

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

Thursday, September 15<sup>th</sup>, 2011

8:30-10:00 AM

Santa Clara Family Health Plan

210 E. Hacienda Avenue

Campbell CA 95008

408-874-1720

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**Members present:**

Mr. Patrick Love

Mr. Bob Brownstein

Dr. Dale Rai

Mr. Chris Dawes

Ms. Michele Lew

**Members absent:**

NONE

**Staff present:**

Ms. Elizabeth Darrow, Chief Executive Officer

Mr. Dave Cameron, Chief Financial Officer

Mr. Matt Woodruff, Chief Operations Officer

Mr. Ron Schmidt, Vice President Information Technology

Ms. Phyllis Romito, Admin Services Supervisor

Ms. Shannon McNally, Executive Assistant

1. Roll call

The meeting was called to order at 8:32 a.m. by Mr. Brownstein. Roll call was taken, and a quorum was established.

2. Public comment

There was no public comment.

3. Action item: approve minutes of Executive Committee, August 25th, 2011

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

4. Action item: accept report from Chief Financial Officer on July 2011 financial statements

Mr. Cameron presented highlights of the July financial statement:

- Operating surplus of \$56,000 for the month of July
- Revenue was below budget by \$542,000 for July as a result of reserving for the retroactive provider rate reduction.
- July enrollment of 133,569 exceeds budget by 1.5%. Healthy Families and Healthy Kids were below budget by .4% and 1.5% respectively.
- Administrative Expenses are \$208,000 or 13.6% favorable to budget for the month.
- Net assets have increased to \$32.9 million, or 6.6 times statutory required TNE
- Healthy Kids accumulated surplus is \$102,000 for July. The accumulated surplus from the previous two fiscal years is \$2.5 million which is designated to fund future Healthy Kids premiums.
- SCFHP External Auditors, Moss Adams, are performing their field work this week and we expect our report to the Audit Committee in early November.

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

5. Action item: review and approve proposal to make an offer on the purchase of the Health Plan's building.

Mr. Cameron briefly outlined the pros and cons between leasing versus buying the Health Plan property. Mr. Dawes suggested that a third party be engaged to assess the options and make a recommendation. The committee agreed with Mr. Dawes and therefore no action was taken.

6. Discussion items:

a. (SPDs) Seniors and People with Disabilities

Ms. Darrow stated that the Health Plan is still seeing a large influx of SPDs. As of September 1, 2011 there have been 4,749 mandatory enrollments. Ms. Darrow noted that the enrollment and management of the SPDs has been very labor intensive for employees. Ms. Darrow also commented that we are enrolling beneficiaries who have high risk status unlike what the State predicted in its original rates.

b. (ADHC) Adult Day Health Care

Ms. Darrow stated that the Governor's proposal to terminate ADHC benefits will be effective on December 1, 2011. Currently, Santa Clara County has 820 beneficiaries in ADHC who will be required to enroll in managed care. Those enrollees who are dual eligible will be allowed to opt out of managed care. The Health Plan has hired a temporary nurse to help with the transition into managed care and assess which available programs may best serve the needs of the enrollees.

c. State Budget

Ms. Darrow noted that CMS has yet to approve the Governor's proposed budget cuts to Medi-Cal. Approval is expected by September 30<sup>th</sup>, 2011.

d. School Outreach

Ms. Darrow stated that she had met with members of the School Outreach Collaborative in an effort to understand how the Health Plan can more efficiently support this program. Ms. Darrow explained that the Health Plan is facing significant funding cuts in the foreseeable future. Additionally, our enrollment is shifting to more adults who face barriers to care and more acute chronic conditions. Ms. Darrow noted

that she had formally requested that the School Outreach Collaborative provide a specific delineation of the type of support wanted from the Health Plan. The Health Plan must balance its ability to meet the needs of its members with outside requests to support social service programs.

7. Adjournment

**It was moved, seconded, and approved** to adjourn the meeting at 9:37 a.m.

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Elizabeth G. Pianca, Secretary to the Board

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Shannon McNally, Recorder to the Board

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

Thursday, November 17th, 2011  
8:30-10:00 AM  
Santa Clara Family Health Plan  
210 E. Hacienda Avenue  
Campbell CA 95008  
408-874-1720

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**Members present:**

Mr. Bob Brownstein  
Mr. Chris Dawes  
Ms. Michele Lew

**Members absent:**

Mr. Patrick Love  
Dr. Dale Rai

**Staff present:**

Ms. Elizabeth Darrow, Chief Executive Officer  
Mr. Dave Cameron, Chief Financial Officer  
Mr. Ron Schmidt, Vice President Information Technology  
Ms. Shannon McNally, Executive Assistant

1. Roll call

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

2. Public comment

There was no public comment.

3. Adjourn to closed session

a. Real Property Negotiations (Government Code 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.

The meeting was adjourned to closed session at 8:40 a.m.

4. Report from closed session

Chairman Dawes reported that various real estate negotiations were discussed and that no action was taken.

5. Action item: Approve minutes of Executive Committee, August 25, 2011

There were no minutes approved due to a discrepancy between the date noted on the agenda item and the date of the prior minutes.

6. Action item: Accept report from Chief Financial Officer on August 2011 and September 2011 financial statements.

Mr. Cameron presented highlights for the three months ending September 2011 financial statements:

- Operating loss of \$301,000 for the month of September and \$43,000 year to date.
- September total enrollment was 133,875. All lines of business were more or less at budgeted levels.
- Administrative Expenses were \$681,000 or 14.1% favorable to budget for the first three months of the year. Administrative expenses were 7.0% and 7.4% of revenues for the month and year to date respectively.
- Santa Clara Family Health Plan (SCFHP) was issued an Unqualified Opinion by our external auditors, Moss Adams, which means our June 30, 2011 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) as the state will likely retroactively apply them to July 1, 2011. He added that the Health Plan had been notified of the final rate cuts in Medi-Cal reimbursement and that they were less than anticipated but required further analysis and evaluation. Mr. Cameron also noted that additional “trigger

cuts” could take effect if State revenues did not reach anticipated levels. There should be further information to share during the Board meeting in December. Results from the Health Plan’s annual audit will also be presented during the Board meeting.

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

7. Action item: Consider approval of a resolution to establish a minimum reserve target to better position Santa Clara Family Health Plan (SCFHP) for financial contingencies.

Mr. Cameron presented highlights outlining the Health Plan’s desire to establish a minimum reserve target in an effort to ensure financial stability. Currently, the DMHC minimum requirement is approximately \$5 million (which in management’s opinion is inadequate). Mr. Cameron noted that it is prudent to establish a Governing Board policy designating a target reserve level of two months premium revenue (approximately 65 days cash). Management would report to the Board at each meeting on the status of reserves and the variance to the target. Ms. Darrow also commented on the importance of being able to pay providers during gaps in state payments, as has happened in recent years when the state has delayed passing a budget. She concluded that maintaining a higher level of reserves would help the Health Plan remain fiscally responsible.

Ms. Darrow recognized Mr. Cameron for the incredible amount of work he had contributed to the Health Plan’s financials as well as the wonderful job done with the ongoing real estate negotiations.

**It was moved, seconded, and approved** to consider approval of a resolution to establish a minimum reserve target and to present it to the Governing Board in December, 2011.

8. Action item: Appoint Patrick Love as Chair of Audit Committee of the Executive Committee

Ms. Darrow noted that Patrick Love had shown interest in joining the Audit Committee. Ms. Darrow highly recommended Mr. Love for the position.

**It was moved, seconded, and approved** to appoint Patrick Love as Chair of the Audit Committee.

9. Discussion item: The outreach and application activity at the Application Assistance Center and feedback from customers served.

Ms. Darrow gave an overview of the activities of the Outreach Department:

- There was almost no variance in the number of new application and renewals in October 2011 as compared to October 2010.
- The Application Assistance Center was remodeled in October 2011 incorporating all of the suggestions made by Outreach staff.
- Member satisfaction surveys were conducted as requested at the September meeting of the Governing Board and with results showing that 99.3% were satisfied (7.2%) or very satisfied (92.1%) with their overall experience.

10. Adjournment

**It was moved, seconded, and approved** to adjourn the meeting at 9:33 a.m.

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Elizabeth G. Pianca, Secretary to the Board

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Shannon McNally, Recorder to the Board

# SCFHP

## Financial Statement Highlights for the 5 months ending 11-30-11

- Operating Surplus of \$7k for the Month and \$690k year to date.
- Revenue is \$814k or 4.1% below budget for November and \$297k or 0.6% below budget year to date. We are continuing to reserve for the provider rate cuts (AB-97) that will be retroactively applied to July 1<sup>st</sup>, 2011. The Plan is currently absorbing all rate cuts and not passing any reductions to our network providers.
- November enrollment is at 135,474 or 1.8% below budget, year to date the plan is under budget by 0.5%. Medi-Cal enrollment was under budget 1.4% for the month and .5% under budget year to date by. Healthy Families and Healthy Kids are below budget year to date by 0.7% and 3.4% respectively.
- Health Care costs were over budget by \$479k or 2.6% in November and \$713k over budgeted or .08% year to date.
- Administrative Expenses are \$180k or 11.1% favorable to budget for November and \$977k or 12.2% favorable year to date. Administrative expenses were 7.3% and 7.2% of revenues for the month and year to date respectively.
- Tangible new equity (TNE) was \$36.8 million or 7.2 times the minimum TNE required by the Department of Managed Care (DMHC). The plans reserves are roughly \$2.4M above the reserves target established by the Board of two months capitation revenue.