Santa Clara Family Health Plan
The Spirit of Care

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Regular Meeting of the
Santa Clara County Health Authority Governing Board

Thursday, September 24, 2015
2:30 PM - 5:00 PM
210 E. Hacienda Avenue
Campbell CA 95008

AGENDA

1. **Roll Call** — Mr. Brownstein

2. **Minutes Review and Approval:** — Mr. Brownstein
   - June 25, 2015 Regular Board Meeting

3. **Public Comment** — Mr. Brownstein
   Members of the public may speak to any item not on the agenda; 2 minutes per speaker. The Board reserves the right to limit the duration of public comment period to 30 minutes.

4. **CEO Update** — Ms. Tomcala
   Discuss status of current topics and initiatives
   Possible Action: Accept CEO update

5. **Compliance Report** — Ms. Paige, Mr. Shah
   Review and discuss quarterly compliance activities and notifications
   Possible Action: Accept Compliance Report

6. **CMO Report** — Dr. Robertson
   Provide background and discussion of quality and utilization metrics
   Possible Action: Accept CMO Report

7. **May and June 2015 Financial Statements** — Mr. Cameron
   Review recent organizational financial performance and related variables
   Possible Action: Accept May and June Financial Statements

8. **Provider Pay for Performance Agreements** — Ms. Tomcala, Mr. Cameron
   Consider authorizing the CEO to execute FY'15 Pay for Performance Agreements consistent with prior years.
   Possible Action: Authorize the CEO to execute FY'15 Provider Pay for Performance Agreements

9. **FY 2015-16 Objectives** — Ms. Tomcala
   Consider approval of FY 2015-16 Plan Objectives
   Possible Action: Approve FY 2015-16 Objectives

10. Unified Managed Care Strategy Update — Mr. Brownstein

Provide status of recent discussions

Possible Action: Accept Unified Managed Care Strategy Update

11. Publicly Available Salary Schedule Changes — Ms. Valdez

Consider approval of Salary Schedule changes

Possible Action: Approve Publicly Available Salary Schedule

12. Committee Reports

a) Executive Committee Minutes — Ms. Lew

Review minutes of July 23, 2015 Committee Meeting

Possible Action: Accept July 23, 2015 Executive Committee Report

b) Consumer Affairs Committee — Ms. McClelland

Review minutes of June 9 and September 8, 2015 Committee Meeting

Possible Action: Accept June 9 and September 8, 2015 Consumer Affairs Report

c) Provider Advisory Committee — Dr. Robertson

Review minutes of February 12 and July 9, 2015 Committee Meeting

Possible Action: Accept February 12 and July 9, 2015 Provider Advisory Report

13. Adjournment — Mr. Brownstein

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 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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MINUTES - DRAFT

Board members present:
Ms. Michele Lew
Ms. Dolores Alvarado
Ms. Kathleen King
Ms. Linda Williams
Ms. Laura Jones
Ms. Jolene Smith
Mr. Christopher Dawes
Mr. Paul Murphy
Dr. Waldeman Wenner
Mr. Robert Brownstein
Mr. Darrell Evora

Board members not present:
Ms. Liz Kniss
Ms. Melinda Landau

Staff present:
Ms. Elizabeth Darrow, Chief Executive Officer
Mr. Dave Cameron, Chief Financial Officer
Mr. Jonathan Tamayo, Chief Information Officer
Mr. Jeff Robertson, Chief Medical Officer
Mr. Tony Solem, Chief of Medicare Operations
Mr. Gary Kaplan, VP Vendor Relations & Development Operations
Ms. Pat McClelland, VP Member & Medical Operations
Ms. Sharon Valdez, Vice President Human Resources

Others present:
Richard Noack, Hopkins and Carley LLC
Peter Goll, CEO Excel MSO LLC
Caitlin Grandison, SEIU Local 521
Cesar Mata, SEIU Local 521
Llecenia Solorio, SCFHP employee
April Price, SCFHP employee

1. **Roll Call**

   Chairperson Lew called the meeting to order at 2:30PM. Roll call was taken, and a quorum was established.

2. **Action Item: Review and approve minute's from the following meetings:**

   - **April 23, 2015 Regular Board meeting minutes**

     It was moved, seconded, and approved to accept the April 23, 2015 meeting minutes as presented. Dr. Wenner pointed out his name was misspelled.

   - **June 2, 2015 Special Board meeting minutes**

     It was moved, seconded, and approved to accept the June 2, 2015 meeting minutes as presented.

3. **Public comment**

   Llecenia Solorio an employee with SCFHP addressed the Governing Board and the Executive Team. Ms. Solorio stated that at the last Special Board meeting Mr. Cesar Mata, SEIU Local 521 representative, addressed the Board on her behalf, requesting to have SCFHP recognize the union of choice as SEIU. As confirmed, the employees have gained the majority vote to unionize and have filed according to the labor laws and regulations. However, these hard efforts to

this day have not been recognized. SCFHP at this time has not followed through to deliver the necessary documents to SEIU in order to move forward with our movement to unionize. Ms. Solorio stated "On behalf of myself and my colleagues we ask that SCFHP recognize SEIU 521 as our Union of choice, make right, as there is still an opportunity to work with management and begin proper negotiations and dialogues."

Ms. April Pitt an employee with SCFHP addressed the Governing Board and the Executive Team; stating she had the honor of speaking on behalf of her coworkers at the last Special Board meeting on June 2nd, at which time the SCFHP employees asked the Board and Executive Team to respect their decision to unionize, to remain neutral in the unionizing process, and allow employees to make their decision without intimidation. The employees asked the Board to recognize the union without delay, this has yet to occur. We urge the Board and Executive team to follow through with your commitment and respect workers by recognizing the bargaining unit immediately without delay. As previously stated we need quality jobs to provide quality services and believe that unionizing and negotiating a clear contract will be vital to the health plan's success.

Mr. Peter Goll, with PMG, the largest IPA in Santa Clara County currently servicing approximately 65,000 health members stated that he first had the opportunity to hear about the Unified Managed Care Strategy at the April 23, 2015, SCCHA Board meeting. Mr. Goll stated with the experience PMG has with SCFHP and the fact that they are the largest Independent IPA for SCFHP that they can provide a unique perspective to this process should the Board decide to move forward . PMG would like to petition the Board allow PMG to participate in any committee that would create a Unified Managed Care Strategy.

4. Action Item: Accept presentation on organizing efforts by SEIU 521

Mr. Noack, legal counsel, gave a status report on the progress made on the organizing efforts by SCFHP and SEIU Local 521. On June 12th the petition and notice to employees was posted and must remain posted until July 6th; this is an ongoing responsibility. SCFHP also gathered 92 names and titles in the petition for bargaining unit and it was actually determined to be 93 individuals. The deadline was to be within 20 days of the letter submitted by Public Employment Relations Board (PERB), that 20th day is tomorrow, June 26th; the names were submitted to PERB today, Thursday, June 25 so all deadlines have been met. Another focus for the efforts of compliance with respect to the Meyers-Milias-Brown Act (MMBA) has been to review the job descriptions through a Public Records Act request provided to SEIU Local 521. The job descriptions are being reviewed to determine whether or not there are individuals in the petition for bargaining unit that are more appropriately considered to be supervisory or management level. PERB will identify that as soon as an initial determination regarding the showing of interest has been made. The Administrative Staff of the Authority is trying to deal with how to run an operation and continue in the furtherance of the mission of the Authority while having a responsibility to maintain the status quo. I've been working with the administration to say this is something that we can move forward with or is this something covered by the status quo requirement for making sure we do not make changes in the working conditions. Once PERB makes the determination about the sufficiency of the showing of interest they will direct us to the next step in the process.

Mr. Brownstein, Board member, asked Mr. Noack what his sense was on the number of names and titles out of the 93 that are in positions where there is a question about whether they should be in the bargaining unit or not. Mr. Noack responded there are three different titles, coordinator, supervisor, and manager as well as some positions that are considered professional positions, which include any of the nurses for instance. There are also positions in the technology area that require professional degrees as a minimum requirement for that position and so that's another area to be considered, there are about 15-19 positions with those titles.

Mr. Noack stated he's had communications with SEIU Local 521 attorneys and stated this is a priority for the organization and the Authority will comply with the PERB process. The posting stays roughly 20 days; which gives individuals within the bargaining unit a chance to see if another bargaining unit is interested in organizing some of these workers and also to give fair opportunity for individuals in the bargaining unit to understand what's happening. It's a strictly adhered to time limit that the PERB has and we probably wouldn't be able to have any kind of recognition process before that, and they may wait until after the posting to see if another petition comes in. Some of the positions have coordinator in their title; the preliminary view was that coordinator isn't consistent with a professional title. The sense was in this organization some of the coordinator positions maybe actually coordinating services rather

than people and he needs to understand through the Authority in order to help the Authority do the right thing. In the event there is no other petition and if there is a 50% showing which is what the petition indicated then SCFHP would need to make sure there are not any positions which should be considered supervisory or management included in the bargaining unit.

Mr. Brownstein asked if the PERB process precludes us from making a decision about who's in the bargaining unit until July 6. Mr. Noack responded no, what happens if there was a disagreement on whether this is management level position or not; 1) the discussion with the Union could indicate there was an agreement a position should not be in the bargaining unit and they would withdraw that name. 2) if there is a dis-agreement that could affect the number of people in the showing of interest, it would also need to be resolved by PERB.

Ms. Caitlin Grandison, SEIU Local 521, stated that SCFHP employees have expressed over the last month, they're interest in expedited this process. SEIU Local 521 has requested to meet with management about these issues, and this is the first time we've heard about these particular positions. The employees and SEIU are encouraged to hear there's been some progress on that. There has been some concern about the current CEO's departure and SEIU wanted to ensure a smooth transition and there would be no delays as the administration changes. SEIU Local 521 has done an analysis of the job descriptions and may not be far off. Employees would like to start this relationship off on the right foot.

Mr. Noack stated PERB is going to want to try and move this process along as quickly as they can, part of this is the operational consideration for PERB, their own staffing and work load. Since SCFHP is covered by MMBA and does not have an employer/employee resolution, the entity would need to go through the general MMBA regulations established by the PERB. There is a request for an expedited process and I think we can make sure we are complying with the PERB process while taking care of some of these other issues. Communications can happen irrespective of what the PERB process is. But if there isn't an agreement about whether a particular position is appropriate in the bargaining unit or not, PERB would have to make that determination, which could take another 3-4 weeks depending on the availability of a hearing officer. Mr. Noack responded if there was an agreement and there was a withdrawal of some positions, depending on what the review of the job descriptions indicates it could cause some delay. If there's an agreement on the list of positions within the proposed bargaining unit, it's fairly cut and dry about whether the showing of interest is sufficient or not.

Mr. Dawes, Board member, stated SCFHP should absolutely move forward in an efficient and timely way and clearly follow the process which is guided by PERB. As a Board member I'm not clear why there seems to be a sense of crisis that we have to do it urgently. Ms. Lew, Chairperson, responded there's been some concern in regards to the leadership transition, with Ms. Darrow departing on June 30th. I and the rest of the Board are quite confident that as soon as we appoint an Interim CEO we can move forward in a timely manner and Ms. Lew assured the guests she is confident this will happen. Mr. Murphy commented that he did not feel like SCFHP was in a crisis and doesn't feel that it should be done tomorrow, we need to be educated about what the timelines are.

Mr. Brownstein responded he was not sure what produced a concern there was a crisis; he does not think there is one. People, who have never organized a bargaining unit before, may feel a sense of insecurity and people like to feel they are getting a response and if they don't' they become more insecure. Mr. Dawes commented that he felt that the comments that the staff made and others that there was a sense of urgency partly driven from Ms. Lew's point of transitioning a new CEO. The Board is going to appoint an Interim CEO who has been here many years so this should be a very smooth transition. Certainly as a Board member, I'm very supportive of SCFHP moving forward in a way where it is articulated and we can keep to a schedule and go through the process.

Dr. Wenner commented he wants to make sure the people from SEIU have a sense we are trying to move forward as rapidly as we can. Ms. Caitlin Grandison, SEIU representative, responded that PERB does have guidelines around the number of days to respond. SCFHP responded the second to last day before the request for names and titles were due, these are the things we would like to see sooner than later. Also for the record, there is nothing which precludes SCFHP and SEIU Local 521 from determining an appropriate bargaining unit before the question goes to PERB; in fact, we have spoken to PERB and their attorney and have been assured it is perfectly fine to meet outside the process.

It was moved, seconded and approved to accept the presentation.

5. Action Item: Accept March and April 2015, Financial Statements.

Mr. Cameron presented the highlights for Fiscal year 2014-2015. Mr. Cameron covered the financial results summary for the year to date as of April 2015; SCFHP recorded a net surplus of $0.8m and YTD $15.7m ($1.1m favorable to budget). YTD Revenue was over budget by $71.8m, with Medical expenses over budget by $67.8m. Administrative expenses were under budget by $1.0m and other expenses were over budget by $3.9m. April 2015 membership was at 238,221 (19.5% favorable to budget). For April YTD there were 2,194,136 member months (13.2% favorable to budget and 36% higher than April YTD last year), and continued growth in Medi-Cal Expansion membership (94% favorable to budget).

Mr. Cameron commented that at the end of this month the plan would have ~65,000 expansion members.

Mr. Cameron presented the roll up of member months with the YTD medical expense ratio 93.3% and administrative expense loss ratio at 3.4%.

Mr. Cameron remarked on how significant Medi-Cal expansion has been to SCFHP and others throughout the State; they're now 21% of our membership. Going from zero a year and half ago to 21% of our membership and 44% of our gross revenue is significant.

Mr. Cameron also commented on the Enrollment by Aid category; most of the growth was in aged/disabled, and duals. Duals have been increasing this year because the Cal MediConnect opt out. Ms. Darrow commented duals are a mandatory Aid code now so they have to be in Medi-Cal Managed Care. Ms. King inquired as to how many are children and how many are adults. Mr. Cameron responded we can provide the details.

Mr. Murphy inquired about the other duals line; are there people who are in the plan for their Medi-Cal part of their dual eligibility not their Medicare because they opted out. Mr. Cameron responded yes, that is a majority of the increase.

Ms. Darrow responded to Cal Medi-Connect, the 19 and over children are not included in the counting and it could also include the individuals who are partial duals. That's another category exempt from Cal MediConnect. Ms. Smith asked if children are in the disabled dual or others duals and if there was a way to find that information. Ms. Darrow replied they could be, yes, but historically it's a very small number.

Lastly Mr. Cameron gave an update on tangible net equity; SCFHP is at $56.6m or 3.32 times the minimum TNE required by the Department of Managed Health Care (DMHC). The plans reserves are roughly $75.8m below the reserves targeted by the Authority Board of two months' Medi-Cal capitation revenue.

Mr. Brownstein asked when they implement the measure the governor signed to have children back in full service Medi-Cal, would they stay with the health plan? Ms. Darrow replied maybe, the governor's budget effective May 2016 does include that and he did sign it. The last thing we want is DMHC involved in all of this, because they have stringent rules about closing the health plan and where the kids go, lots of bureaucratic hurdles. The goal is for SCFHP to advocate for a seamless movement of healthy kids into our Medi-Cal program and so we're going to start pushing DHCS and DMHC. Valley Health Plan is starting Valley Kids and maybe this is a place for those kids to migrate, DMHC is involved with that population. Mr. Cameron asked Ms. McClelland to clarify what that number was and Ms. McClelland responded 3,800.

It was moved, seconded and approved to accept March and April 2015, Financial Statements

6. Discussion Item: Presentation on Budget Preview

Ms. Darrow gave a preview of the budget; she commented she would not be giving a formal presentation but will lay out a few things, so the Board can understand why the budget is going where it is and what's in play; the new rates came in last week after we had completed our budget.

- **Provider rate increases**; when the issues with O'Connor and St. Louise started to happen and play out publicly, network came back for higher rates because they expected they would start to see more Medi-Cal, at which point we started to see an increased inpatient rates.

- **Utilization increases;** our Medi-Cal business and growing adult population, SCFHP has starting to see increased healthcare cost via utilization. SCFHP is having higher Emergency Room Utilization, outpatient surgery, there was a lot of out-patient surgery at O'Connor and they are no longer taking our patients so SCFHP has to use outpatient surgery centers and there's a premium to use those centers.

- **Pharmacy;** continues to be terrifying for almost every organization in the country that's been involved in HepC. Especially in our Medicare where the rates were determined prior to HepC drugs coming out on the market. There are also several pipeline drugs and they are probably going to present on the market just like HepC did at $1,000 a pill if not more.

You'll also see staff growth included in the budget, SCFHP anticipates we will continue to hire more staff, and have them scheduled in such a way that membership will drive hires. If the membership doesn't grow the way we're projecting then SCFHP will modify some of the hires.

And the last thing is we have budgeted for a 4% merit based increase, but we have been advised to put that on hold as part of maintaining the status quo. And so we want to make sure it's pointed out in the budget and instead of applying that just to the bargaining unit we would apply it across the board for all staff.

Ms. Darrow commented she wanted to bring those highlights to the Board's attention. I will talk further on Medicare because we did anticipate some challenges there.

It was moved, seconded and approved to accept the Presentation on Budget Preview

7. Action Item: Approve SCFHP budget for FY15-16

Mr. Cameron, Chief Financial Officer, gave a detailed overview of the FY15-16 budget. As a result of The Affordable Care Act (ACA) and other major initiatives by the State, FY 2014-2015 was a year of significant growth and challenges for SCFHP. The primarily growth area was Medi-Cal Expansion, which is forecasted to grow to 70,392 members this FY. The Coordinated Care Initiative (CCI) and Cal MediConnect (CMC) pilot which includes expanded Medi-Cal benefits for long-term care, behavioral health services, Multi Services Senior Program Waiver, In Home Supportive Services and Medicare also contributed to the plan's growth in the fiscal year 2014-2015. This growth and required resource allocation is reflected in the proposed FY 2015-2016 Operating Budget. Revenue is projected to increase by 25.4%, from $776,409,596 to $973,841,005. The proposed budget surplus is $11.6 million or 1.2 percent of revenue.

Key fiscal year 2015-2016 budget assumptions include:

Membership:

- Membership growth of 4.3 % to reach 259,254 members by July 2016, from 248,477 at the close of the FY 2014-2015. The growth is largely attributed to the Medi-Cal Expansion, the CCI, and CMC lines of business.
- CMC commenced in January 2015, with passive enrollment of 6,301 and is anticipated to grow to 10,000 members by June 30, 2016.
- Long term care (LTC) members expected to grow from 300 in FY2014-2015 to 1,400 in FY2015-2016.

Revenue:

- Medi-Cal Classic revenue includes a 3% rate increase.
- Medi-Cal expansion revenue reflects a 20.7 % rate decrease.
- CMC based on 2015 rates from CMS with Medi-Cal Component based on projected membership mix.
- Healthy Kids revenue expected to decline slightly consistent to declining membership.

Health care costs:

- Health care costs are based on current trends and expected provider increases or actuarial estimates for Medi-Cal, Medi-Cal Expansion, and CMC
- Per February Board resolution in February 2015, SCFHP will continue paying primary care physicians at Medicare

rates until excess funds are depleted.

General and Administrative:

- The primary drivers are increased staffing to accommodate the new programs and the implementation of the new computer system to support the CMC program.
- Administrative expenses for the FY 2015-16 are projected to be $31,359,811 or 3.2% of revenue.

Revenue grows from $776 million in FY 2015 to $974 million in FY 2016 (annual growth of 25.4%). The increase is largely attributed to the growth in Medi-Cal Expansion, Coordinated Care Initiative (CCI), and Cal MediConnect (CMC) lines of business. Membership reaches 259,254 by June 30, 2016 from 248,477 at the close of the 2014-2015 FY (annual growth of 4.3%).

- CMC pilot commenced January 2015 with passive enrollment of 6,301 and is anticipated to grow to 10,00 members by June 30, 2016. (Note: Passive enrollment ends December 2015)
- Long term care (LTC) members expected to grow from 300 to 1,400 during FY 2015-16.
- Medi-Cal Classic revenue includes a 3% rate increase.
- Medi-Cal Expansion revenue reflects a 20.7% rate decrease.

Health care costs grow from $726 million in FY 2015 to $925 million in FY 2016 (annual growth of 27.4%). The health care costs grow at a higher rate than the revenue based on increasing current utilization and unit cost trends and expected provider increases or actuarial estimates for Medi-Cal Expansion, CCI, and CMC.

- Per February 5th Board resolution, SCFHP will continue paying Medicare rates for certain Medi-Cal primary care services until excess funds are depleted.

General and Administrative costs grow to $31 million in FY 2015-16. The increase is largely attributed to additional staffing needed to accommodate the new programs and the implementation of the new computer system to support the CMC program.

Ms. Smith inquired what happens to the Healthy Kids revenue if it is not in the budget. Ms. Darrow responded they were moved to Medi-Cal and the funds go back to the county. Therefore, it is county money and the only thing supporting Healthy Kids now.

Ms. Darrow commented the costs for Long Term Care (LTC) are unavoidable cost; we can affect the overall cost by avoiding readmissions to the hospital. For instance, there are more frequent emergency visits and hospitalization because sometimes the nursing homes move individuals as opposed to providing IV or similar ancillary services for the Medicaid population. Fortunately SCFHP has control mechanisms in place to control these costs. We have snippets, which demonstrate, through many different markets, that requiring doctor's authorization for such moves have a significant impact on lowering these utilization rates. Mr. Brownstein inquired whether these patients are in LTC for good or only until we find another appropriate but less expensive facility for them or if they are individuals who will go back to some other secondary plan? Ms. Darrow replied if they are in Long Term Care and the Health Plan can find transition opportunities, we will transition some of those individuals; but, generally anyone who has been institutionalized for 3-4 years will usually stay in LTC for the duration of their lifetime.

Ms. Darrow commented that in the next few years, DMHC is considering moving SCFHP to a Risk Based Capital (RBC) model. California is the only state that does not use a RBC model for healthcare. However, when The RBC model is adopted, it is expected to be phased in slowly. In general, the RBC model requires a higher reserve level than that is required by the current TNE model. It should be noted that SCFHP CMC line of business is 100% fee-for-service based, which makes our current reserve requirement possibly higher than might be required by the RBC model.

Ms. Williams asked do we anticipate more costly drugs such as Hep C to be approved this fiscal year. Mr. Robertson, Chief Medical Officer, responded yes; this summer, blockbuster drugs called PD1s (also called super statins), which are powerful injectable cholesterol lowering drugs, could be approved. We're expecting there will be a high demand and they would cost about $1,000 per person. Mr. Murphy inquired if these new drugs were ongoing versus the Hep C drugs' usage; Ms. Darrow responded that they last the life time.

Mr. Dawes requested to revisit the current TNE policy. It is important for us to be educated as to what our risk profile is now versus what it used to be. This is a complex area and it would be a helpful to the Board to have some education on our risk profile and what the implications are and why we need to maintain the targeted reserve level. The reserve required by the state is not the issue; the real issue is what we need to sustain the enterprise. Mr. Cameron responded it will be placed on the agenda for the next Board meeting on September 24th.

It was moved, seconded, and approved to accept the FY15-16 Budget.

8. **Action Item: Approve Sick Leave Policy**

Ms. Valdez, VP Human Resources, addressed the Sick Leave Policy; effective July 1, 2015 California employers are required to provide employees with 24 hours of paid sick leave. At the present time the health plan has a very generous paid time off policy in place that's already substantially compliant with this new law. Although the employers have various choices to meet the requirement of this new law we understand the importance of maintaining the status quo right now, so we've worked with council and taken our current policy and made some very minor modifications to the language so that it complies with current law while maintaining our current benefits, we have not added nor taken away any PTO. We've maintained the current policy but made minor language changes to comply with the law.

Ms. Alvarado, Board member, commented since most of us sitting around the table are under the same law in our own agencies, what is the language you changed and is it here in the document you provided. Ms. Valdez responded she did not supply a copy of the changes, but can forward a copy of the policy.

It was moved, seconded and approved to approve the Sick Leave Policy.

9. Action Item: Approve the Publicly Available Salary Schedule Change

Ms. Valdez gave an update on the Publicly Available Salary Schedule, the positions that were added and deleted since the last update given to SCCHA Board of Directors on April 23, 2015.

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

10. Committee Report: Consumer Affairs Committee: A recap of March 10, 2015 meeting

Dr. Wenner gave a recap of March 10, 2015 Committee proceedings.

It was moved, seconded and approved to accept the Consumer Affairs Committee update.

11. **Action Item: Approve Mr. Cameron as Interim CEO until new CEO start Date, July 20, 2015**

Mr. Dawes addressed the Governing Board and all attendees at the Board meeting. He spoke to how Ms. Elizabeth Darrow changed the direction of SCFHP upon her joining in January 2009. SCFHP was at risk of being taken over by the State, our expenses were out of control and the health plan and its ability to serve the community were in dire straits. Elizabeth came in as a consultant; we did a national search and ended up hiring her. She not only focused on the financials which obviously were important for the health plan but more importantly she focused on the people. As I recall having talked to Elizabeth and many others she spent a lot of time really building a team and building relationships around the whole organization. She realized the way you correct the problem is by creating a team which is committed to the members and I think that is really what Elizabeth's legacy, which is she created a great team and then that team under her leadership then jumped forward. But if you look at the fact that now we are a very healthy plan and we have expanded dramatically, we are serving more and more families and children, as well as adults and some very sick adults. So we're serving the community well and we're financially sound and stable. And I believe anyone in the community can and should be proud of this organization I will conclude by saying thank you very much Elizabeth; you've done a remarkable job and will always be a part of your legacy.

Ms. Lew commented some of you may recall our new incoming CEO, Christine Tomcala will start on July 20 and Elizabeth's last day will be June 30th so there's a small gap. I'd like to entertain a motion to have Mr. Cameron as our Interim CEO.

Mr. Brownstein asked Mr. Cameron during his interim status as CEO should it be necessary for him to make any decisions regarding labor relations that he is perfectly capable of making those decisions? Mr. Cameron responded yes.

It was moved, seconded and approved to accept Mr. Cameron as Interim CEO

12. Action Item: Accept Resignation of Michele Lew as Chairperson and Special Election of Governing Board Member Bob Brownstein as Chairperson

Ms. Lew, Chairperson, stated there is an action to accept her resignation and to elect Mr. Brownstein as returning chairperson to the Board.

It was moved, seconded and approved to accept Ms. Lew's resignation and Mr. Brownstein as Chairman of the Board.

13. **Action Item: Update on unified managed care discussion**

DRAFT PRINCIPLES ON INTEGRATED MANAGED CARE

1) The rapid changes in the health care environment, and the increasingly highly competitive nature of that environment, require that those institutions committed to the care of low income and otherwise vulnerable constituencies need to be able to act strategically under circumstances shaped by external forces and events and within timeless not under their control. Strategic success for safety net institutions will depend on the ability to use patient volume in order to exercise economic and organizational competitive power. Greater integration is going to be needed to be able to exercise that power.
2) An integrated managed care plan in Santa Clara County should be designed to achieve the following goals:
    a) To advance and support the community values of our health care system, including
        - high quality, single tier access and standards for all covered population Open Door regardless of ability to pay
        - care that reflects the rich diversity of our population
        - positive relationships with customers, providers and staff
    b) To support and strengthen the Safety Net
    c) To continue and sustain all existing programs for targeted populations, including Medi-Cal, Healthy Kids, Covered California, Medicare, VHP commercial plans, and other local initiatives
    d) To maintain responsible fiscal stewardship, including ensuring adequate reserves maintaining effective and efficient operations
    e) To promote employee rights, engagement, and well-being
    f) To develop and support a commitment to innovation
3) An integrated managed care plan should also reflect and incorporate the following guidelines:
    a) The history of the SCFHP has demonstrated the value to managed care of providing community stakeholders with a strong role in governance.

    The staff, managers, traditions and values of the Santa Clara Family Health Plan have an impressive record of commitment to low income clients and of delivering efficient, effective, and caring plan services and operations. Integration should endeavor to take advantage of, and not lose, these important strengths.

MOTION

That the SCFHP Board directs staff and a team of Board members to engage in discussions with county leaders with the objective of designing a model for more integrated managed care that:

a) Supports the strategic exercise of economic and organizational power, partly achieved through client volume, to meet the health care needs of safety net constituencies
b) Sustains or improves on the goals I previously listed
c) Reflects the guidelines previously noted

That staff and the Board Team shall make regular progress reports to the SCFHP Exec Committee and full Board at regularly scheduled meetings and shall bring any plan for integrated managed care to this Board for full review when a draft plan is generated

That the staff and Board Team are authorized to make use of consultants as needed.

That the Team should work to bring a plan to the full Board within the next 6 months.

Mr. Dawes, Board member, suggested using the same words just change it to say "if these are the principals that will guide our negotiating team." Mr. Murphy, Board member, commented The Board of Supervisors has passed the referral listing their willingness to engage in the process and a vote is on record laying out the goals from the county and asking for this process to take place and then the recommendation to come back to them.

Ms. Alvarado asked is the Board in the process of discussing now or do you need to take the second and then discuss?

Ms. Lew commented we should second it and then have the discussion.

It was moved, seconded and approved to accept the process of discussing the Integrated Managed Care.

Ms. Darrow responded the Board had community stakeholders at one time, it required SCFHP have a member or members present on the Board, it did require we have physician participation; it did require we have disproportionate hospital representation, community clinics, that's all been terminated. Now it is Supervisory Board appoint, those individuals don't have the assurance of representation anymore. There are more providers in our community besides Mr. Goll who are essential, they are ethnic providers who have not been traditionally associated with the public hospitals, but consider themselves a safety net. We also have the individuals who pay us, DHCS, and they expect that the beneficiaries have a choice. Those certain metrics are complied with such as answering one's telephone, having appeals and grievances, having due process rights protection, those are very stringent requirements and if you move away from those things the State will step in, the DMHC will step in and will stop what you're doing if you're going down the wrong path. Our independent physicians rely on this organization to make their payroll, and if they believe that our capitated dollars are going to move away, and our members are going to move away then you're going to have membership move to Blue Cross and it could devastate this organization and then we will not be able to fulfill the mission, which is to support the safety net, which this organization has been committed to do. Once again, exercise with caution as you select your committee members and remember who's sitting on each side of the table.

Mr. Dawes expressed concerns about approving something today; there may be other pieces members of the Board may want to comment on. Can a negotiating team go over this in more detail and bring it back in September for approval. Unless there's a reason it needs to be approved between now and September, if it does we can figure out how to handle it. I'm concerned about this Board approving the principals that are going to guide such critical negotiations. This is the first the Board has heard about this, so I'm uncomfortable from process perspective. Again, I'm not opposed to the concept at all, but it just feels as if we need more time to visit this. Mr. Brownstein responded he would rather not wait until September, and is comfortable with the motion that the set of principles is preliminary. When we have discussions with the county you say preliminary and that our Board is still reviewing it. I don't want to lose three months where we could have work done with the county to see how they react and see what we have to from there.

Ms. Lew commented the Board has encouraged the new CEO to review all the documents from the Board of Supervisors hearing. In the short term, the motion will be that Mr. Cameron will attend the meetings with our committee, which includes Ms. Alvarado, Mr. Dawes, Mr. Murphy and I. I assume that Ms. Tomcala will be at the table as well.

Ms. Alvarado asked if she was correct in saying that the committee was appointed. Ms. Lew replied as Chair, I appointed the 5 person committee with Mr. Cameron representing the staff; we do not have a specific charter other than to engage in and continue conversations based on our years-long discussions with the county. Mr. Dawes commented we're just in conversations, my interpretation is Mr. Brownstein's presentation is to provide the team with some guiding principles.

Ms. Williams commented it would help to see something and have time for reflection. Mr. Brownstein replied he would get something in writing to members so they can understand better what was presented. Mr. Dawes suggested writing the document and adding the word draft, and the resolution would be, we are approving a primarily draft or proposed set of principles for consideration by the Board.

Ms. Williams respectfully requested the Committee not drop material to be discussed by the Board without something in writing in the future; this is critical to the entire health plan. Ms. Williams, also commented that she was not accustomed to having decisions of this importance and not having seen any documentation.

Ms. Alvarado commented one of our concerns is we have not put a process in place to bring it back here. Are we talking about two motions; 1) draft principals to be dealt with later 2) for the committee to move forward with the conversation?

Mr. Brownstein commented the motion, would be to modify it to say the Board directs staff and the Board team to engage in discussions with the county leaders with the objectives being on the model for more integrated managed care that is based on following draft principals which will be revised by the Board during this process and if the Board so desires and the draft principals include the ones I had previously stated, and the rest of the motion is to have a progress report with consultants if needed, and try bring back in 6 months.

It was moved, seconded and approved to approve the motion to accept the modification to reflect "Draft Principals". **Ms. Williams** abstain

Mr. Evora inquired as a new Board member, have you had ongoing conversations based on the pros and cons on this initiative and these are the results. Mr. Dawes responded the Board has not recently discussed the pros and cons. What has happened is there has been multiple discussions between SCFHP at a variety of levels over probably a decade. We have two health plans that do something very similar and other things very differently, and the question is why we don't look at ways of trying to have them work more closely together. I'm supportive of the principals and conceptually I'm with Ms. Williams in terms of wanting to read it, having said that I think we do need to talk about the implications as per the issues that Ms. Darrow brought up because I think we could get ahead of ourselves. There are certain requirements the State has that apply to this SCFHP that doesn't apply to the Valley Health Plan because Valley Health Plan is under a different state law. SCFHP is under very specific laws in the State of California; there are things we as a health plan have to adhere to. Our members have choices they either come to us or go to Blue Cross plan, and if we're not careful and we do things to disrupt services or our members could move over to Blue Cross. It's a different environment than what the Valley Plan functions under.

14. Adjournment

It was moved, seconded and approved to adjourn the meeting at 5:00 PM

_____

Elizabeth Pianca, Secretary to the Board

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CEO UPDATE
September 2015

New Board Member

We are pleased to announce that **Brenda Taussig**, who is responsible for Government & Community Relations at El Camino Hospital, has been appointed to the SCFHP Board.

Union Negotiations

- SEIU presented a Bargaining Information Request, in response to which HR has gathered and provided extensive information on wages, benefits, HR policies, and financial performance of SCFHP.
- Management members of the Bargaining Committee and I met with SEIU representatives on September 15th to provide a presentation on the background of SCFHP, as well as an opportunity to ask questions.
- Negotiation of the first collective bargaining agreement is scheduled to begin on October 12th.

ICD-10 Readiness

After years of anticipation, on October 1st the ICD-9 code sets used to report medical diagnoses and inpatient procedures will be replaced by ICD-10. SCFHP has completed training and testing, and we are ready for implementation next week. Given the magnitude of this transition on the provider community, we anticipate questions and issues will arise upon implementation. Therefore, we established an MOU with the union that provided for training of additional service representatives to field provider calls.

2015 External Financial Audit

The Authority's external independent audit firm, KPMG, is completing the fiscal year June 30, 2015 audit this month. Field work and testing have been completed and we are working on the audit report, Management's Discussion and Analysis and Notes to Financial Statements. There are still a few open items that will be discussed at the Board Meeting. KPMG will present the final audit report at the October Executive Committee meeting.

Rate Development Submission

We submitted our CY2014 Rate Development Template (RDT) to the Department of Health Care Services (DHCS) on September 15, 2015. This is an annual submission the Health Plan does to receive actuarially sound premium rates form DHCS. The rate period that this submission covers is for the fiscal period July 1, 2016 through June 30, 2017. Because of increasing utilization and cost trends, we've requested a substantial overall premium increase.

Government Affairs

- **MCO Tax -- Special Session**
  CMS is requiring states to replace their current Medicaid-only health plan taxes with a broad-based tax that is instead applied to all health plans. This must be done by the end of 2016. The Governor called

two extraordinary sessions ("Special Sessions") of the legislature to deal with transportation and the tax issue (the managed care organization ("MCO") tax) respectively. The legislature left town on Friday, September 11th without a deal on the MCO tax. The last deal on the table would have continued to tax Medi-Cal plans much like what is done today (where plans are mostly held harmless). But it would have also hit commercial plans, such as Blue Shield and Kaiser Permanente, with a net loss in the tens of millions. The proposal would have allowed for offsets in other taxes to soften the blow. But, at the end of the day, it wasn't enough to get the commercial plans to agree to the tax and be helpful in getting the deal done in the legislature. The MCO tax negotiations will continue into the fall and next year.

- **CCS Carve-out**
  The California Children's Services carve-out is set to expire at the end of 2016. The demonstration is advancing in its plan to carve CCS into managed care, starting with the remaining COHS counties (it is already carved in in some COHS plans), in 2017. Then, the carve-in will advance into two-plan counties on somewhat of an application basis in the out-years.

Routine Board Updates

- Compliance Report
- CMO Report
- Dashboard
- Orientation
- Annual Compliance Training

Compliance Department Activity
June - August 2015

Reporting

- Regulatory Filings/Reports/Other:
  - Routine DMHC Plan Filings
    - DMHC Key Personnel Filing (2)
    - DMHC Quarterly Survey of Risk Bearing Organizations
    - DMHC Quarterly AB1455 Claims Settlement Practices
    - DMHC Provider Directory Checklist
    - DMHC 4Q 2014 Medi-Cal Network Assessment
    - DMHC Timely Access Corrections
    - DMHC Quarterly Grievances Filing
    - DMHC BHT Filing
    - DMHC CMC Marketing Materials
    - DMHC Timely Access 2016 Methodology
  - Routine DHCS Reports
    - Medi-Cal Reports (includes monthly, quarterly, semi-annual and annual filings)
      - DHCS BHT Services Monthly Survey
      - DHCS Quarterly Medical Exemption Request Report
      - DHCS Quarterly Grievance Report
      - DHCS Quarterly Targeted Low Income Child Report
      - DHCS Quarterly Mental Health Report
      - DHCS Quarterly SPD Reports
      - DHCS Quarterly MLTSS Risk Stratification and Assessment Report
      - DHCS Quarterly CBAS Report
      - DHCS Medi-Cal Marketing Plan
      - DHCS Semi-annual AB85 Expansion Plan Reporting
      - DHCS Annual QI Evaluation, QI Program and Work Plan
      - DHCS QI Minutes
      - DHCS Quarterly Call Center Report
      - DHCS Quarterly Plan Subcontractor Report
      - DHCS Quarterly Provider Network (Geo Access) Report
    - Cal MediConnect Reports (includes monthly and quarterly filings)
      - DHCS Quarterly CMC Complaint and Resolution Report
      - DHCS Quarterly CMC Risk Assessment and Stratification Report
      - Part D, Section 2: Retail, Home Infusion and Long Term Care Pharmacy Access
      - MMP Core 2.1- Members with an assessment completed within 90 days of enrollment
      - MMP Core 2.2- Members with a completed assessment
      - MMP Core 4.2- Grievances and Appeals (Non Part D)
      - MMP Core 5.1- Care Coordinator and member ratio
      - MMP Core 8.1 - LTSS clean claims paid within 30 days, 60 days, and 90 days
      - MMP Core 9.1- Emergency room behavioral health services utilization
      - CA 2.1- The number of critical incident and abuse reports for members receiving LTSS
      - DPL 14-001- Complaint and Resolution Tracking

- Ad Hoc Regulatory Requests
  - DHCS Inquiry: Resubmission of 4Q 2014 Grievance Report (Verification request for all plans)
  - DHCS Inquiry: Designated Public Hospital Survey
  - DHCS Inquiry: BHT CDE Policy Survey
  - HSAG Follow-Up on Performance Evaluation Report for 2013-14
  - DHCS Additional Information Request (AIR) #2 – Continuity of Care
  - DHCS Additional Information Request (AIR) – HRA template
  - DHCS DPL 14-005 Facility Site Review – Physical Accessibility criteria
  - DHCS Outpatient Safety Net Provider Auto Assignment Default
  - DHCS questions re VSP encounter data
  - DHCS Inquiry: Hep C Prior Auth Survey
  - DHCS Inquiry: Mental Health Info Sharing Survey
  - DHCS Inquiry: MCP Staff for FTP Data Reporting Site
  - DHCS Amended ACA 1202 Compliance Plan
  - DHCS/DMHC BHT EOC Errata and Member Notices
  - DHCS Executed Contracted Amendment 20 (MLTSS language and rates)
  - DHCS Specialty Pharmacy Letter approved
  - DHCS 2014-2015 Formulary Changes

Regulatory Communications

- General
  - DMHC subpoena of records related to a DMHC complaint/IMR case
    - Review of expedited process.
  - Claims turnaround time corrective actions (CAP)
    - DMHC regulatory requirement is 95%
      - SCFHP compliance rate for 2Q15 was 94%
      - VHP compliance rate for 2Q15 was 92%
- Medi-Cal
  - 2014 Joint DMHC/DHCS Audit: SCFHP received a "close" letter from DHCS with notice that provisionally closed deficiencies would be reviewed at the next DHCS audit which may be scheduled Q1 2016.
  - Received the DHCS/DMHC Joint Audit SPD Report. 9 deficiencies were identified and a corrective action request submitted for SCFHP completion.
  - Member Complaints via Regulator
    - DMHC
      - Member complaint: Re long wait-time for Valley Specialty Departments. SCFHP contacted VHP who authorized member to go out of network and obtained a timely appointment.
      - Member complaint: Re access to ABA/OT/ST services. Member unable to get into timely ST/OT services until July and August respectively. ABA LOA was in process. This is a VHP member. DMHC questioned how this met timely access. Prescribing provider wrote letter that he wanted member to see OT/ST provider even though appointments not until July and August. He documented that delay would not be harmful to member's health. DMHC agreed this met a timely access exception.

- Member complaint: Re mental health provider had stopped her medications and she felt she should have them. Member is a Medi-Medi. Plan paid for medications until became Medicare beneficiary. Member termed with SCFHP in March 2015 and became a Blue Cross member. DMHC required plan to submit member's complaint into the health plan's Grievance process. The case was sent via Grievance to Quality for PQI review.
- Member assistance request: to assist member obtain compression stockings. SCFHP was able to get member into a contracted vendor the next day for measurement of stockings.

▪ DHCS

- MSSP Provider Complaint regarding claims payment. DHCS requested information regarding the claims processing for the MSSP provider who was complaining about delayed or denied claims payments and eligibility issues. The provider was complaining about both SCFHP and Blue Cross. SCFHP has offered assistance and training to the provider. DHCS appreciated SCFHP's input. Following discussion with all three entities, DHCS will send an email with their recommendation.

- Medicare
  - Received two notices of non-compliance pertaining to the Call Center from CMS:
    - The first one was for not maintaining a national toll-free number during the 1st quarter.
      - We have fixed this issue and the toll-free number is now a national number.
    - The second was for not meeting CMS standards for LEP (Limited English Proficiency) and TTY calls during the second quarter.
      - Training was provided to Member Service Representatives and a CAP was put in place.

Internal Monitoring/Auditing

- General
  - CAQH CORE Operating Rules
    - Eligibility and Claim Status
    - Electronic Funds Transfer (EFT) & Electronic Remittance Advice (ERA)
    - Other Transactions
  - ICD-10
    - Staff Training was conducted with all Departments.
    - Completed provider and delegate education about ICD-10.
    - Licensed an online web tool for ICD9/ICD10 translation and inquiry for use by our staff, providers, and delegates.
    - Engaged our EDI Claim Clearinghouses to validate inbound claims beginning on 10/1/15 for ICD-10 compliance. SCFHP Provider Operations will provide oversight and educational outreach to providers who bill incorrectly.
    - Tested inbound claims and encounters with a subset of our providers and delegated groups.
    - Completed testing with DHCS.
  - HIPAA
    - 6 privacy disclosures were reported to Compliance in June, July, and August 2015.
      - 3 cases were assessed and determined to be disclosures and not breaches. Providers and/or internal staff were educated on HIPAA requirements.

- 2 cases required reporting to DHCS. The mailroom changed its process to address equipment jams and potential letter mismatches.
- 1 case will require year-end reporting to HHS. (mail mismatch)

- As a proactive measure in response to the increased number of Office of Civil Rights audits of health plans, a software subscription was purchased from Clearwater Compliance that will help assess the Plan's compliance with HIPAA regulations and requirements for privacy, breach and security. Deployment in process.
- 490 member appointment of representative requests were processed June through August 2015.

- Medi-Cal
  - Monitor DHCS Facility Decertification notices to assure not an SCFHP contracted provider. One provider identified as a contracted SCFHP provider.

- Medicare
  - Upon monitoring and auditing the Call Center, it was discovered that CareCall has been non-compliant in their performance levels.
    - CareCall was issued a CAP and we are monitoring them on a weekly basis.
  - Working on updating our Fraud, Waste and Abuse policy in an effort to ensure that SCFHP is following current regulations and is using the best methods to monitor potential FWA.

Oversight

- Medi-Cal
  - Completed Delegation focus audits on Cultural and Linguistic deficiencies identified during Fall 2014 routine Delegation audits.
  - Regulators provided clarifications about:
    - Pediatric Day Health Care and whether it was a covered Managed Care benefit. It is excluded from Managed Care contract.
    - DHCS Reimbursement Clarification for Medi-Cal Sub acute Nursing Facility Services.

- Medicare
  - We are currently working on conducting oversight for CMC vendors. We are evaluating their Policies and Procedures pertaining to Medicare, evaluating their performance, and making sure that their employees who are dealing with SCFHP business are trained in a manner that fulfills CMS requirements.
  - Medicare Compliance is also working closely with Business Owners and IT in order to ensure that pertinent data is being captured in order to effectively monitor each department's performance and to ensure that data elements for CMC reports are being captured in a manner that is consistent with the applicable regulations.
  - Medicare Compliance is working with Business Owners to complete a checklist created by using CMS's Universal Audit Guide for Part C & D in an effort to provide Business Owners with a comprehensive gap analysis.

Education/Training

- General
  - Training on the Compliance HIPAA Privacy module.
  - Annual compliance training for all staff continues.
  - Compliance Staff participated in Axiom ICD 10 Training

- Medi-Cal
  - Participation on Conference Calls Re:
    - DHCS Physical accessibility Review Survey Pilot for CBAS and Ancillary Providers
    - DHCS ABA/BHT Conference Call with SCFHP re provider training, authorizations and rates
    - CAHP/LHPC Discussion of DHCS Contract Amendment re FWA
    - DHCS Dental Anesthesia
    - DHCS CCI and Managed Care Calls
- Medicare
  - Organization Determination Training was provided to Nurses, Care Coordinators and Management

Response and Prevention

- General
  - To ensure confidentiality of PHI, Compliance worked with IT on implementation of companywide zixmail keyword encryption. Staff only needs to type "secure" within the subject line of the email and the email will be encrypted when it is sent. Backup logic has also been built into the program that will auto-encrypt emails containing confidential and PHI (as identified by the system) if the employee forgets to self-encrypt the email.

Standards & Policies

- General
  - SCFHP Policy and Procedure Committee
    - Policy Project – reconciliation of all SCFHP Department P&Ps to ensure all are posted on company SharePoint site
    - 13 new Delegation Oversight Policies reviewed and approved.
    - 2 new department specific policies (Pharmacy and Claims) accepted.

- Medi-Cal
  - DMHC/DHCS Policy Changes/Clarifications – August 2015. MMCD Letters were disseminated to the appropriate SCFHP staff and Delegates as applicable:
    - DHCS All Plan Letters:
      - APL 15-012 Dental Services Updated – Intravenous Sedation and Anesthesia Coverage
      - APL 15-013 Requirements for MCMC Health Plans and Qualified Agency Contract (Revised)
      - APL 15-014 Administrative and Financial Sanctions
      - APL 15-015 Physical Health Care Covered Services Provided for Member who are Admitted to Inpatient Psychiatric Facilities
      - APL 15-016 Hep C Virus Treatment Policy Update
      - APL 15-017 Provision of Certified Nurse Midwife and Alternative Birth Center Facility Services
      - APL 15-018 Criteria for Coverage of Wheelchairs and Applicable Seating and Positioning Components
      - APL 15-019 Continuity of Care for MC Benes who Transition into MCMC
    - Dual Plan Letters:
      - DPL 15-005 Health Risk Assessment and Risk Stratification Requirements for Cal MediConnect

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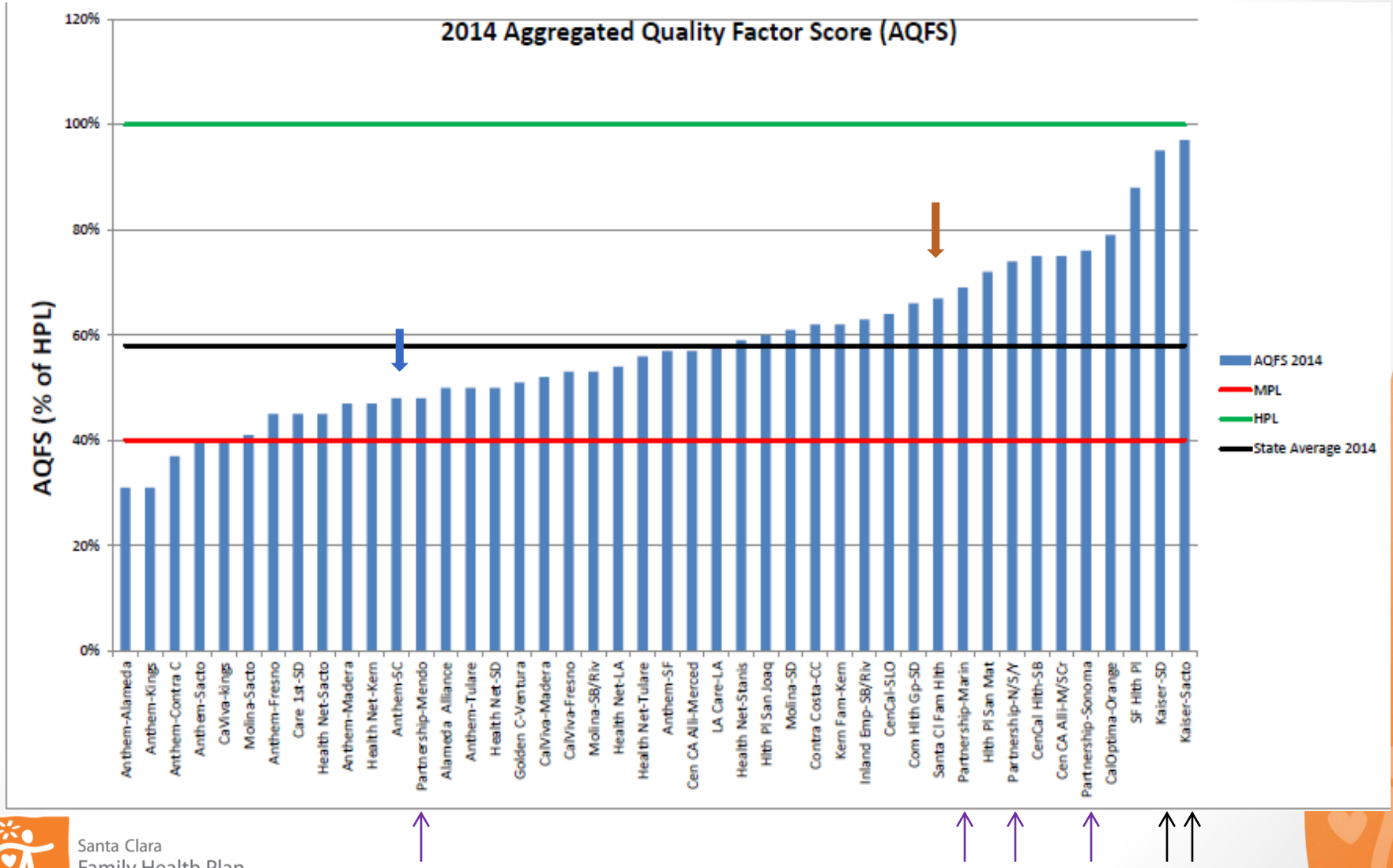
CMO Report

Quality is half of the mission

SCFHP Board of Directors

September 24, 2015

SCFHP – Quality is half the mission



Santa Clara
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Over/under utilization

Measure	SCFHP Medi-Cal Aggregate	SCFHP SPD Only	Benchmark - Medicaid Nat'l Median
Outpatient Visits/1000 Member Months	233.52	399.37	353.84
ED Visits/1000 Member Months	34.98	44.71	64.04
Inpatient Days/1000 Member Months	17.12	74.69	28.02
Inpatient Discharges/1000 Member Months	4.41	14.21	7.64

Frequency of Selected Procedures

Procedure	Age	Sex	Medi-Cal Aggregate Number of Procedures	SPD - Number of Procedures	Medi-Cal Aggregate Procedures per 1,000 Member Months	SPD - Procedures per 1,000 Member Months	Benchmark National Medicaid Median
Bariatric weight loss surgery	20-44	Male	1	0	0.01	0	0.01
	20-44	Female	12	2	0.04	0.13	0.06
	45-64	Male	4	1	0.03	0.04	0.00
	45-64	Female	8	2	0.04	0.06	0.06
Tonsillectomy	0-9	Male and female	123	10	0.17	0.69	0.68
	10-19	Male and female	49	4	0.09	0.21	0.31
Hysterectomy, vaginal	15-44	Female	18	0	0.04	0.00	0.14
	45-64	Female	27	4	0.14	0.12	0.18
Back Surgery	20-44	Male	10	1	0.05	0.05	0.31
	20-44	Female	22	4	0.08	0.26	0.21
	45-64	Male	36	16	0.23	0.57	0.60
	45-64	Female	35	10	0.18	0.31	0.55

Access and Availability

Urgent- Auth – 96 hrs

Network	Total Responses	Compliance Rate
A	9	22%
B	13	69%
C	26	85%
D	11	91%

Urgent – No Auth- 48 hrs

Network	Total Responses	Compliance Rate
A	31	55%
B	58	57%
C	35	80%
D	18	89%

Non-urgent – Primary care – 10 d

Network	Total Responses	Compliance Rate
A	16	75%
B	42	100%
C	33	100%
D	24	100%

Non-urgent – Specialty – 10 d

Network	Total Responses	Compliance Rate
A	23	57%
B	22	77%
C	24	92%
D	4	100%

Survey vs. Audit Methodology

Continuity of Care Requests - MC

Description	Number of Requests
Doctor/Dentist is a member of a Medi-Cal managed care plan	5
Exemption form not completed by doctor	1
Stable chronic or complex medical condition(s)	6
Your Medi-Cal eligibility - as determined by your aid code - does not allow for the Medical Exemption process	9
Grand Total	**21**

Reasons for MER	Number of Requests
Malignant neoplasm of breast (female), unspecified	2
Blank	1
Malignant neoplasm of bronchus and lung, unspecified	1
Parkinson's disease	1
Brachial plexus lesions	1
Cirrhosis of liver without mention of alcohol	1
Other abnormal glucose	1
Malignant neoplasm of thyroid gland	1
Major depressive affective disorder, single episode, unspecified	1
Other malignant lymphomas, unspecified site, extranodal and solid organ sites	1
Infantile cerebral palsy, unspecified	1
Benign neoplasm of skin of trunk, except scrotum	1
Ménière's disease, unspecified	1
Pure hypercholesterolemia	1
End stage renal disease	1
Mixed hyperlipidemia	1
Subdural hemorrhage following injury without mention of open intracranial wound, with no loss of consciousness	1
Other and unspecified hyperlipidemia	1
Malignant neoplasm of colon, unspecified site	1
Congenital factor VIII disorder	1

June 2015
Financial Summary

SCCHA Governing Board Meeting

September 24, 2015

Fiscal Year 2014-15 Highlights

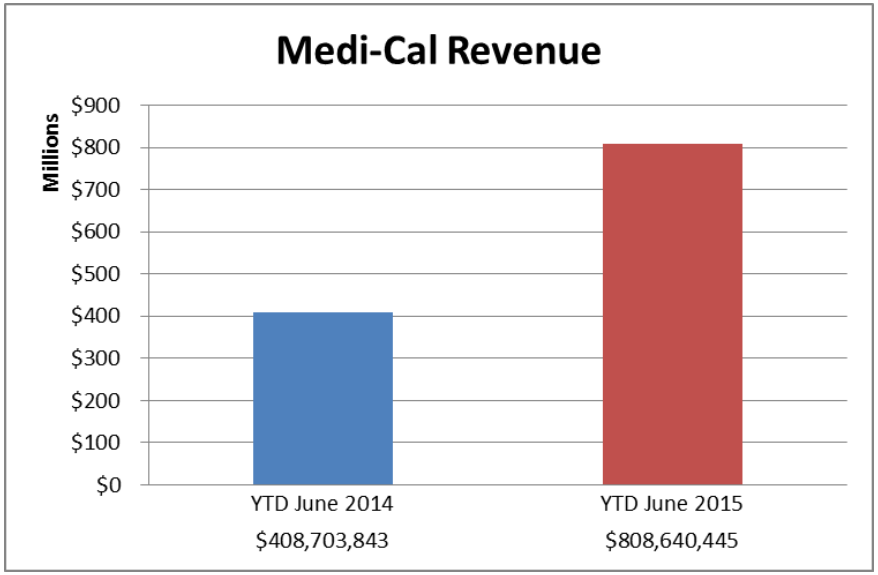
- **Net Surplus:**
  - June $18.7m and YTD $35.7m ($25.6m favorable to budget)
    - $60.0m Medi-Cal surplus (largely due to Medi-Cal Expansion growth and ACA 1202 medical expense reduction) YTD
    - Lower Administrative costs YTD (3.2 as % of revenue)
- **Revenue –** over budget by $149.4m
- **Medical Expenses –** over budget by $120.0m
- **Administrative Expenses –** under budget by $0.4m
- **Other Expenses –** over budget by $4.2m
- **Enrollment**
  - June 2015 membership: 246,878 (23.1% favorable to budget)
  - June YTD: 2,682,976 member months (14.7% favorable to budget and 34% higher than June YTD last year)
  - Continued growth in Medi-Cal Expansion membership (110% favorable to budget)

Consolidated Performance
June 2015 and Year to Date

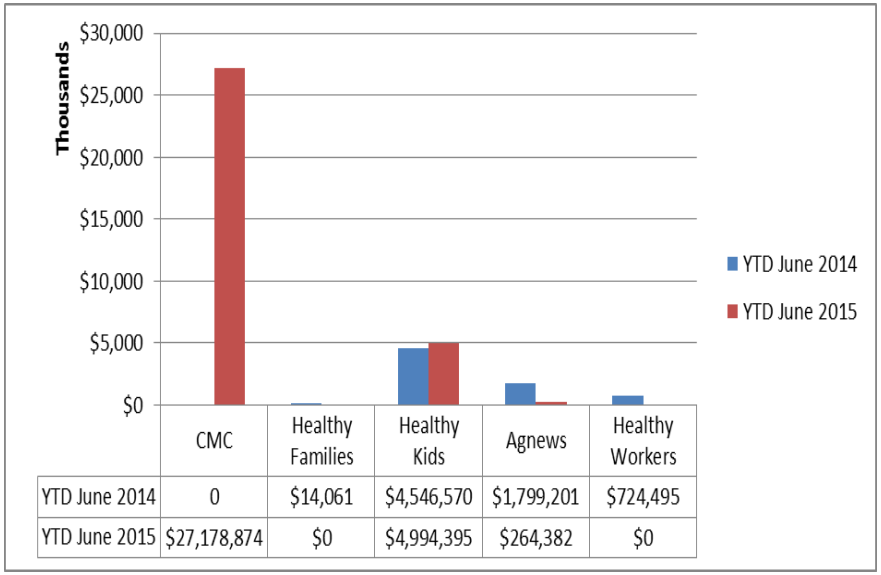
Jun					Year - To - Date			
Actual	Budget	Variance	Variance		Actual	Budget	Variance	Variance
246,878	200,577	46,301	23.1%	**Member Months**	2,682,976	2,339,330	343,646	14.7%
$137,923,734	$67,242,850	$70,680,883	105.1%	**Revenues**	$841,078,096	$691,644,132	$149,433,964	21.6%
$116,536,797	$67,632,211	($48,904,586)	-72.3%	**Medical Expenses**	$773,487,083	$653,484,291	($120,002,793)	-18.4%
$ 2,663,133	$ 2,270,117	($393,017)	-17.3%	**Administrative Expenses**	$ 26,665,973	$ 27,029,476	$ 363,504	1.3%
$ 3,704	$ (90,000)	$93,704	104.1%	**Non Operating**	$ (5,266,662)	$ (1,080,000)	($4,186,662)	-387.7%
$ 18,727,508	$ (2,749,477)	$ 21,476,985	781.1%	**Net Surplus**	$ 35,658,378	$ 10,050,364	$ 25,608,013	254.8%
84.5%	100.6%	16.1%		**Medical Loss Ratio**	92.0%	94.5%	2.5%	
1.9%	3.4%	1.4%		**Administrative Loss ratio**	3.2%	3.9%	0.7%	

Revenue Trend

Graph 1: Portrays current YTD Medi-Cal revenue vs. previous year. Increase of 98%.

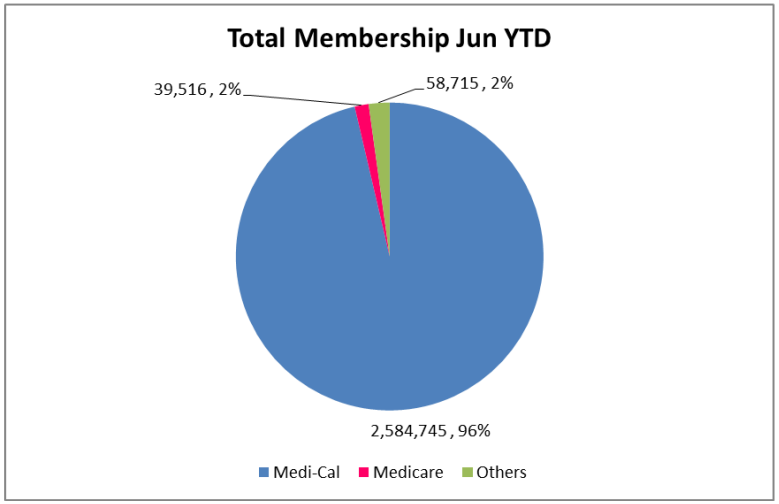


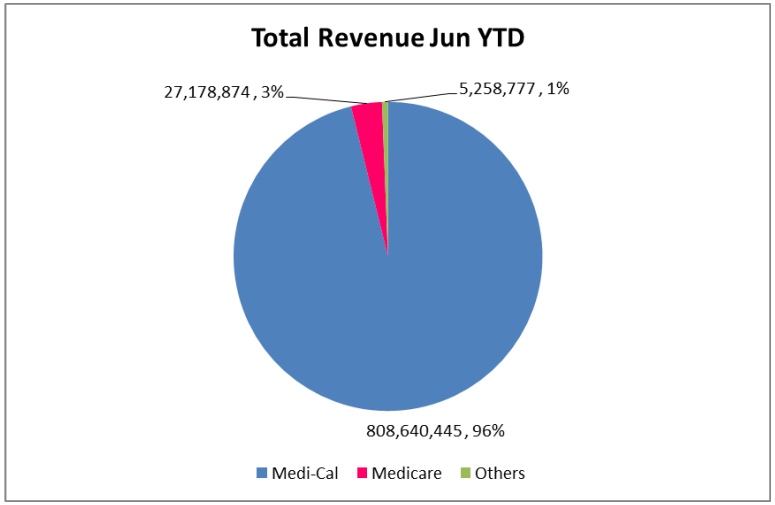
Graph 2: Represents all other operating revenue YTD compared to previous year. Increase of 358%.

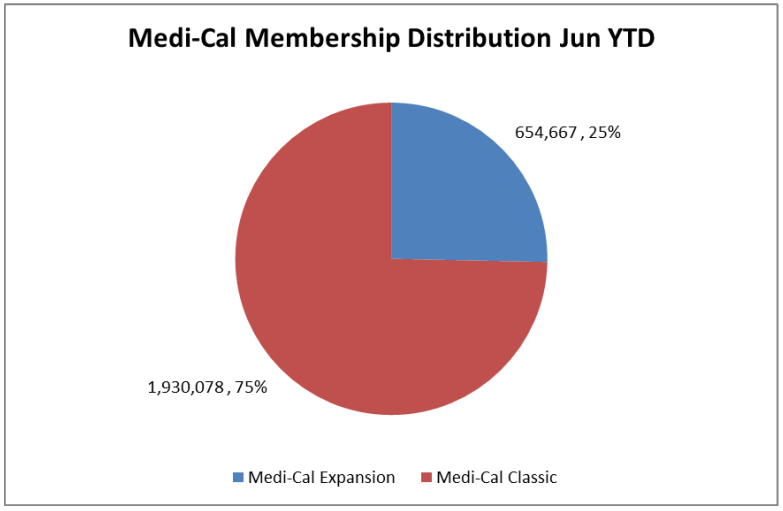


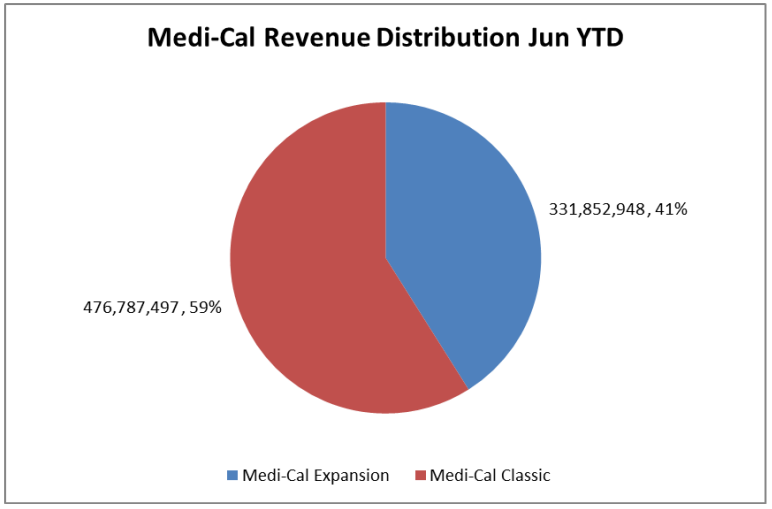
	CMC	Healthy Families	Healthy Kids	Agnews	Healthy Workers
YTD June 2014	0	$14,061	$4,546,570	$1,799,201	$724,495
YTD June 2015	$27,178,874	$0	$4,994,395	$264,382	$0

Medi-Cal Expansion comprises 25% of the plan's Medi-Cal membership and 41% of the Medi-Cal Revenue for Year – To – Date June 2015









Enrollment Summary
June and YTD

Santa Clara Family Health Plan Enrollment Summary

	For the Month of June 2015			YTD Twelve Months Ending June 2015				
	Actual	**Budget**	**Variance**	**Actual**	**Budget**	**Variance**	**Prior Year Actual**	**Change FY15 vs. FY14**
Medi-Cal	235,019	187,622	25.3%	2,584,745	2,234,798	15.7%	1,927,440	34.1%
Healthy Kids	4,559	5,196	(12.3%)	57,356	62,352	(8.0%)	63,893	(10.2%)
Medicare	7,187	7,643	(6.0%)	39,516	40,788	(3.1%)		
Agnews	113	116	0.0%	1,359	1,392	0.0%	1,426	(4.7%)
Total	246,878	200,577	23.1%	2,682,976	2,339,330	14.7%	1,996,366	34.4%

Enrollment by Network - YTD

Santa Clara County Health Authority
June 2015

	Medi-Cal		Healthy Kids		CMC		AG		Total	
	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total
Direct Contract Physicians	18,012	8%	167	4%	7,187	100%	113	100%	25,479	10%
SCVHHS, Safety Net Clinics, FQHC Clinics	127,331	54%	3,099	68%	0	0%	0	0%	130,430	53%
Palo Alto Medical Foundation	6,266	3%	47	1%	0	0%	0	0%	6,313	3%
Physicians Medical Group	43,420	18%	1,104	24%	0	0%	0	0%	44,524	18%
Premier Care	15,088	6%	142	3%	0	0%	0	0%	15,230	6%
Kaiser	24,902	11%	0	0%	0	0%	0	0%	24,902	10%
Total	235,019	100%	4,559	100%	7,187	100%	113	100%	246,878	100%
Enrollment @ 6-30-14	187,085		5,322				115		192,522	
Net % Change from Beginning of FY	25.6%		-14.3%				-1.7%		28.2%	

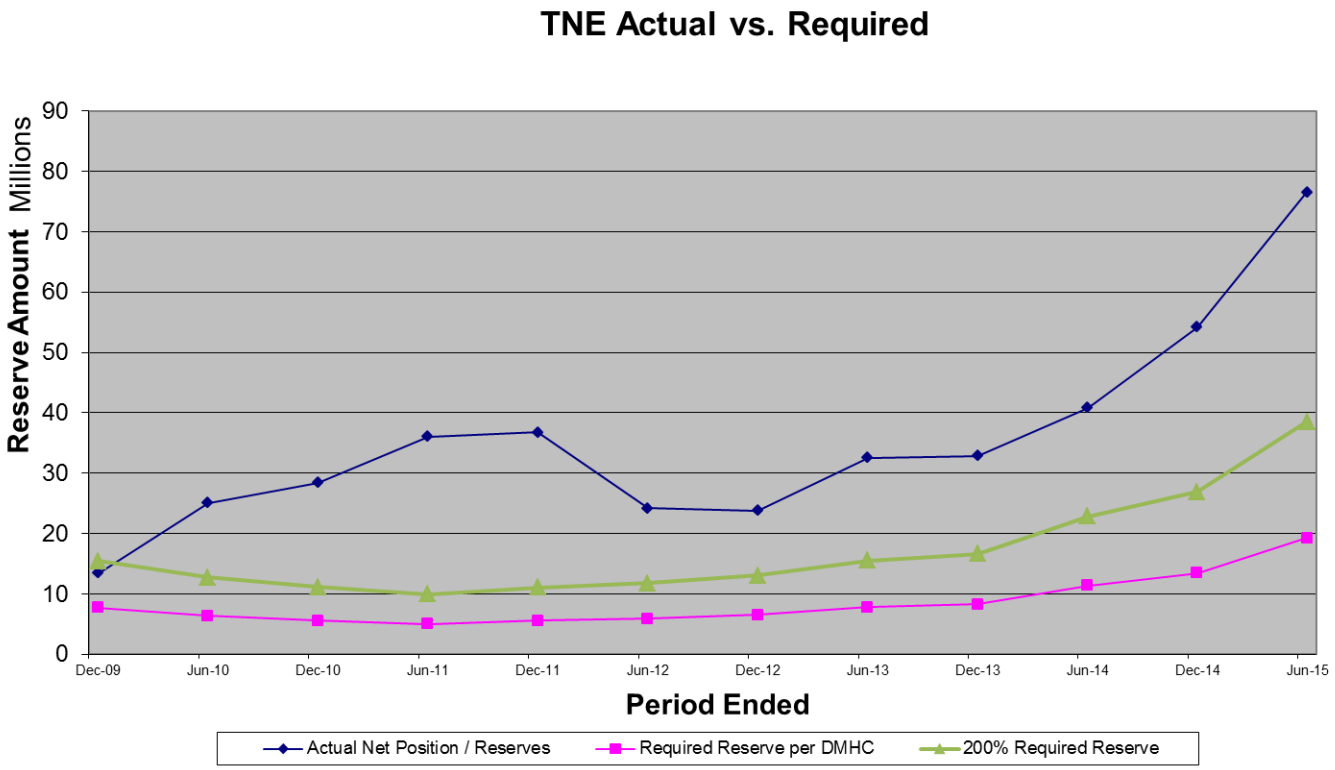
Membership has increased 28.2% since the beginning of the Fiscal Year, primarily as a result of Medi-Cal Expansion, which started January 1, 2014 and has grown to 69,881 members and the new Cal-MediConnect (CMC) membership.

Enrollment by Aid Category

	2014-07	2014-08	2014-09	2014-10	2014-11	2014-12	2015-01	2015-02	2015-03	2015-04	2015-05	2015-06
Family	110,259	112,347	107,317	108,475	110,124	111,633	113,119	113,462	114,793	116,198	118,124	119,776
Aged - Medi-Cal Only	7,703	7,939	7,952	7,850	7,909	8,010	8,218	8,446	8,403	8,575	8,720	8,807
Disabled - Medi-Cal Only	11,859	11,907	11,869	11,848	11,857	11,827	11,697	11,662	11,643	11,551	11,570	11,501
Child (HF conversion)	25,605	25,394	21,546	20,433	20,062	18,952	17,184	16,318	15,362	13,944	12,309	10,684
Adult Expansion	31,806	36,460	43,067	48,177	52,508	55,864	59,060	59,636	61,345	63,695	66,836	68,990
Total Non-Duals	**187,232**	**194,047**	**191,751**	**196,783**	**202,460**	**206,286**	**209,278**	**209,524**	**211,546**	**213,963**	**217,559**	**219,758**
Aged -Duals	4,088	5,037	5,895	5,362	5,365	5,230	4,283	5,296	6,260	7,425	8,541	9,661
Disabled - Duals	3,031	3,416	3,780	3,521	3,506	3,465	2,459	2,882	3,256	3,654	4,027	4,443
Other Duals	647	712	749	793	834	886	804	885	951	1012	1067	1154
Total Duals	**7,766**	**9,165**	**10,424**	**9,676**	**9,705**	**9,581**	**7,546**	**9,063**	**10,467**	**12,091**	**13,635**	**15,258**
Total Medi-Cal	**194,998**	**203,212**	**202,175**	**206,459**	**212,165**	**215,867**	**216,824**	**218,587**	**222,013**	**226,054**	**231,194**	**235,019**
Healthy Kids	5,081	4,983	4,910	4,858	4,762	4,820	4,822	4,682	4,648	4,616	4,615	4,559
Agnews	114	114	114	113	113	113	113	113	113	113	113	113
CMC	0	0	0	0	0	0	5,557	6,162	6,548	7,226	6,836	7,187
Total Enrollment	**200,193**	**208,309**	**207,199**	**211,430**	**217,040**	**220,800**	**227,316**	**229,544**	**233,322**	**238,009**	**242,758**	**246,878**

Tangible Net Equity at June 30, 2015

TNE is $76.5 million or 3.97 times the minimum TNE required by the Department of Managed Health Care (DMHC). The Plans reserves are roughly $60.9 million below the reserves targeted by the Authority Board of two months' Medi-Cal capitation revenue.



Santa Clara
Family Health Plan

The Spirit of Care

Financial Statements
For Twelve Months Ended June 2015
(Unaudited)

Table of Contents

Santa Clara Family Health Plan
CFO Finance Report
For the Month and Year to Date Ended June 30, 2015

Summary of Financial Results

For the month of June 2015, SCFHP recorded a net surplus of $18.7 million compared to a budgeted net loss of $2.7 million resulting in a favorable variance from budget of $21.5 million. For year to date June 2015, SCFHP recorded a net surplus of $35.7 million compared to a budgeted net surplus of $10.1 million resulting in a favorable variance from budget of $25.6 million. The table below summarizes the components of the overall variance from budget.

Summary Operating Results – Actual vs. Revised Budget

For the Current Month & Fiscal Year to Date – June 2015

Favorable/ (Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance $	Variance %		Actual	Budget	Variance $	Variance %
$137,923,734	$ 67,242,850	$ 70,680,883	105.1%	Revenue	$ 841,078,096	$ 691,644,132	$149,433,964	21.6%
116,536,797	67,632,211	(48,904,586)	-72.3%	Medical Expense	773,487,083	653,484,291	(120,002,793)	-18.4%
21,386,937	(389,360)	21,776,297	-5592.8%	Gross Margin	67,591,012	38,159,841	29,431,172	77.1%
2,663,133	2,270,117	(393,017)	-17.3%	Administrative Expense	26,665,973	27,029,476	363,504	1.3%
18,723,804	(2,659,477)	21,383,281	804.0%	Net Operating Income	40,925,040	11,130,364	29,794,675	267.7%
3,704	(90,000)	93,704	104.1%	Non-Operating Income/Exp	(5,266,662)	(1,080,000)	(4,186,662)	-387.7%
$ 18,727,508	$ (2,749,477)	$ 21,476,985	781.1%	Net Surplus/ (Loss)	$ 35,658,378	$ 10,050,364	$ 25,608,013	254.8%

Revenue

The Health Plan recorded net revenue of $137.9 million for the month of June 2015, compared to budgeted revenue of $67.2 million, resulting in a favorable variance from budget of $70.7 million, or 105.1%. For year to date June 2015, the Plan recorded net revenue of $841.1 million compared to budgeted revenue of $691.6 million, resulting in a favorable variance from budget of $149.4 million, or 21.6%. The primary drivers for the positive variance in revenue is in the following categories:

- Rapid growth of the Medi-Cal Expansion ("MCE") program , which resulted in approximately 42,500 additional members this year, the addition of the Cal MediConnect ('CMC") program, the inclusion of Affordable Care Act ("ACA") section 1202 , a retroactive rate increase for the Dual eligible members, and higher than anticipated IHSS revenue.
- These increases were partially offset by a Premium Deficiency Reserve (PDR) of $14M.

A statistical and financial summary for all lines of business is included on page 9 of this report.

Member months

For the month of June 2015, overall member months were higher than budget by 46,298 members (+23.1%). For June 2015 year to date, overall member months were higher than budget by 343,464 (14.7%).

In the twelve months since the end of the prior fiscal year, 6/30/2014, membership in Medi-Cal increased by 25.6%. The increase in Medi-Cal includes 69,881 new Medi-Cal Expansion members added in the 18 months between January 2014 and June 2015. Membership in the Healthy Kids program declined by 14.3%, since 6/30/2014. Member months, and changes from prior year, are summarized on Page 11.

In January, we started enrolling members for the Medicare LOB. For the month of June 2015, overall member months were lower than the budget by 456 (-6.0%). For June 2015 year to date, overall members months were lower than budget by 1,272 (-3.1%).

Medical Expenses

For the month of June 2015, medical expense was $116.5 million compared to budget of $67.6 million, resulting in an unfavorable budget variance of $48.9 million, or -72.3%. For year to date June 2015, medical expense was $773.5 million compared to budget of $653.5 million, resulting in an unfavorable budget variance of $120 million, or -18.4%. The increased medical expenses for the month, and year to date, compared to budget are primarily attributable to the Medi-Cal Expansion (MCE) population that commenced in January 2014. Approximately 77% of these members are delegated to the safety net and other Global providers and therefore they receive a substantial amount of the state capitation to care for these members. The medical expenses for the Cal MediConnect (CMC) line of business, especially the Medi-Cal CMC, are running higher than the budget; therefore, we are accruing significant incurred but not paid expenses based on the very minimal claim experience to date. Additional factors are higher than budgeted medical expense as a result of IHSS pass through premium rates.

Administrative Expenses

Overall administrative costs were over budget by $393 thousand (-17.3%) for the month of June 2015, and under budget by $400 thousand (+1.3%) for year to date June 2015. Salaries/Benefits are under budget because of the slower than anticipated ramp up costs for Cal MediConnect; however, higher than budget Professional Fees/Consulting/Temporary Staffing costs offset some of this favorable variance. Additionally, legal fees were higher than budgeted in the month of June primarily due to Union contract consultations.

Overall administrative expenses were 3.2% of revenues for year to date June 2015.

Balance Sheet (Page 6)

Current assets at June 30, 2015 totaled $218.3 million compared to current liabilities of $146.3 million, yielding a current ratio (the ratio of current assets to current liabilities) of 1.5 as of June 30, 2015. Working capital increased by $34.7 million for the twelve months year to date ended June 30, 2015.

Cash as of June 30, 2015, increased by $71.7 million compared to the cash balance as of year-end June 30, 2014. Net receivables increased by $41.7 million during the same twelve month period ended June 30, 2015. The cash position increased largely due to the overpayment of the Medi-Cal expansion revenue and a substantial increase in Medical cost reserves, including additional amounts for the CMC while the Medicare expenses work through the claims payment system.

Liabilities increased by a net amount of $72.7 million during the twelve months ended June 2015. This was primarily due to the payable for the Intergovernmental Transfers (IGTs), overpayment of Medi-Cal expansion, and Medical cost reserves mentioned above. The plan also recorded a Premium Deficiency Reserve ($14.4 million) for the CMC contract period ending December 31, 2018. Additionally, the Health Plan recorded the unfunded Pension Liability of $4.8 million as required by GASB 68.
For Fiscal year June 30, 2015, the Board designated reserve for Healthy Kids was reduced by $298,599, in order to offset a net loss incurred in the Healthy Kids program. This reduction eliminates the reserve balance.

Capital Expenses increased by $1.8 million for the twelve months ended June 30, 2015.

Tangible Net Equity

Tangible Net Equity (TNE) was $76.5 million at June 30, 2015 compared to the minimum TNE required by the Department of Managed Health Care (DMHC) of $19.3 million (as per quarterly filing at 6-30-15). A chart showing TNE trends is shown on page 14 of this report.

At the December 2011 Board of Director's meeting, a policy was adopted for targeting the organization's capital reserves to equal two months of Medi-Cal capitation revenue.

As of June 30, 2015, the Plan's reserves are below this reserves target by about $60.9 million (see calculation below).

(Note: Due to an additional ~69,900 members in the Medi-Cal Expansion program from January 2014 through June 2015, the monthly capitation amount for Medi-Cal has increased to approximately $40.8 million more than the level at Dec 2013.)

Calculation of targeted reserves as of June 30, 2015

Estimate of two months' capitation (based on June 2015) (June-2015 Medi-Cal capitation of $64,885,000 x 2 = $129,770,000)	$132,662,000
Less: Unrestricted Net Equity per balance sheet (rounded)	$ 71,710,000
Approximate reserves below target	$ 60,952,000

Santa Clara County Health Authority
Balance Sheet

	6/30/2015	5/31/2015	4/30/2015	6/30/2014
Assets				
Current Assets				
Cash and Marketable Securities	$ 110,520,927	$ 112,228,288	$ 103,662,212	$ 38,802,506
Premiums Receivable	106,996,506	77,019,816	79,451,034	65,246,586
Due from Santa Clara Family Health Foundation - net	3,612	3,612	3,612	70,697
Prepaid Expenses and Other Current Assets	816,058	1,032,985	1,134,421	6,833,379
Total Current Assets	218,337,103	190,284,701	184,251,279	110,953,168
Long Term Assets				
Equipment	11,879,173	11,606,837	11,594,495	10,097,538
Less: Accumulated Depreciation	(7,363,871)	(7,263,493)	(7,155,323)	(6,553,597)
Total Long Term Assets	4,515,302	4,343,344	4,439,172	3,543,941
Total Assets	$ 222,852,405	$ 194,628,045	$ 188,690,451	$ 114,497,109
Liabilities and Net Position				
Liabilities				
Trade Payables	$ 4,924,038	$ 3,516,562	$ 2,630,936	$ 4,969,182
Deferred Rent	167,134	167,160	167,186	167,447
Employee Benefits	973,066	1,021,801	1,020,534	949,180
Retirement Obligation per GASB 45	0	637,406	579,460	0
Unfunded Pension Liability GASB 68	4,883,970	4,812,271	4,374,792	0
Advance Premium - Healthy Kids	64,127	66,321	67,252	63,872
Liability for ACA 1202	5,069,225	31,428,818	31,568,068	30,689,658
Payable to Hospitals (SB208)	(35,535)	(35,535)	(35,535)	0
Payable to Hospitals (AB 85)	4,615,251	3,201,926	1,565,175	1,555,000
Due to Santa Clara County Valley Health Plan	11,230,305	8,736,388	8,387,608	4,664,956
MCO Tax Payable - State Board of Equalization	8,090,506	6,464,166	6,470,832	1,954,025
Due to DHCS	22,173,221	17,381,270	17,709,280	2,541,250
Medical Cost Reserves	84,166,140	59,426,040	57,568,607	26,069,960
Total Liabilities	146,321,447	136,824,595	132,074,194	73,624,529
Net Position / Reserves				
Invested in Capital Assets	4,515,302	4,343,344	4,439,172	3,543,941
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Unrestricted Net Equity	36,051,928	36,223,886	36,128,057	28,701,870
Current YTD Income (Loss)	35,658,378	16,930,870	15,743,678	8,321,419
Net Position / Reserves	76,530,957	57,803,449	56,616,257	40,872,580
Total Liabilities and Net Position	$ 222,852,405	$ 194,628,045	$ 188,690,451	$ 114,497,109
Solvency Ratios:				
Working Capital	$ 72,015,655	$ 53,460,106	$ 52,177,085	$ 37,328,639
Working Capital Ratio	1.5	1.4	1.4	1.5
Average Days Cash on Hand	50	55	51	34

Santa Clara County Health Authority
Income Statement for the Twelve Months Ending June 30, 2015

	For the Month of June 2015					For Twelve Months Ending of June 2015				
	Actual	% of Revenue	Budget	% of Revenue	Variance	Actual	% of Revenue	Budget	% of Revenue	Variance
REVENUES										
MEDI-CAL	$ 144,475,300	104.8%	$ 51,567,845	76.7%	$ 92,907,456	$ 808,640,445	96.1%	$ 604,233,757	87.4%	$ 204,406,688
HEALTHY KIDS	$ 400,335	0.3%	$ 476,856	0.7%	$ (76,521)	$ 4,994,395	0.6%	$ 5,722,272	0.8%	$ (727,877)
MEDICARE	$ (6,250,120)	-4.5%	$ 15,110,967	22.5%	$ (21,361,087)	$ 27,178,874	3.2%	$ 80,641,911	11.7%	$ (53,463,038)
AGNEWS	$ (701,781)	-0.5%	$ 87,183	0.1%	$ (788,964)	$ 264,382	0.0%	$ 1,046,191	0.2%	$ (781,809)
TOTAL REVENUE	$ 137,923,734	100.0%	$ 67,242,850	100.0%	$ 70,680,883	$ 841,078,096	100.0%	$ 691,644,132	100.0%	$ 149,433,964
MEDICAL EXPENSES										
MEDI-CAL	$ 107,691,504	78.1%	$ 52,758,990	78.5%	$ (54,932,514)	$ 722,799,503	85.9%	$ 570,844,671	82.5%	$ (151,954,833)
HEALTHY KIDS	$ 358,901	0.3%	$ 415,680	0.6%	$ 56,779	$ 4,734,927	0.6%	$ 4,988,160	0.7%	$ 253,233
MEDICARE	$ 8,505,675	6.2%	$ 14,383,973	21.4%	$ 5,878,297	$ 45,203,625	5.4%	$ 76,762,197	11.1%	$ 31,558,573
AGNEWS	$ (19,283)	0.0%	$ 73,568	0.1%	$ 92,852	$ 749,028	0.1%	$ 889,263	0.1%	$ 140,234
TOTAL MEDICAL EXPENSES	$ 116,536,797	84.5%	$ 67,632,211	100.6%	$ (48,904,586)	$ 773,487,083	92.0%	$ 653,484,291	94.5%	$ (120,002,793)
MEDICAL OPERATING MARGIN	$ 21,386,937	15.5%	$ (389,360)	-0.6%	$ 21,776,297	$ 67,591,012	8.0%	$ 38,159,841	5.5%	$ 29,431,172
ADMINISTRATIVE EXPENSES										
SALARIES AND BENEFITS	$ 1,373,997	1.0%	$ 1,415,315	2.1%	$ 41,318	$ 14,700,350	1.7%	$ 16,771,851	2.4%	$ 2,071,502
RENTS AND UTILITIES	$ 106,615	0.1%	$ 86,851	0.1%	$ (19,764)	$ 1,260,109	0.1%	$ 1,042,215	0.2%	$ (217,894)
PRINTING AND ADVERTISING	$ (15,933)	0.0%	$ 35,973	0.1%	$ 51,905	$ 445,964	0.1%	$ 431,670	0.1%	$ (14,294)
INFORMATION SYSTEMS	$ 119,258	0.1%	$ 148,556	0.2%	$ 29,297	$ 1,305,046	0.2%	$ 1,782,666	0.3%	$ 477,620
PROF FEES / CONSULTING / TEMP STAFFING	$ 827,140	0.6%	$ 352,762	0.5%	$ (474,378)	$ 6,421,195	0.8%	$ 4,233,148	0.6%	$ (2,188,047)
DEPRECIATION / INSURANCE / EQUIPMENT	$ 109,211	0.1%	$ 93,431	0.1%	$ (15,781)	$ 1,146,062	0.1%	$ 1,121,166	0.2%	$ (24,896)
OFFICE SUPPLIES / POSTAGE / TELEPHONE	$ 51,873	0.0%	$ 60,333	0.1%	$ 8,460	$ 675,135	0.1%	$ 724,000	0.1%	$ 48,865
MEETINGS / TRAVEL / DUES	$ 76,199	0.1%	$ 69,422	0.1%	$ (6,777)	$ 623,232	0.1%	$ 833,060	0.1%	$ 209,828
OTHER	$ 14,773	0.0%	$ 7,475	0.0%	$ (7,298)	$ 88,880	0.0%	$ 89,700	0.0%	$ 820
TOTAL ADMINISTRATIVE EXPENSES	$ 2,663,133	1.9%	$ 2,270,117	3.4%	$ (393,017)	$ 26,665,973	3.2%	$ 27,029,476	3.9%	$ 363,504
OPERATING SURPLUS (LOSS)	$ 18,723,804	13.6%	$ (2,659,477)	-4.0%	$ 21,383,281	$ 40,925,040	4.9%	$ 11,130,364	1.6%	$ 29,794,675
CONTRIBUTION EXPENSE	$ -	0.0%	$ (66,667)	-0.1%	$ 66,667	$ -	0.0%	$ (800,000)	-0.1%	$ 800,000
GASB 45-POST EMPLOYMENT BENEFITS EXPENSE	$ 1,988	0.0%	$ (33,333)	0.0%	$ 35,321	$ (635,418)	-0.1%	$ (400,000)	-0.1%	$ (235,418)
GASB 68 - UNFUNDED PENSION LIABILITY	$ (71,699)		$ -		$ (71,699)	$ (4,883,970)		$ -		$ (4,883,970)
INTEREST & OTHER INCOME	$ 73,415	0.1%	$ 10,000	0.0%	$ 63,415	$ 252,726	0.0%	$ 120,000	0.0%	$ 132,726
NET SURPLUS (LOSS) FINAL	$ 18,727,508	14%	$ (2,749,477)	-4%	$ 21,476,985	$ 35,658,378	4%	$ 10,050,364	1%	$ 25,608,013

Administrative Expense

Actual vs. Budget

For the Current Month & Fiscal Year to Date - June 2015

Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance $	Variance %		Actual	Budget	Variance $	Variance %
$ 1,373,997	$ 1,415,315	$ 41,318	2.9%	Personnel	$ 14,700,350	$ 16,771,851	$ 2,071,502	12.4%
1,289,137	854,802	(434,334)	-50.8%	Non-Personnel	11,965,623	10,257,625	$ (1,707,998)	-16.7%
2,663,133	2,270,117	(393,017)	-17.3%	Total Administrative Expense	26,665,973	27,029,476	363,504	1.3%

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

Twelve Months ENDED June 30, 2015

	Medi-Cal	CMC	Healthy Kids	Agnews	**Grand Total**
P&L (ALLOCATED BASIS)					
REVENUE	799,158,978	51,107,981	$4,994,395	264,382	**$855,525,736**
PREMIUM DEFICIENCY RESERVE (PDR) (REVENUE)		($14,447,640)			**($14,447,640)**
TOTAL REVENUE	799,158,978	36,660,341	4,994,395	264,382	**$841,078,096**
MEDICAL EXPENSES	709,245,103	58,758,025	4,734,927	749,028	**$773,487,083**
(MLR)	88.7%	160.3%	94.8%	283.3%	**92.0%**
GROSS MARGIN	89,913,875	(22,097,685)	259,468	(484,647)	**67,591,012**
ADMINISTRATIVE EXPENSES *(% MM allocation except CMC)*	24,937,202	1,162,298	553,361	13,111	**26,665,973**
OPERATING INCOME/(LOSS)	64,976,674	(23,259,983)	(293,893)	(497,758)	**40,925,040**
OTHER INCOME/EXPENSE *(% of Revenue Allocation)*	(5,004,173)	(229,560)	(31,274)	(1,656)	**(5,266,662)**
NET INCOME/ (LOSS)	$59,972,501	($23,489,543)	($325,167)	($499,413)	**$35,658,378**
PMPM (ALLOCATED BASIS)					
REVENUE	$309.18	$927.73	$87.08	$194.54	**$313.49**
MEDICAL EXPENSES	274.40	1,486.94	82.55	551.16	**288.29**
GROSS MARGIN	34.79	(559.21)	4.52	(356.62)	**25.19**
ADMINISTRATIVE EXPENSES	9.65	29.41	9.65	9.65	**9.94**
OPERATING INCOME/(LOSS)	25.14	(588.62)	(5.12)	(366.27)	**15.25**
OTHER INCOME / (EXPENSE)	(1.94)	(5.81)	(0.55)	(1.22)	**(1.96)**
NET INCOME / (LOSS)	$23.20	($594.43)	($5.67)	($367.49)	**$13.29**
ALLOCATION BASIS:					
MEMBER MONTHS - YTD	*2,584,745*	*39,516*	*57,356*	*1,359*	***2,682,976***
Non-CMC Member MONTHS by LOB	*97.8%*		*2.2%*	*0.1%*	***100%***
Revenue by LOB	*95.0%*	*4.4%*	*0.6%*	*0.0%*	***100%***

Santa Clara Family Health Plan
Statement of Cash Flows
For Twelve Months Ended June 30, 2015

Cash flows from operating activities		
Premiums received	$	829,659,243
Medical expenses paid	$	(708,825,554)
Administrative expenses paid	$	(47,586,359)
Net cash from operating activities	$	73,247,330
Cash flows from capital and related financing activities		
Purchases of capital assets	$	(1,781,635)
Cash flows from investing activities		
Interest income and other income, net	$	252,726
Net (Decrease) increase in cash and cash equivalents	$	71,718,420
Cash and cash equivalents, beginning of year	$	38,802,506
Cash and cash equivalents at June 30, 2015	$	110,520,927
Reconciliation of operating income to net cash from operating activities		
Operating income (loss)	$	35,405,652
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	$	810,274
Changes in operating assets and liabilities		
Premiums receivable	$	(41,749,920)
Due from Santa Clara Family Health Foundation	$	67,085
Prepaids and other assets	$	6,017,321
Accounts payable and accrued liabilities	$	(22,252,480)
Capitation payable	$	6,565,349
Employee benefit liabilities	$	23,886
Advance premium - Healthy Kids & CMC	$	256
Reserve for Rate Reductions	$	30,263,726
Incurred but not reported claims payable and risk share payments payable	$	58,096,180
Total adjustments	$	37,841,678
Net cash from operating activities	$	73,247,330

Santa Clara Family Health Plan Enrollment Summary

	For the Month of June 2015			YTD Twelve Months Ending June 2015				
	Actual	**Budget**	**Variance**	**Actual**	**Budget**	**Variance**	**Prior Year Actual**	**Change FY15 vs. FY14**
Medi-Cal	235,019	187,622	25.3%	2,584,745	2,234,798	15.7%	1,927,440	34.1%
Healthy Kids	4,559	5,196	(12.3%)	57,356	62,352	(8.0%)	63,893	(10.2%)
Medicare	7,187	7,643	(6.0%)	39,516	40,788	(3.1%)		
Agnews	113	116	0.0%	1,359	1,392	0.0%	1,426	(4.7%)
Total	246,878	200,577	23.1%	2,682,976	2,339,330	14.7%	1,996,366	34.4%

Santa Clara County Health Authority
June 2015

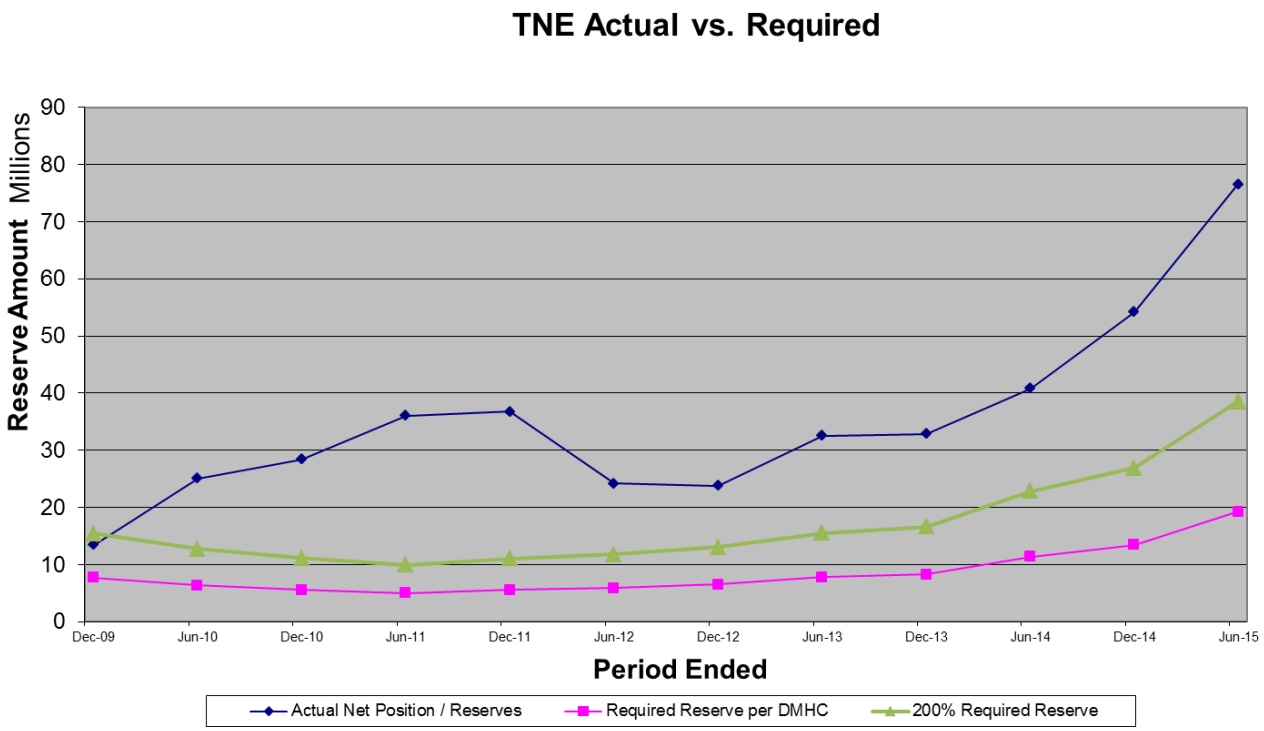
	Medi-Cal		Healthy Kids		CMC		AG		Total	
	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total
Direct Contract Physicians	18,012	8%	167	4%	7,187	100%	113	100%	25,479	10%
SCVHHS, Safety Net Clinics, FQHC Clinics	127,331	54%	3,099	68%	0	0%	0	0%	130,430	53%
Palo Alto Medical Foundation	6,266	3%	47	1%	0	0%	0	0%	6,313	3%
Physicians Medical Group	43,420	18%	1,104	24%	0	0%	0	0%	44,524	18%
Premier Care	15,088	6%	142	3%	0	0%	0	0%	15,230	6%
Kaiser	24,902	11%	0	0%	0	0%	0	0%	24,902	10%
Total	235,019	100%	4,559	100%	7,187	100%	113	100%	246,878	100%
Enrollment @ 6-30-14	187,085		5,322				115		192,522	
Net % Change from Beginning of FY	25.6%		-14.3%				-1.7%		28.2%	

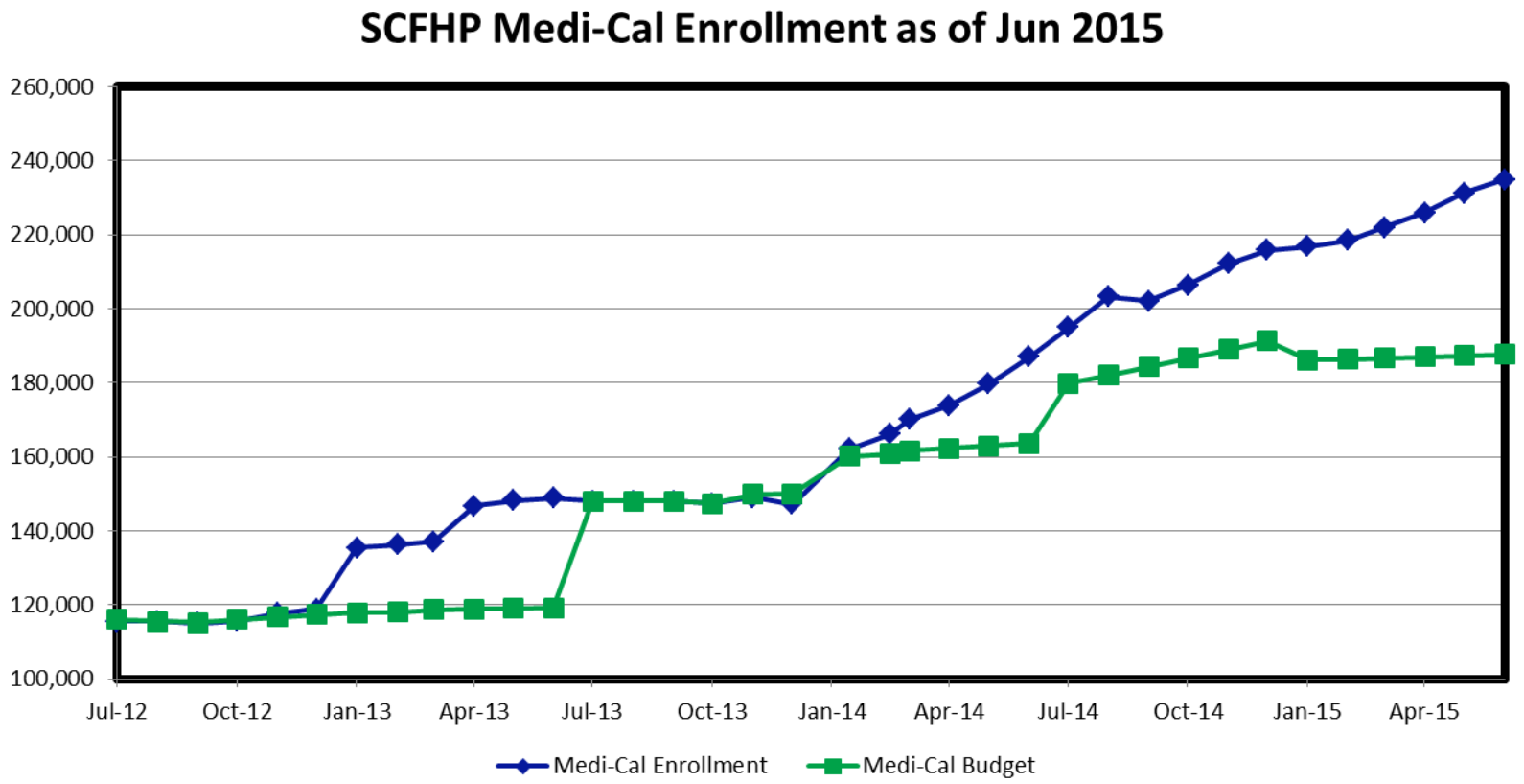
Santa Clara Family Health Plan
Enrollment by Aid-Category

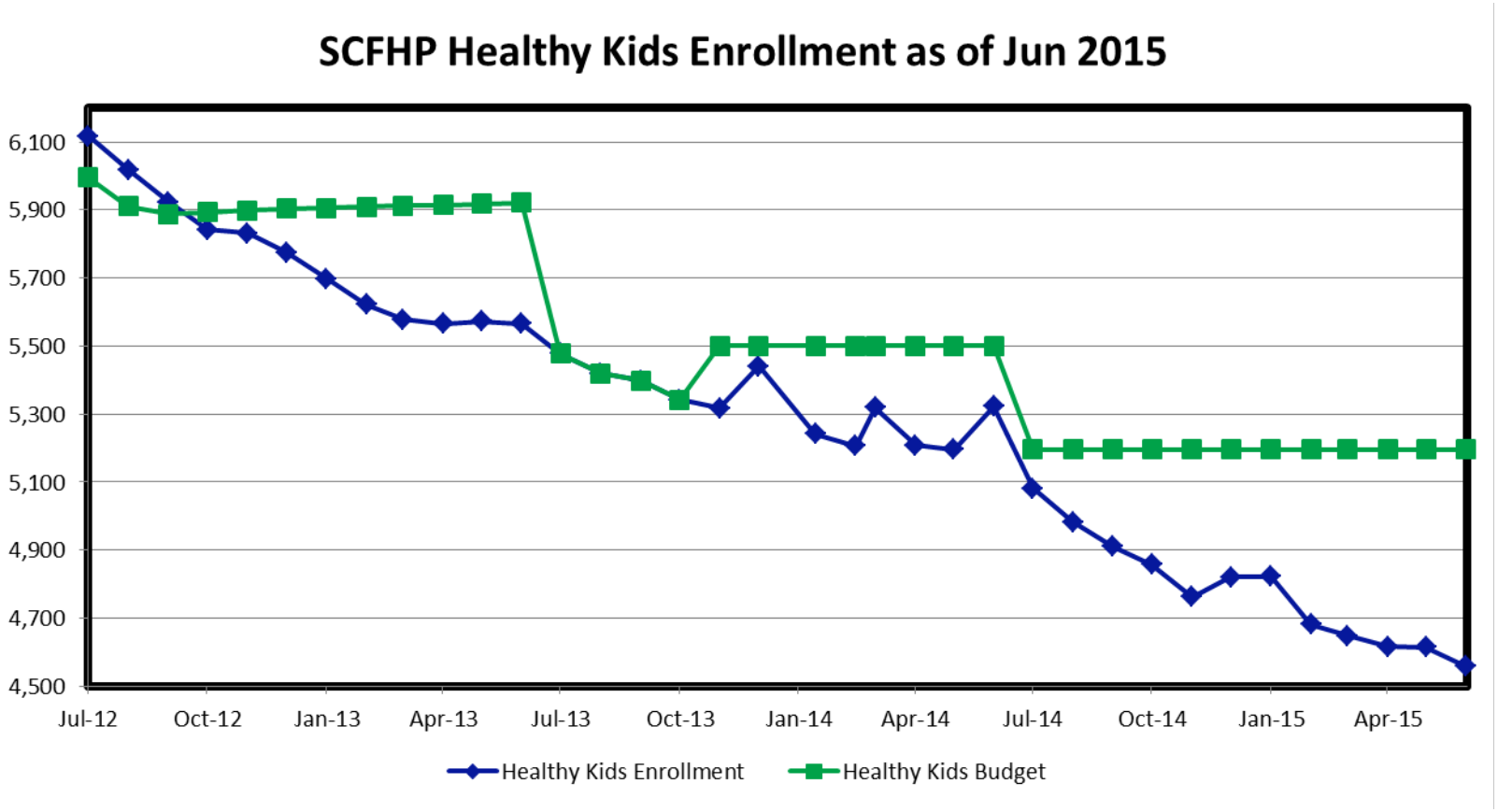
	2014-07	2014-08	2014-09	2014-10	2014-11	2014-12	2015-01	2015-02	2015-03	2015-04	2015-05	2015-06
Family	110,259	112,347	107,317	108,475	110,124	111,633	113,119	113,462	114,793	116,198	118,124	119,776
Aged - Medi-Cal Only	7,703	7,939	7,952	7,850	7,909	8,010	8,218	8,446	8,403	8,575	8,720	8,807
Disabled - Medi-Cal Only	11,859	11,907	11,869	11,848	11,857	11,827	11,697	11,662	11,643	11,551	11,570	11,501
Child (HF conversion)	25,605	25,394	21,546	20,433	20,062	18,952	17,184	16,318	15,362	13,944	12,309	10,684
Adult Expansion	31,806	36,460	43,067	48,177	52,508	55,864	59,060	59,636	61,345	63,695	66,836	68,990
Total Non-Duals	**187,232**	**194,047**	**191,751**	**196,783**	**202,460**	**206,286**	**209,278**	**209,524**	**211,546**	**213,963**	**217,559**	**219,758**
Aged -Duals	4,088	5,037	5,895	5,362	5,365	5,230	4,283	5,296	6,260	7,425	8,541	9,661
Disabled - Duals	3,031	3,416	3,780	3,521	3,506	3,465	2,459	2,882	3,256	3,654	4,027	4,443
Other Duals	647	712	749	793	834	886	804	885	951	1012	1067	1154
Total Duals	**7,766**	**9,165**	**10,424**	**9,676**	**9,705**	**9,581**	**7,546**	**9,063**	**10,467**	**12,091**	**13,635**	**15,258**
Total Medi-Cal	**194,998**	**203,212**	**202,175**	**206,459**	**212,165**	**215,867**	**216,824**	**218,587**	**222,013**	**226,054**	**231,194**	**235,019**
Healthy Kids	5,081	4,983	4,910	4,858	4,762	4,820	4,822	4,682	4,648	4,616	4,615	4,559
Agnews	114	114	114	113	113	113	113	113	113	113	113	113
CMC	0	0	0	0	0	0	5,557	6,162	6,548	7,226	6,836	7,187
Total Enrollment	**200,193**	**208,309**	**207,199**	**211,430**	**217,040**	**220,800**	**227,316**	**229,544**	**233,322**	**238,009**	**242,758**	**246,878**

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

	12/31/2009	6/30/2010	12/31/2010	6/30/2011	12/31/2011	6/30/2012	12/31/2012	6/30/2013	12/31/2013	6/30/2014	12/31/2014	6/30/2015
Actual Net Position / Reserves	13,501,652	25,103,011	28,445,504	36,093,769	36,803,460	24,208,576	23,776,902	32,551,161	32,878,950	40,872,580	54,224,335	76,530,957
Required Reserve per DMHC	7,737,000	6,388,000	5,591,000	4,996,000	5,558,000	5,901,000	6,525,000	7,778,000	8,330,000	11,434,000	13,467,000	19,269,000
200% of Required Reserve	15,474,000	12,776,000	11,182,000	9,992,000	11,116,000	11,802,000	13,050,000	15,556,000	16,660,000	22,868,000	26,934,000	38,538,000




SCFHP Medi-Cal Enrollment as of Jun 2015
260,000
240,000
220,000
200,000
180,000
160,000
140,000
120,000
100,000
Jul-12
Oct-12
Jan-13
Apr-13
Jul-13
Oct-13
Jan-14
Apr-14
Jul-14
Oct-14
Jan-15
Apr-15
Medi-Cal Enrollment
Medi-Cal Budget


SCFHP Healthy Kids Enrollment as of Jun 2015
6,100
5,900
5,700
5,500
5,300
5,100
4,900
4,700
4,500
Jul-12
Oct-12
Jan-13
Apr-13
Jul-13
Oct-13
Jan-14
Apr-14
Jul-14
Oct-14
Jan-15
Apr-15
Healthy Kids Enrollment
Healthy Kids Budget

May 2015
Financial Summary

SCCHA Executive Committee Meeting

July 23, 2015

Fiscal Year 2014-15 Highlights

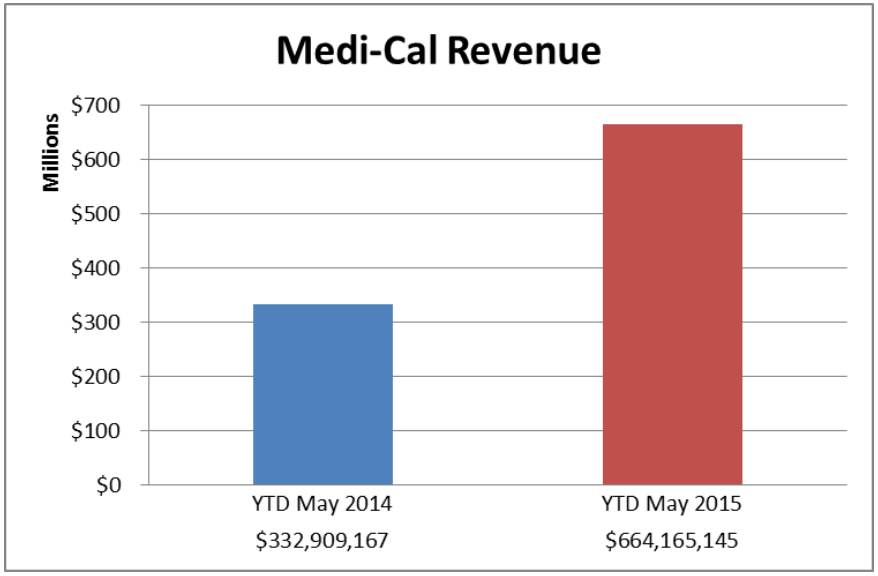
- **Net Surplus:**
  - May $1.2m and YTD $16.9m ($4.1m favorable to budget)
    - $24.5m Medi-Cal surplus (largely due to Medi-Cal Expansion growth) YTD
    - Lower Administrative costs YTD (3.4 as % of revenue)
- **Revenue –** over budget by $78.8m
- **Medical Expenses –** over budget by $71.1m
- **Administrative Expenses –** under budget by $0.8m
- **Other Expenses –** over budget by $4.3m
- **Enrollment**
  - May 2015 membership: 242,799 (21.4% favorable to budget)
  - May YTD: 2,436,098 member months (13.9% favorable to budget and 35% higher than May YTD last year)
  - Continued growth in Medi-Cal Expansion membership (103% favorable to budget)

Consolidated Performance
May 2015 and Year to Date

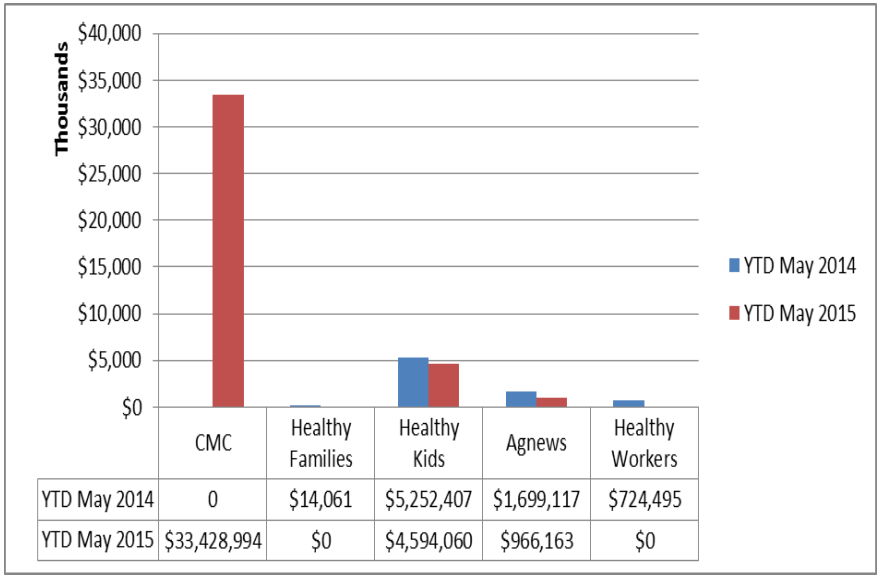
May					Year - To - Date			
Actual	Budget	Variance	Variance		Actual	Budget	Variance	Variance
242,799	199,940	42,859	21.4%	**Member Months**	2,436,098	2,138,753	297,345	13.9%
$73,255,234	$66,264,058	$6,991,176	10.6%	**Revenues**	$703,154,362	$624,401,281	$78,753,081	12.6%
$69,040,257	$65,766,776	($3,273,481)	-5.0%	**Medical Expenses**	$656,950,287	$585,852,080	($71,098,207)	-12.1%
$ 2,543,120	$ 2,270,407	$ (272,713)	-12.0%	**Administrative Expenses**	$ 24,002,839	$ 24,759,360	$ 756,520	3.1%
$ (484,664)	$ (90,000)	($394,664)	-438.5%	**Non Operating**	$ (5,270,366)	$ (990,000)	($4,280,366)	-432.4%
$ 1,187,192	$ (1,863,125)	$ 3,050,318	163.7%	**Net Surplus**	$ 16,930,870	$ 12,799,841	$ 4,131,029	32.3%
94.2%	99.2%	5.0%		**Medical Loss Ratio**	93.4%	93.8%	0.4%	
3.5%	3.4%	0.0%		**Administrative Loss ratio**	3.4%	4.0%	0.6%	

Revenue Trend

Graph 1: Portrays current YTD Medi-Cal revenue vs. previous year. Increase of 100%.

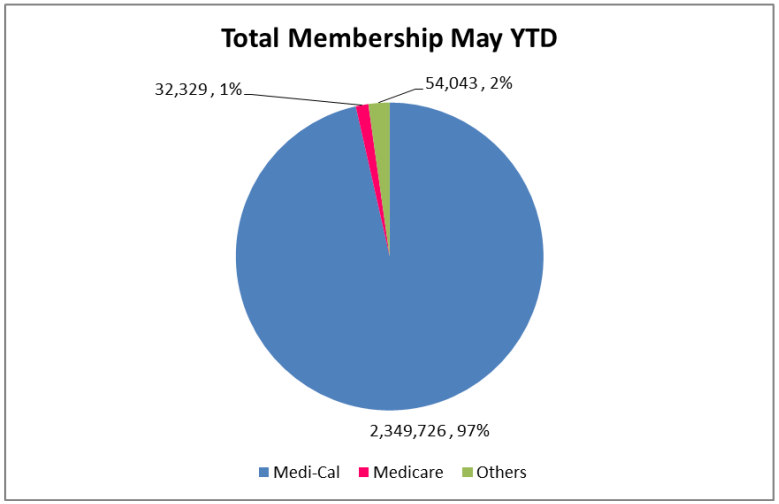


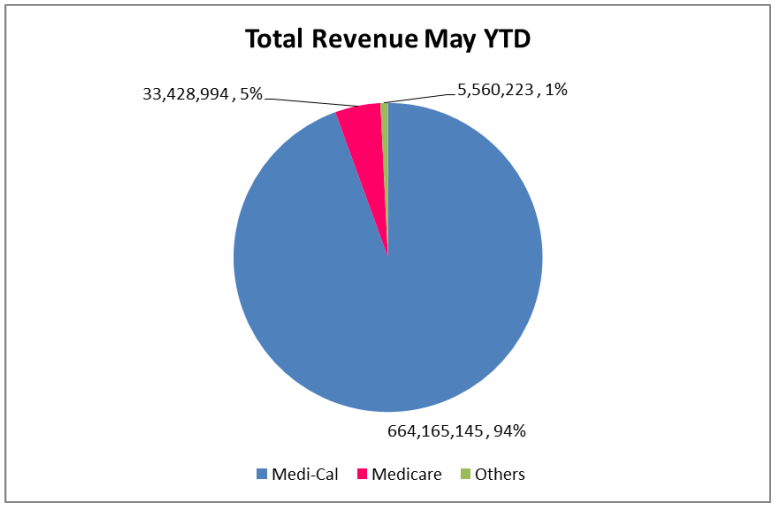
Graph 2: Represents all other operating revenue YTD compared to previous year. Increase of 407%.

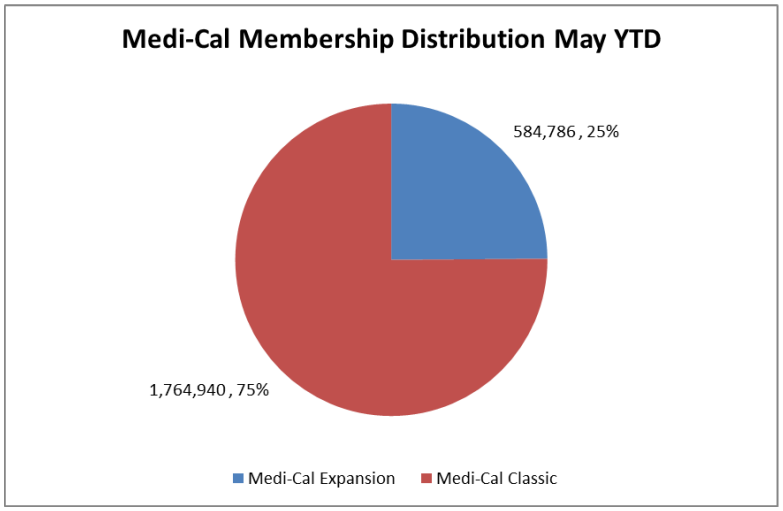


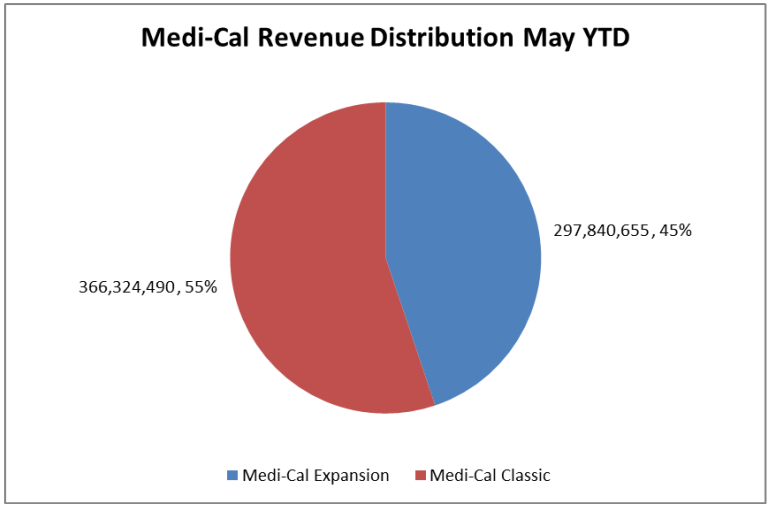
	CMC	Healthy Families	Healthy Kids	Agnews	Healthy Workers
YTD May 2014	0	$14,061	$5,252,407	$1,699,117	$724,495
YTD May 2015	$33,428,994	$0	$4,594,060	$966,163	$0

Medi-Cal Expansion comprises 25% of the plan's Medi-Cal membership and 45% of the Medi-Cal Revenue for Year – To – Date May 2015









Enrollment Summary
May and YTD

Santa Clara Family Health Plan Enrollment Summary

	For the Month of May 2015			YTD Eleven Months Ending May 2015				
	Actual	**Budget**	**Variance**	**Actual**	**Budget**	**Variance**	**Prior Year Actual**	**Change FY15 vs. FY14**
Medi-Cal	231,235	187,323	23.4%	2,349,726	2,047,176	14.8%	1,740,354	35.0%
Healthy Kids	4,615	5,196	(11.2%)	52,797	57,156	(7.6%)	58,568	(9.9%)
Medicare	6,836	7,305	(6.4%)	32,329	33,145	(2.5%)		
Agnews	113	116	0.0%	1,246	1,276	0.0%	1,311	(5.0%)
Total	242,799	199,940	21.4%	2,436,098	2,138,753	13.9%	1,803,840	35.1%

Enrollment by Network - YTD

Santa Clara County Health Authority
May 2015

	Medi-Cal		Healthy Kids		CMC		AG		Total	
	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total
Direct Contract Physicians	17,035	7%	173	4%	6,836	100%	113	100%	24,157	10%
SCVHHS, Safety Net Clinics, FQHC Clinics	125,256	54%	3,133	68%	0	0%	0	0%	128,389	53%
Palo Alto Medical Foundation	6,139	3%	49	1%	0	0%	0	0%	6,188	3%
Physicians Medical Group	42,828	19%	1,100	24%	0	0%	0	0%	43,928	18%
Premier Care	15,325	7%	160	3%	0	0%	0	0%	15,485	6%
Kaiser	24,652	11%	0	0%	0	0%	0	0%	24,652	10%
Total	231,235	100%	4,615	100%	6,836	100%	113	100%	242,799	100%
Enrollment @ 6-30-14	187,085		5,322				115		192,522	
Net % Change from Beginning of FY	23.6%		-13.3%				-1.7%		26.1%	

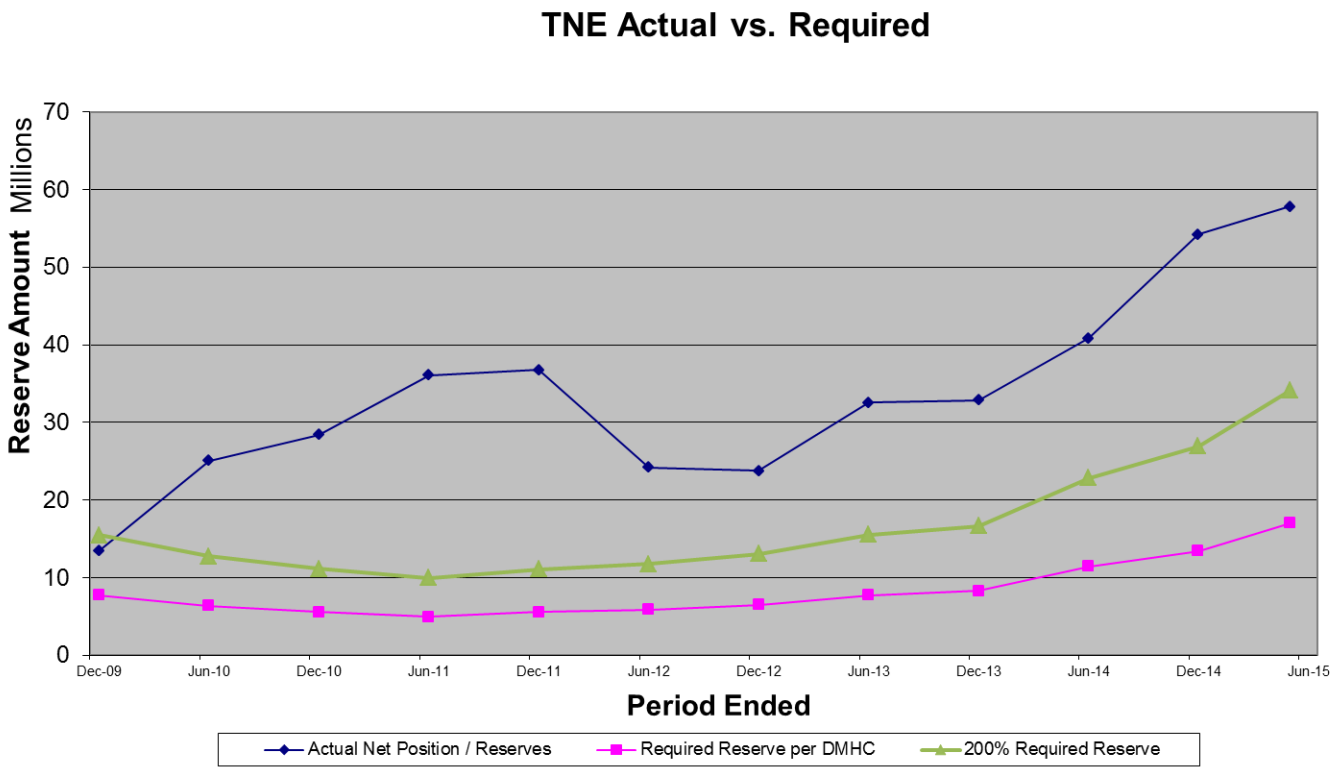
Membership has increased 23.6% since the beginning of the Fiscal Year, primarily as a result of Medi-Cal Expansion, which started January 1, 2014 and has grown to 67,658 members and the new Cal-MediConnect (CMC) membership.

Enrollment by Aid Category

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Family	110,259	112,347	107,318	108,475	110,125	111,671	113,156	113,485	114,809	116,211	118,165
Aged - Medi-Cal Only	7,703	7,939	7,952	7,850	7,909	8,008	8,218	8,447	8,403	8,575	8,719
Disabled - Medi-Cal Only	11,859	11,907	11,869	11,849	11,857	11,827	11,697	11,662	11,643	11,551	11,571
Child (HF conversion)	25,605	25,394	21,545	20,433	20,062	18,952	17,185	16,318	15,363	13,947	12,309
Adult Expansion	31,806	36,460	43,067	48,176	52,507	55,866	59,059	59,636	61,345	63,699	66,836
Total Non-Duals	**187,232**	**194,047**	**191,751**	**196,783**	**202,460**	**206,324**	**209,315**	**209,548**	**211,563**	**213,983**	**217,600**
Aged -Duals	4,088	5,037	5,895	5,362	5,365	5,230	4,283	5,296	6,261	7,425	8,541
Disabled - Duals	3,031	3,416	3,780	3,521	3,506	3,465	2,459	2,882	3,256	3,654	4,027
Other Duals	647	712	749	793	834	886	804	885	951	1012	1067
Total Duals	**7,766**	**9,165**	**10,424**	**9,676**	**9,705**	**9,581**	**7,546**	**9,063**	**10,468**	**12,091**	**13,635**
Total Medi-Cal	**194,998**	**203,212**	**202,175**	**206,459**	**212,165**	**215,905**	**216,861**	**218,611**	**222,031**	**226,074**	**231,235**
Healthy Kids	5,081	4,983	4,910	4,858	4,762	4,820	4,822	4,682	4,648	4,616	4,615
Agnews	114	114	114	113	113	113	113	113	113	113	113
CMC	0	0	0	0	0	0	5,557	6,162	6,548	7,226	6,836
Total Enrollment	**200,193**	**208,309**	**207,199**	**211,430**	**217,040**	**220,838**	**227,353**	**229,568**	**233,340**	**238,029**	**242,799**

Tangible Net Equity at May 31, 2015

TNE is $57.8 million or 3.39 times the minimum TNE required by the Department of Managed Health Care (DMHC). The Plans reserves are roughly $76.6 million below the reserves targeted by the Authority Board of two months' Medi-Cal capitation revenue.



Santa Clara
Family Health Plan

The Spirit of Care

Financial Statements
For Eleven Months Ended May 2015
(Unaudited)

Table of Contents

Santa Clara Family Health Plan
CFO Finance Report
For the Month and Year to Date Ended May 31, 2015

Summary of Financial Results

For the month of May 2015, SCFHP recorded a net surplus of $1.2 million compared to a budgeted net loss of $1.9 million resulting in a favorable variance from budget of $3.1 million. For year to date May 2015, SCFHP recorded a net surplus of $16.9 million compared to a budgeted net surplus of $12.8 million resulting in a favorable variance from budget of $4.1 million. The table below summarizes the components of the overall variance from budget.

Summary Operating Results – Actual vs. Revised Budget

For the Current Month & Fiscal Year to Date – May 2015

Favorable/ (Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance $	Variance %		Actual	Budget	Variance $	Variance %
$ 73,255,234	$ 66,264,058	$ 6,991,176	10.6%	Revenue	$ 703,154,362	$ 624,401,281	$ 78,753,081	12.6%
69,040,257	65,766,776	(3,273,481)	-5.0%	Medical Expense	656,950,287	585,852,080	(71,098,207)	-12.1%
4,214,977	497,282	3,717,696	747.6%	Gross Margin	46,204,075	38,549,201	7,654,874	19.9%
2,543,120	2,270,407	(272,713)	-12.0%	Administrative Expense	24,002,839	24,759,360	756,520	3.1%
1,671,857	(1,773,125)	3,444,982	194.3%	Net Operating Income	22,201,236	13,789,841	8,411,394	61.0%
(484,664)	(90,000)	(394,664)	-438.5%	Non-Operating Income/Exp	(5,270,366)	(990,000)	(4,280,366)	-432.4%
$ 1,187,192	$ (1,863,125)	$ 3,050,318	163.7%	Net Surplus/ (Loss)	$ 16,930,870	$ 12,799,841	$ 4,131,029	32.3%

Revenue

The Health Plan recorded net revenue of $73.3 million for the month of May 2015, compared to budgeted revenue of $66.3 million, resulting in a favorable variance from budget of $7.0 million, or 10.6%. For year to date May 2015, the Plan recorded net revenue of $703.2 million compared to budgeted revenue of $624.4 million, resulting in a favorable variance from budget of $78.8 million, or 12.6%. The primary driver for the positive variance in revenue is the continued rapid growth of the Medi-Cal Expansion membership. However, our expansion rates have been decreasing and DHCS has informed us that this rate will reduce by an additional 20% starting July 1, 2015. These decreases have and will continue to have a significant impact on the positive revenue variance experienced throughout FY15. In January, we started receiving revenue for the Medicare portion of the Dual Demonstration, also known as Cal MediConnect.

A statistical and financial summary for all lines of business is included on page 9 of this report.

Member months

For the month of May 2015, overall member months were higher than budget by 42,859 members (+21.4%). For May 2015 year to date, overall member months were higher than budget by 297,345 (13.9%).

In the eleven months since the end of the prior fiscal year, 6/30/2014, membership in Medi-Cal increased by 23.6%. The increase in Medi-Cal includes 67,658 new Medi-Cal Expansion members added in the 17 months between January 2014 and May 2015. Membership in the Healthy Kids program declined by 13.3%, since 6/30/2014. Member months, and changes from prior year, are summarized on Page 11.

In January, we started enrolling members for the Medicare LOB. For the month of May 2015, overall member months were lower than the budget by 469 (-6.4%). For May 2015 year to date, overall members months were lower than budget by 816 (2.5%).

Medical Expenses

For the month of May 2015, medical expense was $69.0 million compared to budget of $65.8 million, resulting in an unfavorable budget variance of $3.3 million, or -5.0%. For year to date May 2015, medical expense was $657.0 million compared to budget of $585.9 million, resulting in an unfavorable budget variance of $71.1 million, or -12.1%. The increased medical expenses for the month, and year to date, compared to budget are primarily attributable to the Medi-Cal Expansion (MCE) population that commenced in January 2014. Approximately 77% of these members are delegated to the safety net and other Global providers and therefore they receive a substantial amount of the state capitation to care for these members. Additionally, the MCE line of business has a 85% Medical Loss Ratio (MLR) requirement. If the plan falls below the 85% corridor we will have to pay the difference back to the State. In September 2014, we began reserving for the difference between actual expenses and the 85% MLR. The medical expenses for the Cal MediConnect (CMC) line of business, especially the Medi-Cal CMC, are running higher than the budget; therefore, we are accruing significant incurred but not paid expenses based on the very minimal claim experience to date.

Administrative Expenses

Overall administrative costs were over budget by $273 thousand (-12.0%) for the month of May 2015, and under budget by $757 thousand (+3.1%) for year to date May 2015. Salaries/Benefits are under budget because of the slower than anticipated ramp up costs for Cal MediConnect; however, higher than budget Professional Fees/Consulting/Temporary Staffing costs offset some of this favorable variance. Additionally, translation and printing of plan materials in new languages contributed to higher than budgeted costs.

Overall administrative expenses were 3.4% of revenues for year to date May 2015.

Balance Sheet (Page 6)

Current assets at May 31, 2015 totaled $190.3 million compared to current liabilities of $136.8 million, yielding a current ratio (the ratio of current assets to current liabilities) of 1.4 as of May 31, 2015. Working capital increased by $16.1 million for the eleven months year to date ended May 31, 2015.

Cash as of May 31, 2015, increased by $73.4 million compared to the cash balance as of year-end June 30, 2014. Net receivables increased by $11.8 million during the same eleven month period ended May 31, 2015. The cash position increased largely due to the overpayment of the Medi-Cal expansion revenue and a substantial increase in Medical cost reserves, including additional amounts for the CMC while the Medicare expenses work through the claims payment system.

Liabilities increased by a net amount of $63.2 million during the eleven months ended May 2015. This was primarily due to the payable for the Intergovernmental Transfers (IGTs), overpayment of Medi-Cal expansion, and Medical cost reserves mentioned above. Additionally, the Health Plan recorded the unfunded Pension Liability of $4.8 million as required by GASB 68.

As of the fiscal year ending June 30, 2013, the “Board Designated Reserve – Healthy Kids” totaled $1,489,090. During fiscal year 2014, the plan made contributions totaling $1,190,491, thus reducing the reserve balance to $298,599 as of June 30, 2014. It is anticipated that the remaining balance of this reserve will be used this year. No changes to the Board Designated Reserve were made in Fiscal Year 2015.

Capital Expenses increased by $1.5 million for the eleven months ended May 31, 2015.

Tangible Net Equity

Tangible Net Equity (TNE) was $57.8 million at May 31, 2015 compared to the minimum TNE required by the Department of Managed Health Care (DMHC) of $17.0 million (as per quarterly filing at 3-31-15). A chart showing TNE trends is shown on page 14 of this report.

At the December 2011 Board of Director's meeting, a policy was adopted for targeting the organization's capital reserves to equal two months of Medi-Cal capitation revenue.

As of May 31, 2015, the Plan's reserves are below this reserves target by about $76.6 million (see calculation below).

(Note: Due to an additional ~67,700 members in the Medi-Cal Expansion program from January 2014 through May 2015, the monthly capitation amount for Medi-Cal has increased to approximately $39.3 million more than the level at Dec 2013.)

Calculation of targeted reserves as of May 31, 2015

Estimate of two months' capitation (based on May 2015) (May-2015 Medi-Cal capitation of $64,885,000 x 2 = $129,770,000)	$129,770,000
Less: Unrestricted Net Equity per balance sheet (rounded)	$ 53,154,000
Approximate reserves below target	$ 76,616,000

Santa Clara County Health Authority
Balance Sheet

	5/31/2015	4/30/2015	3/31/2015	6/30/2014
Assets				
Current Assets				
Cash and Marketable Securities	$ 112,228,288	$ 103,662,212	$ 102,928,357	$ 38,802,506
Premiums Receivable	77,019,816	79,451,034	78,113,316	65,246,586
Due from Santa Clara Family Health Foundation - net	3,612	3,612	3,612	70,697
Prepaid Expenses and Other Current Assets	1,032,985	1,134,421	1,179,533	6,833,379
Total Current Assets	190,284,701	184,251,279	182,224,818	110,953,168
Long Term Assets				
Equipment	11,606,837	11,594,495	11,414,484	10,097,538
Less: Accumulated Depreciation	(7,263,493)	(7,155,323)	(6,857,829)	(6,553,597)
Total Long Term Assets	4,343,344	4,439,172	4,556,655	3,543,941
Total Assets	$ 194,628,045	$ 188,690,451	$ 186,781,473	$ 114,497,109
Liabilities and Net Position				
Liabilities				
Trade Payables	$ 3,516,562	$ 2,630,936	$ 3,359,153	$ 4,969,182
Deferred Rent	167,160	167,186	167,213	167,447
Employee Benefits	1,021,801	1,020,534	1,005,858	949,180
Retirement Obligation per GASB 45	637,406	579,460	521,514	0
Unfunded Pension Liability GASB 68	4,812,271	4,374,792	3,937,313	0
Advance Premium - Healthy Kids	66,321	67,252	64,007	63,872
Liability for ACA 1202	31,428,818	31,568,068	35,110,290	30,689,658
Payable to Hospitals (SB208)	(35,535)	(35,535)	(35,535)	0
Payable to Hospitals (AB 85)	3,201,926	1,565,175	2,948,449	1,555,000
Due to Santa Clara County Valley Health Plan	8,736,388	8,387,608	7,295,911	4,664,956
MCO Tax Payable - State Board of Equalization	6,464,166	6,470,832	6,010,474	1,954,025
Due to DHCS	17,381,270	17,709,280	14,811,328	2,541,250
Medical Cost Reserves	59,426,040	57,568,607	55,811,496	26,069,960
Total Liabilities	136,824,595	132,074,194	131,007,470	73,624,529
Net Position / Reserves				
Invested in Capital Assets	4,343,344	4,439,172	4,556,655	3,543,941
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Board Designated Reserve - Healthy Kids	298,599	298,599	298,599	298,599
Unrestricted Net Equity	35,925,287	35,829,458	35,711,975	28,403,271
Current YTD Income (Loss)	16,930,870	15,743,678	14,901,423	8,321,419
Net Position / Reserves	57,803,449	56,616,257	55,774,003	40,872,580
Total Liabilities and Net Position	$ 194,628,045	$ 188,690,451	$ 186,781,473	$ 114,497,109
Solvency Ratios:				
Working Capital	$ 53,460,106	$ 52,177,085	$ 51,217,348	$ 37,328,639
Working Capital Ratio	1.4	1.4	1.4	1.5
Average Days Cash on Hand	55	51	52	34

Santa Clara County Health Authority
Income Statement for the Eleven Months Ending May 31, 2015

	For the Month of May 2015					For Eleven Months Ending of May 2015				
	Actual	% of Revenue	Budget	% of Revenue	Variance	Actual	% of Revenue	Budget	% of Revenue	Variance
REVENUES										
MEDI-CAL	$ 65,387,195	89.3%	$ 51,257,311	77.4%	$ 14,129,883	$ 664,165,145	94.5%	$ 552,665,912	88.5%	$ 111,499,233
HEALTHY KIDS	403,101	0.6%	476,856	0.7%	(73,755)	4,594,060	0.7%	5,245,416	0.8%	(651,356)
MEDICARE	7,325,183	10.0%	14,442,708	21.8%	(7,117,525)	33,428,994	4.8%	65,530,944	10.5%	(32,101,951)
AGNEWS	139,756	0.2%	87,183	0.1%	52,573	966,163	0.1%	959,009	0.2%	7,154
TOTAL REVENUE	73,255,234	100.0%	66,264,058	100.0%	6,991,176	703,154,362	100.0%	624,401,281	100.0%	78,753,081
MEDICAL EXPENSES										
MEDI-CAL	60,378,815	82.4%	51,529,663	77.8%	(8,849,152)	615,107,999	87.5%	518,085,681	83.0%	(97,022,318)
HEALTHY KIDS	434,544	0.6%	415,680	0.6%	(18,864)	4,376,026	0.6%	4,572,480	0.7%	196,454
MEDICARE	8,153,616	11.1%	13,747,863	20.7%	5,594,247	36,697,950	5.2%	62,378,225	10.0%	25,680,275
AGNEWS	73,282	0.1%	73,570	0.1%	288	768,312	0.1%	815,695	0.1%	47,383
TOTAL MEDICAL EXPENSES	69,040,257	94.2%	65,766,776	99.2%	(3,273,481)	656,950,287	93.4%	585,852,080	93.8%	(71,098,207)
MEDICAL OPERATING MARGIN	4,214,977	5.8%	497,282	0.8%	3,717,696	46,204,075	6.6%	38,549,201	6.2%	7,654,874
ADMINISTRATIVE EXPENSES										
SALARIES AND BENEFITS	1,371,447	1.9%	1,415,605	2.1%	44,158	13,326,353	1.9%	15,356,537	2.5%	2,030,184
RENTS AND UTILITIES	103,515	0.1%	86,851	0.1%	(16,663)	1,153,494	0.2%	955,364	0.2%	(198,130)
PRINTING AND ADVERTISING	16,385	0.0%	35,973	0.1%	19,588	461,897	0.1%	395,697	0.1%	(66,199)
INFORMATION SYSTEMS	106,944	0.1%	148,556	0.2%	41,612	1,185,788	0.2%	1,634,111	0.3%	448,323
PROF FEES / CONSULTING / TEMP STAFFING	659,711	0.9%	352,762	0.5%	(306,949)	5,594,055	0.8%	3,880,386	0.6%	(1,713,669)
DEPRECIATION / INSURANCE / EQUIPMENT	124,691	0.2%	93,430	0.1%	(31,261)	1,036,851	0.1%	1,027,735	0.2%	(9,115)
OFFICE SUPPLIES / POSTAGE / TELEPHONE	88,748	0.1%	60,333	0.1%	(28,415)	623,261	0.1%	663,667	0.1%	40,405
MEETINGS / TRAVEL / DUES	51,712	0.1%	69,422	0.1%	17,709	547,034	0.1%	763,638	0.1%	216,605
OTHER	19,968	0.0%	7,475	0.0%	(12,493)	74,108	0.0%	82,225	0.0%	8,117
TOTAL ADMINISTRATIVE EXPENSES	2,543,120	3.5%	2,270,407	3.4%	(272,713)	24,002,839	3.4%	24,759,360	4.0%	756,520
OPERATING SURPLUS (LOSS)	1,671,857	2.3%	(1,773,125)	-2.7%	3,444,982	22,201,236	3.2%	13,789,841	2.2%	8,411,394
CONTRIBUTION EXPENSE	-	0.0%	(66,667)	-0.1%	66,667	-	0.0%	(733,333)	-0.1%	733,333
GASB 45-POST EMPLOYMENT BENEFITS EXPENSE	(57,946)	-0.1%	(33,333)	-0.1%	(24,613)	(637,406)	-0.1%	(366,667)	-0.1%	(270,739)
GASB 68 - UNFUNDED PENSION LIABILITY	(437,479)		0		(437,479)	(4,812,271)		0		(4,812,271)
INTEREST & OTHER INCOME	10,761	0.0%	10,000	0.0%	761	179,311	0.0%	110,000	0.0%	69,311
NET SURPLUS (LOSS) FINAL	$ 1,187,192	2%	$ (1,863,125)	-3%	$ 3,050,318	$ 16,930,870	2%	$ 12,799,841	2%	$ 4,131,029

Administrative Expense

Actual vs. Budget

For the Current Month & Fiscal Year to Date - May 2015

Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance $	Variance %		Actual	Budget	Variance $	Variance %
$ 1,371,447	$ 1,415,605	$ 44,158	3.1%	Personnel	$ 13,326,353	$ 15,356,537	$ 2,030,184	13.2%
1,171,674	854,802	(316,872)	-37.1%	Non-Personnel	10,676,486	9,402,823	$ (1,273,663)	-13.5%
2,543,120	2,270,407	(272,713)	-12.0%	Total Administrative Expense	24,002,839	24,759,360	756,520	3.1%

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

Eleven Months ENDED May 31, 2015

		Cal MediConnect (CMC)				
	Medi-Cal	Medi-Cal CMC	Medicare	Healthy Kids	Agnews	**Grand Total**
P&L (ALLOCATED BASIS)						
REVENUE	659,545,416	4,619,729	33,428,994	$4,594,060	966,163	**$703,154,362**
MEDICAL EXPENSES	607,891,670	7,216,329	36,697,950	4,376,026	768,312	**$656,950,287**
(MLR)	92.2%	156.2%	109.8%	95.3%	79.5%	**93.4%**
GROSS MARGIN	51,653,746	(2,596,600)	(3,268,956)	218,034	197,851	**46,204,075**
ADMINISTRATIVE EXPENSES	22,193,565	157,699	1,141,130	498,677	11,769	**24,002,839**
(% MM allocation except CMC)						
OPERATING INCOME/(LOSS)	29,460,181	(2,754,299)	(4,410,086)	(280,643)	186,083	**22,201,236**
OTHER INCOME/EXPENSE	(4,943,503)	(34,626)	(250,561)	(34,434)	(7,242)	**(5,270,366)**
(% of Revenue Allocation)						
NET INCOME/ (LOSS)	$24,516,678	($2,788,925)	($4,660,647)	($315,077)	$178,841	**$16,930,870**
PMPM (ALLOCATED BASIS)						
REVENUE	$280.69		$1,034.02	$87.01	$775.41	**$288.64**
MEDICAL EXPENSES	258.71		1,135.14	82.88	616.62	**269.67**
GROSS MARGIN	21.98		(101.12)	4.13	158.79	**18.97**
ADMINISTRATIVE EXPENSES	9.45		35.30	9.45	9.45	**9.85**
OPERATING INCOME/(LOSS)	12.54		(136.41)	(5.32)	149.34	**9.11**
OTHER INCOME / (EXPENSE)	(2.10)		(7.75)	(0.65)	(5.81)	**(2.16)**
NET INCOME / (LOSS)	$10.43		($144.16)	($5.97)	$143.53	**$6.95**
ALLOCATION BASIS:						
MEMBER MONTHS - YTD	*2,349,726*		*32,329*	*52,797*	*1,246*	***2,436,098***
Non-CMC Member MONTHS by LOB	*97.8%*			*2.2%*	*0.1%*	***100%***
Revenue by LOB	*93.8%*	*0.7%*	*4.8%*	*0.7%*	*0.1%*	***100%***

Santa Clara Family Health Plan
Statement of Cash Flows
For Eleven Months Ended May 31, 2015

Cash flows from operating activities		
Premiums received	$	715,296,102
Medical expenses paid	$	(619,522,775)
Administrative expenses paid	$	(21,017,558)
Net cash from operating activities	$	74,755,770
Cash flows from capital and related financing activities		
Purchases of capital assets	$	(1,509,299)
Cash flows from investing activities		
Interest income and other income, net	$	179,311
Net (Decrease) increase in cash and cash equivalents	$	73,425,782
Cash and cash equivalents, beginning of year	$	38,802,506
Cash and cash equivalents at May 31, 2015	$	112,228,288
Reconciliation of operating income to net cash from operating activities		
Operating income (loss)	$	16,751,559
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	$	709,896
Changes in operating assets and liabilities		
Premiums receivable	$	(11,773,230)
Due from Santa Clara Family Health Foundation	$	67,085
Prepaids and other assets	$	5,800,394
Accounts payable and accrued liabilities	$	1,852,047
Capitation payable	$	4,071,432
Employee benefit liabilities	$	72,622
Advance premium - Healthy Kids & CMC	$	2,450
Reserve for Rate Reductions	$	23,845,436
Incurred but not reported claims payable and risk share payments payable	$	33,356,080
Total adjustments	$	58,004,211
Net cash from operating activities	$	74,755,770

Santa Clara Family Health Plan Enrollment Summary

	For the Month of May 2015			YTD Eleven Months Ending May 2015				
	Actual	**Budget**	**Variance**	**Actual**	**Budget**	**Variance**	**Prior Year Actual**	**Change FY15 vs. FY14**
Medi-Cal	231,235	187,323	23.4%	2,349,726	2,047,176	14.8%	1,740,354	35.0%
Healthy Kids	4,615	5,196	(11.2%)	52,797	57,156	(7.6%)	58,568	(9.9%)
Medicare	6,836	7,305	(6.4%)	32,329	33,145	(2.5%)		
Agnews	113	116	0.0%	1,246	1,276	0.0%	1,311	(5.0%)
Total	242,799	199,940	21.4%	2,436,098	2,138,753	13.9%	1,803,840	35.1%

Santa Clara County Health Authority
May 2015

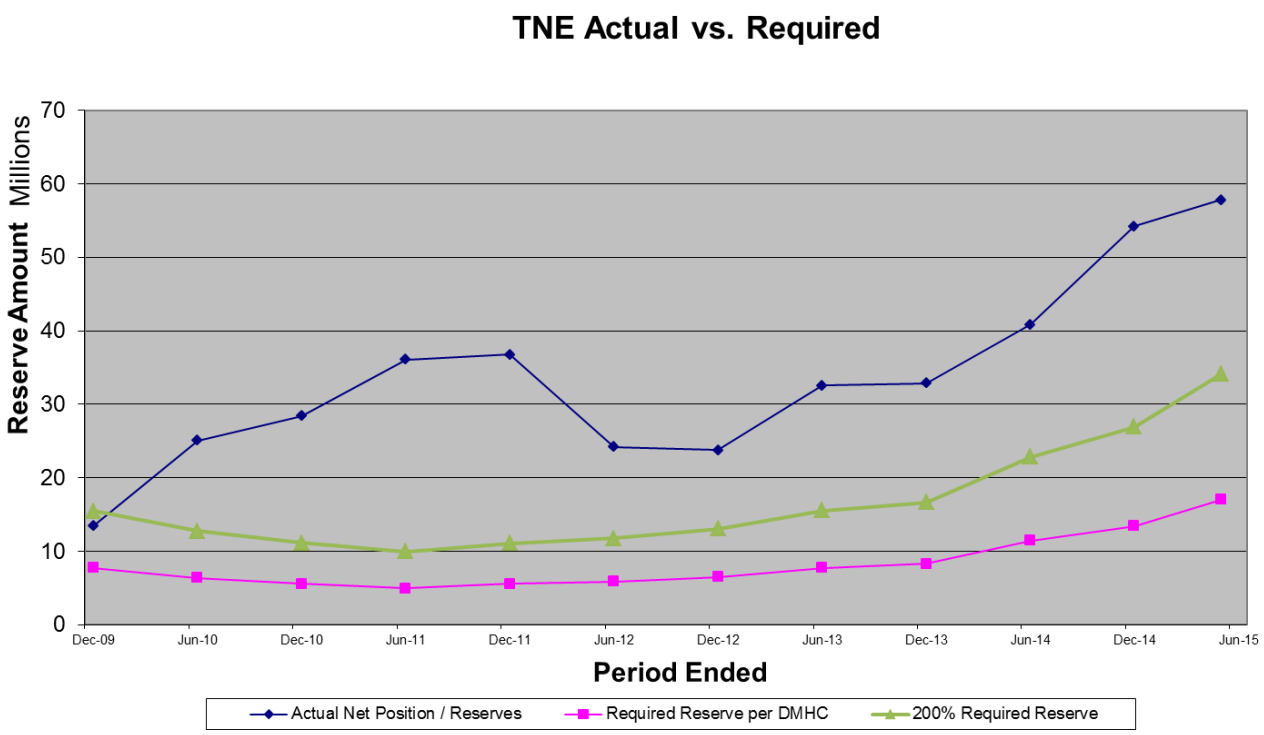
	Medi-Cal		Healthy Kids		CMC		AG		Total	
	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total
Direct Contract Physicians	17,035	7%	173	4%	6,836	100%	113	100%	24,157	10%
SCVHHS, Safety Net Clinics, FQHC Clinics	125,256	54%	3,133	68%	0	0%	0	0%	128,389	53%
Palo Alto Medical Foundation	6,139	3%	49	1%	0	0%	0	0%	6,188	3%
Physicians Medical Group	42,828	19%	1,100	24%	0	0%	0	0%	43,928	18%
Premier Care	15,325	7%	160	3%	0	0%	0	0%	15,485	6%
Kaiser	24,652	11%	0	0%	0	0%	0	0%	24,652	10%
Total	231,235	100%	4,615	100%	6,836	100%	113	100%	242,799	100%
Enrollment @ 6-30-14	187,085		5,322				115		192,522	
Net % Change from Beginning of FY	23.6%		-13.3%				-1.7%		26.1%	

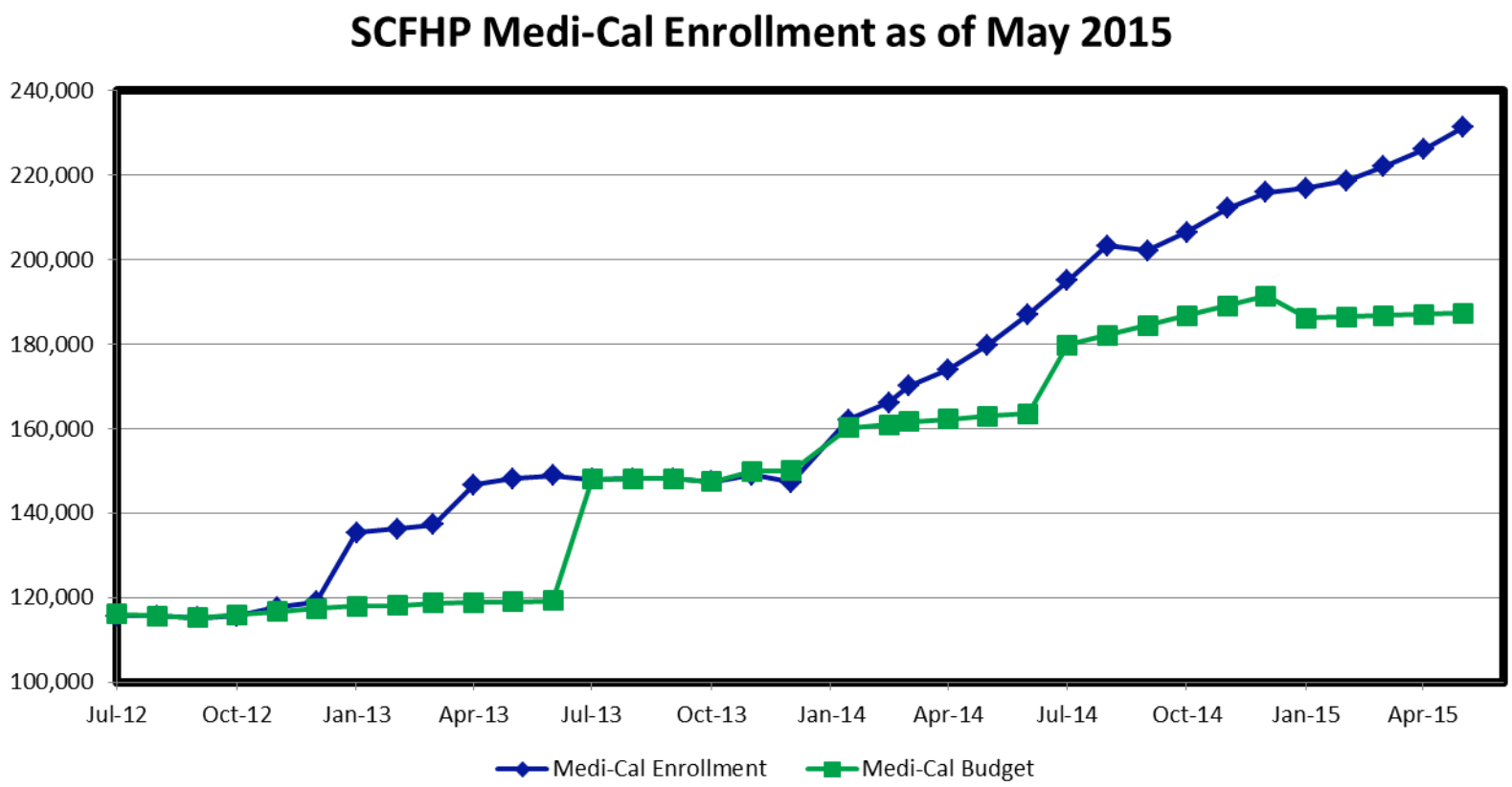
Santa Clara Family Health Plan
Enrollment by Aid-Category

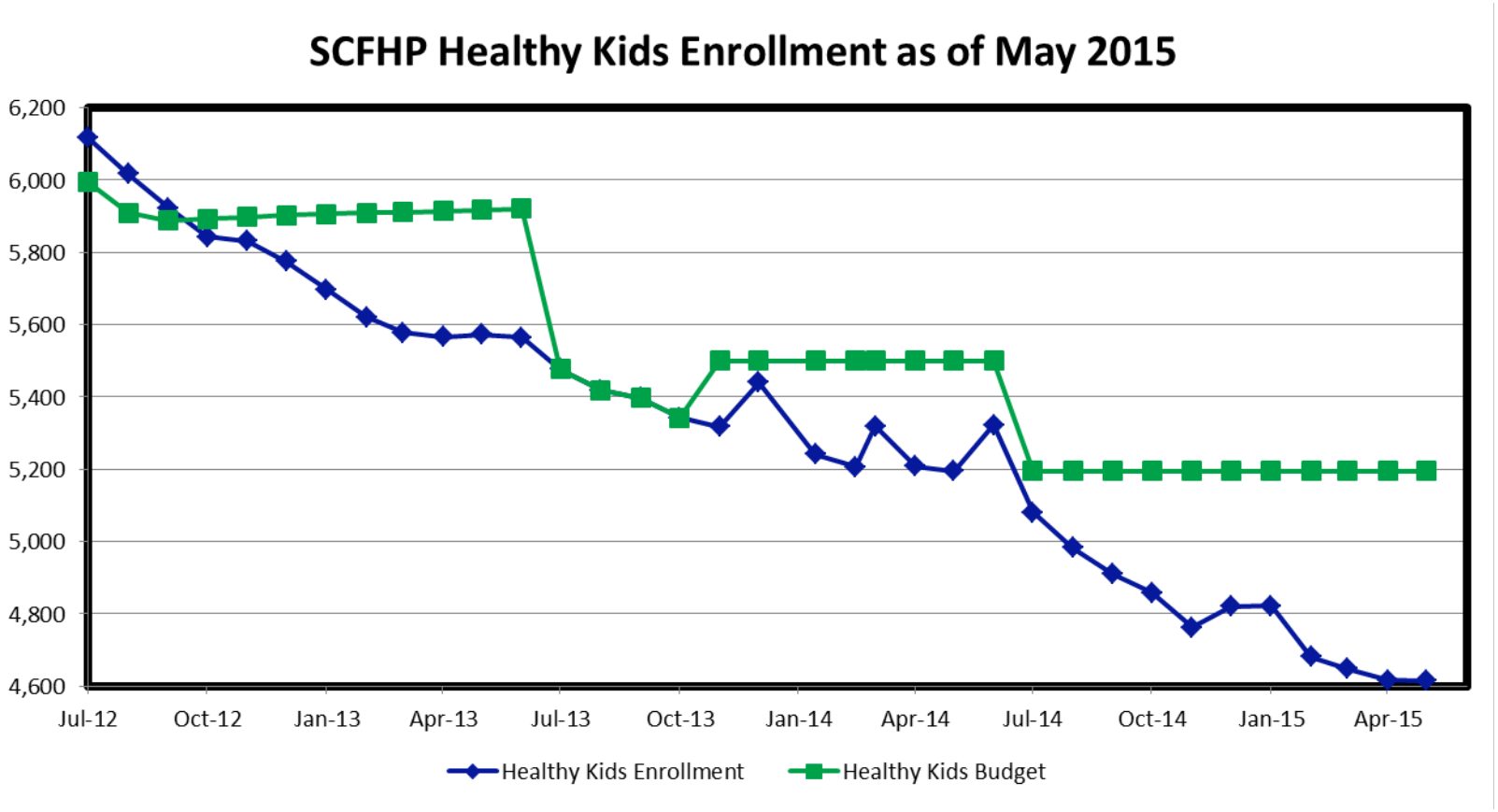
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Family	110,259	112,347	107,318	108,475	110,125	111,671	113,156	113,485	114,809	116,211	118,165
Aged - Medi-Cal Only	7,703	7,939	7,952	7,850	7,909	8,008	8,218	8,447	8,403	8,575	8,719
Disabled - Medi-Cal Only	11,859	11,907	11,869	11,849	11,857	11,827	11,697	11,662	11,643	11,551	11,571
Child (HF conversion)	25,605	25,394	21,545	20,433	20,062	18,952	17,185	16,318	15,363	13,947	12,309
Adult Expansion	31,806	36,460	43,067	48,176	52,507	55,866	59,059	59,636	61,345	63,699	66,836
Total Non-Duals	**187,232**	**194,047**	**191,751**	**196,783**	**202,460**	**206,324**	**209,315**	**209,548**	**211,563**	**213,983**	**217,600**
Aged -Duals	4,088	5,037	5,895	5,362	5,365	5,230	4,283	5,296	6,261	7,425	8,541
Disabled - Duals	3,031	3,416	3,780	3,521	3,506	3,465	2,459	2,882	3,256	3,654	4,027
Other Duals	647	712	749	793	834	886	804	885	951	1012	1067
Total Duals	**7,766**	**9,165**	**10,424**	**9,676**	**9,705**	**9,581**	**7,546**	**9,063**	**10,468**	**12,091**	**13,635**
Total Medi-Cal	**194,998**	**203,212**	**202,175**	**206,459**	**212,165**	**215,905**	**216,861**	**218,611**	**222,031**	**226,074**	**231,235**
Healthy Kids	5,081	4,983	4,910	4,858	4,762	4,820	4,822	4,682	4,648	4,616	4,615
Agnews	114	114	114	113	113	113	113	113	113	113	113
CMC	0	0	0	0	0	0	5,557	6,162	6,548	7,226	6,836
Total Enrollment	**200,193**	**208,309**	**207,199**	**211,430**	**217,040**	**220,838**	**227,353**	**229,568**	**233,340**	**238,029**	**242,799**

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

	12/31/2009	6/30/2010	12/31/2010	6/30/2011	12/31/2011	6/30/2012	12/31/2012	6/30/2013	12/31/2013	6/30/2014	12/31/2014	5/31/2015
Actual Net Position / Reserves	13,501,652	25,103,011	28,445,504	36,093,769	36,803,460	24,208,576	23,776,902	32,551,161	32,878,950	40,872,580	54,224,335	57,803,449
Required Reserve per DMHC	7,737,000	6,388,000	5,591,000	4,996,000	5,558,000	5,901,000	6,525,000	7,778,000	8,330,000	11,434,000	13,467,000	17,049,000
200% of Required Reserve	15,474,000	12,776,000	11,182,000	9,992,000	11,116,000	11,802,000	13,050,000	15,556,000	16,660,000	22,868,000	26,934,000	34,098,000




SCFHP Medi-Cal Enrollment as of May 2015
240,000
220,000
200,000
180,000
160,000
140,000
120,000
100,000
Jul-12
Oct-12
Jan-13
Apr-13
Jul-13
Oct-13
Jan-14
Apr-14
Jul-14
Oct-14
Jan-15
Apr-15
Medi-Cal Enrollment
Medi-Cal Budget


SCFHP Healthy Kids Enrollment as of May 2015
6,200
6,000
5,800
5,600
5,400
5,200
5,000
4,800
4,600
Jul-12
Oct-12
Jan-13
Apr-13
Jul-13
Oct-13
Jan-14
Apr-14
Jul-14
Oct-14
Jan-15
Apr-15
Healthy Kids Enrollment
Healthy Kids Budget

Santa Clara
Family Health Plan
The Spirit of Care

www.scfhp.com

September 15, 2015

To: Governing Board, Santa Clara County Health Authority

From: Christine M. Tomcala, CEO

Re: Provider Pay-for-Performance Agreements

Background
SCFHP contracts with various safety net primary care physicians, Independent Practice Associations and Global Care providers.

Historically SCFHP has also entered into annual "Pay-for-Performance" agreements with these providers. The program includes both performance based metrics and reporting metrics. The performance metrics include components of Generic Prescriptions, Bed Day Utilization and Emergency Utilization. The reporting metrics include Frequency of Reporting, Timeliness of Reporting and Accuracy of Reporting.

Recommended Action
That the SCFHP Governing Board authorize the Chief Executive Officer to execute Pay for performance agreements consistent with prior years for the fiscal year 6-30-15.

Fiscal Impact
The Pay for performance accruals have been recorded in the June 30, 2015 Financial Statements.

210 East Hacienda Avenue • Campbell, CA 95008
ph 408.376.2000 • fax 408.376.2191 • www.scfhp.com

Santa Clara
Family Health Plan

D R A F T

FY 2015-16 FOCUS
Improve Infrastructure & Achieve Operational Excellence

	Plan Objectives	Success Measures	Sponsors
1	**Enhance compliance program for audit readiness**	**Conduct gap analyses and complete corrective action plans**	**Gary Kaplan** – VP, Vendor Relations & Delegation Oversight/ **Tony Solem** – Chief Medicare Officer
2	**Develop and initiate project plan to achieve NCQA accreditation for CMC in 2018**	**Draft project plan in 4Q'15 and conduct gap analysis in 1Q'16**	**Jeff Robertson, MD** –CMO
3	**Negotiate agreement with SEIU**	**Signed agreement by June 2016**	**Sharon Valdez** – VP, Human Resources
4	**Evaluate and pursue integration opportunities with Valley Health Plan and Valley Medical Center**	**Evaluate twelve opportunities and pursue where indicated**	**Christine Tomcala** – CEO
5	**Upgrade systems to meet operational needs of the plan**	• **Complete preparations for ICD-10 by October 1, 2015** • **Complete implementation of QNXT for CMC in 4Q'15** • **Finalize recommendation for Medi-Cal system by 1Q'16**	**Jonathan Tamayo** -- CIO
6	**Maximize members served through quality and service**	• **Five Medi-Cal HEDIS measures increase to next percentile tier, including two achieving 90th percentile benchmark** • **No Medi-Cal HEDIS measures below 10th percentile** • **Benchmark Portal Center of Excellence re-certification by 2Q'16**	**Pat McClelland** – VP, Member & Medical Operations
7	**Achieve budgeted financial performance**	**Achieve FY 2015-16 Net Surplus of $11.6 million**	**Dave Cameron** – CFO

Critical Priority

Santa Clara County Health Authority
Job Titles Added to Pay Schedule
September 24, 2015

Job Title	Pay Rate	Minimum	Midpoint	Maximum
Business Systems Analyst I	Annually	62,706	79,951	97,195
Director of Delegation Oversight	Annually	97,645	126,939	156,233
Eligibility Coordinator I, Medicare Operations	Annually	38,993	47,766	56,540
IT Product Manager	Annually	62,706	79,951	97,195
Medicare Claims Auditor	Annually	48,363	60,454	72,545
Medicare Compliance Coordinator	Annually	43,867	53,737	63,607

Job Titles Removed from Pay Schedule
September 24, 2015

Job Title	Pay Rate	Minimum	Midpoint	Maximum
Appeals & Grievance Supervisor	Annually	55,618	69,522	83,427
Director of Project Management	Annually	97,645	126,939	156,233
Sr. Director Contact Center Operations and Service Excellence	Annually	135,082	178,984	222,886

Santa Clara
Family Health Plan
The Spirit of Care

Minutes - DRAFT

Santa Clara County Health Authority
Executive Committee Regular Meeting

Thursday, July 23, 2015
8:30 AM-9:30 AM
210 E. Hacienda Avenue Campbell CA
95008

Members present:
Ms. Michele Lew
Ms. Linda Williams
Mr. Waldeman (Wally) Wenner
Mr. Bob Brownstein

Members not present:
Ms. Liz Kniss

Staff present:
Ms. Christine M. Tomcala, CEO
Mr. Dave Cameron, CFO
Ms. Sharon Valdez, VP HR

Others present:
Mr. Richard (Dick) Noack w/ Hopkins & Carley

1. Roll Call

Chairperson Lew called the meeting to order at 8:35am. Roll was taken, and a quorum was established.

2. Action Item: Approve Minute's

No action taken.

3. Public comment

There were no public comments.

4. Action Item: Adjourn to Closed Session

a. Conference with Labor Negotiators (Government Code Section 54957.6): It is the intention of the Executive Committee to meet in Closed Session to confer with its Designated Representatives:
- Designated Representatives' Names: Dave Cameron, Sharon Valdez, and Richard Noack
- Employee organization: Local 521, SEIU

5. **Report from closed session**
   Direction was given to management and the Authority attorney with respect to union negotiations

6. **Action Item: Approve May 2015 Financial Statements**

   Mr. Cameron, Chief Financial Officer, presented highlights for May 2015. The surplus is $1.2m for the month and $16.9m YTD. , the overall medical loss ratio is 94.2% and 93.4% for the month and YTD respectively. Administrative expenses were 3.5% and 3.4% for the month and YTD respectively.

   Medi-Cal revenue has doubled year over year and CMC is now becoming a significant portion of our base. Expansion membership has gone from zero January of 2014 to 25% of our Medi-Cal membership. These rates were initially set at very high levels, however they're getting to a level where they should be but everybody has benefited from that until now.

   Healthy Kids enrollment is declining consistently as in prior years. The growth of the Cal-MediConnect is slightly less than projected thru May. Agnews Line of Business is being rolled into Medi-Cal Classic retro to July 2014.

   Mr. Cameron also went through the enrollment by aid category; Medi-Cal growth has primarily been expansion and aged disabled, the under 19 and over 19 is stable. The tangible net equity has grown to $57.8 million or 3.39 times the minimum required by the Department if Managed Health Care.

   It was moved, seconded, and approved to accept the May 2015 Financial Statements

7. Adjournment

   It was moved, seconded, and approved to adjourn the meeting at 9:50am

_____

Elizabeth Pianca, Secretary to the Board

Santa Clara
Family Health Plan

The Spirit of Care

Consumer Affairs Committee
Minutes – June 9, 2015

In Attendance:

Committee Members: Blanca Ezquerro, Danette Zuniga, Hung Vinh, Myrna Vega, Rachel Hart, Vu Nguyen and Waldemar Wenner, M.D.

SCFHP Staff: Pat McClelland, Darrell McHenry, and Darryl Breakbill

Item	Discussion	Action	Assigned to:	Due Date
Call to Order and Roll Call	Roll call was taken. A quorum was present at 6:07 p.m. and the meeting was called to order.			
Review of Minutes	The minutes from the March 10, 2015 meeting were reviewed and approved with corrections. Blanca Ezquerro and Waldemar Wenner requested the spelling of their names be corrected.	None		
Public Comment	No public comment			
Health Plan Updates	**Membership update:** Ms. McClelland provided an update on the Health Plan membership. As of June 1, 2015, the total health plan membership is 247,092. The membership continues to grow steadily each month. Additional providers have joined the health plan as a result of the increased membership. Some of the providers support the new services and benefits, for example, behavioral health treatment. Ms. Zuniga shared that it is not easy to find speech and OT providers			

Santa Clara
Family Health Plan

The Spirit of Care

Consumer Affairs Committee
Minutes – June 9, 2015

Item	Discussion	Action	Assigned to:	Due Date
	using the health plan web site provider search tool. She has been able to work directly with a nurse in medical management at SCFHP to help find appropriate providers. Ms. McClelland shared the provider look up feature on the website is currently being revised and she would keep the committee informed on the progress.			
Resources and Information for Members and the Community	Mr. Darryl Breakbill, Appeals and Grievance Manager was introduced. Mr. Breakbill provided an overview of the Medi-Cal program beneficiary rights and protections. Highlights from the presentation and discussion include: • The Medi-Cal program, and specifically Santa Clara Family Health Plan, has rules in place to ensure our members receive the appropriate benefits and services fairly. • Protections include making sure our members have access to report concerns (complaints) about services or care issues, providing a process to dispute services or medications that may be covered within Santa Clara Family Health Plan and rights to file complaints against health plan operations or request further levels of appeals. • Filing a grievance (complaint) is a way to communicate dissatisfaction with an experience or service to the Plan, in order			

Santa Clara
Family Health Plan

The Spirit of Care

Consumer Affairs Committee
Minutes – June 9, 2015

Item	Discussion	Action	Assigned to:	Due Date
	to improve future experiences and it helps the Plan to identify trends and areas that might need to be improved. • There are several ways to file a concern or appeal. Including calling members services, online through the website, or by faxing, emailing or mailing a letter to SCFHP. • There are certain timeframes all health plans must follow when reviewing a grievance or appeal. SCFHP has up to 30 calendar days to investigate and resolve standard member appeals and grievance and 72 hours for expedited appeals. Mr. Breakbill shared the majority of appeals and grievances are reported through member services. The most common grievance is quality of service. Examples include personality conflicts with a provider or provider office staff. The fewest reported category is access to service. Member information regarding beneficiary rights and protections is included in the member handbook or EOC, on the website and on a periodic basis, the topic is featured in the health plan newsletter.			
Future Agenda Items	The committee would like to learn more about the behavioral health benefits available to health plan members.		All	

Santa Clara
Family Health Plan

The Spirit of Care

Consumer Affairs Committee
Minutes – June 9, 2015

Item	Discussion	Action	Assigned to:	Due Date
Adjournment	The meeting adjourned at 7:05 p.m.			
Next Meeting Date	The next meeting is scheduled on September 8, 2015 from 6:00- 7:00 p.m.			

_____ _____

Consumer Affairs Committee Chairperson **Date**

Santa Clara
Family Health Plan

The Spirit of Care

Consumer Affairs Committee
Minutes – September 8, 2015

In Attendance:

Committee Members: Blanca Ezquerro, Danette Zuniga, Hung Vinh, Rachel Hart, and Waldemar Wenner, M.D.
SCFHP Staff: Christine Tomcala, Pat McClelland, and Sherry Holm.

Item	Discussion	Action	Assigned to:	Due Date
Call to Order and Roll Call	Roll call was taken. The meeting was called to order at 6:07 p.m. A quorum was not present.			
Review of Minutes	The minutes from the June 9, 2015 meeting were reviewed, but not approved since a quorum was not present.	None		
Public Comment	No public comment			
Introduction of New CEO	Ms. Christine Tomcala was introduced. Ms. Tomcala is SCFHP's new CEO. She joined the Health Plan in July. Ms. Tomcala previously served as CEO of Soundpath Health in the state of Washington. Soundpath Health is a Medicare Advantage health plan. Prior to joining Soundpath Health, Ms. Tomcala worked at HealthPlus of Michigan, a Medicaid and Medicare plan. Ms. Tomcala shared she is delighted to join SCFHP. Ms. Tomcala shared in August the Health Plan announced that it had surpassed 250,000 members enrolled in the Medi-Cal, Cal MediConnect, and Healthy Kids programs. SCFHP is proud to highlight this milestone in health care for low-income residents of Santa Clara County.			

Santa Clara
Family Health Plan

The Spirit of Care

Consumer Affairs Committee
Minutes – September 8, 2015

Item	Discussion	Action	Assigned to:	Due Date
	The Health Plan membership continues to grow. In September 2015, over 259,000 members are enrolled. There are 247,000 members enrolled in Medi-Cal, 7,900 in Cal MediConnect and 4,400 children in Healthy Kids. Ms. McClelland provided an update on Medi-Cal for all children. The target date to transition the children from the Healthy Kids program to full scope Medi-Cal is no sooner than May 2016. The Health Plan is currently working with County Socials Services and representatives from the County to develop a plan to transition the children to the appropriate program. Children who do not qualify for Medi-Cal due to income will likely transition to the counties new children's coverage initiative. Dr. Wenner shared that he would like to see additional physician representation on the SCFHP Governing Board. To that end, he is talking with various elected officials and Governing Board representatives to share his opinion. He encouraged other Committee members to do the same.			

Santa Clara
Family Health Plan

The Spirit of Care

Consumer Affairs Committee
Minutes – September 8, 2015

Item	Discussion	Action	Assigned to:	Due Date
Overview of Behavioral Health Services	Ms. Sherry Holm, Behavioral Health Manager was introduced. Ms. Holm provided an overview of the Medi-Cal and Cal MediConnect behavioral health services. Highlights from the presentation and discussion include: • The Cal MediConnect program incorporates both Medicare and Medi-Cal benefits. The CMC behavioral health benefits include all mild to moderate outpatient care. For this service, members are likely seen by their primary care provider for depression screening or anxiety issues. • The County Mental Health Department (CMHD) covers all outpatient specialty mental health services. Ms. Holm's stated CMHD provides an extensive scope of services and she often times works with the CMHD Call Center to help identify appropriate resources throughout the county. • The Mental Health Department has a network of county operated and contracted programs which include outpatient treatment and emergency mental health care that includes temporary hospitalization for individuals with severe mental illness. • Mental Health Urgent Care is located on Enborg Lane. This is a walk in clinic for adolescents and adults experiencing a mental health crisis. Services include screening, assessment, crisis intervention, referral and short-term treatment.			

Santa Clara
Family Health Plan

The Spirit of Care

Consumer Affairs Committee
Minutes – September 8, 2015

Item	Discussion	Action	Assigned to:	Due Date
	• SCFHP covers screening, brief intervention and referral to treatment for substance use disorders. Santa Clara County is responsible for detoxification and residential treatment, if needed. • Behavioral health treatment (BHT) for autism spectrum disorder (ASD) is a covered benefit for children under 21 years old. Children under 3 can also be seen at San Andres Regional Center in the Early Start Program. Early next year, these children will transition to the Health Plan for services. • Ms. Holm's provided important contact information for each of the services.			
Future Agenda Items	The committee would like to learn more about the transportation benefits as well as an overview of community resources available to members.		All	
Adjournment	The meeting adjourned at 6:50 p.m.			
Next Meeting Date	The next meeting is scheduled on December 8, 2015 from 6:00 - 7:00 p.m.			

_____ _____

Consumer Affairs Committee Chairperson **Date**

Santa Clara Family Health Plan
Provider Advisory Council
February 12, 2015
Boardroom

PAC Attendees: Dr. Thad Padua, Center for Life; Dr. Peter Nguyen, Kelly Park Clinic; Sherri Sager, Lucile Packard Children's Hospital; Steve Church, Willow Glen Center; Paul Taylor, Momentum for Health

Delegated Groups: Dr. Tuyen Ngo, Premier Care

SCFHP Attendees: Elizabeth Darrow, Jeff Robertson, MD, Jimmy Lin, MD, Tony Solem, Ngoc Bui-Tong, Jennifer Clements, Lori Andersen, Stacy Renteria

ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
Meeting Called To Order	Dr. Thad Padua, Chairperson, called meeting to order at 12:20. A quorum is present.	None		
Public Comment	Mark Pasos, Walgreens was present but did not contribute to the discussion.	None		
Review of Minutes	The minutes were reviewed and approved.	Approved with No Comment		
Other Business	**CCS Carve – Out Update** Ms. Sherri Sager gave an update on the Children's Complex Care issues. On the Federal level ACE (Access to Care for Exceptional Kids) is covering children nationally for Medicaid through working with Children Hospital networks. The legislation was introduced two weeks ago; initially there were six co-sponsors, three Democrats and three Republicans, as of today it is up to sixty-five co-sponsors. The CCS carve-out is expected to expire at the end of December. The current state government administration will not support a	Informational topic	Sherri Sager	Ongoing

ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
Other Business	carve-out that included CCS standards. An alternative may be KIDS – Kids Integrated Delivery Systems, creates broad-based levels of care for children who have complex care needs anchored by a children's hospital or a large CCS population. Committee discussed changing CCS conditions, excluding the NICU, and risk with a three year phase in.			
CEO Report	**<u>Cal MediConnect Implementation Update</u>** Ms. Elizabeth Darrow, Chief Executive Officer, stated Cal MediConnect (CMC) membership is a little over 6,000 members with a 40% opt-out rate by members. The Health Plan is conducting outreach to members who have opted-out. With attention to the Governor's budget, if the opt-out rate continues and the enrollment does not increase the Department of Finance does have the authority to close Cal MediConnect. All eyes are on it, what we've heard from the State is they don't anticipate making a move on it until 2016. Long-Term Care and IHSS will still stay in effect if Cal MediConnect is cancelled. There is an incredible amount of work being done by the Health Plan staff to implement the new claims system, keep up with a record volume of calls, conduct Health Risk Assessments for members within 45 days of enrollment and hiring of more staff	None	N/A	N/A

Santa Clara Family Health Plan
Provider Advisory Council
February 12, 2015
Boardroom

ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
CEO Report	and building more infrastructure to support the program. **<u>Medi-Cal and Healthy Kids Lines of Business</u>** Healthy Kids members decreased, currently under 5,000 children; there is a high age-out disenrollment. We are looking at undocumented people signing up for Medi-Cal per President Obama's proposal. If that does happen our Healthy Kids program will essentially go away as it will be something our community will no longer need or needs to be subsidized with coverage through Medi-Cal. Current Medi-Cal membership is 229,790. **<u>O'Connor Hospital</u>** The Health Plan's contract with O'Connor is terminated; there is a small extension to February 16, 2015. We are diligently working with O'Connor to identify terms that are acceptable for both sides. The contract is for both Medicare and Medi-Cal lines of business. **<u>CEO Search</u>** The CEO search is ongoing; two candidates have been identified. March 31st is Elizabeth's last day, however, she may stay on to assist with transition.	None None None	N/A N/A N/A	NA N/A NA

Santa Clara Family Health Plan
Provider Advisory Council
February 12, 2015
Boardroom

ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
CEO Report	**ACA Payment** At our last board meeting the Health Plan discussed to extend the ACA payment and additional year until all the funds allocated are exhausted, extending into 2015 and possibly 2016. We could have applied to our bottom-line but we choose to give to the providers.	None	N/A	N/A
Medical Management	**Medical Management Update** Dr. Jeff Robertson, Chief Medical Officer, addressed the Committee regarding the emphasis of continuity of care for Cal MediConnect members with their providers. An interesting issue to note is around the 60 day pharmacy transition, the CMC formulary is much broader than the Medi-Cal formulary. The Health Plan is seeing a much higher degree of younger persons with a disability and the highest categories of utilization is on behavioral health drugs. The Health Plan needs to develop an expertise around behavioral health drug management since this is territory we are unfamiliar with. The Health Plan also needs to develop a more robust behavioral health provider network.	None	N/A	N/A
Medical Management	**Model of Care Presentation** Dr. Robinson reviewed the Model of Care PowerPoint presentation with the Committee. Lori Andersen reviewed the LTSS slides in the presentation.	None	N/A	N/A

ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
	The Committee discussed patient re-admission problems from skilled nursing facilities, the involvement of medical directors at these facilities, the role of a SNF'ist provider and possibly incentivized program to keep the patient out of the emergency room. Committee agreed it's a systemic issue in the skilled nursing facilities and the lack of physician oversight. Steve Church spoke of his facility's own experience around the interact critical thinking program which helped with the re-admission issue. Off-topic discussion on IMD's – Institute for Mental Disease which are locked facilities. The last couple of years there has been an influx of people who end up in these facilities because they don't speak English, have no family, are homeless and cannot control chronic disease such as Diabetes. CCI was put in place to address individual needs and issues and to keep people out of IMD's who do not have a mental disease.			
ACA Payment	**<u>ACA Payment Update</u>** Ngoc Bui-Tong, Director of Healthcare Economics, addressed the Committee about the ACA payment progress. December 31, 2014, was the last day for a provider to attest on State website.	None	N/A	N/A

Santa Clara Family Health Plan
Provider Advisory Council
February 12, 2015
Boardroom

ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
	SCFHP processed a payment to provider sin November 2014 and there will be another payment in March.			
Adjournment	Meeting Adjourned 1:30 - Next Meeting is April 9, 2015			

Signature:_____ **Date:**_____

Santa Clara Family Health Plan
Provider Advisory Council
July 9, 2015
Boardroom

PAC Attendees: Dr. Thad Padua, IHC Pediatric Center; Dr. Peter Nguyen, Kelly Park Clinic; Sherri Sager, Lucile Packard Children's Hospital; Steve Church, Willow Glen Center; Bridget Harrison, Valley Medical Center, Dr. Tuyen Ngo, Premier Care

SCFHP Attendees: Dave Cameron, Jeff Robertson, MD, Jimmy Lin, MD, Tony Solem, Ngoc Bui-Tong, Gary Kaplan, Pat McClelland, Jennifer Clements, Irene Walsh, Claudia Graciano, Shenita Hurskin, Phuong Au, Rita Zambrano

ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
Meeting Called To Order	Dr. Thad Padua, Chairperson, called meeting to order at 12:25PM. A quorum is present.	None		
Public Comment	No Public Comment	None		
Review of Minutes	The minutes were reviewed and approved.	None		
CEO Report	**Plan Update** Mr. Dave Cameron, Chief Financial Officer, provided an update on the Health Plan. Membership is at 230,000. SCFHP is in the process of signing a contract with St. Louise Hospital. The Governing Board approved the Health Plan's 2015/2016 budget during the June 25th 2015 meeting. Mr. Cameron also reported that the Health Plan's revenue continues to increase and currently have 1.6% net surplus.	None	N/A	N/A

Santa Clara Family Health Plan
Provider Advisory Council
July 9, 2015
Boardroom

ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
CEO Report	**<u>CEO Announcement</u>** The new CEO, Christine Tomcala, starts July 20th. Ms. Tomcala comes from SoundPath Health and led a provider-owned Medicare Advantage Plan in Washington State.	None	N/A	N/A
	<u>ACA payment update</u> Ms. Ngoc Bui-Tong, Director of Healthcare Economics, provided an update on the status of the ACA Payment for the primary care providers. Ms. Bui-Tong began by recapping the intent of the program, which was to increase the Medi-Cal payments to primary care providers so they were commensurate with the Medicare fee schedule. The program was scheduled for calendar year 2013-14. The last payment for those two calendar years was sent to the providers in June. SCFHP will process another payment for any claims that come in with those service dates. Providers have one year from the date of service to submit eligible claims which the Health Plan will pay. The Health Plan is about 99% done processing the received claims. The Health Plan is currently discussing how to continue payment for contract year 2015 utilizing the components of the original CY 13-14 plan. SCFHP will seek the Governing Board's approval to extend the program.	None	N/A	N/A

Santa Clara Family Health Plan
Provider Advisory Council
July 9, 2015
Boardroom

ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
CMO Report	**<u>O'Connor and St. Louise Hospital Update:</u>** Dr. Jeff Robertson, Chief Medical Officer, addressed the Committee regarding the status of the Health Plan's contracts with O'Connor and St. Louise hospitals. St. Louise terminated their contract with the Health Plan which presented a concern for people in the South County particularly around Obstetrics. SCFHP is pleased to announce that we have come to a tentative agreement that is currently in process. The one year agreement will provide services for emergency, obstetrics and inpatient services. The Health Plan is still in contract negotiations with O'Connor.	Dr. Robertson will provide updates on the hospital contracts and access issues at future meetings.	Dr. Robertson	10/08/15
	<u>DHCS Criteria for Coverage of Hepatitis C Treatment</u> Dr. Robertson advised the Committee that last year's new breakthrough treatments in Hepatitis were released at a price tag of $100,000 per patient. This is significant for the Health Plan because about 5% of our membership carries the Hepatitis C virus which will eventually cause the disease in about 20% of those individuals. The treatment would have extraordinary financial impact that neither the state not the Health Plan would survive. Last year the Department of Health Care Services (DHCS) issued guidelines for coverage of advanced liver disease, called stage 3 to stage 4.	None	N/A	N/A

ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
	This year DHCS published new criteria which the Health Plan has adopted because it lowers the threshold for qualification and it adds numerous other qualifying conditions without a diagnosis of liver disease. DHCS also adopted the American Association for the Study of Liver Disease (AALSD) criteria, which is much broader that the previous manufacturer's recommendations. **<u>Behavioral Health</u>** Dr. Robertson discussed the treatment of Autism as a covered benefit for the Health Plan. Dr. Robertson reminded the Committee that this became a benefit under managed Medi-Cal in September 2014. Prior to September this benefit was carved out to the San Andreas Regional Center (SARC). Effective November 1, 2015, SARC will no longer provide treatment for approximately 280 persons in our community. SCFHP will provide coverage for those individuals. In preparation of this change, and in response to the new benefit that was effective in September, the Health Plan has been contacting many providers in the community about a contract. There is a shortage of providers in our community and this has impacted the Health Plan's efforts to contract. Ms. Jennifer Clements, Director of Provider Operations,	None	N/A	N/A

ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
	commented that the Health Plan has tried to contract with the same providers that work with SARC. Due to the lack of guidance from the state regarding credentialing guidelines and rates, it is difficult to get one standard approach for everyone.			
MLTSS	**<u>MLTSS Update</u>** Ms. Irene Walsh, MLTSS Provider Relations Representative, provided an update on one of the Health Plans newest partners, ArcWell Medical. Arc Well Medical is a group of affiliated physicians providing primary care services in skilled nursing facilities (SNFs). The Health Plan now has more than 600 long term care members in SNFs. Some of the goals for this new partnership are: • A reduction in avoidable readmissions and SNF acute care • Provide medically necessary visits at regular intervals, as appropriate for the member's medical needs and level of care required. • Ongoing three way communication • Improved care management for members in SNFs • Coordination of specialty and ancillary services • PCP's participation in all coordination efforts: ICT meetings (scheduled and ad hoc), transitions of care program, identification of potential members who	The Health Plan will continue to provide the Committee with updates regarding MLTSS activities at future meetings.	Lori Anderson	10/08/15

ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
	would be able to transition back into the community. • Safe transitions back to the community			
Children's Complex Care Issues	**<u>Children's Complex Care Issues</u>** Ms. Sheri Sager, LPCH, provided an update on children's complex care issues. Ms. Sager noted that the legislation regarding California Children's Services (CCS) could potentially have a big impact the Health Plan. There are currently two pieces of legislation in process. The first is by assemblyman Rob Bonta that would extend the carve-out of CCS for one year. The second is by Senator Ed Hernandez and it would implement a new network of care for kids ready to move out of the existing CCS system. It is expected that Governor would veto both bills; they want to move the kids into Medi-Cal Managed Care. The State would like to have four 2-plan model counties where they can move kids into managed care in 2017. CCS families and advocates are uniformly opposed to this and there is great concern that children will not get to the right places at the right times like rural communities. Dr. Thad Padua, Committee Chair, noted that the system is already fragmented and with this new approach it will further perpetuate the issues withthe system.	Ms. Sager will continue to provide updates at future Committee meetings.	S. Sager	10/08/15

ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
	Ms. Sager noted that everyone is in agreement that the current system is not sustainable and they are looking at solutions for children with complex care needs.			
Other Business	<u>PAC Committee Roster and Charter</u> Dr. Jeff Robertson, CMO, advised the Committee that two members have retired and are no longer on the Committee. In addition, the current Health Plan by-laws indicate that each council member may serve for a maximum of three two-year terms. Therefore, the Committee has five members who will be leaving at the end of their 2016 term. 1. Dr. Thad Padua, Chair – term end of 2016 2. Ms. Sheri Sager – term end of 2016 3. Dr. Peter Nguyen – term end of 2016 4. Dr. Bridget Harrison – term end of 2016 5. Dr. Kenneth Phan – term end of 2016 6. Mr. Paul Taylor – retired 7. Dr. Connie Tucker – retired 8. Mr. Steve Church 9. Dr. Stephen Ho 10. Dr. Tuyen Ngo 11. Dr. Dolly Goel	Provide the Committee with a copy of the by-laws and the Health Plan's PAC policy. The Committee will identify potential members and discuss the by-laws. Proposed changes will be presented to the Governing Board for approval.	J. Clements	10/08/15

Santa Clara Family Health Plan
Provider Advisory Council
July 9, 2015
Boardroom

ITEM	DISCUSSION	ACTION	RESPONSIBLE PARTIES	DUE DATE
	The committee discussed adding new members to the roster, including new physicians and other provider types such as MLTSS providers or facility representatives. Dr. Thad Padua also suggested reviewing the Health Plan by-laws to propose edits to allow current members to extend their membership.			
Adjournment	Meeting Adjourned 1:30 - Next Meeting is April 9, 2015			

Signature:_____ **Date:**_____

Santa Clara Family Health Plan
Operations Report
July and August 2015

Membership
August 2015

	2015-01	2015-02	2015-03	2015-04	2015-05	2015-06	2015-07	2015-08	2015-09
AM	**113**	**113**	**113**	**113**	**113**	**113**	**109**	**110**	**111**
Santa Clara Family Health Plan	113	113	113	113	113	113	109	110	111
HK	**4,822**	**4,681**	**4,648**	**4,616**	**4,615**	**4,559**	**4,510**	**4,615**	**4,400**
Palo Alto Medical Foundation	46	47	44	45	49	47	45	46	42
Physicians Medical Group	1,152	1,132	1,126	1,127	1,100	1,104	1,086	1,117	1,076
Premier Care	174	164	169	153	160	142	146	146	139
Santa Clara Family Health Plan	163	163	157	170	173	167	175	184	184
Valley Health Plan	3,287	3,175	3,152	3,121	3,133	3,099	3,058	3,122	2,959
MC	**216,824**	**218,587**	**222,013**	**226,054**	**231,194**	**235,016**	**237,331**	**242,561**	**246,702**
Kaiser	22,802	23,232	23,790	24,207	24,653	24,902	25,104	25,317	25,498
Network 00	3,475	3,863	4,526	5,322	6,139	7,060	5,613	7,103	7,617
Palo Alto Medical Foundation	5,296	5,408	5,642	5,871	6,135	6,266	6,450	6,639	6,837
Physicians Medical Group	41,064	41,602	42,020	42,524	42,805	43,420	43,825	44,164	44,594
Premier Care	14,621	14,770	14,913	15,166	15,316	15,088	15,194	15,292	15,257
Santa Clara Family Health Plan	10,299	10,390	10,527	10,717	10,890	10,949	11,661	12,003	12,440
Valley Health Plan	119,267	119,322	120,595	122,247	125,256	127,331	129,484	132,043	134,459
UNK						**3**			
CMC	**5,557**	**6,162**	**6,548**	**7,226**	**6,836**	7,187	**7,543**	**7,698**	**7,912**
Santa Clara Family Health Plan	5,557	6,162	6,548	7,226	6,836	7,187	7,543	7,698	7,912
Grand Total	**227,316**	**229,543**	**233,322**	**238,009**	**242,758**	**246,878**	**249,493**	**254,984**	**259,125**

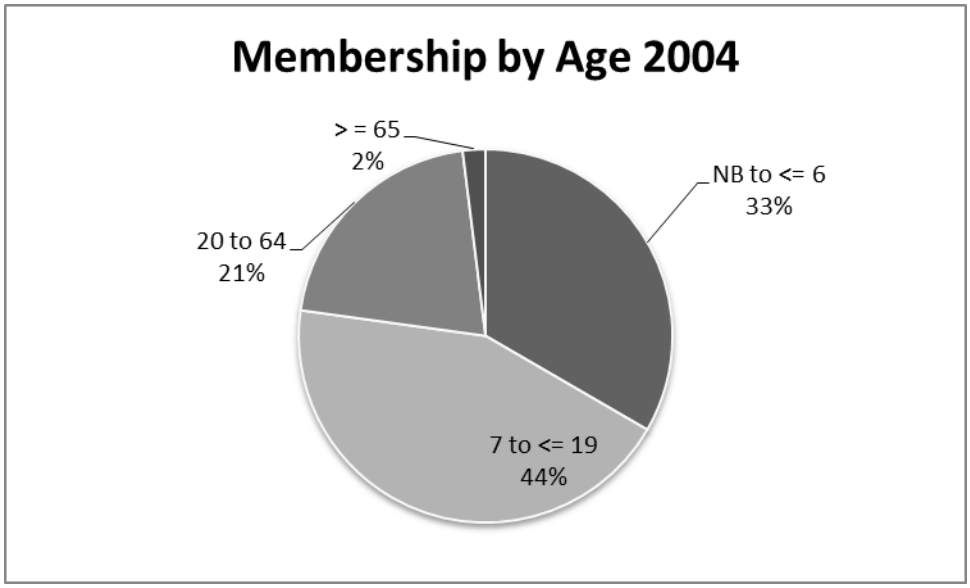
Membership at capitation * Jan 2014 –Start LIHP Transition and MCE

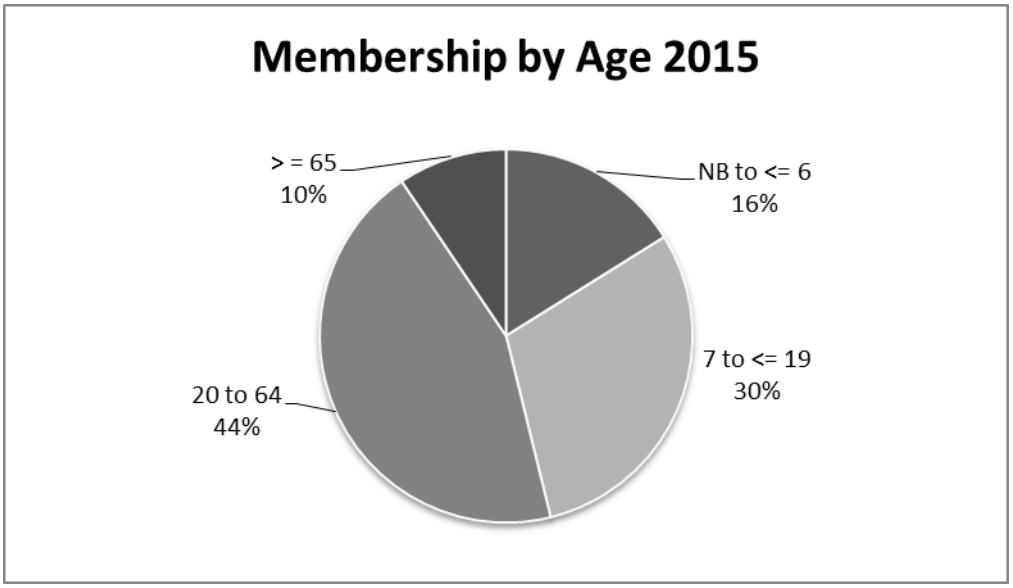
Santa Clara Family Health Plan
Operations Report
July and August 2015

Membership by Age
2004 through 2015

	2004	2006	2010	2011	2012	2013	2014	2015
NB to <= 6	33%	34%	31%	29%	27%	26%	16%	16%
7 to <= 19	44%	43%	43%	41%	40%	43%	30%	30%
20 to 64	21%	22%	22%	24%	26%	24%	44%	44%
> = 65	2%	1%	4%	6%	7%	7%	10%	10%
Total	97,192	95,698	127,491	135,856	141,935	153,309	220,802	247,300

MediCal/Healthy Kids





Santa Clara Family Health Plan
Operations Report
July and August 2015

Long Term Services Supports (LTSS) Department
August 2015

Total LTSS Members by Line of Business (LOB)

Long Term Services Support Program (LTSS)	Cal MediConnect	Medi-Cal	Total Members in LTSS Programs
Community-Based Adult Services (CBAS)	89	437	526
In-Home Supportive Services (IHSS)	1718	5326	7044
Long Term Care (LTC) – Source: 3387	266	688	954
Multipurpose Senior Services Program (MSSP)	37	168	205

In-Home Supportive Services (IHSS) are personal care services for people who are disabled, blind or aged 65+ and unable to live at home safely without help.
Community-Based Adult Services (CBAS) is daytime health care at centers that provide nursing, therapy, activities and meals for people with certain chronic health conditions.
Multipurpose Senior Services Program (MSSP) provides social and health care coordination services for people age 65 and older.
Long-Term Care Facilities provide residential long-term custodial or skilled nursing care.

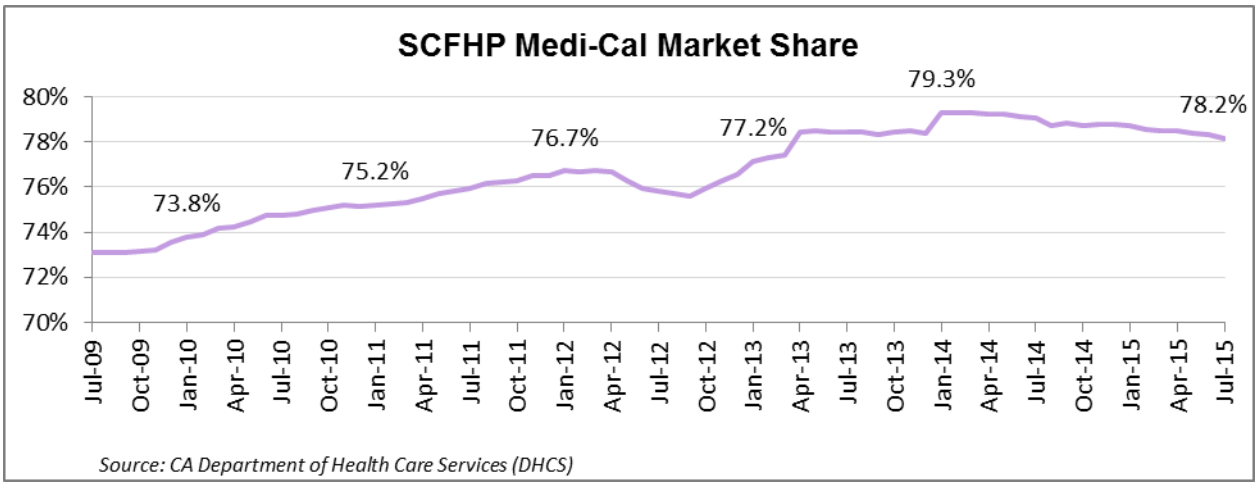
LTSS ENCOUNTERS	July Total	August Total
CBAS Face-to-Faces (F2F) Completed assessments	17	30
LTC F2F Completed assessments	9	13
Provider Site Visits: Skilled nursing centers and CBAS centers	7	6
LTSS Provider Calls (inbound and outbound calls to LTSS Providers)	72	269

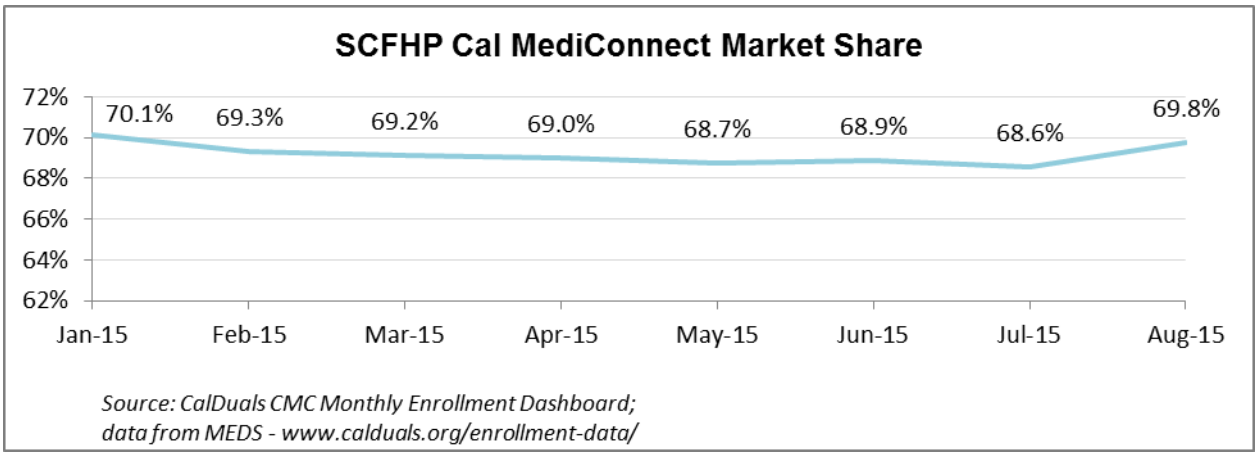
CCI Stakeholder and LTSS Network Engagement

PROVIDER OR STAKEHOLDER GROUP	PURPOSE/FOCUS OF MEETING
CMC Consumer Advisory Board	Monthly meeting – 3 SCFHP members present; focused on Home Health
Valley Medical Center & SNF providers	Discuss implementation of INTERACT model at designated SNFs to prevent readmissions from SNFs to acute settings.
CA Collaborative Monthly	Provide input on SCFHP CCI implementation issues to statewide group
Premier Care Provider Meeting	MLTSS Presentation part of agenda
IHSS CCI Liaison Team Meeting	Plan cross-training for case managers and care coordinators
On Lok – PACE CBAS Center	Discuss contracting and training for case managers on PACE model
Alzheimer's Association	Coordinated training for new case managers
CA Collaborative Monthly	Provide input on SCFHP CCI implementation issues to statewide group
CCI Sustainability Work Group	Bi-monthly Calls with CAHP and participating CCI plans

Marketing Department
August 2015

Market Share





While SCFHP CMC market share increased with August 1 enrollment, according to CalDuals data, this data also shows a decrease in absolute enrollment for both SCFHP and Anthem from July 1 to August 1 (source: CalDuals, MEDS August MOE 2015, pulled on 8/5/15):

- SCFHP July 1 Enrollment: 7518 August 1 Enrollment: 7392 1.7% decrease
- Anthem July 1 Enrollment: 3446 August 1 Enrollment: 3203 7.1% decrease

Marketing Department

Marketing Changes/Trends

Change/Trend	Implications/Actions
New and proposed state and federal regulations for health plan provider directories and provider search functions on websites – 2016 Medicare Marketing Guidelines, CA SB 137, CMS Medicaid Managed Care notice of proposed rulemaking (NPRM); NAIC Model Act: Health Benefit Plan Network Access and Adequacy .	This affects multiple departments – Provider Ops, IT, QI, Pharmacy, Marketing. Need to detail implications of changes already approved and develop action plan. Monitor proposed changes and ensure current decisions will accommodate proposed changes, to the extent reasonable (e.g. website provider search redesign, provider credentialing software, implementation of new PARs).
Cal MediConnect: Passive enrollment for Cal MediConnect ends after December 1, 2015. DHCS will no longer be notifying duals about their eligibility for CMC.	Without concerted marketing and outreach to promote both retention and active selection, Cal MediConnect enrollment will decline as members age. Without demonstrated savings, which is directly tied to enrollment numbers, legislation as currently written requires the state to end the Cal MediConnect program. DHCS has indicated support for Cal MediConnect plans implementing marketing programs to decrease opt out and to increase opt in rate, and expects CMC plans to take the lead in implementing these programs.
Cal MediConnect: Beneficiaries newly eligible for Cal MediConnect because of aging into Medicare or becoming eligible for Medi-Cal do not receive any communication from the state regarding Cal MediConnect eligibility.	CMC plans will need to actively outreach to newly eligible duals to inform them about Cal MediConnect and to promote active selection of Cal MediConnect. DHCS expects plans to actively outreach to current members newly eligible for CMC. Discussions taking place regarding continuing some forms of passive enrollment.
Members and Providers: Increasingly expect communications from health plans to be delivered/available in alternate and multiple electronic formats, e.g., social media, text, video, mobile.	Plans that have not already begun to implement these communication formats or platforms will increasingly move to incorporate the use of video, text messaging, social media (e.g. Facebook, LinkedIn), mobile, etc.
Members and Providers: Increasingly expect self-service options for interaction with a health plan.	Member portal implementation will enable expansion of self-service options.
New and proposed state and federal regulations for health plan provider directories and provider search functions on websites – SB 137 was passed by CA Senate and Assembly; sent to Brown for signature.	Marketing developing master matrix of current and proposed requirements for directories and provider search. Affects multiple departments – Provider Ops, IT, QI, Pharmacy, Marketing.
Cal MediConnect: generating new enrollment once passive enrollment ends (12/1/2015 for Santa Clara County).	Plans need active outreach for new enrollment: to Medi-Cal members eligible for CMC but not enrolled, to Medi-Cal members aging into Medicare, to Medicare enrollees newly enrolled in Medi-Cal.

Marketing Department

Website Analytics

Since the migration of the SCFHP website to a new hosting environment on May 1, 2015, significant increases in traffic have been reported. (86% increase in users, 76% increase in sessions, and 79% increase in pageviews over last year). We have identified the cause of this spike in traffic as a "self-referral" error. Marketing is working with Appnovation to address issues with the Google Analytics tracking code that may be causing these errors. Website analytics will be reported once the issue is resolved.

Pharmacy Department
August 2015

Brand versus Generic Utilization:

Medi-Cal: Brand: 10.0%; Generic: 90.0 %
Cal MediConnect: Brand: 17%; Generic: 83%

Prior Authorization Report:

Month	# of PAs	Approved	Closed	Denied	# of PAs not approved in time	% PAs approved w/in 24 hrs	Note
February	1706	964	360	276	121	92.91%	
March	1834	990	406	329	71	96.13%	
April	1964	1058	386	369	65	96.69%	
May	1560	757	259	298	28	98.21%	Company Holiday 05/29
June	1552	808	265	265	9	99.42%	
July	1878	1115	292	426	36	98.08%	Company Holiday 07/04
August	1451	722	246	331	23	98.41%	

Target KPI is 95%

Pharmacy Department
July 2015

Pharmacy Costs:

	Month	May-15	Jun-15	Jul-15	Running Year Avg
Medi-Cal (includes Agnews; includes HF starting Jan 2013)	Mbr Months	206,666	210,245	212,337	209,749
	Generic ($)	$ 2,662,825	$ 2,645,417	$ 2,540,121	$ 2,616,121
	Generic (vol)	139,537	139,092	134,929	137,853
	Brand ($)	$ 5,455,629	$ 6,049,258	$ 6,036,794	$ 5,847,227
	Brand (vol)	16,361	16,103	15,376	15,947
	Claim admin fee	$ 165,252	$ 164,507	$ 159,323	$ 163,027
	Total	**$ 8,283,706**	**$ 8,859,182**	**$ 8,736,238**	**$ 8,626,375**
	PMPM	**$ 40.08**	**$ 42.14**	**$ 41.14**	**$ 41.12**
	# of Rx PMPM	0.75	0.74	0.71	0.73
	% Generic ($)	34%	32%	31%	32%
	% Generic (vol)	90%	90%	90%	90%
	Avg cost/Rx	$ 53.14	$ 57.08	$ 58.12	$ 56.11
Healthy Kids	**Month**	**May-15**	**Jun-15**	**Jul-15**	**May-15**
	Mbr Months	4,615	4,559	4,511	4,562
	Generic ($)	$ 12,648	$ 13,579	$ 11,075	$ 12,434
	Generic (vol)	505	493	375	458
	Brand ($)	$ 13,356	$ 12,445	$ 12,330	$ 12,710
	Brand (vol)	72	47	52	57
	Claim admin fee	$ 612	$ 572	$ 453	$ 546
	Total	**$ 26,616**	**$ 26,596**	**$ 23,857**	**$ 25,690**
	PMPM	**$ 5.77**	**$ 5.83**	**$ 5.29**	**$ 5.63**
	# of Rx PMPM	0.13	0.12	0.09	0.11
	% Generic ($)	50%	53%	48%	50%
	% Generic (vol)	88%	91%	88%	89%
	Avg cost/Rx	$ 46.13	$ 49.25	$ 55.87	$ 50.42
CMC (January 2015 onwards)	**Month**	**May-15**	**Jun-15**	**Jul-15**	**Running Year Avg**
	Mbr Months	6,733	7,076	7,488	7,099
	Generic ($)	$ 587,752	$ 622,913	$ 652,926	$ 621,197
	Generic (vol)	19,456	19,645	20,923	20,008
	Brand ($)	$ 1,757,098	$ 1,630,980	$ 1,821,899	$ 1,736,659
	Brand (vol)	3,788	3,728	3,885	3,800
	Claim admin fee	$ 41,281	$ 41,510	$ 44,059	$ 42,284
	Total	**$ 2,386,130**	**$ 2,295,404**	**$ 2,518,884**	**$ 2,400,139**
	PMPM	**$ 354.39**	**$ 324.39**	**$ 336.39**	**$ 338.39**
	# of Rx PMPM	3.45	3.30	3.31	3.36
	% Generic ($)	26%	29%	27%	27%
	% Generic (vol)	84%	84%	84%	84%
	Avg cost/Rx	$ 102.66	$ 98.21	$ 101.54	$ 100.80

Claims Department
August 2015

COMPLIANCE: % OF CLAIMS PROCESSED WITHIN 64 CALENDAR DAYS (45 WORKING DAYS) (DMHC MINIMUM IS 95%)

2015	2014
July: 81%	July: 83%

*Claims received in July are considered new and are still in progress (claims received in July will be processed in July and August). SCFHP has 62 calendar days from the day of receipt to process these claims.

CLAIMS VOLUME

2015	2014
July: 46,958	July: 38,216

PERCENTAGE OF CLAIMS RECEIVED ELECTRONICALLY (EDI) (GOAL IS 85%)

2015	2014
July: 78%	July: 73%

AUTO ADJUDICATION PERCENTAGE (GOAL IS 85%)

2015	2014
July: 67%	July: 77%

ANALYST PRODUCTIVITY (# OF CLAIMS PROCESSED PER HOUR) (GOAL IS 12 PER HOUR)

2015	2014
July: 13	July: 12

AGE OF PENDED CLAIMS AT MONTH END (CLAIMS MUST BE PROCESSED WITHIN 64 CALENDAR DAYS)

2015		2014	
0-30 DAYS	OVER 30 DAYS	0-30 DAYS	OVER 30 DAYS
July: 10,405	5,754*	July: 9,949	5,413*

*Claims over 30 calendar days old are **not** out of compliance. It is simply a claims aging measure designed to identify which claims need immediate resolution. SCFHP has 64 calendar days from the day of receipt of the claim to either pay or deny the claim.

Claims Department
August 2015

COMPLIANCE: % OF CLAIMS PROCESSED WITHIN 64 CALENDAR DAYS (45 WORKING DAYS) (DMHC MINIMUM IS 95%)

2015	2014
August: 78%	August: 84%

*Claims received in July are considered new and are still in progress (claims received in August will be processed in August and September). SCFHP has 62 calendar days from the day of receipt to process these claims.

Note:
For the 2nd Quarter of 2015, SCFHP did not meet the DMHC standard of processing 95% of all claims received within 45 working days. SCFHP processed 94% of the claims within 45 working days. SCFHP is addressing this deficiency by: 1.)Adding one additional temporary claims analyst, 2.) In the process of hiring additional fulltime claims analysts, 3.) Instituting overtime on weekdays and weekends. Results to date: SCFHP has reduced a backlog of claims over 45 days old from 3986 on 8/17/15 to 1007 as of 9/15/15.

CLAIMS VOLUME

2015	2014
August: 46,989	August: 35,319

PERCENTAGE OF CLAIMS RECEIVED ELECTRONICALLY (EDI) (GOAL IS 85%)

2015	2014
August: 81%	August: 84%

AUTO ADJUDICATION PERCENTAGE (GOAL IS 85%)

2015	2014
August: 68%	August: 75%

ANALYST PRODUCTIVITY (# OF CLAIMS PROCESSED PER HOUR) (GOAL IS 12 PER HOUR)

2015	2014
August: 13	August: 11

AGE OF PENDED CLAIMS AT MONTH END (CLAIMS MUST BE PROCESSED WITHIN 64 CALENDAR DAYS)

2015		2014	
0-30 DAYS	OVER 30 DAYS	0-30 DAYS	OVER 30 DAYS
August: 12,465	5,193*	August: 7,364	7,132*

*Claims over 30 calendar days old are **not** out of compliance. It is simply a claims aging measure designed to identify which claims need immediate resolution. SCFHP has 64 calendar days from the day of receipt of the claim to either pay or deny the claim.

Grievance & Appeals Department
July 2015

Total G&A cases received = 59 Total G&A cases closed = 57

G&A closed cases by LOB:

- Medi-Cal = 47
- Healthy Kids = 0
- Cal MediConnect = 10

State Fair Hearings:

- Total cases opened = 2
- Total cases closed = 5
  - # Upheld = 3
  - # Overturned = 0
  - # Withdrawn = 1
  - # Dismissed = 1

G&A closed cases by Category:

- Access to Care = 2
- Billing = 0
- C&L Complaints = 1
- Dispute: Continuity of Care = 0
- Dispute – Denied, Modified, Deferred Services = 10 (2 of these for Out of Network denials and redirection of services back into network)
- Dissatisfaction with Level of Care = 3
- Dissatisfaction with Level of Services = 15
- Pharmacy = 13
- SCFHP complaint = 1
- Timely Assignment to PCP = 0

August 2015

Total G&A cases received = 98 Total G&A cases closed = 71

G&A closed cases by LOB:

- Medi-Cal = 52
- Healthy Kids = 0
- Cal MediConnect = 19

State Fair Hearings:

- Total cases opened = 2
- Total cases closed = 2
  - # Upheld = 2
  - # Overturned = 0
  - # Withdrawn = 0
  - # Dismissed = 0

G&A closed cases by Category:

- Access to Care = 3
- Billing = 1
- C&L Complaints = 0
- Dispute: Continuity of Care = 1
- Dispute – Denied, Modified, Deferred Services = 11 (2 of these for Out of Network denials and redirection of services back into network)
- Dissatisfaction with Level of Care = 1
- Dissatisfaction with Level of Services = 15
- Pharmacy = 18
- SCFHP complaint (Privacy/Confidentiality) = 1
- Timely Assignment to PCP = 0
- Claims Dispute (Provider Appeal) = 1

Compliance Department
July and August 2015

Reporting

- Regulatory Filings/Reports/Other:
    - DMHC Plan Filings
        - DMHC Key Personnel Filing (2)
        - DMHC Quarterly Survey of Risk Bearing Organizations
        - DMHC Quarterly AB1455 Claims Settlement Practices
        - DMHC Provider Directory Checklist
        - DMHC 4Q 2014 Medi-Cal Network Assessment
        - DMHC Timely Access Corrections
        - DMHC Quarterly Grievances Filing
        - DMHC BHT Filing
        - DMHC CMC Marketing Materials
        - DMHC Timely Access 2016 Methodology
    - DHCS Reports
        - Medi-Cal Reports
            - DHCS BHT Services Monthly Survey
            - DHCS Quarterly Medical Exemption Request Report
            - DHCS Quarterly Grievance Report
            - DHCS Quarterly Targeted Low Income Child Report
            - DHCS Quarterly Mental Health Report
            - DHCS Quarterly SPD Reports
            - DHCS Quarterly MLTSS Risk Stratification and Assessment Report
            - DHCS Quarterly CBAS Report
            - DHCS Medi-Cal Marketing Plan
            - DHCS Semi-annual AB85 Expansion Plan Reporting
            - DHCS Annual QI Evaluation and QI Program
            - DHCS QI Minutes
            - DHCS Quarterly Call Center Report
            - DHCS Quarterly Plan Subcontractor Report
            - DHCS Quarterly Provider Network (Geo Access) Report
        - Cal MediConnect Reports (includes monthly and quarterly filings)
            - DHCS Quarterly CMC Complaint and Resolution Report
            - DHCS Quarterly CMC Risk Assessment and Stratification Report
            - Part D, Section 2: Retail, Home Infusion and Long Term Care Pharmacy Access
            - MMP Core 2.1- Members with an assessment completed within 90 days of enrollment
            - MMP Core 2.2- Members with a completed assessment
            - MMP Core 4.2- Grievances and Appeals (Non Part D)
            - MMP Core 5.1- Care Coordinator and member ratio
            - MMP Core 8.1 - LTSS clean claims paid within 30 days, 60 days, and 90 days
            - MMP Core 9.1- Emergency room behavioral health services utilization
            - CA 2.1- The number of critical incident and abuse reports for members receiving LTSS
            - DPL 14-001- Complaint and Resolution Tracking

- Other Regulatory Submission Requests
  - DHCS Inquiry: Resubmission of 4Q 2014 Grievance Report
  - DHCS Inquiry: Designated Public Hospital Survey
  - DHCS Inquiry: BHT CDE Policy Survey
  - HSAG Follow-Up on Performance Evaluation Report for 2013-14
  - DHCS Additional Information Request (AIR) #2 – Continuity of Care
  - DHCS Additional Information Request (AIR) – HRA template
  - DHCS DPL 14-005 Facility Site Review – Physical Accessibility criteria
  - DHCS Outpatient Safety Net Provider Auto Assignment Default
  - DHCS questions re VSP encounter data
  - DHCS Inquiry: Hep C Prior Auth Survey
  - DHCS Inquiry: Mental Health Info Sharing Survey
  - DHCS Inquiry: MCP Staff for FTP Data Reporting Site
  - DHCS Amended ACA 1202 Compliance Plan
  - DHCS/DMHC BHT EOC Errata and Member Notices
  - DHCS Executed Contracted Amendment 20 (MLTSS language and rates)
  - DHCS Specialty Pharmacy Letter approved
  - DHCS 2014-2015 Formulary Changes

Monitoring/Auditing

- All Lines of Business:
  - 6 privacy disclosures were reported to Compliance in June, July, and August 2015. Most cases were assessed and determined to be disclosures and not breaches. Providers and/or internal staff were educated on HIPAA requirements. 2 cases required reporting to DHCS. 1 case will require reporting to HHS.
  - Reviewed and processed 490 privacy officer (appointment of representative) requests June through August 2015.
- Medi-Cal:
  - Monitor DHCS Facility Decertification notices to assure not an SCFHP contracted provider. One provider identified as a contracted SCFHP provider.

- Medicare:
  - Upon monitoring and auditing the Call Center, it was discovered that CareCall has been non-compliant in their performance levels.
    - CareCall was issued a CAP and we are monitoring them on a weekly basis.

Oversight

- Medi-Cal:
  - Completed Delegation focus audits on Cultural and Linguistic deficiencies identified during Fall 2014 routine Delegation audits.
  - Regulators provided clarifications about:
    - Pediatric Day Health Care and whether it was a covered Managed Care benefit. It is excluded from Managed Care contract.
    - DHCS Reimbursement Clarification for Medi-Cal Subacute Nursing Facility Services.

- Medicare:
  - We are currently working on conducting oversight for CMC vendors. We are evaluating their Policies and Procedures pertaining to Medicare, evaluating their performance, and making sure that their employees who are dealing with SCFHP business are trained in a manner that fulfills CMS requirements.

- Medicare Compliance is also working closely with Business Owners and IT in order to ensure that pertinent data is being captured in order to effectively monitor each department's performance and to ensure that data elements for CMC reports are being captured in a manner that is consistent with the applicable regulations.
- Medicare Compliance is working with Business Owners to complete a checklist created by using CMS's Universal Audit Guide for Part C &D in an effort to provide Business Owners with a comprehensive gap analysis.

Education/Training

- All Lines of Business
  - Training on the Compliance HIPAA Privacy module.
  - Annual compliance training for all staff continues.
  - Compliance Staff participated in Axiom ICD 10 Training
- Medi-Cal
  - Participation on Conference Calls Re:
    - DHCS Physical accessibility Review Survey Pilot for CBAS and Ancillary Providers
    - DHCS ABA/BHT Conference Call with SCFHP re provider training, authorizations and rates
    - CAHP/LHPC Discussion of DHCS Contract Amendment re FWA
    - DHCS Dental Anesthesia
    - DHCS CCI and Managed Care Calls
- Medicare:
  - Organization Determination Training was provided to Nurses, Care Coordinators and Management

Response and Prevention

- Medi-Cal:
  - 2014 Joint DMHC/DHCS Audit: SCFHP received a "close" letter from DHCS with notice that provisionally closed items would be reviewed at the next DHCS audit which may be scheduled Q1 2016.
  - Received the DHCS/DMHC Joint Audit SPD Report. 9 deficiencies were identified and a corrective action request submitted for SCFHP completion.
  - DMHC/DHCS Member Complaints
    - DMHC –
      - Member complaint: Re long wait-time for Valley Specialty Departments. SCFHP contacted VHP who authorized member to go out of network and obtained a timely appointment.
      - Member complaint: Re access to ABA/OT/ST services. Member unable to get into timely ST/OT services until July and August respectively. ABA LOA was in process. This is a VHP member. DMHC questioned how this met timely access. Prescribing provider wrote letter that he wanted member to see OT/ST provider even though appointments not until July and August. He documented that delay would not be harmful to member's health. DMHC agreed this met a timely access exception.
      - Member complaint: Re mental health provider had stopped her medications and she felt she should have them. Member is a Medi-Medi. Plan paid for medications until became Medicare beneficiary. Member termed with SCFHP in March 2015 and became a Blue Cross member. DMHC required plan to submit member's complaint into the health plan's Grievance process. The case was sent via Grievance to Quality for PQI review.

- Member assistance request: to assist member obtain compression stockings. SCFHP was able to get member into a contracted vendor the next day for measurement of stockings.

- DHCS –
  - MSSP Provider Complaint regarding claims payment. DHCS requested information regarding the claims processing for the MSSP provider who was complaining about delayed or denied claims payments and eligibility issues. The provider was complaining about both SCFHP and Blue Cross. SCFHP has offered assistance and training to the provider. DHCS appreciated SCFHP's input. Following discussion with all three entities, DHCS will send an email with their recommendation.

- Medicare:
  - Received two notices of non-compliance pertaining to the Call Center from CMS:
    - The first one was for not maintaining a national toll-free number during the 1st quarter.
      - We have fixed this issue and the toll-free number is now a national number.
    - The second was for not meeting CMS standards for LEP (Limited English Proficiency) and TTY calls during the second quarter.
      - Training was provided to Member Service Representatives and a CAP was put in place.

Standards & Policies

- Medi-Cal:
  - DMHC/DHCS Policy Changes/Clarifications – August 2015. MMCD Letters were disseminated to the appropriate SCFHP staff and Delegates as applicable:
    - DHCS All Plan Letters:
      - APL 15-012 Dental Services Updated – Intravenous Sedation and Anesthesia Coverage
      - APL 15-013 Requirements for MCMC Health Plans and Qualified Agency Contract (Revised)
      - APL 15-014 Administrative and Financial Sanctions
      - APL 15-015 Physical Health Care Covered Services Provided for Member who are Admitted to Inpatient Psychiatric Facilities
      - APL 15-016 Hep C Virus Treatment Policy Update
      - APL 15-017 Provision of Certified Nurse Midwife and Alternative Birth Center Facility Services
      - APL 15-018 Criteria for Coverage of Wheelchairs and Applicable Seating and Positioning Components
      - APL 15-019 Continuity of Care for MC Benes who Transition into MCMC
    - Dual Plan Letters:
      - DPL 15-005 Health Risk Assessment and Risk Stratification Requirements for Cal MediConnect
    - DHCS Policy Letters:
      - No new letters

- Medicare:
  - HPMS Memos
    - Final Contract Year 2015 California State-Specific Reporting Requirements
    - California MMPs: Contract Year 2015 Chronic Care Improvement Program and Quality Improvement Project Information for Medicare-Medicaid Plans

Santa Clara Family Health Plan
Operations Report
July and August 2015

Medical Management Department
August 2015

Medi-Cal, Healthy Kids and Agnews, Cal MediConnect – Inpatient and Outpatient Prior Authorizations

Inpatient Authorizations by LOB													
Month	**Aug-14**	**Sep-14**	**Oct-14**	**Nov-14**	**Dec-14**	**Jan-15**	**Feb-15**	**Mar-15**	**April-15**	**May-15**	**June-15**	**July 15**	**Aug-15**
AM	0	3	1	0	2	2	1	1	0	1	0	0	0
HK	1	2	4	2	1	3	0	3	4	1	1	1	1
MC	207	246	245	186	233	213	249	289	300	313	388	412	377
CMC												**587**	**254**
Total	208	251	250	188	236	218	250	293	304	315	389	**1000**	**632**

Outpatient Authorizations by LOB													
Month	**Aug-14**	**Sep-14**	**Oct-14**	**Nov-14**	**Dec-14**	**Jan-15**	**Feb-15**	**Mar-15**	**April-15**	**May-15**	**June-15**	**July 15**	**Aug- 15**
AM	5	1	4	0	4	9	11	8	7	4	4	8	6
HK	1	1	2	2	1	3	0	1	12	2	1	3	0
MC	543	623	682	474	506	518	525	604	594	554	558	**596**	**657**
CMC												**258**	**293**
Total	549	625	688	476	511	530	536	613	613	560	563	**865**	**956**

Total Inpatient and Outpatient													
Month	**Aug-14**	**Sep-14**	**Oct-14**	**Nov-14**	**Dec-14**	**Jan-15**	**Feb -15**	**Mar-15**	**April-15**	**May-15**	**June-15**	**July-15**	**Aug-15**
AM	5	4	5	0	6	11	12	9	7	5	4	8	6
HK	2	3	6	4	2	6	0	4	16	3	2	4	1
MC	750	869	927	660	739	731	774	893	894	867	946	1004	1034
CMC												845	547
Total	**757**	**876**	**938**	**664**	**747**	**748**	**786**	**906**	**917**	**875**	**1,797**	**1,861**	**1,588**

Prior Authorization TURN AROUND TIME*

Urgency	**April 2015**	**May 2015**	**June 2015**	**July 2015**	**August 2015**
Routine	**95%**	**97%**	**95%**	**94%**	**97%**
Urgent	**99%**	**94%**	**98%**	**97%**	**97%**
Retro	**100%**	**98%**	**96%**	**100%**	**98%**

Target KPI = 95% *Medi-Cal and Healthy Kids

Provider Services Department
August 2015

Provider Visit/Calls by Type:

Provider Type*		
Answer Options	**Response Percent**	**Response Count**
Agnews	0.6%	1
Arcwell Administration	1.1%	2
Arcwell PCP	0.0%	0
ASC	2.2%	4
Audiology & Hearing Aids	0.0%	0
Autism	0.6%	1
CBAS	4.4%	8
Chiropractic	0.0%	0
CHME	0.0%	0
Community Clinics	1.7%	3
Dialysis	0.0%	0
DME/MS/Orth/Proth	0.6%	1
Home Health	1.7%	3
Home Infusion	0.0%	0
Hospice	0.0%	0
Hospital	6.7%	12
Laboratory	0.6%	1
LTC PCP	2.2%	4
Mental Health	0.6%	1
Mid-levels	0.0%	0
Non-contracted providers	4.4%	8
NT 10 PCP	2.8%	5
NT 10 Specialists	4.4%	8
PAMF	0.0%	0
PMG - PCP and SPEC	2.8%	5
Premier Care - PCP and SPEC	2.8%	5
PT/OT/ST	0.0%	0
Radiology	1.1%	2
Sleep Disorder	0.0%	0
SNF	56.7%	102
Stanford / LPCH	0.6%	1
Transportation	0.6%	1
Urgent Care	0.6%	1
VMC Clinics	0.6%	1
Wound Care	0.0%	0
Other (please specify)		7
	answered question	180

Encounters by Category

Reason		
Answer Options	**Response Percent**	**Response Count**
Claims	33.3%	60
Authorization	12.2%	22
Eligibility User Name/Password	5.0%	9
Connect User Name/Password	17.8%	32
Eligibility or Benefits for a Member	1.1%	2
New Provider Orientation	0.0%	0
Provider Education - Operations	27.8%	50
Training - New Program, Services, Regulations	0.6%	1
Provider Request for Member Reassignment	0.6%	1
Billing/Member Refund	0.6%	1
ICD-10	1.1%	2
	answered question	180

Provider Database

Added	
PCP	9
Spec	26
Anc	1
Hospital Based	4
Contracted On Call	11
Non-contracted claims	42
Total providers added	**93**
Termed	
PCP	3
Spec	16
Anc	1
On Call	3
Total providers termed	**23**
Other changes*	118
Lic verification	209
W-9	98

*Open, close panels, changed address, add LOB, add network, On Call changes.

Quality Improvement
August 2015

Potential Quality Issues

A Potential Quality of Care Issue (PQI) - is a suspected deviation from expected provider performance, clinical care or outcome of care that cannot be confirmed without additional review. Such issues PQIs must be referred to the Quality Improvement Department for review. Not all PQIs are found to be quality of care problems.

Fourteen cases reported year to date
Six cases closed
One case Level Zero
Four cases Level One
One case Level Three

90 call logs reviewed
Thirteen calls identified as potential quality issues-pending investigation

PQI Levels

Level 0 – Not a SCFHP member
Level I – No quality of care or quality of service issue identified noted.
Level II – Opportunity for improvement in care, service, or system is present/identified.
Level III – Unacceptable care and/or service identified.
Level IV – Immediate Jeopardy

Facility Site Review

Facility Site Review is a means of assessing a primary care provider's ability to meet state defined standards for the ability to;

- Provide appropriate primary health care services;
- Carry out processes that support continuity and coordination of care;
- Maintain patient safety standards and practices; and
- Operate in compliance with all applicable local, state, and federal laws and regulations.

Six site reviews conducted in August

Member Services Department
August 2015

Medi-Cal / Healthy Kids Calls

	August 2015	August 2014	Change	Target KPI *
Total Inbound Calls	16,282	18,939	-14%	----------
Average Talk Time	4:21 minutes	4:54 min	-33 seconds	----------
Average Speed of Answer	39 Seconds	76 seconds	-37 seconds	<30 seconds
Service Level	71%	51%	+20%	80% in <30 seconds
Abandonment Rate	4.19%	10.5%	-6.31%	<5%
Average Hold Time	31 seconds	23 seconds		≤ 25 seconds

Cal-Medi-Connect Calls

	August 2015	August 2014	Change	Target KPI *
Total Inbound Calls	2,325	--------	--------	----------
Average Talk Time	5:42 minutes	--------	--------	----------
Average Speed of Answer	13 seconds	--------	--------	<30 seconds
Service Level	83%	--------	--------	80% in <30 seconds
Abandonment Rate	2.2%	--------	--------	<5%
Average Hold Time	37 seconds	-	--------	≤ 120 seconds

Overall Performance / All programs

	August 2015	August 2014	Change	Target KPI *
Total Inbound Calls	18,607	18,939	-1.8%	----------
Average Talk Time	5:02 min	4:54 min	+8 seconds	----------
Average Speed of Answer	26 seconds	76 seconds	-50 seconds	<30 seconds
Service Level	77%	51%	+26%	80% in <30 seconds
Abandonment Rate	3.2%	10.5%	-7.3%	<5%
Average Hold Time	34 seconds	23 seconds	+11 seconds	≤ 25 seconds

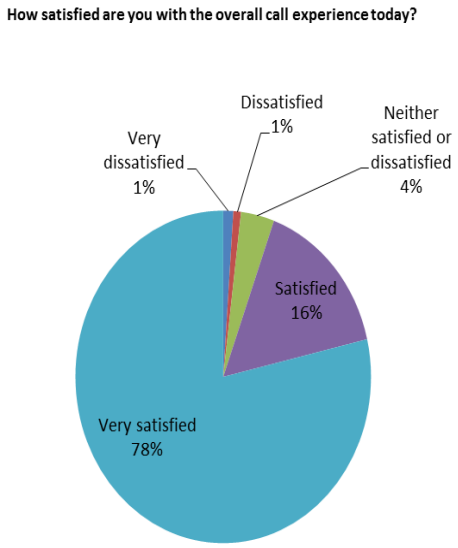
*KPI – Key Performance Indicator

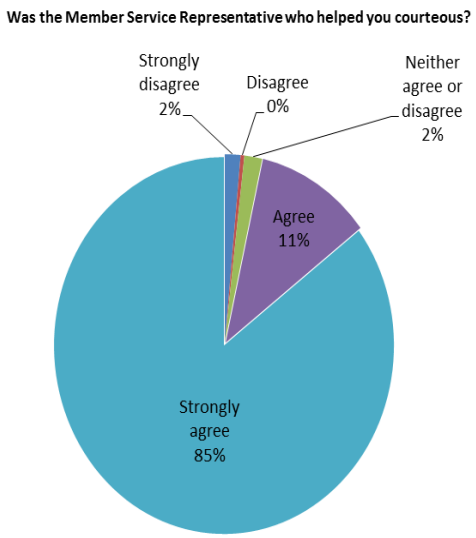
Member Services Department
August 2015

After Call Satisfaction Survey Analysis
July and August

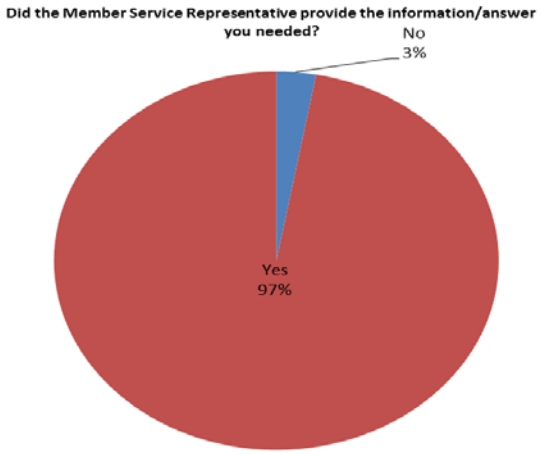
Satisfied or Very Satisfied = 94%
Response rate for the month 9.7%

MEMBER SATISFACTION RATING

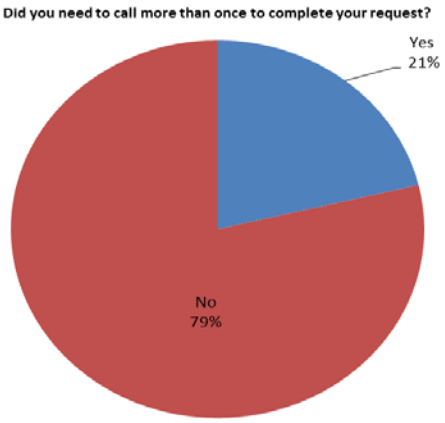




TRAINING & DEVELOPMENT RATING



ONE CALL RESOLUTION RATING



Healthy Kids Program
July 2015

- Healthy Kids Application Activity: 94 applications processed
- Healthy Kids Renewal Applications Activity: 237 renewal applications processed
- Healthy Kids Renewal Applications Families Transitioned to Medi-Cal for Families: 23 Families and 31 Children

Healthy Kids Program
August 2015

- Healthy Kids Application Activity: 99 applications processed
- Healthy Kids Renewal Applications Activity: 208 renewal applications processed
- Healthy Kids Renewal Applications Families Transitioned to Medi-Cal for Families: 26 Families and 30 Children