

# BOARD OF GOVERNORS

## Finance & Budget Committee

### Meeting Minutes – September 27, 2023

1055 W. 7<sup>th</sup> Street, Los Angeles, CA 90017



**L.A. Care**  
HEALTH PLAN

**Members**

Stephanie Booth, MD, *Chairperson*  
Alvaro Ballesteros, MBA  
G. Michael Roybal, MD \*\*  
Nina Vaccaro \*\*

**Management/Staff**

John Baackes, *Chief Executive Officer*  
Sameer Amin, MD, *Chief Medical Officer*  
Terry Brown, *Chief of Human Resources*  
Augustavia Haydel, *General Counsel*  
Linda Greenfeld, *Chief Products Officer*

Alex Li, MD, *Chief Health Equity Officer*  
Tom MacDougall, *Chief Technology & Information Officer*  
Noah Paley, *Chief of Staff*  
Acacia Reed, *Chief Operating Officer*  
Afzal Shah, *Chief Financial Officer*

\*Absent \*\* Via Teleconference

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
<b>CALL TO ORDER</b>	<p>Stephanie Booth, MD, <i>Committee Chairperson</i>, called the L.A. Care and JPA Finance &amp; Budget Committee meetings to order at 1:04 p.m. The meetings were held simultaneously. She welcomed everyone and summarized the process for public comment during this meeting.</p> <ul style="list-style-type: none"> <li>• For those who provided public comment for this meeting by voice message or in writing, L.A. Care is glad that they provided input today. The Committee will hear their comments and they also have to finish the business on the Agenda today.</li> <li>• For people who have access to the internet, the meeting materials are available at the lacare.org website. If anyone needs information about how to locate the meeting materials, they can reach out to L.A. Care staff.</li> <li>• Information for public comment is on the Agenda available on the web site. Staff will read the comment from each person for up to three minutes.</li> <li>• Public comment will be made before the Committee starts to discuss an item. If the comment is not for a specific agenda item, it will be read at the general Public Comment.</li> <li>• Chairperson Booth provided information on how to submit a comment in-person, or live and directly using the “chat” feature.</li> </ul>	
<b>APPROVE MEETING AGENDA</b>	The Agenda for today’s meeting was approved.	<b>Approved unanimously by roll call. 4 AYES (Ballesteros, Booth, Roybal, and Vaccaro)</b>

**APPROVED**

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
PUBLIC COMMENTS	There were no public comments.	
APPROVE CONSENT AGENDA	<ul style="list-style-type: none"> <li>• August 23, 2023 meeting minutes</li> <li>• Language Line Solutions Contract Extension <b><u>Motion FIN 100.1023*</u></b> <b>To extend the existing telephonic interpreting contract term with Language Line Solutions by two years (2024-2026) and add funds in the amount of \$7.8 million for a new contract total of \$20.4 million.</b></li> <li>• TierPoint Contract to provide Disaster Recovery <b><u>Motion FIN 101.1023*</u></b> <b>To authorize staff to execute a contract in the amount of \$6,300,000 with TierPoint to provide Disaster Recovery as a service for the period of October 2023 to October 2028.</b></li> <li>• Cognizant/Trizetto Technology Solutions, Infosys Ltd. and Solugenix Corporation Contract Amendment for Information Technology staff augmentation <b><u>Motion FIN 102.1023*</u></b> <b>To authorize staff to amend contracts with Cognizant/Trizetto Technology Solutions, Infosys Ltd. and Solugenix Corporation, (total increase of \$17,340,000) for Information Technology staff augmentation services through September 30, 2024.</b></li> <li>• NICE Systems, INC. to provide an Engage Quality Monitoring Cloud Based platform with Real-Time Authentication Contract <b><u>Motion FIN 103.1023*</u></b> <b>To authorize staff to execute a contract in the amount of \$3,500,000 with NICE Systems, INC. to provide an Engage Quality Monitoring Cloud Based platform with Real-Time Authentication for the period of 36-months from October 1, 2023 to October 1, 2026.</b></li> <li>• EPlus Contract to provide Storage Service <b><u>Motion FIN 104.1023*</u></b> <b>To authorize staff to execute a contract in the amount of \$3,500,000 with EPlus to provide Storage Service for the period of October 2023 to October 2028.</b></li> <li>• NetCentric Technologies, Inc. Contract Amendment</li> </ul>	<p>Approved unanimously by roll call. 4 AYES</p> <p>The Committee approved to include FIN 100, FIN 101, FIN 102, FIN 103, FIN 104, FIN 105 and FIN 106 to the Consent Agenda for the October 5, 2023 Board of Governors meeting.</p>

**APPROVED**

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p><b><u>Motion FIN 105.1023*</u></b> To authorize staff to amend the contract with NetCentric Technologies, Inc. to add \$975,000 in funds, bringing the total contract total not to exceed \$2,390,000 for the period of October 1, 2023 to September 30, 2026.</p> <ul style="list-style-type: none"> <li>• Ntooitive Contract (FIN 106)</li> </ul> <p><b><u>Motion FIN 106.1023*</u></b> To authorize staff to execute a new statement of work with Ntooitive in the amount of \$12,340,575 for marketing campaigns for L.A. Care’s direct lines of business, including the LACC Shop and Compare Tool, and the Community Resource Centers for the period of October 1, 2023 through September 30, 2024.</p> <ul style="list-style-type: none"> <li>• Toney Healthcare Contract Amendment (FIN A)</li> </ul> <p><b><u>Motion FIN A.0923*</u></b> To authorize staff to amend a contract in the amount of \$400,000 (total contract amount \$1,400,000) with Toney HealthCare to provide consulting services to the EPO Department for the period of August 1, 2023 to September 30, 2024.</p>	
<b>CHAIRPERSON’S REPORT</b>	There was no report by the Chairperson.	
<p><b>CHIEF EXECUTIVE OFFICER’S REPORT</b></p> <ul style="list-style-type: none"> <li>• Sponsorships &amp; Grants Reports</li> <li>• Resources Connection, LLC dba Resources Global Professionals (RGP) Contract Amendment</li> </ul>	<p>John Baackes, Chief Executive Officer, deferred his CEO report to the Executive Committee immediately following this meeting. He referred the Committee to the written Grants &amp; Sponsorship report included in the meeting materials.</p> <p>Mr. Baackes presented a motion for Resources Connection, LLC dba Resources Global Professionals (RGP), requesting approval to amend a contract for \$850,000, effective through December 31, 2023. RGP will provide compliance advisory support for the planning and coordination of the current Compliance Officer’s departure as well as support for onboarding a new Compliance Officer. These services are included in a new Scope of Work 2 effective through March 31, 2023, for a total not to exceed \$510,000.</p> <p><b><u>Motion FIN 107.1023</u></b> To authorize staff to amend a contract in the amount of \$1,360,000 (total contract amount not to exceed \$4,715,000 ), with Resources Connection, LLC dba Resources Global Professionals (RGP) to provide Internal Audit services through December 31, 2023 and compliance support services through March 31, 2024.</p>	<p><b>Approved unanimously by roll call. 4 AYES</b> <b>The Committee approved to include FIN 170 to the Consent Agenda for the October 5, 2023 Board of Governors meeting.</b></p>

**APPROVED**

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
<b>COMMITTEE ITEMS</b>		
<p><b>Chief Financial Officer's Report</b></p> <ul style="list-style-type: none"> <li>Financial Report</li> </ul>	<p>Jeffrey Ingram, <i>Deputy Chief Financial Officer</i>, reported on the July 2023 Financial Performance. <i>(A copy of the report can be obtained by contacting Board Services.)</i></p> <p><u>Membership</u>  July 2023 membership was about 2.9 million members; 28.5 million Year-to-Date (YTD). A drop from last month because July is the first month of disenrollments from redeterminations. The forecast assumed about a 1% drop in membership due to redeterminations. With only one month of data, it is too early to know if this trend will hold up; staff will continue to monitor. The previous forecast error double counting Duals Special Needs Plan (DSNP) membership under Medi-Cal was adjusted in the 9+3 forecast.</p> <p><u>Consolidated Financial Performance</u>  The net surplus for July was \$107 million; \$68 million favorable to the forecast when Housing and Homelessness Incentive Program (HHIP) and Incentive Payment Program (IPP) are excluded.</p> <p>From an operating margin standpoint, July was favorable to the forecast by \$60 million. Revenue was favorable \$26 million. The main drivers are the \$23 million Long-Term Care (LTC) add-on revenue and the \$9 million Major Organ Transplant risk corridor. Offsetting those items was \$5.6 million in unfavorability due to an additional adjustment to the In-Home Support Services (IHSS) reconciliation.</p> <p>Healthcare costs were \$67 million favorable, which was primarily driven by lower fee-for-service claims, especially in inpatient services. This includes the offset of the higher LTC revenue mentioned earlier.</p> <p>Administrative expenses were unfavorable to the forecast by \$2.2 million. For the majority of the year, Admin has been favorable due to timing and the catch up of that is starting to be seen now. Administrative expenses are expected to be unfavorable through the end of the year. Non-operating is favorable \$7.6 million vs the forecast driven by interest income due to higher interest rates.</p> <p>YTD, there was a \$457 million surplus. When HHIP and IPP are excluded the surplus was \$349 million; \$64 million favorable to the forecast. This is the first month comparing actuals to the new 9+3 forecast so all of the YTD variances are the same as those previously discussed for the month of July.</p>	

**APPROVED**

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	<p><u>Operating Margin by Segment</u> The Medical Care Ratios (MCR) by segment were all close to forecast. Earlier in the year, it was reported that the MCR for DSNP had been lower than expected. It does appear to be correcting itself as the fiscal year progresses. Overall MCR is 92.1% vs 92.7% in the forecast, when HHIP/IPP are excluded.</p> <p><u>Key Financial Ratios</u> The key financial ratios are all ahead of benchmarks as in previous months. The only exception is cash to claims, which will not fully recover until the IHSS balances are settled with the DHCS.</p> <p><u>Tangible Net Equity and Days of Cash on Hand</u> July 2023 Fund Balance was \$1.55 billion, which represents 662% of Tangible Net Equity. For the month of July, we currently have enough cash to cover operating expenses for the next 78 days.</p> <p><b><u>Motion FIN 108.1023</u></b> <b>To accept the Financial Reports for July 2023, as submitted.</b></p>	<p><b>Approved unanimously by roll call. 4 AYES</b></p>
<ul style="list-style-type: none"> <li>Monthly Investment Transactions Reports</li> </ul>	<p>Mr. Ingram referred to the investment transactions reports included in the meeting materials (<i>a copy of the report is available by contacting Board Services</i>). This report is to comply with the California Government Code as an informational item. L.A. Care's total investment market value as of July 31, 2023 was \$2.7 billion.</p> <ul style="list-style-type: none"> <li>\$2.6 billion managed by Payden &amp; Rygel and New England Asset Management (NEAM)</li> <li>\$35 million in Local Agency Investment Fund</li> <li>\$79 million in Los Angeles County Pooled Investment Fund</li> </ul>	
<p>Public Comments on the Closed Session agenda items.</p>	<p>There were no public comments.</p>	
<p><b>ADJOURN TO CLOSED SESSION</b></p>	<p>The Joint Powers Authority Finance &amp; Budget Committee meeting adjourned at 1:20 p.m.</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 1:21 p.m.</p> <p>CONTRACT RATES Pursuant to Welfare and Institutions Code Section 14087.38(m)</p>	

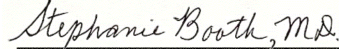
**APPROVED**

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<ul style="list-style-type: none"> <li>• Plan Partner Rates</li> <li>• Provider Rates</li> <li>• DHCS Rates</li> </ul> <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>September 2025</i></p>	
<b>RECONVENE IN OPEN SESSION</b>	<p>The meeting reconvened in open session at 1:38 pm.</p> <p>Augustavia J. Haydel, Esq., <i>General Counsel</i>, advised the public that no reportable action from the closed session.</p>	
<b>ADJOURNMENT</b>	<p>The meeting adjourned at 1:39 p.m.</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:

DocuSigned by:  
  
Stephanie Booth, MD, *Chairperson*  
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Date Signed 11/2/2023 8:57 AM PDT

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