



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

Thursday, October 28, 2021, 10:30 AM – 12:30 PM
Santa Clara Family Health Plan - Teleconference
6201 San Ignacio Ave, San Jose, CA 95119

MINUTES

Members Present

Bob Brownstein, Chair
Alma Burrell
Dave Cameron
Michele Lew

Members Absent

Sue Murphy

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 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
Johanna Liu, Director, Quality & Process Improvement
Khanh Pham, Director, Financial Reporting & Budgeting
Robyn Esparza, Administrative Assistant
Rita Zambrano, Executive Assistant

Other Present

Michael Daponte, DSR Health Law
John Domingue, Rossi Dominique LLP
Chris Pritchard, Moss Adams LLP
Rianne Suico, Moss Adams LLP

1. Roll Call

Bob Brownstein, Chair, called the meeting to order at 10:31 am. Roll call was taken and a quorum was established.

2. Public Comment

There were no public comments.

3. Fiscal Year 2020-2021 Independent Auditor's Report

Neal Jarecki, Chief Financial Officer, introduced Chris Pritchard & Rianne Suicco, partners from the Plan's independent accounting firm, Moss-Adams, LLP. Mr. Pritchard presented the Plan's audited financial statements and Board communication letter for the fiscal year ended June 30, 2021. He indicated that the financial statements received an unmodified audit opinion (meaning that the Plan has presented fairly its financial position, results of operations, and changes in cash flow and that the financial statements are in conformity with general-accepted accounting principles). Ms. Suicco reviewed a summary of the Plan's financial statement detail and advised that (1) management's accounting estimates, were reasonable, (2) there were no disagreements with management, and (3) no audit adjustment to the financial statements were necessary.



It was moved, seconded, and the Fiscal Year 2020-2021 Independent Auditor's Report was **unanimously approved.**

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

4. Approve Consent Calendar and Changes to the Agenda

Mr. Brownstein presented the Consent Calendar and indicated all agenda items would be approved in one motion.

- a. Approve minutes of the August 26, 2021 Executive/Finance Committee meeting
- b. Approve minutes of the October 22, 2021 Special Executive/Finance Committee meeting

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

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

5. August 2021 Financial Statements

Mr. Jarecki presented the August 2021 unaudited financial statements, which reflected a current month net surplus of \$4.6 million (\$3.2 million favorable to budget). Enrollment increased by 1,294 members from the prior month to 285,472 members (1,471 members or 0.5% lower than monthly budget). Membership growth continues due to the extended duration of the COVID pandemic during which member disenrollments have been suspended. YTD member months trailed budget by 2,218 member months or 0.4%). Revenue reflected a favorable current month variance of \$1.7 million (1.6%) largely due to higher CY21 rates versus budget coupled with higher supplemental kick revenue due to higher utilization, partially offset by lower enrollment than budgeted. YTD revenue was \$2.4M (1.1%) favorable to budget due to the same factors. Medical Expense reflected a favorable current month variance of \$854 thousand (0.8%) largely due to (1) pharmacy expense favorable to budget due to lower cost trends, (2) lower capitated enrollment and (3) timing of certain other expenses, partially offset by (4) higher fee-for-service costs and supplemental kick utilization. YTD Medical Expense was \$3.7 million (1.8%) favorable to budget due to the same factors. Administrative Expense reflected a favorable current month variance of \$841 thousand (13.0%) due to lower headcount than budgeted and the deferred timing of certain non-personnel expenses. YTD Administrative Expense was \$1.8 million (14%) favorable to budget due to the same factors. 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 \$260.5 million, which represented approximately two months of the Plan's total expenses, included unrestricted net assets of \$216 million.

Year-to-date capital investments of \$492 thousand were made, predominately computer software licenses.

It was moved, seconded, and the August 2021 unaudited Financial Statements were **unanimously approved.**

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

6. CEO Update

Christine Tomcala, Chief Executive Officer, presented the updated SCFHP COVID-19 summary, noting additional incentives, outreach, and collaboration efforts underway to assist our members in getting vaccinated. She shared data on the percentage of SCFHP members with at least one COVID vaccination dose (68%) by age band and ethnicity, compared to the county as a whole (89%). She reported that SCFHP had the second highest vaccination



rate among Medi-Cal managed care plans statewide, and noted that Anthem in Santa Clara County had a 64.7% vaccination rate.

7. Government Relations Update

Tyler Haskell, Director of Government Relations, provided an update on federal and state government actions. He discussed the details of a newly-released compromise agreement on infrastructure legislation developing in Congress. Mr. Haskell provided an update on new Medi-Cal benefits going into effect in 2022, the final status of relevant State legislation, and the upcoming procurement process for commercial Medi-Cal health plan contracts.

8. Adjourn to Closed Session

a. Litigation

The Executive/Finance Committee met in Closed Session to confer with Legal Counsel regarding arbitration initiated by a provider: one case.

b. Existing Litigation

The Executive/Finance Committee met in Closed Session to confer with Legal Counsel regarding litigation initiated by a vendor. Case name unspecified: disclosure of case name may jeopardize existing settlement negotiations.

c. Report Involving Trade Secrets

The Executive/Finance Committee met in Closed Session to discuss Plan Contract Rates.

d. Contract Rates

The Executive/Finance Committee met in Closed Session to discuss Plan partner rates.

9. Report from Closed Session

Mr. Brownstein reported the Executive/Finance Committee met in Closed Session to discuss litigation, existing litigation, trade secrets, and contract rates.

10. Adjournment

The meeting was adjourned at 12:36 pm.

DocuSigned by:

A handwritten signature in black ink, appearing to read "Michele Lew", is enclosed within a blue DocuSign signature box.

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Michele Lew, Secretary