



## Finance Committee Meeting Agenda

February 19, 2025: 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, Ryan Gruver, 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](mailto:Board_FinanceClerk@partnershiphp.org) by 5:00p.m on February 18, 2025. Comments received will be read during the meeting.

8:00A.M – Opening			
1.1	Call to Order		Dave Jones, Chair
1.2	Roll Call		Clerk
1.3	<b>ACTION:</b> Approval of Agenda	1	Chair
1.4	<b>ACTION:</b> Approval of Finance Committee Minutes from January 15, 2025	2-8	Chair
1.5	Commissioner Comment		Chair
1.6	Public Comment		Public
New Business			
2.1	<b>INFORMATION:</b> CEO Health Plan Update	9	Sonja Bjork
2.2	<b>ACTION:</b> Accept December 2024 Metrics and Financials and Financial Update	10-23	Jennifer Lopez
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](http://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 Board Clerk at least two (2) working days before the meeting at 707-863-4516 or by email at [ascott@partnershiphp.org](mailto: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:**

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

**On**

**January 15, 2025**

**Members Present:** Jonathon Andrus, Jayme Bottke, Ryan Gruver, Dave Jones, Chair, Kathie Powell, Nancy Starck, Nolan Sullivan

**Members Excused:**

**Staff:** Leigha Andrews, Katherine Barresi, Jill Blake, Tina Buop, Alexandra Chappell, Wendell Coats, Wendi Davis, Marisa Dominguez, Robert Ducay, Naomi Gordon, Melanie Lam, John Lemoine, Jennifer Lopez, Kathryn Power, Ashlyn Scott, Brian Spiker, Rebecca Stark, Amy Turnipseed, Colleen Valenti, Diane Walton

**Guests:** T Abraham

AGENDA ITEM	DISCUSSION	MOTION / ACTION
<b>1.2 Roll Call</b>	Ashlyn Scott, Clerk of the Commission, called the roll indicating there was a quorum.	None
<b>1.3 Approval of Agenda</b>	Chairman Jones asked if anyone had changes to the agenda. Hearing no requests for modification, he asked for a motion to approve the agenda.	<p><i>Commissioner Powell moved to approve the agenda as presented, seconded by Commissioner Sullivan.</i></p> <p><b><u>ACTION SUMMARY:</u></b>  <i>Yes: 7            No: 0            Abstention: 0            Excused: 0</i></p>

		<b>MOTION CARRIED</b>
<b>1.4 Approval of the November 20, 2024 Finance Committee Meeting Minutes</b>	Chairman Jones asked if anyone had changes to the November 20, 2024 minutes. Hearing no requests for modification, he asked for a motion to approve the minutes.	<p><i>Commissioner Gruver moved to approve the minutes as presented, seconded by Commissioner Sullivan.</i></p> <p><b><u>ACTION SUMMARY:</u></b>  <i>Yes: 7  No: 0  Abstention: 0  Excused: 0</i></p> <p><b>MOTION CARRIED</b></p>
<b>1.5 &amp; 1.6 Public Comment and Commissioner Comment</b>	Chairman Jones asked if there were any public or commissioner comments. There were none.	None
<b>New Business</b>		
<b>2.1 Resolution to Accept Commissioner Dr. Matthew Morris' Resignation from the Partnership Board as the Sierra County Representative</b>	Sonja Bjork, Chief Executive Officer, announced that Board Commissioner, Dr. Matthew Morris, resigned from the Partnership Board as the Sierra County representative. Since the full Board does not meet in January, the Finance Committee was asked to accept the resignation.	<p><i>Commissioner Sullivan moved to approve agenda item 2.1 as presented seconded by Commissioner Andrus.</i></p> <p><b><u>ACTION SUMMARY:</u></b>  <i>Yes: 7  No: 0  Abstention: 0  Excused: 0</i></p> <p><b>MOTION CARRIED</b></p>
<b>2.2 CEO Report</b>	<p>Ms. Bjork began her report by sharing her sadness and concern regarding the destructive wildfires in Los Angeles. Partnership has been in contact with our sister plans in the area, sharing our knowledge and experience from the many wildfires that have occurred in our service area. Additionally, we ensured any Partnership members placed in the affected areas were identified and contacted to offer assistance. Ms. Bjork continued her report and covered the following topics:</p> <p><b><i>State Budget Proposal</i></b>  Governor Newsom announced a \$16.5 billion surplus in his first budget proposal. We are closely monitoring the budget and any potential impacts to Medi-Cal. We will await the May budget</p>	None

revision for more clarity. Additionally, we are also continuing to monitor bills introduced in the legislature that may impact Medi-Cal.

***Justice Involved Initiative***

In October 2024, Yuba and two other California counties implemented the Justice Involved initiative, the latest CalAIM population of focus. Siskiyou will be the next Partnership county to implement the program, beginning in April 2025. DHCS estimates that approximately 2,200 Partnership members per year will be released from jails and will be covered by the Justice Involved Initiative.

***Funding Opportunities***

Another round of DHCS Path-CITED funding is available, with the application period running from January to March. Partnership encourages eligible providers to apply for funding, and DHCS is holding a webinar on January 16 to assist providers with their applications. Additionally, Partnership has another round of IPP funds available for CalAIM providers. These funds can help support providers in establishing the infrastructure needed to deliver CalAIM services. Internally, we are developing principles to guide how we will distribute the next round of funds, with a focus on providers in rural areas, to ensure more members in Partnership’s service area have access to CalAIM services.

*Commissioner Bottke asked about the timeline for IPP funding.*

*Ms. Bjork replied that the guiding principles for the IPP funds will be completed in February, and the application process will then be communicated to providers.*

*Commissioner Starck asked about Partnership’s role in deciding which providers receive Path-CITED funds. She added that, in the past, large organizations unknown to the county were awarded funding, while small, hardworking community-based organizations (CBOs) were denied funding.*

*Ms. Bjork responded that Partnership’s role is confirming the applicant is a contracted provider, however DHCS does not ask our opinion on whether the provider should be funded. Additionally, we ensure that we do not fund the same providers via our IPP Program. She encouraged Board members to share information about Partnership’s IPP funds with CBOs who are having difficulties securing Path-CITED funding.*

*Commissioner Sullivan inquired whether Partnership could send a letter to the state if there are concerns about an organization applying for Path-CITED funding.*

*Katherine Barresi, Chief Health Services Officer, responded that this issue has been addressed at the all-plan CEO meeting. Managed care plans have requested that DHCS seek feedback from plans before awarding funds. DHCS intends to conduct a true-up with a third-party administrator*

*to ensure funds are being used appropriately and Partnership will continue to highlight any funding gaps within our service area.*

*Commissioner Sullivan noted that some counties and CBOs have been reluctant to apply for infrastructure funding due to the lack of sufficient service dollars for ongoing care.*

*Commissioner Gruver thanked Ms. Bjork for acknowledging the fire disasters in Los Angeles. He pointed out that many rural counties are equally vulnerable, if not more so. While some rural areas have been fortunate in recent years, he emphasized that it's only a matter of time before they, too, face devastating wildfires. He asked what Partnership is doing to prepare for such disasters.*

*Ms. Bjork responded that Partnership has a comprehensive plan for handling natural disasters. She mentioned that the process will be presented to Board members in an educational session at an upcoming Board meeting. The state reviews and approves Partnership's disaster recovery plan and has commended its effectiveness in the past.*

***Transitional Rent***

CMS has approved the Transitional Rent benefit, and while we are excited about the new benefit, there are still many details that require clarification before we can implement it. All plans will be required to offer Transitional Rent by January 1, 2026. Eligible members will be able to access a one-time, 6-month rental assistance. We will keep the Finance Committee and Board updated as we receive more information.

***Whole Child Model***

Effective January 1, 2025, Partnership began administering the Whole Child Model program in the 10 expansion counties, in addition to our 14 legacy counties. In preparation for the transition, Partnership staff conducted extensive outreach to families and California Children's Services (CCS) county staff. We are now serving 4,100 new children under the Whole Child Model. During the transition, we received relatively few calls, which we attributed to thorough preparation and outreach.

***Community Advisory Committee***

DHCS has released a draft All Plan Letter (APL) outlining new detailed requirements for community advisory committees within each managed care plan. Many of the requirements align with Partnership's existing Consumer Advisory Committee. As a result, the Board will vote to approve changing the committee's name to "Community Advisory Committee" at the February Board meeting. Additionally, each health plan will be required to establish a selection committee for the Community Advisory Committee, and it is proposed that Partnership's Board will serve as the selection committee to confirm existing members and any future appointments.

***Medicare / D-SNP Update***

	<p>Partnership staff continues to prepare for Medicare/D-SNP implementation. Our application to CMS, along with network adequacy and model of care documents, is due by February 12. We will continue to contract with providers and refine internal policies. Once we receive approval, we will proceed with extensive provider outreach and host provider training sessions.</p>	
<p><b>2.3 ACTION: Accept October and November 2024 Metrics and Financials</b></p>	<p>Jennifer Lopez, Chief Financial Officer, presented Partnership’s metrics and financials for the month ending November 30, 2024. Partnership reported a surplus of \$19.1 million, bringing the year-to-date surplus to \$3.5 million. Inpatient hospital expenses are favorable, primarily due to lower-than-expected utilization in the expansion region. Conversely, outpatient and physician expenses are higher than expected in these counties. It will take several years of data to establish reliable trends, as we currently only have less than one year of complete data to inform our projections for the expansion region. We are beginning to observe an unusual increase in inpatient hospital expenses for July and August, which reinforces the need for conservatism in our projections. Transportation utilization remains high, which is positive as members are seeking care, we anticipate these increased transportation expenses to be reflected in our future rates. Administrative costs are favorable primarily due to the timing and availability of hiring qualified staff.. Since the November financials were finalized, Partnership has hired 48 new employees and recruitment efforts will continue as we prepare for Medicare implementation.</p> <p><i>Commissioner Powell recalled that during expansion planning, we were aware of the lack of access to specialty providers. She asked whether we have increased recruitment funding and efforts for this region.</i></p> <p><i>Ms. Lopez responded that contracting with specialty groups has been challenging in certain areas. However, we are continuously working to recruit new providers.</i></p> <p><i>Commissioner Starck asked if the UIS risk corridor referred to the undocumented immigrant risk corridor.</i></p> <p><i>Ms. Lopez confirmed, explaining that the risk corridor is in effect through December 2024, after which it will no longer be included in the financials. We are monitoring potential changes to the rates for this population in our 2025 rates. We believe there is still significant work to be done to ensure this population receives adequate care.</i></p> <p><i>Commissioner Starck inquired if there were any updates regarding Partnership’s quality sanction.</i></p> <p><i>Ms. Bjork responded that DHCS did not alter their decision after the meet and confer, so we have filed a formal appeal. We are currently awaiting a response and will keep the committee informed.</i></p>	<p><i>Commissioner Sullivan moved to approve the metrics and financials as presented, seconded by Commissioner Powell.</i></p> <p><b><u>ACTION SUMMARY:</u></b>  <i>Yes: 7</i>  <i>No: 0</i>  <i>Abstention: 0</i>  <i>Excused: 0</i></p> <p><b>MOTION CARRIED</b></p>

Partnership issued lump-sum Targeted Rate Increases (TRI) payments at the end of December and continues to issue TRI payments on a rolling monthly basis. It is important to note that TRI is the most complex directed payment program that has been implemented and we are continue to learn this new program. However, we are pleased to have been able to distribute funding to providers. We are optimistic about further investments resulting from the passage of Proposition 35; but we won't know how to implement the new investments until DHCS completes its stakeholder process and provides the program details to plans. Our current understanding is TRI investments for calendar year 2025 will focus on the following categories:

- Primary Care (including obstetrics and non-specialty mental health services)
- Specialty Care
- Community and Hospital Outpatient Procedures
- Abortion and Family Planning
- Supports for Safety Net Clinics
- Emergency Department (Facility and Physician) Services
- Designated Public Hospitals
- Ground Emergency Medical Transportation
- Behavioral Health Facilities
- Graduate Medical Education
- Medi-Cal Workforce Pool

*Commissioner Andrus expressed appreciation for Partnership's efforts to educate providers on TRI but mentioned that his organization is still unclear about the funding they will receive.*

*Ms. Lopez acknowledged that the program is quite complex and offered to schedule a meeting with Commissioner Andrus and his team to address their concerns.*

The Intergovernmental Transfer (IGT) process for calendar year 2024 will begin soon. This is the first year that eligible providers from the expansion region will work with Partnership to apply for IGT funding. While we are still awaiting data from the state, we know that the Partnership IGT deadline to the state will be at the end of March. IGTs allow providers to report unmet needs for providing Medi-Cal services to the state. Partnership plans to host a webinar for providers, with a special focus on those from the expansion counties.

*Commissioner Andrus asked if we know how much of the \$150 million loss approved for expansion has been realized.*

*Ms. Lopez explained that the \$150 million loss represented a point in time worst-case scenario, relying on our 14-county historical utilization trends and noted the estimated losses were for the first two years of the expansion. There is a significant lag in reporting, and from what we have seen to date in the expansion region, the utilization pattern differs from our 14 legacy counties. We*

	<i>are continuously monitoring expansion utilization and expenses; we do not yet have a clear picture of the total expenditures that will determine overall losses or gains for this new region for the first two years of the expansion.</i>	
<b>Adjournment</b>	Chairman Jones adjourned the meeting at 9:21AM.	None

Respectfully submitted by:  
Ashlyn Scott, Board Clerk

Committee Approval Date: 2/19/2025

Signed: \_\_\_\_\_  
Ashlyn Scott, Clerk





**Finance Committee  
Chief Executive Officer Update  
February 19, 2025**

- 1. Federal Developments**
- 2. State Developments**
- 3. CY 2024 Voluntary Rate Range Program**
- 4. CalAIM and IPP/Access Grants**
- 5. Medicare Update**

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## **FINANCIAL HIGHLIGHTS**

### **Of The Partnership HealthPlan of California**

### **For the Period Ending December 31, 2024**

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#### **Financial Analysis for the Current Period**

##### **Total (Deficit) Surplus**

For the month ending December 31, 2024, PHC reported a net surplus of \$12.5 million, bringing the year-to-date surplus to \$16.0 million. Significant variances are explained below.

##### **Revenue**

Total Revenue is lower than budget by \$0.7 million for the month and \$29.5 million for the year-to-date. Medi-Cal revenue is \$14.0 million net unfavorable due to the \$26.0 million unbudgeted UIS risk corridor, partially offset by \$11.0 million favorable retro membership and \$1.0 million higher ECM utilization. Directed payments are \$69.8 million unfavorable due to lower than budgeted rates; a corresponding offset is recorded in Healthcare Investment Funds (HCIF). Supplemental revenues are \$32.5 million favorable due to timing of DHCS submissions mainly in the Expansion Counties for AIHS and higher than expected volumes for Maternity Kick. Interest income is \$20.2 million favorable due to higher than anticipated interest rates accompanied with higher than budgeted cash balances. The remaining favorable variance can be attributed to other revenues.

##### **Healthcare Costs**

Total Healthcare Costs are lower than budget by \$25.7 million for the month and \$84.2 million for the year-to-date. Non-Capitated Physician and Ancillary expenses are unfavorable to budget by \$103.6 million primarily due to the accrual of TRI and adjustments to IBNR reserves to reflect the latest utilization trend. Total Capitation is \$20.7 million favorable due to the change in funding methods for some health care providers. Long Term Care expenses are \$1.4 million unfavorable due primarily to anticipated rate increases retro to January 2024. Inpatient hospital FFS expense is \$103.5 million favorable due to adjustments to prior fiscal year IBNR reserves driven by lower than anticipated utilization in the new expansion region and current seasonality patterns. HCIF is \$56.2 million favorable due to lower than budgeted rates for directed payments partially offset by the timing of IPP CalAIM incentive payments, which will have a corresponding offset in revenue. The transportation expense is \$7.5 million unfavorable due to an increase in utilization. Quality Assurance expenses are \$18.1 million favorable due to the timing of medical admin expenses. Quality Improvement Programs are \$2.0 million unfavorable due to the timing of incentive grant payouts, which will also have a corresponding offset in revenue.

##### **Administrative Costs**

Administrative costs have an overall positive variance, which is \$2.8 million for the month and \$24.9 million for the year-to-date. The primary variance is in Employee costs due to the timing of the filling of open positions, which are primarily geared towards the expansion counties and the fulfilling of the 2024 DHCS Contract requirements. An additional variance is in Occupancy due to the timing of building related costs including repairs, maintenance, and utilities, as well as the depreciation of capitalizable items including the new claims system. The increased negative variance in Computer and Data is primarily due to the timing of licensing cost payments and the timing of computer stock equipment purchases. Most non-Employee and non-Occupancy costs are prorated relatively evenly throughout the year; as the year progresses, the variances between actual and budget in these categories are expected to even out.

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**FINANCIAL HIGHLIGHTS**  
**Of The Partnership HealthPlan of California**  
**For the Period Ending December 31, 2024**

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**Balance Sheet / Cash Flow**

Total Cash & Cash Equivalents increased by \$253.7 million for the month. Inflows of \$593.0 million in State Capitation payments include \$452.9 million in Base and Supplemental Capitation payments and \$140.1 million in Voluntary Rate Range and Directed Payments; Voluntary Rate Range and Directed Payments are expected to be disbursed in the following month. Other inflows include \$32.2 million in CalAIM incentive program payments, \$2.0 million in Drug Medi-Cal payments, \$8.1 million in interest earnings, and the recording of \$58.5 million in board-designated reserve transfers. These inflows were offset by outflows of \$413.1 million in healthcare cost payments, \$6.8 million in Drug Medi-Cal payments, and \$20.5 million in administrative and capital cost payments. The remaining difference can be attributed to other revenues.

**General Statistics**

**Membership**

Membership had a total net increase of 10,463 members for the month.

**Utilization Metrics and High Dollar Case**

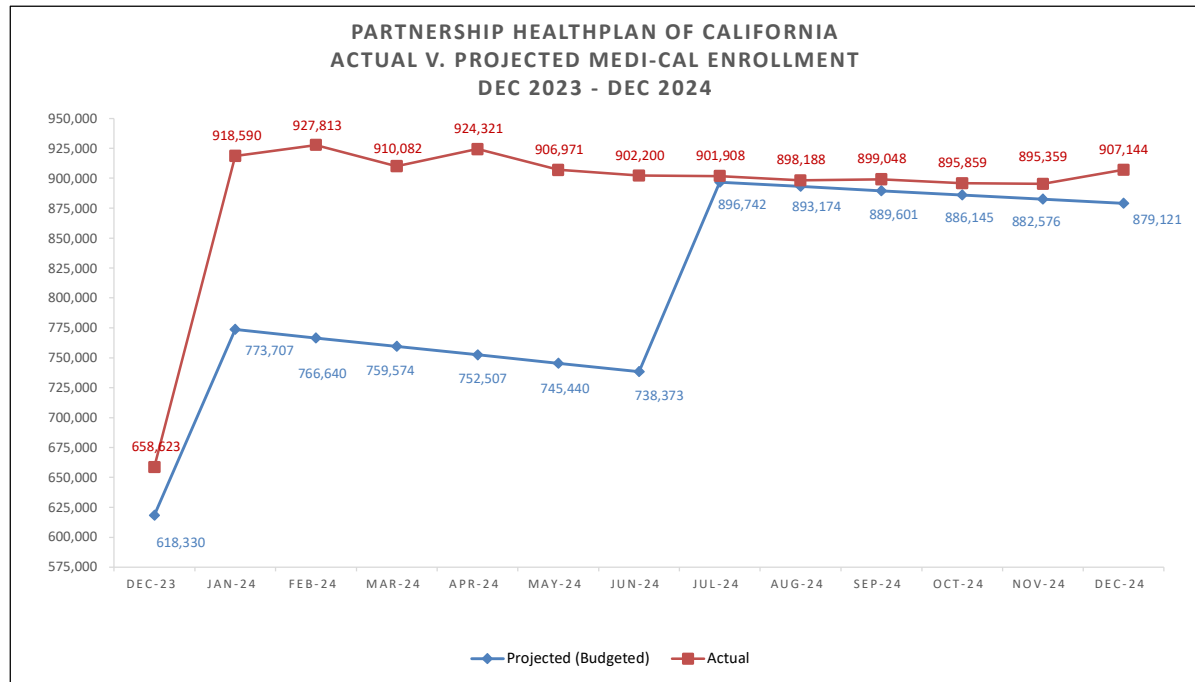
For the fiscal year 2024/25 through December 2024, 378 members reached the \$250,000 threshold with an average cost of \$467,504. For fiscal year 2023/24, 882 members reached the \$250,000 threshold with an average cost per case of \$507,298. For fiscal year 2022/23, 694 members reached the \$250,000 threshold with an average claims cost of \$517,587.

**Current Ratio/Reserved Funds**

Current Ratio Including Required Reserves	<b>1.39</b>
Current Ratio Excluding Required Reserves:	<b>0.99</b>
Required Reserves:	<b>\$1,272,663,543</b>
Total Fund Balance:	<b>\$1,263,602,149</b>

**Days of Cash on Hand**

Including Required Reserves:	<b>151.21</b>
Excluding Required Reserves:	<b>81.22</b>



**Member Months by County:**

County	Dec-23	Jan-24	Feb-24	Mar-24	★ Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
Solano	134,534	103,140	105,208	102,065	105,274	102,979	102,062	101,490	101,565	102,138	101,685	101,430	103,225
Napa	33,710	27,596	28,140	27,005	27,891	27,017	27,071	26,878	26,697	26,466	26,242	26,374	26,961
Yolo	60,230	55,624	56,087	54,327	55,592	54,076	53,489	53,332	52,195	52,185	51,806	51,458	53,062
Sonoma	128,356	109,623	112,447	108,106	112,999	110,510	110,327	110,662	110,074	110,141	109,880	110,115	112,185
Marin	49,823	46,981	48,331	46,215	48,257	46,564	46,520	46,274	46,147	46,484	46,059	46,033	46,460
Mendocino	39,846	41,552	41,963	41,055	42,150	41,381	41,239	41,408	41,314	41,195	40,901	41,046	40,947
Lake	34,367	35,058	35,405	34,559	35,494	34,624	34,390	34,422	34,207	34,227	34,122	34,257	34,495
Del Norte	12,426	12,527	12,610	12,316	12,675	12,401	12,214	12,252	12,327	12,382	12,404	12,387	12,420
Humboldt	58,752	60,016	60,415	59,075	60,273	58,758	58,876	58,607	58,434	58,422	58,495	58,614	58,593
Lassen	8,600	8,864	8,952	8,576	8,793	8,668	8,714	8,765	8,802	8,753	8,814	8,754	8,756
Modoc	3,928	4,055	4,035	4,020	4,051	3,944	3,933	3,958	3,941	3,983	3,933	3,925	3,939
Shasta	69,783	70,605	70,880	69,820	70,514	68,436	67,907	67,685	67,173	67,073	66,723	66,780	66,863
Siskiyou	18,625	19,052	19,115	17,966	18,653	18,137	18,131	18,088	17,918	17,839	17,972	18,041	17,945
Trinity	5,643	5,660	5,739	5,567	5,704	5,607	5,540	5,540	5,464	5,437	5,422	5,380	5,419
Butte	-	85,751	85,856	86,303	85,581	84,795	84,347	84,598	84,856	85,378	85,666	85,502	85,772
Colusa	-	10,710	10,663	10,674	10,392	10,270	10,239	10,208	10,148	10,152	10,097	10,038	10,215
Glenn	-	13,752	13,774	13,883	13,772	13,618	13,583	13,501	13,491	13,595	13,543	13,596	13,664
Nevada	-	28,962	28,798	28,708	28,519	28,420	28,313	28,407	28,226	28,261	28,434	28,721	28,515
Placer	-	59,373	59,846	60,289	59,915	60,009	59,226	59,648	59,419	59,331	58,737	58,334	60,679
Plumas	-	6,015	5,978	5,975	5,942	5,925	5,903	5,938	5,924	5,857	5,820	5,870	5,866
Sierra	-	855	870	869	869	865	850	839	852	871	866	892	887
Sutter	-	44,339	44,438	44,558	43,816	43,711	43,619	43,542	43,122	43,076	42,418	42,244	43,425
Tehama	-	31,784	31,484	31,299	30,932	30,323	29,996	30,297	30,365	30,492	30,542	30,456	30,426
Yuba	-	36,696	36,779	36,851	36,263	35,933	35,711	35,569	35,527	35,310	35,278	35,112	36,425
<b>All Counties Total</b>	<b>658,623</b>	<b>918,590</b>	<b>927,813</b>	<b>910,082</b>	<b>924,321</b>	<b>906,971</b>	<b>902,200</b>	<b>901,908</b>	<b>898,188</b>	<b>899,048</b>	<b>895,859</b>	<b>895,359</b>	<b>907,144</b>

★ 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 2024 - 2025 & Fiscal Year 2023 - 2024**

FINANCIAL INDICATORS							Avg / Month As of			
	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24			YTD	Dec-24
<b>Total Enrollment</b>	898,490	898,153	897,450	895,408	895,235	905,698			5,390,434	898,406
<b>Total Revenue</b>	516,467,263	505,732,274	517,421,674	517,491,108	507,895,691	520,768,067			3,085,776,077	514,296,013
<b>Total Healthcare Costs</b>	455,570,291	455,587,935	449,203,390	445,671,531	422,571,150	440,227,706			2,668,832,000	444,805,334
<b>Total Administrative Costs</b>	17,164,116	20,965,109	20,303,694	22,663,983	19,787,655	21,565,509			122,450,066	20,408,344
<b>Medi-Cal Hospital &amp; Managed Care Taxes</b>	46,566,563	46,437,851	46,436,656	46,083,262	46,460,193	46,509,845			278,494,570	46,415,762
<b>Total Current Year Surplus (Deficit)</b>	(2,833,707)	(17,258,621)	1,477,734	3,072,332	19,076,693	12,465,007			15,999,441	2,666,573
<b>Total Claims Payable</b>	884,509,979	911,448,691	890,651,592	852,864,933	830,533,762	775,002,932			775,002,932	857,501,981
<b>Total Fund Balance</b>	1,244,769,003	1,227,510,382	1,228,988,116	1,232,060,447	1,251,137,140	1,263,602,149			1,263,602,149	1,241,344,539
<b>Reserved Funds</b>										
State Financial Performance Guarantee	1,092,899,000	1,093,798,000	1,096,923,000	1,100,211,000	1,102,840,000	1,046,032,000			1,046,032,000	1,088,783,833
Board Approved Capital and Infrastructure Purchases	79,941,518	79,360,193	77,250,794	76,202,434	75,447,816	73,742,888			73,742,888	76,990,941
Capital Assets	134,500,819	148,731,129	150,227,245	152,420,562	152,556,243	152,888,655			152,888,655	148,554,109
Strategic Use of Reserve-Board Approved	71,002,668	71,002,668	71,002,668	71,002,668	71,002,668	71,002,668			71,002,668	71,002,668
Unrestricted Fund Balance	(133,575,002)	(165,381,608)	(166,415,591)	(167,776,217)	(150,709,587)	(80,064,063)			(80,064,063)	(143,987,011)
<b>Fund Balance as % of Reserved Funds</b>	90.31%	88.13%	88.07%	88.01%	89.25%	94.04%			94.04%	89.61%
<b>Current Ratio (including Required Reserves)</b>	1.45:1	1.41:1	1.40:1	1.40:1	1.40:1	1.39:1			1.39:1	1.41:1
Medical Loss Ratio w/o Tax	96.95%	99.19%	95.38%	94.54%	91.58%	92.82%			95.07%	95.07%
Admin Ratio w/o Tax	3.65%	4.56%	4.31%	4.81%	4.29%	4.55%			4.36%	4.36%
Profit Margin Ratio	-0.60%	-3.76%	0.31%	0.65%	4.13%	2.63%			0.57%	0.57%

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
<b>Total Enrollment</b>	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
<b>Total Revenue</b>	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	729,388,400	5,732,802,666	477,733,555
<b>Total Healthcare Costs</b>	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	383,635,425	4,552,038,550	379,336,546
<b>Total Administrative Costs</b>	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	18,392,413	19,471,144	180,211,837	15,017,653
<b>Medi-Cal Hospital &amp; Managed Care Taxes</b>	-	-	-	-	-	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
<b>Total Current Year Surplus (Deficit)</b>	7,946,514	(1,008,857)	12,453,281	14,243,584	5,245,126	2,152,343	4,676,307	12,988,694	(10,860,967)	11,127,412	2,533,699	279,699,187	341,196,322	28,433,027
<b>Total Claims Payable</b>	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	886,017,427	886,017,427	620,968,458
<b>Total Fund Balance</b>	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	1,247,602,710	1,247,602,710	969,883,011
<b>Reserved Funds</b>														
State Financial Performance Guarantee	946,269,906	964,438,886	980,910,354	994,265,111	1,009,422,758	1,026,741,282	1,074,004,763	1,076,192,481	1,092,267,035	1,098,614,311	1,102,328,343	1,135,207,631	1,135,207,631	1,041,721,905
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	72,116,668	71,786,668	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)	(118,448,647)	(118,448,647)	(307,891,117)
<b>Fund Balance as % of Reserved Funds</b>	77.28%	76.09%	76.11%	76.41%	75.74%	74.91%	72.60%	73.50%	71.83%	72.35%	72.39%	91.33%	91.33%	75.90%
<b>Current Ratio (including Required Reserves)</b>	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	1.45:1	1.45:1	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%	56.19%	89.72%	89.72%
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%	2.85%	3.55%	3.55%
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%	40.96%	6.73%	6.73%

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

CURRENT MONTH	PRIOR MONTH	INC / DEC	MEMBERSHIP SUMMARY	CURRENT YTD AVG	PRIOR YTD AVG	VARIANCE
905,698	895,235	10,463	<b>Total Membership</b>	898,406	681,020	217,386
ACTUAL MONTH	BUDGET MONTH	\$ VARIANCE MONTH	FINANCIAL SUMMARY	ACTUAL YTD	BUDGET YTD	\$ VARIANCE YTD
520,768,067	521,420,808	(652,741)	<b>Total Revenue</b>	3,085,776,077	3,115,296,875	(29,520,798)
440,227,706	465,970,767	25,743,061	<b>Total Healthcare Costs</b>	2,668,832,000	2,753,023,208	84,191,208
21,565,509	24,357,268	2,791,759	<b>Total Administrative Costs</b>	122,450,066	147,395,841	24,945,775
46,509,845	45,432,973	(1,076,872)	<b>Medi-Cal Managed Care Tax</b>	278,494,570	275,317,914	(3,176,656)
<b>12,465,007</b>	<b>(14,340,200)</b>	<b>26,805,207</b>	<b>Total Current Year Surplus (Deficit)</b>	<b>15,999,441</b>	<b>(60,440,088)</b>	<b>76,439,529</b>

92.82%	97.90%	<b>Medical Loss Ratio (HC Costs as a % of Rev, excluding Managed Care Tax)</b>	95.07%	96.94%
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4.55%	5.12%	<b>Admin Ratio (Admin Costs as a % of Rev, excluding Managed Care Tax)</b>	4.36%	5.19%
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# PARTNERSHIP HEALTHPLAN OF CALIFORNIA

## Balance Sheet

As Of December 31, 2024

	<u>December 2024</u>	<u>November 2024</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash & Cash Equivalents	1,299,351,349	1,045,604,144
<b>Receivables</b>		
Accrued Interest	2,269,845	1,830,945
State DHS - Cap Rec	1,440,026,051	1,521,008,620
Other Healthcare Receivable	55,101,927	50,979,246
Miscellaneous Receivable	7,691,601	7,720,553
<b>Total Receivables</b>	<b>1,505,089,424</b>	<b>1,581,539,364</b>
<b>Other Current Assets</b>		
Payroll Clearing	1,920	(3,808)
Prepaid Expenses	10,592,540	8,759,012
<b>Total Other Current Assets</b>	<b>10,594,460</b>	<b>8,755,204</b>
<b>Total Current Assets</b>	<b>2,815,035,233</b>	<b>2,635,898,712</b>
<b>Non-Current Assets</b>		
<b>Fixed Assets</b>		
Motor Vehicles	515,462	515,462
Furniture & Fixtures	7,028,251	7,028,251
Computer Equipment	19,168,910	19,168,869
Computer Software	8,997,689	8,997,689
Leasehold Improvements	124,288	124,288
Land	7,619,204	7,619,204
Building	83,185,784	83,185,784
Building Improvements	39,688,760	39,688,760
Accum Depr - Motor Vehicles	(276,052)	(265,289)
Accum Depr - Furniture	(6,598,433)	(6,590,342)
Accum Depr - Comp Equipment	(16,321,995)	(16,139,856)
Accum Depr - Comp Software	(8,608,520)	(8,561,896)
Accum Depr - Leasehold Improvements	(124,288)	(124,288)
Accum Depr - Building	(13,230,897)	(13,053,149)
Accum Depr - Bldg Improvements	(15,027,557)	(14,835,023)
Construction Work-In-Progress	46,748,047	45,797,778
<b>Total Fixed Assets</b>	<b>152,888,653</b>	<b>152,556,242</b>
<b>Other Non-Current Assets</b>		
Deposits	17,260	17,260
Board-Designated Reserves	1,119,474,888	1,177,987,816
Knox-Keene Reserves	300,000	300,000
Prepaid - Other Non-Current	14,532,756	14,543,023
Net Pension Asset	4,919,453	4,919,453
Deferred Outflows Of Resources	1,620,052	1,620,052
Net Subscription Asset	2,790,269	2,790,269
<b>Total Other Non-Current Assets</b>	<b>1,143,654,678</b>	<b>1,202,177,873</b>

**PARTNERSHIP HEALTHPLAN OF CALIFORNIA**  
**Balance Sheet**  
**As Of December 31, 2024**

	<u>December 2024</u>	<u>November 2024</u>
<b>Total Non-Current Assets</b>	<b>1,296,543,331</b>	<b>1,354,734,115</b>
<b>Total Assets</b>	<b>4,111,578,564</b>	<b>3,990,632,827</b>
<b>LIABILITIES &amp; FUND BALANCE</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	265,704,602	211,641,613
Unearned Income	109,464,493	77,221,658
Suspense Account	12,525,053	10,761,537
Capitation Payable	40,296,544	40,030,398
State DHS - Cap Payable	32,633,113	32,633,113
Accrued Healthcare Costs	1,480,651,435	1,413,066,912
Claims Payable	224,461,222	180,061,967
Incurred But Not Reported-IBNR	550,541,710	650,471,795
Quality Improvement Programs	121,732,255	113,640,706
<b>Total Current Liabilities</b>	<b>2,838,010,427</b>	<b>2,729,529,699</b>
<b>Non-Current Liabilities</b>		
Deferred Inflows Of Resources	7,617,910	7,617,910
Net Subscription Liability	2,348,078	2,348,078
<b>Total Non-Current Liabilities</b>	<b>9,965,988</b>	<b>9,965,988</b>
<b>Total Liabilities</b>	<b>2,847,976,415</b>	<b>2,739,495,687</b>
<b>Fund Balance</b>		
<b>Unrestricted Fund Balance</b>	<b>(80,064,063)</b>	<b>(150,709,587)</b>
<b>Reserved Funds</b>		
State Financial Performance Guarantee	1,046,032,000	1,102,840,000
Board Approved Capital and Infrastructure Purchases	73,742,888	75,447,816
Capital Assets	152,888,655	152,556,243
Strategic Use of Reserve-Board Approved	71,002,668	71,002,668
<b>Total Reserved Funds</b>	<b>1,343,666,211</b>	<b>1,401,846,727</b>
<b>Total Fund Balance</b>	<b>1,263,602,149</b>	<b>1,251,137,140</b>
<b>Total Liabilities And Fund Balance</b>	<b>4,111,578,564</b>	<b>3,990,632,827</b>



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

	<u>Current Month Activity</u>	<u>Year-To-Date Activity</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
<b>Cash Received From:</b>		
Capitation from California Department of Health Care Services	593,026,279	2,936,837,892
Other Revenues	32,445,427	35,228,449
<b>Cash Payments to Providers for Medi-Cal Members</b>		
Capitation Payments	(18,184,327)	(144,783,790)
Medical Claims Payments	(394,884,760)	(2,307,643,046)
<b>Drug Medi-Cal</b>		
DMC Receipts from Counties	1,950,519	24,875,798
DMC Payments to Providers	(6,751,348)	(30,829,391)
Cash Payments to Vendors	(5,824,281)	(327,354,697)
Cash Payments to Employees	(14,260,282)	(96,167,034)
<b>Net Cash (Used) Provided by Operating Activities</b>	<b>187,517,227</b>	<b>90,164,181</b>
<b>CASH FLOWS FROM CAPITAL FINANCING &amp; RELATED ACTIVITIES:</b>		
Purchases of Capital Assets	(390,279)	(20,186,482)
<b>Net Cash Used by Capital Financial &amp; Related Activities</b>	<b>(390,279)</b>	<b>(20,186,482)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Board-Designated Reserve Transfers	58,512,928	41,774,968
Interest and Dividends on Investments	8,107,329	53,707,591
<b>Net Cash (Used) Provided by Investing Activities</b>	<b>66,620,257</b>	<b>95,482,559</b>
<b>NET (DECREASE) INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>253,747,205</b>	<b>165,460,258</b>
<b>CASH &amp; CASH EQUIVALENTS, BEGINNING</b>	<b>1,045,604,144</b>	<b>1,133,891,091</b>
<b>CASH &amp; CASH EQUIVALENTS, ENDING</b>	<b>1,299,351,349</b>	<b>1,299,351,349</b>
<b>RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
<b>TOTAL OPERATING (LOSS) INCOME</b>	<b>3,918,778</b>	<b>(39,115,303)</b>
<b>DEPRECIATION</b>	<b>617,897</b>	<b>3,737,040</b>
<b>CHANGES IN ASSETS AND LIABILITIES:</b>		
Other Receivables	(4,093,727)	(22,742,131)
California Department of Health Services Receivable	80,982,569	(247,871,953)
Other Assets	(2,389,022)	(3,060,830)
Accounts Payable and Accrued Expenses	155,920,012	477,749,677
Accrued Claims Payable	(55,530,829)	(111,014,494)
Quality Improvement Programs	8,091,549	32,482,175
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>187,517,227</b>	<b>90,164,181</b>

**PARTNERSHIP HEALTHPLAN OF CALIFORNIA**

**Statement of Revenues and Expenses  
For The Period Ending December 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
905,698	905,698	-			<b>TOTAL MEMBERSHIP</b>	5,390,434	5,390,434	-		
					<b>REVENUE</b>					
512,042,030	515,689,208	(3,647,178)	565.36	569.38	State Capitation Revenue	3,027,835,822	3,079,187,775	(51,351,953)	561.71	571.23
8,546,229	5,548,500	2,997,729	9.44	6.13	Interest Income	55,114,742	34,955,300	20,159,442	10.22	6.48
179,808	183,100	(3,292)	0.20	0.20	Other Revenue	2,825,513	1,153,800	1,671,713	0.52	0.21
<b>520,768,067</b>	<b>521,420,808</b>	<b>(652,741)</b>	<b>574.99</b>	<b>575.71</b>	<b>TOTAL REVENUE</b>	<b>3,085,776,077</b>	<b>3,115,296,875</b>	<b>(29,520,798)</b>	<b>572.46</b>	<b>577.93</b>
					<b>HEALTHCARE COSTS</b>					
					<b>Physician Services</b>					
7,379,437	9,059,838	1,680,401	8.15	10.00	Pcp Capitation	44,052,446	53,674,579	9,622,133	8.17	9.96
215,409	224,307	8,898	0.24	0.25	Specialty Capitation	1,278,913	1,325,366	46,453	0.24	0.25
82,551,534	71,769,687	(10,781,847)	91.15	79.24	Non-Capitated Physician Services	515,458,096	422,968,556	(92,489,540)	95.62	88.68
<b>90,146,380</b>	<b>81,053,832</b>	<b>(9,092,548)</b>	<b>99.54</b>	<b>89.49</b>	<b>Total Physician Services</b>	<b>560,789,455</b>	<b>477,968,501</b>	<b>(82,820,954)</b>	<b>104.03</b>	<b>88.68</b>
					<b>Inpatient Hospital</b>					
16,202,947	18,251,299	2,048,352	17.89	20.15	Hospital Capitation	97,159,805	107,807,487	10,647,682	18.02	20.00
99,460,154	123,594,611	24,134,457	109.82	136.46	Inpatient Hospital - Ffs	614,087,809	717,557,852	103,470,043	113.92	133.12
1,612,566	1,612,566	-	1.78	1.78	Hospital Stoploss	9,576,274	9,576,274	-	1.78	1.78
<b>117,275,667</b>	<b>143,458,476</b>	<b>26,182,809</b>	<b>129.49</b>	<b>158.39</b>	<b>Total Inpatient Hospital</b>	<b>720,823,888</b>	<b>834,941,613</b>	<b>114,117,725</b>	<b>133.72</b>	<b>154.90</b>
53,854,451	54,348,754	494,303	59.46	60.01	Long Term Care	328,256,657	326,869,368	(1,387,289)	60.90	60.64
					<b>Ancillary Services</b>					
1,178,925	1,247,663	68,738	1.30	1.38	Ancillary Services - Capitated	7,024,635	7,383,620	358,985	1.30	1.37
80,732,317	77,517,118	(3,215,199)	89.14	85.59	Ancillary Services - Non-Capitated	466,460,018	455,340,951	(11,119,067)	86.53	84.47
<b>81,911,242</b>	<b>78,764,781</b>	<b>(3,146,461)</b>	<b>90.44</b>	<b>86.97</b>	<b>Total Ancillary Services</b>	<b>473,484,653</b>	<b>462,724,571</b>	<b>(10,760,082)</b>	<b>87.83</b>	<b>85.84</b>
					<b>Other Medical</b>					
4,331,759	6,914,802	2,583,043	4.78	7.63	Quality Assurance	24,845,571	42,987,489	18,141,918	4.61	7.97
70,251,071	81,291,028	11,039,957	77.57	89.76	Healthcare Investment Funds	429,446,327	485,659,793	56,213,466	79.67	90.10
128,000	135,600	7,600	0.14	0.15	Advice Nurse	733,100	854,400	121,300	0.14	0.16
920	7,100	6,180	-	0.01	Hipp Payments	4,671	44,600	39,929	-	0.01
12,960,667	10,628,845	(2,331,822)	14.31	11.74	Transportation	72,429,183	64,920,464	(7,508,719)	13.44	12.04
<b>87,672,417</b>	<b>98,977,375</b>	<b>11,304,958</b>	<b>96.80</b>	<b>109.29</b>	<b>Total Other Medical</b>	<b>527,458,852</b>	<b>594,466,746</b>	<b>67,007,894</b>	<b>97.86</b>	<b>110.28</b>
9,367,549	9,367,549	-	10.34	10.34	Quality Improvement Programs	58,018,495	56,052,409	(1,966,086)	10.76	10.40
<b>440,227,706</b>	<b>465,970,767</b>	<b>25,743,061</b>	<b>486.07</b>	<b>514.49</b>	<b>TOTAL HEALTHCARE COSTS</b>	<b>2,668,832,000</b>	<b>2,753,023,208</b>	<b>84,191,208</b>	<b>495.10</b>	<b>510.74</b>
					<b>ADMINISTRATIVE COSTS</b>					
13,591,116	15,336,464	1,745,348	15.01	16.93	Employee	78,605,589	93,562,085	14,956,496	14.58	17.36
88,570	156,294	67,724	0.10	0.17	Travel And Meals	490,732	984,574	493,842	0.09	0.18
1,196,609	2,573,483	1,376,874	1.32	2.84	Occupancy	7,563,448	13,016,109	5,452,661	1.40	2.41
655,903	846,601	190,698	0.72	0.93	Operational	3,356,750	5,201,951	1,845,201	0.62	0.97
2,717,176	2,751,870	34,694	3.00	3.04	Professional Services	14,442,857	17,792,898	3,350,041	2.68	3.30
3,316,135	2,692,556	(623,579)	3.66	2.97	Computer And Data	17,990,690	16,838,224	(1,152,466)	3.34	3.12
<b>21,565,509</b>	<b>24,357,268</b>	<b>2,791,759</b>	<b>23.81</b>	<b>26.88</b>	<b>TOTAL ADMINISTRATIVE COSTS</b>	<b>122,450,066</b>	<b>147,395,841</b>	<b>24,945,775</b>	<b>22.71</b>	<b>27.34</b>
46,509,845	45,432,973	(1,076,872)	51.35	50.16	Medi-Cal Managed Care Tax	278,494,570	275,317,914	(3,176,656)	51.66	51.08
<b>12,465,007</b>	<b>(14,340,200)</b>	<b>26,805,207</b>	<b>13.76</b>	<b>(15.82)</b>	<b>TOTAL CURRENT YEAR SURPLUS (DEFICIT)</b>	<b>15,999,441</b>	<b>(60,440,088)</b>	<b>76,439,529</b>	<b>2.99</b>	<b>(11.23)</b>

# **PARTNERSHIP HEALTHPLAN OF CALIFORNIA**

## **NOTES TO FINANCIAL STATEMENTS**

### **December 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**

### **December 31, 2024**

#### **RESERVED FUNDS:**

As of December 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 December 2024, PHC has accrued a Quality Incentive Program payout of \$121.7 million.

**PARTNERSHIP HEALTHPLAN OF CALIFORNIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 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**

None noted.

**Partnership HealthPlan of California**  
**Investment Schedule**  
*December 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	\$ 1,395,276	\$ 1,395,276	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:**

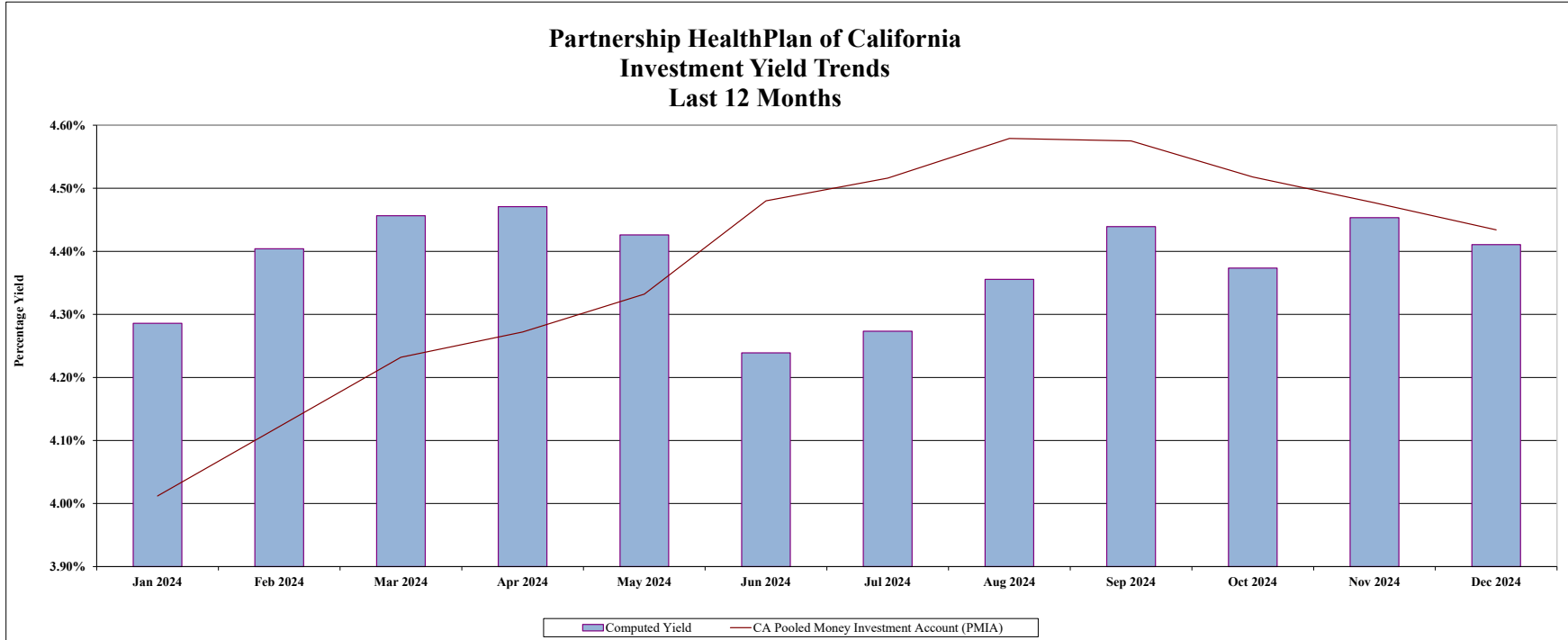
Merrill Lynch Institutional	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 74,129,908		
Merrill Lynch MMA - Checking	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 2,414,146		
US Bank - General, MMA, and Sweeps	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 2,221,641,828		
Government Investment Pools (LAI)	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 75,000,000		
Government Investment Pools (County)	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 43,794,453		
West America Payroll	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 147,325		
Petty Cash	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 3,300		

**GRAND TOTAL:**

\$ 2,419,110,675

**Partnership HealthPlan of California  
Investment Yield Trends**

PERIOD	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024
Interest Income	8,189,594	6,407,270	9,509,112	8,768,057	9,436,106	9,367,229	9,655,722	9,298,928	9,343,307	10,427,933	7,842,623	8,546,229
Cash & Investments at Historical Cost	(1) 1,880,659,210	2,097,319,746	2,404,353,123	2,306,818,656	2,186,519,113	2,295,440,947	2,234,052,950	2,273,253,498	2,415,112,928	2,185,207,714	2,223,891,960	2,419,126,236
Computed Yield	(2) 4.29%	4.40%	4.46%	4.47%	4.43%	4.24%	4.27%	4.36%	4.44%	4.37%	4.45%	4.41%
CA Pooled Money Investment Account (PMIA)	(3) 4.01%	4.12%	4.23%	4.27%	4.33%	4.48%	4.52%	4.58%	4.58%	4.52%	4.48%	4.43%



**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.