



Regular Meeting of the
Santa Clara County Health Authority
Executive/Finance Committee

Thursday, May 28, 2020, 11:30 PM – 1:30 PM
Santa Clara Family Health Plan, Teleconference
6201 San Ignacio Ave, San Jose, CA 95119

MINUTES - Approved

Members Present

Dolores Alvarado, Chair
Bob Brownstein
Sue Murphy
Liz Kniss
Linda Williams

Staff Present

Christine Tomcala, Chief Executive Officer
Neal Jarecki, Chief Financial Officer
Laurie Nakahira, D.O., Chief Medical Officer
Jonathan Tamayo, Chief Information Officer
Chris Turner, Chief Operating Officer
Ngoc Bui-Tong, VP, Strategies & Analytics
Teresa Chapman, VP, Human Resources
Laura Watkins, VP, Marketing & Enrollment
Barbara Granieri, Controller
Tyler Haskell, Director, Government Relations
Johanna Liu, Director, Quality and Process Improvement
Jordan Yamashita, Director, Compliance
Jayne Giangreco, Manager, Administrative Services
Rita Zambrano, Executive Assistant

1. Roll Call

Dolores Alvarado, Chair, called the meeting to order at 11:34 am. Roll Call was taken and a quorum was established.

2. Public Comment

There were no public comments.

3. Approve Consent Calendar and Changes to the Agenda

Ms. Alvarado presented the Consent Calendar and indicated all agenda items would be approved in one motion. It was noted there would be no Closed Session.

- a. Approve minutes of the April 23, 2020 **Regular Executive/Finance Committee** meeting
- b. Accept the **Compliance Update**
- c. Accept the **Network Detection and Prevention Update**

It was moved, seconded, and the Consent Calendar was unanimously approved.

Motion: Ms. Williams

Second: Mr. Brownstein

Ayes: Ms. Alvarado, Mr. Brownstein, Ms. Murphy, Ms. Kniss, Ms. Williams

4. CEO Update

Christine Tomcala, Chief Executive Officer, reported that construction on the Community Resource Center has resumed. The current occupancy date is September 15, 2020. The Plan looks forward to welcoming Dolores Alvarado and the Community Health Partnership team as tenants.

Ms. Tomcala discussed the Plan's Long-Term Strategic Planning efforts. She resumed conversations with Pacific Health Consulting Group, led by Bobbie Wunsch and Tim Reilly, to again assist with the planning process. Due to environmental disruptions resulting from the pandemic, planning activities will be scheduled later in the year.

Ms. Tomcala reported Foothill Community Health Center is merging with Tri-City Health Center effective June 1, 2020. Their new name will be Bay Area Community Health (BACH).

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

Motion: Ms. Kniss

Second: Mr. Brownstein

Ayes: Ms. Alvarado, Ms. Brownstein, Ms. Murphy, Ms. Kniss, Ms. Williams

5. Quality Update

Laurie Nakahira, D.O., Chief Medical Officer, provided a presentation on Medi-Cal HEDIS CY'19 performance and CY'20 opportunities.

Ms. Alvarado discussed opportunities for further root cause analysis on Cervical Cancer Screening, Diabetes HbA1c Testing, and Adolescent Well-Care Visits. SCFHP staff will work with Ms. Alvarado and provide a follow-up report at the next Executive/Finance meeting.

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

Motion: Ms. Murphy

Second: Mr. Brownstein

Ayes: Ms. Alvarado, Mr. Brownstein, Ms. Murphy, Ms. Kniss, Ms. Williams

6. Government Relations Update

Tyler Haskell, Director, Government Relations, noted the volume of legislation moving through Sacramento will be at a lower volume since the legislature was on hiatus for eight weeks. Only a handful of Medi-Cal bills may survive the process. Most of the significant proposals have been pulled for this year due to the reduced bandwidth of the legislature and the changes to the budget.

Mr. Haskell reviewed highlights to the Governor's May Revise budget proposal, noting the estimated deficit is \$54 billion. Unemployment is expected to peak at 18%, which is significantly higher than the 12% peak of the last recession. The Medi-Cal caseload is anticipated to increase by two million and peak at 14.5 million in July 2020.

Mr. Haskell highlighted the changes to the Medi-Cal budget, the delay of CalAIM, the elimination and reduction of Prop 56 payment increases, managed care rate reductions, and optional adult benefits. He noted that the Managed Care rate reductions would directly impact our capitation rates for the period from July 2019 through the end of calendar 2020 by 1.5%, with further reductions in 2021. Mr. Haskell presented a list of proposed exclusions that are part of trigger cuts, which may be reinstated if the Federal Government comes through with additional funding.

Mr. Haskell spoke to next steps. It is a constitutional requirement that the budget be delivered to the Governor's desk by June 15. He noted that SCFHP, along with other local plans, are working through our statewide associations to advocate on our behalf.

Dolores Alvarado left the meeting at 12:39 pm.

With respect to federal issues, two weeks ago the House passed the Hero's Act, the largest relief package, for \$3 trillion. However, the bill will be dead on arrival in the Senate, which is evaluating the economic impact of the Cares



Act before making decisions about a new package.

Mr. Haskell noted SCFHP is also working with our federal health plan association, and will hopefully be speaking to our local delegation of House members and Senate in June. We plan to discuss our concerns for our members.

It was moved, seconded, and unanimously approved to accept the Government Relations Update.

Motion: Ms. Williams
Second: Ms. Murphy
Ayes: Ms. Brownstein, Ms. Murphy, Ms. Kniss, Ms. Williams
Absent: Ms. Alvarado

7. March 2020 Financial Statements

Mr. Jarecki presented the March 2020 financial statements, which reflected a current month net surplus of \$773 thousand (\$128 thousand favorable to budget) and a fiscal year-to-date net surplus of \$4.7 million (\$1.3 million unfavorable to budget).

Enrollment increased by 1,796 members from the prior month to 241,830 members (2,246 favorable to budget). While Medi-Cal enrollment has generally declined since October 2016, the Plan began to receive new undocumented Adult members in beginning in February. CMC enrollment increased due to continued outreach efforts. COVID did not have a material impact on March 2020 enrollment.

Revenue reflected a favorable current month variance of \$3.3 million (3.7%) largely due to higher enrollment, fiscal year 2020 rates in excess of budget, and higher supplemental Medi-Cal revenues. COVID did not have a material impact on March 2020 revenue.

Medical expense reflected an unfavorable current month variance of \$3.5 million (4.3%) due to certain higher fee-for-service expenses versus budget and increased Prop 56 expense. COVID did not have a material impact on March 2020 medical expense.

Administrative expense reflected a favorable current month variance of \$29 thousand (0.5%) due largely to the timing of certain non-personnel expenses. COVID did not have a material impact on March 2020 administrative expense.

The balance sheet reflected a Current Ratio of 1.24:1, versus the minimum required by DMHC of 1.0:1. Tangible Net Equity was \$207 million, which represented approximately two months of the Plan's total monthly expenses. Year-to-date capital investments of \$1.8 million were made, largely comprised of building improvements and I.T. hardware.

It was moved, seconded, and the March 2020 Financial Statements were unanimously approved.

Motion: Ms. Murphy
Second: Ms. Williams
Ayes: Mr. Brownstein, Ms. Murphy, Ms. Kniss, Ms. Williams
Absent: Ms. Alvarado

8. Financial Forecast Presentation

Mr. Jarecki reviewed the financial forecast presentation, noting that COVID will have an unfavorable effect on the Plan's future financial results. He advised that, based on proposals contained in the Governor's revised budget, Medi-Cal rates will decrease by approximately 1.5% for the period of July 2019 through December 2020, and by an estimated 3.0% for the period of January 2021 through June 2021. The Plan may report a FY21 deficit budget and may report potential future annual losses. He advised that, while the prospect of future potential losses is concerning, the Plan has sufficient accumulated reserves.

It was moved, seconded, and unanimously approved to accept the Financial Forecast Presentation.

Motion: Ms. Kniss
Second: Ms. Murphy



Ayes: Mr. Brownstein, Ms. Murphy, Ms. Kniss, Ms. Williams
Absent: Ms. Alvarado

9. COVID-19 Funding Requests

Ms. Tomcala presented two COVID-19 related funding requests. The first request was from YMCA of Silicon Valley for their Emergency Summer Food Distribution Program, which would coordinate daily distribution of approximately 2,240 snacks and meals to children in the lowest-income neighborhoods. The second request was from Valley Verde for their Home Gardening program, which serves low-income families in San Jose and Gilroy by teaching them how to grow organic vegetables, providing preventive health and reducing food insecurity.

It was moved, seconded, and unanimously approved to provide the YMCA with \$50,000 for Emergency Summer Food Distribution, provided they can secure an additional \$50,000 from another source.

Motion: Mr. Brownstein
Second: Ms. Williams
Ayes: Mr. Brownstein, Ms. Murphy, Ms. Kniss, Linda Williams
Absent: Ms. Alvarado

It was moved, seconded, and unanimously approved to provide Valley Verde with \$20,000 for their Home Gardening Program.

Motion: Mr. Brownstein
Second: Ms. Kniss
Ayes: Mr. Brownstein, Ms. Murphy, Ms. Kniss, Linda Williams
Absent: Ms. Alvarado

Mr. Brownstein left the meeting at 1:35 pm.

10. Donations and Sponsorships Policy

Ms. Tomcala presented the Donations and Sponsorships Policy, noting a change in the annual limit from \$120,000 to \$150,000.

It was moved, seconded, and Policy GO.04: Donations and Sponsorships was unanimously approved.

Motion: Ms. Kniss
Second: Ms. Murphy
Ayes: Ms. Murphy, Ms. Kniss, Ms. Williams
Absent: Ms. Alvarado, Mr. Brownstein

14. Adjournment

The meeting was adjourned at 1:40 pm.

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Susan G. Murphy, Secretary