



Regular Meeting of the Santa Clara County Health Authority Governing Board

Thursday, June 25, 2015

2:30 PM - 5:00 PM

210 E. Hacienda Avenue
Campbell CA 95008

MINUTES

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
Lleccenia Solorio, SCFHP employee
April Pitt, 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

Lleccenia 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 disagreement 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 primary 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 10,000 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 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 timeframes 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