 million for September. For FY 20-21, we projected a total of \$137.0 million in Directed Payments – 88% in September 2020 and 12% in March 2021. It is likely

we will exceed this total when the next payment is received in March 2021. 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 increase in revenue of \$14.7 million due to:
 - i. \$13.3 million more in Directed Payments funding related to FY 18-19.
 - ii. \$1.6 million more in premium revenue due to 4,050 more member months when compared to the budget. Membership has been on an upward trend with new members coming in along with members not placed on hold. Due to the COVID-19 pandemic, DHCS has discontinued negative actions such as disenrollments and holds in the Medi-Cal program. Adult Expansion member months were 5,332 more than budget, which brought in \$2.0 million in additional revenue.
 - iii. \$124,000 less in Hepatitis C revenue as the result of 48 fewer treatment weeks.
 - iv. \$70,000 less in Maternity revenue as the result of eight fewer maternity events.
- b. A net increase in medical expense of \$15.2 million due to:
 - i. \$13.3 million more in Directed Payments funding related to FY 18-19.
 - ii. \$1.1 million more in capitation expense due primarily to increasing membership. The additional revenue generated by increasing membership offset this cost.
 - iii. \$489,000 more in fee-for-service claims. September was expected to be a heavy month for claims due to five payment cycles. The budget anticipated this additional activity and resulting professional and hospital pmpm costs were in line. The two areas where costs exceeded the budget were Community-Based Adult Services claims and supplemental payments for qualifying Proposition 56 services.
 - iv. \$267,000 more in Healthy Workers pharmacy expense. The actual cost was \$83 pmpm while the budgeted cost was \$65 pmpm. It is important to note that SFHP receives only \$58 pmpm in the Healthy Workers rate.
 - v. \$260,000 more in Medi-Cal non-Hepatitis pharmacy expense. This increase is due to more members as the actual pmpm cost was in line with the budget.
 - vi. \$216,000 less in Health Education expenses. This is a timing difference. Actual costs will align with the budget in the upcoming months.
- c. A net decrease in administrative expenses of \$458,000 due to:
 - i. Anticipated external costs related to major projects such as CalAIM and CMS Interoperability have yet to be incurred.

The following chart highlights the key income statement categories for September with adjustments for SUR activity in order to show margin or loss from ongoing operations.

CATEGORY	-----SEP 2020-----				-----FYTD 20-21 THRU SEP-----			
	ACTUAL	BUDGET	FAV (UNFAV)	% FAV (UNFAV)	ACTUAL	BUDGET	FAV (UNFAV)	% FAV (UNFAV)
MEMBER MONTHS	148,150	144,100	4,050	2.8%	438,682	428,936	9,746	2.3%
REVENUE	\$ 184,402,000	\$ 169,647,000	\$ 14,755,000	8.7%	\$ 283,400,000	\$ 267,028,000	\$ 16,372,000	6.1%
MEDICAL EXPENSE	\$ 181,819,000	\$ 166,604,000	\$ (15,215,000)	-9.1%	\$ 273,120,000	\$ 257,141,000	\$ (15,979,000)	-6.2%
MLR	99.0%	98.6%			97.1%	97.0%		
ADMINISTRATIVE EXPENSE	\$ 4,262,000	\$ 4,720,000	\$ 458,000	9.7%	\$ 12,537,000	\$ 13,796,000	\$ 1,259,000	9.1%
ADMINISTRATIVE RATIO	2.0%	2.4%			3.7%	4.4%		
INVESTMENT INCOME	\$ 17,000	\$ 41,000	\$ (24,000)	-58.5%	\$ 130,000	\$ 125,000	\$ 5,000	4.0%
MARGIN (LOSS)	\$ (1,662,000)	\$ (1,636,000)	\$ (26,000)		\$ (2,127,000)	\$ (3,784,000)	\$ 1,657,000	
ADD BACK: SUR ACTIVITY	\$ -	\$ 416,000			\$ -	\$ 1,396,000		
MARGIN (LOSS) FROM OPERATIONS	\$ (1,662,000)	\$ (1,220,000)	\$ (442,000)		\$ (2,127,000)	\$ (2,388,000)	\$ 261,000	

On a year-to-date basis through September and after the removal of SUR activity, SFHP is \$261,000 ahead of the budget. SFHP is concerned, however, that we are above budget on member months, but have not produced a positive margin.

- After removing the Directed Payments funding, premium revenue is above budget by \$3.1 million. This is due to a net increase of 9,746 member months. Adult Expansion member months are 13,714 above budget, which is a positive development. The premium rate for this category of aid is \$381 pmpm compared to \$257 pmpm for the Adult 19 category and \$113 pmpm for the Child 18 category.
- After removing SUR activity and Directed Payments funding, medical expense is above budget by \$4.2 million. This increase can be accounted for as follows:
 - Capitation expenses are up \$2,500,000
 - Prop 56 supplemental payments are up \$ 909,000
 - Healthy Workers pharmacy costs are up \$ 571,000
 - CBAS expenses are up \$ 444,000
 - Health Education costs are down (\$ 215,000)
- Overall administrative expense is below budget by \$1.3 million. The majority of this decrease is due to lower costs in the areas of professional services and information technology services. In addition, the budget included dollars for major projects that have not been incurred yet, i.e., CalAIM and CMS Interoperability.

PROJECTIONS

Mr. Bishop reviewed the following financial projections through March 2021:

1. Due to the impact of the COVID-19 pandemic, SFHP anticipates continued increases in Medi-Cal membership over the next six months. After working with our actuary, sister plans and the county of San Francisco to gather information to help us develop estimates for the upcoming months, SFHP expects to add approximately 22,000 new members during FY 20-21. These new members would be spread across the Adult, Child and Adult Expansion categories of aid.
2. In response to the COVID-19 pandemic and the effect it is having on state of California finances, the State Legislature approved the implementation of a 1.5% rate reduction retroactive to July 2019. This rate reduction is effective for the entire Bridge Period which runs through December 2020. The rate reduction applies to all categories of aid except dual eligible members. SFHP estimates the impact of this rate reduction to be \$3.3 million for the period of July through December 2020. This revenue loss was built into the FY 20-21 budget.
3. Beginning January 2021, the pharmacy benefit will be carved out of Medi-Cal managed care. The State will take on this benefit and has selected Magellan as its Pharmacy Benefits Manager (PBM). For the period of January through June 2021, SFHP will see a revenue reduction of \$44 million and an expense reduction of \$43 million. This carve-out of the pharmacy benefit was built into the FY 20-21 budget.
4. In September, SFHP received preliminary rates for CY 2021. Although these rates look promising, the rates do not include adjustments for Low Acuity Non-Emergent (LANE) ER visits, risk adjustment and the population acuity adjustment. All three of these adjustments will reduce the preliminary rates. Our actuary believes that after these adjustments are incorporated into the rate-setting process, we may see an overall 3.2% increase, however this is only an estimate. SFHP does not expect to see final rates until late December.
5. Proposition 56 – this program will continue for FY 20-21 and will provide 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. Directed Payments – SFHP received \$133.9 million in Directed Payments funding during September. These funds were disbursed to Zuckerberg San Francisco General, UCSF and private hospitals.

HIGHLIGHTED IMPACTS TO THE HEALTH PLAN AND/OR PROVIDERS

As a result of the COVID-19 pandemic, Medi-Cal membership has been increasing for all SFHP providers and this trend is expected to continue throughout FY 20-21. The table below shows how membership and capitation have changed between March 2020 and September 2020. Please note that the capitation amounts for September 2020 reflect the impact of the reduction in the Duals capitation rate effective July 2020. The impact of this rate change across all capitated providers was a reduction of 0.9%.

Overall Medi-Cal membership has increased by 8.7%. The percentage change in membership and the percentage change in capitation will not be equal due to membership mix. For example, providers receive more capitation for Adult Expansion and SPD members and less capitation for Adult 19 and Child 18 members.

SFHP MEDI-CAL MEMBERSHIP									
PROVIDER	-----SEP 2020-----		-----MAR 2020-----		-----MEMBERS-----		----CAPITATION----		
	MEMBERS	CAPITATION	MEMBERS	CAPITATION	INCREASE	%	INCREASE	%	
<u>HOSPITALS</u>									
ZUCKERBERG SAN FRANCISCO GENERAL	62,065	\$ 8,577,937	56,423	\$ 7,958,485	5,642	10.0%	\$ 619,452	7.8%	
CALIFORNIA PACIFIC MEDICAL CENTER	37,403	\$ 2,758,689	35,338	\$ 2,663,795	2,065	5.8%	\$ 94,894	3.6%	
UCSF (FEE-FOR-SERVICE)	12,423	\$ -	11,655	\$ -	768	6.6%	\$ -		
KAISER	10,893	\$ 1,387,280	9,208	\$ 1,176,742	1,685	18.3%	\$ 210,538	17.9%	
CHINESE HOSPITAL	9,177	\$ 943,673	8,601	\$ 896,444	576	6.7%	\$ 47,229	5.3%	
CALIFORNIA PACIFIC MEDICAL CENTER/ST. LUKE'S (FFS)	3,114	\$ -	2,989	\$ -	125	4.2%	\$ -		
	135,075	\$ 13,667,579	124,214	\$ 12,695,466	10,861	8.7%	\$ 972,113	7.7%	
<u>MEDICAL GROUPS</u>									
CLINICAL PRACTICE GROUP	55,606	\$ 3,775,534	50,829	\$ 3,521,437	4,777	9.4%	\$ 254,097	7.2%	
UCSF (FEE-FOR-SERVICE)	12,423	\$ -	11,655	\$ -	768	6.6%	\$ -		
KAISER	10,893	\$ 1,387,280	9,208	\$ 1,176,742	1,685	18.3%	\$ 210,538	17.9%	
CHINESE COMMUNITY HEALTH CARE ASSOCIATION	5,273	\$ 420,020	5,043	\$ 405,922	230	4.6%	\$ 14,098	3.5%	
JADE MEDICAL GROUP	3,904	\$ 321,759	3,558	\$ 300,079	346	9.7%	\$ 21,680	7.2%	
HILL PHYSICIANS	1,631	\$ 119,076	1,543	\$ 111,938	88	5.7%	\$ 7,138	6.4%	
BROWN & TOLAND MEDICAL GROUP	1,483	\$ 127,002	1,446	\$ 120,622	37	2.6%	\$ 6,380	5.3%	
	91,213	\$ 6,150,671	83,282	\$ 5,636,740	7,931	9.5%	\$ 513,931	9.1%	
<u>SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM</u>									
NORTH EAST MEDICAL SERVICES	43,862	\$ 4,522,088	40,932	\$ 4,301,331	2,930	7.2%	\$ 220,757	5.1%	
MISSION NEIGHBORHOOD HEALTH CENTER	6,986	\$ 217,845	6,365	\$ 200,331	621	9.8%	\$ 17,514	8.7%	
HEALTHRIGHT 360	3,087	\$ 157,845	3,055	\$ 158,527	32	1.0%	\$ (682)	-0.4%	
SOUTH OF MARKET HEALTH CENTER	2,008	\$ 106,925	1,824	\$ 99,259	184	10.1%	\$ 7,666	7.7%	
SAN FRANCISCO COMMUNITY HEALTH CENTER	747	\$ 32,611	608	\$ 26,953	139	22.9%	\$ 5,658	21.0%	
ST. ANTHONY'S MEDICAL CLINIC	700	\$ 28,544	663	\$ 28,464	37	5.6%	\$ 80	0.3%	
NATIVE AMERICAN HEALTH CENTER	587	\$ 23,473	501	\$ 21,004	86	17.2%	\$ 2,469	11.8%	
BAART	249	\$ 12,709	219	\$ 12,046	30	13.7%	\$ 663	5.5%	
	58,226	\$ 5,102,040	54,167	\$ 4,847,915	4,059	7.5%	\$ 254,125	5.2%	
<u>UNAFFILIATED</u>									
MARIN CITY HEALTH & WELLNESS CENTER	473	\$ 14,644	406	\$ 12,493	67	16.5%	\$ 2,151	17.2%	
DR. THANH QUOC TRAN	336	\$ 14,077	310	\$ 13,228	26	8.4%	\$ 849	6.4%	
	809	\$ 28,721	716	\$ 25,721	93	13.0%	\$ 3,000	11.7%	
TOTAL SFHP	135,075		124,214		10,861	8.7%			

Investment Reports

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

The Finance Committee unanimously approved the unaudited monthly financial statements and investment reports ending September 2020, for forwarding to the full Governing Board for approval.

4. Review and Approval of Payment of CalPERS Unfunded Liability

Recommendation: SFHP recommends approval to pay the entire projected amount of SFHP's CalPERS pension unfunded accrued liability estimated to be \$478,512, which is projected forward to June 30, 2021.

If approved, payment will be made by November 15, 2020.

John F. Grgurina, Jr., CEO, reviewed the background to the Finance Committee. (A detailed memo was provided in the Board packet.)

The Government Accounting Standards Board (GASB) Statement number 27 is in reference to an accounting standard for pension by State and Local Government Employers. It specifies that an employer's fiscal years ending on or after 2015 must accrue for unfunded pension liabilities.

SFHP is a government employer in the CalPERS Miscellaneous Pooled Plans for the defined benefit pension plan known as 2% @ 55 for employees with hire dates prior to January 1, 2013 (Classic Miscellaneous Plan) and 2% @ 62 for employees with hire dates after December 31, 2012 (PEPRA Miscellaneous). According to CalPERS, SFHP's projected unfunded accrued liability as of June 30, 2021 is as follows:

• Classic Miscellaneous Plan	\$ 349,346
• PEPRA Miscellaneous Plan	<u>\$ 129,166</u>
Total unfunded accrued liability	\$ 478,512

When projecting how future year pension obligations will be met, CalPERS assumed a 7.0% annual rate of return on its investment portfolio. CalPERS achieved an 6.7% return for the year ending June 30, 2019. As CalPERS missed the target of 7.0%, our pension accounts now have unfunded liability balances.

This payment will be treated as Prepaid Pension Expense for FY 20-21. The Prepaid Pension Expense will be amortized and recorded as an administrative expense during FY 21-22.

CalPERS is offering the following options to pay off the unfunded accrued liability:

- 1) Pay it back over a 20-year period with annual interest payments of 7.0% (this is the assumed annual investment rate of return CalPERS is using for all pension

- funds). This would mean total payments of \$911,158 (interest payments would be \$411,911 of this total amount).
- 2) Pay it back over a 15-year period with annual interest payments of 7.0%. This would mean total payments of \$794,869 (interest payments would be \$295,622 of this total amount).
 - 3) Pay it all in one payment now.

Mr. Grgurina recommended paying the entire amount now for the following reasons:

- 1) It is financially advantageous to pay the entire amount to avoid the annual 7.0% interest payments totaling \$295,622 over 15 years versus keeping the cash in our Liquid Management Portfolio account at a current annual investment return of 0.10%.
- 2) Because of SFHP's strong financial balance sheet, we currently have the cash to pay off the entire amount now.
- 3) Paying off the unfunded accrued liability would place SFHP's CalPERS pension funding level at approximately 100% (currently at 97.4%).

CalPERS has reported a preliminary 4.7% net return on investments for the 12-month period ending June 30, 2020. The next annual valuation reports are expected to be available in July 2021, at which time CalPERS will provide an update of pension funding levels.

The Finance Committee unanimously approved the full payment of CalPERS unfunded accrued liability for forwarding to the full Governing Board for approval.

5. City National Bank Discussion on Investments and Environment

Robert Harder, City National Bank, discussed investments and environment. (Detailed PowerPoint slides were provided in the Finance Committee packet.)

6. Semi-Annual Compliance Report

Nina Maruyama, Officer, Compliance and Regulatory Affairs, provided the semi-annual compliance report for November 2020 to the Finance Committee. (A full report was provided in the Board packet.)

Staff Training

The foundation of the compliance and program integrity program is fraud, waste, and abuse (FWA) education and training. Every SFHP employee, contracted medical provider, vendor and member is responsible for participating in the detection and prevention of fraud, waste, or abuse and compliance with HIPAA. In April 2020, a new, revamped training was implemented and was received well by staff. 100% of staff completed the training by May 31, 2020. The training requires all employees to pass a post-test with at least an 80% passing rate. The training is also provided to all new hires, who must complete the training within 30 days of hire.

Policies and Procedures

During the past several months, the following policies and procedures related to HIPAA and FWA were reviewed and updated:

- Confidentiality of Medi-Cal Information
- Members' Right to Authority or Deny Use of PHI
- Designated Record Set
- Privacy Impact Assessment
- Physical and Security Assessment
- Responding to State Inquiries about Member Complaints
- Fraud and Abuse Prevention and Investigation
- Protecting Member PHI
- Member Access and Request to Amend PHI

The following policies and procedures related to ITS security and HIPAA compliance were also reviewed and updated:

- SFHP Cell Phone Device
- Internet Security
- Systems and Service Vendor Acquisition and Replacement
- Access and Utilization of Enrollment Data from DHCS
- Protection from Malicious Software and Patch Management
- Information Risk Management
- Access Control
- Disaster Recovery
- Log-In Monitoring and System Logging
- Disposal and Data Destruction
- System Security Review and Host-Based Intrusion Detection
- SharePoint Security and Ownership
- Incident Response
- Emergency Mode Operations
- Change and Integrity Control
- Administrative Access Controls for Trading Partner and Transaction Data

A new policy regarding Remote Work Security was also created to reinforce the importance of HIPAA compliance as staff work remotely.

Compliance and Regulatory Affairs and ITS staff work collaboratively throughout the year to ensure compliance with these policies and procedures.

Adjourn

Reece Fawley, Secretary/Treasurer

Agenda Item 2

Action Item

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

FINANCIAL RESULTS – NOVEMBER 2020

1. November 2020 reported a margin of \$508,000 versus a budgeted margin of \$298,000. After removing Strategic Use of Reserves (SUR) activity, the actual margin from operations would remain \$508,000 versus a budgeted margin of \$714,000.

On a year-to-date basis, we have a loss of (\$1,323,000) versus a budgeted loss of (\$3,815,000). After removing SUR activity, the actual loss from operations is (\$1,311,000) versus a budgeted loss (\$1,586,000).

2. Variances between November actual results and the budget include:
 - a. A net increase in revenue of \$193,000 due to:
 - i. \$155,000 more in premium revenue. Member months were 1,358 less than budget projections, however the mix of overall membership resulted in net additional revenue. Adult, Child and Seniors and Persons with Disabilities (SPD) member months were 5,919 less than budget, however Adult Expansion member months were 4,842 more than budget. The more favorable Adult Expansion premium rate helped to offset less premium in the other categories of aid. Membership continues to be on an upward trend with new members coming in along with members not placed on hold. Due to the public health emergency (PHE) created by the COVID-19 pandemic, the Department of Health Care Services (DHCS) has discontinued negative actions, e.g., holds and disenrollments for Medi-Cal beneficiaries.
 - ii. \$88,000 more in Maternity revenue as the result of 10 more maternity events.
 - iii. \$50,000 less in Hepatitis C revenue as the result of 16 fewer treatment weeks.
 - b. A net increase in medical expense of \$891,000 due to:
 - i. \$445,000 more in capitation expense due to changes in membership mix. Although we saw fewer members months in November, the capitation associated with the growth in Adult Expansion members exceeded the capitation expected in the Adult and Child categories of aid. The additional revenue generated by increasing membership offset the additional capitation expense.
 - ii. \$403,000 more in fee-for-service claims. The two areas where costs exceeded the budget were Community-Based Adult Services claims and supplemental payments for qualifying Proposition 56 services.
 - iii. \$54,000 more in Healthy Workers pharmacy expense. The actual cost was \$69 pmpm while the budgeted cost was \$65 pmpm. It is important to note that SFHP receives only \$58 pmpm in the Healthy Workers rate. SFHP is working with the San Francisco Department of Public Health (SF DPH) and the Human Services Agency (HSA) to secure a rate increase for the pharmacy benefit.

- iv. \$122,000 more in Medi-Cal non-Hepatitis C pharmacy expense. This increase is due to slightly higher utilization.
 - v. \$347,000 more in Non-Specialty Mental Health claims. This increase is due to a lag in claims submission. Total claims for October were \$137,000 less than budget. When combining both October and November, the average per month cost is in line with FY 20-21 trending.
 - vi. \$480,000 less in health education expenses. An invoice from Milliman Care Guidelines (MCG) for \$255,000 was reclassified from medical expense to prepaid expense. SFHP made a one-year commitment to use MCG technology for utilization management decision-making. The remaining difference is due to timing. Actual costs are expected to align with the budget in the upcoming months.
- c. A net decrease in administrative expenses of \$888,000 due to:
- i. \$200,000 reduction in monthly administrative costs as the result of discontinuing the bonus accrual. As no bonus was paid for FY 19-20, the bonus accrual is fully funded for FY 20-21.
 - ii. \$159,000 less in areas such as telecommunications, software licensing, software support and maintenance as well as other infrastructure costs.
 - iii. \$70,000 less in costs related to seminars and education, meetings and travel.
 - iv. Anticipated external costs related to major projects such as CalAIM and CMS Interoperability have yet to be incurred.

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

CATEGORY	NOV 2020				FYTD 20-21 THRU NOV			
	ACTUAL	BUDGET	FAV (UNFAV)	% FAV (UNFAV)	ACTUAL	BUDGET	FAV (UNFAV)	% FAV (UNFAV)
MEMBER MONTHS	149,315	150,673	(1,358)	-0.9%	738,790	726,996	11,794	1.6%
REVENUE	\$ 50,752,000	\$ 50,559,000	\$ 193,000	0.4%	\$ 385,472,000	\$ 367,410,000	\$ 18,062,000	4.9%
MEDICAL EXPENSE	\$ 46,428,000	\$ 45,537,000	\$ (891,000)	-2.0%	\$ 367,353,000	\$ 348,123,000	\$ (19,230,000)	-5.5%
MLR	92.7%	91.3%			96.1%	95.6%		
ADMINISTRATIVE EXPENSE	\$ 3,878,000	\$ 4,766,000	\$ 888,000	18.6%	\$ 19,670,000	\$ 23,310,000	\$ 3,640,000	15.6%
ADMINISTRATIVE RATIO	6.4%	8.2%			4.3%	5.5%		
INVESTMENT INCOME	\$ 62,000	\$ 42,000	\$ 20,000	47.6%	\$ 228,000	\$ 208,000	\$ 20,000	9.6%
MARGIN (LOSS)	\$ 508,000	\$ 298,000	\$ 210,000		\$ (1,323,000)	\$ (3,815,000)	\$ 2,492,000	
ADD BACK: SUR ACTIVITY	\$ -	\$ 416,000			\$ 12,000	\$ 2,229,000		
MARGIN (LOSS) FROM OPERATIONS	\$ 508,000	\$ 714,000	\$ (206,000)	-28.9%	\$ (1,311,000)	\$ (1,586,000)	\$ 275,000	

On a year-to-date basis through November and after the removal of SUR activity, SFHP is \$275,000 ahead versus budget expectations. Although a margin is reported for November, we remain cautious due to the uncertainty around membership and rates for CY 2021.

- After removing the Directed Payments funding, premium revenue is above budget by \$4.7 million. This is due to a net increase of 11,794 member months. Adult Expansion member months are 24,140 above budget which is a positive development due to the fact

that the premium rate for this category of aid is \$381 pmpm compared to \$257 pmpm for the Adult 19 category and \$113 pmpm for the Child 18 category.

- 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:
 - Capitation expenses are up \$4,559,000
 - Medi-Cal non-Hep C pharmacy costs are up \$1,445,000
 - Prop 56 supplemental payments are up \$1,284,000
 - Healthy Workers pharmacy costs are up \$ 872,000
 - CBAS expenses are up \$ 772,000
 - Health Education costs are down (\$ 832,000)
- Overall administrative expense is below budget by \$3.6 million. The majority of this decrease is due to the elimination of the monthly bonus accrual and lower costs in the areas of professional services and information technology services. In addition, the budget included dollars for major projects which have not been incurred yet, i.e., CalAIM and CMS Interoperability.

PROJECTIONS

Financial projections through May 2021:

1. Due to the impact of the COVID-19 pandemic, SFHP anticipates continued increases in Medi-Cal membership over the next six months. We project an increase of approximately 22,000 new members during FY 20-21. Through November, we have added 10,000 new members. These new members have been spread across the Adult, Child and Adult Expansion categories of aid. We will continue to watch membership growth very closely as we begin to develop projections for FY21-22.
2. In response to the COVID-19 pandemic and the effect it is having on the finances of the State of California, the State Legislature approved the implementation of a 1.5% rate reduction retroactive to July 2019. This rate reduction is effective for the entire Bridge Period, which runs through December 2020. The rate reduction applies to all categories of aid except dual eligible members. SFHP estimates the impact of this rate reduction to be \$3.3 million for the period of July through December 2020. This revenue loss was built into the FY 20-21 budget.
3. The pharmacy benefit carve-out scheduled for January 2021 has been delayed until April 2021. The State will take on this benefit and has selected Magellan as its Pharmacy Benefits Manager (PBM). For the period of April through June 2021, SFHP will see a revenue reduction of \$22 million and an expense reduction of \$21 million. This carve-out of the pharmacy benefit was projected to happen on January 1, 2021 and the impact was built into the FY 20-21 budget.
4. In September, SFHP received preliminary rates for CY 2021. Although these rates look promising, the rates do not include risk adjustment and the population acuity adjustment. These adjustments will reduce the preliminary rates. Our actuary believes that after these adjustments are incorporated into the rate-setting process, we may see an overall 3.2% increase, however this is only an estimate. SFHP does not expect to see final rates until late December.
5. Proposition 56 – This program will continue for FY 20-21 and will provide 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. It is important to note the anticipated decline in revenue and medical expense effective April 2021. This reflects the impact of carving out the pharmacy benefit.

HIGHLIGHTED IMPACTS TO THE HEALTH PLAN AND/OR PROVIDERS

Future Medi-Cal Rates

Beginning with calendar year 2021, DHCS has transitioned its Medi-Cal rate-setting cycle from a fiscal year basis to a calendar year basis. New rates will be effective on January 1, 2021. Although the preliminary rates shared with SFHP appear to be favorable, DHCS still needs to apply a risk adjustment as well as a population acuity adjustment which will decrease the rates. DHCS has stated it will release final CY 2021 rates at the end of December.

Due to the COVID-19 pandemic and its impact on the State of California finances, the Administration and State Legislature passed a budget that included a 1.5% retroactive rate reduction for the Bridge Period of July 2019 through December 2020. This retroactive rate reduction decreased SFHP's Medi-Cal revenue by \$9.3 million.

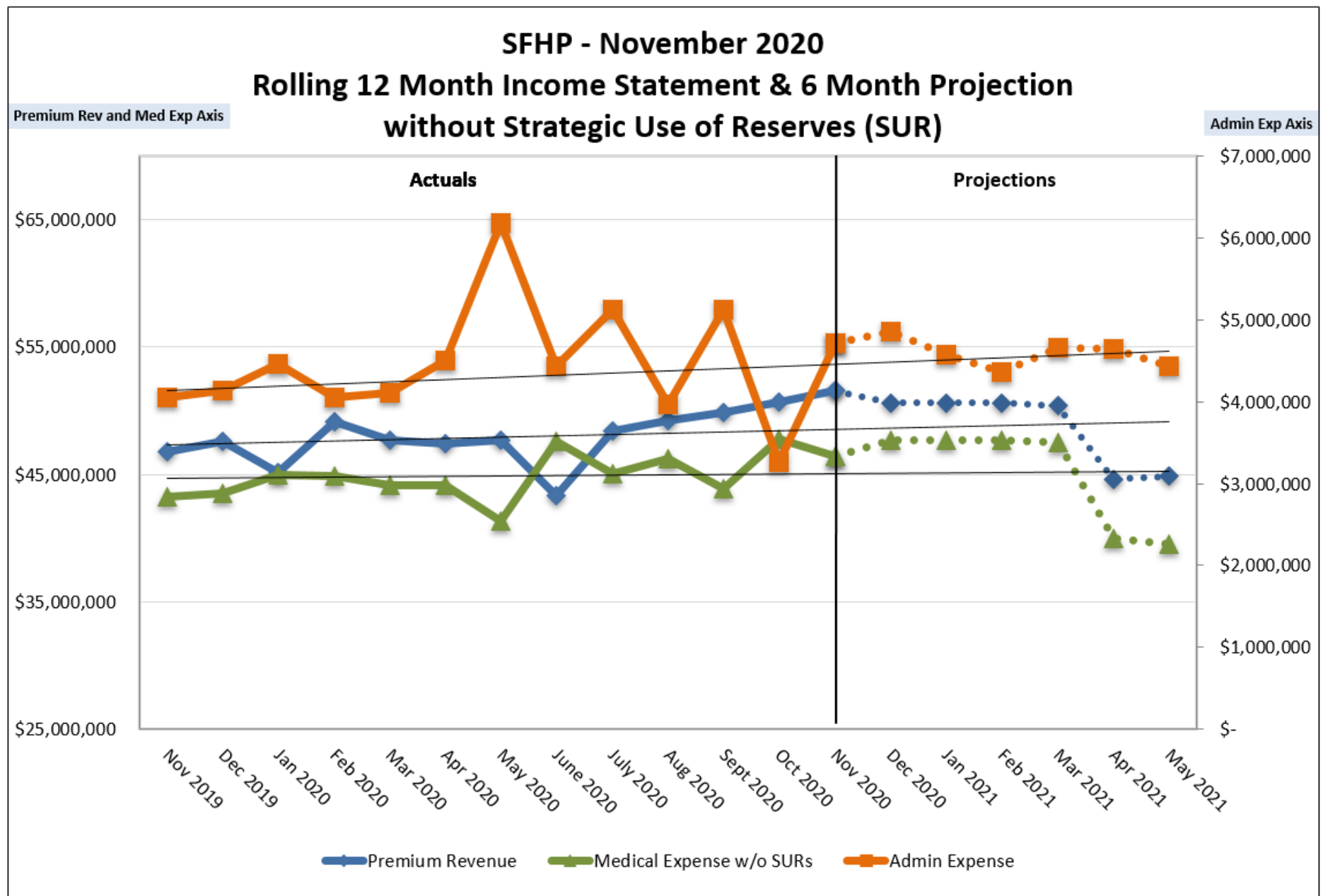
Given that there is the possibility for another retroactive rate reduction in the FY 21-22 state budget, we will propose to the Finance Committee and Governing Board at the March 2021 meeting to set aside 1.5% of the potential rate increase and place this amount into a reserve to cover the potential claw back by DHCS. If State finances improve and DHCS does not implement a 1.5% rate reduction, SFHP will release the reserve into income by June 30, 2021.

As SFHP looks ahead to future changes coming to Medi-Cal Managed Care, we recognize the need for the health plan to rebuild its reserves that have been reduced by retroactive adjustments implemented by DHCS. In recent years, SFHP has absorbed the following:

• 1.5% rate reduction (July 2019 through December 2020)	\$9.3 million
• Adult Expansion Duals take-back (May 2018)	\$2.4 million
• Deceased members take-back (March 2020)	<u>\$1.0 million</u>
	\$12.7 million

As you will recall, in each of these three circumstances SFHP recommended and the Finance Committee and Governing Board approved not to make retroactive recoveries from providers. The table on the next page shows how providers would have been impacted had SFHP not absorbed these take-backs by DHCS.

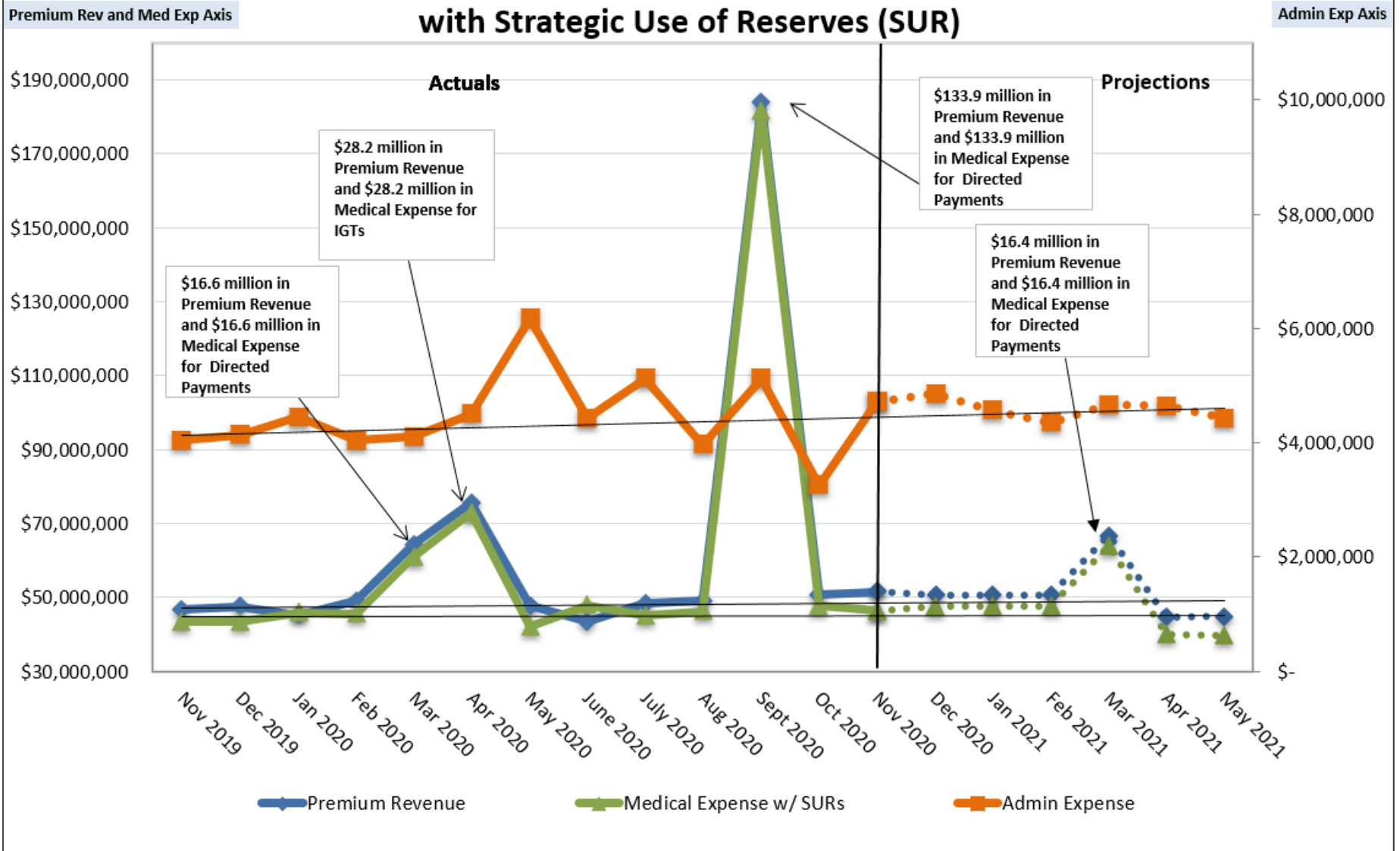
		DECEASED MEMBER	ADULT EXPANSION	
	1.5% RATE REDUCTION	AUDIT	DUALS TAKE-BACK	
PROVIDER	JUL 2019 - DEC 2020	MAR 2020	MAY 2018	TOTAL
<u>HOSPITALS</u>				
ZUCKERBERG SAN FRANCISCO GENERAL	\$ 1,991,442	\$ 418,055	\$ 173,122	\$ 2,582,619
UCSF MEDICAL CENTER	\$ 757,563	\$ -	\$ -	\$ 757,563
CPMC	\$ 679,370	\$ 34,014	\$ 19,852	\$ 733,236
CHINESE HOSPITAL	\$ 221,421	\$ 12,200	\$ 13,878	\$ 247,499
CPMC MISSION BERNAL	\$ 195,700	\$ -	\$ -	\$ 195,700
	\$ 3,845,496	\$ 464,269	\$ 206,852	\$ 4,516,617
<u>MEDICAL GROUPS</u>				
NORTH EAST MEDICAL SERVICES	\$ 1,106,095	\$ 23,431	\$ 33,108	\$ 1,162,634
CLINICAL PRACTICE GROUP	\$ 847,700	\$ 83,885	\$ 75,896	\$ 1,007,481
UCSF MEDICAL GROUP	\$ 298,756	\$ 32,260	\$ -	\$ 331,016
CHINESE COMMUNITY HEALTHCARE ASSOCIATION	\$ 97,984	\$ 10,850	\$ 10,604	\$ 119,438
JADE MEDICAL GROUP	\$ 76,363	\$ -	\$ -	\$ 76,363
BROWN & TOLAND MEDICAL GROUP	\$ 31,756	\$ 8,468	\$ 4,973	\$ 45,197
HILL PHYSICIANS	\$ 29,717	\$ 1,798	\$ 5,386	\$ 36,901
	\$ 2,488,370	\$ 160,692	\$ 129,967	\$ 2,779,029
<u>SFCCC</u>				
MISSION NEIGHBORHOOD HEALTH CENTER	\$ 61,118	\$ 2,284	\$ 2,450	\$ 65,852
HEALTHRIGHT 360	\$ 41,445	\$ 3,121	\$ 4,480	\$ 49,046
SOUTH OF MARKET HEALTH CENTER	\$ 26,290	\$ 4,018	\$ 1,236	\$ 31,544
ST. ANTHONY MEDICAL CLINIC	\$ 7,476	\$ 717	\$ 309	\$ 8,502
SAN FRANCISCO COMMUNITY HEALTH CENTER	\$ 7,256	\$ -	\$ 222	\$ 7,478
NATIVE AMERICAN HEALTH CENTER	\$ 5,797	\$ 356	\$ 444	\$ 6,597
BAART	\$ 3,115	\$ 40	\$ 239	\$ 3,394
	\$ 152,498	\$ 10,536	\$ 9,380	\$ 172,414
<u>UNAFFILIATED</u>				
DR. TRAN	\$ 3,502	\$ 132	\$ 194	\$ 3,828
DR. KHONG	\$ -	\$ 496	\$ 71	\$ 567
MARIN CITY HEALTH AND WELLNESS	\$ 3,439	\$ -	\$ -	\$ 3,439
	\$ 6,941	\$ 628	\$ 265	\$ 7,834
TOTAL	\$ 6,493,305	\$ 636,125	\$ 346,464	\$ 7,475,894



- 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 2020

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 2020

	Nov-20			Nov-19	Fiscal Year to Date (20/21)			FY 19/20
	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 (\$)	507,904	297,799	210,105	211,669	(1,323,633)	(3,815,125)	2,491,492	1,652,335
Total Medical Loss Ratio_All LOB	92.7%	91.3%	-1.4%	93.4%	96.1%	95.6%	-0.5%	95.1%
Admin Expense Ratio	6.4%	8.2%	1.8%	6.4%	4.3%	5.5%	1.2%	4.7%
Number of FTE's	350			339				
Premium Revenue (\$)	50,086,967	49,866,208	220,759	46,813,001	382,128,551	364,009,424	18,119,128	357,452,832
Medical Expenses (\$)	46,428,480	45,537,030	(891,450)	43,710,966	367,352,678	348,123,381	(19,229,297)	340,058,593
Administration Expenses w/o HSF (\$)	3,878,414	4,766,140	887,726	3,683,735	19,670,429	23,310,286	3,639,858	20,644,145
Member Months	149,315	150,673	(1,358)	137,328	738,790	726,996	11,794	696,567
Cash on Hand (Days)	7			44				

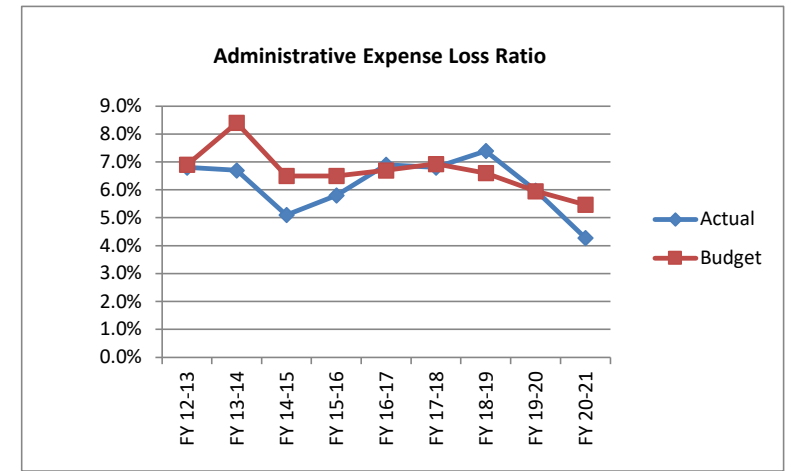
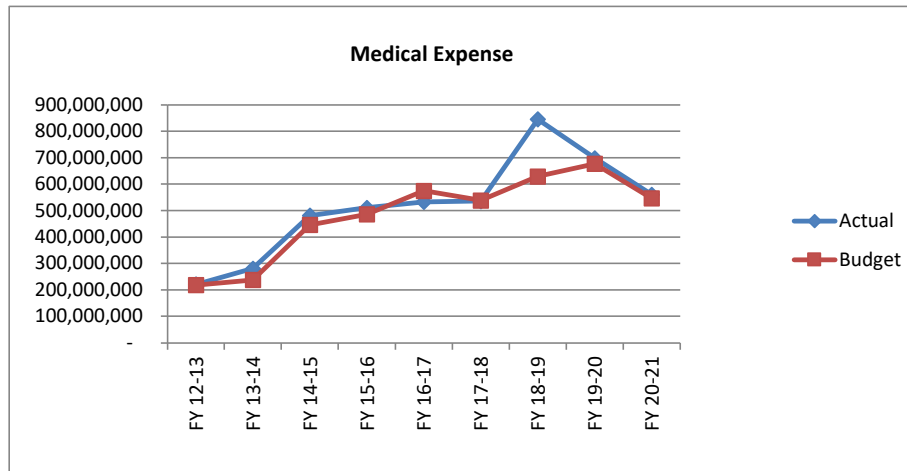
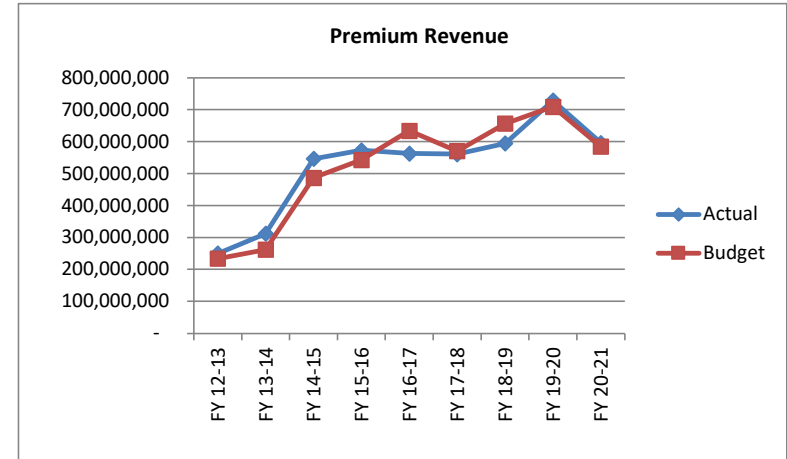
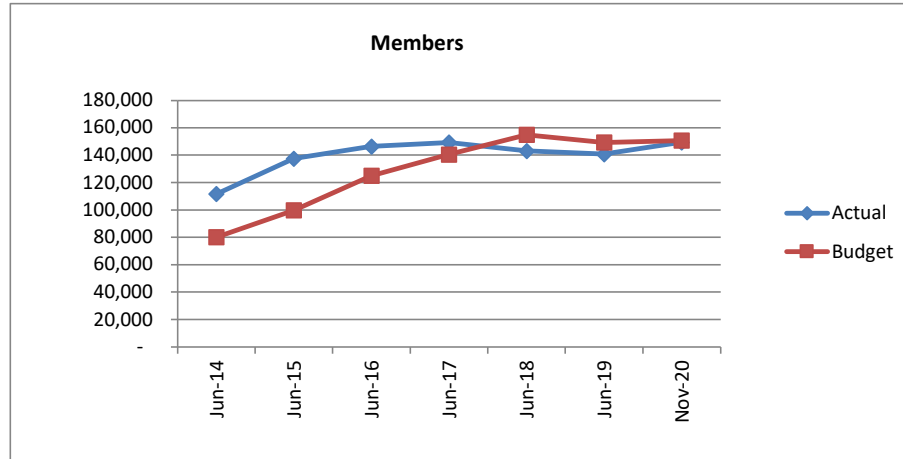
RESERVES:	November-2020	Budget @ 6/30/21	June-2020	June-2019	June-2018	June-2017	June-2016	June-2015
Reserves (\$)	89,435,704	86,253,212	91,960,120	97,935,725	108,542,472	120,761,132	112,637,840	82,714,329
SUR carry-over balance from prior years	(3,957,978)	(1,800,000)	(4,145,463)	(6,046,189)	(15,567,350)			
FY18-19 SUR for Medical Groups and Targeted Interv.	(2,945,000)	-	(2,945,000)	(6,558,333)	0			
Adjusted Reserve Balance	82,532,726	84,453,212	84,869,657	85,331,203	92,975,122			
Reserve Policy 2x Premium Rev (Rolling 12 month avg)	100,173,935	90,000,000	86,669,751	93,747,256	93,684,010	94,325,464	100,027,410	51,400,000
Reserves Over (Under) 2 x Premium Revenue	(17,641,208)	(5,546,788)	(1,800,095)	(8,416,053)	(708,888)			
DMHC Required TNE	12,879,907	13,500,000	13,951,203	12,597,375	11,960,363	11,818,641	10,744,461	8,673,851
TNE Multiple	6.4	6.4	6.1	6.8	7.8	10.2	10.5	10.1

FINANCIAL TREND:	FY 20/21							
	Original Budget	Change						
Premium Revenue (\$)	364,009,424	18,119,128						
Medical Expenses (\$)	348,123,381	(19,229,297)						
Administration Expenses w/o HSF (\$)	23,310,286	3,639,858						
	November-2020	June-2019	June-2018	June-2017	June-2016	June-2015	June-2014	
Member Months	149,315	140,765	143,096	149,348	146,289	137,427	111,590	Membership for the Month
Average Monthly Enrollment	142,408	142,038	146,847	148,354	144,347	130,240	91,587	Rolling 12 Month Average

San Francisco Health Plan

Finance Big Picture Dashboard - November 2020

FINANCIAL TREND:
(Rolling 12 months)



San Francisco Health Plan

Finance Dashboard Metrics - November 2020

	Nov-20			Nov-19	Fiscal Year to Date (20/21)			FY 19/20
	Actual	Budget	Fav (Unfav)	Actual	Actual	Budget	Fav (Unfav)	Actual
Member Months	149,315	150,673	(1,358) -0.9%	137,328	738,790	726,996	11,794 1.6%	696,567
Premium Revenue (\$)	50,086,967	49,866,208	220,759 0.4%	46,813,001	382,128,551	364,009,424	18,119,128 5.0%	357,452,832
Administration Expenses w/o HSF (\$)	3,878,414	4,766,140	887,726	3,683,735	19,670,429	23,310,286	3,639,858	20,644,145
Admin Expense Ratio	6.4%	8.2%		6.4%	4.3%	5.5%		4.7%
Medical Expenses (\$)	46,428,480	45,537,030	(891,450)	43,710,966	367,352,678	348,123,381	(19,229,297)	340,058,593
Total Medical Loss Ratio	92.7%	91.3%		93.4%	96.1%	95.6%		95.1%
MC Medical Loss Ratio	95.5%	82.2%		88.5%	91.3%	89.1%		91.5%
MC SPD Medical Loss Ratio	83.3%	96.1%		97.3%	96.9%	99.1%		96.4%
MC Expansion	94.4%	92.5%		92.5%	97.3%	96.7%		96.1%
HW Medical Loss Ratio	100.0%	99.3%		97.6%	101.4%	99.5%		98.7%
								95.4%
HSF + SFCMRA - TPA Fee (\$)	836,727	1,104,288	(267,561) -24.2%	738,989	4,397,129	5,315,342	(918,212) -17.3%	3,586,141
Cash on Hand (Days)	7			44				
Maternity Reimb. Performance (\$) (per case pymt, actual vs. budget)	871,125	783,132	87,992 11.2%	695,140	4,162,022	3,915,662	246,360 6.3%	3,921,735
Number of Births	99	89	10	79	473	445	28	451
Hep-C Revenue (\$)	506,132	555,907	(49,775)	418,284	1,982,582	2,779,535	(796,953)	3,035,935
Hep-C Expense w/rebates (FFS + Cap) (\$)	516,217	555,907	(39,690)	391,576	1,997,597	2,779,535	(781,938)	2,950,300
Net Margin (\$)	(10,085)	0	(10,085)	26,708	(15,015)	0	(15,015)	85,635
Total Hep-C Treatments	204	220	(16)	166	795	1,100	(305)	1,203
Total reimbursable Hep-C weeks (exclude Daklinza)	204	220	(16)	166	795	1,100	(305)	1,203
Net Profit/Loss w/o HSF (\$)	507,904	297,799	210,105	211,669	(1,323,633)	(3,815,125)	2,491,492	1,652,335

San Francisco Health Plan
Consolidated Balance Sheet for SFHA and SFCHA
As of November 30, 2020

	SFHA	HSF	11/30/2020 Total	11/30/2019 Total	Variance
ASSETS					
CURRENT ASSETS					
(1) SFHP Cash and Cash Equivalents	3,531,781		3,531,781	4,204,884	(673,103)
(1) Short Term Investments	38,958,490		38,958,490	85,654,650	(46,696,160)
HSF Cash and Cash Equivalents		629,533,210	629,533,210	530,755,262	98,777,948
Petty Cash	1,000		1,000	1,000	-
Other Receivables	7,558,889		7,558,889	2,850,138	4,708,751
Interest Receivable	175,649		175,649	242,472	(66,823)
Grant Funds Receivable	-		-	1,953,295	(1,953,295)
(2) Capitation Receivable	105,331,521		105,331,521	54,536,841	50,794,680
HSF Operation Receivable	4,430,578		4,430,578	7,759,992	(3,329,414)
HSF Provider Payment & Advance		1,082,122	1,082,122	1,029,383	52,739
(3) HSF Receivables		15,563,477	15,563,477	644,439	14,919,038
Prepaid Insurance	73,053		73,053	107,267	(34,214)
HSF Prepaid Insurance	11,784		11,784	10,664	1,120
Prepaid Rent	338,636		338,636	328,996	9,640
Prepaid Expenses	3,251,218		3,251,218	2,793,930	457,288
HSF Prepaid Expenses	13,688		13,688	13,688	-
CalPERS Unfunded Pension	208,691		208,691	1,279,513	(1,070,822)
CalPERS Deferred Outflow Fund	7,887,320		7,887,320	7,479,745	407,575
Deposits	79,874		79,874	79,874	-
Total Current Assets	171,852,171	646,178,809	818,030,980	701,726,032	116,304,949
OTHER ASSETS					
Long Term Investments	23,716,847		23,716,847	22,294,365	1,422,482
Restricted Funds Required by DMHC	300,000		300,000	300,000	-
Total Other Assets	24,016,847	-	24,016,847	22,594,365	1,422,482
FIXED ASSETS					
Furniture & Equipment	15,071,270		15,071,270	14,645,212	426,058
Accumulated Depreciation	(11,520,390)		(11,520,390)	(9,926,718)	(1,593,671)
Net Fixed Assets	3,550,880	-	3,550,880	4,718,493	(1,167,613)
TOTAL ASSETS	199,419,898	646,178,809	845,598,707	729,038,890	116,559,817

San Francisco Health Plan
Consolidated Balance Sheet for SFHA and SFCHA
As of November 30, 2020

	SFHA	HSF	11/30/2020 Total	11/30/2019 Total	Variance
LIABILITIES & FUND BALANCE					
CURRENT LIABILITIES					
Accounts Payable	15,499,215		15,499,215	15,518,128	(18,912)
HSF Accounts Payable		717,469	717,469	695,218	22,251
Deferred Rent	1,909,990		1,909,990	2,015,826	(105,836)
Salaries/Benefits/PERS Payable	8,217,595		8,217,595	5,198,589	3,019,006
CalPERS Pension Deferred Inflow	180,387		180,387	227,213	(46,826)
Notes Payable - Lease Equipment	69,899		69,899	158,384	(88,485)
Unearned Premium Revenue	-		-	1,771,518	(1,771,518)
(4) DHCS, MCO, IGT, AB-85, SB-335, SB-208 and ACA Payable	25,325,026		25,325,026	10,678,428	14,646,598
HSF Earned Premium - Due to DPH		59,283,387	59,283,387	61,253,367	(1,969,979)
Waiver, Discount, and Account Write-off		(325,801)	(325,801)	(392,442)	66,641
HSF Unearned Participant Fees		1,322,113	1,322,113	2,008,328	(686,215)
ESR due to DPH		423,187,616	423,187,616	329,134,621	94,052,995
HSF MRA Fund Payable (Claim & Fee)		161,994,025	161,994,025	139,729,993	22,264,032
Capitation Payable	53,864,409		53,864,409	52,091,549	1,772,860
Claims Payable	1,292,928		1,292,928	988,817	304,111
Claims IBNR	2,837,667		2,837,667	5,805,829	(2,968,162)
TOTAL LIABILITIES	109,197,117	646,178,809	755,375,926	626,883,365	128,492,562
FUND BALANCE					
Contributed Capital	1,516,840		1,516,840	1,516,840	-
Accumulated Surplus Revenue	90,029,573		90,029,573	98,986,350	(8,956,777)
Current Year Surplus / Deficit	(1,323,633)		(1,323,633)	1,652,335	(2,975,968)
Fund Balance	90,222,781	-	90,222,781	102,155,525	(11,932,744)
TOTAL LIABILITIES & FUND BALANCE	199,419,898	646,178,809	845,598,707	729,038,890	116,559,817

**San Francisco Health Plan
Consolidated Balance Sheet for SFHA and SFCHA
As of November 30, 2020**

Notes:

- (1) SFHP Cash and Cash Equivalents and Short Term Investments had a combined balance of \$42.5 million at 11/30/20 as compared to \$89.9 million at 11/30/19. The November Medi-Cal premium payment was not received until 12/1/20.

The days cash on hand as of 11/30/20 was 7 days compared to 31 days at 9/30/20. This decrease was due to the timing of receiving the November Medi-Cal premium payment. SFHP has a \$40 million line of credit with City National Bank to cover unexpected delays in payments from DHCS.

- Capitation Receivable is a combination of Medi-Cal premiums totaling \$102.2 million along with \$3.1 million of receivables for the Healthy Workers program. The payment for the November Medi-Cal premium was received 12/1/20. SFHP and the SF Department of Human Resources are engaged in a weekly dialogue on the payment of the HW receivable. We have a verbal confirmation that this amount will be paid as soon as the new contract is executed. SFHP is currently reviewing a draft of the new contract.
- (2)
- (3) The majority of this increase is related to the \$500 grants disbursed to SF City Option MRA holders. These funds will come back into the HSF SF City Option program at a later date.
- (4) The additional \$14.6 million is Proposition 56 money that is expected to be paid to providers. SFHP must achieve a 95% MLR for Proposition 56 funding, otherwise funds will have to be returned 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, 2020

Current Month		Fav (Unfav)	Fav (Unfav)	Year to Date		Fav (Unfav)	Fav (Unfav)
Actual	Budget	Amount (\$)	%	Actual	Budget	(\$)	%
Member Month							
(1)	69,624	75,065	(5,441)	342,453	355,685	(13,232)	(3.7%)
	13,502	13,980	(478)	67,180	69,620	(2,440)	(3.5%)
	54,679	49,837	4,842	266,986	242,846	24,140	9.9%
	11,510	11,791	(281)	62,171	58,845	3,326	5.7%
	149,315	150,673	(1,358)	738,790	726,996	11,794	1.6%
			(0.9%)				
REVENUE							
(2)	12,281,184	13,168,409	(887,226)	83,559,404	88,229,575	(4,670,171)	(5.3%)
	11,406,701	11,820,425	(413,724)	98,378,693	93,164,190	5,214,503	5.6%
	21,027,840	19,372,207	1,655,633	170,908,187	155,140,102	15,768,085	10.2%
	114,000	116,090	(2,090)	885,404	580,450	304,954	52.5%
	5,257,243	5,389,077	(131,834)	28,396,864	26,895,107	1,501,756	5.6%
	50,086,967	49,866,208	220,759	382,128,551	364,009,424	18,119,128	5.0%
			0.4%				
	665,559	693,094	(27,534)	3,343,387	3,400,785	(57,399)	(1.7%)
	665,559	693,094	(27,534)	3,343,387	3,400,785	(57,399)	(1.7%)
			(4.0%)				
			(4.0%)				
	50,752,527	50,559,302	193,225	385,471,938	367,410,209	18,061,729	4.9%
			0.4%				

San Francisco Health Plan
Income Statement w/o HSF
Consolidated Statement for SFHA and SFCHA
For the Month Ending November 30, 2020

Current Month		Current Month		Fav (Unfav)		Fav (Unfav)		Year to Date		Year to Date		Fav (Unfav)		Fav (Unfav)	
Actual		Budget		Amount (\$)		%		Actual		Budget		(\$)		%	
EXPENSES															
Medical Expenses															
(3)	16,137,271	16,060,175	(77,095)	(0.5%)	Professional	79,891,864	79,044,138	(847,726)	(1.1%)						
	20,460,804	19,674,641	(786,163)	(4.0%)	Hospital	102,234,454	98,083,264	(4,151,190)	(4.2%)						
	7,667,678	7,531,048	(136,630)	(1.8%)	Pharmacy	40,454,601	38,919,082	(1,535,519)	(3.9%)						
	33,233	41,391	8,158	19.7%	Immunizations	152,452	214,839	62,387	29.0%						
	1,049,532	670,253	(379,280)	(56.6%)	Vision and Mental Health	3,802,754	3,553,714	(249,039)	(7.0%)						
(4)	1,079,962	1,559,522	479,560	30.8%	Health Ed & Stop Loss & Other	140,816,553	128,308,344	(12,508,209)	(9.7%)						
	46,428,480	45,537,030	(891,450)	(2.0%)	Total Medical Expenses	367,352,678	348,123,381	(19,229,297)	(5.5%)						
	92.7%	91.3%			Medical Cost Ratio %	96.1%	95.6%								
Operating Expenses															
(5)	2,132,758	2,338,304	205,546	8.8%	Compensation & Benefits	11,052,363	11,689,980	637,617	5.5%						
	(29,818)	57,980	87,798	151.4%	GASB-68 CalPERS Contribution	(70,537)	307,711	378,248	122.9%						
	437,405	473,706	36,301	7.7%	Lease, Insurance, D & A	2,207,480	2,310,413	102,932	4.5%						
	89,234	117,242	28,008	23.9%	Marketing & Outreach	354,415	473,286	118,871	25.1%						
	336,707	282,825	(53,882)	(19.1%)	PBM and Mental Health TPA Fees	1,601,369	1,426,101	(175,268)	(12.3%)						
(5)	167,271	412,126	244,855	59.4%	Professional Fees & Consulting	944,082	2,090,631	1,146,549	54.8%						
	744,857	1,083,956	339,099	31.3%	Other Expenses	3,581,256	5,012,165	1,430,909	28.5%						
	3,878,414	4,766,140	887,726	18.6%	Total Operating Expenses	19,670,429	23,310,286	3,639,858	15.6%						
	6.4%	8.2%			Administrative Cost Ratio % (Op Exp-Other Inc/Premium)	4.3%	5.5%								
	50,306,895	50,303,170	(3,724)	(0.0%)	TOTAL EXPENSES	387,023,106	371,433,667	(15,589,439)	(4.2%)						
	445,632	256,132	189,500	74.0%	Operating Surplus / Deficit	(1,551,168)	(4,023,458)	2,472,290	(61.4%)						
	78,859	41,667	37,192	89.3%	Interest Income & Realized G/L on Investment	369,272	208,333	160,939	77.3%						
	(16,587)	-	(16,587)		Unrealized Gain / Loss on Investment	(141,737)	-	(141,737)							
	-	-	-		Realized Gain / Loss on Lease Equipment	-	-	-							
	62,272	41,667	20,605	49.5%	Total Interest Income & Realized G/L on Investment	227,535	208,333	19,202	9.2%						
	507,904	297,799	210,105	70.6%	SURPLUS / DEFICIT	(1,323,633)	(3,815,125)	2,491,492	(65.3%)						

**San Francisco Health Plan
Income Statement w/o HSF
Consolidated Statement for SFHA and SFCHA
For the Month Ending November 30, 2020**

Notes:

Following are key points that impacted our financial performance during November 2020. For a more detailed discussion of each of these points, please refer to the attached FINANCIAL RESULTS-NOVEMBER 2020 memo.

- November member months were slightly below budget. Although Adult and Child member months were short of budget projections, Adult Expansion member months
- (1) came in 4,842 ahead of budget which helped drive additional revenue for SFHP and additional capitation for providers. SFHP expects continued growth in membership due to the impacts of the COVID-19 pandemic.
 - (2) Year-to-date revenue included \$133.9 million in Directed Payments funding related to FY18-19. The FY20-21 budget projected \$120.6 million. This funding is a direct pass-through to hospital providers. DHCS and DMHC allow health plans to treat this funding as revenue and medical expense.

- Additional professional and hospital expense was driven by increased capitation due to more membership. SFHP has also seen increases in CBAS and Prop 56
- (3) claims expense. Healthy Workers pharmacy expense was \$69 pmpm versus a budget of \$65 pmpm. SFHP receives \$57 pmpm for the Healthy Workers pharmacy benefit.

- (4) The Health Education, Stop Loss and Other Medical Expenses line item includes Directed Payment funding. SFHP received \$133.9 million versus a projected amount of \$120.6 million.

- The Compensation and Benefits line item is lower than budget due to discontinuing the monthly bonus accrual. As no bonus was paid for FY19-20, the bonus accrual
- (5) is fully funded for FY20-21. Professional Fees and Consulting expense is lower than the budget as anticipated spending for major projects such as CalAIM and CMS Interoperability has not occurred yet. Other Expenses such as telecommunications, systems maintenance and systems support costs have come in lower than expected. This is related to timing issues as it is expected that actual spending and budget projections will align more closely in future months.

San Francisco Health Plan
Income Statement w/o HSF
Consolidated Statement for SFHA and SFCHA
For the Month Ending November 30, 2020
(\$ 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								
176.39	175.43	0.97	0.6%	Medi-Cal	244.00	248.06	(4.05)	(1.6%)
844.82	845.52	(0.71)	(0.1%)	Medi-Cal SPD	1,464.40	1,338.18	126.22	9.4%
384.57	388.71	(4.14)	(1.1%)	Medi-Cal Expansion	640.14	638.84	1.30	0.2%
456.75	457.05	(0.30)	(0.1%)	Healthy Workers	456.75	457.05	(0.30)	(0.1%)
334.68	330.96	3.72	1.1%	Total Capitation Revenue	516.04	500.70	15.33	3.1%
4.46	4.60	(0.14)	(3.1%)	Other Income - Admin Svc & TPL	4.53	4.68	(0.15)	(3.3%)
4.46	4.60	(0.14)	(3.1%)	Total Other Income	4.53	4.68	(0.15)	(3.3%)
339.14	335.56	3.58	1.1%	TOTAL REVENUE	520.56	505.38	15.18	3.0%

San Francisco Health Plan
Income Statement w/o HSF
Consolidated Statement for SFHA and SFCHA
For the Month Ending November 30, 2020
(\$ 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				
108.08	101.16	(6.92)	(6.8%)	Professional	108.14	102.53	(5.61)	(5.5%)
137.03	136.01	(1.02)	(0.7%)	Hospital	138.38	141.11	2.73	1.9%
51.35	49.98	(1.37)	(2.7%)	Pharmacy	54.76	53.53	(1.22)	(2.3%)
0.22	0.27	0.05	19.0%	Immunizations	0.21	0.30	0.09	30.2%
-	-	-		Dental	-	-	-	
7.03	4.45	(2.58)	(58.0%)	Vision and Mental Health	5.15	4.89	(0.26)	(5.3%)
7.23	10.35	3.12	30.1%	Health Ed & Stop Loss & Other	190.60	176.49	(14.11)	(8.0%)
310.94	302.22	(8.72)	(2.9%)	Total Medical Expenses	497.24	478.85	(18.38)	(3.8%)
92.9%	91.3%			Medical Cost Ratio %	96.4%	95.6%		
				Operating Expenses				
14.28	15.52	1.24	8.0%	Compensation & Benefits	14.96	16.08	1.12	7.0%
(0.20)	0.38	0.58	151.9%	GASB-68 CalPERS Contribution	(0.10)	0.42	0.52	122.6%
2.93	3.14	0.21	6.8%	Lease, Depreciation & Amortization	2.99	3.18	0.19	6.0%
0.60	0.78	0.18	23.2%	Marketing & Outreach	0.48	0.65	0.17	26.3%
2.26	1.88	(0.38)	(20.1%)	PBM and Mental Health TPA Fees	2.17	1.96	(0.21)	(10.5%)
1.12	2.74	1.61	59.0%	Professional Fees & Consulting	1.28	2.88	1.60	55.6%
4.99	7.19	2.21	30.7%	Other Expenses	4.85	6.89	2.05	29.7%
25.97	31.63	5.66	17.9%	Total Operating Expenses	26.63	32.06	5.44	17.0%
6.4%	8.2%			Administrative Cost Ratio %	4.3%	5.5%		
336.92	333.86	(3.06)	(0.9%)	TOTAL EXPENSES	523.86	510.92	(12.95)	(2.5%)
2.22	1.70	0.52	30.7%	Operating Surplus / Deficit	(3.30)	(5.53)	2.24	-40.4%
0.53	0.28	0.25	91.0%	Interest Income & Realized G/(L) on Investmer	0.50	0.29	0.21	74.4%
(0.11)	-	(0.11)	-	Unrealized Gain / (Loss) on Investment	(0.19)	-	(0.19)	-
-	-	-	-	Realized Gain / (Loss) on Lease Equipments	-	-	-	-
0.42	0.28	0.14			0.31	0.29	0.02	
2.64	1.98	0.66	33.5%	SURPLUS / DEFICIT	(2.99)	(5.25)	2.26	-43.0%

San Francisco Health Plan
Income Statement
Healthy San Francisco & SF Covered MRA
For the Month Ending November 30, 2020

Current Month Actual	Current Month Budget	Fav (Unfav) Amount (\$)	Fav (Unfav) %		Year to Date Actual	Year to Date Budget	Fav (Unfav) (\$)	Fav (Unfav) %
REVENUE								
836,727	1,104,288	(267,561)	-24.2%	TPA Fee - HSF + SFCMRA	4,397,129	5,315,342	(918,213)	(17.3%)
EXPENSES								
704,500	781,896	77,396	9.9%	Compensation & Benefits	3,465,151	3,703,381	238,230	6.4%
88,581	121,564	32,982	27.1%	Lease, Insurance, D & A	442,906	607,818	164,912	27.1%
1,969	36,921	34,952	94.7%	Marketing & Outreach	50,485	184,607	134,121	72.7%
4,614	69,250	64,636	93.3%	Professional Fees & Consulting	212,945	346,250	133,305	38.5%
37,063	94,657	57,594	60.8%	Other Expenses	225,642	473,285	247,643	52.3%
836,727	1,104,288	267,561	24.2%	TOTAL EXPENSES	4,397,129	5,315,342	918,212	17.3%
100.0%	100.0%			Administrative Cost Ratio %	100.0%	100.0%		
-	-	-		SURPLUS / DEFICIT	-	-	-	

San Francisco Health Plan Investment Performance (excludes balances in SFHA operating accounts) November 30, 2020									
	Purchase Date	Quantity	Purchase Price	11/30/20 Price	Market Value 11/30/20	Amortized Prem / Disc	Remaining Cost	Unrealized Gain (Loss)	Estimated Annual Income
Fixed Income Securities									
Local Agency Investment Fund (LAIF) - rate @ .685%			\$ 1,210,597		\$ 1,210,597	\$ -	\$ 1,210,597	\$ -	\$ 8,293
Principle Cash									
Principal Cash		-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CNB Deposit Sweep (TBSCNBM) - Variable Rate 0.03%		52,103	\$ 52,103	\$ 1,000	\$ 52,103	\$ -	\$ 52,103	\$ -	\$ 10
Total Cash and Cash Equivalents		\$ 52,103	\$ 52,103		\$ 52,103	\$ -	\$ 52,103	\$ -	\$ 10
U.S. Govt Bonds, Notes, & U.S. Agencies									
US Treasury Note - 2.625% - 12/15/2021	6/1/20	660,000	\$ 684,698	\$102.59	\$ 677,094	\$ (6,480)	\$ 678,219	\$ (1,125)	\$ 17,325
US Treasury Note - 1.875% - Mat 02/28/2022	10/30/19	595,000	\$ 598,114	\$102.18	\$ 607,947	\$ (1,339)	\$ 596,776	\$ 11,172	\$ 11,156
US Treasury Note - 2.375% - Mat 03/15/2022	6/8/20	690,000	\$ 716,441	\$102.89	\$ 709,948	\$ (6,066)	\$ 710,375	\$ (427)	\$ 16,388
US Treasury Note - 1.75% - Mat 04/30/2022	10/5/18	825,000	\$ 790,453	\$102.31	\$ 844,082	\$ (2,283)	\$ 788,170	\$ 55,912	\$ 14,438
US Treasury Note - 1.875% - Mat 05/31/2022	6/23/17	915,000	\$ 919,646	\$102.63	\$ 939,019	\$ (3,687)	\$ 915,959	\$ 23,059	\$ 17,156
US Treasury Note - 2.000% - Mat 11/30/2022	6/17/19	715,000	\$ 720,019	\$103.68	\$ 741,283	\$ (1,578)	\$ 718,441	\$ 22,843	\$ 14,300
US Treasury Note - 1.500% - Mat 01/15/2023	5/7/20	600,000	\$ 620,273	\$102.84	\$ 617,040	\$ (619)	\$ 619,655	\$ (2,615)	\$ 9,000
US Treasury Note - 2.750% - Mat 04/30/2023	10/30/19	575,000	\$ 596,428	\$106.23	\$ 610,805	\$ (1,207)	\$ 595,221	\$ 15,584	\$ 15,813
US Treasury Note - 2.750% - Mat 11/15/2023	5/7/20	680,000	\$ 738,517	\$107.57	\$ 731,476	\$ (632)	\$ 737,885	\$ (6,409)	\$ 18,700
US Treasury Note - 2.125% - Mat 03/31/2024	6/8/20	585,000	\$ 624,945	\$106.34	\$ 622,066	\$ (5,235)	\$ 619,709	\$ 2,356	\$ 12,431
US Treasury Note - 2.375% - Mat 08/15/2024	5/7/20	570,000	\$ 619,229	\$107.86	\$ 614,796	\$ (646)	\$ 618,583	\$ (3,787)	\$ 13,538
US Treasury Note - 2.250% - Mat 12/31/2024	6/2/20	685,000	\$ 745,553	\$107.99	\$ 739,718	\$ (6,608)	\$ 738,945	\$ 773	\$ 15,413
US Treasury Note - 0.375% - Mat 04/30/2025	6/2/20	625,000	\$ 626,904	\$100.28	\$ 626,731	\$ (194)	\$ 626,711	\$ 21	\$ 2,344
US Treasury Note - 2.875% - Mat 05/31/2025	6/2/20	670,000	\$ 754,430	\$111.41	\$ 746,420	\$ (8,445)	\$ 745,985	\$ 435	\$ 19,263
US Treasury Note - 2.750% - Mat 06/30/2025	7/17/20	225,000	\$ 252,211	\$111.01	\$ 249,777	\$ (2,750)	\$ 249,461	\$ 316	\$ 6,188
US Treasury Note - 0.250% Mat 07/31/2025	11/3/20	520,000	\$ 516,913	\$99.62	\$ 518,008	\$ (94)	\$ 516,819	\$ 1,190	\$ 1,300
US Treasury Note - 2.00% - Mat 08/15/2025	9/10/20	150,000	\$ 162,604	\$107.77	\$ 161,649	\$ (570)	\$ 162,034	\$ (385)	\$ 3,000
Federal Home Loan Bank- 3% Mat 10/12/2021	11/9/18	325,000	\$ 323,970	\$102.49	\$ 333,080	\$ 1,524	\$ 325,494	\$ 7,586	\$ 9,750
Federal National Mortgage Assn- 2% Mat 01/05/2022	7/23/18	945,000	\$ 920,940	\$102.06	\$ 964,439	\$ 16,082	\$ 937,023	\$ 27,416	\$ 18,900
Federal National Mortgage Assn- 1.875% Mat 04/05/2022	7/25/19	835,000	\$ 835,921	\$102.33	\$ 854,430	\$ (449)	\$ 835,472	\$ 18,959	\$ 15,656
Federal National Mortgage Assn - 2.375% Mat - 01/19/2023	4/5/18	815,000	\$ 803,016	\$104.63	\$ 852,694	\$ 6,656	\$ 809,672	\$ 43,022	\$ 19,356
Federal National Mortgage Assn - 2.75% Mat - 06/19/2023	7/11/18	575,000	\$ 572,033	\$106.44	\$ 612,024	\$ 1,426	\$ 573,459	\$ 38,566	\$ 15,813
Federal National Mortgage Assn - 2.875% Mat - 09/12/2023	1/18/19	685,000	\$ 695,533	\$107.37	\$ 735,457	\$ (4,414)	\$ 691,119	\$ 44,338	\$ 19,694
Federal Farm Credit Bank - 0.200% Mat - 10/02/2023	10/2/20	750,000	\$ 749,123	\$99.86	\$ 748,965	\$ (242)	\$ 748,881	\$ 84	\$ 1,500
Federal National Mortgage Assn- 2.5% Mat 02/05/2024	3/5/19	695,000	\$ 695,078	\$107.14	\$ 744,644	\$ 123	\$ 695,201	\$ 49,443	\$ 17,375
Federal National Mortgage Assn- 2.625% Mat 09/06/2024	10/30/19	790,000	\$ 824,357	\$108.85	\$ 859,891	\$ (8,125)	\$ 816,232	\$ 43,659	\$ 20,738
Total U.S. Govt Bonds, Notes, & U.S. Agencies		\$ 16,700,000	\$ 17,107,350		\$ 17,463,484	\$ (35,851)	\$ 17,071,499	\$ 391,985	\$ 346,531
Corporate Bonds									
Goldman Sachs Group - 3.625% Mat 01/22/2023	7/25/19	705,000	\$ 733,188	\$106.61	\$ 751,593	\$ (11,933)	\$ 721,255	\$ 30,339	\$ 25,556
Amex - 3.4% - Mat 02/27/2023	2/27/18	465,000	\$ 464,577	\$106.42	\$ 494,830	\$ 230	\$ 464,807	\$ 30,023	\$ 15,810
Wells Fargo & Company - 3.750% Mat - 01/24/2024	4/22/19	685,000	\$ 701,050	\$108.64	\$ 744,163	\$ (5,406)	\$ 695,644	\$ 48,520	\$ 25,688
Morgan Stanley - Variable rate 3.737% Mat 04/24/2024	7/25/19	575,000	\$ 599,121	\$107.49	\$ 618,050	\$ (6,839)	\$ 592,282	\$ 25,768	\$ 21,488
Paccar Financial Corp - 1.80% Mat - 02/06/2025	5/18/20	375,000	\$ 380,438	\$105.00	\$ 393,746	\$ (608)	\$ 379,830	\$ 13,916	\$ 6,750
Bank of America Corp - Variable rate 3.458% Mat 03/15/2025	5/12/20	695,000	\$ 742,031	\$108.45	\$ 753,734	\$ (5,303)	\$ 736,728	\$ 17,006	\$ 24,033
3M Company - 2.650% Mat 04/15/2025	5/19/20	360,000	\$ 382,644	\$108.37	\$ 390,132	\$ (2,434)	\$ 380,210	\$ 9,922	\$ 9,540
Citigroup Inc - Variable Rate 3.352% Mat 04/24/2025	5/19/20	480,000	\$ 505,618	\$108.31	\$ 519,893	\$ (2,754)	\$ 502,864	\$ 17,029	\$ 16,090
Total Corporate Bonds		4,340,000	4,508,665		4,666,142	\$ (35,045)	4,473,620	192,523	144,954
Foreign Bonds									
Credit Suisse 3.00% Mat - 10/29/2021	6/2/2020	610,000	\$ 629,544	\$102.44	\$ 624,890	\$ (6,772)	\$ 622,773	\$ 2,117	\$ 18,300
BK Montreal Mtn 3.3% Mat - 02/05/2024	3/29/19	700,000	\$ 709,618	\$108.33	\$ 758,275	\$ (3,271)	\$ 706,347	\$ 51,928	\$ 23,100
Santander UK PLC. 4% Mat - 03/13/2024	10/31/19	565,000	\$ 603,606	\$110.01	\$ 621,562	\$ (9,487)	\$ 594,119	\$ 27,443	\$ 22,600
Total Foreign Bonds		1,875,000	\$ 1,942,769		\$ 2,004,727	\$ (19,530)	\$ 1,923,239	\$ 81,488	\$ 64,000
Municipal Bonds									
New York State - 2.790% Mat-03/15/2021	3/22/16	440,000	\$ 455,972	\$100.58	\$ 442,565	\$ (15,015)	\$ 440,957	\$ 1,608	\$ 12,276
Florida State Brd Admin - 1.258% Mat-07/01/2025	9/16/20	530,000	\$ 530,000	\$101.97	\$ 540,462	\$ -	\$ 530,000	\$ 10,462	\$ 6,667
Total Municipal Bonds		440,000	455,972		983,027	(15,015)	970,957	12,070	18,943
Total of City National Investments									
Total City National Holdings		23,355,000	24,014,756		25,117,381	(105,441)	24,439,315	678,066	574,429
Estimated Accrued Income		23,407,103	\$ 24,066,859		\$ 25,169,485	\$ (105,441)	\$ 24,491,418	\$ 678,066	\$ 574,439
Total of City National Investments					\$ 131,254.15				
					\$ 25,300,738.75				
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			\$ 25,577,456		\$ 26,680,081			\$ 678,066	\$ 584,532

SFHA – Short Intermediate Portfolio Review Snapshot as of 11/30/2020

Estimated MV + Accrued as of: 10/31/2020	11/30/2020	Change
\$25,268,679	\$25,300,739	\$32,060

Portfolio Structure

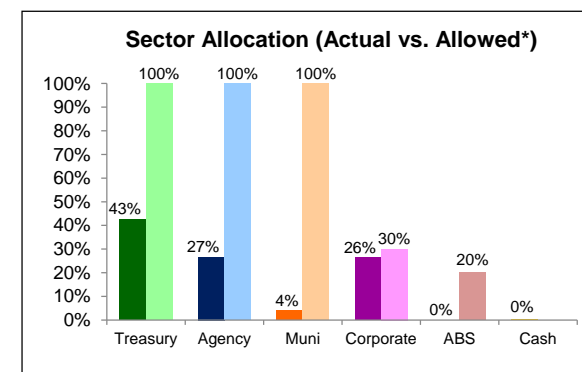
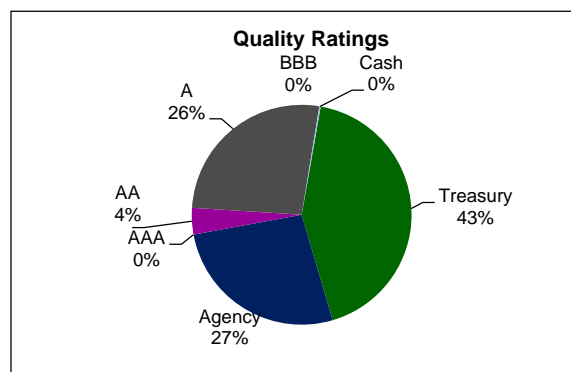
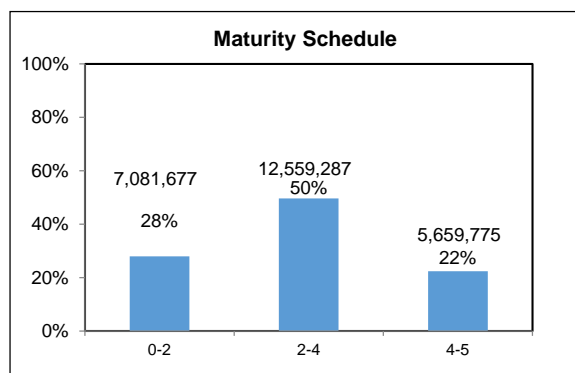
Yield to Maturity	0.35%
Yield to Cost	1.61%
Average Maturity	2.72 Years
Average Credit Quality	AA+

Fiscal Year Accounting Estimates 6/30/2020 through 11/30/2020:

Beginning Balance (6/30/2020)	\$25,063,094
Contributions	\$0
Withdrawals	-\$0
Interest & Dividends Received	\$265,214
Accrued Interest Sold	\$17,933
Accrued Interest Purchased	-\$837
Accrued Interest	\$131,254
Fees	-\$33,858
Value Before Market Changes	\$25,442,800
Change in Market Value	-\$142,061
Ending Balance (11/30/2020)	\$25,300,379

Historical Total Return Performance as of 11/30/2020:

Time Period	Portfolio	Barclays 1-5 Year Gov't/Credit
Fiscal YTD (6/30/20 – 11/30/2020)	0.43%	0.54%
November 2020	0.15%	0.21%
Inception to Date (5/31/12 – 11/30/2020)	2.51%	2.06%



*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 11/30/2020

Estimated MV + Accrued as of: 10/31/2020	11/30/2020	Change
\$93,303,436	\$36,302,381	-\$57,001,055

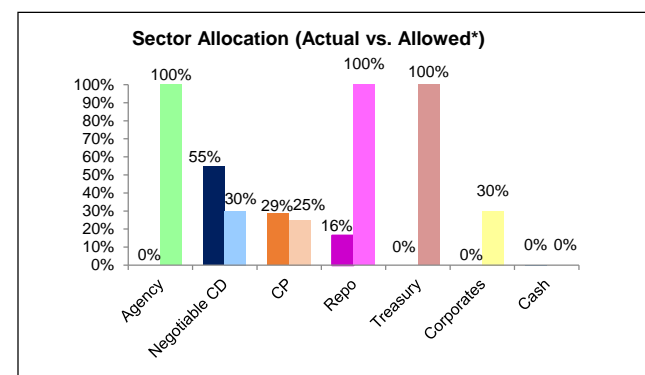
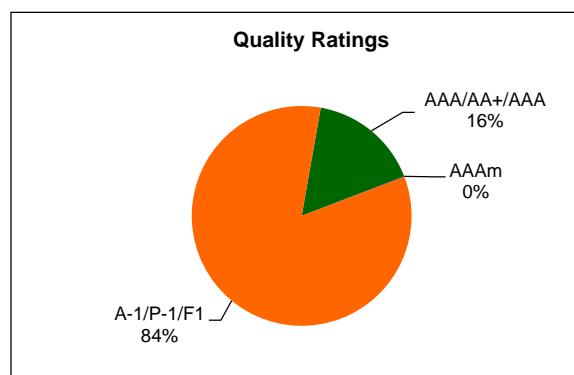
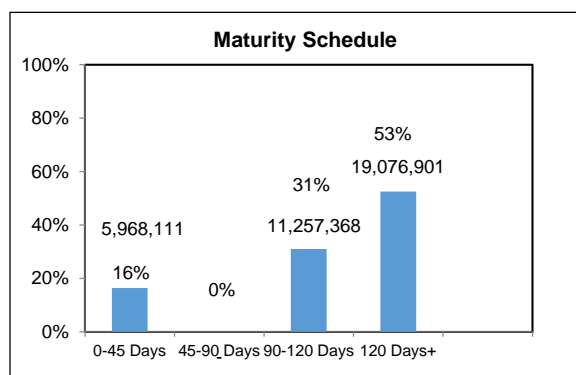
Portfolio Structure	
Yield to Maturity	0.22%
Yield to Cost	0.28%
Average Maturity	123 Days
Average Credit Quality	AA+

Fiscal Year Accounting Estimates 6/30/2020 through 11/30/2020:

Beginning Balance (6/30/2020)	\$73,249,685
Contributions	\$298,000,000
Withdrawals	-\$335,000,000
Interest & Dividends Received	\$86,113
Accrued Interest Sold	\$0
Accrued Interest Purchased	-\$319
Accrued Interest	\$14,356
Fees	-\$39,824
Value Before Market Changes	\$36,317,248
Change in Market Value	-\$14,867
Ending Balance (11/30/2020)	\$36,302,381

Historical Total Return Performance as of 11/30/2020:

Time Period	Portfolio	Citigroup 3m T-Bill
Fiscal YTD (6/30/20 – 10/31/2020)	0.09%	0.07%
November 2020	0.02%	0.01%
Inception to Date (7/3/17 – 10/31/2020)	1.63%	1.53%



*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, 2020

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

Recommendation:

San Francisco Health Plan (SFHP) will bring a recommendation to the Finance Committee and Governing Board meetings regarding the contract with a reinsurance vendor for calendar year 2021.

SFHP will bring the proposed rate or rate range to the Finance Committee and Governing Board for approval. Analysis of the contract and rate were not yet available at the time the Board materials were prepared.

Background:

SFHP purchases reinsurance to protect from losses due to high-cost professional, hospital and pharmacy 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.

The delay in receiving a renewal proposal for CY 2021 is due to the late decision by the Department of Health Care Services (DHCS) to postpone the Medi-Cal pharmacy carve-out until April 1, 2021. Reinsurance carriers now must decide how to structure reinsurance rates to cover SFHP's pharmacy risk for only the first three months of CY 2021.

The total CY 2020 premiums are estimated to be approximately \$5.9 million. The final recovery percentages for CY 2018 and CY 2019 will be in the range of 80-85%. For CY 2020, the final recovery percentage is expected to be in the range of 75-80%. Reinsurance companies target their premiums to achieve a 70% to 75% loss ratio.

Based on the historical recovery percentages, we expect that the main coverage terms for CY 2021 will remain very similar to CY 2020, although we are anticipating a reduction in the Professional reinsurance premium rate due to the Medi-Cal pharmacy carve-out effective April 1, 2021.

Agenda Item 4

Action Item

- Review and Approval of \$150,000 Grant to San Francisco Community Clinic Consortium (SFCCC) to Purchase Personal Protective Equipment for SFCCC Provider Network

MEMO

Date: December 22, 2020

To	Finance Committee and Governing Board
From	John F. Grgurina, Jr., CEO
Regarding	Funding for the San Francisco Community Clinic Consortium (SFCCC) to Purchase Personal Protect Equipment and other Related Needs During the COVID-19 Public Health Emergency

Recommendation: San Francisco Health Plan (SFHP) recommends the approval of a \$150,000 grant to the San Francisco Community Clinic Consortium (SFCCC) to purchase Personal Protect Equipment (PPE) and other related needs during the COVID-19 public health emergency for the SFCCC providers.

Background

To provide ongoing support to the SFHP provider network as the public health emergency continues, SFHP recommends an additional \$150,000 grant to the SFCCC. SFCCC would be responsible for purchasing and distributing the items to the SFCCC network and other SFHP providers. Of the grant funds, SFCCC would be allowed up to \$30,000 for administrative expenses.

Earlier this year, the Governing Board approved two grants of \$300,000 to SFCCC to assist with the purchase PPE for SFCCC clinics, as well as other SFHP providers outside of SFCCC. The PPE purchased and distribute by SFCCC included over 300,000 gloves of various sizes and 50,000 N95 masks that were distributed to all SFCCC clinics and other SFHP providers including Chinese Community Health Care Association, Jade Medical Group, Brown and Toland, Hill Physicians and Chinese Hospital.

In addition to PPE, the proposed grant to SFCCC would give SFCCC the discretion to purchase the items below to enhance the providers' clinical management of COVID-19 suspected and COVID-19 infected patients:

- 1) Purchase of point-of-care rapid COVID tests that can be administered in a physician's office or at home; and

- 2) Purchase of home pulse-oximeters to give to selected patients diagnosed with COVID to enhance self-monitoring and communication to providers of potential clinical deterioration.

See attached reference documents for additional information on these two items.

SFHP recognizes the COVID-19 pandemic has caused financial and other resource constraints throughout our network and recommends approval of the \$150,000 grant and allow SFCCC the flexibility to purchase PPE and the other COVID-19 tests and pulse-oximeters needed by SFCCC providers to serve SFHP members during the public health emergency.

Purchase of point-of-care rapid COVID tests that can be administered in a physician's office or at home:

<https://www.cdc.gov/coronavirus/2019-ncov/lab/point-of-care-testing.html>

Coronavirus (COVID-19) Update: FDA Authorizes First COVID-19 Test for Self-

For Immediate Release:

November 17, 2020

[Español](#)

Today, the U.S. Food and Drug Administration issued an [emergency use authorization \(EUA\)](#) for the first COVID-19 diagnostic test for self-testing at home and that provides rapid results. The Lucira COVID-19 All-In-One Test Kit is a molecular (real-time loop mediated amplification reaction) single use test that is intended to detect the novel coronavirus SARS-CoV-2 that causes COVID-19.

“The FDA continues to demonstrate its unprecedented speed in response to the pandemic. While COVID-19 diagnostic tests have been authorized for at-home collection, this is the first that can be fully self-administered and provide results at home. This new testing option is an important diagnostic advancement to address the pandemic and reduce the public burden of disease transmission,” said FDA Commissioner Stephen M. Hahn, M.D. **“Today’s action underscores the FDA’s ongoing commitment to expand access to COVID-19 testing.”**

The Lucira COVID-19 All-In-One Test Kit test has been authorized for home use with self-collected nasal swab samples in individuals age 14 and older who are suspected of COVID-19 by their health care provider. It is also authorized for use in point-of-care (POC) settings (e.g., doctor's offices, hospitals, urgent care centers and emergency rooms) for all ages but samples must be collected by a healthcare provider when the test is used at the POC to test individuals younger than 14 years old. The test is currently authorized for prescription use only.

The test works by swirling the self-collected sample swab in a vial that is then placed in the test unit. In 30 minutes or less, the results can be read directly from the test unit's light-up display that shows whether a person is positive or negative for the SARS-CoV-2 virus. Positive results indicate the presence of SARS-CoV-2. Individuals with positive results should self-isolate and seek additional care from their health care provider. Individuals who test negative and experience COVID-like symptoms should follow up with their health care provider as negative results do not preclude an individual from SARS-CoV-2 infection.

“Today’s authorization for a complete at-home test is a significant step toward FDA’s nationwide response to COVID-19. A test that can be fully administered entirely outside of a lab or healthcare setting has always been a major priority for the FDA to address the pandemic. Now, more Americans who may have COVID-19

will be able to take immediate action, based on their results, to protect themselves and those around them,” said Jeff Shuren, M.D., J.D., director of FDA’s Center for Devices and Radiological Health. “We look forward to proactively working with test developers to support the availability of more at-home test options.”

An important component to successful at-home testing is the ability to efficiently track and monitor results. As noted in this EUA, prescribing health care providers are required to report all test results they receive from individuals who use the test to their relevant public health authorities in accordance with local, state and federal requirements. Lucira Health, the test manufacturer, has also developed box labeling, quick reference instructions and health care provider instructions to assist with reporting.

Diagnostic testing remains one of the pillars of our nation’s response to COVID-19. The FDA continues its public health commitment to pursue new approaches that help make critical tests available to more Americans through EUA authority.

The FDA, an agency within the U.S. Department of Health and Human Services, protects the public health by assuring the safety, effectiveness, and security of human and veterinary drugs, vaccines and other biological products for human use, and medical devices. The agency also is responsible for the safety and security of our nation’s food supply, cosmetics, dietary supplements, products that give off electronic radiation, and for regulating tobacco products.

UCSF Health COVID-19 Algorithm for On-site Respiratory Evaluation in Adult Respiratory Screening Clinics

Last Modified: Apr 19, 2020 5:00 PM
Authors: Susan Smith, MD & Bryn Boslett, MD

Guidelines cannot replace personalized evaluation and management decisions based on individual patient factors

Target Audience: Respiratory Screening Clinics (RSC)

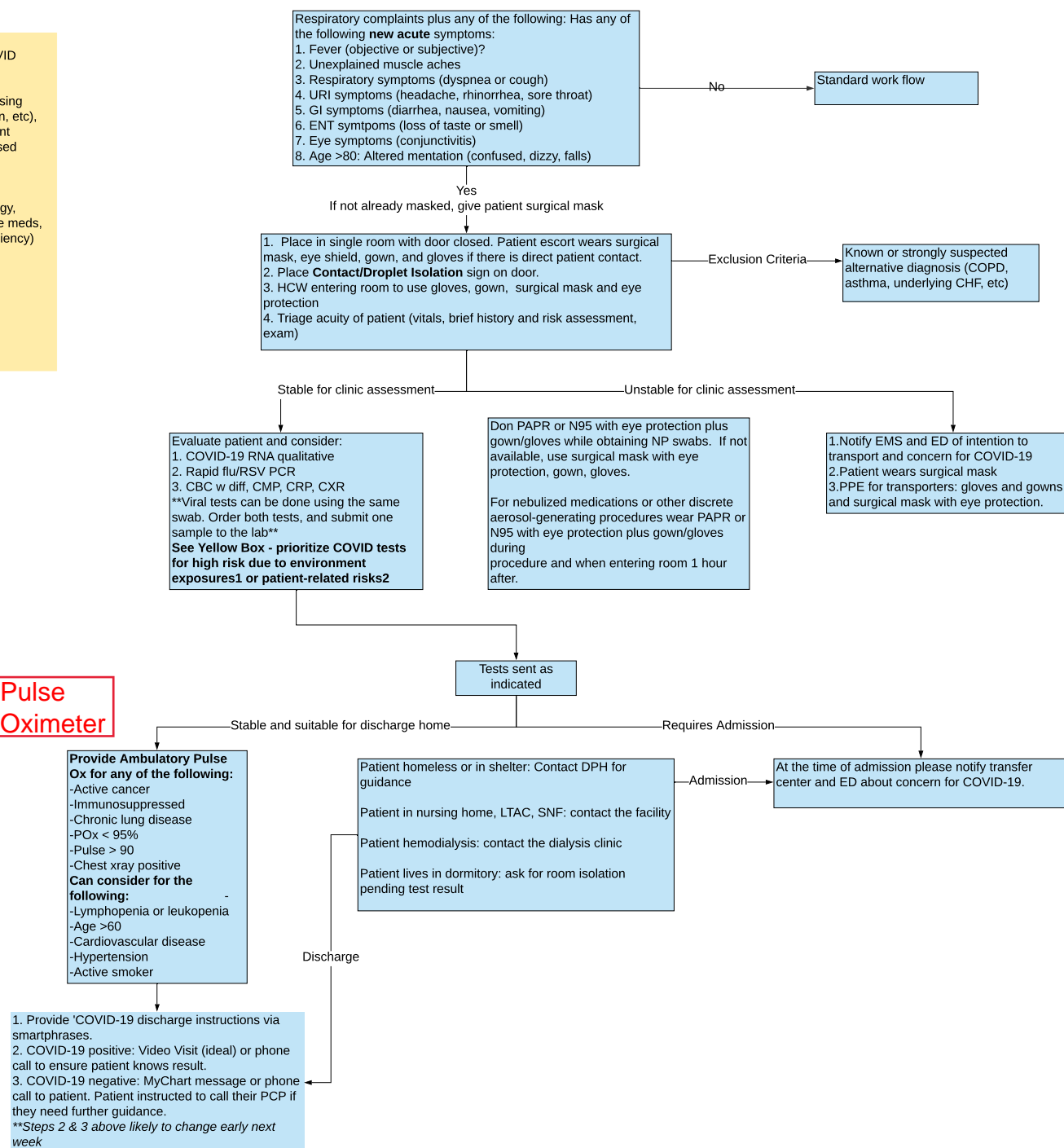
Environmental risks¹

- High-risk travel or known COVID exposure within 14 days
- Health care workers
- Institutional home setting (nursing home, dormitory, shelter, prison, etc), outpatient dialysis center patient
- Living with immunocompromised person(s)

Patient-related risks²

- Age > 60
- Immunocompromised (oncology, transplant, immunosuppressive meds, HIV, other known immunodeficiency)
- Pregnancy
- Chronic lung disease
- Cirrhosis
- Cardiovascular disease
- End stage renal disease
- Diabetes
- Hypertension
- Smoking/vaping

Pulse Oximeter



Agenda Item 5

Discussion Item

- Review CalPERS Replacement Benefit Plan Description



Finance Committee & Governing Board

MEMO

Date:	December 22, 2020
To:	Finance Committee and Governing Board
From:	Brian Gentner, Director, Human Resources and Skip Bishop, Chief Financial Officer
Regarding:	Discussion of Replacement Retirement Benefit Plan

Background and Discussion:

San Francisco Health Plan (SFHP) is a government employer in the California Public Employees' Retirement System (CalPERS) Miscellaneous Pooled Plans for the defined benefit pension plan known as 2% @ 55 for employees with hire dates prior to January 1, 2013 and 2% @ 62 for employees with hire dates after December 31, 2012.

Internal Revenue Code (IRC) section 415(b) is a federal provision that limits the amount of the annual retirement benefit an individual can be paid from a tax-qualified defined benefit pension plan such as CalPERS.

CalPERS, in accordance with Government Code section 21750 and Title 2 of the Code of Regulations section 589, established a Replacement Benefit Plan (RBP) to ensure that members are provided with retirement and other related benefits that are commensurate with the benefits that would have been received had the benefits not been limited due to IRC 415(b).

A CalPERS employer becomes a participating RBP employer whenever any eligible former employee is paid a retirement allowance that exceeds the annual dollar limit set under IRC 415(b). For example, the annual dollar limit for calendar year 2020 is \$230,000 at age 62.

The RBP requires an eligible employee's former employer(s) to pay the pension benefit in excess of the IRC limit. This liability would be calculated on an annual basis and shared by the eligible employee's former employer(s) based on service time. The RBP would remain in

effect for the lifetime of the eligible employee and/or their spouse if designated by the employee.

SFHP engaged Bartel Associates LLC (Bartel) to determine if any SFHP employees would be subject to the RBP. Bartel's review concluded two employees would be eligible for the RBP. Based on the calculations performed by Bartel in July 2020, SFHP's share of the annual RBP liability is estimated to be approximately \$67,000.

No Finance Committee or Governing Board action is needed at this time. Given the complexities and financial impact of the RBP, SFHP will schedule a separate meeting with the Finance Committee to discuss the RBP in greater detail. SFHP will invite Mary Beth Redding, Vice President of Bartel Associates LLC, to attend the meeting.

Closed Session

Agenda Item 6

Discussion Item

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



Finance Committee & Governing Board

MEMO

Date:	December 22, 2020
To:	Finance Committee and Governing Board
From:	Skip Bishop, Chief Financial Officer John F. Grgurina Jr., Chief Executive Officer
Regarding:	Discussion for Future 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. The following information is being provided to the Finance Committee and Governing Board for discussion purposes only.

Beginning with calendar year 2021, Department of Health Care Services (DHCS) will transition its Medi-Cal rate-setting cycle from a fiscal year basis to a calendar year basis. New rates will be effective on January 1, 2021. Although the preliminary rates shared with SFHP appear to be favorable, DHCS still needs to apply a risk adjustment, as well as a population acuity adjustment, which will decrease the rates. DHCS has stated it will release final CY 2021 rates at the end of December.

Due to the COVID-19 pandemic and its impact on the finances of state of California, the Administration and State Legislature passed a budget that included a 1.5% retroactive rate reduction for the Bridge Period of July 2019 through December 2020. This retroactive rate reduction decreased SFHP's Medi-Cal revenue by \$9.3 million.

Given the possibility of another retroactive rate reduction in the FY 21-22 state budget, we will propose to the Finance Committee and Governing Board at the March 2021 meeting to set aside 1.5% of the potential rate increase and place this amount into a reserve to cover the potential claw back by DHCS. If State finances improve and DHCS does not implement a 1.5% rate reduction, SFHP will release the reserve into income by June 30, 2021.

As SFHP looks ahead to future changes coming to Medi-Cal Managed Care, we recognize the need for the health plan to rebuild its reserves that have been reduced by retroactive adjustments implemented by DHCS. In recent years, SFHP has absorbed the following:

- | | |
|---|----------------------|
| • 1.5% rate reduction (July 2019 through December 2020) | \$9.3 million |
| • Adult Expansion Duals take-back (May 2018) | \$2.4 million |
| • Deceased members take-back (March 2020) | <u>\$1.0 million</u> |
| | \$12.7 million |

As you will recall, in each of these three circumstances SFHP recommended and the Finance Committee and Governing Board approved not to make retroactive recoveries from providers.

SFHP will come back to the Finance Committee and Governing Board in March 2021 to provide more details about the Medi-Cal rates for CY 2021.

Closed Session

Agenda Item 7

Discussion Item

- Review Contract Change for Zuckerberg San Francisco General Hospital to Fee-for-Service Payments for SFCCC Clinic Members

MEMO

Date: December 22, 2020

To	Governing Board
From	Skip Bishop, Chief Financial Officer Kaliki Kantheti, Operations Officer
Regarding	Contract Change for Zuckerberg San Francisco General Hospital (ZSFGH) to Fee-for-Service Payments for SFCCC Clinic Members

San Francisco Health Plan (SFHP) provides the Governing Board with an update regarding the contract change for Zuckerberg San Francisco General Hospital (ZSFGH) to Fee-for-Service Payments for SFCCC Clinic Members. No action is required.

Zuckerberg San Francisco General Hospital Payment Update:

Effective July 1, 2021, SFHP's contract with Zuckerberg San Francisco General Hospital (ZSFGH) will change such that inpatient and outpatient hospital services provided to SFHP members assigned to San Francisco Community Consortium Clinics (SFCCC) and two individual primary care providers (PCP) will move from capitation to fee-for-service. This shift in hospital risk is similar to the change requested by UCSF and St. Luke's Hospital in 2002.

This contract change is the result of a collaborative effort between San Francisco Health Network (SFHN) and SFHP to improve management of out-of-network costs and utilization for approximately 15,500 members. This change is driven by the following:

- These members have the highest hospital utilization among all members enrolled with SFHP.
- For FY 19-20, out-of-network hospital costs for these members represented 117% of capitation paid to ZSFGH.
- Out-of-network costs that consistently exceed the capitation paid to cover both in-network and out-of-network activity is not a sustainable model for ZSFGH.

It is estimated that this hospital risk will cost SFHP approximately \$8.0 million to \$9.0 million for the period of July through December 2021. SFHP anticipates that Medi-Cal rate increases for CY 2021 will cover this cost. We will be working closely with the Department of Health Care Services (DHCS), Mercer, the State's actuary, as

well as our contracted actuary, to build this additional cost into the rate development that will establish Medi-Cal rates for CY 2022.

Operational impacts:

- To align with the new setup, the re-contracting process commenced on November 1, 2020 and will replace existing provider contracts with ZSFGH, University of California, San Francisco's (UCSF) Clinical Practice Group (CPG) and all SFCCC clinics.
- Reimbursement rates for ZSFGH will align with current fee-for-service rates with UCSF and California Pacific Medical Center (CPMC) at 100% of All Patients Refined Diagnosis Related Groups (APR-DRG) (inpatient) and 140% of the Medi-Cal fee schedule (outpatient).
- Updates to procedural changes related to utilization management and claims submission and payment are in process and will be presented to providers via instructional materials and in-service presentations beginning in early/mid 2021.
- Internal system reconfiguration efforts are also underway to be completed in time for testing and deployment in advance of the July 1, 2021 go-live.
- Under a fee-for-service arrangement, ZSFGH would be required to comply with current SFHP operational and clinical standards for all fee-for-service providers, including participating in utilization review activity by SFHP Clinical Operations department, i.e., submission of prior authorization and concurrent review requests.
- Capitation contracts with CPG for specialty services and the SFCCC clinics for primary care remain unchanged. There will also be no changes to member assignments.

Agenda Item 8

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