

AGENDA
Santa Clara County Health Authority
Executive Committee

Thursday, September 13, 2012

8:30-10:00 AM

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

1. Roll call Christopher Dawes

2. Public comment Christopher Dawes

Members of the public may speak to any item not on the agenda; 2 minutes per speaker. The Committee reserves the right to limit the duration of public comment period to 30 minutes.

3. Action item: Approve minutes of Executive Committee dated June 14, 2012 Christopher Dawes

4. Action item: Accept report from Chief Financial Officer on May and June 2012 financial statements Dave Cameron

5. Action item: Approve SCFHP 2012-2013 Budget Dave Cameron

6. Discussion item: Medicare Dual Demonstration Elizabeth Darrow

An update on Medicare Dual Demonstration will be discussed

7. Discussion item: A&M Project Update Elizabeth Darrow

An update on the status of the A&M project work as a result of the Board of Supervisors meeting held on March 20, 2012, will be discussed

Executive Session

8. Adjourn to closed session

Christopher Dawes

a. Rates of payment for hospital providers (Welfare and Institutions Code 14087.38, subdivision (m))

It is the intention of the Executive Committee to meet in closed session to discuss matters pertaining to rates of payment for hospital providers.

9. Adjournment

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.
- In compliance with the Americans with Disabilities Act, those requiring accommodations in this meeting should notify Shannon McNally 24 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.

MINUTES
Santa Clara County Health Authority
Executive Committee

Thursday, June 14th, 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. Patrick Love
Dr. Dale Rai

Members absent:

Mr. Chris Dawes

Staff present:

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

Others Present:

Mrs. Kathleen King, Executive Director, Santa Clara Family Health Foundation
Mr. Dana Ditmore, Chair, Santa Clara Family Health Foundation
Susi Wilson, Santa Clara family Health Foundation Board Member

1. Roll call

The meeting was called to order at 8:37 a.m. by Vice Chair, Mr. Brownstein. 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 May 17, 2012

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

4. Action Item: Accept report from Chief Financial Officer on April 2012 financial statement

Mr. Cameron presented highlights for the ten months ending April 2012 financial statement:

- Operating loss of \$10.3 million for the month and \$9.5 million year to date. This includes the one time Board approved payment made in April of \$10m to the safety net.
- Revenue is \$2.1 million or 8.7% below budget for the month and \$8.6 million or 4.1% below budget year to date.
- April enrollment was 139,424 or 4.9% below budget. Year to date the Plan is under budget by 2.3%. Medi-Cal enrollment was under budget 5.0% for the month and 2.3% under budget year to date. Healthy Families and Healthy Kids are below budget year to date by 1.5% and 5.3% respectively.
- Health Care costs were under budget by \$433,000 or 2.1% for the month and \$2.2 million under budget or 1.2% year to date.
- Administrative Expenses were \$91,000 or 5.8% favorable to budget for the month and \$1.6 million or 10.3% favorable year to date. Administrative expenses were 6.8% and 7.1% of revenues for the month and year to date respectively.
- Tangible net equity (TNE) was \$26.6 million or 4.9 times the minimum TNE required by the Department of Managed Health care (DMHC). The Plan's reserves are roughly \$11.4 million below the reserves targeted by the Board of two months capitation revenue.

Mr. Cameron commented that the Health Plan is continuing to reserve for the provider rate cuts (AB-97) that will be retroactively applied back to July 1, 2011. The Health Plan Board had previously made the decision to not pass on the rate cuts to providers, however, depending on the new rates the Plan may need to adjust rates to the providers. Mr. Cameron also noted that the \$10.3 million operating loss includes the \$10 million paid to the county safety net.

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

5. Discussion item: Santa Clara Family Health Foundation

Mr. Dana Ditmore, Chair of the Santa Clara Family Health Foundation, gave a presentation to the Executive Committee focusing on the relationship between the Foundation and the Health Plan. Santa Clara Family Health Foundation supports the Health Plan through resource development and outreach on behalf of the community. Mr. Ditmore commented that he had become concerned with the (unintended) separation and wants to reenergize the working relationship between the two organizations. By way of further comment, Mr. Ditmore recommended continuous participation and communication. Ms. Darrow commented that having the Foundation leaders join the Governing Board annual retreat may be something to consider.

6. Discussion item: Budget Prep for Next Fiscal year

Mr. Cameron commented that the Health Plan was in the process of finalizing the budget for 2013 noting that the Plan is being as conservative and aggressive as possible. While there was nothing formal to present at this time, Mr. Cameron hoped to have more information to present to the Committee in August.

7. Discussion item: A&M Project Update

Ms. Darrow commented that she had met with A&M and the County and felt that there was some alignment on moving the project forward. The next steps are to have a session together to map out consensual framework and to formulate into more open discussions. Ms. Darrow also noted that she would continue to update the Committee on the progress of the A&M project.

8. Adjournment

It was moved, seconded, and approved to adjourn the meeting at 9:43 a.m.

Shannon McNally, Secretary to the Board



Financial Statement Highlights for the 12 months ending 6-30-12

- Operating Loss of \$249k for the Month and \$9.5m loss year to date. This includes the One-Time Board approved payment made in April of \$10.0 m to the safety net.
- Revenue is \$2.0m or 8.2% below budget for the month and \$12.8m or 4.9% below budget year to date. We are continuing to reserve for the provider rate cuts (AB-97) and our Medi-Cal rate decrease that will be retroactively applied to July 1st, 2011 and October 1, 2011 respectively. The Plan is currently absorbing all rate cuts and not passing any reductions to our network providers.
- June enrollment is at 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 \$165k or 0.8% for the month and \$3.5m under budget or 1.5% year to date.
- Administrative Expenses are \$156k or 10.4% unfavorable to budget for the month and \$1.5m 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 (TNE) was \$26.6m or 4.5 times the minimum TNE required by the Department of Managed Health Care (DMHC). The Plan's reserves are roughly \$11.8m below the reserves targeted by the Board of two months capitation revenue.
- Healthy Kids accumulated surplus from FY 2010 & 2011 of \$2.5 million was redirected to support the County safety net. For FY 2012 excess funds accumulated for future Healthy kids premiums is \$675,758

**Santa Clara County Health Authority
Enrollment Summary by Network
June 2012**

	Medi-Cal		Healthy Families		Healthy Kids		AG		Healthy Workers		Total	
	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>	<u>Enrollment</u>	<u>% of Total</u>
Network 1	6,567	6%	712	4%	169	3%	129	100%	0	0%	7,577	5%
Network 2: SCVHHS, Safety Net	59,395	51%	5,746	34%	4,298	69%	0	0%	486	100%	69,925	50%
Palo Medical Foundation	2,609	2%	754	4%	66	1%	0	0%	0	0%	3,429	2%
Physicians Medical Group	30,669	26%	7,740	46%	1,541	25%	0	0%	0	0%	39,950	29%
Premier Care	8,117	7%	1,921	11%	143	2%	0	0%	0	0%	10,181	7%
Kaiser	8,972	8%	0	0%	0	0%	0	0%	0	0%	8,972	6%
Community Clinics	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Total	<u>116,329</u>	<u>100%</u>	<u>16,873</u>	<u>100%</u>	<u>6,217</u>	<u>100%</u>	<u>129</u>	<u>100%</u>	<u>486</u>	<u>100%</u>	<u>140,034</u>	<u>100%</u>
Enrollment @ 6-30-11	<u>106,668</u>		<u>17,417</u>		<u>6,820</u>		<u>131</u>		<u>293</u>		<u>131,329</u>	
Net % Change from Beginning of FY	<u>9.06%</u>		<u>-3.12%</u>		<u>-8.84%</u>		<u>-1.53%</u>		<u>65.87%</u>		<u>6.63%</u>	

**Santa Clara County Health Authority
Balance Sheet**

	<u>6/30/2012</u>	<u>5/31/2012</u>	<u>4/30/2012</u>	<u>6/30/2011</u>
Assets				
Current Assets				
Cash and Marketable Securities	\$ 53,399,695	\$ 50,900,882	\$ 33,135,122	\$ 53,105,220
Premiums Receivable	5,105,903	4,401,335	24,549,208	5,377,960
Due from Santa Clara Family Health Foundation - net	34,629	35,737	33,081	72,459
Prepaid Expenses and Other Current Assets	<u>716,693</u>	<u>639,705</u>	<u>787,001</u>	<u>629,975</u>
Total Current Assets	59,256,920	55,977,659	58,504,412	59,185,614
Long Term Assets				
Equipment	6,320,782	6,310,794	6,158,945	5,941,099
Less: Accumulated Depreciation	<u>(5,568,491)</u>	<u>(5,514,589)</u>	<u>(5,461,143)</u>	<u>(4,911,672)</u>
Total Long Term Assets	<u>752,291</u>	<u>796,205</u>	<u>697,802</u>	<u>1,029,427</u>
Total Assets	<u>\$ 60,009,211</u>	<u>\$ 56,773,864</u>	<u>\$ 59,202,214</u>	<u>\$ 60,215,041</u>
Liabilities and Net Assets				
Liabilities				
Trade Payables	\$ 2,145,127	\$ 1,820,658	\$ 5,246,623	\$ 4,035,666
Employee Benefits	734,733	738,333	744,375	731,571
Retirement Obligation per GASB 45	0	440,000	400,000	-
Due to Santa Clara County Valley Health Plan	1,145,623	685,207	815,942	3,091,105
Advance Premium - Healthy Kids	61,520	63,941	72,335	71,600
QIF Fees Payable	-	-	-	715,745
AB 97 Reserve/Rate Reductions	12,650,821	11,205,053	9,754,689	-
Medical Cost Reserves	<u>16,680,921</u>	<u>14,981,072</u>	<u>15,536,409</u>	<u>15,475,585</u>
Total Liabilities	33,418,744	29,934,264	32,570,373	24,121,272
Net Assets / Reserves				
Invested in Capital Assets	752,291	796,205	697,802	1,029,427
Restricted under Knox-Keene agreement	305,350	305,350	305,350	305,350
Board Designated Reserve - Healthy Kids	-	-	-	2,542,324
Unrestricted Net Equity	35,036,128	34,992,214	35,090,617	21,225,911
Current YTD Income (Loss)	<u>(9,503,302)</u>	<u>(9,254,169)</u>	<u>(9,461,929)</u>	<u>10,990,758</u>
Net Assets / Reserves	<u>26,590,467</u>	<u>26,839,599</u>	<u>26,631,840</u>	<u>36,093,769</u>
Total Liabilities and Net Assets	<u>\$ 60,009,211</u>	<u>\$ 56,773,864</u>	<u>\$ 59,202,214</u>	<u>\$ 60,215,041</u>