

MINUTES
Santa Clara County Health Authority
Governing Board Regular Meeting

Thursday, May 24th, 2012
2:30 PM-5:00 PM
210 E. Hacienda Avenue
Campbell CA 95008

Board members present:

Ms. Michele Lew
Mr. Bob Brownstein
Ms. Judy Chirco
Mr. Patrick Love
Dr. Dale Rai
Dr. Wally Wenner
Ms. Emily Harrison
Dr. Adel Abi-Hanna

Board members not present:

Ms. Hao Bui
Hon. Liz Kniss
Mr. Christopher Dawes
Mr. Daniel Peddycord
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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. Ron Schmidt, VP Information Systems
Ms. Emily Hennessy, Foundation, Finance Director
Dr. Thad Padua, Medical Director
Ms. Kathleen King, Executive Director, Foundation
Ms. Shannon McNally, Recording Secretary
Ms. Kathleen McCarthy, Compliance Officer
Ms. Sharon Valdez, VP of Human Resources
Ms. Pat McClelland, VP of Member Operations
Mr. Robin Roche, Consultant
Mr. Greg Price, CEO of Valley Health Plan

Dr. Jeff Smith, County Executive, County of Santa Clara
Mr. Rene Santiago, Deputy County Executive and Director of Santa Clara Valley Health and Hospital Systems
Ms. Cindy Chavez, WPOSA
Ms. Amy Carta, Assistant Director, Santa Clara Valley Health & Hospital System
Mr. Jim Gross, Partner, Nielsen Merksamer Parrinello Gross & Leoni LLP – Legal Counsel to the Board

1. Roll Call

Chairman Lew called the meeting to order at 2:38pm. Roll call was taken, and a quorum was established.

2. Action item: Review and approval of February 2012 meeting minutes

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

3. Public comment

There was no public comment.

4. Recognition of Hao Bui

The Governing Board recognized Hao Bui's service as a SCCHA Governing Board member. Hao Bui served on the board for twelve years and her final term will expire on June 30, 2012.

5. Report of executive Committee

a. Action items:

1. Acceptance of January through March 2012 financial statements

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

- Operating surplus of \$29,000 for the month and \$806,000 year to date.
- Revenue is \$2.3 million or 9.9% below budget for the month and \$6.5 million or 3.5% below budget year to date.

- March enrollment was 138,182 or 4.6% below budget. Year to date the Plan is under budget by 2.0%. Medi-Cal enrollment was under budget 4.7% for the month and 1.9% under budget year to date. Healthy Families and Healthy Kids are below budget year to date by 1.4% and 4.8% respectively.
- Health Care costs were under budget by \$1.2 million or 5.8% for the month and \$1.8 million under budget or 1.1% year to date.
- Administrative Expenses were \$127,000 or 7.9% favorable to budget for the month and \$1.6 million or 10.8% favorable year to date. Administrative expenses were 7.2% and 7.1% of revenues for the month and year to date respectively.
- The Plan has Unrestricted Net Equity of \$32.5 million and \$2.5 million of Board designated reserved for Healthy Kids premiums.

Mr. Cameron commented that the Health Plan has been diligently working on next fiscal year budget stating that the new rates will be out on July 1, 2012. Mr. Cameron also noted 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. Ms. Darrow commented that the Health Plan Board had previously made the decision to not pass on the rate cuts to providers, however, based on the new rates the Plan may not be able to sustain this. The percentage of the provider cut is unknown.

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

2. Accept resignation from Elizabeth Pianca

It was moved, seconded, and approved to accept resignation as presented

3. Accept appointment of Shannon McNally as Secretary of the SCCHA Governing Board

It was moved, seconded, and approved to accept the appointment as presented

b. Discussion items:

1. SPDs (Seniors and People with Disabilities)

Ms. Darrow commented that the SPD population has been dominating the focus of the Health Plan. The Health Plan has 11,471 mandatorily enrolled SPD members as of 04/01/12. Clinical Case Managers continue to work with our independent network providers as well as our delegated networks to provide SPD members with care coordination. Mr. Cameron added that current experience is showing a decrease in

family aide code (moms and kids) and an increase in adults. Mr. Cameron also noted that the Health Plan wants more current data used in order to get appropriate rates from the state. Dr. Padua, Medical Director, gave a presentation to show SPD membership numbers and their risk assessment category as well as the impact that this population is having on the Health Plans pharmacy utilization. Chronic conditions impact the per capita spending. Dr. Padua commented that by eliminating readmissions, lowering costs and working as a team in the community it is possible to decrease this adverse impact.

2. Healthy Kids

Mr. Woodruff gave a review of the Healthy Kids program regarding eligibility and enrollment process changes. Mr. Woodruff commented that, over the life of the program, the Health Plan had not been following the enrollment and eligibility procedures originally intended for the program. There is a concern about funding, which has sharply decreased. The Health Plan is now applying the enrollment and eligibility procedures. State and Federal Governments are auditing the Health Plan on missing information. The goal is to find out if children qualify for Medi-Cal or Healthy Families or other insurance programs. Mr. Woodruff commented that the Health Plan has had a few members who were hesitant to send in their paperwork because they were undocumented. Board member Chirco expressed her concern around whether the Plan seemed approachable or non-threatening. Mr. Woodruff assured the Board that the Health Plan is very sensitive to this issue and in no way pushes for information. Mr. Woodruff also noted that there is no longer a wait list for the Healthy Kids program.

6. Discussion item: A&M and County Presentation

Mr. Santiago and Dr. Smith attended the Governing Board meeting to give an update on the Unified Managed Care project and to discuss recent changes to the Authority's ordinance. Seeking to create a unified managed care strategy, A&M has requested that the County submit detailed information on financials, operation statistics, etc. and has been conducting a series of interviews which will be reported back to the Board of Supervisors. Dr. Smith commented that the internal report would be discussed in the Health and Hospital Committee meeting scheduled for May 29th, at 1:00pm. By way of further conversation, Dr. Smith commented that everyone should be concerned with the County's financial statements, especially in the last eight months. Dr. Smith also noted that Santa Clara County is one of two counties left that has two public plans and expressed his concerns that it may not be the best or most efficient way of doing things. Dr. Smith went on to say that the

concept of the Unified Managed Care project was for the Health Plan and the County to ensure long term viability.

Members of the Board raised questions and concerns around the Health Authority nomination process and the future of their seats on the Governing Board wanting to know what the changes to the ordinance meant for appointments and reappointments to its current members. Dr. Smith commented that there was no great desire on the Board of Supervisors part to change the structure of the current board and that he did not anticipate immediate change.

7. Committee Reports

a. Consumer Affairs Committee

1. Discussion item

Dr. Wenner reported on recent proceedings of the Consumer Affairs Committee. Minutes from the most recent CAC meeting were included in the board packet, dated march 13. 2012. There were no questions and no further discussion.

b. Provider Advisory Council

1. Discussion item

Dr Padua reported on recent proceedings of the Provider Advisory Council. There were no questions and no further discussion.

2. Action item:

Approve nomination for Dr. Kenneth Phan to join the Provider Advisory Council.

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

8. Report if the Chief Executive Officer

Discussion items:

a. Status of State Budget

Ms. Darrow gave an overview of the May revise highlights stating that the deficit has increased from \$9.2B to \$15.7B due to weak revenue, Prop 98 funding, and unsuccessful proposed reductions from the January budget.

b. Status of Dual Demonstration Project

Ms. Darrow gave an update on the Health Plan submission for the Dual Demonstration project stating that this would be an opportunity to expand the Plan's portfolio. By way of further discussion, Ms. Darrow commented that the Health Plan would be contracting with DHCS and CMS and also that the project gives the Plan a chance to return to Medicare. Some advantages include having beneficiaries mandatorily enrolled and a much more streamlined process with an integrated delivery model. Ms. Darrow also noted that the Plan has several employees who have experience in Medicare; however, the demonstration also requires the Plan take risk for long-term care and In House Support Services (IHSS) which are new services for the Plan to administer. This will require staff recruitment and in-house expertise. Ms. Darrow commented that the Health Plan was selected for the second phase which will begin on March 1, 2013.

9. Adjournment

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

Shannon McNally, Secretary to the Board