



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

Thursday, July 28, 2022, 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
Alma Burrell
Dave Cameron
Sarita Kohli
Michele Lew

Staff Present

Christine Tomcala, Chief Executive Officer
Neal Jarecki, Chief Executive Finance 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
Tyler Haskell, Interim Chief Compliance Officer
Barbara Granieri, Controller
Lori Anderson, Operations Director, Long Term Services
and Supports
Khanh Pham, Director, Financial Reporting & Budgeting
Arlene Bell, Director, Claims
Gaya Amirthavasar, Manager, Social Determinants of
Health
Lucille Baxter, Manager, Quality and Health Education
Kris Cameron, Strategic Planning Project Manager
Lloyd Alaban, Copy Writer and Content Strategist
Nancy Aguirre, Administrative Assistant

Others Present

John Domingue, Rossi Domingue LLP
Tim Davis, South County Compassion Center
Erin O'Toole, YMCA of Silicon Valley
Mary Hoshiko Haughey, YMCA of Silicon Valley

1. Roll Call

Sue Murphy, Chair, called the meeting to order at 10:30 AM. Ms. Murphy welcomed Sarita Kohli to the Executive/Finance Committee and acknowledged Michelle Lew as the new Chair of the Governing Board. Roll call was taken and a quorum was established.

2. Public Comments

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.

Christine Tomcala, Chief Executive Officer, requested that item 3.b. be deferred to the August meeting.

- a. Approve May 26, 2022 **Executive/Finance Committee** minutes
- b. Approve **Policy GO.01 v3 – Organizational Policies**
- c. Approve **Claims Policies**:
 - CL.01 v5 Interest on the Late Payment of Claims
 - CL.02 v4 Misdirected Claims
 - CL.03 v5 Notice of Denial of Payment
 - CL.04 v3 Skilled Nursing Facility
 - CL.05 v3 Long Term Care
 - CL.06 v5 Inpatient Admission
 - CL.07 v6 Emergency Room Services
 - CL.08 v4 General Physician Professional Services
 - CL.09 v4 Claims Timeframes Turn-Around-Time
 - CL.10 v4 Provider Dispute Resolution
 - CL.11 v3 Ambulatory Surgery Center (ASC)
 - CL.12 v3 Coordination of Benefits and Medicare_Medi-Cal Crossover Claims
 - CL.13 v5 Processing of Family Planning Claims
 - CL.14 v3 Processing of Radiology Claims
 - CL.15 v3 Processing of Anesthesia Claims
 - CL.16 v3 Processing of Drugs and Biologicals Claims
 - CL.17 v3 Processing of Durable Medical Equipment, Orthotics, and Prosthetics Claims
 - CL.18 v3 Processing of Home Health Claims
 - CL.19 v3 Processing of Rehabilitation Therapies Claims
 - CL.20 v5 Processing of Inpatient Psychiatric Facility and Outpatient Behavioral Mental Health Claims
 - CL.21 v5 Claims Processing & Adjudication
 - CL.22 v5 Processing of Abortion Claims
 - CL.23 v3 Overpayment Recovery
 - CL.24 v3 Timely Processing of Non-Clean Claims
 - CL.25 v4 Direct Member Reimbursement
 - CL.26 v3 Claim Development of Non-Clean Non-Contracted Medicare Claims
 - CL.27 v3 Non-Medical Transportation
 - CL.28 v2 Other Health Coverage Cost Avoidance and Post Payment Recovery
 - CL.29 v2 Third Party Tort Liability Reporting Requirements
- d. Approve **continued use of teleconferencing** without providing public access to each teleconference location pursuant to Government Code Section 54953.

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

Motion: Mr. Cameron

Second: Ms. Lew

Ayes: Ms. Burrell, Mr. Cameron, Ms. Kohli, Ms. Lew, Ms. Murphy

3. May 2022 Financial Statements

Neal Jarecki, Chief Financial Officer, presented the unaudited financial statements for May 2022, which reflected a current month net surplus of \$1.7 million (\$1.7 million favorable to budget) and a year-to-date net surplus of \$26.0 million (\$17.4 million favorable to budget) through eleven months of the fiscal year.

Enrollment increased by 2,444 members from the prior month to 301,262 members (4,945 members or 1.6%



lower than budget, largely due to fewer newly-eligible members having Other Health Coverage (OHC) than budgeted. Membership continues to grow due to the extended duration of the COVID public health emergency during which member disenrollments have been suspended. YTD member months of 3,211,417 trailed budget by 85,300 member months or 2.6%.

Revenue reflected a net unfavorable current month variance of \$11.5 million (1.6%) due to several factors. Unfavorable variances resulted from: (1) the inclusion of Medi-Cal pharmacy throughout FY22 in the budget (pharmacy was carved-out of managed care effective January 1, 2022, which significantly reduced revenue (with a corresponding reduction to medical expense), (2) lower enrollment, predominately fewer OHC members (with a corresponding reduction to medical expense), (3) additional CMC medical loss ratio accruals payable to DHCS, and (4) retroactive DHCS recoupments for fiscal years 2011-2020. Positive variances resulted from: (1) favorable calendar year 2022 Medi-Cal non-dual & CCI rates versus budget, and (2) increased Medi-Cal supplemental revenue.

Medical Expense reflected a net favorable current month variance of \$12.7 million (11.3%) largely due to the favorable offsets of key revenue items above (pharmacy carve-out and reduced OHC enrollment). Certain fee-for-service expense categories reflected unfavorable variances due to increased unit costs and higher supplemental services expenses than budgeted. Capitation expense was net favorable to budget due to higher CY22 capitation rates paid vs. budget partially offset by lower capitated enrollment vs. budget.

Administrative Expense was \$530 thousand (7.6%) unfavorable to budget for the month largely due to the net effect of (1) lower headcount than budgeted and (2) a favorable variance in non-personnel expense due to the timing of certain expenses vs. in the budget.

The **Balance Sheet** reflected a Current Ratio, a key measure of liquidity, of 1.30:1 versus the DMHC minimum current ratio requirement of 1.00:1.

Tangible Net Equity of \$280.8 million, which represented approximately three months of the Plan's total expenses, included unrestricted net assets of \$240.5 million.

Capital Investments of \$1.1 million have been made year-to-date, predominately computer software licenses, versus the annual capital budget of \$3.25 million, with certain Medicare-related projected deferred into the fiscal year 2022-2023.

It was moved, seconded, and the unaudited May 2022 Financial Statements were **unanimously approved**.

Motion: Ms. Kohli

Second: Mr. Cameron

Ayes: Ms. Burrell, Mr. Cameron, Ms. Kohli, Ms. Lew, Ms. Murphy

5. Innovation Fund Expenditure Request

Ngoc Bui-Tong, VP, Strategies & Analytics, presented a funding request from the YMCA of Silicon Valley (YMCA) Diabetes Prevention Program (DPP). The funds requested will fund a position to build capacity and provide oversight and strategic direction to the Diabetes Prevention Program. Ms. Tomcala introduced Erin O'Toole and Mary Hoshiko Haughey of YMCA of Silicon Valley, who were available for questions.

It was moved, seconded, and the YMCA request for \$240,000 to fund the Diabetes Prevention Program was **unanimously approved** as an expenditure from the Board Designated Innovation Fund.

Motion: Ms. Lew

Second: Ms. Kohli

Ayes: Ms. Burrell, Mr. Cameron, Ms. Kohli, Ms. Lew, Ms. Murphy

6. Special Project Fund for CBOs Expenditure Request

Ms. Bui-Tong presented a funding request from the South County Compassion Center (SCCC) Rental Assistance Program. The funds requested would fund a part-time Rental Assistance Program Manager. Ms. Bui-Tong introduced Tim Davis of South County Compassion Center, who was available for questions.

It was moved, seconded, and the South County Compassion Center request for \$35,000 to fund the Rental Assistance Program was **unanimously approved** as an expenditure from the Board Designated Special Project Fund, for CBOs.

Motion: Ms. Kohli

Second: Ms. Burrell

Ayes: Ms. Burrell, Mr. Cameron, Ms. Kohli, Ms. Lew, Ms. Murphy

7. CY'21 HEDIS Measure Analysis

Laurie Nakahira, D.O., Chief Medical Officer, shared the calendar year 2021 Healthcare Effectiveness Data and Information Set (HEDIS) Measure Analysis, including the Medi-Cal Managed Care Accountability Set performance trend, Medi-CAL HEDIS measure percentiles by network and ethnicity, Department of Health Care Services (DHCS) BOLD Goals, and the CMS HEDIS/Stars Rate Overview. Dr. Nakahira highlighted that measures change from year to year as plans improve and new performance measures are identified. There was discussion about root causes and planned interventions.

8. Housing & Homelessness Incentive Program (HHIP) Overview

Lori Anderson, Director, Long Term Services and Supports introduced Gaya Amirthavasar, Manager, Social Determinants of Health, who presented a report on the Housing and Homelessness Incentive Program (HHIP). Ms. Amirthavasar shared the Department of Health Care Services (DHCS) goals, expectations, program timeline and HHIP incentive funds. Ms. Amirthavasar shared the HHIP deliverables and highlighted the approximately 48.8 million dollars available in funds to draw down. Ms. Amirthavasar explained that receipt of the entirety of the funds is not guaranteed and depends upon SCFHP accomplishing certain metrics.

Ms. Amirthavasar provided an update on activities to date, next steps, and possible strategies that may be deployed using the HHIP metrics set forth by DHCS.

Ms. Amirthavasar then shared the Plan's commitment to partner with HumanGood for the residents of an 81 unit planned housing development in the city of Morgan Hill targeted to the 62+ population that meet certain eligibility criteria. The partnership would be initiated with the opening of the housing, estimated for 2024, and last a minimum of five years at the estimated cost of \$500,000. It is expected that this cost would be covered by the HHIP funding.

9. Government Relations Update

Tyler Haskell, Interim Compliance Officer, presented federal issues of note, including the recent renewal of the COVID-19 public health emergency with assurance from the Secretary of Health and Human Services that we will be provided 60-days notice prior to expiration.

Mr. Haskell shared information on a congressional reconciliation bill that includes a prescription drug reform proposal allowing the Federal Government to negotiate prices for a limited amount of drugs for Medicare. Mr. Haskell stated the bill will include three years of enhanced subsidies for individual Plans on the exchanges. Mr. Haskell shared insulin was carved out of the reconciliation bill to be addressed in a separate bill that may have trouble securing the required votes to pass.

Mr. Haskell introduced the topic of "coding intensity adjustment" designed to adjust for differences in diagnosis coding patterns between Medicare Advantage (MA) and traditional Medicare. Dual Eligibility Special Needs Plans (DSNP) are considered MA plans and SCFHP will be converting our Medicare line of business to a DSNP next



year. Mr. Haskell noted his intention to recommend to legislators to carve out DSNPs to ensure they are not adversely impacted.

Mr. Haskell discussed a Medicare Advantage bill intended to address issues relating to a Government Accountability Office report on MA indicating problems with prior authorization and MA members not having treatments approved on time. The bill includes a concerning provision known as "gold carding," which would allow physicians who have a 90% prior authorization approval rate over a six-month period on certain services to be exempt from prior authorization requirements.

Mr. Haskell presented state issues impacting the Plan as a result of the passing of the budget, including the eligibility expansion of undocumented members between ages 26 and 50 that will go into effect January 2024 and continuous eligibility for children up to age 5. Mr. Haskell highlighted that Proposition 56 Provider Payments have been extended indefinitely. Mr. Haskell shared there is a new Medi-Cal benefit in the budget for an annual cognitive health assessment for members over age 65 if they are ineligible for it under Medicare. Mr. Haskell stated the legislature reinstated into the budget the \$700 million Equity and Practice Transformation Grants.

Mr. Haskell reported Assembly Bill 2724 on the Kaiser direct Medi-Cal contract has been signed into law. Mr. Haskell explained, the Plan is now working on transitioning Kaiser out of our network as of 2024.

10. CEO Update

Ms. Tomcala, provided a brief update on the percentage difference (17%) between the SCFHP and Santa Clara County population who have received a COVID-19 vaccine, noting the stability in the percentage over the past several months.

Ms. Murphy requested that this topic be retired for future meetings and brought back when any notable changes occur.

11. Adjourn to Closed Session

a. Existing Litigation

The Executive/Finance Committee met in Closed Session to confer with Legal Counsel regarding litigation initiated by a vendor.

b. Contract Rates

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

13. Report from Closed Session

Ms. Murphy reported that the Executive/Finance committee met in Closed Session to discuss existing litigation and contract rates.

14. Adjournment

The meeting was adjourned at 12:40 PM.

DocuSigned by:

Sarita Kohli

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Sarita Kohli, Secretary