

# BOARD OF GOVERNORS

## Finance & Budget Committee

### Meeting Minutes – August 23, 2022

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

#### Members

Ilan Shapiro MD, MBA, FAAP, FACHE, *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 of Human Resources*  
 Augustavia Haydel, *General Counsel*  
 James Kyle, MD, *Chief of Equity & Quality Medical Director*  
 Tom MacDougall, *Chief Technology & Information Officer*  
 Marie Montgomery, *Chief Financial Officer*  
 Noah Paley, *Chief of Staff*  
 Acacia Reed, *Chief Operating Officer*  
 Richard Seidman, MD, MPH, *Chief Medical Officer*

State and local officials continue to impose or recommend measures to promote social distancing to reduce transmission of the COVID 19 virus. It is prudent to use caution in protecting the health of the public, L.A. Care’s employees and its members where adequate virtual means exist to permit the meeting to occur by teleconference/videoconference with the public being afforded the ability to comment in real time. The Board of Governors and all legislative bodies of the L.A. Care Health Plan, and the Board of Directors and all legislative bodies of the Joint Powers Authority will continue to meet virtually and the Boards will review that decision on an on-going basis as provided in the Brown Act. Members of the public had the opportunity to listen to the meeting via teleconference, and share their comments via voicemail, email, or text.

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
<b>CALL TO ORDER</b>	<p>Ilan Shapiro MD, <i>Committee Chairperson</i>, called the L.A. Care and JPA Finance &amp; Budget Committee meetings to order at 1:06 p.m. He welcomed everyone and summarized the process for public comment during this meeting.</p> <p>Board Meetings are conducted electronically so that everyone participating can be safe and practice social distancing. 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 participate by submitting comments.</p> <p>Comments from anyone who would like to address the Board and its committees are welcome and there are instructions on the Agenda. Staff sends all comments received before the meeting to the Board members in writing. All public comment is included in the minutes of the meeting, and any comments received that were not read during the meeting are added at the end of the minutes.</p>	

**APPROVED**

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	<p>Submitters of public comment must identify the Agenda item which the comment is addressing. If the submitter does not identify an agenda item for the comment to be read, the submitter's comment will be read for three minutes at the "Public Comment" item. At the appropriate item on the Agenda, staff will read for three minutes the public comment from each submitter. Depending on how many comments are submitted, the three-minute time could be adjusted to allow for more submitters to have their comments read. The Board will continue reviewing and improving how public comments are received and distributed to Board members.</p>	
<p><b>APPROVE MEETING AGENDA</b></p>	<p>The Agenda for today's meeting was approved.</p>	<p><b>Approved unanimously by roll call. 4 AYES (Booth, De La Torre, Perez, and Shapiro)</b></p>
<p><b>PUBLIC COMMENTS</b></p>	<p>There were no public comments.</p>	
<p><b>APPROVE CONSENT AGENDA</b></p>	<p>Board Member Booth requested clarification on the OptumInsight, Inc. contract amendment. The contract with Optum is for various projects and various scopes of work. Acacia Reed, <i>Chief Operating Officer</i>, explained that the services in this motion are for post-adjudication/pre-payment rule-based claims editing. These services are necessary to detect, investigate, and prevent fraud, waste, and/or abuse. Staff will provide Board Member Booth with additional details offline.</p> <p>Board Member Booth asked how the services fit together from Verizon and AT&amp;T. Tom MacDougall, <i>Chief Information and Technology Officer</i>, explained that L.A. Care utilizes Verizon's contact center network platform to obtain toll-free (1-800 number) services that are an essential component of communication between L.A. Care and its members, providers, and business partners. This is important for business continuity. Staff will provide Board Member Booth with more details offline.</p> <ul style="list-style-type: none"> <li>• June 28, 2022 meeting minutes</li> <li>• Quarterly Investment Report <b><u>Motion FIN 100.0922</u></b> <b>To accept the Quarterly Investment Report for the quarter ending June 30, 2022, as submitted.</b></li> </ul>	

**APPROVED**

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	<ul style="list-style-type: none"> <li>• Consolidated Allocation of Funds for Non-Travel Meals and Catering &amp; Other Expenses <b><u>Motion FIN 101.0922</u></b> To approve the allocation of funds to support L.A. Care’s Projects with Non-Travel Meals and Catering and Other Expenses exceeding \$10,000 in the total amount of \$500,190 for FY 2022-2023.</li> <li>• OptumInsight, Inc. Contract Amendment SOW #6 <b><u>Motion FIN 102.0922</u></b> To authorize staff to create amendment #1 of SOW #6 to increase the contract amount from \$3,411,300 to \$6,559,012 (incremental increase of \$3,147,712) and extend the term through December 31, 2025. This amendment will allow OptumInsight, Inc. continue to support L.A. Care with Claims Editing services.</li> <li>• Verizon Business Contract Amendment <b><u>Motion FIN 103.0922</u></b> To authorize staff to amend the contract with Verizon in the amount of \$1.9 million, total contract not to exceed \$2.8 million, to continue to provide toll-free phone services for members, providers, and business partners through June of 2023.</li> <li>• UpHealth, Inc. (formerly Thrasys, Inc.) Contract Amendment <b><u>Motion FIN 104.0922</u></b> To amend the existing contract with UpHealth (formerly Thrasys, Inc.) in the amount of \$2,160,000, total contract not to exceed \$7,843,808, for continued professional services through July 31, 2023.</li> <li>• North Star Alliances, LLC Contract Amendment <b><u>Motion FIN 105.0922</u></b> To authorize staff to increase the total funds available in the existing contract with North Star Alliances, LLC by \$2,100,000 provide event planning, logistics, staffing and execution services through October 1, 2023.</li> <li>• Center for the Study of Services Contract <b><u>Motion FIN A.0822</u></b> To authorize staff to execute a contract with Center for the Study of Services (CSS) September 1, 2022 through July 31, 2023 for an amount not to exceed \$1,245,715, to conduct the 2022 member experience survey.</li> </ul>	<p>Approved unanimously by roll call. 4 AYES</p> <p>The Committee approved including FIN 100, FIN 101, FIN 102, FIN 103, FIN 104 and FIN 105 on the Consent Agenda for the September 1, 2022 Board of Governors’ meeting.</p> <p>FIN A and FIN B do not require full Board approval.</p>

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	<ul style="list-style-type: none"> <li>Iron Mountain Contract (<b>FIN B</b>) <b><u>Motion FIN B.0822</u></b> <b>To authorize staff to enter into a new 5-year service agreement with Iron Mountain in an amount not to exceed \$1.5 million.</b></li> </ul>	
<b>CHAIRPERSON'S REPORT</b>	Chairperson Shapiro noted that he has been with L.A. Care for some time now. The changes in the country, in the state and in Los Angeles County are eye opening, and will impact enrollment and L.A. Care's finances. L.A. Care needs to have a clear view of events, but there are a lot of clouds in front of us right now. It is important to strategize. We do not want to be pessimistic and we need to make the right choices and have plans to be prepared for impacts to our community and our public health system.	
<b>CHIEF EXECUTIVE OFFICER'S REPORT</b>	<p>John Baackes, <i>Chief Executive Officer</i>, reported on significant impacts to L.A. Care enrollment and financials in the next 18 months:</p> <ul style="list-style-type: none"> <li>The end of the public health emergency will initiate an eligibility re-determination process for Medi-Cal beneficiaries, which is now expected to occur in early 2023.</li> <li>Members enrolled with Kaiser through L.A. Care (253,000) will be directly enrolled with Kaiser in January 2024.</li> <li>Residents between the ages of 26 and 49 who are eligible for Medi-Cal, regardless of immigration status, will be able to enroll in January 2024.</li> <li>Some categories of fee-for-service Medi-Cal beneficiaries will be moved into managed care in January 2023.</li> </ul>	
<b>COMMITTEE ITEMS</b>		
<b>Chief Financial Officer's Report</b> <ul style="list-style-type: none"> <li>Financial Report - June 2022</li> <li>9+3 Forecast Update</li> <li>FY 2022-23 Operating and Capital Budget.</li> </ul>	<p>Marie Montgomery, <i>Chief Financial Officer</i>, presented the Financial Reports for June 2022, 9+3 Forecast Updated, and the FY 2022-23 Operating and Capital Budget (<i>a copy of the presentation can be requested by contacting Board Services</i>).</p> <p><u>Membership</u> June 2022 membership of 2,625,607 was 90,104 members favorable to the 3+9 forecast; approximately 215,000 member months favorable to the forecast year-to-date (YTD). The forecast assumed re-determination of eligibility for Medi-Cal would resume in March and membership would begin a steady decline for the year. The enrollment of undocumented adults over 50 was included in the forecast of additional membership over a six-month period beginning in May. That membership, however, has enrolled at a quicker rate and</p>	

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	<p>higher number than expected. Membership for L.A. Care’s commercial products is also favorable and includes L.A. Care Covered (LACC) at almost 116,000 members; above the forecast by 6,000 members.</p> <p><u>Consolidated Financial Performance</u>  There was a \$12 million net deficit for June, \$28 million unfavorable to the 3+9 forecast. There was a \$43 million net surplus YTD, \$38 million unfavorable to the forecast. The 3+9 forecast assumed a surplus of \$111 million; the 9+3 forecast projects to end the year at a \$25 million surplus.</p> <p><u>Variance Walk (3+9 Forecast vs 9+3 Forecast)</u>  The largest of the main drivers of the variances is in the incurred claims, which are \$162 million unfavorable, which is significant. However, there are related mitigating items. There was \$92 million in institutional rate re-estimation revenue and \$49 million in accrued recoveries for corrected claims; a total of \$141 million. Institutional rate re-estimation is retroactive to January 2022, and includes the impact of more institutional members than was included in the forecast.</p> <p>Corrected claims amounts, reported with the May 2022 financial results, address previously paid claims that the California Department of Health Care Services (DHCS) did not accept as valid patient encounters. If not corrected, the provider would not receive the full amount due from the private hospital directed payments pool.</p> <p>Another significant item is the \$52 million unfavorable Community Based Adult Services (CBAS) claims. Services are scheduled to go back in-center in October and Staff is working internally on corrective actions related to the higher utilization.</p> <p>Administrative expense is \$34.5 million unfavorable, which includes \$55 million regulatory fines offset by the \$20.5 million reversal of the PCORI fee accrual. Non-Operating expense is \$11.3 million unfavorable, largely due to unrealized losses of \$23.5 million on investments.</p> <p><b><u>FY 2022-23 Budget Assumptions</u></b></p> <p><u>Membership</u>  The forecast assumes the public health emergency would end in October 2022, with disenrollment to begin in February 2023. It is now known that this will be delayed further and the Staff will update its impact in the next forecast. The projection of 13% annual decrease in Medi-Cal membership will spread out over the remainder of the fiscal year. Those losses will be offset by the California Advancing and Innovating Medi-Cal (CalAIM)</p>	

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	<p>mandatory managed care initiative. It is expected that 104,000 additional members will enroll beginning in January 2023 and continuing over the next four months.</p> <p><u>Membership FY 2022-23 Projections</u> Overall, projected membership loss for FY 2022-23 is expected to be 67,000 members or 2.5%, however member months are still expected to grow by approximately 2 million (6.4%). Combined segment membership is projected to be just below 2.7 million members by September 30, 2023. Cal MediConnect (CMC) members will transition to Dual Eligible Special Needs Plan (D-SNP). PASC enrollment is relatively flat. For LACC, net enrollment (retained and new) is projected to increase to 125,000 members during the open enrollment period as LACC is once again priced lowest for all metal tiers in both regions. This presents an opportunity for growth for LACC.</p> <p><u>FY 2022-23 Revenue Assumptions</u></p> <ul style="list-style-type: none"> <li>• The forecast assumes a 3.5% increase for Medi-Cal. The draft rates from the State are expected in September but it won't be a complete rate package until December 2022 before the rate period begins.</li> <li>• The 10% rate increase stays in place until October 2023, one year after the end of the public health emergency.</li> <li>• Satisfactory and unsatisfactory immigration status rates are the same. Separate rates are expected from DHCS by December 2022.</li> <li>• D-SNP revenue for calendar 2023 are based on L.A. Care's bid presented to the Centers for Medicare and Medicaid Services (CMS), which has been approved.</li> <li>• LACC revenues are based on rate filing with Covered CA and L.A. Care assumes no change in Risk Adjustment Factor (RAF) from the estimated 2021 rate, which is .75.</li> </ul> <p><u>Health Care Cost Assumptions</u> For fee-for-costs trends, L.A. Care looked at the most recent run rate period and projected forward; and adjusted for seasonality in that projection. For CBAS, Staff assumed the services will move back in center in October and see lower utilization. Staff is working on other mitigation strategies. For capitation, staff assumed a similar mix of shared risk and dual risk. If there are movements from one risk arrangement to another, staff will incorporate into future forecasts. D-SNP assumptions align with the bid submitted to CMS. For LACC, staff assumed the RAF is unchanged at .75 for risk adjusted capitation contracts.</p>	

FY 2021-22 9+3 Forecast vs FY 2022-23 Budget

The increase in member months of almost 2 million is a primary driver of the \$858 million increase in revenue. The assumed rate increases also contributed to this increase. There are related increases to medical expenses; overall L.A. Care is projecting a \$19 million decrease in operating margin. The Medical Cost Ratio (MCR) increases from 93.4% to 94.2%.

The 9+3 forecast projects to end this fiscal year with a net surplus of \$25 million which includes the fines of \$55 million, PCORI fees adjustment of \$20.5 million and unrealized losses of \$29 million. Excluding these items, the net surplus would have been closer to \$88 million.

The budget projects a net surplus of \$80 million for FY 2022-23.

For non-operating expenses, interest income is projected to increase due to the higher interest rate environment. Staff is not projecting unrealized losses in the Budget but that could occur.

Chairperson De La Torre commented that he is impressed and proud that L.A. Care's MCR is 93% and 94% for medical cost. Medicaid/Medicare's MCR is 95%. Medi-Cal is a lot harder than Medicare and L.A. Care is putting 93-95% of every dollar into medical care. This is amazing.

Shared Risk & Provider Incentives Assumptions

The shared risk expense for the upcoming fiscal year is flat to 9+3 forecast. The Provider Incentive Budget does not include CalAIM Incentive Payment Program.

Administrative Expenses

Administrative expense decreases \$8.5 million overall. Staff is adjusting administrative expenses for three items: the regulatory fines, the PCORI fees and Navitus expenses (due to the carve-out of the Medi-Cal pharmacy benefit on January 1, 2022).

On an adjusted basis, administrative expense increased \$32 million. The main drivers to the increase are salaries, benefits and broker commissions. Salaries and benefits are driven by higher FTEs and includes a 4.5% merit increase. Broker commissions increased \$7 million including LACC and D-SNP, based on continued greater reliance on the broker channel for new sales and retention.

Community Programs

The budgeted amounts for the grant programs are lower than the current fiscal year. The decreases are for Elevating the Safety Net (ESN) spending. On May 5, 2022, L.A. Care's

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	<p>Board of Governors approved investing the remaining ESN funds for an additional five years across key programs.</p> <p>The Budget book has further details on the programs.</p> <p><u>Operating Margin</u> Overall MCR increases from 93.4% to 94.2%.</p> <ul style="list-style-type: none"> <li>• Plan Partners projected to decrease from 95.7% to 95.0%</li> <li>• SPD/CCI increases from 94.5% to 96.1%.</li> <li>• TANF/MCE increases from 92.4% to 94.9%.</li> <li>• CMC decreases from 86.3% to 77.7% as the program phases out.</li> <li>• D-SNP projected at 89.7% for the first nine months of the program.</li> <li>• Commercial decreases from 87.2% to 83.9%.</li> </ul> <p><u>Opportunities and Risks</u></p> <ul style="list-style-type: none"> <li>• For the Medi-Cal rate increase, the State is incorporating changes to the county-wide averaging including a new risk adjustment methodology and a quality component. In addition, the rates will be split between SIS and UIS (Satisfactory and Unsatisfactory Immigration Status). Overall, staff is hoping to do better than the assumed 3.5% rate increase.</li> <li>• Higher LACC membership is possible given the price position.</li> <li>• CBAS could be better or worse depending on the effectiveness of L.A. Care mitigation measure and the return to in center.</li> <li>• On the risk side, SB 510 has not been decided in the courts. There is potential exposure to COVID testing costs for retroactive periods depending on the outcome.</li> </ul> <p><u>Balance Sheet Comparison</u> The projected total fund equity of almost \$1.2 billion at the end of September 2023. The Board Designated funds of almost \$108 million projected at the end of the current fiscal year and \$119 million for FY 2022-23.</p> <p><u>Board Designated Funds Forecast as of September 30, 2022</u> The Community Health Investment Fund is projected to have \$11 million at fiscal year-end. For the Workforce Development Initiative or ESN, staff is projecting \$74.5 million and, \$22 million for Community Resource Centers (CRCs) maintenance and expansion.</p>	

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	<p><u>Tangible Net Equity (TNE) + Days of Cash On-Hand Comparison</u> The projected September 2022 TNE is 527% and 43 days of cash on-hand. The projection TNE for the FY 22-23 budget is 540% and 42 days of cash on-hand.</p> <p><u>FY 2022-23 Capital Projects and Programs</u> Tom MacDougall, <i>Chief Information &amp; Technology Officer</i>, presented and provided an overview of the Capital Projects for FY 2022-23.</p> <table border="1" data-bbox="478 423 1566 1068"> <thead> <tr> <th colspan="5" data-bbox="478 423 1566 532">L.A. Care Health Plan Capital Projects Fiscal Year 2022-2023 (dollars in thousands)</th> </tr> <tr> <th data-bbox="478 532 1045 586">Project Description</th> <th data-bbox="1045 532 1241 586">Business Owner</th> <th data-bbox="1241 532 1346 586">Capital Expense</th> <th data-bbox="1346 532 1482 586">Operating Expense</th> <th data-bbox="1482 532 1566 586">Total</th> </tr> </thead> <tbody> <tr> <td>CalAIM</td> <td>Health Services</td> <td>\$ 1,024</td> <td>\$ 226</td> <td>\$ 1,250</td> </tr> <tr> <td>Care Catalyst - New HS Clinical System</td> <td>Ops/Health Services</td> <td>2,696</td> <td>1,462</td> <td>4,158</td> </tr> <tr> <td>Clinic Based Assignment and FQHC APM</td> <td>Provider/Health Services</td> <td>1,180</td> <td>635</td> <td>1,816</td> </tr> <tr> <td>CMS Interoperability Mandate</td> <td>I.T.</td> <td>1,264</td> <td>557</td> <td>1,821</td> </tr> <tr> <td>DSNP Product Launch</td> <td>Product</td> <td>1,102</td> <td>1,004</td> <td>2,106</td> </tr> <tr> <td>Edifecs Program</td> <td>Ops</td> <td>150</td> <td>90</td> <td>240</td> </tr> <tr> <td>Oracle Upgrade</td> <td>I.T.</td> <td>1,934</td> <td>1,090</td> <td>3,024</td> </tr> <tr> <td>Performance Optimization Program (Enterprise &amp; Network)</td> <td>EPO/Ops</td> <td>2,252</td> <td>1,240</td> <td>3,492</td> </tr> <tr> <td>Portals Strategy</td> <td>Product</td> <td>1,300</td> <td>700</td> <td>2,000</td> </tr> <tr> <td>Provider Roadmap</td> <td>Provider</td> <td>2,051</td> <td>2,428</td> <td>4,479</td> </tr> <tr> <td>QNXT Insourcing</td> <td>I.T.</td> <td>3,676</td> <td>1,257</td> <td>4,933</td> </tr> <tr> <td>SAP/ERP</td> <td>Finance</td> <td>2,816</td> <td>704</td> <td>3,520</td> </tr> <tr> <td>Security Enhancements Initiative</td> <td>I.T.</td> <td>1,100</td> <td>275</td> <td>1,375</td> </tr> <tr> <td>Transparency in Coverage/No Surprises</td> <td>Product</td> <td>650</td> <td>350</td> <td>1,000</td> </tr> <tr> <td>VOICE</td> <td>Customer Service/Ops</td> <td>3,901</td> <td>694</td> <td>4,596</td> </tr> <tr> <td>Leasehold Improvements</td> <td>Facilities</td> <td>18,020</td> <td>-</td> <td>18,020</td> </tr> <tr> <td><b>Total Capital Projects</b></td> <td></td> <td><b>\$ 45,117</b></td> <td><b>\$ 12,711</b></td> <td><b>\$ 57,829</b></td> </tr> </tbody> </table> <p><u>Program Descriptions</u> <u>CalAIM</u> - L.A. Care's staged implementation of the DHCS program to improve quality outcomes and drive delivery system transformation through value based initiatives, modernization of systems, and payment reform. This program expands case management and delivers non-traditional, lower-cost services to address Social Determinants of Health.</p> <p><u>Care Catalyst - New Health Services Clinical System</u>. A multi-year program focused on replacing L.A. Care's Care Management platform to better meet member care coordination needs. Utilization Management capabilities have transitioned to the new platform. Current work focuses on platform optimizations for added efficiency and scalability. Population</p>	L.A. Care Health Plan Capital Projects Fiscal Year 2022-2023 (dollars in thousands)					Project Description	Business Owner	Capital Expense	Operating Expense	Total	CalAIM	Health Services	\$ 1,024	\$ 226	\$ 1,250	Care Catalyst - New HS Clinical System	Ops/Health Services	2,696	1,462	4,158	Clinic Based Assignment and FQHC APM	Provider/Health Services	1,180	635	1,816	CMS Interoperability Mandate	I.T.	1,264	557	1,821	DSNP Product Launch	Product	1,102	1,004	2,106	Edifecs Program	Ops	150	90	240	Oracle Upgrade	I.T.	1,934	1,090	3,024	Performance Optimization Program (Enterprise & Network)	EPO/Ops	2,252	1,240	3,492	Portals Strategy	Product	1,300	700	2,000	Provider Roadmap	Provider	2,051	2,428	4,479	QNXT Insourcing	I.T.	3,676	1,257	4,933	SAP/ERP	Finance	2,816	704	3,520	Security Enhancements Initiative	I.T.	1,100	275	1,375	Transparency in Coverage/No Surprises	Product	650	350	1,000	VOICE	Customer Service/Ops	3,901	694	4,596	Leasehold Improvements	Facilities	18,020	-	18,020	<b>Total Capital Projects</b>		<b>\$ 45,117</b>	<b>\$ 12,711</b>	<b>\$ 57,829</b>	
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	<p>health management and enhancements for Appeals and Grievances are areas of upcoming focus.</p> <p><u>Clinic Based Assignment and Federally Quality Health Clinics (FQHC) alternative payment methodology</u> - Enhancements to better manage the association between health plan members and community clinics in L.A. Care network. This will improve the experience of members receiving care in community clinics, as well as the providers serving them. It is also foundational to the implementation of the Alternative Payment Methodology, which enhances how clinics are compensated for the care provided to members.</p> <p><u>CMS Interoperability Mandate</u> L.A. Care is making a multi-phase investment in provider and member data portability in accordance with CMS requirements. Current investments focus on patient access and provider directory application programming interfaces (APIs) to improve information accessibility and drive better health outcomes. Future work will focus on payer-to-payer interfaces to ensure timely and efficient benefits coordination and transitions.</p> <p><u>DSNP Product Launch</u> Under the CalAIM initiative, the DHCS is transitioning CalMedi-Connect and Coordinated Care Initiative members to a statewide Managed Long-Term Services and Supports (MLTSS) and Dual Eligible Special Needs Plan (D-SNP) structure. L.A. Care is developing and deploying a fully-integrated D-SNP product and eliminating its existing CMC product in the fourth calendar quarter of 2022.</p> <p><u>Encounters &amp; Risk Adjustment / EDIFECS</u> Through several phased implementations, L.A. Care is adding capabilities to its encounter data management system. Recent implementations have included the Edge Server, which improved the quality, quantity, and frequency of encounter submissions to CMS. Current improvements are focused on data produced for risk adjustment, and future work is expected to focus on improved extraction of encounter data for regulatory audiences and internal end-users.</p> <p><u>Oracle Upgrade</u> To ensure security and robust functionality, this initiative is to upgrade L.A. Care's Oracle database infrastructure and extend the life of the asset.</p>	

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	<p><u>Performance Optimization Program (Enterprise &amp; Network)</u>  This initiative is building data management and reporting tools to support L.A. Care’s Enterprise Performance Optimization Program (EPOP) and Network Performance Optimization Program (NPOP). EPOP improves monitoring of the performance of non-delegated enterprise functions. NPOP monitors the performance of all entities in L.A. Care’s service delivery model across lines of business.</p> <p><u>Portals Strategy</u>  Target improvements in L.A. Care’s portal infrastructure serving members and providers.</p> <p><u>Provider Roadmap</u>  This is a multi-year, cross-functional program focused on improving L.A. Care’s provider data quality and management, including enhancements to data intake, standardization and validation, storage, reporting, and operational use. Improvements are targeted at both technical infrastructure and business processes.</p> <p><u>QNXT Insourcing</u>  L.A. Care is making progressive investments in its claims platform, with current work focused on the scalability and flexibility of development and test environments. This is to improve the performance and cost-effectiveness of L.A. Care’s claims infrastructure.</p> <p><u>SAP/ERP – Finance System</u>  L.A. Care is continuing its implementation of SAP for financial management functions. After the successful deployment of Revenue Automation and the ERP including Accounts Payable, General Ledger, Cash Automation, Managerial Reporting, Project Costs/Allocations and Fixed Assets, current work is focused on modernizing Budgeting and Forecasting, Financial Reporting and Analytics, Procurement Management and implementing a Broker Commission system. The SAP/ERP strategic project is expected to complete the original project scope by the end of the next fiscal year.</p> <p><u>Security Enhancements Initiative</u>  The Security Enhancement Project makes infrastructure and process changes to improve the overall security posture for L.A. Care IT. This includes reviewing existing network design, virtualization architecture, and security tooling to ensure it meets and exceeds modern security standards and best practices. This project will also introduce tools to automate patching and endpoint configuration to enable L.A. Care to maintain its security posture.</p>	

**APPROVED**

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p><u>Transparency in Coverage/No Surprises</u> L.A. Care is deploying functionality to support two federal requirements. Plans in the individual and large group market are required by the CMS Transparency in Coverage Final Rule to make available certain data/information pertaining to cost-sharing, cost of services, and aggregated out-of-network claims data, provided on a per provider, per service basis. Additionally, the No Surprise Act prohibits balance billing of members for receiving out-of-network care. The rule also requires plans to provide an advance Explanation of Benefits (EOB) for covered services for in/out of network providers and/or facilities, as requested.</p> <p><u>VOICE Program</u> A multi-year modernization of L.A. Care’s customer service infrastructure, focused on improving the quality and efficiency of member services. This includes upgrades for PCI compliance (protecting the privacy of payment information), as well as improvements in telephonic caller authentication, self-service telephonic features, member call back features, and customer relationship management (CRM) applications for member- and provider-facing services.</p> <p><b><u>Motion FIN 106.0922</u></b> <b>To accept the Financial Reports for June 2022, as submitted.</b></p> <p><i>Board Members De La Torre, Shapiro and Perez may have financial interests in Plans, Plan Participating Providers or other programs and as such should consider refraining from the discussion of such issues. In order to expedite the process, those Board Members’ vote on the Budget reflects a vote concerning the entire budget excluding those items for which the member is abstaining, as identified:</i></p> <ul style="list-style-type: none"> <li>• <u>Community Programs/ Community Resource Centers</u> Board Chairperson De La Torre</li> <li>• <u>Community Programs/ Provider Recruitment, Residency Support, Community Programs including Community Clinic/ Scope Programs</u> Board Member Shapiro</li> <li>• <u>Community Programs/ Community Programs Promotoras and Health Promoter Program</u> Board Member Perez</li> </ul> <p><b><u>Motion FIN 107.0922</u></b> <b>To approve the Fiscal Year 2022-23 Operating and Capital Budget, as submitted.</b></p>	<p><b>Approved unanimously by roll call. 3 AYES (Booth, De La Torre, and Shapiro)</b> <i>(Board Member Perez experienced technical difficulties and was not able to vote.)</i></p> <p><b>Approved unanimously by roll call. 3 AYES</b> <i>Board Members De La Torre and Shapiro considered not to be voting on the sections of the Budget for which there might be a potential financial conflict of interest.</i>  <i>(Board Member Perez experienced technical difficulties and was not able to vote.)</i></p>
<ul style="list-style-type: none"> <li>• Monthly Investment Transactions Reports</li> </ul>	<p>Ms. Montgomery referred to the investment transactions reports included in the meeting materials <i>(a copy of the report can be obtained by contacting Board Services)</i>. This report is provided to</p>	

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p>the Committee to comply with the California Government Code and is presented as an informational item. L.A. Care's total investment market value as of June 30, 2022 was \$1.8 billion.</p> <ul style="list-style-type: none"> <li>• \$1.4 billion managed by Payden &amp; Rygel and New England Asset Management (NEAM)</li> <li>• \$73 million in Local Agency Investment Fund</li> <li>• \$254 million in Los Angeles County Pooled Investment Fund</li> </ul>	
<ul style="list-style-type: none"> <li>• Quarterly Internal Policy Reports</li> </ul>	<p>Ms. Montgomery referred to the 3<sup>rd</sup> Quarter Expenditure Reports required by L.A. Care Internal Policies for FY 2021-22 included in the meeting materials (<i>a copy of the reports can be obtained by contacting Board Services</i>). L.A. Care internal policies require reports on expenditures for business related travel expenses incurred by employees, members of the Board of Governors, Stakeholder Committees, and members of the Public Advisory Committees. The Authorization and Approval Limits policy requires reports for executed vendor contracts for all expenditures and the Procurement Policy requires reports for all sole source purchases over \$250,000. These are informational items, and do not require approval.</p> <ul style="list-style-type: none"> <li>• Policy AFS-004 (Non-Travel Expense Report)</li> <li>• Policy AFS-027 (Travel Expense Report)</li> <li>• Policy AFS-006 (Authorization and Approval Limits)</li> <li>• Policy AFS-007 (Procurement)</li> </ul>	
<p>Cognizant Technology Solutions and Solugenix Corporation Contract Amendment for Staff Augmentation</p>	<p>Tom MacDougall, <i>Chief Information and Technology Officer</i>, presented a motion requesting approval to authorize staff to amend contracts with Solugenix and Cognizant in an aggregate amount not to exceed a total of \$4,510,000. In June, 2015, the Board of Governors approved a motion authorizing staff to negotiate contracts with Cognizant, HCL, and Infosys, following a competitive bidding process. In September, 2018, L.A. Care conducted a Request for Proposal (RFP) process that evaluated more than twenty vendors. Cognizant, HCL, Infosys, and Solugenix were selected during that RFP. All of these vendors provided competitive rates and supply resources with the specialized expertise required to support initiatives at L.A. Care. These vendors compete to meet L.A. Care's staff augmentation needs position-by-position, and staff adjust the allocation of dollars between these vendors accordingly. The total cost of the revised contract agreements with the two vendors is \$4,510,000 through March 31, 2023. The primary strategic programs these resources will support are CalAIM, DSNP, VOICE, and Provider Roadmap, along with several smaller projects to improve L.A. Care's value delivery to our members and internal customers.</p>	

**APPROVED**

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p><b><u>Motion FIN 108.0922</u></b>  <b>To authorize staff to amend contracts with Solugenix and Cognizant in an aggregate amount not to exceed a total of \$4,510,000, total contracts not to exceed \$11,263,105, for IT staff augmentation services through March 31, 2023.</b></p>	<p><b>Approved unanimously by roll call. 3 AYES</b>  <i>(Board Member Perez experienced technical difficulties and was not able to vote.)</i></p> <p><b>The Committee approved including this motion on the Consent Agenda for the September 1, 2022 Board of Governors' meeting.</b></p>
<p><b>ADJOURNMENT</b></p>	<p>The Committee did not go into Closed Session.</p> <p>The meeting adjourned at 2:13 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:

\_\_\_\_\_  
Ilan Shapiro MD, MBA, FAAP, FACHE, *Chairperson*  
Date Signed \_\_\_\_\_


**APPROVED**

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p><b><u>Motion FIN 108.0922</u></b>  <b>To authorize staff to amend contracts with Solugenix and Cognizant in an aggregate amount not to exceed a total of \$4,510,000, total contracts not to exceed \$11,263,105, for IT staff augmentation services through March 31, 2023.</b></p>	<p><b>Approved unanimously by roll call. 3 AYES</b>  <i>(Board Member Perez experienced technical difficulties and was not able to vote.)</i></p> <p><b>The Committee approved including this motion on the Consent Agenda for the September 1, 2022 Board of Governors' meeting.</b></p>
<p><b>ADJOURNMENT</b></p>	<p>The Committee did not go into Closed Session.</p> <p>The meeting adjourned at 2:13 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:

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9F19DEE18EF84D2...  
Ilan Shapiro MD, MBA, FAAP, FACHE, *Chairperson*  
Date Signed 9/22/2022 | 9:13 AM PDT

**APPROVED**