Santa Clara
Family Health Plan
The Spirit of Care

AGENDA
Santa Clara County Health Authority
Governing Board Regular Meeting

Thursday, May 15th, 2014
2:30 PM-5:00 PM
210 E. Hacienda Avenue
Campbell CA 95008

1. Roll Call — Ms. Lew

2. Minutes approval. Review and approve minutes of February 13, 2014 Regular Meeting. — Ms. Lew

3. Public comment — Ms. Lew

   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 or public comment period to 30 minutes.

4. Third Amendment to the Employment Contract of the Chief Executive Officer. Consider recommendation relating to Third Amendment to Employment Contract of the Chief Executive Officer. — Ms. Lew

   Possible Action:
   Approve Third Amendment to Employment Contract with Elizabeth Darrow for the position of Chief Executive Officer of the Santa Clara Family Health Plan.

5. Adjourn to closed session — Ms. Lew

   a. Conference with Labor Negotiators (Government Code Section 54957.6).

It is the intention of the Governing Board to meet in

Closed Session to confer with its Designated Representative(s) concerning the following:
Agency designated representative(s): Michele Lew
Unrepresented Employee: Chief Executive Officer

6. Report from closed session — Ms. Lew

7. Presentation to discuss Succession Planning — Ms. Eddy

8. Amend Bylaws. Consider recommendations from the Bylaws Committee relating to the Governing Board's Bylaws. — Ms. Lew

   Possible Action:
   Approve amendments to the Governing Board's Bylaws.

9. PTO Cash Out Policy. Consider recommendations relating to Paid Time Off (PTO) Cash Out Policy. — Mr. Cameron

   Possible Action:
   Approve PTO Cash Out Policy.

10. Publicly Available Salary Schedule. Consider recommendations relating to publicly available salary schedule. — Ms. Valdez

    Possible Action:
    Approve publicly available salary schedule.

11. Allocation of Funding to Community Health Centers. Consider recommendation to allocate $1 million to four Community Health Centers (Gardner Family Health Network, Indian Health Center of Santa Clara Valley, Planned Parenthood Mar Monte, Asian Americans for Community Involvement) to be distributed equally. — Ms. Darrow

    Possible Action:
    Adopt Resolution allocating $1 million to four Community Health Centers.

12. Allocation of Funding to County of Santa Clara. Consider recommendation to allocate $1 million to County of Santa Clara, under the authority of the County Executive, for funding a homeless shelter to replace Sunnyvale Armory. — Ms. Darrow

    Possible Action:
    Adopt resolution allocating $1 million to County of Santa Clara for funding a homeless shelter to replace Sunnyvale Armory.

13. Appointment of Governing Board Secretary. Consider Recommendation to appoint Elizabeth G. Pianca as Secretary of the Governing Board. — Ms. Darrow

    Possible Action:
    Approve appointment of Elizabeth G. Pianca as Secretary of the Governing Board.

14. February 2014 and March 2014 Financial Statements. Consider recommendations relating to the February 2014 and March 2014 Financial Statements. — Mr. Cameron

    Possible Action:
    Approve February 2014 and March 2014 Financial Statements.

15. IT Contract for Cal MediConnect and Coordinated Care Initiative (CCI). Consider recommendations relating to Governing Board authorization to the Chief Executive Officer to execute IT Solutions contract for Cal MediConnect and CCI. — Ms. Darrow

    Possible Action:
    Authorize CEO to sign IT Solutions contract for Cal Medi-Connect and CCI.

16. Committee reports

    a. Consumer Affairs Committee: — Dr. Wenner

1. Discussion item

   A recap of recent Committee proceedings will be presented.

2. Possible Action:

   Accept recap of recent Committee proceedings.

17. Adjournment Ms. Lew

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 Shannon McNally 48 hours prior to the meeting at 408-874-1842.

- To obtain a copy of any supporting document that is available, contact Shannon McNally 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

MINUTES
Santa Clara County Health Authority
Governing Board Meeting

Thursday, February 13th, 2014
2:30 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. Pattie DeMellopine
Ms. Liz Kniss
Ms. Dolores Alvarado
Ms. Jolene Smith
Ms. Melinda Landau
Ms. Kathleen King

Board members not present:
Ms. Emily Harrison
Mr. Daniel Peddycord
Ms. Linda Williams

Others present:
Ms. Elizabeth Darrow, Chief Executive Officer
Mr. Dave Cameron, Chief Financial Officer
Mr. Matt Woodruff, Chief Operations Officer
Mr. Jeff Robertson, Chief Medical Officer
Mr. Rayne Johnson, Chief Information Officer
Ms. Shannon McNally, Secretary
Ms. Robin Bilinski, Manager, Government Relations
Ms. Sharon Valdez, VP of Human Resources
Ms. Pat McClelland, VP of Member Operations

1. Roll Call

   Chairman Lew called the meeting to order at 2:43pm. Roll call was taken, and a quorum was established.

   Ms. Lew welcomed two new members to the Governing Board, Ms. Melinda Landau and Ms. Kathleen King.

2. Action item: Review and approval of December 12th, 2013 meeting minutes.

   Ms. Jones, board member, asked to amend item #8 on the December meeting minutes.

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

3. Public comment

   There was no public comment.

4. Action item: Approval of November and December 2013 financial statements

   Mr. Cameron presented highlights for December 2013. 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.

   Ms. King, Board Member, asked for clarification on whether or not the Board was going to be asked to vote on the financial information that was currently being presented since she had not received the presentation prior to the meeting. Mr. Cameron commented that the presentation was an overview of highlights and that the vote would be to approve the full financial statements which were provided to all Board Members several days prior to the meeting.

   - Membership has decreased 1.3% since the beginning of the FY and has been running slightly below budget for the six months of FY 2014, resulting in an overall membership lower than expected. Most of this variance is due to Medi-Cal, however, Health Kids is also lower than member counts as of June 2013

   - TNE is $32.9 million or 4.05 times the minimum TNE required by the department of Managed Health Care (DMHC). The Plans reserves are roughly

$19.1 million below the reserves targeted by the Authority Board of two months capitation revenue.

Mr. Cameron also discussed the Plans near term financial goals, which include:

- Affordable Care Act (ACA) 1202 PCP Medicare Bump – SCFHP is working with DHCS on the details of the funding to the appropriate providers.
- Medical Loss Ratio (MLR) audit for FY 13 data gathering is underway.
- Medi-Cal Expansion members were added to the Medi-Cal population beginning January 2014. Over 14,700 new members enrolled in January.
- The budget process for FY 2014/15 will begin next month.
- Planning for the LTC and IHSS members that will become SCFHP's responsibility commencing in July of this year. Financial projections will be submitted to DMHC as part of a Material Modification.
- SB335 HQAF (Hospital Quality Assurance Fee) for 2012/13 should be received in Q2 to be disbursed back to various hospitals identified by DHCS and the California Hospital Association.
- Additional SB 208 IGT dollars for rate periods October 2013 through December 2013 should be received in Q2 of this year

Ms. King, Board Member, requested that new Board Members receive a copy of the current budget report. Ms. King again asked what the Board Members were voting on as the presentation given by Mr. Cameron was not exactly the same as the financial reports that were provided in the Board packet. Ms. Darrow explained that the financial statements can be lengthy and complicated therefore the presentation is used to give a summary of highlights of the same information that is provided in the Board packet.

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

5. Discussion item: Update on Customer Service Department

Ms. McClelland, VP of Member Operations, gave Board Members an update on Call Center Service Excellence. Ms. McClelland commented that the goals for the call center certification were to distinguish SCFHP for its customer service, to focus attention on service operations and improve employee engagement. The Health Plan has gone through a process to identify a plan suitable to help achieve these goals. BenchmarkPortal is a call center certification vendor whose mission is to help call centers to optimize their centers in terms of efficiency and

effectiveness. BenchmarkPortal is a leader in benchmarking and certifying call centers and offers a multi-year approval approach to certification.

There is a five step process to certification:

1. Assessment and Discovery
2. Benchmarking
3. Pinpoint performance strengths and gaps
4. Identify an implement improvement initiatives
5. Do it again – Assessment and discovery

Ms. McClelland stated that the initial assessment was very involved and required a lot of time to gather information for the survey. The survey focused on key performance indicators and operational processes, caller satisfaction surveys, Member Service Representative (MSR) satisfaction surveys and a two day onsite visit to the Health Plan to meet with people and to really understand how the Plan's call center operates. Ms. McClelland noted that there was an initial twelve month assessment process which benchmarked performance. The Plan recently resubmitted data for benchmarking and the results reflected great improvements and progress.

Ms. McClelland commented that there are still challenges to overcome in order to reach the Plan's goals. The Health Plan implemented a new phone system last spring which has taken several months to learn about and manage. Membership continues to grow with new programs and populations. Industry benchmarks continuously change creating additional challenges for the call center. Even though the Plan is making incremental changes there is still a twelve month look back and reassessment and it takes time for some of the implemented changes to show results.

By way of further conversation, Ms. McClelland stated that the Health Plan continues tracking and identifying improvement initiatives, as well as implementation. There is on-going development of MSR skills and continuous assessment of work flow on a daily, weekly, monthly and quarterly basis. The Plan is also assessing the phone system for long term viability. The next quarterly benchmark evaluation will be March 30, 2014.

Dr. Wenner, Board Member, inquired on whether it would be useful to identify which populations are using the call center the most and what issues those particular members are having. Ms. Darrow commented that the Plan does track this type of data and would be able to provide that at a future Board meeting.

Ms. King, Board Member, commented that this presentation was not originally included in her board packet prior to the meeting but that she was able to retrieve it from the Plan's website. Ms. King asked if it was standard protocol to have to retrieve some of the Board documents via the website. Ms. Darrow explained that she has been working with County Counsel to ensure compliance with Governing Board materials as it pertains to the Brown Act. Ms. Darrow also noted that the executive team strives to get the materials out to the Board Members before the meeting and that all of the materials are available online after the meeting.

Ms. Jones, Board Member, also commented that including more detailed information on the Board agenda would be helpful, especially on action items where the Members were being asked to vote.

6. Discussion item: Medi-Cal Expansion Update

Ms. Jones, Board Member, stated that she has a remote interest in this item as pertains to the Santa Clara Valley Health and Hospital System.

Mr. Woodruff gave an update on Low Income Health Plan Transition (LIHP) and Medi-Cal Expansion. Mr. Woodruff commented that CMS approved California's Bridge to Reform 1115 Medicaid Waiver for the Low Income Health Program (LIHP) in November 2010, administered by the County. Under the Affordable Care Act (ACA), Medi-Cal coverage expanded January 2014 to include the LIHP members. The positive about members from the Low Income Health Plan is that they've already been receiving their care at Valley Medical Center, for three years. The Medi-Cal expansion population (not enrolled in LIHP) is a completely different population. These members have not been getting care, have not been eligible for one reason or another and therefore, they had to take some sort of action. Most went to Covered California then were denied for an Exchange plan and told to go back to Medi-Cal.

Mr. Woodruff stated that there is a need for collaboration at State and local levels and that staff of both Valley Health Plan (VHP) and SCFHP have been working together to identify what is changing. They did a side by side comparison of every benefit, looked at prescription formularies, and determined what the changes would be. VHP then communicated to members what to expect in the transition. Mr. Woodruff noted that the Plan had also received authorization files for all open authorizations outside VMC which ensured continuity of care.

Mr. Woodruff commented that these enrollees would experience a pharmacy transition. There are certain classes of drugs that are carved out by the State that LIHP covered that the Plan doesn't cover such as HIV meds and antipsychotics. These are classes of drugs that are covered by the State. This was a change for the members who, after January 1st, had to obtain those prescriptions from another source. There will also be requirements of LIHP members to switch from brand to generic drugs.

Mr. Woodruff also discussed the increase in calls to the call center during the transition. The Health Plan saw a significant increase in the number of calls. There were 18, 000 calls in January 2014, compared to 11,000 in January 2013. Reasons for the calls ranged from checking on or changing PCP, correcting demographic information and asking questions about the Health Plan and wondering what happened to their LIHP coverage.

7. Discussion item: Medi-Cal Expansion

Dr. Robertson, Chief Medical Officer, gave a presentation on the Medi-Cal Expansion population and who they are. Dr. Robertson included graphs showing the top conditions based on prescription count as well as the relative medical conditions of LIHP. The data was gathered for one month only and is primarily a snapshot of the LIHP members, not Medi-cal Expansion. What the data showed is that the population is older, sicker and more depressed with significant opioid usage and higher utilization.

8. Action item: Approval of publicly available salary schedule

In October, 2013, the Governing Board approval the Health Plan's first publicly available salary schedule as a result of a CalPERS audit. Each time the Plan adds a new position to the pay schedule it will need to be reviewed and approved by the board.

Ms. King, Board Member, asked that in the future the motion be written into the agenda because it is a public item for a public agency and, from her experience, didn't think she could vote on something that wasn't publicly listed for 72 hours.

This item was deferred until consult with legal counsel.

9. Action item: Approval of revised PTO Cash Out Policy

Ms. Darrow commented that the Plan had been asked, by the Board, to review the benefits and retirement plan and to also see what the options are for moving forward. When Ms. Darrow joined the Health Plan the policy allowed employees to carry unlimited PTO and also allowed them to cash out as much as they wanted. Previous changes made to the policy limited employees to accumulate 480 hours of PTO and only cash out 80 hours per year, and employees must keep 40 hours in the bank. These changes were approved by the Governing Board. Ms. Darrow referred to a hand-out which was included in the Board packet, showing that this policy may violate IRS rules which could put the Health Plan at risk. Legal Counsel has advised the plan to discontinue this practice or revise it.

Mr. Cameron stated that the Health Plan has made changes to the policy in the past and would like to suspend it pending further adjustments. Ms. Darrow noted that this would be brought back to the Board once other options have been explored.

Ms. King, Board Member, raised the issue again that she did not know 72 hours in advance specifically what she was being asked to vote on. The item is listed on the agenda but Ms. King did not feel that it is detailed enough.

Ms. DeMellopine, Board Member, commented that, in her experience, there are many times when accompanying documents are not available 72 hours in advance. Ms. DeMellopine also noted that the meeting agenda did included a description of what was being voted on.

Ms. King disagreed and stated that she would be abstaining from voting on this item.

Ms. Jones, Board Member, noted that she also would like to see more detail included on the Board agendas moving forward and would like to receive materials further in advance when possible.

Ms. Darrow commented that the Health Plan takes the IRS very seriously and that nothing is being taken away from the employees. The Plan is asking the Board to suspend the PTO cash out until this item can be revisited by the Board with options that do not violate IRS laws.

It was moved, seconded, and approved to suspend the PTO Cash Out Policy pending further review.

Ms. King and Ms. Landau abstained.

10. Action item: Approval of revised Appendix A, Conflict of Interest Code

    Ms. Darrow commented that the Health Plan has to file a revised Appendix A, Form 700, due to position changes within the company.

    It was moved, seconded, and approved to accept the revised Appendix A, Conflict of Interest Code as presented.

11. Discussion item: Cal MediConnect Update

    Ms. Jones, Board Member, stated that has a remote interest in this item as pertains to the Santa Clara Valley Health Plan.

    Ms. Darrow gave an update on the Cal MediConnect project. At the Governing Board meeting in December it was decided that the Plan would push back launching Cal MediConnect until January 2015. San Mateo and Inland Empire Health Plans are scheduled to launch in April. LA Care is launching in July, so there are a lot of plans who are postponing. CMS has been conducting comprehensive audits of participating plans that currently operate Medicare Advantage. The first plan audited had critical deficiencies such that their marketing has been suspended and they are under corrective action and prohibited from participating in the pilot until CMS approves them to do so. The Health Plan will be monitoring results of these audits but there is potential this could impact the Medicare portion of CCI.

    LA County will be treated differently because the Local Initiative failed to meet its required quality Star ratings. CMS and DHCS have decided to disallow passive enrollment for Medicare into LA Care and allow three other Medicare Advantage DNSPs to receive passive enrollment in addition to the commercial plan. Once LA Care improves its quality ratings they will receive passive enrollment. Ms. Darrow also commented at a Senate hearing in Sacramento, the mood was somber regarding the demo with advocates and providers voicing concern about passive enrollment, network adequacy and health plan readiness.

    Ms. Darrow stated that the Health Plan had decided not to go forward with the Business Processing Outsourcing arrangement for Medicare and will instead keep this in-house but utilize an Administrative Service Provider (ASP).

By way of further discussion, Ms. Darrow commented that the Plan is still moving forward with managed Long Term Support Services, effective July 1, 2014. The Health Plan is working with various partners to prepare for this new population. The long term care strategy is coming together but will be more complicated than other programs. This will be a significant undertaking for the Health Plan but in the long run we are optimistic about its potential.

12. Committee Reports

    a. Consumer Affairs Committee

        i. Discussion item

        A recap of recent Committee proceedings was presented.

    b. Provider Advisory Council

        i. Discussion item

        A recap of recent Committee proceedings was presented.

        ii. Action item

        Approve nomination for Mr. Steve Church to join the Provider Advisory Council

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

13. Adjournment

It was moved, seconded, and approved to adjourn the meetings at 4:36pm.

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Shannon McNally, Secretary to the Board

SANTA CLARA FAMILY HEALTH PLAN
CHIEF EXECUTIVE OFFICER (CEO)
AMENDMENT 3 TO EMPLOYMENT CONTRACT

WHEREAS, an Employment Contract was entered into effective April 1, 2009 between the Santa Clara Family Health Authority, dba Santa Clara Family Health Plan ("SCFHP"), a public county health authority, and Elizabeth Darrow ("DARROW or "CEO"),

WHEREAS this Employment Contract was amended twice, on February 10, 2011 and on June 24, 2013;

WHEREAS the Employment Contract as so amended will be referred to herein as "The Contract;"

WHEREAS, both SCFHP and DARROW desire to make certain modifications to The Contract based on DARROW's stated desire to resign her employment, and SCFHP's desire to retain DARROW through March 31, 2015 in order to effect an orderly transition to a new CEO;

NOW THEREFORE, in consideration of the material advantages accruing to the two parties and the mutual covenants contained herein, and intending to be legally bound hereby, SCFHP and DARROW agree as follows:

All prior conditions and obligations remain in full force and effect as stated in The Contract, except for the following modifications:

1. **Term of Agreement.** Pursuant to Section 6(a) of The Contract, a majority of The Board of SCFHP in its discretion, in light of DARROW's stated intention to resign, has decided to end its relationship with DARROW no later than March 31, 2015. DARROW agrees that this Amendment 3 to The Contract constitutes her written notice of such termination of her contract as required by The Contract.

2. **Severance.** In lieu of the severance stated in Section 6(a) of the April 1, 2009 Contract, as amended by prior Amendments 1 and 2, SCFHP agrees and promises that should DARROW continue to perform her duties as CEO faithfully, loyally, diligently, and competently from the date of execution of this Amendment 3 through March 31, 2015, SCFHP will pay DARROW the equivalent of her annual salary as of April 1, 2015 as an agreed-upon severance. No prorated severance payments shall be due and payable should DARROW not perform her duties as CEO through March 31, 2015. However, should SCFHP decide to terminate the CEO's employment prior to March 31, 2015, under circumstances other than those permitted by Paragraphs 6(b), 6(c) or 6(d) of the Employment Contract, when DARROW has fully complied with her obligations to SCFHP, then DARROW shall still be entitled to receive the same twelve month severance and benefits specified in this Paragraph, but that Severance Period will then begin thirty (30) days from notice of that early termination of the Employment Contract.

The severance payment shall be subject to all payroll deductions as required by law. During the Severance Period, DARROW may at her option retire from Cal-PERS and continue to receive Cal-PERS medical benefits as a retiree of SCFHP, or elect COBRA and receive medical benefits as a COBRA beneficiary. Should DARROW elect by April 30, 2015 not to retire from Cal-PERS for the purpose of receiving medical benefits as a retiree but instead elect COBRA, then SCFHP shall pay DARROW a lump sum non-taxable payment of $700 per month during the Severance Period (March 31, 2015 to March 31, 2016) until DARROW is eligible for similar benefits under new employment, self-employment, or other means, or until the end of the Severance Period, whichever comes first. Should this promise to pay a lump sum be illegal or violate any regulations, including any Affordable Care Act nondiscrimination regulations issued after the date the parties enter into Amendment 3 to The Contract, the parties agree that SCFHP may at its sole discretion immediately terminate these lump sum payments. In the event of such termination of these lump sum benefits, SCFHP reserves the right to make any legal and valid taxable lump sum payment to DARROW it selects during the Severance Period.

During the Severance Period, SCFHP will reimburse DARROW for her COBRA payment(s) for vision or dental benefits, should she timely elect COBRA for such benefits, until and unless DARROW is eligible for vision and/or dental benefits from another employer.

None of the severance payments and benefits described in this sub-paragraph will be payable to the CEO in the event that DARROW's employment is terminated under the circumstances described in Paragraphs 6(b), 6(c) or 6(d) of the Employment Contract.

3. **Termination For Other Reasons.** SCFHP retains the right, pursuant to Section 6(b) and Section 6(c) to terminate The Contract as amended before March 31, 2015 should the CEO fail to perform her duties faithfully, loyally, diligently, or competently as required by Section 6(b) of The Contract, or become unable to perform the essential functions of her position with or without reasonable accommodation due to a long-term disability as stated in Section 6(c) of The Contract. DARROW retains the right to resign as CEO as stated in Section 6(d) of The Contract earlier than March 31, 2015, and SCFHP retains its rights as stated therein. No severance will be payable to the CEO in the event that the CEO's employment is terminated before March 31, 2015 under the circumstances described in Paragraphs 6(b), 6(c), or 6(d) of The Contract.

4. **No Solicitation.** During the CEO's employment with SCFHP, and during the Severance Period, the CEO will not solicit, or attempt to solicit, directly or indirectly, any person who is or was an employee of SCFHP (within six months of the date in question) or in any manner induce or attempt to induce any such employee of SCFHP to terminate his or her employment with SCFHP; or interfere with SCFHP's relationship with any such person.

5. The obligations of SCFHP hereunder, including its obligation to pay the severance provided for herein, are contingent upon DARROW's performance of her obligations hereunder. In the event of any material breach, SCFHP may terminate employment and DARROW's right to continued severance payments shall cease immediately upon such breach.

6. **Voluntary Agreement**: DARROW and SCFHP represent and agree that each has reviewed all aspects of this Amendment to the Contract, has carefully read and fully understands all provisions of this Amendment and is voluntarily entering in to this Amendment to The Contract. Each party represents and agrees that such party has had opportunity to review any and all aspects of this Amendment with the legal, tax, or other advisors of such party's choice. DARROW represents and acknowledges that she was advised to seek independent legal advice before entering into this Amendment to The Contract.

This contract Amendment 3 to The Contract has been approved by the SCFHP Board and signed this 16th day of May, 2014.

Santa Clara Family Health Plan
Board Chair

Elizabeth Darrow, Chief Executive Officer
Santa Clara Family Health Plan

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CEO Succession Planning

Role of the Board of Directors

Cathy K Eddy
President, Health Plan Alliance

May 15, 2014

Role of the Board

- Have a CEO Succession Plan for short-term and long-term
- CEO Selection Process
- CEO Hiring Process
- Onboarding of the new CEO

CEO Succession Plan

Short term succession plan

- Short term plan is to ensure stability and continuity for staff and providers
- If there were an emergency and the CEO were unable to serve, identify a person to serve as interim

Short term Succession Plan (cont'd)

- Consider a contingency plan if the Board does not find a replacement before the CEO's departure

CEO Succession Plan

Long term succession plan

- Identify potential internal candidates
- Talent management -- development plan
- Discuss the succession plan annually with board
- Update when there are changes in strategic direction

CEO Selection Process

Search firm

- Expertise in managed care search
- Understanding of the marketplace, compensation
- Works with search committee to profile positions, determine criteria

CEO Candidates and Key Considerations

- Past experience that tie to plan's future direction
- Map, benchmark talent market (realistic expectations)
- Knowledge of the current product lines, state dynamics
- Leadership expertise

CEO Candidates and Key Considerations

- Relocation (willing to relocate or commute options)
- Tenure expectations
- Current knowledge base, development needs
- Alignment with vision, mission and values

CEO Interview Process

- Search firm identifies and vets candidates, some use testing
- Candidates that are a potential fit reviewed by search committee lead (board chair and search chair)
- Phone or video interviews with candidates for first round with 2-3 members of search committee

CEO Interview Process (cont'd)

- Feedback to search firm
- Second round in person with search committee and plan leadership
- Finalist(s) come back for interview, spouse visit if relocation
- Background checks, reference checks
- Full board may or may not be involved in review of final candidate

CEO Hiring Process

- Agreement on right "fit" for CEO
- Offer negotiated
- Start date set
- Hiring announced to board and health plan team
- In person introduction an option before start date

Onboarding a New CEO

- Is there any overlap time with current CEO
- Setting goals, expectations and measurement -- first 90 days, 6 months, 1 year
- How will board view success, provide feedback
- Expectations about leadership team

Onboarding a New CEO (cont'd)

- Encourage "active listening"
- Orientation program
- strategic direction, needs, growth expectations
- introductions to all board members

Onboarding a New CEO (cont'd)

- Introductions to staff
- Key contacts in community
- State regulatory, CMS introductions
- Key associations, organizations
- Regular meetings with Board chair, executive committee on expectations

Lessons Learned:
My Experience as Board Member

Integrated Delivery System w/ health plan

- CEO of health plan promoted to system
- CEO moved to new role in February
- interim CEO appointed (former CFO), served Mar-May

Lessons Learned: (cont'd)

- June -- COO and fairly new CFO informally in charge, no one designated as interim
- Candidates interviewed by search committee (governance) Aug and Sept
- Criteria -- run a large plan, understand commercial business (growth need)

Lessons Learned: (cont'd)

- Candidates ranked (My 1, 2, no and why)
- CEO selected in October, started in mid-November
- Commercial lead - Sales Exec hired a year later

Lessons Learned: (cont'd)

- Succession plan discussed twice in five years -- 2 candidates named
- CEO let go in March after 5 years, internal candidate moved to interim role in April
- New CEO made permanent in Dec

Next Steps

- Executive Committee to discuss criteria for CEO candidates and identify search firm
- August Board Meeting
  - Search Firm invited
  - Select Search Committee

QUESTIONS

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Cathy K Eddy
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972-830-0472

BYLAWS OF
SANTA CLARA COUNTY HEALTH AUTHORITY
(Adopted as amended ~~April 21, 2011~~May 15, 2014)

ARTICLE I
AUTHORITY, PURPOSES, STATUS AND POWERS

Section 1.1 Authority. These Bylaws are adopted by the Santa Clara County Health Authority ("Authority") to establish rules for its proceedings, as authorized by Welfare and Institutions Code 14087.38 ("Section 14087.38") and Ordinance No.300.576 ("Ordinance"), as amended from time to time. The Authority is a public agency created by the Board of Supervisors of Santa Clara County ("County") pursuant to authority conferred by Section 14087.38.

Section 1.2 Purposes. The purposes of the Authority are to meet the problems of delivery of publicly assisted medical care in the County, to demonstrate ways of promoting quality care and cost efficiency, and to further such other purposes as are contemplated by Section 14087.38 and described in the Ordinance.

Section 1.3 Status. The Authority is an entity separate from the County. Obligations, acts, omissions or liabilities of the Authority shall be obligations, acts omissions or liabilities solely of the Authority, and shall not, directly or indirectly, be obligations, acts, omissions or liabilities of the County or any officials, employees or agents of the County.

Section 1.4 Powers. The Authority shall have the power to negotiate and enter into contracts with the ~~State~~ Department of Health Care Services and to arrange for the provision of health care services for Medi-Cal beneficiaries as authorized by Section 14087.38. To the extent authorized by Section 14087.38, the Authority may also enter into contracts to arrange for the provision of health care services to individuals including, but not limited to, those covered under Subchapter XVIII (commencing with Section 1395) of Chapter 7 of Title 42 of the United States Code, those entitled to coverage under other publicly supported programs, those employed by public agencies or private businesses, and uninsured or indigent individuals. The Authority shall have all rights, powers, duties, privileges and immunities expressed, either directly or implicitly, in Section 14087.38. Chapter 1 of Division A6 of the Ordinance Code of the County, containing general rules and procedural requirements applicable to boards and commissions of the county, ~~shall not apply to the Authority.~~they may apply now.

ARTICLE II
GOVERNING BOARD

Section 2.1 Governance. Responsibility for governing and managing the affairs of the Authority shall be vested in a governing board ("Governing Board").

Section 2.2 Number. The Governing Board shall consist of thirteen (13) members ("Board Members"), each of whom shall have a fiduciary duty to act in the best interest of the Authority.

Section 2.3 Qualifications. Board Members shall be chosen for their willingness and ability to effectively contribute to and support the objectives of the Authority, shall have a commitment to a health care system that seeks to improve access to quality health care for persons served by the Authority and shall have a commitment to maintaining and preserving a health care safety net for the medically indigent and uninsured populations of the County. Board Members shall either reside, be employed, or provide services in the county, and shall be generally representative of the diverse backgrounds, interests and demography of persons residing in the County. ~~Physician, hospital and other provider Members shall be participating providers on the Authority's provider panel.~~ When nominating members to the Governing Board candidates possessing the following backgrounds should be considered: expertise in business, finance, managed care, hospital administration, information technology, medicine, health care policy, or law.

~~2.3.1 As used in Section 2.3, the term "participating provider" shall mean:~~

~~(a) A licensed physician or other healthcare professional who maintains a contract with the Health Authority, or a subcontract with one of the Health Authority's contracting physician networks, hospitals or other providers, to provide health care services to the Health Authority's enrollees; or,~~

~~(b) A hospital administrator, pharmacist or other health care professional, who is employed by or otherwise represents, a licensed hospital, skilled nursing facility, home health care agency, pharmacy or other provider of health care services, which maintains a contract with the Health Authority, or a subcontract with one of the Health Authority's contracting physician networks, hospitals, pharmacies or other providers, to provide health care services to the Health Authority's enrollees; or,~~

~~(c) A medical director or other health care professional serving in an administrative capacity for a medical group, independent practice association or other physician network, which maintains a contract with the Health Authority, or a subcontract with one of the Health Authority's contracting physician networks, hospitals or other providers, to provide health care services to the Health Authority's enrollees.~~

Section 2.4 Nominations. Nominations shall be made as follows: Board members shall be nominated by the County Board of Supervisors.

~~2.4.1 Five (5) Board Members shall be nominated by the County Board of Supervisors, and shall represent the interests of the county and may include individuals with expertise in business, finance, managed care, hospital administration, information technology, medicine, health care policy, or law..~~

~~2.4.2 Two (2) Board Members shall be nominated by the Santa Clara County Medical Association, and shall be practicing physicians who are participating providers. At least one of these Board Members shall have, as a part of his or her active medical practice, a substantial volume of Medi-Cal, medically indigent and/or uninsured patients. At least one of these Board Members shall be a primary care physician.~~

~~2.4.3 One (1) Board Member shall be a representative of private hospitals in Santa Clara County that have Medi-Cal disproportionate share status. This Board Member shall~~

~~be a director, officer or employee of a private disproportionate share hospital in Santa Clara County, which at the time of nomination is on the State of California Disproportionate Share list. The proposed representative shall be nominated by the Hospital Conference of Northern & Central California and shall be a participating provider.~~

~~2.4.4 Two (2) Board Members shall be nominated by the Consumer Affairs Committee of the Santa Clara Family Health Plan (SCFHP), and each shall be representative of SCFHP enrollees.~~

~~2.4.5 One (1) Board Member shall be nominated by the Community Health Partnership, and shall be a representative of the community-based, non-profit clinics in Santa Clara County that are licensed under Health and Safety Code Section 1204 and are participating providers.~~

~~2.4.6 One (1) Board Member shall be nominated by the SCFHP Provider Advisory Council, and shall be a representative of allied health providers (i.e., non-physician and non-hospital providers) in Santa Clara County, who is also a participating provider.~~

~~2.4.7 One (1) Board Member shall be nominated by the County Board of Supervisors as an "at-large" Board Member. This Board Member shall have demonstrated business, professional or civic experience and shall be a resident of Santa Clara County.~~

Section 2.5 Appointment. ~~The nominating entity for each position set forth above shall submit the name of its nominee to the Clerk of the County Board of Supervisors. Board Members shall be appointed by the County Board of Supervisors from the nominations submitted.~~ Appointments shall be made upon a majority vote by the County Board of Supervisors. ~~If the County Board of Supervisors chooses not to appoint any nominating entity's nominee, the particular nominating entity shall select successive alternate nominees, until the County Board of Supervisors has appointed an alternate nominee. The County Board of Supervisors may not deny appointment to any nominee (whether an initial nominee or an alternate nominee) without good cause. If any nominating entity fails to submit the name of its nominee to the Clerk of the County Board of Supervisors within sixty (60) days after either: (i) the commencement of the term of office applicable to its nominee, or (ii) the effective date of any vacancy in the Governing Board created by its nominee ceasing to serve as a Board Member, as applicable, then the County Board of Supervisors shall appoint an individual of its choosing who meets the requirements for serving as a Board Member that apply to that unfilled position.~~

Section 2.6 Term. The terms for all Board Members shall be two years. No Board Member may serve more than four (4) consecutive terms without a break in service from the Board of at least one year.

Section 2.7 Resignation. Any Board Member may resign at any time by giving written notice of such resignation to the Chairperson of the Governing Board. Such resignation shall take effect at the time specified in the notice; provided, however, that if the resignation is not to be effective immediately upon receipt of the notice by the Chairperson, the Governing Board

must affirmatively vote to accept the effective date specified, and if the Governing Board does not approve such later date, the resignation shall be effective immediately.

Section 2.8 Removal. A Board Member may be removed from the Governing Board by either of the following methods:

2.8.1 The Governing Board, by an affirmative vote of no less than six Board Members, may remove a Board member. The reasons for removal may include:

2.8.1.1 The Board Member fails to meet the qualifications as a Board Member;

2.8.1.2 The Board Member fails to attend three (3) consecutive regular meetings of the Governing Board;

2.8.1.3 The Board Member fails during any twelve (12) month period to attend a minimum of 50% of (a) the regular and special meetings of the Governing Board, or (b) the meetings of the committees of which the Board Member is a member;

2.8.1.4 The Board Member fails to discharge legal obligations as a member of a public agency;

2.8.1.5 The Board Member is convicted of a crime involving corruption or any felony; or the Board Member is barred, suspended or excluded from participation in federal programs or has been barred from serving as a Board Member pursuant to the Knox-Keene Act;

2.8.1.6 A request for removal has been submitted by the ~~appropriate nominating entity. A request for removal by the nominating entity must be adopted by that entity in the same manner as the nomination was adopted and must be confirmed by a written request for removal delivered to the Authority, setting forth the grounds for removal; or~~Board of Supervisors.

2.8.1.7 Other good cause, as reasonably determined by the Board.

2.8.2 A Board Member shall be given reasonable notice and an opportunity to respond before the Governing Board prior to any vote by the Governing Board regarding potential removal of that Board Member.

Section 2.9 Vacancies. Any vacancy in the Board, however created, shall be filled by the County Board of Supervisors. ~~for the remainder of the unexpired term in accordance with, and in the same manner as, regular appointments. The appropriate nominating entity shall nominate a successor within sixty (60) days after the effective date of the vacancy.~~

Section 2.10 Reimbursement Of Expenses.

2.10.1 Board Members, other than County employees, may be reimbursed for services and out-of-pocket expenses at a rate to be determined by the Board for each Board meeting attended.

ARTICLE III
OFFICERS

Section 3.1 Designation. The Officers of the Authority shall be:

3.1.1 A Chairperson, who shall be a Board Member, and who shall preside at all meetings of the Governing Board.

3.1.2 A Vice-Chairperson who shall be a Board Member, and who in the Chairperson's absence, or inability to act, shall preside at the meetings of the Governing Board.

If both the Chairperson and the Vice-Chairperson are absent or unable to act, the Board Members present shall by resolution select one of the Board Members present to act as chairperson pro tempore, who, while so acting, shall have all of the authority of the Chairperson.

3.1.3 A Treasurer, shall be a Board Member or such other person as appointed by the Governing Board, including but not limited to the Chief Financial Officer, who is employed by the Authority, and who shall have custody of and disburse the Authority's funds. The Treasurer shall have the authority to delegate the signatory function of the Treasurer to such persons as authorized by the Governing Board.

3.1.4 A Secretary, who shall be a Board Member or other person appointed by the Governing Board, including a person employed by the Authority, and who shall be responsible for preparing and keeping the minutes of the Governing Board; shall attest to the signature of the Chairperson, Vice-Chairperson, Treasurer, Chief Executive Officer or other authorized signatory on documents executed on behalf of the Authority; shall give, or cause to be given, notice of all meetings of the Governing Board and committees of the Authority as required by law; shall keep the seal of the Authority, if one be adopted, in safe custody; and shall have such other duties as may be prescribed by resolution of the Governing Board or these Bylaws.

Section 3.2 Election. The Governing Board, at its first meeting of each calendar year, or as soon thereafter as possible, shall elect officers for one two-year term.

Section 3.3 Resignation. Any officer may resign effective on giving written notice to the Secretary or the Chairperson, unless the notice specifies a later time for his or her resignation to become effective. Upon receipt of such notice by the Secretary or the Chairperson, as applicable, the Secretary shall notify (or, if applicable, the Chairperson shall direct the Secretary to notify and the Secretary shall then notify) all the other officers of the Authority and shall enter the notice in the proceedings of the Governing Board. The acceptance of a resignation shall not be necessary to make it effective.

Section 3.4 Vacancies. A vacancy in any office for any cause shall be filled by a special election of the Governing Board at the next regular or special meeting of the Governing Board.

ARTICLE IV
MEETINGS

Section 4.1 Regular And Special Meetings. The date, time and place of regular meetings of the Governing Board shall be established by resolution of the Governing Board. The Governing Board shall hold regular meetings during at least each of four (4) months of each calendar year, at least one of which shall be a strategic planning session. Special meetings may be held upon the call and the discretion of the Chairperson. However, upon the request of any three (3) or more Board Members, the Chairperson shall call a special meeting. Special meetings shall be subject to the rules otherwise set forth in these Bylaws.

Section 4.2 Open And Public. Meeting shall be open and public and all persons shall be permitted to attend, except for closed sessions, all as required and permitted by applicable law, including the Ralph M. Brown Act (Gov. Code 54950 *et. seq.*) and Section 14087.38.

Section 4.3 Notice.

4.3.1 Notice of every regular meeting, and any special meeting which is called at least one (1) week prior to the date set for the meeting, shall be given to each member of the Governing Board and to any person who has filed a written request for notice with the Authority. Any such mailed notice shall be mailed at least one (1) week prior to the date set for the meeting to which it applies, except that the Governing Board may give the notice as it deems practical of special meetings called less than seven (7) days prior to the date set for the meeting. Any request for notice filed pursuant to this section shall be valid for one (1) year from the date on which it is filed unless a renewal request is filed. All requests for notice shall be filed with the Secretary of the Authority. Renewal requests for notice shall be filed within ninety (90) days after January 1 of each year.

4.3.2 Written notice of each special meeting shall be delivered personally or by mail to each Board Member and, to each local newspaper of general circulation, radio and television station, requesting such written notice in writing. Such notice shall be received at least twenty-four (24) hours before the time of such meeting as specified in the notice. The notice shall specify the time and place of the special meeting and the agenda for the meeting. No other business shall be considered at such meeting. Notice shall be required pursuant to this section regardless of whether any action is taken at the special meeting. In cases of emergency, notice of special meetings may be dispensed with only to the extent permitted by applicable law.

Section 4.4 Waiver Of Notice. Written notice may be dispensed with as to any Board Member who, at or prior to the time the meeting convenes, files with the Secretary a written waiver of notice. Such waiver may be given by any means that allows for a permanent record and may be authorized by law. Such written notice also may be dispensed with as to any Board Member who is actually present at the meeting at the time it convenes.

Section 4.5 Attendance And Participation. Board Members must attend the regular meetings of the Governing Board and of committees to which they are appointed and shall contribute their time and special abilities as may be required for the benefit of the Authority.

Section 4.6 Quorum. A majority of the Board Members must be present in person to constitute a quorum to initiate the transaction of business at any regular or special meeting of the Governing Board. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Board Members, provided that any action taken is approved pursuant to Section 4.10.

Section 4.7 Meeting Agendas. For all meetings that are open and public pursuant to the Ralph M. Brown Act (Gov. Code 54950 *et seq.*), the provisions of Sections 4.7.1 through 4.7.3 shall apply.

4.7.1 The Chief Executive Officer of the Authority shall prepare an agenda for every meeting of the Governing Board setting forth a brief general description of each item of business to be transacted or discussed at the meeting and the time and location of the meeting. Each agenda for a regular meeting shall provide an opportunity for members of the public to address the Governing Board directly on items of interest to the public that are within the subject matter jurisdiction of the Authority. At least seventy-two (72) hours before a regular meeting, the Chief Executive Officer shall cause the agenda for the meeting to be posted at the main entrance of the Authority's executive offices and online on the Health Authority's website, or, as determined by duly adopted resolution of the Governing Board, any other location that is freely accessible to members of the public.

4.7.2 No action shall be taken at a regular meeting on any item not appearing on the posted agenda; provided, however, that the Board Members may take action on items of business not appearing on the posted agenda under the following conditions:

4.7.2.1 The Governing Board determines by a majority vote of the Board Members present that an emergency situation exists under Government Code 54956.5; or

4.7.2.2 The Governing Board determines by a two-thirds vote of the Governing Board, or, if less than two-thirds of the Board Member are present, by a unanimous vote of those Board Members present, that the need to take the action arose subsequent to the posting of the agenda; or

4.7.2.3 The item was included in the posted agenda for a meeting of the Governing Board occurring not more than five (5) calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

4.7.3 At least twenty-four (24) hours before a special meeting, the Chief Executive Officer shall cause the agenda for the meeting to be posted with the call and notice of the meeting at the main entrance of the Authority executive offices, or, as determined by duly

adopted resolution of the Governing Board, any other location that is freely accessible to members of the public. No business not set forth in the posted agenda shall be considered by the Governing Board at such special meeting.

Section 4.8 Conduct Of Business. The items on the agenda shall be considered in order unless the Chairperson shall announce a change in the order of consideration. Unless an agenda item identifies a particular source for a report, the Chief Executive Officer, the Board Members, the Authority staff and consultants shall report first on the item, after which the item shall then be open to public comment upon recognition of the speaker by the Chairperson. To the extent that conduct of the meeting is not governed by these bylaws or the Ralph M. Brown Act, the current edition of Robert's Rules of Order shall apply.

Section 4.9 Resolutions and Motions. All official acts of the Authority shall be taken either by resolution or a motion, duly made, seconded and adopted by vote of the Board Members.

Section 4.10 Voting. Except as otherwise provided by these Bylaws, all official acts of the Governing Board shall require the affirmative vote of a majority of the Board Members present and eligible to vote, provided all applicable quorum requirements have been met. No official act shall be approved with less than the affirmative vote of four (4) Board Members, unless the number of Board Members prohibited from voting because of conflicts of interest precludes adequate participation in the vote.

Section 4.11 Disqualification From Voting. A Board Member shall be disqualified from voting on any motion or resolution relating to a transaction in which he or she has a financial interest, as required by law or by the Conflicts of Interest Policy of the Authority, as described in Article IX. Except as required by law or by the Conflict of Interest Policy of the Authority, no Board Member shall be disqualified from serving as a Board Member or taking part in any proceedings of the Governing Board because of any financial interest of a Board Member.

Section 4.12 Minutes. The Secretary shall cause to have prepared the minutes of each meeting of the Governing Board. The minutes shall be an accurate summary of the Governing Board. The minutes shall be an accurate summary of the Governing Board's consideration of each item on the agenda and an accurate record of each action of the Governing Board. At a subsequent meeting, the Secretary shall submit the minutes to the Governing Board for approval by a majority vote of Board Members in attendance at the meeting covered by the minutes. When approved, the minutes shall be signed by the Secretary and kept with the proceedings of the Governing Board.

Section 4.13 Closed Sessions. The Governing Board shall meet in closed session only as permitted by applicable law, including, but not limited to, the Ralph M. Brown Act (Gov. Code 54950 *et seq.*) and Section 14087.38. The Governing Board shall post an agenda and report the actions taken at a closed session to the public to the extent required by applicable law. A closed session minute book shall be established and maintained for minutes of all closed sessions, which shall reflect only the topics of discussion and decisions made at the session. The closed session minute book shall be kept confidential, shall not be a public record, and shall be available

to the Board Members, the Chief Executive Officer, and the Governing Board's legal counsel, except as otherwise required by applicable law.

Section 4.14 Public Records. All documents and records of the Authority, not exempt from disclosure under applicable law, shall be public records under the California Public Records Act (Government Code 6250 *et seq.*). The Governing Board and the Chief Executive Officer shall take appropriate steps to maintain the confidentiality of all documents and records of the Governing Board for which exemptions from disclosure are available under applicable statutes.

Section 4.15 Adjournment. The Governing Board may adjourn any meeting to a time and place specified in the resolution of adjournment, notwithstanding less than a quorum may be present and voting. If no member of the Governing Board is present at a regular or adjourned meeting, the Chief Executive Officer or his or her designee may declare the meeting adjourned to a stated time and place and shall cause written notice to be given in the same manner as provided in Section 4.3 of the Bylaws for special meetings, unless such notice is waived as provided for special meetings. A copy of the order or notice of adjournment shall be posted as required by applicable law.

ARTICLE V
COMMITTEES OF THE GOVERNING BOARD

Section 5.1 Bylaws Committee. The Governing Board shall appoint a three (3) member Bylaws Committee, all of whom shall be Board Members. ~~One (1) member shall be a Board Member who was nominated by the County Board of Supervisors.~~ Proposed amendments to these Bylaws shall not be effective unless approved by a majority vote of the Bylaws Committee, and by the affirmative vote of no less than a majority of Board Members, as set forth in Article XII.

Section 5.2 Executive Committee. The Governing Board shall appoint a five (5) member Executive Committee.

5.2.1 The Executive Committee shall consist of its Chair and Vice Chair, plus 3 other Board members. ~~Subject to their availability and willingness to serve, at least one of the five members of the Executive Committee shall be a physician; one shall be a consumer; and one shall be a member of the Santa Clara County Board of Supervisors. No more than one of the members of the Executive Committee shall be a County Supervisor.~~ At least one of the members of the Executive Committee shall have financial expertise. The Chief Executive Officer of the Health Authority shall serve as an ex officio member of the Executive Committee, without vote.

5.2.2 In the event of a financial, operational, legal, personnel or public relations emergency, which the Chief Executive Officer or the Executive Committee reasonably determines requires handling before the next scheduled meeting of the Governing Board or before a special meeting of the Governing Board can be called, the Executive Committee shall have all of the powers and authority of the Board of Directors to act in the intervals between meetings of the Board of Directors.

5.2.3 Notwithstanding the above, the Executive Committee shall not have authority to: amend or repeal the Bylaws or adopt new Bylaws; fill vacancies on the Governing Board; or fix compensation of Directors. By majority vote of the Governing Board, the Board may at any time revoke or modify the authority delegated to the Executive Committee.

5.2.4 Any action taken by the Executive Committee must be reported for discussion to the Governing Board at the next meeting.

5.2.5 The Executive Committee shall also serve as the Finance Committee of the Governing Board, responsible for: developing and reviewing fiscal policy; monitoring investment activity and financial performance; reviewing and making recommendations regarding financial statements, audits, financial management and business plan objectives; and reviewing with, and making recommendations to the Governing Board, regarding the annual budget and variations from the budget. The Governing Board must approve the budget and all expenditures must be within budget. Any major change in the budget must be approved by the Governing Board or the Executive Committee. Annual and periodic financial reports shall be submitted to the Governing Board.

Section 5.3 Additional Committees. The Governing Board may by resolution, from time to time, create and appoint the members of such additional committees and subcommittees of the Governing Board as it deems necessary to carry out its purposes. Except as provided in Article VI, only Board Members shall serve on committees and subcommittees, but no committee or subcommittee may be composed of a number of Board Members constituting a quorum of voting Board Members. The Governing Board may designate one (1) or more Board Members as alternate members of any committee or subcommittee to stand in for any absent member at any meeting of the committee or subcommittee.

Section 5.4 Authority. All such other committees and subcommittees shall be advisory only, unless otherwise specified by the Governing Board.

Section 5.5 Meetings. Regular meetings of the committees and subcommittees shall be held at such times and places as are determined by the chairperson of the committee or subcommittee. Special meetings may be held at any time and place as may be designated by the Chairperson, the chairperson of the committee or subcommittee, the Chief Executive Officer or a majority of the members of the committee or subcommittee. Except for the Executive Committee, at least one third of the authorized number of members of the committee or subcommittee shall constitute a quorum for the transaction of business. In the case of the Executive Committee, a majority of the seated members of the committee shall constitute a quorum for the transaction of business.

Section 5.6 Open and Public. Meetings of committees and subcommittees shall be open and public, except such meetings that may be held in closed session to the extent permitted by applicable law, including, but not limited to, the Ralph M. Brown Act (Gov. Code 54950 *et seq.*) and Section 14087.38.

Section 5.7 Notice and Agenda Posting. To the extent that meetings of committees and subcommittees are subject to the Ralph M. Brown Act (Gov. Code 54950 *et seq.*), notice and agenda posting regarding such regular and special meetings shall be carried in the same manner as that applicable to regular and special meetings of the Governing Board as set forth in Article IV of these Bylaws.

Section 5.8 Minutes. The Secretary or his or her designee shall prepare minutes of each meeting of every committee and subcommittee. The minutes shall be an accurate summary of the committee's or subcommittee's consideration of the matters before it and an accurate record of each action of the committee or subcommittee. At a subsequent meeting, the Secretary or designee shall submit the minutes to the committee or subcommittee for approval by a majority vote of members in attendance at the meeting covered by the minutes. When approved, copies of minutes shall be forwarded by the Secretary or designee to the Board Members and to the Chief Executive Officer.

ARTICLE VI
ADVISORY AND STANDING COMMITTEES

Section 6.1 Provider Advisory Council.

6.1.1 The Governing Board shall establish one or more Provider Advisory Council, composed of participating providers, to provide expertise to the Authority relative to their respective specialties. Each Provider Advisory Council shall have a sufficient number of members to provide the necessary expertise and to work effectively as a group. The Governing Board shall determine the number and composition of each Council with the assistance of recommendations made by the Chief Executive Officer. Provider Advisory Council members shall serve for a maximum of three two-year terms.

6.1.2 Each Provider Advisory Council shall have a chairperson and a vice chairperson appointed by the Governing Body. The Chief Executive Officer shall designate a staff person to serve as secretary and to be responsible for notifying members of the dates and times of meetings and preparing a record of the Council's meetings.

6.1.3 Each Provider Advisory Council shall meet on a regular basis, and shall make recommendations and reports to the Governing Board. Meetings of the Provider Advisory Council shall be open and public pursuant to the Ralph M. Brown Act (Gov. Code § 54950 *et seq.*).

Section 6.2 Consumer Affairs Committee.

6.2.1 The Governing Board shall establish a standing Committee of the Board to be called the Consumer Affairs Committee, which shall be responsible for participating in establishing public policy of the health care service plan ("the Plan") established by the Authority. Public policy includes, but is not necessarily limited to, policies to assure the comfort, dignity, and convenience of the members, as described in the Knox-Keene Act, Section 1369 of the Health and Safety Code. The Consumer Affairs Committee shall constitute the

"Community Advisory Committee," referenced in Section A-18-334 of the Ordinance. The Consumer Affairs Committee shall have a sufficient number of members to provide community involvement and an appropriate representation of the interests of enrolled Plan members. The Governing Board shall determine the number and composition of the Committee with the assistance of recommendations made by the Chief Executive Officer. Committee members shall serve for a maximum of three two-year terms, unless the committee member who is appointed to represent plan members is no longer qualified for Plan enrollment or otherwise loses eligibility for Plan membership.

6.2.2 The Consumer Affairs Committee shall have a chairperson and a vice-chairperson appointed by the Governing Board. The Chief Executive Officer shall designate an employee of the Authority to serve as secretary and to be responsible for notifying members of the dates and times of meetings and preparing a record of the Committee's meetings.

6.2.3 The Consumer Affairs Committee shall meet not less than two times per year, and shall make recommendations and reports to the Governing Board. Meetings of the Consumer Affairs Committee shall be open and public pursuant to the Ralph M. Brown Act (Gov. Code § 54950 *et seq.*).

6.2.4 The Consumer Affairs Committee recommendations and reports shall be regularly and timely reported to the Governing Board. The Governing Board shall take action upon the Committee's recommendations. Such action shall be recorded in the minutes of the Governing Board.

Section 6.8 Additional Advisory Committees. The Governing Board may, as it deems necessary, establish advisory committees. A resolution of the Governing Board establishing any additional advisory committee shall specify the number and qualifications of members, scope of matters on which such group or committee will provide review and recommendations, parameters for the conduct of proceedings, and conditions and procedures for dissolution for the advisory committee.

ARTICLE VII
EXECUTION OF DOCUMENTS

Section 7.1 Contracts and Instruments.

7.1.1 The Governing Board may authorize any officer or officers, agent or agents, employee or employees to enter into any contract or execute any instrument in the name of and on behalf of the Authority, and this authority may be general or confined to specific instances; and, unless so authorized or ratified by the Governing Board, no officer, agent or employee shall have any power or authority to bind the Authority by any contract or engagement or to render it liable for any purpose or for any amount.

7.1.2 The Secretary shall have the authority to attest to the signatures of those individuals authorized to enter into contracts or execute instruments in the name of and on behalf of the Authority and to certify the incumbency of those signatories.

7.1.3 Each and every contract, indenture, mortgage, loan or credit document, lease, or other instrument or obligation of the Authority shall contain a statement to the effect that the Authority is a separate legal entity from the County, that the County, and its officials, employees and agents, are not responsible for the obligations of the Authority, and that (except if the county is a direct party to the particular document or instrument) the parties to the particular document or instrument do not intend to, or have the power to, confer on any person or entity any rights or remedies against the County or any officials, employees or agents of the County.

Section 7.2 Checks, Drafts, Evidences of Indebtedness. All checks, drafts or other orders for payment of money, notes or other evidences issued in the name of or on behalf of the Authority or payable to the order of the Authority, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Governing Board.

ARTICLE VIII
CHIEF EXECUTIVE OFFICER

Section 8.1 Appointment and Tenure. The Governing Board shall select and appoint a~~n~~ Chief Executive Officer who shall be its direct executive representative in the management of the affairs and activities of the Authority. The Chief Executive Officer shall serve at the pleasure of the Governing Board, subject to the provisions of any contract of employment between the Authority and the Chief Executive Officer. The Governing Board shall adopt by resolution a program (including timing and method) for evaluating the Chief Executive Officer.

Section 8.2 Duties.

8.2.1 The Chief Executive Officer shall have the necessary authority and responsibility to conduct the Authority's activities, subject to the oversight and authority of the Governing Board and the Chairperson. The Chief Executive Officer shall be responsible to carry out the formal and informal policies, procedures and practices of the Authority.

8.2.2 The Chief Executive Officer shall act as the duly authorized representative of the Authority in all matters in which the Authority has not formally designated some other person to act.

8.2.3 The Chief Executive Officer shall designate a Chief Financial Officer and a Medical Director of the Authority both of whom shall be employees of the Authority. The Chief Executive Officer may also appoint and engage individuals to fill such other executive, administrative and management positions for the Authority as the Governing Board shall authorize by resolution. All personnel shall serve at the pleasure of the Chief Executive Officer, subject to any contract of employment between the Authority and any such employee and the personnel policies adopted by the Governing Board.

ARTICLE IX
CONFLICT OF INTEREST POLICY

Section 9.1 Adoption. The Governing Board shall by resolution adopt and from time to time may amend a Conflict of Interest Code for the Authority as required by applicable law.

Section 9.2 Board Member Statements. Each Board Member shall file statements disclosing reportable investments, business positions, interests in real property and income in accordance with the Political Reform Act of 1974 (Government Code 81000 *et seq.*) and the regulations of the Fair Political Practices Authority.

Section 9.3 Prohibition On Board Members With Financial Interest. Except as may be permitted by Section 9.4, a Board Member shall not make, participate in making, or in any way attempt to influence a Governing Board decision in which the Board Member knows, or has reason to know, that he or she has a financial interest as defined by California law or as set forth in the Authority's Conflict of Interest Code.

Section 9.4 Conflict of Interest Exemption. In accordance with Welfare & Institutions Code § 14087,38(h), a Board Member shall not be deemed to be interested in a contract entered into by the Authority within the meaning of Government Code 1090, *et. seq.* if all of the following apply:

(a) The Board of Supervisors appointed the Board Member to represent the interests of physicians, health care practitioners, hospitals, pharmacies, or other health care organizations, or beneficiaries.

(b) The contract authorizes the Board Member or the organization the Board Member represents to provide services to beneficiaries under the Authority's programs.

(c) The contract contains substantially the same terms and conditions as contracts entered into with other individuals or organizations that the Board Member was appointed to represent.

(d) The Board Member does not influence or attempt to influence the Governing Board or another Board Member to enter into the contract in which the Board Member is interested.

(e) The Board Member discloses the interest to the Governing Board and abstains from voting on the contract.

(f) The Governing Board notes the Board Member's disclosures and abstention in its official records and authorizes the contract in good faith by a vote of the Governing Board sufficient for the purpose without counting the vote of the interested Board Member.

ARTICLE X
PROCEDURES, PRACTICES AND POLICIES RELATING TO IMPLEMENTATION OF THE TWO-PLAN MODEL

Section 10.1 Compliance With Two-Plan Model. The Authority shall, in connection with the conduct of its business and the discharge of its responsibilities, comply fully with the concepts and philosophy of the Medi-Cal Two-Plan Model for Managed Care ("Two-Plan Model"), as issued by the State Department of Health Care Services ("~~S~~DHCS"). In conducting its business and discharging its responsibilities, the Authority shall meet the particulars set forth in this Article X.

Section 10.2 Contract Negotiation and Renegotiation. The Authority shall, in negotiating and renegotiating contracts, give preference to providers (sometimes referred to herein as "preferred providers"): (1) based on (a) the number of Section 10.2.1 categories a provider is within, and (b) the number of and extent to which the factors set forth in each Section 10.2.1 category apply to the provider; (2) in the manner prescribed in Section 10.2.2; and (3) in accordance with the standards set forth in Section 10.3.

10.2.1 The following are the preference categories that shall be applicable for the Authority in negotiating and renegotiating contracts:

(a) Disproportionate Share Hospitals. The Authority shall give substantial preference to those hospitals that have regularly and repeatedly qualified for disproportionate share status under the Medi-Cal program. For purposes of the Section 10.2.1(a), "regularly and repeatedly" means that, at any particular time, the hospital has been recognized as a disproportionate share hospital under the Medi-Cal program for no less than three (3) of the most recent four (4) years. Among hospitals that have regular and repeatedly qualified for disproportionate share status, the Authority shall giver greater preference to those hospitals that historically have had the highest levels of disproportionality, as measured on both a relative and absolute basis, over the most recent four (4) years.

(b) Safety Net Providers. The Authority shall give preference to FQHCs and any other providers that ~~SDHS~~ DHCS has defined as safety net providers in the general policies relating to the Two-Plan Model.

(c) Traditional Medi-Cal Providers. The Authority may give preference to community-based clinics and private providers with a history of serving a substantial proportion of Medi-Cal patients. For purposes of this Section 10.2.1(c), "substantial proportion" means that in each of two (2) of the most recent four (4) years, a community-based clinic or private provider has received at least $25,000 in payments per year from serving Medi-Cal patients.

(d) Medically Indigent and Uninsured Care Providers. The Authority shall give substantial preference to providers that have regularly and repeatedly provided the highest levels of ratios of care to the medically indigent and uninsured.

10.2.2 The following prescribes the manner in which the Authority shall give preference to providers in negotiating and renegotiating contracts:

(a) Generally. Preference shall be given in a fashion to preserve the health care safety net in the County, including public health services, as envisioned by the Two-Plan Model and in accordance with the standards set forth in Section 10.3.

(b) Disproportionate Share Hospitals. The Authority shall give substantial preference to those hospitals that have regularly and repeatedly qualified for disproportionate share status under the Medi-Cal program in a fashion to ensure that these hospitals have sufficient Medi-Cal patient participation so that: (1) all available federal funding is retained for the geographic area of the county; and (2) among these hospitals, the hospitals that historically have had the highest levels of disproportionality receive federal funding commensurate with their higher levels of disproportionality. The most recent four (4) years shall be the "historical" period for purposes of this provision.

(c) All Preferred Providers. Subject to provider capacity and patients' medical interests, the Authority may take one or more of the following measures, as necessary or appropriate to meet the requirements of the Section 10.2.2: (1) assign patients to preferred providers, especially to those providers entitled to substantial preference under Section 10.2.1(a) and 10.2.1(d); (2) give preferential pricing terms to preferred providers; (3) give rights of first refusal on negotiating and renegotiating contracts to preferred providers; and (4) furnish preferred providers with such special or additional administrative or clinical support services as may be necessary or appropriate to assist such providers in transitioning to a managed care environment.

(d) Impact of Preferences. As among preferred providers, it is expected that higher levels of funding may be given by the Authority to those entitled to substantial preference, as compared to other preferred providers. The Authority shall fulfill its obligations under this Section 10.2 notwithstanding any detriment or adverse impact to non-preferred providers that may be caused by the fulfillment of such obligations, and notwithstanding that certain special or additional administrative clinical support services may be unavailable to non-preferred providers.

Section 10.3 Establishment and Maintenance of Provider Network. The Authority shall meet the standards set forth in this Section 10.3 in establishing and maintaining the provider network and in implementing the preferences described in Section 10.2.

10.3.1 The Authority shall foster and maintain the clinical relationships between Medi-Cal, medically indigent and uninsured patients and their health care providers.

10.3.2 The Authority shall, in establishing and maintaining the provider network, recognize and accommodate the cultural and linguistic diversity of Medi-Cal, medically indigent and uninsured patients.

10.3.3 The Authority shall, in establishing and maintaining the provider network, recognize, accommodate and support those special programs and activities of providers that have been regularly and repeatedly successful in addressing the medical and social needs of Medi-Cal, medically indigent and uninsured patients.

ARTICLE XI
MISCELLANEOUS, PROCEDURES, PRACTICES AND POLICIES, INSURANCE, BONDS

Section 11.1 Purchasing, Hiring, Personnel, Etc. The Governing Board shall by resolution adopt and, from time to time may amend, procedures, practices and policies for purchasing and acquiring the use of equipment and supplies, acquiring, constructing and leasing real property and improvements, hiring employees, managing its personnel and for all other matters, in the determination of the Governing Board, as are necessary and appropriate for the proper conduct of the Authority's activities and affairs and the furtherance of its authorized purposes. Copies of all such procedures, practices and policies shall be maintained with the minutes of proceedings of the Governing Board.

Section 11.2 Enforcement. Subject to the ultimate authority of the Governing Board, the Chief Executive Officer shall be responsible to implement all procedures, practices and policies adopted by the Governing Board.

Section 11.3 Insurance. The Chief Executive Officer shall procure, at the Governing Board's direction, such liability, property, casualty, workers' compensation, and such other insurance (including, without limitation, directors' and officers' liability, professional liability, and health plan re-insurance) in such amounts and with such carriers as the Governing Board shall from time to time determine is prudent in the conduct of its activities; provided, the Governing Board may in its discretion provide self-insurance or participate in consortia or similar associations to obtain coverage in lieu of commercial coverage.

Section 11.4 Bonds. The Authority shall require all of the Board Members, as well as the Authority's officers, employees and agents, to be covered by fidelity bonds to the extent required by law, and otherwise to the extent the Governing Board determines prudent in the conduct of its activities. The cost of such bonds shall be paid for by the Authority.

Section 11.5 Defense and Indemnification. So long as such individual was acting within the scope of his or her employment or official capacity, the Authority shall defend and hold harmless its current and former members, officers, employees, and other agents to the full extent set forth by the California Tort Claims Act (Gov. Code 810 *et seq.*) and Section 14087.38(j).

Section 11.6 Immunities. The Authority, all Board Members, and all officers, employees, and agents of the Authority shall, to the full extent set forth by law, be protected by the Immunities applicable to public entities and individuals as provided by the California Tort Claims Act (Gov. Code 810 *et seq.* and Section 14087.38(j)).

Section 11.7 Reports to County Board of Supervisors. The Governing Board shall prepare and deliver to the County Board of Supervisors an annual written report describing the activities of the Authority during the preceding year, and outlining, in general terms, the anticipated nature of the Authority's activities for the forthcoming year.

ARTICLE XII

AMENDMENT OF BYLAWS

The Bylaws may be amended or repealed. Proposed changes to amend or repeal the Bylaws may be forwarded in writing by any Governing Board member to the Chairperson of the Bylaws Committee. The Bylaws Committee by a majority vote must approve proposed changes in advance of submitting proposed Bylaws changes to the governing Board. If approved by the Bylaws committees, the proposed Bylaws changes shall be placed on the agenda and provided to the Governing Board members at least 7 (seven) days prior to the Board meeting at which the proposed Bylaw changes shall be considered. The Governing board shall adopt the proposed changes by the voting approval of at least a majority of members of the Governing Board. The Bylaws Committee shall also nominate Officers of the Authority to the Governing Board for consideration.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of the Santa Clara County Health Authority, a local public agency; and

The foregoing Bylaws, comprising 22 pages, including this page, constitute the Bylaws of the Authority, as duly adopted by the Authority at a regular meeting, duly called and held on January 18, 1996, at San Jose, California, and subsequently amended on January 20, 2000, May 23, 2002, January 23, 2003, November 18, 2004,September 22, 2005, ~~and~~ April 21, 2011, and May 15, 2014.

_____

Elizabeth G. Pianca
Secretary of the Authority

M E M O R A N D U M

TO: Governing Board

FROM: Elizabeth Darrow, CEO

RE: PTO Cash-Out

DATE: May 15, 2014

Prior Practice

- Restricted to 1 request per calendar year;
- Maximum hours allowed to cash out - 80
- Minimum hours to cash out - 16
- Minimum hours to remain in PTO bank - 40

Review of Current Policy

Our PTO cash out program raised issues under the income tax doctrine of constructive receipt found in Code section 451 and under the rules that govern deferred compensation plans found in Code sections 409A and 457.

- Income tax concept for "constructive receipt" treats employees as having received gross income during a taxable year to the extent that the employee is given the choice between receiving (i) cash now or (ii) cash at some time in the future.
- Constructive receipt results in employees having additional income each year equal to the total amount of PTO they could have cashed out – even if they do not actually cash out any of their PTO.

As a result of this finding, the PTO Cash-Out Program was put "on hold" awaiting options from Counsel and recommendations from the CEO.

Options Identified by Counsel

After review only two viable options were identified:

- The employee makes a choice between accruing the PTO or receiving cash in lieu of the PTO in the year before the year when the PTO will be earned, which is consistent with the IRS's longstanding position on deferred compensation (e.g., PLR 200450010). Under such an arrangement, employees are given an election form, before the end of each calendar year that allows them to determine how much, if any, PTO they will earn in the following calendar year will be received in cash. In order for the election to be valid, the election form must be returned to the employer by the deadline (no later than December

31 of the year before the year when the PTO will be earned). If an employee fails to turn in an election form or turns it in late, no amount of the PTO earned in the following calendar year will be paid in cash (unless employment is terminated); PTO will simply accrue. Once made, any such election is irrevocable.

- Terminate the PTO Cash-Out Program. The employee is cashed out for unused days upon termination of employment in accordance with the employer's policies regarding PTO.

Recommendation

After consultation with Counsel, the CFO and VP of HR, we recommend the first option which allows staff to take advantage of the Cash-Out option but limits those employees who do not elect that option from any tax consequences. Additionally, we recommend keeping the previous limits in place:

- Maximum hours allowed to cash out - 80
- Minimum hours to cash out - 16
- Minimum hours to remain in PTO bank - 40

Santa Clara County Health Authority
Job Titles Added to Pay Schedule
May 15, 2014

Job Title	Pay Rate	Minimum	Midpoint	Maximum
Appeals & Grievance Supervisor	Annually	55,618	69,522	83,427
Case Management Supervisor	Annually	83,102	108,033	132,964
Clinical and Business Analyst	Annually	62,706	79,951	97,195
Communications Project Manager	Annually	62,706	79,951	97,195
LTSS Case Manager	Annually	72,112	91,943	111,774
LTSS Case Management Coordinator	Annually	43,867	53,737	63,607
LTSS Social Worker	Annually	43,867	53,737	63,607
Operations Director Long Term Support Services	Annually	97,645	126,939	156,233
Prior Authorization Supervisor	Annually	38,993	47,766	56,540
Quality Improvement Nurse	Annually	72,112	91,943	111,774
Sr. Accountant	Annually	72,112	91,943	111,774
Staff Accountant	Annually	48,363	60,454	72,545

Santa Clara County Health Authority
Job Titles Removed from Pay Schedule
May 15, 2014

Job Title	Pay Rate	Minimum	Midpoint	Maximum
Business Systems Analyst I	Annually	62,706	79,951	97,195
Pharmacy Operations Manager	Annually	62,706	79,951	97,195
Quality Improvement RN Facility Audit Specialist	Annually	62,706	79,951	97,195
Support Services Specialist	Annually	29,242	35,090	40,938

Santa Clara
Family Health Plan
The Spirit of Care

May 12, 2014

Memo

To: The Santa Clara Family Health Plan Governing Board

Re: Recommendation for Support of Safety Net Providers and County Homeless Initiatives

From: Elizabeth Darrow, CEO

Dear Governing Board

As you are aware the mission of the Health Plan includes the support of the provider safety net and to ensure medical services are available and accessible to the enrolled population we serve. Additionally, we act as a partner with the County of Santa Clara to support safety net initiatives to care for and improve the health of the community we serve. With our mission in mind, the management of the Health Plan recommends the following financial support to safety net providers and the County of Santa Clara:

- Allocation of $1 million to be evenly divided between the following non-profit community health centers:
    - Gardner Family Health Network
    - Indian Health Center of Santa Clara Valley
    - Planned Parenthood Mar Monte
    - Asian Americans for Community Involvement
- Allocation of $1 million under the authority and discretion of the County Executive to be utilized for the County's Homeless Initiative to include:
    - Support for funding a replacement shelter for the closed Sunnyvale Armory

Background: Currently, the Health Plan serves over 175,000 enrollees and we anticipate continued growth over the next few years which will result in our reliance on the safety net increasing significantly. Since 2011, the Health Plan has experienced an increase in adult populations (Seniors and People with Disabilities (SPDs) resulting in stress on the delivery system due to patients with multiple comorbidities, harder to treat conditions and higher utilization patterns. As of April 2014, the majority of the 20,000 newly enrolled childless adults (as a result of California's Medicaid expansion) have been assigned to the safety net and a similar utilization trend is emerging. A significant number of the adults, in addition to the traditional Medi-Cal population, are assigned to the following community health centers:

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

Santa Clara
Family Health Plan
The Spirit of Care

- Gardner Family Health Network –8436 SCFHP enrollees
- Indian Health Center of Santa Clara Valley – 6567 SCFHP enrollees
- Planned Parenthood Mar Monte – 2307 SCFHP enrollees
- Asian Americans for Community Involvement -1379 SCFHP enrollees

The Health Plan expects this number to continue to increase on a monthly basis. At the same time of dramatic expansion of health insurance coverage through the ACA, the community health centers also serve thousands of community residents who are uninsured and treat patients regardless of ability to pay. As providers of culturally competent primary care and a vital part of the health care delivery system it is important that when possible the Health Plan provides support.

Needs: While each health center has unique needs and are in various phases of development and improvement some common issues include:

- The need for new space or building modifications to increase access and capacity
- Expansion of billable services (for example, mental health)
- Improvements in technology for appropriate coding and charge capture
- Staff recruitment and/or development

We believe this allocation would assist the health centers, a vital part of the county safety net, with needed improvements in the direct delivery of health care services to the Health Plan's enrollees.

Expectations: Within 6 months of the above referenced financial support, each health center will submit a report to the Governing Board describing the specific use of the funds.

Background: In 2013, Santa Clara County released the "Point-in-Time Count" which counted the number of sheltered and unsheltered homeless persons living in the county. The total population for this count was 7,631. Twenty three percent were children and youth, 77% were single individuals over age 25. Most if not all the homeless population are eligible or active recipients of Medi-Cal health benefits due to low income and/or disability, many are currently enrolled in the Health Plan. According to HomeAid America:

> Homelessness is, in fact, caused by tragic life occurrences like the loss of loved ones, job loss, domestic violence, divorce and family disputes. Other impairments such as depression, untreated mental illness, post-traumatic stress disorder, and physical disabilities are also responsible for a large portion of the homeless.

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The tragic conundrum is poor health can lead to homelessness and homelessness can lead to poor health. Common health problems of the homeless include:

- Mental health and substance abuse issues
- Bronchitis and pneumonia
- Wound and skin infections

- Emotional and behavioral problems in children
- Tooth decay
- Foot problems

The Health Plan frequently sees the impact of homelessness on our enrollees including:

- Lack of preventive care and primary care
- Frequent emergency room utilization
- Delayed hospital discharge due to housing insecurity
- Premature placement in custodial care settings
- Poor physical health and mental health outcomes

Needs: The County of Santa Clara has adopted a new "housing first" approach to end homelessness. Housing First:

- Is a highly effective approach to ending chronic homelessness that emphasizes providing homeless people with permanent housing right away and then offering other services as needed; and
- In contrast to less effective models, Housing First does not force homeless people to complete or comply with treatment, mental health care, employment training or other services in order to access and maintain permanent housing. Instead, it stabilizes people with housing, putting them in a better position to tackle other challenges.

Until the goals of Housing First can be fully realized vital services must still be in place to provide resources to the homeless. At the end of March 2014, the Sunnyvale Armory closed. The Armory provided beds, meals and other services to 135 homeless people during the coldest months of the year, November to March. On April 15, 2014, the Santa Clara County Board of Supervisors voted 5-0 to charge the County Executive with identifying a replacement facility and potential funding. The Health Plan believes that the allocation toward that funding provides critically needed services to the community we serve.

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Expectations: Within 6 months of the above referenced financial support, the office of the County Executive will submit a report to the Governing Board describing the specific use of the funds.

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RESOLUTION OF THE GOVERNING BOARD OF THE SANTA CLARA COUNTY HEALTH AUTHORITY RELATING TO THE TRANSFER OF FUNDS TO SUPPORT ITS EFFORTS TO PROVIDE HIGH QUALITY, COMPREHENSIVE HEALTH CARE TO THE COMMUNITY BY SUPPORTING THE SAFETY NET PROVIDERS IN THE SANTA CLARA COUNTY COMMUNITY

WHEREAS, Santa Clara County Health Authority is a public agency doing business as Santa Clara Family Health Plan (the Health Authority); and

WHEREAS, in alignment with its stated mission to support the safety net providers in our community that provide direct health care services to Medi-Cal beneficiaries, the Governing Board of the Santa Clara Family Health Plan wishes to transfer $1 million in funds to be divided equally between the following health centers:

- Gardner Family Health Network
- Indian Health Center of Santa Clara Valley
- Planned Parenthood Mar Monte
- Asian Americans for Community Involvement

WHEREAS, the above listed health centers serve a large number of Santa Clara Family Health Plan enrollees, the funding will be used for:

- New space or building modifications to increase access and capacity
- Expansion of billable services (for example, mental health)
- Improvements in technology for appropriate coding and charge capture
- Staff recruitment and/or development

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NOW, THEREFORE, BET IT RESOLVED, that the Governing Board of the Health Authority finds that the transfer of $1 million to the above mentioned health centers, divided equally between the health centers, carries out the objective and purpose of the Health Authority's mission because it will assist these safety net providers.

FURTHER, BE IT RESOLVED, that the Governing Board of the Health Authority declares its intent to transfer $1 million to the above mentioned health centers, divided equally between the health centers.

FURTHER, BE IT RESOLVED, that the Governing Board of the Health Authority directs the Chief Executive Officer (CEO) of the Health Authority to transfer the $1 million, divided equally between the above mentioned health centers.

PASSED AND ADOPTED, by the Governing Board of the Santa Clara County Health Authority, this day _____ of _____, 2014, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Signed: _____
Chair

Attest: _____
Secretary

RESOLUTION OF THE GOVERNING BOARD OF THE SANTA CLARA COUNTY HEALTH AUTHORITY RELATING TO THE TRANSFER OF FUNDS TO SUPPORT THE SAFETY NET BY SUPPORTING FUNDING FOR A REPLACEMENT FOR THE SUNNYVALE ARMORY HOMELESS SHELTER

WHEREAS, Santa Clara County Health Authority is a public agency doing business as Santa Clara Family Health Plan (the Health Authority); and

WHEREAS, the Governing Board of the Health Authority, in alignment with its mission to support the safety net in Santa Clara County wishes to grant, to the County Executive Officer of the County of Santa Clara, $1 million to support funding a replacement for the Sunnyvale Armory homeless shelter; and

WHEREAS, the County of Santa Clara seeks to replace the Sunnyvale Armory to shelter the homeless during the winter months; and

WHEREAS, assisting in funding for the replacement homeless shelter directly benefits enrollees of Santa Clara Family Health Plan who are homeless.

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NOW, THEREFORE, BE IT RESOLVED, that the Governing Board of the Health Authority finds that the transfer of $1 million to the County of Santa Clara to be used for funding a replacement shelter for the Sunnyvale Armory supports the Health Authority's mission to support the safety net in Santa Clara County; and

FURTHER, BE IT RESOLVED, that the Governing Board of the Health Authority declares its intent to make a $1 million transfer to the County of Santa Clara to support the replacement for the Sunnyvale Armory; and

FURTHER, BE IT RESOLVED, that the Governing Board of the Health Authority directs the Chief Executive Officer (CEO) of the Health Authority to transfer $1 million to the County of Santa Clara for the purposes described herein.

PASSED AND ADOPTED, by the Governing Board of the Santa Clara County Health Authority, this day _____ of _____, 2014, by the following vote:

AYES

NOES:

ABSENT:

ABSTAIN:

Signed: _____
Chair

Attest: _____
Secretary

Santa Clara
Family Health Plan

The Spirit of Care

Financial Statements
For Eight Months Ended February 2014
(Unaudited)

Table of Contents

Santa Clara Family Health Plan
CFO Finance Report
For the Month and Year to Date Ended February 28, 2014

Summary of Financial Results

For the month of February 2014, SCFHP recorded an operating surplus of $198 thousand compared to a budgeted operating surplus of $6 thousand, resulting in a favorable variance from budget of $192 thousand. For year to date February 2014, SCFHP recorded an operating surplus of $1.1 million compared to a budgeted operating loss of $486 thousand resulting in a favorable variance from budget of $1.6 million. The table below summarizes the components of the overall variance from budget.

Note: For purposes of this report, all budget amounts for fiscal year 2014 are per Revised Budget as presented at the Board Meeting on December 12, 2013.

Summary Operating Results – Actual vs. Revised Budget

For the Current Month & Fiscal Year to Date – February 2014
Favorable/ (Unfavorable)

Current Month					Year to Date			
Actual	Revised Budget	Variance $	Variance %		Actual	Revised Budget	Variance $	Variance %
$ 36,911,468	$ 31,447,989	$ 5,463,479	17.4%	Revenue	$ 222,983,238	$ 217,029,935	$ 5,953,303	2.7%
35,084,759	29,477,015	(5,607,744)	-19.0%	Medical Expense	208,092,333	202,931,534	(5,160,799)	-2.5%
1,826,709	1,970,974	(144,265)	-7%	Gross Margin	14,890,905	14,098,401	792,504	6%
1,604,412	1,941,970	337,558	17.4%	Administrative Expense	13,650,128	14,416,193	766,065	5.3%
222,298	29,004	193,294	-666%	Net Operating Income	1,240,777	(317,792)	1,558,569	490%
(24,427)	(23,333)	(1,094)	-5%	Non-Operating Income/Exp	(132,285)	(168,395)	36,110	21%
$ 197,871	$ 5,671	$ 192,200	-3389%	Operating Surplus/ (Loss)	$ 1,108,492	$ (486,187)	1,594,679	328%

Revenue

The Health Plan recorded net revenue of $36.9 million for the month of February 2014, compared to budgeted revenue of $31.4 million, resulting in a favorable variance from budget of $5.5 million, or 17.4%. For year to date February 2014, the plan recorded net revenue of $223.0 million compared to budgeted revenue of $217.0 million, resulting in a favorable variance from budget of $6.0 million, or 2.7%.

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

Member months

For the month of February 2014, overall member months were higher than budget by 4,976 members (+3.0%). For February 2014 year to date, overall member months were higher than budget by 2,624 members (+0.2%).

In the eight months since the end of the prior fiscal year, 6/30/2013, membership in Medi-Cal increased by 11.6%. This increase included 16,170 new Medi-Cal Expansion members added during the months of January and February 2014. Membership in the Healthy Kids program declined by 6.4%, since 6/30/2013. Member months and changes from prior year are summarized on page 11.

The planned transition of the Medi-Cal Healthy Families product occurred in three phases and was fully completed by January 2014.

Medical Expenses

For the month of February 2014, medical expense was $35.1 million compared to budget of $29.5 million, resulting in an unfavorable budget variance of $5.6 million, or -19.0%. For year to date February 2014, medical expense was $208.1 million compared to budget of $202.9 million, resulting in an unfavorable budget variance of $5.2 million, or -2.5%. The primary reason for increase is related to the Medi-Cal expansion membership which is substantially delegated to the County safety net.

Administrative Expenses

Overall administrative costs were under budget by $338 thousand (-17.4%) and $766 thousand (-5.3%), for the month and year to date February 2014, respectively.

Overall administrative expenses were 6.1% of revenues for year to date February 2014.

Balance Sheet (Page 6)

Current assets at February 28, 2014 totaled $121.9 million compared to current liabilities of $88.8 million, yielding a current ratio (the ratio of current assets to current liabilities) of 1.4:1 as of February 28, 2014. Working capital increased by $1.1 million for eight months year-to-date ended February 28, 2014.

Cash as of February 28, 2014, increased by $8.9 million compared to the cash balance as of year-end June 30, 2013. This increase was due to recent receipts of $18.9 million for additional IGT payables plus receipts in Feb 2014 of $17.5 million for ACA 1202, offset by the payment of $27.3 million to Santa Clara Valley Medical Center for the SB 208 IGT pass through, paid early in the year, in July 2013. Net receivables increased by $18.0 million during the eight months ended February 28, 2014.

Liabilities increased by a net amount of $26.0 million during the eight months ended February 2014. This net change included significant activity in premium tax and other liabilities, resulting in changes in both directions, as follows:

1. Decrease of $27.3 million due to the payable for SB 208, as mentioned above.
2. Increase of $9.7 million due to DHCS for SB78 (MCO taxes) and various overpayments.
3. Increase of $26.0 million for amounts due to providers for the ACA 1202 Physician payment increase.
4. Increase of $18.9 for new IGT payable (Feb 2014).
5. Decrease of $1.4 million for remaining liabilities (includes changes in IBNR & risk pool reserves).

As of fiscal year ending June 30, 2013, the “Board Designated Reserve – Healthy Kids” is $1.5 million, and is shown on the Balance Sheet on page 6.

Capital Expenses increased by $250 thousand for the eight months ended February 28, 2014.

Tangible Net Equity

Tangible net equity (TNE) was $33.7 million at February 28, 2014, compared to the minimum TNE required by the Department of Managed Health Care (DMHC) of $8.3 million (as per quarterly filing at 12-31-13). A chart showing TNE trends is shown on page 12 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 February 28, 2014, the Plan's reserves are about $35.4 million below this reserves target (see calculation below).

(Note: The monthly capitation amount for Medi-Cal increased from Dec 2013 to Feb 2014 by about $9.0 million per month due to 16,000+ additional Medi-Cal Expansion members.)

Calculation of targeted reserves as of February 28, 2014

Estimate of two months' capitation (February-2014 Medi-Cal capitation of $34,125,600 X 2 = $68,251,200)	$68,251,200
Less: Unrestricted Net Equity per balance sheet (rounded)	$32,804,600
Approximate reserves below target	$35,446,600

Santa Clara County Health Authority

Balance Sheet

	2/28/2014	1/31/2014	12/31/2013	6/30/2013
Assets				
Current Assets				
Cash and Marketable Securities	$ 70,790,882	$ 41,206,396	$ 24,786,184	$ 61,888,777
Premiums Receivable	50,099,320	49,621,552	43,548,791	32,121,807
Due from Santa Clara Family Health Foundation - net	2,752	5,504	5,504	319,279
Prepaid Expenses and Other Current Assets	985,117	1,103,758	808,634	527,488
Total Current Assets	121,878,071	91,937,209	69,149,113	94,857,352
Long Term Assets				
Equipment	6,995,376	6,981,497	6,964,679	6,745,116
Less: Accumulated Depreciation	(6,445,647)	(6,417,999)	(6,390,358)	(6,237,519)
Total Long Term Assets	549,729	563,498	574,321	507,596
Total Assets	$ 122,427,800	$ 92,500,707	$ 69,723,434	$ 95,364,948
Liabilities and Net Assets				
Liabilities				
Trade Payables	$ 20,603,142	$ 1,881,393	$ 1,852,022	$ 1,641,280
Employee Benefits	900,105	869,222	892,879	784,300
Retirement Obligation per GASB 45	301,032	263,403	225,774	-
Due to (from) Santa Clara County Valley Health Plan	1,447,278	1,197,766	1,173,780	1,108,409
Advance Premium - Healthy Kids	66,262	63,654	65,545	62,652
Deferred Rent	159,631	157,678	155,724	-
Liability for ACA 1202	26,006,211	6,761,223	5,074,527	-
Payable to Hospitals (SB 208)	-	-	-	27,272,387
Payable to Hospitals (AB 85)	426,019	-	-	-
Due to DHCS	18,498,374	31,778,146	11,073,169	8,848,121
Medical Cost Reserves	20,360,094	16,066,441	16,331,064	23,096,637
Total Liabilities	88,768,148	59,038,925	36,844,484	62,813,787
Net Assets / Reserves				
Invested in Capital Assets	549,729	563,498	574,321	507,596
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Board Designated Reserve - Healthy Kids	1,489,090	1,489,090	1,489,090	1,489,090
Unrestricted Net Equity	30,206,992	30,193,223	30,182,400	21,906,540
Current YTD Income (Loss)	1,108,492	910,621	327,790	8,342,585
Net Assets / Reserves	33,659,653	33,461,782	32,878,950	32,551,161
Total Liabilities and Net Assets	$ 122,427,800	$ 92,500,707	$ 69,723,434	$ 95,364,948
Solvency Ratios:				
Working Capital	33,109,924	32,898,284	32,304,630	32,043,565
Working Capital ratio	1.4	1.6	1.9	1.5
Average Days Cash on Hand	78	48	30	84

Santa Clara County Health Authority

Income Statement for the Month Ending February 28, 2014

	For the Month of February 2014					For Eight Months Ending of February 2014				
	Actual	% of Revenue	Revised Budget	% of Revenue	Variance	Actual	% of Revenue	Revised Budget	% of Revenue	Variance
REVENUES										
MEDI-CAL	$ 36,315,162	98.4%	30,752,760.75	97.8%	$ 5,562,401	$ 217,328,043	97.5%	210,988,108.78	97.2%	$ 6,339,935
HEALTHY FAMILIES	-	0.0%	-	0.0%	-	14,061	0.0%	13,992.90	0.0%	68
HEALTHY KIDS	445,804	1.2%	505,000.00	1.6%	(59,196)	3,675,005	1.6%	3,876,813.13	1.8%	(201,808)
AGNEWS	156,802	0.4%	190,228.18	0.6%	(33,426)	1,235,784	0.6%	1,372,299.83	0.6%	(136,516)
HEALTHY WORKERS	(6,300)	0.0%	-	0.0%	(6,300)	730,345	0.3%	778,720.00	0.4%	(48,376)
TOTAL REVENUE	36,911,468	100.0%	31,447,988.93	100.0%	5,463,479	222,983,238	100.0%	217,029,934.64	100.0%	5,953,303
MEDICAL EXPENSES										
MEDI-CAL	34,734,256	94.1%	28,936,083.80	92.0%	(5,798,172)	203,232,353	91.1%	197,754,455.38	91.1%	(5,477,897)
HEALTHY FAMILIES	(266)	0.0%	-	0.0%	266	(10,625)	0.0%	11,679.94	0.0%	22,305
HEALTHY KIDS	408,408	1.1%	454,500.00	1.4%	46,092	3,401,982	1.5%	3,514,209.09	1.6%	112,227
AGNEWS	(60,803)	-0.2%	86,431.36	0.3%	147,234	679,725	0.3%	847,800.49	0.4%	168,076
HEALTHY WORKERS	3,165	0.0%	-	0.0%	(3,165)	788,898	0.4%	803,389.00	0.4%	14,491
TOTAL MEDICAL EXPENSES	35,084,759	95.1%	29,477,015.16	93.7%	(5,607,744)	208,092,333	93.3%	202,931,533.90	93.5%	(5,160,799)
MEDICAL OPERATING MARGIN	1,826,709	4.9%	1,970,973.77	6.3%	(144,265)	14,890,905	6.7%	14,098,400.74	6.5%	792,504
ADMINISTRATIVE EXPENSES										
SALARIES AND BENEFITS	1,086,885	2.9%	1,174,754.75	3.7%	87,870	8,904,444	4.0%	9,058,369.67	4.2%	153,926
RENTS AND UTILITIES	112,143	0.3%	104,791.67	0.3%	(7,352)	840,227	0.4%	824,846.98	0.4%	(15,380)
PRINTING AND ADVERTISING	54,180	0.1%	13,754.17	0.0%	(40,426)	105,815	0.0%	124,220.22	0.1%	18,405
INFORMATION SYSTEMS	73,015	0.2%	71,593.33	0.2%	(1,422)	658,482	0.3%	638,000.73	0.3%	(20,482)
PROF FEES / CONSULTING / TEMP STAFFING	126,165	0.3%	378,791.67	1.2%	252,626	1,850,327	0.8%	2,350,320.81	1.1%	499,994
DEPRECIATION / INSURANCE / EQUIPMENT	43,958	0.1%	80,011.57	0.3%	36,053	488,535	0.2%	567,685.40	0.3%	79,150
OFFICE SUPPLIES / POSTAGE / TELEPHONE	61,558	0.2%	42,900.00	0.1%	(18,658)	366,149	0.2%	329,908.21	0.2%	(36,241)
MEETINGS / TRAVEL / DUES	45,551	0.1%	60,939.42	0.2%	15,388	401,322	0.2%	447,144.05	0.2%	45,822
OTHER	956	0.0%	14,433.33	0.0%	13,477	34,827	0.0%	75,696.90	0.0%	40,870
TOTAL ADMINISTRATIVE EXPENSES	1,604,412	4.3%	1,941,969.91	6.2%	337,558	13,650,128	6.1%	14,416,192.97	6.6%	766,065
OPERATING SURPLUS (LOSS)	222,298	0.6%	29,003.86	0.1%	193,294	1,240,777	0.6%	(317,792.23)	-0.1%	1,558,569
GASB 45-POST EMPLOYMENT BENEFITS EXPENSE	(37,629)	-0.1%	(33,333.33)	-0.1%	(4,296)	(301,032)	-0.1%	(283,850.00)	-0.1%	(17,182)
INTEREST & OTHER INCOME	13,202	0.0%	10,000.00	0.0%	3,202	168,747	0.1%	115,455.33	0.1%	53,292
NET INCOME (LOSS) FINAL	$ 197,871	0.5%	5,670.53	0.0%	$ 192,200	$ 1,108,492	0.5%	(486,186.90)	-0.2%	$ 1,594,679

Administrative Expense

Actual vs. Revised Budget

For the Current Month & Fiscal Year to Date - February 2014

Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Revised Budget	Variance $	Variance %		Actual	Revised Budget	Variance $	Variance %
$ 1,086,885	$ 1,174,755	$ 87,870	7.5%	Personnel	$ 8,904,444	$ 9,058,370	$ 153,926	1.7%
517,527	767,215	249,688	32.5%	Non-Personnel	4,745,685	5,357,823	$ 612,139	11.4%
1,604,412	1,941,970	337,558	17.4%	Total Administrative Expense	13,650,128	14,416,193	766,065	5.3%

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

EIGHT MONTHS ENDED February 28, 2014

		Medi-Cal	Healthy Families	Healthy Kids	Agnews	Healthy Workers	Grand Total
P&L (ALLOCATED BASIS)							
REVENUE		$217,328,043	$14,061	$3,675,005	$1,235,784	730,345	$222,983,238
MEDICAL EXPENSES		203,232,353	(10,625)	3,401,982	679,725	788,898	$208,092,333
	MLR	93.5%	-75.6%	92.6%	55.0%	108.0%	93.3%
GROSS MARGIN		14,095,690	24,686	273,023	556,059	(58,553)	$14,890,905
ADMINISTRATIVE EXPENSES		13,138,083	2,290	462,711	10,379	36,666	$13,650,128
(indirect costs subject to % MM allocation)							
OPERATING INCOME/(LOSS)		957,608	22,396	(189,688)	545,680	(95,219)	1,240,777
OTHER INCOME/EXPENSE (% of mm Allocation)		(127,322)	(22)	(4,484)	(101)	(355)	(132,285)
NET INCOME/ (LOSS)		$830,285	$22,374	($194,173)	$545,580	($95,574)	$1,108,492
PMPM ALLOCATED P&L:							
REVENUE		$178.65	$66.33	$85.78	$1,285.94	$215.12	$176.42
MEDICAL EXPENSES		167.06	(50.12)	79.40	707.31	232.37	164.64
GROSS MARGIN		11.59	116.44	6.37	578.63	(17.25)	11.78
ADMINISTRATIVE EXPENSS		10.80	10.80	10.80	10.80	10.80	10.80
OPERATING INCOME/(LOSS)		0.79	105.64	(4.43)	567.83	(28.05)	0.98
OTHER INCOME / (EXPENSE)		(0.10)	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)
NET INCOME / (LOSS)		$0.68	$105.54	($4.53)	$567.72	($28.15)	$0.88
ALLOCATION BASIS:							
MEMBER MONTHS - Month and YTD		1,216,499	212	42,844	961	3,395	1,263,911
% of Member Months		96.25%	0.02%	3.39%	0.08%	0.27%	100.00%

Santa Clara Family Health Plan
Statement of Cash Flows
For Eight Months Ended February 28, 2014

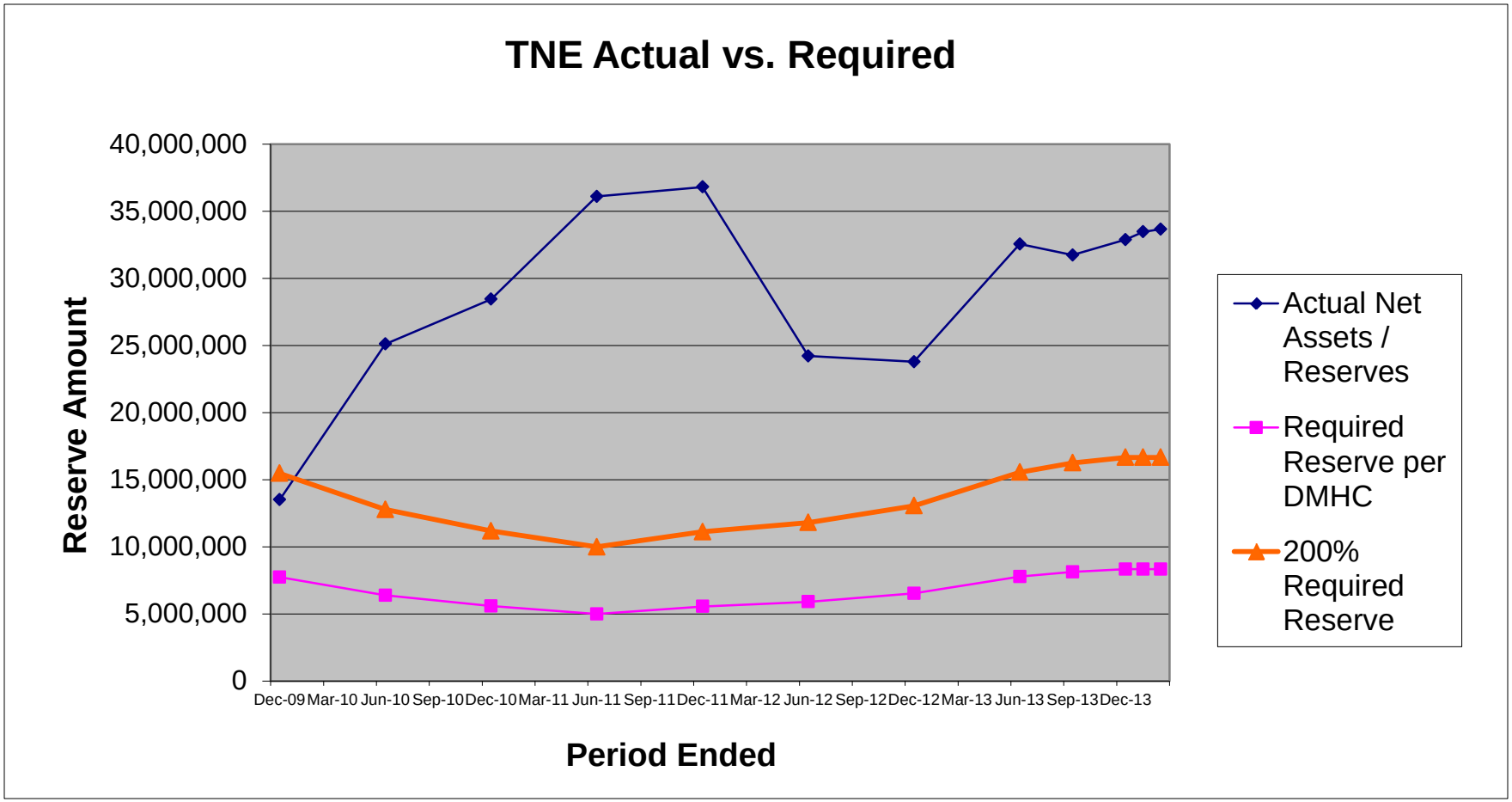
Cash flows from operating activities		
Premiums received	$	204,257,149
Medical expenses paid	$	(210,490,007)
Administrative expenses paid	$	15,216,476
Net cash from operating activities	$	8,983,618
Cash flows from capital and related financing activities		
Purchases of capital assets	$	(250,260)
Cash flows from investing activities		
Interest income and other income, net	$	168,747
Net (Decrease) increase in cash and cash equivalents	$	8,902,105
Cash and cash equivalents, beginning of year	$	61,888,777
Cash and cash equivalents at February 28, 2014	$	70,790,882
Reconciliation of operating income to net cash from operating activities		
Operating income (loss)	$	939,745
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	$	208,127
Changes in operating assets and liabilities		
Premiums receivable	$	(17,977,513)
Due from Santa Clara Family Health Foundation	$	316,527
Prepaids and other assets	$	(457,629)
Accounts payable and accrued liabilities	$	29,301,333
Capitation payable	$	338,869
Employee benefit liabilities	$	115,805
Advance premium - Healthy Kids	$	3,610
Reserve for Rate Reductions	$	(1,068,713)
Incurred but not reported claims payable and risk share payments payable	$	(2,736,543)
Total adjustments	$	8,043,873
Net cash from operating activities	$	8,983,618

Santa Clara Family Health Plan Enrollment Summary

	For the Month of February 2014			YTD Eight Months Ending February 2014				
	Actual	Revised Budget	% Variance	Actual	Revised Budget	% Variance	Prior Year Actual	% Change FY14 vs FY13
Medi-Cal	166,207	160,930	3.28%	1,216,499	1,212,951	0.29%	970,598	25.33%
Healthy Families	-	-	0.00%	212	199	6.53%	102,537	(99.79%)
Healthy Kids	5,207	5,500	(5.33%)	42,844	43,636	(1.82%)	46,827	(8.51%)
Agnews	118	126	(6.35%)	961	991	(3.03%)	1,020	(5.78%)
Healthy Workers	-	-	0.00%	3,395	3,510	(3.28%)	4,366	(22.24%)
Total	171,532	166,556	2.99%	1,263,911	1,261,287	0.21%	1,125,348	12.31%

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

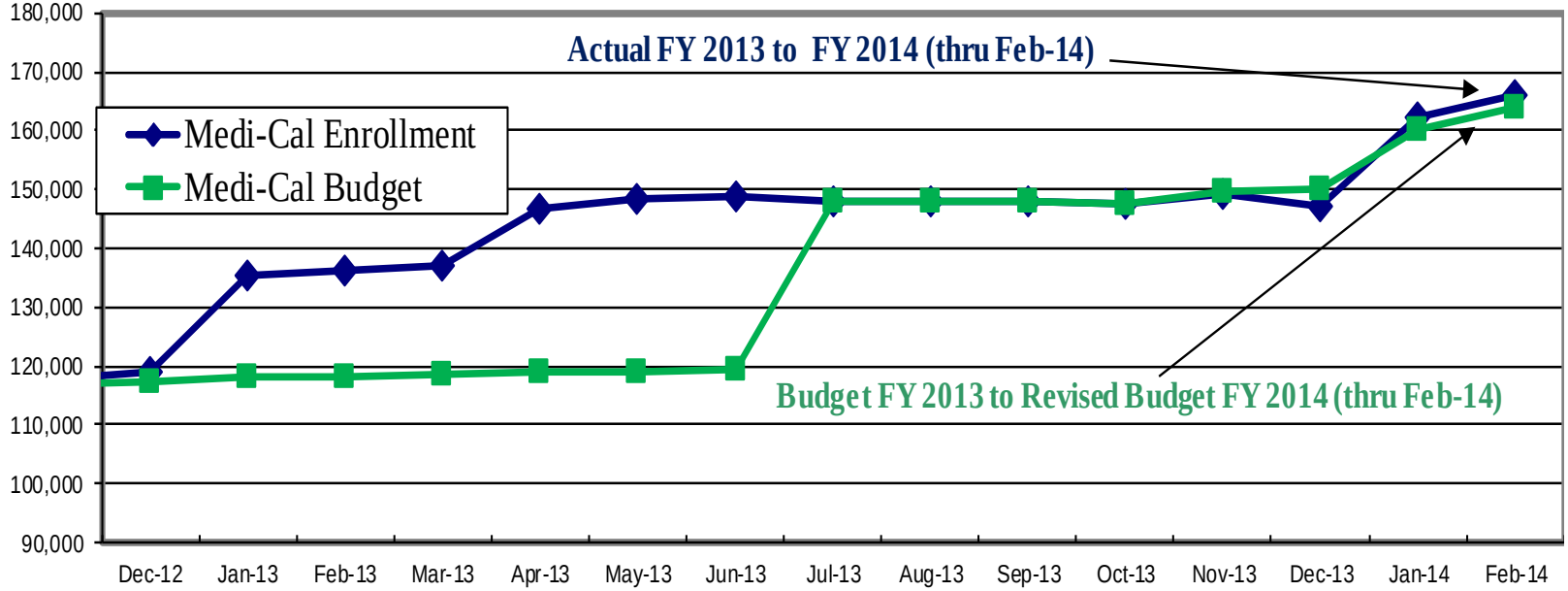
	12/31/2009	6/30/2010	12/31/2010	6/30/2011	12/31/2011	6/30/2012	12/31/2012	6/30/2013	9/30/2013	12/31/2013	1/31/2014	2/28/2014
Actual Net Assets / Reserves	13,501,652	25,103,011	28,445,504	36,093,769	36,803,460	24,208,576	23,776,902	32,551,161	31,735,180	32,878,950	33,461,782	33,659,653
Required Reserve 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	8,125,000	8,330,000	8,330,000	8,330,000
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	16,250,000	16,660,000	16,660,000	16,660,000



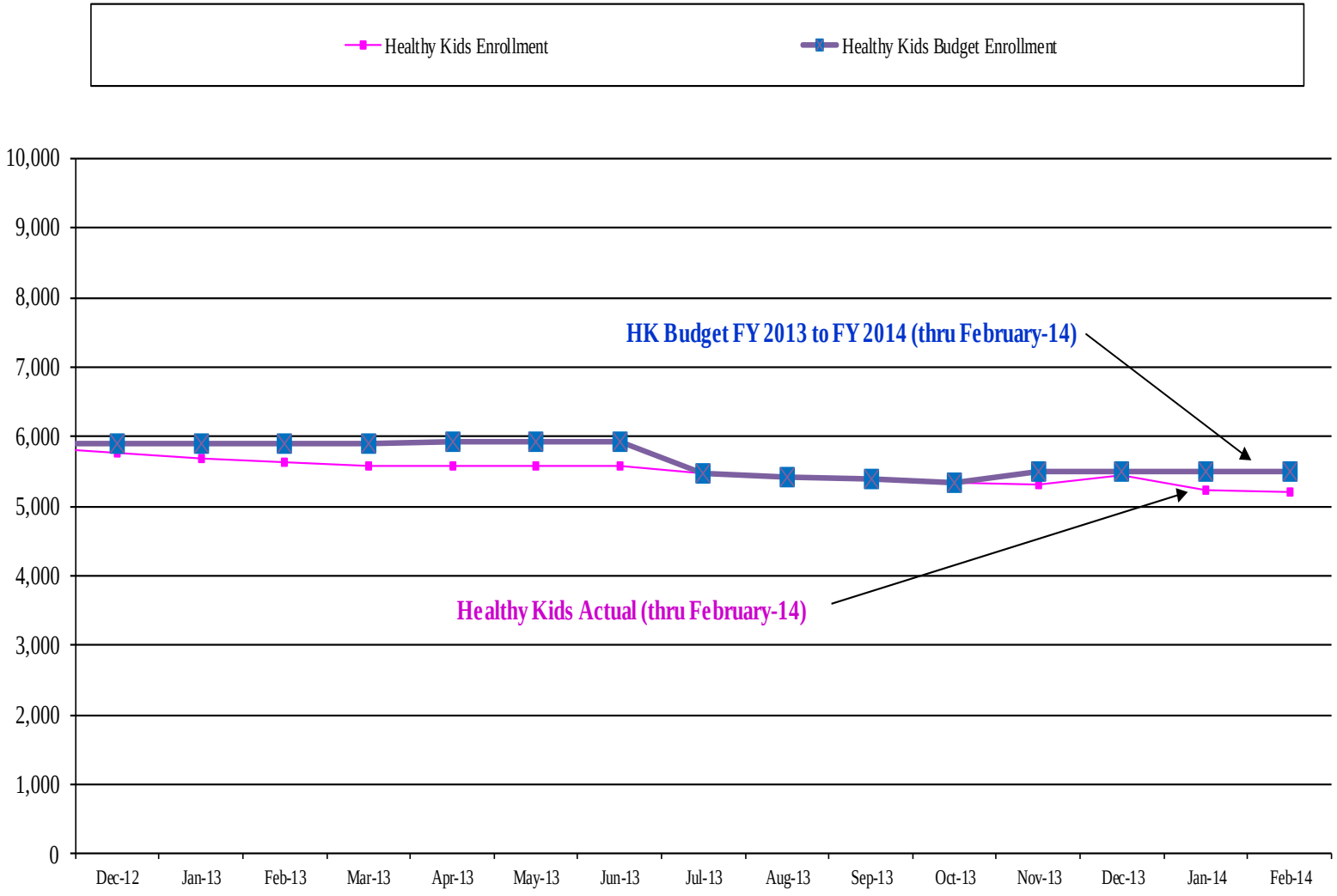
Santa Clara County Health Authority
Enrollment Summary by Network
February 2014

	Medi-Cal		Healthy Families		Healthy Kids		AG		Healthy Workers		Total	
	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total
Direct Contract Physicians	10,092	6%	0	0%	146	3%	118	100%	0	0%	10,356	6%
SCVHHS, Safety Net Clinics, FQHC Clinics,	86,488	52%	0	0%	3,599	69%	0	0%	0	0%	90,087	53%
Palo Alto Medical Foundation	3,612	2%	0	0%	53	1%	0	0%	0	0%	3,665	2%
Physicians Medical Group	35,970	22%	0	0%	1,235	24%	0	0%	0	0%	37,205	22%
Premier Care	11,636	7%	0	0%	174	3%	0	0%	0	0%	11,810	7%
Kaiser	18,409	11%	0	0%	0	0%	0	0%	0	0%	18,409	11%
Total	166,207	100%	0	0%	5,207	100%	118	100%	0	0%	171,532	100%
Enrollment @ 6-30-13	148,874		146		5,565		126		604		155,315	
Net % Change from Beginning of FY	11.64%		-100.00%		-6.43%		-6.35%		-100.00%		10.44%	

SCFHP Medi-Cal Enrollment as of February 2014



SCFHP Healthy Kids Enrollment as of February 2014



Santa Clara
Family Health Plan

The Spirit of Care

Financial Statements
For Nine Months Ended March 2014
(Unaudited)

Table of Contents

Santa Clara Family Health Plan
CFO Finance Report
For the Month and Year to Date Ended March 31, 2014

Summary of Financial Results

For the month of March 2014, SCFHP recorded an operating surplus of $690 thousand compared to a budgeted operating surplus of $9 thousand, resulting in a favorable variance from budget of $681 thousand. For year to date March 2014, SCFHP recorded an operating surplus of $1.8 million compared to a budgeted operating loss of $477 thousand resulting in a favorable variance from budget of $2.3 million. The table below summarizes the components of the overall variance from budget.

Note: For purposes of this report all budget amounts for fiscal year 2014 are per Revised Budget as presented at the Board Meeting on December 12, 2013.

Summary Operating Results – Actual vs. Revised Budget

For the Current Month & Fiscal Year to Date – March 2014
Favorable/ (Unfavorable)

Current Month					Year to Date			
Actual	Revised Budget	Variance $	Variance %		Actual	Revised Budget	Variance $	Variance %
$ 36,926,010	$ 31,709,081	$ 5,216,929	16.5%	Revenue	$ 259,909,248	$ 248,739,016	$ 11,170,232	4.5%
34,537,917	29,729,218	(4,808,699)	-16.2%	Medical Expense	242,630,250	232,660,752	(9,969,498)	-4.3%
2,388,093	1,979,863	408,230	21%	Gross Margin	17,278,998	16,078,264	1,200,734	7%
1,673,309	1,947,553	274,244	14.1%	Administrative Expense	15,323,438	16,363,746	1,040,309	6.4%
714,784	32,310	682,474	-2112%	Net Operating Income	1,955,560	(285,482)	2,241,043	785%
(24,889)	(23,333)	(1,556)	-7%	Non-Operating Income/Exp	(157,174)	(191,728)	34,554	18%
$ 689,894	$ 8,977	$ 680,918	-7585%	Operating Surplus/ (Loss)	$ 1,798,386	$ (477,210)	2,275,597	477%

Revenue

The Health Plan recorded net revenue of $36.9 million for the month of March 2014, compared to budgeted revenue of $31.7 million, resulting in a favorable variance from budget of $5.2 million, or 16.5%. For year to date March 2014, the plan recorded net revenue of $259.9 million compared to budgeted revenue of $248.7 million, resulting in a favorable variance from budget of $11.2 million, or 4.5%. The primary reason for the positive variance in revenue is the rapid growth of the Medi-cal expansion membership and the higher than budgeted capitation rates for this population.

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

Member months

For the month of March 2014, overall member months were higher than budget by 8,266 members (+4.9%). For March 2014 year to date, overall member months were higher than budget by 10,890 members (+0.8%).

In the nine months since the end of the prior fiscal year, 6/30/2013, membership in Medi-Cal increased by 14.2%. The increase in Medi-Cal includes 17,432 new Medi-Cal Expansion members added between January and March 2014. Membership in the Healthy Kids program declined by 4.4%, since 6/30/2013. Member months and changes from prior year are summarized on Page 11.

The planned transition of the Medi-Cal Healthy Families Product occurred in three phases and was fully completed by January 2014.

Medical Expenses

For the month of March 2014, medical expense was $34.5 million compared to budget of $29.7 million, resulting in an unfavorable budget variance of $4.8 million, or -16.2%. For year to date March 2014, medical expense was $242.6 million compared to budget of $232.7 million, resulting in an unfavorable budget variance of $10.0 million, or -4.3%. The increased medical expenses for the month and year to date is attributable to the Medi-Cal Expansion population that commenced in January of 2014. Over 90% of these members are delegated to the safety net and therefore they receive a substantial amount of the state capitation to care for these members.

Administrative Expenses

Overall administrative costs were under budget by $274 thousand (-14.1%) and $1.0 million (-6.4%) for the month and year to date March 2014, respectively. Two expense classifications account for a majority of the positive difference; Salaries/Benefits and Professional fees are under budget because of the slower than anticipated ramp up costs for Cal Mediconnect.

Overall administrative expenses were 5.9% of revenues for year to date March 2014.

Balance Sheet (Page 6)

Current assets at March 31, 2014 totaled $129.4 million compared to current liabilities of $95.5 million, yielding a current ratio (the ratio of current assets to current liabilities) of 1.4:1 as of March 31, 2014. Working capital increased by $1.8 million for nine months year-to-date ended March 31, 2014.

Cash as of March 28, 2014, increased by $48.1 million compared to the cash balance as of year-end June 30, 2013. This increase includes recent receipts of $18.9 million for additional IGT payables plus Feb 2014 receipts of $17.5 million for ACA 1202. Net receivables decreased by $13.6 million during the nine months ended March 31, 2014.

Liabilities increased by a net amount of $32.7 million during the nine months ended March 2014. This net change included significant activity in premium tax and other liabilities, resulting in changes in both directions, as follows:

1. Decrease of $27.3 million due to the payable for SB 208, as mentioned above.
2. Increase of $10.6 million due to DHCS primarily for SB78 (MCO taxes).
3. Increase of $27.8 million for amounts due to providers for the ACA 1202 Physician payment increase.
4. Increase of $18.9 for new IGT payable (Feb 2014).
5. Increase of $2.7 million for remaining liabilities (includes changes in IBNR & risk pool reserves).

As of fiscal year ending June 30, 2013, the “Board Designated Reserve – Healthy Kids” is $1.5 million, and is shown on the Balance Sheet on page 6.

Capital Expenses increased by $260 thousand for the nine months ended March 31, 2014.

Tangible Net Equity

Tangible net equity (TNE) was $34.3 million at March 31, 2014, compared to the minimum TNE required by the Department of Managed Health Care (DMHC) of $8.3 million (as per quarterly filing at 12-31-13). A chart showing TNE trends is shown on page 12 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 March 31, 2014, the Plan's reserves are about $36.5 million below this reserves target (see calculation below).

(Note: The monthly capitation amount for Medi-Cal increased from Dec 2013 to March 2014 by $9.0+ million per month due to 17,400+ additional Medi-Cal Expansion members.)

Calculation of targeted reserves as of March 31, 2014

Estimate of two months' capitation (March-2014 Medi-Cal capitation of $35,009,300 X 2 = $70,018,600)	$70,018,600
Less: Unrestricted Net Equity per balance sheet (rounded)	$33,511,300
Approximate reserves below target	$36,507,300

Santa Clara County Health Authority
Balance Sheet

	3/31/2014	2/28/2014	1/31/2014	6/30/2013
Assets				
Current Assets				
Cash and Marketable Securities	$ 109,944,992	$ 70,790,882	$ 41,206,396	$ 61,888,777
Premiums Receivable	18,478,603	50,099,320	49,621,552	32,121,807
Due from Santa Clara Family Health Foundation - net	5,504	2,752	5,504	319,279
Prepaid Expenses and Other Current Assets	924,192	985,117	1,103,758	527,488
Total Current Assets	129,353,291	121,878,071	91,937,209	94,857,352
Long Term Assets				
Equipment	7,005,559	6,995,376	6,981,497	6,745,116
Less: Accumulated Depreciation	(6,472,668)	(6,445,647)	(6,417,999)	(6,237,519)
Total Long Term Assets	532,891	549,729	563,498	507,596
Total Assets	$ 129,886,182	$ 122,427,800	$ 92,500,707	$ 95,364,948
Liabilities and Net Assets				
Liabilities				
Trade Payables	$ 20,806,006	$ 20,603,142	$ 1,881,393	$ 1,641,280
Employee Benefits	940,493	900,105	869,222	784,300
Retirement Obligation per GASB 45	338,661	301,032	263,403	-
Due to (from) Santa Clara County Valley Health Plan	924,484	1,447,278	1,197,766	1,108,409
Advance Premium - Healthy Kids	67,587	66,262	63,654	62,652
Deferred Rent	161,585	159,631	157,678	-
Liability for ACA 1202	27,751,935	26,006,211	6,761,223	-
Payable to Hospitals (SB 208)	-	-	-	27,272,387
Payable to Hospitals (AB 85)	1,147,708	426,019	-	-
Due to DHCS/Gov't Agencies	21,610,479	18,498,374	31,778,146	8,848,121
Medical Cost Reserves	21,787,697	20,360,094	16,066,441	23,096,637
Total Liabilities	95,536,635	88,768,148	59,038,925	62,813,787
Net Assets / Reserves				
Invested in Capital Assets	532,891	549,729	563,498	507,596
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Board Designated Reserve - Healthy Kids	1,489,090	1,489,090	1,489,090	1,489,090
Unrestricted Net Equity	30,223,830	30,206,992	30,193,223	21,906,540
Current YTD Income (Loss)	1,798,386	1,108,492	910,621	8,342,585
Net Assets / Reserves	34,349,547	33,659,653	33,461,782	32,551,161
Total Liabilities and Net Assets	$ 129,886,182	$ 122,427,800	$ 92,500,707	$ 95,364,948
Solvency Ratios:				
Working Capital	33,816,656	33,109,924	32,898,284	32,043,565
Working Capital ratio	1.4	1.4	1.6	1.5
Average Days Cash on Hand	117	78	48	84

Santa Clara County Health Authority
Income Statement for the Month Ending March 31, 2014

	For the Month of March 2014					For Nine Months Ending of March 2014				
	Actual	% of Revenue	Revised Budget	% of Revenue	Variance	Actual	% of Revenue	Revised Budget	% of Revenue	Variance
REVENUES										
MEDI-CAL	$ 36,336,100	98.4%	31,013,853	97.8%	$ 5,322,247	253,664,143	97.6%	242,001,962	97.3%	11,662,182
HEALTHY FAMILIES	$ -	0.0%	-	0.0%	$ -	14,061	0.0%	13,993	0.0%	68
HEALTHY KIDS	$ 433,610	1.2%	505,000	1.6%	$ (71,390)	4,108,615	1.6%	4,381,813	1.8%	(273,198)
AGNEWS	$ 156,300	0.4%	190,228	0.6%	$ (33,929)	1,392,084	0.5%	1,562,528	0.6%	(170,444)
HEALTHY WORKERS	$ -	0.0%	-	0.0%	$ -	730,345	0.3%	778,720	0.3%	(48,376)
TOTAL REVENUE	$ 36,926,010	100.0%	31,709,081	100.0%	$ 5,216,929	259,909,248	100.0%	248,739,016	100.0%	11,170,232
MEDICAL EXPENSES										
MEDI-CAL	$ 33,904,493	91.8%	29,188,286	92.1%	$ (4,716,206)	237,136,846	91.2%	226,942,742	91.2%	(10,194,104)
HEALTHY FAMILIES	$ 165	0.0%	-	0.0%	$ (165)	(10,460)	0.0%	11,680	0.0%	22,140
HEALTHY KIDS	$ 428,658	1.2%	454,500	1.4%	$ 25,842	3,830,640	1.5%	3,968,709	1.6%	138,069
AGNEWS	$ 201,581	0.5%	86,431	0.3%	$ (115,149)	881,305	0.3%	934,232	0.4%	52,926
HEALTHY WORKERS	$ 3,021	0.0%	-	0.0%	$ (3,021)	791,919	0.3%	803,389	0.3%	11,470
TOTAL MEDICAL EXPENSES	$ 34,537,917	93.5%	29,729,218	93.8%	$ (4,808,699)	242,630,250	93.4%	232,660,752	93.5%	(9,969,498)
MEDICAL OPERATING MARGIN	$ 2,388,093	6.5%	1,979,863	6.2%	$ 408,230	17,278,998	6.6%	16,078,264	6.5%	1,200,734
ADMINISTRATIVE EXPENSES										
SALARIES AND BENEFITS	$ 1,123,680	3.0%	1,181,255	3.7%	$ 57,575	10,028,124	3.9%	10,239,624	4.1%	211,501
RENTS AND UTILITIES	$ 104,422	0.3%	103,875	0.3%	$ (547)	944,649	0.4%	928,722	0.4%	(15,927)
PRINTING AND ADVERTISING	$ 4,139	0.0%	13,754	0.0%	$ 9,615	109,955	0.0%	137,974	0.1%	28,020
INFORMATION SYSTEMS	$ 92,349	0.3%	71,593	0.2%	$ (20,756)	750,831	0.3%	709,594	0.3%	(41,237)
PROF FEES / CONSULTING / TEMP STAFFING	$ 174,713	0.5%	378,792	1.2%	$ 204,079	2,025,040	0.8%	2,729,112	1.1%	704,072
DEPRECIATION / INSURANCE	$ 74,494	0.2%	80,012	0.3%	$ 5,518	563,029	0.2%	647,697	0.3%	84,668
OFFICE SUPPLIES / POSTAGE / TELEPHONE	$ 50,643	0.1%	42,900	0.1%	$ (7,743)	416,792	0.2%	372,808	0.1%	(43,984)
MEETINGS / TRAVEL / DUES	$ 42,013	0.1%	60,939	0.2%	$ 18,927	443,334	0.2%	508,083	0.2%	64,749
OTHER	$ 6,856	0.0%	14,433	0.0%	$ 7,577	41,683	0.0%	90,130	0.0%	48,447
TOTAL ADMINISTRATIVE EXPENSES	$ 1,673,309	4.5%	1,947,553	6.1%	$ 274,244	15,323,438	5.9%	16,363,746	6.6%	1,040,309
OPERATING SURPLUS (LOSS)	$ 714,784	1.9%	32,310	0.1%	$ 682,474	1,955,560	0.8%	(285,482)	-0.1%	2,241,043
GASB 45-POST EMPLOYMENT BENEFITS EXP	$ (37,629)	-0.1%	(33,334)	-0.1%	$ (4,296)	(338,661)	-0.1%	(317,184)	-0.1%	(21,478)
INTEREST & OTHER INCOME	$ 12,740	0.0%	10,000	0.0%	$ 2,740	181,487	0.1%	125,455	0.1%	56,032
NET INCOME (LOSS) FINAL	$ 689,894	1.9%	8,976	0.0%	$ 680,918	1,798,386	0.7%	(477,210)	-0.2%	2,275,597

Administrative Expense
Actual vs. Revised Budget
For the Current Month & Fiscal Year to Date - March 2014

Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Revised Budget	Variance $	Variance %		Actual	Revised Budget	Variance $	Variance %
$ 1,123,680	$ 1,181,255	$ 57,575	4.9%	Personnel	$ 10,028,124	$ 10,239,624	$ 211,501	2.1%
549,629	766,298	216,669	28.3%	Non-Personnel	5,295,314	6,124,122	$ 828,808	13.5%
1,673,309	1,947,553	274,244	14.1%	Total Administrative Expense	15,323,438	16,363,746	1,040,309	6.4%

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

NINE MONTHS ENDED March 31, 2014

		Medi-Cal	Healthy Families	Healthy Kids	Agnews	Healthy Workers	Grand Total
P&L (ALLOCATED BASIS)							
REVENUE		$253,664,143	$14,061	$4,108,615	$1,392,084	730,345	$259,909,248
MEDICAL EXPENSES		237,136,846	(10,460)	3,830,640	881,305	791,919	$242,630,250
	MLR	93.5%	-74.4%	93.2%	63.3%	108.4%	93.4%
GROSS MARGIN		16,527,298	24,521	277,975	510,778	(61,574)	$17,278,998
ADMINISTRATIVE EXPENSES (indirect costs subject to % MM allocation)		14,760,833	2,257	512,718	11,487	36,142	$15,323,438
OPERATING INCOME/(LOSS)		1,766,464	22,264	(234,743)	499,291	(97,716)	1,955,560
OTHER INCOME/EXPENSE (% of mm Allocation)		(151,403)	(23)	(5,259)	(118)	(371)	(157,174)
NET INCOME/ (LOSS)		$1,615,061	$22,241	($240,002)	$499,174	($98,087)	$1,798,386
PMPM ALLOCATED P&L:							
REVENUE		$182.95	$66.33	$85.31	$1,290.16	$215.12	$180.57
MEDICAL EXPENSES		171.03	(49.34)	79.54	816.78	233.26	168.56
GROSS MARGIN		11.92	115.67	5.77	473.38	(18.14)	12.00
ADMINISTRATIVE EXPENSS		10.65	10.65	10.65	10.65	10.65	10.65
OPERATING INCOME/(LOSS)		1.27	105.02	(4.87)	462.74	(28.78)	1.36
OTHER INCOME / (EXPENSE)		(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)
NET INCOME / (LOSS)		$1.16	$104.91	($4.98)	$462.63	($28.89)	$1.25
ALLOCATION BASIS:							
MEMBER MONTHS - Month and YTD		1,386,553	212	48,162	1,079	3,395	1,439,401
% of Member Months		96.33%	0.01%	3.35%	0.07%	0.24%	100.00%

Santa Clara Family Health Plan
Statement of Cash Flows
For Nine Months Ended March 31, 2014

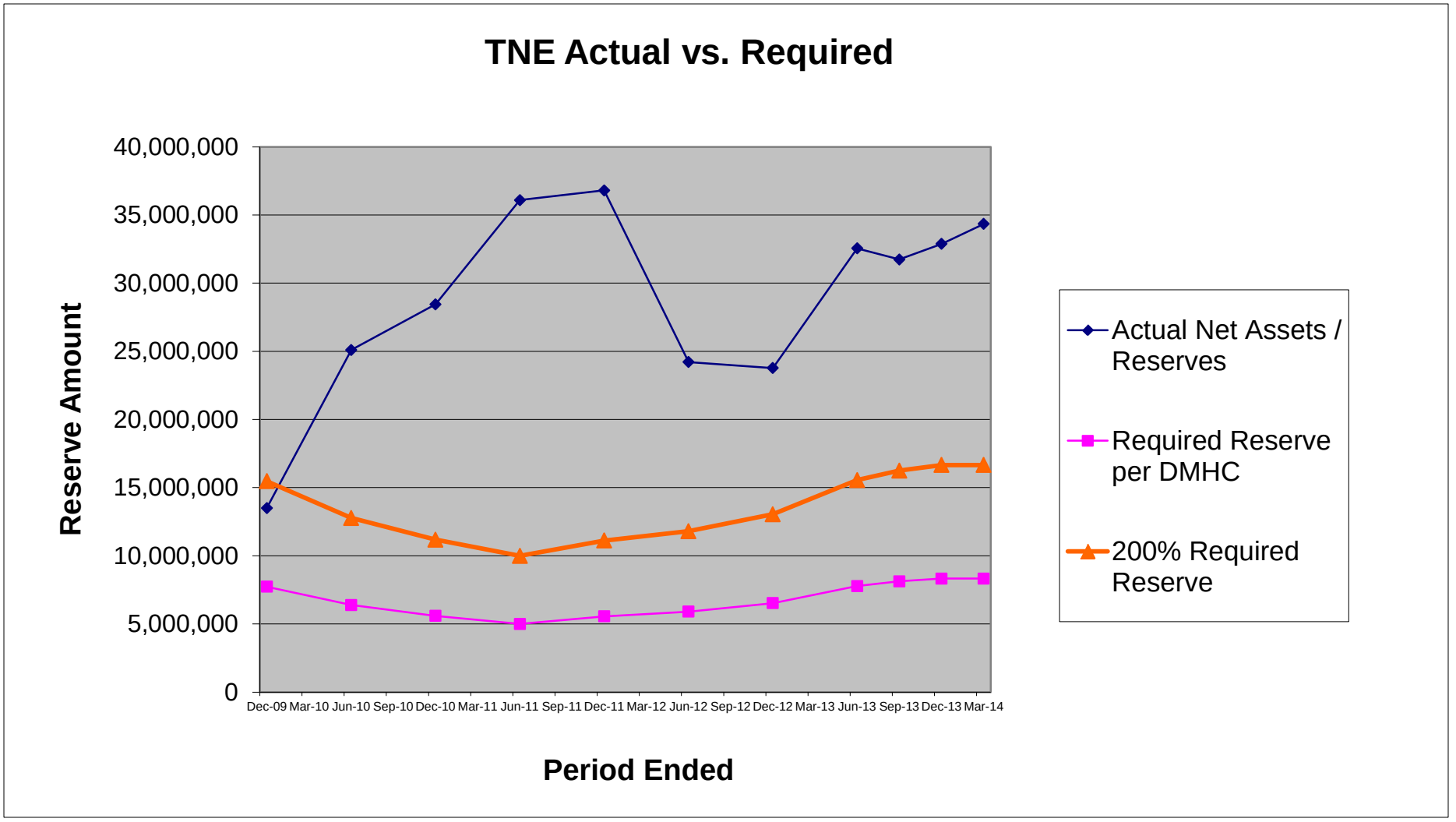
Cash flows from operating activities		
Premiums received	$	272,802,448
Medical expenses paid	$	(244,123,115)
Administrative expenses paid	$	19,455,838
Net cash from operating activities	$	48,135,171
Cash flows from capital and related financing activities		
Purchases of capital assets	$	(260,443)
Cash flows from investing activities		
Interest income and other income, net	$	181,487
Net (Decrease) increase in cash and cash equivalents	$	48,056,215
Cash and cash equivalents, beginning of year	$	61,888,777
Cash and cash equivalents at March 31, 2014	$	109,944,992
Reconciliation of operating income to net cash from operating activities		
Operating income (loss)	$	1,616,899
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	$	235,148
Changes in operating assets and liabilities		
Premiums receivable	$	13,643,204
Due from Santa Clara Family Health Foundation	$	313,775
Prepaids and other assets	$	(396,704)
Accounts payable and accrued liabilities	$	35,123,299
Capitation payable	$	(183,926)
Employee benefit liabilities	$	156,193
Advance premium - Healthy Kids	$	4,934
Reserve for Rate Reductions	$	(1,068,713)
Incurred but not reported claims payable and risk share payments payable	$	(1,308,940)
Total adjustments	$	46,518,272
Net cash from operating activities	$	48,135,171

Santa Clara Family Health Plan Enrollment Summary

	For the Month of March 2014			YTD Nine Months Ending March 2014				
	Actual	**Revised Budget**	**% Variance**	**Actual**	**Revised Budget**	**% Variance**	**Prior Year Actual**	**% Change FY14 vs FY13**
Medi-Cal	170,053	161,598	5.23%	1,386,553	1,374,549	0.87%	1,107,823	25.16%
Healthy Families	-	-	0.00%	212	199	6.53%	102,974	(99.79%)
Healthy Kids	5,319	5,500	(3.29%)	48,162	49,136	(1.98%)	52,405	(8.10%)
Agnews	118	126	(6.35%)	1,079	1,117	(3.40%)	1,146	(5.85%)
Healthy Workers	-	-	0.00%	3,395	3,510	(3.28%)	4,948	(31.39%)
Total	175,490	167,224	4.94%	1,439,401	1,428,511	0.76%	1,269,296	13.40%

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

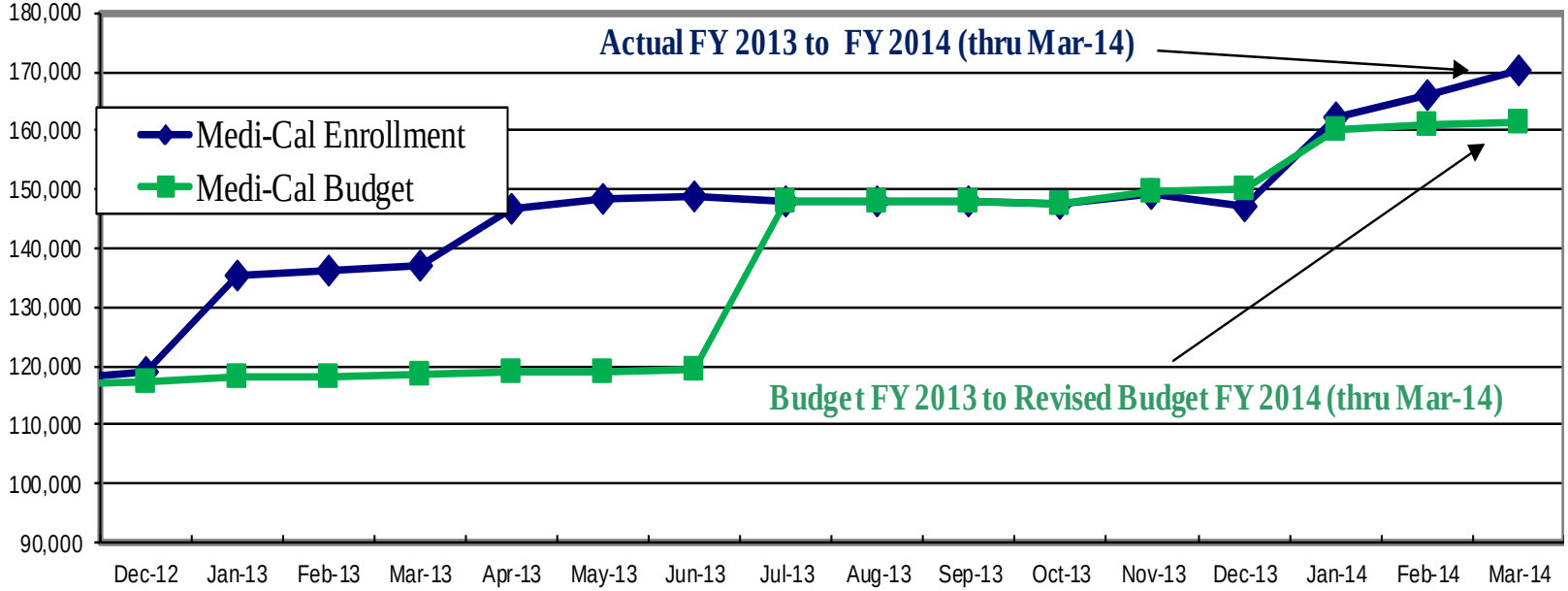
	12/31/2009	6/30/2010	12/31/2010	6/30/2011	12/31/2011	6/30/2012	12/31/2012	6/30/2013	9/30/2013	12/31/2013	3/31/2014
Actual Net Assets / Reserves	13,501,652	25,103,011	28,445,504	36,093,769	36,803,460	24,208,576	23,776,902	32,551,161	31,735,180	32,878,950	34,349,547
Required Reserve per DMHC	7,737,000	6,388,000	5,591,000	4,996,000	5,558,000	5,901,000	6,525,000	7,778,000	8,125,000	8,330,000	8,330,000
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	16,250,000	16,660,000	16,660,000



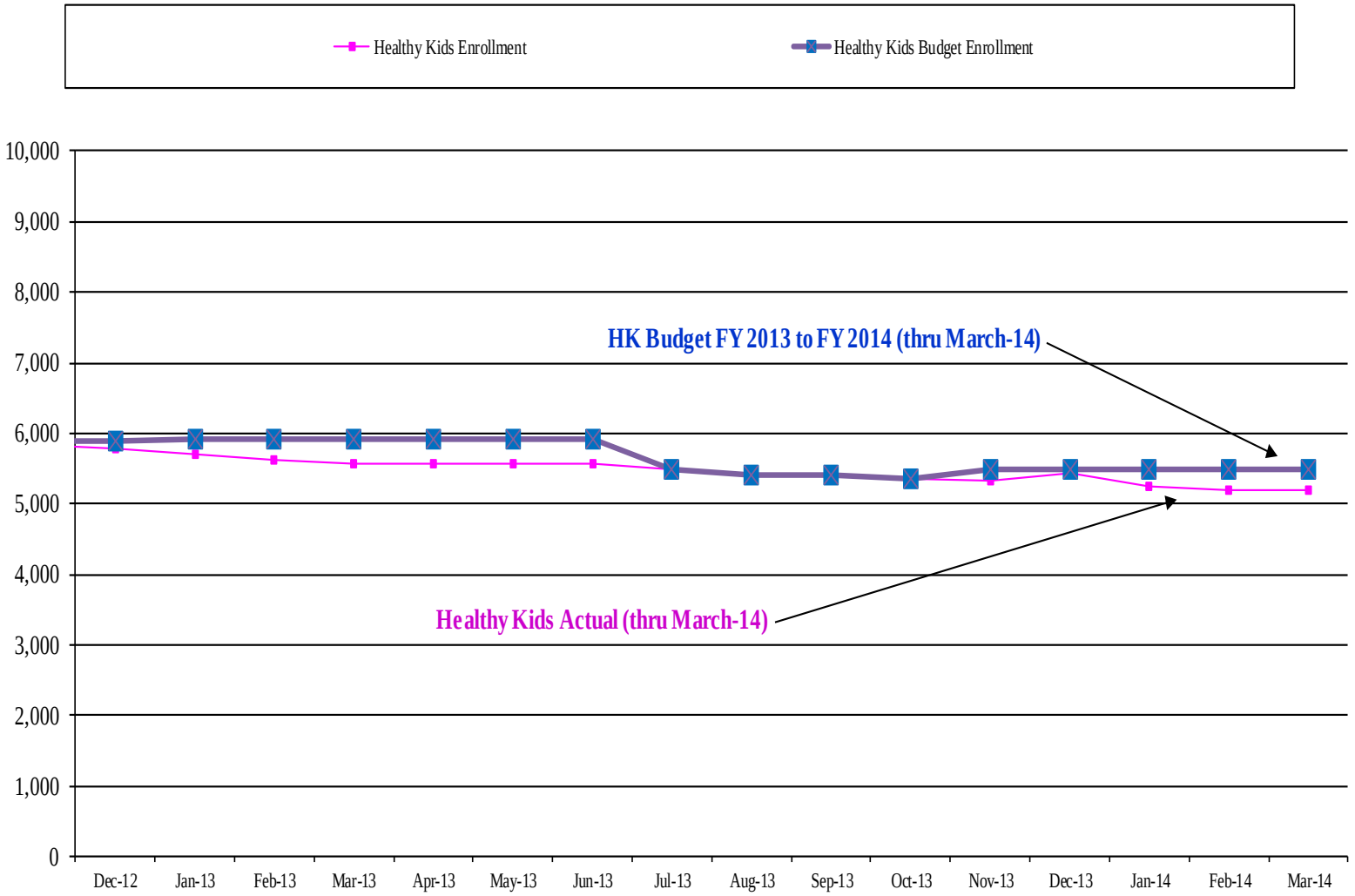
Santa Clara County Health Authority
Enrollment Summary by Network
March 2014

	Medi-Cal		Healthy Families		Healthy Kids		AG		Healthy Workers		Total	
	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total	Enrollment	% of Total
Direct Contract Physicians	10,353	6%	0	0%	159	3%	118	100%	0	0%	10,630	6%
SCVHHS, Safety Net Clinics, FQHC Clinics,	88,613	52%	0	0%	3,669	69%	0	0%	0	0%	92,282	53%
Palo Alto Medical Foundation	3,799	2%	0	0%	54	1%	0	0%	0	0%	3,853	2%
Physicians Medical Group	36,489	21%	0	0%	1,258	24%	0	0%	0	0%	37,747	22%
Premier Care	11,896	7%	0	0%	179	3%	0	0%	0	0%	12,075	7%
Kaiser	18,903	11%	0	0%	0	0%	0	0%	0	0%	18,903	11%
Total	170,053	100%	0	0%	5,319	100%	118	100%	0	0%	175,490	100%
Enrollment @ 6-30-13	148,874		146		5,565		126		604		155,315	
Net % Change from Beginning of FY	14.23%		-100.00%		-4.42%		-6.35%		-100.00%		12.99%	

SCFHP Medi-Cal Enrollment as of March 2014



SCFHP Healthy Kids Enrollment as of March 2014



Santa Clara
Family Health Plan

The Spirit of Care

Consumer Affairs Committee
Minutes – December, 2013

In Attendance:

Committee Members: Blanca Esquerro, Danette Zuniga, Hung Vinh, Myrna Vega, Rachel Hart, Tammy Nguyen, Vanessa Ho, Vu Nguyen,

SCFHP Staff: Jeff Robertson, Matt Woodruff, Pat McClelland, and Tanya Nguyen

Item	Discussion	Action	Assigned to:	Due Date
Call to Order and Roll Call	Roll call was taken. A quorum was present at 6:06 pm and the meeting was called to order.			
Review of Minutes	The minutes from the September, 2013 meeting were reviewed and approved.	The minutes were approved	All	
Public Comment	No public comment			
Health Plan Updates	Mr. Woodruff provided an update on the Health Plan (HP) membership. As of December 1, 2013, the HP membership is above 153,000 members. The HP anticipates membership will increase by an additional 15,000 members in January 2014 as a result of Medicaid Expansion under the Affordable Care Act program. In Santa Clara County, under the Medicaid Expansion program, the current Low Income Health Program (LIHP) will transition to Medi-Cal effective January 1, 2014. The Committee asked how Covered California works is under the Affordable Care Act and whether or not the HP will assist people to apply for coverage. Mr. Woodruff responded Cover California is			

Santa Clara
Family Health Plan

The Spirit of Care

Consumer Affairs Committee
Minutes – December, 2013

Item	Discussion	Action	Assigned to:	Due Date
	under Affordable Care Act. However, the HP does not participate under Cover California. Mr. Woodruff suggested Committee members to visit the web- site at Coveredca.com. In addition, residents can enroll over the phone by calling 1.408.556.6605 or arrange to meet in person with Certified Enrollment Counselor. Mr. Woodruff also updated the Committee about several programs the HP's will be responsible for in 2014 such as enhanced Mental Health and Long Term Care services. The Committee asked how the HP is preparing to serve the increased membership. Mr. Woodruff shared all the operational teams have been working diligently to prepare for these changes. The Health Plan (HP) continues to prepare for the Cal Medi Connect program. The go live date has changed from April 1, 2014 to January 1, 2015. The HP continues to work closely with key stakeholders in the community.			
Overview of Medical Management	Dr. Jeff Robertson presented an overview of the HP's Medical Management operations. He explained the team is responsible to help members get to the care they need. Overall, utilization management approved 96% of incoming requests for services covered by the Health Plan that meet medical necessity. Dr. Robertson also explained how the Health Plan facilitates care coordination for members. The case management team works directly			

Consumer Affairs Committee
Minutes – December, 2013

Item	Discussion	Action	Assigned to:	Due Date
	with providers and hospitals to ensure the proper level of care is provided and that member is transition smoothly from the hospital to home or in some instances to skilled care facilities. In addition, Dr. Robertson provided other important roles within Medical Management: • Health Risk Assessments (HRA): The HP conducts an intensive assessment to evaluate a member's current health risk and to identify members at higher risk and those who have more complex medical needs. The assessment survey tool includes 17 key areas such as medication and substance use, immunizations, nutrition and socialization, etc. The process identifies 3 levels of care needs. The members with highest care needs receive case management services from a Register Nurse (RN). About 65% of our members have low care management needs and 30% have intermediate care needs. The remaining 5% have special needs or chronic conditions and require complex case management and care coordination. • Individual Care Plan (ICP): The Case Managers also create an ICP with the member. The care plan includes many elements including goals, concerns, action items, member and family preferences, advance directives, etc. • Interdisciplinary Care Team (ICT): This include the member and family/caregivers, Health Plan staff, Primary Care Provider/Specialist, Home Health provider, Diabetic Educator			

Consumer Affairs Committee
Minutes – December, 2013

Item	Discussion	Action	Assigned to:	Due Date
	Senior Center, etc. work together to manage member's medical needs. • Long Term Care Alternatives: These are community services referred to as Long Term Services and Supports (LTSS) and include Community-Based Adult Service Center (CBAS), In-Home Support Services (IHSS) and Multi Senior Services programs (MSSP). The goal of these programs is to provide services that will allow seniors to stay in their home or preferred setting instead of being placed in a long term care facility. Dr. Robertson shared the team uses several specific measures to evaluate a members outcomes. This includes member satisfaction with health services and health status, the reduction of hospitalizations readmissions and member improvement in self-management and independence, pain management and quality of life. The health plan follows state and federal guidelines as well as adopting industry best practices and process to continually monitor, evaluate and update systems.			
Future Agenda Items	The Committe would like to receive additional update on Cal Medi Connect program and health promotion activities such as diabetic management at future meetings.		All	

Santa Clara
Family Health Plan

The Spirit of Care

Consumer Affairs Committee
Minutes – December, 2013

Item	Discussion	Action	Assigned to:	Due Date
Adjournment	The meeting adjourned at 7:07pm.			
Next Meeting Date	The next meeting is scheduled for March 11, 2014 from 6:00- 7:00p.m			

Waldemar H Wenner

Consumer Affairs Committee Chairperson

3/11/14

Date

Santa Clara Family Health Plan Governing Board
Activity Report
March & April 2014

Member Services, Membership Accounting, Healthy Kids and Outreach Activity Report for March 2014

Member Services Department

	Mar 2014	Mar 2013	Change	Target KPI *
Total Inbound Calls	16,177	12,228	32% increase	----------
Average Talk Time	4.46 minutes	Not Available	--------	----------
Average Speed of Answer	34 seconds	35	2.8% decrease	<30 seconds
Service Level	69.4%	----	-------	80% in <30 seconds
Average Calls Abandoned	3.5%	3.4%	3% increase	<5%
Average Hold Time	35 seconds	Not Available	--------	≤ 25 seconds

*KPI – Key Performance Indicator

Membership Accounting

	Mar 2014	Mar 2013	Change
Medi-Cal	170,053	137,225	23% Increase
Healthy Families *	0	437	100% Decrease
Healthy Kids	5,319	5,578	4.6% Decrease
Agnews	118	126	6.3% Decrease
Healthy Workers **	0	582	100% Decrease
Total Membership	175,490	143,948	21% Increase

*Jan 2013 HFP Transition / Kaiser HFP addition April 2013 ** HW Program Ended Dec 2013 *** Membership at capitation
* Jan 2014 –Start LIHP Transition and MCE

Special Populations

	Mar 2014	Mar 2013	Change
SPD* / Non Dual	17,045	16,228	5.0% Increase
Dual **	8,579	7,639	12.3 % Increase
Non Dual / Non SPD	126,680	113,962	11.2 % Increase
CBAS***	395	414	4.6 % Decrease
LIHP /MCE ****	17,655	-------	---------

*Seniors and Persons with Disabilities / ** Dual Medicare Part AB and D and Medi-Cal / ***CBAS start Nov 2012
** Includes Agnews / ****Low Income Health Plan (LIHP) and Medi-Cal Expansion (MCE) start Jan 2014

Activity Report for April 2014

Member Services Department

	Apr 2014	Apr 2013	Change	Target KPI *
Total Inbound Calls	15,512	12,437	24% increase	----------
Average Talk Time	4.44 minutes	Not Available	--------	----------
Average Speed of Answer	23 seconds	26 seconds	11% decrease	<30 seconds
Service Level	82.8%	84.9%	-------	80% in <30 seconds
Average Calls Abandoned	2.1%	2.2%	4% increase	<5%
Average Hold Time	21 seconds	Not Available	--------	≤ 25 seconds

*KPI – Key Performance Indicator

Membership Accounting

	Apr 2014	Apr 2013	Change
Medi-Cal	173,989	146,779	19% Increase
Healthy Families *	0	186	100% Decrease
Healthy Kids	5,209	5,556	6.2% Decrease
Agnews	116	126	8% Decrease
Healthy Workers **	0	581	100% Decrease
Total Membership	179,314	153,238	17% Increase

*Jan 2013 HFP Transition / Kaiser HFP addition April 2013 ** HW Program Ended Dec 2013 *** Membership at capitation
* Jan 2014 –Start LIHP Transition and MCE

Special Populations

	Apr 2014	Apr 2013	Change
SPD* / Non Dual	17,234	16,287	5.8 % Increase
Dual **	8,630	7,889	9.4 % Increase
Non Dual / Non SPD	1267,998	123,344	3.7 % Increase
CBAS***	428	405	5.7 % Increase
LIHP /MCE ****	20,496	-------	---------

*Seniors and Persons with Disabilities / ** Dual Medicare Part AB and D and Medi-Cal / ***CBAS start Nov 2012
** Includes Agnews / ****Low Income Health Plan (LIHP) and Medi-Cal Expansion (MCE) start Jan 2014

March 2014

Healthy Kids Program

- Healthy Kids Application Activity: 123 applications processed
- Healthy Kids Renewal Applications Activity: 243 renewal applications processed
- Healthy Kids Renewal Applications Families Transitioned to Medi-Cal for Families: 4 Families and 7 Children

Outreach

- New applications completed*:
    - March 2014: 29 applications for 43 children
    - March 2013: 108 applications for 169 children

- Renewal applications completed*:
    - March 2014: 107 renewal applications for 147 children
    - March 2013: 119 renewal applications for 217 children

*** Includes Hacienda and AAC Locations and Health Kids and Medi-Cal for Families programs**

April 2014

Healthy Kids Program

- Healthy Kids Application Activity: 118 applications processed
- Healthy Kids Renewal Applications Activity: 285 renewal applications processed
- Healthy Kids Renewal Applications Families Transitioned to Medi-Cal for Families: 6 Families and 7 Children

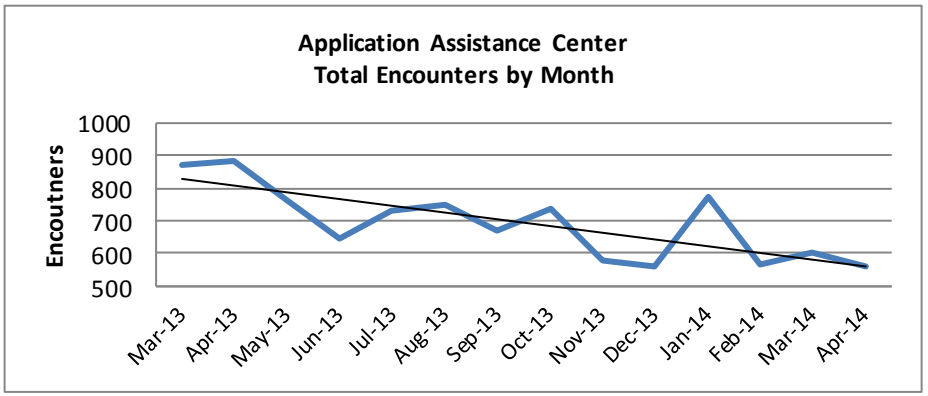
Outreach

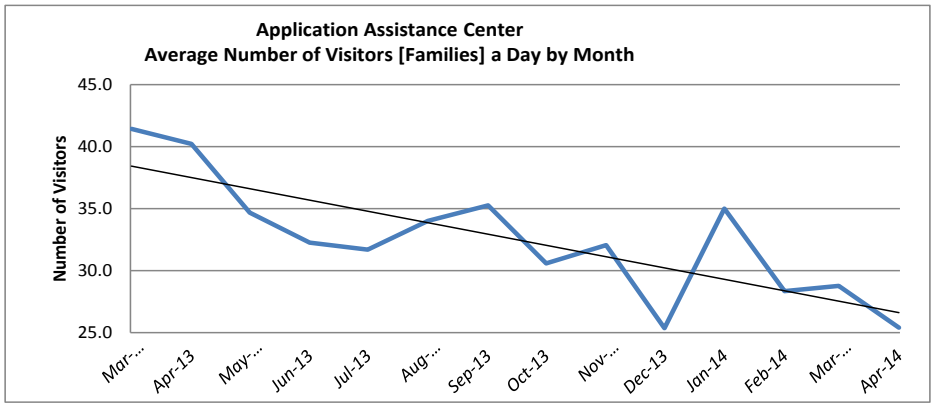
- New applications completed*:
    - April 2014: 40 applications for 57 children
    - April 2013: 89 applications for 132 children
- Renewal applications completed*:
    - April 2014: 78 renewal applications for 96 children
    - April 2013: 84 renewal applications for 132 children

Application Assistance Activity
Activity By Type
March 2013 through April 2014

Assistance Requests by Type

	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14
Application Completed *	180	201	163	121	159	155	144	140	134	123	176	150	165	154
Renewal Application Completed *	243	179	162	151	182	212	198	192	161	90	148	132	110	105
Telephone Kiosk - Member Services	37	39	24	54	20	19	21	12	37	49	80	39	65	49
Telephone Kiosk - Enrollment and Eligibility	152	125	86	41	112	54	94	64	28	20	32	22	18	29
Payments required assistance	50	66	68	51	60	93	50	58	34	24	31	39	31	33
General Assistance	186	231	174	107	118	127	162	268	183	252	303	185	215	189
Not assisted/no data	22	44	67	106	57	79	1	0	0	0	0	0	0	
total signed in	**870**	**885**	**744**	**631**	**708**	**739**	**670**	**734**	**577**	**558**	**770**	**567**	**604**	**559**
Payments dropped off **	90	211	137	N/A	133	99	157	174	172	176	208	105	176	170
Documents dropped off **	6	12	15	N/A	15	4	33	37	5	23	7	0	0	1


Application Assistance Center
Total Encounters by Month
Encoutners
1000
900
800
700
600
500
Mar-13
Apr-13
May-13
Jun-13
Jul-13
Aug-13
Sep-13
Oct-13
Nov-13
Dec-13
Jan-14
Feb-14
Mar-14
Apr-14


Application Assistance Center
Average Number of Visitors [Families] a Day by Month
Number of Visitors
45.0
40.0
35.0
30.0
25.0
Mar-...
Apr-13
May-...
Jun-13
Jul-13
Aug-...
Sep-13
Oct-13
Nov-...
Dec-13
Jan-14
Feb-14
Mar-...
Apr-14

Business Development

March 2014

Marketing

Compliance

Material	Action	Regulatory Agency
Medi-Cal EOC 2014	Printed; shipping in new member packets	DHCS
Medi-Cal Member Notice re Long Term Services and Supports July 1 benefits change	Notice approved by DHCS	DHCS; DMHC
Medi-Cal Provider Directory 2014 (for April submission)	Incorporated accessibility classifications (Basic and Limited); drafted additional edits	DHCS
Material Modification Filing for LTSS	Wrote input for designated sections of Material Modification filing for LTSS	DMHC
Staying Healthy Assessment Implementation	Wrote overview and instructions for both Providers and for Members, to be included as part of comprehensive web postings	DHCS
Winning Health Newsletter – Spring 2014	Reviewed 1st and 2nd drafts; English, Spanish, Vietnamese	DHCS
Coordinated Care Initiative beneficiary outreach materials	Drafted three new flyers specific to Santa Clara County, based on revised timelines for implementation: Medi-Cal only (MLTSS); Medicare-Medi-Cal (MLTSS and Cal MediConnect); Resource List Reviewed with Cal MediConnect Communications Committee	CMS, DHCS
Cal MediConnect Member Handbook (EOC)	Completed first edit	CMS, DHCS
Healthy Kids EOC	Edited EOC in response to DMHC comment letter	DMHC
Healthy Kids Statements	Developed new statement template	DMHC
Healthy Kids Application	Updated declaration page of HK application to add text needed to comply with ACA/Covered California eligibility requirements	DMHC

Outreach

COMPLETED EVENTS – 2013/2014				
Date	**Event**	**Audience**	**Primary Messaging**	**Approximate # of Attendees**
7/20/2013	4th Annual West Coast Disability Pride Parade & Festival	Adults; Disabled	Medi-Cal	400
9/9/2013	CCI Cal MediConnect Education Forum for Providers (Morgan Hill)	Providers – South County	Coordinated Care Initiative	7
9/14/2013	Mid-Autumn Festival & Resource Fair (sponsored by San Jose Vice Mayor Madison Nguyen)	Families; Vietnamese	Medi-Cal; Healthy Kids	400
10/6/2013	Premier Care Health and Wellness Fair	Families; Vietnamese	Medi-Cal; Healthy Kids; Medi-Cal Expansion	500
10/12/2013	Open Air Health Fair – Berryessa Flea Market	Adults; Families	Medi-Cal; Healthy Kids; Medi-Cal Expansion	750-800
10/13/2013	Open Air Health Fair – Berryessa Flea Market	Adults; Families	Medi-Cal; Healthy Kids; Medi-Cal Expansion	200-150
10/19/2013	Health Care and Medicare Forum (sponsored by State Senator Jim Beall)	Adults; Stakeholders	Cal MediConnect	230
10/24/2013	Senior Wellness Fair	Adults; Seniors	CCI - Medi-Cal Managed Care; Cal MediConnect	650
11/1/2013	Coordinated Advocacy for Duals (CAD) Consumer Advisory Meeting	CCI Stakeholders	CCI – Medi-Cal Managed Care and Cal MediConnect	15
11/5/2013	Sourcewise CCI Stakeholder Event	Adults; Medi-Cal and Medicare	CCI – Medi-Cal Managed Care and Cal MediConnect	400
12/14/2013	O'Connor Health Fair	Adults; Families	Medi-Cal; Healthy Kids;	175
1/21/2014	National Senior Citizens Law Center presentation	CCI stakeholders	CCI – Medi-Cal Managed Care and Cal MediConnect	27
1/24/2014	California Association of Health Facilities	Staff members for SCC SNFs	CCI – Medi-Cal Managed Care and Cal MediConnect	100
2/19/2014	CCI Quarterly Stakeholder Meeting	Community Based Organizations serving SPDs	CCI – Medi-Cal Managed Care and Cal MediConnect	25

COMPLETED EVENTS – 2013/2014				
Date	**Event**	**Audience**	**Primary Messaging**	**Approximate # of Attendees**
2/22/2014	O'Connor Health Fair	Adults; Families	Medi-Cal; Healthy Kids	60
2/12/2014	Aging Services Collaborative	Community Based Organizations serving Seniors	SCHFP overview	38
3/29/2014	San Jose Community Fair	Adults; Families	Medi-Cal; Healthy Kids	800

SCHEDULED EVENTS				
Date	**Event**	**Audience**	**Primary Messaging**	**Expected Attendance**
4/2/2014	Rincon Gardens Senior Housing	Seniors	CCI – Medi-Cal MLTSS and Cal MediConnect	12
4/5/2014	Caregivers Conference (in Vietnamese)	Vietnamese-speaking caregivers	CCI – Medi-Cal MLTSS and Cal MediConnect	50
4/15/2014	Cal MediConnect Stakeholders Advisory Committee for Santa Clara County	CCI Stakeholders in Santa Clara County	CCI preparation, status updates	40
4/16/2014	Sourcewise CCI beneficiary event	Adults: Medi-Cal only and Medicare-Medi-Cal	CCI – Medi-Cal MLTSS and Cal MediConnect	400
4/27/2014	Healthy Living Fair 2014 – Our Lady of Refuge, San Jose (sponsored by Congregation Shir Hadash)	Adults, Families	Medi-Cal; Healthy Kids; Medi-Cal Expansion; MLTSS	450
5/3/2014	5th Annual Caregivers Conference	Caregivers	CCI- Medi-Cal MLTSS and Cal MediConnect	200
5/21/2014	Active Adult Health and Wellness Fair	Adults, Seniors	Medi-Cal, Medi-Cal MLTSS, Cal MediConnect	300
6/7/2014	Festival in the Park	Adults, Families	Medi-Cal, Healthy Kids, Medi-Cal Expansion, MLTSS	TBD

Digital Communications

Item	Audience
Website – Added listings for 3/14/2014 special Governing Board meeting 4/10/2014 PAC meeting 5/15/2014 Governing Board meeting 6/10/2014 CAC meeting	Community, Members, Providers
Website – Posted minutes for 12/10/2013 CAC meeting	Community, Members, Providers
Website – Posted updated agenda packet for 3/6/2014 Executive Committee meeting	Community, Members, Providers
Website – Posted agenda for 3/11/2014 CAC meeting	Community, Members, Providers
Website – Added information to Providers > Health Care Reform Resources CMC Care Plan Option Services CMC Health Risk Assessment CMC Individualized Care Plan and ICT CMC Working with IHSS	Providers
Website – Posted required Staying Healthy Assessment forms, information sheets and training from DHCS For Providers – overview and instructions; 9 updated forms; Behavioral Health Risk Topics, Adult Questions by Age Group, Pediatric Questions by Age Group, Provider Training For Members – overview and instructions; 9 updated forms	Providers, Members
Website – Updated links to updated Drug Formulary on multiple pages – Medi-Cal, Healthy Kids, Prescriptions, Forms & Documents, Provider-Pharmacy	Members, Providers
Website – Updated dates on Cal MediConnect landing page	Members, Providers
Website – Added Vision Services information to Members > Helpful Information; added updated VSP directory	Members
Website – Added Outreach events to Community > Events 3/29/2014 San Jose Community Health Fair 4/5/2014 Caregivers Count (in Vietnamese)	Community, Members
Website – Community Resources Updated listings and information for Medi-Cal, SVILC, Social Services Santa Clara County; Covered California, Health Trust (added diabetes information) Added listing for Indian Health Center	Community, Members

Item	Audience
Website – Conducted monthly site review to ensure site accuracy and compliance	SCFHP
Website project: Cal MediConnect – performed and documented full UAT of member facing pages and Drupal interface; drafted phase plan for publishing of new pages	SCFHP

Business Development

April 2014

Marketing

Compliance

Material	Action	Regulatory Agency
Medi-Cal EOC 2014 - 2015	Redlined for new MLTSS benefits and other related changes (e.g. case management)	DHCS
Medi-Cal Member Notice re Long Term Services and Supports July 1 benefits change	Edited based on date change for MSSP from July 1 to August 1	DHCS; DMHC
Healthy Kids EOC	Submitted redline in response to DMHC comment letter	DMHC
Medi-Cal Provider Directory 2014 (for April submission)	Submitted to DHCS for review	DHCS
Winning Health Newsletter – Spring 2014	Final review and approval for English, Spanish, Vietnamese	DHCS
Coordinated Care Initiative beneficiary outreach materials	Finalized and printed three new flyers specific to Santa Clara County, simplifying MLTSS and CMC enrollment timelines and choices, based on revised timelines for implementation: Medi-Cal only (MLTSS); Medicare-Medi-Cal (MLTSS and Cal MediConnect); Resource List. Produced	CMS, DHCS
Cal MediConnect Member Handbook (EOC)	Completed first edit	CMS, DHCS
Staying Healthy Assessments	Developed Provider SHA Training Attestation Form	DHCS
Quality Improvement	Drafted quit smoking initiative content	DHCS

Outreach

COMPLETED EVENTS – 2014				
Date	**Event**	**Audience**	**Primary Messaging**	**Approximate # of Attendees**
1/21/2014	National Senior Citizens Law Center presentation	CCI stakeholders	CCI – Medi-Cal Managed Care and Cal MediConnect	27
1/24/2014	California Association of Health Facilities	Staff members for SCC SNFs	CCI – Medi-Cal Managed Care and Cal MediConnect	100
2/19/2014	CCI Quarterly Stakeholder Meeting	Community Based Organizations serving SPDs	CCI – Medi-Cal Managed Care and Cal MediConnect	25
2/22/2014	O'Connor Health Fair	Adults; Families	Medi-Cal; Healthy Kids	60
2/12/2014	Aging Services Collaborative	Community Based Organizations serving Seniors	SCHFP overview	38
3/29/2014	San Jose Community Fair	Adults; Families	Medi-Cal; Healthy Kids	800
4/2/2014	Rincon Gardens Senior Housing	Seniors	CCI – Medi-Cal MLTSS and Cal MediConnect	12
4/5/2014	Caregivers Conference (in Vietnamese)	Vietnamese-speaking caregivers	CCI – Medi-Cal MLTSS and Cal MediConnect	50
4/15/2014	Cal MediConnect Stakeholders Advisory Committee for Santa Clara County	CCI Stakeholders in Santa Clara County	CCI preparation, status updates	40
4/16/2014	Sourcewise CCI beneficiary event	Adults: Medi-Cal only and Medicare-Medi-Cal	CCI – Medi-Cal MLTSS and Cal MediConnect	300
4/27/2014	Healthy Living Fair 2014 – Our Lady of Refuge, San Jose (sponsored by Congregation Shir Hadash)	Adults, Families	Medi-Cal; Healthy Kids; Medi-Cal Expansion; MLTSS	700
5/3/2014	5th Annual Caregivers Conference – Aging Services Collaborative	Caregivers	CCI- Medi-Cal MLTSS and Cal MediConnect	200

SCHEDULED EVENTS				
Date	**Event**	**Audience**	**Primary Messaging**	**Expected Attendance**
5/21/2014	Active Adult Health and Wellness Fair	Adults, Seniors	Medi-Cal, Medi-Cal MLTSS, Cal MediConnect	300
6/7/2014	Festival in the Park	Adults, Families	Cal MediConnect Medi-Cal, Healthy Kids, Medi-Cal Expansion, MLTSS	5,000
7/19/2014	5th Annual West Coast Disability Pride Parade & Festival	Adults, Disabled	Medi-Cal	400

Digital Communications

Item	Audience
Website – Added listings for 4/10/2014 PAC meeting and agenda	Community, Members, Providers
Website – Home Page – added Healthy Kids Member Rewards Program	Members, Community, Providers
Website – Lines of Business Added Benefit Change Announcements section to Medi-Cal page with information on changes to Mental Health and MLTSS benefits Posted April 2014 VSP Directory Posted April 2014 Liberty Dental Provider Listing	Members, Community
Website –Provider > News & Alerts – posted new items: New DHCS Requirements – Staying Healthy Assessment Immunization update New Medi-Cal Benefit – SBIRT	Providers
Website – Provider Training – added information: SBIRT (Screening, Brief Intervention and Referral to Treatment)	
Website – Providers > Forms and Documents – posted new items: Staying Healthy Assessment forms, information sheets and training from DHCS SHA Periodicity table; SHA sample SHA Training Attestation PDF	Providers, Members

Item	Audience
Website – Community > Events – added new events: 4/24/ and 6/12 Advance Care Planning Workshops 4/16/2014 Sourcewise Cal MediConnect beneficiary presentation 4/27/2014 Healthy Living Fair 5/3/2014 Annual Caregivers Conference 5/21/2014 Active Adult Health and WellnessFair 6/7/2014 Festival in the Park 7/19/2014 5th Annual West Coast Disability Pride Parade and Festival	Community, Members
Website – Members – added new CMC and MLTSS information sheets; added CCI Resource List (in English, Spanish, Vietnamese, Chinese)	Members, Community
Website – Members > Helpful Information – added new information: Staying Healthy Assessment – When you need to complete the SHA	Members
Website – Community > News – added new information: Dental coverage for Healthy Kids Members and incentive program flyer Updated “Should you be receiving CalFresh?” Updated “Healthcare Reform –how can it help you” Removed Healthy Families Program change information	Members, Community
Website – Conducted monthly site review to ensure site accuracy and compliance	SCFHP
Website projects: Cal MediConnect – UAT completed. Drupal – continued UAT, identifying remaining issues to IT and Sensis.	SCFHP

CLAIMS

March 2014

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

2014	2013
March: 78%	March: 100%

*Claims received in March are considered new and are still in progress (claims received in March will be processed in March and April). SCFHP has 64 calendar days from the day of receipt to process these claims.

CLAIMS VOLUME

2014	2013
March: 37,283	March: 31,323

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

2014	2013
March: 84%	March: 81%

AUTO ADJUDICATION PERCENTAGE (GOAL IS 85%)

2014	2013
March: 77%	March: 69%

ANALYST PRODUCTIVITY (# OF CLAIMS PROCESSED PER HOUR) (GOAL IS 14 PER HOUR)

2014	2013
March: 12	March: 12

CLAIMS

April 2014

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

2014	2013
April: 75%	April: 100%

*Claims received in April are considered new and are still in progress (claims received in April will be processed in April and May). SCFHP has 64 calendar days from the day of receipt to process these claims.

CLAIMS VOLUME

2014	2013
April: 33,946	April: 31,707

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

2014	2013
April: 80%	April: 81%

AUTO ADJUDICATION PERCENTAGE (GOAL IS 85%)

2014	2013
April: 75%	April: 69%

ANALYST PRODUCTIVITY (# OF CLAIMS PROCESSED PER HOUR) (GOAL IS 14 PER HOUR)

2014	2013
April: 12	April: 12

PHARMACY DEPARTMENT

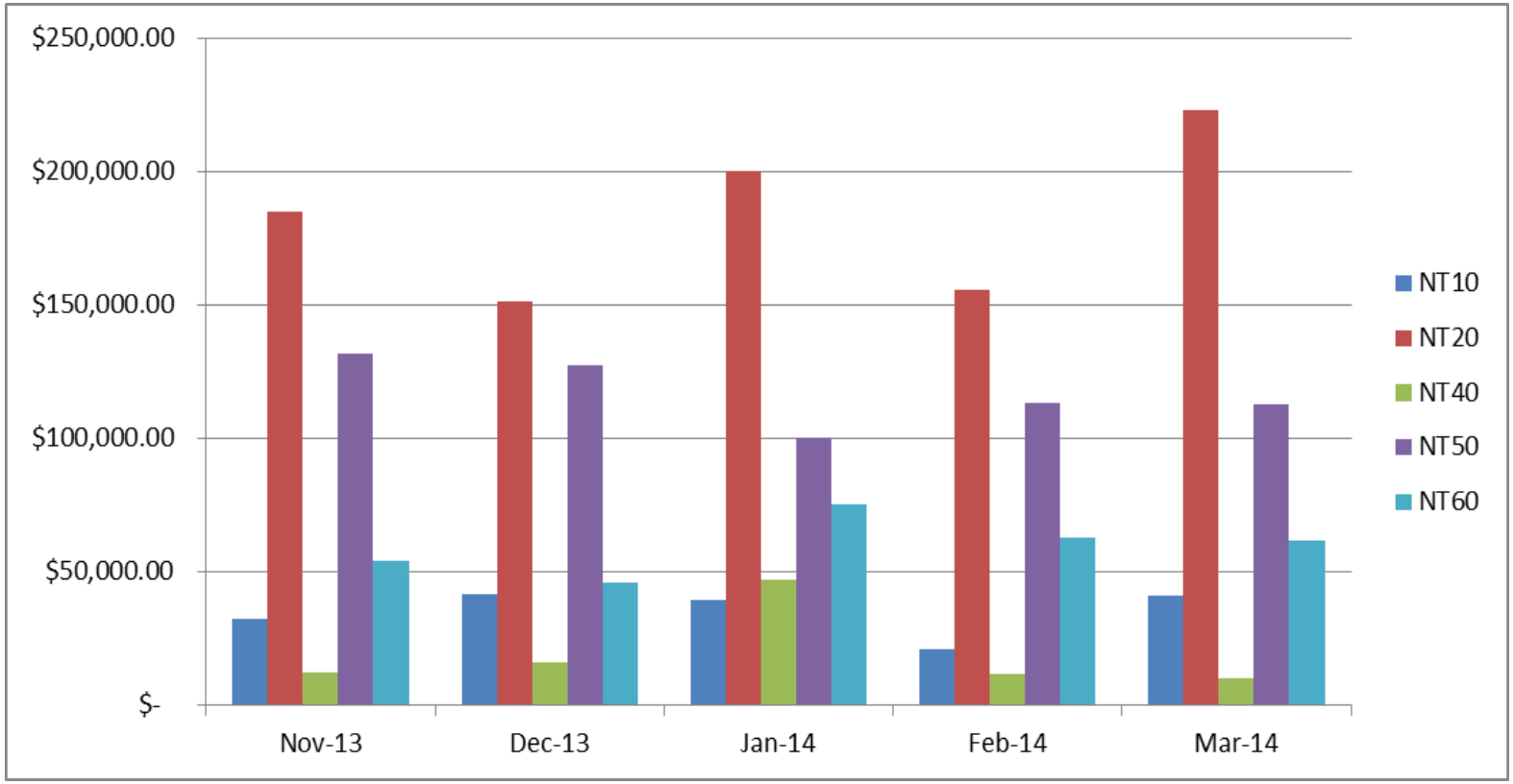
March, 2014

Prescription Type: Generic= 92.54% Brand= 7.45%
Prior Authorization Activity: APPROVED = 1726 DENIED = 73 MODIFIED = 5 DEFERRED = 31

Minimum Compliance Rate: 80.3 % (turnaround Times within 24 hours upon receipt of a completed PA)

Member Population	Data	January-14	February-14	March-14
Medi-Cal, (Non-SPD)	Total Amount Paid	2,154,379	$2,052,244	$2,550,036
	Total Rx Count	114,880	60,638	68,759
	Member Months	145,006	131,627	151,150
	PMPM ($)	$18.75	$15.59	$17.60
	Rx PMPM	0.79	0.46	0.45
Medi-Cal (SPD)	Total Amount Paid	2,153,453	$1,987,272	$2,184,377
	Total Rx Count	42,408	39,649	110,493
	Member Months	17,151	16,171	16,223
	PMPM ($)	$125.56	$122.89	$134.65
	Rx PMPM	2.47	2.45	6.81
Healthy Kids	Total Amount Paid	$31,814	$24,361	$29588
	Total Rx Count	777	660	717
	Member Months	5241	5207	5320
	PMPM ($)	$6.07	$4.68	$5.56
	Rx PMPM	0.1	0.13	0.13

PHARMACY DEPARTMENT



	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
NT10	$ 32,536.20	$ 41,579.00	$ 39,641.00	$ 21,193.00	$ 41,127.00
NT20	$ 185,021.31	$ 151,252.00	$ 200,018.00	$ 155,863.00	$ 223,187.00
NT40	$ 12,203.43	$ 16,319.00	$ 47,055.00	$ 11,621.00	$ 9,860.00
NT50	$ 131,950.65	$ 127,327.00	$ 100,014.00	$ 113,234.00	$ 112,640.00
NT60	$ 54,176.85	$ 45,978.00	$ 75,535.00	$ 62,877.00	$ 61,678.00

Provider Services Department

Each Provider Service Representative completes approximately 1-2 visits per working day.

Total Scheduled Visits for March: 46 –1st Qtr. Education Packet

Total Other/Unscheduled Visits for March: 7 Provider Orientation/Claims Issues/Forms

Total FSR Visits for March: 1

Average Weekly Call Total: calls weekly average 13/14

Monthly Call Total: Combined Call Total for March: 68

Email requests via website/PS email for assistance: March: 9

IT Project Focus for Provider Operations:

Project Name

1) Inbound and Outbound 5010/837 Compliance – 5010/837 EDI Encounters with Delegates

    a. 5010/837 EDI Encounters PMG –: Delivery Date: 05/02/14 - In Process/On Target #PR13-028
    b. 5010/837 EDI Encounters Premier Care – Delivery Date:05/02/14: - In Process/On Target Project #PR13-029
    c. 5010/837 EDI Encounters Kaiser – In queue to release 05/02/14 – In Process/NOT on Target Project #PR13-030

2) 278C Auth/Referral Files for Delegated Groups – working with delegated groups to finalize – Delivery Date 04/30/14 On Target/In Process PR13-004:

3) 835 Testing – 2 pilot facilities – No longer queued – Requirements approved. Postponed due to other priorities.- PR13-041:

4) CobbleStone Contract Management System Implementation: Delivery Date 04/15/14 – In Process/On Target Project #PR13-067
5) Provider Search Redesign Due Date TBD after removal from queue- Delivery Date: TBD PR13-054:

Compliance Department

Grievance & Appeals:

March 2014

a. Total G&A cases received = 58
   - Rate per 1000/members =0.33

b. Total G&A cases closed =:70

c. G&A closed cases by LOB:
   - Medi-Cal = 70

d. G&A closed cases by Network
   - Kaiser =2
   - PAMF = 5
   - PMG = 15
   - Premier Care = 2
   - SCFHP = 13
   - VHP = 36

e. G&A closed cases by Category:
   - Access to Care = 3
   - Access to Specialist = 1
   - Billing = 1
   - C&L Complaints = 0
   - Dispute: Continuity of Care = 0
   - Dispute – Denied, Modified, Deferred Services = 26 (8 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 = 28
   - Pharmacy = 2
   - SCFHP complaint = 4

f. State Fair Hearings:
   - Total cases opened = 3
   - Total cases closed = 3
     - # Upheld = 0
     - # Overturned = 0

- # Withdrawn = 2
- # Redirected = 1

- Total cases held this month = 0

g. Independent Medical Review:
   - Total cases opened = 0
   - Total cases in process = 0
   - Total cases closed = 0

April 2014

h. Total G&A cases received = 79
   - Rate per 1000/members =0.44

i. Total G&A cases closed =:61

j. G&A closed cases by LOB:
   - Medi-Cal = 59
   - Healthy Kids = 2

k. G&A closed cases by Network
   - Kaiser =3
   - PAMF = 5
   - PMG = 9
   - Premier Care = 4
   - SCFHP = 6
   - VHP = 34

l. G&A closed cases by Category:
   - Access to Care = 1
   - Access to Specialist = 0
   - Billing = 0
   - C&L Complaints = 0
   - Dispute: Continuity of Care = 0
   - Dispute – Denied, Modified, Deferred Services = 36 (7 of these for Out of Network denials and redirection of services back into network)
   - Dissatisfaction with Level of Care = 2
   - Dissatisfaction with Level of Services = 15
   - Pharmacy = 2

- SCFHP complaint = 3

m. State Fair Hearings:
   - Total cases opened = 7
   - Total cases closed = 2
     - # Upheld = 0
     - # Overturned = 0
     - # Withdrawn = 1
     - # Redirected = 0
     - Dismissed = 1 (Medicare Prime)
   - Total cases held this month = 1 Postponed

n. Independent Medical Review:
   - Total cases opened = 0
   - Total cases in process = 0
   - Total cases closed = 0

Compliance Activities

Reporting

- Regulatory Reports/Filings:
  - 2014 Joint DHCS/DMHC Onsite Audit conducted with the following audit area documents submitted:
    - Utilization Management: program, criteria, reports, PA's
    - Case management: coordination of care
    - Access and Availability: emergency services, family planning and claims reimbursement, pharmacy
    - Member Rights: member rights, grievance, cultural and linguistic
    - Quality Improvement: program, credentialing and recredentialing, medical record, informed consent
    - Administrative and organizational capacity: medical director, health education, training, fraud and abuse
    - Miscellaneous: policies, plan committees, marketing, state supported services
  - DMHC Material Modification for Mental Health Carve-in Filings (up to 9 comments letters)
  - DMHC Key Personnel Filings: Director of Provider Services/MLTSS Director/COO/Pharmacist
  - DMHC Material Modification for MLTSS (CBAS, HCBS, MSSP, NF/SCF), which includes:
    - Plan Organization: job description, organizational charts, resumes
    - Administrative Services and Plan to Plan contract

        - CBAS, HCBS, MSSP, NF/SCF maps, locations, services, contracts
        - Continuity of Care policies
        - QI, UM, Grievance and appeals programs and policies
        - Marketing materials
        - Enrollment and Financial projections
    - DMHC 2014 Healthy Kids EOC Revisions Submissions
    - DMHC Annual Timely Access Filing which includes
        - Member surveys
        - Provider Surveys
        - Provider Networks
        - Compliance Reports

    - DHCS Marketing flyers
    - Reported privacy incidents to DHCS.
    - Submitted DHCS Survey on ABA Services
    - Response to DHCS Re Encounter Data Study
    - Response to DHCS re Referrals to County Drug and Alcohol Programs
    - Submission of revised ACA 1202 Compliance Plan for PCP Increase
    - Submission of Member Newsletter for DHCS Approval
    - Submission to DHCS of Non-Emergency Transportation Services Survey
    - Submission to DHSC of Medi-Cal Provider Directory
    - Reports

        - DHCS Healthy Families Transition Report
        - DHCS Adult Expansion Targeted Enrollment Report (VMC reports)
        - DHCS LIHP Reporting (Provider network, Continuity of Care, Grievance/Appeals)
        - DHSC Call Center Report
        - DHCS & DMHC Grievance and Appeals Reports
        - DHCS Plan Subcontractor Report
        - DHCS GeoAccess Report

- DHCS – QI Committee minutes
- DHCS – CBAS Reports (services/assessment/call center complaints/G&A

Monitoring/Auditing

- DMHC Complaints – Member complaint regarding peer review findings not available to member.
  - DMHC Response: Health Plan followed appropriate process. Case closed.
- Began investigation of potential non-compliance with EEG claims. Still ongoing.
- Auditing Pharmacy Department Prior Authorization process.
- Collaborated with DHCS to determine "reportable" privacy incidents. Reviewing internal privacy incident processes.
- Investigating potential non-compliance member case.
- Collaborate with internal departments to review, monitor, and evaluate translation and interpretation services.

Oversight

- Review and submit VHP Disenrollment Requests to Member Services for processing
- Obtain approval for Marketing/Health Fair Events
- Review Kaiser Medi-Cal EOC.

Education/Training

- Launched the first phase of Bridgefront online Compliance training. Online training will be rolled out in two phases from April through September. HIPAA and Fraud, Waste and Abuse will be the focus of the trainings.
- Dissemination of HPMS notices to key staff.
- Dissemination of MMCD letters to key staff.
- Provided linguistic training materials to provider services for provider quarterly visits.
- Continue participation in DHCS/CAHP CCI/MLTSS weekly conference calls

Standards & Policies

- DMHC/DHCS Policy Changes/Clarifications
  - DHCS All Plan Letters: No new one's issued
  - Dual Plan Letters:
    - Complaint and Resolution Tracking
    - Ongoing Provider File Submission Requirements

- DHCS Policy Letters:
  - Enteral Nutrition Products

- CMS HPMS Notices related to Medicare-Medicaid Plans (CalMediConnect)
  - Certification of Enrollment and Payment Data for Medicare-Medicaid Plans
  - CY 2015 Formulary Submission Information
  - Instructions for Requesting Consultant Access or Electronic Signature Access
  - Request for Comments on California State Specific Reporting Requirements Appendix
  - Passively Enrolling Individual Who Become Newly Dually Eligible into a Medicare-Medicaid Plan
  - Medicare Exclusion Database
  - Annual Verification of Parent Organization and Legal Entity Name
  - Release of Integrated Denial Notice for California Medicare-Medicaid Plans
  - Release of Fraud Handbook and Online Training Module
  - Clarification of Required Non-English Languages for Translation for California Medicare-Medicaid Plans
  - Release of HPMS Fiscal Soundness Module
  - Draft Medicare-Medicaid Plan Quality Withhold Methodology for Demonstration Year 1
  - Update – Upcoming Complaints Tracking Module Enhancements
  - Release of 2015 Plan Benefit Package (PBP) Software
  - Release of 2015 PBP Training
  - Medicare-Medicaid Plan Submission of PBP for Contract Year 2015
  - Timeframes for Testing, Certification, and Submission of Encounter Data by Medicare-Medicaid Plans
  - Notice Regarding the 2014 Capitated Financial Alignment Demonstration Requirements
  - Enrollment Data Validation (EDV) process for States and Medicare-Medicaid Plans (MMPS)

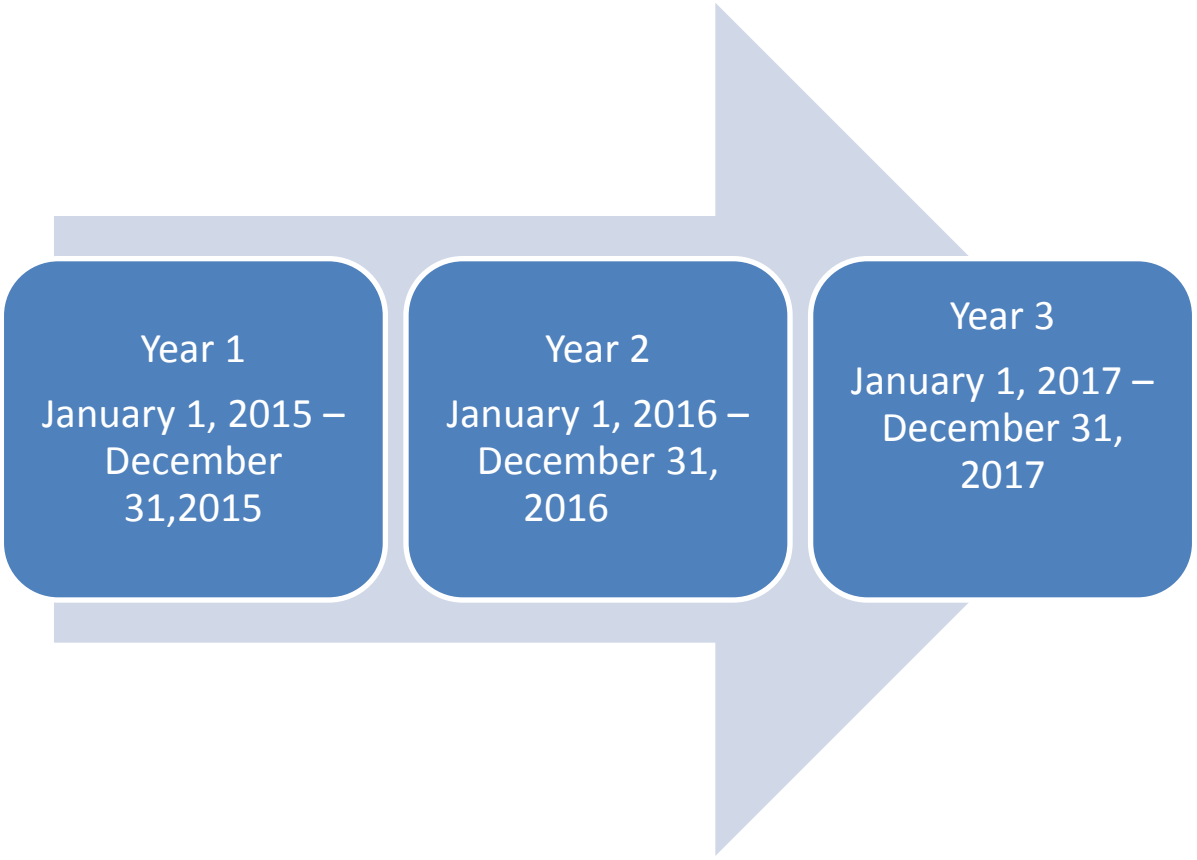
Santa Clara Family Health Plan
Cal MediConnect updates

Board of Directors Meeting
December 12, 2013

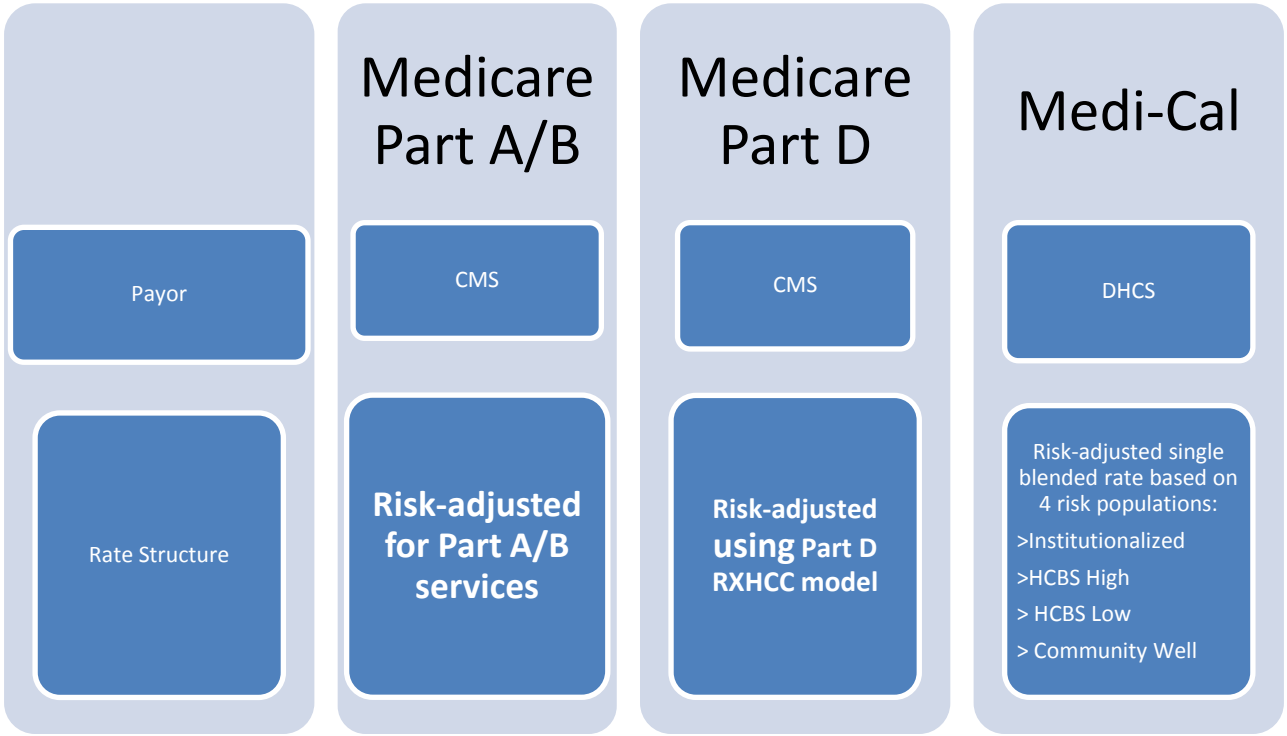
Timeline

Date	Description
12/13/2013	Sign Three-Way Contract
7/1/2014	Long Term Care and IHSS transitions to Health Plan
10/1/2014	Cal MediConnect notifications
1/1/2015	Demonstration operational start date

Contract Term



Three rate components



Efficiency Targets

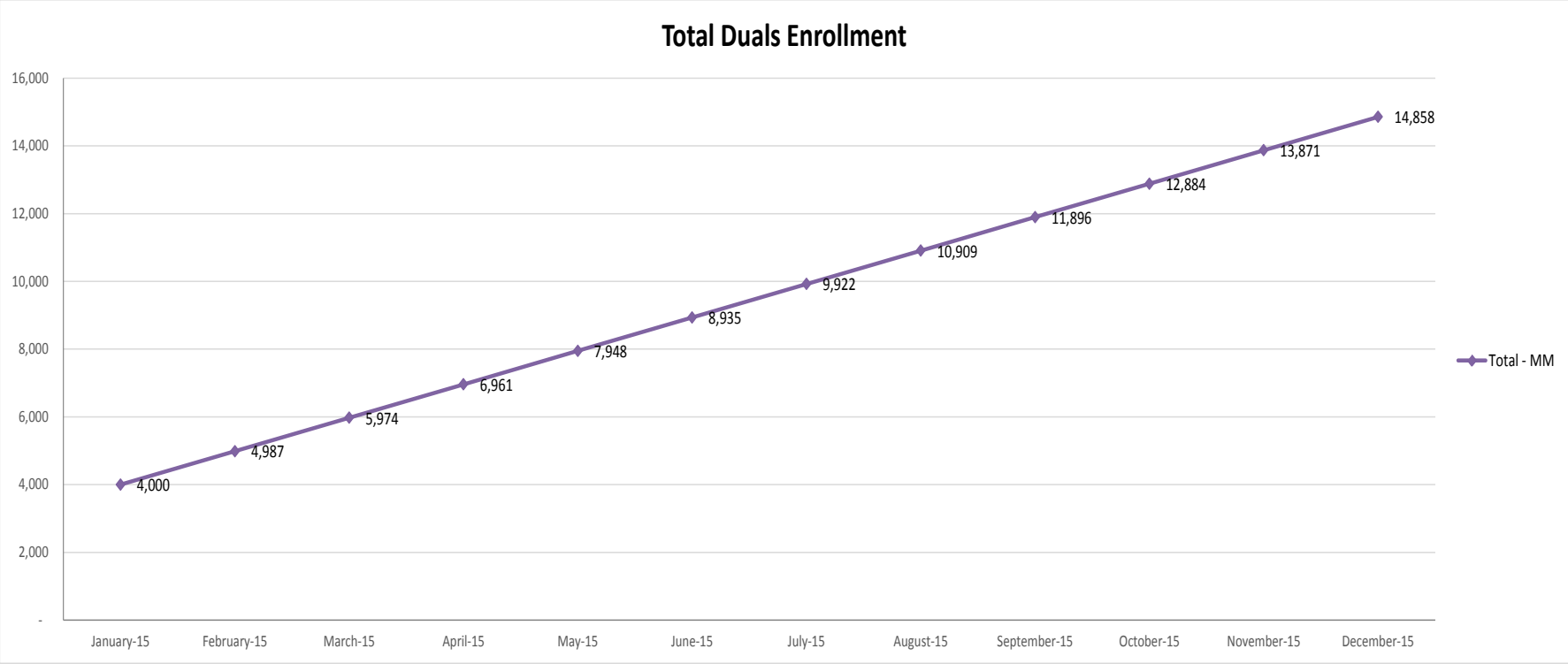
	Year 1	Year 2	Year 3
Savings Target	1.23%	3.45%	4.95%

Quality Withhold

- DHCS and CMS will withhold a percentage of their respective components of the capitation rate, with the exception of the Medicare Part D rate component.
- DHCS and CMS will evaluate SCFHP's performance against specified metrics to earn back the withheld amount for a given demonstration year.

	Year 1	Year 2	Year 3
Quality Withhold	1.0%	2.0%	3.0%

Projected Enrollment (SCFHP)



Enrollment Assumptions

- Begins January 1, 2015 with an estimated 4,000 members.
- Assumes 20% pre-enrollment opt-out
- Grows by approximately 987 per month (net) expecting 14,858 by December of 2015.

Revenue Assumptions

- Estimates are $1,897.52 PMPM
- Medicare rates received in October 2013
- Medi-Cal rates received in December 2013
- Risk adjusts Medicare and Medi-Cal rates according to specified rate development methodologies.
- Applies appropriate savings targets and quality withholds over the next 3 years.

Medical Cost Assumptions

- Working with our actuaries we used a combination of benchmark data for these populations and actual experience for Santa Clara County to develop our costs.
- Excluded supplemental benefits with the exception of mental health and transportation services
- Includes program guidelines that require higher levels of case management and health services

Administrative Cost Assumptions

- Includes $4.1 million in implementation costs to prepare systems, processes, and staffing prior to launch.
- Three-Way agreement specifies certain staffing requirements(e.g. Compliance, customer service)
- Estimate 30 FTEs scheduled between April 2014 and December 2014.
- Costs are ramped up approximately 3 months prior to membership enrollment.

Financial Projections

	Implementation	Year 1	Year 2 (Fully Implemented)
Average Enrollment	0	9,429	14,858
Member Months for Year	0	113,146	178,292
Revenue	$0	$ 214,696,572	$ 338,312,347
PMPM	$0	$1,898	$1,898
Expenses			
Medical costs	$0	$ 203,697,552	$ 320,980,426
Administrative Costs	$4,062,375	$ 7,545,632	$ 9,656,815
Total Expenses	$4,062,375	$ 211,243,184	$ 330,637,240
Operating Surplus (Loss)	($4,062,375)	$3,453,388	$7,675,107
Margin	0.00%	1.61%	2.27%
Medical-Loss Ratio	0.00%	94.88%	94.88%

May 15, 2014

To: Governing Board, Santa Clara County Health Authority

From: Elizabeth Darrow, CEO

Re: TriZetto Agreement

Background

As previously presented to the Governing Board, the Department of Health Care Services (DHCS) and the Centers for Medicare and Medicaid Services (CMS) has proposed a Duals Demonstration Pilot known as the Coordinated Care Initiative (CCI)/Cal MediConnect program. The pilot involves 8 counties in California including Santa Clara. There are varying start dates across the state but Santa Clara County is slated to begin full implementation January 1, 2015. In July 2014, the CCI requires the mandatory enrollment of most dual eligible into SCFHP or Blue Cross for their Medi-Cal benefits, including Long Tern Support Services (LTSS) primarily In-Home Support Services (IHSS) and Multipurpose Senior Services Program (MSSP) and Long Term Care (LTC) benefits. In November of 2014, for effective date January 1, 2015, DHCS will passively enroll dual eligible into SCFHP or Blue Cross for their Medicare benefits which includes all Medicare covered services and Part D for pharmacy coverage.

On December 12, 2013, the Governing Board approved the CEO to sign the three-way Contract with CMS and DHCS for the CCI. Additionally, at that meeting, a budget was approved that included implementation costs, revenue and expense projections for the first and second year of the three year demonstration. At that time, SCFHP anticipated using a Business Processing Outsourcing arrangement but has since determined that an in-house software hosting contract will serve the agency better. As you may recall, SCFHP went through a detailed RFP process which narrowed down the potential vendors to three. After consultation with technology experts and other similarly situated health plans both in California and throughout the country, SCFHP began the financial negotiations which are in line with the original projections approved by the Governing Board. Therefore, I respectfully request authorization to sign the Trizetto Master Services agreement to support the above discussed new line of business.

Fiscal Impact

As outlined in the December 12 presentation the proposed Implementation budget will be $4.1 million.

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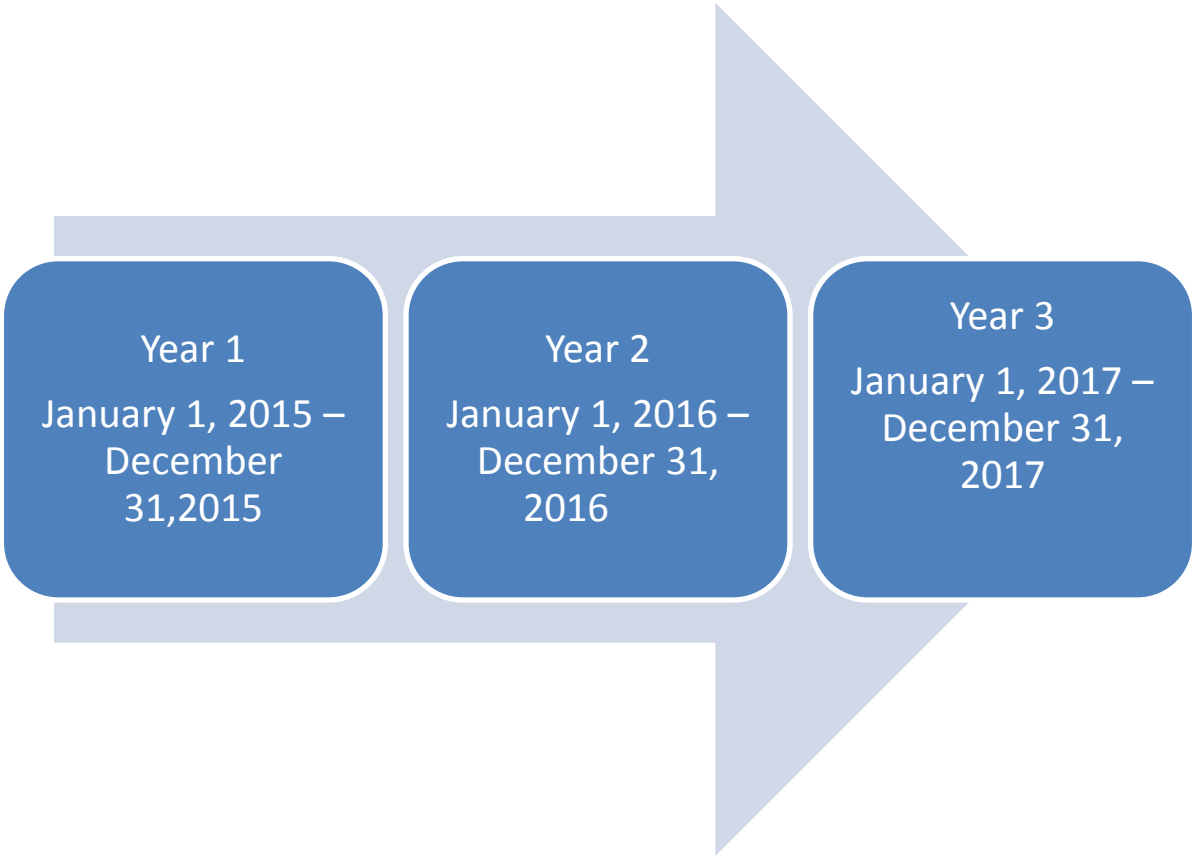
Santa Clara Family Health Plan
Cal MediConnect updates

Board of Directors Meeting
December 12, 2013

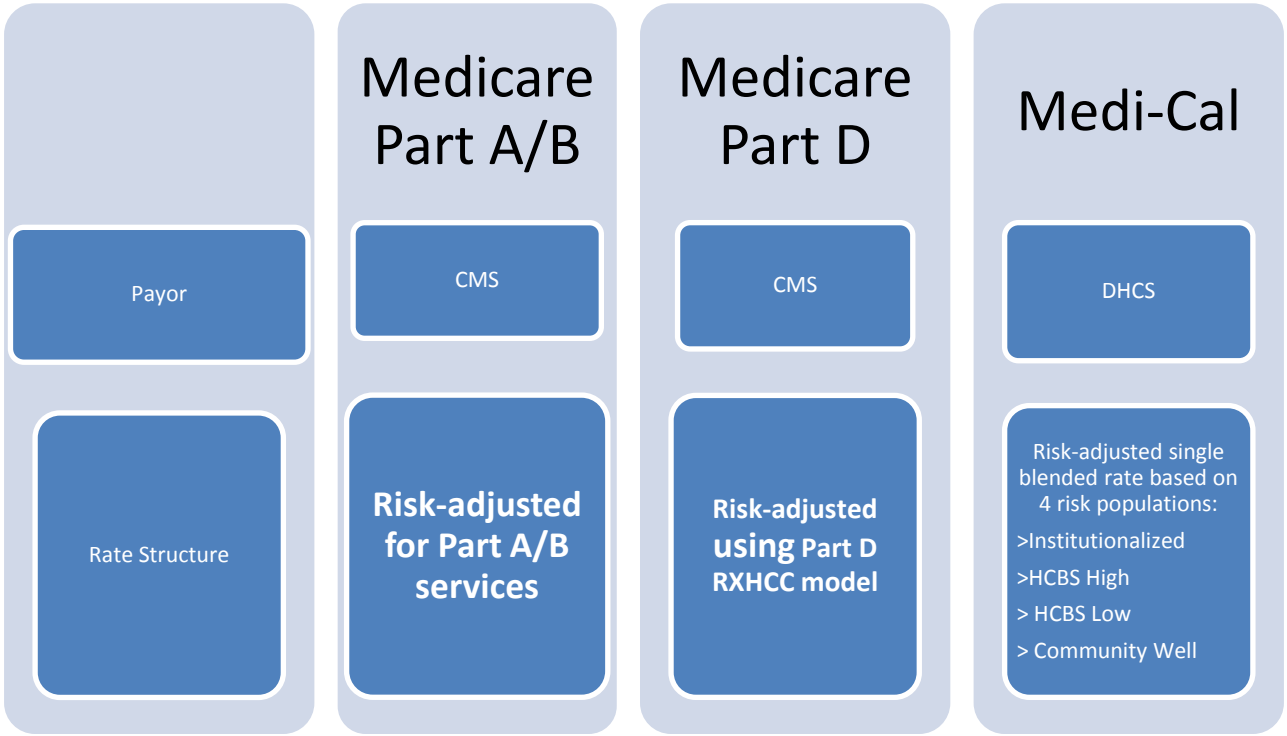
Timeline

Date	Description
12/13/2013	Sign Three-Way Contract
7/1/2014	Long Term Care and IHSS transitions to Health Plan
10/1/2014	Cal MediConnect notifications
1/1/2015	Demonstration operational start date

Contract Term



Three rate components



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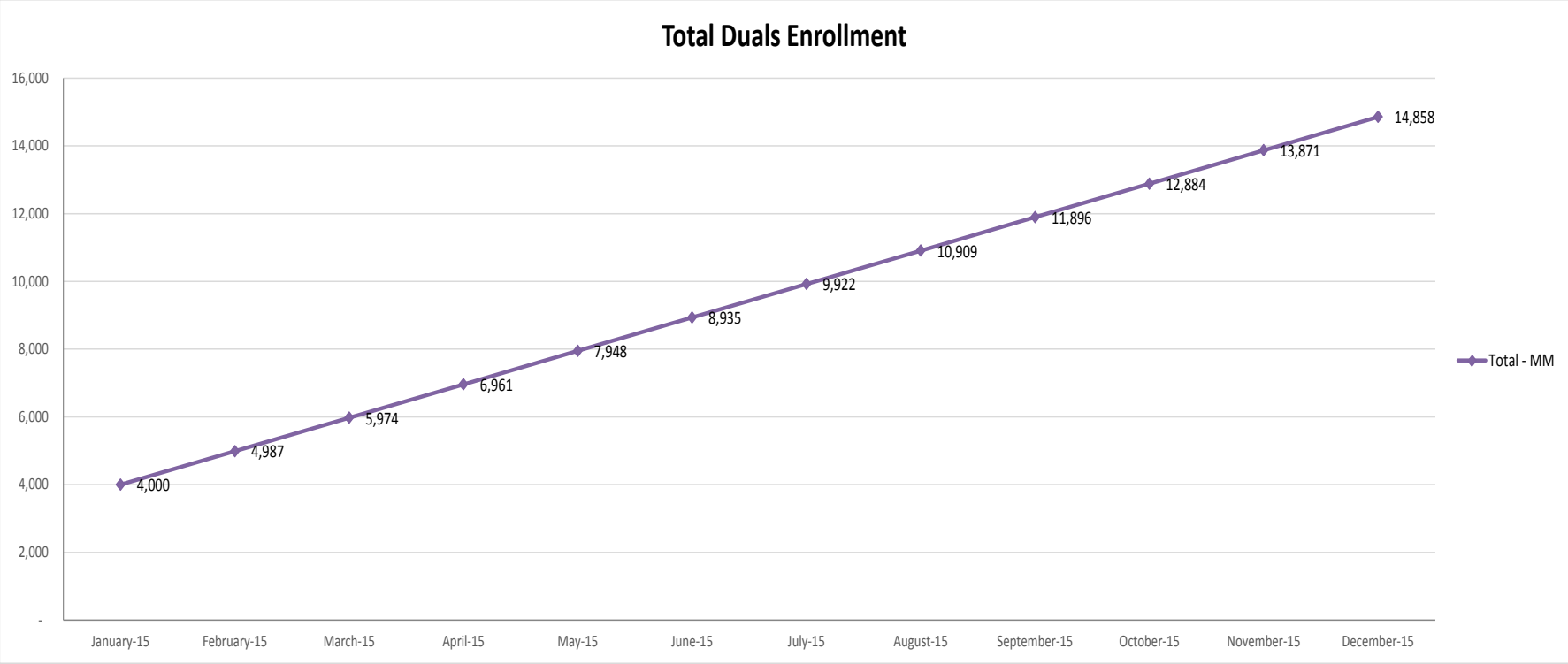

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