

MINUTES
Santa Clara County Health Authority
Executive Committee

Thursday, October 11th, 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
Dr. Dale Rai
Mr. Chris Dawes
Dr. Wally Wenner

Members absent:

None

Staff present:

Ms. Elizabeth Darrow, Chief Executive Officer
Mr. Dave Cameron, Chief Financial Officer
Mr. Matthew Woodruff, Chief Operations Officer
Mr. Rayne Johnson, Chief Information Officer
Ms. Shannon McNally, Executive Assistant

1. Roll call

The meeting was called to order at 8:32 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 September 13, 2012

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

4. Action Item: Accept report from Chief Financial Officer on July and August 2012 financial statement

Mr. Cameron presented highlights for the two months ending August 2012 financial statement:

- Operating loss of \$632k for the month and \$568,888k year to date. This compare to a budget loss of \$708k for the month and \$1.4m year to date. We are continuing to reserve for the provider rate cuts (AB-97) as the state will likely retroactively apply them to July 1, 2011.
- Revenue is \$559k or 2.6% below budget for the month and \$149k or .4% below budget year to date.
- August enrollment was 138,998 or .2% below budget. Year to date the Plan is under budget by .3%. All lines of business are close to on budget except Healthy Workers which is 8.6% below budget for the first two months of the year.
- Health care costs were over budget by \$590k or 2.9% for the month because of a catch-up in maternity kick payments and \$500k under budget, or 1.2%, year to date.
- Administrative Expenses were \$96k or 5.8% favorable to budget for the month and \$168k or 5.1% favorable year to date. Administrative expenses were 7.1% and 7.3% of revenues for the month and year to date respectively.
- Tangible net equity (TNE) was \$24.0 million or 4.1 times the minimum TNE required by the Department of Managed Health Care (DMHC). The Plan's reserves are roughly \$14.3m below the reserves targeted by the Board of two months capitation revenue.

Mr. Cameron noted that he anticipates another loss in revenue recorded for September and then expects things to stabilize in October with the new rates in place. Mr. Cameron also noted a decrease in membership while health care costs were in line with volume and administrative costs were below budget again. The Health Plan continues to reserve for the provider rate cuts and the Medi-Cal decrease that will be retroactive to July 1, 2011 and October 1, 2011.

Committee members recommended making the financial status of the Health Plan more prominent in the monthly Executive Committee meetings and Governing Board meetings.

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

5. Discussion item: Healthy Families Transition

Mr. Woodruff gave an in depth overview of the transition of Health Families into Medi-Cal. The Health Plan is in the first transition phase which begins in January 2013. Mr. Woodruff noted that the transition appears to be seamless for members right now. Only 2.6% disruption, based on current contracted PCPs, to Healthy Families members. Five PCPs are not going to accept Medi-Cal patients. All of these PCPs are in PMG representing 431 members. Health Plans have been told to expect reporting requirements that mirror what was done for SPDs.

6. Discussion item: Joint Powers Authority

Ms. Darrow commented that, during a recent discussion on the possibility of a JPA with the County, she has recommended that the organizations meet with County Counsel to negotiate the terms. Ms. Darrow also commented that negotiations could take a long time and that the Executive Committee will be updated as things move forward.

Executive Session

7. Adjourn to closed session

a. Real Property Negotiations (Government Code Section 54956.8)

It is the intention of the Executive Committee of the Santa Clara County Health Authority Governing Board to meet in Closed Session to confer with its Real Property Negotiators concerning:

The price and terms for the possible acquisition of real property located at 210 E. Hacienda Avenue, Campbell, CA 95008, APN 424-33-121. The negotiator for the Health Authority is Dave Cameron, Chief Financial Officer. The other negotiating party is the owner of the 210 E. Hacienda Avenue property.

8. Report from closed session

The Executive Committee discussed property negotiations. No action was taken.

9. Adjournment

It was moved, seconded, and approved to adjourn the meeting at 9:19 a.m.

Shannon McNally, Secretary to the Board