

**BOARD OF GOVERNORS**  
**Executive Committee**

**Meeting Minutes – May 22, 2024**

1055 West 7<sup>th</sup> Street, 1<sup>st</sup> Floor, Los Angeles, CA 90017



**L.A. Care**  
 HEALTH PLAN

**Members**

Alvaro Ballesteros, MBA, *Chairperson*  
 Ilan Shapiro MD, MBA, FAAP, FACHE,  
*Vice Chairperson*  
 Stephanie Booth, MD, *Treasurer*  
 John G. Raffoul, *Secretary\**

\*Absent

**Management/Staff**

John Baackes, *Chief Executive Officer\**  
 Sameer Amin, MD, *Chief Medical Officer*  
 Terry Brown, *Chief of Human Resources*  
 Augustavia J. Haydel, Esq., *General Counsel*  
 Todd Gower, *Interim Chief Compliance Officer*  
 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*

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
<b>CALL TO ORDER</b>	Alvaro Ballesteros, <i>Chairperson</i> , called to order the regular meetings of the L.A. Care Executive Committee and the L.A. Care Joint Powers Authority Executive Committee regular meetings at 2:10 p.m. The meetings were held simultaneously. He welcomed everyone to the meetings.  He provided information on how to submit comments in-person or electronically.	
<b>APPROVE MEETING AGENDA</b>	The Agenda for today’s meeting was approved.	<b>Approved unanimously. 3 AYES (Ballesteros, Booth and Shapiro)</b>
<b>PUBLIC COMMENT</b>	There were no public comments.	
<b>APPROVE MEETING MINUTES</b>	The minutes of the April 24, 2024 meeting were approved.	<b>Approved unanimously. 3 AYES</b>
<b>CHAIRPERSON’S REPORT</b>	There was no report from the Chairperson.	
<b>CHIEF EXECUTIVE OFFICER REPORT</b>	John Baackes, <i>Chief Executive Officer</i> , reported that California’s Governor released the May Revision to the 2024-25 State Budget, which will be reviewed by the legislature for approval. Disappointingly, the revision eliminates Medi-Cal funding from the managed care organization (MCO) tax adopted a year ago, directing tax revenue to the general fund instead to help close the budget gap. The MCO tax revenue was expected to be	

**APPROVED**

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	<p>\$2.6 billion this year, more next year and most of the funding was pushed to later years. Funding from the 2024 tax to improve Medi-Cal reimbursement to 87.5% of Medicare reimbursement is secure for about 760 aid codes. There will be an initiative on the November 2024 ballot to secure proceeds to improve Medi-Cal reimbursement. The action by the Governor to divert proceeds exemplifies the need for the ballot initiative to secure the tax proceeds for the intended purpose of increasing Medi-Cal reimbursement to providers.</p> <p>There will be 17 propositions on the November ballot. When it was agreed to adopt the MCO tax with a portion going to the general fund the Governor did not oppose or endorse the ballot initiative. The initiative becomes even more important going forward to secure funding.</p> <p>At the end of December 2023, L.A. Care was notified that an adjustment would be made to 2023 Medi-Cal rates based on the acuity of the members. It was a long and complicated explanation. Regulators also noted that all health plans reported surplus revenue last year. The amount originally proposed for retroactive reduction was \$81 million, a portion of which L.A. Care will pass on to plan partners. The balance of \$50 million plus loss was reported in L.A. Care’s 2024 financial report. Late last week L.A. Care was informed that they have expanded the categories of Medicaid subject to the acuity adjustment, and the retroactive negative adjustment will now be more than \$199 million, representing more than 40% of 2023 operating income. The adjustment will be reflected in L.A. Care’s FY 2023-24 financial statements. A main motivation can be interpreted as helping California solve the state budget shortfall. This illustrates that a health plan can never actually close the books because regulators can retroactively adjust reimbursement. The funding subject to the retroactive adjustment is under the 1.5% approval limit for Centers for Medicare and Medicaid Services (CMS). Every state has the ability to make retroactive adjustments up to 1.5% under CMS rules.</p> <p>Board Member Booth asked about the effect on the ballot initiative if the Governor opposes. Mr. Baackes responded that if the Governor opposes the ballot initiative, it could influence voters. It would be best if the Governor remains neutral.</p> <p>Board Member Shapiro asked about alternatives to the disbursement of the MCO tax. He is hearing from providers that the MCO tax would benefit the community. Mr. Baackes responded that the coalition is sticking together. The California Hospital Association, the Medical Associations, the California Primary Care Association, Planned Parenthood California, California Association of Health Plans, Local Health Plans of</p>	

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	<p>California and SEIU are main groups in the coalition for the ballot initiative. The Governor's office previewed the planned Budget Revise and asked the coalition to withdraw the ballot initiative, offering funding in 2026. The coalition declined the offer. There is now pressure being applied on individual constituencies in the coalition by the Governor's office, to peel them away from the ballot initiative. At a meeting of the Hospital Association of Southern California, Carmela Coyle, President of California Hospital Association was explaining this. A small portion of the MCO tax went to the hospitals, but members of that industry know that it is important for the whole system to have more funding, to attract more doctors to participate particularly at the primary care level, because the safety net hospitals and emergency rooms are overrun if there are insufficient primary care doctors in the community. The coalition is together and will stay together through the ballot initiative process.</p>	
<ul style="list-style-type: none"> <li>Government Affairs Update</li> </ul>	<p>Cherie Compartore, <i>Senior Director, Government Affairs</i>, reported:</p> <p><u>California State Budget May Revise</u></p> <ul style="list-style-type: none"> <li>A new children's hospital directed payment program was included in the May Revise to be funded through the MCO tax proceeds.</li> <li>The equity and practice transformation (EPT) payments for providers was defunded from \$700 million to \$140 million. This was a five-year program in which L.A. Care participated and L.A. Care has 46 enrolled practices in the EPT program. L.A. Care is exploring options with trade associations to oppose the cut and working with the California Department of Health Care Services (DHCS) on alternative funding.</li> <li>The budget revise proposes to eliminate adult Medi-Cal acupuncture benefit.</li> <li>In Home Supportive Services (IHSS) workers receive Medi-Cal benefits. California's undocumented population is eligible for Medi Cal, and also was supposed to receive IHSS services. The Budget Revise pulls back the IHSS services for the undocumented.</li> <li>The budget proposes to eliminate the Backup Provider System for IHSS which allows a Medi-Cal member access to alternate providers if the primary provider is unavailable to work. In Los Angeles County, providers can access a register and arrange coverage for up to 80 backup provider hours per year.</li> <li>The May Revise significantly reduces local public health funding for counties. This was enacted during the pandemic. Funding supports local and statewide emergency preparedness. For Los Angeles County alone, it would be about a \$47 million loss in funding.</li> </ul>	

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	<ul style="list-style-type: none"> <li>There is a proposal to increase directed payments to public hospitals, but the amount of funding is not clear. L.A. Care will continue to monitor this proposal, which appears to use an administrative fee that goes into the general fund.</li> </ul> <p>A main budget bill is expected to pass the legislature by June 15 and will be sent to the Governor for signature. Over the summer and even the fall months, it is likely that details will be negotiated for various budget legislation.</p>													
<b>COMMITTEE ISSUES</b>														
<p>Approve Revisions to Human Resources Policies: <b>(EXE A)</b></p> <ul style="list-style-type: none"> <li>HR-112 (Leave of Absence)</li> <li>HR-125 (Sick Leave for Per Diem, Part-Time, and Non-Regular Employees)</li> <li>HR-301 (Background Checks)</li> <li>HR-312 (Recruitment)</li> </ul>	<p>Terry Brown, <i>Chief of Human Resources</i>, summarized a motion to approve human resource policies.</p> <ul style="list-style-type: none"> <li>Leave of absence policy is revised to include reproductive loss leave, which was enacted by the legislature at the beginning of this year. In conversation with Board Member Booth, it became evident that a statement that the leave would be prorated for the number of hours that an employee is actually working should be added.</li> <li>Sick leave policy was revised to equalize the benefits under section 4.1 and 3.8 to reflect that 80 hours can be accrued, as required by law.</li> <li>Background check policy has been moved into the new template. Specific positions have been identified for background checks every three years for key positions with the organization. L.A. Care will make sure that there's no intervening activity that would have been reported in the background check upon hire. In conversation with Board Member Booth regarding the background check policy it was noticed that the internal reporting statement was inadvertently omitted and will be reinserted.</li> <li>Recruitment policy was revised to include diversity equity and inclusion statements suggested by our NCQA health equity consultant to help better achieve health equity certification.</li> </ul> <table border="1" data-bbox="499 1149 1577 1401"> <thead> <tr> <th>Policy Number</th> <th>Policy</th> <th>Section</th> <th>Description of Modification</th> </tr> </thead> <tbody> <tr> <td>HR-112</td> <td>Leave of Absence</td> <td>Employee Relations</td> <td>Revisions to include Reproductive Loss Leave section 3.3.6</td> </tr> <tr> <td>HR-125</td> <td>Sick Leave for Per Diem, Part-Time, and</td> <td>Benefits</td> <td>Expanded 4.1 on how sick leave may be used; Updated</td> </tr> </tbody> </table>	Policy Number	Policy	Section	Description of Modification	HR-112	Leave of Absence	Employee Relations	Revisions to include Reproductive Loss Leave section 3.3.6	HR-125	Sick Leave for Per Diem, Part-Time, and	Benefits	Expanded 4.1 on how sick leave may be used; Updated	
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		Non-Regular Employees		3.1 to reflect 80 hours to be consistent with 3.4	Approved unanimously as amended. 3 AYES
	HR-301	Background Checks	Employment	Transferred policy into new template and changes to section 4.4.1	
	HR-312	Recruitment	Employment	Revisions to include diversity, equity, and inclusion (DE&I) updates in section 4.4.3	
	<p><b><u>Motion EXE A.0524</u></b>  <b>To approve the Human Resources Policies HR-112 (Leave of Absence), HR-125 (Sick Leave for Per Diem, Part-Time, and Non-Regular Employees), HR-301 (Background Checks), HR-312 (Recruitment), <del>presented</del> as amended.</b></p>				
<p>Proposal for Meeting State Requirements for Community Advisory Committees (CAC), Approval of motion to begin 30-day posting of revised CAC Operating Rules (<b>EXE 100</b>)</p>	<p>Mr. Baackes reported that L.A. Care has been working with the consumer advisory committee members to comply with provisions in the new Medi-Cal contract. Mr. Baackes and Sameer Amin, <i>Chief Medical Officer</i>, met with all eleven of the Regional Community Advisory Committees (RCACs) in the first four months of 2024. Based on those meetings, the proposal for restructuring the advisory committees was refreshed.</p> <p>The members of the Temporary Transitional Executive Community Advisory Committee (TTECAC) approved the restructure concepts at the May 14 meeting.</p> <p>Based on the TTECAC approval, new Operating Rules have been drafted. The Executive Committee is requested to review the proposed amendments to the Operating Rules and approve the launch of a 30-day review period. If the Committee approves the motion today, a final approval could be placed on the June 26 Executive Committee agenda.</p> <p>The refreshed proposal includes requirement in the contract to have a selection committee for determining the members of the RCACs. RCAC members would elect a chair, and the chair becomes a member of the Executive Community Advisory Committee (ECAC). The selection committee will have six members, three chosen by the ECAC, two community representatives from various community-based organizations, and Alex Li, MD, L.A. Care's <i>Chief Health Equity Officer</i>.</p>				

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	<p>There will be eight RCAC geographic areas, based on the Los Angeles County Service Planning Areas (SPAs) which have been used for decades to track important health informatics. The data generated for the SPAs will help inform L.A. Care’s RCACs about health conditions and issues in the communities they represent.</p> <p>There are currently 140 RCAC members. The proposal includes eight committees with 25 members each, for a total of 200 community advisory committee members, an increase of 60 members.</p> <p>The proposal includes doubling the amount of meeting stipend, with six meetings annually for each RCAC.</p> <p>RCAC members will serve a maximum of two four-year terms, to assure there is some turnover in the committee members.</p> <p>The proposal does not include community round table meetings. The community round tables originally proposed would have been comprised of RCAC members, and meetings would have had less structure than RCAC meetings.</p> <p>To open RCAC meetings for informal discussion, the agenda for RCAC meetings will be revised to include more time for open discussion or topic driven discussion.</p> <p>TTECAC approved this in a vote of ten supporting with one opposing vote.</p> <p>If the motion is approved today, the revised Operating Rules will be posted for a 30-day public comment period and then brought back to this Committee for review of the comments and final approval of the Operating Rules, which could be revised based on input during the 30-day posting.</p> <p>Board Member Booth suggested rewording the section on Function and Role to clarify that the consumer advisory committees assist in the development of L.A. Care’s services by providing input on the topics listed, to ensure a realistic expectation of the consumer member role. Board Member Booth also noted inconsistency in the maximum number of members in two sections, on page 6 and page 9. Chairperson Ballesteros encouraged Board members to provide comments to Francisco Oaxaca, <i>Chief of Communications and Community Relations</i>, so input can be considered on June 26.</p> <p><b><u>Motion EXE 100.0624</u></b>  <b>To authorize staff to publicly post proposed revisions to the Consumer Advisory Committee Operating Rules with information that the Executive Committee will</b></p>	<p>Approved unanimously.  <b>3 AYES</b></p>

**APPROVED**

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	<p><b>consider and take action on such amendments on June 26, 2024, and with information on how feedback can be sent to L.A. Care during the 30-day posting period, and direct staff to report all feedback to the Board and Temporary Transitional Executive Community Advisory Committee (TTECAC).</b></p> <p>At the June 6 Board Meeting, Board Members Gonzalez and Vazquez will report about the May 14 TTECAC meeting and the action taken on the refreshed proposal.</p> <p>Francisco Oaxaca, <i>Chief of Communications and Community Outreach &amp; Engagement</i>, responded to a question about RCAC meetings, that the RCACs met in March and April to discuss the proposed changes. The TTECAC has been meeting monthly, and for the past several months members have discussed these changes. There will be a pause in RCAC meetings for the approval of the proposed changes and the RCAC member selection process to reach as close as possible to the 200 member target.</p> <p>The current 140 active members will transition into the new RCACs and there is a waiting list of about 90 potential members already recruited who have completed applications and are just waiting for the selection committee process.</p> <p>Mr. Baackes had guaranteed that all existing RCAC members will be placed in a RCAC and will start their first four-year term. There should be no delay in scheduling RCAC meetings because every RCAC will have members. All current 140 members have been placed in a new RCAC. One RCAC will begin with 32 members, the maximum number of members is 35 in the redlined operating rules.</p> <p>This process will enable a timely implementation of the restructure after many months of discussions with RCAC members, with final approval by the Executive Committee at the June 26 meeting.</p> <p>RCAC meetings are held in alternating months. RCACs will begin meeting in August and by the end of September each new RCAC will have met. TTECAC will review the same redlined version of the revised operating rules. The 30-day comment period is not just for the public at large to comment but also for Board member comments. Mr. Oaxaca noted that the support from the TTECAC members was almost unanimous. Consumer board members are also supportive. L.A. Care has been very responsive to the comments received from RCAC and TTECAC members.</p> <p>Mr. Baackes noted that Board Member Vazquez attended the opening of the new Community Resource Center in Panorama City last week.</p>	

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	<p>Chairperson Ballesteros suggested that L.A. Care consider doing a relaunch party or gathering. Mr. Oaxaca noted that in the past there has been an annual gathering, the team is already working on how to bring that back. The annual gathering included all the RCAC members in one place for an event. Mr. Oaxaca will provide more information at future Board meetings.</p> <p>Dr. Amin commented that during the May TTECAC meeting, one of the biggest voices as a proponent was a RCAC Chair. She was speaking the praises of L.A. Care for acknowledging their input and that the proposal was updated and everybody can support it. She was a key facilitator of the entire group, and we appreciated her support. Mr. Oaxaca noted that her comments that stuck with him were those reminding TTECAC Members the reasons they are there and the right reasons to be there, and it is not about stipends or other benefits to each person, but they are there to represent the members and contribute to the health plan and make it better. It was compelling for Mr. Oaxaca because TTECAC members do not speak out that way very often, and it was nice to hear.</p> <p>Chairperson Ballesteros thanked Mr. Oaxaca for all the hard work.</p>	
Approve Consent Agenda	<p>Approve the list of items that will be considered on a Consent Agenda for June 6, 2024 Board of Governors Meeting.</p> <ul style="list-style-type: none"> <li>• May 2, 2024 meeting minutes</li> <li>• Quarterly Investment Report</li> </ul>	<b>Approved unanimously. 3 AYES</b>
<b>PUBLIC COMMENTS</b>	There were no public comments.	
<b>ADJOURN TO CLOSED SESSION</b>	<p>The Joint Powers Authority Executive Committee meeting adjourned at 2:52 pm.</p> <p>Augustavia J. Haydel, Esq., <i>General Counsel</i> announced the items for discussion in closed session. She announced there is no report anticipated from the closed session. The meeting adjourned to closed session at 2:53 pm.</p> <p>REPORT INVOLVING TRADE SECRET Pursuant to Welfare and Institutions Code Section 14087.38(n) Discussion Concerning New Service, Program, Business Plan Estimated date of public disclosure: <i>May 2026</i></p>	



AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p>CONTRACT RATES Pursuant to Welfare and Institutions Code Section 14087.38(m)</p> <ul style="list-style-type: none"> <li>• Plan Partner Rates</li> <li>• Provider Rates</li> <li>• DHCS Rates</li> </ul> <p>THREAT TO PUBLIC SERVICES OR FACILITIES Government Code Section 54957 Consultation with: Tom MacDougall, <i>Chief Information &amp; Technology Officer</i>, and Gene Magerr, <i>Chief Information Security Officer</i></p> <p>CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION Significant exposure to litigation pursuant to Section 54956.9(d)(2) of Ralph M. Brown Act: Three Potential Cases</p> <p>CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION Pursuant to Section 54956.9(d)(1) of the Ralph M. Brown Act L.A. Care Health Plan’s Notice of Contract Dispute under Contract No. 04-36069 Department of Health Care Services (Case No. Unavailable)</p> <p>CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION Pursuant to Section 54956.9(d)(1) of the Ralph M. Brown Act</p> <ul style="list-style-type: none"> <li>• Department of Managed Health Care Enforcement Matter Numbers: 18-799, 20-063, 21-428, 21-509, 21-680</li> <li>• Department of Health Care Services, Office of Administrative Hearings and Appeals, In the matter of: L.A. Care Health Care Plan Appeal No. MCP22-0322-559-MF</li> </ul> <p>CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Pursuant to Section 54956.9(d)(1) of the Ralph M. Brown Act Jones v. L.A. Care Health Plan, L.A. Superior Court Case No. 23STCV04081</p> <p>PUBLIC EMPLOYEE PERFORMANCE EVALUATION, PUBLIC EMPLOYMENT and CONFERENCE WITH LABOR NEGOTIATOR Sections 54957 and 54957.6 of the Ralph M. Brown Act Title: Chief Executive Officer Agency Designated Representative: Alvaro Ballesteros, MBA Unrepresented Employee: John Baackes</p>	

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RECONVENE IN OPEN SESSION	The meeting reconvened in open session at 3:57 pm. No reportable actions were taken during the closed session.	
ADJOURNMENT	The meeting adjourned at 4:57 pm	

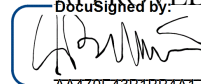
Respectfully submitted by:

Linda Merkens, *Senior Manager, Board Services*

Malou Balones, *Board Specialist III, Board Services*

Victor Rodriguez, *Board Specialist II, Board Services*

APPROVED BY:



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Alvaro Ballesteros, MBA, *Board Chairperson*

Date: 7/13/2024 | 2:28 PM PDT

**APPROVED**