



Santa Clara  
Family Health Plan  
*The Spirit of Care*

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

Thursday, May 26, 2016  
8:30 AM - 10:00 AM  
210 E. Hacienda Avenue  
Campbell CA 95008

**VIA TELECONFERENCE AT:**

Residence  
1985 Cowper Street  
Palo Alto, CA 94301

**Members Present:**

Michele Lew, Chair  
Bob Brownstein  
Wally Wenner  
Linda Williams

**Staff Present:**

Christine Tomcala, CEO  
Dave Cameron, CFO  
Rita Zambrano,  
Executive Assistant

**Members Not Present:**

Liz Kniss

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**Minutes - APPROVED**

**1. Roll Call**

Chairperson Lew called the meeting to order at 8:39 am. Roll call was taken and a quorum was established.

**2. Meeting Minutes**

The minutes of the March 24, 2016 Executive Committee Meeting were reviewed.

**It was moved, seconded, and** the March 24, 2016 meeting minutes were **approved** as presented.

**3. Public Comment**

There were no public comments.

**4. April 2016 Financial Statements**

Dave Cameron reported on the April and April YTD 2016 financials.

For the month of April, the Plan showed a surplus of \$1.2 million. YTD April, the Plan had a surplus of \$12.1 million, which represents a negative variance from the budget of \$1.6 million. The primary driver of the variance is higher than expected Long Term Care (LTC) costs.

Long Term Care expenses are stabilizing after a rapid acceleration during FY16. Administrative expenses are under budget due to slower hiring of personnel (FTE and Consultants).

Most of the membership growth has been in Medi-Cal and the overall mix of enrollment by network has not varied much throughout the year. Cal MediConnect membership has dropped after peaking in December 2015 at over 9,000; however, it is still up 18% from the beginning of the fiscal year. Healthy Kids membership is trending down and the transition to Medi-Cal is expected to be a lengthy process.

Tangible Net Equity is \$84.8 million or 2.83 times the minimum TNE required by the Department of Managed Health Care (DMHC).

**It was moved, seconded, and approved** to accept the April 2016 Financial Statements as presented.

## 5. FY'17 Budget Planning

Mr. Cameron provided an overview of the Fiscal Year 2016-17 budget planning. We will forecast enrollment by LOB by estimating recent trends, state guidance, and market share. Our current market share (as of March 2016) is Medi-Cal at 78%, Cal MediConnect at 70%, and Healthy Kids at 68%.

Based on the enrollment forecast, we will estimate Revenue, Medical Expenses, and Administrative Expenses.

**Revenue:** We are using the "preliminary rates" for Medi-Cal that we received in April. It is anticipated that final rates will come out at the end of June. MLTSS and CMC prospective rates will be based on 2014 DHCS rates sheets.

**Medical Expense:** We will use historical data and emerging trends to project FFS expenses. Capitation rates will be based on our final rates that may be adjusted for historical data and emerging trends.

**Administrative Expenses:** Each department is submitting requests based on activity, compliance needs, and other gaps identified by our consultants.

**Capital Expense:** Departments submit requests based on strategic and operational needs. The capital budget is primarily comprised of Facility and Information Technology related items. We will also budget for additional space to accommodate projected growth.

## 6. CEO Update

Christine Tomcala announced that Mr. Gary Kaplan, VP of Vendor Relations and Delegation Oversight, has accepted a position at Alameda Alliance and will be leaving the plan after 9 ½ years of service.

Ms. Tomcala provided an update on current Board appointments due to expire June 30<sup>th</sup>, noting those Board members have all expressed interest in being reappointed. Discussions with Supervisors Cortese and Wasserman have occurred, confirming those reappointments.

It was noted that the Unified Managed Care Strategy Meeting with the County would take place that afternoon.

Ms. Tomcala reported that the State has withdrawn its proposal for an annual CMC passive enrollment process. She indicated that Laura Watkins, Director of Marketing and Communications, is leading a cross-functional work group focused on CMC enrollment loss mitigation strategies.

Ms. Tomcala went on to report that transitioning eligible Healthy Kids enrollees to full-scope Medi-Cal is underway, and there is a need to encourage parental action to ensure parents take the necessary steps to enroll their children. Ms. Tomcala suggested we notify parents that Healthy Kids coverage will end as of September 30<sup>th</sup>, but would allow until the end of December for completion of the transition. Linda Williams and Bob Brownstein discussed the importance of provider awareness, and that clinics would be happy to help with the enrollment process.

As reported at the last Board meeting, the Claims Department has been challenged to meet turnaround times for a variety of reasons. Work actively continues on identifying and addressing barriers, obtaining additional resources, and streamlining claims processing procedures.

With respect to audit efforts, Ms. Tomcala reported we are anticipating feedback from the joint DHCS/DMHC audit on June 20<sup>th</sup>. Consultants continue to assist staff with streamlining claims processes, formalizing authorization and procurement processes, and development of, or revisions to, Finance policies and procedures. There are two new audits underway; preparation and data gathering for our DMHC Finance audit, scheduled to be onsite in June, and the Fiscal Year 2015-16 External Audit with Moss Adams.

**It was moved, seconded, and approved to accept the CEO update.**

## **7. Adjournment**

The meeting was adjourned at 9:20 am.

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Elizabeth Pianca, Secretary to the Board