



Alameda Alliance for Health
Monthly Financial Statement Package
For the Month & Year to Date Ended July 31, 2007

Board of Governors/Finance Committee Package

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Alameda Alliance for Health
CFO Finance Report
For the Month & Year to Date Ended July 31, 2007

Summary of Operating Results

For the month and year to date, the Alliance recorded net loss of \$309 thousand compared to a budgeted net loss of \$185 thousand, resulting in an unfavorable variance from budget of \$124 thousand. The table below summarizes the components of the overall variance from budget:

Summary Operating Results - Actual vs. Plan
For the Current Month & Fiscal Year to Date
Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance \$	Variance %		Actual	Budget	Variance \$	Variance %
\$11,989,211	\$ 12,069,193	\$ (79,982)	-1%	Revenue	\$ 11,989,211	\$ 12,069,193	\$ (79,982)	1%
11,115,404	10,939,624	(175,780)	-2%	Medical Expense	11,115,404	10,939,624	(175,780)	-2%
873,807	1,129,569	(255,762)	-23%	Gross Margin	873,807	1,129,569	(255,762)	-23%
1,288,103	1,419,983	131,880	9%	Administrative Expense	1,288,103	1,419,983	131,880	9%
(414,296)	(290,414)	(123,882)	-43%	Net Operating Income	(414,296)	(290,414)	(123,882)	-43%
105,434	105,758	(324)	0%	Non-Operating Income	105,434	105,758	(324)	0%
\$ (308,862)	\$ (184,656)	\$ (124,206)	-67%	Net Income/(Loss)	\$ (308,862)	\$ (184,656)	\$ (124,206)	-67%

Profitability for the current month was affected by changes in estimated medical expense liability for prior months and other prior period adjustments. These changes in estimates (which were not related to the current month's operations and reduced reported medical expense for the current month. Excluding these items, the net loss for the month would have been \$855 thousand.

Summary Operating Results - Actual vs. Plan
For the Current Month & Fiscal Year to Date
Adjusted to Exclude Prior Period Activity
Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance \$	Variance %		Actual	Budget	Variance \$	Variance %
\$11,989,211	\$ 12,069,193	\$ (79,982)	-1%	Revenue	\$ 11,989,211	\$ 12,069,193	\$ (79,982)	-1%
11,661,255	10,939,624	(721,631)	-7%	Medical Expense	11,661,255	10,939,624	(721,631)	-7%
327,956	1,129,569	(801,613)	-71%	Gross Margin	327,956	1,129,569	(801,613)	-71%
1,288,103	1,419,983	131,880	9%	Administrative Expense	1,288,103	1,419,983	131,880	9%
(960,147)	(290,414)	(669,733)	-231%	Net Operating Income	(960,147)	(290,414)	(669,733)	-231%
105,434	105,758	(324)	0%	Non-Operating Income	105,434	105,758	(324)	0%
(854,713)	(184,656)	(670,057)	-363%	Current Period Net Income/(Loss)	(854,713)	(184,656)	(670,057)	-363%
545,851	-	545,851	N/A	Prior Period Activity	545,851	-	545,851	N/A
\$ (308,862)	\$ (184,656)	\$ (124,206)	-67%	Reported Net Income/(Loss)	\$ (308,862)	\$ (184,656)	\$ (124,206)	-67%

Operating Results

Membership

Overall, membership has grown by 2% on a year to date basis. Compared to the end of the previous fiscal year, Medi-Cal Mandatory and Group Care each increased by 2%. Medi-Cal Non-Mandatory and Healthy

Alameda Alliance for Health

CFO Finance Report

For the Month & Year to Date Ended July 31, 2007

Families each increased by 1%. Current membership, YTD member months and changes in membership since the beginning of the fiscal year are summarized in the following tables:

Current Membership and YTD Member Months
For the Current Month and Fiscal Year to Date
Favorable/(Unfavorable)

Membership					Member Months			
Current Month					Year to Date			
Actual	Budget	Variance	Variance %		Actual	Budget	Variance	Variance %
74,959	74,282	677	1%	Medi-Cal	74,959	74,282	677	1%
7,710	7,435	275	4%	Healthy Families	7,710	7,435	275	4%
5,280	5,223	57	1%	Group Care	5,280	5,223	57	1%
1,041	1,031	10	1%	Healthy Kids	1,041	1,031	10	1%
88,990	87,971	1,019	1%	Total	88,990	87,971	1,019	1%

YTD Change in Actual Membership by Program
Current Month-End vs. Prior Fiscal Year End
Favorable/(Unfavorable)

	Membership			
	Current	June-07	Change	% Change
Medi-Cal Mandatory	65,560	64,290	1,270	2%
Medi-Cal Non-Mandatory	9,399	9,304	95	1%
Healthy Families	7,710	7,649	61	1%
Group Care	5,280	5,196	84	2%
Healthy Kids (new 10/05)	1,041	1,042	(1)	0%
Total	88,990	87,481	1,509	2%

Revenue

For the month, the Alliance recorded revenue of \$12.0 million compared to budgeted revenue of \$12.1 million, resulting in an unfavorable variance from budget of \$80 thousand. Because of the State budget impasse, the Alliance did not receive payment for the Medi-Cal and Healthy Families programs. Accordingly, revenue recorded is based on an estimate rather than actual payments received.

Medical Expense

For the current month, total medical expense was \$11.1 million or \$176 thousand (1.6%) over budget of \$10.9 million. Inpatient expense was lower than budgeted by \$458 thousand due to reduced estimates in high-dollar cases for prior months. This was partially offset by higher than anticipated Pharmacy expenses, particularly in the Medi-Cal Non-Mandatory Program, as well as higher than planned Specialty and Emergency Room expense. Higher membership than budgeted also contributed to the expense overrun.

Included in medical expenses are changes in prior period medical expense estimates (\$546 thousand). If these items are excluded from current results, medical expense for the year to date would have been \$11.7 million, \$722 thousand over budget. July inpatient expense exceeded budget because of higher than expected high-dollar cases.

Alameda Alliance for Health
CFO Finance Report
For the Month & Year to Date Ended July 31, 2007

Year to Date Medical Expense - Actual vs. Plan
Adjusted to Reflect Prior Period Activity
 Favorable/(Unfavorable)

				Per Member Month			
				Actual	Budget	Variance	Actual
Primary Care Physician	\$ 1,260,233	\$ 1,236,709	\$ (23,524)	\$ 14.16	\$ 14.06	\$ (0.10)	-1%
Specialty Care Physician	1,648,315	1,597,951	(50,364)	18.52	18.16	(0.36)	-2%
Ancillary Services	2,342,073	2,444,975	102,902	26.32	27.79	1.47	5%
Pharmacy	1,773,740	1,455,724	(318,016)	19.93	16.55	(3.38)	-20%
Emergency Services	685,300	588,696	(96,604)	7.70	6.69	(1.01)	-15%
Inpatient Hospital & SNF	3,554,410	3,234,926	(319,484)	39.94	36.77	(3.17)	-9%
Other Benefits & Services	374,849	357,454	(17,395)	4.21	4.06	(0.15)	-4%
Reinsurance Expense	22,336	23,189	853	0.25	0.26	0.01	5%
Total	\$ 11,661,255	\$ 10,939,624	\$ (721,631)	\$ 131.04	\$ 124.35	\$ (6.69)	-5%

Administrative Expense

For the current month, administrative expense was less than budget by \$132 thousand (9.3%). Most of the favorable variance resulted from the timing of expenses related to consultants, legal and printing that differed from budget.

Balance Sheet

Current assets totaled \$34.3 million compared to current liabilities of \$17.6 million yielding a current ratio (the ratio of current assets to current liabilities) of 1.95:1.

Tangible Net Equity

Tangible net equity (TNE) was \$24.9 million compared to the minimum TNE required by the Department of Managed Care (DMHC) of \$7.3 million. Actual TNE is 3.39 times required TNE and therefore includes an excess above the minimum TNE required by statute of \$17.5 million.

Respectfully submitted,

John Volkober,
 Chief Financial Officer

**ALAMEDA ALLIANCE FOR HEALTH
STATEMENT OF REVENUE & EXPENSES
ACTUAL VS. BUDGET
COMBINED BASIS (RESTRICTED & UNRESTRICTED FUNDS)
FOR THE MONTH AND FISCAL YTD ENDED July 31, 2007**

	CURRENT MONTH			FISCAL YEAR TO DATE		
	Actual	Budget	% Variance (Unfavorable)	Actual	Budget	% Variance (Unfavorable)
MEMBERSHIP						
1 - Medi-Cal (incl. Mand & Non-Mand)	74,959	74,282	0.9%	74,959	74,282	0.9%
2 - Healthy Families	7,710	7,435	3.7%	7,710	7,435	3.7%
5 - Group Care	5,280	5,223	1.1%	5,280	5,223	1.1%
6 - Healthy Kids	1,041	1,031	1.0%	1,041	1,031	1.0%
7 - Total Member Months	88,990	87,971	1.2%	88,990	87,971	1.2%
8 - Admin Exp % of Revenue	11%	12%	9%	11%	12%	9%
REVENUE						
9 - Premium Revenue	\$11,915,654	\$11,993,590	(0.6%)	\$11,915,654	\$11,993,590	(0.6%)
10 - Grant Revenue	73,542	75,603	(2.7%)	73,542	75,603	(2.7%)
11 - Other Revenue	15	0	0.00%	15	0	0.0%
12 - TOTAL REVENUE	11,989,211	12,069,193	(0.7%)	11,989,211	12,069,193	(0.7%)
MEDICAL EXPENSES						
13 - Primary Care Physician	1,236,676	1,236,709	(1.4%)	1,236,676	1,236,709	(1.4%)
14 - Specialty Care Physician	1,740,750	1,597,951	(8.9%)	1,740,750	1,597,951	(8.9%)
15 - Ancillary Services	2,473,545	2,444,976	(1.2%)	2,473,545	2,444,976	(1.2%)
16 - Pharmacy	1,756,145	1,455,724	(20.6%)	1,756,145	1,455,724	(20.6%)
17 - Emergency Services	1,171,494	588,696	(21.9%)	1,171,494	588,696	(21.9%)
18 - Inpatient Hospital & SNF	2,776,609	3,234,926	14.2%	2,776,609	3,234,926	14.2%
19 - Other Benefits and Services	374,850	357,454	(4.9%)	374,850	357,454	(4.9%)
20 - Reinsurance Expense	22,336	23,189	3.7%	22,336	23,189	3.7%
22 - Total Medical and Hospital Expenses	11,115,404	10,939,624	(1.6%)	11,115,404	10,939,624	(1.6%)
23 - Gross Margin	873,807	1,129,569	(22.6%)	873,807	1,129,569	(22.6%)
ADMINISTRATIVE EXPENSES						
24 - Personnel Expenses	724,736	704,659	(2.8%)	724,736	704,659	(2.8%)
25 - Other Administrative Expenses	563,367	715,323	21.2%	563,367	715,323	21.2%
26 - Total Administrative Expenses	1,288,102	1,419,982	9.3%	1,288,102	1,419,982	9.3%
27 - NET OPERATING INCOME / (LOSS)	(414,295)	(290,414)	42.7%	(414,295)	(290,414)	42.7%
OTHER INCOME / (LOSS)						
28 - Investment Income	102,777	105,758	(2.8%)	102,777	105,758	(2.8%)
29 - Unrealized Investment Gain / (Loss)	2,657	0	0.00%	2,657	0	0.0%
31 - Total Other Income / (Expense)	105,434	105,758	(0.3%)	105,434	105,758	(0.3%)
32 - NET INCOME / (LOSS)	(\$308,862)	(\$184,656)	67.3%	(\$308,862)	(\$184,656)	67.3%

ALAMEDA ALLIANCE FOR HEALTH
STATEMENT OF OPERATIONS
BY LINE OF BUSINESS (INCLUDING ALLOCATED EXPENSES)
Combined Basis (Unrestricted & Restricted Funds)

FOR THE FISCAL YTD ENDED July 31, 2007

	Medi-Cal	Healthy Families	Group Care	Healthy Kids	Complete Care	Agnews	GRAND TOTAL
P&L (ALLOCATED BASIS) - GAAP FINANCIAL STATEMENT FORMAT							
REVENUE	\$10,280,817	\$563,205	\$1,061,298	\$83,892	\$0.00	\$0.00	\$11,989,211
MEDICAL EXPENSES	9,779,383	477,088	782,567	76,365	0.00	0.00	11,115,404
GROSS MARGIN	501,433	86,116	278,731	7,526	0.00	0.00	873,807
ADMINISTRATIVE EXPENSES (% of MM Allocation)	1,085,008	111,600	76,426	15,068	0.00	0.00	1,288,102
OPERATING INCOME / (LOSS)	(583,575)	(25,483)	202,305	(7,542)	0.00	0.00	(414,295)
OTHER INCOME / (EXPENSE) (% of MM Allocation)	88,810	9,135	6,266	1,233	0.00	0.00	105,434
NET INCOME / (LOSS)	(\$494,765)	(\$16,349)	\$208,560	(\$6,309)	\$0.00	\$0.00	(\$308,862)
PMPM ALLOCATED P&L:							
REVENUE	\$137.15	\$73.05	\$201.00	\$80.59	\$0.00	\$0.00	\$134.73
MEDICAL EXPENSES	130.46	61.88	148.21	73.36	\$0.00	\$0.00	124.91
GROSS MARGIN	6.69	11.17	52.79	7.23	\$0.00	\$0.00	9.82
ADMINISTRATIVE EXPENSES	14.47	14.47	14.47	14.47	\$0.00	\$0.00	14.47
OPERATING INCOME / (LOSS)	(7.79)	(3.31)	38.32	(7.24)	\$0.00	\$0.00	(4.66)
OTHER INCOME / (EXPENSE)	1.18	1.18	1.18	1.18	\$0.00	\$0.00	1.18
NET INCOME / (LOSS)	(\$6.60)	(\$2.12)	\$39.50	(\$6.06)	\$0.00	\$0.00	(\$3.47)

Alameda Alliance for Health
Variance Analysis (Actual vs. Budget)
For the Month Ending July 31, 2007

	<u>FY08 Actual</u>	<u>FY08 Budget</u>	<u>\$ Variance Favorable (Un)</u>	<u>Volume Variance</u>	<u>Rate Variance</u>	<u>Total Variance</u>
TOTAL MEMBER MONTHS	<u>88,990</u>	<u>87,971</u>	<u>1,019</u>			
Revenue						
Premium Revenue	\$133.90	\$136.34	(\$2.44)	\$138,926	(\$216,862)	(\$77,936)
Grant Programs Funding	0.83	0.86	(0.03)	0	(2,061)	(2,061)
Other Revenue	0.00	0.00	0.00	0	15	15
	<u>134.73</u>	<u>137.20</u>	<u>(2.47)</u>	<u>138,926</u>	<u>(218,908)</u>	<u>(79,982)</u>
Medical Costs						
Primary Care Physician	14.09	14.06	(0.03)	(14,325)	(2,641)	(16,966)
Specialty Care Physician	19.56	18.16	(1.40)	(18,510)	(124,289)	(142,798)
Ancillary Services	27.80	27.79	(0.00)	(28,321)	(249)	(28,570)
Pharmacy	19.73	16.55	(3.19)	(16,862)	(283,559)	(300,421)
ER Services	8.06	6.69	(1.37)	(6,819)	(121,979)	(128,798)
Inpatient Hospital & SNF	31.20	36.77	5.57	(37,471)	495,788	458,317
Other Benefits and Services	4.21	4.06	(0.15)	(4,141)	(13,254)	(17,395)
Reinsurance Expense	0.25	0.26	0.01	(269)	1,121	853
	<u>124.91</u>	<u>124.35</u>	<u>(0.55)</u>	<u>(126,718)</u>	<u>(49,060)</u>	<u>(175,779)</u>
Administrative Expense						
Salaries and Benefits	8.14	8.01	(0.13)	0	(20,078)	(20,078)
Other Expense	6.33	8.13	1.80	0	151,959	151,959
	<u>14.47</u>	<u>16.14</u>	<u>1.67</u>	<u>0</u>	<u>131,880</u>	<u>131,880</u>
	<u>(4.66)</u>	<u>(3.30)</u>	<u>(1.35)</u>	<u>12,208</u>	<u>(136,091)</u>	<u>(123,882)</u>
Operating Income (Loss)						
Non Operating Income						
Interest Income	1.15	1.20	(0.05)	0	(2,981)	(2,981)
Unrealized Market Gains/Losses	0.03	0.00	0.03	0	2,657	2,657
Rental Income	0.00	0.00	0.00	0	0	0
	<u>1.18</u>	<u>1.20</u>	<u>(0.02)</u>	<u>0</u>	<u>(324)</u>	<u>(324)</u>
Net Income (Loss)	<u>(\$3.47)</u>	<u>(\$2.10)</u>	<u>(\$1.37)</u>	<u>\$12,208</u>	<u>(\$136,415)</u>	<u>(\$124,206)</u>

REPORT #2C

**ALAMEDA ALLIANCE FOR HEALTH
SUMMARY BALANCE SHEET
CURRENT MONTH VS. PRIOR MONTH
JULY 31, 2007**

	July	June	Difference	% Difference
CURRENT ASSETS:				
Cash & Equivalents	\$3,846,966	\$4,246,037	(\$399,071)	-9.40%
Short-Term Investments	13,955,027	24,934,223	(10,979,196)	-44.03%
Interest Receivable	33,626	37,506	(3,880)	-10.34%
Other Receivables - Net	15,436,031	3,693,585	11,742,446	317.91%
Prepaid Expenses	1,042,380	495,188	547,192	110.50%
TOTAL CURRENT ASSETS	34,314,030	33,406,539	907,491	2.72%
OTHER ASSETS:				
Restricted Assets	345,704	344,811	893	0.26%
Restricted Cash - Grants	626,701	654,762	(28,061)	-4.29%
TOTAL OTHER ASSETS	972,405	999,573	(27,167)	-2.72%
PROPERTY AND EQUIPMENT:				
Land, Building & Improvements	6,519,461	6,519,461	0	0.00%
Furniture And Equipment	4,798,285	4,798,285	0	0.00%
Construction in Process	176,800	161,800	15,000	9.27%
Fixed Assets at Cost	11,494,546	11,479,546	15,000	0.13%
Less: Accumulated Depreciation	(4,446,657)	(4,410,300)	(36,357)	0.82%
NET PROPERTY AND EQUIPMENT	7,047,889	7,069,246	(21,357)	-0.30%
TOTAL ASSETS	\$42,334,325	\$41,475,358	\$858,967	2.07%
CURRENT LIABILITIES:				
Accounts Payable	\$2,706,375	\$1,574,288	\$1,132,087	71.91%
Claims Payable	1,841,515	1,449,237	392,279	27.07%
IBNR Reserves	12,151,623	12,439,727	(288,104)	-2.32%
Payroll Liabilities	718,531	723,491	(4,961)	-0.69%
Deferred Revenue	160,128	159,958	170	0.11%
TOTAL CURRENT LIABILITIES	17,578,171	16,346,701	1,231,471	7.53%
TOTAL LIABILITIES	17,578,171	16,346,701	1,231,471	7.53%
NET WORTH:				
Contributed Capital	840,233	840,233	0	0.00%
Restricted & Unrestricted Funds	24,224,782	25,442,198	(1,217,416)	-4.79%
Year-to Date Net Income / (Loss)	(308,862)	(1,153,774)	844,912	-73.23%
TOTAL NET WORTH	24,756,153	25,128,657	(372,504)	-1.48%
TOTAL LIABILITIES AND NET WORTH	\$42,334,325	\$41,475,358	\$858,967	2.07%

**ALAMEDA ALLIANCE FOR HEALTH
CASH FLOW STATEMENT
FOR THE MONTH, THREE MONTHS, SIX MONTHS & FISCAL YTD ENDED
7/31/2007**

Line #	Description	MONTH	3 MONTHS	6 MONTHS	YTD
CASH FLOW STATEMENT:					
Cash Flows from Operating Activities:					
Cash received from:					
	Capitation received from State of CA	(\$1,016,242)	\$31,185,722	\$52,702,976	(\$1,016,242)
	Commercial premium revenue	1,079,989	3,311,882	6,363,789	1,079,989
	Grant income	79,756	262,017	560,658	79,756
	Investment income	109,314	329,554	640,062	109,314
Cash paid to providers for:					
	Medical & hospital expenses	(10,907,797)	(32,722,966)	(63,270,013)	(10,907,797)
	Vendors & employees	(671,811)	(3,589,250)	(6,652,263)	(671,811)
	Net cash provided by (used in) operating activities	(11,326,791)	(1,223,031)	(9,654,611)	(11,326,791)
Cash Flows from Financing Activities:					
	Purchases of fixed assets	(15,000)	(144,016)	(204,132)	(15,000)
	Net cash provided by (used in) financing activities	(15,000)	(144,016)	(204,132)	(15,000)
Cash Flows from Investing Activities:					
	Changes in investment balance	10,979,196	1,947,141	10,215,010	10,979,196
	Restricted cash	27,167	(30,623)	20,898	27,167
	Net cash provided by (used in) investing activities	11,006,363	1,916,518	10,235,898	11,006,363
	Net Change in Cash	(335,428)	549,471	377,155	(335,428)
	Cash @ Beginning of Period	4,246,037	3,621,409	3,833,451	4,246,037
	Cash @ End of Period	\$3,846,966	\$3,846,966	\$3,846,966	\$3,846,966
RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:					
	Net Income / (Loss)	(\$308,862)	\$531,091	(\$2,958,973)	(\$308,862)
	Depreciation	36,357	138,653	259,683	36,357
	Net change in operating Assets & Liabilities:				
	Premiums & other receivables	(11,738,566)	(1,522,797)	(12,196,171)	(11,738,566)
	Prepaid expenses	(547,192)	(486,454)	(239,209)	(547,192)
	Trade payables	1,022,860	407,791	1,400,404	1,022,860
	Claims payable & IBNR	104,175	(683,107)	4,027,655	104,175
	Deferred revenue	170	135,204	136,826	170
	Other liabilities	104,266	258,587	(64,325)	104,266
	Cash Flows from Operating Activities	(\$11,326,791)	(\$1,223,031)	(\$9,654,611)	(\$11,326,791)

ALAMEDA ALLIANCE FOR HEALTH
TANGIBLE NET EQUITY (TNE)
SUMMARY - FISCAL YEAR 2008

	Post-Audit	
	Jul-07	Jul-07
Current Month Net Income / (Loss)	\$12,993	(\$308,862)
YTD Net Income / (Loss)	(\$1,153,774)	(\$308,862)
Actual TNE	\$25,128,657	\$24,878,218
Required TNE	\$7,139,172	\$7,349,190
TNE Excess / (Deficiency)	\$17,989,485	\$17,529,028
Actual TNE as a Multiple of Required	3.52	3.39