Santa Clara Family Health Plan
The Spirit of Care

www.scfhp.com

Regular Meeting of the
Santa Clara County Health Authority
Governing Board

Thursday, December 14, 2017
2:40 PM – 5:00 PM
Board Room
210 E. Hacienda Avenue
Campbell, CA 95008

Via Teleconference
Residence
1985 Cowper Street
Palo Alto, CA 94301

Agenda

1.	**Roll Call**	Mr. Brownstein	2:40	5 min
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 public comment period to 30 minutes. **Announcement Prior to Recessing into Closed Session** Announcement that the Governing Board will recess into closed session to discuss Item No. 3(a) below.	Mr. Brownstein	2:45	5 min
3.	**Adjourn to Closed Session**		2:50	
	a. **Conference with Labor Negotiators** (Government Code Section 54957.6): It is the intention of the SCCHA Governing Board to meet in Closed Session to confer with management representatives regarding negotiations with SEIU Local 521. • Santa Clara County Health Authority Designated Representatives: Christine Tomcala, Dave Cameron, and Sharon Valdez • Employee organization: SEIU Local 521			
4.	**Report from Closed Session**	Mr. Brownstein	3:00	5 min

5. Approve Consent Calendar and Changes to the Agenda — Mr. Brownstein — 3:05 — 5 min

Items removed from the Consent Calendar will be considered as regular agenda items.

Possible Action: Approve Consent Calendar

a. Approve minutes of the September 28, 2017 **Regular Board** Meeting

b. Accept minutes of the December 8, 2017 **Bylaws Committee** Meeting

c. Accept minutes of the October 27, 2017 **Executive/Finance Committee** Meeting
- Ratify approval of the FY 2016-17 External Audit Report
- Ratify approval of the August 2017 Financial Statements

d. Accept minutes of the November 16, 2017 **Executive/Finance Committee** Meeting
- Ratify approval of the September 2017 Financial Statements

e. Accept minutes of the November 16, 2017 **Compliance Committee** Meeting
- Ratify approval of the Compliance Committee Charter
- Ratify approval of the Quarterly and Operational Compliance Reports

f. Accept minutes of the November 8, 2017 **Quality Improvement Committee** Meeting
- Ratify acceptance of Committee Reports:
  - Credentialing Committee – August 2, 2017
  - Pharmacy & Therapeutics Committee – June 15, 2017
  - Utilization Management Committee – July 19, 2017

g. Accept minutes of the December 12, 2017 **Consumer Advisory Committee** Meeting

6. Resignation of Board Member — Mr. Brownstein — 3:10 — 5 min

Recognize the contributions of Dr. Wally Wenner to Santa Clara Family Health Plan and its members.

Possible Action: Accept the resignation of Wally Wenner, M.D., from the Governing Board

7. Executive/Finance Committee Appointment — Mr. Brownstein — 3:15 — 5 min

Nominate a Board member to replace Dr. Wenner on the Executive/Finance Committee.

Possible Action: Appoint a member of the Governing Board to the open position on the Executive/Finance Committee

8. CEO Update — Ms. Tomcala — 3:20 — 5 min

Discuss status of current topics and initiatives.

Possible Action: Accept CEO Update

9.	**Annual Report to the County Board of Supervisors** Review draft report regarding the activities of the Santa Clara County Health Authority. **Possible Action:** Approve the Annual Report to be submitted to the County Board of Supervisors	Ms. Tomcala	3:25	5 min
10.	**Joint Strategic Planning Committee Update** Provide summary of Joint Strategic Planning Committee Discussions.	Mr. Brownstein	3:30	5 min
11.	**Amendments to the Bylaws** Review and discuss amendments to the Bylaws recommended by the Bylaws Committee. **Possible Action:** Approve amendments to the Bylaws	Ms. Larmer	3:35	5 min
12.	**Compliance Report** Review and discuss quarterly compliance activities and notifications. **Possible Action:** Accept Compliance Report	Ms. Larmer	3:40	10 min
13.	**Conflict of Interest Code** Consider revisions to the Conflict of Interest Code. **Possible Action:** Adopt Resolution approving the revised Conflict of interest Code	Ms. Larmer	3:50	5 min
14.	**October 2017 Financial Statements** Review recent organizational financial performance. **Possible Action:** Approve October 2017 Financial Statements	Mr. Cameron	3:55	10 min
15.	**Fund Pension Liability** Review CalPERS 6/30/2017 pension liability. **Possible Action:** Approve resolution to partially fund outstanding pension liability	Mr. Cameron	4:05	5 min
16.	**Fund Retiree Healthcare Liability** Review CalPERS 6/30/2017 retiree health care liability. **Possible Action:** Approve resolution to fund outstanding retiree health care liability over three years	Mr. Cameron	4:10	5 min
17.	**Board Discretionary Fund** Discuss potential establishment of a discretionary Board fund for improving the community safety net. **Possible Action:** Appoint a temporary ad hoc committee of the Board to consider establishment of a Board discretionary fund for improving the community safety net	Ms. Tomcala	4:15	5 min
18.	**New Building Update** Discuss status of building out the new office.	Ms. Tomcala/ Mr. Cameron	4:20	5 min

19. Network Detection and Prevention Report Review report on firewall intrusion, detection, and prevention efforts.	Mr. Tamayo	4:25	5 min
20. Publicly Available Salary Schedule Ranges Consider changes to the Publicly Available Salary Schedule. **Possible Action:** Approve Publicly Available Salary Schedule	Ms. Valdez	4:30	5 min
<u>Announcement Prior to Recessing into Closed Session</u> Announcement that the Governing Board will recess into closed session to discuss Item No. 20(a) below.			
21. Adjourn to Closed Session		4:35	
a. <u>Public Employee Performance Evaluation</u> (Government Code Section 54957(b)): It is the intention of the Governing Board to meet in Closed Session to consider the performance evaluation of the Chief Executive Officer.			
22. Report from Closed Session	Mr. Brownstein	4:50	5 min
23. Annual CEO Evaluation Process Consider potential annual salary adjustment and incentive bonus for the Chief Executive Officer. **Possible Action:** Approve an annual salary increase and incentive bonus for the CEO	Ms. Brownstein	4:55	5 min
24. Adjournment	Mr. Brownstein	5:00	

<u>Notice to the Public—Meeting Procedures</u>

Persons wishing to address the Governing Board 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 Governing Board 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 210 E. Hacienda Avenue, Campbell.

This agenda and meeting documents are available at www.scfhp.com.

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Regular Meeting of the
Santa Clara County Health Authority
Governing Board

Thursday, September 28, 2017
Board Room
210 E. Hacienda Avenue
Campbell, CA 95008

Minutes – Draft

Board Members Present:
Bob Brownstein, Chair
Michele Lew, Vice Chair
Dolores Alvarado
Brian Darrow
Christopher Dawes *(via telephone)*
Darrell Evora
Paul Murphy
Brenda Taussig
Waldermar Wenner, M.D.
Linda Williams

Board Members Absent:
Jolene Smith
Liz Kniss
Kathleen King

Staff Present:
Christine Tomcala, Chief Executive Officer
Dave Cameron, Chief Financial Officer
Robin Larmer, Chief Compliance & Regulatory Affairs Officer
Jeff Robertson, Chief Medical Officer
Jonathan Tamayo, Chief Information Officer
Sharon Valdez, VP Human Resources
Neal Jarecki, Controller
Beth Paige, Compliance Officer
Laura Watkins, Director, Marketing, Outreach & Enrollment
Lisa Fitzpatrick, Marketing Project Manager
Rita Zambrano, Executive Assistant

Others Present:
Janet Cory Sommer, Burke, Williams & Sorenson LLP
Richard Noack, Hopkins & Carley
Ned Gennaoui, Department of Managed Health Care
Peter Goll, Physicians Medical Group

1. **Roll Call**

   Bob Brownstein, Chair, called the meeting to order at 2:30 pm. Roll call was taken and a quorum was established.

2. **Public Comment**

   There were no public comments.

3. **Adjourn to Closed Session**

a. Anticipated Litigation

The SCCHA Governing Board met in Closed Session to confer with Legal Counsel regarding significant exposure to litigation in one or more potential cases.

Linda Williams arrived.

b. Conference with Labor Negotiators

The Committee met in Closed Session to confer with its Designated Representatives regarding negotiations with SEIU Local 521.

4. Report from Closed Session

Mr. Brownstein reported the Board met in Closed Session and discussed anticipated litigation with its counsel, and heard a report from the labor negotiators.

5. Tentative Agreement with SEIU Local 521

It was moved, seconded and the Tentative Agreement with SEIU Local 521 was **unanimously approved** as presented**.**

Brian Darrow arrived.

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 June 22, 2017 **Regular Board** Meeting

b. Accept minutes of the July 27, 2017 **Executive/Finance Committee** Meeting
- Ratify approval of the settlement agreement with Kathleen King
- Ratify approval of the May 2017 Financial Statements

c. Accept minutes of the August 24, 2017 **Executive/Finance Committee** Meeting
- Ratify approval of the Interim June 2017 Financial Statements
- Ratify approval of the Internal Control Report and Recommendations

d. Accept minutes of the August 24, 2017 **Compliance Committee** Meeting
- Ratify approval of the Compliance Committee Charter
- Ratify approval of the Quarterly and Operational Compliance Reports

e. Accept minutes of the August 9, 2017 **Quality Improvement Committee** Meeting
- Ratify approval of eight (8) Quality Improvement policies
  - QI.13 Comprehensive Case Management
  - QI.14 Disease Management
  - QI.15 Transitions of Care
  - QI.16 MLTSS Care Coordination
  - QI.17 BH Care Coordination
  - QI.18 Sensitive Services, Confidentiality, Rights of Adults and Minors
  - QI.19 Care Coordination Staff Training

- QI.20 Information Sharing with SARC
- Ratify acceptance of Committee Reports
  - Credentialing Committee – June 7, 2017
  - Pharmacy & Therapeutics Committee – March 16, 2017
  - Utilization Management Committee – April 19, 2017

f. Accept minutes of the September 12, 2017 **Consumer Advisory Committee** Meeting

It was moved, seconded, and the consent calendar was **unanimously approved.**

7. Request the Bylaws Committee

Mr. Brownstein officially requested that the Bylaws Committee Chair, Brian Darrow, convene the Bylaws Committee to consider a proposed revision to the Bylaws that would authorize the Executive/Finance Committee to take action in urgent situations, not just emergent circumstances as currently stated.

8. CEO Update

Christine Tomcala, Chief Executive Officer, presented an overview of the QNXT claims system implementation, which went live in July. In general, the implementation has gone well. Dave Cameron, Chief Financial Officer, noted certain issues, including a temporarily-elevated claims inventory. Jonathan Tamayo, Chief Information Officer, noted that five other CA local health plans currently use QNXT and SCFHP is leveraging the knowledge of both the QNXT vendor and those health plans to help resolve any outstanding issues. Chris Turner, Chief Operating Officer, clarified that the QNXT issues noted generally do not affect members, and the Call Center has addressed any provider-related issues. Ms. Tomcala will continue to provide updates to the Board and Executive/Finance Committee.

Ms. Tomcala announced that the plan was awarded NCQA Interim Accreditation for its Cal Medi-Connect (CMC) line of business in August. The next step in the process is first accreditation, and this should take place within the next 18 months.

Lastly, Ms. Tomcala discussed the impact of HEDIS data on enrollment. The State auto-assigns new Medi-Cal beneficiaries who do not select a plan to either SCFHP or Anthem, based performance on select HEDIS measures. This year SCFHP is receiving 46% of auto enrollees. The Plan estimates 2018 auto-enrollment rates will increase to 64% or higher based on HEDIS data.

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

9. Compliance Report

Robin Larmer, Chief Compliance and Regulatory Affairs Officer, presented the September Compliance Report noting both routine business and structural changes.

DHCS presented its preliminary findings for the audit period from April 12, 2016 through March 31, 2017 in an Exit Conference on September 7, 2017, and in its report, issued findings on 14 elements and made 26 recommendations for correction. Most of the items had been resolved. SCFHP submitted a rebuttal on five findings/recommendations on September 22, 2017. The final report is expected in four weeks with a Corrective Action Plan (CAP) due 30 days thereafter.

SCFHP received a Pre-Accusation Letter related to MY2015 Timely Access Compliance Report, proposing that SCFHP submit a CAP and pay a $10,000 fine in lieu of litigation. All but one plan (33 total) received such letters for failing to follow mandatory methodology and/or submitting inaccurate or erroneous data. The Plan submitted a CAP on September 21, 2017.

SCFHP received a Comments Letter directing the Plan to submit an amended AB 72 filing that includes attestations, concerning Healthy Kids only, that: (1) SCFHP will reimburse non-contracted providers at 125% of Medicare FFS; and (2) AB 72 applies to the Plan. The Plan responded by explaining why it is unable to provide the requested attestations, and that no member would be exposed to out of pocket cost under the Healthy Kids program, and invited further discussion with DHCS.

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

10. July 2017 Financial Statements

Mr. Cameron presented the July 2017 financial statements which reflected a net surplus of $2.6 million, for the first month of the fiscal year, a favorable budget variance of $1.3 million.

Enrollment decreased by nearly 4,000 members between June and July 2017. Enrollment subsequently increased by roughly 2,000 members through September. The causes are under investigation and may include members going "off the grid" due to recent changes in the political climate and/or member relocations due to the high cost of living locally. CMC enrollment has declined despite continuing outreach efforts.

Revenue and medical expense both were lower than budget due to reduced funding for AB85 and IHSS. Revenue and capitation expenses were also lower than budget due to reduced member months. Medical expenses were affected by lower Pharmacy and Inpatient expenses, but offset by higher Specialist and Out of Area expenses. Administrative expenses were slightly under budget ($300 thousand or 7%), with many open staff positions (some of which are filled by temporary staff or consultants).

Mr. Cameron noted that DHCS continues to recoup prior MCE overpayments of approximately $18 million per month, which commenced in June. He expects DHCS to recoup the full $180 million accrued within ten months, or by roughly April 2018.

Tangible Net Equity was approximately $140 million as of July 31, 2017, or 392% of the DMHC requirement. Mr. Cameron noted that the DHCS requirement will decrease once the IHSS component of CCI is removed January 1, 2018. As the DMHC minimum decreases, the Plan's percentage of that requirement will likely increase.

Capital expenses of $10 million have been incurred during July, largely representing the purchase of the 50 Great Oaks building. The FY18 Capital Budget includes total annual expenditures of $17.2 million.

It was moved, seconded and the July 2017 Financial Statements were **unanimously approved** as presented.

11. Allocate Remaining ACA 1202 Funds to Whole Person Care Program

Mr. Cameron presented background on the ACA 1202 "PCP Bump." He noted that ACA 1202 was a provision of the Affordable Care Act that provided additional funding to attesting physicians for the calendar years 2013-2014. SCFHP's Board voluntarily continued the program for calendar year 2015 to distribute residual funds. As of July 31, 2017, Mr. Cameron noted that approximately $2 million of ACA 1202 funds remain. He recommended using this residual to fund the Plan's investment in the Whole Person Care (WPC) pilot program. The Board previously approved an investment of $2 million at its March 26, 2017 meeting.

It was moved, seconded, and unanimously approved to move the residual ACA 1202 funds of $2.1m to the Whole Person Care Program.

12. New Building Update

Ms. Tomcala presented the Board with an update on the new building, noting that the Plan chose Kelly Simcox with Studio G Architects, Inc., and Jason Schlutt, with Compass Solutions, Inc., as the project manager. The next steps are to select a contractor and work with the architect to develop an amenities survey for staff. Ms. Tomcala asked the Board to delegate to the Executive/Finance Committee authority to approve a budget and contracts for the build-out of the new office building.

It was moved, seconded, and unanimously approved to delegate to Executive/Finance Committee the authority to approve a budget and contracts to build out the new office building, not to exceed $5 million dollars.

13. Satellite Office Development

Ms. Tomcala noted that the Board recommended that the Plan consider a satellite office in the area where the majority of its members reside. The Plan is exploring options, including a joint effort with Valley Health Plan. County representatives are very supportive of the idea. The Plan is in discussions with VHP regarding location options, possible services, and other related issues.

It was moved, seconded, and unanimously approved to accept the satellite office development update.

14. Fiscal Year 2016-2017 Team Incentive Compensation

Ms. Tomcala reminded the Board of the Fiscal Year 2016-17 Team Incentive Compensation program, noting that staff has earned a 2% bonus. Staff had the opportunity to earn a bonus based on compliance metrics, QNXT implementation, and NCQA accreditation. The Plan did not achieve the compliance metric, but did meet the QNXT go-live and NCQA interim accreditation. Ms. Tomcala asked the Board to consider recognizing the staff with a 2% payout.

It was moved, seconded, and the proposed Team Incentive Compensation payout was **unanimously approved.**

15. Fiscal Year 2016-2017 Donations and Sponsorships Annual Report

Ms. Tomcala presented the Board with the Donations and Sponsorships Annual Report.

It was moved, seconded and the FY 2017 Donations and Sponsorships Annual Report was **unanimously approved** as presented.

16. 20th Anniversary Update

Ms. Tomcala noted that in recognition of 20 years of service in the community, the Plan developed a 20th Anniversary Brochure that will be shared with partners/providers, community-based organizations, and elected officials.

Brenda Taussig, Board member, offered to share the brochure through social media.

Ms. Tomcala reported that the Plan is sponsoring the Veggielution shade structure for an outdoor classroom, noting that due to additional permitting requirements, the ribbon-cutting event has been postponed.

17. SCFHP Logo Refresh

Ms. Tomcala proposed that the Plan develop a new contemporary SCFHP logo in conjunction with the move to a new office. A request for proposal was sent to three design agencies, and Design in Mind was selected. Logo designs were shared.

It was moved, seconded, and unanimously approved for staff to select a new logo.

18. CalPERS Medical Benefit Resolution

Sharon Valdez, VP, Human Resources, asked the Board to consider the adoption of the resolution updating the method used to calculate the employer contribution for medical benefits. It was agreed in the MOU with SEIU local 521 to maintain this level of coverage in 2018.

> **It was moved, seconded and unanimously approved to** adopt the Resolution Fixing the Employer Contribution at an Equal Amount for Employees and Annuitants under the Public Employee' Medical and Hospital Care Act.

19. Publicly Available Salary Schedule Ranges

Sharon Valdez, VP Human Resources, 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** as presented.

20. Annual CEO Evaluation Process

Mr. Brownstein reported that the annual CEO review is due and would like to appoint an ad hoc sub-committee to conduct the annual evaluation. The committee will consist of five board members who will conduct the evaluation and bring it back to the full board for further discussion.

> **It was moved, seconded, and unanimously approved** to appoint Michele Lew, Chair, Linda Williams, Dolores Alvarado, Brenda Taussig, and Bob Brownstein to an temporary ad hoc sub-committee to conduct the annual evaluation of the CEO.

21. Network Detection and Prevention Report

Jonathan Tamayo, Chief Information Officer, reported on firewall intrusion, detection, and prevention efforts. The network intrusion reports showed unsuccessful attempts to access SCFHP's network.

22. 2018 Board Meeting Calendar

The proposed 2018 SCCHA Governing Board and Executive/Finance Committee Meeting Calendar was presented for consideration.

> **It was moved, seconded, and** the 2018 SCCHA Governing Board and Executive/Finance Committee meeting calendar was **unanimously approved** as presented.

23. Adjournment

The meeting was adjourned at 4:20 pm.

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Bob Brownstein, Chair of the Board

Santa Clara
Family Health Plan
The Spirit of Care

Santa Clara County Health Authority
Bylaws Committee
Special Meeting

Friday, December 8, 2017
4:00 pm - 5:00 pm
210 E. Hacienda Avenue (Creekside)
Campbell, CA 95008

Via Teleconference
Business
70 West Hedding Street
San Jose, CA 95110

Via Teleconference
Residence
1985 Cowper Street
Palo Alto, CA 94301

Members Present
Brian Darrow, Chair *(via telephone)*
Liz Kniss *(via telephone)*
Paul Murphy *(via telephone)*

Staff Present
Christine Tomcala, Chief Executive Officer
Robin Larmer, Chief Compliance & Regulatory Affairs Officer

Minutes - DRAFT

1. **Roll Call**

   Brian Darrow, Chair, Called the meeting to order at 4:03 pm. Roll call was taken and a quorum was established.

2. **Public Comment**

   There were no public comments.

3. **Meeting Minutes**

   The minutes of the March 21, 2017 Bylaws Committee Meeting were reviewed.

   It was moved, seconded, and the March 21, 2017 Bylaws meeting minutes were **unanimously approved** as presented.

Liz Kniss joined the meeting.

4. **Amendments to the Bylaws**

   Mr. Darrow initiated a discussion of proposed revisions to the Bylaws.

   Christine Tomcala, Chief Executive Officer, noted that under the terms of the current Bylaws, the Bylaws Committee is responsible for nominating officers. That arrangement may not be practicable because the Bylaws Committee is not regularly convened. Mr. Darrow, Mr. Murphy and Ms. Kniss agreed that the Bylaws should be revised to remove

from the Bylaws Committee the responsibility of nominating Officers.

The Committee discussed whether a Nominating Committee should be established, and agreed that the Board should convene a Nominating Committee on an ad hoc basis as needed, rather than establish a standing Nominating Committee.

Robin Larmer, Chief Compliance & Regulatory Officer, noted that the proposed revised Bylaws modified Section 5.2.2 to authorize the Executive/Finance Committee to act with the authority of the Board in the event of an urgent or emergent matter that the Executive/Finance Committee or Chief Executive Officer reasonably determines requires handling before a special meeting of the Board can be convened. The current Bylaws allow the Executive/Finance Committee to take such action only in the event of emergency.

Paul Murphy, Board Member, asked for clarification regarding the Executive/Finance Committee's obligations regarding reporting to the Board when such action is taken. Committee members agreed that specific notice to the Board of such action, as soon as practicable thereafter, was warranted.

A motion was made to recommend that the Board approve the Bylaws with the proposed revisions to: (1) remove from the Bylaws Committee the responsibility of nominating Officers; and (2) authorize the Executive/Finance Committee to act in urgent and emergent circumstances before the Board can be convened, when determined reasonably necessary by the Executive/Finance Committee or the Chief Executive Officer.

It was moved, seconded, and unanimously approved to recommend to the Governing Board approval of the proposed amendments to the Bylaws**.**

5. Adjournment

The meeting was adjourned at 4:03 pm

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Brian Darrow, Chair

Santa Clara
Family Health Plan
The Spirit of Care

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

Friday, October 27, 2017
11:30 AM - 1:00 PM
210 E. Hacienda Avenue
Campbell CA 95008

Member Present
Michele Lew, Chair
Liz Kniss
Linda Williams

Members Absent
Bob Brownstein
Wally Wenner, M.D.

Staff Present
Christine Tomcala, Chief Executive Officer
Dave Cameron, Chief Financial Officer
Robin Larmer, Chief Compliance & Regulatory Affairs Officer
Sharon Valdez, VP Human Resources
Neal Jarecki, Controller
Rita Zambrano, Executive Assistant

Others Present
Chris Pritchard, Moss Adams
Gordon Lam, Moss Adams
Dick Noack, Hopkins Carley LLC

Minutes - Draft

1. **Roll Call**

   Michele Lew, Chair, called the meeting to order at 11:35 am. Roll call was taken and a quorum was not established.

2. **Public Comment**

   There were no public comments.

3. **Fiscal Year 2016-17 External Independent Auditor's Report**

   Dave Cameron, CFO, introduced Chris Pritchard, Partner, and Gordon Lam, Manager, from the Plan's independent accountants, Moss Adams LLP. The auditors gave an overview of the Plan's audited financial statements for the fiscal year ended June 30, 2017. Mr. Pritchard indicated the financial statements once again had received an unmodified opinion. Mr. Pritchard and Mr. Lam reviewed their summary presentation of the Plan's financial statements and advised that: (1) management's accounting estimates are reasonable, (2) no audit adjustments to the financial statements were necessary, and (3) there were no disagreements with management.

Liz Kniss arrived and a quorum was established.

It was moved, seconded, and the FY2016-17 External Auditor Report was **unanimously approved** as presented.

4. Meeting Minutes

The minutes of the August 24, 2017 Executive/Finance Committee Meeting were reviewed.

It was moved, seconded, and the August 24, 2017 Executive/Finance Committee meeting minutes were **unanimously approved** as presented.

5. Adjourn to Closed Session

a. <u>Conference with Labor Negotiators</u>
The Executive/Finance Committee met in Closed Session to confer with Designated Representatives, Christine Tomcala, Dave Cameron, Sharon Valdez and Richard Noack regarding negotiations with SEIU Local 521.

6. Report from Closed Session

Ms. Lew reported that the Committee conferred with its labor negotiators and no action was taken.

7. August 2017 Financial Statements

Mr. Cameron presented the financial statements for the month and year-to-date ended August 31, 2017. The Plan recorded a net surplus of $2.8 million for the month and a net surplus of $5.4 million for the two months ended August 31, 2017 ($4.4 million favorable to the year-to-date budget of $1.1 million). Enrollment continues to decline. Year-to-date member months are 1.1% unfavorable to budget and 2.2% lower than August 2016, yielding related and largely offsetting variances in revenue (unfavorable) and capitation expense (favorable). Much of the decline in enrollment is in the Medi-Cal MCE category of aid while enrollment in Medi-Cal Dual is growing. Administrative expenses are lower than budget. The balance sheet continues to reflect significant receivables from and payables to DHCS. Capital investments consist largely of the new building purchase. Tangible Net Equity of $164 million is 459% of the DMHC required minimum of $35.7 million.

It was moved, seconded, and the August 2017 Financial Statements were **unanimously approved** as presented.

8. Fund Pension Liability

Upon brief discussion, Pension Liability funding was deferred to the November Executive/Finance Committee meeting.

9. Fund Retiree Healthcare Liability

Upon brief discussion, Retiree Healthcare Liability funding was deferred to the November Executive/Finance Committee meeting.

10. CEO Update

Christine Tomcala invited Mr. Cameron to provide an update on misdirected claims. Mr. Cameron reminded the Committee that in its routine financial audit report of November 2016, the DMHC found that the Plan had not rerouted at least 95% of misdirected claims within ten working days. The Plan self-proposed a Corrective Action Plan (CAP) to address this issue and achieved 98% compliance through June 2017. During the quarter ended September 2017, the Plan's focus shifted to the QNXT claims system implementation. As a result, misdirected claims compliance fell to 61% during the quarter. In early October, the Plan launched a series of measures aimed at restoring misdirected claims compliance as quickly as possible, and the Plan expects to regain compliance by the end of December 2017. The Plan has voluntarily extended its CAP timetable from December 2017 to March 2018.

Mr. Cameron further reported on Provider Dispute Resolutions (PDRs). Mr. Cameron reminded the Committee that the backlog of PDRs identified through internal reviews last year were all processed, and the Plan achieved compliance in April. There may be a dip in September but the Plan remains compliant. The claims backlog has increased by 20%, however, there is a work plan in place to have it current by the end of December. Staff will continue to provide status reports.

Ms. Tomcala reported that DMHC imposed a $10,000 penalty for timely access standard violations identified for Measure Year 2015. The violations related to reporting and not to member access to care. All violations have been corrected; however, Ms. Tomcala noted that the Plan may receive another letter because this area was reexamined before the Plan received feedback identifying the violations from DMHC.

Ms. Tomcala further reported that the Plan received favorable feedback from the September 19th CMC site visit. Progress on the Core 2.1 Reporting Performance Improvement Plan continues, along with related work to enhance data and reporting integrity. Ms. Tomcala advised the Committee that the Plan was in the process of bringing all HRA functions in-house.

Ms. Tomcala updated the Committee on the new building, noting that the employee survey of desired amenities has been completed. She also noted a next step is to work collectively with the designer and construction manager on selecting a contractor.

Ms. Tomcala noted that the Plan is looking at potentially having a satellite office closer to where the majority of the Plan's members reside. She indicated that she approached Valley Health Plan (VHP) to assess interest in jointly developing a satellite office.

Bruce Butler, VHP CEO, met with the Santa Clara Housing Authority and discussed space downtown adjacent to Valley Medical center's property. However, buildout would be a multi-year endeavor. Staff will continue to look at other potential locations.

Ms. Tomcala gave a brief update on the status of the Joint Strategic Planning efforts, noting that the next meeting is scheduled for November 17, 2017. She also reminded the Committee that this is an ad-hoc temporary committee that needs to complete its work by mid-December.

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

11. Adjournment

The meeting was adjourned at 1:00 pm.

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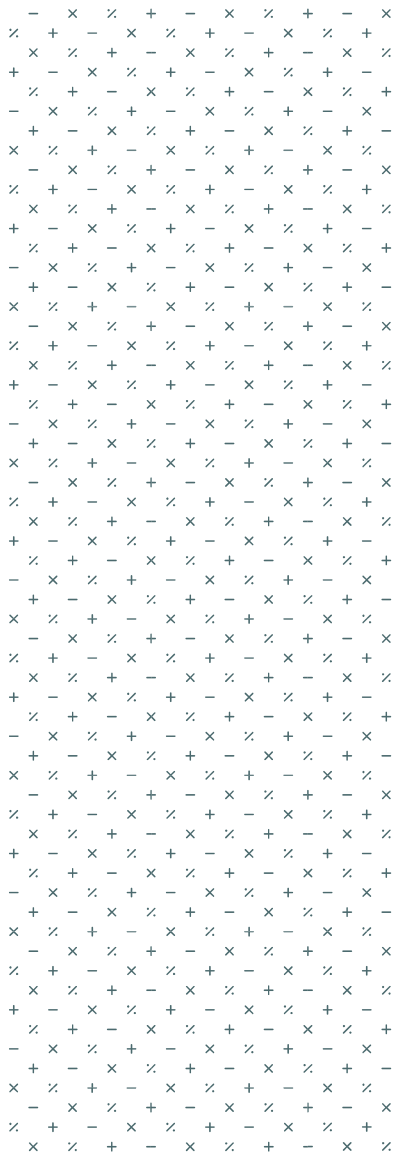
Michele Lew, Chair

MOSSADAMS

2017 Audit Results:

Santa Clara County Health Authority
(dba Santa Clara Family Health Plan)
and Santa Clara Community Health Authority



Report of Independent Auditors

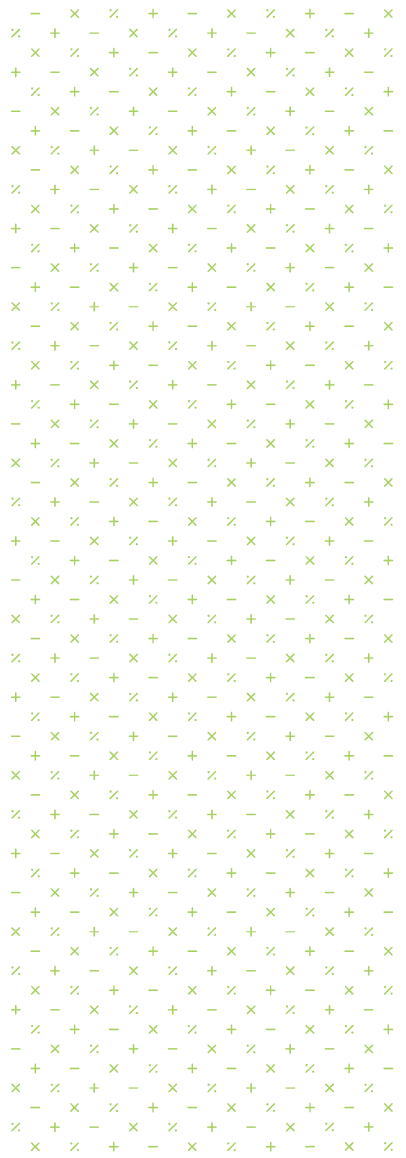
Unmodified Opinion

Combined financial statements are fairly presented in accordance with generally accepted accounting principles.

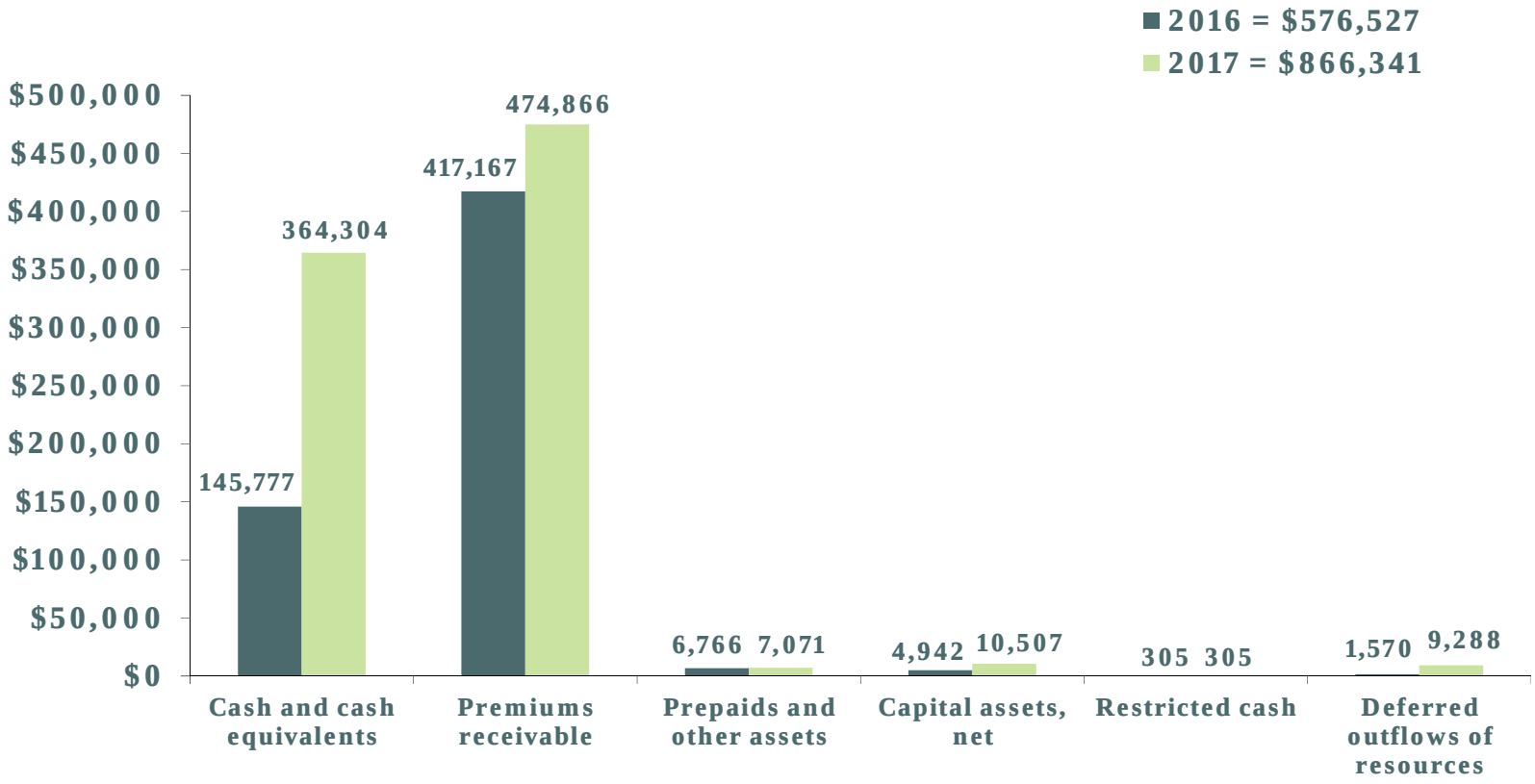
MOSSADAMS

Combined Statements of Net Position

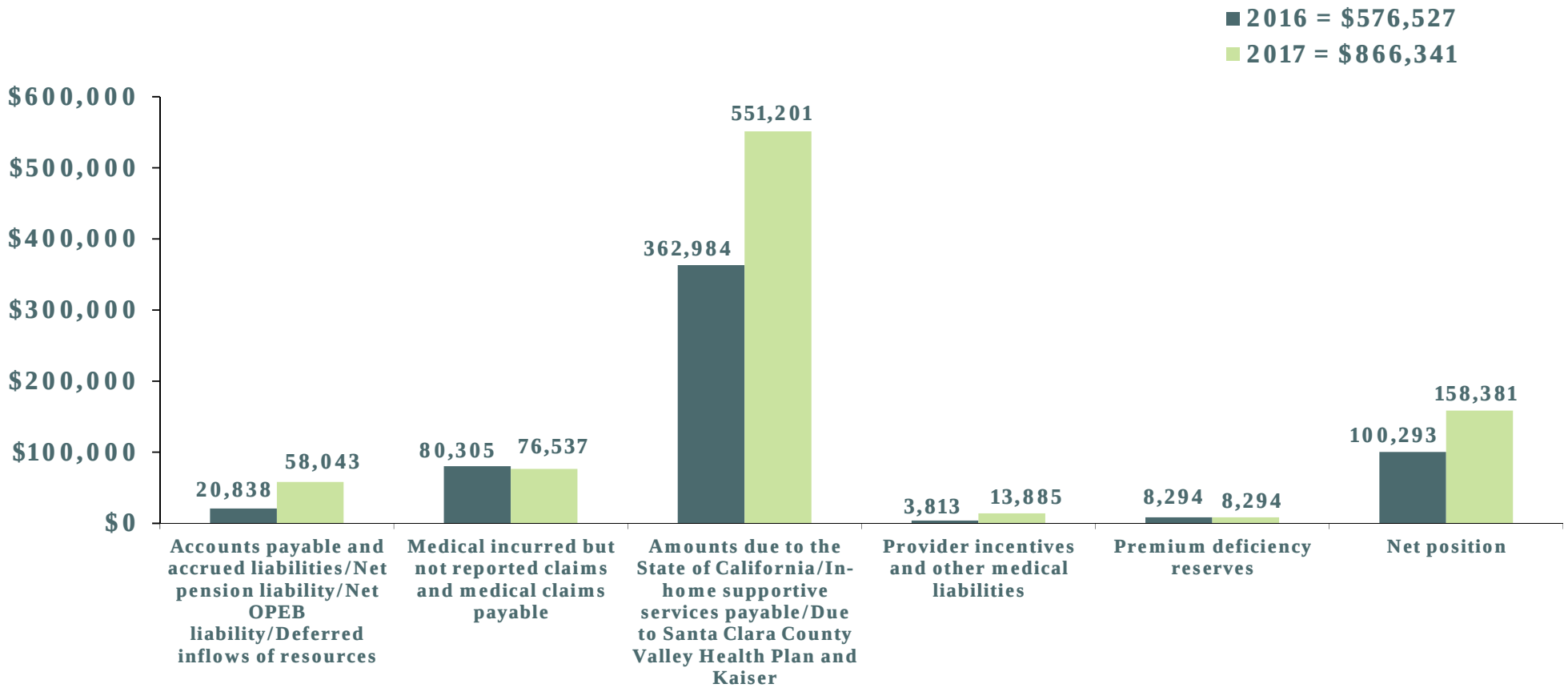
Better Together: Moss Adams & Santa Clara Family Health Plan



Asset Composition (in Thousands)



Liabilities and Net Position Balance (in Thousands)



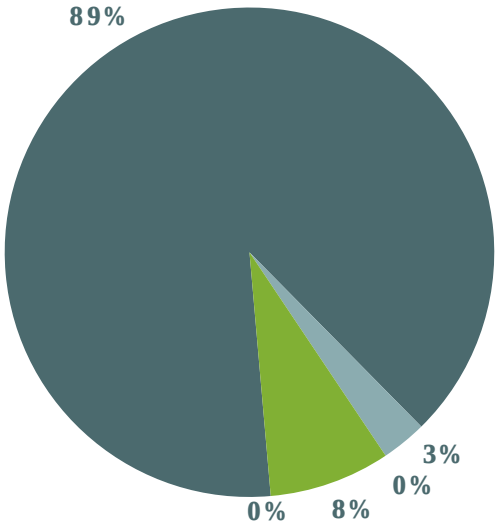
MOSSADAMS

OPERATIONS

Better Together: Moss Adams & Santa Clara Family Health Plan

Operating Expenses (in Thousands)

June 30, 2017
$1,316,670



Medical expenses

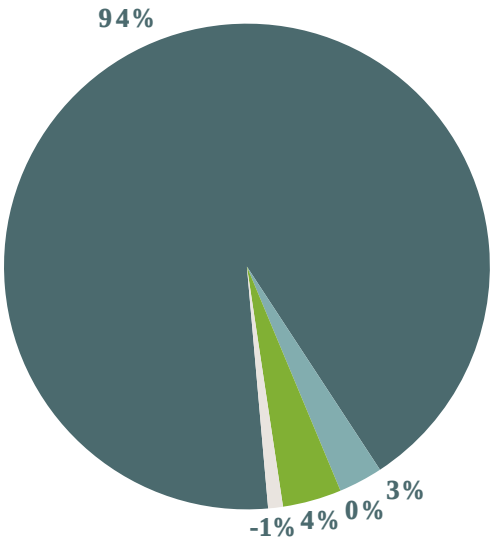
Marketing, general, and administrative expenses

Depreciation

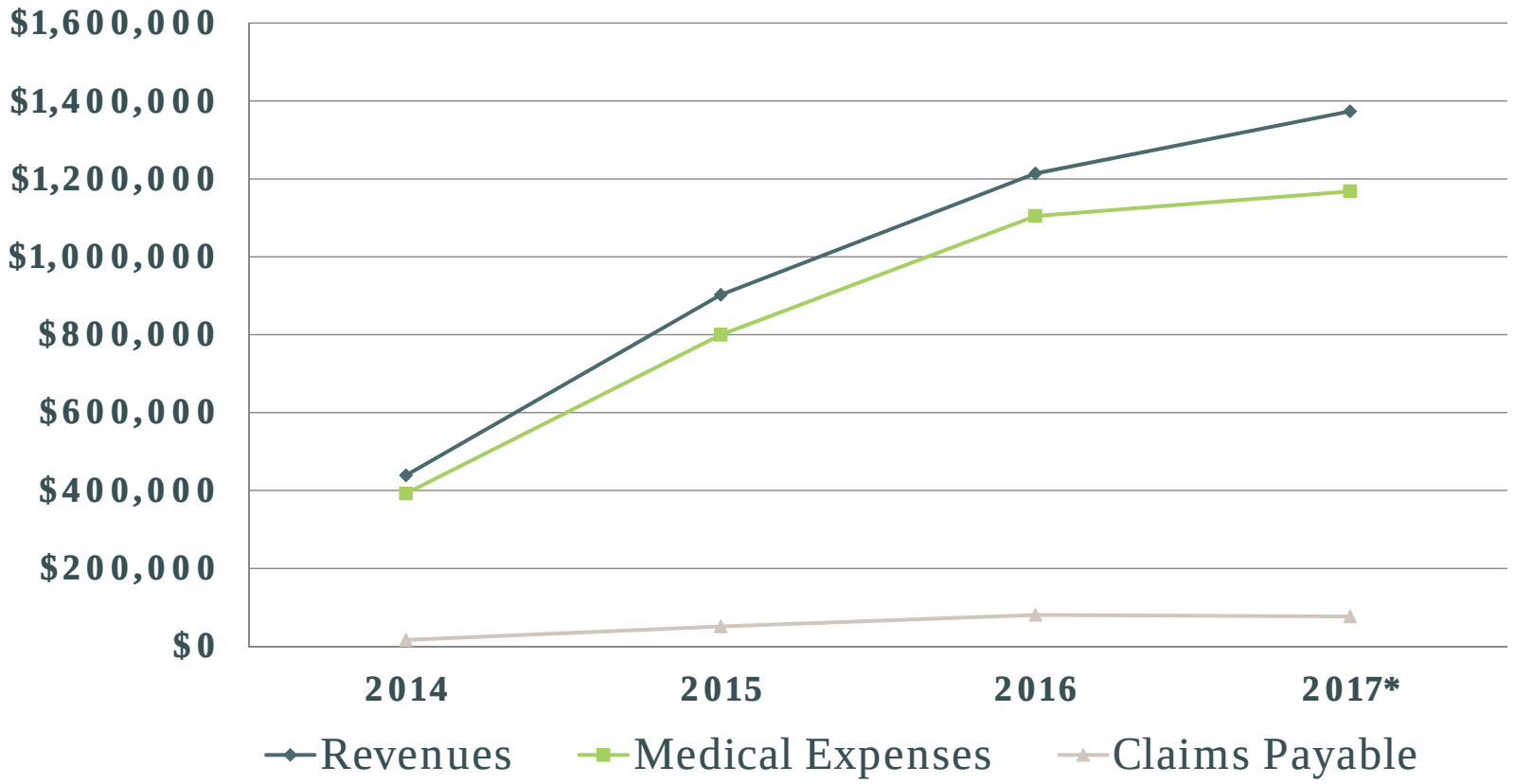
Premium tax

Premium deficiency

June 30, 2016
$1,186,717

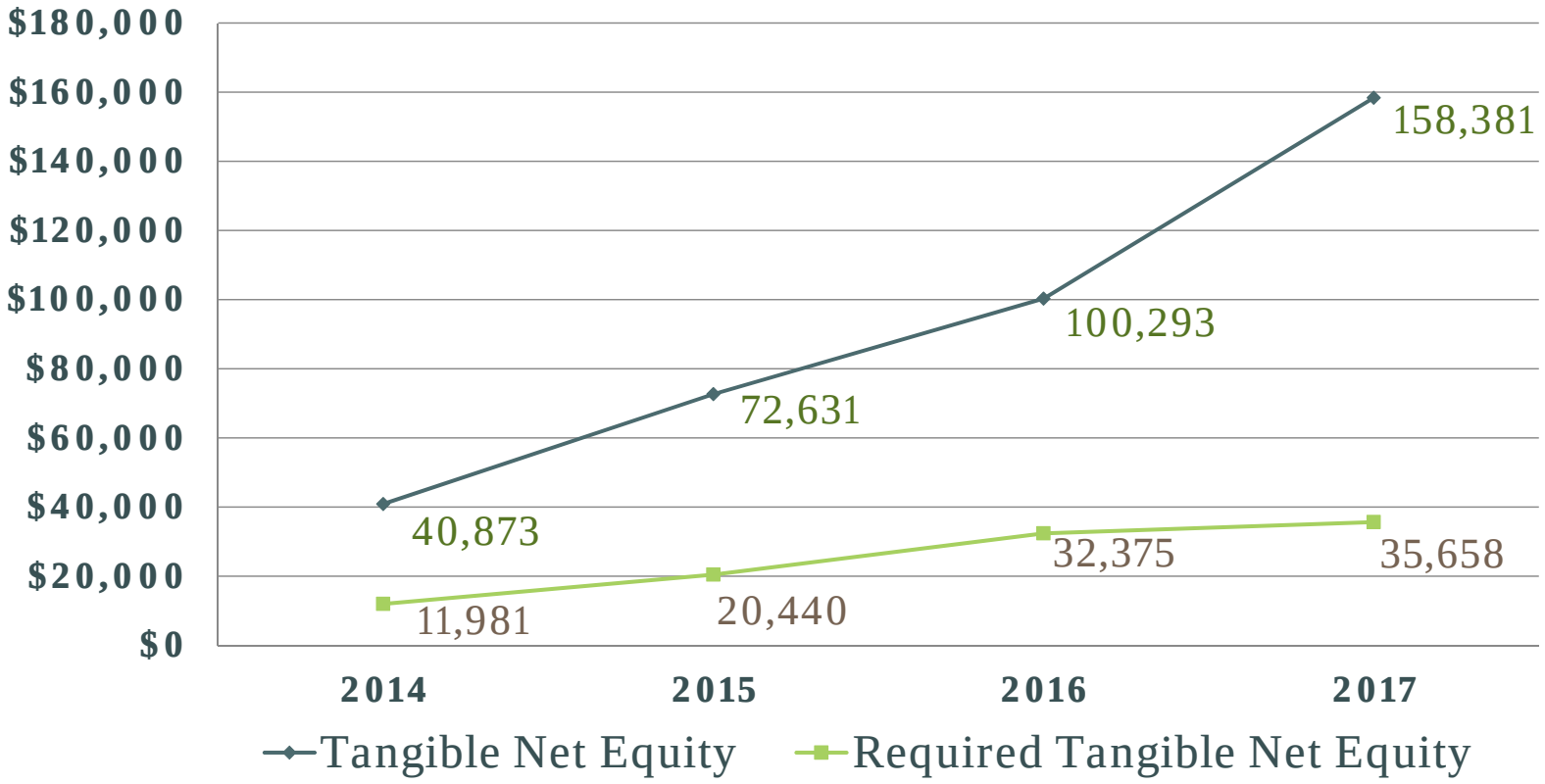


Revenues, Medical Expenses, and Claims Payable (in Thousands)



*2017 data not available in the Annual Department of Managed Health Care Filing. Amounts are from the Health Authority's internal reports.
Source: Annual Department of Managed Health Care Filing

Tangible Net Equity (in Thousands)



Source: Annual Department of Managed Health Care Filing

Important Board Communications

- AU-C Section 260 – *The Auditor's Communication with Those Charged with Governance*
- Accounting estimates are reasonable
- No audit adjustments
- No issues discussed prior to our retention as auditors
- No disagreements with management

QUESTIONS?

Santa Clara
Family Health Plan

The Spirit of Care

Unaudited
Financial Statements
For Two Months Ended August 2017

Table of Contents

Fiscal Year 2016-17 Year-To-Date Highlights

- **Net Surplus –** August $2.8 million surplus and Year-to-date (YTD) $5.4 million surplus ($4.4 million favorable to budget)

- **Enrollment –** August 2017 membership: 272,894 (0.7% unfavorable to budget) and August YTD: 544,443 member months (1.1% unfavorable to budget and 2.2% lower than August YTD last year)
  - Medi-Cal membership recovered slightly from the loss experienced in July 2017 although the downward trend that started in November 2016 has continued in general. Cal MediConnect (CMC) membership continued its slight decreasing trend seen through the year. Healthy Kids (HK) membership transition to Medi-Cal is slower than planned.

- **Revenue –** Overall revenue variance is unfavorable by $5.5 million (-2.8%) YTD to budget. Most variances are unfavorable, but they are offset by some favorable variances. Key variances are:
  - In Home Support Services (IHSS) revenue Lower ($3.4 M) – due to both member months and rate differential; however, corresponding lower expense offsets this unfavorable variance (no impact on net income)
  - Assembly Bill 85 (AB 85) revenue Lower ($2.4 M) – due to exclusion of both pass-through revenue and its corresponding expense (no impact on net income)
  - Medi-Cal CMC revenue Lower ($1.0 M) – due to fewer member months
  - Hepatitis C (Hep C) revenue Lower ($0.8 M) – due to fewer member months
  - Behavior Health Treatment (BHT) revenue Lower ($0.6 M) – due to both member months and rate differential
  - Maternity revenue Lower ($0.2 M) – due to fewer births
  - Prior Year revenue Higher ($3.0 M) – largely due to retroactivity

- **Medical Expenses –** Favorable YTD budget by $9.3 million (+4.9%)
  - Favorable variance was largely due to lower inpatient expenses offset by higher specialists' and out of area expense. Capitation expense was favorable due to lower enrollment. IHSS and AB 85 expenses were lower commensurate with lower revenues.

Fiscal Year 2017-18 Year-To-Date Highlights (continued)

- **Administrative Expenses –** Favorable YTD budget by $0.7 million (+7.6%)
  - Lower payroll costs were offset by unfavorable temporary staff expense; postage and printing expenses were favorable due to timing and contract services were favorable due to lower pharmacy administration expense.

- **Balance Sheet**
  - August capitation was delayed until September but it did not include recoupment of ~$18 million per month for prior Medicaid Coverage Expansion (MCE) rate overpayments that occurred in June and July.
  - Tangible Net Equity (TNE) of $163.8 million or 459% of most recent Required TNE of $35.7 million per Department of Managed Health Care (DMHC) – $39.0 million above the Santa Clara Family Health Plan (SCFHP or The Plan) low-end Equity Target and $141.2 million above the low-end Liquidity Target.
  - YTD Capital Expenditure increased by $10.0 million largely due to the planned purchase of a new building in order to lower the long term occupancy costs in an increasing real estate rental rate environment in the current location.

Consolidated Performance
August 2017 and Year to Date

	Month	YTD
Revenue	$97 million	$193 million
Medical Costs	$90 million	$179 million
Medical Loss Ratio	92.7%	93.0%
Administrative Costs	$4.2 million (4.3%)	$8 million (4.1%)
Other Income/ Expense	($45,476)	($91,117)
Net Surplus (Loss)	$2,831,209	$5,447,484

Cash on Hand	$288 million
Net Cash Available to SCFHP	$257 million
Receivables	$525 million
Current Liabilities	$672 million
Tangible Net Equity	$164 million
Percent Of DMHC Requirement	**459%**

Santa Clara Family Health Plan
CFO Finance Report
For the Month and Year to Date Ended August 31, 2017

Summary of Financial Results

For the month of August 2017, SCFHP recorded a net surplus of $2.8 million compared to a budgeted net surplus of $0.3 million resulting in a favorable variance from budget of $2.5 million. For YTD August 2017, SCFHP recorded a net surplus of $5.4 million compared to a budgeted net surplus of $1.1 million resulting in a favorable variance from budget of $4.4 million. The table below summarizes the components of the overall variance from budget.

Summary Operating Results - Actual vs. Budget
For the Current Month & Fiscal Year to Date - Aug 2017

Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance $	Variance %		Actual	Budget	Variance $	Variance %
$ 96,998,037	$ 99,224,323	$ (2,226,285)	-2.2%	Revenue	$ 193,010,856	$ 198,488,265	$ (5,477,409)	-2.8%
89,939,859	94,340,992	4,401,132	4.7%	Medical Expense	179,487,032	188,768,463	9,281,431	4.9%
7,058,178	4,883,331	2,174,847	44.5%	Gross Margin	13,523,824	9,719,802	3,804,022	39.1%
4,181,493	4,552,533	371,041	8.2%	Administrative Expense	7,985,223	8,643,713	658,490	7.6%
2,876,685	330,798	2,545,888	769.6%	Net Operating Income	5,538,601	1,076,089	4,462,512	414.7%
(45,476)	(8,122)	(37,354)	-459.9%	Non-Operating Income/Exp	(91,117)	(16,244)	(74,873)	-460.9%
$ 2,831,209	$ 322,676	$ 2,508,534	777.4%	Net Surplus/ (Loss)	$ 5,447,484	$ 1,059,845	$ 4,387,639	414.0%

Member Months

For the month of August 2017, overall member months were lower than budget by 2,022 (-0.7%). For YTD August 2017, overall member months were lower than budget by 5,981 (-1.1%).

In the two months since the end of the prior fiscal year, 6/30/2016, membership in Medi-Cal decreased by 1.1%, membership in Healthy Kids program decreased by 4.2%, and membership in CMC program decreased by 1.8%.

Member months, and changes from prior year, are summarized on Page 11.

Revenue

The Plan recorded net revenue of $97.0 million for the month of August 2017, compared to budgeted revenue of $99.2 million, resulting in an unfavorable variance from budget of $2.2 million, or -2.2%. For year to date August 2017, the Plan recorded net revenue of $193.0 million, compared to budgeted revenue of $198.5 million, resulting in an unfavorable variance from budget of $5.5 million, or -2.8%. Major unfavorable variances were: IHSS revenue due to both member months and rate differential offset by an equal lower expense, AB 85 revenue due to the exclusion of pass-through revenue and its corresponding expense, Medi-Cal CMC revenue due to lower member months, Hep C revenue due to fewer utilizers, BHT revenue due to both member months and rate differential, and Maternity revenue due to fewer births. These unfavorable revenue variances were offset by favorable Prior Year revenue due to retroactivity.

A statistical and financial summary for all lines of business is included on page 16 of this report.

Medical Expenses

For the month of August 2017, medical expense was $89.9 million compared to budget of $94.3 million, resulting in a favorable budget variance of $4.4 million, or +4.7%. For year to date August 2017, medical expense was $179.5 million compared to budget of $188.8 million, resulting in a favorable budget variance of $9.3 million, or +4.9%. The favorable variance was largely due to lower inpatient expenses offset by higher specialists' and out of area expense. Capitation expense was favorable due to lower enrollment. IHSS and AB 85 expenses were lower commensurate with lower revenues.

Administrative Expenses

Overall administrative costs were favorable to budget by $0.4 million (+8.2%) for the month of August 2017 and favorable to budget by $0.7 million (+7.6%) for year to date August 2017. Lower payroll costs were offset by unfavorable temporary staff expense; postage and printing expenses were favorable due to timing and contract services were favorable due to lower pharmacy administration expense.

Overall administrative expenses were 4.1% of revenue for YTD August 2017 (0.2% favorable to budget).

Balance Sheet

Current assets totaled $820.4 million compared to current liabilities of $672.3 million, yielding a current ratio (the ratio of current assets to current liabilities) of 1.2 vs. the DMHC minimum requirement of 1.0 as of August 31, 2017. Working capital decreased by $3.8 million for the two months YTD ended August 31, 2017.

Cash as of August 31, 2017, decreased by $76.9 million compared to the cash balance as of year-end June 30, 2017. Net receivables increased by $49.8 million during the same two month period ended August 31, 2017 largely due to a delay in receipt of Duals Recast differential revenue, Managed Care Organization (MCO) tax revenue, and increase in IHSS liability. The overall cash position decreased largely due to the delay in receiving the August capitation, beginning of the recoupment of MCE overpayments (~$18 million per month), payment of the final FY17 MCO quarterly installment, and the all cash purchase of a new building.

SCFHP had moved $140.0 million of its cash to the county investment pool in order to achieve higher interest income while still maintaining the liquidity of its funds. With the commencement of monthly recoupment of MCE overpayments by the State beginning in June's capitation, the Plan may need to withdraw some of these funds later this year.

Liabilities decreased by a net amount of $22.2 million during the two months ended August 31, 2017. Liabilities decreased primarily due to the final quarterly payment of the MCO tax for FY17, recoupment of MCE overpayments by the State, and payments to Kaiser (KP) and Valley Health Plan (VHP) for supplemental revenues related to Maternity and BHT.

Capital Expenditure increased by a total of $10.0 million for the two months ended August 31, 2017. The YTD capital expenditure includes:

Expenditure	Annual Budget	YTD Actual
New Building	14,300,000	9,743,526
Systems	1,595,000	-
Hardware	611,500	123,509
Software	587,000	-
Furniture and Fixtures	173,515	133,515
Automobile	33,000	-
Leasehold Improvements	10,000	-
TOTAL	**17,310,015**	**10,000,551**

Reserves Analysis

TNE was $163.8 million at August 31, 2017 or 459% of the most recent quarterly DMHC minimum requirement of $35.7 million. A chart showing TNE trends is shown on page 17 of this report.

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

As of August 31, 2017, the Plan's TNE was $39.0 million above the low-end Equity Target and $141.2 million above the low-end Liquidity Target and the Plan's TNE was $14.5 million below the high-end Equity Target and $102.6 million above the high-end Liquidity Target (see calculations below).

Financial Reserve Target #1: Tangible Net Equity	
Actual TNE	$163,828,043
Current Required TNE	$35,658,000
Excess TNE	$128,170,043
Required TNE Percentage	459%
SCFHP Target TNE Range:	
350% of Required TNE (low end)	$124,803,000
500% of Required TNE (high end)	$178,290,000
TNE Above/(Below) SCFHP Low End Target	**$39,025,043**
Financial Reserve Target #2: Liquidity	
Cash & Cash Equivalents	$287,663,878
Less Pass-through Liabilities:	
Net Receivable/(Payable) from/to State of CA*	8,008,670
Other Pass-through Liabilities	(38,563,579)
Total Pass-through Liabilities	(30,554,909)
Net Cash Available to SCFHP	$257,108,968
SCFHP Target Liquidity:	
45 days of Total Operating Expenses	($115,869,902)
60 days of Total Operating Expenses	($154,493,203)
Liquidity Above/(Below) SCFHP Low End Target	**$141,239,066**

*Pass-Throughs from State of CA (excludes IHSS)	
Receivables Due to SCFHP	208,786,030
Payables Due from SCFHP	(200,777,360)
Net Receivable/(Payable)	$8,008,670

Santa Clara Family Health Plan Enrollment Summary

	For the Month of Aug 2017			Two Months Ending Aug 2017				
	Actual	**Budget**	**Variance**	**Actual**	**Budget**	**Variance**	**Prior Year Actual**	**Change FY18 vs. FY17**
Medi-Cal	262,871	264,616	(0.7%)	524,262	529,824	(1.0%)	531,954	(1.4%)
Healthy Kids	2,618	2,800	(6.5%)	5,251	5,600	(6.2%)	8,604	(39.0%)
Medicare	7,405	7,500	(1.3%)	14,930	15,000	(0.5%)	16,133	(7.5%)
Total	272,894	274,916	(0.7%)	544,443	550,424	(1.1%)	556,691	(2.2%)

Santa Clara Health Authority
August 2017

Network	Medi-Cal		Healthy Kids		CMC		Total	
	Enrollment	**% of Total**	**Enrollment**	**% of Total**	**Enrollment**	**% of Total**	**Enrollment**	**% of Total**
Direct Contact Physicians	28,466	11%	385	15%	7,405	100%	36,256	13%
SCVVHS, Safety Net Clinics, FQHC Clinics	135,538	52%	1,240	47%	-	0%	136,778	50%
Palo Alto Medical Foundation	7,514	3%	75	3%	-	0%	7,589	3%
Physicians Medical Group	48,085	18%	738	28%	-	0%	48,823	18%
Premier Care	16,343	6%	180	7%	-	0%	16,523	6%
Kaiser	26,925	10%	-	0%	-	0%	26,925	10%
Total	**262,871**	**100%**	**2,618**	**100%**	**7,405**	**100%**	**272,894**	**100%**
Enrollment at June 30, 2017	265,753		2,732		7,543		276,028	
Net Change from Beginning of FY18	-1.1%		-4.2%		-1.8%		-1.1%	

Santa Clara Family Health Plan
Enrollment by Aid-Category

		2016-07	2016-08	2016-09	2016-10	2016-11	2016-12	2017-01	2017-02	2017-03	2017-04	2017-05	2017-06	2017-07	2017-08
NON DUAL	Adult (over 19)	29,530	31,197	31,372	31,863	31,603	31,396	31,072	30,836	30,479	30,204	29,921	29,651	28,985	29,305
	Adult (under 19)	105,841	107,019	108,006	108,627	108,876	107,489	106,719	106,926	106,305	106,181	105,945	106,082	104,658	105,130
	Aged - Medi-Cal Only	9,256	10,078	10,138	10,199	10,216	10,206	10,371	10,400	10,400	10,520	10,538	10,674	10,776	10,772
	Disabled - Medi-Cal Only	10,785	11,014	10,998	11,046	11,024	11,009	11,013	11,042	11,057	11,071	11,062	10,921	10,920	10,708
	Child (HF conversion)	1,725	1,542	1,350	1,297	1,150	1,078	973	921	879	845	280	192	74	59
	Adult Expansion	82,983	83,513	83,721	84,679	84,327	84,551	83,031	82,715	82,618	82,751	82,418	82,349	80,300	80,836
	Other	40	38	38	37	35	35	34	38	38	39	35	38	33	35
	Long Term Care	297	307	305	313	325	331	330	325	328	327	339	334	337	330
	Total Non-Duals	240,457	244,708	245,928	248,061	247,556	246,095	243,543	243,203	242,104	241,938	240,538	240,241	236,083	237,175
DUAL	Aged	14,466	14,518	14,648	14,713	14,792	14,929	15,326	15,917	16,071	16,204	16,199	16,402	16,355	16,666
	Disabled	6,033	6,023	6,027	6,024	6,034	6,033	6,353	6,478	6,506	6,507	6,458	6,518	6,474	6,591
	Other	1,817	1,832	1,856	1,896	1,879	1,891	1,727	1,686	1,621	1,427	1,389	1,370	1,271	1,244
	Long Term Care	1,050	1,054	1,050	1,040	1,032	1,052	1,165	1,181	1,238	1,228	1,232	1,222	1,208	1,195
	Total Duals	23,366	23,427	23,581	23,673	23,737	23,905	24,571	25,262	25,436	25,366	25,278	25,512	25,308	25,696
	Total Medi-Cal	263,823	268,135	269,509	271,734	271,293	270,000	268,114	268,465	267,540	267,304	265,816	265,753	261,391	262,871
	Healthy Kids	4,380	4,224	2,962	2,662	2,458	2,581	2,585	2,780	2,752	2,794	2,757	2,732	2,633	2,618
CMC	CMC Non-Long Term Care	7,776	7,698	7,589	7,486	7,271	7,243	7,224	7,300	7,331	7,276	7,254	7,264	7,259	7,146
	CMC - Long Term Care	332	327	320	315	312	303	303	298	291	291	291	279	266	259
	Total CMC	8,108	8,025	7,909	7,801	7,583	7,546	7,527	7,598	7,622	7,567	7,545	7,543	7,525	7,405
	Total Enrollment	**276,311**	**280,384**	**280,380**	**282,197**	**281,334**	**280,127**	**278,226**	**278,843**	**277,914**	**277,665**	**276,118**	**276,028**	**271,549**	**272,894**

Santa Clara County Health Authority
Balance Sheet

	AUG 17	JUL 17	JUN 17	JUN 16
Assets				
Current Assets				
Cash and Marketable Securities	$ 287,663,878	$ 302,258,460	$ 364,609,248	$ 146,082,070
Premiums Receivable				
In Home Support Services (IHSS)	310,692,607	296,711,087	282,168,565	235,710,453
All Other	214,018,970	201,903,371	192,697,632	181,456,519
Prepaid Expenses and Other Current Assets	8,013,700	8,080,915	7,070,619	6,766,163
Total Current Assets	820,389,155	808,953,833	846,546,064	570,015,205
Long Term Assets				
Equipment	31,269,437	31,288,225	21,268,887	13,717,799
Less: Accumulated Depreciation	(11,358,920)	(10,954,498)	(10,761,759)	(8,775,886)
Total Long Term Assets	19,910,517	20,333,727	10,507,128	4,941,913
Total Assets	$ 840,299,672	$ 829,287,560	$ 857,053,192	$ 574,957,118
Deferred Outflow of Resources	$ 9,287,513	$ 9,287,513	9,287,513	1,570,339
Total Deferred Outflows and Assets	849,587,185	838,575,073	866,340,705	576,527,457
Liabilities and Net Position				
Current Liabilities				
Trade Payables	$ 4,978,755	$ 4,857,207	$ 6,157,039	$ 4,824,017
Deferred Rent	79,999	86,298	92,597	142,408
Employee Benefits	1,258,413	1,265,956	1,262,108	1,013,759
Retirement Obligation per GASB 45	4,937,918	4,878,139	4,818,359	
Advance Premium - Healthy Kids	69,264	60,466	53,439	65,758
Deferred Revenue - Medicare			8,372,938	
Liability for ACA 1202	2,065,180	2,065,180	2,065,180	5,503,985
Payable to Hospitals (SB90)				55,140
Payable to Hospitals (SB208)		0	0	(35,535)
Payable to Hospitals (AB 85)	29,911,530	28,642,083	27,378,335	1,717,483
Due to Santa Clara County Valley Health Plan and Kaiser	6,586,869	4,905,409	9,456,454	6,604,472
MCO Tax Payable - State Board of Equalization	27,153,715	18,491,922	33,865,555	10,779,014
Due to DHCS	173,623,646	190,634,704	207,658,770	107,213,315
Liability for In Home Support Services (IHSS)	328,744,308	314,762,788	300,220,266	238,387,141
Premium Deficiency Reserve (PDR)	2,374,525	2,374,525	2,374,525	2,374,525
Medical Cost Reserves	90,562,820	91,216,364	90,922,381	84,321,012
Total Current Liabilities	672,346,943	664,241,040	694,697,947	462,966,494
Non-Current Liabilities				
Noncurrent Premium Deficiency Reserve	5,919,500	5,919,500	5,919,500	5,919,500
Net Pension Liability GASB 68	7,007,370	6,932,370	6,857,370	5,018,386
Total Liabilities	685,273,813	677,092,910	707,474,817	473,904,380
Deferred Inflow of Resources	485,329	485,329	485,329	2,329,621
Net Position / Reserves				
Invested in Capital Assets	10,409,164	10,693,290	10,507,128	4,941,913
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Unrestricted Net Equity	147,666,046	147,381,920	89,480,978	67,383,691
Current YTD Income (Loss)	5,447,484	2,616,274	58,087,104	27,662,502
Net Position / Reserves	163,828,043	160,996,834	158,380,560	100,293,456
Total Liabilities, Deferred Inflows, and Net Assets	$ 849,587,185	$ 838,575,073	$ 866,340,705	$ 576,527,457

Santa Clara County Health Authority
Income Statement for Two Months Ending August 31, 2017

	For the Month of Aug 2017					For Two Months Ending Aug 31, 2017				
	Actual	% of Revenue	Budget	% of Revenue	Variance	Actual	% of Revenue	Budget	% of Revenue	Variance
REVENUES										
MEDI-CAL	$ 88,485,889	91.2%	$ 90,334,365	91.0%	$ (1,848,476)	$ 175,852,716	91.1%	$ 180,708,351	91.0%	$ (4,855,635)
HEALTHY KIDS	$ 267,448	0.3%	$ 252,000	0.3%	$ 15,448	$ 540,502	0.3%	$ 504,000	0.3%	$ 36,502
MEDICARE	$ 8,244,700	8.5%	$ 8,637,957	8.7%	$ (393,257)	$ 16,617,638	8.6%	$ 17,275,915	8.7%	$ (658,276)
TOTAL REVENUE	$ 96,998,037	100.0%	$ 99,224,323	100.0%	$ (2,226,285)	$ 193,010,856	100.0%	$ 198,488,265	100.0%	$ (5,477,409)
MEDICAL EXPENSES										
MEDI-CAL	$ 82,116,762	84.7%	$ 85,860,485	86.5%	$ 3,743,723	$ 163,169,196	84.5%	$ 171,807,449	86.6%	$ 8,638,254
HEALTHY KIDS	$ 219,074	0.2%	$ 213,264	0.2%	$ (5,810)	$ 427,032	0.2%	$ 426,527	0.2%	$ (504)
MEDICARE	$ 7,604,024	7.8%	$ 8,267,243	8.3%	$ 663,219	$ 15,890,805	8.2%	$ 16,534,486	8.3%	$ 643,682
TOTAL MEDICAL EXPENSES	$ 89,939,859	92.7%	$ 94,340,992	95.1%	$ 4,401,132	$ 179,487,032	93.0%	$ 188,768,463	95.1%	$ 9,281,431
MEDICAL OPERATING MARGIN	$ 7,058,178	7.3%	$ 4,883,331	4.9%	$ 2,174,847	$ 13,523,824	7.0%	$ 9,719,802	4.9%	$ 3,804,022
ADMINISTRATIVE EXPENSES										
SALARIES AND BENEFITS	$ 2,142,757	2.2%	$ 2,313,386	2.3%	$ 170,630	$ 4,157,420	2.2%	$ 4,392,255	2.2%	$ 234,835
RENTS AND UTILITIES	$ 118,640	0.1%	$ 121,656	0.1%	$ 3,016	$ 234,591	0.1%	$ 241,223	0.1%	$ 6,632
PRINTING AND ADVERTISING	$ 11,477	0.0%	$ 191,050	0.2%	$ 179,573	$ 68,642	0.0%	$ 252,100	0.1%	$ 183,458
INFORMATION SYSTEMS	$ 121,975	0.1%	$ 217,714	0.2%	$ 95,739	$ 397,647	0.2%	$ 435,428	0.2%	$ 37,781
PROF FEES / CONSULTING / TEMP STAFFING	$ 1,186,390	1.2%	$ 987,278	1.0%	$ (199,112)	$ 2,176,966	1.1%	$ 2,055,496	1.0%	$ (121,470)
DEPRECIATION / INSURANCE / EQUIPMENT	$ 446,313	0.5%	$ 345,113	0.3%	$ (101,200)	$ 692,047	0.4%	$ 689,951	0.3%	$ (2,096)
OFFICE SUPPLIES / POSTAGE / TELEPHONE	$ 67,457	0.1%	$ 266,711	0.3%	$ 199,254	$ 100,553	0.1%	$ 374,423	0.2%	$ 273,870
MEETINGS / TRAVEL / DUES	$ 76,484	0.1%	$ 87,404	0.1%	$ 10,920	$ 139,669	0.1%	$ 177,899	0.1%	$ 38,230
OTHER	$ 10,000	0.0%	$ 22,220	0.0%	$ 12,220	$ 17,690	0.0%	$ 24,939	0.0%	$ 7,249
TOTAL ADMINISTRATIVE EXPENSES	$ 4,181,493	4.3%	$ 4,552,533	4.6%	$ 371,041	$ 7,985,223	4.1%	$ 8,643,713	4.4%	$ 658,490
OPERATING SURPLUS (LOSS)	$ 2,876,685	3.0%	$ 330,798	0.3%	$ 2,545,888	$ 5,538,601	2.9%	$ 1,076,089	0.5%	$ 4,462,512
GASB 45 - POST EMPLOYMENT BENEFITS EXPENSE	$ (59,780)	-0.1%	$ (59,780)	-0.1%	$ -	$ (119,559)	-0.1%	$ (119,559)	-0.1%	$ -
GASB 68 - UNFUNDED PENSION LIABILITY	$ (75,000)	-0.1%	$ (75,000)	-0.1%	$ -	$ (150,000)	-0.1%	$ (150,000)	-0.1%	$ -
INTEREST & OTHER INCOME	$ 89,304	0.1%	$ 126,657	0.1%	$ (37,354)	$ 178,442	0.1%	$ 253,315	0.1%	$ (74,873)
NET SURPLUS (LOSS) FINAL	$ 2,831,209	2.9%	$ 322,676	0.3%	$ 2,508,534	$ 5,447,484	2.8%	$ 1,059,845	0.5%	$ 4,387,639

Santa Clara Family Health Plan
Statement of Cash Flows
For Two Months Ending Aug 31, 2017

Cash flows from operating activities		
Premiums received	$	102,418,511
Medical expenses paid	$	(154,192,136)
Administrative expenses paid	$	(15,349,637)
Net cash from operating activities	$	(67,123,262)
Cash flows from capital and related financing activities		
Purchases of capital assets	$	(10,000,551)
Cash flows from investing activities		
Interest income and other income, net	$	178,442
Net (Decrease) increase in cash and cash equivalents	$	(76,945,371)
Cash and cash equivalents, beginning of year	$	364,609,248
Cash and cash equivalents at Aug 31, 2017	$	287,663,878
Reconciliation of operating income to net cash from operating activities		
Operating income (loss)	$	5,269,042
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	$	597,161
Changes in operating assets and liabilities		
Premiums receivable	$	(49,845,380)
Due from Santa Clara Family Health Foundation	$	-
Prepaids and other assets	$	(943,081)
Deferred outflow of resources	$	-
Accounts payable and accrued liabilities	$	(6,898,935)
State payable	$	(40,746,965)
Santa Clara Valley Health Plan and Kaiser payable	$	(2,869,585)
Net Pension Liability	$	150,000
Medical cost reserves and PDR	$	(359,561)
Deferred inflow of resources	$	-
Total adjustments	$	(72,392,304)
Net cash from operating activities	$	(67,123,262)

Santa Clara County Health Authority
STATEMENT OF OPERATIONS
BY LINE OF BUSINESS (INCLUDING ALLOCATED EXPENSES)

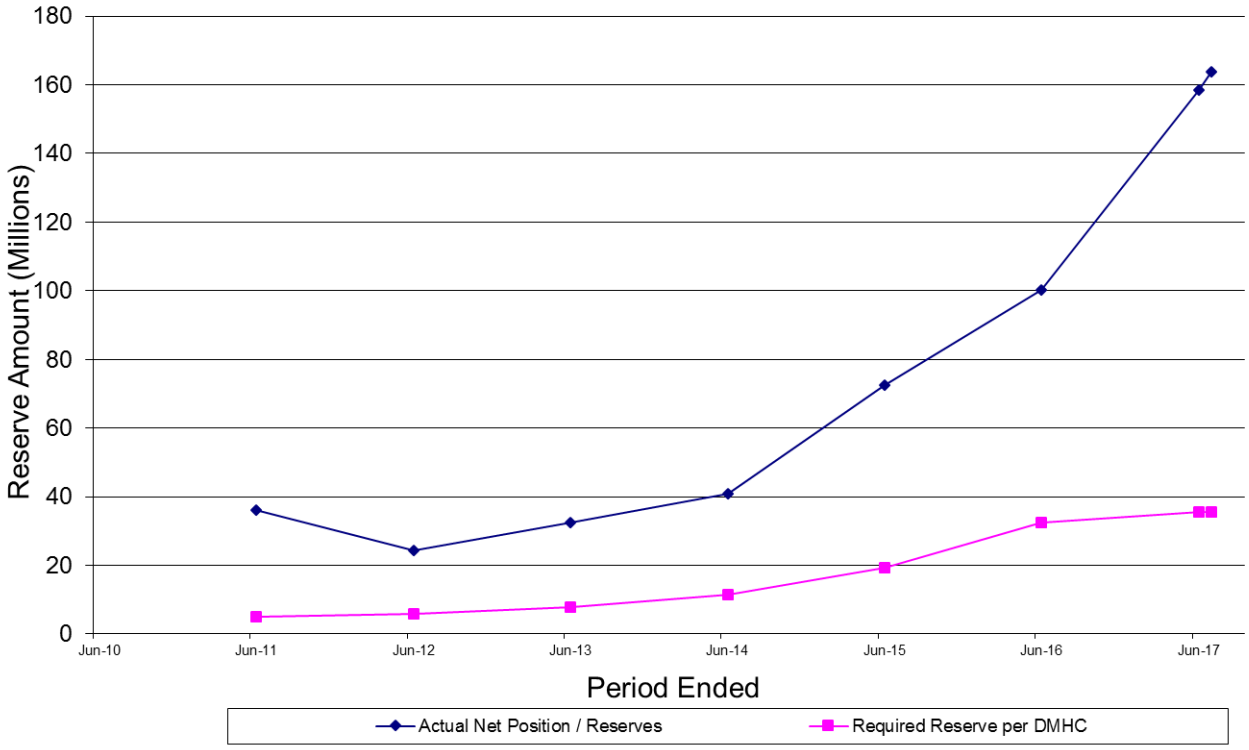
For Two Months Ending Aug 31, 2017

	Medi-Cal	CMC	Healthy Kids	**Grand Total**
P&L (ALLOCATED BASIS)				
REVENUE	$171,498,127	$20,972,227	$540,502	**$193,010,856**
MEDICAL EXPENSES	157,768,956	21,291,045	427,032	**179,487,032**
(MLR)	92.0%	101.5%	79.0%	**93.0%**
GROSS MARGIN	13,729,171	(318,817)	113,470	**13,523,824**
ADMINISTRATIVE EXPENSES	7,095,201	867,661	22,362	**7,985,223**
(% of Revenue Allocation)				
OPERATING INCOME/(LOSS)	6,633,970	(1,186,478)	91,109	**5,538,601**
OTHER INCOME/(EXPENSE)	(80,962)	(9,901)	(255)	**(91,117)**
(% of Revenue Allocation)				
NET INCOME/ (LOSS)	$6,553,009	($1,196,378)	$90,854	**$5,447,484**
PMPM (ALLOCATED BASIS)				
REVENUE	$327.12	$1,404.70	$102.93	**$354.51**
MEDICAL EXPENSES	300.94	1,426.06	81.32	**329.67**
GROSS MARGIN	26.19	(21.35)	21.61	**24.84**
ADMINISTRATIVE EXPENSES	13.53	58.12	4.26	**14.67**
OPERATING INCOME/(LOSS)	12.65	(79.47)	17.35	**10.17**
OTHER INCOME / (EXPENSE)	(0.15)	(0.66)	(0.05)	**(0.17)**
NET INCOME / (LOSS)	$12.50	($80.13)	$17.30	**$10.01**
ALLOCATION BASIS:				
MEMBER MONTHS - YTD	*524,262*	*14,930*	*5,251*	***544,443***
Revenue by LOB	*88.9%*	*10.9%*	*0.3%*	***100%***

Note: CMC includes Medi-Cal portion of the Coordinated Care Initiative (CCI) data

Santa Clara County Health Authority
Tangible Net Equity - Actual vs. Required
As of Period Ended:

	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	7/31/2017
Actual Net Position / Reserves	36,093,769	24,208,576	32,551,161	40,872,580	72,630,954	100,293,456	158,380,560	163,828,043
Required Reserve per DMHC	4,996,000	5,901,000	7,778,000	11,434,000	19,269,000	32,375,000	35,658,000	35,658,000
200% of Required Reserve	9,992,000	11,802,000	15,556,000	22,868,000	38,538,000	64,750,000	71,316,000	71,316,000
Actual as % Required	722%	410%	419%	357%	377%	310%	444%	459%



Santa Clara
Family Health Plan
The Spirit of Care

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

Thursday, November 16, 2017
11:30 AM - 1:00 PM
210 E. Hacienda Avenue
Campbell CA 95008

Members Present
Michele Lew, Chair
Bob Brownstein
Linda Williams
Wally Wenner, M.D.

Member Absent
Liz Kniss

Staff Present
Christine Tomcala, Chief Executive Officer
Dave Cameron, Chief Financial Officer
Robin Larmer, Chief Compliance Officer & Regulatory Affairs Officer
Jonathan Tamayo, Chief Information Officer
Rita Zambrano, Executive Assistant

Minutes - Draft

1. **Roll Call**

   Michele Lew, Chair, called the meeting to order at 11:40 am. Roll call was taken and a quorum was established.

2. **Meeting Minutes**

   The minutes of the October 27, 2017 Executive/Finance Committee Meeting were reviewed.

   It was moved, seconded, and the October 27, 2017 Executive/Finance Committee meeting minutes were **unanimously approved** as presented.

3. **Public Comment**

   There were no public comments.

4. **Adjourn to Closed Session**

   a. **Conference with Labor Negotiators**
   The Executive/Finance Committee met in Closed Session to confer with Designated Representatives regarding negotiations with SEIU Local 521.

b. Significant Exposure to Litigation

The Executive/Finance Committee met in Closed Session to confer with Legal Counsel relating to one item of significant exposure to litigation.

5. Report from Closed Session

Ms. Lew reported that the Committee conferred on Items 4. (a) and (b).

6. September 2017 Financial Statements

Mr. Cameron presented the financial statements for the month and year-to-date ended September 30, 2017. The Plan recorded a net surplus of $2.5 million for the month and a net surplus of $7.9 million for the three months ended September 30, 2017 ($6.5 million favorable to the year-to-date budget). Year-to-date member months of 816,000 are 1.1% unfavorable to budget and 2.5% lower than September 2016, as enrollment continues its decline noted since October 2016. Much of the decline in enrollment is in the Medi-Cal MCE category while enrollment in Medi-Cal Dual category is growing. Lower member months yielded largely offsetting variances in both revenue (unfavorable) and capitation expense (favorable). Prior period revenue is slightly higher than budget. Medical expense is under budget by 1.9% for the year-to-date. Administrative expenses are lower than budget by 3.4% for the year-to-date. The balance sheet continues to reflect significant receivables from, and payables to, DHCS. The Plan's Current Ratio (the ratio of current assets to current liabilities) is 1.2, above the DMHC-required minimum of 1.0. Capital investments consisted largely of the new building purchase. Tangible Net Equity of $166 million is 467% of the DMHC-required minimum of $35.6 million.

It was moved, seconded, and the September 2017 Financial Statements were unanimously approved as presented.

7. Fund Pension Liability

Mr. Cameron noted that SCFHP participates in CalPERS to provide pension benefits to its retired, vested employees. The latest CalPERS pension valuation report, dated June 30, 2016, indicated an unfunded pension liability of $2.5 million (93% funded). Mr. Cameron noted that many CalPERS plans defer these contributions over a 30 year period, incurring significant interest costs. Instead, he recommended that SCFHP continue pre-funding an annual pension contribution, as the Board initially approved in March 2017 (for the fiscal year ended June 30, 2015). Based on amounts obtained from both SCFHP's actuaries for the fiscal year ended June 2016, including a known reduction to the CalPERS discount rate to 7.0%, Mr. Cameron recommended pre-funding a pension contribution of $3.1 million (including accrued interest) as of November 30, 2017. By making this pre-payment immediately, rather than over 30 years, estimated future interest of $4 million is avoided.

It was moved, seconded, and unanimously approved to endorse pre-funding the pension contribution and to request approval by the Board at its December 2017 meeting. The Committee requested a revision to the resolution to accrue interest through December 2017.

8. Fund Retiree Healthcare Liability

Mr. Cameron noted that SCFHP participates in CalPERS' CERBT program to provide medical coverage to retired and vested employees. The latest CalPERS OPEB valuation report, dated June 30, 2016, indicated an unfunded liability of $2.5 million (93% funded). Mr. Cameron noted that many CalPERS plans defer these contributions

over a 30 year period, incurring significant interest costs. Instead, he recommended that SCFHP begin pre-funding OPEB contributions. Based on amounts obtained from both CalPERS and SCFHP's actuaries for the fiscal year ended June 2016, Mr. Cameron recommended making pre-funding an OPEB contribution of approximately $5.3 million as of November 30, 2017. For cash flow purposes, Mr. Cameron recommended making the contributions in three annual installments of approximately $1.9 million, payable in November 2017, November 2018 and November 2019. By making this pre-payment immediately, rather than over 30 years, estimated future interest of $6 million is avoided.

> **It was moved, seconded, and unanimously approved** to endorse pre-funding the OPEB contribution and to request approval by the Board at its December 2017 meeting. The Committee requested a revision to the resolution to accrue interest through December 2017.

9. Enterprise Data Warehouse (EDW)

Jonathan Tamayo, Chief Information Officer, presented a proposal to develop an Enterprise Data Warehouse (EDW) in conjuction with Kern Family Health Care. Mr. Tamayo updated the Committee on the existing infrastructure and technology that was developed internally by staff nine years ago and has limited capabilities. Quotes were obtained and the Plan recommends building a new system. The Committee requested additional information on the vendor at its next meeting.

> **It was moved, seconded, and unanimously approved** to authorize the CEO to negotiate, execute, amend, and terminate a contract with FluidEdge and participate in Phase I development of an Enterprise Data Warehouse with Kern Family Health Care in an amount not to exceed $300,000.

10. CEO Update

Christine Tomcala gave a brief update on the status of the Joint Strategic Planning efforts, noting the next meeting is scheduled for November 28, 2017. She also reminded the Committee that this is a temporary ad hoc committee that needs to complete its work by mid-December.

Ms. Tomcala invited Mr. Cameron to provide an update on misdirected claims. In its routine financial audit report of November 2016, the DMHC found that the Plan had not rerouted at least 95% of misdirected claims within ten working day. The Plan self-proposed a Corrective Action Plan (CAP) to address this issue and achieved 98% compliance through June 2017. During the quarter ended September 2017, the Plan's focus shifted away from misdirected claims to issues surrounding the QNXT claims system implementation. As a result, misdirected claims compliance fell to 61% during the quarter. In early October, the Plan launched a series of measures aimed at restoring misdirected claims compliance as quickly as possible and the Plan expect to regain compliance by the end of December 2017. The Plan has voluntarily extended its CAP timetable from December 2017 to March 2018.

Mr. Cameron further reported on Provider Dispute Resolutions (PDRs), noting that there are more PDRs as a result of some of the decisions made regarding misdirected claims. Compliance may slip this quarter, but there is progress and staff will continue to update the Committee.

Ms. Tomcala noted that the QNXT implementation claims back-log has been cut in half and we are seeing progress.

Ms. Tomcala updated the Committee on the new building, noting that the focus is on the design phase and selection of a general contractor.

Ms. Tomcala shared a new version of the logo with the Committee.

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

11. Adjournment

The meeting was adjourned at 12:55 pm.

_____

Michele Lew, Chair

Santa Clara
Family Health Plan

The Spirit of Care

Unaudited
Financial Statements
For Three Months Ended September 2017

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Fiscal Year 2017-18 Year-To-Date Highlights

- **Net Surplus –** September $2.5 million surplus and year-to-date (YTD) $7.9 million surplus ($6.0 million favorable to budget). Almost all September favorable profitability is due lower medical expense than budget.
- **Enrollment –** September membership 271,328 (1.1% unfavorable to budget) and YTD : 815,771 member months (1.1% unfavorable to budget and 2.5% lower than YTD last year)
- **Revenue –** Unfavorable by $5.4 million (-1.8%) YTD to budget
- **Medical Expenses –** Favorable YTD budget by $11.1 million (+3.9%)
- **Administrative Expenses –** Favorable YTD budget by $0.4 million (+3.4%)
- **Tangible Net Equity –** $166.3 million or 467% of most recent required Tangible Net Equity (TNE) of $35.6 million per Department of Managed Health Care (DMHC)
- **Capital Expenditure –** YTD capital investments of $10.3 million versus $17.3 million per annual budget, largely building purchase

	Month	YTD
Revenue	$99 million	$292 million
Medical Costs	$92 million	$272 million
Medical Loss Ratio	93.1%	93.0%
Administrative Costs	$4.3 million (4.3%)	$12.3 million (4.2%)
Other Income/ Expense	($42,584)	($133,702)
Net Surplus (Loss)	$2,460,584	$7,908,068

Cash on Hand	$448 million
Net Cash Available to SCFHP	$275 million
Receivables	$509 million
Current Liabilities	$814 million
Tangible Net Equity	$166 million
Percent Of DMHC Requirement	**467%**

Risks and Opportunities

- **Risks**
  - 2017 YTD enrollment is below budget and has been declining since November 2016.
  - Claim inventory build-up due to conversion of claims payments system is causing some volatility in claims payment and in estimation of total monthly medical expenses. It has also resulted in claims interest expense of $15K YTD.
  - Delay in revenue receipts due to rate differential vs. budget.
  - Rate reconciliation timing by Department of Healthcare Services (DHCS) for Coordinated Care Initiative (CCI) program.

- **Opportunities**
  - Grow CCI membership.
  - Fill open positions to clear claims back log and allow adequate training time to ramp up claims processing productivity.
  - Manage county pool investment to maximize earnings.
  - Continued funding of pension and other future liabilities.
  - As In-Home Support Services (IHSS) is removed from CCI, Fee for Service (FFS) expenses recorded will fall, as will the required TNE. Consequently, the Plan's actual to required TNE ratio should increase.

Member Months

For the month of September 2017, total membership was lower than budget by 3,000 (-1.1%). For YTD September 2017, total member months were lower than budget by 8,981 (-1.1%).

In the three months since the end of the prior fiscal year (FY), 6/30/2016, membership in Medi-Cal decreased by 1.5%, membership in Healthy Kids program decreased by 17.9%, and membership in Cal MediConnect (CMC) program decreased by 2.1%.

Santa Clara Family Health Plan Enrollment Summary

	For the Month of Sep 2017			Three Months Ending Sep 2017				
	Actual	**Budget**	**Variance**	**Actual**	**Budget**	**Variance**	**Prior Year Actual**	**Change FY18 vs. FY17**
Medi-Cal	261,702	264,028	(0.9%)	785,964	793,852	(1.0%)	801,467	(1.9%)
Healthy Kids	2,243	2,800	(19.9%)	7,494	8,400	(10.8%)	11,566	(35.2%)
Medicare	7,383	7,500	(1.6%)	22,313	22,500	(0.8%)	24,042	(7.2%)
Total	271,328	274,328	(1.1%)	815,771	824,752	(1.1%)	837,075	(2.5%)

Santa Clara Family Health Plan Enrollment by Network
September 2017

Network	**Medi-Cal**		**Healthy Kids**		**CMC**		**Total**	
	Enrollment	**% of Total**	**Enrollment**	**% of Total**	**Enrollment**	**% of Total**	**Enrollment**	**% of Total**
Direct Contact Physicians	28,620	11%	280	12%	7,383	100%	36,283	13%
SCVHHS, Safety Net Clinics, FQHC Clinics	134,530	51%	1,012	45%	-	0%	135,542	50%
Palo Alto Medical Foundation	7,443	3%	70	3%	-	0%	7,513	3%
Physicians Medical Group	47,958	18%	710	32%	-	0%	48,668	18%
Premier Care	16,322	6%	171	8%	-	0%	16,493	6%
Kaiser	26,829	10%	-	0%	-	0%	26,829	10%
Total	**261,702**	**100%**	**2,243**	**100%**	**7,383**	**100%**	**271,328**	**100%**
Enrollment at June 30, 2017	265,753		2,732		7,543		276,028	
Net Change from Beginning of FY18	-1.5%		-17.9%		-2.1%		-1.7%	

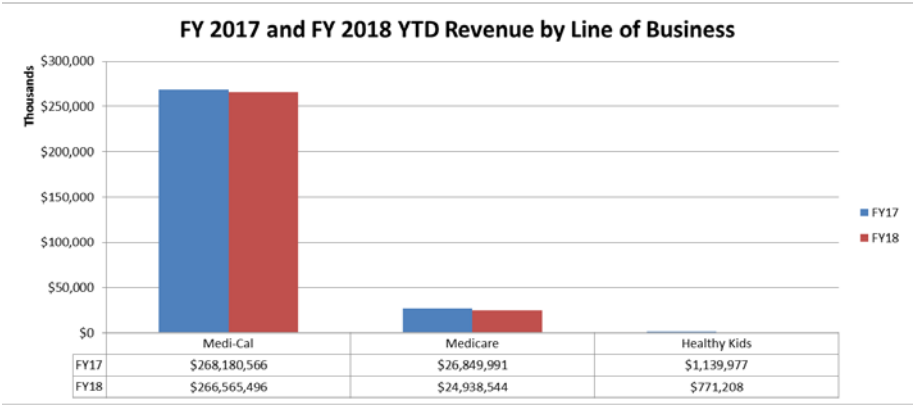
SCVHHS = Santa Clara Valley Health & Hospital System
FQHC = Federally Qualified Health Center

Revenue

Santa Clara Family Health Plan (SCFHP or The Plan) recorded net revenue of $99.3 million for the month of September 2017, compared to budgeted revenue of $99.2 million, resulting in a favorable variance from budget of $0.1 million, or +0.1%. For YTD September 2017, the Plan recorded net revenue of $292.3 million, compared to budgeted revenue of $297.7 million, resulting in an unfavorable variance from budget of $5.4 million, or -1.8%.

Major revenue variances for September 2017, which net to $0.1 million were:

1. Prior period revenue favorable by $1.3 million largely due to true-up of the estimated amounts recorded in earlier periods
2. Prior year revenue favorable by $0.9 million largely due to retroactive FY 2015-2016 revenues received in September
3. Other significant variances:
    a. Non-Dual Long Term Care (LTC) revenue favorable by $1.9 million due to both higher member months and rate differential
    b. AB 85 revenue unfavorable by $1.5 million (no impact on net income)
    c. IHSS revenue unfavorable due to both member months and rate differential (no impact on net income as the budgeted medical expense is equally lower)
    d. Medi-Cal CMC revenue unfavorable by $0.4 million due to lower member months as well as rate differential vs. budget
    e. Hepatitis C (Hep C) revenue unfavorable by $0.3 million due to fewer utilizers as well as rate differential vs. budget
    f. Medicare revenue unfavorable by $0.3 million due to lower member months vs. budget

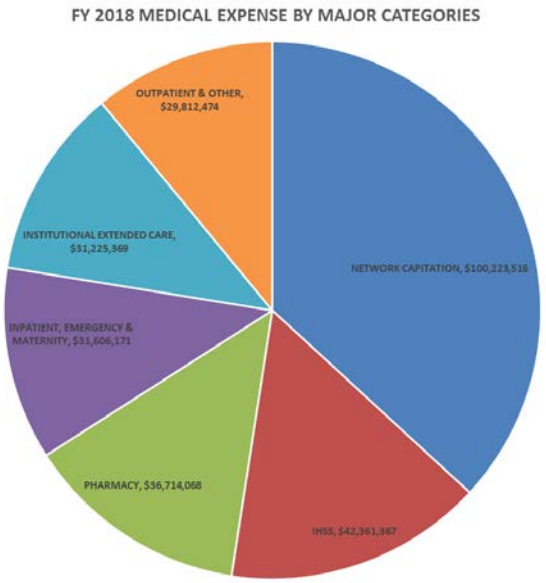


Medical Expenses

For the month of September 2017, medical expense was $92.5 million compared to budget of $94.3 million, resulting in a favorable budget variance of $1.8 million, or +1.9%. For year to date September 2017, medical expense was $271.9 million compared to budget of $283.0 million, resulting in a favorable budget variance of $11.1 million, or +3.9%.

Major medical expense variances for September 2017 were:

1. IHSS expense favorable by $2.1 million. Of this amount, $1.1 million has no impact on net income. However, a budgeted $1.0 million monthly loss for the potential risk the Plan carries (based on FY17 experience) is under review.
2. AB 85 medical expense favorable by $1.5 million (no impact on net income)
3. A $1.2 million reduction in medical cost reserves based on additional experience
4. Other smaller favorable variances (~$0.5 million each) in capitation, professional, and pharmacy expenses largely due to lower member months than budget
5. LTC costs unfavorable by $0.4 million due to higher number of utilizers than budget



Administrative Expenses

Overall administrative costs were unfavorable to budget by $0.2 million (-5.6%) for the month of September 2017 and favorable to budget by $0.4 million (+3.4%) for YTD September 2017.

Major administrative expense variances for September 2017 were:

1. Favorable payroll expense variance due to vacant positions; Offset by higher consulting and temporary help expense
2. Higher occupancy expense due to a significant unexpected annual common area maintenance (CAM) charge reconciliation associated with current location (210 East Hacienda)
3. Printing, postage, and translation services expense are favorable due to timing but are expected to match budget for the year
4. Telephone costs are favorable and expected to remain favorable due to change of providers to a cheaper Voice over Internet Protocol (VOIP) service

Overall administrative expenses were 4.2% of revenue for YTD September 2017 (0.1% favorable to budget).

Actual vs. Budget
For the Current Month & Fiscal Year to Date - Sep 2017
Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance $	Variance %		Actual	Budget	Variance $	Variance %
$ 2,414,691	$ 2,166,450	$ (248,241)	-11.5%	Personnel	$ 6,572,111	$ 6,558,706	$ (13,406)	-0.2%
1,890,598	1,909,067	18,469	1.0%	Non-Personnel	5,718,401	6,160,525	$ 442,124	7.2%
4,305,289	4,075,518	(229,772)	-5.6%	Total Administrative Expense	12,290,512	12,719,231	428,718	3.4%

Balance Sheet

- Current assets totaled $964.6 million compared to current liabilities of $814.0 million, yielding a current ratio (the ratio of current assets to current liabilities) of 1.2 vs. the DMHC minimum requirement of 1.0 as of September 30, 2017. Working capital (current assets minus current liabilities) decreased by $1.2 million for the three months YTD ended September 30, 2017.

- Cash as of September 30, 2017, increased by $83.4 million compared to the cash balance as of year-end June 30, 2017. Net receivables increased by $34.4 million during the same three month period ended September 30, 2017 largely due to a delay in receipt of Duals Recast differential revenue, Managed Care Organization (MCO) tax revenue, and IHSS receivable. The overall cash position increased largely due to receipt of pass-through funds that will be disbursed in October 2017 offset by delay in receiving the September capitation, beginning of the recoupment of FY2015-16 MCE overpayments (~$18 million per month), and the purchase of a new building.

- SCFHP had moved $140.0 million of its cash to the county investment pool in order to achieve higher interest income while still maintaining the liquidity of its funds. With the commencement of monthly recoupment of MCE overpayments by the State beginning in June's capitation, the Plan may need to withdraw some of these funds in 2018.

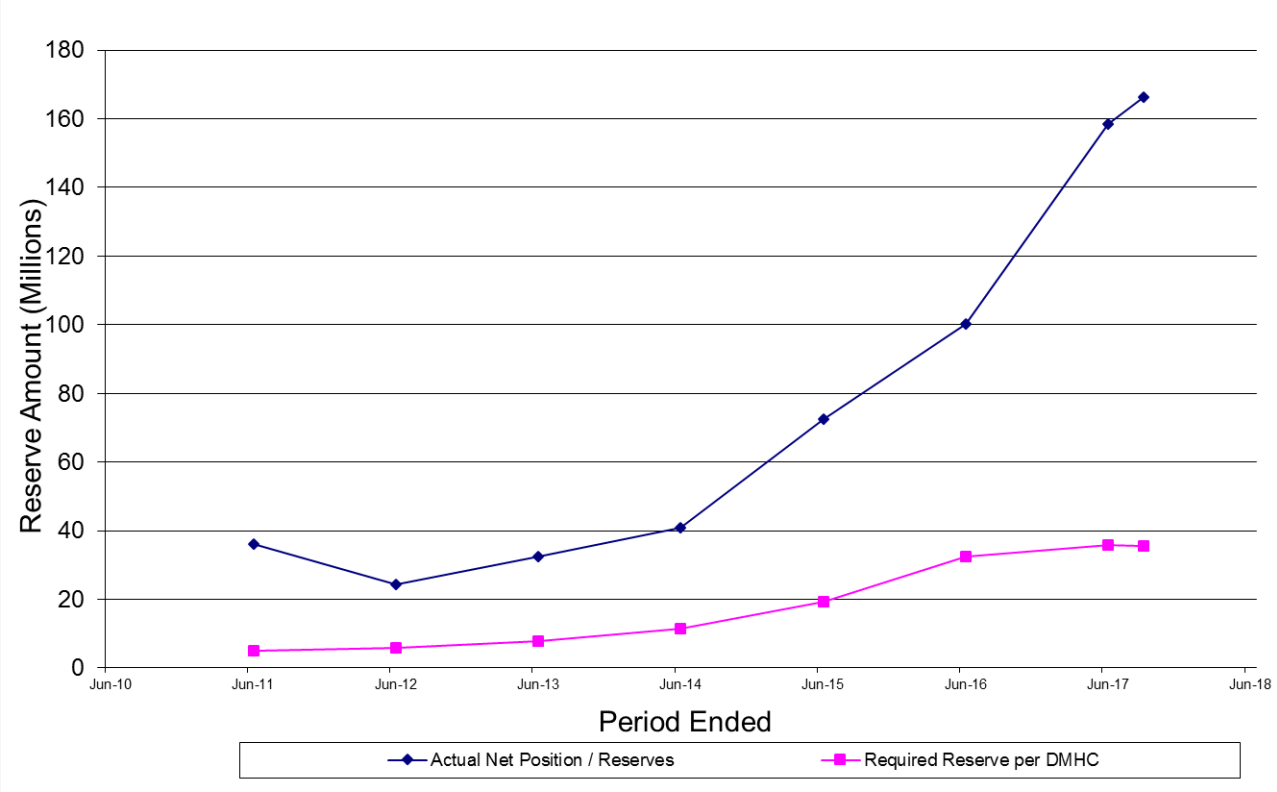
- Liabilities increased by a net amount of $119.5 million during the three months ended September 30, 2017. Liabilities increased primarily due to the pending disbursement of pass-through funds received in late September 2017, accrual of MCO tax for FY18, continued overpayment of MCE rates by the State, and deferred Medicare revenue for October 2017 that was received in September 2017.

Tangible Net Equity (TNE)

TNE was $166.3 million at September 30, 2017 or 467% of the most recent quarterly DMHC minimum requirement of $35.6 million. TNE trends for SCFHP are shown below.

As of Period Ended:

	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	9/30/2017
Actual Net Position / Reserves	36,093,769	24,208,576	32,551,161	40,872,580	72,630,954	100,293,456	158,380,560	166,288,628
Required Reserve per DMHC	4,996,000	5,901,000	7,778,000	11,434,000	19,269,000	32,375,000	35,898,000	35,586,520
200% of Required Reserve	9,992,000	11,802,000	15,556,000	22,868,000	38,538,000	64,750,000	71,796,000	71,173,039
Actual as % Required	722%	410%	419%	357%	377%	310%	441%	467%



Reserves Analysis

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

- As of September 30, 2017, the Plan's TNE was $41.7 million above the low-end Equity Target and $156.6 million above the low-end Liquidity Target and the Plan's TNE was $11.6 million below the high-end Equity Target and $117.1 million above the high-end Liquidity Target (see calculations below).

Financial Reserve Target #1: Tangible Net Equity	
Actual TNE	$166,288,628
Current Required TNE	$35,586,520
Excess TNE	$130,702,108
Required TNE Percentage	467%
SCFHP Target TNE Range:	
350% of Required TNE (low end)	$124,552,819
500% of Required TNE (high end)	$177,932,598
TNE Above/(Below) SCFHP Low End Target	**$41,735,809**
TNE Above/(Below) SCFHP High End Target	**($11,643,970)**
Financial Reserve Target #2: Liquidity	
Cash & Cash Equivalents	$448,058,194
Less Pass-through Liabilities:	
Net Receivable/(Payable) from/to State of CA*	(19,983,928)
Other Pass-through Liabilities	(153,199,136)
Total Pass-through Liabilities	(173,183,064)
Net Cash Available to SCFHP	$274,875,131
SCFHP Target Liquidity:	
45 days of Total Operating Expenses	($118,307,011)
60 days of Total Operating Expenses	($157,742,681)
Liquidity Above/(Below) SCFHP Low End Target	**$156,568,120**
Liquidity Above/(Below) SCFHP High End Target	**$117,132,449**

*Pass-Throughs from State of CA (excludes IHSS)	
Receivables Due to SCFHP	178,623,001
Payables Due from SCFHP	(198,606,928)
Net Receivable/(Payable)	($19,983,928)

Capital Expenditure

Capital investments of $10.2 million were made during the three months ended September 30, 2017, largely due to the purchase of a new building (in order to lower the long term occupancy costs in an ever increasing rental rate situation in the current location). The YTD capital expenditure includes:

Expenditure	YTD Actual	Annual Budget
New Building*	$9,743,526	$14,300,000
Systems	0	1,595,000
Hardware	369,822	611,500
Software	10,534	587,000
Furniture and Fixtures	135,935	173,515
Automobile	0	33,000
Leasehold Improvements	0	10,000
TOTAL	**$10,259,817**	**$17,310,015**

**Budget includes ~$4 million of renovation expend associated with 50 Great Oaks building*

The Plan expects to incur the bulk of the remaining expenditures later in the FY 2018.

Santa Clara Family Health Plan
Enrollment by Aid-Category

		2016-07	2016-08	2016-09	2016-10	2016-11	2016-12	2017-01	2017-02	2017-03	2017-04	2017-05	2017-06	2017-07	2017-08	2017-09
NON DUAL	Adult (over 19)	29,530	31,197	31,372	31,863	31,603	31,396	31,072	30,836	30,479	30,204	29,921	29,651	28,985	29,305	29,056
	Adult (under 19)	105,841	107,019	108,006	108,627	108,876	107,489	106,719	106,926	106,305	106,181	105,945	106,082	104,658	105,130	104,329
	Aged - Medi-Cal Only	9,256	10,078	10,138	10,199	10,216	10,206	10,371	10,400	10,400	10,520	10,538	10,674	10,776	10,772	10,802
	Disabled - Medi-Cal Only	10,785	11,014	10,998	11,046	11,024	11,009	11,013	11,042	11,057	11,071	11,060	10,900	10,899	10,685	10,676
	Child (HF conversion)	1,725	1,542	1,350	1,297	1,150	1,078	973	921	879	845	280	192	74	59	52
	Adult Expansion	82,983	83,513	83,721	84,679	84,327	84,551	83,031	82,715	82,618	82,751	82,418	82,349	80,300	80,836	80,571
	Other	40	38	38	37	35	35	34	38	38	39	35	38	33	35	45
	Long Term Care	297	307	305	313	325	331	330	325	328	327	341	355	358	353	349
	Total Non-Duals	240,457	244,708	245,928	248,061	247,556	246,095	243,543	243,203	242,104	241,938	240,538	240,241	236,083	237,175	235,880
DUAL	Aged	14,466	14,518	14,647	14,711	14,790	14,926	15,323	15,914	16,068	16,200	16,193	16,380	16,326	16,628	16,751
	Disabled	6,033	6,023	6,027	6,024	6,034	6,033	6,353	6,478	6,506	6,507	6,458	6,518	6,474	6,591	6,617
	Other	1,817	1,832	1,856	1,896	1,879	1,891	1,727	1,686	1,621	1,427	1,389	1,370	1,271	1,244	1,250
	Long Term Care	1,050	1,054	1,051	1,042	1,034	1,055	1,168	1,184	1,241	1,232	1,238	1,244	1,237	1,233	1204
	Total Duals	23,366	23,427	23,581	23,673	23,737	23,905	24,571	25,262	25,436	25,366	25,278	25,512	25,308	25,696	25,822
	Total Medi-Cal	263,823	268,135	269,509	271,734	271,293	270,000	268,114	268,465	267,540	267,304	265,816	265,753	261,391	262,871	261,702
	Healthy Kids	4,380	4,224	2,962	2,662	2,458	2,581	2,585	2,780	2,752	2,794	2,757	2,732	2,633	2,618	2,243
CMC	CMC Non-Long Term Care	7,776	7,698	7,587	7,485	7,269	7,241	7,223	7,298	7,329	7,273	7,251	7,257	7,252	7,141	7,126
	CMC - Long Term Care	332	327	322	316	314	305	304	300	293	294	294	286	273	264	257
	Total CMC	8,108	8,025	7,909	7,801	7,583	7,546	7,527	7,598	7,622	7,567	7,545	7,543	7,525	7,405	7,383
	Total Enrollment	**276,311**	**280,384**	**280,380**	**282,197**	**281,334**	**280,127**	**278,226**	**278,843**	**277,914**	**277,665**	**276,118**	**276,028**	**271,549**	**272,894**	**271,328**

Santa Clara County Health Authority
Income Statement for Three Months Ending September 30, 2017

	For the Month of Sep 2017					For Three Months Ending Sep 30, 2017				
	Actual	% of Revenue	Budget	% of Revenue	Variance	Actual	% of Revenue	Budget	% of Revenue	Variance
REVENUES										
MEDI-CAL	$ 90,712,780	91.4%	$ 90,295,231	91.0%	$ 417,549	$ 266,565,496	91.2%	$ 271,003,582	91.0%	$ (4,438,086)
HEALTHY KIDS	$ 230,705	0.2%	$ 252,000	0.3%	$ (21,295)	$ 771,208	0.3%	$ 756,000	0.3%	$ 15,208
MEDICARE	$ 8,320,905	8.4%	$ 8,637,957	8.7%	$ (317,052)	$ 24,938,544	8.5%	$ 25,913,872	8.7%	$ (975,328)
TOTAL REVENUE	$ 99,264,391	100.0%	$ 99,185,189	100.0%	$ 79,202	$ 292,275,247	100.0%	$ 297,673,454	100.0%	$ (5,398,207)
MEDICAL EXPENSES										
MEDI-CAL	$ 83,755,314	84.4%	$ 85,774,663	86.5%	$ 2,019,349	$ 246,924,510	84.5%	$ 257,582,112	86.5%	$ 10,657,603
HEALTHY KIDS	$ 209,950	0.2%	$ 213,264	0.2%	$ 3,314	$ 636,981	0.2%	$ 639,791	0.2%	$ 2,810
MEDICARE	$ 8,490,670	8.6%	$ 8,267,243	8.3%	$ (223,427)	$ 24,381,475	8.3%	$ 24,801,730	8.3%	$ 420,255
TOTAL MEDICAL EXPENSES	$ 92,455,933	93.1%	$ 94,255,170	95.0%	$ 1,799,237	$ 271,942,965	93.0%	$ 283,023,633	95.1%	$ 11,080,668
MEDICAL OPERATING MARGIN	$ 6,808,458	6.9%	$ 4,930,019	5.0%	$ 1,878,439	$ 20,332,282	7.0%	$ 14,649,821	4.9%	$ 5,682,461
ADMINISTRATIVE EXPENSES										
SALARIES AND BENEFITS	$ 2,414,691	2.4%	$ 2,166,450	2.2%	$ (248,241)	$ 6,572,111	2.2%	$ 6,558,706	2.2%	$ (13,406)
RENTS AND UTILITIES	$ 222,248	0.2%	$ 119,916	0.1%	$ (102,332)	$ 456,839	0.2%	$ 361,139	0.1%	$ (95,700)
PRINTING AND ADVERTISING	$ 15,593	0.0%	$ 68,150	0.1%	$ 52,557	$ 84,234	0.0%	$ 320,250	0.1%	$ 236,016
INFORMATION SYSTEMS	$ 137,616	0.1%	$ 217,714	0.2%	$ 80,098	$ 535,263	0.2%	$ 653,142	0.2%	$ 117,879
PROF FEES / CONSULTING / TEMP STAFFING	$ 1,040,261	1.0%	$ 917,577	0.9%	$ (122,684)	$ 3,217,227	1.1%	$ 2,973,072	1.0%	$ (244,154)
DEPRECIATION / INSURANCE / EQUIPMENT	$ 351,355	0.4%	$ 346,780	0.3%	$ (4,576)	$ 1,043,402	0.4%	$ 1,036,730	0.3%	$ (6,671)
OFFICE SUPPLIES / POSTAGE / TELEPHONE	$ 33,184	0.0%	$ 109,411	0.1%	$ 76,227	$ 133,737	0.0%	$ 483,834	0.2%	$ 350,097
MEETINGS / TRAVEL / DUES	$ 74,770	0.1%	$ 105,300	0.1%	$ 30,531	$ 214,438	0.1%	$ 283,199	0.1%	$ 68,761
OTHER	$ 15,572	0.0%	$ 24,220	0.0%	$ 8,648	$ 33,262	0.0%	$ 49,159	0.0%	$ 15,897
TOTAL ADMINISTRATIVE EXPENSES	$ 4,305,289	4.3%	$ 4,075,518	4.1%	$ (229,772)	$ 12,290,512	4.2%	$ 12,719,231	4.3%	$ 428,718
OPERATING SURPLUS (LOSS)	$ 2,503,168	2.5%	$ 854,501	0.9%	$ 1,648,668	$ 8,041,769	2.8%	$ 1,930,590	0.6%	$ 6,111,179
GASB 45 - POST EMPLOYMENT BENEFITS EXPENSE	$ (59,780)	-0.1%	$ (59,780)	-0.1%	$ -	$ (179,339)	-0.1%	$ (179,339)	-0.1%	$ -
GASB 68 - UNFUNDED PENSION LIABILITY	$ (75,000)	-0.1%	$ (75,000)	-0.1%	$ -	$ (225,000)	-0.1%	$ (225,000)	-0.1%	$ -
INTEREST & OTHER INCOME	$ 92,196	0.1%	$ 126,657	0.1%	$ (34,462)	$ 270,638	0.1%	$ 379,972	0.1%	$ (109,335)
NET SURPLUS (LOSS) FINAL	$ 2,460,584	2.5%	$ 846,379	0.9%	$ 1,614,206	$ 7,908,068	2.7%	$ 1,906,224	0.6%	$ 6,001,844

Santa Clara County Health Authority
Balance Sheet

	SEP 17	AUG 17	JUL 17	JUN 17
Assets				
Current Assets				
Cash and Marketable Securities	$ 448,058,194	$ 287,663,878	$ 302,258,460	$ 364,609,248
Premiums Receivable				
In Home Support Services (IHSS)	325,224,695	310,692,607	296,711,087	282,168,565
All Other	184,070,749	214,018,970	201,903,371	192,697,632
Prepaid Expenses and Other Current Assets	7,270,204	8,013,700	8,080,915	7,070,619
Total Current Assets	964,623,842	820,389,155	808,953,833	846,546,064
Long Term Assets				
Equipment	31,528,704	31,269,437	31,288,225	21,268,887
Less: Accumulated Depreciation	(11,656,940)	(11,358,920)	(10,954,498)	(10,761,759)
Total Long Term Assets	19,871,764	19,910,517	20,333,727	10,507,128
Total Assets	$ 984,495,606	$ 840,299,672	$ 829,287,560	$ 857,053,192
Deferred Outflow of Resources	$ 9,287,513	$ 9,287,513	9,287,513	9,287,513
Total Deferred Outflows and Assets	993,783,119	849,587,185	838,575,073	866,340,705
Liabilities and Net Position				
Current Liabilities				
Trade Payables	$ 5,818,458	$ 4,978,755	$ 4,857,207	$ 6,157,039
Deferred Rent	73,701	79,999	86,298	92,597
Employee Benefits	1,272,378	1,258,413	1,265,956	1,262,108
Retirement Obligation per GASB 45	4,997,698	4,937,918	4,878,139	4,818,359
Advance Premium - Healthy Kids	70,072	69,264	60,466	53,439
Deferred Revenue - Medicare	10,785,993			8,372,938
Whole Person Care	2,065,180	2,065,180	2,065,180	2,065,180
Payable to Hospitals (SB90)	64,197,175			0
Payable to Hospitals (SB208)	29,409,629		0	0
Payable to Hospitals (AB 85)	31,377,923	29,911,530	28,642,083	27,378,335
Due to Santa Clara County Valley Health Plan and Kaiser	26,149,229	6,586,869	4,905,409	9,456,454
MCO Tax Payable - State Board of Equalization	42,161,354	27,153,715	18,491,922	33,865,555
Due to DHCS	156,445,574	173,623,646	190,634,704	207,658,770
Liability for In Home Support Services (IHSS)	343,276,396	328,744,308	314,762,788	300,220,266
Premium Deficiency Reserve (PDR)	2,374,525	2,374,525	2,374,525	2,374,525
Medical Cost Reserves	93,532,008	90,562,820	91,216,364	90,922,381
Total Current Liabilities	814,007,293	672,346,943	664,241,040	694,697,947
Non-Current Liabilities				
Noncurrent Premium Deficiency Reserve	5,919,500	5,919,500	5,919,500	5,919,500
Net Pension Liability GASB 68	7,082,370	7,007,370	6,932,370	6,857,370
Total Liabilities	827,009,163	685,273,813	677,092,910	707,474,817
Deferred Inflow of Resources	485,329	485,329	485,329	485,329
Net Position / Reserves				
Invested in Capital Assets	10,480,456	10,409,164	10,693,290	10,507,128
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Unrestricted Net Equity	147,594,754	147,666,046	147,381,920	89,480,978
Current YTD Income (Loss)	7,908,068	5,447,484	2,616,274	58,087,104
Net Position / Reserves	166,288,628	163,828,043	160,996,834	158,380,560
Total Liabilities, Deferred Inflows, and Net Assets	$ 993,783,119	$ 849,587,185	$ 838,575,073	$ 866,340,705

Santa Clara Family Health Plan
Statement of Cash Flows
For Three Months Ending Sep 30, 2017

Cash flows from operating activities		
Premiums received	$	214,928,603
Medical expenses paid	$	(209,584,433)
Administrative expenses paid	$	88,093,956
Net cash from operating activities	$	93,438,126
Cash flows from capital and related financing activities		
Purchases of capital assets	$	(10,259,817)
Cash flows from investing activities		
Interest income and other income, net	$	270,638
Net (Decrease) increase in cash and cash equivalents	$	83,448,946
Cash and cash equivalents, beginning of year	$	364,609,248
Cash and cash equivalents at Aug 31, 2017	$	448,058,194
Reconciliation of operating income to net cash from operating activities		
Operating income (loss)	$	7,637,430
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	$	895,181
Changes in operating assets and liabilities		
Premiums receivable	$	(34,429,247)
Due from Santa Clara Family Health Foundation	$	-
Prepaids and other assets	$	(199,585)
Deferred outflow of resources	$	-
Accounts payable and accrued liabilities	$	99,868,211
State payable	$	(42,917,397)
Santa Clara Valley Health Plan and Kaiser payable	$	16,692,775
Net Pension Liability	$	225,000
Medical cost reserves and PDR	$	2,609,627
Deferred inflow of resources	$	-
Total adjustments	$	85,800,695
Net cash from operating activities	$	93,438,126

Santa Clara County Health Authority
STATEMENT OF OPERATIONS
BY LINE OF BUSINESS (INCLUDING ALLOCATED EXPENSES)

For Three Months Ending Sep 30, 2017

	Medi-Cal	CMC	Healthy Kids	**Grand Total**
P&L (ALLOCATED BASIS)				
REVENUE	$259,983,643	$31,520,396	$771,208	**$292,275,247**
MEDICAL EXPENSES	239,282,759	32,023,225	636,981	**271,942,965**
(MLR)	92.0%	101.6%	82.6%	**93.0%**
GROSS MARGIN	20,700,885	(502,829)	134,226	**20,332,282**
ADMINISTRATIVE EXPENSES	10,932,613	1,325,469	32,430	**12,290,512**
(% of Revenue Allocation)				
OPERATING INCOME/(LOSS)	9,768,272	(1,828,298)	101,796	**8,041,769**
OTHER INCOME/(EXPENSE)	(118,930)	(14,419)	(353)	**(133,702)**
(% of Revenue Allocation)				
NET INCOME/ (LOSS)	$9,649,342	($1,842,717)	$101,443	**$7,908,068**
PMPM (ALLOCATED BASIS)				
REVENUE	$330.78	$1,412.65	$102.91	**$358.28**
MEDICAL EXPENSES	304.44	1,435.18	85.00	**333.36**
GROSS MARGIN	26.34	(22.54)	17.91	**24.92**
ADMINISTRATIVE EXPENSES	13.91	59.40	4.33	**15.07**
OPERATING INCOME/(LOSS)	12.43	(81.94)	13.58	**9.86**
OTHER INCOME / (EXPENSE)	(0.15)	(0.65)	(0.05)	**(0.16)**
NET INCOME / (LOSS)	$12.28	($82.58)	$13.54	**$9.69**
ALLOCATION BASIS:				
MEMBER MONTHS - YTD	*785,964*	*22,313*	*7,494*	***815,771***
Revenue by LOB	*89.0%*	*10.8%*	*0.3%*	***100%***

Note: CMC includes Medi-Cal portion of the Coordinated Care Initiative (CCI) data

Santa Clara
Family Health Plan

Regular Meeting of the
Santa Clara County Health Authority
Compliance Committee

Thursday, November 16, 2017
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
Dave Cameron, Chief Financial Officer
Robin Larmer, Chief Compliance and Regulatory Affairs Officer
Jeff Robertson, Chief Medical Officer
Chris Turner, Chief Operations Officer

Staff Present

Beth Paige, Director, Compliance
Cindy Pierce-Allen, Interim Medicare Compliance Manager
.

Members Absent

Sharon Valdez, VP, Human Resources

1. **Roll Call**

Ms. Larmer called the meeting to order at 1:00 pm. Roll call was taken and a quorum established.

2. **Public Comment**

There were no public comments.

3. **Approve Minutes of the August 24, 2017 Regular Compliance Committee Meeting**

The Minutes of the August 24, 2017 Compliance Committee meeting were reviewed.

It was moved, seconded, and the August 24, 2017 Compliance Committee Meeting minutes were **unanimously approved**.

Santa Clara
Family Health Plan

4. CMC Health Risk Assessment Performance Improvement Plan Update

Ms. Larmer provided an update on progress toward completion of the Core 2.1 Performance Improvement Plan (PIP). The team has made steady progress and has continued to provide frequent updates to CMT. CMT has expressed satisfaction with the team's progress and revised HRA completion processes.

5. Compliance Report

Ms. Larmer presented the Quarterly Compliance Report highlighting the activities of the Compliance Department and key communications with regulators.

- DHCS released the 2018 auto-assignment ratios for Santa Clara County. Due primarily to SCFHP's improved HEDIS scores, the Plan's auto-assignment allocation increased from 46% in 2017 to 66% for 2018.
- SCFHP has been selected to participate in the CMS provider directory monitoring project.

Ms. Larmer presented and reviewed the CMC and Medi-Cal Operational Compliance Report, and explained that staff continues to evaluate and develop work plans to address areas of noncompliance.

A **motion** was made to approve the Quarterly Compliance and the CMC and Medi-Cal Operational Compliance Reports; the motion was **seconded and unanimously approved**.

6. Regulatory Corrective Action Plans

a. Misdirected Claims
Misdirected claims compliance declined in Q3 due to a refocus on the QNXT conversion. SCFHP's focus has now returned to misdirected claims, and staff is working to implement new processes to improve identification of misdirected claims.

b. Provider Dispute Resolution
Since resolving the PDR backlog, staff has remained in compliance, and has focused on reporting and process improvements to ensure sustained compliance.

c. DHCS Audit
SCFHP is developing a CAP to address the deficiencies identified in the DHCS audit report. Due to report lag times, several of the items noted as deficient had been corrected before the report was issued.

A **motion** was made to approve the Regulatory CAP update; the motion was **seconded and unanimously approved**.

7. Part D Formulary Administration Analysis

Ms. Pierce-Allen reported that SCFHP has been selected for participation in a Part D formulary administration analysis. Further details about the analysis are forthcoming.

8. Regulatory Updates

Ms. Larmer noted that after discussions with program and legal staff at DHCS, SCFHP was granted an exemption from AB 72 reporting.

9. Fraud, Waste, and Abuse Report

Ms. Larmer presented the Fraud, Waste, and Abuse report:

- The FWA vendor has identified and is investigating the potential submission of claims for services that were provided by an unlicensed practitioner under the billing number of another practitioner. The vendor also continues to monitor and evaluate certain coding and other practices that may reflect FWA, including:
    - Analysis of E&M codes submitted by providers that billed in excess of the Plan's network average
    - Continuous positive airway pressure (CPAP) units billed in excess of monthly thresholds allowed by the Plan
    - Testing of approximately 70% of a pediatrician's patients for allergies during a two-year period
- An interdisciplinary team representing Compliance, IT, Health Services, Finance, Provider Network Management and other functional areas will continue to meet with the vendor no less frequently than monthly to ensure prompt action regarding any identified FWA concerns.

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

10. Adjournment

The meeting was adjourned at 2:10 pm.

Santa Clara
Family Health Plan

Santa Clara County Health Authority

Compliance Committee Charter

Purpose

The primary purpose of the Compliance Committee (Committee) is to assist the Santa Clara Family Health Plan (SCFHP) Governing Board in its oversight of the implementation and effectiveness of SCFHP's Compliance Program. The Committee provides support and guidance to the Compliance Officer in overseeing the outcomes and performance of activities initiated under the Compliance Program to ensure compliance with state and federal regulators. The Committee shall provide minutes of its actions to the Board for review, and all actions of the Committee shall be reported at the next regularly scheduled Board meeting.

Members

The Compliance Committee shall be comprised of the Executive Team including the Chief Compliance and Regulatory Affairs Officer, who shall serve as Chair, and a Governing Board member, as appointed by the full Board, who is free from any relationship that in the opinion of the Board would interfere with the exercise of his or her independent judgment as a member of the Committee.

Meetings

Regular meetings of the Compliance Committee shall be scheduled quarterly. Additional special meetings, or meeting cancellations, may occur as circumstances dictate.

Committee members may attend each meeting in person or via teleconference. Teleconferencing shall be conducted pursuant to California Government Code Section 54953(d). The presence of a majority of the members of the Committee 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 Committee shall be open and public, except such meetings or portions thereof that may be held in closed session to the extent permitted by applicable law including, but not limited to, the Ralph M. Brown Act (Gov. Code § 54950 et seq.) and Section 14087.28.

Minutes of all meetings of the Committee shall be recorded.

Responsibilities

The following functions shall be the common recurring activities of the Compliance Committee. These functions should 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.

- Review and approve the following documents, including but not limited to:
    - Compliance Program
    - Compliance risk assessment;
    - Compliance monitoring and auditing work plan
- Oversee the development, implementation, annual review, and approval of appropriate Standards of Conduct, business ethics, and compliance program policies and procedures.
- Oversee the development and implementation of operational policies to ensure satisfactory relationships with SCFHP's principal regulatory authorities.
- Oversee employee training on the Standards of Conduct, business ethics, SCFHP's Compliance Program and compliance policies, and training on the detection, correction and prevention of fraud, waste, and abuse (FWA) in government programs.
- Ensure that the full Governing Board meets all compliance and FWA training requirements annually.
- Oversee SCFHP's annual Conflict of Interest reporting process.
- Reviewing effectiveness of the system of internal controls, such as dashboards, designed to reveal compliance issues and compliance with key regulatory requirements.
- Ensure that SCFHP maintains clear channels of communication, through which employees and first, tier, downstream and related entities (FDRs) may seek advice on application of the Plan's Compliance Program.
- Ensure that SCFHP maintains a hotline through which employees, FDRs and members may report potential compliance violations confidentially or anonymously (if desired) without fear of retaliation.
- Oversee and receive periodic reports regarding investigations of compliance violations and potential FWA reported to the SCFHP Compliance Officer.
- Ensure that appropriate internal and external monitoring and auditing (including FDRs) are conducted to verify adherence to SCFHP's Compliance Program guidelines and procedures.
- Monitor audits/examinations/corrective action plans conducted and issued by governmental or other regulatory agencies.
- The Compliance Committee will monitor the overall effectiveness of the Compliance Program. Some indicators of an effective compliance program are:
    - Use of monitoring to track and review open/closed corrective action plans, FDR compliance, Notices of Non-Compliance, warning letters, CMS sanctions, training completion/pass rates, etc.;
    - Implementation of new or updated Medicare 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, beneficiaries through customer service calls, or the Complaint Tracking Module (CTM), Parts A, B and D issues, etc.;
    - Timely response to reported noncompliance and potential FWA, and effective resolution (i.e., non-recurring issues);
    - Consistent, timely and appropriate disciplinary action; and
    - Detection of noncompliance and FWA issues through monitoring and auditing.

Santa Clara Family Health Plan
Operational Compliance Report
Calendar Year Q2 & Q3 2017

Santa Clara Family Health Plan
The Spirit of Care

Cal MediConnect	Goal	Q2 Results	Q3 Results
ENROLLMENT			
Enrollment Materials			
% of New member packets mailed within 10 days of effective Date	100%	Met	Met
% of New Member ID cards mailed within 10 days of effective date	100%	Met	Met
Out of Area Members			
% Compliance with OOA Member Process	100%	Met	Met
CUSTOMER SERVICE			
Combined Call Stats			
Member			
Member Average Speed of Answer in Seconds	≤30 Seconds	Not Met	Not Met
Member Average Hold Time in Seconds	≤120 Seconds	Met	Met
Member Abandonment Rate	≤5%	Not Met	Not Met
Member Service Level	80% in ≤30 Seconds	Not Met	Not Met
HEALTH SERVICES			
Pre-Service Organization Determinations			
Standard Part C			
% of Timely Decisions made within 14 days	100%	Met	Met
Expedited Part C			
% of Timely Decisions made within 72 Hours	100%	Not Met	Not Met
Post Service Organization Determinations			
% of Timely Decisions made within 30 days	100%	Met	Not Met
QUALITY & CASE MANAGEMENT			
HRAs and ICPs			
% of HRAs completed in 45 days for High Risk Members	100%	Not Met	Not Met
% of HRAs completed in 90 days for Low Risk Members	100%	Not Met	Not Met
% of ICPs completed within 30 days for High Risk Members	100%	Not Met	Not Met
% of ICPs completed within 30 working days for Low Risk Members	100%	Not Met	Not Met
Quality of Care/Service			
% of PQI Extended cases that received an extension letter within 30 Days	100%	Report Pending	Report Pending
% of Resolution Letters sent within 30/44 days	100%	Report Pending	Report Pending
CLAIMS			
Non-Contracted Providers			
% of Clean Claims to Non-Contracted Providers processed within 30 days	90%	Not Met	Not Met
Contracted Providers			
% of Claims to Contracted Providers processed within 45 days	90%	Met	Met
% of Claims to Contracted Providers processed within 90 days	99%	Met	Met
% of Claims to Contracted Providers processed beyond 90 days	≤1%	Not Met	Not Met

Medi-Cal	Goal	Q2 Results	Q3 Results
ENROLLMENT			
Enrollment Materials			
% of New member packets mailed within 7 days of effective Date	100%	Met	Met
% of New Member ID cards mailed within 7 days of effective date	100%	Met	Met
CUSTOMER SERVICE			
Call Stats			
Member Queue			
Member Average Speed of Answer in Seconds	≤30 Seconds	Not Met	Not Met
Member Average Hold Time in Seconds	≤120 Seconds	Met	Met
Member Abandonment Rate	≤5%	Not Met	Not Met
Member Service Level	80% in ≤30 Seconds	Not Met	Not Met
HEALTH SERVICES			
Medical Authorizations			
Routine Authorizations			
% of Timely Decisions made within 5 Business Days of request	95%	Met	Met
Expedited Authorizations			
% of Timely Decisions made within 72 Hours of request	95%	Not Met	Met
Concurrent Review			
% of Timely Decisions made within 24 Hours of request	95%	Met	Met
Retrospective Review			
% of Retrospective Reviews completed within 30 Calendar Days of request	95%	Met	Met
QUALITY & CASE MANAGEMENT			
Initial Health Assessment			
% of High Risk SPD Members who completed HRA in 45 days	100%	Report Pending	Report Pending
% of HRAs completed in 90 days for Low Risk SPD Members	100%	Report Pending	Report Pending
% of HRAs completed in 45 days for High Risk MLTSS Members	100%	Report Pending	Report Pending
% of HRAs completed in 90 days for Low Risk MLTSS Members	100%	Report Pending	Report Pending
Facility Site Reviews			
% of FSRs completed timely	100%	Met	Met
CLAIMS			
Non-Contracted Providers			
% of Clean Claims to Non-Contracted Providers processed within 30 days	90%	Not Met	Not Met
Contracted Providers			
% of Claims to Contracted Providers processed within 45 working days	90%	Met	Met
Provider Claim Dispute Requests (Contracted & Non-Contracted)			
% of Contracted Provider Disputes Processed within 45 days	100%	Not Met	Not Met

Met = Measure substantially but not fully met; CAP/adverse action unlikely (or not anticipated)

Santa Clara Family Health Plan
Operational Compliance Report
Calendar Year Q2 & Q3 2017

Santa Clara Family Health Plan
The Spirit of Care

Cal MediConnect (continued)	Goal	Q2 Results	Q3 Results
PHARMACY - PART D			
Standard Part D Authorization Requests			
% of Standard Prior Authorizations completed within 72 Hours	100%	Met	Met
Expedited Part D Authorization Requests			
% of Expedited Prior Authorizations completed within 24 Hours	100%	Met	Met
Other Pharmacy Requirements			
Formulary posted on website by 1st of the month	100%	Met	Met
Step Therapy posted on website by 1st of the month	100%	Met	Met
PA criteria posted on website by 1st of the month	100%	Met	Met
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
% of Standard Grievances resolved within 30/44 days	100%	Not Met	Not Met
Expedited Grievances Part C			
% of Expedited Grievances resolved within 24 hours	100%	Met	Met
Grievances, Part D			
Standard Grievance Part D			
% of Acknowledgement Letters sent within 5 days	100%	Not Met	Not Met
% of Grievances processed within 30 days	100%	Not Met	Not Met
Expedited Grievance Part D			
% of Expedited Grievances processed within 72 hours	100%	Met	Met
Reconsiderations, Part C			
Standard Post-Service Part C			
% of Standard Post-Service Reconsiderations that received Acknowledgement Letters within 5 days	100%	Not Met	Not Met
% of Standard Post-Service Reconsiderations resolved within 60 days	100%	Met	Met
Standard Pre-Service Part C			
% of Standard Pre-Service Reconsiderations that received Acknowledgement Letters within 5 days	100%	Not Met	Not Met
% of Standard Post-Service Reconsiderations resolved within 60 days	100%	Met	Met
Expedited Pre-Service Part C			
% of Expedited Pre-Service Reconsiderations resolved with oral notification to member within 72 Hours	100%	Report Pending	Report Pending
% Expedited Pre-Service Reconsiderations (upheld & untimely) submitted to IRE within 24-hours of decision	100%	Met	Met
Redeterminations, Part D			
Standard Part D			
% of Standard Redeterminations resolved within 7 calendar days	100%	Not Met	Not Met

Medi-Cal (continued)	Goal	Q2 Results	Q3 Results
PHARMACY			
Standard Authorization Request			
% of Standard Prior Authorizations completed within 1-Business Day	95%	Met	Met
Expedited Authorization Request			
% of Expedited Prior Authorizations completed within 1-Business Day	95%	Met	Met
GRIEVANCE & APPEALS			
Grievances			
Standard Grievances			
% of Grievances resolved within 30 days	100%	Not Met	Not Met
Expedited Grievances			
% of Expedited Grievances resolved within 72 hours	100%	Not Met	Not Met
% of Expedited Grievances that received Oral Notification within 72 hours	100%	Report Pending	Report Pending
% of Expedited Grievances that received Resolution Letters within 72 hours	100%	Report Pending	Report Pending
Appeals			
Standard Appeals			
% of Acknowledgement Letters sent within 5 calendar days	100%	Not Met	Not Met
% of Standard Appeals resolved within 30/44 calendar days	100%	Not Met	Not Met
Expedited Appeals			
% of Expedited Appeals Resolved within 72 hours	100%	Not Met	Not Met
% of Expedited Appeals that received Oral Notification within 72 hours	100%	Report Pending	Report Pending
% of Expedited Appeals that received Resolution Letters within 72 hours	100%	Report Pending	Report Pending
Non-Contracted Provider Standard Appeals			
% of Non-K Standard Provider Appeals Processed within 45 days	100%	Report Pending	Report Pending
State Fair Hearings			
% of State Fair Hearing Decisions Overturn Plan Decision	<15%	Report Pending	Report Pending

Met = Measure substantially but not fully met; CAP/adverse action unlikely (or not anticipated)

Santa Clara Family Health Plan
Operational Compliance Report
Calendar Year Q2 & Q3 2017

Santa Clara Family Health Plan
The Spirit of Care

Cal MediConnect (continued)	Goal	Q2 Results	Q3 Results
Expedited Part D			
% of Expedited Redeterminations resolved with oral notification to member within 72 Hours	100%	Report Pending	Report Pending
% of Untimely Expedited Redeterminations Submitted to IRE within 24 Hours of decision	100%	Report Pending	Report Pending
COMPLAINT TRACKING MODULE (CTM) COMPLAINTS			
% Resolved Timely	100%	Not Met	Not Met
PROVIDER RELATIONS			
Provider Directories updated monthly by the first day of the month	100%	Met	Met
Quarterly Provider Network Adequacy	100%	Met	Met
Monthly Excluded Provider Screening Completed (Independent Providers)	100%	Met	Met
MARKETING			
% of Marketing Materials Submitted for Approval	100%	Met	Met
% of Events Submitted for Approval	100%	Met	Met
FINANCE			
Monthly submission of encounters	100%	Met	Met
% of Encounters submitted to CMS within 180 days of date of Service	80%	Met	Met
% of RAPS records successfully submitted to CMS (not duplicate)	95%	Met	Met

Medi-Cal (continued)	Goal	Q2 Results	Q3 Results
PROVIDER NETWORK MANAGEMENT			
% of New Independent Providers Rec'd Orientation within 10 days	100%	Met	Met
Monthly Excluded Provider Screening Completed	100%	Met	Met
Timely Access Surveys (due in June)	100%	Met	Met
DHCS/DMHC Quarterly Network Assessment	100%	Met	Met
INFORMATION TECHNOLOGY			
% Encounter Files Successfully Submitted to DHCS by end of month	100%	Met	Met
% Monthly Eligibility Files successfully submitted to Delegates Timely	100%	Met	Met
% Provider File submitted to DHCS by last Friday of Month	100%	Met	Met

Company Wide Compliance	Goal	Q2 Results	Q3 Results
COMPLIANCE TRAINING			
% New Employee Training Completed Timely	100% completed within 3 business days	Met	Met
% Annual Employee Training Completed Timely	100% completed by year end	Annual Measure	Annual Measure
BOARD OF DIRECTORS TRAINING			
% Annual Board Training Completed Timely	100% completed by year end	Annual Measure	Annual Measure
INTERNAL AUDITS			
% of Internal Audits Completed	100% completed by year end	Annual Measure	Annual Measure
DELEGATION OVERSIGHT			
% of Scheduled Audits Completed	100%	Met	Met
HUMAN RESOURCE			
Excluded Individual Screening Completed Monthly	100%	Met	Met
REPORTING			
% of CMC Routine Reports Submitted Timely	100%	Met	Met
% of Medi-Cal Routine Reports Submitted Timely	100%	Not Met	Not Met
FILINGS			
% of Key Personnel Filings Timely	100%	Met	Met

Met = Measure substantially but not fully met; CAP/adverse action unlikely (or not anticipated)

Meeting Minutes

SCCHA Quality Improvement Committee

Wednesday, November 08, 2017

Voting Committee Members	Specialty	Present Y or N
Nayyara Dawood, MD	Pediatrics	Y
Jennifer Foreman, MD	Pediatrics	Y
Jimmy Lin, MD	Internist	N
Ria Paul, MD	Geriatric Medicine	Y
Jeff Robertson, MD, CMO	Managed Care Medicine	Y
Christine Tomcala, CEO	N/A	Y
Ali Alkoraishi, MD	Adult & Child Psychiatry	N
Jeffrey Arnold, MD	Emergency Medicine	Y
Darrell Evora, Board Member	N/A	Y

Non-Voting Staff Members	Title	Present Y or N
Johanna Liu, PharmD	Director of Quality and Pharmacy	Y
Andres Aguirre, MPH	Quality Improvement Manager	Y
Lily Boris, MD	Medical Director	Y
Robin Larmer	Chief Compliance and Regulatory Affairs Officer	Y
Darryl Breakbill	Grievance and Appeals Operations Manager	Y
Sandra Carlson, RN	Director of Health Services	N
Lori Andersen	Director of LTSS	Y
Sherry Holm	Director of Behavioral Health	N
Caroline Alexander	Administrative Assistant	Y

AGENDA ITEM	DISCUSSION/ACTION	ACTION	RESPONSIBLE PARTIES	DUE DATE
Introductions	Ria Paul, MD Chairman called the meeting to order at 6:05 p.m. Quorum was established at this time.			

AGENDA ITEM	DISCUSSION/ACTION	ACTION	RESPONSIBLE PARTIES	DUE DATE
Review and Approval of August 09, 2017 minutes	The minutes of the August 09, 2017 Quality Improvement Committee Meeting were reviewed. It was moved, seconded to approve minutes as written.	Minutes of the August 09, 2017 meeting were approved as presented.		
Public Comment	No public comment.			
CEO Update	Ms. Tomcala presented the CEO update. Reduction in membership from 270,132 to 268,303 in the last month. Possible contributing factor may be the cost of living in the Bay Area (members moving to other areas). Reached out to Social Services to gain some possible insight as to factors contributing to membership drop. The new facility located on South East side of San Jose. Santa Clara Family Health Plan has engaged with architect and construction manager. NCQA results came in since last meeting in August. Interim NCQA accreditation was obtained. Ms. Liu attended a DHCS Quality Conference in Sacramento. Santa Clara Family Health Plan won an award for Greatest Improvement in Quality Strategy Focus Areas (HEDIS scores).			

AGENDA ITEM	DISCUSSION/ACTION	ACTION	RESPONSIBLE PARTIES	DUE DATE
Action Items	No action items at this time.			
Discussion Items A. PIPS	Mr. Aguirre presented the Quality Improvement Projects. Two are for Medi-Cal and one is for Cal MediConnect. 18 month cycle on Medi-Cal side. New ones kick off thru 2019. 5 submissions modules over 18 month period. For performance improvement projects, Diabetic Retinal Eye Exam improved. Controlling Hypertension from 45.8 to 50%. MLTSS: No MLTSS PIP cycle. CMS PIP's: Long term 3 year projects. Topic assigned by CMS. Yearly submission. PDSA, small tests of change in network or clinic. August 2017 topics selected to begin in January 2018. 1) Disparity PIP-childhood immunization status (lower IZ status in Vietnamese population-lowest CIS rate). The QI team will do a deeper dive into data. 2) Targeting (CBP) All cause readmissions-December 2016 to January 2018. Largest Barrier Identified: Changes in Case Management Staff and competing priorities.	Committee members preferred to see a comprehensive immunization program incentive for all children who are behind schedule on their IZ's. Not just a sub-population. QI will follow up and agreed.		
B. Member Incentives	SCFHP will be rolling out three member incentive programs in the first half of 2018. The incentives are designed to provide incentives for members to get preventative care in key areas. Two incentives tie into DHCS PIP projects, the third one is a long term goal for the QI department. All members will be identified using Certified HEDIS software. PIP Incentives after DHCS approval are proposed as: Controlling Blood Pressure in members with hypertension: The plan will be targeting members with hypertension and offering a $25 dollar gift card to Target. In order to qualify for the incentive the member needs a provider signature attesting to having a blood pressure taken and discussion on hypertension control. Childhood Immunization Status – Combo 3: The plan will be targeting two year old members and offering a $30 dollar gift card to Target. In order to qualify, the member will need to send in a complete immunization card to the health plan.			

AGENDA ITEM	DISCUSSION/ACTION	ACTION	RESPONSIBLE PARTIES	DUE DATE
C. Access and Availability	Dr. Robertson presented the Access and Availability report on behalf of Ms. Turner. The provider network is in the process of conducting the Timely Access and Availability surveys for measurement year 2017. The survey efforts include: After hours survey measuring appropriate access to care for urgent issues after hours. 3rd Available appointment survey measuring availability and timeliness of appointments. These surveys are required by regulation to be completed during the calendar year and will be submitted in the first quarter of 2018. The results of the survey will be validated through an external auditor. We will share the results of the audit with the Quality Improvement Committee once complete.	Share the results of the audit with the Quality Improvement Committee once complete.		
D. Appeals and Grievances	Mr. Breakbill presented the Appeals and Grievances report for Q2 and Q3 2017. Membership broken down by network. Medi-Cal membership by network (a little over ½ of Medi-Cal belongs to Valley Health Plan). Kaiser is the only network delegated to handle Grievance and Appeals on our behalf. Q2 and Q3 Medi-Cal appeals: July spike in Pharmacy appeals. Reflects change in regulations not change in number of Grievance and Appeals. Q2 and Q3 Grievances Medi-Cal: Most are related to transportation. Access to Care: appointment availability; phone appointments. Valley Medical Center instituted e-consult program, contributing to access and availability increase (resulted in drop in grievances). Primary care access related grievances: provider not accepting new patients. Specialty Care: Access to specialists is largest area. Cannot get non urgent appointment within 15 business days. Appeals: Q2 56% upheld, 2% partially favorable; 7% withdrawn Q3 61% upheld, 6% withdrawn Pharmacy Appeals (Medi-Cal) Q2 55% upheld Q3 66% upheld Redefined what appeal is. Q2 to Q3 timeliness decreased. Timeliness also dropped for expedited appeals. Q2 to Q3 Pharmacy Appeals 2% drop in timeliness (increase attributes to this).			

AGENDA ITEM	DISCUSSION/ACTION	ACTION	RESPONSIBLE PARTIES	DUE DATE
	Q2-Q3 Expedited Pharmacy Appeals improvement. Deeper dive into this area to determine cause of improvement. 4% decline in timeliness for MediCal grievances from Q2 to Q3. Expedited grievances: very few, most are related to obtaining appointments. Processing days: rise in cases, hopefully decline with more staffing. Spike to 31 days in July, down to 26 in September. Medi-Cal does not give benchmarks for other plans (no publicly published information from DHCS). Cal MediConnect: billing cases recently brought into Grievance and Appeals area. Attributed to rise in cases for Q2 2017. Closed out quickly as members not allowed to be balance billed. Q2/Q3 2017 Spike in part D appeals in September for post service. (Medical services). Grievances low Part C&D. Quality of service spike. Vendors receptive to feedback. Working with Provider Network Services. Q2 All pre service issues (CMC Part C Reconsiderations) Q3 next quarter see closure rates. Part D redeterminations Q2 2017 (Lidocaine and Zolpidem largest requests). Q3 2017 Higher overturn rate than upheld. Q2 to Q3 2017: CMC Timeliness 16% decrease. One case untimely in Q3 for redeterminations. January through September caseload has jumped for CMC.			
E. Health Outcomes Survey (HOS)	Mr. Aguirre presented the results of the Health Outcomes Survey (HOS). Mandatory for all Medicare contracts. Multiyear survey. 2016 Baseline year for Santa Clara Family Health Plan with 2018 follow up survey. Rates are compared to score of 50. Physical Status Measure Score (PCS) lower, Mental Health Status measure (MHS) almost baseline. Attribute to sicker population and poorer. 14 or more days of poor physical health. Higher than California and HOS total. Falls Risk Assessment for example. Follow up on languages to be used on survey. Top three chronic conditions: hypertension, arthritis, and diabetes. Follow up survey starts Spring 2018. Revising HRA for 2018. Programming into care management platform Essette so integrated into care plan goals.			

AGENDA ITEM	DISCUSSION/ACTION	ACTION	RESPONSIBLE PARTIES	DUE DATE
F. Consumer Assessment of Healthcare Providers & Systems (CAHPS)	Mr. Aguirre presented an update on CAHPS. Administered to sample of 800 Cal MediConnect members. Compressed number of questions by 24. Sent out reminders. Increase in response rate. 68 questions on survey. Two survey mailings and telephone call over 3 months' time period. 29% response rate which is above national average of 27.7% response rate. Reach out to Vietnamese population (perhaps contributes to lower response rate). Trained internal departments that speak to members on what this survey is and to inform members about survey. Next steps: reached out to NCQA consultant and company that does survey to see if has consulting options to do deeper dive and get more insight into this.			
Committee Reports				
A. Credentialing Committee	Dr. Robertson presented the August 2nd Credentialing Committee meeting minutes. 100% timely credentialing and re-credentialing. No termination of providers.	Minutes of the August 02, 2017 Credentialing Committee meeting were approved as presented.		
B. Pharmaceutical and Therapeutics Committee	Dr. Robertson presented the June 15th Pharmaceutical and Therapeutics Committee meeting minutes. Grievance and Appeals findings on Emergency Prescription CAP presented. Discussion on over the counter cough and cold. Detailed changes to the formulary.	Minutes of the June 15, 2017 Pharmaceutical and Therapeutics Committee meeting were approved as presented.		
C. Utilization Management Committee	Dr. Robertson presented the July 19th Utilization Management Committee minutes. UM Charter reviewed. New care coordinator guidelines approved. Over and underutilization metrics presented. Completed IRR program (in compliance).	Minutes of the July 19, 2017 Utilization Management Committee meeting were approved as presented.		

AGENDA ITEM	DISCUSSION/ACTION	ACTION	RESPONSIBLE PARTIES	DUE DATE
D. Dashboard	Ms. Liu presented the Quality Dashboard. Integrated all metrics that are throughout plan. Compliance dashboard-brought important compliance dashboard elements. Next meeting will present excerpts of compliance committee. Creating report that will follow Brown Act (hybrid of Compliance Committee and Quality Dashboard). Future discussion to take place. One FSR in August resulted in CAP. 61 PQI's in July, 79 PQI's in August, 75 PQI's in September. PQI's are rated at four different levels, level 2 means an opportunity for improvement, level 3 means harm or potential harm, and level 4 is the most severe. One level 3 reported in October. Will bring for further discussion at Q1 2018 Quality Improvement Committee meeting.	Bring for further discussion at Q1 2018 Quality Improvement Committee meeting	Johanna Liu/Robin Larmer	2/21/2018
E. Consumer Advisory Report	Ms. Andersen presented the Consumer Advisory Board Report. Required by Cal MediConnect to have a Consumer Advisory Board composed of health plan members. Meeting is held jointly with Anthem Blue Cross and meets monthly. Agenda usually consists of an educational program, question and answer session, and open input/sharing. An annual calendar of educational events is created (for example: Falls Prevention). Feedback is brought to Quality Improvement Committee. Trouble shooting is done after the meeting and documented. Anthem Blue Cross has five members on the board and Santa Clara Family Health Plan has three active members. In the process of recruiting new members.			

AGENDA ITEM	DISCUSSION/ACTION	ACTION	RESPONSIBLE PARTIES	DUE DATE
Adjournment	Meeting adjourned by Dr. Ria Paul at 7:48 p.m.			
Next Meeting	Wednesday, February 21, 2018- 6:00 PM	Calendar and attend.	All	

Reviewed and approved by:

_____ Date _____

Ria Paul, MD
Quality Improvement Committee Chairperson

QUALITY IMPROVEMENT
COMMITTEE or ACTIVITY REPORT

Name of Reporting Committee or Activity: Credentialing Committee

Monitoring or Meeting Period: August 2, 2017

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	22	
Initial practitioners credentialed within 180 days of attestation signature	100%	100%
Recredentialing		
Number practitioners due to be recredentialed	5	
Number practitioners recredentialed within 36-month timeline	5	
% 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 7/31/17	199	
Corrected Total number of practitioners in network (excludes delegated providers) as of 5/31/17	190	

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

*The reported overall counts for 5/31/2017 were re-calculated this month. Due to an issue with the formula to tally the providers, the provider counts for 5/31/2017 were higher than they actually were. The issue has been fixed and the provider counts above represent the actual total number of practitioners in-network (excludes delegated providers) for 5/31/2017.

Santa Clara
Family Health Plan

Regular Meeting of the
Santa Clara County Health Authority d.b.a. Santa Clara Family Health Plan
Pharmacy & Therapeutics Committee
Thursday, June 15, 2017
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)	Y
Minh Thai, MD	Family Practice	N
Amara Balakrishnan, MD	Pediatrics	Y
Peter Nguyen, MD	Family Practice	N
Jesse Parashar-Rokicki, MD	Family Practice	N
Narinder Singh, PharmD	Health System Pharmacy (SCVMC)	N
Ali Alkoraishi, MD	Adult & Child Psychiatry	Y
Johanna Liu, PharmD, MBA	SCFHP Director of Quality and Pharmacy	Y
Jeff Robertson, MD	SCFHP Chief Medical Officer	N

Non-Voting Committee Members	Specialty	Present (Y or N)
Lily Boris, MD	SCFHP Medical Director	N
Caroline Alexander	SCFHP Administrative Assistant, Medical Management	N
Christine Tomcala	SCFHP Chief Executive Officer	N
Tami Otomo, PharmD	SCFHP Clinical Pharmacist	Y
Dang Huynh, PharmD	SCFHP Pharmacy Manager	Y
Amy McCarty, PharmD	MedImpact Clinical Program Manager	Y

	Topic and Discussion	Follow-Up Action
1	**Introductions**	
	The meeting convened at 6:10 PM.	
2	**Past Meeting Minutes**	
	The SCFHP 1Q2017 P&T Minutes from March 16, 2017, MedImpact 1Q2017 P&T Minutes, and MedImpact 2Q2017 P&T Part D Actions were reviewed by the Committee as submitted.	Upon motion duly made and seconded, the SCFHP 1Q2017 P&T Minutes from March 16, 2017, MedImpact 1Q2017 P&T Minutes, and MedImpact 2Q2017 P&T Part D Actions were approved as submitted and will be forwarded to the QI Committee and Board of Directors.

Santa Clara
Family Health Plan

3	**Health Plan Updates**	
	Health Plan Updates - Dr. Liu shared that SCFHP successfully submitted the 2018 Cal MediConnect bid and formulary. Per the governor's budget released in May, SCFHP expects to continue offering Cal MediConnect (CMC) in 2018. SCFHP's contingency plan to offer a dual eligible special needs plan (D-SNP) was cancelled. - SCFHP's CEO recently appointed two new P&T members from Valley Health Plan (VHP). These new members may be in attendance at the next P&T meeting. **Membership** - Dr. Liu shared that total membership is currently down to 276,028 members. There has been a slight decrease in membership since March in both Medi-Cal and CMC lines of business. Medi-Cal membership is at 268,485 and CMC is at 7,543. The slight drop in membership may be due to multiple factors – stabilization of impact from the Affordable Care Act and stabilization of membership in the Healthy Kids line of business.	
	Pharmacy Dashboard - Dr. Otomo presented the Pharmacy Dashboard for Medi-Cal and CMC. For Medi-Cal, PA volume has been relatively steady since the start of the year. Above 95% turnaround time for both urgent and standard PAs. For CMC, one standard PA in March was identified as not compliant with the turnaround time of 72 hours. Medication Therapy Management (MTM) comprehensive medication review (CMR) completion rate was at 11% as of April; on track to meet 22% completion rate by year end. - Dr. Liu shared that as of 7/1/17, SCFHP will be implementing a 24-hour turnaround time for Medi-Cal PAs per DHCS requirement. The current SCFHP pharmacists will be staffing weekends and holidays to meet this requirement. - Dr. Balakrishnan asked about the low PA approval rate in Medi-Cal. Dr. Huynh explained that many PAs are submitted without chart notes or supporting clinical information, so they are denied. Dr. Otomo added that the denial rate also includes PAs that are denied for administrative reasons such as member has primary coverage with Medicare Part D, California Children's Services (CCS), or commercial insurance. - Dr. Balakrishnan asked if there are certain drugs that are more commonly requested than others through PA. Dr. Huynh responded that SCFHP will provide a report of the most commonly requested drugs at the next P&T meeting. - Dr. Huynh presented the pharmacy claim count from Q1 2017. In Medi-Cal, there were 542,526 approved claims and 240,202	Run a report of the most commonly requested drugs through PA to share at next P&T meeting

	denied claims. In Healthy Kids, there were 953 approved claims and 1,458 denied claims. In CMC, there were 79,836 approved claims and 34,506 denied claims.	
	Appeals & Grievances - Dr. Liu presented the Appeals and Grievances report. Steady number of Medi-Cal pharmacy appeals in Q1. 51% of Medi-Cal pharmacy appeals were overturned. The most common reason for overturned denials is that more information was provided during the appeal period than with the PA request. For Medi-Cal grievances, there was an increase in dissatisfaction regarding quality of service/customer service and a decrease in the number of grievances about access to care. Q1 Medi-Cal rates per 1000 report showed stable rates. Steady number of CMC pharmacy appeals in Q1. 26% of CMC pharmacy appeals were overturned; a lower overturn rate in CMC means that SCFHP clinicians agree with the decisions being made at the first-level of review by the MedImpact PA team. Low, stable number of CMC grievances. Q1 CMC rates per 1000 report showed stable rates with a very slight increase in CMC grievances rate per 1000 in March. - The Committee requested bar graphs instead of pie charts to display the data. Dr. Liu said that she will share this request with the Appeals and Grievances Manager.	Display Appeals and Grievances data in bar graphs instead of pie charts
	Emergency Rx Access Monitoring - Dr. Huynh presented the Emergency Prescription Access Report looking at updated 3Q16 data. Per DHCS feedback to choose one ER diagnosis as a targeted diagnosis to conduct further analysis, SCFHP opted to look into the diagnosis of urinary tract infection (UTI). A new analysis was completed to determine if there were any barriers to access of care by sampling 10 members with a denied pharmacy claim within 72 hours of an ER visit. No barriers to care were identified. Another new analysis involved looking into pharmacy claims for a UTI antibiotic with a day supply of less than 3 days. The claims identified were researched and deemed appropriate.	
4	**Old Business**	
	OTC Cough & Cold - Dr. Huynh presented updates to the OTC cough and cold discussion from previous P&T meetings. Utilization of OTC guaifenesin/dextromethorphan combination products decreased in members 0-11 years old after removing these products from formulary. Per the request at last P&T meeting, OTC guaifenesin/dextromethorphan combination products for ≥12 years of age were added back to formulary with a	

	retroactive effective date of 11/1/16. Dr. Huynh provided literature support for concerns about the safety and efficacy of OTC cough and cold products for patients younger than 12 years old. - Dr. Balakrishnan expressed concerns about access to cough and cold treatments for pediatric patients. Dr. Liu shared that there have been no grievances or appeals filed since OTC cough and cold products were removed from formulary. Dr. Alkoraishi commented that Kaiser stopped covering OTC cough and cold products because their use is not supported by the American Academy of Pediatrics. Dr. Liu recommended to monitor utilization, PA requests, and grievances/appeals for another 6 months to obtain a year's worth of data to analyze the impact of these formulary changes. The Committee supported this recommendation.	
5	**Action Items**	
	Pharmacy Policies - PH04 Pharmacy & Clinical Programs Quality Monitoring policy was updated to meet Section 1927(g) of the Social Security Act (SSA) and Title 42, CFR part 456, subpart K, which outlined requirements for a drug utilization review (DUR) program. SCFHP currently maintains procedures for both prospective and retrospective DUR. - PH10 Cal MediConnect Part D Transition policy was revised into the newer policy template. CMS requires plans to submit their transition policy annually and requires the policy to include specific statements (mainly around member protection).	Upon motion duly made and seconded, proposed changes to policies PH04 and PH10 were approved as presented.
	DHCS Medi-Cal CDL Updates - Dr. McCarty presented the Medi-Cal formulary drug updates. There were no recommended actions.	
	Formulary Modifications - Dr. Otomo presented the formulary changes since the last P&T meeting. Notable changes included adding OTC guaifenesin/dextromethorphan combination products back to formulary, adding modafinil to formulary with PA and QL of 1 tablet per day, adding alogliptin/pioglitazone to formulary with QL of 1 tablet per day, changing QL on duloxetine 60mg to 2 capsules per day, and adding QL of 1 tablet per day to eszopiclone. - Dr. Alkoraishi asked if SCFHP planned to make any formulary changes around the recent release of the Strattera generic. Dr. Otomo responded that SCFHP will be looking into this before the next P&T meeting.	Upon motion duly made and seconded, formulary modifications were approved as presented. Analyze utilization and current formulary restrictions on Strattera to determine any formulary changes due to release of generic atomoxetine.

	Prior Authorization Criteria
	- Dr. Otomo presented the following PA criteria for approval by the committee:
	  - Hydrocodone/APAP solution (Hycet)
	  - Symlin (pramlintide acetate injection)
	  - Trifluridine (Viroptic)
	  - Iressa (gefitinib)
	  - Targretin (bexarotene)
	  - Leuprolide (Lupron, Lupron Depot, Lupron Depot-PED)
	  - Nebupent (pentamidine)
		Upon motion duly made and seconded, prior authorization criteria were approved as requested.

6	**Discussion Items**	
	New APL 17-008 - Dr. Huynh shared that the new DHCS APL 17-008 requires all managed care plans to have DUR. The requirements include maintaining a prospective and retrospective DUR process, an educational program, and participate in the state DUR Board. Plans must also submit annual reports to DHCS. - Dr. Liu stated that SCFHP already had a prospective and retrospective DUR process, so the only requirement to be implemented is participation in the state DUR board. If the state DUR board has any recommendations for clinical programs, these recommendations must be brought to the P&T meetings to be approved or turned down. These actions must be documented in the P&T meeting minutes.	

	Class Reviews
	- Dr. McCarty presented the following drug class reviews and updates:
	  - Osteoporosis Update – New anabolic drug: Tymlos (abaloparatide). New drug with novel mechanism of action (both antiresorptive and anabolic actions): Evenity (romosozumab). Proposed adding abaloparatide to formulary with PA.
	  - Movement Disorders – Two new agents: Austedo and Ingrezza. Proposed adding generic tetrabenazine to formulary with PA and QL.
	- PCSK9 - *Informational Only*
		Upon motion duly made and seconded, all recommendations were approved as presented.

	New Drug Reviews
	- Dr. McCarty presented the following new drug reviews:
	  - Kisqali (ribociclib) – New targeted therapy similar to Ibrance, but has poorer safety profile. Proposed to add ST to exemestane to look for trial of anastrozole or letrozole, add QL to anastrozole, and remove letrozole from formulary. NCCN Breast Cancer guideline does not prefer any of the three agents over each other.
	  - New & Expanded Indications – *Informational Only*
		Upon motion duly made and seconded, all recommendations were approved as presented.

	- Emflaza (deflazacort) - *Informational Only* - Line Extensions - *Informational Only*	
	Drug Trend & Utilization Review - Dr. McCarty shared that the P&T committee's past decisions to remove Harvoni and Sovaldi from formulary and to add Zepatier and Epclusa to formulary significantly reduced Hepatitis C PMPM spend. Prior to implementation of these formulary changes, from January to July 2016, average cost per HCV utilizer was $27,480. After the implementation of these formulary changes, from January to May 2017, average cost per HCV utilizer was $20,790. Generic Pipeline – *Informational Only*	
7	**Adjournment at 7:59 PM**	

Santa Clara Family Health Plan

The Spirit of Care

MINUTES
UTILIZATION MANAGEMENT COMMITTEE
July 19, 2017

Voting Committee Members	Specialty	Present Y or N
Jimmy Lin, MD, Chairperson	Internal Medicine	Y
Ngon Hoang Dinh, DO	Head and Neck Surgery	N
Indira Vemuri, MD	Pediatrics	Y
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	N
Sandra Carlson	Health Services Director	N
Sherry Holm	Behavioral Health Manager	N
Lori Andersen	MLTSS Director	N
Caroline Alexander	Administrative Assistant	Y

ITEM	DISCUSSION	ACTION REQUIRED
I. Introductions Review/Revision/Approval of Minutes	Meeting was started with a Quorum at 6:10 PM. There was a motion to approve the April 19, 2017 minutes.	Minutes approved as presented.
II. CEO Update	Christine Tomcala , CEO discussed the following items: 1. Whole Person Care: Application was approved and will be moving forward. 2. QNXT: Implemented new system to pay Medi-Cal claims. QNXT go live was beginning of July. 3. New Building: Santa Clara Family Health Plan purchased a new building. Lease expires in 2018 at current location. Located in South San Jose. Move anticipated in March 2018 at the earliest.	None.

ITEM	DISCUSSION	ACTION REQUIRED
	Kaiser currently occupies part of the building and will rent space from Santa Clara Family Health Plan.	
III. Action Items	a. Dr. Boris presented the UM Charter: No changes made to the charter. Presented to committee as a review of UM Committee structure and responsibilities. Motion to approve the UM Charter.	UM Charter approved as written.
	b. Dr. Boris presented the Care Coordinator Guidelines: She highlighted the changes: For unlicensed staff like coordinators to approve authorizations, have to follow guidelines. When we get a Skilled Nursing Facility request, it used to be approved for 7 days then sent to nurse for review. Changed to 3 day approval and then sent to nurse for review. No authorization required for dialysis. Updated transportation guidelines. Included new All Plan Letter. Removed Colonoscopy and Anesthesia from care coordinator guidelines. For inpatient admission, Care Coordinator approves first day. Question by Dr. Lin about what the percentage is of those in SNF that become Long Term Care. Santa Clara Family Health Plan waives 3 day admission requirement before transitioning to SNF. Motion made to approve Care Coordinator Guidelines.	Bring data to next meeting on percentage of those members in SNF that transition to LTC. Care Coordinator Guidelines approved as written.
IV. Standing Reports	a. Membership report updated: At 271,000 lives. About 5 thousand lives less than June. Majority of loss is in Medi-Cal line of business. Trying to research what factors caused the large change in membership from June to July.	None.
	b. UM Reports 2017 i. Turn Around Time (Cal MediConnect/Medi-Cal) a. Follow up item: Dashboard report not available currently. Follow up from last UMC regarding Medi-Cal authorizations that were non-compliant in turnaround time. 18 authorizations were found to be non-compliant with regulatory turnaround time (17 Urgent, 1 Routine). Factors found to contribute to this: 4 were entered late by coordinator, 1 request sent via connect and was addressed late, and 11 auths were within compliance but IT report captured as non-compliant. Connect was deactivated.	Follow up on next report regarding IT sync issue.
	ii. Standard Utilization Metrics a. Dr. Boris reviewed the comprehensive UM metrics: inpatient, discharges, length of stay, frequency of procedures etc. for Medi-Cal and Cal MediConnect lines of business. Rolling twelve months of data from April 1, 2016 to March 31, 2017. MediCal inpatient utilization: Average length of stay decreased from 4th Quarter 2016 to 1st Quarter 2017. Medi-Cal SPD numbers are smaller. Discharge numbers per 1,000 members are higher. CMC inpatient utilization: Average length of stay increased from 4th Quarter 2016 to 1st Quarter 2017. Discharge numbers per 1,000 members increased. Only 7,500 members in CMC. Other major difference in CMC data: responsible for mental health stays. Benchmarks are from NCQA.	Bring data on OB inpatient admissions Pull CPT codes for all members with bariatric surgery (what was the most frequent procedure requested) Get primary diagnosis for readmits by Line of Business

ITEM	DISCUSSION	ACTION REQUIRED
		Bring data back on readmits for CMC. 9% readmit looks out of line. See if changes. Follow up on if Yoga can be offered as a Health Education activity to members

ITEM	DISCUSSION	ACTION REQUIRED
	c. Interrater Reliability (IRR) a. Dr. Boris presented the Interrater Reliability Report. In calendar year 2017, SCFHP updated the policy from individual testing to group testing to provide support to our staff. The Plan classifies reviews into one of two performance categories: Proficient (80%-100% of the records are in compliance with the review criteria); Not proficient (below 80% in compliance). Scores below 80% require increased focus by Supervisors/Managers with actions described in Policy/Procedure HS.09/HS.09.01 or an individual corrective action plan. Fifteen staff were tested in the UM department. Findings indicate that all staff performed as Proficient. There were no CAP's. The next testing cycle is scheduled for Fall 2017.	Information only
	d. RN Advice Line Policy a. Dr. Boris presented the RN Advice Line Policy. Previously in Quality, moved to Utilization Management. Applies to Medi-Cal, Healthy Kids and Cal MediConnect. States that plan offers RN Advice Line 24 hours a day. Motion made to accept policy as written	RN Advice Line approved as written.
V. Discussion Items	a. Advice Line Metrics Optum provides 24/7/365 centralized toll-free Nurse Advice Line number to all Cal MediConnect members. Call types vary in nature as well as disposition types. The volume of calls was as follows: • November 2016: 8 calls • December 2016: 7 calls • January 2017: 14 calls • February 2017: 4 calls • March 2017: 9 calls • April 2017: 24 calls • May 2017: 12 calls • June 2017: 17 calls	Informational only.
	b. Notice to MD offices about RN Advice Line Sample of Cal MediConnect and MediCal member cards were presented. RN Advice Line number is on the member card. Question posed: Can there be a member service representative script for members changing PCP's?	Informational only. Dr. Boris to follow up with Chris Turner.

ITEM	DISCUSSION	ACTION REQUIRED
VI. Adjournment	Meeting adjourned at 7:05 PM	
NEXT MEETING	The next meeting is scheduled for Wednesday, October 18, 2017, 6:00 PM	

Prepared by:
Caroline Alexander
Administrative Assistant
Date 10/18/17

Reviewed and approved by:
Jimmy Lin, M.D.
Committee Chairperson
Date 10/18/17

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Regular Meeting of the
Santa Clara County Health Authority
Consumer Advisory Committee

Tuesday, December 12, 2017
6:00 – 7:00 pm
210 E. Hacienda Avenue
Campbell, CA 95008

Minutes - DRAFT

Committee Members Present
Waldemar Wenner, M.D., Chair
Ms. Rebecca Everett
Ms. Blanca Ezquerro
Ms. Rachel Hart
Ms. Margaret Kinoshita
Mr. Hung Vinh
Mr. Tran Vu
Ms. Danette Zuniga

Staff Present
Ms. Laura Watkins, Director of Marketing, Outreach and Enrollment
Ms. Sherita Gibson, Marketing Coordinator
Ms. Chelsea Byom, Marketing and Communications Manager
Ms. Divya Shah, Health Educator
Ms. Christine Tomcala, Chief Executive Officer

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1. Call to Order

Dr. Waldemar Wenner, Chair, called the meeting to order at 6:07 p.m. A quorum was established.

2. Roll Call and Introductions

Introductions were made.

3. Public Comment

There were no public comments.

4. Review and Approval of September 12, 2017 Minutes

Mr. Vu moved and Ms. Ezquerro seconded the motion to approve the minutes from the meeting held on September 12, 2017. The motion passed unanimously.

5. Health Plan Update

Ms. Tomcala presented an enrollment update: As of December 1, Medi-Cal enrollment is 258,106; Cal MediConnect is 7,389; and Healthy Kids is 2,447 for a total enrollment of 267,942. Membership has remained nearly flat.

Ms. Tomcala shared that the plan is working with an architect to design the interior of the new building. The timeframe for the move is likely June. CAC meetings will be held at the new building once the move is complete. Ms. Zuniga noted that the new address is already showing up in Google search results.

Ms. Tomcala noted that the 20th anniversary report was distributed to our community. The plan was recognized by the Department of Health Care Services for Greatest Improvement in Quality Strategy Focus Areas. The plan received interim accreditation from the National Council on Quality Assurance in August for its Cal MediConnect product line. Another review will be completed in 18 months.

Ms. Tomcala notified the committee that Dr. Wenner will be relocating. He has resigned his position on the Governing Board and will step down from his position as chair of the CAC. The Committee recognized Dr. Wenner for his contributions and leadership.

6. Grievance and Appeals

Mr. Breakbill was unable to attend the meeting and will be invited back at a later date. An FAQ document was distributed to the Committee.

7. Newsletter Content

Dr. Wenner suggested sending providers copies of the member newsletter in the mail. Ms. Everett suggested including safety and prevention information for summer activities: drowning prevention, wearing helmets, etc. Ms. Kinoshita said that some members are not aware of where they can get dental services. She suggested including instructions on how to find dentists and vision services. Ms. Ezquerro stated that Denti-Cal has a list of providers organized by zip code. Mr. Vu suggested discussing substance use disorder and safe disposal of medications. Mr. Vinh confirmed that the plan sends the newsletter in the member's language. The committee complemented the newsletter layout and colors.

Ms. Everett suggested notifying parents in advance of the age when they are unable to see their child's medical records. Mr. Vu asked about audio messages for people who are unable to read. Ms. Watkins provided an update on the phone system upgrade that will allow for messages to be played

while a caller is on hold. Ms. Zuniga said that her doctor's office asks the following question at the beginning of each call, "Are there any accommodations that you need for this call?"

Ms. Everett asked about outreach to homeless populations. Ms. Watkins said that getting information to that demographic is a challenge. Some individuals state that their address is a local community organization or church. SCFHP mails materials to these addresses. If their materials are mailed to County Social Services, they are required to pick up those materials or risk losing their Medi-Cal eligibility.

8. Recent SCFHP Member Communications

Ms. Byom provided an overview of recent SCFHP member communications:

- Website – Board and committee meetings continue to be posted and updated on the website, as well as member materials (e.g., provider directories and formularies are updated monthly)
- Community Resources & Events - Winter Shelters, Holiday Meals
- Flu vaccine campaign – Included Facebook and website posts, lobby poster, messaging to members from Customer Service, Case Managers, etc.
- Mailings - Fall member newsletters, transportation benefit change notice, 20th Anniversary Report

9. Future Meetings and Agenda Items

The next Consumer Advisory Committee meeting is March 13, 2017. Topics suggested for the next meeting include:

- Grievance and appeals

Other suggestions for topics that members are interested in hearing about from SCFHP include:

- Springtime allergies self-care
- Emergency preparedness
- Hepatitis A

10. Adjournment

Mr. Vu moved and Ms. Hart seconded the motion to adjourn the meeting at 7:01 pm. The motion passed unanimously.

Waldemar Wenner, MD
Chair, Consumer Advisory Committee

Santa Clara
Family Health Plan
The Spirit of Care

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TO: Santa Clara County Board of Supervisors

FROM: Santa Clara County Health Authority Governing Board
Santa Clara Community Health Authority Governing Board

DATE: December 2017

Annual Report

Santa Clara County Health Authority and Santa Clara Community Health Authority, collectively doing business as Santa Clara Family Health Plan (SCFHP), serve more than 270,000 low-income residents of Santa Clara County through the Medi-Cal, Cal MediConnect (CMC), and Healthy Kids programs.

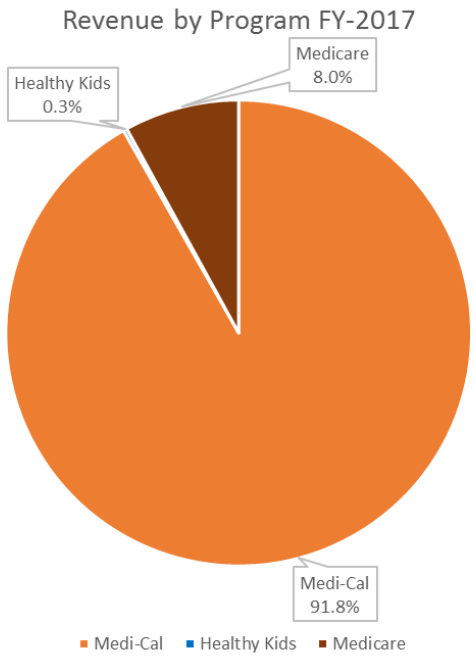
Attached is a summary of SCFHP 2015-2017 Financial Highlights. Recent years have brought the health plan tremendous membership growth, including more than 80,000 Medi-Cal Expansion members and 7,500 CMC/Duals Demonstration members. These populations represent adults with complex care needs, which has necessitated development of initiatives to address these new needs of our enrollees. During fiscal year 2016-2017, the focus of SCFHP was on improving infrastructure and striving for operational excellence. Activities centered on meeting the compliance expectations of our state and federal regulators, implementation of a new claims adjudication system for the Medi-Cal line of business, and improving the quality and coordination of care provided to our members—acknowledged by receipt of the 2017 award for *Greatest Improvement in Quality Strategy Focus Areas* from the California Department of Health Care Services (DHCS) and interim accreditation by the National Committee for Quality Assurance (NCQA) for CMC.

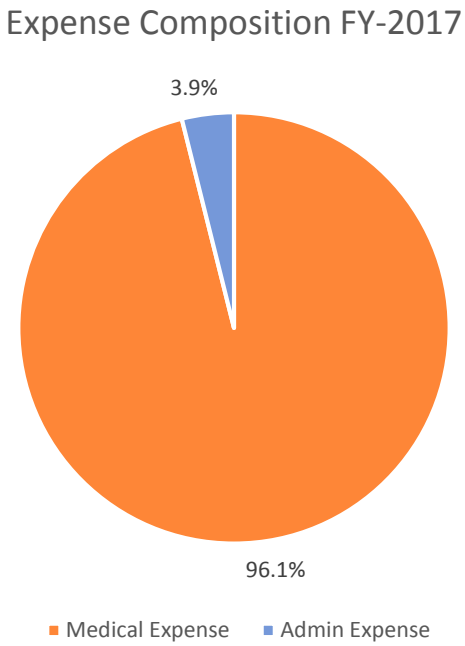
As a health plan that exclusively serves the safety net population in our community, we have also sought to work collaboratively with Valley Health Plan, Valley Medical Center, and Santa Clara Valley Health and Hospital System (SCVHHS). During calendar year 2017, the health plan engaged in joint strategic planning with SCVHHS on meeting the managed health care needs of the safety net population in the context of a changing healthcare landscape.

For fiscal year 2017-2018, the health plan will continue enhancement of its compliance program, optimize systems to meet increasing technological demands, strengthen clinical and service quality, and collaborate with SCVHHS on development and implementation of the Whole Person Care initiative.

SCFHP Financial Highlights FY17

- Santa Clara Family Health Plan experienced a modest 4.8% growth in average monthly membership in FY2016-17 after growing 84.3% over the previous three years. This was driven by the Affordable Care Act (ACA), Medi-Cal expansion, and the launch of new products and benefits including the Coordinated Care Initiative (CCI) pilot - which includes Cal MediConnect (CMC) and MLTSS. The expanded Medi-Cal benefits in the CCI pilot are for long-term care, behavioral health services, Multi Services Senior Program, In-Home Support Services, and Medicare.
- Fiscal Year 2017 Revenue and Expense Composition (excluding MCO taxes):





BYLAWS OF
SANTA CLARA COUNTY HEALTH AUTHORITY
(Adopted as amended December 14, 2017)

Deleted: June 22,

ARTICLE I
AUTHORITY, PURPOSES, STATUS AND POWERS

Section 1.1 Authority. These Bylaws are adopted by the Santa Clara County Health Authority ("Authority") to establish rules for its proceedings, as authorized by Welfare and Institutions Code 14087.38 ("Section 14087.38") and Ordinance No.300.576 ("Ordinance"), as amended from time to time. The Authority is a public agency created by the Board of Supervisors of Santa Clara County ("County") pursuant to authority conferred by Section 14087.38.

Section 1.2 Purposes. The purposes of the Authority are to meet the problems of delivery of publicly assisted medical care in the County, to demonstrate ways of promoting quality care and cost efficiency, and to further such other purposes as are contemplated by Section 14087.38 and described in the Ordinance.

Section 1.3 Status. The Authority is an entity separate from the County. Obligations, acts, omissions or liabilities of the Authority shall be obligations, acts omissions or liabilities solely of the Authority, and shall not, directly or indirectly, be obligations, acts, omissions or liabilities of the County or any officials, employees or agents of the County.

Section 1.4 Powers. The Authority shall have the power to negotiate and enter into contracts with the Department of Health Care Services and to arrange for the provision of health care services for Medi-Cal beneficiaries as authorized by Section 14087.38. To the extent authorized by Section 14087.38, the Authority may also enter into contracts to arrange for the provision of health care services to individuals including, but not limited to, those covered under Subchapter XVIII (commencing with Section 1395) of Chapter 7 of Title 42 of the United States Code, those entitled to coverage under other publicly supported programs, those employed by public agencies or private businesses, and uninsured, indigent, or underinsured individuals. The Authority shall have all rights, powers, duties, privileges and immunities expressed, either directly or implicitly, in Section 14087.38. Chapter 1 of Division A6 of the Ordinance Code of the County, containing general rules and procedural requirements applicable to boards and commissions of the county, as they may apply now.

ARTICLE II
GOVERNING BOARD

Section 2.1 Governance. Responsibility for governing and managing the affairs of the Authority shall be vested in a governing board ("Governing Board").

Section 2.2 Number. The Governing Board shall consist of thirteen (13) members ("Board Members"), each of whom shall have a fiduciary duty to act in the best interest of the Authority.

Deleted: June 22

Section 2.3 **Qualifications.** Board Members shall be chosen for their willingness and ability to effectively contribute to and support the objectives of the Authority, shall have a commitment to a health care system that seeks to improve access to quality health care for persons served by the Authority and shall have a commitment to maintaining and preserving a health care safety net for the medically indigent, uninsured, and underinsured populations of the County. Board Members shall either reside, be employed, or provide services in the county, and shall be generally representative of the diverse backgrounds, interests and demography of persons residing in the County. When nominating members to the Governing Board candidates possessing the following backgrounds should be considered: expertise in business, finance, managed care, hospital administration, information technology, medicine, health care policy, or law.

Section 2.4 **Nominations.** Nominations shall be made as follows: Board members shall be nominated by the County Board of Supervisors.

Section 2.5 **Appointment**. Appointments shall be made upon a majority vote by the County Board of Supervisors.

Section 2.6 **Term.** The terms for all Board Members shall be two years. No Board Member may serve more than four (4) consecutive terms without a break in service from the Board of at least one year.

Section 2.7 **Resignation.** Any Board Member may resign at any time by giving written notice of such resignation to the Chairperson of the Governing Board. Such resignation shall take effect at the time specified in the notice; provided, however, that if the resignation is not to be effective immediately upon receipt of the notice by the Chairperson, the Governing Board must affirmatively vote to accept the effective date specified, and if the Governing Board does not approve such later date, the resignation shall be effective immediately.

Section 2.8 **Removal.** A Board Member may be removed from the Governing Board by either of the following methods:

2.8.1 The Governing Board, by an affirmative vote of no less than six Governing Board Members, may remove a Board member. The reasons for removal may include:

2.8.1.1 The Board Member fails to meet the qualifications as a Board Member;

2.8.1.2 The Board Member fails to attend three (3) consecutive regular meetings of the Governing Board;

2.8.1.3 The Board Member fails during any twelve (12) month period to attend a minimum of 50% of (a) the regular and special meetings of the Governing Board, or (b) the meetings of the committees of which the Board Member is a member;

Deleted: June 22

2.8.1.4 The Board Member fails to discharge legal obligations as a member of a public agency;

2.8.1.5 The Board Member is convicted of a crime involving corruption or any felony; or the Board Member is barred, suspended or excluded from participation in federal programs or has been barred from serving as a Board Member pursuant to the Knox-Keene Act;

2.8.1.6 A request for removal has been submitted by the Board of Supervisors.

2.8.1.7 Other good cause, as reasonably determined by the Governing Board.

2.8.2 A Board Member shall be given reasonable notice and an opportunity to respond before the Governing Board prior to any vote by the Governing Board regarding potential removal of that Board Member.

Section 2.9 Vacancies. Any vacancy in the Board, however created, shall be filled by the County Board of Supervisors.

ARTICLE III
OFFICERS

Section 3.1 Designation. The Officers of the Authority shall be:

3.1.1 A Chairperson, who shall be a Board Member, and who shall preside at all meetings of the Governing Board.

3.1.2 A Vice-Chairperson who shall be a Board Member, and who in the Chairperson's absence, or inability to act, shall preside at the meetings of the Governing Board.

If both the Chairperson and the Vice-Chairperson are absent or unable to act, the Board Members present shall by action of the Board Members select one of the Board Members present to act as chairperson pro tempore, who, while so acting, shall have all of the authority of the Chairperson.

3.1.3 A Treasurer, shall be a Board Member or such other person as appointed by the Governing Board, including but not limited to the Chief Financial Officer, who is employed by the Authority, and who shall have custody of and disburse the Authority's funds. The Treasurer shall have the authority to delegate the signatory function of the Treasurer to such persons as authorized by the Governing Board.

3.1.4 A Secretary, who shall be a Board Member or other person appointed by the Governing Board, including a person employed by the Authority, and who shall be responsible for preparing and keeping the minutes of the Governing Board; shall attest to the

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signature of the Chairperson, Vice-Chairperson, Treasurer, Chief Executive Officer or other authorized signatory on documents executed on behalf of the Authority; shall give, or cause to be given, notice of all meetings of the Governing Board and committees of the Authority as required by law; shall keep the seal of the Authority, if one be adopted, in safe custody; and shall have such other duties as may be prescribed by resolution of the Governing Board or these Bylaws.

Section 3.2 Election. The Governing Board shall elect officers for a two-year term. Officers may be elected for consecutive two-year terms.

Section 3.3 Resignation. Any officer may resign effective on giving written notice to the Secretary or the Chairperson, unless the notice specifies a later time for his or her resignation to become effective. Upon receipt of such notice by the Secretary or the Chairperson, as applicable, the Secretary shall notify (or, if applicable, the Chairperson shall direct the Secretary to notify and the Secretary shall then notify) all the other officers of the Authority and shall enter the notice in the proceedings of the Governing Board. The acceptance of a resignation shall not be necessary to make it effective.

Section 3.4 Vacancies. A vacancy in any of the officer positions for any cause shall be filled by a special election of the Governing Board at the next regular or special meeting of the Governing Board.

ARTICLE IV
MEETINGS

Section 4.1 Regular and Special Meetings. The date, time and place of regular meetings of the Governing Board shall be established by resolution of the Governing Board. The Governing Board shall hold regular meetings during at least each of four (4) months of each calendar year, at least one of which may include a strategic planning session. Special meetings may be held upon the call and the discretion of the Chairperson. However, upon the request of any three (3) or more Board Members, the Chairperson shall call a special meeting. Special meetings shall be subject to the rules otherwise set forth in these Bylaws.

Section 4.2 Open and Public. Meeting shall be open and public and all persons shall be permitted to attend, except for closed sessions, all as required and permitted by applicable law, including the Ralph M. Brown Act (Gov. Code 54950 *et. seq.*) and Section 14087.38.

Section 4.3 Notice.

4.3.1 Notice of every regular meeting, and any special meeting which is called at least one (1) week prior to the date set for the meeting, shall be given to each member of the Governing Board and to any person who has filed a written request for notice with the Authority. Any such mailed notice shall be mailed at least one (1) week prior to the date set for the meeting to which it applies, except that the Governing Board may give the notice as it deems practical of special meetings called less than seven (7) days prior to the date set for the meeting. Any request for notice filed pursuant to this section shall be valid for one (1) year from the date on which it is

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filed unless a renewal request is filed. All requests for notice shall be filed with the Secretary of the Authority. Renewal requests for notice shall be filed within ninety (90) days after January 1 of each year.

4.3.2 Written notice of each special meeting shall be delivered personally, electronically, or by mail to each Board Member and, to each local newspaper of general circulation, radio and television station, requesting such written notice in writing. Such notice shall be received at least twenty-four (24) hours before the time of such meeting as specified in the notice. The notice shall specify the time and place of the special meeting and the agenda for the meeting. No other business shall be considered at such meeting. Notice shall be required pursuant to this section regardless of whether any action is taken at the special meeting. In cases of emergency, notice of special meetings may be dispensed with only to the extent permitted by applicable law.

Section 4.4 Waiver of Notice. Written notice may be dispensed with as to any Board Member who, at or prior to the time the meeting convenes, files with the Secretary a written waiver of notice. Such waiver may be given by any means that allows for a permanent record and may be authorized by law. Such written notice also may be dispensed with as to any Board Member who is actually present at the meeting at the time it convenes.

Section 4.5 Attendance and Participation. Board Members must attend the regular meetings of the Governing Board and of committees to which they are appointed and shall contribute their time and special abilities as may be required for the benefit of the Authority.

Section 4.6 Quorum. A quorum is a majority of the Board Members (i.e. seven members). A quorum must be present to initiate and conduct the transaction of business at any regular or special meeting of the Governing Board.

Section 4.7 Meeting Agendas. For all meetings that are open and public pursuant to the Ralph M. Brown Act (Gov. Code 54950 *et seq.*), the provisions of Sections 4.7.1 through 4.7.3 shall apply.

4.7.1 The Chief Executive Officer of the Authority shall prepare an agenda for every meeting of the Governing Board setting forth a brief general description of each item of business to be transacted or discussed at the meeting and the time and location of the meeting. Each agenda for a regular meeting shall provide an opportunity for members of the public to address the Governing Board directly on items of interest to the public that are within the subject matter jurisdiction of the Authority. At least seventy-two (72) hours before a regular meeting, the Chief Executive Officer shall cause the agenda for the meeting to be posted at the main entrance of the Authority's executive offices and online on the Health Authority's website, or, as determined by duly adopted resolution of the Governing Board, any other location that is freely accessible to members of the public.

4.7.2 No action shall be taken at a regular meeting on any item not appearing on the posted agenda; provided, however, that the Board Members may take action on items of business not appearing on the posted agenda under the following conditions:

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4.7.2.1 The Governing Board determines by a majority vote of the Board Members present that an emergency situation exists under Government Code 54956.5; or

4.7.2.2 The Governing Board determines by a two-thirds vote of the Governing Board, or, if less than two-thirds of the Board Member are present, by a unanimous vote of those Board Members present, that the need to take the action arose subsequent to the posting of the agenda; or

4.7.2.3 The item was included in the posted agenda for a meeting of the Governing Board occurring not more than five (5) calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

4.7.3 At least twenty-four (24) hours before a special meeting, the Chief Executive Officer shall cause the agenda for the meeting to be posted with the call and notice of the meeting at the main entrance of the Authority executive offices, or, as determined by duly adopted resolution of the Governing Board, any other location that is freely accessible to members of the public. No business not set forth in the posted agenda shall be considered by the Governing Board at such special meeting.

Section 4.8 Conduct of Business. The items on the agenda shall be considered in order unless the Chairperson shall announce a change in the order of consideration. Unless an agenda item identifies a particular source for a report, the Chief Executive Officer, the Board Members, the Authority staff and consultants shall report first on the item, after which the item shall then be open to public comment upon recognition of the speaker by the Chairperson. The proceedings of the Governing Board shall be guided by the provisions of the law applicable thereto and, except as herein otherwise provided, by Robert's Rules of Order, newly revised. Provided, further, that the failure to follow Robert's Rules of Order shall not invalidate any action taken.

Section 4.9 Resolutions and Motions. All official acts of the Authority shall be taken either by resolution or a motion, duly made, seconded and adopted by vote of the Board Members.

Section 4.10 Voting. Except as otherwise provided by these Bylaws, when a quorum is present all official acts of the Governing Board shall require the affirmative vote of a majority of the Board Members present and eligible to vote.

Section 4.11 Disqualification from Voting. A Board Member shall be disqualified from voting on any motion or resolution relating to a transaction in which he or she has a financial interest, as required by law or by the Conflicts of Interest Policy of the Authority, as described in Article IX. Except as required by law or by the Conflict of Interest Policy of the Authority, no Board Member shall be disqualified from serving as a Board Member or taking part in any proceedings of the Governing Board because of any financial interest of a Board Member.

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Section 4.12 Minutes. The Secretary shall cause to have prepared the minutes of each meeting of the Governing Board. The minutes shall be an accurate summary of the Governing Board. The minutes shall be an accurate summary of the Governing Board's consideration of each item on the agenda and an accurate record of each action of the Governing Board. At a subsequent meeting, the Secretary shall submit the minutes to the Governing Board for approval by a majority vote of Board Members in attendance at the meeting covered by the minutes. When approved, the minutes shall be signed by the Secretary and kept with the proceedings of the Governing Board.

Section 4.13 Closed Sessions. The Governing Board shall meet in closed session only as permitted by applicable law, including, but not limited to, the Ralph M. Brown Act (Gov. Code 54950 *et seq.*) and Section 14087.38. The Governing Board shall post an agenda and report the actions taken at a closed session to the public to the extent required by applicable law. A closed session minute book may be established and maintained for minutes of closed sessions, which shall reflect only the topics of discussion and decisions made at the session. The closed session minute book shall be kept confidential, shall not be a public record, and shall be available to the Board Members, the Chief Executive Officer, and the Governing Board's legal counsel, except as otherwise required by applicable law.

Section 4.14 Public Records. All documents and records of the Authority, not exempt from disclosure under applicable law, shall be public records under the California Public Records Act (Government Code 6250 *et seq.*). The Governing Board and the Chief Executive Officer shall take appropriate steps to maintain the confidentiality of all documents and records of the Governing Board for which exemptions from disclosure are available under applicable statutes.

Section 4.15 Adjournment. The Governing Board may adjourn any meeting to a time and place specified in the resolution of adjournment, notwithstanding less than a quorum may be present and voting. If no member of the Governing Board is present at a regular or adjourned meeting, the Chief Executive Officer or his or her designee may declare the meeting adjourned to a stated time and place and shall cause written notice to be given in the same manner as provided in Section 4.3 of the Bylaws for special meetings, unless such notice is waived as provided for special meetings. A copy of the order or notice of adjournment shall be posted as required by applicable law.

ARTICLE V
COMMITTEES OF THE GOVERNING BOARD

Section 5.1 Bylaws Committee. The Governing Board shall appoint a three (3) member Bylaws Committee, all of whom shall be Board Members. Proposed amendments to these Bylaws shall not be effective unless approved by a majority vote of the Bylaws Committee, and by the affirmative vote of no less than a majority of Board Members, as set forth in Article XII.

Section 5.2 Executive/Finance Committee. The Governing Board shall appoint a five (5) member Executive/Finance Committee. One Alternate may be appointed by the Governing Board. The Alternate shall be entitled to vote as an Executive/Finance Committee member when

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an Executive/Finance Committee member is absent from the Executive/Finance Committee meeting.

5.2.1 The Executive/Finance Committee shall consist of its Chair and Vice Chair, plus three (3) other Board members. The Alternate shall be a Board member. At least one of the members of the Executive Committee shall have financial expertise. The Chief Executive Officer and Chief Financial Officer of the Health Authority shall serve as ex officio members of the Executive/Finance Committee, without vote.

5.2.2 In the event of an urgent or emergent financial, operational, legal, personnel or public relations matter, which the Chief Executive Officer or the Executive/Finance Committee reasonably determines requires handling before the next scheduled meeting of the Governing Board or before a special meeting of the Governing Board can be called, the Executive/Finance Committee shall have all of the powers and authority of the Board of Directors to act in the intervals between meetings of the Board of Directors.

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5.2.3 Notwithstanding the above, the Executive/Finance Committee shall not have authority to: amend or repeal the Bylaws or adopt new Bylaws; fill vacancies on the Governing Board; or fix compensation of Directors. By majority vote of the Governing Board, the Board may at any time revoke or modify the authority delegated to the Executive/Finance Committee.

5.2.4 Any action taken by the Executive/Finance Committee must be reported to the Governing Board at the next meeting.

5.2.5 The Executive/Finance Committee shall also serve as the Audit Committee of the Governing Board. The Governing Board must approve the budget. Any major change in the budget must be approved by the Governing Board or the Executive/Finance Committee. Annual and periodic financial reports shall be submitted to the Governing Board.

5.2.6 The Executive/Finance Committee Charter, as amended from time to time, is attached hereto and incorporated herein.

Section 5.3 Quality Improvement Committee. The Governing Board shall establish a Quality Improvement Committee to oversee the Authority's Quality Improvement Program. The charter of the Quality Improvement Committee, as amended from time to time, is attached hereto and incorporated herein.

Section 5.4 Compliance Committee. The Governing Board shall establish the Compliance Committee to assist the Governing Board in its oversight of the implementation and effectiveness of the Authority's Compliance Program. The charter of the Compliance Committee, as amended from time to time, is attached hereto and incorporated herein.

Section 5.5 Provider Advisory Council. The Governing Board shall establish a Provider Advisory Council, composed of participating providers, to provide expertise to the Authority relative to their respective specialties. The Provider Advisory Council shall have a sufficient

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number of members to provide the necessary expertise and to work effectively as a group. The charter of the Provider Advisory Council, as amended from time to time, is attached hereto and incorporated herein.

Section 5.6 Consumer Advisory Committee. The Governing Board shall establish a Consumer Advisory Committee, which shall provide input and feedback on the services provided by the Authority. The Consumer Advisory Committee shall constitute the "Community Advisory Committee," referenced in Section A-18-334 of the Ordinance. The charter of the Consumer Advisory Committee, as amended from time to time, is attached hereto and incorporated herein.

Section 5.7 Additional Committees. The Governing Board may, from time to time, adopt charters creating such additional committees and subcommittees of the Governing Board as it deems necessary to carry out its purposes. The charter shall specify the number and qualifications of members, scope of matters on which such committee or subcommittee will provide review and recommendations, and parameters for the conduct of proceedings. No committee or subcommittee may be composed of a number of Board Members constituting a quorum of voting Board Members.

Section 5.8 Authority. All such other committees and subcommittees shall be advisory only, unless otherwise specified by the Governing Board.

Section 5.9 Meetings. Regular meetings of the committees and subcommittees shall be held at such times and places as are determined by the chairperson of the committee or subcommittee. Special meetings may be held at any time and place as may be designated by the Chairperson, the chairperson of the committee or subcommittee, the Chief Executive Officer or a majority of the members of the committee or subcommittee.

Section 5.10 Open and Public. Meetings of committees and subcommittees shall be open and public, except such meetings that may be held in closed session to the extent permitted by applicable law, including, but not limited to, the Ralph M. Brown Act (Gov. Code 54950 *et seq.*) and Section 14087.38.

Section 5.11 Notice and Agenda Posting. To the extent that meetings of committees and subcommittees are subject to the Ralph M. Brown Act (Gov. Code 54950 *et seq.*), notice and agenda posting regarding such regular and special meetings shall be carried in the same manner as that applicable to regular and special meetings of the Governing Board as set forth in Article IV of these Bylaws.

Section 5.12 Minutes. The Secretary or his or her designee shall prepare minutes of each meeting of every committee and subcommittee. The minutes shall be an accurate summary of the committee's or subcommittee's consideration of the matters before it and an accurate record of each action of the committee or subcommittee. At a subsequent meeting, the Secretary or designee shall submit the minutes to the committee or subcommittee for approval by a majority vote of members in attendance at the meeting covered by the minutes. When approved, copies of

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minutes shall be forwarded by the Secretary or designee to the Board Members and to the Chief Executive Officer.

ARTICLE VI
[RESERVED]

ARTICLE VII
EXECUTION OF DOCUMENTS

Section 7.1 Contracts and Instruments.

7.1.1 The Governing Board may authorize any officer or officers, agent or agents, employee or employees to enter into any contract or execute any instrument in the name of and on behalf of the Authority, and this authority may be general or confined to specific instances; and, unless so authorized or ratified by the Governing Board, no officer, agent or employee shall have any power or authority to bind the Authority by any contract or engagement or to render it liable for any purpose or for any amount.

7.1.2 The Secretary shall have the authority to attest to the signatures of those individuals authorized to enter into contracts or execute instruments in the name of and on behalf of the Authority and to certify the incumbency of those signatories.

7.1.3 Each and every contract, indenture, mortgage, loan or credit document, lease, or other instrument or obligation of the Authority shall contain a statement to the effect that the Authority is a separate legal entity from the County, that the County, and its officials, employees and agents, are not responsible for the obligations of the Authority, and that (except if the county is a direct party to the particular document or instrument) the parties to the particular document or instrument do not intend to, or have the power to, confer on any person or entity any rights or remedies against the County or any officials, employees or agents of the County.

Section 7.2 Checks, Drafts, Evidences of Indebtedness. All checks, drafts or other orders for payment of money, notes or other evidences issued in the name of or on behalf of the Authority or payable to the order of the Authority, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Governing Board.

ARTICLE VIII
CHIEF EXECUTIVE OFFICER

Section 8.1 Appointment and Tenure. The Governing Board shall select and appoint a Chief Executive Officer who shall be its direct executive representative in the management of the affairs and activities of the Authority. The Chief Executive Officer shall serve at the pleasure of the Governing Board, subject to the provisions of any contract of employment between the Authority and the Chief Executive Officer. The Governing Board shall at least annually evaluate the performance of the Chief Executive Officer.

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Section 8.2 Duties.

8.2.1 The Chief Executive Officer shall have the necessary authority and responsibility to conduct the Authority's activities, subject to the oversight and authority of the Governing Board and the Chairperson. The Chief Executive Officer shall be responsible to carry out the formal and informal policies, procedures and practices of the Authority.

8.2.2 The Chief Executive Officer shall act as the duly authorized representative of the Authority in all matters in which the Authority has not formally designated some other person to act.

8.2.3 The Chief Executive Officer shall designate a Chief Financial Officer and a Chief Medical Officer of the Authority both of whom shall be employees of the Authority. The Chief Executive Officer may also appoint and engage individuals to fill such other executive, administrative and management positions for the Authority as the Governing Board shall authorize by resolution. All personnel shall serve at the pleasure of the Chief Executive Officer, subject to any contract of employment between the Authority and any such employee and the personnel policies adopted by the Governing Board.

ARTICLE IX
CONFLICT OF INTEREST POLICY

Section 9.1 Adoption. The Governing Board shall by resolution adopt and from time to time may amend a Conflict of Interest Code for the Authority as required by applicable law.

Section 9.2 Board Member Statements. Each Board Member shall file statements disclosing reportable investments, business positions, interests in real property and income in accordance with the Political Reform Act of 1974 (Government Code 81000 *et seq.*) and the regulations of the Fair Political Practices Authority.

Section 9.3 Prohibition on Board Members With Financial Interest. Except as may be permitted by Section 9.4, a Board Member shall not make, participate in making, or in any way attempt to influence a Governing Board decision in which the Board Member knows, or has reason to know, that he or she has a financial interest as defined by California law or as set forth in the Authority's Conflict of Interest Code.

Section 9.4 Conflict of Interest Exemption. In accordance with Welfare & Institutions Code § 14087,38(h), a Board Member shall not be deemed to be interested in a contract entered into by the Authority within the meaning of Government Code 1090, *et. seq.* if all of the following apply:

(a) The Board of Supervisors appointed the Board Member to represent the interests of physicians, health care practitioners, hospitals, pharmacies, or other health care organizations, or beneficiaries.

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(b) The contract authorizes the Board Member or the organization the Board Member represents to provide services to beneficiaries under the Authority's programs.

(c) The contract contains substantially the same terms and conditions as contracts entered into with other individuals or organizations that the Board Member was appointed to represent.

(d) The Board Member does not influence or attempt to influence the Governing Board or another Board Member to enter into the contract in which the Board Member is interested.

(e) The Board Member discloses the interest to the Governing Board and abstains from voting on the contract.

(f) The Governing Board notes the Board Member's disclosures and abstention in its official records and authorizes the contract in good faith by a vote of the Governing Board sufficient for the purpose without counting the vote of the interested Board Member.

ARTICLE X
PROCEDURES, PRACTICES AND POLICIES RELATING TO IMPLEMENTATION OF THE TWO-PLAN MODEL

Section 10.1 Compliance With Two-Plan Model. The Authority shall, in connection with the conduct of its business and the discharge of its responsibilities, comply fully with the concepts and philosophy of the Medi-Cal Two-Plan Model for Managed Care ("Two-Plan Model"), as issued by the State Department of Health Care Services ("DHCS"). In conducting its business and discharging its responsibilities, the Authority shall meet the particulars set forth in this Article X.

Section 10.2 Contract Negotiation and Renegotiation. The Authority shall, in negotiating and renegotiating contracts, give preference to providers (sometimes referred to herein as "preferred providers"): (1) based on (a) the number of Section 10.2.1 categories a provider is within, and (b) the number of and extent to which the factors set forth in each Section 10.2.1 category apply to the provider; (2) in the manner prescribed in Section 10.2.2; and (3) in accordance with the standards set forth in Section 10.3.

10.2.1 The following are the preference categories that shall be applicable for the Authority in negotiating and renegotiating contracts:

(a) Disproportionate Share Hospitals. The Authority shall give substantial preference to those hospitals that have regularly and repeatedly qualified for disproportionate share status under the Medi-Cal program. For purposes of the Section 10.2.1(a), "regularly and repeatedly" means that, at any particular time, the hospital has been recognized as a disproportionate share hospital under the Medi-Cal program for no less than three (3) of the most recent four (4) years. Among hospitals that have regular and repeatedly qualified for disproportionate share status, the Authority shall giver greater preference to those hospitals that historically have had the highest

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levels of disproportionality, as measured on both a relative and absolute basis, over the most recent four (4) years.

(b) Safety Net Providers. The Authority shall give preference to FQHCs and any other providers that DHCS has defined as safety net providers in the general policies relating to the Two-Plan Model.

(c) Traditional Medi-Cal Providers. The Authority may give preference to community-based clinics and private providers with a history of serving a substantial proportion of Medi-Cal patients.

(d) Medically Indigent, Uninsured, and Underinsured Care Providers. The Authority shall give substantial preference to providers that have regularly and repeatedly provided the highest levels of ratios of care to the medically indigent, uninsured, and underinsured.

10.2.2 The following prescribes the manner in which the Authority shall give preference to providers in negotiating and renegotiating contracts:

(a) Generally. Preference shall be given in a fashion to preserve the health care safety net in the County, including public health services, as envisioned by the Two-Plan Model and in accordance with the standards set forth in Section 10.3.

(b) Disproportionate Share Hospitals. The Authority shall give substantial preference to those hospitals that have regularly and repeatedly qualified for disproportionate share status under the Medi-Cal program in a fashion to ensure that these hospitals have sufficient Medi-Cal patient participation so that: (1) all available federal funding is retained for the geographic area of the county; and (2) among these hospitals, the hospitals that historically have had the highest levels of disproportionality receive federal funding commensurate with their higher levels of disproportionality. The most recent four (4) years shall be the "historical" period for purposes of this provision.

(c) All Preferred Providers. Subject to provider capacity and patients' medical interests, the Authority may take one or more of the following measures, as necessary or appropriate to meet the requirements of the Section 10.2.2: (1) assign patients to preferred providers, especially to those providers entitled to substantial preference under Section 10.2.1(a) and 10.2.1(d); (2) give preferential pricing terms to preferred providers; (3) give rights of first refusal on negotiating and renegotiating contracts to preferred providers; and (4) furnish preferred providers with such special or additional administrative or clinical support services as may be necessary or appropriate to assist such providers in transitioning to a managed care environment.

(d) Impact of Preferences. As among preferred providers, it is expected that higher levels of funding may be given by the Authority to those entitled to substantial preference, as compared to other preferred providers. The Authority shall fulfill its obligations under this Section 10.2 notwithstanding any detriment or adverse impact to non-preferred providers that

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may be caused by the fulfillment of such obligations, and notwithstanding that certain special or additional administrative clinical support services may be unavailable to non-preferred providers.

Section 10.3 Establishment and Maintenance of Provider Network. The Authority shall meet the standards set forth in this Section 10.3 in establishing and maintaining the provider network and in implementing the preferences described in Section 10.2.

10.3.1 The Authority shall foster and maintain the clinical relationships between Medi-Cal, medically indigent, uninsured, and underinsured patients and their health care providers.

10.3.2 The Authority shall, in establishing and maintaining the provider network, recognize and accommodate the cultural and linguistic diversity of Medi-Cal, medically indigent, uninsured, and underinsured patients.

10.3.3 The Authority shall, in establishing and maintaining the provider network, recognize, accommodate and support those special programs and activities of providers that have been regularly and repeatedly successful in addressing the medical and social needs of Medi-Cal, medically indigent, uninsured, and underinsured patients.

ARTICLE XI
MISCELLANEOUS, PROCEDURES, PRACTICES AND POLICIES, INSURANCE, BONDS

Section 11.1 Purchasing, Hiring, Personnel, Etc. The Governing Board shall by resolution adopt and, from time to time may amend policies necessary and appropriate for the proper conduct of the Authority's activities and affairs and in the furtherance of the Authority's authorized purposes. Copies of all such policies shall be maintained with the minutes of proceedings of the Governing Board.

Section 11.2 Enforcement. Subject to the ultimate authority of the Governing Board, the Chief Executive Officer shall be responsible to implement all procedures, practices and policies adopted by the Governing Board.

Section 11.3 Insurance. The Chief Executive Officer shall procure, at the Governing Board's direction, such liability, property, casualty, workers' compensation, and such other insurance (including, without limitation, directors' and officers' liability, professional liability, and health plan re-insurance) in such amounts and with such carriers as the Governing Board shall from time to time determine is prudent in the conduct of its activities; provided, the Governing Board may in its discretion provide self-insurance or participate in consortia or similar associations to obtain coverage in lieu of commercial coverage.

Section 11.4 Bonds. The Authority shall require all of the Board Members, as well as the Authority's officers, employees and agents, to be covered by fidelity bonds to the extent required by law, and otherwise to the extent the Governing Board determines prudent in the conduct of its activities. The cost of such bonds shall be paid for by the Authority.

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Section 11.5 Defense and Indemnification. So long as such individual was acting within the scope of his or her employment or official capacity, the Authority shall defend and hold harmless its current and former members, officers, employees, and other agents to the full extent set forth by the California Tort Claims Act (Gov. Code 810 *et seq.*) and Section 14087.38(j).

Section 11.6 Immunities. The Authority, all Board Members, and all officers, employees, and agents of the Authority shall, to the full extent set forth by law, be protected by the Immunities applicable to public entities and individuals as provided by the California Tort Claims Act (Gov. Code 810 *et seq.* and Section 14087.38(j)).

Section 11.7 Reports to County Board of Supervisors. The Governing Board shall prepare and deliver to the County Board of Supervisors an annual written report describing the activities of the Authority during the preceding year, and outlining, in general terms, the anticipated nature of the Authority's activities for the forthcoming year.

ARTICLE XII
AMENDMENT OF BYLAWS

The Bylaws may be amended or repealed. Proposed changes to amend or repeal the Bylaws may be forwarded in writing by any Governing Board member to the Chairperson of the Bylaws Committee. The Bylaws Committee by a majority vote must approve proposed changes in advance of submitting proposed Bylaws changes to the Governing Board. If approved by the Bylaws committees, the proposed Bylaws changes shall be placed on the agenda and provided to the Governing Board members at least 3 (three) days prior to the Board meeting at which the proposed Bylaw changes shall be considered. The Governing Board shall adopt the proposed changes by the voting approval of at least a majority of members of the Governing Board.

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Attachments—

Executive/Finance Committee Charter
Compliance Committee Charter
Quality Improvement Committee Charter
Consumer Advisory Committee Charter
Provider Advisory Council Committee Charter

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CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of the Santa Clara County Health Authority, a local public agency; and

The foregoing Bylaws, comprising 22 pages, including this page, constitute the Bylaws of the Authority, as duly adopted by the Authority at a regular meeting, duly called and held on January 18, 1996, at San Jose, California, and subsequently amended on January 20, 2000, May 23, 2002, January 23, 2003, November 18, 2004, September 22, 2005, April 21, 2011, May 15, 2014, June 22, 2017 and December 14, 2017.

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Robin L. Larmer
Secretary of the Authority

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BYLAWS OF
SANTA CLARA COUNTY HEALTH AUTHORITY
(Adopted as amended June 22, 2017)

ARTICLE I
AUTHORITY, PURPOSES, STATUS AND POWERS

Section 1.1 **Authority.** These Bylaws are adopted by the Santa Clara County Health Authority ("Authority") to establish rules for its proceedings, as authorized by Welfare and Institutions Code 14087.38 ("Section 14087.38") and Ordinance No.300.576 ("Ordinance"), as amended from time to time. The Authority is a public agency created by the Board of Supervisors of Santa Clara County ("County") pursuant to authority conferred by Section 14087.38.

Section 1.2 **Purposes.** The purposes of the Authority are to meet the problems of delivery of publicly assisted medical care in the County, to demonstrate ways of promoting quality care and cost efficiency, and to further such other purposes as are contemplated by Section 14087.38 and described in the Ordinance.

Section 1.3 **Status.** The Authority is an entity separate from the County. Obligations, acts, omissions or liabilities of the Authority shall be obligations, acts omissions or liabilities solely of the Authority, and shall not, directly or indirectly, be obligations, acts, omissions or liabilities of the County or any officials, employees or agents of the County.

Section 1.4 **Powers.** The Authority shall have the power to negotiate and enter into contracts with the Department of Health Care Services and to arrange for the provision of health care services for Medi-Cal beneficiaries as authorized by Section 14087.38. To the extent authorized by Section 14087.38, the Authority may also enter into contracts to arrange for the provision of health care services to individuals including, but not limited to, those covered under Subchapter XVIII (commencing with Section 1395) of Chapter 7 of Title 42 of the United States Code, those entitled to coverage under other publicly supported programs, those employed by public agencies or private businesses, and uninsured, indigent, or underinsured individuals. The Authority shall have all rights, powers, duties, privileges and immunities expressed, either directly or implicitly, in Section 14087.38. Chapter 1 of Division A6 of the Ordinance Code of the County, containing general rules and procedural requirements applicable to boards and commissions of the county, as they may apply now.

ARTICLE II
GOVERNING BOARD

Section 2.1 **Governance.** Responsibility for governing and managing the affairs of the Authority shall be vested in a governing board ("Governing Board").

Section 2.2 **Number.** The Governing Board shall consist of thirteen (13) members ("Board Members"), each of whom shall have a fiduciary duty to act in the best interest of the Authority.

Section 2.3 **Qualifications.** Board Members shall be chosen for their willingness and ability to effectively contribute to and support the objectives of the Authority, shall have a commitment to a health care system that seeks to improve access to quality health care for persons served by the Authority and shall have a commitment to maintaining and preserving a health care safety net for the medically indigent, uninsured, and underinsured populations of the County. Board Members shall either reside, be employed, or provide services in the county, and shall be generally representative of the diverse backgrounds, interests and demography of persons residing in the County. When nominating members to the Governing Board candidates possessing the following backgrounds should be considered: expertise in business, finance, managed care, hospital administration, information technology, medicine, health care policy, or law.

Section 2.4 **Nominations.** Nominations shall be made as follows: Board members shall be nominated by the County Board of Supervisors.

Section 2.5 **Appointment**. Appointments shall be made upon a majority vote by the County Board of Supervisors.

Section 2.6 **Term.** The terms for all Board Members shall be two years. No Board Member may serve more than four (4) consecutive terms without a break in service from the Board of at least one year.

Section 2.7 **Resignation.** Any Board Member may resign at any time by giving written notice of such resignation to the Chairperson of the Governing Board. Such resignation shall take effect at the time specified in the notice; provided, however, that if the resignation is not to be effective immediately upon receipt of the notice by the Chairperson, the Governing Board must affirmatively vote to accept the effective date specified, and if the Governing Board does not approve such later date, the resignation shall be effective immediately.

Section 2.8 **Removal.** A Board Member may be removed from the Governing Board by either of the following methods:

2.8.1 The Governing Board, by an affirmative vote of no less than six Governing Board Members, may remove a Board member. The reasons for removal may include:

2.8.1.1 The Board Member fails to meet the qualifications as a Board Member;

2.8.1.2 The Board Member fails to attend three (3) consecutive regular meetings of the Governing Board;

2.8.1.3 The Board Member fails during any twelve (12) month period to attend a minimum of 50% of (a) the regular and special meetings of the Governing Board, or (b) the meetings of the committees of which the Board Member is a member;

2.8.1.4 The Board Member fails to discharge legal obligations as a member of a public agency;

2.8.1.5 The Board Member is convicted of a crime involving corruption or any felony; or the Board Member is barred, suspended or excluded from participation in federal programs or has been barred from serving as a Board Member pursuant to the Knox-Keene Act;

2.8.1.6 A request for removal has been submitted by the Board of Supervisors.

2.8.1.7 Other good cause, as reasonably determined by the Governing Board.

2.8.2 A Board Member shall be given reasonable notice and an opportunity to respond before the Governing Board prior to any vote by the Governing Board regarding potential removal of that Board Member.

Section 2.9 Vacancies. Any vacancy in the Board, however created, shall be filled by the County Board of Supervisors.

ARTICLE III
OFFICERS

Section 3.1 Designation. The Officers of the Authority shall be:

3.1.1 A Chairperson, who shall be a Board Member, and who shall preside at all meetings of the Governing Board.

3.1.2 A Vice-Chairperson who shall be a Board Member, and who in the Chairperson's absence, or inability to act, shall preside at the meetings of the Governing Board.

If both the Chairperson and the Vice-Chairperson are absent or unable to act, the Board Members present shall by action of the Board Members select one of the Board Members present to act as chairperson pro tempore, who, while so acting, shall have all of the authority of the Chairperson.

3.1.3 A Treasurer, shall be a Board Member or such other person as appointed by the Governing Board, including but not limited to the Chief Financial Officer, who is employed by the Authority, and who shall have custody of and disburse the Authority's funds. The Treasurer shall have the authority to delegate the signatory function of the Treasurer to such persons as authorized by the Governing Board.

3.1.4 A Secretary, who shall be a Board Member or other person appointed by the Governing Board, including a person employed by the Authority, and who shall be responsible for preparing and keeping the minutes of the Governing Board; shall attest to the

signature of the Chairperson, Vice-Chairperson, Treasurer, Chief Executive Officer or other authorized signatory on documents executed on behalf of the Authority; shall give, or cause to be given, notice of all meetings of the Governing Board and committees of the Authority as required by law; shall keep the seal of the Authority, if one be adopted, in safe custody; and shall have such other duties as may be prescribed by resolution of the Governing Board or these Bylaws.

Section 3.2 Election. The Governing Board shall elect officers for a two-year term. Officers may be elected for consecutive two-year terms.

Section 3.3 Resignation. Any officer may resign effective on giving written notice to the Secretary or the Chairperson, unless the notice specifies a later time for his or her resignation to become effective. Upon receipt of such notice by the Secretary or the Chairperson, as applicable, the Secretary shall notify (or, if applicable, the Chairperson shall direct the Secretary to notify and the Secretary shall then notify) all the other officers of the Authority and shall enter the notice in the proceedings of the Governing Board. The acceptance of a resignation shall not be necessary to make it effective.

Section 3.4 Vacancies. A vacancy in any of the officer positions for any cause shall be filled by a special election of the Governing Board at the next regular or special meeting of the Governing Board.

ARTICLE IV
MEETINGS

Section 4.1 Regular and Special Meetings. The date, time and place of regular meetings of the Governing Board shall be established by resolution of the Governing Board. The Governing Board shall hold regular meetings during at least each of four (4) months of each calendar year, at least one of which may include a strategic planning session. Special meetings may be held upon the call and the discretion of the Chairperson. However, upon the request of any three (3) or more Board Members, the Chairperson shall call a special meeting. Special meetings shall be subject to the rules otherwise set forth in these Bylaws.

Section 4.2 Open and Public. Meeting shall be open and public and all persons shall be permitted to attend, except for closed sessions, all as required and permitted by applicable law, including the Ralph M. Brown Act (Gov. Code 54950 *et. seq.*) and Section 14087.38.

Section 4.3 Notice.

4.3.1 Notice of every regular meeting, and any special meeting which is called at least one (1) week prior to the date set for the meeting, shall be given to each member of the Governing Board and to any person who has filed a written request for notice with the Authority. Any such mailed notice shall be mailed at least one (1) week prior to the date set for the meeting to which it applies, except that the Governing Board may give the notice as it deems practical of special meetings called less than seven (7) days prior to the date set for the meeting. Any request for notice filed pursuant to this section shall be valid for one (1) year from the date on which it is

filed unless a renewal request is filed. All requests for notice shall be filed with the Secretary of the Authority. Renewal requests for notice shall be filed within ninety (90) days after January 1 of each year.

4.3.2 Written notice of each special meeting shall be delivered personally, electronically, or by mail to each Board Member and, to each local newspaper of general circulation, radio and television station, requesting such written notice in writing. Such notice shall be received at least twenty-four (24) hours before the time of such meeting as specified in the notice. The notice shall specify the time and place of the special meeting and the agenda for the meeting. No other business shall be considered at such meeting. Notice shall be required pursuant to this section regardless of whether any action is taken at the special meeting. In cases of emergency, notice of special meetings may be dispensed with only to the extent permitted by applicable law.

Section 4.4 **Waiver of Notice.** Written notice may be dispensed with as to any Board Member who, at or prior to the time the meeting convenes, files with the Secretary a written waiver of notice. Such waiver may be given by any means that allows for a permanent record and may be authorized by law. Such written notice also may be dispensed with as to any Board Member who is actually present at the meeting at the time it convenes.

Section 4.5 **Attendance and Participation.** Board Members must attend the regular meetings of the Governing Board and of committees to which they are appointed and shall contribute their time and special abilities as may be required for the benefit of the Authority.

Section 4.6 **Quorum.** A quorum is a majority of the Board Members (i.e. seven members). A quorum must be present to initiate and conduct the transaction of business at any regular or special meeting of the Governing Board.

Section 4.7 **Meeting Agendas.** For all meetings that are open and public pursuant to the Ralph M. Brown Act (Gov. Code 54950 *et seq.*), the provisions of Sections 4.7.1 through 4.7.3 shall apply.

4.7.1 The Chief Executive Officer of the Authority shall prepare an agenda for every meeting of the Governing Board setting forth a brief general description of each item of business to be transacted or discussed at the meeting and the time and location of the meeting. Each agenda for a regular meeting shall provide an opportunity for members of the public to address the Governing Board directly on items of interest to the public that are within the subject matter jurisdiction of the Authority. At least seventy-two (72) hours before a regular meeting, the Chief Executive Officer shall cause the agenda for the meeting to be posted at the main entrance of the Authority's executive offices and online on the Health Authority's website, or, as determined by duly adopted resolution of the Governing Board, any other location that is freely accessible to members of the public.

4.7.2 No action shall be taken at a regular meeting on any item not appearing on the posted agenda; provided, however, that the Board Members may take action on items of business not appearing on the posted agenda under the following conditions:

4.7.2.1 The Governing Board determines by a majority vote of the Board Members present that an emergency situation exists under Government Code 54956.5; or

4.7.2.2 The Governing Board determines by a two-thirds vote of the Governing Board, or, if less than two-thirds of the Board Member are present, by a unanimous vote of those Board Members present, that the need to take the action arose subsequent to the posting of the agenda; or

4.7.2.3 The item was included in the posted agenda for a meeting of the Governing Board occurring not more than five (5) calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

4.7.3 At least twenty-four (24) hours before a special meeting, the Chief Executive Officer shall cause the agenda for the meeting to be posted with the call and notice of the meeting at the main entrance of the Authority executive offices, or, as determined by duly adopted resolution of the Governing Board, any other location that is freely accessible to members of the public. No business not set forth in the posted agenda shall be considered by the Governing Board at such special meeting.

Section 4.8 Conduct of Business. The items on the agenda shall be considered in order unless the Chairperson shall announce a change in the order of consideration. Unless an agenda item identifies a particular source for a report, the Chief Executive Officer, the Board Members, the Authority staff and consultants shall report first on the item, after which the item shall then be open to public comment upon recognition of the speaker by the Chairperson. The proceedings of the Governing Board shall be guided by the provisions of the law applicable thereto and, except as herein otherwise provided, by Robert's Rules of Order, newly revised. Provided, further, that the failure to follow Robert's Rules of Order shall not invalidate any action taken.

Section 4.9 Resolutions and Motions. All official acts of the Authority shall be taken either by resolution or a motion, duly made, seconded and adopted by vote of the Board Members.

Section 4.10 Voting. Except as otherwise provided by these Bylaws, when a quorum is present all official acts of the Governing Board shall require the affirmative vote of a majority of the Board Members present and eligible to vote.

Section 4.11 Disqualification from Voting. A Board Member shall be disqualified from voting on any motion or resolution relating to a transaction in which he or she has a financial interest, as required by law or by the Conflicts of Interest Policy of the Authority, as described in Article IX. Except as required by law or by the Conflict of Interest Policy of the Authority, no Board Member shall be disqualified from serving as a Board Member or taking part in any proceedings of the Governing Board because of any financial interest of a Board Member.

Section 4.12 Minutes. The Secretary shall cause to have prepared the minutes of each meeting of the Governing Board. The minutes shall be an accurate summary of the Governing Board. The minutes shall be an accurate summary of the Governing Board's consideration of each item on the agenda and an accurate record of each action of the Governing Board. At a subsequent meeting, the Secretary shall submit the minutes to the Governing Board for approval by a majority vote of Board Members in attendance at the meeting covered by the minutes. When approved, the minutes shall be signed by the Secretary and kept with the proceedings of the Governing Board.

Section 4.13 Closed Sessions. The Governing Board shall meet in closed session only as permitted by applicable law, including, but not limited to, the Ralph M. Brown Act (Gov. Code 54950 *et seq.*) and Section 14087.38. The Governing Board shall post an agenda and report the actions taken at a closed session to the public to the extent required by applicable law. A closed session minute book may be established and maintained for minutes of closed sessions, which shall reflect only the topics of discussion and decisions made at the session. The closed session minute book shall be kept confidential, shall not be a public record, and shall be available to the Board Members, the Chief Executive Officer, and the Governing Board's legal counsel, except as otherwise required by applicable law.

Section 4.14 Public Records. All documents and records of the Authority, not exempt from disclosure under applicable law, shall be public records under the California Public Records Act (Government Code 6250 *et seq.*). The Governing Board and the Chief Executive Officer shall take appropriate steps to maintain the confidentiality of all documents and records of the Governing Board for which exemptions from disclosure are available under applicable statutes.

Section 4.15 Adjournment. The Governing Board may adjourn any meeting to a time and place specified in the resolution of adjournment, notwithstanding less than a quorum may be present and voting. If no member of the Governing Board is present at a regular or adjourned meeting, the Chief Executive Officer or his or her designee may declare the meeting adjourned to a stated time and place and shall cause written notice to be given in the same manner as provided in Section 4.3 of the Bylaws for special meetings, unless such notice is waived as provided for special meetings. A copy of the order or notice of adjournment shall be posted as required by applicable law.

ARTICLE V
COMMITTEES OF THE GOVERNING BOARD

Section 5.1 Bylaws Committee. The Governing Board shall appoint a three (3) member Bylaws Committee, all of whom shall be Board Members. Proposed amendments to these Bylaws shall not be effective unless approved by a majority vote of the Bylaws Committee, and by the affirmative vote of no less than a majority of Board Members, as set forth in Article XII.

Section 5.2 Executive/Finance Committee. The Governing Board shall appoint a five (5) member Executive/Finance Committee. One Alternate may be appointed by the Governing Board. The Alternate shall be entitled to vote as an Executive/Finance Committee member when

an Executive/Finance Committee member is absent from the Executive/Finance Committee meeting.

5.2.1 The Executive/Finance Committee shall consist of its Chair and Vice Chair, plus three (3) other Board members. The Alternate shall be a Board member. At least one of the members of the Executive Committee shall have financial expertise. The Chief Executive Officer and Chief Financial Officer of the Health Authority shall serve as ex officio members of the Executive/Finance Committee, without vote.

5.2.2 In the event of an urgent or emergent financial, operational, legal, personnel or public relations matter, which the Chief Executive Officer or the Executive/Finance Committee reasonably determines requires handling before the next scheduled meeting of the Governing Board or before a special meeting of the Governing Board can be called, the Executive/Finance Committee shall have all of the powers and authority of the Board of Directors to act in the intervals between meetings of the Board of Directors.

5.2.3 Notwithstanding the above, the Executive/Finance Committee shall not have authority to: amend or repeal the Bylaws or adopt new Bylaws; fill vacancies on the Governing Board; or fix compensation of Directors. By majority vote of the Governing Board, the Board may at any time revoke or modify the authority delegated to the Executive/Finance Committee.

5.2.4 Any action taken by the Executive/Finance Committee must be reported to the Governing Board at the next meeting.

5.2.5 The Executive/Finance Committee shall also serve as the Audit Committee of the Governing Board. The Governing Board must approve the budget. Any major change in the budget must be approved by the Governing Board or the Executive/Finance Committee. Annual and periodic financial reports shall be submitted to the Governing Board.

5.2.6 The Executive/Finance Committee Charter, as amended from time to time, is attached hereto and incorporated herein.

Section 5.3 **Quality Improvement Committee.** The Governing Board shall establish a Quality Improvement Committee to oversee the Authority's Quality Improvement Program. The charter of the Quality Improvement Committee, as amended from time to time, is attached hereto and incorporated herein.

Section 5.4 **Compliance Committee.** The Governing Board shall establish the Compliance Committee to assist the Governing Board in its oversight of the implementation and effectiveness of the Authority's Compliance Program. The charter of the Compliance Committee, as amended from time to time, is attached hereto and incorporated herein.

Section 5.5 **Provider Advisory Council.** The Governing Board shall establish a Provider Advisory Council, composed of participating providers, to provide expertise to the Authority relative to their respective specialties. The Provider Advisory Council shall have a sufficient

number of members to provide the necessary expertise and to work effectively as a group. The charter of the Provider Advisory Council, as amended from time to time, is attached hereto and incorporated herein.

Section 5.6 Consumer Advisory Committee. The Governing Board shall establish a Consumer Advisory Committee, which shall provide input and feedback on the services provided by the Authority. The Consumer Advisory Committee shall constitute the "Community Advisory Committee," referenced in Section A-18-334 of the Ordinance. The charter of the Consumer Advisory Committee, as amended from time to time, is attached hereto and incorporated herein.

Section 5.7 Additional Committees. The Governing Board may, from time to time, adopt charters creating such additional committees and subcommittees of the Governing Board as it deems necessary to carry out its purposes. The charter shall specify the number and qualifications of members, scope of matters on which such committee or subcommittee will provide review and recommendations, and parameters for the conduct of proceedings. No committee or subcommittee may be composed of a number of Board Members constituting a quorum of voting Board Members.

Section 5.8 Authority. All such other committees and subcommittees shall be advisory only, unless otherwise specified by the Governing Board.

Section 5.9 Meetings. Regular meetings of the committees and subcommittees shall be held at such times and places as are determined by the chairperson of the committee or subcommittee. Special meetings may be held at any time and place as may be designated by the Chairperson, the chairperson of the committee or subcommittee, the Chief Executive Officer or a majority of the members of the committee or subcommittee.

Section 5.10 Open and Public. Meetings of committees and subcommittees shall be open and public, except such meetings that may be held in closed session to the extent permitted by applicable law, including, but not limited to, the Ralph M. Brown Act (Gov. Code 54950 *et seq.*) and Section 14087.38.

Section 5.11 Notice and Agenda Posting. To the extent that meetings of committees and subcommittees are subject to the Ralph M. Brown Act (Gov. Code 54950 *et seq.*), notice and agenda posting regarding such regular and special meetings shall be carried in the same manner as that applicable to regular and special meetings of the Governing Board as set forth in Article IV of these Bylaws.

Section 5.12 Minutes. The Secretary or his or her designee shall prepare minutes of each meeting of every committee and subcommittee. The minutes shall be an accurate summary of the committee's or subcommittee's consideration of the matters before it and an accurate record of each action of the committee or subcommittee. At a subsequent meeting, the Secretary or designee shall submit the minutes to the committee or subcommittee for approval by a majority vote of members in attendance at the meeting covered by the minutes. When approved, copies of

minutes shall be forwarded by the Secretary or designee to the Board Members and to the Chief Executive Officer.

ARTICLE VI
[RESERVED]

ARTICLE VII
EXECUTION OF DOCUMENTS

Section 7.1 Contracts and Instruments.

7.1.1 The Governing Board may authorize any officer or officers, agent or agents, employee or employees to enter into any contract or execute any instrument in the name of and on behalf of the Authority, and this authority may be general or confined to specific instances; and, unless so authorized or ratified by the Governing Board, no officer, agent or employee shall have any power or authority to bind the Authority by any contract or engagement or to render it liable for any purpose or for any amount.

7.1.2 The Secretary shall have the authority to attest to the signatures of those individuals authorized to enter into contracts or execute instruments in the name of and on behalf of the Authority and to certify the incumbency of those signatories.

7.1.3 Each and every contract, indenture, mortgage, loan or credit document, lease, or other instrument or obligation of the Authority shall contain a statement to the effect that the Authority is a separate legal entity from the County, that the County, and its officials, employees and agents, are not responsible for the obligations of the Authority, and that (except if the county is a direct party to the particular document or instrument) the parties to the particular document or instrument do not intend to, or have the power to, confer on any person or entity any rights or remedies against the County or any officials, employees or agents of the County.

Section 7.2 Checks, Drafts, Evidences of Indebtedness. All checks, drafts or other orders for payment of money, notes or other evidences issued in the name of or on behalf of the Authority or payable to the order of the Authority, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Governing Board.

ARTICLE VIII
CHIEF EXECUTIVE OFFICER

Section 8.1 Appointment and Tenure. The Governing Board shall select and appoint a Chief Executive Officer who shall be its direct executive representative in the management of the affairs and activities of the Authority. The Chief Executive Officer shall serve at the pleasure of the Governing Board, subject to the provisions of any contract of employment between the Authority and the Chief Executive Officer. The Governing Board shall at least annually evaluate the performance of the Chief Executive Officer.

Section 8.2 Duties.

8.2.1 The Chief Executive Officer shall have the necessary authority and responsibility to conduct the Authority's activities, subject to the oversight and authority of the Governing Board and the Chairperson. The Chief Executive Officer shall be responsible to carry out the formal and informal policies, procedures and practices of the Authority.

8.2.2 The Chief Executive Officer shall act as the duly authorized representative of the Authority in all matters in which the Authority has not formally designated some other person to act.

8.2.3 The Chief Executive Officer shall designate a Chief Financial Officer and a Chief Medical Officer of the Authority both of whom shall be employees of the Authority. The Chief Executive Officer may also appoint and engage individuals to fill such other executive, administrative and management positions for the Authority as the Governing Board shall authorize by resolution. All personnel shall serve at the pleasure of the Chief Executive Officer, subject to any contract of employment between the Authority and any such employee and the personnel policies adopted by the Governing Board.

ARTICLE IX
CONFLICT OF INTEREST POLICY

Section 9.1 Adoption. The Governing Board shall by resolution adopt and from time to time may amend a Conflict of Interest Code for the Authority as required by applicable law.

Section 9.2 Board Member Statements. Each Board Member shall file statements disclosing reportable investments, business positions, interests in real property and income in accordance with the Political Reform Act of 1974 (Government Code 81000 *et seq.*) and the regulations of the Fair Political Practices Authority.

Section 9.3 Prohibition on Board Members With Financial Interest. Except as may be permitted by Section 9.4, a Board Member shall not make, participate in making, or in any way attempt to influence a Governing Board decision in which the Board Member knows, or has reason to know, that he or she has a financial interest as defined by California law or as set forth in the Authority's Conflict of Interest Code.

Section 9.4 Conflict of Interest Exemption. In accordance with Welfare & Institutions Code § 14087,38(h), a Board Member shall not be deemed to be interested in a contract entered into by the Authority within the meaning of Government Code 1090, *et. seq.* if all of the following apply:

(a) The Board of Supervisors appointed the Board Member to represent the interests of physicians, health care practitioners, hospitals, pharmacies, or other health care organizations, or beneficiaries.

(b) The contract authorizes the Board Member or the organization the Board Member represents to provide services to beneficiaries under the Authority's programs.

(c) The contract contains substantially the same terms and conditions as contracts entered into with other individuals or organizations that the Board Member was appointed to represent.

(d) The Board Member does not influence or attempt to influence the Governing Board or another Board Member to enter into the contract in which the Board Member is interested.

(e) The Board Member discloses the interest to the Governing Board and abstains from voting on the contract.

(f) The Governing Board notes the Board Member's disclosures and abstention in its official records and authorizes the contract in good faith by a vote of the Governing Board sufficient for the purpose without counting the vote of the interested Board Member.

ARTICLE X
PROCEDURES, PRACTICES AND POLICIES RELATING TO IMPLEMENTATION OF THE TWO-PLAN MODEL

Section 10.1 Compliance With Two-Plan Model. The Authority shall, in connection with the conduct of its business and the discharge of its responsibilities, comply fully with the concepts and philosophy of the Medi-Cal Two-Plan Model for Managed Care ("Two-Plan Model"), as issued by the State Department of Health Care Services ("DHCS"). In conducting its business and discharging its responsibilities, the Authority shall meet the particulars set forth in this Article X.

Section 10.2 Contract Negotiation and Renegotiation. The Authority shall, in negotiating and renegotiating contracts, give preference to providers (sometimes referred to herein as "preferred providers"): (1) based on (a) the number of Section 10.2.1 categories a provider is within, and (b) the number of and extent to which the factors set forth in each Section 10.2.1 category apply to the provider; (2) in the manner prescribed in Section 10.2.2; and (3) in accordance with the standards set forth in Section 10.3.

10.2.1 The following are the preference categories that shall be applicable for the Authority in negotiating and renegotiating contracts:

(a) Disproportionate Share Hospitals. The Authority shall give substantial preference to those hospitals that have regularly and repeatedly qualified for disproportionate share status under the Medi-Cal program. For purposes of the Section 10.2.1(a), "regularly and repeatedly" means that, at any particular time, the hospital has been recognized as a disproportionate share hospital under the Medi-Cal program for no less than three (3) of the most recent four (4) years. Among hospitals that have regular and repeatedly qualified for disproportionate share status, the Authority shall giver greater preference to those hospitals that historically have had the highest

levels of disproportionality, as measured on both a relative and absolute basis, over the most recent four (4) years.

(b) Safety Net Providers. The Authority shall give preference to FQHCs and any other providers that DHCS has defined as safety net providers in the general policies relating to the Two-Plan Model.

(c) Traditional Medi-Cal Providers. The Authority may give preference to community-based clinics and private providers with a history of serving a substantial proportion of Medi-Cal patients.

(d) Medically Indigent, Uninsured, and Underinsured Care Providers. The Authority shall give substantial preference to providers that have regularly and repeatedly provided the highest levels of ratios of care to the medically indigent, uninsured, and underinsured.

10.2.2 The following prescribes the manner in which the Authority shall give preference to providers in negotiating and renegotiating contracts:

(a) Generally. Preference shall be given in a fashion to preserve the health care safety net in the County, including public health services, as envisioned by the Two-Plan Model and in accordance with the standards set forth in Section 10.3.

(b) Disproportionate Share Hospitals. The Authority shall give substantial preference to those hospitals that have regularly and repeatedly qualified for disproportionate share status under the Medi-Cal program in a fashion to ensure that these hospitals have sufficient Medi-Cal patient participation so that: (1) all available federal funding is retained for the geographic area of the county; and (2) among these hospitals, the hospitals that historically have had the highest levels of disproportionality receive federal funding commensurate with their higher levels of disproportionality. The most recent four (4) years shall be the "historical" period for purposes of this provision.

(c) All Preferred Providers. Subject to provider capacity and patients' medical interests, the Authority may take one or more of the following measures, as necessary or appropriate to meet the requirements of the Section 10.2.2: (1) assign patients to preferred providers, especially to those providers entitled to substantial preference under Section 10.2.1(a) and 10.2.1(d); (2) give preferential pricing terms to preferred providers; (3) give rights of first refusal on negotiating and renegotiating contracts to preferred providers; and (4) furnish preferred providers with such special or additional administrative or clinical support services as may be necessary or appropriate to assist such providers in transitioning to a managed care environment.

(d) Impact of Preferences. As among preferred providers, it is expected that higher levels of funding may be given by the Authority to those entitled to substantial preference, as compared to other preferred providers. The Authority shall fulfill its obligations under this Section 10.2 notwithstanding any detriment or adverse impact to non-preferred providers that

may be caused by the fulfillment of such obligations, and notwithstanding that certain special or additional administrative clinical support services may be unavailable to non-preferred providers.

Section 10.3 Establishment and Maintenance of Provider Network. The Authority shall meet the standards set forth in this Section 10.3 in establishing and maintaining the provider network and in implementing the preferences described in Section 10.2.

10.3.1 The Authority shall foster and maintain the clinical relationships between Medi-Cal, medically indigent, uninsured, and underinsured patients and their health care providers.

10.3.2 The Authority shall, in establishing and maintaining the provider network, recognize and accommodate the cultural and linguistic diversity of Medi-Cal, medically indigent, uninsured, and underinsured patients.

10.3.3 The Authority shall, in establishing and maintaining the provider network, recognize, accommodate and support those special programs and activities of providers that have been regularly and repeatedly successful in addressing the medical and social needs of Medi-Cal, medically indigent, uninsured, and underinsured patients.

ARTICLE XI
MISCELLANEOUS, PROCEDURES, PRACTICES AND POLICIES, INSURANCE, BONDS

Section 11.1 Purchasing, Hiring, Personnel, Etc. The Governing Board shall by resolution adopt and, from time to time may amend policies necessary and appropriate for the proper conduct of the Authority's activities and affairs and in the furtherance of the Authority's authorized purposes. Copies of all such policies shall be maintained with the minutes of proceedings of the Governing Board.

Section 11.2 Enforcement. Subject to the ultimate authority of the Governing Board, the Chief Executive Officer shall be responsible to implement all procedures, practices and policies adopted by the Governing Board.

Section 11.3 Insurance. The Chief Executive Officer shall procure, at the Governing Board's direction, such liability, property, casualty, workers' compensation, and such other insurance (including, without limitation, directors' and officers' liability, professional liability, and health plan re-insurance) in such amounts and with such carriers as the Governing Board shall from time to time determine is prudent in the conduct of its activities; provided, the Governing Board may in its discretion provide self-insurance or participate in consortia or similar associations to obtain coverage in lieu of commercial coverage.

Section 11.4 Bonds. The Authority shall require all of the Board Members, as well as the Authority's officers, employees and agents, to be covered by fidelity bonds to the extent required by law, and otherwise to the extent the Governing Board determines prudent in the conduct of its activities. The cost of such bonds shall be paid for by the Authority.

Section 11.5 Defense and Indemnification. So long as such individual was acting within the scope of his or her employment or official capacity, the Authority shall defend and hold harmless its current and former members, officers, employees, and other agents to the full extent set forth by the California Tort Claims Act (Gov. Code 810 *et seq.*) and Section 14087.38(j).

Section 11.6 Immunities. The Authority, all Board Members, and all officers, employees, and agents of the Authority shall, to the full extent set forth by law, be protected by the Immunities applicable to public entities and individuals as provided by the California Tort Claims Act (Gov. Code 810 *et seq.* and Section 14087.38(j)).

Section 11.7 Reports to County Board of Supervisors. The Governing Board shall prepare and deliver to the County Board of Supervisors an annual written report describing the activities of the Authority during the preceding year, and outlining, in general terms, the anticipated nature of the Authority's activities for the forthcoming year.

ARTICLE XII
AMENDMENT OF BYLAWS

The Bylaws may be amended or repealed. Proposed changes to amend or repeal the Bylaws may be forwarded in writing by any Governing Board member to the Chairperson of the Bylaws Committee. The Bylaws Committee by a majority vote must approve proposed changes in advance of submitting proposed Bylaws changes to the Governing Board. If approved by the Bylaws committees, the proposed Bylaws changes shall be placed on the agenda and provided to the Governing Board members at least 3 (three) days prior to the Board meeting at which the proposed Bylaw changes shall be considered. The Governing Board shall adopt the proposed changes by the voting approval of at least a majority of members of the Governing Board. The Bylaws Committee shall also nominate Officers of the Authority to the Governing Board for consideration.

Attachments—

Executive/Finance Committee Charter
Compliance Committee Charter
Quality Improvement Committee Charter
Consumer Advisory Committee Charter
Provider Advisory Council Committee Charter

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of the Santa Clara County Health Authority, a local public agency; and

The foregoing Bylaws, comprising 22 pages, including this page, constitute the Bylaws of the Authority, as duly adopted by the Authority at a regular meeting, duly called and held on January 18, 1996, at San Jose, California, and subsequently amended on January 20, 2000, May 23, 2002, January 23, 2003, November 18, 2004, September 22, 2005, April 21, 2011, May 15, 2014, and June 22, 2017.

Robin L. Larmer
Secretary of the Authority

Compliance Department Activity
November/December 2017

CORE 2.1 Performance Improvement Plan (PIP)

Work continues on the Core 2.1 (Health Risk Assessment measurement) PIP with the workgroup meeting 2-3 times a week. IT, the Business Units and Compliance have worked to further define reporting elements, system enhancements, staffing model and structure, transition of the process in-house and to a new vendor.

Core 2.1 monthly reporting to CMT continues and completion rates for the past three months remain at 100%.

Regulatory Reporting Initiative

SCFHP's interdisciplinary reporting initiative continues to meet routinely to evaluate and implement process improvements in regulatory report development, production and submission. The team developed a uniform report template that will be used to define regulatory and business requirements and technical specifications for all regulatory and most operational reports going forward, to ensure consistency, uniformity, and replicability of reports for audit and validation purposes.

HSAG/CMC

SCFHP received a passing score on the 2017 Performance Measure Validation Activity (PMV) for Core Measure 2.1, CA1.2 and CA1.4.

2017 DHCS Audit Report and Corrective Action

SCFHP received DHCS' final report. DHCS only overturned two findings. SCFHP submitted its Corrective Action Plan (CAP) and DHCS is now following up with requests for clarification and documentation.

DMHC Timely Access Enforcement

DMHC accepted SCFHP's CAP in response to 2 minor violations that occurred and were corrected at the time of the 2016 filing. SCFHP also paid the $10,000 fine assessed by DMHC.

CMS Compliance Notices

- SCFHP received a CMS Notice of Non-Compliance (NONC) on October 13, 2017 for Part D Call Center Monitoring Accuracy and Accessibility Study – Interpreter Availability Measure. SCFHP is working with the translation/interpreter vendor regarding availability of a French interpreter.
- SCFHP received a CMS Warning Letter on December 6, 2017 because two new reports were submitted 7 days late. Compliance has corrected this and all Compliance Staff is being trained on the report submission calendar.
- CMS requested that SCFHP submit a CAP to address deficiencies in the 2017 Data Validation audit (to validate data submitted in 2016). Although SCFHP's performance improved significantly over its 2016 performance, it fell short of the 95% passing rate. SCFHP is developing a work plan to develop and implement the CAP using a process similar to that used to develop the Core 2.1 PIP.

RESOLUTION OF
THE SANTA CLARA COMMUNITY HEALTH AUTHORITY
TO ADOPT AN AMENDED
CONFLICT OF INTEREST CODE

WHEREAS, the Political Reform Act (Government Code Section 81000, *et seq.*) requires state and local government agencies to adopt and promulgate conflict of interest codes; and

WHEREAS, the Fair Political Practices Commission ("FPPC") has adopted a regulation (2 Cal. Code of Regs. 18730) which contains the terms of a standard conflict of interest code and following public notice and hearing it may be amended by the Fair Political Practices Commission to conform to Amendments in the Political Reform Act; and

WHEREAS, the Santa Clara Community Health Authority ("the Health Authority") has recently reviewed its conflict of interest code, its positions, and the duties of each position, and has determined that changes to the current conflict of interest code are necessary; and

WHEREAS, any earlier resolution and/or appendices containing the Health Authority's conflict of interest code shall be rescinded and superseded by this resolution and Appendix;

NOW, THEREFORE BE IT RESOLVED THAT, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the FPPC are hereby incorporated by reference and this regulation and the Appendices, attached hereto and incorporated herein, designating officials and employees, and establishing disclosure categories, shall constitute the Conflict of Interest Code of the Health Authority.

IT IS FURTHER RESOLVED THAT, designated employees shall file their statements of economic interests with the Health Authority's filing official. If a statement is received in signed paper format, the Health Authority's filing official shall make and retain a copy and forward the original of this statement to the filing officer, the County of Santa Clara Clerk of the Board of Supervisors. If a statement is electronically filed using the County of Santa Clara's Form 700 e-filing system, both the Health Authority's filing official and the County of Santa Clara Clerk of the Board of Supervisors will receive access to the e-filed statement simultaneously. The Health Authority shall make a copy of the statements available for public inspection and reproduction in accordance with Government Code section 81008.

PASSED AND ADOPTED by the Santa Clara Community Health Authority of the County of Santa Clara, State of California on _____, 2017 by the following vote:

AYES:

NOES:

ABSENT:

Signed: _____
Chair

Attest: _____
Secretary

Attachments to this Resolution:

Appendix A-Positions Required to File
Appendix B-Disclosure Categories

Appendix A - Amended
Santa Clara Community Health Authority
Conflict of Interest Code
POSITIONS REQUIRED TO FILE

The following is a list of those positions that are required to submit Statements of Economic Interests (Form 700) pursuant to the Political Reform Act of 1974, as amended:

Required to File Form 700:

Position	Disclosure Category Number
Health Authority Board Member	1
Chief Executive Officer	1
Chief Financial Officer	2
Chief Operating Officer	2
Chief Medical Officer	2
Chief Information Officer	2
Chief Compliance and Regulatory Affairs Officer	2
Director of Provider Network Management	6
Director of Infrastructure and System Support	4
Director of Quality and Pharmacy	6
Medical Director	6
Consultant	7
Newly Created Position	*

*Newly Created Positions

A newly created position that makes or participates in the making of decisions that may foreseeably have a material effect on any financial interest of the position-holder, and which specific position title is not yet listed in the Health Authority's conflict of interest code is included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code, subject to the following limitation: The Chief Executive Officer may determine in writing that a particular newly created position, although a "designated position," is hired to perform a range of duties that are limited in scope and thus is not required to fully comply with the broadest disclosure requirements, but instead must comply with more tailored disclosure requirements specific to that newly created position. Such written determination shall include a description of the newly created position's duties and, based upon that description, a statement of the extent of disclosure requirements. The Health Authority's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict- of-interest code. (Gov. Code Section 81008.)

As soon as the Health Authority has a newly created position that must file statements of economic interests, the Health Authority filing official shall contact the County of Santa Clara Clerk of the Board of Supervisors Form 700 division to notify it of the new position title to be added in the County's electronic Form 700 record management system, known as eDisclosure. Upon this notification, the Clerk's office shall enter the actual position title of the newly created position into eDisclosure and the Health Authority filing official shall ensure that the name of any individual(s) holding the newly created position is entered under that position title in eDisclosure.

Additionally, within 90 days of the creation of a newly created position that must file statements of economic interests, the Health Authority shall update this conflict-of- interest code to add the actual position title in its list of designated positions, and submit the amended conflict of interest code to the County of Santa Clara Office of the County Counsel for code-reviewing body approval by the County Board of Supervisors. (Gov. Code Sec. 87306.)

Appendix B - Amended
Santa Clara Community Health Authority
Conflict of Interest Code
DISCLOSURE CATEGORIES

Category 1. Persons in this category shall disclose (1) all interests in real property in Santa Clara County located entirely or partly within the boundaries of the County, or within two miles of the County's boundaries, or of any land owned or used by the Authority; and (2) all investments, business positions and income, including gifts, loans and travel payments, from all sources.

Category 2. Persons in this category shall disclose all investments, business positions and income, including gifts, loans and travel payments, from all sources.

Category 3. Persons in this category shall disclose all interests in real property in Santa Clara County located entirely or partly within the boundaries of the County, or within two miles of the County's boundaries, or of any land owned or used by the Authority.

Category 4. Persons in this category shall disclose all investments, business positions, and income (including gifts, loans, and travel payments) from all sources that provide leased facilities, goods, equipment, vehicles, machinery or services, including training or consulting services, of the type utilized by the Authority.

Category 5. Persons in this category shall disclose all investments, business positions, and income (including gifts, loans, and travel payments) from all sources that either contract to provide education or training required by the Authority to qualify for or maintain a license, or that provide education or training services which courses or curricula are approved by the Authority.

Category 6. Persons in this category shall disclose all investments, business positions, and income (including gifts, loans, and travel payments) from (1) all sources that provide leased facilities, goods, equipment, vehicles, machinery or services, including training or consulting services, of the type utilized by the Authority, and (2) all sources that are of the type to receive grants or other monies from or through the Authority, including, but not limited to, nonprofit organizations.

Category 7. Each Consultant, as defined for purposes of the Political Reform Act, shall disclose pursuant to the broadest disclosure category in the conflict of interest code subject to the following limitation: The Chief Executive Officer may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to comply fully with the disclosure requirements of the broadest disclosure category, but instead must comply with more tailored disclosure requirements specific to that consultant. Such a determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. All such determinations are public records and shall be retained for public inspection along with this conflict of interest code.

Santa Clara
Family Health Plan

The Spirit of Care

Unaudited
Financial Statements
For Four Months Ended October 2017

Table of Contents

Fiscal Year 2017-18 Year-To-Date Highlights

- **Net Surplus –** October $2.9 million surplus and year-to-date (YTD) $10.8 million surplus ($9.1 million favorable to budget). YTD profitability is mostly driven by lower medical expenses than budget.
- **Enrollment –** October membership 270,132 (1.4% unfavorable to budget) and YTD: 1,085,903 member months (1.2% unfavorable to budget and 3.0% lower than YTD last year)
- **Revenue –** Unfavorable by $2.1 million (-0.5%) YTD to budget
- **Medical Expenses –** Favorable YTD budget by $10.5 million (+2.8%)
- **Administrative Expenses –** Favorable YTD budget by $0.7 million (+3.9%)
- **Tangible Net Equity –** $169.2 million or 472% of most recent required Tangible Net Equity (TNE) of $35.9 million per Department of Managed Health Care (DMHC)
- **Capital Expenditure –** YTD capital investments of $10.3 million versus $17.3 million per annual budget, largely building purchase

	Month	YTD
Revenue	$102 million	$394 million
Medical Costs	$95 million	$367 million
Medical Loss Ratio	93.0%	93.0%
Administrative Costs	$4.2 million (4.1%)	$16.5 million (4.2%)
Other Income/ Expense	($22,816)	($156,517)
Net Surplus (Loss)	$2,894,575	$10,802,643

Cash on Hand	$357 million
Net Cash Available to SCFHP	$272 million
Receivables	$427 million
Current Liabilities	$638 million
Tangible Net Equity	$169 million
Percent Of DMHC Requirement	**472%**

Risks and Opportunities

- **Risks**
  - Fiscal Year 2017-18 YTD enrollment is below budget and has been declining since November 2016.
  - Claim inventory build-up due to conversion of claims payments system is causing some volatility in claims payment and in estimation of total monthly medical expenses. It has also resulted in claims interest expense of $30K YTD.
  - Delay in revenue receipts due to rate differential vs. budget.
  - Rate reconciliation timing by Department of Healthcare Services (DHCS) for Coordinated Care Initiative (CCI) program.

- **Opportunities**
  - Grow CCI membership.
  - Fill open positions to clear claims back log and allow adequate training time to ramp up claims processing productivity.
  - As In-Home Support Services (IHSS) is removed from CCI, Fee for Service (FFS) expenses recorded will fall, as will the required TNE. Consequently, the Plan's actual to required TNE ratio should increase.
  - With convergence of claims processing to QNXT, all Lines of Business are on one system, which should allow for better efficiency.

Member Months

For the month of October 2017, total membership was lower than budget by 3,829 (-1.4%). For YTD October 2017, total member months were lower than budget by 13,090 (-1.2%).

In the four months since the end of the prior fiscal year (FY), 6/30/2016, membership in Medi-Cal decreased by 2.0%, membership in Healthy Kids program decreased by 16.3%, and membership in Cal MediConnect (CMC) program decreased by 2.9%.

Santa Clara Family Health Plan Enrollment Summary

	For the Month of Oct 2017			For Four Months Ending Oct 31, 2017				
	Actual	**Budget**	**Variance**	**Actual**	**Budget**	**Variance**	**Prior Year Actual**	**Change FY18 vs. FY17**
Medi-Cal	260,518	263,661	(1.2%)	1,046,482	1,057,793	(1.1%)	1,073,378	(2.5%)
Healthy Kids	2,288	2,800	(18.3%)	9,782	11,200	(12.7%)	14,228	(31.2%)
Medicare	7,326	7,500	(2.3%)	29,639	30,000	(1.2%)	31,843	(6.9%)
Total	270,132	273,961	(1.4%)	1,085,903	1,098,993	(1.2%)	1,119,449	(3.0%)

Santa Clara Family Health Plan Enrollment by Network
October 2017

Network	**Medi-Cal**		**Healthy Kids**		**CMC**		**Total**	
	Enrollment	**% of Total**	**Enrollment**	**% of Total**	**Enrollment**	**% of Total**	**Enrollment**	**% of Total**
Direct Contact Physicians	28,610	11%	247	11%	7,326	100%	36,183	13%
SCVHHS, Safety Net Clinics, FQHC Clinics	133,784	51%	1,034	45%	-	0%	134,818	50%
Palo Alto Medical Foundation	7,414	3%	74	3%	-	0%	7,488	3%
Physicians Medical Group	47,740	18%	758	33%	-	0%	48,498	18%
Premier Care	16,240	6%	175	8%	-	0%	16,415	6%
Kaiser	26,730	10%	-	0%	-	0%	26,730	10%
Total	**260,518**	**100%**	**2,288**	**100%**	**7,326**	**100%**	**270,132**	**100%**
Enrollment at June 30, 2017	265,753		2,732		7,543		276,028	
Net Change from Beginning of FY18	-2.0%		-16.3%		-2.9%		-2.1%	

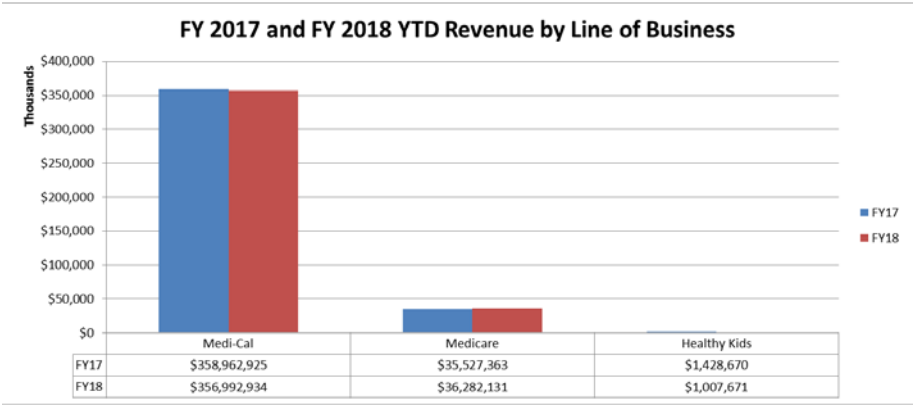
SCVHHS = Santa Clara Valley Health & Hospital System
FQHC = Federally Qualified Health Center

Revenue

Santa Clara Family Health Plan (SCFHP or The Plan) recorded net revenue of $102.0 million for the month of October 2017, compared to budgeted revenue of $99.0 million, resulting in a favorable variance from budget of $3.0 million, or +3.0%. For YTD October 2017, the Plan recorded net revenue of $394.3 million, compared to budgeted revenue of $396.4 million, resulting in an unfavorable variance from budget of $2.1 million, or -0.5%.

Major revenue variances for October 2017, which net to $3.0 million were:

1. Prior year revenue favorable by $4.5 million largely due to true-up of estimated Medicare receivables recorded at June 30, 2017
2. Prior period revenue favorable by $0.3 million due to updated capitation rates for Non-Medical Transportation (NMT)
3. Other significant variances:
    a. Long Term Care (LTC) revenue favorable by $1.5 million due to both higher member months and rate differential
    b. Assembly Bill (AB 85) revenue unfavorable by $1.2 million (no impact on net income)
    c. IHSS revenue unfavorable due to both member months and rate differential (no impact on net income as the budgeted medical expense is equally lower)
    d. Medicare revenue unfavorable by $0.5 million due to lower member months vs. budget
    e. Medi-Cal CMC revenue unfavorable by $0.4 million due to lower member months as well as rate differential vs. budget
    f. Hepatitis C (Hep C) revenue unfavorable by $0.2 million due to fewer utilizers as well as rate differential vs. budget
    g. Maternity revenue unfavorable by $0.2 million due to fewer births vs. budget



	Medi-Cal	Medicare	Healthy Kids
FY17	$358,962,925	$35,527,363	$1,428,670
FY18	$356,992,934	$36,282,131	$1,007,671

Medical Expenses

For the month of October 2017, medical expense was $94.9 million compared to budget of $94.2 million, resulting in an unfavorable budget variance of $0.7 million, or -0.7%. For year to date October 2017, medical expense was $366.8 million compared to budget of $377.3 million, resulting in a favorable budget variance of $10.5 million, or +2.8%.

Major medical expense variances for October 2017 were:

1. IHSS expense favorable by $2.3 million. Of this amount, $1.3 million has no impact on net income. However, a budgeted $1.0 million monthly loss for the potential risk the Plan carries (based on FY17 experience) is under review.
2. AB 85 medical expense favorable by $1.2 million (no impact on net income)
3. Specialists' expense favorable by $1.0 million due to lower utilization vs. budget
4. Capitation expense favorable by $0.7 million due to lower member months vs. budget
5. Hospital costs unfavorable by $1.5 million due to higher utilization vs. budget
6. Other smaller unfavorable variances (~$0.5 million each) in LTC, pharmacy, and Out-of-Area expenses largely due to higher utilization vs. budget

Medical Expense	Amount	% of Total
Network Capitation	$133,321,134	36%
IHSS	$56,716,073	15%
Pharmacy	$49,806,927	14%
Inpatient, Emergency, and Maternity	$44,373,521	12%
Institutional Extended Care	$42,162,759	11%
Outpatient and Other	$40,439,286	11%
Total Medical Expense	**$366,819,700**	

Administrative Expenses

Overall administrative costs were favorable to budget by $0.2 million (+5.3%) for the month of October 2017 and favorable to budget by $0.7 million (+3.9%) for YTD October 2017.

Major administrative expense variances for October 2017 were:

1. Payroll expense is favorable payroll due to vacant positions; Offset by higher consulting and temporary help expense
2. Printing, Postage, and Contract expenses are favorable due to timing but expected to match budget for the year
3. Translation services expense are unfavorable but expected to match budget for the year

Overall administrative expenses were 4.2% of revenue for YTD October 2017 (0.1% favorable to budget).

Actual vs. Budget
For the Current Month & Fiscal Year to Date - Oct 2017
Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance $	Variance %		Actual	Budget	Variance $	Variance %
$ 2,224,128	$ 2,353,775	$ 129,647	5.5%	Personnel	$ 8,796,239	$ 8,912,480	$ 116,241	1.3%
1,989,236	2,093,123	103,888	5.0%	Non-Personnel	7,707,637	8,253,648	$ 546,012	6.6%
4,213,363	4,446,898	233,535	5.3%	Total Administrative Expense	16,503,875	17,166,129	662,253	3.9%

Balance Sheet

- Current assets totaled $791.4 million compared to current liabilities of $637.6 million, yielding a current ratio (the ratio of current assets to current liabilities) of 1.2 vs. the DMHC minimum requirement of 1.0 as of October 31, 2017. Working capital (current assets minus current liabilities) increased by $2.0 million for the four months YTD ended October 31, 2017.

- Cash as of October 31, 2017, decreased by $7.5 million compared to the cash balance as of year-end June 30, 2017. Net receivables decreased by $48.1 million during the same four month period ended October 31, 2017 largely due to receipt of delayed June capitation offset by an increase due to a delay in receipt of payments for Supplemental Revenue, Duals Recast differential revenue, and Managed Care Organization (MCO) tax revenue. The overall cash position decreased largely due to recoupment of FY2015-16 MCE overpayments (~$18 million per month) by DHCS and the purchase of a new building.

- SCFHP had moved $140.0 million of its cash to the county investment pool in order to achieve higher interest income while still maintaining the liquidity of its funds. With the commencement of monthly recoupment of MCE overpayments by the State beginning in June's capitation, the Plan may need to withdraw some of these funds in 2018.

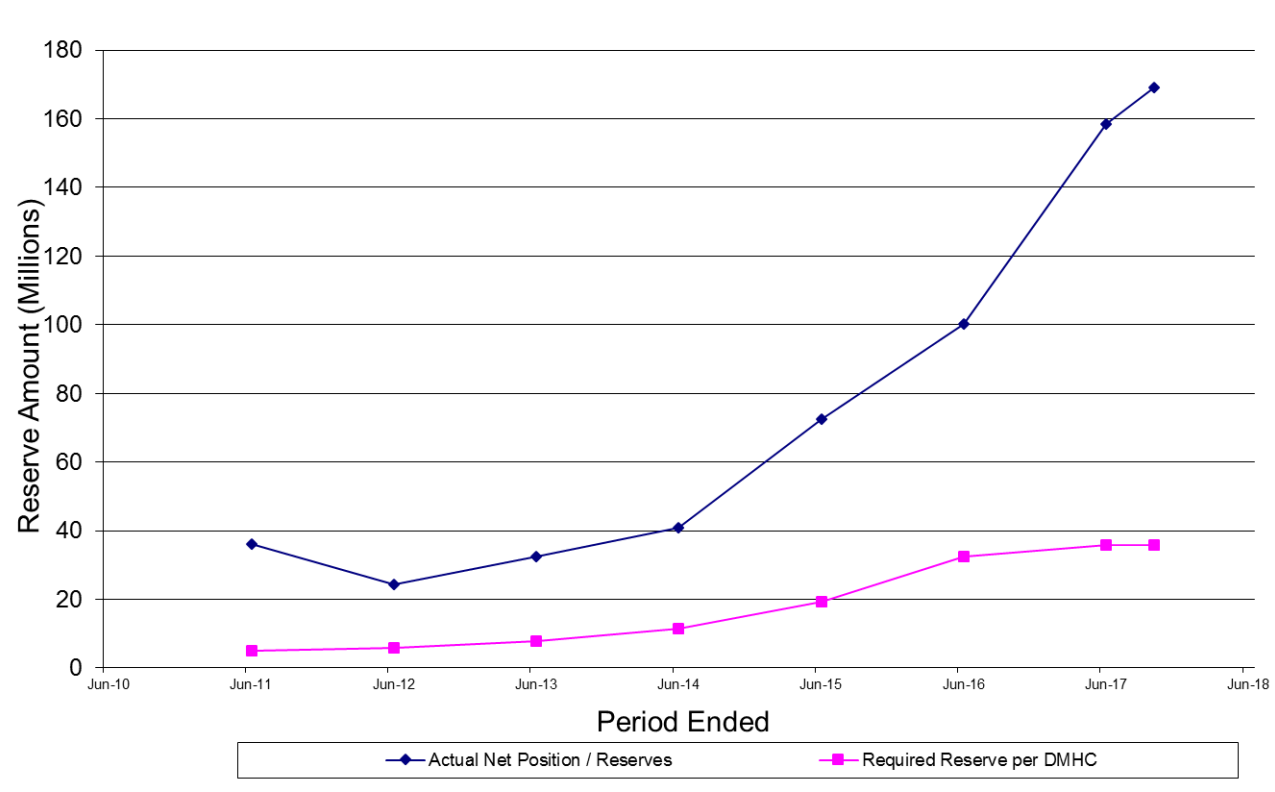
- Liabilities decreased by a net amount of $56.8 million during the four months ended October 31, 2017. Liabilities decreased primarily due to the disbursement of pass-through funds to hospitals, payment of the first quarterly installment of MCO tax for FY18, and recoupment of FY2015-16 MCE overpayments by DHCS.

Tangible Net Equity (TNE)

TNE was $169.2 million at October 31, 2017 or 472% of the most recent quarterly DMHC minimum requirement of $35.9 million. TNE trends for SCFHP are shown below.

As of Period Ended:

	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	10/31/2017
Actual Net Position / Reserves	36,093,769	24,208,576	32,551,161	40,872,580	72,630,954	100,293,456	158,380,560	169,183,203
Required Reserve per DMHC	4,996,000	5,901,000	7,778,000	11,434,000	19,269,000	32,375,000	35,898,000	35,861,935
200% of Required Reserve	9,992,000	11,802,000	15,556,000	22,868,000	38,538,000	64,750,000	71,796,000	71,723,870
Actual as % Required	722%	410%	419%	357%	377%	310%	441%	472%



Reserves Analysis

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

- As of October 31, 2017, the Plan's TNE was $43.7 million above the low-end Equity Target and $152.0 million above the low-end Liquidity Target and the Plan's TNE was $10.1 million below the high-end Equity Target and $112.2 million above the high-end Liquidity Target (see calculations below).

SCFHP RESERVES ANALYSIS OCTOBER 2017

Financial Reserve Target #1: Tangible Net Equity	
Actual TNE	$169,183,203
Current Required TNE	$35,861,935
Excess TNE	$133,321,268
Required TNE Percentage	472%
SCFHP Target TNE Range:	
350% of Required TNE (low end)	$125,516,772
500% of Required TNE (high end)	$179,309,674
TNE Above/(Below) SCFHP Low End Target	**$43,666,431**
TNE Above/(Below) SCFHP High End Target	**($10,126,471)**
Financial Reserve Target #2: Liquidity	
Cash & Cash Equivalents	$357,109,019
Less Pass-through Liabilities:	
Net Receivable/(Payable) from/to State of CA*	(65,062,574)
Other Pass-through Liabilities	(20,511,567)
Total Pass-through Liabilities	(85,574,141)
Net Cash Available to SCFHP	$271,534,879
SCFHP Target Liquidity:	
45 days of Total Operating Expenses	($119,490,550)
60 days of Total Operating Expenses	($159,320,733)
Liquidity Above/(Below) SCFHP Low End Target	**$152,044,329**
Liquidity Above/(Below) SCFHP High End Target	**$112,214,146**
*Pass-Throughs from State of CA (excludes IHSS)	
Receivables Due to SCFHP	81,493,021
Payables Due from SCFHP	(146,555,595)
Net Receivable/(Payable)	($65,062,574)

Capital Expenditure

Capital investments of $10.3 million were made during the four months ended October 31, 2017, largely due to the purchase of a new building (in order to lower the long term occupancy costs in an ever increasing rental rate situation in the current location). The YTD capital expenditure includes:

Expenditure	YTD Actual	Annual Budget
New Building*	$9,743,526	$14,300,000
Systems	32,894	1,595,000
Hardware	385,435	611,500
Software	20,647	587,000
Furniture and Fixtures	135,935	173,515
Automobile	0	33,000
Leasehold Improvements	0	10,000
TOTAL	**$10,318,437**	**$17,310,015**

**Budget includes ~$4 million of renovation expend associated with 50 Great Oaks building*

The Plan expects to incur the bulk of the remaining expenditures later in the FY 2018.

Santa Clara Family Health Plan
Enrollment by Aid-Category

		2016-07	2016-08	2016-09	2016-10	2016-11	2016-12	2017-01	2017-02	2017-03	2017-04	2017-05	2017-06	2017-07	2017-08	2017-09	2017-10
NON DUAL	Adult (over 19)	29,530	31,197	31,372	31,863	31,603	31,396	31,072	30,836	30,479	30,204	29,921	29,651	28,985	29,305	29,056	28,727
	Adult (under 19)	105,841	107,019	108,006	108,627	108,876	107,489	106,719	106,926	106,305	106,181	105,945	106,082	104,658	105,130	104,329	103,794
	Aged - Medi-Cal Only	9,256	10,078	10,138	10,199	10,216	10,206	10,371	10,400	10,400	10,520	10,538	10,674	10,776	10,772	10,802	10,876
	Disabled - Medi-Cal Only	10,785	11,014	10,998	11,046	11,024	11,009	11,013	11,042	11,057	11,070	11,059	10,897	10,884	10,670	10,660	10,667
	Child (HF conversion)	1,725	1,542	1,350	1,297	1,150	1,078	973	921	879	845	280	192	74	59	52	57
	Adult Expansion	82,983	83,513	83,721	84,679	84,327	84,551	83,031	82,715	82,618	82,751	82,418	82,349	80,300	80,836	80,571	80,110
	Other	40	38	38	37	35	35	34	38	38	39	35	38	33	35	45	61
	Long Term Care	297	307	305	313	325	331	330	325	328	328	342	358	373	368	365	359
	Total Non-Duals	240,457	244,708	245,928	248,061	247,556	246,095	243,543	243,203	242,104	241,938	240,538	240,241	236,083	237,175	235,880	234,651
DUAL	Aged	14,466	14,518	14,647	14,714	14,793	14,929	15,327	15,917	16,070	16,202	16,195	16,378	16,308	16,605	16,722	16,758
	Disabled	6,033	6,023	6,027	6,024	6,034	6,033	6,353	6,478	6,506	6,507	6,458	6,518	6,474	6,591	6,617	6,649
	Other	1,817	1,832	1,856	1,896	1,879	1,891	1,727	1,686	1,621	1,427	1,389	1,370	1,271	1,244	1,250	1,244
	Long Term Care	1,050	1,054	1,051	1,039	1,031	1,052	1,164	1,181	1,239	1,230	1,236	1,246	1,255	1,256	1,233	1,216
	Total Duals	23,366	23,427	23,581	23,673	23,737	23,905	24,571	25,262	25,436	25,366	25,278	25,512	25,308	25,696	25,822	25,867
	Total Medi-Cal	263,823	268,135	269,509	271,734	271,293	270,000	268,114	268,465	267,540	267,304	265,816	265,753	261,391	262,871	261,702	260,518
	Healthy Kids	4,380	4,224	2,962	2,662	2,458	2,581	2,585	2,780	2,752	2,794	2,757	2,732	2,633	2,618	2,243	2,288
CMC	CMC Non-Long Term Care	7,776	7,698	7,587	7,487	7,271	7,243	7,224	7,299	7,330	7,275	7,254	7,259	7,252	7,142	7,128	7,078
	CMC - Long Term Care	332	327	322	314	312	303	303	299	292	292	291	284	273	263	255	248
	Total CMC	8,108	8,025	7,909	7,801	7,583	7,546	7,527	7,598	7,622	7,567	7,545	7,543	7,525	7,405	7,383	7,326
	Total Enrollment	**276,311**	**280,384**	**280,380**	**282,197**	**281,334**	**280,127**	**278,226**	**278,843**	**277,914**	**277,665**	**276,118**	**276,028**	**271,549**	**272,894**	**271,328**	**270,132**

Santa Clara County Health Authority
Income Statement for Four Months Ending October 31, 2017

	For the Month of Oct 2017					For Four Months Ending Oct 31, 2017				
	Actual	% of Revenue	Budget	% of Revenue	Variance	Actual	% of Revenue	Budget	% of Revenue	Variance
REVENUES										
MEDI-CAL	$ 90,427,438	88.6%	$ 90,106,991	91.0%	$ 320,447	$ 356,992,934	90.5%	$ 360,864,757	91.0%	$ (3,871,823)
HEALTHY KIDS	$ 236,463	0.2%	$ 252,000	0.3%	$ (15,537)	$ 1,007,671	0.3%	$ 1,008,000	0.3%	$ (329)
MEDICARE	$ 11,343,587	11.1%	$ 8,637,957	8.7%	$ 2,705,630	$ 36,282,131	9.2%	$ 34,551,830	8.7%	$ 1,730,301
TOTAL REVENUE	$ 102,007,489	100.0%	$ 98,996,948	100.0%	$ 3,010,540	$ 394,282,736	100.0%	$ 396,424,587	100.0%	$ (2,141,851)
MEDICAL EXPENSES										
MEDI-CAL	$ 88,028,044	86.3%	$ 85,689,496	86.6%	$ (2,338,548)	$ 334,952,554	85.0%	$ 343,271,608	86.6%	$ 8,319,055
HEALTHY KIDS	$ 272,236	0.3%	$ 240,242	0.2%	$ (31,995)	$ 909,218	0.2%	$ 960,967	0.2%	$ 51,750
MEDICARE	$ 6,576,455	6.4%	$ 8,267,243	8.4%	$ 1,690,789	$ 30,957,929	7.9%	$ 33,068,973	8.3%	$ 2,111,044
TOTAL MEDICAL EXPENSES	$ 94,876,735	93.0%	$ 94,196,981	95.2%	$ (679,754)	$ 366,819,700	93.0%	$ 377,301,549	95.2%	$ 10,481,848
MEDICAL OPERATING MARGIN	$ 7,130,754	7.0%	$ 4,799,967	4.8%	$ 2,330,786	$ 27,463,035	7.0%	$ 19,123,038	4.8%	$ 8,339,998
ADMINISTRATIVE EXPENSES										
SALARIES AND BENEFITS	$ 2,224,128	2.2%	$ 2,353,775	2.4%	$ 129,647	$ 8,796,239	2.2%	$ 8,912,480	2.2%	$ 116,241
RENTS AND UTILITIES	$ 115,841	0.1%	$ 124,046	0.1%	$ 8,205	$ 572,679	0.1%	$ 485,185	0.1%	$ (87,494)
PRINTING AND ADVERTISING	$ 45,534	0.0%	$ 182,050	0.2%	$ 136,516	$ 129,768	0.0%	$ 502,300	0.1%	$ 372,532
INFORMATION SYSTEMS	$ 190,782	0.2%	$ 217,714	0.2%	$ 26,932	$ 726,045	0.2%	$ 870,856	0.2%	$ 144,811
PROF FEES / CONSULTING / TEMP STAFFING	$ 1,160,919	1.1%	$ 879,658	0.9%	$ (281,261)	$ 4,378,146	1.1%	$ 3,852,730	1.0%	$ (525,415)
DEPRECIATION / INSURANCE / EQUIPMENT	$ 332,114	0.3%	$ 347,895	0.4%	$ 15,781	$ 1,375,516	0.3%	$ 1,384,625	0.3%	$ 9,109
OFFICE SUPPLIES / POSTAGE / TELEPHONE	$ 44,067	0.0%	$ 215,411	0.2%	$ 171,345	$ 177,803	0.0%	$ 699,245	0.2%	$ 521,442
MEETINGS / TRAVEL / DUES	$ 97,175	0.1%	$ 106,979	0.1%	$ 9,804	$ 311,613	0.1%	$ 390,178	0.1%	$ 78,565
OTHER	$ 2,804	0.0%	$ 19,370	0.0%	$ 16,566	$ 36,066	0.0%	$ 68,528	0.0%	$ 32,462
TOTAL ADMINISTRATIVE EXPENSES	$ 4,213,363	4.1%	$ 4,446,898	4.5%	$ 233,535	$ 16,503,875	4.2%	$ 17,166,129	4.3%	$ 662,253
OPERATING SURPLUS (LOSS)	$ 2,917,391	2.9%	$ 353,069	0.4%	$ 2,564,321	$ 10,959,160	2.8%	$ 1,956,909	0.5%	$ 9,002,251
GASB 45 - POST EMPLOYMENT BENEFITS EXPENSE	$ (59,780)	-0.1%	$ (59,780)	-0.1%	$ -	$ (239,119)	-0.1%	$ (239,119)	-0.1%	$ -
GASB 68 - UNFUNDED PENSION LIABILITY	$ (75,000)	-0.1%	$ (75,000)	-0.1%	$ -	$ (300,000)	-0.1%	$ (300,000)	-0.1%	$ -
INTEREST & OTHER INCOME	$ 111,964	0.1%	$ 65,153	0.1%	$ 46,811	$ 382,602	0.1%	$ 260,611	0.1%	$ 121,991
NET SURPLUS (LOSS) FINAL	$ 2,894,575	2.8%	$ 283,442	0.3%	$ 2,611,133	$ 10,802,643	2.7%	$ 1,678,401	0.4%	$ 9,124,242

Santa Clara County Health Authority
Balance Sheet

	OCT 17	SEP 17	AUG 17	JUN 17
Assets				
Current Assets				
Cash and Marketable Securities	$ 357,109,019	$ 448,058,194	$ 287,663,878	$ 364,609,248
Premiums Receivable				
In Home Support Services (IHSS)	339,579,401	325,224,695	310,692,607	282,168,565
All Other	87,217,376	184,070,749	214,018,970	192,697,632
Prepaid Expenses and Other Current Assets	7,531,826	7,270,204	8,013,700	7,070,619
Total Current Assets	791,437,623	964,623,842	820,389,155	846,546,064
Long Term Assets				
Equipment	31,587,323	31,528,704	31,269,437	21,268,887
Less: Accumulated Depreciation	(11,965,083)	(11,656,940)	(11,358,920)	(10,761,759)
Total Long Term Assets	19,622,240	19,871,764	19,910,517	10,507,128
Total Assets	$ 811,059,863	$ 984,495,606	$ 840,299,672	$ 857,053,192
Deferred Outflow of Resources	$ 9,287,513	$ 9,287,513	9,287,513	9,287,513
Total Deferred Outflows and Assets	820,347,376	993,783,119	849,587,185	866,340,705
Liabilities and Net Position				
Current Liabilities				
Trade Payables	$ 5,890,149	$ 5,818,458	$ 4,978,755	$ 6,157,039
Deferred Rent	67,402	73,701	79,999	92,597
Employee Benefits	1,276,273	1,272,378	1,258,413	1,262,108
Retirement Obligation per GASB 45	5,057,478	4,997,698	4,937,918	4,818,359
Advance Premium - Healthy Kids	55,358	70,072	69,264	53,439
Deferred Revenue - Medicare		10,785,993		8,372,938
Whole Person Care	2,065,180	2,065,180	2,065,180	2,065,180
Payable to Hospitals (SB90)				0
Payable to Hospitals (SB208)		29,409,629		0
Payable to Hospitals (AB 85)	11,067,353	31,377,923	29,911,530	27,378,335
Due to Santa Clara County Valley Health Plan and Kaiser	7,379,033	26,149,229	6,586,869	9,456,454
MCO Tax Payable - State Board of Equalization	25,566,157	42,161,354	27,153,715	33,865,555
Due to DHCS	120,989,438	156,445,574	173,623,646	207,658,770
Liability for In Home Support Services (IHSS)	357,631,102	343,276,396	328,744,308	300,220,266
Premium Deficiency Reserve (PDR)	2,374,525	2,374,525	2,374,525	2,374,525
Medical Cost Reserves	98,182,526	93,532,008	90,562,820	90,922,381
Total Current Liabilities	637,601,974	814,007,293	672,346,943	694,697,947
Non-Current Liabilities				
Noncurrent Premium Deficiency Reserve	5,919,500	5,919,500	5,919,500	5,919,500
Net Pension Liability GASB 68	7,157,370	7,082,370	7,007,370	6,857,370
Total Liabilities	650,678,844	827,009,163	685,273,813	707,474,817
Deferred Inflow of Resources	485,329	485,329	485,329	485,329
Net Position / Reserves				
Invested in Capital Assets	10,349,463	10,480,456	10,409,164	10,507,128
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Unrestricted Net Equity	147,725,747	147,594,754	147,666,046	89,480,978
Current YTD Income (Loss)	10,802,643	7,908,068	5,447,484	58,087,104
Net Position / Reserves	169,183,203	166,288,628	163,828,043	158,380,560
Total Liabilities, Deferred Inflows, and Net Assets	$ 820,347,376	$ 993,783,119	$ 849,587,185	$ 866,340,705

Santa Clara Family Health Plan
Statement of Cash Flows
For Four Months Ending Oct 31, 2017

Cash flows from operating activities		
Premiums received	$	347,383,425
Medical expenses paid	$	(304,226,140)
Administrative expenses paid	$	(40,721,679)
Net cash from operating activities	$	2,435,606
Cash flows from capital and related financing activities		
Purchases of capital assets	$	(10,318,437)
Cash flows from investing activities		
Interest income and other income, net	$	382,602
Net (Decrease) increase in cash and cash equivalents	$	(7,500,229)
Cash and cash equivalents, beginning of year	$	364,609,248
Cash and cash equivalents at Oct 31, 2017	$	357,109,019
Reconciliation of operating income to net cash from operating activities		
Operating income (loss)	$	10,420,041
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	$	1,203,324
Changes in operating assets and liabilities		
Premiums receivable	$	48,069,420
Due from Santa Clara Family Health Foundation	$	-
Prepaids and other assets	$	(461,207)
Deferred outflow of resources	$	-
Accounts payable and accrued liabilities	$	(24,720,803)
State payable	$	(94,968,730)
Santa Clara Valley Health Plan and Kaiser payable	$	(2,077,421)
Net Pension Liability	$	300,000
Medical cost reserves and PDR	$	7,260,145
Deferred inflow of resources	$	-
Total adjustments	$	(7,984,435)
Net cash from operating activities	$	2,435,606

Santa Clara County Health Authority
STATEMENT OF OPERATIONS
BY LINE OF BUSINESS (INCLUDING ALLOCATED EXPENSES)

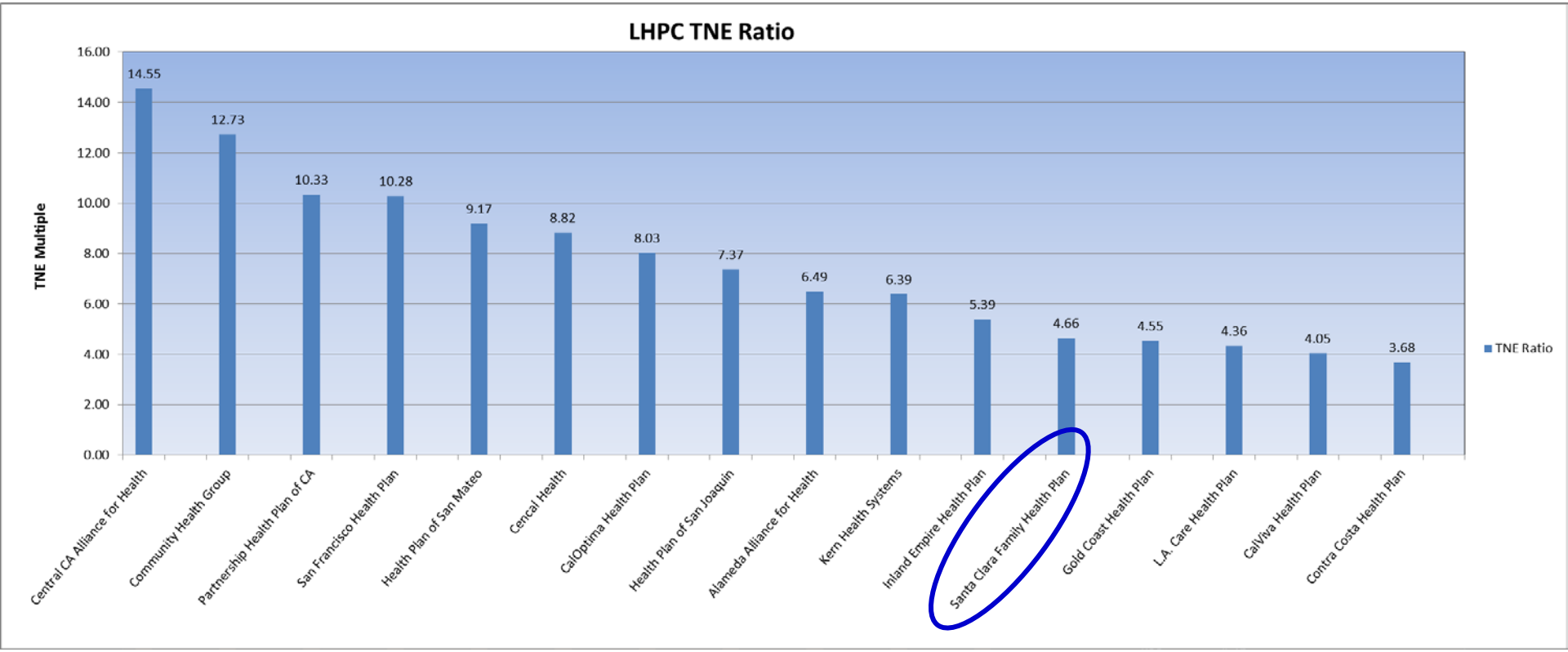
For Four Months Ending Oct 31, 2017

	Medi-Cal	CMC	Healthy Kids	**Grand Total**
P&L (ALLOCATED BASIS)				
REVENUE	$348,222,799	$45,052,266	$1,007,671	**$394,282,736**
MEDICAL EXPENSES	325,768,983	40,141,500	909,218	**366,819,700**
(MLR)	93.6%	89.1%	90.2%	**93.0%**
GROSS MARGIN	22,453,816	4,910,766	98,453	**27,463,035**
ADMINISTRATIVE EXPENSES	14,575,900	1,885,796	42,179	**16,503,875**
(% of Revenue Allocation)				
OPERATING INCOME/(LOSS)	7,877,916	3,024,970	56,274	**10,959,160**
OTHER INCOME/(EXPENSE)	(138,233)	(17,884)	(400)	**(156,517)**
(% of Revenue Allocation)				
NET INCOME/ (LOSS)	$7,739,683	$3,007,085	$55,874	**$10,802,643**
PMPM (ALLOCATED BASIS)				
REVENUE	$332.76	$1,520.03	$103.01	**$363.09**
MEDICAL EXPENSES	311.30	1,354.35	92.95	**337.80**
GROSS MARGIN	21.46	165.69	10.06	**25.29**
ADMINISTRATIVE EXPENSES	13.93	63.63	4.31	**15.20**
OPERATING INCOME/(LOSS)	7.53	102.06	5.75	**10.09**
OTHER INCOME / (EXPENSE)	(0.13)	(0.60)	(0.04)	**(0.14)**
NET INCOME / (LOSS)	$7.40	$101.46	$5.71	**$9.95**
ALLOCATION BASIS:				
MEMBER MONTHS - YTD	*1,046,482*	*29,639*	*9,782*	***1,085,903***
Revenue by LOB	*88.3%*	*11.4%*	*0.3%*	***100%***

Note: CMC includes Medi-Cal portion of the Coordinated Care Initiative (CCI) data

LOCAL HEALTH PLANS OF CALIFORNIA
FUND BALANCE, REQUIRED TNE & TNE MULTIPLE
AS OF SEPTEMBER 30, 2017

Health Plan	Fund Balance	Required TNE	TNE Multiple
Central CA Alliance for Health	$642,303,609	$44,140,461	14.55
Community Health Group	$527,736,089	$41,447,595	12.73
Partnership Health Plan of CA	$814,814,507	$78,862,870	10.33
San Francisco Health Plan	$123,472,576	$12,008,288	10.28
Health Plan of San Mateo	$301,868,654	$32,903,087	9.17
Cencal Health	$211,472,904	$23,983,848	8.82
CalOptima Health Plan	$724,611,443	$90,235,159	8.03
Health Plan of San Joaquin	$282,926,999	$38,386,612	7.37
Alameda Alliance for Health	$192,155,970	$29,591,283	6.49
Kern Health Systems	$194,429,000	$30,407,000	6.39
Inland Empire Health Plan	$831,863,336	$154,241,115	5.39
Santa Clara Family Health Plan	**$166,289,000**	**$35,695,000**	**4.66**
Gold Coast Health Plan	$135,862,326	$29,888,218	4.55
L.A. Care Health Plan	$667,798,911	$153,276,711	4.36
CalViva Health Plan	$52,817,821	$13,030,275	4.05
Contra Costa Health Plan	$53,910,065	$14,658,873	3.68


LHPC TNE Ratio
TNE Multiple
16.00
14.00
12.00
10.00
8.00
6.00
4.00
2.00
0.00
14.55
12.73
10.33
10.28
9.17
8.82
8.03
7.37
6.49
6.39
5.39
4.66
4.55
4.36
4.05
3.68
Central CA Alliance for Health
Community Health Group
Partnership Health Plan of CA
San Francisco Health Plan
Health Plan of San Mateo
Cencal Health
CalOptima Health Plan
Health Plan of San Joaquin
Alameda Alliance for Health
Kern Health Systems
Inland Empire Health Plan
Santa Clara Family Health Plan
Gold Coast Health Plan
L.A. Care Health Plan
CalViva Health Plan
Contra Costa Health Plan
TNE Ratio

RESOLUTION TO FUND CALPERS
OTHER POST-EMPLOYMENT BENEFITS LIABILITY

WHEREAS, the Santa Clara County Health Authority dba Santa Clara Family Health Plan (the Plan) participates in the California Public Employees' Retirement System's (CalPERS) California Employers' Retiree Benefit Trust (CERBT) program. The Plan makes regular contributions to the CalPERS CERBT program, which will provide other post-employment benefits (OPEB) as medical benefits to retired employees.

WHEREAS, on an annual basis, the Plan's actuaries calculate the actuarial unfunded OPEB liability. The Plan seeks to make annual contributions of the unfunded OPEB liability to reduce its overall OPEB expense and to work toward full funding of its OPEB liability.

NOW, THEREFORE, BE IT RESOLVED:

I. On an annual basis the Plan's executive management will obtain the actuarial unfunded employer OPEB liability per the annual OPEB valuation reports and will present their recommendation of funding such annual amounts to the Plan's Governing Board.

II. Based on the most recent OPEB valuation, dated June 30, 2016, the Plan will make a total employer contribution of $5,315,787, payable in three (3) annual installments (with interest) of $1,888,847 payable annually on December 31, 2017, 2018, and 2019.

III. Once the annual employer contribution is approved by the Governing Board, the Plan's CFO will remit funds to the CalPERS CERBT program in a timely manner.

PASSED AND ADOPTED by the Governing Board of the Santa Clara County Health Authority.

_____
this 14th day of December, 2017.

BY:

_____
Robert Brownstein, Board Chair,
Santa Clara County Health Authority

RESOLUTION TO FUND CALPERS PENSION LIABILITY

WHEREAS, the Santa Clara County Health Authority dba Santa Clara Family Health Plan (the Plan) participates in the California Public Employees' Retirement System (CalPERS) retirement program. The Plan and its employees make regular payroll contributions to CalPERS, which will provide post-employment pension benefits to employees.

WHEREAS, on an annual basis, CalPERS calculates the actuarial unfunded pension liability. The Plan seeks to make annual contributions of the unfunded pension liability to reduce its overall pension expense and to work toward full funding of its pension liability.

NOW, THEREFORE, BE IT RESOLVED:

I. As per Board Resolution of March 16, 2017, on an annual basis the Plan's executive management will obtain the actuarial unfunded employer pension liability per the annual CalPERS pension valuation reports and will present their recommended contribution to the Plan's Governing Board.

II. Based on the most recent pension valuation, dated June 30, 2016, management recommends that the Plan will make an employer contribution of $3,228,650 on or before December 31, 2017.

III. Once the annual employer contribution is approved by the Governing Board, the Plan's CFO will remit funds to CalPERS in a timely manner.

PASSED AND ADOPTED by the Governing Board of the Santa Clara County Health Authority.

_____
this 14th day of December, 2017.

BY:

_____
Robert Brownstein, Board Chair,
Santa Clara County Health Authority

Network Detection and Prevention Report

December 2017

SCCHA Governing Board Meeting

Santa Clara Family Health Plan

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 organization's.

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

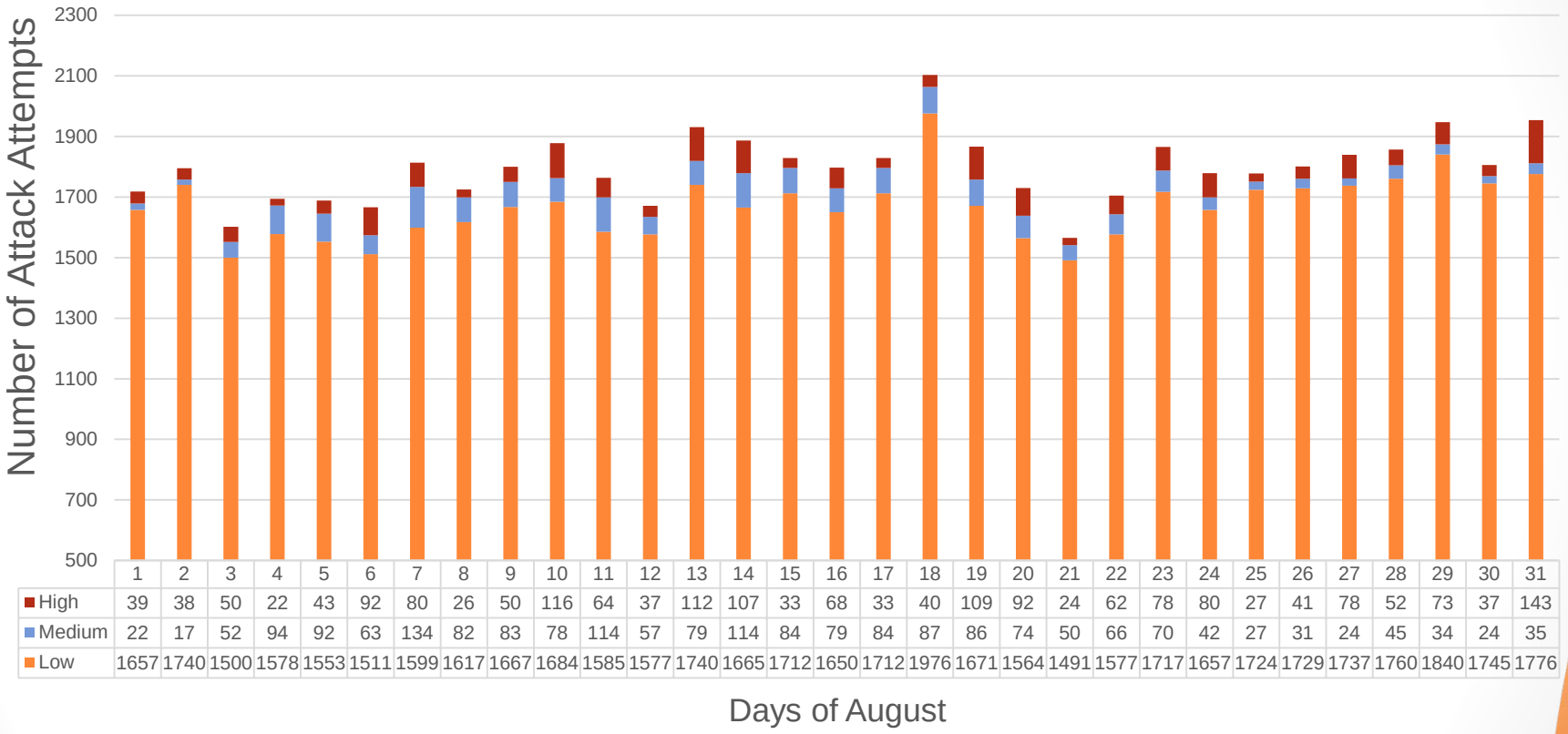
These attacks are characterized more as informational events, such as various Scans (port and IP internet protocol address), RPC(Remote Procedure Call), and SMTP(Simple Mail Transfer Protocol) attacks.

Attack Statistics Combined

August/September/October/November

	Number of Different Types of Attacks				Total Number of Attempts				Percent of Attempts			
Severity Level	AUG	SEPT	OCT	NOV	AUG	SEPT	OCT	NOV	**AUG**	SEPT	OCT	NOV
High	1	2	2	3	1967	1602	1362	1684	3.53	1.51	1.26	1.69
Medium	19	13	17	19	2037	993	771	1034	3.66	.93	.82	1.04
Low	32	26	31	35	51711	103668	99618	96736	92.81	97.5	97.92	97.27

Daily Attack Attempts

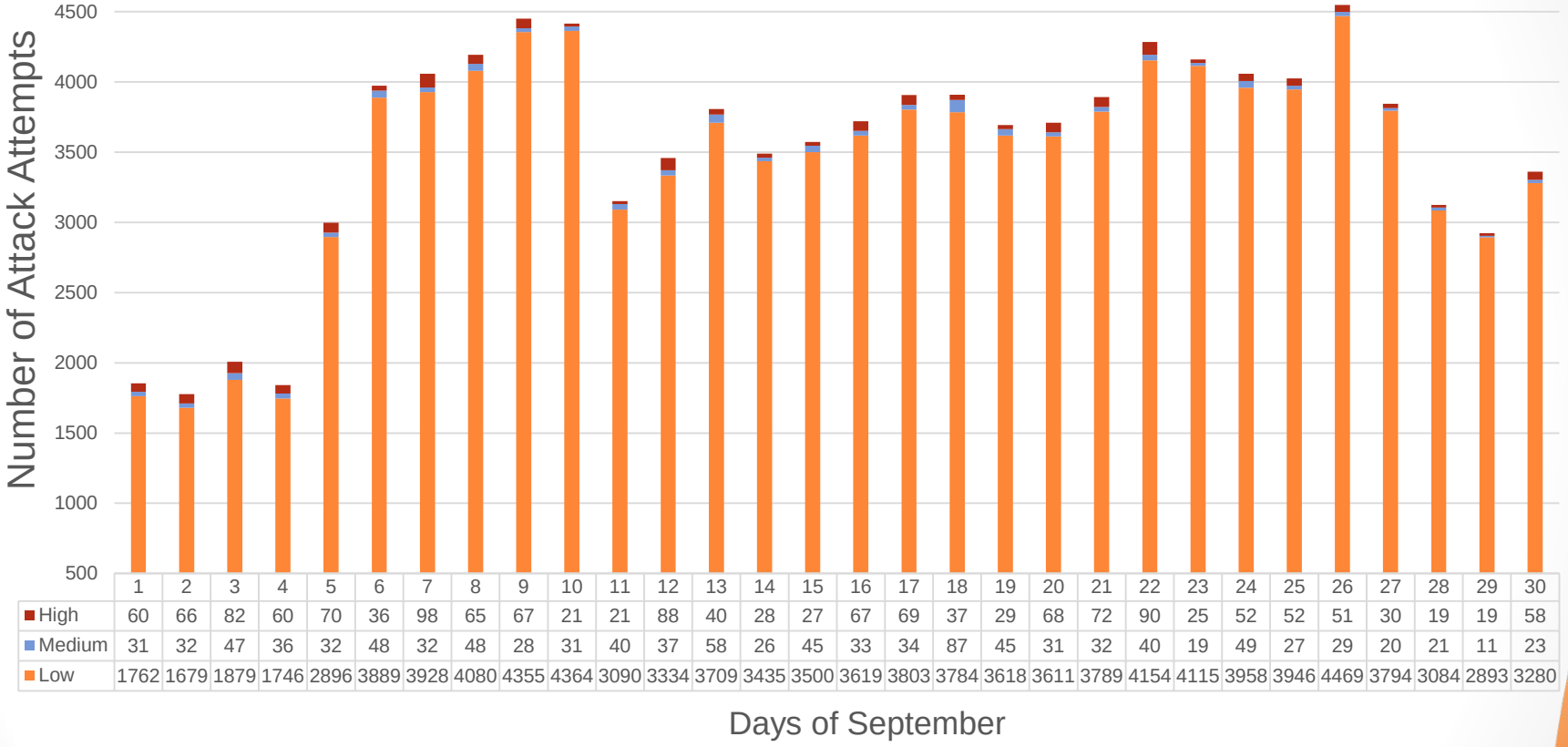


	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
High	39	38	50	22	43	92	80	26	50	116	64	37	112	107	33	68	33	40	109	92	24	62	78	80	27	41	78	52	73	37	143
Medium	22	17	52	94	92	63	134	82	83	78	114	57	79	114	84	79	84	87	86	74	50	66	70	42	27	31	24	45	34	24	35
Low	1657	1740	1500	1578	1553	1511	1599	1617	1667	1684	1585	1577	1740	1665	1712	1650	1712	1976	1671	1564	1491	1577	1717	1657	1724	1729	1737	1760	1840	1745	1776

Santa Clara
Family Health Plan

12/11/2017

Daily Attack Attempts



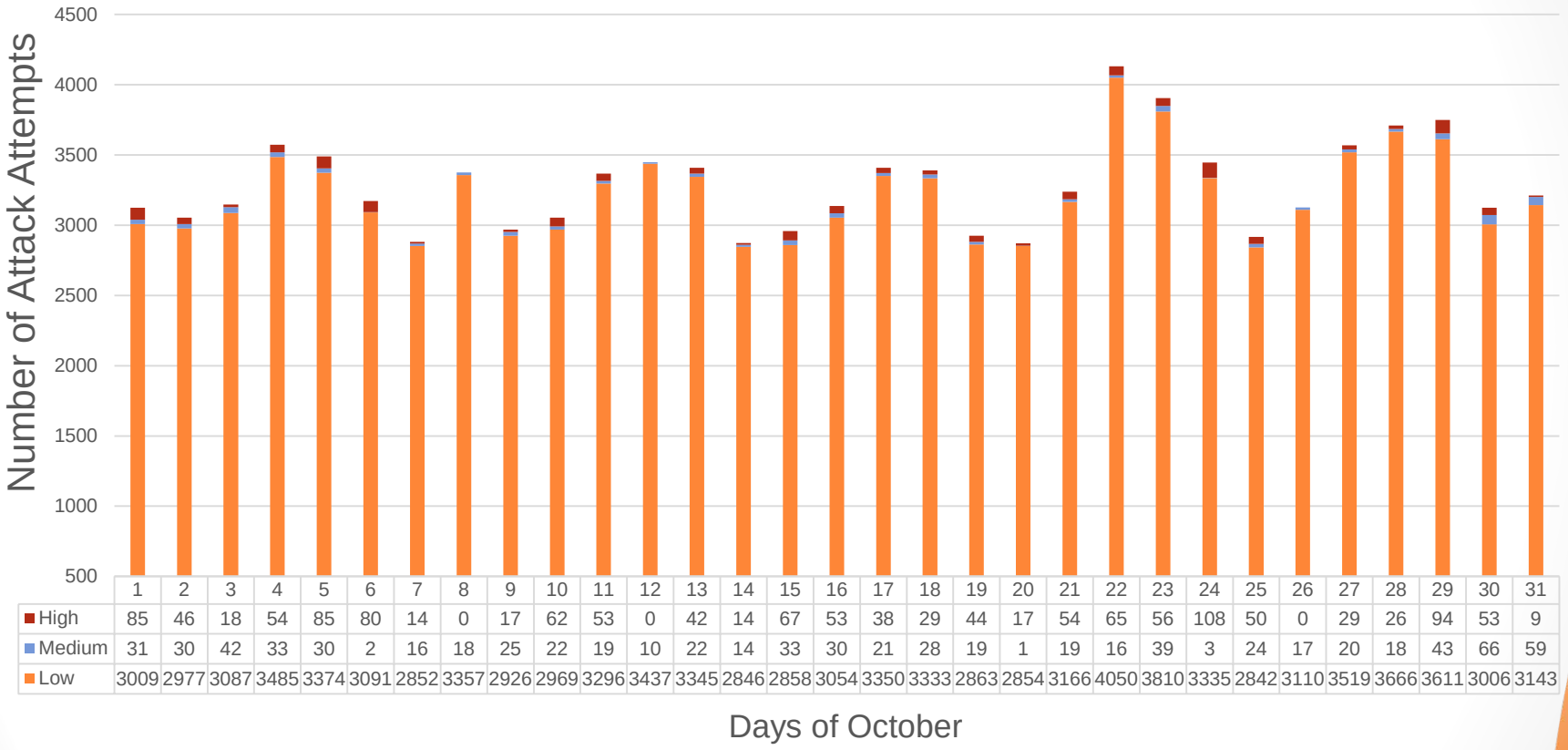
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
High	60	66	82	60	70	36	98	65	67	21	21	88	40	28	27	67	69	37	29	68	72	90	25	52	52	51	30	19	19	58
Medium	31	32	47	36	32	48	32	48	28	31	40	37	58	26	45	33	34	87	45	31	32	40	19	49	27	29	20	21	11	23
Low	1762	1679	1879	1746	2896	3889	3928	4080	4355	4364	3090	3334	3709	3435	3500	3619	3803	3784	3618	3611	3789	4154	4115	3958	3946	4469	3794	3084	2893	3280

The increase of events in the low category are due to the implementation of Zerto our DR replication solution and Solarwinds Monitoring solution. Both solution do a continuous presence check.

Santa Clara Family Health Plan

12/11/2017

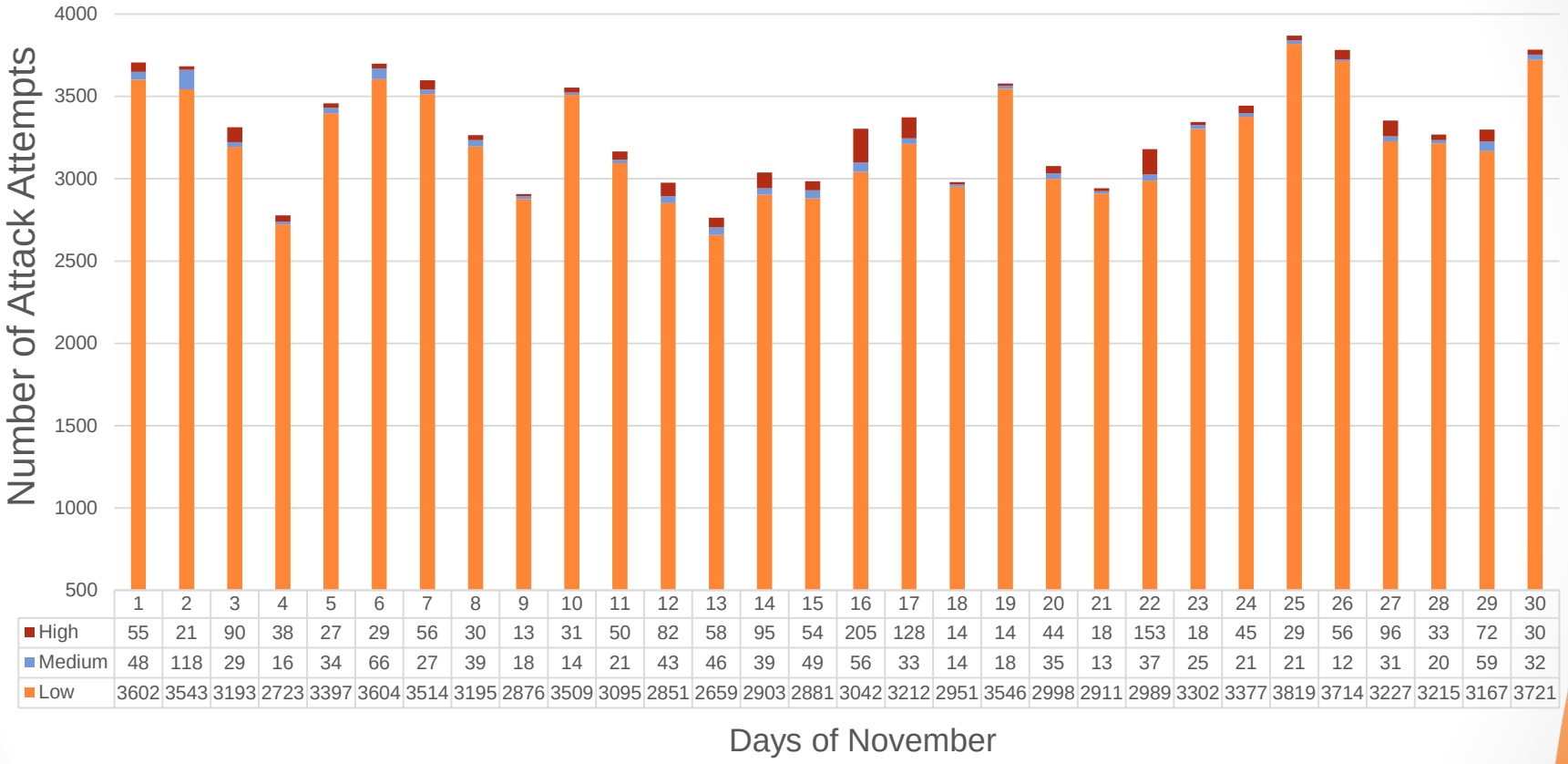
Daily Attack Attempts



	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
High	85	46	18	54	85	80	14	0	17	62	53	0	42	14	67	53	38	29	44	17	54	65	56	108	50	0	29	26	94	53	9
Medium	31	30	42	33	30	2	16	18	25	22	19	10	22	14	33	30	21	28	19	1	19	16	39	3	24	17	20	18	43	66	59
Low	3009	2977	3087	3485	3374	3091	2852	3357	2926	2969	3296	3437	3345	2846	2858	3054	3350	3333	2863	2854	3166	4050	3810	3335	2842	3110	3519	3666	3611	3006	3143

Santa Clara
Family Health Plan

Daily Attack Attempts



	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
High	55	21	90	38	27	29	56	30	13	31	50	82	58	95	54	205	128	14	14	44	18	153	18	45	29	56	96	33	72	30
Medium	48	118	29	16	34	66	27	39	18	14	21	43	46	39	49	56	33	14	18	35	13	37	25	21	21	12	31	20	59	32
Low	3602	3543	3193	2723	3397	3604	3514	3195	2876	3509	3095	2851	2659	2903	2881	3042	3212	2951	3546	2998	2911	2989	3302	3377	3819	3714	3227	3215	3167	3721

Santa Clara
Family Health Plan

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 – Daily Statistics

Top Email Senders

Total number of messages: 1 059

Total email traffic: 49.9 MB

	Email address	#	Size
1	info@healthplanalliance.org	69	1.9 MB
2	do_not_reply@on24event.com	16	59.7 kB
3	notifications@pagerduty.com	15	10.2 kB
4	notifications@basecamp.com	13	280.8 kB
5	reply@healthplanalliance.info	12	41.2 kB
6	info99@service.govdelivery.com	9	645.1 kB
7	jessica.harris@dhcs.ca.gov	8	277.7 kB
8	nouser@nodomain	8	26.1 kB
9	staples@easy.staplesadvantage.	6	461.3 kB
10	delivery@b2b-mail.net	6	270.7 kB

Top Senders to SCFHP as of 12/7/2017

Email Security - Daily Statistics

Top Spam Countries

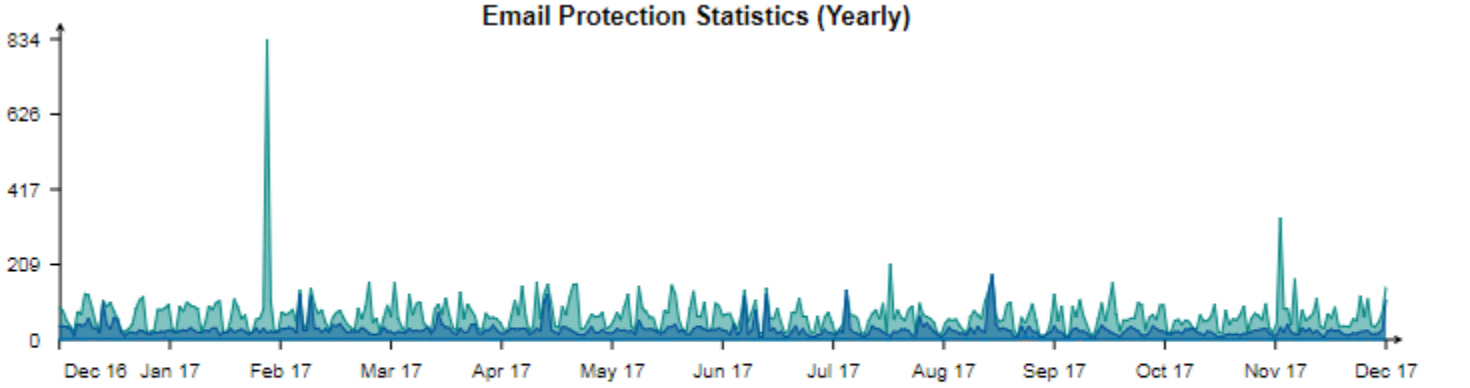
Total number of spams: 746

Total spam mail size: 13.9 MB

		Spams	Traffic
1	United States	420	12.8 MB
2	India	57	9.1 kB
3	Viet Nam	47	0
4	Germany	23	143.6 kB
5	Czech Republic	17	0
6	Peru	15	0
7	Canada	13	205.1 kB
8	Mexico	13	0
9	Bulgaria	11	123.9 kB
10	Pakistan	10	0

Top Spam Countries to SCFHP as of 12/7/2017

Email Protection Statistics
Rolling 12 Months



	Maximum	Minimum	Average	Last
Mail total	834	8	68.62	145
AV blocked	14	0	0.90	2
Spam blocked	179	6	26.89	110

* Email spike on February 2nd – Employee was being bombarded by phishing emails. We created a firewall rule to block 43 IP addresses that stopped the phishing attempts.

SCFHP Phishing Attacks

	INCIDENT 18 – 8/1- 8/31/2017	INCIDENT 19 – 9/22/2017	INCIDENT 20 – 9/22/2017	INCIDENT 21 – 10/01-10/31/2017	INCIDENT 22 – 11/30/2017
TYPE OF ATTACK	None	Phishing	Phishing	None	Phishing
SUMMARY	0 employee	1 employee	3 employees	0 employee	1 employee
RESPONSE	**Step 1.** No Phishing attack recorded for the month of August.	**Step 1.** Analyze email and take appropriate action.	**Step 1.** Analyze email and take appropriate action.	**Step 1.** No Phishing attack recorded for the month of August.	**Step 1.** Analyze email and take appropriate action.
	Step 2. None	**Step 2.** Block FW from Source email and IP Address. Add expression for Subject line keyword "Docusign Accounts Payable/Reciavle"	**Step 2.** Block FW from Source email and IP. Add expression for Subject line keyword "Password will Expire"	**Step 2.** None	**Step 2.** Block FW from Source email and IP. Add expression for Subject line keyword "Proofpoint Encryption Password Reset"
	Step 3. None	**Step 3.** Remove threat by permanently deleting email.	**Step 3.** Remove threat by permanently deleting email.	**Step 3.** None	**Step3.** Remove threat by permanently deleting email.
	Step 4. None	**Step 4.** Monitor email and user.	**Step 4.** Monitor email and user	**Step 4.** None	**Step 4.** Monitor email and user

Questions

Santa Clara County Health Authority
Updates to Pay Schedule
December 14, 2017

Job Title	Pay Rate	Minimum	Midpoint	Maximum
Claims Clerk	Annually	37,065	43,001	50,168
Manager, IT Product Development	Annually	119,295	152,102	184,908
Support Services Representative	Annually	37,065	43,001	50,168
Transportation Specialist	Annually	37,065	43,001	50,168