



Accreditation of Medi-Cal, Healthy Kids  
and Healthy Families Program.



**L.A. Care**  
HEALTH PLAN®

## BOARD OF GOVERNORS MEETING # 239

October 2, 2014 • 2:00 PM

L.A. Care Health Plan

1055 W. 7<sup>th</sup> Street, 10<sup>th</sup> Floor, 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. With more than 1.3 million members in seven 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 \$132 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 eleven Regional Community Advisory Committees (governed by an Executive Community Advisory Committee), health promoters, and three 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 1<sup>st</sup> Health Plan, and Kaiser Permanente. Since 2012, L.A. Care has enrolled more than 170,000 Seniors and Persons with Disabilities as members, and as of January 1, an additional 164,000 Healthy Way LA members transitioned to L.A. Care's Medi-Cal program. 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. Currently, more than 20,000 Los Angeles County residents have enrolled in the L.A. Care Covered program.
- **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.
- **Healthy Families Program** – Healthy Families, California's Children's Health Initiative Program, provides health coverage to children who do not qualify for Medi-Cal but whose families cannot afford private health insurance.
- **L.A. Care's Healthy Kids (0-5)** – Sponsored by First 5 LA and the Children's Health Initiative of Greater Los Angeles, Healthy Kids (0-5) provides health coverage for children who do not qualify for Medi-Cal and Healthy Families.
- **L.A. Care Health Plan Medicare Advantage (HMO SNP)** – The L.A. Care Medicare Advantage (HMO SNP) 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 No. 239**

**Thursday, October 2, 2014, 2:00 P.M.**

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

- I. **Welcome** Thomas Horowitz, D.O.  
*Chair*
  
- II. **Approve today’s meeting agenda** *Chair*
  
- III. **Public Comment** *Chair*
  
- IV. **Approve September 4, 2014 meeting minutes** *Chair* **P.6**
  
- V. **Approve Consent Agenda Items** *Chair*
  - 1. Ratify Amendment to the Medi-Cal Contract Between L.A. Care and the State Department of Health Care Services **(EXE 100)** **P.23**
  - 2. Amendments to Accounting & Financial Services Policy and Procedure AFS-002 (Capital Assets) **(FIN 100 )** **P.54**
  - 3. Invest in Los Angeles County Pooled Investment Fund (LACPIF) **(FIN 101)** **P.63**
  - P.70** 4. Annual Investments Policy **(FIN 102)**
  - 5. Existing Vendor Contracts for ICD-10 **(FIN 103)** **P.89**
  - 6. Eplus Contract **(FIN 104)** **P.91**
  - 7. Oracle America, Inc. Contract Amendment **(FIN 105)** **P.92**
  - 8. Flextech, Inc. Contract **(FIN 106)** **P.93**
  - 9. Infosys Public Service Contract Amendment **(FIN 107)** **P.94**
  - P.95** 10. Ansafone and CareCall, Inc. Contracts **(FIN 108)**
  - 11. JAR Insurance Services Contract Amendment **(FIN 109)** **P.96**
  - 12. APS Healthcare, Inc. Contract Amendment **(FIN 110)** **P.97**
  - 13. Community Clinics Association of Los Angeles County Contract **(FIN 111)** **P.99**
  - 14. Health Services Advisory Group Contract Amendment **(FIN 112)** **P.100**
  - P.102** 15. Inovalon Contract Amendment **(FIN 113)** **P.101**
  - 16. Prequalified Vendor List **(FIN 114)**
  - 17. Object Health, LLC Contract **(FIN 115)** **P.104**
  - 18. Ratify RCAC Chair and Vice Chair Elections **(ECA 100)** **P.105**
  - 19. Ratify RCAC Membership **(ECA 101)** **P.106**
  
- VI. **ADJOURN TO CLOSED SESSION** (Est. time: 50 mins.) *Chair*
  - A. **CONTRACT RATES**  
Pursuant to Welfare and Institutions Code Section 14087.38(m)
    - Plan Partner Rates
    - Provider Rates
    - DHCS Rates
  
  - B. **REPORT INVOLVING TRADE SECRET**  
Pursuant to Welfare and Institutions Code Section 14087.38(n)  
Discussion Concerning New Product Lines  
*Estimated date of public disclosure: October 2016*
  
  - C. **CONFERENCE WITH LABOR NEGOTIATOR**  
Pursuant to Section 54957 of the Ralph M. Brown Act  
Agency Negotiator: Howard A. Kahn  
Unrepresented Employee: All L.A. Care Employees
  
  - D. **PUBLIC EMPLOYMENT**

Pursuant to Section 54957 Ralph M. Brown Act  
Title: Chief Executive Officer

- VII. RECONVENE IN OPEN SESSION** *Chair*
- VIII. Chairperson's Report** *Chair*
- IX. Chief Executive Officer Report** **P.107** Howard A. Kahn  
*Chief Executive Officer*
- X. Approve Motion for Consideration** *Chair*
- Weiser Mazars, LLP Contract (**BOG 100**) **P.111**
- XI. Committee Reports**
- A. Executive Committee Thomas Horowitz, D.O., *Chair*
1. Government Affairs Update Cherie Fields  
*Director, Government Affairs*
  - P.112** 2. Approve Community Health Investment Fund Jonathan Freedman  
(CHIF) Grant to Northeast Valley Health Corporation *Chief of Strategy, Regulatory and External Affairs*  
(NEVHC (**EXE 101**)).
- B. Finance & Budget Committee Michael Rembis, *Chair*
- P.120** 1. Approve Financial Report (**BOG 101**) Tim Reilly  
*Chief Financial Officer*
  - P.136** 2. August Investment Transactions Report Tim Reilly
  - P.145** 3. Core System Update Tom Schwaninger, *Chief Information Officer*
- P.164** C. Compliance & Quality Committee G. Michael Roybal, MD, MPH  
*Chair*
- D. Services Agreement Committee Meeting
- XII. Advisory Committee Reports**
- P.170** A. Children's Health Consultant Advisory Committee Gertrude S. Carter, MD, *Chief Medical Officer*
- P.174** B. Executive Community Advisory Committee Hilda Perez, *Consumer Board Member*  
Ozzie Lopez, *Board Member Advocate*  
*Chair*
- XIII. Adjournment**

**The next meeting is scheduled for November 6, 2014.**

The order of items appearing on the agenda may change during the meeting. Teleconference arrangements may change prior to the meeting. Those planning to participate by telephone should confirm with L.A. Care Board Services prior to the meeting.

Please keep your comments to three minutes or less.

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 ONLY 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.*

**Board of Governors**  
**General Meeting # 238**  
**Meeting Minutes – September 4, 2014**

L.A. Care Health Plan Conference Room 1018-1019  
 1055 W. Seventh Street, Los Angeles, CA 90017



**Members**

Thomas Horowitz, DO, *Chairperson*  
 Mark Gamble, *Vice Chairperson*  
 Michael A. Rembis, FACHE, *Treasurer*  
 Louise McCarthy, *Secretary\**  
 Thomas S. Klitzner, MD, PhD\*  
 Jann Hamilton Lee  
 Alexander K. Li, MD

Ozzie Lopez, MPA  
 Supervisor Gloria Molina\*  
 Hilda Perez  
 G. Michael Roybal, MD, MPH  
 Sheryl Spiller  
 Walter A. Zelman, PhD\*  
 \*absent; \*\* via telephone

**Management/Staff**

Howard A. Kahn, *Chief Executive Officer*  
 Trudi Carter, MD, *Chief Medical Officer*  
 Jonathan Freedman, *Chief of Strategy, Regulatory & External Affairs*  
 Augustavia J. Haydel, Esq., *General Counsel*  
 Tim Reilly, *Chief Financial Officer*  
 Tom Schwaninger, *Chief Information Officer*  
 John Wallace, *Chief Operating Officer*

<b>AGENDA ITEM/PRESENTER</b>	<b>MOTIONS / MAJOR DISCUSSIONS</b>	<b>ACTION TAKEN</b>
<b>CALL TO ORDER</b>  Thomas Horowitz, DO,	Thomas Horowitz, DO, <i>Chairperson</i> , called the meeting to order at 2:07 p.m.  Chair Horowitz announced that the public may address the Board on the matters listed on the agenda before or during the Board’s consideration of the item, and on any other matters during the public comment section. Mr. Olakunle Arowolo, from Aerotek, introduced himself.	
<b>APPROVAL OF MEETING AGENDA</b>  Thomas Horowitz, DO	There was no objection from Board Members to Chair Horowitz’ proposal to delegate consideration of item 1 on the Consent Agenda: Kenny-Edelman Contract to support Department of Health Services (DHCS) (BOG 100), to the Services Agreement Committee due to potential conflicts of interest.  The meeting Agenda was approved as amended.	<b>Approved unanimously. 7 AYES (Gamble, Hamilton Lee, Horowitz, Li, Lopez, Perez and Spiller).</b>
<b>PUBLIC COMMENT</b>	There was no public comment.	
<b>ACCEPTANCE OF MINUTES OF MEETING</b>  Thomas Horowitz, DO	The minutes of the July 10, 2014 meeting were approved as submitted.	<b>Approved unanimously. 7 AYES</b>

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
<b>APPROVAL OF CONSENT AGENDA</b>  Thomas Horowitz, DO	<ol style="list-style-type: none"> <li>1. Kenny-Edelman Contract to support Department of Health Services <b>(BOG 100)</b> <i>Consideration of the above item 1 was delegated to the Services Agreement Committee (see previous action Approval of Meeting Agenda).</i></li> <li>2. Quarterly Investment Report <b>(FIN 100)</b></li> <li>3. Office Ally Contract Amendment <b>(FIN 101)</b></li> <li>4. Healthx Contract Amendment <b>(FIN 102)</b></li> <li>5. Interpreting Services International (ISI) Contract <b>(FIN 103)</b></li> <li>6. Salesforce Contract and Implementation Vendor Contract Amendment <b>(FIN 104)</b></li> <li>7. Maricich Healthcare Communications Contract <b>(FIN 105)</b></li> <li>8. Disaster Recovery/Business Continuity Services Contract <b>(FIN 106)</b></li> <li>9. 2014 Compliance Program, 2014 Code of Conduct, 2014 Compliance Auditing and Monitoring Plan <b>(COM 100)</b></li> <li>10. 2015 Board and Committee Meeting Schedule <b>(GOV 100)</b></li> <li>11. RCAC Members <b>(ECA 100)</b></li> <li>12. CHCAC Member <b>(CHC 100)</b></li> </ol>	<p><b>The Consent Agenda (items 2-12) was approved unanimously as presented. 7 AYES</b></p>
<b>ADJOURN TO CLOSED SESSION</b>  Thomas Horowitz, DO	<p>Augustavia Haydel, Esq., <i>General Counsel</i>, announced the following items to be discussed in closed session, and she announced that no report on the closed session is expected. The Board adjourned to a closed session at 2:10 p.m.</p> <p><i>(Members Rembis and Roybal joined the meeting.)</i></p> <p>A. 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>B. REPORT INVOLVING TRADE SECRET Pursuant to Welfare and Institutions Code Section 14087.38(n) Including Discussion Concerning New Product Lines <i>Estimated date of public disclosure: September 2016</i></p> <p>C. CONFERENCE WITH REAL PROPERTY NEGOTIATORS Section 54956.8 of the Ralph M. Brown Act Property: 1055 West 7th Street, Los Angeles Agency Negotiator: Howard A. Kahn Negotiating Parties: Jamison Properties, 1055 West Seventh, LLC</p>	

DRAFT- Not yet reviewed by Board

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p>Under Negotiation: Price and Terms of Payment</p> <p>D. CONFERENCE WITH REAL PROPERTY NEGOTIATORS  Property: 1200 West 7th Street, Los Angeles  Agency Negotiator: Howard A. Kahn  Negotiating Parties: Jason L. Warner, Managing Director of Jones Lang LaSalle; Charter Holdings, Inc.; RML Leasing Corp., Wells Fargo Bank  Under Negotiation: Price and Terms of Payment</p> <p>E. PUBLIC EMPLOYMENT  Pursuant to Section 54957 Ralph M. Brown Act  Title: Chief Executive Officer</p>	
<b>RECONVENE IN OPEN SESSION</b> Thomas Horowitz, DO	<p>The Board reconvened in open session at 3:50 p.m.</p> <p>There was no report on any action taken during the closed session.</p>	
<b>CHAIRPERSON'S REPORT</b> Thomas Horowitz, DO	<p>There was no report from the Chairperson.</p>	
<b>CHIEF EXECUTIVE OFFICER'S REPORT</b> Howard A. Kahn	<p>Howard A. Kahn, <i>Chief Executive Officer</i>, reported that:</p> <ul style="list-style-type: none"> <li>• Handouts available: L.A. Care's <i>Live Well</i> newsletter, information about upcoming community meetings for the Coordinated Care Initiative and announcement about CareHarbor LA (<i>a copy can be obtained by contacting Board Services</i>).</li> <li>• Additional materials provided to Board Members included a press release about L.A. Care's contract with Cedars Sinai, a legislative matrix, and information about Proposition 45.</li> <li>• L.A. Care and its Plan Partners enrolled more than 60,000 members as of September 1; 48,000 enrolled in the directly contracted network (MCLA). It is believed that the high enrollment is due to resolving backlog applications for Medi-Cal and expedited enrollment through the CalFresh program. Member Spiller noted that much of the enrollment backlog was relieved, but a large number still exist. Los Angeles County Department of Public and Social Services (DPSS) is carefully reviewing member enrollment status and has not taken negative action on renewals, to avoid disruption in services for Medi-Cal members.</li> </ul>	

DRAFT- Not yet reviewed by Board



AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p><u>Coordinated Care Initiative (CCI)/Cal MediConnect (CMC)</u></p> <ul style="list-style-type: none"> <li>• L.A. Care membership in CMC is over 5,000.</li> <li>• The Los Angeles County Medical Association and other organizations have filed a lawsuit in state court against the Department of Health Care Services (DHCS) to halt implementation of the CCI.</li> <li>• A preliminary ruling denied the request for an injunction, and the request was revised to a temporary stay to stop enrollment going forward based upon plaintiffs’ charge that the notices to beneficiaries were deficient.</li> <li>• A similar lawsuit has been filed today in federal court. Staff will report on that at a future meeting.</li> <li>• Covered California 2015 rates were announced.</li> <li>• L.A. Care Covered will be offered in the 2015 Exchange. <ul style="list-style-type: none"> <li>○ Kaiser and Molina reduced their rates.</li> <li>○ L.A. Care remains among the lowest priced plans in the Bronze tier and fourth in price in the Silver tier.</li> <li>○ Rates are more closely grouped together for 2015.</li> </ul> </li> <li>• Enrollment period will be November 15, 2014 through February 15, 2015.</li> </ul> <p>Jonathan Freedman, <i>Chief of Strategy, Regulatory and External Affairs</i>, reported:</p> <ul style="list-style-type: none"> <li>• Covered California announced activities to notify consumers of renewal processes with an ad campaign. Health plans will be able to conduct outreach to members for renewal. There will be additional effort for hard to reach populations. There is also an initiative to resolve issues for about 100,000 Covered California participants who have not provided sufficient documentation in order to continue their eligibility. L.A. Care Covered is reaching out to its members that may need to cure a documentation problem. Legal immigration status is necessary to participate in Covered California and to receive federal premium subsidies. Mr. Kahn added that plans are required to offer a product outside of the Exchange that “mirrors” LA Care Covered, and people who cannot provide proper documentation for LA Care Covered can enroll in that mirror product without federal premium subsidy.</li> </ul> <p>Mr. Kahn reported that L.A. Care has submitted required documents in response to the final audit report from Centers for Medicare and Medicaid Services (CMS) and the corrective action plans were accepted. The corrective action plans must be implemented within three</p>	

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AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	months. L.A. Care is well on the way of implementing those corrective action plans.	
<b>Operations Report</b>  John Wallace	<p>Mr. Wallace referred to the Claims section in the Operations Report included with the meeting materials. He explained the auto-adjudication (claims that are not reviewed by staff) process to clarify the reported claims payment rate. The rate of claims put in the new QNXT system auto-adjudications is nil because all claims processed through QNXT are also reviewed by claims staff to ensure accuracy. He noted that Alameda Alliance has been placed under conservatorship, in part because of problems in timely payment of claims. It had more than 300,000 claims on hand. By contrast, L.A. Care has about 26,000 claims on hand daily. He also noted that that Alameda Alliance membership is just 1/3 the size of L.A. Care, and the claims it pays are not as complicated as those paid by L.A. Care.</p> <p>He described three characteristics of L.A. Care claims processing that can delay payment:</p> <ol style="list-style-type: none"> <li>1. Complicated nature of L.A. Care provider contracts includes stop loss, not to exceed amounts, percent of billed charges or percent over invoice. Many of these require adjudication by a staff member. QNXT will be able to process these types of claims automatically.</li> <li>2. Authorizations for services to L.A. Care members can be approved by other parties, including Independent Physician Associations (IPA). These can be received late. Performance guarantees have been added to the provider contracts which outline financial risk arrangements to help ensure prompt and correct authorizations.</li> <li>3. L.A. Care receives misdirected claims very late from delegated providers, which can put L.A. Care at risk due to the age of the claim.</li> </ol> <p>Mr. Wallace summarized that L.A. Care will be able to process more claims more effectively with QNXT, which will lower cost and improve accuracy. The goal is to reach an auto adjudication rate in the 80% range.</p>	
<b>3<sup>rd</sup> Quarter Organizational Performance Report</b>  Jonathan Freedman	<p>Jonathan Freedman, <i>Chief of Strategy, Regulatory &amp; External Affairs</i>, presented the 3<sup>rd</sup> Quarter Organizational Performance Report included with the materials for this meeting. Performance is on track in most areas. HEDIS and CAHPS scores are slightly lower than the goals. He noted that employee turnover is modestly higher than plan and primary care provider satisfaction measure was slightly lower than goal.</p>	
<b>CHIEF MEDICAL OFFICER'S REPORT</b>	<p><i>Dr. Carter's report was postponed to later in this meeting.</i></p>	
<b>MOTIONS FOR CONSIDERATION</b>		

DRAFT- Not yet reviewed by Board

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
Kenny-Edelman Contract to support Department of Health Services	<p><b><u>Motion BOG 100.0914*</u></b> To authorize L.A. Care to enter into contracts with Michael S. Kenny &amp; Company adding \$225,000 (total contract not to exceed \$523,755) and with Daniel J. Edelman, Inc. adding \$75,000 (total contract not to exceed \$174,500) from September 8, 2014 through March 31, 2015, for professional consulting services to support the Los Angeles County Department of Health Services.</p>	<p><i>This motion was delegated to the Services Agreement Committee due to potential conflicts of interest.</i></p>
Ansafone Contract Amendment	<p>Mr. Wallace presented a motion to amend the Ansafone contract adding \$2,575,000 for outbound support through the existing contract term ending January 31, 2015. The total contract amount will be \$15.3 million. A request for proposal (RFP) process is underway, and staff will report the results at a future meeting.</p> <p><b><u>Motion BOG 101.0914</u></b> To authorize staff to amend a contract with Ansafone Communications adding \$2,575,000 for call center support services through January 31, 2015. Total contract amount not to exceed \$15,353,000.00</p>	
Dickerson Employee Benefit Insurance Services Contract Amendment	<p>Mr. Wallace presented a motion to request additional funding and amend the existing contract to add \$400,000 with Dickerson for broker services for L.A. Care Covered.</p> <p><b><u>Motion BOG 102.0914</u></b> To authorize staff to amend a contract with Dickerson Employee Benefit Insurance Services adding \$400,000 (total contract not to exceed \$650,000) through September 30, 2015, for enrollment support for the L.A. Care Covered line of business.</p>	
Contracts Amendment: Vendors for Temporary Labor	<p>Tim Reilly, <i>Chief Financial Officer</i>, presented a motion requesting approval to authorize staff to execute contract amendments with temporary staff vendors for \$2.5 million during this transition and rapid growth period along with implementation of large projects, requiring additional temporary staff. Mr. Reilly informed board members that the need for temporary staff will be reduced as the new programs mature. Mr. Kahn added that all health plans are staffing up quickly, which affects the employment market. Mr. Reilly noted that staff is reviewing organizational efficiencies in this area. Mr. Kahn added that a salary survey is also being conducted to also address possible hiring impediments.</p> <p><b><u>Motion BOG 103.0914</u></b> To authorize staff to amend contracts with existing temporary staffing vendors, for a total amount not to exceed \$2,553,158 through September 30, 2014.</p>	<p>Motions BOG 101, 102, 103 104, 105, 106 and 107 were simultaneously approved unanimously. 9 AYES (Gamble, Hamilton Lee, Horowitz, Li, Lopez, Perez, Rembis, Roybal and Spiller).</p>

DRAFT- Not yet reviewed by Board

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
<b>FY 2013-24 Community Health Investment Fund (CHIF) Ad Hoc Grants</b>	<p>Mr. Freedman presented four Community Health Investment Fund (CHIF) ad hoc grant recommendations. The fund was budgeted at \$5 million, divided into several categories to focus L.A. Care’s grant program. To date, the Board has approved grants totaling \$3.2 million. The following grants respond to unique beneficial activities within the community.</p> <p><b><u>Motion BOG 104.0914</u></b>  <b>To approve a \$60,000 ad hoc planning grant to The Achievable Foundation to help obtain Special Population designation for developmentally disabled populations from the Health Resources and Services Administration (HRSA).</b></p> <p><b><u>Motion BOG 105.0914</u></b>  <b>To approve a \$125,000 award to the Antelope Valley Community Clinic to renovate and expand urgent, medical and dental care clinical spaces at the Lancaster Health and Wellness clinic.</b></p> <p><b><u>Motion BOG 106.0914</u></b>  <b>To approve a \$200,000 award to the Corporation for Supportive Housing to reduce re-hospitalization rates of L.A. Care Health Plan members who are homeless and \$50,000 for the hiring of independent consultant to assess the needs and resources available to this L.A. Care member population. Both requests total \$250,000.</b></p> <p>Mr. Freedman noted that staff is reviewing the possibility that the above grant could be allocated as medical care expense going forward.</p> <p><b><u>Motion BOG 107.0914</u></b>  <b>To approve up to \$150,000 for a planning grant that involves stakeholders to adapt and integrate the existing Multipurpose Senior Services Program (MSSP) into an L.A. Care benefit.</b></p> <p>The planning grant represents an investment for L.A. Care to better use the capabilities and strengths and to better manage the MSSP program going forward.</p>	
<b>STANDING COMMITTEE REPORTS</b>		
<b>EXECUTIVE COMMITTEE</b>  Thomas Horowitz, DO	The Executive Committee met on July 16. <i>(Minutes of the meeting can be obtained by contacting Board Services).</i> The Committee approved a motion to remove the “cash out” option for employee paid time off. A motion to authorize a vendor contract for employee benefits was also approved.	

DRAFT- Not yet reviewed by Board

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
<p><b>Government Affairs Update</b></p> <p>Cherie Fields</p>	<p>Cherie Fields, <i>Director of Government Affairs</i>, referred to the report on legislation that Government Affairs staff is tracking, some of which are now on the Governor's desk or already have been chaptered into law (<i>a copy of the list can be obtained by contacting Board Services</i>) for this legislative session.</p> <p><u>State</u></p> <p>The two-year legislative session has ended. There were no significant health care related bills and no surprises in the final days. The Governor has until September 30 to take action on bills.</p> <p>Three bills that are on the Governor's desk for action for which L.A. Care has a support position:</p> <ul style="list-style-type: none"> <li>• SB 18 (Leno) requires California Department of Health Care Services to accept a \$6 million contribution from The California Endowment to provide Medi-Cal renewal assistance funding and training to community based organizations. This was included as a budget proposal in the Governor's May Revise but the Legislature did not include it in the final Budget sent to the Governor; most likely because the funding could increase Medi-Cal enrollment.</li> <li>• SB 1002 (De Leon) requires DHCS to use CalFresh eligibility as a determinant for Medi-Cal eligibility. A second statewide mailing will be sent to approximately 350,000 CalFresh enrollees notifying them of Medi-Cal eligibility and offering an expedited Medi-Cal enrollment process.</li> <li>• SB 1341 (Mitchell) requires that the system of record for Medi-Cal eligibility determination will be California Statewide Automated Welfare System (SAWS) instead of CalHEERS due to problems with CalHEERS. CalHEERS will be used to determine Medi-Cal eligibility but actual enrollment will be done using SAWS.</li> </ul> <p>There have been media reports regarding members that had enrolled in Covered California being disenrolled from the Exchange and retroactively enrolled to Medi-Cal without their knowledge. Covered California has not confirmed how many members were impacted. It is expected to continue. According to media reports, these Covered California enrollees paid for deductibles, copays, and some even met their annual out of pocket limit under the Covered California plan. It was not reported if the members could recoup the out of pocket costs, as they would have been eligible for Medi-Cal. Member Spiller stated that DPSS was receiving as many as 1,000 notifications each day regarding disenrollment of Covered California members that are eligible for Medi-Cal. Member Spiller reported that L.A. County is receiving approximately 1,000 of these types of enrollees per day.</p>	

DRAFT- Not yet reviewed by Board

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p><u>Federal</u>  Medi-Cal managed care plans pay a 2.35% gross premium sales tax. The revenue, matched with federal funds, is used to help fund the Medi-Cal program. It is significant revenue for the 2014 fiscal year. Sales taxes (similar to California's gross premium sales tax) that apply to a subset of health care services or providers are prohibited under federal law. The Centers for Medicare and Medicaid Services (CMS) recently issued a letter indicating states will need to make changes to their tax structure to achieve compliance no later than the end of their next regular legislative session, September 2016 for California. CMS and congressional leaders understand that states rely on provider tax to provide additional funding for Medi-Cal programs. Discussions over the next couple of years will focus on identifying potential funding sources to continue to fund the Medicaid program.</p> <p>Congress returns to the Capitol next week after a five week recess. They will be in Washington for about 10 days between now and Election Day in November. The most significant piece of legislation that will make it to the President's desk will be the continuing budget resolution.</p> <p>Mr. Freedman provided a summary report regarding Proposition 45. The proposition will put health insurance rates for the individual market under purview of the California Insurance Commissioner. This is not for employer based insurance. The Proposition is polling at about 70% support among voters. There are implications for Covered CA in the rate approval process timeline for the Insurance Commissioner to review rates concurrently with the open enrollment for the exchange.</p>	
<b>FINANCE &amp; BUDGET COMMITTEE</b>  Michael Rembis	Michael Rembis, <i>Committee Chairperson</i> , reported that the Finance & Budget Committee met on July 16, 2014. ( <i>Minutes of the meeting can be obtained by contacting Board Services.</i> )  In addition to motions approved earlier on today's Consent Agenda, the Committee approved a contract with Wakely Consulting Group and expenditures with Mintz Levin law firm which do not require Board approval.	
<b>Motions approved under the Consent Agenda</b>	<u><b>Motion FIN 100.0914*</b></u> <b>To accept the Investment Report for the quarter ended June 30, 2014, as submitted.</b>  <u><b>Motion FIN 101.0914*</b></u> <b>To authorize staff to amend a contract with Office Ally for an amount of \$276,000 (total contract not to exceed \$678, 000) for electronic data interchange services through April</b>	<b>FIN 100, 101, 102, 103, 104, 105 and 106 were approved</b>

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AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p>30, 2015.</p> <p><u>Motion FIN 102.0914*</u> To authorize staff to amend a contract with Healthx adding \$316,480 (total contract not to exceed \$559,220) for support of L.A. Care Covered Member Portal Solution Platform through August 31, 2016.</p> <p><u>Motion FIN 103.0914*</u> To approve staff to execute a contract with Interpreting Services International to provide translation and face-to-face interpreting services in the amount of \$438,000 from November 1, 2014 to October 31, 2015.</p> <p><u>Motion FIN 104.0914*</u> To approve a contract for \$121,500 with Salesforce for Service Cloud- Enterprise Edition licenses and support through July 14, 2017 and a contract amendment with an existing IT vendor adding \$200,000 for Salesforce implementation through December 31, 2014.</p> <p><u>Motion FIN 105.0914*</u> To authorize staff to amend a contract with Maricich Healthcare Communications in a total amount not to exceed \$4,600,000 for the period of August 1, 2014 through July 31, 2015.</p> <ul style="list-style-type: none"> <li>• \$4,000,000 for L.A. Care Covered marketing, advertising and media;</li> <li>• \$600,000 for L.A. Care’s Medicare Advantage Dual Eligible Special Needs Plan (“D-SNP”) member materials.</li> </ul> <p><u>Motion FIN 106.0914*</u> To approve delegation of expenditure authority to Howard A. Kahn, CEO, to execute a contract as follows:</p> <ol style="list-style-type: none"> <li>1) Not to exceed \$500,000 for a vendor yet to be determined for disaster recovery and business continuity services for two years through October 31, 2016, contingent upon final approval by the Chairperson and Treasurer of L.A. Care’s Board of Governors of the contract with the selected vendor, and,</li> <li>2) In the event that the existing vendor is selected through an RFP process, to extend the existing contract for two years</li> </ol>	<p>unanimously earlier in this meeting on the Consent Agenda. 7 AYES</p>
Financial Report	Tim Reilly, <i>Chief Financial Officer</i> , provided the following highlights for the period ending in June, 2014. He indicated that financial reporting has been temporarily delayed because the	

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AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
Tim Reilly	<p>Board did not meet in August, 2014.</p> <ul style="list-style-type: none"> <li>• Through the first nine months of the fiscal year L.A. Care had a revenue surplus of \$44 million, or 1.6% of revenue. This is favorable to budget.</li> <li>• There is a loss for the month of June related to a number of factors. Performance is expected to be break even for the next few months as L.A. Care's new products continue to grow with enrollment that is not as profitable.</li> <li>• It is expected that L.A. Care will end the fiscal year with an overall performance that will be favorable to budget.</li> <li>• Performance by product line is consistent with past performance. Plan Partner and L.A. Care directly contracted lines of business show a surplus for June.</li> <li>• Other products including Covered California are showing breakeven or slightly negative performance.</li> </ul> <p><b><u>Motion BOG 108.0914</u></b>  <b>To accept the Financial Report for the nine months ended June 30, 2014, as submitted.</b></p>	<p><b>Approved unanimously</b>  <b>9 AYES</b></p>
<p><b>Operating &amp; Capital Budget 2014-2015</b></p> <p>Tim Reilly</p>	<p>Mr. Reilly provided a brief review of the proposed Operating and Capital Budget for FY 2014-15 which included risks and uncertainty in rates. Mr. Kahn indicated for the benefit of the members of the public present, there are a number of issues in the proposed Budget related to rates and trade secrets which were discussed during the closed session earlier in this meeting. Mr. Reilly will present those items which can be publicly discussed.</p> <p>Mr. Reilly reviewed the summary of the proposed Budget and referenced the detail included in the materials for this meeting. He noted that the Budget indicates an estimate of 1.8 million members and revenue of \$6.6 billion, which are substantial increases. He anticipates that L.A. Care will end the year with a \$66 million surplus. There are a number of assumptions in the Budget. The current rates are applicable only through July 30, 2015.</p> <p>Mr. Kahn emphasized the projected substantial increase in enrollment to 1.8 million members in Los Angeles County, which has an overall population of about 10 million.</p> <p><i>Members Hamilton Lee, Li, Horowitz, Klitzner, McCarthy, Rembis, Roybal and Zelman 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>	

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AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p><i>All members listed:</i>  <i>Community Health Improvement Programs, including</i>  <i>Community Health Investment</i>  <i>HITEC-LA an HIT</i>  <i>eConsult</i>  <i>Sponsorships and Ad Hoc Grants</i>  <i>Tranquada Safety Net Program</i>  <i>Star Partners for Safety Net Clinics</i></p> <p><i>Members Hamilton Lee and McCarthy – Health Center Controlled Network Grant</i>  <i>Member Perez – Health Promoters/Promotoras Program</i></p> <p><b><u>Motion FIN 107.0914</u></b>  <b>To approve the proposed Operating and Capital Budget for FY 2014-2015, as submitted.</b></p>	<p><b>Unanimously Approved.</b>  <b>9 AYES, with Abstentions</b>  <b>as noted.</b></p>
<p><b>3<sup>rd</sup> Quarter Pre-Qualified Vendors Report</b>   Jonathan Freedman</p>	<p>Mr. Freedman referred the Board to his written report included in the meeting materials, which includes a summary of the pre-qualified vendors approved by the Board and two additional new vendors.</p>	
<p><b>COMPLIANCE &amp; QUALITY COMMITTEE</b>   G. Michael Roybal, MD</p>	<p>Chairperson Horowitz congratulated Member Roybal on his recent appointment by the Board of Supervisors to a second term on the Board of Governors.</p> <p>Committee Chairperson Roybal reported that the Compliance &amp; Quality Committee met on July 17, 2014. (<i>Minutes of the meeting can be obtained by contacting Board Services.</i>)</p> <ul style="list-style-type: none"> <li>• Denise Corley, <i>Compliance Officer</i>, reviewed audits performed on L.A. Care as well as audits performed by L.A. Care on its Plan Partner and Participating Provider Group Annual Audits.</li> <li>• The Committee reviewed and approved the 2014 Compliance Plan, 2014 Code of Conduct and 2014 Compliance Auditing and Monitoring Plan, included earlier under today's Consent Agenda.</li> <li>• Jim Banks, <i>Senior Director of Quality Improvement &amp; Health Assessments</i>, provided an update on L.A. Care's NCQA status. L.A. Care received three-year NCQA certifications at the Accreditation level (through July 10, 2017) for both Medi-Cal and L.A. Care Covered.</li> <li>• Linda Lee, <i>Director of Medicare Performance Management</i>, reported that reviews for HEDIS,</li> </ul>	

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AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	Part D measures, CAHPS, Health Outcomes Survey and administrative measures have been completed. L.A. Care's Star Rating is expected to be released in September 2014.	
Motion approved under the Consent Agenda	<b><u>Motion COM 100.0914*</u></b> <b>To approve the L.A. Care's 2014 Compliance Plan, 2014 Code of Conduct and 2014 Compliance Auditing and Monitoring Plan, as submitted.</b>	<b>Approved unanimously earlier in this meeting on the Consent Agenda.</b> <b>7 AYES</b>
<b>Revisions to Member Services Policy No. MS-003 (Member Assignment and Selection Process)</b>	Mr. Wallace presented a motion requesting approval to revise Member Services Policy MS-003 governing Medi-Cal member assignment. There were a number of changes, listed below: <ol style="list-style-type: none"> <li>1) Inclusion of assignment language and related definitions for the PASC-SEIU, L.A. Care Covered, Medi-Medi and Cal MediConnect members</li> <li>2) Assignment of members to Child Health and Disability Prevention (CHDP) certified General Practitioners and Internal Medicine providers.</li> <li>3) Assignment of Seniors and Persons with Disabilities (SPD) program members.</li> <li>4) Assignment of Medi-Cal Temporary Assistance to Needy Families (TANF) members to L.A. Care Medi-Cal Direct (MCLA) because Community Health Plan (CHP) was closed to new member enrollment on October 1, 2011.</li> <li>5) Assignment of Medi-Cal SPD and TANF members to Department of Health Services (DHS) facilities.</li> <li>6) Assignment of Medi-Cal members with Community-Based Adult Services (CBAS) benefits.</li> <li>7) Expansion of language related to prior affiliation to include contracted clinics, facilities, and Participating Provider Groups (PPGs).</li> <li>8) Removal of auto-assignment percentages not related to newly eligible, childless adult Medi-Cal members.</li> </ol> <b><u>Motion COM 101.0914</u></b> <b>To approve the revision of Member Services Policy MS-003 (Member Assignment and Selection Process), as attached.</b>	<b>Approved unanimously.</b> <b>9 AYES</b>
<b>GOVERNANCE COMMITTEE</b>	Chairperson Li reported that the Governance Committee met on July 25, 2014. <i>(Minutes of the meeting can be obtained by contacting Board Services.)</i>  <b><u>Motion GOV 100.0914*</u></b> <b>To approve the proposed schedule of meetings of the L.A. Care Board and its</b>	<b>Approved unanimously earlier in this meeting on</b>

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AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p><b>committees for the calendar year 2015, as attached.</b></p> <p><u>Coordinated Care Initiative (CCI)/Cal MediConnect (CMC) and RCAC/ECAC Updates</u></p> <ul style="list-style-type: none"> <li>• Auleria Eakins, <i>Manager, Community Outreach and Engagement</i>, reported on RCAC member recruitment and on a new approach to the CCI/CMC consumer advisory function. Input from community meetings held throughout Los Angeles County will be used to develop L.A. Care’s strategy for addressing the requirements. The Committee looks forward to hearing more about the community meetings.</li> <li>• Ms. Eakins also reported that RCAC members have been informed that changes to the RCAC/ECAC Operating Rules, including term limits for RCAC members and a limit of one voting RCAC member per household, may be revisited with the Governance Committee. RCAC members are discussing the changes at their RCAC meetings.</li> </ul> <p><u>Board Member Terms</u></p> <ul style="list-style-type: none"> <li>• Mr. Kahn reported on the member terms that will end this fall. Letters were sent to the nominating entities requesting their nominees for the Board of Governors: <ul style="list-style-type: none"> <li>○ Community Clinic Association of Los Angeles County</li> <li>○ Hospital Association of Southern California</li> <li>○ Los Angeles County Board of Supervisors</li> <li>○ American Academy of Pediatrics</li> </ul> </li> <li>• Nominations have been received for Members McCarthy, Gamble, and Rembis</li> <li>• Member Roybal has been reappointed.</li> </ul> <p>Mr. Kahn noted that Board member appointments are in process for the nominated members and a nomination is expected from the American Academy of Pediatrics.</p> <p><u>L.A. Care Board Nomination</u></p> <ul style="list-style-type: none"> <li>• The Board asked the Governance Committee to oversee an ad hoc committee which developed a process for recommending the first Board member to be nominated by the Board.</li> <li>• The Committee considered several candidates and interviewed three very strong candidates.</li> <li>• The Governance Committee approved nominating Hector de la Torre as a member of the Board.</li> </ul> <p>Chairperson Horowitz thanked the members of the ad hoc committee and reported that the Committee will be dissolved upon the appointment of Mr. De La Torre to the L.A. Care Board.</p>	<p><b>the Consent Agenda.</b></p> <p><b>7 AYES</b></p>

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AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p><b><u>Motion GOV 101.0914</u></b>  <b>To approve the nomination of Hector De La Torre to the L.A. Care Board of Governors to serve the remainder of a term ending October 31, 2016, and to direct staff to forward his nomination to the LA County Board of Supervisors for appointment.</b></p> <p>Mr. Kahn noted that this is the first time the L.A. Care Board of Governors has nominated a member of its own Board. Member Zelman will continue to serve on the Board until Mr. De La Torre is appointed by the Board of Supervisors.</p> <p><u>L.A. Care Board Officer Elections</u></p> <ul style="list-style-type: none"> <li>• The Committee discussed the timing of the election of officers for the Board: <ul style="list-style-type: none"> <li>○ There will be leadership changes this fall (new Board members and a new CEO) and keeping the current officers will provide stability during the transitional period.</li> <li>○ New Board members first meeting will be November, the usual meeting for officer elections.</li> <li>○ The Committee recommended delaying the elections this year so the new members will have time to get to know this Board.</li> <li>○ The Board has delayed officer elections in the past.</li> <li>○ The Committee recommends holding officer elections by May 2015, if the Board agrees with this delay in holding elections.</li> <li>○ A formal motion is not necessary.</li> <li>○ The Committee also discussed permanently changing the timing of officer elections and would like Board input.</li> </ul> </li> </ul>	<p>Approved unanimously.  <b>9 AYES</b></p>
<p><b>AUDIT COMMITTEE</b>   <b>G. Michael Roybal, MD</b></p>	<p>The Audit Committee met on July 24, 2014. <i>(A copy of the minutes is available by contacting Board Services.)</i></p> <ul style="list-style-type: none"> <li>• The Committee approved the proposed audit plan for fiscal year 2014-15.</li> <li>• The Committee anticipates reviewing a report on the audit in January 2015.</li> </ul>	
<p><b>CHIEF MEDICAL OFFICER'S REPORT</b>   <b>Gertrude S. Carter, MD</b></p>	<p><i>The report was postponed from earlier in this meeting.</i></p> <p>Gertrude S. Carter, MD, Chief Medical Officer, introduced Joan Byrd, the new Executive Director of Health Services, responsible for the following three departments: Medical Management, Grievances and Appeals, and Pharmacy. Ms. Byrd indicated she was very pleased to be back at L.A. Care.</p>	

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AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN									
<b>PUBLIC ADVISORY COMMITTEE REPORTS</b>											
<b>Executive Community Advisory Committee</b>	<p><i>There was no meeting of the Executive Community Advisory Committee since the July 10, 2014 Board meeting, so no report was provided at this meeting.</i></p> <p><b>Motion ECA 100.0914</b>  <b>To approve the following candidate(s) to the Regional Community Advisory Committees (RCAC) as reviewed by the Executive Community Advisory Committee (ECAC) during the July 9, 2014 ECAC meeting.</b></p> <table border="1" data-bbox="474 477 1604 691"> <thead> <tr> <th data-bbox="474 477 919 574">Name</th> <th data-bbox="919 477 1050 574">RCAC #</th> <th data-bbox="1050 477 1604 574">Type of Member (Agency, if applicable)</th> </tr> </thead> <tbody> <tr> <td data-bbox="474 574 919 633">AMPM Home Health Agency</td> <td data-bbox="919 574 1050 633">2</td> <td data-bbox="1050 574 1604 633">Provider</td> </tr> <tr> <td data-bbox="474 633 919 691">American Cancer Society</td> <td data-bbox="919 633 1050 691">4</td> <td data-bbox="1050 633 1604 691">Community Partners</td> </tr> </tbody> </table>	Name	RCAC #	Type of Member (Agency, if applicable)	AMPM Home Health Agency	2	Provider	American Cancer Society	4	Community Partners	<p><b>Approved unanimously earlier in this meeting on the Consent Agenda.</b>  <b>7 AYES</b></p>
Name	RCAC #	Type of Member (Agency, if applicable)									
AMPM Home Health Agency	2	Provider									
American Cancer Society	4	Community Partners									
<b>Children’s Health Consultant Advisory Committee</b>  Gertrude S. Carter, MD	<p>CHCAC met on July 15, 2014. <i>(A copy of the minutes is available by contacting Board Services.)</i></p> <ul style="list-style-type: none"> <li>The nomination of Dr. Clayton Chau as a Member of the Children’s Health Consultant Advisory Committee, for an undesignated seat for a 4-year term from July 2014 to July 2018 was approved by the Board today under the Consent Agenda.</li> </ul> <p><b>Motion CHC 100.0914*</b>  <b>To approve the nomination of Clayton Chau, M.D, as Member of the Children’s Health Consultant Advisory Committee, for an undesignated seat; for the first 4-year term from July 2014 to July 2018.</b></p> <ul style="list-style-type: none"> <li>The new strategy of the Committee is to hold small group discussions among three sub committees.</li> </ul> <p>In response to Member Perez’ question if membership of the committee has been established, Dr. Carter informed the Board members that the membership discussion will continue at future CHCAC meetings.</p> <p>Mr. Kahn asked Dr. Carter to comment about a meeting regarding the new Martin Luther King Jr. Hospital (MLK). Dr. Carter informed the Board that the meeting purpose was to introduce the new hospital to community organizations and advocates. During self-introductions, a consumer advocate made very positive comments about her longstanding</p>	<p><b>Approved unanimously earlier in this meeting on the Consent Agenda.</b>  <b>7 AYES</b></p>									

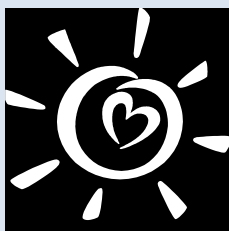
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AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	relationship with L.A. Care, Dr. Carter, and Elaine Batchlor, L.A. Care's former CMO.	
ADJOURNMENT	The meeting was adjourned at 5:00 p.m.	

Respectfully submitted by:  
Linda Merkens, *Manager*  
Malou Balones, *Committee Liaison*  
Hilda Stuart, *Committee Liaison`*

APPROVED BY: \_\_\_\_\_  
Louise McCarthy, *Secretary*  
Date Signed \_\_\_\_\_

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**L.A. Care**  
HEALTH PLAN

Board of Governors  
MOTION SUMMARY

**Date:** October 2, 2014

**Motion No.** EXE 100.1014

**Committee:** Executive

**Chairperson:** Thomas Horowitz, DO

**Issue:** Staff seeks ratification of the execution of Amendment No. 16 (“Amendment No. 16”) (Contract No. 04-36069 A16) to L.A. Care’s Medi-Cal Contract with the California Department of Health Care Services (“DHCS”). Amendment No. 16 incorporates the Managed Long-Term Services and Supports (“MLTSS”) provisions of Coordinated Care Initiative into the Medi-Cal Contract for L.A. Care’s current Cal MediConnect (“CMC”) members.

**Background:** As part of the Coordinated Care Initiative, certain MLTSS have been incorporated into the terms and conditions of the Medi-Cal Contract. L.A. Care is to provide long term care, in-home supportive services, the multipurpose senior services program and community based adult services. DHCS will compensate L.A. Care for such services.

Amendment No. 16 pertains to the CMC members for whose MLTSS L.A. Care became responsible beginning April 1, 2014. DHCS indicated it will be issuing a subsequent amendment to address MLTSS for L.A. Care’s Medi-Cal only members, partial dual eligible members, and dual eligible members excluded from CMC.

Because DHCS requested an expedited turnaround on the execution of Amendment No. 16, L.A. Care’s Chief Executive Officer executed Amendment No. 16 and returned it to DHCS with a reservation of rights to correct noted misstatements and errors. Staff, hereby, requests ratification of the execution of Amendment No. 16.

**Budget Impact:** Managed Long-Term Services and Supports (“MLTSS”) have been budgeted in the FY13-14 and FY14-15 Budgets.

**Motion:** To ratify the Chief Executive Officer’s execution of Amendment No. 16 to Contract 04-36069 (Medi-Cal Contract pertaining to the Coordinated Care Initiative Managed Long-Term Services and Supports into the Medi-Cal Program) between the California Department of Health Care Services and L.A. Care Health Plan, and to ratify any non-substantive changes to Amendment No. 16 which may be made or negotiated by the Chief Executive Officer and/or his designees.

STATE OF CALIFORNIA  
**STANDARD AGREEMENT AMENDMENT**  
 STD. 213A\_DHCS (Rev. 01/13)

Check here if additional pages are added: **29** Page(s)

Agreement Number <b>04-36069</b>	Amendment Number <b>A16</b>
Registration Number:	

1. This Agreement is entered into between the State Agency and Contractor named below:
 

State Agency's Name <b>Department of Health Care Services</b>	(Also known as DHCS, CDHS, DHS or the State)
Contractor's Name <b>L.A. Care Health Plan</b>	(Also referred to as Contractor)
2. The term of this Agreement is: **April 1, 2005 through December 31, 2015**
3. The maximum amount of this Agreement after this amendment is: **Budget Act Line Items 4260-601-0912 and 4260-601-0555**
4. The parties mutually agree to this amendment as follows. All actions noted below are by this reference made a part of the Agreement and incorporated herein:
  - I. **Amendment effective date:** April 1, 2014 or until approved by DGS (if DGS approval is required)
  - II. **Purpose of amendment:** This Amendment incorporates new language for the Managed Long-Term Services and Supports (MLTSS).
  - III. Certain changes made in this amendment are shown as: Text additions are displayed in **bold and underline**. Text deletions are displayed as strike through text (i.e., ~~Strike~~).

(Continued on next page)

All other terms and conditions shall remain the same.

**IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.**

<b>CONTRACTOR</b>		<b>CALIFORNIA</b> Department of General Services Use Only
Contractor's Name <i>(If other than an individual, state whether a corporation, partnership, etc.)</i> <b>L.A Care Health Plan</b>		
By <i>(Authorized Signature)</i> 	Date Signed <i>(Do not type)</i>	
Printed Name and Title of Person Signing <b>Howard Kahn, Chief Executive Officer</b>		
Address <b>1055 West 7<sup>th</sup> Street, 11<sup>th</sup> Floor Los Angeles, CA 90017</b>		
<b>STATE OF CALIFORNIA</b>		
Agency Name <b>Department of Health Care Services</b>		<input checked="" type="checkbox"/> Exempt per: <b>W&amp;I Code Section 14087.4</b>
By <i>(Authorized Signature)</i> 	Date Signed <i>(Do not type)</i>	
Printed Name and Title of Person Signing <b>Javier Portela, Acting Chief Operating Officer</b>		
Address <b>1501 Capitol Avenue, MS 4415, P.O. Box 997413 Sacramento, CA 95899-7413</b>		



IV. Exhibit A, Attachment 11, CASE MANAGEMENT AND COORDINATION OF CARE, is amended to read:

18. Excluded Services Requiring Member Disenrollment

Contractor shall continue to cover and ensure that all Medically Necessary services are provided to Members who must disenroll and receive the following services through the Medi-Cal FFS program until the date of disenrollment is effective.

A. Long Term Care (LTC)

~~Long-term care~~**Term Care** (LTC) is defined as care in a facility for longer than the month of admission plus one month. **With the exception of Full Benefit Dual Eligible Members,** LTC services are not covered under this Contract. **Contractor shall cover Medically Necessary LTC services provided to Full Benefit Dual Eligible Members in accordance with the requirements in Exhibit A, Attachment 24, Managed Long Term Services and Supports. For all other Members,** Contractor shall cover Medically Necessary ~~nursing care~~**LTC** provided from the time of admission and up to one month after the month of admission.

Contractor shall ensure that Members, other than Members requesting hospice services, **who are** in need of ~~nursing facility~~**LTC** services, are placed in a health care facility that provides the level of care most appropriate to the Member's medical needs. These health care facilities include Skilled Nursing Facilities, subacute facilities, pediatric subacute facilities, and Intermediate Care Facilities. Contractor shall base decisions on the appropriate level of care on the definitions set forth in Title 22 CCR Sections 51118, 51120, 51120.5, 51121, 51124.5, and 51124.6 and the criteria for admission set forth in Title 22 CCR Sections 51335, 51335.5, 51335.6, and 51334 and related sections of the Manual of Criteria for Medi-Cal Authorization referenced in Title 22 CCR Section 51003(e).

**V. Exhibit A, Attachment 17, REPORTING REQUIREMENTS, is amended to read:**

Contract Section	Requirement	Frequency
<b>Exhibit A - SCOPE OF WORK</b>		
<b>Attachment 1 ORGANIZATION AND ADMINISTRATION OF THE PLAN</b>		
2. A. Key Personnel (Disclosure Form)	Key Personnel (Disclosure Form)	Annually
<b>Attachment 2 FINANCIAL INFORMATION</b>		
2. Financial Audit Reports B. 1) <b>or</b> B. 2)	Annual certified Financial Statements and DMHC required reporting forms <b>or</b> Financial Statement	Annually
2. Financial Audit Reports B. 2)	Quarterly Financial Reports	Quarterly
4. Monthly Financial Statements	Monthly Financial Statements (If applicable)	Monthly
<b>Attachment 3 MANAGEMENT INFORMATION SYSTEM</b>		
2. Encounter Data Submittal C.	Encounter Data Submittal	Monthly
<b>Attachment 4 QUALITY IMPROVEMENT SYSTEM (QIS)</b>		
4. Quality Improvement Committee C.	Quality Improvement Committee meeting minutes	Quarterly
8. Quality Improvement Annual Report	Quality Improvement Annual Report	Annually
9. External Quality Review Requirements A. External Accountability Set (EAS) Performance Measures 2) b)	EAS Performance Measurement Rates	Annually
9. External Quality Review Requirements B. Under/Over-Utilization Monitoring	Reported rates	Annually
9. External Quality Review Requirements C. Quality Improvement Projects (QIPs)	QIP Proposals or Status Reports	Annually
10. Site Review E. Data Submission	Site Review Data	Semi-Annually
<b>Attachment 6 PROVIDER NETWORK</b>		
11. Provider Network Report	Provider Network Report	Quarterly
12. Plan Subcontractors	Plan Subcontractors Report	Quarterly

**L.A. Care Health Plan  
04-36069 A16**

Contract Section	Requirement	Frequency
<b>Attachment 9 ACCESS AND AVAILABILITY</b>		
13. Cultural and Linguistic Program C. Group Needs Assessment 4)	Group Needs Assessment Summary Report	Every 5 years
<b>Attachment 10 SCOPE OF SERVICES</b>		
5. Services for Members under Twenty- One(21) Years of Age B. Children's Preventive Services 5)	Confidential Screening/Billing Report Form, PM 160-PHP	Monthly
8. Services for All Members G. Pharmaceutical Services and Provision of Prescribed Drugs 2)	Report of Changes to the Formulary	Annually
<b>Attachment 12 LOCAL HEALTH DEPARTMENT COORDINATION</b>		
4. MOU Monthly Reports	Local Health Department - MOU's Local Mental Health - MOU's (If deemed necessary)	Monthly
<b>Attachment 13 MEMBER SERVICES</b>		
3. Call Center Reports	Call Center Reports	Quarterly
4. Written Member Information B.	Member Services Guide	Annually
<b>Attachment 14 MEMBER GRIEVANCE SYSTEM</b>		
3. Grievance Log and Quarterly Grievance Report	Grievance Report	Quarterly
<b>Attachment 15 MARKETING</b>		
3. Marketing Plan A.	Marketing Plan	Annually
<b>Attachment 16 ENROLLMENTS AND DISENROLLMENTS</b>		
1. Enrollment Program (Policy Letter 00-02)	Provider Directory	Semi- Annually
<b>Attachment 19 COMMUNITY BASED ADULT SERVICES (CBAS)</b>		
5. Required Reports for the CBAS Program A.	Provision of ECM Report	Quarterly
5. Required Reports for the CBAS Program B.	CBAS Enrollment Report	Quarterly
5. Required Reports for the CBAS Program C.	Addition to Call Center Report	Quarterly
5. Required Reports for the CBAS Program D.	Addition to Grievance Report	Quarterly

<b>Attachment 20 TRANSITION OF OPTIONAL TARGETED LOW-INCOME CHILD MEMBERS</b>		
1. <del>Continuity of Care</del> <b>2. Required Reports</b> A.	Continuity of Care Reports provided for Optional Targeted Low-Income Child Members	Monthly
2. Required Reports B.	Addition to Provider Network Report	Quarterly
2. Required Reports C.	Addition to Grievance Report	Quarterly
<b>Attachment 21 MENTAL HEALTH AND SUBSTANCE USE DISORDER BENEFITS</b>		
3. Provider Network Reports A.	Addition to the Provider Network Report	Quarterly
3. Provider Network Reports B.	Outpatient Mental Health Services Providers Report	Monthly
<b>Attachment 22 LOW INCOME HEALTH PROGRAM (LIHP) MEMBERS</b>		
2. Required Reports A.	Continuity of Care Reports	Monthly
2. Required Reports B.	Addition to the Provider Network Report	Quarterly
2. Required Reports C.	Addition to the Grievance Log and Quarterly Grievance Report	Quarterly
<b>Attachment 23 CAL MEDICONECT DUAL ELIGIBLE SPECIAL NEEDS PLANS</b>		
6. Provider Network Reports A.	The full Medi-Cal provider network Report	Initial
6. Provider Network Reports B.	Provider Capacity Report	Quarterly
6. Provider Network Reports C.	Report of Provider Deletions and Additions; Provider Not Accepting New Patients	Quarterly
<b>Attachment 24 MANAGED LONG-TERM SERVICES AND SUPPORTS (MLTSS)</b>		
<b>10. Required Reports for Long Term Services and Supports</b> <b>A.</b>	<b>Support and Retention of Community Placement</b>	<b>Quarterly</b>
<b>10. Required Reports for Long Term Services and Supports</b> <b>B.</b>	<b>Continuity of Care Requests</b>	<b>Monthly</b>
<b>10. Required Reports for Long Term Services and Supports</b> <b>C.</b>	<b>Addition to the Provider Network Report</b>	<b>Quarterly</b>

Contract Section	Requirement	Frequency
<b><u>10. Required Reports for Long Term Services and Supports</u></b> <b>D.</b>	<b><u>Addition to Call Center Reports</u></b>	<b><u>Quarterly</u></b>
<b><u>10. Required Reports for Long Term Services and Supports</u></b> <b>E.</b>	<b><u>Addition to Grievances and Appeals Report</u></b>	<b><u>Monthly</u></b>
<b>Exhibit B – BUDGET DETAIL AND PAYMENT PROVISIONS</b>		
12. Payment of AIDS Beneficiary Rates A. Compensation at the AIDS Beneficiary Rate (ABR) 1) c)	AIDS Beneficiary Rate (ABR) Invoice	Monthly

VI. Exhibit A, Attachment 18, IMPLEMENTATION PLAN AND DELIVERABLES, is amended to read:

**20. Managed Long-Term Services and Supports**

**Submit the following consistent with the requirements of Exhibit A, Attachment 24.**

- A. Submit executed Memoranda of Understanding, or documentation substantiating Contractor’s efforts to negotiate an agreement with the county In-Home Support Services (IHSS) office and IHSS Public Authority.**
- B. Submit policies and procedures for the provision of services at non-contracted Long Term Care (LTC) facilities.**
- C. Submit an addition to the policies and procedures related to provider training required in Provision 7 of this Attachment that includes key elements of operating a successful program for administering long term services and supports.**
- D. Submit policies and procedures for the provision of LTC and IHSS as Covered Services.**
- E. Submit policies and procedures for the provision of continuity of care through continued access to either a CBAS provider with whom there is an existing relationship for up to 12 months after Full Benefit Dual Eligible Member enrollment or an LTC provider with whom there is an existing relationship until December 31, 2016.**
- F. Submit policies and procedures for the risk stratification process conducted for Full Benefit Dual Eligible Members.**

**VII. Exhibit B, BUDGET DETAIL AND PAYMENT PROVISIONS, is amended to read:**

**4. Capitation Rates**

A. DHCS shall remit to Contractor a capitation payment each month for each Medi-Cal Member that appears on the approved list of Members supplied to Contractor by DHCS. The capitation rate shall be the amount specified below. The payment period for health care services shall commence on the first day of operations, as determined by DHCS. Capitation payments shall be made in accordance with the following schedule of capitation payment rates at the end of the month. For aid codes see DEFINITION, Eligible Beneficiary:

<b>For the period 01/01/11 – 05/31/11</b>		<b>Los Angeles</b>
<b>Groups</b>	<b>Aid Codes</b>	<b>Rate</b>
Adult & Family	01, 0A, 02, 03, 04, 06, 08, 30, 32, 33, 34, 35, 38, 39, 40, 42, 45, 46, 47, 54, 59, 72, 82, 3A, 3C, 3E, 3G, 3H, 3L, 3M, 3N, 3P, 3R, 3U, 3W, 4A, 4F, 4G, 4K, 4M, 5K, 7A, 7J, 7X, 8P, 8R, 86	\$122.63
Aged & Disabled Medi-Cal Only	10, 14, 16, 20, 24, 26, 36, 60, 64, 66, 1E, 1H, 6A, 6C, 6E, 6G, 6H, 6J, 6N, 6P, 6V, 2E, 2H	\$525.72
Disabled/Dual Eligible	20, 24, 26, 36, 60, 64, 66, 6A, 6C, 6E, 6G, 6H, 6J, 6N, 6P, 6V, 2E, 2H	\$130.87
Aged/Dual Eligible	10, 14, 16, 1E, 1H	\$125.57
Breast and Cervical Cancer Treatment Program (BCCTP)	0N, 0P	\$1,022.08
AIDS/Dual Eligible		\$216.10
AIDS/Medi-Cal Only		\$1,007.30
Maternity		\$5,656.38

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<b>For the period 06/01/11 – 06/30/11</b>		<b>Los Angeles</b>
<b>Groups</b>	<b>Aid Codes</b>	<b>Rate</b>
Adult & Family	01, 0A, 02, 03, 04, 06, 08, 30, 32, 33, 34, 35, 38, 39, 40, 42, 45, 46, 47, 54, 59, 72, 82, 3A, 3C, 3E, 3G, 3H, 3L, 3M, 3N, 3P, 3R, 3U, 3W, 4A, 4F, 4G, 4K, 4M, 5K, 7A, 7J, 7X, 8P, 8R, 86	\$122.63
Aged & Disabled Medi-Cal Only	10, 14, 16, 20, 24, 26, 36, 60, 64, 66, 1E, 1H, 6A, 6C, 6E, 6G, 6H, 6J, 6N, 6P, 6V, 2E, 2H	\$546.91
Disabled/Dual Eligible	20, 24, 26, 36, 60, 64, 66, 6A, 6C, 6E, 6G, 6H, 6J, 6N, 6P, 6V, 2E, 2H	\$130.87
Aged/Dual Eligible	10, 14, 16, 1E, 1H	\$125.57
Breast and Cervical Cancer Treatment Program (BCCTP)	0N, 0P	\$1,022.08
AIDS/Dual Eligible		\$216.10
AIDS/Medi-Cal Only		\$1,007.30
Maternity		\$5,656.38

<b>For the period 07/01/11 – 09/30/11</b>		<b>Los Angeles</b>
<b>Groups</b>	<b>Aid Codes</b>	<b>Rate</b>
Adult & Family	01, 0A, 02, 03, 04, 06, 08 , 30, 32, 33, 34, 35, 38, 39, 40, 42, 45, 46, 47, 54, 59, 72, 82, 3A, 3C, 3E, 3G, 3H, 3L, 3M, 3N, 3P, 3R, 3U, 3W, 4A, 4F, 4G, 4H, 4K, 4L, 4M, 4T, 5K, 7A, 7J, 7X, 8P, 8R, 86	\$125.35
Aged & Disabled Medi-Cal Only	10, 14, 16, 20, 24, 26, 36, 60, 64, 66, 1E, 1H, 6A, 6C, 6E, 6G, 6H, 6J, 6N, 6P, 6V, 2E, 2H	\$745.15
Disabled/Dual Eligible	20, 24, 26, 36, 60, 64, 66, 6A, 6C, 6E, 6G, 6H, 6J, 6N, 6P, 6V, 2E, 2H	\$131.04
Aged/Dual Eligible	10, 14, 16, 1E, 1H	\$125.54
Breast and Cervical Cancer Treatment Program (BCCTP)	0N, 0P	\$1,042.51
AIDS/Dual Eligible		\$216.06
AIDS/Medi-Cal Only		\$1,036.02
Maternity		\$5,656.38

<b>For the period 10/01/11-09/30/12</b>		<b>Los Angeles</b>
<b>Aid Group</b>	<b>Rates</b>	
Adult & Family	\$124.92	
Aged & Disabled/Medi-Cal Only	\$766.31	
Disabled/Dual Eligible	\$139.88	
Aged/Dual Eligible	\$129.85	
Breast and Cervical Cancer Treatment Program (BCCTP)	\$853.95	
AIDS/Dual Eligible	\$218.12	
AIDS/Medi-Cal Only	\$978.20	
Maternity	\$6,182.76	

<b>For the period 10/01/12-12/31/12</b>		<b>Los Angeles</b>
<b>Aid Group</b>	<b>Rates</b>	
Adult & Family	\$118.15	
Aged & Disabled/Medi-Cal Only	\$685.61	
Disabled/Dual Eligible	\$134.82	
Aged/Dual Eligible	\$122.03	
Breast and Cervical Cancer Treatment Program (BCCTP)	\$791.29	
AIDS/Dual Eligible	\$188.06	
AIDS/Medi-Cal Only	\$866.88	
Maternity	\$6,315.90	

<b>For the period 01/01/13-06/30/13</b>		<b>Los Angeles</b>
<b>Aid Group</b>	<b>Rates</b>	
Adult & Family	\$136.21	
Aged & Disabled/Medi-Cal Only	\$729.16	
Disabled/Dual Eligible	\$140.88	
Aged/Dual Eligible	\$127.27	
Breast and Cervical Cancer Treatment Program (BCCTP)	\$850.18	
AIDS/Dual Eligible	\$193.54	
AIDS/Medi-Cal Only	\$896.99	
Maternity	\$6,315.90	



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<b>For the period 07/01/13-09/30/13</b>		<b>Los Angeles</b>
<b>Aid Group</b>	<b>Rates</b>	
Adult & Family	\$138.46	
Aged & Disabled/Medi-Cal Only	\$741.21	
Disabled/Dual Eligible	\$143.21	
Aged/Dual Eligible	\$129.38	
Breast and Cervical Cancer Treatment Program (BCCTP)	\$864.22	
AIDS/Dual Eligible	\$196.74	
AIDS/Medi-Cal Only	\$911.82	
Maternity	\$6,420.28	

<b>For the period 10/01/13-12/31/13</b>		<b>Los Angeles</b>
<b>Aid Group</b>	<b>Rates</b>	
Adult & Family	\$139.01	
Aged & Disabled/Medi-Cal Only	\$791.47	
Disabled/Dual Eligible	\$254.64	
Aged/Dual Eligible	\$439.79	
Breast and Cervical Cancer Treatment Program (BCCTP)	\$857.28	
AIDS/Dual Eligible	\$191.87	
AIDS/Medi-Cal Only	\$916.39	
Maternity	\$6,463.34	

<b>Commencing For the period 01/01/14-03/31/14</b>		<b>Los Angeles</b>
<b>Aid Group</b>	<b>Rates</b>	
Adult & Family	\$110.19	
Aged & Disabled/Medi-Cal Only	\$701.14	
Disabled/Dual Eligible	\$250.52	
Aged/Dual Eligible	\$436.00	
Breast and Cervical Cancer Treatment Program (BCCTP) Medi-Cal Only	\$690.07	
AIDS/Dual Eligible	\$188.82	
AIDS/Medi-Cal Only	\$778.28	
Maternity	\$6,463.34	
Adult Expansion	\$556.41	
Maternity Expansion	\$7,566.73	

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<b><u>Commencing 04/01/14</u></b>		<b><u>Los Angeles</u></b>
<b><u>Aid Group</u></b>	<b><u>Rates</u></b>	
<b><u>Adult &amp; Family</u></b>	<b><u>\$110.19</u></b>	
<b><u>Aged &amp; Disabled/Medi-Cal Only</u></b>	<b><u>\$701.14</u></b>	
<b><u>Family/Dual Eligible</u></b>		
<b><u>Disabled/Dual Eligible</u></b>		
<b><u>Aged/Dual Eligible</u></b>		
<b><u>Long Term Care/Dual Eligible</u></b>		
<b><u>Breast and Cervical Cancer Treatment Program (BCCTP) Medi-Cal Only</u></b>	<b><u>\$690.07</u></b>	
<b><u>AIDS/Dual Eligible</u></b>		
<b><u>AIDS/Medi-Cal Only</u></b>	<b><u>\$778.28</u></b>	
<b><u>Maternity</u></b>	<b><u>\$6,463.34</u></b>	
<b><u>Adult Expansion</u></b>	<b><u>\$556.41</u></b>	
<b><u>Maternity Expansion</u></b>	<b><u>\$7,566.73</u></b>	

<b>For the period 01/01/13-03/31/13</b>		<b>Los Angeles</b>
<b>Groups</b>	<b>Rate</b>	
Optional Targeted Low-Income Child	\$77.17	

<b>For the period 04/01/13-06/30/13</b>		<b>Los Angeles</b>
<b>Groups</b>	<b>Rate</b>	
Optional Targeted Low-Income Child	\$79.22	

<b>For the period 07/01/13-07/31/13</b>		<b>Los Angeles</b>
<b>Groups</b>	<b>Rate</b>	
Optional Targeted Low-Income Child	\$80.53	

<b>For the period 08/01/13-12/31/13</b>		<b>Los Angeles</b>
<b>Groups</b>	<b>Rate</b>	
Optional Targeted Low-Income Child	\$81.97	

<b>For the period 01/01/14-06/30/14</b>		<b>Los Angeles</b>
<b>Groups</b>	<b>Rate</b>	
Optional Targeted Low-Income Child	\$84.28	

- B. If DHCS creates a new aid code that is split or derived from an existing aid code covered under this Contract, and the aid code has a neutral revenue effect for the Contractor, then the split aid code will automatically be included in the same aid code rate group as the original aid code covered under this Contract. Contractor agrees to continue providing Covered Services to the Members at the monthly capitation rate specified for the original aid code. DHCS shall confirm all aid code splits, and the rates of payment for such new aid codes, in writing to Contractor as soon as practicable after such aid code splits occur.
- C. Pursuant to 438.6(c)(2)(ii), the actuarial basis for the computation of the capitation payment rates shall be set forth in DHCS' most recent version of the annually-published Rate Manual for the rate period that is identified above. Said Rate Manual is incorporated by reference in Exhibit E, Provision 1.
- D. For Dual payment rates that are not identified in the schedule of capitation payment rates above, DHCS shall pay a capitated rate as stated in an M Letter sent to Contractor by DHCS. The M Letter shall serve as notification from DHCS to Contractor of the capitated rates for Dual payment rates not stated in this Contract, and the time period for which these rates will be applied. The M Letter shall not be considered exempt from any requirement of this Contract. The rates supplied in the M Letter will be adjusted within 30 days from the date of release.**
- E. Beginning on January 1, 2015, DHCS shall provide an amendment to this Contract to add Dual payment rates that have been sent to Contractor through the M Letter.**
- F. DHCS shall make an In-Home Support Service (IHSS) interim payment on behalf of Contractor for IHSS provider payroll as a portion of Covered Services. The IHSS interim payment shall be reconciled in accordance with the requirements in Exhibit A, Attachment 24, Managed Long Term Support Services, Provision 6, Provider Compensation Arrangements.**

**VIII. Exhibit E, ADDITIONAL PROVISIONS, is amended to read:**

**1. Additional Incorporated Attachments**

The following Attachments 1 through ~~23~~**24** are incorporated herein and made a part hereof by this reference:

- Attachment 1 - Organization and Administration of the Plan
- Attachment 2 - Financial Information
- Attachment 3 - Management Information System
- Attachment 4 - Quality Improvement System
- Attachment 5 - Utilization Management
- Attachment 6 - Provider Network
- Attachment 7 - Provider Relations
- Attachment 8 - Provider Compensation Arrangements
- Attachment 9 - Access and Availability
- Attachment 10 - Scope of Services
- Attachment 11 - Case Management and Coordination of Care
- Attachment 12 - Local Health Department Coordination
- Attachment 13 - Member Services
- Attachment 14 - Member Grievance System
- Attachment 15 - Marketing
- Attachment 16 - Enrollments and Disenrollments
- Attachment 17 - Reporting Requirements
- Attachment 18 - Implementation Plan and Deliverables
- Attachment 19 - Community Based Adult Services
- Attachment 20 – Transition of Targeted Low-Income Child
- Attachment 21 – Mental Health and Substance Use Disorder Benefits
- Attachment 22 – Low-Income Health Program (LIHP) Members
- Attachment 23 - Cal MediConnect Dual Eligible Special Needs Plans
- Attachment 24 – Managed Long Term Services and Supports**

IX. Exhibit E, Attachment 1, DEFINITIONS, is amended to read:

**Actual Non-Service Expenditures means Contractor's actual amounts incurred for non-service expenditures, including both administrative and care management costs, for Full Benefit Dual Eligible Members and excludes costs incurred by Contractor prior to the start of this Risk Corridor. Any reinsurance costs reflected will be net reinsurance costs.**

**Actual Service Expenditures means Contractor's actual amount paid for providing services to Full Benefit Dual Eligible Members priced at Contractor fee level, and shall comprise of all provider payments for services to this population, including risk-sharing arrangements or sub-capitation payments.**

**Adjusted Non-Service Expenditures means Contractor's Actual Non-Service Expenditures, adjusted to reflect the exclusion of costs greater than 125 percent of the non-medical cost per Member per month across all participating Contractors and including any consideration given to Contractor for any significant, non-typical membership mixes that may cause this exclusion to come into effect as well as the exclusion of**

reinsurance costs which is the net of reinsurance premiums; and adjustments resulting from DHCS' review of Contractor's non-service expenditures to address any inappropriate or excessive non-service expenditures, including executive compensation and stop loss expenditures.

Adjusted Service Expenditures means Contractor's Actual Service Expenditures adjusted to reflect the following reductions from any recoveries of other payers outside of claims adjudication, including those pursuant to coordination of benefits, third party liability, rebates, supplemental payments, adjustments in claims paid, adjustments from providers including adjustments to claims paid, and Member contributions to care; and adjustments resulting from DHCS' review of Contractor reimbursement methodologies and levels to address any excessive pricing.

Capitated Revenues means the amount of Medi-Cal managed care capitation payments/revenues paid to Contractor by DHCS for all services provided to Full Benefit Dual Eligible Members under this Contract.

**Covered Services** means Medical Case Management and those services set forth in Title 22 CCR, Division 3, Subdivision 1, Chapter 3, beginning with Section 51301, and Title 17 CCR, Chapter 4, Subchapter 13, Article 4, beginning with Section 6840. Covered Services do not include:

- B. Long-term care services as specified in Exhibit A, Attachment 11, Provision 17, with the exception of services provided to Full Benefit Dual Eligible Members.
- C. Home and Community Based Services (HCBS) Waiver Program Services as specified in Exhibit A, Attachment 11, provisions 14 and 21 regarding Waiver Programs, and Department of Developmental Services (DDS) Administered Medicaid Home and Community Based Services Waiver, with the exception of In-Home Support Services provided to Full Benefit Dual Eligible Members. *HCBS do not include any service that is available as an EPSDT service, including EPSDT supplemental services, as described in Title 22 CCR Sections 51184, 51340 and 51340.1. EPSDT supplemental services are covered under this Contract, as specified in Exhibit A, Attachment 10 regarding Early and Periodic Screening, Diagnosis and Treatment (EPSDT) Supplemental Services.*

**Eligible Beneficiary** means any Medi-Cal beneficiary who is residing in the Contractor's Service Area with one of the following aid codes:

<b>Aid Group</b>	<b>Mandatory Aid Codes</b>	<b>Non-Mandatory Aid Codes</b>
Family	01, 02, 08, 0A, 30, 32, 33, 34, 35, <u>37</u> , 38, 39, 3A, 3C, 3E, 3F, 3G, 3H, 3L, 3M, 3N, 3P, 3R, 3U, 3W, 47, 54, 59, 72, 7A, <u>7J</u> , 7W, 7X, 82, 8P, 8R, E2, E5, K1, M3, M7, P5, P7, P9	03, 04, 06, 07, 40, 42, 43, 45, 46, 49, 4A, 4F, 4G, 4H, 4K, 4L, 4M, 4N, 4S, 4T, 4W, 5K, 7J
<b>Family/Dual Eligible</b>	<b><u>01, 02, 08, 0A, 30, 32, 33, 34, 35, 37, 38, 39, 3A, 3C, 3E, 3F, 3G, 3H, 3L, 3M, 3N, 3P, 3R, 3U, 3W, 47, 54, 59, 72, 7A, 7J, 7W, 7X, 82, 8P, 8R, E2, E5, K1, M3, M7, P5, P7, P9</u></b>	<b><u>03, 04, 06, 07, 40, 42, 43, 45, 46, 49, 4A, 4F, 4G, 4H, 4K, 4L, 4M, 4N, 4S, 4T, 4W, 5K</u></b>
Disabled/Medi-Cal Only	20, 24, 26, 2E, 2H, 36, 60, 64, 66, 6A, 6C, 6E, 6G, 6H, 6J, 6N, 6P, 6V	
Aged/Medi-Cal Only	10, 14, 16, 1E, 1H	
Optional Targeted Low Income Child	5C, 5D, E7, H1, H2, H3, H4, H5, M5, T1, T2, T3, T4, T5	
Adult		86
Adult Expansion	L1, M1, 7U	
Breast and Cervical Cancer Treatment Program (BCCTP)		0N, 0P, 0W
<b>Long Term Care/Dual Eligible</b>	<b><u>13, 23, 53, 63</u></b>	
Disabled/Dual Eligible	<b><u>20, 24, 26, 27, 2E, 2H, 36, 60, 64, 66, 67, 6A, 6C, 6E, 6G, 6H, 6J, 6N, 6P, 6R, 6V, 6W, 6X, 6Y</u></b>	20, 24, 26, 2E, 2H, 36, 60, 64, 66, 6A, 6C, 6E, 6G, 6H, 6J, 6N, 6P, 6V
Aged/Dual Eligible	<b><u>10, 14, 16, 17, 1E, 1H, 1X, 1Y</u></b>	10, 14, 16, 1E, 1H, 2H

An Eligible Beneficiary may continue to be a Member following any redetermination of Medi-Cal eligibility that determines that the individual is eligible for, and the individual thereafter enrolls in, the BCCTP.

The following exclusions apply to all the above:

- A. Individuals who have been approved by the Medi-Cal Field Office or the California Children Services Program for any major organ transplant that is a Medi-Cal FFS benefit except kidney transplants.
- B. Individuals determined by the Medi-Cal Field Office to be in need of long term care and residing in a Skilled Nursing Facility for 30 calendar days past the month of admission.

- C. Individuals who have commercial or Medicare HMO coverage, unless the Medicare HMO is a provider under this Contract and DHCS has agreed, as a term of the HMO's contract, that these individuals may be enrolled. Individuals with Medicare FFS coverage are not excluded from enrolling under this Contract.

**Full Benefit Dual Eligible Member means a Member who is 21 years of age or older and is eligible for Medi-Cal, and who is also eligible for benefits under Medicare Part A (42 U.S.C. Sec. 1395c et seq.) and, Medicare Part B (42 U.S.C. Sec. 1395j et seq.).**

**In-Home Support Services (IHSS) means services provided for members in accordance with the requirements set forth in Welfare and Institutions Code Section 14186.1(c)(1).**

**Long-Term Care (LTC) means care provided in a skilled nursing facility and sub-acute care services.**

- X. All rights, duties, obligations and liabilities of the parties hereto otherwise remain unchanged.

**Exhibit A, Attachment 24**  
**MANAGED LONG-TERM SERVICES AND SUPPORTS**

**1. Extent of Requirements**

**This Attachment and the requirements herein are hereby incorporated in full into the Contract. The requirements included in this Attachment are specific to Full Benefit Dual Eligible Members receiving Medi-Cal benefits under the terms of this Contract. Neither Contractor nor DHCS shall interpret any of the requirements in this Attachment to apply to any Member that is not defined as a Full Benefit Dual Eligible.**

**2. Quality Improvement System**

**In addition to Exhibit A, Attachment 4, Quality Improvement System, Provision 12. Credentialing and Recredentialing, Contractor also agrees to the following:**

- A. Contractor shall not be responsible for credentialing In-Home Support Services (IHSS) providers.**
- B. Credentialing IHSS providers is the responsibility of the county IHSS office or IHSS Public Authority.**

**3. Utilization Management**

**Notwithstanding Exhibit A, Attachment 5, Utilization Management, Provision 2. Pre-Authorizations and Review Procedures, Contractor shall not authorize IHSS hours. Contractor shall refer IHSS hours to the county for approval.**

**4. Provider Network**

**In addition to Exhibit A, Attachment 6, Provider Network, Contractor also agrees to the following:**

- A. Contractor shall ensure that every contracted Long Term Care (LTC) provider within the Service Area approved by the California Department of Public Health (CDPH) as a qualified provider is included in their network, to the extent that the provider remains licensed, certified, operating, and is willing to enter into a subcontract with Contractor on mutually agreeable terms and meets the Contractor's credentialing and quality standards.**



Exhibit A, Attachment 24  
MANAGED LONG-TERM SERVICES AND SUPPORTS

- B. Contractor shall ensure that a Memorandum of Understanding (MOU) is in place with the county IHSS office and IHSS Public Authority.
- C. If Contractor determines that additional LTC providers are necessary to meet the needs of its Members, Contractor may extend a contract or letter of agreement to any additional providers certified by CDPH.
- D. If Contractor determines that Member needs for LTC services exceed Contractor's network capacity, Contractor shall arrange for access to out-of-network providers in accordance with the requirements of this Contract as stated in Exhibit A, Attachment 9, Access and Availability, Provision 16. Out-of-Network Providers.
- E. In addition to the subcontract termination requirements in Exhibit A, Attachment 6, Provision 14. Subcontracts, and the Member notification requirements in Exhibit A, Attachment 13, Member Services, Provision 5. Notification of Changes in Access to Covered Services, Contractor shall notify DHCS upon termination of an LTC provider contract:
- 1) If Contractor and an LTC provider cannot agree on mutually agreeable terms, Contractor must notify DHCS within five (5) working days of Contractor's decision to exclude the LTC provider from its provider network. DHCS will attempt to resolve the contracting issue when appropriate.
  - 2) Contractor shall provide DHCS with notice of its termination of a contract with an LTC provider at least 60 days prior to the contract termination effective date.
  - 3) If termination of an LTC provider contract is for a cause related to quality of care or patient safety concerns, Contractor may expedite termination of the LTC provider contract and transfer Members to an appropriate, contracted LTC facility in an expeditious manner. DHCS shall be notified of the termination within 72 hours of said termination.

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4) Contractor shall not continue to assign or refer Members to an LTC provider during the 60 days between notifying DHCS and the contract termination effective date.

F. Any MOU that Contractor enters into with the county IHSS office and IHSS Public Authority, for either the provision of health care service or to perform an administrative function, shall be submitted to DHCS for prior approval at least 60 calendar days prior to the effective date of the MOU. DHCS shall acknowledge in writing the receipt of any material sent to DHCS by Contractor for approval within five (5) working days of receipt. These MOUs shall not become effective until written approval is provided by DHCS and CDSS or by operation of law where DHCS has acknowledged receipt of the proposed MOU, and has neither approved nor rejected the proposed MOU within 60 calendar days of receipt.

1) Contractor shall submit an MOU for the county IHSS office and IHSS Public Authority to DHCS for approval.

2) Any new or updated MOU that makes a material change to the MOU must be re-submitted to DHCS. Previous MOU approval shall be valid only until such time as the new or amended MOU is approved by DHCS and CDSS.

G. Material changes to the IHSS MOU shall be submitted to DHCS for prior approval at least 30 calendar days before the effective date of any proposed changes governing compensation, services, or term. Proposed changes which are neither approved nor rejected by DHCS and CDSS shall become effective by operation of law 30 calendar days after DHCS has acknowledged receipt or upon the date specified in the MOU change, whichever is later.

5. Provider Relations

In addition to Exhibit A, Attachment 7, Provider Relations, Contractor shall:

A. Include in regular provider training key elements of operating a successful program for administering long term services and supports, including such topics as the applicable assessment

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tools and processes, Person-Centered Planning, coordination with the IHSS program, population specific training and self-direction, information technology, billing, and systems operations.

B. Be excluded from any requirement to provide training to IHSS providers.

6. Provider Compensation Arrangements

In addition to Exhibit A, Attachment 8, Provider Compensation Arrangements, Contractor also agrees to the following:

- A. Skilled Nursing Facilities and Nursing Facilities (SNF/NF) claims are to be paid in accordance with Welfare and Institutions Code Sections 14182.16 and 14186.3.
- B. Claims processing for IHSS providers shall not be subject to this Contract's provider compensation requirements.
- C. Contractor assumes full risk for IHSS provider payments. On a quarterly basis, DHCS shall reconcile actual IHSS expenditures against the IHSS interim payment. If actual IHSS expenditures exceed or are lower than the interim payment amount, DHCS shall inform Contractor of the difference within 30 calendar days of completion of the reconciliation.

7. Covered Services

LTC and IHSS are covered services under this Contract for Full Benefit Dual Eligible Members. In addition to Exhibit A, Attachment 10, Scope of Services, Contractor shall also cover LTC and IHSS in accordance with the following requirements:

- A. Contractor shall cover Medically Necessary LTC from the time of admission into an appropriate facility to either the Member's release from the facility or to the Member electing to receive hospice services.
  - 1) Contractor shall ensure that Members in need of LTC are placed in a facility that provides the level of care most appropriate to the Member's medical needs. These health care facilities include SNF/NF, subacute facilities, and Intermediate Care Facilities.

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- 2) Contractor shall base decisions on the appropriate level of care on the definitions set forth in Title 22 CCR Sections 51118, 51120, 51120.5, 51121, 51124.5, and the criteria for admission set forth in Title 22 CCR Sections 51335, 51335.5, and 51334 and related sections of the Manual of Criteria for Medi-Cal Authorization referenced in Title 22 CCR Section 51003(e).
  - 3) Upon admission to an appropriate facility, Contractor shall assess the Member's health care needs and estimate the potential length of stay of the Member.
  - 4) Contractor shall provide continuity of care for all Medically Necessary LTC services at non-contracting LTC facilities for those Full Benefit Dual Eligible Members residing in an LTC facility at the time of enrollment into Medi-Cal managed care. Contractor shall not require said Members residing in non-contracted facilities to relocate unless it is determined that relocation is Medically Necessary or if the non-contracted LTC facility does not meet the requirements set forth in Exhibit A, Attachment 24, Provision 8, Paragraph B.
- B. Contractor shall cover IHSS in accordance with the eligibility determination as performed by the county's IHSS office and ensure the provision of these services in accordance with the requirements set forth below in Provision 8. Coordination of Care.
- 1) Contractor shall not be required to determine Member eligibility to receive IHSS.
  - 2) Contractor shall refer IHSS eligibility determination to the Member's county of residence for approval.

8. Coordination of Care

In addition to Exhibit A, Attachment 11, Case Management and Coordination of Care, Contractor also agrees to the following:

- A. Contractor shall maintain continuity of care for Members by recognizing any prior treatment authorization made by DHCS

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**for not less than six (6) months following Member enrollment, in accordance with W&I Code Section 14186.3(c)(3).**

- B. Contractor shall provide continuity of care to Members through continued access to a CBAS provider with whom there is an existing relationship for up to 12 months after Member enrollment, or an LTC provider with whom there is an existing relationship through December 31, 2016. This requirement shall include out-of-network providers if there are no quality of care issues and the provider will accept Contractor or Medi-Cal FFS rates, whichever is higher, per the continuity of care requirements set forth in Exhibit A, Attachment 9, Access and Availability, Provision 16. Out-of-Network Providers.**
- C. Contractor shall assess risk level and needs for each new Full Benefit Dual Eligible Member, as well as current Full Benefit Dual Eligible Members upon request, by performing a risk stratification process in accordance with All Plan Letter APL 14-010 and, with a particular focus on identifying those Members who may need CBAS, LTC, and IHSS.**
- D. Contractor shall retain and compile a copy of each assessment conducted on the Full Benefit Dual Eligible Member's behalf through IHSS, CBAS, and/or LTC. Contractor shall review these assessments and determine if any further care coordination of services for the Member is appropriate.**
- E. Contractor shall coordinate with Medicare providers as needed in the provision of CBAS, IHSS, or LTC, to the extent that Contractor is able.**

**9. Member Services**

**In addition to Exhibit A, Attachment 13, Member Services, Provision 4, Written Member Information, Contractor shall include in its Provider Directory the IHSS county office and Public Authority sites and all contracted LTC providers. The Provider Directory shall exclude individual IHSS workers.**

**10. Required Reports for Long Term Services and Supports**

**Contractor shall submit to DHCS the following reports:**

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- A. Contractor shall provide to DHCS a quarterly report on support and retention of community placement. Contractor shall submit this report in a format specified by DHCS and shall include the following data elements:
- 1) Number of Members who are referred by Contractor to Health and Community Based Services (HCBS) waivers;
  - 2) Number of Members who are referred by Contractor to IHSS, and are determined eligible by the county social services agency for IHSS;
  - 3) The number of Members admitted in the prior quarter to a LTC facility and remained for less than 90 days, and who were afforded the choice of CBAS or IHSS after discharge. Contractor shall report these numbers to the extent that Contractor has been notified of Member admission and is covering part or all of the Member's stay in a LTC facility;
  - 4) The number of Members admitted in the prior quarter to, and remained in, an LTC facility for 90 days or more and who were afforded the choice of CBAS or IHSS after discharge;
  - 5) The number of Members who transitioned to the community from an LTC facility, and which of those Members did not return to a facility during the subsequent 12 months period.
  - 6) The number of Members receiving CBAS and/or IHSS in the community, along with number of Members receiving LTC in a facility.
- B. Contractor shall report to DHCS, on a monthly basis and in a format specified by DHCS, the number of continuity of care requests, and the outcomes of those requests, for Full Benefit Dual Eligible Members.
- C. In addition to the requirements in Exhibit A, Attachment 6, Provider Network, Provision 11. Provider Network Report, Contractor shall include LTC providers added to or deleted

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from Contractor's provider network, within the quarterly Provider Network Report submission.

- D. In addition to the requirements set forth in Exhibit A, Attachment 13, Member Services, Provision 3. Call Center Reports, Contractor shall report to DHCS on calls related to Member satisfaction with LTC, CBAS, and IHSS within the quarterly Call Center Report submission. The quarterly Call Center Report shall also include calls related to IHSS grievances and whether Contractor has referred any grievances to the IHSS county office.
- E. In addition to the requirements set forth in Exhibit A, Attachment 14, Member Grievance System, Provision 3. Grievance Log and Quarterly Grievance Report, Contractor shall also report to DHCS on a monthly basis the number and percentage of grievances or appeals that have been submitted in relation to a Member receiving LTC services. Contractor shall not be responsible for reporting grievances, appeals, or resolutions related to a Member receiving IHSS if they were reported to the county.

11. Risk Corridor

- A. A Risk Corridor shall be established for a period of 24 months, effective April 1, 2014 and ending on March 31, 2016 for Full Benefit Dual Eligible Members as defined in Exhibit E, Definitions, of this Contract.
- B. Gains and losses are defined as the Capitated Revenues minus the sum of Adjusted Service Expenditures and Adjusted Non-Service Expenditures, with positive figures defined as gains and negative figures defined as losses. The risk sharing of the gains and losses shall be constructed by DHCS so that it is symmetrical with respect to risk and profit, and so that all of the following apply:
- 1) Contractor is fully responsible for any losses up to 1 percent of Capitated Revenues.
  - 2) Contractor shall fully retain any gains up to 1 percent of Capitated Revenues.

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- 3) Contractor and DHCS shall equally share responsibility for any losses in excess of 1 percent, but less than 2.5 percent, of Capitated Revenues.
- 4) Contractor and DHCS shall equally share any gains greater than 1 percent, but less than 2.5 percent, of Capitated Revenues.
- 5) DHCS shall be fully responsible for all losses in excess of 2.5 percent of Contractor's Capitated Revenues.
- 6) DHCS shall fully retain all gains in excess of 2.5 percent of Contractor's Capitated Revenues.

C. The risk-sharing arrangement described in this Provision may result in payment by DHCS to Contractor or by Contractor to DHCS. All payments to be made by DHCS to Contractor or by Contractor to DHCS will be calculated and determined by DHCS. All calculations determined by DHCS will be based on Contractor's capitation rate and enrollment data provided by DHCS for Full Benefit Dual Eligible Members, and Contractor's Adjusted Services Expenditures and Adjusted Non-Service Expenditures for providing services to Full Benefit Dual Eligible Members.

- 1) All financial reporting will be subject to review and/or audit at DHCS' discretion. As applicable, all calculations will sum Contractor's capitation revenues, Adjusted Services Expenditures and Adjusted Non-Service Expenditures, across all counties in which Contractor operates under this Contract.
- 2) DHCS will determine Contractor's Adjusted Service Expenditures and Adjusted Non-Service Expenditures, based on Contractor's Actual Services Expenditures and Actual Non-Service Expenditures, Encounter Data, cost data, and financial reporting data, including DHCS' rate development template, submitted by Contractor as required in this Contract.
- 3) DHCS and Contractor agree that, to the extent there are differences in Adjusted Services and Adjusted Non-Service Expenditures and Contractor's Actual Service



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**Expenditures and Actual Non-Service Expenditures across various sources, including the Encounter Data, cost, financial reporting, or other data submitted by Contractor, DHCS and Contractor will confer and make a good faith effort to reconcile those differences before the calculation of settlements.**

**4) Review procedures may include a review and/or audit of Contractor's Encounter Data to be performed by DHCS, or either party's authorized agents, to verify that all paid claims for Full Benefit Dual Eligible Members by Contractor are for providing services to this population and/or that provider reimbursement is not excessive. DHCS will have the final decision on the resolution of any differences in the expenditures.**

**5) DHCS reserves the right to adjust expenditures for services that are reimbursed at more than 10 percent above the median reimbursement rate of all other Contractors within a region.**

**a) For the purposes of this Contract, the region is defined as The Southern Counties Region, which includes Los Angeles, Orange, Riverside, San Bernardino, and San Diego counties.**

**b) If two or fewer counties are operational within a region, experience from other counties would be considered in the establishment of the median rate.**

**D. Payments by Contractor to related party providers shall not exceed the rate paid by Contractor for the same services to unrelated parties within the same county for the purpose of determining actual expenditures. Related parties are defined by Generally Accepted Accounting Principles.**

**12. Capitation Rate Structure for Full Benefit Dual Eligible Members**

**A. Underlying Rate Structure**

**The capitation rate will be paid as a single, blended capitation rate that accounts for the relative risk of Contractor's Full Benefit Dual Eligible Members and is weighted accordingly.**

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**These Members shall be segmented into three (3) separate and distinct population segments based on eligibility for rate setting purposes. These population segments are as follows:**

- 1) Members eligible for Cal MediConnect, the State's duals demonstration;**
- 2) Members covered by Contractor and under Medicare managed care; and**
- 3) Members ineligible for Cal MediConnect, such as SPD beneficiaries determined to be high-risk.**

**B. These Members shall also be grouped into four (4) Member mix categories representing differing levels of risk. These categories are defined as follows:**

- 1) Institutionalized: Members in LTC aid codes and/or residing in an LTC facility for 90 days or more;**
- 2) HCBS High: Members identified as high utilizers of HCBS. These Members meet one (1) or more of the following criteria:**
  - a) Members who receive CBAS;**
  - b) Members who are clients of Multipurpose Senior Services Program (MSSP) sites; or**
  - c) Members who receive IHSS and are classified under the IHSS program as "severely impaired";**
- 3) HCBS Low: Members identified as low utilizers of HCBS. These Members are IHSS recipients and classified under the IHSS program as "not severely impaired"; and**
- 4) Community Well: Members living in the community with no covered HCBS, are not residents in LTC facilities, and do not utilize CBAS, MSSP, or IHSS services.**

**C. The capitation rate will utilize the following payment methodology:**

- 1) DHCS shall initially pay an estimated rate based on the assumed mix across the three (3) population segments and four (4) Member mix categories. This assumed mix**

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is impacted by a DHCS assumption related to the percentage of Members who will opt out of Cal MediConnect.

- 2) DHCS shall recalculate the blended rate based on the actual Full Benefit Dual Eligible Member distribution beginning no later than January 1, 2015 when actual Full Benefit Dual Eligible Member enrollment is known. The final rate based on the actual enrollment distribution will incorporate the same base rates by population segment and Member mix category as the original estimated rate. DHCS shall always retain the ability to group Members into the three (3) population segments and four (4) Member mix categories.
- 3) Once DHCS has recalculated the blended rate, there may be additional payments to Contractor or a recoupment of overpayment from Contractor to DHCS.

D. The payment process will vary over three (3) distinct phases to address the stability of enrollment and to establish appropriate financial incentives for Contractor.

- 1) Phase I: The recalculation of the final rate will be applied monthly and retroactively to match Contractor's actual enrollment. This phase will continue through each county's phase-in enrollment period for a minimum of one (1) year and will end at the start of the following fiscal quarter. For example, if Contractor operates in a county with a 12-month phase-in that began enrollment in April 2014, this phase would last through the end of March 2015.
- 2) Phase II: This phase will be for one (1) fiscal quarter. The recalculation of the final rate will be prospectively applied at the start of the quarter. Weighting of the three (3) population segments and four (4) Member mix categories will be based on the month preceding the quarter enrollment snapshot, which will be available after the quarter ends and will be retroactively applied to that period. For example, if Contractor operates in a county with a 12-month phase-in that begins enrollment in April 2014, this Phase II would be applicable for the

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fiscal quarter of April 2015 through June 2015. Enrollment data from March 2015 would be utilized although the rate update would not occur until several months after the quarter to ensure data availability.

- 3) Phase III: Contractor's capitation rates are based on a targeted, relative mix of Members and will not be adjusted during the year. The first year of this phase will be the remaining period in the calendar year.
- a) Specific to Phase III, a targeted, relative mix will be projected by DHCS and its actuaries. This mix is designed to be achievable by Contractor, based on assumptions about Contractor's ability to promote community services and prevent or delay institutional placement.
- b) If the Member mix for Contractor for the year results in a greater than 2.5 percent impact to the Medi-Cal component of the capitation rate paid as compared to the capitation rate that would have been paid based on the actual mix, then Contractor and Medi-Cal would share equally in any cost increases or decreases beyond the 2.5 percent. Contractor's actual gain or loss does not factor into this calculation.
- E. With the structure as described above, DHCS and its actuaries will establish actuarially sound capitation rates for this Contract for Members eligible for long-term services and supports. These capitation rates will be consistent with 42 C.F.R. § 438.6(c) and reviewed by the Centers for Medicare and Medicaid (CMS). Capitation rates approved by CMS will serve as the baseline Medi-Cal costs.
- F. DHCS and its actuaries will provide to CMS the underlying data for the capitation rate calculations associated with this Contract.
- G. As allowed under the capitation rates for this Contract, DHCS and its actuaries will calculate a range of actuarially sound capitation rates, including lower bound and upper capitation rates.

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- H. Limited risk corridors will be applied as described for Contractor and be reconciled after application of any risk adjustment methodologies and any other adjustments.**



Board of Governors  
MOTION SUMMARY

**Date:** October 2, 2014

**Motion No.** FIN 100.1014

**Committee:** Finance & Budget

**Chairperson:** Michael Rembis

**Issue:** Approval of revised Accounting & Financial Services Policy and Procedure Number AFS-002: Capital Assets.

**Background:** The purpose of this policy is to define Fixed Assets and to establish the recording and removal of Capital Assets within the organization. Changes to this policy include: updated account codes, custodians, and clarified processes related to the acquisition of Capital Assets. Policies AFS-002 Capital Assets, AFS-003 Fixed Asset Disposal and AFS-005 Fixed Asset Acquisition and Assignment have been consolidated into AFS-002 and are no longer in effect as separate policies. Attached is a red-lined version for the Committee's review.

**Budget Impact:** None

**Motion:** To approve the revision of Accounting & Financial Services Policy and Procedure AFS-002 (Capital Assets), as attached.

## **1.0 POLICY:**

- 1.1** The objective is to establish L.A. Care Health Plan's (L.A. Care) policy for capital assets and to clarify definitions of the capitalization policy, fixed asset categorization, acquisition guidelines and procedures, and disposal guidelines and procedures.
- 1.2** The purpose of Accounting Policy AFS-002 is to record and capitalize purchases of furniture, fixtures, office equipment, computers, and computer equipment as capital assets, when cost (including freight and taxes), per unit, is **\$5,000** or greater. Assets that work together and generally are not separated during the life of the asset should be included as one (1) asset (i.e., office furniture grouping, PC components).
- 1.3** For leasehold improvements, the minimum capitalization amount shall be \$5,000, and the financial standards criteria for definition and accounting for leasehold improvements shall be met.
- 1.4** L.A. Care will depreciate furniture over sixty (60) months and all other capital equipment over thirty-six (36) months.
- 1.5** Expenditures capitalized and charged to the Account #10951 - Leasehold Improvement must meet Generally Accepted Accounting Principles (GAAP) and will be amortized over the number of months remaining in the related building lease.
- 1.6** An asset may be disposed of if the asset is damaged, obsolete, or in rare cases lost or stolen. The disposal of assets for L.A. Care will strictly adhere to the procedures outlined in this policy.

## 2.0 DEFINITION(S):

Whenever a word or term appears capitalized in this Policy and Procedure, the reader should refer to the “Definitions” below.

- 2.1 **Account #10915 “Work in Progress – Renovations”:** Includes costs associated with on-going projects related to leasehold improvement or furniture purchases for office relocations.
- 2.2 **Account #10916 “Work in Progress – Inventory”:** Includes costs associated with inventories of computer equipment purchased at one time to take advantage of cost savings and deployed over several months.
- 2.3 **Account #10927 “Furniture”:** Includes all capitalized expenditures for office furniture, including desks, chairs, file cabinets, bookcases, and tables including modular furniture.
- 2.4 **Account #10928 “Office Equipment”:** Includes all capitalized expenditures for office equipment, including copiers, mailing machines, reproduction and graphics equipment, fax machines, video equipment, and projection machines.
- 2.5 **Account #10930 “Telephone Equipment”:** Includes all capitalized expenditures for telephone equipment, including switches, reader boards, PBX and Star/conferencing equipment, and dedicated servers. Individual telephone units are not included.
- 2.6 **Account #10935 “Personal Computers and Printers”:** Includes all capitalized expenditures for individual workstation PCs, monitors, and printers. Networked, high-speed printers are included in other computer equipment. Expendable computer supplies, purchases of computer mouse, keyboards, pads, diskettes, and memory upgrades shall not be capitalized.
- 2.7 **Account #10940 “Other Computer Equipment”:** Includes all capitalized expenditures for network equipment such as servers, racks, switches, and high-speed network printers, except those dedicated to the phone systems.
- 2.8 **Account #10945 “Computer Software”:** This account category is intended for recording enterprise-wide systems and software-application implementations that are purchased by L.A. Care. Software licenses, maintenance agreements, upgrades, or additional user fees should not be capitalized.
- 2.9 **Account #10951 “Leasehold Improvements”:** Includes expenditures greater than \$5,000 for improving or reconfiguring the functional use of leased building/space.



- 2.10 Account #10961 “Data Mastery Repository (DMR)”:** Includes expenditures associated with the development of a centralized data repository for L.A. Care’s administrative personnel and management.
- 2.11 Account #10975 “Capital Leases”:** Asset account to be used when entering into equipment leases whose financial terms and conditions meet the criteria set forth in the Statement of Financial Accounting Standards (SFAS) No. 13, Accounting for Leases.
- 2.12 Custodian:** The person to whom an asset is assigned for use or safekeeping.
- 2.13 Fixed Asset System (FAS):** The Accounting & Financial Services software used to manage fixed assets.
- 2.14 Generally Accepted Accounting Principles (GAAP):** The common set of accounting principles, standards and procedures that companies use to compile their financial statements. GAAP are a combination of authoritative standards (set by policy boards) and simply the commonly accepted ways of recording and reporting accounting information.
- 2.15 Information Systems Assets:** For purposes of this policy, this includes items capitalized in the following general ledger accounts:
- 2.15.1** 10930 Telephone Equipment;
  - 2.15.2** 10935 Personal Computers and Printers;
  - 2.15.3** 10940 Other Computer Equipment;
  - 2.15.4** 10945 Computer Software.
- 2.16 Non-Information Systems Assets:** For purposes of this policy, this includes items capitalized in the following general ledger accounts:
- 2.16.1** 10927 Furniture;
  - 2.16.2** 10928 Office Equipment;
  - 2.16.3** 10951 Leasehold Improvements.
- 2.17 Per Unit:** Consists of items, units or components that work together and are generally not separated during the life of the asset. The Accounting & Financial Services Department will determine the exact composition of the unit to be capitalized.

### **3.0 PROCEDURE/S:**

**3.1** L.A. Care has established the following capital asset categories:

<b>Account No.</b>	<b>Category</b>
10915	Work in Progress (WIP)
10916	Work in Progress (WIP) – Inventory
10927	Furniture
10928	Office Equipment
10930	Telephone Equipment
10935	Personal Computers
10940	Other Computer Equipment
10945	Computer Software
10951	Leasehold Improvements
10960	MIS Project (inactive)
10961	DMR (Data Mastery Repository)
10965	EDS Beneficiary Eligibility (inactive)
10975	Capital Leases

#### **Acquisitions:**

- 3.2** The Custodian, Custodian’s department, location floor, and room number should be recorded in the FAS System at acquisition, and kept up to date for all fixed assets.
- 3.3** Fixed assets, with the exception of laptop computers, should remain within L.A. Care premises. In the case where assets must be removed from L.A. Care premises, the removal and return of the asset should be documented and approved by the Director of Technology & Security for Information Services Assets and by the Senior Manager of Facility Services for Non-Information Services Assets. Examples of such cases would be Information Systems assets used for disaster recovery tests or office equipment assigned to Regional Consumer Advisory Committees (RCAC’s) or the Executive Consumer Advisory Committee (ECAC) .
- 3.4** At the time a fixed asset is acquired, an asset tag should be affixed to an accessible location on the asset.
- 3.4.1** For Information Services Assets, this procedure should be performed by the Help Desk.
- 3.4.2** For Non-Information Services Assets, this procedure should be performed by Facilities Services.
- 3.4.3** If an asset cannot be physically tagged, a tag number must still be assigned. The tag should be affixed to the invoice and filed in the permanent files.

- 3.5** The Accounting & Financial Services staff will determine the cost and useful life of the asset and enter all required information into the FAS System.
- 3.5.1** A copy of the information entered into the system, as well as any allocation worksheets, will be affixed to the documentation received from Accounts Payable and retained by the Accounting & Financial Services department.
  - 3.5.2** The FAS System will be reconciled with the general ledger on a monthly basis to ensure that all acquisitions are recorded properly.
- 3.6** To verify that fixed asset assignments are being kept up to date, Accounting & Financial Services will, at least every other year, conduct a full physical inventory of all fixed assets with an acquisition cost greater than \$2,000 per unit.
- 3.6.1** The inventory process will include verification of the fixed asset Custodian, department, location, and floor.
  - 3.6.2** Accounting & Financial Services will correct any outdated information in the FAS System.
  - 3.6.3** The Chief Financial Officer (CFO) and Chief Information Officer (CIO) will be notified of any fixed assets that cannot be located or are reported as lost or stolen at the time of inventory.

**Disposal:**

- 3.7** The custodian should notify the department responsible for the asset:
- 3.7.1** For Information Services assets, notify the Help Desk.
  - 3.7.2** For Non-Information Services assets, notify the Senior Manager of Facilities Services.
  - 3.7.3** If an asset is stolen, a police report should be provided as well.
  - 3.7.4** If an asset is lost, a written explanation and acknowledgement from the Custodian's department director should be provided as well.
- 3.8** The Help Desk or Senior Manager of Facilities, as applicable, should retrieve the asset(s) to be disposed of and notify the Accounting & Financial Services Staff of the tag number(s), method of disposal, and reason for disposal. The Accounting & Financial Services Staff will remove the tag from the asset and visually confirm that the item is for disposal.
- 3.9** The responsible Accounting & Financial Services staff will complete a Fixed Asset Disposal form (Attachment 6.1) for each asset to be disposed of, verify that the Help Desk or Senior Manager of Facilities is in custody

of the asset, and affix the asset tag to the disposal form.

**3.9.1** For stolen assets, a copy of the police report should be attached to the disposal form.

**3.9.2** For lost assets, a written explanation acknowledged by the custodian's department Director should be attached.

**3.10** The Fixed Asset Disposal form(s) should be reviewed and approved:

**3.10.1** For Information Services Assets, the form should be reviewed and approved by the Director of Accounting & Financial Services, the CIO, and the CFO.

**3.10.2** For Non-Information Services Assets, the form should be reviewed and approved by the Senior Manager of Facilities or, the Director of Accounting & Financial Services, and the CFO.

**3.11** After approval is obtained, Accounting & Financial Services staff will notify the Help Desk or Senior Manager of Facilities, as applicable, that the asset can be disposed of in the manner noted on the Fixed Asset Disposal form.

**3.11.1** All assets that contain Protected Health Information (PHI), as defined by HIPPA, must be disposed of in accordance with ISHD002 Secure Data Disposal Policy. This includes desktop and laptop computers, hard drives, media, flash drives, external hard drives, and any other devices that can store data and may contain PHI.

**3.12** Accounting & Financial Services staff will record the disposal date in the FAS System and General Ledger. The original Fixed Asset Disposal form will be retained in the Accounting & Financial Services department.

**4.0** **AUTHORITY:**

**4.1** Statement of Financial Accounting Standards (SFAS) No. 13, Accounting for Leases.

**4.2** Generally Accepted Accounting Principles (GAAP).

**5.0** **REFERENCE:**

None

**6.0** **ATTACHMENT:**

6.1 Fixed Asset Disposable Form

Accountability Matrix	
Responsible Department(s)	Policy Section #

ELECTRONICALLY APPROVED BY THE FOLLOWING			
	Officer	Director	Regulatory Affairs & Compliance
<b>Name</b>	<u>Tim Reilly</u>	<u>Patricia Mowlavi</u>	<u>Steven Krivit</u>
<b>Department</b>	<u>Executive Services</u>	<u>Finance</u>	<u>Regulatory Affairs &amp; Compliance</u>
<b>Title</b>	<u>Chief Financial Officer</u>	<u>Director of Accounting and Financial Services</u>	<u>Compliance Officer</u>
<b>IF APPLICABLE</b>			
<b>Board of Governors</b>		<b>Motion Number:</b>	

Policy History				
Date	Department	Policy or Section #	Comment(s)	Next or Annual Review Date
5/11/09	Accounting & Financial Services	AFS-002	Supersedes Policy #1503	
2/27/13	Accounting & Financial Services	Section #3	Supersedes Policies AFS-003 and AFS-005	2/27/14





Board of Governors  
MOTION SUMMARY

**Date:** October 2, 2014

**Motion No.** FIN 101 .1014

**Committee:** Finance & Budget

**Chairperson:** Michael Rembis

**Issue:** Invest in Los Angeles County Pooled Investment Fund.

**Background:** The Board approved a similar motion on October 4, 2012, motion FIN 102.1012, for L.A. Care to invest funds in Los Angeles County Pooled Investment Fund (LACPIF); however, LACPIF was closed to new investors. LACPIF is now open to new investors but it requires a new LACPIF-specific resolution to be passed by the Board. Therefore, the Finance Department is resubmitting this motion to include as an attachment a resolution in the form prescribed by LACPIF.

**Budget Impact:** Investment management fee savings

**Motion:** To adopt the attached resolution delegating authority to Timothy Reilly, *Chief Financial Officer*, Patricia Mowlavi, *Senior Director, Accounting & Financial Services*, and Irene Lem, *Controller*, on behalf of the Local Initiative Health Authority for Los Angeles County, operating as L.A. Care Health Plan, to apply to deposit and withdraw monies in the Los Angeles County Treasury Pool in accordance with the provisions of Sections 53601 and 53635 of the Government Code for the purpose of investments stated therein upon verification by the State Treasurer's Office of all banking information provided in that regard.



**A RESOLUTION OF LOCAL INITIATIVE HEALTH AUTHORITY FOR LOS ANGELES COUNTY, A LOCAL PUBLIC AGENCY OPERATING AS L.A. CARE HEALTH PLAN  
AUTHORIZING AND REQUESTING THE INVESTMENT OF EXCESS FUNDS IN THE LOS ANGELES COUNTY TREASURY POOL**

**WHEREAS,** California Government Code (“Government Code”) Section 53684 allows local agencies in the County of Los Angeles (the “County”) to deposit excess funds in the Los Angeles County Treasury Pool for the purpose of investment by the Treasurer and Tax Collector of the County (the “Treasurer”); and

**WHEREAS,** the Board of L.A. Care Health Plan has determined or may determine from time to time, that excess funds of L.A. Care Health Plan exist that are not required for immediate use; and

**WHEREAS,** Government Code Section 6502 allows public agencies, even if outside the County, to enter into joint powers agreements with the County, under which excess funds may be deposited in the County Treasury Pool; and

**WHEREAS,** L.A. Care Health Plan is a local agency as that term is defined in Government Code Section 53600 and/or a public agency as that term is defined in Government Code Section 6500; and

**WHEREAS,** the Board of Supervisors of the County has made the Government Code Section 53684 operative in the County and has authorized such joint powers agreements; and



**WHEREAS**, the Board of Governors of L.A. Care Health Plan has determined that the L.A. Care Health Plan has excess funds which are not required for immediate use; and

**WHEREAS**, the County Board of Supervisors made Government Code Section 53684 operative in the County on February 24, 1987, as amended by said County Board of Supervisors, on May 31, 1988, to allow for the expansion authorized under Government Code Section 6502; and

**WHEREAS**, with the consent of the Treasurer and Tax Collector (the “Treasurer”), the Treasurer may accept for investment deposits of L.A. Care Health Plan, provided that L.A. Care Health Plan is allowed pursuant to Government Code Section 6502; and

**WHEREAS**, this Board has determined that it would be desirable to deposit the excess funds in the County Treasury Pool for the purpose of investment pursuant to Government Code Sections 53601 and 53635.

**NOW, THEREFORE, IT IS RESOLVED** as follows:

**SECTION 1.** The Board of L.A. Care Health Plan hereby finds that it may, from time to time, be advantageous to make deposits for purposes of investment with the Los Angeles County Treasurer.

**SECTION 2.** The Board of L.A. Care Health Plan have received and carefully reviewed the Los Angeles County’s Treasurer and Tax Collector Investment Policy (the “Investment Policy”), and is familiar with its contents. Having considered and weighed the risks of investing, the Board of L.A. Care Health Plan finds and determines that it is appropriate and legal to invest its moneys in the Los Angeles County Treasury Pool, as permitted by the Investment Policy. L.A. Care Health Plan has been advised and understands that the Investment Policy may be amended by the Treasurer without the review and consent of L.A. Care Health Plan.

**SECTION 3.** The L.A. Care Health Plan officers, whose name(s), currently held title(s), and specimen signature(s) that appear on Attachment A - List of Authorized Designees of this

resolution is/are hereby authorized and directed to request the Treasurer's consent to deposit in the County Treasury Pool those funds he or she deems to be excess and not required for immediate use, for the purpose of investment pursuant to Government Code Sections 53601 and 53635, and subject to the terms and conditions set forth in Government Code Sections 53684 and 27136, and in accordance with the resolutions entitled "Resolution of the Board of Supervisors of the County of Los Angeles Authorizing the County Treasurer and Tax Collector to Invest Excess Funds of Public Agencies" and "Resolution of Board of Supervisors of the County of Los Angeles Authorizing the County Treasurer and Tax Collector to Invest Excess Funds of Public Agencies" adopted by the Board of Supervisors of the County of Los Angeles, on February 24, 1987, and on May 31, 1988, respectively.

**SECTION 4.** This resolution, upon due adoption by this Board and with the consent of the Treasurer as evidenced by his signature or that of his designated representative below, constitutes a joint powers agreement between the L.A. Care Health Plan and the County.

**SECTION 5.** L.A. Care Health Plan hereby agrees to inform the Treasurer if and to the extent any of L.A. Care Health Plan's funds deposited in the County Treasury Pool pursuant to this joint powers agreement are proceeds of the issuance of bonds, certificates of participation, notes or other evidences of indebtedness ("Bond Proceeds"). If the Bond Proceeds are restricted by a certificate of L.A. Care Health Plan relating to compliance with federal tax requirement ("Nonarbitrage Certificate"), L.A. Care Health Plan agrees to provide the Nonarbitrage Certificate to the Treasurer so that the Treasurer can provide the market value of the Bond Proceeds as of the rebate calculation dates as provided in the Nonarbitrage Certificate. Notwithstanding the foregoing, the County takes no responsibility and L.A. Care Health Plan is solely responsible for compliance with the terms and conditions of the Nonarbitrage Certificates and of any federal tax requirements

that may apply to the Bond issuance. L.A. Care Health Plan will review bond documents to determine if funds can be deposited into the County Treasury Pool.

**SECTION 6.** Without limiting the rights of L.A. Care Health Plan or the County's obligation under Government Code Section 53684, L.A. Care Health Plan agrees that the County shall not be liable for damage or losses of any nature resulting from or arising out of (i) investments made or authorized by the Treasurer in accordance with Government Code Section 53601 or Section 53635; (ii) misrepresentations or false or erroneous information provided by L.A. Care Health Plan or any of its officers, employees or agents; (iii) noncompliance with investment policies or guidelines adopted by L.A. Care Health Plan; (iv) violation of yield or investment limitations applicable to the funds deposited with the Treasurer for investment (such as federal arbitrage regulations with respect to the investment of proceeds of borrowings, or state or federal restrictions on the investment of grant proceeds); (v) circumstances beyond the reasonable control of the County, such as a declaration of a banking moratorium or the suspension of trading on any securities exchange; (vi) acts or omissions of the County, its officers and employees which do not constitute gross negligence or willful misconduct, or acts or omissions of the County's custodial bank, depository bank and investment manager (the "Agent Banks"), provided that L.A. Care Health Plan shall be subrogated to the rights of the County to pursue a claim against the Agent Banks or any of them under the contractual arrangements between the County and the Agent Banks.

**SECTION 7.** L.A. Care Health Plan hereby agrees that the County may calculate the average daily balances of participants in the County Treasury Pool and may allocate monthly interest payments thereon pursuant to any reasonable method established by the County and consistently applied. L.A. Care Health Plan further agrees to reimburse to the County Treasury Pool any amounts disbursed to L.A. Care Health Plan in error promptly upon the discovery of such error or upon the request of the Treasurer.

The foregoing resolution was, on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, adopted by the Board of Governors of L.A. Care Health Plan.

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[Authorized Official]

**Agreed and accepted** on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

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MARK J. SALADINO  
Treasurer and Tax Collector  
of the County of Los Angeles

Attachment A

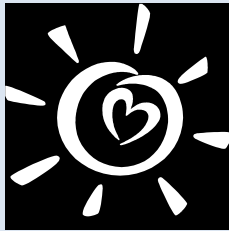
**Authorized List of Designees for L.A. Care Health Plan**

<b>Name</b>	<b>Current Title</b>	<b>Specimen Signature</b>
Howard A. Kahn	Chief Executive Officer	
Timothy Reilly	Chief Financial Officer	

Date:

\_\_\_\_\_

[Authorized Official]



**L.A. Care**  
HEALTH PLAN

Board of Governors  
MOTION SUMMARY

**Date:** October 2, 2014

**Motion No.** FIN 102.1014

**Committee:** Finance & Budget Committee

**Chairperson:** Michael Rembis

**Issue:** Approval of Annual Investment Policy

**Background:** In accordance with L.A. Care's Annual Investment Policy FIN-001, the Board of Governors is required to review and approve the policy to assure it complies with the investment requirements as outlined in the California Government Code.

The attached investment policy submitted for approval from the Board of Governors has the following material changes:

1. Section 3.2.2 - Language added to more closely track the applicable fiduciary standard set forth in the Health & Safety as well as Government Code.
2. Section 3.5.3.5.2 of the current policy has been deleted. This restriction would prevent L.A. Care from making investments in a significant portion of blue chip companies, like Apple, Pfizer, Oracle, Microsoft, Amgen, etc. In the current low interest rate economic environment, finding high-quality commercial bonds is very difficult. By limiting the companies whose bonds we can purchase would limit L.A. Care's investment returns. This investment restriction is not part of the California Government Code.
3. Section 3.6.9.1 – A one-year term agreement for repurchase agreements was added pursuant to the applicable requirement of the CA Government Code.
4. Section 3.6.14 - The policy has been updated to allow for investment in Government Pooled Funds.
5. Section 3.7.1 - Increased the percentage of the portfolio allowed to be invested in variable rate securities from 30% to 50%. This will allow a greater percentage of L.A. Care's investments to keep pace with increases in interest rates should they rise.
6. Section 4.4 - The policy must not only be in compliance with the CA Government Code but also with California Health & Safety Code Section 1376. This is now stated in the policy in Section 4.4. However, there are no changes to the policy as a result of complying with Health & Safety Code Section 1376.

**Budget Impact:** None

**Motion:** To approve Financial Services Policy FIN-001 (Annual Investment Policy), as submitted.

## 1.0 **POLICY:**

This policy establishes 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 September 1, 2014 (“Annual Investment Policy”). The objective of this Annual Investment Policy is to ensure L.A. Care’s funds are prudently invested according to the Board of Director’s 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 **Bankers Acceptance:** Time drafts which a bank “accepts” as its financial responsibility as a part of trade finance process.
- 2.3 **Commercial Paper:** Unsecured promissory notes issued by companies and government entities at a discount.
- 2.4 **Credit Risk:** The risk of principal loss due to the failure of the issuer of the security.
- 2.5 **Custodian:** A financial institution that has legal responsibility for L.A. Care’s securities.

- 2.6 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.
- 2.7 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.
- 2.8 Floating Rate Securities:** Securities that provide for the automatic adjustments of its interest rate whenever a specified interest rate changes.
- 2.9 Government Pooled Funds:** Funds of various governmental agencies that are pooled together for investment purposes.
- 2.10 Investment Manager:** An individual designated by the Chief Financial Officer (CFO) to manage the investment portfolio.
- ~~2.102.11~~ **Liquidity:** The ability to convert an asset into cash quickly.
- ~~2.112.12~~ **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.
- ~~2.122.13~~ **Market Risk:** The risk of market value fluctuations due to economic change in the interest rate markets.
- ~~2.13~~ **Maturity:** The stated final date at which the principal of the security must be paid, or the unconditional put option date, ~~or interest reset date~~, if the security contains such a provision.
- 2.14 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.
- 2.15 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.
- 2.16 Mortgage or Asset Backed Securities (a.k.a. Pass-Through 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.
- 2.17 Mutual Funds:** A type of professionally managed investment scheme which pools money from many investors.
- 2.18 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.



- 2.19 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 Repurchase Agreements:** A purchase of securities under simultaneous agreement to sell these securities back at a fixed price on some future date.
- 2.21 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.
- 2.22 Term:** The remaining time to Maturity when the asset is purchased.
- 2.23 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.
- 2.24 Variable Rate Securities:** Securities that provide for the automatic establishment of a new interest rate on set dates.

**3.0 PROCEDURES:** Investment of funds may only be made as authorized by this Annual Investment Policy. The Annual Investment Policy conforms to California Government Code (the Code) Section 53600 et seq. and complies with Section 1375.1 et seq of the California Health & Safety code, specifically Section 1376, related to the operations of a licensed Health Service Plan engaged in MediCal, 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 the Annual Investment Policy and appropriately adopted by the Board of Governors and L.A. Care management.

**3.1 Investment Objectives:** In accordance with Government Code Section 53600.5, L.A. Care’s primary Annual Investment Policy objectives are in order of priority as follows:

**3.1.1 Safety and Preservation of Capital**

The primary objective of this Annual Investment Policy is the preservation of capital. There are inherent risks associated with any investment activities, including Credit Risk and Market Risk. Credit Risk is the risk of financial loss related to the failure of the underlying issuer of a security. Market Risk is the risk of financial loss resulting from movements in market prices and other factors that affect the overall performance of the financial markets. 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:

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

**3.1.1.2** 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.

### **3.1.2 Liquidity and Flexibility**

The second most important objective of this Annual Investment Policy is meeting the liquidity needs of L.A. Care pursuant to Section 1375.1 et seq of the California Health & Safety code, specifically Section 1376 of the California Health & Safety code. 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. ~~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.~~

### **3.1.3 Total Return**

The third most important object of this Annual Investment Policy is to achieve a return on the funds under L.A. Care’s control. 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.

## **3.2 Prudence**

**3.2.1** L.A. Care’s Board of Governors, CFO, and persons authorized to make investment decisions on behalf of L.A. Care (“Investment Officials”) are trustees and fiduciaries subject to the Prudent Investor Standard defined in Section 3.2.2 of this Annual Investment Policy below.

**3.2.2** The Prudent Investor Standard, as defined in Government Code Section 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.

L.A. Care's investment professionals acting in accordance with the Annual Investment Policy (including the Prudent Investor Standard described in Section 3.2.2 above) and any applicable written procedures shall be relieved of personal responsibility for an individual security's Credit Risk or Market 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** No person may engage in an investment transaction except as provided herein in this Annual Investment Policy and the procedures established by the CFO and/or Board of Governors. The CFO may designate an Investment Manager(s) to manage all or such portions of L.A. Care's funds as the CFO shall determine from time to time. Such Investment Manager(s) shall be subject to this Annual Investment 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 Investment Manager.

### **3.4 Board of Governors & Finance and Budget Committee Oversight**

#### **3.4.1 Board of Governors**

**3.4.1.1** 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 this 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.

**3.4.1.2** 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.

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

**3.4.1.3.1** 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.

**3.4.1.3.2** The Board of Governors is responsible for this –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.

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

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

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

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

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

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

**3.4.2 Quarterly Review**

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.

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).

### **3.4.3 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.

## **3.5 Safekeeping, Performance Benchmarks, and Investment Activities**

### **3.5.1 Safekeeping**

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.

### **3.5.2 Performance Benchmarks**

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.

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.

### **3.5.3 Ethics and Conflict of Interest**

L.A. Care's officers and employees involved in the investment of funds shall refrain from personal business activity that could conflict or engender the perception of conflict with the proper execution of the investment activities, or which could impair their ability to make impartial investment decisions.

Furthermore, 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.

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.

#### **3.5.4 Securities Lending**

Investment securities shall not be lent to an Investment Manager or Broker-Dealer.

#### **3.5.5 Leverage**

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

#### **3.5.6 Other Investments**

Any investments not specifically referred to herein will be considered a prohibited investment.

#### **3.5.7 Underlying Nature of Investments**

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

~~**3.5.7.2** L.A. Care officers and employees involved in the investment of funds and its Investment Manager(s) shall not knowingly make investments in organizations with which L.A. Care has a business relationship through contracting, purchasing or other arrangements.~~

~~**3.5.7.3**~~**3.5.7.2** 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.

~~**3.5.7.4**~~**3.5.7.3** 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.

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

#### **3.5.8 Derivatives**

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 3.6.3.

### **3.5.9 Rating Downgrades**

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.

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.

### **3.5.10 Rating Guidelines**

A security must be rated by a minimum of two rating agencies. If a security is rated by 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.

### **3.5.11 Investment Manager**

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 3.2.2 with respect to the funds under management. The CFO will:

- 3.5.11.1** 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.
- 3.5.11.2** 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 this Annual Investment Policy.
- 3.5.11.3** Provide all Investment Manager(s) with a copy of this Annual Investment Policy which will be included in the Investment Manager's contract.
- 3.5.11.4** Establish and review the targeted average maturities periodically with the Investment Manager(s).

**3.5.11.5** 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 this policy.

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

### **3.6 Authorized Investments**

#### **3.6.1 Maturity and Term**

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

#### **3.6.2 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 this Annual Investment Policy.

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

**Maximum Term: Five (5) Years (per Code)**

<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 30 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 this Annual Investment Policy and are permitted investments.

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

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

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.

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

<i>“Agencies” are limited to:</i>	
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

**3.6.5 State of California and Local Agency Obligations (Government Code Sections 53601(a), (c), (d), (e))**

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

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

**3.6.6 Bankers’ Acceptances (BA) (Government Code Section 53601(g))**

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.

**3.6.6.1 Eligible Bankers’ Acceptances are:**

**3.6.6.1.1** Bankers’ Acceptances that are eligible for purchase by the Federal Reserve System, and

**3.6.6.1.2** Are 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 a nationally recognized rating agency.

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

**Maximum Term: 180 days**

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

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.

#### **3.6.7.1 Investments in Commercial Paper must be:**

**3.6.7.1.1** Rated P-1 by Moody's or A-1 or better by Standard and Poor's,

**3.6.7.1.2** Issued by corporations with a rating or ratings A-3 by Moody's and A- by Standard & Poor's or better on long term debt, if any, and

**3.6.7.1.3** 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).

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

**3.6.7.2** 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.

**Maximum Term: 270 days**

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

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.

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

**Maximum Term: Time Deposit 2 days**

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

Repurchase Agreements are permitted provided that:

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

**3.6.9.2** 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:

**3.6.9.2.1** Such registered broker-dealer is a recognized primary dealer, and

**3.6.9.2.2** Such primary broker-dealer (or its parent) has an uninsured, unsecured and unguaranteed obligation rated P-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.

**3.6.9.3** 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.

**3.6.9.4** 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:

**3.6.9.4.1** Federal Reserve Banks, or

**3.6.9.4.2** 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

**3.6.9.4.3** 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.

**3.6.9.5** 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.

**Maximum Term: One (1) year**  
**Reverse Repurchase Agreements are not allowed.**

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

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:

- 3.6.10.1** Be Corporate Securities that have a rating of A2 by Moody's and A by Standard and Poor's or better with a Maturity of five (5) years or less,
- 3.6.10.2** 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),
- 3.6.10.3** 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) ),
- 3.6.10.4** Represent no more than 5% of the portfolio for both MTN's or any corporate security of any one corporate issuer.

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

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

- 3.6.11.1** Investments in shares of beneficial interest issued by diversified management companies (Money Market Funds or Mutual Funds) must be with a company that:
- 3.6.11.2** Attained the highest ranking of the highest letter and numerical rating provided by not less than two nationally recognized rating services, or
- 3.6.11.3** If unrated, all funds must be invested 100% in government securities or securities backed by government collateral.
- 3.6.11.4** 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.

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

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

**3.6.12 Mortgage or Asset Backed Securities ~~(Pass-Through Securities)~~ (Government Code Section 53601(o))**

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.

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:

**3.6.12.1** Rated AA by a nationally recognized rating service, and

**3.6.12.2** Issued by an issuer having an AAA or better rating service by a nationally recognized rating service for its long term debt.

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

**3.6.13 Variable and Floating Rate Securities**

**3.6.13.1** 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.

**3.6.13.2** 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.

**3.6.13.3** 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 **legal permissible** because the value does increase.

**3.6.14 Government Pooled Funds (Government Code Section 53601(p))**

**3.6.14.1** 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.

**3.6.14.2** 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).

**3.6.14.3** 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.

**3.6.14.4** 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 3.4.1.2 of this Annual Investment Policy

**Maximum Term: Five (5) years (per Government Code Section 53601)**

**3.7 Diversification Guidelines**

**3.7.1 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 of California and Local Agencies	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%

**3.7.2 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%

**3.7.3** 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

**3.7.4** 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.

**4.0** **AUTHORITY:**

- 4.1** Government Code of Regulations (“CCR”), Section(s) 53600-53609, 53646 Code of Federal Regulations, 31 C.F.R 306.1 *et seq.*, 31 C.F.R. 350.0 *et seq.*
- 4.2** L.A. Care Conflict of Interest Code.
- 4.3** L.A. Care Code of Conduct.
- 4.4** California Health & Safety Code Section 1376.
- 4.5** Knox Keene Health Care Service Plan Act of 1975, Ch. 2.2 (commencing with Section 1340), of Div. 3 of the Health & Safety Code, including the Rules of the Department of Managed Care.

**5.0** **REFERENCE:**

- 5.1** N/A

**6.0** **ATTACHMENTS:**

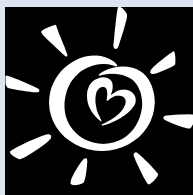
- 6.1** N/A

Accountability Matrix	
Responsible Department(s)	Policy Section #
<u>Financial Services – CFO</u>	
<u>Financial Services – Senior Director of Accounting and Financial Services</u>	

ELECTRONICALLY APPROVED BY THE FOLLOWING			
	Officer	Director	Regulatory Affairs & Compliance
<b>Name</b>	<u>Tim Reilly</u>	<u>Patricia Mowlavi</u>	<u>Steven Krivit</u>
<b>Department</b>	<u>Executive Services</u>	<u>Financial Services</u>	<u>Regulatory Affairs &amp; Compliance</u>
<b>Title</b>	<u>Chief Financial Officer</u>	<u>Senior Director of Accounting and Financial Services</u>	<u>Compliance Officer</u>
<b>IF APPLICABLE</b>			
<b>Board of Governors</b>		<b>Motion Number: <a href="#">FIN 100.1013</a></b>	

Policy History				
Date	Department	Policy or Section #	Comment(s)	Next or Annual Review Date
04/01/12	Accounting and Financial Services	FIN-001	Revised – primarily format changes	04/01/13
02/28/13	Accounting and Financial Services	FIN-001	Revised – primarily format changes	02/28/14
1996	Finance	1300	New Policy	1997





**L.A. Care**  
HEALTH PLAN

Board of Governors  
MOTION SUMMARY

**Date:** October 2, 2014

**Motion No.** FIN 103.1014

**Committee:** Finance & Budget

**Chairperson:** Michael Rembis

**Issue:** Contract with one or more existing vendors that have not been determined. The vendors will work on ICD-10 test environment setup and remediation services.

**Background:** L.A. Care requests approval to execute a contract with an existing vendor that has yet to be determined, that will enhance the existing scope of work and include additional tasks related to ICD-10 testing services, test environment setup and support services, for an amount of \$1,200,000, through October 31, 2015. The existing key vendors to be considered are: HCL, Cognizant, Trizetto and Infosys.

Due to the extension of the compliance date for ICD-10 implementation (October 1, 2015), L.A. Care acknowledges the opportunity to engage in ICD-10 end-to-end testing services, including the following:

1. Test Environment Setup
2. QNXT testing configuration and configuration support;
3. Create ICD-10 neutrality test cases for all impacted business areas, assets, and new lines of business;
4. Revise existing neutrality test cases based on historical data analysis;
5. Update of existing ICD-9 to ICD-10 forward mapping to reflect any changes from the 2014 CMS ICD-10 code set release;
6. Business partner readiness reassessment;
7. ICD-10 test data identification for new test cases and test data creation;
8. Facilitation of end-to-end testing that includes three cycles of internal testing, one cycle of regression testing, and external partner testing; plus
9. Defect management and regular project status reporting.

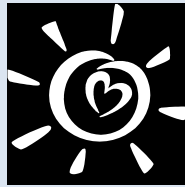
In order to continue work in progress in preparation for ICD-10 end-to-end testing, staff is requesting approval to execute a contract with an existing vendor as they presently have in-depth technical knowledge of L.A. Care's application in various projects and across all lines of business. Their knowledge and expertise requires minimal training and can easily immerse themselves into the project and consequently be efficient while allowing for time and cost savings.

L.A. Care will conduct a competitive request for proposal (RFP) process for a business remediation project vendor with a multidisciplinary evaluation team to select a key vendor based on its proven expertise and health plan experience.

**Budget Impact:** Sufficient funds are available in the IT department budget for FY14-15

**Motion:** To authorize staff to contract with one or more existing key vendors for ICD-10 business remediation services, test environment setup and support services, for an amount of \$1,200,000, through October 31, 2015.





**L.A. Care**  
HEALTH PLAN

Board of Governors  
MOTION SUMMARY

**Date:** October 2, 2014

**Motion No. FIN 104.1014**

**Committee:** Finance & Budget

**Chairperson:** Michael Rembis

**Issue:** Contract with EPlus to purchase storage components to expand current data capacity and accommodate the growth of vital systems and member data within L.A. Care.

**Background:** L.A. Care is requesting approval to enter into a contract with EPlus in the amount of \$1,600,000 to purchase disk storage components that will allow expanding current data and information storage capacity.

The Information Technology (IT) Department needs to add data storage capacity to effectively support the organization's increasing data storage requirements. A key component of L.A. Care's network infrastructure includes the hardware and software that stores the organization's critical data. The data stored on L.A. Care's network is growing along with our membership, and our storage capacity must be increased to meet this demand. The storage environment has not been enhanced since September 2013.

Staff reviewed bids in September 2014 to add the required storage capacity provided by three vendors (NetApp, Academy Partners and EPlus). EPlus was the vendor selected based upon being the lowest price for all required components and services.

In order to add the required storage capacity to L.A. Care's current growing infrastructure, staff is requesting to contract with EPlus to procure the necessary equipment and services.

**Budget Impact:** Sufficient finds are budgeted in the IT department for FY 2014-15.

**Motion:** To authorize staff to execute a contract with EPlus, in an amount not to exceed \$1,600,000 for the purchase of disk storage infrastructure component expanding data and information storage capacity.



**L.A. Care**  
HEALTH PLAN

Board of Governors  
MOTION SUMMARY

**Date:** October 2, 2014

**Motion No.** FIN 105.1014

**Committee:** Finance and Budget

**Chairperson:** Michael Rembis

**Issue:** Amend a contract with Oracle America, Inc. (Oracle) for annual support and maintenance costs to L.A. Care's software infrastructure.

**Background:** L.A. Care requests approval to amend a contract with Oracle for annual support and maintenance fees through November 30, 2015 in the amount of \$1,545,504.

L.A. Care has used software application licenses provided by Oracle since 1999. Oracle is a sole source vendor and its database management application is a critical component of L.A. Care's software infrastructure, and requires specific support and maintenance that can only be provided by the expertise of the vendor.

In November 2013, the Board approved the implementation of Oracle database management application to support L.A. Care's business process having to do with transactional systems for member auto assignment, encounter data processing and repository, database for facility site review and other functions.

Staff is now requesting to approve the FY 14-15 annual support and maintenance costs that are referenced in prior motion FIN 104.1113-CS. The prior maintenance costs structure was higher; however L.A. Care negotiated a lower price for FY14-15 maintenance.

**FY 14-15** Annual support and maintenance at no more than 2% increase of base FY 13-14 cost, \$1,545,504 will be budgeted and requested in FY 14-15.

**FY 15-16** Annual support and maintenance at no more than 2% increase of base FY 14-15 cost \$1,576,415 will be budgeted and requested in FY 15-16.

**Budget Impact:** Sufficient funds are allocated in the IT department budget for FY 14-15.

**Motion:** To authorize staff to approve the annual support and maintenance costs with Oracle USA, Inc. (Oracle) in the amount of \$1,545,504 through November 30, 2015.



Board of Governors  
MOTION SUMMARY

**Date:** October 2, 2014

**Motion No:** FIN 106.1014

**Committee:** Finance & Budget

**Chairperson:** Michael Rembis

**Issue:** Amend a contract with FlexTech, Inc. for professional services support to L.A. Care's core applications.

**Background:** L.A. Care is requesting to amend the contract with FlexTech in the amount of \$1,900,000 (total contract not to exceed \$3,482,000) through October 31, 2015. FlexTech will provide IT resources with specific technical expertise, including:

- EDI (Electronic Data Interchange) Analysts
- Project Managers
- Configuration Analysts
- System Analysts

FlexTech has provided quality IT application consulting resource services to support L.A. Care's MHC core application for over 11 years. L.A. Care requests to increase funding for additional staff augmentation through the core system implementation. Under the current contract scope of work, FlexTech resources support QNXT implementation, including configuration of the new ICD-10 codes into QNXT and Clinical Care Advance, as well as the maintenance of MHC.

FlexTech's contract has been sole source due to its unique qualifications and experience working specifically with L.A. Care's MHC system. L.A. Care has regularly evaluated FlexTech against other vendors with similar qualifications, and found FlexTech to be more competitively priced and more adequately resourced.

FlexTech has experience with TriZetto systems, an extensive resource pool, and irreplaceable historical project knowledge required to meet critical project milestones. While IT recruits to fill full time internal positions, there is an immediate need for temporary resources to maintain project continuity, support the existing project work load, and ensure timely core system implementation.

**Budget Impact:** Sufficient funds are available in the IT Department and have been budgeted for FY 14-15.

**Motion:** To authorize staff to amend a contract with FlexTech, Inc. for IT staff augmentation resources and technical support in the amount of \$1,900,000 (total contract not to exceed \$3,482,000), through October 31, 2015.



Board of Governors  
MOTION SUMMARY

**Date:** October 2, 2014

**Motion No.** FIN 107.1014

**Committee:** Finance and Budget

**Chairperson:** Michael Rembis

**Issue:** Amend a contract with Infosys Public Service (“Infosys”) for Medi-Cal custom interface development, systems operations and maintenance support, testing and reporting.

**Background:** L.A. Care requests approval to amend the contract with Infosys in the amount of \$2,876,111 through June 30, 2015. Infosys will provide Medi-Cal development, systems operations and maintenance support, testing and reporting.

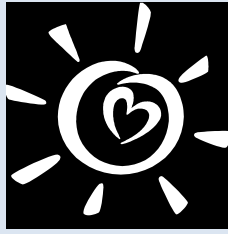
In March 2012 the Board approved the implementation of TriZetto’s payer core information system to handle all of L.A. Care’s lines of business. However in a need to augment TriZetto’s resources and ensure a successful system implementation, additional assistance from vendors with expertise in TriZetto products was needed. A request for proposal (RFP) was conducted and Infosys was selected in July 2013 due to its established partnership with TriZetto, which included access to TriZetto’s intellectual property, vast network of experienced resources, and lowest proposed pricing.

The requested support areas include the following through June 30, 2015.

1. Medi-Cal conversion to QNXT/CCA.
2. Conversion of D-SNP members to Cal MediConnect (CMC).
3. Enhancements to support LA Care Covered 2015 Open Enrollment and Off-Exchange.
4. Ongoing changes and support for PASC-SEIU, LA Care Covered, and Cal MediConnect.

**Budget Impact:** Sufficient funds are available in the IT department budget for FY 14-15.

**Motion:** To authorize staff to amend a contract with Infosys for core system development, testing and maintenance consulting, in the amount of \$2,876,111 (total contract not to exceed \$8,258,627.74), through June 30, 2015.



**L.A. Care**  
HEALTH PLAN

Board of Governors  
MOTION SUMMARY

**Date:** October 2, 2014

**Motion No.** FIN 108.1014

**Committee:** Finance and Budget

**Chairperson:** Michael Rembis

**Issue:** Approval to execute contracts with Ansafone and CareCall, Inc. (CareCall) for call center vendor services.

**Background:** L.A. Care requests approval to execute a contract with Ansafone (headquarters in California) in an amount of \$5 million, and with CareCall (headquarters in Minnesota) in an amount of \$1 million through December 31, 2017. Although the L.A. Care Member Services call center is the primary member and provider call center, L.A. Care outsources overflow, after hours, and outbound call functions. The vendor plays a crucial role in addressing unanticipated inbound volume, supporting and supplementing operations due to internal resource constraints, and planning for contingencies.

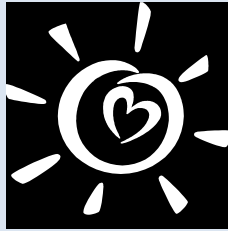
L.A. Care has an existing contract with Ansafone which initiated in 2008 and will terminate in January 31, 2015 for services totaling an amount of \$15,353,000. However, in late 2013, L.A. Care released a call center vendor request for proposal and solicited bids from leading national call center vendors with state and federal programs experience. Four vendors responded, including Ansafone, the incumbent vendor.

A multi-disciplinary evaluation team selected Ansafone and CareCall, two vendors with strong capabilities and relevant industry experience. Based on volume projections, Ansafone and CareCall were the two lowest bidders for the combined inbound/after hours and outbound scopes of work. The evaluation team considered value propositions, implementation timeframes and resource requirements. The selection of two finalists is consistent with L.A. Care's long term Member Services multi-source strategy, which will enable more flexible securing of expert resources, decreased reliance on a single vendor, and reduced costs. L.A. Care will continue to share certain Member Services functions internally and externally.

The funding request represents costs in the first contract year (FY 2014-15). L.A. Care will evaluate costs annually for the second (FY 2015-16) and third (FY 2016-17) contract years.

**Budget Impact:** Budgeted in Member Services FY2014-15 budget.

**Motion:** To authorize staff to execute a contract with Ansafone, in an amount not to exceed \$5 million, and CareCall, Inc. in an amount not to exceed \$1 million through December 31, 2017 for call center services.



**L.A. Care**  
HEALTH PLAN

Board of Governors  
MOTION SUMMARY

**Date:** October 2, 2014

**Motion No.** FIN 109.1014

**Committee:** Finance & Budget

**Chairperson:** Michael Rembis

**Issue:** Approval to amend existing contract with JAR Insurance Services (JAR) to provide general agency services for L.A. Care's Medicare Advantage Special Needs Plan (D-SNP) product.

**Background:** L.A. Care requests approval to amend the existing contract with JAR, for an amount of \$750,000 (total contract not to exceed \$4,589,894) through September 30, 2015, to continue to provide benefit education and enrollment support to dual eligible Medicare and Medi-Cal beneficiaries through their licensed and Medicare certified agents.

JAR has continued to support the successful membership growth of L.A. Care's D-SNP product regardless of the recent low performing icon (LPI) on the Medicare STAR rating. JAR is committed to supporting the D-SNP transition to Cal MediConnect (CMC).

JAR agents are experienced in Medicare Advantage and Special Needs Plans, and demonstrate a commitment to Medicare compliance requirements, including agent licensing and annual Centers for Medicare and Medicaid Services (CMS) and America's Health Insurance Plans (AHIP) certifications. Additionally, JAR agents are bilingual in a number of languages, including Spanish, Farsi, Korean and Tagalog, and meet the cultural and linguistic needs of the communities served by L.A. Care.

The funding requested is based on projected average monthly enrollment of 200 members per month with a 12.5% disenrollment rate. The agency has exceeded their current enrollment projections for new and renewing members.

JAR currently has a separate contract in the amount of \$250,000 to provide services for our L.A. Care Covered product line through September 30, 2014.

**Budget Impact:** Sufficient funds are budgeted in Sales & Marketing and Operations Administration FY 2014-15.

**Motion:** To authorize staff to amend a contract with JAR Insurance Services (JAR) adding \$750,000 (total contract not to exceed \$4,589,894) through September 30, 2015 for L.A. Care's Medicare Advantage D-SNP general agency services.





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

**Date:** October 2, 2014

**Motion No.** FIN 110.1014

**Committee:** Finance & Budget

**Chairperson:** Michael Rembis

**Issue:** Request to authorize staff to amend the contract with APS Healthcare, Inc. (APS) to continue to support health risk assessments (HRAs) for L.A. Care’s Seniors and People with Disabilities (SPD), Dual Eligible Special Needs Plan (D-SNP) and L.A. Care Covered lines of business.

**Background:** L.A. Care is requesting to amend the contract with APS in the amount of \$1,993,104 through December 31, 2015 to extend the APS contract for the scope of work around HRA services for SPD’s, D-SNP and L.A. Care Covered lines of business.

Under a separate scope of work not currently expiring, APS also performs HRA services for L.A. Care’s Cal MediConnect program and care plan options (CPO). However, this request is solely to the HRA functions associated with SPDs, D-SNP and L.A. Care Covered. Total APS contract spending since the inception of the contract in 2013 is \$3.7 million.

The California Department of Health Care Services (DHCS) requires health plans to complete risk stratification and HRAs for high and low risk SPD Medi-Cal members and provide case management for high risk SPD members. Covered California also requires the availability of health assessment tools for beneficiaries.

In July 2013 the Board approved APS as the vendor selected by L.A. Care to support HRAs for SPD’s and D-SNP through December 31, 2014. At that time, L.A. Care indicated its intention to add other lines of business. APS has then supported HRA’s for Medi-Cal, D-SNP, L.A. Care Covered and Cal Medi-Connect (CMC). The agreement with APS to support HRAs for SPD membership expires December 31, 2014.

In an effort to streamline the process, L.A. Care requests approval to extend the APS agreement for Medi-Cal, D-SNP and L.A. Care Covered to run concurrently through December 31, 2015 and add \$1,993,104 to the contract.

	<b>Is Budgeted in Medical Expense for FY 13-14</b>	<b>Will be Budgeted in Medical Expense for FY 14-15</b>	<b>Total</b>
<b>Medi-Cal</b>	\$1,357,926	\$452,642	\$1,810,568
<b>D-SNP*</b>	\$66,000	\$22,000	\$88,000
<b>L.A. Care Covered</b>	\$69,536	\$25,000	\$94,536
<b>Total</b>	<b>\$1,493,462</b>	<b>\$499,642</b>	<b>\$1,993,104</b>

*\*Original budget estimates included the assumption that L.A. Care would terminate its D-SNP on 12/31/14.*

**Budget Impact:** Sufficient funds are budgeted for FY 13-14 and FY 14-15.

**Motion:** To authorize staff to amend the contract with APS Healthcare Inc. (APS), in the amount of \$1,993,104 and to extend the terms of the contract for Seniors and People with Disabilities (SPD), Dual Eligible Special Needs Plan (D-SNP) and L.A. Care Covered lines of business to run concurrently through December 31, 2015.



Board of Governors  
MOTION SUMMARY

**Date:** October 2, 2014

**Motion No.** FIN 111.1014

**Committee:** Finance and Budget

**Chairperson:** Michael Rembis

**Issue:** Contract with the Community Clinics Association of Los Angeles County (CCALAC) and subcontracts with Object Health and e2o Health required for L.A. Care to provide consulting services to CCALAC.

**Background:** Staff is requesting approval of a vendor contract with CCALAC from December 1, 2014 to November 30, 2015 in the amount of \$417,000. Under this contract L.A. Care will provide technical assistance to CCALAC clinics and small practices that need help with their health information technology and clinical workflow initiatives. The services are paid by CCALAC through a grant they receive from the US Department of Health and Human Services, Health Resources and Services Administration (HRSA) to assist Federally Qualified Health Centers that are part of CCALAC's Health Center Controlled Network (HCCN). This will be the 3<sup>rd</sup> and final year of the grant. CCALAC has used L.A. Care as its consultant for the HCCN program since 2012 and is pleased with our performance.

To perform its contractual obligations to CCALAC, L.A. Care will need to enter into subcontracts for the same time period with two vendors chosen previously for this project, Object Health and e2o Health. Both vendors were selected through a competitive bidding process for HITEC-LA and were selected because of their expertise in providing technical assistance in the area of health IT, including electronic health records and quality initiatives. Both vendors have provided consulting services to L.A. Care since March 2011 and we are pleased with their work.

These contracts are contingent upon CCALAC receiving grant approval from HRSA for year 3 of the HCCN program. CCALAC expects to receive grant approval in late November 2014.

**Budget Impact:** All expenses associated with L.A. Care's services for the HCCN program are fully paid by the revenue L.A. Care will receive from the CCALAC contract.

**Motion:** **To authorize staff to execute a contract with Community Clinics Association of Los Angeles County (CCALAC), and subcontracts with Object Health and e2o Health for L.A. Care to provide consulting services to CCALAC for the amount of \$417,000 for the period of December 1, 2014 to November 30, 2015.**



Board of Governors  
MOTION SUMMARY

**Date:** October 2, 2014

**Motion No.** FIN 112.1014

**Committee:** Finance and Budget

**Chairperson:** Michael Rembis

**Issue:** Amend a contract for Health Services Advisory Group to increase the maximum contract amount by \$200,000 for the provision of technical assistance services under the HITEC-LA program.

**Background:** The L.A. Care Board of Governors authorized the funding of the HITEC-LA project that serves as the federally designated Regional Extension Center for Los Angeles County. L.A. Care was awarded a cooperative agreement with the Office of the National Coordinator (ONC) under the U.S. Department of Health and Human Services. ONC recently granted a no-cost extension for the HITEC-LA cooperative agreement until April 5, 2015.

The HITEC-LA budget was approved by the Board allocating the required L.A. Care 10% match of the REC project up to \$2,640,893 (this amount was based on the original award application submitted to ONC).

Health Services Advisory Group has been a service partner of HITEC-LA since 2011. They will continue to work with HITEC-LA through the end of the program and as such will need to be paid for additional work performed beyond the initial grant period.

HITEC-LA requests approval to amend the contract with Health Services Advisory Group by \$200,000. The total contract amount for HSAG is not to exceed \$ 1,400,000.

**Budget Impact:** No budget impact. The cost of this amendment is included in the HITEC-LA budget.

**Motion:** To amend a contract with Health Services Advisory Group to increase the maximum contract amount by \$200,000 for the provision of technical assistance services under the HITEC-LA program through April 5, 2015 ( Total contract amount not to exceed \$ 1,400,000.)



Board of Governors  
MOTION SUMMARY

**Date:** October 2, 2014

**Motion No.** FIN 113.1014

**Committee:** Finance and Budget

**Chairperson:** Michael Rembis

**Issue:** Contract amendment with Inovalon, Inc. to provide National Committee for Quality Assurance (NCQA) licensed software for HEDIS reporting.

**Background:** Staff is requesting approval of a vendor contract extension with Inovalon, Inc. from September 1, 2015 to August 31, 2017 in the amount of \$789,280. This approval will extend the current one year contract with Inovalon and will guarantee a price discount based on a three year relationship. L.A. Care initially requested a one year contract with Inovalon in July 2014 but is requesting to extend that relationship for two additional years to ensure a discounted yearly rate from Inovalon and the ability to establish a three year data trend for analysis.

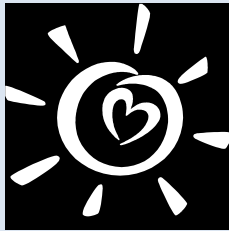
Inovalon is a data management company that offers NCQA licensed software used for health plan HEDIS reporting. Inovalon provides L.A. Care with a suite of software and services that support its HEDIS reporting. This includes; generation of samples, a data entry toll, results for approximately 50 measures by product, plan partner, and provider group, a reporting tool and user end training.

L.A. Care requires these services to produce data and reports that are used to fulfill NCQA, Centers for Medicare and Medicaid Services (CMS), and CA Department of Health Care Services (DHCS) HEDIS reporting requirements. Inovalon's services will be used on a daily basis by the Healthcare Outcomes and Analysis (HO&A) and Quality Improvement departments for in-depth data analysis, quality improvement projects, and reporting.

Inovalon was selected after a competitive request for proposal was conducted in Spring 2014.

**Budget Impact:** Sufficient funds are budgeted in the Healthcare Outcomes and Analysis budget for this fiscal year. L.A. Care will budget the balance in future fiscal years.

**Motion:** **To authorize staff to execute a contract amendment with Inovalon, Inc. to provide HEDIS reporting software in the amount of \$789,280 from September 1, 2015 through August 31, 2017.**



**L.A. Care**  
HEALTH PLAN

Board of Governors  
MOTION SUMMARY

**Date:** October 2, 2014

**Motion No.** FIN 114.1014

**Committee:** Finance and Budget

**Chairperson:** Michael Rembis

**Issue:** Approval for the Prequalified Vendor Program for staffing and consulting services through FY 14-15.

**Background:** In September 2013, the Board approved the creation of a Prequalified Vendor Program for specialized consulting and staffing services. This program has helped to respond to the organization's rapid growth and new challenges such as the CMS audit and remediation activities. Vendors under this program have been identified via a competitive request for qualifications (RFQ) process. An internal procedure was established through which an appropriate vendor is determined for a project based on the scope of work, vendor qualifications, and pricing. Staff has been reporting on the program's activities to the Finance and Budget Committee and the Board. At the October 2014 Finance & Budget Committee meeting, staff will present an annual report on the program.

The same guidelines will be followed for FY 14-15. Individual projects will be developed as needed and presented to the Leadership Group for approval. The total cost of all staffing and consulting projects approved through this program may not exceed \$500,000 for each vendor without further Board approval. The Master Services Agreements (MSA) that were negotiated with each vendor are for a three year term, with each year's maximum contracting amount subject to Board approval. Staff will conduct a competitive solicitation before the end of the third year, and vendors will need to compete to be part of the program again.

Currently, there is a Preferred Vendor List managed by the Purchasing Department, which is different from the Prequalified Vendor Program. Procurement and contracting policies are being revised to integrate the Prequalified Vendor Program.

**Budget Impact:**

\$4,500,000 Fully budgeted in the organization-wide FY 14-15 adopted budget.

Funding for staffing is offset by savings from unfilled FY 14-15 approved positions and will be assigned to the requesting department's cost center. Funding for consulting is included in department FY 14-15 budgets (professional services) and will be assigned to the requesting department's cost center.

**Motion:** To approve contracting for staffing and consulting services through FY 14-15 not to exceed the amount indicated per vendor, and when the expenditure for any one vendor reaches or exceeds 50% of the total approved contract amount by the end of the first fiscal quarter, the Chair of the Finance & Budget Committee will be notified and these projects and associated amounts will be reported at the subsequent Finance & Budget Committee Meeting:

Cambria Solutions	\$	500,000
Clearstone Solutions	\$	500,000
Gorman Health Group	\$	500,000
Harwich Group	\$	500,000
Health Management Associates	\$	500,000
Health Value Solutions	\$	500,000
Optimity Advisors	\$	500,000
3Key Consulting	\$	500,000
Milliman	\$	500,000



Board of Governors  
MOTION SUMMARY

**Date:** October 2, 2014

**Motion No.** FIN 115.1014

**Committee:** Finance and Budget

**Chairperson:** Michael Rembis

**Issue:** Contract with Object Health, LLC, (Object Health) to provide technology consultant services to seven community-based clinics approved by the Board of Governors at its July 10, 2014 under the Robert E. Tranquada, M.D. Safety Net V-HEDIS (Tranquada V) Initiative.

**Background:** L.A. Care requests approval to execute a contract with Object Health from November 1, 2014 to November 1, 2016 in the amount of \$150,000. The vendor will provide assistance to seven community health centers to improve Healthcare Effectiveness Data and Information Set (HEDIS) scores for selected populations, including tracking and flow of data with an emphasis on coding and systems infrastructure. Object Health's support will address each participating health center's opportunities in quality management programs, strategies, care delivery, software, coding, systems analysis and general trouble shooting. L.A. Care requires this technical assistance to improve specific quality of care measures such as well child visits and immunizations for children and breast and cervical cancer screening for women.

Since 2010, Object Health has successfully performed on L.A. Care's Health Information Technology (HIT) department projects, including HITEC-LA, eConsult specialty care infrastructure and the Health Center Controlled Networks (HCCN) program. Previous to contracting Object Health's services, the HIT department released a request for proposal and a comprehensive selection process was conducted with the final decision to contract Object Health. The vendor has since then managed a network of experts to help accomplish a number of objectives related to the various projects listed above.

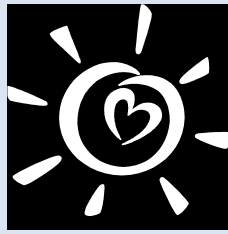
The vendor has been granted Sole Source status due to its level of expertise, previous successful working relationship with a number of the Tranquada V grantees, entrenched familiarity with the Safety Net, and their overall success with implementing L.A. Care projects.

The current 12 month history for Object Health is \$254,600. The additional \$150,000 being requested will bring the total contract amount to \$304,600.

**Budget Impact:** While funds were not specifically budgeted for Object Health, L.A. Care did budget for this type of activity for FY 2014-15.

**Motion:** **To authorize staff to execute a contract with Object Health, LLC to provide technical support in the amount of \$150,000 from November 1, 2014 through November 1, 2016.**





**L.A. Care**  
HEALTH PLAN

Board of Governors  
MOTION SUMMARY

**Date:** October 2, 2014

**Motion No.** ECA 100.1014

**Committee:** Executive Community Advisory  
Committee

**Chairperson:** Aida Aguilar

**Issue:** RCAC Chair & Vice-Chair Elections.

**Background:** RCAC Chair and Vice-Chair elections are held every two years in accordance with the Regional Community Advisory Committee (RCAC) Operating Guidelines. The candidates listed below were elected by their individual RCACs during the months of August and September 2014.

**Budget Impact:** N/A

**Motion:** To approve the election of the following Chairpersons and Vice Chairpersons of the Regional Community Advisory Committees (RCAC) for FY2014-16 as reviewed by the Executive Community Advisory Committee (ECAC) at the September 10, 2014 meeting:

<u>RCAC</u>	<u>Chair</u>	<u>Vice Chair</u>
1	Maria Adela Guadarrama	Alicia Flores
2	Carlos Aguirre	Ana Rodriguez
3	Lidia Parra	Esmeralda Cerezo
4	Hercilia Salvatierra	Silvia Poz
5	Romalda Meza	Maria Sanchez
6	Dove Pinkney	Brigitte Green
7	Dalia Cadena	Fatima Vasquez
8	Ana Romo	Maria Isabel Tamayo
9	Cristina Deh-Lee	Arun Tes Yang
10	Aida Aguilar	Elsa Gervacio
11	Elda Sevilla	Estela Vejar



Board of Governors  
MOTION SUMMARY

**Date:** October 2, 2014

**Motion No.** ECA 101.1014

**Committee:** Executive Community Advisory Committee

**Chairperson:** Aida Aguilar

**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.

**Budget Impact:** None.

**Motion:** To approve the following candidate(s) to the Regional Community Advisory Committees (RCAC) as reviewed by the Executive Community Advisory Committee (ECAC) during the September 10, 2014 ECAC meeting.

Name	RCAC #
Cecilia E. Ramos	RCAC 1
Independent Living Center of Southern California	RCAC 1
Youth Policy Institute	RCAC 2
Ana Cruz	RCAC 3
Michael Shelton	RCAC 4
State Council on Developmental Disabilities (developmental Disabilities Area Board 10)	RCAC 4
Robert G. Harvey-Dixon	RCAC 5
Virginia Renaud	RCAC 6



September 22, 2014

TO: Board of Governors

FROM: Howard A. Kahn, *Chief Executive Officer*

**SUBJECT: CEO Report – October 2014**

October 2014 marks the beginning of the second year of the Marketplace (Exchange) component of the Affordable Care Act (ACA). L.A. Care worked diligently to prepare for the first open enrollment period of Covered California and experienced success beyond expectation with 38,000 Los Angeles County residents choosing L.A. Care Covered. While it was a bumpy road for all members and health plans, L.A. Care prepares for year two with the same enthusiasm and commitment but with several lessons learned. As evidenced by the 4,000 wristbands distributed at the recent Care Harbor LA event, there is still work to be done to ensure access to quality health care to individuals who need it in Los Angeles County.

Please find below an update on organizational activities that occurred in September 2014. Additional updates will be given during my CEO report at the October 2, 2014 Board meeting.

1. Coordinated Care Initiative (CCI) and Cal MediConnect (CMC)

L.A. Care is proud to announce that preliminary results indicate that L.A. Care's Medicare Part D Star Rating improved to 3.5 Stars for 2015. This eliminates the Low Performing Icon designation on our Medicare Advantage Special Needs Plan, and L.A. Care will be eligible to accept passive enrollment in the Cal MediConnect program starting January 2015. L.A. Care continues to accept voluntary enrollment for the remainder of 2014 and will do so during the entire enrollment period.

Staff continues to work with the State and providers to implement the managed long term services and supports (MLTSS) benefit. Specific activities include analyzing available data on members who reside in long term care facilities and ensuring appropriate access to primary care.

2. Covered California (Health Benefit Exchange)

Building on the high enrollment experienced in 2014, Covered California launched its community outreach campaign for 2015 on September 15, including new grants to community groups and a comprehensive advertising campaign aimed at attracting new consumers and encouraging them to enroll in the state's health benefit exchange. The campaign includes \$46 million in new statewide advertising and \$14.6 million in new community outreach grant funding. Selected organizations will receive between \$50,000 and \$750,000 in grants, based on their experience with special populations defined by common characteristics. Some of the grantees in Los Angeles County

include the University of Southern California, Vision y Compromiso, Northeast Community Clinic, and Community Health Alliance of Pasadena.

To prepare for this year's open enrollment, staff in several departments, including Marketing, the Family Resource Centers, Community Outreach and Education and Member Services will be updated with refresher training sessions and updated materials. Field Sales Representatives are working in the communities we serve, as well as the Direct Response Unit (DRU) that can answer questions over the phone. Community members can also make an appointment to speak with a representative at one of the four L.A. Care Family Resource Centers in Boyle Heights, Inglewood, Lynnwood, and opening soon in Pacoima.

3. Medi-Cal Membership Growth in September

L.A. Care continues to experience Medi-Cal membership growth. It is worth noting that we received a significant increase in membership in September of 60,072 members, 47,986 of which were enrolled into L.A. Care's Medi-Cal direct line of business MCLA. As you may recall, L.A. Care received approximately 160,000 members in January, due to Medi-Cal expansion, but enrollment has since leveled off with an average of 13,000 member growth per month. The recent increase in membership may be attributed to the State's increased focus on the Medi-Cal backlog as well as the CalFresh members.

4. Care Harbor LA at the Los Angeles Sports Arena

Care Harbor LA was held September 11-14 at the Los Angeles Sports Arena. L.A. Care was the presenting sponsor for the third consecutive year and had a significant presence at the event. Several staff, including myself, volunteered to hand out wrist-bands for those seeking services during the event. As in previous years, all available wristbands were distributed to those seeking care for a total of 4,000. Dr. Horowitz, Board Chair, also volunteered his medical services at the clinic. L.A. Care had a large booth at the event staffed by Sales and Marketing, Family Resource Center, and Community Outreach and Engagement department staff. We also had signs throughout the clinic area and tote bags were given to each patient featuring the L.A. Care logo. The Communications Department developed a post-clinic survey, which was administered to clinic patients. The survey asked whether clinic patients had health insurance, if so, their plan affiliation, how they heard about Care Harbor, and if they have attended in prior years. Results will be shared when available.

5. L.A. Care Awards Grant to Corporation for Supportive Housing

L.A. Care awarded a \$200,000 ad hoc grant to the Corporation for Supportive Housing (CSH) to provide on-the-ground, intensive case management services in an effort to reduce re-hospitalization rates among the highest-need, highest-cost L.A. Care members who are homeless.

The two-year pilot program will be a model for the approximately 20,000 homeless members that L.A. Care serves, especially those with the most complex medical, physical and social needs. CSH will implement a program modeled after its "Frequent Users of Systems Engagement" (FUSE) program. This approach, which consists of providing housing and social service interventions, has proven effective at significantly reducing emergency room visits and inpatient days. L.A. Care's funds will support case management and care coordination to connect qualified members to a large network of comprehensive resources.

6. Toby Douglas, Director, Department of Health Care Services, Resigns

On September 12, 2014, Toby Douglas announced his resignation as Director of California's Department of Health Care Services effective January 2015. Mr. Douglas was appointed by Governor Jerry Brown in 2011 and oversaw several initiatives as part of California's response to the Affordable Care Act.

7. Meetings and Events of Interest

On September 7, 2014, I participated at the Care Harbor LA wrist banding event at the Los Angeles Sports Arena as well as the opening day press conference on September 11.

On September 18, I, along with other staff and Board members attended the Korean Health, Education, Information and Research Center's (KHEIR) 28th Anniversary Fundraising Dinner, where I shared the 2014 Leadership Award with the Los Angeles Fire Department. Thank you to those who attended the event. I am truly appreciative of Board members Horowitz, Spiller, Perez, and Zelman who attended the event along with several of our staff.

L.A. Care provided downtown meeting space for community activities and training this past month:

- September 17, 2014 – L.A. Care hosted a Health Promoters training on the Coordinated Care Initiative and access to care issues.
- September 18, 2014 – L.A. Care hosted Joint Operations Committee meeting with the Los Angeles County Department of Health Services.
- September 25, 2014 – L.A. Care hosted a Behavioral Health stakeholder meeting.

Attachments:

- September sponsorship list.

**September 2014 Participation and Sponsorship List**

<b>Event Date</b>	<b>Organization</b>	<b>Event</b>	<b>Location</b>
9/6/2014	Neighborhood Legal Services	Just Neighbors Celebration	Los Angeles
9/11/2014	Care Harbor LA	Free Medical, Dental and Vision Care Clinic	Los Angeles
9/18/2014	9th Council District Office of Curren D. Price, Jr.	Senior Appreciation Luncheon	Los Angeles
9/18/2014	Korean Health Education, Information and Research Center (KHEIR)	Anniversary Fundraising Dinner & Awards	Pasadena
9/18/2014	Valley Care Community Consortium	Annual Community Caring Award Dinner	Studio City
9/25/2014	Festiva Educativa	Fiesta Educativa Statewide Conference	Los Angeles
9/26/2014	Chinatown Service Center	Annual Fundraising Gala & Silent Auction	Los Angeles



Board of Governors  
MOTION SUMMARY

**Date:** October 2, 2014

**Motion No.** BOG 100.1014

**Committee:** Board of Governors

**Chairperson:** Thomas Horowitz, DO

**Issue:** Request to authorize staff to execute a contract with WeiserMazars LLP for temporary Medical Payment Systems and Services management staffing.

**Background:** L.A. Care is requesting approval to execute a contract with WeiserMazars LLP (formerly known as pmpm Consulting Group, Inc.), from September 29, 2014 through January 31, 2015, in the amount of \$311,260. Two managers will be onsite, at least 4 days a week, to assist L.A. Care in staffing key positions in the Medical Payment Systems and Services (MPSS) department until qualified candidates can be recruited and trained to take over the positions.

One position is QNXT Operations Manager, which will be responsible for assisting in the development of the interfaces needed to fully automate the capitation payment and premium billing functions. The other position is Manager, Capitation Processing and Validation, which will focus on capitation processing and verification. The contracted managers from WeiserMazars are highly qualified, experienced managed care industry professionals that will provide a skilled management resource while L.A. Care searches to fill the two positions permanently. See cost breakdown below:

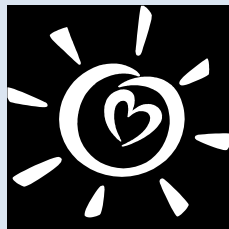
Position / Expense	Hourly Rate	Hours (Days)	Total Cost
<b>QNXT Operations Manager</b>	\$229/Hr.	612 (68 on-site days)	\$140,260
<b>Manager, Capitation Processing &amp; Validation</b>	\$198/Hr.	612 (68 on-site days)	\$121,000
<b>Travel *</b>			\$50,000
<b>Total</b>			\$311,260

\* Travel costs consist of estimated expenses of \$450 per day (including airfare, lodging, food, automobile and incidentals). Actual costs will be submitted and the total will not exceed \$50,000.

L.A. Care has used pmpm’s services in the past, and while WeiserMazars LLP purchased pmpm in July 2014, the pmpm consulting group remains the same and is providing the services for this contract.

**Budget Impact:** Both positions are in the Medical Payment Systems and Services budget for FY 2014-15.

**Motion:** To authorize staff to execute a contract with WeiserMazars LLP, for temporary Medical Payment Systems and Services management staffing, in the amount of \$311,260, from September 29, 2014 through January 31, 2015.



**L.A. Care**  
HEALTH PLAN

## Board of Governors

### MOTION SUMMARY

**Date:** October 2, 2014

**Motion No.** EXE 101.1014

**Committee:** Executive Committee

**Chairperson:** Thomas Horowitz, D.O.

**Issue:** Approval for an ad hoc grant to the Northeast Valley Health Corporation to open the San Fernando Healthcare Center Adult Wellness Center.

**Background:** The Northeast Valley Health Corporation (NEVHC) serves over 33,000 L.A. Care members. NEVHC is a non-profit Federally Qualified Health Center, and it expects to serve over 62,000 patients and provide more than 236,000 visits by the end of 2014. In spite of a recent significant expansion, adult patients wait up to 30 days for follow-up visits and new patients wait up to 91 days for a first-time appointment. The proposed new wellness center will allow NEVHC to serve an additional 2,600 patients and provide 8,400 more medical visits by the end of the first year of operation. L.A. Care funds will support the salaries of an adult medicine physician, a medical assistant, and expenses related to the implementation of additional software licenses for electronic health records, chronic disease and dental management systems. NEVHC is a previous Community Health Investment Fund (CHIF) awardee, and their performance track record has been excellent.

**Alignment with L.A. Care Organizational Goals:** NEVHC's clinical expansion project is consistent with L.A. Care's mission of improving access and providing high quality care to vulnerable and low income populations in underserved areas. The project aligns with L.A. Care's organizational Goal 6.3 of strengthening the safety net and improving quality of care by integrating preventive and clinical care and providing support to community organizations that improve community health. The overarching goal of this project meets the triple aim goals of the Affordable Care Act: Improving patient experience and quality of care by increasing access and decreasing wait times, improving population health and reducing per capita health care costs by avoiding unnecessary emergency room hospitalizations.

L.A. Care will be acknowledged as a funder with a recognition plaque, in joint press releases, website placement, e-newsletter announcements and in other materials related to this project. NEVHC will also partner with L.A. Care's soon-to-open Pacoima Family Resources Center and jointly create opportunities related to co-branding efforts, health education activities and sharing of resources.

**Budget Impact:** The CHIF allocation for fiscal year 2013-2014 is \$5.0 million, and the total unspent balance to date is \$1,190,000. Due to timing of submission, this request of \$300,000 will be spent from the new fiscal year 2014-2015 CHIF budget, which was recently adopted by the Board of Governors. If this NEVHC request is approved, the CHIF balance for fiscal year 2014-2015 will be \$4,700,000.

**Motion:** To approve up to \$300,000 to the Northeast Valley Health Corporation to support the start-up of the new San Fernando Health Center Adult Wellness Center.





October 2, 2014

**To:** Executive Committee

**From:** Jonathan Freedman, *Chief of Strategy, Regulatory and External Affairs*  
Roland Palencia, *Director, Community Benefit Programs*

**Subject: Approval of a \$300,000 award to the Northeast Valley Health Corporation to open the San Fernando Healthcare Center Adult Wellness program.**

### **Proposed Project**

Staff recommends approval to fund an ad hoc grant for \$300,000 to the Northeast Valley Health Corporation (NEVHC) to support the start-up of the San Fernando Health Center Adult Wellness program. By the end of the first year of operation, the Adult Wellness Center will provide an additional 8,400 medical visits and serve over 2,600 individual patients. NEVHC serves over 33,000 L.A. Care members, and the proposed project could benefit over 12,000 member patients in the San Fernando Health Center site alone.<sup>1</sup>

The clinic has already secured funding for building construction and renovation, and L.A. Care's request will fund start-up clinical operations that include salaries for an adult medicine physician, a medical assistant and purchasing and implementation of additional electronic health records (NextGen), chronic disease management (i2i Tracks) and electronic dental (Dentrix) software licenses. This proposed expansion supports NEVHC's goal to increase access and to provide a "medical home" for the underserved by significantly expanding access to primary care, disease management, prevention and educational services.

Since 2005, L.A. Care has funded NEVHC programs through the Community Health and Investment Fund, and the clinic has become one of its largest recipients. Community Benefits staff and expert review committees have valued the quality of the proposals, well-structured programs, program implementation and follow up.

### **Issue Background**

According to the October 2013 SPA 2 Triennial Needs assessment, there are 308,440 low-income, predominantly Latino adults (72%) over 18 years of age, residing in the northeast San Fernando Valley (SFV), particularly in the Cities of San Fernando, Pacoima, Granada Hills, North Hills, Mission Hills, Panorama City and Sylmar where the proposed project will be established. These

<sup>1</sup> NEVHC's L.A. Care members at the San Fernando Health Center site as of July 2014.

communities account for 111,992 households and 21% of those households earn less than 150% of the federal poverty level. Over 89,000 adults experience difficulty accessing medical care, 77,418 do not have a regular source of health care, and 52,000 did not see a doctor in the past year due to lack of affordability.

As a result of this demand, NEVHC's San Fernando and Pacoima Health Centers have already expanded services to Saturdays and four late evenings per week. Even with this expansion, these clinics are at full capacity and are unable to meet the demand for adult services. Adult patients at these sites wait up to 30 days for follow-up visits and for physical exams, and new patients wait between 62 and 91 days for an appointment. Furthermore, only about 66% of adult same-day appointment can be accommodated; and for those who receive an appointment, the average wait is over two hours. Not surprisingly, the 2013 NEVHC Emergency Room (ER) Utilization Medi-Cal Patients report indicated that these two centers (San Fernando and Pacoima), accounted for 4,185 ER visits, of which over 75% were for non-urgent conditions, including headaches and fevers.

### **Organizational and Project Background**

NEVHC is a 501 ( c ) ( 3 ) non-profit Federally Qualified Health Center (FQHC) incorporated in 1971 whose mission is to provide comprehensive, high quality and safe health care services to low-income and medically underserved residents in the San Fernando and Santa Clarita Valleys. NEVHC operates 14 clinics in the region, and in 2013 it provided services to over 63,000 patients. NEVHC also operates 14 Women, Infants and Children (WIC) sites that serve 60,570 clients per month.

In 2012, NEVHC received a \$5.0 million Federal Capital Development-Building Capacity grant, authorized by the Affordable Care Act, to construct and help equip the new 15-exam room Adult Wellness Center on the campus of its San Fernando Health Center located in the city of San Fernando. This project expansion will also allow NEVHC to expand its dental clinic, doubling its number of operatories from six to twelve. These new operatories will help NEVHC to provide an additional 5,933 dental visits for 1,944 patients by the end of the first year of full operation. Construction is scheduled to be completed by early next year.

### **Project Deliverables**

By the end of its first full year of operation, NEVHC will:

1. Serve an additional 2,600 patients and provide a minimum of 8,400 additional medical visits.
2. Purchase and install the additional electronic health records (NextGen), chronic disease management (i2i Tracks) and electronic dental (Dentrix) licenses.

### **Evaluation**

NEVHC will implement a variety of approaches to evaluate the effectiveness of the proposed program. Using the software management systems to document patient demographics, the number and types of visits, diagnoses, patient growth, billings and revenue with monthly and quarterly reports will facilitate the evaluations. NEVHC will also report units of service, demographics, clinical indicators and cost per unit and revenue to ensure services are sustainable and meet community needs. The clinic's Quality Improvement and Risk Management departments will monitor patient quality outcomes including patient satisfaction, patient grievances, provider performance, and patient centered medical home compliance.

# BOARD OF GOVERNORS

## Executive Committee

### Meeting Minutes – July 16, 2014

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



**L.A. Care**  
HEALTH PLAN

#### Members

Thomas Horowitz, DO, *Chairperson*  
Mark Gamble, *Vice Chairperson*  
Michael Rembis, *Treasurer*  
Louise McCarthy, *Secretary*  
Alexander Li, MD  
G. Michael Roybal, MD, MPH\*

#### Management/Staff

Howard A. Kahn, *Chief Executive Officer*  
Gertrude S. Carter, *Chief Medical Officer*  
Jonathan Freedman, *Chief of Strategy, Regulatory and External Affairs*  
Augustavia J. Haydel, *General Counsel*  
Tim Reilly, *Chief Financial Officer*  
Robert Turner, *Chief of Human Resources*  
John Wallace, *Chief Operating Officer*

#### Public

Alan Bloom, *Care1<sup>st</sup>*  
Laurie Garcia, *Anthem Blue Cross*  
Avanti Wadu, *iHealth, Inc.*

\*absent

\*\* by telephone

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
<b>CALL TO ORDER</b> Thomas Horowitz, DO	Thomas Horowitz, DO, <i>Chairperson</i> , called the meeting to order at 2:45 p.m.  Chairperson Horowitz 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> Thomas Horowitz, DO	The Agenda for today's meeting was approved as presented.	<b>Unanimously approved.</b> <b>AYES 4 (Gamble, , Li, McCarthy, Horowitz)</b>
<b>PUBLIC COMMENTS</b>	There were no public comments.  <i>(Member Rembis joined the meeting.)</i>	
<b>APPROVE MEETING MINUTES</b> Thomas Horowitz, DO	The minutes for the June 16, 2014 meeting were approved as presented.	<b>Unanimously approved as presented. 5 AYES</b> <b>(Gamble, Li, McCarthy, Rembis and Horowitz)</b>

**APPROVED**

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
<b>ADJOURN TO CLOSED SESSION</b>	<p>Augustavia J. Haydel, Esq., <i>General Counsel</i>, announced that the following items will be discussed in closed session and the meeting adjourned to closed session at 2:50 p.m.</p> <p>A. CONTRACT RATES Pursuant to Welfare and Institutions Code Section 14087.38(m)</p> <ul style="list-style-type: none"> <li>• Plan Partner Medical Rates</li> <li>• Provider Rates</li> <li>• DHCS Medi-Cal Rates</li> </ul> <p>B. REPORT INVOLVING TRADE SECRET Pursuant to Welfare and Institutions Code Section 14087.38(n) Including Discussion Concerning New Product Lines <i>Estimated date of public disclosure: July 2016</i></p> <p>C. CONFERENCE WITH LABOR NEGOTIATOR Pursuant to Section 54957 of the Ralph M. Brown Act Agency Negotiator: Howard A. Kahn Unrepresented Employee: All L.A. Care Employees</p> <p>D. CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION Pursuant to Section 54956.9 (d) (2) of the Ralph M. Brown Act One potential case</p> <p>E. PUBLIC EMPLOYMENT Pursuant to Section 54957 Ralph M. Brown Act. Title: Chief Executive Officer</p>	
<b>RECONVENIE IN OPEN SESSION</b>	The meeting reconvened in open session at 3:42 p.m. No reportable actions were taken during the closed session.	
<b>CHAIRPERSON's REPORT</b>  Thomas Horowitz, DO	There was no report from the Chairperson.	
<b>CHIEF EXECUTIVE OFFICER's REPORT</b>	<p>Howard A. Kahn, Chief Executive Officer, reported: <b><u>Cal MediConnect (CMC)/Coordinated Care Initiative</u></b></p> <ul style="list-style-type: none"> <li>• As reported at the last Board of Governors meeting, approximately 7,000 crosswalk</li> </ul>	

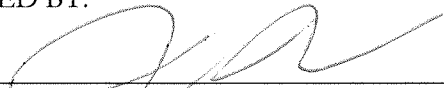
AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p>members transitioned to the CMC program.</p> <ul style="list-style-type: none"> <li>The Los Angeles County Medical Association and other organizations filed a lawsuit against the Department of Health Care Services (DHCS) to stop the implementation of the CMC program. Last week's ruling was to postpone the hearing until August 1, 2014. There have been discussions that DHCS may request the case be removed to federal court because it involves Medicare programs.</li> </ul> <p><b><u>Covered California (CC)</u></b></p> <ul style="list-style-type: none"> <li>Last week, L.A. Care leadership met with CC staff in Sacramento to further discuss the 2014-15 program bid.</li> <li>Plans participating in this meeting had an opportunity to discuss the design of rates and provider networks.</li> <li>CC informed health plans that no new health plans will be entering the Exchange in California.</li> </ul> <p><b><u>Executive Committee Meeting Schedule</u></b></p> <ul style="list-style-type: none"> <li>The L.A. Care Board and Committees have no meetings scheduled in August.</li> <li>The next Executive Committee meeting will be on September 24, 2014.</li> </ul>	
<b>COMMITTEE ISSUES</b>		
<b>AUTHORIZATION TO MODIFY PAID TIME OFF</b>	<p>Ms. Haydel presented a motion for the Committee's consideration to approve changes to the revised Human Resources Paid Time Off (PTO) Policy and Procedure HR-114.</p> <p><b><u>Motion EXE-A.0714</u></b>  <b>To remove the ability of employees to request a "cash-out" of unused PTO, and the ability to use PTO to offset the cost of healthcare premiums.</b></p>	<p><b>Motion EXE-A was unanimously approved. 5 AYES</b></p>
<b>APPROVE BENEFIT CONSULTANT EXPENDITURE</b>	<p>Robert Turner, <i>Chief of Human Resources</i>, reported that complex retirement issues require the use of outside consultants, and asked for the Committee's consideration to increase the budget allotment to provide HR benefit consulting services.</p> <p><b><u>Motion EXE-B</u></b>  <b>To authorize expenditures up to \$250,000 to provide HR benefits consulting services or to amend the current agreement with Altman &amp; Cronin Benefit Consultants by such amount for a new total of \$445,000, and extend the contract term to December 31, 2015.</b></p>	<p><b>Motion EXE-B Unanimously approved as presented. 5 AYES</b></p>

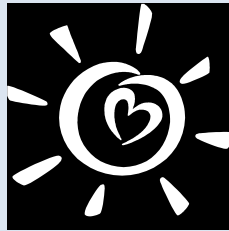
AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
<b>QUARTERLY ORGANIZATIONAL PERFORMANCE REPORT</b>	<p>Jonathan Freedman, <i>Chief of Strategy, Regulatory and External Affairs</i>, presented the third quarter fiscal year 2013-14 organizational performance report. Mr. Freedman reported overall positive performance on most goals. He noted that L.A. Care did not meet the Healthcare Effectiveness Data and Information Set (HEDIS) goal in the well child visit and adult diabetes categories. Mr. Freedman also noted a slight increase from 2013 in provider satisfaction ratings.</p> <p>Mr. Kahn informed the Committee that a recent employee report indicated higher turnover for new employees due to changes in the industry, a stronger economy and typically higher turnover in all groups of new employees.</p>	
<b>GOVERNMENT AFFAIRS UPDATE</b>	<p>Cherie Fields, <i>Director, Government Affairs</i>, reported:</p> <ul style="list-style-type: none"> <li>• The Centers for Medicare and Medicaid Services (CMS) sent letters to several states including California, requesting information on plans to address the significant backlog in processing Medicaid applications.</li> <li>• The Department of Health Care Services (DHCS) responded, indicating that within six weeks, the backlog will be reduced by 350,000, and the rest of the applications in the backlog will be processed within 45 days.</li> <li>• There will be a mass mailing to Medi-Cal applicants who have not had their eligibility determination concluded letting them know that they can go to the emergency room if they need to seek services in the interim. DHCS will have dedicated contact numbers in the eligibility department to work with advocates, applicants and counties. The mailing will also provide a notice to applicants to provide accurate information and to avoid submitting duplicate applications when using the Covered California portal.</li> </ul> <p>Member Li asked if the annual redetermination process would be suspended due to the influx of new members. Mr. Freedman noted that to avoid increased costs the California Department of Finance may delay the redetermination process or seek to reduce paperwork without completely suspending the process.</p>	
<b>APPROVE CONSENT AGENDA ITEMS FOR THE SEPTEMBER 4, 2014 BOARD MEETING</b>	<p>The Committee approved nine motions to be placed on the Consent Agenda for the September 4, 2014 Board meeting:</p> <ol style="list-style-type: none"> <li>1. Approve Investment Report (FIN 100)</li> <li>2. Approve Office Ally Contract Amendment (FIN 101)</li> <li>3. Approve Healthx Contract Amendment (FIN 102)</li> <li>4. Approve Interpreting Services International (ISI) Contract (FIN 103)</li> <li>5. Approve Salesforce Contract and Implementation Vendor Contract Amendment</li> </ol>	<b>Unanimously approved. 5 AYES</b>

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	(FIN 106) 6. Approve Maricich Healthcare Communications Contract (FIN 107) 7. Approve Disaster Recovery/Business Continuity Services Contract (FIN 108) 8. Approve CHCAC Member (CHC 100) 9. Approve RCAC Members (ECA 100)	
<b>ADJOURN</b>	The meeting adjourned at 4:00 p.m.	

Respectfully submitted by:  
 Linda Merkens, *Manager, Board Services*  
 Hilda Stuart, *Committee Liaison*

APPROVED BY:

  
 \_\_\_\_\_  
 Thomas Horowitz, DO, *Chair*  
 Date: 9/24/14



**L.A. Care**  
HEALTH PLAN

Board of Governors  
MOTION SUMMARY

**Date:** October 2, 2014

**Motion No.** BOG 101.1014

**Committee:** Board of Governors

**Chairperson:** Thomas Horowitz, DO

**Issue:** Acceptance of the Financial Report for the eleven months ended August 31, 2014.

**Background:**

**Budget Impact:**

**Motion:** To accept the Financial Report for the eleven months ended August 31, 2014, as submitted.





**L.A. Care**  
HEALTH PLAN®

Financial Performance  
August 2014

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**Overall**

Total enrollment for August is 1,512,480 members. Fiscal year-to-date (eleven months) performance is a surplus of \$42.7 million or 1.2% on revenue of \$3.6 billion, and is \$63.9 million favorable to plan. The favorable variance is driven by higher revenue related to rate adjustments retroactive to October 2013 and savings in operating expenses which includes timing and capitalization of certain system related costs.

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**Plan Partners**

Total enrollment for August is 805,381 members. Fiscal year-to-date performance is a surplus of \$68.4 million, and is \$35.9 million favorable to plan. The favorable variance is driven by higher revenue related to rate adjustments retroactive to October 2013 and savings in operating expenses.

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**Medi-Cal Direct (MCLA)**

Total enrollment for August is 618,071 members. Fiscal year-to-date performance is a surplus of \$5.5 million, and is \$36.2 million favorable to plan. The favorable variance is driven by savings in operating expenses and higher revenue related to rate adjustments retroactive to October 2013.

Within MCLA, Seniors and Persons with Disabilities (SPD) enrollment is 75,813. Fiscal year-to-date performance is a deficit of \$68.7 million, and is \$100.7 million unfavorable to budget due to lower than expected capitation revenue and higher inpatient claims and pharmacy expenses.

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**Cal Medi-Connect (CMC)**

Cal Medi-Connect is operated as a separate line of business that launched in April 2014. Enrollment was initially received in May and has grown to 5,558 members in August. Fiscal year-to-date performance is a deficit of \$12.4 million and is \$10.1 million unfavorable to budget driven by lower than expected membership and start-up costs associated with this new product.

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**L.A. Care Covered (LACC)**

L.A. Care Covered began enrollment in October 2013. Total enrollment for August is 25,428 members. Fiscal year-to-date performance is a deficit of \$3.8 million, and is \$604,000 favorable to plan, driven by lower operating expenses. Membership is significantly less than expected with 20,072 fewer members than budgeted; related to nationwide challenges associated with the launch of the program.

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## Financial Performance Results Highlights

August 2014

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### ***Medicare***

Total enrollment for August is 8,662 members. Fiscal year-to-date performance is a deficit of \$2.9 million, and is \$2.6 million unfavorable to plan, driven by higher inpatient and outpatient expenses.

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### ***PASC-SEIU***

Fiscal year-to-date performance is a deficit of \$2.5 million, and is \$1.4 million unfavorable to plan, driven by a federal shared risk program adjustment retroactive to January. Effective December 2013, L.A. Care Health Plan Joint Powers Authority (JPA) received its Knox-Keene license and became exempt from Managed Care Organization (MCO) taxes.

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### ***Healthy Kids***

Total enrollment for August is 733 members. Fiscal year-to-date performance is a surplus of \$541,000, and is \$315,000 favorable to plan, driven by lower than expected inpatient and outpatient claims expenses.

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### ***Community Programs***

Fiscal year-to-date performance is a deficit of \$4.1 million, and is \$6.1 million favorable to plan, driven by timing of grant activity.

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### ***HITEC-LA***

The federal grant is drawn-down based upon expenses incurred. Fiscal year-to-date performance is a deficit of \$219,000, and is \$145,000 favorable to plan.

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**Combined Operations Financial Statement (\$ in thousands)**

**August 2014**

Current Month		Prior Month		Increase (Decrease)			YTD Actual		YTD Budget		Fav<Unfav> Budget	
(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)		(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)
<b>Membership</b>												
1,512,480		1,472,347		40,133		Current Membership	1,512,480		1,571,675		(59,195)	
1,530,298		1,528,201		2,097		Member Months	15,182,865		15,537,940		(355,075)	
<b>Revenue</b>												
\$394,785	257.98	\$382,985	250.61	\$11,800	7.37	Capitation	\$3,507,582	231.02	\$3,597,103	231.50	(\$89,521)	(0.48)
10,024	6.55	10,493	6.87	(469)	(0.32)	Maternity Kick	101,989	6.72	129,128	8.31	(27,139)	(1.59)
37	0.02	86	0.06	(49)	(0.03)	Premiums	208	0.01	39	0.00	169	0.01
115	0.08	141	0.09	(26)	(0.02)	Grants/Others	2,894	0.19	2,682	0.17	211	0.02
<b>404,961</b>	<b>264.63</b>	<b>393,705</b>	<b>257.63</b>	<b>11,256</b>	<b>7.00</b>	<b>Total Revenues</b>	<b>3,612,673</b>	<b>237.94</b>	<b>3,728,952</b>	<b>239.99</b>	<b>(116,280)</b>	<b>(2.05)</b>
<b>Healthcare Expenses</b>												
262,085	171.26	216,241	141.50	45,844	29.76	Capitation	2,197,995	144.77	2,221,983	143.00	23,988	(1.76)
6,597	4.31	6,546	4.28	51	0.03	Maternity Kick	71,407	4.70	85,725	5.52	14,318	0.81
5,226	3.42	4,952	3.24	275	0.17	CBAS Centers	58,812	3.87	82,210	5.29	23,398	1.42
2,180	1.42	6,862	4.49	(4,682)	(3.07)	Provider Incentives	37,122	2.45	40,344	2.60	3,222	0.15
8,146	5.32	6,677	4.37	1,469	0.95	Shared Risk	59,378	3.91	1,309	0.08	(58,068)	(3.83)
36,511	23.86	74,167	48.53	(37,656)	(24.67)	Inpatient Claims	460,814	30.35	411,529	26.49	(49,285)	(3.87)
25,196	16.46	25,377	16.61	(181)	(0.14)	Outpatient Claims	213,003	14.03	367,480	23.65	154,476	9.62
31,381	20.51	30,749	20.12	632	0.39	Pharmacy	255,271	16.81	261,691	16.84	6,420	0.03
8,001	5.23	5,727	3.75	2,275	1.48	Medical Administrative Expenses	54,544	3.59	57,047	3.67	2,504	0.08
<b>385,324</b>	<b>251.80</b>	<b>377,298</b>	<b>246.89</b>	<b>8,027</b>	<b>4.91</b>	<b>Total Healthcare Expenses</b>	<b>3,408,345</b>	<b>224.49</b>	<b>3,529,318</b>	<b>227.14</b>	<b>120,973</b>	<b>2.66</b>
95.2%		95.8%		-0.7%		MCR(%)	94.3%		94.6%		0.3%	
<b>19,637</b>	<b>12.83</b>	<b>16,408</b>	<b>10.74</b>	<b>3,229</b>	<b>2.10</b>	<b>Operating Margin</b>	<b>204,328</b>	<b>13.46</b>	<b>199,634</b>	<b>12.85</b>	<b>4,694</b>	<b>0.61</b>
<b>17,084</b>	<b>11.16</b>	<b>18,317</b>	<b>11.99</b>	<b>(1,233)</b>	<b>(0.82)</b>	<b>Total Operating Expenses</b>	<b>157,010</b>	<b>10.34</b>	<b>215,652</b>	<b>13.88</b>	<b>58,642</b>	<b>3.54</b>
4.2%		4.7%		-0.4%		Admin Ratio(%)	4.3%		5.8%		1.4%	
<b>2,553</b>	<b>1.67</b>	<b>(1,909)</b>	<b>(1.25)</b>	<b>4,462</b>	<b>2.92</b>	<b>Income from Operations</b>	<b>47,317</b>	<b>3.12</b>	<b>(16,018)</b>	<b>(1.03)</b>	<b>63,335</b>	<b>4.15</b>
<b>(1,496)</b>	<b>(0.98)</b>	<b>(812)</b>	<b>(0.53)</b>	<b>(684)</b>	<b>(0.45)</b>	<b>Total Non-Operating Income (Expense)</b>	<b>(4,646)</b>	<b>(0.31)</b>	<b>(5,167)</b>	<b>(0.33)</b>	<b>521</b>	<b>(1.26)</b>
<b>\$1,057</b>	<b>0.69</b>	<b>(\$2,722)</b>	<b>(1.78)</b>	<b>\$3,778</b>	<b>2.47</b>	<b>Net Surplus(Deficit)</b>	<b>\$42,671</b>	<b>2.81</b>	<b>(\$21,185)</b>	<b>(1.36)</b>	<b>\$63,856</b>	<b>4.17</b>
0.3%		-0.7%		1.0%		Margin(%)	1.2%		-0.6%		1.7%	



**MediCal Plan Partner Financial Statement (\$ in thousands)**

**August 2014**

Current Month		Prior Month		Increase (Decrease)		YTD Actual		YTD Budget		Fav<Unfav> Budget	
(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)
<b>Membership</b>											
805,381		789,486		15,895		805,381		822,345		(16,964)	
812,440		797,996		14,444		8,646,741		8,812,778		(166,037)	
<b>Revenue</b>											
\$156,978	193.22	\$140,220	175.72	\$16,757	17.50	\$1,485,676	171.82	\$1,395,963	158.40	\$89,713	13.42
6,379	7.85	6,139	7.69	240	0.16	66,889	7.74	80,211	9.10	(13,322)	(1.37)
<b>163,357</b>	<b>201.07</b>	<b>146,359</b>	<b>183.41</b>	<b>16,998</b>	<b>17.66</b>	<b>1,552,565</b>	<b>179.55</b>	<b>1,476,174</b>	<b>167.50</b>	<b>76,391</b>	<b>12.05</b>
<b>Healthcare Expenses</b>											
144,427	177.77	128,612	161.17	15,814	16.60	1,359,301	157.20	1,277,782	144.99	(81,519)	(12.21)
5,876	7.23	5,665	7.10	211	0.13	62,600	7.24	73,512	8.34	10,913	1.10
1	0.00	(50)	(0.06)	51	0.06	638	0.07	12,910	1.46	12,272	1.39
1,603	1.97	4,647	5.82	(3,044)	(3.85)	24,802	2.87	27,499	3.12	2,696	0.25
(70)	(0.09)	5	0.01	(75)	(0.09)	(61)	(0.01)	0	-	61	0.01
(405)	(0.50)	67	0.08	(473)	(0.58)	(131)	(0.02)	0	-	131	0.02
1,693	2.08	1,643	2.06	50	0.02	10,398	1.20	8,282	0.94	(2,116)	(0.26)
<b>153,124</b>	<b>188.47</b>	<b>140,589</b>	<b>176.18</b>	<b>12,534</b>	<b>12.30</b>	<b>1,457,548</b>	<b>168.57</b>	<b>1,399,986</b>	<b>158.86</b>	<b>(57,563)</b>	<b>(9.71)</b>
93.7%		96.1%		-2.3%		93.9%		94.8%		1.0%	
<b>10,233</b>	<b>12.60</b>	<b>5,770</b>	<b>7.23</b>	<b>4,463</b>	<b>5.36</b>	<b>95,016</b>	<b>10.99</b>	<b>76,188</b>	<b>8.65</b>	<b>18,828</b>	<b>2.34</b>
<b>2,284</b>	<b>2.81</b>	<b>2,525</b>	<b>3.16</b>	<b>(241)</b>	<b>(0.35)</b>	<b>26,661</b>	<b>3.08</b>	<b>43,688</b>	<b>4.96</b>	<b>17,027</b>	<b>1.87</b>
1.4%		1.7%		-0.3%		1.7%		3.0%		1.2%	
<b>7,949</b>	<b>9.78</b>	<b>3,245</b>	<b>4.07</b>	<b>4,704</b>	<b>5.72</b>	<b>68,356</b>	<b>7.91</b>	<b>32,501</b>	<b>3.69</b>	<b>35,855</b>	<b>4.22</b>
<b>\$7,949</b>	<b>9.78</b>	<b>\$3,245</b>	<b>4.07</b>	<b>\$4,704</b>	<b>5.72</b>	<b>\$68,356</b>	<b>7.91</b>	<b>\$32,501</b>	<b>3.69</b>	<b>\$35,855</b>	<b>4.22</b>
4.9%		2.2%		2.6%		4.4%		2.2%		2.2%	



**MCLA Financial Statement (\$ in thousands)**

**August 2014**

Current Month		Prior Month		Increase (Decrease)		YTD Actual		YTD Budget		Fav<Unfav> Budget	
(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)
<b>Membership</b>											
618,071		595,690		22,381		618,071		601,241		16,830	
620,088		599,288		20,800		5,753,040		5,715,870		37,170	
<b>Revenue</b>											
\$196,590	317.04	\$199,322	332.60	(\$2,732)	(15.56)	\$1,723,920	299.65	\$1,700,726	297.54	\$23,193	2.11
3,645	5.88	4,354	7.26	(709)	(1.39)	35,100	6.10	48,917	8.56	(13,816)	(2.46)
<b>200,235</b>	<b>322.91</b>	<b>203,676</b>	<b>339.86</b>	<b>(3,441)</b>	<b>(16.95)</b>	<b>1,759,020</b>	<b>305.75</b>	<b>1,749,643</b>	<b>306.10</b>	<b>9,377</b>	<b>(0.35)</b>
<b>Healthcare Expenses</b>											
91,159	147.01	61,372	102.41	29,787	44.60	644,635	112.05	657,307	115.00	12,672	2.95
721	1.16	881	1.47	(160)	(0.31)	8,807	1.53	12,212	2.14	3,405	0.61
4,769	7.69	4,868	8.12	(99)	(0.43)	57,583	10.01	69,300	12.12	11,717	2.12
405	0.65	2,027	3.38	(1,622)	(2.73)	10,628	1.85	9,202	1.61	(1,425)	(0.24)
7,310	11.79	5,263	8.78	2,047	3.01	55,656	9.67	0	-	(55,656)	(9.67)
31,059	50.09	65,205	108.80	(34,146)	(58.72)	420,258	73.05	327,849	57.36	(92,408)	(15.69)
23,754	38.31	21,766	36.32	1,988	1.99	194,056	33.73	307,496	53.80	113,440	20.07
27,186	43.84	26,038	43.45	1,147	0.39	233,622	40.61	233,594	40.87	(29)	0.26
2,953	4.76	2,639	4.40	314	0.36	31,570	5.49	35,070	6.14	3,499	0.65
<b>189,315</b>	<b>305.30</b>	<b>190,059</b>	<b>317.14</b>	<b>(744)</b>	<b>(11.84)</b>	<b>1,656,815</b>	<b>287.99</b>	<b>1,652,030</b>	<b>289.03</b>	<b>(4,785)</b>	<b>1.04</b>
94.5%		93.3%		1.2%		94.2%		94.4%		0.2%	
<b>10,920</b>	<b>17.61</b>	<b>13,617</b>	<b>22.72</b>	<b>(2,697)</b>	<b>(5.11)</b>	<b>102,205</b>	<b>17.77</b>	<b>97,612</b>	<b>17.08</b>	<b>4,592</b>	<b>0.69</b>
<b>10,446</b>	<b>16.85</b>	<b>11,566</b>	<b>19.30</b>	<b>(1,120)</b>	<b>(2.45)</b>	<b>96,659</b>	<b>16.80</b>	<b>128,276</b>	<b>22.44</b>	<b>31,616</b>	<b>5.64</b>
5.2%		5.7%		-0.5%		5.5%		7.3%		1.8%	
<b>474</b>	<b>0.76</b>	<b>2,051</b>	<b>3.42</b>	<b>(1,577)</b>	<b>(2.66)</b>	<b>5,545</b>	<b>0.96</b>	<b>(30,663)</b>	<b>(5.36)</b>	<b>36,208</b>	<b>6.33</b>
<b>\$474</b>	<b>0.76</b>	<b>\$2,051</b>	<b>3.42</b>	<b>(\$1,577)</b>	<b>(2.66)</b>	<b>\$5,545</b>	<b>0.96</b>	<b>(\$30,663)</b>	<b>(5.36)</b>	<b>\$36,208</b>	<b>6.33</b>
0.2%		1.0%		-0.8%		0.3%		-1.8%		2.1%	



Exhibit for information purposes only. Not a financial Statement

MCLA SPD Exhibit (\$ in thousands)

August 2014

Current Month		Prior Month		Increase (Decrease)			YTD Actual		YTD Budget		Fav<Unfav> Budget	
(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)		(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)
						<b>Membership</b>						
75,813		76,215		(402)		Current Membership	75,813		95,622		(19,809)	
75,939		76,152		(213)		Member Months	823,984		886,159		(62,175)	
						<b>Revenue</b>						
\$45,356	597.27	\$45,490	597.36	(\$134)	(0.09)	Capitation	\$491,565	596.57	\$584,970	660.12	(\$93,405)	(63.55)
<b>45,356</b>	<b>597.27</b>	<b>45,490</b>	<b>597.36</b>	<b>(134)</b>	<b>(0.09)</b>	<b>Total Revenues</b>	<b>491,565</b>	<b>596.57</b>	<b>584,970</b>	<b>660.12</b>	<b>(93,405)</b>	<b>(63.55)</b>
						<b>Healthcare Expenses</b>						
13,382	176.22	14,039	184.36	(657)	(8.14)	Capitation	141,054	171.19	154,252	174.07	13,198	2.88
1,000	13.17	966	12.68	34	0.49	CBAS Centers	9,757	11.84	0	-	(9,757)	(11.84)
202	2.65	895	11.75	(693)	(9.10)	Provider Incentives	3,224	3.91	1,610	1.82	(1,613)	(2.09)
(6,126)	(80.67)	(3,681)	(48.34)	(2,445)	(32.33)	Shared Risk	(37,560)	(45.58)	0	-	37,560	45.58
20,703	272.63	22,020	289.16	(1,316)	(16.52)	Inpatient Claims	193,379	234.69	148,463	167.53	(44,917)	(67.15)
8,283	109.08	9,132	119.91	(848)	(10.84)	Outpatient Claims	82,044	99.57	106,501	120.18	24,457	20.61
13,216	174.03	13,046	171.31	170	2.72	Pharmacy	131,544	159.64	92,702	104.61	(38,842)	(55.03)
979	12.89	7,005	91.99	(6,026)	(79.10)	Medical Administrative Expenses	9,792	11.88	6,504	7.34	(3,289)	(4.54)
<b>51,639</b>	<b>680.01</b>	<b>63,421</b>	<b>832.82</b>	<b>(11,781)</b>	<b>(152.81)</b>	<b>Total Healthcare Expenses</b>	<b>533,234</b>	<b>647.14</b>	<b>510,031</b>	<b>575.55</b>	<b>(23,203)</b>	<b>(71.59)</b>
113.9%		139.4%		-25.6%		MCR(%)	108.5%		87.2%		-21.3%	
<b>(6,284)</b>	<b>(82.74)</b>	<b>(17,931)</b>	<b>(235.46)</b>	<b>11,647</b>	<b>152.72</b>	<b>Operating Margin</b>	<b>(41,669)</b>	<b>(50.57)</b>	<b>74,939</b>	<b>84.57</b>	<b>(116,608)</b>	<b>(135.14)</b>
<b>2,366</b>	<b>31.16</b>	<b>2,583</b>	<b>33.92</b>	<b>(217)</b>	<b>(2.76)</b>	<b>Total Operating Expenses</b>	<b>27,012</b>	<b>32.78</b>	<b>42,887</b>	<b>48.40</b>	<b>15,875</b>	<b>(15.61)</b>
5.2%		5.7%		-0.5%		Admin Ratio(%)	5.5%		7.3%		1.8%	
<b>(8,650)</b>	<b>(113.90)</b>	<b>(20,514)</b>	<b>(269.38)</b>	<b>11,864</b>	<b>155.48</b>	<b>Income from Operations</b>	<b>(68,681)</b>	<b>(83.35)</b>	<b>32,052</b>	<b>36.17</b>	<b>(100,733)</b>	<b>(119.52)</b>
<b>(\$8,650)</b>	<b>(113.90)</b>	<b>(\$20,514)</b>	<b>(269.38)</b>	<b>\$11,864</b>	<b>155.48</b>	<b>Net Surplus(Deficit)</b>	<b>(\$68,681)</b>	<b>(83.35)</b>	<b>\$32,052</b>	<b>36.17</b>	<b>(\$100,733)</b>	<b>(119.52)</b>
-19.1%		-45.1%		26.0%		Margin(%)	-14.0%		5.5%		-19.5%	

Note:

MCLA SPD Financial Statements exclude members that have Medicare as their primary coverage.

Shared risk reflects deficits that will be trued-up and included with total MCLA.



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

**August 2014**

Current Month	Prior Month	Increase (Decrease)		YTD Actual		YTD Budget		Fav<Unfav> Budget	
(\$)	(\$)	(\$)		(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)
			<b>Membership</b>						
5,558	7,057	(1,499)	Current Membership	5,558		31,111		(25,553)	
5,027	7,011	(1,984)	Member Months	12,411		71,813		(59,402)	
			<b>Revenue</b>						
\$9,686	\$12,933	(\$3,247)	Capitation	\$23,369	1.88	\$134,233	1.87	(\$110,864)	0.01
<b>9,686</b>	<b>12,933</b>	<b>(3,247)</b>	<b>Total Revenues</b>	<b>23,369</b>	<b>1.88</b>	<b>134,233</b>	<b>1.87</b>	<b>(110,864)</b>	<b>0.01</b>
			<b>Healthcare Expenses</b>						
6,258	5,505	753	Capitation	12,015	0.97	68,349	0.95	56,334	(0.02)
456	133	323	CBAS Centers	590	0.05	0	-	(590)	(0.05)
630	1,217	(587)	Shared Risk	1,855	0.15	0	-	(1,855)	(0.15)
558	4,525	(3,968)	Inpatient Claims	5,279	0.43	33,091	0.46	27,812	0.04
1,317	861	456	Outpatient Claims	2,249	0.18	18,646	0.26	16,396	0.08
1,605	2,443	(837)	Pharmacy	4,117	0.33	4,922	0.07	805	(0.26)
535	546	(11)	Medical Administrative Expenses	3,710	0.30	5,021	0.07	1,311	(0.23)
<b>11,359</b>	<b>15,231</b>	<b>(3,872)</b>	<b>Total Healthcare Expenses</b>	<b>29,816</b>	<b>2.40</b>	<b>130,030</b>	<b>1.81</b>	<b>100,214</b>	<b>(0.59)</b>
			MCR(%)	127.6%		96.9%		-30.7%	
(1,673)	(2,298)	625	Operating Margin	(6,447)	(0.52)	4,203	0.06	(10,650)	(0.58)
4,347	446	3,901	Total Operating Expenses	5,975	481.41	6,486	90.32	511	(391.09)
			Admin Ratio(%)	25.6%		4.8%		-20.7%	
(6,020)	(2,745)	(3,275)	Income from Operations	(12,422)	(481.93)	(2,283)	(90.26)	(10,139)	(391.67)
<b>(\$6,020)</b>	<b>(\$2,745)</b>	<b>(\$3,275)</b>	<b>Net Surplus(Deficit)</b>	<b>(\$12,422)</b>	<b>(481.93)</b>	<b>(\$2,283)</b>	<b>(90.26)</b>	<b>(\$10,139)</b>	<b>(391.67)</b>





**L.A. Care Covered Financial Statement (\$ in thousands)**

**August 2014**

Current Month		Prior Month		Increase (Decrease)			YTD Actual		YTD Budget		Fav<Unfav> Budget	
(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)		(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)
<b>Membership</b>												
25,428		22,932		2,496		<i>Current Membership</i>	25,428		45,500		(20,072)	
34,573		66,669		(32,096)		<i>Member Months</i>	173,710		329,000		(155,290)	
<b>Revenue</b>												
\$6,574	190.13	\$6,676	100.13	(\$102)	90.00	Capitation	\$35,739	205.74	\$93,339	283.70	(\$57,599)	(77.96)
35	1.00	84	1.26	(49)	(0.26)	Premiums	174	1.00	0	-	174	1.00
<b>6,608</b>	<b>191.13</b>	<b>6,759</b>	<b>101.39</b>	<b>(151)</b>	<b>89.75</b>	<b>Total Revenues</b>	<b>35,913</b>	<b>206.74</b>	<b>93,339</b>	<b>283.70</b>	<b>(57,426)</b>	<b>(76.96)</b>
<b>Healthcare Expenses</b>												
4,236	122.51	5,121	76.82	(886)	45.69	Capitation	19,726	113.56	34,002	103.35	14,276	(10.21)
87	2.53	64	0.97	23	1.56	Provider Incentives	299	1.72	1,778	5.40	1,479	3.68
19	0.56	12	0.18	7	0.38	Shared Risk	62	0.35	0	-	(62)	(0.35)
1,347	38.96	774	11.61	572	27.34	Inpatient Claims	3,660	21.07	13,843	42.08	10,183	21.01
(826)	(23.90)	1,350	20.25	(2,176)	(44.15)	Outpatient Claims	3,206	18.45	24,271	73.77	21,066	55.32
343	9.92	290	4.35	53	5.57	Pharmacy	1,410	8.12	9,088	27.62	7,679	19.51
262	7.57	243	3.65	18	3.92	Medical Administrative Expenses	1,170	6.74	4,138	12.58	2,968	5.84
<b>5,468</b>	<b>158.14</b>	<b>7,855</b>	<b>117.83</b>	<b>(2,388)</b>	<b>40.32</b>	<b>Total Healthcare Expenses</b>	<b>29,532</b>	<b>170.01</b>	<b>87,121</b>	<b>264.80</b>	<b>57,589</b>	<b>94.80</b>
82.7%		116.2%		-33.5%		<i>MCR(%)</i>	82.2%		93.3%		11.1%	
1,141	32.99	(1,096)	(16.44)	2,236	49.43	<b>Operating Margin</b>	6,381	36.73	6,218	18.90	163	17.83
1,458	42.18	1,662	24.92	(203)	17.26	<b>Total Operating Expenses</b>	8,816	50.75	10,671	32.43	1,855	(18.32)
22.1%		24.6%		-2.5%		<i>Admin Ratio(%)</i>	24.5%		11.4%		-13.1%	
(318)	(9.19)	(2,757)	(41.36)	2,440	32.17	<b>Income from Operations</b>	(2,435)	(14.02)	(4,453)	(13.53)	2,018	(0.48)
(260)	(7.53)	(266)	(3.99)	6	(3.53)	<b>Total Non-Operating Income (Expense)</b>	(1,414)	(8.14)	0	-	(1,414)	(8.14)
<b>(\$578)</b>	<b>(16.72)</b>	<b>(\$3,024)</b>	<b>(45.35)</b>	<b>\$2,446</b>	<b>28.64</b>	<b>Net Surplus(Deficit)</b>	<b>(\$3,849)</b>	<b>(22.16)</b>	<b>(\$4,453)</b>	<b>(13.53)</b>	<b>\$604</b>	<b>(8.62)</b>
-8.7%		-44.7%		36.0%		<i>Margin(%)</i>	-10.7%		-4.8%		-5.9%	



**Medicare Financial Statement (\$ in thousands)**

**August 2014**

Current Month		Prior Month		Increase (Decrease)			YTD Actual		YTD Budget		Fav<Unfav> Budget	
(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)		(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)
<b>Membership</b>												
8,662		8,252		410		<i>Current Membership</i>	8,662		7,763		899	
8,739		8,279		460		<i>Member Months</i>	81,600		75,768		5,832	
<b>Revenue</b>												
\$8,835	1,010.98	\$8,097	977.99	\$738	32.98	Medicare Part C	\$74,266	910.13	\$77,914	1,028.32	(\$3,647)	(118.19)
1,039	118.87	793	95.72	246	23.14	Medicare Part D	7,696	94.31	0	-	7,696	94.31
<b>9,874</b>	<b>1,129.84</b>	<b>8,889</b>	<b>1,073.72</b>	<b>984</b>	<b>56.12</b>	<b>Total Revenues</b>	<b>81,962</b>	<b>1,004.44</b>	<b>77,914</b>	<b>1,028.32</b>	<b>4,049</b>	<b>(23.88)</b>
<b>Healthcare Expenses</b>												
3,496	400.03	3,195	385.95	301	14.08	Capitation	29,436	360.73	28,870	381.04	(565)	20.30
85	9.68	123	14.91	(39)	(5.24)	Provider Incentives	1,383	16.95	1,841	24.30	458	7.35
187	21.38	185	22.32	2	(0.93)	Shared Risk	1,754	21.49	1,309	17.28	(444)	(4.21)
3,200	366.23	3,313	400.11	(112)	(33.88)	Inpatient Claims	28,005	343.20	24,215	319.60	(3,790)	(23.60)
1,093	125.02	1,006	121.49	87	3.53	Outpatient Claims	8,899	109.06	7,235	95.49	(1,664)	(13.57)
1,285	146.99	1,186	143.25	99	3.74	Pharmacy	7,558	92.62	7,039	92.90	(519)	0.28
410	46.86	475	57.34	(65)	(10.48)	Medical Administrative Expenses	3,859	47.29	2,280	30.10	(1,579)	(17.20)
<b>9,754</b>	<b>1,116.19</b>	<b>9,483</b>	<b>1,145.38</b>	<b>272</b>	<b>(29.19)</b>	<b>Total Healthcare Expenses</b>	<b>80,893</b>	<b>991.34</b>	<b>72,790</b>	<b>960.70</b>	<b>(8,103)</b>	<b>(30.65)</b>
98.8%		106.7%		-7.9%		<i>MCR(%)</i>	98.7%		93.4%		-5.3%	
119	13.66	(593)	(71.66)	713	85.32	<b>Operating Margin</b>	<b>1,069</b>	<b>13.10</b>	<b>5,124</b>	<b>67.62</b>	<b>(4,055)</b>	<b>(54.53)</b>
<b>(2,862)</b>	<b>(327.50)</b>	<b>623</b>	<b>75.27</b>	<b>(3,485)</b>	<b>(402.77)</b>	<b>Total Operating Expenses</b>	<b>3,971</b>	<b>48.67</b>	<b>5,390</b>	<b>71.14</b>	<b>1,419</b>	<b>22.47</b>
-29.0%		7.0%		-36.0%		<i>Admin Ratio(%)</i>	4.8%		6.9%		2.1%	
<b>2,981</b>	<b>341.16</b>	<b>(1,216)</b>	<b>(146.93)</b>	<b>4,198</b>	<b>488.08</b>	<b>Income from Operations</b>	<b>(2,902)</b>	<b>(35.57)</b>	<b>(266)</b>	<b>(3.51)</b>	<b>(2,636)</b>	<b>(32.05)</b>
<b>\$2,981</b>	<b>341.16</b>	<b>(\$1,216)</b>	<b>(146.93)</b>	<b>\$4,198</b>	<b>488.08</b>	<b>Net Surplus(Deficit)</b>	<b>(\$2,902)</b>	<b>(35.57)</b>	<b>(\$266)</b>	<b>(3.51)</b>	<b>(\$2,636)</b>	<b>(32.05)</b>
30.2%		-13.7%		43.9%		<i>Margin(%)</i>	-3.5%		-0.3%		-3.2%	



**PASC-SEIU Financial Statement (\$ in thousands)**

**August 2014**

Current Month		Prior Month		Increase (Decrease)			YTD Actual		YTD Budget		Fav<Unfav> Budget	
(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)		(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)
<b>Membership</b>												
48,647		48,153		494		Current Membership	48,647		45,492		3,155	
48,703		48,182		521		Member Months	505,454		489,412		16,042	
<b>Revenue</b>												
\$14,999	307.96	\$14,855	308.30	\$144	(0.34)	Capitation	\$155,745	308.13	\$171,294	350.00	(\$15,549)	(41.87)
<b>14,999</b>	<b>307.96</b>	<b>14,855</b>	<b>308.30</b>	<b>144</b>	<b>(0.34)</b>	<b>Total Revenues</b>	<b>155,745</b>	<b>308.13</b>	<b>171,294</b>	<b>350.00</b>	<b>(15,549)</b>	<b>(41.87)</b>
<b>Healthcare Expenses</b>												
12,486	256.38	12,410	257.56	77	(1.18)	Capitation	132,557	262.25	148,860	304.16	16,302	41.91
399	8.20	352	7.31	47	0.89	Inpatient Claims	3,567	7.06	4,023	8.22	456	1.16
242	4.96	299	6.20	(57)	(1.24)	Outpatient Claims	4,644	9.19	3,269	6.68	(1,375)	(2.51)
958	19.67	788	16.35	171	3.33	Pharmacy	8,514	16.84	6,578	13.44	(1,936)	(3.40)
2,147	44.09	178	3.70	1,969	40.39	Medical Administrative Expenses	3,825	7.57	1,616	3.30	(2,209)	(4.27)
<b>16,233</b>	<b>333.30</b>	<b>14,026</b>	<b>291.11</b>	<b>2,206</b>	<b>42.19</b>	<b>Total Healthcare Expenses</b>	<b>153,108</b>	<b>302.91</b>	<b>164,346</b>	<b>335.80</b>	<b>11,238</b>	<b>32.89</b>
108.2%		94.4%		13.8%		MCR(%)	98.3%		95.9%		-2.4%	
<b>(1,234)</b>	<b>(25.33)</b>	<b>828</b>	<b>17.19</b>	<b>(2,062)</b>	<b>(42.53)</b>	<b>Operating Margin</b>	<b>2,637</b>	<b>5.22</b>	<b>6,949</b>	<b>14.20</b>	<b>(4,311)</b>	<b>(8.98)</b>
<b>442</b>	<b>9.07</b>	<b>449</b>	<b>9.32</b>	<b>(8)</b>	<b>(0.26)</b>	<b>Total Operating Expenses</b>	<b>4,082</b>	<b>8.08</b>	<b>6,237</b>	<b>12.74</b>	<b>2,155</b>	<b>4.67</b>
2.9%		3.0%		-0.1%		Admin Ratio(%)	2.6%		3.6%		1.0%	
<b>(1,675)</b>	<b>(34.40)</b>	<b>379</b>	<b>7.87</b>	<b>(2,055)</b>	<b>(42.27)</b>	<b>Income from Operations</b>	<b>(1,445)</b>	<b>(2.86)</b>	<b>711</b>	<b>1.45</b>	<b>(2,156)</b>	<b>(4.31)</b>
<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>Total Non-Operating Income (Expense)</b>	<b>(1,052)</b>	<b>(2.08)</b>	<b>(1,844)</b>	<b>(3.77)</b>	<b>792</b>	<b>1.69</b>
<b>(\$1,675)</b>	<b>(34.40)</b>	<b>\$379</b>	<b>7.87</b>	<b>(\$2,055)</b>	<b>(42.27)</b>	<b>Net Surplus(Deficit)</b>	<b>(\$2,497)</b>	<b>(4.94)</b>	<b>(\$1,133)</b>	<b>(2.31)</b>	<b>(\$1,364)</b>	<b>(2.63)</b>
-11.2%		2.6%		-13.7%		Margin(%)	-1.6%		-0.7%		-0.9%	



**Healthy Kids 0-5 Financial Statement (\$ in thousands)**

**August 2014**

Current Month		Prior Month		Increase (Decrease)		YTD Actual		YTD Budget		Fav<Unfav> Budget	
(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)
<b>Membership</b>											
733		777		(44)		733		1,141		(408)	
728		776		(48)		9,889		12,551		(2,662)	
<b>Revenue</b>											
\$85	116.98	\$91	116.95	(\$6)	0.03	\$1,157	116.96	\$1,604	127.83	(\$448)	(10.87)
3	3.44	3	3.41	(0)	0.03	34	3.42	39	3.09	(5)	0.33
<b>88</b>	<b>120.42</b>	<b>93</b>	<b>120.36</b>	<b>(6)</b>	<b>0.06</b>	<b>1,190</b>	<b>120.38</b>	<b>1,643</b>	<b>130.92</b>	<b>(453)</b>	<b>(10.54)</b>
<b>Healthcare Expenses</b>											
24	32.79	25	32.67	(1)	0.12	324	32.76	413	32.92	89	0.16
1	1.16	1	1.17	(0)	(0.01)	10	1.01	23	1.83	13	0.82
0	0.12	0	0.12	(0)	(0.00)	(1)	(0.07)	0	-	1	0.07
(3)	(3.47)	(10)	(13.00)	8	9.53	(17)	(1.73)	317	25.24	334	26.97
8	10.42	7	9.59	0	0.83	108	10.87	364	29.00	256	18.13
5	6.82	5	5.98	0	0.84	59	6.01	92	7.36	33	1.35
2	2.64	2	2.54	(0)	0.10	31	3.18	25	1.96	(7)	(1.22)
<b>37</b>	<b>50.46</b>	<b>30</b>	<b>39.06</b>	<b>6</b>	<b>11.40</b>	<b>515</b>	<b>52.03</b>	<b>1,234</b>	<b>98.32</b>	<b>719</b>	<b>46.28</b>
41.9%		32.5%		9.5%		43.2%		75.1%		31.9%	
<b>51</b>	<b>69.95</b>	<b>63</b>	<b>81.30</b>	<b>(12)</b>	<b>(11.35)</b>	<b>676</b>	<b>68.34</b>	<b>409</b>	<b>32.60</b>	<b>267</b>	<b>35.74</b>
<b>11</b>	<b>15.60</b>	<b>14</b>	<b>18.65</b>	<b>(3)</b>	<b>(3.04)</b>	<b>135</b>	<b>13.67</b>	<b>184</b>	<b>14.65</b>	<b>49</b>	<b>0.99</b>
13.0%		15.5%		-2.5%		11.4%		11.2%		-0.2%	
<b>40</b>	<b>54.35</b>	<b>49</b>	<b>62.65</b>	<b>(9)</b>	<b>(8.30)</b>	<b>541</b>	<b>54.68</b>	<b>225</b>	<b>17.95</b>	<b>315</b>	<b>36.73</b>
<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>\$40</b>	<b>54.35</b>	<b>\$49</b>	<b>62.65</b>	<b>(\$9)</b>	<b>(8.30)</b>	<b>\$541</b>	<b>54.68</b>	<b>\$225</b>	<b>17.95</b>	<b>\$315</b>	<b>36.73</b>
45.1%		52.1%		-6.9%		45.4%		13.7%		31.7%	



**Community Programs Financial Statement (\$ in thousands)**

**August 2014**

Current Month		Prior Month		Increase (Decrease)			YTD Actual		YTD Budget		Fav<Unfav> Budget	
(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)		(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)
<b>Membership</b>												
0		0		0		Current Membership	0		0		0	
0		0		0		Member Months	0		0		0	
<b>Revenue</b>												
\$40	-	\$45	-	(\$5)	-	Grants/Others	\$915	-	\$0	-	\$915	-
0	-	0	-	0	-	Capitation	0	-	0	-	0	-
<b>40</b>	<b>-</b>	<b>45</b>	<b>-</b>	<b>(5)</b>	<b>-</b>	<b>Total Revenues</b>	<b>915</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>915</b>	<b>-</b>
<b>Healthcare Expenses</b>												
0	-	0	-	0	-	Medical Administrative Expenses	(9)	-	0	-	9	-
<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>Total Healthcare Expenses</b>	<b>(9)</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>9</b>	<b>-</b>
0.0%		0.0%		0.0%		MCR(%)	0.0%		0.0%		0.0%	
<b>40</b>	<b>-</b>	<b>45</b>	<b>-</b>	<b>(5)</b>	<b>-</b>	<b>Operating Margin</b>	<b>924</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>924</b>	<b>-</b>
<b>434</b>	<b>-</b>	<b>485</b>	<b>-</b>	<b>(50)</b>	<b>-</b>	<b>Total Operating Expenses</b>	<b>4,208</b>	<b>-</b>	<b>6,560</b>	<b>-</b>	<b>2,351</b>	<b>-</b>
0.0%		0.0%		0.0%		Admin Ratio(%)	0.0%		0.0%		0.0%	
<b>(394)</b>	<b>-</b>	<b>(440)</b>	<b>-</b>	<b>45</b>	<b>-</b>	<b>Income from Operations</b>	<b>(3,285)</b>	<b>-</b>	<b>(6,560)</b>	<b>-</b>	<b>3,275</b>	<b>-</b>
<b>(675)</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>(675)</b>	<b>-</b>	<b>Total Non-Operating Income (Expense)</b>	<b>(846)</b>	<b>-</b>	<b>(3,667)</b>	<b>-</b>	<b>2,821</b>	<b>-</b>
<b>(\$1,069)</b>	<b>0.00</b>	<b>(\$440)</b>	<b>0.00</b>	<b>(\$630)</b>	<b>0.00</b>	<b>Net Surplus(Deficit)</b>	<b>(\$4,131)</b>	<b>0.00</b>	<b>(\$10,226)</b>	<b>0.00</b>	<b>\$6,096</b>	<b>0.00</b>
0.0%		0.0%		0.0%		Margin(%)	0.0%		0.0%		0.0%	



HITEC-LA Financial Statement (\$ in thousands)

August 2014

Current Month		Prior Month		Increase (Decrease)		YTD Actual		YTD Budget		Fav<Unfav> Budget	
(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)	(\$)	(PMPM)
<b>Membership</b>											
0		0		0		0		0		0	
0		0		0		0		0		0	
<b>Revenue</b>											
\$75	-	\$96	-	(\$21)	-	\$1,979	-	\$2,682	-	(\$703)	-
0	-	0	-	0	-	0	-	0	-	0	-
<b>75</b>	<b>-</b>	<b>96</b>	<b>-</b>	<b>(21)</b>	<b>-</b>	<b>1,979</b>	<b>-</b>	<b>2,682</b>	<b>-</b>	<b>(703)</b>	<b>-</b>
<b>Healthcare Expenses</b>											
0	-	0	-	0	-	0	-	0	-	0	-
<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>
0.0%		0.0%		0.0%		0.0%		0.0%		0.0%	
<b>75</b>	<b>-</b>	<b>96</b>	<b>-</b>	<b>(21)</b>	<b>-</b>	<b>1,979</b>	<b>-</b>	<b>2,682</b>	<b>-</b>	<b>(703)</b>	<b>-</b>
<b>83</b>	<b>-</b>	<b>106</b>	<b>-</b>	<b>(23)</b>	<b>-</b>	<b>2,198</b>	<b>-</b>	<b>3,046</b>	<b>-</b>	<b>848</b>	<b>-</b>
0.0%		0.0%		0.0%		0.0%		0.0%		0.0%	
<b>(8)</b>	<b>-</b>	<b>(11)</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>(219)</b>	<b>-</b>	<b>(364)</b>	<b>-</b>	<b>145</b>	<b>-</b>
<b>(\$8)</b>	<b>0.00</b>	<b>(\$11)</b>	<b>0.00</b>	<b>\$2</b>	<b>0.00</b>	<b>(\$219)</b>	<b>0.00</b>	<b>(\$364)</b>	<b>0.00</b>	<b>\$145</b>	<b>0.00</b>
0.0%		0.0%		0.0%		0.0%		0.0%		0.0%	



**Comparative Balance Sheet**

**August 2014**

(Dollars in thousands)	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Total Current Assets	1,162,034	1,171,394	1,360,902	1,111,107	1,298,995	1,208,460
Capitalized Assets - net	21,393	22,675	25,002	26,169	26,751	27,427
<b>NON-CURRENT ASSETS</b>						
	11,280	11,291	11,330	10,338	10,325	10,487
<b>TOTAL ASSETS</b>	<b>1,194,707</b>	<b>1,205,361</b>	<b>1,397,233</b>	<b>1,147,614</b>	<b>1,336,071</b>	<b>1,246,373</b>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Total Current Liability	1,002,061	989,413	1,168,892	924,395	1,115,462	1,024,596
Long Term Liability	2,495	2,767	2,829	2,940	3,051	3,162
<b>Total Liabilities</b>	<b>1,004,556</b>	<b>992,181</b>	<b>1,171,720</b>	<b>927,335</b>	<b>1,118,513</b>	<b>1,027,759</b>
<b>FUND EQUITY</b>						
Invested in Capital Assets, net of related debt	21,393	22,675	25,002	26,169	26,751	27,427
Restricted Equity	302	302	302	302	300	300
Minimum Tangible Net Equity	53,090	53,090	53,090	61,935	61,935	61,935
Board Designated Funds	115,366	137,113	147,120	131,874	128,572	128,953
<b>Total Fund Equity</b>	<b>190,150</b>	<b>213,180</b>	<b>225,513</b>	<b>220,280</b>	<b>217,558</b>	<b>218,615</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$1,194,707</b>	<b>\$1,205,361</b>	<b>\$1,397,233</b>	<b>\$1,147,614</b>	<b>\$1,336,071</b>	<b>\$1,246,373</b>
<b>Solvency Ratios</b>						
Working Capital Ratio	1.16	1.18	1.16	1.20	1.16	1.18
Cash to Claims Ratio	1.17	0.71	0.76	0.59	1.01	0.63
Tangible Net Equity Ratio	3.58	4.02	4.25	3.56	3.51	3.53



DATE: September 26, 2014  
TO: Board of Governors  
FROM: Timothy Reilly, *Chief Financial Officer*

**SUBJECT: Monthly Investment Transaction Report – August 2014**

In an effort to keep the Committee apprised of L.A. Care's investment portfolios, L.A. Care will now be including the investment transaction details for review on a monthly basis, which were previously available upon request.

As of August 31, 2014, L.A. Care's investment portfolio total was \$477 million. These funds are managed by Payden & Rygel, an external professional asset management firm, and is managed as two separate portfolios based on investment style

1. The Short-term Portfolio (Portfolio 2365) and
2. The Extended Portfolio (Portfolio 2367)

Attached for the Committee's review is the transaction report for the month of August 2014, as required per California government code section #53607.



TRANSACTIONS BY TYPE

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

08/01/2014  
 through 08/31/2014

Trade Date	Settlement Date	Transaction Type	Units	Description	Maturity Date	Coupon Rate	CUSIP	Proceeds / (Cost)	Accrued Interest (Purch) or Sold	Total Amount
08/06/14	08/07/14	Buy	830,000.000	FHLB	09/28/16	0.50	3130A2T97	(828,132.50)		(828,132.50)
08/07/14	08/14/14	Buy	250,000.000	BB&T CORPORATION	10/01/17	1.35	07330NAK1	(249,845.00)		(249,845.00)
08/15/14	08/18/14	Buy	400,000.000	CITIBANK YCD	05/07/15	0.30	17304UYL8	(400,000.00)		(400,000.00)
08/13/14	08/20/14	Buy	160,000.000	CATERPILLAR FINANCIAL	08/18/17	1.25	14912L6D8	(159,920.00)		(159,920.00)
08/21/14	08/29/14	Buy	1,600,000.000	FFCB FRN	08/29/17	0.20	3133EDTT9	(1,599,520.00)		(1,599,520.00)
			<u>3,240,000.000</u>					<u>(3,237,417.50)</u>		<u>(3,237,417.50)</u>
08/01/14	08/01/14	Coupon		BB&T CORPORATION FRN	02/01/19	0.90	05531FAR4		746.65	746.65
08/01/14	08/01/14	Coupon		CA GOLDEN EMPIRE SFA LEASE	05/01/15	0.25	381008AR2		130.96	130.96
08/03/14	08/03/14	Coupon		APPLE FRN	05/03/16	0.29	037833AF7		219.64	219.64
08/03/14	08/03/14	Coupon		TEXAS INSTRUMENTS	08/03/15	0.45	882508AT1		787.50	787.50
08/08/14	08/08/14	Coupon		PACCAR FINANCIAL FRN	02/08/16	0.50	69371RL38		214.98	214.98
08/11/14	08/11/14	Coupon		BERKSHIRE HATHAWAY	02/11/16	0.80	084670BG2		1,440.00	1,440.00
08/11/14	08/11/14	Coupon		CATERPILLAR FINANCIAL FRN	02/09/15	0.58	14912L5A5		269.76	269.76
08/13/14	08/13/14	Coupon		FFCB FRN	02/13/17	0.20	3133EDFB3		659.61	659.61
08/14/14	08/14/14	Coupon		BANK OF AMERICA	02/14/17	1.25	06050TLT7		2,500.00	2,500.00
08/01/14	08/15/14	Coupon		FHR 3612 AE	12/15/14	1.40	31398LKJ6		90.70	90.70
08/15/14	08/15/14	Coupon		GE CAPITAL CORP FRN	05/15/17	0.51	36962G7H1		1,030.09	1,030.09
08/15/14	08/15/14	Coupon		PFIZER FRN	05/15/17	0.38	717081DP5		535.02	535.02
08/15/14	08/15/14	Coupon		PROCTER & GAMBLE	08/15/14	0.70	742718DU0		1,050.00	1,050.00
08/15/14	08/15/14	Coupon		USAA 2014-1 A2 CAR	10/17/16	0.38	90290KAB1		104.50	104.50

TRANSACTIONS BY TYPE

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

08/01/2014  
 through 08/31/2014

Trade Date	Settlement Date	Transaction Type	Units	Description	Maturity Date	Coupon Rate	CUSIP	Proceeds / (Cost)	Accrued Interest (Purch) or Sold	Total Amount
08/15/14	08/15/14	Coupon		USAA 2014-1 A3 CAR	12/15/17	0.58	90290KAC9		273.08	273.08
08/17/14	08/17/14	Coupon		FFCB FRN	04/17/17	0.21	3133EDJX1		263.76	263.76
08/17/14	08/17/14	Coupon		HONEYWELL INTL FRN	11/17/15	0.28	438516BC9		563.96	563.96
08/18/14	08/18/14	Coupon		CITIBANK CD	08/18/14	0.23	17304UQS2		457.44	457.44
08/18/14	08/18/14	Coupon		NSTAR ELECTRIC FRN	05/17/16	0.47	67021CAH0		423.92	423.92
08/18/14	08/18/14	Coupon		PRICOA GLOBAL FUNDING FRN	05/16/16	0.38	74153WCC		686.06	686.06
08/19/14	08/19/14	Coupon		FFCB FRN	11/19/15	0.16	3133ECLZ5		215.21	215.21
08/19/14	08/19/14	Coupon		PRICOA GLOBAL FUNDING FRN	08/19/15	0.50	74153WCA		253.43	253.43
08/01/14	08/25/14	Coupon		FHMS K501 A1 CMBS	06/25/16	1.34	3137ANLN3		296.61	296.61
08/01/14	08/25/14	Coupon		FHMS K502 A1 CMBS	12/25/16	0.73	3137B03V4		504.54	504.54
08/01/14	08/25/14	Coupon		FNA 2014-M2 ASQ2 CMBS	09/25/15	0.48	3136AJDN3		280.45	280.45
08/01/14	08/25/14	Coupon		FNA 2014-M4 ASQ2 CMBS	01/25/17	1.27	3136AJB21		715.66	715.66
08/01/14	08/25/14	Coupon		FNA 2014-M5 FA 1MOFRN CMBS	01/25/17	0.52	3136AJ2A3		162.04	162.04
08/01/14	08/25/14	Coupon		FNA 2014-M5 FA 1MOFRN CMBS	01/25/17	0.52	3136AJ2A3		162.04	162.04
08/01/14	08/25/14	Coupon		FNA 2014-M8 FA 1MOFRN CMBS	05/25/18	0.42	3136AKQJ5		311.55	311.55
08/26/14	08/26/14	Coupon		CATERPILLAR FINANCIAL FRN	02/26/16	0.47	14912L5M9		295.21	295.21
08/26/14	08/26/14	Coupon		PEPSICO FRN	02/26/16	0.44	713448CF3		261.18	261.18
08/01/14	08/27/14	Coupon		FSPC T-50 A6X (FHLMC)	02/27/15	3.61	31392VXP2		550.25	550.25
08/31/14	08/31/14	Coupon		U.S. TREASURY NOTE	08/31/15	0.38	912828VU1		1,875.00	1,875.00
08/31/14	08/31/14	Coupon		U.S. TREASURY NOTE	08/31/15	0.38	912828VU1		9,375.00	9,375.00

TRANSACTIONS BY TYPE

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

08/01/2014  
 through 08/31/2014

Trade Date	Settlement Date	Transaction Type	Units	Description	Maturity Date	Coupon Rate	CUSIP	Proceeds / (Cost)	Accrued Interest (Purch) or Sold	Total Amount
08/31/14	08/31/14	Coupon		U.S. TREASURY NOTE	02/29/16	0.25	912828B82		1,750.00	1,750.00
									<u>29,455.80</u>	<u>29,455.80</u>
08/01/14	08/01/14	Income	9.930	STIF INT			USD		9.93	9.93
08/06/14	08/07/14	Sell Long	830,000.000	U.S. TREASURY NOTE	04/30/16	0.38	912828C81	830,291.80	837.33	831,129.13
08/13/14	08/14/14	Sell Long	400,000.000	U.S. TREASURY NOTE	08/15/14	0.50	912828RB8	400,029.91	994.48	401,024.39
08/21/14	08/26/14	Sell Long	1,600,000.000	FFCB FRN	11/19/15	0.16	3133ECLZ5	1,600,508.80	48.38	1,600,557.18
			<u>2,830,000.000</u>					<u>2,830,830.51</u>	<u>1,880.19</u>	<u>2,832,710.70</u>
08/01/14	08/15/14	Pay Princpl	13,881.460	FHR 3612 AE	12/15/14	1.40	31398LKJ6	13,881.46		13,881.46
08/01/14	08/25/14	Pay Princpl	21,630.770	FHMS K501 A1 CMBS	06/25/16	1.34	3137ANLN3	21,630.77		21,630.77
08/01/14	08/25/14	Pay Princpl	69,607.090	FHMS K502 A1 CMBS	12/25/16	0.73	3137B03V4	69,607.09		69,607.09
08/01/14	08/25/14	Pay Princpl	11,633.120	FNA 2014-M2 ASQ2 CMBS	09/25/15	0.48	3136AJDN3	11,633.12		11,633.12
08/01/14	08/25/14	Pay Princpl	11,948.424	FNA 2014-M5 FA 1MOFRN CMBS	01/25/17	0.52	3136AJ2A3	11,948.42		11,948.42
08/01/14	08/25/14	Pay Princpl	11,948.424	FNA 2014-M5 FA 1MOFRN CMBS	01/25/17	0.52	3136AJ2A3	11,948.42		11,948.42
08/01/14	08/25/14	Pay Princpl	737.496	FNA 2014-M8 FA 1MOFRN CMBS	05/25/18	0.42	3136AKQJ5	737.50		737.50
08/01/14	08/27/14	Pay Princpl	31,426.030	FSPC T-50 A6X (FHLMC)	02/27/15	3.61	31392VXP2	31,426.03		31,426.03
			<u>172,812.814</u>					<u>172,812.81</u>		<u>172,812.81</u>
08/15/14	08/15/14	Mature Long	300,000.000	PROCTER & GAMBLE	08/15/14	0.70	742718DU0	300,000.00		300,000.00

TRANSACTIONS BY TYPE

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

08/01/2014  
 through 08/31/2014

Trade Date	Settlement Date	Transaction Type	Units	Description	Maturity Date	Coupon Rate	CUSIP	Proceeds / (Cost)	Accrued Interest (Purch) or Sold	Total Amount
<b>Fixed Income - cont.</b>										
08/18/14	08/18/14	Mature Long	<u>400,000.000</u>	CITIBANK CD	08/18/14	0.23	17304UQS2	<u>400,000.00</u>		<u>400,000.00</u>
			700,000.000					700,000.00		700,000.00

TRANSACTIONS BY TYPE

Account Name: L.A. CARE HEALTH PLAN  
 Account Number: [REDACTED]

08/01/2014  
 through 08/31/2014

Trade Date	Settlement Date	Transaction Type	Units	Description	Maturity Date	Coupon Rate	CUSIP	Proceeds / (Cost)	Accrued Interest (Purch) or Sold	Total Amount
08/06/14	08/07/14	Buy	1,930,000.000	FHLB	09/28/16	0.50	3130A2T97	(1,925,657.50)		(1,925,657.50)
08/15/14	08/18/14	Buy	1,000,000.000	CITIBANK YCD	05/07/15	0.30	17304UYL8	(1,000,000.00)		(1,000,000.00)
08/19/14	08/19/14	Buy	50,000,000.000	FHLB DISCOUNT NOTE	10/09/14		313385J80	(49,998,229.17)		(49,998,229.17)
08/19/14	08/19/14	Buy	50,000,000.000	U.S. TREASURY BILL	09/25/14		912796DW	(49,999,229.17)		(49,999,229.17)
08/19/14	08/19/14	Buy	50,000,000.000	U.S. TREASURY BILL	09/11/14		912796DV8	(49,999,361.11)		(49,999,361.11)
08/19/14	08/19/14	Buy	50,000,000.000	U.S. TREASURY BILL	09/04/14		912796DS5	(49,999,611.11)		(49,999,611.11)
08/13/14	08/20/14	Buy	120,000.000	CATERPILLAR FINANCIAL	08/18/17	1.25	14912L6D8	(119,940.00)		(119,940.00)
08/20/14	08/21/14	Buy	20,000,000.000	FHLMC DISCOUNT NOTE	03/16/15		313396DC4	(19,988,500.00)		(19,988,500.00)
08/21/14	08/22/14	Buy	20,000,000.000	FHLMC DISCOUNT NOTE	11/20/14		313397Q20	(19,996,750.00)		(19,996,750.00)
08/26/14	08/27/14	Buy	20,000,000.000	FHLB DISCOUNT NOTE	11/26/14		313385Q82	(19,996,562.22)		(19,996,562.22)
			<u>263,050,000.000</u>					<u>(263,023,840.28)</u>		<u>(263,023,840.28)</u>
08/01/14	08/01/14	Coupon		CA GOLDEN EMPIRE SFA LEASE	05/01/15	0.25	381008AR2		238.69	238.69
08/01/14	08/01/14	Coupon		COCA-COLA FRN	11/01/16	0.34	191216BC3		424.04	424.04
08/02/14	08/02/14	Coupon		NATL RURAL UTILITIES	02/02/15	1.00	637432MP7		400.00	400.00
08/02/14	08/02/14	Coupon		NATL RURAL UTILITIES	02/02/15	1.00	637432MP7		350.00	350.00
08/03/14	08/03/14	Coupon		APPLE FRN	05/03/16	0.29	037833AF7		299.83	299.83
08/03/14	08/03/14	Coupon		FFCB FRN	10/03/16	0.18	3133ED3B6		754.33	754.33
08/03/14	08/03/14	Coupon		TEXAS INSTRUMENTS	08/03/15	0.45	882508AT1		922.50	922.50
08/08/14	08/08/14	Coupon		FFCB FRN	07/08/16	0.18	3133ED4K5		746.58	746.58
08/10/14	08/10/14	Coupon		GEORGIA POWER	08/10/15	0.75	373334JY8		1,875.00	1,875.00

TRANSACTIONS BY TYPE

Account Name: L.A. CARE HEALTH PLAN  
 Account Number: [REDACTED]

08/01/2014  
 through 08/31/2014

Trade Date	Settlement Date	Transaction Type	Units	Description	Maturity Date	Coupon Rate	CUSIP	Proceeds / (Cost)	Accrued Interest (Purch) or Sold	Total Amount
08/11/14	08/11/14	Coupon		BERKSHIRE HATHAWAY	02/11/16	0.80	084670BG2		1,760.00	1,760.00
08/13/14	08/13/14	Coupon		FFCB FRN	02/13/17	0.20	3133EDFB3		824.51	824.51
08/14/14	08/14/14	Coupon		BANK OF AMERICA	02/14/17	1.25	06050TLT7		4,375.00	4,375.00
08/15/14	08/15/14	Coupon		GE CAPITAL CORP FRN	05/15/17	0.51	36962G7H1		1,364.87	1,364.87
08/15/14	08/15/14	Coupon		JPMORGAN CHASE FRN	02/15/17	0.75	46623EJZ3		1,406.70	1,406.70
08/15/14	08/15/14	Coupon		PFIZER FRN	05/15/17	0.38	717081DP5		955.39	955.39
08/15/14	08/15/14	Coupon		USAA 2012-1 A3 CAR	08/15/16	0.43	90327BAC6		37.42	37.42
08/15/14	08/15/14	Coupon		USAA 2014-1 A2 CAR	10/17/16	0.38	90290KAB1		139.33	139.33
08/15/14	08/15/14	Coupon		USAA 2014-1 A3 CAR	12/15/17	0.58	90290KAC9		512.33	512.33
08/17/14	08/17/14	Coupon		FFCB FRN	04/17/17	0.21	3133EDJX1		527.52	527.52
08/17/14	08/17/14	Coupon		HONEYWELL INTL FRN	11/17/15	0.28	438516BC9		634.46	634.46
08/18/14	08/18/14	Coupon		CITIBANK CD	08/18/14	0.23	17304UQS2		1,143.61	1,143.61
08/18/14	08/18/14	Coupon		NSTAR ELECTRIC FRN	05/17/16	0.47	67021CAH0		518.13	518.13
08/18/14	08/18/14	Coupon		NSTAR ELECTRIC FRN	05/17/16	0.47	67021CAH0		1,248.22	1,248.22
08/19/14	08/19/14	Coupon		PRICOA GLOBAL FUNDING FRN	08/19/15	0.50	74153WCA		380.15	380.15
08/19/14	08/19/14	Coupon		PRICOA GLOBAL FUNDING FRN	08/19/15	0.50	74153WCA		1,520.61	1,520.61
08/24/14	08/24/14	Coupon		GEET 2013-2 A2 EQP	06/24/16	0.61	36163GAB7		829.28	829.28
08/01/14	08/25/14	Coupon		FNA 2014-M2 ASQ2 CMBS	09/25/15	0.48	3136AJDN3		506.83	506.83
08/01/14	08/25/14	Coupon		FNA 2014-M5 FA 1MOFRN CMBS	01/25/17	0.52	3136AJ2A3		324.08	324.08
08/01/14	08/25/14	Coupon		FNA 2014-M8 FA 1MOFRN CMBS	05/25/18	0.42	3136AKQJ5		560.79	560.79

TRANSACTIONS BY TYPE

Account Name: L.A. CARE HEALTH PLAN  
 Account Number: [REDACTED]

08/01/2014  
 through 08/31/2014

Trade Date	Settlement Date	Transaction Type	Units	Description	Maturity Date	Coupon Rate	CUSIP	Proceeds / (Cost)	Accrued Interest (Purch) or Sold	Total Amount
08/26/14	08/26/14	Coupon		CATERPILLAR FINANCIAL FRN	02/26/16	0.47	14912L5M9		1,570.53	1,570.53
08/26/14	08/26/14	Coupon		PEPSICO FRN	02/26/16	0.44	713448CF3		317.96	317.96
08/26/14	08/26/14	Coupon		PEPSICO FRN	02/26/16	0.44	713448CF3		1,385.38	1,385.38
08/27/14	08/27/14	Coupon		CATERPILLAR FINANCIAL FRN	08/27/14		14912L5G2		761.42	761.42
									<u>29,615.49</u>	<u>29,615.49</u>
08/01/14	08/01/14	Income	688.560	ADJ NET INT			USD		688.56	688.56
08/01/14	08/01/14	Income	47.100	STIF INT			USD		47.10	47.10
			<u>735.660</u>						<u>735.66</u>	<u>735.66</u>
08/19/14	08/19/14	Contributn	200,000,000.000	NM			USD	200,000,000.00		200,000,000.00
08/06/14	08/07/14	Sell Long	1,930,000.000	U.S. TREASURY NOTE	04/30/16	0.38	912828C81	1,930,678.52	1,947.04	1,932,625.56
08/15/14	08/15/14	Pay Princpl	14,083.908	USAA 2012-1 A3 CAR	08/15/16	0.43	90327BAC6	14,083.91		14,083.91
08/24/14	08/24/14	Pay Princpl	195,097.914	GEET 2013-2 A2 EQP	06/24/16	0.61	36163GAB7	195,097.91		195,097.91
08/01/14	08/25/14	Pay Princpl	21,023.710	FNA 2014-M2 ASQ2 CMBS	09/25/15	0.48	3136AJDN3	21,023.71		21,023.71
08/01/14	08/25/14	Pay Princpl	23,896.848	FNA 2014-M5 FA 1MOFRN CMBS	01/25/17	0.52	3136AJ2A3	23,896.85		23,896.85
08/01/14	08/25/14	Pay Princpl	1,327.493	FNA 2014-M8 FA 1MOFRN CMBS	05/25/18	0.42	3136AKQJ5	1,327.49		1,327.49
			<u>255,429.873</u>					<u>255,429.87</u>		<u>255,429.87</u>
08/18/14	08/18/14	Mature Long	1,000,000.000	CITIBANK CD	08/18/14	0.23	17304UQS2	1,000,000.00		1,000,000.00
08/21/14	08/21/14	Mature Long	20,000,000.000	U.S. TREASURY BILL	08/21/14		912796BX6	19,999,680.56	319.44	20,000,000.00
08/22/14	08/22/14	Mature Long	20,000,000.000	FAMC DISCOUNT NOTE	08/22/14		31315LC89	19,999,466.67	533.33	20,000,000.00

TRANSACTIONS BY TYPE

Account Name: L.A. CARE HEALTH PLAN  
 Account Number: [REDACTED]

08/01/2014  
 through 08/31/2014

Trade Date	Settlement Date	Transaction Type	Units	Description	Maturity Date	Coupon Rate	CUSIP	Proceeds / (Cost)	Accrued Interest (Purch) or Sold	Total Amount
08/27/14	08/27/14	Mature Long	790,000.000	CATERPILLAR FINANCIAL FRN	08/27/14		14912L5G2	790,000.00		790,000.00
08/27/14	08/27/14	Mature Long	20,000,000.000	FHLB DISCOUNT NOTE	08/27/14		313385D52	19,999,144.44	855.56	20,000,000.00
			<u>61,790,000.000</u>					<u>61,788,291.67</u>	<u>1,708.33</u>	<u>61,790,000.00</u>





Celebrating  
**15 Years**  
of Providing Health Care in Los Angeles County  
1997-2012

# New Core System Project Update

Finance & Budget Committee  
L.A. Care Board of Governors

September 24, 2014



**L.A. Care**  
HEALTH PLAN®

For a Healthy Life

# Agenda

- Background and Scope
- Rollouts Completed
- Challenges
- Remaining Rollout Plan
- Key Vendor Strategy
- Project Financials
- Targeted Benefits & Impacts
- Strategic Foundation

# Background and Scope

- L.A. Care conducted a competitive bid process in 2011 - selected TriZetto
- Kicked off the project in May 2012
- Key business drivers:
  - Replaces inflexible, outdated technology
  - Achieves cost efficiencies, e.g. increased auto-adjudication rates
  - Meets operational and compliance requirements
- Ensures our core systems are ICD-10 compliant by Oct 2015

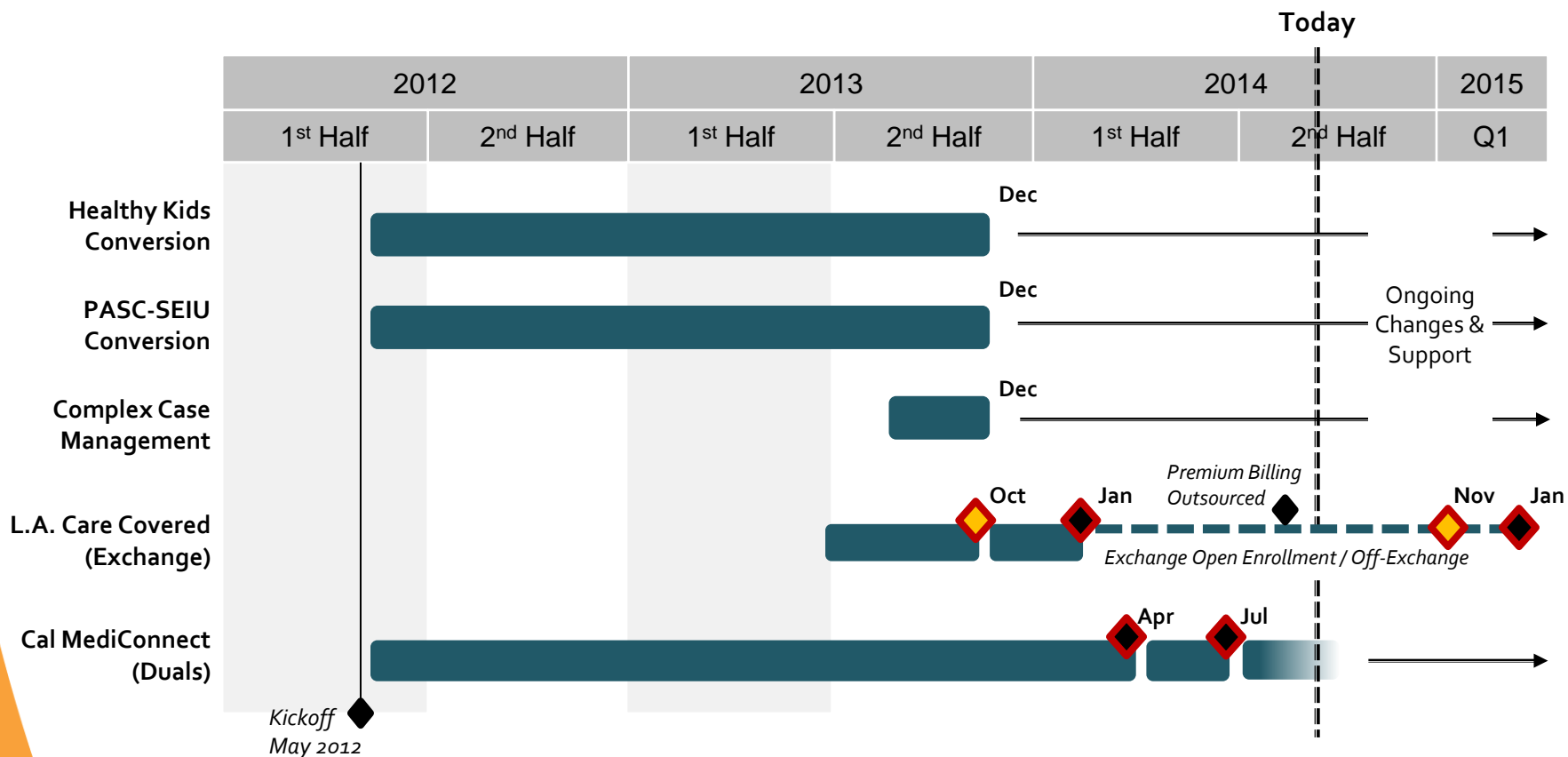
## Core System Functional Scope

TriZetto			
QNXT		CCA	
Provider Management	Member Management	Utilization Management	Case Management
Claims Processing	Billing & Payments	Complex Case Management	Disease Management

TriZetto continues to lead in the health payer system solutions market with an install base of 360 payer organizations impacting over half the insured population in the US

# Rollouts Completed

- Significant progress with four completed rollouts including complex case management.
  - Rollouts encompass member eligibility, premiums, provider network contracts, **authorizations**, **case management** and **claims processing**.
- Readiness preparations are underway for 2015 Exchange open enrollment and an Off-Exchange offering.



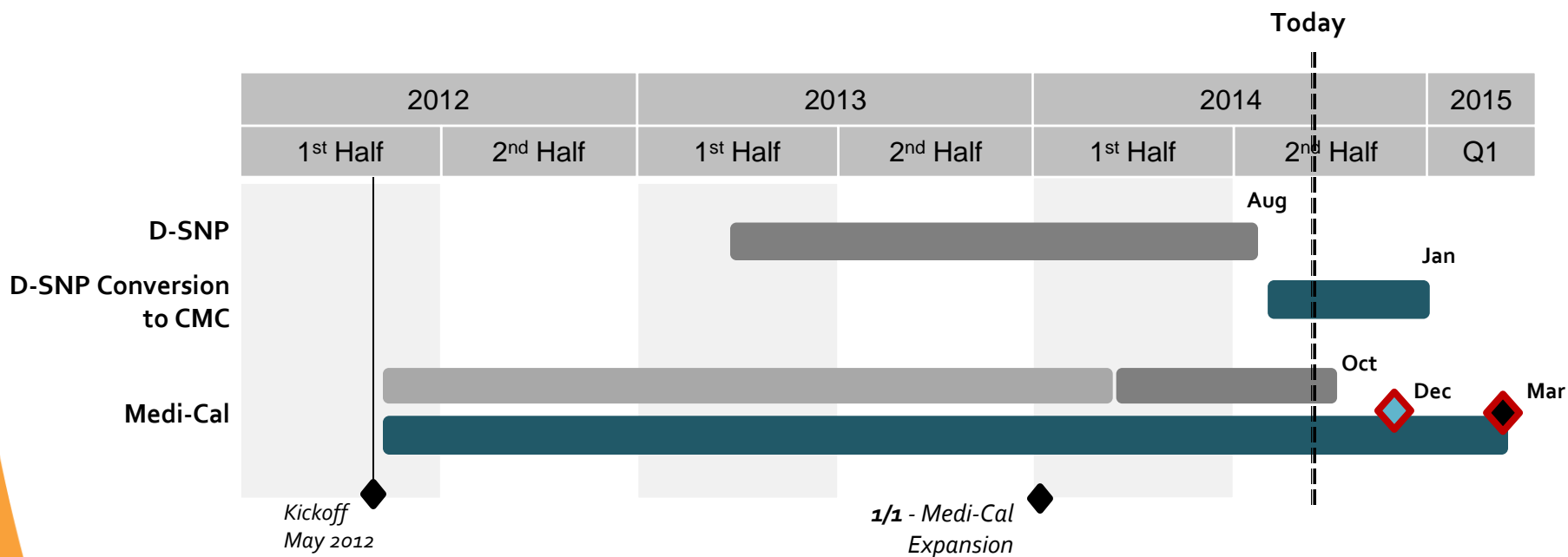
# Challenges

- L.A. Care Covered presented a number of challenges given its unique requirements and operational complexities combined with ongoing changes.
  - The Exchange product was added to the project scope in May 2013.
  - Evolving enrollment rules throughout the transition required multiple system updates during rollout.
  - Changing State requirements and interface formats spawned data reconciliation challenges that continue to be addressed.
- Cal MediConnect timing and requirements have been dynamic leading to some project and deployment inefficiencies.
  - Inconsistencies between State and CMS enrollment data continues to be a challenge.
- Retro-active eligibility complicates the Medi-Cal cut-over from legacy systems to QNXT.
- Re-usability across lines of business has been less than originally expected.
- During rollout, systems must stay current with evolving business processes and relationships.
  - Ongoing business process improvements and changes often require system updates.
  - e.g., New Pharmacy Benefit Manager (PBM) takes effect January 1, 2015.

# Remaining Rollout Plan

## Prior Plans and Current

- CMC related functions are being stabilized and refined with preparations underway for D-SNP members to convert to CMC, January 1, 2015, along with CMC passive enrollment.
- Configuring and preparing for Medi-Cal with system validation beginning December, 2014.
  - The Medi-Cal rollout will require extensive testing given the large volume of members and transactions.



**L.A. Care**  
HEALTH PLAN®

Original Rollout Plan

Rollout Plan as of Oct 2013

System Deployment

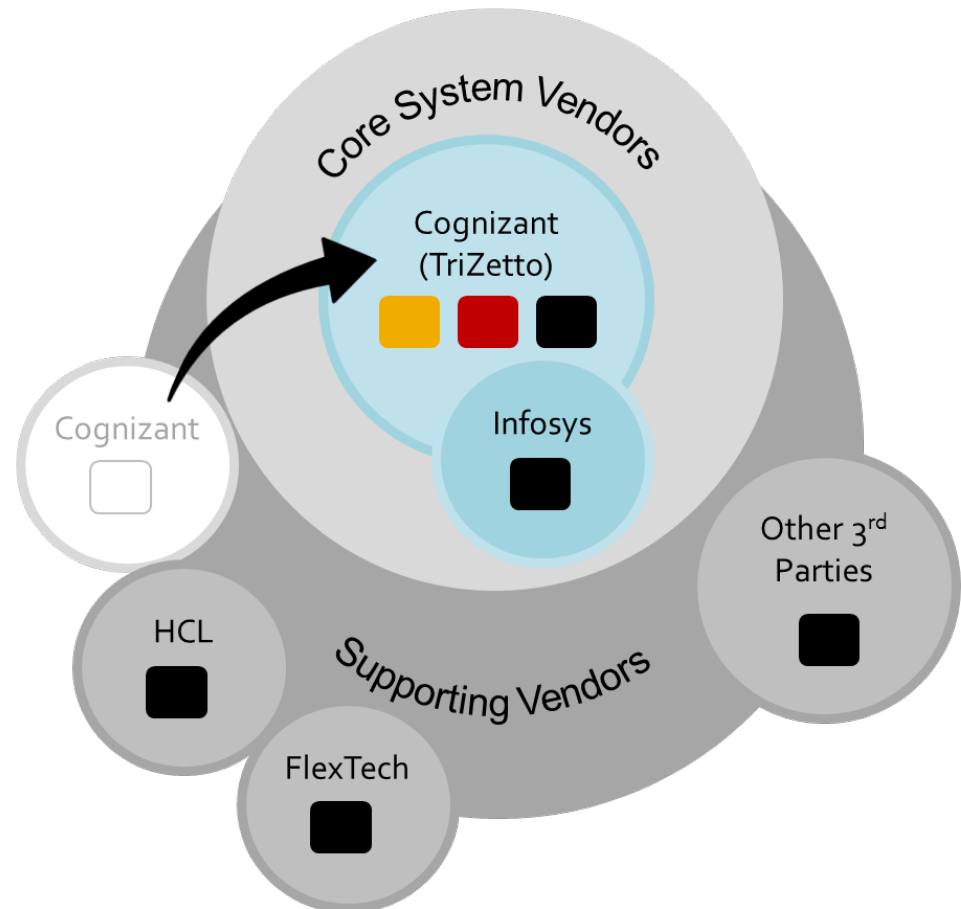
System Validation

Coverage 150

# Key Vendor Strategy

## Various IT vendors support L.A. Care

- Cognizant announced its acquisition of TriZetto on September 15, 2014.
- L.A. Care has been working closely with both Cognizant and TriZetto
- We do not anticipate any significant impact of the recent acquisition on our overall vendor strategy
  - Infosys provides additional resource bandwidth & flexibility with favorable rates
  - HCL and FlexTech provide additional health payer system expertise
  - Other 3<sup>rd</sup> Party vendors offer domain specific staff augmentation support to L.A. Care staff



# Project Financials<sup>(\*)</sup>

## Cash Basis (\$millions)

- Latest projections increase the total project cost by \$1.1 million, resulting in a budget variance of 12%.
- As the project winds down, the total number of temp and consulting resources will be reduced.

	Actuals-to-Date	Budget Total	Projected Total	
	(Through August 2014)		(April 2014)	(As of Sep 2014)
TriZetto	\$10.7	\$11.8	\$12.1	\$11.6
Third Party Assistance & Other	\$7.2	\$8.3	\$9.3	\$10.9
<b>Total</b>	<b>\$17.9</b>	<b>\$20.1</b>	<b>\$21.4</b>	<b>\$22.5</b>

(\*) Does not include costs for the HBEX launch (budgeted at \$6.5 million for FY13/14) or the Care Management Software (CCA) implementation (budgeted at \$1.6 million for FY 13/14).

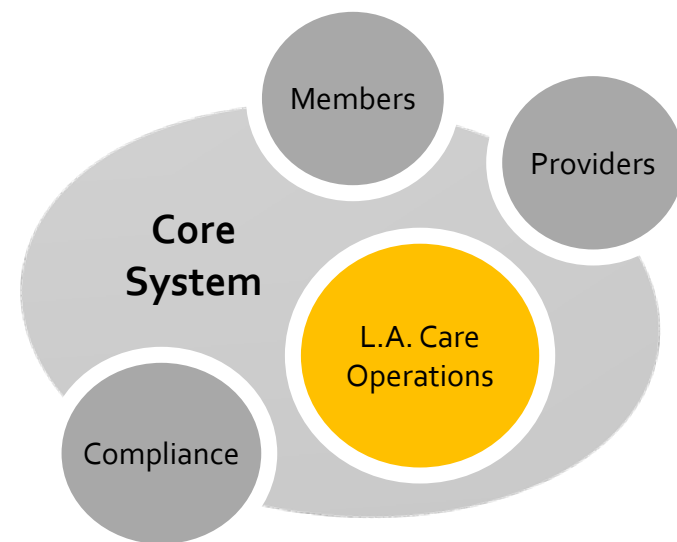
(\*) Financials do not include budgeted backfill costs (temporary staffing) for Business and IT staff. Actuals include accruals.





# Targeted Benefits and Impacts

- **Faster Turnaround Times & Compliance**
  - Auto adjudication without examiner intervention
  - Real-time integration between authorizations and claims
- **Information Availability & Accuracy**
  - Improved provider data management enables more effective servicing and monitoring of the provider network
  - Maintains subscriber & household deductibles
- **Accurate & Timely Provider Payments**
  - Ensures correct provider payments by validating configured contractual arrangements



## Core Functions

- Patient Care
- Member / Provider Servicing
- Claims Processing

## Operational Impacts

- No impact
- Call center in dual system environment during transition
- Productivity impact due to learning curve

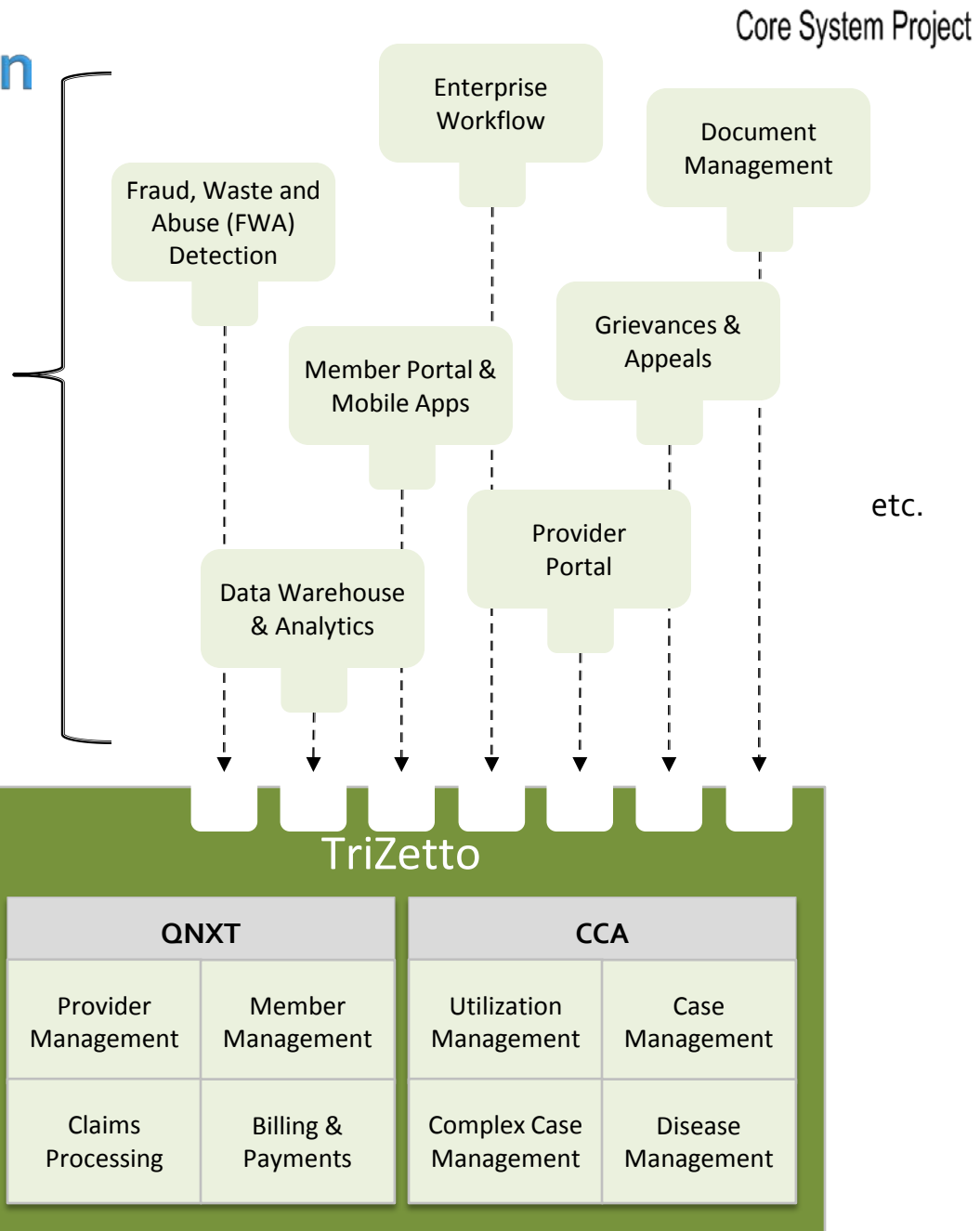
## Mitigation Actions

- Significant end-user training
- Comprehensive system and user acceptance testing
- Completed rollouts with smaller, lower risk LOB's

# Strategic Foundation

The Core System serves as a strategic foundation for adding capabilities in the future

The Core System provides foundational capabilities for operational efficiency



# BOARD OF GOVERNORS

## Finance & Budget Committee

### Meeting Minutes July 16, 2014

Conference Room 1019, 1055 W. 7<sup>th</sup> Street, Los Angeles, CA 90017



**L.A. Care**  
HEALTH PLAN

#### Members

Michael Rembis, *Chairperson*  
Jann Hamilton Lee  
Thomas Horowitz, DO  
Ozzie Lopez  
Louise McCarthy, *Secretary*  
*\*Absent \*\* Via Teleconference*

#### Management/Staff

Howard A. Kahn, *Chief Executive officer*  
Gertrude S. Carter, MD, *Chief Medical Officer*  
Jonathan Freedman, *Chief of Strategy, Regulatory & External Affairs*  
Augustavia Haydel, *General Counsel*  
Tim Reilly, *Chief Financial Officer*  
Robert Turner, *Chief of Human Resources*  
John Wallace, *Chief Operating Officer*

#### Guest/Public

Alan Bloom, *Care1st*  
Laurie Garcia, *Anthem Blue Cross*  
Avanti Wadu, *iHealth, Inc.*

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
<b>CALL TO ORDER</b>  Michael Rembis	Michael Rembis, <i>Chairperson</i> , called the meeting to order at 1:05 p.m.  Chairperson Rembis 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 meeting was approved as presented.	<b>Approved unanimously 3 AYES (Horowitz, McCarthy and Rembis)</b>
<b>PUBLIC COMMENTS</b>	There were no public comments.	
<b>APPROVE MEETING MINUTES</b>	The minutes from June 16, 2014 were approved as presented.	<b>Approved unanimously 3 AYES.</b>
<b>ADJOURN TO CLOSED SESSION</b>	Augustavia J. Haydel, Esq., <i>General Counsel</i> , announced that the Committee will discuss the following items in closed session. There was no public comment on the Closed Session items and the meeting adjourned to closed session at 1:07 p.m.  <i>(Members Hamilton Lee and Lopez joined the meeting)</i>	

**APPROVED**

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p>A. CONTRACT RATES Pursuant to Welfare and Institutions Code Sect. 14087.38 (m)</p> <ul style="list-style-type: none"> <li>• Provider Rates</li> <li>• Plan Partner Medi-Cal Rates</li> <li>• DHCS Medi-Cal Rates</li> </ul> <p>B. REPORT INVOLVING TRADE SECRETS Pursuant to Welfare &amp; Institutions Code 14087.38 (n) Discussion concerning New Product Lines <i>Estimated date of disclosure July 2016</i></p>	
<p><b>RECONVENE IN OPEN SESSION</b></p> <p>Michael Rembis</p>	<p>The meeting reconvened in open session at 2:02 p.m. No reportable actions were taken during the closed session.</p>	
<p><b>CHAIRPERSON'S REPORT</b></p>	<p>Chairperson Rembis announced that the Committee will not meet in August. A teleconference meeting will be scheduled only if there are major changes to the proposed budget.</p>	
<p><b>CHIEF EXECUTIVE OFFICER REPORT</b></p>	<p>Howard A. Kahn, <i>Chief Executive Officer</i>, reported:</p> <p><b><u>Cal MediConnect/Coordinated Care Initiative</u></b></p> <ul style="list-style-type: none"> <li>• As reported at the last Board of Governors meeting, approximately 7,000 crosswalk L.A. Care members transitioned to coverage in the Cal MediConnect (CMC) program.</li> <li>• The Los Angeles County Medical Association and other organizations filed a lawsuit against the Department of Health Care Services (DHCS) to stop the implementation of the CMC program. Last week's ruling was to postpone the hearing until August 1, 2014. There have been discussions that DHCS may request the case be moved to federal court because it involves Medicare programs.</li> </ul> <p><b><u>Covered California (CC)</u></b></p> <ul style="list-style-type: none"> <li>• Last week, L.A. Care leadership met with CC staff in Sacramento to further discuss the 2014-2015 bids.</li> <li>• Plans participating at this meeting had an opportunity to discuss the design of rates</li> </ul>	

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p>and provider networks.</p> <ul style="list-style-type: none"> <li>• CC informed health plans that no new health plans will be entering the Exchange in California.</li> </ul>	
<p><b>APPROVE COMMITTEE CONSENT AGENDA</b></p>	<p>Chairperson Rembis presented a Consent Agenda for Committee review and consideration:</p> <ol style="list-style-type: none"> <li>1. Approve Investment Report <b><u>Motion FIN 100</u></b> To accept the Investment Report for the quarter ended June 30, 2014, as submitted.</li> <li>2. Approve Wakely Consulting Group Contract Amendment <b><u>Motion FIN-A</u></b> To authorize staff to amend a contract with Wakely Consulting Group, to provide Risk Adjustment Reporting, in an amount not to exceed \$25,000, from July 10, 2014 through June 11, 2015.</li> <li>3. Approve Office Ally Contract Amendment <b><u>Motion FIN 101</u></b> To authorize staff to amend a contract with Office Ally for an amount of \$276,000 (total contract not to exceed \$678,000) for electronic data interchange services through April 30, 2015.</li> <li>4. Approve Healthx Contract Amendment <b><u>Motion FIN 102</u></b> To authorize staff to amend a contract with Healthx adding \$ 316,480 (total contract not to exceed \$ 559,220) for support of L.A. Care Covered Member Portal Solution Platform through August 31, 2016.</li> <li>5. Approve Interpreting Services International (ISI) Contract <b><u>Motion FIN 103</u></b> To approve staff to execute a contract with Interpreting Services International to provide translation and face-to-face interpreting services in the amount of \$438,000 from November 1, 2014 to October 31, 2015.</li> </ol>	<p>Motions FIN 100, FIN-A, FIN 101, FIN 102, and FIN 103 were approved unanimously. 5 AYES (Hamilton Lee, Horowitz, Lopez, McCarthy and Rembis)</p>

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
<b>COMMITTEE ISSUES</b>		
<b>APPROVE FINANCIAL REPORT</b>	<p>Tim Reilly, <i>Chief Financial Officer</i>, reviewed highlights of the financial report for the period ended May 31, 2014:</p> <ul style="list-style-type: none"> <li>• Total enrollment in L.A. Care programs as of May was 1,422,099 members.</li> <li>• Fiscal year-to-date performance for the eight months ended May 31, 2014, resulted in a surplus of \$49 million or 2.0% on revenues of \$2.4 billion. Performance was consistent with past performance and reflected a positive variance for Plan Partners, Medi-Cal, and the directly contracted network (MCLA) lines of business.</li> <li>• Product lines are consistent with past performance. MCLA shows a small surplus and experienced high medical costs in the Seniors and People with Disabilities (SPD) program. L.A. Care expects to receive revised higher rates to address this situation.</li> <li>• The Medicare, D-SNP and PASC-SEIU programs are performing close to budget.</li> <li>• The total fund equity is \$225 million. Fund balance shows the impact of positive results. Looking forward, with the anticipation of more direct risk business there will be a need to increase fund reserves.</li> </ul> <p><b><u>Motion FIN 104</u></b>  <b>To accept the Financial Report for the eight months ended May 31, 2014, as submitted.</b></p>	<p><b>Motion FIN 104 was approved unanimously. 5 AYES</b></p>
<b>APPROVE 2014-15 L.A. CARE BUDGET</b>	<p><i>(Members Hamilton Lee, Horowitz, McCarthy and Rembis 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 member s' 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><i>All members listed: Community Health Improvement Programs, including</i></p> <ul style="list-style-type: none"> <li>• <i>Community Health Investment.</i></li> <li>• <i>HITEC-LA and HIT</i></li> <li>• <i>eConsult</i></li> <li>• <i>Sponsorships and Ad Hoc Grants</i></li> <li>• <i>Tranquada Safety Net Program</i></li> </ul>	

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<ul style="list-style-type: none"> <li>• <i>Star Partners for Safety Net Clinics</i> <i>For Members Hamilton Lee and McCarthy: Health Center Controlled Network Grant.</i></li> </ul> <p>Mr. Reilly reported:</p> <ul style="list-style-type: none"> <li>• L.A. Care projects \$6.1 billion in revenues for FY 2014-15, and expects to end the current year at \$4 billion in revenues. Revenues for CMC, Long Term Care (LTC), and In-Home Support Services (IHSS) are large budget items this year.</li> <li>• The proposed FY 2014-15 Operating Budget reflects ending the year with a surplus of \$19 million which represents a 0.3% margin on revenues of \$6.1 billion, and a 44% increase over FY 2013-14.</li> <li>• The Finance &amp; Budget Committee directed staff to seek ways to achieve 1% revenue surplus and continue to identify efficiencies in the budget.</li> <li>• A proposed budget will be presented to the Board at the September 4, 2014 meeting.</li> <li>• Total Net Equity (reserve) is increasing but not rising in proportion to revenue. L.A. Care continues to discuss rate shortfall issues with the Centers for Medicare and Medicaid Services (CMS) and DHCS. L.A. Care has not received a timeframe from regulators as to when the rate issues might be addressed.</li> </ul> <p>Mr. Kahn noted significant growth in revenue from last year's budget, and increased responsibility and uncertainty around new programs for L.A. Care.</p> <p><b><u>Motion FIN 105</u></b>  <b>To approve the proposed Operating and Capital Budget for FY 2014-2015, as submitted, and to delegate authority to staff to make discretionary changes that result in Budget savings prior to final presentation of the Budget to the Board of Governors at the September 4, 2014 meeting.</b></p> <p><b><u>Amended Motion FIN 105</u></b>  <b>To approve the proposed Operating and Capital Budget for FY 2014-2015, and direct staff to seek ways to increase the revenue margin in the budget to 1% of total revenue.</b>  <b>To delegate authority to staff to make discretionary changes that result in Budget savings prior to final presentation of the Budget to the Board of</b></p>	<p>Motion FIN 105 was approved unanimously as amended. 5 AYES</p>

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<b>Governors at the September 4, 2014 Board meeting.</b>	
<b>APPROVE EXPENDITURES WITH MINTZ LEVIN LAW FIRM</b>	<p>Ms. Haydel presented a motion requesting the Committee’s consideration to approve expenditures totaling approximately \$340,000 with Mintz Levin law firm. Mintz Levin has been assisting L.A. Care with various legal matters related to the complex and extensive Pharmacy Benefit Management (PBM) selection, and the need for assistance with other pharmacy related issues.</p> <p><b><u>Motion FIN -B</u></b>  <b>To approve expenditures to Mintz Levin for a total amount not to exceed \$340,637 through December 31, 2014.</b></p>	<p><b>Motion FIN-B was approved unanimously. 5 AYES</b></p>
<b>APPROVE SALESFORCE CONTRACT AND IMPLEMENTATION VENDOR CONTRACT AMENDMENT</b>	<p>John Wallace, <i>Chief Operating Officer</i>, presented a motion requesting the Committee’s consideration of a contract with Salesforce for \$121,000 for software license and support, and \$200,000 for the implementation of member outreach and retention programs and materials. Mr. Wallace noted that the Member Outreach Retention and Engagement (MORE) unit is conducting outbound calls to survey member reactions to recent campaigns and to fulfill requirements of the CC program to engage members. Chairperson Rembis requested a report from staff on meeting the goals for member outreach and retention.</p> <p><b><u>Motion FIN 106</u></b>  <b>To approve a contract for \$121,500 with Salesforce for Service Cloud-Enterprise Edition licenses and support through July 14,2017, and a contract amendment with an existing IT vendor adding \$200,000 for Salesforce implementation through December 31, 2014.</b></p>	<p><b>Motion FIN106 was approved unanimously. 5 AYES</b></p> <p><b>By consensus, the Committee recommended this motion be included in the Consent Agenda for the September 4, 2014 Board meeting.</b></p>
<b>APPROVE MARICICH HEALTHCARE COMMUNICATIONS CONTRACT AMENDMENT</b>	<p>Mr. Wallace presented a motion to authorize staff to amend a contract with Maricich Healthcare Communications in a total amount not to exceed \$4,600,000. The cost consists of \$4,000,000 for L.A. Care Covered marketing, advertising and media; and \$600,000 for L.A. Care’s Medicare Advantage Dual Eligible Special Needs Plan (D-SNP) member materials. The Committee recognized that the D-SNP program may not move forward, depending upon the outcome of pending litigation related to the CMC and Coordinated Care Initiative programs (see CEO report, above). In July 2013, L.A.</p>	



AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p>Care conducted a competitive selection process and will conduct a more extensive selection process later this year. Mr. Kahn noted that most of the funds requested are to purchase a variety of media products, and will “pass through” Maricich.</p> <p>Chairperson Rembis asked if L.A. Care could directly purchase the media products. Mr. Wallace informed the Committee that Maricich is able to obtain more favorable purchase terms.</p> <p><b><u>Motion FIN 107</u></b>  <b>To authorize staff to amend a contract with Maricich Healthcare Communications in a total amount not to exceed \$4,600,000 for the period of August 1, 2014 through July 31, 2015.</b></p> <ul style="list-style-type: none"> <li>• \$4,000,000 for L.A. Care Covered marketing, advertising and media;</li> <li>• \$600,000 for L.A. Care’s Medicare Advantage Dual Eligible Special Needs Plan (“D-SNP”) member materials.</li> </ul>	<p><b>Motion FIN 107 was approved unanimously. 5 AYES</b></p> <p><b>By consensus, the Committee recommended this motion be included in the Consent Agenda for the September 4, 2014 Board meeting.</b></p>
<p><b>APPROVE DISASTER RECOVERY/BUSINESS CONTINUITY SERVICES CONTRACT</b></p>	<p>Mr. Wallace informed the Committee that regulatory compliance requires that a business continuity plan and disaster recovery plan is in place in the event of a disruption to L.A. Care’s business operations. L.A. Care has worked with Sungard for a number of years. Sungard offers offsite data services at two different sites, one in Cypress, California, and another in Arizona. Mr. Wallace noted that there is a competitive proposal process underway, and staff is requesting the Committee’s consideration to approve delegation of expenditure authority to Howard A. Kahn, CEO, to execute a contract up to \$500,000 for a vendor yet to be determined, contingent upon final approval by the Chairperson and Treasurer of L.A. Care’s Board of Governors, and to extend the existing contract for two years, in the event that the existing vendor is selected.</p> <p><b><u>Motion FIN 108</u></b>  <b>To approve delegation of expenditure authority to Howard A. Kahn, CEO, to execute a contract as follows:</b></p> <ol style="list-style-type: none"> <li>1) Not to exceed \$500,000 for a vendor yet to be determined for disaster recovery and business continuity services for two years through October 31, 2016, contingent upon final approval by the Chairperson and Treasurer of LA. Care’s Board of Governors of the contract with the</li> </ol>	<p><b>Motion FIN 108 was approved unanimously. 5 AYES</b></p> <p><b>By consensus, the Committee recommended this motion be included in the Consent Agenda for the September 4, 2014</b></p>

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p>selected vendor, and,</p> <p>2) <b>In the event that the existing vendor is selected through an RFP process, to extend the existing contract for two years.</b></p>	Board meeting.
<p><b>APPROVE PATIENT SATISFACTION PLUS, LLC CONTRACT</b></p>	<p>Gertrude S. Carter, MD, <i>Chief Medical Officer</i>, presented a motion for a contract with Patient Satisfaction Plus, LLC, dba The Myers Group (TMG), to provide provider satisfaction, access to care, and cultural responsiveness surveys. This vendor was selected through a competitive selection process in April 2013. Staff requests to renew a contract with the vendor to conduct surveys as required by DHCS and the National Committee for Quality Assurance (NCQA).</p> <p><b><u>Motion FIN-C</u></b>  <b>To authorize staff to execute a contract with Patient Satisfaction Plus, LLC to provide surveying services in the amount of \$187,203 for the period of August 1, 2014 to July 31, 2015.</b></p>	<p><b>Motion FIN-C was approved unanimously. 5 AYES</b></p>
<p><b>QUARTERLY PREQUALIFIED VENDOR UPDATE</b></p>	<p>Jonathan Freedman, <i>Chief of Strategy, Regulatory and External Affairs</i>, referenced the report included with today's meeting materials (<i>a copy of the report can be obtained by contacting Board Services</i>), and reported on the status of L.A. Care's prequalified vendors. Mr. Freedman noted that Gorman Health Group received additional funding due to unplanned expenses related to the CMS audit and remediation work plan.</p> <p>Mr. Kahn noted L.A. Care's substantial growth in the last 2 ½ years, and indicated that it is challenging to balance authority to approve expenditures with L.A. Care's operational needs. The prequalified vendor program was implemented last year to help the Board and staff with the contracting process; staff will continue to look for improvements to the process.</p> <p>Mr. Reilly informed the Committee that staff has reviewed and will seek to improve contracting procurement policies and procedures. Contracting staff have been brought on to provide internal support and oversight. Staff will present revised policies to the Committee for review at a future meeting. Mr. Reilly informed the Committee that staff will continue to report to Committee and Board on purchasing activities.</p> <p>Member Horowitz suggested the Board Chair, Treasurer, CFO and CEO should further discuss oversight of purchasing and contracting.</p>	

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
ADJOURNMENT	The meeting adjourned at 2:35 p.m.	

Respectfully submitted by:  
Hilda Stuart, *Committee Liaison, Board Services*  
Linda Merkens, *Manager, Board Services*

APPROVED BY:



Michael Rembis, *Chair*

Date Signed \_\_\_\_\_

9-24-14

# BOARD OF GOVERNORS

## Compliance & Quality Committee

### Meeting Minutes – July 24, 2014

L.A. Care Health Plan CR 1025, 1055 W. Seventh Street, Los Angeles, CA 90017



**L.A. Care**  
HEALTH PLAN

#### Members

G. Michael Roybal, MD, MPH, *Chairperson*  
Jann Hamilton Lee  
Alexander K. Li, MD  
Honorable Gloria Molina \*  
Hilda Perez  
\* *Absent* \*\* *Teleconference*

#### Management

Howard A. Kahn, *Chief Executive Officer*  
Gertrude S. Carter, MD, *Chief Medical Officer* \*  
Jonathan Freedman, *Chief of Strategies, Regulatory & External Affairs*  
Augustavia J. Haydel, *General Counsel*  
John Wallace, *Chief Operating Officer*

#### Public

Alan Bloom, *Care 1<sup>st</sup>* \*\*  
Laurie Garcia, *Anthem Blue Cross*  
Avanti Wadu, *iHealth, Inc.*  
Steve Reyes, *Office of Sup. Molina*

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
<b>WELCOME</b> G. Michael Roybal, MD, MPH	Chairperson G. Michael Roybal, MD, called the meeting to order at 1:05 p.m.  Chairperson Roybal 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 during the Public Comments section.	
<b>APPROVAL OF TODAY'S AGENDA</b> G. Michael Roybal, MD, MPH	The agenda for today's meeting was approved as submitted.	<b>Approved unanimously.</b> <b>4 AYES (Hamilton Lee, Li, Perez, and Roybal)</b>
<b>PUBLIC COMMENT</b>	There was no public comment.	
<b>APPROVAL OF MINUTES OF PREVIOUS MEETING</b> G. Michael Roybal, MD, MPH	The May 15, 2014 meeting minutes were approved as submitted.	<b>Approved unanimously.</b> <b>4 AYES</b>
<b>CHAIRPERSON REPORT</b> G. Michael Roybal, MD, MPH	There was no report from the Chairperson.	

**APPROVED**

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
<b>CHIEF EXECUTIVE OFFICER'S REPORT</b>  Howard A. Kahn	There was no CEO Report.	
<b>COMPLIANCE OFFICER REPORT</b>  Denise Corley	<p>Denise Corley, <i>Compliance Officer</i>, reported: <i>(A copy of her written report may be requested from Board Services.)</i></p> <ul style="list-style-type: none"> <li>• L.A. Care staff agrees with the preliminary audit findings were received last week from the Centers for Medicare and Medicaid Services (CMS). L.A. Care will have seven days to submit Corrective Action Plans (CAP). Most of the CAPs are in progress. CMS will return for a validation audit.</li> <li>• Mr. Kahn noted that a very impressive job was done by L.A. Care staff. Other health plans have incurred penalties following similar audits. L.A. Care had a good experience. CMS was collaborative and the audit was an educational opportunity for staff.</li> <li>• In response to Member Li's request for examples of gaps or opportunities, Ms. Corley indicated that issues were identified in the following compliance program areas: exclusion monitoring, auditing and monitoring, delegation, implementation of the model of care, claims timeliness and denial letters, and pharmacy benefit management.</li> <li>• The annual Medicare data validation required by CMS was conducted from April 1 to June 30, 2014. It is expected that L.A. Care will be required to complete CAPs. CMS will release final scores at a later date.</li> <li>• A Department of Health Care Services (DHCS) medical services audit was conducted from June 25 to July 2, 2014. Ms. Corley noted that the new audit scope was conducted by new DHCS auditors. Mr. Kahn informed the Committee that health plans have expressed concern to DHCS about the nature of this audit.</li> </ul>	
<b>COMMITTEE ISSUES</b>		
<b>2014 Compliance Plan 2014 Code of Conduct 2014 Compliance Auditing and Monitoring Plan</b>	<p>Ms. Corley presented a motion to approve the 2014 Compliance Plan, 2014 Code of Conduct and 2014 Compliance Auditing and Monitoring Plan.</p> <p><u>2014 Compliance Program</u> The Centers for Medicare and Medicaid Services (CMS) does not require a separate D-</p>	

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
Denise Corley	<p>SNP Compliance Program when an organization's compliance program for all products includes all the components required by CMS. The L.A. Care Compliance Program contains all elements recommended by the Office of the Inspector General (OIG), which is the industry standard for an effective compliance program.</p> <p>The 2014 Compliance Program has been updated. L.A. Care's Program Integrity Plan describes L.A. Care's obligations to identify and report potential fraud, waste, and abuse issues to the appropriate regulatory agencies, and includes L.A. Care's Privacy and Information Security responsibilities.</p> <p><u>2014 Code of Conduct</u> The Code of Conduct applies to all permanent and temporary L.A. Care employees, members of the Board of Governors, Contractors, Consultants and Vendors, and all others with whom L.A. Care does business. The basic principles have not changed from prior years; the Code was reorganized into an easier-to-read format.</p> <p><u>2014 Compliance Auditing and Monitoring Plan</u> The OIG defines seven elements of an effective compliance program; one element is a comprehensive auditing and monitoring program that identifies areas of risk and corrects identified deficiencies. The 2014 Plan requires oversight in areas where deficiencies are likely to occur and focuses on CMS requirements for programs.</p> <p><b><u>Motion COM 100.0914</u></b> <b>To approve the L.A. Care's 2014 Compliance Plan, 2014 Code of Conduct and 2014 Compliance Auditing and Monitoring Plan, as submitted.</b> <b>Recommended for consent agenda for September Board meeting.</b></p>	<p><b>Approved unanimously.</b> <b>4 AYES</b></p>
<p><b>Revisions to Member Services Policy 003 (Member Assignment and Selection Process)</b></p> <p>John Wallace</p>	<p>John Wallace, <i>Chief Operating Officer</i>, presented a motion regarding revisions to Member Services Policy MS-003, Member Assignment and Selection Process:</p> <ol style="list-style-type: none"> <li>1. Provider assignment and related definitions were added for PASC-SEIU, L.A. Care Covered, Medi-Medi and Cal MediConnect members.</li> <li>2. Primary care provider assignment for Child Health and Disability Prevention (CHDP) members to certified General Practitioners and Internal Medicine providers.</li> <li>3. Primary care provider assignment for Seniors and Persons with Disabilities (SPD) program members.</li> </ol>	

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p>4. Assignment of Medi-Cal Temporary Assistance to Needy Families (TANF) members to providers in L.A. Care Medi-Cal Direct (MCLA) network.</p> <p>5. Assignment of Medi-Cal SPD and TANF members to Department of Health Services (DHS) providers.</p> <p>6. Deleted timeline in section 1.5.</p> <p>7. Deleted reference to retired policy CR-002 (Plan Partner Child Health and Disability Prevention Program (CHDP)).</p> <p>8. Primary care provider assignment of Medi-Cal members with Community-Based Adult Services (CBAS) benefits.</p> <p>9. Expansion of language related to prior provider affiliation to include contracted clinics, facilities, and Participating Provider Groups (PPGs).</p> <p>10. Removal of specific auto-assignment percentages that are not related to newly eligible, childless adult Medi-Cal members.</p> <p>Mr. Wallace informed Committee members that the member assignment allocation is legislated and must be reported to regulators. Staff works with providers to accommodate member assignment.</p> <p><b><u>Motion COM 101.0914</u></b>  <b>To approve the revision of Member Services Policy MS-003 (Member Assignment and Selection Process), as attached.</b></p>	<p><b>Approved unanimously.</b>  <b>4 AYES</b></p>
<p><b>Committee Review of L.A. Care Policies</b></p>	<p>Jonathan Freedman, <i>Chief of Strategies, Regulatory &amp; External Affairs</i>, informed the Committee that L.A. Care has a voluminous set of policies and procedures which consume staff time for regular reviews. A streamlined process for review of L.A. Care's policies will be presented to the Committee at future meeting.</p>	
<p><b>National Commission on Quality Assurance (NCQA) Update</b></p> <p>Jim Banks</p>	<p>Jim Banks, <i>Senior Director of Quality Improvement &amp; Health Assessments</i>, reported that NCQA assesses the overall quality of the organization. NCQA staff reviews infrastructure, processes and outcomes of providing care, to assess the impact of care provided. Plans are scored based on performance in the following three areas:</p> <ol style="list-style-type: none"> <li>1. Accreditation Standards</li> <li>2. Measures of Clinical Quality, based on results of the Healthcare Effectiveness Data and Information Set (HEDIS).</li> <li>3. Consumer Satisfaction, based on results of the Consumer Assessment of Healthcare Providers and Systems (CAHPS).</li> </ol>	

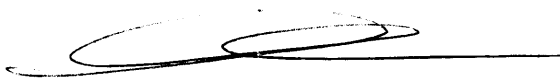
AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p>Scores were calculated based on HEDIS and CAHPS results from measurement year 2012.</p> <p>On July 21, 2014, L.A. Care received two NCQA Accreditations.</p> <ol style="list-style-type: none"> <li>1. For Medi-Cal, a 3-year Accreditation through July 10, 2017 at <i>Accredited</i> level.</li> <li>2. For L.A. Care Covered, a 3-year Accreditation through July 10, 2017 at <i>Accredited</i> level.</li> </ol> <p>Scores will be recalculated based on results for measurement year 2013.</p> <ul style="list-style-type: none"> <li>• The NCQA Steering Committee will review changes in the standards in preparation for the next audit. Accreditation can be adjusted annually based on CAHPS and HEDIS standards.</li> <li>• Staff is reviewing the next Interactive Survey System (ISS) submission tentatively scheduled for April 4, 2017, with a two-day on-site survey May 22 and 23, 2017, for measurement year 2015.</li> </ul> <p>Member Li asked about the accreditation levels of other health plans. Mr. Banks informed the Committee that CalOptima achieved the <i>Accredited</i> level. Mr. Kahn added that many public plans are not accredited. Mr. Freedman noted that nationally there is underrepresentation by Medicaid plans in NCQA.</p> <p>Member Li asked if the NCQA rating result affects program rates. Mr. Kahn replied that in some states where Medicaid rates paid to health plans are higher, those plans have higher ratings, likely because more money is available to those plans to offer programs which improve the ratings.</p>	
<p><b>Medicare Star Program Update</b></p> <p>Linda Lee</p>	<p>Linda Lee, <i>Director of Medicare Performance Management</i>, reviewed the presentation provided with the meeting materials. (<i>A copy of her presentation may be requested from Board Services.</i>)</p> <p>Review of L.A. Care's HEDIS, Medicare Part D, CAHPS, Health Outcomes Survey (HOS) and administrative measures have been completed. The Star Rating is expected to be released in September 2014.</p> <p>Member Perez asked about call wait times. Ms. Lee informed the Committee that call wait time is monitored daily, and Mr. Kahn added that the call wait times are short except during periods with high enrollment activity. Mr. Wallace informed the</p>	



AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p>Committee that calls are recorded and reviewed by random selection. Staff will provide a report on call wait times at a future Committee meeting.</p> <p>Member Li asked if drug adherence to proper use of medication goes up for members who are given a 90 day prescription. Ms. Lee informed the Committee that adherence is higher with 90 day prescriptions, and L.A. Care is encouraging use of the 90-day prescription. Mr. Wallace noted that some pharmacies will reduce the length of the prescription even if a 90 day is authorized. Ms. Lee agreed that pharmacies have authority to reduce the length of prescription. Mr. Kahn noted that adherence is measured on prescriptions dispensed, not on whether the member is taking the medication as prescribed.</p> <p>Ms. Lee informed the Committee about anticipated methodology changes for the 2015 Star Rating.</p> <ul style="list-style-type: none"> <li>• Change in the weighting for improvement measures, a new case management measure and the retirement of the glaucoma screening measures.</li> <li>• Some measures will be subject to technical specification changes expected to be finalized and released in the fall 2014 by NCQA or CMS.</li> <li>• Effective December 31, 2014, CMS has the authority to terminate plans below three-stars for Part C or D in 2013, 2014 or 2015 ratings. Details about how the termination policy will be implemented are not yet available.</li> </ul>	
<b>PUBLIC COMMENT</b>	Chairperson Roybal asked that staff provide an update on non-contracted hospitals at a future Committee meeting.	
<b>ADJOURNMENT</b>	The meeting was adjourned at 2:25 p.m.	

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

APPROVED BY:

  
\_\_\_\_\_  
G. Michael Roybal, MD, MPH, *Chairperson*  
Date Signed 9/18/14

# BOARD OF GOVERNORS

## Children's Health Consultant Advisory Committee

### Meeting Minutes – July 15, 2014

1055 W. Seventh Street, Los Angeles, CA 90017  
 Conference Room 1019



#### Members

Lyndee Knox, PhD, *Chair*  
 Kimberly Uyeda, MD, MPH, *Vice Chair\**  
 Karen Bernstein, MPH  
 Edward Bloch, MD\*  
 Gertrude S Carter, MD, *CMO*  
 Maria Chandler, MD, *MBA\*\**  
 Tumaini Coker, MD  
 Toni Frederick, PhD\*

Melanie Hunter, M.D, MBA  
 Thomas Klitzner, MD, PhD  
 Diana Ramos, MD  
 Gwendolyn Ross Jordan, RN\*

\* *Absent* □ \*\* *Via Teleconference-*  
 \*\*\* *Excused Absence*

#### Management/Staff

Howard A. Kahn, *Chief Executive Officer*  
 Clayton Chau, *Medical Director*

AGENDA ITEM/ PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
<b>CALL TO ORDER</b>  Lyndee Knox, PhD	Lyndee Knox, PhD, <i>Chairperson</i> , called the meeting to order without quorum at 8:42 a.m. Chairperson Knox introduced the CHCAC subcommittees and asked facilitators to identify two goals, actions or accomplishments for their assigned subcommittee.  <i>(Member Bernstein joined the meeting)</i>	
<b>APPROVAL OF MEETING AGENDA</b>	The Agenda for today's meeting was approved as presented.	<b>Unanimously approved by roll call as presented. 7 AYES (Bernstein, Carter, Chandler, Coker, Hunter, Klitzner, and Knox).</b>
<b>PUBLIC COMMENTS</b>	There were no public comments.	
<b>APPROVAL OF MEETING MINUTES</b>	The minutes for the May 22, 2014 meeting were approved as submitted.	<b>Unanimously approved by roll call. 7 AYES</b>

**APPROVED**

AGENDA ITEM/ PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
<b>BOARD OF GOVERNORS REPORT</b>	<p>Howard A. Kahn, <i>Chief Executive Officer</i>, reported: The Board of Governors met on Thursday, July 10, 2014.</p> <ul style="list-style-type: none"> <li>• The Board approved additional members to the Regional Community Advisory Committees (RCACs). The RCACs are the only L.A. Care Committees without a term limit, and there have been discussions to align RCAC member term limits with Board and other public advisory committees. The process has taken more than one year as there is continued resistance from RCAC members.</li> <li>• Tim Reilly, <i>Chief Financial Officer</i>, reported that L.A. Care made the first Affordable Care Act (ACA) payment of increased rates to primary care physicians. L.A. Care had delayed payment to providers because of unclear instructions on how to pay the providers. Community clinics and county facilities are excluded from the ACA provider payment. The ACA payment program is scheduled to end in December 2014.</li> <li>• An update was provided on the strategic discussion held at the Board retreat in June; strategic priorities were presented related to Medicaid Expansion, Cal MediConnect (CMC), future of the Two Plan Model and the Medi-Cal program.</li> <li>• John Wallace, <i>Chief Operating Officer</i>, informed the Board as of July 1, 2014 and at the request of the Department of Health Services (DHS), L.A. Care assumed financial and operational responsibility for inpatient and emergency services provided to L.A. Care/Department of Health Services (DHS) Medi-Cal members outside of the DHS delivery system. L.A. Care will be responsible for utilization management and claims processing for non-DHS hospital inpatient admissions, non-DHS emergency rooms, and emergency transportation. It is estimated that L.A. Care will process 800 admissions per month for non-DHS inpatient services, and 32,000 additional claims per month for out-of-network inpatient and emergency room utilization.</li> <li>• L.A. Care has experienced significant growth in membership and financial responsibility. L.A. Care expects to end this fiscal year with overall revenue of \$4.2 billion. L.A. Care projects it will have 1.7 million members and revenue of \$5 or \$6 million in fiscal year 2014-15.</li> <li>• The Board approved seven Robert E. Tranquada, M.D. Safety Net Infrastructure Initiative V HEDIS grant awards and consultant support. L.A. Care continues funding support for the safety net and is evaluating funding related to innovation and infrastructure for existing pilots.</li> <li>• Approximately 7,000 crosswalk members were transitioned to the L.A. Care Cal MediConnect program on July 1, 2014. These members were voluntarily enrolled in</li> </ul>	

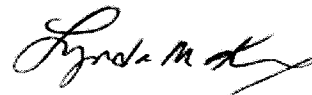
AGENDA ITEM/ PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p>L.A. Care's Medicare program and had the option to opt-out. The opt-out rate was 45%, which is higher than expected.</p> <ul style="list-style-type: none"> <li>• Three members remain in the L.A. Care's Healthy Families program, and will eventually go into L.A. Care Covered.</li> <li>• The Children's Health Insurance Program (CHIP) operates nationally but no longer in California.</li> <li>• The Board approved execution of the Healthy Kids (HK) 0-5 multi-year contract amendment effective July 1, 2012 through June 30, 2015. The HK 0-5 membership continues to decrease and it is expected to remain low due to the age limit.</li> </ul>	
<b>COMMITTEE ISSUES</b>		
<p><b>SUBCOMMITTEE GROUP DISCUSSIONS</b></p> <p><b>HEDIS/MEMBER EXPERIENCE</b> Melanie Hunter, M.D. <i>Medical Director, Quality Improvement (Facilitator)</i></p> <p><b>POLICY</b> Gertrude S. Carter, M.D. <i>Chief Medical Officer (Facilitator)</i></p> <p><b>CARE DELIVERY SYSTEMS AND OPERATIONS</b> Clayton Chau, <i>Medical Director, Behavioral Health (Facilitator)</i></p>	<p><i>Member Ramos joined the meeting.</i></p> <p>1. <b>HEDIS/MEMBER EXPERIENCE</b> <i>(A copy of the subcommittee materials can be requested from Board Services.)</i> Subcommittee members reviewed the materials, and discussed current and prospective interventions to evaluate further need.</p> <ul style="list-style-type: none"> <li>• Importance and effectiveness of social media campaigns; twitter, facebook, and pinterest. The Long Beach Health Department recently received a national award for using social media to engage its community partners and staff.</li> <li>• Text messaging with a possible free phone program.</li> <li>• Collaborations and partnerships.</li> </ul> <p>2. <b>POLICY</b> <i>(A copy of the subcommittee materials can be requested from Board Services.)</i> Subcommittee members reviewed the materials and discussed the following goals:</p> <ul style="list-style-type: none"> <li>• Understand the current available resources, accessibility and performance.</li> <li>• Recommend possible maternal health strategies that can leverage current program.</li> <li>• Keep abreast of the changing landscape.</li> </ul> <p>3. <b>CARE DELIVERY SYSTEMS AND OPERATIONS</b> <i>(A copy of the subcommittee materials can be requested from Board Services.)</i> Subcommittee members reviewed the materials and noted the following:</p> <ul style="list-style-type: none"> <li>• The Medpoint Management letter will be discussed at the next meeting.</li> <li>• Overlap on the current maternal and child health programs.</li> </ul>	

AGENDA ITEM/ PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<ul style="list-style-type: none"> <li>• Need of clarification regarding timelines.</li> <li>• Need to disseminate health education through provider trainings, and support. Provide and establish grants and incentive programs to help support providers' set up of infrastructure.</li> <li>• Need to identify disparities related to access, region, ethnicity, or provider type).</li> </ul>	
<b>NEW MEMBER NOMINATION</b>	<p>Chairperson Knox introduced a motion to nominate a candidate to the Committee.</p> <p><b>Motion CHC 100.0914</b>  <b>To approve the nomination of Clayton Chau, M.D. as Member of the Children's Health Consultant Advisory Committee, for an undesignated seat; for the first 4-year term from July 2014 to July 2018.</b></p>	<p>Unanimously approved by roll call. 7 AYES  <b>(Bernstein, Carter, Coker, Hunter, Klitzner, Ramos and Knox).</b>  <b>1 ABSTENTION</b>  <b>(Chandler)</b></p>
<b>GOVERNMENT AFFAIRS UPDATE</b>	An update was not provided.	
<b>BOARD OF GOVERNORS REPORT</b>	A report was provided earlier on the Agenda.	
<b>CHIEF MEDICAL OFFICER'S REPORT</b>	A report was not provided.	
<b>ADJOURNMENT</b>	Chair Knox adjourned the meeting at 10:00 a.m.	

Respectfully submitted by:

Hilda Stuart, *Committee Liaison*

APPROVED BY:



Lyndee Knox, PhD, *Chair*

Date Signed: 9/16/14

# Board of Governors

## Executive Community Advisory Committee

### Meeting Minutes – July 9, 2014



**L.A. Care**  
HEALTH PLAN

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

ECAC Members	RCAC Members/Public	L.A. Care Board of Governors/Staff
<p> <i>María Adela Guadarrama, RCAC 1 Chair,</i>  <i>Carlos Aguirre, RCAC 2 Chair</i>  <i>Cynthia Contreas-Wood, RCAC 3 Chair</i>  <i>Hercilia Salvatierra, RCAC 4 Chair</i>  <i>María Guadalupe Méndez, RCAC 5 Chair</i>  <i>Mary Romero, RCAC 6 Chair</i>  <i>Dalia Cadena, RCAC 7 Chair</i>  <i>Ana Romo, RCAC 8 Chair</i>  <i>Cristina Deh- Lee, RCAC 9 Chair</i>  <i>Aida Aguilar, RCAC 10 Chair , ECAC Chair</i>  <i>Elda Sevilla, RCAC 11 Chair</i>  <i>Silvia Poz, At Large Member, ECAC Vice Chair</i>  <i>Demetria Saffore, At Large Member</i> </p> <p> <i>* Excused Absent    ** Absent</i>  <i>*** Via teleconference</i> </p>	<p> <i>Teresa Trujillo, RCAC 1</i>  <i>Marivel Bustamante, RCAC 2</i>  <i>Ana Rodriguez, RCAC 2</i>  <i>Rosa Ureña, RCAC 3</i>  <i>Esther Rivas, RCAC 4</i>  <i>María Sánchez, RCAC 5</i>  <i>Olivia Avalos, RCAC 6</i>  <i>Ana Patricia Uribe, RCAC 7</i>  <i>Fátima Vázquez, RCAC 7</i>  <i>Norma Aguirre, RCAC 8</i>  <i>Thoura Day, RCAC 9</i>  <i>Saraí Ángeles, RCAC 10</i>  <i>Evangalina Candelario, RCAC 11</i> </p> <p> <i>Patricia Aguirre, Public</i>  <i>María Reyes, Public</i> </p> <p> <i>Eduardo Kogan, Interpreter</i>  <i>Paula Alvira, Interpreter</i>  <i>Sina New, Interpreter</i>  <i>Bo Uce, Interpreter</i> </p>	<p> <i>Hilda Pérez, Consumer Member, Board of Governors</i>  <i>Ozzie López, Member Advocate, Board of Governors</i>  <i>Howard A. Kahn, Chief Executive Officer</i>  <i>Robert Turner, Chief of Human Resources</i>  <i>John Wallace, Chief Operating Officer</i>  <i>Barbara Cook, Senior Advisor, Human Resources</i>  <i>Adrian Avila, Quality Management Specialist, Disease Management</i>  <i>Biana Badrinath, Quality Management Specialist, QI</i>  <i>Torhon Barnes, Manager, Consumer Affairs, BHS Department</i>  <i>Dalian Carter, Family Resource Center Administrator, Inglewood FRC</i>  <i>Idalia Chitica, Community Outreach Lead Field Specialist CO&amp;E</i>  <i>Kristina Chung, Community Outreach Field Specialist, CO&amp;E</i>  <i>Jena Diwan Pomeroy, Incentive Program Manager, QI</i>  <i>Auleria Eakins, Community Outreach Manager CO&amp;E</i>  <i>Oliver Fauria, Temp, CO&amp;E</i>  <i>Laura Garcia, Health Promoter Liaison CO&amp;E</i>  <i>Felicia Gray, Community Outreach Liaison CO&amp;E</i>  <i>Hilda Herrera, Community Outreach Liaison CO&amp;E</i>  <i>Judy Hsieh Bigman, Resource Specialist, CO&amp;E</i>  <i>Claire Hy, Quality Management Specialist, QI</i>  <i>Devina Kuo, Health Promoter Program Manager CO&amp;E</i>  <i>Susan Ma, CCI Field Specialist, CO&amp;E</i>  <i>Linda Merkens, Manager, Board Services</i>  <i>Frank Meza, Community Outreach Field Specialist, CO&amp;E</i>  <i>Karen Miller, Quality Improvement project Specialist, QI</i>  <i>Macarena Miller, Quality Management Specialist, QI</i>  <i>Hieu Nguyen, Manager of Strategic Initiatives, BHS Department</i>  <i>Cheyenne Pierce, CCI Field Specialist, CO&amp;E</i>  <i>Mathew Pirritano, Incentive Project Manager, QI</i>  <i>Peter Prampetch, Analyst, CO&amp;E</i>  <i>Jose Ricardo Rivas, Community Outreach Liaison CO&amp;E</i>  <i>Laura Rodriguez, CCI Liaison, CO&amp;E</i>  <i>Andrea Sandoval, Project Specialist, QI</i> </p>

		Betsy Santana, <i>Quality Improvement Project Manager, QI</i> Mike Shook, <i>Director, Quality and Improvement</i> Hilda Stuart, <i>Committee Liaison, Board Services</i> Paola Valdivia, <i>Special Projects Manager</i> Martin Vicente, <i>Community Outreach Field Specialist CO&amp;E</i>									
AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN									
<b>CALL TO ORDER</b>	Aida Aguilar, <i>ECAC Chair</i> , called the meeting to order at 10:00 a.m. Auleria Eakins, <i>Manager, CO&amp;E</i> , announced the recent passing of Pilar Martinez, <i>Spanish Interpreter</i> . Ms. Eakins asked for a moment of silence to respect and remember her time with L.A. Care.  <i>(Member Romero joined the meeting)</i>										
<b>APPROVE MEETING AGENDA</b>	Chairperson Aguilar informed the Committee that Agenda item IV (D) Health Services Report will not be discussed, Agenda item IV (B) L.A. Care Senior Staff Report will be discussed later on the Agenda, and Agenda item VI (A) Quality Improvement: Initiative and Incentive will be presented by Betsy Santana. The Agenda for today's meeting was approved as amended.	<b>Approved unanimously as amended. 13 AYES (Aguilar, Aguirre, Cadena, Conteas-Wood, Deh-Lee, Guadarrama, Méndez, Poz, Romero, Romo, Saffore, Salvatierra, and Sevilla.)</b>									
<b>APPROVE MEETING MINUTES</b>	The June 11, 2014 meeting minutes were approved as presented.	<b>Approved unanimously as presented. 13 AYES</b>									
STANDING ITEMS											
<b>ECAC CHAIRPERSON REPORT</b>  <i>Aida Aguilar, Chair</i>	Chairperson Aguilar presented the following motion:  <b><u>Motion ECA 100.0914:</u> To approve the following candidate(s) to the Regional Community Advisory Committees (RCAC) as reviewed by the Executive Community Advisory Committee (ECAC) during the July 9, 2014 ECAC meeting.</b>  <table border="1" data-bbox="520 1289 1535 1403"> <thead> <tr> <th>Name</th> <th>RCAC #</th> <th>Type of Member</th> </tr> </thead> <tbody> <tr> <td>AMPM Home Health Agency</td> <td>2</td> <td>Provider</td> </tr> <tr> <td>American Cancer Society</td> <td>4</td> <td>Community Partners</td> </tr> </tbody> </table>	Name	RCAC #	Type of Member	AMPM Home Health Agency	2	Provider	American Cancer Society	4	Community Partners	<b>Motion ECA 100 was Approved unanimously 13 AYES</b>  <b>Motion ECA 100 will be forwarded to the next Board of Governors meeting on September 4.</b>
Name	RCAC #	Type of Member									
AMPM Home Health Agency	2	Provider									
American Cancer Society	4	Community Partners									

**HEALTH  
PROMOTER  
PROGRAM UPDATE**

Devina Kuo, *Health Promoter Program Manager*, reported:

- Health Promoters (HPs) have been categorized in two groups; Group A for 2012 graduates and Group B for 2014 graduates.

Group A past meetings:

- May 22, 2014-Part I of the pre-diabetes training from the Health Education Department.
- June 6, 2014-Computer training and debrief on motivational interviewing with Action Steps Program (ASP) participants.

Group A future meetings:

- July 11, 2014- Update on the Affordable Care Act (ACA) and training from University of Southern California intern Mae Caparas on how a bill becomes law.
- July 24, 2014-Part II of the pre-diabetes training.
- HPs will attend June/July RCAC meetings to teach part I of the pre diabetes training.
- HPs have increased participation in the ASP this year by co-teaching classes on personal goal setting, my plate nutrition and rethink your drink. HPs assisted with ASP data collection, body measurements, conducting surveys and follow up phone sessions, and reporting. HPs will submit summary reports by Friday, July 11, 2014, and will be reporting at a future ECAC meeting.
- HPs provide workshops in the community on various health topics, and participate in health fairs and events.

Group B past meetings:

- Orientation day included activities to learn more about themselves, to develop team building skills, and teach them how to work with people from different cultural backgrounds.
- May 21, 2014-May 22, 2014- Training module I on access to healthcare. At this training, HPs learned about Medi-Cal Managed Care, ways to access care, member benefits, rights and responsibilities, and L.A. Care product lines.
- June 3, 2014- Training module II started, and included a series of activities to build public speaking skills through the art of improv training by Alex Valente and Sarah Desage.
- Martha Chono, *Executive Director* of Reach L.A., and Greg Wilson provided training on presentation skills. Training offered opportunities for HPs to present on simple topics related to day-to-day activities.
- Train the trainer series- Group A was invited to train group B on how to prepare for workshops, community outreach events, and how to set up a resource table. Group A trained Group B on access to healthcare, resources, and creative ways to educate the community.
- June 24 & July 1, 2014- Practice Presentations-Group B provided presentations using the knowledge received on access to healthcare, and Group A was invited to provide



	<p>feedback. Group B received feedback from their peers.</p> <ul style="list-style-type: none"> <li>○ Group B had a written exam between the two modules, and an oral exam that consisted of a presentation on a topic they would be teaching in the community. On Tuesday, July 8, 2014 group B concluded oral exams. Staff is currently grading the written and oral exams for the 2014 trainees, and graduation will be held on July 22, 2014.</li> </ul> <p>Cynthia Contreas-Wood, <i>RCAC 3 Chair</i>, asked if data collected from the ASP will be reviewed in the future to assess whether improvements were made. Ms. Kuo responded affirmatively, and noted that staff is currently working with the Consultant to develop a report which will include this year's best practices and lessons learned.</p> <p>Chairperson Aguilar asked about the grading criteria for a HP to graduate, and if a new HP training will open after graduation. Ms. Kuo noted that trainees are graded on different criteria such as attendance, participation, and results from oral and written exams. Trainees must successfully pass all the requirements in order to graduate. In response to the second question, Ms. Kuo indicated that a new HP training is yet to be determined.</p>	
<p><b>OVERVIEW OF ECAC REPORTS</b></p>	<p>Peter Prampetch, <i>Analyst, CO&amp;E</i>, reported (a copy of the report can be obtained by contacting CO&amp;E):</p> <p><b><u>RCAC Membership as of July 2014.</u></b></p> <ul style="list-style-type: none"> <li>• The total membership in all 11 RCACs is 236 members. There are 32 new RCAC members.</li> </ul> <p><b><u>Fiscal Year 2013-14 Budget Report on Second Quarter (January-March).</u></b></p> <ul style="list-style-type: none"> <li>• Total budget for FY 2013-14 is \$600,000 of which approximately \$79,255 or 26% of the budget was spent in the second quarter. Approximately \$ 443,749 or 74% of the budget is left.</li> <li>• Committee members reviewed expenses incurred in the second quarter and the total actual and remaining amount for promotional items, rent, supplies and services, transportation services, meetings-conferences-catering, ECAC/RCAC reimbursements and stipends, ECAC/RCAC work plans, and interpretation and translation.</li> </ul> <p>Increased use of funds is expected for the third quarter, as ASP and Get Fit: Passport to Health events culminate and payments are released to physical activity instructors and nutritionists.</p> <p>Ozzie López, <i>Board Member Advocate</i>, asked if there is a current plan to balance the budget, if it is expected that a certain amount of funds are expended per line item per quarter, and if each RCAC has a breakdown of how much they should spend. Mr. Prampetch noted that the budget is forecast is completed prior to the beginning of each fiscal year, the Finance department provides monthly reports, and each RCAC has \$3,000 allotted per fiscal year for annual work plan expenses. Mr. Lopez encouraged RCAC Chairs to ensure that budgeted amounts for ECAC and RCACs are efficiently spent and maximized. He noted that for the past couple of years, there are unspent funds. Mr. Lopez acknowledged L.A. Care staff efforts to invest community funds wisely, and he encouraged ECAC to take full advantage of that investment. He asked that staff</p>	

	<p>evaluate the need to reassign some of the funds from areas that are currently not meeting at least 75% of spending benchmark (i.e. transportation) for future fiscal year budgets. Barbara Cook, <i>Senior Advisor</i>, noted that staff considers the need for conferences and large events and budgets funding for transportation in the event that L.A. Care must gather all RCAC members for a conference.</p> <p>Ana Romo, <i>RCAC 8 Chair</i>, inquired about expenses for promotional items. Mr. Prampetch informed the Committee that incentive items for ASP and Get Fit: Passport to Health are included in these expenses, along with promotional items for the Community Health Improvement Project (CHIP). Ms. Romo asked if expenses related to promotional items from the Health Promoter program (HP) are included in this line item. Mr. Prampetch noted that HP has a separate budget and the HP budget report is provided regularly to Ms. Kuo.</p> <p>Ms. Contreas-Wood asked if RCACs could host additional community events if there are funds available in the budget. Ms. Eakins noted that some RCACs have pending events, and some will culminate prior to the end of this fiscal year. Ms. Eakins indicated that the available funds have been designated for each RCAC regions for work plan expenses, and those funds are planned to be spent by the end of this fiscal year. Ms. Contreas-Wood asked to revisit this possibility when the third quarter budget report is available.</p> <p>Hilda Pérez, <i>Board Consumer Member</i>, requested that the budget report be included in meeting materials sent to ECAC members, whether or not the report is on the Agenda for discussion. Board Member Pérez noted that in the past RCAC members have expressed interest in providing input regarding the ECAC/RCAC budget and have shared concerns about the limited amount of promotional items for the ASP and community events. She noted that L.A. Care has addressed these concerns but requested that ECAC is kept up-to-date on the budget.</p>	
<p><b>L.A. CARE SENIOR STAFF REPORT</b></p>	<p>John Wallace, <i>Chief Operating Officer</i>, reported:</p> <p><b><u>Membership</u></b></p> <ul style="list-style-type: none"> <li>• L.A. Care’s Medi-Cal membership increased by 17, 629 members as of July; and 11,077 members of those members are enrolled in L.A. Care’s Medi-Cal direct line of business (MCLA). Current total Medi-Cal enrollment is 1,385,000.</li> <li>• Medi-Cal enrollment with Kaiser has increased to 121,598. Kaiser remains closed to new Medi-Cal members and is available only to those who have a family member enrolled in Kaiser or have a prior affiliation with Kaiser. Because of Medi-Cal Expansion, more people are eligible to join Kaiser by requesting a permission to enroll form.</li> </ul> <p><b><u>Cal MediConnect (CMC)/ Coordinated Care Initiative(CCI)</u></b></p> <ul style="list-style-type: none"> <li>• Approximately 7,000 new members joined L.A. Care in July.</li> <li>• L.A. Care expects about 300 members to join L.A. Care each month for the next six months.</li> </ul>	

- The slow influx of new members each month will allow L.A. Care to make the best primary care physician assignment for the members that are currently enrolled, and to learn more about each member's needs in order to keep them independent and out of nursing homes for as long as possible.
- He recommended that Gretchen Brickson, *Senior Director, Long Term Services and Support*, be invited to attend a future meeting to inform ECAC members about the programs that are being implemented for the CMC members.

**Announcements:**

- L.A. Care recently received a \$175,000 grant from the Blue Shield Foundation. Under this grant, L.A. Care will be working with the County Department of Health Services, Mental Health, Public Health, and the Community Clinic Association of Los Angeles County on healthy neighborhoods in Los Angeles County, to integrate delivery of physical health, mental health and substance use services for select neighborhoods. A report will be provided at a future ECAC meeting.
- Robert Turner is the new Chief of Human Resources at L.A. Care. Mr. Turner previously worked at Altamed. He is well acquainted with L.A. Care's mission and the communities that it serves.
- He welcomed Maribel Ferrer, *Senior Director Member and Medicare Services*, to the ECAC meeting.

Ms. Contreas-Wood inquired about Ms. Ferrer's role at ECAC. Mr. Wallace informed the Committee that the CO&E department reports to Ms. Ferrer, and that Ms. Ferrer will regularly attend ECAC meetings. Mr. Wallace noted that Ms. Ferrer oversees the Member Services department, which includes the call center, enrollment, member retention, the Family Resource Centers, and the Medicare program.

Board member Pérez requested an update on and reasons for low membership in the Healthy Kids (HK) 0-5 program. Mr. Wallace informed the Committee that he does not have the current number for HK membership but it may be below 1,000 members. L.A. Care is evaluating ideas on how to increase membership for this program. The low membership in HK 0-5 may be due to several reasons, including changes on the eligibility criteria for the Medi-Cal program. Board Member Pérez noted her concern that First 5 L.A. may decide to terminate the program due to low membership. Mr. Wallace indicated that the HK 0-5 program is funded for one more year.

In reference to the Blue Shield Foundation grant, Chairperson Aguilar asked if L.A. Care will target specific clinics for assistance with substance use. Mr. Wallace informed the Committee that it is a small pilot program which will target a couple of communities in Los Angeles County to integrate all the needed services.

**L.A. Care Covered (LACC)/Covered California (CC)**

	<ul style="list-style-type: none"> <li>• L.A. Care now offers coverage for the entire family.</li> <li>• Recent changes require health plans to directly sell the CC product in addition to making it available for purchase through the CC website.</li> <li>• L.A. Care is discussing ideas on how to reach out to families and will ask ECAC and RCAC members for ideas on member outreach. More information will be presented at future ECAC meetings.</li> </ul>	
<b>HEALTH SERVICES REPORT</b>	A report was not provided.	
<b>AT-LARGE MEMBER UPDATE (MEMBER RECRUITMENT/CCI)</b>	<p>Demetria Saffore, and Silvia Poz, <i>At-Large Members</i>, reported (<i>a copy of the reports can be requested by contacting CO&amp;E</i>):</p> <ul style="list-style-type: none"> <li>• L.A. Care hosted the first Coordinated Care Initiative (CCI) Community Consumer meeting on June 26, 2014. The meeting was held at the Chimbole Cultural Center in the Antelope Valley. There were 49 people in attendance: 37 were consumers or providers and 12 were LA Care staff. Amongst the consumers were Maria Adela Guadarrama, <i>RCAC 1 Chair</i>, and Ruth Hernandez, <i>RCAC 1 member</i>. A complete overview of the CCI was presented at this meeting so participants could learn about changes in health care programs for CCI members.</li> <li>• CO&amp;E staff is continuously looking for ways to engage consumer members in the CCI consumer meetings.</li> </ul> <p><b><u>Next CCI provider and Consumer meetings in RCACs 1 and 2:</u></b></p> <ul style="list-style-type: none"> <li>• A CCI consumer meeting is scheduled on Thursday, September 11, 2014 from 10:00 a.m. to 12:30 p.m. at the Chimbole Cultural Center, located at 38350 North Sierra Highway, Palmdale, CA.</li> <li>• A CCI provider meeting is scheduled on Monday, July 28, 2014 from 10:00 a.m. to 12:30 p.m. at the San Fernando Regional Pool Facility located at 208 Park Avenue, San Fernando, CA.</li> <li>• A CCI consumer meeting is scheduled on Thursday, August 28, 2014 at Las Palmas Park, located at 505 South Huntington Street, San Fernando, CA. The time of this meeting is yet to be determined.</li> </ul> <p><b><u>CCI staff and contact information:</u></b></p> <ul style="list-style-type: none"> <li>• Cheyenne Pierce is the CCI Field Specialist assigned to Area 1. Ms. Pierce can be contacted at 213-694-1250 extension 5247.</li> <li>• Susan Ma is the CCI Field Specialist assigned to Area 2. Ms. Ma can be contacted at 213-694-1250 extension 4586.</li> </ul> <p>Board member Pérez asked for an update on CCI member recruitment for the CCI advisory function. Ms. Eakins informed the ECAC that CCI member recruitment has not yet begun. Staff is meeting with community leaders and consumers. She noted that recruitment for CCI</p>	

	<p>committees is planned. Ms. Eakins requested staff to have flyers with future CCI meeting information available at today's meeting.</p> <ul style="list-style-type: none"> <li>• Two RCAC candidates are proposed for approval in Motion ECA 100.</li> <li>• As of July, the CO&amp;E Department received 5 interest cards from RCACs 6 and 8. A total of 129 interest cards have been received to date. Not all interest cards are processed due to lack of eligibility.</li> <li>• L.A. Care has welcomed 32 new members into the RCACs.</li> </ul> <p>Ms. Poz reminded ECAC members to continue to encourage RCAC members to submit interest cards.</p> <p>Cristina Deh-Lee, <i>RCAC 9 Chair</i>, asked about member categories that L.A. Care is looking for to join to RCACs. Idalia Chitica, <i>Field Specialists Supervisor</i>, CO&amp;E informed the Committee that L.A. Care is looking for members enrolled in CMC, In-Home Support Services (IHSS), and Seniors and People with Disabilities. Chairperson Aguilar asked for clarification on the IHSS membership. Ms. Chitica informed the Committee that the IHSS membership enrollment on L.A. Care member reports is for IHSS providers, not IHSS program recipients.</p>	
<p><b>MEMBER ISSUES</b></p> <ul style="list-style-type: none"> <li>• RCAC 1</li> <li>• RCAC 3</li> <li>• RCAC 11</li> <li>• Interdisciplinary Committee</li> </ul>	<p>Ms. Guadarrama reported that at the RCAC 1 meeting on June 20, 2014, members reported having difficulty accessing dental benefits. A number of members complained that many dental services are not covered for Medi-Cal beneficiaries, but services are available and paid in full for people without legal immigration status. RCAC 1 members unanimously decided that the issue be forwarded to ECAC to request assistance from the Interdisciplinary Committee for review and resolution. Ms. Guadarrama noted receipt of a letter that lists all the services provided by Denti-Cal and important phone numbers for Denti-Cal.</p> <p>Ms. Contreas-Wood noted that today's meeting packet includes a list of frequently asked questions for Denti-Cal beneficiaries and a list of Denti-Cal providers that may be useful to RCAC 1 members.</p>	
<p><b>SENIOR L.A. CARE STAFF REPORT</b> <i>Continued</i></p>	<p>Howard A. Kahn, <i>Chief Executive Officer</i>, addressed the Committee and acknowledged Barbara Cook for her work with ECAC and RCACs. He noted that there will be smooth transition to working with Ms. Ferrer, who has been with L.A. Care for many years and has a deep understanding of the programs that L.A. Care offers and the members it serves. Mr. Kahn reminded the Committee that Board Members López and Pérez are actively involved and have spent additional hours to assist with the recruitment of a new CEO and appointment of a member of the Board of Governors,.</p> <p>Ms. Contreas-Wood asked Mr. Kahn if he had the opportunity to read the feedback submitted by ECAC regarding the values and characteristics they would like to see in the new CEO. Ms.</p>	

	<p>Chitica noted that staff summarized the feedback received from ECAC, and developed a report that was forwarded to the RCACs that met in June (RCACs 1,2,3,5, 6 and 10). Feedback received has been forwarded to Board members López and Pérez for them to share that information with the CEO search ad-hoc Committee. Staff will continue to gather feedback from the RCACs that will meet in July.</p>	
<p><b>MEMBER ISSUES</b></p> <ul style="list-style-type: none"> <li>• RCAC 1</li> <li>• RCAC 3</li> <li>• RCAC 11</li> </ul> <p>Interdisciplinary Committee</p> <p><i>(Continued)</i></p>	<p>Ms. Guadarrama reported that at the RCAC 1 meeting on June 20, 2014, RCAC 1 members reported long wait times to obtain a referral to see a specialist and difficulty accessing specialists in the RCAC 1 area. RCAC 1 members unanimously decided that the issue be forwarded to ECAC to request assistance from the Interdisciplinary Committee for review and resolution.</p> <p>Ms. Poz, informed the Committee that she recently took her son for magnetic resonance imaging (MRI) and when there, she was told that L.A. Care, Blue Shield and Care First do not cover MRIs, and only Health Net covers this procedure.</p> <p>Ms. Contreas-Wood reported that at the RCAC 3 meeting in April 15, 2014, RCAC 3 members complained about Linden Optometry in Pasadena. Members reported that Linden Optometry is open seven days a week and clients with private insurance can schedule an appointment on any day of the week. Medi-Cal clients can only get services from Monday through Thursday. RCAC 3 members unanimously decided that the issue be forwarded to ECAC to request assistance from the Interdisciplinary Committee for review and resolution.</p> <p>Elda Sevilla, <i>RCAC 11 Chair</i>, reported that at the RCAC 11 meeting on May 15, 2014, RCAC 11 members had numerous complaints about the services at various clinics in the Pomona area. Members reported poor customer service by front desk staff at local community clinics and at Pomona Valley Hospital. It was also reported that Pomona Valley Hospital has discriminated against patients that don't speak English and fails to provide information in the appropriate language. It has been reported that the hospital gives priority to cash patients over those enrolled in Medi-Cal and that Medi-Cal patients are being charged for services covered by the Medi-Cal program. RCAC 11 members unanimously decided that the issue be forwarded to ECAC to request assistance from the Interdisciplinary Committee for review and resolution.</p> <p>In response to a question from Ms. Contreas-Wood regarding the expected timeframe for RCAC member issue resolution, Mike Shook, <i>Director, Quality Improvement</i>, informed the Committee that the Interdisciplinary Committee will ideally provide updates by the following ECAC meeting, but this may not always be possible. He noted that more complex issues may take longer to resolve.</p> <p>Mr. Shook asked Committee members if developing a tool for RCAC members to use if they encounter any problems would be of value to ECAC and RCACs, and noted that the Member Outreach Retention &amp; Engagement (MORE) Department offered to develop tools for distribution to members. Committee members responded affirmatively.</p>	

Mr. Shook informed the Committee that the Interdisciplinary Committee (IC) recently met and is working on structuring a process. The IC reviewed the issues submitted by ECAC last month, and he provided the following update:

**RCAC 6 Issue:** Timely diagnosis for terminal illness and prescribing pain medication. The IC is reviewing L.A. Care's data file on grievances to see if this issue has been previously brought to L.A. Care. The IC is interested in finding out if there are specific clinics or providers involved. Mr. Shook noted the importance of identifying provider sites and the frequency of events. This issue is still being investigated, and IC will follow up.

Ms. Deh-Lee noted that some members may not be aware of their rights, and are not able to advocate for themselves appropriately. Mr. Shook informed the Committee that IC will work on a document to inform members about their rights and help them address various situations. Ms. Deh-Lee suggested that L.A. Care develops a postcard for members to rate their satisfaction when they visit their doctor, and to document any issues or barriers encountered during their visit. She recommended identifying protocols to rate providers and services. Board Member Pérez noted that L.A. Care's Health Promoters can help educate and disseminate member rights information in the community.

Chairperson Aguilar suggested that clinics serving Medi-Cal clients be required to have posters and educational information about member rights in the waiting area.

Board Member Pérez informed the Committee that she recently received a survey for specialty services received by her son. Board Member Pérez inquired about the criteria to select members for this survey, and noted that several attempts were made by the agency to remind her to submit her response. Mr. Shook informed the Committee that L.A. Care is conducting a Clinician and Group Consumer Assessment of Healthcare Providers and Systems (CG-CAHPS) survey to help identify provider issues. Regulators require health plans to conduct anonymous surveys, and L.A. Care has a process to randomly select members for each survey. Mr. Shook noted that follow up phone calls may be conducted if members do not respond to the survey. Board Member Pérez shared her appreciation of the IC and offered that the IC can successfully address member issues as L.A. Care departments will be working jointly on the same issues. She also noted that the IC gives ECAC and RCAC members a way to identify and report issues and concerns from RCAC and community members.

Chairperson Aguilar asked if the purpose of the survey is to determine continued funding for health plans or to rate providers. Mr. Shook informed the Committee that health plans are required to measure member satisfaction with the services received from a health plan. Survey results don't have a direct impact in the health plan's funding but the performance scores do impact a plan's accreditation with the National Committee for Quality Assurance (NCQA) and its Medicare STAR rating. Mr. Shook noted that it is important for the health plan to understand

	<p>how satisfied its members are with the services and the health plan must address issues related to member satisfaction.</p> <p><b>RCAC 8 Issue:</b> Local clinics not accepting new Medi-Cal clients. The IC will analyze provider panels in order to assess availability for new patients. The Provider Network Operations (PNO) department will take the lead in this case.</p> <p><b>RCAC 10 Issue:</b> Overcrowded clinics, long wait for appointments and over prescribed medications at East Los Angeles clinics. The IC is investigating this issue and the PNO department will work with the clinic or provider to address the situation. The Department of Health Care Services (DHCS) requires L.A. Care to comply with certain standards and to conduct an annual access and availability survey. L.A. Care is required to conduct periodic facility site reviews to ensure that every clinic and medical facility has access for the disabled.</p> <p>L.A. Care’s Pharmacy department has informed the IC that a drug utilization review is conducted regularly to monitor the medications that members are being prescribed. There are certain medications that require close monitoring and L.A. Care also monitors prescribing patterns by physicians.</p> <p>Ms. Contreas-Wood noted her interest in finding out if clinics have a closed panel due to patient overload related to the Affordable Care Act and in the number of people who are now eligible to access health care coverage.</p> <p>Chairperson Aguilar asked if a written report will be provided when issues are finalized. Mr. Shook responded affirmatively and noted that the report will include a summary of steps taken to resolve the issue and the outcome.</p> <p>At the September ECAC meeting, Mr. Shook will provide an update on all the issues that have been forwarded to the IC.</p>	
<p><b>COMMUNITY ENGAGEMENT</b> ECAC members</p>	<p>Carlos Aguirre, <i>RCAC 2 Chair</i>, invited Committee members to attend RCAC 2’s Get Fit-Passport to Health Event, scheduled on Friday, August 29, 2014, from 8:00 to 11:00 a.m. at Recreation Park located at 208 Park Avenue, in San Fernando. (<i>Flyers with additional information in English and Spanish were distributed</i>). Judy Hsieh Bigman, <i>Community Outreach Resource Specialist</i>, added that this event will be held in collaboration with the City of San Fernando and the California State University Northridge (CSUN) Kinesiology Department. Ms. Hsieh Bigman noted that the Get Fit-Passport to Health activities will mirror CSUN’s <i>Hundred Citizens</i> program, which was recognized by the White House last year. She also noted that the City of San Fernando Council approved the “Healthy San Fernando” campaign and there will be health related activities throughout the year. The RCAC 2 Get Fit-Passport to Health Event was added to the calendar of events for the Healthy San Fernando campaign. Ms. Hsieh Bigman informed the Committee that</p>	



	<p>the participants will have an opportunity to try different types of physical activities as well as receive useful wellness information. She invited Committee members to attend.</p> <p>Ms. Sevilla reported that the RCAC 11 Get Fit-Passport to Health was successfully held on May 20, 2014, and 60 people attended. The event offered healthy cooking, nutrition, and Zumba classes, as well as useful information from various organizations.</p> <p>Hercilia Salvatierra, <i>RCAC 4 Chair</i>, asked if L.A. Care offers transportation to attend these events. Ms. Chitica responded negatively.</p>	
<b>NEW BUSINESS</b>		
<p><b>QUALITY IMPROVEMENT: INITIATIVE AND INCENTIVE</b></p>	<p>Betty Santana, <i>Quality Improvement, Project Manager</i>, presented (<i>a copy of the presentation can be requested by contacting CO&amp;E</i>) a report:</p> <ul style="list-style-type: none"> <li>• L.A. Care strives to improve access to and quality of care for its members, with a goal to ensure that members receive safe, timely and effective care.</li> <li>• The Quality Improvement (QI) department has approximately 40 staff members.</li> <li>• QI ensures that members receive preventive care services, and that physicians meet certain compliance regulations.</li> <li>• Regular check-ups and visits are important for early detection of health conditions.</li> <li>• It is important to monitor one’s health condition in order to live a long and healthy life.</li> <li>• QI staff noted that L.A. Care has opportunities to improve scores for some preventive care services.</li> <li>• She requested feedback on barriers that may prevent members from accessing preventive services and ideas on how L.A. Care can address those barriers.</li> <li>• L.A. Care offers member incentives and rewards for using preventive care services.</li> <li>• L.A. Care has a Healthy Mom Program for women who need to get a postpartum visit. A health educator contacts the mom to explain the importance of the postpartum visit and helps schedule a visit. There is a \$40.00 prepaid card incentive for members who complete a visit. L.A. Care’s rate on postpartum visits is 55%.</li> <li>• L.A. Care can improve scores for prenatal and postpartum care and well child visits, and wants member input to help identify areas for improvement.</li> <li>• L.A. Care has developed other interventions. such as a disease management program.</li> <li>• This year, L.A. Care will have incentives for cervical cancer screening and well-child visits.</li> <li>• The QI department may visit RCAC meetings for feedback on this topic.</li> </ul> <p>Chairperson Aguilar noted that long wait times may prevent new moms from going to a postpartum visit. She further noted that in the past L.A. Care sent postcards to remind members about a check-up, and she suggested that a text or e-mail reminder could be useful. Ms. Santana informed the Committee that L.A. Care is currently investigating legal issues around text</p>	

	<p>messaging.</p> <p>Ms. Contreas-Wood asked if there is a possibility for a mom and her baby to get a postpartum visit and well-child visit on the same day. Ms. Santana informed the Committee that L.A. Care has tried this in the past, but it has been difficult as mother and child need to be seen by different providers. Ms. Santana noted that L.A. Care will revisit this possibility at clinics where multiple providers and specialties are available on site.</p> <p>Ms. Saffore noted that L.A. Care should pay for chronic illness services as needed by the patient. Ms. Santana could not comment on payment structures for chronic illness but informed the Committee that most preventive health screenings are covered. L.A. Care also offers provider incentives to encourage providing the screenings to patients. Barbara Cook, <i>Senior Advisor</i>, noted that Ms. Saffore’s concern about access and availability to specialty care from chronically ill patients can be addressed by the IC.</p> <p>Ms. Salvatierra informed the Committee that her daughter participates in the welcome baby program and receives a monthly home visit from a nurse. Ms. Santana asked Ms. Salvatierra to share feedback about the usefulness of the program. Ms. Salvatierra was unable to share feedback at this time but may be able to do so at a future meeting.</p>	
<b>OLD BUSINESS</b>		
<p><b>RCAC TERM LIMITS AND ONE MEMBER PER HOUSEHOLD</b></p>	<p>Barbara Cook, <i>Senior Advisor</i>, reported:</p> <ul style="list-style-type: none"> <li>• The RCAC term limits and one member per household was presented at the October 2013 Governance Committee meeting.</li> <li>• Many ECAC and RCAC members attended that meeting and demonstrated their commitment to the RCACs and their communities.</li> </ul> <p><i>At the September 10, 2014 ECAC Meeting, a motion to amend the minutes was made by Member Cynthia Contreas-Wood, RCAC 3 Chair, to add the statement, “by vehemently disagreeing with L.A. Care’s proposed term limits for members”. Staff subsequently reviewed the audio recording of the July 9 meeting to confirm the suggested amendment and did not hear that statement on the audio recording.</i></p> <ul style="list-style-type: none"> <li>• The Governance Committee instructed staff to make revisions to their proposal and return to the Committee at a future meeting.</li> <li>• Staff will present this issue again at the next Governance Committee meeting, which has not yet been scheduled. ECAC and RCAC members will be notified of the date and time of the meeting.</li> <li>• Staff is gathering information about RCAC member commitment to achieve goals related to ASP, recruitment of new members, and other RCAC activities.</li> <li>• Staff will begin reporting this information at the July meeting to allow for discussion.</li> </ul> <p>Ms. Contreas-Wood asked if materials that will be presented to Governance are available. Ms.</p>	

Cook noted that the request will be the same as presented in the past, and that term limits would be implemented starting with RCAC members that have been in the RCACs longer than 10 years. She indicated that the process will take approximately one and a half or two years to be fully implemented. Ms. Contreas-Wood noted that she attended the last Governance Committee meeting and recalls that staff was asked to review and make changes to the request, and that the information seems to be the same as it was already presented. Ms. Cook informed the Committee that staff reviewed member comments about their active participation in the RCACs. Staff is currently compiling data about the support that RCAC members have provided throughout the year to demonstrate their commitment to their RCAC, RCAC work plan, and other community collaborations.

Ms. Cook noted that the information will be shared with all RCAC members. ASP and Get Fit: Passport to Health events have not finished so data collection and evaluation of member participation cannot be completed. Ms. Contreas-Wood asked if there is a criteria to evaluate member participation and if the criteria would be the same for all members. Ms. Cook reminded Committee members that at the beginning of the year members were asked to sign up for various RCAC work plan events and activities and member participation is tracked. Ms. Contreas-Wood shared her concern about how it could be used to judge a member's level of participation and commitment; she also noted that the criterion was not communicated to RCAC members in advance. Ms. Cook informed the Committee that RCAC members made a commitment to support their RCAC activities and work plan events and to be held accountable for their efforts.

Chairperson Aguilar requested that staff research the reasons why some members may not have participated in work plan events after they had signed up to do so. She noted that RCAC members were informed by staff that they could not volunteer at some work plan events held at schools. Ms. Cook acknowledged that some events were not open to RCAC volunteers due to security issues and assured Committee members that this information will be included in the report.

Board Member Pérez asked that staff to provide information as soon as possible to all RCAC members to give them an opportunity to review and discuss the information, and to attend the Governance Committee meeting. Ms. Cook noted that this will be discussed at RCAC meetings and staff will distribute information as soon as it becomes available.

Ms. Contreas-Wood requested that this information be presented at the September ECAC meeting and discussed at the RCAC meetings. She noted that it is sometimes difficult to reach all RCAC members during the summer, and she requested that the decisions be delayed until ECAC and all of the RCACs have an opportunity to review and discuss. Ms. Cook informed the Committee that information will be distributed as soon as possible to allow more time for discussion at RCAC meetings. A letter will be sent to all RCAC members. Ms. Cook asked ECAC members to discuss it with RCAC members.

	<p><b><u>PUBLIC COMMENT:</u></b></p> <p>Rosa Ureña, <i>RCAC 3 member</i>, noted that this issue has been discussed in the past, and Ms. Contreas-Wood presented this information in RCAC 3. Ms. Ureña acknowledged that some members are more active than others and should not be termed out based on their length of years in a RCAC but rather on their level of participation. Ms. Ureña further noted that ECAC and RCAC members have to be able to demonstrate that the RCAC members have improved their level of participation for the Governance Committee and Board of Governors to better evaluate the information. Ms. Ureña indicated that ECAC discussions on the matter will not make a difference for the Board members decision on this issue and she urged ECAC and RCAC members to attend the Governance and Board meetings to provide testimony.</p> <p>Ms. Chitica informed the Committee that staff has implemented an attendance policy which includes all RCAC related events including RCAC meetings. Ms. Chitica reminded ECAC that members are expected to attend RCAC meetings and RCAC/ECAC events. Member attendance is tracked at all RCAC meetings and RCAC /ECAC related events. Ms. Chitica reiterated that RCAC members will have an opportunity to discuss this issue at the July, August, and September meetings and assured members that staff is working diligently to finalize the supporting documents for them to review and provide feedback prior to the Governance Committee meeting.</p> <p>Ms. Contreas-Wood made the following motion:</p> <p><b><u>Motion ECA-A.0714</u></b>  <b>To begin preliminary discussions about term limits and one member per household, at the July, August and September RCAC meetings.</b>  <b>To place a term limit and one member per household discussion item on the September 10, 2014 ECAC meeting Agenda.</b>  <b>To allow sufficient time for all RCACs and ECAC to review information and materials, hold discussions, and provide feedback.</b>  <b>To ensure that the term limit/one member per household information be presented to the Governance Committee after the September 10, 2014 ECAC meeting.</b></p>	<p><b><u>Motion ECA-A.0714</u></b>  <b>Was approved unanimously.</b>  <b>11 AYES</b>  <b>(Aguilar, Aguirre, Cadena, Contreas-Wood, Deh-Lee, Guadarrama, Méndez, Poz, Romo, Saffore, and Sevilla.)</b>  <b>ABSTENTIONS: 2</b>  <b>(Salvatierra, and Romero)</b></p>
<p><b>COORDINATED CARE INITIATIVE (CCI)</b></p>	<p>Ms. Eakins informed the Committee that at today’s meeting they received information about stakeholder CCI community meetings as reported earlier during the At-Large member report.</p> <p>Ms. Eakins reported that the first CCI Consumer meeting was held on June 26, 2014, and CCI updates will be a standing item on all future RCAC Agendas to keep members informed of CCI meetings and provide updates about the CCI.</p> <p>Ms. Eakins informed the Committee about concerns raised related to the budget of the CCI program and noted that the program has a budget similar to that of the Health Promoters</p>	

	<p>Program. Ms. Eakins introduced Cheyenne Pierce, <i>CCI Field Specialist</i>, Susan Ma, <i>CCI Field Specialist</i>, and Laura Rodriguez, <i>CCI Liaison</i>, as staff responsible for facilitating the CCI stakeholder meetings. Any questions related to the CCI can be forwarded to the CCI staff for further assistance. Ms. Eakins noted that Ms. Ma will be visiting all the RCACs to inform RCAC members about the “Blue Envelope” and to help them identify next steps.</p> <p>Ms. Eakins informed the Committee about L.A. Care’s collaboration with other community based organizations such as Neighborhood Legal Services to ensure collaboration and support to educate consumers about the changes in healthcare benefits.</p> <p>Ms. Eakins reported that a motion was submitted by Elizabeth Cooper, <i>RCAC 2 Member</i>. Ms. Cooper requested to have a better understanding on how L.A. Care is moving forward with the CCI program, in regards to RCAC member education, staffing, and budgeting for the program. Ms. Eakins noted that a motion was approved at the RCAC 2 meeting and that the concerns mentioned in the motion coincided with information that was previously reported and those concerns have been addressed. Ms. Eakins asked for direction from Committee members in regards to the motion asking for more information, given that CCI updates will be provided at RCAC meetings.</p> <p>Ms. Contreas-Wood noted the motion includes, “To recommend equal financial and staff support to the CCI program for consumer input”, and that Ms. Eakins previously reported that a budget is in place for CCI. She asked if all other requests in the motion have also been addressed. Staff responded affirmatively.</p> <p>Ms. Eakins suggested that a motion is not needed at this time, and she asked Member Aguirre to inform RCAC 2 members that the concerns raised in the motion are being addressed.</p>	
<p><b>MILEAGE REIMBURSEMENT PROCESS</b></p>	<p>Ms. Chitica informed the Committee that there will be changes to the mileage reimbursement process. As of October 1, 2014, L.A. Care will pay only for mileage reimbursement for 10 miles or more, round trip. Processing mileage reimbursement requires a lot of staff time from the CO&amp;E and Finance departments. Ms. Chitica informed the Committee that staff will calculate mileage from the member’s home address to the RCAC meeting location to assess eligibility for mileage or bus transportation cost reimbursement.</p> <p>Ms. Poz noted that L.A. Care does not currently provide reimbursement for anything less than 10 miles. Ms. Chitica noted that these requests were submitted by some RCACs and changes will be implemented for all RCACs.</p> <p>Ms. Salvatierra asked staff how they will determine how many miles she drives to her RCAC meeting location. Ms. Chitica noted that staff can use internet map services.</p> <p>Chairperson Aguilar reminded Committee members that mileage is reimbursed only from the member’s house to the RCAC meeting and no other locations are considered for reimbursement.</p>	

<p><b>AWARDS</b></p>	<p>Ms. Eakins presented awards and recognition to Howard A. Kahn, <i>Chief Executive Officer</i>, and Barbara Cook, <i>Senior Advisor</i>, for their magnificent job supporting the Executive Community Advisory Committee (ECAC), for hearing the Committee’s issues and ensuring fair process and resolution. Mr. Kahn will be departing L.A. Care at the end of 2014 and Ms. Cook at the end of August 2014. Mr. Kahn and Ms. Cook were acknowledged for their hard work and leadership provided to ECAC, RCACs and the CO&amp;E Department.</p> <p>The first award was a certificate of special Congressional recognition to Howard A. Kahn, on behalf of the U.S. House of Representatives and the 29<sup>th</sup> Congressional District, congratulating him for his years of service to L.A. Care Health Plan. Mr. Kahn’s commitment and dedication truly exemplifies community spirit. The certificate was dated July 9, 2014, and signed by Tony Cardenas, Member of Congress. Mr. Wallace accepted the award on behalf of Mr. Kahn.</p> <p>Ms. Eakins acknowledged Mr. Aguirre, Ms. Ana De Jesus Rodriguez, <i>RCAC 2 Vice Chair</i>, and RCAC 2 members for their hard work and for seeking the following acknowledgments from their elected officials. Ms. Eakins noted that RCAC members worked independently without assistance from L.A. Care’s Government Affairs department. She commended their advocacy efforts to secure these awards for L.A. Care leadership.</p> <p>Mr. Aguirre acknowledged and thanked Ms. Cook for her continued support of the RCACs and, on behalf of RCAC 2 members and their elected officials, he and Ms. Rodriguez presented Ms. Cook with certificates from Assembly Member Raul Bocanegra, the City of San Fernando, and Congressman Tony Cardenas from the U.S. House of Congress, 29<sup>th</sup> Congressional District. Ms. Cook was recognized for her years of service to L.A. Care, her dedication and commitment to the community.</p> <p>Ms. Eakins noted that ECAC has a presentation for Ms. Cook, but it was not delivered in time for presentation at today’s meeting.</p> <p>Chairperson Aguilar acknowledged Ms. Cook’s hard work and dedication on behalf of ECAC and RCACs. Ms. Cook thanked everyone for the opportunity to work with this Committee, the RCACs and their communities for the last nine years. Ms. Cook noted that this Committee has demonstrated commitment and the ability to make a difference in the community. Ms. Cook noted that Ms. Ferrer will be an asset to the ECAC and RCACs and thanked everyone for the recognition.</p>	
<p><b>PUBLIC COMMENTS</b></p>		
	<ul style="list-style-type: none"> <li>• Ms. Contreas-Wood requested that Board Member Pérez asks the Board of Governors at their next meeting that the Governance Committee meeting be scheduled in October 2014.</li> <li>• Ms. Deh-Lee asked for an update about the local legislative visits for this year. Ms. Chitica noted that local legislative and Sacramento visits were not scheduled for the summer for many</li> </ul>	

	<p>reasons. Ms. Chitica recommended that those members who volunteered to visit local legislators consider other options such as RCAC member recruitment. ECAC was asked to encourage members to help with RCAC member recruitment to increase RCAC membership. Ms. Chitica noted that ECAC will be notified when the local legislative office visits are scheduled and staff will schedule training prior to next year's office visits.</p> <ul style="list-style-type: none"> <li>• Ms. Poz, asked if RCAC members can work independently on RCAC member recruitment. Ms. Chitica encouraged everyone to work with the RCAC Chair and staff on RCAC member recruitment.</li> </ul>	
<b>ADJOURNMENT</b>		
	Chairperson Aguilar adjourned the meeting at 1:10 p.m.	

**RESPECTFULLY SUBMITTED BY:**

Hilda Stuart, *Committee Liaison, Board Services*  
Linda Merkens, *Manager, Board Services*

**APPROVED BY:**

\_\_\_\_\_  
Aida Aguilar, *ECAC Chair*  
Date \_\_\_\_\_



Schedule of Meetings  
October 2014

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
		1	2 <i>Board of Governors Meeting</i> 2 pm <i>(for approximately 2 hours)</i>	3	4	5
6	7	8 <i>ECAC</i> 10 am <i>(for approximately 2 hours)</i>	9	10	11	12
13	14	15	16	17	18	19
20	21	22 <i>Finance &amp; Budget</i> 1 pm <i>(approximately 1-1/2 hours)</i> <i>Executive Committee</i> 2:30 pm <i>(for approximately 2 hours)</i>	23	24	25	26
27	28	29	30	31		





	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 2 November 6 December 4	Thomas Horowitz, DO, <i>Chairperson</i> Mark Gamble, <i>Vice Chairperson</i> Michael Rembis, FACHE, <i>Treasurer</i> Louise McCarthy, <i>Secretary</i> Jann Hamilton Lee Thomas S. Klitzner, MD, PhD, Alexander K. Li, MD Ozzie Lopez Honorable Gloria Molina Hilda Perez G. Michael Roybal, MD, MPH Sheryl Spiller Walter A. Zelman, PhD  <b>Staff Contact:</b> Howard A. Kahn, <i>Chief Executive Officer, x4102</i> Linda Merkens, <i>Manager, Board Services, x4050</i>

## Board of Governors - Standing Committees

	MEETING DAY, TIME, & LOCATION	MEETING DATES	2014 MEMBERS
<b>Executive Committee</b>	<p><b>4<sup>th</sup> Wednesday of the month</b> 2:30 PM <i>(for approximately 2 hours)</i> 1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017</p> <p><b>**moved due to holidays</b></p>	<p>October 22 November 19* <b>No meeting in December</b></p>	<p>Thomas Horowitz, DO, <i>Chairperson</i> Mark Gamble Michael Rembis Louise McCarthy G. Michael Roybal, MD, MPH Alexander K. Li, MD</p> <p><b>Staff Contact:</b> Linda Merkens, <i>Manager, Board Services, x4050</i></p>
<b>Compliance &amp; Quality Committee</b>	<p><b>3<sup>rd</sup> Thursday every 2 months</b> 2:30 PM <i>(for approximately 2 hours)</i>  1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017</p>	<p>November 20 <b>No meeting in December</b></p>	<p>G. Michael Roybal, MD, MPH, <i>Chairperson</i> Jann Hamilton Lee Alexander Li, MD Honorable Gloria Molina Hilda Perez</p> <p><b>Staff Contact:</b> Malou Balones <i>Committee Liaison, Board Services, x 4183</i></p>
<b>Finance &amp; Budget Committee</b>	<p><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 <b>*moved due to holidays</b></p>	<p>October 22 November 19* <b>No meeting in December</b></p>	<p>Michael A. Rembis, FACHE, <i>Chairperson</i> Jann Hamilton Lee Thomas Horowitz, DO Ozzie Lopez Louise McCarthy</p> <p><b>Staff Contact:</b> Hilda Stuart <i>Committee Liaison, Board Services, x 4184</i></p>
<b>Governance Committee</b>	<p><b>MEETS AS NEEDED</b> 1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017</p>		<p>Alexander K. Li, MD, <i>Chairperson</i> Mark Gamble Ozzie Lopez Hilda Perez Sheryl Spiller Walter A. Zelman, PhD</p> <p><b>Staff Contact:</b> Malou Balones <i>Committee Liaison, Board Services/x 4183</i></p>
<b>Service Agreement Committee</b>	<p><b>MEETS AS NEEDED</b> 1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017</p>		<p><i>Chairperson to be elected</i> Ozzie Lopez Louise McCarthy Honorable Gloria Molina Hilda Perez Sheryl Spiller</p> <p><b>Staff Contact</b> Malou Balones <i>Committee Liaison, Board Services/x 4183</i></p>

	MEETING DAY, TIME, & LOCATION	MEETING DATES	2014 MEMBERS
<b>Audit Committee</b>	<b>MEETS AS NEEDED</b> 1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017		G. Michael Roybal, MD, MPH, <i>Chairperson</i> Jann Hamilton Lee Alexander K. Li, MD  <b><u>Staff Contact</u></b> Hilda Stuart <i>Committee Liaison, Board Services, x 4184</i>

	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>Thomas Horowitz, DO, <i>Chairperson</i>  Mark Gamble, <i>Vice Chairperson</i>  Michael Rembis, FACHE, <i>Treasurer</i>  Louise McCarthy, <i>Secretary</i>  Jann Hamilton Lee  Thomas S. Klitzner, MD, PhD,  Alexander K. Li, MD  Ozzie Lopez  Honorable Gloria Molina  Hilda Perez  G. Michael Roybal, MD, MPH  Sheryl Spiller  Walter A. Zelman, PhD</p> <p><b>Staff Contact:</b>  Howard A. Kahn, <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>Thomas Horowitz, DO, <i>Chairperson</i>  Mark Gamble, <i>Vice Chairperson</i>  Michael Rembis, FACHE, <i>Treasurer</i>  Louise McCarthy, <i>Secretary</i>  Jann Hamilton Lee  Thomas S. Klitzner, MD, PhD,  Alexander K. Li, MD  Ozzie Lopez  Honorable Gloria Molina  Hilda Perez  G. Michael Roybal, MD, MPH  Sheryl Spiller  Walter A. Zelman, PhD</p> <p><b>Staff Contact:</b>  Howard A. Kahn, <i>Chief Executive Officer</i>,  x4102  Linda Merkens, <i>Manager, Board Services</i>,  x4050</p>

## Public Advisory Committees

	MEETING DAY, TIME, & LOCATION	MEETING DATES	STAFF CONTACT
<b>Children’s Health Consultant Advisory Committee General Meeting</b>	<p><b>3<sup>rd</sup> Tuesday of every other month</b> 8:30 AM <i>(for approximately 2 hours)</i></p> <p>1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017</p>	November 18	<p><b>Lyndee Knox, PhD, Chairperson</b></p> <p><b>Staff Contact:</b> Hilda Stuart <i>Committee Liaison, Board Services, x 4184</i></p>
<b>Executive Community Advisory Committee</b>	<p><b>2<sup>nd</sup> Wednesday of the month</b> 10:00 AM <i>(for approximately 2 hours)</i></p> <p>1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017</p>	<p>October 8 November 12 December 10</p>	<p><b>Aida Aguilar, Chairperson</b></p> <p><b>Staff Contact:</b> Idalia Chitica, <i>Community Outreach &amp; Education, Ext. 4420</i></p>
<b>Technical Advisory Committee</b>	<p>4<sup>th</sup> Thursdays every other month 9:00 AM <i>(for approximately 2 hours)</i></p> <p>1055 W. 7th Street, 10th Floor, Los Angeles, CA 90017</p>	November 20	<p><i>Chairperson to be elected</i></p> <p><b>Staff Contact:</b> Malou Balones <i>Committee Liaison, Board Services/x 4183</i></p>

## REGIONAL COMMUNITY ADVISORY COMMITTEES

REGION	MEETING DAY, TIME, & LOCATION	MEETING DATE	STAFF CONTACT
<b>Region 1 Antelope Valley</b>	<p><b>3<sup>rd</sup> Friday of every other month</b> 10:00 AM <i>(for approximately 2-1/2 hours)</i> Chimbole Cultural Center 38350 N. Sierra Highway Palmdale, CA 93550 Tel (661) 267-5656</p>	October 17 December 19	<p><b>Adela Guadarrama, Chairperson</b></p> <p><b>Staff Contact:</b> Kristina Chung <i>Community Outreach &amp; Education, Ext. 5139</i></p>
<b>Region 2 San Fernando Valley</b>	<p><b>3<sup>rd</sup> Monday of every other month</b> 10:00 AM <i>(for approximately 2-1/2 hours)</i> Francis Polytechnic Senior High School 12431 Roscoe Blvd. Sun Valley, CA 91352</p>	October 20 December 15	<p><b>Carlos Aguirre, Chairperson</b></p> <p><b>Staff Contact:</b> Kristina Chung <i>Community Outreach &amp; Education, Ext. 5139</i></p>
<b>Region 3 Alhambra, Pasadena and Foothill</b>	<p><b>3<sup>rd</sup> Tuesday of every other month</b> 9:30 AM <i>(for approximately 2-1/2 hours)</i> Jackie Robinson Community Center 1020 N. Fair Oaks Blvd. Pasadena, CA 91103 Tel (626) 744-7300</p>	October 21 December 16	<p><b>Cynthia Conteas-Wood, Chairperson</b></p> <p><b>Staff Contact:</b> Liliana Arevalo <i>Community Outreach &amp; Education, Ext. 4586</i></p>
<b>Region 4 Hollywood-Wilshire, Central and Glendale</b>	<p><b>3<sup>rd</sup> Tuesday of every other month</b> 9:00 AM <i>(for approximately 2-1/2 hours)</i> St. Vincent Medical Center Mark Taper Building Board Rm 2200 W. Third St. Los Angeles, CA 90057 Tel. (213) 484-7766</p>	November 18	<p><b>Hercilia Salvatierra, Chairperson</b></p> <p><b>Staff Contact:</b> Liliana Arevalo <i>Community Outreach &amp; Education, Ext. 4586</i></p>
<b>Region 5 West</b>	<p><b>3<sup>rd</sup> Monday of every other month</b> 2:00 PM <i>(for approximately 2-1/2 hours)</i> Mar Vista Housing Dev. Multipurpose Room 4909 Marionwood Street Culver City, CA 90230 Tel. (310) 915-9006</p>	October 20 December 15	<p><b>Maria Guadalupe Mendez, Chairperson</b></p> <p><b>Staff Contact:</b> Martin Vicente <i>Community Outreach &amp; Education, x 4423</i></p>

REGION	MEETING DAY, TIME, & LOCATION	MEETING DATE	STAFF CONTACT
<b>Region 6</b> South, Compton, Inglewood	<b>3<sup>rd</sup> Thursday of every other month</b> 3:00 PM <i>(for approximately 2-1/2 hours)</i> Saint John's Well Child & Family Center 808 W. 58 <sup>th</sup> Street Los Angeles, CA 90037 Tel. (323) 541-1600	October 16 December 18	<b>Mary Romero, Chairperson</b>  <b>Staff Contact:</b> Auleria Eakins <i>Community Outreach &amp; Education, x 4280</i>
<b>Region 7</b> San Antonio and Bellflower	<b>3<sup>rd</sup> Thursday of every other month</b> 4:30 PM <i>(for approximately 2-1/2 hours)</i> Old Timers Foundation Family Center 3355 E. Gage Avenue Huntington Park, CA 90255 Tel (323) 582-6090	November 20	<b>Dalia Cadena, Chairperson</b>  <b>Staff Contact:</b> Liliana Arevalo <i>Community Outreach &amp; Education, Ext. 4586</i>
<b>Region 8</b> Torrance and Harbor	<b>3<sup>rd</sup> Friday of every other month</b> 10:30 AM <i>(for approximately 2-1/2 hours)</i> John Mendez Community Center 707 W. C Street Wilmington, CA 90748 Tel. (310) 549-0052	November 21	<b>Ana Romo – Chairperson</b>  <b>Staff Contact:</b> Idalia Chitica <i>Community Outreach &amp; Education, x 4420</i>
<b>Region 9</b> Long Beach	<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 Tel. (562) 570-7987	November 17	<b>Christina Deh-Lee, Chairperson</b>  <b>Staff Contact:</b> Kristina Chung <i>Community Outreach &amp; Education, Ext. 5139</i>
<b>Region 10</b> East Los Angeles, Whittier and North-East	<b>3<sup>rd</sup> Thursday of every other month</b> 4:00 PM <i>(for approximately 2-1/2 hours)</i> Boyle Heights Technology Youth Center 1600 East 4 <sup>th</sup> Street Los Angeles, CA 90033 Tel. (323) 526-0145	October 16 December 18	<b>Aida Aguilar, Chairperson</b>  <b>Staff Contact:</b> Martin Vicente, <i>Community Outreach &amp; Education, Ext. 4423</i>
<b>Region 11</b> Pomona and El Monte	<b>3<sup>rd</sup> Wednesday of every other Month</b> 9:00 AM <i>(for approximately 2-1/2 hours)</i> First Christian Church 1751 North Park Avenue Pomona, CA 91768 Tel. (909) 622-1144	November 20	<b>Elda Sevilla, Chairperson</b>  <b>Staff Contact:</b> Martin Vicente, <i>Community Outreach &amp; Education, Ext. 4423</i>