

Regular Meeting of the Santa Clara County Health Authority Governing Board

Thursday, December 14, 2017
Board Room
210 E. Hacienda Avenue
Campbell, CA 95008

Board Members Present

Bob Brownstein, Chair
Michele Lew, Vice Chair
Brian Darrow
Darrell Evora
Kathleen King
Liz Kniss
Paul Murphy
Jolene Smith
Brenda Taussig
Waldermar Wenner, M.D.
Linda Williams

Board Members Absent

Dolores Alvarado
Chris Dawes

Staff Present

Christine Tomcala, Chief Executive Officer
Dave Cameron, Chief Financial Officer
Robin Larmer, Chief Compliance & Regulatory
Affairs Officer
Chris Turner, Chief Operating Officer
Jonathan Tamayo, Chief Information Officer
Neal Jarecki, Controller
Beth Paige, Compliance Officer
Rita Zambrano, Executive Assistant

Others Present

Richard Noack, Hopkins & Carley LLP
Jim Frieman, SEIU Representative

Minutes - APPROVED

1. Roll Call

Bob Brownstein, Chair, called the meeting to order at 2:55 pm. Roll call was taken and a quorum was established.

2. Public Comment

There were no public comments.

3. Adjourn to Closed Session

a. **Conference with Labor Negotiators**

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

4. Report from Closed Session

Mr. Brownstein reported the Board met in Closed Session to confer with its Designated Representatives to discuss labor negotiations.

5. 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 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** and:
 - Ratify the F 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** and:
 - Ratify approval of the September 2017 Financial Statements
 - Ratify the Fund Pension Liability
 - Ratify the Fund Retiree Healthcare Liability
 - Ratify Enterprise Data Warehouse (EDW)
- e. Accept minutes of the November 16, 2017 **Compliance Committee Meeting** and:
 - 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** and:
 - 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**

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

6. Resignation of Board Member

Mr. Brownstein noted a letter from Dr. Wally Wenner had been received, resigning from the Santa Clara County Health Authority Governing Board.

It was moved, seconded, and unanimously approved to accept, with gratitude for his many years of service, the resignation of Waldemar Wenner, M.D., from the Santa Clara County Health Authority Governing Board effective December 31, 2017.

7. Executive/Finance Committee Appointment

Mr. Brownstein noted that Dr. Wenner served as a member of the Executive/Finance Committee. He further noted that Dr. Wenner also served as the Chair of the Consumer Advisory Committee (CAC).

It was moved, seconded, and unanimously approved to appoint Dolores Alvarado to the Executive/Finance Committee, and to appoint, in a split role, Brenda Taussig and Paul Murphy as Chair of the Consumer Advisory Committee.

8. CEO Update

Christine Tomcala, Chief Executive Officer, noted that the Plan received HEDIS results and in 2018 will receive 66% of Medi-Cal enrollees auto-assigned by the State, with Anthem receiving 34%.

Ms. Tomcala also noted SCFHP received the 2017 award for Greatest Improvement in Quality Strategy Focus Areas from the California Department of Health Care Services (DHCS)

Ms. Tomcala reminded the Board the Plan sponsored an outdoor classroom space for Veggielution in honor of the Plan's 20th Anniversary and noted that approval and permits have been issued and a work plan is being developed. In lieu of the ribbon cutting ceremony, the Plan will host an open house in our new building and will highlight the classroom space through photos.

Ms. Tomcala shared the new version of the logo with the Board.

Ms. Tomcala advised that continuation of the CHIP program has bipartisan support in Congress, but there is a high likelihood action will not be taken before states are at risk for running out of CHIP funds by the end of December.

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

9. Annual Report to the County of Supervisors

Ms. Tomcala presented the combined Annual Report of the Santa Clara County Health Authority and Santa Clara Community Health Authority. She summarized financial highlights for fiscal 2016-17, the improvements in quality results, collaborative strategic planning efforts with Valley Health Plan, and attainment of interim NCQA accreditation.

It was moved, seconded, and the Annual Report to the County Board of Supervisors was **unanimously approved**.

10. Joint Strategic Planning Committee Update

Mr. Brownstein advised that although the joint strategic planning sessions with Santa Clara County went well, the absence of bipartisan problem-solving support in Washington, D.C., provides challenges for a successful strategic plan. Ms. Tomcala noted that the Plan and its partners will continue to work together on operational issues.

11. Amendments to the Bylaws

Robin Larmer, Chief Compliance & Regulatory Affairs Officer, presented redlined and clean versions of the Bylaws.

Ms. Larmer noted that the proposed revised Bylaws modified Section 5.2.2 authorizing 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 determines reasonably requires handling before a special meeting of the Board can be convened. The current Bylaws allow the Executive/Finance Committee to take such action in the event of an emergency. The Executive/Finance Committee agreed to notify the Board of such action, as soon as practicable.

Ms. Larmer further noted that under the terms of the current Bylaws, the Bylaws Committee is responsible for nominating officers. The Committee agreed the Bylaws should provide for a nominating committee to fulfil the nominating function. There was discussion, and it was agreed the Board would convene a Nominating Committee on an ad hoc basis as needed.

A motion was made recommending 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 on urgent and emergent circumstances when determined reasonably necessary by the Executive/Finance Committee or the Chief Executive officer.

It was moved, seconded and the Amendments to the Bylaws were **unanimously approved**.

12. Compliance Report

Ms. Larmer presented the November/December Compliance Report noting both routine business and structural changes.

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

SCFHP's interdisciplinary reporting initiative continues to meet routinely to evaluate and implement process improvements in regulatory report development, production and submission. To ensure consistency, uniformity, and replicability of reports

for audit and validation purposes, the team developed a uniform report template that will define regulatory and business requirements and technical specifications for all regulatory and most operational reports.

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

The Plan received the final 2017 DHCS Audit Report. DHCS overturned two findings, a Corrective Action Plan (CAP) was submitted and DHCS is in following up with requests for clarification..

DMHC accepted the Plan's CAP addressing 2 minor MY 2015 Timely Access violations. SCFHP also paid the \$10,000 fine assessed by DMHC.

Other CMS Compliance Notices;

(1) CMS Notice of Non-Compliance (NONC) was received on October 13, 2017 for Part D Call Center Monitoring Accuracy and Accessibility Study – Interpreter Availability Measure. The Plan is working with a translation/interpreter vendor to ensure availability of a French interpreter.

(2) CMS Warning Letter was received on December 6, 2017 because two reports were submitted 7 days late. Compliance has corrected this and staff is being trained on the report submission calendar.

(3) CMS requested that the Plan submit a CAP to address deficiencies in the 2017 Data Validation audit (to validate data submitted in 2016). Although performance has improved over its 2016 performance, the Plan 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.

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

13. Conflict of Interest Code

Ms. Larmer proposed revisions to the Conflict of Interest Code for the Board's consideration.

It was moved, seconded, and the Resolution adopting the revised Conflict of interest Code was unanimously approved.

14. October 2017 Financial Statements

Mr. Cameron presented the October 2017 financial statements which reflected a net surplus of \$2.9 million for the month and a net surplus of \$10.8 million for the first four months of the fiscal year. This represented a favorable year-to-date budget variance of \$9.1 million.

Enrollment decreased by approximately 1,000 members between September and October 2017, continuing a downward trend which commenced in November 2016. The causes remain under review 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 stabilized.

Revenue and medical expense both were lower than budget due to reduced funding for AB85 and IHSS. Both revenue and capitation expenses were also lower than budget due to aforementioned lower member months. Administrative expenses were slightly under budget, with many open staff positions (some of which are filled by temporary staff or consultants). The Plan has reduced its claims inventory to 38,000 and expects to be current by year-end.

The Plan continues to have large receivables from, and payables to, DHCS. The Plan is actively seeking reconciliation and finalization of prior year Coordinated Care Initiative (CCI) amounts. DHCS continues to recoup prior MCE rate overpayments of approximately \$18 million per month, which commenced in June 2017. The Plan anticipates that DHCS will recoup all fiscal year 15/16 and 16/17 MCE rate overpayments by roughly April 2018.

Tangible Net Equity was approximately \$169 million as of October 31, 2017, or 472% 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 minimum requirement will likely increase. Mr. Cameron

presented a chart detailing the TNE ratios of all local health plans. Capital assets of \$10.3 million have been acquired during July 2017, largely representing the purchase of the 50 Great Oaks building. The FY18 Capital Budget includes total annual expenditures of \$17.3 million.

A motion was made to accept the October 2017 financial statements, was seconded, and was unanimously approved.

It was moved, seconded, and the October 2017 Financial Statements were unanimously approved.

15. Fund Pension Liability

Mr. Cameron noted that SCFHP participates in CalPERS to provide pension benefits to retirees. Many public agencies face large unfunded pension liabilities which are often paid over thirty years into the future. In contrast, SCFHP's Board approved a pre-funding contribution of the June 2015 liability in March 2017. To help ensure the long-term fiscal health of the Plan, Mr. Cameron presented a Resolution that would fund the June 2016 CalPERS liability, calculated at \$3,228,650, including accrued interest through December 31, 2017 at the CalPERS rate of 7.0%.

It was moved, seconded and the Resolution to Fund CalPERS Pension Liability was unanimously approved as presented.

16. Fund Retiree Healthcare Liability

Mr. Cameron noted that SCFHP participates in the CalPERS California Employers Retiree Benefit Trust (CERBT) program for post-retirement medical benefits. The Plan's actuaries computed the unfunded liability, which was recorded in the Plan's June 2017 financial statements. To help ensure the long-term fiscal health of the Plan, Mr. Cameron presented a Resolution that would fund the Other Post-Employment Benefits Liability, including accrued interest at the CERBT rate. The Resolution provides for three annual contributions of \$1,888,847 in December 2017, December 2018 and December 2019, respectively.

It was moved, seconded, and the Resolution to Fund CalPERS Other Post-Employment Benefits Liability was unanimously approved as presented.

17. Board Discretionary Fund

Ms. Tomcala discussed potential establishment of a discretionary Board fund for improving the community safety net.

It was moved, seconded, and unanimously approved to appoint Linda Williams, Kathleen King, Jolene Smith, and Brenda Taussig to a temporary ad hoc committee to consider development of guidelines for establishment of a Board discretionary fund for improving the community safety net.

17. New Building Update

Ms. Tomcala noted the architects are engaged, the interior office space has been laid out, and four construction companies have been selected to submit bids.

18. Network Detection and Prevention Report

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

19. Publicly Available Salary Schedule Ranges

Ms. Tomcala provided updates to the Publicly Available Salary Schedule. She noted that in an effort to ensure all employees are paid a living wage, the minimum pay rate for the two positions in the lowest tier of the salary structure were being increased.

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

20. Adjourn to Closed Session

a. Public Employee Performance Evaluation

The Governing Board met in Closed Session to consider the performance evaluation of the Chief Executive Officer.

21. Report from Closed Session

Mr. Brownstein reported the Board met in Closed Session to discuss the performance evaluation of the Chief Executive Officer.

22. Annual CEO Evaluation Process

Michele Lew, Chair of the evaluation sub-committee, reported that the FY 2016-17 performance review was discussed and a compensation recommendation was made based on the positive evaluation of the CEO. It was recommended that the CEO receive a 4% annual salary increase and a 2% bonus.

It was moved and seconded, to approve the recommended annual salary increase and incentive bonus for the CEO.

A substitute motion was moved and seconded to direct the Chair of the Board to meet with the Chief Executive Officer to discuss a compensation proposal not less than the recommendation of the sub-committee, with the final decision on compensation to be delegated to the Executive/Finance Committee. **The substitute motion was approved. Ms. Kniss and Mr. Murphy opposed**

23. Adjournment

The meeting was adjourned at 5:20 pm.

Robert Brownstein, Chairman