

Board of Governors
Regular Meeting Minutes #281
July 25, 2019

L.A. Care Health Plan, 1055 W. 7th Street, Los Angeles, CA 90017



Members

Hector De La Torre, *Chairperson* **
 Alvaro Ballesteros, MBA, *Vice Chairperson* *
 Robert H. Curry, *Treasurer*
 Layla Gonzalez, *Secretary*
 Stephanie Booth, MD
 Christina R. Ghaly, MD *
 George W. Greene, Esq. *

Antonia Jimenez
 Hilda Perez
 Courtney Powers, Esq.
 Honorable Mark Ridley-Thomas *
 G. Michael Roybal, MD, MPH
 Ilan Shapiro, MD *
 *Absent **Via teleconference

Management/Staff

John Baackes, *Chief Executive Officer*
 Terry Brown, *Chief of Human Resources*
 Augustavia Haydel, *General Counsel*
 Thomas Mapp, *Chief Compliance Officer*
 Marie Montgomery, *Chief Financial Officer*
 Richard Seidman, MD, MPH, *Chief Medical Officer*
 Tom Schwaninger, *Chief Information Officer*

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
WELCOME Robert H. Curry, <i>Board Treasurer</i>	Robert Curry, <i>Treasurer</i> , called the meeting to order at 2:05 p.m. Board Member Curry announced that members of the public may address the Board on matters listed on the agenda before or during the Board's consideration of the item, and on any other topic in the public comment section on the agenda.	
APPROVAL OF MEETING AGENDA Robert H. Curry	The agenda was approved as submitted.	Unanimously approved. 7 AYES (Booth, Curry, Gonzalez, Jimenez, Perez, Powers and Roybal)
PUBLIC COMMENT <i>Comments are summarized, not verbatim.</i>	Elizabeth Cooper, <i>RCAC 2 Member</i> , commented that this is not a time for apathy, this is a time to urge everyone to register and vote. It is very important to register and vote.	
APPROVAL OF CONSENT AGENDA Robert H. Curry	PUBLIC COMMENT Ms. Cooper lives in the San Fernando Valley and is a RCAC 2 Member. She has frequently requested that a Board Meeting be held in the San Fernando Valley. Regarding RCAC membership, she commented that the Board should ensure that membership is diverse and includes disabled consumers. Member Booth suggested that staff be directed to not use the term "surprise billing", a result of the insurance claims process that is explained from the patient's point of view. Insurance claims	

APPROVED

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	<p>can be confusing for patients. For added transparency, she suggested using the term, “surprise billing/unexpected non-coverage”.</p> <ul style="list-style-type: none"> • Approve June 6, 2019 meeting minutes • Cognizant Salesforce Contract Amendment <u>Motion BOG 100.0719*</u> To authorize staff to amend the existing contract with Cognizant for an additional \$600,000 (total contract not to exceed \$1,375,000) for continued Salesforce implementation activities through January 31, 2020. • 2020 Board & Committee Meeting Schedule <u>Motion EXE 100.0719*</u> To approve the 2020 Board of Governors meeting schedule as submitted. • Health Management Services Contract Extension <u>Motion FIN 100.0719*</u> To increase authorized expenditure for the current contract with Health Management Systems (HMS) Coordination of Benefits not to exceed \$22 Million and to extend the contract through December 31, 2023. • Cognizant Contract for IT Application Production Support <u>Motion FIN 101.0719*</u> To authorize L.A. Care to execute a 3.5-year contract with Cognizant in an amount not to exceed \$4,900,000, for Information Technology Application Production Support. • RCAC Membership <u>Motion ECA 100.0719*</u> To approve the following as members to the Regional Community Advisory Committee (RCAC), as reviewed by the Executive Community Advisory Committee (ECAC) during its June 12, 2019 and July 10, 2019 meetings: <ul style="list-style-type: none"> • Ana Laura Navarro, Consumer Member, RCAC 3 • Rosa Fuente, Consumer Member, RCAC 5 • Cambodian Association of America, Consumer Advocate, Region 9 	<p>The Consent Agenda was unanimously approved. 7 AYES (Booth, Curry, Gonzalez, Jimenez, Perez, Powers and Roybal)</p>
CHAIRPERSON’S REPORT	There was not a report from the Chairperson.	

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<p>CHIEF EXECUTIVE OFFICER REPORT</p> <p>John Baackes</p> <p>Elevating the Safety Net Update</p>	<p>John Baackes, <i>Chief Executive Officer</i>, referred to his written report in the meeting materials (<i>a copy of his report is available by contacting Board Services</i>).</p> <ul style="list-style-type: none"> • Enrollment has been at about 2 million and the number of Medi-Cal members appears to be declining. He attributes the decline to a good economy; there are more people covered by employer insurance. L.A. Care continues to coordinate with Los Angeles County Department of Public Social Services (DPSS). Board Member Jimenez noted there is an approximately 1% decline in Los Angeles County and across the state. • The next eight L.A. Care medical school scholarships have been awarded; four scholarships at the David Geffen School of Medicine at UCLA and four at Charles R. Drew University of Medicine and Science. The students are motivated young people who want to contribute to their communities, and without the debt of medical school they can truly contribute as they would like. Mr. Baackes announced that medical residency program support has brought 14 new primary care residencies to Los Angeles County. Like the scholarships, this will build a pipeline of new primary care physicians for the county, and increase the number of physicians in the L.A. Care provider network. L.A. Care has opened recruitment grants to psychiatry in the next round of grants. Fifty new primary care physicians are now in Los Angeles County as a result of the programs launched last year. • L.A. Care has added 14 <i>Minute Clinics</i> to the L.A. Care urgent care network to reduce use of expensive emergency rooms for primary care services. The treatment records for patients using <i>Minute Clinic</i> will be forwarded to their primary care physicians. • California Governor’s proposed budget includes expansion of Medi-Cal to undocumented young adults ages 19-26; bridging the gap for coverage previously extended to the undocumented younger than 19. L.A. Care will continue to work with DPSS to enroll eligible beneficiaries. Enrollment is expected to be about 90,000. Board Member Booth asked about enrollment for restricted Medi-Cal. Mr. Baackes responded that they are included in the 90,000. • The Governor also proposed state administration of pharmacy benefits because he thinks it will lead to lower costs. L.A. Care supports efforts to reduce pharmacy costs however proposes that pharmacy administration should remain with managed care plans. L.A. Care will comment on this through public hearings. Medi-Cal health plans are concerned about potential negative effects on existing care programs and want to retain the direct administration of pharmacy in order to continue effective care management and the 	

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<p>Third Quarter FY 2018-19 Vision 2021 Progress Report</p> <p>Grants and Sponsorships Report</p> <p>Housing Stability I Initiative</p>	<p>formulary. Similar state wide pharmacy administration has been tried in other states with unsatisfactory results.</p> <p>Board Member Roybal expressed concerns about the complexity of the formulary. Mr. Baackes noted that the proposal includes provisions for a statewide formulary and for eliminating the 340B program, which was created to help vulnerable patients access needed pharmacy items, and could potentially compromise funding for important pharmacy services that are not paid by Medi-Cal.</p> <p>Health plans will continue to be very attentive to executive orders and changes to rules related to health care and nutrition programs. L.A. Care will continue to advocate for support of these programs.</p> <ul style="list-style-type: none"> At the federal level, the individual mandate was eliminated from the Affordable Care Act (ACA) through the budget process. This led to a court challenge to the constitutionality of the ACA without the mandate (Texas v. U.S). That case could be heard by the Supreme Court. Health plans are following this closely. <p>There are also cases concerning cost-sharing reduction (CSR) payments and risk corridors. In the original ACA there was a payment available to health plans through CSR payments. The payments have never been made, and L.A. Care filed legal action to collect the payments due. L.A. Care prevailed initially and the case is pending appeal. There are other risk corridor payment cases working through the appeals process; some have reached the US Supreme Court. The ACA is a complicated law and L.A. Care will remain diligent in supporting services for its members.</p> <ul style="list-style-type: none"> L.A. Care is currently in the midst of an onsite two-week audit by the California Department of Health Care Services (DHCS). In the last four years, L.A. Care has improved performance from 50 findings to 14. Auditors are now looking more at oversight functions. He complimented staff for doing a terrific job preparing for the audits. <p>Mr. Baackes referred to the written report on the Third Quarter FY 2018-19 Vision 2021 Progress Report.</p> <p>Mr. Baackes referred to the written Grants and Sponsorships Report.</p> <p>Mr. Baackes introduced a new grant program to continue L.A. Care efforts to address at-risk tenants and promote housing stability. RCAC members have pointed out that the Housing for Homeless program has successfully helped find permanent supportive housing for members. The next step is to support those who are at risk of becoming homeless. This program</p>	

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	<p>provides grants to provide advocacy, technical and legal support to at-risk tenants to help them avoid eviction.</p> <p>Mr. Baackes introduced Roland Palencia, <i>Director, Community Benefits</i>, and Shavonda Webber-Christmas, <i>Community Benefits Program Manager (a copy of the presentation can be obtained by contacting Board Services)</i>.</p> <p>Mr. Palencia outlined the timeline, deliverables, and evaluation components of future initiatives. The program will provide \$500,000 for one year to expand eviction prevention programs, serving people with incomes up to 300% of federal poverty level (FPL). Ms. Webber-Christmas noted that the program is a response to community requests for these services. She described the services and requirements of the program.</p> <p>Mr. Palencia described the grant funding process, which involved an internal committee review. He showed the deliverables expected from grantees and described studies showing beneficial cost avoidance in similar programs. Board Member Booth asked for the documentation of cost savings.</p> <p>Board Member Roybal asked about expanding the program to support healthy housing. Ms. Webber-Christmas indicated that the program will support tenant-landlord relations. Richard Seidman, MD, MPH, <i>Chief Medical Officer</i>, noted that L.A. Care’s Family Resource Centers currently offer assistance with healthy housing and case management staff has integrated services to support healthy housing for L.A. Care members.</p> <p>Board Member Curry asked about a broader dissemination of information about the availability of support through this program. Ms. Webber-Christmas noted there are other funding sources for eviction prevention and case management services, and those have been broadly announced and promoted in Los Angeles County. L.A. Care is collaborating with those organizations. L.A. Care will leverage existing outreach programs to expand communications efforts.</p> <p>Mr. Palencia noted that through presentations at Southern California Grant Makers, L.A. Care has energized local grant makers to look into ways of further contributing to programs in this area.</p> <p>Board Member Jimenez noted that Los Angeles County Department of Public Social Services (DPSS) has eviction prevention programs and will support integrating L.A. Care’s program into DPSS programs.</p> <p>Board Member Powers noted that it is critical that the community has access to legal services and she offered support through the community clinics.</p>	

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	<p>Board Member Gonzalez asked how people that need the services are identified. Mr. Palencia described agency referrals and various community portals available in the community. Board Member Perez asked for a presentation on this program at ECAC.</p> <p>PUBLIC COMMENT:</p> <p>Ms. Cooper suggested that lawyers do <i>pro bono</i> work to help in this area. She expressed her appreciation for helping people who are homeless and for those that are working hard to keep their homes. She supports diversity among the doctors and would like to see African American doctors. Mr. Baackes indicated that 4 of 16 scholarships were given to African Americans and more than half of scholarships have gone to women.</p> <p>Board Member Perez noted that members have expressed that it is important that doctors remain in Los Angeles County. She has met some of the scholarship recipients and they are very committed to the community and it is not necessary to include a requirement for scholarship recipients. Mr. Baackes noted it would not be possible to mandate that a student practice in Los Angeles County, as the residency assigned could be in another location. He indicated to the two medical schools that L.A. Care requests that the faculty use their expertise to select students which are most likely to remain in Los Angeles County.</p> <p>Board Member Booth noted that she spoke with a scholarship recipient who commented that it really felt like family. Board Member Booth felt that that was a strong indication that the scholarship recipient will stay in this area.</p> <p><i>(Member De La Torre joined the meeting by phone.)</i></p>	
<p>CHIEF MEDICAL OFFICER REPORT</p> <p>Richard Seidman, MD, MPH</p>	<p>Dr. Seidman reported <i>(there was not a written report in the meeting materials)</i>:</p> <ul style="list-style-type: none"> • Health Homes program is a new benefit required by DHCS for Medi-Cal beneficiaries. He commended staff involved in implementation. It is an intensive care management program designed to provide significant care management and care coordination services for the very sickest 3-5% of L.A. Care members. • L.A. Care’s community resource platform is now available on the website, and is called L.A. Care Community Link. It is also available at lacare.auntbertha.com. <p>Board Member Booth asked if physicians will have access to the community resource platform other than referral. Dr. Seidman noted it is available on the website. Another function of the platform is the ability to make referrals and receive feedback.</p> <p>Board Member Roybal asked how many members are potentially eligible. Dr. Seidman indicated that 60,000 L.A. Care members may be eligible, and around the county enrollment has</p>	

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	<p>been about 10% of those eligible. The program will bring additional funds to support the community programs. Care management team members will be based in the Family Resource Centers and could provide additional referral services for L.A. Care members.</p>	
<p>Executive Community Advisory Committee (ECAC) Hilda Perez/Layla Gonzalez</p>	<p>Board Member Gonzalez acknowledged the RCAC / CCI Members in attendance.</p> <p>The Committee received the following updates:</p> <ul style="list-style-type: none"> • Legislative update. • Red Cross will present at the August and September consumer advisory committee meetings on disaster preparedness, particularly for seniors and people with disabilities. • The Cal MediConnect Enrollee Advisory Committee met in June. They reviewed the CMC Member Enrollment Kit and billboard campaign, and provided feedback. • Local legislative office visits will happen in July. RCAC members will share feedback on the Cal Fresh program and food security. • The Family Resource Centers (FRCs) began the back to school events on July 13, sponsored by L.A. Care for RCAC members to participate. • Information on improving L.A. Care member experience in the health care system. • A presentation on safety and security in case of an emergency at L.A. Care's offices. <p>Board Member Perez noted that she attended a few RCAC meetings in July. Presentations at the RCAC meetings included:</p> <ul style="list-style-type: none"> • Language assistance services. • Information on how to improve quality of services and give feedback to L.A. Care. Health information distributed this month was about handling life stressors. <p>RCAC members are actively participating in colorectal cancer workshops, providing information and participating in community activities.</p> <p>Board Member Perez described issues discussed at the RCAC meetings.</p> <p>Board Member Gonzalez encouraged Board Members to attend a RCAC meeting in August.</p>	
STANDING COMMITTEE REPORTS		
<p>Executive Committee Robert H. Curry</p>	<p>Board Member Curry reported that the Executive Committee met on June 24, 2019 (<i>a copy of the minutes of the meeting can be obtained by contacting Board Services</i>). The Executive Committee approved a motion regarding the Elevating the Safety Net Program.</p>	
<p>Government Affairs</p>	<p>Mr. Baackes reported:</p>	

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Update	<ul style="list-style-type: none"> California has enacted a penalty for not having health insurance, starting in 2020. On August 23, L.A. Care Health Plan will host an education briefing specifically designed for legislative staffers representing Los Angeles Congressional, Senate, and Assembly members. The purpose of the briefing is to keep local elected offices informed of important developments in the Cal Fresh Program. This will be the fifth year that our Government Affairs team will host a briefing. 	
Finance & Budget Committee	<p>PUBLIC COMMENT</p> <p>Wilma Ballew, <i>RCAC 2 Member</i>, thanked Marie Montgomery, <i>Chief Financial Officer</i>, and Angela Bergman, <i>Controller</i>, for assistance with a concern, the change has been very beneficial. As a RCAC 2 member she is happy to participate in the district visits to promote Cal Fresh. An ad hoc meeting was held regarding needs for disabled and senior members.</p> <p>Board Member Jimenez noted that 87,000 newly eligible beneficiaries have applied for Cal Fresh.</p> <p>Board Member Curry reported that the Finance & Budget Committee met on June 24, 2019. <i>(The minutes of that meeting are available by contacting Board Services.)</i> The Committee approved a motion to amend a contract with FirstSource which does not require Board approval. The Committee also reviewed and approved motions that were earlier approved under the Consent Agenda.</p>	
Chief Financial Officer's Report Marie Montgomery	<p>Ms. Montgomery reported on financial results for the fiscal year through May, 2019. <i>(A copy of the report can be obtained by contacting Board Services.)</i></p> <ul style="list-style-type: none"> Membership through May is 2,179,156, favorable to forecast by 11,335 members (forecast assumed a decrease of 3%) A deficit of \$2.6 million was experienced in May, due mostly to a \$37 million reduction in revenue to L.A. Care Covered as a result of the risk adjustment data validation audit. Year to date resulted in a surplus of \$212 million which is \$44 million ahead of the forecasted surplus. Administrative expenses are favorable to forecast by \$17 million due mostly to timing and reclassification of expenditures. Non-operating income is favorable to forecast by \$25 million, due to timing of grant payouts, and gains on investments. It is important to remember that as the Elevating the Safety Net (ESN) program gets underway those expenses will increase. Operating Margin overall is equal to forecast at 91.1%. 	

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	<ul style="list-style-type: none"> The key financial ratios are all within forecast. <p>Board Member Booth asked about the financial impact of Proposition 56 and ground medical emergency transport (GMET). Ms. Montgomery explained that there is some risk at the end of the year with regard to Proposition 56 funds.</p> <p><u>Motion FIN 102.0619</u> To accept the Financial Report for the period ended May 2019, as submitted.</p>	<p>Unanimously approved by roll call. 8 AYES (Booth, Curry, De La Torre, Gonzalez, Jimenez, Perez, Powers, and Roybal)</p>
<p>Monthly Investment Transaction Report</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></p> <p>As of May 31, 2019, the market value of L.A. Care’s investments was \$ 1.9 billion.</p> <ul style="list-style-type: none"> \$1.7 billion managed by Paydel & Rygel and New England Asset Management \$61 million in Local Agency Investment Fund \$104 million in Los Angeles County Pooled Investment Fund 	
<p>PUBLIC COMMENT</p>	<p>Demetria Saffore, <i>RCAC 1 Member</i>, thanked Mr. Baackes for the update on increasing the number of physicians to care for the members, especially in her area where there is a lack of physicians. Mr. Baackes indicated he will have information on the grant distribution among RCAC regions at a future meeting.</p>	
<p>ADJOURN TO CLOSED SESSION</p>	<p>Augustavia J. Haydel, Esq., <i>General Counsel</i>, announced the following items to be discussed in closed session. The Board adjourned to closed session at 4:07 p.m.</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 Plan Partner Services Agreement <p>REPORT INVOLVING TRADE SECRET Pursuant to Welfare and Institutions Code Section 14087.38(n) Discussion Concerning New Service, Program, Business Plan Estimated date of public disclosure: <i>July 2021</i></p>	

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	CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9 of the Ralph M. Brown Act Six potential cases	
RECONVENE IN OPEN SESSION	The Board reconvened in open session at 5:16 p.m. There was no report about the closed session.	
ADJOURNMENT	The meeting was adjourned at 5:16 p.m.	

Respectfully submitted by:
 Linda Merkens, *Senior Manager, Board Services*
 Malou Balones, *Senior Board Specialist*
 Victor Rodriguez, *Board Specialist*

APPROVED BY:

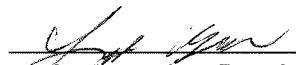
 Layla Gonzalez, *Board Secretary*
 Date Signed _____

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APPROVED BY:



 Kayla Gonzalez, *Board Secretary*
 Date Signed _____

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