



Financial Update

Finance & Budget Committee

March 23, 2020



Agenda

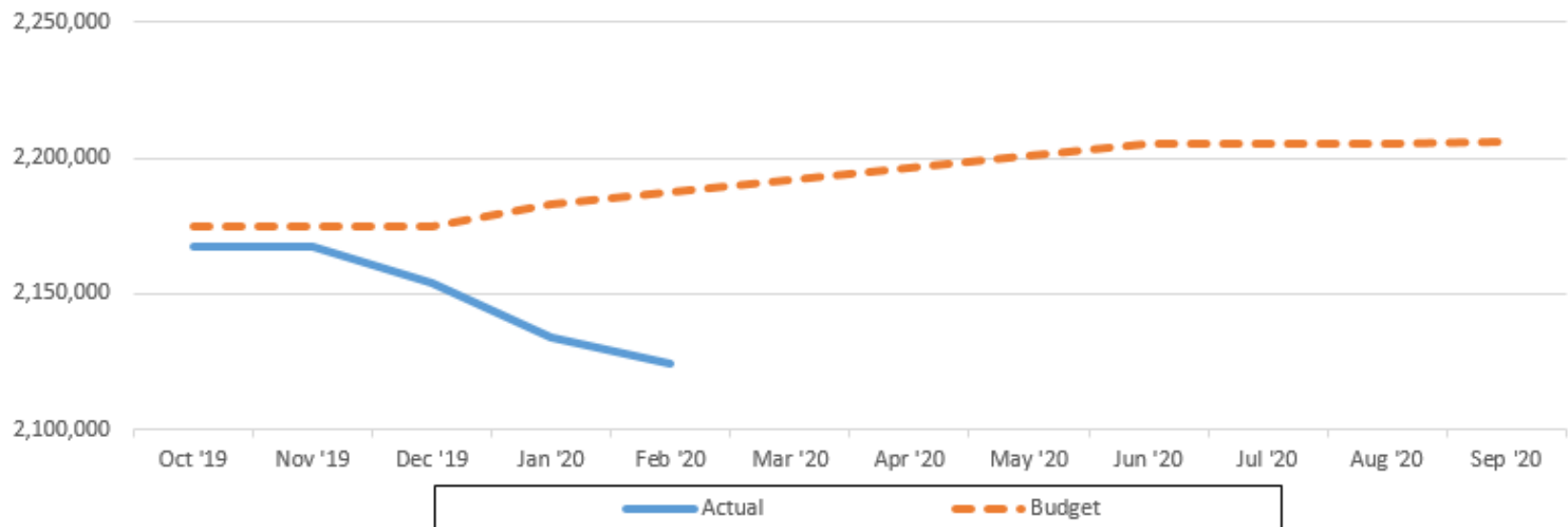
Financial Performance

- 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)
Consolidated	2,124,222	2,187,328	(63,106)	10,746,916	10,894,258	(147,342)



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

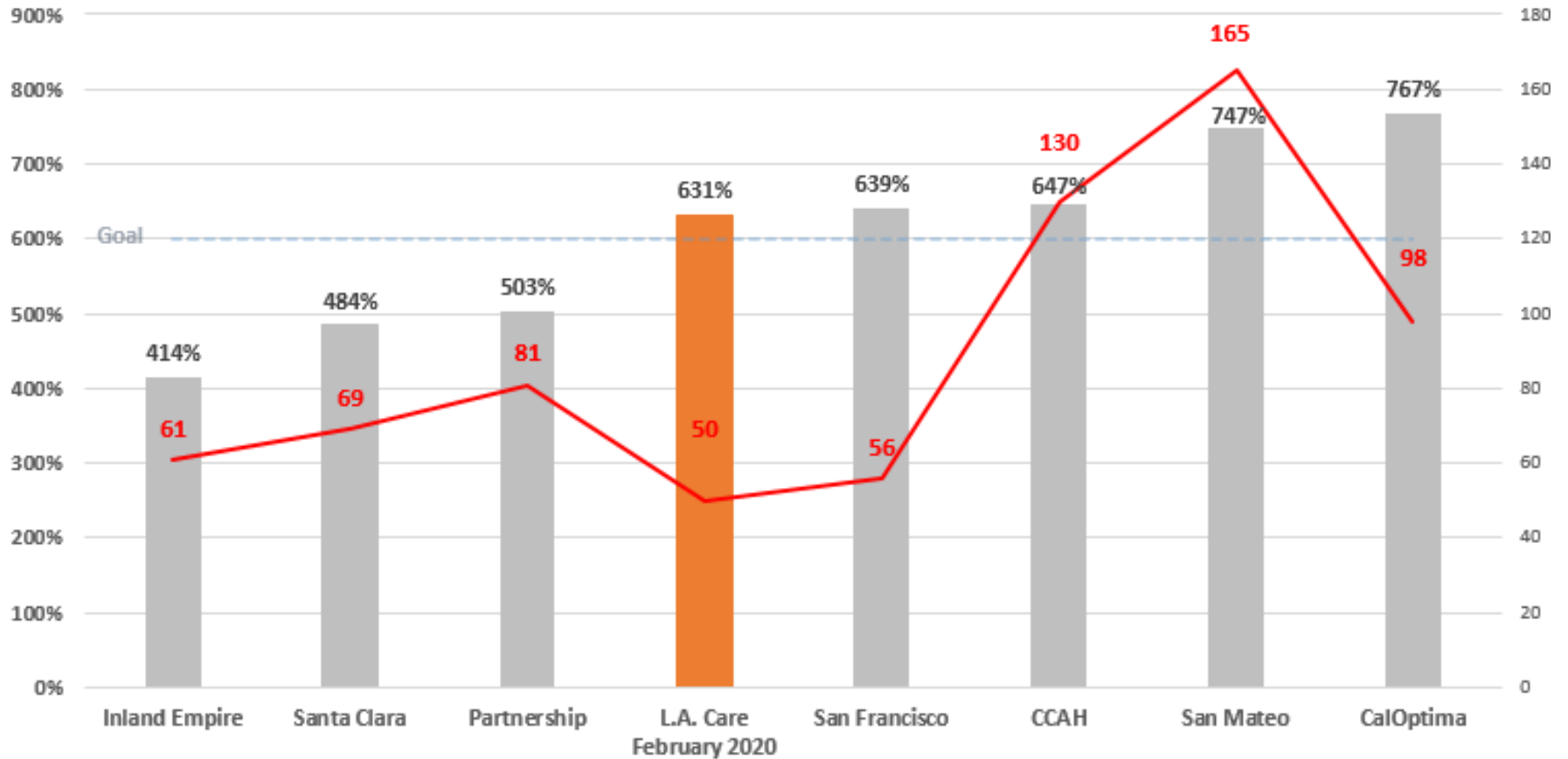
for the 5 months ended February 2020

	Actual	Budget	
MCR	93.3%	vs. 92.5%	✘
Admin Ratio	5.3%	vs. 5.7%	✔

	Actual	Benchmark	
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

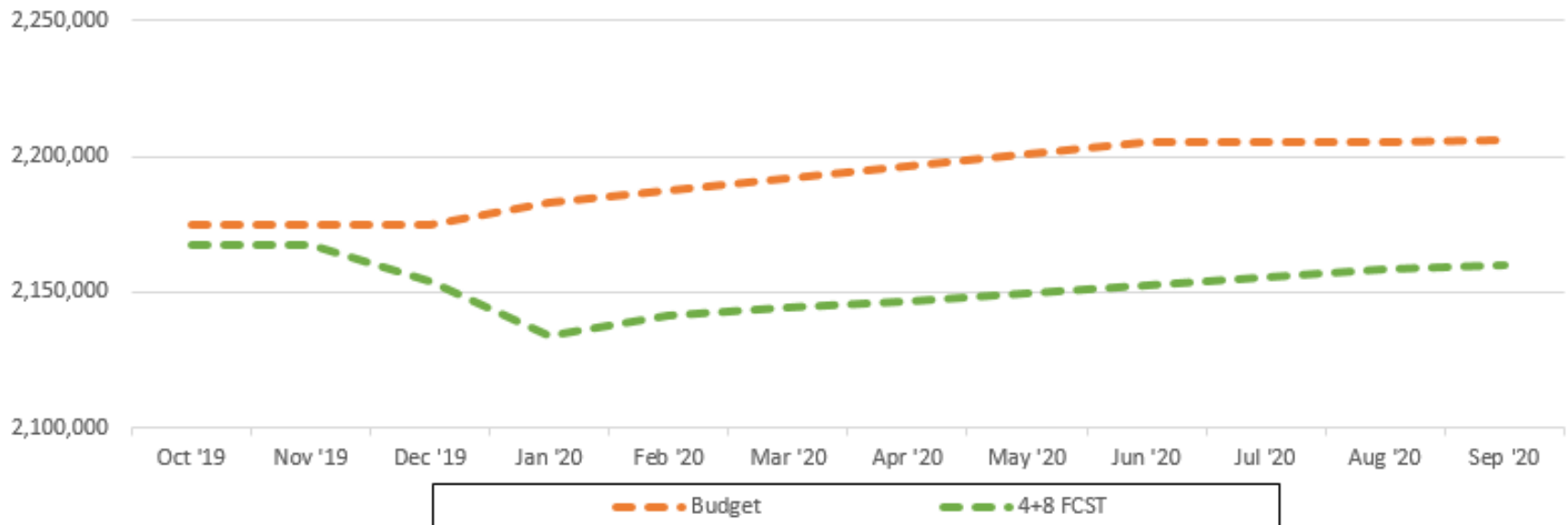


• As of December 2019 Quarterly filings, unless noted otherwise.

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)
Consolidated	2,159,682	2,205,822	(46,140)	25,829,894	26,304,220	(474,325)



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)
Operating Margin	\$533,256	\$20.64	\$604,861	\$22.99	(\$71,604)	(\$2.35)
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)
Net Surplus (Deficit)	\$72,220	\$2.80	\$152,891	\$5.81	(\$80,672)	(\$3.02)
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 101

- To accept the Financial Reports for the five months ended February 29, 2020, as submitted.

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