

MINUTES
Santa Clara County Health Authority
Executive Committee

Thursday, September 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

Dr. Dale Rai

Mr. Chris Dawes

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

Others Present:

Dr. Wally Wenner, Physician

1. Roll call

The meeting was called to order at 8:33 a.m. by Ms. Lew. 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 June 14, 2012

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

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

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

- Operating loss of \$249k 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 \$2.0 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 \$165,000 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 (TNE) was \$26.6 million or 4.5 times the minimum TNE required by the Department of Managed Health care (DMHC). The Plan's reserves are roughly \$11.8 million below the reserves targeted by the Board of two months capitation revenue.

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 our Medi-Cal 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.

5. Action item: Approve SCFHP 2012-2013 Budget

Mr. Cameron presented the 2012-2013 budget to the Executive Committee members. Fiscal year 11/12 was a year of significant growth and challenges for the Health Plan. The SPD (Seniors and People with Disabilities) has had a major impact on all departments at the Health Plan due to clinical complexity and issues 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 impact of mandatory enrollment of SPDs. Ms. Darrow also noted that the Health Plan has had to increase staff to manage the SPD population. Ms. Darrow also recognized the finance team for their contribution and hard work in creating the budget.

It was moved, seconded, and approved to accept the 2012-2013 budget as presented.

6. Discussion item: Medicare Dual Demonstration

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 and operations teams will begin full scale implementation, assuming the payment methodology makes the program viable long term.

7. Discussion item: A&M Project Update

Ms. Darrow commented that the Board of Supervisors had a recent discussion about moving forward with a JPA (Joint Powers authority). Committee members were concerned with the reasons why a JPA would be needed or wanted. Ms. Darrow noted that a JPA is usually negotiated between all parties. The Executive Committee suggested having the Health Plan's General Council attend the upcoming Board meeting to give an in depth review of the definition and meaning of JPA as it relates to the Health Authority based on the recommendations by A&M on the Unified Managed Care Strategy

Executive Session

8. Adjourn to closed session
 - 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.

Report from closed session

9. The Executive Committee discussed provider contracts and has given authority to the Chief Executive Officer and the Chief Financial Officer to negotiate based on certain parameters. Adjournment
10. Adjournment

It was moved, seconded, and approved to adjourn the meeting at 10:03 a.m.

Shannon McNally, Secretary to the Board