

# MINUTES OF THE MEETING OF THE SAN JOAQUIN COUNTY HEALTH COMMISSION

September 28, 2016

Health Plan of San Joaquin – Community Room

## COMMISSION MEMBERS PRESENT:

Marvin Primack, MD, Vice Chair

Sheela Kapre, MD

Michael Kirkpatrick

Monica Nino

Larry Ruhstaller

Carlos Villapudua

John Zeiter, MD

## COMMISSION MEMBERS ABSENT:

Greg Diederich, Chair

Michael Herrera, DO

Brian Jensen

Moses Zapien

## STAFF PRESENT:

Amy Shin, Chief Executive Officer

Michelle Tetreault, Chief Financial Officer

Pamela Newman, VP of Provider Networks

Marc Radner, VP, Human Resources

Cheron Vail, Chief Information Officer

David Hurst, VP of External Affairs

James Mark Myles, County Counsel

Sue Nakata, Executive Assistant

### I. Call to Order:

Vice-Chair Primack called the meeting to order at 5:01 p.m. and Roll Call was taken by Sue Nakata.

II. Approval of August 31, 2016 Meeting Minutes

Vice-Chair Primack presented for approval the August 31, 2016 meeting minutes.

The motion was made, seconded and unanimous to approve the August 31, 2016 meeting minutes as presented (6/0).

III. Public Comments

On behalf of SEIU Local 1021 members, Jeff Johnson, asked that management and Commissioners reinstate the two employees that were terminated based on breach of PHI.

*Commissioner Sheela Kapre joined the meeting at this time.*

IV. Consent Items

Vice-Chair Primack presented two consent items for approval:

1. Community Affairs Committee – 9/15/2016
  - a. April 21, 2016 Meeting Minutes
  - b. Health Education
    - a. HEDIS Wellness program Updates (Diabetes, Eye Exams and Member Incentives)
    - b. Community Health and Engagement Referral Program (CHEER) Presentation
  - c. CAC Outreach Posters
2. Finance and Investment Committee – 9/21/2016
  - a. August 24, 2016 Meeting Minutes
  - b. SAI Global Compliance, Inc. (C360) Contract

The motion was made, seconded and unanimous to approve the two consent items as presented (7/0).

V. Commission Approval Items

*August 2016 Financial Report*

Michelle Tetreault, CFO, presented for approval, the August 2016 financial reports, highlighting the following:

- August 2016, Statement of Profit and Loss of All Business Units
  - Net Income of \$6.8M; \$7.4M favorable to budget
  - Tangible Net Income (TNE) is 386%
  - Days Cash on Hand is 110 days with a goal of 112 days
  - No Contra Review was budgeted; currently 85% in ACA in SJC and 84.7% in Stanislaus due to 7/1/2016 rate decrease

- Membership is favorable to budget by 11,376 in both counties. The favorable membership is primarily in the Expansion population
- Premium revenue is \$2.3M favorable to budget entirely driven by the favorable member months
- Medical Expenses are \$2.1M favorable to budget driven by Pharmacy and Net Reinsurance Recoveries in both counties
- Administrative Expenses are \$1.4M favorable to budget and are largely timing differences in expenses other than salaries and benefits that are favorable to budget by only \$64k.

Upon review of the materials presented, Vice-Chair Primack stated that he is impressed that SPDs in SJC are trending downward at 99.7%. Ms. Tetreault responded to the affirmative and noted that management are continuing work to reduce SPD costs in both counties.

The motion was made, seconded and unanimous to approve the August 2016 financial reports as presented (7/0).

#### *HPSJ French Camp Parking Lot expansion Project Contract and Resolution*

Ms. Tetreault presented for approval the French Camp Parking Lot Expansion Contract and Resolution, highlighting on status and next steps:

- Expanding the existing HPSJ parking lot which will include:
  - Additional 173 Standard Parking Spaces
  - Additional 6 Handicap Spaces
  - 4 Controlled Access Entry Gates
  - Exit Only Driveway with Directional Traffic Control Tire Spikes
  - Path of Travel to the Entrances of the Building
  - Landscaping
  - Storm Drainage
  - Lighting
  - Electrical Improvements
- All Plans meet the current provisions under the 2010 Caltrans, San Joaquin County, and California Building Code requirements
- Plans and specifications have been prepared by Kjeldsen Sinnock and Neudeck, (KSN) Civil Engineers & Land Surveyors and have been approved by San Joaquin County Building Department on September 9, 2016
- Next steps
  - County Capital Projects Management Office is managing the project
  - Notices will be placed in the Stockton Record and Tracy Press
  - Mandatory Bid Conference – 10/10/16 at 2:00 pm
  - Bids Accepted – until 3:00 pm on 10/24/16
  - Opening Bid – 10/24/16 at 3:00 pm
  - Project must be completed 120 calendar days after work commences but MUST be finished by 4/4/17
  - Approval of plans and proposed contract

Upon review of the materials presented, Commissioner Kapre asked why the building plan did not include multi-level parking structure. Ms. Tetreault responded that it was not submitted as an option.

Commissioner Ruhstaller asked if there will be short-term parking spots in the existing parking lot. Ms. Tetreault responded that the current “visitor” parking spots are open for short-term parking; employees will be flowing into the new parking lot, which will allow for more opened “visitor” parking spaces.

The motion was made, seconded and unanimous to approve the HPSJ French Camp Parking Lot Expansion Contract and Resolution as presented (7/0).

## VI. CalPERS Update

Ms. Tetreault provided an update on CalPERS based on the new pension accounting method, highlighting the following:

- Types of Retirement Plans (defined benefit plans - CALPERS vs. defined contribution plans – 401(a) plan)
- Types of Multiple-Employer Defined Benefit Plans (Agent Plan (PERS) vs. Cost Sharing Plan)
- Employer’ funding of the cost of pension benefits
- Actuarially determined employer contribution for Defined Benefit Plans
- Difference between present value of Future Benefits and value of Assets in Pension Trust Fund
- New Pension Accounting - what employers in a defined benefit plan must report in their financial statements
  - Pension Expense
  - Deferred Outflows/Inflows of Resources
  - Total Pension Liability
  - Fiduciary Net Pension
  - Net Pension Liability
  - Statement of Net Position (Balance Sheet) and Statement of Activities (P & L)
- Changes to new Pension Accounting (6 features were changed)
- Changes to Amount Employers Report as a Liability in Financial Statements
- Changes to Amount Employers Report as a Pension Expense
- Changes to the Actuarial Method Used to Calculate Total Pension Liability
- Changes to Amortization of Effects of Various Factors Affecting Total Pension Liability
- Changes to When Amounts are Measured
- Accounting for Multiple-Employer Pension Plans
- Changes Affecting the Financial Statement Audit
- Interpreting Pension Information

Upon review of the materials presented, discussions were held on how unfunded liabilities will be funded. Ms. Tetreault reported that HPSJ is currently at 81% funding level of unfunded liability (average funding level). Commissioner Nino stated, HPSJ being at 81% funding level is great compared to SJC currently at 65%.

VII. IT Strategic Plan

Cheron Vail, CIO provided an update on the company's IT Strategic Plan, highlighting the following:

- Overview of IT with primary center located in French Camp and secondary data center (disaster recovery site) in Modesto
- Key Vendors
  - Microsoft – Server, Desktop, Database
  - TriZetto - Claims
  - Essette – Care Management
  - ShoreTel – Telephony
  - SilkRoad – HRIS
  - McKesson – Provider Contract Management
  - Compliance 360 – Policy & Procedures Management and Vendor Contract Management
- Claims Clearing House
  - Emdeon
  - Office Ally
  - Claim Remedy
  - ImageNet
- Technology Roadmap
  - FY' 2017
    - Essette Care Management system implementation
    - Office 365 email pilot
    - Incident Management system replacement RFP
    - Disaster Recovery expansion RFP
    - EDI platform replacement RFP
    - Windows 10 desktop roll-out
    - Essette-QNXT integration
    - Cactus-QNXT integration
  - FY' 2018
    - Incident Management system implementation
    - Disaster Recovery expansion Implementation
    - EDI platform implementation
    - Windows 10 desktop roll-out
    - Contract Manager-QNXT integration
    - General Ledger-QNXT integration
- Growth Plans – adding talent in the areas of
  - Business Intelligence (3 positions)
  - Data Warehousing (1 position)
  - Application Development (2 positions)
  - System Administration (1 position)
  - Leadership – Director of Core Systems (CISSP)
- Areas of Operational Focus for FY' 2017
  - IT process/infrastructure documentation
  - Change Management centralization
  - Desktop virtualization
  - Desktop encryption
  - Dual factor authentication
  - Electronic data retention
  - Business continuity planning

- Management report automation
- Cyber threat management
  - Phishing Defense
  - Vulnerability Scanning
  - Pen Testing (Third Party)
  - Third Party Reviews (vendor Risk Management)
  - Improved email filtering and encryption (replace voltage)
  - Better USB management – restricted, fully encrypted

VIII. CEO Report

Amy Shin, CEO reported on the following:

- Legislative Update
- September Dashboard Report
  - Claims is continuing to improve monthly
  - HPSJ on better operational ground; working on to improve efficiencies to tackle larger problems such as provider access related issues through innovation
  - Commercial plans are increasing their strategies to increase their Medi-Cal business market share; new competition for HPSJ but will continue to be more proactive through innovation

IX. Vice-Chairman Report

Vice-Chair Primack announced the formation of the Ad-Hoc Strategic Planning Committee with Commissioners Diederich, Herrera and Kapre as members of the committee.

X. Commissioner Comments

Commissioner Kapre spoke on long-term care and how HPSJ is supporting members who needs long-term care services. Ms. Shin responded that once a member goes into long-term care facility for custodial care, they are no longer members of HPSJ. Members are, however, covered by HPSJ during the transition period from the hospital to home; for short term skilled nursing facility services.

XI. Closed Session

At this time, the Health Commission adjourned to Closed Session at 6:36 p.m.

Closed Session – Conference with Legal Counsel  
Existing Litigation– Government Code Section 54956.9(a)  
Case Name: SEIU, Local 1021 vs. Health Plan of San Joaquin, PERB SA-CE-913-M

The Commission came out of Closed Session at 7:05 p.m.

XII. Adjournment

Vice-Chair Primack adjourned the meeting at 7:06 p.m. The next regular meeting of the Health Commission is scheduled for Wednesday, October 26, 2016.