



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

Thursday, April 23, 2020, 11:30 PM – 1:30 PM  
Santa Clara Family Health Plan  
6201 San Ignacio Ave, San Jose, CA 95119

## **MINUTES - Approved**

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### **Members Present**

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

### **Staff Present**

Christine Tomcala, Chief Executive Officer  
Neal Jarecki, Chief Financial Officer  
Laurie Nakahira, D.O., Chief Medical Officer  
Chris Turner, Chief Operations 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  
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 11:30 am. Roll call was taken and a quorum was established.

### **2. Public Comment**

There were no public comments.

Ms. Alvarado announced that the committee will not be convening to Closed Session.

### **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.

- a. Approve minutes of the February 27, 2020 **Regular Executive/Finance Committee** meeting
- b. Approve minutes of the April 13, 2020 **Special Executive/Finance Committee** meeting
- c. Approve **Advertising Agency of Record** contract

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

**Motion:** Ms. Kniss

**Second:** Ms. Williams

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

#### 4. CEO Update

Christine Tomcala, Chief Executive Officer, stated, as directed by the Executive/Finance Committee at the Special meeting on April 13, 2020, the designated small group met and approved \$50,000 in funding for FIRST 5's emergency fund request for infant formula.

Ms. Tomcala updated the Committee on the Plan's responses to COVID-19. Ms. Alvarado expressed interest in understanding the Plan's percentage of the data reported by the County Public Health Department. She also inquired about the age and gender of Plan members affected by COVID-19. Staff will pursue data availability with the Public Health Department.

Ms. Tomcala asked Dr. Nakahira to provide a brief update on the Plan's Medi-Cal HEDIS status for calendar year 2019. Dr. Nakahira summarized the highlights and opportunities. Ms. Tomcala suggested a more in-depth discussion could be included on a future agenda.

Ms. Tomcala discussed the impact COVID-19 may have on the Plan's enrollment. Opinions on enrollment increases range from low single digits to 30%. Ms. Tomcala discussed whether individuals receiving unemployment compensation may have incomes that are still too high to qualify for Medi-Cal. She referred to the Federal Poverty Level (FPL) for 2020 and the cutoff for Medi-Cal programs.

#### 5. Government Relations Update

Tyler Haskell, Director, Government Relations, shared a summary of Federal and State Legislative and Executive actions. The Senate passed a fourth COVID-19 response bill, which includes \$480 billion dollars to backfill the small business loan program and \$75 billion for hospitals and providers. The House is expected to pass the bill today. Discussions are underway about a fifth bill, which would provide state budget relief. Senate Majority Leader Mitch McConnell has signaled opposition to this, but is likely to eventually relent. How this plays out is likely to affect what happens with Medicaid over the next couple of years. At issue is whether states will have enough money to handle increased enrollment, as well as the future of existing Whole Person Care infrastructure.

Mr. Haskell reported on the executive response, noting that in the current phase, the State is trying to figure out how to ease restrictions with no treatment or vaccine and less than ideal testing and tracing capacity, all while managing the still-unfolding crisis. He also noted the Governor's executive order allowing non-coronavirus surgeries and procedures in hospitals.

Mr. Haskell reported that legislature will reconvene in early May. At two recent budget hearings, State finance staff stated that the budget forecast has worsened to the point that they expect the State will likely use all of its "rainy day fund" reserves over the next two fiscal years. Legislative bill packages will be limited by time and funding, but a few relevant bills are likely to proceed, including one significant bill relating to the pharmacy carve-out and perhaps some of the six lead testing bills currently pending. Some legislators are pushing for the revised budget to continue to include Medi-Cal coverage for undocumented individuals over 65.

DHCS is still pursuing additional 1135 waiver flexibilities. DHCS is also pushing deadlines and other plan duties, and allowing CBAS centers to be paid for certain off-site services. We are providing daily reports to DHCS about the COVID-19 status of our members, and DHCS has also requested reports on outreach to vulnerable populations among our members. Additionally, DHCS announced the indefinite delay of the July 1 deadline for plans to submit plans to transition Whole Person Care and Health Homes Programs to Enhanced Care Management and In Lieu of Services. DHCS will seek a one-year extension of the 1115 waiver and perhaps make other changes to the CalAIM implementation schedule.

Mr. Haskell noted that the county has pushed back its budget process to August and was already expecting a \$150-200 million deficit, raising the possibility of service cuts.

#### 6. February 2020 Financial Statements

Neal Jarecki, Chief Financial Officer, presented the February 2020 financial statements, which reflected a current month net surplus of \$1.5 million (\$762 thousand favorable to budget) and a fiscal year-to-date net surplus of \$3.9 million (\$1.5 million unfavorable to budget).



Enrollment increased by 197 members from the prior month to 240,034 members (474 unfavorable to budget). While Medi-Cal enrollment has generally declined since October 2016, the Plan began to receive new undocumented Adult members in February. CMC enrollment increased due to continued outreach efforts.

Revenue reflected a favorable current month variance of \$3.8 million (4.3%) largely due to retroactive adjustment to the estimate CY19 Medicare Part D reconciliation adjustment.

Medical expense reflected an unfavorable current month variance of \$3.9 million (4.7%) due to certain higher fee-for-service expenses versus budget and increased Prop 56 expense.

Administrative expense reflected a favorable current month variance of \$704 thousand (13.4%) due largely to the timing of certain non-personnel expenses.

The balance sheet reflected a Current Ratio of 1.25:1, versus the minimum required by DMHC of 1.0:1. Tangible Net Equity was \$206 million, which represented approximately two months of the Plan's total monthly expenses. Year-to-date capital investments of \$1.3 million were made, largely comprised of building improvements and IT hardware.

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

**Motion:** Ms. Williams

**Second:** Ms. Murphy

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

## 7. Annual Investment Policy Review

Mr. Jarecki presented the updated Policy FA.07: Investments, as prepared by the Plan's advisor, Sperry Capital. The policy is reviewed annually, and was last updated in April 2018. Mr. Jarecki noted that all current revisions reflect updated Government Code and other minor verbiage changes.

**It was moved, seconded, and** the revised Policy FA.07: Investments was **unanimously approved.**

**Motion:** Ms. Williams

**Second:** Ms. Murphy

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

## 8. Utilization Management and Hospital Costs

Ngoc Bui-Tong, Vice President, Strategies & Analytics, and Dr. Laurie Nakahira, Chief Medical Officer, provided a presentation on the Plan's utilization management practices and hospital costs, and discussion ensued.

**It was moved, seconded, and** the Utilization Management and Hospital Costs presentation was **unanimously approved.**

**Motion:** Ms. Williams

**Second:** Ms. Kniss

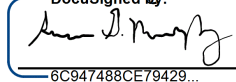
**Ayes:** Ms. Alvarado, Mr. Brownstein, Ms. Kniss, Ms. Murphy, Ms. Williams

## 9. Compliance Update

Ms. Tomcala noted a written summary of the Compliance Update was sent to the Committee for review prior to the meeting.

## 10. Adjournment

The meeting was adjourned at 1:40 pm.

  
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Susan G. Murphy, Secretary