

Regular Meeting of the

Santa Clara County Health Authority Governing Board

Thursday, September 27, 2018, 2:30 PM – 5:00 PM

Santa Clara Family Health Plan, Board Room

6201 San Ignacio Blvd., San Jose, CA 95119

Via Teleconference

Residence

2060 Bryant Street

Palo Alto, CA 94301

AGENDA

- | | |
|---|---|
| <p>1. Roll Call
Welcome new Board Member, Evangeline Sangalang.</p> | <p>Mr. Brownstein 2:30 10 min</p> |
| <p>2. Public Comment
Members of the public may speak to any item not on the agenda; two minutes per speaker. The Board reserves the right to limit the duration of the public comment period to 30 minutes.</p> | <p>Mr. Brownstein 2:40 5 min</p> |
| <p>3. Approve Consent Calendar and Changes to the Agenda
Items removed from the Consent Calendar will be considered as regular agenda items.
Possible Action: Approve Consent Calendar</p> <p>a. Approve minutes of the June 28, 2018 Regular Board Meeting</p> <p>b. Accept minutes of the July 26, 2018 Executive/Finance Committee Meeting</p> <ul style="list-style-type: none"> • Ratify approval of the Tentative Agreement with SEIU • Ratify approval of the May 2018 Financial Statements • Ratify appointment of the Matrix Trust Company to provide retirement plan trustee services • Ratify appointment of the HR VP, CFO and CEO as representatives for the retirement plans • Ratify designation of office furniture as surplus | <p>Mr. Brownstein 2:45 5 min</p> |

- c. Accept minutes of the August 23, 2018 **Executive/Finance Committee Meeting**
 - Ratify approval of the Interim June 2018 Financial Statements
 - Ratify acceptance of the Network Detection and Prevention Report
 - d. Accept minutes of the June 28, 2018 **Compliance Committee Meeting**
 - Ratify acceptance of the Compliance Activity Report
 - Ratify acceptance of the Compliance Monitoring Report
 - Ratify acceptance of the Fraud, Waste, and Abuse Report
 - e. Accept minutes of the August 23, 2018 **Compliance Committee Meeting**
 - Ratify acceptance of the Compliance Activity Report
 - Ratify acceptance of the Compliance Monitoring Report
 - f. Accept minutes of the August 8, 2018 **Quality Improvement Committee Meeting**
 - Ratify approval of the Cultural Needs and Preferences Assessment Evaluation
 - Ratify approval of the Availability of Practitioners Evaluation
 - Ratify approval of the Member Services Telephone Access Evaluation
 - Ratify approval of the Cultural and Linguistics Program Workplan
 - Ratify acceptance of Committee Reports
 - Credentialing Committee – June 6, 2018
 - Pharmacy & Therapeutics Committee – March 18, 2018
 - Utilization Management Committee –April 18, 2018
 - g. Accept minutes of the August 8, 2018 **Provider Advisory Council Meeting**
 - h. Accept minutes of the September 11, 2018 **Consumer Advisory Committee Meeting**
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|--|------------|------|--------|
| 4. CMS Program Audit Presentation
Overview of CMS Program Audit process presented by Julie Mason of Medicare Compliance Solutions. | Ms. Larmer | 2:50 | 20 min |
| 5. Compliance Report
Review and discuss quarterly compliance activities and notifications.
Possible Action: Accept Compliance Report | Ms. Larmer | 3:10 | 25 min |
| 6. 2018 Compliance Program
Review revised Compliance Program document.
Possible Action: Approve 2018 Compliance Program | Ms. Larmer | 3:35 | 5 min |

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| <p>7. Standards of Conduct
Review revised Standards of Conduct.
Possible Action: Approve Standards of Conduct</p> | <p>Ms. Larmer 3:40 5 min</p> |
| <p>8. Brown Act Training
Overview of basic Brown Act requirements.</p> | <p>Ms. Larmer 3:45 15 min</p> |
| <p>9. Resolution for CalPERS Post-Retirement Service
Discuss Director of Compliance's retirement and potential continued service as consultant.

Possible Action: Approve resolution to authorize Director of Compliance post-retirement service</p> | <p>Ms. Larmer 4:00 5 min</p> |
| <p>10. CEO Update
Discuss status of current topics and initiatives.
Possible Action: Accept CEO Update</p> | <p>Ms. Tomcala 4:05 15 min</p> |
| <p>11. July 2018 Financial Statements
Review recent organizational financial performance.
Possible Action: Approve July 2018 Financial Statements</p> | <p>Mr. Cameron 4:20 15 min</p> |
| <p>12. Satellite Office
Discuss development of a Community Resource Center.
Possible Action: Delegate to the Executive/Finance Committee the authority to approve a budget and contracts for establishment of a Community Resource Center</p> | <p>Ms. Tomcala 4:35 10 min</p> |
| <p>13. Provider Advisory Council Charter
Review revised Provider Advisory Council Charter.
Possible Action: Approve Provider Advisory Council Charter</p> | <p>Ms. Tomcala 4:45 5 min</p> |
| <p>14. Publicly Available Salary Schedule Ranges
Consider changes to the Publicly Available Salary Schedule.
Possible Action: Approve Publicly Available Salary Schedule</p> | <p>Ms. Valdez 4:50 5 min</p> |
| <p>15. 2019 Board Meeting Calendar
Consider the proposed 2019 SCCHA Governing Board and Executive/Finance Committee meeting calendar.
Possible Action: Approve the 2019 SCCHA Governing Board and Executive/Finance Committee meeting calendar</p> | <p>Ms. Tomcala 4:55 5 min</p> |
| <p>16. Adjournment</p> | <p>Mr. Brownstein 5:00</p> |

Notice to the Public—Meeting Procedures

- Persons wishing to address the Committee on any item on the agenda are requested to advise the Recorder so that the Chairperson can call on them when the item comes up for discussion.
- The SCCHA Governing Board Committee may take other actions relating to the issues as may be determined following consideration of the matter and discussion of the possible action.
- In compliance with the Americans with Disabilities Act, those requiring accommodations in this meeting should notify Rita Zambrano 48 hours prior to the meeting at 408-874-1842.
- To obtain a copy of any supporting document that is available, contact Rita Zambrano at 408-874-1842. Agenda materials distributed less than 72 hours before a meeting can be inspected at the Santa Clara Family Health Plan offices at 6201 San Ignacio Avenue, San Jose, CA 95119.
- This agenda and meeting documents are available at www.scfhp.com

Regular Meeting of the Santa Clara County Health Authority Governing Board

Thursday, June 28, 2018
210 E. Hacienda Avenue
Campbell, CA 95008
Board Room

Minutes - Draft

Members Present

Bob Brownstein, Chair
Dolores Alvarado
Brian Darrow
Darrell Evora
Kathleen King
Liz Kniss (*via telephone*)
Michele Lew
Ria Paul, M.D.
Jolene Smith (*via telephone*)
Linda Williams

Members Absent

Chris Dawes
Paul Murphy
Brenda Taussig

Staff Present

Christine Tomcala, Chief Executive Officer
Dave Cameron, Chief Financial Officer
Chris Turner, Chief Operating Officer
Robin Larmer, Chief Compliance & Regulatory Affairs
Officer
Jeff Robertson, Chief Medical Officer
Jonathan Tamayo, Chief Information Officer
Neal Jarecki, Controller
Beth Paige, Director, Compliance
Johanna Liu, Director, Quality & Pharmacy
Rita Zambrano, Executive Assistant

Others Present

Janet Cory Sommer, Burke, Williams & Sorenson LLP
Richard Noack, Hopkins & Carley LLP
Stephen Babich, Department of Managed Health Care

1. Roll Call

Bob Brownstein, Chair, called the meeting to order at 2:35 pm. Roll call was taken and a quorum was established.

2. Public Comment

There were no public comments.

3. Adjourn to Closed Session

a. Existing Litigation

The Governing Board met in Closed Session to confer with Legal Counsel regarding Existing Exposure to Litigation regarding CalPERS Case No. 2017-1114; OAH Case No. 2018051223.

b. **Existing Litigation**

The Governing Board met in Closed Session to confer with Legal Counsel regarding Existing Exposure to Litigation regarding CalPERS Case No. 2017-1115; OAH Case No. 2018051029.

c. **Anticipated Litigation**

The Governing Board met in Closed Session to confer with Legal Counsel regarding one item of Significant Exposure to Litigation.

d. **Conference with Labor Negotiators**

The Governing Board met in Closed Session to confer with management representatives regarding negotiations with SEIU Local 521.

4. **Report from Closed Session**

Mr. Brownstein reported that the Governing Board met in Closed Session to discuss existing and anticipated litigation, and conferred with labor negotiators.

5. **Tentative Agreement with SEIU Local 521**

Mr. Brownstein reported that management and SEIU Local 521 have come to a tentative agreement which needs to be ratified by the union.

It was moved, seconded, and unanimously approved to delegate to the Executive/Finance Committee the authority to adopt the agreement with SEIU following ratification by the union.

6. **Approve Consent Calendar and Changes to the Agenda**

Mr. Brownstein presented the Consent Calendar and indicated all items would be approved in one motion.

- a. Approve minutes of the March 22, 2018 **Regular Board Meeting**
- b. Accept minutes of the April 26, 2018 **Executive/Finance Committee Meeting**
 - Ratify approval of the February 2018 Financial Statements
 - Ratify approval of the Annual Investment Activity and Policy Review
- c. Accept minutes of the May 24, 2018 **Executive/Finance Committee Meeting**
 - Ratify approval of the March 2018 Financial Statements
 - Ratify acceptance of the Fiscal Year 2017-2018 Donations and Sponsorships Annual Report
 - Ratify approval of the Funding for Community Clinic PCMH Certification
 - Ratify acceptance of the Network Detection and Prevention Report
- d. Accept minutes of the May 9, 2018 **Quality Improvement Committee Meeting**
- e. Accept minutes of the June 6, 2018 **Quality Improvement Committee Meeting**
 - Ratify approval of the QI Work plan
 - Ratify approval of the QI Program Evaluation
 - Ratify approval of the Population Health Management Description
 - Ratify approval of the Case Management Program Evaluation
 - Ratify approval of the Health Education Work plan
 - Ratify approval Health Education Program Evaluation

- Ratify approval of the Quality Improvement Policies
 - Q1.01 Conflict of Interest
 - Q1.02 Clinical Practice Guidelines
 - Q1.03 Distribution of Quality Improvement Information
 - Q1.04 Peer Review Process
 - Q1.05 Potential Quality of Care Issues
 - Q1.06 Quality Improvement Study Design/Performance Improvement Program Reporting
 - Q1.07 Physical Access Compliance
 - Q1.08 Cultural and Linguistically Competent Services
 - Q1.09 Health Education Program and Delivery System Policy
 - Q1.10 IHA and HEBA Assessments Policy
 - Q1.11 Member Non-Monetary Incentives
 - Q1.12 SBIRT
 - Q1.13 Comprehensive Case Management
 - Q1.14 Disease Management
 - Q1.15 Transitions of Care
 - Q1.17 BH Care Coordination
 - Q1.18 Sensitive Services, Confidentiality, Rights of Adults and Minors
 - Q1.19 Care Coordination Staff Training
 - Q1.20 Information Sharing with SARC
 - Q1.21 Information Exchange Between Santa Clara Family Health Plan and the County of Santa Clara Behavioral Services Department
 - Q1.22 Early Start Program (Early Intervention Services)
- Ratify acceptance of Committee Reports
 - Credentialing Committee – February 7, 2018 & April 4, 2018
 - Pharmacy & Therapeutics Committee- December 14, 2017
 - Utilization Management Committee- October 26, 2017 & January 17, 2018
- f. Accept minutes of the May 3, 2018 **Provider Advisory Council** Meeting
- g. Accept minutes of the June 12, 2018 **Consumer Advisory Committee** Meeting
- h. Accept minutes of the May 29, 2018 **Board Discretionary Fund Ad Hoc Committee** Meeting

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

7. CEO Update

Christine Tomcala, Chief Executive Officer, reminded the Board the Plan sponsored construction of an outdoor classroom space for Veggielution in honor of the Plan's 20th Anniversary. She thanked Board members Ria Paul and Paul Murphy for attending the groundbreaking ceremony on June 2nd, and noted that SEIU Local 393 members are providing support for installation.

Ms. Tomcala provided an update on the new building, noting there has been significant progress and occupancy is still on target for July 27, 2018, with the first day of business on Monday, July 30.

Ms. Tomcala indicated that once the move has been completed, the Plan would continue to pursue a Satellite location.

It was moved, seconded, and unanimously approved to accept the CEO update.

8. Compliance Report

Robin Larmer, Chief Compliance and Regulatory Affairs Officer, presented the March–June 2018 Compliance Report. Ms. Larmer reported on the progress toward completion of the Core 2.1 Performance Improvement Plan (PIP) and noted that the monthly reporting to CMT continues and initial rates continue to be compliant.

Ms. Larmer reported that the Department of Health Care Services (DHCS) conducted an annual audit in April 2018 and the preliminary report is due July/August 2018. The Department of Managed Health Care (DMHC) also conducted a follow-up audit of the Plan's audit deficiencies in June and the preliminary report regarding those findings is due August 6, 2018. DMHC will conduct its next routine audit on March 18, 2019. On March 31, 2018, the Plan successfully submitted its 2017 Timely Access filing, and it is under review by DMHC.

Compliance training for staff and board members will be conducted between July and September 2018.

Ms. Larmer provided an update on other CMS compliance issues, noting the Plan's 2017 Medicare Data Validation (MDV) Audit Corrective Action has been closed. The Plan had until the completion of the 2018 MDV Audit to finalize its CAP.

Regarding Medi-Cal compliance, Ms. Larmer noted that SCFHP completed its first annual DHCS network certification filing, indicating there were no identified gaps in time and distance standards for PCP access. However, there were gaps in specialty access, specifically for Gastroenterology (pediatrics/adults), HIV/AIDS (Pediatric/adults), Neurology (pediatrics/adults), and Physical Medicine and Rehabilitation (pediatrics/adults) in rural zip codes. DHCS has approved alternate access standards for those zip codes, and SCFHP will not be found deficient in those areas. SCFHP will continue to evaluate and reach out to providers for contracting in these areas.

SCFHP, along with several other plans, was moved to Phase 3 implementation of the Medicaid Health Homes Program: July 1, 2019, for members with eligible chronic physical conditions and substance use disorders, and January 1, 2020, for members with Specialty Mental Health conditions. SCFHP continues to prepare for the implementation.

In September 2014, Behavioral Health Therapy (BHT) services were made a Managed Care benefit for beneficiaries with autism, and management of these members was moved from the Regional Center to the Plan. Similarly, management of BHT services for non-autistic Medi-Cal members will move from the Regional Center to the Plan on July 1, 2018.

SCFHP submitted a request to DHCS to allow SCFHP to mail a postcard to members rather than the annual EOC mailing. Members would be directed to the website for an electronic version of the EOC, or to call the Plan to request a hard copy EOC. The request is under consideration by DHCS.

Ms. Larmer noted that DHCS' Provider Enrollment and Screening processes must be fully implemented by December 31, 2018. Providers must either enroll with Medi-Cal directly and go through its credentialing and screening process, or go through a Plan-established process that mirrors the State's process.

In May 2018, staff participated in a series of on-site meetings with T&M Protection resources, the Plan's FWA/SIU vendor, to discuss program structure, emergent local and national trends, and feedback from DHCS during its audit.

It was moved, seconded, and unanimously approved to accept the Compliance Report as presented.

Liz Kniss joined the meeting at 3:20 pm.

9. April 2018 Financial Statements

Dave Cameron, Chief Financial Officer, presented the April 2018 financial statements, which reflected a current month net surplus of \$225 thousand (\$1.6 million unfavorable to budget) and a fiscal year-to-date (YTD) net surplus of \$17.7 million (\$7.8 million favorable to budget).

April enrollment declined to 262,569 members. While Medi-Cal enrollment has continued to decline since October 2016, CMC membership has stabilized over the past few months due to continued outreach efforts.

Revenue reflected a favorable current month variance of \$85.9 million (103.4%) and a favorable YTD variance of \$98.0 million (10.6%). Medical expenses reflected an unfavorable current month variance of \$87.9 million (-114.1%) and an unfavorable YTD variance of \$92.5 million (-10.6%). Current month and YTD revenue variances reflect the inclusion of AB85 to Cost funds of approximately \$85 million. Administrative expenses reflected a favorable current month variance of \$261 thousand (6.4%) and a favorable YTD variance of \$206 thousand (0.5%). The Plan is actively hiring permanent staff.

The April 2018 balance sheet reflected a current ratio of 1.2 versus the minimum required by DMHC of 1.00. Tangible Net Equity (TNE) was \$176.1 million, or 469.8% of the minimum required by DMHC of \$37.5 million. YTD Capital Investments of \$11.3 million largely represented the purchase and renovation of the new building, acquired to reduce long-term occupancy costs.

It was moved, seconded and the April 2018 Financial Statements were **unanimously approved**.

Kathleen King joined the meeting at 3:30 pm.

10. Fiscal Year 2018-2019 Budget

Mr. Cameron presented the proposed 2018-19 operating and capital budgets. Projected enrollment, which was based largely on recent trends, is expected to decrease 5.5% to 236,000 members. Projected revenue is expected to decrease 12.4% to \$968 million due largely to declining enrollment, projected Medi-Cal capitation rate reductions, and the phase-out of In-Home Support Services (IHSS) from Medi-Cal effective January 1, 2018. Projected healthcare expenses are expected to decrease 12.3% to \$902 million based on declining enrollment, trended future healthcare costs, and the phase-out of IHSS. Projected administrative expenses are expected to increase 10.9% to \$55.7 million due to increased headcount, one-time printing and postage costs, new I.T. initiatives, and increased depreciation expense. The fiscal year 2018-19 operating budget projects an annual surplus of \$9.1 million or 0.9% of revenue and an overall medical loss ratio (MLR) of 93.2%. The proposed 2018-19 capital budget of \$4.3 million includes I.T. hardware and software investments of \$3.1 million and facilities enhancements of \$1.2 million.

It was moved, seconded, and the FY'19 Budget was **unanimously approved** as presented.

11. Board Discretionary Fund

Ms. Tomcala referred the Board to the minutes of the Board Discretionary Fund Subcommittee, which recommended Board approval of the establishment, funding, and administration of a Special Project Board Discretionary Fund, as reflected in the proposed policy. The initiative would be funded with reserves that exceed the Board-designated TNE range maximum at fiscal year-end.

Unlike a grant program, the fund under consideration is meant to be a reserve for periodic strategic investments in promising initiatives on which SCFHP can collaborate, that further the work of the Plan in better managing the

care of members. The intent is not to immediately deplete the fund, as further funds may not be available for several years.

As outlined in the proposed policy, the Executive/Finance Committee may approve special project investments up to \$100,000, and the Governing Board must approve project funding over \$100,000.

It was moved, seconded, and unanimously approved to establish, fund, and administer a Board discretionary fund for strategic investments, as outlined in Policy GO.02: Special Project Board Discretionary Fund.

12. Enterprise Data Warehouse (EDW)

Jonathan Tamayo, Chief Information Officer, presented background information on the Enterprise Data Warehouse (EDW) project, undertaken in conjunction with Kern Family Health Care and FluidEdge. He noted that in November 2017, the Board approved investment of \$285,000 for the development of Phase I.

Mr. Tamayo respectfully requested that the Board consider moving forward with funding for Phase II of the project.

It was moved, seconded, and unanimously approved to authorize the CEO to amend the contract with FluidEdge for Phase II development of an Enterprise Data Warehouse in collaboration with Kern Family Health Care in an amount not to exceed \$240,000.

Dolores Alvarado left the meeting at 4:33 pm.

13. Preliminary Fiscal Year 2017-2018 Year in Review

Ms. Tomcala presented the preliminary year-end status of the Fiscal Year 2017-2018 Plan Objectives. A summary of performance on the eight Plan Objectives was provided, as well as metrics on membership and revenue changes, and employee hiring.

It was moved, seconded, and unanimously approved to accept the Preliminary FY 2017-18 Year Plan Objectives Performance Report.

14. Fiscal Year 2018-2019 Plan Objectives

Ms. Tomcala presented the draft Fiscal Year 2018-2019 Plan Objectives, which have an overall focus on quality improvement and operational excellence, and identify specific objectives in six areas: compliance and delegation oversight, benchmark quality performance, reporting and analytics, membership growth and retention, collaboration with Safety Net Community Partners, and achieving budgeted financial performance.

It was moved, seconded, and the FY 2018-19 Plan Objectives were unanimously approved.

Liz Kniss and Jolene Smith left the meeting at 4:55 pm.

15. Fiscal Year 2018-2019 Team Incentive Compensation

Ms. Tomcala presented the proposed Fiscal Year 2018-2019 Team Incentive Compensation program, which is designed to recognize employees for achieving critical Plan Objectives, including Compliance Metrics and answering Customer calls within 30 seconds, as well as CMC NCQA Accreditation and Medi-Cal HEDIS improvement.

It was moved, seconded, and the FY 2018-19 Team Incentive Compensation Program was **unanimously approved**.

16. Employee Satisfaction Survey Report

Ms. Tomcala highlighted the 2018 Employee Satisfaction Survey results, noting there was a 94% response rate. There was no significant difference from 2017 or the norm on the three overall ratings. On the Overall Satisfaction measure, the percentage of highly satisfied employees stands at 58%.

It was moved, seconded, and unanimously approved to accept the Employee Satisfaction Survey Report.

17. Publicly Available Salary Schedule Ranges

Ms. Tomcala provided an update on the Publicly Available Salary Schedule, noting the positions that were added and removed.

It was moved, seconded and the Publicly Available Salary Schedule was **unanimously approved**.

18. Annual CEO Evaluation Process

Mr. Brownstein indicated it is time for the annual CEO review, and recommended appointment of a subcommittee to lead the annual evaluation process.

It was moved, seconded and unanimously approved to appoint Dolores Alvarado as Chair, and Bob Brownstein, Kathleen King, Brenda Taussig, and Linda Williams to a temporary, ad hoc subcommittee to conduct the annual evaluation of the CEO.

19. Recognition of Board Member

The Governing Board recognized Michele Lew for her years of service on the SCCCHA Governing Board. She served on the Board for more than eight years, and her term expires June 30, 2018.

20. Election of Vice-Chairperson

With the departure of Ms. Lew, Mr. Brownstein indicated it was necessary to elect a new Vice-Chairperson, and nominated Brian Darrow.

It was moved, seconded, and unanimously approved to appoint Brian Darrow as Vice-Chairperson to serve the balance of Michele Lew's term of office.

21. Election of Officers

Mr. Brownstein indicated that officers were last elected to a two-year term in September 2016. Therefore, it is time to consider if a Nominating Committee needs to be appointed. It was confirmed that all incumbents are still willing to serve in these roles.

It was moved, seconded, and unanimously approved to re-elect Bob Brownstein to the office of Chairperson, Brian Darrow to the office of Vice-Chairperson, Dave Cameron to the office of Treasurer, and Robin Larmer to the office of Secretary.

22. Adjournment

The meeting was adjourned at 5:07 pm.

Robert Brownstein, Chairman

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

July 26, 2018, 11:30 AM – 1:00 PM
Santa Clara Family Health Plan, Cambrian Conference Room
210 East Hacienda Avenue, Campbell, CA 95008

Via Teleconference
Residence
1058 Main Street
Cotuit, MA 02635

MINUTES - Approved

Members Present

Brian Darrow, Chair
Bob Brownstein
Liz Kniss (*via telephone*)
Linda Williams

Members Absent

Dolores Alvarado

Staff Present

Christine Tomcala, Chief Executive Officer
Dave Cameron, Chief Financial Officer
Neal Jarecki, Controller
Sharon Valdez, VP of Human Resources
Rita Zambrano, Executive Assistant

Others Present

April Pitt, SEIU Chief Steward
Karly Davis, Pacific Premier Bank
Elizabeth Sanchez, Pacific Premier Bank
Gene Alarcon, Pacific Premier Bank

1. Roll Call

Brian Darrow called the meeting to order at 11:35 am. Roll call was taken and a quorum was established.

2. Meeting Minutes

The minutes of the May 24, 2018 Executive/Finance Committee were reviewed.

It was moved, seconded, and the May 24, 2018 Executive/Finance Committee Minutes were unanimously approved.

3. Public Comment

April Pitt, SCFHP Employee and SEIU Local 521 Chief Steward, reported that SCFHP and SEIU Local 521 reached a Tentative Agreement on June 21, 2018, and on July 18, 2018 the Unit Members voted to ratify the agreement.

4. Tentative Agreement with SEIU Local 521

The Tentative Agreement with SEIU Local 521 was discussed.

It was moved, seconded, and unanimously approved to approve the Tentative Agreement with SEIU Local 521.

5. May 2018 Financial Statements

Dave Cameron, Chief Financial Officer, presented the May 2018 financial statements. For the month, the Plan reported a net surplus of \$48 thousand, which was \$1.6 million unfavorable to budget. For the first eleven months of the fiscal year, the Plan reported a net surplus of \$17.8 million, which was \$6.1 million favorable to budget.

May enrollment of 259,848 members reflected an unfavorable variance of 10,760 members (4.0%) and a decline of 2,271 members from the prior month. Year-to-date member months of 2.9 million reflected an unfavorable variance of 66,000 member months (2.2%). Since the beginning of the fiscal year, Medi-Cal membership has decreased 6.2%, Healthy Kids membership has increased 17.9%, and CMC membership has decreased 1.4%.

For the month, revenue of \$83.6 million reflected a favorable variance of \$0.6 million (0.8%). YTD, revenue reflected a favorable variance of \$98.7 million (9.8%). The current month variance was due to a variety of factors, including the mix of members between programs and within Medi-Cal categories of aid and Long Term Care (LTC) member months and rate differentials. The YTD Revenue and Medical Expense variances reflect the inclusion of AB85 to Cost and Prop 56 funds of \$85 million and \$6.6 million, respectively.

For the month, medical expense reflected an unfavorable variance of \$2.3 million (2.9%). YTD, medical expense reflected an unfavorable variance of \$94.7 million (10.0%). The current month and YTD variances both reflect increases in estimates for prior period medical expenses (partly reflecting certain high-cost CMC claims). Also, as noted above, the YTD Revenue and Medical Expense variances reflect the inclusion of AB85 to Cost and Prop 56 funds of \$85 million and \$6.6 million, respectively.

For the month, administrative expense reflected an unfavorable variance of \$258 thousand (6.1%). YTD, administrative expense reflected an unfavorable variance of \$51 thousand (0.1%). YTD, personnel expense was 2.8% under budget while non-personnel expense was 3.8% over budget. Non-Personnel Expense reflected higher consultant usage for open staff positions, special projects, and new Medi-Cal compliance requirements (HIF-MET new member assessments). The Plan is actively hiring permanent staff to replace consultants. Partially offsetting these unfavorable variances were deferred printing and postage expenses, some of which will be incurred later in the current fiscal year.

The balance sheet reflected a current ratio of 1.27, which exceeds the Department of Managed Health Care (DMHC) minimum of 1.0, while Tangible Net Equity (TNE) of \$176.1 million was 477.1% of the DMHC minimum requirement of \$36.9 million.

YTD capital investments of \$12.9 million were made versus the annual budget of \$17.3 million, much of which was due to the purchase and renovation of the new office building, acquired to reduce long-term occupancy costs.

It was moved, seconded, and the May 2018 Financial Statements were unanimously approved.

6. Retirement Fund Administrative Changes

Sharon Valdez, VP of Human Resources, discussed the proposed administrative changes for the SCFHP retirement plans, which have been recommended by counsel.

It was moved, seconded, and unanimously approved to authorize and appoint the Matrix Trust Company to provide passive-directed trustee services for the SCFHP retirement plans, and to authorize the Chief Executive Officer to take all such actions necessary to implement the Trust, including the execution of an agreement with Matrix.

It was moved, seconded, and unanimously approved to appoint Sharon Valdez, of VP Human Resources, Dave Cameron, CFO, and Christine Tomcala, CEO, as Authorized Representatives for the SCFHP retirement plans.

7. New Building Update

Ms. Tomcala and Mr. Cameron provided an update on the buildout of the new office, noting we are on course to take occupancy and expect final permitting on July 27, 2018. Some completion work will continue after move-in (e.g., front lobby). The Plan would like to donate its used furniture to a non-profit organization.

It was moved, seconded, and unanimously approved to designate office furniture no longer required for public use as surplus.

8. CEO Update

Christine Tomcala, Chief Executive Officer, reported that on July 9 the Plan received notice that CMS would be conducting a Program Audit from July 11 - September 7, 2018. This is the first time SCFHP will be participating in a CMS Program Audit, and it will be a collaborative, cross-functional effort across the organization.

Ms. Tomcala noted that Verity Health System announced it may sell its hospitals.

It was moved, seconded, and unanimously approved to accept the CEO Update.

9. Adjournment

The meeting was adjourned at 12:40 PM.

Brian Darrow, Chair



Santa Clara Family Health Plan

The Spirit of Care

Unaudited Financial Statements
For Eleven Months Ended May 2018

Agenda

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Financial Highlights

	MTD		YTD	
Revenue	\$84 M		\$1,108 M	
Medical Expense (MLR)	\$79 M	94.8%	\$1,046 M	94.4%
Administrative Expense (% Rev)	\$4.5 M	5.4%	\$46.1 M	4.2%
Other Income/Expense	\$191,663		\$1,498,861	
Net Surplus (Loss)	\$48,076		\$17,756,729	
Cash on Hand			\$256 M	
Net Cash Available to SCFHP			\$234 M	
Receivables			\$480 M	
Total Current Assets			\$744 M	
Current Liabilities			\$588 M	
Current Ratio			1.26	
Tangible Net Equity			\$176 M	
% of DMHC Requirements			477.1%	

Financial Highlights



Santa Clara
Family Health Plan
The Spirit of Care

- Net Surplus
 - Month: Surplus of \$48.1K is \$-1.6M or -97.1% unfavorable to budget of \$1.7M.
 - YTD: Surplus of \$17.8M is \$6.1M or 53.0% favorable to budget of \$11.6M.
- Enrollment
 - Month: Membership was 259,848 (-10,760 or -4.0% unfavorable budget of 270,608).
 - YTD: Member months were 2.9M (-66.0K or -2.2% unfavorable budget of 3.0M).
- Revenue
 - Month: \$83.6M (\$0.6M or 0.8% favorable to budget of \$83.0M)
 - YTD: \$1108.3M (\$98.7M or 9.8% favorable to budget of \$1009.7M)
- Medical Expense
 - Month: \$79.3M (\$-2.3M or -2.9% unfavorable to budget of \$77.0M)
 - YTD: \$1046.0M (\$-94.7M or -10.0% unfavorable to budget of \$951.3M)
- Administrative Expense
 - Month: \$4.5M (\$-257.5K or -6.1% unfavorable to budget of \$4.3M)
 - YTD: \$46.1M (\$-51.1K or -0.1% unfavorable to budget of \$46.0M)
- Tangible Net Equity
 - TNE was \$176.1M (477.1% of minimum DMHC minimum requirement of \$36.9M)
- Capital Expenditures
 - YTD Capital Investments of \$12.9M were incurred vs. \$17.3 annual budget - primarily building renovation.

Risks & Opportunities

- Risks
 - Enrollment continues to decline and trails budget.
 - Medi-Cal enrollment has been declining since October 2016 possibly due to:
 - An improving local economy.
 - Member relocations out-of-area triggered by high local housing costs
 - Members' desire to go "off the grid".
 - Revenue recordation continues to require significant estimation and accruals, particularly those for the Coordinated Care Initiative (CCI).
 - Volatility in claims payments results in challenges to the estimation of monthly medical expenses.
 - For FY19, declining enrollment and revenue capitation rates trends been budgeted.
- Opportunities
 - YTD Net Surplus continues to exceed budget.
 - Continued incremental CMC enrollment growth due to outreach efforts.
 - In-house utilization management and individualized Care Management Plans should yield better outcomes for members.
 - With the convergence of claims processing on the QNXT system, auto-adjudication and efficiency are increasing.
 - As open positions are filled, temporary staff and consultant usage will decline.
 - Relocation to new building is targeted for late July 2018.



Santa Clara Family Health Plan

The Spirit of Care

Details

Enrollment

- Medi-Cal membership has continued to decline since October 2016, while CMC membership has stabilized over the past few months.
 - As detailed on page 15, much of the Medi-Cal enrollment decline has been in the Non-Dual Medicaid Expansion (MCE), Adult and Child categories of aid.
- FY18 YTD Membership Trends
 - Medi-Cal membership has decreased since the beginning of the fiscal year by -6.2%.
 - Healthy Kids membership increased since the beginning of the fiscal year by 17.9%.
 - CMC membership decreased since the beginning of the fiscal year by -1.4%. Increasing since February.

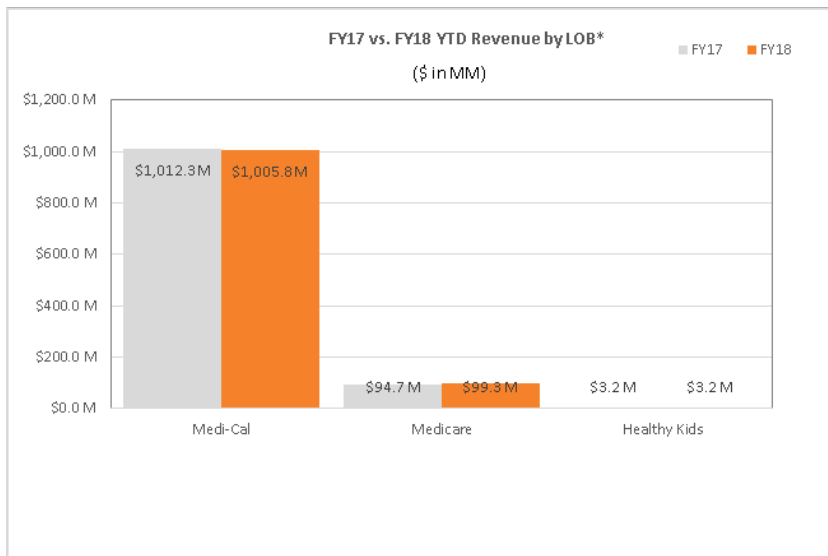
	For the Month of May 2018			For Eleven Months Ending May 31 2018					
									Δ
	Actual	Budget	Variance	Actual	Budget	Variance	Prior Year Actuals		FY17 vs. FY18
Medi-Cal	249,188	260,308	-(4.3%)	2,824,512	2,889,773	-(2.3%)	2,951,722		-(4.3%)
Healthy Kids	3,220	2,800	15.0%	31,098	30,800	1.0%	32,935		-(5.6%)
Medicare	7,440	7,500	-(0.8%)	81,467	82,500	-(1.3%)	84,831		-(4.0%)
Total	259,848	270,608	-(4.0%)	2,937,077	3,003,073	-(2.2%)	3,069,488		-(4.3%)

Santa Clara Family Health Plan Enrollment By Network								
May 2018								
Network	Medi-Cal		Healthy Kids		CMC		Total	
	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total
Direct Contract Physicians	29,336	12%	355	11%	7,440	100%	37,131	14%
SCVHHS ¹ , Safety Net Clinics, FQHC ² Clinics	124,724	50%	1,438	45%	-	0%	126,162	49%
Palo Alto Medical Foundation	7,300	3%	111	3%	-	0%	7,411	3%
Physicians Medical Group	46,113	19%	1,076	33%	-	0%	47,189	18%
Premier Care	15,643	6%	240	7%	-	0%	15,883	6%
Kaiser	26,072	10%	-	0%	-	0%	26,072	10%
Total	249,188	100%	3,220	100%	7,440	100%	259,848	100%
Enrollment at May 31, 2018	265,753		2,732		7,543		276,028	
Net Δ from Beginning of FY18	-6.2%		17.9%		-1.4%		-5.9%	

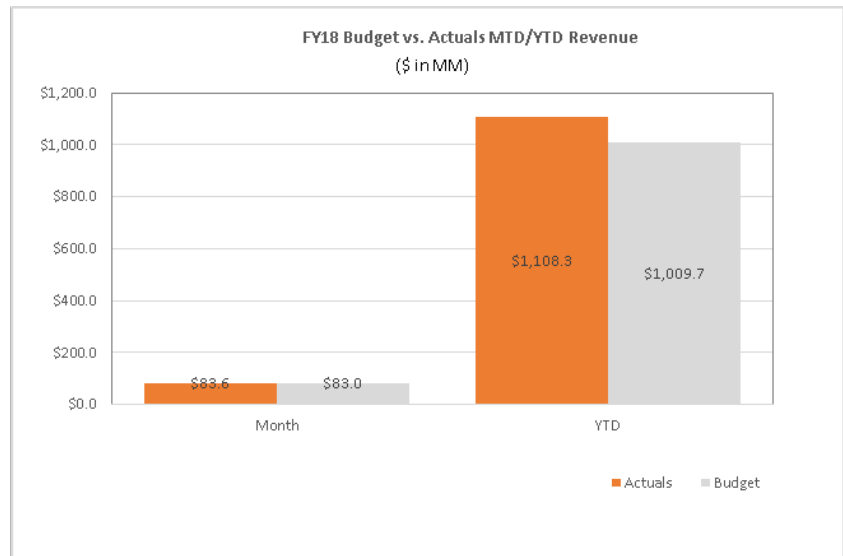
¹ SCVHHS = Santa Clara Valley Health & Hospital System								
² FQHC = Federally Qualified Health Center								

Revenue

- Current month revenue of \$83.6M is \$0.6M or 0.8% favorable to budget of \$83.0M. YTD revenue of \$1108.3M is \$98.7M or 9.8% favorable to budget of \$1,009.7M. The current month variance was due to a variety of factors, including:
 - The mix of members between programs and within Medi-Cal categories of aid.
 - Long Term Care (LTC) revenue was up in May to \$4.6M and favorable to budget by \$1.8M due to higher member months.
 - Hep C revenue was down in May to \$0.5M and unfavorable to budget by \$-0.8M due to declining DHCS rates.
 - Adult Expansion revenue was down in May to \$19.7M and unfavorable to budget by \$-3.5M.
 - YTD revenue and medical expense both reflect the inclusion of Prop 56 funds and AB85 To Cost funds of approximately \$85M and \$6.6M, respectively.



	FY17 vs. FY18 YTD Revenue by LOB*			
	FY17	FY18	Variance	
Medi-Cal	\$1,012.3 M	\$1,005.8 M	(\$6.5 M)	-0.6%
Medicare	\$94.7 M	\$99.3 M	\$4.6 M	4.8%
Healthy Kids	\$3.2 M	\$3.2 M	\$0.0 M	0.2%
Total Revenue	\$1,110.2 M	\$1,108.3 M	(\$1.9 M)	-0.2%

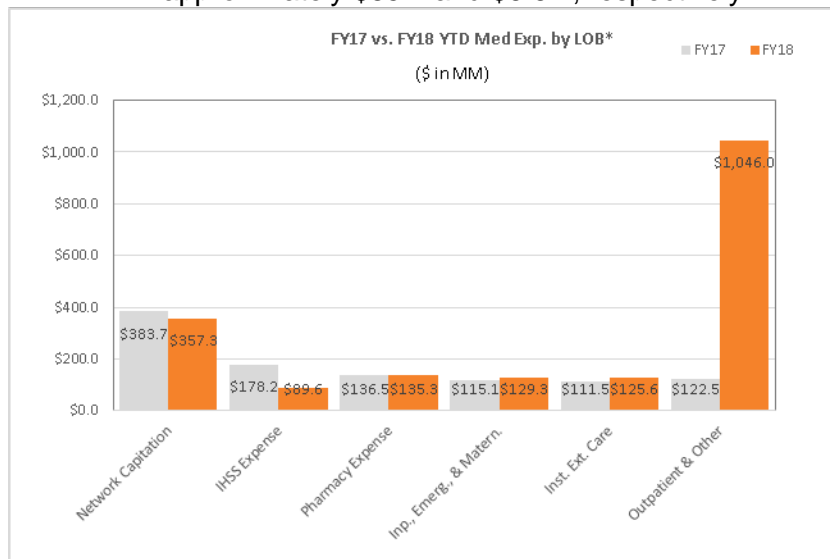


	FY18 Budget vs. Actuals MTD/YTD Revenue			
	Actuals	Budget	Variance	
Month	\$83.6	\$83.0	\$0.6	0.8%
YTD	\$1,108.3	\$1,009.7	\$98.7	9.8%

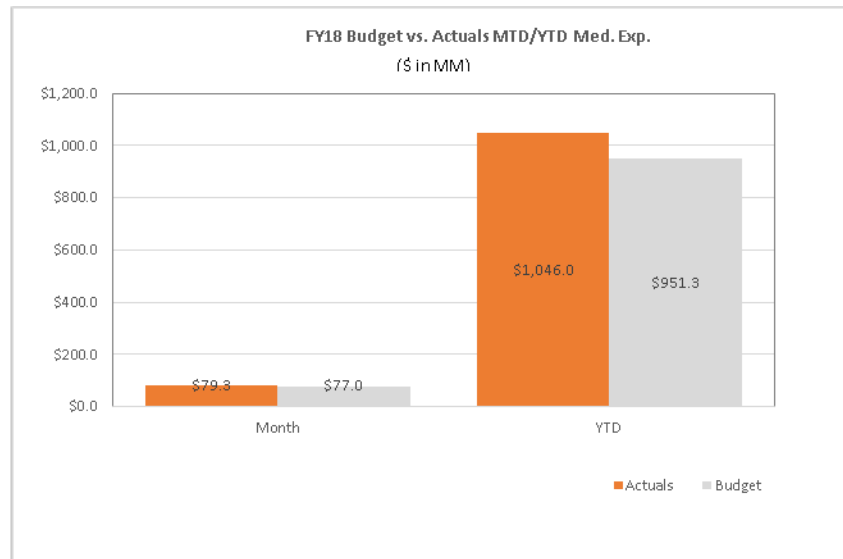
*IHSS was included in revenue through 12/31/17

Medical Expense

- Current month medical expense of \$79.3M is -\$2.3M or -2.9% unfavorable to budget of \$77.0M. YTD medical expense of \$1,046.0M is -\$94.7M or -10.0% unfavorable to budget of \$951.3M. The current month variance was due to a variety of factors including:
 - Capitation expense was favorable by \$2.6M due to fewer member months.
 - Fee-for-service expense exceeded budget by approximately \$4.8M reflecting unfavorable variance in Inpatient and Long-Term Care categories of service of \$2.5M and \$2.1M, respectively. These variances include increases in estimates for prior period medical expense (partly reflecting some high-cost CMC claims).
 - YTD revenue and medical expense both reflect the inclusion of Prop 56 funds and AB85 To Cost funds of approximately \$85M and \$6.6M, respectively.



	FY17 vs. FY18 YTD Med Exp. by LOB*			
	FY17	FY18	Variance	
Network Capitation	\$383.7	\$357.3	-\$26.4	-6.9%
IHSS Expense	\$178.2	\$89.6	-\$88.6	-49.7%
Pharmacy Expense	\$136.5	\$135.3	-\$1.2	-0.9%
Inp., Emerg., & Matern.	\$137.8	\$151.1	\$13.3	9.6%
Inst. Ext. Care	\$111.5	\$125.6	\$14.1	12.7%
Outpatient & Other	\$99.8	\$187.2	\$87.4	87.6%
Total Medical Expense	\$1,047.4	\$1,046.0	-\$1.4	-0.1%

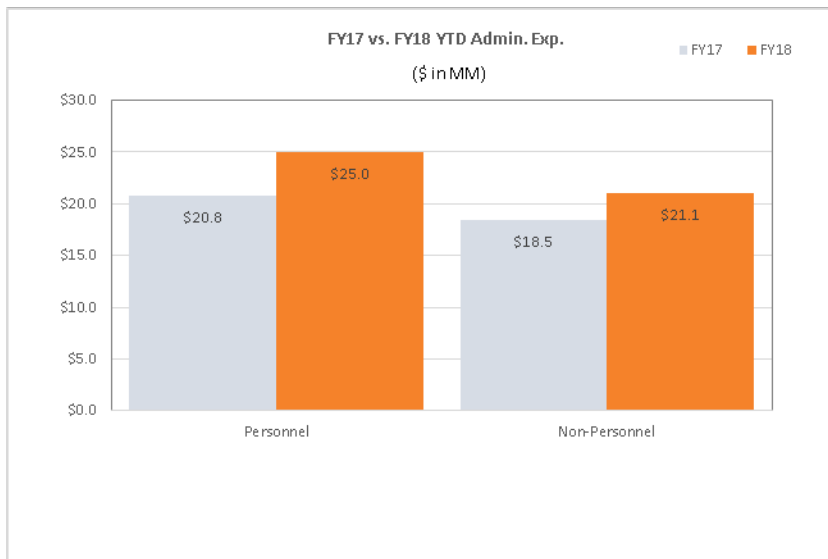


	FY18 Budget vs. Actuals MTD/YTD Med. Exp.			
	Actuals	Budget	Variance	
Month	\$79.3	\$77.0	-\$2.3	-2.9%
YTD	\$1,046.0	\$951.3	-\$94.7	-10.0%

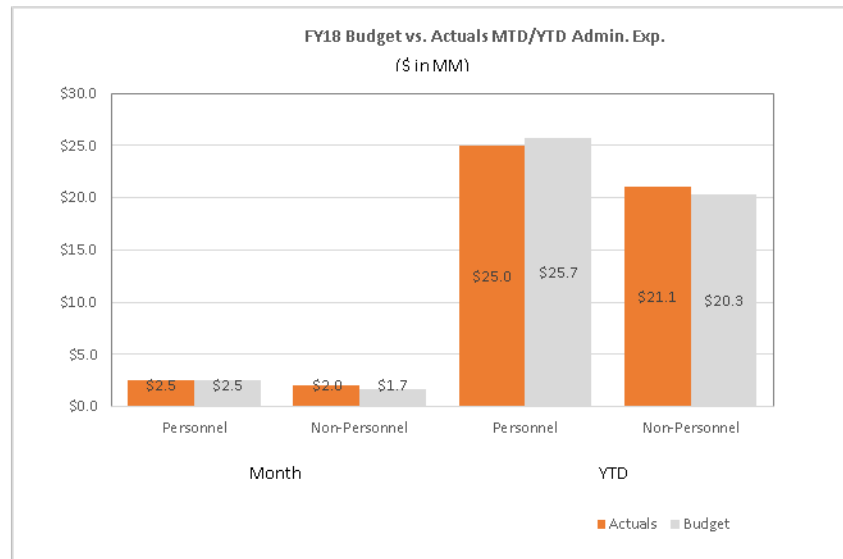
*IHSS was included in medical expense through 12/31/17

Administrative Expense

- Current month admin expense of \$4.5M is \$-257.5K or -6.1% unfavorable to budget of \$4.3M. YTD admin expense of \$46.1M is -\$51.1K or -0.1% unfavorable to budget of \$46.0M.
 - For the YTD, Personnel expenses are -2.8% under budget due to delayed hiring, while consultants are \$2.7M over budget both to delayed hiring and special projects.
 - For the YTD, Non-Personnel expenses are 3.8% over budget, primarily due to increased consultant usage for both open staff positions and special projects during the year and additional contracted costs for new member needs assessments (HIF/MET). Partially offsetting this was deferred printing and postage expenses.



	FY17 vs. FY18 YTD Admin. Exp.			
	FY17	FY18	Variance	
Personnel	\$20.8	\$25.0	\$4.2	20.0%
Non-Personnel	\$18.5	\$21.1	\$2.6	14.1%
Total Administrative Expense	\$39.3	\$46.1	\$6.8	17.2%



		FY18 Budget vs. Actuals MTD/YTD Admin. Exp.			
		Actuals	Budget	Variance	
Month	Personnel	\$2.5	\$2.5	\$0.0	0.6%
	Non-Personnel	\$2.0	\$1.7	-\$0.3	-16.0%
	MTD Total	\$4.5	\$4.3	-\$0.3	-6.1%
YTD	Personnel	\$25.0	\$25.7	\$0.7	2.8%
	Non-Personnel	\$21.1	\$20.3	-\$0.8	-3.8%
	YTD Total	\$46.1	\$46.0	-\$0.1	-0.1%

Balance Sheet

- Current assets totaled \$744M compared to current liabilities of \$588M, yielding a current ratio (Current Assets/Current Liabilities) of 1.27 vs. the DMHC minimum requirement of 1.0.
- Working capital (Current Assets Less Current Liabilities) increased by \$4.2M for the 11 months of the fiscal year to \$156M.
- Cash decreased by \$108.6M for the 11 months of the fiscal year to \$256M largely due to recoupment of excess MCE rate payments by DHCS.

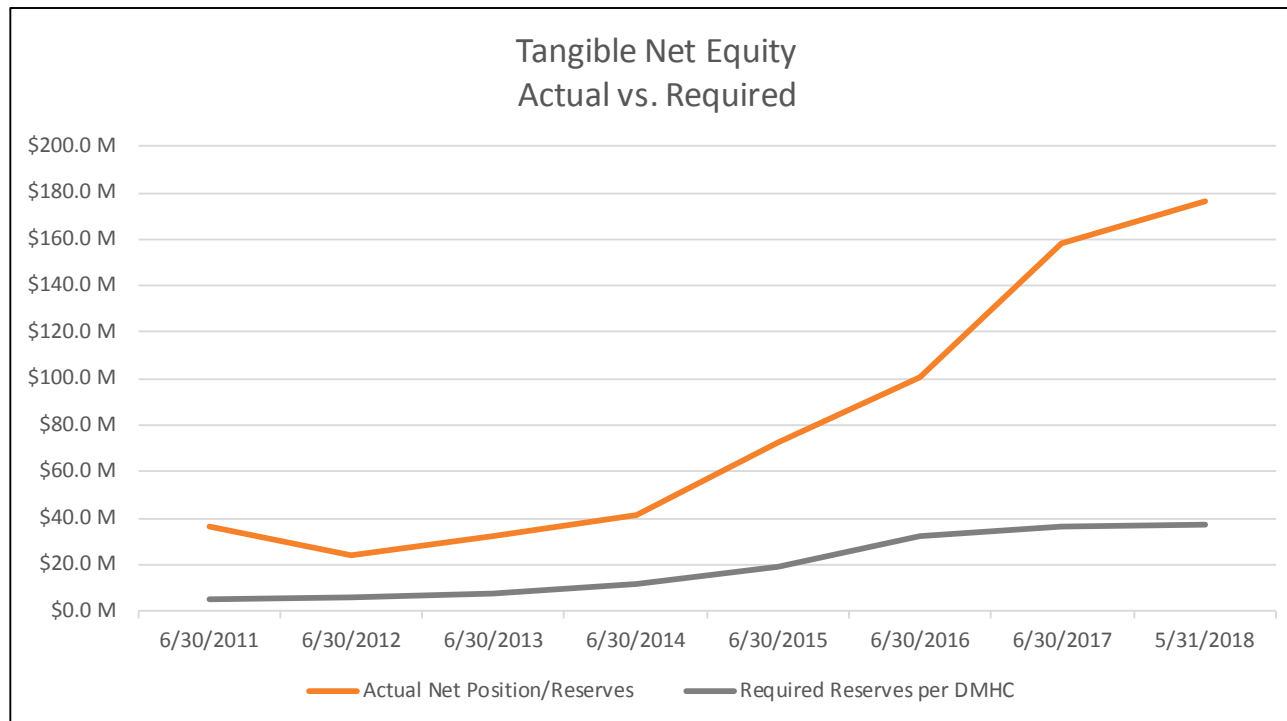
Tangible Net Equity

- TNE was \$176.1M in May 2018 or 477.1% of the most recent quarterly DMHC minimum requirement of \$36.9M. TNE trends for SCFHP are shown below.

Santa Clara Health Authority
Tangible Net Equity - Actual vs. Required
As of : May 31, 2018

Actual Net Position/Reserves
Required Reserves per DMHC
200% of Required Reserve
Actual as % Required

6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	5/31/2018
\$36.1 M	\$24.2 M	\$32.6 M	\$40.9 M	\$72.6 M	\$100.3 M	\$158.4 M	\$176.1 M
\$5.0 M	\$5.9 M	\$7.8 M	\$11.4 M	\$19.3 M	\$32.4 M	\$35.9 M	\$36.9 M
\$10.0 M	\$11.8 M	\$15.6 M	\$22.9 M	\$38.5 M	\$64.8 M	\$71.8 M	\$73.8 M
722.5%	410.2%	418.5%	357.5%	376.9%	309.8%	441.2%	477.1%



Reserves Analysis

- At the September 2016 Governing Board meeting, a policy was adopted for targeting the organization's capital reserves to include:
 - An Equity Target of 350-500% of DMHC required TNE percentage and
 - A Liquidity Target of 45-60 days of total operating expenses in available cash.

SCFHP RESERVES ANALYSIS MAY 2018	
Financial Reserve Target #1: Tangible Net Equity	
Actual TNE	176,137,289
Current Required TNE	36,921,816
Excess TNE	139,215,473
Required TNE %	477.1%
SCFHP Target TNE Range:	
350% of Required TNE (Low)	129,226,355
500% of Required TNE (High)	184,609,078
TNE Above/(Below) SCFHP Low Target	\$46,910,934
TNE Above/(Below) High Target	(\$8,471,789)
Financial Reserve Target #2: Liquidity	
Cash & Cash Equivalents	256,044,077
Less Pass-Through Liabilities	
Payable to State of CA (1)	-
Other Pass-Through Liabilities	(21,943,038)
Total Pass-Through Liabilities	(\$21,943,038)
Net Cash Available to SCFHP	\$234,101,039
SCFHP Target Liability	
45 Days of Total Operating Expense	(120,210,934)
60 Days of Total Operating Expense	(160,281,245)
Liquidity Above/(Below) SCFHP Low Target	\$113,890,105
Liquidity Above/(Below) High Target	\$73,819,794
(1) Pass-Through from State of CA (excludes IHSS)	
Receivables Due to SCFHP	104,063,379
Payables Due to SCFHP	(14,780,926)
Net Receivables/(Payables)	\$89,282,453

Capital Expenditure

- Capital investments of \$12.9M were made during the 11 months ended May 2018, largely due to the renovation of the new building (acquired to lower the long-term occupancy costs).
- YTD capital expenditures include the following:

Expenditure	YTD Actual	Annual Budget
New Building ⁽¹⁾	\$11,624,666	\$14,300,000
Systems	330,421	1,595,000
Hardware	407,281	611,500
Software	374,453	587,000
Furniture and Fixtures	135,935	173,515
Automobile	29,248	33,000
Leasehold Improvements	0	10,000
TOTAL	\$12,902,004	\$17,310,015

⁽¹⁾ Budget includes \$4.6 million of renovation expend associated with the 6201 San Ignacio building, Increased to \$14.3M by governing board in March 2018.



Santa Clara Family Health Plan

The Spirit of Care

Statements

Enrollment By Aid Category

		2017-05	2017-06	2017-07	2017-08	2017-09	2017-10	2017-11	2017-12	2018-01	2018-02	2018-03	2018-04	2018-05
NON DUAL	Adult (over 19)	30,028	29,745	29,019	29,307	29,056	28,726	28,256	28,075	27,528	27,566	27,365	27,252	27,351
	Adult (under 19)	106,137	106,200	104,714	105,200	104,404	103,890	103,339	103,160	101,327	101,769	101,314	100,730	100,449
	Aged - Medi-Cal Only	10,538	10,674	10,776	10,693	10,722	10,801	10,778	10,782	10,892	10,906	10,906	10,924	10,887
	Disabled - Medi-Cal Only	11,081	10,923	10,913	10,862	10,845	10,850	10,863	10,821	10,792	10,798	10,759	10,793	10,750
	Adult Expansion	82,420	82,349	80,300	80,741	80,470	79,998	79,232	79,207	76,923	77,302	76,985	76,677	74,319
	BCCTP	16	18	17	17	17	17	16	16	15	15	15	15	15
	Long Term Care	320	332	344	355	366	369	370	377	375	372	363	349	374
	Total Non-Duals	240,540	240,241	236,083	237,175	235,880	234,651	232,854	232,438	227,852	228,728	227,707	226,740	224,145
DUAL	Adult (21 Over)	467	463	464	450	447	444	427	433	421	419	416	401	397
	Aged (21 Over)	16,217	16,401	16,329	16,709	16,813	16,832	16,829	16,721	16,716	16,782	16,707	16,533	16,661
	Disabled (21 Over)	6,458	6,518	6,474	6,502	6,522	6,547	6,555	6,552	6,545	6,559	6,526	6,409	6,403
	Adult Expansion	921	906	806	784	793	789	717	709	474	433	470	451	421
	BCCTP	1	1	1	1	1	0	0	0	1	1	2	2	2
	Long Term Care	1,214	1,223	1,234	1,250	1,246	1,255	1,251	1,253	1,248	1,219	1,197	1,144	1,159
	Total Duals	25,278	25,512	25,308	25,696	25,822	25,867	25,779	25,668	25,405	25,413	25,318	24,940	25,043
Total Medi-Cal		265,818	265,753	261,391	262,871	261,702	260,518	258,633	258,106	253,257	254,141	253,025	251,680	249,188
Healthy Kids		2,757	2,732	2,633	2,618	2,243	2,288	2,321	2,447	3,209	3,250	3,415	3,454	3,220
CMC	CMC Non-Long Term Care	7,255	7,260	7,252	7,139	7,124	7,070	7,095	7,132	7,135	7,169	7,168	7,201	7,213
	CMC - Long Term Care	290	283	273	266	259	256	254	257	254	248	241	234	227
	Total CMC	7,545	7,543	7,525	7,405	7,383	7,326	7,349	7,389	7,389	7,417	7,409	7,435	7,440
Total Enrollment		276,120	276,028	271,549	272,894	271,328	270,132	268,303	267,942	263,855	264,808	263,849	262,569	259,848

Income Statement

Santa Clara County Health Authority												
Income Statement for Eleven Months Ending May 31, 2018												
	For the Month of May 2018						For 11 Months Ending Jan 11, 1900					
	Actuals	% of Rev	Budget	% of Rev	Variance	% Var	Actuals	% of Rev	Budget	% of Rev	Variance	% Var
REVENUE												
MEDI-CAL	\$ 74,398,796	89.0%	\$ 74,100,610	89.3%	\$ 298,185	0.4%	\$ 1,005,813,494	90.7%	\$ 911,891,671	90.3%	\$ 93,921,824	10.3%
HEALTHY KIDS	335,007	0.4%	252,000	0.3%	83,007	32.9%	3,234,106	0.3%	2,772,000	0.3%	462,106	16.7%
MEDICARE	8,892,180	10.6%	8,637,957	10.4%	254,223	2.9%	99,300,451	9.0%	95,017,532	9.4%	4,282,920	4.5%
TOTAL REVENUE	\$ 83,625,982	100.0%	\$ 82,990,568	100.0%	\$ 635,414	0.8%	\$ 1,108,348,052	100.0%	\$ 1,009,681,202	100.0%	\$ 98,666,849	9.8%
MEDICAL EXPENSE												
MEDI-CAL	\$ 68,587,052	82.0%	\$ 68,498,809	82.5%	\$ (88,243)	-0.1%	\$ 950,049,707	85.7%	\$ 857,704,951	84.9%	\$ (92,344,756)	-10.8%
HEALTHY KIDS	326,855	0.4%	240,242	0.3%	(86,613)	-36.1%	2,834,762	0.3%	2,642,660	0.3%	(192,101)	-7.3%
MEDICARE	10,346,103	12.4%	8,267,243	10.0%	(2,078,860)	-25.1%	93,133,444	8.4%	90,939,675	9.0%	(2,193,769)	-2.4%
TOTAL MEDICAL EXPENSES	\$ 79,260,010	94.8%	\$ 77,006,294	92.8%	\$ (2,253,716)	-2.9%	\$ 1,046,017,913	94.4%	\$ 951,287,287	94.2%	\$ (94,730,626)	-10.0%
MEDICAL OPERATING MARGIN	\$ 4,365,972	5.2%	\$ 5,984,274	7.2%	\$ (1,618,302)	-254.7%	\$ 62,330,139	5.6%	\$ 58,393,916	5.8%	\$ 3,936,223	4.0%
ADMINISTRATIVE EXPENSE												
SALARIES AND BENEFITS	\$ 2,525,496	3.0%	\$ 2,541,099	3.1%	\$ 15,602	0.6%	\$ 25,002,785	2.3%	\$ 25,714,906	2.5%	\$ 712,121	2.8%
RENTS AND UTILITIES	119,942	0.1%	112,046	0.1%	(7,895)	-7.0%	1,387,589	0.1%	1,276,041	0.1%	(111,548)	-8.7%
PRINTING AND ADVERTISING	29,729	0.0%	66,800	0.1%	37,071	55.5%	532,075	0.0%	950,100	0.1%	418,025	44.0%
INFORMATION SYSTEMS	233,250	0.3%	208,714	0.3%	(24,536)	-11.8%	1,782,042	0.2%	2,349,853	0.2%	567,811	24.2%
PROF FEES/CONSULTING/TEMP STAFFING	1,043,931	1.2%	687,105	0.8%	(356,826)	-51.9%	11,963,273	1.1%	9,093,274	0.9%	(2,869,999)	-31.6%
DEPRECIATION/INSURANCE/EQUIPMENT	349,199	0.4%	406,519	0.5%	57,320	14.1%	3,738,830	0.3%	3,968,449	0.4%	229,619	5.8%
OFFICE SUPPLIES/POSTAGE/TELEPHONE	88,031	0.1%	115,411	0.1%	27,380	23.7%	653,529	0.1%	1,484,125	0.1%	830,596	56.0%
MEETINGS/TRAVEL/DUES	94,980	0.1%	100,124	0.1%	5,144	5.1%	915,604	0.1%	1,039,014	0.1%	123,410	11.9%
OTHER	25,000	0.0%	14,220	0.0%	(10,780)	-75.8%	96,544	0.0%	145,454	0.0%	48,910	33.6%
TOTAL ADMINISTRATIVE EXPENSES	\$ 4,509,558	5.4%	\$ 4,252,038	5.1%	\$ (257,520)	-6.1%	\$ 46,072,271	4.2%	\$ 46,021,216	4.6%	\$ (51,054)	-0.1%
OPERATING SURPLUS (LOSS)	\$ (143,586)	-0.2%	\$ 1,732,235	2.1%	\$ (1,875,822)	-108.3%	\$ 16,257,868	1.5%	\$ 12,372,699	1.2%	\$ 3,885,169	31.4%
OTHER INCOME/EXPENSE												
GASB 45 - POST EMPLOYMENT BENEFITS EXPENSE	(59,780)	-0.1%	(59,780)	-0.1%	-	0.0%	(657,576)	-0.1%	(657,576)	-0.1%	-	0.0%
GASB 68 - UNFUNDED PENSION LIABILITY	(75,000)	-0.1%	(75,000)	-0.1%	-	0.0%	(825,000)	-0.1%	(825,000)	-0.1%	-	0.0%
INTEREST & OTHER INCOME	326,442	0.4%	65,153	0.1%	261,290	401.0%	2,981,438	0.3%	716,679	0.1%	2,264,758	316.0%
OTHER INCOME/EXPENSE	191,663	0.2%	(69,627)	-0.1%	261,290	-375.3%	1,498,861	0.1%	(765,897)	-0.1%	2,264,758	-295.7%
NET SURPLUS (LOSS)	\$ 48,076	0.1%	\$ 1,662,608	2.0%	\$ (1,614,532)	-97.1%	\$ 17,756,729	1.6%	\$ 11,606,802	1.1%	\$ 6,149,927	53.0%

Balance Sheet

	May 2018	April 2018	March 2018	February 2018	June 2017
Assets					
Current Assets					
Cash and Marketable Securities	\$256,044,077	\$430,143,232	\$238,428,566	\$203,113,259	\$364,609,248
Receivables	480,311,521	480,638,665	501,305,521	557,171,775	474,866,197
Prepaid Expenses and Other Current Assets	7,654,827	7,993,464	7,713,020	7,139,640	7,070,619
Total Current Assets	744,010,425	918,775,361	747,447,107	767,424,674	846,546,064
Long Term Assets					
Property and Equipment	34,170,890	32,527,805	32,420,963	31,931,664	21,268,887
Accumulated Depreciation	(14,013,419)	(13,716,660)	(13,420,155)	(13,123,689)	(10,761,759)
Total Long Term Assets	20,157,471	18,811,145	19,000,808	18,807,975	10,507,128
Total Assets	764,167,896	937,586,506	766,447,915	786,232,649	857,053,192
Deferred Outflow of Resources	14,405,010	14,405,010	14,405,010	14,405,010	9,287,513
Total Deferred Outflows and Assets	778,572,906	951,991,516	780,852,925	800,637,659	866,340,705
Liabilities and Net Assets					
Current Liabilities					
Trade Payables	5,046,194	4,335,052	5,641,340	4,669,231	6,157,039
Deferred Rent	23,310	29,609	35,908	42,207	92,597
Employee Benefits	1,538,777	1,576,739	1,541,057	1,506,845	1,262,108
Retirement Obligation per GASB 45	5,475,935	5,416,156	5,356,376	5,296,596	4,818,359
Advance Premium - Healthy Kids	66,668	66,514	66,818	56,874	53,439
Deferred Revenue - Medicare	-	-	8,501,089	-	8,372,938
Whole Person Care	8,678,072	8,095,462	7,501,830	2,065,180	2,065,180
Payable to Hospitals	13,264,966	160,117,006	12,654,006	11,073,677	27,378,335
Due to Santa Clara County Valley Health Plan and Kaiser	4,630,360	32,762,318	6,052,151	4,748,303	9,456,454
MCO Tax Payable - State Board of Equalization	14,483,915	7,241,386	(219,630)	16,790,320	33,865,555
Due to DHCS	48,612,592	56,838,036	61,514,786	80,163,268	207,658,770
Liability for In Home Support Services (IHSS)	390,509,778	390,509,778	390,509,778	390,509,778	300,220,266
Current Premium Deficiency Reserve (PDR)	2,374,525	2,374,525	2,374,525	2,374,525	2,374,525
Medical Cost Reserves	93,643,327	92,527,523	89,521,488	91,663,093	90,922,381
Total Current Liabilities	588,348,418	761,890,104	591,051,520	610,959,896	694,697,946
Non-Current Liabilities					
Noncurrent Premium Deficiency Reserve (PDR)	5,919,500	5,919,500	5,919,500	5,919,500	5,919,500
Net Pension Liability GASB 68	7,682,370	7,607,370	7,532,370	7,457,370	6,857,370
Total Non-Current Liabilities	13,601,870	13,526,870	13,451,870	13,376,870	12,776,870
Total Liabilities	601,950,288	775,416,974	604,503,390	624,336,766	707,474,816
Deferred Inflow of Resources	485,329	485,329	485,329	485,329	485,329
Net Assets / Reserves					
Invested in Capital Assets	9,456,555	9,623,030	9,737,811	9,814,951	10,507,128
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350	305,350
Unrestricted Net Equity	148,618,654	148,452,180	148,337,399	148,260,258	89,480,978
Current YTD Income (Loss)	17,756,729	17,708,653	17,483,645	17,435,004	58,087,104
Total Net Assets / Reserves	176,137,289	176,089,213	175,864,205	175,815,564	158,380,560
Total Liabilities, Deferred Inflows, and Net Assets	778,572,906	951,991,516	780,852,925	800,637,659	866,340,705

Cash Flow – For the Eleven Months Ending May 2018

Cash Flows from Operating Activities	
Premiums Received	924,474,909
Medical Expenses Paid	(951,914,050)
Administrative Expenses Paid	(65,285,965)
Net Cash from Operating Activities	<u>(\$92,725,105)</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(12,902,004)
Cash Flows from Investing Activities	
Interest Income and Other Income (Net)	2,981,438
Net Increase/(Decrease) in Cash & Cash Equivalents	(102,645,671)
Cash & Cash Equivalents (Jun 17)	364,609,248
Cash & Cash Equivalents (May 18)	256,044,077
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating Income/(Loss)	17,756,729
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities	
Depreciation	3,251,660
Changes in Operating Assets/Liabilities	
Premiums Receivable	(5,445,324)
Other Receivable	(2,981,438)
Due from Santa Clara Family Health Foundation	-
Prepays & Other Assets	(584,208)
Deferred Outflow of Resources	(5,117,497)
Accounts Payable & Accrued Liabilities	(16,106,073)
State Payable	(178,427,819)
Santa Clara Valley Health Plan & Kaiser Payable	(4,826,094)
Net Pension Liability	825,000
Medical Cost Reserves & PDR	8,640,446
Deferred Inflow of Resources	90,289,512
Total Adjustments	<u>(\$113,733,495)</u>
Net Cash from Operating Activities	<u>(\$92,725,105)</u>

Statement of Operations

Santa Clara County Health Authority Statement of Operations By Line of Business (Including Allocated Expenses) For Eleven Months Ending May 31 2018				
	Medi-Cal	CMC	Healthy Kids	Grand Total
P&L (ALLOCATED BASIS)				
REVENUE	979,177,016	125,936,929.41	3,234,106	1,108,348,052
MEDICAL EXPENSES	921,003,090	122,180,061.11	2,834,762	1,046,017,913
(MLR)	94.1%	97.0%	87.7%	94.4%
GROSS MARGIN	58,173,926	3,756,868	399,344	62,330,139
ADMINISTRATIVE EXPENSES	40,702,836	5,234,998	134,437	46,072,271
(% of Revenue Allocation)				
OPERATING INCOME/(LOSS)	17,471,091	(1,478,130)	264,908	16,257,868
(% of Revenue Allocation)				
OTHER INCOME/(EXPENSE)	1,324,178	170,309	4,374	1,498,861
(% of Revenue Allocation)				
NET INCOME/(LOSS)	18,795,269	(1,307,821)	269,281	17,756,729
PMPM (ALLOCATED BASIS)				
REVENUE	\$346.67	\$1,545.86	\$104.00	\$377.36
MEDICAL EXPENSES	326.08	1,499.75	91.16	356.14
GROSS MARGIN	20.60	46.12	12.84	21.22
ADMINISTRATIVE EXPENSES	14.41	64.26	4.32	15.69
OPERATING INCOME/(LOSS)	6.19	(18.14)	8.52	5.54
OTHER INCOME/(EXPENSE)	0.47	2.09	0.14	0.51
NET INCOME/(LOSS)	6.65	(16.05)	8.66	6.05
ALLOCATION BASIS:				
MEMBER MONTHS - YTD	2,824,512	81,467	31,098	2,937,077
Revenue by LOB	88.3%	11.4%	0.3%	100.0%
<i>Note: CMC includes Medi-Cal portion of the Coordinated Care Initiative (CCI) data.</i>				

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

Thursday, August 23, 2018
Santa Clara Family Health Plan, Boardroom
6201 San Ignacio Blvd., San Jose, CA 95119

MINUTES

Members Present

Brian Darrow, Chair
Dolores Alvarado
Liz Kniss
Linda Williams

Members Absent

Bob Brownstein

Staff Present

Christine Tomcala, Chief Executive Officer
Dave Cameron, Chief Financial Officer
Robin Larmer, Chief Compliance and Regulatory
Affairs Officer
Jonathan Tamayo, Chief Information Officer
Neal Jarecki, Controller
Rita Zambrano, Executive Assistant

1. Roll Call

Brian Darrow called the meeting to order at 11:35 am. Roll call was taken and a quorum was established.

2. Meeting Minutes

The minutes of the July 26, 2018 Executive/Finance Committee were reviewed.

It was moved, seconded, and the July 26, 2018 Executive/Finance Committee Minutes were **unanimously approved**. Dolores Alvarado abstained, as she was not present at the July 26, 2018 meeting.

3. Public Comment

There were no public comments.

Liz Kniss joined the meeting at 11:45 am.

4. Preliminary June 2018 Financial Statements

Dave Cameron, Chief Financial Officer, presented the preliminary June 2018 financial statements. For the month, the Plan reported a net surplus of \$16.0 million, which was \$14.2 million favorable to budget. For the full fiscal year, the Plan reported a net surplus of \$33.7 million, which was \$20.3 million favorable to budget.

June enrollment of 259,475 members reflected an unfavorable variance of 10,684 members (4.0%) and a decline of 373 members from the prior month. Year-to-date member months of 3.2 million reflected an unfavorable variance of 66,000 member months (2.3%). While Medi-Cal enrollment has declined since October 2016, CMC membership has increased over the past few months due to continued outreach efforts. Much of the Medi-Cal decline has been in the Non-Dual Medicaid Expansion (MCE), Adult and Child categories of aid. Since the beginning of the fiscal year, Medi-Cal membership has decreased 6.4%, Healthy Kids membership has increased 17.0%, and CMC membership has decreased 0.5%.

For the month, revenue of \$115.2 million reflected a favorable variance of \$32.3 million (38.9%). YTD, revenue reflected a favorable variance of \$130.9 million (12.0%). The current month variance reflected significant one-time adjustments to CCI revenue and MCO taxes of \$29.8 million. The CCI adjustments reflected DHCS' completion of recast of CMC & MLTSS through December 2016 and revised estimates for FY17 & FY18. MCO taxes reflected a one-time true up. YTD revenue and medical expense variances also reflect the inclusion of AB85 to Cost and Prop 56 funds of \$85 million and \$7 million, respectively.

For the month, medical expense of \$95.4 million reflected an unfavorable variance of \$18.5 million (24.0%). YTD, medical expense reflected an unfavorable variance of \$113.2 million (11.0%). Current month and YTD medical expense include significant one-time CCI expense accruals posted in June of \$13.7 million. The CCI adjustments reflected DHCS' completion of recast of CMC & MLTSS through December 2016 and revised estimates for FY17 & FY18. Current month and YTD variances also reflect increases in estimates for prior period medical expenses (reflecting certain high-cost CMC claims). In addition, as noted above, YTD revenue and medical expense variances reflect the inclusion of AB85 to Cost and Prop 56 funds of \$85 million and \$7 million, respectively.

For the month, administrative expense reflected an unfavorable variance of \$335 thousand (8.1%). YTD, administrative expense reflected an unfavorable variance of \$386 thousand (0.8%). YTD, personnel expense was 2.4% under budget, while non-personnel expense was 4.8% over budget. Non-personnel expense reflected higher consultant usage for open staff positions, special projects, and new Medi-Cal HIF-MET (Health Information Form – Member Evaluation Tool) compliance requirements. The Plan is actively hiring permanent staff to replace consultants. Partially offsetting these unfavorable variances were deferred printing and postage and contract services expense.

The balance sheet reflected a current ratio of 1.3:1, which exceeds the Department of Managed Health Care (DMHC) minimum of 1.0:1, while Tangible Net Equity (TNE) of \$192.1 million was 533.1% of the DMHC minimum requirement of \$36 million.

YTD capital investments of \$17.2 million were made versus the annual budget of \$17.3 million, most attributable to the purchase and renovation of the new office building, which was acquired to reduce long-term occupancy costs.

The Plan's financial statements are currently under audit by Moss Adams, who will present annual audited financial statements at the October Executive/Finance Committee meeting.

It was moved, seconded, and the Preliminary July 2018 Financial Statements were unanimously approved.

5. New Office Transition Update

Mr. Cameron and Christine Tomcala, Chief Executive Officer, provided an update on the new building and the move. Mr. Cameron noted that the overall response from staff has been positive. We are within the budget approved in March, and should have the loose ends wrapped up by the end of September. Mr. Cameron also noted that the surplus furniture was made available to non-profits and employees.

Liz Kniss left the meeting at 12:15 pm.

6. Network Detection and Prevention Report

Jonathan Tamayo, Chief Information Officer, reported on firewall intrusion, detection, and prevention efforts.

It was moved, seconded, and unanimously approved to accept the Network Detection and Prevention Report.

7. Fiscal Year 2017-2018 Team Incentive Compensation

Ms. Tomcala reminded the Committee of the Fiscal Year 2017-2018 Team Incentive Compensation program, which was designed to motivate employees to meet Compliance Metrics and answer customer calls within 30 seconds. Ms. Tomcala reported the team did not achieve the metrics needed last fiscal year for an incentive payment.

8. CEO Update

Ms. Tomcala invited Mr. Cameron to provide an update on Provider Dispute Resolutions (PDRs). Mr. Cameron reported the Plan had been compliant until recently; there was a point of failure in faxed claims going into a junk mail folder. The issue was addressed but the Plan will be out of compliance for the month of August.

Ms. Tomcala invited Robin Larmer, Chief Compliance & Regulatory Affairs Officer, to discuss the ongoing CMS Program Audit, covering the period from July 9, 2017 - July 9, 2018. The scope of the Audit includes Part D Formulary Administration (FA), Part D Coverage, Determinations, Appeals & Grievances (CDAG), Service Authorizations Requests, Appeals & Grievances (SARAG), Care Coordination and Quality Improvement (CCQIPE), and Compliance Program Effectiveness (CPE).

Although the Plan has made substantial progress in addressing known areas of noncompliance, much work remains to be done. Accordingly, Ms. Larmer indicated that CMS will identify and cite

deficiencies that require Corrective Action Plans (CAPS), and that Civil Monetary Penalties (CMPs) will likely be imposed, with the amount of the fine generally correlated to the member impact. CMS auditors will be on-site on September 4-7, 2018 and the audit should be completed by the holidays. We will bring this to the full Board in September.

In addition, SCFHP received DHCS' 2018 Audit report, reflecting a total of 8 findings (as opposed to 24 findings last year). The Plan has not yet received the DMHC or CMS Data Validation Reports, but both are anticipated soon.

Ms. Tomcala noted that SCFHP is also undergoing a Moss Adams financial audit, and has received notice of an upcoming Audit by the California State Auditors' Office.

Ms. Tomcala reported that locations for a Satellite Office are under consideration, and she will update the Board in September.

She further reported that Supervisor Cortese appointed Evangeline Sangalang to fill Michele Lew's Board seat.

Ms. Tomcala reminded the Committee that Jeff Robertson, Chief Medical Officer, is stepping down and recruitment is underway for a CMO. Dr. Robertson will stay on with the Plan in a Medical Director role.

It was moved, seconded, and unanimously approved to accept the CEO Update.

9. Adjournment

The meeting was adjourned at 1:08 PM.

Brian Darrow, Chair



**Santa Clara Family
Health Plan™**

Unaudited Financial Statements
For The Twelve Months Ended June 30, 2018

Agenda

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Financial Highlights

	MTD		YTD	
Revenue	\$115 M		\$1,224 M	
Medical Expense (MLR)	\$95 M	82.8%	\$1,141 M	93.3%
Administrative Expense (% Rev)	\$4.5 M	3.9%	\$50.5 M	4.1%
Other Income/Expense	\$651,978		\$2,150,839	
Net Surplus (Loss)	\$15,988,696		\$33,745,426	
Cash on Hand			\$224 M	
Net Cash Available to SCFHP			\$202 M	
Receivables			\$492 M	
Total Current Assets			\$722 M	
Current Liabilities			\$555 M	
Current Ratio			1.30	
Tangible Net Equity			\$192 M	
% of DMHC Requirements			533.1%	

Financial Highlights

- Net Surplus
 - Month: Surplus of \$16.0M is \$14.2M or 776.2% favorable to budget of \$1.8M.
 - YTD: Surplus of \$33.7M is \$20.3M or 151.2% favorable to budget of \$13.4M.
- Enrollment
 - Month: Membership was 259,475 (-10,684 or -4.0% unfavorable budget of 270,159).
 - YTD: Member months was 3.2M (-\$76.7K or -2.3% unfavorable budget of 3.3M).
- Revenue
 - Month: \$115.2M (\$32.3M or 38.9% favorable to budget of \$82.9M. Medi-Cal: \$27M or 37% favorable to budget of \$74M; Medicare: \$5M or 56% favorable to budget of \$8M)
 - YTD: \$1223.6M (\$130.9M or 12.0% favorable to budget of \$1092.6M. Medi-Cal: \$121M or 12% favorable to budget of \$985M; Medicare: \$9M or 9% favorable to budget of \$103M).
- Medical Expense
 - Month: \$95.4M (-\$18.5M or -24.0% unfavorable to budget of \$76.9M).
 - YTD: \$1141.4M (-\$113.2M or -11.0% unfavorable to budget of \$1,028.2M).
- Administrative Expense
 - Month: \$4.5M (-\$335.0K or -8.1% unfavorable to budget of \$4.1M).
 - YTD: \$50.5M (-\$386.0K or -0.8% unfavorable to budget of \$50.1M).
- Tangible Net Equity
 - June 2018 TNE was \$192.1M (533.1% of minimum DMHC requirement of \$36.0M).
- Capital Expenditures
 - YTD Capital Investment of \$17.2M vs. \$17.3 annual budget was primarily due to building purchase.

Risks & Opportunities

- Risks
 - YTD enrollment continues to trail budget. Medi-Cal enrollment has been declining since October 2016.
 - Revenue recordation for CY 2018 requires significant estimation for the Coordinated Care Initiative (CCI).
 - Additional Medi-Cal requirements, like HIF/MET (new member assessments) trigger additional unanticipated costs to maintain compliance.
- Opportunities
 - Continued incremental growth in CMC membership.
 - Continue to fill open positions to replace temporary staff and consultant usage.
 - With convergence of claims processing to QNXT, all claims are processed on one system, which allows for increased auto-adjudication rates and better efficiency.
 - Utilization management with in-house staffing for previously outsourced Health Risk Assessments and Individualized Care Management Plans yields better outcomes for members.



**Santa Clara Family
Health Plan™**

Detail Analyses

Enrollment

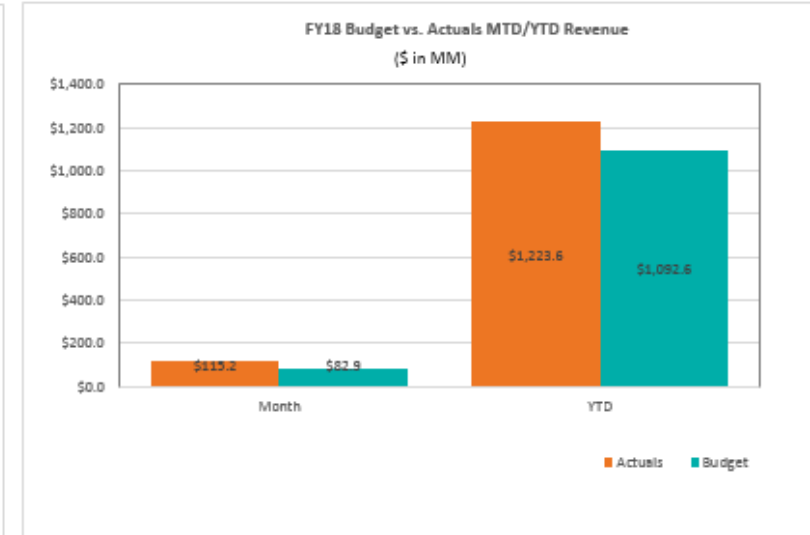
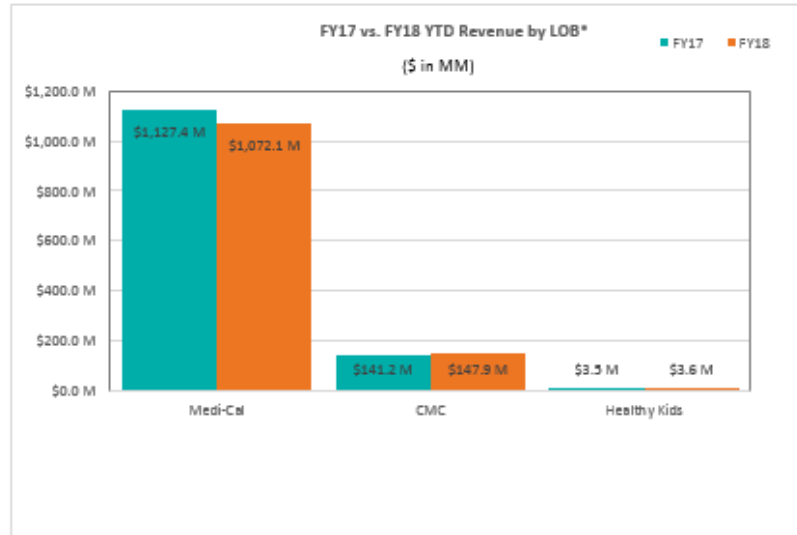
- Medi-Cal membership has declined since October 2016, while CMC membership has generally stabilized over the past few months.
- As detailed on page 15, much of the Medi-Cal Non-Dual enrollment decline has been in the Medicaid Expansion (MCE), Adult and Child categories of aid. Much of the Medi-Cal Dual enrollment decline has been in the MCE and Long term care (LTC) categories of aid.
- FY18 YTD Membership Trends:
 - Medi-Cal membership has decreased since the beginning of the fiscal year by -6.4%.
 - Healthy Kids membership increased since the beginning of the fiscal year by 17.0%.
 - CMC membership decreased since the beginning of the fiscal year by -0.5%.

	For the Month of June 2018			For Twelve Months Ending June 30 2018				
	Actual	Budget	Variance	Actual	Budget	Variance	Prior Year Actuals	Δ FY17 vs. FY18
Medi-Cal	248,776	259,859	-(4.3%)	3,073,288	3,149,632	-(2.4%)	3,217,527	-(4.5%)
Healthy Kids	3,196	2,800	14.1%	34,294	33,600	2.1%	35,692	-(3.9%)
Medicare	7,503	7,500	0.0%	88,970	90,000	-(1.1%)	92,376	-(3.7%)
Total	259,475	270,159	-(4.0%)	3,196,552	3,273,232	-(2.3%)	3,345,595	-(4.5%)

Santa Clara Family Health Plan Enrollment By Network								
June 2018								
Network	Medi-Cal		Healthy Kids		CMC		Total	
	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total
Direct Contract Physicians	29,564	12%	349	11%	7,503	100%	37,416	14%
SCVHHS, Safety Net Clinics, FQHC Clinics	124,419	50%	1,428	45%	-	0%	125,847	49%
Palo Alto Medical Foundation	7,228	3%	93	3%	-	0%	7,321	3%
Physicians Medical Group	45,881	18%	1,089	34%	-	0%	46,970	18%
Premier Care	15,628	6%	237	7%	-	0%	15,865	6%
Kaiser	26,056	10%	-	0%	-	0%	26,056	10%
Total	248,776	100%	3,196	100%	7,503	100%	259,475	100%
Enrollment at June 30, 2017	265,753		2,732		7,543		276,028	
Net Δ from Beginning of FY17	-6.4%		17.0%		-0.5%		-6.0%	

Revenue

- Current month revenue of \$115.2M is \$32.3M or 38.9% favorable to budget of \$82.9M. YTD revenue of \$1223.6M is \$130.9M or 12.0% favorable to budget of \$1092.6M. The current month and year-to-date variances were due to a variety of factors, including:
 - Current month and YTD revenue include significant one-time adjustments to CCI revenue and MCO taxes posted in June of \$29.8 MM. The CCI adjustments reflect DHCS' completion of recasting of CMC & MLTSS through December 2016 and revised estimates for FY17 and FY18. MCO taxes reflected a one-time true-up.
 - YTD revenue and medical expense both reflected the receipt of unbudgeted AB85-to-Cost and Prop 56 funds of approximately \$85M and \$7M, respectively.
 - Current month and YTD revenue variances also result from both the mix of members between programs and within Medi-Cal categories of aid.

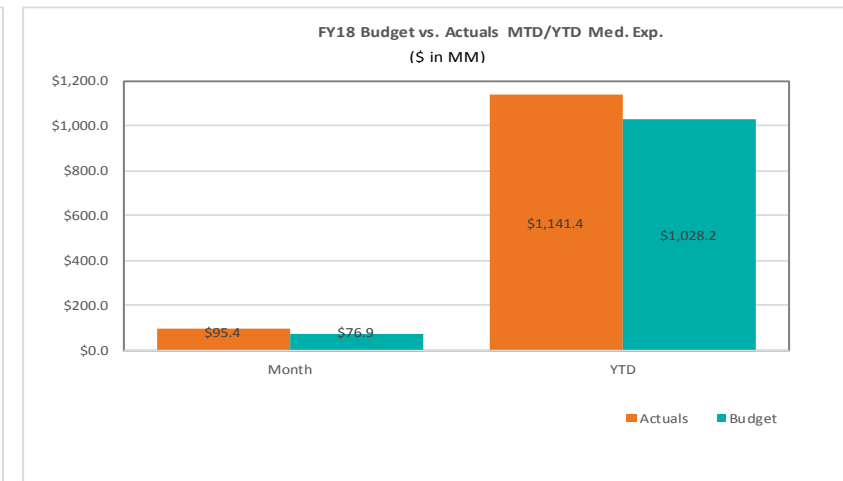
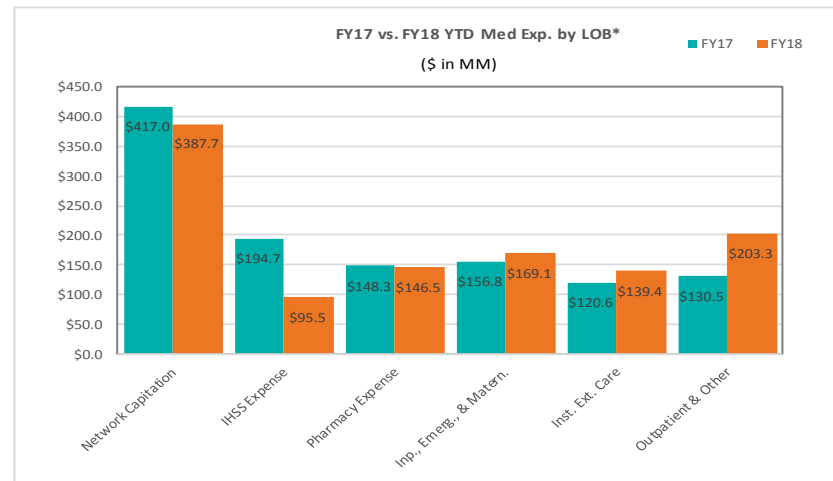


	FY17 vs. FY18 YTD Revenue by LOB*			
	FY17	FY18	Variance	
Medi-Cal	\$1,127.4 M	\$1,072.1 M	(\$55.3 M)	-4.9%
CMC	\$141.2 M	\$147.9 M	\$6.8 M	4.8%
Healthy Kids	\$3.5 M	\$3.6 M	\$0.1 M	3.1%
Total Revenue	\$1,272.0 M	\$1,223.6 M	(\$48.5 M)	-3.8%

	FY18 Budget vs. Actuals MTD/YTD Revenue			
	Actuals	Budget	Variance	
Month	\$115.2	\$82.9	\$32.3	38.9%
YTD	\$1,223.6	\$1,092.6	\$130.9	12.0%

Medical Expense

- Current month medical expense of \$95.4M is \$18.5M or 24.0% unfavorable to budget of \$76.9M. YTD medical expense of \$1,141.4M is \$113.2M or 11.0% unfavorable to budget of \$1,028.2M. The current month and year-to-date variances were due to a variety of factors, including:
 - Current month and YTD revenue include significant one-time CCI expense accruals posted in June of \$13.7 million. The CCI adjustments reflect DHCS' completion of recasting of CMC & MLTSS through December 2016 and revised estimates for FY17 and FY18.
 - YTD revenue and medical expense both reflected the receipt of unbudgeted AB85-to-Cost and Prop 56 funds of approximately \$85M and \$7M, respectively.
 - Current month and YTD variances also result from increased estimated of prior period medical expense (partly reflecting high-cost CMC claims) .



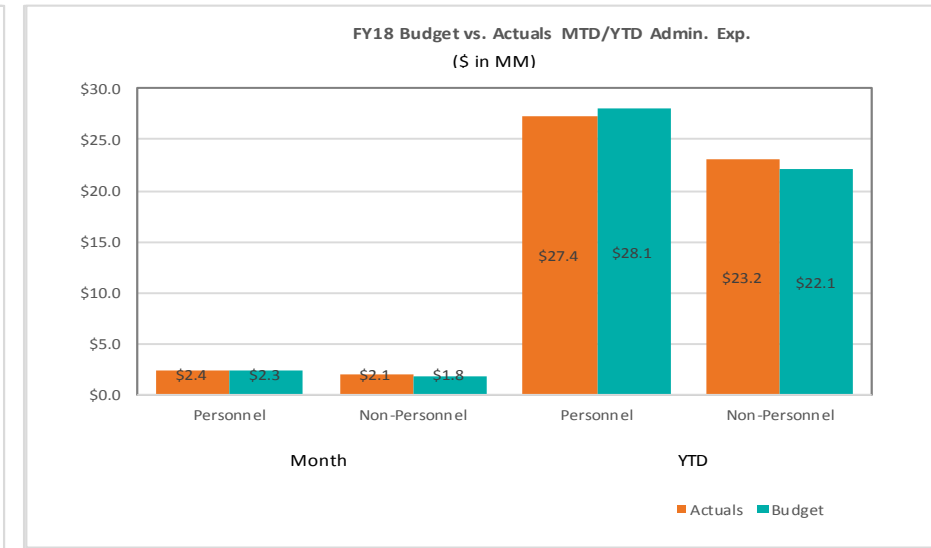
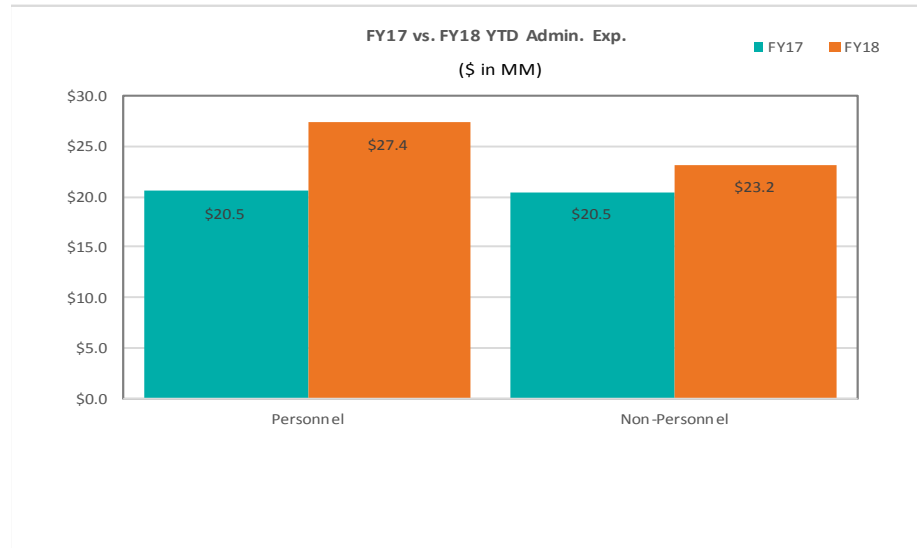
	FY17 vs. FY18 YTD Med Exp. by LOB*			
	FY17	FY18	Variance	
Network Capitation	\$417.0	\$387.7	-\$29.3	-7.0%
IHSS	\$194.7	\$95.5	-\$99.2	-51.0%
Pharmacy	\$148.3	\$146.5	-\$1.8	-1.2%
Inp., Emerg., & Matern.	\$156.8	\$169.1	\$12.3	7.8%
Inst. Ext. Care	\$120.6	\$139.4	\$18.8	15.6%
Outpatient & Other	\$130.5	\$203.3	\$72.8	55.8%
Total Medical Expense	\$1,167.9	\$1,141.4	-\$26.4	-2.3%

	FY18 Budget vs. Actuals MTD/YTD Med. Exp.			
	Actuals	Budget	Variance	
Month	\$95.4	\$76.9	\$18.5	24.0%
YTD	\$1,141.4	\$1,028.2	\$113.2	11.0%

*IHSS was included in medical expense through 12/31/17

Administrative Expense

- Current month admin expense of \$4.5M is \$335K or 8.1% unfavorable to budget of \$4.1M. YTD admin expense of \$50.5M is \$386.0K or 0.8% unfavorable to budget of \$50.1M.
- For the YTD, Personnel Expenses are 2.4% under budget, primarily due to increased consultant usage to fill open staff positions and special projects. Additional costs were incurred for HIF/MET (Health Information Form/Member Evaluation Tool) compliance. Partially offsetting this was deferred Postage and Contract Services expenses.



	FY17 vs. FY18 YTD Admin. Exp.			
	FY17	FY18	Variance	
Personnel	\$20.5	\$27.4	\$6.9	33.4%
Non-Personnel	\$20.5	\$23.2	\$2.7	13.0%
Total Administrative Expense	\$41.0	\$50.5	\$9.5	23.2%

		FY18 Budget vs. Actuals MTD/YTD Admin. Exp.			
		Actuals	Budget	Variance	
Month	Personnel	\$2.4	\$2.3	\$0.0	1.3%
	Non-Personnel	\$2.1	\$1.8	\$0.3	17.1%
	MTD Total	\$4.5	\$4.1	\$0.3	8.1%
YTD	Personnel	\$27.4	\$28.1	-\$0.7	-2.4%
	Non-Personnel	\$23.2	\$22.1	\$1.1	4.8%
	YTD Total	\$50.5	\$50.1	\$0.4	0.8%

Balance Sheet

- Current assets totaled \$722.5M compared to current liabilities of \$554.7M, yielding a current ratio (Current Assets/Current Liabilities) of 1.30:1 vs. the DMHC minimum requirement of 1.0:1.
- Working capital (current assets less current liabilities) increased by \$23.1M for the 12 months of the fiscal year.
- Cash as of June 30, 2018 decreased by -\$134.5M compared to the cash balance as of year-end June 30, 2017. The overall cash position decreased largely due to DHCS' recoupment of prior year MCE rate overpayments.
- Current Cash & Equivalents components and yields were as follows:

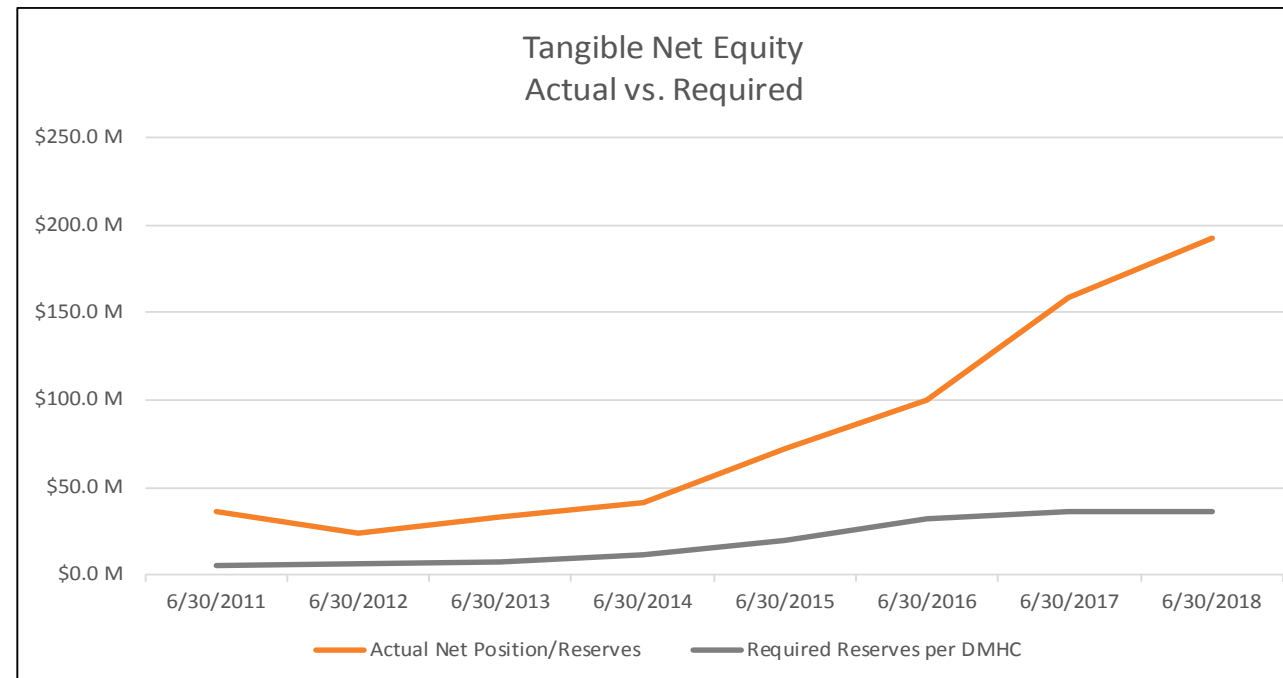
Description	Month-End	Current	Interest Earned	
	Balances	Yield %	Month	YTD
Short-Term Investments				
County of Santa Clara Comingled Pool	\$176,814,937	1.29%	\$604,446	\$2,962,716
Cash & Equivalents				
Bank of the West Money Market	\$427,815	0.90%	\$6,863	\$110,675
Wells Fargo Bank Accounts	\$46,607,607	1.79%	\$101,264	\$351,196
	\$47,035,422		\$108,127	\$461,871
Assets Pledged to DMHC				
Restricted Cash	\$305,350	0.08%	\$13	\$258
Petty Cash	\$500	0.00%	\$0	\$0
Total Cash & Equivalents	\$224,156,209		\$712,586	\$3,424,845

Tangible Net Equity

- TNE was \$192.1M in June 2018 or 533.1% of the most recent quarterly DMHC minimum requirement of \$36.0M.
- TNE trends for SCFHP are shown below.

Santa Clara Health Authority
Tangible Net Equity - Actual vs. Required
As of : June 30, 2018

	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Actual Net Position/Reserves	\$36.1 M	\$24.2 M	\$32.6 M	\$40.9 M	\$72.6 M	\$100.3 M	\$158.4 M	\$192.1 M
Required Reserves per DMHC	\$5.0 M	\$5.9 M	\$7.8 M	\$11.4 M	\$19.3 M	\$32.4 M	\$35.9 M	\$36.0 M
200% of Required Reserve	\$10.0 M	\$11.8 M	\$15.6 M	\$22.9 M	\$38.5 M	\$64.8 M	\$71.8 M	\$72.1 M
Actual as % Required	722.5%	410.2%	418.5%	357.5%	376.9%	309.8%	441.2%	533.1%



Reserves Analysis

SCFHP RESERVES ANALYSIS JUNE 2018	
Financial Reserve Target #1: Tangible Net Equity	
Actual TNE	192,125,985
Current Required TNE	36,037,046
Excess TNE	156,088,940
Required TNE %	533.1%
SCFHP Target TNE Range:	
350% of Required TNE (Low)	126,129,660
500% of Required TNE (High)	180,185,228
TNE Above/(Below) SCFHP Low Target	\$65,996,325
TNE Above/(Below) High Target	\$11,940,757
Financial Reserve Target #2: Liquidity	
Cash & Cash Equivalents	224,156,209
Less Pass-Through Liabilities	
Payable to State of CA (1)	-
Other Pass-Through Liabilities	(22,524,407)
Total Pass-Through Liabilities	(\$22,524,407)
Net Cash Available to SCFHP	\$201,631,801
SCFHP Target Liability	
45 Days of Total Operating Expense	(120,210,934)
60 Days of Total Operating Expense	(160,281,245)
Liquidity Above/(Below) SCFHP Low Target	\$81,420,867
Liquidity Above/(Below) High Target	\$41,350,556
(1) Pass-Through from State of CA (excludes IHSS)	
Receivables Due to SCFHP	113,225,403
Payables Due to DHCS	(297,011)
Net Receivables/(Payables)	\$112,928,392

Capital Expenditures

- Capital investments of \$17.2M were made in the 12 months ending June 2018, largely due to the purchase and renovation of a new building (in order to lower the long term occupancy costs in an ever increasing rental rate situation in the current location).
- YTD capital expenditure includes the following:

Expenditure	YTD Actual	Annual Budget
New Building (1)	\$15,787,397	\$14,300,000
Systems	380,421	1,595,000
Hardware	413,525	611,500
Software	405,406	587,000
Furniture and Fixtures	135,935	173,515
Automobile	29,248	33,000
Leasehold Improvements	0	10,000
TOTAL	\$17,151,930	\$17,310,015



**Santa Clara Family
Health Plan™**

Financial Statements

Enrollment By Aid Category

		2017-06	2017-07	2017-08	2017-09	2017-10	2017-11	2017-12	2018-01	2018-02	2018-03	2018-04	2018-05	2018-06
NON DUAL	Adult (over 19)	29,745	29,019	29,307	29,056	28,726	28,256	28,075	27,528	27,566	27,365	27,252	27,351	27,184
	Adult (under 19)	106,200	104,714	105,200	104,404	103,890	103,339	103,160	101,327	101,769	101,314	100,730	100,449	100,201
	Aged - Medi-Cal Only	10,674	10,776	10,693	10,722	10,801	10,778	10,782	10,892	10,906	10,906	10,924	10,887	10,979
	Disabled - Medi-Cal Only	10,923	10,913	10,862	10,845	10,850	10,863	10,821	10,792	10,798	10,759	10,793	10,750	10,765
	Adult Expansion	82,349	80,300	80,741	80,470	79,998	79,232	79,207	76,923	77,302	76,985	76,677	74,319	74,292
	BCCTP	18	17	17	17	17	16	16	15	15	15	15	15	13
	Long Term Care	332	344	355	366	369	370	377	375	372	363	349	374	390
	Total Non-Duals	240,241	236,083	237,175	235,880	234,651	232,854	232,438	227,852	228,728	227,707	226,740	224,145	223,824
DUAL	Adult (21 Over)	463	464	450	447	444	427	433	421	419	416	401	397	393
	Aged (21 Over)	16,401	16,329	16,709	16,813	16,832	16,829	16,721	16,716	16,782	16,707	16,533	16,661	16,563
	Disabled (21 Over)	6,518	6,474	6,502	6,522	6,547	6,555	6,552	6,545	6,559	6,526	6,409	6,403	6,378
	Adult Expansion	906	806	784	793	789	717	709	474	433	470	451	421	451
	BCCTP	1	1	1	1	0	0	0	1	1	2	2	2	2
	Long Term Care	1,223	1,234	1,250	1,246	1,255	1,251	1,253	1,248	1,219	1,197	1,144	1,159	1,165
	Total Duals	25,512	25,308	25,696	25,822	25,867	25,779	25,668	25,405	25,413	25,318	24,940	25,043	24,952
	Total Medi-Cal	265,753	261,391	262,871	261,702	260,518	258,633	258,106	253,257	254,141	253,025	251,680	249,188	248,776
	Healthy Kids	2,732	2,633	2,618	2,243	2,288	2,321	2,447	3,209	3,250	3,415	3,454	3,220	3,196
CMC	CMC Non-Long Term Care	7,260	7,252	7,139	7,124	7,070	7,095	7,132	7,135	7,169	7,168	7,201	7,213	7,275
	CMC - Long Term Care	283	273	266	259	256	254	257	254	248	241	234	227	228
	Total CMC	7,543	7,525	7,405	7,383	7,326	7,349	7,389	7,389	7,417	7,409	7,435	7,440	7,503
	Total Enrollment	276,028	271,549	272,894	271,328	270,132	268,303	267,942	263,855	264,808	263,849	262,569	259,848	259,475

Income Statement

Santa Clara County Health Authority												
Income Statement for Twelve Months Ending June 30, 2018												
	For the Month of Jun 2018						For 12 Months Ending June 30, 2018					
	Actuals	% of Rev	Budget	% of Rev	Variance	% Var	Actuals	% of Rev	Budget	% of Rev	Variance	% Var
REVENUE												
MEDI-CAL	\$ 101,346,076	88.0%	\$ 74,055,102	89.3%	\$ 27,290,975	36.9%	\$ 1,107,159,571	90.5%	\$ 985,946,772	90.2%	\$ 121,212,798	12.3%
HEALTHY KIDS	337,194	0.3%	252,000	0.3%	85,194	33.8%	3,571,300	0.3%	3,024,000	0.3%	547,300	18.1%
MEDICARE	13,534,763	11.7%	8,637,957	10.4%	4,896,805	56.7%	112,835,214	9.2%	103,655,489	9.5%	9,179,725	8.9%
TOTAL REVENUE	\$ 115,218,033	100.0%	\$ 82,945,059	100.0%	\$ 32,272,974	38.9%	\$ 1,223,566,085	100.0%	\$ 1,092,626,261	100.0%	\$ 130,939,823	12.0%
MEDICAL EXPENSE												
MEDI-CAL	\$ 82,951,762	72.0%	\$ 68,418,743	82.5%	\$ (14,533,018)	-21.2%	\$ 1,033,001,469	84.4%	\$ 926,123,694	84.8%	\$ (106,877,775)	-11.5%
HEALTHY KIDS	327,333	0.3%	240,242	0.3%	(87,091)	-36.3%	3,162,095	0.3%	2,882,902	0.3%	(279,193)	-9.7%
MEDICARE	12,142,815	10.5%	8,267,243	10.0%	(3,875,572)	-46.9%	105,276,259	8.6%	99,206,919	9.1%	(6,069,340)	-6.1%
TOTAL MEDICAL EXPENSES	\$ 95,421,909	82.8%	\$ 76,926,228	92.7%	\$ (18,495,681)	-24.0%	\$ 1,141,439,822	93.3%	\$ 1,028,213,515	94.1%	\$ (113,226,308)	-11.0%
MEDICAL OPERATING MARGIN	\$ 19,796,123	17.2%	\$ 6,018,831	7.3%	\$ 13,777,293	42.7%	\$ 82,126,262	6.7%	\$ 64,412,747	5.9%	\$ 17,713,516	13.5%
ADMINISTRATIVE EXPENSE												
SALARIES AND BENEFITS	\$ 2,372,493	2.1%	\$ 2,341,614	2.8%	\$ (30,879)	-1.3%	\$ 27,375,278	2.2%	\$ 28,056,520	2.6%	\$ 681,242	2.4%
RENTS AND UTILITIES	121,321	0.1%	115,170	0.1%	(6,150)	-5.3%	1,508,910	0.1%	1,391,212	0.1%	(117,698)	-8.5%
PRINTING AND ADVERTISING	27,021	0.0%	61,100	0.1%	34,079	55.8%	559,096	0.0%	1,011,200	0.1%	452,104	44.7%
INFORMATION SYSTEMS	175,671	0.2%	208,714	0.3%	33,043	15.8%	1,957,713	0.2%	2,558,567	0.2%	600,854	23.5%
PROF FEES/CONSULTING/TEMP STAFFING	1,231,069	1.1%	781,624	0.9%	(449,446)	-57.5%	13,194,342	1.1%	9,874,897	0.9%	(3,319,444)	-33.6%
DEPRECIATION/INSURANCE/EQUIPMENT	352,097	0.3%	406,519	0.5%	54,422	13.4%	4,090,926	0.3%	4,374,968	0.4%	284,041	6.5%
OFFICE SUPPLIES/POSTAGE/TELEPHONE	49,030	0.0%	116,411	0.1%	67,382	57.9%	702,559	0.1%	1,600,536	0.1%	897,978	56.1%
MEETINGS/TRAVEL/DUES	99,266	0.1%	89,054	0.1%	(10,212)	-11.5%	1,014,870	0.1%	1,128,068	0.1%	113,198	10.0%
OTHER	31,438	0.0%	4,220	0.0%	(27,218)	-645.0%	127,982	0.0%	149,673	0.0%	21,691	14.5%
TOTAL ADMINISTRATIVE EXPENSES	\$ 4,459,405	3.9%	\$ 4,124,425	5.0%	\$ (334,980)	-8.1%	\$ 50,531,675	4.1%	\$ 50,145,642	4.6%	\$ (386,034)	-0.8%
OPERATING SURPLUS (LOSS)	\$ 15,336,719	13.3%	\$ 1,894,406	2.3%	\$ 13,442,313	709.6%	\$ 31,594,587	2.6%	\$ 14,267,105	1.3%	\$ 17,327,482	121.5%
OTHER INCOME/EXPENSE												
GASB 45 - POST EMPLOYMENT BENEFITS EXPENSE	(59,780)	-0.1%	(59,780)	-0.1%	-	0.0%	(717,356)	-0.1%	(717,356)	-0.1%	-	0.0%
GASB 68 - UNFUNDED PENSION LIABILITY	(75,000)	-0.1%	(75,000)	-0.1%	-	0.0%	(900,000)	-0.1%	(900,000)	-0.1%	-	0.0%
INTEREST & OTHER INCOME	786,757	0.7%	65,153	0.1%	721,605	1107.6%	3,768,195	0.3%	781,832	0.1%	2,986,363	382.0%
OTHER INCOME/EXPENSE	651,978	0.6%	(69,627)	-0.1%	721,605	-1036.4%	2,150,839	0.2%	(835,524)	-0.1%	2,986,363	-357.4%
NET SURPLUS (LOSS)	\$ 15,988,696	13.9%	\$ 1,824,779	2.2%	\$ 14,163,918	776.2%	\$ 33,745,426	2.8%	\$ 13,431,581	1.2%	\$ 20,313,845	151.2%

Balance Sheet

	June 2018	May 2018	April 2018	March 2018	June 2017
Assets					
Current Assets					
Cash and Marketable Securities	\$224,156,209	\$256,044,077	\$430,143,232	\$238,428,566	\$364,609,248
Receivables	491,310,883	480,311,521	480,638,665	501,305,521	474,866,197
Prepaid Expenses and Other Current Assets	7,024,982	7,654,827	7,993,464	7,713,020	7,070,619
Total Current Assets	722,492,073	744,010,425	918,775,361	747,447,107	846,546,064
Long Term Assets					
Property and Equipment	38,420,817	34,170,890	32,527,805	32,420,963	21,268,887
Accumulated Depreciation	(14,309,761)	(14,013,419)	(13,716,660)	(13,420,155)	(10,761,759)
Total Long Term Assets	24,111,056	20,157,471	18,811,145	19,000,808	10,507,128
Total Assets	746,603,129	764,167,896	937,586,506	766,447,915	857,053,192
Deferred Outflow of Resources	14,405,010	14,405,010	14,405,010	14,405,010	9,287,513
Total Deferred Outflows and Assets	761,008,139	778,572,906	951,991,516	780,852,925	866,340,705
Liabilities and Net Assets					
Current Liabilities					
Trade Payables	8,954,130	5,046,194	4,335,052	5,641,340	6,157,039
Deferred Rent	17,011	23,310	29,609	35,908	92,597
Employee Benefits	1,473,524	1,538,777	1,576,739	1,541,057	1,262,108
Retirement Obligation per GASB 45	4,315,122	5,475,935	5,416,156	5,356,376	4,818,359
Advance Premium - Healthy Kids	66,195	66,668	66,514	66,818	53,439
Deferred Revenue - Medicare	9,928,268	-	-	8,501,089	8,372,938
Whole Person Care	9,253,443	8,678,072	8,095,462	7,501,830	2,065,180
Payable to Hospitals	13,270,965	13,264,966	160,117,006	12,654,006	27,378,335
Due to Santa Clara County Valley Health Plan and Kaiser	5,306,703	4,630,360	32,762,318	6,052,151	9,456,454
MCO Tax Payable - State Board of Equalization	(0)	14,483,915	7,241,386	(219,630)	33,865,555
Due to DHCS	13,416,262	48,612,592	56,838,036	61,514,786	207,658,770
Liability for In Home Support Services (IHSS)	396,372,624	390,509,778	390,509,778	390,509,778	300,220,266
Current Premium Deficiency Reserve (PDR)	2,374,525	2,374,525	2,374,525	2,374,525	2,374,525
Medical Cost Reserves	89,971,183	93,643,327	92,527,523	89,521,488	90,922,381
Total Current Liabilities	554,719,954	588,348,418	761,890,104	591,051,520	694,697,946
Non-Current Liabilities					
Noncurrent Premium Deficiency Reserve (PDR)	5,919,500	5,919,500	5,919,500	5,919,500	5,919,500
Net Pension Liability GASB 68	7,757,370	7,682,370	7,607,370	7,532,370	6,857,370
Total Non-Current Liabilities	13,676,870	13,601,870	13,526,870	13,451,870	12,776,870
Total Liabilities	568,396,824	601,950,288	775,416,974	604,503,390	707,474,816
Deferred Inflow of Resources	485,329	485,329	485,329	485,329	485,329
Net Assets / Reserves					
Invested in Capital Assets	9,335,737	9,456,555	9,623,030	9,737,811	10,507,128
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350	305,350
Unrestricted Net Equity	148,739,473	148,618,654	148,452,180	148,337,399	89,480,978
Current YTD Income (Loss)	33,697,071	17,756,729	17,708,653	17,483,645	58,087,104
Total Net Assets / Reserves	192,077,631	176,137,289	176,089,213	175,864,205	158,380,560
Total Liabilities, Deferred Inflows, and Net Assets	760,959,785	778,572,906	951,991,516	780,852,925	866,340,705

Cash Flow Statement

Cash Flows from Operating Activities	
Premiums Received	979,013,336
Medical Expenses Paid	(1,044,468,913)
Administrative Expenses Paid	(55,694,227)
Net Cash from Operating Activities	<u>(\$121,149,804)</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(17,151,930)
Cash Flows from Investing Activities	
Interest Income and Other Income (Net)	3,768,195
Net Increase/(Decrease) in Cash & Cash Equivalents	(134,533,540)
Cash & Cash Equivalents (Jun 17)	364,609,248
Cash & Cash Equivalents (Jun 18)	224,156,209
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating Income/(Loss)	33,745,426
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities	
Depreciation	3,548,002
Changes in Operating Assets/Liabilities	
Premiums Receivable	(16,444,686)
Other Receivable	(3,768,195)
Due from Santa Clara Family Health Foundation	-
Prepays & Other Assets	45,637
Deferred Outflow of Resources	(5,117,497)
Accounts Payable & Accrued Liabilities	(2,921,338)
State Payable	(228,108,063)
Santa Clara Valley Health Plan & Kaiser Payable	(4,149,751)
Net Pension Liability	900,000
Medical Cost Reserves & PDR	4,968,302
Deferred Inflow of Resources	96,152,358
Total Adjustments	<u>(\$158,443,232)</u>
Net Cash from Operating Activities	<u>(\$121,149,804)</u>

Statement of Operations

Santa Clara County Health Authority Statement of Operations By Line of Business (Including Allocated Expenses) For Twelve Months Ending June 30 2018				
	Medi-Cal	CMC	Healthy Kids	Grand Total
P&L (ALLOCATED BASIS)				
REVENUE	1,072,053,773	147,941,011.38	3,571,300	1,223,566,085
MEDICAL EXPENSE	1,001,232,319	137,045,408.59	3,162,095	1,141,439,822
(MLR)	93.4%	92.6%	88.5%	93.3%
GROSS MARGIN	70,821,454	10,895,603	409,205	82,126,262
ADMINISTRATIVE EXPENSE	44,274,416	6,109,770	147,490	50,531,675
(% of Revenue Allocation)				
OPERATING INCOME/(LOSS)	26,547,039	4,785,833	261,715	31,594,587
(% of Revenue Allocation)				
OTHER INCOME/(EXPENSE)	1,884,504	260,057	6,278	2,150,839
(% of Revenue Allocation)				
NET INCOME/(LOSS)	28,431,542	5,045,890	267,993	33,745,426
PMPM (ALLOCATED BASIS)				
REVENUE	\$348.84	\$1,662.82	\$104.14	\$382.79
MEDICAL EXPENSES	325.80	1,540.36	92.21	357.10
GROSS MARGIN	23.04	122.46	11.93	25.69
ADMINISTRATIVE EXPENSES	14.41	68.67	4.30	15.81
OPERATING INCOME/(LOSS)	8.64	53.79	7.63	9.88
OTHER INCOME/(EXPENSE)	0.61	2.92	0.18	0.67
NET INCOME/(LOSS)	9.25	56.71	7.81	10.56
ALLOCATION BASIS:				
MEMBER MONTHS - YTD	3,073,184	88,970	34,294	3,196,448
Revenue by LOB	87.6%	12.1%	0.3%	100.0%
Note: CMC includes Medi-Cal portion of the Coordinated Care Initiative (CCI) data.				

Network Detection and Prevention Report

August 2018

Executive Finance Committee Meeting

Firewall Background

The following network intrusion reports show the malicious activities that were prevented from accessing SCFHP's network. It is important to note that these attempts are not specifically targeted at SCFHP, but rather are common attempts against entire areas of the Internet. The results are typical of many organizations.

None of the intrusion attempts on the SCFHP network were successful.

The attempts have been categorized in three severity levels:

High

These attacks are the most dangerous. They can take down our entire network or disable servers, such as various Backdoor, DDoS(Distributed Denial of Service), and DOS(Denial of Service) attacks.

Medium

These attacks can cause disruption to the network, such as increased network traffic that slows down performance. For example, various DNS(Domain Naming Service), FTP(File Transfer Protocol), and Telnet attacks.

Low

These attacks are characterized more as informational events, such as various Scans (port and IP internet protocol address), RPC(Remote Procedure Call), and SMTP(Simple Mail Transfer Protocol) attacks.

Attack Statistics Combined

April/May/June/July

	Number of Different Types of Attacks				Total Number of Attempts				Percent of Attempts			
Severity Level	Apr	May	Jun	Jul	Apr	May	Jun	Jul	Apr	May	Jun	Jul
Critical				8				7834				1.93
High	9	7	7	16	39	33	84	3256	.05	.02	.07	.80
Medium	15	15	14	43	121	127	142	357	.16	.10	.12	.09
Low	26	20	31	44	75582	130667	119603	391169	99.79	99.88	99.81	96.33
Informational				35				3451				.85

Starting July SCFHP IT phased out the sophos firewall and replaced it with a Palo Alto Networks firewall. This added 2 new categories (informational and critical)

8/20/2018

Email Background

For email protection SCFHP utilizes software that intercepts every incoming email and scans them for suspicious content, attachments or URLs (Uniform Resource Locator or address to the World Wide Web). The software has anti-malware and phishing-detection technology that is constantly being updated to detect the latest threats. It is configured to detect phishing attempts as well SPF (Sender Policy Framework) anti-spoofing. SPF is a simple technology that detects spoofing by providing a mechanism to validate the incoming mail against the sender's domain name. The software can check those records to make sure mail is coming from legitimate email addresses.

Email Security – July 2018 Monthly Statistics

Overview > Incoming Mail Summary			✕
Message Category	%	Messages	
Stopped by Reputation Filtering	64.6%	141.9k	
Stopped as Invalid Recipients	0.0%	5	
Spam Detected	5.2%	11.5k	
Virus Detected	0.0%	0	
Detected by Advanced Malware Protection	0.0%	0	
Messages with Malicious URLs	0.4%	779	
Stopped by Content Filter	0.1%	282	
Stopped by DMARC	0.0%	0	
S/MIME Verification/Decryption Failed	0.0%	0	
Total Threat Messages:	70.0%	153.7k	
Marketing Messages	7.3%	15.9k	
Social Networking Messages	0.5%	1,104	
Bulk Messages	4.7%	10.3k	
Total Graymails:	12.4%	27.3k	
S/MIME Verification/Decryption Successful	0.0%	0	
Clean Messages	17.6%	38.7k	
Total Attempted Messages:		219.7k	

Implemented a new email security appliance
from Cisco Iron Port

8/20/2018

Email Security – Blocked Countries

<input checked="" type="checkbox"/>		Anonymous Proxy/Private IP
<input checked="" type="checkbox"/>		Bulgaria
<input checked="" type="checkbox"/>		Canada
<input checked="" type="checkbox"/>		China
<input checked="" type="checkbox"/>		Czech Republic
<input checked="" type="checkbox"/>		France
<input checked="" type="checkbox"/>		Germany
<input checked="" type="checkbox"/>		India
<input checked="" type="checkbox"/>		Japan
<input checked="" type="checkbox"/>		Korea, Democratic People's Repu
<input checked="" type="checkbox"/>		Korea, Republic of
<input checked="" type="checkbox"/>		Netherlands
<input checked="" type="checkbox"/>		Russian Federation
<input checked="" type="checkbox"/>		United Kingdom
<input checked="" type="checkbox"/>		Vietnam

SCFHP Phishing Attacks

	INCIDENT 38 – 4/12/2018	INCIDENT 39 – 4/14/2018	INCIDENT 40 – 4/20/2018	INCIDENT 41 – 4/25/2018
TYPE OF ATTACK	Phishing	Phishing	Phishing	Phishing
SUMMARY	1 employee	1 employee	1 employee	1 employee
RESPONSE	Step 1. Analyze email and take appropriate action.	Step 1. Analyze email and take appropriate action.	Step 1. Analyze email and take appropriate action.	Step 1. Analyze email and take appropriate action.
	Step 2. Block FW from Source email info@syafaindustry.com Add expression for line keyword, “Your mailbox is full”.	Step 2. Block FW from Source email seful_banilor90@yahoo.com Add expression for line keyword, “Saturday’s weekend office plans”.	Step 2. Block FW from Source email mariandowdell@gmail.com Add expression for line keyword, “I went to Sweden for a few days”.	Step 2. Block FW from Source email avrro10400@gmail.com and timwest120@gmail.com Add expression for line keyword, “Sales without profit” and “text 111”.
	Step 3. Remove threat by permanently deleting email.	Step 3. Remove threat by permanently deleting email.	Step 3. Remove threat by permanently deleting email.	Step 3. Remove threat by permanently deleting email.
	Step 4. Monitor email and user.	Step 4. Monitor email and user.	Step 4. Monitor email and user.	Step 4. Monitor email and user.

SCFHP Phishing Attacks

	INCIDENT 42 – 4/26/2018	INCIDENT 43 – 4/30/2018	INCIDENT 44 – 5/13/2018	INCIDENT 45 – 5/25/2018
TYPE OF ATTACK	Phishing	Phishing	Phishing	Phishing
SUMMARY	1 employee	3 employees	1 employee	1 employee
RESPONSE	Step 1. Analyze email and take appropriate action.	Step 1. Analyze email and take appropriate action.	Step 1. Analyze email and take appropriate action.	Step 1. Analyze email and take appropriate action.
	Step 2. Block FW from Source email angelapereira@cygnethealth.co.uk Add expression for line keyword, “Email Verification”.	Step 2. Block FW from Source email info@oyonalhejaz.com.sa Add expression for line keyword, “Re-Validate your Email Account or you loose it.” Blocked IP addresses 68.169.63.24 and 167.88.9.90	Step 2. Block FW from Source email jeniferlauren9012@gmail.com Add expression for line keyword, “SC12”	Step 2. Block FW from Source email jeff@acognitiviti.com and jeff--1@offshoreadviser.eu
	Step 3. Remove threat by permanently deleting email.	Step 3. Remove threat by permanently deleting email.	Step 3. Remove threat by permanently deleting email.	Step 3. Remove threat by permanently deleting email.
	Step 4. Monitor email and user.	Step 4. Monitor email and user.	Step 4. Monitor email and user.	Step 4. Monitor email and user.

SCFHP Phishing Attacks

	INCIDENT 46 – 5/31/2018	INCIDENT 47 – 6/08/2018		
TYPE OF ATTACK	Phishing	Phishing		
SUMMARY	1 employee	1 employee	No incidents for month of July	
RESPONSE	Step 1. Analyze email and take appropriate action.	Step 1. Analyze email and take appropriate action.		
	Step 2. Block FW from Source email SiO@gen.msgfocus.com . Add expression for line keyword, “Welcome to SiO Beauty”. Blocked IP address 81.29.79.162	Step 2. Block FW from Source email falramli@napleton.com . Add expression for line keyword, “Synchronization Error”. Blocked IP address 173.203.187.81		
	Step 3. Remove threat by permanently deleting email.	Step 3. Remove threat by permanently deleting email.		
	Step 4. Monitor email and user.	Step 4. Monitor email and user.		

Questions



Regular Meeting of the Santa Clara County Health Authority Compliance Committee

Thursday, June 28, 2018
1:00 PM – 2:30 PM
210 E. Hacienda Avenue
Campbell CA 95008

Minutes

Members Present

Linda Williams, Board Member
Christine M. Tomcala, Chief Executive Officer
Robin Larmer, Chief Compliance and
Regulatory Affairs Officer
Dave Cameron, Chief Financial Officer
Chris Turner, Chief Operations Officer
Jeff Robertson, MD, Chief Medical Officer
Jonathan Tamayo, Chief Information Officer

Staff Present

Beth Paige, Director, Compliance
Jordan Yamashita, Compliance Mgr
Mai Phuong Nguyen, Compliance Oversight
Mgr
Regina Wong-Valle, Compliance Audit Mgr
Anna Vuong, Compliance Lead
Moon Nguyen, Compliance Coordinator

1. Roll Call

Ms. Larmer called the meeting to order at 1:05 pm. Roll call was taken and a quorum established.

2. Public Comment

There were no public comments.

3. Approve Minutes of the February 22, 2018 Regular Compliance Committee Meeting

Minutes of the February 22, 2018 regular Compliance Committee meeting were approved as presented.

4. Compliance Activity Report

a. Discuss status of CAPs and PIPs

i. Data Validation CAP



Ms. Larmer reported that following last year's MDV audit, CMS requested the plan do a corrective action plan (CAP) to address the deficiencies identified from the audit. SCFHP finalized the CAP at the close of this year's MDV audit and it is now closed. Corrective actions put in place improved this year's MDV audit results.

ii. HRA PIP

Ms. Larmer reported that SCFHP's HRA PIP was now closed. The PIP team evaluated root causes for the low HRA rates which included vendor issues, data issues, tracking problems and staffing. SCFHP brought the process in-house and HRA rates have improved significantly.

b. Regulatory Audits

Ms. Larmer gave an update on the following:

i. DHCS Audit

DHCS conducted an audit on April 9-20, 2018. SCFHP will receive its preliminary report in late July, 2018.

ii. DMHC Audit

DMHC conducted an onsite audit June 11 and 12, 2018 to follow up on the Plan's 2016 audit deficiencies. SCFHP will receive its preliminary report in approximately 90 days. The next DMHC full audit is scheduled for March 18, 2019.

iii. Medicare Data Validation Audit

A preliminary report was posted by the Advent auditor for the Plan's review. According to the report, the Plan's predicted score will be 98.625%. This is an improvement from last year, and would reflect an aggregate passing score. However, the Plan fell short of the 100% passing score for the Grievance data file and source data review. A focus was placed on the Plan's progress and improvement from last year.

iv. 2016 Part D Prescription Drug Event Validation

CMS selected a random sampling of the Plan's 2016 Part D Prescription Drug Event encounters (PDE) for validation. All PDE files passed the review.

v. Performance Measure Validation Audit

The 2018 HSAG Performance Measure Validation activities kick + off on July 10, 2018.

A motion was made to accept the Compliance Activities report; the motion was **seconded and unanimously approved**.



5. Review CMC and Medi-Cal Compliance Monitoring Report

Ms. Nguyen presented the Compliance Monitoring report for the fiscal year 2017-18, highlighting areas where compliance standards were not met:

- Customer Service: It is unclear whether the Customer Service numbers are correct because Alltran, SCFHP's after-hours call vendor, uses different methodology than SCFHP's methodology. Effective August 1, 2018, Alltran's agreement will terminate and SCFHP's call center will extend its hours to 8 a.m. to 8 p.m.
- Utilization Management: A problem was identified with the report data extract methodology earlier in the year, but has now been corrected. The HRA process has improved and the ICP process continues to be refined.
- Claims: Claims experienced some timeliness deficiencies, generally attributed to the QNXT system conversion and a backlog of non-contracted claims.
- Pharmacy: Pharmacy's Q4 2017 website posting metric (requiring data to be posted by the first of the month) was not met. However, Q1 2018 data was compliant. Dr. Robertson noted that there was a change in the timeframe for the pharmacy review element related to prior authorizations from 1 day to 24 hours. This will be changed on the dashboard.
- Grievance and Appeals: It was noted that there has been much improvement in the G&A data due to increased staffing. Ms. Turner commented that Grievance is looking at a new system that will assist with reporting, workflow and letter issues.

Ms. Larmer reported that one of SCFHP's Plan Objectives for FY 2018-2019 is to continue to improve reporting and analytics.

Board training is being revised to be more directly relevant to not for profit boards and the incorporate information about Brown Act requirements. Ms. Larmer commented that the training will be rolled out to Board Members once it was completed.

A motion was made to approve the Compliance Monitoring Report; the motion was **seconded and unanimously approved**.

6. Internal Work Plans

Ms. Larmer advised the Committee that Business Units were asked to submit work plans to address non-compliant dashboard measures. These will be discussed with the Committee when collected.

7. Regulatory Updates

Ms. Larmer gave an update on the following:

- DHCS Health Homes: SCFHP/Santa Clara County has moved to Phase 3 implementation of the Medicaid Health Homes Program for a July 1, 2019 implementation for members



with eligible chronic physical conditions and substance use disorders. January 1, 2020 will be the implementation date for members receiving Specialty Mental Health services.

- HIF/MET: DHCS is requiring health plans to send a Health Information Form(HIF)/Member Evaluation Tool (MET) to all new members as part of their new member packet and use the completed HIF/MET in the risk stratification of the member. DHCS has not provided clear direction because one document says it is for SPD members only and another says all members. The Plan has sought clarification from DHCS.
- Network Certification Filings: SCFHP had gaps in Specialty access for Gastroenterology, HIV/AIDS, Neurology and Physical Medicine and Rehabilitation in the rural areas of Morgan Hill, Gilroy, and San Martin. An application was submitted to DHCS and DMHC requesting alternate access for these rural areas and the request was approved.
- Provider Enrollment and Screening: The new DHCS Provider Enrollment and Screening process must be fully implemented by December 31, 2018. Providers must enroll directly with Medi-Cal or the Plan must establish a process that mirrors the State's process. SCFHP continues to work to put all elements of the State's screening process in place.

8. Fraud, Waste and Abuse Report

Ms. Larmer explained that the Compliance Department met with the FWA vendor, T&M Protection Resources in May to discuss FQA program structure, emergent local and national trends and feedback from DHCS during its audit. T&M will provide two reports to the Plan monthly; one that provides the potential non-compliant activities they data mine for each month and another regarding active investigations and the status of them. No credible cases of fraud have been identified as yet.

A motion was made to approve the Fraud, Waste and Abuse Report; the motion was **seconded and unanimously approved**.

Compliance Department Staffing

Ms. Larmer advised the Committee of the following:

- An offer had been made and accepted for a new Compliance Coordinator. The candidate has compliance experience and likes policy and procedure development and management. She will be a good addition to the Department.
- Consideration is being given to reorganizing roles within the Department. The Committee will be kept informed of changes.

9. Adjournment

The meeting was adjourned at 2:08 pm.

Compliance Department Activity

March -June 2018

CORE 2.1 Performance Improvement Plan (PIP)

SCFHP completed its CORE 2.1 performance improvement plan. It was closed in March 2018. The PIP was developed to address SCFHP's low health risk assessment (HRA) completion rates. Completion rates continue to be compliant.

2018 DHCS Audit

The Department of Health Care Services (DHCS) conducted an annual audit of SCFHP in April 2018. The auditors were onsite for two weeks. The preliminary report is due July/August 2018.

DMHC Audit(s)

The Department of Managed Health Care (DMHC) conducted a Follow up audit of SCFHP's 2016 audit deficiencies on June 11 and June 12. The preliminary report regarding their findings is due on or before August 6.

DMHC will conduct its next Routine audit of SCFHP beginning March 18, 2019.

DMHC Timely Access

SCFHP successfully submitted its MY 2017 Timely Access filing on March 31, 2018. It is now under review by DMHC.

Board Training

Compliance training for staff and board members will be conducted between July and September 2018.

Cal MediConnect

- SCFHP's 2017 Medicare Data Validation (MDV) Audit Corrective Action is final and closed. The Plan had until the completion of the 2018 MDV audit to finalize its CAP.
- 2018 Medicare Data Validation Update:
 - Preliminary MDV reports appear to show positive results. Much of the CAP work is being reflected in improved rates in previously deficient sections. There are still areas for improvement, but it appears SCFHP will pass the audit.
- A 2016 Part D PDE data validation audit was conducted in March and SCFHP passed the audit.
- February is a busy reporting month for Cal MediConnect. SCFHP submitted 6 quarterly reports and 18 annual reports, reflecting Core Measures, California-specific measures, Part C and Part D measures. Data discrepancies required 5 of the reports to be resubmitted.
- The Plan Benefit Package (PBP), Formulary and other required documents and attestations were submitted for review and consideration by CMS and DHCS for the 2019 CMC contract renewal.

Medi-Cal

- SCFHP completed its first annual DHCS network certification filing. There were no identified gaps in time and distance standards for PCP access. However, there were gaps in Specialty access, specifically for Gastroenterology (pediatrics/adults); HIV/AIDS (pediatrics/adults); Neurology (pediatrics/adults) and Physical Medicine and Rehabilitation (pediatrics/adults) in the rural areas

**Santa Clara Family Health Plan
Compliance Report
June 2018**

of Morgan Hill, Gilroy and San Martin. DHCS has approved alternate access standards for those zip codes, and SCFHP will not be found deficient in those areas. SCFHP will continue to evaluate and reach out to providers for contracting in these areas.

- SCFHP, along with several other plans, was moved to Phase 3 implementation of the Medicaid Health Homes Program: July 1, 2019 for members with eligible chronic physical conditions and substance use disorders and January 1, 2020 for members with Specialty Mental Health conditions. SCFHP continues to prepare for the implementation.
- In September 2014, Behavioral Health Therapy (BHT) services were made a Managed Care benefit for beneficiaries with autism and management of these members was moved from the Regional Centers to the Plan. Similarly, management of BHT services for non-autistic Medi-Cal members will move from the Regional Center to the Plan on July 1, 2018.
- SCFHP submitted a request to DHCS to allow SCFHP to mail a postcard to members rather than the annual EOC mailing. Member would be directed to the website for an electronic version of the EOC or they can call the Plan and request a hard copy EOC and it will be mailed to them. The request is under consideration by DHCS.
- Provider Enrollment and Screening processes must be fully implemented by December 31, 2018. DHCS requires that providers either enroll with Medi-Cal directly and go through its credentialing and screening process, or go through a Plan-established process that mirrors the State's process. The providers processed through the State will be able to see FFS and Managed Care members, whereas the providers processed by the Plan will only be able to see Plan members.

FWA Activities

In May 2018, staff participated in a series of onsite meetings with T&M Protection resources, the Plan's FWA vendor, to discuss FWA program structure, emergent local and national trends, and feedback from DHCS during its audit.

Santa Clara Family Health Plan
Operational Compliance Report
Fiscal Year 2017-2018



Cal MediConnect FY 2017-2018				
	Goal	Q3 2017	Q4 2017	Q1 2018
ENROLLMENT				
Enrollment Materials				
% of New member packets mailed within 10 days of effective Date	100%	Met	Not Met	Met
% of New Member ID cards mailed within 10 days of effective date	100%	Met	Met	Met
Out of Area Members				
% Compliance with OOA Member Process	100%	Met	Met	Met
CUSTOMER SERVICE				
Combined Call Stats				
Member				
Member Average Speed of Answer in Seconds	≤30 Seconds	Not Met	Not Met	Not Met
Member Average Hold Time in Seconds	≤120 Seconds	Met	Met	Met
Member Abandonment Rate	≤5%	Not Met	Not Met	Not Met
Member Service Level	80% in ≤30 Seconds	Not Met	Not Met	Not Met
UTILIZATION MANAGEMENT				
Pre-Service Organization Determinations				
Standard Part C				
% of Timely Decisions made within 14 days	100%	Met	Not Met	Not Met
Expedited Part C				
% of Timely Decisions made within 72 Hours	100%	Not Met	Met	Not Met
Post Service Organization Determinations				
% of Timely Decisions made within 30 days	100%	Met	Not Met	Not Met
CASE MANAGEMENT				
HRAs and ICPs				
% of HRAs completed in 45 days for High Risk Members	100%	Not Met	Met	Met
% of HRAs completed in 90 days for Low Risk Members	100%	Not Met	Not Met	Met
% of ICPs completed within 30 days for High Risk Members	100%	Met	Not Met	Not Met
% of ICPs completed within 30 working days for Low Risk Members	100%	Not Met	Not Met	Not Met

Medi-Cal FY 2017-2018				
	Goal	Q3 2017	Q4 2017	Q1 2018
ENROLLMENT				
Enrollment Materials				
% of New member packets mailed within 7 days of effective Date	100%	Met	Met	Not Met
% of New Member ID cards mailed within 7 days of effective date	100%	Met	Met	Not Met
CUSTOMER SERVICE				
Call Stats				
Member Queue				
Member Average Speed of Answer in Seconds	≤30 Seconds	Not Met	Not Met	Not Met
Member Average Hold Time in Seconds	≤120 Seconds	Met	Met	Met
Member Abandonment Rate	≤5%	Not Met	Not Met	Not Met
Member Service Level	80% in ≤30 Seconds	Not Met	Not Met	Not Met
HEALTH SERVICES				
Medical Authorizations				
Routine Authorizations				
% of Timely Decisions made within 5 Business Days of request	95%	Met	Met	Not Met
Expedited Authorizations				
% of Timely Decisions made within 72 Hours of request	95%	Met	Met	Met
Retrospective Review				
% of Retrospective Reviews completed within 30 Calendar Days of request	95%	Met	Met	Not Met
QUALITY & CASE MANAGEMENT				
Initial Health Assessment				
% of High Risk SPD Members who completed HRA in 45 days	100%	Report Pending	Report Pending	Report Pending
% of HRAs completed in 90 days for Low Risk SPD Members	100%	Report Pending	Report Pending	Report Pending
% of HRAs completed in 45 days for High Risk MLTSS Members	100%	Report Pending	Report Pending	Report Pending
% of HRAs completed in 90 days for Low Risk MLTSS Members	100%	Report Pending	Report Pending	Report Pending
Facility Site Reviews				
% of FSRs completed timely	100%	Met	Met	Met

Cal MediConnect 2018 (continued)				
	Goal	Q3 2017	Q4 2017	Q1 2018
CLAIMS				
Non-Contracted Providers				
% of Clean Claims to Non-Contracted Providers processed within 30 days	90%	Met	Not Met	Not Met
Contracted Providers				
% of Claims to Contracted Providers processed within 45 days	90%	Met	Met	Met
% of Claims to Contracted Providers processed within 90 days	99%	Met	Met	Met
% of Claims to Contracted Providers processed beyond 90 days	≤1%	Met	Met	Met
PHARMACY - PART D				
Standard Part D Authorization Requests				
% of Standard Prior Authorizations completed within 72 Hours	100%	Met	Met	Met
Expedited Part D Authorization Requests				
% of Expedited Prior Authorizations completed within 24 Hours	100%	Met	Met	Met
Other Pharmacy Requirements				
Formulary posted on website by 1st of the month	100%	Met	Not Met	Met
Step Therapy posted on website by 1st of the month	100%	Met	Not Met	Met
PA criteria posted on website by 1st of the month	100%	Met	Not Met	Met
% MTM/CMR Completion Rate	22%	Annual Measure	Met	Annual Measure
GRIEVANCE & APPEALS				
Grievances, Part C				
Standard Grievances Part C				
% of Standard Grievances that received Acknowledgement Letters within 5 days and were not resolved in < 5 calendar days	100%	Not Met	Not Met	Not Met
% of Standard Grievances resolved within 30/44 days	100%	Not Met	Not Met	Met
Expedited Grievances Part C				
% of Expedited Grievances resolved within 24 hours	100%	Met	Met	Met
Grievances, Part D				
Standard Grievance Part D				
% of Standard Grievances that received Acknowledgement Letters within 5 days and were not resolved in < 5 calendar days	100%	Met	Met	Met
% of Standard Grievances resolved within 30/44 days	100%	Met	Met	Met

Medi-Cal 2018 (continued)				
	Goal	Q3 2017	Q4 2017	Q1 2018
CLAIMS				
Non-Contracted Providers				
% of Clean Claims to Non-Contracted Providers processed within 30 days	90%	Not Met	Not Met	Met
Contracted Providers				
% of Claims to Contracted Providers processed within 45 working days	90%	Met	Not Met	Met
Provider Claim Dispute Requests (Contracted & Non-Contracted)				
% of Contracted Provider Disputes Processed within 45 days	100%	Met	Not Met	Met
PHARMACY				
Standard Authorization Request				
% of Standard Prior Authorizations completed within 1-Business Day	95%	Met	Met	Met
Expedited Authorization Request				
% of Expedited Prior Authorizations completed within 1-Business Day	95%	Met	Met	Met
GRIEVANCE & APPEALS				
Grievances				
Standard Grievances				
% of Grievances resolved within 30 days	100%	Not Met	Not Met	Not Met
Expedited Grievances				
% of Expedited Grievances resolved within 72 hours	100%	Not Met	Not Met	Met
% of Expedited Grievances that received Oral Notification within 72 hours	100%	Met	Not Met	Not Met
% of Expedited Grievances that received Resolution Letters within 72 hours	100%	Met	Not Met	Met
Appeals				
Standard Appeals				
% of Acknowledgement Letters sent within 5 calendar days	100%	Not Met	Not Met	Met

**Santa Clara Family Health Plan
Operational Compliance Report
Fiscal Year 2017-2018**



Cal MediConnect 2018 (continued)				
	Goal	Q3 2017	Q4 2017	Q1 2018
Expedited Grievance Part D				
% of Expedited Grievances resolved within 24 hours	100%	Met	Met	Met
Reconsiderations, Part C				
Standard Post-Service Part C				
% of Standard Post-Service Reconsiderations resolved within 60 days	100%	Met	Not Met	Not Met
Standard Pre-Service Part C				
% of Standard Pre-Service Reconsiderations that received Acknowledgement Letters within 5 days	100%	Not Met	Met	Not Met
% of Standard Pre-Service Reconsiderations resolved within 30/44 days	100%	Not Met	Not Met	Not Met
Expedited Pre-Service Part C				
% of Expedited Pre-Service Reconsiderations resolved with oral notification to member within 72 Hours	100%	Met	Not Met	Not Met
% of Expedited Pre-Service Reconsiderations resolved with written notification to member within 72 Hours	100%	Not Met	Met	Met
% Expedited Pre-Service Reconsiderations (upheld & untimely) submitted to IRE within 24-hours of decision	100%	Met	Met	Met
Redeterminations, Part D				
Standard Part D				
% of Standard Redeterminations resolved within 7 calendar days	100%	Met	Not Met	Not Met
Expedited Part D				
% of Expedited Redeterminations resolved with oral notification to member within 72 Hours	100%	Not Met	Not Met	Not Met
% of Expedited Redeterminations resolved with written notification to member within 72 hours	100%	Not Met	Met	Met
% of Untimely Expedited Redeterminations Submitted to IRE within 24 Hours of decision	100%	Met	Met	Met
COMPLAINT TRACKING MODULE (CTM) COMPLAINTS				
% Resolved Timely	100%	Met	Met	Not Met
PROVIDER RELATIONS				
Provider Directories updated monthly by the first day of the month	100%	Met	Met	Met
Monthly Excluded Provider Screening Completed (Independent Providers)	100%	Met	Met	Met
MARKETING				
% of Marketing Materials Submitted for Approval	100%	Met	Met	Met
% of Events Submitted for Approval	100%	Met		
FINANCE				
Monthly submission of encounters	100%	Met	Met	Met
% of Encounters submitted to CMS within 180 days of date of Service	80%	Met	Met	Met
% of RAPS records successfully submitted to CMS (not duplicate)	95%	Met	Met	Met

Medi-Cal 2018 (continued)				
	Goal	Q3 2017	Q4 2017	Q1 2018
% of Standard Appeals resolved within 30/44 calendar days	100%	Not Met	Not Met	Met
Expedited Appeals				
% of Expedited Appeals Resolved within 72 hours	100%	Not Met	Not Met	Not Met
% of Expedited Appeals that received Oral Notification within 72 hours	100%	Not Met	Not Met	Not Met
% of Expedited Appeals that received Resolution Letters within 72 hours	100%	Met	Not Met	Not Met
PROVIDER NETWORK MANAGEMENT				
% of New Independent Providers Rec'd Orientation within 10 days	100%	Met	Met	Met
Monthly Excluded Provider Screening Completed	100%	Met	Met	Met
Timely Access Surveys (due in June)	100%	Met	Met	Met
INFORMATION TECHNOLOGY				
% Encounter Files Successfully Submitted to DHCS by end of month	100%	Met	Met	Met
% Monthly Eligibility Files successfully submitted to Delegates Timely	100%	Met	Met	Met
% Provider File submitted to DHCS by last Friday of Month	100%	Met	Met	Met

Company Wide Compliance FY 2017-2018				
	Goal	Q3 2017	Q4 2017	Q1 2018
COMPLIANCE TRAINING				
% New Employee Training Completed Timely	100% completed within 3 business days	Met	Met	Not Met
% Annual Employee Training Completed	100% completed by year end	Annual Measure	Met	Annual Measure
BOARD OF DIRECTORS TRAINING				
% Annual Board Training Completed Timely	100% completed by year end	Annual Measure	Not Met	Annual Measure
HUMAN RESOURCE				
Excluded Individual Screening Completed Monthly	100%	Met	Met	Met
INTERNAL AUDITS				
% of Internal Audits Completed	100% completed by year end	Met	Met	Met
DELEGATION OVERSIGHT				
% of Scheduled Audits Completed	100%	Met	Met	Met
REPORTING				
% of CMC Routine Reports Submitted Timely	100%	Met	Met	Not Met
% of Medi-Cal Routine Reports Submitted Timely	100%	Met	Met	Not Met
FILINGS				
% of Key Personnel Filings Timely	100%	Met	Met	Met

**Regular Meeting of the
Santa Clara County Health Authority
Compliance Committee**

Thursday, August 23, 2018
1:00 PM – 2:30 PM
210 E. Hacienda Avenue
Campbell CA 95008

Minutes - DRAFT

Members Present

Linda Williams, Board Member
Christine M. Tomcala, Chief Executive Officer
Oversight Mgr
Robin Larmer, Chief Compliance and
Regulatory Affairs Officer
Dave Cameron, Chief Financial Officer
Chris Turner, Chief Operations Officer
Jeff Robertson, MD, Chief Medical Officer

Staff Present

Beth Paige, Director, Compliance
Mai Phuong Nguyen, Compliance
Jordan Yamashita, Compliance Manager

Board Member Present (as Guest)

Kathleen King

1. Roll Call

Ms. Larmer called the meeting to order at 1:05 pm. Roll call was taken and a quorum established.

2. Public Comment

There were no public comments.

3. Approve Minutes of the February 22, 2018 Regular Compliance Committee Meeting

Minutes of the June 28, 2018 regular Compliance Committee meeting were approved as presented.

4. CMS Program Audit

Ms. Larmer explained that SCFHP was currently participating in a CMS Program Audit. SCFHP is the last California Medicare-Medicaid Plan to undergo a comprehensive Program Audit of its Cal MediConnect Plan. The scope of the audit includes review of SCFHP's Compliance Program Effectiveness (CPE), Part D Formulary Administration (FA), Part D Coverage Determinations, Appeals and Grievances (CDAG), Medicare Medicaid Plan Service Authorization Requests, Appeals and Grievances (SARAG), and Medicare Medicaid Plan Care Coordination Quality Improvement Program Effectiveness (CCQIPE).

The audit began with CMS validation of the universes for each of the five subject areas, and moved into a five-day webinar for each of the areas, except CPE. CMS will conduct the CPE portion of the audit in person beginning Monday, September 4.

SCFHP anticipates that CMS will identify deficiencies in several areas. Although a great deal of progress has been made to address known deficiencies, not all remedial work was completed before the audit notice was received. Corrective Action Plans (CAPs) will be required, and Civil Monetary Penalties will be imposed. Staff is working well together to identify root causes, and many feel they have learned a lot from the audit sessions they have attended.

Ms. Larmer advised that she would meet with any interested Board member one-on-one if they had questions about the audit.

Ms. Larmer noted that a Moss Adams Financial audit was also in process.

5. Compliance Program

Ms. Larmer presented the 2018-19 Compliance Program, which was disseminated to the Committee the week prior to the meeting. The Program has been enhanced to, among other things, better track the seven elements of an effective Compliance Program as defined by CMS.

A **motion** was made to approve the Compliance Program subject to potential additional edits; the motion was **seconded and unanimously approved**.

6. Standards of Conduct

Ms. Larmer presented SCFHP's revised Standards of Conduct. The revision expands the standards of conduct by adding more specificity around the ethical and business performance of individuals

A **motion** was made to approve the Standards of Conduct subject to potential additional edits; the motion was **seconded and unanimously approved**.

7. Compliance Activity Report

- a. Regulatory Audits

- i. DHCS Audit – Preliminary Results Received
SCFHP received its preliminary audit report from the 2018 DHCS Audit. The preliminary report identified 8 deficiencies (improved from last year's 29 identified deficiencies). The Plan will not contest any of DHCS' findings. A final report and corrective action plan will be released soon.
- ii. DMHC Audit Report
SCFHP is still awaiting its DMHC audit report. We anticipate receipt soon.
- iii. Medicare Data Validation Report
A final MDV report has not been released by CMS yet. However, according to the preliminary report, we anticipate a score above 90%.
- iv. Other items of note on the Report
 - The Compliance Department is making changes to its Activity Report based on internal discussions, and feedback from CMS. Ms. Larmer requested feedback from the Committee as the revised Reports are presented.
 - SCFHP continues to note significant performance issues with its DME vendor, both in timeliness of UM determinations and delivery of enteral nutrition and supplies. CHME has been put on a Corrective Action Plan (CAP) by the Quality Department.
 - An issue was identified by the Claims Department regarding PDRs and claims faxes being routed to a junk email box, and not timely received or worked by claims staff. Because faxes and PDRs did not cease altogether, the problem was not discovered for two months. The PDRs (660 total) have now been processed; 250 are untimely. The Claims Department submitted a CAP to Compliance.
 - DMHC may refer the Plan to enforcement regarding processing of a member complaint. DMHC alleges that the plan did not fulfill its obligation to provide newly developed or discovered relevant medical records to the IMR organization despite not knowing the member had an appointment. Compliance has disputed the allegation but DMHC has thus far held firm in its position.
 - SCFHP has been notified of an upcoming audit by the California State Auditor's Office. At present, the nature and timing of the audit is unclear.

A **motion** was made to accept the Compliance Activity Report; the motion was **seconded and unanimously approved**.

8. Review CMC and Medi-Cal Compliance Monitoring Report

Mai-Phuong Nguyen presented the Operational Compliance Report highlighting the following:

- Enrollment measures maintained at 98%

- Customer Service continues to work on improving its measures and is edging toward Compliance. For the CMC stats, the issue was the performance of vendor, Alltran; which brought the CS numbers down. Alltran's contract terminated the end of July. It is anticipated that Q3 numbers will be improved. With regard to the Medi-Cal stats, the main issue is due to staffing. The requirement for bilingual staff has been lifted to assist with recruiting. Interpreters will be used when needed.
- UM continues to improve and have reached 95% for HRA completion. This is a radical improvement from last year when the Plan was using a poorly performing vendor for HRA completion.
- Claims is doing well, except for non-contracted provider claims processing. Claims is working collaboratively with Health Services to resolve claims that require authorizations. The Department continues to work on its claims development processes.
- Pharmacy is doing well. There was a CAP issued for untimely posting of files due to staffing. This is a combined Pharmacy/Marketing responsibility.
- Grievance and Appeals data is improving. There is now data available that was not previously being captured, including information regarding expedited timeliness and oral notification to members. G&A will be getting a new system (Beacon) that will improve G&A reporting significantly.

It was noted that CAP will continue to be issued for measures that continue to be non-compliant or are non-compliant for two consecutive months.

Ms. Larmer reported that Compliance was non-compliant with regard to Board Training. She explained that Board training was being revamped and would be rolled out soon.

A **motion** was made to approve the CMC and Medi-Cal Compliance Monitoring Report; the motion was **seconded and unanimously approved**

9. Internal Work Plans

Work/Corrective Action Plans have been received from Enrollment, G&A and Claims regarding their non-compliant dashboard measures. Customer Service is finalizing its work plan for submission. The work plans will be updated monthly for areas of continued non-compliance.

A **motion** was made to approve the Internal Work Plan Report; the motion was **seconded and unanimously approved**

10. Bi-Annual Conflict of Interest Code

Ms. Larmer reported that SCFHP's Conflict of Interest Code was being amended to include the Chief Compliance Officer position which was overlooked when submitted last year.

No Action Needed.

11. Fraud, Waste and Abuse Report

Ms. Larmer highlighted the activity conducted by the FWA vendor, T&M Protection Resources:

- Data mining activities were conducted for “red flag” issues such as ABA codes, hospice billing, HCPC codes for splints and casts, chiropractic services, Aprepitant pharmacy claims, prescribers of Nuedesta and Lidocaine, CPT codes for HIV 1-Quantitative and Antigen & Antibodies NCCI compliance etc.
- Active investigations:
 - 5 providers for potential E&M upcoding
 - 1 hospital for upcoding requiring collection of medical records
 - 2 DME providers for inappropriate CPAP billing
 - 1 transportation vendor for potential billing discrepancies
 - 6 clinics investigations resulting in 4 overpayment notices and 2 requests for medical records.

No credible cases of fraud have been identified as yet.

A **motion** was made to approve the Fraud, Waste and Abuse Report; the motion was **seconded and unanimously approved**.

12. Adjournment

The meeting was adjourned at 2:15 pm.

Compliance Department Activity

July -August 2018

2018 CMS Program Audit of CMC

CMS is currently conducting the Plan's first CMS Program Audit. The webinar portion of the audit began on Monday, August 20, 2018, and will go through Friday, August 24, 2018. CMS will also be conducting the Compliance Program Effectiveness portion of the audit onsite the week of September 4th-7th, 2018. During the Exit Conference on September 7, 2018, CMS will present its preliminary findings to the Plan.

2018 DHCS Audit

The Department of Health Care Services (DHCS) conducted its Exit Conference on August 6, 2018, where it presented the draft audit report. The draft report contained 8 preliminary findings in the categories of Utilization Management, Case Management & Coordination of Care, Access & Availability of Care, Member's Rights, and Administrative & Organizational Capacity. The Plan had until August 21, 2018, to contest any findings that we believe are incorrect. The Plan did not contest any of the findings. DHCS is anticipated to release the final audit report around September 1, 2018.

DMHC Audit(s)

The Department of Managed Health Care (DMHC) preliminary report regarding their findings was due on or before August 6. However, as of today, the audit report is still pending.

CORE 2.1 Performance Improvement Plan (PIP)

Core 2.1 compliance rates remained high and CMT closed the PIP. Core reporting continues to be monitored.

Corrective Actions Plans Issued:

- Premier Care:
 - 1 for the Claims Audit (timeliness, correct interest paid) – CAP accepted and closed.
 - 1 for the Annual Audit (HIPAA breach reporting w/in 24 hours of identification, no indication of board-certification for staff making medical necessity determinations, Incorrect NOA letter) awaiting response from Premier Care.
- Physicians Medical Group:
 - 1 for the Claims Audit (accurate claims processing, PDR processing)
 - 1 for the Annual Audit (wait time and accessibility of services monitoring)
- CHME
 - 1 for Annual Audit (FWA Training and HIPAA breach reporting within 24 hours of identification, use of clinical criteria for UM decisions, Encounter data submission/resubmission, and eligibility file processing)
 - CAP issued (CMC & MC) for untimely delivery of DME Supplies
 - Focus Audit and monthly Monitoring:
 - Timeliness of UM Decision making (all LOB)
 - Call Center Operations (all LOB)
 - Notice of Action Letters

**Santa Clara Family Health Plan
Compliance Report
August 2018**

- Claims Department

- Claims faxes and PDRs were being routed to the wrong email box (junk email box) and this was not identified for two months because PDRs and claims were still coming through.
- 660 PDRs came in. 250 were out of compliance for the timeframe for processing. The majority of the cases were Medi-Cal. All cases have been resolved at this time. Claims recently submitted a corrective action to ensure this does not happen in the future. It is currently under review by Compliance.

Joint Operations Committee Meetings

There were not any JOC's scheduled in July and August due to Audit Activity.

There are 7 JOCs scheduled for September.

Cal MediConnect

- No Notices of Non-Compliance were received from CMS.
- CMT Calls
 - June – CMT asked for an analysis of Quality of Care Complaints due to rise in #. These were PCP complaints (no trends), DMEPOS (CHME – CAP Issued), OP services (no trends)
 - July – Inquiry regarding SCFHP's low rates for CA 1.7 (member receiving Medi-Cal specialty mental health services as indicated by ICP with primary mental health provider.) Root cause analysis revealed several issues which included the previous case management software did not identify BH diagnoses; the County and DHCS hx reports not consistently available to SCHFP and the files and system did not begin showing the BH indicator to help identify members for outreach.
 - August – CMT and Plan discussed the drop in Core 3.2 rates, statewide and how the plan is addressing this.

Medi-Cal

- 6 Marketing events were approved for SCFHP participation.
- DHCS issued new All Plan letters that updated the Hepatitis C Virus Treatment Policy and issued the Performance Improvement Project Requirements.

DMHC

- DMHC has approved the CMC Marketing Materials so they can be submitted to CMS/DHCS for approval
- 13 DMHC Complaints have been processed in July/August. 4 cases have gone to IMR
 - **DMHC Help Desk is referring SCFHP to the DMHC Office of Enforcement for further investigation and possible issuance and imposition of administrative fines and penalties due to non-compliance with California Health and Safety Code Section 1374.30(n)(1)(B). They are saying the plan did not fulfill its obligation to provide any newly developed or discovered relevant medical records in the plan's or its contracted provider's possession to the IMR organization. The member saw her PCP on 6/20/18, the IMR Closed on 6/27/18 (upholding our denial) and the Provider sent new records to DMHC on 7/2/18 and DMHC sent the records to the Plan on 7/13/18. The Provider did not send the Plan any records. DMHC wants to resend the case to IMR with the new information which falls outside of the appeal process.**

**Santa Clara Family Health Plan
Compliance Report
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FWA Activities

T&M provided an updated summary report detailing its recent SIU activities. The activities included:

- **Datamining Activities for red flag issues:**
 - Review of Applied Behavioral Analysis Codes
 - Hospice Care (including lengths of stay, services rendered, and unnecessary services)
 - Comparing SCFHP's claims data against the names of providers associated with the Office of Inspector General's Takedown on 06.28.18
 - Review of splints and casts HCPCS codes
 - Review of Aprepitant pharmacy claims to ensure proper prescribing
 - Review of chiropractic service codes
 - Review of prescribers for the for Nuedexta and Lidocaine
 - Review of specific CPT codes (HIV 1-Quantitative and Antigen & Antibodies) to ensure NCCI compliance
 - Review of power mobility device claims
 - Review of deactivated Order, Prescribing, and Rendering Physician and Non-Physician NPIs
- **Active Investigations:**
 - 5 provider investigations for potential E&M upcoding and CPT Code 95004 Top Biller requiring collection of medical records and further review
 - 1 hospital investigation for upcoding requiring collection of medical records and further review
 - 2 durable medical equipment (DME) providers investigated for inappropriate CPAP billing. Overpayment notices will be mailed to the providers once investigation is complete.
 - 1 transportation provider investigated for potential billing discrepancies. Further review requires collection of medical visit data evaluated against billing.
 - 6 clinic investigations, 4 of which resulted in overpayment notices being mailed. 2 clinic investigations require collection of medical records and further review.



Santa Clara Family Health Plan – Operational Compliance Report – Fiscal Year 2017-2018

Cal MediConnect FY 2017-2018				
	Goal	Q4 2017	Q1 2018	Q2 2018
ENROLLMENT				
Enrollment Materials				
% of New member packets mailed within 10 days of effective Date	100%	Not Met	Met	Met
% of New Member ID cards mailed within 10 days of effective date	100%	Met	Met	Met
Out of Area Members				
% Compliance with OOA Member Process	100%	Met	Met	Met
CUSTOMER SERVICE				
Combined Call Stats				
Member				
Member Average Speed of Answer in Seconds	≤30 Seconds	Not Met	Not Met	Not Met
Member Average Hold Time in Seconds	≤120 Seconds	Met	Met	Met
Member Abandonment Rate	≤5%	Not Met	Not Met	Not Met
Member Service Level	80% in ≤30 Seconds	Not Met	Not Met	Not Met
UTILIZATION MANAGEMENT				
Pre-Service Organization Determinations				
Standard Part C				
% of Timely Decisions made within 14 days	100%	Not Met	Not Met	Not Met
Expedited Part C				
% of Timely Decisions made within 72 Hours	100%	Met	Not Met	Not Met
Post Service Organization Determinations				
% of Timely Decisions made within 30 days	100%	Not Met	Not Met	Met
CASE MANAGEMENT				
HRAs and ICPs				
% of HRAs completed in 45 days for High Risk Members	100%	Met	Met	Not Met
% of HRAs completed in 90 days for Low Risk Members	100%	Not Met	Met	Not Met
% of ICPs completed within 30 days for High Risk Members	100%	Not Met	Not Met	Not Met
% of ICPs completed within 30 working days for Low Risk Members	100%	Not Met	Not Met	Not Met

Medi-Cal FY 2017-2018				
	Goal	Q4 2017	Q1 2018	Q2 2018
ENROLLMENT				
Enrollment Materials				
% of New member packets mailed within 7 days of effective Date	100%	Met	Not Met	Met
% of New Member ID cards mailed within 7 days of effective date	100%	Met	Not Met	Met
CUSTOMER SERVICE				
Call Stats				
Member Queue				
Member Average Speed of Answer in Seconds	≤30 Seconds	Not Met	Not Met	Not Met
Member Average Hold Time in Seconds	≤120 Seconds	Met	Met	Met
Member Abandonment Rate	≤5%	Not Met	Not Met	Not Met
Member Service Level	80% in ≤30 Seconds	Not Met	Not Met	Not Met
HEALTH SERVICES - UTILIZATION MANAGEMENT				
Medical Authorizations				
Routine Authorizations				
% of Timely Decisions made within 5 Business Days of request	95%	Met	Not Met	Not Met
Expedited Authorizations				
% of Timely Decisions made within 72 Hours of request	95%	Met	Met	Not Met
Retrospective Review				
% of Retrospective Reviews completed within 30 Calendar Days of request	95%	Met	Not Met	Met
HEALTH SERVICES - CASE MANAGEMENT				
Initial Health Assessment				
% of High Risk SPD Members who completed HRA in 45 days	100%	Report Pending	Report Pending	Report Pending
% of HRAs completed in 90 days for Low Risk SPD Members	100%	Report Pending	Report Pending	Report Pending
% of HRAs completed in 45 days for High Risk MLTSS Members	100%	Report Pending	Report Pending	Report Pending
% of HRAs completed in 90 days for Low Risk MLTSS Members	100%	Report Pending	Report Pending	Report Pending
HEALTH SERVICES - QUALITY				
Facility Site Reviews				
% of FSRs completed timely	100%	Met	Met	Met

Santa Clara Family Health Plan – Operational Compliance Report – Fiscal Year 2017-2018

Cal MediConnect FY 2017-2018 (continued)				
	Goal	Q4 2017	Q1 2018	Q2 2018
CLAIMS				
Non-Contracted Providers				
% of Clean Claims to Non-Contracted Providers processed within 30 days	90%	Not Met	Not Met	Not Met
Contracted Providers				
% of Claims to Contracted Providers processed within 45 days	90%	Met	Met	Met
% of Claims to Contracted Providers processed within 90 days	99%	Met	Met	Met
% of Claims to Contracted Providers processed beyond 90 days	≤1%	Met	Met	Met
PHARMACY - PART D				
Standard Part D Authorization Requests				
% of Standard Prior Authorizations completed within 72 Hours	100%	Met	Met	Met
Expedited Part D Authorization Requests				
% of Expedited Prior Authorizations completed within 24 Hours	100%	Met	Met	Met
Other Pharmacy Requirements				
Formulary posted on website by 1st of the month	100%	Not Met	Met	Met
Step Therapy posted on website by 1st of the month	100%	Not Met	Met	Met
PA criteria posted on website by 1st of the month	100%	Not Met	Met	Met
% MTM/CMR Completion Rate	22%	Met	Annual Measure	Annual Measure
GRIEVANCE & APPEALS				
Grievances, Part C				
Standard Grievances Part C				
% of Standard Grievances that received Acknowledgement Letters within 5 days and were not resolved in < 5 calendar days	100%	Not Met	Not Met	Not Met
% of Standard Grievances resolved within 30/44 days	100%	Not Met	Met	Met
Expedited Grievances Part C				
% of Expedited Grievances resolved within 24 hours	100%	Met	Met	Met
Grievances, Part D				
Standard Grievance Part D				
% of Standard Grievances that received Acknowledgement Letters within 5 days and were not resolved in < 5 calendar days	100%	Met	Met	Met
% of Standard Grievances resolved within 30/44 days	100%	Met	Met	Met

Medi-Cal FY 2017-2018 (continued)				
	Goal	Q4 2017	Q1 2018	Q2 2018
CLAIMS				
Non-Contracted Providers				
% of Clean Claims to Non-Contracted Providers processed within 30 days	90%	Not Met	Met	Met
Contracted Providers				
% of Claims to Contracted Providers processed within 45 working days	90%	Not Met	Met	Met
Provider Claim Dispute Requests (Contracted & Non-Contracted)				
% of Contracted Provider Disputes Processed within 45 days	100%	Not Met	Met	Met
PHARMACY				
Standard Authorization Request				
% of Standard Prior Authorizations completed within 24 hours	95%	Met	Met	Met
Expedited Authorization Request				
% of Expedited Prior Authorizations completed within 24 hours	95%	Met	Met	Met
GRIEVANCE & APPEALS				
Grievances				
Standard Grievances				
% of Grievances resolved within 30 days	100%	Not Met	Not Met	Not Met
Expedited Grievances				
% of Expedited Grievances resolved within 72 hours	100%	Not Met	Met	Not Met
% of Expedited Grievances that received Oral Notification within 72 hours	100%	Not Met	Not Met	Not Met
% of Expedited Grievances that received Resolution Letters within 72 hours	100%	Not Met	Met	Not Met
Appeals				
Standard Appeals				
% of Acknowledgement Letters sent within 5 calendar days	100%	Not Met	Met	Met



Santa Clara Family Health Plan – Operational Compliance Report – Fiscal Year 2017-2018

Cal MediConnect FY 2017-2018 (continued)				
	Goal	Q4 2017	Q1 2018	Q2 2018
Expedited Grievance Part D				
% of Expedited Grievances resolved within 24 hours	100%	Met	Met	Met
Reconsiderations, Part C				
Standard Post-Service Part C				
% of Standard Post-Service Reconsiderations resolved within 60 days	100%	Not Met	Not Met	Not Met
Standard Pre-Service Part C				
% of Standard Pre-Service Reconsiderations that received Acknowledgement Letters within 5 days	100%	Met	Not Met	Not Met
% of Standard Pre-Service Reconsiderations resolved within 30/44 days	100%	Not Met	Not Met	Met
Expedited Pre-Service Part C				
% of Expedited Pre-Service Reconsiderations resolved with oral notification to member within 72 Hours	100%	Not Met	Not Met	Not Met
% of Expedited Pre-Service Reconsiderations resolved with written notification to member within 72 Hours	100%	Met	Met	Not Met
% Expedited Pre-Service Reconsiderations (upheld & untimely) submitted to IRE within 24-hours of decision	100%	Met	Met	Met
Redeterminations, Part D				
Standard Part D				
% of Standard Redeterminations resolved within 7 calendar days	100%	Not Met	Not Met	Not Met
Expedited Part D				
% of Expedited Redeterminations resolved with oral notification to member within 72 Hours	100%	Not Met	Not Met	Not Met
% of Expedited Redeterminations resolved with written notification to member within 72 hours	100%	Met	Met	Met
% of Untimely Expedited Redeterminations Submitted to IRE within 24 Hours of decision	100%	Met	Met	Met
COMPLAINT TRACKING MODULE (CTM) COMPLAINTS				
% Resolved Timely	100%	Met	Not Met	Met
PROVIDER RELATIONS				
Provider Directories updated monthly by the first day of the month	100%	Met	Met	Met
Monthly Excluded Provider Screening Completed (Independent Providers)	100%	Met	Met	Met
MARKETING				
% of Marketing Materials Submitted for Approval	100%	Met	Met	Met
FINANCE				
Monthly submission of encounters	100%	Met	Met	Met
% of Encounters submitted to CMS within 180 days of date of Service	80%	Met	Met	Met
% of RAPS records successfully submitted to CMS (not duplicate)	95%	Met	Met	Met

Medi-Cal FY 2017-2018 (continued)				
	Goal	Q4 2017	Q1 2018	Q2 2018
% of Standard Appeals resolved within 30/44 calendar days	100%	Not Met	Met	Not Met
Expedited Appeals				
% of Expedited Appeals Resolved within 72 hours	100%	Not Met	Not Met	Not Met
% of Expedited Appeals that received Oral Notification within 72 hours	100%	Not Met	Not Met	Not Met
% of Expedited Appeals that received Resolution Letters within 72 hours	100%	Not Met	Not Met	Not Met
PROVIDER NETWORK MANAGEMENT				
% of New Independent Providers Rec'd Orientation within 10 days	100%	Met	Met	Met
Monthly Excluded Provider Screening Completed	100%	Met	Met	Met
Timely Access Surveys (due in June)	100%	Met	Met	Annual Measure
INFORMATION TECHNOLOGY				
% Encounter Files Successfully Submitted to DHCS by end of month	100%	Met	Met	Met
% Monthly Eligibility Files successfully submitted to Delegates Timely	100%	Met	Met	Met
% Provider File submitted to DHCS by last Friday of Month	100%	Met	Met	Met

Santa Clara Family Health Plan – Operational Compliance Report – Fiscal Year 2017-2018

Company Wide Compliance FY 2017-2018				
	Goal	Q4 2017	Q1 2018	Q2 2018
COMPLIANCE TRAINING				
% New Employee Training Completed Timely	100% completed within 3 business days	Met	Not Met	Met
% Annual Employee Training Completed	100% completed by year end	Met	Annual Measure	Annual Measure
BOARD OF DIRECTORS TRAINING				
% Annual Board Training Completed Timely	100% completed by year end	Not Met	Annual Measure	Annual Measure
HUMAN RESOURCE				
Excluded Individual Screening Completed Monthly	100%	Met	Met	Met
INTERNAL AUDITS				
% of Internal Audits Completed	100% completed by year end	Met	Met	Met
DELEGATION OVERSIGHT				
% of Scheduled Audits Completed	100%	Met	Met	Met
REPORTING				
% of CMC Routine Reports Submitted Timely	100%	Met	Not Met	Met
% of Medi-Cal Routine Reports Submitted Timely	100%	Met	Not Met	Met
FILINGS				
% of Key Personnel Filings Timely	100%	Met	Met	Met

AGENDA

For a Regular Meeting of the

Santa Clara County Health Authority

Quality Improvement Committee

Wednesday, August 08, 2018, 6:30-8:30 PM

Santa Clara Family Health Plan, Sycamore

6201 San Ignacio Avenue, San Jose, CA 95119

and

VIA TELECONFERENCE AT:

3411 S. Conway Ct.

Kennewick, WA 99337

- | | | | |
|--|-------------|------|---------|
| 1. Introduction | Dr. Paul | 6:30 | 5 min. |
| 2. Meeting Minutes
Review minutes of the May 9 and June 6, 2018 Quality Improvement Committee meeting.
Possible Action: Approve 05/09 and 06/06/2018 minutes | Dr. Paul | 6:35 | 5 min. |
| 3. Public Comment
Members of the public may speak to any item not on the Agenda; two minutes per speaker. The Committee reserves The right to limit the duration of public comment period to 30 minutes. | Dr. Paul | 6:40 | 5 min. |
| 4. CEO Update
Discuss status of current topics and initiatives. | Ms. Tomcala | 6:45 | 10 min. |
| 5. Action Items | | | |
| a. Cultural Needs and Preferences Assessment Evaluation
Possible Action: Approve Cultural Needs and Preferences Assessment Evaluation | Ms. Switzer | 6:55 | 10 min. |
| b. Availability of Practitioners Evaluation
Possible Action: Approve Availability of Practitioners Evaluation | Ms. Switzer | 7:05 | 10 min. |
| c. Member Services Telephone Access Evaluation
Possible Action: Approve Member Services Telephone Access Evaluation | Ms. Enke | 7:15 | 10 min. |

- | | | | | |
|----|--|---------------|------|---------|
| d. | Cultural and Linguistics Program Workplan
Possible Action: Approve Cultural and Linguistics Program Workplan | Ms. Shah | 7:25 | 10 min. |
| 6. | Discussion Items | | 7:35 | 30 min. |
| a. | Annual Assessment of Member and Provider Experiences With UM Process | Ms. Carlson | | |
| b. | HEDIS Results 2018 | Ms. Chang | | |
| c. | Initial Health Assessment (IHA) Quality Study 2 nd Half '17 | Ms. Chang | | |
| d. | Timely Access Survey Results (VHP) | Ms. Switzer | | |
| e. | Appeals and Grievances | Mr. Breakbill | | |
| f. | Conflict of Interest Forms | Dr. Liu | | |
| 7. | Committee Reports | | | |
| a. | Credentialing Committee
Review June 6, 2018 report of the Credentialing committee
Possible Action: Approve Credentialing Committee report as presented. | Dr. Robertson | 8:05 | 5 min. |
| b. | Pharmacy and Therapeutics Committee
Review March 18, 2018 minutes of the committee meeting
Possible Action: Approve Pharmacy and Therapeutics Committee minutes as presented. | Dr. Lin | 8:10 | 5 min. |
| c. | Utilization Management Committee
Review minutes of the April 18, 2018 UM committee meeting
Possible Action: Approve Utilization Management Committee minutes as presented. | Dr. Lin | 8:15 | 5 min. |
| d. | Compliance Report | Ms. Larmer | 8:20 | 5 min. |
| e. | Quality Dashboard | Dr. Liu | 8:25 | 5 min. |
| 8. | Adjournment | Dr. Paul | 8:30 | |

Notice to the Public—Meeting Procedures

- Persons wishing to address the Committee on any item on the agenda are requested to advise the Recorder so that the Chairperson can call on them when the item comes up for discussion.
- In compliance with the Americans with Disabilities Act, those requiring accommodations in this meeting should notify Caroline Alexander 48 hours prior to the meeting at 408-874-1835.
- To obtain a copy of any supporting document that is available, contact Caroline Alexander at 408-874-1835. Agenda materials distributed less than 72 hours before a meeting can be inspected at the Santa Clara Family Health Plan offices at 6201 San Ignacio Avenue, San Jose, CA 95119.
- This agenda and meeting documents are available at www.scfhp.com

Santa Clara Family Health Plan 2018

Assessment of Member Cultural and Linguistic Needs and Preferences Cal MediConnect (Dual Eligible Plan – Medicare/Medicaid)

**Quality Improvement Committee
August 8, 2018**

INTRODUCTION

Santa Clara Family Health Plan collects data on the cultural, ethnic, racial and linguistic needs and preferences of its membership and the availability of providers in the network with these same characteristics to determine the adequacy of the provider network to meet the needs of its members. SCFHP is committed to providing language services at no cost and equal access to services for members with hearing or language related needs. Oral Interpreters, signers, bilingual providers and provider staff are available at all key points of contact. These services are provided in all languages spoken by SCFHP members. This report includes a data analysis for line of business Cal-MediConnect and is exclusive to its members/enrollees.

A. DATA SOURCES AND COLLECTIONS:

To assess member needs, data is collected from multiple sources to include:

- 2010 US Census
- Statistical Atlas
- Fact Finder
- Provider Reports on languages from QNXT: January 1, 2018 – June 30, 2018
- Language Line/Translation Usage: January 1, 2018 – June 30, 2018
- Member Complaints: January 1, 2018 – June 30, 2018

B. DEMOGRAPHICS

Data Source: US Census

County:	Cities:	Population
Santa Clara County	ALL	1,938,153

Data Source (Language only): Statistical Atlas

Santa Clara County Race and Hispanic Origin	Percentage	Language other than English spoken at Home (Top 3)	Percentage
White alone, percent (a)	53.8%	Spanish	19%
Black or African American alone (a)	2.8%	Chinese	7.5%
American Indian and Alaska Native alone (a)	1.2%	Vietnamese	6.7%
Asian alone, percent (a)	37.5%		
Native Hawaiian and Other Pacific Islander alone (a)	0.5%		
Two or More Races, percent	4.1%		
Hispanic or Latino, percent (b)	25.6%		
White alone, not Hispanic or Latino	31.6%		

(a) Includes persons reporting only one race

(b) Hispanics may be of any race--are included in applicable race categories

Santa Clara County Age & Gender	Number/Percentage	Santa Clara County Health	Percentage
Persons under 5 years	6.1%	With disability, under 65	4.5%
Persons under 18 years	22.2%	Persons without Health Insurance	5.1%
Persons 65 years and over	13.14%		
Median Age	36		
Female persons	49.5%		
Male persons	50.5%		

C. SCFHP LINES OF BUSINESSES AND ENROLLMENT COUNTS (June 2018)

Data Source: ICAT

LINE OF BUSINESS	Enrollment Count
Cal MediConnect (CMC)	7,503

Description of SCFHP Lines of Businesses

Cal MediConnect is a dual eligible plan for members who qualify for both Medicare and Medi-Cal. Cal MediConnect members have access to case managers to help with transition of care, coordination of health services, community resources and other support.

D. MEMBER LANGUAGE ASSESSMENT / Year 2018

Table I: Member Languages Spoken at Home (Top 3)

Language	Member Count
English	2854
Spanish	1355
Vietnamese	947
Chinese	91
Other	2256

E. PROVIDER LANGUAGE ASSESSMENT / Year 2018

Table I: Provider Network (ALL)

Provider Type	# of Providers	Spanish	Vietnamese	Chinese
PCP	498	17	10	15
Specialist	2529	107	62	48
Behavioral Health	145	47	15	2

Table II: Primary Care Provider

Provider Type	# of Providers	Spanish	Vietnamese	Chinese
Family Practice	218	3	0	0
General Practice	15	2	2	0
Internal Medicine	260	12	8	15
Geriatrics	5	0	0	0

Table III: High Volume/Impact Specialists

Provider Type	# of Providers	Spanish	Vietnamese	Chinese
Cardiology	131	11	8	9
Ophthalmology	95	14	11	5
Gynecology	138	29	20	6
Hematology/Oncology	73	4	6	6

Table IV: Behavioral Health

Provider Type	# of Providers	Spanish	Vietnamese	Chinese
Psychiatrist	87	4	2	2
Clinical Social Worker	25	4	6	3
Family/Marriage Counselor	28	17	4	0
Addiction Medicine	3	0	0	0

F. LANGUAGE LINE OR TRANSLATION REQUESTS / YTD 2018

Table I: Member Language Line Requests – Top 10

Language	Total Members with Request	Total # of Calls	Total Duration	% of Member Requests
Spanish	801	1656	20084	10.7%
Chinese	631	1339	17895	5.7%
Vietnamese	397	832	10927	5.3%
Tagalog	114	240	2514	1.5%
Russian	88	183	2505	1.2%
Farsi	77	173	1878	1.0%
Punjabi	32	82	1007	0.4%
Hindi	26	58	473	0.3%
Korean	21	38	376	0.3%
Cambodian	18	38	326	0.2%

Table II: Member Face to Face Requests (All)

Translation Type	Total Members with Request	Total Duration	% of Member Requests
American Sign Language	2	6hrs, 34min	0.002%
Spanish	3	4hrs	0.003%
Chinese	2	2hrs	0.002%
Vietnamese	2	2hrs, 8min	0.002%

G. RESULTS-- Provider to Member Ratios, Percentage of Providers who Speak the Language (Top 3)

Table I: PCP, Specialists, Behavioral Health (ALL)

Provider Type	Provider Count	Spanish			Vietnamese			Chinese		
		Providers	% of Providers	Provider to Member Ratio	Providers	% of Providers	Provider to Member Ratio	Providers	% of Providers	Provider to Member Ratio
Primary Care	498	17	3.4%	1:80	10	2.0%	1:95	15	3.0%	1:6
Specialist	2529	107	4.2%	1:13	62	2.5%	1:15	48	1.9%	1:2
Behavioral Health	145	47	32.4%	1:29	15	10.3%	1:63	2	1.4%	1:45

Table II: Primary Care Providers

		Spanish			Vietnamese			Chinese		
Provider Type	Provider Count	Providers- Spanish	% of Providers	Provider to Member Ratio	Providers- Vietnamese	% of Providers	Provider to Member Ratio	Providers- Chinese	% of Providers	Provider to Member Ratio
Family Practice	218	3	1.4%	1:452	0	0.0%	0	0	0.0%	0
General Practice	15	2	13.3%	1:678	2	13.3%	1:474	0	0.0%	0
Internal Medicine	260	12	4.6%	1:113	8	3.1%	1:118	15	5.8%	1:6
Geriatrics	5	0	0.0%	0	0	0.0%	0	0	0.0%	0

Table III: High Volume/Impact Providers

		Spanish			Vietnamese			Chinese		
Provider Type	Provider Count	Providers- Spanish	% of Providers	Provider to Member Ratio	Providers- Vietnamese	% of Providers	Provider to Member Ratio	Providers- Chinese	% of Providers	Provider to Member Ratio
Cardiology	131	11	8.4%	1:123	8	6.1%	1:118	9	6.9%	1:10
Ophthalmology	95	14	14.7%	1:96	11	11.6%	1:86	5	5.3%	1:18
Gynecology	138	29	21.0%	1:46	20	14.5%	1:47	6	4.3%	1:15
Hematology/Oncology	73	4	5.5%	1:338	6	8.2%	0	6	8.2%	1:15

Table IV: Behavioral Health Providers including High Volume

		Spanish			Vietnamese			Chinese		
Provider Type	Provider Count	Providers- Spanish	% of Providers	Provider to Member Ratio	Providers- Vietnamese	% of Providers	Provider to Member Ratio	Providers- Chinese	% of Providers	Provider to Member Ratio
Psychiatrist	87	4	4.6%	1:338	2	2.3%	1:473	2	2.3%	1:45
Clinical Social Worker	25	4	16.0%	1:338	6	24.0%	1:157	3	12.0%	1:30
Family/Marriage Counselor	28	17	60.7%	1:79	4	14.3%	1:236	0	0.0%	0
Addiction Medicine	3	0	0.0%	0	0	0.0%	0	0	0.0%	0

Available and free access to interpreter services for members is a foundational element of Medicare-Medicaid plans. This could take the shape of telephonic or face to face interaction with a qualified interpreter. SCFHP provides this service through a vendor. The plan also hires bilingual customer service representatives and routinely monitors their interpretation proficiency to further promote timely and quality access to interpretation. To further understand membership language diversity and potential barriers to care due to language barriers, SCFHP reviewed data from its interpreter service Language Line.

The data showed the range of languages spoken by SCFHP members. There were forty three (43) different languages where interpreter services were used; some of which are not frequently seen, such as Portuguese-Creole, Swahili, and Tigrinya.

The data also showed that the top 3 languages spoken by members other than English are Spanish, Vietnamese and Chinese. The language line and translation data was analyzed two different ways, one was through the duration of the calls, and second was frequency of language selected. The top three languages (Spanish, Vietnamese and Chinese) in both categories are largely the same and accounted for 70% of all interpreter services requests.

H. Complaints/Inquiries / YTD 2018

Year to date, there were no member complaints or reports on dissatisfaction with provider by race, ethnicity or language.

Conclusion:

Santa Clara Family Health Plan SCFHP serves a very diverse membership. However, the languages spoken are heavily weighted on the top three languages, where 70% of interpreter service requests come from those three languages. The assessment showed that a substantial number of the high volume/impact provider types speak the top three languages. The assessment also showed that within some provider types, there were a small number to none that speak the top 3 languages; however, interpreter services are available for members utilizing services from those provider types, which concludes that member needs are being met.

At this time, all needs appear to be met with our current network and member diversity. Santa Clara Family Health Plan will continue to evaluate the needs of its members to ensure they receive the care and services they need in their preferred language.

PARTICIPANTS:

Provider Network Access Manager
Timely Access and Availability Work Group
Quality Improvement
Grievances and Appeals
Provider Relations

Santa Clara Family Health Plan 2018

Availability of Provider Network Cal MediConnect (Dual Eligible Plan – Medicare/Medicaid)

Quality Improvement Committee
August 8, 2018

INTRODUCTION

Providing a network with a sufficient number and distribution of providers in the service area for plan members/enrollees is a primary responsibility for any health plan that utilizes a select provider network. Santa Clara Family Health Plan uses established standards to measure the number of providers available to its members (provider to member ratio) and the geographic location of the providers to the members (driving distance to provider) to ensure members have providers available to meet their health care needs.

Santa Clara Family Health Plan measures at least annually its primary care providers, high volume specialists, high impact specialists, and behavioral health providers to ensure members have an adequate number of providers located in their area to meet their health care needs.

METHODOLOGY

Santa Clara Family Health Plan (SCFHP) measures the ratio of providers to members and geographic time and distance from member's home to provider offices, and compares results to Santa Clara Family Health Plan standards. Primary Care Providers (PCP) are defined as General Practice, Family Practice, Internal Medicine and Geriatrics.

High **Volume** Specialists (HVS) are identified by encounter data for a 12-month period, excluding non-physician specialists and hospital-based specialists (i.e. radiologists). The high volume analysis includes at minimum gynecology. The analysis includes an assessment of member complaints about access.

High **Impact** Specialists (HIS) are defined as specialists who treat conditions that have high mortality and morbidity rates and where treatment requires significant resources. High impact specialists are identified by encounter data for a 12-month period, excluding non-physician specialists and hospital-based specialists (i.e. radiologists). The high-impact analysis includes hematology/oncology. Data collection could include assessment of access to appointments through member and/or provider surveys and an analysis of member complaints about access.

High **Volume** Behavioral Health (BH) providers are defined as Behavioral Health providers located in a high-volume geographic area or in a high-volume specialty (or both), and are likely to provide services to a large segment of members. Behavioral health providers are defined as Psychiatrist, Psychologist, Licensed Clinical Social Worker and Marriage/Family Counselor. High volume behavioral health providers are identified by analyzing claims data for a 12-month period. Data collection could include assessment of access to appointments through member and/or provider surveys and an analysis of member complaints about access.

SCFHP identifies at least three (3) high-volume specialists, two (2) provider types and gynecology and two (2) high-volume behavioral health providers for the assessment. Encounter data collection to identify high volume/impact providers is through QNXT; a claims management system. The Provider Network Access Manager submits a report request to the Internal Systems & Technology (IS&T) department to include encounter data for a twelve (12) month period. The reports are used to identify high volume specialists and behavioral health providers by highest total of unique members seen. Upon identifying high volume specialists and behavioral health providers, the Provider Network Access Manager makes a request for our report analyst to run Network Access (Geo Access) reports through the Quest Analytics Program to determine compliance with SCFHP's availability standards. SCFHP generates a provider reconciliation report, which provides the data necessary to assess the number of provider types within our network and those available to accept new patients. The CMC member enrollment report is used to identify the number of members enrolled and the primary care provider groups and types they are assigned to.

For ongoing network management, monitoring and compliance, SCFHP recently transitioned to an updated provider data management system through Vistar eVIPs.

A. DEMOGRAPHICS

Data Source: US Census

County:	Cities:	Population
Santa Clara County	ALL	1,938,153

Data Source (Language *only*): Statistical Atlas

Santa Clara County Race and Hispanic Origin	Percentage	Language other than English spoken at Home (Top 2)	Percentage
White alone, percent (a)	53.8%	Spanish	19%
Black or African American alone (a)	2.8%	Chinese	7.5%
American Indian and Alaska Native alone (a)	1.2%	Vietnamese	6.7%
Asian alone, percent (a)	37.5%		
Native Hawaiian and Other Pacific Islander alone (a)	0.5%		
Two or More Races, percent	4.1%		
Hispanic or Latino, percent (b)	25.6%		
White alone, not Hispanic or Latino	31.6%		

(a) Includes persons reporting only one race

(b) Hispanics may be of any race--are included in applicable race categories

Santa Clara County Age & Gender	Number/Percentage	Santa Clara County Health	Percentage
Persons under 5 years	6.1%	With disability, under 65	4.5%
Persons under 18 years	22.2%	Persons without Health Insurance	5.1%
Persons 65 years and over	13.14%		
Median Age	36		
Female persons	49.5%		
Male persons	50.5%		

B. SCFHP—LINE OF BUSINESS AND ENROLLMENT COUNT: CAL-MEDICONNECT (June 2018)

Data Source: ICAT

LINE OF BUSINESS	Enrollment Count
Cal MediConnect (CMC)	7,503

Description of Line of Business:

Cal MediConnect is a dual eligible plan for members who qualify for both Medicare and Medi-Cal. Cal MediConnect members have access to case managers to help with transition of care, coordination of health services, community resources and other support.

C. SCFHP CONTRACTED PROVIDERS

Table I: Primary Care Provider (PCP) – Cal MediConnect (CMC) Open/Close

Provider Group	Family Practice	Open	General Practice	Open	Internal Med	Open	Geriatrics	Open	Total Providers	Total Open	% Open	% Closed
Independent Physicians	22	20	0	0	10	3	0	0	32	23	72%	28%
* LPCH												
* Stanford												
Valley Health Plan	64	47	3	3	66	37	4	3	137	90	66%	34%
Palo Alto Medical Foundation	95	0	1	1	116	0	0	0	212	1	0%	100%
Physicians Medical Group of San Jose	30	25	6	6	53	33	1	1	90	65	72%	28%
Premier Care	7	5	5	4	15	9	0	0	27	18	67%	33%
Total	218	97	15	14	260	82	5	4	498	197	40%	60%

Table II: Specialists – Cal MediConnect (CMC) / June 2018

Provider Group	Total CMC Specialist	Open	% Open	% Closed
Independent Physicians	178	165	93%	7%
Stanford	1052	806	77%	23%
* LPCH				
Valley Health Plan	425	230	54%	46%
Palo Alto Medical Foundation	448	368	71%	29%
Physicians Medical Group of San Jose	333	243	73%	27%
* Premier Care	93	9	10%	90%
Totals	2529	1821	72%	28%

Tables C I, II and/or III:

***LPCH:** Lucille Packard Children's Hospital contractual agreement with SCFHP includes mostly pediatric specialists. SCFHP does not have a PCP contract with LPCH.

***Stanford:** Contractual agreement with SCFHP includes Specialists only.

***Premier Care:** There are no BH providers.

Table II-A

High Volume Specialist Availability – Open/Close

High Volume Provider	# of Providers	Open	% Open
Cardiologist	131	130	99%
Ophthalmology	95	93	98%
Gynecologist	138	126	91%

Table II-B

High Impact Specialist Availability – Open/Close

High Impact Provider	# of Providers	Open	% Open	% Closed
Hematologist /Oncologist	73	73	100%	0%

Table III: Behavioral Health – Cal MediConnect (CMC) Open/Close

Provider Group	Psychiatrist	Open	Psychologist	Open	Addiction Medicine	Open	Family/Marriage Counseling	Open	Clinical Social Worker	Open	Total Providers	Total Open	% Open	% Closed
Independent Physicians	34	34	2	2	1	1	28	28	22	22	87	86	99%	1%
* LPCH														
* Stanford														
Valley Health Plan	44	44	2	2	2	2	0	0	1	1	49	47	96%	4%
Palo Alto Medical Foundation	8	7	0	0	0	0	0	0	0	0	8	7	88%	12%
Physicians Medical Group of San Jo	1	1	0	0	0	0	0	0	0	0	1	1	100%	0%
* Premier Care														
Total	87	86	4	4	3	3	28	28	23	23	145	144	99%	1%

Table IV: High Volume Behavioral Health

High Volume Provider	# of Providers	Open	% Open	% Closed
Psychiatrist	87	86	99%	1%
Clinical Social Worker	23	23	100%	0%

D. MEASURE – PROVIDER TO MEMBER RATIOS

Table I: Primary Care Provider

Provider Type (PCP)	Measure	Standard	Performance Goal
Family Practice	Family Practice Provider to Member	1:2000	100%
General Practice	General Practice Provider to Member	1:2000	100%
Internal Medicine	Internal Medicine Provider to Member	1:2000	100%
Geriatrics	Geriatric Provider to Member	1:2000	100%

Table II: High Volume Specialist (HVS) and/or High Impact Specialist (HIS)

Provider Type	Measure:	Standard	Performance Goal
Cardiology	Cardiology Provider to Member	1:1200	100%
Gynecology	Gynecology Provider to Member	1:1200	100%
Ophthalmology	Ophthalmology Provider to Member	1:1200	
Hematology/Oncology	Hematology/Oncology Provider to Member	1:1200	100%

Table III: Behavioral Health Provider

Provider Type	Measure:	Standard	Performance Goal
Psychiatrist	Psychiatrist Provider to Member	1:1200	100%
Licensed Clinical Social Worker (LCSW)	LCSW Provider to Member	1:1200	100%
Psychologist	Psychologist Provider to Member	1:1200	100%
Family/Marriage Counseling	Family/Marriage Counselor to Member	1:1200	100%
Addiction Medicine	Addiction Medicine to Member	1:1200	100%

E. MEASURE – GEOGRAPHIC DISTANCE

Table I: Primary Care Provider

Provider Type (PCP)	Measure: Miles or Minutes	Performance Goal
Family Practice	One within 10 miles (DHCS) / 15 miles (DHCS) or 30 minutes	100%
General Practice	One within 10 miles (DHCS) / 15 miles (DHCS) or 30 minutes	100%
Internal Medicine	One within 10 miles (DHCS) / 15 miles (DHCS) or 30 minutes	100%
Geriatrics	One within 10 miles (DHCS) / 15 miles (DHCS) or 30 minutes	100%

Table II: High Volume Specialist (HVS) and/or High Impact Specialist (HIS)

Provider Type	Measure: Miles or Minutes	Performance Goal
Cardiology	15 miles or 30 minutes	100%
Gynecology	15 miles or 30 minutes	100%
Ophthalmology	15 miles or 30 minutes	100%
Hematology/Oncology	15 miles or 30 minutes	100%

Table III: Behavioral Health Provider

Provider Type	Measure: Miles or Minutes	Performance Goal
Psychiatrist	15 miles or 30 minutes	100%
Licensed Clinical Social Worker (LCSW)	15 miles or 30 minutes	100%
Psychologist	15 miles or 30 minutes	100%
Family/Marriage Counseling	15 miles or 30 minutes	100%
Addiction Medicine	15 miles or 30 minutes	100%

F. RESULTS: The results demonstrate the Provider network availability as of June 30, 2018.

Table I: PROVIDER TO MEMBER RATIOS

Provider Type	Provider-- Member	Measure	Standard	Goal	Met/Not Met
Primary Care Provider					
Family Practice	218--7,503	1:34	1:2000	100%	Met
General Practice	15--7,503	1:500	1:2000	100%	Met
Internal Medicine	260--7,503	1:28	1:2000	100%	Met
Geriatrics	5--7,503	1:1500	1:2000	100%	Met
High Volume Specialist					
Cardiology	131--7,503	1:57	1:1200	100%	Met
Gynecology	138--7,503	1:54	1:1200	100%	Met
Ophthalmology	95--7503	1:78	1:1200	100%	Met
High Impact Specialist					
Hematology--Oncology	73--7,503	1:102	1:1200	100%	Met
High Volume Behavioral Health Providers					
Psychiatrist	87--7,503	1:86	1:1200	100%	Met
Clinical Social Worker	23--7,503	1:326	1:1200	100%	Met

Table II: GEOGRAPHIC DISTANCE

Provider Type	Members with Access	Members without Access	Standard	Goal	Met/Not Met
Primary Care Provider					
Family Practice	7,503	0	10 miles/15 miles or 30 min	100%	Met
General Practice	7,503	0	10 miles/15 miles or 30 min	100%	Met
Internal Medicine	7,503	0	10 miles/15 miles or 30 min	100%	Met
Geriatrics	6,753	750	10 miles/15 miles or 30 min	100%	Not Met
High Volume Specialist					
Cardiology	7,503	0	15 miles or 30 min	100%	Met
Ophthalmology	7,503	0	15 miles or 30 min	100%	Met
Gynecology	7,503	0	15 miles or 30 min	100%	Met
High Impact Specialist					
Hematology--Oncology	7,503	0	15 miles or 30 min	100%	Met
High Volume Behavioral Health Providers					
Psychiatrist	7,503	0	15 miles or 30 min	100%	Met
Clinical Social Worker	7,203	300	15 miles or 30 min	100%	Not Met

Quantitative Analysis:

Santa Clara Family Health Plan (SCFHP) under the Cal Medi-Connect (CMC) product line carries contracts with a large number of independent providers and provider groups. The provider open/close analysis demonstrates that the majority of providers are open to new patients. The high volume specialists and behavioral health network providers are open to new members at 91% (lowest) to 100%. There are one hundred thirty one (131) Cardiologist, of which one hundred and thirty (130) are open to new patients, which concludes that the provider to member ratio is met at 1:57. There are one hundred thirty eight (138) Gynecologist, of which one hundred twenty six (126) are open to new patients, which concludes that the provider to member ratio is met at 1:59. There are eighty seven (87) Psychiatrist, of which eighty six (86) are accepting new patients, which concludes that the provider to member ratio is met at 1:87.

There are twenty three (23) Clinical Social Workers, of which all are open to new patients, which concludes that the provider to member ratio is met at 1:326. The high impact providers are open at 100%; there are seventy three (73) Hematologist/Oncologist, all of which are accepting new patients, which concludes that the provider to member ratio is met at 1:102.

The analysis showed that the standards for geographic time or distance were not met for Geriatrics in the cities of Gilroy, Morgan Hill, Mountain View, San Martin and Palo Alto. Further analysis showed that the city of Gilroy has three hundred and thirteen (313) members with access to seven (7) Family Practice, three (3) Internal Medicine and one (1) General Practice in the city of Gilroy, which concludes that the members who reside in Gilroy have access to a total of eleven (11) primary care providers that practice within geographic time or distance standards. The provider to member ratio is also met at 1:28. The city of Morgan Hill has one hundred and seventy (170) members with access to three (3) Internal Medicine providers in the city of Morgan Hill, which concludes that the members who reside in Morgan Hill have access to a total of three (3) primary care providers that practice within geographic time or distance standards. The provider to member ratio is also met at 1:56. The city of Mountain View has two hundred sixty seven (267) members with access to twenty five (25) Family Practice and thirty three (33) Internal Medicine in the city of Mountain View, which concludes the members who reside in Mountain View have access to a total of fifty eight (58) primary care providers that practice within geographic time or distance standards. The provider to member ratio is also met at 1:4. The city of San Martin has thirty three (33) members and there are no Primary Care providers in the city of San Martin. However, the members that reside in San Martin have access to primary care providers in the cities of Gilroy and Morgan Hill. The city of Gilroy is 5.8 miles from San Martin and the city of Morgan Hill is 8.4 miles from San Martin, which concludes that members that reside in San Martin have access to seven (7) Family Practice, six (6) Internal Medicine and one (1) General Practice, which concludes that the members who reside in San Martin have access to a total of fourteen (14) primary care providers that practice within geographic time or distance standards. The provider to member ratio is also met at 1:2. The city of Palo Alto has three hundred one (301) members that have access to thirty four (34) Family Practice, forty three (43) Internal Medicine

and one (1) General Practice in the city of Palo Alto, which concludes that the members who reside in Palo Alto have access to a total of seventy eight (78) primary care providers that practice within geographic time or distance standards. The provider to member ratio is also met at 1:3. Although the disparity of Geriatrics providers is significant over the other primary care provider types, the analysis concludes that all CMC members, including those in the cities of Gilroy, Mountain Hill, San Martin and Palo Alto have adequate access to primary care providers.

The analysis on Behavioral Health providers showed that the standards for geographic time or distance were not met for Clinical Social Workers (CSW) in the cities of Gilroy and San Martin. SCFHP contracts with a total of twenty five (25) Clinical Social Workers and the average distance to a CSW from Gilroy is 28.5 miles or 29.5 minutes and the average distance from San Martin is 22.8 miles or 24.2 minutes. The data showed that the standards for geographic time or distance and provider to member ratios were not met for Addiction Medicine providers in the cities of Gilroy, Morgan Hill and San Martin. SCFHP contracts with a total of three (3) Addiction Medicine providers and the average distance to a provider from Gilroy is 34.7 miles or 43.7 minutes, the average distance from Morgan Hill is 25 miles or 25.9 minutes and the average distance from San Martin is 29.2 miles or 39.1 minutes.

Year to date, there were a total of eleven (11) member complaints on access. Review of member complaints showed that there were none reported relevant to Geriatrics, Addiction Medicine, Clinical Social Workers (HVP) or any other high volume/impact providers. A total of three (3) members reported timely appointment access issues with specialists; Urologist (1) and Physical Therapists (2). The member seeking an appointment with a Urologist resides in the city of Sunnyvale, where there are no Urologist providers. However, the distance to the closest Urologist from Sunnyvale is 5.8 miles or 4.53 minutes in the city of Mountain View, where there are a total of eight (8) Urologists, and the farthest from the distance standard is 14.5 miles or 12.8 minutes in the city of San Jose, where there are a total of ten (10) Urologists. SCFHP has thirty five (35) Urologist, of which thirty four (34) are open to new patients. The provider to member ratio is met a 1:214. The members seeking an appointment with a Physical Therapist (PT) reside in San Jose, where there are six (6) PT providers, all of which are open to new patients. Follow up with the PT providers confirmed an approximate wait of sixty (60) days for a new patient appointment. The provider to member ratio is met a 1:682. The data showed that standards for geographic time or distances was met for Physical Therapist. The other complaints were relevant to Primary Care timely appointments, office wait times and the desire to be assigned to a primary care provider closed to new patients.

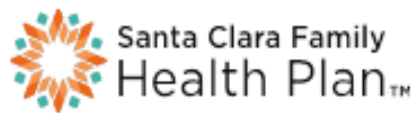
Qualitative Analysis:

Overall the analysis demonstrates that SCFHP standards for specialist availability are realistic for the communities and delivery system within Santa Clara County. The majority of the members dwell in an urban environment and a small fraction of the members reside in the cities of Gilroy, Morgan Hill and San Martin located in the south east area of Santa Clara County. Rural communities often face challenges maintaining an adequate provider network, making it difficult for health plans to meet geographic time or distance and provider to member ratios. A study of mental health shortages in California by the Office of Statewide Health Planning and Development (OSHPD) indicated mental health shortages across many rural areas of the state. Additionally, according to data from the California Employment Development Department, demand for mental health and substance abuse social workers, and substance abuse and behavioral disorder counselors shortages has grown by 22.8 percent through 2017. The same study indicated that California had only 38.6 physical therapists per 100,000 persons compared to 56.8 physical therapists per 100,000 persons nationwide. Results from a California Hospital Association survey came to similar conclusions. According to that study, vacancies in Physical Therapy have a negative impact on hospital efficiency and access to care.

As a result, recruitment challenges and provider shortages could be the root cause for the deficiencies shown in this analysis. SCFHP contracting will assess and monitor recruitment activities and contractual opportunities in the south east area of Santa Clara County and other areas of the county as necessary to ensure CMC members have adequate access to health care providers. SCFHP continues to re-direct members to network specialists and behavioral health providers as needed to ensure timely access standards of care are met.

Conclusion:

Santa Clara Family Health Plan is able to demonstrate its ability to meet standards relevant to provider to member ratios and geographic distances across the high volume, high impact specialists, primary care providers and behavioral health providers that were identified within the data reports, with the exception of Geriatrics, Clinical Social Workers and



Addiction Medicine providers in the North West and/or South East areas of Santa Clara County. SCFHP contracting efforts are across all provider types that members experience access issues.

PARTICIPANTS:

Provider Network Access Manager
Timely Access and Availability Work Group
Quality Improvement
Grievances and Appeals
Provider Relations
Customer Service

**SANTA CLARA FAMILY HEALTH PLAN (SCFHP) CULTURAL & LINGUISTICS (C&L)
SERVICES WORKPLAN 2018**

Program Objectives	Activities (Steps to measure compliance/ achieve objective)	Timelines
Comply with state and federal guidelines related to caring for LEP and sensory impaired members.	<ul style="list-style-type: none"> • GNA update for DHCS • Submit to DHCS one copy of materials provided to new members for each threshold language • Language assistance program Policy & Procedure (Title 28, Sec.1300.67.04) has standards for: <ul style="list-style-type: none"> ○ Enrollee assessment ○ Providing language assistance services ○ Staff training ○ Compliance monitoring 	Ongoing
Improve the quality of health care services for all SCFHP members at medical and non-medical points of contact.	<ul style="list-style-type: none"> • Distribute “Quick Guide” for accessing interpreter services to all providers • Promote interpreter services at no charge to members and providers • Use the CAC for advice and feedback on CLAS and procedures • Use available C&L member reports, e.g. grievance and appeals, to identify interventions to improve quality • Include C&L as agenda item at Joint Operation Committee meetings with delegates as appropriate • Include C&L Compliance, including training, in all Delegation Oversight Audits • Include C&L Training in new provider and sub-contractor orientations • Include resources in training related to gender, sexual orientation or gender identity • Provide ongoing training for all SCFHP staff members 	Ongoing
Promote a culturally competent health care and work environment for the SCFHP	<ul style="list-style-type: none"> • New employees complete an on-line training when hired • Culturally relevant materials and event notices made available to employees • Review and revise staff training module to incorporate information related to disabilities, and regardless of gender, sexual orientation or gender identity 	Ongoing
Promote CLAS “best practices” for implementation by	<ul style="list-style-type: none"> • Participate in CLAS focused plan, community, state/federal organizations, partnerships, and projects • Use a strategy of interdepartmental collaboration to identify and 	On going

Program Objectives	Activities (Steps to measure compliance/ achieve objective)	Timelines
SCFHP, as well as network providers and subcontractors.	promote CLAS best practices in all areas	
Use outcome, process and structure measures to monitor and continuously improve SCFHP's activities aimed at achieving cultural competence and reducing health care disparities.	<ul style="list-style-type: none"> • Design oversight mechanisms that monitor for CLAS and cultural competency • Use the delegated audit process to identify subcontractor compliance with CLAS; work with providers to improve compliance • Monitor grievances and appeals to identify areas of improvement and forward data to appropriate department(s) • Monitor interpreter issues identified by internal staff, e.g. no-show interpreters • Work with IT to implement QNXT process for logging standing alternate language and format (braille, audio, large print) requests 	Ongoing

2017 CULTURAL AND LINGUISTICS (C&L) PROGRAM EVALUATION

Program Objectives:

1. Comply with state and federal guidelines related to caring for limited English proficiency (LEP) and sensory impaired members.
2. Improve the quality of health care services for all SCFHP members medical and non-medical points of contact.
3. Promote a culturally competent health care and work environment for SCFHP.
4. Promote CLAS “best practices” for implementation by SCFHP, as well as network providers and subcontractors.
5. Use outcome, process and structure measures to monitor and continuously improve SCFHP’s activities aimed at achieving cultural competence and reducing health care disparities.

OBJECTIVE 1: Comply with state and federal guidelines related to caring for limited English proficiency (LEP) and sensory impaired members.

Activities:

1. GNA update for DHCS
2. Submit to DHCS one copy of materials provided to new members for each threshold language
3. Language assistance program policy & procedure (Title 28, Sec. 1300.67.04) has standards for:
 - a. Enrollee assessment
 - b. Providing language assistance services
 - c. Staff training
 - d. Compliance monitoring

Progress:

1. 2017 C&L Program Description updated to include Section 1557
2. Policy QI.08 updated to include Section 1557 requirements
3. Trained all internal staff regarding standing alternate language and format requests 1Q2017
4. Failed CMS test call for French Interpreter using current language vendor. As a result, initiated search for new interpreter services vendor 3Q2017

OBJECTIVE 2: Improve the quality of health care services for all SCFHP members medical and non-medical points of contact.

Activities:

1. Distribute “Quick Guide” for accessing interpreter services to all providers
2. Promote interpreter services at no charge to members and providers
3. Use the Consumer Advisory Committee (CAC) for advice and feedback on CLAS and procedures.
4. Use available C&L member reports, e.g. grievance and appeals, to identify interventions to improve quality
5. Include C&L as agenda item at Joint Operations Committee meetings with delegates as appropriate

6. Include C&L Compliance, including training, in all Delegation Oversight Audits
7. Include C&L Training in new provider and sub-contractor orientations
8. Include resources in training related to gender, sexual orientation or gender identity

Progress:

1. Completed 11 provider and delegate audits in 2017
2. Used vendor invoices to monitor interpreter phone line use among provider network
3. Used vendor invoices to monitor in-person and phone interpreter use among SCFHP members

OBJECTIVE 3: Promote a culturally competent health care and work environment for SCFHP

Activities:

1. New employees complete an online C&L training as part of new hire orientation and retake it on an annual basis as required by C&L Program
2. New bilingual employees are tested for language proficiency and retested on an annual basis as required by C&L Program
3. Culturally relevant materials and event notices are made available to employees
4. Review and revise staff training module to incorporate information related to disabilities, and regardless of gender, sexual orientation, or gender identity.

Progress:

1. HR to update policies to commence annual language proficiency re testing for bi lingual staff in July of 2017

OBJECTIVE 4: Promote CLAS “best practices” for implementation by SCFHP, as well as network providers and subcontractors

Activities:

1. Participate in CLAS focused plan, community, state/federal organizations, partnerships, and projects.
2. Use a strategy of interdepartmental collaboration to identify and promote CLAS best practices in all areas

OBJECTIVE 5: Use outcome, process, and structure measures to monitor and continuously improve SCFHP’s activities aimed at achieving cultural competence and reducing health care disparities

Activities:

1. Design oversight mechanisms that monitors for CLAS and cultural competency
2. Use the delegated audit process to identify subcontractor compliance with CLAS; work with providers to improve compliance
3. Monitor grievances and appeals to identify areas of improvement and forward data to appropriate department(s)

Progress:

1. Monitor all interpreter issues identified by internal staff and provider offices, e.g. no show interpreters.

QUALITY IMPROVEMENT COMMITTEE or ACTIVITY REPORT

Name of Reporting Committee or Activity:

Monitoring or Meeting Period:

Credentialing Committee

June 6, 2018

Areas of Review or Committee Activity

Credentialing of new applicants and recredentialing of existing network practitioners

Findings and Analysis

Initial Credentialing (excludes delegated practitioners)		
Number initial practitioners credentialed	12	
Initial practitioners credentialed within 180 days of attestation signature	100%	100%
Recredentialing		
Number practitioners due to be recredentialed	11	
Number practitioners recredentialed within 36-month timeline	11	
% recredentialed timely	100%	100%
Number of Quality of Care issues requiring mid-cycle consideration	0	
Percentage of all practitioners reviewed for ongoing sanctions or licensure limitations or issues	100%	100%
Terminated/Rejected/Suspended/Denied		
Existing practitioners terminated with cause	0	
New practitioners denied for cause	0	
Number of Fair Hearings	0	
Number of B&P Code 805 filings	0	
Total number of practitioners in network (excludes delegated providers) as of 05/31/2018	215	

	Stanford	LPCH	NT 20	NT 40	NT 50	NT 60
Total # of Initial Creds	22	17	38	45	14	1
Total # of Recreds	185	95	36	261	36	9
(For Quality of Care ONLY)	Stanford	LPCH	NT 20	NT 40	NT 50	NT 60
Total # of Suspension	0	0	0	0	0	0
Total # of Terminations	0	0	0	0	0	0
Total # of Resignations	0	0	0	0	0	0
Total # of practitioners	665	909	697	705	378	107

Note: This is a count of single providers in their credentialed networks. A provider belonging to multiple networks will be counted for each network once.

Actions Taken

1. All current network practitioners and providers were monitored on an ongoing basis for licensing issues, sanctions, validated quality of care issues and opt-out exclusion. No currently credentialed practitioner or provider had an identified issue on any of the exclusion lists or licensing boards.
2. Staff education conducted regarding the recredentialing of practitioners within the required 36-month timeframe. Procedure review of mailing pre-populated recredentialing applications six months prior to due date reviewed.

Outcomes & Re-measurement

Weekly re-measurement will be conducted on recredentialing applications to measure compliance

Note: This is a count of single providers in their credentialed networks. A provider belonging to multiple networks will be counted for each network once.

Regular Meeting of the
Santa Clara County Health Authority d.b.a. Santa Clara Family Health Plan
OPEN SESSION - Pharmacy & Therapeutics Committee

Thursday, March 15, 2018
6:00 PM - 8:00 PM
210 E. Hacienda Avenue Campbell, CA 95008

MINUTES

Voting Committee Members	Specialty	Present (Y or N)
Jimmy Lin, MD	Internal Medicine	Y
Hao Bui, BS, PharmD	Community Pharmacy (Walgreens)	N
Minh Thai, MD	Family Practice	Y
Amara Balakrishnan, MD	Pediatrics	Y
Peter Nguyen, MD	Family Practice	Y
Jesse Parashar-Rokicki, MD	Family Practice	Y
Narinder Singh, PharmD	Health System Pharmacy (SCVMC)	N
Ali Alkoraishi, MD	Adult & Child Psychiatry	Y
Dolly Goel, MD	VHP Chief Medical Officer	Y
Xuan Cung, PharmD	Pharmacy Supervisor (VHP)	N
Johanna Liu, PharmD, MBA	SCFHP Director of Quality and Pharmacy	Y
Jeff Robertson, MD	SCFHP Chief Medical Officer	Y

Non-Voting Committee Members	Specialty	Present (Y or N)
Lily Boris, MD	SCFHP Medical Director	N
Caroline Alexander	SCFHP Administrative Assistant, Medical Management	N
Tami Otomo, PharmD	SCFHP Clinical Pharmacist	Y
Duyen Nguyen, PharmD	SCFHP Clinical Pharmacist	Y
Dang Huynh, PharmD	SCFHP Pharmacy Manager	Y
Amy McCarty, PharmD	MedImpact Clinical Program Manager	Y
Tiffany Pham, CPhT	SCFHP Pharmacy Coordinator	Y

	Topic and Discussion	Follow-Up Action
1	Introductions	
	The meeting convened at 6:09 PM.	
2	Public Comment	
	No public comment.	
3	Past Meeting Minutes	
	The SCFHP 4Q2017 P&T Minutes from December 14, 2017 were reviewed by the Committee as submitted.	Upon motion duly made and seconded, the SCFHP 4Q2017 P&T Minutes from December 14, 2017 were approved as



		submitted and will be forwarded to the QI Committee and Board of Directors.
4	Plan Updates	
	<p>Health Plan Updates</p> <p>Dr. Robertson presented the slow, but steady decline in Medi-Cal members possibly due to the actions of immigration rates. The annual DHCS audit will be held next month from 4/9-4/20 at the health plan.</p> <p>Dr. Peter Nguyen asked if the steady decline was affecting the Medicare or Medi-Cal line of business. Dr. Robertson clarified that this is affecting the Medi-Cal line of business, and Medicare line of business is increasing.</p>	
	<p>Appeals & Grievances</p> <p>Dr. Huynh presented the Appeals & Grievances report Q4 2017. There was a decline in Medi-Cal appeals after a short increase due to a change in process. Q4 2017 53% overturn rate, 27% upheld, 5% withdrawn. For CalMediConnect (CMC), Q3-Q4 Part C&D redeterminations have remained steady. Redeterminations Q4, 39% overturned, 56% upheld, 0% withdrawn.</p> <p>Dr. Peter Nguyen asked if the percentages are normal compared to other health plans, and Dr. Robertson clarified that SCFHP does not have available data to benchmark our results to.</p>	
	<p>SCFHP Pharmacy Dept. Policies:</p> <p>Dr. Huynh presented the Pharmacy Dept. Policies as followed:</p> <ol style="list-style-type: none"> 1. PH01 Pharmacy and Therapeutics Committee 2. PH02 Formulary Development and Guideline Management 3. PH03 Prior Authorization 4. PH04 Pharmacy Clinical Programs and Quality Monitoring 5. PH05 Continuity of Care for Pharmacy Services 6. PH06 Pharmacy Communications 7. PH07 Drug Recalls 8. PH08 Pain Management Drugs for Terminally Ill 9. PH09 Medications for Members with Behavioral Health Conditions – <i>Revised</i> 10. PH10 Cal MediConnect Part D Transition 11. PH11 340B Program Compliance 12. PH14 Medications for Cancer Clinical Trial 	Upon motion duly made and seconded, the Pharmacy Dept. Policies were approved as presented.
	<p>Adjourn to Closed Session</p> <p>Committee adjourned to closed session at 6:20 p.m. to discuss the following items: Membership Report, Pharmacy Dashboard, Drug Use</p>	



	Evaluation Results, Drug Utilization & Spend, Recommendations for Changes to SCFHP Cal MediConnect Formulary and Prior Authorization Criteria, Recommendations for changes to Medi-Cal and Healthy Kids Formulary and Prior Authorization Criteria, DHCS Medi-Cal CDL Updates & Comparability, and New Drugs.	
5	Metrics & Financial Updates	
	Membership Report Dr. Robertson presented the membership report.	
	Pharmacy Dashboard Dr. Otomo presented the Pharmacy Dashboard.	
	Drug Utilization & Spend Review Dr. McCarty presented the Drug Use Evaluation Results.	
	Drug Utilization & Spend Review Dr. McCarty presented the Spend and Trend Overview.	
6	Discussion and Recommendations for changes to SCFHP Cal MediConnect Formulary & Prior Authorization Criteria	
	Dr. Huynh presented an overview of the MedImpact 4Q2017 P&T minutes as well as the MedImpact 1Q2018 P&T Part D Actions.	Upon motion duly made and seconded the MedImpact 4Q2017 P&T Minutes, and MedImpact 1Q2018 P&T Part D Actions were approved as submitted.
7	Discussion and Recommendations for Changes to SCFHP Medi-Cal & Healthy Kids Formulary & Prior Authorization Criteria	
	Formulary Modifications Dr. Otomo presented the formulary changes since the last P&T meeting.	Upon motion duly made and seconded, formulary modifications were approved as presented.
	DHCS Medi-Cal CDL Updates & Comparability Dr. McCarty presented DHCS Medi-Cal CDL Updates & Comparability.	Upon motion duly made and seconded, prior authorization criteria were approved as requested.
	Prior Authorization Criteria Dr. Duyen Nguyen presented the following PA criteria for approval by the committee: <ol style="list-style-type: none"> 1. Zetia 2. Glatiramer acetate 	Upon motion duly made and seconded, prior authorization criteria were approved with the requested deletion from the Oncology PA criteria.



	<ol style="list-style-type: none">3. Oncology4. Quantity Limit	
	New Drugs and Class Reviews Dr. McCarty presented the following new drug reviews: <ol style="list-style-type: none">1. Diabetes Update SGLT-2 inhibitors, Rapid Acting Insulin.2. Hemlibra.3. Psoriasis Update – Tildrakizumab.	Upon motion duly made and seconded, all recommendations were approved as presented.
	Reconvene in Open Session Committee reconvened to open session at 7:44 p.m.	
8	Discussion Items	
	Update on New Drugs and Generic Pipeline Dr. McCarty presented the generic pipeline for 1Q2018. High impact drugs: ProAir HFA, Tracleer, Byetta, Sensipar and medium/low impact drugs: Forfivo, XL, Viread, Solodyn, Treximet, Zortress, and Sustiva.	
9	Adjournment at 7:49 PM	



MINUTES
UTILIZATION MANAGEMENT COMMITTEE
April 18, 2018

Voting Committee Members	Specialty	Present Y or N
Jimmy Lin, MD, Chairperson	Internal Medicine	Y
Ngon Hoang Dinh, DO	Head and Neck Surgery	Y
Indira Vemuri, MD	Pediatrics	N
Dung Van Cai, MD	OB/GYN	Y
Habib Tobaggi, MD	Nephrology	Y
Jeff Robertson, MD, CMO	Managed Care	N
Ali Alkoraishi, MD	Adult and Child Psychiatry	Y

Non-Voting Staff Members	Title	Present Y or N
Christine Tomcala	CEO	Y
Lily Boris, MD	Medical Director	Y
Jana Castillo	Utilization Management Manager	Y
Sandra Carlson	Health Services Director	Y
Caroline Alexander	Administrative Assistant	Y
Lori Andersen	MLTSS Operations Director	Y
Joan McKay	Nurse Consultant, CCS	Y
Andrea Smith	Utilization Review and Discharge Planning Nurse	Y

ITEM	DISCUSSION	ACTION REQUIRED
I. /II. Introductions Review/Revision/Approval of Minutes	Meeting was started with a Quorum at 6:07 PM. There was a motion to approve the October 26, 2017 and January 18, 2018 minutes.	Minutes approved as presented.
III. Public Comment	No public comment.	
IV. CEO Update	Christine Tomcala , CEO discussed the following items: Membership as of April, down about 1,300 members, at 262,569 total. Slight increase in Cal MediConnect membership. Healthy Kids increased as well. Continue to see Medi-Cal drop in our	Poll committee members regarding changing meeting time to lunchtime when move to the new building.

ITEM	DISCUSSION	ACTION REQUIRED
	<p>county overall. In the middle of second week of DHCS audit. Closing conference will take place on Friday, April 20th. Different set of auditors than last year. Areas of deficiency worked on to correct. Data Validation Audit is currently taking place April 19th. We are submitting universes and data for DMHC audit for June 2018 now as well. Health Plan will be moving to the new location in South San Jose late July.</p>	
<p>V. Discussion Items/Follow Up Items</p>	<p>a. CCS Summary Ms. McKay presented an overview of California Children's Services (CCS) to the committee. Originally known as California Crippled Children's Society in 1927 and evolved into California Children's Services in 1978. Provides services to children under 21 years of age including diagnostic and treatment services, case management, physical and occupational therapies. DHCS governs implementation of CCS services. Mandates California counties to seek out eligible children to be recipients of expert sources for diagnosis and treatment. Services are not limited to Medi-Cal beneficiaries. The value of Santa Clara Family Health Plan/CCS Relationship is:</p> <ul style="list-style-type: none"> • CCS determines program eligibility • Authorizes care with any provider or facility that participates in the Medi-Cal program (facilitates billing process) • CCS is payment source for all care authorized by the CCS program <p>Treat about 200,000 children annually, 80% are Medi-Cal. Becomes carve in under Whole Child in 2021.</p> <p>b. UM Program Description Update-Assessment of New Technology Ms. Castillo presented an update on the UM Program Description. UM Program Description was presented to the UM Committee for approval in January 2018. The new technology section is corrected to state that the health plan would be reviewing any new technology requests by using the up to date website.</p>	
<p>VI. Action Items</p>	<p>a. UM Program Evaluation CY 2017 Ms. Castillo presented the UM Program Evaluation CY 2017. Did not find any negative findings on the goals submitted for evaluation. After motion duly made, seconded, UM Program Evaluation CY 2017 was approved as presented.</p> <p>b. UM Workplan CY 2018 Ms. Castillo presented the UM Work plan CY 2018. SCFHP is adding the current positions as the responsible party for each area. New technology policy added and will monitor until next year on Program Evaluation. After motion duly made, seconded, UM Work plan CY 2018 was approved as presented.</p>	

ITEM	DISCUSSION	ACTION REQUIRED
	<p>c. HS.14 LTC Authorization Review Policy Ms. Andersen presented a new LTC Authorization Review policy for approval. New policy developed as a separate policy for long term care authorization. Policy covers bed holds and addresses re-authorization versus initial authorization for LTC. Describes documentation required to be submitted with prior authorization request. It was recommend that verbiage be added to item II. D. This is because LTC is not a benefit outside of Santa Clara County.</p> <p>After motion duly made, seconded, HS. 14 LTC Authorization Review policy was approved with recommended edits.</p> <p>d. Medi-Cal Prior Authorization Grid 2018 Ms. Castillo presented the Medi-Cal Prior Authorization Grid 2018. SCFHP is adding Palliative Care benefit to the PA Grid. Palliative care became a benefit recently and in order to follow patient use we are recommending an admin auth be created. Medi-Cal which will require prior authorization. Non-Emergency Medical Transportation (NEMT) will not require prior authorization. Ground transportation from facility to facility and from hospital to home will not require prior authorization.</p> <p>After motion duly made, seconded, proposed additions to Medi-Cal Prior Authorization Grid 2018 were approved as presented.</p>	

ITEM	DISCUSSION	ACTION REQUIRED
<p>VII. Reports</p>	<p>a. Membership Presented during CEO Update.</p> <p>b. UM Reports 2018</p> <p>i. Dashboard Metrics Ms. Castillo presented the Dashboard Metrics report. Monitoring compliance based on turnaround time. Divided by lines of business. For CMC line of business, at 99% of compliance for routine requests, 90% compliant for expedited/urgent requests, 100% compliant for retro requests. Developed better reporting mechanisms and monitoring of requests coming to UM fax. For Medi-Cal line of business, 96.7% compliant for routine, urgent 96.7%, retro 95.4%. Abandonment rate has been low, at 4%.</p> <p>ii. Standard Utilization Metrics Data is for January 1 to December 31, 2017. For MediCal/non SPD, discharges per thousand have been stable at 3.66, with average length of stay 3.55. For Medi-Cal SPD discharges per thousand are at 14.46. Average length of stay 4.92. For CMC population 5.93 days average length of stay. Discharges per thousand 266.4. For NCQA Medicaid Benchmark Comparisons, Non SPD fall at less than 10%, SPD falls at greater than 90%. Combined total is 50th percentile ranking for average length of stay. Medi-Cal SPD's 173 discharges per thousand, CMC is at 266 per thousand. Average length of stay is 4.92 for Medi-Cal SPD and 5.93 for CMC. Inpatient Readmissions Medi-Cal Non SPD is at 14.06. Goal is around 11 to 12% for Non SPD population. SPD Inpatient Readmissions for Medi-Cal overall average of 22%. Readmissions on CMC lower at 14.44%. NCQA Benchmark comparison for CMC Readmissions: Ages 18 to 64 readmission rate of 14.08%; Ages 65+ readmission rate of 14.54%. For age 18 to 64, greater greater than 50th percentile ranking, age 65+, less than 50th percentile ranking. (Lower rate indicates better performance). Frequency of selected procedures: Back Surgery comparison to benchmark, lower. Mastectomy higher in females age 15 to 44, lower age 45-64. Bariatric surgery higher in females age 20 to 44. Medi-Cal Behavioral Health Metrics based on 3 areas: ADHD Medication, Antidepressant Medication Management, Cardiovascular Monitoring for People with Cardiovascular Disease and Schizophrenia. Initiation phase and continuation maintenance phase for ADHD Medication is at less than 25th percentile rank. Antidepressant Medication Management Acute Phase Treatment and Continuation Phase Treatment is at</p>	<p>Three child psychiatry facilities in the county. Consider working with them on the Medi-Cal Behavioral Health metrics (follow up for children with ADHD/Initiation and continuation of treatment)</p> <p>Consider a "CareMore" type of program for inpatient admits/readmits in Cal MediConnect</p>

ITEM	DISCUSSION	ACTION REQUIRED
	<p>greater than 75th percentile rank. Cardiovascular Monitoring for People with Cardiovascular Disease & Schizophrenia is at greater than 90th percentile.</p> <p>c. Interrater Reliability: Medical and Behavioral Health</p> <p>Dr. Boris presented the Interrater Reliability report for Behavioral Health. In accordance with Policy HS.09, Santa Clara Family Health Plan (SCFHP) UM staff scheduled and completed the first of two required Bi-Annual IRR testing sessions. The second IRR testing session is expected to be completed within the second half of calendar year 2018. A total of 10 random UM authorizations are selected for testing purposes for all of the Utilization Management staff, including non-licensed Care Coordinators, licensed professional staff, and Medical Directors (MD). In the first testing in 2018, 95% or 20/21 of the staff were found to be proficient while the remaining 5% or 1/21 were not proficient and will require remediation. 100% of Utilization Management staff completed the IRR testing including CMO, Medical Director, Licensed staff and Coordinators. Identified common findings were as follows:</p> <ul style="list-style-type: none"> • Improper identification of required turnaround time for inpatient concurrent review • Lack of understanding for specific Care Coordinator Guidelines <p>Corrective action plan after identifying the coming findings are:</p> <ul style="list-style-type: none"> • Remedial training was planned for staff that failed IRR but was incomplete due to voluntary transfer to another department • Continue regular staff training with emphasis on care coordinator guidelines and regulatory turnaround times • Change of staff assignments for more experience with different lines of business and regulatory requirements <p>For the Behavioral Health team, 100% or 3/3 of staff were found to be proficient during this review. 100% of Behavioral Health staff who complete authorizations completed the IRR testing. Identified common findings were as follows:</p> <ul style="list-style-type: none"> • Staff who are authorized to review/approve BH services through SCFHP express comfort in knowing the process/where to go to for clarification <p>Corrective action plan after identifying the common findings would be:</p> <ul style="list-style-type: none"> • Mandatory remedial training with post testing for all non-proficient staff (should this be required-not needed at this time) • Mandatory bi-annual review of guidelines and criteria, as well as biannual testing, will continue to be scheduled. 	

ITEM	DISCUSSION	ACTION REQUIRED
	<p>d. HS 04.01 Reporting Quality Monitoring of Plan Auths, Denials, etc. (Q1 18) Ms. Castillo presented the Q1 2018 Quality Monitoring Report. Santa Clara Family Health Plan (SCFHP) completed the 1st quarter review for timely, consistent, accurate and understandable notification to members and providers regarding adverse determinations. For the 1st Quarter review of 2018, the findings are as follows:</p> <p>A. For the dates of services and denials for January, February and March of CY 2018 were pulled in the 1st quarter sampling year.</p> <p>a. 30 unique authorizations were pulled with a random sampling.</p> <ul style="list-style-type: none"> i. 83% or 25/30 Medi-Cal I.OB and 17% or 5/30 CMC LOB ii. Of the sample 100% or 30/30 were denials iii. Of the sample 27% or 8/30 were expedited request; 67% or 20/30 were standard request, 6% or 2/30 were retroactive request. <ul style="list-style-type: none"> 1. 100% or 8/8 of the expedited authorizations met regulatory turnaround time of 72 calendar hours 2. 95% or 2/2 retroactive request met regulatory turnaround time of 30 Calendar days. iv. 67% or 20/30 are medical denials, 33% or 10/30 are administrative denials v. 100% or 30/30 of cases were denied by MD or pharmacist. vi. 100% were provided member and provider notification. vii. 90% or 28/30 of the member letters are of member's preferred language. 2 letters that were not in member's language were outside of 5 regulatory language threshold and were written in English instead. viii. 100% of the letters were readable and rationale for denial was provided, although 7% or 2/30 letters were found to be too clinical and not written in a member specific language. ix. 83% or 25/30 letters included criteria or EOB in the letter. x. 100% of the letters included IMR information, interpreter rights and instructions on how to contact CMO or Medical Director. 	

ITEM	DISCUSSION	ACTION REQUIRED
	<p>Manager of Utilization Management and Director of Health Services reviewed the findings of this audit and recommendations from that finding presented to UMC are as follows:</p> <ul style="list-style-type: none"> • Continue to improve on denial verbiage matrix including member specific language • Provide staff education to re-read denial letters for letter quality • Continue QA report monitoring process <p>e. Referral Tracking Ms. Castillo presented the Annual Specialty Referral Tracking report. New system for reporting. Required to have a twelve month rolling report for any authorizations that does not have a claim attached. Need to follow up on why service was not rendered if no claim attached. Number of authorizations without a claim is 4,321. Three month lag for claims. Exclude the last three months of authorized services and focus on services before those three months. Pull 10% of authorizations that do not have claim attached. Up to 50%, will do outbound calls to members and providers to find out more detail. Will be presenting this data quarterly but new system will allow to look at data monthly. 60 to 70% of authorizations have services rendered, drops off in February due to claims lag. Will also present an annual report.</p> <p>f. Nurse Advice Line Stats Ms. Carlson presented the Nurse Advice Line Stats. In November 2017, switched to vendor Care Net to handle Nurse Advice Line calls. Medi-Cal received 1645 calls, Healthy Kids 75 calls, Cal MediConnect calls 116 during the first quarter of 2018. For Medi-Cal the highest number of dispositions rendered was to see provider within 24 hours. Second highest was referral to home care. For Cal MediConnect, told to see provider within 24 hours or go to Emergency. For Medi-Cal, general information, for pediatrics, cold and cough.</p>	<p>Consider adding to the procedure for "referral tracking" auth tracking</p>
VIII. Adjournment	Meeting adjourned at 7:15 PM	
NEXT MEETING	The next meeting is scheduled for Wednesday, July 18, 2018, 6:00 PM	

Prepared by:



Caroline Alexander
Administrative Assistant

Date

7/18/18

Reviewed and approved by:



Date

7/18/18

Jimmy Lin, M.D.
Committee Chairperson

	2017	2018						
Quality & Case Management	YTD	Jan	Feb	Mar	Apr	May	Jun	YTD
Initial Health Assessment								
# of members eligible for an IHA	48,934	2,766	2,839	3,013	2,967	4,177	3,298	19,060
# of IHA completed within 120 days of enrollment	18,558	1,284	1,245	1,315	1,259	1,600	1,422	8,125
Facility Site Reviews								
# of Facilities Due for FSR within the month	29	1	3	4	3	5	2	18
# of FSRs completed	29	1	3	4	3	5	2	18
# of FSRs that passed	27	1	3	4	2	5	2	17
# of FSRs with corrective action	27	1	3	4	3	5	2	18
% of FSRs completed timely	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100%

MINUTES

For a Regular Meeting of the

SANTA CLARA COUNTY HEALTH AUTHORITY

PROVIDER ADVISORY COUNCIL (PAC)

Wednesday, August 8, 2018, 12:15-1:45 PM

Santa Clara Family Health Plan

Sycamore Conference Room

6201 San Ignacio Ave, San Jose, CA 95119

COMMITTEE MEMBERS PRESENT

Bridget Harrison, MD

Jimmy Lin, MD

Peter Nguyen, MD

Sherri Sager

Richard Garcia MD

Thad Padua, MD, Chair

STAFF PRESENT:

Christine Tomcala, CEO

Jeff Robertson, MD, CMO

Eric Tatum, Director, PNM

COMMITTEE MEMBERS ABSENT

Chung Vu, MD

David Mineta

Dolly Goel, MD

Kingston Lum

OTHERS PRESENT:

Dana Castillo, RN, BSN, Mgr, UM

Dang Huynh, PharmD, Mgr, Pharm

Robyn Esparza, Admin Asst, PNM

ROLL CALL/ESTABLISH QUORUM

Thad Padula, MD, Chair, called the meeting to order at 12:30 pm.

- Roll call was taken and a quorum was established.
- Introduction of new Provider Network Management Director, Eric Tatum.
- Introduction of new Council member, Dr. Richard Garcia (PMG, CMO).
- Clara Adams, LCSW will be joining the Council in the beginning of 2019. She will be an ideal addition to the Council as she is very familiar with mild to moderate behavioral health issues.

1. MEETING MINUTES (ATTACHMENT)

The previous minutes from February 8, 2018 and May 9, 2018 were reviewed

- February 8, 2018 minutes approved as written.
- May 9, 2018 minutes approved as written.

2. PUBLIC COMMENT

- There were no public comments.

3. CHIEF EXECUTIVE OFFICER UPDATE (ATTACHMENT)

Christine Tomcala, CEO, presented the July 2018 Membership Summary (copy attached herein), noting no dramatic changes in the current enrollment (258,556):

- Healthy Kids: 3,278 (1%)
- Cal MediConnect: 7,523 (3%)
- Medi-Cal: 247,755 (96%)
- Total 258,556 (100%)

With regard to Medi-Cal Membership by Age Group the following was noted:

- Pediatrics: 101,830 (41%)
- Adults: 145,925 (59%)

Observations regarding the membership of SCFHP include:

- Medi-Cal continues to decrease, which most likely is due to the concern of undocumented families.

The following current events were noted:

a. SCFHP'S NEW BUILDING

Ms. Tomcala welcomed the Council members to the new SCFHP administrative offices, noting that the contractor is still completing a few outstanding items. She stated that the entrance and boardroom will be completed by the time of the next Council meeting. The Council members had positive feedback regarding the building.

b. CMS AUDIT

Ms. Tomcala informed the Council that SCFHP recently received notification from CMS that they will be conducting a Program Audit of the plan. She stated that SCFHP employees are currently in the midst of a number of webinars and uploading data universes in preparation for the audit. The audit and corresponding responses will be an ongoing process for the remainder of the year, and a number of corrective action plans may be required by CMS.

c. HEALTH PLAN LOGO

Ms. Tomcala noted that the new SCFHP logo has also been launched. The goal was to roll it out with the relocation. She pointed out that the eight point star logo represents community with little hands/heads of people.

4. REVIEW PAC CHARTER (ATTACHMENT)

Dr. Robertson, CMO, noted that, as discussed at the last meeting, the **slash** between “high quality/effective” in the PAC Charter (copy attached herein) will be replaced with the word “and” for clarification. In addition, Dr. Robertson recommended that the Charter be modified to allow the CEO to appoint physicians who are enrolled in an accredited residency program as non-voting members of the Council. It was agreed that residents should be at least a year into their residential program before being considered. Council members with suggestions of residents for consideration for Council membership should email Dr. Robertson directly. Both of these items were approved by the Council.

- CEO to recommend the above PAC Charter modifications to the Board.

5. QUALITY AND PHARMACY (ATTACHMENT)

Ms. Johanna Liu, Director of Quality Improvement and Pharmacy, presented drug utilization reports on the Top 10 Drugs by Total Cost and Top 10 Drugs by Prior Authorization for the date range April 1, 2018 to June 30, 2018 (copy attached herein). It was recommended that any drug that is currently required to be prior authorized, but is being approved 100% of the time by the Plan, be removed from the prior-authorization list.

- Ms. Liu to take back the above recommendation to the P&T Committee for review.

6. MEMBERSHIP OF PAC

Dr. Robertson reminded the Council members that there is a minimum participation requirement of attending two meetings per calendar year. Active members coming to end of their term can be reappointed by the CEO. It was noted

there have been a couple of current members that have failed to meet this requirement; namely, Mr. Kingston Lum and Mr. David Mineta.

- o Dr. Robertson to follow-up with both Mr. Lum and Mr. Mineta regarding their meeting participation.

Dr. Robertson mentioned that Mr. Steve Church, SNF/ MLTSS representative, was an excellent attendee and a vital contributor to the Council and a replacement would be ideal.

- o Dr. Robertson to look into identifying a replacement Council member from the MLTSS/SNF area.

7. SIX C'S OF CARE

Dr. Padua lead a discussion surrounding the Six C's of Care, reminding the Council of what SCFHP is trying to accomplish with them. New appointee, Dr. Garcia, shared that he has significant background experience encompassing compliance, and CMS/NCQA requirements, and he has some improvement suggestions that he would like to share in the future. Dr. Robertson commented that perhaps a seventh C should be added to include compliance. This has been SCFHP's focus the last few years.

Dr. Robertson thought one opportunity for improvement is educating the physicians that an "urgent" authorization means "life threatening" and that they shouldn't mark every authorization request as "urgent" to simply move their request to the top of the pile. The Council agreed that provider education via "communication" is the key, which is actually the fourth C.

- o Develop an action plan to address the issue of providers submitting non-urgent authorization requests as urgent.

8. SCFHP AUTHORIZATION PROCESS FOR MEDICAL, BEHAVIORAL HEALTH & LTSS SERVICES (ATTACHMENT)

Ms. Jana Castillo, RN, BSN, Manager, Utilization Management Department, was in attendance to advise the Council on SCFHP's authorization process for medical, behavioral health, and LTSS services. At the last Council meeting, this was suggested as a topic to be evaluated.

Ms. Castillo summarized the Prior-Authorization and Organization Decisions Procedure (HS01.01) and she clarified that for the Medi-Cal (MC) and Healthy Kids (HK) products, urgent requests must be processed in three (3) days; and routine requests must be processed in five (5) business days. For the Medicare line of business, urgent requests must be processed within 24 hours and routine requests within 14 days. She stressed that SCFHP aims to process the Cal MediConnect routine requests within five (5) days as it reduces confusion of providers. This is also an industry "best practice". Some Council members stated that there is some misunderstandings in the provider community about what services require a prior authorization.

- o Present SCFHP's Prior Authorization list for review at next meeting.

9. SCFHP AUTHORIZATION PROCESS FOR PHARMACY (ATTACHMENT)

Dang Nguyen, PharmD, Manager, Pharmacy Department, was in attendance to present the SCFHP authorization process for pharmaceutical items. Included in the meeting packet was the policies and procedures related to this subject, including Pharmacy Prior Authorization (PH03), Med-Cal/Healthy Kids Prior Authorization (PH.03.01), Cal MediConnect Coverage Determination (PH.03.02), Part B J-Code Authorization (PH.03.03), and Part B Authorization (PH.03).

Mr. Nguyen summarized all the above, by reviewing the slide deck for Pharmacy Prior Authorization Turn-Around-Times (copy attached herein). He advised that SCFHP staff work on the weekends and holidays, processing prior authorizations as DHCS requires that all Medi-Cal prior authorization requests for pharmaceuticals must be processed within 24 hours. For Healthy Kids enrollees, the urgent requests must be processed within 72 hours and standard requests within 5 business days. For Cal MediConnect enrollees the urgent requests must be processed with 24 hours and standard requests within 72 hours.

10. DISCUSSION / RECOMMENDATIONS

There were no further discussion / recommendations.

11. ADJOURNMENT

It was moved, seconded and approved to adjourn the meeting at 1:45. The next meeting is scheduled for Wednesday, November 14, 2018. A meeting reminder will be sent in the near future, confirmation meeting and location.

Dr. Thad Padua, Committee Chairman

Date

MINUTES - Draft

For a Regular Meeting of the

Santa Clara County Health Authority Consumer Advisory Committee

Tuesday, September 11, 2018, 6:00-7:00 PM
Santa Clara Family Health Plan, Boardroom
6201 San Ignacio Ave, San Jose, CA 95119

Committee Members Present

Ms. Blanca Ezquerro
Ms. Rachel Hart
Ms. Margaret L. Kinoshita
Mr. Paul Murphy
Ms. Rebecca Everett
Mr. Hung Vinh
Ms. Danette Zuniga

Committee Members Absent

Ms. Brenda Taussig
Ms. Lesly Gutierrez
Ms. Myrna Vega
Mr. Tran Vu

Staff present:

Ms. Christina Tomcala, Chief Executive Officer
Ms. Laura Watkins, Director of Marketing,
Outreach and Enrollment
Ms. Chelsea Byom, Manager of Marketing and
Communications
Ms. Renee Rodriguez, Grievance & Appeals
Supervisor
Ms. Cristina Hernandez, Marketing Coordinator
Ms. Divya Shah, Health Educator

1. Roll Call/Establish Quorum

- a. Paul Murphy, Committee Chair, called the meeting to order at 6:07 p.m. A quorum was established.

2. Public Comment

- a. There were no public comments.

3. Review and Approval of June 12, 2018 Meeting Minutes

- a. Ms. Kinoshita moved and Ms. Ezquerro seconded the motion to approve the minutes from the meeting held on June 12, 2018. The motion passed unanimously with one abstention. Mr. Murphy abstained from the vote.

4. Health Plan Update

- a. Ms. Tomcala presented an enrollment update: As of September 1, Medi-Cal enrollment is 245,884; Cal MediConnect is 7,600; and Healthy Kids is 3,163 for a total enrollment of 256,647. There was a slight decrease in Medi-Cal enrollment but an increase in Cal MediConnect, which Ms. Tomcala credits to the Medicare Outreach team.
 - Mr. Murphy asked for a definition of Cal MediConnect and Ms. Tomcala explained it as a dual coverage program that is a combination of Medicaid and Medicare.
- b. Ms. Tomcala gave an update regarding the construction that is still underway at the new building. The lobby is the biggest ongoing project but will be open for business soon. A tour was offered once the meeting adjourns.
- c. Ms. Tomcala announced that SCFHP has just completed a CMS program audit. CMS regularly audits Medicare programs by conducting an in-depth review via webinar and onsite visits. The process has been a big lift for the plan.
- d. Ms. Tomcala shared the organizational goals for the new 2018-2019 fiscal year. SCFHP's overarching goal is to drive quality improvement and achieve operational excellence. These organizational goals are cross-departmental projects, not just routine business. The organizational goals are:
 - I. Enhance compliance program delegation oversight
 - II. Pursue benchmark quality performance
 - III. Expand reporting and analytics
 - IV. Foster membership growth and retention
 - V. Collaborate with Safety Net Community Partners
 - VI. Achieve budgeted financial performance
 - Ms. Tomcala stressed the importance of keeping ahead of any regulatory requirements to pursue benchmark quality performance. One example is preparation for the upcoming NCQA audit for SCFHP's Cal MediConnect line of business to move from interim to full NCQA accreditation.
 - Ms. Tomcala discussed the status of finding a location for a satellite office optimally located to serve our members. SCFHP is studying metrics to determine a location that will serve the largest population. The ideal location is near Story and King Roads in San Jose.
 - Mr. Murphy reinforced the importance of a satellite office in providing services to our members.
 - Ms. Everett asked if Valley Medical Center has been considered as a possible location for an SCFHP office. Ms. Tomcala explained that while Valley Medical is willing to share their conference rooms with SCFHP, there is not enough office space for a permanent satellite office. We are working with other community partners to come up with the most efficient plan for all involved.

5. Grievance and Appeals Overview

Ms. Rodriguez briefed the group on SCFHP's grievance and appeals department and the importance of reporting issues. An open discussion regarding Grievance and Appeals was held. The following questions and concerns were addressed:

- a. Ms. Ezquerro brought up language barriers that can impact members. She asked if there are other ways to report a grievance other than in writing. Ms. Rodriguez assured her that a grievance can be reported via phone with Customer Service and an interpreter can be provided. The member can also fax over the grievance or report it via the plan's website.
- b. Ms. Zuniga asked whether a grievance can be filed against a doctor. Ms. Rodriguez answered that yes they can and the member should note details, especially the date the incident occurred.
- c. Mr. Murphy asked what the hours of operation are for the call center. Ms. Rodriguez reminded the committee that the call center is available to Medi-Cal and Healthy Kids members from 8:30 am – 5:00 pm, Monday – Friday and Cal MediConnect members from 8 am – 8 pm, Monday – Friday. Mr. Vu asked if the center is available on the weekends. Ms. Rodriguez mentioned that the center

is closed on the weekends but a grievance can be filed through the website, via fax, or mailed in. Ms. Watkins reminded the committee that members can access a voicemail box on the weekends where they can leave a message and receive a response by the following business day.

- d. Ms. Everett asked for clarification regarding an appeal going beyond the plan and resulting in a State Hearing. Ms. Rodriguez explained that if an appeal is filed and denied, the dissatisfied member can report it to the state and the claim is investigated at a state level.
- e. Ms. Ezquerro asked if the health plan is notified that the appeal is going to the state. Ms. Rodriguez answered that the grievance and appeals department is aware and required to provide records for the hearing.
- f. Mr. Murphy re-emphasized that members should not fear coming forward with a complaint. Those with a grievance or who file an appeal are protected from retaliation and these reports help the plan improve the care for everybody.
- g. Ms. Kinoshita asked whether the grievance and appeals department is part of the customer service department. Ms. Rodriguez clarified that they are not the same department but the two work together and customer service will transfer you to a member of the grievance and appeal team if need be. Mr. Murphy pointed out that the process is a formal process and appropriate steps and documentation need to occur. Ms. Watkins asked if the call will be transferred when the member calls, and Ms. Rodriguez clarified that the customer service representative will first file the member's information and then a grievance and appeals coordinator will be assigned to the case as soon as possible.
- h. Ms. Ezquerro inquired about the number of grievance coordinators at SCFHP and whether notices are translated for our non-English speaking population. Ms. Rodriguez answered that SCFHP currently has five coordinators and translations will be available.
- i. Ms. Kinoshita asked whether the customer service representatives are trained to flag a call for grievance or whether the member needs to be specific in mentioning that they have a grievance. Ms. Rodriguez confirmed that the representatives are trained to listen for expressions of dissatisfaction. If a grievance does not get caught by the customer service representative it will be captured in call reports and then sent to the grievance and appeals department. Mr. Murphy explained that the customer service department is here to solve member problems. Ms. Watkins states that we are aware that not all members will know health care jargon and thus customer service is well trained in catching dissatisfaction no matter how it is expressed.
- j. Ms. Zuniga shared a personal story of dissatisfaction with a provider and wondered if she could or should submit a grievance through the health plan. Ms. Rodriguez mentioned that any member who experiences dissatisfaction with their health service at any stage can and should file a grievance.
- k. Ms. Kinoshita stated that learning this information makes her feel good. Ms. Rodriguez emphasized that the health plan wants their members to feel cared for and valued.
- l. Ms. Tomcala clarified that a grievance due to the care given by a provider is a quality issue that will be reported to the SCFHP medical staff.

6. Nurse Advice Flyer

Ms. Byom presented the committee with a purposed Nurse Advice Line flyer that will be distributed to our members. She asked for feedback on how the communication can be improved.

- a. Ms. Everett asked whether the flyer is targeted for children. Ms. Byom clarified that the flyer is for all members. Ms. Everett then mentioned that she would like the plan to include some message regarding assistance with mental health.
- b. Ms. Hart drew attention to the use of the word hurt. When she thinks of "hurt," she thinks of 911 or the emergency room.
- c. Mr. Murphy would prefer the image to include only nurses. Also, he would like some clarification added to the flyer that would state emergency rooms are at a hospital to avoid confusion between ER and urgent care.
- d. Ms. Everett asked if SCFHP has any urgent care rooms. Ms. Byom confirmed that we have some contracted urgent care providers.

- e. Ms. Zuniga suggested that we add the suicide prevention hotline. Ms. Everett agreed.
- f. Ms. Everett stated that illustrations used seem geared towards children. Mr. Murphy suggested we use a nurse on the phone.
- g. Mr. Murphy suggested the messaging regarding 24/7 availability should be moved to the top. He also questioned how the flyers will be distributed. Ms. Byom answered that they will be distributed with our health education and through outreach events. Ms. Hart recommended making a magnet with the hotline information.
- h. Ms. Everett suggested that we add urgent care and ER location addresses to the back of the flyer.
- i. Ms. Ezquerro is drawn to the “When Should You Call?” section.

These suggestions will be presented to the marketing department to be incorporated into the design, as appropriate.

7. SCFHP Member Communications

Ms. Byom reviewed the communication that has gone out to members from June – September 1st. She reviewed mailings, website posts, member portal information, and outreach events.

- a. Ms. Hart mentioned she has yet to receive her newsletter. Ms. Byom will confirm Ms. Hart’s address.
- b. Ms. Byom extended an invitation to the committee members to participate in a focus group to help with the development of a new SCFHP website. Ms. Byom will follow up with interested committee members once details are finalized.
- c. Ms. Hart questioned if any of the videos or articles can be downloaded from the health library on the member portal. Ms. Shah stated that is not currently an option.
- d. Ms. Kinoshita asked if the library incorporates a live chat option. Ms. Byom stated that it is an interactive question and answer tree.

8. Future Agenda Items

- a. Mr. Murphy suggested SCFHP incorporates an employee profile to introduce the committee members to the people behind the plan and understand the different organizational roles.
- b. Ms. Kinoshita mentioned how much she enjoys the newsletters and how important it is to add articles that can educate our members on topics such as grievance and appeals.
- c. Ms. Kinoshita also suggested the plan invite more department representatives to present on their role with SCFHP. She also expressed her interest in gerontology and aging in place.
- d. Ms. Zuniga asked about eligibility and enrollment for Healthy Kids. Ms. Watkins suggested she visit Patient Access which can help with eligibility questions.

9. Adjournment

Mr. Murphy moved and Ms. Everett seconded the motion to adjourn the meeting at 7:13 pm. The motion passed unanimously.

Paul Murphy
Chair, Consumer Advisory Committee

SANTA CLARA COUNTY HEALTH AUTHORITY
d/b/a
SANTA CLARA FAMILY HEALTH PLAN

Compliance Program
2018

Governing Board approval date: September

Compliance Program Overview

Santa Clara County Health Authority d/b/a Santa Clara Family Health Plan (“SCFHP” or “Plan”) has developed this Compliance Program to provide guidance and ensure its activities as a Medi-Cal and a Cal MediConnect Plan are conducted in an ethical and legal manner, in accordance with the 3-way Contract between the United States Department of Health Care Services, Center for Medicare and Medicaid Services (“CMS”), the California Department of Health Care Services (“DHCS”), and Plan, the with the Plan’s Standards of Conduct and policies and procedures, and with applicable State and Federal law and regulations. The Compliance Program includes seven core elements with a particular focus in each of the following areas: oversight of first tier, downstream and related entities (FDRs), compliance program effectiveness measures, and fraud, waste and abuse (FWA) prevention, detection and correction principles. These elements serve as the directional basis and source of guidance for development of operational and oversight policies and procedures for all Plan lines of business. This Compliance Program also articulates the framework and guiding principles for how the Plan will effectively ensure its compliance with applicable program requirements. The Compliance Program reflects the Plan's commitment to compliance with all applicable program requirements, including all applicable Federal and State standards. It is updated annually, and as appropriate from time-to time, and such updates are reviewed, approved and adopted by the Plan’s Compliance Committee and Board (“Board”).

The Compliance Program described herein governs the activities of the Plan’s employees (including temporary staff), contractors and volunteers, as well as Board and Committee members, collectively referred to as “Personnel:”

The Compliance Program also applies to any subcontractors, vendors, agents or entities otherwise defined as FDRs under the Centers for Medicare & Medicaid Services (CMS) regulations and guidance, to whom Plan has delegated administrative or health care service functions relating to the Plan’s 3-Way contract, and their employees (including temporary staff) and contractors who provide health and/or administrative services in connection with Plan's Cal Medi-Connect plan or that relate to Plan's Medicare functions.

The information contained in this Compliance Program is effective as of the date of approval by the Board.

Element I: Written Policies and Procedures and Standards of Conduct

SCFHP's Standards of Conduct is a policy and reference guide that describes the Plan's Standards of Conduct and Code of Ethics, including by way of practical application of the organization's core values and cultural attributes. This document sets forth the expectation of employees to report instances of potential non-compliance and Fraud Waste and Abuse ("FWA"). The Standards of Conduct, together with Plan's policies and procedures, are accessible to all employees within a shared location and demonstrate the Plan's commitment to comply with all applicable Federal and State laws and regulations. It is the Plan Leadership's expectation that all Personnel and FDRs shall adhere to the Plan's Standards of Conduct and policies and procedures, as well as applicable law, in the course of performing their duties on behalf of the Plan and its enrolled beneficiaries. This expectation is promoted through communications and training, and enforced through disciplinary, contractual and other standards.

The Standards of Conduct emphasize the need to maintain a high ethical standard for individual and organizational behavior and legal business practices. In addition, the Standards of Conduct and our policies and procedures provide practical guidance for Personnel and FDRs for effectuating compliance with law and promoting ethical and business practices in their daily roles. In doing so, the Standards of Conduct and our policies and procedures support the Plan's FWA prevention, detection and correction efforts, including but not limited to through emphasis on compliance with:

- Federal and state False Claims Acts;
- Federal and state Anti-Kickback Statutes;
- Health Insurance Portability and Accountability Act of 1996, as amended;
- Prohibition on inducements to beneficiaries; and
- Plan Conflict of Interest rules.

The Standards of Conduct, as well as SCFHP's policies and procedures, also describes the process that any and all Personnel and FDRs (and their employees) are expected to use to report possible compliance and FWA issues to management, or anonymously using the Plan's free hotline, and includes a statement of non-intimidation and non-retaliation for good faith participation in the Compliance Program. Disciplinary actions, such as suspension or termination of employment, termination of contractual relationship or removal from office or Board membership may be taken for failure to comply with the Standards of Conduct. Reported issues are investigated and resolved in accordance with Plan's established policies and procedures.

FDRs to whom Plan has delegated administrative or health care service functions relating to the Plan's Three-way contract may either adopt the Plan's policies and procedures (as relevant to delegated functions) and Standards of Conduct (as provided upon contracting and annually thereafter) or implement their own policies, procedures, and/or standards of conduct consistent with Plan's and in full compliance with DHCS, DMHC and CMS requirements. FDRs shall distribute such Standards of Conduct and/or policies and procedures to their employees upon hire, appointment or contracting, at any time material revisions are made, and annually thereafter. The FDR's compliance program, policies, procedures and standards of conduct are subject to review upon audit by the Plan.

The Standards of Conduct is presented to Personnel at the time of hire, appointment or contracting and any time material revisions are made. All Personnel must attest that they have read and agree to comply with the Standards of Conduct and guidelines. Such attestations are kept with the employee or other individual's record. Attestations of FDRs and their employees concerning receipt of the relevant materials are maintained by the FDRs and can be audited by the Plan at any time.

In addition to the Standards of Conduct, Plan has issued and implemented policies and procedures that are detailed and specific, and describe the operation of the Compliance Program. Compliance policies and procedures are reviewed and updated as necessary, but no less than annually, to incorporate any relevant changes in applicable laws, regulations and other program requirements. Proposed revisions are developed under the direction of the Chief Compliance Officer, referred to the Compliance Committee for review and approval, and reported to the Board.

Element II: Compliance Officer, Compliance Committee and High Level Oversight

The success of the Compliance Program is the responsibility of many individuals within the Plan. The Chief Compliance Officer, Senior Management, the Compliance Committee and the Board all play an important role in the implementation and success of the Compliance Program. As used in this Compliance Program, the phrase "Senior Management" refers to the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, the Chief Medical Officer, the Chief Information Officer, and such other executive level staff as may join the organization.

The sections below serve to describe the responsibilities of the Chief Compliance Officer, Compliance Committee, the Board and Senior Management.

- A. The **Chief Compliance Officer** (CCO) serves as the Compliance Officer (as the term is used within Chapters 9 and 21 of the Prescription Drug Benefit Manual and Medicare Managed Care Manual, respectively) and is an employee of, and reports directly to, the Plan's CEO and Board. The CCO has detailed involvement in, and familiarity with, the Plan's operational and compliance activities (but shall be independent from, and not have direct responsibility over, program operations). The CCO directs the Plan's day-to-day operations and execution of the Compliance Program. The CCO is also a member of Senior Management and has direct access to the Plan's Chief Executive Officer (CEO) and the Board, and is provided with sufficient resources and authority to effectively carry out his or her duties.

The CCO shall have the authority to:

- Provide periodic written and/or in-person reports (as appropriate) directly to the Governing Board;
- Interview or delegate the responsibility to interview Plan employees and other relevant individuals;
- Review and retain company contracts and other documents pertinent to the Medi-Cal and Cal MediConnect programs;
- Review or delegate the responsibility to review the submission of data to CMS and DHCS to ensure that it is accurate and in compliance with their respective reporting requirements;
- Independently seek advice from legal counsel;
- Report misconduct and potential FWA to CMS, its designee and/or law enforcement;
- Conduct and direct audits and investigations of any first tier entities, downstream entities, or related entities;
- Conduct and/or direct audits of any area or function involved with Medi-Cal or Cal MediConnect plans (excluding those conducted under the purview of SCFHP's Executive/Finance Committee, such as external financial audits);
- Recommend policy, procedure and process changes;
- Enforce compliance program requirements at all levels of the Plan organization.

The duties for which the CCO is responsible include, but are not limited to:

- Communicating regularly with and reporting to the Board, Senior Management and the Compliance Committee on the status of the Compliance Program, including issues identified, investigated and resolved;
- Developing, implementing, managing, and monitoring the effectiveness of the Compliance Program and ensuring that the Board and Senior Management are aware of performance metrics and potential issues and their potential solutions;
- Identification and resolution of potential or actual instances of noncompliance or FWA;
- Creating, coordinating, and/or participating in educational training programs to ensure Personnel and FDRs are knowledgeable of Plan's Compliance Program, Standards of Conduct, operational and compliance policies and procedures, and applicable statutory, regulatory, and other program requirements;
- Monitoring Federal and State legal and regulatory developments (including but not limited to, Fraud Alerts and Advisory Opinions issued by the U.S. Department of Health and Human Services' Office of Inspector General (OIG) and Health Plan Management Systems (HPMS) memos and updating the Compliance Program as appropriate);
- Developing, maintaining and promoting use of retribution-free methods and programs for reporting in good faith suspected Medicare program non-compliance, misconduct or potential FWA by Personnel, FDRs or others;
- Working with Human Resources to ensure that the Plan conducts appropriate background checks, including routine screening, against all required exclusion lists;
- Developing risk analyses that are used to focus Compliance Program efforts in a manner designed to promote overall effectiveness;
- Developing and monitoring the implementation of, and adherence to, compliance policies and procedures through the creation and implementation of a compliance work plan (Work Plan) that defines internal monitoring, audit requirements, schedule and methodology;
- Maintaining documentation and tracking of each report of potential non-compliance and FWA received through any of the reporting methodologies or as self-identified through monitoring, auditing or other means;
- Conducting self-evaluations of the Compliance Program to assess overall effectiveness and identify areas for improvement;
- Conducting (or evaluating information obtained from) exit interviews; and,
- Responding to reports of potential instances of FWA, including through coordination of internal investigations and the development of appropriate corrective or disciplinary actions, or referral to law enforcement, as necessary.

B. The Compliance Committee assists the Plan's Board in the oversight of the Compliance Program and is accountable to provide support and guidance necessary to the CCO in overseeing the outcomes and performance of activities initiated under the Compliance Program. The Compliance Committee, through the CCO, shall periodically report directly to the Board on the activities and status of the Compliance Program, including issues identified, investigated, and resolved by the Compliance

Program.

The Compliance Committee shall include individuals with a variety of backgrounds to ensure CCO's functional representation. Such members shall have both decision-making authority and understanding of vulnerabilities within their areas of expertise. Members shall include representatives from areas including, but may not be limited to, finance, health plan operations (including enrollment, appeals and grievances, and customer service), medical management, pharmacy services, quality improvement, marketing and sales, information technology and legal counsel. The Compliance Committee will be appointed by the Board and the CCO will act as the Compliance Committee chairperson.

The Committee may invite other individuals, such as members of management, auditors, or other technical experts to attend meetings and provide pertinent information, as necessary.

The Committee has been delegated by the Board to uphold certain responsibilities, including but not limited to:

- Meeting on a quarterly basis, or more frequently as necessary, to enable reasonable oversight of the Compliance Program;
- Development, implementation and annual review and approval of compliance policies and procedures;
- Reviewing and approving relevant compliance documents, including but not limited to:
 - CCO's performance goals;
 - Compliance and FWA training;
 - Compliance risk assessment;
 - Compliance and FWA monitoring and auditing Work Plan and audit results; and
 - Corrective action plans resulting from audits or other means of identification (and monitoring of their effectiveness);
- Developing strategies to promote compliance and the detection of any potential compliance violations, especially as they relate to core beneficiary protection issues such as, but not limited to, appeals and grievances, enrollment, transition, coverage determinations and exceptions;
- Reviewing effectiveness of the system of internal controls, such as dashboards, scorecards, self-assessment tools, etc. designed to reveal compliance issues or FWA issues, and metrics concerning operational compliance with key Medicare regulatory requirements, such as, but not limited to, those governing enrollment, appeals and grievances, and prescription drug benefit administration; and
- Ensuring that SCFHP has an easy to use system for employees and FDRs to ask compliance questions and report potential instances of noncompliance and potential FWA confidentially or anonymously (if desired) without fear of retaliation

The Compliance Committee will collect and review measurable evidence (using tools such as dashboards reports, scorecards and key performance indicators) concerning Compliance Program performance as a concrete means of measuring/demonstrating the extent to which the Compliance Program is detecting and correcting noncompliance and FWA on a timely basis, and providing

insights into any potential needed process improvements. The CCO will provide the Compliance Committee with data showing the status of organizational compliance through:

- Use of monitoring tools to track and review open/closed corrective action plans, FDR compliance, Notices of Non-Compliance, Warning Letters, CMS sanctions, marketing material approval rates, training completion/pass rates, results of CMS readiness checklist review, past performance review metrics, etc.;
 - Implementation of new or updated Medicare program requirements (*e.g.*, tracking HPMS memo from receipt to implementation) including monitoring or auditing and quality control measures to confirm appropriate and timely implementation;
 - Increase or decrease in number and/or severity of complaints from employees, FDRs, providers, or beneficiaries through customer service calls or the Complaint Tracking Module (CTM), including those relating to alleged marketing misrepresentations, etc.;
 - Timely response to reported instances of potential noncompliance and FWA (including issues raised by CMS), and effective resolution (*i.e.*, non-recurring issues);
 - Application of consistent, timely and appropriate disciplinary action; and
 - Detection of noncompliance and FWA issues through monitoring and auditing:
 - Whether root cause was determined and corrective action appropriately and timely implemented and tested for effectiveness;
 - Detection of FWA trends and schemes via, for instance, daily claims reviews, outlier reports, pharmacy audits, etc.; and
 - Actions taken in response to non-compliance or FWA reports submitted by FDRs.
- C. The governing body providing appropriate oversight of the Compliance Program is SCFHP's Board. The Board reviews and approves the Compliance Program and subsequent updates as revisions are made. As mentioned previously, the Board has delegated certain responsibilities to the Compliance Committee, but the Board as a whole remains accountable for Compliance Program oversight.

In addition to the above, the duties for which the Board is responsible include, but are not limited to, active oversight of the effectiveness of the Compliance Program and compliance results as follows:

- Understanding the Compliance Program structure, content and operation (including through appropriate training that educates Board Members regarding the Compliance Program operations, compliance risks and strategies and methods of gauging Compliance Program effectiveness);
- Evaluation of SCFHP's Senior Management team's commitment to ethics and the Compliance Program;
- Reviewing, understanding and questioning information provided within reports presented to them, including by the CCO, at least quarterly, on the activities of the Compliance Program. Such activities include, but are not limited to, actively considering:
 - Compliance Program outcomes (such as results of internal and external audits);
 - The effectiveness of corrective action plans implemented in response to identified issues;

- Governmental compliance enforcement activity, such as Notices of Non-Compliance, Warning Letters, Corrective Action Plan requests, contract actions and/or other sanctions;
- Reports of potential noncompliance and/or FWA issues identified, investigated, and resolved;
- Identified risks and mitigation performed; and
- The results of performance and effectiveness assessments (including self-assessments) of the Compliance Program;
- Conducting follow-up on issues and taking appropriate action when necessary; and
- Approval of Standards of Conduct and Compliance Program (and modifications thereto).

The Board shall document in meeting minutes and related records its active engagement in the oversight of the Compliance Program and include documentation of the Board's discussion, follow-up on issues and actions taken in response and to ensure an effective Compliance Program.

D. Senior Management

The CCO shall provide SCFHP's CEO with periodic reports of risk areas facing the organization, the strategies being implemented to address them, and the results of those strategies. The CCO shall notify the CEO and the Senior Management team, as appropriate, of all governmental compliance enforcement activity, including the issuance of Notices of Non-compliance, Warning Letters, Corrective Action Plan requests, and contract actions and/or other sanctions, and seek consultation and assistance regarding how best to respond to and address the same.

Element III: Effective Training and Education

A. General Compliance Training

SCFHP provides a comprehensive education and training program to ensure communication and understanding of the Compliance Program and SCFHP's Standards of Conduct and Compliance policies and procedures. The education, training and communication program is designed to ensure that all Personnel (including without limitation the CEO, Senior Management and Board members), and any other applicable individual acting on behalf of SCFHP in connection with its Medicare program(s), such as FDRs and their employees, are fully capable of carrying out their duties in compliance with the Compliance Program, Standards of Conduct and relevant policies and procedures. The education program includes general Compliance Program awareness training, and specific training and education tailored to individuals' roles and responsibilities. For example, employees whose job primarily focuses on enrollment or claims would receive additional training in these areas.

Compliance Program education and training occurs within ninety (90) days of hire (or appointment to Board), and, at a minimum, annually thereafter. The education and training may be provided through a variety of teaching methods, including classroom study, computer-based training, and distance learning. Additional tools may be used to communicate the Compliance Program process, such as use of posters, written Compliance Program updates, internet and intranet resources, and topical newsletters and other publications. SCFHP shall document and/or maintain records of Personnel who complete the required Compliance Program education and training in a format that is easily accessible. SCFHP shall implement controls to ensure that all Personnel are trained, as required. SCFHP shall review and update the general Compliance Program training, as necessary, whenever there are material changes in statute, regulation or Medicare Part C or Part D program guidance, and at least annually.

B. FWA Training

SCFHP provides Personnel with standard FWA training within ninety (90) days of initial hiring (or appointment to the Board), and annually thereafter. SCFHP may require that particular individuals participate in specialized or refresher training on issues posing FWA or other risks relevant to the individual's particular job function. Training may be required, as appropriate, when MMP program requirements change, when an individual is found to be non-compliant or needs additional training, or when training is appropriate to address an identified organizational deficiency or with respect to an area where FWA was identified in the past or presents heightened risk.

C. First Tier, Downstream and Related Entity Training

SCFHP requires FDRs, to whom SCFHP has delegated administrative or health care service functions relating to SCFHP's MMP contract(s), to conduct training that meets CMS training requirements and is consistent with SCFHP's training materials. SCFHP shall accept the certificate of completion of the CMS Standardized General Compliance Program Training and Education Module as satisfaction of the training requirement.

Any FDR that has met the FWA certification requirements through enrollment into the Medicare program or accreditation as a Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) supplier is deemed to have met, and fully satisfied, SCFHP's training and educational requirements related to FWA. In such context, no additional documentation beyond the documentation necessary for proper credentialing is required to establish that an employee or FDR or employee of an FDR has met SCFHP's FWA training requirements. In the case of chains, such as chain pharmacies, each individual location must be enrolled into Medicare Part A or B to be deemed. Such deemed individuals must, however, participate in the CMS general Medicare compliance training. FDRs that do not qualify for deeming status must take both the General Compliance and the FWA training programs offered by CMS.

Element IV: Effective Lines of Communication

SCFHP has established numerous mechanisms to ensure effective lines of communication exist between the CCO, members of the Compliance Committee, Personnel (including the Board) and SCFHP's FDRs (and their employees).

For instances, in order to facilitate communication among all Personnel, FDRs and the CCO, SCFHP offers a phone hotline, available 24 hours a day, 7 days a week, which can be used anonymously if preferred, through which an individual may seek guidance or disclose information about potential compliance or FWA issues. Through Compliance Program activities, Personnel and FDRs are encouraged to ask compliance and FWA related questions through various means, such as direct contact with the CCO, in order to assist such individuals in evaluating and dealing with suspected, detected or reported compliance or FWA issues. If requested and as appropriate, the CCO shall treat such communications confidentially. The CCO also communicates with Personnel, FDRs and enrollees concerning compliance and FWA issues through various educational mechanisms, as discussed more fully below.

A. Procedures for Reporting Noncompliant or Unethical Behavior

All Personnel and FDRs are required to report compliance concerns and suspected or actual violations related to SCFHP's MMP program to SCFHP. The reporting process set forth in this Compliance Program, as well as CCO name and contact information, is communicated to Personnel and FDRs and their employees through various means, including general Compliance Program training. An individual may confidentially report compliance and FWA concerns in multiple ways, at their option, including: 1) directly to his/her supervisor or manager (as applicable), 2) to SCFHP's CCO, or 3) anonymously using SCFHP's free phone hotline reporting tool (available 24/7). SCFHP's non-intimidation and non-retaliation policy provides the individual who makes a report, complaint, or inquiry in good faith with protection from retaliatory action, including with respect to reporting of False Claims Act complaints and/or reporting to appropriate officials. SCFHP has a no tolerance policy for intimidation of, or retaliation taken against, individuals making such good faith reports, complaints or inquiries and shall take disciplinary action against individuals who are determined to have intimidated or retaliated against such individuals.

SCFHP recognizes that enrollees, contracted providers and FDRs are important sources for identifying potential non-compliance and/or FWA. SCFHP widely publicizes the methods by which individuals and entities outside the SCFHP organization can report possible instances of fraud, waste, abuse or non-compliance to the organization and can ask questions, including through the hotline (which is accessible to all).

Hotline information is provided to enrollees through the quarterly enrollee newsletter and to FDRs and other means. As part of this communication process, FDRs receive quarterly informational bulletins containing, as a standing item, hotline availability and reasons for use (including for compliance questions). The CCO's contact information is also always contained

within these materials. SCFHP customer service representatives, who intake calls from both enrollees and FDRs, including providers, have also been trained to recognize potential instances of non-compliance or FWA, and to properly memorialize and direct issues within the Plans Sponsor organization for appropriate follow-up by the CCO or others.

B. Education

The CCO engages in active communication with Personnel, FDRs and enrollees concerning a wide range of compliance issues, including the standards for compliance with laws, regulation and guidance; changes in legal authorities and/or compliance policies and procedures; and guidance on how to identify and report FWA issues. Such communication is accomplished through various educational means, including through newsletters and posters, SCFHP Websites, formal training, and individual and group meetings.

C. Follow-Up and Tracking

Once received, issues of potential non-compliance or FWA will be documented and forwarded to the CCO and/or his or her designee for investigation/resolution and reporting to the Compliance Committee and the applicable State and/or Federal agency, or law enforcement, as required.

D. Integrated Communications

To enhance SCFHP's day-to-day communication, understanding and focus on its actual compliance, and to ensure that potential compliance and FWA issues are examined early and corrective actions are implemented timely, each department maintains a set of compliance "dashboard" metrics that are routinely shared with the CCO. These dashboard results are i) reported to department staff to increase their attention to compliance, and ii) reported to the CCO for monitoring and auditing activities (such as trend analysis and identification of anomalies), and to provide status of any corrective actions undertaken and implemented (including barriers to implementation). Reports on these and other compliance activities will be routinely reviewed by Senior Management and reported to the Compliance Committee and the Board at each meeting, as appropriate.

Element V: Well-Publicized Disciplinary Standards

Compliance training, in its various forms (*e.g.* mandatory formal training, newsletters, websites and posters), demonstrates practical application of the Standards of Conduct. These training programs provide instruction regarding various regulations and laws pertinent to our business, as well as “Questions and Answers” that describe the expectation that SCFHP has of Personnel when confronted with certain situations, including appropriate reporting and the duty to assist in issues resolution. These programs set forth the expectation by SCFHP of Personnel and FDRs and their employees to report illegal or unethical behavior and potential compliance and/or FWA issues, as well as to assist in their resolution. They also encourage Personnel to contact the CCO or others if they have questions concerning potential compliance or FWA issues.

In various communications, SCFHP explains the ramifications faced by SCFHP for non-compliance with regulations and laws affecting its business, as well as disciplinary action to be taken against individual(s) or entities who have either committed a crime and/or participated in or knew about potential non-compliance, unethical behavior and/or FWA, but failed to report it to SCFHP.

Disciplinary action will be assessed based on the infraction and could range from retraining of the individual/entity, up to termination of employment/Board membership/contract.

Enforcement of the standards will be timely, consistent and effective when non-compliance or unethical behavior (such as fraud) is determined. As set forth in Element IV, Part A, employees have an affirmative obligation to identify non-compliance and unethical behaviors, and failure to meet this obligation will result in appropriate action according to the disciplinary standards. Records of enforcement of standards will be maintained for ten years for all disciplinary actions based on compliance violations or FWA (or the failure to report the same), and such records will capture the date the violation was reported, a description of the violation, the date(s) of investigation, a summary of findings, the disciplinary action taken and the date it was taken. SCFHP may, from time-to time, review such records to ensure that discipline is appropriate to the seriousness of the offense, fairly and consistently applied, and imposed within a reasonable time frame after the infraction and/or discovery of such.

Finally, compliance is a measurement on SCFHP’s annual employee performance evaluation to reinforce the importance that compliance plays in each individual’s role within the organization. Issues of non-compliance will be considered by SCFHP in connection with whether to renew or continue any particular arrangement with an FDR.

Element VI: Effective System for Routine Monitoring, Auditing and Identification of Compliance Risks and FWA

SCFHP will establish and implement an effective system for identification of non-compliance or unethical behavior (such as activities involving fraud and abuse) and evaluation of the Compliance Program through risk analysis, engagement in monitoring and auditing activities and review of reported issues (including any issues identified by CMS). The system will include, among other things, routine and targeted internal monitoring and auditing of operational areas and auditing and monitoring of FDRs. SCFHP may from time-to-time engage external auditors to assist with focused review of particular areas where it deems such appropriate (*e.g.*, because of expertise required or resource limitations).

Multiple methods will be employed to facilitate monitoring and auditing of operational areas in a focused and efficient manner, including without limitation conducting risk assessments, developing annual Work Plans, engaging in on-site audits or desk reviews, conducting monitoring, including through periodic reports, and analyzing and responding to such monitoring and auditing results.

A. Risk Assessment

SCFHP will regularly conduct a risk assessment of all business operational areas, and those of FDRs to whom SCFHP has delegated functions under its MMP contract(s). Each operational area (including those delegated to FDRs) will be assessed for the types and levels of risks the area presents to the MMP program, to SCFHP and to its Medicare beneficiaries, paying close attention to those areas CMS considers high risk, such as but not limited to:

- enrollment and disenrollment non-compliance;
- appeals and grievances;
- benefit and formulary administration;
- credentialing;
- quality assessment;
- organization determinations;
- coverage determinations;
- transition and protected class policy;
- utilization management;
- accuracy of claims processing;
- previously identified areas of vulnerability for potentially fraudulent claims;
- outbound enrollment verification calls;
- marketing and enrollment violations, agent/broker misrepresentation, and selective marketing; and
- FDR oversight and monitoring.

In addition, SCFHP's risk assessment(s) will take into account information received from the OIG's annual work plan and Medicare Managed Care Manual and Medicare Prescription Drug Benefit Manual chapter guidance updates, as well as other CMS program instructions, Fraud Alerts, CMS audits and other CMS indicators regarding plan performance (such as Warning

Letter, Deficiency Notices, audit results, etc.). The risk assessment will expressly take into account CMS guidance provided concerning its prior year audits findings and any recent interim sanction or civil monetary penalties assessed by the agency. The CCO will rank those risks identified during this process in order to identify those areas presenting the greatest potential risk to SCFHP. Risks identified through CMS audits and oversight, as well as SCFHP's own monitoring, auditing and investigations, will be considered priority items in the overall risk analysis. The CCO will develop the proposed annual Work Plan in consultation with the Compliance Committee and/or departmental staffs as appropriate, taking into account the results of the risk assessment.

B. Annual Monitoring and Auditing Work Plan

An annual Work Plan, based on the results of the risk assessment, will be developed and brought to the Compliance Committee for review, input and approval. The Work Plan will include the audits to be performed (both of SCFHP and FDRs), the audit schedule, methodology to be used, if it is to be performed desktop and/or onsite, and the responsible party for performing the audit, as well as specify routine monitoring to be conducted. Such monitoring and auditing activities are designed to test controls and prevent, detect and correct compliance issues and FWA through verification of compliance standards and adherence to State and Federal laws, contractual requirements, Medicare regulatory requirements, Part C and Part D program instruction, SCFHP Compliance Program policy and procedures, and Standards of Conduct. During the course of the year, the CCO may propose modifications to the Work Plan to the Compliance Committee, as developments warrant (such as changes in law or identified compliance or FWA issues).

C. Audits

The Compliance Department, which is independent from the Plan's daily operations, will perform, or will arrange for independent, external parties to perform, audits of SCFHP's internal operations and FDRs. The CCO shall coordinate with auditors regarding audit design and related considerations, and receive regular reports from the auditors regarding audit status and results. Auditors will be directed to use a standard audit report format addressing audit objectives, scope and methodology, findings (including regarding condition, cause and effect), and recommendations. They will use care in selecting sample and sample size, based on whether a targeted or statistically valid sample is intended. Auditors shall be knowledgeable about CMS operational requirements for the operational areas (whether internal or of FDRs) under review. Operations staff may assist auditors, as long as such assistance does not interfere with the auditors' independent review. Such assistance can take the form of gathering data for samples or providing other basic information to auditors. Auditors shall have access to relevant Personnel, records and areas of operation under review, including the operational departments at SCFHP, as well as FDR employees and operations. All Personnel and FDRs have a duty to cooperate with monitoring and auditing efforts directed by the CCO.

D. Monitoring

Routine operational metrics relative to regulatory standards and compliance measures will be maintained by the business units and the results reported to the CCO. Monitoring will also be

conducted in each instance to determine whether corrective action plans are effective in addressing the compliance issue identified.

E. Analyzing and Responding to Monitoring and Auditing Results

Results of audits and monitoring, and any required root cause analyses and corrective action plans will be reported by the CCO (or his or her designee) to the Compliance Committee and, as appropriate, Senior Management (including the CEO) and/or the Board. Audit findings will also serve to identify Personnel, business units and/or FDRs requiring additional training (general or focused); the need for clarification or amendment of policies and/or procedures; the need for correction of system logic; and/or other necessary actions. The CCO shall be responsible for overseeing follow-up reviews of areas found to be non-compliant, as necessary, to determine if implemented corrective action has fully addressed the underlying problem identified. If applicable and appropriate, the CCO will consider whether to voluntarily self-report audit findings of non-compliance and/or potential fraud or misconduct related to the MMP program to CMS or its designee, such as the National Benefit Integrity Medicare Drug Integrity Contractor (NBI MEDIC).

F. Excluded Parties

SCFHP, in an effort to prevent FWA, shall screen Personnel against United States Department of Health & Human Services' (DHHS) OIG List of Excluded Individuals and Entities and the General Services Administration's (GSA) Excluded Parties Lists System, prior to hiring or contracting and monthly thereafter, to ensure that such individual or entity does not appear on such list(s) (*i.e.*, is not an excluded individual or entity). SCFHP also requires its FDRs to have a similar policy and audits accordingly to ensure compliance with such requirements.

G. Compliance Program Effectiveness

SCFHP is committed to a process of continual process improvement with respect to its Compliance Program. As such, SCFHP will conduct an annual audit of the effectiveness of the Compliance Program. After completion of a baseline compliance program effectiveness audit, such audit will be conducted by external auditors (or Personnel not part of the Compliance department). To assist in determining effectiveness, the Compliance Committee will annually evaluate whether activities under the Work Plan were completed in a timely and appropriate manner, actual performance of the CCO against performance goals (if relevant), CMS compliance assessments (*e.g.*, Warning Letters, Notices of Non-compliance, CAP requests, audits, sanctions), results of CMS readiness checklist assessment, and past performance review measurements as they relate to compliance. Results of this audit will be shared with the Compliance Committee, Senior Management and the Board. Either the CCO, Compliance Committee and/or the Board may recommend modifications, such as enhancing or increasing internal monitoring frequency in areas that have previous low threshold results or areas that have become the subject of increased scrutiny (through regulation, audit or guidance), by state and/or federal regulatory agencies, including but not limited to CMS or the OIG.

Element VII: Procedures and System for Prompt Response to Compliance and FWA Issues

SCFHP has established and will maintain a process for assuring prompt response to reports or other identification of potential non-compliance and/or FWA, including timely investigation of potential problems, implementation of corrective actions to address past issues and mitigate future occurrences; appropriate self-reporting of fraud and misconduct, and processes to ensure appropriate action is taken with regard to identified overpayments.

A. Investigations of Compliance and FWA Issues

SCFHP will establish and implement procedures and a system for promptly responding to potential compliance and FWA issues as they are raised. Compliance or FWA problems identified in the course of self-evaluations, reports or complaints to the SCFHP, audits and/or other means and verified through investigation will be corrected promptly and thoroughly to address the issue, reduce the potential for recurrence, and promote ongoing compliance with CMS requirements. If a potentially serious violation is identified, SCFHP will consult with its designated FWA/SIU vendor for assistance to determine the type and extent of the potential violation and liability. SCFHP may invoke attorney-client privilege at any time during the investigation as determined by legal counsel. External legal, auditing, and other expert resources may be engaged to provide additional services. SCFHP will immediately cease, or instruct its FDR to immediately cease, questionable practices upon knowledge or clear indication of a violation. In addition:

- SCFHP will conduct a timely, reasonable inquiry into any evidence of misconduct related to a payment or delivery of items or services under the contract with CMS (with such inquiry initiated within 2 weeks after the date the potential non-compliance or FWA incident is identified);
- SCFHP will conduct appropriate corrective actions (for example, repayment of overpayments and/or disciplinary actions against responsible individuals) in response to the potential violations referenced above; and,
- SCFHP will have procedures to consider whether to voluntarily self-report fraud or misconduct related to the MMP program to CMS or its designee (such as NBI MEDIC) in appropriate situations, consistent with CMS guidelines and time frames.

SCFHP and its Pharmacy Benefit Manager (PBM) shall monitor Fraud Alerts and will review its contractual agreements (or direct the PBM to review contractual agreements) with the identified parties, as appropriate, to determine whether any additional action should be taken. SCFHP and/or its PBM will review past paid claims from the identified entities to determine if there are any claims that it may have paid that were not payable (*e.g.*, related to an Excluded Individual) and should be removed for prior sets of prescription drug event drug submissions.

Responses to detected offenses will vary according to the offense and circumstance; however the response will always be in accordance with requirements of regulation and law. The CCO shall maintain a record of reported issues, including documentation of the status, investigation, finding

and resolution of each issue. This information shall be reported to the Compliance Committee regularly.

Any determination that potential FWA related to the MMP program has occurred will be referred to the appropriate regulatory agency, as appropriate, for further investigation after the determination that a violation may have occurred. SCFHP will, as appropriate, provide information timely in response to follow-up requests for information.

B. Corrective Action Plans (CAPs)

Corrective action plans will be implemented whenever it is determined by the CCO and the Compliance Committee that any Personnel, FDRs or their employees have engaged in an activity that violated SCFHP policies and procedures, federal or state laws or regulations or CMS contractual or other requirements. These corrective action plans will be in writing and developed based on a root cause analysis conducted in response to any wrongful activity discovered by way of investigation resulting from any report, complaint, and/or internal or external audit or monitoring efforts, or as identified by CMS. Through the root cause analysis, SCFHP will undertake to determine what caused or allowed the non-compliance or FWA to occur so that an appropriate and effective remedy can be developed.

The goal of any CAP implemented is to remedy underlying issues and prevent future recurrence. Each CAP will be tailored to the particular misconduct identified and include specific time frames for completion. SCFHP will immediately cease any non-compliant practice upon knowledge or clear indication of a violation. When developing a corrective action plan to address non-compliance by an FDR, the elements of the corrective action plan, and the ramifications for non-compliance, will be included in a written CAP provided to the FDR. Corrective actions may include, for instance, disciplinary action against any Personnel; prompt identification and refund of any overpayment to the government or any enrollee; and/or suspension or termination of any FDR contract (or delegated functions thereunder).

CAPs will be monitored to ensure the required remediation has been carried out, and is sustained over time. All corrective action plans recommended, in progress, and implemented, along with results of ongoing monitoring will be documented and reported at least quarterly to the Compliance Committee and to the Board.

C. Government Investigations

SCFHP's policy is to be forthright and cooperative when dealing with government investigations, inquiries, or requests for information. Any Personnel or FDR made aware of a government investigation, inquiry or request for information is required to notify the CCO and/or Compliance Department immediately to ensure prompt response to the request(s).

Appendix A
Fraud, Waste and Abuse (FWA)
(Measures for Prevention, Detection and Correction)

SCFHP employs multiple measures to prevent, detect and correct potential instances of FWA. Many of these measures are outlined in the Compliance Program, including, for instance:

- Communicating standards of individual and organizational ethical and legal business practices in the *Reference Guide*, including compliance with Federal laws and regulations designed to prevent or ameliorate fraud, waste, and abuse;
- Educating Personnel and FDRs about FWA issues through appropriate training and the sharing of newsletters and other educational materials;
- Communicating to all (including FDRs and enrollees) the availability of an anonymous compliance hotline for potential FWA issue reporting and asking fraud related questions;
- Engaging in monitoring and auditing of Part C and Part D operations, based on risk analyses conducted that expressly consider FWA concerns;
- Engaging in timely and vigorous investigation of suspected FWA, in whatever manner reported to SCFHP;
- Responding to identified FWA, including as appropriate, by reporting to the MEDIC and/or returning identified overpayments and making adjustments to prescription drug event or other claims payment data.

SCFHP actively engages FDRs to assist in its FWA prevention, detection and correction efforts. Thus, for instance, FDRs perform compliance and FWA related activities on SCFHP's behalf, such as monitoring, auditing and training. SCFHP performs oversight of the FWA and compliance related activities of each FDR and has processes in place to revoke delegated functions in accordance with 42 C.F.R. § 42.422.504(i)(5) and 42 C.F.R. § 423.505(i)(4) and its contractual rights if such functions are not being performed satisfactorily.

If identified instances of FWA are discovered, SCFHP, directly or through its FWA/SIU vendor, engages in vigorous investigation and will, as it determines appropriate, report to CMS, the MEDIC or other appropriate regulatory or law enforcement entities.

The purpose of this Appendix is to provide additional information concerning specific measures SCFHP will use to prevent, detect and correct FWA.

Targeted Efforts

A. Credentialing

SCFHP's credentialing program for contracted providers and pharmacies is comprehensive and includes elements that have both a direct and indirect effect on the quality, delivery, and outcome of health care provided to SCFHP's members. SCFHP's credentialing program is based on National Committee for Quality Assurance (NCQA) standards and in accordance with CMS requirements.

SCFHP has contracted with a PBM to provide pharmacy benefits to its members enrolled in the MMP. By contract, the PBM employs a similar, vigorous credentialing program for each pharmacy in SCFHP's network, with each pharmacy needing to partake in the credentialing and re-credentialing

process, performed at a minimum every three years, for participation, or continued participation, within the SCFHP's network.

B. Claims Adjudication

MMP claims are processed on a system using adjudication rules which employ FWA edits. Thus, for instance, such adjudication rules are designed to eliminate duplicate payments for services and make payment (or denial) of claims based on SCFHP eligibility rules, contracted provider pricing, referrals and authorizations and Correct Coding Initiative (CCI) edits. In addition, Local Coverage Determinations (LCDs) and national coverage determinations (NCDs) are also reviewed to ensure payment consistent with Medicare guidelines. Claims processes also ensure claims submitted, intentionally or unintentionally, by providers who have opted out of Medicare are not paid. Finally, certain check run controls are also in place to prevent inappropriate payments.

Similarly, Part D has point of sale system edits that ensure appropriate authorizations are in place before dispensing and that prevent SCFHP from paying for prescriptions written by excluded prescribers.

C. Auditing and Data Analytics

SCFHP engages in auditing -- directly or through contracted entities -- pursuant to the terms of the annual compliance Work Plan. As part of its standing audit practice, SCFHP, by engagement of an external consultant and use of internal coding staff, performs Part C retrospective coding reviews annually. The reviewers substantiate the documentation of the Hierarchical Condition Categories (HCCs) supporting the Risk Adjustment Factors (RAF) scores submitted to CMS for member premium payment. SCFHP submits “additions” *and* “deletions” as appropriate dependent upon its ability to substantiate the HCCs within the audited documentation. In addition to ensuring accurate payment is received by the SCFHP (“adds”), and paid by CMS (“deletes”), these reviews can reveal potential fraudulent provider documentation practices and allow SCFHP to take corrective actions, as appropriate. It also allows SCFHP to identify providers who may need additional training regarding the appropriate provision of encounter data.

Where claims administration is delegated to an FDR, SCFHP audits the FDR annually for proof of data integrity, timeliness of claims payment, proper payment consistent with contractual and other requirements, and proper payment amounts.

Similarly, SCFHP has engaged its PBM to engage in analysis of pharmacy, prescribing provider, and beneficiary data to detect potentially defective claims. Such data analysis is a tool for identifying coverage and payment errors, and other indicators of potential FWA and non-compliance. To gather and analyze data to protect against FWA, on behalf of the SCFHP, the PBM, among other audits, performs retrospective (post-pay) audits. Standardized algorithms are applied to root out overpayments or erroneous payments to pharmacies. Through use of sophisticated modeling techniques, auditors can identify patterns in the data that may indicate potential FWA that may not be readily apparent. Such data mining activities will focus on areas of concern identified by CMS in guidance and entities identified by the MEDIC, as well as known areas of potentially aberrant

behavior or high incidence of fraud based on industry experience. SCFHP's PBM employs staff pharmacists, physicians and others (as appropriate) to engage in follow-up research and investigation of suspect claims.

Pharmacies within the SCFHP's network are also subject to desk top and/or onsite audit. Pharmacies can be chosen for a variety of reasons, such as aberrant claims patterns revealed through the modeling techniques noted above. Claim sample selection will focus on identifying claims and/or claims patterns that potentially deviate from the norm. SCFHP can designate particular pharmacies for in-depth audits, upon request.

If FWA is found through any of the auditing methodologies applied by the PBM, the SCFHP will receive a FWA alert and take appropriate follow-up action in a prompt manner.

In addition to PBM audits, SCFHP receives various reports daily, weekly and monthly from the PBM. The reports are reviewed promptly and on a routine basis by the SCFHP's Pharmacy Department. Review of these reports can reveal potential fraudulent activity requiring investigation and action. Examples of reports received and reviewed regularly include (but are not limited to): summaries of controlled substances claims per member; top 3% prescribers; prescriber dispensing patterns; and FWA reports, which include results of all claims adjusted or reversed during the quarter due to audit results.

Santa Clara Family Health Plan Standards of Conduct

Approved by [_____]

[date]

SCFHP Standards of Conduct

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SCFHP Standards of Conduct

Santa Clara County Health Authority dba Santa Clara Family Health Plan Code of Ethics

Integrity is the cornerstone of Santa Clara Family Health Plan's (SCFHP) reputation and an important asset. We build and retain our integrity through the ethical behavior of every SCFHP employee and Governing Board member. To help strengthen the foundation, this code of ethics identifies and explains the key standards we strive to meet.

Personal and Professional Integrity

Each SCFHP employee and Governing Board member is expected to act in accordance with professional standards, as well as with honesty, integrity, openness, accountability, and a commitment to excellence. Each individual is expected to conduct SCFHP activities in accordance with this Standards of Conduct, exercising sound judgment to support SCFHP's mission and serving the best interests of SCFHP, its members and the community.

SCFHP promotes a working environment that values respect, fairness and integrity. We act in accordance with these values by treating our colleagues, members, and others with whom we interact with dignity, civility, and respect. Employees of SCFHP exercise responsibility appropriate to their position and delegated authorities. We strive for excellence in all of our activities and acknowledge that we are responsible to each other, to the health plan and its Governing Board for our actions. We are each responsible for being aware of and complying with applicable professional standards that govern our conduct, including those that relate to our particular discipline.

Our conduct in the workplace

We recognize the diversity of fellow employees/co-workers, consultants, temps, job applicants, vendors, subcontractors, and other stakeholders. We refrain from harassment and discrimination based on gender, race, creed, color, national origin, and sexual orientation. We treat each other as we want to be treated – with fairness, honesty and respect.

Maintaining confidentiality and security

We honor the privacy of members' and employees/co-workers' personal information, whether medical or otherwise, just as we expect our privacy to be protected. We take appropriate precautions to protect the confidentiality and security of member, employees/co-workers and company information and transactions. We promise to protect confidential information, otherwise known as "intellectual property," that belongs to SCFHP. We refrain from divulging information that could be harmful to SCFHP or that could provide an advantage to our competitors.

Respecting company property and resources

We treat company property and resources respectfully while working at or serving SCFHP and after leaving. We protect and preserve company property and refrain from using it for personal gain. We understand that company property includes, but is not limited to, SCFHP's intellectual property, physical property and electronic communications systems.

SCFHP Standards of Conduct

Avoiding conflict of interest

SCFHP encourages employee participation in non-profit activities. However, representing oneself as an employee of SCFHP through associations or activities that might conflict or appear to conflict with SCFHP's interests is prohibited. We avoid doing business with competitors or other organizations that might conflict with the values at SCFHP. We do not accept material gifts from contractors or customers, or give gifts to them if doing so might compromise, or give the appearance of compromising, our business decisions. We do not take advantage of our association with SCFHP for personal gain.

Addressing health care resources

We strive to provide health care services, prescription drug coverage, products, and supports that are appropriate, efficient and cost effective. We apply proven evidence-based principles as we balance the needs of the many with the needs of the individual. We commit to working with providers and using our resources to continuously improve the health of our members and the community.

Obeying the law

We always uphold the law while working at or serving SCFHP. We commit to obeying all federal, state and local regulations with regard to our health plan and all our business units. We do not tolerate the use and/or abuse of illegal substances, discrimination, harassment, fraud, embezzlement or any other illegal activities.

SCFHP Standards of Conduct

Introduction

At Santa Clara Family Health Plan (SCFHP), business conduct is as important as business performance. Our behavior – both as individual employees (coworkers/employees, temporary employees, consultants, and contractors) and Governing Board members, and collectively as an organization – affects our success, shapes our reputation, and communicates our shared commitment to ethics, integrity and honesty.

Our Compliance Program guides us in making business decisions in alignment with the Plan’s mission, vision, and values. One of the program’s integral components is defining our expectations of each employee’s personal conduct and workplace behavior. To communicate these expectations, we have developed this Standards of Conduct document.

This booklet is a quick reference guide on the standards of conduct that you must uphold as an SCFHP employee, Governing Board member or agent. It first introduces you to SCFHP’s Code of Ethics, which includes:

1. Conduct in the workplace
2. Maintaining confidentiality and security
3. Respecting company property
4. Avoiding conflicts of interest
5. Addressing health care resources
6. Obeying the law.

These elements, which we refer to as our business conduct guidelines, define our standards of workplace behavior.

The information in this booklet focuses primarily on the code and guidelines. To expand your knowledge and understanding of expected behavior, we encourage you to review the Plan’s policies and procedures. For more detailed information on how to comply with SCFHP’s requirements for workplace conduct, refer to company-level and department-level policies and procedures and/or talk to your supervisor or Human Resources representative.

Our reputation for integrity is an invaluable long-term advantage. Fostering an ethical work environment that enhances SCFHP’s reputation should be your call to action – your personal pledge to maintain the highest ethical standards as an SCFHP employee.

SCFHP Standards of Conduct

Our conduct in the workplace

"We recognize the diversity of fellow employees/co-workers, consultants, temps, job applicants, vendors, subcontractors, and other stakeholders. We refrain from gender or racial bias, creed, color, national origin, sexual or other discrimination or harassment. We treat each other as we want to be treated – with fairness, honesty and respect."

Equal employment

SCFHP believes in hiring, promoting and compensating employees without regard to race, color, national origin, age, gender, religious preference, marital status, sexual orientation, handicap or disability or any other characteristic protected by law. We are an equal opportunity employer committed to employment practices that comply with all laws, regulations and policies related to non-discrimination.

Freedom from harassment

SCFHP prohibits unlawful discrimination against any employee, applicant, individual providing services in the workplace pursuant to a contract, unpaid intern, and volunteer based on their actual or perceived race, color, religious creed, color, religion, sex, military and veteran status, civil air patrol status, marital status, registered domestic partner status, age (40 and over), national origin or ancestry, pregnancy (including childbirth and related medical conditions, and including medical conditions related to lactation) physical or mental disability, medical condition, genetic information, sexual orientation, gender, gender identity and expression (including transgender individuals who are transitioning, have transitioned, or are perceived to be transitioning to the gender with which they identify), military and veteran status or any other consideration protected by federal, state or local laws. An applicant's or employee's immigration status will not be considered for any employment purpose except as necessary to comply with federal, state or local laws. For purposes of this policy, discrimination on the basis of "national origin" also includes discrimination against an individual because that person holds or presents the California driver's license issued to those who cannot document their lawful presence in the United States. Our commitment to equal employment opportunity applies to all persons involved in our operations and prohibits unlawful discrimination and harassment by any employee (including supervisors and co-workers), agent, client, member, or vendor.

Because harassment means different things to different people, we must refrain from any behavior that can be construed as offensive or inappropriate. Examples of inappropriate and offensive behavior include degrading jokes, intimidation, slurs, and verbal or physical conduct of a sexual nature, and harassment, including unwelcome sexual advances and requests for sexual favors. If an employee feels that he or she has been harassed he or she should immediately report the harassment to his or her supervisor, the supervisor's supervisor, compliance or human resources. Reports will be promptly investigated, and employees found to be engaging in this behavior will be disciplined, up to and including termination of employment.

SCFHP Standards of Conduct

Safe environment

At SCFHP, we are each responsible for creating a safe working environment. All employees are expected to work safely, utilizing available materials and devices. Employees are expected to report any of the following potential or actual problems to supervisors:

- Injuries or other illnesses;
- Hazards such as facilities and equipment malfunctions or dangers;
- Security violations or criminal activity on company premises; and
- Actual or threatened acts of violence or intimidation.

Violence or criminal activity should be reported to police and building security immediately, regardless of the availability of a supervisor

SCFHP Standards of Conduct

Maintaining confidentiality and security

“We honor the privacy of members’ and employees’/co-workers’ or employees’/co-workers’ personal information, whether medical or otherwise, just as we expect our privacy to be protected. We take appropriate precautions to protect the confidentiality and security of member, employees/co-workers and company information and transactions. We promise to protect trade secrets and confidential information, otherwise known as “intellectual property,” that belongs to SCFHP. We refrain from divulging information that could be harmful to SCFHP or that could provide an advantage to our competitors.”

Confidentiality and security

To protect SCFHP and our members and employees, we are committed to preserving the privacy, confidentiality and security of information, except where we are permitted or required to share certain information in accordance with the Brown Act or other legal or regulatory requirements. The following information is always confidential, and may never be shared outside the Plan, and in connection with a legitimate business purpose:

- Members’ protected health information, including diagnoses and treatments, personal data, billing and contact information; and
- Employee information, including personnel files, evaluations, disciplinary matters and psychological assessments.

When using or sharing such information, you must secure all data (electronic or otherwise) and follow all applicable laws and company policies. Failure to maintain confidentiality and appropriate security of information could subject an employee personally and/or SCFHP to civil and/or criminal penalties, regulatory sanctions and lawsuits, and undermine the trust our members and the community place in us.

SCFHP Standards of Conduct

Respecting company property and resources

“We treat company property and resources the same while working at SCFHP and after leaving. We protect and preserve company property and refrain from using it for personal gain. We understand that company property includes, but is not limited to, SCFHP’s intellectual property, physical property and electronic communications systems.”

Use of resources

SCFHP’s facilities, equipment, technology and resources are for business purposes – to help employees do their work. Employees must use SCFHP’s company property in a professional, productive, and lawful manner. Employees must act responsibly, reasonably and maturely, and use good judgment regarding all company-provided communications and computing devices, including, but not limited to:

- The Internet;
- All forms of printed and electronic media;
- Copying devices (scanners and copy machines);
- Telephones (including cell phones);
- Portable devices (iPads);
- Desktop and laptop computers; and
- Remote access hardware and software devices.

Employees must not use the computer to transmit, store or download material that includes, but is not limited to, harassing, threatening, maliciously false or obscene information. The computer should also not be used for any unauthorized activities.

Internal Controls

SCFHP has established control standards and procedures to ensure that company property and equipment is protected and properly used. Control standards are also in place to ensure that financial records and reports are accurate and reliable. All employees of SCFHP share the responsibility for maintaining and complying with required internal controls.

SCFHP takes all necessary steps to keep our Information Systems secure and inaccessible to outside interference and attack. Employees receive guidance to help protect the integrity of the system and the data stored therein.

Travel and entertainment

Travel and entertainment expenses should be consistent with the employees’ duties and SCFHP’s needs and resources. Employees are expected to exercise reasonable judgment in the use of SCFHP’s funds. Employees must comply with SCFHP guidelines relating to all purchasing procedures, payment limits and travel and entertainment expense.

SCFHP Standards of Conduct

Avoiding conflicts of interest

"SCFHP encourages employee participation in non-profit activities. Representing oneself as an employee of SCFHP through associations or activities that might conflict or appear to conflict with SCFHP's interests is prohibited. We avoid doing business with competitors or other organizations that might conflict with the values at SCFHP. We do not accept gifts of any material value from contractors or members, or give gifts to them. We do not take advantage of our association with SCFHP for personal gain."

Activities and relationships beyond SCFHP

As SCFHP employees, and Governing Board members and committee members, we must make certain that our outside activities do not in any way conflict with, appear to conflict with, or pose a hazard to SCFHP. To ensure that SCFHP leadership is apprised of any activities that may create an actual or apparent conflict, it is SCFHP's policy that employees, Governing Board members and committee members must advise the CEO of any non-SCFHP activity, associations or investment that might influence the individual's business decisions or ability to carry out his or her duties objectively.

Entertainment, gifts and gratuities

SCFHP understands that entertaining – including meals, social events or training and educational activities – is an overall accepted practice of many businesses, but at SCFHP it is not. As a government contracted entity, we may not accept gifts or gratuities of any material value. If such are received, they may be donated to charities, made available to all employees, or returned to the sender with acknowledgement of their support and return of the item(s).

Refrain from giving or accepting gifts to or from vendors, customers and other business associates. It is the employee's responsibility to report or seek counsel should the employee receive or give gifts.

Procuring services from vendors and suppliers

As an SCFHP employee, you must procure services or products consistent with applicable legal and regulatory requirements and SCFHP policies and procedures. Employees must offer fair and equal opportunity to vendors and suppliers seeking to do business with SCFHP, and employees must negotiate and buy products and services without prejudice or favoritism. At SCFHP employees should not procure services for personal gain or to enhance personal relationships.

SCFHP Standards of Conduct

Fundraising and solicitation activities

To avoid conflicts of interest and to ensure that required business activities are performed in an effective and efficient manner, distributing leaflets, flyers, or other forms of printed or written materials during work time is prohibited. Notwithstanding this prohibition, the Union shall have the right to post notices of activities and matters of Union concern on the designated bulletin board.

For further direction as to the requirements for fundraising and solicitation activities please refer to the employee handbook or talk with a Human Resources representative.

Participation on Boards of Directors/Trustees

Upon request, an employee shall disclose services as a member of the Board of Directors/Trustees of any organization. A director, officer, or other employee must notify the CEO prior to beginning service as a member of the Governing Board of any organization whose interests may conflict with those of SCFHP. SCFHP reserves the right to prohibit such membership where there might be a conflict or appearance of conflict. The CEO will consult with the Compliance Committee and/or legal counsel to determine if participation may conflict with the interests of SCFHP.

SCFHP Standards of Conduct

Addressing health care resources

“We strive to provide members with health care services and products that are appropriate, efficient and cost effective. We commit to working with providers and using our resources wisely to continuously improve the health of our members.”

Use of health care resources and quality improvement

SCFHP continually looks for ways to improve health outcomes for our members while effectively managing our resources. Our methods include making evidence-based decisions, fairly administering benefits to members and educating members and providers. Our goal is to assure that members receive the right care at the right time in the right place.

We promote continuous quality improvement and are committed to complying with state and federal regulations regarding health care.

Fraud, waste, and abuse

SCFHP is committed to ensuring that our employees, plan members, providers, suppliers, vendors, and anyone else doing business with or associated with SCFHP complies with federal and state anti- fraud and abuse laws. The following are some examples of prohibited activities:

- Direct, indirect or disguised payments in exchange for the referral of potential members;
- Submitting false, fraudulent reports to any government entity to substantiate a request for payment to SCFHP, including stating that services were provided that were not rendered, reports that characterize the service differently than the service actually rendered, or other submissions of information or data that does not otherwise comply with applicable program or contractual requirements;
- Submission by providers of claims for payment by SCFHP for services that were not rendered, or substandard care or care that did not meet generally recognized standards of practice; and
- False representations by potential members in order to gain or retain participation in a SCFHP program or to obtain payment for any service.

SCFHP Standards of Conduct

Obeying the law

“We always uphold the law while working at SCFHP. We commit to obeying all federal, state and local regulations with regard to our health plans and all our business units. We do not condone the use of illegal substances, the abuse of legal substances, fraud, embezzlement or any other illegal activities.”

Regulatory obligations

As a consumer health service organization and a government contracted entity, SCFHP is heavily regulated by federal, state and local agencies. Some of our regulated business practices include:

- Ensuring that medical services and business practices meet quality assurance standards and protect member rights and confidentiality;
- Managing provider networks and health care delivery systems to make certain they meet contractual requirements and are accessible to our members;
- Monitoring the appropriate utilization of health care resources and ensuring that the most cost effective, medically necessary, covered services are not inappropriately denied;
- Providing for expeditious handling of members’ complaints and appeals;
- Processing claims accurately and promptly;
- Conducting sales and marketing activities ethically and within established regulations and guidelines;
- Ensuring accurate and timely administration of membership accounting, including enrollment, disenrollment, member status and other requirements;
- Promoting a work environment for employees that is safe, ethical and founded on principles of equal employment and non-discrimination; and
- Ensuring the accuracy of SCFHP’s financial statements and business activities in general.

External audits and reviews

Frequently we will have outside parties on site to perform financial and regulatory audits and reviews of our financial statements, operations and business practices. These outside parties include independent auditors and federal and state government regulators and inspectors. It is SCFHP’s policy to fully cooperate with these auditors and provide them with all necessary information.

Prior to and during these audits or inspections, you must:

- Never conceal, destroy or alter any documents;
- Never give any false or misleading statements to inspectors;
- Never provide inaccurate information; and
- Never obstruct, mislead or delay communication of information or records about a possible violation of law.

SCFHP Standards of Conduct

Illegal activities

SCFHP and our employees must not engage, directly or indirectly, in any corrupt business practices or other illegal activities, including, among other things, fraud, embezzlement, kickback arrangements or drug use.

Fraud includes such things as falsifying documents or misappropriating company assets. Health care fraud occurs when someone uses false pretenses, representations, promises or other means to defraud or otherwise obtain money, service or property from any health care benefit program.

Embezzlement involves the attempt to take, for personal use, money or property, which has been entrusted to you by others without their knowledge or permission.

A kickback arrangement involves accepting or offering bribes or payoffs intended to induce, influence or reward actions of any person or entity in a position to benefit SCFHP. Such persons or entities include customers, contractors, vendors and government personnel.

Financial Reporting

All financial reports, accounting records, research reports, expense accounts, time sheets and other documents accurately and clearly represent the relevant facts or the true nature of a transaction.

Improper or fraudulent accounting, documentation or financial reporting is contrary to the policy of SCFHP and may be in violation of applicable laws. SCFHP abides by all relevant tax laws and files reports in a manner consistent with applicable laws and regulations.

SCFHP Standards of Conduct

Political and lobbying activities

Officers, directors, and general employees are restricted from engaging in activities that may jeopardize the tax exempt status of SCFHP, including participation in various lobbying or political activities.

Individuals shall not make agreements to contribute monies, property, or services of any officer or employee at SCFHP's expense to any political candidate, party, organization, committee or individual in violation of any law. Officers, directors, and employees are not restricted from personally participating in and contributing to political organizations or campaigns, but must not do so under the SCFHP name or use SCFHP funds.

SCFHP has many contacts and dealings with governmental bodies and officials. Such contacts and transactions are expected to be conducted in an honest and ethical manner. Any attempt to influence decision-making processes of governmental bodies or officials by an improper offer of any benefit is prohibited. Any requests or demands by any governmental representative for a payment or other improper favor should be reported immediately through <http://icat/Pages/Default.aspx> or directly to your manager or the Compliance Officer or any member of the Compliance Committee.

Sales, marketing and advertising standards

We are committed to growing our membership through a well-trained, highly professional staff. All SCFHP member outreach representatives are committed to fair, forthright and legally compliant and marketing practices. We adhere to any state regulations that require sales representatives to be licensed.

We do not engage in corrupt marketing practices, including misrepresentation of our covered services or "redlining," which refers to the practice of avoiding sales in specific geographic areas or neighborhoods.

When advertising our products and services, we present only truthful, non-deceptive information. In many cases, advertising and marketing materials require approval from regulatory agencies prior to distribution. When required, SCFHP submits materials to agencies and ensures their full compliance with applicable regulations.

Copyright laws

SCFHP complies with state, federal and foreign laws pertaining to copyright protection. Our compliance includes, but is not limited to, laws that prohibit duplication of print materials, licensed computer software and other copyright-protected works.

We expect compliance with all copyright protections, including refraining from using company property to display, copy, play, store, transfer, transmit, download music or other sound recording (including CDs and MP3 or similar file formats), copyrighted pictures or images, motion pictures, clips (including AVI, Mpeg, DVDs or other similar formats), or other non-business-related materials (e.g., games, screensavers).

SCFHP Standards of Conduct

Medi-Cal and Cal MediConnect Benefit Plans

SCFHP employees are required to follow the legal and regulatory requirements pertaining to our relationship as a government contracted entity servicing Medi-Cal and Cal MediConnect benefits. The requirements for these programs are established in the DHCS, DMHC and CMS regulations and manuals.

As a government contracted entity, SCFHP is obligated to abide by federal, state and local laws pertaining to that relationship. Penalties for breaking government contract laws and regulations can be severe and negatively impact SCFHP, its business, and reputation.

Excluded parties

SCFHP takes steps to ensure that it does not engage in relationships with or make any payments to individuals or entities that are debarred, suspended, or otherwise excluded from participating in state or federally funded programs. This applies to the Governing Board or any committee, employees, contractors, consultants, providers, delegated entities, and vendors.

Document Retention

SCFHP maintains a record retention process that supports the requirements of federal law, regulations, and policies and procedures. Should SCFHP or anyone associated with SCFHP be involved in any litigation activities, SCFHP will not alter, destroy or throw away information that may be related to the dispute. All employees are required to abide by this requirement.

Government requests or requests for information

SCFHP employees should notify their supervisor and the Compliance Officer (or any member of the Compliance Committee) if they are approached by an agent or official of the state or federal government, and asked to provide information, records, documents or answer questions if the request is not related to a routine report or workforce activity, or was not scheduled in advance.

Should you receive subpoena, court order, notification of legal action (or threat thereof), or become aware of fraud and abuse investigations, or requests for information from third parties, you are requested to forward such communication to the compliance department for handling and response.

SCFHP Standards of Conduct

Responsibilities & consequences

SCFHP's guidelines and policies cannot address every potential situation or issue that employees may encounter. Employees must have a thorough understanding of SCFHP's code of ethics, guidelines and policies and procedures so he or she can effectively evaluate the specific situations.

Employee responsibilities

SCFHP provides employees with training so they are knowledgeable about our ethics and compliance initiatives. In return, we rely on the employee to help ensure that those initiatives remain a priority. We expect the employee to uphold all of the standards outlined in these guidelines and to report known or suspected violations of those standards.

Reporting suspected violations

Take responsibility for safeguarding SCFHP's integrity. If you observe potential violations of law or the company code of ethics, report them. Failure to do so could pose a risk to SCFHP or, in the case of illegal activities or regulatory violations, a risk to you, your co-workers or SCFHP's members.

Resolution and non-retaliation

Once a problem or suspected violation has been reported, SCFHP will take appropriate action to review the reported matter. We will not retaliate against you for reporting ethics or compliance violations in good faith. Anyone who engages in retaliatory activity is subject to disciplinary action, up to and including termination.

Consequences of violations

SCFHP will be thorough in our review of possible ethics or compliance violations. Employees may be subject to appropriate disciplinary action, up to and including termination, for engaging in activities such as, but not limited to:

- Authorizing or participating in actions that violate SCFHP guidelines, policies and procedure;
- Failure to report a possible violation of SCFHP guidelines, policies and procedures;
- Refusing to cooperate with a compliance investigation;
- Disclosing confidential information to any unauthorized person, company, organization or government agency about an inquiry without authorization;
- Retaliating against someone for reporting misconduct or violations; or
- Filing intentional false reports of misconduct or violations.

The degree of disciplinary action will be determined by the nature and surrounding circumstances of the violation.

SCFHP Standards of Conduct

Where to find answers to your questions and report issues

Ethics and compliance resources

Standards of Conduct are meant to provide an overview of SCFHP's policies on ethics, compliance and conduct-related issues. This publication is a living document and is subject to change as we refine our policies and procedures, and as government agencies and regulators modify their rules.

If you need more information or if you have an ethics or compliance-related question, the best thing to do is to talk with your supervisor or Human Resource Representative. Employees may also contact the Compliance Department directly. These individuals are the best sources for helping you understand the laws, regulations and practices that affect your work.

In addition, we encourage you to explore the following resources:

SCFHP's employee handbook

The handbook covers various topics, including employment, benefits, performance reviews, wage and salary information, and employee relations subjects such as dress code, workplace conduct, counseling, and health and safety issues. The employee handbook also directs you to the appropriate policies and procedures for each topic.

SCFHP's Intranet

This site contains extensive information on company policies, procedures and standards that affect your work.

Where to report issues

If you have an ethics or compliance question or concern, you have the following options:

- Talk with your supervisor. S/He is familiar with you and the issues in your workplace.
- Contact your Human Resource representative.
- Send a report using the Compliance Reporting Form.
- Contact the Compliance Officer.

The Compliance Reporting Form allows employees to communicate violations or concerns anonymously without retaliation. If you report an issue through this method or other confidential reporting mechanism and choose to remain anonymous, be prepared to provide the location and enough information about the incident or circumstances to allow for the initiation of a review.

SCFHP's policy is to preserve the confidentiality of individuals who communicate suspected violations who are questioned in an investigation, subject to limits imposed by law. To the extent possible, all reported issues are treated as confidential and no attempt is made to identify the submitter from which the information was received.



**Santa Clara Family
Health Plan™**

Unaudited Financial Statements
For The One Month Ended July 31, 2018

Agenda

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Financial Highlights

	MTD		YTD	
Revenue	\$82 M		\$82 M	
Medical Expense (MLR)	\$77 M	94.3%	\$77 M	94.3%
Administrative Expense (% Rev)	\$4.3 M	5.2%	\$4.3 M	5.2%
Other Income/Expense	\$83,602		\$83,602	
Net Surplus (Loss)	\$496,929		\$496,929	
Cash on Hand			\$139 M	
Net Cash Available to SCFHP			\$133 M	
Receivables			\$577 M	
Total Current Assets			\$723 M	
Current Liabilities			\$553 M	
Current Ratio			1.31	
Tangible Net Equity			\$194 M	
% of DMHC Requirements			542.7%	



Financial Highlights

Net Surplus	<ul style="list-style-type: none">▶ Surplus of \$497K for the month (\$334K favorable to budget)
Enrollment	<ul style="list-style-type: none">▶ Membership was 258,556 (170 more than budget)▶ Medi-Cal saw a decrease of 1,021 members from June 2018▶ Healthy Kids and Medicare saw marginal increases
Revenue	<ul style="list-style-type: none">▶ \$799K above budget at \$81.3M▶ Medi-Cal has a favorable variance of \$1.1M compared to budget mostly due to prior period revenue▶ Medicare revenue \$316K under budget, due to delay in receiving sweep revenue
Medical Expenses	<ul style="list-style-type: none">▶ \$1.1M unfavorable to budget at \$76.3M▶ Inpatient, Outpatient Professional, and LTC variances are unfavorable
Administrative Expenses	<ul style="list-style-type: none">▶ Favorable to budget by \$501K at \$4.8M largely due to delayed hiring
Tangible Net Equity	<ul style="list-style-type: none">▶ \$194 M (542.7% of minimum DMHC requirement of \$35.8M)
Capital Expenditures	<ul style="list-style-type: none">▶ MTD Capital Investment of \$1.1M was primarily due to building renovation work
Ratios	<ul style="list-style-type: none">▶ MLR at 94.3% compared to budget of 93.8%▶ ALR at 5.2% compared to a budget of 5.9%



**Santa Clara Family
Health Plan™**

Detail Analyses

Enrollment

- As detailed on page 15, much of the Medi-Cal Non-Dual enrollment decline has been in the Medicaid Expansion (MCE), Adult, and Child categories of aid. Much of the Medi-Cal Dual enrollment decline has been in the MCE and Long Term Care (LTC) categories of aid.
- FY19 Membership Trends:
 - Medi-Cal membership has decreased since the end of FY18 by 0.4%.
 - Healthy Kids membership increased since the end of FY18 by 2.6%.
 - CMC membership increased since the end of FY18 by 0.3%.

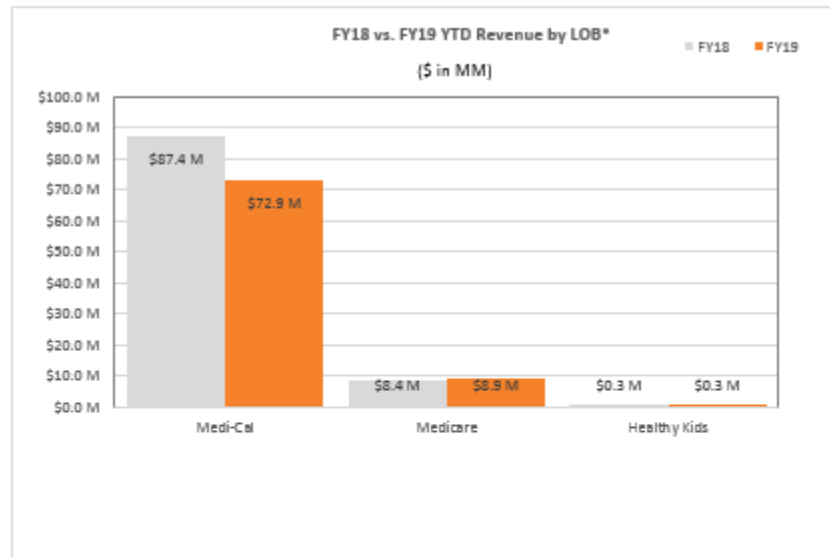
	For the Month of July 2018			For One Month Ending July 31 2018			Δ	
	Actual	Budget	Variance	Actual	Budget	Variance	Prior Year	FY18 vs. FY19
							Actuals	
Medi-Cal	247,755	247,987	-(0.1%)	247,755	247,987	-(0.1%)	261,391	-(5.2%)
Healthy Kids	3,278	2,924	12.1%	3,278	2,924	12.1%	2,633	24.5%
Medicare	7,523	7,475	0.6%	7,523	7,475	0.6%	7,525	-(0.0%)
Total	258,556	258,386	0.1%	258,556	258,386	0.1%	271,549	-(4.8%)
Santa Clara Family Health Plan Enrollment By Network								
July 2018								
Network	Medi-Cal		Healthy Kids		CMC		Total	
	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total
Direct Contract Physicians	29,553	12%	365	11%	7,523	100%	37,441	14%
SCVHHS ¹ , Safety Net Clinics, FQHC ² Clinics	123,947	50%	1,451	44%	-	0%	125,398	48%
Palo Alto Medical Foundation	7,265	3%	94	3%	-	0%	7,359	3%
Physicians Medical Group	45,481	18%	1,138	35%	-	0%	46,619	18%
Premier Care	15,570	6%	230	7%	-	0%	15,800	6%
Kaiser	25,939	10%	-	0%	-	0%	25,939	10%
Total	247,755	100%	3,278	100%	7,523	100%	258,556	100%
Enrollment at June 30, 2018	248,776		3,196		7,503		259,475	
Net Δ	-0.4%		2.6%		0.3%		-0.4%	

¹ SCVHHS = Santa Clara Valley Health & Hospital System

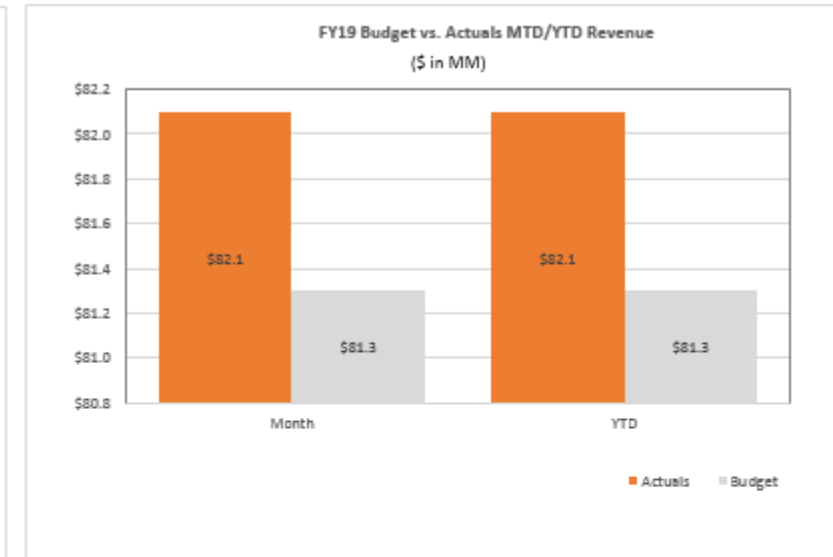
² FQHC = Federally Qualified Health Center

Revenue

- Current month revenue of \$82.1M is \$799K or 1% favorable to budget of \$81.3M. The current month variances were due to a variety of factors, including:
 - Current month revenue includes prior period Medi-Cal retroactive revenue of \$2.3M.
 - Medicare revenue for the month came in \$316K under budget, due to delay in anticipated sweep.
 - Current month revenue variances also result from both the mix of members between programs and within Medi-Cal categories of aid.



	FY18 vs. FY19 YTD Revenue by LOB*			
	FY18	FY19	Variance	
Medi-Cal	\$87.4 M	\$72.9 M	(\$14.5 M)	-16.6%
Medicare	\$8.4 M	\$8.9 M	\$0.5 M	5.8%
Healthy Kids	\$0.3 M	\$0.3 M	\$0.1 M	25.6%
Total Revenue	\$96.0 M	\$82.1 M	(\$13.9 M)	-14.5%

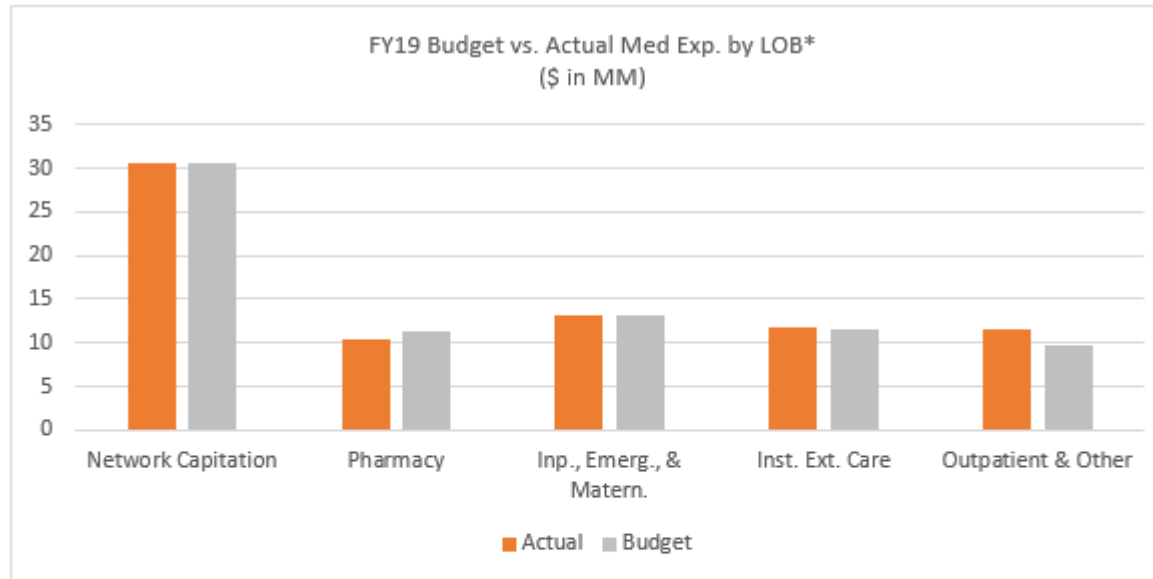


	FY19 Budget vs. Actuals MTD/YTD Revenue			
	Actuals	Budget	Variance	
Month	\$82.1	\$81.3	\$0.8	1.0%
YTD	\$82.1	\$81.3	\$0.8	1.0%

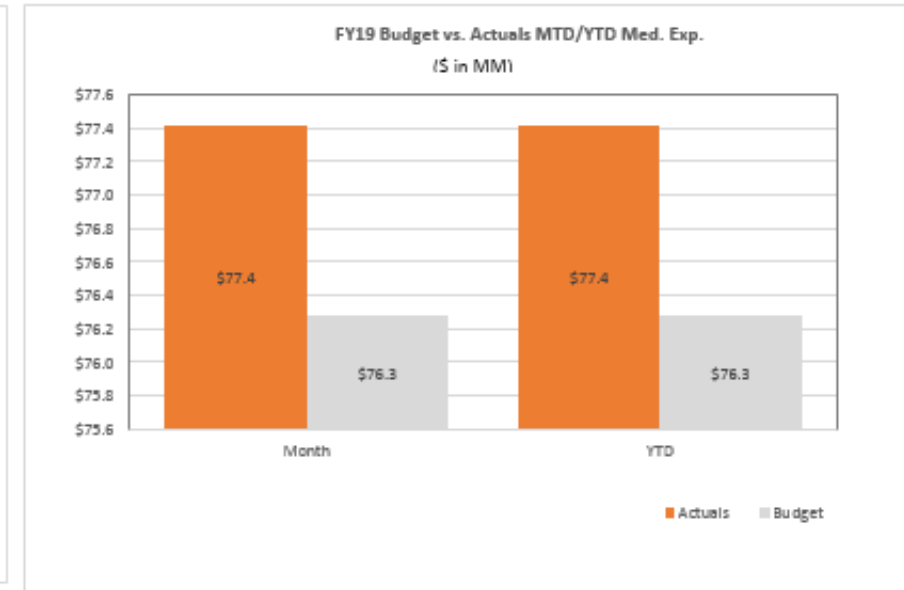
*IHSS was included in FY18 revenue through 12/31/17

Medical Expense

- Current month medical expense of \$77.4M is \$1.1M or 1.5% unfavorable to budget of \$76.3M. The current month variances were due to a variety of factors, including:
 - Increased Inpatient, Outpatient Professional, and LTC expenses contributed to the unfavorable variance
 - Some of this unfavorability was offset by lower Pharmacy expenses



FY19 Budget vs. Actual Med Exp. By LOB				
	Actual	Budget	Variance	
Network Capitation	30,639,973	30,617,559	(22,414)	-0.1%
Pharmacy	10,316,903	11,369,271	1,052,367	9.3%
Inp., Emerg., & Matern.	13,084,115	13,105,792	21,677	0.2%
Inst. Ext. Care	11,786,633	11,492,470	(294,162)	-2.6%
Outpatient & Other	11,591,208	9,696,772	(1,894,436)	-19.5%
Total Medical Expense	77,418,832	76,281,864	(1,136,968)	-1.5%

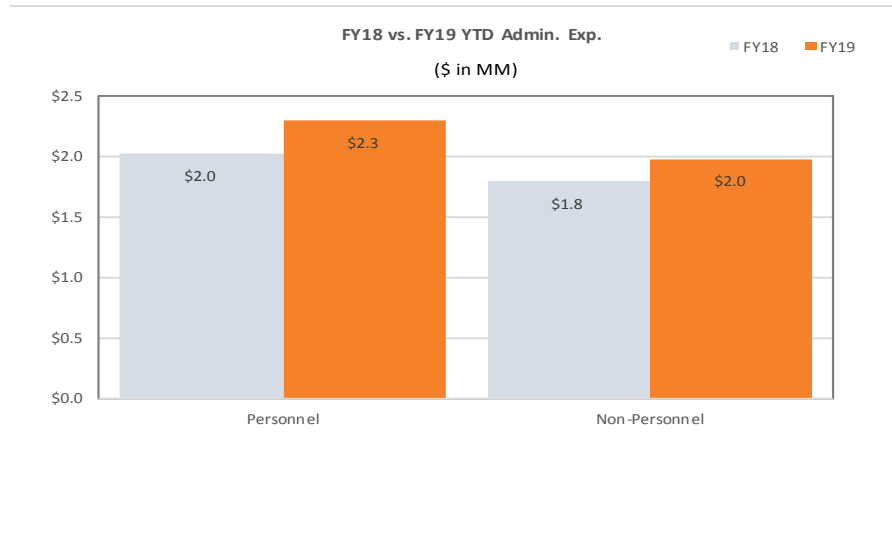


FY19 Budget vs. Actuals MTD/YTD Med. Exp.				
	Actuals	Budget	Variance	
Month	\$77.4	\$76.3	\$1.1	1.5%
YTD	\$77.4	\$76.3	\$1.1	1.5%

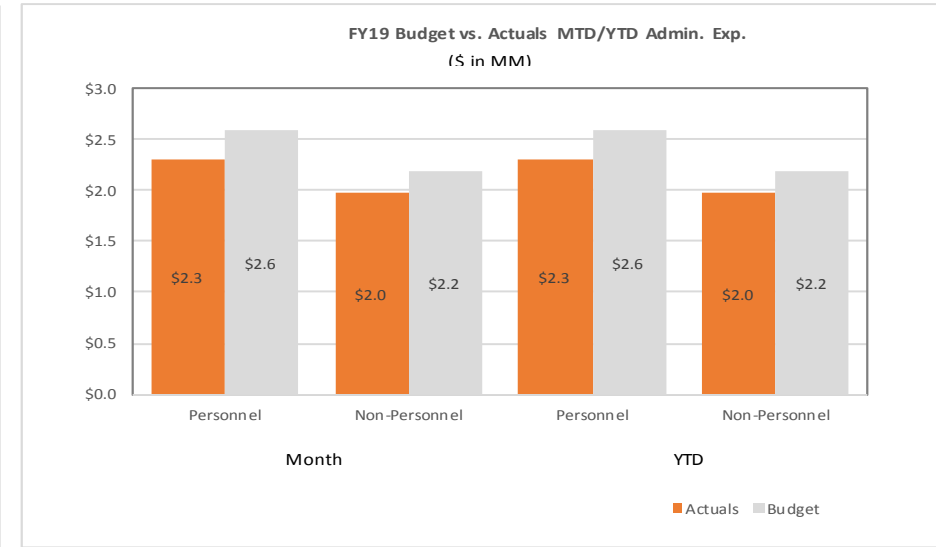
*IHSS was included in medical expense through 12/31/17

Administrative Expense

- Current month admin expense of \$4.3M is \$501K or 10.5% favorable to budget of \$4.8M.
 - Personnel Expenses are 11.1% under budget, primarily due to delayed hiring.
 - Contract Services and Printing costs are lower than budget. Printing costs reflect a timing difference.



	FY18 vs. FY19 YTD Admin. Exp.			
	FY18	FY19	Variance	
Personnel	\$2.0	\$2.3	\$0.3	13.8%
Non-Personnel	\$1.8	\$2.0	\$0.2	10.4%
Total Administrative Expense	\$3.8	\$4.3	\$0.5	12.2%



		FY19 Budget vs. Actuals MTD/YTD Admin. Exp.			
		Actuals	Budget	Variance	
Month	Personnel	\$2.3	\$2.6	-\$0.3	-11.1%
	Non-Personnel	\$2.0	\$2.2	-\$0.2	-9.8%
	MTD Total	\$4.3	\$4.8	-\$0.5	-10.5%
YTD	Personnel	\$2.3	\$2.6	-\$0.3	-11.1%
	Non-Personnel	\$2.0	\$2.2	-\$0.2	-9.8%
	YTD Total	\$4.3	\$4.8	-\$0.5	-10.5%



Balance Sheet

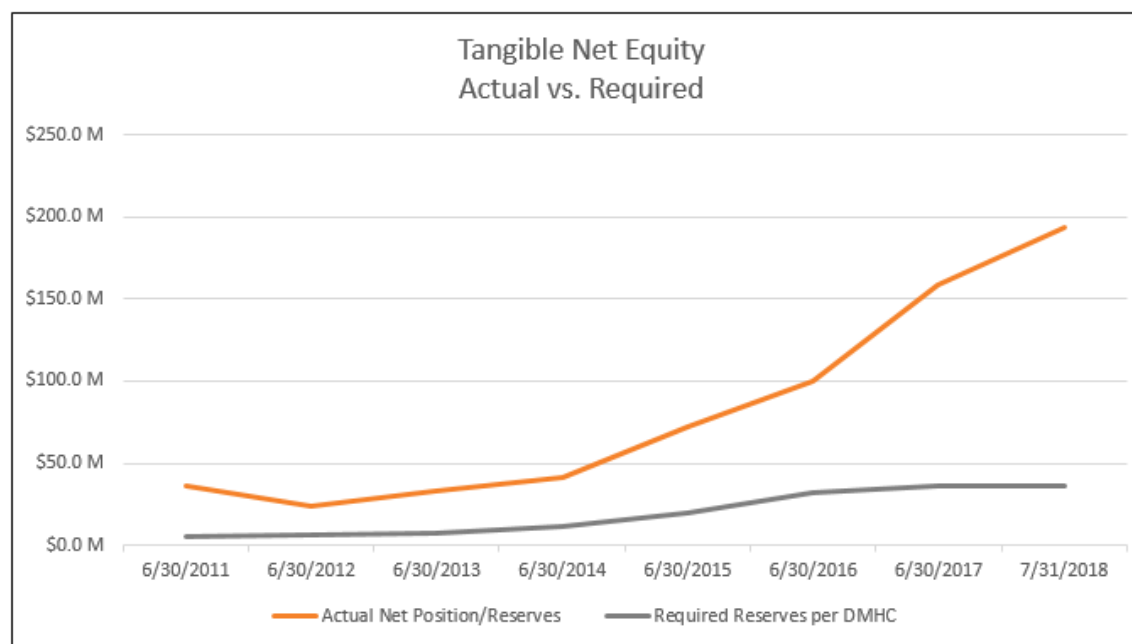
- Current assets totaled \$723M compared to current liabilities of \$553M, yielding a current ratio (Current Assets/Current Liabilities) of 1.31:1 vs. the DMHC minimum requirement of 1.0:1.
- Working capital (current assets less current liabilities) was \$170.1M.
- Cash as of July 31, 2018 decreased by \$85.2M compared to the cash balance as of year-end June 30, 2018. The decrease in cash position is attributable to DHCS' delayed payment of monthly capitation until September 2018.
- Current Cash & Equivalents components and yields were as follows:

Description	Month-End Balance	Current Yield %	Interest Earned	
			Month	YTD
Short-Term Investments				
County of Santa Clara Comingled Pool	\$76,814,937	1.29%	\$100,000	\$100,000
Cash & Equivalents				
Bank of the West Money Market	\$708,202	0.90%	\$437	\$437
Wells Fargo Bank Accounts	\$61,131,669	1.76%	\$92,673	\$92,673
	\$61,839,871		\$93,110	\$93,110
Assets Pledged to DMHC				
Restricted Cash	\$305,350	0.08%	\$13	\$13
Petty Cash	\$500	0.00%	\$0	\$0
Total Cash & Equivalents	\$138,960,658		\$193,123	\$193,123

Tangible Net Equity

- TNE was \$194.1M in July 2018 or 542.7% of the most recent quarterly DMHC minimum requirement of \$35.8M.
- TNE trends for SCFHP are shown below.

	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	7/31/2018
Actual Net Position/Reserves	\$36.1 M	\$24.2 M	\$32.6 M	\$40.9 M	\$72.6 M	\$100.3 M	\$158.4 M	\$194.1 M
Required Reserves per DMHC	\$5.0 M	\$5.9 M	\$7.8 M	\$11.4 M	\$19.3 M	\$32.4 M	\$35.9 M	\$35.8 M
200% of Required Reserve	\$10.0 M	\$11.8 M	\$15.6 M	\$22.9 M	\$38.5 M	\$64.8 M	\$71.8 M	\$71.5 M
Actual as % Required	722.5%	410.2%	418.5%	357.5%	376.9%	309.8%	441.2%	542.7%



Reserves Analysis

SCFHP RESERVES ANALYSIS July 2018	
Financial Reserve Target #1: Tangible Net Equity	
Actual TNE	194,092,127
Current Required TNE	35,762,849
Excess TNE	158,329,279
Required TNE %	542.7%
SCFHP Target TNE Range:	
350% of Required TNE (Low)	125,169,970
500% of Required TNE (High)	178,814,243
TNE Above/(Below) SCFHP Low Target	\$68,922,157
TNE Above/(Below) High Target	\$15,277,884
Financial Reserve Target #2: Liquidity	
Cash & Cash Equivalents	138,960,658
Less Pass-Through Liabilities	
Payable to State of CA ⁽¹⁾	(6,140,476)
Other Pass-Through Liabilities	-
Total Pass-Through Liabilities	(\$6,140,476)
Net Cash Available to SCFHP	\$132,820,181
SCFHP Target Liability	
45 Days of Total Operating Expense	(120,210,934)
60 Days of Total Operating Expense	(160,281,245)
Liquidity Above/(Below) SCFHP Low Target	\$12,609,247
Liquidity Above/(Below) High Target	(\$27,461,064)
⁽¹⁾ Pass-Through from State of CA (excludes IHSS)	
Receivables Due to SCFHP	203,050,697
Payables Due to SCFHP	(9,038,963)
Net Receivables/(Payables)	\$194,011,734



Capital Expenditures

- Capital investments of \$1.1M were made in the month of July 2018, largely due to the renovation of the new building (in order to lower the long term occupancy costs).
- YTD capital expenditure includes the following:

Expenditure	YTD Actual	Annual Budget
Building & Improvements	\$971,145	\$7,874,631
Systems	\$80,000	\$1,125,000
Hardware	\$55,956	\$1,150,000
Software	\$0	\$702,000
Furniture & Fixtures	\$0	\$0
Vehicle	\$0	\$0
Leasehold Improvements	\$0	\$0
TOTAL	\$1,107,101	\$10,851,631

Note 1

Note 1: Includes FY18 budget rollover of \$6,628,131.



**Santa Clara Family
Health Plan™**

Financial Statements

Enrollment By Aid Category

		2017-08	2017-09	2017-10	2017-11	2017-12	2018-01	2018-02	2018-03	2018-04	2018-05	2018-06	2018-07
NON DUAL	Adult (over 19)	29,301	29,063	28,749	28,300	28,127	27,604	27,657	27,465	27,359	27,351	27,184	27,000
	Adult (under 19)	105,147	104,345	103,810	103,242	103,068	101,226	101,653	101,197	100,606	100,449	100,201	99,296
	Aged - Medi-Cal Only	10,693	10,722	10,801	10,778	10,781	10,892	10,906	10,906	10,924	10,891	10,979	10,916
	Disabled - Medi-Cal Only	10,903	10,888	10,880	10,875	10,843	10,807	10,825	10,786	10,801	10,750	10,765	10,748
	Adult Expansion	80,741	80,470	79,998	79,232	79,207	76,923	77,302	76,985	76,677	74,319	74,292	74,261
	BCCTP	17	17	17	16	16	15	15	15	15	15	13	13
	Long Term Care	373	375	396	411	396	385	370	353	358	370	390	442
	Total Non-Duals	237,175	235,880	234,651	232,854	232,438	227,852	228,728	227,707	226,740	224,145	223,824	222,676
DUAL	Adult (21 Over)	450	447	444	427	433	421	419	416	401	397	393	387
	Aged (21 Over)												
	Disabled (21 Over)	23,299	23,412	23,452	23,433	23,331	23,300	23,405	23,312	22,969	23,064	22,941	23,024
	Adult Expansion	784	793	789	717	709	474	433	470	451	421	451	455
	BCCTP	1	1				1	1	2	2	2	2	2
	Long Term Care	1,162	1,169	1,182	1,202	1,195	1,209	1,155	1,118	1,117	1,159	1,165	1,211
	Total Duals	25,696	25,822	25,867	25,779	25,668	25,405	25,413	25,318	24,940	25,043	24,952	25,079
	Total Medi-Cal	262,871	261,702	260,518	258,633	258,106	253,257	254,141	253,025	251,680	249,188	248,776	247,755
	Healthy Kids	2,618	2,243	2,288	2,321	2,447	3,209	3,250	3,415	3,454	3,220	3,196	3,278
CMC	CMC Non-Long Term Care	7,138	7,122	7,067	7,093	7,128	7,132	7,162	7,153	7,194	7,203	7,275	7,302
	CMC - Long Term Care	267	261	259	256	261	257	255	256	241	237	228	221
	Total CMC	7,405	7,383	7,326	7,349	7,389	7,389	7,417	7,409	7,435	7,440	7,503	7,523
	Total Enrollment	272,894	271,328	270,132	268,303	267,942	263,855	264,808	263,849	262,569	259,848	259,475	258,556

Income Statement

	For the Month of Jul 2018						For One Month Ending Jul 31, 2018					
	Actuals	% of Rev	Budget	% of Rev	Variance	% Var	Actuals	% of Rev	Budget	% of Rev	Variance	% Var
REVENUE												
MEDI-CAL	\$ 72,898,395	88.8%	\$ 71,821,859	88.3%	\$ 1,076,536	1.5%	\$ 72,898,395	88.8%	\$ 71,821,859	88.3%	\$ 1,076,536	1.5%
HEALTHY KIDS	342,824	0.4%	303,804	0.4%	39,021	12.8%	342,824	0.4%	303,804	0.4%	39,021	12.8%
MEDICARE	8,859,442	10.8%	9,175,820	11.3%	(316,377)	-3.4%	8,859,442	10.8%	9,175,820	11.3%	(316,377)	-3.4%
TOTAL REVENUE	\$ 82,100,662	100.0%	\$ 81,301,482	100.0%	\$ 799,179	1.0%	\$ 82,100,662	100.0%	\$ 81,301,482	100.0%	\$ 799,179	1.0%
MEDICAL EXPENSE												
MEDI-CAL	\$ 67,327,803	82.0%	\$ 67,177,333	82.6%	\$ (150,470)	-0.2%	\$ 67,327,803	82.0%	\$ 67,177,333	82.6%	\$ (150,470)	-0.2%
HEALTHY KIDS	230,349	0.3%	273,626	0.3%	43,276	15.8%	230,349	0.3%	273,626	0.3%	43,276	15.8%
MEDICARE	9,860,679	12.0%	8,830,905	10.9%	(1,029,775)	-11.7%	9,860,679	12.0%	8,830,905	10.9%	(1,029,775)	-11.7%
TOTAL MEDICAL EXPENSES	\$ 77,418,832	94.3%	\$ 76,281,864	93.8%	\$ (1,136,968)	-1.5%	\$ 77,418,832	94.3%	\$ 76,281,864	93.8%	\$ (1,136,968)	-1.5%
MEDICAL OPERATING MARGIN	\$ 4,681,830	5.7%	\$ 5,019,619	6.2%	\$ (337,788)	-6.7%	\$ 4,681,830	5.7%	\$ 5,019,619	6.2%	\$ (337,788)	-6.7%
ADMINISTRATIVE EXPENSE												
SALARIES AND BENEFITS	\$ 2,292,585	2.8%	\$ 2,580,091	3.2%	\$ 287,505	11.1%	\$ 2,292,585	2.8%	\$ 2,580,091	3.2%	\$ 287,505	11.1%
RENTS AND UTILITIES	117,182	0.1%	142,991	0.2%	25,809	18.0%	117,182	0.1%	142,991	0.2%	25,809	18.0%
PRINTING AND ADVERTISING	154,425	0.2%	59,150	0.1%	(95,275)	-161.1%	154,425	0.2%	59,150	0.1%	(95,275)	-161.1%
INFORMATION SYSTEMS	219,920	0.3%	226,473	0.3%	6,553	2.9%	219,920	0.3%	226,473	0.3%	6,553	2.9%
PROF FEES/CONSULTING/TEMP STAFFING	939,349	1.1%	1,000,173	1.2%	60,824	6.1%	939,349	1.1%	1,000,173	1.2%	60,824	6.1%
DEPRECIATION/INSURANCE/EQUIPMENT	342,275	0.4%	474,066	0.6%	131,792	27.8%	342,275	0.4%	474,066	0.6%	131,792	27.8%
OFFICE SUPPLIES/POSTAGE/TELEPHONE	109,740	0.1%	99,136	0.1%	(10,604)	-10.7%	109,740	0.1%	99,136	0.1%	(10,604)	-10.7%
MEETINGS/TRAVEL/DUES	77,599	0.1%	100,369	0.1%	22,771	22.7%	77,599	0.1%	100,369	0.1%	22,771	22.7%
OTHER	15,429	0.0%	87,387	0.1%	71,959	82.3%	15,429	0.0%	87,387	0.1%	71,959	82.3%
TOTAL ADMINISTRATIVE EXPENSES	\$ 4,268,504	5.2%	\$ 4,769,837	5.9%	\$ 501,334	10.5%	\$ 4,268,504	5.2%	\$ 4,769,837	5.9%	\$ 501,334	10.5%
OPERATING SURPLUS (LOSS)	\$ 413,326	0.5%	\$ 249,781	0.3%	\$ 163,545	65.5%	\$ 413,326	0.5%	\$ 249,781	0.3%	\$ 163,545	65.5%
OTHER INCOME/EXPENSE												
GASB 45 - POST EMPLOYMENT BENEFITS EXPENSE	(59,780)	-0.1%	(59,780)	-0.1%	0	0.0%	(59,780)	-0.1%	(59,780)	-0.1%	0	0.0%
GASB 68 - UNFUNDED PENSION LIABILITY	(75,000)	-0.1%	(75,000)	-0.1%	-	0.0%	(75,000)	-0.1%	(75,000)	-0.1%	-	0.0%
INTEREST & OTHER INCOME	218,382	0.3%	47,605	0.1%	170,777	358.7%	218,382	0.3%	47,605	0.1%	170,777	358.7%
OTHER INCOME/EXPENSE	83,602	0.1%	(87,175)	-0.1%	170,777	-195.9%	83,602	0.1%	(87,175)	-0.1%	170,777	-195.9%
NET SURPLUS (LOSS)	\$ 496,929	0.6%	\$ 162,606	0.2%	\$ 334,322	205.6%	\$ 496,929	0.6%	\$ 162,606	0.2%	\$ 334,322	205.6%

Balance Sheet

Assets & Deferred Outflows:

Current Assets

Cash and Marketable Securities	\$138,960,658	\$224,156,209	\$256,044,077	\$430,143,232
Receivables	576,211,580	493,307,425	480,311,521	480,638,665
Prepaid Expenses and Other Current Assets	7,913,589	7,024,982	7,654,827	7,993,464
Total Current Assets	723,085,826	724,488,615	744,010,425	918,775,361

Fixed Assets

Property and Equipment	39,686,231	38,579,130	34,170,890	32,527,805
Less: Accumulated Depreciation	(14,609,331)	(14,309,761)	(14,013,419)	(13,716,660)
Total Fixed Assets	25,076,900	24,269,369	20,157,471	18,811,145

Total Assets

Deferred Outflow of Resources

Total Assets & Deferred Outflows

Liabilities, Deferred Inflows and Net Assets:

Liabilities

Trade Payables	\$4,472,838	\$8,351,090	\$5,046,194	\$4,335,052
Deferred Rent	8,506	17,011	23,310	29,609
Employee Benefits	1,583,454	1,473,524	1,538,777	1,576,739
Retirement Obligation per GASB 45	4,374,902	4,315,122	5,475,935	5,416,156
Net Pension Liability GASB 68	7,832,370	7,757,370	7,682,370	7,607,370
Advance Premium - Healthy Kids	61,095	66,195	66,668	66,514
Deferred Revenue	0	9,928,268	0	0
Whole Person Care/Prop 56	6,140,476	9,263,004	8,678,072	8,095,462
Payable to Hospitals (SB90)	0	0	297,011	27,690,706
Payable to Hospitals (SB208)	0	0	0	34,171,310
Payable to Hospitals (AB 85)	0	0	12,967,955	98,254,990
Due to Santa Clara County Valley Health Plan and Kaiser	8,523,372	6,343,750	4,630,360	32,762,318
MCO Tax Payable - State Board of Equalization	9,038,963	0	14,483,915	7,241,386
Due to DHCS	26,453,103	24,429,978	48,612,592	56,838,036
Liability for In Home Support Services (IHSS)	396,372,624	396,372,624	390,509,778	390,509,778
Premium Deficiency Reserve (PDR)	8,294,025	8,294,025	8,294,025	8,294,025
Medical Cost Reserves	94,834,552	92,470,504	93,643,327	92,527,523

Total Liabilities

Deferred Inflow of Resources

Total Liabilities & Deferred Inflows

Net Assets

Invested in Capital Assets	25,076,900	24,269,369	20,157,471	18,811,145
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Unrestricted Net Equity	168,212,949	133,805,841	137,917,739	139,264,065
Current YTD Income (Loss)	496,929	35,214,639	17,756,729	17,708,653

Total Net Assets / Reserves

Total Liabilities, Deferred Inflows and Net Assets

	July 2018	June 2018	May 2018	April 2018
Total Assets	748,162,727	748,757,984	764,167,896	937,586,506
Deferred Outflow of Resources	14,405,010	14,405,010	14,405,010	14,405,010
Total Assets & Deferred Outflows	\$762,567,737	\$763,162,994	\$778,572,906	\$951,991,516
Total Liabilities	567,990,280	569,082,466	601,950,288	775,416,974
Deferred Inflow of Resources	485,329	485,329	485,329	485,329
Total Liabilities & Deferred Inflows	568,475,609	569,567,795	602,435,617	775,902,303
Net Assets	194,092,127	193,595,199	176,137,289	176,089,213
Total Liabilities, Deferred Inflows and Net Assets	\$762,567,737	\$763,162,994	\$778,572,906	\$951,991,516

Cash Flow

Cash Flows from Operating Activities	
Premiums Received	10,258,595
Medical Expenses Paid	(73,419,161)
Administrative Expenses Paid	(21,146,265)
Net Cash from Operating Activities	<u>(\$84,306,832)</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(1,107,101)
Cash Flows from Investing Activities	
Interest Income and Other Income (Net)	218,382
Net Increase/(Decrease) in Cash & Cash Equivalents	(85,195,551)
Cash & Cash Equivalents (Jun 2018)	224,156,209
Cash & Cash Equivalents (Jul 18)	138,960,658
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating Income/(Loss)	496,929
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities	
Depreciation	299,570
Changes in Operating Assets/Liabilities	
Premiums Receivable	(82,904,155)
Other Receivable	(218,382)
Due from Santa Clara Family Health Foundation	-
Prepays & Other Assets	(888,607)
Deferred Outflow of Resources	-
Accounts Payable & Accrued Liabilities	(16,772,944)
State Payable	11,062,088
Santa Clara Valley Health Plan & Kaiser Payable	1,635,622
Net Pension Liability	75,000
Medical Cost Reserves & PDR	2,364,048
Deferred Inflow of Resources	544,000
Total Adjustments	<u>(\$85,103,330)</u>
Net Cash from Operating Activities	<u>(\$84,306,832)</u>

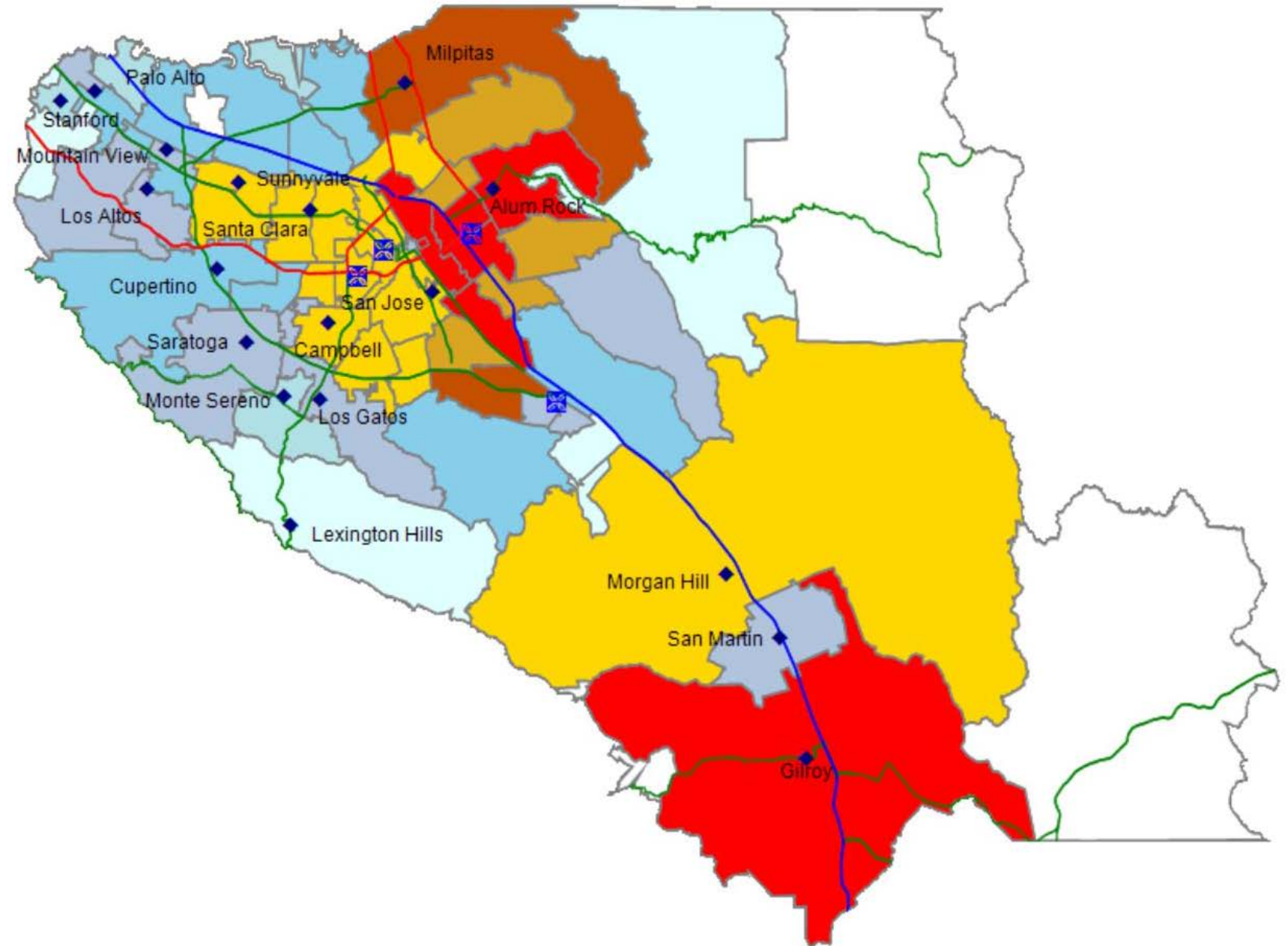
Statement of Operations

Santa Clara County Health Authority Statement of Operations By Line of Business (Including Allocated Expenses) For One Month Ending July 31 2018				
	Medi-Cal	CMC	Healthy Kids	Grand Total
P&L (ALLOCATED BASIS)				
REVENUE	70,695,473	11,062,364	342,824	82,100,662
MEDICAL EXPENSE (MLR)	65,103,550 92.1%	12,084,933 109.2%	230,349 67.2%	77,418,832 94.3%
GROSS MARGIN	5,591,924	(1,022,568)	112,475	4,681,830
ADMINISTRATIVE EXPENSE (% of Revenue Allocation)	3,675,535	575,145	17,824	4,268,504
OPERATING INCOME/(LOSS) (% of Revenue Allocation)	1,916,388	(1,597,713)	94,651	413,326
OTHER INCOME/(EXPENSE) (% of Revenue Allocation)	71,988	11,265	349	83,602
SURPLUS/(LOSS)	1,988,376	(1,586,448)	95,000	496,929
PMPM (ALLOCATED BASIS)				
REVENUE	\$285.34	\$1,470.47	\$104.58	\$317.54
MEDICAL EXPENSES	262.77	1,606.40	70.27	299.43
GROSS MARGIN	22.57	(135.93)	34.31	18.11
ADMINISTRATIVE EXPENSES	14.84	76.45	5.44	16.51
OPERATING INCOME/(LOSS)	7.74	(212.38)	28.87	1.60
OTHER INCOME/(EXPENSE)	0.29	1.50	0.11	0.32
SURPLUS/(LOSS)	8.03	(210.88)	28.98	1.92
ALLOCATION BASIS:				
MEMBER MONTHS - YTD	247,755	7,523	3,278	258,556
Revenue by LOB	86.1%	13.5%	0.4%	100.0%
<i>Note: CMC includes Medi-Cal portion of the Coordinated Care Initiative (CCI) data.</i>				

Satellite Office

Community Resource Center to provide services closer to where SCFHP members live

- Planning underway
 - Requirements drafted
 - Geographic areas identified and visited
 - Real estate broker engaged
- Working with community partners (including Community Health Partnership, The Health Trust, VHP)
- Potential services
 - Enrollment and eligibility assistance
 - Customer service
 - Healthy Kids premium drop-off
 - Place for community meetings (members, providers, stakeholders)
 - New member orientations
 - Case management
 - Health education resources and programs
- Recommended Governing Board Action: Delegate to the Executive/Finance Committee the authority to approve a budget and contracts for establishment of a Community Resource Center





Santa Clara County Health Authority Provider Advisory Council

Charter

Purpose

Pursuant to the Bylaws, the Governing Board shall establish a Provider Advisory Council whose members can provide expertise to the Santa Clara Family Health Plan (SCFHP) relative to their respective specialties. The Provider Advisory Council shall act as an advisory committee to assist SCFHP in creating and maintaining a high quality/effective system of care in accordance with the six C's of care -- Community, Collaboration, Coordination, Communication, Caring, and Compassion.

The Council's mission is to discuss regional or national issues regarding the relationships and interactions between providers, their patients and SCFHP. These issues include improving health care and clinical quality, improving communications, relations, and cooperation between providers and SCFHP, and clinical or regulatory matters that affect interactions between providers and SCFHP.

Members

The Provider Advisory Council shall have a sufficient number of members to provide necessary expertise and work effectively as a group. The Provider Advisory Council shall include contracted providers from a range of specialties as well as other representatives from the community including but not limited to representatives from contracted hospitals, Medical Directors from contracted IPAs, non-physician representatives who possess knowledge regarding the initiatives and issues facing the patient and provider community, and representation from the behavioral health community.

All Provider Advisory Council (PAC) members, including the Chairperson, shall be appointed by SCFHP's Chief Executive Officer (CEO). The CEO may also appoint physicians enrolled in an accredited Residency program as non-voting members.

All PAC members, including the Chair, serve two-year terms which may be renewed at the discretion of the CEO, provided that the member is in compliance with the requirements set forth in this charter.

Provider Advisory Council members shall annually sign a Confidentiality Agreement. Failure to sign the agreement or abide by the terms of the agreement shall result in removal from the Committee.

Meetings

Regular meetings of the Provider Advisory Council shall be scheduled quarterly. Additional special meetings, or meeting cancellations, may occur as circumstances dictate. Special meetings may be held at any time and place as may be designated by the Chair, the Chief Executive Officer, or a majority of the members of the Committee.

Committee members must attend at least two meetings per year. Attendance may be in person or via teleconferencing. Teleconferencing shall be conducted pursuant to California Government Code section 54953(d). The presence of a majority of the Committee members shall constitute a quorum for the transaction of business.

The Committee may invite other individuals, such as members of management, auditors, or other technical experts to attend meetings and provide pertinent information relating to an agenda item, as necessary.

Meetings of the Provider Advisory Council shall be open and public pursuant to the Ralph M. Brown Act (Gov. Code § 54950 et seq.)

The Director of Provider Network Management is responsible for notifying members of the dates and times of meetings and preparing a record of the Council's meetings.

Responsibilities

The following responsibilities shall serve as a guide, with the understanding that the Committee may carry out additional functions as may be appropriate in light of changing business, regulatory, legal, or other conditions. The Committee shall also carry out any other responsibilities delegated to it by the Board from time to time.

- Address clinical and administrative topics that affect interactions between physicians/providers and SCFHP.
- Discuss regional, state, and national issues related to enhancing patient care.
- Provide input on health care services of SCFHP.
- Provide input on the coordination of services between networks of SCFHP.
- Improve communications, relations, and cooperation between physicians/providers and SCFHP.
- Provide expertise to SCFHP relative to a Committee member's area of practice.

Santa Clara County Health Authority
Updates to Pay Schedule
September 27, 2018

Job Title	Pay Rate	Minimum	Midpoint	Maximum
Health Home Program Manager	Annually	86,407	110,169	133,930
Home and Community-Based Services Program Manager	Annually	76,639	95,799	114,959
Manager, Behavioral Health	Annually	86,407	110,169	133,930
Manager, IT Compliance and Regulatory Systems	Annually	101,528	129,448	157,368
Quality Improvement Registered Nurse	Annually	86,407	110,169	133,930
Supervisor, Marketing Production	Annually	86,407	110,169	133,930



February						
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March						
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2019

Governing Board 2:30pm – 5:00pm
March 28
June 27
September 26
December 12
Executive/Finance 11:30am – 1:00pm
January 24
February 28
April 25
May 23
July 25
August 22
October 24
November 21