

Regular Meeting of the  
**Santa Clara County Health Authority  
Governing Board**

Thursday, December 12, 2019, 12:00 PM - 2:30 PM  
Santa Clara Family Health Plan, Boardroom  
6201 San Ignacio Ave, San Jose, CA 95119

## MINUTES - Approved

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### Members Present

Bob Brownstein, Chair  
Dolores Alvarado  
Alma Burrell  
Kathleen King  
Liz Kniss  
Sue Murphy  
Sherri Sager  
Evangeline Sangalang  
Jolene Smith (*via telephone*)  
Linda Williams

### Members Absent

Darrell Evora  
Ria Paul, M.D.

### Staff Present

Christine Tomcala, Chief Executive Officer  
Dave Cameron, Chief Financial Officer  
Robin Larmer, Chief Compliance & Regulatory  
Affairs Officer  
Laurie Nakahira, D.O., Chief Medical Officer  
Chris Turner, Chief Operating Officer  
Jonathan Tamayo, Chief Information Officer  
Sharon Valdez, VP, Human Resources  
Laura Watkins, VP Marketing & Enrollment  
Neal Jarecki, Controller  
Tyler Haskell, Director, Government Relations  
Jordan Yamashita, Director, Compliance  
Lori Andersen, Director, Long Term Services &  
Supports  
Johanna Liu, Director, Quality & Process Improvement  
Jayne Giangreco, Manager, Administrative  
Services  
Rita Zambrano, Executive Assistant

### Others Present

Daphne Annett, Burke, Williams & Sorenson LLP  
(*via telephone*)  
April Pitt, Enrollment Coordinator II & SEIU Steward  
Jim Frieman, Business Systems Analyst II & SEIU  
Steward

#### 1. Roll Call

Bob Brownstein, Chair, called the meeting to order at 12:05 pm. Roll call was taken and a quorum was established.

#### 2. Public Comment

There were no public comments.

### 3. Adjourn to Closed Session

#### a. Existing Litigation

The Governing Board met in Closed Session to confer with Legal Counsel regarding consolidated Cases (i) CalPERS Case No. 2017-1114; OAH No. 2018051223 and (ii) CalPERS Case No. 2017-1115; OAH Case No. 2018051029.

*Liz Kniss and Kathleen King arrived at 12:14 pm.*

#### b. Public Employee Performance Evaluation

The Governing Board met in Closed Session to consider the performance evaluation of the Chief Executive Officer.

*Dolores Alvarado arrived at 12:45 pm.*

### 4. Report from Closed Session

Mr. Brownstein reported the Governing Board met in Closed Session to discuss existing litigation and public employee performance evaluation.

### 5. Annual CEO Evaluation Process

Mr. Brownstein reported on the 2018-19 annual performance and compensation review of the CEO. He indicated the ad hoc CEO Evaluation Subcommittee recommended a 4% annual salary increase effective July 1, 2019 and an 8% incentive bonus based on the favorable evaluation of the CEO.

**It was moved, seconded and** the recommended annual salary increase and incentive bonus for the CEO was **unanimously approved**, with a recommendation that a compensation comparison of CEOs at other health plans be conducted by June 2020.

### 6. Approve Consent Calendar and Changes to the Agenda

Mr. Brownstein presented the Consent Calendar and indicated all items would be approved in one motion. Robin Larmer, Chief Compliance and Regulatory Affairs Officer, requested removal of the Conflict of Interest Code resolution, as it was still under review at the County.

- a. Approve minutes of the September 26, 2019 **Regular Board Meeting**
- b. Accept minutes of the October 24, 2019, 2019 **Executive/Finance Committee Meeting**
  - Ratify acceptance of the FY2018-2019 Independent Auditor's Report
  - Ratify approval of the August 2019 Financial Statements
- c. Accept minutes of the November 14, 2019 **Executive/Finance Committee Meeting**
  - Ratify approval of the September 2019 Financial Statements
  - Ratify acceptance of the of the Network Detection and Prevention Update
- d. Accept minutes of the November 14, 2019 **Compliance Committee Meeting**
  - Ratify acceptance of the Compliance Program Update
  - Ratify acceptance of the Compliance Activity Report
  - Ratify acceptance of the Compliance Dashboard and Work Plans
  - Ratify acceptance of the Oversight Committee Report
  - Ratify acceptance of the Fraud, Waste and Abuse Report
- e. Accept minutes of the November 19, 2019 **Quality Improvement Committee Meeting**
  - Ratify acceptance of the Accessibility of Provider Network Assessment MY2019
  - Ratify acceptance of the Member Services Email Response Evaluation
  - Ratify acceptance of Committee Reports:
    - Credentialing Committee – September 26, 2019
    - Pharmacy & Therapeutics Committee – June 20, 2019
    - Utilization Management Committee – July 17, 2019
- f. Accept minutes of the December 4, 2019 **Quality Improvement Committee Meeting**
  - Ratify acceptance of the Network Adequacy Assessment

- Ratify acceptance of the Quality & Accuracy Assessment of Personalized Information of Health Plans Services
  - Ratify acceptance of the Quality & Accuracy Assessment of Pharmacy Benefit Information
  - Ratify acceptance of the Continuity & Coordination of Medical Care
  - Ratify acceptance of the Member Experience Analysis
  - Committee Reports
    - Credentialing Committee
    - Pharmacy & Therapeutics
- g.** Accept minutes of the November 13, 2019 **Provider Advisory Council Meeting**
- h.** Accept minutes of the December 10, 2019 **Consumer Advisory Committee Meeting**
- i.** Approve **Publicly Available Salary Schedule**
- j.** Approve the Annual Report to the **County Board of Supervisors**

**It was moved, seconded, and the Consent Calendar was unanimously approved,** with the removal of the Conflict of Interest Code resolution.

## **7. Compliance Report**

Robin Larmer, Chief Compliance and Regulatory Affairs Officer, discussed audit activity and corrective action plan progress. She noted that the Plan is in the revalidation phase of the CMS Program Audit, and the proposed work plan has been submitted. The Plan has not received approval from CMS, but Ms. Larmer hopes to have it by the end of the week. Staff has implemented the corrective action plans and are working through remediation, and by all indications, things are on track. The Plan is awaiting additional information about the scope of the upcoming DHCS annual audit.

**It was moved, seconded, and the Compliance Report was unanimously approved.**

## **8. October 2019 Financial Statements**

Dave Cameron, Chief Financial Officer, presented the October 2019 financial statements, which reflected a current month net surplus of \$262 thousand (\$264 thousand unfavorable to budget) and a fiscal year-to-date net surplus of \$2.9 million (\$41 thousand unfavorable to budget). Enrollment decreased by 854 members from the prior month to 245,330 members (1,077 favorable to budget). Medi-Cal enrollment has generally declined since October 2016 while CMC enrollment is growing due to continued outreach efforts. Revenue reflected a favorable current month variance of \$2.6 million (2.9%) largely due higher member months, higher supplemental kick utilization versus budget, and slightly higher FY20 capitation rates. Medical expense reflected an unfavorable current month variance of \$3.4 million (4.0%) due to higher capitation member months and certain higher fee-for-service expenses versus budget. Administrative expense reflected a favorable current month variance of \$341 thousand (6.3%) due largely to the timing of personnel hiring and the timing of certain non-personnel expenses. The balance sheet reflected a Current Ratio of 1.27:1, versus the minimum required by DMHC of 1.0:1. Tangible Net Equity was \$205 million, which represented approximately two months of the Plan's total monthly expenses. Year-to-date capital investments of \$890 thousand were made, largely comprised of building improvements and I.T. hardware.

**It was moved, seconded, and the October 2019 Financial Statements were unanimously approved.**

## **9. Fund Retiree Healthcare Liability**

Mr. Cameron noted that the Plan participates in the CalPERS California Employers Retiree Benefit Trust (CERBT) program to provide post-employment medical benefits to retirees. In December 2017, the Governing Board accepted management's recommendation to fund the unfunded Other Post-Employment Benefits (OPEB) liability as of June 30, 2016 over a period of three years. Making advance contributions was estimated to save the Plan \$6 million in avoidable interest cost. In December 2017, the first payment of \$1,888,847 was made and in December 2018, the second payment of \$1,332,000 was made. As of June 30, 2019 (the last measurement date), the retiree healthcare liability is 75.3% funded. The Plan's actuaries have recommended a contribution of \$1,252,850 be made in December 2019 to achieve 100% funded status.

**It was moved, seconded, and** the resolution for final payment of outstanding retiree health care liability was **unanimously approved**.

#### 10. Community Resource Center Lease

Mr. Cameron reported on the Community Resource Center, noting the lease was signed with generally favorable terms acceptable to the Plan. Management requests that the Board authorize Management to enter into contracts to build out the space within the established \$1.25 million budget.

**It was moved, seconded and unanimously approved** to authorize the CEO to execute contracts as necessary for demolition and build out at 408 N. Capitol Avenue, San Jose, CA, not to exceed the approved capital budget amount of \$1.25 million.

#### 11. Naming the Community Resource Center

Christine Tomcala, Chief Executive Officer, referred to the draft resolution naming the Community Resource Center after Blanca Alvarado. Dolores Alvarado, Board Member, offered suggested edits. The Board discussed and recommended additional edits to the language of the resolution.

**It was moved, seconded, and unanimously approved** to adopt the resolution naming the CRC after Blanca Alvarado, with edits to be approved by Dolores Alvarado, Kathleen King, and Jolene Smith.

#### 12. Community Health Investment Program

Ms. Tomcala presented an overview of the Community Health Investment Program. She noted that through designated funding, SCFHP seeks to collaborate with community partners to address gaps and opportunities in achieving quality health care outcomes for county residents who benefit from the availability of safety-net services.

The Community Health Investment Program is composed of three funding categories. The Annual Budget funds various community-focused program initiatives, along with community organization sponsorships that vary from year to year. The Innovation Fund enables multi-year strategic investments the Plan identifies that address gaps in serving members' health needs, as well as public health policy and regulatory expectations. Thirdly, the Special Project Funding for CBOs supports projects that further the Plan's objectives and strengthen community partnerships. Discussion ensued.

**It was moved, seconded, and unanimously approved** to establish a Board-Designated Innovation Fund (Policy GO.03) with an allocation of \$16 million.

**It was moved, seconded, and** the revised Special Project Fund for CBOs (Policy Go.02) was **unanimously approved** with an additional allocation of \$1.8 million.

#### 13. Government Relations Update

Tyler Haskell, Director, Government Relations, discussed CalAIM, California Advancing and Innovating Medi-Cal. CalAIM is a set of proposals using Medi-Cal as a tool to address some of California's major challenges: homelessness, insufficient access to behavioral health care, children with complex medical needs, clinical needs of justice-involved populations, and an aging population.

There are three primary goals:

1. Identify and manage member risk and need through whole-person care approaches and addressing the social determinants of health.
2. Move Medi-Cal to a more consistent and seamless system by reducing complexity and increasing flexibility.
3. Improve quality outcomes and drive delivery system transformation through value-based initiatives, modernization of systems, and payment reform.

Mr. Haskell further summarized the timeline for the eight core initiatives impacting Medi-Cal health plans. Several open questions will be addressed through the workgroup process. SCFHP is represented in two out of five state workgroups, and is represented by Local Health Plans of California on all five. Other questions will be answered through finalized proposals, legislation, and behind the scenes conversations.

#### 14. CEO Update

Ms. Tomcala shared a chart on Medi-Cal Membership Change from FY17/18 to FY19/20, noting there was a request to compare whether the child population is decreasing faster than the adult population. The data indicate that the child population is declining at roughly the same rate as adults.

She also reported on the Healthy Kids transition, noting the approximately 3,500 CCHIP children were successfully shifted to Medi-Cal effective October 1, 2019. There are two children left in the non-CCHIP Healthy Kids population for whom alternative coverage is being offered.

Ms. Tomcala noted that Medi-Cal Young Adult Expansion through SB 104 begins January 1, 2020. All low-income young adults, ages 19-25, can enroll in Medi-Cal, regardless of immigration status. There are 3,080 young adults in Santa Clara County currently enrolled in emergency Medi-Cal. They will automatically move to full-scope fee-for-service Medi-Cal. It is unknown how many additional young adults will become Medi-Cal enrollees as a result of the new law.

The Health Plan's new and improved website was displayed. The Plan anticipates that the website will enhance the Plan's visibility, with a professional and easy to navigate mobile-friendly site.

Ms. Tomcala mentioned the Behavioral Health Integration Incentive Program available through Prop 56, which may provide additional funding to be passed through to community partners who apply to participate.

Valley Health Plan has a new CEO, Laura Rosas, who most recently held the position of Ethics and Compliance Officer at the Health and Hospital System. Dolly Goel, Chief Medical Officer at Valley Health Plan, has transitioned to Valley Medical Center.

Ms. Tomcala announced that Dave Cameron, CFO, is retiring in early 2020. Neal Jarecki will transition to the CFO position, and Ngoc Bui-Tong will also transition into a new leadership role. Ms. Tomcala stated that Mr. Cameron has been invaluable to SCFHP, and we wish him well in retirement.

Ms. Alvarado expressed her respect for Mr. Cameron and thanked him for all he has done for the health plan over the years.

April Pitt, Enrollment Coordinator II & Union Steward, expressed her pleasure in working with Mr. Cameron over the past eleven years, noting that he has always exemplified the Spirit of Care. She wished him the best in the years to come.

Jim Frieman, Business Systems Analyst II & Union Steward, stated it has been an honor and pleasure to work with Mr. Cameron, noting that he has always felt welcomed, valued, and appreciated by Mr. Cameron. Jim wished him well.

**It was moved, seconded and unanimously approved to accept the CEO Update.**

#### 15. Adjournment

The meeting was adjourned at 2:28 pm.

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Bob Brownstein, Chair