



# Financial Update

## Board of Governors Meeting

### April 2, 2020



# Agenda

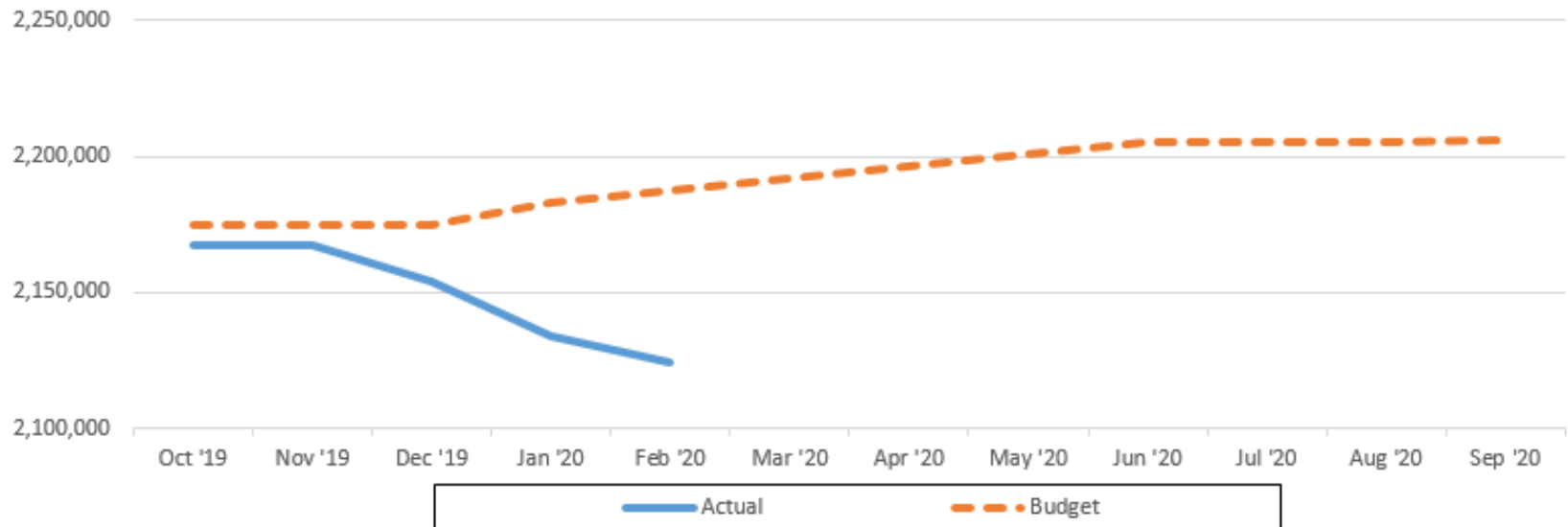
## Financial Performance

- Membership
- Consolidated Financial Performance
- Operating Margins by Segment
- Key Financial Ratios
- Tangible Net Equity & Days of Cash On-Hand Comparison
- 2019-2020 4+8 Forecast Update
  - Membership
  - Consolidated Performance
  - Opportunities and Risks
- **Other Financial Updates**
  - Investment Transactions

# Membership

for the 5 months ended February 2020

Sub-Segment	February 2020			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
Plan Partners	948,907	981,921	(33,014)	4,816,852	4,899,674	(82,822)
SPD/CCI	213,756	219,918	(6,162)	1,098,456	1,099,591	(1,135)
TANF/MCE	807,713	832,545	(24,832)	4,107,605	4,143,496	(35,891)
CMC	16,663	17,222	(559)	81,823	85,277	(3,454)
Commercial	137,183	135,722	1,461	642,180	666,220	(24,040)
<b>Consolidated</b>	<b>2,124,222</b>	<b>2,187,328</b>	<b>(63,106)</b>	<b>10,746,916</b>	<b>10,894,258</b>	<b>(147,342)</b>



# Consolidated Financial Performance

## for the 5 months ended February 2020

February 2020		Year-to-Date		
Actual	(\$ in Thousands)	Actual	Budget	Variance
2,124,222	Member Months	10,746,916	10,894,258	(147,342)
\$679,560	Total Revenues	\$3,461,458	\$3,304,680	\$156,778
\$630,195	Total Healthcare Expenses	\$3,228,301	\$3,056,457	(\$171,844)
\$49,365	Operating Margin	\$233,156	\$248,223	(\$15,066)
\$37,819	Total Admin Expenses	\$184,634	\$187,900	\$3,265
\$11,546	Income from Operations	\$48,522	\$60,323	(\$11,801)
\$4,054	Non-Operating Income (Expense)	\$7,068	\$830	\$6,238
\$15,599	Net Surplus (Deficit)	\$55,590	\$61,153	(\$5,563)

# Operating Margin by Segment

for the 5 months ended February 2020

(\$ in Thousands)

	Medi-Cal Plan Partners	Medi-Cal SPD/CCI	Medi-Cal TANF/MCE	CMC	Commercial	Total
Revenue	\$1,255,860	\$858,920	\$1,019,113	\$109,918	\$217,646	\$3,461,458
Healthcare Exp.	\$1,193,966	\$819,399	\$926,055	\$105,399	\$183,482	\$3,228,301
Operating Margin	\$61,894	\$39,521	\$93,058	\$4,520	\$34,164	\$233,157
MCR %	95.1%	95.4%	90.9%	95.9%	84.3%	93.3%
Budget MCR%	93.9%	92.1%	94.0%	94.0%	79.6%	92.5%

# Key Financial Ratios

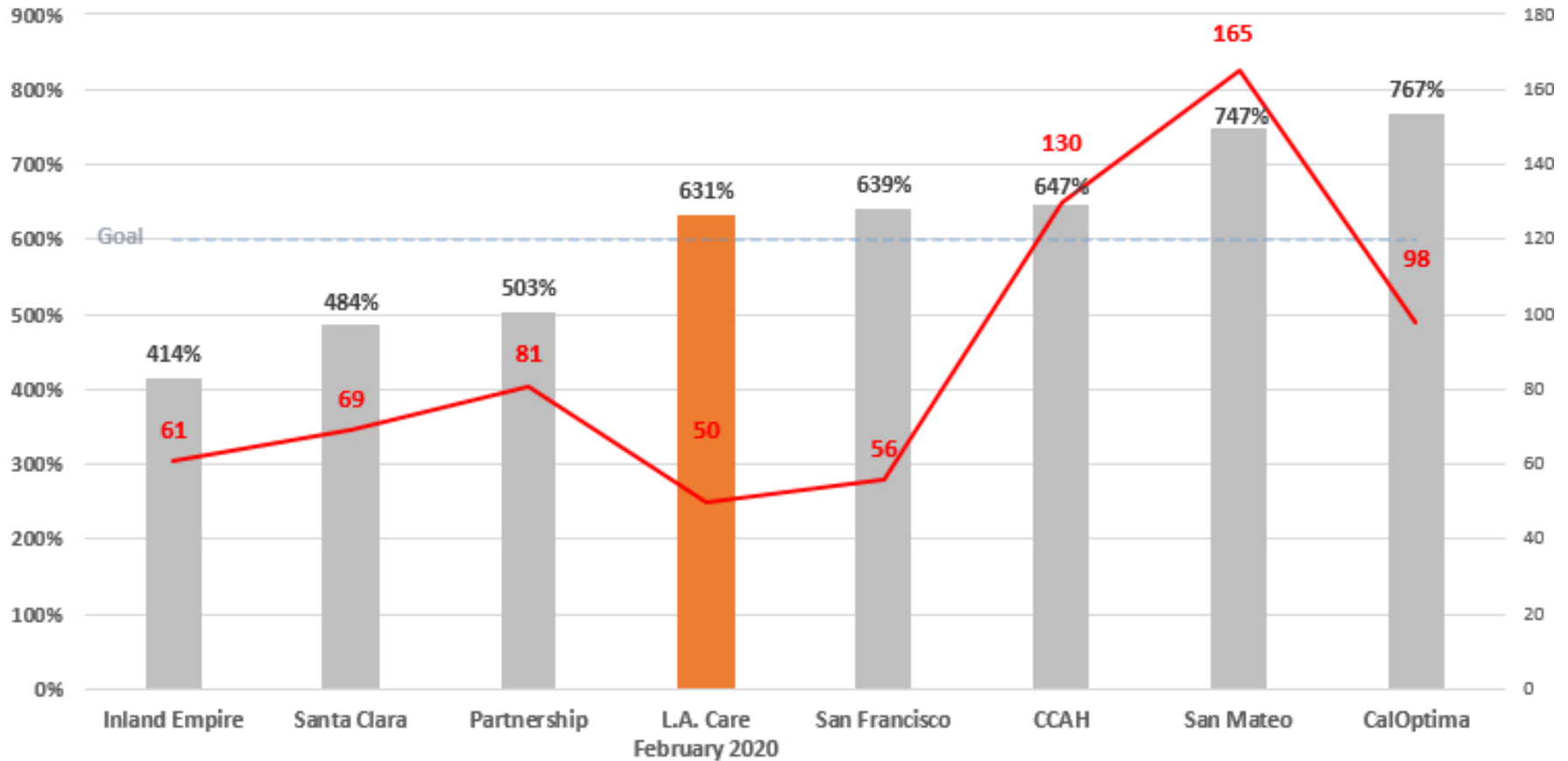
for the 5 months ended February 2020

	<b>Actual</b>	<b>Budget</b>	
MCR	93.3%	vs. 92.5%	✘
Admin Ratio	5.3%	vs. 5.7%	✔

	<b>Actual</b>	<b>Benchmark</b>	
Working Capital	1.26	vs. 1.00+	✔
Cash to Claims	0.71	vs. 0.75+	✘
Tangible Net Equity	6.31	vs. 1.30+	✔

# Tangible Net Equity & Days of Cash On-Hand

for the 5 months ended February 2020

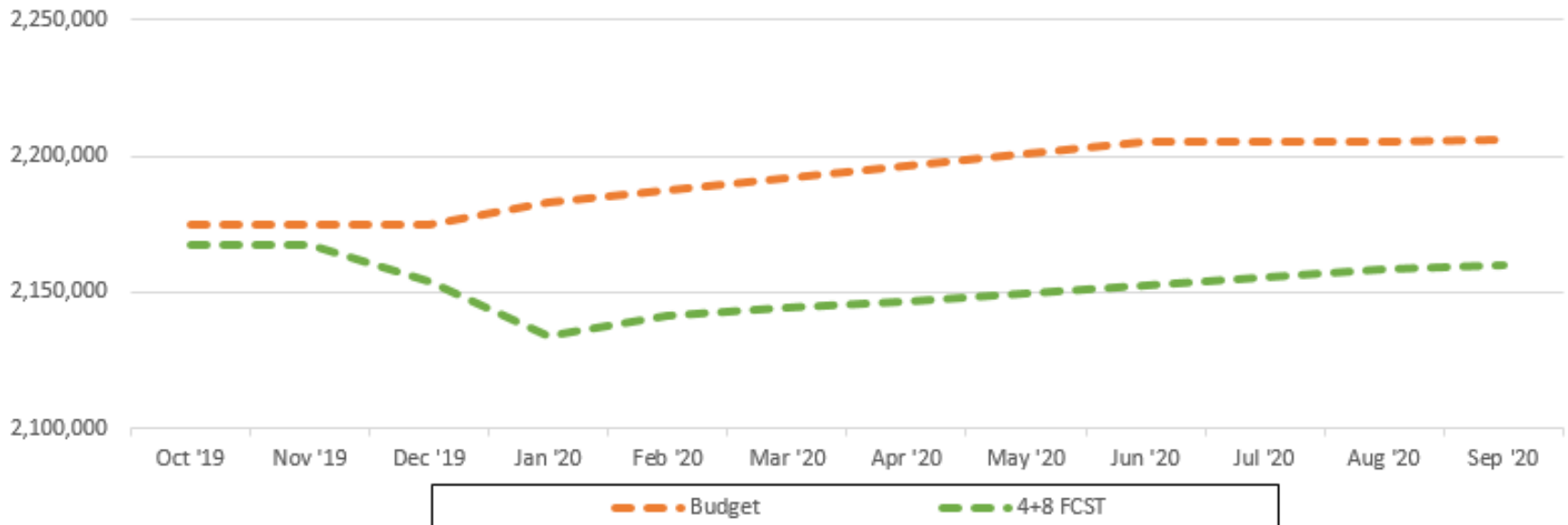


• As of December 2019 Quarterly filings, unless noted otherwise.

# 2019-2020 4+8 Forecast

## Membership – Full Year Comparison

Sub-Segment	Membership			Year-to-Date		
	4+8 FCST	Budget	Variance	4+8 FCST	Budget	Variance
Plan Partners	960,374	987,597	(27,223)	11,543,249	11,804,343	(261,093)
SPD/CCI	218,623	219,918	(1,295)	2,639,233	2,639,018	215
TANF/MCE	832,111	843,533	(11,422)	9,894,529	10,031,745	(137,216)
CMC	17,431	19,052	(1,621)	198,742	212,842	(14,100)
Commercial	131,143	135,722	(4,579)	1,554,141	1,616,273	(62,132)
<b>Consolidated</b>	<b>2,159,682</b>	<b>2,205,822</b>	<b>(46,140)</b>	<b>25,829,894</b>	<b>26,304,220</b>	<b>(474,325)</b>





# 2019-2020 4+8 Forecast

## Consolidated Performance – Full Year

(\$ In Thousands)	4+8 Forecast PMPM		Budget PMPM		Variance PMPM	
Total Revenues	\$8,365,877	\$323.88	\$7,995,627	\$303.97	\$370,250	\$19.92
Total Healthcare Expenses	\$7,832,621	\$303.24	\$7,390,766	\$280.97	(\$441,854)	(\$22.27)
<b>Operating Margin</b>	<b>\$533,256</b>	<b>\$20.64</b>	<b>\$604,861</b>	<b>\$22.99</b>	<b>(\$71,604)</b>	<b>(\$2.35)</b>
Total Admin Expenses	\$448,205	\$17.35	\$444,231	\$16.89	(\$3,974)	(\$0.46)
Income from Operations	\$85,051	\$3.29	\$160,629	\$6.11	\$75,578	\$2.81
Non-Operating Income (Expense)	(\$12,831)	(\$0.50)	(\$7,738)	(\$0.29)	(\$5,093)	(\$0.20)
<b>Net Surplus (Deficit)</b>	<b>\$72,220</b>	<b>\$2.80</b>	<b>\$152,891</b>	<b>\$5.81</b>	<b>(\$80,672)</b>	<b>(\$3.02)</b>
MCR %	93.6%		92.4%		(1.2%)	
Net Margin %	0.9%		1.9%		(1.0%)	

# Opportunities and Risks: All Segments

## Opportunities

- Overpayment recoveries
- CCI Rates – CY 2020
- New Dual Risk contracts

## Risks

- COVID-19
- Deterioration of claims trends
- Membership
  - Public Charge rule
- IHSS final reconciliation
- CCI risk corridor
- LACC 2019 RAF and 2018 RADV Audit results

# Questions & Consideration

## Motion EXE 103

- To accept the Financial Reports as submitted for January and February 2020.

# Informational Items

## Investment Transactions

- As of February 29, 2020, L.A. Care's total investment market value was \$2.0B
  - \$1.8B managed by Payden & Rygel and New England Asset Management (NEAM)
  - \$72M in Local Agency Investment Fund
  - \$106M in Los Angeles County Pooled Investment Fund