



**Joint San Francisco Health Authority/San Francisco Community Health Authority
Governing Board
June 13, 2018
Meeting Minutes**

Chair: Steven Fugaro, MD
Vice-Chair: Barbara Garcia
Secretary-Treasurer: Reece Fawley

Members

Present: Edwin Batongbacal, Eddie Chan, PharmD, Irene Conway, Barbara Garcia, Reece Fawley, Steve Fields, Steven Fugaro, MD., Roland Pickens, Sabra Matovsky, Emily Webb, and David Woods, Pharm D.

Members

Absent: Dale Butler, Aneeka Chaudhry, Lawrence Cheung, MD, Maria Luz Torre and Jian Zhang, DNP, MS, FNP-BC

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 Heather Claus, attorney with Daponde & Szabo, Pritika Dutt, Department of Managed Health Care (DMHC), and Jonathan Gainor, OPTUM. There were no public comments.

John F. Grgurina, Jr., CEO, acknowledged Steve Fields would be stepping down from the Finance Committee after serving on the committee for over 20 years as one of the founding members. Mr. Fields will still serve on the Governing Board. Mr. Grgurina presented Mr. Fields with a baseball signed by the Finance Committee members. Barbara Garcia, Vice-Chair, also said a few words of appreciation. Mr. Fields said the work of the health plan has been a great experiment and he will enjoy continuing to participate as a Board member.

1. 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 May 2, 2018 Governing Board Meeting.

The Board unanimously approved the consent calendar without any issues.

2. Federal and State Updates

Sumi Sousa, Officer of Policy Development & Coverage Programs, reviewed slides with the Board. (PowerPoint slides were provided in the Board packet.) Ms. Sousa reported the State budget revenues are up over \$8 billion from January 2018. The following were highlights from her presentation.

May revision was good for Medi-Cal:

- No cuts and fully funds the program

- Medi-Cal enrollment projected to be slightly down (budget projects an enrollment of approximately 13.3 million beneficiaries in California).
- Expands Hepatitis C treatment policy to those with chronic liver disease, ages 13 years and over, with a life expectancy of more than 12 months.

Governor continued to propose the elimination of the 340B drug pricing program from Medi-Cal, but this was rejected by the legislature. Board member Sabra Matovsky requested SFHP to keep 340B on the Board agenda so that the Board may receive regular updates on the work SFHP is doing with the 340B program. David Woods, Pharm.D., Board member, stated that Walgreens has requested a meeting to discuss this as well. Assistance from Walgreens in this matter would likely be helpful to all parties. SFHP will work with Mr. Woods to set up the meeting with Walgreens and the federally qualified health centers (FQHCs).

Ms. Sousa also mentioned a new budget item, the doubling of homeless grants to \$500 million instead of \$250 million. The City and County of San Francisco may be awarded a portion of these funds.

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

Recommendation: Review and approve the year-to-date unaudited financial statement and investment reports.

John Gregoire, Chief Financial Officer, presented the year-to-date unaudited financial statement and investment reports for the period ending April 30, 2018. (The narrative summaries and financial documents were provided to the Finance Committee for reference.)

Mr. Gregoire stated that the April 2018 results produced a loss of (\$529,000) versus a budgeted loss of (\$5,162,000). He presented the following are drivers that contributed to the financial results for the month:

- Strategic Use of Reserves (SUR) payments and accruals that were less than anticipated.
- An increase to the Incurred But Not Reported (IBNR) claims reserve based on our actuarial model.
- An increase in hospital and non-specialty mental health fee-for-service claims.
- Favorable revenue adjustments related to the receipt of Proposition 56 enhanced physician payments, non-medical transportation (NMT) and receipt of retroactive Medi-Cal premiums.
- SFHP experienced fewer member months due to members placed on hold awaiting completion of the annual redetermination process.
- Lower Hepatitis C utilization than expected in conjunction with rate decreases on treatments. The introduction of the lower cost Hepatitis C drug Mavyret was anticipated by the Department of Health Care Services (DHCS), therefore the reimbursement rates were decreased accordingly.
- An increase in paid hospital fee-for-service claims related to the implementation of the APR-DRG payment methodology.

Mr. Gregoire stated that on a year-to-date basis we have incurred a loss of (\$1,203,000) versus a budgeted loss of (\$1,820,000).

- This variance was primarily the result of distributing SURs in excess of budget.
- It is important to note that the FY17-18 budget projected we would record \$58 million in revenue and medical expense related to the AB85-to-cost provision within the Medi-Cal Expansion category. As of April 30, 2018, no supplemental payments have been received. During the month of May 2018, SFHP expects to receive \$39.2 million in FY16-17 AB85-to-cost funding, which will be paid to Zuckerberg San Francisco General Hospital (ZSFG).

Impact of Strategic Use of Reserves

Below is a chart highlighting the key income statement categories with adjustments for Strategic Use of Reserves (SUR) and AB 85 to cost in order to show margin from ongoing operations for the month of April 2018.

CATEGORY	-----APR 2018-----				-----FYTD 17-18 THRU APR-----			
	ACTUAL	BUDGET	FAV (UNFAV)	% FAV (UNFAV)	ACTUAL	BUDGET	FAV (UNFAV)	% FAV (UNFAV)
REVENUE	\$ 49,546,000	\$ 48,295,000	\$ 1,251,000	2.6%	\$ 477,427,726	\$ 541,024,000	\$ (63,596,274)	-11.8%
LESS: AB85 TO COST	\$ -	\$ -	\$ -		\$ -	\$ 58,232,000	\$ (58,232,000)	
REVENUE - REVISED	\$ 49,546,000	\$ 48,295,000	\$ 1,251,000	2.6%	\$ 477,427,726	\$ 482,792,000	\$ (5,364,274)	-1.1%
MLR	94.2%	103.8%			93.2%	93.7%		
ADMINISTRATIVE EXPENSES	\$ 4,365,000	\$ 4,240,000	\$ (125,000)	-2.9%	\$ 42,433,000	\$ 44,217,000	\$ 1,784,000	4.0%
ADMINISTRATIVE RATIO	7.4%	7.3%			7.5%	6.9%		
MARGIN (LOSS)	\$ (529,000)	\$ (5,162,000)	\$ 4,633,000	-89.8%	\$ (1,203,000)	\$ (1,820,000)	\$ 617,000	-33.9%
OPERATING ADJUSTMENTS:								
FY15-16 SUR PAYMENTS/ACCRUALS	\$ -	\$ -			\$ 1,985,000	\$ -		
FY16-17 SUR PAYMENTS/ACCRUALS	\$ -	\$ 583,000			\$ 8,151,000	\$ 8,578,000		
FY17-18 SUR PAYMENTS/ACCRUALS	\$ -	\$ 4,521,000			\$ 1,260,000	\$ 4,521,000		
CY2018 SUR PAYMENTS/ACCRUALS	\$ 1,333,000	\$ -			\$ 3,333,000	\$ -		
MARGIN FROM OPERATIONS	\$ 804,000	\$ (58,000)			\$ 13,526,000	\$ 11,279,000		
MLR W/O SUR AND AB85 TO COST	91.5%	93.1%			90.1%	90.1%		
ADMIN RATIO WITHOUT AB85 TO COST	7.4%	7.3%			7.5%	8.0%		

Mr. Gregoire provided the following financial projections through October 2018:

1. As of April 30, 2018, SFHP added \$3,333,000 to the Practice Improvement Program (PIP) for CY2018 covering the months of January through April 2018. This accrual was 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 \$6.7 million will be accrued monthly through December 2018.
2. Effective January 1, 2018, SFHP implemented provider capitation and fee-for-service rates for the Medi-Cal and Healthy Kids lines of business. The overall weighted average increase was 6.2%. The FY17-18 budget included \$13.2 million to cover these increases. These increased rates will continue into FY18-19.
3. At the end of April, DHCS released draft rates for FY18-19. SFHP will see increases in some categories of aid while rates for other categories of aid will decrease. Most notably, the Adult Expansion rate is set to increase by 9.7% effective July 2018. SFHP will bring a provider rate change proposal to the September 2018 Governing Board meeting for a January 1, 2019 effective date.

4. In October 2017, DHCS reduced Hepatitis C reimbursement rates retroactive to July 2017. SFHP experienced a 3.2% decrease in Hepatitis C reimbursements for the period of July through December 2017. For the period of January through June 2018, SFHP will see a 32.1% decrease in the reimbursement rate. The total estimated impact for FY17-18 is a decrease of \$4.3 million in Hepatitis C revenue. On a year-to-date basis, the Hepatitis C MLR is 88.3%. SFHP's Pharmacy department continues to work closely with SFHP's provider network to increase the use of Mavyret as this is the new low-cost Hepatitis C drug that is driving the reduction in reimbursement rates. At this time, Mavyret is used in over 80% of the Hepatitis C treatment weeks. DHCS recently informed the Medi-Cal health plans that Hepatitis C reimbursement rates will be reduced again effective July 2018. The rate reduction for non-340B will be 3.9% (\$150 per treatment week) while the rate reduction for drugs purchased under 340B rules will be 3.3% (\$100 per treatment week).

5. In May 2018, SFHP will receive \$39.2 million related to Assembly Bill (AB) 85 funding intended to bring the public hospital, Zuckerberg San Francisco General Hospital (ZSFG), up to cost for services provided to the Medi-Cal Expansion population during FY16-17. We expect to disburse the full \$39.2 million of this AB85 funding to ZSFG by the end of May.

Reece Fawley, Chair of the Finance Committee, stated the Finance Committee reviewed and discussed the financials in detail at the Finance Committee meeting. Mr. Fawley recommended the Board approve the unaudited monthly financial statements and investment income reports for the period ending April 30, 2018.

The Board unanimously approved the year-to-date unaudited financial statements and investment income reports for the period ending April 30, 2018, as presented.

4. Review and Approval of Combined Budget for San Francisco Health Authority and San Francisco Community Health Authority for Fiscal Year 2018-2019

Recommendation: SFHP recommended approval of the Combined Budget for San Francisco Health Authority and San Francisco Community Health Authority Fiscal Year 2018-2019.

Mr. Grgurina stated that there would be a presentation to the Board at the September 2018 meeting regarding the Medi-Cal Provider rate changes based on July 2018 rates, which SFHP expected to receive from Department of Health Care Services (DHCS) in late July.

Mr. Grgurina and Mr. Gregoire gave the Finance Committee a review of the proposed FY18-19 budget. (Documents were incorporated into the Finance Committee materials by reference.) SFHP Finance staff members, Skip Bishop, Director of Accounting, Rand Takeuchi, Manager, Accounting, and Khanh Pham, Senior Budget and Reporting Analyst, joined the meeting for the budget presentation.

The following were the key budget assumptions:

- 1) Growth versus FY 18-19:
 - a. Revenue Growth: 10%
 - b. Medical Expense Growth: 12%
 - c. Member Month Reduction (all LOBs): -2%
 - d. SFHP Staffing for the health plan lines of business – no change
 - e. SFHP Staffing for third-party administration contracts, e.g., Healthy San Francisco - four FTEs

- 2) Provider rate changes to be proposed in September:
 - a. SFHP will recommend provider rate changes based on DHCS rates effective July 2018.
 - b. Overall Medical Loss Ratio (MLR) of 96%. Includes \$24 million from SUR.
 - c. SFHP administration at 6.6% (FY 17-18 approved budget 6.9%, FY 17-18 projected to be 6.9%).

- 3) FY 18-19 Revenue – Key Points
 - a. Premium Revenue up 12%.
 - b. Total budget including HSF/SFCMRA/HK is \$676 million.
 - c. Per Member Per Month Revenue up 12% (largely due to IGTs and Directed payments)
 - FY 18-19 \$378 pmpm
 - FY 17-18 \$338 pmpm

Mr. Fawley stated the Finance Committee reviewed and discussed the proposed budget for FY18-19 in detail at the Finance Committee meeting. He stated the Finance Committee was impressed with the depth of detail and transparency provided in the presentation. Mr. Fawley stated that the Finance Committee recommended the Board approve the proposed FY18-19 budget.

After reviewing the budget in detail, with the Finance Committee recommendation, the Board unanimously approved the Combined Budget for San Francisco Health Authority and San Francisco Community Health Authority FY 2018-19.

5. Review and Approval of Staff Salary Ranges for FY18-19

Recommendation: SFHP recommends the Board approve the SFHP FY 2018-19 salary schedule to meet CalPERS requirements regarding retiree salary computations. The salary schedule changes include increasing the ranges by 3.2%.

The Board welcomed back Kate Gormley, Chief Human Resource Officer. Ms. Gormley reviewed the background of the CalPERS requirements. (A detailed memo was provided in the Board packet.)

To satisfy CalPERS requirements, SFHP is required to provide CalPERS, on an annual basis, a copy of our Board-approved Salary Ranges and Positions by Grade Level.

FY 2018-19 Compensation Philosophy and Program Review: SFHP's compensation philosophy is to pay at the mid-range (middle of the pay scale) of the market for both base and bonus compensation. SFHP provides merit increases

based on performance, not years of service. We have continued to gage our compensation program against the marketplace.

Additionally, to ensure proper market pricing for all SFHP positions, SFHP continues to compare SFHP salaries with a number of sources for market salary data:

- The Warren Survey: Warren participants are 360+ HMO, managed care, hospital systems, health plans and other related organizations in over 1,000 locations nationwide and include over 100,000 incumbents.
- Kenexa's Comp Analyst: This survey augments our market data for non-health services-related positions, as we continue to face fierce competition for these positions. This tool allows data slices by regional area, industry, and/or organization size, thus tailoring each position review to our specific situation.
- Local Health Plans of California: The survey provides compensation data for executives and directors in local health plans.
- Culpepper: The Culpepper survey focuses on Healthcare and Healthcare IT.
- Mercer Healthcare Survey: The Mercer survey focuses on healthcare executives and healthcare operations.
- Radford: Radford is Silicon Valley's iconic high tech / biotech survey, and has recently branched into health care.
- Association of Community Affiliated Plans Survey Report: This survey provides data for executive and director level positions based on input from 31 community affiliated plans nationwide.

2018-19 Salary Range Movement: The job market in the Bay Area remains particularly strong. Projections for the San Francisco Bay Area for 2018-2019 salary budget increases continue to outpace US-wide projections. Based on market data (which has very little deviation among the sources), SFHP recommends increasing staff salary ranges by 3.2%.

The Board unanimously approved SFHP FY 2018-2019 salary schedule to meet CalPERS requirements regarding retiree salary computations.

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

6. Review and Approval of Proposed Contract and Rates for Pharmacy Benefit Manager

This item was discussed in closed session.

7. Review and Approval of Proposal to Adjust Provider Rates for the Medi-Cal Expansion Dual Eligibles

This item was discussed in closed session.

8. Review of Health Homes Program Provider Rates

This item was discussed in closed session.

9. Review and Approval of Increase for Community-Based Adult Services Rates

This item was discussed in closed session.

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

10. Chair’s Report on Closed Session Items

Dr. Fugaro reported on the following closed session action items:

- a. Approved the proposed contract and rates for Pharmacy Benefit Manager.
- b. Approved proposal to adjust provider rates for the Medi-Cal Expansion Dual Eligibles.
- c. Approved increase for Community-Based Adult Services rates.

11. Review and Approval of SFHP FY 18-19 Organizational Goals and Success Criteria Measures

Recommendation: SFHP recommends the Board approve the annual organizational performance goals and success criteria for FY18-19.

Depending on the financial results at the end of the FY18-19, the Board will determine whether staff bonuses are appropriate, and if so, these performance criteria and results would be used to determine the bonus amount.

Mr. Grgurina provided the following review of the proposed organizational goals for FY18-19 with the Board.

Proposed FY18-19 Goals

SFHP proposes the following organizational goals for FY18-19, structured around our four organizational strategic anchors.

Strategic Anchor 1: Universal Coverage – 15 points

We believe every adult and child in San Francisco should have health coverage. Our strategic anchor of universal coverage recognizes that the health plan alone cannot provide coverage for everyone. Therefore, we work in partnership with the public health system, San Francisco Health Network (SFHN), community providers and our trade associations to support the Medi-Cal program and health care coverage for all.

Goal 1.1: Provide outstanding third party administrator services (TPA) to Healthy San Francisco, City Option and Healthy Kids programs that fill in health insurance coverage gaps for San Francisco residents. Measure service levels that are evaluated by the DPH on the annual End of Fiscal Year Monitoring report.

Score of 4 (Stretch) = 15 points

Score of 3 (Meets) = 9 points

Less than 3 = 0 points.

**Strategic Anchor 2:
Quality Care and Access for Members and Participants – 40 points**

We recognize that our members and program participants must have excellent access to care to achieve positive health outcomes. We support a range of efforts to improve access to high-quality health care.

SFHP will obtain at least 80% of available points for HEDIS and CAHPS when we pursue full NCQA accreditation in 2019.

Goal 2.1: CAHPS Improvement (relative to 2017 CAHPS) on Access Improvement

Domain:

Stretch: 3.0% - 20 pts

Meets: 2.0% - 15 pts

Min: 1.0% -10 pts

This goal will assist SFHP to improve the CAHPS scores needed for NCQA renewal. SFHP will use the standard NCQA CAHPS survey tool, as well as an SFHP-translated CAHPS survey in Chinese.

Goal 2.2: HEDIS Measure - Obtain the following NCQA HEDIS standard scores in MY2018:

Stretch: 90% - 20 pts

Meets: 85% - 15 pts

Min: 80.0% - 10 pts

Strategic Anchor 3:

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

We are committed to providing exemplary service and support to our members, participants, purchasers, physicians and other health care providers, and each other.

SFHP fosters a culture of ownership, accountability and continuous improvement (CI) within SFHP.

Goal 3.1.1: Each ADW strategic area will have specific weighted pass/fail measures to be achieved by June 30th per below. - 20 points

1. 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):
 - Define and prioritize organizational KPI's by December 31, 2018
- 4 pts
 - Data Standards:
 - Define and monitor CART (Completeness, Accuracy, Reliability, Timeliness) Measures for two production data domains - 4 pts
 - Publish three prioritized organizational KPI's - 4 pts
3. Access to Information:
 - Define and baseline metrics for self-service - 2 pts

Goal 3.1.2: Continuous Improvement (CI) projects – 10 points

Complete one CI project – Kick Payments (Project details will be presented at a future Board meeting.)

**Strategic Anchor 4:
Financial Viability for Plan and Safety Net – 15 points**

The fiscal environment in which we and our safety net providers operate is often in flux. Therefore, we maintain a strategic focus on the organization's financial viability and the economic sustainability of our safety net provider partners.

Goal 4.1

Track to reserve policy. Any additional reserves over the agreed-upon amount will be tracked and managed as Strategic Use of Reserves (SUR) - Pass/Fail - 15 pts

The attached table provides additional details for the FY18-19 success criteria measurements for each organizational goal.

The Governing Board did not have any issues with the proposed goals and unanimously approved the annual organizational performance goals and success criteria for FY18-19.

12. Review and Approval of Resolution 18-02 to Revise the Membership of the Finance Committee

Recommendation: SFHP recommended the approval of resolution 18-02 to revise the membership of the Finance Committee of the San Francisco Health Authority and San Francisco Community Health Authority.

Mr. Grgurina briefly reviewed the resolution 18-02 revisions of the Finance Committee membership. (A copy of resolution 18-02 was provided in the Board packet.)

Mr. Reece informed the Board that the Finance Committee recommended the Board's approval of the resolution. With the Finance Committee's recommendation and no identified issues, the Board unanimously approved Resolution 2018-02 to establish the membership of the Finance Committee of the San Francisco Health Authority and San Francisco Community Health Authority.

13. Review and Approval of Amendment to San Francisco Health Authority and San Francisco Community Health Authority Bylaws for Clean Up Revisions and the Addition of the Finance Committee and Quality Improvement Committee

Recommendation: SFHP recommends the approval of revisions to the SFHP Bylaws to update information and add the Finance Committee and Quality Improvement Committee.

Nina Maruyama, Officer, Compliance and Regulatory Affairs, and Mr. Grgurina reviewed the following proposed revisions of the Bylaws of the San Francisco Health Authority/San Francisco Health Plan.

- Introduction
Revised to include a new reference to Resolution 0237-05, which authorizes the creation of the San Francisco Community Health Authority. This clarifies that the Bylaws also apply to the San Francisco Community Health Authority.

- Article 1, 1.1 Name
Revised to include the “San Francisco Community Health Authority” to be part of what is referenced as “Authority” throughout the Bylaws.
Revised to include “doing business as ‘San Francisco Health Plan” for clarity.
- Article 1, 1.3, Offices
Revised to update the SFHP address to 50 Beale.

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- Article IV, Governing Body Membership, 4.2 Members
Revised to remove an incorrectly placed brace, and replaced it with a parenthesis.

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- Article V, Governing Body Procedures, 5.14 Committees of the Governing Body - Revised to include the phrase “stated in these bylaws or...” for clarity.
- Article V, Governing Body Procedures, 5.14 Committees of the Governing Body (b) Program Committee - Revised to include language that mirrors the organization’s enabling legislation.

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- Article V, Governing Body Procedures, 5.14 Committees of the Governing Body (e) Quality Improvement Committee
Added a new section (e) to include the Quality Improvement Committee (QIC), which was established by the Board through Resolution 95-04, but was not added to the Bylaws. The language also includes the purpose and composition of the QIC as outlined in Board-approved Resolution 2012-02.
- (f) Finance Committee
Added a new section (f) to include the Finance Committee, which was established by the Board through Resolution 95-01, but was not added to the Bylaws. The language also includes the purpose and composition of the Finance Committee as outlined in Board-approved Resolutions 95-01 and 2018-02.
- (g)
Added a new statement to state the Board may create “any other committees determined to be advisable by the Authority.”

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- Article XV, Chief Medical Officer
Revised this section to change references from “Medical Director” to “Chief Medical Officer (CMO).” Where applicable, language has also been added to include the CMO’s “Medical Director designee(s).” This updates the language to reflect the current structure with SFHP’s CMO and Medical Directors.
- Certificate of Secretary
Revised this section to include the approval date of these revisions, if approved by the Board on June 13, 2018.

Ms. Maruyama and Mr. Grgurina stated the proposed revisions to the Bylaws provide either necessary updates or additional clarification of the Board’s committees and recommended the Board approve the proposed revisions.

The Board did not have any questions and did not identify any issues. The Board unanimously approved the revisions to the San Francisco Health Authority/San Francisco Health Plan Bylaws as presented.

14. Review and Approval of Appointment of New Member to the Finance Committee

Recommendation: SFHP recommends the approval of the appointment of Greg Wagner, CFO, Department of Public Health, to the Finance Committee.

Mr. Grgurina provided the Board with the background for the proposed nomination of Mr. Wagner to the Finance Committee. Per SFHP Bylaws, Section 5.14, Committees of the Governing Board, members of the Finance Committee are appointed by the Governing Board by resolution or motion. The membership of the Finance Committee allows for a non-Governing Board individual to be appointed to the Committee.

Currently, there are five members of the Finance Committee. One of the Committee's long-time members, Steve Fields, has expressed his interest to step down from the Committee. With this opening, it is an opportunity to appoint a new member. We believe appointing an individual that represents the San Francisco Health network and Department of Public Health would provide an important perspective since they represent our largest provider in the SFHP network.

Mr. Wagner, as the CFO, of the San Francisco Department of Public Health, is responsible for the Department's \$1.6 billion budget, which is the largest among all of the City's departments. He was previously the Mayor's Budget Director, including during the period of the recession in the late 2000's. He has also worked at the San Francisco Planning and Urban Research Association. He has a Master's in Public Policy from the University of California, Berkeley, and a Bachelor's degree from the University of Wisconsin-Madison. Mr. Grgurina stated SFHP has worked with Mr. Wagner for the past seven years and believes his experience, knowledge and collaborative approach would make him a very valuable addition to the Finance Committee.

Mr. Grgurina also thanked Mr. Fields for serving on the Finance Committee for over 20 years as one of the organization's original Finance Committee members. He has provided invaluable and insightful contributions, particularly from the perspective of the organization's history, founding principles and growth.

Board member, Barbara Garcia, added that Mr. Wagner is actually responsible for the department's \$2.1 billion budget, not \$1.6 billion. Mr. Fawley stated the Finance Committee reviewed and approved the appointment and that the Finance Committee recommended the Board approve the appointment.

With the Finance Committee's recommendation and no issues raised, the Board unanimously approved Mr. Wagner appointment to the Finance Committee.

15. Chief Medical Officer's (CMO) Report

Due to time constraints, the CMO report was not discussed. This was an information item. No action was required. (A detailed memo was provided in the Board packet.)

16. Member Advisory Committee (MAC) Report

Due to time constraints, the Member Advisory Committee report was not discussed. The MAC report was included in the Board packet for reference.

17. CEO Report

Due to time constraints, the CEO report was not discussed. The June 2018 CEO Report was provided as a reference document in the Board packet.

Lastly, Mr. Grgurina asked if Karen Andrews, COO, could give a brief update on status of the contract negotiations with Seton Hospital and Dignity Health Systems. Ms. Andrews stated the Dignity contract is in Dignity's hands and she is still waiting to receive comments. Seton has signed the contract and it is with the Department of Managed Health Care (DMHC) for approval.

18. Adjourn

The meeting was adjourned.

Reece Fawley, Secretary