

# Finance Committee

## Agenda Item 2:

### Action Item

## Approval of Minutes

Minutes from January 7, 2015  
Meeting



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**Joint San Francisco Health Authority/San Francisco Community Health Authority  
Minutes of the Finance Committee  
January 7, 2015**

**Present:** Eddie Chan, PharmD, Reece Fawley, Steve Fields, Steven Fugaro, MD,  
John Gregoire, and John F. Grgurina, Jr.

**Absent:** Sue Currin, RN,

Reece Fawley chaired the meeting.

**Approval of Agenda**

The Committee unanimously approved the Finance Committee agenda.

- 1. Call to Order and Public Comment on any matters within the SFHA/SFCHA purview** - There were no public comments.
- 2. Approval of Minutes from November 5, 2014 Finance Committee Meeting**  
The minutes of the November 5, 2014 Finance Committee meetings were approved..
- 3. Review and Approval of Year-To-Date Unaudited Financial Statements and Investment Reports**  
These items were discussed in closed session.
- 4. Review and Approval of Provider Medi-Cal Rates**  
This item was discussed in closed session.
- 5. Review Proposal for Establishing a Contract Threshold for Board Approval**  
This item was discussed in closed session.
- 6. Financial Discussion Items with Impact on Provider Rates**  
This item was discussed in closed session.
- 7. Report by Chair on Closed Session Action Items**  
Due to time constraint the closed session actions items were not reported.

**Adjourn**

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Reece Fawley, Secretary

## Agenda Item 5:

- Report on Closed Session Action Items  
(Verbal report only)



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## Agenda Item 6: Action Item

### Review and Approval of Proposal for Establishing a Contract Threshold for Board Approval



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## MEMO

**Date** February 23, 2015

**To** Finance Committee and Governing Board

**From** John F. Grgurina, Jr., CEO

**Regarding** Review and Approval of Governing Board Contract Approval Policy

### **Recommendation**

San Francisco Health Plan (SFHP) recommends establishing a one million dollar threshold for contracts to be approved by the Board of Governors.

### **Background**

SFHP proposes to establish a one million dollar threshold for contracts that would be required to be presented to the Governing Board for review and approval, within the following framework:

- SFHP holds a contract with the City and County of San Francisco as the third party administrator (TPA) for Healthy Workers, Healthy Kids and Healthy San Francisco. Through these programs there may be subcontracts that are required to fulfill our obligations as the TPA. We believe that since the Department of Public Health (DPH) reviews and approves the TPA services and budget for the program contracts, any subcontracts for the TPA businesses would not require approval by the Governing Board.
- Vendor contracts are often renewed on an annual basis. We propose that the policy for Board approval would not include review and approval of annual renewals of contracts.
- Due to having only six Board meetings per year, we would also recommend that the policy would allow some flexibility regarding exceptions when there are short timeframes and other parameters, e.g. employee health insurance benefits when we have to decide in two to three weeks among the bids and reinsurance, which requires decisions with less than one month. Flexibility could include the parameters of a deal that the Board would provide to the CEO, as was the case with the building leases. In this case, the Board authorized the CEO to execute the agreement as long as the contract was within the approved parameters provided by the Board.

We recommend approval of the contract threshold policy, with the above parameters. After one year of experience with this policy, we will revisit the policy and determine whether any revisions would be required, as well as explore establishing a policy regarding a threshold for requests for proposals for vendor services.

## Agenda Item 7: Discussion Item

- Semi-Annual Compliance Report to the Finance Committee



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## MEMO

**Date** February 23, 2015

**To** Finance Committee

**From** Nina Maruyama, Officer, Compliance & Regulatory Affairs,  
and John F. Grgurina, Jr., Chief Executive Officer

**Regarding** Compliance Report to the Finance Committee and  
Governing Board

### **Summary of Compliance Report to the Finance Committee and Governing Board**

San Francisco Health Plan's (SFHP) Compliance and Regulatory Affairs Department submitted the annual Fraud, Waste and Abuse report to the Department of Managed Health Care (DMHC) on January 31, 2015. The report was accepted and is under review. The following summary provides an overview of the report that was submitted, as well as other updates related to compliance activities.

#### **Reports of Potential Fraud**

During the calendar year 2014, SFHP experienced one incident that was investigated for potential fraud involving a contracted SFHP durable medical equipment provider. In August 2014, SFHP received a call from a provider asking why their May, June and July claims were denied. At that time, SFHP determined that the member died in April 2014 and the claims for oxygen supplies in May, June and July were denied. The Compliance Officer contacted the provider and informed the provider about the member's death. The provider stated that they did not know the member was deceased and stated they would withdraw their claims. There was no pattern by the provider of submitting claims for deceased members. The case was closed with a finding that the provider did not submit the claims with a fraudulent intent.

SFHP experienced one incident of suspected fraud involving a SFHP Medi-Cal member. However, before the case could be investigated, the member was disenrolled. The member's name will be monitored to see if the member returns to the plan and tries to repeat potentially fraudulent behavior.

#### **Summary of Annual Independent Audit**

San Francisco Health Plan is audited annually by a certified public accounting firm to ensure that adequate financial controls are in place. For the fiscal year 2013-14, there



were no audit findings that indicated any inappropriate practices or controls. The audit firm gave the SFHP its “unmodified opinion” stating SFHP’s combined financial statements were fairly presented in accordance with generally accepted accounting principles.

### **2014 Compliance Program Key Activities**

The following describes a few of the key compliance program’s activities in 2014:

1. Similar to last year, the total completion rate for all employees by the deadline was 85%. The employees that did not complete the online training and test module on time were given additional time, resulting in 92% completion by the end of July 2014. All employees, temporary staff and contractors are required to take two online training modules on Fraud, Waste and Abuse and HIPAA, which include a test at the end. Our goal for the 2015 training will be to obtain 95% completion by the initial deadline.
2. SFHP’s anonymous, 24-hour compliance hotline for employee was utilized by three staff, but the calls were not fraud related. One was related to an anonymous report by an employee that staff may be using a SFHP credit card for personal use. After investigation by Finance, there was no finding of inappropriate use. The other two calls were inquiries about the phone line, without any reports. Rather than use the anonymous hotline, staff directly email or report issues to Compliance and Regulatory Affairs in person. The most frequent issue is sending an email with protected health information in an unsecure manner, or to the wrong individual at a covered entity. These cases did not result in any breaches in 2014. Staff members are reminded of taking the appropriate steps to send data securely.
3. During 2014, the Policy and Compliance Committee met ten times to review, revise and approve policies and procedures, discuss trending issues in privacy and security, review state policies that were new or revised and monitored the results of the Department of Health Care Services (DHCS) medical audit in March 2014, including the corrective action plan. In 2015, there will be a continued effort to monitor implementation of corrective action plans from the State audits and increased oversight of auditing and monitoring activities.

### **Compliance and Regulatory Affairs Staff Changes**

Compliance and Regulatory Affairs Program Manager resigned effective July 2014 to pursue a compliance position closer to her home. As a result, we now have Crystal Garcia, Compliance Program Manager, and Betty DeLos Reyes, Esq., Regulatory Affairs Program Manager. They both have extensive experience with state audits, fraud and abuse monitoring and investigation, state license filings, and HIPAA compliance. Ms. Garcia has compliance experience from Alameda Alliance for Health and Blue Shield in Utah. Ms. DeLos Reyes also has experience from Alameda Alliance for Health, and most recently from the Department of Managed Health Care.

**Summary of 2014 and Highlights for 2015**

During the calendar year of 2014, SFHP maintained an adequate system of appropriate internal and external anti-fraud controls, designed to detect and prevent fraudulent activities. In the coming year, our goal will include continued implementation of corrective action plans from State audits, updating the annual staff training, business continuity planning and testing, and implementation of a comprehensive internal monitoring and auditing plan.