



Regular Meeting of the

Santa Clara County Health Authority Executive/Finance Committee

Thursday, January 27, 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
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
Chelsea Byom, VP, Marketing, Communications & Outreach
Teresa Chapman, VP, Human Resources
Laura Watkins, VP, Marketing & Enrollment
Tyler Haskell, Interim Compliance Officer
Barbara Granieri, Controller
Johanna Liu, Director, Quality & Process Improvement
Khanh Pham, Director, Financial Reporting & Budgeting
Ashley Kerner, Manager, Administrative Services

Others Present

John Domingue, Attorney, Rossi Domingue LLP
Mark Fishler, Development Director, Parents Helping Parents

1. Roll Call

Sue Murphy, Chair, called the meeting to order at 10:30 a.m. 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.

- a. Approve November 18, 2021 **Executive/Finance Committee** minutes
- b. Approve January 10, 2022 **Special Executive/Finance Committee** minutes
- c. Approve revised March 26, 2020 **Governing Board** minutes
- d. YE 2021 **Flexible Spending Account (FSA)** change resolution
- e. Approve authorization for CEO to execute contract with selected **Claims Editing System** vendor
- f. 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 Consent Calendar was unanimously approved.

Motion: Mr. Brownstein

Second: Ms. Lew

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

4. November 2021 Financial Statements

Neal Jarecki, Chief Financial Officer, presented the November 2021 unaudited financial statements, which reflected a current month net surplus of \$2.9 million (\$1.7 million favorable to budget) and a year-to-date net surplus of \$22.8 million (\$16.1 million favorable to budget).

Enrollment increased by 1,790 members from the prior month to 289,288 members (3,723 members, or 1.3% lower than monthly budget). 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 trailed budget by 11,837 member months, or 0.8%).

Revenue reflected an unfavorable current month variance of \$2.4 million (2.1%) largely due to the impact of true-ups associated with prior year estimates. These adjustments offset otherwise favorable results due to higher CY21 rates versus budget, the mix of capitation rates received and higher supplemental kick revenue due to higher utilization (partially offset by lower enrollment than budgeted). YTD Revenue was \$271 thousand (0.0%) unfavorable to budget.

Medical Expense reflected a favorable current month variance of \$3.8 million (3.6%) largely due to favorable unit cost and utilization in certain fee-for-service categories of service, coupled with favorable pharmacy expense due to lower cost trends, coupled with lower capitated enrollment. YTD Medical Expense was \$15.4 million (2.9%) favorable to budget due to the same factors.

Administrative Expense was \$489 thousand (7.2%) favorable to budget for the month. YTD Administrative Expense was \$2.2 million (6.6%) favorable to budget largely due to lower headcount than budgeted and deferred timing of certain non-personnel expenses.

The **Balance Sheet** reflected a Current Ratio, a key measure of liquidity, of 1.32:1 versus the DMHC minimum current ratio requirement of 1.00:1.

Tangible Net Equity of \$277.7 million, which represented approximately three months of the Plan's total expenses, included unrestricted net assets of \$234 million.

Capital Investments of \$869 thousand were made year-to-date, predominately computer software licenses.

It was moved, seconded, and the November 2021 Financial Statements were unanimously approved.

Motion: Ms. Murphy

Second: Mr. Cameron

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

5. Fiscal Year 2021-2022 Forecast

Mr. Jarecki provided an update to the fiscal year 2021-2022 budget. He noted that the Board-approved Fiscal Year 2021-2022 budget of June 2021 envisioned an annual net surplus of \$8.6 million (0.6% of revenue), an overall medical loss ratio (MLR) of 93.9%, and an overall administrative loss ratio (ALR) of 5.6%.

The current Forecast is based on fiscal year-to-date financial results through November 2021, with updated projections for the remaining seven months of the fiscal year (December 2021 through June 2022). Many key



budget assumptions have evolved as the COVID pandemic continues to unfold and new information is learned. Enrollment is expected to increase as the public health emergency is assumed to continue through June 2022. Revenue projections have been updated to reflect revised enrollment projections and capitation rate changes. Medical expenses have been revised and include acceleration of the pharmacy carve-out date, updated estimates for new Cal AIM programs and COVID-related cost and trends. Administrative expenses remain largely as budgeted. The Forecast reflects a net surplus of \$32.5 (2.4% of revenue) million, and overall MLR of 91.6% and an ALR of 5.8%. Mr. Jarecki cautioned that significant uncertainties will continue through the remainder of the fiscal year.

6. CMC CAHPS 2021 Results

Johanna Liu, Director, Quality & Process Improvement, presented additional details on the Cal MediConnect Consumer Assessment of Healthcare Providers (CAHPS) survey results in follow-up to the Committee's request at the last meeting for further discussion of any racial disparities identified.

Dr. Liu highlighted next steps, including working with the Equity Steering Committee and Councils on root cause analysis. She noted an opportunity to expand current focus group work to include CAHPS improvement by race, among other strategies.

Alma Burrell suggested outreach efforts to increase the number of future survey respondents in various ethnic groups. Ms. Tomcala noted that the annual CAHPS surveys must be conducted by a survey vendor that follows specific Centers for Medicare & Medicaid Services (CMS) protocols. Due to the strict survey methodology, health plans are limited in their ability to customize fielding of the survey. SCFHP has contracted with the vendor to conduct the survey in three available languages, and has communicated with our membership to encourage participation in upcoming CAHPS surveys,

Ms. Murphy requested an update in six months on the progress of the next steps noted by Dr. Liu.

It was moved, seconded, and the CMC CAHPS 2021 Results were unanimously approved.

Motion: Ms. Lew

Second: Mr. Brownstein

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

7. Innovation Fund Expenditure Request

Laura Watkins, VP, Marketing & Enrollment, presented a funding request from Parents Helping Parents for the Connections California program. Ms. Watkins introduced Mark Fishler, Development Director, Parents Helping Parents, who was available for questions from the Committee Members. Ms. Watkins shared SCFHP's position that the program would be a benefit to disabled members and their families.

Ms. Murphy indicated her support of the proposal and asked if the program would be expanded statewide. Mr. Fishler stated the intention is to expand the program as a statewide resource.

It was moved, seconded, and the Parents Helping Parents request for \$159,085 to fund Connections California was unanimously approved as an expenditure from the Board Designated Innovation Fund.

Motion: Mr. Cameron

Second: Mr. Brownstein

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

8. CEO Update

Christine Tomcala, Chief Executive Officer, presented updated COVID vaccination graphs, including data by age group, ethnicity, and booster status. Ms. Tomcala noted that the comparably larger percentage of children in the Hispanic/Latino membership contributes to the overall lower percentage of vaccinated individuals in the Hispanic/Latino ethnic group.

Ms. Tomcala provided a summary of SCFHP's extensive communication and outreach efforts to help membership, and the broader community, get vaccinated and boosted. These efforts include social media, hiring staff to conduct outreach calls, resources at the Blanca Alvarado Community Resource Center, partnerships with Community Based Organizations for outreach and vaccine clinics, incentives for providers and pharmacies to conduct outreach, and \$50 gift cards for individuals receiving a vaccination.

Bob Brownstein inquired about the percentage of members who are in skilled nursing facilities who have received a booster. Ngoc Bui-Tong, VP, Strategies & Analytics, replied that she would run the data and email Committee members.

Ms. Tomcala reported that 91% of staff are vaccinated.

Ms. Tomcala further reported on the rollout of CalAIM, sharing the statistics for the successful transition of members in Whole Person Care and Health Homes Program to Enhanced Care Management (EMC). She also discussed the challenges experienced with implementation of the Medi-Cal pharmacy carve-out effective January 1, 2022. Michele Lew requested a regular update on how the pharmacy carve-out is impacting members.

Ms. Tomcala briefly shared speculation that Kaiser may become a separately contracted health plan for Medi-Cal and stated she would provide more information as it becomes available.

9. Government Relations Update

Tyler Haskell, Interim Compliance Officer, reported that the Employer Vaccination Mandate from the Biden Administration has been struck down by the Supreme Court, and the Public Health Emergency has been extended, continuing the eligibility of Medi-Cal members who may otherwise no longer be ineligible.

Mr. Haskell highlighted items in the proposed state budget including: the expansion of Medi-Cal eligibility to all Californians below a specified income threshold regardless of immigration status, the continuation of the Proposition 56 Medi-Cal provider payments, a one-time proposal for about \$400 million for quality and equity related provider payments for Medi-Cal, a one-time investment continuing the Children and Youth Initiative, a new Medi-Cal Mobile Crisis Program, a one-time investment in the behavioral health Bridge Housing Program, full funding for the Home and Community-Based Services waiver, and a pledge to work with public hospitals to reform the Medi-Cal hospital payment system.

Mr. Haskell shared the deadline of Monday, January 31, 2022 to move AB 1400, Kalra, Guaranteed Health Care for All, out of Assembly. He explained this bill would provide government-run care to all California citizens eliminating the need for private insurance. Mr. Haskell shared the perception that the governor has recanted his support, but stated the Plan will continue to monitor this bill as it provides a continuing role for local initiative Medi-Cal plans.

Mr. Haskell presented the status of the CalAIM implementation. Mr. Haskell shared that the Plan has successfully launched Enhanced Care Management, Community Supports, and major organ transplants. Mr. Haskell shared the State is currently working on payment rates for major organ transplants and confirmed SCFHP has obtained a signed agreement with Stanford for any members requiring major organ transplants. The carve-out of Medi-Cal pharmacy services also took effect on January 1st.



10. 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.


11. Report from Closed Session

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

12. Adjournment

The meeting was adjourned at 12:34 pm.

DocuSigned by:


Michele Lew, Secretary