AGENDA ITEM 1A: FINANCE COMMITTEE MINUTES

Joint San Francisco Health Authority &
San Francisco Community Health Authority Finance Committee Minutes
November 13, 2024
(11:00 pm to 12:00 pm)

1. **Attendance.** In attendance were Steven Fugaro, MD, Deneen Hadley, Eddie Chan, Pharm.D.

   Guests: Chris Pritchard, Rianne Suico, and Gordon Lam, from Moss Adams Consultants

2. **Welcome.** Deneen Hadley, Chair, opened the meeting and welcomed committee members, staff, and Chris Pritchard, Rianne Suico, and Gordon Lam, Moss Adams Consultants, LLP. They attended as guests to present the Independent Audit Report.

3. **Review and Approval of Minutes from September 11, 2024**
   Motion to approve the Finance Committee minutes from September 11, 2024:
   Steven Fugaro, MD
   Second: Eddie Chan, PharmD
   The motion passed unanimously.

4. **Review and Approval of the Annual Independent Audit Report for FY 2023-24.** Anne Price, CFO, introduced Chris Pritchard, Partner, Rianne Suico, Partner, and Gordon Lam, Moss Adams Consultants, the independent audit firm hired by San Francisco Health Plan (SFHP). The audit firm presented the highlights from their FY 23-24 independent financial audit report. The auditors gave SFHP an “Unmodified Opinion,” which is the highest opinion available (also known as a “clean opinion”). There were no significant or material comments in the document, “Communication to the Governing Board.” There were no required or recommended adjustments to the journal entries. (A detailed audit report was provided in the Finance Committee packet.)

   The Moss Adams consultants stated the audit went well. The Finance Committee and audit consultants then met without SFHP staff. Upon returning, Ms. Hadley shared that the auditors recommended internal controls related to purchasing of supplies. This has been a fraud trend the auditors have observed in other organizations. This would include refining procedures for how items such as IT equipment are purchased and returned by staff.

   Ms. Hadley thanked the auditors and SFHP management for another smooth audit.

   Motion to approve the Independent Audit Report for FY 2023-24:

   Eddie Chan, PharmD

   Second: Steven Fugaro, MD

   The motion passed unanimously.

5. **Review and Approval of Year-to-Date Unaudited Financial Statements and Investment Income Reports.** Anne Price, Chief Financial and Strategy Officer, and Rand Takeuchi, Controller, reviewed the financial results and investment reports for the period ending September 30, 2024.

   Ms. Price reported margin was favorable to budget by $1.1 million with a reported margin of $4.0 million versus a budgeted margin of $2.9 million. Drivers contributing to the favorable variance were favorable net investment income of $1.5 million, favorable net administrative expense of $0.05 million, offset by net medical expense of ($0.9) million. Excluding passthroughs, the Medical Loss Ratio (MLR) came in unfavorable at 92.0% compared to budget of 91.0%. There were no significant issues identified.

   Motion to approve the year-to-date and year-end unaudited financial and investment reports: Steven Fugaro, MD
   Second: Eddie Chan, PharmD

   The motion passed unanimously for forwarding to the full Governing Board for approval.

6. **Semi-Annual Program Integrity Report.** Nina Maruyama, Chief Officer, Compliance and Regulatory Affairs, provided an overview of the semi-annual program integrity report, which included an overview of the staff training, investigation of potential fraud and abuse cases, and issuance of a request for proposals for a fraud detection and case management software, which is needed for both the Medi-Cal and future D-SNP lines of business.

7. **Adjourn.** Ms. Hadley adjourned the meeting.

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Secretary/Treasurer