AGENDA
SANTA CRUZ – MONTEREY – MERCED
MANAGED MEDICAL CARE COMMISSION

(800) 700-3874
www.ccah-alliance.org

Teleconference Meeting
(Pursuant to Governor Newsom's Executive Order N-29-20)

DATE: **Wednesday, March 24, 2021**

TIME: **1:30 – 2:45 p.m.**

Important notice regarding COVID-19: Based on guidance from the California Department of Public Health and the California Governor's Office, in order to minimize the spread of the COVID-19 virus, Alliance offices will be closed for this meeting. The following alternatives are available to members of the public to view this meeting and to provide comment to the Board.

1. Members of the public wishing to join the meeting may do so as follows:
   a. Via computer, tablet or smartphone at: https://global.gotomeeting.com/join/546671709
   b. Or by telephone at:
      United States: +1 (571) 317-3122
      Access Code: 546-671-709
      New to GoToMeeting? Get the app now and be ready when your first meeting starts: https://global.gotomeeting.com/install/546671709

2. Members of the public wishing to provide public comment on items not listed on the agenda that are within jurisdiction of the commission or to address an item that is listed on the agenda may do so in one of the following ways.
   a. Email comments by 5:00 p.m. on Tuesday, March 23, 2021 to the Clerk of the Board at kstagnaro@ccah-alliance.org.
      i. Indicate in the subject line "Public Comment". Include your name, organization, agenda item number, and title of the item in the body of the
         e-mail along with your comments.
      ii. Comments will be read during the meeting and are limited to five minutes.
   b. Public comment during the meeting, when that item is announced.
      i. State your name and organization prior to providing comment.
      ii. Comments are limited to five minutes.

3. Mute your phone during presentations to eliminate background noise.
   a. State your name prior to speaking during comment periods.
   b. Limit background noise when unmuted (i.e. paper shuffling, cell phone calls, etc.).

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1. **Call to Order by Chairperson Molesky. 1:30 p.m.**
   A. Roll call; establish quorum.

2. **Oral Communications. 1:35 p.m.**
   A. Members of the public may address the Commission on items not listed on today's agenda that are within the jurisdiction of the Commission. Presentations must not exceed five minutes in length, and any individuals may speak only once during Oral Communications.
   B. If any member of the public wishes to address the Commission on any item that is listed on today's agenda, they may do so when that item is called. Speakers are limited to five minutes per item.

3. **Approve minutes of December 2, 2020 meeting of the Finance Committee. 1:40 p.m.**

4. **Preliminary CY 2020 Financial Results. 1:45 p.m.**

5. **2021 Pharmacy Budget. 2:10 p.m.**

6. **CY 2020 Investment Update. 2:20 p.m.**

The next meeting of the Commission, after this March 24, 2021 meeting will be held via teleconference unless otherwise noticed:

- Santa Cruz – Monterey – Merced Managed Medical Care Commission Finance Committee
  Wednesday, May 26, 2021, 1:30 – 2:45 p.m.

Members of the public interested in attending should call the Alliance at (831) 430-5523 to verify meeting dates and locations prior to the meetings.

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The complete agenda packet is available for review at Alliance offices, and on the Alliance website at www.ccah-alliance.org/boardmeeting.html. The Commission complies with the Americans with Disabilities Act (ADA). Individuals who need special assistance or a disability-related accommodation to participate in this meeting should contact the Clerk of the Board at least 72 hours prior to the meeting at (831) 430-5523. Board meeting locations in Salinas and Merced are directly accessible by bus. As a courtesy to persons affected, please attend the meeting smoke and scent free.

Meeting Minutes

Wednesday, December 2, 2020

Teleconference Meeting
(Pursuant to Governor Newsom's Executive Order N-29-20)

<u>Members Present</u>:

Ms. Leslie Conner	Provider Representative
Ms. Mimi Hall	County Health Services Agency Director
Supervisor Lee Lor	County Board of Supervisors
Mr. Michael Molesky	Public Representative
Allen Radner, MD	Provider Representative
Mr. Tony Weber	Provider Representative

<u>Members Absent</u>:

Ms. Elsa Jiménez	County Health Director

<u>Staff Present</u>:

Ms. Lisa Ba	Chief Financial Officer
Ms. Stephanie Sonnenshine	Chief Executive Officer
Ms. Oksana Chabanenko	Finance Administrative Specialist

1. Call to Order by Chairperson Molesky. (1:35 p.m.)

Chairperson Molesky called the meeting to order at 1:35 p.m. Roll call was taken. A quorum was present.

2. Oral Communications. (1:36 – 1:37 p.m.)

Chairperson Molesky opened the floor for any members of the public to address the Committee on items not listed on the agenda.

No members of the public addressed the Committee.

Chairperson Molesky made note for the record that he had received an inquiry from a physician related to reimbursement for telecom visits. Chairperson Molesky indicated that details of the inquiry have been forwarded to Alliance staff.

Consent Agenda Items:

3. Approve minutes of September 23, 2020 meeting of the Finance Committee. (1:38 – 1:40 p.m.)

FINANCE COMMITTEE ACTION: Chairperson Molesky opened the floor for approval of the minutes of the September 23, 2020 meeting. Commissioner Weber moved to approve the minutes, seconded by Commissioner Lor. Motion carried with 5 votes affirmative, 2 absent and was so ordered.

4. Approve Finance Committee Meeting Schedule for 2021. (1:41 – 1:42 p.m.)

FINANCE COMMITTEE ACTION: Chairperson Molesky opened the floor for approval of the 2021 Finance Committee meeting schedule. Commissioner Hall moved to approve the 2021 schedule, seconded by Commissioner Conner. Motion carried with 5 votes affirmative, 2 absent and was so ordered.

Regular Agenda Items:

5. Year-to-date September 2020 Financials. (1:43 – 1:51 p.m.)

Ms. Lisa Ba, Chief Financial Officer (CFO), updated the commissioners on the Alliance's most recent financials. As of September 30, 2020, the operating loss for all lines of business stands at $35.8M, which is $3M favorable to budget. Medical expenses are unfavorable to budget by $40.1M or 4.4%. Revenue is favorable to budget by $43.2M or 4.7%.

[Allen Radner, MD arrived at this time: 1:45 p.m.]

Ms. Ba explained that a detailed look at per member per month (PMPM) data provides a clearer view of the cost and revenue because much of the variance is due to enrollment.

Year-to-date PMPM revenue is $311 which is $0.11 unfavorable to budget. This includes the 1.5% rate reduction by the Department of Health Care Services (DHCS), Medical expenses are at $302 PMPM, or 0.2% favorable to budget. Administrative expenses are at $20 PMPM, or 4.7% favorable to budget, resulting in an operating loss of $11.52 PMPM. The Medical Loss Ratio (MLR) is 97.3% compared to the budget of 97.5% and with the goal being to maintain an MLR between 92% and 93%, at which point we can achieve break-even with staff being committed to maintaining the Administrative Loss Ratio (ALR) at less than 7%.

Next, Ms. Ba oriented the committee to the MLR by Category of Aid as broken down by county. Of note, for the Non-Whole Child Model we are over the target with an MLR of 95%, and for the Whole Child Model (WCM) the total MLR is significantly above target at 113%. In a more detailed view of the Non-Whole Child Model categories, Ms. Ba explained that for Long-Term Care (LTC) the MLR is 116%, The MLR for the Medi-Cal Expansion (MCE) is at 100%. Ms. Ba explained that, when the Affordable Care Act Optional Expansion (ACA OE) was implemented in 2014, the State overestimated the cost and the rate was set significantly high. As the State began reducing the rates, we are now losing money on the Medi-Cal Expansion. With regards to revenue mix, Medi-Cal Expansion accounts for one third of our revenue and represents 25% of our membership. Child accounts for 44% of our membership and has a healthy MLR, but only represents 12% of our revenue,

With regards to Tangible Net Equity (TNE), Ms. Ba reported that the fund balance as of the end of September 2020 is $411M which is about $60M below the Board Designated Reserve Target.

Ms. Ba outlined the key takeaways from the year-to-date September financials noting that, although the operating loss is favorable to budget, it is still a loss. On a PMPM basis, when the medical cost is higher than revenue it is staff's priority to bring our contracts in line with revenue, utilization trend and industry standard so that we can achieve break-even at a PMPM level. With regards to administrative costs, staff have implemented cost savings measures and expect to end the year within budget.

6. 2021 Budget and Medical Cost Assumption Detail. (1:51-2:12 p.m.)

Ms. Ba explained that staff developed the budget in October and November 2020 prior to receiving the notification that the Pharmacy Carve-Out that was to take effect on January 1, 2021 would be delayed until April 2021. Therefore, the proposed budget does not include pharmacy.

Ms. Ba reported that enrollment assumptions include a base period for the enrollment budget of January through October of 2020. Staff trended growth through June 2021. Ms. Ba explained that this projection is built on the assumption that the public health emergency (PHE) will end by June 30, 2021 and that redetermination will resume in July. The expectation then is that this would result in a decrease in the Plan's enrollment after July 2021. The Department of Health Care Services (DHCS) predicts that it will take a year to complete the redetermination process which would mean that by July 2022 the enrollment would fall back to the pre-pandemic level at about 340 to 350K enrolled.

Ms. Ba reviewed the revenue assumptions for the 2021 budget. The Plan has so far received two rate packages, one in September and one in October. The rate packages received had pharmacy revenue carved out and included the managed care efficiency adjustments for

Potentially Preventable Hospital Admission (PPA), the Healthcare Common Procedure Coding System (HCPCS) efficiency adjustment for Physician Administered Drugs (PAD), the Lower Acuity Non-Emergent (LANE) service efficiency adjustment for Emergency Department (ED) and the underwriting gain (UWG) reduction from 2.0% to 1.5%. Another rate package will be received in December and will include acuity adjustments for which the staff has built in an assumption of a 2% member acuity negative adjustment due to increased enrollment. The State has notified us that the pharmacy revenue will be included in the December package as the start date for the Pharmacy Carve-Out has been moved to April 1, 2021. Staff will need to reforecast in this area and amend the budget once this information is received.

Next, Ms. Ba spoke about the medical expense assumptions. She explained that the medical budget was developed based on historical claims data in the period from April 2019 to March 2020. More recent data was not used due to the timing of the COVID-19 pandemic leading to decreased utilization which is not representative of the normal course of business. The medical budget incorporates the cost containment initiative to align in-area hospital rates with revenue and industry standards.

With regards to utilization, Ms. Ba noted that the assumption has been made that in 2021 the utilization will increase by 4.5% compared to 2019. She shared with the committee some of the trending data that was used to develop this forecast including a view of pre-pandemic utilization in 2019 as well as the typical trends per quarter. She explained that much of the assumption is based on how the pandemic progresses and when the vaccine becomes available enough to allow for care to resume to more typical levels. It is expected that this will lead to a busier third and fourth quarter in 2021 in terms of utilization.

With regards to the administrative budget, staff continue to improve the overall cost structure and administrative efficiency and to focus on operational efficiencies and financial stewardship. In terms of the total administrative budget, a proposal of $82.1M which represents 6.4% of total budgeted revenue reflects a 3.5% decrease from the 2020 budget. The 2021 budget also reflects a net reduction in Full Time Equivalent (FTE) positions.

In summary, based on the assumptions presented, staff is submitting a medical cost budget of $1.2B and an administrative cost budget of $82.1M. A total operating loss of $40M is budgeted for 2021.

7. Cost Containment Plan Update. (2:13-2:30 p.m.)

Ms. Ba communicated that Alliance staff are executing the cost containment plan and are currently in the process of renegotiating the in-area hospital contracts using the Medi-Cal APR-DRG as the benchmark. The CFO noted that a proposed hospital shared savings plan will be presented to the Board today for consideration and approval.

Ms. Ba opened the floor for questions and discussion.

Commissioner Leslie Conner commended staff on their good work in making progress with discussions with the hospitals and in managing the administrative costs.

Commissioner Michael Molesky commented on the Tangible Net Equity (TNE) target reserve being below the Board Designated Reserve and asked about the possibility of looking at the grants and whether this impacts the Plan's ability to make investments to generate any return on the remaining TNE dollars. Ms. Ba pointed out that, use of the grant funds to address operating losses would only provide a short-term fix. It is more important to have a financial performance target and plan for how to achieve that target we do now have. Additionally, Ms. Ba stated that the Alliance is fortunate to have the grant funds available for innovative uses for the community when needed.

Stephanie Sonnenshine, Chief Executive Officer expressed her agreement with Ms. Ba's explanation and further explained that, with regards to grant funding, the Board will be engaged in the strategic planning process for the Health Plan to ensure that how we utilize the grant program moving forward is aligned with the overall priorities for the Health Plan.

Commissioner Mimi Hall thanked Ms. Sonnenshine and Ms. Ba for their comments and work in planning for the Plan's future. She added that the budget development process and the plan to address structural problems is a statement of the values and principles of the Alliance as an organization and that the members and the reserve will benefit from this approach.

Commissioner Molesky asked if the hospital contracts should be in place prior to discussing a shared savings model. Ms. Ba shared that, as hospitals will be agreeing to align their current rates with industry benchmark, we want to engage the hospitals in cost savings ideas where the gain in savings can be shared with the hospitals. This is also aligned with our value-based payment strategic goal.

Commissioner Molesky expressed agreement with this philosophy and asked about the possibility of a provider choosing not to contract with the Alliance and how that might impact members and providers. Ms. Sonnenshine responded by explaining that, in the event that a provider refuses to contract with the Alliance, the Plan would pay non-contracted rate. Ms. Sonnenshine emphasized however, that it is our intent to work with our hospital partners to bring them into contract. She noted that the Alliance values the hospitals in our area and Ms. Ba and her team are working diligently with our hospital partners to conclude these negotiations.

In addition, Ms. Sonnenshine assured the committee that if staff had any concerns about access of services, or if there were any regulatory issues associated with access because of any contract termination, we would make the Board aware of those changes, and we do not have anything to report on that today.

Commissioner Molesky stated that this information was encouraging to hear and noted that the shared savings model seems to send a message of collaborating for the betterment of our members and providers alike. He thanked Ms. Ba and staff for their continued work towards improving financial performance.

Ms. Ba thanked the commissioners for their support and dedication especially in representing this committee to the Board and for their help related to the passing of the cost containment plan. Commissioner Molesky joined the CFO in thanking the committee members for their hard work and also thanked the new commissioners who have helped to provide a well-rounded representation from all three counties.

Commissioner Molesky opened the floor for any other questions about any information presented or any suggestions on the upcoming March 24, 2021 Finance Committee agenda. No feedback was received.

Adjourn:

The Commission adjourned its meeting of December 2, 2020 at 2:30 p.m. to March 24, 2021 at 1:30 p.m. via teleconference from the Alliance office in Scotts Valley, Salinas, and Merced.

Respectfully submitted,

Ms. Dulcie San Paolo
Finance Administrative Specialist

CENTRAL CALIFORNIA ALLIANCE FOR HEALTH
Balance Sheet
For The Twelve Months Ending December 31, 2020
Unaudited as of 2/1/2021
(In $000s)

Assets	
Cash	$157,045
Restricted Cash	300
Short Term Investments	356,110
Receivables	247,729
Prepaid Expenses	2,822
Other Current Assets	10,394
Total Current Assets	**$774,400**
Building, Land, Furniture & Equipment	
Capital Assets	$83,694
Accumulated Depreciation	(36,246)
CIP	2,481
Total Non-Current Assets	**49,929**
Total Assets	**$824,329**
Liabilities	
Accounts Payable	$40,559
IBNR/Claims Payable	343,637
Accrued Expenses	1
Estimated Risk Share Payable	10,010
Other Current Liabilities	7,102
Due to State	4,244
Total Current Liabilities	**$405,553**
Fund Balance	
Fund Balance - Prior	$450,775
Retained Earnings - CY	(32,000)
Total Fund Balance	**418,776**
Total Liabilities & Fund Balance	**$824,329**

CENTRAL CALIFORNIA ALLIANCE FOR HEALTH
Income Statement - Actual vs. Budget
For The Twelve Months Ending December 31, 2020
Unaudited as of 2/01/2021
(In $000s)

	MTD Actual	MTD Budget	Variance	%	YTD Actual	YTD Budget	Variance	%
Member Months	*364,602*	*326,727*	*37,875*	*11.6%*	*4,198,784*	*3,952,099*	*246,685*	*6.2%*
Capitation Revenue								
Capitation Revenue Medi-Cal	$115,136	$101,485	$13,651	13.5%	$1,309,664	$1,228,487	$81,178	6.6%
Premiums Commercial	273	235	38	16.0%	3,227	2,755	472	17.1%
Total Operating Revenue	**$115,409**	**$101,720**	**$13,689**	**13.5%**	**$1,312,891**	**$1,231,242**	**$81,649**	**6.6%**
Medical Expenses								
Inpatient Services (Hospital)	$35,314	$30,285	($5,029)	-16.6%	$409,469	$362,727	($46,742)	-12.9%
Inpatient Services (LTC)	13,026	11,696	(1,331)	-11.4%	162,642	137,854	(24,788)	-18.0%
Physician Services	17,161	16,075	(1,087)	-6.8%	196,317	197,708	1,391	0.7%
Outpatient Facility	5,462	5,021	(441)	-8.8%	63,229	64,540	1,311	2.0%
Pharmacy	16,130	14,471	(1,659)	-11.5%	191,388	187,909	(3,479)	-1.9%
Other Medical	19,504	21,571	2,067	9.6%	230,920	248,549	17,629	7.1%
Total Medical Expenses	**$106,598**	**$99,118**	**($7,480)**	**-7.5%**	**$1,253,966**	**$1,199,288**	**($54,678)**	**-4.6%**
Gross Margin	**$8,812**	**$2,602**	**$6,209**	**100.0%**	**$58,925**	**$31,954**	**$26,971**	**84.4%**
Administrative Expenses								
Salaries	$4,178	$4,851	$673	13.9%	$56,170	$54,385	($1,784)	-3.3%
Professional Fees	176	261	85	32.4%	1,788	2,715	927	34.1%
Purchased Services	1,169	896	(273)	-30.4%	9,820	10,170	350	3.4%
Supplies & Other	1,364	1,090	(275)	-25.2%	8,103	9,402	1,299	13.8%
Occupancy	154	134	(20)	-14.7%	1,241	1,614	373	23.1%
Depreciation/Amortization	578	590	13	2.1%	6,499	6,843	343	5.0%
Total Administrative Expenses	**$7,619**	**$7,822**	**$203**	**2.6%**	**$83,622**	**$85,130**	**$1,508**	**1.8%**
Operating Income	**$1,193**	**($5,220)**	**$6,413**	**100.0%**	**($24,696)**	**($53,176)**	**$28,479**	**53.6%**
Non-Op Income/(Expense)								
Interest	$249	$717	($469)	-65.3%	$4,894	$9,066	($4,172)	-46.0%
Gain/(Loss) on Investments	(138)	(43)	(95)	-100.0%	933	(540)	1,472	100.0%
Other Revenues	98	84	14	16.7%	1,116	1,007	109	10.9%
Grants	(1,038)	(1,374)	336	24.5%	(14,245)	(16,622)	2,376	14.3%
Total Non-Op Income/(Expense)	**($830)**	**($616)**	**($214)**	**-34.7%**	**($7,303)**	**($7,089)**	**-$214**	**-3.0%**
Net Income/(Loss)	**$363**	**($5,836)**	**$6,199**	**100.0%**	**($31,999)**	**($60,265)**	**$28,266**	**46.9%**
MLR	*92.4%*	*97.4%*			*95.5%*	*97.4%*		
ALR	*6.6%*	*7.7%*			*6.4%*	*6.9%*		
Operating Income	*1.0%*	*-5.1%*			*-1.9%*	*-4.3%*		
Net Income %	*0.3%*	*-5.7%*			*-2.4%*	*-4.9%*		

CENTRAL CALIFORNIA ALLIANCE FOR HEALTH
Income Statement - Actual vs. Budget
For The Twelve Months Ending December 31, 2020
Unaudited as of 2/01/2021
(In PMPM)

	MTD Actual	MTD Budget	Variance	%	YTD Actual	YTD Budget	Variance	%
Member Months	*364,602*	*326,727*	*37,875*	*11.6%*	*4,198,784*	*3,952,099*	*246,685*	*6.2%*
Capitation Revenue								
Capitation Revenue Medi-Cal	$315.79	$310.61	$5.17	1.7%	$311.92	$310.84	$1.07	0.3%
Premiums Commercial	0.75	0.72	0.03	4.0%	0.77	0.70	0.07	10.2%
Total Operating Revenue	**$316.53**	**$311.33**	**$5.20**	**1.7%**	**$312.68**	**$311.54**	**$1.14**	**0.4%**
Medical Expenses								
Inpatient Services (Hospital)	$96.86	$92.69	($4.16)	-4.5%	$97.52	$91.78	($5.74)	-6.3%
Inpatient Services (LTC)	35.73	35.80	0.07	0.2%	38.74	34.88	(3.85)	-11.0%
Physician Services	47.07	49.20	2.13	4.3%	46.76	50.03	3.27	6.5%
Outpatient Facility	14.98	15.37	0.39	2.5%	15.06	16.33	1.27	7.8%
Pharmacy	44.24	44.29	0.05	0.1%	45.58	47.55	1.96	4.1%
Other Medical	53.49	66.02	12.53	19.0%	55.00	62.89	7.89	12.6%
Total Medical Expenses	**$292.37**	**$303.37**	**$11.00**	**3.6%**	**$298.65**	**$303.46**	**$4.81**	**1.6%**
Gross Margin	**$24.17**	**$7.96**	**$16.20**	**100.0%**	**$14.03**	**$8.09**	**$5.95**	**73.6%**
Administrative Expenses								
Salaries	$11.46	$14.85	$3.39	22.8%	$13.38	$13.76	$0.38	2.8%
Professional Fees	0.48	0.80	0.32	39.4%	0.43	0.69	0.26	38.0%
Purchased Services	3.21	2.74	(0.46)	-16.9%	2.34	2.57	0.23	9.1%
Supplies & Other	3.74	3.34	(0.41)	-12.2%	1.93	2.38	0.45	18.9%
Occupancy	0.42	0.41	(0.01)	-2.7%	0.30	0.41	0.11	27.6%
Depreciation/Amortization	1.58	1.81	0.22	12.3%	1.55	1.73	0.18	10.6%
Total Administrative Expenses	**$20.90**	**$23.94**	**$3.04**	**12.7%**	**$19.92**	**$21.54**	**$1.62**	**7.5%**
Operating Income	**$3.27**	**($15.98)**	**$19.25**	**100.0%**	**($5.88)**	**($13.46)**	**$7.57**	**56.3%**

CENTRAL CALIFORNIA ALLIANCE FOR HEALTH
Statement of Cash Flow
For The Twelve Months Ending December 31, 2020
Unaudited as of 2/01/2021
(In $000s)

	MTD	YTD
Net Income	$363	($31,999)
Items not requiring the use of cash: Depreciation	418	6,313
Adjustments to reconcile Net Income to Net Cash provided by operating activities:		
Changes to Assets:		
Receivables	(108,792)	(73,369)
Prepaid Expenses	121	(823)
Current Assets	(3,019)	(2,957)
Net Changes to Assets	**($111,690)**	**($77,149)**
Changes to Payables:		
Accounts Payable	$9,652	$37,758
Accrued Expenses	(6)	(89)
Other Current Liabilities	335	2,125
Incurred But Not Reported Claims/Claims Payable	107,485	158,704
Estimated Risk Share Payable	827	(154)
Due to State	-	(19,706)
Net Changes to Payables	**$118,293**	**$178,638**
Net Cash Provided by (Used in) Operating Activities	**$7,383**	**$75,803**
Change in Investments	($104,942)	$5,144
Other Equipment Acquisitions	127	(1,978)
Net Cash Provided by (Used in) Investing Activities	**($104,815)**	**$3,166**
Net Increase (Decrease) in Cash & Cash Equivalents	**($97,431)**	**$78,969**
Cash & Cash Equivalents at Beginning of Period	**$254,476**	**$78,075**
Cash & Cash Equivalents at December 31, 2020	**$157,045**	**$157,045**

DATE: March 24, 2021

TO: Santa Cruz-Monterey-Merced Managed Medical Care Commission

FROM: Lisa Ba, CFO

SUBJECT: Proposed Medical and Administrative Budget for Calendar Year 2021 due to Pharmacy Carve-out Delay

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Recommendation. Staff recommends that the Board approve the following additional budget related to the Pharmacy Carve-out Delay:

1. CY 2021 Pharmacy Medical Budget of $208.6M ($208,601,209), resulting in a total Medical Budget of $1,443.1M ($1,443,050,522) for CY 2021.
2. CY 2021 Administrative Budget of $3.5M ($3,498,424), resulting in a total Administrative Budget of $85.6M ($85,563,876) for CY 2021.

Summary. The Alliance is committed to putting forward a revised budget that now factors in the Pharmacy through the end of CY 2021. Staff continues to ensure that this final budget iteration covers adequate funds for efficient and effective operations and demonstration of fiscal responsibility.

Background. In January 2019, DHCS communicated to the Medi-Cal Managed Care Plans that the Pharmacy benefit would be carved out from the Plan responsibility effective January 1, 2021.

On November 16, 2020, DHCS informed the Plans that they will delay the Pharmacy Carve-out until April 1, 2021.

The Board approved the 2021 Budget on December 2, 2020, which assumed the Pharmacy Carve-out to take place on January 1, 2021. Staff informed the Board of the Pharmacy Carve-out delay and indicated that an additional budget would be presented for Board approval once information became available,

On December 23, 2020, DHCS included pharmacy revenue rates for Q-1 2021.

On February 17, 2021, DHCS informed Plans that the Pharmacy Carve-out is further delayed and additional information will be provided in May 2021. The new timeline makes the Pharmacy Carve-out more likely to be effective after January 2022 rather than July 2021. Therefore, Staff prepared a 12-month pharmacy budget for CY2021. Staff will include any new developments in the mid-year forecast.

Discussion.
Revenue: Staff applied pharmacy rates from December 2020 and assumed a 1% increase effective April 1st, 2021. This results in an additional $215.6M in revenue.

Medical Expense: The pharmacy expense is based on the claims trend from CY 2019, CY 2020 and includes a 2.5% increase, resulting in an additional $208.6M in medical expense.

Administrative Expense: The 2021 proposed pharmacy administrative budget is $3,5M, predominantly due to the MedImpact Pharmacy Benefit Management (PBM) fee.

Fiscal Impact. The delay of the Pharmacy Carve-out results in $3.5M in operating income, bringing the annual budgeted loss down to $37.6M. The additional revenue also brings down the ALR from 6.4% in the original budget to 5.7%.

2021 Revised Budget with Pharmacy

Key Indicators	2021 Approved Budget	2021 Pharmacy Budget	2021 Revised Budget
Membership	*4,499,410*	*4,499,410*	*4,499,410*
Revenue	1,275,483	215,551	1,491,034
Medical Expenses	1,234,479	208,601	1,443,081
Administrative Expenses	82,065	3,498	85,564
Operating Income/(Loss)	**(41,061)**	**3,452**	**(37,610)**
Net Income/(Loss)	(49,253)	3,452	(45,802)
MLR %	*96.8%*	*99.2%*	*96.8%*
ALR %	*6.4%*	*1.5%*	*5.7%*
Operating Income %	*-3.2%*	*-0.7%*	*-2.5%*

Attachment: N/A

	POLICIES AND PROCEDURES
Policy #: 700-1000	**Lead Department:** Finance
Title: Investments	
Original Date: 10/27/2004	**Policy Hub Approval Date:** 10/15/2019
Approved by: Lisa Ba, Chief Financial Officer	

Purpose:

This Investment Policy sets forth the investment guidelines for all Operating Funds and Board-Designated Reserve Funds of the Central California Alliance for Health (the Alliance). The objective of this Investment Policy is to ensure the Alliance's funds are prudently invested according to the Board of Commissioners' objectives to preserve capital, provide necessary liquidity and to achieve a market-average rate of return through economic cycles.

Policy:

Investments may only be made as authorized by this Investment Policy. The Alliance Investment Policy conforms to the California Government Code section 53600 et seq. (the Code) as well as customary standards of prudent investment management. Irrespective of these policy provisions, should the provisions of the Code be or become more restrictive than those contained herein, such provisions will be considered immediately incorporated into the Investment Policy and adhered to. It is also the Alliance's intent to comply with investment requirements contained within contracts that the Alliance may have with any government funding agencies and will not invest in anything that is inconsistent with its direct mission.

The Alliance's investment objectives, in order of priority, are as follows:

A. Safety of Principal – Safety of principal is the foremost objective of the Alliance. Each investment transaction shall seek to ensure that capital losses are avoided, whether from institutional default, broker-dealer default, or erosion of market value of securities.

B. Liquidity – Liquidity is the second most important objective of the Alliance. It is important that the portfolio contain investments for which there is a secondary market and which offer the flexibility to be easily sold at any time with minimal risk of loss of either the principal or interest based upon then prevailing rates.

C. Social Responsibility – Investment decisions will be screened based on SRI heavy criteria outlined in Exhibit A.

D. Total Return – The Alliance's portfolio shall be designed to attain a market-average rate of return through economic cycles given an acceptable level of risk.

	POLICIES AND PROCEDURES
Policy #: 700-1000	**Lead Department:** Finance
Title: Investments	
Original Date: 10/27/2004	**Policy Hub Approval Date:** 10/15/2019
Approved by: Lisa Ba, Chief Financial Officer	

Definitions: N/A

Procedures:

I. OBJECTIVES

Safety of principal is the primary objective of the Alliance. Each investment transaction shall seek to ensure that large capital losses are avoided from securities or broker-dealer default. The Alliance shall seek to ensure that capital losses are minimized from the erosion of market value. The Alliance shall seek to preserve principal by mitigating the two types of risk, credit risk and market risk.

Credit risk, the risk of loss due to failure of the issuer of a security, shall be mitigated by investing in only permitted investments and by diversifying the investment portfolio according to this Investment Policy.

Market risk, the risk of market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by matching maturity dates, to the extent possible, with the Alliance's expected cash flow draws. It is explicitly recognized herein, however, that in a diversified portfolio, occasional losses are inevitable and must be considered within the context of the overall investment return.

II. PRUDENCE

The Alliance's Board of Commissioners or persons authorized to make investment decisions on behalf of the Alliance are trustees and fiduciaries subject to the prudent investor standard.

The standard of prudence to be used by investment officials shall be the "prudent person" standard as defined in Code Section 53600.3 and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control developments.

THE PRUDENT PERSON STANDARD: When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including but not limited to, the general economic conditions and the anticipated needs of the Alliance, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

III. ETHICS AND CONFLICTS OF INTEREST

The Alliance's officers and employees involved in the investment process shall refrain from personal and professional business activities that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. The Alliance's officers and employees involved in the investment process are not permitted to have any material financial interests in financial institutions, including state or federal credit unions, that conduct business with the Alliance, and they are not permitted to have any personal financial or investment holdings that could be materially related to the performance of the Alliance's investments.

IV. DELEGATION OF AUTHORITY

Authority to manage the Alliance's investment program is derived from an order of the Board of Commissioners. Management responsibility for the investment program is hereby delegated to the Alliance's Chief Financial Officer (CFO).

The CFO shall be responsible for all actions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

A. Financial Benchmarks

The Alliance's portfolio shall be designed to attain a market-average rate of return through economic cycles given an acceptable level of risk. The performance benchmark for the investment portfolio will be based upon the market indices for short-term investments of comparable risk and duration. These performance benchmarks will be determined by the Alliance's CFO and will be reviewed by the Finance Committee semi-annually.

B. Safekeeping

The investments purchased by the Alliance shall be held by a Board approved bank or trust company acting as the agent of the Alliance under the terms of a custody agreement in compliance with Code Section 53608.

C. Periodic Review of the Investment Policy

The CFO is responsible for providing the Finance Committee with a recommended Investment Policy. The Finance Committee is responsible for recommending the Investment Policy to the Board of Commissioners for final approval. This Investment Policy shall be reviewed by the Board of Commissioners at a public meeting pursuant to Section 53646 (a) of the California Government Code

The CFO is responsible for directing the Alliance's investment program and for compliance with this policy pursuant to the delegation of authority to invest funds or to sell or exchange securities. The CFO shall make a semi-annual report to the Finance Committee.

D. Procedures

The following procedures will be performed by the CFO:

1. The Operating Funds and Board-Designated Reserve Funds targeted average maturities will be established and reviewed periodically.

2. Investment diversification and portfolio performance will be reviewed semi-annually to ensure that risk levels and returns are reasonable and that investments are diversified in accordance with this policy.

E. Duties and Responsibilities of the Finance Committee:

The CFO and staff are responsible for the day-to-day management of the Alliance's investment portfolio. The Board of Commissioners is responsible for the Alliance's Investment Policy. The Finance Committee shall not make or direct the Alliance staff to make any particular investment, purchase any particular investment product, or do business with any particular investment companies or brokers. It shall not be the purpose of the Finance Committee to advise on particular investment decisions of the Alliance.

The duties and responsibilities of the Finance Committee shall consist of the following:

1. Review any changes to the Alliance's Investment Policy before its consideration by the Board of Commissioners and recommend revisions, as necessary.

2. To review semi-annually the Alliance's investment portfolio for conformance to the Alliance's Investment Policy diversification and maturity guidelines, and make recommendations as appropriate.

3. Perform such additional duties and responsibilities as may be required from time to time by specific action and direction of the Board of Commissioners.

V. PERMITTED INVESTMENTS

Alliance policy is to invest only in high quality instruments as permitted by the Code, subject to the limitations of this Annual Investment Policy.

A. U.S. Treasuries

These investments are direct obligations of the United States of America and securities which are fully and unconditionally guaranteed as to the timely payment of principal and interest by the full faith and credit of the United States of America.

U.S. Government securities include:

1. Treasury Bills: Securities issued and traded at a discount.

2. Treasury Notes and Bonds: interest bearing instruments issued with maturities of 2 to 30 years.

3. Treasury STRIPS: U. S. Treasury securities that have been separated into their component parts of principal and interest payments and recorded as such in the Federal Reserve book-entry record-keeping system.

U. S. Treasury coupon and principal STRIPS are not considered to be derivatives for the purpose of this Annual Investment Policy and are, therefore, permitted investments pursuant to the Annual Investment Policy.

Maximum Term: Operating Funds – five years (Code 5 years)
Board Designated Reserve Funds – five years (Code 5 years)

B. Federal Agencies and U.S. Government Sponsored Enterprises

These investments represent obligations, participations, or other instruments of, or issued by, a federal agency or a United States government sponsored enterprise, including those issued by, or fully guaranteed as to principal and interest by, the issuers. These are U.S. Government related organizations, the largest of which are government financial intermediaries assisting specific credit markets (housing, agriculture). Often simply referred to as "Agencies", they include:

1. Federal Home Loan Banks (FHLB)
2. Federal Home Loan Mortgage Corporation (FHLMC)
3. Federal National Mortgage Association (FNMA)
4. Federal Farm Credit Banks (FFCB)
5. Student Loan Marketing Association (SLMA)
6. Government National Mortgage Association (GNMA)
7. Small Business Administration (SBA)
8. Export-Import Bank of the United States
9. U.S. Maritime Administration
10. Washington Metro Area Transit
11. U.S. Department of Housing & Urban Development
12. Tennessee Valley Authority

Any Federal Agency and U.S. Government Sponsored Enterprise security not specifically mentioned above is not a permitted investment.

Maximum Term: Operating Funds – five years (Code 5 years)

Board Designated Reserve Funds – five years (Code 5 years)

C. State of California and Local Agency Obligations

Registered state warrants, treasury notes or bonds of the State of California and bonds, notes, warrants or other evidences of indebtedness of any local agency of the State, including bonds payable solely out of revenues from a revenue producing property owned, controlled, or operated by the state or local agency or by a department, board, agency or authority of the State or local agency. Such obligations must be issued by an entity whose general obligation debt is rated P-1 by Moody's and A-1 by Standard & Poor's or equivalent or better for short-term obligations, or A by Moody's or A by Standard & Poor's or better for long-term debt. Public agency bonds issued for private purposes (industrial development bonds) are specifically excluded as allowable investments.

Maximum Term: Operating Funds – five years (Code 5 years)
Board Designated Reserve Funds – five years (Code 5 years)

D. Bankers Acceptances

Time drafts which a bank "accepts" as its financial responsibility as part of a trade finance process. These short-term notes are sold at a discount, and are obligations of the drawer (the bank's trade finance client) as well as the bank. Once accepted, the bank is irrevocably obligated to pay the bankers acceptance (BA) upon maturity if the drawer does not. Eligible bankers acceptances:

1. are eligible for purchase by the Federal Reserve System, and are drawn on and accepted by a bank rated C or better by Thomson BankWatch or IBCA, or are rated A-l for short-term deposits by Standard & Poor's and P-1 for short-term deposits by Moody's, or are comparably rated by a nationally recognized rating agency.

2. may not exceed the five percent (5%) limit of any one commercial bank and may not exceed the five percent limit for any security of any bank.

Maximum Term: Operating Funds – 180 days (Code)
Board Designated Reserve Funds – 180 days (Code)

E. Commercial Paper

Commercial paper (CP) is unsecured promissory notes issued by companies and government entities at a discount. Commercial paper is negotiable (marketable or transferable), although it is typically held to maturity. The maximum maturity is 270 days, with most CP issued for terms of less than 30 days. Commercial paper must be:

1. rated P-1 by Moody's and A-1 or better by Standard & Poor's, and
2. have an A or higher rating for the issuer's debt, other than commercial paper, if any, as provided for by Moody's and Standard & Poor's, and
3. issued by corporations organized and operating within the United States and having total assets in excess of five hundred million dollars ($500,000,000), and
4. may not represent more than ten percent (10%) of the outstanding commercial paper of the issuing corporation.

Maximum Term: Operating Funds – 270 days (Code)
Board Designated Reserve Funds – 270 days (Code)

F. Negotiable Certificates of Deposit

A negotiable (marketable or transferable) receipt for a time deposit at a bank or other financial institution for a fixed time and interest rate. Negotiable Certificates of Deposit must be issued by a nationally or state-chartered bank or state or federal association or by a state licensed branch of a foreign bank, which have been rated as C or better by Thomson BankWatch or IBCA, or are rated A-l for short-term or long-term deposits by Standard & Poor's and P-1 for short-term or long-term deposits by Moody's, or are comparably rated by a nationally recognized rating agency.

Maximum Term: Operating Funds – 5 years (Code)
Board Designated Reserve Funds – 5 years (Code)

G. Repurchase Agreements

A purchase of securities under a simultaneous agreement to sell these securities back at a fixed price on some future date.

Repurchase agreements collateralized by U. S. Treasuries, GNMAs, FNMAs or FHLMCs with any registered broker-dealer subject to the Securities Investors Protection Act or any commercial banks insured by the FDIC so long as at the time of the investment such primary dealer (or its parent) has an uninsured, unsecured and unguaranteed obligation rated P-1 short-term or A-2 long-term or better by Moody's, and A-1 short-term or A long-term or better by Standard & Poor's, provided:

1. a Public Securities Association (PSA) master repurchase agreement signed by CCAH which governs the transaction and a subcustodial undertaking in connection with a master repurchase agreement signed by CCAH, when applicable; and

2. the securities are held free and clear of any lien by CCAH's custodian or an independent third party acting as agent ("Agent") for the custodian, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than $50 million and the custodian shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for CCAH's custodian; and

3. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of CCAH's custodian and CCAH; and

4. the Agent provides CCAH's custodian and CCAH with valuation of the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required one hundred and two percent (102%) collateral percentage is not restored within two business days of such valuation.

Maximum Term: Operating Funds – 1 year (Code 1 year)

Board Designated Reserve Funds – 1 year (Code 1 year)

Reverse repurchase agreements are not allowed.

H. Medium Term Maturity Corporate Securities

Notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.

Medium term maturity corporate securities:

1. For the purpose of this Annual Investment Policy, corporate securities that are rated A, or better by Moody's or Standard & Poor's or a comparable rating by a nationally recognized rating service on longer term debt, and

2. Issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States and have total assets in excess of five hundred million dollars ($500,000,000), and

3. May not represent more than ten percent (10%) of the issue in the case of a specific public offering. This limitation does not apply to debt that is "continuously offered" in a mode similar to commercial paper, i.e. medium term notes ("MTNs"). Under no circumstance can the MTNs or any other corporate security of any one corporate issuer represent more than 5% of the portfolio.

Maximum Term: Operating Funds – five years (Code 5 years)
Board Designated Reserve Funds – five years (Code 5 years)

I. Money Market Funds

Shares of beneficial interest issued by diversified management companies (commonly called money market funds):

1. Which are rated AAA (or equivalent highest ranking) by two of the three largest nationally recognized rating services, and have an investment adviser registered with the Securities and Exchange Commission with not less than five years' experience investing in fixed income securities and the money market fund shall have assets under management in excess of five hundred million dollars ($500,000,000) and

2. Such investment may not represent more than ten percent (10%) of the money market fund's assets.

J. Mortgage or Asset-backed Securities

Pass-through securities are instruments by which the cash flow from the mortgages, receivables or other assets underlying the security is passed-through as principal and interest payments to the investor.

Though these securities may contain a third party guarantee, they are a package of assets being sold by a trust, not a debt obligation of the sponsor. Other types of "backed" debt instruments have assets (such as leases or consumer receivables) pledged to support the debt service.

Any mortgage pass-through security, collateralized mortgage obligations, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond which

1. Rated AAA (Code AA) by a nationally recognized rating service, and

2. Issued by an issuer having an A (Code) or better rating by a nationally recognized rating service for its long-term debt.

Maximum Term: Operating Funds – one year (Code 5 years)
Board Designated Reserve Funds – five years stated final maturity with a maximum average life of three years (Code 5 years)

K. Variable and Floating Rate Securities

Variable and floating rate securities are appropriate investments when used to enhance yield and reduce risk. They should have the same stability, liquidity and quality as traditional money market securities. A variable rate security provides for the automatic establishment of a new interest rate on set dates. For the purposes of this Annual Investment Policy, a Variable Rate Security where the variable rate of interest is readjusted no less frequently than every 762 calendar days shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest. A Floating Rate Security shall be deemed to have a remaining maturity of one day.

Variable and floating rate securities, which are restricted to investments in permitted Federal Agencies and U.S. Government Sponsored Enterprises securities, with a final maturity of not to exceed one year as described above, must utilize traditional money market reset indices such as U. S. Treasury bills, Federal Funds, commercial paper or LIBOR. Investments in floating rate securities whose reset is calculated using more than one of the above indices are not permitted, i.e. dual index notes.

Maximum Term: Operating Funds – five years (Code 5 years)
Board Designated Reserve Funds – five years (Code 5 years)

L. The Local Agency Investment Fund (LAIF)

LAIF, is a voluntary program created by statute, began in 1977 as an investment alternative for California's local governments and special districts. This program offers local agencies the opportunity to participate in a major portfolio which invests hundreds of millions of dollars, using the investment expertise of the Treasurer's Office investment staff. The LAIF is part of the Pooled Money Investment Account (PMIA). The PMIA has oversight provided by the Pooled Money Investment Board (PMIB) and an in-house Investment Committee. The PMIB members are the State Treasurer, Director of Finance, and State Controller.

The LAIF has oversight by the Local Agency Investment Advisory Board. The board consists of five members as designated by statute. The Chairman is the State Treasurer or his designated representative. Two members qualified by training and experience in the field of investment or finance, and two members who are Treasurers, finance or fiscal officers or business managers employed by any County, City or local district or municipal corporation of this state, are appointed by the State Treasurer. The term of each appointment is two years or at the pleasure of the appointing authority.

The State Treasurer's Office takes deliver of all securities purchased on a delivery versus payment basis using a third party custodian. All investments are purchased at market, and market valuation is conducted monthly.

Maximum Term: NA

M. Investment Trust of California (CalTRUST)

The Alliance also invests in a CalTRUST, which is a Joint Powers Authority created by public agencies to provide convenient consolidation method for public agencies to pool their assets for investment activities. The purpose of the organization is to reduce duplication, achieve economies of scale and carry out coherent investment strategies that are beneficial for their participants.

CalTRUST is governed by a board of ten Trustees, at least seventy-five percent of whom are members of the governing body, officers, or personnel of its Members. The CalTRUST Board sets overall policies for the program, selects, and supervises the activities of the Investment Administrators, Custodians, and Investment Advisors.

VI. POLICIES

A. Securities Lending

Investment securities shall not be lent to an Investment Manager or broker.

B. Leverage

The investment portfolio, or investment portfolios, cannot be used as collateral to obtain additional investable funds.

C. Other Investments

Any investment not specifically referred to herein will be considered a prohibited investment.

D. Underlying Nature of Investments

The Alliance shall not make investments in organizations which have a line of business that is visibly in conflict with the interests of public health (which shall be defined by the Alliance Board of Commissioners). Furthermore, the Alliance shall not make investments in organizations with which it has a business relationship through contracting, purchasing or other arrangements.

E. Derivatives

Investments in derivative securities are not allowed, except as to U.S. Treasury STRIPS.

F. Rating Downgrades

The Alliance may from time to time be invested in a security whose rating is downgraded below the quality criteria permitted by this investment policy. A decision to retain a downgraded security shall be approved by the CFO or designee within five (5) business days of becoming aware of the downgrade.

References:
Alliance Policies:
Impacted Departments:
Regulatory:
Legislative:
Contractual:
MMCD Policy Letter:
NCQA:
Supersedes:
Other References:
Investment of Surplus: California Government Code Section §§53600-53610
Deposit of Funds: California Government Code Section §§53630-53686
Attachments:
Exhibit A – Socially Responsible Investing Screens

	POLICIES AND PROCEDURES
Policy #: 700-1000	**Lead Department:** Finance
Title: Investments	
Original Date: 10/27/2004	**Policy Hub Approval Date:** 10/15/2019
Approved by: Lisa Ba, Chief Financial Officer	

Lines of Business This Policy Applies To	**LOB Effective Dates**
☐ Medi-Cal	(01/01/1996 – present)
☐ Alliance Care IHSS	(07/01/2005 – present)

Revision History:

Reviewed Date	Revised Date	Changes Made By	Approved By
05/11/2017	05/11/20/17	Eugenia Tsuei, Finance Policy & Process Analyst	Barry Staton, Chief Financial Officer
10/01/2018	10/01/2018	Eugenia Tsuei, Finance Policy & Process Analyst	Lisa Ba, Chief Financial Officer
10/02/2019	10/02/2019	Eugenia Tsuei, Finance Policy & Process Analyst	Lisa Ba, Chief Financial Officer

Exhibit A

Socially Responsible Investing Screens

Socially Responsible Investing (SRI) is an investment style that uses both positive and negative screens to include or exclude companies in a portfolio based on social, moral and ethical criteria.

Negative screening is the simplest method used in SRI and excludes companies and industries known collectively as "sin" screens.

Negative Screens	
Category 1	Category 2
Alcohol Tobacco Gambling Firearm Manufacturers Animal Testing Genetically Modified Organisms	Oil/gas Mining Nuclear Power

Category 1 – Includes industries banned on moral or ethical grounds and those whose products are directly harmful to human beings or the environment.

Category 2 – Lists industries whose business practices are either controversial or indirectly harm consumers or the environment.

Positive screening, rather than merely excluding companies with objectionable products, seeks to actively support companies that set positive examples of environmentally friendly products or production methods and socially responsible business practices. Unlike negative screens, which are generally more black and white, positive screens require individual analysis of most companies on issues such as pollution, workplace practices, diversity, and product safety.

Positive Screens
Environment Conservation Human Rights Labor Relations Employment Equality Community Investing

SRI Levels

Light: Avoiding Category 1 negative screens.

Heavy: Avoiding all negative screens – Category 1 and 2.

Heavy Plus: Applying positive screens in addition to avoiding all negative screens.