



**Joint San Francisco Health Authority/San Francisco Community Health Authority
Governing Board
January 9, 2019
Meeting Minutes**

Chair: Steven Fugaro, MD
Vice-Chair: Roland Pickens
Secretary-Treasurer: Reece Fawley

Members

Present: Edwin Batongbacal, Eddie Chan, PharmD, Irene Conway, Reece Fawley, Steven Fugaro, MD, Maria Luz Torre, Roland Pickens, Sabra Matovsky, Greg Wagner, Emily Webb, David Woods, PharmD, and Jian Zhang, DNP, MS, FNP-BC

Members

Absent: Dale Butler, Lawrence Cheung, MD, and Steve Fields

Steven Fugaro, MD, Chair, chaired the meeting and called the meeting to order. He asked if there was anyone from the public in attendance that wanted to make any comments.

In attendance from the public was Eunice Majam-Simpson, attorney with Daponde & Szabo, Mike Mesewicz, with OPTUM, and Chantel Johnson with Blue Shield.

There were no public comments.

1. Election of Officers for San Francisco Health Authority and San Francisco Community Health Authority

Recommendation: We recommend that the Governing Board of the San Francisco Health Authority and San Francisco Community Health Authority conduct its annual election of its Governing Board officers.

Steven Fugaro, MD, stated it was time for the annual election of officers and opened the floor for nominations for the Board Chairperson. Reece Fawley nominated Dr. Fugaro to serve as Chair. His nomination was seconded and he was re-elected unanimously. Dr. Fugaro then opened the floor for nominations for the Vice-Chair. Dr. Fugaro nominated Roland Pickens. His nomination was unanimously approved as well. Dr. Fugaro then opened the floor for nominations for the Secretary/Treasurer. Emily Webb nominated Reece Fawley. Mr. Fawley was re-elected unanimously.

2. Approval of Consent Calendar

The following Board items were on the consent calendar for the Board's approval:

- a. Review and Approval of Minutes from November 7, 2018 Governing Board Meeting
- b. Credentialing and Recredentialing Recommendations
- c. 2019 Employee Handbook
- d. Resolution 2019-01, Designation of Executive Level Employees
- e. Resolution 2019-02, Treatment of Mandatory Contributions
- f. Resolution 2019-03, Evergreen Employer Discretionary Contribution

The Board unanimously approved the consent calendar without any issues.

3. Review and Approval of Year-To-Date Unaudited Financial Statements and Investment Reports

Recommendation: Review and approve the unaudited monthly financial statement and investment reports.

Skip Bishop, CFO, reviewed the financial statements ending November 30, 2018:

1. November 2018 results produced a margin of \$293,000 versus a budgeted loss of (\$185,000). After removing Strategic Use of Reserves (SUR) activity, the actual margin from operations was \$1,141,000 versus a budgeted margin of \$1,441,000.
2. On a year-to-date basis, we are showing a loss of (\$484,000) versus a budgeted loss of (\$55,000). After removing SUR activity, the actual margin from operations is \$7,440,000 versus a budgeted margin of \$8,072,000.
3. Variances between November's actual results and the budget include:
 - a. A net decrease in revenue of (\$1,399,000) due to:
 - i. \$1,070,000 less in premium revenue as the result of 2,008 fewer member months. The reasons for the decrease continue to be members no longer qualifying due to increased income, an increase in the City of San Francisco minimum wage to \$15 per hour and members leaving San Francisco due to the high cost of living. 1,708 of these members were in the Adult Expansion category.
 - ii. \$237,000 less in Hepatitis C revenue as the result of 56 fewer Hepatitis C treatment weeks along with a 3.9% decrease in the Hepatitis C reimbursement rate.
 - iii. \$92,000 less in Maternity revenue as the result of 11 fewer maternity events.
 - b. A net decrease in medical expense of (\$2,027,000) due to:
 - i. \$912,000 less in fee-for-service claims activity due to slightly lower claims volume. No adjustment to our Incurred But Not Reported (IBNR) accrual was necessary as the IBNR reserve balance is in line with the Milliman model.

- ii. \$778,000 less in SUR activity when compared to the budget. The FY18-19 budget anticipated a smoother outflow of SUR funds throughout the fiscal year.
 - iii. \$409,000 less in capitation expense due to fewer member months.
 - iv. \$72,000 more in pharmacy expense. Non-Hepatitis C pharmacy expense was \$297,000 greater than budget due to slightly higher utilization as well as increases in the cost for specialty drugs. Most of the increase in non-Hepatitis C pharmacy expense was offset by \$224,000 less in Hepatitis C drug costs due to fewer than expected treatment weeks.
- c. A net increase in administrative expense of \$144,000. Compensation and benefits were \$139,000 higher than projected due to filling some positions earlier than expected. \$90,000 in additional GASB 68 pension expense adjustments was offset by lower than expected professional fees/consulting and information technology support costs.
- d. A chart on the following page was shared with the Board to highlight the key income statement categories with adjustments for SUR activity in order to show margin from ongoing operations for the month of November.

For the first five months of the fiscal year, SFHP is \$632,000 below budget on margin from operations:

- Non-Hepatitis C pharmacy costs are running \$2,536,000 above budget due to an 18.7% increase in drug costs and a 1.4% increase in utilization. Even with a decrease in membership, we are seeing a slight increase in utilization.
- Administrative expenses are running \$1,268,000 above budget due to the need to expense prior year Analytic Data Warehouse costs that we expected to capitalize.
- Community-Based Adult Services (CBAS) costs are \$671,000 above budget due to 1) a 20% increase in provider rates (CBAS providers had not received a rate increase in nearly 10 years); and 2) \$278,000 in FY17-18 claims that carried over into July and August 2018.
- Non-Specialty Mental Health (NSMH) costs are \$357,000 above budget. This was not unexpected given the effort made to increase utilization among the Medi-Cal population.
- The increases in medical and administrative costs noted above have been partially offset by the \$4.3 million benefit from the lower than expected Adult Expansion MLR audit result.

| CATEGORY | -----NOV 2018----- | | | | -----FYTD 18-19 THRU NOV----- | | | |
|--------------------------------------|--------------------|---------------|----------------|---------------|-------------------------------|----------------|----------------|---------------|
| | ACTUAL | BUDGET | FAV (UNFAV) | % FAV (UNFAV) | ACTUAL | BUDGET | FAV (UNFAV) | % FAV (UNFAV) |
| REVENUE | \$ 48,043,000 | \$ 49,441,000 | \$ (1,398,000) | -2.8% | \$ 240,032,000 | \$ 247,573,000 | \$ (7,541,000) | -3.0% |
| MLR | 91.6% | 93.3% | | | 92.5% | 93.1% | | |
| ADMINISTRATIVE RATIO | 8.1% | 7.5% | | | 8.1% | 7.3% | | |
| MARGIN (LOSS) | \$ 293,000 | \$ (185,000) | \$ 478,000 | 258.4% | \$ (484,000) | \$ (55,000) | \$ (429,000) | 780.0% |
| OPERATING ADJUSTMENTS: | | | | | | | | |
| FY15-16 SUR PMTS | \$ - | \$ - | | | \$ 915,000 | \$ - | | |
| FY16-17 SUR PMTS/ACCRUALS | \$ - | \$ - | | | \$ - | \$ - | | |
| FY17-18/CY2018 SUR PAYMENTS/ACCRUALS | \$ 848,000 | \$ 1,626,000 | | | \$ 7,009,000 | \$ 8,127,000 | | |
| MARGIN FROM OPERATIONS | \$ 1,141,000 | \$ 1,441,000 | \$ (300,000) | -20.8% | \$ 7,440,000 | \$ 8,072,000 | \$ (632,000) | -7.8% |
| MLR W/O SUR PMTS | 89.8% | 89.9% | | | 89.1% | 89.7% | | |

PROJECTIONS

Financial projections through May 2019:

1. As of November 30, 2018, SFHP has added \$9,167,000 to the PIP program for CY2018 covering the months of January through November 2018. This accrual is related to both the FY17-18 SUR and the CY2018 SUR. A total of \$10 million will be added to the CY2018 PIP program for professional providers. The remaining \$833,000 were accrued in December 2018.
2. As the result of Medi-Cal rate increases effective July 2018, SFHP will be increasing provider capitation rates effective January 1, 2019. The weighted average increase is 4.2%.
3. Hepatitis C reimbursement rates were reduced again effective July 2018. The rate reduction for non-340B was 3.9% (\$155 per treatment week) while the rate reduction for drugs purchased under 340B rules was 3.3% (\$99 per treatment week). With these rate reductions, SFHP is running slightly below breakeven on Hepatitis C activity through November. SFHP expects to remain close to breakeven over the next seven months.
4. There will be a FY18-19 Rate Range Intergovernmental Transfer (IGT) program for eligible governmental funding entities. Total estimated funding available is \$28.7 million. SFHP worked with the eligible governmental entities to determine the level of participation and submitted its proposal to DHCS. This funding should be received in early 2019.
5. During FY18-19, DHCS will be working with the Medi-Cal managed care plans on four Directed Payment programs related to rate year FY17-18:
 - a. Proposition 56 – enhanced payments to medical groups for qualifying physician services. Utilization at Federally Qualified Health Centers (FQHCs) and Rural Health Centers (RHCs)¹ is excluded. SFHP continues to make disbursements for FY17-18 as well as FY18-19.
 - b. Public Hospital Enhanced Payment Program (EPP) – available to Designated Public Hospitals (DPHs) and UC Systems. DHCS will instruct SFHP on how much to pay to ZSFG and UCSF. Utilization at FQHCs and RHCs is excluded (see previous note regarding RHCs). Payments will be based on actual utilization as reported in claims

¹ DHCS' description of the payment references RHCs. However, there are no RHCs in San Francisco.

- and encounter activity. The timing of the first payment is estimated to be September 2019. The timing of the second payment is estimated to be March 2020.
- c. Public Hospital Quality Incentive Pool - available to DPHs and UC Systems. DHCS will instruct SFHP how much to pay to ZSFG and UCSF. Utilization at FQHCs and RHCs is excluded (see previous note regarding RHCs). Payments will be based on how the DPHs and UC Systems are performing against 20 to 25 quality measures. The timing of payment is estimated to be late in FY18-19 or early in FY19-20.
 - d. Private Hospital Directed Payments – available to private hospitals. DHCS will instruct SFHP how much to pay to the private hospitals. Utilization at FQHCs and RHCs is excluded (see previous note regarding RHCs). Payments will be based on actual utilization as reported in claims and encounter activity. The timing of payments is expected to match that of the Enhanced Payment Program.

HIGHLIGHTED IMPACTS TO THE HEALTH PLAN AND/OR PROVIDERS

Medi-Cal Membership Projections

In the last 12 months, overall Medi-Cal membership has decreased 4.6%. We are seeing declines across all three Medi-Cal populations – Temporary Assistance for Needy Families (TANF), Seniors and Persons with Disabilities (SPD) and Medi-Cal Expansion (MCE). In the last 12 months:

- TANF is down 2.8%
- SPD is down 4.8%
- MCE is down 6.5%

Compared to December 2016, overall Medi-Cal membership has decreased 6.8%. Compared to December 2015, overall Medi-Cal membership has decreased 4.3%. There are several reasons for the decrease in Medi-Cal membership:

- The economy has been improving, especially in San Francisco.
- The minimum wage in San Francisco was increased to \$15.00 per hour.
- Members are no longer qualifying for Medi-Cal due to increases in income.
- Members are leaving San Francisco due to the high cost of living.
- There is no longer a penalty for not having insurance.
- Impact of the draft public charge rule.

Should current trends continue, overall Medi-Cal membership will decline by another 3,000 members, or 2.4%, by the end of this fiscal year.

Tables displaying membership history for the last three years are shown on the next page.

| CY2018 | | | | | | | | | | | | |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| -----MEDI-CAL MEMBERS----- | | | | | | | | | | | | |
| CATEGORY OF AID | Dec-18 | Nov-18 | Oct-18 | Sep-18 | Aug-18 | Jul-18 | Jun-18 | May-18 | Apr-18 | Mar-18 | Feb-18 | Jan-18 |
| ADULT/CHILD/BCCTP/DUAL | 61,530 | 61,775 | 61,800 | 62,000 | 62,165 | 62,248 | 62,352 | 62,746 | 62,870 | 63,026 | 63,628 | 63,596 |
| SPD | 13,172 | 13,211 | 13,252 | 13,278 | 13,336 | 13,354 | 13,561 | 13,613 | 13,667 | 13,699 | 13,772 | 13,815 |
| ADULT EXPANSION | 52,930 | 53,138 | 53,328 | 53,425 | 53,434 | 53,780 | 53,911 | 54,456 | 54,937 | 55,040 | 55,637 | 55,660 |
| TOTAL MEDI-CAL | 127,632 | 128,124 | 128,380 | 128,703 | 128,935 | 129,382 | 129,824 | 130,815 | 131,474 | 131,765 | 133,037 | 133,071 |
| % CHANGE MONTH TO MONTH | -0.4% | -0.2% | -0.3% | -0.2% | -0.3% | -0.3% | -0.8% | -0.5% | -0.2% | -1.0% | 0.0% | -0.5% |
| % CHANGE VS DEC 2017 | -4.6% | | | | | | | | | | | |
| % CHANGE VS DEC 2016 | -6.8% | | | | | | | | | | | |
| CY2017 | | | | | | | | | | | | |
| -----MEDI-CAL MEMBERS----- | | | | | | | | | | | | |
| CATEGORY OF AID | Dec-17 | Nov-17 | Oct-17 | Sep-17 | Aug-17 | Jul-17 | Jun-17 | May-17 | Apr-17 | Mar-17 | Feb-17 | Jan-17 |
| ADULT/CHILD/BCCTP/DUAL | 63,284 | 63,232 | 64,230 | 64,598 | 64,781 | 64,759 | 64,447 | 64,373 | 64,348 | 64,259 | 64,298 | 64,249 |
| SPD | 13,833 | 13,870 | 13,886 | 13,944 | 13,984 | 13,964 | 14,127 | 14,095 | 14,088 | 14,122 | 14,162 | 14,176 |
| ADULT EXPANSION | 56,614 | 56,506 | 57,607 | 57,957 | 58,393 | 58,245 | 58,048 | 58,156 | 58,070 | 57,980 | 57,998 | 57,840 |
| TOTAL MEDI-CAL | 133,731 | 133,608 | 135,723 | 136,499 | 137,158 | 136,968 | 136,622 | 136,624 | 136,506 | 136,361 | 136,458 | 136,265 |
| CY2016 | | | | | | | | | | | | |
| -----MEDI-CAL MEMBERS----- | | | | | | | | | | | | |
| CATEGORY OF AID | Dec-16 | Nov-16 | Oct-16 | Sep-16 | Aug-16 | Jul-16 | Jun-16 | May-16 | Apr-16 | Mar-16 | Feb-16 | Jan-16 |
| ADULT/CHILD/BCCTP/DUAL | 65,984 | 65,862 | 65,820 | 64,990 | 64,069 | 63,353 | 63,757 | 64,098 | 64,222 | 64,517 | 64,846 | 65,371 |
| SPD | 12,187 | 12,212 | 12,246 | 12,307 | 12,376 | 12,460 | 12,444 | 12,447 | 12,441 | 12,413 | 12,412 | 12,448 |
| ADULT EXPANSION | 58,842 | 58,363 | 58,562 | 57,946 | 57,411 | 56,827 | 56,403 | 55,644 | 55,174 | 56,212 | 54,918 | 55,273 |
| TOTAL MEDI-CAL | 137,013 | 136,437 | 136,628 | 135,243 | 133,856 | 132,640 | 132,604 | 132,189 | 131,837 | 133,142 | 132,176 | 133,092 |

Mr. Fawley stated that the Finance Committee found that financials are fine overall. Mr. Fawley was impressed by total admin at about 7.5%. He stated that the plan goes out of the way to ensure providers are paid and keep administration rate low.

Mr. Fawley recommended the Board approve the unaudited monthly financial statements and investment income reports for the period ending November 30, 2018.

The Board unanimously approved the unaudited monthly financial statements and investment income reports for the period ending November 30, 2018, as presented.

The Governing Board adjourned to Closed Session. Guests and staff members not involved in the Closed Session items left the room.

4. Review and Approval of Recommendation Regarding a potential Qualified Health Plan Bid in 2020

This item was discussed in closed session.

5. Corrective Action Plans with Jade Medical Group and Chinese Community health Care Association Provider Contracts

This item was discussed in closed session.

The Governing Board resumed in Open Session. Staff members and members of the public rejoined the meeting again.

6. Chair's Report on Closed Session Items

Dr. Steven Fugaro reported on the following Closed Session action:

- a. The SFHP Governing Board approved the recommendation not to enter a Covered California Qualified Health Plan bid in 2020.

7. Transition of SFHP Members from Chinese Community Health Association to Jade Medical Group on March 1, 2019

The following information is provided to the Governing Board for discussion only. No action was required at this time.

Karen Andrews, COO reviewed the background with the Governing Board.

SFHP agreed with the Finance Committee and the Governing Board that SFHP must minimize confusion among members regarding the transition to Jade Medical Group and ensure members have a right to choose. The Board approved SFHP to transition members to Jade Medical Group with the following steps:

- a. SFHP will send the attached notice to members whose PCP or clinic is ending their affiliation with CCHCA and now will only be with Jade.
- b. The letter informs the member that if the member is undergoing treatment with a CCHCA specialist, Jade will assess the case for continuity of care and, if eligible, will authorize the services to continue with the CCHCA specialist.
- c. Members will also be given the option to call SFHP Customer Service and switch to a CCHCA PCP or clinic, if they prefer to remain with CCHCA.
- d. SFHP will only move members to Jade when SFHP receives a notification from CCHCA that the PCP has been terminated from their group or if the member actively initiates the move (to Jade) on their own.

DMHC approved the process as outlined above, as well as the member notice.

Per the parameters approved by the Board, SFHP believes the conditions have been met and SFHP can move forward with transition of members from CCHCA to the Jade Medical Group, effective March 1, 2019:

- a. On November 15, 2018, SFHP was notified by CCHCA that 11 PCPs and associated health clinics would be terminated from CCHCA effective March 16, 2019.
- b. With the termination notice from CCHCA, effective March 16, 2019, SFHP will transition members assigned to the terminating PCPs effective March 1, 2019 because SFHP cannot assign members mid-month.
- c. SFHP will send the DMHC and Board-approved member notice as soon as possible, but no later than February 1, 2019.
- d. SFHP received information that CCHCA has sent a letter to SFHP members informing them that in order to continue to see a CCHCA specialist, the member would have to choose a new CCHCA PCP. This information is incorrect because a member that transitions to Jade Medical Group may continue to see a CCHCA specialist for continuity of care with a prior authorization from Jade Medical Group. SFHP will send members the attached notice, which is currently the only approved notice regarding

the transition, as soon as possible to provide members with accurate information about continuing to see a CCHCA specialist after changing to Jade Medical Group. Members may request to remain with CCHCA or members may request to change PCPs and be a member of Jade Medical Group earlier than March 1, 2019 if they call SFHP Customer Service and request the change.

To minimize member confusion, both Jade Medical Group and CCHCA must provide SFHP with any proposed member notices regarding this transition for review and approval prior to mailing such a notice to our SFHP members.

Emily Webb stated she appreciates that SFHP puts members' needs first and is taking steps to ensure members are not harmed in the transition. The Board members wanted to confirm that the CCHCA-provided forms to change PCPs to a CCHCA PCP would not be accepted if received. Ms. Andrews confirmed the SFHP would not accept the forms, but also stated we have not yet received any of the forms.

8. Review and Approval of Reinsurance Vendor Contract

Recommendation: SFHP recommends approval of the contract with a reinsurance vendor for calendar year 2019.

Mr. Bishop reviewed the options to the Governing Board. He shared that during the Finance Committee, it was approved that SFHP would review the various premium rate and professional claims options and then choose the option that would work for SFHP and the participating providers rather than renew at the same premium rate and a higher deductible.

The Governing Board agreed with the Finance recommendation and unanimously approved that staff would evaluate the various options, choose the best option for SFHP and participating providers and renew the contract with the reinsurance vendor.

9. Chief Medical Officer's Report

a. Review and Approval of Funding for FY18-19 Strategic Use of Reserves

Recommendation: SFHP recommends the Governing Board approve the following three recommendations for FY 18-19 SUR investments. These investments support SFHP providers and improve member health outcomes. (Detailed memo outlining the recommendations was provided in the Board packet.)

Jim Glauber, MD, CMO, reviewed the proposal with the Governing Board.

| Recommendations | Scope | Proposed SUR Funding |
|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|----------------------|
| 1. Practice Improvement Program (PIP) Enhancements | Incentivize improvement in three PIP areas. | \$4,000,000 |
| 2. Targeted Interventions for High-Risk Populations | Explore community partnerships and interventions to reduce health disparities | \$2,000,000 |
| 3. Health Homes Readiness Funding for State Plan Amendment - 2 (SPA-2) Population | Support to new Community Based Care Management Entity (CB-CME) providers (Unearned 15/16 SUR funds) | \$565,000 |
| TOTAL | | \$6,565,000 |

Mr. Bishop informed the Board that a hospital SUR proposal for approximately \$4 million will be brought to the March 2019 Governing Board meeting for review and approval.

Irene Conway shared a recent experience when she helped an SFHP member with trying to schedule an appointment. When she called the provider's office, she was told the wait would be two minutes on the phone, but she actually waited 29 minutes. When she asked for an appointment to be scheduled, she was told that no appointments were available. She stated her support for the initiatives that will likely help with access to care. Roland Pickens also stated his support and asked whether the home-based care providers would communicate back to the member's primary care provider (PCP). Dr. Glauber stated home-based care providers would be required to coordinate care with the PCPs. Dr. Glauber explained further that the intent of the home-based care initiative is to stabilize the member's care so that the member would be able to resume office-based primary care.

The Board unanimously approved the funding for FY18-19 Strategic Use of Reserves.

b. Review and Approval of Evaluation of SFHP's 2018 Quality Improvement Program

Recommendation: Review and Approve the Evaluation of SFHP's 2018 Quality Improvement Program (QIP).

Adam Sharma, Director, Health Outcomes Improvement, provided an overview of the evaluation of the 2018 QIP. (Detailed PowerPoint slides were provided in the Board packet.)

Mr. Sharma reviewed the following highlights from the evaluation:

1. Of the QIP measures, SFHP saw improvements in 22 (68%) of the measures.
2. We exceeded the target on the CAHPS measure. Mr. Sharma acknowledged the excellent job by the provider network. There are still opportunities to improve.
3. The flu vaccination rate increased by 10%.
4. Chlamydia screening was the worst performing HEDIS measure. To address improving the measure, the measure added to Performance Improvement Plan (PIP) program. We will perform an internal analysis to learn more. This was the only measure in 25% percentile.

The Governing Board unanimously approved the evaluation of SFHP's Quality Improvement Program for 2019.

Maria Luz Torre asked if the chlamydia screening results were broken down by ethnicity. Mr. Sharma stated they were looking into an ethnicity breakdown and additional analyses.

c. Review and Approval of SFHP's 2019 Quality Improvement Program Work plan

Recommendation: Review and Approve SFHP's 2019 Quality Improvement Program Work Plan.

Mr. Sharma also provided the following highlights and recommendations to the Board. (Detailed PowerPoint slides were provided in the Board packet.)

Highlights:

- Attained high member satisfaction with care management services provided by SFHP.
- Developed capacity to capture and report follow up for members who screen positive for depression.

Recommendation:

- Continue to offer in-person post-discharge planning services at discharging hospital.
- Maximize use of health homes and palliative care benefits to better support members discharged from the hospital.

Mr. Sharma stated that they were a few measures added, such as opioid safety and the appointment availability survey.

The Governing Board unanimously approved SFHP's 2019 Quality Improvement Program work plan.

d. Review of 2019 Practice Improvement Program (PIP) Measure

Mr. Sharma reviewed the PIP measures with the Board. (Detailed PowerPoint slides were provided in the Board packet.)

Mr. Sharma informed the Board that the PIP Advisory Committee approved the following measures for the period from January 1, 2019 through June 30, 2020:

- 20 existing measures
- 8 modified measures
- No new measures

e. 340B Drug Pricing Program update

Lisa Ghotbi, Pharm.D, Director, Pharmacy Services, reviewed slides with the Board to provide an update on the 340B drug pricing program. (Detailed PowerPoint slides were provided in the Board packet.)

Ms. Ghotbi reported that while the draft Department of Health Care Services (DHCS) All Plan Letter has not been finalized, SFHP is moving forward with implementation of new pharmacy BIN/PCN numbers for Healthy Workers HMO, Healthy Kids HMO and Healthy SF effective 2/1/2019. This change will isolate pharmacy claim submissions for our Medi-Cal prescriptions as indicated in the draft APL guidance.

A Board member asked if the 340B pharmacy will have to put the 340B identifier on the claim at the point of sale or if the 340B drug can be identified on a post claim basis. Ms. Ghotbi stated that the draft APL indicates the identifier must be on the claim at the point of sale. A key issue is when Walgreens, used by health center members, does not provide the 340B modifier.

Sabra Matovsky stated that legislation is going to be submitted to challenge DHCS' APL since the 340B drug price discount program is a federal program. Ms. Ghotbi said that we will continue to keep the Board informed.

10. Review and Approval of Changes to the FY18-19 Organizational Success Criteria Measures for the Analytical Data Warehouse and Continuous Improvement Project Goals

Recommendation: With the change in direction of the data warehouse, SFHP has determined that the initial goals set for the analytic data warehouse project need to be revised. SFHP recommends the Board approve the following revisions to the annual organizational performance goals and success criteria for fiscal year (FY) 18-19.

John F. Grgurina, Jr., CEO, reviewed the changes in measures to the Board.

1. Reduce the total available points from FY18-19 Organizational Goals and Success Criteria from 100 points to 95 points by taking 5 points from the data warehouse project since we are making a mid-year change in direction with the data warehouse.
2. Revise the data warehouse project goals to the following:
 - a. Complete 90-day Roadmap project and deliver a one-year detailed Data Warehouse roadmap with monthly deliverables and a two- and three-year high-level initiative plan – **5 pts**
 - b. Factual Decision Making: Organizational Key Performance Indicators (KPI):
 - 1) Define and prioritize organizational KPIs by 1/31/19 - **2 pts**
 - 2) Publish five prioritized organizational KPIs - **3 pts**
3. Move **5 additional points** from the data warehouse project to the Continuous Improvement (CI) project, with the following revisions:
 - a. Complete gap analysis of Maternity Kick, behavioral health reimbursements by 1/15/19. Documentation of results required to meet objective – **5 pts**
 - b. Finalize process management model by 3/1/19 – **5 pts**
 - c. Monitor reduction in manual hours by month through 4/1/19 (tracking form and trend will be needed to meet this objective) – **5 pts**

Karen Andrews, COO, and Darin Moore, Interim CIO, reviewed the goals and next steps with the Board.

Current and Proposed Revisions to FY18-19 Goals

Strategic Anchor 3:

Exemplary Service to Members and Stakeholders – 30 points (30%)

Current Goal: Year 2 for Analytic Data Warehouse (ADW) - Success will be based on outcomes that focus on achieving our strategic vision of achieving: 1) Accessible Information; 2) Factual Decision-Making; and 3) Agile Data Delivery

1. Each ADW strategic area will have specific weighted pass/fail measures to be achieved by 6/30/19 per below:

Accessible Information: Member Risk score is calculated for each member using industry standard scoring methodology and is available in ADW for downstream processes. - 6 pts

2. Factual Decision Making: Organizational Key Performance Indicators (KPI):
 - a. Define and prioritize organizational KPIs by 12/31/18 - 4 pts
 - b. Data Standards: Define and monitor CART (Completeness, Accuracy, Reliability, Timeliness) Measures for two production data domains - 4 pts
 - c. Publish three prioritized organizational KPIs - 4 pts
 - d. Agile Data Delivery: Define and baseline metrics for self-service - 2 pts

Current Goal: Continuous Improvement (CI) Project Improve Kick Payment Reporting Process

Success criteria is the completion of the process management model and implementation of process improvements by 5/31/19. Pass/Fail – 10 points

Proposed Revisions to FY 18-19 Organizational Success Criteria

Proposed Revised Goal: Data Warehouse – ~~20 points~~ 10 points

1. Remove points from total available points – 5 pts
2. Move points to the CI project – 5 pts
3. Complete 90-day Roadmap project and deliver a one-year detailed Data Warehouse roadmap with monthly deliverables and a two- and three-year, high-level initiative plan – 5 pts
4. Factual Decision Making: Organizational Key Performance Indicators (KPI):
 - a. Define and prioritize organizational KPIs by 1/31/19 - 2 pts
 - b. Publish five prioritized organizational KPIs - 3 pts

Proposed Revised Goal: Continuous Improvement (CI) projects – ~~40~~ 15 points

Complete one CI project – Kick Payments

1. Complete gap analysis of Maternity Kick, behavioral health reimbursements by 1/15/19. Documentation of results required to meet objective – 5 pts
2. Finalize process management model by 3/1/19 – 5 pts
3. Monitor reduction in manual hours by month through 4/1/19 (tracking form and trend will be needed to meet this objective) – 5 pts

Ms. Matovsky asked if the revised goal for continuous improvement would include a reduction in manual hours to a specific number. Ms. Andrews stated there will not be a specific target number of hours, but she agreed that the goal needs to have a reduction of hours more specifically stated as a goal rather than just monitoring.

The Board unanimously approved the changes to the FY18-19 organizational success criteria measures for the analytical data warehouse and continuous improvement project goals with the proposed change.

11. Member Advisory Committee Report

Maria Luz Torre and Irene Conway both reported on the Member Advisory Committee meetings.

Ms. Luz Torre reported at the November 2018 meeting the Committee discussed disaster

preparedness and watched a couple of YouTube videos as Neighborhood Emergency Response Team (NERT) was unable to attend their meeting.

Ms. Conway reported that the December 2018 meeting was the Committee's year-end annual holiday party.

12. Federal, State and Local Policy and Election Updates

Sumi Sousa, Officer, Policy and Coverage Programs, presented an overview of the recent federal and state elections and the impact to SFHP. (Detailed slides were provided in the Board packet.)

Ms. Sousa stated Governor Gavin Newsom took the oath of office on January 7, 2019. Budget previews will come out on January 10, 2019. Significant new programs and expansions introduced:

- Medi-Cal for All
- Universal Pre-K
- Major funding increases for K-12
- Expansion of housing programs

Update on Federal Public Charge Proposal:

- The federal government is proposing to change the public charge rule so that anyone considered to be a public charge may be denied admission to the United States or denied ability to gain legal permanent residence ("green card") status for themselves and their relatives.
- The proposed rule by the Department of Homeland Security would expand what constitutes a "public charge" to include receipt of non-cash benefits, including Medi-Cal, food stamps, and federal housing subsidies.
- If the rule is approved, there will likely be a decrease in participation in Medi-Cal and other programs.
- UCLA Center for Health Policy estimates a potential 15-35% disenrollment in Medi-Cal based on experience when a similar rule was imposed during 1996 welfare reform.
 - 317,000 – 714,000 beneficiaries may disenroll statewide (\$500 million - \$1.2 billion loss of federal funds)
 - 42,000 – 98,000 beneficiaries may disenroll in the Bay Area (\$67 million to \$157 million loss of federal funds)

Ms. Sousa stated that health plan trade associations are sending comments to the federal government to oppose the proposed change.

Ms. Sousa provided an overview of the Governor's Executive Order to change the purchasing of Medi-Cal prescription to a centralized purchasing process by 2021. There are no specific details at this time. The State will likely not be able to implement the entire plan without legislation. The legislative process will provide opportunities for public comments from all impacted parties, e.g., hospitals, clinics, health plans, pharmaceutical companies and advocates. This change would also impact the 340B program as well. Because the change was issued as an Executive Order, the pharmaceutical industry cannot easily kill the effort. Ms. Sousa stated the Governor will release his budget on January 10th that will include the following:

- Universal PreK
- Family Leave
- Expansion of Medi-Cal to undocumented adults
- 100% state-funded tax credit for individual coverage in Covered California, up to 600% federal poverty level. This would also require legislation and a two-thirds majority since it would be a tax.

Ms. Webb asked if the public charge would have an impact on expansion of Medi-Cal to undocumented adults. Ms. Sousa did not believe it would since only state funds would be used. Ms. Luz Torre ask if public charge looks at use of local programs. Ms. Sousa responded only if federal funds are also used. Upon release of the budget, Ms. Sousa will provide a written summary for the Board.

13. CEO Report Highlighted Items

Due to time constraints this item was not discussed.

14. Adjourn

Reece Fawley, Secretary