

BOARD OF GOVERNORS
Executive Committee
Meeting Minutes – September 27, 2017

1055 West 7th Street, Los Angeles, CA 90017



L.A. Care
 HEALTH PLAN

All votes during a teleconferenced portion of the meeting were by roll call

Members

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

Management/Staff

John Baackes, *Chief Executive Officer*
 Phinney Ahn, *Chief of Staff*
 Augustavia Haydel, *General Counsel*
 Marie Montgomery, *Chief Financial Officer*
 Tom Schwaninger, *Chief Information Officer*
 Richard Seidman, MD, MPH, *Chief Medical Officer*

**Absent ** Via Teleconference*

| AGENDA ITEM/PRESENTER | MOTIONS / MAJOR DISCUSSIONS | ACTION TAKEN |
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| CALL TO ORDER Louise McCarthy | Louise McCarthy, <i>Chairperson</i> , called the meeting to order at 2:10 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 | The Agenda was approved as presented. | Approved unanimously by roll call. 6 AYES (De La Torre, Gamble, McCarthy, Rembis, Roybal, and Uyeda) |
| PUBLIC COMMENTS | There was no public comment. | |
| APPROVE MEETING MINUTES Louise McCarthy | The minutes for the June 28, 2017 meeting was approved as presented. | Approved unanimously by roll call. 6 AYES |
| CHAIRPERSON'S REPORT Louise McCarthy | Chair McCarthy noted that November 2 Board meeting is cancelled. | |

APPROVED

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| <p>CHIEF EXECUTIVE OFFICER'S REPORT</p> <p>John Baackes</p> | <p>John Baackes, <i>Chief Executive Officer</i>, reported on the activities in Washington DC regarding the Graham Cassidy bill, which is legislation proposed to repeal and replace the Affordable Care Act (ACA). L.A. Care has communicated its opposition to any legislation that will reduce health coverage for L.A. Care members, through the trade associations and in a joint letter with other Medicaid health plans throughout the country.</p> <p>L.A. Care is active in three trade associations: Medicaid Health Plans of America (MHPA), Association for Community Affiliated Plans (ACAP), and America's Health Insurance Plans (AHIP). ACAP has always been in opposition to legislation that reduces coverage. AHIP and MHPA were reluctant to take positions that could limit access to key lawmakers.</p> <p>L.A. Care formed a coalition of health plans opposed to legislation that reduces health care coverage. The coalition is made up of outspoken opponents of the latest bill, and recently sent a letter to senate leaders to express opposition to the bill and provide suggestions for Medicaid reforms.</p> <p>Mr. Baackes noted that the repeal and replace the ACA and change Medicaid funding to block grants to cap federal spending, will continue to be supported by some legislators.</p> <p>Chair McCarthy noted that this will be discussed further at the board meeting next week. Chair McCarthy encouraged engagement in long term advocacy using community voices, and Medicaid participants, and she asked about joining forces with other plans to impact long term advocacy.</p> <p>Member Gamble suggested including providers who are interested in protecting Medicaid. Mr. Baackes noted that Kaiser Permanente's medical group also spoke out against the bill.</p> | |
| <p>COMMITTEE ISSUES</p> | | |
| <p>Government Affairs Update</p> <p>Cherie Compartore</p> | <p>Cherie Compartore, <i>Senior Director, Government Affairs</i>, reported:</p> <ul style="list-style-type: none"> • L.A. Care is monitoring activities around the Children's Health Insurance Program (CHIP) reauthorization. • California's legislative session ended last week. Governor Brown has until October 15 to take action on bills approved by the legislature. | |

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| | <ul style="list-style-type: none"> L.A. Care sponsored AB 408 bill to permanently amend the Brown Act regarding establishing a quorum with members outside the jurisdiction which was signed into law. <p>Mr. Baackes commended Ms. Compartore for her work in Sacramento and her leadership in forming the health plan coalition and activities to oppose reductions in Medicaid.</p> <p>Chair McCarthy asked about AB1250, related to personal services contracts for counties. Ms. Compartore noted that the legislation remains in the Senate Rules Committee and can be brought forward again in 2018.</p> | |
| <p>L.A. Care Cafeteria Plan Amendment</p> <p>Terry Brown</p> | <p>Terry Brown, <i>Chief Human Resources Officer</i>, presented a motion requesting approval to amend L.A. Care's Cafeteria Plan, extending benefits to full time temporary employees. The only category of employees not covered by benefits plans are part time employees.</p> <p><u>Motion EXE A.0917</u> To approve the amendment to the L.A. Care Health Plan Cafeteria Plan, in the form attached hereto, effective October 1, 2017.</p> | |
| <p>Delegation of Authority to the CEO to designate employees as eligible to participate in the Cash Balance Plan and the Supplemental Defined Contribution Plans</p> <p>Terry Brown</p> | <p>L.A. Care established the L.A. Care Health Plan Qualified Supplemental Defined Contribution Plan and the L.A. Care Health Plan Nonqualified Supplemental Defined Contribution Plan, supplemental defined contribution plans for senior executives who are not eligible to participate in the Cash Balance Plan. Together, the Supplemental Defined Contribution Plans provide defined contribution benefits based on a specified annual allocation.</p> <p>The Cash Balance Plan and each of the Supplemental Defined Contribution Plans authorize the Executive Committee to designate employees eligible to participate in the plan and to amend the plan to establish the terms and conditions of participation (except that the full Board must approve amendments to the Supplemental Defined Contribution Plans that affect the Chief Executive Officer's compensation).</p> <p>Staff requested approval to delegate authority to the Chief Executive Officer to designate employees eligible to participate in the Cash Balance Plan and the Supplemental Defined Contribution Plans and to amend these plans to establish the terms and conditions of participation (other than amendments to the Supplemental Defined Contribution Plans that affect the Chief Executive Officer's compensation).</p> | |

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| | <p><u>Motion EXE B.0917</u> To delegate authority to the Chief Executive Officer to designate employees as eligible to participate in the Cash Balance Plan and the Supplemental Defined Contribution Plans, and to amend these plans (other than amendments to the Supplemental Defined Contribution Plans that affect the Chief Executive Officer's compensation) to establish the terms and conditions of participation.</p> | | | | <p>Motions EXE A, B, and C were simultaneously approved unanimously by roll call. 6 AYES</p> | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Approval of Revised Human Resources Policies Terry Brown</p> | <p>In 2006 the annual review of the Human Resource Policies and Procedures was delegated by the Board of Governors to the Executive Committee, and L.A. Care Policy HR-501 requires that the Executive Committee annually review substantial changes to HR Policies. The following revised policies and procedures reflect L.A. Care's practices.</p> <table border="1" data-bbox="489 584 1581 1410"> <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-114</td> <td>Paid Time Off (PTO) Policy</td> <td>Benefits</td> <td>Grammatical changes only.</td> </tr> <tr> <td>HR-114</td> <td>Paid Time Off (PTO) Procedures</td> <td>Benefits</td> <td>One time per year PTO cash out option for employees added.</td> </tr> <tr> <td>HR-221</td> <td>Transfer and Promotions Policy</td> <td>Employee Relations</td> <td>Current Manager approval no longer needed for transfer requests.</td> </tr> <tr> <td>HR-221</td> <td>Transfer and Promotions Procedures</td> <td>Employee Relations</td> <td>1) Transfer request form eliminated. 2) Transfer and promotion process changed to include HR Business Partners and the Center for Organizational Excellence in the recommendation and approval process.</td> </tr> <tr> <td>HR-602</td> <td>Annual Incentive Program Policy</td> <td>Wage and Salary</td> <td>Policy amended to allow CEO to pay incentive bonuses for employees (Directors) that exceed pre-determined financial or project goals.</td> </tr> </tbody> </table> | | | | Policy Number | Policy | Section | Description of Modification or Reason for Creation | HR-114 | Paid Time Off (PTO) Policy | Benefits | Grammatical changes only. | HR-114 | Paid Time Off (PTO) Procedures | Benefits | One time per year PTO cash out option for employees added. | HR-221 | Transfer and Promotions Policy | Employee Relations | Current Manager approval no longer needed for transfer requests. | HR-221 | Transfer and Promotions Procedures | Employee Relations | 1) Transfer request form eliminated. 2) Transfer and promotion process changed to include HR Business Partners and the Center for Organizational Excellence in the recommendation and approval process. | HR-602 | Annual Incentive Program Policy | Wage and Salary | Policy amended to allow CEO to pay incentive bonuses for employees (Directors) that exceed pre-determined financial or project goals. | |
| Policy Number | Policy | Section | Description of Modification or Reason for Creation | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HR-114 | Paid Time Off (PTO) Policy | Benefits | Grammatical changes only. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HR-114 | Paid Time Off (PTO) Procedures | Benefits | One time per year PTO cash out option for employees added. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HR-221 | Transfer and Promotions Policy | Employee Relations | Current Manager approval no longer needed for transfer requests. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HR-221 | Transfer and Promotions Procedures | Employee Relations | 1) Transfer request form eliminated. 2) Transfer and promotion process changed to include HR Business Partners and the Center for Organizational Excellence in the recommendation and approval process. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HR-602 | Annual Incentive Program Policy | Wage and Salary | Policy amended to allow CEO to pay incentive bonuses for employees (Directors) that exceed pre-determined financial or project goals. | | | | | | | | | | | | | | | | | | | | | | | | | | |

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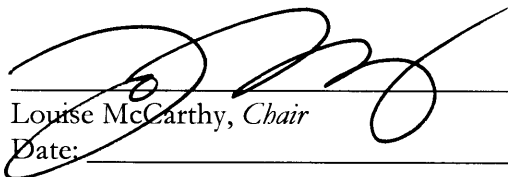
| AGENDA ITEM/PRESENTER | MOTIONS / MAJOR DISCUSSIONS | | | | ACTION TAKEN |
|--|---|---|-----------------|---|--------------|
| | HR-602 | Annual Incentive Program Procedures | Wage and Salary | No changes to procedures. | |
| | HR-633 | Monthly/Quarterly Incentive Programs Policy | Wage and Salary | Policy amended to allow the CEO to pay incentive bonuses for employees (Directors) that exceed pre-determined financial or project goals | |
| | HR-633 | Monthly/Quarterly Incentive Programs Procedures | Wage and Salary | Incentive requirements for Sales and Marketing Department updated to reflect industry standards which makes their bonus an integral part of their salary. | |
| | <p>In response to Member Gamble’s question regarding PTO cash out for hardship, Mr. Brown noted that the policy is silent on hardship because there are IRS rules that preclude payment of PTO time except as provided in this policy.</p> <p><u>Motion EXE C.0917</u> To approve the revisions to Human Resources Policies: HR 114 (Paid Time Off), HR 221 (Transfers and Promotions), HR 602 (Annual Incentive Program), and HR 633 (Monthly/Quarterly Incentive Programs), as submitted.</p> | | | | |
| APPROVE CONSENT AGENDA FOR OCTOBER 5, 2017 BOARD OF GOVERNORS MEETING | <p>The Finance & Budget Committee approved and recommended that the following motions be included on a Consent Agenda for the October 5, 2017 Board of Governors meeting:</p> <ul style="list-style-type: none"> • Revised Annual Investment Policy AFS-008 • Motion in Compliance with Policy AFS 004 (Non-Travel and Other Related Expenses) allocating funds for RCAC Meetings • Healthx Contract Amendment • Infosys Contract Amendment • Authorize spending with Cognizant, FlexTech, HCL, and Infosys for staff augmentation expenditures • Oracle Contract Amendment | | | | |

APPROVED

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|--|---|---|
| | <ul style="list-style-type: none"> • Authorization to contract with vendors for translation and interpreting services <p>The Executive Committee approved the above motions from Finance & Budget Committee and the following motion to be placed on the Consent Agenda for the October 5, 2017 Board meeting:</p> <ul style="list-style-type: none"> • RCAC/CCI Membership | <p>Approved unanimously by roll call. 6 AYES</p> |
| <p>ADJOURN TO CLOSED SESSION</p> | <p>Augustavia J. Haydel, Esq., <i>General Counsel</i>, announced the items to be discussed in closed session. She announced there is no anticipated report from the closed session. There was no public comment on the closed session items, and the meeting adjourned to closed session at 2:29 p.m.</p> <p><i>The below agenda item was not discussed.</i></p> <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 <i>Estimated date of public disclosure: September 2019</i></p> | |
| <p>RECONVENIE IN OPEN SESSION</p> | <p>The meeting reconvened in open session at 2:35 p.m. No reportable actions were taken during the closed session.</p> | |
| <p>ADJOURNMENT</p> | <p>The regular meeting adjourned at 2:35 p.m.</p> | |

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

APPROVED BY:



Louise McCarthy, *Chair*
Date: _____

APPROVED