



**Joint San Francisco Health Authority/San Francisco Community Health Authority
Governing Board
March 4, 2020
Meeting Minutes**

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

Members

Present: Dale Butler, Edwin Batongbacal, Eddie Chan, PharmD, Lawrence Cheung, MD, Irene Conway, Reece Fawley, Steve Fields, Steven Fugaro, MD, Sabra Matovsky, David Woods, PharmD

Members

Absent: Roland Pickens, MHA, FACHE, Maria Luz Torre, Emily Webb, Greg Wagner, and Jian Zhang, DNP, MS, FNP-BC

John F. Grgurina, Jr., CEO, informed the Board that the Department of Health Care Services (DHCS) annual audit was taking place on site for the next two weeks. In addition, Mr. Grgurina reminded the Board members to complete their Form 700 by April 1st and, lastly, Mr. Grgurina announced that it was Valerie Huggins' birthday.

Steven Fugaro, MD, Chair, announced Mr. Grgurina's 12-year anniversary at San Francisco Health Plan (SFHP) and thanked Mr. Grgurina for his leadership over the past 12 years.

Dr. Fugaro 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 DSR Health Law, the external counsel contracted with SFHP. There were no public comments.

1. Approval of Consent Calendar

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

- a. Minutes from January 8, 2020 Governing Board Meeting
- b. Credentialing and Recredentialing Recommendations

The Board unanimously approved the consent calendar without any issues.

2. Federal Updates and State Budget Updates

Sumi Sousa, Officer of Policy Development & Coverage Program, provided Federal and State Budget updates to the Board. She reviewed a slide deck that was included in the Board packet.

Ms. Sousa stated that the U.S. Supreme Court lifted the preliminary stay on implementation of the Trump Administration's public charge rule for all states. She stated that litigation challenging the proposed regulations continues in the lower courts. The Department of Homeland Security began enforcing the new rule on February 24, 2020. As a result of this ruling, non-cash programs, including Medi-Cal, will be a factor that will be reviewed when individuals apply for entry into the U.S.

Ms. Sousa also reviewed that the U.S. Supreme Court is still deciding whether to review the case, *Texas v. Azar*. In January, the Supreme Court declined California's and other states' requests to expedite its decision to review the case.

She reviewed the good news regarding several key positions at the Department of Health Care Services (DHCS). Brad Gilbert, MD, former CEO of Inland Empire Health Plan, was appointed to the position of Director. He is recognized statewide as a leader with extensive and practical county health department and public Medi-Cal managed care plan experience. Jacey Cooper, who has been leading the planning of DHCS' CalAIM program, was named as the Chief Deputy Director. She has extensive public hospital experience as well. Lastly, SFHP's Kerry Landry left SFHP to serve as the Assistant Deputy, Managed Care.

Fiona Donald, MD, SFHP's Senior Medical Director, joined Ms. Sousa to provide an update on the Medi-Cal CalAIM program. Dr. Donald informed the Board that most stakeholder workgroups will wrap up by March and DHCS would then finalize its CalAIM proposal for submission to CMS. After the stakeholder input process, DHCS dropped the annual enrollment proposal, which would have established an annual open enrollment in Medi-Cal managed care, rather than the current ability to change health plans on a monthly basis. DHCS has not relayed other changes, but there are numerous key programmatic requirements for managed care plans that still need to be finalized.

Ms. Sousa stated that the tax on managed care plans ("MCO tax"), which provides \$1 billion to \$2 billion in funding to Medi-Cal for five years was reauthorized by the legislature as a part of the 2019 budget. This still requires CMS approval. She reviewed that Governor Newsom proposes major investments in Medi-Cal in his proposed state budget for FY 20-21, as well as \$750 million for housing options for the homeless. She also stated that the Health and Human Services Agency has been charged with providing options to enhance the public option through Covered CA. They will try to bring more

Medi-Cal managed care plans into Covered CA in counties where there are few health plan choices.

Covered CA announced a new, short-term special enrollment period from February 18 through April 30. California consumers will be allowed more time to enroll in Covered CA plans and gain access to California's enhanced subsidies. Ms. Sousa stated that there is a broad lack of knowledge about new state subsidies for Californians with incomes from 400% to 600% FPL and the state individual mandates.

Edwin Batongbacal asked for an update on the DHCS behavioral health and primary care integration project. Dr. Donald stated that applications for the Proposition 56-funded behavioral health integration grants are still under review. The DHCS is delayed in its review of the applications. Reece Fawley asked about the status of CCS integration. Ms. Sousa stated that San Francisco is not part of the CCS integration.

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

Recommendation: Review and approval of unaudited monthly financial statements and investment reports.

Skip Bishop, CFO, and Rand Takeuchi, Director, Accounting, reviewed the financial statements for the period ending January 2020. Mr. Bishop discussed the following highlights:

1. January 2020 reported a loss of (\$3,832,000) versus a budgeted loss of (\$2,388,000). After removing Strategic Use of Reserves (SUR) activity, the actual loss from operations would be (\$3,554,000) versus a budgeted loss of (\$2,110,000).

The budget anticipated that January would produce a loss due to heavy fee-for-service claims activity which would include five claims check runs plus a seasonal claims catch-up from a lighter December. Actual fee-for-service claims were \$717,000 above our budget projections. In addition, we recorded a \$743,000 reduction in revenue due to the impact of the Medi-Cal deceased member audit. This audit covered the period of September 2011 through June 2018. Mr. Bishop stated there is a separate, related Board agenda item on this topic.

2. On a year-to-date basis, SFHP showed a loss of (\$1,144,000) versus a budgeted loss of (\$7,326,000). The FY19-20 budget assumed \$4.6 million in SUR funding would be disbursed in July. Providers qualified for these SUR dollars earlier than expected so the funds were paid in June and included in FY18-19 medical expense. After removing SUR activity, the actual margin from operations would be \$2,145,000 versus a budgeted margin of \$214,000.

3. Variances between January actual results and the budget include:

a) A net decrease in revenue of (\$1,585,000) due to:

- i. \$371,000 less in premium revenue due to changes in the membership mix. Member months were 1,302 less than budget, mostly due to retroactive adjustments related to December 2019 membership.
- ii. \$743,000 reduction in revenue due to the impact of the Medi-Cal deceased member audit.
- iii. \$274,000 less in Hepatitis C revenue as the result of 101 fewer treatment weeks.
- iv. \$95,000 less in Maternity revenue as the result of 11 fewer maternity events.
- v. \$102,000 less in third-party administrative fees which can be attributed to a decrease in Community Health Network (CHN) membership and related capitation plus the phase-out of the Healthy Kids line of business.

b) A net increase in medical expenses of \$544,000 due to:

- i. \$717,000 more in fee-for-service expense, primarily in the area of inpatient hospital claims paid under the All Patients Refined-Diagnosis Related Groups (APR-DRG) methodology. SFHP will be retaining the services of Varis, LLC, to conduct an independent review of APR-DRG claims and identify potential overpayments. This claims audit work is expected to begin in March 2020.

Jim Glauber, MD, MPH, explained that the Varis audit was part of SFHP's cost containment and fiduciary responsibilities as the third-party administrator for the San Francisco Health Network. The audit would not second guess medical decisions, but instead will review medical records related to APR-DRG claims to ensure an accurate match of the diagnosis codes in the medical record to the APR-DRG diagnosis code on the claims.

- ii. \$14,000 less in pharmacy expense. Our Pharmacy department continues to do an excellent job of managing our drug spend to stay within budget parameters. Through January, non-Hepatitis C drug costs are \$1,772,000 below budget.
- iii. \$43,000 less in non-specialty mental health costs due to slightly lower than expected utilization, especially during the first half of January.
- iv. \$116,000 less in health education costs. This variance is the result of timing issues with actual spend versus projections. It is expected that actual spending will be more in line with budget expectations as we get closer to year-end.

- c) A net decrease in administrative expenses of \$489,000 due to:
- i. \$387,000 less in Compensation and Benefits due to more open positions than anticipated plus the impact of GASB 68 adjustments.
 - ii. \$102,000 less when combining Professional Fees/Consulting and systems support costs.

Below is a chart highlighting the key income statement categories with adjustments for SUR activity in order to show margin from ongoing operations for the month of January.

| CATEGORY | -----JAN 2020----- | | | | -----FYTD 19-20 THRU JAN----- | | | |
|-------------------------------------|-----------------------|-----------------------|-----------------------|---------------|-------------------------------|-----------------------|---------------------|---------------|
| | ACTUAL | BUDGET | FAV (UNFAV) | % FAV (UNFAV) | ACTUAL | BUDGET | FAV (UNFAV) | % FAV (UNFAV) |
| MEMBER MONTHS | 136,620 | 137,922 | (1,302) | -0.9% | 971,737 | 975,984 | (4,247) | -0.4% |
| REVENUE | \$ 45,827,000 | \$ 47,412,000 | \$ (1,585,000) | -3.3% | \$ 455,513,000 | \$ 409,719,000 | \$ 45,794,000 | 11.2% |
| MEDICAL EXPENSE | \$ 45,866,000 | \$ 45,322,000 | \$ (544,000) | -1.2% | \$ 429,333,000 | \$ 388,102,000 | \$ (41,231,000) | -10.6% |
| MLR | 101.6% | 97.2% | | | 95.4% | 96.0% | | |
| ADMINISTRATIVE EXPENSE | \$ 4,156,000 | \$ 4,644,000 | \$ 488,000 | 10.5% | \$ 28,791,000 | \$ 30,110,000 | \$ 1,319,000 | 4.4% |
| ADMINISTRATIVE RATIO | 7.7% | 8.3% | | | 5.2% | 6.1% | | |
| INVESTMENT INCOME | \$ 363,000 | \$ 166,000 | \$ 197,000 | 118.7% | \$ 1,467,000 | \$ 1,167,000 | \$ 300,000 | 25.7% |
| MARGIN (LOSS) | \$ (3,832,000) | \$ (2,388,000) | \$ (1,444,000) | | \$ (1,144,000) | \$ (7,326,000) | \$ 6,182,000 | |
| ADD BACK: SUR PAYMENTS AND ACCRUALS | \$ 278,000 | \$ 278,000 | | | \$ 3,289,000 | \$ 7,540,000 | | |
| MARGIN FROM OPERATIONS | \$ (3,554,000) | \$ (2,110,000) | \$ (1,444,000) | | \$ 2,145,000 | \$ 214,000 | \$ 1,931,000 | |
| MLR W/O SUR PMTS | 101.0% | 96.6% | | | 94.6% | 94.1% | | |

On a year-to-date basis through January and after the removal of SUR activity, SFHP is \$1,931,000 above budget on margin. This improvement over budget projections is due to favorable changes in membership mix (2,644 more SPD member months than anticipated), the 1.7% Medi-Cal rate increase related to the population acuity adjustment and greater than expected reinsurance recoveries related to prior years.

- Overall net revenue is above budget by \$45,794,000. After removing the impact of Directed Payments, net revenue is still up by \$195,000. We are down 4,247 member months, but the impact of more SPD member months and the 1.7% rate increase for the population acuity adjustment has us slightly ahead on revenue.
- Overall medical expense is above budget by \$41,231,000. After removing the impact of Directed Payments and SUR activity, medical expense is \$117,000 below budget.
- Overall administrative expense is below budget by \$1,319,000. Slightly lower Compensation and Benefits costs, favorable GASB 68 adjustments, lower than expected Professional Fees and Consulting plus the \$277,000 PBM implementation credit recorded in November 2019 represent the majority of this savings.

PROJECTIONS

Financial projections through July 2020:

1. As of January 2020, SFHP added \$3,611,000 to the PIP program related to the FY18-19 Strategic Use of Reserves (SUR) program. A total of \$5 million will be added to the CY2019 PIP program for professional providers. The CY2019 PIP actually runs for 18 months this cycle, therefore the remaining \$1,389,000 will be accrued over the additional period from February 2020 through June 2020. The PIP will then run on a fiscal year basis from July 2020.
2. Effective July 2019, SFHP's Medi-Cal premium rates were increased by a weighted average of 0.8%. In September 2019, DHCS informed SFHP that premium rates will increase by 1.7% as the result of a population acuity adjustment. This increase will be retroactive to July 2019 and is expected to deliver an additional \$8 million in revenue for FY19-20.
3. DHCS is transitioning to calendar year rate-setting therefore there will be no Medi-Cal premium rate adjustments effective July 2020. The next premium rate adjustments will be implemented in January 2021.
4. Hepatitis C reimbursement rates were reduced effective July 2019. The rate reduction for non-340B Hepatitis C drugs was 30.9% (\$1,169 per treatment week) while the rate reduction for drugs purchased under 340B rules was 23.3% (\$683 per treatment week). DHCS has reduced the Hepatitis C rates as lower cost generic drugs continue to enter the marketplace. The medical loss ratio through December is 95.9%. SFHP is slightly above break-even as members have been transitioning to the lower cost generic drugs and pharmacy rebates have increased.
5. SFHP continues to make Proposition 56 enhanced payments to medical groups for qualifying physician services for FY18-19 as well as FY19-20. Effective January 2020, Prop 56 was expanded to include supplemental payments for developmental screenings and adverse childhood experiences screenings. While FQHCs are excluded from Prop 56 funding for physician services, FQHCs may be reimbursed for Prop 56 funding for developmental screenings and adverse childhood screenings.
6. The remaining \$20 million in Directed Payments funding related to FY17-18 is expected to be received in March 2020. This funding covers the Enhanced Payment Program (EPP), Quality Incentive Pool (QIP) and Private Hospital Directed Payments (PHDP).

HIGHLIGHTED IMPACTS TO THE HEALTH PLAN AND/OR PROVIDERS

Medi-Cal Deceased Member Audit

In early January 2020, DHCS released the results of its Medi-Cal deceased member audit, which covered the period from September 2011 through June 2018. The audit reviewed whether DHCS paid Medi-Cal managed care plans (MCPs) capitation payments for deceased members. The audit concluded that DHCS overpaid SFHP \$983,748 in capitation for the period of September 2011 through June 2018. SFHP was made aware of the pending audit and recorded an accrual in the amount of \$241,000 at June 30, 2019 to cover the estimated exposure. The remaining liability of \$742,748 for the actual overpayment was recorded in January 2020.

The DHCS recovery of \$983,748 consisted of several components:

| | |
|--|------------------|
| • Revenue to SFHP | \$651,051 |
| • SB 208 Intergovernmental Transfer (IGT) | \$141,970 |
| • Hospital Quality Assurance Fees (HQAF) | \$ 54,250 |
| • Adult Expansion AB85 to Cost | \$ 39,625 |
| • Managed Care Organization (MO) tax | \$ 33,677 |
| • Rate Range Intergovernmental Transfer | \$ 28,715 |
| • Adult Expansion AB85 75% Rate Range | \$ 18,991 |
| • ACA 1202 Increased Payments for Primary Care Providers | \$ 8,180 |
| • Adult Expansion AB85 25% Rate Range | \$ 6,359 |
| • Directed Payments | \$ 886 |
| • Proposition 56 | \$ 44 |
| | <u>\$983,748</u> |

The potential impact to providers of a take-back of capitation and related supplemental payments would be as follows:

| | |
|----------------------------------|------------------|
| Zuckerberg San Francisco General | \$418,055 |
| Clinical Practice Group | \$ 83,885 |
| CPMC | \$ 34,014 |
| UCSF | \$ 32,260 |
| NEMS | \$ 23,431 |
| Chinese Hospital | \$ 12,200 |
| SFCCC | \$ 11,164 |
| CCHCA | \$ 10,850 |
| Brown & Toland | \$ 8,468 |
| Kaiser | \$ 5,553 |
| Hill Physicians | \$ 1,798 |
| | <u>\$641,678</u> |

| | |
|-------------------------------|------------------|
| MCO Tax | \$ 33,677 |
| ACA 1202 | \$ 8,181 |
| Proposition 56 | \$ 44 |
| SFHP – other medical expenses | <u>\$300,168</u> |
| | \$983,748 |

Recovery Options:

1. A retroactive recovery of capitation and other supplemental payments back to September 2011.
2. No retroactive recovery of capitation and other supplemental payments, except from Kaiser.

SFHP does not recommend option #1 as the recovery of capitation back to September 2011 would create a hardship for the Federally Qualified Health Centers (FQHCs) and the Department of Public Health (DPH).

This recommendation is not intended to be precedent-setting.

Recommendations on future recoveries of premium payments made by DHCS will be based on each unique set of circumstances.

Please see the separate Governing Board memo for the related Governing Board agenda item during this meeting.

Rand Takeuchi, Director, Accounting, reviewed the investment reports. He stated that the previously experienced two percent return were very good returns for the type of investment SFHP is allowed to make. He stated that with changes in federal reserve policies that impact the type of investments SFHP makes, the returns would likely decrease to a 1 percent return. Rather than a return of \$2 million, SFHP may instead experience a return of \$1,800,000.

Reece Fawley, Chair, Finance Committee, stated that the Finance Committee was pleased with the year-to-date results. Mr. Fawley stated that the Finance Committee’s discussion was focused on the future and the need for SFHP to build its reserves. He stated his appreciation for the plan’s transparency and clarity. He stated that the Finance Committee recommends approval of the financial statements and investment reports.

With the Finance Committee’s recommendation, the Governing Board approved the unaudited monthly financial statements and investment reports without any issues.

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 Medi-Cal Rate Changes for Provider Contracts

This item was discussed in closed session.

5. Discussion of Corrective Action Plans with Chinese Community Health Care Association (CCHCA) and Brown and Toland Physicians Medical Group

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. Report on Closed Session Action Items

Dr. Fugaro reported on the following actions taken during the Closed Session:

a) Approved the Medi-Cal Rate changes for provider contracts as proposed. Medi-Cal Dual provider capitation rates would be reduced by 20.1% and would be the same reduction for all capitated providers. The rate changes will be effective July 1, 2020.

7. Review and Approval of Decision Not to Recover Funds from Medical Groups and Capitated Hospitals for Deceased Medi-Cal Enrollee Capitation Recoupments by the Department of Health Care Services

Recommendation: SFHP recommends not recovering capitation and other supplemental payments from providers that are related to DHCS' recently completed Medi-Cal deceased member audit, except for Kaiser since Kaiser receives premium rates that are 98% of SFHP's Medi-Cal premium rates.

The recommendation is not intended to be precedent-setting. Recommendations on any future recoveries of premium payments by the DHCS will be based on each unique set of circumstances.

Mr. Bishop reviewed the background to the Board. (A detailed memo was provided in the Board packet.)

Mr. Bishop stated that in early January 2020, DHCS released the results of its Medi-Cal deceased member audit, which was conducted to determine whether DHCS paid Medi-Cal managed care plans capitation payments for deceased members from the period September 2011 through June 2018. The audit concluded that DHCS overpaid SFHP \$983,748 in capitation for the period from September 2011 through June 2018. SFHP was aware of the pending audit and recorded an accrual in the amount of \$241,000 at June 30, 2019 to cover the estimated exposure, which was based on a narrower audit period because the look back to September 2011 was not known at that time. The remaining liability of \$742,748 was recorded in January 2020 when the full amount of the recovery was provided by DHCS.

Mr. Batongbacal asked if this audit and recovery process will be recurring. Mr. Grgurina stated that DHCS will conduct this audit on an annual. He also stated that DHCS said that while the audit included a look back to September 2011, DHCS may also audit payments before September 2011. He also stated that on an annual basis the takeback may be relatively low, e.g., \$5,000 annually.

With the recommendation for approval from the Finance Committee, the Governing Board unanimously approved the decision not to recover funds from medical groups and capitated hospitals for the deceased Medi-Cal enrollee capitation recoupments by the DHCS, except for Kaiser.

8. Member Advisory Committee (MAC) Report

Irene Conway provided the Board with a MAC report. Ms. Conway mentioned MAC's new location at the Lighthouse offices, which is more accessible by public transportation than the previous location at the United Way building.

In March, Dr. Grant Colfax, Director of San Francisco Department of Public Health, is scheduled to present for 30 minutes. He will be provided with questions in advance.

Ms. Conway reported that in January, the Committee finalized their 2020 goals. At the February meeting, SFHP staff member, Nina Maruyama, attended to discuss SFHP Medi-Cal and Healthy Worker benefits per MAC's request.

Ms. Conway presented the Committee's 2020 goals to the Board for approval. Copies of the Committee's goals were provided in the Board. Board member, Sabra Matovsky, asked if there was a speaker identified for goal number four, regarding transitional housing for homeless. If not, she recommended a speaker from the Corporation for Supportive Housing and offered to provide a contact.

The Board unanimously approved the 2020 goals for MAC.

9. Chief Medical Officer's Report

a. Review and Approval of Proposal for Undistributed Strategic Use of Reserves and Practice Improvement Program (PIP) Funds

Recommendation: SFHP recommends the Governing Board approve the recommendations for the use of the undistributed dollars from previous Practice Improvement Program (PIP) and Strategic Use of Reserves (SUR), totaling \$1.76 million.

These investments would support SFHP providers and improve quality of care for members. A detailed memo was provided in the Board packet.

Amy Petersen, Manager, Access and Care Experience, provided the Board with background on the recommendations. She stated that starting in 2020,

DHCS holds health plans to higher standards for HEDIS performance. DHCS requires reporting on more measures and expects plans to have results above the national 50th percentile for all measures. Financial sanctions may be applied to plans who do not meet the 50th percentile.

The recommendations for the use of undistributed PIP and SUR funds would be used to invest in efforts to narrow SFHP's performance gaps in measures that SFHP may be at risk for not meeting the 50th percentile, e.g., well-child visits and chlamydia screenings. SFHP proposes three funding areas that would support the use of technology to help providers improve performance in these areas. SFHP reached out to providers to gauge interest in mHealth, which includes the use of mobile and wireless devices to improve health outcomes, as one of these funding areas. Discussions with the provider groups revealed growing interest and experience with mHealth to engage patients and families.

Ms. Petersen presented the following three focus areas for funding to ensure that SFHP continues to be the top-performing public health plan participating in Med-Cal:

1. Patient portal optimization
2. Engage patient/family or workforce to promote patient-facing technologies
3. Implement or scale messaging platform

Lawrence Cheung, MD, asked how the proposals would be implemented at the individual provider level. Ms. Petersen stated that individual providers belong to medical groups that would be funded. Individual physicians would approach the medical groups they contract with about their individual funding need. Dr. Cheung expressed that it seems individual providers would be faced with different application processes if they contract with multiple medical groups. Jim Glauber, MD, MPH, stated that SFHP staff would try to facilitate the process and coordinate with medical groups to avoid fragmentation of application approaches.

Sabra Matovsky asked about funding for smaller clinics if they pool together. Would they get less funding per clinic? Adam Sharma, Director, Health Outcomes Improvement, stated that each clinic would not get less if they work together; they would still get their allotted amount based on their membership. Ms. Matovsky requested the funding amounts for each clinic.

Mr. Fawley asked who would be contacted within each medical group about the funding opportunity. Mr. Grgurina stated that Board members would be informed about who would be contacted within each medical group so that they can follow up within their organizations.

Mr. Grgurina stated that DHCS has stated SFHP is the plan with the largest provider surplus program. Mr. Grgurina stated his appreciation to the Board for its support.

Ms. Conway asked if the SUR and PIP funds are replenished. Mr. Grgurina stated that it was not likely that SFHP would have SUR funds going forward because of the need for SFHP build reserves.

With the Finance Committee's recommendation for approval, the Board unanimously approved the proposal for the undistributed SUR and PIP funds as presented.

10. Review and Approve Contract with KP, LLC, for Printing Services

Recommendation: After a competitive bid process, SFHP recommends the Governing Board approve a five-year extension of the contract with our current print, ID card and mail house vendor, KP LLC, for all lines of business.

Valerie Miller, Director, Marketing & Communications, provided the Governing Board with background on the contract extension recommendation. A detailed memo was provided in the Board packet.

The pricing specified in the proposed five-year contract extension remain unchanged from our existing pricing, representing no increase in print and mail house pricing for a total of eight years. For context, the approximate annual spend for the Medi-Cal and the Healthy Workers HMO programs is \$1.5 million and for the third-party administrator lines of business (Healthy San Francisco, SF City Option and SF Covered MRA) is \$0.85 million, totaling \$2.35 million annually. Ms. Miller stated that although SFHP has greatly increased our print volume due to mandated mailing and absorbed annual postal rate increases over the past three years, the launch of "go green" annual mailing campaign has allowed us to keep total costs down. This campaign has enabled our members to opt-out of paper copies of the Medi-Cal annual mailing.

The Finance Committee also approved the recommendation for forwarding to the Board. The Board unanimously approved the contract extension with KP, LLC, for printing services.

11. Review and Approval of Contract with Three Vendors, insight Global, DevCool, and NTT, for ITS Staffing Agencies

Recommendations: SFHP recommends Master Service Agreements with Insight Global, DevCool, and NTT for ITS staff augmentation support.

Darin Moore, CIO, presented a proposal to contract with the three vendors for the following uses (detailed PowerPoint slides were provided in the Board packet):

- When a resource is needed, the job requirements and skill set needed will be sent to all three vendors.
- The best presented resource based on ability to meet the job requirements and price will be awarded the statement of work.
- Occasionally, a firm other than these three may be used for a specialized skill set.

- It is likely that the total combined spend with the three vendors will be above \$1 million in 2020. It is also possible that the spend with a single vendor could be above \$1 million.

The Board unanimously approved the contract with three vendors, Insight Global, DevCool, and NTT, for ITS staffing support.

12. Review and Approve Contract Approach with Edifecs, a Health Care Data Interchange Vendor

Recommendation: SFHP recommends the Governing Board approve SFHP to contract with health care data interchange vendor, Edifecs, with an expected value of over \$1,000,000 in 2020.

Mr. Moore reviewed the recommendation to contract with health care data interchange vendor, Edifecs. He stated that SFHP has contracted with Edifecs since 2014. Currently SFHP uses Edifecs software and expertise to maintain CAQH CORE compliance, encounter management, and electronic data interchange (EDI), testing. By June 2020, SFHP will be implementing Edifecs Smart Trading solution to improve and consolidate SFHP's EDI capabilities. SFHP's current EDI solution was built internally and is maintained by SFHP staff. The Smart Trading solution will allow SFHP to better serve providers, increase data accuracy, maintain compliance, and allocate SFHP resources to other project work. In addition, Edifecs is the top contender in an RFP process to select an interoperability platform to comply with the expected federal interoperability regulations (final selection of a vendor is pending).

In 2018, SFHP the contract and statements of work with Edifecs totaled \$161,545.80. In 2019, encounter data management and a real-time eligibility improvement project were added to increase the total expense to \$464,340.65. In 2020, implementing the Edifecs Smart Trading solution is anticipated to bring the total Edifecs expense to approximately \$1,000,000. If Edifecs is selected as the interoperability vendor, the total expense with Edifecs is expected to be between \$1,500,000 and \$1,800,000.

The Board unanimously approved SFHP to contract with health care data interchange vendor, Edifecs, with an expected value of over \$1,000,000 in 2020.

13. Annual Review of SFHP Administrative Contracts

The following was presented to the Governing Board for discussion only. No action was required.

Kaliki Kantheti, Operations Officer, provided background to the Board. A detailed memo was also provided in the Board packet.

At the March 4, 2015 Governing Board meeting, the Board approved a policy to

require Board approval for administrative contracts with a value of \$1 million or more. Additionally, with the approval of this policy, SFHP staff was required to provide the Governing Board with a list of contracts valued at over \$100,000 on an annual basis. In keeping with this policy, Ms. Kantheti presented for the Board's review the 44 contracts in calendar year 2019 that were valued at \$100,000 or greater. There were no issues or questions from the Board.

14. CEO Report Highlighted Items – Form 700

Due to time restraints the CEO report was not discussed, but the materials were included in the Board's packet.

Adjourn

Reece Fawley, Secretary