



# BOARD OF GOVERNORS MEETING

October 5, 2017 • 2 PM

L.A. Care Health Plan  
1055 W. 7<sup>th</sup> Street, Los Angeles, CA 90017

# About L.A. Care Health Plan



## Mission Statement

L.A. Care's mission is to provide access to quality health care for Los Angeles County's vulnerable and low-income communities and residents and to support the safety net required to achieve that purpose.

## Overview

Committed to the promotion of accessible, affordable and high quality health care, L.A. Care Health Plan (Local Initiative Health Authority of Los Angeles County) is an independent local public agency created by the State of California to provide health coverage to low-income Los Angeles County residents. Serving more than two million members in five product lines, L.A. Care is the nation's largest publicly operated health plan.

L.A. Care Health Plan is governed by 13 board members representing specific stakeholder groups, including consumer members, physicians, federally qualified health centers, children's health care providers, local hospitals and the Los Angeles County Department of Health Services.

L.A. Care advances individual and community health through a variety of targeted activities including a Community Health Investment Fund that has awarded more than \$150 million throughout the years to support the health care safety net and expand health coverage. The patient-centered health plan has a robust system of consumer advisory groups, including 11 Regional Community Advisory Committees (governed by an Executive Community Advisory Committee), four Coordinated Care Initiative Consumer Councils, 35 health promoters and five Family Resource Centers that offer free health education and exercise classes to the community, and has made significant investments in Health Information Technology for the benefit of the more than 10,000 doctors and other health care professionals who serve L.A. Care members.

## Programs

- **Medi-Cal** – In addition to offering a direct Medi-Cal line of business, L.A. Care works with three subcontracted health plans to provide coverage to Medi-Cal members. These partners are Anthem Blue Cross, Care 1st Health Plan, and Kaiser Permanente. Medi-Cal beneficiaries represent a vast majority of L.A. Care members.
- **L.A. Care Covered™** – As a state selected Qualified Health Plan, L.A. Care provides the opportunity for all members of a family to receive health coverage under one health plan in the Covered California state exchange.
- **L.A. Care Covered Direct™** – L.A. Care's first private health plan for all members of a family.
- **L.A. Care Cal MediConnect Plan**– L.A. Care Cal MediConnect Plan provides coordinated care for Los Angeles County seniors and people with disabilities who are eligible for Medicare and Medi-Cal.
- **PASC-SEIU Homecare Workers Health Care Plan** – L.A. Care provides health coverage to Los Angeles County's In-Home Supportive Services (IHSS) workers, who enable our most vulnerable community members to remain safely in their homes by providing services such as meal preparation and personal care services.



## AGENDA

### BOARD OF GOVERNORS MEETING

Thursday, October 5, 2017, 2:00 PM

L.A. Care Health Plan, 1055 W. 7<sup>th</sup> Street, 10<sup>th</sup> Floor, Los Angeles, CA 90017

**DRAFT**

#### Teleconference Call In Information / Teleconference Sites

(855) 846-1604 / (213) 438-5445

Access code: 67163639

#### **Mark Gamble**

Hospital Association of Southern California  
515 S. Figueroa Street, Suite 1300  
Los Angeles, CA 90071-3322

#### **Michael Rembis**

Maui Memorial Medical Center  
221 Mahalani Street, Wailuku, HI 96793

#### **Welcome**

Louise McCarthy, *Chair*

1. Approve today's Agenda *Chair*
2. Public Comment *Chair*
3. Approve September 7, 2017 meeting minutes <sup>p.15</sup> *Chair*
4. Approve Consent Agenda Items *Chair*
  - Revised 2017 Board of Governors and Committee meeting schedule **(BOG 100)** <sup>p. 33</sup>
  - Care Harbor Sponsorship **(BOG 101)** <sup>p. 35</sup>
  - Revised Annual Investment Policy AFS-008 **(FIN 100)** <sup>p. 37</sup>
  - Motion in Compliance with Policy AFS 004 (Non-Travel and Other Related Expenses)
    - o RCAC Meetings **(FIN 101)** <sup>p. 59</sup>
  - Healthx Contract Amendment **(FIN 102)** <sup>p. 60</sup>
  - Infosys Contract Amendment **(FIN 103)** <sup>p. 61</sup>
  - Authorize spending with Cognizant, FlexTech, HCL, and Infosys for staff augmentation expenditures **(FIN 104)** <sup>p. 62</sup>
  - Oracle Contract Amendment **(FIN 105)** <sup>p. 63</sup>
  - Authorization to contract with vendors for translation and interpreting services **(FIN 106)** <sup>p. 64</sup>
  - RCAC/CCI Membership **(ECA 100)** <sup>p. 67</sup>
5. Chairperson's Report *Chair*
6. Chief Executive Officer Report  
John Baackes  
*Chief Executive Officer*

#### **Motion for Consideration**

7. Cognate, Inc. Contract to provide services for the Total Provider Management program **(BOG 102)** <sup>p. 99</sup>  
Dino Kasdagly  
*Chief Operating Officer*
8. Change Healthcare Contract **(BOG 103)** <sup>p. 100</sup>  
Dino Kasdagly

#### **Advisory Committee Reports**

9. Executive Community Advisory Committee  
Hilda Perez/Layla Gonzalez-Delgado  
*Consumer member and Advocate member*

## Standing Committee Reports

Executive Committee

*Chair*

10. Committee Report

Finance & Budget Committee

Michael Rembis, *Committee Chair*

11. Chief Financial Officer's Report

Marie Montgomery

- Approval of Financial Reports **(FIN 107)** <sup>p. 107</sup>
- Monthly Investment Transactions Report

*Chief Financial Officer*

## ADJOURN TO CLOSED SESSION (Estimated time: 30 minutes)

*Chair*

12. REPORT INVOLVING TRADE SECRET

Pursuant to Welfare and Institutions Code Section 14087.38(n)

Discussion Concerning New Product Lines, Technology

*Estimated date of public disclosure: October 2019*

13. CONTRACT RATES

Pursuant to Welfare and Institutions Code Section 14087.38(m)

- Plan Partner Rates
- Provider Rates
- DHCS Rates

14. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to Section 54956.9(d)(2) of the Ralph M. Brown Act: one case

15. CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION

Pursuant to Section 54956.9(d)(1) of the Ralph M. Brown Act

L.A. Care Health Plan v. OneBeacon Professional Insurance, Inc. et al.,

Case No. 2:16-cv-04810-VAP(AGR<sub>x</sub>)

## RECONVENE IN OPEN SESSION

*Chair*

## Adjournment

*Chair*

**The next meeting is scheduled on Thursday, December 7, 2017 at 2 pm  
at L.A. Care Health Plan, 10<sup>th</sup> Floor, 1055 W. 7<sup>th</sup> Street, Los Angeles, CA 90017**

Please keep public comments to three minutes or less.

The order of items appearing on the agenda may change during the meeting.

If a teleconference location is listed at the top of this agenda, the public can participate in the meeting at that location.

Teleconference arrangements listed at the top of this Agenda may change prior to the meeting. L.A. Care may make the teleconference number available to the public. If you wish to listen to the meeting by telephone, you can confirm details with L.A. Care Board Services staff prior to the meeting by calling (213) 694-1250, extension 4183 or 4184.

**THE PUBLIC MAY ADDRESS THE BOARD OF GOVERNORS ON ALL MATTERS LISTED ON THE AGENDA BY FILLING OUT A "REQUEST TO ADDRESS" FORM AND SUBMITTING THE FORM TO L.A. CARE STAFF PRESENT AT THE MEETING BEFORE THE AGENDA ITEM IS ANNOUNCED. YOUR NAME WILL BE CALLED WHEN THE ITEM YOU ARE ADDRESSING IS DISCUSSED. THE PUBLIC MAY ALSO ADDRESS THE BOARD ON L.A. CARE MATTERS DURING PUBLIC COMMENT. AN AUDIO RECORDING OF THE MEETING IS MADE TO ASSIST IN WRITING THE MINUTES AND IS RETAINED FOR 30 DAYS.**

**NOTE: THE BOARD OF GOVERNORS CURRENTLY MEETS ON THE FIRST THURSDAY OF MOST MONTHS AT 2:00 P.M. POSTED AGENDA and PRINTED MEETING MATERIALS ARE AVAILABLE FOR INSPECTION at Board Services, 1055 W. 7<sup>th</sup> Street – 10<sup>th</sup> Floor, Los Angeles, California 90017.**

Any documents distributed to a majority of the Board Members regarding any agenda item for an open session after the agenda has been posted will be available for public inspection at Board Services, L.A. Care Health Plan, 1055 W. 7<sup>th</sup> Street, 10<sup>th</sup> Floor, Los Angeles, CA 90017, during regular business hours, 8:00 a.m. to 5:00 p.m., Monday – Friday.

*Meetings are accessible to people with disabilities. Individuals who may require any accommodations (alternative formats – i.e., large print, audio, translation of meeting materials, interpretation, etc.) to participate in this meeting and wish to request an alternative format for the agenda, meeting notice, and meeting packet may contact L.A. Care's Board Services Department at (213) 694-1250. Notification at least one week before the meeting will enable us to make reasonable arrangements to ensure accessibility to the meetings and to the related materials.*



## Schedule of Meetings October 2017

Monday	Tuesday	Wednesday	Thursday	Friday
<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b> <i>Board of Governors</i> <i>2 pm</i>	<b>6</b>
<b>9</b>	<b>10</b>	<b>11</b> <i>ECAC</i> <i>10 am</i> <i>(for approx. 3 hours)</i>	<b>12</b>	<b>13</b>
<b>16</b> <i>RCAC 2</i> <i>10 am</i> <i>(for approx. 2-1/2 hours)</i>  <i>RCAC 5</i> <i>2 pm</i> <i>(for approx. 2-1/2 hours)</i>	<b>17</b> <i>RCAC 3</i> <i>9:30 am</i> <i>(for approx. 2-1/2 hours)</i>	<b>18</b>	<b>19</b> <i>RCAC 10</i> <i>1 pm</i> <i>(for approx. 2-1/2 hours)</i>  <i>RCAC 6</i> <i>3 pm</i> <i>(for approx. 2-1/2 hours)</i>	<b>20</b> <i>RCAC 1</i> <i>10 am</i> <i>(for approx. 2-1/2 hours)</i>
<b>23</b>	<b>24</b> <i>CCI 4</i> <i>1 pm</i> <i>(for approx. 2-1/2 hours)</i>	<b>25</b> <i>CCI 3</i> <i>10 am</i> <i>(for approx. 2-1/2 hours)</i>  <i>Finance &amp; Budget</i> <i>1 pm</i> <i>(for approx. 1 hours)</i>  <i>Executive</i> <i>2 pm</i> <i>(for approx. 2 hours)</i>	<b>26</b>	<b>27</b>
<b>30</b>	<b>31</b>			



**L.A. Care**  
H E A L T H P L A N

1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017  
Tel. (213) 694-1250 / Fax (213) 438-5728

Board of Governors & Public Advisory Committees  
2017 Meeting Schedule / Member Listing

	MEETING DAY, TIME, & LOCATION	MEETING DATES	MEMBERS
<b>Board of Governors General Meeting</b>	<b>1<sup>st</sup> Thursday</b> 2:00 PM <i>(for approximately 3 hours)</i> 1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017	October 5 <del>November 2</del> December 7	Louise McCarthy, <i>Chairperson</i> Hector De La Torre, <i>Vice Chairperson</i> Michael Rembis, FACHE, <i>Treasurer</i> G. Michael Roybal, MD, MPH, <i>Secretary</i> Alvaro Ballesteros, MBA Stephanie Booth, MD Layla Delgado Mark Gamble Christina R. Ghaly, MD Hilda Perez Honorable Mark Ridley-Thomas Sheryl Spiller Kimberly Uyeda, MD, MPH  <b><u>Staff Contact:</u></b> John Baackes, <i>Chief Executive Officer</i> x4102 Linda Merkens, <i>Manager, Board Services,</i> x4050

For information on the current month's meetings, check calendar of events at [www.lacare.org](http://www.lacare.org). Meetings may be cancelled or rescheduled at the last moment. To check on a particular meeting, please call (213) 694-1250 or send email to [boardservices@lacare.org](mailto:boardservices@lacare.org).

BOARD OF GOVERNORS & PUBLIC ADVISORY COMMITTEES  
2017 MEETING SCHEDULE / MEMBER LISTING

Board of Governors - Standing Committees

	MEETING DAY, TIME, & LOCATION	MEETING DATES	MEMBERS
<b>Executive Committee</b>	<b>4<sup>th</sup> Wednesday of the month</b> 2:00 PM  <i>(for approximately 2 hours)</i> 1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017	October 25 November 15 <i>No meetings in December</i>	Louise McCarthy, <i>Chairperson</i> Hector De La Torre Michael Rembis, FACHE, G. Michael Roybal, MD, MPH Mark Gamble Kimberly Uyeda, MD, MPH  <b><u>Staff Contact:</u></b> Linda Merkens, <i>Manager, Board Services,</i> x4050
<b>Compliance &amp; Quality Committee</b>	<b>3<sup>rd</sup> Thursday every 2 months</b> 2:00 PM  <i>(for approximately 2 hours)</i> 1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017	November 16	Kimberly Uyeda, MD, <i>Chairperson</i> Alvaro Ballesteros, MBA Stephanie Booth, MD Hilda Perez G. Michael Roybal, MD, MPH  <b><u>Staff Contact:</u></b> Jennifer Carabali <i>Committee Liaison, Board Services, x 4184</i>
<b>Finance &amp; Budget Committee</b>	<b>4<sup>th</sup> Wednesday of the month</b> 1:00 PM  <i>(for approximately 2 hours)</i> 1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017	October 25 November 15 <i>No meetings in December</i>	Michael A. Rembis, FACHE, <i>Chairperson</i> Mark Gamble Louise McCarthy Hilda Perez Kimberly Uyeda, MD  <b><u>Staff Contact:</u></b> Malou Balones <i>Committee Liaison, Board Services/ x 4183</i>
<b>Governance Committee</b>	1055 W. 7th Street, 10th Floor Los Angeles, CA 90017  <b>MEETS AS NEEDED</b>		<b><u>Chairperson - To be elected</u></b> Layla Delgado Mark Gamble Hilda Perez Michael Rembis, FACHE G. Michael Roybal, MD, MPH, Sheryl Spiller  <b><u>Staff Contact:</u></b> Malou Balones <i>Committee Liaison, Board Services/ x 4183</i>

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BOARD OF GOVERNORS & PUBLIC ADVISORY COMMITTEES  
2017 MEETING SCHEDULE / MEMBER LISTING

	MEETING DAY, TIME, & LOCATION	MEETING DATES	MEMBERS
<b>Service Agreement Committee</b>	1055 W. 7th Street, 10th Floor Los Angeles, CA 90017  <b>MEETS AS NEEDED</b>		Hector De La Torre, <i>Chairperson</i> Layla Delgado Louise McCarthy Hilda Perez Sheryl Spiller  <b><u>Staff Contact</u></b> Malou Balones <i>Committee Liaison, Board Services/ x 4183</i>
<b>Audit Committee</b>	1055 W. 7th Street, 10th Floor Los Angeles, CA 90017  <b>MEETS AS NEEDED</b>		Hector De La Torre, <i>Chairperson</i> Alvaro Ballesteros, MBA Stephanie Booth, MD  <b><u>Staff Contact</u></b> Malou Balones <i>Committee Liaison, Board Services, x 4183</i>

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BOARD OF GOVERNORS & PUBLIC ADVISORY COMMITTEES  
2017 MEETING SCHEDULE / MEMBER LISTING

	MEETING DAY, TIME, & LOCATION	MEETING DATES	MEMBERS
<b>L.A. Care Community Health</b>	<b>Meets Annually or as needed</b> 1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017		<p>Louise McCarthy, <i>Chairperson</i>  Hector De La Torre, <i>Vice Chairperson</i>  Michael Rembis, FACHE, <i>Treasurer</i>  G. Michael Roybal, MD, MPH,  <i>Secretary</i>  Alvaro Ballesteros, MBA  Stephanie Booth, MD  Layla Delgado  Mark Gamble  Christina R. Ghaly, MD  Hilda Perez  Honorable Mark Ridley-Thomas  Sheryl Spiller  Kimberly Uyeda, MD, MPH</p> <p><b><u>Staff Contact:</u></b>  John Baackes, <i>Chief Executive Officer</i>  x4102  Linda Merkens, <i>Manager, Board Services,</i>  x4050</p>
<b>L.A. Care Joint Powers Authority</b>	<b>Meets Quarterly or as needed</b> 1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017		<p>Louise McCarthy, <i>Chairperson</i>  Hector De La Torre, <i>Vice Chairperson</i>  Michael Rembis, FACHE, <i>Treasurer</i>  G. Michael Roybal, MD, MPH,  <i>Secretary</i>  Alvaro Ballesteros, MBA  Stephanie Booth, MD  Layla Delgado  Mark Gamble  Christina R. Ghaly, MD  Hilda Perez  Honorable Mark Ridley-Thomas  Sheryl Spiller  Kimberly Uyeda, MD, MPH</p> <p><b><u>Staff Contact:</u></b>  John Baackes, <i>Chief Executive Officer</i>  x4102  Linda Merkens, <i>Manager, Board Services,</i>  x4050</p>

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BOARD OF GOVERNORS & PUBLIC ADVISORY COMMITTEES  
2017 MEETING SCHEDULE / MEMBER LISTING

Public Advisory Committees

	MEETING DAY, TIME, & LOCATION	MEETING DATES	STAFF CONTACT
<b>Children's Health Consultant Advisory Committee General Meeting</b>	<b>3<sup>rd</sup> Tuesday of every other month</b> 8:30 AM <i>(for approximately 2 hours)</i>  1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017	November 21	<b>Lyndee Knox, PhD, Chairperson</b>  <b>Staff Contact:</b> Jennifer Carabali <i>Committee Liaison, Board Services/ x 4184</i>
<b>Executive Community Advisory Committee</b>	<b>2<sup>nd</sup> Wednesday of the month</b> 10:00 AM <i>(for approximately 3 hours)</i>  1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017	October 11 November 8 December 13	<b>Christina Deh-Lee, Chairperson</b>  <b>Staff Contact:</b> Idalia Chitica, <i>Community Outreach &amp; Education, Ext. 4420</i>
<b>Technical Advisory Committee</b>	<b>4<sup>th</sup> Thursdays every other month</b> 9:00 AM <i>(for approximately 2 hours)</i>  1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017	<i>Placeholder meeting dates. This Committee is under restructure.</i>	<i>Chairperson to be elected</i>  <b>Staff Contact:</b> Jennifer Carabali <i>Committee Liaison, Board Services/ x 4184</i>

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BOARD OF GOVERNORS & PUBLIC ADVISORY COMMITTEES  
2017 MEETING SCHEDULE / MEMBER LISTING

REGIONAL COMMUNITY ADVISORY COMMITTEES

REGION	MEETING DAY, TIME, & LOCATION	MEETING DATE	STAFF CONTACT
<b>Region 1 Antelope Valley</b>	<b>3<sup>rd</sup> Friday of every other month</b> 10:00 AM <i>(for approximately 2-1/2 hours)</i> L.A. Care Family Resource Center -Palmdale 2072 East Palmdale Blvd. Palmdale, CA 93550 (213) 438-5580	October 20 December 8 *  <i>*Will meet the 2<sup>nd</sup> Friday of the month</i>	<b>Adela Guadarrama, Chairperson</b>  <b><u>Staff Contact:</u></b> Courtney Nicholas <i>Community Outreach &amp; Education, Ext. 6583</i>
<b>Region 2 San Fernando Valley</b>	<b>3<sup>rd</sup> Monday of every other month</b> 10:00 AM <i>(for approximately 2-1/2 hours)</i> Family Resource Center- Pacoima 10807 San Fernando Road Pacoima, CA 91331 (844) 858-9942	October 16 December 18	<b>Ana Rodriguez, Chairperson</b>  <b><u>Staff Contact:</u></b> Courtney Nicholas <i>Community Outreach &amp; Education, Ext. 6583</i>
<b>Region 3 Alhambra, Pasadena and Foothill</b>	<b>3<sup>rd</sup> Tuesday of every other month</b> 9:30 AM <i>(for approximately 2-1/2 hours)</i> Rosemead Community Center 3936 N. Muscatel Avenue, Room 3 Rosemead, CA 91770 (626) 569-2160	October 17 December 19	<b>Cynthia Conteas-Wood, Chairperson</b>  <b><u>Staff Contact:</u></b> Kristina Chung <i>Community Outreach &amp; Education, Ext. 5139</i>
<b>Region 4 Hollywood- Wilshire, Central L.A. and Glendale</b>	<b>3<sup>rd</sup> Tuesday of every other month</b> 9:00 AM <i>(for approximately 2-1/2 hours)</i> Hope Street Family Center 1600 Hope Street, Rm 305 Los Angeles, CA 90015 (213) 742-6385	November 21	<b>Michael Shelton, Chairperson</b>  <b><u>Staff Contact:</u></b> Kristina Chung <i>Community Outreach &amp; Education, Ext. 5139</i>

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BOARD OF GOVERNORS & PUBLIC ADVISORY COMMITTEES  
2017 MEETING SCHEDULE / MEMBER LISTING

REGION	MEETING DAY, TIME, & LOCATION	MEETING DATE	STAFF CONTACT
<b>Region 5</b> <b>Culver City, Venice,</b> <b>Santa Monica,</b> <b>Malibu, Westchester</b>	<b>3<sup>rd</sup> Monday of every other month</b> 2:00 PM <i>(for approximately 2-1/2 hours)</i> Veterans Memorial Building Garden Room 4117 Overland Avenue Culver City, CA 90230 (310) 253-6625	October 16 December 18	<b>Maria Sanchez, Chairperson</b>  <b>Staff Contact:</b> Martin Vicente <i>Community Outreach &amp; Education, x 4423</i>
<b>Region 6</b> <b>Compton,</b> <b>Inglewood, Watts,</b> <b>Gardena,</b> <b>Hawthorne</b>	<b>3<sup>rd</sup> Thursday of every other month</b> 3:00 PM <i>(for approximately 2-1/2 hours)</i> L.A. Care Family Resource Center - Inglewood 3111 W Century Blvd #100 Inglewood, CA 90303 (310) 330-3130	October 19 December 21	<b>Andria McFerson, Chairperson</b>  <b>Staff Contact:</b> Frank Meza <i>Community Outreach &amp; Education, x 4239</i>
<b>Region 7</b> <b>Huntington Park,</b> <b>Bellflower,</b> <b>Norwalk, Cudahy</b>	<b>3<sup>rd</sup> Thursday of every other month</b> 3:00 PM <i>(for approximately 2-1/2 hours)</i> YWCA Supervisor Gloria Molina Community Empowerment Center 7515 Pacific Blvd. Walnut Park, CA 90255 (213) 516-3575	November 16	<b>Fatima Vasquez, Chairperson</b>  <b>Staff Contact:</b> Frank Meza <i>Community Outreach &amp; Education, x 4239</i>
<b>Region 8</b> <b>Carson, Torrance,</b> <b>San Pedro,</b> <b>Wilmington</b>	<b>3<sup>rd</sup> Friday of every other month</b> 10:30 AM <i>(for approximately 2-1/2 hours)</i> Providence Community Health Wellness and Activity Center 470 N. Hawaiian Ave. Wilmington, CA 90744 (424) 212-5699	November 17	<b>Maria Montes – Chairperson</b>  <b>Staff Contact:</b> Frank Meza <i>Community Outreach &amp; Education, x 4239</i>

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BOARD OF GOVERNORS & PUBLIC ADVISORY COMMITTEES  
2017 MEETING SCHEDULE / MEMBER LISTING

REGION	MEETING DAY, TIME, & LOCATION	MEETING DATE	STAFF CONTACT
<b>Region 9 Long Beach</b>	<b>3<sup>rd</sup> Monday of every other month</b> 9:00 AM <i>(for approximately 2-1/2 hours)</i> Miller Family Health Education Center 3820 Cherry Avenue Long Beach, CA 90807 (562) 570-7987	November 20	<b>Christina Deh-Lee, Chairperson</b>  <b><u>Staff Contact:</u></b> Kristina Chung <i>Community Outreach &amp; Education, Ext. 5139</i>
<b>Region 10 East Los Angeles, Whittier and Highland Park</b>	<b>3<sup>rd</sup> Thursday of every other month</b> 1:00 PM <i>(for approximately 2-1/2 hours)</i> Historic General Hospital The Wellness Center 1200 N. State Street, Room 1035 Los Angeles, CA 90033 (213) 784-9191	October 19 December 21	<b>Leticia Navarro, Chairperson</b>  <b><u>Staff Contact:</u></b> Martin Vicente, <i>Community Outreach &amp; Education, Ext. 4423</i>
<b>Region 11 Pomona and El Monte</b>	<b>3<sup>rd</sup> Thursday of every other Month</b> 9:00 AM <i>(for approximately 2-1/2 hours)</i> dA Center for the Arts 252 D South Main Street Pomona, CA 91766 (909) 397-9716	November 16	<b>Lluvia Salazar, Chairperson</b>  <b><u>Staff Contact:</u></b> Martin Vicente, <i>Community Outreach &amp; Education, Ext. 4423</i>

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BOARD OF GOVERNORS & PUBLIC ADVISORY COMMITTEES  
2017 MEETING SCHEDULE / MEMBER LISTING

COORDINATED CARE INITIATIVE (CCI) CONSUMER COUNCIL

REGION	MEETING DAY, TIME, & LOCATION	MEETING DATE	STAFF CONTACT
<b>Area 1 Antelope Valley</b>	<b>4<sup>th</sup> Tuesday of every other month</b> 10:00 AM <i>(for approximately 2-1/2 hours)</i> Antelope Valley Partners for Health 44226 10 <sup>th</sup> Street West Lancaster, CA 93534 (661) 267-5656	November 14* <i>*will meet the 3<sup>rd</sup> Tuesday of the month</i>	<b>Demetria Saffore, Chairperson</b>  <b><u>Staff Contact:</u></b> Mariah Walton <i>Community Outreach &amp; Education, Ext. 5956</i>
<b>Area 2 San Fernando Valley</b>	<b>4<sup>th</sup> Wednesday of every other month</b> 10:00 AM <i>(for approximately 2-1/2 hours)</i> Family Resource Center-Pacoima 10807 San Fernando Road Pacoima, CA 91331 (877) 287-6290	November 15* <i>*will meet the 3<sup>rd</sup> Wednesday of the month</i>	<b>Wilma Ballew, Chairperson</b>  <b><u>Staff Contact:</u></b> Mariah Walton <i>Community Outreach &amp; Education, Ext. 5956</i>
<b>Area 3 South Los Angeles</b>	<b>4<sup>th</sup> Wednesday of every other month</b> 10:00 AM <i>(for approximately 2-1/2 hours)</i> Inglewood Family Resource Center 3111 W. Century Boulevard, Suite 100 Inglewood, CA 90303 (310) 330-3130	October 25 December 20* <i>*will meet the 3<sup>rd</sup> Wednesday of the month</i>	<b>Brenda White, Chairperson</b>  <b><u>Staff Contact:</u></b> Susan Ma <i>Community Outreach &amp; Education, Ext. 4586</i>
<b>Area 4 Long Beach</b>	<b>4<sup>th</sup> Tuesday of every other month</b> 1:00 PM <i>(for approximately 2-1/2 hours)</i> Mark Twain Branch Library 1325 E. Anaheim Street Long Beach, CA 90813 (562) 570-1046	October 24 December 19* <i>*will meet the 3<sup>rd</sup> Tuesday of the month</i>	<b>Neisma Istrefi, Chairperson</b>  <b><u>Staff Contact:</u></b> Susan Ma <i>Community Outreach &amp; Education, Ext. 4586</i>

For information on the current month's meetings, check calendar of events at [www.lacare.org](http://www.lacare.org). Meetings may be cancelled or rescheduled at the last moment. To check on a particular meeting, please call (213) 694-1250 or send email to [boardservices@lacare.org](mailto:boardservices@lacare.org).

# Board of Governors

## Retreat and Regular Meeting Minutes #265

### September 7, 2017

The California Endowment, 1000 N. Alameda Street, Los Angeles, CA 90012



**L.A. Care**  
HEALTH PLAN

#### Members

Louise McCarthy, *Chair*  
Hector De La Torre, *Vice Chair*  
Michael Rembis, *Treasurer* \*  
G. Michael Roybal, MD, MPH, *Secretary*  
Alvaro Ballesteros, MBA  
Stephanie Booth, MD  
Mark Gamble  
Christina R. Ghaly, MD  
Layla Gonzalez-Delgado  
Hilda Perez  
Honorable Mark Ridley-Thomas  
Sheryl Spiller  
Kimberly Uyeda, MD, MPH

#### Management/Staff

John Baackes, *Chief Executive Officer*  
Phinney Ahn, *Chief of Staff*  
Terry Brown, *Chief of Human Resources*  
Augustavia J. Haydel, Esq., *General Counsel*  
Dino Kasdagly, *Chief Operating Officer*  
Marie Montgomery, *Chief Financial Officer*  
Tom Schwaninger, *Chief Information Officer*  
Richard Seidman, MD, MPH, *Chief Medical Officer*

*\*Absent*

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
<b>WELCOME</b>  Louise McCarthy <i>Chair</i>	Louise McCarthy, <i>Chair</i> , called the meeting to order at 9:00 a.m. for both the regular and special meeting agendas. Introductions. She announced that the public may address the Board on any matter at the Public Comment section at the beginning of this meeting, before or during the Board's consideration of items listed on the Agenda. Guests are welcome to introduce themselves or can remain anonymous.	
<b>APPROVAL OF MEETING AGENDA</b>  Louise McCarthy	The meeting agenda was approved as amended.	<b>Approved unanimously 11 AYES (Ballesteros, Booth, Gamble, Ghaly, Gonzalez-Delgado, McCarthy, Perez, Ridley-Thomas, Roybal, Spiller and Uyeda).</b>

DRAFT

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
<b>Shaping the Future for Medicaid – What’s Next? (Guest Speaker and Moderated Discussion)</b>	<p>John Baackes, <i>Chief Executive Officer</i>, welcomed and introduced Marilyn Tavenner, <i>President and CEO, America’s Health Insurance Plans (AHIP)</i>. Ms. Tavenner previously served as the Administrator of the Centers for Medicare and Medicaid Services (CMS), and as the Secretary of Health and Human Services in Virginia.</p> <p>Ms. Tavenner presented AHIP’s mission, vision and current strategic priorities. AHIP is a national trade association representing more than 160 health plans and other insurance companies, including L.A. Care. Ms. Tavenner discussed the Affordable Care Act (ACA), recent legislative action and what is expected in the near future. Built on the urgent need for assistance to areas affected by recent natural disasters, a compromise bill was negotiated to extend federal funding just until December, providing opportunity for bipartisan work to further improve the ACA and to reauthorize funding for the Children’s Health Insurance Plan (CHIP). A bipartisan proposal has been introduced to continue to fund individual premium subsidies through 2019, with a bill released and hearings to commence soon. The goal is to get legislation approved by the end of September through the usual process. A different bill combines the individual market and Medicaid into a block grant, which would negatively affect states with large Medicaid enrollment, such as California.</p> <p>An AHIP strategic priority is to serve as critical partner for policymakers as they debate and develop how to improve health care, Medicaid, and the individual insurance market. She discussed changes to programs that could be done without legislation that would affect funding for public health coverage and premium subsidies under the ACA. Some of those possibilities are:</p> <ul style="list-style-type: none"> <li>• Eliminate cost-sharing reduction subsidies (CSRs)</li> <li>• Remove penalties or end enforcement for not enrolling in health coverage (individual mandate)</li> <li>• Change essential health benefits, age bands, enrollment periods</li> <li>• Expand waivers under Section 1332, which could include reductions in benefits</li> <li>• Reduced funding for navigators and marketing campaigns</li> </ul> <p>AHIP has a strategic priority to inform and educate policymakers and the public on the value of Medicare Advantage and advocate for solutions that defend and strengthen the program. AHIP also has a strategic priority to lead industry-wide political, policy, and grassroots advocacy in Washington and the states on the benefits and importance of Medicaid managed care.</p> <p>A fourth AHIP strategic priority is to lead an effort to hold pharmaceutical companies accountable and offer market-based solutions to lower drug prices. AHIP has a strategic</p>	



AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p>priority to engage consumers and employers to improve care and coverage through solutions that lower costs and improve quality, and a sixth AHIP strategic priority is to advocate solutions to improve comprehensive coverage offerings including disability income, long term care, Medigap, supplemental, dental and vision.</p> <p><b>PUBLIC COMMENT:</b> Rachel Rose Lucky, RCAC 4 <i>member</i>, asked about efforts to ensure HIV AIDS services and transgender transition services.</p> <p>Ms. Tavenner indicated that HIV AIDS services are protected separately by federal requirements. The drug formulary is broad for HIV AIDS treatment, and she has had few concerns brought in this area. Most health plans have new programs for transgender transition services.</p> <p>AHIP seeks to shape and drive market-based solutions and public policy strategies to improve health, affordability and financial security by:</p> <ul style="list-style-type: none"> <li>• Promoting consumer choice and market competition</li> <li>• Simplifying the health care experience for individuals and families</li> <li>• Supporting constructive partnerships with all levels of government</li> <li>• Partnering with health care providers on the journey from volume to value</li> <li>• Addressing the burden of chronic disease and social factors that impact health</li> <li>• Pursuing the promise of clinical innovations while ensuring value</li> <li>• Harnessing data and technology to drive quality, efficiency and consumer satisfaction.</li> </ul> <p>She emphasized the importance of providing quality services at an affordable cost. She presented 2014 statistics about Medicaid in California and noted the challenges of such a large program. She pointed out the significance of ties between Medicaid and individual coverage offered through the ACA's health benefit exchanges in a successful program. The plans offered under the ACA need to align with Medi-Cal networks to preserve continuity of care when fluctuations in income affect individual eligibility for Medi-Cal and people have to get coverage under the ACA. A majority of Medicaid enrollees become ineligible due to a rise in income. These individuals need to easily be able to transition to health coverage that is affordable. She outlined suggestions to improve quality of health care services and integrate delivery of social and other services with health care delivery to improve effectiveness and efficiency of services and achieve better health outcomes.</p> <p><i>(Member De La Torre joined the meeting.)</i></p>	

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p>Ms. Tavenner encouraged L.A. Care to continue its work with state and federal agencies to build programs that provide quality services. She also encouraged working on a cross-agency waiver to address enrollees' healthcare, housing, job training, and food insecurity in a single integrated program. Her ideas include:</p> <ul style="list-style-type: none"> <li>• Make widely adopted program features like managed care and Home and Community Based Services (HCBS) programs the default options instead of requiring 1915(b), 1915(c) or 1115 waivers; grant permanent status to waiver programs that have operated successfully over a certain time period.</li> <li>• Establish "in lieu of benefits" and/or "cost effective substitutions" as standard program features</li> <li>• Advocate for a stronger prospective process for ensuring actuarial soundness and reviewing managed care rates.</li> <li>• Allow more flexibility in prescription drug formulary design and management, allowing the same kinds of tools available to commercial health plans.</li> <li>• Enroll dual-eligibles into integrated managed care plans as the default program option, with an initial trial enrollment period of 3-6 months prior to opting out.</li> <li>• Work with California Department of Health Care Services (DHCS) to launch an initiative for provider information standards to ensure accurate and complete information for provider directory and online listings.</li> <li>• Collaborate with DHCS on an initiative to develop and sustain HCBS infrastructure and HCBS direct service workforce in rural areas and areas with little HCBS capacity.</li> <li>• Through AHIP, advocate for new ways to deliver benefits to the dual-eligible population.</li> <li>• Advocate for designation of Medicare-Medicaid financial alignment plans as a permanent coverage option for dual-eligible beneficiaries.</li> </ul> <p>Ms. Tavenner noted that the ideas presented are not new and are difficult to accomplish. The current environment may provide opportunities to achieve some of these goals. She commended Mr. Baackes for his participation on the Board of AHIP and his contributions to discussion about public sponsored health programs.</p> <p>Mr. Baackes commented that in conversations in California about a single payor system and ensuring that a public plan option is included. Ms. Tavenner noted that California is a leader in the public plan model serving beneficiaries with no other health coverage options. A public option is important to legislators, particularly in rural areas with few or no health plans. The public option can help stabilize the individual market and could spur competition in the areas that have no health plans now. She suggested that Medicare could be expanded to ages 55-64, a</p>	

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p>group that has high rates of uninsured, as a starting point in moving toward a single payor system.</p> <p>Member Ghaly asked Ms. Tavenner about how she sees integrating services in mega waiver. Ms. Tavenner indicated that a mega waiver uses current funding streams to implement programs in the short term. The innovation center at CMS may have funding available to start up a program. Changes in federal programs should also be pursued, such as default enrollment in managed care.</p> <p>Member Roybal suggested adding education and justice as critical components of a mega waiver integrating health coverage with social programs. He is concerned about the risk that Medicaid could suffer as advocacy focuses on the individual insurance coverage markets. He asked what can be done to make sure that Medicaid is adequately represented. Ms. Tavenner indicated that there is now a consensus among health plans that the Medicaid market is more important than the individual market, and AHIP advocacy includes both the individual and Medicaid markets. McCarthy commented on actuarial soundness in rates and the perspective of Medicaid directors on actuarial soundness and fairness in rates. She also asked about addressing the shortage in Medicaid workforce, as this is an issue in California.</p> <p>Ms. Tavenner agreed that actuarial soundness has been an issue in California for a long time. It is important to allow transparency in how rates are calculated, and it is now required that a public process is used for establishing rates. It is a nationwide issue. There are questions around the value of programs and service needs for duals and those who have chronic conditions. More data on quality and cost is needed.</p> <p>Ms. Tavenner stated that more funding is needed to address workforce issues. AHIP will work with Secretary Price to help Health and Human Services develop a strategy. Telemedicine is expanding to more service areas and reimbursement needs to be refined.</p> <p>Member Gamble remarked that times are changing as the health care industry addresses social determinants which can affect health. He asked how to get health plans to join the conversation to address the system issues to make progress on integrating social services with health care. Ms. Tavenner agreed that it is important to get the right people involved in the discussion. AHIP can take a lead in getting the conversation started among health plans and service providers.</p> <p>Member Roybal asked how advocates will be included in the process for system improvements for dually eligible beneficiaries. Ms. Tavenner indicated that AHIP uses coalitions that include advocates and consumers.</p>	

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	<p>Mr. Baackes asked Ms. Tavenner what it is like to run a trade association. Ms. Tavenner responded that workgroups are used to build consensus on an issue. There have been circumstances where a consensus could not be reached and AHIP did not take a position.</p> <p>Chair McCarthy asked if the timing of health care reform legislation by September 30 is realistic. Ms. Tavenner opined that there does not seem to be a desire for temporary reauthorization, and reauthorizing funding for CHIP may be in October.</p> <p>Chair McCarthy asked about the role for advocates to be involved and keep process open and public. Ms. Tavenner stated that it is a good time to send in letters and reach out to legislative representatives.</p> <p>Member Booth asked about resources for information supporting managed care. Ms. Tavenner responded that there is data, mostly oriented to caring for children. There is also data on Medicare Advantage programs. She offered to provide those resources.</p> <p>There was no public comment on this Agenda item.</p>	
PUBLIC COMMENT	<p>Viviane Peart, <i>Pico Women Medical Group</i>, asked about protocol for tertiary care facilities when the medical group is not contracted with that facility, and would like to know how to streamline the process to prevent delay in patient care.</p> <p>Richard Seidman, MD, <i>Chief Medical Officer</i>, responded that when there are challenges getting patients into an appropriate level of care, the case is referred to L.A. Care's delegated support team. If the group has not agreed to the requested place of service, L.A. Care can make that decision and can impose the decision to get the member into the appropriate level of care.</p> <p>Rachel Rose Lucky, <i>Member of RCAC 4</i>, stated that she is one of only eight openly transgender persons holding elected office in the country. She spoke to the board a year ago about pain management for a procedure involves electrolysis hair removal in the genital area. With lidocaine cream, she had to use meditation techniques to get through the four-hour session. She came to the Board at that time to ask for lidocaine injections for pain management. Since then she learned that the process is prolonged if lidocaine injections are not used. It is a several month process. Prior authorization is not required for Novocain injections at the dentist. She would like to see a policy change for this procedure to improve pain management for patients. She then discussed L.A. Care's internal data system related to cross-gender hormone replacement therapy. Ms. Lucky is on both male and female hormone medications. She recently changed her gender marker with the Department of Social Services. That caused problems with her medications because L.A. Care's computer system rejected sex identified</p>	

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	<p>medications based on the gender identification field in the member record. There is no third option in the system for transgender individuals. This is an information technology problem, and L.A. Care should modify the computer system. Chair McCarthy thanked Ms. Lucky and indicated that staff has noted her comments.</p> <p><i>(Member Ridley-Thomas left the meeting.)</i></p>	
<p><b>ACCEPTANCE OF MINUTES OF MEETING</b></p> <p>Louise McCarthy</p>	<p>The minutes of the July 26, 2017 meeting were approved as submitted.</p>	<p><b>Approved unanimously 10 AYES (Ballesteros, Booth, De La Torre, Gamble, Ghaly, Gonzalez-Delgado, McCarthy, Perez, Spiller and Uyeda), 1 ABSTENTION (Roybal)</b></p>
<p><b>CHAIRPERSON'S REPORT</b></p>	<p>Chair McCarthy welcomed members back from the August break, and she commented that it has been a hot summer. Ms. Tavenner comments this morning were very interesting. It is a year for advocacy and implementing programs at the federal, state and local levels. Ms. Tavenner gave us a number of challenges, and Chair McCarthy looks forward to working with Board members to address those issues in Los Angeles County.</p> <p>Chair McCarthy did not visit advisory committee meetings in August. She is thankful for the welcome she has received at the meetings so far, and plans to attend more CCI Council and RCAC meetings beginning in September.</p> <p>She thanked L.A. Care and the communications team for producing the high quality video on National Health Center Week. It was great to finish August celebrating and joining with the communities celebrating with us, especially in the context of the failing effort to repeal the Affordable Care Act.</p>	
<p><b>CHIEF EXECUTIVE OFFICER REPORT</b></p> <p>John Baackes</p>	<p>Mr. Baackes referred Board members to the written report included with the materials for this meeting, and he reported:</p> <ul style="list-style-type: none"> <li>The Family Resource Center (FRC) opened in Palmdale, and it continues each month to get more traffic and more activities are going on there. In three months almost 4,000 visits, and about 40% are L.A. Care members. So many visitors to the FRC are potential L.A. Care members. Part of L.A. Care's commitment is to make the FRCs and their programs available</li> </ul>	

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p>for everyone. We hope to open two more FRCs in the next year. The high utilization level at this new FRC encourages us to continue to expand the FRC program.</p> <ul style="list-style-type: none"> <li>• L.A. Care listened to the members who raised the issue of a lack of equipment at provider facilities to enable disabled members to access services. L.A. Care will fund an initiative to place adaptive equipment at least one provider site in each advisory committee area early next year.</li> <li>• A \$1.7 million initiative to fund data analytics projects and funding for licensed clinicians programs is also in process, which will benefit 31 clinics.</li> <li>• L.A. Care could have as many as 25,000 DACA members, some of whom enrolled through the SB75 program last September. There was concern during enrollment that member information could be used by immigration officials. The information in L.A. Care's data base is also in the state's data base, and therefore could be used by other agencies. There currently is a firewall that protects that information from being used for immigration purposes. He understands that some members are uncomfortable with that assurance. L.A. Care is looking at ways to further protect the member information from immigration. It is important to let members who may be in that category to please continue using their medical benefits and continue to get services. There is anecdotal information that DACA members are refraining from getting services to avoid potential immigration issues. He challenged advisory committees to help L.A. Care find ways to encourage members to get medical services and not be afraid about their information or immigration.</li> <li>• Enrollment is growing at a slower rate. Interestingly, enrollment is declining for L.A. County's other Medi-Cal managed care health plan. The voluntary enrollment in L.A. Care is affirmation that L.A. Care is meeting the needs of its members and signals consumer satisfaction with L.A. Care.</li> </ul> <p>Member Booth asked if federal officials have a responsibility to follow HIPPA in accessing member information. Mr. Baackes responded that material in the file with the state is demographic and does not contain protected health information.</p> <p>Member Gonzalez-Delgado asked about using health promoters to get the word out. Mr. Baackes noted that it can be added to health promoter speaking events.</p> <p>Member Uyeda urged using a positive and reassuring message accurately reflect situation and encourage members to still get medical care. Mr. Baackes will have staff look into this.</p>	

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p>Chairperson McCarthy agreed that it is important that those who are eligible for health coverage submit the application and access services and full prescriptions. To the extent possible, L.A. Care can work to encourage both actions, by reassuring community members.</p> <p>Member. Ballesteros commented that it is a matter to figure out a message reassurance so people are not afraid to come in to the clinic, particularly those with chronic conditions. He asked if cuts in funding for enrollment would have an effect on L.A. Care.</p> <p>Mr. Baackes indicated that L.A. Care Covered is one of five plans offered to Los Angeles County residents in one region, and one of six plans in another region. Covered California plans come up with the actuarial rate to cover the benefits. In the Affordable Care Act (ACA) the cost sharing subsidy (CSR) applies to certain benefits and is paid to the health plan. The individual premium subsidy is calculated on the net cost of benefits. If the CSRs are eliminated and the ACA continues, plans take on additional cost. Covered California has requested plans to submit their premium prices both with and without the CSR, because it is not clear if the federal government will continue to pay the CSR. Health coverage premiums without the CSR are about 11% higher, although the final cost to member is mitigated by the premium subsidy. Plans have left the market because of the uncertainty. The other uncertainty is the individual enrollment mandate. If penalties for not enrolling in health care are not enforced, healthier low-risk (and low utilization) people would drop coverage.</p> <p>Member Spiller reported that she met with Peter Lee yesterday. When asked about the federal cuts in marketing, he said the state has continued to fund marketing. Mr. Lee also said that if the federal individual mandate is eliminated, California will put a mandate in effect, although it may take a year to implement.</p> <p>Member Roybal congratulated Mr. Baackes on the initiative to place adaptive equipment with providers in all areas of the county. He asked if the provider directory data will include that information, and if members will be informed about this information. He also asked about efforts to expand the initiative through other health plans. Mr. Baackes reported that L.A. Care is working with Anthem and Care 1st. The provider directory on line will include information on the availability of adaptive examination room equipment.</p> <p><b>PUBLIC COMMENT:</b> Andria McFerson, <i>Member, RCAC 6</i>, commented that health promoters are listening and would like to get out to the community more. The health promoters need help from L.A. Care to plan so they have structure to the program.</p> <p>Cherie Compartore, <i>Senior Director of Government Affairs</i>, referred to the legislative matrix in the board packet. The current legislative session in California will end on September 15. SB171</p>	

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	<p>and AB205 were mirror bills, but that has changed. SB171 contains the hospital supplemental funding bill, grievance procedures and rate requirements. AB205 now contains the timely access provisions that were previously in SB171. L.A. Care supports SB171 and has a neutral position on AB205.</p> <p>AB 1250 is a contracting bill for counties and does not have a direct impact on L.A. Care, but may have an indirect impact on the provider contracts. L.A. Care does not have a formal independent opposition on this bill, but shares the opposition position through its state trade association, Local Health Plans of California. L.A. Care will continue to work with opposition parties behind the scenes on that bill.</p> <p>Earlier today Ms. Tavenner discussed reauthorization of funding for the CHIP program. California Department of Health Care Services (DHCS) confirmed that it is not expected to be reauthorized by September 30, but it is expected to be reauthorized in the long term.</p> <p>California's Budget includes CHIP in the Medicaid program. Ms. Compartore is working with other plans to encourage legislators to vote to reauthorize CHIP.</p> <p>Mr. Baackes indicated that the hospital supplemental payment methodology has been revised and it will be paid directly to the hospitals instead of through health plan capitation as was originally proposed. Ms. Compartore noted that it will be important for hospitals to provide accurate utilization data for the supplemental payment, although it is anticipated that a retroactive correction may be included in the legislation.</p> <p>Chair McCarthy thanked Ms. Compartore for the report and commented that AB1250 is opposed by many agencies throughout the state and it is good to know that L.A. Care is advocating against it.</p>	
<b>CHIEF MEDICAL OFFICER REPORT</b>	<p>Dr. Seidman reported</p> <ul style="list-style-type: none"> <li>· L.A. Care received a final score of 76.96 through the assessment by the National Committee on Quality Assurance (NCQA). The status remains at the Accredited level for Medi-Cal. The results are several points higher than last year and just 3 points from the next level of Commendable. Staff is committed to continuing to improve the score and achieve the Commendable level next year.</li> <li>· NCQA also rated L.A. Care as Accredited for L.A. Care Covered.</li> <li>· NCQA has conferred preliminary Provisional status for its Cal MediConnect program, which is expected to rise to Accredited when the 2017 score are submitted.</li> </ul>	



AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<ul style="list-style-type: none"> <li>• New interventions are planned to improve Healthcare Effectiveness Data and Information Set (HEDIS) and Consumer Assessment of Healthcare Providers and Systems (CAHPS) performance for 2017, both of which are used by NCQA to assess performance.</li> <li>• Member experience is the most difficult measure to improve because member satisfaction includes performance of the service providers. The Board has committed to address this by increasing work with L.A. Care providers on the corrective action plans targeted to improve the CAHPS score for each provider.</li> <li>• Covered California also recently released preliminary results indicating that L.A. Care achieved a 4 out of 5 Star rating on the Quality Rating System (QRS).</li> <li>• To support improvement across the provider network, L.A. Care has incentive programs for plan partners, physician groups and individual physicians.</li> <li>• Physician financial incentives were added this year to L.A. Care's Value Incentive for IPA Performance (VIIP) for continued quality improvement at each provider site.</li> <li>• L.A. Care continues effort to place case managers and community health workers close to the members at FRCs and high volume clinics. Those efforts include working with health promoters.</li> <li>• As part of the Los Angeles County Whole Person Care Initiative, L.A. Care has made a significant commitment of \$20 million over five years to address homelessness in Los Angeles County. The program is focused on getting members into permanent supportive housing, working closely with other stakeholders to identify members prior to discharge.</li> </ul> <p>Member Roybal asked if respite care is part of this program. Dr. Seidman indicated that this is part of discharge planning from acute care facilities and it is difficult for most complex patients. L.A. Care always looks to place members in the most appropriate discharge location. Member Roybal noted that there are people who need assistance with accessing outpatient procedures.</p>	
<b>MOTIONS FOR CONSIDERATION</b>		
Health Management System (HMS) Coordination of Benefits Contract	<p>Dino Kasdagly, <i>Chief Operating Officer</i>, summarized the motion for an amendment to a contract with Health Management Systems for an increase of \$6.1 million from the existing contract originally executed in 2016, at a maximum compensation amount of \$3.9 million. The requested increase is due to coordination of benefits services generating more savings than originally projected; fees are predominantly contingency based.</p> <p>Member Booth asked why the motion limits the funds to be paid when there is no limit to the amount the vendor can recover. Mr. Baackes indicated that this motion is consistent with past</p>	<b>Approved unanimously</b>

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN															
	<p>board practice. Limits are placed on expenditures for transparency. Chairperson McCarthy commented that the Board should impose limits. If there are changes in the expenditures, staff will bring those changes to the Board in a subsequent motion.</p> <p><b><u>Motion BOG 100.0917</u></b>  <b>To increase funds for the current contract with Health Management Systems (HMS) Coordination of Benefits by \$6.1 million for an amount not to exceed \$10 million through December 31, 2020.</b></p>	<b>11 AYES (Ballesteros, Booth, De La Torre, Gamble, Ghaly, Gonzalez-Delgado, McCarthy, Perez, Roybal, Spiller and Uyeda).</b>															
TransUnion Contract Amendment	<p>Mr. Kasdagly introduced a motion for an amendment to add \$3.12 million to the current TransUnion Contract for data intake and processing. TransUnion collects and processes provider encounter data for Medi-Cal, IHSS, Healthy Kids, Covered California, and CMC enrollment, and the data is used to determine health plan rates.</p> <p>In 2016, a motion was approved which extended the contract from May 2016 to May 2017 and added \$200,000 to the existing contract, to allow enough time and funding for competitive selection process (RFP) to be conducted and to switch to a new vendor if necessary. TransUnion was selected through the RFP and lower rates were negotiated, resulting in an amendment to the current contract at new lower rates early from February 2017 through May 2020. No funding was added at that time because there was sufficient funding for an interim period and encounter volume was to be forecasted based on business needs.</p> <p>Based on projected new volumes staff requests approval to increase the current contract by \$3.12 million with a total not to exceed \$4.22 million through May 2020.</p> <table border="1" data-bbox="483 987 1671 1175"> <thead> <tr> <th>Fiscal Year</th><th>Estimated Encounter Volume</th><th>Requested Amount</th></tr> </thead> <tbody> <tr> <td>2016-2017 (remaining)</td><td>550,000/ month (3 mos remaining)</td><td>\$ 240,000.00</td></tr> <tr> <td>2017-2018</td><td>650,000/month (12 mos)</td><td>\$ 1,080,000.00</td></tr> <tr> <td>2018-2019</td><td>650,000/month (12 mos)</td><td>\$ 1,080,000.00</td></tr> <tr> <td>2019-2020</td><td>650,000/month (8 mos)</td><td>\$ 720,000.00</td></tr> </tbody> </table> <p><b><u>Motion BOG 101.0917</u></b>  <b>To authorize staff to amend a contract with TransUnion to add an additional \$3.12 million for a total contract amount not to exceed \$4.22 million for the period of July 1, 2017 to May 31, 2020.</b></p>	Fiscal Year	Estimated Encounter Volume	Requested Amount	2016-2017 (remaining)	550,000/ month (3 mos remaining)	\$ 240,000.00	2017-2018	650,000/month (12 mos)	\$ 1,080,000.00	2018-2019	650,000/month (12 mos)	\$ 1,080,000.00	2019-2020	650,000/month (8 mos)	\$ 720,000.00	<p>Approved unanimously  <b>11 AYES</b></p>
Fiscal Year	Estimated Encounter Volume	Requested Amount															
2016-2017 (remaining)	550,000/ month (3 mos remaining)	\$ 240,000.00															
2017-2018	650,000/month (12 mos)	\$ 1,080,000.00															
2018-2019	650,000/month (12 mos)	\$ 1,080,000.00															
2019-2020	650,000/month (8 mos)	\$ 720,000.00															
Authorization to Contract for Broker Self-Service Portal	Tom Schwaninger, <i>Chief Information Officer</i> , summarized a motion to authorize staff to execute a contract with a vendor to be selected in an amount not to exceed \$750,000, to design and																

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p>implement an online Agent and General Agency self-service portal to make it easier for vendors to support L.A. Care Covered enrollment.</p> <p>The Agent/Broker portal will provide self-service resources accessible 24/7 and eliminate complex servicing touch-points that now require staff support from multiple departments.</p> <p>A competitive process was conducted in July/August 2017. The three final vendors were Cognizant, Infosys, and Keste. Cognizant has preliminarily been selected due to their competitive start-to-end project schedule, cost, reputation at L.A. Care, and experience in government and public facing portals.</p> <p><b><u>Motion BOG 102.0917</u></b>  <b>To authorize staff to procure implementation services to provide an online Agent/Broker self-service portal in an amount not to exceed \$750,000 through March 31, 2018.</b></p>	<p><b>Approved unanimously 11 AYES (Ballesteros, Booth, De La Torre, Gamble, Ghaly, Gonzalez-Delgado, McCarthy, Perez, Roybal, Spiller and Uyeda).</b></p>
<b>STANDING COMMITTEE REPORTS</b>		
<b>Finance &amp; Budget Committee</b>	Chair McCarthy reported on behalf of Committee Chairperson Michael Rembis that the Finance & Budget Committee met on August 22 to discuss the proposed budget. <i>(Minutes of the meeting can be obtained by contacting Board Services.)</i>	
Approval of Financial Report	<p>Marie Montgomery, <i>Chief Financial Officer</i>, reported highlights of the Financial Reports for FY 2016-17 for the period ended July 31, 2017. <i>(A copy of the reports can be obtained by contacting Board Services).</i></p> <ul style="list-style-type: none"> <li>• In January and June redetermination of eligibility for Medi-Cal members resulted in reductions in membership. The growth rate has flattened but continues to improve. Overall member months are favorable to the most recent forecast.</li> <li>• Financial performance for July resulted in a net surplus of \$19 million, and year to date surplus of \$126 million.</li> <li>• There were a number of adjustments to revenue in June and July. Updates to the CCI program rates were received in June.</li> <li>• Higher incurred claims have been experienced recently, due to implementation of the new core data system and claims inventory reduction efforts.</li> <li>• More information is being released on the Medi-Cal Expansion (MCE) rates and an estimate of a net reduction in revenue was included in the financial statements for July.</li> <li>• L.A. Care continues to manage administrative expenses which are \$2.2 million favorable to forecast at the end of July.</li> </ul>	

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p>Ms. Montgomery reviewed the significant estimates that are made for managed care capitation rates which can have material positive or negative impact on the net surplus, including:</p> <ul style="list-style-type: none"> <li>• Incurred but not reported: reserve funds for future claims</li> <li>• Revenue: rates are not released for the current time period</li> <li>• Medical loss ratio rebate: risk sharing with the state</li> <li>• Risk corridors: also a method of risk sharing with the state</li> <li>• Shared risk: method of risk sharing with the plan partners</li> <li>• Retro adjustments: rates are adjusted at or after the end of the benefit year</li> </ul> <p>Member Ballesteros asked if the MCE rate reduction has any effect on the provider network. Ms. Montgomery responded that despite the potential reduction in rates, provider payments has remained flat in the budget for 2017-18.</p> <p>Member Booth asked about money for the marijuana tax, and wondered if there is a plan on distributing the funds. Mr. Baackes reported that it is part of the overall capitation for managed care. The state will distribute the fee for service payments to providers.</p> <p><b><u>Motion FIN 100.0917</u></b>  <b>To accept the Financial Report for the period ended June and July 2017, as submitted.</b></p>	<p><b>Approved unanimously  11 AYES (Ballesteros, Booth, De La Torre, Gamble, Ghaly, Gonzalez-Delgado, McCarthy, Perez, Roybal, Spiller and Uyeda).</b></p>
Monthly Investment Transactions Report	<p>Ms. Montgomery referred to the July 2017 Investment Transaction Reports included in the meeting materials. <i>(A copy of the reports can be obtained by contacting Board Services).</i> Total market value of the portfolio is slightly less than \$2 billion in July, in cash and investments.</p>	
Approval of Fiscal Year 2017-18 Capital and Operating Budget	<p><i>Members McCarthy, Perez, and Uyeda may have financial interests in Plans, Plan Participating Providers or other programs and as such should consider refraining from the discussion of those issues identified below. In order to expedite the process, such 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> <p><u>Members Ghaly, McCarthy, Roybal and Uyeda</u>  Community Health Investment Fund, HITEC-LA/TCPI, eManagement Sponsorships/In-Kind and Ad Hoc Grants</p> <p><u>Member McCarthy</u>  CTAP, Community Clinic Program/(SCOPE) Plan</p> <p><u>Member Perez</u>  Health Promoters/Promotoras Program</p>	

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p>Ms. Montgomery reported that assumptions in the budget include a 2% overall increase in membership over the 2017-18 fiscal year. There is a \$1.1 billion decrease in revenue from this fiscal year due primarily to the removal of the In Home Supportive Services funding from managed care on January 1, 2018. There is a corresponding decrease in health care expense of \$1.1 billion. L.A. Care's operating margin is expected to improve by \$40 million. It is anticipated that administrative expenses will increase by about \$26 million, leaving the administrative expense ratio at 5%. L.A. Care is targeting \$14.50 PMPM in administrative expenses. Medical costs are projected to be 93% of revenue. A net surplus of \$143,444 million is projected for 2017-18. The surplus revenue margin is expected to be slightly lower than 2% (DHCS bases its rates paid to health plans on a revenue surplus of 2%).</p> <p>Ms. Montgomery summarized opportunities and risks for 2017-18. Revenue could increase with favorable rate determinations. Risks include estimated enrollment growth, changes in rates, the upcoming final reconciliation of the IHSS program, CCI risk corridor, and potential rebate based on MLR for Medi-Cal Expansion (MCE) enrollment, changes in enrollment levels among L.A. Care's programs and the reclassification of MCE members among other programs.</p> <p>Key initiatives for 2017-18 to improve the financial position include rate and program advocacy with DHCS, review of risk arrangements, aligning high utilization members with appropriate rate programs, improve claims payment integrity and administrative efficiencies. Ms. Montgomery reviewed the revenue and expense assumptions for the new fiscal year. The tangible net equity is projected to improve to 526% of revenue by the end of fiscal year 2017-18</p> <p>Dino Kasdagly presented information on the capital and operating budget which was reviewed by the Finance &amp; Budget Committee in July and August. L.A. Care has taken a fresh approach to an initiative to reengineer operations that is business driven (instead of technology driven) and broadly addresses a large number of areas for improvement. The methodology used has been successful for 30 years, and is called Product and Cycle-Time Excellence (PACE), and will involve all functional areas touched by a project in order to minimize unintended consequences. All senior executives are involved in the prioritization of projects and programs. The overall focus is on improving the experience for both provider and member, with a completion targeted for 2020. Planning includes risk mitigation for the projects.</p> <p><b><u>Motion FIN 101.0917</u></b>  <b>To approve the Fiscal Year 2017-18 Capital and Operating Budget, as submitted.</b></p>	<p><b>Approved unanimously  11 AYES (Ballesteros,  Booth, De La Torre,  Gamble, Ghaly,  Gonzalez-Delgado,  McCarthy, Perez,  Roybal, Spiller and  Uyeda), with conflicts  as noted.</b></p>
<p><i>The meeting temporarily adjourned for lunch at 12:07, and the meeting reconvened at 12:54.</i></p>		

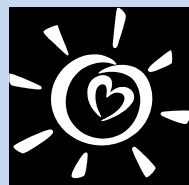
AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
Presentation on Parent Brand Initiative	<p>Mr. Baackes introduced Alex Gallegos, <i>Senior Director, Sales &amp; Marketing, Product Sales</i>. Mr. Baackes commented that L.A. Care recently launched a strategic brand initiative to promote L.A. Care as a leader in health care in Los Angeles County. There have been many changes in health care in the last few years. L.A. Care needs to attract potential members who will select L.A. Care through the health benefit exchange and the Coordinated Care Initiative.</p> <p>Mr. Gallegos reviewed the reasons for the brand initiative and concepts of the new campaign. He noted that the updated designs are based on surveys and focus group discussions. The L.A. Care logo will not change. This initiative does not change the mission, vision and values, and it does not change the strategic vision. The initiative is a multi-year project.</p> <p>Member Perez asked if there were ads that would run on social media and cell phone apps. Mr. Gallegos said they are already running.</p> <p>Chairperson McCarthy is interested in seeing the results of the next survey to see how awareness has changed.</p> <p><b>PUBLIC COMMENT:</b> Dove Pickney, <i>Member of RCAC 6</i>, wondered what media was used to transmit the campaign if there is something that older people might see and react to. She said it does not do anything for her and she does not personally like it.</p> <p>Chairperson McCarthy asked Mr. Gallegos to discuss market segmentation. Mr. Gallegos indicated that the media campaign is meant to reach all areas of the county. He reported that outdoor media is broadest, followed by television and radio. Digital media will target different markets based on consumer habits.</p> <p><b>PUBLIC COMMENT:</b> Wilma Ballew, <i>CCI 2 Chair</i>, was in in the Antelope Valley this past week and she was so proud to see all the L.A. Care billboards. She did not notice the age or race of the models.</p> <p>Estela Lara, <i>CCI 2 Member</i>, indicated that she likes the idea of the wings, it is apropos to LA area.</p> <p>Rachel Rose Lucky, <i>Member RCAC 4</i>, asked if there are plans were to reach out to the LGBTQ community. Mr. Gallegos responded that the campaign is meant to address all communities.</p> <p>Member De La Torre commented that in a radio commercial there was a reference to the City of Los Angeles and he suggested that should stop as there are over 80 cities in the county and we do not want to exclude. He added that it does not have to say county, but just don't say city.</p> <p>Jo Lynn Horton, <i>Member of CCI 3</i>, requested that historical pictures be included in the campaign.</p>	

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p>She suggested that a retrospect be part of the story. Mr. Gallegos thanked her for the input and it will be considered as we plan the next phases of the campaign.</p> <p>Arun Tes Yang, <i>Member, RCAC 9</i>, asked if the logo was changing. Mr. Gallegos responded that the logo will not change.</p>	
<p><b>ADJOURN TO CLOSED SESSION</b></p> <p>Louise McCarthy</p>	<p>Augustavia J. Haydel, Esq., <i>General Counsel</i>, announced the following items to be discussed in closed session. There is a potential report in open session. There was no public comment on the closed session items. The Board adjourned to closed session at 1:18 p.m. There was no public comment on the closed session items on either the regular or special meeting agendas.</p> <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>REPORT INVOLVING TRADE SECRET Pursuant to Welfare and Institutions Code Section 14087.38(n) Discussion Concerning New Product Lines, Technology <i>Estimated date of public disclosure: September 2019</i></p> <p>CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Initiation of litigation pursuant to Section 54956.9(d)(2) of the Ralph M. Brown Act: two cases (<i>includes the item listed on the Special Supplemental Meeting Agenda</i>) <i>(Members Gamble and Uyeda left the meeting.)</i></p> <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> </ul>	
<p><b>RECONVENE IN OPEN SESSION</b></p> <p>Louise McCarthy</p>	<p>The Board reconvened in open session at 4:13 p.m. There was no report on action taken during the closed session.</p>	
<p><b>ADJOURNMENT</b></p>	<p>The meeting adjourned at 4:13 p.m.</p>	

Respectfully submitted by:  
Linda Merkens, *Manager, Board Services*  
Malou Balones, *Board Liaison*  
Jennifer Carabali, *Board Liaison*

APPROVED BY: \_\_\_\_\_  
G. Michael Roybal, MD, *Board Secretary*  
Date Signed \_\_\_\_\_





**L.A. Care**  
HEALTH PLAN

**Board of Governors**  
**MOTION SUMMARY**

**Date:** October 5, 2017

**Motion No.** BOG 100.1017

**Committee:**

**Chairperson:** Louise McCarthy

**Issue:** Approve the revised Board meeting schedule.

☐ New Contract   ☐ Amendment   ☐ Sole Source   ☐ RFP/RFQ was conducted

**Background:** Revisions have been made to the 2017 Board meeting schedule previously approved by the Board of Governors.

**Member Impact:**

**Budget Impact:** None.

**Motion:** To approve a revised 2017 Board of Governors meeting schedule.

### **2017 Revised Board and Committee Meeting schedule**

Regular meeting schedule according to the dates and times below:

BoG: Board of Governors, meets at 2:00 for approximately 3 hours, and

BoG meets all day in May for strategic discussion

C&Q: Compliance and Quality Committee, meets at 2:00 p.m. for approximately 2 hours

Exec: Executive Committee meets at 2:00 p.m. for approximately 2 hours

F&B: Finance & Budget Committee meets at 1:00 p.m. for approximately 90 minutes

CHCAC: Children's Health Consultant Advisory Committee meets at 8:30 a.m. for approximately 2 hours

ECAC: Executive Community Advisory Committee meets at 10:00 a.m. for approximately 2 hours

Technical Advisory Committee is currently restructuring

JPA and LACH: Joint Powers Authority and L.A. Care Community Health Plan meets once annually concurrent with a Board meeting

**Meetings are generally held at**

**1055 West 7<sup>th</sup> Street, 10<sup>th</sup> Floor, Los Angeles, CA 90017**

**unless a different address is posted on the meeting agenda.**

<u>January 2017</u> <i>No BoG meeting</i> 1/11 - ECAC 1/17 - CHCAC 1/19 - C&Q 1/26 - Audit 1/25 - F&B, Exec TBD - TAC	<u>February 2017</u> 2/2 - BoG 2/8 - ECAC 2/22 - F&B, Exec	<u>March 2017</u> 3/8 - ECAC 3/21 - CHCAC 3/16 - C&Q 3/22 - F&B, Exec TBD - TAC, GOV
<u>April 2017</u> 4/6 - BoG 4/12 - ECAC 4/26 - F&B, Exec	<u>May 2017</u> 5/4 - BoG 5/10 - ECAC 5/16 - CHCAC 5/18 - C&Q 5/24 - F&B, Exec TBD - TAC	<u>June 2017</u> 6/1 - BOG ( <i>offsite</i> ) 6/14 - ECAC 6/28 - F&B, Exec
<u>July 2017</u> 7/12 - ECAC 7/18 - CHCAC 7/20 - Audit 7/26 - F&B, BoG ( <i>Exec cancelled</i> ) TBD - TAC	<u>August 2017</u> No meetings	<u>September 2017</u> 9/7 - BoG ( <i>all day retreat</i> ) 9/13 - ECAC 9/19 - CHCAC 9/27 - F&B, Exec TBD - TAC, GOV
<u>October 2017</u> 10/5 BoG 10/11 - ECAC 10/25 - F&B, Exec	<u>November 2017</u> <del>11/2 - BoG</del> <i>meeting cancelled</i> 11/8 - ECAC 11/21 - CHCAC 11/15 - F&B, Exec 11/16 - C&Q TBD - TAC	<u>December 2017</u> 12/7 - BoG 12/13 - ECAC



**Board of Governors**  
**MOTION SUMMARY**

**Date:** October 5, 2017

**Motion No.** BOG 101.1017

**Committee:**

**Chairperson:** Louise McCarthy

**Issue:** Approval of a sponsorship of \$75,000 for the “Care Harbor LA” Healthcare Clinic scheduled for November 17-19, 2017.

**Background:** The Care Harbor LA Clinic is a temporary three-day health care clinic held in Los Angeles. This large-scale clinic offers free comprehensive medical, dental and vision services to thousands of uninsured and underinsured Southern California residents (services are provided to all). Services include medical exams; testing for HIV and STDs, diabetes, hypertension, bone density and pap smears; dental screenings that include fillings, extractions and denture repair; and vision exams where prescriptions and reading glasses are given to those in need. The event also includes a health education, prevention and resource component, including health coverage program eligibility screenings, housing resources, CPR training, mental health resources, legal guidance, and financial and job assistance for the unemployed. In recent years, with the advent of the Affordable Care Act, not only has the number of attendees slightly diminished, the types of services attendees have been seeking has transitioned from an emphasis on medical examinations to dental and vision services.

L.A. Care has supported this event since its debut in 2009, and over the years has filled the role as the health care expert for low income residents in L.A. County. With L.A. Care’s early support of the event, organizers were able to expand outreach to other potential supporters and volunteer resources. Recommendations by L.A. Care staff for event and process improvements have led to a strong health coverage program enrollment effort, implementation of a wrist-banding event in advance of the clinic, expansion of the base of community partners through the safety net clinics, and development of the on-site electronic health records system that facilitates follow-up care by community clinics. Based on past experience, greater than 95% of the patients are Los Angeles County residents.

L.A. Care’s continuing support of this event will help to better solidify L.A. Care’s reputation in the community among the uninsured and underinsured who may qualify for the state insurance marketplace (“Covered California”) and Medi-Cal expansion. The event provides our staff with an opportunity to volunteer and have personal contact with community members seeking health services. A collaborative team of Health Education, Health Services, Communications, Community Outreach and Education, Medical Management, Human Resources, and Communications staff will join together again to further promote L.A. Care and its mission at this event.

With the timing of the event close to the open enrollment period for Covered California, the event will again emphasize insurance enrollment opportunities, including enrollment into Medi-Cal, and this sponsorship will enable L.A. Care to solidify its standing as a provider of health coverage and access to quality health care in Los Angeles County with the uninsured and the newly eligible.

It should be noted that, per Policy 603, this type of sponsorship is connected to a specific one-time event, such as a health fair or conference, and helps to build L.A. Care’s name recognition and awareness, unlike L.A. Care’s grant making program, which supports overarching program goals and objectives as approved by the Board of Governors.

## **Board of Governors**

### **MOTION SUMMARY**

**Member Impact:** Participation in the Care Harbor LA clinic as a major sponsor will raise L.A. Care's profile in the community and demonstrate the health plan's commitment to the low income and vulnerable population of Los Angeles County. It will also enhance access to resources such as dental and vision services for uninsured members of the public as well as those with health insurance coverage, including L.A. Care members.

**Budget Impact:** Funds for the requested sponsorship are available in the FY17-18 Communications budget.

**Motion:**      **To approve a sponsorship of \$75,000 for the November 2017 "Care Harbor LA" Healthcare Clinic.**



**Board of Governors**  
**MOTION SUMMARY**

**Date:** October 5, 2017

**Motion No.** FIN 100.1017

**Committee:** Finance & Budget

**Chairperson:** Michael Rembis

**Issue:** Approval of Annual Investment Policy AFS-008


**Background:** L.A. Care policy and procedure requires annual review and approval by the Finance & Budget Committee of the Annual Investment Policy AFS-008. The following changes were made to the policy AFS-008, which was last reviewed in November 2016:

1. Investment Policy Sections 2.2 and 3.12.1 - Currently, the Policy allows different rating agencies to be used for different investment asset classes. To be more consistent throughout the Policy, L.A. Care will be limiting the allowed rating agencies to Standard & Poor's, Moody's, and Fitch, which are considered the largest and most reputable securities rating agencies in the investment industry. These rating agencies will be known as "Approved Rating Agencies" (ARA).
2. Investment Policy Section 3.12.1 - L.A. Care will allow the highest of the ratings if there are different ratings by two or more ARAs, unless specifically stated otherwise for a specific asset class.
3. Investment Policy Section 3.8.1 - The maximum investment in Supranational Obligations has been increased to 30% to match the California Government Code Section 53601(q) limit from the current Policy limit of 15%.
4. Investment Policy Sections 3.7.13 and 3.7.16 - Mortgage or Asset Backed Securities (California Government Code Section 53601 (o)) and Supranational Obligations (California Government Code Section 53601 (q)) – In late September 2016, Governor Brown signed a Bill which expands the current ambiguous securities rating wording in the Government Code for these securities from "AA" to include all ranges of "AA", effective 1/1/17. Therefore, language in the policy was changed from a minimum credit rating requirement of AA to AA- for these securities.
5. The Investment Policy is in a new single document format. It is in compliance with the new policy format guidelines issued by L.A. Care's Compliance Department. The former policy comprised of two documents: 1) The Policy (AFS-008) and 2) Desktop Procedure (AFS.DP-008A).

**Member Impact:** N/A

**Budget Impact:** N/A

**Motion:** To approve Financial Services Policy AFS-008 (Annual Investment Policy) as submitted.

	<b>ANNUAL INVESTMENT POLICY</b>	<b>AFS-008</b>
<b>DEPARTMENT</b>	ACCOUNTING AND FINANCIAL SERVICES	
Supersedes Policy Number(s)		

DATES							
Effective Date	1/1/1996	Review Date	10/1/2017	Next Annual Review Date	10/1/2018	Legal Review Date	Click here to enter a date.


LINES OF BUSINESS			
<input type="checkbox"/> Cal MediConnect	<input type="checkbox"/> L.A. Care Covered	<input type="checkbox"/> L.A. Care Covered Direct	<input type="checkbox"/> MCLA
<input type="checkbox"/> PASC-SEIU Plan	<input checked="" type="checkbox"/> Internal Operations		

DELEGATED ENTITIES / EXTERNAL APPLICABILITY			
<input type="checkbox"/> PP – Mandated	<input type="checkbox"/> PP – Non-Mandated	<input type="checkbox"/> PPGs/IPA	<input type="checkbox"/> Hospitals
<input type="checkbox"/> Specialty Health Plans	<input type="checkbox"/> Directly Contracted Providers	<input type="checkbox"/> Ancillaries	<input checked="" type="checkbox"/> Other External Entities

ACCOUNTABILITY MATRIX			
Enter department here	Enter policy §§ here		

ATTACHMENTS
➤ Enter all attachments here (e.g., desktop procedures/job aids, templates, reports, letters)

ELECTRONICALLY APPROVED BY THE FOLLOWING			
	OFFICER	DIRECTOR	COMMITTEE CHAIR
NAME	Marie Montgomery	Angela Bergman	Michael Rembis
DEPARTMENT	Financial Services	Accounting and Finance Services	Finance and Budget Committee
TITLE	Chief Financial Officer	Controller	Treasurer of the Board of Governors

	ANNUAL INVESTMENT POLICY	AFS-008
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AUTHORITIES	
➤	Government Code of Regulations (CCR), §§53600-53609 and 53646
➤	Title 31, Code of Federal Regulations (CFR), §§306.1 et seq. and 350.0 et seq.
➤	L.A. Care Conflict of Interest Code
➤	L.A. Care Code of Conduct
➤	California Health & Safety Code §§1346(a)(11), 1375.1, and 1376
➤	Knox Keene Health Care Service Plan Act of 1975, Ch. 2.2, §1340 et seq. of Div. 3 of the Health & Safety Code, including the Rules of the DMHC

REFERENCES	
➤	Enter all references, including policies and procedures, here.

HISTORY	
REVISION DATE	DESCRIPTION OF REVISIONS
<u>4/6/2017</u>	<u>Revision; primarily clarification of existing government code sections</u>
11/ <del>10</del> 3/2016	Annual review
11/05/2015	Annual review; primarily format changes
09/11/2014	Annual review
02/28/2013	Annual review; primarily format changes
04/01/2012	Annual review; primarily format changes
01/01/1996	New Policy

DEFINITIONS
Please visit the L.A. Care intranet for a comprehensive list of definitions used in policies: <a href="http://insidelac/ourtoolsandresources/departmentspoliciesandprocedures">http://insidelac/ourtoolsandresources/departmentspoliciesandprocedures</a>

## 1.0 **OVERVIEW:**

1.1 To establish the investment guidelines for all operating funds and Board designated reserve funds of L.A. Care Health Plan (L.A. Care) invested on and after ~~XXXX~~November 1, 2017. The objective is to ensure L.A. Care's funds are prudently invested according to the Board of Governors' objectives to preserve capital, provide necessary liquidity, and to achieve a market average rate of return through economic cycles.

## 2.0 **DEFINITIONS:**

Whenever a word or term appears capitalized in this policy and procedure, the reader should refer to the "Definitions" below.

2.1 **Agent:** An independent third party acting for the Custodian. The Investment Manager may act as Agent.

2.2 **Approved NRSRO:** Approved NRSROs consists of the following NRSROs: 1) Standard and Poor's, Moody's and Fitch Ratings.

~~2.22.3~~ **Bankers Acceptance:** Time drafts which a bank "accepts" as its financial responsibility as a part of trade finance process.

~~2.32.4~~ **Commercial Paper:** Unsecured promissory notes issued by companies and government entities at a discount.

~~2.42.5~~ **Credit Risk:** The risk of principal loss due to the failure of the issuer of the security.

~~2.52.6~~ **Custodian:** A financial institution that has legal responsibility for L.A. Care's securities.

~~2.7~~ **Diversification:** The reduction of risk by investing in a variety of assets which ensures that a portfolio is not concentrated in securities of any one type, industry, or entity.

2.6

~~2.72.8~~ **Federal Agencies and U.S. Government Sponsored Enterprises:** Investments which are obligations, participations, and other instruments of, or issued by, a federal agency or a United States government sponsored enterprise, including instruments issued by, or fully guaranteed as to principal and interest by the issuers.

~~2.82.9~~ **Floating Rate Securities:** Securities that provide for the automatic adjustments of its interest rate whenever a specified interest rate changes.

~~2.92.10~~ **Government Pooled Funds:** Funds of various governmental agencies that are pooled together for investment purposes.





**2.102.11 Investment Manager:** An individual designated by the Chief Financial Officer (CFO) to manage all or any part of the investment portfolio.

**2.112.12 Liquidity:** The ability to convert an asset into cash quickly.

**2.122.13 London Interbank Offered Rate (LIBOR):** The average interest rate that leading banks in London charge when lending to other banks and used as a benchmark for Finance.

**2.132.14 Market Risk:** The risk of market value fluctuations due to economic change in the interest rate markets.

**2.142.15 Maturity:** The stated final date at which the principal of the security must be paid, or the unconditional put option date, if the security contains such a provision.

**2.152.16 Medium Term Maturity Corporate Securities:** Notes issued by a corporation organized and operating within the United States or by depository institutions licensed by the United States, or by any state and are operating within the United States.

**2.162.17 Money Markets:** A component of financial markets for assets involved in short-term borrowing and lending with original maturities of one year or shorter time frames.

**2.172.18 Mortgage or Asset Backed Securities:** Securities whereby cash flow from the mortgages, receivables and other assets underlying the security are passed-through as principal and interest payments to the investor.

**2.182.19 Mutual Funds:** A type of professionally managed investment scheme which pools money from many investors.

**2.20 Nationally recognized statistical rating organization (NRSRO):** A credit rating agency that issues credit ratings that the U.S. Securities and Exchange Commission (SEC) permits other financial firms to use for certain regulatory purposes. The SEC's Office of Credit Ratings administers the SEC's rules relating to NRSROs, in addition to performing various other functions with respect to NRSROs.

**2.192.21 Negotiable Certificates of Deposit/Time Deposits:** A negotiable receipt for a time deposit at a bank or other financial institution for a fixed time and interest rate.

**2.22 Prudent Investor Standard (a.k.a. Prudent Man Rule):** A legal rule requiring investment advisers to only make investments for their clients' discretionary accounts that a "prudent man" would make.



~~2.20~~

~~2.21~~2.23

**Repurchase Agreements:** A purchase of securities under simultaneous agreement to sell these securities back at a fixed price on some future date.

~~2.22~~2.24

**State of California and Local Agency Obligations:** Registered state warrants, treasury notes or bonds of the State of California and bonds, notes and warrants or other evidence of indebtedness of any local agency of the state including bonds payable solely out of the revenue from a revenue producing property owned, controlled, or operated by the State or local agency or by a department, board, agency, or authority of the State or local agency.

~~2.23~~2.25

**Term:** The remaining time to Maturity when the asset is purchased.

~~2.24~~2.26

**U.S. Treasuries:** Direct obligations of the United States government and securities which are fully and unconditionally guaranteed as to the timely payment of principal and interest by the full faith and credits of the United States.

~~2.25~~2.27

**Variable Rate Securities:** Securities that provide for the automatic establishment of a new interest rate on set dates.

### 3.0 **POLICY:**

**3.1** Investment of funds may only be made as authorized by this policy, which conforms to California Government Code (the Code) §53600 et seq., and complies with §1346(a)(11) and §1375.1 et seq. of the California Health & Safety Code, specifically §1376, related to the operations of a licensed health service plan engaged in Medi-Cal, Medicare, and other programs, as well as to customary standards of prudent investment management. Should the provisions of the Code become more restrictive than those contained herein, such provisions will be considered immediately, incorporated into this policy, and appropriately adopted by the Board of Governors and L.A. Care management.

### **3.2 Investment Objectives**

In accordance with the regulations cited herein, L.A. Care's primary annual investment objectives are in order of priority as follows:

#### **3.2.1 Safety and Preservation of Capital**

Each investment transaction shall seek to ensure that the capital losses are avoided due to market erosion of security value and institutional default or broker-dealer default. L.A. Care shall seek to preserve capital by mitigating the two types of risk, Credit Risk and Market Risk, as follows:

**3.2.1.1** Credit Risk will be mitigated through diversification of the investment portfolio.

**3.2.1.2** Market Risk will be mitigated by matching Maturity dates to coincide, as much as possible, with L.A. Care's cash flow requirements. It is explicitly recognized herein, however, that in a diversified portfolio, occasional capital losses are inevitable and must be considered within the context of the overall investment return.

### **3.2.2 Liquidity and Flexibility**

The portfolio investments need to be comprised of investments for which there is a secondary market and which offer the flexibility to be sold at any time at prevailing market values with minimal risk of loss of principal and interest.

### **3.2.3 Total Return**

L.A. Care's portfolio will be designed to achieve a market average rate of return similar to other authorized instruments and securities which have similar security, maturities and levels of risk.

## **3.3 Authority to Invest**

**3.3.1** The CFO shall have the authority to invest L.A. Care funds and manage the investment portfolio. Such authority is derived by order from the Board of Governors.

**3.3.2** The CFO may designate an ~~i~~Investment ~~m~~Manager(s) to manage all or such portions of L.A. Care's funds as the CFO shall determine from time to time. Such ~~i~~Investment ~~m~~Manager(s) shall be subject to this policy and any directions provided by the CFO. The CFO will be responsible for all actions undertaken and shall establish a system on internal controls to regulate the activities of subordinate officials, including the ~~i~~Investment ~~m~~Manager. [Additional information regarding Investment Manager\(s\) can be found in Paragraph 3.6.](#)

**3.3.3** No person may engage in an investment transaction except as provided herein and in the procedures established by the CFO and/or Board of Governors.

## **3.4 Prudence**



L.A. Care's Board of Governors, Chief Financial Officer (CFO), and persons authorized to make investment decisions on behalf of L.A. Care are trustees and fiduciaries subject to the Prudent Investor Standard, defined as follows:

**3.4.1** The Prudent Investor Standard, as defined in Government Code §53600.3, requires that when investment officials are investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing funds on behalf of L.A. Care, the investment officials shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of L.A. Care that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of L.A. Care. The Prudent Investor Standard shall be applied in the context of managing an overall portfolio.

**3.4.2** L.A. Care's investment professionals acting in accordance with this policy and any applicable written procedures shall be relieved of personal responsibility for an individual security's credit risk or market risk.

### **3.5 Ethics and Conflict of Interest**

**3.5.1** L.A. Care's officers and employees involved in the investment process or having authority or influence over such activities are not permitted to have any material financial interests in financial institutions that conduct business with L.A. Care, and they are not permitted to have any personal financial investment holdings that could be materially related to the performance of L.A. Care's investments.

**3.5.2** L.A. Care officers and employees involved in the investment of funds will follow applicable compliance policies related to disclosure of potential conflicts to the extent the personal business activity or material financial interest is one capable of being known.

### **3.6 Investment Manager**

**3.6.1** The CFO may designate an Investment Manager(s) to manage any portion of the investment portfolio. Any designated Investment Managers shall be a fiduciary subject to the Prudent Investor Standard in **Section 3.4.1, AFS-008, Annual Investment Policy**, with respect to the funds under management.

**3.6.13.6.2** The CFO will:

**3.6.23.6.2.1** Evaluate candidates for the role of Investment Manager(s). The selected candidates will be reviewed and

approved by the Chief Executive Officer (CEO), and Finance and Budget Committee and the Board of Governors.

~~3.6.33.6.2.2~~ Obtain certification from outside Investment Managers that they will purchase securities from broker-dealers (other than themselves) or financial institutions in compliance with Government Code Section 53601.5 and the ~~AFS-008~~, Annual Investment Policy.

~~3.6.43.6.2.3~~ Provide all Investment Manager(s) with a copy of the ~~AFS-008~~, Annual Investment Policy which will be included in the Investment Manager's contract.

~~3.6.53.6.2.4~~ Establish and review the targeted average maturities periodically with the Investment Manager(s).

~~3.6.63.6.2.5~~ Review the investment diversification and portfolio performance monthly to ensure that the Investment Manager's compliance with this policy, risk levels and returns are reasonable, and that investments are diversified according to the policy.

~~3.6.2.6~~ Investigate any investment made by the Investment Manager(s) which is not authorized by the policy for possible cause for termination of contract.

### 3.7 Authorized Investments

#### 3.7.1 Maturity and Term

All investments are subject to a maximum five (5) year Maturity or Term.

#### 3.7.2 Eligible Instruments

L.A. Care's Policy is to invest in the high quality instruments as permitted by the Government Code, subject to the limitations of ~~the AFS-008~~, the Annual Investment Policy.

#### 3.7.3 U.S. Treasuries (Government Code Section 53601(b))

<i>Types of US Treasuries</i>	<i>Description</i>
Treasury Bills	3 months, 6 months, and one year securities and traded at a discount.
Treasury Notes and Bonds	Interest bearing instruments issued with maturities' of 2 to <del>30</del> years

Treasury STRIPS	US Treasury securities that have been separated into their component parts of principal and interest payments and recorded as such in the Federal Reserve book-entry record keeping system.
US Treasury coupon and principal STRIPS	These are not to be considered to be derivatives for the purpose of the <del>AFS-008, Annual Investment Policy</del> and are permitted investments.

~~3.7.3.1~~ — Maximum Term: Five (5) Years  
3.7.3.1

### 3.7.4 Federal Agencies and US Government Sponsored Enterprises (Government Code Section 53601(f))

**3.7.4.1** These are U.S. Government related organizations, the largest of which are federal intermediaries assisting credit markets, and are often simply referred to as “Agencies.” Any Federal Agency and U.S. Government Sponsored Enterprise security not specifically listed below is not a permitted investment instrument.

***“Agencies” are limited to:***

Federal Agriculture Mortgage Association	FRMDN
Federal Home Loan Banks	FHLB
Federal Home Loan Mortgage Corporation	FHLMC
Federal National Mortgage Association	FNMA
Federal Farm Credit Banks	FFCB
Student Loan Marketing Association	SLMA
Government National Mortgage Association	GNMA
Small Business Administration	SBA
Export-Import Bank of the United States	Ex-Im Bank
U.S. Maritime Administration	MARAD
U.S. Department of Housing and Urban Developments	HUD
Tennessee Valley Authority	TVA

**3.7.4.2** Maximum Term: Five (5) Years

### 3.7.5 State of California and Local Agency Obligations (Government Code Sections 53601(a), (c), (e))



**3.7.5.1** Such obligations must be rated A-1, P-1, or equivalent or better short term; or Aa3/AA-, or equivalent or better long term, by an aApproved nationally recognized rating agency ~~NRSRO~~. Public agency bonds issued for private purposes (industrial development bonds) are specifically excluded as permitted investments.

**3.7.5.2** Maximum Term: Five (5) Years

### **3.7.6 Other States' Obligations (Government Code Sections 53601(d))**

**3.7.6.1** Other states' obligations are permitted provided that:

**3.7.6.1.1** Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California. However, ownership of out of state local agency bonds is not allowed.

**3.7.6.1.2** Such obligations must be rated A-1, P-1, or equivalent or better short term; or AA/Aa2, or equivalent or better long term, by an aApproved NRSRO ~~nationally recognized rating agency~~.

~~**3.7.6.2**~~ Maximum Term: Five (5) Years

**3.7.6.2**

### **3.7.7 Bankers' Acceptances (BA) (Government Code Section 53601(g))**

**3.7.7.1** These short term notes are sold at a discount, and are obligations of the drawer (the bank's trade finance client) as well as the bank. Once accepted, the bank is irrevocably obligated to pay the BA upon Maturity if the drawer does not pay.

**3.7.7.2** Eligible Bankers' Acceptances are Bankers' Acceptances that are eligible for purchase by the Federal Reserve System, and

**3.7.7.3** Drawn on and accepted by a bank rated F1 or better by Fitch, or are rated A-1 for short-term deposits by Standard and Poor's or P-1 for short-term deposits by Moody's, ~~or are comparably rated by an NRSRO~~ nationally recognized rating agency.



**3.7.7.4** No more than five percent (5%) of L.A. Care's investment funds may be invested in any one commercial bank.

**3.7.7.5** Maximum Term: 180 days

### **3.7.8 Commercial Paper (Government Code Section 53601(h))**

**3.7.8.1** Commercial Paper is negotiable, although it is usually held to Maturity. The maximum Maturity is 270 days with most Commercial Paper issued for terms of less than 30 days.

**3.7.8.2** Investments in Commercial Paper must be:

**3.7.8.2.1** Rated ~~P-1 by Moody's or A-1, or equivalent, or higher or better by an a~~Approved NRSRO~~Standard and Poor's,~~

**3.7.8.2.2** Issued by corporations rated A-3, or equivalent, or higher with a rating or ratings A-3 by Moody's and A- by Standard & Poor's or better by an aApproved NRSRO on long term debt, if any, and

**3.7.8.2.3** Issued by U.S. corporations or non-U.S. corporations organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000).

~~**3.7.8.2.4**~~ Asset backed Commercial Paper issued by special purpose vehicles (structure investment vehicles) are prohibited.

**3.7.8.2.4**

**3.7.8.3** L.A. Care's investment funds may not be used to purchase more than ten percent (10%) of the outstanding Commercial Paper issued by any single issuer.

**3.7.8.4** Maximum Term: 270 days

### **3.7.9 Negotiable Certificates of Deposit (CD) / Time Deposits (Government Code Sections 53601(i))**

**3.7.9.1** Negotiable Certificates of ~~—~~Deposit must be issued by a nationally or state chartered bank or savings association, state or federal credit unions or by a state licensed branch of a foreign bank, which have been rated as F1 or better by Fitch, or rated as A-1 for short-term deposits by Standard & Poor's or P-1 for short-term deposits by Moody's, ~~or comparably rated by a~~





~~nationally recognized rating agency.~~ No investment shall be made in Negotiable Certificates of Deposit issued by a state or federal credit union if an Investment Official also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the Negotiation Certificate of Deposit.

**3.7.9.2** Maximum Term: Negotiable CD's 270 days

**3.7.9.3** Maximum Term: Time Deposit 2 days

### **3.7.10 Repurchase Agreements (Government Code Section 53601(j))**

**3.7.10.1** Repurchase Agreements are permitted provided that:

**3.7.10.1.1** The terms of the agreement does not exceed one year.

**3.7.10.1.2** Repurchase Agreements are permitted if collateralized by U.S. Agencies or U.S. Treasuries with any registered broker-dealer or commercial bank insured by the FDIC so long as at the time of the investment:

~~3.7.10.1.3~~**3.7.10.1.2.1** Such registered broker-dealer is a recognized primary dealer, and

~~3.7.10.1.4~~**3.7.10.1.2.2** Such primary broker-dealer (or its parent) has an uninsured, unsecured and unguaranteed obligation rated A-1 short term or A long term, or equivalent or better by an aApproved NRSROP-1 short term or A-2 long term or better by Moody's and A-1 short term or A long term or better by Standard & Poor's.

**3.7.10.2** A broker dealer master Repurchase Agreement must be signed by the Investment Manager (acting as "Agent") and approved by the Investment Professional prior to entering into any repurchase transaction.

**3.7.10.3** The securities are held free and clear of any lien by L.A. Care's Custodian or Agent for the Custodian, and such third party is a:

**3.7.10.3.1** Federal Reserve Bank, or



**3.7.10.3.2** A bank which is a member of the Federal Deposit Insurance Corporation (FDIC) and which has a combined capital surplus and undivided profits of not less than \$50 million and the Custodian shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as Agent for L.A. Care's Custodian, and

**3.7.10.3.3** A perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq., or 31 C.F.R 350.0 et seq. in such securities is created for the benefit of L.A. Care's Custodian.

**3.7.10.4** The Agent must provide L.A. Care's Custodian and Investment Professionals with a valuation of the collateral securities value no less frequently than weekly and shall liquidate the collateral securities if any deficiency in the required one hundred and two percent (102%) collateral percentage is not restored within two business days of such valuation.

**3.7.10.5** Maximum Term: One (1) year.

**3.7.10.6** Reverse Repurchase Agreements are not allowed.

### **3.7.11 Medium Term Maturity Corporate Securities (Government Code Section 53601(k))**

**3.7.11.1** Medium Term Maturity Corporate Securities are corporate and depository institution debt securities with a maximum remaining maturity of five years (5) or less. Medium Term Maturity Corporate Securities must:

**3.7.11.1.1** Be Corporate Securities that have a rating of A- or equivalent or better by ~~two~~an aApproved NRSROs A3 by Moody's and A- by Standard and Poor's or better with a Maturity of five (5) years or less,

**3.7.11.1.2** Be issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or by any state and are operating within the United States that have total assets in excess of five hundred million dollars (\$500,000,000),



**3.7.11.1.3** Represent no more than five percent (5%) of the issue in the case of a specific public offering. This limitation does not apply to debt that is “continuously offered” in a mode similar to Commercial Paper. ( i.e., medium term notes (MTN’s) ), and

**3.7.11.1.4** Represent no more than 5% of the portfolio for both MTN’s or any corporate security of any one corporate issuer.

~~**3.7.11.2**~~ Maximum Term: Five (5) years

**3.7.11.2**

### **3.7.12 Money Market and Mutual Funds (Government Code Section 53601(l))**

**3.7.12.1** Investments in shares of beneficial interest issued by diversified management companies (Money Market Funds or Mutual Funds) must be with a company that:

**3.7.12.1.1** Attained the highest ranking of the highest letter and numerical rating provided by not less than two nationally recognized rating services, or

**3.7.12.1.2** If unrated, all funds must be invested 100% in government securities or securities backed by government collateral.

**3.7.12.1.3** Any investments in a Mutual Fund must be with a Mutual Fund that invests in the securities and obligations authorized by Government Code Sections 53601(a) to (k), inclusive, and (m) to (o), inclusive.

**3.7.12.1.4** Any investments in a Money Market Fund must be with a Money Mutual Fund that follows regulations specified by the SEC under the Investment Company Act of 1940.

**3.7.12.1.5** Not more than ten percent (10%) of L.A. Care’s investment funds may be invested in any one Mutual Fund.

### **3.7.13 Mortgage or Asset Backed Securities (Government Code Section 53601(o))**

**3.7.13.1** Though these securities may contain a third-party guarantee, they are a package of assets being sold by a trust, not a debt obligation of the sponsor. Other types of “backed” debt



instruments have assets (such as leases or consumer receivables) pledged to support the debt service. However, Mortgage Backed Securities primarily backed by sub-prime collateral are not allowed.

- 3.7.13.2** Investments in any Mortgage Pass-Through Securities, collateralized Mortgage Obligations, Mortgage Backed or other pay through bond, equipment lease backed certificate, consumer receivable pass through certificate, or consumer receivable backed bonds must be:

\_\_\_\_\_  
Rated AA-, or its equivalent or better by an ~~a~~Approved NRSRO-nationally recognized rating service, and

3.7.13.2.1

~~3.7.13.2.13.7.13.2.2~~ Issued by an issuer ~~having an~~rated A-, or equivalent or better ~~-by an a~~Approved NRSRO-~~or better rating service by a nationally recognized rating service~~ for its long term debt.

- 3.7.13.3** Maximum Term: Five (5) years

**3.7.14 Variable and Floating Rate Securities**

- 3.7.14.1** Variable and Floating Rate Securities are an appropriate investment when used to enhance yield and reduce risk. They should have the same stability, liquidity and quality as traditional market securities.

- 3.7.14.2** Variable and Floating Rate Securities with a final Maturity not to exceed five (5) years as described above, must utilize traditional Money Market asset indices such as U.S. Treasury Bills, Federal Funds, Commercial Paper or LIBOR. Investment in Floating Rate Securities whose reset is calculated using more than one of the above indices are not permitted, i.e., dual index notes.

- 3.7.14.3** No investments shall be made in inverse floaters, range notes, interest-only strips derived from mortgage pools, and securities that could result in zero-interest accrual if held to maturity. Zero-interest accruals means the security has the potential to realize zero interest depending upon the structure of the security. Zero coupon bonds and similar investments that start at a level below the face value are permissible because the value does increase.



### **3.7.15 Government Pooled Funds (Government Code Section 53601(p))**

- 3.7.15.1** Investments are permitted in Government Pooled Funds including, but not limited to, County Pooled Investment Funds, Joint Powers Authority Pools, the Local Agency Investment Fund, and the Voluntary Investment Program Fund.
- 3.7.15.2** A Joint Powers Authority Pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years experience investing in instruments authorized by Government Code Sections 53601(a) to (o).
- 3.7.15.3** Any investments in the Voluntary Investment Program Fund must be between \$200 million and \$10 billion dollars and must be approved by the Board of Governors.
- 3.7.15.4** For any investments in the Local Agency Investment Fund or County Pooled Investment Fund, the CFO may provide to the Board of Governors and the auditor the most recent statement or statements received from those institutions in lieu of the information otherwise required to be provided in the quarterly reports pursuant to [Section Paragraph 6.1.21-3.2.2 of this Annual Investment Policy Desktop Procedure.](#)
- 3.7.15.5** **Maximum Term: Five (5) years (per Government Code Section 53601)**

### **3.7.16 Supranational Obligations (Government Code Section 53601(q))**

- 3.7.16.1** Certain supranational obligations are permitted provided that the obligations are:
- 3.7.16.1.1** U.S. Dollar denominated,
  - 3.7.16.1.2** Senior Obligations,
  - 3.7.16.1.3** Issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank,
  - 3.7.16.1.4** Eligible for purchase and sale within the United States, and

3.7.16.1.5 Rated AA, or equivalent or better by an aApproved  
NRSRO-nationally recognized rating agency.

### 3.7.17 Securities Lending

3.7.17.1 Securities lending is allowed but are subject to the conditions and restrictions in the California Government Code Sections 53601(j) and 53601(l).

### 3.7.18 Derivatives

3.7.18.1 Investments in derivative securities are not allowed, except as permitted by this Annual Investment Policy, including but not limited to, US Treasury STRIPS as discussed in Section 3.7.3.

## 3.8 Diversification Guidelines

### 3.8.1 Investment Security Diversification at the time of purchase:

<i>Type of Security</i>	<i>Maximum Portfolio %</i>
US Treasuries, including STRIPS	100%
Federal Agencies, and US Government Enterprises	100%
State Obligations (CA and others) and CA Local Agency Obligations	25%
Bankers Acceptances	40%
Commercial Paper	25%
Negotiable Certificates of Deposit	30%
Repurchase Agreements	100%
Medium Term Maturity Corporate Securities	30%
Money Market Funds and Mutual Funds Combined	20%
Mortgage and Asset Backed Securities	20%
Variable and Floating Rate Securities	50%
Government Pooled Funds	100%
Certain Supranational Obligations	<del>15</del> 30%

### 3.8.2 Issuer / Counterparty Diversification Guidelines:

<i>Issuer / Counterparty</i>	<i>Maximum Portfolio %</i>
Any one Federal Agency or Government Sponsored Enterprise	100%
Any one Repurchase Agreement counterparty name:	
If Maturity / Term is less than or equal to 7 days	50%
If Maturity / Term is greater than 7 days	25%

**3.8.3** For all other securities described under Authorized Investments that are permitted investments, no more than two percent (2%) of L.A. Care's funds may be invested with any one company, corporation, bank, local agency, or other investment vehicle, unless otherwise stated.

**3.8.4** L.A. Care's Investment Manager(s) (if any) must review the portfolio he/she manages to ensure compliance with L.A. Care's Diversification guidelines at the time of each purchase.

### **3.9 Leverage**

**3.9.1** The investment portfolio, or investment portfolios managed by an Investment Manager cannot be used as collateral to obtain additional investment funds.

### **3.10 Underlying Nature of Investments**

**3.10.1** L.A. Care and its Investment Manager(s) shall not make investments in organizations which have a line business ~~that~~<sup>which</sup> is visibly in conflict with public health or the mission of L.A. Care.

**3.10.2** L.A. Care and its Investment Manager(s) shall not make investments in Negotiable Certificates of Deposit of a state or federal credit union if a member of its Board or Executive Officers also serves on the Board of Governors of that credit union.

**3.10.3** L.A. Care will provide the Investment Manager(s) with a list of corporations that do not comply with the Annual Investment Policy and shall notify its Investment Manager(s) of any changes.

**3.10.4** Investment Manager(s) will not enter into any investments with any institutions with which the Investment Manager is affiliated.

### **3.11 Rating Downgrades**

**3.11.1** L.A. Care may from time to time be invested in a security whose rating is downgraded below the quality permitted in this Annual Investment Policy [Desktop Procedure](#).



**3.11.2** Any security held as an investment whose rating falls below the investment guidelines or whose rating is put on notice for possible downgrade shall be immediately reviewed for action. The decision to retain the security until maturity, sell or put the security, or other action shall be approved by the CFO.

### **3.12 Rating Guidelines**

**3.12.1** A security must be rated by one or more of the following aApproved NRSROs: 1) Standard and Poor's 2) Moody's Investor's Service, or 3) Fitch Ratings. a minimum of two NRSROrating agencies. Unless specifically stated otherwise for a specific asset class, if a security is rated at different rating levels by two or more by aApproved NRSRO's, the highest rating will apply only two rating agencies, i.e., Standard & Poor's, Moody's or Fitch Ratings, the higher of the two ratings will apply. If a security has three ratings, the middle rating will apply.

**3.12.2** All investments must adhere to rating requirements outlined under the sections authorizing their purchase under section 3.7.

**3.12.23.12.3** Notwithstanding the Section 3.7.15, L.A. Care may invest in Government Pooled Funds that invest only in high grade securities or obligations.

## **4.0 PROCEDURES:**

### **4.1 Safekeeping**

**4.1.1** Investments purchased shall be held by a Custodian bank acting as agent for L.A. Care and such custody agreement shall be in compliance with Government Code Section 53608.

## **5.0 MONITORING:**

### **5.1 Board of Governors**

**5.1.1** The CFO is responsible for providing the Board of Governors with an Annual Investment Policy, and the Board of Governors is responsible for adopting the Annual Investment Policy and ensuring investments are made in compliance with the AFS-008, Annual Investment Policy. Investments will be made in recognition of L.A. Care's need to comply with tangible net equity and other solvency and financial reporting requirements set forth by



the Department of Managed Health Care. This Annual Investment Policy shall be reviewed and approved annually by the Board of Governors at a public meeting pursuant to Section 53646(a) (2) of the California Government Code.

- 5.1.2** The CFO is responsible for directing L.A. Care's investment program and for compliance with this policy pursuant to the delegation of authority to invest funds or to sell or exchange securities. The CFO shall provide a quarterly report to the Board of Governors. The CFO shall also provide the Board of Governors with a monthly report of investment transactions.

## **5.2 Finance and Budget Committee**

- 5.2.1** Duties and responsibilities of the Finance and Budget Committee are distinct from those of the CFO as follows:

**5.2.1.1** The CFO and staff are responsible for the day-to-day management of L.A. Care's investment portfolio and the making of specific investments.

**5.2.1.2** The Board of Governors is responsible for the Annual Investment Policy. The Finance and Budget Committee shall not make or direct L.A. Care management to make any particular investment, purchase any particular investment product, or do business with any particular investment companies or brokers. It shall not be the purpose of the Finance and Budget Committee to provide advice to the CFO on particular investment decisions of L.A. Care.

- 5.2.2** The duties and responsibilities of the Finance and Budget Committee shall consist of the following:

**5.2.2.1** Review of the Annual Investment Policy annually before its consideration by the Board of Governors and recommend revisions.

**5.2.2.2** Review L.A. Care's investment portfolio quarterly to confirm compliance with the Annual Investment Policy, including its diversification and maturity guidelines.

**5.2.2.3** Provide comments to the CFO regarding potential investments and potential investment strategies.

**5.2.2.4** Periodically review investment security diversification and investment strategies with Investment Manager(s).



- 5.2.2.5** Perform such additional duties and responsibilities as may be required from time to time by specific action and direction of the Board of Governors.

### **5.3 Audit**

Investment transactions of L.A. Care may be reviewed during the annual audit performed by the public accounting firm selected by the Finance and Budget Committee and approved by the Board of Governors. The results of the audit of the investment transactions shall be presented in a report prepared by the auditors to the Finance and Budget Committee and the Board of Governors for their review, acceptance, and action as the Board of Governors deems necessary. A full audit of the investment of L.A. Care may be requested by the Finance and Budget Committee or Board of Governors at any time.

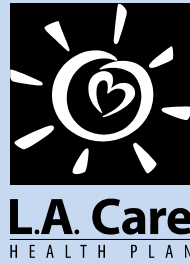
### **5.4 Performance Benchmarks**

- 5.4.1** L.A. Care's investment portfolio shall be designed to achieve a market-average rate of return through economic cycles similar to authorized investment instruments, which have similar security maturities and levels of risk.
- 5.4.2** The performance benchmarks for the investment portfolio will be based upon the market indices for short term investments of comparable risk and duration. These performance benchmarks will be agreed to by the CFO and the Investment Manager(s) and the relative performance of the investment portfolio will be reviewed with the Finance and Budget Committee quarterly.

## **6.0 REPORTING:**

### **6.1 Quarterly Review**

- 6.1.1** At a minimum, the CFO shall present a quarterly report with investment transaction information in adequate detail to allow the Finance and Budget Committee to review the investment activities of L.A. Care.
- 6.1.2** The quarterly report will be summarized and presented as a report from the Finance and Budget Committee to the full Board of Governors in accordance with Government Code Section 53646(b).



**Board of Governors**  
**MOTION SUMMARY**

**Date:** October 5, 2017

**Motion No.** FIN 101.1017

**Committee:** Finance & Budget Committee

**Chairperson:** Michael Rembis

**Issue:** In compliance with L.A. Care policy, approve funds to support meetings and programs of the Community Advisory Committees

**Background:** Expense Policy AFS-004 requires Board approval of funds for travel, hotel, air and meals, and non-travel related expenses. Regional Consumer Advisory Committee members (CAC) will participate in meetings, training sessions and conferences that occur during meal times to be held between October 1, 2017 and September 30, 2018. These funds are solely for the operation of the RCAC's. The board has approved a separate motion for the operations of the CCI Councils.

Using the triple aim, the purpose of the CACs is to provide L.A. Care's Board with feedback on the strengths, weakness and opportunities for quality care improvements. The 11 advisory committees are comprised of 200 consumers and advocates. During Fiscal Year (FY) 2017-18 it is proposed that the CAC will participate in approximately 66 meetings, 4 new member orientations, 6 ECAC leadership training sessions, 2 CAC conferences and 10 or more ad-hoc committee meetings.

**Member Impact:** In support of L.A. Care's mission, vision and goals, CAC members meet bi-monthly in their respective regions to discuss issues related to access to care and the overall consumer experience with L.A. Care. The goal of the meetings is to collect feedback from members to share with L.A. Care's leadership, in an effort to improve member health and wellness. CAC members are charged with helping the Board of Governors better understand plan members when deciding on policies and programs. The direct feedback from the health plan members provides value to all L.A. Care members.

**Budget Impact:** The cost was anticipated and sufficient funds were included in the approved budget for the Community Outreach and Engagement Department for FY 2017-18.

**Motion:** To approve the allocation of funds to support L.A. Care's Regional Community Advisory Committee meetings and programs in the amount of \$ 204,020 for FY 2017-18.



**L.A. Care**  
HEALTH PLAN

**Board of Governors**  
**MOTION SUMMARY**

**Date:** October 5, 2017

**Motion No.** FIN 102.1017

**Committee:** Finance & Budget

**Chairperson:** Michael Rembis

**Issue:** Amend a contract with Healthx, Inc. to provide member and provider portal hosting services.

☐ New Contract   ☒ Amendment   ☐ Sole Source   ☒ RFP/RFQ was conducted

**Background:** In February 2015 the Board of Governors approved motion FIN 109.0215 authorizing staff to contract with one or more existing key vendors for L.A. Care's Member and Provider Portal Strategic implementation services, for \$2,500,000.

L.A. Care conducted a competitive request for proposal process and selected Healthx as the vendor of choice given its proven expertise, health plan experience and fit with L.A. Care's strategic goals. L.A. Care staff is now requesting to amend a contract with Healthx, extending its term for three years through October 2020, in the amount of \$3,000,000 to provide hosted services including:

- Member portal
- Member portal Healthx mobile application
- Member portal single sign on with Bank of America
- Provider portal single sign on with Office Ally (claim submission)
- Member and provider portal provider directory and provider attestation

**Member Impact:** L.A. Care uses the Healthx platform to host a member portal. L.A. Care will implement an additional portal on the Healthx platform for providers.

**Budget Impact:** The cost of the contract was anticipated and included in the approved budget for the Information Technology department for FY 2017-18.

**Motion:** To authorize staff to execute a contract with Healthx for an amount of \$3,000,000 (total contract not to exceed \$5,500,000) for hosting services through October 30, 2020.



**L.A. Care**  
HEALTH PLAN

**Board of Governors**  
**MOTION SUMMARY**

**Date:** October 5, 2017

**Motion No.** FIN 103.1017

**Committee:** Finance & Budget

**Chairperson:** Michael Rembis

**Issue:** Amend a contract with Infosys Limited for Medi-Cal system development support services.

☐ New Contract   ☒ Amendment   ☐ Sole Source   ☒ RFP/RFQ was conducted

**Background:** L.A. Care requests approval to amend the contract with Infosys in the amount of \$7,000,000 through September 30, 2018. Infosys will provide Medi-Cal member conversion services, reporting, production support, and system testing.

In March 2012 the Board of Governors approved the implementation of TriZetto's core information system to handle all of L.A. Care's lines of business. To augment TriZetto's resources and ensure a successful system implementation, additional assistance from vendors with expertise in TriZetto products was needed.

A request for proposal process was conducted in July 2013 and Infosys was selected due to its established partnership with TriZetto, which includes access to TriZetto's intellectual property, vast network of experienced resources, and lowest proposed pricing.

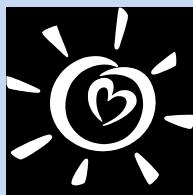
The additional funds will support the following:

1. Provide reporting services and system management in the converted environment.
2. Provide support for enhancements, bug fixes, technical consulting, and data corrections for L.A. Care's lines of business.
3. Provide testing for production support and QNXT implementation for all lines of business.

**Member Impact:** The services purchased under this contract will improve L.A. Care's information system infrastructure, which will indirectly result in better and more efficient services to all members.

**Budget Impact:** The cost of this agreement was anticipated and included in the approved budget for the Information Technology department for FY 2017-18.

**Motion:** To authorize staff to amend a contract with Infosys for member conversion services, reporting, production support, and system testing in the amount of \$7,000,000 (total contract not to exceed \$28,392,818) through September 30, 2018.



**L.A. Care**  
HEALTH PLAN

**Board of Governors**  
**MOTION SUMMARY**

**Date:** October 5, 2017

**Motion No.** FIN 104.1017

**Committee:** Finance and Budget

**Chairperson:** Michael Rembis

☐ New Contract      ☒ Amendment      ☐ Sole Source      ☒ RFP/RFQ was conducted

**Issue:** Authorize spending with Cognizant, FlexTech, Infosys, and HCL for professional services to support various Information Technology efforts during FY 2018.

**Background:** In June 2015 the Board of Governors approved motion FIN 107.0615 authorizing staff to negotiate contracts with Cognizant, FlexTech, Infosys, and HCL following a competitive bidding process. Since then, Master Services Agreements (MSAs) were negotiated and executed with each of these vendors through 2017.

Staff requests approval to authorize spending under the existing MSAs for staff augmentation in FY 2017-18. Staff augmentation is needed to ensure continuity and completion of projects currently underway and approved in the budget for FY 2017-18. The exact amount to be distributed among each vendor is unknown at this time; below are the estimated maximum obligations.

Vendors	Estimated Maximum Obligation FY 2018
Cognizant	\$ 4,500,000
Infosys	\$ 4,500,000
FlexTech	\$ 4,500,000
HCL	\$ 1,500,000
<b>TOTAL:</b>	<b>\$15,000,000</b>

The approved budget for Strategic Projects FY 2017-18 includes \$52.1 million, which includes staffing augmentation, professional fees, and capitalized equipment. A number of projects will be carried forward from the current fiscal year. Other projects are new and in various states of readiness for resourcing, which will occur through staff augmentation and/or fixed-price competitive bids, to be appropriately determined for each project.

**Member Impact:** Augmenting L.A. Care's staff with proven resources that have in-depth and irreplaceable in-house experience, will facilitate the most efficient and effective use of resources to ensure projects are delivered timely and with the highest quality for our members.

**Budget Impact:** Sufficient amounts have been budgeted in the Information Technology department for FY 2018.

**Motion:** To authorize spending with the following existing key vendors:  
**Cognizant, FlexTech, HCL, and Infosys in an aggregate amount not to exceed \$15,000,000 for staff augmentation expenditures through September 30, 2018.**



**Board of Governors**  
**MOTION SUMMARY**

**Date:** October 5, 2017

**Motion No.** FIN 105.1017

**Committee:** Finance & Budget

**Chairperson:** Michael Rembis

**Issue:** Amend a contract with Oracle America, Inc. (Oracle) to renew Cloud Service Subscription and Technical Support Services for L.A. Care's Oracle software infrastructure.

☐ New Contract ☒ Amendment ☒ Sole Source ☐ RFP/RFQ was conducted

**Background:** L.A. Care requests approval to amend a contract with Oracle in the amount of \$2,278,430 through November 10, 2018, for the renewal of Cloud Service Subscription and Technical Support Services.

L.A. Care has used Oracle's software products and services since 1999 for member auto assignment, encounter data processing and repository, database for Enterprise Data Warehouse, and numerous other functions outside of the TriZetto System, all of which are vital components to LA Care's business continuity. The renewal of Cloud Service Subscription and License Support Services is necessary for continued operations on the existing platform.

Technical Support Services for Oracle Products -	\$ 1,975,650
Cloud Service Subscription	- \$ 302,779
<b>Total</b>	<b>\$ 2,278,430</b>

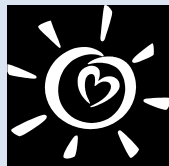
A request for proposal was not conducted as Oracle is a preferred vendor and the sole provider of these products and services. Oracle products require specific support and maintenance that can only be provided by the vendor.

**Member Impact:** Oracle applications are used for member auto-assignment and encounter data processing.

**Budget Impact:** The cost of this agreement was anticipated and included in the approved budget for the Information Technology Department FY 2017-18 operating budget.

**Motion:** To authorize staff to amend a contract with Oracle America, Inc. for an amount not to exceed \$2,300,000 through November 10, 2018, to renew Cloud Service Subscription and Technical Support Services for L.A. Care's Oracle software infrastructure





**L.A. Care**  
HEALTH PLAN

**Board of Governors**  
**MOTION SUMMARY**

**Date:** October 5, 2017

**Motion No.** FIN 106.1017

**Committee:** Finance & Budget

**Chairperson:** Michael Rembis

☒ **New Contract**   ☐ **Amendment**   ☐ **Sole Source**   ☒ **RFP/RFQ was conducted**

**Issue:** Execute agreements with five translation and face-to-face interpreting services vendors in order to meet regulatory and member needs in an amount not to exceed \$3 million each fiscal year.

**Background:** L.A. Care staff requests approval to execute contracts with five vendors for three years with an option to renew for two additional years. The vendors provide translation and face-to-face interpreting services as required by state and federal regulatory agencies.

The Cultural and Linguistic Services Unit (C&L) conducted a competitive Request for Proposal (RFP) in April 2017. A RFP notice was sent out to 38 agencies and 18 vendors submitted letters of intent and completed qualification questionnaires. Eight agencies met L.A. Care's requirements and were invited to submit a proposal. The proposals were reviewed and on-site vendor presentations were attended by an interdepartmental evaluation committee comprised of representatives from high volume departments along with stakeholders from C&L Unit, Procurement, Privacy, and IT departments. The committee evaluated based on company credentials, processes and procedures, quality assurance and control, health care experience, capacity to meet L.A. Care's needs, and pricing. Five vendors were selected; two for translation, two for interpreting, and one vendor that offers both services.

C&L staff negotiated the lowest rates for both translation and interpreting services. For translation services, C&L lowered rates by an average of 14% per word compared to the current contracted rates in the highest requested threshold languages (Spanish, Traditional Chinese, Khmer, and Korean) that represent over 60% of all requests.

For interpreting services, C&L staff negotiated rates down for both consecutive interpreting (used for medical appointments) and simultaneous interpreting (used at board and community advisory committee meetings) for all languages. The hourly rates for Spanish, which accounted for 33% of all services last year, decreased 5% per hour for both consecutive and simultaneous interpreting. Additionally, following the success of cost reduction efforts at Rancho Los Amigos which decreased spending by 19%, C&L staff established half- and full day rates for all other languages.

In order to ensure adequate capacity for the provision of interpreting and translation services, the C&L staff recommend contracting with three vendors for each of the services. The lowest rates are available with three-year contract terms with an option to renew for two additional years. The contract amounts for translation services are based on current volume and anticipated projects as reported in the enterprise-wide requests. The contract amounts for interpreting services are based on current utilization, membership projections, and anticipated increases based on trending over the last few years.



**Board of Governors**  
**MOTION SUMMARY**

Vendor	Contract Term	Three-Year Contract Amount	Comments
Avantpage	12/1/2017 to 11/30/2020	\$ 1,350,000.00	Avantpage has been providing translation services to L.A. Care for a total of six years and the staff are satisfied with the services including quality assurance and project management.
United Language Group (ULG)	12/1/2017 to 11/30/2020	\$ 906,000.00	ULG was selected due to the strength of their processes, mechanisms, and tools that ensure member health information security. L.A. Care has contracted with ULG for the past six years for telephonic interpreting and are satisfied with their services. Their current contract in the amount of \$2,670,000 expires 12/31/2018.
Language Line	4/1/2018 to 3/31/2021	\$ 900,000.00	Language Line, the largest language service provider, offered the lowest bid for consecutive services for majority of threshold languages.
CTS Language Link (CTS)	12/1/2017 to 11/30/2020	\$ 300,000.00	CTS was selected for their established recruitment process which exceeded L.A. Care's requirements and other vendor's minimum qualifications. The vendor proposed competitive rates for all services with a savings of up to 11% in multiple languages for consecutive interpreting compared to the existing rates.
Interpreting Services International (ISI)	9/1/2018 to 8/31/2021	\$ 2,700,000.00	ISI has been providing translation and interpreting services to L.A. Care since 2011. Staff has been pleased with their customer service and quick turnaround times. ISI decreased all translation rates by an average of 17% from their current contract. Additionally, ISI proposed a 3-6% discount on all current interpreting rates across all languages. ISI currently has a three-year contract in the amount of \$2,670,000 that expires 10/31/2018.

C&L staff assure vendor performance through regular monitoring of their services.

For translation services, the staff uses L.A. Care's translation quality checklist to assure quality and timeliness of services. Contracts will include a requirement to address all translation errors and omissions identified by L.A. Care within 45 days after project delivery at no additional cost. For

**Board of Governors**  
**MOTION SUMMARY**

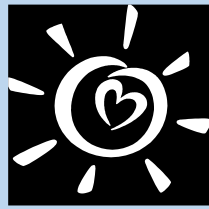
projects that are delivered late or have excessive errors, a fee adjustment up to 50% will be applied. All agreements will incorporate these performance guarantees along with a 30-day no-cause termination.

For interpreting services, C&L staff members assure performance through regular monitoring of its services using L.A. Care's verification form and member feedback. Agreements will include no charge or full reimbursement for interpreting services that do not meet California Healthcare Interpreting Association (CHIA) standards. Contracts will also incorporate a 30-day no-cause termination statement.

**Member Impact:** These services will improve member satisfaction and ensure L.A. Care's compliance with regulatory requirements.

**Budget Impact:** Sufficient funds are budgeted in the C&L budget for FY 2017-2018. Additional funds will be requested for subsequent fiscal years.

**Motion:** To approve three-year contracts with the option to renew for two consecutive years with five vendors that provide translation and interpreting services in an amount not to exceed \$3 million dollars each fiscal year, for a total not to exceed \$15 million dollars.



**L.A. Care**  
HEALTH PLAN

**Board of Governors**  
**MOTION SUMMARY**

**Date:** October 5, 2017

**Motion No.** ECA 100.1017

**Committee:** Executive Community Advisory Committee    **Chairperson:** Christina Deh-Lee

**Issue:** Approval of additional member (s) to the Regional Community Advisory Committees (RCACs).

**Background:** Senate Bill 2092 requires that L.A. Care Health Plan ensure community involvement through a Community Advisory Committee. L.A. Care's Regional Community Advisory Committee (RCAC) structure is composed of 5-35 members per RCAC. RCAC member recruitment is on-going to ensure the highest possible community involvement.

**Member Impact:** None

**Budget Impact:** None.

**Motion:** To approve the following candidate(s) to the Regional Community Advisory Committees (RCAC) and Coordinated Care Initiative Councils, (CCI), as reviewed by the Executive Community Advisory Committee (ECAC) during the April 12, 2017 ECAC meeting.

Name	RCAC/CCI #	Type of Member (Agency, if applicable)
Soriya Sun	RCAC 2	Consumer
Shammonie Touray	RCAC 6	Consumer
Jewelene Richardson	RCAC 6	Consumer



September 29, 2017

TO: Board of Governors

FROM: John Baackes, *Chief Executive Officer*

**SUBJECT: CEO Report – October 2017**

As we head into the heart of the fall season – a time often associated with transitions – we turn a new leaf with the onset of the new fiscal year and, perhaps more importantly, a fresh focus and renewed energy. The Board’s approval of the fiscal year 2017-2018 budget at the September meeting set the stage for what promises to be another exciting year defined by the significant streamlining of operations, which ultimately enables L.A. Care to better serve its members. In the past few weeks, I have witnessed cross-functional collaborations throughout the organization in preparation for new projects that aim to take us to the next level as a health plan – and I am happy to report there is a palpable momentum growing by the day.

On a separate and disappointing note, Senate Republicans attempted a last-ditch effort to repeal and replace the Affordable Care Act with the Graham-Cassidy health care bill. This was by far the most outrageous bill they had proposed – even worse than the bill passed by the House in May and the bill defeated in the Senate in August. Fortunately, as of this writing, Republican leaders failed to garner enough support and decided not to bring the bill to the floor for a vote. Seeing as the bill sought to severely undercut the Medicaid program and eliminate health coverage for millions of Americans, L.A. Care took swift action to voice a strong opposition in the days leading up to a possible vote. Below you will find more details about the various efforts L.A. Care engaged in.

No matter what happens in Washington D.C., rest assured that L.A. Care will remain unwavering in its commitment to serving Los Angeles County’s most vulnerable populations and safety net providers, just as it always has.

Please find below an update on organizational activities for the month of September.

1. Graham-Cassidy Health Care Bill

Given the magnitude of changes proposed by the Graham-Cassidy (GC) bill, I prioritized efforts that communicated our deep concerns with the flawed bill, which was not informed by input from consumers, doctors, health plans or any other health care stakeholder. Our advocacy efforts included: a public statement from me that conveyed L.A. Care’s opposition to the GC bill, which I shared with the Board, staff, our consumer councils as well as the Los

Angeles delegation at the congressional and state level; a letter from L.A. Care stating our position was sent to the House delegation; L.A. Care rallied and led a coalition of 15 Medicaid health plans from across the country to draft and send a letter to the Senate denouncing the GC bill; our federal lobbyist held in-person meetings with the offices of Congress members Steve Knight, Kevin McCarthy and Ed Royce; L.A. Care signed onto Health Access' Fight4OurHealth Coalition letter also opposing the GC bill; and last but not least, we offered our assistance to California Senators Dianne Feinstein and Kamala Harris. Further, as part of my commitment to ensuring our members' voices were heard in Washington, D.C., I actively denounced the GC bill through various interviews with high-profile media outlets, including Politico and Bloomberg. For your reference, I have attached a couple of the news articles to this report.

2. 2017 Board of Governors Retreat

I would like to thank the Board for participating in our annual daylong retreat which always offers an invaluable opportunity for a thoughtful discussion on our path forward – and this year was no exception. It was a delight to have Marilyn Tavenner, America's Health Insurance Plans (AHIP) President and CEO, join us for a presentation on "Shaping the Future of Medicaid," which was preceded by an engaging Q&A session that covered topics ranging from the idea of a "mega waiver" to AHIP's priorities. Additionally, I was pleased with the Board's overall positive reaction to our new parent brand campaign – a multi-year, multi-platform marketing campaign that aims to educate diverse audiences throughout the county about L.A. Care. Please find attached to my report a summary of the retreat.

3. Trump Administration Rescinds DACA

In early September, the Trump administration announced its decision to end the Deferred Action for Childhood Arrivals (DACA) program impacting 800,000 individuals commonly known as Dreamers. Seeing as this action would likely jeopardize thousands of Dreamers who reside in California and rely on Medi-Cal for health coverage – including an undetermined number of L.A. Care members – I joined a loud chorus of CEOs across the nation voicing opposition to this decision. To help alleviate some of the negative mental, physical and social effects this may cause among immigrant communities, I am proud to say that L.A. Care is supporting various "Know Your Rights" education campaigns and other immigration advocacy efforts. Through our Community Health Investment Fund, we have committed a total of \$425,000 to our partners at the Central American Resources Center (CARECEN), the Coalition for Humane Immigrant Rights of Los Angeles (CHIRLA) and Watts Century Latino Organization. As this situation unfolds, L.A. Care will engage at the local, state and federal levels to support the DACA program.

4. 2017 PPG Stakeholder Summit

In an effort to further engage our delegated Independent Physician Associations (IPAs) and medical groups, also known as Participating Physician Groups (PPGs), and educate them about our Value Initiative for IPA Performance (VIIP) program, we hosted a PPG Stakeholder Summit on September 28 at our headquarters. This also served as an opportunity to introduce IPAs and groups to Dr. Richard Seidman in his new role as Chief Medical Officer of L.A. Care. I am thrilled to report that the VIIP program continues to be well-received and is proving to be an effective tool for improving performance. Thanks to the hard work from our Provider Network Management and Health Services teams, as well as active participation from IPAs, we are well on our way to improving health outcomes for our members.

5. ECAC Leadership Training Series

On September 20, our Community Outreach and Education team held the last of its six-part leadership training in 2017 for 32 Executive Community Advisory Committee (ECAC) members, culminating with an information-packed session on advocacy, social determinants of health and health disparities. Each participant was afforded an opportunity to sharpen their leadership skills and subsequently share what they learned with their respective Regional Community Advisory Committee. Given the current political climate, I was pleased to share brief remarks on the ever-relevant topic of advocacy as a powerful tool for change. I am confident this group will put their newly-gained skills and knowledge into practice.

6. AHIP's 2017 National Conference on Duals

On September 26, I participated in AHIP's National Conference on Duals as a panelist for the "Reimagining a Unified Program for Dual Eligibles" session, along with Melanie Bella, former Director of the Federal Coordinated Health Care Office at CMS. We had thoughtful discussion on the main roadblocks to a fully integrated coverage program for dual eligibles, the challenges of administering such a program at the state and federal levels, and our unique experiences with the challenges of implementing a duals program, among other topics.

7. L.A. Care Honored by the Achievable Foundation

I am pleased to report that L.A. Care was honored by the Achievable Foundation for its leadership in the field of health care for people with intellectual and developmental disabilities. The Achievers Award recognizes the successful collaboration between the two organizations, and also L.A. Care's commitment to improving the conditions of daily life that impact the health of all Angelenos.

8. DHCS Conducts Annual Medi-Cal Medical Audit

From September 18 to 29, L.A. Care hosted a group of 10 California Department of Health Care Services auditors as part of its annual routine audit of the organization's Medi-Cal line of business and its compliance with contractual requirements. Areas of audit included: Network Adequacy, Claims, Pharmacy, Grievances, Appeals and Credentialing, among others.

9. L.A. Care in the News

In addition to the media coverage on the Graham-Cassidy bill, L.A. Care was prominently featured in other coverage that highlights the organization's efforts to elevate health care for its members. The Los Angeles Times published an article that points to our collaboration with the Department of Health Care Services to shift to an electronic version of our provider directory – while offering a print version as an option – as a way to create efficiencies in the Medi-Cal program. I am also proud that STAT, an online health outlet, showcased our Transgender Health Program in a piece that sheds light on the transgender community's concerns in the context of the current political climate. These articles are also attached to my report.

Attachments:

- September 2017 sponsorship list
- Board retreat memo
- L.A. Care Graham-Cassidy opposition letter to the Los Angeles House delegation
- Medicaid health plans joint letter to the Senate

- Fight4OurHealth Coalition letter to the California House delegation
- Politico article re: Graham-Cassidy health bill
- Bloomberg article re: Graham-Cassidy health bill
- Los Angeles Times article re: L.A. Care's provider directory
- STAT article re: L.A. Care's Transgender Health Program

### September 2017 Sponsorship List

<b>Event Date</b>	<b>Organization</b>	<b>Event</b>	<b>Location</b>
9/1/2017	Commission for Case Manager Certification	Annual Strategic Partnership Renewal CCM Certification & Exam Prep Workshop	Los Angeles, CA
9/7/2017	The Achievable Foundation	2017 Gala	Los Angeles, CA
9/13/2017	Park Tree Community Health Center	FIESTA	Cal Poly Pomona – Kellogg West Conference Center
9/20/2017	University of Southern California	International Conference on Aging in the Americas	USC Center
9/22/2017	Esperanza Community Housing Corporation	Dancing Under the Stars	Mercado La Paloma
9/24/2017	I Love Me Foundation	Breaking the Silence Awards	Waldorf Astoria
9/26/2017	Valley Care Community Consortium	Community Caring Awards Dinner	Odyssey Restaurant, Granada Hills
9/28/2017	Community Health Councils	Exploration Summit and Anniversary Celebration	Proud Bird
9/29/2017	Chinatown Service Center	Annual Gala Fundraiser	Westin Bonaventure Hotel
9/28/2017	Central American Resource Center (CARECEN)	Annual Awards Dinner	Millennium Biltmore Hotel





September 29, 2017

TO: Board of Governors

FROM: John Baackes  
*Chief Executive Officer*

SUBJECT: **2017 Board of Governors Retreat Summary**

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The Board of Governors annual retreat took place on September 7, 2017. The retreat focused on the future of Medi-Cal and L.A. Care's progress on the strategic vision. A summary of the retreat can also be found in the minutes from the September 7 Board meeting.

America's Health Insurance Plans' (AHIP) President and Chief Executive Officer, Marilyn Tavenner, presented, "Shaping the Future of Medicaid." Ms. Tavenner was administrator/principal deputy administrator of the Centers for Medicare and Medicaid Services (2010-2015) in her position before AHIP and thus was the perfect presenter to speak on the future of Medicaid. Ms. Tavenner covered AHIP's mission and vision. She also went in depth about AHIP's 2017 priorities which include, health care reform, Medicare Advantage, Medicaid (Medi-Cal in California), high-cost drugs, consumer and employer issues and product policy. Ms. Tavenner provided figures for total Medi-Cal enrollment (13.5 million), Medi-Cal managed care enrollment (10.7 million) and Medi-Cal Expansion enrollment (3.8 million). She stated that Medi-Cal is connected to the individual market and with 1) individual market reforms, 2) long-term care reforms and 3) improved continuity of care, these changes would strengthen the individual market, and help to stabilize Medi-Cal. Finally, Ms. Tavenner spoke on ways to build a better future. She believes that this would include working with/ partnering with California Department of Health Care Services on the social determinants of health, Medi-Cal program features, provider directories, rural communities and the dual-eligibles.

After the presentation, the Board of Governors as well as community stakeholders in the audience engaged in a robust question and answer session with the presenter. Topics discussed included "duals" coverage efficiency and alignment of social security; pharmaceutical options, with an emphasis on HIV drugs; the public option; a "mega waiver" that encompasses other federal agencies like Department of Housing and Urban Development; AHIP's strategy on fighting for Medicaid against federal changes; actuarial soundness of benefit plans and; AHIP governing.

Also in open session, Alex Gallegos, Senior Director of Sales and Marketing, presented L.A. Care's parent brand initiative, "Elevating Healthcare in the City of Angels." He reviewed what the initiative is, the process that produced the initiative/campaign and examples of the campaign. A number of audience members stated that they liked the campaign and they felt a sense of pride to be part of L.A. Care.



September 21, 2017

The Honorable Kevin McCarthy  
United States House of Representatives  
Washington, DC 20510

RE: H.R. 1628 - Graham-Cassidy-Heller-Johnson Amendment (GCHJ)

Dear Mr. McCarthy:

On behalf of L.A. Care Health Plan, I am writing you to express my strong opposition to the Graham-Cassidy-Heller-Johnson proposal and urge your vote against this legislation should it come to the Floor of the House of Representatives.

L.A. Care Health Plan serves over two million Medicaid, Marketplace, and Medicare members residing throughout Los Angeles County, California. Through trade associations and other organizations we belong to and through our own direct efforts, we have attempted many times to offer constructive comments on all of the proposals put forward over the last several months, particularly addressing the destructive changes in both the Medicaid program and the individual market. Unfortunately, the GCHJ Amendment in its current form is completely unacceptable and it is clearly driven by election campaign promises regardless of the facts or the consequences to tens of millions of our fellow citizens. In fact, this proposal is worse for L.A. Care's members and all of California – than the Repeal and Replace bill passed by the House in May and the bill that was defeated in the Senate in August.

According to the Avalere analysis on the GCHJ proposal, California would be the hardest hit state under this proposal, with a reduction in federal funding between \$50 billion to \$78 billion by 2017. Furthermore, the bill is projected to reduce total federal funding to states by nearly \$500 billion through 2027.

This bill would fundamentally alter the federal/state partnership that has been in place since Medicaid's inception in 1965. These changes will not only harm those who gained coverage through Medicaid expansion under the Affordable Care Act (ACA), but also for mothers, children, developmentally disabled and elderly in nursing homes – all who have limited incomes. This proposal would have devastating effects on these vulnerable populations by

effectively eliminating the Medicaid expansion, ending the individual mandate, removing federal tax credits, and eradicating pre-existing condition protections.

L.A. Care is staffed with dedicated professionals whose passion for serving Medicaid beneficiaries for over twenty years has given them a firsthand view of how complex health care is in the United States today. We stand ready to offer our constructive comments and ideas for improving the quality of care for Medicaid beneficiaries and exchange members at reduced cost to taxpayers whom we also serve.

It is unfortunate that politics is driving health care policy rather than data-driven evidence; and the needs of people, particularly people living in poverty, are not at the forefront of this bill. If this legislation comes to the Floor of the House of Representatives, L.A. Care urges your "NO" vote.

Thank you,

Sincerely,



Distribution:

The Honorable Nanette Barragan  
The Honorable Karen Bass  
The Honorable Julia Brownley  
The Honorable Tony Cardenas  
The Honorable Judy Chu  
The Honorable Jimmy Gomez  
The Honorable Steve Knight  
The Honorable Ted Lieu  
The Honorable Alan Lowenthal  
The Honorable Kevin McCarthy  
The Honorable Grace Napolitano  
The Honorable Lucille Roybal-Allard  
The Honorable Ed Royce  
The Honorable Linda Sanchez  
The Honorable Adam Schiff  
The Honorable Brad Sherman  
The Honorable Norma Torres  
The Honorable Maxine Waters

September 25, 2017

The Honorable Mitch McConnell  
Majority Leader  
United States Senate  
S-230 U.S. Capitol  
Washington, DC 20510

The Honorable Charles E. Schumer  
Minority Leader  
United States Senate  
S-221 U.S. Capitol  
Washington, DC 20510

Dear Majority Leader McConnell and Minority Leader Schumer:

The undersigned organizations represent nearly 15 million of our fellow citizens in need of healthcare access through the Medicaid program in close to 30 states across the country, including AZ, CO, LA, OH, SC, and WV. Medicaid is an effective and efficient program that has and continues to improve the lives of millions of Americans. **With our members and the program that serves them in mind, we write in opposition to the Graham-Cassidy-Heller-Johnson proposal because it reduces Medicaid and Marketplace coverage, shifts costs and financial risks to states, and allows states to eliminate many consumer protections.** In short, millions of low-income Americans, including the working poor, will be without affordable, meaningful coverage.

**The proposal is unprecedented in its effort to change the overall structure of a key American safety net – one which fundamentally defines who we are as a country – as it is in its absence of substantive policy reform discussions or constructive, public debate.** The proposed legislation does not include sound principles to improve the Medicaid program and to protect our most vulnerable citizens. Development of this legislation did not include input from the public, state governments and other health care industry stakeholders including insurers, providers, and advocates who hold a true understanding of the program. As a result, the Medicaid changes this bill proposes are of greater scope and scale than any proposed since the program's inception, and absent a comprehensive score from the Congressional Budget Office, their true impact may not be known until after a vote has been cast.

The research firm Avalere Health has analyzed the Graham-Cassidy-Heller-Johnson proposal and the results are chilling.<sup>1</sup> By 2026, 16 states will receive increased funding at the expense of 34 states and the District of Columbia who will experience funding cuts. Similarly, data released last week by the Center for Medicare and Medicaid Services confirms that the overwhelming majority of states will be negatively impacted by the bill.<sup>2</sup> According to Avalere, the most concerning part of the report is what happens after 2026, when block grants hit a “funding cliff” and states lose nearly \$300 billion in one year alone. Accordingly, by 2036, all states would see a reduction in federal funds relative to

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<sup>1</sup>Avalere Health. *Graham-Cassidy-Heller-Johnson Bill Would Reduce Federal Funding to States by \$215 Billion*. Retrieved Sept 20, 2017 from <http://avalere.com/expertise/life-sciences/insights/graham-cassidy-heller-johnson-bill-would-reduce-federal-funding-to-sta>

<sup>2</sup>Centers for Medicare and Medicaid Services. *Estimated State Funding Amounts under Current Law compared to Graham Cassidy*. Retrieved Sept 21, 2017 from <https://www.documentcloud.org/documents/4058669-CMS-Graham-Cassidy.html>

current law of over \$4 trillion dollars or 71 percent, which the Brookings Institution estimates will leave a minimum of 32 million consumers without healthcare coverage.<sup>3</sup> This is compared to Congressional Budget Office projections that the *Better Care Reconciliation Act* would cut federal funding 35 percent by 2036, a proposal that was opposed by a clear majority of senators.

Because Medicaid is a safety net program it requires a funding model that provides states with counter-cyclical protection against economic downturns, epidemics and natural disasters while allowing for investment in program infrastructure, provider participation and the introduction of new lifesaving technologies and pharmaceuticals. By its nature, the capped federal financing model in this legislation does not offer such protections.

While block grants may promise some degree of increased program flexibility for states, they impede preparation for and timely response to public health emergencies. Past examples include the outbreak of the Zika virus and new, vaccine-resistant strains of the flu. Most recent examples include the needed response to Hurricanes Harvey and Irma. Affected undersigned plans are working diligently to support the millions of Americans impacted. This support includes: allowing early refills of medication; supplying replacements of essential medical supplies and equipment damaged during the storms; and permitting medically necessary services to be provided by out of network/out of state providers. As mandatory evacuations of medical facilities along coastal regions were announced our infant members in Neonatal Intensive Care Units (NICU) and senior members in nursing homes were moved out of harm's way to facilities outside the storms' paths.

Safety nets protect not just the individual from falling, but entire communities from being fallen upon. Therefore it is the mission of the Medicaid program and our companies to support our entire communities.

We recognize that our health care system and the health needs of Americans have evolved over the last 50 years, therefore we are not advocating for the maintenance of the status quo; but for meaningful, bipartisan Medicaid enhancements. We are not alone in this pursuit. Former Republican and Democratic CMS Administrators, Dr. Gail Wilensky and Andy Slavitt, have also urged Congress to address the stability of Marketplace coverage now and institute a deliberate, transparent process to enhance the Medicaid program over the long term. As they articulated, we should thoroughly debate and consider policies to allow for greater state innovation, hold states accountable for their Medicaid dollars, improve access to care – including through expanding services to address cost-driving social determinants of health, and enable greater coordinated and efficient care for our neediest and most costly populations, such as those dually eligible for Medicaid and Medicare.

**We urge Congress, instead, to continue consideration of bipartisan efforts to reform the healthcare system, including efforts to stabilize the individual market and to reauthorize the Children's Health Insurance Plan.**

We stand ready to work with you to craft solutions that enhance Medicaid and ensure its long-term stability and impact.

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<sup>3</sup> The Brookings Institution. *How will the Graham-Cassidy proposal affect the number of people with health insurance?* Retrieved on September 22, 2017 from: <https://www.brookings.edu/research/how-will-the-graham-cassidy-proposal-affect-the-number-of-people-with-health-insurance-coverage/>.

Sincerely,



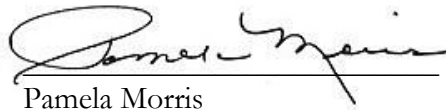
Paul A. Tufano  
Chairman and CEO  
AmeriHealth Caritas



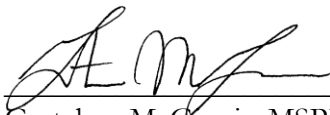
Paul Markovich  
President and CEO  
Blue Shield of California




Michael Schrader  
Chief Executive Officer  
CalOptima



Pamela Morris  
President and CEO  
CareSource



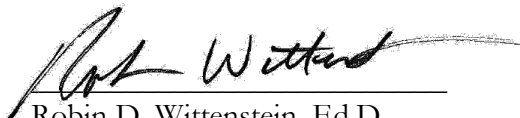
Gretchen McGinnis, MSPH  
Senior Vice President  
Colorado Access



Christopher D. Palmieri  
President and CEO  
Commonwealth Care Alliance, Inc.



Kenneth W. Janda  
President and CEO  
Community Health Choice, Inc.



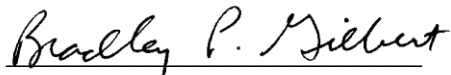
Robin D. Wittenstein, Ed.D.  
Chief Executive Officer  
Denver Health & Hospital Authority



Pat Wang  
President and CEO  
Healthfirst (NY)



Douglas A. Hayward  
Chief Executive Officer  
Kern Health Systems



Bradley P. Gilbert, MD, MPP  
Chief Executive Officer  
Inland Empire Health Plan



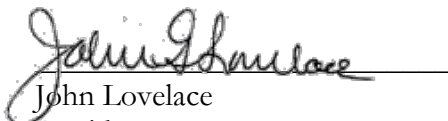
John Baackes  
Chief Executive Officer  
LA Care Health Plan



Joseph White  
Interim Chief Executive Officer  
Molina Healthcare, Inc



Kathleen Oestreich  
Vice President and CEO  
University of Arizona Health Plans



John Lovelace  
President  
UPMC for You, Inc.







September 19, 2017

Dear California House of Representatives Delegation:

On behalf of the **Fight4OurHealth Coalition and our 104 organizations**, we write in strong opposition to the Graham-Cassidy-Heller-Johnson proposal in the U.S. Senate, and we urge you to denounce this devastating and intentionally disproportionate attack on California and our health system.

Republican Senators Lindsey Graham, Bill Cassidy, and others are proposing to once again repeal the Affordable Care Act (ACA), ending funding for the ACA's financial assistance for consumers and Medicaid expansion while also making devastating cuts to the overall Medicaid program. In addition, the proposal will allow states to waive important consumer protections and essential health benefits, undermine and eliminate protections for people with pre-existing conditions, and defund Planned Parenthood.

Graham-Cassidy directly threatens coverage for the 14.1 million Californians who get coverage through Medi-Cal (especially the over 4 million who got coverage through the ACA expansion) and the 2.3 million who buy coverage in the individual market, in which 1.5 million are in Covered California (1.2 million who get ACA tax subsidies). The proposal would ultimately eliminate all federal funding available under the ACA. In the state's Medi-Cal program alone, California will lose a total cumulative cut of \$114.6 billion between 2020 and 2027, and another \$5-6 billion annually in subsidies now available through Covered California.<sup>1</sup>

***Elimination of ACA Funding, With a Formula to Specifically Disadvantage California***

While Graham-Cassidy is in many ways similar to other ACA-repeal proposals that failed to pass the Senate, one difference is that it would replace funding for premium tax credits, cost-sharing reduction payments, and Medicaid expansion with insufficient block grants—especially for California. Under this block grant proposal, **California stands to lose \$28 billion a year by 2026,<sup>2</sup> even more than under previous ACA repeal proposals. On top of that cut, California stands to lose an additional \$58 billion in 2027** due to the block grant expiring, and the per capita caps getting larger for the core Medicaid program.<sup>3</sup>

Federal resources would be redistributed to states based on criteria that are unrelated to actual coverage and spending needs and in ways that favor other states. Graham-Cassidy deliberately shifts resources from large, densely-populated states that embraced and implemented the ACA, to smaller, more sparsely-populated states that did not. States like California, New York, Maryland, and Massachusetts that were successful in enrolling millions of people in the marketplace and on Medicaid would face disproportionately larger cuts.

This is the intent of the authors, like former Senator Rick Santorum, who said to Breitbart News: "What you can do is redistribute this money that has been heaped upon these four ultra-blue, very wealthy states.... If California simply wants to expand Medicaid with this money, good luck.

They're going to have to cut their program dramatically because they don't have the money with what they're funding now."

### **Cuts and Caps to Medicaid and Care for Children, Seniors, and People with Disabilities**

The Graham-Cassidy proposal also fully incorporates the original Republican Senate proposal, Better Care Reconciliation Act (BCRA), which would cap and cut Medicaid funding for seniors, children, adults and people with disabilities, resulting in an additional \$180 billion in Medicaid cuts over the next ten years.<sup>4</sup> The CBO estimates Medicaid would be cut by over a quarter (26%) by 2026 and over a third (35%) by 2036.<sup>5</sup> The per capita caps proposal would undo Medicaid's 50-year guarantee of matching funds and shift the responsibility for 100% of the costs above the per beneficiary cap back to the state. On top of the marketplace subsidy and Medicaid expansion block grant cuts, the per capita caps would cost California's overall Medicaid (Medi-Cal) program another \$11.3 billion in 2027.<sup>6</sup> It would also not account or adjust for increasing health care costs, an aging population, or other public health emergencies.

### ***Graham-Cassidy: Devastating to California's Health Care System and State Budget***

Between 2020 and 2026, Graham-Cassidy's block grants will shrink annually compared to current spending. After 2026, the block grants would be completely eliminated, leaving no federal funding for California and other states' marketplaces subsidies and Medicaid expansions.

In California, the structural impacts of eliminating marketplace subsidies and Medicaid expansion funding, as well as changing Medicaid federal funding into a per capita caps would **result in a federal spending cut of over \$28 billion annually by 2026.<sup>7</sup> Additionally, California will be cut an additional \$58 billion starting 2027 as a result of the block grant expiring and per capita cap cuts getting larger.<sup>8</sup>**

The Graham-Cassidy proposal will have an even more devastating consequence than the Republican House's "American Health Care Act" and the Senate's "Better Reconciliation Care Act." The Graham-Cassidy proposal will still result in at least 4 million Californians losing coverage, undermine key protections for those with pre-existing conditions, and force consumers to pay more for their health care for less coverage.

We urge all California Representatives, of both parties, to denounce both the devastating cut to health care—which impacts all states—and the specific disproportionate money grab from our state. These cuts are dramatic enough to impact all Californians, regardless of their party affiliation.

For these reasons, **the 104 undersigned organizations** are opposed to the Graham-Cassidy propose and urge you to oppose this proposal, as well as any other action that takes away the financial assistance, benefits, and consumer protections provided by Medicaid, Medicare, and the ACA. The health and lives of millions of Californians are at stake. **We urge California Congressmembers of both parties to denounce such a direct attack on the health system all Californians depend on.**

1. Health Access California
2. Aging Services Collaborative of Santa Clara County
3. Alameda Health Consortium
4. Alameda Health System
5. Alliance Medical Center
6. AltaMed Health Services
7. Alzheimer's Greater Los Angeles
8. American Academy of Pediatrics, California
9. American Civil Liberties Union of California
10. American Nurses Association California
11. Americans for Democratic Action Southern California
12. APLA Health
13. Asian Americans Advancing Justice - CA
14. Asian Law Alliance
15. AXIS Community Health
16. California Alliance for Retired Americans
17. California Association of Public Hospitals and Health Systems
18. California Collaborative for Long Term Services and Supports
19. California Commission on Aging
20. California Foundation for Independent Living Centers
21. California Health Professional Student Alliance
22. California Immigrant Policy Center
23. California Latinas for Reproductive Justice
24. California LGBT Health and Human Services Network
25. California Long-Term Care Ombudsman Association (CLTCOA)
26. California Pan-Ethnic Health Network
27. California Partnership
28. California Physicians Alliance
29. California Rural Legal Assistance Foundation
30. California School Employees Association (CSEA)
31. California Women's Agenda (CAWA)
32. Center for Health Care Rights
33. Children Now

34. Children's Defense Fund - California
35. Chinatown Service Center
36. Clinica Mons. Oscar A. Romero
37. Coalition for Humane Immigrant Rights (CHIRLA)
38. Community Clinic Association of Los Angeles County
39. Community Clinic Consortium of Contra Costa and Solano Counties
40. Community Health Councils
41. Community Health Initiative of Orange County
42. Community Health Partnership
43. Council of Mexican Federation
44. County of Alameda
45. Courage Campaign
46. Dayle McIntosh Center
47. Desert AIDS Project
48. Ella Baker Center for Human Rights
49. Empowering Pacific Islander Communities (EPIC)
50. Equality California
51. Fathers & Families of San Joaquin
52. HCV Advocate
53. Inland Empire Coverage and Health Initiative
54. International Federation of Professional and Technical Engineers Local 21
55. Justice in Aging
56. L.A. Care Health Plan
57. La Clinica de La Raza
58. Latino Coalition for a Healthy California
59. Latino Physicians of California
60. LatinoCare
61. LifeLong Medical Care
62. LifeSTEPS
63. Little Tokyo Service Center
64. Los Angeles LGBT Center
65. Maternal and Child Health Access
66. Mi Familia Vota
67. National Association of Social Workers - California

68. National Health Law Program
69. NextGen America
70. NICOS Chinese Health Coalition
71. Owl Sacramento Capitol
72. Partners in Care Foundation
73. Personal Assistance Services Council
74. Placer Independent Resource Services
75. Planned Parenthood Affiliates of California
76. Positive Women's Network - USA
77. Prevention Institute
78. Project Inform
79. Public Health Advocates
80. Redwood Community Health Coalition
81. Reform CA
82. Sacramento LGBT Community Center
83. San Francisco AIDS Foundation
84. Santa Rosa Community Health Centers
85. Senior Services Coalition of Alameda County
86. Service Center for Independent Life
87. Services, Immigrant Rights, and Education Network (SIREN)
88. Serving Seniors
89. Silicon Valley Independent Living Center
90. Sonoma Valley Community Health Center
91. South Asian Network (SAN)
92. Southeast Asia Resource Action Center
93. St. Anthony Foundation
94. The Arc California
95. The Children's Partnership
96. The Greenlining Institute
97. Tiburcio Vásquez Health Centers
98. Tri-City Health Center
99. United Domestic Workers/American Federation of State,  
County and Municipal Employees Local 3930
100. Voices for Progress Education Fund
101. West County Health Centers

102. Western Center on Law and Poverty

103. Yolo Healthy Aging Alliance

104. Young Invincibles

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<sup>1</sup> CA DHCS and DOF, [Summary and Preliminary Fiscal Analysis of the Medicaid Provisions in the Better Care Reconciliation Act](#), June 27, 2017.

<sup>2</sup> Center on Budget and Policy Priorities, Jacob Leibenluft, Edwin Park, Matt Broaddus, and Aviva Aron-Dine, [Like Other ACA Repeal Bills, Cassidy-Graham Would Add Millions to Uninsured, Destabilize Individual Market](#), September 13, 2017.

<sup>3</sup> Center on Budget and Policy Priorities, Edwin Park and Matt Broaddus, [Cassidy-Graham Plan's Damaging Cuts to Health Care Funding Would Grow Dramatically in 2027](#), September 16, 2017.

<sup>4</sup> Congressional Budget Office, H.R. 1628 Better Care Reconciliation Act of 2017 Cost Estimate, June 26, 2017.

<sup>5</sup> Ibid.

<sup>6</sup> CA DHCS and DOF, [Summary and Preliminary Fiscal Analysis of the Medicaid Provisions in the Better Care Reconciliation Act](#), June 27, 2017.

<sup>7</sup> Center on Budget and Policy Priorities, Jacob Leibenluft, Edwin Park, Matt Broaddus, and Aviva Aron-Dine, [Like Other ACA Repeal Bills, Cassidy-Graham Would Add Millions to Uninsured, Destabilize Individual Market](#), September 13, 2017.

<sup>8</sup> Center on Budget and Policy Priorities, Edwin Park and Matt Broaddus, [Cassidy-Graham Plan's Damaging Cuts to Health Care Funding Would Grow Dramatically in 2027](#), September 16, 2017.

**'The substance really doesn't matter'**

The last-ditch Obamacare repeal bill has almost every divisive proposal that doomed previous bills.

The big difference: a Sept. 30 deadline to use a rule that allows Senate Republicans to pass a measure with just 50 votes.

Like earlier, failed plans, the Graham-Cassidy measure would allow states to dismantle rules that prevent older, sicker people from being charged higher insurance premiums.

It would cap the federal outlay for traditional Medicaid, which could jeopardize coverage for the most vulnerable. And it would almost certainly lead to millions more Americans lacking insurance, health care policy experts say.

"It has all of the worst elements of the House bill that was passed in May and the Senate bill that was defeated in August," said John Baackes, CEO of L.A. Care Health Plan.

But none of that may matter to Republican senators facing extreme pressure to finally pass something — anything — that scraps the health law and fulfills seven years of campaign promises.

Next week's expiration of the rule allowing Republicans to pass a bill without any Democratic support has "concentrated Republican minds," said Dean Clancy, a conservative health policy analyst who supports the plan. "This is their last chance to show they can govern on health care, and if they can't govern on health care, what can they govern on?"

"They all hate health care," said a GOP lobbyist on background. "They don't know where to go on it. They just want to take a vote and be done with it."

Yet with little more than a week until the witching hour, the effort is still uphill. Susan Collins (R-Maine) and Rand Paul (R-Ky.) are widely expected to vote against the bill, meaning Republicans can't afford to lose a single additional vote. Even if the measure clears the Senate, the House would then need to pass the package without making any changes to it — a highly uncertain prospect.

But the fact that the bill remains alive — with Senate leaders and the White House scrambling to secure 50 votes for a vote next week — speaks to how desperate Republicans are to scrap Obamacare and notch a legislative victory.

"The substance really doesn't matter," said Kathy Hempstead, who oversees coverage programs for the Robert Wood Johnson Foundation, likening it to frenzied efforts to kill a zombie in the movies. But she added: "We're not talking about killing a zombie. We're talking about how we finance health care for 100 million people."

Republicans might fear the political consequences of not taking action — including potential primary challenges in 2018 — more than the fallout from passing a bill that could lead to problems for their constituents further down the road.

Most are acutely aware that Obamacare repeal remains a galvanizing issue for the GOP base. More than half of Republicans surveyed in the latest POLITICO-Harvard T.H. Chan School of Public Health poll said scrapping Obamacare should be a top priority for Congress — a higher percentage than for any other issue surveyed.

Chuck Grassley (R-Iowa), chairman of the Judiciary Committee, crystallized the conflict in unusually candid comments on Wednesday.

"You know, I could maybe give you 10 reasons why this bill shouldn't be considered," Grassley told reporters. "But Republicans campaigned on this so often that you have a responsibility to carry out what you said in the campaign. That's pretty much as much of a reason as the substance of the bill."

Which explains why many of the concerns that torpedoed earlier bills may be getting overlooked now.

Most notably, health care policy experts argue the plan doesn't do enough to protect individuals with pre-existing conditions, a linchpin promise of President Donald Trump and other Republicans. That's because it would allow states to seek waivers from Obamacare's rules to permit insurers to hike premiums for individuals with costly medical conditions, potentially making coverage prohibitively expensive.

"The bill's broad language opens the door to theoretically unlimited premium upcharges based on any factor other than gender, race, religion, or national origin," reads an analysis by policy experts at Georgetown University's Center on Health Insurance Reforms. "This includes surcharges upon renewal of an existing policy — so if you're healthy at enrollment but get sick mid-year, you may get a premium hike for your trouble."

The Senate's repeal package would also make big cuts to Medicaid by scrapping Obamacare's expansion of the program and overhauling the funding formula so that it's no longer an open-ended entitlement program.

States would receive block grants instead, which Republicans argue would allow them to deliver coverage in cheaper, innovative ways, unshackled from burdensome federal rules. But roughly two-thirds of states would end up with less funding to deliver coverage — a total of \$160 billion in cuts over a decade, according to the nonpartisan Kaiser Family Foundation.

"Flexibility doesn't matter if you don't have the resources to carry out an innovative program," said Daniel Hilferty, CEO of Independence Blue Cross, which does business in Pennsylvania and New Jersey.

Thirty-one states that expanded Medicaid under Obamacare would see average funding reductions of 11 percent, while those that didn't implement the program would see revenues rise by an average of 12 percent, according to Kaiser.

"We're being punished for having done Medicaid expansion," said Colorado Insurance Commissioner Marguerite Salazar. "That's what it comes down to, essentially."

The Graham-Cassidy bill also targets Planned Parenthood. Specifically, it would eliminate federal funding for states to cover Medicaid family planning at Planned Parenthood clinics for one year — a provision likely to antagonize Lisa Murkowski (R-Alaska), who helped kill the last Senate repeal bill, and other moderates.

Murkowski's support will be crucial if the Graham-Cassidy bill is going to have any chance of passage.

The biggest unknown is how many Americans would lose coverage if the bill is enacted. That's because the Congressional Budget Office has said it doesn't have time before the Sept. 30 deadline to assess how many people would be covered under the law.

Health care experts say it's inevitable that more people would be uninsured given the measure's funding cuts.

"States could do virtually anything," said Larry Levitt, senior vice president for special initiatives at the Kaiser Family Foundation. "Anticipating what states will do with this money is a bit of a crapshoot."

In the face of those and other questions, some conservatives are unhappy with the rush to pass the measure in the next week.

"I don't think it's anywhere near the promise of repeal we were given," said Chris Jacobs, a conservative health policy analyst, arguing that Republicans could simply overrule the Senate parliamentarian's deadline and keep working on repeal. "I reject the premise that this has to be done by Sept. 30."



Jacobs, for one, is critical of the control that Washington would still retain over states under the measure since they would still have to seek waivers for their plans: "This is a corruption of the idea of federalism."

Most Republicans, however, pooh-pooh the notion they're acting irresponsibly to move forward quickly.

"I'd love to get an analysis from everybody who's ever thought about health care, but we don't have the time," John Kennedy (R-La.), a backer of the bill, said earlier this week. "If I've learned anything in my time in government, [it] is that for every economist, there's an equal and opposite economist, and they're usually both wrong."

None of the concerns about the Graham-Cassidy bill may ultimately matter, in any case, given the political imperative to repeal Obamacare.

"This is the last train out of the station," said Joe Antos, a health policy analyst at the right-of-center American Enterprise Institute, who is critical of some parts of the measure. "If you're not on it, what are the consequences?"

## **At Least 21 Million Would Lose Coverage in GOP Bill, Brookings Says**

At least 21 million fewer Americans would have health-care coverage from 2020 to 2026 under the Senate Republicans' latest plan to repeal and replace parts of Obamacare, according to an estimate by the Brookings Institution.

The number "likely underestimates the reductions in insurance coverage" because it doesn't take into account difficulties states may face setting up their own health systems, said the nonprofit policy group, which has been supportive of the Affordable Care Act.

The Brookings estimate is the first look at what the bill, backed by Republican senators Lindsey Graham of South Carolina and Bill Cassidy of Louisiana, would mean for millions of people covered under Obamacare by Medicaid or private plans. The estimate could add to concerns about Republicans' last-ditch attempts to round up enough votes to get the bill on the Senate floor next week. One of the key GOP holdouts, Senator John McCain of Arizona, said Friday he will oppose the bill, dealing the proposal a major blow.

The Congressional Budget Office, Congress's official policy analyst, has said it won't have its own estimate for some time. A CBO estimate of a previous "skinny repeal" proposal projected that 15 million more people would be uninsured under that bill than under current law by 2026. That legislation, called the Healthcare Freedom Act, failed to pass the Senate.

Other independent reports have found that the legislation would cut tens of billions of dollars from states that expanded Medicaid to low-income people under Obamacare, and would also result in broad spending reductions compared with current law.

The Graham-Cassidy bill would take money used to fund coverage under Obamacare and turn it over to states, which would decide how to cover their citizens. Not all states would benefit: Those that expanded Medicaid under the ACA would lose federal funding while states that didn't expand stand to receive extra billions.

The bill also eliminates a requirement that everyone in the U.S. have health-care coverage and moves Medicaid funding to a fixed, per-enrollee amount instead of paying for a set percentage of states' costs. And states would be allowed to apply for a waiver to allow insurers to charge more for people with pre-existing conditions -- the center of heated criticism.

### **Pre-Existing Conditions**

States haven't been able to offer much detail yet on how they'd use the money. But some GOP governors who support the measure have signaled they'd consider options including how to cover people with pre-existing conditions.

In South Dakota, one of the 19 states that haven't expanded Medicaid, the conversation would include how to create more competition and how to help people with pre-existing conditions afford coverage, Tony Venhuizen, chief of staff for Republican Governor Dennis Daugaard, said Friday. He pointed out that, before Obamacare, South Dakota had 17 private health insurers offering plans -- now down to a few -- and a successful high-risk insurance pool for patients with pre-existing conditions.

Kansas, also a non-expansion state, would consider using the funds for a high-risk pool as well, according to Lieutenant Governor Jeff Colyer.

"We want more control to design a program that is for Kansans," said Colyer, a Republican. "Kansans can make their own decisions about health care; those decisions don't need to be in the hands of a faceless bureaucrat in Washington."

## Broad Opposition

States may be tempted to use the funding, in the form of block grants, for unrelated purposes, said Matthew Fiedler and Loren Adler, the authors of the Brookings report.

The bill contains “no apparent legal barriers to diverting funds to unrelated uses,” they wrote. States could use it to fund existing health programs and free up those dollars to be used elsewhere or to pay for health benefits for state employees, they said.

The bill has generated broad opposition among doctors, hospitals and health insurers, as well as state Medicaid plans. On Thursday, the National Association of Medicaid Directors, a group representing the state plans, said it was concerned the Graham-Cassidy bill would undermine “efforts in many states and fail to deliver on our collective goal of an improved health-care system.”

John Baackes, chief executive officer of L.A. Care Health Plan, which offers coverage options through Medicaid and via California’s Obamacare exchange, anticipates the repeal of the individual mandate and a reduction in funds will throw the state’s health programs “into a tailspin.”

“The unintended consequences are going to be horrendous,” Baackes said in an interview. “It’s as if the thinking is, ‘We’re going to cut the federal share and throw all the money to the states to figure out.’ You’re not giving them flexibility to print money.”

California would lose \$61.7 billion in federal funding from 2020 to 2026 if the Graham-Cassidy legislation passes, according to the Kaiser Family Foundation. He predicted that under the Graham-Cassidy bill, young, healthy people who purchased insurance to comply with the coverage rule would likely drop their plans, leaving insurers with older, sicker people. That would likely destabilize the insurance markets.

L.A. Care is a member of the Washington lobby group America’s Health Insurance Plans, which along with the Blue Cross Blue Shield Association, another insurer trade group, came out Wednesday in opposition to the Senate bill.

## Medi-Cal programs to the state: Can we stop printing and mailing directories the size of phone books?



John Baackes, chief executive of L.A. Care Health Plan, is shown with two volumes of its 2017 provider directory, totaling 2,546 pages. (Allen J. Schaben / Los Angeles Times)

In Los Angeles County, signing up for Medi-Cal is often followed by a phone book-sized directory landing on your doorstep.

The 2017 directory for L.A. Care, a local Medi-Cal health plan, is 2,546 pages of doctors' names listed by city, by specialty — anesthesiologists, gastroenterologists, ophthalmologists. It includes hours, addresses, phone numbers and languages spoken for each of the thousands of physicians.

The directory weighs more than 7 pounds. It wouldn't fit in most mailboxes. And it can quickly become obsolete.

"It's out of date the minute it comes off the press," said John Baackes, chief executive of L.A. Care Health Plan.

Doctors frequently change their information or drop in and out of the network, so the health plan updates an online version daily. But for years, health plans across the state have been required to mail these printed directories to people who sign up for Medi-Cal.

Five million people have joined Medi-Cal since it was expanded under the Affordable Care Act in 2014, which means at least as many directories have been mailed out — at a cost of tens of millions of dollars.

Now L.A. Care and other Medi-Cal managed care plans are asking the state for permission to stop automatically mailing a directory to every enrollee. State officials say they're reviewing the proposals.

The push for online directories is an example of how Medicaid programs that ballooned under the law known as Obamacare are refining operations and looking for ways to save money while insuring so many people. It also reveals the sometimes slow pace of change in such a big program — and the way costs add up quickly when every policy affects millions.

In 2014, the Affordable Care Act gave states money to expand their Medicaid programs, which insure low-income Americans and are jointly paid for by the state and federal government.

From the end of 2013 to the spring of this year, total enrollment in Medi-Cal jumped from 8.6 million to 13.5 million, or more than a third of all California residents, according to state data.

With that growth also came an increase in the number of doctors willing to take Medi-Cal patients and the size of the directories through which patients can learn who those doctors are.

L.A. Care's directory was so big this year that it had to be split into two books, each the size of a phone book. Other counties' have grown as well, but Los Angeles has the most Medi-Cal members — 4 million — and participating doctors.

"It's more ridiculous with us because of our size," Baackes said.

Printing and mailing cost \$9 to \$13 for each set of books, according to L.A. Care spokesman Hector Andrade. That puts the tab for the directories sent to the 90,000 people who joined L.A. Care over the last 12 months at roughly \$1 million.

Until this year, L.A. Care was also sending them annually to all Medi-Cal enrollees in the health plan, which totals 2 million. Baackes said they mailed directories for the 5,000 homeless members to the L.A. County social services office, where they're likely thrown out.

Baackes submitted a proposal in June to the California Department of Health Care Services, which runs Medi-Cal, requesting that the plan be allowed to instead mail a postcard to enrollees with a link to the online directories and an option to be mailed a printed copy.

Medi-Cal health plans across the state, including Health Net and Molina Healthcare, said they were also trying to work with the state to be allowed to provide virtual directories.

State officials said they were reviewing the proposals. A recent change in federal rules should allow them to go through, they said. Medicare, which insures Americans 65 and older, has allowed its managed care plans to email a directory or provide a link on their websites since 2011, said Jack Cheevers, a spokesman for the Centers for Medicare and Medicaid Services.

Critics of Medicaid, which covers 75 million Americans, say that the program is bloated and unsustainable. Proposals by GOP leaders to repeal Obamacare earlier this year included capping funding for Medicaid, saying the approach would force states to trim costs and find inefficiencies.

But Baackes said he didn't think state officials were dragging their feet and that the problem was merely "symptomatic of trying to keep technology up with the rules and regulations."

Chris Perrone with the California Health Care Foundation said state health administrators are regularly looking for ways to reduce expenses. He said they're probably trying to ensure that patients having to request directories instead of automatically getting them in the mail doesn't slow down how long it takes to make an appointment with a doctor.

"I don't think it's for lack of incentive that sometimes these things don't happen," Perrone said. "States already have skin in the game."

Medi-Cal is expected to cost about \$107 billion this fiscal year, and the state is on the hook for \$38 billion of that, according to state budget.

Perrone said he's collaborating with Medi-Cal and Covered California, the state's insurance marketplace, that's working to reduce big areas of spending: cesarean sections, opioid abuse and low-back pain. Medi-Cal officials have also said they're working to identify patients who rack up large bills by overusing emergency rooms or because they're addicted to drugs, so they can direct them to recovery programs or connect them with behavioral health treatment.

L.A. Care has invested in offering free exercise classes and nutrition advice to keep people healthy and prevent costs down the road. It is also trying to cut layers of bureaucracy by contracting with doctors directly, Baackes said.

He said he thinks the people who work with Medi-Cal patients and doctors daily should tell regulators where money is being wasted and propose ways to increase efficiency.

"I think that's our obligation to do this," he said.

**Trump's administration is rewriting a rule that made transgender health care accessible. Patients are scared**



Jyn Dao, 25, recovers from a torn knee ligament at his girlfriend's house in Westminster, Calif.  
MELISSA LYTTLE FOR STAT

LOS ANGELES — Jyn Dao is scared. His bottom surgery — needed to realign the female genitalia he was born with to his male identity — is scheduled. But it's not happening until January. And like many trans men and women, he's afraid President Trump will soon revoke protections in federal law that ensure his surgery is affordable.

"Me, my friends, people in the trans community, we're really worried," said Dao, a 25-year-old Vietnamese-American who has been slowly transitioning his gender over the past decade.

If insurance coverage disappears, he added, "a lot of people are going to be trapped in their bodies — including me."

Republicans in Congress have not been able to overturn the Affordable Care Act — at least, not yet. But the Trump administration is working to revise a section of the law that says federally funded health programs cannot discriminate on the basis of sex.

The Obama administration made clear that this provision required states to cover transgender care through their Medicaid programs. Now, however, Health and Human Services Secretary Tom Price has told a federal court that he's reworking the rule and won't enforce it in the meantime.

Already, some states have defied the Obama directive and specifically excluded transgender care from their Medicaid coverage. And Wisconsin, Texas, Kentucky, Kansas, and Nebraska are teaming up with Christian health care providers to challenge the anti-discrimination rule in federal court. (It's in response to this case that Price filed the motion in May indicating that he is revising the regulation.)

Price's stated goal: to strike down rules that cause "regulatory or economic burdens." The administration already has made it clear that it views transgender surgeries as a heavy burden; in July, Trump cited the cost of that care as a primary reason for barring transgender people from serving in the military.

The rewrite now underway could free states to refuse to cover hormones, counseling, and surgery for transgender men and women.

"I've fielded a number of calls from members asking if they're going to lose their benefits," said Emmi Monsour, a health plan case manager here who specializes in helping trans members navigate the tricky insurance landscape. "Their anxiety is at a fever pitch."

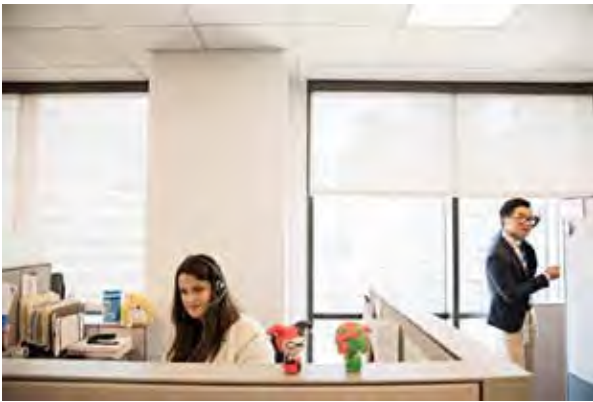
And so, she said, many members want to get their surgeries scheduled right away. That's rarely possible. Surgeons are scarce and wait lists stretch for years. Said Monsour: "We have members right now scheduled for surgery — in 2019."

Providers, too, see progress slipping away.

"I thought we were making great strides," said Dr. Johanna Olson-Kennedy, medical director of the Center for Transyouth Health and Development at Children's Hospital in Los Angeles.

Her patients and their parents are not only anxious about their medical coverage, she said, but also about a palpable uptick in hostility and violence following Trump's public actions to undercut protections of trans rights

"It's really disappointing to go backwards," she said.



Emmi Monsour (left) and Hieu Nguyen work to connect transgender clients with health care services.  
MELISSA LYTTLE FOR STAT

Trouble finding care, even in L.A.

Even in a progressive city like Los Angeles, where LGBTQ health centers dot the landscape and the annual LA Pride march attracts tens of thousands, it's difficult to get access to gender reassignment (sometimes called gender confirmation) surgeries. They include "top surgeries" — specialized mastectomies to remove breast tissue and reduce nipple size — and "bottom surgeries" to restructure the genitals. Such procedures cost \$10,000 to \$20,000.

For years, the surgeries were rarely covered by insurance, and even if they were, there was often so much confusion and paperwork that many gave up or paid out of pocket if they had the means. Some sought cheaper surgeries in Mexico or Thailand, often with horrifying results that sent patients back to U.S. doctors in need of complex surgical revisions.

"If you think doing a vaginoplasty in normal conditions is hard, try fixing one after a botched surgery done 20 years ago," Mansour said.

Even in the U.S., results can be spotty. Dao, for example, needed a revision of his first mastectomy. The surgeon had removed breast tissue, but not enough. His nipples were uneven and scarred. Dao, an avid athlete and championship badminton player, was reported for using the men's locker room at his college when someone saw his bare chest.

"I lost all my confidence," he said.

But Dao considers himself fortunate because he was able to get both his original surgery and the revision covered by his insurance. He's a member of L.A. Care, the nation's largest publicly operated health plan, which insures more than 2 million low-income residents of Los Angeles County. His previous plan, he said, offered little help when he called asking about transition services. "They had no idea what I was talking about," he said. "They kept transferring me to different people."

By contrast, the care of trans patients is such a priority for L.A. Care that it employs case managers just to help them. L.A. Care's Trans Health Care Management program is led by Hieu Nguyen, an openly gay licensed clinical social worker who runs initiatives in behavioral health services. Trans health is closely linked to mental health, he said, because many trans members suffer from depression and anxiety related to gender dysphoria, the dissociation they feel between their assigned gender and the gender they identify with.

"Our mission is to work with vulnerable populations," Nguyen said from a 15th-floor cubicle at the plan's office, which overlooks not only the gleaming, new 73-story Intercontinental Hotel, but also a large homeless encampment along the 110 freeway snaking through downtown.

"If you're talking about the most vulnerable, it's our trans members — economically, socially, physically and emotionally," he said.

Trans health care began to improve in 2014, Nguyen said, when some states used the Affordable Care Act to expand Medicaid to cover low-income childless adults — a population that he estimates includes thousands of trans patients in California alone.

California is among 12 states, along with the District of Columbia, that have written clarifying rules reinforcing the Obama-era guidelines that Medicaid must cover transition-related care. California's Department of Insurance conducted an economic analysis that found the cost of transition services was minimal.

Even so, until recently, few low-income people were succeeding in getting trans surgeries paid for, Nguyen said. "There was no clear process; people were getting inappropriately denied. Even LGBT-focused providers didn't understand the process for accessing care for patients," he added. There was misunderstanding of rules by both insurance plans and providers.

And of course, there was discrimination.

"I had a client from another program whose doctor said, 'Why do you want to be a freak?'" Nguyen said.

Such experiences nudged L.A. Care leaders to find a way to make things easier for trans members. While a majority of case management is contracted out, trans health is handled in-house — by Monsour, with oversight from Nguyen. Program outreach includes booths at public events like LA Pride, complete with handout rainbow flags emblazoned with the L.A. Care logo.

Nguyen and Monsour spend a lot of time recruiting providers who will accept Medi-Cal, the California version of Medicaid. To make sure the doctors are compassionate, they call patients from the trans community to suss out how well they're treated by both the physicians and their front office staff.

"We do the Hieu and Emmi cultural competency test," Nguyen said. "There's no standards right now, so we do our due diligence."

It seems to be working. L.A. Care is becoming known on trans message boards as a health plan that provides access to qualified surgeons for medically necessary gender surgeries. Since 2015, 40 members have successfully undergone surgeries and some 240 are in the pipeline, Mansour said.

And now many are rushing to schedule procedures before the anticipated crackdown from the Trump administration.

That's not an easy process. Before they qualify for surgery, trans patients must get a referral from a primary care doctor and up to two letters from a licensed mental health professional who has assessed their readiness. In some cases, they first need to undertake a year of hormone therapy.



Mansour, who spends much of her day on a headset speaking to plan members, is busy. She stepped away from her desk for a short time recently and returned to find seven voicemails waiting.

Mansour, who is trans, is hopeful California's safety net will continue to provide trans medical care regardless of what happens at the federal level, but she can't be sure. The uncertainty saddens her.

"Members have been told 'no' for so long, then one ray of light comes down," she said. "And now they think it's going to all be taken away."

She can't even imagine what people in less progressive parts of the country are going through.



Dao (left) and his girlfriend, K. Tran, look at pictures during lunch at their favorite Vietnamese restaurant.  
MELISSA LYTTLE FOR STAT

A hard-won self confidence

Dao is looking resolutely forward.

He's come a long way from the 11-year-old who emigrated from Vietnam with only four words of English. The college graduate now tosses around complex medical terms like metoidioplasty and periareolar nipple reduction with the ease of a surgeon and is extremely comfortable discussing his life and decisions.

But for years, Dao had struggled. In high school, he was confused. He really liked girls but he didn't like being one. He didn't think he was a lesbian, but didn't know what to call himself. He cut his waist-length black hair shorter and shorter each year and started secretly posting online glamorous shots of himself dressed in his older brother's clothes. He quickly developed a large female following.

His parents, however, were horrified once they found out. His mother, who works in a nail salon, kept telling him to get cured. (Vietnamese culture, he said, is starting to be more accepting of gay men but not of lesbian women and people who are trans.) Therapy did nothing to dissuade Dao. He just kept things hidden.

When hormone treatments started to deepen his voice, his mom asked if he was sick. But there was one thing he couldn't hide: He hadn't had a period for a year. "The mom knows," Dao said.

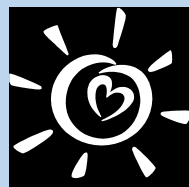
By this point, after years, his parents were starting to come around. They welcomed his friends, and girlfriends, into their home.

Handsome and self-confident, Dao works out, takes protein powder in hopes of building muscle, and uses testosterone shots as well as testosterone facial cream to maintain his facial hair.

Dao is working as a behavioral therapist with kids with autism but is considering a career change. He recently tried the Los Angeles Police Department's academy but dropped out with a serious knee injury. He's thinking about pilot school or jobs in business. And he soon plans to propose to his long-term girlfriend.

He's hopeful that his metoidioplasty — a procedure to enlarge his clitoris into a small, male-like organ that should allow him to urinate while standing — will go forward no matter what changes the Trump administration makes, because it's been approved by his insurer and scheduled.

But he's not taking any chances — and took the first surgery slot he could. "Trump does not support the transgender community," Dao said. "That's why I was in such a rush."



**L.A. Care**  
HEALTH PLAN

**Board of Governors**  
**MOTION SUMMARY**

**Date:** October 5, 2017

**Motion No.** BOG 102.1017

**Committee:**

**Chairperson:** Louise McCarthy

**Issue:** To execute a contract with Cognate, Inc. (Cognate) to automate and re-architect the Master Provider Database (MPD) as a part of the Total Provider Management (TPM) strategic initiative.

☒ **New Contract**   ☐ **Amendment**   ☐ **Sole Source**   ☐ **RFP/RFQ was conducted**

**Background:** L.A. Care staff requests approval to execute a contract with Cognate from October 2017 to September 30, 2018 in the amount of \$7,700,000. The vendor will provide us with:

- Automation of the standardized intake of comprehensive provider data
- Automation of the identification of adds, changes, and deletes
- Automation of the triggering of the appropriate workflow for each transaction
- Establish efficient, accountable, and responsive oversight of the automated process
- Change the data architecture for the provider data source-of-truth database such that it is able to accommodate all data elements, fields, and relationships

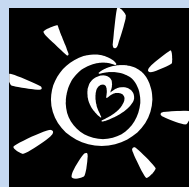
L.A. Care requires these services because of the need to have an MPD that can be relied on as a bona fide source-of-truth database for provider data to ensure duplication of provider contacts is minimized, and to eliminate the disparate databases currently in use that can lead to inaccuracies and difficulties in sharing data throughout the organization.

No request for proposal was conducted for this vendor because Cognate is considered a sole source vendor due to their highly specialized skillset and in-depth experience in master data management. A \$25-\$30 per hour per resource reduction was attained during negotiations. The TPM program is currently underway and locating a vendor with a comparable skill-set would be prohibitively costly and set the program back, risking problematic provider dissatisfaction.

**Member Impact:** Accurate provider data supports the following basic member health plan functions: (1) efficiently assigning members to primary care physicians (PCPs) and ensure that those members can receive care from various other provider types as necessary and appropriate; (2) regularly populating and publishing complete and accurate provider directories to inform LAC members of the network of providers and services available to them.

**Budget Impact:** The cost was anticipated and included in the approved budget for the Information Technology department for FY 2017-18 within the Total Provider Management Strategic Program

**Motion:** To authorize staff to execute a contract in the amount of \$7,700,000 with Cognate to provide highly specialized resources to deliver the Total Provider Management program for the period of October 2017 to September 30, 2018



**L.A. Care**  
HEALTH PLAN

**Board of Governors**  
**MOTION SUMMARY**

**Date:** October 5, 2017

**Motion No.** BOG 103.1017

**Committee:**

**Chairperson:** Louise McCarthy

**Issue:** Execute a contract with Change Healthcare (previously Altegra Healthcare) to provide Risk Adjustment Reporting and Analytics Services for L.A.C.C.

☐ **New Contract** ☒ **Amendment** ☒ **Sole Source** ☐ **RFP/RFQ was conducted**

**Background:** L.A. Care staff requests approval to execute the renewal of a contract with Change Healthcare (previously Altegra Healthcare) from January 2018 to December 2020 in the amount of \$2,600,000. The services rendered include Risk Adjustment Reporting and Analytics to support the ongoing data submission and reporting to CMS for our Commercial - LACC members.

The analytics services include identifying and prioritizing L.A. Care follow up activities for medical chart retrieval efforts to ensure all appropriate diagnostic data are collected and reported to CMS. The reporting services satisfy data submission requirements with CMS for risk adjustment calculations that impact our end of year revenue adjustments, and provide L.A. Care with additional capabilities to drive ongoing member engagement based on identified chronic conditions.

No request for proposal was conducted for this vendor because:

- Pricing by Change Healthcare (previously Altegra) has been fair and primarily based on our membership levels.
- Change Healthcare also serves as L.A. Care's third party administrator for hosting the technology that CMS requires (distributed server design) all insurers to use for reporting these data.
- Change Healthcare continues to be a leader in the commercial risk adjustment space with key benchmarking data bases to provide comparison of L.A. Care's performance to other insurers in the California market and nationally with other public plans.
- Change Healthcare's contract has provided improvements in our commercial risk adjustment reporting. We have reduced our market transfer payments due to risk adjustment from \$34,000,000 for 2014 to \$12,000,000 for our 2016 results.

**Member Impact:** These services help ensure that L.A. Care qualifies for all expected revenue adjustments from the ACA Marketplace adjustment process to balance revenue with the cost of expected levels of care we must deliver to these members.

**Budget Impact:** Sufficient funds are budgeted in the Enterprise Risk Adjustment budget for fiscal year 2017-18. We will budget the balance in future fiscal years.

**Motion:** **To authorize staff to amend the contract with Change Healthcare in the amount of \$2,600,000 (total amount not to exceed \$4,020,000) to provide L.A.C.C. Risk Adjustment Reporting and Analytic Services through December 31, 2020.**

# BOARD OF GOVERNORS

## Executive Committee

### Meeting Minutes – June 28, 2017

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



**L.A. Care**  
HEALTH PLAN

*All votes during a teleconferenced portion of the meeting were by roll call*

#### Members

Louise McCarthy, *Chairperson*  
Hector De La Torre, *Vice Chairperson* \*\*  
Michael Rembis, *Treasurer* \*  
G. Michael Roybal, MD, MPH, *Secretary*  
Mark Gamble,  
Kimberly Uyeda, MD

#### Management/Staff

John Baackes, *Chief Executive Officer*  
Phinney Ahn, *Chief of Staff*  
Augustavia Haydel, *General Counsel*  
Marie Montgomery, *Chief Financial Officer*  
Tom Schwaninger, *Chief Information Officer*  
Richard Seidman, MD, MPH, *Chief Medical Officer*

\*Absent \*\* Via Teleconference

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
<b>CALL TO ORDER</b>  Louise McCarthy	Louise McCarthy, <i>Chairperson</i> , called the meeting to order at 2:05 pm.  She announced that members of the public may address the Committee on each matter listed on the agenda before or during the Committee's consideration of the item, or on any other topic at the Public Comment section.	
<b>APPROVE MEETING AGENDA</b>  Louise McCarthy	The Agenda was approved as presented.	<b>Approved unanimously 4 AYES (Gamble, McCarthy, Roybal, and Uyeda.</b>
<b>PUBLIC COMMENTS</b>	There was no public comment.	
<b>APPROVE MEETING MINUTES</b>  Louise McCarthy	The minutes for the May 24, 2017 regular and special supplemental meetings were approved as presented.	<b>Approved unanimously 4 AYES</b>
<b>CHAIRPERSON'S REPORT</b>  Louise McCarthy	Chair McCarthy announced: <ul style="list-style-type: none"> <li>• The Executive Committee will not meet in July.</li> <li>• The July 6 Board meeting has been rescheduled to July 26.</li> <li>• There will be no Board or Committee meetings in August.</li> </ul>	

**APPROVED**

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<ul style="list-style-type: none"> <li>The annual all-day Board retreat will be on September 7, 2017, at the California Endowment's Center for Healthy Communities.</li> </ul>	
<b>CHIEF EXECUTIVE OFFICER'S REPORT</b>  John Baackes	<p>John Baackes, <i>Chief Executive Officer</i>, recognized Alan Bloom for attending many Committee and Board meetings since L.A. Care and Care 1<sup>st</sup> aligned to serve Medi-Cal beneficiaries. Mr. Bloom is an ardent supporter of L.A. Care's members and safety net providers. Mr. Baackes and the Board members congratulated Mr. Bloom on his retirement at the end of this month. Mr. Bloom commented that L.A. Care is a very special health plan that cares for its members and the community.</p> <p><i>(Member De La Torre joined the meeting by phone.)</i></p> <p>Mr. Baackes reported:</p> <ul style="list-style-type: none"> <li>L.A. Care worked with 10 other health plans and sent a letter to U.S. Senate leaders about the shortcomings of the proposed health care bill, and provided suggestions for thoughtful reform.</li> </ul> <p>The proposed bill goes beyond repeal and replace and fundamentally changes the Medicaid funding system. During the recess of the legislature, staff will reconnect with other health plans to submit a list of items to improve Medicaid, as constructive advice to legislators. It is important that L.A. Care continue to demonstrate advocacy for members and safety net providers.</p> <ul style="list-style-type: none"> <li>L.A. Care opened a fifth Family Resource Center in Palmdale. Mr. Baackes acknowledged Francisco Oaxaca, <i>Senior Director, Communications, Community Outreach and Education</i>, and his team for planning a successful grand opening.</li> </ul>	
<b>Sponsorship Report</b>	<p>Mr. Baackes referred to a report included in the meeting materials provided. <i>(A copy of the report can be requested from Board Services.)</i></p>	

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
COMMITTEE ISSUES		
<p><b>Government Affairs Update</b></p> <p>Cherie Compartore</p>	<p>Cherie Compartore, <i>Senior Director, Government Affairs</i>, reported:</p> <ul style="list-style-type: none"> <li>• SB 562 (Single Payer legislation) was put on hold by Assembly Speaker Rendon. The Speaker stated that while he supported the concept, he said the bill was “woefully incomplete” as the bill did not address financing or delivery of care, and it would require voter approval to implement.</li> <li>• AB 428 (Brown Act renewal of sunset provision) – L.A. Care sponsored legislation renewing the exemption from Brown Act restrictions on establishment of a quorum passed out of Assembly Government Committee with no opposition. The bill now moves to the Floor and upon passage makes it way to the Governor’s office for his review.</li> <li>• SB 171/AB 205 – Representatives of the California Department of Health Care Services (DHCS) met with Centers for Medicare and Medicaid Services (CMS) officials and other states to discuss supplemental funding for hospitals. CMS is considering approval of alternative direct payments to hospitals that mirror the way the California Hospital Association’s Quality Assurance fee. The rates will be prospective with a reconciliation of funding at the end of the year when actual utilization data is available; thereby eliminating financial risks to plans and hospitals. CMS has not approved this, so the legislation will include both proposals and amendments will be made during the next legislative session. DHCS, Health Committees, and California Association of Health Plans (CAPH) have agreed that the new program will require that hospitals have to be contracted with the health plan in order to receive the supplemental payments, and that letters of agreement and one-off types of service agreements between hospitals and health plans will not be considered contracts. There is no legislative language yet on the proposal.</li> </ul> <p>Ms. Compartore reviewed highlights in the state budget:</p> <ul style="list-style-type: none"> <li>○ Restoration to Medi-Cal benefits of adult dental in 2018 and adult lenses in 2020, if funded.</li> <li>○ Repeal of Newly Qualified Immigrants (NQI) Affordability and Benefit Program beneficiaries transition to a health benefit exchange health plan</li> <li>○ The waiver submitted to the federal government to transition pregnancy only Medi-Cal beneficiaries to the health benefit exchange was denied because the</li> </ul>	

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p>federal government considers Medi-Cal pregnancy only coverage to be comprehensive coverage.</p> <p>Also approved is a distribution of Prop 56 funds:</p> <ul style="list-style-type: none"> <li>• up to \$50 million for women's health supplemental payments</li> <li>• up to \$27 million for Intermediate care facility/developmentally disabled supplemental rate payment</li> <li>• up to \$4 million for HIV Waiver program payments</li> <li>• up to \$325 million may be allocated for supplemental payment for physician services and</li> <li>• up to \$140 million may be allocated for supplemental payments for dental services</li> </ul> <p>Ms. Compartore is in Washington, DC for meetings with legislators from California, and including those from other California counties.</p> <p>The Association for Community Affiliated Plans (ACAP) has launched a media campaign (TV, digital and social media) to target the Republican governors in states that participated in Medicaid expansion. ACAP has been very vocal on the impact on the Medicaid program from both the Senate and House health coverage proposals. The ACAP campaign will target West Virginia, Colorado, Arizona, Ohio, Nevada, and Louisiana.</p> <p>The federal House Ways and Means (WM) Committee released a discussion draft on the special needs plan (SNP) reauthorization for five-years. L.A. Care provided feedback through two Medicaid trade associations and sent comment letters to the WM Committee members.</p>	
<p><b>Worker Education and Resource Center Grant</b></p> <p>Roland Palencia Richard Seidman, MD</p>	<p>Roland Palencia, <i>Director, Community Benefits</i>, presented a request to grant funds to the Worker Education and Resource Center (WERC) for continued support of the community health workers pilot program.</p> <p>Richard Seidman, MD., <i>Chief Medical Officer</i>, added that the program aligns with other programs to address navigator needs as clinics strive to achieve medical home status.</p> <p>Member Uyeda asked about sustained funding for health navigators, and Dr. Seidman responded that no continued funding stream has been identified at this time.</p>	

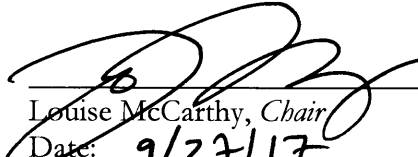


AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p><b><u>Motion EXE 100.0717</u></b>  <b>Approval to award up to \$316,000 to the Worker Education and Resource Center (WERC) to complete the Care Navigator Apprenticeship Pilot program by hiring and integrating ten Care Navigator apprentices into clinical care teams at five community-based clinics to improve care management and coordination of high-risk patients with complex medical, behavioral and social needs.</b></p>	<p><b>Approved unanimously by roll call. 5 AYES (De La Torre, Gamble, McCarthy, Roybal, and Uyeda.</b></p>
<p><b>APPROVE CONSENT AGENDA FOR JUNE 1, 2017 BOARD OF GOVERNORS MEETING</b></p>	<p>The Finance &amp; Budget approved and recommended that the following motions be included on the Consent Agenda for the July 26 Board of Governors meeting:</p> <ul style="list-style-type: none"> <li>• Revisions to Accounting and Financial Services Policy AFS 006 (Authorization and Approval Limits)</li> <li>• Edmund Jung &amp; Associates Contract Amendment</li> <li>• Authorization to procure equipment, software and installation services from ePlus, Inc. to replenish L.A. Care's storage hardware.</li> <li>• Authorization to purchase VMware NSX Network and Security Software to enhance L.A Care's internal server architecture from ePlus.</li> </ul> <p>The Committee approved the following motion, including the above motions from Finance &amp; Budget Committee to be placed on the Consent Agenda for the July 26, 2017 Board meeting:</p> <ul style="list-style-type: none"> <li>• RCAC/CCI Membership</li> </ul>	<p><b>Approved unanimously by roll call. 5 AYES</b></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 anticipated report from the closed session. There was no public comment on the closed session items, and the meeting adjourned to closed session at 2:32 p.m.</p> <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><i>The following agenda item was not discussed.</i></p> <p>REPORT INVOLVING TRADE SECRET  Pursuant to Welfare and Institutions Code Section 14087.38(n)  Discussion Concerning New Product Lines</p>	

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p><i>Estimated date of public disclosure: June 2019</i></p> <p>CONFERENCE WITH LEGAL COUNSEL –EXISTING LITIGATION Pursuant to Section 54956.9(d)(1) of Ralph M. Brown Act: Name of case: Dignity Health and Northridge Hospital Medical Center v. L.A Care Health Plan et al. (BC583522)</p> <p>CONFERENCE WITH LEGAL COUNSEL –EXISTING LITIGATION Pursuant to Section 54956.9(d)(1) of Ralph M. Brown Act: Name of case: Local Initiative Health Authority for Los Angeles County (L.A. Care) v. OneBeacon et al (Case No.: 2:16-cv-04810 VAP(AGR<sub>x</sub>))</p> <p>CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION Significant exposure to litigation pursuant to Section 54956.9(d)(2)Ralph M. Brown Act: one case</p> <p>CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Initiation of litigation pursuant to Section 54956.9(d)(4) of Ralph M. Brown Act. Four Potential Cases</p>	
<b>RECONVENIE IN OPEN SESSION</b>	The meeting reconvened in open session at 2:49 p.m. No reportable actions were taken during the closed session.	
<b>ADJOURNMENT</b>	The regular meeting adjourned at 2:50 p.m.	

Respectfully submitted by:  
Linda Merkens, *Manager, Board Services*  
Malou Balones, *Committee Liaison*

APPROVED BY:

  
Louise McCarthy, *Chair*  
Date: 9/27/17

**APPROVED**



**Board of Governors**  
**MOTION SUMMARY**

**Date:** October 5, 2017

**Motion No.** FIN 107.1017

**Committee:** Finance & Budget

**Chairperson:** Michael Rembis

☐ New Contract   ☐ Amendment   ☐ Sole Source   ☐ RFP/RFQ was conducted

**Issue:** Acceptance of the Financial Report for the period ended August 2017.

**Background:** Attached also is the monthly investment transactions report.

**Member Impact:** N/A

**Budget Impact:** N/A

**Motion:** To accept the Financial Report for the period ended August 2017, as submitted.



## Financial Performance August 2017

8/31/2017

**Financial Performance Results Highlights - Year-to-Date****August 2017**

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**Overall**

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The combined member months is 23.1 million year to date, which is 15,454 member months favorable to the forecast. The year-to-date performance is a surplus of \$128.4 million or 1.6% of revenue and is \$8.1 million unfavorable to forecast, however meets the \$125M original budget target. The unfavorable variance is primarily driven by higher-than-expected inpatient claims.

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**MediCal Plan Partners**

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The member months is 10.9 million, which is 9,732 member months favorable to the forecast. The performance is a surplus of \$108.1 million, and is \$1.8 million favorable to forecast. The favorable variance is driven by lower-than-expected capitation expenses offset by lower-than-expected capitation revenue and higher-than-expected provider incentives.

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**MediCal Direct SPD-CCI**

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The member months is 2.3 million, which is 1,484 member months favorable to the forecast. The performance is a surplus of \$47.4 million, and is \$83.3 million favorable to forecast. The forecast includes the updated CCI and MLTSS rates. Favorable surplus variance is primarily driven by higher-than-expected capitation revenue and lower-than-expected outpatient claims.

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**MediCal Direct TANF-MCE**

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The member months is 9.0 million, which is 5,132 member months favorable to the forecast. The performance is a surplus of \$285 thousand, and is \$88.5 million unfavorable to forecast. The forecast includes the impact of the supplemental payment adjustments. The unfavorable variance is driven primarily by higher-than-expected higher capitation expenses offset by higher capitation revenue and by higher-than-expected inpatient and outpatient claims.

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**Cal MediConnect (CMC)**

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The member months is 152,322, which is 294 member months unfavorable to the forecast. The performance is a surplus of \$2.0 million, and is \$5.1 million unfavorable to forecast which is driven by higher-than-expected provider incentives and shared risk, inpatient claims, skilled nursing expenses, and pharmacy expenses.

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**Commercial**

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L.A. Care Commercial consists of Covered California, PASC-SEIU and Healthy Kids. The member months is 756,158, which is 600 member months unfavorable to the forecast. The performance is a deficit of \$12.3 million and is \$0.4 million unfavorable to forecast. We are pursuing rate increases for Covered California and PASC-SEIU.

**Consolidated Operations Income Statement (\$ in thousands)**
**August 2017**

Current Actual		Current Forecast		Fav<Unfav> Forecast			YTD Actual		YTD Forecast		Fav<Unfav> Forecast	
(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)		(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)
<b>Membership</b>												
						<i>Member Months</i>						
2,141,977		2,131,604		10,373			23,117,452		23,101,998		15,454	
<b>Revenue</b>												
\$739,970	345.46	\$711,131	333.61	\$28,839	11.85	Capitation	\$8,021,094	346.97	\$7,809,737	338.05	\$211,357	8.92
\$289	0.14	\$239	0.11	\$51	0.02	Pay for Performance	\$5,132	0.22	\$4,454	0.19	\$678	0.03
<b>740,260</b>	<b>345.60</b>	<b>711,370</b>	<b>333.73</b>	<b>28,890</b>	<b>11.87</b>	<b>Total Revenues</b>	<b>8,026,225</b>	<b>347.19</b>	<b>7,814,191</b>	<b>338.25</b>	<b>212,034</b>	<b>8.95</b>
<b>Healthcare Expenses</b>												
374,724	174.94	374,714	175.79	(10)	0.85	Capitation	4,237,661	183.31	4,058,910	175.70	(178,751)	(7.61)
11,066	5.17	6,294	2.95	(4,772)	(2.21)	Provider Incentives and Shared Risk	95,001	4.11	82,583	3.57	(12,418)	(0.53)
65,886	30.76	58,918	27.64	(6,968)	(3.12)	Inpatient Claims	722,914	31.27	692,193	29.96	(30,721)	(1.31)
148,714	69.43	142,215	66.72	(6,499)	(2.71)	Outpatient Claims	1,460,869	63.19	1,468,350	63.56	7,481	0.37
48,872	22.82	43,811	20.55	(5,061)	(2.26)	Skilled Nursing Facility	479,177	20.73	471,840	20.42	(7,337)	(0.30)
51,904	24.23	47,364	22.22	(4,540)	(2.01)	Pharmacy	545,781	23.61	540,365	23.39	(5,416)	(0.22)
4,588	2.14	6,004	2.82	1,416	0.67	Medical Administrative Expenses	44,277	1.92	49,292	2.13	5,015	0.22
<b>705,754</b>	<b>329.49</b>	<b>679,320</b>	<b>318.69</b>	<b>(26,434)</b>	<b>(10.80)</b>	<b>Total Healthcare Expenses</b>	<b>7,585,681</b>	<b>328.14</b>	<b>7,363,533</b>	<b>318.74</b>	<b>(222,148)</b>	<b>(9.40)</b>
95.3%		95.5%		0.2%		<i>MCR(%)</i>	94.5%		94.2%		-0.3%	
<b>34,506</b>	<b>16.11</b>	<b>32,050</b>	<b>15.04</b>	<b>2,456</b>	<b>1.07</b>	<b>Operating Margin</b>	<b>440,545</b>	<b>19.06</b>	<b>450,658</b>	<b>19.51</b>	<b>(10,113)</b>	<b>(0.45)</b>
<b>33,311</b>	<b>15.55</b>	<b>31,451</b>	<b>14.75</b>	<b>(1,859)</b>	<b>(0.80)</b>	<b>Total Operating Expenses</b>	<b>317,073</b>	<b>13.72</b>	<b>317,438</b>	<b>13.74</b>	<b>365</b>	<b>0.02</b>
4.5%		4.4%		-0.1%		<i>Admin Ratio(%)</i>	4.0%		4.1%		0.1%	
<b>1,195</b>	<b>0.56</b>	<b>599</b>	<b>0.28</b>	<b>597</b>	<b>0.28</b>	<b>Income (Loss) from Operations</b>	<b>123,472</b>	<b>5.34</b>	<b>133,220</b>	<b>5.77</b>	<b>(9,748)</b>	<b>(0.43)</b>
(1,151)	(0.54)	(997)	(0.47)	(154)	(0.07)	Other Income/(Expense), net	(14,028)	(0.61)	(14,645)	(0.63)	618	0.03
2,075	0.97	1,583	0.74	492	0.23	Interest Income, net	19,193	0.83	18,080	0.78	1,113	0.05
(50)	(0.02)	0	-	(50)	(0.02)	Realized Gain/Loss	(701)	(0.03)	(283)	(0.01)	(418)	(0.02)
121	0.06	0	-	121	0.06	Unrealized Gain/Loss	426	0.02	53	0.00	373	0.02
<b>995</b>	<b>0.46</b>	<b>586</b>	<b>0.27</b>	<b>409</b>	<b>0.19</b>	<b>Total Non-Operating Income (Expense)</b>	<b>4,891</b>	<b>0.21</b>	<b>3,205</b>	<b>0.14</b>	<b>1,686</b>	<b>0.07</b>
<b>\$2,191</b>	<b>1.02</b>	<b>\$1,185</b>	<b>0.56</b>	<b>\$1,006</b>	<b>0.47</b>	<b>Net Surplus (Deficit)</b>	<b>\$128,363</b>	<b>5.55</b>	<b>\$136,425</b>	<b>5.91</b>	<b>(\$8,062)</b>	<b>(0.35)</b>
0.3%		0.2%		0.1%		<i>Margin(%)</i>	1.6%		1.7%		-0.1%	



# MediCal Plan Partners Income Statement (\$ in thousands)

August 2017

Current Actual		Current Forecast		Fav<Unfav> Forecast			YTD Actual		YTD Forecast		Fav<Unfav> Forecast	
(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)		(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)
						<b>Membership</b>						
						<i>Member Months</i>						
1,011,579		1,002,775		8,804			10,951,305		10,941,573		9,732	
						<b>Revenue</b>						
\$284,989	281.73	\$272,333	271.58	\$12,656	10.15	Capitation	\$2,993,485	273.35	\$3,004,874	274.63	(\$11,389)	(1.28)
<b>284,989</b>	<b>281.73</b>	<b>272,333</b>	<b>271.58</b>	<b>12,656</b>	<b>10.15</b>	<b>Total Revenues</b>	<b>2,993,485</b>	<b>273.35</b>	<b>3,004,874</b>	<b>274.63</b>	<b>(11,389)</b>	<b>(1.28)</b>
						<b>Healthcare Expenses</b>						
264,694	261.66	257,144	256.43	(7,550)	(5.23)	Capitation	2,807,921	256.40	2,825,959	258.28	18,038	1.88
5,776	5.71	2,375	2.37	(3,401)	(3.34)	Provider Incentives and Shared Risk	31,257	2.85	24,399	2.23	(6,858)	(0.62)
20	0.02	0	-	(20)	(0.02)	Inpatient Claims	197	0.02	177	0.02	(20)	(0.00)
(0)	(0.00)	0	-	0	0.00	Outpatient Claims	334	0.03	1,229	0.11	895	0.08
0	-	0	-	0	-	Skilled Nursing Facility	0	-	0	-	0	-
584	0.58	837	0.83	253	0.26	Medical Administrative Expenses	6,556	0.60	7,250	0.66	694	0.06
<b>271,073</b>	<b>267.97</b>	<b>260,356</b>	<b>259.64</b>	<b>(10,717)</b>	<b>(8.33)</b>	<b>Total Healthcare Expenses</b>	<b>2,846,265</b>	<b>259.90</b>	<b>2,859,014</b>	<b>261.30</b>	<b>12,749</b>	<b>1.40</b>
95.1%		95.6%		0.5%		<i>MCR(%)</i>	95.1%		95.1%		0.1%	
<b>13,916</b>	<b>13.76</b>	<b>11,977</b>	<b>11.94</b>	<b>1,939</b>	<b>1.81</b>	<b>Operating Margin</b>	<b>147,219</b>	<b>13.44</b>	<b>145,860</b>	<b>13.33</b>	<b>1,359</b>	<b>0.11</b>
<b>5,384</b>	<b>5.32</b>	<b>4,869</b>	<b>4.86</b>	<b>(515)</b>	<b>(0.47)</b>	<b>Total Operating Expenses</b>	<b>48,360</b>	<b>4.42</b>	<b>47,970</b>	<b>4.38</b>	<b>(390)</b>	<b>(0.03)</b>
1.9%		1.8%		-0.1%		<i>Admin Ratio(%)</i>	1.6%		1.6%		0.0%	
<b>8,532</b>	<b>8.43</b>	<b>7,108</b>	<b>7.09</b>	<b>1,424</b>	<b>1.35</b>	<b>Income (Loss) from Operations</b>	<b>98,859</b>	<b>9.03</b>	<b>97,890</b>	<b>8.95</b>	<b>969</b>	<b>0.08</b>
<b>1,243</b>	<b>1.23</b>	<b>666</b>	<b>0.66</b>	<b>577</b>	<b>(0.56)</b>	<b>Total Non-Operating Income (Expense)</b>	<b>9,262</b>	<b>0.85</b>	<b>8,395</b>	<b>0.77</b>	<b>867</b>	<b>(0.08)</b>
<b>\$9,775</b>	<b>9.66</b>	<b>\$7,774</b>	<b>7.75</b>	<b>\$2,001</b>	<b>1.91</b>	<b>Net Surplus (Deficit)</b>	<b>\$108,121</b>	<b>9.87</b>	<b>\$106,285</b>	<b>9.71</b>	<b>\$1,836</b>	<b>0.16</b>
3.4%		2.9%		0.6%		<i>Margin(%)</i>	3.6%		3.5%		0.1%	



**MediCal Direct SPD-CCI Income Statement (\$ in thousands)**

**August 2017**

Current Actual		Current Forecast		Fav<Unfav> Forecast			YTD Actual		YTD Forecast		Fav<Unfav> Forecast	
(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)		(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)
<b>Membership</b>												
<i>Member Months</i>												
209,800		210,340		(540)			2,261,493		2,260,009		1,484	
<b>Revenue</b>												
\$237,001	1,129.65	\$217,095	1,032.11	\$19,906	97.54	Capitation	\$2,420,487	1,070.30	\$2,365,249	1,046.57	\$55,238	23.74
<b>237,001</b>	<b>1,129.65</b>	<b>217,095</b>	<b>1,032.11</b>	<b>19,906</b>	<b>97.54</b>	<b>Total Revenues</b>	<b>2,420,487</b>	<b>1,070.30</b>	<b>2,365,249</b>	<b>1,046.57</b>	<b>55,238</b>	<b>23.74</b>
<b>Healthcare Expenses</b>												
15,312	72.98	19,972	94.95	4,660	21.97	Capitation	156,210	69.07	161,728	71.56	5,518	2.49
(702)	(3.35)	(1,948)	(9.26)	(1,246)	(5.92)	Provider Incentives and Shared Risk	(32,869)	(14.53)	(33,535)	(14.84)	(666)	(0.30)
26,938	128.40	28,890	137.35	1,952	8.95	Inpatient Claims	310,724	137.40	309,150	136.79	(1,574)	(0.61)
115,790	551.91	119,755	569.34	3,965	17.43	Outpatient Claims	1,207,651	534.01	1,233,314	545.71	25,663	11.71
41,647	198.51	38,463	182.86	(3,184)	(15.65)	Skilled Nursing Facility	417,336	184.54	414,355	183.34	(2,981)	(1.20)
15,150	72.21	16,198	77.01	1,048	4.80	Pharmacy	176,437	78.02	177,590	78.58	1,153	0.56
1,654	7.89	2,410	11.46	756	3.57	Medical Administrative Expenses	15,783	6.98	18,437	8.16	2,654	1.18
<b>215,790</b>	<b>1,028.55</b>	<b>223,740</b>	<b>1,063.71</b>	<b>7,950</b>	<b>35.15</b>	<b>Total Healthcare Expenses</b>	<b>2,251,273</b>	<b>995.48</b>	<b>2,281,039</b>	<b>1,009.31</b>	<b>29,766</b>	<b>13.82</b>
91.1%		103.1%		12.0%		<i>MCR(%)</i>	93.0%		96.4%		3.4%	
<b>21,211</b>	<b>101.10</b>	<b>(6,645)</b>	<b>(31.59)</b>	<b>27,856</b>	<b>132.69</b>	<b>Operating Margin</b>	<b>169,213</b>	<b>74.82</b>	<b>84,210</b>	<b>37.26</b>	<b>85,003</b>	<b>37.56</b>
<b>13,750</b>	<b>65.54</b>	<b>12,295</b>	<b>58.45</b>	<b>(1,455)</b>	<b>(7.09)</b>	<b>Total Operating Expenses</b>	<b>128,309</b>	<b>56.74</b>	<b>126,109</b>	<b>55.80</b>	<b>(2,200)</b>	<b>(0.94)</b>
5.8%		5.7%		-0.1%		<i>Admin Ratio(%)</i>	5.3%		5.3%		0.0%	
<b>7,461</b>	<b>35.56</b>	<b>(18,940)</b>	<b>(90.04)</b>	<b>26,401</b>	<b>125.61</b>	<b>Income (Loss) from Operations</b>	<b>40,904</b>	<b>18.09</b>	<b>(41,899)</b>	<b>(18.54)</b>	<b>82,803</b>	<b>36.63</b>
<b>717</b>	<b>3.42</b>	<b>469</b>	<b>2.23</b>	<b>248</b>	<b>(1.19)</b>	<b>Total Non-Operating Income (Expense)</b>	<b>6,523</b>	<b>2.88</b>	<b>6,065</b>	<b>2.68</b>	<b>458</b>	<b>0.20</b>
<b>\$8,177</b>	<b>38.98</b>	<b>(\$18,471)</b>	<b>(87.81)</b>	<b>\$26,648</b>	<b>126.79</b>	<b>Net Surplus (Deficit)</b>	<b>\$47,427</b>	<b>20.97</b>	<b>(\$35,834)</b>	<b>(15.86)</b>	<b>\$83,261</b>	<b>36.83</b>
3.5%		-8.5%		12.0%		<i>Margin(%)</i>	2.0%		-1.5%		3.5%	





# MediCal Direct TANF-MCE Income Statement (\$ in thousands)

August 2017

Current Actual		Current Forecast		Fav<Unfav> Forecast			YTD Actual		YTD Forecast		Fav<Unfav> Forecast		
(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)		(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)	
831,142		828,805		2,337		Membership	8,996,181		8,991,049		5,132		
						Member Months							
						Revenue							
\$171,818	206.73	\$175,682	211.97	(\$3,864)	(5.24)	Capitation	\$2,139,880	237.87	\$1,971,091	219.23	\$168,789	18.64	
171,818	206.73	175,682	211.97	(3,864)	(5.24)	Total Revenues	2,139,880	237.87	1,971,091	219.23	168,789	18.64	
Healthcare Expenses													
69,783	83.96	71,741	86.56	1,958	2.60	Capitation	1,008,657	112.12	803,444	89.36	(205,213)	(22.76)	
3,366	4.05	5,512	6.65	2,146	2.60	Provider Incentives and Shared Risk	83,389	9.27	81,931	9.11	(1,458)	(0.16)	
34,893	41.98	25,383	30.63	(9,510)	(11.36)	Inpatient Claims	362,175	40.26	333,292	37.07	(28,883)	(3.19)	
27,559	33.16	17,166	20.71	(10,393)	(12.45)	Outpatient Claims	201,672	22.42	180,246	20.05	(21,426)	(2.37)	
4,972	5.98	3,809	4.60	(1,163)	(1.39)	Skilled Nursing Facility	42,627	4.74	40,825	4.54	(1,802)	(0.20)	
30,719	36.96	27,269	32.90	(3,450)	(4.06)	Pharmacy	327,907	36.45	324,082	36.04	(3,825)	(0.40)	
1,542	1.85	1,934	2.33	392	0.48	Medical Administrative Expenses	15,557	1.73	16,918	1.88	1,361	0.15	
172,833	207.95	152,814	184.38	(20,019)	(23.57)	Total Healthcare Expenses	2,041,985	226.98	1,780,738	198.06	(261,247)	(28.93)	
100.6%		87.0%		-13.6%		MCR(%)	95.4%		90.3%		-5.1%		
(1,015)	(1.22)	22,868	27.59	(23,883)	(28.81)	Operating Margin	97,895	10.88	190,353	21.17	(92,458)	(10.29)	
10,560	12.71	11,505	13.88	945	1.18	Total Operating Expenses	102,850	11.43	106,275	11.82	3,425	0.39	
6.1%		6.5%		0.4%		Admin Ratio(%)	4.8%		5.4%		0.6%		
(11,575)	(13.93)	11,363	13.71	(22,938)	(27.64)	Income (Loss) from Operations	(4,955)	(0.55)	84,078	9.35	(89,033)	(9.90)	
1,045	1.26	451	0.54	594	(0.71)	Total Non-Operating Income (Expense)	5,240	0.58	4,666	0.52	574	(0.06)	
(\$10,530)	(12.67)	\$11,814	14.25	(\$22,344)	(26.92)	Net Surplus (Deficit)	\$285	0.03	\$88,744	9.87	(\$88,459)	(9.84)	
-6.1%		6.7%		-12.9%		Margin(%)	0.0%		4.5%		-4.5%		



**CMC Income Statement (\$ in thousands)**

**August 2017**

Current Actual		Current Forecast		Fav<Unfav> Forecast			YTD Actual		YTD Forecast		Fav<Unfav> Forecast	
(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)		(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)
						<b>Membership</b>						
						<i>Member Months</i>						
15,070		15,385		(315)			152,322		152,616		(294)	
						<b>Revenue</b>						
\$24,024	1,594.18	\$22,779	1,480.60	\$1,245	113.59	Capitation	\$237,511	1,559.27	\$235,129	1,540.66	\$2,382	18.61
<b>24,024</b>	<b>1,594.18</b>	<b>22,779</b>	<b>1,480.60</b>	<b>1,245</b>	<b>113.59</b>	<b>Total Revenues</b>	<b>237,511</b>	<b>1,559.27</b>	<b>235,129</b>	<b>1,540.66</b>	<b>2,382</b>	<b>18.61</b>
						<b>Healthcare Expenses</b>						
8,827	585.71	9,061	588.95	234	3.25	Capitation	95,902	629.60	95,271	624.25	(631)	(5.35)
2,063	136.90	169	10.98	(1,894)	(125.92)	Provider Incentives and Shared Risk	8,595	56.42	5,564	36.46	(3,031)	(19.97)
3,399	225.53	3,147	204.55	(252)	(20.98)	Inpatient Claims	34,378	225.70	32,266	211.42	(2,112)	(14.28)
4,442	294.78	4,514	293.40	72	(1.38)	Outpatient Claims	43,139	283.21	44,017	288.42	878	5.21
2,223	147.51	1,539	100.03	(684)	(47.47)	Skilled Nursing Facility	18,961	124.48	16,471	107.92	(2,490)	(16.56)
1,777	117.93	1,129	73.38	(648)	(44.55)	Pharmacy	15,863	104.14	14,272	93.52	(1,591)	(10.62)
756	50.16	733	47.64	(23)	(2.52)	Medical Administrative Expenses	5,592	36.71	5,851	38.34	259	1.63
<b>23,487</b>	<b>1,558.51</b>	<b>20,292</b>	<b>1,318.95</b>	<b>(3,195)</b>	<b>(239.56)</b>	<b>Total Healthcare Expenses</b>	<b>222,430</b>	<b>1,460.26</b>	<b>213,712</b>	<b>1,400.32</b>	<b>(8,718)</b>	<b>(59.94)</b>
97.8%		89.1%		-8.7%		<i>MCR(%)</i>	93.7%		90.9%		-2.8%	
<b>538</b>	<b>35.67</b>	<b>2,487</b>	<b>161.65</b>	<b>(1,949)</b>	<b>(125.98)</b>	<b>Operating Margin</b>	<b>15,081</b>	<b>99.01</b>	<b>21,417</b>	<b>140.33</b>	<b>(6,336)</b>	<b>(41.33)</b>
<b>730</b>	<b>48.44</b>	<b>907</b>	<b>58.95</b>	<b>177</b>	<b>10.51</b>	<b>Total Operating Expenses</b>	<b>13,341</b>	<b>87.58</b>	<b>14,486</b>	<b>94.92</b>	<b>1,145</b>	<b>7.34</b>
3.0%		4.0%		0.9%		<i>Admin Ratio(%)</i>	5.6%		6.2%		0.5%	
<b>(192)</b>	<b>(12.77)</b>	<b>1,580</b>	<b>102.70</b>	<b>(1,772)</b>	<b>(115.47)</b>	<b>Income (Loss) from Operations</b>	<b>1,740</b>	<b>11.43</b>	<b>6,931</b>	<b>45.41</b>	<b>(5,191)</b>	<b>(33.99)</b>
<b>26</b>	<b>1.71</b>	<b>(19)</b>	<b>(1.23)</b>	<b>45</b>	<b>(2.94)</b>	<b>Total Non-Operating Income (Expense)</b>	<b>218</b>	<b>1.43</b>	<b>93</b>	<b>0.61</b>	<b>125</b>	<b>(0.82)</b>
<b>(\$167)</b>	<b>(11.06)</b>	<b>\$1,561</b>	<b>101.46</b>	<b>(\$1,728)</b>	<b>(112.52)</b>	<b>Net Surplus (Deficit)</b>	<b>\$1,959</b>	<b>12.86</b>	<b>\$7,024</b>	<b>46.02</b>	<b>(\$5,065)</b>	<b>(33.17)</b>
-0.7%		6.9%		-7.5%		<i>Margin(%)</i>	0.8%		3.0%		-2.2%	

**Commercial Income Statement (\$ in thousands)**
**August 2017**

Current Actual		Current Forecast		Fav<Unfav> Forecast			YTD Actual		YTD Forecast		Fav<Unfav> Forecast		
(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)		(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)	
74,386		74,299		87		Membership	756,158		756,758		(600)		
						Member Months							
						Revenue							
\$22,138	297.61	\$23,243	312.83	(\$1,105)	(15.22)	Capitation	\$229,739	303.82	\$233,400	308.42	(\$3,661)	(4.60)	
22,138	297.61	23,243	312.83	(1,105)	(15.22)	Total Revenues	229,739	303.82	233,400	308.42	(3,661)	(4.60)	
Healthcare Expenses													
16,107	216.53	16,796	226.06	689	9.52	Capitation	168,973	223.46	172,510	227.96	3,537	4.50	
563	7.57	186	2.50	(377)	(5.07)	Provider Incentives and Shared Risk	3,449	4.56	3,043	4.02	(406)	(0.54)	
637	8.56	1,498	20.16	861	11.60	Inpatient Claims	15,452	20.44	17,319	22.89	1,867	2.45	
923	12.41	781	10.51	(142)	(1.90)	Outpatient Claims	8,081	10.69	9,552	12.62	1,471	1.94	
30	0.41	0	-	(30)	(0.41)	Skilled Nursing Facility	246	0.33	189	0.25	(57)	(0.08)	
4,259	57.26	2,768	37.25	(1,491)	(20.00)	Pharmacy	25,240	33.38	24,086	31.83	(1,154)	(1.55)	
52	0.70	89	1.20	37	0.50	Medical Administrative Expenses	789	1.04	835	1.10	46	0.06	
22,572	303.45	22,118	297.69	(454)	(5.76)	Total Healthcare Expenses	222,229	293.89	227,534	300.67	5,305	6.78	
102.0%		95.2%		-6.8%		MCR(%)	96.7%		97.5%		0.8%		
(434)	(5.84)	1,125	15.14	(1,559)	(20.98)	Operating Margin	7,509	9.93	5,866	7.75	1,643	2.18	
1,140	15.32	802	10.79	(338)	(4.53)	Total Operating Expenses	12,960	17.14	12,030	15.90	(930)	(1.24)	
5.1%		3.5%		-1.7%		Admin Ratio(%)	5.6%		5.2%		-0.5%		
(1,574)	(21.16)	323	4.35	(1,897)	(25.51)	Income (Loss) from Operations	(5,451)	(7.21)	(6,164)	(8.15)	713	0.94	
(539)	(7.25)	(147)	(1.98)	(392)	5.27	Total Non-Operating Income (Expense)	(6,837)	(9.04)	(5,694)	(7.52)	(1,143)	1.52	
(\$2,113)	(28.41)	\$176	2.37	(\$2,289)	(30.78)	Net Surplus (Deficit)	(\$12,289)	(16.25)	(\$11,858)	(15.67)	(\$431)	(0.58)	
-9.5%		0.8%		-10.3%		Margin(%)	-5.3%		-5.1%		-0.3%		



## Comparative Balance Sheet

August 2017

(Dollars in thousands)

### ASSETS

#### CURRENT ASSETS

Total Current Assets	4,070,794	4,853,489	4,655,277	4,901,250	5,023,043	4,854,369
Capitalized Assets - net	64,508	65,812	68,225	70,448	70,369	71,149

#### NON-CURRENT ASSETS

	\$842	\$519	2,311	3,633	3,359	3,303
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#### TOTAL ASSETS

<b>\$4,136,144</b>	<b>\$4,919,820</b>	<b>4,725,813</b>	<b>4,975,331</b>	<b>5,096,770</b>	<b>4,928,821</b>
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### LIABILITIES AND FUND EQUITY

#### CURRENT LIABILITIES

Total Current Liability	\$3,608,653	\$4,371,117	4,118,559	4,341,092	4,443,228	4,271,122
Long Term Liability	\$3,679	\$3,629	3,607	3,592	3,559	3,525

#### Total Liabilities

<b>\$3,612,332</b>	<b>\$4,374,746</b>	<b>4,122,166</b>	<b>4,344,685</b>	<b>4,446,786</b>	<b>4,274,647</b>
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#### FUND EQUITY

Invested in Capital Assets, net of related debt	\$64,508	\$65,812	68,225	70,448	70,369	71,149
Restricted Equity	\$300	\$300	300	300	300	300
Minimum Tangible Net Equity	\$192,308	\$196,915	197,643	194,228	195,008	196,316
Board Designated Funds	\$266,696	\$16,252	15,042	11,042	10,842	7,421
Retained Earnings (undesignated)	(\$0)	\$265,795	322,436	354,629	373,465	376,988

#### Total Fund Equity

<b>\$523,812</b>	<b>\$545,074</b>	<b>\$603,646</b>	<b>\$630,646</b>	<b>\$649,984</b>	<b>\$652,174</b>
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#### TOTAL LIABILITIES AND FUND EQUITY

<b>\$4,136,144</b>	<b>\$4,919,820</b>	<b>\$4,725,813</b>	<b>\$4,975,331</b>	<b>\$5,096,770</b>	<b>\$4,926,821</b>
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### Solvency Ratios

Working Capital Ratio	1.13	1.11	1.13	1.13	1.13	1.14
Cash to Claims Ratio	0.89	0.77	0.81	0.57	0.54	0.49
Tangible Net Equity Ratio	2.72	2.77	3.05	3.25	3.33	3.32



Cash Flows Statement (\$ in thousands)

	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	YTD
<b>Cash Flows from Operating Activities:</b>												
Capitation Revenue	\$ 585,436	\$ 13,957	\$ 591,729	\$ 682,666	\$ 717,209	\$ 1,157,803	\$ 591,589	\$ 134,766	\$ 845,838	\$ 485,203	\$ 578,955	\$ 6,385,152
Other Income (Expense), net	17	1,071	603	1,088	1,051	2,924	5,647	(2,730)	2,321	2,686	2,061	16,738
Healthcare Expenses	(473,840)	(288,339)	(736,854)	(444,419)	(622,572)	(887,018)	(647,746)	(522,017)	(883,995)	(527,048)	(921,683)	(6,955,530)
Operating Expenses	(18,679)	(24,484)	(41,788)	(25,939)	(26,030)	(26,458)	(18,602)	(30,376)	(29,955)	(18,896)	(20,672)	(281,879)
<b>Net Cash Provided By Operating Activities</b>	<b>92,934</b>	<b>(297,794)</b>	<b>(186,310)</b>	<b>213,396</b>	<b>69,658</b>	<b>247,252</b>	<b>(69,112)</b>	<b>(420,357)</b>	<b>(65,791)</b>	<b>(58,055)</b>	<b>(361,339)</b>	<b>(835,519)</b>
<b>Cash Flows from Investing Activities</b>												
Net Proceeds from Sale of Investments	157,576	51,806	(331,287)	135,715	(53,507)	7,749	19,125	9,204	105,971	284,948	47,728	435,029
Purchase of Capital Assets	(1,529)	(3,331)	(470)	(426)	(2,216)	(3,737)	(2,566)	(2,664)	(798)	(1,352)	(2,155)	(21,244)
<b>Net Cash Provided By Investing Activities</b>	<b>156,048</b>	<b>48,475</b>	<b>(331,756)</b>	<b>135,289</b>	<b>(55,723)</b>	<b>4,012</b>	<b>16,559</b>	<b>6,540</b>	<b>105,173</b>	<b>283,596</b>	<b>45,573</b>	<b>413,786</b>
<b>Cash Flows from Financing Activities:</b>												
Gross Premium Tax (MCO Sales Tax) - Net	(73,935)	(212)	213	(34,725)	52,952	(15,749)	8,002	2,570	(24,261)	(3,570)	11,126	(77,590)
Pass through transactions (AB 85, IGT, etc.)	9,102	(17,893)	414,972	(415,312)	20,667	78,788	1,412	(21,458)	(61,546)	107	20,268	29,108
<b>Net Cash Provided By Financing Activities</b>	<b>(64,833)</b>	<b>(18,104)</b>	<b>415,185</b>	<b>(450,037)</b>	<b>73,619</b>	<b>63,039</b>	<b>9,414</b>	<b>(18,888)</b>	<b>(85,807)</b>	<b>(3,463)</b>	<b>31,394</b>	<b>(48,482)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>184,148</b>	<b>(267,424)</b>	<b>(102,882)</b>	<b>(101,352)</b>	<b>87,554</b>	<b>314,303</b>	<b>(43,138)</b>	<b>(432,705)</b>	<b>(46,425)</b>	<b>222,078</b>	<b>(284,372)</b>	<b>(470,215)</b>
Cash and Cash Equivalents, Beginning	642,865	827,013	559,589	456,707	355,355	442,909	757,212	714,074	281,369	234,944	457,022	642,865
<b>Cash and Cash Equivalents, Ending</b>	<b>\$ 827,013</b>	<b>\$ 559,589</b>	<b>\$ 456,707</b>	<b>\$ 355,355</b>	<b>\$ 442,909</b>	<b>\$ 757,212</b>	<b>\$ 714,074</b>	<b>\$ 281,369</b>	<b>\$ 234,944</b>	<b>\$ 457,022</b>	<b>\$ 172,650</b>	<b>\$ 172,650</b>
<b>Reconciliation of Income from Operations to Net Cash Provided By (Used In) Operating Activities:</b>												
<b>Excess of Revenues over Expenses</b>	<b>\$ 2,153</b>	<b>\$ 6,619</b>	<b>\$ 12,490</b>	<b>\$ 20,946</b>	<b>\$ 24,163</b>	<b>\$ 13,464</b>	<b>\$ 6,425</b>	<b>\$ 5,508</b>	<b>\$ 15,067</b>	<b>\$ 19,338</b>	<b>\$ 2,191</b>	<b>\$ 128,363</b>
<b>Adjustments to Excess of Revenues Over Expenses:</b>												
Depreciation	1,349	1,343	1,334	1,322	1,330	1,314	1,354	1,220	1,232	1,431	1,375	14,604
Realized and Unrealized (Gain)/Loss on Investments	(761)	1,132	259	(1,058)	(59)	811	(102)	7	451	(334)	(71)	275
Deferred Rent	(8)	(21)	(21)	1	1	(25)	53	(34)	(34)	(34)	(34)	(155)
IGT	-	-	-	(331)	(728)	(161)	(81)	41	(81)	329	(890)	(1,902)
Gross Premium Tax provision	535	547	1,519	541	702	284	506	465	407	313	507	6,326
<b>Total Adjustments to Excess of Revenues over Expenses</b>	<b>1,113</b>	<b>3,002</b>	<b>3,091</b>	<b>476</b>	<b>1,245</b>	<b>2,224</b>	<b>1,730</b>	<b>1,699</b>	<b>1,975</b>	<b>1,705</b>	<b>887</b>	<b>19,148</b>
<b>Changes in Operating Assets and Liabilities:</b>												
Capitation Receivable	(43,919)	(641,623)	(83,064)	(37,740)	(38,406)	445,959	(97,398)	(580,608)	(204,298)	(173,606)	(162,174)	(1,616,876)
Interest and Non-Operating Receivables	(450)	(417)	65	(516)	(652)	809	(698)	(222)	295	48	725	(1,014)
Prepays and Other Current Assets	1,613	(4,050)	212	(2,047)	1,320	202	1,459	(6,186)	(738)	1,098	(261)	(7,378)
Accounts Payable and Accrued Liabilities	4,646	4,527	(15,659)	5,986	1,433	2,592	5,179	(1,292)	(2,494)	4,851	9,288	19,057
Subcapitation Payable	40,741	224,293	(122,195)	254,554	125,127	(127,074)	76,184	258,251	300,581	102,616	53,208	1,186,286
MediCal Adult Expansion Payable	110,468	70,750	66,909	3,700	(14,742)	(93,815)	(56,959)	5,274	(253,483)	(6,914)	(258,808)	(427,619)
Deferred Capitation Revenue	(13,836)	(6,833)	612	(432)	3,523	18,917	(13,937)	776	21,369	(15,690)	270	(5,260)
Accrued Medical Expenses	(10,554)	5,043	(19,283)	(6,770)	7,909	9,953	3,095	(25,925)	(4,716)	7,476	(1,370)	(35,141)
Reserve for Claims	(3,202)	37,320	(28,171)	(15,174)	(24,108)	(34,721)	3,000	(19,753)	(11,906)	(2,127)	(15,796)	(114,637)
Reserve for Provider Incentives	3,744	3,744	(1,538)	(10,098)	(17,126)	8,858	2,983	(59,724)	72,682	3,000	9,995	16,521
Grants Payable	415	(170)	221	511	(30)	(115)	(175)	1,845	(125)	150	506	3,033
<b>Net Changes in Operating Assets and Liabilities</b>	<b>89,667</b>	<b>(307,416)</b>	<b>(201,891)</b>	<b>191,974</b>	<b>44,250</b>	<b>231,564</b>	<b>(77,266)</b>	<b>(427,564)</b>	<b>(82,833)</b>	<b>(79,098)</b>	<b>(364,417)</b>	<b>(983,029)</b>
<b>Net Cash Provided By Operating Activities</b>	<b>\$ 92,934</b>	<b>\$ (297,794)</b>	<b>\$ (186,310)</b>	<b>\$ 213,396</b>	<b>\$ 69,658</b>	<b>\$ 247,252</b>	<b>\$ (69,112)</b>	<b>\$ (420,357)</b>	<b>\$ (65,791)</b>	<b>\$ (58,055)</b>	<b>\$ (361,339)</b>	<b>\$ (835,519)</b>



DATE: September 19, 2017  
TO: Finance & Budget Committee  
FROM: Marie Montgomery, *Chief Financial Officer*

**SUBJECT: Monthly Investment Transaction Report for August 2017**

To keep the Committee apprised of L.A. Care's investment portfolios and to comply with California Government Code Section 53607, attached are the investment transaction details from August 1 to August 31, 2017.

L.A. Care's total investment market value as of August 31, 2017 was \$1.74 billion. This includes our funds invested with the government pooled funds. L.A. Care has approximately \$65 million invested with the statewide Local Agency Investment Fund (LAIF), and approximately \$71 million invested with the Los Angeles County Pooled Investment Fund (LACPIF).

The remainder, \$1.60 billion, is managed by Payden & Rygel, an external professional asset management firm, and is divided to two separate portfolios based on investment style:

1. The Short-term Portfolio, and,
2. The Extended Portfolio

Transactions within those two portfolios for are included in the attached reports.

## TRANSACTIONS BY TYPE

**Account Name: L.A. CARE HEALTH PLAN**  
**Account Number:**

**08/01/2017**  
**through 08/31/2017**

Tr Date	St Date	Transaction Type	Units	Description		Proceeds / (Cost)	Accrued Interest (Purch) or Sold	G/L < 1 Yr Amort Cost	G/L > 1 Yr Amort Cost	Total Amount
08/01/17	08/01/17	Buy	50,000,000.000	U.S. TREASURY BILL MAT 08/10/17 Cpn	912796LP2	(49,988,375.00)		0.00	0.00	(49,988,375.00)
08/01/17	08/02/17	Buy	50,000,000.000	FHLB DISCOUNT NOTE MAT 08/23/17 Cpn	313385KU9	(49,971,416.67)		0.00	0.00	(49,971,416.67)
08/02/17	08/02/17	Buy	25,000,000.000	FHLB DISCOUNT NOTE MAT 08/23/17 Cpn	313385KU9	(24,985,416.67)		0.00	0.00	(24,985,416.67)
08/01/17	08/02/17	Buy	9,400,000.000	FHLB DISCOUNT NOTE MAT 08/16/17 Cpn	313385KM7	(9,396,417.56)		0.00	0.00	(9,396,417.56)
08/02/17	08/02/17	Buy	24,900,000.000	FHLB DISCOUNT NOTE MAT 08/16/17 Cpn	313385KM7	(24,890,268.25)		0.00	0.00	(24,890,268.25)
08/02/17	08/02/17	Buy	33,790,000.000	FHLB DISCOUNT NOTE MAT 08/16/17 Cpn	313385KM7	(33,776,859.44)		0.00	0.00	(33,776,859.44)
08/02/17	08/03/17	Buy	13,000,000.000	TORONTO DOMINION NY YCD FRN MAT 04/27/18 Cpn 1.38	89113XAH7	(13,000,000.00)		0.00	0.00	(13,000,000.00)
08/04/17	08/04/17	Buy	3,342,000.000	FHLB DISCOUNT NOTE MAT 08/10/17 Cpn	313385KF2	(3,341,459.71)		0.00	0.00	(3,341,459.71)
08/04/17	08/04/17	Buy	30,000,000.000	U.S. TREASURY BILL MAT 08/10/17 Cpn	912796LP2	(29,995,450.00)		0.00	0.00	(29,995,450.00)
08/10/17	08/10/17	Buy	10,000,000.000	CASH MGMT BILL MAT 08/15/17 Cpn	912796RE1	(9,998,645.83)		0.00	0.00	(9,998,645.83)
08/10/17	08/10/17	Buy	6,900,000.000	FHLB DISCOUNT NOTE MAT 08/30/17 Cpn	313385LB0	(6,896,166.67)		0.00	0.00	(6,896,166.67)
08/10/17	08/10/17	Buy	4,300,000.000	FHLB DISCOUNT NOTE MAT 08/16/17 Cpn	313385KM7	(4,299,290.50)		0.00	0.00	(4,299,290.50)
08/10/17	08/10/17	Buy	23,000,000.000	FHLB DISCOUNT NOTE MAT 09/06/17 Cpn	313385LJ3	(22,982,663.75)		0.00	0.00	(22,982,663.75)

## TRANSACTIONS BY TYPE

**Account Name: L.A. CARE HEALTH PLAN**  
**Account Number:**

**08/01/2017**  
**through 08/31/2017**

<i>Tr Date</i>	<i>St Date</i>	<i>Transaction Type</i>	<i>Units</i>	<i>Description</i>	<i>Proceeds / (Cost)</i>	<i>Accrued Interest (Purch) or Sold</i>	<i>G/L &lt; 1 Yr Amort Cost</i>	<i>G/L &gt; 1 Yr Amort Cost</i>	<i>Total Amount</i>
08/09/17	08/10/17	Buy	50,000,000.000	FNMA DISCOUNT NOTE MAT 08/11/17 Cpn 313589KG7	(49,998,680.56)		0.00	0.00	(49,998,680.56)
08/09/17	08/10/17	Buy	35,000,000.000	FNMA DISCOUNT NOTE MAT 08/11/17 Cpn 313589KG7	(34,999,076.39)		0.00	0.00	(34,999,076.39)
08/10/17	08/10/17	Buy	25,000,000.000	U.S. TREASURY BILL MAT 08/24/17 Cpn 912796LQ0	(24,990,642.36)		0.00	0.00	(24,990,642.36)
08/11/17	08/11/17	Buy	25,000,000.000	FHLB DISCOUNT NOTE MAT 08/16/17 Cpn 313385KM7	(24,996,597.22)		0.00	0.00	(24,996,597.22)
08/10/17	08/11/17	Buy	45,000,000.000	FHLB DISCOUNT NOTE MAT 09/06/17 Cpn 313385LJ3	(44,967,500.00)		0.00	0.00	(44,967,500.00)
08/11/17	08/11/17	Buy	50,000,000.000	FNMA DISCOUNT NOTE MAT 08/16/17 Cpn 313589KM4	(49,993,194.44)		0.00	0.00	(49,993,194.44)
08/11/17	08/11/17	Buy	50,000,000.000	FNMA DISCOUNT NOTE MAT 08/16/17 Cpn 313589KM4	(49,993,194.44)		0.00	0.00	(49,993,194.44)
08/11/17	08/11/17	Buy	17,292,000.000	FNMA DISCOUNT NOTE MAT 08/16/17 Cpn 313589KM4	(17,289,646.37)		0.00	0.00	(17,289,646.37)
08/11/17	08/14/17	Buy	46,500,000.000	FHLB DISCOUNT NOTE MAT 08/18/17 Cpn 313385KP0	(46,494,833.33)		0.00	0.00	(46,494,833.33)
08/11/17	08/14/17	Buy	10,410,000.000	FHLB DISCOUNT NOTE MAT 08/18/17 Cpn 313385KP0	(10,408,854.90)		0.00	0.00	(10,408,854.90)
08/11/17	08/14/17	Buy	20,000,000.000	U.S. TREASURY BILL MAT 08/17/17 Cpn 912796KF5	(19,998,441.67)		0.00	0.00	(19,998,441.67)
08/17/17	08/18/17	Buy	14,000,000.000	SVENSKA HANDELSBANKEN NY Y MAT 10/24/17 Cpn 1.23 86958JMD8	(13,999,999.57)	(55,261.11)	0.00	0.00	(14,055,260.68)
08/16/17	08/23/17	Buy	14,130,000.000	NISSAN 2017-B A1 CAR MAT 08/15/18 Cpn 1.27 65478GAA8	(14,130,000.00)		0.00	0.00	(14,130,000.00)



## TRANSACTIONS BY TYPE

**Account Name: L.A. CARE HEALTH PLAN**  
**Account Number:**

**08/01/2017**  
**through 08/31/2017**

Tr Date	St Date	Transaction Type	Units	Description	Proceeds / (Cost)	Accrued Interest (Purch) or Sold	G/L < 1 Yr Amort Cost	G/L > 1 Yr Amort Cost	Total Amount
08/24/17	08/24/17	Buy	25,000,000.000	FHLB DISCOUNT NOTE MAT 08/25/17 Cpn 313385KW5	(24,999,319.44)		0.00	0.00	(24,999,319.44)
08/25/17	08/25/17	Buy	3,150,000.000	FHLB DISCOUNT NOTE MAT 08/30/17 Cpn 313385LB0	(3,149,566.88)		0.00	0.00	(3,149,566.88)
08/25/17	08/25/17	Buy	25,000,000.000	FHLB DISCOUNT NOTE MAT 08/28/17 Cpn 313385KZ8	(24,997,916.67)		0.00	0.00	(24,997,916.67)
08/28/17	08/29/17	Buy	30,000,000.000	FNMA DISCOUNT NOTE MAT 08/30/17 Cpn 313589LB7	(29,999,208.33)		0.00	0.00	(29,999,208.33)
08/31/17	09/01/17	Buy	7,000,000.000	FFCB 1ML+5.0 FRN MAT 02/10/20 Cpn 1.28 3133EG6Y6	(7,015,413.37)	(5,477.95)	0.00	0.00	(7,020,891.32)
			<u>776,114,000.000</u>		<u>(775,944,515.99)</u>	<u>(60,739.06)</u>	<u>0.00</u>	<u>0.00</u>	<u>(776,005,255.05)</u>
08/01/17	08/01/17	Coupon		BRANCH BANKING & TRUST FRN MAT 05/01/19 Cpn 1.84 07330NAM7		7,714.00	0.00	0.00	7,714.00
08/01/17	08/01/17	Coupon		BRANCH BANKING & TRUST FRN MAT 05/01/19 Cpn 1.84 07330NAM7		2,997.67	0.00	0.00	2,997.67
08/01/17	08/01/17	Coupon		BNY MELLON FRN MAT 08/01/18 Cpn 1.87 06406HCM9		2,342.29	0.00	0.00	2,342.29
08/01/17	08/01/17	Coupon		BNY MELLON FRN MAT 08/01/18 Cpn 1.87 06406HCM9		2,036.78	0.00	0.00	2,036.78
08/01/17	08/01/17	Coupon		BNY MELLON FRN MAT 08/01/18 Cpn 1.87 06406HCM9		2,896.30	0.00	0.00	2,896.30
08/01/17	08/01/17	Coupon		BNY MELLON FRN MAT 08/01/18 Cpn 1.87 06406HCM9		3,890.25	0.00	0.00	3,890.25
08/01/17	08/01/17	Coupon		CA STATE GO/ULT MAT 08/01/17 Cpn 4.00 13063C4D9		300,000.00	0.00	0.00	300,000.00

## TRANSACTIONS BY TYPE

**Account Name: L.A. CARE HEALTH PLAN**  
**Account Number:**

**08/01/2017**  
**through 08/31/2017**

Tr Date	St Date	Transaction Type	Units	Description	Proceeds / (Cost)	Accrued Interest (Purch) or Sold	G/L < 1 Yr Amort Cost	G/L > 1 Yr Amort Cost	Total Amount
08/02/17	08/02/17	Coupon		FFCB 1ML+4.0 FRN MAT 01/02/18 Cpn 1.27 3133EEWS		11,894.27	0.00	0.00	11,894.27
08/03/17	08/03/17	Coupon		APPLE FRN MAT 05/03/18 Cpn 1.56 037833AG5		13,630.66	0.00	0.00	13,630.66
08/03/17	08/03/17	Coupon		APPLE FRN MAT 05/03/18 Cpn 1.56 037833AG5		13,630.66	0.00	0.00	13,630.66
08/03/17	08/03/17	Coupon		APPLE FRN MAT 05/03/18 Cpn 1.56 037833AG5		1,817.42	0.00	0.00	1,817.42
08/03/17	08/03/17	Coupon		FFCB 3ML-13.0 FRN MAT 02/03/20 Cpn 1.18 3133EG6D2		56,590.99	0.00	0.00	56,590.99
08/03/17	08/03/17	Coupon		TORONTO DOMINION NY YCD MAT 08/03/17 Cpn 1.18 89113WWA		77,126.11	0.00	0.00	77,126.11
08/04/17	08/04/17	Coupon		BANK OF NOVA SCOTIA YCD MAT 08/04/17 Cpn 1.14 06417GQT8		76,380.00	0.00	0.00	76,380.00
08/04/17	08/04/17	Coupon		FFCB 1ML+18.0 FRN MAT 04/04/18 Cpn 1.41 3133EFT64		2,417.81	0.00	0.00	2,417.81
08/04/17	08/04/17	Coupon		FFCB 1ML+12.0 FRN MAT 05/04/18 Cpn 1.35 3133EF5Z6		3,332.85	0.00	0.00	3,332.85
08/04/17	08/04/17	Coupon		NGN 2010-R1 1A 1MOFRN NCUA G MAT 10/07/20 Cpn 1.68 62888VAA6		26,469.16	0.00	0.00	26,469.16
08/04/17	08/04/17	Coupon		NGN 2010-R2 1A 1MOFRN NCUA G MAT 11/06/17 Cpn 1.60 62888UAA8		1,726.47	0.00	0.00	1,726.47
08/04/17	08/04/17	Coupon		NGN 2010-R2 1A 1MOFRN NCUA G MAT 11/06/17 Cpn 1.60 62888UAA8		1,794.04	0.00	0.00	1,794.04
08/04/17	08/04/17	Coupon		NGN 2011-R1 1A 1MOFRN NCUA G MAT 01/08/20 Cpn 1.68 62888YAA0		9,196.44	0.00	0.00	9,196.44

## TRANSACTIONS BY TYPE

**Account Name: L.A. CARE HEALTH PLAN**  
**Account Number:**

**08/01/2017**  
**through 08/31/2017**

Tr Date	St Date	Transaction Type	Units	Description	Proceeds / (Cost)	Accrued Interest (Purch) or Sold	G/L < 1 Yr Amort Cost	G/L > 1 Yr Amort Cost	Total Amount
08/04/17	08/04/17	Coupon		NGN 2011-R1 1A 1MOFRN NCUA G MAT 01/08/20 Cpn 1.68 62888YAA0		1,567.37	0.00	0.00	1,567.37
08/04/17	08/04/17	Coupon		NGN 2011-R2 1A 1MOFRN NCUA G MAT 02/06/20 Cpn 1.63 62889CAA7		1,152.44	0.00	0.00	1,152.44
08/04/17	08/04/17	Coupon		NGN 2011-R4 1A 1MOFRN NCUA G MAT 03/06/20 Cpn 1.61 62889FAA0		1,211.37	0.00	0.00	1,211.37
08/04/17	08/04/17	Coupon		NGN 2011-R4 1A 1MOFRN NCUA G MAT 03/06/20 Cpn 1.61 62889FAA0		144.55	0.00	0.00	144.55
08/04/17	08/04/17	Coupon		NGN 2011-R4 1A 1MOFRN NCUA G MAT 03/06/20 Cpn 1.61 62889FAA0		1,445.55	0.00	0.00	1,445.55
08/04/17	08/04/17	Coupon		NGN 2011-R4 1A 1MOFRN NCUA G MAT 03/06/20 Cpn 1.61 62889FAA0		624.62	0.00	0.00	624.62
08/06/17	08/06/17	Coupon		APPLE FRN MAT 05/06/19 Cpn 1.61 037833AP5		19,185.44	0.00	0.00	19,185.44
08/07/17	08/07/17	Coupon		IBM FRN MAT 02/06/18 Cpn 1.50 459200JA0		17,306.18	0.00	0.00	17,306.18
08/07/17	08/07/17	Coupon		IBM FRN MAT 02/06/18 Cpn 1.50 459200JA0		2,076.74	0.00	0.00	2,076.74
08/07/17	08/07/17	Coupon		IBM FRN MAT 02/06/18 Cpn 1.50 459200JA0		2,076.74	0.00	0.00	2,076.74
08/07/17	08/07/17	Coupon		INTL FINANCE CORP FRN MAT 03/06/18 Cpn 1.28 45950VKP0		2,320.29	0.00	0.00	2,320.29
08/08/17	08/08/17	Coupon		APPLE MAT 02/08/19 Cpn 1.55 037833CE8		29,324.92	0.00	0.00	29,324.92
08/09/17	08/09/17	Coupon		CITIBANK FRN MAT 11/09/18 Cpn 1.54 17325FAC2		17,661.22	0.00	0.00	17,661.22

## TRANSACTIONS BY TYPE

**Account Name: L.A. CARE HEALTH PLAN**  
**Account Number:**

**08/01/2017**  
**through 08/31/2017**

Tr Date	St Date	Transaction Type	Units	Description	Proceeds / (Cost)	Accrued Interest (Purch) or Sold	G/L < 1 Yr Amort Cost	G/L > 1 Yr Amort Cost	Total Amount
08/09/17	08/09/17	Coupon		FFCB 1ML+4.5 FRN MAT 04/09/18 Cpn 1.27 3133EFHX8		4,141.83	0.00	0.00	4,141.83
08/09/17	08/09/17	Coupon		FFCB 3ML+0.0 FRN MAT 05/09/18 Cpn 1.31 3133EFYA9		84,463.46	0.00	0.00	84,463.46
08/09/17	08/09/17	Coupon		NGN 2011-R3 1A 1MO FRN NCUA G MAT 03/11/20 Cpn 1.63 62889EAA3		4,547.89	0.00	0.00	4,547.89
08/09/17	08/09/17	Coupon		NGN 2011-R3 1A 1MO FRN NCUA G MAT 03/11/20 Cpn 1.63 62889EAA3		515.43	0.00	0.00	515.43
08/09/17	08/09/17	Coupon		NGN 2011-R3 1A 1MO FRN NCUA G MAT 03/11/20 Cpn 1.63 62889EAA3		589.54	0.00	0.00	589.54
08/11/17	08/11/17	Coupon		APPLE FRN MAT 05/11/22 Cpn 1.66 037833CP3		40,717.16	0.00	0.00	40,717.16
08/11/17	08/11/17	Coupon		FFCB 1ML+4.5 FRN MAT 06/11/18 Cpn 1.27 3133EEW48		6,262.01	0.00	0.00	6,262.01
08/11/17	08/11/17	Coupon		INTEL FRN MAT 05/11/22 Cpn 1.66 458140BC3		20,006.22	0.00	0.00	20,006.22
08/11/17	08/11/17	Coupon		WELLS FARGO FRN MAT 02/11/22 Cpn 2.24 949746SP7		16,326.93	0.00	0.00	16,326.93
08/14/17	08/14/17	Coupon		PACCAR FINANCIAL MAT 08/14/18 Cpn 1.75 69371RM60		18,375.00	0.00	0.00	18,375.00
08/15/17	08/15/17	Coupon		CHEVRON FRN MAT 11/15/17 Cpn 1.49 166764AK6		12,954.56	0.00	0.00	12,954.56
08/15/17	08/15/17	Coupon		CHEVRON FRN MAT 11/15/17 Cpn 1.49 166764AK6		1,727.27	0.00	0.00	1,727.27
08/15/17	08/15/17	Coupon		CHEVRON FRN MAT 11/15/17 Cpn 1.49 166764AK6		2,763.64	0.00	0.00	2,763.64

## TRANSACTIONS BY TYPE

**Account Name: L.A. CARE HEALTH PLAN**  
**Account Number:**

**08/01/2017**  
**through 08/31/2017**

Tr Date	St Date	Transaction Type	Units	Description	Proceeds / (Cost)	Accrued Interest (Purch) or Sold	G/L < 1 Yr Amort Cost	G/L > 1 Yr Amort Cost	Total Amount
08/01/17	08/15/17	Coupon		FHLMC #G15842 15YR MAT 04/01/19 Cpn 4.50 3128MEWB		16,050.80	0.00	0.00	16,050.80
08/15/17	08/15/17	Coupon		HONDA 2016-2 A2 CAR MAT 09/17/18 Cpn 1.13 43814QAB4		4,290.25	0.00	0.00	4,290.25
08/15/17	08/15/17	Coupon		HONDA 2017-2 A2 CAR MAT 10/15/19 Cpn 1.46 43811BAB0		12,105.83	0.00	0.00	12,105.83
08/15/17	08/15/17	Coupon		JOHN DEERE 2016-A A2 EQP MAT 10/15/18 Cpn 1.15 47788MAB6		10.20	0.00	0.00	10.20
08/15/17	08/15/17	Coupon		JOHN DEERE 2016-B A2 EQP MAT 02/15/19 Cpn 1.09 47788NAB4		5,950.21	0.00	0.00	5,950.21
08/15/17	08/15/17	Coupon		TOYOTA 2015-A A3 CAR MAT 02/15/19 Cpn 1.12 89236WAC2		1,172.92	0.00	0.00	1,172.92
08/15/17	08/15/17	Coupon		TOYOTA 2015-A A3 CAR MAT 02/15/19 Cpn 1.12 89236WAC2		1,174.70	0.00	0.00	1,174.70
08/15/17	08/15/17	Coupon		TOYOTA 2016-A A2A CAR MAT 07/16/18 Cpn 1.03 89237KAB9		6.55	0.00	0.00	6.55
08/15/17	08/15/17	Coupon		TOYOTA 2016-B A2A CAR MAT 10/15/18 Cpn 1.02 89231UAB3		1,545.34	0.00	0.00	1,545.34
08/15/17	08/15/17	Coupon		TOYOTA 2016-C A2A CAR MAT 01/15/19 Cpn 1.00 89237WAB3		2,383.23	0.00	0.00	2,383.23
08/15/17	08/15/17	Coupon		TOYOTA 2016-C A2A CAR MAT 01/15/19 Cpn 1.00 89237WAB3		127.45	0.00	0.00	127.45
08/15/17	08/15/17	Coupon		TOYOTA 2017-A A2A CAR MAT 09/16/19 Cpn 1.42 89238MAB4		12,791.83	0.00	0.00	12,791.83
08/15/17	08/15/17	Coupon		TOYOTA 2017-B A2A CAR MAT 01/15/20 Cpn 1.46 89190BAB4		12,178.83	0.00	0.00	12,178.83

## TRANSACTIONS BY TYPE

**Account Name: L.A. CARE HEALTH PLAN**  
**Account Number:**

**08/01/2017**  
**through 08/31/2017**

Tr Date	St Date	Transaction Type	Units	Description	Proceeds / (Cost)	Accrued Interest (Purch) or Sold	G/L < 1 Yr Amort Cost	G/L > 1 Yr Amort Cost	Total Amount
08/15/17	08/15/17	Coupon		USAA 2016-1 A2 CAR MAT 03/15/19 Cpn 1.07 90327CAB6		5,660.64	0.00	0.00	5,660.64
08/16/17	08/16/17	Coupon		FFCB 1ML+5.0 FRN MAT 04/16/18 Cpn 1.28 3133EEZC7		7,606.41	0.00	0.00	7,606.41
08/16/17	08/16/17	Coupon		FFCB 1ML+5.0 FRN MAT 04/16/18 Cpn 1.28 3133EEZC7		51,921.32	0.00	0.00	51,921.32
08/16/17	08/16/17	Coupon		FFCB 1ML+5.0 FRN MAT 04/16/18 Cpn 1.28 3133EEZC7		3,311.67	0.00	0.00	3,311.67
08/16/17	08/16/17	Coupon		FFCB 1ML+5.0 FRN MAT 04/16/18 Cpn 1.28 3133EEZC7		2,196.80	0.00	0.00	2,196.80
08/16/17	08/16/17	Coupon		FFCB 1ML+19.0 FRN MAT 05/16/19 Cpn 1.42 3133EGAU9		52,415.04	0.00	0.00	52,415.04
08/17/17	08/17/17	Coupon		FFCB 1ML+3.0 FRN MAT 01/17/18 Cpn 1.26 3133EEZM5		10,811.77	0.00	0.00	10,811.77
08/18/17	08/18/17	Coupon		FFCB 1ML+20.0 FRN MAT 06/18/18 Cpn 1.43 3133EFC62		11,377.78	0.00	0.00	11,377.78
08/18/17	08/18/17	Coupon		HONDA 2016-1 A2 CAR MAT 06/18/18 Cpn 1.01 43814NAB1		378.05	0.00	0.00	378.05
08/18/17	08/18/17	Coupon		MERCK & CO FRN MAT 05/18/18 Cpn 1.68 58933YAH8		13,391.05	0.00	0.00	13,391.05
08/18/17	08/18/17	Coupon		MERCK & CO FRN MAT 05/18/18 Cpn 1.68 58933YAH8		6,534.05	0.00	0.00	6,534.05
08/18/17	08/18/17	Coupon		MANUFACTURERS & TRADERS TR MAT 05/18/22 Cpn 1.93 55279HAM2		23,436.46	0.00	0.00	23,436.46
08/20/17	08/20/17	Coupon		BMW 2016-1 A2A LEASE MAT 01/22/18 Cpn 1.17 05581RAB2		494.05	0.00	0.00	494.05

## TRANSACTIONS BY TYPE

**Account Name: L.A. CARE HEALTH PLAN**  
**Account Number:**

**08/01/2017**  
**through 08/31/2017**

Tr Date	St Date	Transaction Type	Units	Description	Proceeds / (Cost)	Accrued Interest (Purch) or Sold	G/L < 1 Yr Amort Cost	G/L > 1 Yr Amort Cost	Total Amount
08/20/17	08/20/17	Coupon		FFCB 1ML+19.0 FRN MAT 06/20/19 Cpn 1.42 3133EGGJ8		6,104.33	0.00	0.00	6,104.33
08/20/17	08/20/17	Coupon		FFCB 1ML+19.0 FRN MAT 06/20/19 Cpn 1.42 3133EGGJ8		24,417.32	0.00	0.00	24,417.32
08/21/17	08/21/17	Coupon		FFCB 1ML+5.0 FRN MAT 02/21/20 Cpn 1.28 3133EHAE3		26,033.94	0.00	0.00	26,033.94
08/21/17	08/21/17	Coupon		GEDFT 2014-2 A 1MOFRN FLOOR MAT 10/20/19 Cpn 1.68 36159LCN4		5,667.17	0.00	0.00	5,667.17
08/21/17	08/21/17	Coupon		GEDFT 2014-2 A 1MOFRN FLOOR MAT 10/20/19 Cpn 1.68 36159LCN4		13,280.56	0.00	0.00	13,280.56
08/21/17	08/21/17	Coupon		GEDFT 2014-2 A 1MOFRN FLOOR MAT 10/20/19 Cpn 1.68 36159LCN4		1,379.51	0.00	0.00	1,379.51
08/21/17	08/21/17	Coupon		HONDA 2015-2 A3 CAR MAT 02/21/19 Cpn 1.04 43813NAC0		1,862.90	0.00	0.00	1,862.90
08/21/17	08/21/17	Coupon		HONDA 2017-1 A2 CAR MAT 07/22/19 Cpn 1.42 43814TAB8		13,158.67	0.00	0.00	13,158.67
08/21/17	08/21/17	Coupon		QUALCOMM FRN MAT 05/18/18 Cpn 1.59 747525AH6		22,959.39	0.00	0.00	22,959.39
08/21/17	08/21/17	Coupon		QUALCOMM FRN MAT 05/20/19 Cpn 1.68 747525AN3		18,256.49	0.00	0.00	18,256.49
08/22/17	08/22/17	Coupon		BNY MELLON FRN MAT 05/22/18 Cpn 1.69 06406HDC0		30,137.85	0.00	0.00	30,137.85
08/22/17	08/22/17	Coupon		FFCB 1ML+17.0 FRN MAT 01/22/19 Cpn 1.41 3133EGMU		1,155.04	0.00	0.00	1,155.04
08/23/17	08/23/17	Coupon		APPLE FRN MAT 02/22/19 Cpn 2.13 037833BR0		3,384.20	0.00	0.00	3,384.20

## TRANSACTIONS BY TYPE

**Account Name: L.A. CARE HEALTH PLAN**  
**Account Number:**

**08/01/2017**  
**through 08/31/2017**

Tr Date	St Date	Transaction Type	Units	Description	Proceeds / (Cost)	Accrued Interest (Purch) or Sold	G/L < 1 Yr Amort Cost	G/L > 1 Yr Amort Cost	Total Amount
08/23/17	08/23/17	Coupon		APPLE MAT 02/23/18 Cpn 1.30 037833BN9		4,095.00	0.00	0.00	4,095.00
08/23/17	08/23/17	Coupon		APPLE MAT 02/23/18 Cpn 1.30 037833BN9		6,500.00	0.00	0.00	6,500.00
08/23/17	08/23/17	Coupon		CATERPILLAR FRN MAT 02/23/18 Cpn 2.01 14912L6Q9		33,746.32	0.00	0.00	33,746.32
08/24/17	08/24/17	Coupon		US BANK CINCINNATI FRN MAT 05/24/19 Cpn 1.47 90331HNE9		22,405.75	0.00	0.00	22,405.75
08/25/17	08/25/17	Coupon		BMW 2014-A A3 CAR MAT 11/26/18 Cpn 0.97 09658UAC3		112.64	0.00	0.00	112.64
08/25/17	08/25/17	Coupon		BMW 2016-A A2A CAR MAT 05/28/19 Cpn 0.99 05582QAB3		7,213.54	0.00	0.00	7,213.54
08/25/17	08/25/17	Coupon		FFCB 1ML+9.0 FRN MAT 05/25/18 Cpn 1.32 3133EGCH6		15,940.10	0.00	0.00	15,940.10
08/25/17	08/25/17	Coupon		FFCB 1ML+9.0 FRN MAT 05/25/18 Cpn 1.32 3133EGCH6		11,619.19	0.00	0.00	11,619.19
08/01/17	08/25/17	Coupon		FHMS K708 A2 CMBS MAT 01/25/19 Cpn 2.13 3137AQT24		2,331.82	0.00	0.00	2,331.82
08/01/17	08/25/17	Coupon		FHMS K708 A2 CMBS MAT 01/25/19 Cpn 2.13 3137AQT24		1,740.16	0.00	0.00	1,740.16
08/01/17	08/25/17	Coupon		FHMS K710 A2 CMBS MAT 05/25/19 Cpn 1.88 3137ARPY6		2,997.11	0.00	0.00	2,997.11
08/01/17	08/25/17	Coupon		FHMS K710 A2 CMBS MAT 05/25/19 Cpn 1.88 3137ARPY6		345.22	0.00	0.00	345.22
08/01/17	08/25/17	Coupon		FHMS KJ04 A1 CMBS MAT 10/25/20 Cpn 1.38 3137BPCF4		5,824.13	0.00	0.00	5,824.13



## TRANSACTIONS BY TYPE

**Account Name: L.A. CARE HEALTH PLAN**  
**Account Number:**

**08/01/2017**  
**through 08/31/2017**

Tr Date	St Date	Transaction Type	Units	Description	Proceeds / (Cost)	Accrued Interest (Purch) or Sold	G/L < 1 Yr Amort Cost	G/L > 1 Yr Amort Cost	Total Amount
08/25/17	08/25/17	Coupon		FMPRE 2017-TK01A 1MOFRN CMBS MAT 02/25/20 Cpn 1.56 30258EAA3		14,930.20	0.00	0.00	14,930.20
08/01/17	08/25/17	Coupon		FNA 2012-M9 ASQ2 CMBS MAT 12/25/17 Cpn 1.51 3136A7L26		604.05	0.00	0.00	604.05
08/01/17	08/25/17	Coupon		FNA 2013-M7 ASQ2 CMBS MAT 03/26/18 Cpn 1.23 3136AEGM		378.10	0.00	0.00	378.10
08/01/17	08/25/17	Coupon		FNA 14-M1 ASQ2 CMBS MAT 11/25/18 Cpn 2.32 3136AHUV0		2,628.61	0.00	0.00	2,628.61
08/01/17	08/25/17	Coupon		FNA 2014-M8 FA 1MOFRN CMBS MAT 05/25/18 Cpn 1.51 3136AKQJ5		285.54	0.00	0.00	285.54
08/01/17	08/25/17	Coupon		FNA 2014-M6 FA 1MOFRN CMBS MAT 12/25/17 Cpn 1.51 3136AJ7D2		114.45	0.00	0.00	114.45
08/01/17	08/25/17	Coupon		FNA 2015-M10 FA 1MOFRN CMBS MAT 03/25/19 Cpn 1.51 3136ANA98		7,181.14	0.00	0.00	7,181.14
08/01/17	08/25/17	Coupon		FNA 2015-M12 FA 1MOFRN CMBS MAT 04/25/20 Cpn 1.60 3136AP3Z3		8,159.95	0.00	0.00	8,159.95
08/01/17	08/25/17	Coupon		FNA 2015-M13 ASQ2 CMBS MAT 09/25/19 Cpn 1.65 3136AQDQ		4,889.93	0.00	0.00	4,889.93
08/01/17	08/25/17	Coupon		FNA 2015-M3 FA 1MOFRN CMBS MAT 06/25/18 Cpn 1.48 3136AMMC		325.29	0.00	0.00	325.29
08/01/17	08/25/17	Coupon		FNA 2015-M4 FA 1MOFRN CMBS MAT 09/25/18 Cpn 1.42 3136AMTM		9,939.98	0.00	0.00	9,939.98
08/01/17	08/25/17	Coupon		FNA 2015-M7 ASQ2 CMBS MAT 04/25/18 Cpn 1.55 3136ANJY4		3,981.55	0.00	0.00	3,981.55
08/01/17	08/25/17	Coupon		FNA 2015-M8 FA 1MOFRN CMBS MAT 11/25/18 Cpn 1.40 3136ANMF1		9,552.03	0.00	0.00	9,552.03

## TRANSACTIONS BY TYPE

**Account Name: L.A. CARE HEALTH PLAN**  
**Account Number:**

**08/01/2017**  
**through 08/31/2017**

Tr Date	St Date	Transaction Type	Units	Description	Proceeds / (Cost)	Accrued Interest (Purch) or Sold	G/L < 1 Yr Amort Cost	G/L > 1 Yr Amort Cost	Total Amount
08/01/17	08/25/17	Coupon		FNA 2015-M8 FA 1MOFRN CMBS MAT 11/25/18 Cpn 1.40 3136ANMF1		1,283.11	0.00	0.00	1,283.11
08/01/17	08/25/17	Coupon		FNA 2015-M8 FA 1MOFRN CMBS MAT 11/25/18 Cpn 1.40 3136ANMF1		1,390.03	0.00	0.00	1,390.03
08/01/17	08/25/17	Coupon		FNA 2016-M6 ASQ2 CMBS MAT 06/25/19 Cpn 1.79 3136ASPX8		6,392.91	0.00	0.00	6,392.91
08/01/17	08/25/17	Coupon		FNMA #725046 15YR MAT 11/01/18 Cpn 4.50 31402CP71		1,468.20	0.00	0.00	1,468.20
08/01/17	08/25/17	Coupon		FNMA #725046 15YR MAT 11/01/18 Cpn 4.50 31402CP71		1,468.20	0.00	0.00	1,468.20
08/01/17	08/25/17	Coupon		FNMA #725046 15YR MAT 11/01/18 Cpn 4.50 31402CP71		1,468.20	0.00	0.00	1,468.20
08/01/17	08/25/17	Coupon		FNMA #725046 15YR MAT 11/01/18 Cpn 4.50 31402CP71		1,468.20	0.00	0.00	1,468.20
08/01/17	08/25/17	Coupon		FNMA #725046 15YR MAT 11/01/18 Cpn 4.50 31402CP71		1,468.20	0.00	0.00	1,468.20
08/01/17	08/25/17	Coupon		FNMA #725046 15YR MAT 11/01/18 Cpn 4.50 31402CP71		1,468.20	0.00	0.00	1,468.20
08/01/17	08/25/17	Coupon		FNMA #725046 15YR MAT 11/01/18 Cpn 4.50 31402CP71		1,174.56	0.00	0.00	1,174.56
08/01/17	08/25/17	Coupon		FNR 2003-80 LA MAT 08/25/18 Cpn 4.50 31393DQ38		1,560.23	0.00	0.00	1,560.23
08/01/17	08/25/17	Coupon		FNR 2003-80 LA MAT 08/25/18 Cpn 4.50 31393DQ38		1,560.23	0.00	0.00	1,560.23
08/01/17	08/25/17	Coupon		FNR 2003-80 LA MAT 08/25/18 Cpn 4.50 31393DQ38		1,560.23	0.00	0.00	1,560.23

## TRANSACTIONS BY TYPE

**Account Name: L.A. CARE HEALTH PLAN**  
**Account Number:**

**08/01/2017**  
**through 08/31/2017**

<i>Tr Date</i>	<i>St Date</i>	<i>Transaction Type</i>	<i>Units</i>	<i>Description</i>	<i>Proceeds / (Cost)</i>	<i>Accrued Interest (Purch) or Sold</i>	<i>G/L &lt; 1 Yr Amort Cost</i>	<i>G/L &gt; 1 Yr Amort Cost</i>	<i>Total Amount</i>
08/01/17	08/25/17	Coupon		FNR 2003-80 LA MAT 08/25/18 Cpn 4.50 31393DQ38		1,560.23	0.00	0.00	1,560.23
08/01/17	08/25/17	Coupon		FNR 2003-80 LA MAT 08/25/18 Cpn 4.50 31393DQ38		442.08	0.00	0.00	442.08
08/26/17	08/26/17	Coupon		FFCB 1ML+0.0 FRN MAT 05/26/20 Cpn 1.23 3133EHKY8		10,976.54	0.00	0.00	10,976.54
08/26/17	08/26/17	Coupon		FHLMC C 5/26/16 Q MAT 02/26/18 Cpn 1.05 3134G8L98		47,250.00	0.00	0.00	47,250.00
08/27/17	08/27/17	Coupon		BRISTOL-MYERS SQUIBB MAT 02/27/19 Cpn 1.60 110122BA5		35,040.00	0.00	0.00	35,040.00
08/28/17	08/28/17	Coupon		CHEVRON MAT 02/28/19 Cpn 1.69 166764BS8		15,695.02	0.00	0.00	15,695.02
08/28/17	08/28/17	Coupon		FHLB MAT 08/28/17 Cpn 0.75 3130A62S5		28,125.00	0.00	0.00	28,125.00
08/30/17	08/30/17	Coupon		BANK OF TOKYO-MITSUBISHI NY Y MAT 08/30/17 Cpn 1.53 06538M7L7		209,108.50	0.00	0.00	209,108.50
08/31/17	08/31/17	Coupon		U.S. TREASURY NOTE MAT 02/28/19 Cpn 1.13 912828W30		281,250.00	0.00	0.00	281,250.00
08/31/17	08/31/17	Coupon		U.S. TREASURY NOTE MAT 02/28/18 Cpn 0.75 912828UR9		150,000.00	0.00	0.00	150,000.00
						<u>2,335,512.81</u>	<u>0.00</u>	<u>0.00</u>	<u>2,335,512.81</u>

## TRANSACTIONS BY TYPE

Account Name: L.A. CARE HEALTH PLAN  
Account Number:

08/01/2017  
through 08/31/2017

Tr Date	St Date	Transaction Type	Units	Description		Proceeds / (Cost)	Accrued Interest (Purch) or Sold	G/L < 1 Yr Amort Cost	G/L > 1 Yr Amort Cost	Total Amount
08/01/17	08/01/17	Income	6,029.270	ADJ NET P&I MAT	Cpn USD		6,029.27	0.00	0.00	6,029.27
08/01/17	08/01/17	Income	22,357.160	STIF INT MAT	Cpn USD		22,357.16	0.00	0.00	22,357.16
			<u>28,386.430</u>				<u>28,386.43</u>	<u>0.00</u>	<u>0.00</u>	<u>28,386.43</u>
08/10/17	08/10/17	Contributn	75,000,000.000	NM MAT	Cpn USD	75,000,000.00		0.00	0.00	75,000,000.00
08/10/17	08/10/17	Contributn	125,000,000.000	NM MAT	Cpn USD	125,000,000.00		0.00	0.00	125,000,000.00
			<u>200,000,000.000</u>			<u>200,000,000.00</u>		<u>0.00</u>	<u>0.00</u>	<u>200,000,000.00</u>
08/11/17	08/11/17	Call	750,000.000	US BANK OHIO FRN MAT 09/11/17	Cpn 1.43 90331H MJ9	750,000.00	1,785.14	0.00	0.00	751,785.14
08/11/17	08/11/17	Call	3,000,000.000	US BANK OHIO FRN MAT 09/11/17	Cpn 1.43 90331H MJ9	3,000,000.00	7,140.55	0.00	51.89	3,007,140.55
08/11/17	08/14/17	Sell Long	20,000,000.000	U.S. TREASURY BILL MAT 02/01/18	Cpn 912796L J6	19,808,697.50	86,850.00	(27,502.50)	0.00	19,895,547.50
08/21/17	08/22/17	Sell Long	6,000,000.000	FHLB DISCOUNT NOTE MAT 09/06/17	Cpn 313385L J3	5,995,679.17	1,833.33	12.50	0.00	5,997,512.50
			<u>29,750,000.000</u>			<u>29,554,376.67</u>	<u>97,609.02</u>	<u>(27,490.00)</u>	<u>51.89</u>	<u>29,651,985.69</u>

## TRANSACTIONS BY TYPE

**Account Name: L.A. CARE HEALTH PLAN**  
**Account Number:**

**08/01/2017**  
**through 08/31/2017**

<i>Tr Date</i>	<i>St Date</i>	<i>Transaction Type</i>	<i>Units</i>	<i>Description</i>	<i>Proceeds / (Cost)</i>	<i>Accrued Interest (Purch) or Sold</i>	<i>G/L &lt; 1 Yr Amort Cost</i>	<i>G/L &gt; 1 Yr Amort Cost</i>	<i>Total Amount</i>
08/04/17	08/04/17	Pay Princpl	615,050.137	NGN 2010-R1 1A 1MOFRN NCUA G MAT 10/07/20 Cpn 1.68 62888VAA6	615,050.14		0.00	(885.87)	615,050.14
08/04/17	08/04/17	Pay Princpl	42,459.224	NGN 2010-R2 1A 1MOFRN NCUA G MAT 11/06/17 Cpn 1.60 62888UAA8	42,459.22		0.00	(9.06)	42,459.22
08/04/17	08/04/17	Pay Princpl	44,120.921	NGN 2010-R2 1A 1MOFRN NCUA G MAT 11/06/17 Cpn 1.60 62888UAA8	44,120.92		0.00	(12.55)	44,120.92
08/04/17	08/04/17	Pay Princpl	177,368.553	NGN 2011-R1 1A 1MOFRN NCUA G MAT 01/08/20 Cpn 1.68 62888YAA0	177,368.55		0.00	(580.11)	177,368.55
08/04/17	08/04/17	Pay Princpl	30,229.400	NGN 2011-R1 1A 1MOFRN NCUA G MAT 01/08/20 Cpn 1.68 62888YAA0	30,229.40		0.00	(102.85)	30,229.40
08/04/17	08/04/17	Pay Princpl	20,071.331	NGN 2011-R2 1A 1MOFRN NCUA G MAT 02/06/20 Cpn 1.63 62889CAA7	20,071.33		0.00	(34.78)	20,071.33
08/04/17	08/04/17	Pay Princpl	399,522.349	NGN 2011-R4 1A 1MOFRN NCUA G MAT 03/06/20 Cpn 1.61 62889FAA0	399,522.35		0.00	(498.80)	399,522.35
08/04/17	08/04/17	Pay Princpl	47,675.698	NGN 2011-R4 1A 1MOFRN NCUA G MAT 03/06/20 Cpn 1.61 62889FAA0	47,675.70		0.00	(68.38)	47,675.70
08/04/17	08/04/17	Pay Princpl	476,756.980	NGN 2011-R4 1A 1MOFRN NCUA G MAT 03/06/20 Cpn 1.61 62889FAA0	476,756.98		(150.55)	0.00	476,756.98
08/04/17	08/04/17	Pay Princpl	206,006.691	NGN 2011-R4 1A 1MOFRN NCUA G MAT 03/06/20 Cpn 1.61 62889FAA0	206,006.69		(65.05)	0.00	206,006.69
08/09/17	08/09/17	Pay Princpl	96,934.797	NGN 2011-R3 1A 1MO FRN NCUA G MAT 03/11/20 Cpn 1.63 62889EAA3	96,934.80		0.00	(228.22)	96,934.80
08/09/17	08/09/17	Pay Princpl	10,985.944	NGN 2011-R3 1A 1MO FRN NCUA G MAT 03/11/20 Cpn 1.63 62889EAA3	10,985.94		0.00	(27.31)	10,985.94
08/09/17	08/09/17	Pay Princpl	12,565.622	NGN 2011-R3 1A 1MO FRN NCUA G MAT 03/11/20 Cpn 1.63 62889EAA3	12,565.62		0.00	(24.21)	12,565.62

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**08/01/2017**  
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08/01/17	08/15/17	Pay Princpl	440,349.890	FHLMC #G15842 15YR MAT 04/01/19 Cpn 4.50 3128MEWB	440,349.89		0.00	(7,822.82)	440,349.89
08/15/17	08/15/17	Pay Princpl	1,020,574.723	HONDA 2016-2 A2 CAR MAT 09/17/18 Cpn 1.13 43814QAB4	1,020,574.72		0.00	8.86	1,020,574.72
08/15/17	08/15/17	Pay Princpl	2,995.737	JOHN DEERE 2016-A A2 EQP MAT 10/15/18 Cpn 1.15 47788MAB6	2,995.74		0.00	1.49	2,995.74
08/15/17	08/15/17	Pay Princpl	895,569.990	JOHN DEERE 2016-B A2 EQP MAT 02/15/19 Cpn 1.09 47788NAB4	895,569.99		0.00	21.17	895,569.99
08/15/17	08/15/17	Pay Princpl	164,466.754	TOYOTA 2015-A A3 CAR MAT 02/15/19 Cpn 1.12 89236WAC2	164,466.75		0.00	(94.62)	164,466.75
08/15/17	08/15/17	Pay Princpl	164,715.946	TOYOTA 2015-A A3 CAR MAT 02/15/19 Cpn 1.12 89236WAC2	164,715.95		0.00	(99.49)	164,715.95
08/15/17	08/15/17	Pay Princpl	2,950.475	TOYOTA 2016-A A2A CAR MAT 07/16/18 Cpn 1.03 89237KAB9	2,950.48		0.00	1.06	2,950.48
08/15/17	08/15/17	Pay Princpl	395,291.958	TOYOTA 2016-B A2A CAR MAT 10/15/18 Cpn 1.02 89231UAB3	395,291.96		0.00	1.51	395,291.96
08/15/17	08/15/17	Pay Princpl	415,846.772	TOYOTA 2016-C A2A CAR MAT 01/15/19 Cpn 1.00 89237WAB3	415,846.77		0.00	7.34	415,846.77
08/15/17	08/15/17	Pay Princpl	22,238.762	TOYOTA 2016-C A2A CAR MAT 01/15/19 Cpn 1.00 89237WAB3	22,238.76		25.96	0.00	22,238.76
08/15/17	08/15/17	Pay Princpl	1,205,511.257	USAA 2016-1 A2 CAR MAT 03/15/19 Cpn 1.07 90327CAB6	1,205,511.26		11.83	0.00	1,205,511.26
08/18/17	08/18/17	Pay Princpl	257,538.256	HONDA 2016-1 A2 CAR MAT 06/18/18 Cpn 1.01 43814NAB1	257,538.26		0.00	2.62	257,538.26
08/20/17	08/20/17	Pay Princpl	506,714.847	BMW 2016-1 A2A LEASE MAT 01/22/18 Cpn 1.17 05581RAB2	506,714.85		0.00	4.59	506,714.85

## TRANSACTIONS BY TYPE

**Account Name: L.A. CARE HEALTH PLAN**  
**Account Number:**

**08/01/2017**  
**through 08/31/2017**

Tr Date	St Date	Transaction Type	Units	Description	Proceeds / (Cost)	Accrued Interest (Purch) or Sold	G/L < 1 Yr Amort Cost	G/L > 1 Yr Amort Cost	Total Amount
08/21/17	08/21/17	Pay Princpl	276,565.123	HONDA 2015-2 A3 CAR MAT 02/21/19 Cpn 1.04 43813NAC0	276,565.12		0.00	9.67	276,565.12
08/25/17	08/25/17	Pay Princpl	84,613.354	BMW 2014-A A3 CAR MAT 11/26/18 Cpn 0.97 09658UAC3	84,613.35		0.00	4.82	84,613.35
08/25/17	08/25/17	Pay Princpl	1,022,653.496	BMW 2016-A A2A CAR MAT 05/28/19 Cpn 0.99 05582QAB3	1,022,653.50		0.00	26.29	1,022,653.50
08/01/17	08/25/17	Pay Princpl	2,336.020	FHMS K708 A2 CMBS MAT 01/25/19 Cpn 2.13 3137AQT24	2,336.02		0.00	(21.36)	2,336.02
08/01/17	08/25/17	Pay Princpl	1,743.300	FHMS K708 A2 CMBS MAT 01/25/19 Cpn 2.13 3137AQT24	1,743.30		0.00	(16.23)	1,743.30
08/01/17	08/25/17	Pay Princpl	14,242.975	FHMS KJ04 A1 CMBS MAT 10/25/20 Cpn 1.38 3137BPCF4	14,242.97		0.00	0.08	14,242.97
08/01/17	08/25/17	Pay Princpl	130,392.988	FNA 2012-M9 ASQ2 CMBS MAT 12/25/17 Cpn 1.51 3136A7L26	130,392.99		0.00	(142.83)	130,392.99
08/01/17	08/25/17	Pay Princpl	146.542	FNA 2013-M7 ASQ2 CMBS MAT 03/26/18 Cpn 1.23 3136AEGM	146.54		0.00	(0.08)	146.54
08/01/17	08/25/17	Pay Princpl	1,227.920	FNA 14-M1 ASQ2 CMBS MAT 11/25/18 Cpn 2.32 3136AHUV0	1,227.92		0.00	(13.06)	1,227.92
08/01/17	08/25/17	Pay Princpl	78,044.926	FNA 2014-M8 FA 1MOFRN CMBS MAT 05/25/18 Cpn 1.51 3136AKQJ5	78,044.93		0.00	4.10	78,044.93
08/01/17	08/25/17	Pay Princpl	10,276.440	FNA 2014-M6 FA 1MOFRN CMBS MAT 12/25/17 Cpn 1.51 3136AJ7D2	10,276.44		0.00	(1.57)	10,276.44
08/01/17	08/25/17	Pay Princpl	376,785.800	FNA 2015-M10 FA 1MOFRN CMBS MAT 03/25/19 Cpn 1.51 3136ANA98	376,785.80		0.00	189.93	376,785.80
08/01/17	08/25/17	Pay Princpl	146,054.700	FNA 2015-M12 FA 1MOFRN CMBS MAT 04/25/20 Cpn 1.60 3136AP3Z3	146,054.70		0.00	30.68	146,054.70

## TRANSACTIONS BY TYPE

**Account Name: L.A. CARE HEALTH PLAN**  
**Account Number:**

**08/01/2017**  
**through 08/31/2017**

<i>Tr Date</i>	<i>St Date</i>	<i>Transaction Type</i>	<i>Units</i>	<i>Description</i>	<i>Proceeds / (Cost)</i>	<i>Accrued Interest (Purch) or Sold</i>	<i>G/L &lt; 1 Yr Amort Cost</i>	<i>G/L &gt; 1 Yr Amort Cost</i>	<i>Total Amount</i>
08/01/17	08/25/17	Pay Princpl	88,886.910	FNA 2015-M13 ASQ2 CMBS MAT 09/25/19 Cpn 1.65 3136AQDQ	88,886.91		0.00	(489.99)	88,886.91
08/01/17	08/25/17	Pay Princpl	57,262.520	FNA 2015-M3 FA 1MOFRN CMBS MAT 06/25/18 Cpn 1.48 3136AMMC	57,262.52		0.00	(3.44)	57,262.52
08/01/17	08/25/17	Pay Princpl	2,899,449.280	FNA 2015-M4 FA 1MOFRN CMBS MAT 09/25/18 Cpn 1.42 3136AMTM	2,899,449.28		0.00	230.99	2,899,449.28
08/01/17	08/25/17	Pay Princpl	378,848.780	FNA 2015-M7 ASQ2 CMBS MAT 04/25/18 Cpn 1.55 3136ANJY4	378,848.78		0.00	(926.82)	378,848.78
08/01/17	08/25/17	Pay Princpl	210,198.162	FNA 2015-M8 FA 1MOFRN CMBS MAT 11/25/18 Cpn 1.40 3136ANMF1	210,198.16		0.00	17.85	210,198.16
08/01/17	08/25/17	Pay Princpl	28,235.574	FNA 2015-M8 FA 1MOFRN CMBS MAT 11/25/18 Cpn 1.40 3136ANMF1	28,235.57		0.00	5.11	28,235.57
08/01/17	08/25/17	Pay Princpl	30,588.539	FNA 2015-M8 FA 1MOFRN CMBS MAT 11/25/18 Cpn 1.40 3136ANMF1	30,588.54		0.00	7.41	30,588.54
08/01/17	08/25/17	Pay Princpl	309,067.190	FNA 2016-M6 ASQ2 CMBS MAT 06/25/19 Cpn 1.79 3136ASPX8	309,067.19		0.00	(2,272.02)	309,067.19
08/01/17	08/25/17	Pay Princpl	42,027.000	FNMA #725046 15YR MAT 11/01/18 Cpn 4.50 31402CP71	42,027.00		0.00	(629.24)	42,027.00
08/01/17	08/25/17	Pay Princpl	42,027.000	FNMA #725046 15YR MAT 11/01/18 Cpn 4.50 31402CP71	42,027.00		0.00	(629.24)	42,027.00
08/01/17	08/25/17	Pay Princpl	42,027.000	FNMA #725046 15YR MAT 11/01/18 Cpn 4.50 31402CP71	42,027.00		0.00	(629.24)	42,027.00
08/01/17	08/25/17	Pay Princpl	42,027.000	FNMA #725046 15YR MAT 11/01/18 Cpn 4.50 31402CP71	42,027.00		0.00	(629.24)	42,027.00
08/01/17	08/25/17	Pay Princpl	42,027.000	FNMA #725046 15YR MAT 11/01/18 Cpn 4.50 31402CP71	42,027.00		0.00	(629.24)	42,027.00



## TRANSACTIONS BY TYPE

**Account Name: L.A. CARE HEALTH PLAN**  
**Account Number:**

**08/01/2017**  
**through 08/31/2017**

Tr Date	St Date	Transaction Type	Units	Description	Proceeds / (Cost)	Accrued Interest (Purch) or Sold	G/L < 1 Yr Amort Cost	G/L > 1 Yr Amort Cost	Total Amount
08/01/17	08/25/17	Pay Princpl	42,027.000	FNMA #725046 15YR MAT 11/01/18 Cpn 4.50 31402CP71	42,027.00		0.00	(629.24)	42,027.00
08/01/17	08/25/17	Pay Princpl	33,621.600	FNMA #725046 15YR MAT 11/01/18 Cpn 4.50 31402CP71	33,621.60		0.00	(503.39)	33,621.60
08/01/17	08/25/17	Pay Princpl	50,665.000	FNR 2003-80 LA MAT 08/25/18 Cpn 4.50 31393DQ38	50,665.00		0.00	(689.58)	50,665.00
08/01/17	08/25/17	Pay Princpl	50,665.000	FNR 2003-80 LA MAT 08/25/18 Cpn 4.50 31393DQ38	50,665.00		0.00	(689.58)	50,665.00
08/01/17	08/25/17	Pay Princpl	50,665.000	FNR 2003-80 LA MAT 08/25/18 Cpn 4.50 31393DQ38	50,665.00		0.00	(689.58)	50,665.00
08/01/17	08/25/17	Pay Princpl	50,665.000	FNR 2003-80 LA MAT 08/25/18 Cpn 4.50 31393DQ38	50,665.00		0.00	(689.58)	50,665.00
08/01/17	08/25/17	Pay Princpl	14,355.420	FNR 2003-80 LA MAT 08/25/18 Cpn 4.50 31393DQ38	14,355.42		0.00	(195.38)	14,355.42
			<b>14,324,932.570</b>		<b>14,324,932.57</b>		<b>(177.80)</b>	<b>(21,033.43)</b>	<b>14,324,932.57</b>
08/01/17	08/01/17	Mature Long	15,000,000.000	CA STATE GO/ULT MAT 08/01/17 Cpn 4.00 13063C4D9	15,000,000.00		0.00	0.00	15,000,000.00
08/02/17	08/02/17	Mature Long	9,100,000.000	FHLB DISCOUNT NOTE MAT 08/02/17 Cpn 313385JX5	9,097,747.75	2,252.25	0.00	0.00	9,100,000.00
08/02/17	08/02/17	Mature Long	18,000,000.000	FHLB DISCOUNT NOTE MAT 08/02/17 Cpn 313385JX5	17,999,100.00	900.00	0.00	0.00	18,000,000.00
08/02/17	08/02/17	Mature Long	45,000,000.000	FNMA DISCOUNT NOTE MAT 08/02/17 Cpn 313589JX2	44,998,812.50	1,187.50	0.00	0.00	45,000,000.00
08/03/17	08/03/17	Mature Long	13,000,000.000	TORONTO DOMINION NY YCD MAT 08/03/17 Cpn 1.18 89113WWA	13,000,000.00		0.00	0.00	13,000,000.00

## TRANSACTIONS BY TYPE

**Account Name: L.A. CARE HEALTH PLAN**  
**Account Number:**

**08/01/2017**  
**through 08/31/2017**

Tr Date	St Date	Transaction Type	Units	Description	Proceeds / (Cost)	Accrued Interest (Purch) or Sold	G/L < 1 Yr Amort Cost	G/L > 1 Yr Amort Cost	Total Amount
08/04/17	08/04/17	Mature Long	9,000,000.000	BANK OF NOVA SCOTIA YCD MAT 08/04/17 Cpn 1.14 06417GQT8	9,000,000.00		0.00	0.00	9,000,000.00
08/04/17	08/04/17	Mature Long	30,000,000.000	FHLB DISCOUNT NOTE MAT 08/04/17 Cpn 313385JZ0	29,934,425.00	65,575.00	0.00	0.00	30,000,000.00
08/09/17	08/09/17	Mature Long	5,505,000.000	FHLB DISCOUNT NOTE MAT 08/09/17 Cpn 313385KE5	5,501,465.33	3,534.67	0.00	0.00	5,505,000.00
08/10/17	08/10/17	Mature Long	3,342,000.000	FHLB DISCOUNT NOTE MAT 08/10/17 Cpn 313385KF2	3,341,459.71	540.29	0.00	0.00	3,342,000.00
08/10/17	08/10/17	Mature Long	50,000,000.000	U.S. TREASURY BILL MAT 08/10/17 Cpn 912796LP2	49,988,375.00	11,625.00	0.00	0.00	50,000,000.00
08/10/17	08/10/17	Mature Long	30,000,000.000	U.S. TREASURY BILL MAT 08/10/17 Cpn 912796LP2	29,995,450.00	4,550.00	0.00	0.00	30,000,000.00
08/11/17	08/11/17	Mature Long	9,230,000.000	FHLB DISCOUNT NOTE MAT 08/11/17 Cpn 313385KG0	9,227,236.13	2,763.87	0.00	0.00	9,230,000.00
08/11/17	08/11/17	Mature Long	50,000,000.000	FNMA DISCOUNT NOTE MAT 08/11/17 Cpn 313589KG7	49,998,680.56	1,319.44	0.00	0.00	50,000,000.00
08/11/17	08/11/17	Mature Long	35,000,000.000	FNMA DISCOUNT NOTE MAT 08/11/17 Cpn 313589KG7	34,999,076.39	923.61	0.00	0.00	35,000,000.00
08/15/17	08/15/17	Mature Long	10,000,000.000	CASH MGMT BILL MAT 08/15/17 Cpn 912796RE1	9,998,645.83	1,354.17	0.00	0.00	10,000,000.00
08/16/17	08/16/17	Mature Long	9,400,000.000	FHLB DISCOUNT NOTE MAT 08/16/17 Cpn 313385KM7	9,396,417.56	3,582.44	0.00	0.00	9,400,000.00
08/16/17	08/16/17	Mature Long	24,900,000.000	FHLB DISCOUNT NOTE MAT 08/16/17 Cpn 313385KM7	24,890,268.25	9,731.75	0.00	0.00	24,900,000.00
08/16/17	08/16/17	Mature Long	33,790,000.000	FHLB DISCOUNT NOTE MAT 08/16/17 Cpn 313385KM7	33,776,859.44	13,140.56	0.00	0.00	33,790,000.00

## TRANSACTIONS BY TYPE

**Account Name: L.A. CARE HEALTH PLAN**  
**Account Number:**

**08/01/2017**  
**through 08/31/2017**

<i>Tr Date</i>	<i>St Date</i>	<i>Transaction Type</i>	<i>Units</i>	<i>Description</i>		<i>Proceeds / (Cost)</i>	<i>Accrued Interest (Purch) or Sold</i>	<i>G/L &lt; 1 Yr Amort Cost</i>	<i>G/L &gt; 1 Yr Amort Cost</i>	<i>Total Amount</i>
08/16/17	08/16/17	Mature Long	4,300,000.000	FHLB DISCOUNT NOTE MAT 08/16/17 Cpn	313385KM7	4,299,290.50	709.50	0.00	0.00	4,300,000.00
08/16/17	08/16/17	Mature Long	25,000,000.000	FHLB DISCOUNT NOTE MAT 08/16/17 Cpn	313385KM7	24,996,597.22	3,402.78	0.00	0.00	25,000,000.00
08/16/17	08/16/17	Mature Long	50,000,000.000	FNMA DISCOUNT NOTE MAT 08/16/17 Cpn	313589KM4	49,993,194.44	6,805.56	0.00	0.00	50,000,000.00
08/16/17	08/16/17	Mature Long	50,000,000.000	FNMA DISCOUNT NOTE MAT 08/16/17 Cpn	313589KM4	49,993,194.44	6,805.56	0.00	0.00	50,000,000.00
08/16/17	08/16/17	Mature Long	17,292,000.000	FNMA DISCOUNT NOTE MAT 08/16/17 Cpn	313589KM4	17,289,646.37	2,353.63	0.00	0.00	17,292,000.00
08/17/17	08/17/17	Mature Long	20,000,000.000	U.S. TREASURY BILL MAT 08/17/17 Cpn	912796KF5	19,998,441.67	1,558.33	0.00	0.00	20,000,000.00
08/18/17	08/18/17	Mature Long	46,500,000.000	FHLB DISCOUNT NOTE MAT 08/18/17 Cpn	313385KP0	46,494,833.33	5,166.67	0.00	0.00	46,500,000.00
08/18/17	08/18/17	Mature Long	10,410,000.000	FHLB DISCOUNT NOTE MAT 08/18/17 Cpn	313385KP0	10,408,854.90	1,145.10	0.00	0.00	10,410,000.00
08/23/17	08/23/17	Mature Long	50,000,000.000	FHLB DISCOUNT NOTE MAT 08/23/17 Cpn	313385KU9	49,971,416.67	28,583.33	0.00	0.00	50,000,000.00
08/23/17	08/23/17	Mature Long	25,000,000.000	FHLB DISCOUNT NOTE MAT 08/23/17 Cpn	313385KU9	24,985,416.67	14,583.33	0.00	0.00	25,000,000.00
08/24/17	08/24/17	Mature Long	25,000,000.000	U.S. TREASURY BILL MAT 08/24/17 Cpn	912796LQ0	24,990,642.36	9,357.64	0.00	0.00	25,000,000.00
08/25/17	08/25/17	Mature Long	25,000,000.000	FHLB DISCOUNT NOTE MAT 08/25/17 Cpn	313385KW5	24,999,319.44	680.56	0.00	0.00	25,000,000.00
08/28/17	08/28/17	Mature Long	7,500,000.000	FHLB MAT 08/28/17 Cpn 0.75	3130A62S5	7,500,000.00		0.00	0.00	7,500,000.00

## TRANSACTIONS BY TYPE

**Account Name: L.A. CARE HEALTH PLAN**  
**Account Number:**

**08/01/2017**  
**through 08/31/2017**

Tr Date	St Date	Transaction Type	Units	Description		Proceeds / (Cost)	Accrued Interest (Purch) or Sold	G/L < 1 Yr Amort Cost	G/L > 1 Yr Amort Cost	Total Amount
08/28/17	08/28/17	Mature Long	25,000,000.000	FHLB DISCOUNT NOTE MAT 08/28/17 Cpn 313385KZ8		24,997,916.67	2,083.33	0.00	0.00	25,000,000.00
08/30/17	08/30/17	Mature Long	13,480,000.000	BANK OF TOKYO-MITSUBISHI NY Y MAT 08/30/17 Cpn 1.53 06538M7L7		13,480,000.00		0.00	0.00	13,480,000.00
08/30/17	08/30/17	Mature Long	6,900,000.000	FHLB DISCOUNT NOTE MAT 08/30/17 Cpn 313385LB0		6,896,166.67	3,833.33	0.00	0.00	6,900,000.00
08/30/17	08/30/17	Mature Long	3,150,000.000	FHLB DISCOUNT NOTE MAT 08/30/17 Cpn 313385LB0		3,149,566.88	433.12	0.00	0.00	3,150,000.00
08/30/17	08/30/17	Mature Long	30,000,000.000	FNMA DISCOUNT NOTE MAT 08/30/17 Cpn 313589LB7		29,999,208.33	791.67	0.00	0.00	30,000,000.00
			<u>834,799,000.000</u>			<u>834,587,726.01</u>	<u>211,274.00</u>	<u>0.00</u>	<u>0.00</u>	<u>834,799,000.00</u>
08/01/17	08/01/17	Withdrawal	(4,718.210)	CUSTODY FEE MAT Cpn USD		(4,718.21)		(4,718.21)	0.00	(4,718.21)
08/16/17	08/16/17	Withdrawal	(225,000,000.000)	WD MAT Cpn USD		(225,000,000.00)		(225,000,000.00)	0.00	(225,000,000.00)
08/18/17	08/18/17	Withdrawal	(75,000,000.000)	WD MAT Cpn USD		(75,000,000.00)		(75,000,000.00)	0.00	(75,000,000.00)
08/23/17	08/23/17	Withdrawal	(75,000,000.000)	WD MAT Cpn USD		(75,000,000.00)		(75,000,000.00)	0.00	(75,000,000.00)
08/30/17	08/30/17	Withdrawal	(50,000,000.000)	WD MAT Cpn USD		(50,000,000.00)		(50,000,000.00)	0.00	(50,000,000.00)
			<u>(425,004,718.210)</u>			<u>(425,004,718.21)</u>		<u>(425,004,718.21)</u>	<u>0.00</u>	<u>(425,004,718.21)</u>

## TRANSACTIONS BY TYPE

**Account Name: L.A. CARE HEALTH PLAN-LOW DURATION PORT**  
**Account Number:**

**08/01/2017**  
**through 08/31/2017**

Tr Date	St Date	Transaction Type	Units	Description	Proceeds / (Cost)	Accrued Interest (Purch) or Sold	G/L < 1 Yr Amort Cost	G/L > 1 Yr Amort Cost	Total Amount
08/02/17	08/03/17	Buy	840,000.000	TORONTO DOMINION NY YCD FRN MAT 04/27/18 Cpn 1.38 89113XAH7	(840,000.00)		0.00	0.00	(840,000.00)
08/02/17	08/03/17	Buy	1,000,000.000	U.S. TREASURY NOTE MAT 11/30/18 Cpn 1.00 912828U40	(996,175.23)	(1,748.63)	0.00	0.00	(997,923.86)
08/04/17	08/07/17	Buy	1,100,000.000	BANK OF NOVA SCOTIA HOUSTON MAT 09/07/17 Cpn 1.72 06417GPD4	(1,100,484.00)	(3,205.07)	0.00	0.00	(1,103,689.07)
08/17/17	08/18/17	Buy	850,000.000	SVENSKA HANDELSBANKEN NY Y MAT 10/24/17 Cpn 1.23 86958JMD8	(849,999.97)	(3,355.14)	0.00	0.00	(853,355.11)
08/16/17	08/23/17	Buy	860,000.000	NISSAN 2017-B A1 CAR MAT 08/15/18 Cpn 1.27 65478GAA8	(860,000.00)		0.00	0.00	(860,000.00)
08/29/17	08/30/17	Buy	840,000.000	BANK OF TOKYO-MITSUBISHI YCD MAT 02/02/18 Cpn 1.39 06539RDL8	(840,000.00)		0.00	0.00	(840,000.00)
08/31/17	09/05/17	Buy	1,260,000.000	FHLMC C 10/27/17 1X MAT 04/27/20 Cpn 1.75 3134GBFU1	(1,260,802.62)	(7,840.00)	0.00	0.00	(1,268,642.62)
			<u>6,750,000.000</u>		<u>(6,747,461.82)</u>	<u>(16,148.84)</u>	<u>0.00</u>	<u>0.00</u>	<u>(6,763,610.66)</u>
08/01/17	08/01/17	Coupon		BB&T CORPORATION FRN MAT 02/01/19 Cpn 1.97 05531FAR4		1,542.93	0.00	0.00	1,542.93
08/01/17	08/01/17	Coupon		CA STATE GO/ULT MAT 08/01/17 Cpn 4.00 13063C4D9		18,000.00	0.00	0.00	18,000.00
08/01/17	08/01/17	Coupon		GA STATE GO/ULT TXB MAT 02/01/19 Cpn 2.00 3733844P8		7,000.00	0.00	0.00	7,000.00
08/01/17	08/01/17	Coupon		HOUSING URBAN DEVELOPMENT MAT 08/01/17 Cpn 0.93 911759LY2		930.00	0.00	0.00	930.00
08/02/17	08/02/17	Coupon		FNMA MAT 08/02/19 Cpn 0.88 3135G0N33		3,893.75	0.00	0.00	3,893.75

## TRANSACTIONS BY TYPE

**Account Name: L.A. CARE HEALTH PLAN-LOW DURATION PORT**  
**Account Number:**

**08/01/2017**  
**through 08/31/2017**

Tr Date	St Date	Transaction Type	Units	Description	Proceeds / (Cost)	Accrued Interest (Purch) or Sold	G/L < 1 Yr Amort Cost	G/L > 1 Yr Amort Cost	Total Amount
08/03/17	08/03/17	Coupon		TORONTO DOMINION NY YCD MAT 08/03/17 Cpn 1.18 89113WWA		4,983.53	0.00	0.00	4,983.53
08/04/17	08/04/17	Coupon		APPLE MAT 08/02/19 Cpn 1.10 037833CB4		2,310.00	0.00	0.00	2,310.00
08/04/17	08/04/17	Coupon		BANK OF NOVA SCOTIA YCD MAT 08/04/17 Cpn 1.14 06417GQT8		6,789.33	0.00	0.00	6,789.33
08/06/17	08/06/17	Coupon		FFCB 1ML+14.0 FRN MAT 07/06/18 Cpn 1.37 3133EGJQ9		352.19	0.00	0.00	352.19
08/07/17	08/07/17	Coupon		IBM FRN MAT 02/06/18 Cpn 1.50 459200JA0		2,768.99	0.00	0.00	2,768.99
08/08/17	08/08/17	Coupon		APPLE MAT 02/08/19 Cpn 1.55 037833CE8		1,772.60	0.00	0.00	1,772.60
08/08/17	08/08/17	Coupon		MICROSOFT MAT 08/08/19 Cpn 1.10 594918BN3		2,420.00	0.00	0.00	2,420.00
08/11/17	08/11/17	Coupon		APPLE FRN MAT 05/11/22 Cpn 1.66 037833CP3		1,233.26	0.00	0.00	1,233.26
08/11/17	08/11/17	Coupon		INTEL FRN MAT 05/11/22 Cpn 1.66 458140BC3		1,213.68	0.00	0.00	1,213.68
08/11/17	08/11/17	Coupon		WELLS FARGO FRN MAT 02/11/22 Cpn 2.24 949746SP7		1,241.39	0.00	0.00	1,241.39
08/14/17	08/14/17	Coupon		PACCAR FINANCIAL MAT 08/14/18 Cpn 1.75 69371RM60		1,750.00	0.00	0.00	1,750.00
08/15/17	08/15/17	Coupon		BERKSHIRE HATHAWAY FRN MAT 08/15/19 Cpn 1.58 084664CL3		589.53	0.00	0.00	589.53
08/01/17	08/15/17	Coupon		FHLMC #G15842 15YR MAT 04/01/19 Cpn 4.50 3128MEWB		1,179.24	0.00	0.00	1,179.24

## TRANSACTIONS BY TYPE

**Account Name: L.A. CARE HEALTH PLAN-LOW DURATION PORT**  
**Account Number:**

**08/01/2017**  
**through 08/31/2017**

Tr Date	St Date	Transaction Type	Units	Description	Proceeds / (Cost)	Accrued Interest (Purch) or Sold	G/L < 1 Yr Amort Cost	G/L > 1 Yr Amort Cost	Total Amount
08/15/17	08/15/17	Coupon		HONDA 2016-2 A2 CAR MAT 09/17/18 Cpn 1.13 43814QAB4		416.53	0.00	0.00	416.53
08/15/17	08/15/17	Coupon		JOHN DEERE 2016-B A2 EQP MAT 02/15/19 Cpn 1.09 47788NAB4		388.06	0.00	0.00	388.06
08/15/17	08/15/17	Coupon		TOYOTA 2016-B A2A CAR MAT 10/15/18 Cpn 1.02 89231UAB3		157.69	0.00	0.00	157.69
08/15/17	08/15/17	Coupon		TOYOTA 2016-C A2A CAR MAT 01/15/19 Cpn 1.00 89237WAB3		155.43	0.00	0.00	155.43
08/15/17	08/15/17	Coupon		TOYOTA 2017-A A3 CAR MAT 02/16/21 Cpn 1.73 89238MAD0		903.93	0.00	0.00	903.93
08/15/17	08/15/17	Coupon		TOYOTA 2017-B A3 CAR MAT 07/15/21 Cpn 1.76 89190BAD0		1,276.00	0.00	0.00	1,276.00
08/15/17	08/15/17	Coupon		USAA 2016-1 A3 CAR MAT 06/15/20 Cpn 1.20 90327CAC4		600.00	0.00	0.00	600.00
08/18/17	08/18/17	Coupon		HONDA 2016-1 A2 CAR MAT 06/18/18 Cpn 1.01 43814NAB1		36.59	0.00	0.00	36.59
08/18/17	08/18/17	Coupon		MANUFACTURERS & TRADERS TR MAT 05/18/22 Cpn 1.93 55279HAM2		1,419.00	0.00	0.00	1,419.00
08/20/17	08/20/17	Coupon		BMW 2016-1 A2A LEASE MAT 01/22/18 Cpn 1.17 05581RAB2		43.78	0.00	0.00	43.78
08/21/17	08/21/17	Coupon		GEDFT 2014-2 A 1MOFRN FLOOR MAT 10/20/19 Cpn 1.68 36159LCN4		1,491.36	0.00	0.00	1,491.36
08/21/17	08/21/17	Coupon		HONDA 2015-2 A3 CAR MAT 02/21/19 Cpn 1.04 43813NAC0		94.18	0.00	0.00	94.18
08/21/17	08/21/17	Coupon		HONDA 2017-1 A2 CAR MAT 07/22/19 Cpn 1.42 43814TAB8		804.67	0.00	0.00	804.67

## TRANSACTIONS BY TYPE

**Account Name: L.A. CARE HEALTH PLAN-LOW DURATION PORT**  
**Account Number:**

**08/01/2017**  
**through 08/31/2017**

Tr Date	St Date	Transaction Type	Units	Description	Proceeds / (Cost)	Accrued Interest (Purch) or Sold	G/L < 1 Yr Amort Cost	G/L > 1 Yr Amort Cost	Total Amount
08/22/17	08/22/17	Coupon		BNY MELLON FRN MAT 05/22/18 Cpn 1.69 06406HDC0		3,172.41	0.00	0.00	3,172.41
08/23/17	08/23/17	Coupon		APPLE FRN MAT 02/22/19 Cpn 2.13 037833BR0		307.65	0.00	0.00	307.65
08/23/17	08/23/17	Coupon		APPLE MAT 02/23/18 Cpn 1.30 037833BN9		390.00	0.00	0.00	390.00
08/25/17	08/25/17	Coupon		BMW 2016-A A2A CAR MAT 05/28/19 Cpn 0.99 05582QAB3		412.20	0.00	0.00	412.20
08/25/17	08/25/17	Coupon		FFCB 1ML+9.0 FRN MAT 05/25/18 Cpn 1.32 3133EGCH6		2,277.16	0.00	0.00	2,277.16
08/01/17	08/25/17	Coupon		FHMS KJ04 A1 CMBS MAT 10/25/20 Cpn 1.38 3137BPCF4		546.01	0.00	0.00	546.01
08/25/17	08/25/17	Coupon		FMPRE 2017-TK01A 1MOFRN CMBS MAT 02/25/20 Cpn 1.56 30258EAA3		908.91	0.00	0.00	908.91
08/01/17	08/25/17	Coupon		FNA 2014-M8 FA 1MOFRN CMBS MAT 05/25/18 Cpn 1.51 3136AKQJ5		158.63	0.00	0.00	158.63
08/01/17	08/25/17	Coupon		FNA 2015-M13 ASQ2 CMBS MAT 09/25/19 Cpn 1.65 3136AQDQ		465.71	0.00	0.00	465.71
08/01/17	08/25/17	Coupon		FNA 2015-M4 FA 1MOFRN CMBS MAT 09/25/18 Cpn 1.42 3136AMTM		837.80	0.00	0.00	837.80
08/01/17	08/25/17	Coupon		FNA 2015-M4 FA 1MOFRN CMBS MAT 09/25/18 Cpn 1.42 3136AMTM		291.10	0.00	0.00	291.10
08/01/17	08/25/17	Coupon		FNR 2003-80 LA MAT 08/25/18 Cpn 4.50 31393DQ38		780.12	0.00	0.00	780.12
08/26/17	08/26/17	Coupon		FFCB 1ML+0.0 FRN MAT 05/26/20 Cpn 1.23 3133EHKY8		668.78	0.00	0.00	668.78



## TRANSACTIONS BY TYPE

**Account Name: L.A. CARE HEALTH PLAN-LOW DURATION PORT**  
**Account Number:**

**08/01/2017**  
**through 08/31/2017**

Tr Date	St Date	Transaction Type	Units	Description	Proceeds / (Cost)	Accrued Interest (Purch) or Sold	G/L < 1 Yr Amort Cost	G/L > 1 Yr Amort Cost	Total Amount
08/26/17	08/26/17	Coupon		FHLMC C 5/26/16 Q MAT 02/26/18 Cpn 1.05 3134G8L98		4,410.00	0.00	0.00	4,410.00
08/27/17	08/27/17	Coupon		BRISTOL-MYERS SQUIBB MAT 02/27/19 Cpn 1.60 110122BA5		2,120.00	0.00	0.00	2,120.00
08/27/17	08/27/17	Coupon		PACCAR FINANCIAL MAT 02/27/20 Cpn 1.95 69371RN69		1,267.50	0.00	0.00	1,267.50
08/30/17	08/30/17	Coupon		BANK OF TOKYO-MITSUBISHI NY Y MAT 08/30/17 Cpn 1.53 06538M7L7		13,030.50	0.00	0.00	13,030.50
						<u>99,802.12</u>	<u>0.00</u>	<u>0.00</u>	<u>99,802.12</u>
08/01/17	08/01/17	Income	354.760	STIF INT MAT Cpn USD		354.76	0.00	0.00	354.76
08/11/17	08/11/17	Call	420,000.000	US BANK OHIO FRN MAT 09/11/17 Cpn 1.43 90331H MJ9	420,000.00	999.68	0.00	0.00	420,999.68
08/22/17	08/23/17	Sell Long	400,000.000	U.S. TREASURY BILL MAT 02/01/18 Cpn 912796LJ6	396,304.60	1,818.00	(419.40)	0.00	398,122.60
			<u>820,000.000</u>		<u>816,304.60</u>	<u>2,817.68</u>	<u>(419.40)</u>	<u>0.00</u>	<u>819,122.28</u>
08/01/17	08/15/17	Pay Princpl	32,352.240	FHLMC #G15842 15YR MAT 04/01/19 Cpn 4.50 3128MEWB	32,352.24		0.00	(574.74)	32,352.24
08/15/17	08/15/17	Pay Princpl	99,084.925	HONDA 2016-2 A2 CAR MAT 09/17/18 Cpn 1.13 43814QAB4	99,084.93		0.00	0.87	99,084.93
08/15/17	08/15/17	Pay Princpl	58,406.738	JOHN DEERE 2016-B A2 EQP MAT 02/15/19 Cpn 1.09 47788NAB4	58,406.74		0.00	1.38	58,406.74

## TRANSACTIONS BY TYPE

**Account Name: L.A. CARE HEALTH PLAN-LOW DURATION PORT**  
**Account Number:**

**08/01/2017**  
**through 08/31/2017**

<i>Tr Date</i>	<i>St Date</i>	<i>Transaction Type</i>	<i>Units</i>	<i>Description</i>	<i>Proceeds / (Cost)</i>	<i>Accrued Interest (Purch) or Sold</i>	<i>G/L &lt; 1 Yr Amort Cost</i>	<i>G/L &gt; 1 Yr Amort Cost</i>	<i>Total Amount</i>
08/15/17	08/15/17	Pay Princpl	40,335.914	TOYOTA 2016-B A2A CAR MAT 10/15/18 Cpn 1.02 89231UAB3	40,335.91		0.00	0.15	40,335.91
08/15/17	08/15/17	Pay Princpl	27,120.442	TOYOTA 2016-C A2A CAR MAT 01/15/19 Cpn 1.00 89237WAB3	27,120.44		0.00	0.48	27,120.44
08/18/17	08/18/17	Pay Princpl	24,923.057	HONDA 2016-1 A2 CAR MAT 06/18/18 Cpn 1.01 43814NAB1	24,923.06		0.00	0.26	24,923.06
08/20/17	08/20/17	Pay Princpl	44,898.783	BMW 2016-1 A2A LEASE MAT 01/22/18 Cpn 1.17 05581RAB2	44,898.78		0.00	0.40	44,898.78
08/21/17	08/21/17	Pay Princpl	13,982.059	HONDA 2015-2 A3 CAR MAT 02/21/19 Cpn 1.04 43813NAC0	13,982.06		0.00	0.49	13,982.06
08/25/17	08/25/17	Pay Princpl	58,437.343	BMW 2016-A A2A CAR MAT 05/28/19 Cpn 0.99 05582QAB3	58,437.34		0.00	1.50	58,437.34
08/01/17	08/25/17	Pay Princpl	1,335.279	FHMS KJ04 A1 CMBS MAT 10/25/20 Cpn 1.38 3137BPCF4	1,335.28		0.00	0.01	1,335.28
08/01/17	08/25/17	Pay Princpl	43,358.292	FNA 2014-M8 FA 1MOFRN CMBS MAT 05/25/18 Cpn 1.51 3136AKQJ5	43,358.29		0.00	2.27	43,358.29
08/01/17	08/25/17	Pay Princpl	8,465.420	FNA 2015-M13 ASQ2 CMBS MAT 09/25/19 Cpn 1.65 3136AQDQ	8,465.42		0.00	(46.67)	8,465.42
08/01/17	08/25/17	Pay Princpl	244,382.154	FNA 2015-M4 FA 1MOFRN CMBS MAT 09/25/18 Cpn 1.42 3136AMTM	244,382.15		0.00	19.47	244,382.15
08/01/17	08/25/17	Pay Princpl	84,912.443	FNA 2015-M4 FA 1MOFRN CMBS MAT 09/25/18 Cpn 1.42 3136AMTM	84,912.44		0.00	(0.00)	84,912.44

## TRANSACTIONS BY TYPE

Account Name: L.A. CARE HEALTH PLAN-LOW DURATION PORT  
Account Number:

08/01/2017  
through 08/31/2017

Tr Date	St Date	Transaction Type	Units	Description	Proceeds / (Cost)	Accrued Interest (Purch) or Sold	G/L < 1 Yr Amort Cost	G/L > 1 Yr Amort Cost	Total Amount
Fixed Income - cont.									
08/01/17	08/25/17	Pay Princpl	25,332.500	FNR 2003-80 LA MAT 08/25/18 Cpn 4.50 31393DQ38	25,332.50		0.00	(344.79)	25,332.50
			<u>807,327.589</u>		<u>807,327.58</u>		<u>0.00</u>	<u>(938.93)</u>	<u>807,327.58</u>
08/01/17	08/01/17	Mature Long	900,000.000	CA STATE GO/ULT MAT 08/01/17 Cpn 4.00 13063C4D9	900,000.00		0.00	0.00	900,000.00
08/01/17	08/01/17	Mature Long	200,000.000	HOUSING URBAN DEVELOPMENT MAT 08/01/17 Cpn 0.93 911759LY2	200,000.00		0.00	0.00	200,000.00
08/03/17	08/03/17	Mature Long	840,000.000	TORONTO DOMINION NY YCD MAT 08/03/17 Cpn 1.18 89113WWA	840,000.00		0.00	0.00	840,000.00
08/04/17	08/04/17	Mature Long	800,000.000	BANK OF NOVA SCOTIA YCD MAT 08/04/17 Cpn 1.14 06417GQT8	800,000.00		0.00	0.00	800,000.00
08/30/17	08/30/17	Mature Long	840,000.000	BANK OF TOKYO-MITSUBISHI NY Y MAT 08/30/17 Cpn 1.53 06538M7L7	840,000.00		0.00	0.00	840,000.00
			<u>3,580,000.000</u>		<u>3,580,000.00</u>		<u>0.00</u>	<u>0.00</u>	<u>3,580,000.00</u>

# BOARD OF GOVERNORS

## Finance & Budget Committee

### Special Teleconference Meeting Minutes – August 22, 2017

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



**L.A. Care**  
HEALTH PLAN

*All votes during a teleconferenced portion of the meeting were by roll call*

#### Members

Michael Rembis, *Chairperson* \*\*

Mark Gamble \*\*

Louise McCarthy \*\*

Hilda Perez \*\*

Kimberly Uyeda, MD \*\*

#### Management/Staff

John Baackes, *Chief Executive Officer*

Phinney Ahn, *Chief of Staff*

Augustavia J. Haydel, Esq., *General Counsel*

Dino Kasdagly, *Chief Operations Officer*

Marie Montgomery, *Chief Financial Officer*

Richard Seidman, MD, *Chief Medical Officer*

*\*Absent \*\* Via Teleconference*

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
<b>CALL TO ORDER</b>  Michael Rembis	Michael Rembis, <i>Committee Chairperson</i> , called the meeting to order at 9:05 a.m.  He announced that members of the public may address the Committee on each matter listed on the agenda before or during the Committee's consideration of the item, or on any other topic at the Public Comment section.	
<b>APPROVE MEETING AGENDA</b>  Michael Rembis	The Agenda for today's meetings was approved.	Approved unanimously by roll call. 3 AYES (Gamble, Rembis and Uyeda)
<b>PUBLIC COMMENTS</b>	There were no public comments.	
<b>APPROVE MEETING MINUTES</b>	( <i>Member Perez joined the meeting.</i> )  The minutes of the July 26, 2017 meeting were approved as presented.	Approved unanimously by roll call. 4 AYES (Gamble, Perez, Rembis and Uyeda)
<b>CHAIRPERSON'S REPORT</b>	( <i>Board Chair McCarthy joined the meeting.</i> )	

**APPROVED**

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	There was no report from the Chairperson.	
<b>CHIEF EXECUTIVE OFFICER REPORT</b>	There was no CEO Report.	
<b>COMMITTEE ITEMS</b>		
<b>REVIEW BUDGET FOR FY 2017-18 Strategic Projects</b>	Dino Kasdagly, <i>Chief Operating Officer</i> , reviewed the FY 2017-2018 Key Capital Projects and Programs included in the meeting packet provided. <i>(Copy of the report may be requested by contacting Board Services.)</i>	
<b>ADJOURN TO CLOSED SESSION</b>	<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 9.10 am.</p> <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>REPORT INVOLVING TRADE SECRET Pursuant to Welfare and Institutions Code Section 14087.38(n) Discussion Concerning New Product Lines <i>Estimated date of public disclosure: August 2019</i></p>	
<b>RECONVENE IN OPEN SESSION</b>	The meeting reconvened in open session at 9:45 am. No reportable actions were taken during the closed session. Chair Rembis asked for public comment.	
<b>ADJOURNMENT</b>	The meeting was adjourned at 9:45 am.	

Respectfully submitted by:  
Malou Balones, *Committee Liaison, Board Services*  
Linda Merkens, *Manager, Board Services*

APPROVED BY:

  
Michael Rembis, *Chair*

Date Signed

9-27-17

**APPROVED**

# Board of Governors

## Executive Community Advisory Committee

### Meeting Minutes – July 12, 2017

L.A. Care Health Plan, 1055 West 7<sup>th</sup> Street, Los Angeles, CA 90017



**L.A. Care**  
HEALTH PLAN

ECAC Members	RCAC Members/Public	L.A. Care Board of Governors/Staff
<p>María Adela Guadarrama, RCAC 1 Chair</p> <p>Ana Rodriguez, RCAC 2 Chair *</p> <p>Cynthia Conteas-Wood, RCAC 3 Chair, ECAC Vice-Chair *</p> <p>Maggie Belton, RCAC 3 Vice Chair</p> <p>Michael Shelton, RCAC 4 Chair</p> <p>Maria Sanchez, RCAC 5 Chair</p> <p>Andria McFerson, RCAC 6 Chair</p> <p>Fátima Vásquez, RCAC 7 Chair</p> <p>Maria Montes, RCAC 8 Chair</p> <p>Cristina Deh- Lee, RCAC 9 Chair, ECAC Chair</p> <p>Leticia Navarro, RCAC 10 Chair</p> <p>Lluvia Salazar, RCAC 11 Chair</p> <p>Elda Sevilla, At Large Member</p> <p>Deaka McClain, At Large Member</p> <p>Demetria Saffore, CCI Area 1 Chair</p> <p>Wilma Ballew, CCI Area 2 Chair</p> <p>Brenda White, CCI Area 3 Chair</p> <p>Nesima Istrefi, CCI Area 4 Chair</p> <p>* Excused Absent ** Absent *** Via teleconference</p>	<p>Pedro Martinez, RCAC 1</p> <p>Adriana Martinez, RCAC 1</p> <p>Russel Mahler, RCAC 1</p> <p>Estela Lara, RCAC 2</p> <p>Diana Leff, RCAC 2</p> <p>Daniel Kwong, RCAC 3</p> <p>Araceli Aragon, RCAC 4</p> <p>Angelica Alvarez, RCAC 7</p> <p>Rosario Moreno, RCAC 8</p> <p>Thoura Day, RCAC 9</p> <p>Blanca Villagran, RCAC 10</p> <p>Beverly Caples, CCI Area 1</p> <p>Mary Jo Fernando, CCI Area 2</p> <p>Marilyn Streeter, CCI Area 3</p> <p>Bertha Poole, CCI Area 4</p> <p>Eduardo Kogan, Interpreter</p> <p>Pamela Shepard Garcia, Interpreter</p> <p>Sina New, Interpreter</p> <p>Bo Uce, Interpreter</p>	<p>Hilda Pérez, Member, Board of Governors</p> <p>Layla Delgado-Gonzalez, Member Advocate, Board of Governors</p> <p>Richard Seidman, MD, MPH, Chief Medical Officer</p> <p>Malou Balones, Committee Liaison, Board Services</p> <p>Vanessa Bernal, CMC Health Navigator, Even MORE Outreach &amp; Services</p> <p>Idalia Chitica, Field Specialist Supervisor, CO&amp;E</p> <p>Kristina Chung, Community Outreach Field Specialist, CO&amp;E</p> <p>Misty De Lamare, Director, Communications</p> <p>Auleria Eakins, Community Outreach Manager, CO&amp;E</p> <p>Erika Estrada, Supervisor, Community Relations Communication Department</p> <p>Laura Garcia, Health Promoter Liaison CO&amp;E</p> <p>Felicia Gray, Community Outreach Liaison, CO&amp;E</p> <p>Hilda Herrera, Community Outreach Liaison CO&amp;E</p> <p>Judy Hsieh Bigman, Senior Communication Specialist, Communication and Community Relations</p> <p>Devina Kuo Fan, Health Promoter Program Manager, CO&amp;E</p> <p>Susan Ma, CCI Field Specialist, Communications and Community Relations</p> <p>Linda Merkens, Manager, Board Services</p> <p>Frank Meza, Community Outreach Field Specialist, CO&amp;E</p> <p>Nancy Molina, CCI Liaison, Communications and Community Relations</p> <p>Courtney Nicholas, Community Outreach Field Specialist, CO&amp;E</p> <p>Francisco Oaxaca, Senior Director, Communication &amp; Community Relations</p> <p>Jose Ricardo Rivas, Community Outreach Liaison CO&amp;E</p> <p>Victor Rodriguez, Community Outreach Liaison CO&amp;E</p> <p>Prity Thanki, Local Government Advisor, Government Affairs</p> <p>Martin Vicente, Community Outreach Field Specialist, CO&amp;E</p> <p>Mariah Walton, CCI Field Specialist, Communications and Community Relations</p>

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN																		
<b>CALL TO ORDER</b>	Cristina Deh-Lee, <i>ECAC Chairperson</i> , called the meeting to order at 10:10 a.m.																			
<b>APPROVE MEETING AGENDA</b>	<p>Andria McFerson, RCAC 6 Chair asked about her request for an agenda item about a resource guide. Francisco Oaxaca, <i>Senior Director of Communications, Community Outreach and Education</i>, noted that due to the full agenda for today's meeting, Ms. McFerson's request will be added to the September 2017 ECAC Agenda.</p> <p><b>The Agenda for today's meeting was approved as submitted.</b></p>	<p><b>Approved.</b>  <b>11 AYES</b>, (Ballew, Belton, Deh-Lee, Montes, Saffore, Salazar, Sanchez, Sevilla, Shelton, Vásquez, and White).  <b>1 NAY</b> (McFerson)</p>																		
<b>APPROVE MEETING MINUTES</b>	<p><b>The June 14, 2017 meeting minutes were approved as submitted.</b></p> <p>Maggie Belton was not present at the June 14, 2017 ECAC meeting and abstained from voting the approval of the meeting minutes.</p>	<p><b>Approved.</b>  <b>11 AYES</b>, (Ballew, Deh-Lee, McFerson, Montes, Saffore, Salazar, Sanchez, Sevilla, Shelton, Vásquez, and White).  <b>1 ABSTENTION</b> (Belton)</p>																		
<b>STANDING ITEMS</b>																				
<b>ECAC CHAIR PERSON REPORT</b>	<p>ECAC Chair Deh-Lee presented the motion below.</p> <p><b><u>Motion ECA 100.0717</u></b>  To approve the following candidate(s) as members of the Regional Community Advisory Committees (RCAC) and Coordinated Care Initiative Councils (CCI), as reviewed by the Executive Community Advisory Committee (ECAC) during the July 12, 2017 ECAC meetings.</p> <table border="1"> <thead> <tr> <th>Name</th><th>RCAC/CCI #</th><th>Type of Member (Agency, if applicable)</th></tr> </thead> <tbody> <tr> <td>Chun Choe</td><td>RCAC 2</td><td>Consumer</td></tr> <tr> <td>Socrates Rodriguez</td><td>RCAC 2</td><td>Consumer</td></tr> <tr> <td>Fung Ha Leung Kwong</td><td>RCAC 3</td><td>Consumer</td></tr> <tr> <td>Community Health Alliance of Pasadena (ChapCare)</td><td>RCAC 3</td><td>Provider</td></tr> <tr> <td>Pamela L. Richardson</td><td>RCAC 5</td><td>Consumer</td></tr> </tbody> </table>	Name	RCAC/CCI #	Type of Member (Agency, if applicable)	Chun Choe	RCAC 2	Consumer	Socrates Rodriguez	RCAC 2	Consumer	Fung Ha Leung Kwong	RCAC 3	Consumer	Community Health Alliance of Pasadena (ChapCare)	RCAC 3	Provider	Pamela L. Richardson	RCAC 5	Consumer	<p><b>Approved unanimously.</b>  <b>12 AYES</b>, (Ballew, Belton, Deh-Lee, McFerson, Montes, Saffore, Salazar, Sanchez, Sevilla, Shelton, Vásquez, and White).</p>
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<b>UPDATE FROM CHIEF MEDICAL OFFICER</b>	<p>Richard Seidman, MD, MPH, <i>Chief Medical Officer</i>, responded to questions from the last ECAC meeting. Dr. Seidman clarified how L.A. Care evaluates medical necessity in considering authorization for services. L.A. Care is required to use evidence-based criteria to determine whether or not L.A. Care will authorize payment for services. Not all referrals to specialty providers or recommended medications or therapies require “prior authorization” of payment for services provided from L.A. Care. Health coverage programs include benefits for medically necessary services which must have evidence to support the effectiveness of the treatment. Some therapies are considered experimental. L.A. Care reviews the evidence based criteria when determining whether or not to authorize the services.</p> <p>Ms. McFerson asked if tests will be authorized to determine the medical necessity of treatment.</p> <p>Dr. Seidman responded laboratory and/or imaging tests will determine the diagnosis. The recommended therapies could be medication or other treatment. Last month, members asked about enhanced external counter pulsation, a specific therapeutic intervention. All treatment needs to be evidence-based, based on specific criteria, for L.A. Care to authorize payment for the services. There are national organizations that look at medical evidence for therapies for every condition. L.A. Care is mandated to use those guidelines in determining authorization.</p> <p>In response to the question about enhanced external counter pulsation (EECP), Dr. Seidman informed the Committee that this has been used on an experimental basis with conditions such as angina or chest pain. There is insufficient medical evidence that it's an effective therapy. There are all kinds of stories in the media and there's always great interest in new therapies because when someone has a condition, they want it addressed and cured. When there is insufficient evidence, a health plan is not obligated to pay for the therapy. It does not mean that the doctor is wrong in recommending it. When the health plan considers whether or not to approve payment for the service, if there's insufficient evidence of medical effectiveness, the services would be denied. For example, hydrotherapy is recommended for all kinds of conditions, but there's not sufficient evidence that it is an effective treatment for some.</p> <p>Ms. McFerson noted that there are medical necessities for exercise, which causes improved blood flow. This could help people with conditions such as diabetes and could help quadriplegic members. It would be cheaper than water therapy and physical therapy. She asked Dr. Seidman what he recommends besides the physical or water therapy that is already available to members.</p> <p>Dr. Seidman responded that he is not sure he understands the question. But exercise has all kinds of unbelievable benefits.</p>			



Ms. McFerson expressed that she personally cannot handle physical pain. It takes longer for her to get better. She added that the care she was talking about is better for blood flow for those who cannot handle physical pain, and asked about alternatives.

Dr. Seidman noted it is a challenge to address individual cases. He added that when there are injuries, one essential element of effective healing is a targeted physical therapy that is supervised by expert physical therapist. It is up to the individual to participate in physical therapy or have somebody there who's going to encourage participation in the therapy. There is challenge in holding oneself accountable for physical therapy, and there is evidence of medical benefits from properly prescribed physical therapy.

Auleria Eakins, *Community Outreach Manager, CO&E*, noted that when medical services are approved by L.A. Care, there is no feedback because the member is satisfied. When services are not approved for payment there are complaints at our public meetings. Ms. Eakins asked Dr. Seidman if a member is denied a service following the evidence-based criteria, does L.A. Care offer alternatives for care or does the provider give the member alternatives for care?

Dr. Seidman responded that with an initial denial of care, a member can call and advocate on their own behalf, and/or their provider can appeal the decision. Alternatives are routinely offered when there is an alternative. For example, if a doctor orders an MRI, an expensive imaging test, it might be denied because a less expensive CT is a more appropriate test. The denial for the MRI would include a recommendation for the CT as an alternative that is more appropriate and cost-effective. For medication prescriptions, L.A. Care has a formulary of medications that do not require prior approval. If a doctor chooses to prescribe a non-formulary medication, it will require a request for prior authorization. If that request is denied, the appropriate and cost-effective alternative will be recommended. There is an appeal process for denials for both the members and providers.

Ms. Belton commented that sometimes things are considered experimental for a long time. She experienced being denied, and the appeal was still denied. She noted that gastric surgery was considered experimental before, but now it is a basic approval. Ms. Belton is interested what is L.A. Care's process regarding denials, appeals, denials and experimental treatments.

Dr. Seidman noted that the Member ID cards have a phone number for Member Services, which can handle appeals. Dr. Seidman suggested that grievance and appeals staff be invited to a future ECAC meeting to discuss the grievance process.

The last step in an appeal is a "state fair hearing", where an impartial third party reviews the denial. The decision is final. There are treatments or medication that are denied and will remain denied. There is a multi-level appeal process because L.A. Care understands that it is important that patients and providers have the opportunity to ask for review. The appeal process is thorough.

Dr. Seidman provided updates on the following:

- L.A. Care's eManagement program uses new technology that enables primary care providers to electronically communicate with psychiatrists. Timely access to appropriate behavioral or mental health services is difficult. The purpose of eManagement is to address the gap in desirable access and make it easier for primary care providers to get specialty support from a psychiatrist without the patient having to travel to a new provider, in a new location, on their own time and expense. Primary care providers are trained in primary care, pediatrics, family, and internal medicine. Pediatricians and internists are not psychiatrists. Primary care physicians may be able to treat certain conditions, but may need help from a specialist to treat more complex conditions or even common conditions that are not responding to the typical initial therapies.
- eManagement is a technology platform that facilitates direct communication between primary care providers and psychiatrists. Many times the patient can remain in the direct care of their primary care physician, and hopefully they're comfortable in that setting, and they can benefit from specialty care input without having to make another appointment. It's a very innovative concept, leveraging a platform more broadly to facilitate specialty referrals. L.A. Care does not have an evaluation completed on this yet, but is getting a lot of positive feedback.
- L.A. Care received a federal grant for a Practice Transformation Network Program to support over 3,000 clinicians throughout Los Angeles County. These are not exclusively L.A. Care network providers. The program hires coaches to work with the practices using many different assessments, interventions and strategies to help practices modernize the manner in which they approach care in order to improve outcomes for patients. The program is specifically focused on improving outcomes for diabetes and depression management and treatment. The broader goal is the transformation of the practice to modernize it, to improve patient outcomes, increase patient satisfaction, and ultimately lower costs.
- Dr. Seidman reported on the recent onsite survey by the National Committee for Quality Assurance (NCQA) Accreditation. NCQA reviews L.A. Care's policies, procedures and documentation, performance in clinical quality measures and in member experience. L.A. Care is awaiting the final results. Dr. Seidman thinks that L.A. Care did very well on the survey, better than last year. Dr. Seidman noted that L.A. Care's biggest challenge is with improving the member experience. He thinks that L.A. Care will maintain an accredited status with NCQA. L.A. Care will continue its work to improve member experience and all of the clinical quality measures.

Ms. McFerson thanked Dr. Seidman for his quick response to her question, and indicated that the test that she was proposing was not that important.

Board Member Gonzalez-Delgado asked which area are actually rated on member experience.

	<p>Dr. Seidman noted that there about 67 questions on member satisfaction, and the questions are about:</p> <ul style="list-style-type: none"> <li>• Whether their provider listens to members</li> <li>• If members feel that their providers spend enough time listening to their issues.</li> <li>• Access to needed care and getting needed care quickly. One of the questions is how often the member was seen within 15 minutes of appointment time.</li> </ul> <p>Dr. Seidman added that NCQA evaluates members' experience when calling L.A. Care member services call center and the type of responses members get when they call their PCPs or specialty provider. It also includes access to medication. It's an overall assessment and tough measure, and it's important. Member satisfaction is 13 points out of the 100 points for the NCQA Accreditation Score and L.A. Care needs to get as many of those points as possible.</p>	
<b>GOVERNMENT AFFAIRS UPDATE</b>	<p>Prity Thanki, <i>Local Government Advisor, Government Affairs</i>, was not able to attend the meeting and a written report was distributed to ECAC members. <i>(A copy of the report can be obtained by contacting CO&amp;E).</i></p>	
<b>COMMUNICATION AND COMMUNITY RELATIONS UPDATE</b>	<p>Francisco Oaxaca, <i>Senior Director of Communications and Community Relations</i>, apologized that the written report from Government Affairs was not translated prior to the meeting. A translated report will be available for the Regional Community Advisory Committee (RCAC) and Coordinated Care Initiative (CCI) Council meetings. Mr. Oaxaca summarized the report.</p> <ul style="list-style-type: none"> <li>• Mr. Oaxaca referred the Committee members to a sheet included in the meeting materials, "How Long Should I Wait for My Appointment". The report lists the expected standards when making an appointment, along with contact information if they have more questions.</li> <li>• Mr. Oaxaca introduced Erika Estrada, Supervisor for Coordinated Care Initiative Councils. Ms. Estrada will supervise the CCI Liaisons.</li> <li>• A RCAC 2 motion was approved at the June 14, 2017 ECAC meeting, regarding a request for information about the services L.A. Care offers for each product line. The motion was not clear to staff and staff is requesting clarification from RCAC 2. This issue will be addressed at the next ECAC meeting.</li> <li>• Devina Fan, <i>Supervisor, Health Promoters Program</i>, provided a presentation on Health Promoter recent disability empathy training, "A Walk in our Shoes". <i>(A copy of the presentation can be obtained by contacting CO&amp;E).</i> <ul style="list-style-type: none"> <li>○ Staff will recommend increasing the Health Promoters' stipend by \$10 a month for their activities in the next fiscal year.</li> <li>○ Ms. Fan presented recognition to Rosario Moreno and others for their work as Health Promoters.</li> <li>○ Ms. Fan will be leaving L.A. Care on September 6 to spend more time with her daughter.</li> </ul> </li> </ul> <p><u>Public Comment</u></p>	

	<p>Maggie Belton, <i>RCAC 3 Vice Chair</i>, commented that there are people with hidden disabilities, not only those with canes or in wheelchairs. She provided her insights about people with hidden disabilities and asked if L.A. Care has programs for people with hidden disabilities. Ms. Belton also asked if L.A. Care has exercise membership benefits.</p> <p>Deaka McClain, <i>ECAC At-Large Member</i>, noted that she also spoke about people with hidden disabilities in the Training and will continue addressing this issue.</p> <p>Mr. Oaxaca noted that current Medi-Cal benefits does not include gym memberships, but L.A. Care's Family Resource Centers (FRCs) offer free exercise classes, and is exploring an idea to put exercise equipment in the FRCs. Mr. Oaxaca announced that he is seeking to hire additional staff to support the Health Promoters Program.</p> <p>Board Member Hilda Perez recommended that the activities of the Health Promoters be elevated to a higher level and that Health Promoters get certificates for the workshops they complete.</p> <p>Andria McFerson suggested a focus on health promoter individual contributions, opportunities for classes in Inglewood, and that health promoters be more multi-cultural.</p> <p>Mr. Oaxaca noted that the expansion of health promoters program, if additional staff is approved, will support diversity in health promoters and address language barriers. This will provide an opportunity to dig deeper into the strengths of the health promoters and team up health promoters for certain communities, in place of the current generalized approach.</p> <p>Ms. McFerson added that the focus should be on category and demographics.</p> <p>Mr. Oaxaca noted that the health promoters program will focus on community needs.</p>	
<b>CCI STAKEHOLDER ADVISORY COMMITTEE UPDATE</b>	<p>Ms. McClain provided an update on the CCI Stakeholder Advisory Committees activities. <i>(A copy of the report can be obtained by contacting CO&amp;E).</i></p>	
<b>GLOBAL MEMBER ISSUES</b>	<p>Mr. Oaxaca gave a quick update on a global issue motion from a past meeting regarding an issue that were raised by RCAC 9 and the Children's Clinic, Long Beach. In conversation with the Children's Clinic, staff didn't have enough specific information because of incomplete grievances that were filed. After the conversation with the Children's Clinic staff, they did agree that it would be helpful if they actually went to an upcoming meeting of RCAC 9 and gave a presentation and spoke to the members directly about their experiences. Children's Clinic staff will be in an upcoming RCAC 9 meeting.</p> <p>Demetria Saffore, CCI Area 1 Chair, asked how to encourage members to call member services. Mr. Oaxaca informed the Committee that membership cards have information on how to call</p>	

<p><b>Urgent Care Clinic – Homework Discussion</b></p>	<p>member services, and there is also information on the cards for how to call Grievance and Appeals to document their complaints.</p> <p>Idalia Chitica, <i>Field Specialist Supervisor, CO&amp;E</i>, reminded Committee members that members were asked to use the contact information on their membership ID cards to ask about Urgent care and Emergency Care locations.</p> <p><u>Feedback regarding Urgent Care Clinic Homework Discussion</u></p> <p>Ms. McFerson commented that focus should be more on issues with RCACs and participation in the community. Ms. McFerson encouraged members to call member services to find out where urgent care clinics are.</p> <p>Adela Guadarrama, <i>RCAC 1</i>, asked what a “medical group” is. She reported that she called members services using the number on her L.A. Care card and received information about urgent care locations in Lancaster.</p> <p>Nesima Istrefi, <i>CCI Area 4 Chair</i>, reported that she called Member Services and was given information about the location of urgent care clinics in her area. She noted that those sites are only for urgent care, and for emergencies, a member must go to the emergency room.</p> <p>Maria Montes, <i>RCAC 8 Chair</i>, called Member Services, asked about urgent care, and was directed to a provider with no urgent care. She called again and was referred to urgent care.</p> <p>Chair Deh-Lee called and was directed to urgent care in Orange County.</p> <p>Member Perez asked what members will do with the information.</p> <p>Mr. Oaxaca thanked the members for their experiences. He summarized that there are issues with L.A. Care’s member services staff, with their own provider, with their own clinic, with signage, with lack of understanding of the difference between an urgent care and an emergency care. L.A. Care would like to ensure that all information is available on L.A. Care website for members to look at when they search for providers or search for hospitals or urgent care.</p> <p>Mr. Oaxaca noted that he wanted to find out if there are other things L.A. Care can do now. Staff is still not sure exactly what it will do, but this is the first step to find out if there's anything L.A. Care can start doing now. It will take time to provide all information on L.A. Care’s website so that it's accurate and kept up to date. Mr. Oaxaca added that staff will report back to ECAC.</p> <p>Ms. Istrefi added there is also need to educate members when to go to urgent care and to emergency room.</p>	
<p><b>OLD BUSINESS</b></p>		
<p><b>REVISIONS TO THE OPERATING RULES</b></p>	<p>Mr. Oaxaca reviewed the revisions to the RCAC/ECAC operating rules.</p>	

FOR THE  
COMMUNITY  
ADVISORY  
COMMITTEES AND  
EXECUTIVE  
COMMUNITY  
ADVISORY  
COMMITTEE OF L.A.  
CARE HEALTH PLAN

In January 2017, changes were presented to the operating rules to add the CCI Councils and to clarify a provisional membership period and dual membership in CCI and RCACs.

The proposed changes were reviewed by all the RCACs and CCI Councils in January and February 2017. Staff did not receive any significant comments from the RCACs and CCI members.

The proposed revisions were brought back to ECAC in March 2017. At that meeting, ECAC members requested a redlined version of the operating rules, which is the version that is included in this meeting packet, which has the proposed changes in a highlighted font. This redlined version was provided to the ECAC members at the April 2017 meeting.

Even though staff had not received any additional comments from the RCACs and the CCI Councils, the redlined version of the operating rules was recirculated back to the committees one more time in May and June 2017 to give another opportunity for members to comment or ask questions. The proposed changes to the operating rules have been circulated about six times to the members of the committees and ECAC. Staff also worked directly with Board Members Perez and Gonzalez-Delgado to make sure that they have been kept up to date and have had opportunities to provide input and comments and express any concerns.

Mr. Oaxaca noted that the feedback received that staff strongly felt was important for members were incorporated in the revised operating rules. Mr. Oaxaca is looking forward to a final discussion today and a vote from ECAC to be able to move forward and present the revised operating rules to the Board's Governance Committee, and then to the full Board for approval. Mr. Oaxaca added that there is a 30-day public notice period before the final vote on revised operating rules. That will be another opportunity for public comment.

Judy Hsieh-Bigman, *Senior Communication Specialist, Communication and Community Relations*, reviewed the proposed revisions to the revised RCAC/ECAC Operating Rules included in today's meeting materials. (*Copy of the revised rules may be requested by contacting CO&E.*)

- Ms. Bigman reviewed the revisions page by page.
- Most of the changes are housekeeping, including the CCI Councils and the CCI staff, and updating the community outreach and engagement name.

Highlights of the revisions are:

- Definition of Consumer Advisory Committees, which will be called (CAC). CAC will refer to all RCACs, CCI Councils, and ECAC.
- References to "product line" have been crossed out. Staff is going to refocus its recruitment efforts to all consumers of L.A. Care.
- Language recommended by L.A. Care's Legal Department to clarify that ECAC has the ability to add agenda items directly on the Board of Governors meeting agenda.

- Defining categories of consumers: a consumer member, a provider member, or a community-based member, and clarifying that these are for RCACs only.
- CCI Council members should all be consumers.
- There will be no dual membership on Consumer Advisory Committees. If one is eligible to be on both a CCI and RCAC committee, a consumer member will have to pick one committee. L.A. Care has 2.1 million members and there are limited seats on the Consumer Advisory Committees. This rule will allow more consumer voices for all kinds of issues from the community in both the committees.

The current operating rules say that RCACs can have 35 members with a target membership of 20. When Mr. Oaxaca pointed that out that RCAC target membership is 20, the RCAC/ECAC members misconstrued his comment and thought that Mr. Oaxaca was decreasing the number of members on the RCACs.

And to clarify, even though the target is 20 members, if there are 20 members in your RCAC region, and you bring in more applications, the committee can have a maximum of 35 people. Staff wants to take the focus off of quantity and focus on the quality of members.

- A section on CCI Councils members was added to the Operating Rules.
- Eligibility Checks have been added in the Application and Membership section. L.A. Care's Regulatory and Compliance Department performs Office of the Inspector General (OIG) and the General Services Administration (GSA) eligibility checks to comply with regulatory requirements.
- Provisional membership has always been in the operating rules. Staff is recommending to change the provisional membership from one year to six months.

Once a new member is approved by the board, the new member will have to show that they are ready to be an active committee member. They will attend and complete a new member orientation; they should attend at least one ECAC or board meeting and have a good attendance record at the RCAC or CCI meetings.

Staff wants to clarify that the new member would have to complete the entire six months before becoming an active member. A new member has to finish the whole six months of the provisional membership before they will be entitled to receive stipend for attending the meetings. A provisional member is eligible to get mileage reimbursement and transportation support through L.A. Care to attend and participate in L.A. Care activities, as well as support for dependent care and child care.

- A member appeals process is in the operating rules.
- The revised rules clarify that member names are run through a database for re-certification every month. The OIG and the GSA checks are clarified. A section was added regarding the

30-day grace period, which is already current practice. The eligibility check is to make sure that a consumer is still an L.A. Care member.

- The rules include clarification that consumer members receiving stipend or other support from L.A. Care are required to complete the annual code of conduct training and sign the acknowledgment form within 60 days of training in order to continue membership on the committee. All L.A. Care employees and Board Members are also required to take this mandatory annual code of conduct training.
- There is clarification that if a consumer member cannot be part of that RCAC if they move out of the RCAC geographic area, but may become eligible to be a part of a RCAC that includes the geographic area for the new address.

Community-based organization RCAC members who no longer work in the geographic area for the RCAC would also lose membership in that RCAC.

Mr. Oaxaca thanked Mr. Hsieh-Bigman for the presentation. Mr. Oaxaca noted that it is very likely that not all of ECAC members' very specific individual situation can be covered in the operating rules. The operating rules are designed to give L.A. Care a framework for dealing with overall operations of the advisory committees and the ECAC. The approach is to leave enough flexibility for staff to be able to deal fairly with individual situations.

Ms. Belton asked if consumers getting some kind of government assistance and doing advocacy work for L.A. Care using government monies may have legal issues.

Mr. Oaxaca noted that there could be a perception of conflict of interest. Consumer members who serve as chairs and vice chairs are receiving a stipend and certain reimbursements for leading RCAC meetings and other activities. L.A. Care consumer members that visit legislators locally or go to Sacramento to advocate for certain legislation or other policy changes that may impact their benefits will receive transportation/reimbursements for mileage, and for child or dependent care. L.A. Care does not pay a stipend for those activities because L.A. Care does not want to be in the position of paying lobbyists, and also does not want to put consumer members in a position that can be seen as a payment to take a certain position on legislation or public policy. L.A. Care wants consumer members to feel free to advocate for legislation and policies that they support.

Board Member Perez noted that the operating rules will be reviewed by the Governance Committee of the Board and because she and Board Member Gonzalez-Delgado are part of the Governance Committee, she feels she has the responsibility to ask questions.

- She understood that one of the key changes to the operating rule is the inclusion of CCI councils to the RCAC. Why are they called Consumer Advisory Committee (CAC)?



- She noted that the provisional membership in the current operating rule is one year with full voting rights and receiving stipends/reimbursements. The proposed revision to the operating rules will now be a six-month provisional membership without stipends.
- Board Member Perez noted in the operating rules a committee may have 35 members with a target membership of 20. She expressed her concerns about the membership report included in the meeting packet, which shows there have been no interest cards submitted. She has noticed that few members are submitted for board approval. She asked about the efforts being done to fill the targeted RCAC/CCI membership.
- Board Member Perez noted there is a redetermination of eligibility process through the American Healthcare Act and the Better Care Recognition Act. Some consumer members have expressed concerns about the proposed six-month period for recertification. Board Member Perez asked if there be an appeals process for consumer members who lose their health coverage.
- She asked if the consumer member that moves and must join another committee will have to wait in line to be approved as a member of the new RCAC or if consumer members can move from one RCAC to another without waiting to be on the new committee.

Mr. Oaxaca mentioned that the feedback and comments on the operating rules will be submitted to the board. If there is any feedback or comment, it should be discussed by ECAC.

- Board Member Perez commented that ECAC/RCAC members received many copies of the proposed revised operating rules, which showed that staff did their best that the revisions being proposed are clear for ECAC/RCAC members. She expressed her concern that unfortunately it seems that ECAC members did not even read the document because they don't seem to understand or they did not give importance to the information provided. Board Member Perez expressed that when she signs in as a member, she commits to the roles, responsibilities and rights of her membership.
- Board Member Perez added that she informed members that one of the responsibilities of being a RCAC/CCI member is to provide feedback to L.A. Care about their member experience. L.A. Care expects that members read and understand the information provided so that when members come to a meeting, they are ready to ask questions. At some of the meetings Board Member Perez attended, she noted that many people did not bring a copy of the operating rules which was provided to them. It is the members' responsibility to bring the documents provided to them when they attend meetings. Board Member Perez reiterated that once members become part of the committee, there are rights and responsibilities. Board Member Perez reminded the members that they are representing the people of their RCACs.

- Board Member Perez noted that if she was going to approve something today, the written feedback or background would help her make a better decision.
- Mr. Oaxaca responded to the issues that were brought up by Board Member Perez:
- Recruitment is not part of the operating rules discussion. Mr. Oaxaca offered to discuss the recruitment issue at a future meeting, including recruitment opportunities for CCI Councils. The target committee membership of 20 has been part of the operating rules and is not being revised. This is each committee's responsibility to look at their membership and determine a strategy for recruitment.
- Regarding loss of eligibility, the state or the county determines a member's eligibility. The grace period included in the operating rules will allow flexibility. There is no appeal process with L.A. Care for loss of Medi-Cal membership. L.A. Care receives a list of eligible members and staff ensures that the committee members are on that list.
- If there is a reduction of the Medi-Cal re-determination period to six months, members will have to make sure that their documentation is in order and submitted. L.A. Care can legally, only provide stipends or reimbursements to enrolled members.
  - Members moving from one RCAC region to another will not wait in line as long as the member is eligible.
  - With regard to the review process that L.A. Care used for these revisions, and of providing a list to ECAC of the feedback during the review of these proposed rules, L.A. Care provided multiple opportunities for everyone who is affected by the rules to be involved and to bring feedback to both staff and to their respective RCAC/CCI chairs. Mr. Oaxaca thinks that is a role of the RCAC/CCI chairs to be a channel through which feedbacks comes to the ECAC and to the staff.
- Staff have been very careful to evaluate the feedback received and incorporate it into the proposed rules. There were many opportunities for members to ensure that their feedback has been included in the proposed rules.
- There are other more formal processes that L.A. Care applies for more complicated issues that need to be improved. For example, to improve an environmental report document, there is a specific process to record every single bit of feedback.
- In response to the provisional membership, there was some feedback from some members and discussion about extending that period from the six months that staff is proposing to one year. Staff felt that six months was an appropriate provisional period to give the committee members time to see if that new member is committed and active, and for the new member to understand the expectations for being a RCAC/CCI member. It is up to ECAC to decide the time period for the provisional membership.

Board Member Perez Hilda thanked Mr. Oaxaca, and noted that if written feedback and comments were to be provided to the Board of Governors, she would have expected that ECAC would also receive that information.

Mr. Oaxaca confirmed that a motion that will be submitted to the Governance Committee and Board of Governors will include report from staff about the review process, the feedback and comments received, and how those were incorporated in the document. There will be a 30-day posting of the revised rules before the final approval of the Board of Governors. Anyone can comment during that time, and feedback provided during that period will also be provided to the Board of Governors.

Ms. McFerson asked:

- About the phrase that indicates that the proposed rules will be revised according to the L.A. Care bylaws.
- For the actual geographic areas of the RCACs.
- Wanted clarification what "may be given an opportunity to speak," means.
- For clarification of the statement that "All participants in the CAC serve on a voluntary basis regardless of category. Membership is not a form of employment nor is it permanent relationship or right to serve implied or established by membership."
- For clarification of the rule changing the term for ECAC chairperson from two-year to one-year.

Mr. Oaxaca clarified that only the proposed changes to the operating rules and the RCAC/CCI member comments are being discussed. Unless ECAC decides to make recommendations to make additional changes, the remaining rules will be unchanged. Mr. Oaxaca offered to respond to Ms. McFerson's questions which are not related to the proposed revisions outside of the meeting.

Board Member González-Delgado noted that members are concerned about the proposed new health care act changes for redetermination for Medi-Cal eligibility from 12 months to 6 months. She added that members should not base their approval of the proposed operating rules revisions on fear. She thinks that the proposed revisions are minor and clear. She noted that there was not much input during the RCAC/CCI meetings she attended, and she urged the ECAC members to push forward and vote on the revisions.

Demetria Saffore, At-Large Member, expressed that she agreed with proposed revisions to the operating rules. She asked what will L.A. Care do to current active members are not fulfilling their obligation, if the provisional membership is revised to six months with no stipend. Mr. Oaxaca noted this falls into the category of recruitment and expectations from members, for discussion at a future meeting.

	<p>Ms. McLain commented about dual membership that certain people are concerned about why they have to choose one committee. Mr. Oaxaca noted that the revised rules will not allow dual memberships.</p> <p><b>With the time nearing 1:00 pm, by consensus, a majority of the Committee members voted to extend the meeting time so the Committee can finish discussion of today's agenda items.</b></p> <p>Elda Sevilla, <i>At Large Member</i>, commented she hopes that the ECAC members read the document and to be careful with their vote because this will affect the members. Ms. Sevilla added that as Board Member Gonzalez-Delgado said, we do not know if the laws may change in the near future at the federal level.</p> <p><i>The Operating Rules are revised according to the provisions of Article XI of the L.A. Care Bylaws, which requires an affirmative vote of at least 9 (of 13) board members. That means an affirmative vote by 12 of the 17 ECAC members is required to revise the Operating Rules.</i></p> <p>A roll call vote was requested.</p> <p><b><u>Motion ECA 101.0717</u></b></p> <p><b>Motion to approve revisions to the Consumer Advisory Operating Rules, as attached.</b></p> <p>The ECAC members voted by roll call and the motion failed to pass. Staff will go back to the Committee for next steps.</p>	<p><b>Motion ECA 101 Failed.</b></p> <p><b>7 AYES</b> (McFerson, Deh-Lee, Salazar, McClain, Saffore, Ballew, White)</p> <p><b>6 NAYS</b> (Shelton, Vasques, Montes, Navarro, Sevilla, Estrefi)</p> <p><b>3 ABSTENTIONS</b> (Guadarrama, Belton, Sanchez)</p>
ECAC AD HOC COMMITTEE – MEETING EFFECTIVENESS	<p>Ms. Belton reported that the ECAC Ad Hoc Committee for Meeting Effectiveness met on Thursday, June 29, 2017. <i>(A copy of the report may be requested by contacting CO&amp;E.)</i></p> <p>The following recommendations were discussed:</p> <ul style="list-style-type: none"> <li>○ Agenda Items and Time <ul style="list-style-type: none"> <li>✓ Reduce the number of agenda items to allow more time for committee members discussions.</li> <li>✓ The Chair will review the agenda and the time allotted to each agenda item.</li> <li>✓ The CEO update should be included on the ECAC agenda monthly. If the CEO is unable to attend, this time will be used to manage time for unscheduled presentation.</li> <li>✓ The time allotted for each agenda item will include time for questions and answers.</li> <li>✓ Speakers/Presenters will be given a set amount of time to speak/present and another set amount of time to answer questions from ECAC members and the public.</li> <li>✓ CO&amp;E staff will keep time of all agenda items and coordinate with the Chair the timing.</li> </ul> </li> <li>○ ECAC Members and the Public <ul style="list-style-type: none"> <li>✓ Each person or member will be allowed to address the committee for two minutes. If time is limited, the Chair may notify speakers that time has been adjusted to one minute.</li> </ul> </li> </ul>	

	<ul style="list-style-type: none"> <li>✓ Each person or member will have the opportunity to ask only one question or provide one comment. This will allow other ECAC members and the public to speak if time is allotted.</li> <li>✓ The ad-hoc committee members reviewed the recommendation for time sharing. They recommend time sharing be revisited in the future as it will take some time for the ECAC members and the public to get acquainted to the new meeting process.</li> <li>○ Comment Cards <ul style="list-style-type: none"> <li>✓ Comments cards will continue to be used and numbered in the order they are received.</li> <li>✓ If members of the public who submitted a comment card were not called to comment due to time limitation, each will be given an opportunity to write down the question or comment on an index card and L.A. Care staff will follow-up.</li> <li>✓ ECAC members who raise their hand and are not called by the Chair due to limited time will have the opportunity to write down their question/comment on an index card and L.A. Care staff will follow-up.</li> </ul> </li> <li>○ Pilot and Training <ul style="list-style-type: none"> <li>✓ The recommendation will be reviewed during the August ECAC Leadership Training and include training for members on how to frame questions and comments made during the ECAC meeting.</li> <li>✓ The recommendations will be piloted at the September ECAC meeting.</li> <li>✓ An educational sheet with the meeting process will be created to distribute to ECAC and the public.</li> <li>✓ Training will also be conducted at RCAC/CCI meetings so consumer advisory committee members understand the meeting process.</li> </ul> </li> </ul> <p>Ms. McFerson asked if this will affect the use of Robert's Rules of Order. Ms. Chitica clarified that it will not, this is to run the meeting smoothly and to manage the timing of the meeting.</p> <p>Ms. McLain made a statement that this is part of parliamentary procedures and Robert's Rules of Order. She had been told by staff that part of the At-Large Members' responsibilities is to be the parliamentarian to help the committee follow procedures and help the chair run the meeting smoothly.</p> <p><b>By consensus, the recommendations were approved the Committee.</b></p>	
ECAC LEADERSHIP TRAINING	<p>Ms. Chitica announced that the next ECAC Leadership Training is on August 16, and will last until 4 PM. The extended time is to pilot the new meeting effectiveness format so ECAC members get used to how it will be implemented in September. She added that the training is mandatory for all RCAC/CCI Chairs and Vice Chairs</p> <p>Ms. Chitica reminded everyone that attendance will be recorded, and members who do not attend the required ECAC leadership training may be subject to the removal process.</p>	

TRANSPORTATION SURVEY	<p>Auleria Eakins, <i>Community Outreach Manager, CO&amp;E</i>, referred the ECAC Members to the transportation survey form included in the meeting materials. She asked that ECAC Members complete and return them. Forms will also be available at RCAC meetings.</p> <p>Ms. Eakins referred ECAC members to a “Save the Date” flyer, for September 22, 8:30 to 3 pm, for a “Members in Focus” Conference. This will be held at St. Anne's Maternity Home. More information will be provided at the RCAC and ECAC next meetings.</p>	
PUBLIC COMMENT	<p>Mary Jo Fernando, commented that every time she attends a meeting, a particular individual disrupts the meeting, delaying the flow of the agenda.</p> <p>Daniel Kwong, RCAC 3, commented that he received John Baackes’ report regarding the new health care bill.</p> <p>Ms. McLain suggested adding an agenda item for ECAC members to request agenda items for future ECAC meetings.</p>	
ADJOURNMENT	The meeting adjourned at 1:30 pm.	

**RESPECTFULLY SUBMITTED BY:**

Jennifer Carabali, *Committee Liaison, Board Services*  
Malou Balones, *Board Liaison, Board Services*  
Linda Merkens, *Manager, Board Services*

**APPROVED BY**

  
Christina Deh-Lee, *ECAC Chair*  
Date 9/13/17