

MINUTES
Santa Clara County Health Authority
SPECIAL Governing Board Meeting

Wednesday, August 27th, 2014
3:00 PM-5:00 PM
210 E. Hacienda Avenue
Campbell CA 95008

Board members present:

Ms. Michele Lew
Dr. Dale Rai
Dr. Wally Wenner
Ms. Laura Jones
Ms. Liz Kniss
Ms. Dolores Alvarado
Ms. Melinda Landau
Ms. Kathleen King
Ms. Linda Williams
Mr. Chris Dawes

Board members not present:

Ms. Jolene Smith
Mr. Daniel Peddycord

Others present:

Ms. Elizabeth Darrow, Chief Executive Officer
Ms. Elizabeth Pianca, County Counsel, Santa Clara County
Mr. Dave Cameron, Chief Financial Officer
Ms. Shannon McNally, Secretary
Ms. Sharon Valdez, VP of Human Resources
Mr. Mark Andrews, Witt/Kieffer
Ms. Elaina Gemser, Witt/Kieffer
Mr. Robert Coelho, Assistant County Counsel, Santa Clara County
Mr. Mark Bob McGarry, GlaxoSmithKline

1. Roll Call

Chairman Lew called the meeting to order at 3:07pm. Roll call was taken, and a quorum was established.

2. Action item: Review and approval of May 15, 2014 meeting minutes.

It was moved, seconded, and approved to accept the amended minutes.
Ms. Landau abstained.

3. Public comment

There was no public comment.

4. Action item: Approval of April 2014 – June 2014 financial statements

Mr. Cameron presented highlights for June 2014. Revenue reflects a 3% increase based on capitation rates received from DHCS effective October 1, 2013. Rates increase does not include ACA 1202 PCP increase. Other expenses include a contribution of \$1.2 million FYTD from the Board Designated Reserve Fund for Healthy Kids premiums.

- Membership has increased 23.96% since the beginning of the FY, primarily as a result of the Medi-Cal Expansion (+25.67%) population which started January 1, 2014.
- TNE is \$41.3 million or 3.61 times the minimum TNE required by the department of Managed Health Care (DMHC). The Plan's reserves are roughly \$44.9 million below the reserves targeted by the Authority Board of two months capitation revenue.

It was moved, seconded, and approved to accept the financial statements as presented.

5. Action item: Proposed process to select and appoint Chief Executive Officer.

Ms. Lew commented that she and Elizabeth had spent time with County Counsel to understand what the options are for a search since the Governing Board is a Brown Act body. The Health Plans Bylaws require that the full Governing Board appoint the CEO. Once there are a few finalists they will be required to interview

with the full Board and then will have the full Board take action to appoint the next CEO and set compensation. Ms. Lew noted that the Health Plan is looking for the most efficient way to choose candidates and work with the search firm prior to bringing the finalist to the full Board. After speaking with County Counsel, Ms. Lew is asking the Board to consider authorizing Ms. Lew, Board Chair, to appoint a Search Committee composed of Board members. The Committee would not be restricted by Brown Act requirements and could remain confidential. Ms. Lew offered to have County Counsel walk the Board through the process.

Mr. Coelho, assistant County Counsel, commented that from a practical standpoint the most efficient process to obtain the best input is to have a smaller Search Committee rather than trying to coordinate schedules with the full Board. Creating an ad hoc group consisting of less than a majority of the Board would not require posting notice of meetings and therefore would help protect the privacy of the applicants as well. The ad hoc committee would also be allowed to bring in outsiders, who are not formal members of the meeting, to provide input.

Ms. Alvarado asked how the full Board could provide feedback to the Search Committee without it becoming a Brown Act violation. Mr. Coelho commented that the full Board continues to meet in closed session for discussion and to provide input and then vote on which candidates move forward or not. Once it gets to the final interviews, those would be closed session items which would need to follow Brown Act requirements.

Ms. Kniss and Mr. Dawes shared with the Board their experience in selecting a new CEO as they had previously done when Ms. Darrow was selected. Mr. Dawes also commented on how far the Plan had come under the direction of Ms. Darrow. The Board discussed the process and listened to recommendations from County Counsel as well as other Board members who had been through the CEO selection process. Ms. King commented that it might be better to have five to six members rather than a smaller group. Mr. Coelho noted that, in his experience, having a smaller group typically moves more quickly and more efficiently than trying to organize a larger group's schedules. Ms. Jones, Board member, suggested expanding the group to five members, rather than three.

It was moved, seconded, and approved to delegate authority to the Board Chair to appoint a temporary Ad Hoc search committee composed of three to five Governing Board members, with one member being the Board Chair.

It was moved, seconded, and approved to accept a secondary motion to accept the proposed CEO selection process described in the memorandum provided to the Board.

By way of further discussion, Ms. Lew announced her appointments for the Search Committee as Mr. Dawes, Ms. Kniss, Ms. Williams and Ms. Lew herself. Ms. King commented that she would like to volunteer to participate on the Search Committee. Ms. Lew also commented that some names that have come up around Stakeholder input included Mr. Bob Brownstein, Mr. Paul Lorenz and Ms. Emily Harrison along with other providers and consumers. Ms. King also recommended that Dr. Thad Padua be considered.

6. Discussion item: Presentation outlining Health Plan updates and current initiatives.

Ms. Darrow gave a presentation on Health Plan updates and current initiatives. As of July 1, 2014 the Health Plan is now managing Long Term Care. There are 23 Long Term Care beneficiaries. Ms. Darrow noted the Plan is finding that many of these beneficiaries should be discharged into the community but there is one large component missing and that is housing. There are not enough housing units for disabled and seniors in this community. The Plan has also taken on Managed Long Term Support Services (MLTSS) which includes in-home-support-services beneficiaries. The Plan currently has 5,553 beneficiaries. These beneficiaries require a lot of resources, medical management, social services, etc. This is a new line of business for the Health Plan.

Ms. Darrow commented that the Plan continues to prepare for the implementation of Cal MediConnect. The Health Plan is in the process of implementing the new Trizetto IT system, which will only be used for Medicare. The Health Plan is working on infrastructure readiness to better handle this population. Medicare is a different line of business with a lot of different regulations and rules therefore, the Plan is also training staff to prepare.

Ms. Darrow noted that membership growth has increased significantly. Medi-Cal expansion population continues to grow as well. Healthy Kids remains flat however, Ms. Darrow feels there may be a small spike in the months ahead. The Plan anticipates continued Medi-Cal Expansion growth in the next few years. The Dual Demo starts in January, 2015 and the Plan expects approximately 10,000 enrollees by the end of 2015. Some of the challenges that the Health Plan faces includes recruitment and staffing, high cost specialty drugs, NCQA accreditation

within three year and increasing pressure on the two-plan model. Overall, there has been increased regulatory oversight and scrutiny. Since October 2013, there have been over 2 million new enrollees in Medi-Cal managed care. There are more mandatory aid codes, more services carved into managed care such as LTC, MLTSS, CBAS and mental health. There is also increasing pressure on delivery system access and availability.

Ms. Darrow also announced that the Health Plan has hired a Chief Medicare Officer.

7. Discussion item: Board discussion to outline the profile and characteristics of the next Chief Executive Officer and compensation.

Mr. Andrews, Witt/Kieffer, led a discussion to outline the profile of the CEO search. Health care is a very competitive market with a lot of talent. Board members aired their concerns with the cost of living and the need to be competitive with salary. Desired traits and experience were also discussed.

8. Adjournment

It was moved, seconded, and approved to adjourn the meetings at 5:02pm.

Elizabeth Pianca, Secretary to the Board