

MINUTES
Santa Clara County Health Authority
Executive Committee

Thursday, December 13th, 2012

8:30-10:00 AM

Santa Clara Family Health Plan
210 E. Hacienda Avenue
Campbell CA 95008

Members present:

Mr. Bob Brownstein

Ms. Michele Lew

Mr. Chris Dawes

Dr. Wally Wenner

Members absent:

Dr. Dale Rai

Staff present:

Ms. Elizabeth Darrow, Chief Executive Officer

Mr. Dave Cameron, Chief Financial Officer

Ms. Shannon McNally, Executive Assistant

Mr. Rayne Johnson, Chief Information Officer

Mr. Matt Woodruff, Chief Operations Officer

Others present:

Mr. Chris Pritchard, Moss Adams

Mr. Anthony Bernardino, Moss Adams

1. Roll call

The meeting was called to order at 8:38 a.m. by Mr. Dawes. Roll call was taken, and a quorum was established.

2. Public comment

There was no public comment.

3. Action item: Approve minutes of Executive Committee dated November 15th, 2012.

It was moved, seconded, and approved to approve the minutes as presented

4. Action item: Accept audited financial statements and communications regarding fiscal year 2011-2012

Moss Adams presented the 2011-2012 audited financial statements to the committee. Mr. Pritchard stated that the combined financial statements are fairly presented in accordance with generally accepted accounting principles. The audit was completed on time and everything was found to be in order. Mr. Pritchard also commented that the biggest change was reflected in the net operating loss mainly due to the Health Plan's contribution to Valley Health Plan. There were no adjustments or issues and methodology used by management has been consistent.

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

5. Action item: Accept report from Chief Financial Officer on October 2012 financial statements
 - Operating surplus of \$338k for the month and a loss of \$368k year to date. This compares to a budgeted surplus of \$457k for the month and a loss of \$1.5m year to date.
 - Revenue is \$23.0m for the month and \$87.6m or 0.9% above budget year to date. In fiscal year 2012, DHCS announced that CMS approved key elements of California state bill AB97. AB97 contains cost saving measures in the state's Medi-Cal program that would significantly impact the Plan's revenue rates retroactive to July 1, 2011.
 - September enrollment is at 138,821 or 0.6% below budget. Year to date the Plan is under budget by 0.4%. Membership in Medi-Cal declined by 0.6%. Membership in the Healthy Families and Healthy Kids programs also declined by 1.6% and 6.0% respectively, since 6/30/12
 - Health Care costs were under budget by \$785k, or 3.9%, for the month. Year to date October 2012, health care costs were \$81.7m compared to budget of \$81.7m, resulting in a modestly favorable budget variance of \$2k.

- Overall administrative costs were under budget by \$48k, or -2.9%, and \$287k, or -4.4%, year to date. Administrative expenses were 7.1% of revenues for both the month and year to date October 2012.
- Tangible net equity (TNE) is \$23.8 million compared to the minimum TNE required by the Department of Managed Health Care (DMHC) of \$6.4 million.

Mr. Cameron commented that, pending resolution of AB97 and issuance of next year's rates, DHCS has continued to pay the Plan at rates that were in effect through September 2011. Drafts for new rates for the year October 2012 through September 2013 were received in September 2012. Mr. Cameron also noted that he anticipated a profit with the slight rate increase.

It was moved, seconded, and approved to approve the October 2012 financial statements as presented.

6. Discussion item: IT Update

Mr. Johnson gave an update on the current state of the IT department and the results of his team assessment. Mr. Johnson began by highlighting what was working well for the team such as the implementation of processes that are helping the Health Plan execute effectively as well as achieving HIPAA compliance and DMHC audit readiness. The development of project lifecycle process resulted in 80% on time delivery of solutions with an average 4.6 out of 5 customer satisfaction rating. Mr. Johnson also noted that the department was working on an implementation strategy for the Duals Demonstration Project. RFPs have been issued to industry healthcare services provider leaders for a new operating platform for the dual eligible project and the Xpress Core System configuration was underway as well.

7. Discussion item: CEO Update

Ms. Darrow updated the Executive Committee on the Health Plan activities and initiatives. Ms. Darrow was happy to announce that the Health Plan had hired a new Chief Medical Officer who has 17 years experience in Managed Care and a great fit for the Plan. Dr. Thad Padua's last day would be Friday, December 14th and Dr. Lin would be staying on as a part time Medical Director. Ms. Darrow also commented that there had been no further discussion on a JPA with Valley Health Plan since their meeting last month. Ms. Darrow stated that she had met with State senator Jim Beall to discuss the status of the Healthy Workers program

and to notify him of discontinuing the program at the end of 2013. Ms. Darrow also expressed her appreciation to the members of the Executive Committee for their continued support and participation.

8. Adjournment

It was moved, seconded, and approved to adjourn the meeting at 9:46 a.m.

Shannon McNally, Secretary to the Board