

BOARD OF GOVERNORS

Finance & Budget Committee

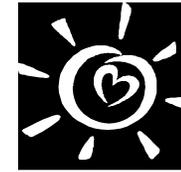
Meeting Minutes – October 26, 2020

1055 W. 7th Street, Los Angeles, CA 90017

Members

Robert H. Curry, *Chairperson*
 Stephanie Booth, MD
 Hector De La Torre
 Hilda Perez
 G. Michael Roybal, MD

**Absent ** Via Teleconference*



L.A. Care
 HEALTH PLAN

Management/Staff

John Baackes, *Chief Executive Officer*
 Terry Brown, *Chief Human Resource Officer*
 Augustavia J. Haydel, Esq., *General Counsel*
 Tom MacDougall, *Chief Information & Technology Officer*
 Marie Montgomery, *Chief Financial Officer*
 Francisco Oaxaca, *Chief of Communications & Community Relations*
 Noah Paley, *Chief of Staff **
 Acacia Reed, *Interim Chief Operating Officer*
 Richard Seidman, MD, MPH, *Chief Medical Officer*

California Governor issued Executive Order Nos. N-25-20 and N-29-20, which among other provisions amend the Ralph M. Brown Act. Members of the public can listen to this meeting via teleconference.

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
<p>CALL TO ORDER</p>	<p>Robert H. Curry, <i>Chairperson</i>, called the L.A. Care and JPA meetings to order at 1:04 p.m. He welcomed everyone to the meetings and summarized the process for public comment during this meeting as reflected on the meeting agenda.</p> <ul style="list-style-type: none"> • The Governor’s Executive Order temporarily set aside some provisions of the Brown Act because of public health guidelines. • Board Meetings are conducted electronically so that all attendees can be safe and practice social distancing. • Comments from anyone who would like to address the Board and its committees are welcome. • L.A. Care members need us to continue the work of the Board, and the meetings are run so that members of the public can hear the meeting and can submit their comments by voice mail, text, or email. • Staff sends all comments in writing to the Board before the meeting. • All public comment is included in the minutes of the meeting, and any comments that were not read during the meeting are added to the minutes. 	

APPROVED

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	<ul style="list-style-type: none"> • Submitters of public comment must identify the Agenda item which the comment is addressing. • If the submitter does not identify an agenda item, the submitter’s comment will be read for 3 minutes at the “Public Comment” item. • At the appropriate item on the Agenda, staff will read for 3 minutes the public comment from each submitter. Depending on how many comments are submitted, the 3-minute time could be adjusted to allow for more submitters to have the comments read. • The Board will keep reviewing and improving how public comments are received and distributed to Board members. 	
APPROVE MEETING AGENDA	The Agenda for today’s meeting was approved.	Approved unanimously by roll call. 5 AYES (Booth, Curry, De La Torre, Perez and Roybal)
PUBLIC COMMENTS	<p>Text received on September 29, 2020, at 6:48 pm, Carolyn Navarro <i>Public comment, Carolyn Navarro 626-217-0549 Oct 26, 2020 meetings Finance relevant, 1&2 pm: Regarding managed care corrective action signed by your attorney stating LA Care is to “identify and follow up “ with Synermed aka EHS affected enrollees, WHO has been notified? It was handed down in late 2019 , not long ago . Any recent victim I find has not been notified, nor have we .Now a person who worked at Synermed has come forward stating people working there were given bonuses of \$500 to dump sick patients, I’d like to know if that was the case with our daughter! I alerted you that something illegal was going on in 2014, instead of acting concerned you acted like you have something to hide! Your “management “ needs to be investigated, maybe criminally for allowing special needs people to be abused by an MSO you likely gave millions to for years, where is all that money you gave them?</i></p> <p><i>Public comment Oct 26, 2020 from Carolyn Navarro bohindy@gmail.com , any victim (many have no idea they are victims) is welcome to message me anytime!</i></p>	

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	<p>Text received on September 30, 2020, at 12:04 pm, Carolyn Navarro</p>  <p><i>Public Comment, Carolyn Navarro 626-217-0549. This documents my complaint that at both September 28 2020 meetings I heard the other public commenter comments that I was aware of in advance only partially read and THEN read in full after I pointed it not being all read, omitting the disgusting revelation that Synermed agents would get \$500 prizes for dumping patients! Furthermore , it was recorded as stated at the beginning of the meeting, you board members heard it just fine! The other commenters comment was read 4 times , 2 x's in full ! I listened to the entire meetings and heard everything just fine , in case you have any selective amnesia , like you have about Synermed abusing 1,000s of enrollees that you don't give a damn about , I'm not the only one who heard it!</i></p> <p><i>Public comment , I believe people are still getting bonuses to dump patients!</i></p> <p><i>Public comment , NONE of you are owed you jobs or professional licenses, especially when you abuse your positions thinking a parent and a housewife can do nothing , I will not settle for that, if you deserve to be investigated or fired</i></p> <p>(three minutes expired)</p>	
MEETING MINUTES	The September 28, 2020 meeting minutes were approved as submitted.	Approved unanimously by roll call. 5 AYES

APPROVED

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CHAIRPERSON'S REPORT	Chairperson Curry commented it is good to see the decrease in the number of COVID-19 patients in California that does not correlate to what is going on in the Midwest and other parts of the country. He noted this a public health statement, not a political statement. He added that we have to follow the guidelines on wearing of masks, socially distancing and hand washing. We will be better off as a county, a state and a country. This is a horrible disease, as he witnesses daily	
CHIEF EXECUTIVE OFFICER'S REPORT	<p>John Baackes, <i>Chief Executive Officer</i>, reported:</p> <ul style="list-style-type: none"> • He is glad to see the COVID-19 case rates in California are going down. He encouraged everyone to follow the public advisory guidelines as stated by Chairperson Curry. • Staff is monitoring L.A. Care's financial situation very closely and are doing everything possible to reduce the deficit that was forecast. <ul style="list-style-type: none"> ○ Staff is looking at renegotiating contracts to find leverage with vendors to reduce cost. ○ L.A. Care has implemented a hiring freeze, and looking at filling vacancies with internal candidates. The goal is to avoid a layoff. ○ An important concern is the rate level in January 2021. There is no clear direction yet on the rate from state regulators. California health plans have the same rates from July 2019 to December 2020 as the state moves from a fiscal to a calendar year. • Federal legislators have not approved a fourth stimulus bill. • Without stimulus funds, L.A. Care and other local initiatives are concerned about the State Budget trigger cuts. • Since the federal stimulus bill was not funded and with the continued economic recession, it is being reported that more businesses are laying off or furloughing workers in California. • Staff is working diligently to analyze data, and high utilization is occurring. Medi-Cal members are statistically the most vulnerable to the pandemic. 44% of L.A. Care's members are Latino, and Latinos are three times more vulnerable than their white counterparts. Higher utilization will affect the financial position in this fiscal year. • There may be opportunities in the contracting area and in moving hospitals to risk-bearing arrangements as opposed to fee for service arrangements. <p>Chairperson Curry noted this is a tough challenge for providers. The duration of the financial impact is unknown and devastating for providers and beneficiaries. People are</p>	

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	<p>losing insurance coverage; coverage pays only for hospital stay of 3-4 days. There is a risk of insufficient funding for providers.</p> <p>Mr. Baackes noted L.A. Care is partnering with providers to reduce cost and has hosted a town hall meeting for providers to explore alternatives and keep the provider network intact.</p>	
COMMITTEE ITEMS		
Chief Financial Officer's Report	<p>Marie Montgomery, <i>Chief Financial Officer</i>, reported that staff is in the process of closing the 2019-20 fiscal year-end financial reports. Staff is looking at reserve position as of August and September 2020 and doing comparisons with Deloitte & Touche. Staff is also adjusting the Coordinated Care Initiative (CCI) member reconciliation issue, and is having a series of meetings with the California Department of Health Care Services to reconcile membership for duals and impacts to rating methodology. The year-end financial report will be presented at the next Committee meeting.</p>	
Annual Review of Accounting & Finance Services Policies	<p>Chairperson Curry commended staff for the revised policies. They are defined appropriately within standards and reflect L.A. Care's mission.</p> <p>Ms. Montgomery summarized the revisions to the following Accounting and Financial Services policies. There are no significant changes to the policies.</p> <p><u>AFS-002: Capital Assets:</u></p> <ul style="list-style-type: none"> • Policy defines capitalization, fixed asset categorization, guidelines and procedures for acquisition, safeguarding and disposal, and establishes levels of authorization and oversight. • Updated definitions to included assets located at the Community Resource Centers (CRC's) and other minor updates. <p><u>AFS-004: Non-Travel and Other Related Expenses</u></p> <ul style="list-style-type: none"> • Policy defines approvals and appropriate expenses related to non-travel. • Minor updates. <p><u>AFS-008: Annual Investments:</u></p> <ul style="list-style-type: none"> • Policy aligns requirements for investments to the CA Government Code and directs the Board to provide oversight. • Updated the policy to reflect updates in the CA Government Code related to public banks. 	

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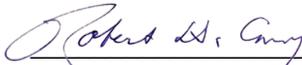
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	<p><u>AFS-025: Tangible Net Equity:</u></p> <ul style="list-style-type: none"> • Policy provides for the establishment, maintenance, and utilization of Tangible Net Equity. • Updated definition to reflect updates in the CA Code of Regulations and other minor updates. <p><u>AFS-027: Travel Expenses:</u></p> <ul style="list-style-type: none"> • Policy defines approvals and appropriate expenses related to travel. • Minor Updates <p><u>AFS-029: Annual Budgets and Board of Governors Oversight:</u></p> <ul style="list-style-type: none"> • Policy establishes the oversight and authority of the Board of Governors to approve spending. • Updated policy to better reflect the content of the Financial Statements. <p>Ms. Montgomery clarified questions from Member Booth about the definitions in the policies and the language in some of the policies.</p> <p>The Committee agreed that policy AFS 029 (Annual Budget and Board of Governors Oversight) be removed from the motion for further discussion about revisions. Member Booth will work with Ms. Montgomery on suggested updates to policy AFS 029. The policy will be brought back to Committee for consideration at a future meeting.</p> <p><u>Motion FIN 100.1120</u> To approve the revisions of the following Accounting & Financial Services Policies as submitted:</p> <ul style="list-style-type: none"> * AFS-002 (Capital Assets) * AFS-004 (Non-Travel and Other Related Expenses) * AFS-008 (Annual Investments) * AFS-025 (Tangible Net Equity) * AFS-027 (Travel Expenses) * AFS-029 (Annual Budgets and Board of Governors Oversight) 	<p>Approved unanimously by roll call. 5 AYES</p> <p>The Committee approved including this motion on the Consent Agenda for the November 5, 2020, Board of Governors meeting.</p>
Information Technology Motions	Tom MacDougall, <i>Chief Information and Technology Officer</i> , summarized the following motions.	

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<ul style="list-style-type: none"> Cognizant, HCL, and Infosys Contract Amendments for IT Staff Augmentation 	<p>In June 2015 the Board of Governors authorized staff to negotiate contracts with Cognizant, Infosys, and HCL, following a competitive bidding process. This is to request to amend the contracts with these vendors who will provide development, reporting, and support services for the FY 2020-21 IT Strategic Projects.</p> <p><u>Motion FIN 101.1120</u> To authorize additional spending with the following vendors: Cognizant, HCL, and Infosys, in an amount not to exceed \$3,750,000, total contracts not to exceed \$7,482,047, for consulting expenditures through September 30, 2021.</p>	
<ul style="list-style-type: none"> CenturyLink/Lumen Technologies Contract 	<p>Staff is requesting approval to execute a contract with CenturyLink/Lumen Technologies to continue to provide Telecommunication Services at a fixed rate for the next 3 years. No request for proposal was conducted as CenturyLink/Lumen Technologies is a preferred vendor. The new agreement is intended to replace and consolidate existing agreements that are outdated and to re-align current service orders under one main term for the next 3 years.</p> <p><u>Motion FIN 102.1120</u> To authorize staff to execute a contract in an amount not to exceed \$3,500,000 with CenturyLink/Lumen Technologies to provide Telecommunication Services for a 3-year term.</p>	<p>Motions FIN 101, FIN 102 and FIN 103 were simultaneously voted on. Approved unanimously by roll call. 5 AYES</p> <p>The Committee approved including these motion on the Consent Agenda for the November 5, 2020, Board of Governors meeting.</p>
<ul style="list-style-type: none"> Healthx Contract Amendment 	<p>In February 2015, the Board of Governors authorized staff to contract with one or more existing key vendors for L.A. Care’s Member and Provider Portal Strategic implementation services. L.A. Care had conducted a competitive request for proposal (RFP) process in 2014-2015 and selected Healthx as the vendor of choice given its proven expertise, health plan experience, and fit with L.A. Care’s strategic goals.</p> <p>Staff is requesting to amend a contract with Healthx, extending the term through September 2023.</p> <p><u>Motion FIN 103.1120</u> To authorize staff to amend a contract with Healthx in the amount of \$3,509,572 (total contract not to exceed \$11,097,572) for hosting services through September 30, 2023.</p>	
<p>ADJOURN TO CLOSED SESSION</p>	<p>Augustavia J. Haydel, Esq., <i>General Counsel</i>, announced the items that the Committee will discuss in closed session. There was no public comment on the Closed Session items, and the meeting adjourned to closed session at 1:48 pm.</p> <p>CONTRACT RATES Pursuant to Welfare and Institutions Code Section 14087.38(m)</p>	

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	<ul style="list-style-type: none"> • Plan Partner Rates • Provider Rates • DHCS Rates <p>REPORT INVOLVING TRADE SECRET Pursuant to Welfare and Institutions Code Section 14087.38(n) Discussion Concerning New Service, Program, Technology, Business Plan Estimated date of public disclosure: <i>October 2022</i></p> <p>CONFERENCE WITH REAL PROPERTY NEGOTIATORS Pursuant to Section 54956.8 of the Ralph M. Brown Act Property: 2864 W. Imperial Highway, Inglewood, CA Agency Negotiator: John Baackes Negotiating Parties: Upside Crenshaw Holding, LLC, c/o Newmark Merrill Companies Negotiator: Darren Bovard Under Negotiation: Price and Terms of Payment</p>	
RECONVENE IN OPEN SESSION	<p>The meeting reconvened in open session at 2:19 p.m.</p> <p>Ms. Haydel advised the public that no reportable actions were taken during the closed session.</p>	
ADJOURNMENT	<p>The meeting was adjourned at 2:20 pm.</p>	

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

APPROVED BY:


Robert H. Curry, *Chair*
Date Signed 11-24-2020

APPROVED

The following public comments were not read during the meeting due to time constraints.

Text received September 30, 2020 at 12:04 p.m. *(continued from above):*
other victims and I are going to make it happen!

Text received October 4, 11:43 am from Carolyn Navarro

Public comment: I located info online from 2913 showing that Synermed, EHS (who you “had a contract” with and Pacific Alliance shared the same payer ID, along with several other “separate” entities With the same payer ID , how do you explain that?

Text received on October 5, 2020, at 11:22 am, Carolyn Navarro

Oct 26 finance and board relevant more public comment , likely millions handed over to Synermed by LA Care for years while they hid behind “EHS” (who didn’t have any employees, was run by Synermed) but money did not adequately go to patients care, patients are blocked , so WHO benefited from that money? WHERE is that money that was supposed to benefit special needs adults? That was supposed

Text received on October 5, 2020, at 12:40 pm, Carolyn Navarro

WHO has that money that was intended for special needs people?

Text received on October 12, 2020, at 11:39 pm, Carolyn Navarro

Public comment At the Aug 24 meeting where I discovered I could be heard inside my home when I only expected to hear the meeting I asked who that man who addressed me when I asked if I could be heard was and what he said, since the meeting was recorded you should’ve able to look it up , I asked him to repeat what he said and did not hear him do so , also, you locked the public meeting after I stated my concern that I could be heard in my home when I was just listening to your public meeting .

Oct 28, I believe the man refused to repeat his comment to me Aug 24 I already made a Brown Act complaint that he would not repeat his comment and that I was locked out because I could tell you could hear me which wasn’t my problem to fix !

Text received on October 25, 2020, at 2:04 pm, Carolyn Navarro

Public comment, everything I see points to your continued use of Synermed people, I don’t care what other “doing business as” name they hid behind , for years LA Care ignored and even facilitated abuses against patients and now LA Care agents are lying about it or saying they don’t want to discuss it when as a consumer I will ask about it all I want ! Your paying DMHC a fine doesn’t change the fact that your agency lied to and abused enrollees and you continue to do so and use the services of people of people who abuse enrollees.