

MINUTES
Santa Clara County Health Authority
Executive Committee

Thursday, February 16th, 2012

8:30-10:00 AM

Santa Clara Family Health Plan

210 E. Hacienda Avenue

Campbell CA 95008

408-874-1720

Members present:

Mr. Bob Brownstein

Ms. Michele Lew

Mr. Patrick Love

Members absent:

Mr. Chris Dawes

Dr. Dale Rai

Staff present:

Ms. Elizabeth Darrow, Chief Executive Officer

Mr. Dave Cameron, Chief Financial Officer

Mr. Matthew Woodruff, Chief Operations Officer

Ron Schmidt, VP of Information Technology

Ms. Shannon McNally, Executive Assistant

1. Roll call

The meeting was called to order at 8:32 a.m. by 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, January 12, 2012

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

4. Action item: Accept report from Chief Financial Officer on December 2011 financial statement.

Mr. Cameron presented highlights for the six months ending December 2011 financial statement:

- Operating surplus of \$19k for the month of December and \$710k year to date.
- Revenue is \$994k or 4.7% below budget for December and \$1.6 million or 1.3% below budget year to date.
- December enrollment was 135,871 or 2.75% below budget. Year to date the Plan is under budget by 0.9%. All lines of business were slightly below budgeted levels.
- Administrative Expenses were \$124k or 11.4% favorable to budget for December and \$1.1 million or 11.4% favorable year to date. Administrative expenses were 7.4% and 7.3% of revenues for the month and year to date respectively.
- The plans Unrestricted Net Equity of \$32.4M is approximately \$1.5M above the reserves target established by the Board of two months capitation revenue.

Mr. Cameron commented that the Health Plan has seen significant growth with the SPD population. Mr. Cameron also noted that the Health Plan is continuing to reserve for the provider rate cuts (AB-97) that will be retroactively applied to July 1, 2011. The Plan is currently absorbing all rate cuts and not passing any reductions on to network providers.

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

5. Action item: Accept Moss Adams proposal to perform FY2011-2012 Audit.

Mr. Cameron presented a proposal from Moss Adams to perform the FY2011-2012 audit for the Health Plan. Mr. Cameron noted that Moss Adams is charging the same audit fee that they have charged for the last two years and recommended that we continue to use their services.

Mr. Brownstein noted that the Health Plan should look at using other companies moving forward. Ms. Darrow noted that the Health Plan would be more

aggressive in advocating this, however, with the many outside audits currently going on it was to the Health Plans advantage to remain with Moss Adams for the time being.

It was moved, seconded, and approved to accept the Moss Adams proposal as presented.

6. Action item: Approve contract amendment with VMC

This item was deferred and no action was taken.

7. Discussion item:

a. Reductions in Medi-Cal Payments

Mr. Cameron commented that there was an injunction by a federal judge that is going to be appealed by DHCS and we don't yet know how that will impact proposed cuts.

Ms. Darrow also commented that hospitals, physicians, skilled nursing facilities, etc. are all adamantly opposed to any cuts. DHCS will appeal, but the argument for California providers is very strong since California provider payments are the lowest in the country. Ms. Darrow stated that Health Plan rates could still be decreased. Ms. Darrow noted that SPD, duals and long term care are the future. She further noted this is the expansion population in 2014.

b. Review Investment Policy

Mr. Cameron included a copy of the Health Plans investment policy for review. Mr. Cameron commented that all excess funds are with the County Treasury portfolio and, when compared with the State, the yield for the past several years is double. Mr. Cameron noted that he is very satisfied with this policy.

8. Adjourn to closed session

a. Real Property Negotiations (Government Code 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 discuss Real Property.

b. Personnel (Government Code 54957)

It is the intention of the Committee to meet in closed
session to consider the performance evaluation of the
Chief Executive Officer.

9. Report from closed session

The Executive Session was deferred.

10. Adjournment

It was moved, seconded, and approved to adjourn the meeting at 8:58 a.m.

Elizabeth G. Pianca, Secretary to the Board

Shannon McNally, Recorder to the Board



Financial Statement Highlights for the 7 months ending 1-31-12

- Operating Loss of \$68k for the Month and \$710k year to date.
- Revenue is \$1.4m, or 6.4%, below budget for the month and \$3.0m, or 2.1%, 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.
- January enrollment is at 136,670, or 3.4%, below budget. Year to date the plan is under budget by 1.3%. Medi-Cal enrollment was under budget 3.4% for the month and 1.2% under budget year to date. Healthy Families and Healthy Kids are below budget year to date by 1.0% and 4.1% respectively.
- Health Care costs were under budget by \$599k, or 3.1%, in January and \$371k under budget, or .03%, year to date.
- Administrative Expenses are \$95k, or 5.9%, favorable to budget for the month and \$1.2m, or 10.7%, favorable year to date. Administrative expenses were 7.4% and 7.3% of revenues for the month and year to date respectively.
- The plans Unrestricted Net Equity of \$32.4m is approximately \$2.6M below the reserves target established by the Board of two months capitation revenue.

Santa Clara County Health Authority

STATEMENT OF OPERATIONS

BY LINE OF BUSINESS (INCLUDING ALLOCATED EXPENSES)

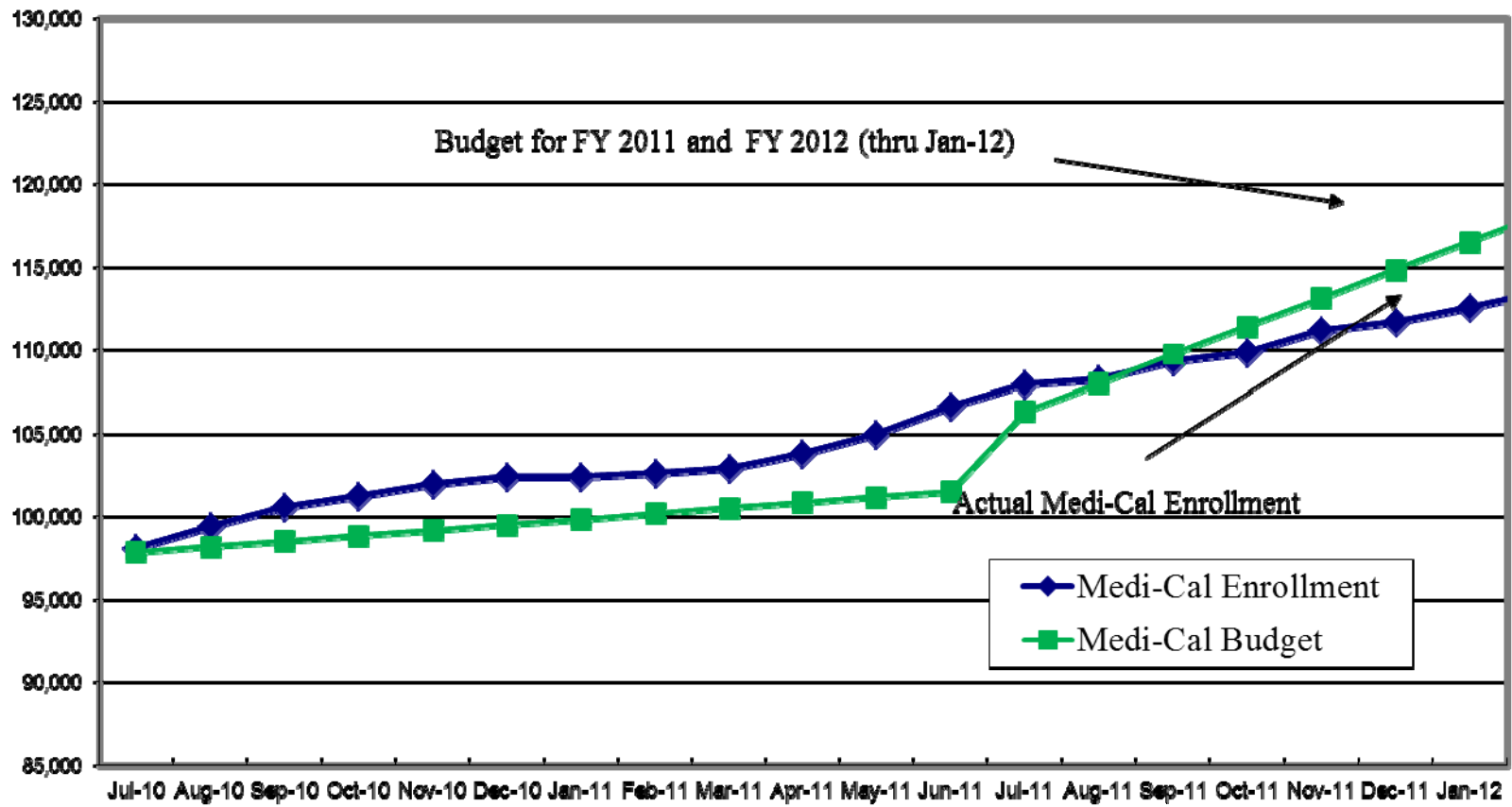
	<u>MONTH OF JANUARY 2012</u>						<u>SEVEN MONTHS ENDED JANUARY 31, 2012</u>					
	Medi-Cal	Healthy Families	Healthy Kids	Agnews	Healthy Workers	Grand Total	Medi-Cal	Healthy Families	Healthy Kids	Agnews	Healthy Workers	Grand Total
	P&L (ALLOCATED BASIS)											
REVENUE	\$18,223,254	\$1,184,374	\$661,217	174,000	91,700	\$20,334,545	\$123,323,019	\$8,356,569	\$4,700,308	\$1,157,846	572,300	\$138,110,041
MEDICAL EXPENSES	17,251,157	917,451	551,502	\$83,517	\$66,388	\$18,870,015	115,167,328	7,301,282	3,808,658	590,429	419,983	\$127,287,680
GROSS MARGIN	972,096	266,923	109,715	90,483	25,312	\$1,464,529	8,155,691	1,055,287	891,650	567,417	152,317	\$10,822,361
ADMINISTRATIVE EXPENSES (indirect costs subject to % MM allocation)	1,243,503	188,617	71,691	1,458	4,441	\$1,509,710	8,214,469	1,286,758	494,027	9,728	26,500	\$10,031,483
OPERATING INCOME/(LOSS)	(271,407)	78,306	38,024	89,025	20,871	(45,181)	(58,778)	(231,471)	397,623	557,688	125,817	790,879
OTHER INCOME/EXPENSE (% of mm Allocation)	(18,518)	(2,809)	(1,068)	(22)	(66)	(22,482)	(121,888)	(19,093)	(7,330)	(144)	(393)	(148,850)
NET INCOME/ (LOSS)	(\$289,924)	\$75,497	\$36,956	\$89,004	\$20,805	(\$67,663)	(\$180,666)	(\$250,564)	\$390,292	\$557,544	\$125,423	\$642,029
PMPM ALLOCATED P&L:												
REVENUE	\$161.88	\$69.36	\$101.88	\$1,318.18	\$228.11	\$148.79	\$159.97	\$69.20	\$101.38	\$1,268.18	\$230.12	\$146.70
MEDICAL EXPENSES	153.25	53.73	84.98	632.70	165.14	138.07	149.39	60.46	82.15	646.69	168.87	135.20
GROSS MARGIN	8.64	15.63	16.91	685.48	62.96	10.72	10.58	8.74	19.23	621.49	61.25	11.50
ADMINISTRATIVE EXPENSES	11.05	11.05	11.05	11.05	11.05	11.05	10.66	10.66	10.66	10.66	10.66	10.66
OPERATING INCOME/(LOSS)	(2.41)	4.59	5.86	674.43	51.92	(0.33)	(0.08)	(1.92)	8.58	610.83	50.59	0.84
OTHER INCOME / (EXPENSE)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)
NET INCOME / (LOSS)	(\$2.25)	\$4.75	\$6.02	\$674.60	\$52.08	(\$0.17)	\$0.08	(\$1.76)	\$8.73	\$610.99	\$50.75	\$1.00
ALLOCATION BASIS:												
MEMBER MONTHS - Month and YTD	112,571	17,075	6,490	132	402	136,670	770,920	120,761	46,364	913	2,487	941,445
% of Member Months	82.37%	12.49%	4.75%	0.10%	0.29%	100.00%	81.89%	12.83%	4.92%	0.10%	0.26%	100.00%

Santa Clara Family Health Plan Enrollment Summary

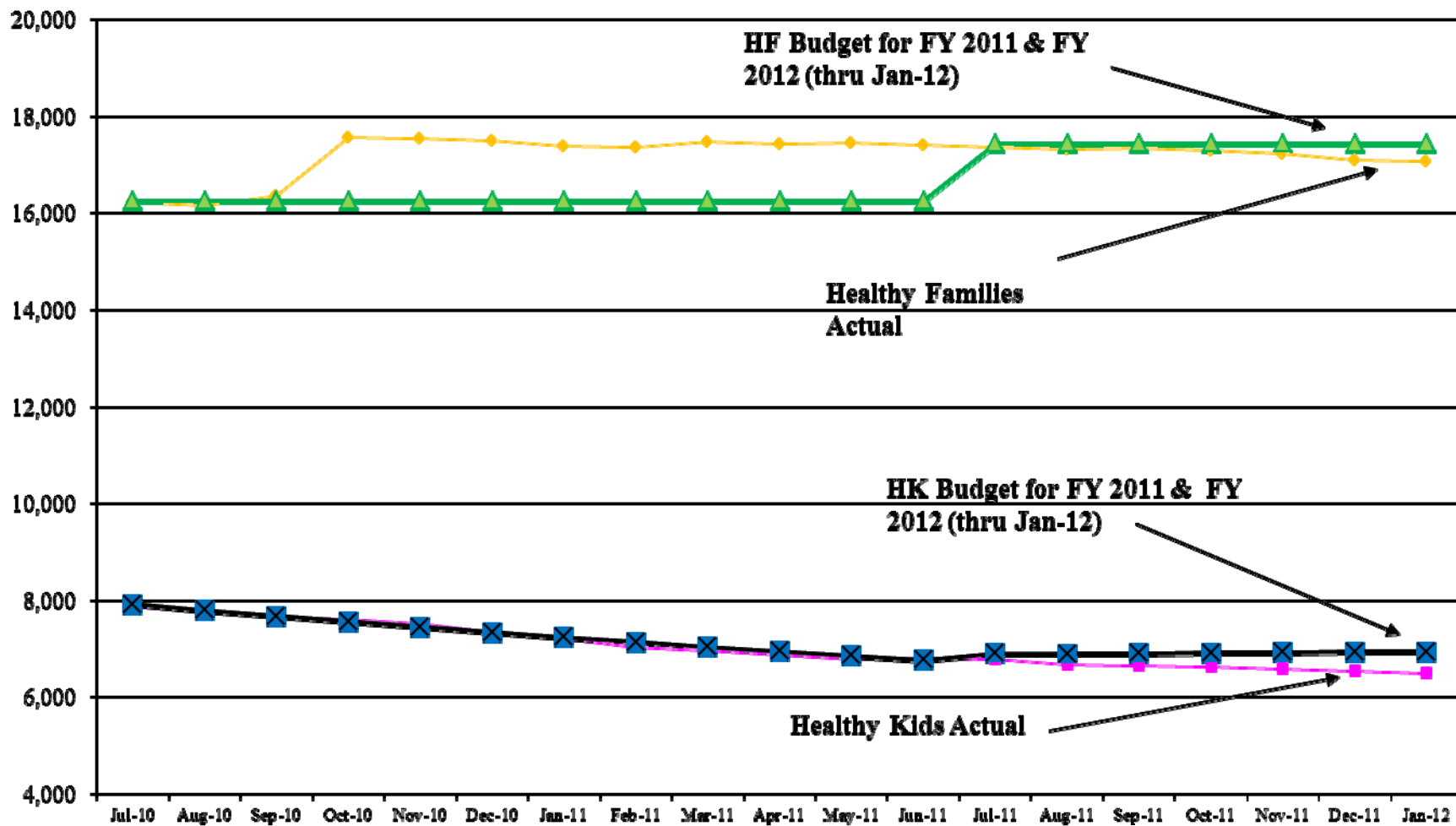
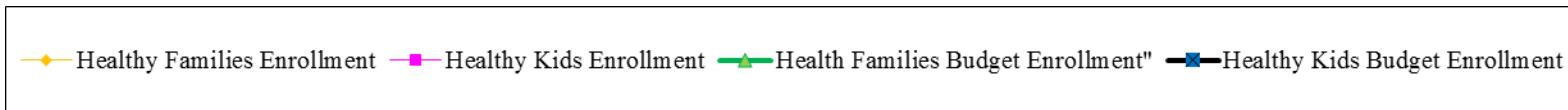
For the Month of January 2012

For the Seven Months Ending January 2012

	<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Prior Year Actual</u>	<u>% Change FY12 vs FY11</u>
Medi-Cal	112,571	116,538	(3.40%)	770,920	780,063	(1.17%)	706,271	9.15%
Healthy Families	17,075	17,435	(2.06%)	120,761	122,045	(1.05%)	118,769	1.68%
Healthy Kids	6,490	6,925	(6.28%)	46,364	48,340	(4.09%)	52,964	(12.46%)
Agnews	132	133	(0.75%)	913	931	(1.93%)	951	(4.00%)
Healthy Workers	402	408	(1.47%)	2,487	2,331	6.69%	533	366.60%
Total	<u>136,670</u>	<u>141,439</u>	<u>(3.37%)</u>	<u>941,445</u>	<u>953,710</u>	<u>(1.29%)</u>	<u>879,488</u>	<u>7.04%</u>



SCFHP Healthy Families and Healthy Kids Enrollment



**SANTA CLARA COUNTY
HEALTH AUTHORITY**

Healthy Kids Update





The Program

1. SCFHP has not followed proper enrollment and eligibility procedures.
 - Verification of family size/count
 - Application of appropriate income and expense deductions
 - Processing of applications/renewals only if all information is received.

2. Why now?
 - As many as 1,100 children may be eligible for other insurance, including Medi-Cal, Healthy Families, or parents' employer group coverage.

 - State and Federal authorities are performing an audit and are now requesting the missing information.



The Program

2. Why now (continued)?

- **What is C-CHIP?** A coordinated program partially funded by the State and by the County, with County funds matched by the Federal government.
- **How does C-CHIP help California's children?** Provides federal funding for low-cost coverage to uninsured children through age 19, who are not eligible for the Healthy Families Program (HFP) or the no-cost Medi-Cal Program, and whose household income falls within 251% to 300% of the federal poverty level (FPL). Benefits are similar to the HFP.
- **What changed for SCFHP?** The State and Federal authorities are performing an audit on enrollments, in some cases requiring data from 3 years



The Program

2. Why now (continued)?

- Funding for Healthy Kids has sharply decreased
 - Major foundations have ceased premium payments
 - The Health Trust has discontinued funding
 - The City of San Jose may end or reduce its \$2.1 million annual support as early as June 1, 2012
 - Local fund raising cannot keep up with these reductions.
- The defeat of Measure A suggests a reduction in community concern. The community may be presuming that Health Reform has solved the problem of uninsured children.
- SCFHP is the financially accountable organization.
- Kaiser has not disclosed publically the plan for its Healthy Kids program subsequent to the implementation of Health Care Reform 2014.



Healthy Kids Funding – Projections

	FY11	FY12	FY13	FY14
• Total Enrollment	7,286	6,504	6,227	6,229
• Total Revenue	\$9,616,702	\$7,942,267	\$7,193,082	\$6,563,096
• Total Expenses	\$8,682,513	\$7,568,276	\$7,193,749	\$7,062,137
• Net	\$943,189	(\$737,991)	(\$667)	(\$499,041)
• Assumes continued funding from City of San Jose				



The Program Under Health Care Reform

1. Healthy Kids was set up to cover children who fell through the cracks.
2. Under Health Care Reform some of these children will move into Medi-Cal or the Exchange.
3. The C-CHIP children will go into Medi-Cal or the Exchange (300-400 children).
4. This will leave children who are undocumented.
5. SCFHP must be proactive and move eligible children to Medi-Cal, Healthy Families, or private insurance as quickly as possible.
6. This will leave a clearer understanding of the SCFHP resources needed to extend the program for as long as possible.



Action Plan

Our goal is to find out if children qualify for Medi-Cal or Healthy Families

- February 1, 2012 began the renewal cycle for April 1, 2012. For the April 1, 2012 enrollments and renewals, SCFHP started following appropriate procedures when processing enrollment applications and renewal applications
- Updated enrollment and renewal applications include missing data elements
- System, One-E-App, is set up to mandate questions and documents and require all CAAs to process enrollment and renewal applications on-line
- Copies of documents are requested, such as birth certificate, passport, certificate of U.S. citizenship or naturalization, or other proof citizenship.
- If children are not documented, no proof is requested. The children are automatically eligible to enroll in or stay in the Healthy Kids program



Our Communication Plan

1. Consistent message to families from CAAs :
"At this time, we are talking with parents of all our Healthy Kids members to see if their child(ren) may qualify for another program, such as Medi-Cal or Healthy Families. If your children are eligible for another program, we will help you apply. "
2. Notification of all CAAs regarding correct procedures - **completed**
3. CAA training to review procedures - **ongoing**
4. Outbound call campaign to families - **ongoing**



Timeline

1. February 1, 2012 began the renewal cycle for April 1, 2012. For the April 1, 2012 enrollments and renewals, SCFHP began following appropriate procedures.
2. Staff are working with families that are currently completing the annual renewal process (400-500 each month).
3. The goal is to complete the review process for all currently enrolled children within 12 months.



Healthy Kids Demographics

Age Group

- 7% are less than 5 years old
- 23% are 6–10
- 53 % are 11-16
- 17 % are 17-19

Language

- 89 % speak Spanish
- 6 % speak English
- 4 % speak Vietnamese
- 1 % speak other languages



Questions and Answers

1. Are we helping families to fill out applications if the children qualify for another program?
 - Answer – Yes

2. If a member does not return the required documentation will they be disenrolled?
 - Answer – Non-C-CHIP – Maybe

 - Answer – C-CHIP – Yes

3. Are these new procedures?
 - Answer – No

4. Why are we doing this now?
 - Answer – To stretch funding for all children for as long as possible, especially by determining which ones qualify for other State or Federally funded program.



Questions??