



Finance Committee Meeting Agenda

August 21, 2024: 8:00 a.m. – 9:30 a.m.

In-person Locations:

- Partnership’s Fairfield Office located at 4605 Business Center Drive, Fairfield, CA (Conference Center)
- Partnership’s Redding Office located at 2525 Airpark Dr., Redding, CA
- Partnership’s Santa Rosa Office located at 495 Tesconi Circle, Santa Rosa, CA
- Partnership’s Eureka Office located at 1036 5th Street, Eureka, CA
- Partnership’s Auburn Office located at 281 Nevada Street, Auburn, CA
- Partnership’s Chico Office located at 2760 Esplanade Ave, Suite 130, Chico, CA

Finance Committee Members: Jonathon Andrus, Jayme Bottke, Dave Jones, Chair, Farhan Fadoo, MD, Ryan Gruver, Alicia Hardy, Randall Hempling, Kathryn Powell, Nancy Starck, Nolan Sullivan

Public Participation

Public comment is welcome during designated "Public Comments" time frames or by emailing comments to the Board Clerk at Board_FinanceClerk@partnershiphp.org by 5:00p.m on August 20, 2024. Comments received will be read during the meeting.

8:00A.M – Opening			
1.1	Call to Order		<i>Dave Jones, Chair</i>
1.2	Roll Call		<i>Clerk</i>
1.3	ACTION: Approval of Agenda	1-2	<i>Chair</i>
1.4	ACTION: Approval of Finance Committee Minutes from June 19, 2024	3-8	<i>Chair</i>
1.5	Commissioner Comment		<i>Chair</i>
1.6	Public Comment		<i>Public</i>
New Business			
2.1	INFORMATION: CEO Health Plan Update	9	<i>Katherine Barresi</i>
2.2	ACTION: Accept May and June 2024 Metrics and Financials	10-37	<i>Jennifer Lopez / Patti McFarland</i>
Closed Session			

3.1	Discussion and Pursuant to Government Code §54957(b)(1); Personnel Matter, Public Employee	<i>Full Committee, Katherine Barresi, Acting CEO, Naomi Gordon, Sr. Director of Human Resources, and Ashlyn Scott, Board Clerk</i>
Adjournment		

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 Board Clerk 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. Partnership 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 Board Clerk at least two (2) working days before the meeting at 707-863-4516 or by email at ascott@partnershiphp.org. Notification in advance of the meeting will enable the Clerk 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.



**MINUTES OF THE MEETING OF
PARTNERSHIP HEALTHPLAN OF CALIFORNIA FINANCE COMMITTEE**

In person locations:

Partnership’s Southeast Office located at 4605 Business Center Drive, Fairfield, CA

Partnership’s Eastern Office located at 281 Nevada Street, Auburn, CA

Partnership’s Northwest Office located at 1036 Fifth Street, Eureka, CA

Partnership’s Northeast Office located at 2525 Airpark Drive, Redding, CA

Partnership’s Southwest Office located at 495 Tesconi Circle, Santa Rosa, CA

**On
June 19, 2024**

Members Present: Jayme Botke, Ryan Gruver, Alicia Hardy, Dave Jones, Chair, Nolan Sullivan

Members Excused: Jonathon Andrus, Randall Hempling, Kathryn Powell, Nancy Starck

Staff: Sonja Bjork, Wendell Coats, Wendi Davis, Marisa Dominguez, Melanie Lam, John Lemoine, Jennifer Lopez, Patti McFarland, Tommee Naenphan, Tim Sharp, Ashlyn Scott, Amy Turnipseed, Colleen Valenti, Diane Walton, Lori Williams

AGENDA ITEM		MOTION / ACTION
1.2 Roll Call	Ashlyn Scott, Clerk of the Commission, called the roll. A quorum was established at 8:03am.	None
1.3 Approval of Agenda	Chairman Jones asked if anyone had changes to the agenda. The Clerk requested moving agenda item 2.1, Resolution to Approve the Appointment of Farhan Fadoo, MD, to the end of the agenda, to avoid losing a quorum of voting members. Hearing no other requests for modification, Chairman Jones asked for a motion to approve the agenda.	<p><i>Commissioner Sullivan moved to approve the agenda as presented, seconded by Commissioner Hardy.</i></p> <p><u>ACTION SUMMARY:</u> <i>Yes: 5 No: 0 Abstention: 0 Excused: 4 (Andrus, Hempling, Powell, Starck)</i></p>

		MOTION CARRIED
1.4 Approval of the May 15, 2024 Finance Committee Meeting Minutes	Chairman Jones asked if anyone had changes to the May 15, 2024 minutes. Hearing none, Chairman Jones asked for a motion to approve the minutes.	<p><i>Commissioner Sullivan moved to approve the minutes as presented seconded by Commissioner Bottke.</i></p> <p><u>ACTION SUMMARY:</u> <i>Yes: 5 No: 0 Abstention: 0 Excused: 4 (Andrus, Hempling, Powell, Starck)</i></p> <p>MOTION CARRIED</p>
1.5 Commissioner Comment & 1.6 Public Comment	Chairman Jones asked if there were any public or commissioner comments. There were none.	None
New Business		
2.2 CEO Report	<p>Ms. Bjork gave a report on the following topics:</p> <p><i>MACPAC Update</i> – Ms. Bjork shared an update from MACPAC, a Federal Commission on which she serves, which makes recommendations to Congress and the Centers for Medicare & Medicaid Services (CMS) on Medicaid issues. One of the current areas of focus is utilization and spending on Behavioral Health services. California is ahead of most states in making investments and policy reforms to transform the behavioral health system. MACPAC is also looking at different models of home and community based services, services that California has already begun implementing. Additionally, the commission is considering ways to better support pediatrics receiving behavioral health services, as they transition to adult care and access issues for foster youth.</p> <p><i>Voluntary Rate Range Program (Intergovernmental Transfers – IGTs)</i> –In April, Partnership distributed IGT payments for calendar year 2022, funding that we were able to help draw down federal funding for counties, district hospitals, and other eligible entities. Letters of intent are due on June 21 for entities seeking funding for calendar year 2023. As a reminder in compliance with DHCS Voluntary Rate Range policies funding must be used for Medi-Cal beneficiaries enrolled in Partnership for covered Medi-Cal Managed Care services.</p> <p><i>Reorganization of Partnership Regions</i> – Wendi Davis, Chief Operating Officer (COO), has led the internal re-structuring of Partnership regions, in an effort to be more effective in working with counties, providers and members. Each region will have a dedicated Partnership office, regional</p>	None

	<p>lead and medical director. The regional leads will report to the COO and will act as a liaison to the counties and providers within their region. The reorganization emphasizes Partnership’s desire to be embedded within the communities we serve. Currently, Partnership’s chair, vice chair and Board consumer representative positions are rotated amongst the regions, as outlined in the Bylaws. The Governance / Compliance Committee will be tasked with recommending edits to the Bylaws for full Board approval.</p> <p>OIG of CA DHCS – Overpayment Implications – The State of California was asked to repay \$52.7 million to the federal government for incorrect federal fund claiming tied to Medi-Cal reimbursements for individuals with unsatisfactory immigration status. The impact of these findings resulted in changes to Medi-Cal plan rates, these changes effected prior periods and will be in place on a go forward basis.</p> <p><i>Commissioner Gruver asked to confirm that the expansion counties will not work with Partnership on IGTs until the 2024 measurement year.</i></p> <p><i>Ms. Bjork confirmed that the expansion counties will work with the previous commercial plans until measurement year 2024. Ms. Lopez is coordinating a webinar detailing the Voluntary Rate Range Program and will share details once scheduled.</i></p> <p><i>Commissioner Gruver asked if counties will be eligible to draw down IGT funds if they have an MOU in place with a Medi-Cal plan.</i></p> <p><i>Ms. Bjork explained that an actual contract is required to be eligible for IGT funding and the entity must also bill Partnership for services. Commissioner Sullivan stated that Yolo County has participated in the Voluntary Rate Range Program for many years and offered to connect other counties with the Yolo Finance Team. He also requested information on how counties can maximize leveraging CalAIM benefits, such as meals and transportation, to help fill the gaps of county services that were cut in the state budget.</i></p>	
<p>2.3 ACTION: Approve the Final Budget for FY 2024-2025</p>	<p>Jennifer Lopez, Deputy Chief Financial Officer, presented the FY 2024-2025 Final Budget, the third and final step of the budget approval process, before it is presented to the full Board for approval on June 28. The Final Budget incorporates the Administrative Budget, refined Budget Assumptions and refined Health Care Expenses.</p> <p>Outlook for FY 2024-2025 – Partnership’s Finance Team refined areas of the budget to incorporate updates from the State’s May Budget Revision. The State is facing a significant budget shortfall. The Governor intends to help offset the deficit by using \$6.7 billion in MCO Tax revenues, which were previously committed for out year Medi-Cal provider rate increases. However, the previously planned calendar year 2024 rate increases known as the Medi-Cal Targeted Rate Increases (TRI) will continue as planned. To help increase revenue, the State is expected to enact new administrative fees on hospital directed payments, funded by IGTs. The May Revision also</p>	<p><i>Commissioner Gruver moved to accept the Final Budget for FY 2024-2025 as presented, seconded by Commissioner Hardy.</i></p> <p><u>ACTION SUMMARY:</u> <i>Yes: 5</i> <i>No: 0</i> <i>Abstention: 0</i> <i>Excused: 4 (Andrus, Hempling, Powell, Starck)</i></p>

proposes to eliminate the adult acupuncture Medi-Cal benefit., use quality sanctions imposed on managed care plan sanctions to help support the Medi-Cal program. Additionally, there were significant cuts that were proposed to Behavioral Health Programs.

Partnership expects the State to continue to focus on cost efficient spending in managed care and we anticipate that revenue may be affected by the deficit. Though the implementation of Regional Rates has been delayed to January 2026, there is still risk of downward rate pressure when being averaged with lower Medi-Cal plans. As the Medi-Cal Redetermination process continues, Partnership’s membership is expected to decrease, resulting in a more acute population. Partnership is accounting for up to \$150 million in expansion-related losses, over two years. In January 2025, the State will also begin withholding 1% of Partnership’s revenue that can be earned back by meeting quality measures. The quality metrics will also become more stringent, posing a significant risk, especially in Partnership’s rural and frontier regions. The State will begin requiring plans to make prescriptive community reinvestments from a defined set of categories and submitting an annual investment plan for approval beginning in 2026. Additional CalAIM initiatives will be implemented in the coming year, including the Justice Involved Initiative and Transitional Care Services, while also preparing to operationalize a Medicare D-SNP by January 2026. Partnership will begin to administer the Whole Child Model (WCM) program for the ten expansion counties in January 2025.

FY 2024-25 Budget Summary – Ms. Lopez presented a summary of the assumptions included in the Final Budget. Partnership is projecting a total net deficit of \$260.1 million, of which, \$98 million is attributed to health care expense. The budget utilized modified CY 2024 draft rates received from DHCS, as final rates for CY 2024 and 2025 are not expected to be available until Fall 2024. Partnership’s administrative spend is projected to increase substantially, driven by a number of factors, including: an increase in staffing, the implementation of a new claims core system, investments in IT infrastructure, building maintenance and enhancements, and depreciation tied to capital purchases and completed projects. Partnership historically maintains a low administrative rate, however increasing staffing levels is imperative in order to comply with new regulatory requirements included in the DHCS 2024 contract. Of the projected \$98 million deficit, 80% is expected to be attributed to the expansion counties, while the remaining 20% can be attributed to our 14-county region. Due to the Change Health Care and appropriate claims runout, we are lacking substantial claims data from the expansion region and heavily relying on estimates. Transportation utilization and cost is expected to increase, though cost per-ride has decreased since bringing transportation in-house, these losses are expected to be short term

Commissioner Hardy asked why transportation costs are considered short-term losses when they are ongoing.

Ms. Lopez responded that we expect to receive additional transportation revenue in our out year rates.

MOTION CARRIED

	<p><i>Commissioner Gruver questioned if Partnership expects the administrative rates to remain at an elevated level in future years.</i></p> <p><i>Ms. Lopez replied that we expect to maintain an administrative rate of around 5-6%, which is comparable to other plans. She explained that admin rates may need to increase again next year to ensure the plan has an appropriate number staff to support Partnership's upcoming D-SNP product. We should be comfortable with an admin rate of 5-7%.</i></p>	
<p>2.4 ACTION: Accept April 2024 Metrics and Financials</p>	<p>Patti McFarland, Chief Financial Officer, presented Partnership's Metrics and Financials for the month ending April 30, 2024. Partnership reported a net surplus of \$11.1 million, bringing the year-to-date surplus to \$59.0 million. As previously discussed, Partnership has started processing claims from providers in the expansion region; however, it will take some time before we have a clear understanding of the new normal claims volume. Many providers were affected by the Change Healthcare security breach, resulting in a backlog of claims. Partnership will need a 13th period to true up claims and other estimated costs based on additional run-out data. While Administrative costs were lower than budget, we expect them to increase as Human Resources continues to hire staff.</p> <p>Ms. McFarland's full report is included in the packet.</p>	<p><i>Commissioner Sullivan moved to accept the April Financials as presented, seconded by Commissioner Hardy.</i></p> <p><u>ACTION SUMMARY:</u> <i>Yes: 5 No: 0 Abstention: 0 Excused: 4 (Andrus, Hempling, Powell, Starck)</i></p> <p>MOTION CARRIED</p>
<p>2.1 ACTION: Appointment of Dr. Farhan Fadoo, Marin County, to the Finance Committee</p>	<p>Chief Executive Officer, Sonja Bjork, introduced Commissioner Dr. Farhan Fadoo, who was appointed in April to represent Marin County on the Partnership Board. Commissioner Fadoo expressed interested in representing the Southern Region on the Finance Committee.</p>	<p><i>Commissioner Sullivan moved to approve the appointment as presented seconded by Commissioner Hardy.</i></p> <p><u>ACTION SUMMARY:</u> <i>Yes: 7 No: 0 Abstention: 0 Excused: 1 (Andrus, Powell, Stark)</i></p> <p>MOTION CARRIED</p>
<p>CLOSED SESSION</p>	<p>Chairman Jones announced the following item would be discussed in Closed Session.</p> <p><i>Discussion Pursuant to Government Code § 54956.87 Subdivision (c); PROVIDER CONTRACT</i></p>	<p>None</p>

	<i>NEGOTIATIONS</i>	
Adjournment	Chairman Jones reconvened open session and announced there was no action taken in closed session. The meeting adjourned at 9:46AM.	None

Respectfully submitted by:
Ashlyn Scott, Board Clerk

Committee Approval Date: 08/21/2024

Signed: _____
Ashlyn Scott, Board Clerk

Dave Jones, Chair



**Finance Committee
Chief Executive Officer Update
August 21, 2024**

- I. Equity and Practice Transformation (EPT) Payment Program Changes**
- II. Community Reinvestments**
- III. Transitional Rent & Community Supports Policy Updates**

FINANCIAL HIGHLIGHTS

Of The Partnership HealthPlan Of California

For the Period Ending May 31, 2024

Financial Analysis for the Current Period

Total (Deficit) Surplus

For the month ending May 31, 2024, PHC reported a net surplus of \$2.5 million, bringing the year-to-date surplus to \$61.5 million. Significant variances are explained below.

Revenue

Total Revenue is higher than budget by \$24.9 million for the month and \$17.0 million for year-to-date. Medi-Cal revenue is \$3.1 million favorable due to higher than budgeted ECM revenue partially offset by 2024 retro-activity adjustments. Supplemental revenues are \$23.1 million favorable due to the timing of DHCS submissions mainly in the Expansion Counties. Other revenue is \$18.9 million unfavorable due to the timing of revenue for various DHCS incentive programs (BHI Grant, SBHIP, HHIP); corresponding expenses are also recorded in HCIF, which offset this un-favorability. Interest income is \$9.6 million favorable due to higher than anticipated interest rates.

Healthcare Costs

Total Healthcare Costs are lower than budget by \$6.7 million for the month and \$54.9 million for year-to-date. Physician and Ancillary expenses are \$18.7 million unfavorable primarily due to the accrual of TRI estimates for calendar year 2024 and adjustments to IBNR reserves to reflect the latest utilization trend. Total Capitation is favorable \$9.0 million due to a slight decrease in membership as well as no capitation paid to our Capitated Medical Groups in April and May. Healthcare Investment Funds (HCIF) are \$24.9 million favorable due to the timing of expenses for various DHCS incentive programs; corresponding revenue is also being recorded in Other Revenue, which offsets these amounts. Long Term Care expenses are \$1.4 million favorable due to lower than expected volumes. Inpatient hospital FFS expense is \$27.3 million favorable due to adjustments to IBNR reserves and seasonality. Transportation expense is \$6.2 million favorable due to lower than expected utilization however, volumes are continuing to increase. Quality Assurance expense is \$5.3 million favorable due to the timing of Utilization Management and Quality Assurance (UM/QA) operational expenses.

Administrative Costs

Administrative costs continue to have an overall positive variance, which is at \$11.4 million for the year-to-date. The variance is primarily in Employee costs due to the timing of hiring of open positions geared towards the expansion counties and the 2024 DHCS Contract. The variance in Occupancy costs contributes to this as well due to the timing of capital asset purchases and the accompanying depreciation. Total costs have increased by \$1.7 million in comparison to the previous month, primarily from the timing of the receipt and payment of invoices in Professional Services and Computer and Data.

Balance Sheet / Cash Flow

Total Cash & Cash Equivalents decreased by \$123.6 million for the month. Inflows include \$577.5 million in State Capitation payments, \$2.5 million in Drug Medi-Cal payments, and \$9.6 million in interest earnings. These inflows were offset by outflows of 1) \$520.1 million in healthcare cost payments, which include \$160.4 million in HQAF disbursements; 2) \$4.7 million in Drug Medi-Cal payments; 3) \$185.3 million in

FINANCIAL HIGHLIGHTS
Of The Partnership HealthPlan Of California
For the Period Ending May 31, 2024

administrative and capital cost payments, which include \$125.5 million for a quarterly MCO tax payment pertaining to calendar year 2023, \$37.8 million in Prop 56 MEP redetermination payments for the Bridge Period (7/2019 – 12/2020) and calendar year 2021, and 3) the recording of \$3.3 million in board-designated reserve transfers. The remaining difference can be attributed to other revenues and other administrative and capital payments.

General Statistics

Membership

Membership had a total net decrease of 5,360 members for the month.

Utilization Metrics and High Dollar Case

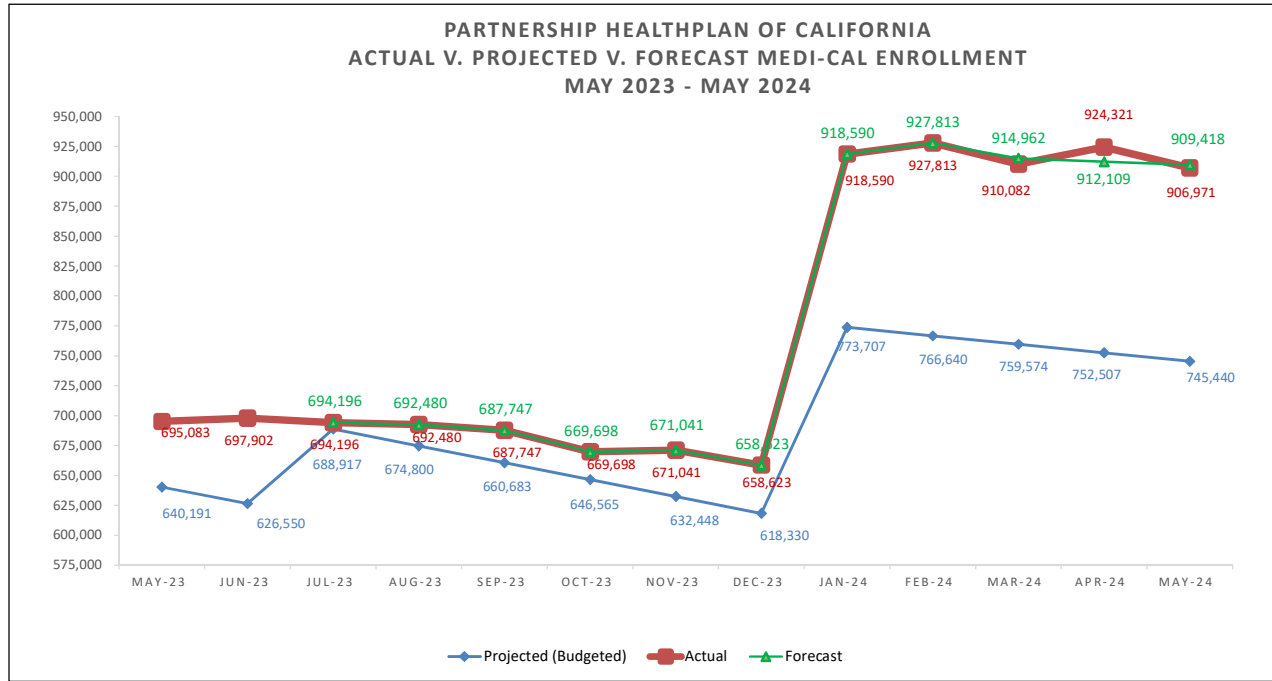
For the fiscal year 2023/24 through May 2024, 525 members reached the \$250,000 threshold with an average cost of \$499,194. For fiscal year 2022/23, 694 members reached the \$250,000 threshold with an average cost per case was \$517,382. For fiscal year 2021/22, 584 members reached the \$250,000 threshold with an average claims cost of \$495,971.

Current Ratio/Reserved Funds

Current Ratio Including Required Reserves	1.35
Current Ratio Excluding Required Reserves:	0.86
Required Reserves:	\$1,265,245,467
Total Fund Balance:	\$967,903,523

Days of Cash on Hand

Including Required Reserves:	153.08
Excluding Required Reserves:	73.96



Member Months by County:

County	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	★ Apr-24	May-24
Solano	141,571	141,941	141,591	140,953	140,988	136,597	137,807	134,534	103,140	105,208	102,065	105,274	102,979
Napa	35,993	36,130	35,882	35,969	35,439	34,269	34,043	33,710	27,596	28,140	27,005	27,891	27,017
Yolo	64,127	64,298	63,943	63,559	63,142	61,135	60,507	60,230	55,624	56,087	54,327	55,592	54,076
Sonoma	134,653	135,896	134,420	133,261	132,745	131,013	129,901	128,356	109,623	112,447	108,106	112,999	110,510
Marin	52,340	52,547	52,302	52,602	51,713	50,119	49,383	49,823	46,981	48,331	46,215	48,257	46,564
Mendocino	42,645	42,613	42,323	42,371	41,868	40,599	41,192	39,846	41,552	41,963	41,055	42,150	41,381
Lake	35,891	35,915	35,753	35,897	35,381	34,530	34,446	34,367	35,058	35,405	34,559	35,494	34,624
Del Norte	12,978	13,106	12,970	12,868	12,850	12,505	12,499	12,426	12,527	12,610	12,316	12,675	12,401
Humboldt	62,318	62,681	62,329	62,399	61,695	60,093	60,931	58,752	60,016	60,415	59,075	60,273	58,758
Lassen	9,149	9,177	9,271	9,232	9,151	8,871	9,044	8,600	8,864	8,952	8,576	8,793	8,668
Modoc	4,261	4,307	4,240	4,247	4,167	4,099	4,139	3,928	4,055	4,035	4,020	4,051	3,944
Shasta	73,478	73,580	73,539	73,456	73,179	71,113	72,049	69,783	70,605	70,880	69,820	70,514	68,436
Siskiyou	19,807	19,826	19,762	19,793	19,566	19,059	19,440	18,625	19,052	19,115	17,966	18,653	18,137
Trinity	5,872	5,885	5,871	5,873	5,863	5,696	5,660	5,643	5,660	5,739	5,567	5,704	5,607
Butte	-	-	-	-	-	-	-	-	85,751	85,856	86,303	85,581	84,795
Colusa	-	-	-	-	-	-	-	-	10,710	10,663	10,674	10,392	10,270
Glenn	-	-	-	-	-	-	-	-	13,752	13,774	13,883	13,772	13,618
Nevada	-	-	-	-	-	-	-	-	28,962	28,798	28,708	28,519	28,420
Placer	-	-	-	-	-	-	-	-	59,373	59,846	60,289	59,915	60,009
Plumas	-	-	-	-	-	-	-	-	6,015	5,978	5,975	5,942	5,925
Sierra	-	-	-	-	-	-	-	-	855	870	869	869	865
Sutter	-	-	-	-	-	-	-	-	44,339	44,438	44,558	43,816	43,711
Tehama	-	-	-	-	-	-	-	-	31,784	31,484	31,299	30,932	30,323
Yuba	-	-	-	-	-	-	-	-	36,696	36,779	36,851	36,263	35,933
All Counties Total	695,083	697,902	694,196	692,480	687,747	669,698	671,041	658,623	918,590	927,813	910,082	924,321	906,971

★ March 2024 actual membership includes Jan & Feb retro correction. The Jan, Feb, and Mar 2024 true memberships are 921,261, 918,516, and 916,708, respectively.
 Medi-Cal Region 1: Sonoma, Solano, Napa, Yolo & Marin; Medi-Cal Region 2: Mendocino & Rural 8 Counties; Medi-Cal Region 3: Butte, Colusa, Glenn, Nevada, Placer, Plumas, Sierra, Sutter, Tehama & Yuba

Partnership HealthPlan of California
Comparative Financial Indicators Monthly Report
Fiscal Year 2023 - 2024 & Fiscal Year 2022 - 2023

FINANCIAL INDICATORS													Avg / Month As of	
	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24		YTD	May-24
Total Enrollment	697,169	694,364	689,096	674,680	670,710	660,101	918,590	916,349	921,546	912,331	906,971		8,661,907	787,446
Total Revenue	346,807,441	341,606,254	341,452,348	336,820,011	333,606,699	704,499,918	494,922,661	507,388,749	527,490,882	524,377,176	544,442,127		5,003,414,266	454,855,842
Total Healthcare Costs	327,163,476	330,010,604	317,050,232	309,178,329	314,689,553	312,699,931	427,212,628	429,268,912	475,024,262	449,448,163	476,657,036		4,168,403,126	378,945,739
Total Administrative Costs	11,697,451	12,604,507	11,948,835	13,398,097	13,672,021	13,241,394	16,243,013	17,074,221	15,790,362	16,678,381	18,392,412		160,740,693	14,612,790
Medi-Cal Hospital & Managed Care Taxes	-	-	-	-	-	-	376,406,250	46,790,714	48,056,922	47,537,225	47,123,221		612,773,312	55,706,665
Total Current Year Surplus (Deficit)	7,946,514	(1,008,857)	12,453,281	14,243,585	5,245,125	2,152,343	4,676,306	12,988,694	(10,860,967)	11,127,411	2,533,699		61,497,135	5,590,648
Total Claims Payable	422,844,079	452,077,175	486,822,447	455,222,013	481,847,695	499,411,492	589,212,971	701,582,898	808,535,908	829,697,152	838,350,235		838,350,235	596,873,097
Total Fund Balance	914,352,902	913,344,045	925,797,326	940,040,910	945,286,036	947,438,379	952,114,686	965,103,380	954,242,413	965,369,824	967,903,523		967,903,523	944,635,766
Reserved Funds														
State Financial Performance Guarantee	620,648,000	631,921,000	642,576,000	651,031,000	660,631,000	670,618,000	672,671,000	665,303,000	660,519,000	658,316,000	653,630,000		653,630,000	653,442,182
State Financial Performance Guarantee - 2024 Expansion Counties	204,422,000	208,054,000	211,111,000	213,600,000	216,649,000	221,007,000	259,599,000	263,695,000	277,938,000	279,846,000	281,277,000		281,277,000	239,745,273
Regulatory Reserve Requirement	121,199,906	124,463,886	127,223,354	129,634,111	132,142,758	135,116,282	141,734,763	147,194,481	153,810,035	160,452,311	167,421,343		167,421,343	140,035,748
Board Approved Capital and Infrastructure Purchases	47,177,080	46,374,091	45,797,964	41,394,205	40,388,299	39,549,920	37,862,493	36,225,975	35,770,696	28,270,742	27,812,009		27,812,009	38,783,952
Capital Assets	118,991,470	119,235,734	119,254,457	123,078,590	126,154,438	126,341,441	127,443,936	128,495,663	128,366,608	135,257,004	135,105,115		135,105,115	126,156,769
Strategic Use of Reserve-Board Approved	70,659,883	70,318,568	70,455,658	71,514,836	72,116,668	72,116,668	72,116,668	72,116,668	72,116,668	72,116,668	71,786,668		71,786,668	71,585,002
Unrestricted Fund Balance	(268,745,437)	(287,023,235)	(290,620,505)	(290,211,832)	(302,796,127)	(317,310,932)	(359,313,174)	(347,927,407)	(374,278,595)	(368,888,901)	(369,128,612)		(369,128,612)	(325,113,160)
Fund Balance as % of Reserved Funds	77.28%	76.09%	76.11%	76.41%	75.74%	74.91%	72.60%	73.50%	71.83%	72.35%	72.39%		72.39%	74.40%
Current Ratio (including Required Reserves)	1.69:1	1.63:1	1.49:1	1.59:1	1.56:1	1.43:1	1.38:1	1.34:1	1.33:1	1.33:1	1.35:1		1.35:1	1.43:1
Medical Loss Ratio w/o Tax	94.34%	96.61%	92.85%	91.79%	94.33%	95.31%	95.33%	93.46%	98.97%	94.17%	95.79%		94.94%	94.94%
Admin Ratio w/o Tax	3.37%	3.69%	3.50%	3.98%	4.10%	4.04%	3.62%	3.72%	3.29%	3.49%	3.70%		3.66%	3.66%
Profit Margin Ratio	2.29%	-0.30%	3.65%	4.23%	1.57%	0.66%	1.04%	2.83%	-2.26%	2.33%	0.51%		1.40%	1.40%

FINANCIAL INDICATORS													Avg / Month As of	
	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	YTD	Jun-23
Total Enrollment	656,979	659,818	664,126	670,366	675,120	678,560	683,467	686,494	689,603	695,330	698,172	700,966	8,159,001	679,917
Total Revenue	267,284,264	274,023,503	275,982,353	280,650,348	275,952,412	265,473,993	304,542,514	371,793,417	360,344,415	344,752,464	350,566,685	376,348,270	3,747,714,637	312,309,553
Total Healthcare Costs	241,534,619	251,300,353	248,258,706	251,614,472	247,400,638	219,697,713	283,303,662	317,608,625	332,148,596	310,096,667	329,195,106	337,540,071	3,369,699,229	280,808,269
Total Administrative Costs	10,017,179	11,227,840	10,474,206	10,917,406	10,835,726	12,559,210	12,140,319	12,076,690	13,218,207	11,762,649	15,433,246	16,252,696	146,915,375	12,242,948
Medi-Cal Hospital & Managed Care Taxes	15,239,583	15,239,583	15,239,583	15,239,583	15,239,583	15,239,583	-	-	-	-	-	-	91,437,498	7,619,792
Total Current Year Surplus (Deficit)	492,883	(3,744,273)	2,009,858	2,878,887	2,476,465	17,977,487	9,098,533	42,108,102	14,977,612	22,893,148	5,938,333	22,555,503	139,662,535	11,638,544
Total Claims Payable	477,170,822	462,743,832	493,164,597	458,376,705	502,119,489	516,880,860	491,182,247	471,254,480	480,023,593	512,255,577	484,161,663	494,469,581	494,469,581	486,983,621
Total Fund Balance	767,236,734	763,492,462	765,502,320	768,381,207	770,857,672	788,835,159	797,933,693	840,041,794	855,019,406	877,912,554	883,850,886	906,406,388	906,406,388	815,455,856
Reserved Funds														
State Financial Performance Guarantee	544,383,000	541,137,000	538,073,000	536,158,000	532,018,000	527,245,000	530,461,000	545,075,000	556,594,000	576,222,000	592,749,000	608,205,000	608,205,000	552,360,000
State Financial Performance Guarantee - 2024 Expansion Counties	176,589,000	176,452,000	176,272,000	176,387,000	175,879,000	173,531,000	175,756,000	180,072,000	185,368,000	189,953,000	195,103,000	200,418,000	200,418,000	181,815,000
Regulatory Reserve Requirement	95,682,198	96,841,016	96,447,591	97,185,269	95,238,548	94,620,973	101,915,779	106,031,475	105,252,130	109,002,915	113,084,754	117,643,975	117,643,975	102,412,219
Board Approved Capital and Infrastructure Purchases	58,903,733	57,323,454	56,632,864	55,264,727	54,791,487	51,936,093	50,551,014	48,843,205	47,334,893	45,291,855	44,145,051	47,844,365	47,844,365	51,571,895
Capital Assets	108,759,668	109,892,826	110,144,969	111,073,813	111,109,277	113,480,113	114,360,925	115,574,505	116,582,683	118,099,674	118,721,447	118,903,132	118,903,132	113,891,919
Strategic Use of Reserve-Board Approved	73,609,149	73,596,300	73,393,537	73,267,220	73,140,010	73,013,685	71,359,774	71,277,813	71,164,307	71,071,836	70,920,100	70,901,964	70,901,964	72,226,308
Unrestricted Fund Balance	(290,690,013)	(291,750,135)	(285,461,641)	(280,954,821)	(271,318,650)	(244,991,705)	(246,470,799)	(226,832,203)	(227,276,607)	(231,728,727)	(250,872,466)	(257,510,049)	(257,510,049)	(258,821,485)
Fund Balance as % of Reserved Funds	72.52%	72.35%	72.84%	73.23%	73.97%	76.30%	76.40%	78.74%	79.00%	79.12%	77.89%	77.88%	77.88%	75.91%
Current Ratio (including Required Reserves)	1.83:1	1.84:1	1.78:1	1.85:1	1.78:1	1.79:1	1.81:1	1.80:1	1.58:1	1.74:1	1.72:1	1.69:1	1.69:1	1.76:1
Medical Loss Ratio w/o Tax	96.06%	97.35%	95.55%	95.14%	95.25%	88.18%	91.47%	85.43%	92.18%	89.95%	93.90%	89.69%	92.16%	92.16%
Admin Ratio w/o Tax	3.98%	4.35%	4.03%	4.13%	4.17%	5.04%	3.92%	3.25%	3.67%	3.41%	4.40%	4.32%	4.02%	4.02%
Profit Margin Ratio	0.18%	-1.37%	0.73%	1.03%	0.90%	6.77%	2.99%	11.33%	4.16%	6.64%	1.69%	5.99%	3.73%	3.73%

PARTNERSHIP HEALTHPLAN OF CALIFORNIA
Membership and Financial Summary
For The Period Ending May 31, 2024

CURRENT MONTH	PRIOR MONTH	INC / DEC	MEMBERSHIP SUMMARY	CURRENT YTD AVG	PRIOR YTD AVG	VARIANCE
906,971	912,331	(5,360)	Total Membership	787,446	678,003	109,443

ACTUAL MONTH	BUDGET MONTH	\$ VARIANCE MONTH	FINANCIAL SUMMARY	ACTUAL YTD	BUDGET YTD	\$ VARIANCE YTD
544,442,127	519,577,394	24,864,733	Total Revenue	5,003,414,266	4,986,455,760	16,958,506
476,657,036	483,312,653	6,655,617	Total Healthcare Costs	4,168,403,126	4,223,342,239	54,939,113
18,392,412	20,975,772	2,583,360	Total Administrative Costs	160,740,693	172,130,214	11,389,521
46,858,980	46,998,715	139,735	Medi-Cal Managed Care Tax	612,773,312	612,675,625	(97,687)
2,533,699	(31,709,746)	34,243,445	Total Current Year Surplus (Deficit)	61,497,135	(21,692,318)	83,189,453

95.79%	102.27%	Medical Loss Ratio (HC Costs as a % of Rev, excluding Managed Care Tax)	94.94%	96.56%
3.70%	4.44%	Admin Ratio (Admin Costs as a % of Rev, excluding Managed Care Tax)	3.66%	3.94%

PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Balance Sheet As Of May 31, 2024

	<u>May 2024</u>	<u>April 2024</u>
ASSETS		
Current Assets		
Cash & Cash Equivalents	1,056,378,761	1,179,933,603
Receivables		
Accrued Interest	575,694	737,894
State DHS - Cap Rec	921,010,702	992,402,382
Other Healthcare Receivable	31,535,893	32,165,422
Miscellaneous Receivable	6,248,660	6,230,041
Total Receivables	959,370,949	1,031,535,739
Other Current Assets		
Payroll Clearing	25,219	128,876
Prepaid Expenses	6,261,825	7,977,206
Total Other Current Assets	6,287,044	8,106,082
Total Current Assets	2,022,036,754	2,219,575,424
Non-Current Assets		
Fixed Assets		
Motor Vehicles	462,112	428,817
Furniture & Fixtures	6,638,027	6,638,027
Computer Equipment	25,060,246	25,060,246
Computer Software	21,166,237	21,166,237
Leasehold Improvements	137,144	137,144
Land	6,767,292	6,767,292
Building	67,971,845	67,972,021
Building Improvements	37,764,265	37,730,415
Accum Depr - Motor Vehicles	(203,097)	(193,816)
Accum Depr - Furniture	(6,638,027)	(6,638,027)
Accum Depr - Comp Equipment	(21,654,811)	(21,486,806)
Accum Depr - Comp Software	(20,339,624)	(20,248,554)
Accum Depr - Leasehold Improvements	(137,144)	(137,144)
Accum Depr - Building	(12,018,515)	(11,873,190)
Accum Depr - Bldg Improvements	(13,766,257)	(13,569,315)
Construction Work-In-Progress	43,895,421	43,503,657
Total Fixed Assets	135,105,114	135,257,004
Other Non-Current Assets		
Deposits	1,332,805	879,864
Board-Designated Reserves	1,129,840,352	1,126,585,053
Knox-Keene Reserves	300,000	300,000
Prepaid - Other Non-Current	3,766,218	3,265,558
Net Pension Asset	2,961,371	2,961,371
Deferred Outflows Of Resources	2,861,333	2,861,333
Net Subscription Asset	18,184,180	3,765,260
Total Other Non-Current Assets	1,159,246,259	1,140,618,439

PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Balance Sheet As Of May 31, 2024

	<u>May 2024</u>	<u>April 2024</u>
Total Non-Current Assets	<u>1,294,351,373</u>	<u>1,275,875,443</u>
Total Assets	<u>3,316,388,127</u>	<u>3,495,450,867</u>
LIABILITIES & FUND BALANCE		
Liabilities		
Current Liabilities		
Accounts Payable	213,320,011	284,729,280
Unearned Income	73,893,879	102,602,917
Suspense Account	1,845,530	2,426,805
Capitation Payable	68,025,486	66,740,737
State DHS - Cap Payable	32,633,113	32,633,113
Accrued Healthcare Costs	988,648,198	1,086,513,384
Claims Payable	317,600,476	212,298,965
Incurred But Not Reported-IBNR	520,749,759	617,398,187
Quality Improvement Programs	121,828,501	114,798,004
Total Current Liabilities	2,338,544,953	2,520,141,392
Non-Current Liabilities		
Deferred Inflows Of Resources	6,616,582	6,616,582
Net Subscription Liability	3,323,069	3,323,069
Total Non-Current Liabilities	9,939,651	9,939,651
Total Liabilities	<u>2,348,484,604</u>	<u>2,530,081,043</u>
Fund Balance		
Unrestricted Fund Balance	(369,128,612)	(368,888,901)
Reserved Funds		
State Financial Performance Guarantee	653,630,000	658,316,000
State Financial Performance Guarantee - Expansion Counties	281,277,000	279,846,000
Regulatory Reserve Requirement	167,421,343	160,452,311
Board Approved Capital and Infrastructure Purchases	27,812,009	28,270,742
Capital Assets	135,105,115	135,257,004
Strategic Use of Reserve-Board Approved	71,786,668	72,116,668
Total Reserved Funds	1,337,032,135	1,334,258,725
Total Fund Balance	<u>967,903,523</u>	<u>965,369,824</u>
Total Liabilities And Fund Balance	<u>3,316,388,127</u>	<u>3,495,450,867</u>

PARTNERSHIP HEALTHPLAN OF CALIFORNIA
Statement of Cash Flow
For The Period Ending May 31, 2024

	<u>Current Month Activity</u>	<u>Year-To-Date Activity</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received From:		
Capitation from California Department of Health Care Services	577,506,241	5,039,398,687
Other Revenues	234,612	69,539,192
Cash Payments to Providers for Medi-Cal Members		
Capitation Payments	(16,738,492)	(340,752,187)
Medical Claims Payments	(503,390,680)	(3,458,218,873)
Drug Medi-Cal		
DMC Receipts from Counties	2,528,068	32,453,977
DMC Payments to Providers	(4,740,143)	(44,493,614)
Cash Payments to Vendors	(166,817,146)	(644,622,044)
Cash Payments to Employees	(16,895,290)	(138,853,159)
Net Cash (Used) Provided by Operating Activities	(128,312,830)	514,451,979
CASH FLOWS FROM CAPITAL FINANCING & RELATED ACTIVITIES:		
Purchases of Capital Assets	(1,585,019)	(15,231,566)
Net Cash Used by Capital Financial & Related Activities	(1,585,019)	(15,231,566)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Board-Designated Reserve Transfers	(3,255,299)	(156,029,012)
Interest and Dividends on Investments	9,598,306	82,882,304
Net Cash (Used) Provided by Investing Activities	6,343,007	(73,146,708)
NET (DECREASE) INCREASE IN CASH & CASH EQUIVALENTS	(123,554,842)	426,073,705
CASH & CASH EQUIVALENTS, BEGINNING	1,179,933,603	630,305,056
CASH & CASH EQUIVALENTS, ENDING	1,056,378,761	1,056,378,761
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
TOTAL OPERATING (LOSS) INCOME	(6,902,407)	(21,262,643)
DEPRECIATION	610,622	6,379,232
CHANGES IN ASSETS AND LIABILITIES:		
Other Receivables	610,910	(7,193,742)
California Department of Health Services Receivable	71,391,680	(649,551,209)
Other Assets	(12,427,197)	(20,029,694)
Accounts Payable and Accrued Expenses	(197,280,019)	845,899,160
Accrued Claims Payable	8,653,083	343,880,653
Quality Improvement Programs	7,030,498	16,330,222
Net Cash Provided (Used) by Operating Activities	(128,312,830)	514,451,979

PARTNERSHIP HEALTHPLAN OF CALIFORNIA

**Statement of Revenues and Expenses
For The Period Ending May 31, 2024**

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
906,971	906,971	-			TOTAL MEMBERSHIP	8,661,907	8,661,907	-		
					REVENUE					
506,139,322	497,397,924	8,741,398	558.05	548.42	State Capitation Revenue	4,889,477,254	4,863,179,722	26,297,532	564.48	561.44
9,436,106	6,132,000	3,304,106	10.40	6.76	Interest Income	82,759,779	73,151,504	9,608,275	9.55	8.45
28,866,699	16,047,470	12,819,229	31.83	17.69	Other Revenue	31,177,233	50,124,534	(18,947,301)	3.60	5.79
544,442,127	519,577,394	24,864,733	600.28	572.87	TOTAL REVENUE	5,003,414,266	4,986,455,760	16,958,506	577.63	575.68
					HEALTHCARE COSTS					
654	-	(654)	-	-	Global Subcapitation	132,028,363	132,004,028	(24,335)	15.24	15.24
-	2,130,182	2,130,182	-	2.35	Capitated Medical Groups	19,117,538	23,405,519	4,287,981	2.21	2.70
					Physician Services					
6,659,362	6,803,477	144,115	7.34	7.50	PCP Capitation	68,824,807	69,534,179	709,372	7.95	8.03
216,185	228,105	11,920	0.24	0.25	Specialty Capitation	2,351,808	2,377,340	25,532	0.27	0.27
80,674,071	74,781,610	(5,892,461)	88.95	82.45	Non-Capitated Physician Services	677,493,304	634,089,092	(43,404,212)	78.22	73.20
87,549,618	81,813,192	(5,736,426)	96.53	90.20	Total Physician Services	748,669,919	706,000,611	(42,669,308)	86.44	81.50
					Inpatient Hospital					
16,471,714	18,272,457	1,800,743	18.16	20.15	Hospital Capitation	192,184,590	196,150,012	3,965,422	22.19	22.65
118,957,769	123,763,222	4,805,453	131.16	136.46	Inpatient Hospital - FFS	969,607,790	996,943,324	27,335,534	111.94	115.10
1,604,327	1,604,327	-	1.77	1.77	Hospital Stoploss	16,716,906	16,718,238	1,332	1.93	1.93
137,033,810	143,640,006	6,606,196	151.09	158.38	Total Inpatient Hospital	1,178,509,286	1,209,811,574	31,302,288	136.06	139.68
55,503,719	58,439,179	2,935,460	61.20	64.43	Long Term Care	494,729,817	496,087,452	1,357,635	57.12	57.27
					Ancillary Services					
1,204,931	1,183,667	(21,264)	1.33	1.31	Ancillary Services - Capitated	11,776,944	11,750,484	(26,460)	1.36	1.36
72,279,838	79,881,155	7,601,317	79.69	88.07	Ancillary Services - Non-Capitated	656,090,360	680,833,031	24,742,671	75.74	78.60
73,484,769	81,064,822	7,580,053	81.02	89.38	Total Ancillary Services	667,867,304	692,583,515	24,716,211	77.10	79.96
					Other Medical					
3,649,850	5,354,736	1,704,886	4.02	5.90	Quality Assurance	34,006,585	39,257,776	5,251,191	3.93	4.53
99,807,349	88,495,970	(11,311,379)	110.04	97.57	Healthcare Investment Funds	712,711,173	737,658,096	24,946,923	82.28	85.16
128,100	181,629	53,529	0.14	0.20	Advice Nurse	1,231,600	1,363,592	131,992	0.14	0.16
660	21,862	21,202	-	0.02	HIPP Payments	14,775	78,647	63,872	-	0.01
10,620,419	13,292,988	2,672,569	11.71	14.66	Transportation	95,397,048	101,573,058	6,176,010	11.01	11.73
114,206,378	107,347,185	(6,859,193)	125.91	118.35	Total Other Medical	843,361,181	879,931,169	36,569,988	97.36	101.59
8,878,088	8,878,087	(1)	9.79	9.79	Quality Improvement Programs	84,119,718	83,518,371	(601,347)	9.71	9.64
476,657,036	483,312,653	6,655,617	525.54	532.88	TOTAL HEALTHCARE COSTS	4,168,403,126	4,223,342,239	54,939,113	481.24	487.58
					ADMINISTRATIVE COSTS					
11,680,280	12,655,740	975,460	12.88	13.95	Employee	103,742,427	108,276,645	4,534,218	11.98	12.50
100,306	148,939	48,633	0.11	0.16	Travel And Meals	814,083	983,340	169,257	0.09	0.11
1,166,811	2,578,893	1,412,082	1.29	2.84	Occupancy	12,007,226	16,256,018	4,248,792	1.39	1.88
621,357	579,739	(41,618)	0.69	0.64	Operational	6,690,327	6,545,820	(144,507)	0.77	0.76
2,379,622	2,848,756	469,134	2.62	3.14	Professional Services	18,525,483	20,691,592	2,166,109	2.14	2.39
2,444,036	2,163,705	(280,331)	2.69	2.39	Computer And Data	18,961,147	19,376,799	415,652	2.19	2.24
18,392,412	20,975,772	2,583,360	20.28	23.12	TOTAL ADMINISTRATIVE COSTS	160,740,693	172,130,214	11,389,521	18.56	19.88
46,858,980	46,998,715	139,735	51.67	51.82	Medi-Cal Managed Care Tax	612,773,312	612,675,625	(97,687)	70.74	70.73
2,533,699	(31,709,746)	34,243,445	2.79	(34.95)	TOTAL CURRENT YEAR SURPLUS (DEFICIT)	61,497,135	(21,692,318)	83,189,453	7.09	(2.51)

PARTNERSHIP HEALTHPLAN OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

May 31, 2024

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 County in May 1994. That was followed by additional Northern California counties in March 1998, March 2001, October 2009, two counties in July 2011, and eight counties in September 2013. Beginning July 2018 and in accordance with direction from the Department of Health Care Services (DHCS), PHC consolidated its reporting from these fourteen counties into two regions, which are in alignment with the two DHCS rating regions. Beginning January 2024, PHC expanded into ten additional counties, which comprise a third region.

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.

PARTNERSHIP HEALTHPLAN OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

May 31, 2024

RESERVED FUNDS:

As of May 2024, PHC has Total Reserved Funds of \$1.3 billion. This includes \$71.8 million of funds set aside for Board approved Strategic Use of Reserve (SUR) initiatives; this also includes funding for the Wellness & Recovery program. The total SUR amount represents the net amount remaining for all SUR projects that have been approved to date and is periodically adjusted as projects are completed. Reserved funds also includes \$0.3 million of Knox-Keene Reserves.

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 May 2024, PHC has accrued a Quality Incentive Program payout of \$121.8 million.

PARTNERSHIP HEALTHPLAN OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
May 31, 2024

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**

\$37.8 million in Prop 56 Medical Expenditure Percentage redetermination payments for the Bridge Period (2019-20) and calendar year 2021 were made during the month; the full amounts were properly accrued as liabilities in prior months.

Partnership HealthPlan of California
Investment Schedule
May 31, 2024

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
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FUNDS HELD FOR INVESTMENT:

Highmark Money Market	Cash & Cash Equiv	NA	Various	NA	NA	NA	\$ 1,352,769	\$ 1,352,769	NA	NR
US Treasury Note	Cash & Cash Equiv	0.01375	1/11/2022	1/31/2025	NA	\$ 300,000	\$ 303,281	\$ 284,439	Fitch	AA+
Certificate of Deposit for Knox Keene	Cash & Cash Equiv	0.0526	5/24/2023	1/31/2025	NA	\$ 300,000	\$ 300,000	\$ 300,000	NA	NR

FUNDS HELD FOR OPERATIONS:

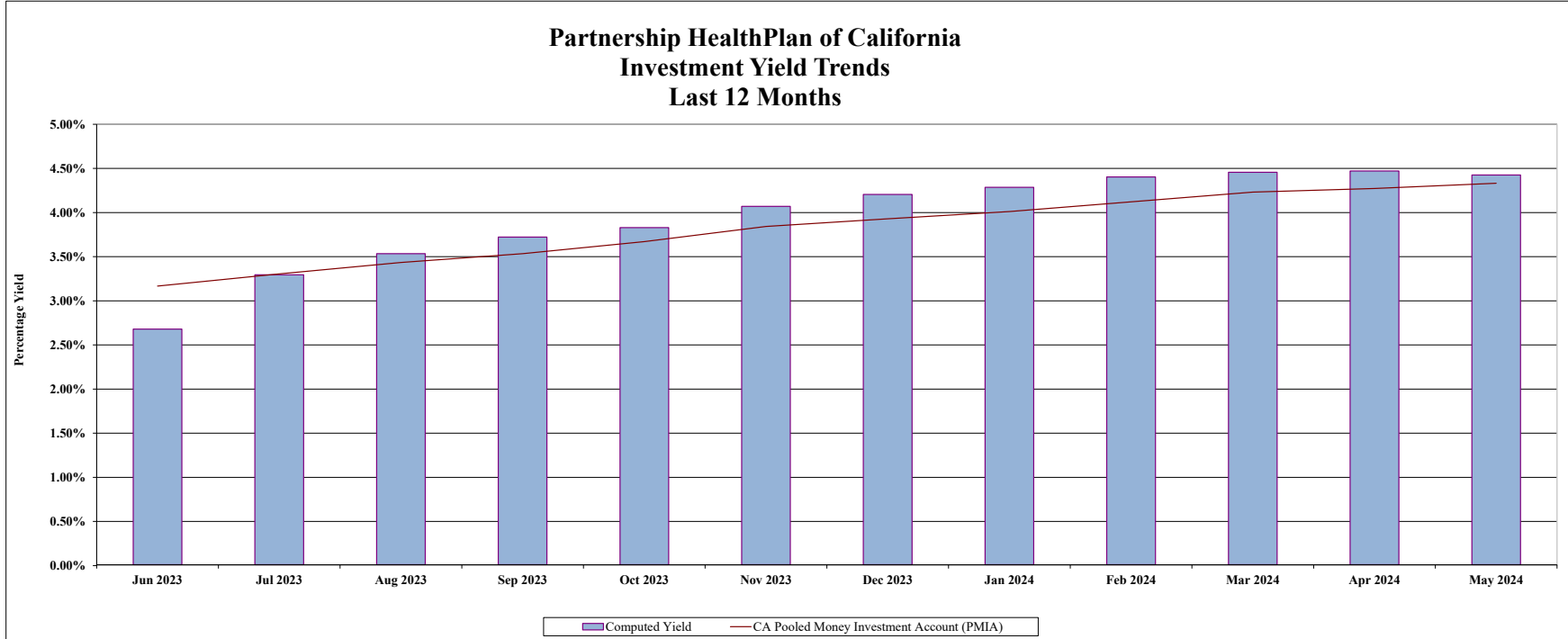
Merrill Lynch Institutional	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 71,984,735		
Merrill Lynch MMA - Checking	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 1,851,075		
US Bank - General, MMA, and Sweeps	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 1,992,757,472		
Government Investment Pools (LAIF)	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 75,000,000		
Government Investment Pools (County)	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 42,822,304		
West America Payroll	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 147,459		
Petty Cash	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 3,300		

GRAND TOTAL:

\$ 2,186,503,553

**Partnership HealthPlan of California
Investment Yield Trends**

PERIOD		Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024
Interest Income		10,745,120	5,951,214	5,662,667	6,681,800	7,965,260	6,968,741	7,219,959	8,189,594	6,407,270	9,509,112	8,768,057	9,436,106
Cash & Investments at Historical Cost	(1)	1,604,416,396	1,588,740,621	1,644,124,824	2,054,308,786	1,722,919,248	1,755,658,813	1,834,478,790	1,880,659,210	2,097,319,746	2,404,353,123	2,306,818,656	2,186,519,113
Computed Yield	(2)	2.68%	3.29%	3.53%	3.72%	3.83%	4.07%	4.21%	4.29%	4.40%	4.46%	4.47%	4.43%
CA Pooled Money Investment Account (PMIA)	(3)	3.17%	3.31%	3.43%	3.53%	3.67%	3.84%	3.93%	4.01%	4.12%	4.23%	4.27%	4.33%



NOTES:

- (1) Investment balances include Restricted Cash and Board Designated Reserves
- (2) Computed yield is calculated by dividing the past 12 months of interest by the average cash balance for the past 12 months.
- (3) LAIF limits the amount a single government entity can deposit into LAIF; currently that amount is set at \$75 million.

FINANCIAL HIGHLIGHTS

Of The Partnership HealthPlan Of California

For the Period Ending June 30, 2024

Financial Analysis for the Current Period

Total (Deficit) Surplus

For the month ending June 30, 2024, PHC reported a net surplus of \$2.1 million, bringing the year-to-date surplus to \$63.6 million. Significant variances are explained below.

Revenue

Total Revenue is lower than budget by \$4.6 million for the month but \$12.4 million higher than budget for year-to-date. Medi-Cal revenue is \$4.4 million favorable due to higher than budgeted ECM revenue partially offset by 2024 retro-activity adjustments. Supplemental revenues are \$29.9 million favorable due to timing of DHCS submissions mainly in the Expansion Counties. Other revenue is \$34.7 million unfavorable due to lower revenue for various DHCS incentive programs (BHI Grant, SBHIP, HHIP); corresponding expenses are also recorded in HCIF, which offset this un-favorability. Interest income is \$12.9 million favorable due to higher than anticipated interest rates.

Healthcare Costs

Total Healthcare Costs are lower than budget by \$19.1 million for the month and \$74.1 million for year-to-date. Physician and Ancillary expenses are unfavorable to budget \$28.3 million primarily due to the accrual of TRI estimates for calendar year 2024 and adjustments to IBNR reserves to reflect the latest utilization trend. Total Capitation is favorable \$13.3 million due to lower than anticipated membership. Healthcare Investment Funds (HCIF) are \$36.0 million favorable due to lower expenses for various DHCS incentive programs; corresponding revenue is also being recorded in Other Revenue, which offsets these amounts. Long Term Care expenses are \$2.6 million favorable due to lower than expected volumes. Inpatient hospital FFS expense is \$35.3 million favorable due to adjustments to IBNR reserves and seasonality. Transportation expense is \$8.5 million favorable due to lower than expected utilization however, volumes are continuing to increase. Quality Assurance expense is \$7.0 million favorable due to the timing of Utilization Management and Quality Assurance (UM/QA) operational expenses.

Administrative Costs

Administrative costs continue to have an overall positive variance, which is at \$12.4 million for the year-to-date. The variance is primarily in Employee costs due to the timing of hiring of open positions geared towards the expansion counties and the 2024 DHCS Contract. The variance in Occupancy costs contributes to this as well due to the timing of capital asset purchases and the accompanying depreciation. The positive variances are offset by a year-end reconciliation in Computer and Data pertaining to licensing costs.

Balance Sheet / Cash Flow

Total Cash & Cash Equivalents increased by \$109.7 million for the month. Inflows include \$452.5 million in State Capitation payments, \$2.0 million in Drug Medi-Cal payments, and \$9.1 million in interest earnings. These inflows were offset by outflows of \$317.2 million in healthcare cost payments, \$4.9 million in Drug Medi-Cal payments, and \$32.7 million in administrative and capital cost payments. The remaining difference can be attributed to other revenues and the recording of board-designated reserve transfers.

FINANCIAL HIGHLIGHTS
Of The Partnership HealthPlan Of California
For the Period Ending June 30, 2024

General Statistics

Membership

Membership had a total net decrease of 6,280 members for the month.

Utilization Metrics and High Dollar Case

For the fiscal year 2023/24 through June 2024, 611 members reached the \$250,000 threshold with an average cost of \$501,898. For fiscal year 2022/23, 694 members reached the \$250,000 threshold with an average cost per case was \$517,588. For fiscal year 2021/22, 584 members reached the \$250,000 threshold with an average claims cost of \$495,968.

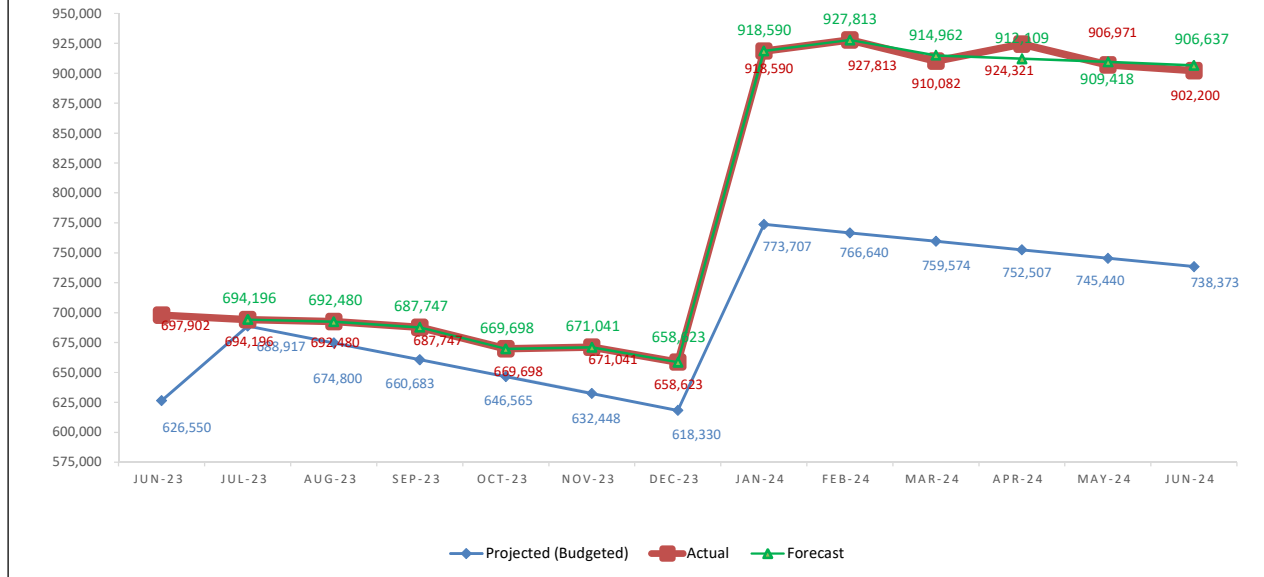
Current Ratio/Reserved Funds

Current Ratio Including Required Reserves	1.33
Current Ratio Excluding Required Reserves:	0.88
Required Reserves:	\$1,262,853,091
Total Fund Balance:	\$969,990,223

Days of Cash on Hand

Including Required Reserves:	163.00
Excluding Required Reserves:	82.80

**PARTNERSHIP HEALTHPLAN OF CALIFORNIA
ACTUAL V. PROJECTED V. FORECAST MEDI-CAL ENROLLMENT
JUN 2023 - JUN 2024**



Member Months by County:

County	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	★ Apr-24	May-24	Jun-24	
Solano	141,941	141,591	140,953	140,988	136,597	137,807	134,534	103,140	105,208	102,065	102,065	105,274	102,979	102,062
Napa	36,130	35,882	35,969	35,439	34,269	34,043	33,710	27,596	28,140	27,005	27,891	27,017	27,071	27,071
Yolo	64,298	63,943	63,559	63,142	61,135	60,507	60,230	55,624	56,087	54,327	55,592	54,076	53,489	53,489
Sonoma	135,896	134,420	133,261	132,745	131,013	129,901	128,356	109,623	112,447	108,106	112,999	110,510	110,327	110,327
Marin	52,547	52,302	52,602	51,713	50,119	49,383	49,823	46,981	48,331	46,215	48,257	46,564	46,520	46,520
Mendocino	42,613	42,323	42,371	41,868	40,599	41,192	39,846	41,552	41,963	41,055	42,150	41,381	41,239	41,239
Lake	35,915	35,753	35,897	35,381	34,530	34,446	34,367	35,058	35,405	34,559	35,494	34,624	34,390	34,390
Del Norte	13,106	12,970	12,868	12,850	12,505	12,499	12,426	12,527	12,610	12,316	12,675	12,401	12,214	12,214
Humboldt	62,681	62,329	62,399	61,695	60,093	60,931	58,752	60,016	60,415	59,075	60,273	58,758	58,876	58,876
Lassen	9,177	9,271	9,232	9,151	8,871	9,044	8,600	8,864	8,952	8,576	8,793	8,668	8,714	8,714
Modoc	4,307	4,240	4,247	4,167	4,099	4,139	3,928	4,055	4,035	4,020	4,051	3,944	3,933	3,933
Shasta	73,580	73,539	73,456	73,179	71,113	72,049	69,783	70,605	70,880	69,820	70,514	68,436	67,907	67,907
Siskiyou	19,826	19,762	19,793	19,566	19,059	19,440	18,625	19,052	19,115	17,966	18,653	18,137	18,131	18,131
Trinity	5,885	5,871	5,873	5,863	5,696	5,660	5,643	5,660	5,739	5,567	5,704	5,607	5,540	5,540
Butte	-	-	-	-	-	-	-	85,751	85,856	86,303	85,581	84,795	84,347	84,347
Colusa	-	-	-	-	-	-	-	10,710	10,663	10,674	10,392	10,270	10,239	10,239
Glenn	-	-	-	-	-	-	-	13,752	13,774	13,883	13,772	13,618	13,583	13,583
Nevada	-	-	-	-	-	-	-	28,962	28,798	28,708	28,519	28,420	28,313	28,313
Placer	-	-	-	-	-	-	-	59,373	59,846	60,289	59,915	60,009	59,226	59,226
Plumas	-	-	-	-	-	-	-	6,015	5,978	5,975	5,942	5,925	5,903	5,903
Sierra	-	-	-	-	-	-	-	855	870	869	869	865	850	850
Sutter	-	-	-	-	-	-	-	44,339	44,438	44,558	43,816	43,711	43,619	43,619
Tehama	-	-	-	-	-	-	-	31,784	31,484	31,299	30,932	30,323	29,996	29,996
Yuba	-	-	-	-	-	-	-	36,696	36,779	36,851	36,263	35,933	35,711	35,711
All Counties Total	697,902	694,196	692,480	687,747	669,698	671,041	658,623	918,590	927,813	910,082	924,321	906,971	902,200	902,200

★ March 2024 actual membership includes Jan & Feb retro correction. The Jan, Feb, and Mar 2024 true memberships are 921,261, 918,516, and 916,708, respectively.
Medi-Cal Region 1: Sonoma, Solano, Napa, Yolo & Marin; Medi-Cal Region 2: Mendocino & Rural 8 Counties; Medi-Cal Region 3: Butte, Colusa, Glenn, Nevada, Placer, Plumas, Sierra, Sutter, Tehama & Yuba

Partnership HealthPlan of California
Comparative Financial Indicators Monthly Report
Fiscal Year 2023 - 2024 & Fiscal Year 2022 - 2023

FINANCIAL INDICATORS	Avg / Month As of													
	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	YTD	Jun-24
Total Enrollment	697,169	694,364	689,096	674,680	670,710	660,101	918,590	916,349	921,546	912,331	906,971	900,691	9,562,598	796,883
Total Revenue	346,807,441	341,606,254	341,452,348	336,820,011	333,606,699	704,499,918	494,922,661	507,388,749	527,490,882	524,377,176	544,442,127	513,955,850	5,517,370,116	459,780,843
Total Healthcare Costs	327,163,476	330,010,604	317,050,232	309,178,329	314,689,553	312,699,931	427,212,628	429,268,912	475,024,262	449,448,163	476,657,036	446,020,488	4,614,423,613	384,535,301
Total Administrative Costs	11,697,451	12,604,507	11,948,835	13,398,097	13,672,021	13,241,394	16,243,013	17,074,221	15,790,362	16,678,381	18,392,412	19,266,018	180,006,712	15,000,559
Medi-Cal Hospital & Managed Care Taxes						376,406,250	46,790,714	48,056,922	47,537,225	47,123,221	46,858,980	46,582,645	659,355,957	54,946,330
Total Current Year Surplus (Deficit)	7,946,514	(1,008,857)	12,453,281	14,243,585	5,245,125	2,152,343	4,676,306	12,988,694	(10,860,967)	11,127,411	2,533,699	2,086,699	63,583,834	5,298,653
Total Claims Payable	422,844,079	452,077,175	486,822,447	455,222,013	481,847,695	499,411,492	589,212,971	701,582,898	808,535,908	829,697,152	838,350,235	886,964,822	886,964,822	621,047,407
Total Fund Balance	914,352,902	913,344,045	925,797,326	940,040,910	945,286,036	947,438,379	952,114,686	965,103,380	954,242,413	965,369,824	967,903,523	969,990,223	969,990,223	946,748,637
Reserved Funds														
State Financial Performance Guarantee	620,648,000	631,921,000	642,576,000	651,031,000	660,631,000	670,618,000	672,671,000	665,303,000	660,519,000	658,316,000	653,630,000	647,985,000	647,985,000	652,987,417
State Financial Performance Guarantee - 2024 Expansion Counties	204,422,000	208,054,000	211,111,000	213,600,000	216,649,000	221,007,000	259,599,000	263,695,000	277,938,000	279,846,000	281,277,000	282,173,000	282,173,000	243,280,917
Regulatory Reserve Requirement	121,199,906	124,463,886	127,223,354	129,634,111	132,142,758	135,116,282	141,734,763	147,194,481	153,810,035	160,452,311	167,421,343	172,854,033	172,854,033	142,770,605
Board Approved Capital and Infrastructure Purchases	47,177,080	46,374,091	45,797,964	41,394,205	40,388,299	39,549,920	37,862,493	36,225,975	35,770,696	28,270,742	27,812,009	26,342,225	26,342,225	37,747,142
Capital Assets	118,991,470	119,235,734	119,254,457	123,078,590	126,154,438	126,341,441	127,443,936	128,495,663	128,366,608	135,257,004	135,105,115	133,498,833	133,498,833	126,768,607
Strategic Use of Reserve-Board Approved	70,659,883	70,318,568	70,455,056	71,514,836	72,116,668	72,116,668	72,116,668	72,116,668	72,116,668	71,786,668	71,002,668	71,002,668	71,002,668	71,536,474
Unrestricted Fund Balance	(268,745,437)	(287,023,235)	(290,620,505)	(290,211,832)	(302,796,127)	(317,310,932)	(359,313,174)	(347,927,407)	(374,278,595)	(368,888,901)	(369,128,612)	(363,865,537)	(363,865,537)	(328,342,524)
Fund Balance as % of Reserved Funds	77.28%	76.09%	76.11%	76.41%	75.74%	74.91%	72.60%	73.50%	71.83%	72.35%	72.39%	72.72%	72.72%	74.25%
Current Ratio (including Required Reserves)	1.69:1	1.63:1	1.49:1	1.59:1	1.56:1	1.43:1	1.38:1	1.34:1	1.33:1	1.33:1	1.35:1	1.33:1	1.33:1	1.42:1
Medical Loss Ratio w/o Tax	94.34%	96.61%	92.85%	91.79%	94.33%	95.31%	95.33%	93.46%	98.97%	94.17%	95.79%	95.43%	94.99%	94.99%
Admin Ratio w/o Tax	3.37%	3.69%	3.50%	3.98%	4.10%	4.04%	3.62%	3.72%	3.29%	3.49%	3.70%	4.12%	3.71%	3.71%
Profit Margin Ratio	2.29%	-0.30%	3.65%	4.23%	1.57%	0.66%	1.04%	2.83%	-2.26%	2.33%	0.51%	0.45%	1.31%	1.31%

FINANCIAL INDICATORS	Avg / Month As of													
	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	YTD	Jun-23
Total Enrollment	656,979	659,818	664,126	670,366	675,120	678,560	683,467	686,494	689,603	695,330	698,172	700,966	8,159,001	679,917
Total Revenue	267,284,264	274,023,503	275,982,353	280,650,348	275,952,412	265,473,993	304,542,514	371,793,417	360,344,415	344,752,464	350,566,685	376,348,270	3,747,714,637	312,309,553
Total Healthcare Costs	241,534,619	251,300,353	248,258,706	251,614,472	247,400,638	219,697,713	283,303,662	317,608,625	332,148,596	310,096,667	329,195,106	337,540,071	3,369,699,229	280,808,269
Total Administrative Costs	10,017,179	11,227,840	10,474,206	10,917,406	10,835,726	12,559,210	12,140,319	12,076,690	13,218,207	11,762,649	15,433,246	16,252,696	146,915,375	12,242,948
Medi-Cal Hospital & Managed Care Taxes	15,239,583	15,239,583	15,239,583	15,239,583	15,239,583	15,239,583	-	-	-	-	-	-	91,437,498	7,619,792
Total Current Year Surplus (Deficit)	492,883	(3,744,273)	2,009,858	2,878,887	2,476,465	17,977,487	9,098,533	42,108,102	14,977,612	22,893,148	5,938,333	22,555,503	139,662,535	11,638,544
Total Claims Payable	477,170,822	462,743,832	493,164,597	458,376,705	502,119,489	516,880,860	491,182,247	471,254,480	480,023,593	512,255,577	484,161,663	494,469,581	494,469,581	486,983,621
Total Fund Balance	767,236,734	763,492,462	765,502,320	768,381,207	770,857,672	788,835,159	797,933,693	840,041,794	855,019,406	877,912,554	883,850,886	906,406,388	906,406,388	815,455,856
Reserved Funds														
State Financial Performance Guarantee	544,383,000	541,137,000	538,073,000	536,158,000	532,018,000	527,245,000	530,461,000	545,075,000	556,594,000	576,222,000	592,749,000	608,205,000	608,205,000	552,360,000
State Financial Performance Guarantee - 2024 Expansion Counties	176,589,000	176,452,000	176,272,000	176,387,000	175,879,000	173,531,000	175,756,000	180,072,000	185,368,000	189,953,000	195,103,000	200,418,000	200,418,000	181,815,000
Regulatory Reserve Requirement	95,682,198	96,841,016	96,447,591	97,185,269	95,238,548	94,620,973	101,915,779	106,031,475	105,252,130	109,002,915	113,084,754	117,643,975	117,643,975	102,412,219
Board Approved Capital and Infrastructure Purchases	58,903,733	57,323,454	56,632,864	55,264,727	54,791,487	51,936,093	50,551,014	48,843,205	47,334,893	45,291,855	44,145,051	47,844,365	47,844,365	51,571,895
Capital Assets	108,759,668	109,892,826	110,144,969	111,073,813	111,109,277	113,480,113	114,360,925	115,574,505	116,582,683	118,099,674	118,721,447	118,903,132	118,903,132	113,891,919
Strategic Use of Reserve-Board Approved	73,609,149	73,596,300	73,393,537	73,267,220	73,140,010	73,013,685	71,359,774	71,277,813	71,164,307	71,071,836	70,920,100	70,901,964	70,901,964	72,226,308
Unrestricted Fund Balance	(290,690,013)	(291,750,135)	(285,461,641)	(280,954,821)	(271,318,650)	(244,991,705)	(246,470,799)	(226,832,203)	(227,276,607)	(231,728,727)	(250,872,466)	(257,510,049)	(257,510,049)	(258,821,485)
Fund Balance as % of Reserved Funds	72.52%	72.35%	72.84%	73.23%	73.97%	76.30%	76.40%	78.74%	79.00%	79.12%	77.89%	77.88%	77.88%	75.91%
Current Ratio (including Required Reserves)	1.83:1	1.84:1	1.78:1	1.85:1	1.78:1	1.79:1	1.81:1	1.80:1	1.58:1	1.74:1	1.72:1	1.69:1	1.69:1	1.76:1
Medical Loss Ratio w/o Tax	96.06%	97.35%	95.55%	95.14%	95.25%	88.18%	91.47%	85.43%	92.18%	89.95%	93.90%	89.69%	92.16%	92.16%
Admin Ratio w/o Tax	3.98%	4.35%	4.03%	4.13%	4.17%	5.04%	3.92%	3.25%	3.67%	3.41%	4.40%	4.32%	4.02%	4.02%
Profit Margin Ratio	0.18%	-1.37%	0.73%	1.03%	0.90%	6.77%	2.99%	11.33%	4.16%	6.64%	1.69%	5.99%	3.73%	3.73%

PARTNERSHIP HEALTHPLAN OF CALIFORNIA
Membership and Financial Summary
For The Period Ending June 30, 2024

CURRENT MONTH	PRIOR MONTH	INC / DEC	MEMBERSHIP SUMMARY	CURRENT YTD AVG	PRIOR YTD AVG	VARIANCE
900,691	906,971	(6,280)	Total Membership	796,883	679,917	116,966
ACTUAL MONTH	BUDGET MONTH	\$ VARIANCE MONTH	FINANCIAL SUMMARY	ACTUAL YTD	BUDGET YTD	\$ VARIANCE YTD
513,955,850	518,528,443	(4,572,593)	Total Revenue	5,517,370,116	5,504,984,203	12,385,913
446,020,488	465,162,719	19,142,231	Total Healthcare Costs	4,614,423,613	4,688,504,958	74,081,345
19,266,018	20,299,135	1,033,117	Total Administrative Costs	180,006,712	192,429,347	12,422,635
46,582,645	46,854,991	272,346	Medi-Cal Managed Care Tax	659,355,957	659,530,616	174,659
2,086,699	(13,788,402)	15,875,101	Total Current Year Surplus (Deficit)	63,583,834	(35,480,718)	99,064,552

86.78%	89.71%	Medical Loss Ratio (HC Costs as a % of Rev, excluding Managed Care Tax)	83.63%	85.17%
3.75%	3.91%	Admin Ratio (Admin Costs as a % of Rev, excluding Managed Care Tax)	3.26%	3.50%

PARTNERSHIP HEALTHPLAN OF CALIFORNIA
Balance Sheet
As Of June 30, 2024

	<u>June 2024</u>	<u>May 2024</u>
ASSETS		
Current Assets		
Cash & Cash Equivalents	1,166,086,689	1,056,378,761
Receivables		
Accrued Interest	862,694	575,694
State DHS - Cap Rec	972,805,747	921,010,702
Other Healthcare Receivable	32,352,399	31,535,893
Miscellaneous Receivable	6,369,935	6,248,660
Total Receivables	1,012,390,775	959,370,949
Other Current Assets		
Payroll Clearing	26,693	25,219
Prepaid Expenses	6,034,832	6,261,825
Total Other Current Assets	6,061,525	6,287,044
Total Current Assets	2,184,538,989	2,022,036,754
Non-Current Assets		
Fixed Assets		
Motor Vehicles	462,112	462,112
Furniture & Fixtures	7,015,882	6,638,027
Computer Equipment	18,573,940	25,060,246
Computer Software	8,997,689	21,166,237
Leasehold Improvements	124,288	137,144
Land	6,767,292	6,767,292
Building	67,971,845	67,971,845
Building Improvements	39,624,160	37,764,265
Accum Depr - Motor Vehicles	(212,378)	(203,097)
Accum Depr - Furniture	(6,550,715)	(6,638,027)
Accum Depr - Comp Equipment	(15,264,313)	(21,654,811)
Accum Depr - Comp Software	(8,249,437)	(20,339,624)
Accum Depr - Leasehold Improvements	(124,288)	(137,144)
Accum Depr - Building	(12,202,804)	(12,018,515)
Accum Depr - Bldg Improvements	(13,846,766)	(13,766,257)
Construction Work-In-Progress	40,412,326	43,895,421
Total Fixed Assets	133,498,833	135,105,114
Other Non-Current Assets		
Deposits	1,280,599	1,332,805
Board-Designated Reserves	1,129,054,258	1,129,840,352
Knox-Keene Reserves	300,000	300,000
Prepaid - Other Non-Current	3,515,948	3,766,218
Net Pension Asset	2,961,371	2,961,371
Deferred Outflows Of Resources	2,861,333	2,861,333
Net Subscription Asset	17,931,216	18,184,180
Total Other Non-Current Assets	1,157,904,725	1,159,246,259
Total Non-Current Assets	1,291,403,558	1,294,351,373

PARTNERSHIP HEALTHPLAN OF CALIFORNIA
Balance Sheet
As Of June 30, 2024

	June 2024	May 2024
Total Assets	3,475,942,547	3,316,388,127
LIABILITIES & FUND BALANCE		
Liabilities		
Current Liabilities		
Accounts Payable	244,080,580	213,320,011
Unearned Income	73,893,879	73,893,879
Suspense Account	4,031,351	1,845,530
Capitation Payable	66,741,388	68,025,486
State DHS - Cap Payable	32,633,113	32,633,113
Accrued Healthcare Costs	1,058,319,616	988,648,198
Claims Payable	312,353,916	317,600,476
Incurred But Not Reported-IBNR	574,610,906	520,749,759
Quality Improvement Programs	129,347,924	121,828,501
Total Current Liabilities	2,496,012,673	2,338,544,953
Non-Current Liabilities		
Deferred Inflows Of Resources	6,616,582	6,616,582
Net Subscription Liability	3,323,069	3,323,069
Total Non-Current Liabilities	9,939,651	9,939,651
Total Liabilities	2,505,952,324	2,348,484,604
Fund Balance		
Unrestricted Fund Balance	(363,865,537)	(369,128,612)
Reserved Funds		
State Financial Performance Guarantee	647,985,000	653,630,000
State Financial Performance Guarantee - Expansion Counties	282,173,000	281,277,000
Regulatory Reserve Requirement	172,854,033	167,421,343
Board Approved Capital and Infrastructure Purchases	26,342,225	27,812,009
Capital Assets	133,498,833	135,105,115
Strategic Use of Reserve-Board Approved	71,002,668	71,786,668
Total Reserved Funds	1,333,855,759	1,337,032,135
Total Fund Balance	969,990,223	967,903,523
Total Liabilities And Fund Balance	3,475,942,547	3,316,388,127

PARTNERSHIP HEALTHPLAN OF CALIFORNIA
Statement of Cash Flow
For The Period Ending June 30, 2024

	<u>Current Month Activity</u>	<u>Year-To-Date Activity</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received From:		
Capitation from California Department of Health Care Services	452,532,431	5,491,931,118
Other Revenues	161,423	69,700,614
Cash Payments to Providers for Medi-Cal Members		
Capitation Payments	(20,039,871)	(360,792,058)
Medical Claims Payments	(297,187,018)	(3,755,405,892)
Drug Medi-Cal		
DMC Receipts from Counties	2,024,400	34,478,377
DMC Payments to Providers	(4,929,026)	(49,422,639)
Cash Payments to Vendors	(17,806,567)	(662,428,609)
Cash Payments to Employees	(13,806,702)	(152,659,862)
Net Cash (Used) Provided by Operating Activities	<u>100,949,070</u>	<u>615,401,049</u>
CASH FLOWS FROM CAPITAL FINANCING & RELATED ACTIVITIES:		
Purchases of Capital Assets	(1,107,465)	(16,339,031)
Net Cash Used by Capital Financial & Related Activities	<u>(1,107,465)</u>	<u>(16,339,031)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Board-Designated Reserve Transfers	786,094	(155,242,918)
Interest and Dividends on Investments	9,080,229	91,962,533
Net Cash (Used) Provided by Investing Activities	<u>9,866,323</u>	<u>(63,280,385)</u>
NET (DECREASE) INCREASE IN CASH & CASH EQUIVALENTS	109,707,928	535,781,633
CASH & CASH EQUIVALENTS, BEGINNING	<u>1,056,378,761</u>	<u>630,305,056</u>
CASH & CASH EQUIVALENTS, ENDING	<u><u>1,166,086,689</u></u>	<u><u>1,166,086,689</u></u>
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
TOTAL OPERATING (LOSS) INCOME	(7,280,530)	(28,543,173)
DEPRECIATION	1,206,050	7,585,282
CHANGES IN ASSETS AND LIABILITIES:		
Other Receivables	(937,780)	(8,131,522)
California Department of Health Services Receivable	(51,795,045)	(701,346,254)
Other Assets	2,288,656	(17,741,039)
Accounts Payable and Accrued Expenses	101,333,709	947,232,869
Accrued Claims Payable	48,614,587	392,495,241
Quality Improvement Programs	7,519,423	23,849,645
Net Cash Provided (Used) by Operating Activities	<u><u>100,949,070</u></u>	<u><u>615,401,049</u></u>

PARTNERSHIP HEALTHPLAN OF CALIFORNIA

**Statement of Revenues and Expenses
For The Period Ending June 30, 2024**

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
900,691	900,691				Total Membership	9,562,598	9,562,598			
					Revenue					
504,327,558	496,445,973	7,881,585	559.93	551.18	State Capitation Revenue	5,393,804,812	5,359,625,695	34,179,117	564.05	560.48
9,367,229	6,035,000	3,332,229	10.40	6.70	Interest Income	92,127,008	79,186,504	12,940,504	9.63	8.28
261,063	16,047,470	(15,786,407)	0.29	17.82	Other Revenue	31,438,296	66,172,004	(34,733,708)	3.29	6.92
513,955,850	518,528,443	(4,572,593)	570.62	575.70	Total Revenue	5,517,370,116	5,504,984,203	12,385,913	576.97	575.68
					Healthcare Costs					
					Global Subcapitation	132,028,363	132,004,028	(24,335)	13.81	13.80
	2,121,475	2,121,475		2.36	Capitated Medical Groups	19,117,538	25,526,994	6,409,456	2.00	2.67
					Physician Services					
6,541,585	6,769,770	228,185	7.26	7.52	Pcp Capitation	75,366,392	76,303,949	937,557	7.88	7.98
213,804	227,625	13,821	0.24	0.25	Specialty Capitation	2,565,612	2,604,965	39,353	0.27	0.27
82,090,594	70,878,561	(11,212,033)	91.14	78.69	Non-Capitated Physician Services	759,583,898	704,967,653	(54,616,245)	79.43	73.72
88,845,983	77,875,956	(10,970,027)	98.64	86.46	Total Physician Services	837,515,902	783,876,567	(53,639,335)	87.58	81.97
					Inpatient Hospital					
16,326,948	18,359,357	2,032,409	18.13	20.38	Hospital Capitation	208,511,538	214,509,369	5,997,831	21.80	22.43
106,943,082	114,875,543	7,932,461	118.73	127.54	Inpatient Hospital - Ffs	1,076,550,872	1,111,818,867	35,267,995	112.58	116.27
1,603,038	1,603,038		1.78	1.78	Hospital Stoploss	18,319,944	18,321,276	1,332	1.92	1.92
124,873,068	134,837,938	9,964,870	138.64	149.70	Total Inpatient Hospital	1,303,382,354	1,344,649,512	41,267,158	136.30	140.62
56,025,618	57,238,584	1,212,966	62.20	63.55	Long Term Care	550,755,435	553,326,036	2,570,601	57.59	57.86
					Ancillary Services					
1,190,959	1,181,382	(9,577)	1.32	1.31	Ancillary Services - Capitated	12,967,903	12,931,866	(36,037)	1.36	1.35
74,838,121	76,441,838	1,603,717	83.09	84.87	Ancillary Services - Non-Capitated	730,928,481	757,274,869	26,346,388	76.44	79.19
76,029,080	77,623,220	1,594,140	84.41	86.18	Total Ancillary Services	743,896,384	770,206,735	26,310,351	77.80	80.54
					Other Medical					
3,431,995	5,182,002	1,750,007	3.81	5.75	Quality Assurance	37,438,580	44,439,778	7,001,198	3.92	4.65
77,068,914	88,120,421	11,051,507	85.57	97.84	Healthcare Investment Funds	789,780,087	825,778,517	35,998,430	82.59	86.36
124,000	181,298	57,298	0.14	0.20	Advice Nurse	1,355,600	1,544,890	189,290	0.14	0.16
660	21,822	21,162		0.02	Hipp Payments	15,434	100,469	85,035		0.01
10,788,728	13,127,560	2,338,832	11.98	14.57	Transportation	106,185,776	114,700,618	8,514,842	11.10	11.99
91,414,297	106,633,103	15,218,806	101.50	118.38	Total Other Medical	934,775,477	986,564,272	51,788,795	97.75	103.17
8,832,442	8,832,443	1	9.81	9.81	Quality Improvement Programs	92,952,160	92,350,814	(601,346)	9.72	9.66
446,020,488	465,162,719	19,142,231	495.20	516.44	Total Healthcare Costs	4,614,423,613	4,688,504,958	74,081,345	482.55	490.29
					Administrative Costs					
10,092,009	12,247,490	2,155,481	11.20	13.60	Employee	113,834,436	120,524,135	6,689,699	11.90	12.60
99,021	144,135	45,114	0.11	0.16	Travel And Meals	913,105	1,127,475	214,370	0.10	0.12
1,794,053	2,495,703	701,650	1.99	2.77	Occupancy	13,801,279	18,751,720	4,950,441	1.44	1.96
729,841	561,038	(168,803)	0.81	0.62	Operational	7,420,168	7,106,858	(313,310)	0.78	0.74
2,349,875	2,756,861	406,986	2.61	3.06	Professional Services	20,875,358	23,448,452	2,573,094	2.18	2.45
4,201,219	2,093,908	(2,107,311)	4.66	2.32	Computer And Data	23,162,366	21,470,707	(1,691,659)	2.42	2.25
19,266,018	20,299,135	1,033,117	21.38	22.53	Total Administrative Costs	180,006,712	192,429,347	12,422,635	18.82	20.12
46,582,645	46,854,991	272,346	51.72	52.02	Medi-Cal Managed Care Tax	659,355,957	659,530,616	174,659	68.95	68.97
2,086,699	(13,788,402)	15,875,101	2.32	(15.29)	Total Current Year Surplus (Deficit)	63,583,834	(35,480,718)	99,064,552	6.65	(3.70)

PARTNERSHIP HEALTHPLAN OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

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 County in May 1994. That was followed by additional Northern California counties in March 1998, March 2001, October 2009, two counties in July 2011, and eight counties in September 2013. Beginning July 2018 and in accordance with direction from the Department of Health Care Services (DHCS), PHC consolidated its reporting from these fourteen counties into two regions, which are in alignment with the two DHCS rating regions. Beginning January 2024, PHC expanded into ten additional counties, which comprise a third region.

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.

PARTNERSHIP HEALTHPLAN OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

RESERVED FUNDS:

As of June 2024, PHC has Total Reserved Funds of \$1.3 billion. This includes \$71.0 million of funds set aside for Board approved Strategic Use of Reserve (SUR) initiatives; this also includes funding for the Wellness & Recovery program. The total SUR amount represents the net amount remaining for all SUR projects that have been approved to date and is periodically adjusted as projects are completed. Reserved funds also includes \$0.3 million of Knox-Keene Reserves.

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 June 2024, PHC has accrued a Quality Incentive Program payout of \$129.3 million.

PARTNERSHIP HEALTHPLAN OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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
June 1, 2024

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
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FUNDS HELD FOR INVESTMENT:

Highmark Money Market	Cash & Cash Equiv	NA	Various	NA	NA	NA	\$ 1,358,723	\$ 1,358,723	NA	NR
US Treasury Note	Cash & Cash Equiv	0.01375	1/11/2022	1/31/2025	NA	\$ 300,000	\$ 303,281	\$ 284,439	Fitch	AA+
Certificate of Deposit for Knox Keene	Cash & Cash Equiv	0.0526	5/24/2023	1/31/2025	NA	\$ 300,000	\$ 300,000	\$ 300,000	NA	NR

FUNDS HELD FOR OPERATIONS:

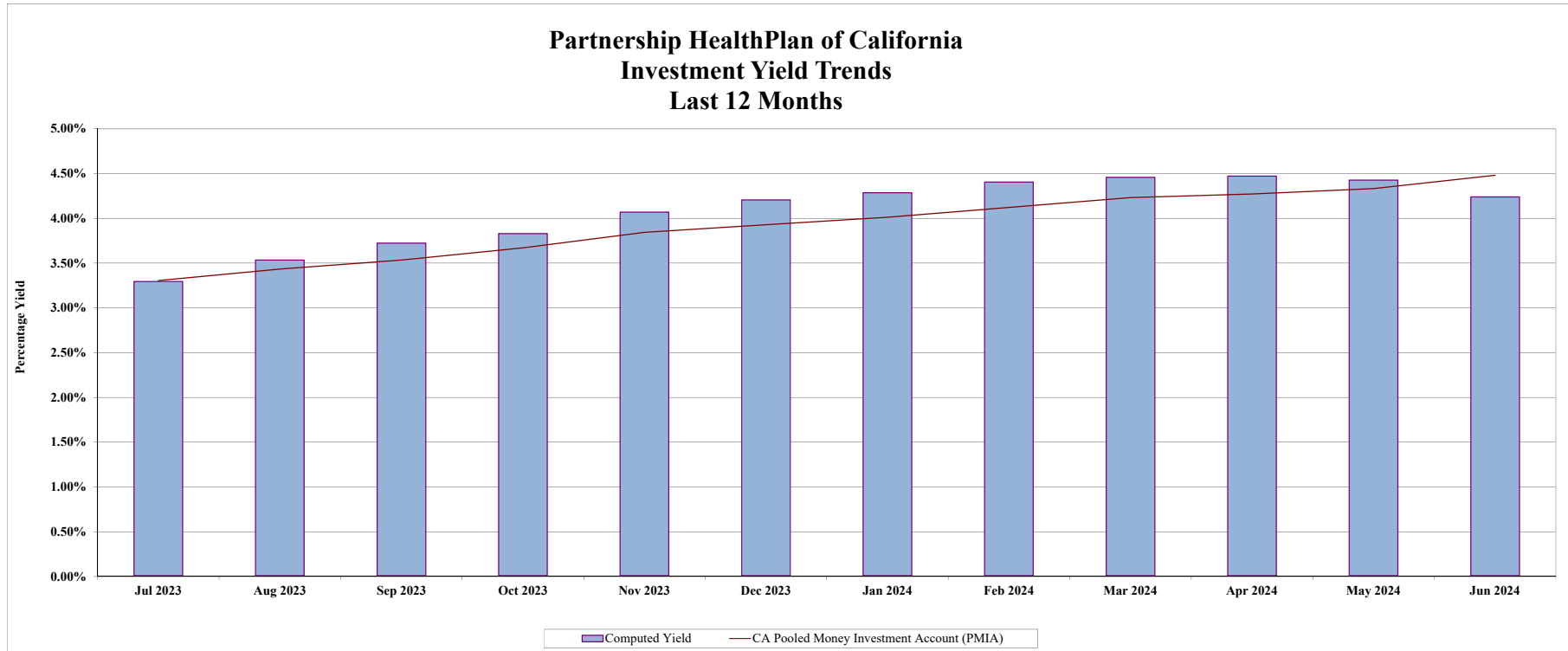
Merrill Lynch Institutional	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 72,302,855		
Merrill Lynch MMA - Checking	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 1,931,783		
US Bank - General, MMA, and Sweeps	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 2,100,799,204		
Government Investment Pools (LAIF)	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 75,000,000		
Government Investment Pools (County)	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 43,297,642		
West America Payroll	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 147,441		
Petty Cash	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 3,300		

GRAND TOTAL:

\$ 2,295,425,387

**Partnership HealthPlan of California
Investment Yield Trends**

PERIOD		Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024
Interest Income		5,951,214	5,662,667	6,681,800	7,965,260	6,968,741	7,219,959	8,189,594	6,407,270	9,509,112	8,768,057	9,436,106	9,367,229
Cash & Investments at Historical Cost	(1)	1,588,740,621	1,644,124,824	2,054,308,786	1,722,919,248	1,755,658,813	1,834,478,790	1,880,659,210	2,097,319,746	2,404,353,123	2,306,818,656	2,186,519,113	2,295,440,947
Computed Yield	(2)	3.29%	3.53%	3.72%	3.83%	4.07%	4.21%	4.29%	4.40%	4.46%	4.47%	4.43%	4.24%
CA Pooled Money Investment Account (PMIA)	(3)	3.31%	3.43%	3.53%	3.67%	3.84%	3.93%	4.01%	4.12%	4.23%	4.27%	4.33%	4.48%



NOTES:

- (1) Investment balances include Restricted Cash and Board Designated Reserves
- (2) Computed yield is calculated by dividing the past 12 months of interest by the average cash balance for the past 12 months.
- (3) LAIF limits the amount a single government entity can deposit into LAIF; currently that amount is set at \$75 million.