

**MINUTES**  
**Santa Clara County Health Authority**  
**Executive Committee**

Thursday, November 15<sup>th</sup>, 2012

8:30-10:00 AM

Santa Clara Family Health Plan  
210 E. Hacienda Avenue  
Campbell CA 95008

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**Members present:**

Mr. Bob Brownstein

Ms. Michele Lew

Mr. Chris Dawes

Dr. Wally Wenner

**Members absent:**

Dr. Dale Rai

**Staff present:**

Ms. Elizabeth Darrow, Chief Executive Officer

Mr. Dave Cameron, Chief Financial Officer

Ms. Shannon McNally, Executive Assistant

**Others present:**

Rene Santiago, Deputy County Executive, Director of Health and Hospital Systems,  
Santa Clara County

Dr. Jeff Smith, County Executive, Santa Clara County

1. Roll call

The meeting was called to order at 8:37 a.m. by Mr. Dawes. Roll call was taken,  
and a quorum was established.

2. Public comment

There was no public comment.

3. Adjourn to closed session

Christopher Dawes

a. Personnel (Government Code 54957)

It is the intention of the Committee to meet in closed session to discuss personnel issues.

b. Real Property Negotiations (Government Code Section 54956.8)

It is the intention of the Executive Committee of the Santa Clara County Health Authority Governing Board to meet in Closed Session to confer with its Real Property Negotiators concerning:

The price and terms for the possible acquisition of real property located at 210 E. Hacienda Avenue, Campbell, CA 95008, APN 424-33-121. The negotiator for the Health Authority is Dave Cameron, Chief Financial Officer. The other negotiating party is the owner of the 210 E. Hacienda Avenue property.

4. Report from closed session:

a. Personnel (Government Code 54957)

The Executive Committee authorized the CEO to engage in discussions with the County to work out a way to provide managed care consulting services.

b. Real Property Negotiations (Government Code Section 54956.8)

An update was given and no action was taken.

5. Action item: Approve minutes of Executive Committee dated October 11<sup>th</sup>, 2012.

**It was moved, seconded, and approved** to approve the minutes as presented.

6. Action Item: Accept report from Chief Financial Officer on September 2012 financial statement

Mr. Cameron presented highlights for the three months ending September 2012 financial statement:

- Operating loss of \$138k for the month and \$706k year to date. This compares to a budgeted loss of \$581k for the month and \$2.0m year to date. We are continuing to reserve for the provider cuts (AB-97) as the state will likely retroactively apply them to July 1, 2011. The Plan is currently absorbing all rate cuts and not passing any reductions to our network providers.
- Revenue is \$54k or 0.3% above budget for the month and \$203k or 0.3% above budget year to date. We are continuing to reserve for the provider rate cuts (AB-97) and our Medi-Cal rate decrease that will be retroactively applied to July 1<sup>st</sup>, 2011 and October 1<sup>st</sup>, 2011 respectively.
- September enrollment is at 138,370 or 0.4% below budget. Year to date the Plan is under budget by .3%. All lines of business are close to on budget except Healthy Workers which is 9.5% below budget for the first three months of the year.
- Health Care costs were under budget by \$310k, or 1.5%, for the month and \$787k under budget, or 1.3%, year to date.
- Administrative Expenses are \$70k, or 4.6%, favorable to budget for the month and \$239k, or 4.9%, favorable year to date. Administrative expenses were 6.9% and 7.1% of revenues for the month and year to date respectively.
- Tangible net equity (TNE) is \$23.5 million or 4.0 times the minimum TNE required by the Department of Managed Health care (DMHC). The Plan's reserves are roughly \$14.9 million below the reserves targeted by the Board of two months capitation revenue.
- SCFHP was issued an Unqualified Opinion by our external auditors, Moss Adams, which means our June 30, 2012 financial statements are fairly presented in accordance with generally accepted accounting principles.

Mr. Cameron commented that the Health Plan is continuing to reserve for the provider rate cuts (AB-97) that will be retroactively applied back to July 1, 2011. Mr. Cameron also noted that the state has not reconciled and the Health Plan is still being paid on two year old rates. Mr. Cameron also stated that the Plans TNE requirements could change with the Duals. Ms. Darrow also noted that since DHCS and CMS were not issued final rates the Health Plan has not yet moved forward with contracting for Medicare and said that the Plan must be strategic with delegation and proceed with caution.

**It was moved, seconded, and approved** to accept the financial report as presented.

7. Discussion item: Annual Audit Report

Mr. Cameron gave an update on the Plan's annual audit report. The report is complete and there were no findings. Ms. Darrow commented that the Executive Team felt that the audit could be presented without the extra committee. Mr. Cameron also noted that there will be an RFP early next year for the Health Plan's audit.

8. Adjournment

**It was moved, seconded, and approved** to adjourn the meeting at 9:50 a.m.

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Shannon McNally, Secretary to the Board