

**SANTA CRUZ – MONTEREY – MERCED – SAN BENITO –  
MARIPOSA MANAGED MEDICAL CARE COMMISSION**  
**Finance Committee**



**Meeting Agenda**

**Wednesday, March 26, 2025**

**1:30 p.m. – 2:45 p.m.**

**Location: In Santa Cruz County:**

Central California Alliance for Health Board Room  
1600 Green Hills Road, Suite 101, Scotts Valley, CA

**In Monterey County:**

Central California Alliance for Health Board Room  
950 East Blanco Road, Suite 101, Salinas, CA

**In Merced County:**

Central California Alliance for Health Board Room  
530 West 16<sup>th</sup> Street, Suite B, Merced, CA

**In San Benito County:**

San Benito County Health and Human Services Agency  
1111 San Felipe Road, Suite 205, Hollister, CA

**In Mariposa County:**

Mariposa County Health and Human Services Agency  
Catheys Valley Conference Room  
5362 Lemee Lane, Mariposa, CA

1. Members of the public wishing to observe the meeting remotely via online livestreaming may do so as follows. Note: Livestreaming for the public is listening/viewing only.
  - a. Computer, tablet, or smartphone via Microsoft Teams:  
[Join the meeting now](#)
  - b. Or by telephone at:  
United States: +1 (323) 705-3950  
Phone Conference ID: 421 079 126#
2. Members of the public wishing to provide public comment on items not listed on the agenda that are within jurisdiction of the commission or to address an item that is listed on the agenda may do so in one of the following ways.
  - a. Email comments by 5:00 p.m. on Monday, March 24, 2025, to Dulcie San Paolo, Finance Administrative Specialist, at [dsanpaolo@thealliance.health](mailto:dsanpaolo@thealliance.health).
    - i. Indicate in the subject line "Public Comment". Include your name, organization, agenda item number, and title of the item in the body of the e-mail along with your comments.
    - ii. Comments will be read during the meeting and are limited to three minutes.
  - b. In person, from an Alliance County office, during the meeting when that item is announced.
    - i. State your name and organization prior to providing comment.
    - ii. Comments are limited to three minutes.

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- 1. Call to Order by Chairperson Molesky. 1:30 p.m.**
  - A. Roll call; establish quorum.
- 2. Oral Communications. 1:35 p.m.**
  - A. Members of the public may address the Commission on items not listed on today's agenda that are within the jurisdiction of the Commission. Presentations must not exceed three minutes in length, and any individuals may speak only once during Oral Communications.
  - B. If any member of the public wishes to address the Commission on any item that is listed on today's agenda, they may do so when that item is called. Speakers are limited to three minutes per item.
- 3. Approve the Finance Committee meeting minutes of November 6, 2024. 1:40 p.m.**
- 4. Preliminary 2024 Financial Results (Unaudited as of 1/30/25). 1:50 p.m.**
- 5. SFY 23/24 Rate Development Template (RDT) Findings. 2:00 p.m.**
- 6. CY 2024 Investment Update through December 2024. 2:20 p.m.**
- 7. Financial Audits. 2:35 p.m.**

*The complete agenda packet is available for review on the Alliance website at [www.thealliance.health/about-the-alliance/public-meetings/](http://www.thealliance.health/about-the-alliance/public-meetings/). The Commission complies with the Americans with Disabilities Act (ADA). Individuals who need special assistance or a disability-related accommodation to participate in this meeting should contact the Finance Administrative Specialist at least 72 hours prior to the meeting at (831) 430-1429. Board meeting locations in Salinas and Merced are directly accessible by bus. As a courtesy to persons affected, please attend the meeting smoke and scent free.*

**FINANCE COMMITTEE  
SANTA CRUZ – MONTEREY – MERCED – SAN  
BENITO – MARIPOSA MANAGED MEDICAL CARE  
COMMISSION**



## Meeting Minutes

**Wednesday, November 6, 2024**

**Commissioners Present:**

Ms. Anita Aguirre,  
Ralph Armstrong, DO,  
Ms. Elsa Jiménez,  
Mr. Michael Molesky,  
Supervisor Josh Pedrozo,  
Allen Radner, MD,

At Large Health Care Provider Representative  
At Large Health Care Provider Representative  
County Health Director  
Public Representative  
County Board of Supervisors  
At Large Health Care Provider Representative

**Commissioners Absent:**

**Staff Present:**

Ms. Lisa Ba,  
Mr. Michael Schrader,  
Ms. Dulcie San Paolo,  
Ms. Hayley Tut

Chief Financial Officer  
Chief Executive Officer  
Finance Administrative Specialist  
Administrative Specialist

**1. Call to Order. (1:31 - 1:32 p.m.)**

Chairperson Molesky called the meeting to order at 1:31 p.m. Roll call was taken. A quorum was present.

**2. Oral Communications. (1:32 – 1:33 p.m.)**

Chairperson Molesky opened the floor for any members of the public to address the Committee on items not listed on the agenda.

No members of the public addressed the Committee.

**HEALTHY PEOPLE. HEALTHY COMMUNITIES.**

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**Consent Agenda Items:****3. Approve minutes of the August 28, 2024 meeting of the Finance Committee. (1:33 – 1:35 p.m.)**

FINANCE COMMITTEE ACTION: Chairperson Molesky opened the floor for approval of the minutes of the August 28, 2024 meeting.

**MOTION:** Commissioner Jiménez moved to approve the minutes, seconded by Commissioner Radner

**ACTION:** The motion passed with the following vote:

Ayes: Commissioners Jiménez, Molesky, Pedrozo, Radner

Noes: None

Absent: Commissioners Aguirre and Armstrong

Abstain: None

**Regular Agenda Items:****4. Annual Election of Officers of the Finance Committee. (1:35 – 1:38 p.m.)**

Chair Molesky introduced Ms. Lisa Ba, Chief Financial Officer (CFO), who advised that the annual nomination and election of the Chairperson and Vice Chairperson of the Finance Committee had been discussed at the August 2024 Finance Committee meeting where it was agreed that the election would occur during the November 2024 meeting, in accordance with the Commission's bylaws.

Commissioner Pedrozo nominated Chair Molesky to serve as Chairperson of the Finance Committee for a successive year.

[Commissioner Aguirre arrived at this time: 1:36 p.m.]

**MOTION:** Commissioner Pedrozo moved to approve the nomination of Chair Molesky as the Chairperson of the Finance Committee, seconded by Commissioner Radner

**ACTION:** The motion passed with the following vote:

Ayes: Commissioners Aguirre, Jiménez, Molesky, Pedrozo, Radner

Noes: None

Absent: Commissioner Armstrong

Abstain: None

Commissioner Jimenez nominated Commissioner Radner to serve as Vice Chairperson of the Finance Committee for a successive year.

**MOTION:** Commissioner Jimenez moved to approve the nomination of Commissioner Radner as the Vice-Chairperson of the Finance Committee, seconded by Commissioner Pedrozo

**ACTION:** The motion passed with the following vote:

Ayes: Commissioners Aguirre, Jiménez, Molesky, Pedrozo, Radner

Noes: None

Absent: Commissioner Armstrong

Abstain: None

**5. 2024 Draft September YTD Financial Results. (1:38 - 1:51 p.m.)**

Ms. Lisa Ba, Chief Financial Officer (CFO), presented the draft September 2024 Year-to-Date (YTD) financial results, highlighting a \$33.8M operating Income, which was lower than budgeted due to unfavorable medical costs. The Medical Loss Ratio (MLR) was 92.5%, and the Administrative Loss Ratio (ALR) was 4.9%. The net income year-to-date was \$70M, primarily from investment income.

Ms. Ba provided an overview of the September 2024 YTD medical expenses by category of service per member per month (PMPM). The changes in financial performance were discussed, highlighting a significant adjustment for the Unsatisfactory Immigration Status (UIS) membership and increased costs for physician services due to a rise in Enhanced Care Management (ECM) enrollment. Additionally, Community Supports (CS) expenses are increasing, driven by the expansion of the CS benefit, while revenue streams have not kept pace, resulting in higher overall expenses.

**6. 2024 Forecast #2 based on Draft September YTD Financials. (1:51 - 2:18 p.m.)**

Ms. Ba presented the commissioners with an overview of the updated 2024 forecast based on the YTD September financial performance. The projected operating income is \$29.7M, a decrease from the \$102.3M included in the first forecast shared at the August Finance Committee meeting. The budgeted operating income was \$22.3M.

[Commissioner Armstrong arrived at this time: 1:53 p.m.]

Ms. Ba explained the assumptions and adjustments made in the forecast, including changes in enrollment, revenue, and medical costs.

For enrollment, the redetermination rate was noted to be 10.4%, slightly higher than the 8% experienced earlier but still lower than the initial estimate of 17%. The final 2024 rate lowered revenue by \$20.9M, or a 1.1% downward adjustment from the CY 2024 prospective rate, resulting in a 1.6% increase in revenue compared to 2023. Community support (CS) expenses are increasing due to the ramp-up of the CS benefit. Revenue

streams have lagged nearly ninefold through September 2024, expected to lead to a projected loss of approximately \$35M in 2024. Staff have requested that the Department of Health Care Services (DHCS) consider the ongoing rise in CS costs when setting the rates for 2025.

Looking ahead, the Board will potentially have a minimum of \$29M available for strategic allocation in June 2025.

## **7. 2025 Preliminary Budget. (2:18 – 2:36 p.m.)**

Ms. Ba introduced the draft budget for 2025. The budget allocates 95.8% of revenue to medical expenses and 5.9% to administrative costs, resulting in an operating loss of \$36M, or 1.7%.

Staff is utilizing the draft rates for 2025 received on October 21, assuming a 50% earn-back on a 1% quality withhold. On November 4, Staff communicated the rate deficiency to the Department of Health Care Services (DHCS), expressing growing concerns about the adequacy and sustainability of these rates, particularly as the draft 2025 budget indicates we may face even more significant losses.

Staff is currently reviewing the managed care efficiencies outlined in our rates and holding internal discussions to identify opportunities for cost savings through appropriate utilization. There are opportunities to enhance medical cost efficiency concerning Potentially Preventable Admissions (PPAs), site of service for infusions and injectables, and Low Acuity Non-Emergent (LANE) cases. These improvements could help reduce unnecessary expenses while enhancing cost efficiency and patient care.

The budget anticipates a year-over-year increase of 3.3% in utilization and 4.7% in unit costs.

The preliminary administrative budget totals \$122.8M, representing a 5.9% ALR. This reflects an increase of \$17.5M or 16.6% from the 2024 budget. The increase is due to the additional need to invest in staff and technology to bring behavioral health services in-house, continue the implementation of Dual-Eligible Special Needs Plans (D-SNP), and expand Enhanced Care Management (ECM) and Community Supports programs.

Staff will present the final budget to the Board in December.

## **The Commission adjourned its meeting of November 6, 2024, at 2:36 p.m.**

Respectfully submitted,

Ms. Dulcie San Paolo  
Finance Administrative Specialist



**DATE:** March 26, 2025  
**TO:** Santa Cruz-Monterey-Merced-San Benito-Mariposa Managed Medical Care Commission  
**FROM:** Lisa Ba, Chief Financial Officer  
**SUBJECT:** Financial Highlights for the Twelfth Month Ending December 31, 2024-  
Unaudited as of 1/30/2025

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For the month ending December 31, 2024, the Alliance reported an Operating Income of \$10.3M. The Year-to-Date (YTD) Operating Income is \$25.9M, with a Medical Loss Ratio (MLR) of 93.4% and an Administrative Loss Ratio (ALR) of 5.3%. The Net Income is \$53.1M after accounting for Non-Operating Income/Expenses.

The budget expected an Operating Income of \$22.3M for YTD December. The actual result is favorable to budget by \$3.6M or 16.1%, driven primarily by membership favorability and rate variances.

Dec-24 MTD (\$ In 000s)				
<u>Key Indicators</u>	Current Actual	Current Budget	Current Variance	% Variance to Budget
<i>Membership</i>	455,255A	397,072A	58,183A	14.7%A
Revenue	\$199,572	\$134,339	\$65,233	48.6%
Medical Expenses	178,232	132,564	(45,668)	-34.4%
Administrative Expenses	11,024	8,952	(2,073)	-23.2%
Operating Income	10,316	(7,177)	17,493	100.0%
Net Income	\$5,497	(\$6,012)	\$11,510	100.0%
<i>MLR</i>	89.3%	98.7%	9.4%	
<i>ALR</i>	5.5%	6.7%	1.2%	
<i>Operating Income</i>	5.2%	-5.3%	10.5%	
<i>Net Income</i>	2.8%	-4.5%	7.3%	

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Dec-24 (In \$000s)				
Key Indicators	YTD Actual	YTD Budget	YTD Variance	% Variance to Budget
<i>Member Months</i>	<i>5,402,715</i>	<i>4,908,292</i>	<i>494,423</i>	<i>10.1%</i>
Revenue	\$1,981,811	\$1,660,129	\$321,683	19.4%
Medical Expenses	1,851,182	1,532,466	(318,717)	-20.8%
Administrative Expenses	104,759	105,376	617	0.6%
Operating Income/(Loss)	25,870	22,288	3,583	16.1%
Net Income/(Loss)	\$53,106	\$38,328	\$14,778	38.6%
<b>PMPM</b>				
Revenue	\$366.82	\$338.23	\$28.59	8.5%
Medical Expenses	342.64	312.22	(30.42)	-9.7%
Administrative Expenses	19.39	21.47	2.08	9.7%
Operating Income/(Loss)	\$4.79	\$4.54	\$0.25	5.5%
<i>MLR</i>	<i>93.4%</i>	<i>92.3%</i>	<i>-1.1%</i>	
<i>ALR</i>	<i>5.3%</i>	<i>6.3%</i>	<i>1.0%</i>	
<i>Operating Income</i>	<i>1.3%</i>	<i>1.3%</i>	<i>0.0%</i>	
<i>Net Income</i>	<i>2.7%</i>	<i>2.3%</i>	<i>0.4%</i>	

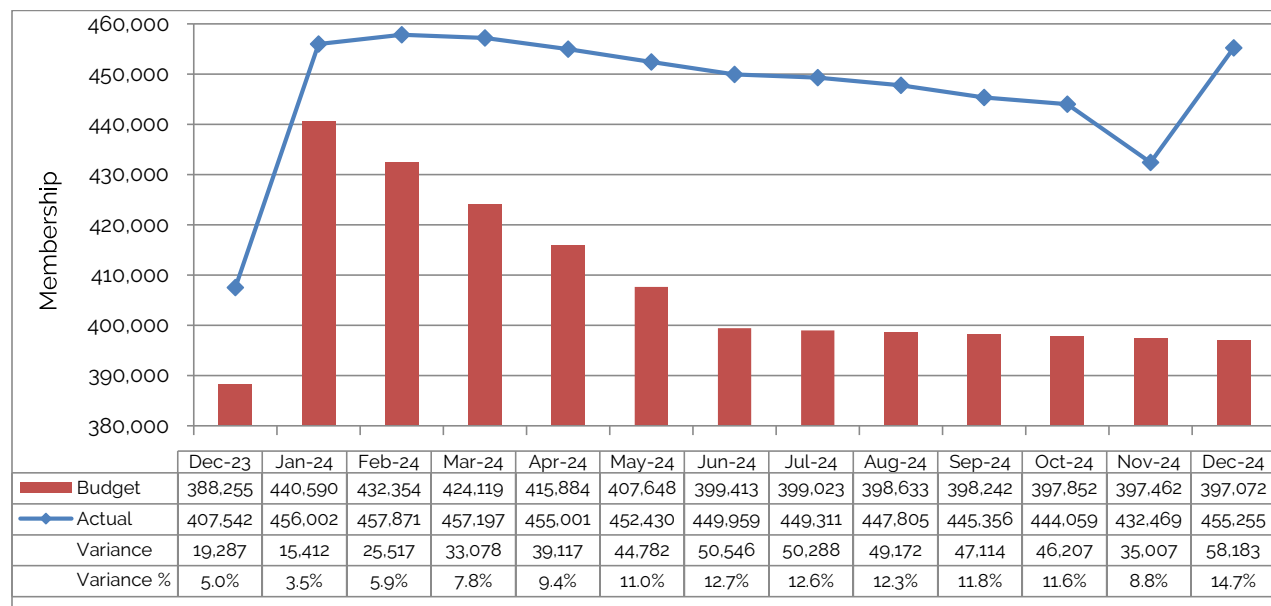
Per Member Per Month: Capitation revenue and medical expenses are variables based on enrollment fluctuations; therefore, the PMPM view offers more clarity than the total dollar amount. Conversely, administrative expenses do not usually correspond with enrollment and should be evaluated at the dollar amount.

At a PMPM level, YTD revenue is \$366.82, which is favorable to budget by \$28.59 or 8.5%. Medical cost PMPM is \$342.64, which is unfavorable by \$30.42 or 9.7%. Overall, this results in an unfavorable gross margin of \$1.83 or 7.0% compared to the budget. The operating income PMPM is \$4.79, which is favorable to the budget by \$0.25 or 5.5%.

Membership: December 2024 membership is favorable to budget by 14.7%. This is primarily attributed to an 834 data discrepancy in the SPD Dual COA, resulting in November's figures being understated and subsequently recorded in December. The 2024 budget assumed a 17% decrease over the course of redetermination (July 2023 to June 2024) based on Mercer projections. Mercer later updated their projections to be less impactful than originally estimated and now only assumes an 11% decrease. The actual decrease during the unwinding period from July 2023 to June 2024, is approximately 7.6%, excluding the new counties / new Unsatisfactory Immigration Status (UIS) members. Redetermination losses continued in December and total loss between July 2023 and December 2024 is 9.7%.



Membership. Actual vs. Budget (based on actual enrollment trend for Dec-24 rolling 13 months)



**Revenue:** The 2024 revenue budget was based on the Department of Health Care Services (DHCS) 2024 draft rate package (dated 10/13/2023), which reflected a 0.4% rate increase, not including the Targeted Rate Increase (TRI). Furthermore, the budget assumed breakeven performances for the San Benito Region. The CY 2024 Prospective rates from DHCS (dated 12/5/2023, including Maternity) represented a 2.1% increase over CY 2023 Rates excluding TRI. A new Amended Rate Package was received for CY 2024 (dated 9/24/2024) that now represents a 1.6% increase over CY 2023 Rates excluding TRI. Overall, revenue is favorable due to higher enrollment, favorable category of aid (COA) mix, and increased prospective rates. Please note that on December 30, 2024, we received the final amended rates for CY2024, which includes a few adjustments, particularly the reversion of the TRI and acuity rates to a prospective basis resulting in a 5.1% increase over Final CY 2023 Rates.

As of December MTD, actuals exceed the budget by \$65.2M, representing a 48.6% positive variance. This is driven by favorable enrollment, contributing \$20.9M, and rate variances totaling \$44.3M. The rate variance of \$44.3M includes \$17.3M from the CalAIM incentive payment and \$1.7M from prior year revenue. The remaining \$25.5M favorability is due to favorable rates and other rate-related variances, such as risk corridors, which mitigate financial risk by offering protection between the health plan and the state. Specifically, a gain of \$8.1M was realized from the ECM Risk Corridor, representing about 90% of the expected receivable, along with \$32K from the San Benito Risk Corridor. On the downside, there was an \$11.7M reduction from the UIS Adult and Adult Expansion Risk Corridor, partially offset by a \$12.7M reversal of the rate adjustment between the Amended Rates and the Final Amended Rates.

As of December 2024 YTD, operating revenue is \$1,981.8M, surpassing the budget by \$321.7M or 19.4%. This favorable variance includes \$175.9M from increased enrollment and

\$145.7M from favorable rate variances, state incentives, and prior year revenue. The rate variance of \$145.7M comprises \$82.0M from favorable amended rates, \$43.3M from State Incentive Programs, and \$20.4M from prior year revenue due to MCO tax liability relief for CY 2021 and CY 2022, ECM risk corridor for 2022, 2022 Prop 56 MEP Payment, 2023 GEMT revenue, and 2023 ECM Risk Corridor.

The State Incentive Programs consist of \$22.1M for HHIP, \$3.0M for SBHIP, \$17.3M for CalAIM, and \$0.8M for EPT, which are offset by the State Incentive Programs expense. These incentives are assumed to be budget neutral.

Beginning January 2024, the new general ledger structure is reported by region and immigration status. Central California (CEC) includes the counties of Santa Cruz, Monterey, Merced, and Mariposa, and San Benito (SBN) includes San Benito. Immigration status is reported as UIS (Unsatisfactory Immigration Status) or SIS (Satisfactory Immigration Status).

<b>Dec-24 YTD Capitation Revenue Summary (In \$000s)</b>					
Region	Actual	Budget	Variance	Variance Due to Enrollment	Variance Due to Rate
CEC SIS	1,444,178	1,249,850	194,328	107,836	86,491
CEC UIS	376,645	345,866	30,779	57,073	(26,294)
SBN SIS	76,917	49,799	27,118	8,106	19,012
SBN UIS	14,874	10,484	4,390	2,153	2,238
<b>Total*</b>	<b>1,912,615</b>	<b>1,655,999</b>	<b>256,615</b>	<b>175,168</b>	<b>81,447</b>

\*Excludes Dec-24 In-Home Supportive Services (IHSS) premiums revenue of \$5.5M, State Incentive Programs revenue of \$43.3M, and Prior Year Revenue of \$20.4M.

Medical Expenses: The 2024 budget assumed a 3.7% increase in utilization over the base data spanning from 2018 through June 2023 and a 2.9% unit cost increase that included case mix and changes in fee schedules. 2024 incentives include a \$15M Care-Based Incentive (CBI), \$4M Data Sharing Incentives, \$18M for the Hospital Quality Incentive Program (HQIP), and \$10M for the Specialist Care Incentive (SCI).

<b>Dec-24 YTD Medical Expense Summary (\$ In 000s)</b>					
Category	Actual	Budget	Variance	Variance Due to Enrollment	Variance Due to Rate
Inpatient- Hospital	562,376	560,328	(2,048)	(56,443)	54,395
Inpatient Services - LTC	211,013	131,491	(79,522)	(13,245)	(66,277)
Physician Services	355,648	325,736	(29,912)	(32,812)	2,900
ECM/CS	115,035	19,100	(95,935)	(1,924)	(94,011)
Outpatient Facility	238,671	190,114	(48,557)	(19,151)	(29,407)
Other Medical*	325,171	305,696	(19,475)	(30,793)	11,319
State Incentive Programs	43,267	-	(43,267)	-	(43,267)
<b>TOTAL COST</b>	<b>1,851,182</b>	<b>1,532,466</b>	<b>(318,717)</b>	<b>(154,369)</b>	<b>(164,348)</b>

\*Other Medical actuals include Allied Health, Non-Claims HC Cost, Transportation, Behavioral Health, and Lab.

December 2024 Medical Expenses of \$178.2M are \$45.7M, or 34.4%, unfavorable to budget. December 2024 YTD Medical Expenses of \$1,851.2M are above budget by \$318.7M, or 20.8%. Of this amount, \$154.4M is due to higher enrollment, and \$164.3M is due to rate variances, which include \$43.3M for State Incentive Programs. The YTD December unfavorability is primarily driven by ECM and Community Supports, followed by LTC and ER.

The State Incentive Programs consist of \$22.1M for HHIP, \$3.0M for SBHIP, \$17.3M for CalAIM, and \$0.8M for EPT. These are also included under revenue and assumed to be budget neutral.

<b>Dec-24 YTD Medical Expense by Category of Service (In PMPM)</b>				
Category	Actual	Budget	Variance	Variance %
Inpatient Services - Hospital	\$104.09	\$114.16	\$10.07	8.8%
Inpatient Services - LTC	39.06	26.79	(12.27)	-45.8%
Physician Services	65.83	66.36	0.54	0.8%
ECM/CS	21.29	3.89	(17.40)	-100.0%
Outpatient Facility	44.18	38.73	(5.44)	-14.1%
Other Medical	60.19	62.28	2.09	3.4%
State Incentive Programs	8.01	-	(8.01)	-100.0%
<b>TOTAL MEDICAL COST</b>	<b>\$342.64</b>	<b>\$312.22</b>	<b>\$(30.42)</b>	<b>-9.7%</b>

At a PMPM level, YTD Medical Expenses are \$342.64, unfavorable by \$30.42 or 9.7% compared to the budget.

Inpatient Services: Inpatient Services continue to be favorable to budget due to lower utilization than budgeted. Inpatient utilization was budgeted at 344 days per 1,000 members, but actual utilization is closer to 312 days per 1,000. Unit costs are comparable between budget and actuals, which results in a 10.1% PMPM variance between budget and actual.

Inpatient Services – LTC: LTC's unfavorability is primarily driven by unit cost and utilization. Utilization is trending 12% higher than budget. The budget also underestimated the baseline cost and did not consider the continuation of the 10% COVID add-on for specific codes or the 3% annual fee schedule increase. The budget was based on a -96% free-standing SNF service mix for both regions; however, San Benito's utilization is 95% hospital-based SNF, resulting in higher costs. As San Benito is a new county, the risk corridor will assist in managing the higher-cost hospital-affiliated service mix.

Outpatient Facility: The Outpatient Facility consists of both Outpatient and Emergency Rooms. ER continues to significantly trend upwards for utilization per 1k and unit cost and is unfavorable to budget for both utilization and unit cost by 9% and 13%, respectively, partially offset by favorable other Outpatient to budget both in utilization and unit cost.

Physician Services: Utilization has risen 14% compared to the previous year across SIS and UIS populations, driven by increased utilization at Federally Qualified Health Center (FQHC) clinics and Primary Care Physicians (PCP). The budget underestimated FFS unit cost in PCP and FQHC.

ECM/CS: ECM enrollments have increased more than sevenfold since the beginning of the year, as of December YTD and continue to grow at an average rate of 20%. As ECM is a newer program, the risk corridor will help offset the higher expenses from this growth. Another factor contributing to the unfavorable variance is the upward trend in Community Supports (CS) expenses, driven by the ramp-up of CS benefits, while revenue streams are lagging significantly, with more than nine times shortfall through December YTD. We have communicated these ongoing increases to DHCS for consideration in rate adjustments.

Other Medical: Other Medical shows an unfavorable variance against the budget, primarily driven by increased utilization in key service areas. Behavioral Health services have experienced higher-than-expected demand, significantly contributing to additional costs. Similarly, the Transportation and Allied Health category has seen a notable rise in usage. This variance is partially offset by favorable Non-Claims Health Care Costs to budget.

Administrative Expenses: December YTD Administrative Expenses are favorable to budget by \$0.6M or 0.6% with a 5.3% ALR. Salaries are favorable by \$2.2M, driven by savings from vacant positions, employment taxes, benefits, and PTO. Non-Salary Administrative Expenses are unfavorable by \$1.6M or 4.8% due to the year-end Loss Adjustment Expense (LAE) reserve.

Non-Operating Revenue/Expenses: December YTD Net Non-Operating Income is \$27.2M, which is favorable to budget by \$11.2M. The favorability is from the YTD Investment Income of \$51.5M, which is favorable to budget by \$20.5M due to the higher interest rates. The YTD Other Revenue is \$2.4M, slightly below budget by \$0.2M. The YTD Non-Operating Expense is \$26.7M and is unfavorable to budget by \$9.1M due to higher Grant disbursements.

Summary of Results: Overall, the Alliance generated a YTD Net Income of \$53.1M, with an MLR of 93.4% and an ALR of 5.3%.



**CENTRAL CALIFORNIA ALLIANCE FOR HEALTH**  
**Balance Sheet**  
**For The Twelfth Month Ending December 31, 2024**  
**(In \$000s)**  
**Unaudited as of 1/30/2025**

<b>Assets</b>	
Cash	\$316,238
Restricted Cash	304
Short Term Investments	1,038,675
Receivables	223,946
Prepaid Expenses	3,324
Other Current Assets	3,860
<b>Total Current Assets</b>	<b>\$1,586,347</b>
Building, Land, Furniture & Equipment	
Capital Assets	\$83,268
Accumulated Depreciation	(47,493)
CIP	666
Lease Receivable	4,133
Subscription Asset net Accum Depr	10,510
<b>Total Non-Current Assets</b>	<b>51,085</b>
<b>Total Assets</b>	<b>\$1,637,432</b>
<b>Liabilities</b>	
Accounts Payable	\$178,485
IBNR/Claims Payable	485,189
Provider Incentives Payable	43,459
Other Current Liabilities	11,521
Due to State	18,314
<b>Total Current Liabilities</b>	<b>\$736,968</b>
Subscription Liabilities	8,687
Deferred Inflow of Resources	3,899
<b>Total Long-Term Liabilities</b>	<b>\$12,586</b>
<b>Fund Balance</b>	
Fund Balance - Prior	\$834,772
Retained Earnings - CY	53,106
<b>Total Fund Balance</b>	<b>887,878</b>
<b>Total Liabilities &amp; Fund Balance</b>	<b>\$1,637,432</b>
<b>Additional Information</b>	
<b>Total Fund Balance</b>	<b>\$887,878</b>
Board Designated Reserves Target	479,524
Strategic Reserve (DSNP)	56,700
Medi-Cal Capacity Grant Program (MCGP)*	139,767
Value Based Payments	46,100
Provider Supplemental Payments	152,410
<b>Total Reserves</b>	<b>874,501</b>
<b>Total Operating Reserve</b>	<b>\$13,377</b>



**CENTRAL CALIFORNIA ALLIANCE FOR HEALTH**  
**Income Statement - Actual vs. Budget**  
**For The Twelfth Month Ending December 31, 2024**  
**(In \$000s)**  
**Unaudited as of 1/30/2025**

	MTD Actual	MTD Budget	Variance	%	YTD Actual	YTD Budget	Variance	%
<b>Member Months</b>	455,255	397,072	58,183	14.7%	5,402,715	4,908,292	494,423	10.1%
<b>Capitation Revenue</b>								
Capitation Revenue Medi-Cal	\$180,046	\$133,995	\$46,052	34.4%	\$1,912,615	\$1,655,999	\$256,615	15.5%
State Incentive Programs	17,312	-	17,312	100.0%	43,267	-	\$43,267	100.0%
Prior Year Revenue*	1,737	-	1,737	100.0%	20,448	-	\$20,448	100.0%
Premiums Commercial	476	344	132	38.3%	5,481	4,129	1,352	32.7%
<b>Total Operating Revenue</b>	<b>\$199,572</b>	<b>\$134,339</b>	<b>\$65,233</b>	<b>48.6%</b>	<b>\$1,981,811</b>	<b>\$1,660,129</b>	<b>\$321,683</b>	<b>19.4%</b>
<b>Medical Expenses</b>								
Inpatient Services (Hospital)	\$43,702	\$48,382	\$4,680	9.7%	\$562,376	\$560,328	(\$2,048)	-0.4%
Inpatient Services (LTC)	17,033	11,354	(5,678)	-50.0%	211,013	131,491	(79,522)	-60.5%
Physician Services	46,203	28,124	(18,079)	-64.3%	438,188	325,736	(112,452)	-34.5%
Outpatient Facility	21,357	16,415	(4,942)	-30.1%	259,291	190,114	(69,178)	-36.4%
Other Medical**	32,625	28,289	(4,337)	-15.3%	337,045	324,796	(12,249)	-3.8%
State Incentive Programs	17,312	-	(17,312)	-100.0%	43,267	-	(43,267)	-100.0%
<b>Total Medical Expenses</b>	<b>\$178,232</b>	<b>\$132,564</b>	<b>(\$45,668)</b>	<b>-34.4%</b>	<b>\$1,851,182</b>	<b>\$1,532,466</b>	<b>(\$318,717)</b>	<b>-20.8%</b>
<b>Gross Margin</b>	<b>\$21,340</b>	<b>\$1,775</b>	<b>\$19,565</b>	<b>100.0%</b>	<b>\$130,629</b>	<b>\$127,663</b>	<b>\$2,966</b>	<b>2.3%</b>
<b>Administrative Expenses</b>								
Salaries	\$5,942	\$6,219	\$277	4.5%	\$70,222	\$72,420	\$2,198	3.0%
Professional Fees	506	295	(211)	-71.6%	4,267	3,945	(323)	-8.2%
Purchased Services	921	944	23	2.5%	11,966	11,791	(175)	-1.5%
Supplies & Other	3,261	1,089	(2,172)	-100.0%	13,634	12,004	(1,630)	-13.6%
Occupancy	164	122	(42)	-34.5%	1,488	1,511	23	1.5%
Depreciation/Amortization	231	283	52	18.4%	3,182	3,704	522	14.1%
<b>Total Administrative Expenses</b>	<b>\$11,024</b>	<b>\$8,952</b>	<b>(\$2,073)</b>	<b>-23.2%</b>	<b>\$104,759</b>	<b>\$105,376</b>	<b>\$617</b>	<b>0.6%</b>
<b>Operating Income</b>	<b>\$10,316</b>	<b>(\$7,177)</b>	<b>\$17,493</b>	<b>100.0%</b>	<b>\$25,870</b>	<b>\$22,288</b>	<b>\$3,583</b>	<b>16.1%</b>
<b>Non-Op Income/(Expense)</b>								
Interest	\$4,606	\$1,858	\$2,748	100.0%	\$52,312	\$28,190	\$24,122	85.6%
Gain/(Loss) on Investments	(2,856)	550	(3,406)	-100.0%	(194)	3,300	(3,494)	-100.0%
Bank & Investment Fees	(49)	(36)	(12)	-33.9%	(593)	(436)	(158)	-36.2%
Other Revenues	298	256	43	16.7%	2,386	2,540	(155)	-6.1%
Grants	(6,818)	(1,463)	(5,355)	-100.0%	(26,675)	(17,554)	(9,121)	-52.0%
<b>Total Non-Op Income/(Expense)</b>	<b>(4,818)</b>	<b>1,165</b>	<b>(5,983)</b>	<b>-100.0%</b>	<b>\$27,235</b>	<b>\$16,040</b>	<b>\$11,195</b>	<b>69.8%</b>
<b>Net Income/(Loss)</b>	<b>\$5,497</b>	<b>(\$6,012)</b>	<b>\$11,510</b>	<b>100.0%</b>	<b>\$53,106</b>	<b>\$38,328</b>	<b>\$14,778</b>	<b>38.6%</b>
<i>MLR</i>	89.3%	98.7%			93.4%	92.3%		
<i>ALR</i>	5.5%	6.7%			5.3%	6.3%		
<i>Operating Income</i>	5.2%	-5.3%			1.3%	1.3%		
<i>Net Income %</i>	2.8%	-4.5%			2.7%	2.3%		

\*Prior Year Revenue consist of revenue booked in the current calendar year for services rendered in prior years.

\*\*Other Medical includes Pharmacy and IHSS.



**CENTRAL CALIFORNIA ALLIANCE FOR HEALTH**  
**Income Statement - Actual vs. Budget**  
**For The Twelfth Month Ending December 31, 2024**  
**(In PMPM)**  
**Unaudited as of 1/30/2025**

	MTD Actual	MTD Budget	Variance	%	YTD Actual	YTD Budget	Variance	%
<b>Member Months</b>	455,255	397,072	58,183	14.7%	5,402,715	4,908,292	494,423	10.1%
<b>Capitation Revenue</b>								
Capitation Revenue Medi-Cal	\$395.48	\$337.46	\$58.03	17.2%	\$354.01	\$337.39	\$16.62	4.9%
State Incentive Programs	38.03	-	38.03	100.0%	8.01	-	8.01	100.0%
Prior Year Revenue*	3.82	-	3.82	100.0%	3.78	-	3.78	100.0%
Premiums Commercial	1.05	0.87	0.18	20.7%	1.01	0.84	0.17	20.6%
<b>Total Operating Revenue</b>	<b>\$438.37</b>	<b>\$338.32</b>	<b>\$100.05</b>	<b>29.6%</b>	<b>\$366.82</b>	<b>\$338.23</b>	<b>\$28.59</b>	<b>8.5%</b>
<b>Medical Expenses</b>								
Inpatient Services (Hospital)	\$95.99	\$121.85	\$25.85	21.2%	\$104.09	\$114.16	\$10.07	8.8%
Inpatient Services (LTC)	37.41	28.59	(8.82)	-30.8%	39.06	26.79	(12.27)	-45.8%
Physician Services	101.49	70.83	(30.66)	-43.3%	81.11	66.36	(14.74)	-22.2%
Outpatient Facility	46.91	41.34	(5.57)	-13.5%	47.99	38.73	(9.26)	-23.9%
Other Medical**	71.66	71.24	(0.42)	-0.6%	62.38	66.17	3.79	5.7%
State Incentive Programs	38.03	-	(38.03)	-100.0%	8.01	-	(8.01)	-100.0%
<b>Total Medical Expenses</b>	<b>\$391.50</b>	<b>\$333.85</b>	<b>(\$57.64)</b>	<b>-17.3%</b>	<b>\$342.64</b>	<b>\$312.22</b>	<b>(\$30.42)</b>	<b>-9.7%</b>
<b>Gross Margin</b>	<b>\$46.87</b>	<b>\$4.47</b>	<b>\$42.40</b>	<b>100.0%</b>	<b>\$24.18</b>	<b>\$26.01</b>	<b>(\$1.83)</b>	<b>-7.0%</b>
<b>Administrative Expenses</b>								
Salaries	\$13.05	\$15.66	\$2.61	16.7%	\$13.00	\$14.75	\$1.76	11.9%
Professional Fees	1.11	0.74	(0.37)	-49.7%	0.79	0.80	0.01	1.7%
Purchased Services	2.02	2.38	0.36	14.9%	2.21	2.40	0.19	7.8%
Supplies & Other	7.16	2.74	(4.42)	-100.0%	2.52	2.45	(0.08)	-3.2%
Occupancy	0.36	0.31	(0.05)	-17.3%	0.28	0.31	0.03	10.6%
Depreciation/Amortization	0.51	0.71	0.21	28.9%	0.59	0.75	0.17	22.0%
<b>Total Administrative Expenses</b>	<b>\$24.22</b>	<b>\$22.54</b>	<b>(\$1.67)</b>	<b>-7.4%</b>	<b>\$19.39</b>	<b>\$21.47</b>	<b>\$2.08</b>	<b>9.7%</b>
<b>Operating Income</b>	<b>\$22.66</b>	<b>(\$18.07)</b>	<b>\$40.73</b>	<b>100.0%</b>	<b>\$4.79</b>	<b>\$4.54</b>	<b>\$0.25</b>	<b>5.5%</b>

\*Prior Year Revenue consist of revenue booked in the current calendar year for services rendered in prior years.

\*\*Other Medical includes Pharmacy and IHSS.



**CENTRAL CALIFORNIA ALLIANCE FOR HEALTH**  
**Statement of Cash Flow**  
**For The Twelfth Month Ending December 31, 2024**  
**(In \$000s)**  
**Unaudited as of 1/30/2025**

	<u>MTD</u>	<u>YTD</u>
Net Income	\$5,497	\$53,106
Items not requiring the use of cash: Depreciation	251	3,284
Adjustments to reconcile Net Income to Net Cash provided by operating activities:		
Changes to Assets:		
Restricted Cash	(4)	(4)
Receivables	(42,642)	267,642
Prepaid Expenses	1,430	(1,097)
Current Assets	(887)	1,746
Subscription Asset net Accum Depr	0	0
<b>Net Changes to Assets</b>	<b>(42,099)</b>	<b>268,292</b>
Changes to Payables:		
Accounts Payable	48,900	(227,391)
Other Current Liabilities	602	2,330
Incurred But Not Reported Claims/Claims Payable	108,407	196,815
Provider Incentives Payable	3,826	3,459
Due to State	2,839	7,613
Subscription Liabilities	0	0
<b>Net Changes to Payables</b>	<b>164,575</b>	<b>(17,173)</b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>128,224</b>	<b>307,508</b>
Change in Investments	(396)	(192,843)
Other Equipment Acquisitions	(264)	(3,423)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(660)</b>	<b>(196,266)</b>
Deferred Inflow of Resources	(83)	(83)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>(83)</b>	<b>(83)</b>
<b>Net Increase (Decrease) in Cash &amp; Cash Equivalents</b>	<b>127,481</b>	<b>111,159</b>
<b>Cash &amp; Cash Equivalents at Beginning of Period</b>	<b>188,761</b>	<b>205,083</b>
<b>Cash &amp; Cash Equivalents at December 31, 2024</b>	<b>\$316,238</b>	<b>\$316,238</b>