



Santa Clara
Family Health Plan
The Spirit of Care

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

Thursday, October 27, 2016
8:30 AM - 10:00 AM
210 E. Hacienda Avenue
Campbell CA 95008

VIA TELECONFERENCE AT:

Residence
1985 Cowper Street
Palo Alto, CA 94301

Members Present

Michele Lew
Bob Brownstein
Linda Williams
Wally Wenner

Members Absent

Liz Kniss

Staff Present

Christine Tomcala, Chief Executive Officer
Dave Cameron, Chief Finance Officer
Neil Jarecki, Controller
Jeff Robertson, Chief Medical Officer
Rita Zambrano, Executive Assistant

Others Present

John Kennedy, Nossaman LLP (via phone)
Chris Pritchard, Moss Adams
Rianne Giselle Suico, Moss Adams

Minutes

1. Roll Call

Michele Lew, Chair, called the meeting to order at 8:30am. Roll call was taken and a quorum was established.

2. Meeting Minutes

The minutes of the August 25, 2016 Executive/Finance Committee Meeting were reviewed.

It was moved, seconded, and the August 25, 2016 Executive/Finance Committee minutes were **approved** as presented.

3. Public Comment

There were no public comments.

4. Fiscal Year 2015-16 External Audit Report

Mr. Cameron introduced Chris Pritchard and Rianne Suico, Audit Partner and Senior Manager, respectively, 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, 2016 - which reflected a final surplus of \$27 million. The auditors also reviewed suggested improvements to the Plan's financial system and noted management's concurrence with its recommendations. Members of the Executive Committee thanked the auditors for their work.

It was moved, seconded, and approved to accept the FY'2015-16 External Audit Report as presented.

5. Adjourn to Closed Session

- a. **Significant Exposure to Litigation (Government Code Section 54956.9(d)(2)):** The Executive/Finance Committee met in Closed Session to confer with Legal Counsel regarding one item of significant exposure to litigation.

6. Report from Closed Session

No action was taken.

7. August/September 2016 Financial Statements

Mr. Cameron presented the financial results for the months of August & September 2016. For the three months ended September 2016 (the first quarter of the fiscal year), SCFHP reported a net surplus of \$3.7 million versus budget of \$3.3 million, or a favorable variance of \$341,000. Member months, revenue, medical expense and administrative expense all slightly exceed budget for the quarter. At the end of September, the Plan's reserves exceed the low end of the liquidity target range but trail the low end of the equity target range.

It was moved, seconded, and approved to accept the August/September 2016 Financial Statements as presented.

8. DMHC Audit and Management Response

Mr. Cameron noted that, following a routine financial examination of SCFHP in late summer, DMHC had issued its preliminary report on August 18, 2016. Mr. Cameron reviewed the report and the Plan's response as filed on September 30, 2016 in which SCFHP concurred with the six items noted by DMHC. DMHC noted that claims which were the financial responsibility of the Plan's delegates which were not forwarded in a timely manner. This was a repeat deficiency. SCFHP staff is currently completing a voluntary corrective action plan (CAP) regarding improved processing of such misdirected claims and Mr. Cameron advised that he will provide a copy of the final CAP to the Executive Committee.

It was moved, seconded, and approved to accept DMHC Audit and Management Response as presented.

9. Case Management System

Dr. Jeff Robertson, Chief Medical Officer, presented an overview of the Case Management Application process and pointed out the Plan is currently using Altruista, which has limited functionality and capacity for expansion to SPD. Implementing a new case management system will help ensure compliance with the following regulations regarding case management:

- Dual Plan Letter (DPL) 15-005: Health Risk Assessment and Risk Stratification Requirements for Cal MediConnect
- Medicare-Medicaid Capitated Financial Alignment Model Reporting Requirements
- SCFHP's three-way contract with CMS and DHCS, NCQA Health Plan Standards and Guidelines
- SCFHP 2017 Model of Care

RFQ for quote was submitted to four vendors, Casenet, Trizetto, ZeOmega, and Essette. Essette, Trizetto, and Casenet were invited back for a demo. The finalist selected will be based on a combination of highest functionality, meeting compliance, and best price.

It was moved, seconded, and approved to Augment the budget and authorize Chief Executive Officer to negotiate, execute, amend, and terminate a contract with selected care management system vendor in an amount not to exceed a \$550K for licensing and implementation

10. Fiscal Year 2016-17 Team Incentive Compensation Proposal

Ms. Tomcala presented a draft for Fiscal Year 2016-17 Team Incentive Compensation. She noted the proposal is similar to what was done this last year. The compliance metrics would be the same with a minimum 95% up to a maximum of 100%. What has changed is we've taken out any kind of payout based on an operating surplus. We must achieve a minimum net operating surplus of \$11 million as a gate to any incentive award consideration. In terms of weighing compliance measures we have reduced that to 60%, currently it is 80%. There are two additional metrics being added, Implementation of QNXT which is a significant effort for the organization, with an expected payout by July 1, 2017. Additional NCQA accreditation will be measured based on completion of the NCQA site visit expected the end of the second quarter.

It was moved, seconded, and approved to accept the FY 2016-17 Team Incentive Compensation Proposal as presented.

11. CEO Update

Ms. Tomcala updated the Committee on the Unified Managed Care and the Plans continue to move forward with Joint Strategic Planning after the November election, utilizing Bobbie Wunsch with Pacific Health Consulting Group as facilitator. Mr. Rene Santiago recommended that Jon Freedman, Health Management Associates should also participate. There is a planning meeting scheduled for November 2nd, to discuss the process moving forward.

Ms. Tomcala noted that CMS accepted the County's Whole Person Care (WPC) application and there will be a second round of application for WPC pilots due in March 2017.

Ms. Tomcala mentioned there has been a leadership turnover at O'Conner/Verity and there are new players, contact for contracts is still there.

Ms. Tomcala noted that the Plan had a meeting in October with Shelley Rouillard, Director of DMHC. Ms. Rouillard noted DMHC is hiring a Chief Medical Officer and will review the timely access methodology. The current focus going forward is sub delegate financial strength. Mr. Cameron raised the issue of MCO tax payments and the timing is a liquidity issue where we are being asked to pay.

Ms. Tomcala gave a brief update on the CCI Budget program which Cal MediConnect question is the State going to continue supporting that going forward, everyone is cautiously optimistic this year. Discussion are going on in terms of the future of that program.

Ms. Tomcala gave an update on Healthy Kids Transitions and noted that since May kids have been transitioning and what we've seen is traditionally healthy kids count of 4,005 kids May 1 and as of October 15 down to 1,506, dropped about 2,500 kids. Most of the children enrolled in restrictive scope MediCal prior to May 16 have now transitioned to full scope MediCal and have either chosen a management care plan or have been auto assigned to a managed care plan. The SB-75 transition kids that CBEST auto assigned to us as of July totals 2900 kids, 2400 are now enrolled in our MediCal program, of them about 1400 had no prior linkage to our healthy kid's programs, they are brand new to the Plan. There is a movement to be expected, but most of it has transpired

Team Incentive Compensation – Ms. Tomcala mentioned now that the audit is completed it is time for the Board approved team bonus check's to be cut. She noted that the senior team has respectfully declined the Board approved

bonus and appreciates the recognition.

QNXT Implementation is on track for the Medicare QNXT upgrade and the initial implementation efforts are underway for Medi-Cal QNXT implementation. In the month of October training and testing for upgrading our existing QNXT system to a more current version that has more functionality.

Lastly, Ms. Tomcala updated the Committee on space planning, she noted the Plan has two years left on the lease. We are looking at replacing the existing cubes with newer cubes that are smaller in portion to accommodate more staff within the confines of the building. Also, we are currently looking at space that we would like to purchase.

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

12. Adjournment

The meeting was adjourned at 10:00 am.

Elizabeth Pianca, Secretary to the Board