



Regular Meeting of the  
**Santa Clara County Health Authority**  
**Executive/Finance Committee**

Thursday, October 27, 2022, 10:30 AM – 12:30 PM  
Santa Clara Family Health Plan – Teleconference  
6201 San Ignacio Ave, San Jose, CA 95119

## **MINUTES**

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### **Members Present**

Sue Murphy, Chair  
Alma Burrell  
Dave Cameron  
Michele Lew

### **Members Absent**

Sarita Kohli

### **Staff Present**

Christine Tomcala, Chief Executive Officer  
Neal Jarecki, Chief Financial Officer  
Laurie Nakahira, D.O., Chief Medical Officer  
Jonathan Tamayo, Chief Information Officer  
Chris Turner, Chief Operating Officer  
Chelsea Byom, VP, Marketing, Communications & Outreach  
Teresa Chapman, VP, Human Resources  
Tyler Haskell, VP, Government Relations and Compliance  
Barbara Granieri, Controller  
Khanh Pham, Director, Financial Reporting & Budgeting  
Ashley Kerner, Manager, Administrative Services  
Nancy Aguirre, Administrative Assistant

### **Others Present**

Gordon Lam, Moss Adams, LLP  
Chris Pritchard, Moss Adams, LLP  
Rianne Suico, Moss Adams, LLP  
Tatiana Colon, Unity Care  
Sheila Mitchell, Unity Care  
Gary Rummelnoff, Unity Care  
Sanders Trent, Unity Care  
Darcy Mulenberg, DSR Health Law

### **1. Roll Call**

Sue Murphy, Chair, called the meeting to order at 10:30 AM. Roll call was taken and a quorum was established.

*Alma Burrell arrived at 10:33 AM.*

### **2. Public Comments**

There were no public comments.

### **3. Fiscal Year 2021-2022 Independent Auditor's Report**

Neal Jarecki, Chief Financial Officer, introduced Chris Pritchard & Rianne Suicco, partners from the Plan's independent accounting firm, Moss-Adams, LLP and Gordon Lam, Audit Manager. Mr. Pritchard presented the Plan's audited financial statements and Board communication letter for the fiscal year ended June 30, 2022. He indicated that the financial statements received an unmodified audit opinion (meaning that the Plan has presented fairly its financial position, results of operations, and changes in cash flow and that the financial



statements are in conformity with general-accepted accounting principles). Ms. Suicco reviewed a summary of the Plan's financial statement detail and advised that (1) management's accounting estimates, were reasonable, (2) there were no disagreements with management, and (3) no audit adjustment to the financial statements were necessary.

**It was moved, seconded, and** the Fiscal Year 2021-2022 Independent Auditor's Report was **unanimously approved.**

**Motion:** Mr. Cameron

**Second:** Ms. Lew

**Ayes:** Ms. Burrell, Mr. Cameron, Ms. Lew, Ms. Murphy

#### 4. Approve Consent Calendar and Changes to the Agenda

Ms. Lew presented the Consent Calendar and indicated all agenda items would be approved in one motion.

- a. Approve August 25, 2022 **Executive/Finance Committee** minutes
- b. Approve June 30, 2022 **Investment Compliance Report**
- c. Approve **continued use of teleconferencing** without providing public access to each teleconference location pursuant to Government Code Section 54953 questions.

**It was moved, seconded, and** the Consent Calendar was **unanimously approved.**

**Motion:** Ms. Lew

**Second:** Ms. Burrell

**Ayes:** Ms. Burrell, Mr. Cameron, Ms. Lew, Ms. Murphy

#### 5. August 2022 Financial Statements

Mr. Jarecki presented the unaudited financial statements through August 30, 2022, the second month of the fiscal year, which reflected a current month net surplus of \$4.3 million (a favorable variance of \$3.5 million to budget).

**Enrollment** increased by 1,552 members from the prior month to 315,281 members (7,683 members or 2.5% higher than budget) predominately due to the newly-eligible Medi-Cal undocumented Adult population. Enrollment has been rising since March 2020 due to the suspension of annual eligibility redeterminations during the public health emergency (PHE).

**Revenue** reflected a net favorable current month budget variance of \$826 thousand (0.7%) due to several factors. Favorable variances resulted from (1) higher enrollment, (2) higher supplemental utilization, and (3) higher COVID incentive revenue. Unfavorable variances resulted from (1) the timing of several DHCS incentive programs (offset by related favorable medical expense variances), and (2) Prop 56 Value-Based Purchasing revenue (program ended June 30; offset by reduced medical expenses).

**Medical Expense** reflected a net favorable current month budget variance of \$1.2 million (1.1%) due to several factors. Favorable variances resulted from the timing of several DHCS incentive programs. Unfavorable variances included capitated enrollment and member mix, higher unit costs in certain categories of service versus budget, higher supplemental services than budget.

**Administrative Expense** was \$1.6 million (21.5%) favorable to budget for the month largely due to (1) lower headcount than budgeted, and (2) favorable variances in several non-personnel categories due to the timing of certain expenses vs. budget.

**Non-Operating Income**, comprised of interest and rental income, was \$470 thousand favorable to budget due to higher investment yield compared to budget.

The **Balance Sheet** reflected a Current Ratio, a key measure of liquidity, of 1.28:1 versus the DMHC minimum current ratio requirement of 1.00:1.



**Tangible Net Equity** of \$313 million, which represented approximately three months of the Plan's total expenses, included unrestricted net assets of \$272 million.

**Capital Investments** of \$148 thousand were have been made year-to-date, predominately computer hardware, versus the annual capital budget of \$6.2 million.

**It was moved, seconded, and** the unaudited August 2022 Financial Statements were **unanimously approved.**

**Motion:** Mr. Cameron

**Second:** Ms. Lew

**Ayes:** Ms. Burrell, Mr. Cameron, Ms. Lew, Ms. Murphy

## 6. Innovation Fund Expenditure Adjustment Request

Christine Tomcala, Chief Executive Officer, presented a request from Unity Care for the Seasons of Wellness Pilot Project. This project would provide treatment and prevention strategies to help transitional foster youth cope with complex trauma and manage stress. Ms. Tomcala introduced representatives from Unity Care, who were available for questions.

A discussion regarding Unity Care's criteria for evaluating program effectiveness and sustainability ensued.

**It was moved, seconded, and** the Unity Fund request for \$200,000 to fund the Seasons of Wellness Pilot Project was **unanimously approved** as an expenditure from the Board Designated Innovation Fund.

**Motion:** Ms. Burrell

**Second:** Mr. Cameron

**Ayes:** Ms. Burrell, Mr. Cameron, Ms. Lew, Ms. Murphy

## 7. Government Relations Update

Tyler Haskell, Interim Compliance Officer, presented federal issues of note, including the Centers for Medicare and Medicaid Services (CMS) extension of the COVID-19 public health emergency to January 11, 2023. Mr. Haskell informed the members that the end of the COVID-19 public health emergency will bring about an extensive unwinding of Federal and State waved requirements.

Mr. Haskell discussed the upcoming legislation and noted the Improving Seniors' Timely Access to Care Act that establishes several requirements and standards relating to prior authorization processes under Medicare Advantage plans with concerning "Gold Card" language, the Advancing Telehealth Beyond COVID-19 Act that extends the COVID telehealth Medicare Flexibilities through December 31, 2024, and the Statutory Pay-As-You-Go Act of 2010 (Statutory PAYGO) sequester that, if triggered, would result in a 4% cut to Medicare, have the possibility of being heard during the upcoming Lame Duck Session, while all mental health legislation will likely be held over until next session.

Mr. Haskell presented state issues impacting the Plan. Mr. Haskell reported on the Governor's lifting of the COVID State of Emergency effective February 28, 2023. Mr. Haskell reminded the members that once the COVID State of Emergency has been lifted committee meetings will revert back to in-person. Mr. Haskell shared Cal AIM initiative that went into effect this year centered around independent living for members.

Mr. Haskell shared an update on five bills that were recently passed by the Governor that will go into effect in January and that the Plan will work to implement. SB 1473 that demands out-of-network providers reimburse, at a reasonable rate, costs related to COVID testing beginning 6 months after the federal public health emergency expires. SB 987 that requires Plans to contract with National Cancer Center Institute designated comprehensive cancer centers and notify enrollees of their right to request services, this requirement will not impact SCFHP as the Plan currently contracts with Stanford. SB 858 that increases the penalties for Health Plans from the California Department of Managed Health Care (DMHC). SB 966 that has been extend indefinitely the code



flexibilities, enacted during COVID, for a Medi-Cal program administered by DHCS for health care services for Federally Qualified Health Centers FQHC and Rural Health Clinics RHC. And AB 2697 Medi-Cal Community Health Worker Services (CHWS) which codified into law the requirement that community health worker's services be a covered Medi-Cal benefit requiring Medi-Cal managed care plans to engage in outreach and education efforts to enrollees.

Mr. Haskell concluded his presentation with a forecast for the 2023 legislation that will include cuts in the budget should the current revenue trend continue.

## 8. CEO Update

Ms. Tomcala provided a brief summary of festivities that took place at the SCFHP 25<sup>th</sup> anniversary celebration and community health event at the Blanca Alvarado Community Resource Center. She shared there were over 1,000 attendees and twenty-five organizations promoting health, food, housing, legal aid, COVID-19 booster shots, and flu vaccinations. Additionally, Ms. Tomcala announced the SCFHP health career scholarship program in honor of the Plan's 25<sup>th</sup> anniversary.

Ms. Tomcala reported that the Plan earned \$4 million out of the \$8.5 million COVID vaccine incentive allocated to SCFHP. She indicated the Plan received an additional \$1 million for 20,000 member incentives, which were reimbursable by DHCS.

Ms. Tomcala noted that DMHC recently conducted a routine audit. The Plan expects to receive a draft report in a couple weeks. She also mentioned the Plan is still awaiting the results of the DHCS routine audit conducted in March 2022.

Lastly, Ms. Tomcala noted Valley Medical Center is preparing for a possible physician strike, and discussion ensued regarding efforts to minimize the impact on members.

## 9. Adjourn to Closed Session

### a. Pending Litigation

The Executive/Finance Committee met in Closed Session to confer with Legal Counsel regarding pending litigation.

### b. Contract Rates

The Executive/Finance Committee met in Closed Session to discuss Plan partner rates.

## 10. Report from Closed Session

Ms. Lew reported that the Executive/Finance committee met in Closed Session to discuss pending litigation and Plan partner rates.

## 11. Adjournment

The meeting was adjourned at 12:12 PM.

DocuSigned by:

*Sarita Kohli*

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Sarita Kohli, Secretary