

MINUTES
Santa Clara County Health Authority
Governing Board Retreat

Thursday, February 23, 2012
2:30 AM-5:00 PM
210 E. Hacienda Avenue
Campbell CA 95008

Board members present:

Ms. Michele Lew
Mr. Bob Brownstein
Ms. Hao Bui
Ms. Judy Chirco
Mr. Christopher Dawes
Mr. Patrick Love
Dr. Dale Rai
Dr. Wally Wenner
Mr. Daniel Peddycord
Ms. Emily Harrison

Board members not present:

Hon. Liz Kniss
Dr. Adel Abi-Hanna

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
Mrs. Emily Hennessy, Foundation, Finance Director
Dr. Thad Padua, Medical Director
Ms. Kathleen King, Executive Director, Foundation
Ms. Shannon McNally, Recording Secretary
Mrs. Kathleen McCarthy, Compliance Officer
Mr. Jim Gross, Partner, Nielsen Merksamer Parrinello Gross & Leoni LLP

1. Roll Call

Chairman Lew called the meeting to order at 2:34pm. Roll call was taken, and a quorum was established.

Ms. Lew also thanked Mr. Brownstein for his services as Chairman on the Board and welcomed Ms. Emily Harrison.

2. Action item: Review and approval of December 2011 meeting minutes

Mr. Peddycord requested that the December 2011 be amended to include a dollar amount

It was moved, seconded, and approved to accept amended minutes

3. Public comment

There was no public comment.

4. Report of the Chief Executive Committee

a. Action items:

1. Acceptance of October through December 2011 financial statements

Mr. Cameron presented highlights of the year-to-date financial statements:

- Operating surplus of \$19,000 for December and \$710,000 year-to date
- Revenue was \$994,000, or 4.7% below budget for December and \$1.6m, or 1.3% below budget year to date.
- December enrollment was at 135,871 or 2.75% below budget, year-to-date the plan is under budget by 0.9%. Medi-Cal enrollment was under budget 2.7% for the month and .8% under budget year-to-date. Healthy Families and Healthy Kids are below budget year-to-date by 0.9% and 3.7% respectively.
- Health Care costs were under budget by \$485,000, or 2.6% in December and \$218,000 over budgeted, or .02% year-to-date
- Administrative expenses were \$124,000, or 11.4% favorable to budget for December and \$1.1m, 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 was continuing to reserve for the provider rate cuts (AB-97) that will be retroactively applied to July 1st, 2011. Mr. Cameron also stated that there has been a significantly slower growth trend, noting that it is still up year over year. Mr. Cameron also stated that the Health Plan would set aside \$2.5m for Healthy Kids premiums.

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

b. Approve Moss Adams proposal to perform FY2011-2-12 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.

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

b. Discussion items:

1. 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.

2. Review Investment Policy

Mr. Cameron gave a brief summary review of the Health Plans investment policy. 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.

3. School Collaborative Outreach

Ms. Darrow commented that letters had gone out to the School Collaborative Outreach last week explaining that the Health Foundation had made a decision to send all grant money back to school districts, who had granted the money in the first place. The Collaborative had raised some money and will also be receiving a check. Currently, the only commitment that the Health Plan has is to continue to provide the brochures until the end of 2012.

Ms. Darrow noted that there is a ten year history with the School Collaborative and that the Health Plan has donated money for their activities, which the Health Plan can no longer support. The decision was made to bring School Outreach under the general Outreach Department effective October, 2011. The reason for this change was to streamline and provide more efficient processes and management.

5. Report of the Medical Director

a. Discussion items:

1. Medical Management Update

Dr. Padua gave a presentation on current key projects in Medical Management. By way of further discussion, Dr. Padua commented that the focus of the Medical Management team is to measure performance on important dimensions of clinical care and services through HEDIS, clinical improvement activities, utilization management and care management. Dr. Padua also spoke to clinical problems such as obesity and high rates of hospital readmissions.

6. Committee Reports

a. Consumer Affairs Committee

1. Discussion item

Dr. Wenner reported on recent proceedings of the Consumer Affairs Committee. Dr. Wenner further commented on the services provided through 211, a free

service that helps connect people to appropriate community resources and services. Callers receive personalized information from a live phone specialist who can answer questions about a variety of nonprofit services and agencies.

b. Provider Advisory Council

1. Discussion item

Dr Padua referred Board members to the PAC minutes included in the board packet, dated November 30, 2011. There were no questions and no further discussion.

7. Report if the Chief Executive Officer

a. Action item:

1. Authorize the Chief Executive Officer to submit a proposal in response to the California Department of Health Care Services' Request for Solutions for a Dual Eligible Demonstration Project.

Ms. Darrow commented that the Health Plan has been selected for next steps in the California Dual Eligible Demonstration project and will be giving an oral presentation to the State next week. Without knowing the rates for this population, Ms. Darrow reminded the Board that the Health Plan can withdraw at anytime.

It was moved, seconded and approved to authorize the Chief Executive Officer to submit a proposal

8. The meeting was adjourned to closed session at 2:44pm

a. Personnel (Government Code 54957)

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

b. Rates of payment for hospital providers
(Welfare and Institutions Code 14087.38,

subdivision (m))

It is the intention of the Governing Board to
Meet in closed session to discuss matters
pertaining to rates of payment for hospital
providers

9. Report from closed session

The board met in closed session and delegated to Chris Dawes the task of finalizing the CEO's evaluation, implementing a compensation adjustment based on the evaluation, and working with the CEO to prepare performance goals for review by the Executive Committee (with distribution to the full board).

The board met in closed session and directed the staff and two board members to meet expeditiously with the County Executive and his team to review the financial relationship between the two agencies in order to come to a common, factual understanding. The board further directed staff to report the outcome of this meeting with any possible action to the Executive Committee of the Board.

10. Adjournment

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

Shannon McNally, Secretary to the Board