



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

Thursday, February 23, 2017
8:30 AM - 10:00 AM
210 E. Hacienda Avenue
Campbell CA 95008

VIA TELECONFERENCE AT:

Residence
2060 Bryant Street
Palo Alto, CA 94301

AGENDA

- | | | | |
|--|---------|------|-------|
| 1. Roll Call | Ms. Lew | 8:30 | 5 min |
| 2. Meeting Minutes
Review meeting minutes of the January 26, 2017 Executive/Finance Committee.
Possible Action: Approve January 26, 2017 Executive/Finance Committee Minutes. | Ms. Lew | 8:35 | 5 min |
| 3. Public Comment
Members of the public may speak to any item not on the agenda; two minutes per speaker. The Executive/Finance Committee reserves the right to limit the duration of the public comment period to 30 minutes.

Announcement Prior to Recessing into Closed Session
Announcement that the Executive/Finance Committee will recess into closed session to discuss Items No. 4(a), (b), and (c) below, and will identify its Designated Representatives for Item No. 4(b). | Ms. Lew | 8:40 | 5 min |
| 4. Adjourn to Closed Session

a. Anticipated Litigation (Government Code Section 54956.9(d)(2)):
It is the intention of the Executive/Finance Committee to meet in Closed Session to confer with Legal Counsel regarding one item of significant exposure to litigation involving a CalPERS administrative claim for damages. | | 8:45 | |

b. Conference with Labor Negotiators (Government Code Section 54957.6):
It is the intention of the Executive/Finance Committee to meet in Closed Session to confer with its Designated Representatives.

- Santa Clara County Health Authority Designated Representatives:
Dave Cameron, Sharon Valdez, and Richard Noack
- Employee organization: Local 521, SEIU

c. Real Property Negotiations (Government Code Section 54956.8):
It is the intention of the Executive/Finance Committee to meet in Closed Session to confer with its Real Property Negotiators concerning the price and terms of payment related to the possible acquisition of real property located at 50 Great Oaks Boulevard, San Jose, CA. The negotiators for the Health Authority are Dave Cameron, CFO, and Christine Tomcala, CEO. The other negotiating party is LBA Realty Fund IV – Company VII, LLC.

5. Report from Closed Session	Ms. Lew	9:15	5 min
6. December 2016 Financial Statements Review December 2016 Financial Statements. Possible Action: Approve December 2016 Financial Statements	Mr. Cameron	9:20	10 min
7. Employee Pension Benefit Contributions Discuss process to allow employee pension benefit contributions to be made on a pre-tax basis. Possible Action: Approve resolution to change CalPERS designation from after tax to pre-tax on employee contributions	Mr. Cameron	9:30	10 min
8. 20th Anniversary Community Sponsorships Consider funding community initiatives in recognition of the 20 th Anniversary of SCFHP. Possible Action: Recommend to the Governing Board approval of an expenditure of \$20,000 for community sponsorship in recognition of SCFHP's 20 th Anniversary	Ms. Tomcala	9:40	10 min
9. CEO Update Discuss status of current topics and initiatives. Possible Action: Accept CEO Update	Ms. Tomcala	9:50	10 min
10. Adjournment	Ms. Lew	10:00	

Notice to the Public—Meeting Procedures

- Persons wishing to address the Committee on any item on the agenda are requested to advise the Recorder so that the Chairperson can call on them when the item comes up for discussion.
- The Executive/Finance Committee may take other actions relating to the issues as may be determined following consideration of the matter and discussion of the possible action.
- In compliance with the Americans with Disabilities Act, those requiring accommodations in this meeting should notify Rita Zambrano 48 hours prior to the meeting at 408-874-1842.
- To obtain a copy of any supporting document that is available, contact Rita Zambrano at 408-874-1842. Agenda materials distributed less than 72 hours before a meeting can be inspected at the Santa Clara Family Health Plan offices at 210 E. Hacienda Avenue, Campbell.
- This agenda and meeting documents are available at www.scfhp.com



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

Thursday, January 26, 2017
8:30 AM - 10:00 AM
210 E. Hacienda Avenue
Campbell CA 95008

Minutes - **DRAFT**

Members Present

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

Members not present

Liz Kniss

Staff Present

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

Others Present

Richard Noack, Hopkins & Carley LLC
Jaime Bodiford, Burke, Williams & Sorenson LLP - via
phone

1. Roll Call

Michele Lew, Chair, called the meeting to order at 8:32 am. Roll call was taken and a quorum was established.

2. Meeting Minutes

The minutes of the October 27, 2016 Executive/Finance Committee Meeting were reviewed.

It was moved, seconded and the October 27, 2016 Executive/Finance Committee minutes were unanimously **approved** as presented.

3. Public Comment

There were no public comments.

4. Adjourn to Closed Session

a. Anticipated Litigation

The Executive/Finance Committee met in Closed Session to confer with Legal Counsel regarding one item of significant exposure to litigation involving a CalPERS administrative claim for damages.

Bob Brownstein arrived at 8:39 am.

b. Conference with Labor Negotiators

The Committee conferred with its Designated Representatives: Dave Cameron, Sharon Valdez, and Richard Noack.

c. Real Property Negotiations

The Committee conferred with its Real Property Negotiators concerning the price and terms of payment related to the possible acquisition of real property located at 50 Great Oaks Boulevard, San Jose, California. The Health Authority's negotiators are Dave Cameron, CFO, and Christine Tomcala, CEO.

5. Report from Closed Session

Ms. Lew reported the Committee met in Closed Session and took action on Item 4(b) to notify SEIU in February that the one area of the MOU SCCHA intends to discuss as part of annual renegotiations is the discontinuation of retiree dependent care benefits for new hires with a corollary adjustment to the 401(a) Retirement Plan.

6. November 2016 Financial Statements

Dave Cameron, Chief Financial Officer, presented the November 2016 financial statements. For the month of November, the Plan reported a net surplus of \$3.7 million, which is \$2.6 million favorable to budget. For the first five months of our fiscal year, the Plan reported a net surplus of \$9.6 million or \$4.2 million favorable to budget. The surplus results from a combination of factors including higher enrollment (versus both budget and prior year actual) and decreases in prior medical expense (IBNR) estimates which are favorable to the financial statements. Administrative expenses were at budget for the month of November and slightly over budget on a year-to-date basis due to the continued use of consultants and temps in support of unfilled staff positions.

Mr. Cameron observed that the balance sheet continues to include large receivables and payables to DHCS. Receivables include underpayments on the CCI program while payables include overpayments on the MCE category of aid. DHCS made a recent partial payment of the amount owed on the CCI program which was lower than expected. Mr. Cameron noted that discussions with DHCS occur regularly and are aimed at receiving payment at the negotiated interim rates. On the payable side, DHCS expects to begin collection of the MCE rate overpayments in July. Pending the timing of these large DHCS receivables and payables, the Plan obtained a waiver to defer payment of the quarterly MCO tax installments.

It was moved, seconded, and the November 2016 Financial Statements were unanimously approved as presented.

7. Funding Pension Liability

Mr. Cameron presented management's recommendation to pre-fund its June 2015 pension liability of approximately \$5.8 million. He noted that pre-funding pension liabilities was a common request which avoids significant future expense if otherwise deferred. He noted that the Plan currently has sufficient cash to make the contribution. Board member Williams agreed with Mr. Cameron's proposal, noting that it was balance sheet neutral, ensured that the Plan's assets were retained for the benefit of current and future employees, and reduced overall volatility.

It was moved, seconded, and unanimously approved to accept the recommendation to prefund the CalPERS pension liability.

8. Web Portal Vendor

Jonathan Tamayo, Chief Information Officer, presented an overview of the Provider and Member Web Portal Request for Quote (RFQ). He highlighted the limited functionality of the current provider portal and the lack of a member portal, and

noted our contract obligation ends July 2017. Implementing a provider and member web portal system will support compliance with NCQA requirements and SB137.

Three vendors participated in the RFQ process. The finalist is being selected based on a combination of highest functionality, meeting compliance needs, language translation, best price, references, and support.

It was moved, seconded, and unanimously approved to authorize the CEO to negotiate, execute, amend, and terminate a contract with selected Provider and Member Portal vendor for an initial year cost of approximately \$500,000 for implementation and maintenance.

9. Executive Signing Authority

Mr. Cameron presented management's recommendation to establish a vendor contract signatory limit of \$250,000 for the CEO or her Executive Management designee, as currently a specific dollar limit does not exist. Contracts above this limit will be brought to the Board or Executive Committee for review and approval. The Finance Department will develop a full policy & procedure with respect to this signatory limit and others throughout the organization.

It was moved, seconded, and unanimously approved to accept the recommendation for a CEO signatory limit of \$250,000.

10. CalPERS Medical Benefit Resolution

The CalPERS Medical Benefit Resolution was deferred to the March 2017 Governing Board meeting.

11. Annual CEO Compensation Review

Bob Brownstein, Board Chair, reported on the annual performance and compensation review of the CEO, noting that the FY 2015-2016 performance review was discussed at the December Board meeting in Closed Session. Discussion ensued regarding a proposed compensation adjustment.

It was moved, seconded, and unanimously approved to recommend Governing Board approval of a 4% annual salary increase and a 9% incentive bonus for the CEO, effective July 1, 2016.

12. CEO Update

Christine Tomcala, Chief Executive Office, invited Mr. Cameron to update the Committee on misdirected claims. Mr. Cameron reported that in response to a repeat audit finding of misdirected claims, a full assessment and corrective action plan were implemented in January.

Mr. Cameron further reported on the Provider Dispute Resolution (PDR) backlog, noting it was discovered through internal reviews. In January a consulting firm was brought in to assist with resolving the backlog by the end of March.

Ms. Tomcala and the Committee discussed the uncertainty and potential impact of ACA repeal and replacement.

Linda Williams departed at 9:48am

Ms. Tomcala also discussed the Governor's budget released January 10th, noting the Coordinated Care Initiative (CCI) duals demonstration would be discontinued, but Cal MediConnect (CMC) would continue and IHSS would move back to the County. Ms. Tomcala indicated a notice of intent to apply (NOIA) for a D-SNP program was filed with CMS to ensure SCFHP could continue to serve Medicare enrollees if the CMC program were to not be included in the final State budget for the upcoming fiscal year. The D-SNP application is due February 15th and the bid is due in early June, at which point a decision would be made regarding whether or not to move forward with a D-SNP program.

Ms. Tomcala provided an update on Healthy Kids enrollment. As of May 2016, there were 4,375 children in the Healthy Kids Program. Enrollment dropped to 2,585 as of January, a 41% decrease. Over 3,000 children left Healthy Kids during this time, primarily because they became eligible for full scope Medi-Cal. However, enrollment of those children eligible for Healthy Kids through C-CHIP grew by more than 1,500.

Mr. Tamayo provided an update on the QNXT System implementation.

Ms. Tomcala discussed a Letter of Admonition from the Department of Managed Health Care (DMHC) regarding a data reporting issue related to Urgent Care Providers in 2014. She also noted that DMHC/DHCS will be returning in early April for the annual joint audit.

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

13. Adjournment

The meeting was adjourned at 10:09 am.

Elizabeth Pianca, Secretary to the Board