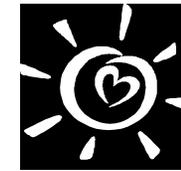


**BOARD OF GOVERNORS**  
**Executive Committee**

**Meeting Minutes – May 24, 2021**

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



**L.A. Care**  
 HEALTH PLAN

**Members**

Hector De La Torre, *Chairperson*  
 Al Ballesteros, *Vice Chairperson*  
 Robert H. Curry, *Treasurer*  
 Layla Gonzalez, *Secretary*  
 Stephanie Booth, MD  
 Hilda Perez

**Management/Staff**

John Baackes, *Chief Executive Officer*  
 Terry Brown, *Chief Human Resources Officer*  
 Linda Greenfeld, *Chief Product 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, *Chief Operating Officer*  
 Richard Seidman, MD, MPH, *Chief Medical Officer*

**California Governor issued Executive Order No. 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
<b>CALL TO ORDER</b>	<p>Hector De La Torre, <i>Chairperson</i>, called to order the L.A. Care Executive Committee and the L.A. Care Joint Powers Authority Executive Committee meetings at 2:04 p.m. The meetings were held simultaneously. He welcomed everyone to the meetings.</p> <ul style="list-style-type: none"> <li>• For those who provided public comment for this meeting by voice message or in writing, we are really glad that you provided input today. The Committee will hear your comments and we also have to finish the business on our Agenda today.</li> <li>• If you have access to the internet, the materials for today’s meeting are available at the lacare.org website. If you need information about how to locate the meeting materials, please let us know.</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>• The Chairperson will invite public comment before the Committee starts to discuss the item. If the comment is not on a specific agenda item, it will be read at the general Public Comment item 2 on today’s agenda.</li> </ul>	

**APPROVED**

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
<b>APPROVE MEETING AGENDA</b>	The Agenda for today's meeting was approved.	<b>Approved unanimously by roll call. 6 AYES (Ballesteros, Booth, Curry, De La Torre, Gonzalez and Perez)</b>
<b>PUBLIC COMMENTS</b>	There were no public comments.	
<b>APPROVE MEETING MINUTES</b>	The minutes of the April 26, 2021 meeting were approved as submitted.	<b>Approved unanimously by roll call. 6 AYES</b>
<b>CHAIRPERSON'S REPORT</b>	<p>Chairperson De La Torre noted that last week, California's Governor submitted his 2021-22 budget proposal to the Legislature. There is a lot of money in the budget proposals, most of it is one-time funding. Health care is not a one-time obligation, it did not surprise him that there was not more funding for health care, as most investments for health care are ongoing. He knows there is a concern about what is lacking in the budget proposal for health related funding. This could change as the Legislature submits input over the next three weeks. Despite the fact there is between \$35 and \$70 billion additional dollars being proposed for this year's budget, he does not expect any new money to go toward health care.</p> <p>The other wild card are events in Washington, D.C. and a potential for additional federal funding that would be ongoing investments in Medi-Cal or Medicare. We will wait to see what that looks like when the final package is actually moving through the U.S. House of Representatives to the Senate. Federal funding requires Senate approval, and it is tough to get legislation through the Senate, so that funding may not be promising.</p> <p>He advised caution with news about funding at both the Sacramento and the Washington, D.C. levels, as L.A. Care may not see any of it. We should not be surprised by that as the priority in Sacramento is for one-time dollars, and the priority in Washington, D.C. is to get legislation approved by the U.S. Senate, even if not through a bi-partisan vote, which will be difficult.</p>	
<b>CHIEF EXECUTIVE OFFICER REPORT</b>	<p>John Baackes, <i>Chief Executive Officer</i>, reported:</p> <ul style="list-style-type: none"> <li>L.A. Care continues with good financial performance compared to the 3+9 forecast in January. Part of the issue is that last year financial results were poor due to the pandemic. The budget was developed in late 2020 amid an economic recession and</li> </ul>	

**APPROVED**

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	<p>before the vaccines were distributed, and the financial projections were grim. There was a good start to the fiscal year and the financial projection improved in the 3+9 forecast. Since then the financial performance has exceeded the forecast. Operating income is positive by \$118 million, and \$156 million favorable to the forecast.</p> <ul style="list-style-type: none"> <li>• Behind that positive performance are two financial initiatives that started early in the pandemic: 1) a restructuring for efficiency internally, to use resources as efficiently as possible and 2) continue with the changes that begun in 2016 with the matrix structure, to eliminate silos and build in more accountability to the organization. It has taken time, and it is working. When the pandemic began, staff took the opportunity to review, eliminate duplication and consolidate. The result is an administrative budget that is \$12 million favorable to the forecast.</li> <li>• The other big initiative was in Health Services, in a two-part approach: <ol style="list-style-type: none"> <li>1) To look at contractual arrangements with hospitals, and recognize opportunity to move from fee for service (FFS) to capitation, which many of the hospitals prefer. Many contracts have been completed and many more are in the pipeline.</li> <li>2) L.A. Care looked at utilization management (UM) to find ways to make sure members were getting the care they needed and resources are used appropriately.</li> </ol> </li> <li>• These efforts are ongoing, and contribute to the positive financial performance results across the organization. This also makes L.A. Care stronger and ready for the new programs starting in January 2022. As has been discussed, there will be the biggest changes in Medicaid since the Affordable Care Act was implemented in January 2014. New benefits will be added, such as Enhanced Care Management, In Lieu of Services, and Population Health Management, among others. L.A. Care is preparing for the changes that are coming, and there will be a lot of work over the summer to make those new programs successful. Reports will be provided at future meetings on the work being done and how the new programs will affect L.A. Care's members.</li> <li>• Mr. Baackes reported that surprisingly, on May 4, California Department of Managed Health Care (DMHC) announced a settlement with Employee Health Systems (EHS), and vacated the cease and desist order. In November 2017, L.A. Care notified EHS that it would terminate its contract effective January 31, 2018, based on whistleblower complaints that had surfaced a month earlier. In December 2017, the DMHC issued a cease and desist order requiring that all nine health plans that were doing business with EHS terminate their contracts. EHS sued the DMHC, and the settlement was recently announced. L.A. Care does not have details about the</li> </ul>	

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	<p>settlement, which may have included an undisclosed financial payment to EHS. This raises questions for L.A. Care about its former relationship with EHS, and what may come from the settlement with DMHC. This was a major item when it happened and has continued to be an issue for L.A. Care and other health plans.</p> <p>Chairperson De La Torre noted that, because litigation was involved for other entities, Board Members are cautioned not to discuss this at this time, and asked Mr. Baackes to describe what this announcement might mean for L.A. Care.</p> <p>Mr. Baackes responded that the cease and desist order with EHS is vacated and EHS may resume activities. Board Members should know that because L.A. Care voluntarily terminated the contract with EHS for reasons both with and without cause, the removal of the cease and desist order does not mean L.A. Care must contract again with EHS. If EHS requests a contract, a response could be that, in keeping with its policy to strengthen the directly contracted provider network, L.A. Care is not contracting with independent physician associations (IPAs) unless it would provide access to providers that are not currently available in the L.A. Care network. When the EHS contract was terminated, most of the providers continued to participate in L.A. Care’s network through other IPAs with which L.A. Care was doing business, and some providers contracted directly with L.A. Care. It is not likely that L.A. Care would do business with EHS again.</p>	
<p><b>Government Affairs Update</b></p>	<p>Cherie Compartore, <i>Senior Director, Government Affairs</i>, reported that California’s Governor released the May Revise to the state budget, which included:</p> <ul style="list-style-type: none"> <li>• Expanding Medi-Cal full-scope coverage to the undocumented 60+ years of age (currently coverage includes undocumented up to age 26)</li> <li>• Restores Medi-Cal optional benefits indefinitely</li> <li>• Provides 12 months’ postpartum benefit</li> <li>• Permanent extension of audio only telehealth services at reduced rates</li> <li>• Permanent proposition 56 tobacco tax payments</li> <li>• Revert state subsidy funding for Covered CA to the General Fund and gather public input on spending the savings by the state</li> <li>• Funding for health information exchanges (HIE)</li> <li>• American Rescue Plan Act funding for broadband access</li> </ul>	

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	<p>There are many one-time funding proposals which the Governor and the Legislature will work on as the budget is negotiated in the next few weeks. A budget is expected to be passed by June 15, with budget trailer bills to be worked on, which will likely take until September, 2021.</p>	
<p>L.A. Care Cafeteria Plan Amendment</p>	<p>Terry Brown, <i>Chief Human Resources Officer</i>, summarized a motion to update the Cafeteria Plan for L.A. Care employees, to align the plan with the Consolidated Appropriations Act which was passed at the end of 2020.</p> <p>L.A. Care maintains the L.A. Care Health Plan Cafeteria Plan (the “Plan”) for the benefit of its eligible employees. The Plan was previously restated effective June 1, 2017.</p> <p>The proposed amendment would amend the Plan to clarify the extension of the Health Flexible Savings Account (FSA) claims submission deadline for 2019 medical expenses in accordance with subsequent Department of Labor guidance, and extend the Health FSA claims submission deadline for 2020 in accordance with that guidance.</p> <p><b><u>Motion EXE A.0521</u></b>  <b>To approve the amendment to the L.A. Care Health Plan Cafeteria Plan, as submitted.</b></p>	<p><b>Approved unanimously by roll call. 6 AYES</b></p>
<p>Human Resources Policy HR-221 (Transfer and Promotion)</p>	<p>Mr. Brown reviewed a motion to revise HR-221, Transfer and Promotions Policy. The revisions clarify that the CEO has the ability to define processes and exercise discretion on promotions and transfers. He responded to questions from Member Booth, explaining that individuals may have one or both a title change or a salary change. Member Booth noted that the stated authority of the CEO seems overly broad. Mr. Brown indicated that the statement is to recognize that other human resource policies delegate the authority to the CEO and the statement is intended to clarify that this policy does not override other delegations of authority.</p> <p>Augustavia Haydel, <i>General Counsel</i>, added that there are also provisions for both Compliance Officer and the Chief Financial Officer to report directly to the Board of Governors. Ms. Haydel noted that the Board can take action to de-delegate the CEO’s authority if necessary. Mr. Brown stated that L.A. Care’s Chief Officers could also raise any issues with the Board of Governors.</p>	

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	<p><b>Motion EXE B.0521</b>  <b>Approve Human Resources Policy &amp; Procedure HR-221 (Transfers and Promotions) providing discretion to the Chief Executive Officer (including his respective designees) to determine Transfers, Promotions and Demotions, as submitted.</b></p>	<p><b>Approved unanimously by roll call. 5 AYES</b>  <b>(Ballesteros, Booth, Curry, De La Torre and Gonzalez)</b>  <i>Ms. Perez experienced a brief technical problem and was not able to vote.</i></p>
<p><b>Approve the Consent Agenda for June 3, 2021 Board of Governors meeting</b></p>	<p>Approve the list of items that will be considered on a Consent Agenda for June 3, 2021 Board of Governors Meeting.</p> <ul style="list-style-type: none"> <li>• Minutes of May 6, 2021 Board of Governors Meeting</li> <li>• Imagenet, LLC Contract Amendment</li> <li>• <i>L.A. Care Health Plan Joint Powers Authority Authorized Signatories all Bank &amp; Investment Accounts</i></li> <li>• 2021 Internal Audit Services Work Plan</li> <li>• Revised Legal Services Policy LS-005 (Fair Hearing for Competency Decision)</li> </ul>	<p><b>Approved unanimously by roll call. 6 AYES</b>  <b>(Ballesteros, Booth, Curry, De La Torre, Gonzalez and Perez)</b></p>
<p><b>PUBLIC COMMENTS</b></p>	<p>There were no public comments for the closed session items.</p>	
<p><b>ADJOURN TO CLOSED SESSION</b></p>	<p>Augustavia J. Haydel, Esq., <i>General Counsel</i>, announced the items to be discussed in closed session. She announced there is no report anticipated from the closed session. The meeting adjourned to closed session at 2:41 p.m.</p> <p><b>CONTRACT RATES</b>  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><b>REPORT INVOLVING TRADE SECRET</b>  Pursuant to Welfare and Institutions Code Section 14087.38(n)  Discussion Concerning New Service, Program, Business Plan  Estimated date of public disclosure: <i>May 2023</i></p> <p><b>CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION</b>  Significant exposure to litigation pursuant to Section 54956.9(d) (2) of Ralph M. Brown Act  Two Potential Cases</p>	

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION Significant exposure to litigation pursuant to Section 54956.9(d)(2) of Ralph M. Brown Act: One Potential case	
<b>RECONVENE IN OPEN SESSION</b>	The meeting reconvened in open session at 3:20 p.m. No reportable actions were taken during the closed session.	
<b>ADJOURNMENT</b>	The meeting adjourned at 3:20 p.m.	

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:

\_\_\_\_\_  
 Hector De La Torre, *Chair*

Date: \_\_\_\_\_

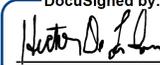
**APPROVED**

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APPROVED BY:

DocuSigned by:



Hector E. La Torre, *Chair*

Date: 6/28/2021 | 4:27 PM PDT

**APPROVED**