

BOARD OF GOVERNORS
Executive Committee

Meeting Minutes – March 28, 2018

1055 West 7th Street, Los Angeles, CA 90017



L.A. Care
 HEALTH PLAN

Members

Louise McCarthy, *Chairperson*
 Hector De La Torre, *Vice Chairperson*
 Mark Gamble, *Treasurer*
 G. Michael Roybal, MD, MPH, *Secretary*
 Layla Gonzalez-Delgado
 Kimberly Uyeda, MD

Management/Staff

John Baackes, *Chief Executive Officer*
 Terry Brown, *Chief Human Resources Officer*
 Augustavia Haydel, Esq., *General Counsel*
 Marie Montgomery, *Chief Financial Officer*

**Absent ** Via Teleconference*

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
CALL TO ORDER Louise McCarthy	Louise McCarthy, <i>Chairperson</i> , called the meeting to order at 2:02 pm. She announced that members of the public may address the Committee on each matter listed on the agenda before or during the Committee’s consideration of the item, or on any other topic at the Public Comment section.	
APPROVE MEETING AGENDA Louise McCarthy	Agenda Item 7, Safety Net Workforce Development Initiative, will be discussed after the closed session. The Agenda for today’s meeting was approved as amended.	Approved unanimously. 4 AYES (Gonzalez-Delgado, Gamble, McCarthy, and Uyeda)
PUBLIC COMMENTS	There was no public comment.	
APPROVE MEETING MINUTES Louise McCarthy	The minutes of the February 28, 2018 meeting were approved as presented.	Approved unanimously. 4 AYES
CHAIRPERSON’S REPORT Louise McCarthy	There was no report by the Chairperson.	
CHIEF EXECUTIVE OFFICER REPORT	John Baackes, <i>Chief Executive Officer</i> , reported:	

APPROVED

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John Baackes	<ul style="list-style-type: none"> • The federal budget continuing resolution did not include cost-sharing reductions (CSRs) for the individual health coverage market under the Affordable Care Act (ACA). Mr. Baackes met with the Chairman of the Ways and Means Committee to discuss the premium subsidy CSR provisions. • L.A. Care Covered premium pricing for coverage for January 1 2019 will be calculated without CSRs. • The latest enrollment for Covered California is 77,000 members who have paid the initial premium. • Discussions regarding the single payer in California (SB562) have included a public plan option. Mr. Baackes handed out copies of an op-ed that was published in The Hill, <i>From confusion to solution in health care — the public option in Los Angeles</i>, by John Baackes (a copy of the op-ed can be obtained by contacting Board Services). <p><i>(Member De La Torre joined the meeting)</i></p>	
COMMITTEE ISSUES		
<p>Government Affairs Update</p> <p>Cherie Compartore</p>	<p><i>(Member Roybal joined the meeting.)</i></p> <p>Cherie Compartore, <i>Senior Director, Government Affairs</i>, reported that California lawmakers introduced a series of bills last week proposing to lower costs and expand access to health insurance. Much of the legislation is based on recommendations in a report recently released by three independent consultants to the Assembly Select Committee on Health Care Delivery Systems and Universal Coverage. Arguing that it would take several years and a lot of heavy political lifting at the state and federal levels to move to a so-called single-payer health care system, the report recommends taking a series of short-term steps to improve coverage, affordability and access while simultaneously studying ways to implement universal coverage. At least 15 bills were introduced by select committee members; other legislators may introduce health reform bills.</p> <p>Lawmakers are still working on the language of most of the bills and much is unknown at this point. L.A. Care has started meeting with the various legislative offices independently as well as with trade association representatives, in order to understand the proposed legislation and to provide input. Mr. Baackes will likely meet directly with some of the legislators on issues of significance to L.A. Care.</p> <p>A few bills of note are:</p>	

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	<ul style="list-style-type: none"> • AB 2965 would expand Medi-Cal coverage to undocumented adults. • AB 2472 is being called a public option bill, and would establish a Medi-Cal buy in option for those with income levels greater than current Medi-Cal rules. • AB 2416 would require Medi-Cal managed care plans to participate in Covered California in rating regions where there are only two (or fewer) plans. This would not impact L.A. Care at this time, but if the bill were to pass and depending on circumstances, L.A. Care could be impacted. This would be a heavy lift for those public plans that do not currently participate in the Exchange. <p>Mr. Baackes noted that L.A. Care could provide administrative support for other public plans.</p> <p>There are also a few bills limiting the amount of cost sharing for people in the individual market as well as increasing state subsidies for some in the individual market. There are a couple of bills that address profits and increase the medical loss ratio for for-profit health plans.</p> <p>As of this moment, the legislators do not appear to support an individual mandate, because they believe that subsidies are more of an incentive than a punitive individual mandate. There are significant state and federal costs for all of these proposals.</p> <p>It seems unlikely that the Trump Administration would support changing federal rules and laws to allow California to use federal funding to pay for a state run health care system. There will be a lot of important work this year on incremental steps but unlikely there will be significant change this year. It will be a multi-year approach.</p> <p>Member De La Torre requested a report at the April 5 Board meeting on the bill packages and a discussion of L.A. Care's potential positions on the bills.</p>	
<p>L.A. Care Health Plan Retirement Committee Charter</p> <p>Terry Brown</p>	<p>Terry Brown, <i>Chief Human Resources Officer</i>, reported that L.A. Care established the L.A. Care Health Plan Retirement Committee to administer and invest the assets of certain retirement plans it offers to eligible employees. At its meeting in May 2006, the Executive Committee approved the By-Laws and Procedures of the L.A. Care Health Plan Retirement Committee to formally establish the rules governing the Retirement Committee.</p> <p>Since then, L.A. Care has modified its retirement program and the list of Plans for which the Retirement Committee is responsible. To address these and other changes, L.A. Care</p>	

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	<p>staff requests approval of the L.A. Care Health Plan Retirement Committee Charter. The purpose of the Charter is to formally recognize and reaffirm the Retirement Committee's establishment, its powers and duties, and to formalize its rules and procedures and the appointment, assignments, duties and indemnification of its members. The Charter will supersede the By-Laws of the Retirement Committee.</p> <p><u>Motion EXE A.0318</u> To approve the L.A. Care Health Plan Retirement Committee Charter, in substantially the form attached hereto, which (1) lists the L.A. Care Health Plan Retirement Benefit Plan, the Supplemental Retirement Plan for Management Employees of L.A. Care Health Plan, and the Deferred Compensation Plan for Eligible Employees of L.A. Care Health Plan as the Plans for which the Retirement Committee is responsible, (2) authorizes the CEO to appoint Retirement Committee members, and (3) indemnifies Retirement Committee members and delegates from liabilities incurred in performing their duties.</p>	<p>Approved unanimously. 6 AYES (De La Torre, Gonzalez-Delgado, Gamble, McCarthy, Roybal, and Uyeda)</p>																
<p>Human Resources Policies</p> <p>Terry Brown</p>	<p>Mr. Brown summarized the changes to the HR policies. Human Resources Policy HR-501 requires that the Executive Committee annually review substantial changes to the HR Policies. The revised and new policies are written to reflect changes to L.A. Care's practices and to incorporate any changes necessitated by law.</p> <table border="1" data-bbox="499 878 1570 1443"> <thead> <tr> <th>Policy Number</th> <th>Policy</th> <th>Section</th> <th>Description of Modification or Reason for Creation</th> </tr> </thead> <tbody> <tr> <td>HR-122</td> <td>Transportation Incentive</td> <td>Benefits</td> <td>1) Policy title change from "Transportation Incentive" to "Transportation Allowance". 2) Policy revised to clarify all student interns, per diem staff, temporary staff and some telecommuters ineligible for the allowance.</td> </tr> <tr> <td>HR-203</td> <td>Attendance and Punctuality</td> <td>Employee Relations</td> <td>Policy revised to eliminate the grace period for tardiness.</td> </tr> <tr> <td>HR-219</td> <td>Standards of Employee Conduct</td> <td>Employee Relations</td> <td>Policy revised to add 1) Intranet and social media appropriate conduct</td> </tr> </tbody> </table>	Policy Number	Policy	Section	Description of Modification or Reason for Creation	HR-122	Transportation Incentive	Benefits	1) Policy title change from "Transportation Incentive" to "Transportation Allowance". 2) Policy revised to clarify all student interns, per diem staff, temporary staff and some telecommuters ineligible for the allowance.	HR-203	Attendance and Punctuality	Employee Relations	Policy revised to eliminate the grace period for tardiness.	HR-219	Standards of Employee Conduct	Employee Relations	Policy revised to add 1) Intranet and social media appropriate conduct	
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				2) Avenues of reporting possible violations updated.	Approved unanimously. 6 AYES
	HR-309	New Hire Orientation and Mandatory Training	Recruitment	1) Title of policy change to HR-706 Introductory Orientation and Mandatory Training. 2) Policy makes clear distinction between employee and interns.	
	HR-321	ProScan 400 Survey	Employment	Policy to be retired. Human Resources no longer use this survey as part of the recruitment process.	
	<p><u>Motion EXE B.0318</u> To approve the revisions to Human Resources Policies: HR-122 (Transportation Incentive), HR-203 (Attendance and Punctuality), HR-219 (Standards of Conduct), HR-309 (New Hire Orientation and Mandatory Training), HR-321 (ProScan 400 Survey).</p>				
APPROVE CONSENT AGENDA FOR APRIL 5, 2018 BOARD OF GOVERNORS MEETING	<p>The Committee approved the following motions to be added to the Consent Agenda for the Board of Governors meeting on April 5, 2018:</p> <ul style="list-style-type: none"> • Microsoft Enterprise Agreement • Infosys Managed Services • Language Line Contract • Revised Accounting & Financial Services Policy AFS 004 • California Long Term Care Education Center Contract Renewal • Contract Amendment with Cognizant, Flextech, HCL and Infosys for Professional Services • 2018 Risk Assessment Report • RCAC/CCI Membership • CHCAC Membership 				Approved unanimously. 6 AYES
ADJOURN TO CLOSED SESSION	<p>Augustavia J. Haydel, Esq., <i>General Counsel</i>, announced the items to be discussed in closed session. She announced there is no report anticipated from the closed session. There was no public comment on the closed session items, and the meeting adjourned to closed session at 2:20 p.m.</p>				

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	<p>CONTRACT RATES Pursuant to Welfare and Institutions Code Section 14087.38(m)</p> <ul style="list-style-type: none"> • Plan Partner Rates • Provider Rates • DHCS Rates <p>REPORT INVOLVING TRADE SECRET Pursuant to Welfare and Institutions Code Section 14087.38(n) Discussion Concerning New Product Lines Estimated date of public disclosure: <i>March 2020</i></p> <p>CONFERENCE WITH LABOR NEGOTIATOR Section 54957.6 of the Ralph M. Brown Act Agency Negotiator: Louise McCarthy Unrepresented Employee: Chief Executive Officer</p> <p>PUBLIC EMPLOYEE PERFORMANCE EVALUATION Section 54957 of the Ralph M. Brown Act Title: Chief Executive Officer</p>	
RECONVENIE IN OPEN SESSION	The meeting reconvened in open session at 2:45 p.m. No reportable actions were taken during the closed session.	
<p>Safety Net Health Care Workforce Development Initiative</p> <p>John Baackes</p>	<p>Mr. Baackes presented a motion requesting approval to establish a Safety Net Health Care Workforce Development Initiative (Initiative) and approve an initial allocation of funds.</p> <p>A 2017 study by University of California San Francisco (UCSF) Healthforce Center found that California does not have enough primary care physicians in most regions of the state, and the situation will only grow more acute from an aging physician workforce, a growing population, and extended coverage through the Affordable Care Act (ACA). The UCSF study estimates that California will need an additional 8,243 primary care physicians by 2030 – a 32% increase. As the largest county, Los Angeles will need to find at least a quarter of that number. For L.A. Care safety net providers, this is particularly acute since those providers often have fewer resources to recruit physicians to those practices.</p>	

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	<p>L.A. Care will appropriate retained earnings to support this initiative through a board designated fund to recruit primary care physicians and other providers to Los Angeles County to provide services through the safety net and be available to L.A. Care members. The fund can be launched this year to support:</p> <ul style="list-style-type: none"> • Scholarships for medical students for four years. L.A. Care will work with educational institutions on selection criteria, including interest in serving vulnerable populations, cultural and linguistic competency, and potential service requirement in Los Angeles County following completion of medical school and residency programs. • Grants to physician employing entities that can be used for educational loan repayments or salary subsidization to recruit new physicians to LA County. Criteria to be developed for the grants will include requirements for participation with L.A. Care, duration of employment and identifying an agency to administer loan repayments in a manner beneficial to recruited physicians. <p>The initial support will be focused on physicians since they are needed to supervise or oversee the work of physician extenders. Future grant opportunities will be developed for other medical workforce personnel such as Nurse Practitioners, Physician Assistants and Care Managers. In addition, the feasibility of supporting medical residency programs in L.A. County will be explored, with appropriate requirements that participants will remain in medical practice in LA County.</p> <p>This initiative aligns with L.A. Care’s Organizational Goals</p> <ul style="list-style-type: none"> • Goal 2.2 - Develop and implement strategies to promote quality performance in the provider network. • Goal 4.3 - Mobilize our community resources to ensure that we are responsive and accountable to the needs of our members and constituents. • Goal 4.5 - Foster innovative approaches to improving the health status of our members and the quality of care provided by the safety net. <p>Mr. Baackes added that L.A. Care have enough in reserves over the TNE set aside. Staff is recommending setting aside \$35 million per year for five years for this initiative.</p> <p><u>Motion EXE 100.0418</u> To establish a safety net health care workforce development initiative (“Initiative”) and approve initial allocation of funds:</p>	

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	<ol style="list-style-type: none"> 1. Delegate authority to the Executive Committee to direct up to \$31 million annually for five years in to a designated fund to support the Initiative and authority to approve expenditures of those funds for Initiative purposes until they are exhausted or as otherwise directed by the Executive Committee; 2. Direct the Executive Committee to establish an ad hoc committee that will develop the processes to evaluate and approve expenditures for this initiative and authorize the Chair to appoint board members to that ad hoc committee; and, 3. Authorize an initial expenditure of \$2.8 million to provide funding to educational institutions to support medical school scholarships. 	<p>Approved unanimously. 6 AYES</p>
<p>ADJOURNMENT</p>	<p>The regular meeting adjourned at 2:59 p.m.</p>	

Respectfully submitted by:
Linda Merkens, *Manager, Board Services*
Malou Balones, *Committee Liaison*
Jennifer Carabali, *Committee Liaison*

APPROVED BY:



Louise McCarthy, *Chair*
Date: 5/3/18

APPROVED