Partnership HealthPlan of California
Finance Committee Meeting Agenda

November 16, 2022 | 8:00 a.m. to 9:30 a.m.

Held at PHC's Southeast Regional Office at 4605 Business Center Drive, Fairfield, CA 94534
(East Building, Conference Center A, First Floor)

Video Conference Location
PHC's Southwest Regional Office at 495 Tesconi Circle, Santa Rosa, CA 95401,
PHC's Northwest Regional Office at 1036 5th Street, Eureka, CA 95501,
PHC's Northeast Regional Office at 2525 Airpark, Redding, CA 96001

Per Governor Newsom Executive Order, N-25-20, as it relates to social distancing measures being taken for COVID-19. The Executive Order authorizes public meetings with Brown Act requirements to be held via teleconference or telephone. It waives the Brown Act requirement for physical presence at the meeting for members, the clerk, and/ or other personnel of the body as a condition of participation for a quorum. However, the Executive Order requires at least one public location consistent with ADA requirements to be made available for members of the public to attend the meeting, so all PHC offices will be available for members of the public to attend the meeting in-person.

Finance Committee Members: Dave Jones, Chair, Alicia Hardy, Randall Hempling, Viola Lujan, Kathryn Powell, Nancy Starck, Mitesh Popat, M.D.

I.	Agenda Items	Lead	Page #	Time
1.	Agenda	Dave Jones, Chair	1	8:00
2.	Finance Committee Minutes – October 19, 2022 - **Decision**	Dave Jones, Chair	3	
3.	Commissioner Comments *At this time, committee members may provide comments and announcements.*	Commissioners	--	
4.	Public Comments *At this time, members of the public may address the committee on any non-agenda item of interest to the public that is within the subject matter jurisdiction of the committee. There will also be an opportunity to address the committee on a scheduled agenda item during the committee's consideration of that item. Speakers will be limited to three (3) minutes.*	Public	--	
II.	**New Business**			
1.	Brown Act Requirements: Open Meetings: State and Local Agencies – Teleconferences – **Decision**	Liz Gibboney	12	
2.	CEO's Health Plan Update – **Information**	Liz Gibboney	14	
3.	Approve September 2022 Metrics and Financials – **Decision**	Jeff Ingram	15	
III.	**Adjournment**		**9:30**	

Government Code §54957.5 requires that public records related to items on the open session agenda for a regular finance meeting be made available for public inspection. Records distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members of the committee. The Finance Committee has designated the Administrative Assistant to the CFO as the contact for Partnership HealthPlan of California located at 4665 Business Center Drive, Fairfield, CA 94534, for the purpose of making those public records available for inspection. The Finance Committee Meeting Agenda and supporting documentation is available for review from 8:00 AM to 5:00 PM, Monday through Friday at all PHC regional offices (see locations above). It can also be found online at www.partnershiphp.org.

PHC meeting rooms are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation (including auxiliary aids or services) to participate in this meeting, or who have a disability and wish to request an alternative format for the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting, should contact the Administrative Assistant to the CFO at least two (2) working days before the meeting at (707) 863-4207 or by email at *mhamilton@partnershiphp.org*. Notification in advance of the meeting will enable the Administrative Assistant to make reasonable arrangements to ensure accessibility to this meeting and to materials related to it.

This agenda contains a brief description of each item to be considered. Except as provided by law, no action shall be taken on any item not appearing on the agenda.

PARTNERSHIP HEALTHPLAN OF CALIFORNIA
MEETING MINUTES

Per Governor Newsom, Executive Order, N-25-20 that relates to social distancing measures being taken for COVID-19. The Executive Order authorizes public meetings with Brown Act requirements to be held via teleconference or telephone. It waives the Brown Act requirement for physical presence at the meeting for members, the clerk, and/ or other personnel of the body as a condition of participation for a quorum. However, the Executive Order requires at least one public location consistent with ADA requirements to be made available for members of the public to attend the meeting, so all PHC offices will be available for members of the public to attend the meeting in-person.

Committee: Finance Committee
Date/Time: October 19, 2022 / 8:00 – 9:30 AM
Members Present: Dave Jones –Chairperson, Viola Lujan*, Mitesh Popat, M.D.*, Kathryn Powell*, Nancy Starck*, Randall Hempling*
Members Absent: Alicia Hardy
Staff Present: Liz Gibboney, Sonja Bjork*, Mary Kerlin*, Patti McFarland, Marisa Dominguez, Tommee Naenphan, John Lemoine, Pearl Johns, Miranda Hamilton
Staff Absent: Amy Turnipseed, Katrina Dupont, Kirt Kemp, Jeff Ingram, Wendell Coats, Wendi West *
Guests: Rianne Suico*, Chris Pritchard*

* *Attendance via Video Conference*

DECISION AGENDA ITEMS	DISCUSSION / CONCLUSIONS	RECOMMENDATIONS / ACTION	TARGET DATE	DATE RESOLVED
Approval of September 21, 2022 Meeting Minutes	Dave Jones – Chairperson, confirmed a quorum, and stated that there are no changes to the agenda. September 21, 2022, meeting minutes presented for approval.	**Action:** Ms. Nancy Starck moved to approve minutes, and is seconded by Ms. Kathy Powell. All voted to approve the minutes		
AGENDA CHANGES AND DELETIONS				
	None			
COMMISSIONER COMMENTS				
	None			
PUBLIC COMMENTS				
	None			
NEW BUSINESS				

Brown Act Requirements **Present:** **Liz Gibboney, CEO**	This is a standard request PHC has presented each meeting for the last few months. As the State starts to come out of the Public Health Emergency and policies change more permanently going forward, PHC will modify its approach. However, until anything is made official, PHC's meeting execution will remain the same.	**Action:** Decision Ms. Nancy Starck moves to approve. Mr. Randall Hempling seconds. Mr. Dave Jones asks for comments. No comments. Motion carried.		
Moss Adams Audit Report for July 1, 2021 to June 30, 2022 **Presenter:** **Rianne Suico & Chris Pritchard**	Ms. Patti McFarland introduced Rianne Suico and Chris Pritchard, who are representing Moss Adams. PHC hired Moss Adams to perform audit procedures related to PHC's FY 2021-22 results. Ms. Suico states that the financial results they are about to present are from an unmodified audit opinion, meaning the financial statements are presented fairly and without bias, in alignment with governmental accounting standards and principles, and consistent with prior opinions presented since Moss Adams has audited PHC. This is a great testament to the excellent management at PHC. **STATEMENTS OF NET POSITION:** **Assets and Deferred Outflows of Resources Composition** PHC's assets and deferred outflows have been confirmed through various audit procedures. Cash and cash equivalents were confirmed with all current financial institutions. Moss Adams has tested all reconciling items, and PHC provided appropriate support. Moss Adams reviewed all receipts from PHC's California Department of Health Care Services (DHCS) and found that the receivables were substantially collected after June 30, 2022. Although not material, included in the receivable balance is the adoption of a new lease accounting standard, GASB 87. **Liabilities, Deferred Inflows, and Net Position Composition** For PHC's liabilities, deferred inflows, and net position composition, the accounts payable and accrued expenses primarily consisted of unpaid vendor invoices, claims payable accruals, unearned revenue related to CalAIM, and premium tax payables. Moss Adams reviewed PHC's	**Action:** Decision		

	accruals for expenses that occurred in 2022, but will not yet be paid until fiscal year ending 2023. They found support that there is proper cutout of these expenses. The balance that is payable to the State of California has not changed. This is related to the medical loss ratio calculation from previous years, pending final reconciliation with the State. For accrued claims payable, about $300 million is related to PHC's medical claims liability and $100 million is related to Proposition 56 accruals. Moss Adams looked at PHC Management's methodology to create the estimate, and PHC was consistent with the prior year's estimate. This is especially impressive when factoring in the volatility of COVID. The Quality Improvement Program (QIP) balance has increased from the prior year due to an increase in membership, as well as more providers qualifying for different performance measures. PHC's net position has grown over the years, and increased from 2021 due to positive income operating revenue in 2022. **OPERATIONS:** **Total Operating Expenses as a % of Total Operating Revenues** The differences between 2021 results and 2022 results is largely driven by additional incentive payments due to CalAIM starting up in January 2022, as well as an increase in membership due to a pause of membership redeterminations as a result of the ongoing public health emergency. Pharmacy expenses represent the biggest change from the prior year. Moss Adams looked at how PHC records transactions. PHC is consistent with how transactions were recorded the previous year, as well as consistent with PHC's 2022 and 2021 accounting policies. Ms. Suico introduced Mr. Pritchard and handed the presentation off to him. **Historic Estimated Claims Liability and Historic Actual Claims Liability** Mr. Pritchard explains how this area has reflected the most volatility from the effects of COVID. Many health plans became much more conservative as COVID spread, but now things are starting to balance out. PHC has had a consistent estimation over this period of time.			

	Historic Actual Claims Liability as a % of Capitation Revenues In 2019-2020, PHC's percentage dropped due to COVID, rising again in 2021 and getting close to trend in 2022. This is normal and nothing alarming. **Tangible Net Equity** PHC is doing great from an equity perspective and this seems to be a common trend with similar health plans **IMPORTANT BOARD COMMUNICATIONS:** All significant accounting policies are listed in note 2 of the financial statements. The most notable estimation of all the accounting estimates is the claim liability, which was previously covered. Moss Adams had no post-audit adjustments to make. There were no issues discussed that indicated any disagreement from management. PHC has been very collaborative throughout the audit process. Moss Adams states no awareness of any fraud or noncompliance with laws and regulations. Ms. McFarland replied that they do not, because they are not public plans. DHCS requires financials from PHC because it views the MediCal population as a separate entity from the general public. Since the expansion counties don't have a public board, they are not required to submit financial statements to the State. Ms. Liz Gibboney replies that she doubts the expansion counties would be surprised by the process, however they would likely view it as another example of more transparency from PHC. Ms. McFarland agrees.	Mr. Randall Hempling asks if PHC's expansion counties receive anything resembling this from their payers. Mr. Hempling asks if it is possible for PHC to share its audit information with the expansion counties to give them information on what was done, how PHC handles its finances, etc. **Action:** Decision Mr. Jones asks for a motion. Mr. Randall Hempling moves to approve. Ms. Kathy Powell seconds. Mr. Dave Jones asks for comments. No comments.		

		Motion carried.		
CEO's Health Plan Update **Presenter:** **Liz Gibboney, CEO**	**CALAIM** **DHCS Regional Convenings** PHC has a unique opportunity to host 3 of 10-12 regional convenings that DHCS will be conducting in the fall. DHCS Leadership will be touring around the state-holding frontline meetings with community organizations and healthcare leaders. The intent behind this is to create an open dialogue about the Community's perception of Medi-Cal and the rollout of CalAIM. The rollout of CalAIM is a major topic of discussion, as the program is still in its infancy. PHC had suggested at the June Board Retreat that DHCS come talk to communities directly. 3 of the sessions DHCS will be conducting will be within PHC service areas- the first being in Solano County on November 7, 2022. The next session will take place in Redding. PHC did not choose the dates, but is doing its best to help organize everything, as the Solano County session will be the first of the series. PHC is hoping these in-person meetings can be used as an opportunity to have candid, pragmatic, and ultimately fruitful conversation with the State. **2023 ECM Populations of Focus** PHC is working towards bringing new populations into CalAIM in January. PHC is looking forward to facilitating more IPP funds in 2023 **HHIP** PHC submitted investment plans on behalf of all 14 counties at the end of September. PHC is meeting all deadlines and pulling down as many resources as possible.	**Action:** Information only		

	ANNUAL DHCS MEDICAL AUDIT PHC was recently notified of an upcoming full scope medical audit. Last year's audit was limited. DHCS will be onsite the 2nd and 3rd week of December, and will be auditing PHC's July 2021- June 2022 FY. These types of audits typically include utilization and case management, as well as grievances and appeals. PHC's team is prepping for it. **ALTERNATIVE PAYMENT METHODOLOGY (APM)** All letters of interest are due to the State from interested health centers. PHC will be reviewing each request for consideration for APM Phase 1. The State has made it clear in the first round that they are not looking for marginal performers. They want everything to be exceptional. PHC is being cautious in its consideration for these requirements. **QIP** DHCS has been meeting with plans to review performance regarding statewide trends of lower performance in 2021. **CLINICAL EXCELLENCE RESOURCE CENTER (CERC)** PHC is in its second round of applicants and has given awards to a few health center participants. PHC has been providing resources and support to 3 local health centers- Open Door, Ole Health, and Peachtree. PHC has met with the UC Berkeley School of Public Health Dean to discuss a partnership between Stanford and Cal. This discussion centered on clinical excellence and the ways the public health school can improve health between health centers. **GEOGRAPHIC EXPANSION** PHC has continued its provider site visits- focusing on county leadership, and specifically behavioral health.			

	COMMERCIAL PLAN PROCUREMENT PROCESS There was controversy about initial awards to commercial plans. Blue Shield sued DHCS, touching on reprocurement, and looping in the Kaiser Contract Deal. It is unsure how the lawsuit will play out. DHCS did not comment on it, but this lawsuit may delay timelines. PHC is not expecting to be affected, as PHC does not play a role in the procurement process. **ANNUAL BOARD RETREAT/FEBRUARY** PHC is using a strategic planning committee to plan its February Board Retreat. PHC has discussed potential topics and speakers- focusing on changed management for PHC and all participating providers, what it looks like to successfully navigate upcoming changes, ways to further involve expansion counties in said discussions, present workforce challenges at a clinician level, and breakouts for more thorough discussion within smaller groups. There is a potential for PHC to have a workforce discussion with HCAI (formerly known as OSHPD). They have a large role in administering workforce development funds at the state level. PHC is putting together a draft retreat agenda that is open to suggestions. This retreat will take place during the normal February Board Meeting. Ms. Gibboney replies that it is a potential, but PHC is not deeply familiar with the varying aspects of the case, context, or potential outcomes.	Ms. Starck asks if the Kaiser portion of the Blue Shield lawsuit will impact PHC. Mr. Jones asked if there was any comment or questions. No comment or question.		
Approve August 2022 Metrics and Financials **Presenter:** **Patti McFarland, CFO**	**AUGUST 2022 FINANCIALS** **Financial Performance** PHC experienced a loss for the month, bringing the total year-to-date deficit to -$3.3 million. This is primarily due to timing differences of supplemental submissions to DHCS, and special payments. PHC is waiting on these			

	payments but sometimes it is hard to know when to expect them to come in. **Utilization** Utilization is creeping up at a time where we normally would not see an increase. This is directly related to COVID. PHC's analytics will clear up as the world settles into its new normal. There is a concern regarding a delay in primary care, but until PHC's analytics team receives better data, nothing is for sure. Other health plans are experiencing the same concerns. Ms. McFarland confirms that yes, it is connected to elective surgeries, specifically. Typically, elective surgery numbers lower during flu season, but so far they have remained unusually consistent. PHC will need to let things level out in analytics before truly being able to see the full picture. PHC's Health Analytics Team is working hard to find the underlying cause of this, but it is expected to be at least 6 months before they have the information they need to dig in deeper. **Medi-Cal Rates** PHC was expecting to have regional rates by now. Unfortunately, the Blue Shield vs. DHCS lawsuit could end up affecting the timing of the rates. Additionally, PHC was expecting to have final rates for CY 2022 by now; however, the delivery keeps getting pushed back. The most recent update was that the final rates would be made available in May 2023. PHC has draft rates, but will not know its actual revenue until it receives the final rates. PHC was expecting to have 2023 base rates as well, but currently DHCS has pushed the delivery date to mid-December 2022. The State has until the end of December to present the base rates. DHCS has provided PHC with trends. PHC's trends look great with the exception of a 3.5% increase in in-patient costs. Hospitals want significant rate increases, since many are struggling with inflation, particularly regarding wage inflation and the use of traveling nurses. Currently, PHC is back to its pre-pandemic claim levels, but this is offset with a 20% increase in membership. PHC is expecting DHCS to lower PHC's revenue, but is unsure	Mr. Hempling asks if the utilization costs are broken down by medical versus surgical costs.		

	of how much will be taken. This could be detrimental to PHC, depending on how much is taken. **Membership** PHC is continuing to see a membership increase that is greater than previously budgeted. **Administrative Costs** PHC is favorable by $2.4 million in administrative costs, bringing total favorability for the year-to-date to $5.7 million. This is typical for so early in the fiscal year, and this variance is expected to dwindle by the end of the fiscal year.	**Action:** Decision Mr. Jones asks for questions. No questions. Mr. Jones asks for a motion. Ms. Viola Lujan moves to approve. Ms. Nancy Starck seconds. Motion carried.		
Adjournment	Meeting adjourned at approximately 8:26 am.			

Minutes Prepared and Submitted by: Miranda Hamilton
Reviewed and Edited by: Marisa Dominguez & Nelson Gervacio
Minutes Reviewed and Submitted by: Jeff Ingram

Chairman Signature of Approval_____ Date_____

CONSENT AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Finance Committee Meeting Date:
November 16, 2022

Board Meeting Date:
December 7, 2022

Agenda Item Number:
2.1

Resolution Sponsor:
Liz Gibboney, CEO, Partnership HealthPlan of CA

Recommendation by:
PHC Staff

Topic Description:
AB361 authorizes public meetings with Brown Act requirements to be held via teleconference or telephone during a state of emergency. Virtual public meetings still require standard meeting agendas and notices and the ability for the public to provide public comment. To continue virtual meetings, the Commission must make findings every 30 days that 1) it has reconsidered the circumstances of the ongoing COVID-19 pandemic state of emergency and 2) either the state of emergency continues to directly impact the ability of the public to meet safely in person, or state or local officials continue to impose or recommend measures to promote social distancing.

Due to the ongoing risk of community transmission of COVID-19, it is recommended that the Partnership HealthPlan of California Commission continues to offer virtual attendance as an option and encourages in-person attendance following current PHC guidelines with regard to vaccinations, masking, social distancing and other protective measures.

Reason for Resolution:
To allow the Board the opportunity to review and approve ongoing virtual Board Meetings, due to the ongoing risk of community transmission of COVID-19.

Financial Impact:
There is no additional financial impact to the HealthPlan.

Requested Action of the Board:
Based on the recommendation of PHC staff and public health officials, the Board is asked to approve the recommended to continue to offer virtual attendance, due to the ongoing risk of community transmission of COVID-19.

CONSENT AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Finance Committee Meeting Date:
November 16, 2022

Board Meeting Date:
December 7, 2022

Agenda Item Number:
2.1

Resolution Number:
22-

IN THE MATTER OF: APPROVING THE RECOMMENDED CONTINUATION OF MEETING VIRTUALLY

Recital: Whereas,

A. AB361, signed by Governor Newsom on September 16, 2021, requires the Commission must make findings every 30 days to continue to offer virtual attendance.

Now, Therefore, It Is Hereby Resolved As Follows:

1. To approve the recommended continuation of offering virtual attendance for meetings, due to the ongoing risk of COVID-19 transmission, for the next 30 days, per AB 361.

PASSED, APPROVED, AND ADOPTED by the Partnership HealthPlan of California this 26th day of October 2022 by motion of Commissioner, seconded by Commissioner, and by the following votes:

AYES: Commissioners:

NOES: Commissioners:

ABSTAINED: Commissioners:

ABSENT: Commissioners:

EXCUSED: Commissioners:

_____
Alicia Hardy, Chair

_____
Date

ATTEST:

BY: _____
Ashlyn Scott, Clerk

Finance Committee

Chief Executive Officer Update

November, 2022

DHCS & State Issues

- CalAIM & DHCS Regional Meetings
- Housing and Homeless Incentive Program (HHIP)
- Annual DHCS Medical Audit
- HEDIS/MCAS Score Improvement
    - Joint Leadership Initiatives
    - PCP Quality Improvement Program (regional variation)
- Alternative Payment Methodology (APM)

General Issues:

- Geographic Expansion
- Annual Board Retreat/February

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

Financial Analysis for the Current Period

Total (Deficit) Surplus

For the month ending September 30, 2022, PHC reported a net surplus of $2.0 million, reducing the year-to-date deficit to -$1.2 million. Significant variances are explained below.

Revenue

Total Revenue is greater than budget by $1.4 million for the month and lower than budget by $711,014 for the year-to-date. Supplemental revenues are unfavorable $6.7 million due primarily to timing differences of submissions to DHCS. Medi-Cal revenue is $4.8 million unfavorable due to unbudgeted revenue adjustments related to acuity adjustments for CY 2022 rates. Other revenue is favorable $5.5 million due to unbudgeted CalAIM and COVID vaccine incentive program revenues; corresponding expenses are being recorded in Healthcare Investment Funds. Interest income is $3.9 million favorable due to higher than anticipated interest rates. MCO tax revenue is $1.2 million favorable due to higher than budgeted enrollment.

Healthcare Costs

Total Healthcare Costs are greater than budget by $10.0 million for the month and $23.2 million for the year-to-date. Physician and Ancillary expenses are $23.7 million unfavorable as a result of adjustments to IBNR reserves for Physician Services, Outpatient Hospital, and ER due to increases in utilization and potential retro adjustments. Global Subcapitation is $9.6 million unfavorable due to timing of contracted rate changes; pending contract changes will continue to produce a variance until agreements are finalized and true-ups are completed. Healthcare Investment Funds is $5.8 million unfavorable due to unbudgeted CalAIM and Covid vaccine incentive program expenses; offsets are mentioned in revenue above. Long term care expenses are $9.2 million favorable due to prior year expense adjustments related to decrease in utilization and rate adjustments effective January 2022. Transportation expense is $2.5 million favorable for the month due to lower than budgeted expenses.

Administrative Costs

Total administrative costs are lower than budget by $2.2 million for the month and $7.9 million for the year-to-date. This is primarily from the positive variance in Employee expenses due to a higher number of open positions budgeted for than originally anticipated. The variance in Computer and Data is from the additional dollars budgeted for HealthEdge. Lastly, the budget for Professional Services includes consultant costs which have yet to occur but are expected to be realized in the upcoming months. All of these variances should decrease as the year progresses.

Balance Sheet

Total Cash & Cash Equivalents increased by $116.5 million for the month. $449.8 million in State Capitation payments, including $125.7 million in directed payment receipts, were received during the month; additionally, $1.9 million in Drug Medi-Cal payments and $1.7 million in interest earnings were received, and $4.3 million in board-designated reserve transfers were recorded during the month. These inflows were offset by $201.3 million in healthcare cost payments, $2.9 million in Drug Medi-Cal payments,

$125.7 million in directed payment disbursements, and $11.5 million in administrative and capital costs. The remaining difference can be attributed to other revenues.

General Statistics

Membership

Membership had a total net increase of 4,308 members for the month.

Utilization Metrics and High Dollar Case

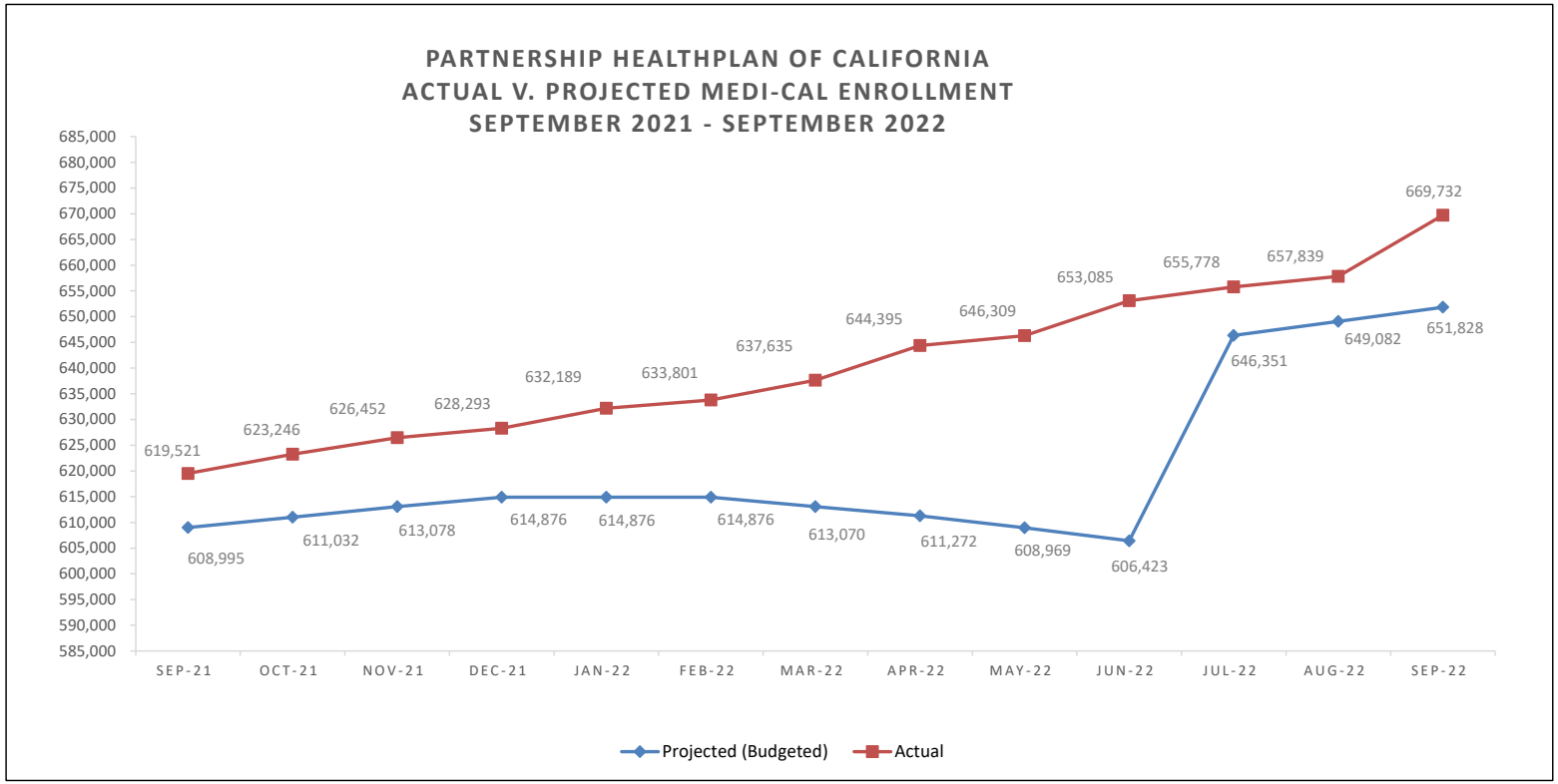
For the fiscal year 2022/23 through September 30, 2022, 70 members reached the $250,000 threshold with an average cost of $431,692. For fiscal year 2021/22, 566 members reached the $250,000 threshold with an average cost per case was $489,344. For fiscal year 2020/21, 508 members reached the $250,000 threshold with an average claims cost of $492,300.

Current Ratio/Required Reserves

Current Ratio Including Required Reserves	**1.78**
Current Ratio Excluding Required Reserves:	**0.74**
Required Reserves:	**$977,570,424**
Total Fund Balance:	**$765,502,320**

Days of Cash on Hand

Including Required Reserves:	**138.67**
Excluding Required Reserves:	**49.80**



Member Months by County:

County	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22
Solano	123,349	124,247	125,202	125,748	126,876	127,721	128,602	130,389	130,408	132,152	132,795	133,221	135,456
Napa	31,879	31,874	32,186	32,223	32,566	32,447	32,696	33,096	33,622	33,994	33,921	34,122	34,908
Yolo	56,687	57,644	58,371	58,386	58,531	58,770	59,008	59,247	59,768	60,067	60,315	60,352	61,422
Sonoma	118,578	119,138	119,850	120,345	121,061	121,635	122,221	123,035	124,906	125,724	126,276	127,033	129,477
Marin	44,239	44,637	44,731	44,833	45,288	45,344	45,716	46,275	47,488	48,025	48,307	48,355	50,793
Mendocino	38,942	39,128	39,272	39,266	39,507	39,422	39,655	40,143	39,955	40,422	40,476	40,585	41,232
Lake	33,083	33,137	33,281	33,340	33,552	33,537	33,682	33,892	34,005	34,202	34,267	34,460	34,935
Del Norte	12,138	12,175	12,166	12,271	12,233	12,245	12,323	12,378	12,331	12,415	12,470	12,438	12,559
Humboldt	57,895	58,203	58,217	58,347	58,779	58,818	59,127	59,837	59,059	59,637	59,988	60,064	60,580
Lassen	8,186	8,189	8,264	8,343	8,413	8,383	8,459	8,616	8,474	8,631	8,692	8,696	8,841
Modoc	3,785	3,809	3,803	3,820	3,871	3,883	3,896	3,981	3,887	3,976	3,990	4,000	4,062
Shasta	66,734	66,922	67,042	67,225	67,304	67,413	67,990	68,974	68,078	69,215	69,530	69,767	70,415
Siskiyou	18,826	18,926	18,830	18,859	18,921	18,911	18,900	19,094	18,865	19,120	19,184	19,208	19,408
Trinity	5,200	5,217	5,237	5,287	5,287	5,272	5,360	5,438	5,463	5,505	5,567	5,538	5,644
All Counties Total	**619,521**	**623,246**	**626,452**	**628,293**	**632,189**	**633,801**	**637,635**	**644,395**	**646,309**	**653,085**	**655,778**	**657,839**	**669,732**

Medi-Cal Region 1: Solano, Napa, Yolo & Marin; Medi-Cal Region 2: Sonoma, Mendocino & Rural 8 Counties

Partnership HealthPlan of California
Comparative Financial Indicators Monthly Report
Fiscal Year 2022 - 2023 & Fiscal Year 2021 - 2022

FINANCIAL INDICATORS	Jul-22	Aug-22	Sep-22										YTD	Avg / Month As of Sep-22
Total Enrollment	656,979	659,818	664,126										1,980,923	660,308
Total Revenue	267,284,264	274,023,503	275,982,353										817,290,120	272,430,040
Total Healthcare Costs	241,534,619	251,300,354	248,258,707										741,093,677	247,031,226
Total Administrative Costs	10,017,179	11,227,839	10,474,205										31,719,226	10,573,075
Medi-Cal Hospital & Managed Care Taxes	15,239,583	15,239,583	15,239,583										45,718,749	15,239,583
Total Current Year Surplus (Deficit)	492,883	(3,744,273)	2,009,858										(1,241,532)	(413,844)
Total Claims Payable	477,170,822	462,743,832	493,164,597										493,164,597	477,693,084
Total Fund Balance	767,236,734	763,492,462	765,502,320										765,502,320	765,410,505
Reserved Funds														
State Financial Performace Guarantee	544,383,000	541,137,000	538,073,000										538,073,000	541,197,667
State Financial Performace Guarantee - 2024 Expansion Counties	176,589,000	176,452,000	176,272,000										176,272,000	176,437,667
Regulatory Reserve Requirement	95,682,198	96,841,016	96,447,591										96,447,591	96,323,602
Board Approved Capital and Infrastructure Purchases	58,903,733	57,323,454	56,632,864										56,632,864	57,620,017
Capital Assets	108,759,668	109,892,826	110,144,969										110,144,969	109,599,154
Strategic Use of Reserve-Board Approved Community Reinvestments	73,609,149	73,596,300	73,393,537										73,393,537	73,532,995
Unrestricted Fund Balance	(290,690,013)	(291,750,135)	(285,461,641)										(285,461,641)	(289,300,596)
Fund Balance as % of Reserved Funds	72.52%	72.35%	72.84%										72.84%	72.57%
Current Ratio (including Required Reserves)	1.83:1	1.84:1	1.78:1										1.78:1	1.82:1
Medical Loss Ratio w/o Tax	96.06%	97.35%	95.55%										96.32%	96.32%
Admin Ratio w/o Tax	3.98%	4.35%	4.03%										4.12%	4.12%
Profit Margin Ratio	0.18%	-1.37%	0.73%										-0.15%	-0.15%

FINANCIAL INDICATORS	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	YTD	Avg / Month As of Jun-22
Total Enrollment	612,565	615,504	619,135	622,749	625,752	627,918	632,226	633,903	637,424	643,907	650,413	653,187	7,574,683	631,224
Total Revenue	285,770,409	290,492,773	289,217,239	289,434,715	295,168,702	291,059,764	280,860,131	279,174,488	277,787,868	221,339,725	251,583,638	257,635,957	3,309,525,408	275,793,784
Total Healthcare Costs	258,057,572	256,910,666	252,438,582	251,402,013	258,737,530	263,716,815	230,109,224	227,347,263	219,750,867	215,289,341	225,173,550	215,139,622	2,874,073,045	239,506,087
Total Administrative Costs	9,527,532	9,674,878	10,915,842	10,456,654	10,013,386	12,195,146	11,432,906	10,800,639	16,431,194	10,231,596	11,360,634	29,890,467	152,930,874	12,744,239
Medi-Cal Hospital & Managed Care Taxes	13,854,167	13,854,167	13,854,167	13,854,167	13,854,167	13,854,167	13,854,167	13,854,167	13,854,167	13,854,167	13,854,167	13,854,163	166,250,000	13,854,167
Total Current Year Surplus (Deficit)	4,331,138	10,053,062	12,008,648	13,721,881	12,563,619	1,293,636	25,463,834	27,172,419	27,751,640	(18,035,379)	1,195,287	(1,248,295)	116,271,489	9,689,291
Total Claims Payable	479,612,906	469,987,817	490,436,456	489,196,877	474,284,933	488,534,512	474,970,355	492,259,098	538,975,371	558,387,815	481,431,569	457,967,956	457,967,956	491,337,139
Total Fund Balance	654,962,002	665,015,064	677,023,711	690,745,592	703,309,211	704,602,847	730,066,681	757,239,100	784,990,740	766,955,362	768,150,648	766,743,852	766,743,852	722,483,734
Reserved Funds														
Required Reserves	316,541,291	315,879,635	319,469,943	321,526,405	323,304,964	326,844,174	328,526,038	328,039,443	325,955,436	322,661,996	319,373,345	-	-	295,676,889
State Financial Performace Guarantee	-	-	-	-	-	-	-	-	-	-	-	547,630,000	547,630,000	45,635,833
State Financial Performace Guarantee - 2024 Expansion Counties	-	-	-	-	-	-	-	-	-	-	-	168,159,000	168,159,000	14,013,250
Regulatory Reserve Requirement	102,368,056	105,893,648	103,703,232	103,061,873	104,622,613	105,274,263	101,599,402	101,205,061	100,276,930	97,507,282	98,770,865	98,186,315	98,186,315	8,182,193
Board Approved Capital and Infrastructure Purchases	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	60,383,581	60,383,581	18,781,965
Capital Assets	105,684,355	105,331,238	106,055,796	106,519,267	106,191,511	106,189,354	106,721,219	106,521,169	106,252,966	108,221,301	107,962,012	107,920,578	107,920,578	106,630,897
Strategic Use of Reserve-Board Approved Community Reinvestments	80,012,212	79,785,705	76,769,579	76,300,252	76,231,209	76,149,155	75,717,707	74,488,498	73,989,726	73,956,826	73,743,606	73,686,338	73,686,338	75,902,568
Unrestricted Fund Balance	35,356,088	43,124,838	56,025,161	68,337,796	77,958,915	75,145,902	102,502,315	131,984,929	163,515,682	149,607,956	153,300,820	(289,221,960)	(289,221,960)	63,969,870
Fund Balance as % of Reserved Funds	105.71%	106.93%	109.02%	110.98%	112.47%	111.94%	116.33%	121.11%	126.31%	124.23%	124.93%	72.61%	72.61%	109.71%
Current Ratio (including Required Reserves)	1.77:1	1.77:1	1.74:1	1.79:1	1.80:1	1.71:1	1.68:1	1.83:1	1.68:1	1.79:1	1.84:1	1.84:1	1.84:1	1.77:1
Medical Loss Ratio w/o Tax	94.94%	92.93%	91.76%	91.34%	92.11%	95.29%	86.64%	86.16%	83.75%	104.62%	95.42%	83.59%	91.32%	91.32%
Admin Ratio w/o Tax	3.51%	3.50%	3.97%	3.80%	3.56%	4.41%	4.30%	4.09%	6.26%	4.97%	4.81%	11.69%	4.87%	4.87%
Profit Margin Ratio	1.52%	3.46%	4.15%	4.74%	4.26%	0.44%	9.07%	9.73%	9.99%	-8.15%	0.48%	-0.55%	3.51%	3.51%

PARTNERSHIP HEALTHPLAN OF CALIFORNIA
Membership and Financial Summary
For The Period Ending September 30, 2022

CURRENT MONTH	PRIOR MONTH	INC / DEC	MEMBERSHIP SUMMARY	CURRENT YTD AVG	PRIOR YTD AVG	VARIANCE
664,126	659,818	4,308	**Total Membership**	660,308	615,735	44,573

ACTUAL MONTH	BUDGET MONTH	$ VARIANCE MONTH	FINANCIAL SUMMARY	ACTUAL YTD	BUDGET YTD	$ VARIANCE YTD
275,982,353	274,546,386	1,435,967	**Total Revenue**	817,290,120	818,001,134	(711,014)
248,258,707	238,232,871	(10,025,836)	**Total Healthcare Costs**	741,093,677	717,904,234	(23,189,443)
10,474,205	12,651,326	2,177,121	**Total Administrative Costs**	31,719,226	39,576,441	7,857,215
15,239,583	15,239,583	-	**Medi-Cal Managed Care Tax**	45,718,749	45,718,749	-
2,009,858	**8,422,606**	**(6,412,748)**	**Total Current Year Surplus (Deficit)**	**(1,241,532)**	**14,801,710**	**(16,043,242)**
95.55%	91.99%		**Medical Loss Ratio (HC Costs as a % of Rev, excluding Managed Care Tax)**	96.32%	93.06%	
4.03%	4.88%		**Admin Ratio (Admin Costs as a % of Rev, excluding Managed Care Tax)**	4.12%	5.13%	

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

	September 2022	August 2022
A S S E T S		
Current Assets		
Cash &Cash Equivalents	**486,039,878**	**369,544,156**
Receivables		
Accrued Interest	402,900	257,100
State DHS - Cap Rec	94,134,822	148,783,121
Other Healthcare Receivable	17,180,722	12,116,302
Miscellaneous Receivable	8,282,642	8,291,544
Total Receivables	**120,001,086**	**169,448,067**
Other Current Assets		
Payroll Clearing	(5,693)	6,931
Prepaid Expenses	6,100,430	6,145,811
Total Other Current Assets	**6,094,737**	**6,152,742**
Total Current Assets	**612,135,701**	**545,144,965**
Non-Current Assets		
Fixed Assets		
Motor Vehicles	188,086	154,341
Furniture & Fixtures	7,518,859	7,518,859
Computer Equipment - HP	541,886	541,886
Computer Equipment	20,760,657	20,760,657
Computer Software	20,714,113	20,714,113
Leasehold Improvements	962,374	962,374
Land	6,767,292	6,767,292
Building	55,932,088	55,932,088
Building Improvements	31,231,667	31,231,667
Accum Depr - Motor Vehicles	(150,671)	(148,720)
Accum Depr - Furniture	(7,201,108)	(7,172,397)
Accum Depr - Comp Equip - HP	(541,886)	(541,886)
Accum Depr - Comp Equipment	(20,098,987)	(20,041,245)
Accum Depr - Comp Software	(19,589,297)	(19,529,839)
Accum Depr - Leasehold Improvements	(962,374)	(962,374)
Accum Depr - Building	(9,538,127)	(9,418,614)
Accum Depr - Bldg Improvements	(10,159,349)	(9,988,276)
Construction Work-In-Progress	33,769,745	33,112,899
Total Fixed Assets	**110,144,968**	**109,892,825**
Other Non-Current Assets		
Deposits	7,154	81,785
Board-Designated Reserves	867,125,455	871,453,470
Knox-Keene Reserves	300,000	300,000
Prepaid - Other Non-Current	3,330,336	3,527,897
Net Pension Asset	3,475,861	3,475,861
Deferred Outflows Of Resources	2,884,773	2,884,773
Total Other Non-Current Assets	**877,123,579**	**881,723,786**
Total Non-Current Assets	**987,268,547**	**991,616,611**

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

	September 2022	August 2022
Total Assets	**1,599,404,248**	**1,536,761,576**
L I A B I L I T I E S & F U N D B A L A N C E		
Liabilities		
Current Liabilities		
Accounts Payable	144,606,666	122,788,000
Unearned Income	17,819,410	22,319,415
Suspense Account	3,419,062	2,709,684
Capitation Payable	20,259,081	18,867,146
State DHS - Cap Payable	32,633,113	32,633,113
Accrued Healthcare Costs	11,186,712	7,252,527
Claims Payable	111,933,463	108,964,166
Incurred But Not Reported-IBNR	381,231,134	353,779,666
Quality Improvement Programs	107,821,697	100,963,807
Total Current Liabilities	**830,910,338**	**770,277,524**
Non-Current Liabilities		
Deferred Inflows Of Resources	2,991,590	2,991,590
Total Non-Current Liabilities	**2,991,590**	**2,991,590**
Total Liabilities	**833,901,928**	**773,269,114**
Fund Balance		
Unrestricted Fund Balance	**(285,461,641)**	**(291,750,135)**
Reserved Funds		
State Financial Performance Guarantee	538,073,000	541,137,000
State Financial Performance Guarantee - Expansion Counties	176,272,000	176,452,000
Regulatory Reserve Requirement	96,447,591	96,841,016
Board Approved Capital and Infrastructure Purchases	56,632,864	57,323,454
Capital Assets	110,144,969	109,892,826
Strategic Use of Reserve-Board Approved Community Reinvestments	73,393,537	73,596,300
Total Reserved Funds	**1,050,963,961**	**1,055,242,596**
Total Fund Balance	**765,502,320**	**763,492,462**
Total Liabilities And Fund Balance	**1,599,404,248**	**1,536,761,576**

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

	Current Month Activity	Year-To-Date Activity
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received From:		
Capitation from California Department of Health Care Services	449,829,847	1,012,956,375
Other Revenues	110,547	2,002,574
Cash Payments to Providers for Medi-Cal Members		
Capitation Payments	(49,440,209)	(143,571,820)
Medical Claims Payments	(151,821,501)	(536,289,890)
Drug Medi-Cal		
DMC Receipts from Counties	1,891,558	7,895,732
DMC Payments to Providers	(2,929,999)	(8,904,623)
Cash Payments to Vendors	(127,954,103)	(177,395,084)
Cash Payments to Employees	(8,418,101)	(26,741,732)
Net Cash (Used) Provided by Operating Activities	**111,268,039**	**129,951,532**
CASH FLOWS FROM CAPITAL FINANCING & RELATED ACTIVITIES:		
Purchases of Capital Assets	(838,218)	(3,855,144)
Net Cash Used by Capital Financial & Related Activities	**(838,218)**	**(3,855,144)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Board-Designated Reserve Transfers	4,328,015	6,933,441
Interest and Dividends on Investments	1,737,886	3,933,347
Net Cash (Used) Provided by Investing Activities	**6,065,901**	**10,866,788**
NET (DECREASE) INCREASE IN CASH & CASH EQUIVALENTS	**116,495,722**	**136,963,176**
CASH & CASH EQUIVALENTS, BEGINNING	**369,544,156**	**349,076,702**
CASH & CASH EQUIVALENTS, ENDING	**486,039,878**	**486,039,878**
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
TOTAL OPERATING (LOSS) INCOME	**126,172**	**(5,429,479)**
DEPRECIATION	**438,447**	**1,526,326**
CHANGES IN ASSETS AND LIABILITIES:		
Other Receivables	(5,055,518)	(5,647,884)
California Department of Health Services Receivable	54,648,298	85,444,900
Other Assets	477,826	(1,141,896)
Accounts Payable and Accrued Expenses	23,354,159	(292,831)
Accrued Claims Payable	30,420,765	35,196,641
Quality Improvement Programs	6,857,890	20,295,755
Net Cash Provided (Used) by Operating Activities	**111,268,039**	**129,951,532**

PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Statement of Revenues and Expenses

For The Period Ending September 30, 2022

****The Notes to the Financial Statement are an Integral Part of this Statement****

ACTUAL MONTH	BUDGET MONTH	$ VARIANCE MONTH	ACTUAL MONTH PMPM	BUDGET MONTH PMPM		ACTUAL YTD	BUDGET YTD	$ VARIANCE YTD	ACTUAL YTD PMPM	BUDGET YTD PMPM
664,126	**664,126**	**-**			**TOTAL MEMBERSHIP**	**1,980,923**	**1,980,923**	**-**		
					REVENUE					
270,347,541	273,378,348	(3,030,807)	407.07	411.64	State Capitation Revenue	804,378,517	814,497,020	(10,118,503)	406.06	411.17
1,883,686	97,781	1,785,905	2.84	0.15	Interest Income	4,187,947	293,343	3,894,604	2.11	0.15
3,751,126	1,070,257	2,680,869	5.65	1.61	Other Revenue	8,723,656	3,210,771	5,512,885	4.40	1.62
275,982,353	**274,546,386**	**1,435,967**	**415.56**	**413.40**	**TOTAL REVENUE**	**817,290,120**	**818,001,134**	**(711,014)**	**412.57**	**412.94**
					HEALTHCARE COSTS					
21,949,634	18,796,798	(3,152,836)	33.05	28.30	Global Subcapitation	65,650,292	56,088,230	(9,562,062)	33.14	28.31
2,480,379	2,498,500	18,121	3.73	3.76	Capitated Medical Groups	7,416,817	7,451,364	34,547	3.74	3.76
					Physician Services					
6,405,322	6,210,228	(195,094)	9.64	9.35	PCP Capitation	19,147,514	18,569,455	(578,059)	9.67	9.37
222,416	234,495	12,079	0.33	0.35	Specialty Capitation	665,089	700,573	35,484	0.34	0.35
47,322,601	37,394,360	(9,928,241)	71.26	56.31	Non-Capitated Physician Services	130,802,265	110,916,460	(19,885,805)	66.03	55.99
53,950,339	**43,839,083**	**(10,111,256)**	**81.23**	**66.01**	**Total Physician Services**	**150,614,868**	**130,186,488**	**(20,428,380)**	**76.04**	**65.71**
					Inpatient Hospital					
18,723,179	18,223,024	(500,155)	28.19	27.44	Hospital Capitation	55,897,857	54,388,039	(1,509,818)	28.22	27.46
63,595,187	63,378,010	(217,177)	95.76	95.43	Inpatient Hospital - FFS	189,076,628	193,646,021	4,569,393	95.45	97.76
1,335,255	1,335,255	-	2.01	2.01	Hospital Stoploss	3,985,395	3,985,395	-	2.01	2.01
83,653,621	**82,936,289**	**(717,332)**	**125.96**	**124.88**	**Total Inpatient Hospital**	**248,959,880**	**252,019,455**	**3,059,575**	**125.68**	**127.23**
21,850,227	32,607,033	10,756,806	32.90	49.10	Long Term Care	89,439,587	98,638,813	9,199,226	45.15	49.79
					Ancillary Services					
1,029,277	971,248	(58,029)	1.55	1.46	Ancillary Services - Capitated	3,070,083	2,904,487	(165,596)	1.55	1.47
44,942,981	39,549,573	(5,393,408)	67.67	59.55	Ancillary Services - Non-Capitated	123,564,482	119,769,735	(3,794,747)	62.38	60.46
45,972,258	**40,520,821**	**(5,451,437)**	**69.22**	**61.01**	**Total Ancillary Services**	**126,634,565**	**122,674,222**	**(3,960,343)**	**63.93**	**61.93**
					Other Medical					
2,256,871	2,793,995	537,124	3.40	4.21	Quality Assurance	6,213,054	8,020,779	1,807,725	3.14	4.05
3,838,323	1,184,417	(2,653,906)	5.78	1.78	Healthcare Investment Funds	9,304,431	3,553,251	(5,751,180)	4.70	1.79
91,700	118,575	26,875	0.14	0.18	Advice Nurse	274,700	354,222	79,522	0.14	0.18
472	8,617	8,145	-	0.01	HIPP Payments	1,682	25,743	24,061	-	0.01
5,356,993	6,070,853	713,860	8.07	9.14	Transportation	15,917,113	18,425,679	2,508,566	8.04	9.30
11,544,359	**10,176,457**	**(1,367,902)**	**17.39**	**15.32**	**Total Other Medical**	**31,710,980**	**30,379,674**	**(1,331,306)**	**16.02**	**15.33**
6,857,890	6,857,890	-	10.33	10.33	Quality Improvement Programs	20,666,688	20,465,988	(200,700)	10.43	10.33
248,258,707	**238,232,871**	**(10,025,836)**	**373.81**	**358.71**	**TOTAL HEALTHCARE COSTS**	**741,093,677**	**717,904,234**	**(23,189,443)**	**374.13**	**362.39**
					ADMINISTRATIVE COSTS					
7,336,096	8,135,874	799,778	11.05	12.25	Employee	21,670,282	24,256,837	2,586,555	10.94	12.25
26,063	44,066	18,003	0.04	0.07	Travel And Meals	96,231	138,646	42,415	0.05	0.07
789,128	1,054,231	265,103	1.19	1.59	Occupancy	2,504,972	3,333,054	828,082	1.26	1.68
265,355	437,411	172,056	0.40	0.66	Operational	742,356	1,347,550	605,194	0.37	0.68
1,157,265	1,636,474	479,209	1.74	2.46	Professional Services	3,508,394	4,798,291	1,289,897	1.77	2.42
900,298	1,343,270	442,972	1.36	2.02	Computer And Data	3,196,991	5,702,063	2,505,072	1.61	2.88
10,474,205	**12,651,326**	**2,177,121**	**15.78**	**19.05**	**TOTAL ADMINISTRATIVE COSTS**	**31,719,226**	**39,576,441**	**7,857,215**	**16.00**	**19.98**
15,239,583	15,239,583	-	22.95	22.95	Medi-Cal Managed Care Tax	45,718,749	45,718,749	-	23.08	23.08
2,009,858	**8,422,606**	**(6,412,748)**	**3.02**	**12.69**	**TOTAL CURRENT YEAR SURPLUS (DEFICIT)**	**(1,241,532)**	**14,801,710**	**(16,043,242)**	**(0.64)**	**7.49**

PARTNERSHIP HEALTHPLAN OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

1. ORGANIZATION

The Partnership HealthPlan of California (PHC) was formed as a health insurance organization, and is legally a subdivision of the State of California, but is not part of any city, county or state government system. PHC has quasi-independent political jurisdiction to contract with the State for managing Medi-Cal beneficiaries who reside in various Northern California Counties. PHC is a combined public and private effort engaged principally in providing a more cost-effective method of healthcare. PHC began serving Medi-Cal eligible persons in Solano in May 1994. That was followed by Napa in March of 1998, Yolo in March of 2001, Sonoma in October 2009, Marin and Mendocino in July 2011, and eight Northern Counties in September 2013. Beginning July 2018 and in accordance with direction from the Department of Health Care Services (DHCS), PHC has consolidated its reporting from these fourteen counties into two regions; these are in alignment with the two DHCS rating regions.

As a public agency, the HealthPlan is exempt from state and federal income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING POLICIES:
The accounting and reporting policies of PHC conform to generally-accepted accounting principles and general practices within the healthcare industry.

PROPERTY AND EQUIPMENT:
Effective July 2015, property and equipment totaling $10,000 or more are recorded at cost; this includes assets acquired through capital leases and improvements that significantly add to the productive capacity or extend the useful life of the asset. Costs of maintenance and repairs are expensed as incurred. Depreciation for financial reporting purposes is provided on a straight-line method over the estimated useful life of the asset. The costs of major remodeling and improvements are capitalized as building or leasehold improvements. Leasehold improvements are amortized using the straight-line method over the shorter of the remaining term of the applicable lease or their estimated useful life. Building improvements are depreciated over their estimated useful life.

INVESTMENTS:
PHC investments can consist of U.S. Treasury Securities, Certificates of Deposits, Money Market and Mutual Funds, Government Pooled Funds, Agency Notes, Repurchase Agreements, Shares of Beneficial Interest and Commercial Paper and are carried at fair value.

RESERVED FUNDS:

As of September 2022, PHC has Reserved Funds of $977.6 million, which includes $0.3 million of Knox-Keene Reserves. To account for Board approved Strategic Use of Reserves (SUR) initiatives, which includes funding for the Wellness & Recovery program, an additional $73.4 million has been set aside as a "Strategic Use of Reserve" for community reinvestments. The amount represents the net amount remaining of all of the SUR projects that have been approved to date; this balance is periodically adjusted as projects are completed.

3. STATE CAPITATION REVENUE

Medi-Cal capitation revenue is based on the monthly capitation rates, as provided for in the State contract, and the actual number of Medi-Cal eligible members. Capitation revenues are paid by the State on a monthly basis in arrears based on estimated membership. As such, capitation revenue includes an estimate for amounts receivable from or refundable to the State for projected changes in membership and trued up monthly through a State reconciliation process. These estimates are continually monitored and adjusted, as necessary, as experience develops or new information becomes known.

4. HEALTHCARE COST

PHC continues to develop completion factors to calculate estimated liability for claims incurred but not reported. These factors are reviewed and adjusted as more historical data become available. Budgeted capitation revenues and healthcare costs are adjusted each month to reflect changes in enrollee counts.

5. QUALITY IMPROVEMENT PROGRAM

PHC maintains quality incentive contracts with acute care hospitals and primary care physicians. As of September 2022, PHC has accrued a Quality Incentive Program payout of $107.8 million.

PARTNERSHIP HEALTHPLAN OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

6. ESTIMATES

Due to the nature of the operations of the Partnership HealthPlan, it is necessary to estimate amounts for financial statement presentation. Substantial overstatement or understatement of these estimates would have a significant impact on the statements. The items estimated through various methodologies are:

- Value of Claims Incurred But Not Received
- Quality Incentive Payouts
- Earned Capitation Revenues
- Total Number of Members
- Retro Capitation Expense for Certain Providers

7. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, the HealthPlan is party to claims and legal actions by enrollees, providers, and others. After consulting with legal counsel, HealthPlan management is of the opinion any liability that may ultimately be incurred as a result of claims or legal actions will not have a material effect on the financial position or results of the operations of the HealthPlan.

8. UNUSUAL OR INFREQUENT ITEMS REPORTED IN CURRENT MONTH'S FINANCIAL STATEMENTS

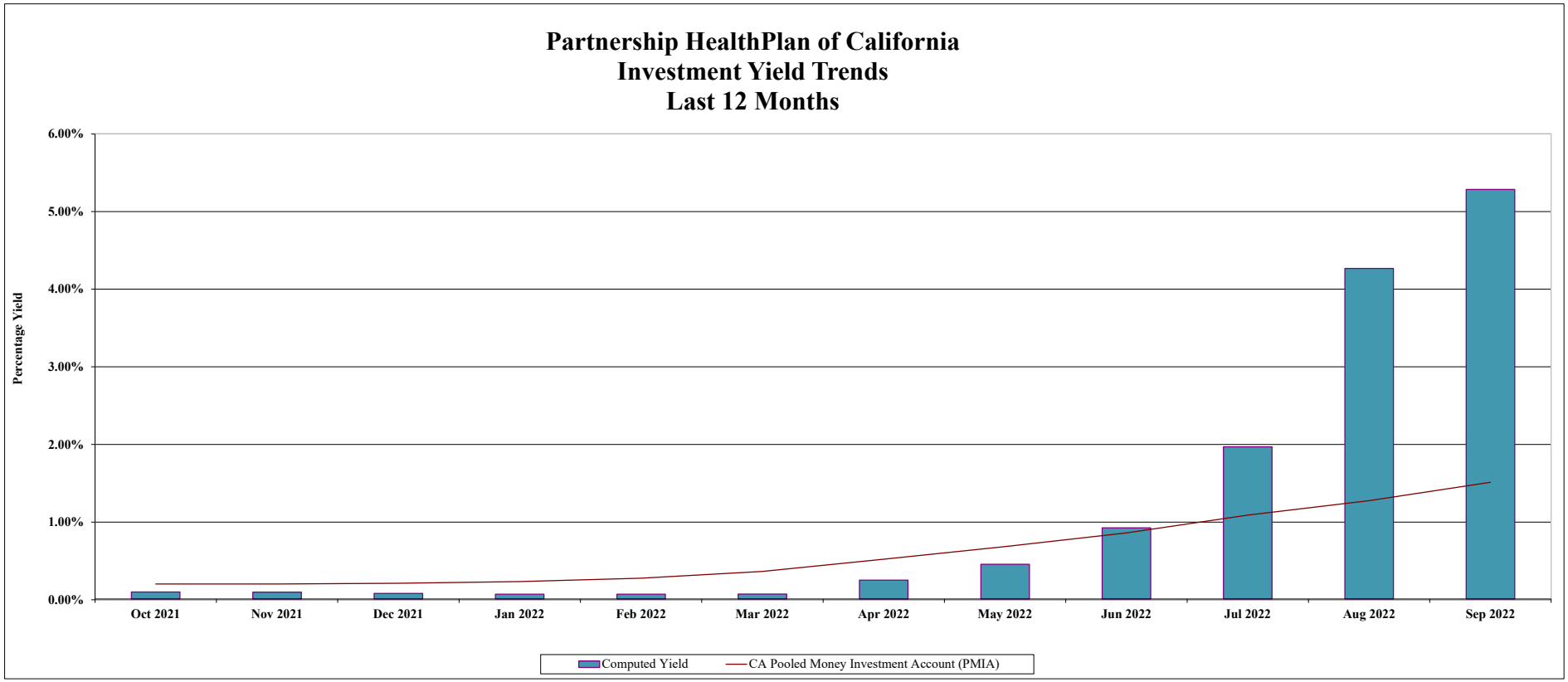
None noted.

Partnership HealthPlan of California
Investment Schedule
September 30, 2022

Name of Investment	Investment Type	Yield to Maturity	Trade Date	Maturity Date	Call Date	Face Value	Purchase Price	Market Value	Credit Rating Agency	Credit Rating
FUNDS HELD FOR INVESTMENT:										
Highmark Money Market	Cash & Cash Equiv	NA	Various	NA	NA	NA	$ 1,539,384	$ 1,539,384	NA	NR
US Treasury Note for Knox Keene	Cash & Cash Equiv	0.01375	1/11/2022	1/31/2025	NA	$ 300,000	$ 303,281	$ 289,218	NA	NR
FUNDS HELD FOR OPERATIONS:										
Merrill Lynch Institutional	Cash for Operations	NA	NA	NA	NA	NA	NA	$ 66,715,929		
Merrill Lynch MMA - Checking	Cash for Operations	NA	NA	NA	NA	NA	NA	$ 187,411		
UB - General, MMA, and Sweeps	Cash for Operations	NA	NA	NA	NA	NA	NA	$ 1,168,731,650		
Government Investment Pools (LAIF)	Cash for Operations	NA	NA	NA	NA	NA	NA	$ 75,000,000		
Government Investment Pools (County)	Cash for Operations	NA	NA	NA	NA	NA	NA	$ 40,625,867		
West America Payroll	Cash for Operations	NA	NA	NA	NA	NA	NA	$ 361,791		
Petty Cash	Cash for Operations	NA	NA	NA	NA	NA	NA	$ 3,300		
GRAND TOTAL:								$ 1,353,454,550		

Partnership HealthPlan of California
Investment Yield Trends

PERIOD		Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022
Interest Income		48,030	35,292	32,599	43,164	43,000	49,137	180,039	300,085	607,934	964,760	1,339,500	1,883,686
Cash & Investments at Historical Cost	(1)	570,252,227	294,587,864	673,772,755	780,352,876	677,905,415	919,704,699	793,880,293	785,132,989	791,201,036	383,827,153	369,544,156	486,039,878
Computed Yield	(2)	0.10%	0.10%	0.08%	0.07%	0.07%	0.07%	0.25%	0.46%	0.93%	1.97%	4.27%	5.28%
CA Pooled Money Investment Account (PMIA)	(3)	0.20%	0.20%	0.21%	0.23%	0.28%	0.37%	0.52%	0.68%	0.86%	1.09%	1.28%	1.51%



(1) Investment balances include Restricted Cash and Board Designated Reserves

(2) Computed yield is calculated by annualizing the current month's interest divided by the current month's average balance.

(3) LAIF limits the amount a single government entity can deposit into LAIF; currently that amount is set at $75 million.