

**MINUTES**  
**Santa Clara County Health Authority**  
**Governing Board Regular Meeting**

Thursday, September 27, 2012  
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  
Dr. Adel Abi-Hanna  
Ms. Laura Jones  
Mr. Daniel Peddycord  
Mr. Christopher Dawes (via teleconference)  
Ms. Pattie DeMellopine

Board members not present:

Ms. Judy Chirco  
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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. Thad Padua, Medical Director  
Ms. Kathleen King, Executive Director, Foundation  
Ms. Shannon McNally, Secretary  
Ms. Beth Paige, Compliance Officer  
Ms. Sharon Valdez, VP of Human Resources  
Ms. Pat McClelland, VP of Member Operations  
Mr. Rene Santiago, Deputy County Executive and Director of Santa Clara Valley Health and Hospital Systems

Mr. Jim Gross, Partner, Nielsen Merksamer Parrinello Gross & Leoni LLP – Legal Counsel to the Board  
Ms. Jennifer Sprinkles, Deputy County Counsel, County of Santa Clara  
Mr. Miguel Moreno, County of Santa Clara  
Anonymous Health Plan Member, Public

1. Roll Call

Chairman Lew called the meeting to order at 2:36pm. Roll call was taken, and a quorum was established.

2. Action item: Review and approval of May 24<sup>th</sup>, 2012 meeting minutes

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

3. Public comment

A member of the Health Plan expressed general concerns about how the health plan handles privacy and restriction of protected health information, prior authorizations and payment for medications.

4. Report of executive Committee

a. Action items:

1. Acceptance of April through June 2012 financial statements

Mr. Cameron presented highlights for the nine months ending June 2012 financial statement:

- Operating surplus of \$249,000 for the month and \$9.5 million loss year to date. This includes the one-time Board approved payment made in April of \$10 million to the safety net.
- Revenue is \$2.0 million or 8.2% below budget for the month and \$12.8 million or 4.9% below budget year to date.
- June enrollment was 140,034 or 6.7% below budget. Year to date the Plan is under budget by 3.0%. Medi-Cal enrollment was under budget 7.0% for the month and 3.0% under budget year to date. Healthy Families and Healthy Kids are below budget year to date by 1.8% and 6.0% respectively.

- Health care costs were under budget by \$165 thousand or 0.8% for the month and \$3.5 million under budget or 1.5% year to date.
- Administrative Expenses were \$156,000 or 10.4% unfavorable to budget for the month and \$1.5 million or 7.8% favorable year to date. Administrative expenses were 7.3% and 7.2% of revenues for the month and year to date respectively.
- Tangible Net Equity was \$26.6 million or 4.5 times the minimum TNE required by the Department of Managed Health Care. The Plan's reserves are roughly \$11.8 million below the reserves targeted by the Board of two months capitation revenue.
- Healthy Kids accumulated surplus from FY2010 and 2011 of \$2.5 million was redirected to support the County safety net. For FY 2012 excess funds accumulated to future Healthy Kids premiums is \$675,758.

Mr. Cameron stated that the \$9.5M loss included the \$10M board designated fund which was paid to the safety net. Recording the AB-97 provider reductions as well as the rate reductions received a year ago, but not yet implemented, were also significant to the loss of revenue. The Health Plan continues to reserve for the provider rate cuts and the Medi-Cal rate decrease that will be retroactive to July 1, 2011 and October 1, 2011. Mr. Cameron also noted that Administrative costs have gone up for the first time in several months due to employees returning from leave of absence as well as an increase in hiring.

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

## 2. Ratification of budget for FY2012-2013

Mr. Cameron presented the 2012-2013 budget to the Governing Board members. Fiscal year 11/12 was a year of significant growth and challenges for the Health Plan. The Seniors and People with Disabilities (SPD) have had a major impact on all departments at the Health Plan due to clinical complexity and reporting requirements arising from mandatory enrollment. The overall average revenue PMPM is higher due to the full impact of SPDs. Projected medical costs show increases overall but specifically in pharmacy and hospital costs related to the SPDs. Ms. Darrow also noted that the Health Plan has had to increase staff to manage the SPD population.

**It was moved, seconded, and approved** to accept ratification for FY2012-2013 budget as presented.

3. Nomination of Dr. Wally Wenner to SCCCHA Executive Committee

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

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

**It was moved, seconded, and approved** to accept the revised Appendix A as presented.

6. Discussion item: Joint Powers Authority

Mr. Gross, General Counsel to the Health Plan, gave an in depth review of the definition and meaning of Joint Powers Authority as it relates to the Health Authority based on the recommendations by A&M on the Unified Managed Care Strategy. Mr. Gross noted that a JPA must be specific and limited to the only power possessed by SCFHP which is the authority to provide medical insurance coverage. Mr. Gross further noted that VHP and SCVMC are arms of Santa Clara County – a public agency with broad and numerous powers. Finally, the organizations must agree on the specifics of the JPA and the creation of the JPA will require extensive legal and regulatory review.

7. Discussion item: Employee Satisfaction Survey

Ms. Valdez shared the results from the SCFHP Employee Satisfaction Survey with the Governing Board. The results highlighted the areas of strength and the key areas for improvement. Ms. Valdez also gave an update on the steps that are currently being taken to continue to measure progress and demonstrate commitment to the Health Plan employees.

8. Discussion item: 2012 HEDIS Results

Dr. Padua presented the 2012 HEDIS results for the Health Plan. Measures are based on data collected administratively and through medical record review. The Health Plan's performance determines the auto assignment default algorithm. Overall the Health Plan is doing well in all HEDIS measures. Improvement is needed in postpartum care and lead screening.

9. Discussion item: Dual Demonstration Project

Ms. Darrow stated that the Health Plan has applied for the Medicare Dual Demonstration project, having submitted all applications, and are waiting for CMS approval. Ms. Darrow also noted that the Health Plan is still waiting for the final rules and payment methodology to be published. Once these are made public our actuaries will perform an in depth assessment and the management team will present a Medicare pro forma for Board approval.

10. 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.

11. Adjournment

**It was moved, seconded, and approved** to adjourn the meetings at 4:46pm.

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Shannon McNally, Secretary to the Board