CALL TO ORDER
Alvaro Ballesteros

Alvaro Ballesteros, Committee Chair, called the meetings to order for the L.A. Care Audit Committee and the L.A. Care Joint Powers Authority Audit Committee at 1:04 p.m. The meetings were held simultaneously. He welcomed everyone to the meetings.

- For those who provided public comment for this meeting by voice message or in writing: we are really glad that you provided input today. The Committee wants to hear your comments and we also have to finish the business on our Agenda today.
- If you have access to the internet, the materials for today’s meeting are available at the lacare.org website. If you need information about how to locate the meeting materials, please let us know.
- Information for public comment is on the Agenda available on the web site. Staff will read the comment from each person for up to three minutes.
- Chairperson Ballesteros will invite public comment period before each item is discussed, not after. The public comment will be read before the Committee starts to discuss the item.
- If the comment is not on a specific agenda item, it will be read at the general Public Comment item 2 on today’s agenda.

APPROVE MEETING AGENDA
Alvaro Ballesteros

Today’s Agenda was approved as submitted.

Approved unanimously by roll call. 3 AYES (Ballesteros, Booth and Gonzalez)
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<tr>
<th>AGENDA ITEM/PRESENTER</th>
<th>MOTIONS / MAJOR DISCUSSIONS</th>
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<tr>
<td>PUBLIC COMMENT</td>
<td>Text received, December 16, 2020 at 12:29 pm, not self-identified Public comment for audit meeting 12-16-2020, subject wreckless use of state &amp; county resources by LA Care, the Mar 2018 clearly shows your lawyer stating that oddly misspelled Achieva Med was taking over for Synermed which affirms LA Care was aware that Synermed and EHS medical group were the same people and likely knew EHS wasn’t a real company, a bogus company that LA Care likely handed millions over to coordinate patient care and instead they denied it! If LA Care had paid attention Synermed aka EHS and listened to enrollees they would never have been able to cause the damage they have caused to patients, the damage LA Care is now hiding from enrollees by not telling them as ordered by the DMHC! LA Care, karma will take care of you, I hope you are charged with fraud, you know what you’ve done, your fancy logos don’t fool people!</td>
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| **Clearly stated, LA Care did have a contract with Synermed who was hiding behind EHS name, how can LA Care be trusted, they can’t!?**  
Text received, December 16, 2020 at 12:41 pm, not self-identified  
**Public comment 12-16-2020 why are no audit meeting minutes listed on LA Care website?**  
Text received, December 16, 2020 at 12:50 pm, not self-identified  
**PS why no minutes listed for governance meetings?**  
Text received, December 16, 2020 at 1:01, not self-identified  
**LA Care is hiding people were harmed and maimed because they handed millions over to EHS which wasn’t a real company!**  
Text received, December 16, 2020 at 1:12, not self-identified  
**Chief report Minutes public comment, since I can access meeting “unmuted” why was I muted**  
**Make as audit comment since you don’t show agenda clearly online**  
**Your agent muted me!** |  |
| **APPROVE MEETING MINUTES**  
Alvaro Ballesteros | The July 22, 2020 meeting minutes were approved as submitted. | Approved unanimously by roll call.  
3 AYES |
| **CHAIRPERSON’S REPORT** | There was no report from the Chairperson. |  |
| **CHIEF EXECUTIVE OFFICER/CHIEF FINANCIAL OFFICER REPORT** | There was no CEO Report.  
Marie Montgomery, *Chief Financial Officer*, summarized the materials sent to the Committee.  
- The report reflect a $137 million net deficit reviewed at the Board meeting.  
  There were no proposed adjustments. |  |
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<td>• The significant areas – Claims, Incurred But Not Reported (IBNR), Coordinated Care Initiative (CCI) member reclassification adjustment $87 million, net reduction, new COVID-19 risk corridor, aligned as defined by Deloitte &amp; Touche (D&amp;T).</td>
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<td>• Reserves Claims – estimate 1% difference from D&amp;T actuaries estimates, reserve position for August in preparation for December – worked well for L.A. Care.</td>
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<td>• Retroactive revenue adjustment</td>
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<td>o 1½ % bridge period</td>
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<td>o Received $20 million risk corridor for FY 2014-16</td>
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<td>o There was state change in CCI risk corridor. The state changed what services are included that resulted in retroactive change to revenue.</td>
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<td>o $87 million reclassification related to CCI.</td>
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<td>o The narrative in the Financial statement reflected the results of operations and cash flow. This was consistent to what was seen at last meeting.</td>
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<td>o The difference from prior year was that L.A. Care was not required an A131 Audit and grant programs.</td>
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Ms. Montgomery stated that she has received comments from Board Member Booth. Staff will address some of Board Member’s Booth questions and some will be handled by D&T offline. Ms. Montgomery asked Member Booth if any more questions.

Member Booth asked about the $1.6 million on page 24 of the report. Ms. Montgomery stated that these are actual payments made to hospital not disbursement not paid during 2019 but actually paid in 2020. It’s the timing of payment which was paid in September and paid out in October

Ms. Montgomery noted that typically this meeting is held in late January. D&T promised to finish the audit early and met their commitment. She thanked D&T for their effort to meet their commitment. Staff were more responsive to comments and thanked Angela and Doris for the cooperation.
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| Review of Audit Report for FY 2019-20| Rosie Procopio and Angelica Kocharova, of Deloitte & Touche (D&T), referenced to the documents provided in the meeting packet. Ms. Procopio noted that there were no significant changes to accounting policies. She thanked Angela Bergman, Controller and Doris Lai, Senior Director, Accounting & Financial Services, for their cooperation with the audit. D&T summarized the results of the onsite audit.  
  - They received the full cooperation from management and staff and had unrestricted access to the senior management in the performance of the audits.  
  - There were no material weaknesses or deficiencies found in L.A. Care’s financial operations or internal controls.  
  - There were no significant changes in accounting estimates or in management’s judgments relating to Reserves for Incurred but not Reported Claims (IBNR) estimate, and Retroactive Revenue Adjustments.  
  - There were no uncorrected misstatements identified during our audit, except an error detected in a sample which resulted in an extrapolated misstatement. Inpatient and outpatient services account was tested using statistical sampling techniques and certain errors in recording claims expense for the year ended September 30, 2020 were found. The mathematical projection of the likely errors resulted in an understatement of the $13.7 million claims. The unrecorded errors were determined by management to be immaterial to the financial statements taken as a whole.  
  - Throughout the year, routine discussions were held with management regarding the application of accounting principles or auditing standards which did not involve significant findings or issues requiring communication to the Audit Committee.  
  - There were no material adjustments to the financial statements.  
  - Staff were available, D&T was able to conduct a more efficient audit and had met its audit timeline.  
  - Ms. Procopio expressed her appreciation to the team |              |
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| Chair Ballesteros asked Committee member if there is need to talk to D&T separately. The Committee members was of consensus that a discussion with the D&T is not necessary. | **Motion AUD A.1220**  
To accept the findings of the Deloitte & Touches’ audit of L.A. Care’s financial statements for the fiscal year ended September 30, 2020, as presented. | Approved unanimously by roll call. 3 AYES |

**ADJOURNMENT**  
The Chair adjourned the meeting at 1:42 pm.

Respectfully submitted by:  
Malou Balones, *Board Specialist III*  
Victor Rodriguez, *Board Specialist II*  
Linda Merkens, *Senior Manager, Board Services*

APPROVED BY:  
Al Ballesteros, MBA, *Chairperson*  
Date Signed: 

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APPROVED
Public Comment not read due to late submission:

Text received December 16, 2020, 1:29 pm, Not self-identified
Public comment if I can access unmuted why the f*** are you reading my comments for me!?

Text received December 16, 2020, 1:40 pm, Not self-identified
General public comment, why no instructions for Spanish speakers to call in toll free for this audit meeting?

L.A. Care texted: The period for public comment was over prior to your text being received. Your last texts will be included in the written minutes as an addendum.

Audit Committee Meeting Minutes
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Respectfully submitted by:
Malou Balones, Board Specialist III
Victor Rodriguez, Board Specialist II
Linda Merkens, Senior Manager, Board Services

APPROVED BY:
Al Ballesteros, MBA, Chairperson
Date Signed: 8/2/2021