Accreditation of Medi-Cal, Healthy Kids and Healthy Families Program.

L.A. Care HEALTH PLAN

BOARD OF GOVERNORS

RETREAT / MEETING #236

June 5, 2014 • 8:30 AM

Japanese American Cultural & Community Center
Garden Room A
244 S. San Pedro, Los Angeles, CA 90012

Mission, Vision & Values

Our Mission

To provide access to quality health care for Los Angeles County's vulnerable and low income communities and residents and to support the safety net required to achieve that purpose.

Our Vision

A healthy community in which all have access to the health care they need.

Our Values

We are committed to the promotion of accessible, high quality health care that:

* Is accountable and responsive to the communities we serve and focuses on making a difference;
* Fosters and honors strong relationships with our health care providers and the safety net;
* Is driven by continuous improvement and innovation and aims for excellence and integrity;
* Reflects a commitment to cultural diversity and the knowledge necessary to serve our members with respect and competence;
* Empowers our members, by providing health care choices and education and by encouraging their input as partners in improving their health;
* Demonstrates L.A. Care's leadership by active engagement in community, statewide and national collaborations and initiatives aimed at improving the lives of vulnerable low income individuals and families; and
* Puts people first, recognizing the centrality of our members and the staff who serve them.

AGENDA

BOARD OF GOVERNORS RETREAT/MEETING No. 236

DRAFT

Thursday, June 5, 2014, 8:30 A.M. Garden Rooms A and B

Japanese American Cultural & Community Center (JACCC)
244 S. San Pedro Street, Conference Room A, Los Angeles, CA 90012

I. **Welcome and Introductions** — Thomas Horowitz, DO, *Chair*
Approval of Today's Agenda — Howard A. Kahn, *Chief Executive Officer*

II. **Chief Executive Officer's Report (30 mins.)** p.6 — Howard A. Kahn

III. **Post ACA – Changing Health Care Environment Part 1** — Burt Margolin, *President, The Margolin Group*

IV. **Public Comments**

V. **ADJOURN TO CLOSED SESSION** (Est. time: 90 mins.) — *Chair*

A. REPORT INVOLVING TRADE SECRET
Pursuant to Welfare and Institutions Code Section 14087.38(n)
Including discussion concerning New Product Lines
Estimated date of public disclosure: June 2016

LUNCH

V. **RE-ADJOURN TO CLOSED SESSION** (Est. time: 135 mins.) — *Chair*

B. REPORT INVOLVING TRADE SECRET
Pursuant to Welfare and Institutions Code Section 14087.38(n)
Including discussion concerning New Product Lines
Estimated date of public disclosure: June 2016

VI. **RECONVENE IN OPEN SESSION** — *Chair*

BREAK

VII. **Retreat Closing Remarks** — *Chair*, Howard A. Kahn

BUSINESS MEETING

VIII. **Public Comments** — *Chair*

IX. **Approve May 1, 2014 meeting minutes** p.15 — *Chair*

X. **Approve Consent Agenda Items** — *Chair*

1. Revisions to Legal Services Policy & Procedure LS-009 relating to Government Claims (**EXE 100**) p.25
2. Integrated Systems Inc./Presidio Inc. Contract (**FIN 100**) p.31
3. Infosys Contract Amendment **(FIN 101)** p.33
4. Appeals and Grievances System Project **(FIN 102)** p.34
5. Equis Staffing Contract Amendment **(FIN 103)** p.36
6. McKesson Health Solutions LLC Contract Extension (**FIN 104**) p.37
7. Joseph Wanski, M.D, Contract Renewal (**FIN 105**) p.38
8. ICD-10 Project Vendors **(FIN 106)** p.39
9. Contract for the development of the Participating Physicians Group Authorization Processing Application **(FIN 107)** p.40
10. Prequalified Vendors **(FIN 108)** p.41
11. Firstsource Contract Amendment for Medi-Cal Claims Processing **(FIN 109)** p.42
12. Firstsource Contract Amendment for Medicare Claims Processing **(FIN 110)** p.43

DRAFT

13. CHCAC Member Approval (**CHC 100**) p.45
14. RCAC Membership (**ECA 100**) p.44

XI. **RE-ADJOURN TO CLOSED SESSION** (Est. time: 70 mins.) *Chair*

C. PUBLIC EMPLOYMENT
Pursuant to Section 54957 Ralph M. Brown Act
Title: Chief Executive Officer

D. CONTRACT RATES
Pursuant to Welfare and Institutions Code Section 14087.38(m)
- Plan Partner Rates
- Provider Rates
- DHCS Rates

E. REPORT INVOLVING TRADE SECRET
Pursuant to Welfare and Institutions Code Section 14087.38(n)
Including discussion concerning New Product Lines
Estimated date of public disclosure: June 2016

F. CONFERENCE WITH LABOR NEGOTIATOR
Pursuant to Section 54957 of the Ralph M. Brown Act
Agency Negotiator: Howard A. Kahn
Unrepresented Employee: All L.A. Care Employees

XII. **RECONVENE IN OPEN SESSION** *Chair*

XIII. **Item for Consideration** Jonathan Freedman
Chief of Strategy, Regulatory Affairs and Compliance

1. Review of future costs of changes to retirement benefits and consideration of amendment, termination or creation of pension plans to conform to the California Public Employees' Retirement Pension Reform Act of 2013.
2. Legislative Matrix p.46 — Cherie Fields
3. California 2014 May Budget Revisions p.59 — *Director of Government Affairs*

XIV. **Chairperson's Report** *Chair*

XV. **Chief Executive Officer Report** p.63 Howard A. Kahn
- Committee Updates p.67

XVI. **Motion for Consideration** Tim Reilly
1. Financial Report (**FIN 112**) p.72 — *Chief Financial Officer*

XVII. **Adjournment** *Chair*

The next meeting is scheduled for Thursday, July 10, 2014.

The order of items appearing on the agenda may change during the meeting. Teleconference arrangements may change prior to the meeting. Those planning to participate by telephone should confirm with L.A. Care Board Services prior to the meeting.

Please keep your comments to three minutes or less.

THE PUBLIC MAY ADDRESS THE BOARD OF GOVERNORS ON ALL MATTERS LISTED ON THE AGENDA BY FILLING OUT A "REQUEST TO ADDRESS" FORM AND SUBMITTING THE FORM TO L.A. CARE STAFF PRESENT AT THE MEETING BEFORE THE AGENDA ITEM IS ANNOUNCED. YOUR NAME WILL BE CALLED WHEN THE ITEM YOU ARE ADDRESSING IS DISCUSSED. THE PUBLIC MAY ALSO ADDRESS THE BOARD ON L.A. CARE MATTERS DURING PUBLIC COMMENT. AN AUDIO RECORDING OF THE MEETING IS MADE TO ASSIST IN WRITING THE MINUTES AND IS RETAINED ONLY FOR 30 DAYS.

NOTE: THE BOARD OF GOVERNORS CURRENTLY MEETS ON THE FIRST THURSDAY OF MOST MONTHS AT 2:00 P.M. POSTED AGENDA and PRINTED MEETING MATERIALS ARE AVAILABLE FOR INSPECTION AT Board Services, 1055 W. 7th Street – 10th Floor, Los Angeles, California 90017.

Any documents distributed to a majority of the Board Members regarding any agenda item for an open session after the agenda has been posted will be available for public inspection at Board Services, L.A. Care Health Plan, 1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017, during regular business hours, 8:00 a.m. to 5:00 p.m., Monday – Friday.

Meetings are accessible to people with disabilities. Individuals who may require any accommodations (alternative formats – i.e., large print, audio, translation of meeting materials, interpretation, etc.) to participate in this meeting and wish to request an alternative format for the agenda, meeting notice, and meeting packet may contact L.A. Care's Board Services Department at (213) 694-1250. Notification at least one week before the meeting will enable us to make reasonable arrangements to ensure accessibility to the meetings and to the related materials.

2014 L.A. CARE BOARD OF GOVERNORS RETREAT SCHEDULE

Retreat Goals:

1. To deepen Board member understanding of the changing health care environment and its effects on L.A. Care.
2. To explore L.A. Care's role and value as Local Initiative in the changing health care environment.

Retreat Discussion Questions:

3. Given the major changes in the health care environment, how can L.A. Care adapt to better serve its members and the community? How can L.A. Care best support safety net providers?
4. Is the Two-Plan Model still necessary to L.A. Care's success? What should L.A. Care do in terms of both operations and advocacy to address threats to the Two-Plan Model?
5. How can L.A. Care best demonstrate and communicate its value as the Local Initiative?

	8:30 - 8:55 am	**Breakfast**	
I.	**8:55 - 9:15 am**	**Welcome** • Brief remarks by Board Chair • Brief remarks by CEO • Introductions and brief remarks by Board members Q: *What is the biggest challenge the stakeholder group you represent currently faces?*	Thomas Horowitz, DO *Chairperson, Board of Governors* Howard Kahn *CEO, L.A. Care* John Connolly Retreat Moderator *Associate Director, Insure the Uninsured Project*
II.	**9:15 - 9:45 am**	**CEO Report** • Review of retreat discussion questions • Overview of major initiatives • Opportunities and challenges to the organization	Howard Kahn
III.	**9:45 - 10:15 am**	**Post ACA – Changing Health Care Environment**	Burt Margolin *President, The Margolin Group*
IV.	**10:15-11:30 am**	**ADJOURN TO CLOSED SESSION** A. REPORT INVOLVING TRADE SECRET Pursuant to Welfare and Institutions Code Section 14087.38(n) Including discussion concerning New Product Lines *Estimated date of public disclosure: June 2016*	
V.	**11:30-12:15 pm**	**Lunch**	
VI.	**12:15-2:25 pm**	**RECONVENE TO CLOSED SESSION** B. REPORT INVOLVING TRADE SECRET Pursuant to Welfare and Institutions Code Section 14087.38(n) Including discussion concerning New Product Lines *Estimated date of public disclosure: June 2016*	
X.	**2:25-2:35 pm**	**Break**	
XI.	**2:35-2:50 pm**	**Retreat Closing Remarks**	Thomas Horowitz, DO Howard A. Kahn
XII.	**2:50-4:30 pm**	**Board of Governors Business Meeting**	Group

The past several years have represented tremendous growth for L.A. Care. Most recently, as the ACA expanded health coverage throughout the country, L.A. Care played a large role in the ACA's success in Los Angeles County. Within the last year, L.A. Care received almost 165,000 new Medi-Cal members through the transition of Healthy Way LA to Medi-Cal, and 38,000 members in its first commercial product, L.A. Care Covered. L.A. Care launched its Cal MediConnect product and is beginning to enroll members. Staff has grown as well, with 1,167 employees as of May 2014. L.A. Care continues to refine its model of care and operations as the health needs of members, particularly SPDs and Medicare members, have become more complex. With new products, L.A. Care has developed new provider relationships while continuing to support safety net providers. Improving quality and lowering health care costs, along with ensuring access to care for low income and vulnerable populations, remain L.A. Care's foci. Offering a continuum of product lines allows L.A. Care to better serve its members as they move from one income level to another or become Medicare-eligible.

Medicaid (Medi-Cal) Expansion

California prepared early for Medi-Cal by establishing Low Income Health Plans. Healthy Way LA, Los Angeles County's Low Income Health Plan, enrolled 300,000 members who transitioned to Medi-Cal on January 1, 2014. In this process L.A. Care worked closely with county DHS to ensure a smooth transition. L.A. Care received 165,000 new members through the Healthy Way LA transition in January. These new members were enrolled into MCLA, L.A. Care's direct line of business.

Continuity of care is important to ensure that members' care is not disrupted by the transition. While the majority of L.A. Care's Healthy Way LA members were able to remain with their prior affiliated medical providers, and the approximately 20,000 enrollees with no prior affiliation information were assigned to safety net providers. Weaknesses in historical data analysis led to both real and perceived mismatches between providers and members. Some unresolved issues remain, with some Healthy Way LA members not transitioning to Medi-Cal resulting from glitches between state and county Medi-Cal eligibility systems. These are being resolved with members receiving retroactive Medi-Cal coverage. L.A. Care has been working with providers to prevent disruptions in health care for these individuals.

L.A. Care is anticipating new Medi-Cal membership beyond the Healthy Way LA transition. During the Covered California open enrollment period, approximately 300,000 Medi-Cal applications were submitted in Los Angeles County that are currently being forwarded to and processed by DPSS. Although some of these will be found to be ineligible or duplicate applications, a substantial number will likely enroll in L.A. Care over the coming months.

In addition, California is enabling CalFresh (food stamp) recipients to enroll in Medi-Cal through Express Lane Eligibility. In Los Angeles, an estimated 120,000 childless adults and children on CalFresh received an ELE notice in February informing them of their Medi-Cal eligibility and how

to enroll. The CalFresh Express Lane program has been given a federal waiver to extend its ability to enroll eligible beneficiaries in Medi-Cal without further paperwork.

L.A. Care has begun to provide the new expanded mental health benefits for members starting January 1, 2014, via its behavioral health vendor, Beacon. Providers are using a newly developed screening tool to screen members in need of mental health services and direct them to appropriate services for full assessment and treatment.

Medi-Cal remains L.A. Care's largest line of business. However, the membership profile is shifting. The Medi-Cal Expansion population consists of childless adults, with different health needs from L.A. Care's historic population of mothers and children and more recently, SPDs. L.A. Care will monitor the health needs of this population to ensure that they are appropriately served.

The Medi-Cal Expansion population further highlights L.A. Care's relationship with the safety net as the majority of these members are assigned to safety net providers, and AB85 ensures that the majority of new auto-assigned Medi-Cal Expansion members will be assigned to the County. L.A. Care will continue to provide support to the safety net on managed care and data reporting functions, to ensure that members receive high quality service and that to maximize L.A. Care's quality scores.

L.A. Care's Medi-Cal membership will continue to grow as applications already submitted are processed and populations targeted for outreach (e.g. CalFresh) enroll. However, a significant percentage of the eligible Medi-Cal population historically has not enrolled, and while the ACA's insurance mandate may mitigate this, many eligible individuals will remain uninsured. L.A. Care will continue to outreach to this population since there is no time-limited open enrollment period for Medi-Cal.

L.A. Care Covered

L.A. Care has been a successful participant in Covered California through the launch of its L.A. Care Covered product. L.A. Care Covered is L.A. Care's first commercial product and has required the development of new operational capabilities. As one example, L.A. Care had to develop mass billing and acceptance capability for member payments -- things it has not had to do for any other products.

The rollout of L.A. Care Covered has been challenging, as has the rollout of Obamacare statewide and nationally. There were problems with the availability and accuracy of the provider directory on the Covered California website, the site became overloaded causing delays and shutdowns, there were problems in transmitting electronic files to health plans. Nevertheless, enrollment statewide and for L.A. Care Covered was extremely successful.

L.A. Care Covered received 38,000 members, which represents 9.5% market share among Los Angeles County plans. This exceeds L.A. Care's projections for membership and market share. The membership profile, however, is different from projections. Approximately 80% of members selected the bronze plan, most likely because L.A. Care was the lowest priced bronze plan in the Los Angeles market. As with all of the metal tiers, L.A. Care's bronze plan membership is slightly older

than anticipated and Latino membership is somewhat lower than widely anticipated. Future outreach efforts will further target Latinos and potential silver plan members.

L.A. Care is currently preparing its Qualified Health Plan (QHP) application for 2015. Determining 2015 rates is a challenge for all plans since 2014 utilization has just begun to be reported. Gathering utilization data remains imperative to gain a better understanding of this new population and their health care needs.

Coordinated Care Initiative (CCI) and Cal MediConnect (CMC)

The Coordinated Care Initiative encompasses Cal MediConnect and Managed Long Term Care Services and Supports. Both are underway as of April 2014.

Cal MediConnect provides integrated Medi-Cal and Medicare services in one plan for dually eligible members. In February 2014, L.A. Care received its CMC Readiness Report that indicated L.A. Care has passed all readiness requirements to participate in CMC.

Voluntary enrollment began in April 1, 2014 and passive enrollment begins in July 2014. Because L.A. Care's D-SNP received a Low Performing Icon (score lower than 3) for its Part D plan, it is unable to receive passive enrollment until the Low Performing Icon is cured, anticipated for December 2014. Partly due to the LPI and because of intense lobbying by some plans, including Molina Health Plan after it was excluded by Health Net from its Cal MediConnect Plan, CMS and DHCS are contracting directly with three additional plans. L.A. Care's actions to reverse the Low Performing Icon are discussed in the Quality Improvement section of this report. Despite the extremely soft launch of Cal MediConnect, with virtually no communications encouraging members to join, L.A. Care has 15 Cal MediConnect members as of May 2014, with June membership projected to be at 150 members.

The other part of CCI is Managed Long Term Care Services and Supports (MLTSS), which transitioned these services into Medi-Cal managed care as of April 1, 2014. L.A. Care will provide the Long-Term Care benefit to its 7,800 DSNP members. In addition, the Department of Health Care Services (DHCS) has started to mail the first round of 90-day member notices to CMC eligible beneficiaries, including the approximately 16,000 dually eligible members currently enrolled with L.A. Care for their Medi-Cal who are also enrolled in Medicare (known as the "crosswalk" population). These members will transition into L.A. Care's Cal MediConnect program effective July 1, 2014, unless they opt out.

MLTSS provides L.A. Care an opportunity to apply lessons learned from past experience enrolling new populations into Medi-Cal managed care, such as the SPDs. Similar to some safety net providers that were not accustomed to operating in a managed care environment, Skilled Nursing Facilities are new to managed care and will require L.A. Care's support.

L.A. Care is continuing with stakeholder engagement and education through various channels including participating in stakeholder meetings with the other CMC prime contractor plans, hosting stakeholder meetings, and contracting with Neighborhood Legal Services to conduct objective educational sessions with community-based organizations throughout Los Angeles County.

Core System Modernization Project - QNXT

The Core System Modernization Project is one of L.A. Care's most important initiatives to support efficient business practices. The goal of the L.A. Care Core System Modernization Project is to replace and augment the functionality of the previous MHC core system with a robust, user-friendly, and reliable system that can be readily integrated with provider systems and more effectively administer our programs and improve service to our providers and members.

After a competitive bidding process, L.A. Care selected TriZetto to provide the software, hosting, and implementation services to support the modernization project. TriZetto is replacing the MHC system with its QNXT application. QNXT is a flexible system that handles membership, claims, capitation, utilization management, customer service and electronic data management.

QNXT has been implemented for L.A. Care Covered, PASC-SEIU, and Healthy Kids, and will be rolled out for all product lines by the end of this fiscal year. As with most large systems projects, there have been glitches that are being resolved; however the project is generally on time and on budget.

Workforce Growth

Along with growth in membership and product lines, L.A. Care has grown as an organization. During FY 2012-13, staffing grew by nearly 30%, from 700 to 900 employees from September 2012 to September 2013. As of May 2014, staffing is at 1,167 employees. Many Senior Directors and Directors are new, as are staff throughout the organization. This poses the challenge of how best to infuse L.A. Care's mission and culture throughout the organization, as well as an opportunity, presenting L.A. Care with new approaches and business practices. L.A. Care leadership has been holding focus groups and meetings with new staff, to learn from and educate new employees.

The rapid growth has also created a workspace challenge. L.A. Care has expanded to additional floors in its headquarters building and is leasing several floors in the nearby Garland building.

Operational Budget

L.A. Care's Board of Governors adopted a budget with an $11.6 million deficit for fiscal year 2013-2014. However, fiscal year-to-date performance for the first six months ending in March 2014 has resulted in a year-to-date surplus of $14.2 million. Administrative savings drive the favorable variance and are primarily related to the timing of product implementation and capitalization of certain system related costs. The preliminary forecast suggests that the favorable position will continue but narrow over the remainder of the fiscal year as expenses grow with the implementation of projects and product launches.

Quality and Operational Improvements

L.A. Care is always striving to improve care to members and service to its providers. Some major initiatives include:

HEDIS:
L.A. Care's P4P program focuses on providing providers with incentives to improve performance in areas measured by HEDIS scores. During the period of February 2014 through January 2015, Medi-Cal auto-assignment rates (based largely on HEDIS scores) reversed from the prior year's 34%, to 54% for non-SPDs and 59% for SPDs. Staff maintains focus on improving data collection to improve HEDIS score and is now in the midst of the HEDIS data collection process for services rendered in 2013.

Medicare Stars:
In 2010, CMS launched a quality rating system for Medicare Advantage Plans for members to use in choosing a plan. L.A. Care's overall Medicare Stars rating in 2014 (for services provided in 2012) was a 3.0. However, while the Part C plan had a 3.5 rating, Part D's 2.5 rating resulted in a Low Performing Icon, which prevents L.A. Care from receiving passive enrollment into Cal MediConnect. A plan with fewer than three Stars for three years in a row is at risk of losing their Dual Special Needs Plan Program.

L.A. Care is actively working to improve the Part D rating. A Director of Medicare Stars was hired to lead improvement effort full-time, and a new pharmacy director was hired in June 2013. L.A. Care's Star improvement strategy includes developing short and long term interventions focused on members, providers, and systems, leveraging existing committees to build upon current quality and service improvement processes, and creating a 2014 Medicare Star Improvement Program Plan and Work Plan. Some improvement initiatives related to Part D and medication adherence include:

- Continuing to support MedImpact's targeted IVR reminders and Choice 90 day supply program for prescription drugs
- Creating tip-sheets to educate providers on High Risk Medications (HRM), their risks, and suggest alternatives
- Developing member "opt-in" program for mail order prescriptions (currently being reviewed by CMS)
- Mailing 90 day refill reminder magnet to members
- Implementing additional member outreach and incentive calls

Quality Improvement- Plan Partner Incentive Program:
The QI Incentives Team develops, operates, and oversees L.A. Care's portfolio of incentive and pay-for-performance (P4P) programs. These initiatives are an important part of L.A. Care's interventions to maximize clinical quality and member experience. In addition to rewarding performance and improvement on numerous HEDIS and utilization measures, these programs emphasize timely and accurate encounter and lab data submission. They provide a strong business case for provider investment in quality improvement, and use industry standard metrics, such as HEDIS quality measures, to align improvement efforts.

The Plan Partner Incentive Program, re-designed for 2014, combines two previous plan-level incentives into one. In the program's clinical quality domain, eligible plans are rewarded for defined improvement on 6 HEDIS auto-assignment measures. In the program's encounter data domain, plans are rewarded if 8 of their 10 largest PPGs meet encounter data submission targets as defined in the LAP4P incentive program for PPGs. 2014 is the first phase of a transition to using HEDIS administrative rates rather than hybrid sample rates in the Plan Partner incentive program. This

increases the emphasis on encounter data submission, and improves the reliability of performance measurement.

eConsult:
eConsult is a web-based system that allows PCPs and specialists to securely share health information and discuss patient care. As of January 2014, 195 sites that serve 500,000 patients are live on eConsult, exceeding the program goal of 180 sites. Planning is underway to use eConsult for greater levels of virtually coordinated care, which will be used for behavioral health, including the new Medi-Cal benefit.

Blue Button Initiative:
Blue Button is a pilot project that enables L.A. Care members to download their prescription history to engage in collaborative care with their provider. Blue Button will initially be used by a small number of providers and their L.A. Care members to provide prescription history for ongoing medication management and adherence. Blue Button became available to L.A. Care's Medi-Cal members in February 2014. The HIT and Quality Departments are working together on a program to measure Blue Button's effectiveness.

Opportunities and Threats to L.A. Care	
Opportunities	**Threats**
• Unprecedented changes in the health care environment fostering new business and operating relationships/alliances	• State policy shifting responsibilities to health plans
• Potential to leverage L.A. Care's size and market position into new business models and relationships	• Radical and unpredictable changes to the marketplace
• Further support safety net providers to improve operations to attract and retain patients	• New competitors entering the California Medicaid market bringing sophisticated tools and resources
	• Rapid growth challenges operations and quality
	• Loss of institutional understanding of the rationale for the Two-Plan model and safety net support
	• Public and private safety net providers will continue to face market share loss, revenue challenges, and cost pressures

Burt Margolin, the President of The Margolin Group, has worked on policies to expand access to health care for low-income populations for over 30 years. He serves as a strategic advisor and advocate on federal and state issues for a broad cross-section of California safety net providers.

Burt Margolin is a former Member of the California State Assembly and chaired a number of committees during his twelve year tenure including the Assembly Health Committee, the Assembly Insurance Committee and the Budget Subcommittee responsible for health funding. Burt is the author of dozens of State laws including the statute that created the Comprehensive Perinatal Services Program, California's "patient dumping" law, the Margolin-Greene Workers Compensation Reform law and the landmark California "Bottle Bill," the state's innovative beverage container recycling program.

Prior to this election to the Assembly, Burt spent seven years on Capitol Hill as the Chief of Staff to Representative Henry A. Waxman (D.CA).

In 1995, he was appointed to the position of Health Czar by the Los Angeles County Board of Supervisors with broad authority to develop a rescue plan to prevent the closure of County/USC Medical Center, which was facing a record funding shortfall. He led a County team which successfully negotiated with State and Federal officials a Medicaid Waiver which ultimately provided the County health system with over two billion dollars in funding for safety net services.

Burt continues to advise Los Angeles County on health policy and currently serves as the Legislative Strategist for the Board of Supervisors and advises the County on a wide range of state and federal issues.

Burt Margolin attended UCLA and lives in Los Angeles where he manages the firm's California office.

III. JOHN CONNOLLY BIOGRAPHY

John Connolly is the Associate Director of Insure the Uninsured Project, a non-profit health policy research organization dedicated to increasing coverage of California's uninsured by building consensus among the state's health policy leaders. John is a health policy researcher focused on Medicaid, behavioral health, the uninsured, and health reform. He leads many of ITUP's policy research activities and its efforts to build strategies to expand and improve health coverage through regional and issue workgroups, and the LA Health Collaborative. Prior to joining ITUP in 2012, John was a senior policy analyst at the Kaiser Family Foundation, a research assistant at the Harvard School of Public Health, and a middle school teacher as a Teach for America corps member. John holds a Bachelor's degree in political science from the University of Chicago, a Master of Science in Education from Bank Street College, and Ph.D. in health policy from Harvard University.

Board of Governors
General Meeting # 235
Meeting Minutes – May 1, 2014

L.A. Care Health Plan Conference Room 1018-1019
1055 W. Seventh Street, Los Angeles, CA

Members

Thomas Horowitz, DO,
Thomas S. Klitzner, MD, PhD, *Vice Chairperson*
Mark Gamble, *Treasurer*
Louise McCarthy, *Secretary*
Jann Hamilton Lee
Alexander K. Li, MD
Ozzie Lopez, MPA
Supervisor Gloria Molina*
Hilda Perez
Michael A. Rembis, FACHE*
G. Michael Roybal, MD, MPH
Sheryl Spiller*
Walter A. Zelman, PhD*
**absent; ** via telephone*

Management/Staff

Howard A. Kahn, *Chief Executive Officer*
Trudi Carter, MD, *Chief Medical Officer*
Jonathan Freedman, *Chief of Strategy, Regulatory & External Affairs*
Augustavia J. Haydel, Esq., *General Counsel*
Tim Reilly, *Chief Financial Officer*
Tom Schwaninger, *Chief Information Officer*
John Wallace, *Chief Operating Officer*

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
CALL TO ORDER Thomas Horowitz, DO,	Thomas Horowitz, DO, *Chairperson*, called the meeting to order at 2:05 p.m. Chair Horowitz announced that the public may address the Board on the matters listed on the agenda before or during the Board's consideration of the item, and on any other matters at the public comment section.	
APPROVAL OF MEETING AGENDA Thomas Horowitz, DO	Motion FIN 107 to approve expenditures with Halo Branded Solutions was approved by the Finance & Budget Committee and does not require Board approval and was removed from the Consent Agenda. The agenda was approved as amended.	**Approved unanimously. 8 AYES (Horowitz, Klitzner, Hamilton Lee, Li, Lopez, McCarthy, Perez, Roybal).**
PUBLIC COMMENT	There was no public comment.	
ACCEPTANCE OF MINUTES OF MEETING Thomas Horowitz, DO	The minutes of the April 3, 2014 meeting were approved as submitted.	**Approved unanimously. 8 AYES**

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
APPROVAL OF CONSENT AGENDA Thomas Horowitz, DO	*(Member McCarthy may have a financial interest on Motion EXE 100 for which she might have a potential conflict of interest, and as such she refrained from participating in the discussion and vote on Motion EXE 100.)* 1. Oral Health Initiative VI Grant **(EXE 100)** 2. Approve Investment Report for Quarter ended March 31, 2014 (**FIN 100**) 3. Terraboost Media LLC Contract Amendment (**FIN 101**) 4. Trans Union/Diversified Data Design (DDD) Corp Contract Amendment (**FIN 102**) 5. Infosys Contract Amendment (**FIN 103**) 6. K Force Purchase Order Amendment (**FIN 104**) 7. Microsoft Corporation Software Licensing Enterprise Contract Amendment (**FIN 105**) 8. CR Print, Clear Image, Omega Graphics Expenditures (**FIN 106**) 9. Krames Contract **(FIN 107)** 10. Gorman Health Group Master Services Agreement Amendment **(FIN 108)** 11. Approve RCAC Membership (**ECA 100**)	**Approved unanimously. 8 AYES** **7 AYES (Horowitz, Klitzner, Hamilton Lee, Li, Lopez, Perez, and Roybal) and 1 ABSTENTION (McCarthy) noted for Motion EXE 100.**
ADJOURN TO CLOSED SESSION Thomas Horowitz, DO	Augustavia Haydel, Esq., *General Counsel,* announced the following items to be discussed in closed session, and she reported that an announcement on the closed session is expected when the meeting is reconvened in open session. The Board adjourned to a closed session at 2:08 p.m. A. CONTRACT RATES Pursuant to Welfare and Institutions Code Section 14087.38(m) • Provider Rates *The two items below were not discussed.* • Plan Partner Rates • DHCS Rates B. REPORT INVOLVING TRADE SECRET Pursuant to Welfare and Institutions Code Section 14087.38(n) Discussion concerning New Product Lines *Estimated date of public disclosure: May 2016* C. PUBLIC EMPLOYMENT Pursuant to Section 54957 Ralph M. Brown Act Title: Chief Executive Officer *Member Gamble left the meeting.*	

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
RECONVENE IN OPEN SESSION	The Board reconvened in open session at 3:30 p.m. Ms. Haydel announced there was no report on items considered during the closed session.	
CHAIRPERSON'S REPORT Thomas Horowitz, DO	Chairperson Horowitz welcomed Donald Manelli, *President & Founder*, CareHarbor. The annual Board retreat will be held June 5 at the Japanese American Cultural and Community Center. Howard A. Kahn, *Chief Executive Officer*, announced that Burt Margolin, former California Assemblyman, will be a guest speaker, and the format of the Board retreat will be similar to past years, with information and discussions to help Board members strategically plan for the next few years.	
CHIEF EXECUTIVE OFFICER'S REPORT Howard A. Kahn	Mr. Kahn reported: **Covered California / L.A. Care Covered Update** • Open enrollment is over for individuals who started an application by March 31. L.A. Care enrolled over 38,000 members. All of L.A. Care's membership was previously uninsured. • Regina Lightner, *Senior Director, Sales and Marketing*, reviewed the new member packets for L.A. Care Covered members. **Coordinated Care Initiative/Cal MediConnect** • Cal MediConnect (CMC) program coverage started on April 1. As expected, L.A. Care has no membership yet. New beneficiaries will transition to managed care Medi-Cal in July. **Centers for Medicare and Medicaid Services (CMS) audit update** • Medicare Duals Special Needs Plan (D-SNP) program was audited by CMS in March. o All immediate corrective action plans (ICARs) were accepted by CMS. o Status call was held with CMS this week; progress in implementing improvement plans by L.A. Care is satisfactory. o Staff continues to work on tracking and monitoring our improvement efforts. The Inglewood Family Resource Center (FRC) was vandalized; it appears that the target of the break in was the cell phone store next door to the FRC. It is the first time in six years that L.A. Care had a problem at a FRC. **L.A. Care staff occupies 14th Floor** • About 115 staff from Medical Management and Compliance moved to the 14th floor of the headquarters building, increasing the total floors occupied by L.A. Care to nine. o We are restacking vacated floors to meet the needs of additional staff.	

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	• Construction on the third floor of the Garland Building will be completed at the end of June for another 50,000 square feet of office space. • Recruitment of new staff is slightly behind plan. • Mr. Kahn commended the staff at L.A. Care for their work during the recent series of dramatic increases in membership for L.A. Care. **St. John's Moveable Feast** • St. John's Well Child and Family Center honored Mr. Kahn with a Safety Net Hero Award. • Mr. Kahn thanked Board members and staff who attended the event. **America's Community Affiliated Plans (ACAP) Supporting the Safety Net Award** • Information about the recognition by ACAP of innovative and successful Safety Net programs was distributed to Board Members.	
Second Quarter Organizational Performance Report	Jonathan Freedman, *Chief of Strategy, Regulatory and External Affairs,* reported (*a copy of the report can be obtained by contacting Board Services*) Second Quarter Organizational Performance Report on the period ended March 31, 2014: • During the reporting period staff facilitated the transition of Health Way LA members into Medi-Cal and received readiness review clearance for L.A. Care's Cal MediConnect program. • All goals are on track, with no objectives behind planned implementation time frames. • Core System project implementation items shaded yellow are due to Covered California. Mr. Kahn added that the original design of the core system project did not include the Covered California program as it was not yet announced. All health plans participating in Covered California have experienced challenges.	
STANDING COMMITTEE REPORTS		
EXECUTIVE COMMITTEE Thomas Horowitz, DO	The Executive Committee met on April 23, 2014. (*Minutes of the meeting can be obtained by contacting Board Services.)* The Committee reviewed and approved the 2014 L.A. Care Human Resources policies.	

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
Oral Health Initiative VI	*(Member McCarthy may have a financial interest on below motion for which she might have a potential conflict of interest, and as such she refrained from participating in the discussion and vote on this motion.)* **Motion EXE 100.0514*** **To approve the increase of the Oral Health Initiative VI budget by adding $175,000, and approve 14 oral health awards, for a total budget not to exceed $675,000 as outlined in the enclosed memo and Attachment A.**	**Approved unanimously under the Consent Agenda. 7 AYES (Hamilton Lee, Horowitz, Klitzner, Li, Lopez, Perez, Roybal).** **1 ABSTENTION (McCarthy)**
Legislative Update / Actions Cherie Fields	Cherie Fields, Director, Government Affairs, reported: • AB 1805 and AB 1759 have passed the Assembly Health Committee with no opposition and have moved to the Appropriations Committee. AB 1805 restores the 10% provider rate cut as a result of AB 97. AB 1759 extends the Medi-Cal primary care provider rate increase to Medicare levels. L.A. Care has a support position for both bills. It is anticipated that bills will be caught up in state budget discussions. • SB 1005 (Lara) provides Med-Cal type coverage for undocumented people and creates a shadow exchange for undocumented people with higher income levels, through state funds or possibly with contributions from philanthropic organizations. Funding sources have not yet been identified for SB 1005. Many advocacy groups have provided testimony in support. There is general agreement among Democrats that the issue is an important one to be discussed. Governor Brown and Republicans will likely not support additional costs to the state. L.A. Care is in support of providing coverage to the undocumented and is waiting to see how the funding will be addressed before establishing a position on SB 1005. It will be important that, like the Healthy Kids program, both short term and long term funding is clearly established. • The Governor called for a Special Legislative Session to use a portion of increased tax revenues to pay off debts and fund long-term state program costs. If agreement can be reached, it would result in the removal of a similar ballot proposal from the Republicans. It will require approval by a 2/3rds vote. • Federally Qualified Health Centers have proposed to transform the delivery and payment systems, particularly the Prospective Payment System (PPS) for services. L.A. Care is reviewing the proposal to ensure that health plans and clinics are protected from potential negative financial implications. • On April 30, L.A. Care staff participated a meeting led by staff at the office of Senator Ed Hernandez. Nine other legislative and congressional field staff offices were included. The	

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	meeting focused on understanding the complexity of Coordinated Care Initiative (CCI), Covered California, and Medi-Cal Expansion so that the field office staff can work effectively with their constituency on related issues. There is still significant confusion about Covered California and CCI implementation. Additional meetings may be held later this year. *Member Gamble rejoined the meeting.* Member McCarthy noted that the FQHC bill is proposed as a pilot project to bring the policy implications of innovative payment systems to the attention of state regulators to begin discussion on the issues. Member McCarthy asked about the status and potential impact on the state budget of a proposal to add coverage for pregnant women in Covered California (who would otherwise be eligible for Medi-Cal benefits). Ms. Fields responded that there are many challenges with the proposal including sorting out which program will cover the services.	
CareHarbor Sponsorship Jonathan Freedman	Mr. Freedman invited Donald Manelli, President and Founder of CareHarbor, to present information about CareHarborLA which will be held September 11-14, 2014 at the Sports Arena. • A goal has been set for CareHarbor LA to increase to 4,000 patients served in 2014. CareHarbor is working to increase the number of practitioners, services provided, and increase the size and scope of preventive education. • As more primary care is available through increased eligibility in the Affordable Care Act, subspecialty services will be added. • CareHarbor is seeking more volunteers, and is working on extending continuing education credits for professionals. Pre-event training for volunteers is being expanded. Member Perez noted there were fewer patients last year and suggested that more publicity may be needed to get the information out to people who can benefit from the event. Member McCarthy noted that if everyone has health insurance coverage, there could be people who do not have sufficient coverage, especially for affordable dental care. She noted that Medi-Cal is reinstating some dental health benefits. She added that enrollment for California Covered will reopen in November. Mr. Manelli responded that there will be information for enrollment in California Covered at CareHarbor LA. **<u>Motion EXE 101.0514</u>** **To approve a sponsorship not to exceed $125,000 for the "CareHarbor LA" Healthcare Clinic 2014.**	**Approved unanimously. 9 AYES (Gamble, Horowitz, Klitzner, Hamilton Lee, Li, Lopez, McCarthy, Perez, Roybal).**

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
FINANCE & BUDGET COMMITTEE	Chairperson Horowitz reported that the Committee met on April 23, 2014. (*Minutes of the meeting can be obtained by contacting Board Services.)* • The Committee approved contracts with E2O and with Halo Branded Solutions which do not require Board approval. • Tom Schwaninger, *Chief Information Officer*, provided an update on the Core System Project including the status of transition of Healthy Kids, PASC-SEIU, and L.A. Care Covered. Cal Medi-Connect will be transferred next, and transfer of the remaining lines of business including Medi-Cal, are scheduled to be completed in October 2014. The project implementation costs are projected to be within 10% of the project budget. Targeted benefits include faster claims processing, improved information availability and accuracy, and enhanced provider payment processing.	
Motions approved under the Consent Agenda	**Motion FIN 100.0514*** **To accept the Investment Report for the quarter ended March 31, 2014, as submitted.** **Motion FIN 101.0514*** **To approve a contract amendment with Terraboost Media LLC in an amount not to exceed $408,600; to expand L.A. Care Covered-branded hand sanitizer billboards through April 30, 2015.** **Motion FIN 102.0514*** **To approve a contract amendment with Trans Union/ DDD for an amount not to exceed $600,000 from June 1, 2014 to May 31, 2015, for encounter data processing services.** **Motion FIN 103.0514*** **To approve an additional $677,279.01 to the existing contract with Infosys, in support of L.A. Care's Core System through September 30, 2014.** **Motion FIN 104.0514*** **To approve and additional $1,407,910 to an existing purchase order with Kforce for professional temporary labor services primarily for Information Technology Department resulting in a total of $2,848,717.** **Motion FIN 105.0514*** **To approve an amendment to the current software licensing enterprise agreement (EA) with Microsoft Inc. in an amount not to exceed $1,315,579.27 for year 3 of the agreement to support L.A. Care's Microsoft License usage through December 31, 2015.**	**Approved unanimously under the Consent Agenda. 8 AYES**

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	Motion FIN 106.0514* **To increase the amount of business with CR Print, Clear Image and Omega Graphics to a total of $750,000 from April 1, 2014 to September 30, 2014.** **Motion FIN 107.0514*** **To approve a contract with Krames in an amount not to exceed $1,108,900 for member health education and engagement tools from June 1, 2014 through August 1, 2017.** **Motion FIN 108.0514*** **To approve amending the current Master Services Agreement with Gorman Health Group by adding an additional $500,000 to the maximum expenditure amount, for a contract total of $1,000,000 for CMS audit remediation activities.**	
Financial Report	Patricia Mowlavi*, Senior Director, Accounting & Financial Services,* reported on financial performance through March 31, 2014 *(a copy of the report can be obtained by contacting Board Services).* • Overall financial performance remains favorable and is consistent with recent months. • Total enrollment is approaching 1.4 million, with 14,000 members added in March, 2014. • Financial performance is a surplus of $14.2 million which is a margin of 0.8% on revenues of $1.7 billion. • The Medical Cost Ratio (MCR) is slightly ahead of plan at 94.7% (budgeted at 94.9%). • Administrative expenses are favorable to plan driven by timing of projects and capitalization of specific Information Technology expenses. • Medi-Cal combined lines of business are ahead of plan at a surplus of $18.6 million, driven by favorable performance for Plan Partners. Medi-Cal Direct still faces challenges for Seniors and People with Disabilities related to rate inadequacy and higher than expected cost of care. • Medicare FYTD performance is essentially at plan. MCR is better than expected at 91% vs. budget of 93%. Administrative expenses are higher than plan driven by labor costs as we build expertise in anticipation of CMC. (*Members Lopez and Klitzner left the meeting*) **Motion FIN 109.0514** **To accept the Financial Report for the six months ended March 31, 2014, as submitted.**	**Approved unanimously. 7 AYES (Gamble, Horowitz, Hamilton Lee, Li, McCarthy, Perez, Roybal).**

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
Prequalified Vendors Second Quarter Update Jonathan Freedman	Mr. Freedman provided a second quarter report on the prequalified vendors. In September of 2013 the Board approved the use of master services agreements with seven firms subject to periodic reporting to the Board. Earlier in this meeting the Board approved a motion with Gorman Consulting. L.A. Care is conducting an RFP process to select other firms for this process and will bring information to a future Board meeting. (*Members Lopez and Klitzner rejoined the meeting*, and (*Member McCarthy left the meeting*.)	
PUBLIC ADVISORY COMMITTEE REPORTS		
EXECUTIVE COMMUNITY ADVISORY COMMITTEE (ECAC) Ozzie Lopez/ Hilda Perez	Member Lopez reported that: • ECAC met on April 9. • In addition to the motion approved today on the Consent Agenda, ECAC approved a motion to appoint an ad hoc Committee to consider changes to the Regional Community Advisory Committee (RCAC) Operating Guidelines to formalize ECAC representation of the Coordinated Care Initiative Councils. • L.A. Care Health Promoters (HPs) gave presentations to RCAC members in February and March on health care fraud and abuse education, and are preparing presentations about preventive, urgent, and emergency health care for April and May. HPs continue to work on the Active Steps Program with data collection and reporting, body measurements, surveys, and one-on-one phone calls to encourage members to continue working toward their goals. This year, HPs will have increased involvement teaching three of the sixteen classes. In addition, HPs will continue providing health topic presentations at community events. • 2014 Health Promoter Program participant application period recently closed. About 30 applications were received from various RCAC areas and ethnic backgrounds. • ECAC members participated in a group activity to improve the process for addressing and resolving issues brought forward by RCAC members. **<u>Motion ECA 100.0514</u>*** **To approve the following candidate(s) to the Regional Community Advisory Committees (RCAC) as reviewed by the Executive Community Advisory Committee (ECAC) during the April 9, 2014 ECAC meeting:** • **Anna Ochoa, RCAC 3, Advocate, Lake Avenue Community Foundation** • **Celestina Gomez, RCAC 5, Consumer, Medi-Cal L.A. Care, Care 1st** • **Sofia Sulca, RCAC 5, Consumer, Medi-Cal L.A. Care, Care 1st**	**Approved unanimously under the Consent Agenda. 8 AYES**

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	• **Yolanda Rivera, RCAC 7, Consumer, SNP, L.A. Care** • **Viridiana Don Juan, RCAC 8, Consumer, Medi-Cal L.A. Care, Care 1st** • **Sandra Coatney, RCAC 9, Consumer, Medi-Cal L.A. Care, MCLA** • **Rosa Marquez, RCAC 10, Advocate, Garfield High School Parent Center** • **Ana Gonzalez, RCAC 11, Advocate, Sacred Heart Church** • **Gladys R. Alvarez, RCAC 11, Consumer, Medi-Cal L.A. Care, Blue Cross** Member Perez added that ECAC members are discussing improvements in the process by which a RCAC member brings issues to the L.A. Care Board. A main purpose of the RCACs is to bring issues and ideas to the Board of Governors for discussion.	
RE-ADJOURN TO CLOSED SESSION Thomas Horowitz, DO	Ms. Haydel announced the following items to be discussed in closed session. *(Members Gamble, Horowitz, Hamilton Lee, Klitzner, Rembis and Zelman left the meeting.)* The Board adjourned to a closed session at 2:20 p.m. D. CONTRACT RATES Pursuant to Welfare and Institutions Code Section 14087.38(m) • Plan Partner Services Agreement	
RECONVENE IN OPEN SESSION Thomas Horowitz, DO	The Board reconvened in open session at 4:23 p.m. There was no report from closed session.	
ADJOURNMENT	The meeting was adjourned at 4:23 p.m.	

Respectfully submitted by:
Linda Merkens, *Manager*
Malou Balones, *Committee Liaison*
Hilda Stuart, *Committee Liaison* `

APPROVED BY: _____
Louise McCarthy, *Secretary*
Date Signed _____

L.A. Care
HEALTH PLAN

Board of Governors
MOTION SUMMARY

Date: June 5, 2014 **Motion No.** EXE 100.0614

Committee: Executive **Chairperson:** Thomas Horowitz, DO

Issue: Updates to Legal Services Policies and Procedure LS-009 (Government Claims Presentation & Delegation of Authority to Approve, Deny and/or Settle Certain Government Claims).

Background: The proposed revisions to LS-009, as shown in the attached redline version of the policy, are intended to enhance L.A. Care Health Plan's ("L.A. Care") use of the protections afforded to public entities under the Government Claims Act. Specifically, the requirement to file a government claim before initiating any formal legal proceedings would extend to all types of claims for money or damages (including provider disputes, claims by contracted and non-contracted providers), except for those specifically exempted under the state law (such a certain wrongful termination causes of action). Failure to file a government claim when required serves as a valuable defense and provides additional grounds for L.A. Care to seek dismissal of formal legal proceedings at its early stages for failure to exhaust administrative remedies or failure to file a timely government claim. Additionally, when a government claim is filed and acted upon (i.e., denied or rejected), a shorter statute of limitation applies for filing a subsequent legal proceeding. The shortened statute of limitation is yet another defense that may be available to L.A. Care for dismissal of an untimely filed lawsuit.

The proposed revisions to the policy will authorize the Government Claims Commission, comprised of the CEO, CFO and COO, or their respective designees, to approve and settle government claims filed by contracted and non-contracted providers in amounts over $50,000 but not exceeding $250,000. In turn, the Executive Committee would be authorized to approve and settle provider government claims in amounts over $250,000 but not exceeding $500,000. The proposed authorization limits for provider related government claims follow L.A. Care's AFS-006 for approval of operational expenditures. The authorization levels for all other government claims remain unchanged.

A copy of the revised policy is attached to this motion for your review and consideration.

Budget Impact: No budget impact.

Motion: To approve revisions to Legal Services Policy & Procedure No. LS-009 (Government Claims Presentation & Delegation of Authority to Approve, Deny and/or Settle Certain Government Claims), as attached and subject to review as to form only by L.A. Care's Regulatory Affairs & Compliance Department.

L.A. Care HEALTH PLAN	**TITLE:** *GOVERNMENT CLAIMS PRESENTATION & DELEGATION OF AUTHORITY TO APPROVE, DENY AND/OR SETTLE CERTAIN GOVERNMENT CLAIMS* **SERVICE AREA**: *LEGAL AFFAIRS* **DEPARTMENT:** *LEGAL SERVICES*	**Policy and Procedure Number**				**LS-009**
		Total No. of Pages				5
		Dates				
		Effective Date	**03/07/13**			
		Review/Revision Date				
		Supersedes Policy Number				
		PPSA/Mandated	YES		NO	**X**
		Next (Annual) Review Date	**03/07/14**			
		Administrative	YES	**x**	NO	
		Applies to:				
		Medi-Cal – Plan Partners	YES		NO	**X**
		Medi-Cal – L.A. Care	YES		NO	**X**
		IHSS	YES		NO	**X**
		Healthy Families	YES		NO	**X** **X**
		Healthy Kids	YES		NO	

1.0 POLICY:

1.1 This Government Claims Presentation & Delegation to Approve, Deny and/or Settle Certain Government Claims Policy and Procedure (hereinafter, "Government Claims Policy & Procedure") is established as a prerequisite to bringing of any lawsuit, legal action, arbitration or any other proceeding against L.A. Care Health Plan ("L.A. Care") that is based on any claim for money or damages that is otherwise exempt from the claim presentation requirements under the Government Claims Act. This Government Claims Policy & Procedure also delegates authority to L.A. Care's Chief Executive Officer (or designee) and L.A. Care's Executive Committee to approve, allow, deny, compromise or settle certain Government Claims, as set forth herein.

2.0 DEFINITIONS:

Whenever a word or term appears capitalized in this Policy and Procedure, the reader should refer to the "Definitions" below.

2.1 ***Government Claims Act*** means the Government Claims Act codified in California Government Code Sections 810 through 996.6. The Government Claims Act (formerly known as the Tort Claims Act) sets forth administrative claim requirements that need to be satisfied before commencing most actions seeking money or damages against a public agency, like L.A. Care, or a public employee acting within the scope of his/her employment. The Government Claims Act further sets forth the requirements that need to be included in the administrative claim (also known as the Government Claim), as well as the timing periods for filing and responding to such claims. The Government Claims Act expressly authorizes public agencies, like L.A. Care, to establish its own claims presentation procedures (like this Government Claims Policy & Procedure) to include certain types of claims for money or damages that would otherwise be exempt from the requirements of the Government Claims Act. Additionally, the Government Claims Act expressly permits a public agency to delegate authority to approve, allow, deny, compromise or settle certain Government Claims, as set forth in this Government Claims Policy & Procedure.

2.2 ***Government Claim*** means an administrative claim that is subject to the Government Claims Act and/or this Government Claims Policy & Procedure.

~~2.2~~ ***Provider Government Claim*** means any Government Claim by a contracted or non-contracted provider, including without limitation a hospital, PPF or IPA.

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3.0 PROCEDURE/S:

3.1 Notwithstanding the exemptions set forth in Section 905 of the Government Claims Act, ~~but subject to exceptions listed in Section 3.7 below,~~ all claims against L.A. Care for money or damages, which are not otherwise governed by any other applicable statute or regulation, shall be presented and acted upon within the time limitations and in the manner prescribed by Chapter 2, commencing with Section 910 of Part 3 (Claims Against Public Entities) of Division 3.6 of Title 1 of the Government Claims Act, or as these provisions may be amended from time to time.

3.2 In accordance with Government Code Sections 935(b) and 945.4, before commencing, filing or initiating any lawsuit, legal action, arbitration or any other legal proceeding against L.A. Care based on a claim for money or damages exempt under Section 905 of the Government Claims Act, a Government Claim must be presented and acted upon, as provided in Section 3.1, above.

3.3 Delegation to the Chief Executive Officer (or his/her designee):

3.3.1 Pursuant to the authority under Government Code Section 935.4, the Chief Executive Officer (or his/her designee), in consultation with General Counsel (or his/her designee) is hereby authorized to allow, compromise, negotiate or settle any Government Claim for money or damages in the amount not exceeding Fifty Thousand Dollars ($50,000). Upon written order or authorization of the Chief Executive Officer (or his/her designee), the Chief Financial Officer (or his/her designee) shall cause payment to be issued in the amount for which a Government Claim has been allowed, negotiated, compromised or settled under this Section.

3.3.2 The Chief Executive Officer (or his/her designee) is further authorized to reject any Government Claim filed under or required by the Government Claims Act or the Government Claims Policy & Procedure, when rejection of such claim is appropriate.

3.3.3 The Chief Executive Officer (or his/her designee), at his/her own discretion, may refer the consideration of a Government Claim under this Section 3.3, to L.A. Care's Government Claims Commission (as described and established in Section 3.4 below), the Executive Committee or the Board of Governors, as he/she deems appropriate.

3.3.4 In the event that the Chief Executive Officer (or his/her designee) has conflict of interests, the consideration of the Government Claim shall be referred to L.A. Care's Government Claims Commission.

3.4 Establishment of and Delegation to L.A. Care's Government Claims Commission:

3.4.1 Pursuant to the authority under Government Code Section 935.2, a Government Claims Commission is hereby established, which shall be comprised of the following three (3) members: the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer or their respective designees.

3.4.2 Pursuant to the same authority, Government Claims Commission, in consultation with General Counsel (or his/her designee) is hereby authorized to allow, compromise, negotiate or settle: a) any Provider Government Claim for money or damages in the amount over Fifty Thousand Dollars ($50,000) but not exceeding Two Hundred Fifty Thousand Dollars ($250,000) and b) any other Government Claim for money damages in the amount over Fifty Thousand Dollars ($50,000) and but not exceeding– One Hundred Thousand Dollars ($100,000). Upon written order or authorization of the Government Claims Commission, the Chief Financial Officer (or his/her designee) shall cause payment to be issued in the amount for which a Government Claim has been allowed, negotiated, compromised or settled under this Section.

3.4.3 The Government Claims Commission, at its own discretion, may refer the consideration of a Government Claim under this Section to L.A. Care's Executive Committee or the Board of Governors, as the Government Claims Commission deems appropriate.

3.4.4 In the event of conflict of interests with at least two (2) members of the Commission, the consideration of the Government Claim shall be referred to L.A. Care's Executive Committee.

3.5 Delegation to L.A. Care's Executive Committee:

3.5.1 L.A. Care's Executive Committee is hereby authorized to allow, compromise, negotiate or settle: a) any Provider Government Claim for money or damages in the amount over Two Hundred Fifty Thousand Dollars ($250,000) but not exceeding Five Hundred Thousand Dollars ($500,000) and b) any other Government Claim for money damages in the amount over One Hundred Thousand Dollars ($100,000) but not exceeding Five Hundred Thousand Dollars ($500,000).

3.5.2 The Executive Committee, at its own discretion, may refer the consideration of a Government Claim under this Section 3.5 to L.A. Care's Board of Governors, as the Executive Committee deems appropriate.

3.5.3 In the event of conflict of interests with at least three (3) members of the Executive Committee, the consideration of the Government Claim shall be referred to L.A. Care's Board of Governors.

3.6 Any Government Claim exceeding Five Hundred Thousand Dollars ($500,000) shall be considered by L.A. Care's Board of Governors, unless otherwise delegated by the Board of Governors.

3.7 ~~**Exclusions:**~~ This Claims Presentation Policy and Procedure applies only to Government Claims (including those filed by providers) and does not affect or supersede any other applicable policies, procedures and practices relating to provider disputes and provider claims, including without limitation those listed ~~apply to provider claims, as described~~ below:

3.7.1 Medicare Advantage claims subject to, submitted or processed in compliance with L.A. Care Policy & Procedure CLM-002 ("Claims Submission & Processing") and any other relevant and applicable L.A. Care policy or procedure relating to adjudication of such claims.

3.7.2 Medicare Advantage claims subject to, submitted or processed in compliance with L.A. Care Policy & Procedure CLM-014 ("Provider Payment Dispute/Appeal Resolution Process for Non-Contracting Providers") and any other relevant and applicable L.A. Care policy or procedure relating to adjudication of such claims.

3.7.3 Medi-Cal (whether direct line of business or delegated to any of L.A. Care's sub-contracted entities), In-Home Supportive Services, Healthy Kids or Health Family program claims, subject to, submitted or processed in compliance with L.A. Care Policies & Procedures (CLM)4832 ("Claims Appeals/Dispute Process for Providers & Members"), CLM – 012 ("Provider Dispute Resolution Policy - Claims") and any other relevant and applicable L.A. Care policy or procedure relating to adjudication of such claims.

3.8 **Reporting Requirements.** L.A. Care's Chief Executive Officer (or his/her designee) or General Counsel (or his/her designee) shall report to L.A. Care's Executive Committee and/or the Board of Governors any proposed or actual approval or settlement of Government Claim authorized by Section 3.3, above. Similarly, the Government Claims Commission or General Counsel (or his/her designee) shall report to the Executive Committee and/or the Board of Governors any proposed or actual approval or settlement of Government Claim authorized pursuant to Section 3.4, above. L.A. Care's Chief Executive Officer (or his/her designee) or General Counsel (or his/her designee) shall also provide an annual report to the Board of Governors on any significant, new or different trends observed as a result of taking actions pursuant to this Policy and Procedure.

4.0 AUTHORITY:

4.1 Government Code Sections 810 to 996.6;
4.2 Government Code Section 935;
4.3 Government Code Section 935.2;
4.4 Government Code Section 935.4;
4.5 Welfare & Institutions Code Section 14087.9685; and
4.6 Welfare & Institutions Code Sections 14087.96 *et seq.* and 14087.3 *et seq.*

5.0 REFERENCE:

5.1 L.A. Care Policy & Procedure CLM-002 - "Claims Submission & Processing".
5.2 L.A. Care Policy & Procedure CLM-014 - "Provider Payment Dispute/Appeal Resolution Process for Non-Contracting Providers".
5.3 L.A. Care Policy and Procedure 4832 - "Claims Appeals/Dispute Process for Providers and Members".
5.4 L.A. Care Policy & Procedure CLM – 012 - "Provider Dispute Resolution Policy - Claims".

6.0 ATTACHMENTS: L.A. Care's Government Claims Act Form for Money or Damages.

L.A. Care
HEALTH PLAN

Board of Governors
MOTION SUMMARY

Date: June 5, 2015 Motion No. FIN 100.0614

Committee: Finance and Budget Chairperson: Michael Rembis

Issue: Request to amend the existing contract with Integrated Systems Inc. to purchase Cisco call center software upgrade and to purchase a call recording system from Presidio Inc. in order to support the current and future growth in telecommunication system demands.

Background: L.A. Care is requesting approval of a contract amendment of $1,070,475.80 with Integrated Systems through the end of December 2014, (amount not to exceed $2,519,812.80) until the end of this calendar year, along with the purchase of Presidio Inc.'s call recording solution for $720,036.50 to be integrated into L.A. Care's telecommunication system.

A request for proposal (RFP) was conducted during FY 2011, the Board of Governors approved the implementation of a new Cisco telephone system (FIN 101.0411), and in FY 2011-12 and FY2013-14 (FIN 101.0513 and FIN 102.0214) the Board approved Integrated Systems to provide telecommunications maintenance, equipment, and support for the Cisco telephone system, which is the primary method of communication between L.A. Care and its members and providers. Member Services, Community Outreach & Engagement, Medical Management, and Provider Relations, amongst other Departments, all rely on telephone contact with L.A. Care's various populations. Failures to the system can have a ripple effect in business operations and put L.A. Care at regulatory risk. Additionally, with the rapid company growth, it is imperative to have an updated telephone system in place that can meet the capacity level of the Member Services Department staff, to effectively meet the needs of the members.

With the current growth, L.A. Care is in need of an upgrade to the call center software, in relation to the Cisco telephone system. L.A. Care also needs to replace the existing call recording platform, to stay in compliance and properly monitor and record calls. The expected growth during FY 2013-14 is at 700 new employees, and to assure proper business functionality, the following items will need to be purchased to support the growth:

- Cisco call center software upgrade $1,070,475.80- To support the number of new employees, and new lines of business to be purchased from Integrated Systems Inc.
- Call recording system purchase $720,036.50- To replace current call recording system, which gives multiple errors on a daily basis, and is not fully compatible with L.A. Care's updated versions of its new telephone system to be purchased from Presidio, Inc.

Integrated Systems is the only vendor allowed to maintain L.A. Care's phone system per its maintenance contract. Integrated Systems has certified technicians that currently and effectively support L.A. Care's technology environment, and they are also Cisco Enterprise experts, which is required for the installation. Due to these factors, management is requesting approval of an additional $1,790,512.30, to acquire the above mentioned items, to meet future growth, and to assure proper business functionality. Presidio's solution was selected through a competitive RFQ bid given their best functionality and pricing for L.A. Care's requirements.

Budget Impact: Funding was not included as a budgeted expenditure in the FY 2013-14 budget, but sufficient savings exist as of March 2014 in both the overall operational Information Technology (IT) budget as well as the capital budget due to delays in strategic projects. The current contract with Integrated Systems Inc is $1,449,335.60.

Motion: To approve an amendment to an existing contract with Integrated Systems Inc. in the amount of $1,070,475.80, (total contract amount not to exceed $2,519,812.80) for telecommunications equipment additions and upgrades through December 31, 2014, and to authorize the purchase of Presidio's Inc. call recording solution for an amount not to exceed $720,036.50.

L.A. Care
HEALTH PLAN

Board of Governors
MOTION SUMMARY

Date: June 5, 2014

Motion No. FIN 101.0614

Committee: Finance and Budget

Chairperson: Michael Rembis

Issue: Request to authorize staff to amend a contract with Infosys Public Service (Infosys) for core system project implementation testing, development, setup and support.

Background: L.A. Care is requesting approval of a contract amendment of $1,037,870 with Infosys for core system project implementation through the end of September 2014.

In March 2012 the Board approved the implementation of TriZetto's payer core information system to handle all of L.A. Care's lines of business. However in a need to augment TriZetto's resources and ensure a successful system implementation, additional assistance from vendors with expertise in TriZetto products was needed. A request for proposal (RFP) was conducted and Infosys was selected in July 2013 due to its established partnership with TriZetto, which included access to TriZetto's intellectual property, vast network of experienced resources, and lowest proposed pricing.

Additionally, the original planning assumption that the Dual Eligible Special Needs Plans (D-SNP) program would cease with the initiation of Cal MediConnect (CMC) changed. Therefore, the changing policy and program requirements require L.A. Care to support both lines of business on QNXT through at least 2015. Thus, additional support for the D-SNP, CMC and Medi-Cal lines of business is necessary across all lines of business.

The project includes the following scope of work through September 30, 2014.

1. Interface Testing for Cal MediConnect (CMC), Dual Eligible Special Needs Plans (D-SNP) & Medi-Cal line of businesses
2. User acceptance testing support for CMC, D-SNP & Medi-Cal
3. System testing on L.A. Care/TriZetto's Change Control Board (CCB) items
4. Testing on provider/accumulator/member sync interfaces for all lines of businesses
5. Report development and testing for Claims, Finance and Clinical Care Advance (CCA)
6. Integration testing support for L.A. Care surround systems
7. L.A. Care environmental setup

Budget Impact: The contract amount is budgeted in FY 13-14 core system project budget within the Information Technology Department.

Motion: To authorize staff to amend a contract with Infosys adding $1,037,870 (total contract not to exceed $5,000,000) for core system consulting through September 2014.

L.A. Care
HEALTH PLAN

Board of Governors
MOTION SUMMARY

Date: June 5, 2014 Motion No. FIN 102.0614

Committee: Finance and Budget Chairperson: Michael Rembis

Issue: Medicare Appeals & Grievances System Contract amendment with Edmund Jung & Associates (EJA) and contract approval for a yet to be identified vendor for additional business analysis and reporting mechanisms.

Background: In February 2013, the Board approved a motion to purchase a separate Medicare A&G System to support Centers for Medicare & Medicaid Services (CMS) required reporting, facilitate the Medicare appeals process, and track the status of Medicare appeals. Due to limited functionality with the current home grown Appeals & Grievance (A&G) systems and as a result of a CMS audit conducted in 2013 it was determined that purchasing a commercial off-the-shelf solution would better meet L.A. Care business requirements. L.A. Care completed a competitive bid process and request for proposal (RFP) was sent to three firms – TriZetto, EJA, and WIPRO. EJA was selected based on its competitive bid and proven expertise for an amount of $595,000. The scope of work included custom software development, applications and licenses consulting, implementation services and annual maintenance for the development and managing of a Medicare A &G system to support CMS required reporting, facilitate the Medicare appeals process, and track the status of Medicare appeals.

L.A. Care is requesting to amend the contract with EJA for the Multi-Phased Appeals & Grievance development approach for an additional $800,000 (total amount not to exceed $1,395,000) through June 1, 2015. The original contract developed the current A&G system, which is currently in test mode and will continue to be highly functional. Staff would like to expand the current system and add multiple functionalities across departments, such as the newly created Long Term Support and Services Department as well as the Quality Improvement Department to create a more centralized, efficient system. Long Term Support and Services (LTSS) was not anticipated as a benefit at the time the RFP was conducted, however it is requirement under Cal MediConnect that the plan track complaints. The additional scope of work will also address Provider Dispute Resolutions (PDR's) which needs to be closely integrated with appeals and grievances processing, which at one point was contemplated to be a functionality built in house. However, L.A. Care now believes there will be more efficiency with a fully integrated system through EJA. The new product will provide additional comprehensive enhancements such as custom workflows, integration with L.A. Care's membership call center system, automated time tracking of member grievances throughout the life cycle, subcontracted plan integration, expedited case notifications and automated correspondence generation. All requirements that continue to increase with increasing regulation and membership growth. This amount also includes annual software maintenance fees of approximately $95,000 for 2015.

Additionally, L.A. Care is requesting authority to execute a contract with another vendor that has not yet been selected for an amount not to exceed $300,000 through June 1, 2015. This vendor will complement the work that EJA has implemented by conducting business analysis of the systems in place, as well as perform reporting mechanisms of the utilization system and execute further

deployment tools that will enhance L.A. Care's appeals and grievances system to better serve all lines of business as well as L.A. Care's members and providers.

Budget Impact: The costs have no impact on the budget for FY 13-14 within the IT Department and are accounted for in the proposed budget for FY 14-15.

Motion: To authorize staff to amend a contract with Edmund Jung & Associates to provide software and consulting services for $800,000 (total contract amount not to exceed $1,395,000) through June 1, 2015 and to authorize $300,000 for an undetermined qualified vendor through June 1, 2015 for appeals and grievances assistance.

L.A. Care
HEALTH PLAN

Board of Governors
MOTION SUMMARY

Date: June 5, 2014

Motion No: FIN 103.0614

Committee: Finance & Budget

Chairperson: Michael Rembis

Issue: Request to amend an existing contract with Equis Staffing to provide temporary employee service to assist the L.A. Care's Information Technology Department and the Project Management Department with the implementation of the core system project.

Background: L.A. Care is requesting approval of a contract extension for $477,680 with Equis Staffing to provide temporary employee service through December 31, 2014.

Equis Staffing is a firm specializing in the placement of temporary labor services. L.A. Care has utilized Equis Staffing services since February 2013 to augment and support Information Technology's staffing needs that support various Information Technology and Project Management Projects such as Oracle conversions, QNXT reporting, analysis electronic data interchange (EDI), project coordination and business analysis.

The current resources have been effective in managing assigned projects. L.A. Care warranted the extension of Equis Staffing to ensure consistency as project scopes change and system enhancements take place and to ensure the implementation of the core system project.

Budget Impact: Of the amount requested, $298,550 is budgeted in FY13-14 Information Technology Department, and the additional $179,130 is projected for FY14-15.

Motion: To amend a contract with Equis Staffing for $477,680 through December 31, 2014 (total contract not exceed $879,390) for temporary employee assistance in L.A. Care's Information Technology and the Project Management Office.

L.A. Care
HEALTH PLAN

Board of Governors
MOTION SUMMARY

Date: June 5, 2014 Motion No. FIN 104.0614

Committee: Finance and Budget Chairperson: Michael Rembis

Issue: Request for contract extension with McKesson Health Solutions LLC (McKesson) for nurse advice line (NAL) services.

Background: Since 2003 L.A. Care has contracted with McKesson to provide a NAL for the direct lines of business membership. Members call the NAL and speak with a registered nurse when injured, ill, or for general health information, and are triaged to the appropriate level of care.

Based on data from 2011 through 2013, an average of 19% of NAL callers claimed a pre-intent to seek emergency care. After speaking to the NAL, 87% of these callers followed the nurse recommendation to a lower level of care (i.e. self-care).

It is industry standard to provide members with a NAL, and the service also allows L.A. Care to meet the Department of Managed Health Care requirement to provide 24-hour per day, 7 days per week (24/7) telephonic advice. L.A. Care requires its subcontracted health plans to provide NAL services for their members as well.

In 2013, staff changed the payment structure with McKesson from a per member per month (PMPM) basis to a per call basis ($14.39-$14.50 per call). The negotiated per call rate resulted in cost savings with L.A. Care's current membership, as evidenced by a full year of billing. For fiscal year 2012-13, L.A. Care negotiated an increase in fee ineligible calls (from 250 to 755), further decreasing triage costs. If translated to a PMPM, L.A. Care is averaging the equivalent of $0.07PMPM with this new payment structure. This compares to $.08 PMPM in 2012 and $0.10 PMPM in 2011.

A request for proposals (RFP) was conducted in 2011, where McKesson was selected to provide NAL services. L.A. Care intends to conduct another RFP shortly to select a vendor who will best suit the needs of the organization given the considerable increases in membership, change in demographics, and increased variation in utilization over the past few years. Staff requests this extension to conduct a comprehensive RFP.

The existing contract with McKesson is for $903,000 and expires on June 30, 2014. Staff seeks approval of a twelve month extension to this contract for NAL services from July 1, 2014 to June 30, 2015 for an amount of $730,307.

Budget Impact: Sufficient funds are budgeted in the Quality Improvement Department for the current fiscal year and funds will be requested for FY 2014-15.

Motion: To extend nurse advice line (NAL) services with McKesson Health Solutions LLC, from July 1, 2014 to June 30, 2015, for an amount not to exceed $730,307 to allow time for completion of the request for proposal process.

L.A. Care
HEALTH PLAN

Board of Governors
MOTION SUMMARY

Date: June 5, 2014 **Motion No.** FIN 105.0614

Committee: Finance and Budget **Chairperson**: Michael Rembis

Issue: Request for approval of a contract with Joseph Wanski, M.D. to provide medical consultation services.

Background: L.A. Care is requesting approval of a contract with Dr. Joseph Wanski from August 1, 2014 through July 31, 2015, in the amount of $242,500. The amount of the current contract is $284,750. Dr. Wanski will provide medical consultation services, including medical reviews and determinations for medical and pharmacy authorizations, and member and provider grievances and appeals. The contract amount is inclusive of a maximum of 125 hours per month $155/hour plus all additional expenses.

For the past ten years, Dr. Wanski has served as a Utilization Management Medical Director for L.A. Care. He performs medical reviews and determinations for medical and pharmacy authorizations, and performs first-line appeals for the direct lines of business. Dr. Wanski provides guidance and consultation for nursing staff and assists with oversight of clinical grievances and requests for State Fair Hearings. He performs other medical consultation work as may be periodically assigned, including but not limited to reviews of member communication and health education materials for clinical appropriateness and accuracy.

Dr. Wanski also interacts regularly with other L.A. Care staff, including the Director of Quality Improvement, Clinical Grievance, Utilization Management, care management and delegation oversight staff, and provides excellent service to L.A. Care.

Dr. Wanski concurrently maintains a medical practice and takes time out of his practice to work with L.A. Care. He works for L.A. Care for approximately 60% time. The hourly fee under this agreement will be the same as the last contract: $155/hour on-site and $135/hour off-site. Dr. Wanski is L.A. Care's most senior consultant physician and has received these same rates in prior years. No request for proposal has been previously conducted for Dr. Wanski. L.A. Care proposes that this contract be classified as a Sole Source vendor due to Dr. Wanski's in-depth knowledge of L.A. Care, his availability, flexibility, practice expertise, and interaction with staff and network clinicians.

Budget Impact: Sufficient funds are budgeted in FY 2013-14 to cover the cost of this contract, and they will be included in the budget for FY 2014-15.

Motion: To renew the consulting agreement with Joseph Wanski, MD from August 1, 2014 through July 31, 2015, for a total amount not to exceed $242,500.

Board of Governors

MOTION SUMMARY

Date: June 5, 2014

Motion No. FIN 106.0614

Committee: Finance and Budget

Chairperson: Michael Rembis

Issue: Request to authorize staff to amend the existing contract for ICD-10 test environment setup and remediation services with HCL America, Inc. (HCL) and Infosys Public Services (Infosys).

Background: L.A. Care seeks approval to execute a contract with HCL America, Inc. and Infosys to expand the existing scope of work to include additional tasks related to ICD-10 testing services for an amount of $1,554,458 through the end of January 2015.

Due to the extension of the compliance date for ICD-10 implementation (October 1, 2015), L.A. Care acknowledges the opportunity to engage in ICD-10 end-to-end testing services, test environment setup, testing configuration and support as well as defect management and regular project status reporting.

L.A. Care completed a competitive bid process for a business remediation project vendor in 2012. A multidisciplinary request for proposal (RFP) evaluation team representing Project Management, Information Services, and Medical Management selected HCL America, Inc. because of its proven expertise and health plan experience. HCL's ICD-10 transformation framework is designed to mitigate the risks introduced by complex ICD-10 coding structures and ensure financial neutrality. Similarly in 2013, Infosys was selected through a request for quotes (RFQ) process for their expertise in QNXT for L.A. Care's core system project support.

In order to continue work in progress in preparation for ICD-10 end-to-end testing, L.A. Care is requesting authorization to amend a contract with HCL for an additional $1,171,894 (total contract not to exceed $2,292,698) to cover the cost of ICD-10 testing services. Additionally to amend a contract with Infosys for an additional $382,564 to cover the cost of ICD-10 test environment setup and support services (total contract not to exceed $5,382,517).

Budget Impact: Fully budgeted for FY 2013-14 and will be included in the budget for FY 2014-15.

Motion: To amend a contract with HCL America, Inc. for the amount of $1,171,894 (total contract not to exceed $2,292,698) for ICD-10 remediation services through October 31, 2015, and amend a contract with Infosys Public Services for an amount of $382,564 (total contract not to exceed $5,382,517) for ICD-10 test environment setup and support services through end of January 2015.

L.A. Care
HEALTH PLAN

Board of Governors
MOTION SUMMARY

Date: June 5, 2014 **Motion No:** FIN 107.0614

Committee: Finance & Budget **Chairperson:** Michael Rembis

Issue: Request to authorize staff to amend a contract for work related to the application development of an automated participating physicians group (PPG) authorization processing application.

Background: L.A. Care staff is requesting authority to execute a contract with a vendor that has not yet been selected for an amount not to exceed $300,000 though the end of December 31, 2014, for the PPG authorization processing application workflow development.

The scope of work is to develop an application to delegate the delivery of patient care (Utilization Management approvals) to PPGs by way of system integration from multiple data sources into Clinical Care Advance.

A request for proposal was conducted and vendor proposals were received from three existing vendors (TriZetto, Cognizant, and Infosys), as well as other potential application developers. Application development costs including expenses for the entire scope of work; have been proposed under $300,000 for a full solution implementation to be completed by the end of this fiscal year. A vendor has not yet been selected; L.A. Care is in the process of reviewing and evaluating the proposed scope of work. Due to timing, the motion is presented now as a contract will be needed prior to the next Board meeting.

Budget Impact: Funds are allocated in the FY13-14 Information Technology Department budget and an additional portion of this expense will be included in the budget for FY14-15.

Motion: To authorize the Chief Executive Officer to sign a contract with a vendor that has not yet been selected in an amount not to exceed $300,000 through December 31, 2014, for the development of the participating physicians' group authorization processing application.

L.A. Care
HEALTH PLAN

Board of Governors
MOTION SUMMARY

Date: June 5, 2014 Motion No. FIN 108.0614

Committee: Finance and Budget Chairperson: Michael Rembis

Issue: Request approval to add two vendors to the prequalified staffing and consulting list (prequalified vendor) for services through FY 2013-14 not to exceed the amounts indicated per vendor.

Background: L.A. Care is requesting approval to add vendors to the prequalified vendor list at a prorated amount for the remainder of FY 2013-14, as indicated below.

Vendor	12 Month History	New Request
3Key Consulting	$400,000	$200,000
Milliman	$870,000	$200,000

In the initial phase, L.A. Care conducted a competitive request for statement of qualifications (RFQ) in June 2013. Seven vendors were approved by the Board in September 2013 (FIN 101.0913) to create the Prequalified Vendor list. This process was created to streamline contracting and operate more efficiently by requesting approval for prequalified FY2013-14 staffing and consulting vendor contracts.

In March 2014, L.A. Care re-released the RFQ to eight new vendors, and five responded. As with the first phase, a cross-departmental committee evaluated vendor responses, and selected two consulting vendors. Requested funding indicates a "not to exceed" amount, not an obligation of expenditure. Guidelines for reporting to the Finance & Budget Committee and Chair will be maintained.

Included with this Finance and Budget packet, there is a separate motion to approve amending a contract with 3Key Consulting to increase the amount by $246,000 for continued project management staffing. This amount has been incorporated into the 12 month history in the table above.

Budget Impact:

$400,000- Fully budgeted in the organization-wide FY 2013-14 consulting budget ($27,000,000)

Funding for staffing is offset by savings from unfilled FY 2013-14 approved positions and will be assigned to the requesting department's cost center. Funding for consulting is included in department FY 2013-14 budgets (professional services) and will be assigned to the requesting department's cost center.

Motion: To approve the addition of two vendors to the prequalified staffing and consulting list and new contract funding for these vendors through FY 2013-14 not to exceed the amount indicated per vendor:

3Key Consulting	$	200,000
Milliman	$	200,000

L.A. Care
HEALTH PLAN

Board of Governors
MOTION SUMMARY

Date: June 5, 2014

Motion No. FIN 109.0614

Committee: Finance and Budget

Chairperson: Michael Rembis

Issue: Request to approve a contract with Firstsource to increase the monthly volume of claims outsourced for processing and adjudication.

Background: L.A. Care selected Firstsource to process and adjudicate specific Medi-Cal claim types to address high volume claims and to reduce turnaround times. Firstsource exclusively uses "on shore" labor to process and adjudicate approximately 25,000 to 30,000 simple Medi-Cal claims through the MHC system. Under the current contract, Firstsource has consistently performed at or above its service level agreement and has proven to be a collaborative partner.

L.A. Care is requesting an amendment of $1,171,610 through March 2015 for the following scope of work:

- Increase the processing and adjudication of simple Medi-Cal claims through MHC to approximately 50,000 simple and moderate claims per month;
- Extend the contract through March 2015;
- Include Provider Dispute Resolution (PDR) processing of approximately 3,000 per month.

Once the new core system is implemented, claims currently processed by Firstsource are expected to be auto-adjudicated in QNXT.

Budget Impact: These expenses are fully budgeted in the Claims Department for FY 2013-14 and will be included in the budget for FY 2014-14.

Motion: To approve a contract amendment with Firstsource for an amount not to exceed $1,717,610 (total contract amount not to exceed $3,107,710) for Medi-Cal claims processing services through March 2015.

L.A. Care
HEALTH PLAN

Board of Governors
MOTION SUMMARY

Date: June 5, 2014 **Motion No.** FIN 110.0614

Committee: Finance and Budget **Chairperson:** Michael Rembis

Issue: Request to approve a contract amendment with Firstsource to include Medicare claims for processing and adjudication in QNXT.

Background: L.A. Care selected Firstsource to process and adjudicate Medi-Cal simple and moderate claims as well as processing Provider Dispute Resolution (PDRs) in Single Sign-on. Firstsource consistently performs at or above its service level agreement and has proven to be a collaborative partner.

Currently, L.A. Care is expecting to begin processing Cal Medi-Connect claim however; the QNXT system is not fully implemented to support Medicare claims. This motion is to request for approval of this proposed contingency plan in the case the vendor cannot confirm if the system can be implemented by June 1, 2014. L.A. Care will execute the proposed contract with Firstsource in the amount of $264,575 (total not to exceed $3,372,285) through March 2015 for the following scope of work:

- Process and adjudicate approximately 9,000 simple and moderate Medicare claims monthly.
- Provide reports (on volume, audit, and quality) as requested.

The chart below illustrates the price comparison per claim processed.

	Medi-Cal		Medicare	
	Simple	Moderate	Simple	Moderate
L.A. Care	Average $3.39/claim		Average $6.78/claim	
Firstsource	$1.68/claim	$2.21/claim	$3.36/claim	$4.42/claim

As a matter of information, Firstsource staff has the experience of processing Medicare claims in the QNXT system.

Budget Impact: These expenses are budgeted within the Claims Department for FY2013-14 and will be included in the budget for FY 2014-15.

Motion: To approve a contract amendment to Firstsource for an amount not to exceed $264,575 (total contract amount not to exceed $3,372,285) for Medicare claims processing services through March 2015.

L.A. Care HEALTH PLAN

Board of Governors
MOTION SUMMARY

Date: June 5, 2014 Motion No. ECA 100.0614

Committee: Executive Community Advisory (ECAC) Chairperson: Aida Aguilar

Issue: Approval of additional member (s) to the Regional Community Advisory Committees (RCACs).

Background: Senate Bill 2092 requires that L.A. Care Health Plan ensure community involvement through a Community Advisory Committee. L.A. Care's Regional Community Advisory Committee (RCAC) structure is composed of 5-35 members per RCAC. RCAC member recruitment is on-going to ensure the highest possible community involvement.

Budget Impact: None.

Motion: To approve the following candidate(s) to the Regional Community Advisory Committees (RCAC) as reviewed by the Executive Community Advisory Committee (ECAC) during the May 14, 2014 ECAC meeting.

Name	RCAC #	Type of Member (Agency, if applicable)
Melissa Bryant	RCAC 1	Consumer, Medi-Cal Care 1st
Alicia Flores	RCAC 1	Consumer, Medicare Advantage SNP
Diana Leff	RCAC 2	Consumer, Medi-Cal MCLA
Christine Provencio	RCAC 2	Consumer, Medi-Cal MCLA
Laura Rhone	RCAC 2	Consumer, PASC-SEIU (IHSS)
Olivia Bravo	RCAC 3	Consumer, Medi-Cal MCLA
Esmeralda Cerezo	RCAC 3	Consumer, Medi-Cal Blue Cross
Dolores Martinez	RCAC 3	Consumer, Medi-Cal Blue Cross
Marta Ramirez	RCAC 3	Consumer, Medi-Cal Care 1st
Mariana Santini	RCAC 3	Consumer, Medi-Cal Blue Cross
Marielena Solorio	RCAC 3	Consumer, Medi-Cal Blue Cross
Gizelle James	RCAC 4	Consumer, Medi-Cal MCLA
Irene Romero	RCAC 6	Consumer, Medi-Cal
Fresia Paz	RCAC 10	Consumer, Medi-Cal SPD

Board of Governors

MOTION SUMMARY

Date: June 5, 2014

Motion No. CHC 100.0614

Committee: Children's Consultant Advisory Committee (CHCAC)

Chairperson: Lyndee Knox, PhD

Issue: Approval of CHCAC member.

Background:

Budget Impact: None

Motion: To approve the nomination of Melanie Hunter, M.D., MBA, as Member of the Children's Health Consultant Advisory Committee, for the Medical Director for Quality Management of L.A. Care Health Plan seat; for the first 4-year term from June 2014 to June 2018.

L.A. Care Legislative Matrix
Updated as of May 27, 2014

The following are key legislative bills being tracked by L.A. Care's Government Affairs Department. This list does not include all legislation currently being monitored; instead, this is a shortened list Government Affairs believes should be flagged for your attention. If there are any questions, please contact Cherie Fields, Director of Government Affairs at cfields@lacare.org or by telephone at 916.945.9251.

AB 485	AUTHOR:	Gomez [D]
	TITLE:	In-Home Supportive Services
	SUMMARY:	Changes the implementation date of provisions providing for the assumption of responsibilities by a certain State Authority with regard to wages, benefits, and other terms and conditions of employment for in-home supportive services providers, and responsibilities with regard to meeting and conferring with representatives of supportive services employee organizations over all 58 counties to January 1, 2015. Relates to the Coordinated Care Initiative, Medi-Cal benefits, managed care health care plans, and certain state and county funding. De-links the Statewide Authority from implementation of the Coordinated Care Initiative (CCI) so that the Statewide Authority is permanent regardless of what happens with the CCI; thus, no longer requiring a Cal MediConnect plan be operational. To read the current text of the bill, click here.
	POSITION:	Watch
	SPONSOR:	American Federation of State and County Municipal Employees (AFSCME)
	DISPOSITION:	No action since March 30th, but re-referred to Asm Human Services and Appropriations

AB 1533	AUTHOR:	Waldron [R]
	TITLE:	In Home Supportive Services: Criminal Background Checks
	SUMMARY:	Amends existing law that provides for an investigation of the qualifications of the In-Home Supportive Services provider applicant, including specified criminal background checks. This bill would require, as part of those criminal background checks, the Department of Justice to request federal summary criminal history information from the Federal Bureau of Investigation, and to review the information returned from the Federal Bureau of Investigation and provide it to the county, public authority, or nonprofit consortium. To read the current text of the bill, click here.
	POSITION:	Watch
	SPONSOR:	N/A
	DISPOSITION:	Scheduled for hearing on April 29th, but was not heard. Remains in Assembly Health Committee

AB 1552	AUTHOR:	Lowenthal [D]
	TITLE:	Community-Based Adult Services: Adult Day Health Care
	SUMMARY:	Establishes the Community-Based Adult Services (CBAS) program as a Medi-Cal benefit. The bill would require that CBAS providers be licensed as ADHC centers and certified by the California Department of Aging as CBAS providers. The bill would require CBAS providers to meet specified licensing requirements and to provide care in accordance with specified regulations. Requires that those provisions be implemented only to the extent that federal financial participation is available. Declare that it is to take effect immediately as an urgency statute. The State Department of Health Care Services amended the "California Bridge to Reform" 1115 Waiver to include the new CBAS program, which was approved by the Centers

		for Medicare and Medicaid Services on March 30, 2012. CBAS is operational under the "1115 Bridge to Reform waiver" through August 31, 2014. Thus, this bill functions as CBAS waiver renewal legislation. To read the current text of the bill, click here.
	POSITION:	Watch, LHPC – Watch, CAHP – Watch
	SPONSOR:	California Association for Adult Day Services
	DISPOSITION:	Assembly Floor – 2nd Reading

AB 1558	AUTHOR:	Hernandez R [D]
	TITLE:	Health Data Organization
	SUMMARY:	Requests the University of California to establish the California Health Data Organization and would require health care service plans and health insurers to provide the explanations of benefits or explanations of review to that organization to the extent permitted by federal law. Requires the organization to organize the data provided in those documents and to design and maintain an Internet Web site that allows consumers to compare the prices paid by carriers for procedures, as specified. Requests the University of California to seek funding from the federal government and other private sources to cover the costs associated with these provisions and would authorize the organization to charge a fee to each person or entity requesting access to data in the database it creates. To read the current text of the bill, click here.
	POSITION:	Watch, LHPC – Watch, CAHP – Oppose
	SPONSOR:	Author
	DISPOSITION:	Assembly Floor – 3rd Reading

AB 1559	AUTHOR:	Pan [D]
	TITLE:	Newborn Screening Program
	SUMMARY:	Existing law establishes the continuously appropriated Genetic Disease Testing Fund (GDTF), consisting of fees paid for newborn screening tests and states the intent of the Legislature that all costs of the genetic disease testing program be fully supported by fees paid for newborn screening tests, which are deposited in the GDTF. Existing law also authorizes moneys in the GDTF to be used for the expansion of the Genetic Disease Branch Screening Information System to include cystic fibrosis, biotinidase, and severe combined immunodeficiency (SCID) and exempts the expansion of contracts for this purpose from certain provisions of the Public Contract Code, the Government Code, and the State Administrative Manual, as specified. This bill requires the department to expand statewide screening of newborns to include screening for adrenoleukodystrophy (ALD). By expanding the purposes for which moneys from the fund may be expended, this bill would make an appropriation. To read the current text of the bill, click here.
	POSITION:	Watch, CAHP – Watch
	SPONSOR:	The Myelin Project
	DISPOSITION:	Assembly Floor – 3rd Reading

AB 1677	AUTHOR:	Gomez [D]
	TITLE:	Nursing Education: Services in Public Hospitals
	SUMMARY:	Relates to the State Nursing Assumption Program of Loans for Education. Establishes a loan assumption program for employees of eligible public facilities, including state hospital, state veterans' homes, members of the California Association of Public Hospitals and Health System and facilities administered by the federal Veterans Health Administration and health care districts located in the State. Provides the particulars of the program and a total loan assumption amount. To

		read the current text of the bill, click here.
	POSITION:	Support
	SPONSOR:	N/A
	DISPOSITION:	Appropriations – Held under submission

AB 1703	AUTHOR:	Hall [D]
	TITLE:	In-Home Supportive Services: Reading Services
	SUMMARY:	Existing law provides for the county-administered In-Home Supportive Services (IHSS) program, under which, either through employment by the recipient, or by or through contract by the county, qualified aged, blind, and disabled persons receive services enabling them to remain in their own homes. Under existing law, county welfare departments are required to provide visually impaired applicants and recipients with information on, and referral services to, entities that provide reading services to visually impaired persons. Existing law defines "supportive services" for purposes of the IHSS program. This bill would include within the definition of supportive services assistance in reading and completing financial and other documents essential for completing activities of daily living for a recipient of services under the IHSS program who is blind or visually impaired, or who has another disability that significantly impairs his or her ability to read. By expanding the scope of available services under the IHSS program, this bill would impose a state-mandated local program. The bill would also require the Director of Health Care Services to seek any federal approvals necessary to ensure that Medicaid funds may be used in implementing this provision. To read the current text of the bill, click here.
	POSITION:	Watch, LHPC – Watch, CAHP – Watch
	SPONSOR:	N/A
	DISPOSITION:	Assembly Floor – 3rd Reading

AB 1759	AUTHOR:	Pan [D]
	TITLE:	Medi-Cal: Reimbursement Rates
	SUMMARY:	Requests the University of California to annually conduct an independent assessment of Medi-Cal provider reimbursement rates, access to care, and the quality of care received in the Medi-Cal program, reflecting the variety of providers and services offered in the program. Also, requires the director to annually review the findings and recommendations of that assessment and suggest adjustments to the reimbursement rates as necessary to ensure that quality and access in the Medi-Cal fee-for-service program and in Medi-Cal managed care plans are adequate to meet applicable state and federal standards. The bill would require that the findings and recommendations of the independent assessment and the director's suggested adjustments to provider reimbursement rates be submitted to the Legislature annually as part of the Governor's Budget. The bill would also create an advisory committee composed of 16 members appointed by the Governor and the Legislature, as specified, to meet periodically with the University of California and provide input on the assessment conducted pursuant to the bill's provisions. To read the current text of the bill, click here.
	POSITION:	Support, LHPC – Support, CAHP – Watch
	SPONSOR:	Author
	DISPOSITION:	Assembly Floor – 3rd Reading

AB 1771	AUTHOR:	Perez V [D]
	TITLE:	Telephonic and Electronic Patient Management Services
	SUMMARY:	Requires a health care service plan or a health insurer, with respect to contracts and policies issued, amended, or renewed on or after January 1, 2016, to cover telephone visits, as defined, provided by a physician. Provides that a health care service plan or a health insurer is not required to reimburse separately for specified telephone visits, including a telephone visit for which reimbursement is already provided as part of a separate service or procedure, including, but not limited to, a surgical procedure. Because a willful violation of the bill's requirements by a health care service plan would be a crime, the bill would impose a state-mandated local program. To read the current text of the bill, click here.
	POSITION:	Watch, LHPC – Oppose, CAHP – Oppose
	SPONSOR:	California Medical Association (CMA)
	DISPOSITION:	Assembly Floor – 2nd Reading

AB 1805	AUTHOR:	Skinner [D]
	TITLE:	Medi-Cal: Reimbursement: Provider Payments
	SUMMARY:	Amends existing law that requires Medi-Cal provider payments to be reduced and provider payments for specified non-Medi-Cal programs to be reduced for dates of service on and after specified dates. Prohibits the application of those reductions for payments to providers for dates of service on or after a specified date. To read the current text of the bill, click here.
	POSITION:	Support, LHPC – Support, CAHP – Support
	SPONSOR:	CMA, California Hospital Association (CHA), SEIU
	DISPOSITION:	Appropriations – Not heard

AB 1814	AUTHOR:	Waldron [R]
	TITLE:	Prescriber Prevails Act
	SUMMARY:	Provides, to the extent permitted by federal law, that drugs in specified therapeutic classes that are prescribed by a Medi-Cal beneficiary's treating provider are covered Medi-Cal benefits. Requires a Medi-Cal managed care plan to cover the drug upon demonstration by the provider that the drug is medically necessary and consistent with federal rules and regulations for labeling and use. To read the current text of the bill, click here.
	POSITION:	Watch, LHPC – Oppose, CAHP – Oppose
	SPONSOR:	N/A
	DISPOSITION:	Appropriations – Held under submission

AB 1868	AUTHOR:	Gomez [D]
	TITLE:	Medi-Cal: Optional Benefits
	SUMMARY:	Covers under the Medi-Cal program, medical and surgical services provided by a doctor of podiatric medicine that, if provided by a physician, would be considered physician services, and which services may be provided by either a physician or a podiatrist in the state. To read the current text of the bill, click here.
	POSITION:	Watch, LHPC – Watch, CAHP – Watch
	SPONSOR:	California Podiatric Medical Association
	DISPOSITION:	Assembly Floor – 3rd Reading

AB 1917	AUTHOR:	Gordon [D]
	TITLE:	Outpatient Prescription Drugs: Cost Sharing
	SUMMARY:	With respect to a health care service plan contract or health insurance policy that is subject to those annual out-of-pocket limits, and is issued, amended, or renewed on or after January 1, 2016, for an individual contract or policy, or July 1, 2015, for a group contract or policy, this bill would require that the copayment, coinsurance, or any other form of cost sharing for a covered outpatient prescription drug for an individual prescription not exceed 1 / 12 of the annual out-of-pocket limit for a supply of up to 30 days of a drug that does not have a time-limited course of treatment or that has a time-limited course of treatment of more than 3 months. For a drug that has a time-limited course of treatment of 3 months or less, the bill would require that the copayment, coinsurance, or other form of cost sharing not exceed 1 / 2 of the annual out-of-pocket limit for the time-limited course of treatment. The bill would specify that its provisions also apply to specialized plan contracts and policies that offer essential health benefits, as specified. Because a willful violation of the bill's requirements by a health care service plan would be a crime, the bill would impose a state-mandated local program. To read the current text of the bill, click here.
	POSITION:	Watch, LHPC – Watch, CAHP – Watch
	SPONSOR:	Health Access
	DISPOSITION:	Assembly Floor – 3rd Reading

AB 2025	AUTHOR:	Dickinson [D]
	TITLE:	Medi-Cal: Program for Aged and Disabled Persons
	SUMMARY:	Amends the Medi-Cal program. Increases income disregards for program eligibility for individuals and couples. Requires income disregards be adjusted annually. Provides the income standard determined may not be less than the federal supplement security income or state supplement payment level the individual or couple receives or would receive as a disabled or blind individual or couple. To read the current text of the bill, click here.
	POSITION:	Watch, LHPC – Watch, CAHP – Watch
	SPONSOR:	Western Center for Law and Poverty (WCLP)
	DISPOSITION:	Appropriations – Held under submission

AB 2170	AUTHOR:	Mullin [D]
	TITLE:	Joint powers Authorities: Common Powers
	SUMMARY:	Specifies that local agencies may jointly exercise the authority to levy a fee or tax. Specifically, this bill: Specifies that, if authorized by their legislative or other governing bodies, two or more public agencies may, pursuant to the Joint Exercise of Powers Act (the Act), jointly exercise the authority to levy a fee or tax. Finds and declares that, pursuant to the Act, a joint powers authority has all powers common to the contracting parties, so long as those powers are specified in the joint powers agreement; therefore, the amendments to the Act by this bill do not constitute a change in, but are declaratory of, existing law. To read the current text of the bill, click here.
	POSITION:	Watch
	SPONSOR:	Author
	DISPOSITION:	To be heard in Senate Government & Finance Committee

AB 2212	AUTHOR:	Gray [D]
	TITLE:	Medi-Cal: Early Periodic Screening
	SUMMARY:	Requires the State Department of Health Care Services to permit county mental health plans to contract with local educational agencies to provide services for Medi-Cal eligible pupils under the Early and Periodic Screening, Diagnosis, and Treatment program. To read the current text of the bill, click here.
	POSITION:	Watch, LHPC – Watch, CAHP – Watch
	SPONSOR:	Special Opportunities for Access and Reform Coalition
	DISPOSITION:	Appropriations – Held under submission

AB 2325	AUTHOR:	Perez J [D]
	TITLE:	Medi-Cal: CommuniCal
	SUMMARY:	Requires the State Department of Health Care Services to establish the Medi-Cal Patient-Centered Communication program to be administered by a 3rd-party administrator, to provide and reimburse for medical interpretation services to Medi-Cal beneficiaries who are limited English proficient. To read the current text of the bill, click here.
	POSITION:	Watch, CAHP – Watch
	SPONSOR:	Author
	DISPOSITION:	Assembly Floor – 3rd Reading

AB 2400	AUTHOR:	Ridley-Thomas S [D]
	TITLE:	Health Care Coverage: Physicians Contracts
	SUMMARY:	Prohibits a contract between a physician or physician group with a health care service plan or health insurer. Includes any provision that requires a physician, as a condition of entering into the contract, to participate in any product that provides different rates, methods of payment, or lines of business unless that participation is negotiated and agreed to between the health care service plan or health insurer and the physician. To read the current text of the bill, click here.
	POSITION:	Watch, LHPC – Oppose, CAHP – Oppose
	SPONSOR:	CMA
	DISPOSITION:	Assembly Floor – 3rd Reading

AB 2418	AUTHOR:	Bonilla [D]
	TITLE:	Health Care Coverage: Prescription Drug Refills
	SUMMARY:	This bill would require a health care service plan contract or health insurance policy issued, amended, or renewed on or after January 1, 2016, that provides coverage for prescription drug benefits and imposes a mandatory mail-order restriction for all or some covered prescription drugs to establish a process allowing enrollees and insureds to opt out of the restriction, as specified. The bill would require a health care service plan contract or a health insurance policy issued, amended, or renewed on or after January 1, 2016, that provides coverage for prescription drug benefits to permit and apply a prorated daily cost-sharing rate to refills of prescriptions that are dispensed by a participating pharmacy for less than the standard refill amount if the prescriber or pharmacist indicates that the refill is in the best interest of the enrollee or insured and is for the purpose of synchronizing the refill dates of the enrollee's or insured's medications, provided that certain requirements are satisfied. The bill would also require a health care service plan contract or health insurance policy issued, amended, or renewed on or after January 1, 2016, that provides coverage for prescription drug benefits to allow for the early refill of covered topical ophthalmic products at 70% of the predicted days of use. Because a willful violation of the bill's requirements by a health care service plan would be a crime, the bill would impose a

		state-mandated local program. To read the current text of the bill, click here.
	POSITION:	Watch, LHPC – Oppose, CAHP – Oppose
	SPONSOR:	California Healthcare Institute, California Pharmacists Association
	DISPOSITION:	Appropriations – Do Pass as Amended

AB 2533	AUTHOR:	Ammiano [D]
	TITLE:	Health Care Coverage: Noncontracting Providers
	SUMMARY:	Requires a health care service plan or health insurer to arrange for the provision of a medically necessary service by a licensed noncontracting provider if the plan or insurer is unable to meet certain timely access standards. Requires the provider to seek reimbursement for the service solely from the service plan or insurer, except for allowable copayments, coinsurance, and deductibles. Requires a plan or policy issued to provide the opportunity for an Independent Medical Review. To read the current text of the bill, click here.
	POSITION:	Watch, LHPC – Oppose, CAHP – Oppose
	SPONSOR:	N/A
	DISPOSITION:	Assembly Floor – 3rd Reading

SB 20	AUTHOR:	Hernandez, E [D]
	TITLE:	Health Care Coverage
	SUMMARY:	Requires the State Health Benefit Exchange, in its annual report to include an assessment of how the Exchange is performing compared to its service principles for its Internet Web site and customer service center, outreach for those with limited English proficiency, and the total number covered under Exchange health plans. Authorizes a modification of the open enrollment period. Requires individual health care plans to comply with the modifications. Requires certain information from plans and insurers. To read the current text of the bill, click here,
	POSITION:	Watch, LHPC – Oppose, CAHP – Watch
	SPONSOR:	N/A
	DISPOSITION:	Assembly Floor – 3rd Reading

SB 508	AUTHOR:	Hernandez E [D]
	TITLE:	Medi-Cal Eligibility
	SUMMARY:	Codifies the Medi-Cal income eligibility thresholds established by DHCS, which are determined based on MAGI. Increases the income levels at which premiums for Medi-Cal coverage for children are assessed, to apply premiums for children in families with incomes above 160 to 261 percent of the FPL, instead of children in families with incomes from 150 to 250 percent of the FPL. Requires Medi-Cal income eligibility for coverage of tuberculosis-related services to be determined pursuant to MAGI-based financial methods effective January 1, 2014. Eliminates the deprivation requirement for the medically needy Medi-Cal program by repealing the deprivation requirement from the medically needy family person definition. (Medically needy is a category of Medi-Cal eligibility that provides Medi-Cal coverage for individuals who fit into a federal benefit category [such as aged, blind or disabled] but whose income or resources are too high.) Clarifies that former foster youth are eligible for Medi-Cal coverage up to age 26 if the individual lost his or her eligibility for foster care assistance due to having reached the maximum age for that assistance. To read the current text of the bill, click here.
	POSITION:	Watch, CAHP – Watch
	SPONSOR:	N/A
	DISPOSITION:	Referred to Assembly Health Committee

SB 780	AUTHOR:	Jackson [D]
	TITLE:	Health Care Coverage
	SUMMARY:	Revises the provisions regarding the filing of notification by a health care service plan or a health insurer to terminate its contract with a provider group or general acute care hospital. Relates to the notice to be sent to enrollees and insureds. Relates to the required disclosures that are required of a health insurer to its insureds that includes certain conditions and procedures. Requires that providers receiving bonuses and other incentives to provide information upon a request from any person. Specifically, changes the timing of the 75-day filing to 45 days prior to the termination date for a contract between a health care service plan that is not a health maintenance organization and a provider group or general acute care hospital, and would not prohibit the plan from sending the notice to the enrollees prior to the filing being reviewed and approved by the department. To read the current text of the bill, click here.
	POSITION:	Watch, LHPC – Watch, CAHP – Oppose
	SPONSOR:	Department of Insurance (DOI)
	DISPOSITION:	Referred to Assembly Health Committee

SB 917	AUTHOR:	Gaines T [R]
	TITLE:	Health Care Coverage: Provider Information
	SUMMARY:	Requires health care service plans and disability insurers to include a statement that states that the information in the provider directory is subject to change. Requires health insurers to make the current roster of institutional and professional providers available to prospective group policyholders, and to accomplish this by directing such persons to the insurer's Internet Web site. Relates to providing such information in an enrollee's area on the plan's Internet Web site. To read the current text of the bill, click here.
	POSITION:	Watch, LHPC – Watch, CAHP – Watch
	SPONSOR:	N/A
	DISPOSITION:	Referred to Senate Health Committee

SB 964	AUTHOR:	Hernandez E [D]
	TITLE:	Health Care Service Plans: Timeliness: Medical Surveys
	SUMMARY:	Requires the State Department of Health Care Services to review information regarding compliance of timeliness standards by health care service plans, and to use specified medical surveys therefor. Requires a plan that provides services to Medi-Cal beneficiaries and a plan that provides services to enrollees in the Health Benefit Exchange to be surveyed separately with respect to those products. Authorizes coordination of health care service plan surveys and reviews. To read the current text of the bill, click here.
	POSITION:	Watch, LHPC – Oppose, CAHP – Oppose
	SPONSOR:	Health Access
	DISPOSITION:	Senate Floor – 3rd Reading

SB 986	AUTHOR:	Hernandez E [D]
	TITLE:	Medi-Cal: Managed Care: Plan Enrollment
	SUMMARY:	This bill would require that a Medi-Cal beneficiary who has received a medical exemption from enrollment in a Medi-Cal managed care plan and who is to receive or has received specified transplantations, including allogeneic bone marrow transplantation, receive an extension of the medical exemption for up to 12 months if the treating physician who provided or oversaw the transplantation or who is providing the follow-up care determines that it is medically necessary for the

		beneficiary to remain under the care of the treating physician. The bill would require, at the end of the extension, the treating physician to assess the beneficiary's condition to determine whether the beneficiary's condition has stabilized to a level that would enable the beneficiary to be safely transferred to a physician within a Medi-Cal managed care health plan without any deleterious effects to the beneficiary's health. If the condition is not stable enough to transfer, the medical exemption would be extended up to an additional 12 months. The bill would prohibit a beneficiary meeting the criteria of these provisions from being transitioned into a Medi-Cal managed care health plan until appeals and other specified means of redress have been exhausted. The bill would make related findings and declarations. To read the current text of the bill, click here.
	POSITION:	Watch, LHPC – Watch, CAHP – Watch
	SPONSOR:	N/A
	DISPOSITION:	Senate Floor – 3rd Reading

SB 1000	AUTHOR:	Monning [D]
	TITLE:	Public Health: Sugar-Sweetened Beverages: Warnings
	SUMMARY:	Establishes the Sugar-Sweetened Beverages Safety Warning Act, which would prohibit a person from distributing, selling, or offering for sale a sugar-sweetened beverage in a sealed beverage container, or a multipack of sugar-sweetened beverages, in this state unless the beverage container or multipack bears a specified safety warning, as prescribed. The bill also would require every person who owns, leases, or otherwise legally controls the premises where a vending machine or beverage dispensing machine is located, or where a sugar-sweetened beverage is sold in an unsealed container to place a specified safety warning in certain locations, including, on the exterior of any vending machine that includes a sugar-sweetened beverage for sale. Requires every person that distributes, sells, or offers for retail sale a sugar-sweetened beverage to maintain on its business premises, for a period of two years following each distribution, purchase, or sale, all records, including legible invoices and purchase orders, to determine the quantity and type of sugar-sweetened beverages distributed, purchased, or sold. Commencing July 1, 2015, any violation of the provisions described above, or regulations adopted pursuant to those provisions, is punishable by a civil penalty of not less than $50, but no greater than $500. Furthermore, creates the Sugar-Sweetened Beverages Safety Warning Fund for the receipt of all moneys collected for violations of those provisions. The bill would allocate moneys in this fund, upon appropriation by the Legislature, to the department for the purpose of enforcing those provisions. To read the current text of the bill, click here.
	POSITION:	Watch
	SPONSOR:	California Black Health, California Center for Public Health Advocacy, CMA, Latino Coalition for a Healthy California
	DISPOSITION:	Senate Floor – 3rd Reading

SB 1002	AUTHOR:	De Leon [D]
	TITLE:	Medi-Cal: Redetermination
	SUMMARY:	Requires a county, when a determination as to a Medi-Cal beneficiary's eligibility due to a change in circumstances that was learned during an application and certification, and the beneficiary is determined eligible to receive CalFresh benefits, to begin the new 12-month eligibility period on a date that would align the beneficiaries Medi-Cal eligibility period with his or her household CalFresh certification period. To read the current text of the bill, click here.
	POSITION:	Watch, LHPC – Support, CAHP – Watch

	SPONSOR:	California Food Policy Advocates, WCLP
	DISPOSITION:	Senate Floor – 3rd Reading

SB 1005	AUTHOR:	Lara [D]
	TITLE:	Health Care Coverage: Immigration Status
	SUMMARY:	Creates the state Health Exchange Program For All. Requires the program be governed by the Executive Board that governs the Health Benefit Exchange. Specifies the duties of the board. Facilitates the enrollment into qualified health plans of individuals who are no eligible for full-scope Medi-Cal coverage and would have been eligible to purchase coverage through the Exchange but for their immigration status. Requires premium subsidies and cost-sharing reductions. Creates a related fund. Relates to Medi-Cal. To read the current text of the bill, click here.
	POSITION:	Watch, LHPC – Watch, CAHP – Watch
	SPONSOR:	Author
	DISPOSITION:	Appropriations – Held under submission

SB 1053	AUTHOR:	Mitchell [D]
	TITLE:	Health Care Coverage: Contraceptives
	SUMMARY:	This bill would require a health care service plan contract or health insurance policy issued, amended, or renewed on or after January 1, 2015, to provide coverage for all FDA approved contraceptive drugs, devices, and products, as well as voluntary sterilization procedures, contraceptive education and counseling, and related follow-up services. The bill would prohibit a nongrandfathered plan contract or health insurance policy from imposing any cost-sharing requirements or other restrictions or delays with respect to this coverage, except as specified. The bill would also authorize a plan or insurer to require a prescription to trigger coverage of FDA approved over-the-counter contraceptive methods and supplies. The bill would retain the provision authorizing a religious employer to request a contract or policy without coverage of FDA approved contraceptive methods that are contrary to the employer's religious tenets. Because a willful violation of the bill's requirements by a health care service plan would be a crime, the bill would impose a state-mandated local program. To read the current text of the bill, click here.
	POSITION:	Watch, LHPC – Oppose, CAHP – Watch
	SPONSOR:	National Health Law Program, California Family Health Council
	DISPOSITION:	Appropriations – Do pass as amended.

SB 1081	AUTHOR:	Hernandez E [D]
	TITLE:	Federally Qualified Health Centers
	SUMMARY:	Relates to the Medi-Cal program, the State Department of Health Care Services and federally qualified health center services. Requires the department to authorize an alternative payment methodology pilot project that would be implemented in any county and FQHC willing to participate with capitated monthly payments for each Medi-Cal managed care enrollee. Requires an evaluation of the APM pilot project to be conducted by an independent entity. To read the current text of the bill, click here.
	POSITION:	Support if Amended, LHPC – Oppose unless Amended, CAHP – Oppose
	SPONSOR:	N/A
	DISPOSITION:	Appropriations – Held under submission

SB 1100	AUTHOR:	Hernandez E [D]
	TITLE:	Continuity of Care
	SUMMARY:	Requires a health care service plan to include notice of the process to obtain continuity of care in every evidence of coverage issued after a specified date. Requires a plan to provide a copy of this information to its contracting providers and provider groups. To read the current text of the bill, click here.
	POSITION:	Watch, LHPC – Watch, CAHP – Oppose
	SPONSOR:	N/A
	DISPOSITION:	Senate Floor – 3rd Reading

SB 1150	AUTHOR:	Hueso [D]
	TITLE:	Medi-Cal: Federally Qualified Health Centers
	SUMMARY:	Provides that a maximum of 2 visits taking place on the same day at a single location shall be reimbursed when either after the first visit the patient suffers illness or injury requiring additional diagnosis or treatment or the patient has a medical visit, as defined, and another health visit, or both. Adds additional visit requirements. Requires the submission of a State plan amendment to the federal Centers for Medicare and Medicaid Services reflecting these changes. To read the current text of the bill, click here.
	POSITION:	Watch, LHPC – Watch, CAHP – Watch
	SPONSOR:	Orange County Board of Supervisors
	DISPOSITION:	Appropriations – Held under submission

SB 1176	AUTHOR:	Steinberg [D]
	TITLE:	Health Care Coverage: Cost Sharing: Tracking
	SUMMARY:	Requires a health care service plan or health insurer to be responsible for monitoring the accrual of out-of-pocket costs. Requires a plan or insurer to track the accumulation of cost sharing for covered essential health benefits attributed to in-network providers. Prohibits these entities from requiring consumers to track or monitory these costs. Requires a plan or insurer to accept claims from a provider or consumer with respect to cost sharing for out-of-network providers providing emergency services. To read the current text of the bill, click here.
	POSITION:	Watch, LHPC – Watch, CAHP – Oppose
	SPONSOR:	N/A
	DISPOSITION:	Senate Floor – 3rd Reading

SB 1182	AUTHOR:	Leno [D]
	TITLE:	Health Care Coverage Rate Review
	SUMMARY:	Relates to healthcare coverage rate reviews. Specifies the benefit categories to be used. Requires the plan or insurer to file rate information prior to implementing a rate increase that exceeds a percentage of the prior year's rate. Requires that the plan or insurer disclose specified data for each rate filing that exceeds that percentage of the prior year's rate for a specified group. Requires disclosure of products sold in the large group market and deidentified claims data at no charge to a purchaser. To read the current text of the bill, click here.
	POSITION:	Watch, CAHP – Oppose
	SPONSOR:	UNITE HERE - Teamsters
	DISPOSITION:	Senate Floor – 3rd Reading

SB 1215	AUTHOR:	Hernandez, E [D]
	TITLE:	Healing Arts Licenses: Referrals
	SUMMARY:	Amends existing law that provides exceptions from a crime of a licensed healing arts professional to refer patients for specified services if the licensee or his or her immediately family has a financial has a financial interest. Provides that the exception does not apply to advanced imaging, anatomic pathology, radiation therapy, or physical therapy for a specific patient that is performed within a licensee's office or the office of a group practice and that is compensated on a fee-for-service basis. To read the current text of the bill, click here.
	POSITION:	Watch, LHPC – Support, CAHP – Support
	SPONSOR:	N/A
	DISPOSITION:	Failed, but granted reconsideration

SB 1238	AUTHOR:	Hernandez, E [D]
	TITLE:	Health facilities: Outpatient Care and Patient Assessment
	SUMMARY:	Requires a licensed health care professional acting within his or her scope of practice to assess a patient for follow-up care following stabilization in an emergency department or postsurgical outpatient service. Provides patient assessment procedures. Requires certain facts to be maintained by the hospital in a patient's records. Requires extended patient care monitoring without inpatient admission would require placement to be made as soon as medically appropriate. To read the current text of the bill, click here.
	POSITION:	Watch, LHPC – Oppose, CAHP – Watch
	SPONSOR:	Tenet Healthcare
	DISPOSITION:	Appropriations – Held under submission

SB 1239	AUTHOR:	Wolk [D]
	TITLE:	Pupil Health Care Services: School Nurses
	SUMMARY:	Requires a school district board that is eligible for concentration funding to employ at least one school nurse as a supervisor of health to supervise other school nurses. Requires a health care services plan or health insurer to reimburse the district for the health care services provided by a school nurse, registered nurse, or licensed vocational nurse employed, or under contract with, a district to an enrollee that would otherwise be covered by the enrollee's plan contract or health policy. To read the current text of the bill, click here.
	POSITION:	Watch, CAHP – Watch
	SPONSOR:	N/A
	DISPOSITION:	Appropriations – Held under submission

SB 1303	AUTHOR:	Torres [D]
	TITLE:	Public Health: Hepatitis C
	SUMMARY:	Requires a health care practitioner to offer a qualifying individual a hepatitis C screening test or diagnostic test unless the practitioner reasonably believes that the individual is being treated for a life threatening emergency. Requires the practitioner, if the individual consents to such testing, to offer follow-up health care or to refer the individual to a practitioner who can provide follow-up health care. Requires such testing to be culturally and linguistically appropriate. Provides exceptions. To read the current text of the bill, click here.
	POSITION:	Watch, LHPC – Watch
	SPONSOR:	N/A
	DISPOSITION:	Scheduled for hearing on April 30th in Senate Health Committee, but ended up not being heard

SB 1322	AUTHOR:	Hernandez E [D]
	TITLE:	California Health Care Quality Improvement and Cost Containment Commission
	SUMMARY:	Requires the Governor to convene the State Health Care Quality Improvement and Cost Containment Commission to make recommendations for health care quality improvement and cost containment and to issue a report on or before a specified date. To read the current text of the bill, click here.
	POSITION:	Watch, LHPC – Support, CAHP – Watch
	SPONSOR:	N/A
	DISPOSITION:	Senate Floor – 3rd Reading

SB 1340	AUTHOR:	Hernandez E [D]
	TITLE:	Health Care Coverage: Provider Contracts
	SUMMARY:	Relates to the Knox-Keene Health Care Service Plan Act of 1975 regarding licensure and regulation of health care service plans by the Department of Managed Health Care. Prohibits a contract between a plan or insurer and a provider or supplier from restricting the ability of the plan or insurer to furnish information to consumers or purchasers concerning the cost range of a procedure, full course of treatment or the quality of services performed. To read the current text of the bill, click here.
	POSITION:	Watch, LHPC – Support, CAHP – Watch
	SPONSOR:	Author
	DISPOSITION	Referred to Assembly Health Committee

May 21, 2014

TO: Board of Governors

FROM: Cherie Fields, *Director, Government Affairs*

SUBJECT: 2014-15 "May Revise" State Budget Proposal

The Governor recently released his revised State budget, "May Revise". The budget takes into account two major changes that were not included in the January budget proposal. One is a greater-than- predicted amount of revenue flowing in from taxes and fees, and the other is a deal worked out this past week to direct more money into the State's "Rainy Day" Fund. On May 8th, the Governor and leaders of both parties announced an agreement to set aside 1.5 percent of total General Fund revenue yearly, plus revenue from capital-gains taxes when the economy is especially strong. By resolving the rainy-day fund measure now in a Special Session, the Governor avoided complicating it around individual line items in his budget proposal. Brown was forced to gain Republican approval for the rainy-day deal because Democrats lost their supermajority in the Senate due to the suspension of three of its lawmakers. This Rainy Day proposal will go before voters on the November ballot.

The May Revise does not propose any new funding restorations or major funding increases to Health and Human Service programs, except for those originally included in the January budget proposal.

Budget proposals of significance to L.A. Care include the following:

<u>Medi-Cal – Case Load</u>

- As of April 30, 2014, there are 10.6 million Medi-Cal enrollees; with 566,000 being mandatory expansion enrollees.
- May Revise estimates 996,000 pending Medi-Cal applications.
- May Revise estimates that of the 900,000 pending applications, 265,000 would be eligible under mandatory expansion and 478,000 would be eligible under the optional expansion. The Department of Health Care Services (DHCS) contends the 900,000 is unduplicated lives as DHCS contends the applications have been screened and duplicates removed.
- Mandatory expansion cost in managed care for Managed Care Adult - $145.96 pmpm.
- Mandatory expansion cost in managed care for Managed Care Child - $101.956 pmpm.
- 11.5 million Medi-Cal enrollees at end of 2014-15.

Medi-Cal – Emergency Room Co-payments

- Effective July 1, 2014, a two-year pilot is established for the collection of a $15 copayment from Medi-Cal managed care beneficiaries for non-emergency use of the emergency room.
- Excludes Duals, AFDC-Foster Care, and American Indian/Alaskan Natives.
- Centers for Medicare and Medicaid Services (CMS) denied DHCS' previous request to implement a $50 emergency room copayment.
- Requires federal approval.
- 2014-15 General Fund Savings of $17 million.

Medi-Cal Redeterminations

- Postpones Medi-Cal redeterminations until March 30, 2014 in order to allow counties time to resolve the 900,000 Medi-Cal backlog of new applications (L.A. County estimate is 200,000 backlog).
- Budget assumes that all delayed redeterminations will be completed by December 13, 2014.

Medi-Cal Pregnancy Coverage

- Provide full-scope Medi-Cal to pregnant women under 109% FPL.
- For pregnant women between 109 – 208% FPL, full-scope service will be provided via Covered California.
- The State will cover all out-of-pocket expenditures (after premium tax credits applied) such as premiums, copays, and deductibles. For services not covered by Covered California, the enrollee will access services via Medi-Cal Fee-For-Service program (such as dental).
- Approximately 8,100 enrollees would transition to Covered California.
- Effective no sooner that January 2015 or upon CalHEERS system being operational).
- 2014-15 General Fund Savings of $17 million.

Services for Newly Qualified Immigrants (residing in US less than 5 years)

- No sooner than January 1, 2015 (or upon CalHEERS system being operational), newly qualified immigrants from State-only Medi-Cal will be transitioned to the Exchange. The State will cover all out-of-pocket expenditures (after premium tax credits applied) such as premiums, copays, and deductibles. The enrollee may access services via Medi-Cal Fee-For-Service program, such as dental, Comprehensive Perinatal Services Program , nurse midwives, and free-standing birth centers, even if such services are provided via Covered California.
- Estimated that 20,000 NQIs would transition to Covered California.
- Requires federal approval.

Forgive Retroactive Provider Rate Reductions (AB 97)

- Maintains a 10% cut to payments for doctors and other Medi-Cal providers, while forgiving the retroactive recoupment of this cut to Medi-Cal Fee-For-Service program. As a reminder, managed care cut was not applied retroactive. Outside of the budget, separate legislation is progressing in the Legislature to restore the provider rate cut (faces uphill battle).

Managed Care Rate Increase

- Contains language for managed care rates increase of $187.2 million General Fund in 2014-15. 2% overall increase for Two-Plan Model counties – no specific breakdown by county and/or health plan provided.

Coordinated Care Initiative (CCI)

- Los Angeles County voluntary enrollment began in April 2014; passive enrollment begins in July 2014.
- MIPPA-compliant contracts will be offered to D-SNPs that are not CMS plans in a CCI county for the duration of the pilot subject to the following:
    - Same terms as authorized in 2014; and
    - Those enrolled with D-SNP as of December 31, 2014.
- MIPPA-compliant contracts will be offered to D-SNPs that are also Cal MediConnect (CMC) plans only for the excluded population for the pilot duration.
- Exempts Kaiser enrollees from passive enrollment into CMC. Allows Kaiser to enroll new CMC-eligible members after December 31, 2014 who age into the program.
- Exempts SCAN from passive enrollment into CMC. Allows SCAN enrollment of new CMC-eligible members in 2015.

Managed Care Organization Tax – Amount Retained by DHCS

- MCO tax of 3.9375% (tax sunsets on June 30, 2016).

In-Home Supportive Services

- Continues to implement the reduction in hours to IHSS recipients, with the 7% reduction in authorized hours beginning July 1, 2014.
- General Fund costs of $2 billion for the IHSS program, a 6.4% increase over current year budget.
- Average monthly caseload of 453,000 recipients in 2014-15, a 1.2% increase over current year budget.
- In response to the US Department of Labor authorizing overtime pay to IHSS providers effective January 2015, the budget proposes to prohibit overtime work. IHSS recipients who are authorized more than 40 hours of care per week would have to hire an additional provider via the State's newly-created "Provider Backup System." Democrats significantly oppose this and it is anticipated that this proposal may be revised during budget negotiations

Realignment - Local Fund Revenue – County Savings Related to Health Care Reform

- Under the ACA, county costs for indigent health care are expected to decrease as individuals gain access to coverage. Current law redirects these savings to CalWORKS, providing a corresponding General Fund offset.
- May Revise continues to assume redirection of $300 million in county savings in current year, but decreases the 2014-15 redirection estimate of $900 million to $725 million - due to county formula variances and different starting points.
- Los Angeles County revised 2014-15 redirection amount - $238,231,000.

Medi-Cal Statewide Formulary Program

- Implementation of a statewide drug formulary in Medi-Cal managed care. Any drugs on statewide formulary would be available without a treatment authorization request. Managed care plans would be required to use this core formulary, as a minimum, and could add additional drugs at their discretion.

Pediatric Vision Services Pilot

- Effective 1/1/14 a three-year pilot in Los Angeles County will be established using mobile vision providers to provide exams and glasses to Medi-Cal managed care beneficiaries via contracts with school districts.
- Assumes 45,000 children screened annually and average cost per child will be $90.48 for exams, lenses, and frames (cost estimates based on FFS – plans will be paid actuarial equivalent).
- The Prison Industry Authority will provide lenses.
- Requires federal approval.
  - 2014-15 General Fund Cost of $1 million; and $2 million annual General Fund Cost in 2015-16 & 2016-17.

Major Risk Medical Insurance Program (MRMIP) (high risk pool program)

- Eliminates the MRMIP program effective January 1, 2015.
- Small remaining population in MRMIP on Medicare have End Stage Renal Disease and cannot obtain supplemental coverage in the individual market due to statutory prohibitions and thus use MRMIP as their "Medicare Supplemental Insurance." Proposal to include statutory changes requiring health plans to offer their Medicare supplemental insurance products to these individuals.

The budget requires approval by the Legislature, so any differences in actions taken by the Assembly and Senate are potentially resolved via budget conference committee. Leadership will meet with the Governor and work out differences and other details. Of course, much is negotiated behind the scenes, but this is the essence of the formal process. If you have any questions please contact Cherie Fields, Director of Government Affairs at 916.945.9251 or cfields@lacare.org.

May 23, 2014

TO: Board of Governors

FROM: Howard A. Kahn, *Chief Executive Officer*

SUBJECT: CEO Report – June 2014

On June 5, 2014, the Board will participate in your annual retreat, a half-day of strategic discussion and thinking, in addition to a regular business meeting. L.A. Care staff and I thank you in advance for participating in what we believe will be very thought-provoking and productive day. Staff is working diligently to organize guest speakers who will reflect on post-Affordable Care Act activities at the State and Federal level. The Board will also have the opportunity to break in to smaller groups for more focused discussions on specific strategic issues facing L.A. Care in the next 3-5 years.

The retreat materials will contain an overview of major initiatives to help frame retreat discussions. As such, please find below a very brief update on organizational activities that occurred in May 2014. Additional updates will be made during my CEO report at the June 5, 2013 Board meeting.

1. Barbara Cook, *Chief of Human and Community Resources*, Retirement
   Barbara Cook, Chief of Human and Community Resources since 2005, has announced her retirement from L.A. Care. Ms. Cook has been a valued member of the leadership group and has led L.A. Care's rapidly growing and evolving Human Resources (HR) functions and facilities expansion, in addition to the Community Outreach and Education Department. For the next few months, Barbara will move into a senior HR Advisor role, reporting to me, to assist the transition of HR functions and complete special projects she has already begun.

   Bob Turner, Vice Present of Human Resources at Alta Med, will be joining L.A. Care on June 9, 2014. Mr. Turner comes from an extensive background of many years of HR leadership in and out of healthcare. Prior to working at Alta Med, he oversaw HR at several large organizations including Tenet California, where he led organizational development. L.A. Care is pleased to welcome the newest addition to the leadership team.

2. Coordinated Care Initiative (CCI) and Cal MediConnect (CMC)
   L.A. Care currently has 15 active members in our CMC product that joined voluntarily in May. We anticipate a greater number of enrollees to be effective in June and July 2014. Approximately 3,000 beneficiaries were incorrectly assigned to L.A. Care; they have been disenrolled and will receive new member notices from the State.

L.A. Care is continuing with stakeholder engagement and education through various channels. On May 5, 2014 we hosted a behavioral health stakeholder meeting, with over 40 meeting participants representing a variety of independent physician associations and provider groups. A representative of the Los Angeles County Public Guardian Office gave a presentation of available resources.

3. Covered California (California Health Benefits Marketplace/Exchange)
A strong turnout in the closing weeks of open enrollment helped push Los Angeles County enrollment in Covered California plans to 400,889. This represents a 66% increase during March over the 241,312 enrollments that had been recorded as of February 28. Los Angeles County represents approximately 29% of the 1,395,929 consumers enrolled in health plans statewide through March 31.

   On May 15, Covered California launched a limited-time special-enrollment period for people who have COBRA (the Consolidated Omnibus Budget Reconciliation Act) health insurance and would like to switch to an exchange plan. Those eligible are able to shop for and buy coverage via the Exchange through July 15, 2014. The federal policy for the COBRA special-enrollment period was approved amid concerns that notifications did not give consumers clear information about options in the new marketplace.

   Covered California is conducting site reviews of all qualified health plans. L.A. Care's site review was on May 14, 2014. This was not an audit, but an overview of our L.A. Care Covered product. Staff presented detailed information on our provider network and quality improvement program.

4. The Department of Managed Health Care Appoints Conservator to Oversee Alameda Alliance
On May 6, 2014 the Department of Managed Health Care (DMHC) placed Mark Abernathy of Berkeley Research Group to serve as the plan's conservator due to serious, ongoing financial solvency issues. The local initiative health plan in Northern California serves more than 200,000 people in Alameda County, most of whom are Medi-Cal beneficiaries. The DMHC has assured local stakeholders that members will continue to receive coverage through Alameda Alliance and their care will not be interrupted as the financial situation is remedied.

5. Meetings and Events of Interest
On May 1, 2014, I was the keynote speaker at the University of Southern California's Keck School of Medicine and the Price School of Public Policy's annual policy symposium. On May 8, I participated in a panel discussion on health plan perspectives on health reform at the Health, Healthcare and Economic Development Conference in Anaheim, organized by Advocates for Health, Economics, and Development (AHEAD).

   On May 15, 2014, I had the honor of delivering the commencement speech at the 2014 graduation for Western University's advanced degree programs for the School of Optometry and School of Nursing. It was a rewarding experience to participate in such a life-changing event for our future health care workers.

L.A. Care provided downtown meeting space for community activities and training this past month:

- May 6, 2014 – L.A. Care hosted a Health Promoters training on the Coordinated Care Initiative and access to care issues.
- May 9, 2014 – L.A. Care hosted an Operational Coordinated Care Initiative stakeholder meeting for provider groups.
- May 13, 2014 – L.A. Care hosted the statewide Department of Justice managed care meeting on fraud and abuse prevention.

Attachments:

- May 2014 sponsorship list

May 2014 Participation and Sponsorship List

Event Date	Organization	Event	Location
5/1/2014	Valley Presbyterian Hospital	Celebrating Excellence Dinner	Los Angeles
5/8/2014	Health Education Council (AHEAD)	Health, Healthcare & Economic Development Conference	Anaheim
5/8/2014	Los Angeles Aging Advocacy Coalition	Aging Summit	Los Angeles
5/8/2014	UCLA Fielding School of Public Health	Leaders of Today, Leaders of Tomorrow Dinner	Los Angeles
5/12/2014	Partners in Care Foundation	Vision & Excellence In Health Care Leadership Tribute Dinner	Beverly Hills
5/15/2014	L.A Trust for Children's Health	Get Happy! Fundraiser	Los Angeles
5/29/2014	Valley Community Clinic	Spring Gala Event	Los Angeles

May 28, 2014

TO: Board of Governors

FROM: Linda Merkens, *Manager, Board Services*

SUBJECT: Committee Updates for June 5, 2014 Board of Governors Meeting

In lieu of an oral presentation, a brief summary is provided below for each committee that has met since the last Board Meeting. At the meeting, Howard Kahn, *Chief Executive Officer* will ask if Board members have any questions about the Committee reports.

Executive Committee

The Committee approved revisions to Human Resources Policy HR-214, Progressive Discipline. Cherie Fields, *Director of Government Affairs,* provided a legislative update. A memo from Ms. Fields regarding the Governor's 2014 Budget Revise and a list of proposed legislation being monitored by staff are included with your meeting materials.

Finance & Budget Committee

The Committee approved motions on the Consent Agenda and approved motions for contracts with HealthAll and 3Key Consulting Inc. which do not require Board approval. Tim Reilly, CFO, will review the April 2014 Financial Reports during the business portion of the Board meeting.

Compliance & Quality Committee

Denise Corley, *Compliance Officer*, reviewed audits of L.A. Care, and Annual Audits of Plan Partners and Participating Provider Groups. She summarized cases of Potential Fraud, Waste and Abuse reported to L.A. Care in the first quarter of 2014. The number of potential cases reported (50) is very small given L.A. Care's enrollment of .

Dr. Carter provided an update on HEDIS and Medicare Star Program.

The Committee received the 2013 Provider Satisfaction Survey Results.

- The 24% overall response is slightly lower than in 2012 (27.6%)
- 48% of Primary Care Physicians (PCPs) and 50% of Specialty Care Physicians (SCPs) reported having one physician in their practice.
- Overall provider satisfaction ratings increased from 81% in 2009 to 87.3% in 2013. Participating Provider Group (PPG) and clinics reported the highest satisfaction at 90.9% and 94.5% respectively.
- Between 2012 and 2013, satisfaction rates improved 4.3% for Clinics and 25.4% for PPG.

- Overall satisfaction with L.A. Care Case Management processes increased 1% from 2012 to 2013. Score was highest among SCPs (89.4%), PCPs (79.1%), and Clinics (76.2%).
- Overall satisfaction with coordination of inpatient care exceeded the goal.
- Clinic respondents exceeded the goal by 16%.
- PCP and SCP respondents scored 7.1% and 3.7% below the goal.
- 64.9% of clinics reported satisfaction with L.A. Care's coordination of patient discharge.

Interventions to improve provider satisfaction will focus on transition of care, PPG incentives, importance of complete/legible requests, expanding the eConsult project, and training on provider portal access and customer service.

The Committee received the 2013 Access to Care Survey Results.

- Overall response rate of 35% for L.A. Care and 40% for Plan Partners was good.
- Initial Health Assessment and first prenatal visits were new measures in 2013.
- Overall performance ratings remain flat for Medi-Cal and Medicare.
- SPC rate of compliance with the Centers for Medicare & Medicaid Services routine specialty standard increased in 2013.
- Opportunity for improvement in after-hours access rating. Unavailability of the PCP can result in poor customer service and increased emergency room use.

Some recommendations were:

- Address lack of compliance for after-hours availability, issue corrective action plans (CAP) for PCPs who do not meet standards and demand documented improvement in 90 days.
- Continue to explore alternative ways to better capture access and availability data.
- Work with PPGs to identify underlying causes and develop strategy for improving patient access.
- Conduct provider focused education on access and availability standards.
- Work on collaborative initiatives to discuss outcomes of the Access to Care Study and identify opportunities for improvement.

Audit Committee

The Committee delegated authority to L.A. Care staff to execute a two-year contract with Deloitte & Touche for the 2013-14 and 2014-15 Financial Audits. A request for proposal process will take place in 2015.

Executive Community Advisory Committee RCAC

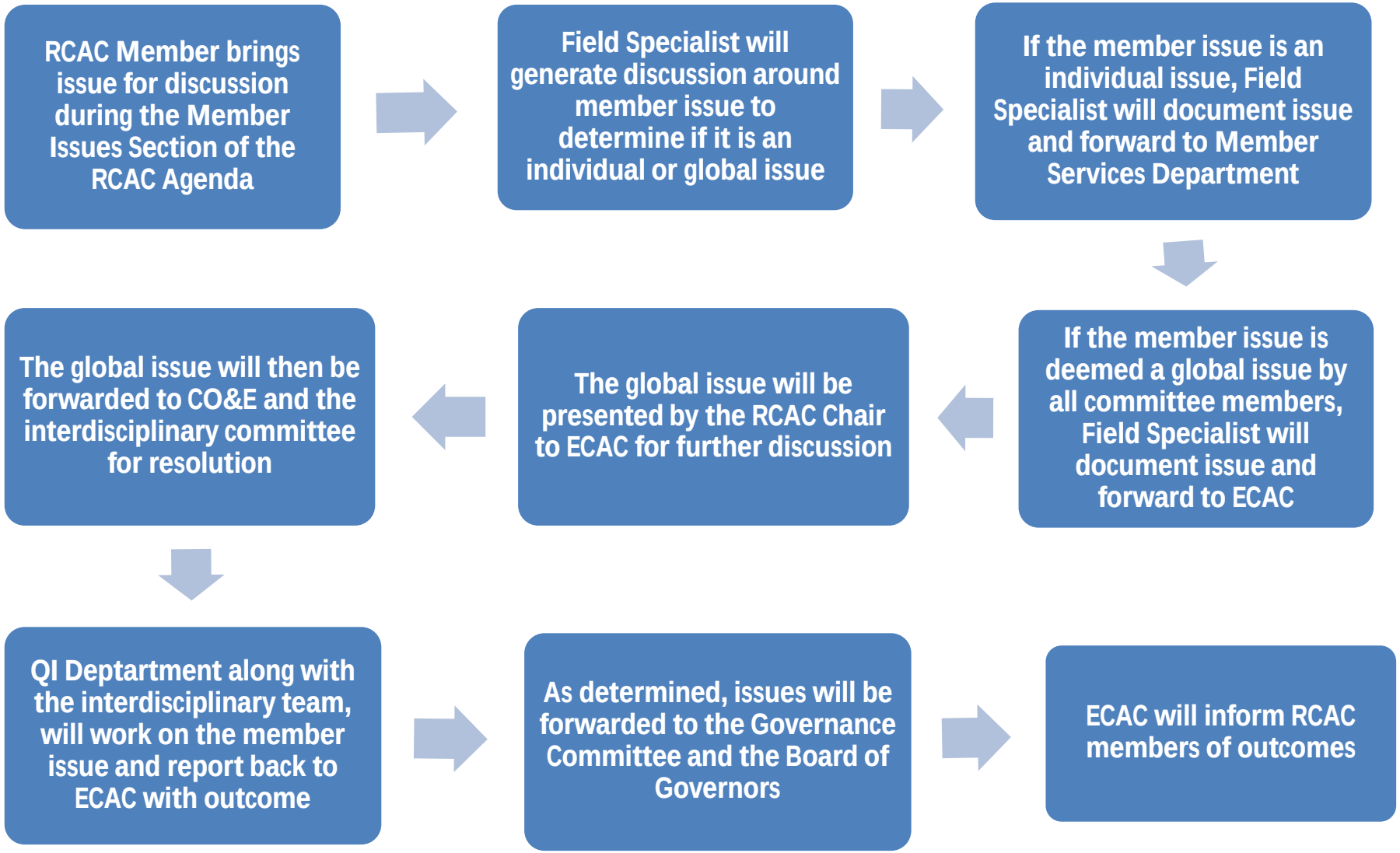
Health Promoters (HP) continue to teach preventive care, urgent care, and emergency care at the April and May RCAC meetings. HPs encourage members to use L.A. Care's nurse advice line (NAL). This year HPs have increased their participation in the Active Steps Program by co-teaching classes on personal goal setting, my plate nutrition, and rethink your drink. HPs assist with data collection, body measurements, conducting surveys, follow up phone sessions, and reporting. They continue to provide workshops in the community on various health topics and participate in health fairs and events. The Mini CABE conference in the Antelope Valley has invited HPs to attend this year's conference to provide an update on the ACA, access to care and NAL. The 2012 HP graduates that pass all three recent exams will assist staff by teaching the new group of Health Promoters. The new group of HPs held a first meeting on May 6.

- ECAC reviewed an updated Member Issue Flow Chart which includes a simplified process that will make it easier for ECAC and RCACs to assist with the member issue campaign (see attached).
- Culture & Linguistics Department presented information about Interpreter services available to L.A. Care members.
- It was reported that 8,674 people were reached through the 2014 Community Health Improvement Program. RCACs 7, 8, and 11 had the highest number of RCAC members participating in outreach.

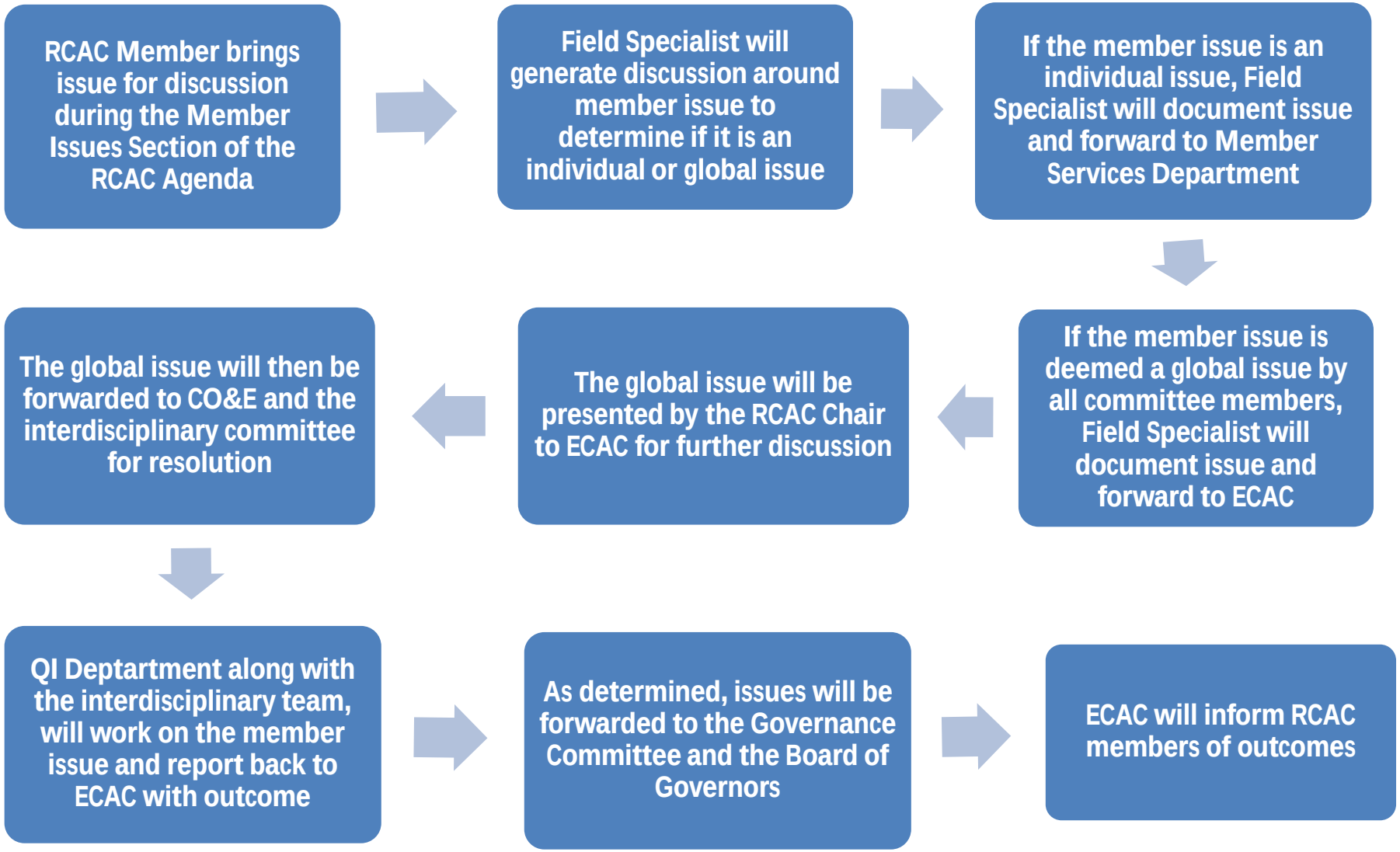
Children's Health Consultant Advisory Committee

- Dr. Melanie Hunter was appointed to the Medical Director for Quality Management of L.A. Care Health Plan seat.
- Committee members discussed L.A. Care's HEDIS 2013 and preliminary HEDIS 2014 scores, and agreed to focus on improving the HEDIS and CAHPS measures through analysis and conducting an environmental scans to identify existing interventions.
- L.A. Care will sponsor one CHCAC member to attend the California Health Care Foundation symposium on maternal health, taking place in Sacramento on Thursday, June 19th and Friday, June 20th.
- The Committee will begin to set aside time in regular CHCAC bi-monthly meetings to have focused discussions in small groups. The subcommittees will be:
  - HEDIS/Member Experience Subcommittee will work on HEDIS measures relevant to maternal and child health, monitor progress, develop strategies, and make recommendations to improve member satisfaction in maternal and child health categories.
  - Policy Subcommittee will focus on program policy for CCS and other children's health programs, for Medi-Cal maternal health and for Healthy Families
  - Care Delivery System and Operations Subcommittee will focus on integrating behavioral health, county resources and education programs, for the health plan and subcontracting providers, to deliver a coordinated, integrated, and efficient system that meets the needs of the members.

RCAC MEMBER ISSUE - PROCESS CHART



RCAC MEMBER ISSUE - PROCESS CHART



L.A. Care
HEALTH PLAN

Board of Governors
MOTION SUMMARY

Date: June 5, 2014 Motion No. FIN 111.0614

Committee: Finance & Budget Chairperson: Michael Rembis

Issue: Acceptance of the Financial Report for the seven months ended April 30, 2014.

Background:

Budget Impact:

Motion: To accept the Financial Report for the seven months ended April 30, 2014, as submitted.

Financial Performance
April 2014

5/22/2014

Overall

Total enrollment for April is 1,407,511 members. Fiscal year-to-date performance (seven months) is a surplus of $37.2 million or 1.8% on revenue of $2.1 billion, and is $68.4 million favorable to plan. In April, there was a Medi-Cal revenue rate adjustment totaling $21 million that was retroactive to October 2013. The retroactive revenue rate adjustment and improved healthcare cost experience drive the overall surplus and contribute to the favorable variance to plan. Administrative expense savings also add to the favorable variance to plan and are primarily a result of timing and capitalization of certain system related costs.

Plan Partners

Fiscal year-to-date performance is a surplus of $44.3 million, and is $26.0 million favorable to plan. The favorable variance is driven by higher revenue, related to rate adjustments retroactive to October 2013, and lower operating expenses, primarily related to timing.

Medi-Cal Direct (MCLA)

Total enrollment for April is 564,939 members. Fiscal year-to-date performance is a surplus of $419,000, and is $36.2 million favorable to plan. The favorable variance is driven by lower than budgeted operating expenses and higher revenue, related to rate adjustments retroactive to October 2013, offset by higher health care expenses.

Within Medi-Cal Direct (MCLA), Seniors and Persons with Disabilities (SPD) enrollment is 76,282, which is slightly less than anticipated. Fiscal year-to-date performance is a deficit of $23.6 million, and is $39.8 million unfavorable to plan due to lower than expected capitation revenue and higher inpatient and pharmacy expenses.

L.A. Care Covered

L.A. Care Covered began enrollment on October 1, 2013. Total enrollment for April is 12,037 members. The enrollment is significantly less than expected. Fiscal year-to-date performance is a deficit of $2.4 million, and is $969,000 favorable to plan, driven by lower operating expenses which include ramp-up costs.

Medicare

Total enrollment for April is 7,421 members. Fiscal year-to-date performance is a deficit of $1.6 million or -3.4% on revenue of $47.9 million, and is $1.5 million unfavorable to plan driven by operating expenses which include costs for Cal MediConnect (CMC). These costs will be allocated to CMC and shown as a separate line of business financial statement with initial enrollment effective in May.

PASC-SEIU

Fiscal year-to-date performance is a surplus of $1.1 million, and is $2.6 million favorable to plan due to lower non-operating Managed Care Organization (MCO) taxes as well as lower than budgeted operating expenses. Effective December 2013, L.A. Care Health Plan Joint Powers Authority (JPA) received its Knox-Keene license and became exempt from MCO taxes.

Healthy Kids

Total enrollment for April is 872 members. Fiscal year-to-date performance is a surplus of $392,000, and is $252,000 favorable to plan, driven by lower than expected inpatient and outpatient claims expenses.

Community Programs

Fiscal year-to-date performance is a deficit of $2.0 million, and is $4.5 million favorable to plan.

HITEC-LA

The federal grant is drawn-down based upon expenses incurred. Fiscal year-to-date performance is a deficit of $179,000, and is $346,000 favorable to plan.

L.A. Care HEALTH PLAN

Combined Operations Financial Statement ($ in thousands)

April 2014

Current Month ($)	Current Month (PMPM)	Prior Month ($)	Prior Month (PMPM)	Increase (Decrease) ($)	Increase (Decrease) (PMPM)		YTD Actual ($)	YTD Actual (PMPM)	YTD Budget ($)	YTD Budget (PMPM)	Fav<Unfav> Budget ($)	Fav<Unfav> Budget (PMPM)
						Membership						
1,407,511		1,397,551		9,960		*Current Membership*	1,407,511		1,465,355		(57,844)	
1,413,852		1,407,946		5,906		*Member Months*	9,244,107		9,442,998		(198,891)	
						Revenue						
$358,666	253.68	$319,692	227.06	$38,974	26.62	Capitation	$1,992,627	215.56	$1,978,099	209.48	$14,528	6.08
8,084	5.72	9,140	6.49	(1,056)	(0.77)	Maternity Kick	64,300	6.96	79,893	8.46	(15,593)	(1.50)
17	0.01	11	0.01	6	0.00	Premiums	59	0.01	25	0.00	34	0.00
154	0.11	159	0.11	(5)	(0.00)	Grants/Others	2,175	0.24	1,707	0.18	468	0.05
366,922	**259.52**	**329,002**	**233.68**	**37,920**	**25.84**	**Total Revenues**	**2,059,160**	**222.75**	**2,059,724**	**218.12**	**(563)**	**4.63**
						Healthcare Expenses						
211,645	149.69	194,701	138.29	16,944	11.41	Capitation	1,254,723	135.73	1,285,829	136.17	31,106	0.44
5,858	4.14	6,021	4.28	(163)	(0.13)	Maternity Kick	45,280	4.90	53,521	5.67	8,241	0.77
6,045	4.28	5,593	3.97	452	0.30	CBAS Centers	38,346	4.15	52,316	5.54	13,970	1.39
8,426	5.96	100	0.07	8,326	5.89	Provider Incentives	23,615	2.55	24,915	2.64	1,301	0.08
9,136	6.46	6,802	4.83	2,334	1.63	Shared Risk	31,091	3.36	791	0.08	(30,300)	(3.28)
35,835	25.35	48,420	34.39	(12,585)	(9.05)	Inpatient Claims	243,849	26.38	191,227	20.25	(52,622)	(6.13)
19,541	13.82	23,770	16.88	(4,229)	(3.06)	Outpatient Claims	124,308	13.45	167,292	17.72	42,983	4.27
25,209	17.83	23,513	16.70	1,696	1.13	Pharmacy	139,601	15.10	145,427	15.40	5,827	0.30
4,984	3.52	5,135	3.65	(151)	(0.12)	Medical Administrative Expenses	28,885	3.12	32,813	3.47	3,928	0.35
326,679	**231.06**	**314,055**	**223.06**	**12,623**	**8.00**	**Total Healthcare Expenses**	**1,929,698**	**208.75**	**1,954,131**	**206.94**	**24,433**	**(1.81)**
89.0%		*95.5%*		*-6.4%*		*MCR(%)*	*93.7%*		*94.9%*		*1.2%*	
40,243	**28.46**	**14,946**	**10.62**	**25,297**	**17.85**	**Operating Margin**	**129,462**	**14.00**	**105,593**	**11.18**	**23,869**	**2.82**
15,380	**10.88**	**13,421**	**9.53**	**1,959**	**1.35**	**Total Operating Expenses**	**90,088**	**9.75**	**132,801**	**14.06**	**42,712**	**4.32**
4.2%		*4.1%*		*0.1%*		*Admin Ratio(%)*	*4.4%*		*6.4%*		*2.1%*	
24,863	**17.59**	**1,526**	**1.08**	**23,338**	**16.50**	**Income from Operations**	**39,374**	**4.26**	**(27,208)**	**(2.88)**	**66,582**	**7.14**
(1,873)	**(1.32)**	**1,065**	**0.76**	**(2,938)**	**(2.08)**	**Total Non-Operating Income (Expense)**	**(2,136)**	**(0.23)**	**(3,959)**	**(0.42)**	**1,822**	**(1.68)**
$22,990	**16.26**	**$2,590**	**1.84**	**$20,400**	**14.42**	**Net Surplus(Deficit)**	**$37,237**	**4.03**	**($31,166)**	**(3.30)**	**$68,404**	**7.33**
6.3%		*0.8%*		*5.5%*		*Margin(%)*	*1.8%*		*-1.5%*		*3.3%*	

Notes:

Plan Partners includes Medi-Cal Expansion, Cal MediConnect (CMC) Subcontracted and Coordinated Care Initiative (CCI) Subcontracted (non-CMC).

The ramp up costs for CMC and CCI are currently included in Plan Partners.

Provider Incentives reflects pending program announcements as well as true-up of accruals.

MediCal Plan Partner Financial Statement ($ in thousands)

April 2014

Current Month ($)	Current Month (PMPM)	Prior Month ($)	Prior Month (PMPM)	Increase (Decrease) ($)	Increase (Decrease) (PMPM)		YTD Actual ($)	YTD Actual (PMPM)	YTD Budget ($)	YTD Budget (PMPM)	Fav<Unfav> Budget ($)	Fav<Unfav> Budget (PMPM)
						Membership						
775,853		779,177		(3,324)		*Current Membership*	775,853		805,884		(30,031)	
778,070		788,073		(10,003)		*Member Months*	5,466,003		5,550,944		(84,941)	
						Revenue						
$145,230	186.65	$128,773	163.40	$16,457	23.25	Capitation	$892,010	163.19	$862,853	155.44	$29,157	7.75
6,022	7.74	6,026	7.65	(5)	0.09	Maternity Kick	43,393	7.94	50,397	9.08	(7,004)	(1.14)
151,251	**194.39**	**134,799**	**171.05**	**16,453**	**23.34**	**Total Revenues**	**935,403**	**171.13**	**913,251**	**164.52**	**22,153**	**6.61**
						Healthcare Expenses						
132,904	170.81	117,117	148.61	15,787	22.20	Capitation	811,574	148.48	789,832	142.29	(21,742)	(6.19)
5,525	7.10	5,519	7.00	6	0.10	Maternity Kick	41,003	7.50	46,188	8.32	5,185	0.82
4	0.01	28	0.04	(24)	(0.03)	CBAS Centers	687	0.13	8,216	1.48	7,528	1.35
5,783	7.43	21	0.03	5,761	7.40	Provider Incentives	15,604	2.85	17,288	3.11	1,684	0.26
0	0.00	8	0.01	(8)	(0.01)	Inpatient Claims	10	0.00	0	-	(10)	(0.00)
45	0.06	38	0.05	7	0.01	Outpatient Claims	162	0.03	0	-	(162)	(0.03)
667	0.86	680	0.86	(13)	(0.01)	Medical Administrative Expenses	5,687	1.04	5,444	0.98	(243)	(0.06)
144,927	**186.26**	**123,412**	**156.60**	**21,515**	**29.67**	**Total Healthcare Expenses**	**874,728**	**160.03**	**866,968**	**156.18**	**(7,759)**	**(3.85)**
95.8%		*91.6%*		*4.3%*		*MCR(%)*	*93.5%*		*94.9%*		*1.4%*	
6,325	**8.13**	**11,387**	**14.45**	**(5,063)**	**(6.32)**	**Operating Margin**	**60,675**	**11.10**	**46,282**	**8.34**	**14,393**	**2.76**
2,969	**3.82**	**2,641**	**3.35**	**328**	**0.47**	**Total Operating Expenses**	**16,331**	**2.99**	**27,934**	**5.03**	**11,603**	**2.04**
2.0%		*2.0%*		*0.0%*		*Admin Ratio(%)*	*1.7%*		*3.1%*		*1.3%*	
3,355	**4.31**	**8,746**	**11.10**	**(5,391)**	**(6.79)**	**Income from Operations**	**44,344**	**8.11**	**18,348**	**3.31**	**25,996**	**4.81**
$3,355	**4.31**	**$8,746**	**11.10**	**($5,391)**	**(6.79)**	**Net Surplus(Deficit)**	**$44,344**	**8.11**	**$18,348**	**3.31**	**$25,996**	**4.81**
2.2%		*6.5%*		*-4.3%*		*Margin(%)*	*4.7%*		*2.0%*		*2.7%*	

L.A. Care HEALTH PLAN

Direct Lines Financial Statement ($ in thousands)

April 2014

Current Month ($)	Current Month (PMPM)	Prior Month ($)	Prior Month (PMPM)	Increase (Decrease) ($)	Increase (Decrease) (PMPM)		YTD Actual ($)	YTD Actual (PMPM)	YTD Budget ($)	YTD Budget (PMPM)	Fav<Unfav> Budget ($)	Fav<Unfav> Budget (PMPM)
						Membership						
631,658		618,374		13,284		*Current Membership*	631,658		659,471		(27,813)	
635,782		619,873		15,909		*Member Months*	3,778,104		3,892,054		(113,950)	
						Revenue						
$213,437	335.71	$190,919	308.00	$22,517	27.71	Capitation	$1,100,617	291.31	$1,115,245	286.54	($14,629)	4.77
2,063	3.24	3,114	5.02	(1,051)	(1.78)	Maternity Kick	20,907	5.53	29,496	7.58	(8,589)	(2.04)
17	0.03	11	0.02	6	0.01	Premiums	59	0.02	25	0.01	34	0.01
215,516	**338.98**	**194,044**	**313.04**	**21,472**	**25.94**	**Total Revenues**	**1,121,582**	**296.86**	**1,144,766**	**294.13**	**(23,184)**	**2.73**
						Healthcare Expenses						
78,741	123.85	77,584	125.16	1,157	(1.31)	Capitation	443,148	117.29	495,996	127.44	52,848	10.14
333	0.52	502	0.81	(169)	(0.29)	Maternity Kick	4,278	1.13	7,333	1.88	3,055	0.75
6,042	9.50	5,565	8.98	477	0.52	CBAS Centers	37,659	9.97	44,100	11.33	6,441	1.36
2,643	4.16	79	0.13	2,565	4.03	Provider Incentives	8,010	2.12	7,627	1.96	(383)	(0.16)
9,059	14.25	6,802	10.97	2,257	3.28	Shared Risk	31,059	8.22	791	0.20	(30,269)	(8.02)
35,840	56.37	48,360	78.02	(12,520)	(21.64)	Inpatient Claims	243,701	64.50	191,227	49.13	(52,474)	(15.37)
19,495	30.66	23,732	38.29	(4,238)	(7.62)	Outpatient Claims	124,163	32.86	167,292	42.98	43,129	10.12
25,209	39.65	23,513	37.93	1,696	1.72	Pharmacy	139,606	36.95	145,427	37.37	5,821	0.41
4,317	6.79	4,454	7.19	(138)	(0.40)	Medical Administrative Expenses	23,212	6.14	27,369	7.03	4,156	0.89
181,678	**285.76**	**190,592**	**307.47**	**(8,913)**	**(21.71)**	**Total Healthcare Expenses**	**1,054,837**	**279.20**	**1,087,162**	**279.33**	**32,325**	**0.13**
84.3%		*98.2%*		*-13.9%*		*MCR(%)*	*94.0%*		*95.0%*		*0.9%*	
33,838	**53.22**	**3,453**	**5.57**	**30,386**	**47.65**	**Operating Margin**	**66,745**	**17.67**	**57,604**	**14.80**	**9,141**	**2.87**
11,509	**18.10**	**9,963**	**16.07**	**1,547**	**2.03**	**Total Operating Expenses**	**66,941**	**17.72**	**96,094**	**24.69**	**29,153**	**6.97**
5.3%		*5.1%*		*0.2%*		*Admin Ratio(%)*	*6.0%*		*8.4%*		*2.4%*	
22,329	**35.12**	**(6,510)**	**(10.50)**	**28,839**	**45.62**	**Income from Operations**	**(197)**	**(0.05)**	**(38,491)**	**(9.89)**	**38,294**	**9.84**
(158)	**(0.25)**	**(20)**	**(0.03)**	**(137)**	**(0.22)**	**Total Non-Operating Income (Expense)**	**(1,408)**	**(0.37)**	**(1,844)**	**(0.47)**	**436**	**0.10**
$22,171	**34.87**	**($6,530)**	**(10.53)**	**$28,701**	**45.41**	**Net Surplus(Deficit)**	**($1,605)**	**(0.42)**	**($40,335)**	**(10.36)**	**$38,730**	**9.94**
10.3%		*-3.4%*		*13.7%*		*Margin(%)*	*-0.1%*		*-3.5%*		*3.4%*	

Notes:
Direct Lines of Business includes MCLA, Medi-Cal Expansion, Medicare, Healthy Families, PASC-SEIU, L.A. Care Covered, and Healthy Kids 0-5.
The ramp up costs for CMC and CCI are currently included in the Direct Lines.
Provider Incentives reflects pending program announcements as well as true-up of accruals.

L.A. Care HEALTH PLAN

MCLA Financial Statement ($ in thousands)

April 2014

Current Month ($)	Current Month (PMPM)	Prior Month ($)	Prior Month (PMPM)	Increase (Decrease) ($)	Increase (Decrease) (PMPM)		YTD Actual ($)	YTD Actual (PMPM)	YTD Budget ($)	YTD Budget (PMPM)	Fav<Unfav> Budget ($)	Fav<Unfav> Budget (PMPM)
						Membership						
564,939		555,155		9,784		*Current Membership*	564,939		566,716		(1,777)	
567,004		558,273		8,731		*Member Months*	3,373,598		3,378,798		(5,200)	
						Revenue						
$187,885	331.37	$168,966	302.66	$18,920	28.71	Capitation	$946,378	280.52	$917,845	271.65	$28,533	8.88
2,063	3.64	3,114	5.58	(1,051)	(1.94)	Maternity Kick	20,907	6.20	29,496	8.73	(8,589)	(2.53)
189,948	**335.00**	**172,079**	**308.24**	**17,869**	**26.77**	**Total Revenues**	**967,285**	**286.72**	**947,341**	**280.38**	**19,944**	**6.34**
						Healthcare Expenses						
62,853	110.85	62,817	112.52	36	(1.67)	Capitation	341,537	101.24	370,457	109.64	28,920	8.40
333	0.59	502	0.90	(169)	(0.31)	Maternity Kick	4,278	1.27	7,333	2.17	3,055	0.90
6,042	10.66	5,565	9.97	477	0.69	CBAS Centers	37,659	11.16	44,100	13.05	6,441	1.89
2,495	4.40	25	0.04	2,470	4.36	Provider Incentives	6,962	2.06	5,551	1.64	(1,410)	(0.42)
7,980	14.07	6,397	11.46	1,583	2.62	Shared Risk	28,655	8.49	0	-	(28,655)	(8.49)
33,559	59.19	45,480	81.47	(11,921)	(22.28)	Inpatient Claims	226,078	67.01	167,619	49.61	(58,459)	(17.40)
17,442	30.76	22,331	40.00	(4,890)	(9.24)	Outpatient Claims	114,592	33.97	149,422	44.22	34,831	10.26
23,118	40.77	22,162	39.70	956	1.07	Pharmacy	130,835	38.78	132,777	39.30	1,942	0.52
3,600	6.35	3,913	7.01	(312)	(0.66)	Medical Administrative Expenses	19,468	5.77	23,080	6.83	3,611	1.06
157,422	**277.64**	**169,192**	**303.06**	**(11,770)**	**(25.43)**	**Total Healthcare Expenses**	**910,063**	**269.76**	**900,339**	**266.47**	**(9,724)**	**(3.29)**
82.9%		*98.3%*		*-15.4%*		*MCR(%)*	*94.1%*		*95.0%*		*1.0%*	
32,526	**57.37**	**2,887**	**5.17**	**29,639**	**52.19**	**Operating Margin**	**57,222**	**16.96**	**47,001**	**13.91**	**10,220**	**3.05**
9,300	**16.40**	**8,364**	**14.98**	**935**	**1.42**	**Total Operating Expenses**	**56,803**	**16.84**	**82,802**	**24.51**	**25,999**	**7.67**
4.9%		*4.9%*		*0.0%*		*Admin Ratio(%)*	*5.9%*		*8.7%*		*2.9%*	
23,227	**40.96**	**(5,477)**	**(9.81)**	**28,704**	**50.77**	**Income from Operations**	**419**	**0.12**	**(35,801)**	**(10.60)**	**36,219**	**10.72**
$23,227	**40.96**	**($5,477)**	**(9.81)**	**$28,704**	**50.77**	**Net Surplus(Deficit)**	**$419**	**0.12**	**($35,801)**	**(10.60)**	**$36,219**	**10.72**
12.2%		*-3.2%*		*15.4%*		*Margin(%)*	*0.0%*		*-3.8%*		*3.8%*	

Notes:

MCLA includes MediCal Direct, Community, DHS, Medi-Cal Expansion, CMC Direct and CCI Direct.

The ramp up costs for CMC and CCI are currently inculded in MCLA.

Provider Incentives reflects pending program announcements as well as true-up of accruals.

L.A. Care HEALTH PLAN

Exhibit for information purposes only. Not a financial Statement

MCLA SPD Exhibit ($ in thousands)

April 2014

Current Month ($)	Current Month (PMPM)	Prior Month ($)	Prior Month (PMPM)	Increase (Decrease) ($)	Increase (Decrease) (PMPM)		YTD Actual ($)	YTD Actual (PMPM)	YTD Budget ($)	YTD Budget (PMPM)	Fav<Unfav> Budget ($)	Fav<Unfav> Budget (PMPM)
						Membership						
76,282		76,478		(196)		*Current Membership*	76,282		78,060		(1,778)	
75,484		75,690		(206)		*Member Months*	519,974		541,680		(21,706)	
						Revenue						
$58,577	776.02	$42,767	565.03	$15,810	210.99	Capitation	$309,961	596.11	$331,610	612.19	($21,649)	(16.08)
58,577	**776.02**	**42,767**	**565.03**	**15,810**	**210.99**	**Total Revenues**	**309,961**	**596.11**	**331,610**	**612.19**	**(21,649)**	**(16.08)**
						Healthcare Expenses						
21,097	279.49	11,536	152.41	9,561	127.08	Capitation	88,415	170.04	95,775	176.81	7,359	6.77
1,021	13.52	910	12.02	111	1.50	CBAS Centers	6,016	11.57	0	-	(6,016)	(11.57)
462	6.12	1	0.01	461	6.11	Provider Incentives	1,911	3.68	967	1.78	(945)	(1.89)
(4,950)	(65.58)	(3,315)	(43.80)	(1,635)	(21.78)	Shared Risk	(19,883)	(38.24)	0	-	19,883	38.24
17,500	231.83	18,971	250.64	(1,471)	(18.81)	Inpatient Claims	109,113	209.84	78,727	145.34	(30,385)	(64.50)
7,964	105.51	7,011	92.62	954	12.89	Outpatient Claims	49,386	94.98	51,548	95.16	2,162	0.19
12,388	164.11	12,150	160.52	238	3.59	Pharmacy	79,218	152.35	55,377	102.23	(23,841)	(50.12)
141	1.86	72	0.95	69	0.91	Medical Administrative Expenses	1,186	2.28	4,055	7.49	2,869	5.21
55,621	**736.86**	**47,334**	**625.37**	**8,287**	**111.49**	**Total Healthcare Expenses**	**315,362**	**606.50**	**286,449**	**528.82**	**(28,913)**	**(77.68)**
95.0%		*110.7%*		*-15.7%*		*MCR(%)*	*101.7%*		*86.4%*		*-15.4%*	
2,956	**39.16**	**(4,567)**	**(60.34)**	**7,523**	**99.50**	**Operating Margin**	**(5,401)**	**(10.39)**	**45,161**	**83.37**	**(50,562)**	**(93.76)**
2,868	**37.99**	**2,079**	**27.46**	**789**	**10.53**	**Total Operating Expenses**	**18,202**	**35.01**	**28,984**	**53.51**	**10,782**	**(18.50)**
4.9%		*4.9%*		*0.0%*		*Admin Ratio(%)*	*5.9%*		*8.7%*		*2.9%*	
88	**1.17**	**(6,646)**	**(87.80)**	**6,734**	**88.97**	**Income from Operations**	**(23,604)**	**(45.39)**	**16,176**	**29.86**	**(39,780)**	**(75.26)**
$88	**1.17**	**($6,646)**	**(87.80)**	**$6,734**	**88.97**	**Net Surplus(Deficit)**	**($23,604)**	**(45.39)**	**$16,176**	**29.86**	**($39,780)**	**(75.26)**
0.2%		*-15.5%*		*15.7%*		*Margin(%)*	*-7.6%*		*4.9%*		*-12.5%*	

Note:

MCLA SPD Financial Statements exclude members that have Medicare as their primary coverage.

Shared risk reflects deficits that will be trued-up.

L.A. Care Covered Financial Statement ($ in thousands)

April 2014

Current Month ($)	Current Month (PMPM)	Prior Month ($)	Prior Month (PMPM)	Increase (Decrease) ($)	Increase (Decrease) (PMPM)		YTD Actual ($)	YTD Actual (PMPM)	YTD Budget ($)	YTD Budget (PMPM)	Fav<Unfav> Budget ($)	Fav<Unfav> Budget (PMPM)
						Membership						
12,037		9,320		2,717		*Current Membership*	12,037		41,000		(28,963)	
13,999		7,545		6,454		*Member Months*	35,613		152,000		(116,387)	
						Revenue						
$3,988	284.86	$504	66.79	$3,484	218.07	Capitation	$8,998	252.65	$43,123	283.70	($34,125)	(31.05)
14	1.00	8	1.06	6	(0.06)	Premiums	36	1.00	0	-	36	1.00
4,002	**285.86**	**512**	**67.85**	**3,490**	**218.01**	**Total Revenues**	**9,033**	**253.65**	**43,123**	**283.70**	**(34,090)**	**(30.05)**
						Healthcare Expenses						
1,493	106.67	510	67.64	983	39.03	Capitation	4,087	114.77	15,709	103.35	11,622	(11.42)
78	5.55	0	-	78	5.55	Provider Incentives	78	2.18	889	5.85	811	3.66
268	19.15	186	24.64	82	(5.49)	Shared Risk	641	17.99	0	-	(641)	(17.99)
298	21.26	(361)	(47.84)	659	69.10	Inpatient Claims	757	21.25	6,395	42.08	5,639	20.82
518	37.01	5	0.69	513	36.33	Outpatient Claims	1,319	37.05	11,214	73.77	9,894	36.73
138	9.86	100	13.19	38	(3.34)	Pharmacy	343	9.62	4,199	27.62	3,856	18.01
214	15.31	68	9.06	146	6.25	Medical Administrative Expenses	388	10.88	2,073	13.64	1,685	2.75
3,007	**214.82**	**508**	**67.38**	**2,499**	**147.44**	**Total Healthcare Expenses**	**7,612**	**213.74**	**40,479**	**266.31**	**32,867**	**52.57**
75.1%		*99.3%*		*-24.2%*		*MCR(%)*	*84.3%*		*93.9%*		*9.6%*	
994	**71.04**	**4**	**0.47**	**991**	**70.57**	**Operating Margin**	**1,421**	**39.92**	**2,644**	**17.40**	**(1,223)**	**22.52**
851	**60.77**	**646**	**85.59**	**205**	**(24.82)**	**Total Operating Expenses**	**3,488**	**97.94**	**6,035**	**39.70**	**2,547**	**(58.24)**
21.3%		*126.1%*		*-104.9%*		*Admin Ratio(%)*	*38.6%*		*14.0%*		*-24.6%*	
144	**10.27**	**(642)**	**(85.12)**	**786**	**95.39**	**Income from Operations**	**(2,066)**	**(58.03)**	**(3,391)**	**(22.31)**	**1,324**	**(35.72)**
(158)	**(11.26)**	**(20)**	**(2.67)**	**(137)**	**(8.58)**	**Total Non-Operating Income (Expense)**	**(356)**	**(9.99)**	**0**	**-**	**(356)**	**(9.99)**
($14)	**(0.99)**	**($662)**	**(87.79)**	**$649**	**86.80**	**Net Surplus(Deficit)**	**($2,422)**	**(68.01)**	**($3,391)**	**(22.31)**	**$969**	**(45.71)**
-0.3%		*-129.4%*		*129.0%*		*Margin(%)*	*-26.8%*		*-7.9%*		*-19.0%*	

L.A. Care HEALTH PLAN

Medicare Financial Statement ($ in thousands)

April 2014

Current Month ($)	Current Month (PMPM)	Prior Month ($)	Prior Month (PMPM)	Increase (Decrease) ($)	Increase (Decrease) (PMPM)		YTD Actual ($)	YTD Actual (PMPM)	YTD Budget ($)	YTD Budget (PMPM)	Fav<Unfav> Budget ($)	Fav<Unfav> Budget (PMPM)
						Membership						
7,421		7,146		275		*Current Membership*	7,421		7,063		358	
7,492		7,220		272		*Member Months*	48,802		45,766		3,036	
						Revenue						
$6,495	866.97	$6,273	868.90	$222	(1.92)	Medicare Part C	$43,373	888.75	$47,062	1,028.32	($3,690)	(139.57)
649	86.63	913	126.45	(264)	(39.82)	Medicare Part D	4,503	92.26	0	-	4,503	92.26
7,144	**953.60**	**7,186**	**995.35**	**(42)**	**(41.75)**	**Total Revenues**	**47,875**	**981.01**	**47,062**	**1,028.32**	**813**	**(47.31)**
						Healthcare Expenses						
2,588	345.43	2,493	345.32	95	0.11	Capitation	17,206	352.56	17,438	381.04	233	28.48
70	9.38	53	7.34	17	2.04	Provider Incentives	965	19.78	1,172	25.60	206	5.82
780	104.16	221	30.61	559	73.55	Shared Risk	1,742	35.70	791	17.28	(951)	(18.42)
2,153	287.42	2,570	355.94	(417)	(68.53)	Inpatient Claims	14,494	296.99	14,474	316.26	(20)	19.27
700	93.47	834	115.57	(134)	(22.10)	Outpatient Claims	4,849	99.37	4,363	95.32	(487)	(4.04)
1,179	157.35	476	65.90	703	91.46	Pharmacy	3,436	70.41	4,244	92.74	808	22.33
281	37.45	337	46.70	(57)	(9.25)	Medical Administrative Expenses	2,224	45.58	1,352	29.53	(873)	(16.04)
7,752	**1,034.66**	**6,984**	**967.37**	**767**	**67.29**	**Total Healthcare Expenses**	**44,916**	**920.38**	**43,834**	**957.77**	**(1,083)**	**37.39**
108.5%		*97.2%*		*11.3%*		*MCR(%)*	*93.8%*		*93.1%*		*-0.7%*	
(607)	**(81.06)**	**202**	**27.97**	**(809)**	**(109.04)**	**Operating Margin**	**2,959**	**60.63**	**3,229**	**70.55**	**(270)**	**(9.92)**
905	**120.82**	**665**	**92.08**	**240**	**28.74**	**Total Operating Expenses**	**4,575**	**93.75**	**3,300**	**72.10**	**(1,275)**	**(21.65)**
12.7%		*9.3%*		*3.4%*		*Admin Ratio(%)*	*9.6%*		*7.0%*		*-2.5%*	
(1,512)	**(201.88)**	**(463)**	**(64.10)**	**(1,050)**	**(137.78)**	**Income from Operations**	**(1,616)**	**(33.12)**	**(71)**	**(1.56)**	**(1,545)**	**(31.56)**
($1,512)	**(201.88)**	**($463)**	**(64.10)**	**($1,050)**	**(137.78)**	**Net Surplus(Deficit)**	**($1,616)**	**(33.12)**	**($71)**	**(1.56)**	**($1,545)**	**(31.56)**
-21.2%		*-6.4%*		*-14.7%*		*Margin(%)*	*-3.4%*		*-0.2%*		*-3.2%*	

L.A. Care HEALTH PLAN

PASC-SEIU Financial Statement ($ in thousands)

April 2014

Current Month ($)	Current Month (PMPM)	Prior Month ($)	Prior Month (PMPM)	Increase (Decrease) ($)	Increase (Decrease) (PMPM)		YTD Actual ($)	YTD Actual (PMPM)	YTD Budget ($)	YTD Budget (PMPM)	Fav<Unfav> Budget ($)	Fav<Unfav> Budget (PMPM)
						Membership						
46,389		45,861		528		*Current Membership*	46,389		44,692		1,697	
46,395		45,930		465		*Member Months*	313,343		308,644		4,699	
						Revenue						
$14,315	308.54	$14,158	308.25	$157	0.29	Capitation	$96,564	308.17	$108,025	350.00	($11,462)	(41.83)
14,315	**308.54**	**14,158**	**308.25**	**157**	**0.29**	**Total Revenues**	**96,564**	**308.17**	**108,025**	**350.00**	**(11,462)**	**(41.83)**
						Healthcare Expenses						
11,778	253.86	11,686	254.42	92	(0.56)	Capitation	80,096	255.62	93,877	304.16	13,781	48.54
(188)	(4.04)	667	14.52	(855)	(18.57)	Inpatient Claims	2,440	7.79	2,537	8.22	97	0.43
807	17.39	552	12.01	255	5.38	Outpatient Claims	3,374	10.77	2,062	6.68	(1,313)	(4.09)
770	16.60	769	16.75	1	(0.15)	Pharmacy	4,957	15.82	4,148	13.44	(809)	(2.38)
218	4.70	133	2.90	85	1.80	Medical Administrative Expenses	1,136	3.63	1,039	3.36	(97)	(0.26)
13,386	**288.51**	**13,807**	**300.61**	**(421)**	**(12.10)**	**Total Healthcare Expenses**	**92,003**	**293.62**	**103,663**	**335.86**	**11,659**	**42.25**
93.5%		*97.5%*		*-4.0%*		*MCR(%)*	*95.3%*		*96.0%*		*0.7%*	
929	**20.03**	**351**	**7.63**	**578**	**12.39**	**Operating Margin**	**4,561**	**14.55**	**4,363**	**14.14**	**198**	**0.42**
480	**10.34**	**347**	**7.56**	**133**	**2.78**	**Total Operating Expenses**	**2,399**	**7.66**	**4,032**	**13.06**	**1,632**	**5.40**
3.4%		*2.5%*		*0.9%*		*Admin Ratio(%)*	*2.5%*		*3.7%*		*1.2%*	
449	**9.69**	**4**	**0.08**	**446**	**9.61**	**Income from Operations**	**2,161**	**6.90**	**331**	**1.07**	**1,830**	**5.82**
0	**-**	**0**	**-**	**0**	**-**	**Total Non-Operating Income (Expense)**	**(1,052)**	**(3.36)**	**(1,844)**	**(5.97)**	**792**	**2.62**
$449	**9.69**	**$4**	**0.08**	**$446**	**9.61**	**Net Surplus(Deficit)**	**$1,109**	**3.54**	**($1,513)**	**(4.90)**	**$2,622**	**8.44**
3.1%		*0.0%*		*3.1%*		*Margin(%)*	*1.1%*		*-1.4%*		*2.5%*	

Healthy Kids 0-5 Financial Statement ($ in thousands)

April 2014

Current Month ($)	Current Month (PMPM)	Prior Month ($)	Prior Month (PMPM)	Increase (Decrease) ($)	Increase (Decrease) (PMPM)		YTD Actual ($)	YTD Actual (PMPM)	YTD Budget ($)	YTD Budget (PMPM)	Fav<Unfav> Budget ($)	Fav<Unfav> Budget (PMPM)
						Membership						
872		892		(20)		*Current Membership*	872		1,141		(269)	
892		905		(13)		*Member Months*	6,728		7,987		(1,259)	
						Revenue						
$104	116.99	$106	116.80	($1)	0.19	Capitation	$787	116.97	$1,021	127.83	($234)	(10.86)
3	3.40	3	3.40	(0)	0.01	Premiums	23	3.42	25	3.09	(2)	0.33
107	**120.39**	**109**	**120.20**	**(1)**	**0.20**	**Total Revenues**	**810**	**120.39**	**1,046**	**130.92**	**(236)**	**(10.53)**
						Healthcare Expenses						
29	32.83	78	86.46	(49)	(53.63)	Capitation	220	32.77	263	32.92	42	0.15
0	0.07	1	0.97	(1)	(0.90)	Provider Incentives	6	0.82	15	1.83	9	1.01
0	0.36	(2)	(1.98)	2	2.34	Shared Risk	0	0.04	0	-	(0)	(0.04)
19	21.76	8	8.37	12	13.40	Inpatient Claims	(30)	(4.44)	202	25.24	231	29.68
30	33.55	12	13.43	18	20.12	Outpatient Claims	73	10.89	232	29.00	158	18.11
3	3.33	6	6.14	(3)	(2.81)	Pharmacy	40	5.98	59	7.36	19	1.38
3	3.60	3	3.40	0	0.20	Medical Administrative Expenses	22	3.21	16	2.00	(6)	(1.20)
85	**95.51**	**106**	**116.79**	**(20)**	**(21.28)**	**Total Healthcare Expenses**	**332**	**49.27**	**786**	**98.36**	**454**	**49.09**
79.3%		*97.2%*		*-17.8%*		*MCR(%)*	*40.9%*		*75.1%*		*34.2%*	
22	**24.89**	**3**	**3.41**	**19**	**21.47**	**Operating Margin**	**478**	**71.11**	**260**	**32.56**	**218**	**38.55**
10	**11.67**	**10**	**10.77**	**1**	**0.90**	**Total Operating Expenses**	**87**	**12.90**	**120**	**15.02**	**33**	**2.13**
9.7%		*9.0%*		*0.7%*		*Admin Ratio(%)*	*10.7%*		*11.5%*		*0.8%*	
12	**13.21**	**(7)**	**(7.36)**	**18**	**20.57**	**Income from Operations**	**392**	**58.22**	**140**	**17.54**	**252**	**40.68**
0	**-**	**0**	**-**	**0**	**-**	**Total Non-Operating Income (Expense)**	**0**	**-**	**0**	**-**	**-**	**-**
$12	**13.21**	**($7)**	**(7.36)**	**$18**	**20.57**	**Net Surplus(Deficit)**	**$392**	**58.22**	**$140**	**17.54**	**$252**	**40.68**
11.0%		*-6.1%*		*17.1%*		*Margin(%)*	*48.4%*		*13.4%*		*35.0%*	

L.A. Care HEALTH PLAN

Community Programs Financial Statement ($ in thousands)

April 2014

Current Month ($)	Current Month (PMPM)	Prior Month ($)	Prior Month (PMPM)	Increase (Decrease) ($)	Increase (Decrease) (PMPM)		YTD Actual ($)	YTD Actual (PMPM)	YTD Budget ($)	YTD Budget (PMPM)	Fav<Unfav> Budget ($)	Fav<Unfav> Budget (PMPM)
						Membership						
0		0		0		*Current Membership*	0		0		0	
0		0		0		*Member Months*	0		0		0	
						Revenue						
$0	-	$0	-	$0	-	Grants/Others	$560	-	$0	-	$560	-
0	-	0	-	0	-	Capitation	0	-	0	-	0	-
0	**-**	**0**	**-**	**0**	**-**	**Total Revenues**	**560**	**-**	**0**	**-**	**560**	**-**
						Healthcare Expenses						
0	-	0	-	0	-	Medical Administrative Expenses	(9)	-	0	-	9	-
0	**-**	**0**	**-**	**0**	**-**	**Total Healthcare Expenses**	**(9)**	**-**	**0**	**-**	**9**	**-**
0.0%		*0.0%*		*0.0%*		*MCR(%)*	*0.0%*		*0.0%*		*0.0%*	
0	**-**	**0**	**-**	**0**	**-**	**Operating Margin**	**570**	**-**	**0**	**-**	**570**	**-**
262	**-**	**242**	**-**	**20**	**-**	**Total Operating Expenses**	**2,445**	**-**	**4,207**	**-**	**1,762**	**-**
0.0%		*0.0%*		*0.0%*		*Admin Ratio(%)*	*0.0%*		*0.0%*		*0.0%*	
(262)	**-**	**(242)**	**-**	**(20)**	**-**	**Income from Operations**	**(1,875)**	**-**	**(4,207)**	**-**	**2,331**	**-**
0	**-**	**0**	**-**	**0**	**-**	**Total Non-Operating Income (Expense)**	**(171)**	**-**	**(2,333)**	**-**	**2,162**	**-**
($262)	**0.00**	**($242)**	**0.00**	**($20)**	**0.00**	**Net Surplus(Deficit)**	**($2,047)**	**0.00**	**($6,540)**	**0.00**	**$4,494**	**0.00**
0.0%		*0.0%*		*0.0%*		*Margin(%)*	*0.0%*		*0.0%*		*0.0%*	

HITEC-LA Financial Statement ($ in thousands)

April 2014

Current Month ($)	Current Month (PMPM)	Prior Month ($)	Prior Month (PMPM)	Increase (Decrease) ($)	Increase (Decrease) (PMPM)		YTD Actual ($)	YTD Actual (PMPM)	YTD Budget ($)	YTD Budget (PMPM)	Fav<Unfav> Budget ($)	Fav<Unfav> Budget (PMPM)
						Membership						
0		0		0		*Current Membership*	0		0		0	
0		0		0		*Member Months*	0		0		0	
						Revenue						
$154	-	$159	-	($5)	-	Grants/Others	$1,614	-	$1,707	-	($92)	-
0	-	0	-	0	-	Capitation	0	-	0	-	0	-
154	**-**	**159**	**-**	**(5)**	**-**	**Total Revenues**	**1,614**	**-**	**1,707**	**-**	**(92)**	**-**
						Healthcare Expenses						
0	-	0	-	0	-	Medical Administrative Expenses	0	-	0	-	0	-
0	**-**	**0**	**-**	**0**	**-**	**Total Healthcare Expenses**	**0**	**-**	**0**	**-**	**0**	**-**
0.0%		*0.0%*		*0.0%*		*MCR(%)*	*0.0%*		*0.0%*		*0.0%*	
154	**-**	**159**	**-**	**(5)**	**-**	**Operating Margin**	**1,614**	**-**	**1,707**	**-**	**(92)**	**-**
171	**-**	**177**	**-**	**(6)**	**-**	**Total Operating Expenses**	**1,793**	**-**	**2,232**	**-**	**439**	**-**
0.0%		*0.0%*		*0.0%*		*Admin Ratio(%)*	*0.0%*		*0.0%*		*0.0%*	
(17)	**-**	**(18)**	**-**	**1**	**-**	**Income from Operations**	**(179)**	**-**	**(525)**	**-**	**346**	**-**
($17)	**0.00**	**($18)**	**0.00**	**$1**	**0.00**	**Net Surplus(Deficit)**	**($179)**	**0.00**	**($525)**	**0.00**	**$346**	**0.00**
0.0%		*0.0%*		*0.0%*		*Margin(%)*	*0.0%*		*0.0%*		*0.0%*	

L.A. Care HEALTH PLAN®

Comparative Balance Sheet — April 2014

(Dollars in thousands)	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14
ASSETS						
CURRENT ASSETS						
Total Current Assets	939,694	1,130,822	1,046,973	1,164,251	1,162,034	1,171,394
Capitalized Assets - net	14,977	20,377	20,234	20,771	21,393	22,675
NON-CURRENT ASSETS	11,266	11,263	11,269	11,284	11,280	11,291
TOTAL ASSETS	**965,938**	**1,162,462**	**1,078,477**	**1,196,306**	**1,194,707**	**1,205,361**
LIABILITIES AND FUND EQUITY						
CURRENT LIABILITIES						
Total Current Liability	786,646	988,502	892,850	1,006,358	1,002,061	989,413
Long Term Liability	2,102	2,193	2,284	2,388	2,495	2,767
Total Liabilities	**788,748**	**990,695**	**895,134**	**1,008,746**	**1,004,556**	**992,181**
FUND EQUITY						
Invested in Capital Assets, net of related debt	14,977	20,377	20,234	20,771	21,393	22,675
Restricted Equity	302	302	302	302	302	302
Minimum Tangible Net Equity	44,298	45,403	45,403	45,403	53,090	53,090
Board Designated Funds	117,613	105,686	117,403	121,084	115,366	137,113
Retained Earnings (undesignated)	0	0	0	0	0	0
Total Fund Equity	**177,190**	**171,767**	**183,342**	**187,560**	**190,150**	**213,180**
TOTAL LIABILITIES AND FUND EQUITY	**$965,938**	**$1,162,462**	**$1,078,477**	**$1,196,306**	**$1,194,707**	**$1,205,361**
Solvency Ratios						
Working Capital Ratio	1.19	1.14	1.17	1.16	1.16	1.18
Cash to Claims Ratio	0.79	0.98	1.00	1.20	1.17	0.71
Tangible Net Equity Ratio	4.00	3.78	4.04	4.13	3.58	4.02

L.A. Care HEALTH PLAN

Schedule of Meetings
June 2014

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
						1
2	3	4	5 *All Day Board of Governors Retreat/Meeting* *8:30 am* *Garden Room A, Japanese American Cultural & Community Center* *244. S. San Pedro St., Los Angeles, CA 90012*	6	7	8
9	10	11 *ECAC* *10 am* *(for approximately 2 hours)*	12	13	14	15
16 *Finance & Budget* *1 pm* *(approximately 1-1/2 hours)* *Executive Committee* *2:30 pm* *(for approximately 2 hours)*	17	18	19	20	21	22
23	24	25	26	27	28	29
30 *Governance Committee* *3 pm* *(for approximately 2 hours)*						

For information on the current month's meetings, check calendar of events at www.lacare.org. Meetings may be cancelled or rescheduled at the last moment. To check on a particular meeting, please call (213) 694-1250 or send email to boardservices@lacare.org.

Prepared by mhbalones/printed on 05/29/14

L.A. Care HEALTH PLAN
1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017
Tel. (213) 694-1250 / Fax (213) 438-5728

Board of Governors & Public Advisory Committees
2014 Meeting Schedule / Member Listing

	MEETING DAY, TIME, & LOCATION	MEETING DATES	MEMBERS
Board of Governors General Meeting	1st Thursday 2:00 PM *(for approximately 3 hours)* 1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017 *Board Retreat / Meeting 8:30 am – 4:30 pm At Japanese American Cultural & Community Center 244. S. San Pedro Los Angeles, CA 90012 ***moved due to July 4 holiday*	June 5* July 10** No meeting in August September 4 October 2 November 6 December 4	Thomas Horowitz, DO, *Chairperson* Mark Gamble, *Vice Chairperson* Michael Rembis, FACHE, *Treasurer* Louise McCarthy, *Secretary* Jann Hamilton Lee Thomas S. Klitzner, MD, PhD, Alexander K. Li, MD Ozzie Lopez Honorable Gloria Molina Hilda Perez G. Michael Roybal, MD, MPH Sheryl Spiller Walter A. Zelman, PhD Staff Contact: Howard A. Kahn, *Chief Executive Officer, x4102* Linda Merkens, *Manager, Board Services, x4050*

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Board of Governors - Standing Committees

	MEETING DAY, TIME, & LOCATION	MEETING DATES	2014 MEMBERS
Executive Committee	4th Wednesday of the month 2:30 PM *(for approximately 2 hours)* 1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017 **RESCHEDULED* *****moved due to summer / holidays***	June 16 * July 16 ** ***No meeting in August*** September 24 October 22 November 19* ***No meeting in December***	Thomas Horowitz, DO, *Chairperson* Mark Gamble Michael Rembis Louise McCarthy G. Michael Roybal, MD, MPH Alexander K. Li, MD Staff Contact: Linda Merkens, *Manager, Board Services, x4050*
Compliance & Quality Committee	3rd Thursday every 2 months 2:30 PM *(for approximately 2 hours)* 1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017	July 17 ***No meeting in August*** September 18 November 20 ***No meeting in December***	G. Michael Roybal, MD, MPH, *Chairperson* Jann Hamilton Lee Alexander Li, MD Honorable Gloria Molina Hilda Perez Staff Contact: Malou Balones *Committee Liaison, Board Services, x 4183*
Finance & Budget Committee	4th Wednesday of the month 1:00 PM *(for approximately 2 hours)* 1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017 **RESCHEDULED* ****moved due to summer / holidays***	June 16 * July 16 ** ***No meeting in August*** September 24 October 22 November 19* ***No meeting in December***	Michael A. Rembis, FACHE, *Chairperson* Jann Hamilton Lee Thomas Horowitz, DO Ozzie Lopez Louise McCarthy Staff Contact: Hilda Stuart *Committee Liaison, Board Services, x 4184*
Governance Committee	MEETS AS NEEDED 1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017	June 30 3 pm	Alexander K. Li, MD, *Chairperson* Mark Gamble Ozzie Lopez Hilda Perez Sheryl Spiller Walter A. Zelman, PhD Staff Contact: Malou Balones *Committee Liaison, Board Services / x 4183*

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	MEETING DAY, TIME, & LOCATION	MEETING DATES	2014 MEMBERS
Service Agreement Committee	MEETS AS NEEDED 1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017		*Chairperson to be elected* Ozzie Lopez Louise McCarthy Honorable Gloria Molina Hilda Perez Sheryl Spiller <u>Staff Contact</u> Malou Balones *Committee Liaison, Board Services / x 4183*
Audit Committee	MEETS AS NEEDED 1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017		G. Michael Roybal, MD, MPH, *Chairperson* Jann Hamilton Lee Alexander K. Li, MD <u>Staff Contact</u> Hilda Stuart *Committee Liaison, Board Services, x 4184*

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	MEETING DAY, TIME, & LOCATION	MEETING DATES	MEMBERS
L.A. Care Community Health	Meets Annually or as needed 1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017		Thomas Horowitz, DO, *Chairperson* Mark Gamble, *Vice Chairperson* Michael Rembis, FACHE, *Treasurer* Louise McCarthy, *Secretary* Jann Hamilton Lee Thomas S. Klitzner, MD, PhD, Alexander K. Li, MD Ozzie Lopez Honorable Gloria Molina Hilda Perez G. Michael Roybal, MD, MPH Sheryl Spiller Walter A. Zelman, PhD Staff Contact: Howard A. Kahn, *Chief Executive Officer, x4102* Linda Merkens, *Manager, Board Services, x4050*
L.A. Care Joint Powers Authority	Meets Quarterly or as needed 1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017		Thomas Horowitz, DO, *Chairperson* Mark Gamble, *Vice Chairperson* Michael Rembis, FACHE, *Treasurer* Louise McCarthy, *Secretary* Jann Hamilton Lee Thomas S. Klitzner, MD, PhD, Alexander K. Li, MD Ozzie Lopez Honorable Gloria Molina Hilda Perez G. Michael Roybal, MD, MPH Sheryl Spiller Walter A. Zelman, PhD Staff Contact: Howard A. Kahn, *Chief Executive Officer, x4102* Linda Merkens, *Manager, Board Services, x4050*

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Public Advisory Committees

	MEETING DAY, TIME, & LOCATION	MEETING DATES	STAFF CONTACT
Children's Health Consultant Advisory Committee General Meeting	3rd Tuesday of every other month 8:30 AM *(for approximately 2 hours)* 1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017	July 15 September 16 November 18	Lyndee Knox, PhD, *Chairperson* Staff Contact: Hilda Stuart *Committee Liaison, Board Services, x 4184*
Executive Community Advisory Committee	2nd Wednesday of the month 10:00 AM *(for approximately 2 hours)* 1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017	June 11 July 9 *No meeting in August* September 10 October 8 November 12 December 10	Aida Aguilar, *Chairperson* Staff Contact: Idalia Chitica, *Community Outreach & Education, Ext. 4420*
Technical Advisory Committee	4th Thursdays every other month 9:00 AM *(for approximately 2 hours)* 1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017	July 24 September 25 November 20	*Chairperson to be elected* Staff Contact: Malou Balones *Committee Liaison, Board Services / x 4183*

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REGIONAL COMMUNITY ADVISORY COMMITTEES

REGION	MEETING DAY, TIME, & LOCATION	MEETING DATE	STAFF CONTACT
Region 1 Antelope Valley	3rd Friday of every other month 10:00 AM *(for approximately 2-1/2 hours)* Chimbole Cultural Center 38350 N. Sierra Highway Palmdale, CA 93550 Tel (661) 267-5656	June 20 August 15 October 17 December 19	Adela Guadarrama, *Chairperson* Staff Contact: Kristina Chung *Community Outreach & Education, Ext. 5139*
Region 2 San Fernando Valley	3rd Monday of every other month 10:00 AM *(for approximately 2-1/2 hours)* Francis Polytechnic Senior High School 12431 Roscoe Blvd. Sun Valley, CA 91352	June 16 August 18 October 20 December 15	Carlos Aguirre, *Chairperson* Staff Contact: Kristina Chung *Community Outreach & Education, Ext. 5139*
Region 3 Alhambra, Pasadena and Foothill	3rd Tuesday of every other month 9:30 AM *(for approximately 2-1/2 hours)* Jackie Robinson Community Center 1020 N. Fair Oaks Blvd. Pasadena, CA 91103 Tel (626) 744-7300	June 17 August 19 October 21 December 16	Cynthia Conteas-Wood, *Chairperson* Staff Contact: Liliana Arevalo *Community Outreach & Education, Ext. 4586*
Region 4 Hollywood-Wilshire, Central and Glendale	3rd Tuesday of every other month 9:00 AM *(for approximately 2-1/2 hours)* St. Vincent Medical Center Mark Taper Building Board Rm 2200 W. Third St. Los Angeles, CA 90057 Tel. (213) 484-7766	July 15 September 16 November 18	Hercilia Salvatierra, *Chairperson* Staff Contact: Liliana Arevalo *Community Outreach & Education, Ext. 4586*
Region 5 West	3rd Monday of every other month 2:00 PM *(for approximately 2-1/2 hours)* Mar Vista Housing Dev. Multipurpose Room 4909 Marionwood Street Culver City, CA 90230 Tel. (310) 915-9006	June 16 August 18 October 20 December 15	Maria Guadalupe Mendez, *Chairperson* Staff Contact: Martin Vicente *Community Outreach & Education, x 4423*

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BOARD OF GOVERNORS & PUBLIC ADVISORY COMMITTEES
2014 MEETING SCHEDULE / MEMBER LISTING

REGION	MEETING DAY, TIME, & LOCATION	MEETING DATE	STAFF CONTACT
Region 6 South, Compton, Inglewood	3rd Thursday of every other month 3:00 PM *(for approximately 2-1/2 hours)* Saint John's Well Child & Family Center 808 W. 58th Street Los Angeles, CA 90037 Tel. (323) 541-1600	June 19 August 21 October 16 December 18	Mary Romero, *Chairperson* Staff Contact: Auleria Eakins *Community Outreach & Education, x 4280*
Region 7 San Antonio and Bellflower	3rd Thursday of every other month 4:30 PM *(for approximately 2-1/2 hours)* Old Timers Foundation Family Center 3355 E. Gage Avenue Huntington Park, CA 90255 Tel (323) 582-6090	July 17 September 18 November 20	Dalia Cadena, *Chairperson* Staff Contact: Liliana Arevalo *Community Outreach & Education, Ext. 4586*
Region 8 Torrance and Harbor	3rd Friday of every other month 10:30 AM *(for approximately 2-1/2 hours)* John Mendez Community Center 707 W. C Street Wilmington, CA 90748 Tel. (310) 549-0052	July 18 September 19 November 21	Ana Romo – ***Chairperson*** Staff Contact: Idalia Chitica *Community Outreach & Education, x 4420*
Region 9 Long Beach	3rd Monday of every other month 9:00 AM *(for approximately 2-1/2 hours)* Miller Family Health Education Center 3820 Cherry Avenue Long Beach, CA 90807 Tel. (562) 570-7987	July 21 September 15 November 17	Christina Deh-Lee, *Chairperson* Staff Contact: Kristina Chung *Community Outreach & Education, Ext. 5139*
Region 10 East Los Angeles, Whittier and North-East	3rd Thursday of every other month 4:00 PM *(for approximately 2-1/2 hours)* Boyle Heights Technology Youth Center 1600 East 4th Street Los Angeles, CA 90033 Tel. (323) 526-0145	June 19 August 21 October 16 December 18	Aida Aguilar, *Chairperson* Staff Contact: Martin Vicente, *Community Outreach & Education, Ext. 4423*
Region 11 Pomona and El Monte	3rd Wednesday of every other Month 9:00 AM *(for approximately 2-1/2 hours)* First Christian Church 1751 North Park Avenue Pomona, CA 91768 Tel. (909) 622-1144	July 17 September 18 November 20	Elda Sevilla, *Chairperson* Staff Contact: Martin Vicente, *Community Outreach & Education, Ext. 4423*

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