



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

Thursday, August 26, 2021, 10:30 AM – 12:30 PM  
 Santa Clara Family Health Plan - Teleconference  
 6201 San Ignacio Ave, San Jose, CA 95119

## MINUTES

### Members Present

Sue Murphy, Chair  
 Bob Brownstein  
 Alma Burrell  
 Dave Cameron  
 Michele Lew

### Staff Present

Christine Tomcala, Chief Executive Officer  
 Neal Jarecki, Chief Financial Officer  
 Laurie Nakahira, DO, Chief Medical Officer  
 Jonathan Tamayo, Chief Information Officer  
 Chris Turner, Chief Operating Officer  
 Ngoc Bui-Tong, VP, Strategies & Analytics  
 Laura Watkins, VP, Marketing & Enrollment  
 Barbara Granieri, Controller  
 Tyler Haskell, Director, Government Relations  
 Johanna Liu, Director, Quality & Process Improvement  
 Khanh Pham, Director, Financial Reporting & Budgeting  
 Rita Zambrano, Executive Assistant

#### 1. Roll Call

Susan Murphy, Chair, called the meeting to order at 10:30 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. Murphy presented the Consent Calendar and indicated all agenda items would be approved in one motion.

- a. Approve July 22, 2021 **Executive/Finance Committee** Minutes
- b. Approve **Claims Policy** CL.29 Third Party Tort Liability Reporting Requirements
- c. Retire **Finance Policy** FA.13 Employee Recognition Gift Cards
- d. Accept **Network Detection and Prevention Update**

**It was moved, seconded, and the consent calendar was unanimously approved.**

**Motion:** Ms. Lew

**Second:** Mr. Brownstein

**Ayes:** Mr. Brownstein, Ms. Burrell, Mr. Cameron, Ms. Lew, Ms. Murphy

#### 4. Overview of Revenue & Rate-Setting

Neal Jarecki, Chief Financial Officer, Ngo Bui-Tong, Vice President of Strategies & Analytics, and Barbara Granieri, Controller, gave a presentation highlighting the components, complexities, and uncertainties associated with the Plan's Medi-Cal and Medicare revenue and rate-setting processes.



## 5. Preliminary June 2021 Financial Statements

Mr. Jarecki presented the June 2021 pre-audit financial statements, which reflected a current month net surplus of \$12.2 million (\$15.9 million favorable to budget) and a fiscal year-to-date net surplus of \$41.8 million (\$55.7 million favorable to budget).

Enrollment increased by 1,435 members from the prior month to 282,670 members (14,062 members favorable to budget). Year-to-date membership growth due to COVID-19 has exceeded budget due to the extended duration of the pandemic during which member disenrollments have been suspended.

Revenue reflected a favorable current month variance of \$21.6 million (23.8%) largely due to (1) favorable additional capitation premium revenue received due to the delayed carve-out of Medi-Cal pharmacy from managed care (with a largely-offsetting increase in medical expense), and (2) favorable enrollment due to the suspension of disenrollments, (3) favorable increased YTD CY21 Medi-Cal non-dual, dual MLTSS and CMC capitation rates higher than budgeted (retroactive to January 1, 2021), (4) favorable increased estimates for CY20 Medicare quality withhold and Part D reconciliation, (5) favorable revised estimate of prior year MCO tax liability and (6) unfavorable potential DHCS Medi-Cal eligibility recoupment.

Medical Expense reflected an unfavorable current month variance of \$5.2 million (5.8%) largely due to (1) unfavorable additional pharmacy expense of \$12.5 million due to the delayed carve-out of Medi-Cal pharmacy from managed care (offsetting the associated increased revenue), partially offset by (2) favorable unbudgeted pharmacy performance guarantees, (3) favorable fee-for-service utilization due to a general downward trend in utilization reflected in reductions in incurred-but-not-reported (IBNP) reserve estimates, (4) favorable lower than planned Long Term Care (LTC) enrollment and utilization, and (5) net favorable reduced capitation expense due to year-end reconciliation, and (6) unfavorable risk pool estimates.

Administrative Expense reflected a favorable current month variance of \$500 thousand (9.0%) due to lower headcount than budgeted and the timing of certain non-personnel expenses.

The balance sheet reflected a Current Ratio, a key measure of liquidity, of 1.31:1 versus the DMHC minimum current ratio requirement of 1.00:1.

Tangible Net Equity of \$250.4 million, which represented approximately two months of the Plan's total expenses, included unrestricted net assets of \$205 million.

Year-to-date capital investments of \$4.1 million were made, predominately construction expenses of the Blanca Alvarado Community Resource Center.

The final post-audit financial statements will be presented to the Executive/Finance Committee by the Plan's auditors, Moss Adams LLP, at the October 2021 meeting.

**It was moved, seconded, and the June 2021 pre-audit financial statements were unanimously approved.**

**Motion:** Mr. Cameron

**Second:** Mr. Brownstein

**Ayes:** Mr. Brownstein, Ms. Burrell, Mr. Cameron, Ms. Lew, Ms. Murphy

## 6. Resolution to Transfer Banking Relationship

Mr. Jarecki noted that the Plan has conducted most of its operational banking and a large portion of its investment banking with Wells Fargo. Recently, Wells notified the Plan that their investment arm has been sold to a private equity firm. SCFHP evaluated other options for its banking relationships and proposes to move to City National Bank. City National Bank understands our unique healthcare business needs and successfully serves our sister Plans in San Francisco and Alameda. City National Bank will continue to manage our investments in compliance with SCFHP's Investment Policy and the California government code at significantly lower total costs than Wells.

**It was moved, seconded, and the resolution to move the Plan's banking relationship to City National Bank was unanimously approved.**



**Motion:** Ms. Lew  
**Second:** Mr. Cameron  
**Ayes:** Mr. Brownstein, Ms. Burrell, Mr. Cameron, Ms. Lew, Ms. Murphy

## 7. Team Incentive Compensation

Christine Tomcala, Chief Executive Officer, presented the Plan's performance on FY '20-'21 Team Incentive Compensation Program metrics, noting how COVID challenged the team's performance in many ways.

Ms. Tomcala also presented a draft FY '21-'22 Team Incentive Compensation Program proposal, designed to recognize employees for achieving five high priority Plan Objectives.

Extensive discussion ensued.

**It was moved, seconded, and unanimously approved** to request (1) a recommendation to recognize staff for their accomplishments during unusual and difficult circumstances in FY '20-'21, and (2) a revised FY '21-'22 Team Incentive Compensation Program proposal designed to engage the team on stretch goals and assist with retention.

**Motion:** Ms. Murphy  
**Second:** Mr. Cameron  
**Ayes:** Mr. Brownstein, Ms. Burrell, Mr. Cameron, Ms. Lew, Ms. Murphy

## 8. CEO Update

Ms. Tomcala presented the updated SCFHP COVID-19 summary, noting cumulative members affected. She shared data on the percentage of vaccinated SCFHP members (63%) by age band and ethnicity compared to the county as a whole (86%). She further noted the State is looking to health plans to assist in closing the gaps, and is offering some monetary incentives.

Ms. Tomcala shared that DHCS invited SCFHP to speak at an upcoming event and Johanna Liu, Director, Quality & Process Improvement, will be presenting. Ms. Tomcala shared additional COVID vaccine member data prepared for that event, including a breakdown by line of business.


Ms. Tomcala gave a brief update on the Blanca Alvarado Community Resource Center (CRC), noting all exterior signage has been installed. She also shared pictures of the murals painted by a local East San Jose artist. The lobby mural is in honor of Blanca Alvarado and the kids' room mural reflects the heritage of the community. Lastly, Ms. Tomcala noted the virtual grand opening for the CRC is September 17<sup>th</sup>.

## 9. Government Relations Update

Tyler Haskell, Director, Government Relations provided an update on relevant federal and state government actions. He discussed several potential health care provisions to be included in a congressional infrastructure bill. Mr. Haskell also provided an overview of new Medi-Cal programs included in the State budget, and an update on State legislation and the multi-year Medi-Cal reform plan known as CalAIM.

## 10. Adjournment

The meeting was adjourned at 12:28pm.

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Michele Lew, Secretary