SAN FRANCISCO HEALTH PLAN

Here for you

Joint San Francisco Health Authority/San Francisco Community Health Authority
Governing Board
November 6, 2019
Meeting Minutes

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

Members
Present: Dale Butler, Edwin Batongbacal, Eddie Chan, Pharm.D., Irene Conway, Lawrence Cheung, MD, Reece Fawley, Steve Fields, Steven Fugaro, MD, Maria Luz Torre, Greg Wagner, Emily Webb, and Jian Zhang

Members
Absent: Sabra Matovsky, Roland Pickens, MHA, FACH, and David Woods, Pharm.D.

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 DSR Health Law, Rianne Suico and Chris Pritchard from Moss Adams.

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. Review and Approval of Minutes from September 4, 2019 Governing Board Meeting
b. Quality Improvement Committee (QIC) Minutes
c. Credentialing and Recredentialing Recommendations

The Board unanimously approved the consent calendar without any issues.

2. Review and Approval of Annual Independent Auditor's Report for FY 18-19

Recommendation: Review and approve of Annual Independent Auditor's Report for FY 18-19.

Chris Pritchard, Partner, and Rianne Suico, Senior Manager, Moss Adams Consultants, the independent audit firm hired by SFHP, presented the FY 2018-19 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 Communication to the Governing Board. There were no required or recommended adjustments to the journal entries.

Ms. Suico reviewed the following key points of the audit report:

- Over the years, SFHP has been very consistent, which is a testament to management's ability to produce financial statements without material error.
- All reported receivables and assets were properly supported and appropriate.
- All payments and liabilities were appropriated accounted.
- Assumptions and information used by SFHP's actuary for the Incurred But Not Reported (IBNR) were tested and all liabilities were reasonably stated.
- All capitation payments to providers were properly supported.
- Recording of operational expenses were in accord with accounting policies and principles.
- Trends were consistent with expectations, without any unusual spikes.
- SFHP's tangible net equity (TNE), which is a measure of an organization's financial health, was very strong.
- There were no issues with the transition to a new Chief Financial Officer.
- There were no disagreements with SFHP's management.

John Grgurina, Jr., CEO, stated that while the TNE is very strong, the situation will change in 2021, when the TNE levels will be much higher with the carve-in of long-term care services for Medi-Cal. This will result in higher revenues and expenses, resulting in a subsequent need for a higher level of TNE.

Dr. Fugaro stated that the Finance Committee reviewed the report in detail and that auditors also met with the Finance Committee for a detailed discussion without the SFHP staff present. Reece Fawley, Chair of the Finance Committee, reported that the Finance Committee discussed one control issue that was found during the audit. Moss Adams found a lack of system access control when an employee transitioned to a supervisor role and his access level was not changed. Although no issues occurred as a result, the employee could have created an account and make a payment to that account. The necessary separation of roles was not in place, but was completed on October 21, 2019. SFHP stated that role-based access controls for transitioning positions is being addressed with project in progress.

Edwin Batongbacal asked about the strategic use of reserves (SUR) and if they are related to the TNE. Mr. Grgurina stated that SFHP follows the Board-approved policy which states if the health plan's reserves are twice the amount needed to pay the providers' capitation and fee-for-service payments, SFHP uses the excess dollars as SUR. Mr. Grgurina stated that the addition of long-term care, duals and a D-SNP would increase the upper end of SFHP's reserve level to approximately $200 million, which means SFHP would need to rebuild the reserves. SURs will be unlikely for the next three to four years as SFHP builds up the TNE levels to match the expected new revenues from the long-term care carve in. Mr. Fawley added that SFHP will need to rebuild capital and position the organization in a solid financial position.

Mr. Fawley stated that the Finance Committee has confidence in the Finance department leadership and recommended the Board approve the Moss Adams independent audit report.

Dr. Fugaro thanked the Board's engagement in reviewing the report as their involvement and understanding is very important. Dr. Fugaro also complimented the Finance department leadership and staff for another smooth audit. Lastly, Dr. Fugaro thanked Moss Adams.

The Board unanimously approved the auditor's report for FY 2018-19.

3. Review and Approval of Unaudited Monthly Financial Statements and Investment Reports

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

Skip Bishop, CFO, reviewed the financial statements for the period ending September 30, 2019. Mr. Bishop discussed the following highlights:

1. September 2019 results produced a margin of $1,519,000 versus a budgeted loss of ($426,000). After removing Strategic Use of Reserves (SUR) activity, the actual margin from operations would be $1,952,000 versus a budgeted margin of $557,000.

   In September, we received $119,868,000 in Directed Payments funding related to FY17-18. The FY19-20 budget projected Directed Payments funding of $74,201,000. For FY19-20, we projected $148,402,000 in Directed Payments with 50% to be received in September 2019 and 50% to be received in March 2020. The Department of Health Care Services (DHCS), however, staggered the payments differently than expected. SFHP received $45,667,000 more in Directed Payments than expected, which skewed the medical loss ratio (MLR) higher and our administrative expense ratio lower. The payment expected in March will be much lower than anticipated.

The Directed Payments funds were disbursed to Zuckerberg San Francisco General (ZSFG), UCSF Medical Center and other private hospitals in our network. Per DHCS, health plans are allowed to treat this funding as revenue and medical expense.

2. Variances between September actual results and the budget include:

   a) A net increase in revenue of $47,277,000 due to:
      i. $45,667,000 more in Directed Payments funding related to FY17-18.
      ii. $1,788,000 more in premium revenue. In September, DHCS informed SFHP that FY19-20 Medi-Cal rates would be increased by 1.7% effective July 1, 2019. This increase was driven by a population acuity adjustment. The Medi-Cal population has decreased, but utilization has not decreased at the same rate, which indicates a higher acuity of the remaining population. This additional revenue includes the increase related to July and August as well. The 1.7% increase will be an additional $8 million in the fiscal year.
      iii. $92,000 less in Hepatitis C revenue as the result of 47 fewer Hepatitis C treatment weeks.
      iv. $130,000 less in Maternity revenue as the result of 15 fewer maternity events.
      v. $44,000 more in third-party administrative fees which can be attributed to Healthy Kids grant funding.

   b) A net increase in medical expense of $45,138,000 due to:
      i. $45,667,000 more in Directed Payments funding related to FY17-18.
      ii. $550,000 less in SUR activity when compared to the budget.
      iii. $234,000 less in pharmacy expense due to lower utilization and fewer Hepatitis C treatment weeks.
      iv. $255,000 more net capitation and fee-for-service expense.

   c) A net increase in administrative expense of $182,000. The majority of this variance can be found in:
      i. $79,000 more in Compensation, Benefits and GASB 68 – several open positions were filled sooner than expected.
      ii. $62,000 more in Lease, Insurance and Depreciation – 50 Beale Street common area maintenance (CAM) charges and real estate taxes related to prior periods.
      iii. $81,000 more in Professional Fees and Consulting – Operations ($53,000) and ITS ($28,000) consulting services related to the prior fiscal year.
      iv. $40,000 less in Other Expenses – information technology support costs were slightly less as these costs were budgeted a little heavier in the early months of the fiscal year.

3. 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 September.

	---SEP 2019---				---FYTD 19-20 THRU SEP---			
CATEGORY	ACTUAL	BUDGET	FAV (UNFAV)	% FAV (UNFAV)	ACTUAL	BUDGET	FAV (UNFAV)	% FAV (UNFAV)
REVENUE	$ 169,582,000	$ 122,306,000	$ 47,276,000	38.7%	$ 265,857,000	$ 219,061,000	$ 46,796,000	21.4%
MEDICAL EXPENSE	$ 163,879,000	$ 118,741,000	$ (45,138,000)	-38.0%	$ 250,672,000	$ 209,790,000	$ (40,882,000)	-19.5%
MLR	97.1%	97.7%			95.2%	96.8%		
ADMINISTRATIVE EXPENSE	$ 4,340,000	$ 4,158,000	$ (182,000)	-4.4%	$ 12,694,000	$ 12,570,000	$ (124,000)	-1.0%
ADMINISTRATIVE RATIO	2.1%	2.8%			3.9%	4.7%		
MARGIN (LOSS)	$ 1,519,000	$ (426,000)	$ 1,945,000		$ 3,118,000	$ (2,799,000)	$ 5,917,000	
OPERATING ADJUSTMENTS:								
FY15-16 SUR PMTS	$ -	$ -			$ -	$ -		
FY16-17 SUR PMTS/ACCRUALS	$ -	$ -			$ -	$ -		
FY17-18/CY2018 SUR PAYMENTS/ACCRUALS	$ -	$ -			$ -	$ -		
FY18-19 SUR PMTS/ACCRUALS	$ 433,000	$ 983,000			$ 1,773,000	$ 6,429,000		
TOTAL SUR	$ 433,000	$ 983,000			$ 1,773,000	$ 6,429,000		
MARGIN FROM OPERATIONS	$ 1,952,000	$ 557,000	$ 1,395,000	250.4%	$ 4,891,000	$ 3,630,000	$ 1,261,000	34.7%
MLR W/O SUR PMTS	96.8%	96.9%			94.5%	93.8%		

On a year-to-date basis through September and after the removal of SUR activity, SFHP is $1,261,000 above budget on margin. This improvement over budget projections is due to the Medi-Cal rate increase related to the population acuity adjustment as well as greater than expected returns on investments.

- Overall net revenue is above budget by $46,796,000. After removing the impact of Directed Payments, net revenue is still up $1,129,000. We are down 1,582 member months, however, the impact of the 1.7% rate increase for the population acuity adjustment yields a positive margin on revenue.
- Overall medical expense is above budget by $40,882,000. After removing the impact of Directed Payments and SUR activity, medical expense is $129,000 below budget.
- Overall administrative expense is above budget by $124,000. The majority of this increase can be found in additional building costs at the 50 Beale Street location and additional costs for information technology services.

PROJECTIONS

Financial projections through March 2020:

1. As of September 2019, SFHP has added $2,500,000 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, therefore the remaining $2,500,000 will be accrued over the period of October 2019 through June 2020.

2. Effective July 2019, SFHP's Medi-Cal premium rates were increased by a weighted average of 0.8%. In September, DHCS informed SFHP that premium rates will be increased 1.7% as the result of a population acuity adjustment. This increase is retroactive to July 2019 and will deliver an additional $8 million in revenue for FY19-20.

3. 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. SFHP is slightly above break even through September as members have been transitioning to the lower cost generic drugs and pharmacy rebates have increased.

4. Proposition 56 – These are the enhanced payments to medical groups for qualifying physician services. Utilization at Federally Qualified Health Centers (FQHCs) is excluded. SFHP continues to make disbursements for FY17-18 as well as FY18-19.

5. 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

DHCS Medi-Cal Rate Adjustment For July 2019 Through December 2020

In September, DHCS notified Medi-Cal managed care plans that premium rates would increase as the result of implementing a population acuity adjustment retroactive to July 2019. Although the California Medi-Cal population has been decreasing, utilization has not decreased at the same rate. This is an indication that healthier individuals have exited the Medi-Cal program leaving behind members who utilize services with greater frequency.

For SFHP, the impact of the population acuity adjustment is a weighted average increase of 1.7%. This increase will generate approximately $8 million in additional Medi-Cal revenue for FY19-20.

The rates received from DHCS are high-level draft rates. Rate documents that show the impact of these rate changes at a category of service level are expected in November. Upon receipt of these documents, SFHP will apply the normal capitation rate calculation methodology to determine potential rate changes by category of aid as well as the overall impact to each provider network. This analysis will be presented at the Governing Board meeting in January.

DHCS is transitioning from a fiscal rate year to a calendar rate year. As such, the rates effective July 2019 will remain in place for 18 months, or through December 2020. Our current practice is to recommend and implement capitation and fee-for-service rate changes January 1st of each year. With the State moving to a calendar rate year, we do not expect to receive rate updates until November which means the earliest the Finance Committee and Governing Board can vote on rate changes would be January for an earliest implementation date of April 1st of each year. We will discuss this in more detail at our January 8, 2020 meeting. Mr. Bishop concluded by stating that while we started the year cautiously, the finances are improving. He further stated, however, that SFHP would continue to monitor expenses carefully.

Dr. Fugaro thanked Mr. Bishop for presenting the financials.

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

4. Review and Approval of Payment of CalPERS Unfunded Liability

Recommendation: SFHP recommends approval to pay the entire projected amount of SFHP's CalPERS pension unfunded accrued liability estimated to be $1,459,218, which is projected forward to June 30, 2020. If approved, payment will be made by November 15, 2019.

Mr. Grgurina reviewed the background with the Board.

Background:

The Government Accounting Standards Board (GASB) Statement number 27 (GASB 27) is in reference to an accounting standard for pension by State and Local Government Employers. It specifies that an employer's fiscal years ending on or after 2015 must accrue for unfunded pension liabilities.

SFHP is a government employer in the CalPERS Miscellaneous Pooled Plans for the defined benefit pension plan known as 2% @ 55 for employees with hire dates prior to January 1, 2013 and 2% @ 62 for employees with hire dates after December 31, 2012.

According to CalPERS, SFHP's projected unfunded accrued liability as of June 30, 2020 would be as follows:

• Classic Miscellaneous Plan	$ 739,512
• PEPRA Miscellaneous Plan	$ 719,706
Total unfunded accrued liability	$1,459,218

When projecting how future year pension obligations will be met, CalPERS assumed a 7.0% annual rate of return on its investment portfolio. Although CalPERS achieved an 8.6% return for the year ending June 30, 2018, a reduction in the discount rate assumption from 7.25% to 7.0% along with the implementation of a new actuarial valuation software system more than offset the existing surplus and investment gains resulting in an unfunded liability.

This payment will be treated as Prepaid Pension Expense for FY19-20. The Prepaid Pension Expense will be amortized and recorded as an administrative expense during FY 20-21.

CalPERS offers the following options to pay the unfunded accrued liability:

1) Pay it back over a 15-year period with annual interest payments of 7.0% (this is the assumed annual investment rate of return CalPERS is using for all pension funds). This would mean total payments of $2,507,159 (interest payments would be $1.0 million of this total amount).
2) Pay it back over a 10-year period or whatever shortened time period the organization selects.
3) Pay it all back now.

SFHP recommended the Governing Board to pay off the entire amount now. The reasons are:

1) It is financially advantageous to pay the entire amount to avoid the annual 7.0% interest payments (totaling $1.0 million over 15 years) versus keeping the cash in our Liquid Management Portfolio account at a current annual investment return of 1.89%.
2) Because of SFHP's strong financial balance sheet, we currently have the cash to pay off the entire amount now.
3) Paying off the unfunded accrued liability would place SFHP's CalPERS pension funding level at approximately 100% (currently at 98.3%).

CalPERS reported a preliminary 6.7% net return on investments for the 12-month period ending June 30, 2019. The next annual valuation reports are expected to be available in July 2020 at which time CalPERS will provide an update of pension funding levels.

Mr. Batongbacal asked if the estimates are based on CalPERS projected earnings, which is not an exact science, and estimates of employee retirement schedules. Mr. Grgurina confirmed that is correct. Steve Fields asked if the funds would be considered at the "high-water mark" at this time. Mr. Grgurina stated that it is difficult to say because it would be difficult for CalPERS to state they are dropping investment earning estimates to six percent, which would be difficult for many municipalities. Jian Zhang asked if the amounts owed in the future underfunded years could be budgeted. Mr. Grgurina stated that CalPERS makes adjustments annually so projecting a liability for future unfunded CalPERS liabilities would be hard to budget.

The Board unanimously approved SFHP to pay the entire projected amount of SFHP's CalPERS pension unfunded accrued liability estimated to be $1,459,218, which is projected forward to June 30, 2020. Payment will be made by November 15, 2019.

5. Federal and State Legislative and Medi-Cal Program Updates

Sumi Sousa, Officer, Policy Development & Coverage Programs, provided the Board with Federal and State Legislative, and Medi-Cal program updates. (Detailed PowerPoint slides were provided in the Board packet.)

Implementation of Public Charge Rule Halted:

- Five separate federal district courts have halted implementation of new public charge rule that would include Medi-Cal and other non-cash assistance such as food stamps and housing assistance as factors when determining green card status or admission into the United States.
- Public charge rule was set to take effect October 15th.
- Trump Administration will appeal, which may go to U.S. Supreme Court.

Healthy Kids (HK) Transitioned into Medi-Cal

- 2,200 SFHP HK members successfully transitioned to CCHIP Medi-Cal on October 1, 2019.
- Small group of undocumented HK members with incomes 266 – 300% will move to Kaiser Community Health Program (free individual market coverage).
- Small group of undocumented HK members with incomes 300 – 322% move to Kaiser Platinum individual market (premium will be paid by San Francisco Department of Public Health).

Pharmacy Carve-Out Work Continues

- DHCS convened a technical workgroup to work on major issues over the next several months related to implementation of the Governor's Executive Order.
- Medi-Cal managed care plans remain opposed to the carve-out and are participating in workgroup to identify, try to resolve major implementation issues. SFHP's Jim Glauber, MD, CMO, and Lisa Ghotbi, Pharm.D., Director, Pharmacy Services, are on the workgroup. The goal is to reduce disruption and negative impacts to our members.

Major New Medi-Cal Initiative - CalAIM

- DHCS released a major proposal to improve Medi-Cal on October 29, called California Advancing and Innovating Medi-Cal (CalAIM)
- The proposal has three primary goals:
    - Identify/manage member risk/need through whole person care approaches and address social determinants of health.
    - Reduce complexity, increase flexibility in Medi-Cal by moving to a more consistent and seamless system.
    - Improve quality outcomes, drive delivery system transformation through value-based initiatives; modernization of systems and payment reform.

Five Stakeholder Workgroups with Broad Conceptual Focus:

1. Population Health & Annual Enrollment
2. Enhanced Care Management
3. Behavioral Health
4. Full Integration Plans
5. NCQA Accreditation

What Will This Mean to SFHP?

- Final proposal is still unclear, but some already known or highly likely:
    - More integration into Medi-Cal managed care of the few remaining carve-out benefits and populations (except pharmacy),
        - September announcement of inclusion of long-term care and organ transplant benefit into managed care is part of CalAIM.
        - Build on experience of current dual integration pilots by moving dual eligible population into Medi-Cal managed care on a statewide basis;
        - Likely requirement for Medi-Cal MCOs to establish a D-SNP.
- Build on Whole Person Care and Health Home pilots to establish a statewide Medi-Cal benefit that integrates care management, social determinants of health, behavioral health, and delivered through Medi-Cal managed care.
- Complex financing mechanisms to fund and sustain new programs flowing through Medi-Cal managed care.

Mr. Fawley asked if regional rates would be better or worse for SFHP.
Mr. Grgurina stated that we will know more about regional rates in 2023, but that we do have concerns about a Bay Area rate. He has raised specific issues about the differences between San Francisco, Alameda and Santa Clara and DHCS stated it would make adjustments for the differences. Such adjustments would then create different rates by county, which would not be much different than current rates. He expects there may be a “region-lite” version for the Bay Area. Mr. Grgurina has been asked to participate on the DHCS-Mercer rate group, so he will keep the Board informed of developments.

Lawrence Cheung, MD, asked if DHCS could actually implement CalAIM with the proposed aggressive timeline. Ms. Sousa responded that DHCS is thinking "big" and wants to build on existing pilots and interventions. She agreed that the timelines are difficult. He also asked if the workgroup members represented key stakeholders like members and providers. Ms. Sousa stated that the workgroups are voicing concerns to DHCS about how difficult implement will be. Steve Fields stated he is participating on the Behavioral Health workgroup and they are discussing how difficult the politics are as well. He stated that there is little unanimity across the counties and there is no consumer voice at this time other than proxies like the Western Center on Law and Poverty and Health Access.

Greg Wagner asked if federal approval would be needed. Ms. Sousa confirmed that portions of CalAIM will require federal approval and state legislation. She believes that CMS' position on the proposal would be the same on whether to approve California's request regardless of the administration.

Mr. Fawley asked if SFHP and the County will be working together on the Whole Person Care component and Mr. Grgurina stated that we would be working together. Mr. Fawley stated he attended a conference in Sacramento that was sponsored by Kaiser and Anthem Blue Cross. He stated that SFHP should have a bigger presence on these issues compared to Kaiser and Anthem Blue Cross.

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

6. Review and Approval Extension of Non-Specialty Mental Health Contract with Beacon Health Options

This item was discussed in closed session.

7. Review and Approval for San Francisco Health Authority and San Francisco Community Health Authority to Enter the Multi-District Litigation Global Settlement Process with Opioid Drug Manufacturers

This item was discussed in closed session.

8. Review of Moss Adams Follow-Up Security Risk Assessment of SFHP's Security Systems

This item was discussed in closed session.

9. Discussion of Provider Corrective Action Plans with Chinese Community Health Care Association Provider Contract

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.

10. Report on Closed Session Action Items

Dr. Fugaro reported the following actions taken by the Board in Closed Session:

1. Approved the extension of Non-Specialty Mental Health contract with Beacon Health Options for up to two years.
2. Approved San Francisco Health Authority and San Francisco Community Health Authority to enter the Multi-District Litigation global settlement process with opioid drug manufacturers.

11. Review and Approval of Revisions to the FY 19-20 Organizational Goals and Success Criteria

Recommendation: SFHP recommends the Governing Board approve revisions to the annual organizational performance goals and success criteria for fiscal year 2019-2020 (FY19-20).

Mr. Grgurina reviewed the following revisions to the FY19-20 organizational goals:

Goal 1: Quality Care and Access for Members and Participants – 30 points

At the June 2019 Board meeting, the Board was informed that we would use the results from measurement year (MY) 2018 to specify the FY19-20 measurements for HEDIS. SFHP's HEDIS scores are determined by the National Committee on Quality Assurance (NCQA).

SFHP's total score from MY2018 was 4.0 stars, out of 5.0 stars, and was comprised of the following components:

Consumer Satisfaction – 3.0 stars
HEDIS Prevention Outcome – 4.0 stars
HEDIS Treatment Outcome – 3.5 stars

Based on these results, we are proposing the following success criteria for MY2019, HEDIS Performance, which has a total of 15 points.

HEDIS Score – 9 points

HEDIS Prevention Outcome

- Meets Goal – 4.0 stars, 2 points
- Stretch Goal – 4.5 stars, 3 points

HEDIS Treatment Outcome

- Meets Goal – 3.5 stars, 5 points
- Stretch Goal – 4.0 stars, 6 points

Interventions to Improve HEDIS Scores – 6 points

a. Create process to automatically load laboratory (lab) data results from provider lab data sources (feeds).
   i. Minimum Goal – Complete 1 out of 3 lab feeds – 1 point
   ii. Meets Goal – Complete 2 out of 3 lab feeds – 2 points
   iii. Stretch Goal – Complete 3 out of 3 lab feeds – 3 points
b. Create and implement audits to audit data quality of lab feeds.
   i. Meets Goal – Audit 1 out of 2 lab feeds – 2 points
   ii. Stretch Goal – Audit 2 out of 2 lab feeds – 3 points

CAHPS Performance – 15 points

In June, we presented that the CAHPS scores measures would be based on percentage improvements over the 2019 scores. When released in July, the CAHPS scores were provided as stars, rather than percentage. SFHP received a score of 3.0 stars for CAHPS. Based on this change in NCQA scoring, we propose the following change:

CAHPS Score – 7 points

June 2019 Success Criteria, approved by the Board:
Numerator: # of NCQA points earned for CAHPS
Denominator: # of NCQA points reserved for CAHPS
2018 Performance: 23% (3.03 of 13 points)
2019 Performance: Available July 2019

Scoring:
- Min: Increase by 3% over 2019 Performance - 5 points
- Meets: Increase by 6% over 2019 Performance - 6 points
- Stretch: Increase by 9% over 2019 Performance - 7 points

Proposed Change to CAHPS Success Criteria:
- Meets Goal – 3.0 stars, 6 points
- Stretch Goal – 3.5 stars, 7 points

The achievement of 3.0 stars again will still be difficult because CAHPS scores have been historically difficult to improve. If we do not achieve 3.0 stars, we will not receive any points. An improvement of 0.5 stars to 3.5 stars would be a stretch achievement.

The remaining 8 points for CAHPS Performance are allocated to interventions designed to help improve the CAHPS scores. These success criteria do not require any change.

Goal 2: Exemplary Service to Members and Stakeholder – Increase point total from 25 points to 35 points

Department of Health Care Services (DHCS) recently announced it will be moving long-term care, major organ transplants and dual eligible to managed care plans, as well as removing the pharmacy benefit from managed care plans. These changes will require a significant effort for SFHP. We propose replacing the goal regarding the DHCS Stoplight Encounter Data Report with goals to prepare for these changes, which will be effective January 1, 2021.

a. Establish a work plan and project milestones for implementing the coverage of the long-term care benefit (previously carved out from managed care plans) – 15 points
b. Establish a work plan and project milestones for implementing the coverage of all major organ transplants (previously only covered kidney-only and corneal transplants) – 5 points
c. Establish a work plan and project milestones to carve out the pharmacy benefit – 15 points

Each project will have established success criteria that will be set at the start of the project. To the extent possible, success criteria will include outcomes-based measures. If outcomes measures are not feasible, then the success criteria will be to meet project milestones and deadlines, e.g., 100% of project milestones are met on time.

Goal 3: Revise total points for Financial Viability goal from 30 points to 20 points and allocate the 10 points to the Exemplary Service goal.

a. Establish criteria of the Practice Improvement Program (PIP) to ensure the program is acceptable by the Department of Health Care Services' audit for the Prospective Payment System (includes analysis and write up of outcomes by participating providers) - 10 points
b. Maintain the medical loss ratio (MLR) of at least 85% for Medi-Cal Expansion and overall Medi-Cal – ~~20 points~~ 10 points

The Board unanimously approved the revisions to the FY 19-20 organizational goals and success criteria.

12. Member Advisory Committee Report

Due to time constraints this item was not discussed, but the materials were included in the Board's packet.

13. Chief Medical Officer's Report
a. HEDIS and CAHPS Results Report

Due to time constraints this item was not discussed, but the materials were included in the Board's packet.

14. CEO Report Highlighted Items –Annual Provider Recognition Dinner, SFHP Department Updates, Compliance Report and Executive staff updates

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

15. Adjourn

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Reece Fawley, Secretary