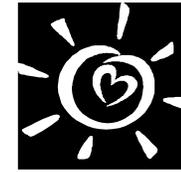


BOARD OF GOVERNORS
Finance & Budget Committee
Special Meeting Minutes – May 23, 2018

1055 W. 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

Mark Gamble, *Chairperson*
 Alvaro Ballesteros, MBA *
 Robert H. Curry **
 Louise McCarthy
 Hilda Perez
 Kimberly Uyeda, MD **

Management/Staff

John Baackes, *Chief Executive Officer*
 Augustavia J. Haydel, Esq., *General Counsel*
 Marie Montgomery, *Chief Financial Officer*
 Richard Seidman, MD, *Chief Medical Officer*
 Tom Schwaninger, *Chief Information Officer*

**Absent ** Via Teleconference*

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
CALL TO ORDER Mark Gamble	Mark Gamble, <i>Committee Chairperson</i> , called the meeting to order at 1:05 p.m. He 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 Mark Gamble	The Agenda for today’s meeting was approved.	Approved unanimously by roll call. 5 AYES (Curry, Gamble, McCarthy, Perez and Uyeda)
PUBLIC COMMENTS	There were no public comments.	
APPROVE MEETING MINUTES Mark Gamble	The minutes of the April 25, 2018 meeting were approved.	Approved unanimously by roll call. 5 AYES
CHAIRPERSON’S REPORT	There was no report from the Chairperson.	

APPROVED

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
CHIEF EXECUTIVE OFFICER REPORT	<p>John Baackes, <i>Chief Executive Officer</i>, reported that staff continues to monitor:</p> <ul style="list-style-type: none"> • A proposed rule to change “public charge” policies. Under the draft proposed policy, the federal government could consider previously excluded health, nutrition, and other non-cash programs in public charge determinations, which would likely lead to decreased participation in Medicaid, the Children’s Health Insurance Program (CHIP), and other programs among legal immigrant families, including their citizen children. The changes would likely increase fear and confusion among legal immigrant families, leading to decreased participation in health coverage and other programs. • The Center for Medicare and Medicaid (CMS) Innovation’s New Direction Request for Information (RFI) is seeking broad input on direct provider contracting (DPC) between payers and primary care or multi-specialty groups to inform potential testing of a DPC model within the Medicare fee-for-service (FFS) program (Medicare Parts A and B), Medicare Advantage program (Medicare Part C), and Medicaid. The deadline for comments is May 28, 2018. In the RFI on DPC, CMS states that the goal of DPC would be to reduce public expenditures and maintain quality. DPC would eliminate managed care health plans and associated administrative cost in this model. DPC could potentially shift the financial burden of patients needing the most care to public programs such as Medicare and Medicaid, as providers would be incentivized to seek to enroll the lowest cost patients in the DPC. • AB 2965 (Arambula) proposes to extend full-scope Medi-Cal coverage for individuals of all ages who are otherwise eligible for those benefits but for their immigration status. This would provide access to health coverage for all and Californians would have universal access to health care. This bill is projected to cover slightly more than 1 million people with full-scope coverage, over 90% of whom are currently enrolled in restricted-scope (emergency and pregnancy services) Medi-Cal. • Regulations for Cal MediConnect prohibit use of brokers to increase enrollment. The restriction has put L.A. Care at a significant disadvantage compared to other plans which offer other Medicare products and can use brokers for their lookalike plans. Mr. Baackes has continually asked CMS to provide an exemption, and last week it was announced that plans without other Medicare products can use brokers beginning in October. <p>A more detailed report will be provided at the upcoming board meeting.</p> <p>Mr. Baackes reported that at L.A. Care’s legislative day, Estela Lara, <i>RCAC 2 Member</i> and a regular attendee at the board meeting, asked Senator Hernandez and Representative Woods,</p>	

APPROVED

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	why UCLA was not contracted with L.A. Care because she knows people who need their services and couldn't get it.	
COMMITTEE ITEMS		
<p>Chief Financial Officer's Report</p> <ul style="list-style-type: none"> Financial Report for the period ended April 2018 <p>Marie Montgomery</p>	<p>Marie Montgomery, <i>Chief Financial Officer</i>, summarized a report on Financial Performance for the period ending April 2018 included in the meeting materials. <i>(A copy of the report can be obtained by contacting Board Services).</i></p> <p>Highlights:</p> <ul style="list-style-type: none"> Membership for April of 2,215,514 was approximately 1,804 members favorable to the forecast, and 5,511 member months favorable year to date. Consolidated financial performance is \$10.7 million net deficit for the month, and \$28 million unfavorable to forecast year-to-date, led by unfavorable health care expenses. Year-to-date health care costs are unfavorable by \$75 million, \$62 million of which is related to fee for service claims. An internal team is working to identify the root causes and establish corrective measures. The remainder of the unfavorable variance is due to timing of provider incentive payments. The 4+8 forecast assumed the programs would be announced in the month of May 2018 instead of April 2018. May 2018 year-to-date performance will be aligned. Administrative costs are close to the forecasted expectation. Operating margin by Segment <ul style="list-style-type: none"> SPD/CCI MCR is better and TANF/MCE is worse than expected. Variances are driven by updates to risk corridor and MLR rebate calculations. For Cal MediConnect (CMC), year-to-date MCR is 108.3% due to changes in state rates related to In-Home Support Services (IHSS) cost updates retroactive to 2014 along with adjustments related to a PPG shared risk true-up. <p>Member Curry asked about timing of reporting and the 4+8 forecast. Ms. Montgomery responded that our fiscal year is October thru September and staff completes two forecasting exercises; once in January and another in June.</p> <p>Ms. Montgomery also added the key financial ratio - cash to claims was boosted by incoming cash that has not yet been distributed.</p>	

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	<p><u>Motion FIN 100.0618</u> To accept the Financial Report for the period ended April 2018, as submitted.</p>	<p>Approved unanimously by roll call. 5 AYES</p>
<p>Investment Monthly Transactions Report Marie Montgomery</p>	<p>Ms. Montgomery referred to the report on investment transactions included in the meeting materials for Committee member review. <i>(A copy of the report can be obtained by contacting Board Services).</i> As of April 30, 2018, L.A. Care’s investment market value was \$1.1 billion.</p> <ul style="list-style-type: none"> • \$0.9 billion managed by Paydel & Rygel and New England Asset Management (NEAM) • \$64 million in Local Agency Investment Fund • \$102 million in Los Angeles County Pooled Investment Fund 	
<p>Health Dialog Contract Amendment Richard Seidman, MD, MPH</p>	<p>Richard Seidman, MD, MPH, <i>Chief Medical Officer</i>, presented a motion to amend the contract with Health Dialog for Nurse Advise Line (NAL). Dr. Seidman noted that membership has grown more than was projected and the need to add funds to complete the existing contract term based on current enrollment and the forecast.</p> <p><u>Motion FIN 101.0618</u> To approve additional funds in the amount of \$878,198 for the Nurse Advice Line contract with Health Dialog for the period of September 2018 to January 2019.</p>	<p>Approved unanimously by roll call. 5 AYES</p> <p>The Committee by consensus approved to put this on consent for June 7, 2018 Board meeting</p>
<p>NICE Systems, Inc. Contract Tom Schwaninger</p>	<p>Tom Schwaninger, <i>Chief information Officer</i>, presented a motion for approval to upgrade L.A. Care's call recording system as a part of an initiative to properly support increased call center demand and to meet the requirements of the Centers for Medicare and Medicaid Services (CMS). Presidio Networked Solutions was the selected vendor, whose NICE Call Recording Solution best fit the company's needs. A new version has come out and staff wants to upgrade for additional functionality. This was budgeted and anticipated in the budget.</p> <p>In response to Member Curry’s question if this is a software rental or purchase, Mr. Schwaninger informed the Committee that this is a perpetual license, maintenance fees ongoing.</p> <p><u>Motion FIN A.0518</u> To purchase call recording software products from NICE Systems, Inc., in an amount not to exceed \$600,000 for the purpose of upgrading the existing call recording system.</p>	<p>Approved unanimously by roll call. 5 AYES</p>

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ADJOURN TO CLOSED SESSION	<p>Augustavia J. Haydel, Esq., <i>General Counsel</i>, announced the items that the Committee will discuss in closed session. There was no public comment on the Closed Session items, and the meeting adjourned to closed session at 1:30 pm.</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 Rate <p>REPORT INVOLVING TRADE SECRET Pursuant to Welfare and Institutions Code Section 14087.38(n) Discussion Concerning New Product Lines and Technology Estimated date of public disclosure: <i>May 2020</i></p>	
RECONVENE IN OPEN SESSION	The meeting reconvened in open session at 1:45 pm. No reportable actions were taken during the closed session.	
ADJOURNMENT	The meeting was adjourned at 1:45 pm.	

APPROVED BY:

Respectfully submitted by:

Malou Balones, *Committee Liaison, Board Services*
 Jennifer Carabali, *Committee Liaison, Board Services*
 Linda Merkens, *Manager, Board Services*

Mark Gamble, *Chair*

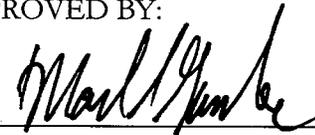
Date Signed _____

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APPROVED BY:



Mark Gamble, *Chair*

Date Signed

8/24/18

APPROVED