

MINUTES
Santa Clara County Health Authority
Governing Board Regular Meeting

Thursday, February 21st, 2013
2:30 PM-5:00 PM
210 E. Hacienda Avenue
Campbell CA 95008

Board members present:

Ms. Michele Lew
Mr. Bob Brownstein
Dr. Dale Rai
Dr. Wally Wenner
Ms. Emily Harrison
Ms. Laura Jones
Mr. Daniel Peddycord
Mr. Christopher Dawes
Ms. Judy Chirco
Ms. Linda Williams
Ms. Pattie DeMellopine
Ms. Liz Kniss

Board members not present:

Dr. Adel Abi-Hanna

Others present:

Ms. Elizabeth Darrow, Chief Executive Officer
Mr. Dave Cameron, Chief Financial Officer
Mr. Matt Woodruff, Chief Operations Officer
Mr. Rayne Johnson, Chief Information Officer
Dr. Jeff Robertson, Chief Medical Officer
Ms. Shannon McNally, Secretary
Mr. Bob McGarry, Account Director, GlaxoSmithKline

1. Roll Call

Chairman Lew called the meeting to order at 2:38pm. Roll call was taken, and a quorum was established.

2. Action item: Review and approval of November 2012 meeting minutes.

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

3. Public comment

There was no public comment.

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

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

5. Report of Executive Committee

- a. Action items

1. Acceptance of October through December 2012 financials

Mr. Cameron presented highlights for the three months ending September 2012 financial statement:

- Operating loss of \$158,000 for the month and \$432,000 year to date. This compares to a budgeted operating surplus of \$605,000, resulting in an unfavorable variance from budget of \$763,000. Year to date, December 2012, SCFHP recorded an operating loss of \$432,000 compared to a budgeted operating loss of \$337,000, resulting in an unfavorable variance from budget of \$95,000.
- Revenue is \$42,000 or 0.2% above budget for the month and \$1.5 million, or 1.2%, above budget year to date.
- December enrollment was 141,936 or 0.6% over budget. All lines of business are close to or on budget.
- Medical Expenses were over budget by \$816,000 or 4.0% for the month and \$2.0 million over budget, or 1.6% year to date.
- Administrative Expenses were over budget by \$49,000, or -3.1% for the month and \$280,000, or 2.9%, favorable to budget year to date. The primary reason for being over budget in December was additional actuarial consulting expenses as a result of numerous DHCS requests and work on the Duals demonstration project.
- Tangible Net Equity was \$23.8 million compared to the minimum TNE required by the Department of Managed Health Care (DMHC) of \$6.4 million. The Plan's

reserves are roughly \$16.2 million below the reserves targeted by the Board of two months capitation revenue.

Mr. Cameron commented that the current month loss included the reserves for AB97. There continues to be uncertainties with AB97 and when the adjustments will be and the Health Plan believes that the best position is to keep this in reserves and see what happens. Mr. Cameron also noted that the Health Plan is still being paid on 2010/11 rates. Ms. Darrow commented that the AB97 appeal was still being litigated and is supposed to be settled this summer. Mr. Cameron stated that, depending on the duals budget, the Plan will likely break even this year and that next year is going to be a challenge. Ms. Darrow also commented that if trends stay where they are now the Plan may break even or have a slight loss which was forecasted in the Plan's original budget.

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

2. Approve Duals Proposed Budget FY 12/13

Mr. Cameron provided an overview of additional funding that would be necessary to allow the Health Plan staff to continue pre-implementation planning and related activities for participation in California's Coordinated Care Initiative (CCI). These expenditures were not included in the FY 2012-13 budget because the CCI requirements had not yet been made available when the budget was approved. Mr. Cameron commented that both the state and CMS are pursuing aggressive, and constantly evolving, program requirements and timelines for implementation of the CCI. The proposed action would authorize management to allocate additional funding necessary to continue with the preparation and completion of the tasks necessary prior to a final decision to participate in the CCI.

6. Discussion item: Review of Other Health Plan Key Initiatives

Ms. Darrow gave an update on several current initiatives that the Health Plan is working on:

Ms. Darrow gave an update on the Dual project stating that as soon as the MOU is signed CMS and DHCS will be doing a review of the processes and procedures along with contracts and then will be onsite doing interviews to make sure that the Health Plan is ready to meet the full requirements of the project. Ms. Darrow

commented that there have been discussions about what staffing needs. Recruiting seasoned managed care people is very challenging. The Health Plan is also looking at some vendors that could possibly help with long term care management. In Home Support Services (IHSS) is also something that the Plan would be responsible. Medicare Advantage is the back up plan if the Demo does not come together. Medicare Advantage has some of the same requirements but with less staffing needs. IHSS and long term care support are not included in the program. Ms. Darrow also noted that with Medi-Cal expansion the Health Plan is looking at significant growth in the adults populations.

By way of further discussion, Ms. Darrow stated that VMC has asked the Health Plan to be their new MSO. Initial discussions have taken place and the start date will be July 2013. The Health Plan has several data requests to VHP and is also getting some work teams together and will be meeting with Paul Lorenz to start working up a contract. Ms. Darrow noted that this is in the best interest of the Health Plan and its providers.

Ms. Darrow also gave an update on Satellite Dialysis. Satellite has a Medicare Advantage Chronic Disease Special Needs program and their focus would be End Stage Renal Disease. Satellite received their Knox Keene license and beginning in 2014 will enroll Medicare beneficiaries who have ESRD. Satellite approached The Health Plan because they do not have the infrastructure and as a result the Plan has contracted to be their MSO.

7. Discussion item: Model of Care for the Dual Demonstration Project

Dr. Robertson gave a presentation on the Model of Care and essential elements for the Duals Demonstration Coordinated Care Initiative (CCI). Some of the highlights included in the presentation:

- Face-to-face Health Risk Assessments (HRA)
- Individualized Care Plan (ICP)
- Interdisciplinary Care Team (ICT)
- Communication Network
- Long Term Care Alternatives
- Performance and Health Measure Outcomes

8. Discussion item: Notice of Additional Board Meeting

Ms. Darrow commented that there may be an additional board meeting in late May/early April to present final Dual Demo budget, financials and decision to go forward.

9. Committee reports

a. Consumer Affairs Committee

i. Discussion item

A recap of recent Committee proceedings were presented.

b. Provider Advisory Council

i. Discussion item

A recap of recent committee proceedings were presented. Mr. Robertson commented that the three main topics discussed during the last meeting which included an update on the Healthy Families transition, noting that only five PCP's opted out. The Health Plan is very pleased with the minimal amount of disruption during the transition. Also included was an updated from the Pharmaceutical and Therapeutic Committee stating that the Health Plan switched to a new, deeply discounted, glucometer. Lastly, Dr. Robertson commented on the discussion around the retro authorization policy. The Health Plan has requested that these authorizations are processed no longer than 90 days after the procedure.

ii. Action item

Approve nomination for Dr. Thad Padua to join the Provider Advisory Council

Ms. Darrow recognized Paul Estes for his leadership as Chair of the Provider Advisory Council.

It was moved, seconded, and approved to approve the nomination for Dr. Thad Padua to join the Provider Advisory Council

10. Action item: Request for, and approval of, volunteers for Bylaws Committee

Ms. Darrow noted that the Health Plan needed three volunteers for the Bylaws Committee. The reason that the Bylaws need to be reviewed and changed is because the business changed last year and therefore the Bylaws are outdated. Ms. Darrow volunteered Mr. Chris Dawes, Ms. Liz Kniss and Ms. Laura Jones to the Bylaws Committee.

It was moved, seconded, and approved to approve the members of the Bylaws Committee

11. Adjournment

It was moved, seconded, and approved to adjourn the meetings at 4:23pm.

Shannon McNally, Secretary to the Board