



Santa Clara
Family Health Plan
The Spirit of Care



Regular Meeting of the Santa Clara County Health Authority Governing Board

Thursday, June 23, 2016
2:30 PM - 5:00 PM
210 E. Hacienda Avenue
Campbell, CA 95008

AGENDA

- | | | | | |
|-----------|---|----------------|------|---------|
| 1. | Roll Call | Mr. Brownstein | 2:30 | 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. | Mr. Brownstein | 2:35 | 5 min. |
| 3. | Approve Consent Calendar and Changes to the Agenda
Items removed from the Consent Calendar will be considered as regular agenda items. | Mr. Brownstein | 2:40 | 15 min. |

Possible Action: Approve Consent Calendar

Consent Calendar

- | | | | | |
|-----------|---|---------------|--|--|
| a. | Approve minutes of the April 28, 2016 Regular Board Meeting. | | | |
| b. | Accept minutes of the June 16, 2016 Bylaws Committee Meeting | Ms. Tomcala | | |
| c. | Accept minutes of the May 26, 2016 Executive/Finance Committee Meeting | Ms. Lew | | |
| d. | Accept minutes of the May 11, 2016 Quality Improvement Committee Meeting | Dr. Robertson | | |
| | <ul style="list-style-type: none"> • Approve Quality Improvement Policies: <ul style="list-style-type: none"> ○ QI.01 Conflict of Interest ○ QI.02 Clinical Practice Guidelines ○ QI.03 Distribution of Quality Improvement Information ○ QI.04 Peer Review Process ○ QI.05 Potential Quality of Care Issues ○ QI.06 Quality Improvement Study Design/Performance Improve Program Reporting | | | |

- Approve changes to the 2016 Quality Improvement Program
 - Approve 2015 Quality Improvement Program Evaluation
- e. Accept minutes of the April 7, 2016 **Provider Advisory Council Meeting** Dr. Robertson
 - f. Accept minutes of the June 14, 2016 **Consumer Affairs Committee Meeting** Dr. Wenner
 - g. Approve **Publicly Available Salary Schedule** Ms. Valdez
4. **CEO Update** Ms. Tomcala 2:55 10 min.
 Discuss status of current topics and initiatives.
Possible Action: Accept CEO Update
 5. **Compliance Report** Ms. Paige 3:05 15 min.
 Review and discuss quarterly compliance activities and notifications.
Possible Action: Accept Compliance Report
 6. **Unified Managed Care Committee Update** Mr. Brownstein 3:20 15 min.
 Discuss Unified Managed Care Strategy Meeting with the County on May 26, 2016.
Possible Action: Appoint Board members to participate on the Joint Strategic Planning Committee
 7. **Preliminary 2016-2020 Strategic Plan Framework** Ms. Tomcala 3:35 15 min.
 Discuss development of long-term strategic plan framework.
Possible Action: Approve Preliminary 2016-2020 Strategic Plan Framework
 8. **Claims System RFQ** Mr. Tamayo 3:50 15 min.
 Discuss results of Claims System Request for Quote.
Possible Action: Authorize Chief Executive Officer to negotiate, execute, amend, and terminate a contract with selected claims system vendor in an amount not to exceed a projected \$7 million for licensing and implementation
 9. **April 2016 Financial Statements** Mr. Cameron 4:05 15 min.
 Review recent organizational financial performance and related variables.
Possible Action: Approve April 2016 Financial Statements
 10. **Fiscal Year 2016-2017 Budget** Ms. Tomcala/ Mr. Cameron 4:20 30 min.
 Review proposed budget for FY'17.
Possible Action: Approve FY'17 Budget

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|---|-----------------------|-------------|----------------|
| <p>11. Benefits for Non-Bargaining Unit Staff
 Discuss alignment of benefits for staff not represented by SEIU.
 Possible Action: Approve offering non-represented staff the same benefits as staff represented by SEIU</p> | <p>Ms. Valdez</p> | <p>4:50</p> | <p>10 min.</p> |
| <p>12. Adjournment</p> | <p>Mr. Brownstein</p> | <p>5:00</p> | |

Notice to the Public—Meeting Procedures

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, April 28, 2016
2:30 PM - 5:00 PM
210 E. Hacienda Avenue
Campbell, CA 95008

Minutes – **DRAFT**

Board Members Present:

Bob Brownstein, Chair
Dolores Alvarado
Brian Darrow
Darrell Evora
Kathleen King
Michele Lew
Paul Murphy
Jolene Smith
Brenda Taussig
Wally Wenner
Linda Williams

Board Members Absent:

Christopher Dawes
Liz Kniss

Staff Present:

Christine Tomcala, Chief Medical Officer
Dave Cameron, Chief Financial Officer
Jeff Robertson, Chief Medical Officer
Jonathan Tamayo, Chief Informational Officer
Gary Kaplan, VP Vendor Relations & Delegation Oversight
Sharon Valdez, VP Human Resources
Beth Paige, Compliance Officer
Rita Zambrano Executive Assistant

Others Present:

Alison Hightower, Littler Mendelson P.C. (via phone)
Richard Noack, Hopkins and Carley LLC
Elizabeth Pianca, Secretary
Maria Bejarano, SCHP employee
Lleceña Solorio, SCFHP employee

1. Roll Call

Chairman Brownstein called the meeting to order at 2:37 pm. Roll call was taken and a quorum was established.

2. Meeting Minutes

The minutes of the January 28, 2016 Regular Board Meeting were reviewed.

It was moved, seconded, and the January 28, 2016 meeting minutes were **approved** as presented.

Brenda Taussig arrived at 2:40 pm.

3. Public Comment

Maria Bejarano, a Member Services Representative and an SEIU Local 521 member, spoke on behalf of the Bargaining Team. Ms. Bejarano reported that the members voted unanimously on March 10th to ratify the Tentative Agreement. She also reported that the contract includes a Compensation Committee to address monetary increases.

Ms. Bejarano thanked the Board and the Health Plan for their support and interest in the process, and that the Bargaining Unit looks forward to the continued relationship with the Board and SCFHP to assure that families in Santa Clara County have the best healthcare.

4. Adjourn to Closed Session

Paul Murphy arrived at 3:00 pm.

a. Pending Litigation

The Board conferred with Legal Counsel regarding one item of existing litigation.

Kathleen Kind joined the meeting at 3:40 pm.

b. Conference with Labor Negotiators

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

5. Report from Closed Session

Mr. Brownstein reported the Board conferred with legal counsel and will refrain from pursuing litigation on the matter regarding Kathleen King. The Board also heard a report from the labor negotiators.

6. Agreement with SEIU Local 521

It was moved, seconded, and the Agreement with SEIU Local 521 was approved.

8. CEO Update

Christine Tomcala, Chief Executive Officer, noted that Ms. Pat McClelland resigned after 20 years of dedicated service to the plan, and the Executive Committee discussed recognizing Ms. McClelland with a Resolution of Appreciation, which was offered for the Board's consideration.

It was moved, seconded, and the Board Resolution was approved as presented.

Ms. Tomcala presented the Board with a summary of the current Board seat appointments and terms discussed at the last Executive Committee meeting. The Board members whose terms are expiring June 30th of this year all expressed interest in being reappointed. She further noted that discussions with Supervisors confirming reappointments have or will occur, and as future vacancies occur, she will reach out to the respective Supervisors regarding potential appointees. It was noted that Linda Williams' seat is rotating, so she will need to be reappointed by Supervisor Cortese.

Ms. Tomcala reported that initial draft rates for the Medi-Cal Expansion (MCE) population are scheduled to be released, and rate decreases are anticipated.

It was noted that the final CMS Medicaid Managed Care Regulations came out on Monday. Analysis has begun, and the new rules are intended to improve service for enrollees with a focus on physician access and availability, 85% minimum MLR, provider directory updates, fraud detection, tightened rules for collection and submission of patient data to HHS, and ability to offer incentives to providers for improved clinical outcomes and cost reduction.

Ms. Tomcala noted that since passive enrollment ended in December, CMC membership has been dropping. Ms. Laura Watkins, Director of Marketing and Communications, is leading a cross-functional work group to work on mitigation strategies. The State has also proposed an annual passive enrollment process each fall that would catch up on enrolling beneficiaries who became eligible in the prior year.

Ms. Tomcala reported that the Claims Department has been challenged this year with hiring and retaining staff, while simultaneously assimilating growth in membership and processing claims on two separate systems for Medi-Cal and CMC. Key staff are meeting daily to address the top underlying issues that have been identified.

To address the changing needs of the plan with respect to recent membership growth and addition of the CMC program, the plan has been actively hiring consistent with the Mid-Year Budget Update. The plan has 166 regular staff and 15 temps at present. FY'16 to-date, there have been 50 new hires, 29 staff departures, 28 positions currently open, and 3 open temporary positions.

Lastly, Ms. Tomcala reflected that the #1 Plan Objective for the current fiscal year has been to "Enhance our Compliance Program for Audit Readiness." Staff has been diligently overhauling policies to cite, and ensure consistency with, State, Federal and NCQA guidelines. In April, the plan has been engaged in four routine audits: a Data Validation Audit and a Quality Withhold Performance Measure Validation Activity Study for the CMC line of business, the joint DHCS/DMHC Audit, and preparation for the DMHC Finance Audit, which will have an on-site in June.

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

9. Compliance Report

Beth Paige, Compliance Officer, reported on the joint DHCS/DMHC Audit. She noted the on-site is just wrapping up and the DHCS preliminary audit report is expected June 20th.

The consultants continue to meet with staff and provide feedback on policy and work flow development. Individual departments are reviewing operations and reporting, and are developing and implementing process improvements to ensure compliance.

Ms. Paige highlighted the Compliance Report in the Board packet and invited questions.

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

10. Chief Medical Officer Report

Jeff Robertson, Chief Medical Officer, reported on the Disease Management /Complex Case Management Request for Proposal (RFP) and selection of a vendor. The two elements that comprise 50% of the NCQA scores required for accreditation in Cal MediConnect are Disease Management (DM) and behavioral health conditions and Complex Case Management (CCM) that include Individualized Care Plans and Individualized Care Teams.

A comprehensive RFP was sent to the four vendors nationally that met all RFP requirements. The two lowest bidders were invited to do an onsite presentation. Dr. Robertson discussed the services included in the best fully integrated solution.

It was moved, seconded, and approved to authorize the Chief Executive Officer to negotiate, execute, amend, and terminate a contract with the selected DM/CCM vendor.

11. Publicly Available Salary Schedule Changes

Sharon Valdez, VP of Human Resources, provided an update on the Publicly Available Salary Schedule, noting the positions that were added or removed since the last update to the SCCHA Board of Directors.

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

12. January, February, and March 2016 Financial Statements

Dave Cameron, Chief Financial Officer, reviewed financial results for the months January through March 2016, fiscal year-to-date.

For the month of March the net surplus was \$0.8m, and \$11m YTD which is (\$1.6m) unfavorable to budget. The primary driver of the variance is higher than expected Long Term Care claims (LTC). There continue to be delays in the MLTSS and CMC rate re-blending process. Additionally, the IHSS reconciliation has not been completed for calendar year 2014. This has caused a high level of concern on what the financial impact is to the plan.

DHCS informed us that our July monthly capitation payment will be delayed until August because of the State budgeting process. This issue is partially mitigated because the State continues to overpay the MCE rate. We do not anticipate any delay in payments to providers.

Enrollment growth year-to-date is \$0.5% favorable to budget and 22% higher than March YTD last year. Cal MediConnect has trended down since the beginning of the year with the end of passive enrollment. Long Term Care membership and payments have stabilized. Enrollment by network is stable and there are no significant changes to report.

Tangible Net Equity is \$83.6m or 3.08 times the minimum TNE required by DMHC.

It was moved, seconded, and the January, February, and March 2016 Financial Statements were **approved**.

13. External Audit RFP

Mr. Cameron reported on the External Audit RFP process, noting that the Plan received proposals from two regional firms with strong healthcare background. The selection team consisted of Mr. Cameron, Ms. Tomcala, Ms. Lew, and two finance staff members, who met with the firms and rated them on their capabilities, the professional team assigned, their audit methodology/audit plan, and most importantly their understanding of health plan business and this assignment.

It was moved, seconded, and approved to authorize the Chief Executive Officer to negotiate, execute, amend, and terminate a contract with the selected External Audit firm.

14. Donations and Sponsorships Policy

Ms. Tomcala brought to the Board's attention the current Donations and Sponsorship Policy, which is more detailed in its direction than the minutes approving the resolution in November 2010. At issue is the language which requires the Governing Board to take action on each individual donation, regardless of amount.

Ms. Tomcala asked the Board to consider revising the policy consistent with how it was reflected in the minutes, with presentation of an annual report to the Board on actual expenditures. She also provided a spreadsheet summarizing donations/sponsorships in FY 2015, FY 2016 to-date, and two proposed sponsorships.

It was moved, seconded, and approved to ratify the 2015 Donations/Sponsorships.
Bob Brownstein, Michele Lew, Linda Williams, and Dolores Alvarado recused themselves.

It was moved, seconded, and approved to ratify the 2016 actual and proposed Donations/Sponsorship expenditures to-date.
Linda Williams, Michele Lew, Kathleen King, and Dolores Alvarado recused themselves.

It was moved, seconded, and approved to revise the policy, authorizing the CEO to make single donations up to \$5,000, not to exceed \$120,000 in any given budget year, with presentation of an annual report to the Board.

15. Diabetes Prevention Program Pilot

Ms. Tomcala presented two letters from Community Health Partnership requesting \$25,000 in funding to support enrollment of 50 Community Health Center Medi-Cal managed care patients at risk for diabetes into the Centers for Disease Control (CDC)-approved, evidence-based Diabetes Prevention Program (DPP) pilot offered by the YMCA. This effort is in support of the Diabetes Prevention Program Initiative approved by the Santa Clara County Board of Supervisors.

It was moved, seconded, and approved to support the Diabetes Prevention Program Pilot by contracting with the YMCA to pay for services rendered to SCFHP members up to \$25,000.

16. Policy Approval: GO.01 Organizational Policies

Ms. Tomcala discussed the need for overhauling the structure, content, and review process of SCFHP's policies for consistency, and to ensure they meet State, Federal, and NCQA guidelines. Ultimately, it is the Board's role to oversee policies, which provide guidelines under which the organization is operated. As the health plan transitions to the new policy structure, approval of policy GO.01 Organizational Policies is requested, which would establish a protocol for establishment of organizational policies.

It was moved, seconded, and Policy GO.01 Organizational Policies was **approved**.

17. Governing Board Committee Structure

Ms. Tomcala discussed the current committee structure, in which existing committees have not all been established as committees of the Governing Board. The proposed Governing Board Committee Structure would ensure that the Board receives necessary information on operation of the plan and is able to provide appropriate oversight. The Executive Committee recommends approval of the proposed structure.

It was moved, seconded, and the Governing Board Committee Structure was **approved**.

18. Committee Charters

Ms. Tomcala presented draft charters for the committees on the Governing Board Committee Structure. The Executive/Finance Committee Charter has been recommended for approval by the Executive Committee. Ms. Tomcala recommended that the Quality Improvement Committee (QIC) Charter be revised to reflect that the Committee is responsible for the review and approval of health services, pharmacy, credentialing, and quality policies. She further recommended that a Board member sit on the QIC, and indicated Darrell Evora expressed willingness to be the Board representative for this Committee.

It was moved, seconded, and the Executive/Finance Committee and Quality Improvement Committee Charters were **approved**, with the revision noted above.

The Utilization Management, Credentialing & Peer Review, Pharmacy & Therapeutics, and Provider Advisory Council Charters were deferred to a future meeting.

19. Provider Advisory Council (PAC) Appointment

Ms Tomcala reported that David Mineta, President and CEO of Momentum for Mental Health, has agreed to participate on the Provider Advisory Council.

It was moved, seconded, and approved to appoint David Mineta to the Provider Advisory Council.

20. Unified Managed Care Update

Mr. Brownstein provided a report on the Unified Managed Care Strategy Board Team Meeting on April 1, 2016 and the expressed mutual interest in pursuing a joint strategic planning process with the County, supported by engagement of a consultant to assist with planning and facilitation.

It was suggested that a small group start work on strategic planning preparation, in anticipation of conducting an intensive joint strategic planning meeting in a larger group setting.

It was moved, seconded, and approved to accept the Board Team Report, and to rescind the current Board Team and appoint a temporary ad hoc Unified Managed Care Committee that will exist until December 31, 2016 and will be composed of five Governing Board members.

21. Committee Reports

a. Executive Committee

Michele Lew provided a summary of the February 25 and March 24, 2016 Executive Committee Meetings.

It was moved, seconded, and approved to accept the Executive Committee Report.

b. Consumer Affairs Committee

Dr. Wally Wenner provided a summary of the March 8, 2016 Consumer Affairs Committee Meeting.

It was moved, seconded, and approved to accept the Consumers Affairs Committee Report.

c. Provider Advisory Council

Dr. Robertson provided a summary of the December 8, 2015 Provider Advisory Council Meeting .

It was moved, seconded, and approved to accept the Provider Advisory Council Report.

22. Adjournment

The meeting was adjourned at 5:20 pm.

Elizabeth Pianca, Secretary to the Board



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

Thursday, May 26, 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, Chair
Bob Brownstein
Wally Wenner
Linda Williams

Staff Present:

Christine Tomcala, CEO
Dave Cameron, CFO
Rita Zambrano,
Executive Assistant

Members Not Present:

Liz Kniss

Minutes - DRAFT

1. Roll Call

Chairperson Lew called the meeting to order at 8:39 am. Roll call was taken and a quorum was established.

2. Meeting Minutes

The minutes of the March 24, 2016 Executive Committee Meeting were reviewed.

It was moved, seconded, and the March 24, 2016 meeting minutes were **approved** as presented.

3. Public Comment

There were no public comments.

4. April 2016 Financial Statements

Dave Cameron reported on the April and April YTD 2016 financials.

For the month of April, the Plan showed a surplus of \$1.2 million. YTD April, the Plan had a surplus of \$12.1 million, which represents a negative variance from the budget of \$1.6 million. The primary driver of the variance is higher than expected Long Term Care (LTC) costs.

Long Term Care expenses are stabilizing after a rapid acceleration during FY16. Administrative expenses are under budget due to slower hiring of personnel (FTE and Consultants).

Most of the membership growth has been in Medi-Cal and the overall mix of enrollment by network has not varied much throughout the year. Cal MediConnect membership has dropped after peaking in December 2015 at over 9,000; however, it is still up 18% from the beginning of the fiscal year. Healthy Kids membership is trending down and the transition to Medi-Cal is expected to be a lengthy process.

Tangible Net Equity is \$84.8 million or 2.83 times the minimum TNE required by the Department of Managed Health Care (DMHC).

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

5. FY'17 Budget Planning

Mr. Cameron provided an overview of the Fiscal Year 2016-17 budget planning. We will forecast enrollment by LOB by estimating recent trends, state guidance, and market share. Our current market share (as of March 2016) is Medi-Cal at 78%, Cal MediConnect at 70%, and Healthy Kids at 68%.

Based on the enrollment forecast, we will estimate Revenue, Medical Expenses, and Administrative Expenses.

Revenue: We are using the "preliminary rates" for Medi-Cal that we received in April. It is anticipated that final rates will come out at the end of June. MLTSS and CMC prospective rates will be based on 2014 DHCS rates sheets.

Medical Expense: We will use historical data and emerging trends to project FFS expenses. Capitation rates will be based on our final rates that may be adjusted for historical data and emerging trends.

Administrative Expenses: Each department is submitting requests based on activity, compliance needs, and other gaps identified by our consultants.

Capital Expense: Departments submit requests based on strategic and operational needs. The capital budget is primarily comprised of Facility and Information Technology related items. We will also budget for additional space to accommodate projected growth.

6. CEO Update

Christine Tomcala announced that Mr. Gary Kaplan, VP of Vendor Relations and Delegation Oversight, has accepted a position at Alameda Alliance and will be leaving the plan after 9 ½ years of service.

Ms. Tomcala provided an update on current Board appointments due to expire June 30th, noting those Board members have all expressed interest in being reappointed. Discussions with Supervisors Cortese and Wasserman have occurred, confirming those reappointments.

It was noted that the Unified Managed Care Strategy Meeting with the County would take place that afternoon.

Ms. Tomcala reported that the State has withdrawn its proposal for an annual CMC passive enrollment process. She indicated that Laura Watkins, Director of Marketing and Communications, is leading a cross-functional work group focused on CMC enrollment loss mitigation strategies.

Ms. Tomcala went on to report that transitioning eligible Healthy Kids enrollees to full-scope Medi-Cal is underway, and there is a need to encourage parental action to ensure parents take the necessary steps to enroll their children. Ms. Tomcala suggested we notify parents that Healthy Kids coverage will end as of September 30th, but would allow until the end of December for completion of the transition. Linda Williams and Bob Brownstein discussed the importance of provider awareness, and that clinics would be happy to help with the enrollment process.

As reported at the last Board meeting, the Claims Department has been challenged to meet turnaround times for a variety of reasons. Work actively continues on identifying and addressing barriers, obtaining additional resources, and streamlining claims processing procedures.

With respect to audit efforts, Ms. Tomcala reported we are anticipating feedback from the joint DHCS/DMHC audit on June 20th. Consultants continue to assist staff with streamlining claims processes, formalizing authorization and procurement processes, and development of, or revisions to, Finance policies and procedures. There are two new audits underway; preparation and data gathering for our DMHC Finance audit, scheduled to be onsite in June, and the Fiscal Year 2015-16 External Audit with Moss Adams.

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

7. Adjournment

The meeting was adjourned at 9:20 am.

Elizabeth Pianca, Secretary to the Board

Meeting Minutes
SCCHA Quality Improvement Committee
 Wednesday, May 11, 2016

Voting Committee Members	Specialty	Present Y or N
Thad Padua, MD	Pediatrics	Y
Nayyara Dawood, MD	Pediatrics	Y
Jennifer Foreman, MD	Pediatrics	Y
Jimmy Lin, MD	Internist	Y
Ria Paul, MD	Geriatric Medicine	Y
Jeff Robertson, MD, CMO	Managed Care Medicine	Y
Christine Tomcala, CEO	N/A	Y
Sara Copeland, MD	Pediatrics	Y
Ali Alkoraishi, MD	Psychiatry	Y

Non-Voting Staff Members	Title	Present Y or N
Andres Aguirre	Quality Improvement Manager	Y
Lily Boris, MD	Medical Director	Y
Jennifer Clements	Director of Provider Operations	Y
Caroline Alexander	Administrative Assistant	Y
Johanna Liu, PharmD	Director of Quality and Pharmacy	Y
Dan Johns	Appeals and Grievances Manager	Y

AGENDA ITEM	DISCUSSION/ACTION	ACTION	RESPONSIBLE PARTIES	DUE DATE
INTRODUCTIONS	Chairman Thad Padua, MD called the meeting to order at 6:10 p.m. Quorum was established.			
Public Comment	No attendees from public.			
CEO Update	Christine Tomcala reported Quality Improvement Committee is now a committee of the Board. As a committee of the Board, it is appropriate to have a Board Representative on the Quality Improvement Committee. Darrell Evora, member of the Board, has agreed to sit on the Quality Improvement Committee. (Recently appointed by the Board). RFP for Complex Case Management/Disease Management Program is in process. 4 Vendors submitted responses. HEDIS cycle for the year is complete. Data has been submitted for validation. Plan participated in a joint Department of Managed Health Care and	Present HEDIS data feedback at next meeting	Andres Aguirre	Next Quality Improvement Committee Meeting August 10, 2016

AGENDA ITEM	DISCUSSION/ACTION	ACTION	RESPONSIBLE PARTIES	DUE DATE
	Department of Health Care Services (DMHC/DHCS) audit April 18 th through 29 th . Membership is currently at 271, 928. Plan will focus on more outreach to encourage enrollment in Cal Mediconnect.			
Follow Up Items	Dr. Robertson and Dr. Padua presented an update on the new committee organization structure. Quality Improvement Committee will now report up to the Board and is now subject to the Brown Act. Committee meetings will now be open to public attendees. Agenda will now be required to be published and posted within 72 hours prior to the committee meeting date.			
<p>Consent Agenda</p> <p>Action Items</p> <p>A. Review and Approval of February 10, 2016 minutes</p> <p>B. Annual Review and Approval of Quality Improvement Policies</p>	<p>Motion made by Committee Chairman Dr. Padua to change Consent Agenda items to individual action items. It was moved, seconded to change consent agenda items to individual action items.</p> <p>The minutes of the February 10, 2016 Quality Improvement Committee Meeting were reviewed. It was moved, seconded to approve minutes as written.</p> <p>Six policies were presented and reviewed by the committee: QI01 Conflict of Interest QI02 Clinical Practice Guidelines QI03 Distribution of Quality Improvement Information QI04 Peer Review Process QI05 Potential Quality of Care Issues QI06 Quality Improvement Study Design/Performance Improvement Program Reporting After discussion, it was moved, seconded to approve all six policies as written.</p>	<p>It was approved to change consent agenda items to individual action items.</p> <p>Minutes of the February 10, 2016 meeting were approved as presented.</p> <p>All policies were approved as presented.</p>		

AGENDA ITEM	DISCUSSION/ACTION	ACTION	RESPONSIBLE PARTIES	DUE DATE
<p>C. Review and Approval of Quality Improvement Program 2016 Summary of Changes</p> <p>D. Review and Approval of 2015 Quality Improvement Program Evaluation</p>	<p>Dr. Boris presented a summary of changes made to the 2016 Quality Improvement Program Description. After discussion, it was moved, seconded to approve changes to 2016 Quality Improvement Program</p> <p>Andres Aguirre presented the 2015 Quality Improvement Program Evaluation for review. Committee recommends adding a comparison grid of each network's performance. After discussion, it was moved, seconded to approve 2015 Quality Improvement Program and Evaluation</p>	<p>Changes to 2016 Quality Improvement Program were approved as presented. Submit copy to DHCS.</p> <p>2015 Quality Improvement Program Evaluation was approved as presented. Submit copy to DHCS.</p>	<p>Beth Paige/Anna Vuong</p> <p>Beth Paige/Anna Vuong</p>	
<p>Discussion Items</p> <p>A. Appointment of new Quality Improvement Committee Chair</p> <p>B. Review of Quality Improvement Committee Charter</p> <p>C. Access and Availability</p> <p>D. Appeals and Grievances</p>	<p>Ria Paul, MD, Clinical Associate Professor at Stanford Senior Care Center was appointed as the new Quality Improvement Committee Chairman effective next committee meeting.</p> <p>The updated Quality Improvement Committee Charter was presented to the committee for review.</p> <p>Jennifer Clements shared the results of the 2015 Timely Access Surveys with the committee. Reported a decrease in the number of providers that responded to the survey. Will continue to educate providers of Timely Access Standards.</p> <p>Dan Johns presented a summary of First Quarter 2016 Appeals and Grievances. Increased training with coordinators reduced the number of cases reported as Quality of Care.</p>	<p>Informational only; already approved by the Board</p> <p>Present Quarterly reports to the Quality Improvement Committee</p> <p>Present Quarterly reports to the Quality Improvement Committee</p>		

AGENDA ITEM	DISCUSSION/ACTION	ACTION	RESPONSIBLE PARTIES	DUE DATE
<p>E. CY 2015 Annual Review of SCFHP Cal MediConnect Population Demographics and Specific Health Conditions</p> <p>F. Cal MediConnect Dashboard</p>	<p>Dr. Boris presented a summary of the Cal MediConnect (CMC) Population Demographics and Specific Health Conditions to the committee. Of the 9,070 CMC members, 3,860 or 43% have three or more chronic conditions and 5,006 or 55% receive eight or more prescriptions.</p> <p>Andres Aguirre presented the 2015 Cal MediConnect (CMC) Dashboard to the committee. Moving towards a new vendor that will complete HRA process from start to finish (Careplan, Data Entry, Data Analytics) effective November 2016.</p>			
Report of Subcommittees and Approval of Minutes				
A. Credentialing Committee	Dr. Robertson presented the April 6, 2016 Credentialing Committee Report. New report format presents a summary of the detailed work of the credentialing committee. It was moved, seconded to approve Credentialing Committee report as presented.	Credentialing Committee report was approved as presented.		
B. Pharmaceutical and Therapeutics Committee	Dr. Lin presented the 4 th Quarter 2015 Pharmacy and Therapeutics Committee minutes. Med Impact minutes will be reviewed in advance by Johanna Liu, PharmD, and presented as a summary at future committee meetings. It was moved, seconded to approve 4 th Quarter 2015 Pharmacy and Therapeutics Committee minutes as presented.	4 th Quarter 2015 Pharmaceutical and Therapeutics Committee minutes were approved as presented.		
C. Utilization Management Committee	Dr. Lin presented the 4 th Quarter 2015 and 1 st Quarter 2016 Utilization Management Committee minutes. New report on Behavioral Health has been added. Tracking Underutilization as well as Overutilization in Utilization Management reports. It was moved, seconded to approve 4 th Quarter 2015 and 1 st Quarter 2016 Utilization Management Committee minutes as presented.	4 th Quarter 2015 and 1 st Quarter 2016 Utilization Management Committee minutes were approved as presented.		

AGENDA ITEM	DISCUSSION/ACTION	ACTION	RESPONSIBLE PARTIES	DUE DATE
Adjourn to Closed Session: PQI Discussion: Protected Information	Meeting adjourned to closed session at 7:40 p.m. The committee discussed one PQI.	Dr. Robertson to follow up on agreed upon items		
Next Meeting	Wednesday, August 10, 2016- 6:00 PM	Calendar and attend.	All	

Reviewed and approved by:

_____ Date _____

Thad Padua, MD
Quality Improvement Committee Chairperson



**Consumer Affairs Committee
Meeting Minutes
June 14, 2016**

In Attendance:

Committee Members: Hung Vinh, Rachel Hart, Tran Vu, and Waldemar Wenner, M.D.

SCFHP Staff: Christine Tomcala, Chelsea Byom, Laura Watkins, Lynette Topacio

Item	Discussion	Action	Assigned to:	Due Date
Call to Order and Roll Call	Roll call was taken. The meeting was called to order at 6:15 p.m. A quorum was not present.	None		
Review of Minutes	The minutes from the March 8, 2016 meeting were reviewed. The vote to approve the minutes was tabled until the next meeting.	None		
Public Comment	No public comment.	None		
Health Plan Updates	<p>Ms. Christine Tomcala provided the following update:</p> <p>There are currently over 273,000 members enrolled. The bulk of those members are in the Medi-Cal program, with over 260,000 members. Cal MediConnect enrollment is 8,200 members. Healthy Kids enrollment is up to 4,400 members, which has increased a little bit from the last meeting. This is due to kids that transitioned to Healthy Kids because they are no longer eligible for Covered California tax credits. Another transition will be taking place of Healthy Kids members to full-scope Medi-Cal, which will be discussed later in the agenda.</p> <p>Ms. Tomcala stated that the plan is wrapping up its fiscal year in June. The plan is working on planning, budgeting, and figuring out rates for the new fiscal year.</p>	None		

Item	Discussion	Action	Assigned to:	Due Date
<p>Healthy Kids and Medi-Cal Enrollment and Eligibility Changes</p>	<p>Ms. Laura Watkins presented an update on the Healthy Kids and Medi-Cal enrollment and eligibility changes. Ms. Watkins stated that the Covered California application process now has the logic to identify children who are eligible for the County Children’s Health Insurance Program, or C-CHIP, because their parents earn 266%-322% of the FPL. In Santa Clara County, C-CHIP children are enrolled in the Healthy Kids program. This is why the SCFHP enrollment has gone up by several hundred members. This allows kids to get into the Healthy Kids program at a little higher income level than before, as long as the kids are documented.</p> <p>Ms. Watkins also reviewed the Medi-Cal for All Children program enacted by Senate Bill 75. Effective May 16, 2016, this bill extended Medi-Cal coverage to all eligible children with income not greater than 266% of FPL, regardless of immigration status. Any children who were enrolled in restricted, “emergency” Medi-Cal were automatically moved to full-scope, fee-for-service Medi-Cal. There are about 1,300 Healthy Kids members who were moved to Medi-Cal, but are not yet enrolled in SCFHP. They will need to make a plan selection by completing a choice packet. Enrollment in a managed care plan will become effective September 1st, unless they make a plan selection sooner.</p> <p>Ms. Hart asked if this change was part of Obamacare, and if the November elections might impact the program. Ms. Watkins responded that the Medi-Cal for All Children program is entirely state funded and separate from any federal programs.</p> <p>Ms. Watkins encouraged CAC members to share the message that kids who are undocumented should apply for Medi-Cal now. For Healthy Kids members who are now eligible for Medi-Cal, they should select SCFHP to stay with the plan and keep their same doctors.</p> <p>Mr. Vu asked if parents already have insurance from their employer,</p>	<p>Ms. Watkins to provide Patient Access’ contact information</p>	<p>Laura Watkins</p>	

Item	Discussion	Action	Assigned to:	Due Date
	<p>what's the advantage of choosing Healthy Kids? Ms. Watkins responded that parents with coverage from their employer may not be eligible for Covered California tax credits, unless the cost of coverage exceeds a certain percentage of their income. She offered to provide Mr. Vu with contact information for Patient Access to speak with a certified enrollment counselor about this issue.</p> <p>Ms. Hart noted that undocumented immigrants might be scared to apply for Medi-Cal. Ms. Watkins acknowledged that this may be a concern for some people. SCFHP is working to outreach to providers to encourage their patients to apply. None of the information required to apply for Medi-Cal will be shared with immigration officials. Ms. Hart suggest that this information be shared on Spanish TV stations. Ms. Watkins pointed out that Telemundo has done some of this outreach in the L.A. area.</p> <p>Ms. Watkins shared a grid demonstrating which FPLs correspond with the health insurance programs in Santa Clara County.</p>			
Member Orientation/Education Videos	<p>Ms. Byom, Marketing & Communications Manager, was introduced. Ms. Byom shared 3 videos being developed and she wanted the feedback from the group on the videos. The three videos are "What is Medi-Cal," "How to Get Care," and "How to Keep your Medi-Cal Coverage." These video scripts were reviewed with the group in March.</p> <p>Mr. Vinh said that the videos were very professional. In the "How to Get Care" video, Ms. Hart stated that the woman doesn't look sick. Mr. Vu suggested that the availability of Nurse Advice Line should be shown on screen: 24/7. The plan will incorporate this feedback into the final videos. Ms. Hart also said that the video on how to keep Medi-Cal coverage was very self-explanatory.</p>	SCFHP will incorporate the Committee's suggestions.	Marketing Department	

Item	Discussion	Action	Assigned to:	Due Date
<p>Consumer Advisory Council – Outreach for New Members</p>	<p>Ms. Watkins explained that regulations require representation on CAC of diverse membership, either by members or member representatives. We greatly appreciate the time that our CAC members devote to improving the health plan. We need your help to find others who represent these diverse groups: Languages: English, Spanish, Vietnamese, Chinese (Mandarin or Cantonese), and Tagalog; Seniors; People with disabilities; and People receiving long-term services and supports: IHSS, CBAS, MSSP, nursing home.</p> <p>Mr. Vu suggested that Cassandra Chan from On Lok may be able to help identify members of the Chinese community.</p> <p>Dr. Wenner asked about the difference between the Cal MediConnect (CMC) Consumer Advisory Board (CAB) and this group. Ms. Watkins responded that the CMC CAB contains seniors and people with disabilities who are enrolled in CMC, but seniors who are on Medi-Cal and who may have Medicare coverage elsewhere are needed for this committee.</p> <p>Mr. Vu asked what defines a “senior?” Ms. Watkins stated that there is no exact definition of “senior” defined by the regulations. Ms. Tomcala added that, most importantly, the State is looking for us to have a broad representation of members.</p> <p>Ms. Watkins asked the group to provide their thoughts on what message should be shared with potential CAC members. Dr. Wenner stated that the plan is better if people provide their input. Mr. Vu said that people need to know the plan is reacting to CAC feedback. The CAC is making a difference. CAC members aren’t just coming to talk and listen. The meeting results in action. Ms. Hart added that the CAC provides a good meal and stipend.</p> <p>Ms. Hart voiced a concern about people with disabilities needing transportation to the CAC meetings. Ms. Watkins responded that the plan would look into options if that was a concern. Ms. Hart also asked about how individuals who do not speak English would participate. Ms. Watkins replied that ideally the CAC would consist of bilingual members.</p>	<p>SCFHP will incorporate CAC feedback into the newsletter article about videos.</p>	<p>Marketing Department</p>	<p>June 14, 2016 meeting</p>

Item	Discussion	Action	Assigned to:	Due Date
Future Agenda Items	Mr. Vu requested more frequent progress updates from the plan on a monthly basis. The CAC members expressed that text messaging is the preferred form of communication.	SCFHP will look into ways to communicate with CAC members via text message.	Marketing Department	
Adjournment	The meeting adjourned at 7:15 p.m.			
Next Meeting Date	The next meeting is scheduled on September 13, 2016 from 6:00 - 7:00 p.m.			

Consumer Affairs Committee Chairperson

Date

Santa Clara County Health Authority
Updates to Pay Schedule
June 23, 2016

Job Title	Pay Rate	Minimum	Midpoint	Maximum
Controller	Annually	135,082	178,984	222,886
Enrollment and Eligibility Manager	Annually	72,112	91,943	114,069
Lead Appeal and Grievance Coordinator	Annually	55,618	69,522	83,427
Manager of Utilization Management	Annually	83,102	108,033	132,964
Marketing and Communications Manager	Annually	83,102	108,033	132,964
NCQA Project Manager	Annually	72,112	91,943	111,774
Provider Claim Dispute Analyst	Annually	48,363	60,454	72,545
Quality Improvement Coordinator	Annually	55,618	69,522	83,427

**Santa Clara County Health Authority
Job Titles Removed from Pay Schedule
June 23, 2016**

Job Title	Pay Rate	Minimum	Midpoint	Maximum
Director Contact Service Operations and Service Excellence	Annually	112,569	149,153	185,738
Medicare Appeals and Grievance Coordinator	Annually	48,363	60,454	72,545
Product Manager, Medicare Operations	Annually	72,112	91,943	114,069
VP of Member and Medical Operations	Annually	159,097	214,781	270,465

Compliance Department Activity
April - June 2016

Reporting

- Regulatory Filings/Reports/Other:
 - Routine DMHC Plan Filings
 - 2016-2017 Provider Directory
 - 2016 Annual Report of Enrollment Plan
 - Quarterly Claims Assessment
 - Quarterly and Annual Survey of Risk Bearing Organizations (RBO) Report
 - Quarterly Pending and Unresolved Grievances Report.
 - Routine DHCS Reports – All filed timely
 - Medi-Cal Reports (includes monthly, quarterly, semi-annual and annual filings)
 - BHT Reports (BHT Services Survey, BHT CDE Provider Survey, BHT Transition File updates and monthly BHT Detailed Report)
 - CBAS Quarterly Report
 - DHCS Quarterly Medical Exemption Request
 - CCI Contract Adequacy Quarterly Report
 - DHCS Quarterly Grievance Report
 - DHCS Quarterly Mental Health Report
 - DHCS Quarterly SPD Reporting
 - DHCS Quarterly MLTSS Reporting
 - DHCS Quarterly Targeted Low Income Child Report
 - DHCS Quarterly Dental General Anesthesia Report
 - DHCS Quarterly Call Center Report
 - DHCS Quarterly Geo Access and Plan Subcontractor Report
 - DHCS Quarterly QI Committee Meeting Minutes
 - Cal MediConnect Reports (includes monthly and quarterly filings)
 - DHCS Quarterly CMC Complaint and Resolution Report
 - DHCS Quarterly CMC Risk Reporting
 - CA 1.1 High risk members with an Individualized Care Plan (ICP) within 30 working days after the completion of the timely Health Risk Assessment (HRA)
 - CA 1.3 Low risk members with an Individualized Care Plan (ICP) within 30 working days after the completion of the timely Health Risk Assessment (HRA)
 - CA 1.5 Members with an ICP completed.
 - CA 1.11 Members with first follow-up visit within 30 days after hospital discharge.
 - CA 2.1 The number of critical incident and abuse reports for members receiving LTSS
 - CA 4.3 Readmissions of short- and long-stay nursing facility residents after hospitalization for diabetes, chronic obstructive pulmonary disease (COPD) or any medical diagnosis.
 - MMP Core 2.1 Members with an assessment completed within 90 days of enrollment
 - MMP Core 4.2 Grievances and Appeals.

**Santa Clara Family Health Plan
Compliance Report
June 2016**

- MMP Core 5.1 Care coordinator to member ratio.
 - MMP Core 9.1 Emergency room behavioral health services utilization
 - Home Infusion Pharmacy Access
 - Long-Term Care (LTC) Pharmacy Access
 - Retail Pharmacy Access
- Ad Hoc Requests
 - CMC Provider Network Info Request
 - (DMHC) CCI Q3 2015 Network Assessment
 - Reconciliation of BHT Transition Data (April, May)
 - Follow-up Question to 3Q MER & Continuity of Care Report
 - Follow-up Request to the Detailed Provider Network Report
 - Additional Information Request for CMC CA3.1 – Physical Access Compliance
 - BHT Time Frames and COS Logic for CY 2015 Rate Development Template
 - (DMHC) Updated filing for MY 2015 Timely Access Report
 - (DMHC) Updated filing for Preliminary Findings Letter for MY 2014

Regulatory Communications

- General
 - SB 75 - Medi-Cal Expansion for All Children – transition has begun. This expansion will open up full scope Medi-Cal benefits to all children under 19 who meet the income standards, regardless of immigration status.
 - SB 33 – Carving Acupuncture back into Medi-Cal Managed Care. This will be effective July 1, 2016 if the bill passes.
- Medi-Cal
 - Approval of member Letter re Swim Lessons
 - Approval of member letter re ID Card Carrier
 - Approval of Dental Anesthesia Policy
 - Approval of Notice of Action Letters
 - Approval of MC/HK Authorization Letter
- Member Complaints via Regulator
 - DMHC
 - Member complaint: Member was requesting to have her total vaginal hysterectomy done at Stanford or alternatively, to have the procedure expedited to be done at VMC. VMC performed the surgery on 4/22/16 and the DMHC closed the case, determining that the Plan was compliant.
 - Member complaint: Member’s occupational therapy and speech therapy have been delayed over two months. Member states that the provider that VHP referred member to was only giving 1/2 hour of each therapy instead of the authorized 3 hours of each therapy a week. SCFHP has confirmed with the Provider that it has the availability to provide 3 hours a week for both speech and occupational therapy. Prior to scheduling these appointments, the Provider must conduct a new patient evaluation to obtain a baseline of the member’s current needs. The Provider scheduled these evaluation appointments on Monday, May 9, 2016.
 - Member complaint: Member requested an IMR via DMHC as he is requesting Harvoni Hepatitis C treatment for 8 weeks. Member was originally denied by SCFHP because he did not meet the DHCS medical necessity criteria.

**Santa Clara Family Health Plan
Compliance Report
June 2016**

- Member complaint: Member requested a refill on her psychiatric medication and a new case manager with Momentum. Member's request was related to specialty mental health services. As such, DMHC informed the member that her request should be redirected to the County Department of Mental Health. Momentum is a subcontractor for the County Department of Mental Health.
- Member complaint: Member requested and IMR via DMHC, as he is requesting the Harvoni treatment 90/400mg for his Hepatitis C condition. The Plan shows no denials for this member and review is in progress.

- Medicare

- A draft report for the 2016 Quality Withhold Performance Measure Validation Activity (PMV) for Core Measure 2.1 (Members with an assessment completed within 90 days of enrollment), that Health Services Advisory Group, Inc. (HSAG) conducted for the Medicare-Medicaid Capitated Financial Alignment Initiative was received and under review for plan comments. A final report will be issued following the review.
- SCFHP's Cal MediConnect 2017 Plan Benefit Package and Formulary was submitted to CMS by the deadline, June 6, 2016.
- Three Patient Safety Outlier notices were received on May 6, 2016. A file format error caused a significant drop in 2016 Q1 patient medication adherence rates. The file format was corrected and SCFHP anticipates a return to normal adherence rates on 2016 Q2 Patient Safety Reports.
- One Patient Safety Outlier notice for Opioid- High Dosage and Multiple Providers Rate was received June 6, 2016. The resolution is in process.

Internal Monitoring/Auditing

- General

- Joint DHCS/DMHC Audit
 - An exit conference is scheduled for June 22, 2016. DHCS's will present their preliminary audit report.
 - DMHC will issue its audit report separately. DMHC has not given a date to expect this report.
- HIPAA
 - 6 privacy incidents were reported to DHCS. DHCS reviewed and determined that none required notification.
 - Member Appointment of Representative requests processed:
 - April - 134
 - May - 205
 - June - 130
- Consulting Assistance
 - Consultants continued to work with SCFHP staff and provide feedback on policy and work flow development.
 - Revisions to the Compliance Program are nearing completion and will go to the Compliance Committee for review.

**Santa Clara Family Health Plan
Compliance Report
June 2016**

Oversight

- Medicare
 - The virtual onsite session with Advent Advisory Group occurred on 4/13/2016. Opportunities for refinement were identified during the virtual onsite. Additional information has been provided. Sample files have been submitted to Advent, analyzed, and returned with requests for additional information to validate. Once the samples have been finalized, Advent will provide a preliminary finding of the results.
 - Quality Improvement Plan (QIP)
Quality improvement three-year project was successfully resubmitted May 20, 2016. The project focuses on reducing readmission to acute care within 30 days of discharge for any reason.
 - Chronic Care Improvement Project (CCIP)
Chronic Care improvement five-year project was successfully resubmitted May 17, 2016. The project focuses on blood pressure control for CMC members with hypertension.

Response and Prevention

- General
 - Timely Access to Impacted Services at VMC
SCFHP continues to participate in a workgroup with VHP and VMC to discuss timely access to services.

SANTA CLARA FAMILY HEALTH PLAN (SCFHP)

2016-2020 STRATEGIC PLAN FRAMEWORK

Quality Improvement

Support improved quality outcomes among provider networks and delegated entities

- **Improvement Initiatives** to increase patient access and care coordination among delegated entities
- **Quality Incentive Programs** and redesigned contract arrangements to promote higher quality and lower cost
- **National Committee Quality Accreditation** to meet the highest standards
- **HEDIS Score Improvement** through targeted initiatives and efforts

Complex Care Delivery

Successfully implement model of care for members with complex conditions

- **Managed Long Term Care Services & Supports** continued program development
- **Enhanced Internal Complex Care Delivery Expertise** to support care for members with complex conditions
- **Exploration of Options to Strengthen Behavioral Health Program** including enhancing internal capacity and expanding the external provider network
- **Strengthened Community Partnerships** to more effectively address the social determinants of health impacting members with complex conditions
- **ACA 2703 Health Homes Implementation** to pilot comprehensive systems of care for chronically ill members

Growth

Explore opportunities to add new health plan products and grow membership

- **Exploration of Medicare Product Options** for Cal Medi-Connect opt-outs & new Medicare enrollees, Medicare Advanatage, including Chronic SNP, DSNP, or other products for dual eligibles
- **New Program Options Exploration** such as county expansions, self-funded insurance or other new products
- **Marketing and Outreach** to maximize program enrollment and retention
- **Long-Term Care Institution Partnerships** to reduce the impact of care and cost for plan and members

Value-Based Care

Expand contracting, reimbursement and other arrangements that incentivize value-based care

- **Alternative Reimbursement/Incentive Arrangements and Contracts** that align incentives, promote higher quality and encourage innovation
- **Pharmacy Contracts and Management** that contain costs and enhance oversight
- **Innovation Pilots** to explore new and emerging models of care
- **Contractual Arrangements & Score Cards** that increase accountability, promote shared savings and increase capacity

Internal Optimization

Enhance internal systems to support integrated operations and sophisticated business analysis in a value-based care environment

- **Data Analytics and Reporting Functionality** to enable robust analytics, reporting and compliance
- **Single Claims Operating System** to enable integration with ancillary sub-systems across all departments and lines of business
- **Fraud Waste & Abuse Program** to maximize revenue and meet regulatory requirements
- **Risk Adjusted Payment & Quality Withholds** to achieve appropriate levels of revenue
- **Provider Network and Delegated Entity Accountability** structures established for quality, cost and compliance

BUILDING BLOCKS

Financial Strength

Culture of Compliance

Effective Workforce

Positive County, State and Federal Relationships



April 2016 Financial Summary

SCCHA Executive Committee Meeting

May 26, 2016



Fiscal Year 2015-16 Highlights (*Revised Budget*)

- **Net Surplus (loss)** – April \$1.2m surplus and YTD \$12.2m surplus (\$1.6m) unfavorable to budget
 - The variance is primarily related to long-term care expenses (LTC) that have increased rapidly this fiscal year (note expense growth on page 6 chart).
- **Revenue** – over budget by \$7.6 m (+0.9%)
 - Increase is due to higher In Home Support Services (IHSS) pass-through revenue, higher Abortion capitation rate, higher number of Hep C users, and LTC rate adjustment revenue. However, CMC revenue is lower than budget.
- **Medical Expenses** – over budget by \$12.4m (-1.5%)
 - Primarily due to higher than budgeted LTC, Pharmacy, and IHSS expense.
- **Administrative Expenses** – under budget by \$2.8m (9.0%)
 - Slower hiring personnel (FTE and Consultants) ramp up than budgeted.
- **Other Expenses** – under budget by \$334k; due to higher interest earned and lower post-employments benefits expense.
- **Enrollment**
 - April 2016 membership: 270,394 (3.7% favorable to budget)
 - April YTD: 2,648,631 member months (0.8% favorable to budget and 35% higher than April YTD last year)
 - Continued growth in Medi-Cal Expansion membership. CMC membership has been trending downward since January.
- **Balance Sheet**
 - Net receivables due from DHCS have increased \$38m primarily because of CCI and CMC rate recasting delays.
 - Medi-Cal Expansion rate overpayment: State recouped most of the FY15 overpayments; however, FY16 overpayments continue to grow.



Consolidated Performance

April 2016 and Year to Date

	Month of April	FYTD through April
Revenue	\$93.1 million	\$898.8 million
Medical Costs	\$89 million	\$857 million
Medical Loss Ratio	95.6%	95.3%
Administrative Costs	\$2.9 million (3.1%)	\$28.8 million (3.2%)
Other Income/ Expense	(\$3,481)	(\$858,424)
Net Surplus (Loss)	\$1,164,580	\$12,170,177
Cash on Hand	(49 Days)	\$143.2 million
Receivables		\$317.9 million
Current Liabilities		\$372.6 million
Tangible Net Equity		\$84.8 million
Pct. Of Min. Requirement		283%



Consolidated Performance

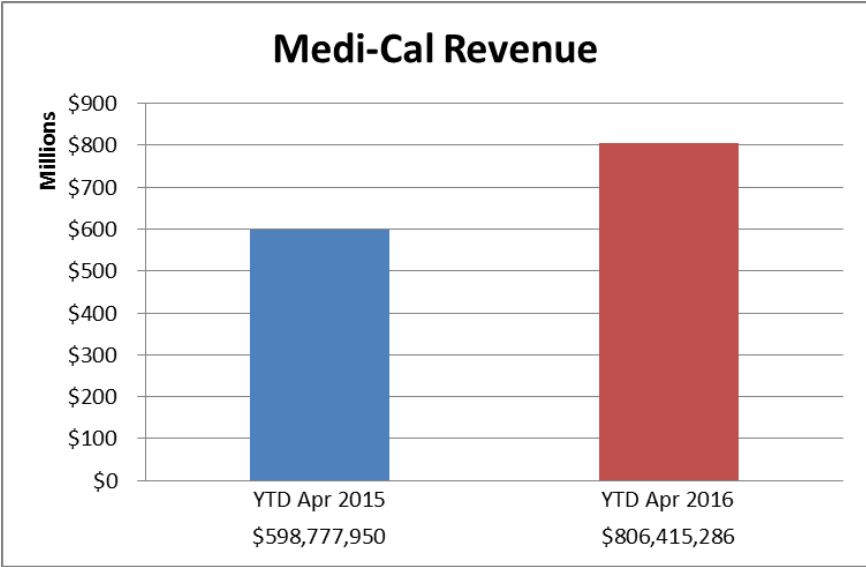
Summary Operating Results - Actual vs. Budget
For the Current Month & Fiscal Year to Date - Apr 2016
 Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance \$	Variance %		Actual	Budget	Variance \$	Variance %
\$ 93,061,453	\$ 90,041,969	\$ 3,019,484	3.4%	Revenue	\$898,836,870	\$891,233,395	\$ 7,603,475	0.9%
88,990,166	84,711,572	(4,278,595)	-5.1%	Medical Expense	857,001,505	844,606,810	(12,394,695)	-1.5%
4,071,286	5,330,397	(1,259,111)	-23.6%	Gross Margin	41,835,365	46,626,585	(4,791,220)	-10.3%
2,903,225	4,035,944	1,132,718	28.1%	Administrative Expense	28,806,764	31,644,930	2,838,167	9.0%
1,168,061	1,294,454	(126,393)	-9.8%	Net Operating Income	13,028,601	14,981,655	(1,953,054)	-13.0%
(3,481)	(139,752)	136,271	97.5%	Non-Operating Income/Exp	(858,424)	(1,192,748)	334,324	28.0%
\$ 1,164,580	\$ 1,154,702	\$ 9,878	0.9%	Net Surplus/ (Loss)	\$ 12,170,177	\$ 13,788,906	\$ (1,618,729)	-11.7%

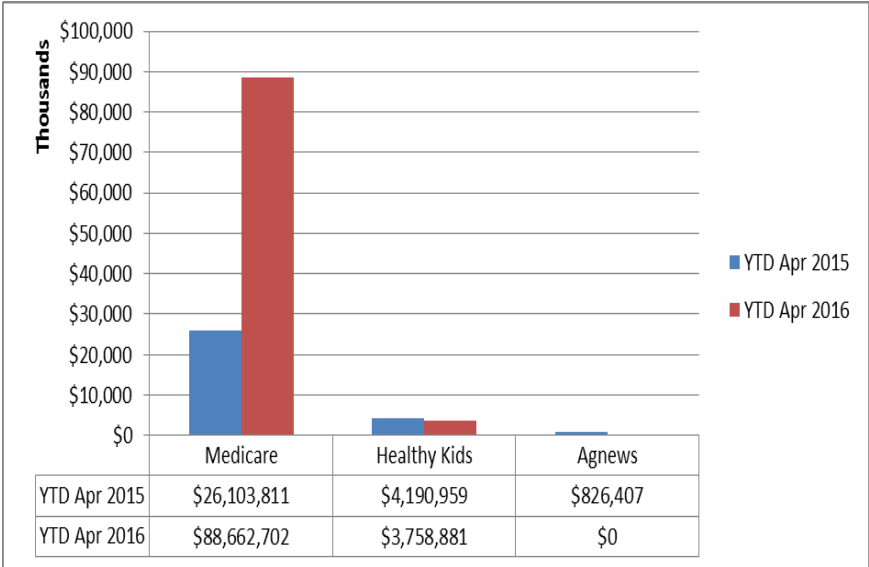


Revenue Trend

Graph 1: Portrays current YTD Medi-Cal revenue vs. previous year. Increase of 35%.

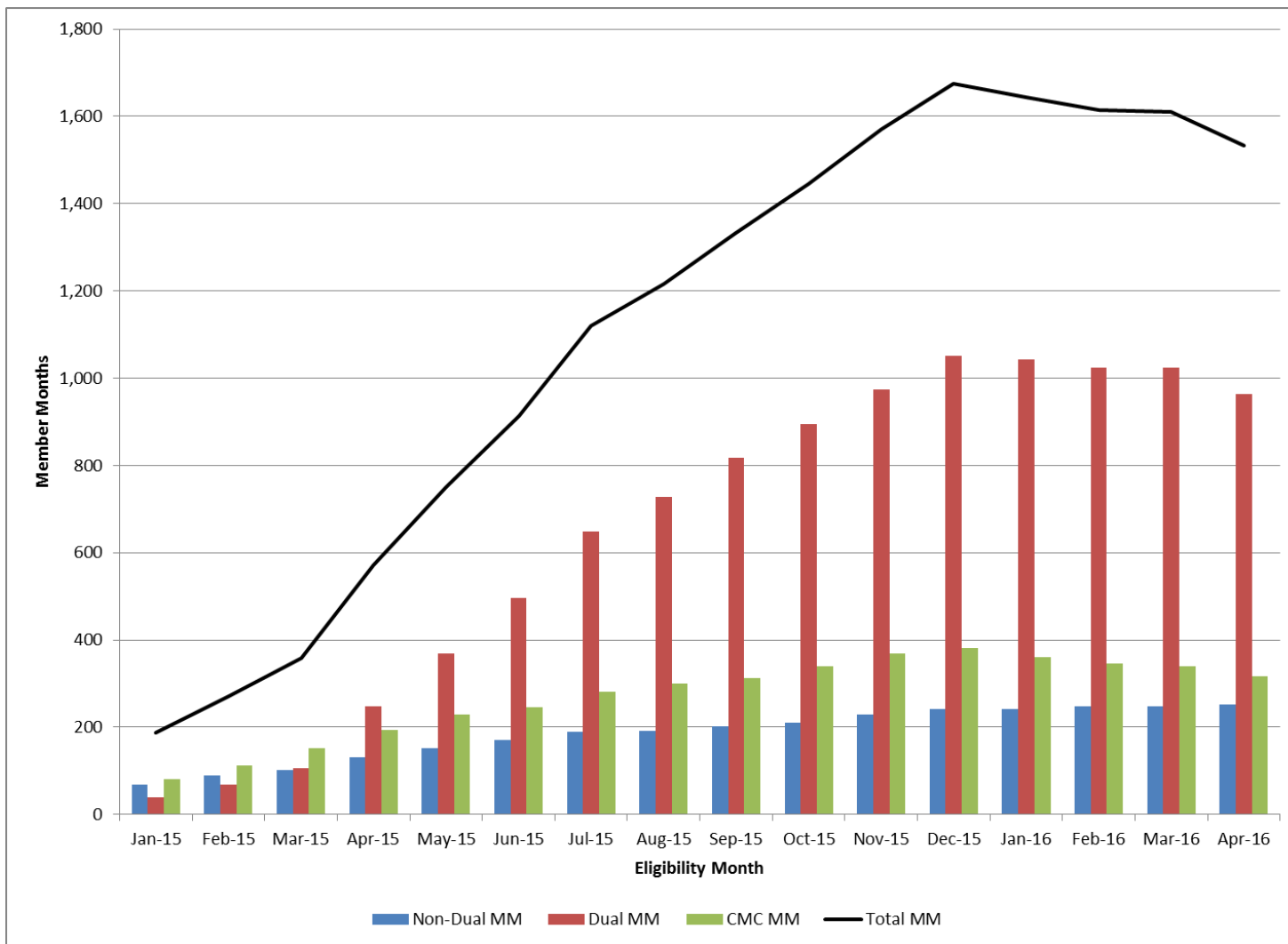


Graph 2: Represents all other operating revenue YTD compared to previous year. Increase of 197%.





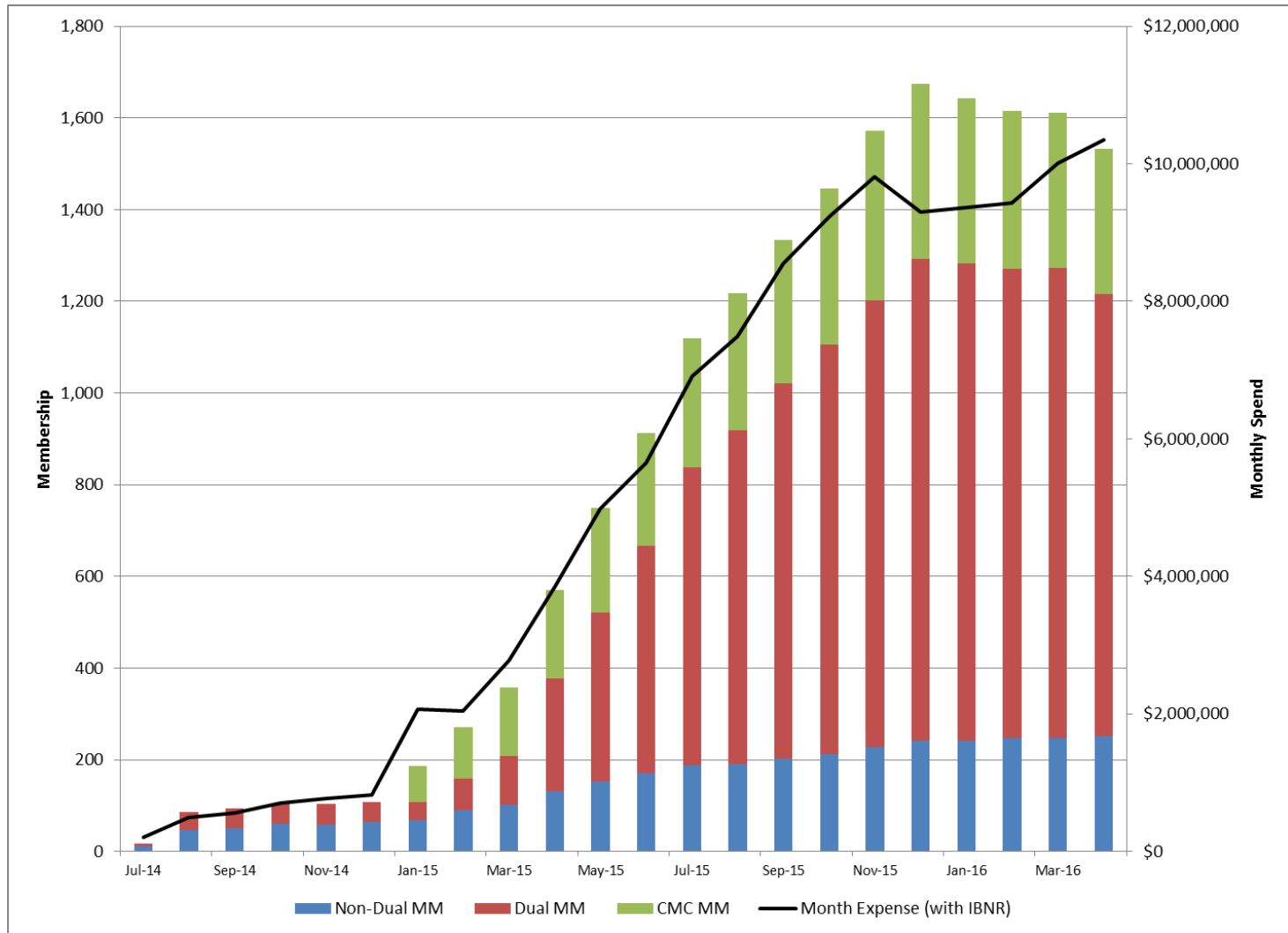
Long Term Care Membership Medi-Cal and CMC





Medi-Cal Long Term Care Experience

July 2014 – April 2016





Enrollment Summary April and YTD

Santa Clara Family Health Plan Enrollment Summary
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For the Month of Apr 2016

Ten Months Ending Apr 2016

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Prior Year Actual</u>	<u>Change FY16 vs. FY15</u>
Medi-Cal	257,469	247,402	4.1%	2,518,943	2,495,760	0.9%	1,893,060	33.1%
Healthy Kids	4,328	4,082	6.0%	43,215	42,997	0.5%	43,566	(0.8%)
Medicare	8,488	9,159	(7.3%)	85,373	86,748	(1.6%)	18,267	367.4%
Agnews	109	114	(4.4%)	1,100	1,118	(1.6%)	1,020	7.8%
Total	270,394	260,757	3.7%	2,648,631	2,626,623	0.8%	1,955,913	35.4%



Enrollment by Network - YTD

Santa Clara County Health Authority
April 2016

	Medi-Cal		Healthy Kids		CMC		AG		Total	
	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>
Direct Contract Physicians	22,399	9%	202	5%	8,488	100%	109	100%	31,198	12%
SCVHHS, Safety Net Clinics, FQHC Clinics	138,551	54%	2,913	67%	0	0%	0	0%	141,464	52%
Palo Alto Medical Foundation	7,362	3%	31	1%	0	0%	0	0%	7,393	3%
Physicians Medical Group	46,401	18%	1,041	24%	0	0%	0	0%	47,442	18%
Premier Care	15,782	6%	141	3%	0	0%	0	0%	15,923	6%
Kaiser	<u>26,974</u>	<u>10%</u>	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0%</u>	<u>26,974</u>	<u>10%</u>
Total	<u>257,469</u>	<u>100%</u>	<u>4,328</u>	<u>100%</u>	<u>8,488</u>	<u>100%</u>	<u>109</u>	<u>100%</u>	<u>270,394</u>	<u>100%</u>
Enrollment @ 6-30-15	<u>234,497</u>		<u>4,541</u>		<u>7,187</u>		<u>112</u>		<u>246,337</u>	
Net % Change from Beginning of FY	<u>9.8%</u>		<u>-4.7%</u>		<u>18.1%</u>		<u>-2.7%</u>		<u>9.8%</u>	

Membership has increased 9.8% since the beginning of the Fiscal Year, primarily as a result of Medi-Cal Expansion, which started January 1, 2014 and has grown to 81,122 members.



Enrollment by Aid Category

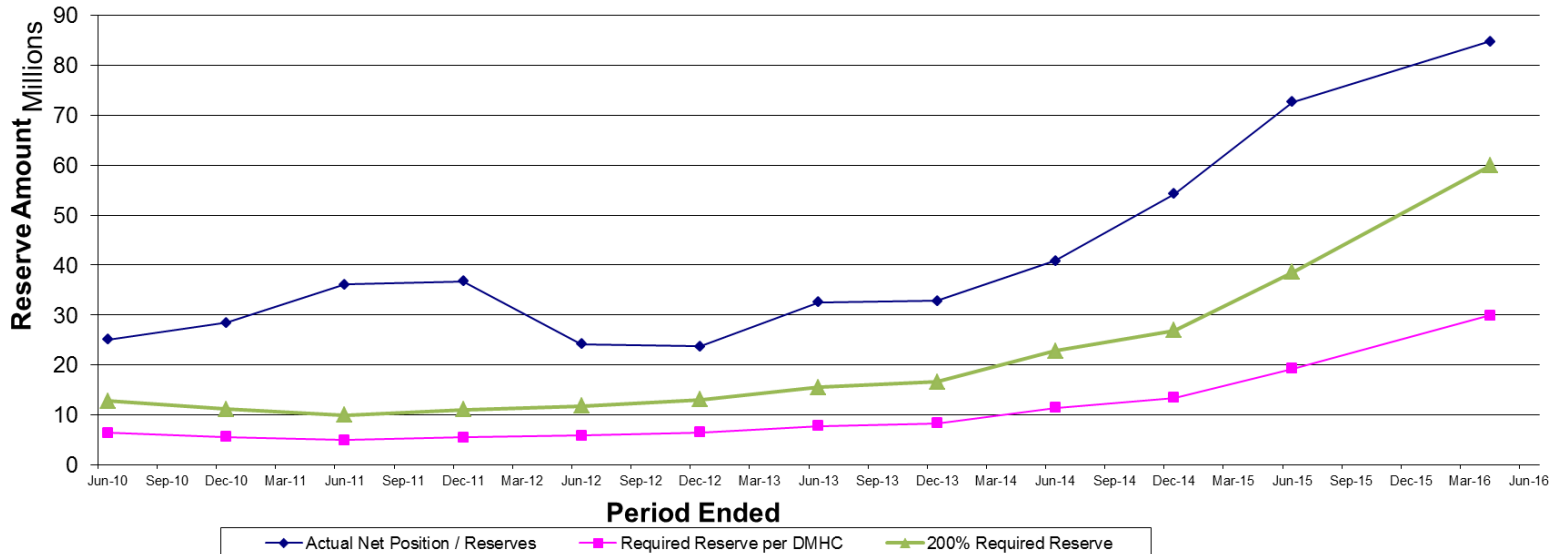
	2015-01	2015-02	2015-03	2015-04	2015-05	2015-06	2015-07	2015-08	2015-09	2015-10	2015-11	2015-12	2016-01	2016-02	2016-03	2016-04
Adult (over 19)	31,337	30,489	30,078	29,351	28,694	28,174	27,844	27,331	27,080	27,148	27,229	27,493	27,509	27,485	27,857	27,436
Adult (under 19)	80,858	82,029	83,777	85,840	88,550	90,811	92,782	95,564	97,888	99,822	101,801	103,082	102,500	103,017	104,739	104,442
Aged - Medi-Cal Only	8,208	8,425	8,366	8,522	8,664	8,731	8,642	8,730	8,858	8,909	9,103	9,235	9,241	9,158	9,150	9,145
Disabled - Medi-Cal Only	11,687	11,648	11,613	11,516	11,533	11,455	11,426	11,348	11,297	11,250	11,263	11,130	11,113	11,078	11,008	10,959
Child (HF conversion)	17,664	16,784	15,827	14,420	12,762	11,153	9,541	7,791	6,032	4,575	3,837	3,461	3,211	2,863	2,556	2,301
Adult Expansion	58,718	59,291	61,035	63,336	66,475	68,720	71,183	73,695	75,814	77,756	79,406	81,235	79,284	79,392	81,324	79,933
Other	44	50	49	53	52	51	48	47	55	47	45	45	40	40	42	42
Long Term Care	68	90	101	131	152	171	189	191	202	211	228	242	241	247	248	252
Total Non-Duals	208,584	208,806	210,846	213,169	216,882	219,266	221,655	224,697	227,226	229,718	232,912	235,923	233,139	233,280	236,924	234,510
Aged	4,295	5,381	6,274	7,339	8,340	9,299	9,998	10,673	11,579	12,436	13,389	14,048	14,090	14,261	14,323	14,343
Disabled	2,461	2,913	3,251	3,659	4,030	4,444	4,727	4,932	5,235	5,544	5,852	6,042	6,049	6,070	6,058	6,050
Other	841	883	951	1,009	1,066	1,151	1,238	1,303	1,370	1,458	1,483	1,638	1,638	1,654	1,701	1,711
Long Term Care	39	68	106	247	369	496	649	727	818	894	974	1,051	1,042	1,023	1,024	964
Total Duals	7,636	9,245	10,582	12,254	13,805	15,390	16,612	17,635	19,002	20,332	21,698	22,779	22,819	23,008	23,106	23,068
Total Medi-Cal	216,220	218,051	221,428	225,423	230,687	234,659	238,267	242,332	246,228	250,050	254,610	258,702	255,958	256,288	260,030	257,578
Healthy Kids	4,793	4,665	4,623	4,584	4,595	4,541	4,496	4,598	4,375	4,362	4,325	4,273	4,186	4,114	4,158	4,328
CMC Non-Long Term Care	5,477	6,049	6,397	7,033	6,607	6,941	7,261	7,399	7,599	8,014	8,537	9,317	8,799	8,541	8,389	8,171
CMC - Long Term Care	80	113	151	193	229	246	282	299	313	340	369	382	360	345	339	317
Total CMC	5,557	6,162	6,548	7,226	6,836	7,187	7,543	7,698	7,912	8,354	8,906	9,699	9,159	8,886	8,728	8,488
Total Enrollment	226,570	228,878	232,599	237,233	242,118	246,387	250,306	254,628	258,515	262,766	267,841	272,674	269,303	269,288	272,916	270,394



Tangible Net Equity at April 30, 2016

TNE is \$84.8 million or 2.83 times the minimum TNE required by the Department of Managed Health Care (DMHC). The Plans reserves are roughly \$69.7 million below the reserves targeted by the Authority Board of two months' Medi-Cal capitation revenue.

TNE Actual vs. Required





Date: June 16, 2016

To: Governing Board, Santa Clara County Health Authority

From: Christine Tomcala, CEO; Dave Cameron, CFO

Re: Fiscal Year 2016-17 Operating Forecast and Capital Budget

The enclosed package contains a draft of the Fiscal Year 2016-17 Operating and Capital Budget for your review and consideration. The proposed Fiscal Year 2016-17 Operating Budget, with revenues of \$1.14 billion, represents a 5.3 percent increase over fiscal year 2015-16 forecasted revenue of \$1.09 billion.

Santa Clara Family Health Plan has experienced substantial growth over the last three years. Since July 2014, membership has grown 42 percent, 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 pilot are for long-term care, behavioral health services, Multi Services Senior Program, In-Home Supportive Services, and Medicare.

In the upcoming fiscal year, SCFHP is projecting more modest growth, with projected membership growth of 2.4 percent, reaching 279,307 members by June 2017.

Key Fiscal Year 2016-17 budget assumptions include:

Membership

- < Overall, the projected membership growth between Fiscal Year 2015-16 and Fiscal Year 2016-17 is expected to be 6,494 members or 2.4 percent, with member months growing by 115,239 or 3.6 percent.
- < Medi-Cal membership is projected to grow 3.8 percent, primarily in the Duals and Expansion category of aid.
- < CMC membership is projected to decline by 5.2 percent. With current opt-out rates and passive enrollment ending December 2015, we are anticipating a decline in membership. The State has approved a streamlined enrollment process that will allow plans to better facilitate voluntary enrollment, which should help offset the high current opt-out percentage.
- < Healthy Kids enrollment is forecasted to decline substantially with undocumented children newly eligible for Medi-Cal (under SB75 legislation) transitioning out.

Revenue

- < Medi-Cal (non-expansion and non-Duals) revenue assumes a 6 percent rate increase based on draft rates received from DHCS on April 2016.
- < Medi-Cal expansion revenue reflects a 15.4 percent rate decrease based on the draft rates received from DHCS in April 2016.
- < CMC revenue is based on 2016 rates from CMS, with the Medi-Cal component based on rates released in April, further adjusted for actual enrollment in the specified population cohorts. The budget does not include projections for sweep risk

adjustment. In addition, the budget assumes year 2 and year 3 CMS savings targets of 3.45% and 5%, and quality withholds of 2% and 3%, respectively.

- < Healthy Kids revenue is expected to decline consistent with declining membership.

Health Care Costs

- < Health care cost projections are based on several methods, predominantly current trends calculated from historical experience. In addition, adjustments were made to account for known changes to program structure, expected provider increases, and/or actuarial estimates for Medi-Cal Classic, Medi-Cal Expansion, CMC, and CCI.

General and Administrative

The primary drivers are increased staffing to accommodate recent growth and significant opportunities in health services, compliance, policies and procedures, audit outcomes, and NCQA accreditation readiness.

- < Administrative expenses, still low by industry standards, are budgeted for Fiscal Year 2016-17 at \$43.2 million or 3.8 percent of revenue.

Operating Surplus

Combined operations are budgeted to produce a net operating surplus of \$11.7 million or 1.0 percent of revenue.

Capital Expenditures

The proposed Fiscal Year 2016-17 Budget includes a forecast of \$10.4 million for capital expenditures. Of the total request, \$6.8 million is for a new claims processing system to consolidate two systems processing Medi-Cal and Medicare claims separately. Approximately, \$3.1 million is for information services including licenses, upgrade of existing IT infrastructure, and purchase of new applications to meet the membership growth and to manage the regulatory requirements more efficiently. The remaining \$0.5 million is for capacity expansion in the existing building as well as provision for tenant improvements in a new building to accommodate the projected personnel growth, if needed.



Santa Clara
Family Health Plan

The Spirit of Care

Fiscal Year 16-17 Proposed Operating Budget

Governing Board Meeting

June 23, 2016



Overview

- Background
- Consolidated Budget
- Budget Assumptions
- Enrollment, Revenue, and Expense Details
- Summary by Line of Business
- General and Administrative Expenses
- Fund Balance and TNE
- Capital Budget



2016-2017 Programs

- Medi-Cal (Classic and Expansion)
- Cal MediConnect
- Healthy Kids



Budget Development

Revenue

- Membership by Aid category
- Projected growth/contraction
- Projected premium rate changes

Health Care Expenses

- Unit cost and utilization trends
- Provider increases
- Network and program changes

General and Administrative

- Salaries and Wages
- Professional fees, Purchased services, Occupancy costs, Printing/Postage, and other operating costs



Consolidated Budget

	FY 2015-16 Forecast	FY 2016-17 Budget
Average Monthly Enrollment	266,064	275,667
Revenues	\$ 1,087,042,120	\$ 1,144,894,628
Health Care Costs	1,037,861,838	1,088,901,437
Administrative Expenses	35,813,214	43,227,982
Other Income/Expense	(865,386)	(1,030,109)
Net Surplus (deficit)	12,501,682	11,735,100
Medical Loss Ratio	95.5%	95.1%
Administrative Ratio	3.3%	3.8%
Net Surplus (Deficit) %	1.2%	1.0%



Consolidated Budget by LOB

	Consolidated	Medi-Cal		CalMediConect		Healthy Kids	
	Totals	Totals	PMPM	Totals	PMPM	Totals	PMPM
Member Months	3,308,010	3,188,966		92,336		26,708	
Revenues:							
Capitation and Premium Revenue	\$ 1,144,894,628	\$ 991,035,603	\$ 310.77	\$ 151,499,844	\$ 1,640.75	\$ 2,359,181	\$ 88.33
Total Revenues	\$ 1,144,894,628	\$ 991,035,603	\$ 310.77	\$ 151,499,844	\$ 1,640.75	\$ 2,359,181	\$ 88.33
Medical Expenses:							
Capitation	\$ 423,899,295	\$ 422,719,729	\$ 132.56	\$ -	\$ -	\$ 1,179,567	\$ 44.17
Hospitalization	\$ 130,802,952	\$ 80,108,855	\$ 25.12	\$ 50,577,144	\$ 547.75	\$ 116,954	\$ 4.38
Professional	\$ 88,669,646	\$ 75,254,754	\$ 23.60	\$ 12,656,208	\$ 137.07	\$ 758,683	\$ 28.41
Emergency Services	\$ 12,585,217	\$ 9,572,314	\$ 3.00	\$ 2,981,259	\$ 32.29	\$ 31,644	\$ 1.18
Pharmacy	\$ 156,913,796	\$ 125,704,624	\$ 39.42	\$ 31,033,709	\$ 336.10	\$ 175,462	\$ 6.57
LTC and Institutional Extended Care	\$ 102,948,417	\$ 75,742,128	\$ 23.75	\$ 27,206,289	\$ 294.64	\$ -	\$ -
IHSS	\$ 168,757,041	\$ 145,114,528	\$ 45.51	\$ 23,642,513	\$ 256.05	\$ -	\$ -
Other	\$ 4,325,074	\$ 4,254,702	\$ 1.33	\$ 62,033	\$ 0.67	\$ 8,338	\$ 0.31
Total Medical Expenses	\$ 1,088,901,437	\$ 938,471,634	\$ 294.29	\$ 148,159,155	\$ 1,604.57	\$ 2,270,648	\$ 85.02
MLR	95.1%	94.7%		97.8%		96.2%	
Gross Margin	\$ 55,993,191	\$ 52,563,969	\$ 16.48	\$ 3,340,690	\$ 36.18	\$ 88,532	\$ 3.31
Administrative Expenses	\$ 43,227,982	\$ 37,426,361	\$ 11.74	\$ 5,715,215	\$ 61.90	\$ 86,406	\$ 3.24
ALR	3.8%	3.8%		3.8%		3.7%	
Other Income/(Expenses)	\$ (1,030,109)	\$ (891,667)	\$ (0.28)	\$ (136,315)	\$ (1.48)	\$ (2,126)	\$ (0.08)
Net Surplus (Deficit) \$	\$ 11,735,100	\$ 14,245,940	\$ 4.47	\$ (2,510,840)	\$ (27.19)	\$ 0.00	\$ 0.00
Net Surplus (Deficit) %	1.0%	1.4%		-1.7%		0.0%	



Budget Assumptions (Revenue)

- Revenue grows from \$1,087 million in FY 2016 to \$1,145 million in FY 2017 (annual growth of 5.3%). The increase is largely attributed to the growth in Medi-Cal Expansion and Coordinated Care Initiative (CCI) lines of business.
 - Membership reaches 279,307 by June 30, 2017 from 272,813 at the close of the FY 2016 (annual growth of 2.4%).
 - The majority of Healthy Kids transition to Medi-Cal by September 30, 2016.
 - CMC revenue is based on 2016 rates from CMS, with the Medi-Cal component based on rates released in April, which were further adjusted for actual enrollment in the specified population cohorts.
 - Does not include projections for sweep risk adjustment.
 - Assumes Year 2 and Year 3 CMS savings targets of 3.45% and 5% and quality withholds of 2% and 3%, respectively.
 - Long term care (LTC) members expected to stay flat at ~1,225 during FY 2017 after a 78% growth in FY 2016.
 - Medi-Cal Classic revenue includes a 6% rate increase.
 - Medi-Cal Expansion revenue reflects a 15.4% rate decrease.

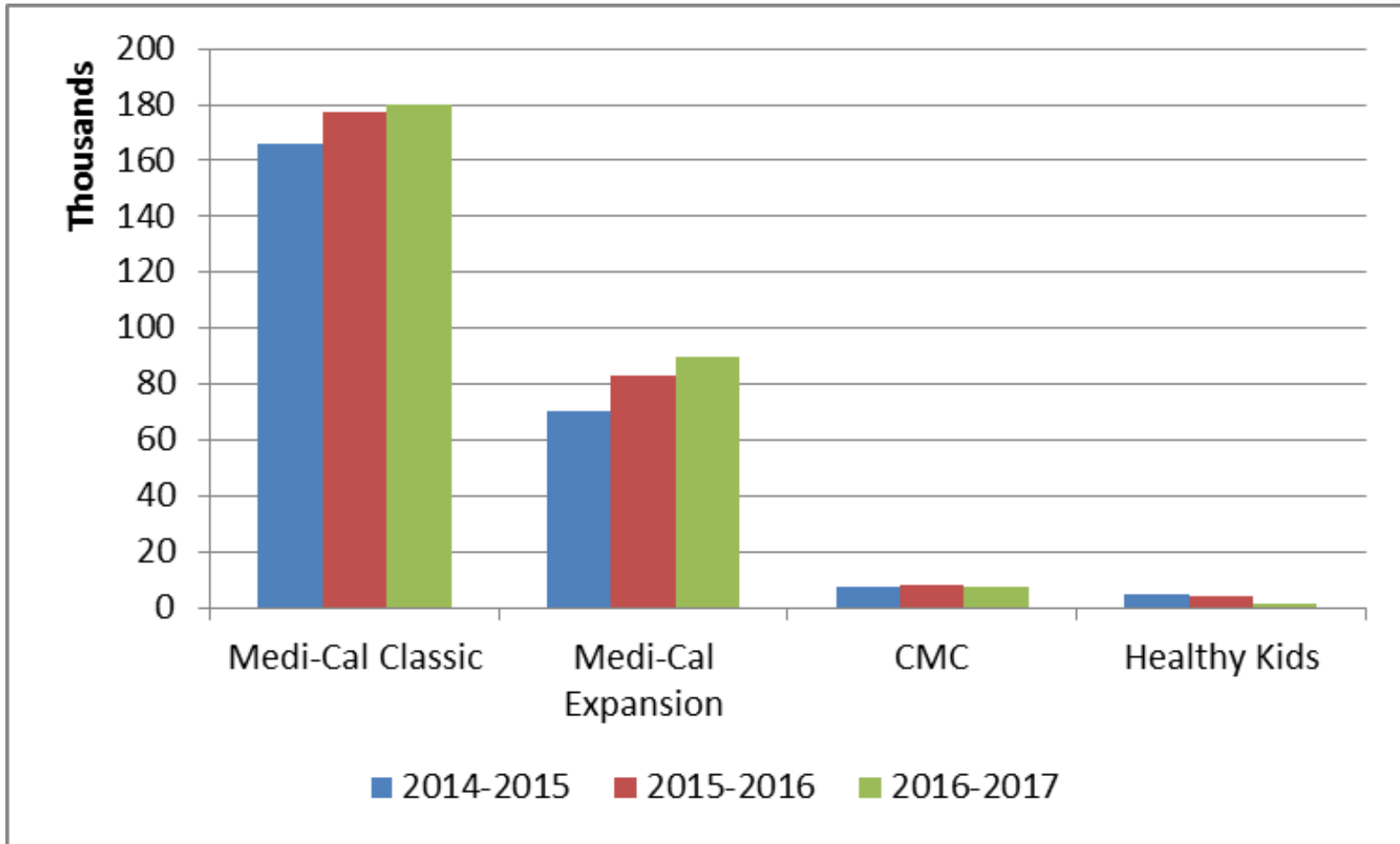


Budget Assumptions (Expense)

- **Health care costs grow from \$1,038 million in FY 2016 to \$1,089 million in FY 2017 (annual growth of 4.9%).**
 - Health care costs for FY 2017 are projected to be 95.1% of revenue.
 - Several methods were utilized in the development of medical expense forecasts; primarily, projections were based on trends calculated from historical experience.
 - Adjustments were applied to account for known changes to operations, program structure, benefits, and regulatory policies.
- **General and Administrative costs grow to \$43 million in FY 2017. The increase is largely attributed to additional staffing needed to “catch up” to the rapid membership growth the plan has experienced and also to fill significant gaps in various departments.**
 - Administrative expenses for FY 2017 are projected to be 3.8% of revenue.



Member Months



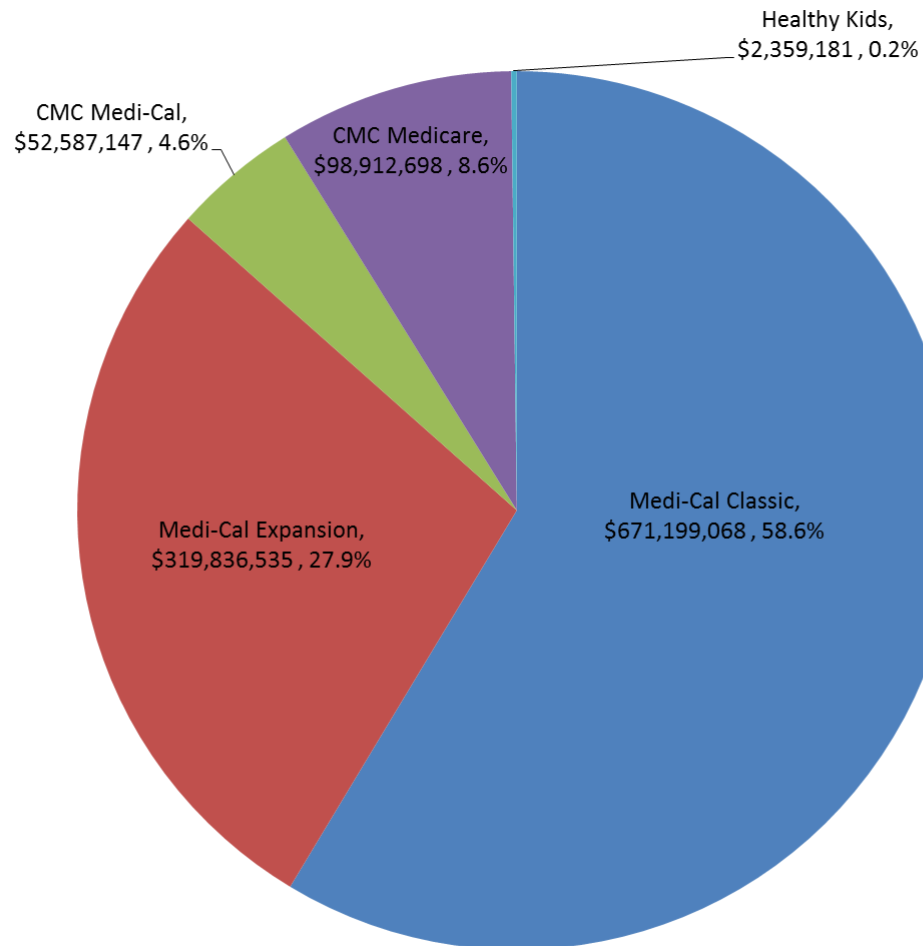
Enrollment

	Actual Member Months										Budget
	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Medi-Cal	862,673	926,365	1,019,720	1,126,280	1,227,263	1,347,077	1,551,705	1,927,440	2,584,745	3,039,138	3,188,966
<i>Annual Growth</i>		7.4%	10.1%	10.4%	9.0%	9.8%	15.2%	24.2%	34.1%	17.6%	4.9%
Cal MediConnect									39,516	101,577	92,336
<i>Annual Growth</i>										157.1%	-9.1%
Healthy Kids	157,330	136,240	114,387	104,141	87,437	77,970	69,109	63,893	57,356	52,056	26,708
Agnews	-	206	1,206	1,684	1,640	1,566	1,524	1,426	1,359	-	-
Healthy Families	156,983	177,695	192,882	194,456	205,944	205,439	103,451	212	-	-	-
Healthy Workers	-	-	-	77	1,616	4,754	6,730	3,395	-	-	-
Healthy Generations	899	18,234	40,350	24,679	-	-	-	-	-	-	-
Total	1,177,885	1,258,740	1,368,545	1,451,317	1,523,900	1,636,806	1,732,519	1,996,366	2,682,976	3,192,771	3,308,010
<i>Annual Growth</i>		6.9%	8.7%	6.0%	5.0%	7.4%	5.8%	15.2%	34.4%	19.0%	3.6%
Average Covered Lives	98,157	104,895	114,045	120,943	126,992	136,401	144,377	166,364	223,581	266,064	275,667

Overall, SCFHP's covered lives are projected to average 275,667 resulting in 3,308,010 member months for 2016-17.



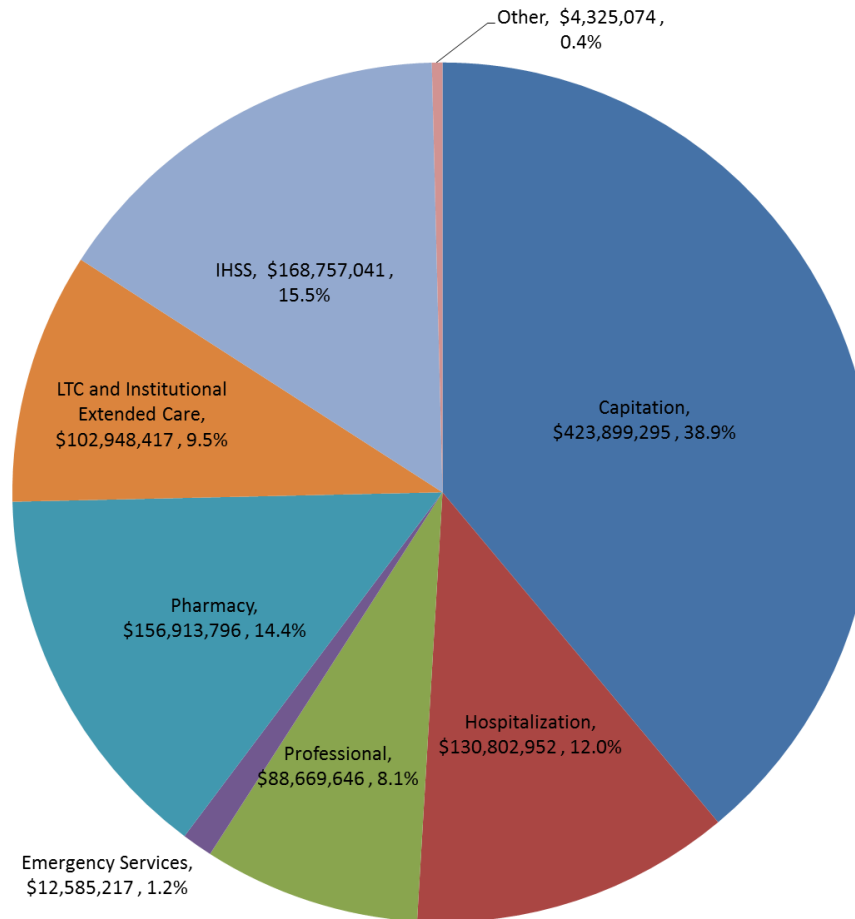
Revenue Distribution



Total FY17 Revenue = \$1,144,894,628



Health Care Costs Distribution



Total FY17 Health Care Costs = \$1,088,901,437



Medi-Cal

\$991,035,603

Revenue

- Projects modest membership growth of 3.8% with the dual population growing at a higher rate than the non-dual population. Expansion membership still growing at 8.6% annual rate.
- Revenues based on preliminary FY 2017 rates received from DHCS, which reflect a 6% increase in non-expansion and non-duals rates. Expansion revenue rate expected to decrease by 15.4%.
- Hepatitis C revenue based on historical utilization trends applied to current reimbursement rates.

\$938,471,634

Health Care Expense

- FFS costs based on historical claims experience adjusted for utilization trends and contracted rates.
- Capitation payments based on expected capitation rates and network distribution as of April 2016.
- Upward PMPM trends for pharmacy, inpatient, and outpatient services. Hepatitis C drug costs projected at 100% of revenue.
- LTC expense growth projected to stabilize after a rapid increase in FY 2016.
- Continued payment of Medicare rates for certain Medi-Cal primary care services.

\$ 37,426,361

Admin Cost

- Based on 2017 admin budget with LOB allocations based on premium revenue.
- Admin cost as a % of revenue = 3.8%.

Projected Surplus of \$14,245,940

Cal MediConnect

\$151,499,844

Revenue

- New Line of Business commenced 01/01/2015; passive enrollment ended in December 2015. Higher than expected opt-out rate resulting in a modest decline in membership to 7,778 from a peak of 9,397 in December 2015.
- Medicare Revenue based on 2016 county risk adjusted base premium.
- Medi-Cal revenue blending based on projected membership mix and 2015 DHCS draft rates.

\$148,159,155

Health Care Expense

- FFS costs based on historical claims experience adjusted for utilization trends and contracted rates.
- Long Term Care accounts for 39% of the projected total costs for CMC Medi-Cal.
- Pharmacy accounts for 34% of the projected total costs for CMC Medicare.

\$ 5,715,215

Admin Cost

- Based on 2017 admin budget with LOB allocations based on premium revenue.
- Admin cost as a % of revenue = 3.8%.

Projected *Deficit* of \$(2,510,840)

Healthy Kids

\$2,359,181

Revenue

- Decreasing membership based on current trends and SB75 transition impact.
- No significant change in premium revenue or members' contribution.

\$2,270,648

Health Care Expense

- FFS Medical expenses based on historical claims experience incurred through April 2016.
- Provider capitation payments based on current rates applied to projected network enrollment.

\$ 86,406

Admin Cost

- Based on 2017 admin budget with LOB allocations based on revenue.
- Admin cost as a % of revenue = 3.7%

Projected Break-Even (expense neutral)

General and Administrative

Payroll and Benefits

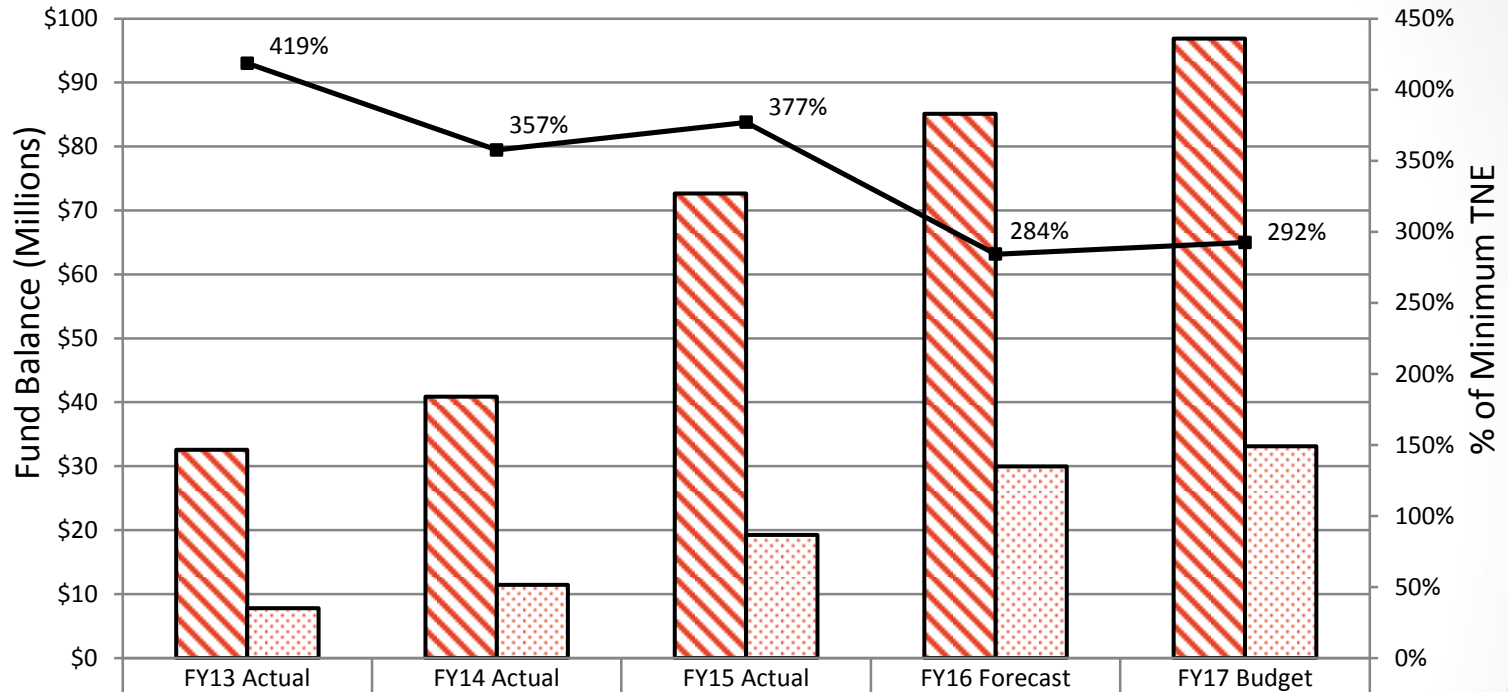
- Total cost increase over current year budget = 24%
- Proposed Budget adds 35 new positions. The hiring for these positions is contingent upon meeting pre-determined membership growth targets and/or efficiency and compliance metrics.
- Total current staff: 171 FTEs, 34 open positions, 15 temporary staff, and 11 consultants. Several of these temporary staff are expected to fill the vacant/new positions.




Non-Payroll Costs

- Total cost increase over current year budget = 5%
- Higher mailing expenses and contracted services to meet new regulatory requirements (e.g. CMC member surveys).
- IT initiatives to address membership growth, personnel growth, and upgrade of existing operational systems (e.g. claims processing).
- Provision for higher rent costs to accommodate personnel growth.
- Increases are partially offset by decreased legal and consulting costs incurred in FY 2016 for union contract negotiations and audit readiness.



Fund Balance and TNE



 Fund Balance	32,551,161	40,872,580	72,630,954	85,132,636	96,867,736
 Minimum TNE	7,778,000	11,434,000	19,269,000	29,952,000	33,124,053
 % of Minimum TNE	419%	357%	377%	284%	292%



Capital Budget

Description	Estimated Cost (\$)	Type	Business Need
Appeals & Grievance System	25,000	C	Compliance Software
Building reconfiguration for maximum capacity	327,700	L	Carpet, electrical, cubicles, HVAC, security
Moves and reconfigurations to accommodate projected growth	200,000	L	Placeholder for growth building TI costs
Lobby, Training, and Conference Room Upgrades	66,000	L	Installation of electrical and data monuments to meet fire code
Credentialing System	25,000	C	Carryover from last year
Budgeting System	25,000	C	Budgeting system
Claims System Conversion	6,800,000	C	Replace claims processing system
Optum, EDIFECs, Advanced Health	1,000,000	C	CMC - reporting, retro and prospective mining
Web Portal	500,000	C	NCQA Member and Provider Portal Requirement
Hardware and software	225,000	C	Disaster Recovery and Business Continuity
MS Licensing (Office 365, Server, SQL)	175,000	C	Increased server, email and SQL licenses. Windows OS licenses for VDI machines
VM Ware Upgrade UCS Hardware	150,000	C	Server redundancy and infrastructure growth
VM Ware Licensing VSOM / Horizon View VDI	140,000	C	Virtual Desktop, redundancy, and infrastructure growth
PureStorage Expansion	125,000	C	Total replacement for long term network storage
Workstations (VDI, PC, Laptops)	100,000	C	Replace PCs with thin clients and new workstations to support growth
Building network wiring cleanup	100,000	C	Network and legacy cabling becoming a hazard
IVR Upgrade (Inbound and Outbound)	75,000	C	Complete upgrade and enable call center best practices and better patient care
Conference Room Hardware / Revitalization	75,000	C	Updated control points, screens, and smartboards
Network Switch Upgrade	45,000	C	Replace switches < 1Ghz
Wells Fargo to Emdeon Check Process	35,000	C	Meet ANSI 835 and EFT Requirement
Varonis Network Security (Audit, HIPPA Compliance)	21,000	C	Resolve weakness for entitlement compliance requirement.
Symantec AntiVirus	15,000	C	Replace SOPHOS
Cisco CUUBE Licensing (Call Center Expansion)	15,000	C	Scale VoIP licenses for growth
Malwarebytes Enterprise	10,000	C	Enhanced malware protection
FWA Program Software	100,000	C	Fraud, Waste and Abuse Software, Implementation, and Maintenance
Home Office Setup	2,500	O	Placeholder for claims analysts' proposed telecommute program
TOTAL	10,377,200		

O = Office furniture and fixtures

L = Leasehold improvements

C = Computer equipment and software





MEMORANDUM

TO: SCFHP Governing Board
FROM: Sharon Valdez
RE: Benefits for Non-Bargaining Unit Staff
DATE: June 23, 2016

The Board ratified the SEIU MOU on April 28, 2016, which included additional and/or enhanced benefits for Represented employees.

The purpose of this communication is to request the Board to extend the same benefits to Non-represented employees. Those benefits include:

Paid Time Off

Three additional days of PTO after 10 years of service for exempt and non-exempt employees.

Bereavement Leave

“Immediate family” has been extended to any person living in the immediate household of the employee who has provided care to the employee or for whom the employee has provided care.

Leave has been increased from three (3) days to four (4) days if travel to attend a funeral of 500 miles or more is required.

Educational Reimbursement

SCFHP reimburses each unit member up to a maximum of \$2,000 per fiscal year for education.

Satisfactory completion of the approved course(s) has been changed from a grade of “B” to a grade of “C” or better.