

**BOARD OF GOVERNORS**  
**Executive Committee**

**Meeting Minutes – March 27, 2024**

1055 West 7<sup>th</sup> Street, 1<sup>st</sup> Floor, Los Angeles, CA 90017



**L.A. Care**  
 HEALTH PLAN

**Members**

Alvaro Ballesteros, MBA, *Chairperson*  
 Ilan Shapiro MD, MBA, FAAP, FACHE,  
*Vice Chairperson*  
 Stephanie Booth, MD, *Treasurer*  
 John G. Raffoul, *Secretary*

**Management/Staff**

John Baackes, *Chief Executive Officer\**  
 Sameer Amin, MD, *Chief Medical Officer*  
 Terry Brown, *Chief of Human Resources*  
 Augustavia J. Haydel, Esq., *General Counsel*  
 Todd Gower, *Interim Chief Compliance Officer*  
 Linda Greenfeld, *Chief Products Officer*

Alex Li, MD, *Chief Health Equity Officer*  
 Tom MacDougall, *Chief Technology & Information Officer*  
 Noah Paley, *Chief of Staff*  
 Acacia Reed, *Chief Operating Officer*  
 Afzal Shah, *Chief Financial Officer*

\*Absent \*\* Via Teleconference

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
<b>CALL TO ORDER</b>	Alvaro Ballesteros, <i>Chairperson</i> , called to order the regular meetings of the L.A. Care Executive Committee and the L.A. Care Joint Powers Authority Executive Committee regular meetings at 2:03 p.m. The meetings were held simultaneously. He welcomed everyone to the meetings.  He provided information on how to submit comments in-person or electronically.	
<b>APPROVE MEETING AGENDA</b>	The Agenda for today’s meeting was approved.	<b>Approved unanimously. 3 AYES (Ballesteros, Booth and Shapiro)</b>
<b>PUBLIC COMMENT</b>	There were no public comments.	
<b>APPROVE MEETING MINUTES</b>	Board Member Booth proposed an amendment on page 3. There was no objection to including the correction in the minutes.  The minutes of the February 28, 2024 meeting were approved as amended.	<b>Approved unanimously. 3 AYES</b>
<b>CHAIRPERSON’S REPORT</b>	There was no report from the Chairperson.	

**APPROVED**

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<p><b>CHIEF EXECUTIVE OFFICER REPORT</b></p>	<p><i>(Board Member Raffoul joined the meeting)</i></p> <p>John Baackes, <i>Chief Executive Officer</i>, reported that the Change Healthcare cyber-attack was reported to the Board meeting at the March 7 meeting. Change Healthcare serves as L.A. Care’s clearinghouse for electronic claims and the cyber-attack shut down its operations on February 21. L.A. Care immediately notified its providers that relied on electronic claim submission that they could submit claims on paper. L.A. Care is aware that was a great challenge for many providers. Change Healthcare is owned by United healthcare, which also owns Optum, a health services vendor. Arrangements were made to use Optum as the alternate clearinghouse, and it was brought online, after a vetting and testing, on March 12. L.A. Care arranged to use Office Ally as an alternative clearinghouse for some providers. Office Ally had formerly provided clearinghouse services for L.A. Care. L.A. Care is receiving claims thorough these alternate services. L.A. Care is working with Change Healthcare to continue services when testing is completed. L.A. Care will explore options with multiple clearinghouses and evaluate operations for the future. Claims are being received at or above historical levels and processing is current with claims received.</p> <p>The disruption has caused problems for some of the smaller providers such as community-based organizations, skilled nursing facilities and community based adult services (CBAS) providers. L.A. Care is assisting affected providers with cash advances against future claims, with agreements executed with 81 organizations. L.A. Care has advanced \$28,893,000 to providers. It is hoped that the options functioning now will help the organizations resume submitting electronic claims. L.A. Care is prepared to continue to support its providers.</p> <p>Mr. Baackes is in regular contact with regulators at California Department of Managed Care Services (DMHC) and Department of Health Care Services (DHCS) about the incident, L.A. Care’s support for providers and processes to recover full claims submission functions. Smaller providers have let him know that they appreciate L.A. Care’s transparency and responsiveness.</p> <p>Board Member Booth thanked Mr. Baackes for this work.</p> <p>Mr. Baackes noted that he will provide more information at the April 4 Board meeting about claims clearinghouses, the Medi-Cal redetermination cycle, and other items. He reported that L.A. Care has earned the Health Equity Accreditation from the National Committee for Quality Assurance.</p>	

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<ul style="list-style-type: none"> <li>Government Affairs Update</li> </ul>	<p>Cherie Compartore, <i>Senior Director, Government Affairs</i>, reported:</p> <ul style="list-style-type: none"> <li>Last week an agreement was reached to take early actions on the California state budget. The Managed Care Organization (MCO) tax has moved forward and was signed by the Governor. It is expected to generate \$1.5 billion that would help mitigate the current budget crisis. DHCS can now seek approval from the Centers for Medicare and Medicaid Services (CMS) for higher federal matching funds.</li> <li>An initiative for the MCO tax is also proposed for the November ballot. Although not formally announced yet, it appears there are sufficient signatures and it will qualify for the November ballot.</li> <li>The Legislature recent adjourned for spring recess and Legislators will head home to their districts. Legislature will reconvene on April 1. L.A. Care Government Affairs staff continue to meet with legislative committee consultants and staffers, finalizing policy positions for proposed bills. Staff is preparing for the many hearings to convene when the Legislature returns. The deadline to hear bills with fiscal implications is April 26.</li> <li>The California Governor announced the appointment of Tyler Sadwith as State Medicaid Director at DHCS. Sadwith formerly served as the Director for Behavioral Health, and he has worked at CMS.</li> <li>Voters by a narrow margin approved California’s Proposition 1. This is a two-part ballot initiative, and includes a bond to build treatment facilities and permanent supporting housing for people with mental health and addiction challenges, as well as for veterans.</li> </ul> <p>Chairperson Ballesteros asked how the funding for Prop 1 is distributed. Ms. Compartore responded that managed care health plans will not have a role in the funding distributions. Mr. Baackes noted that some of the funding results from redirecting existing state funding sent to Counties.</p>	
<b>COMMITTEE ISSUES</b>		
<p>Catalina Island Health Grant to support safety net access to health care for L.A. Care members living on Catalina Island <b>(EXE 100)</b></p>	<p>Mr. Baackes met with the Chief Executive Officer of Catalina Island Medical Center, which operates under the name Catalina Island Health. It is the only health care facility on Catalina Island, and it operates a 12-bed facility with 9 acute care beds and 3 skilled nursing beds, an emergency room, and the only outpatient clinic on the island, staffed by two physicians. Catalina Island Health is in dire financial condition. It is estimated to run out of cash by June and would be forced to close.</p>	

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	<p>The Catalina Island Health CEO requested that L.A. Care consider increasing reimbursement for Medi-Cal and provide a \$5 million grant. L.A. Care has 733 health plan members on Catalina Island, out of a population of 4,200 residents. An increase in the Medi-Cal payments would not be enough to sustain Catalina Island Health. L.A. Care is nevertheless in negotiations to increase the Medi-Cal funding to support Catalina Island Health. A \$2 million dollar grant could keep it operating through at least the end of the year.</p> <p>A subsequent meeting included representatives from Los Angeles County Supervisor Hahn’s office, Representative Lowenthal, Senator Gonzalez and Senator Allen, Catalina Island Health leaders and the County Fire Department. The group reviewed potential consequences if the hospital closed. The bottom line is that there would be no medical services on the island other than a chiropractor, and it would become the responsibility of the County Fire Department in emergencies to ferry people off the island by helicopter to medical sites on the mainland.</p> <p>Mr. Baackes is seeking approval to issue a \$2 million grant to Catalina Island Health to support safety net access to healthcare for L.A. Care members and others living on Catalina Island. L.A. Care will continue to work with County offices, particularly Supervisor Hahn’s office, to find a long-term solution.</p> <p>Mr. Baackes contacted the California Hospital Association to ensure that they are aware of the situation and the actions proposed. He made it clear that L.A. Care is happy to support this effort but is not in a position to sustain the hospital long-term.</p> <p>It is important that L.A. Care consider this support for the safety net. Some may recall that on New Year's Eve 2022, a rural hospital in Kings County closed, leaving residents more than 50 miles away from the nearest hospital. At the time, no organization came forward to offer a safety net or a lifeline. In this case, Catalina Island Health has asked for support and it would be appropriate for L.A. Care to provide the grant and work collaboratively with others to find a long-term solution.</p> <p>Catalina Island Health is the only facility on the island and Medi-Cal is only about 25% of the patient mix. About a million visitors a year go to the island, and they make up most of the traffic that goes to the emergency room, and those patients likely use commercial insurance. Afzal Shah, <i>Chief Financial Officer</i> spoke with Catalina Island Health about their financial structure. Mr. Shah noted that around 25% of the revenue</p>	

**APPROVED**

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	<p>is through Medi-Cal, and the rest is commercial insurance. Catalina Island Health would like to sustainably enhance the contracting arrangements for all lines of business.</p> <p>Mr. Baackes noted that if Catalina Island Health closed and the Fire Department must ferry people off the island for emergency health care, it would result in unbudgeted expense for the County.</p> <p>Board Member Booth commented that L.A. Care should support Catalina Island Health. By providing funding, it benefits other insurance companies, particularly Health Net, because it is going to keep the hospital going for those health insurers. L.A. Care is the only one providing financial support, but it is the right thing to do.</p> <p>Board Member Raffoul noted that it is good community service. L.A. Care does a lot of work in supporting community needs, and this is one of the most worthy causes, to maintain healthcare on the island.</p> <p><b><u>Motion EXE 100.0424</u></b>  <b>To approve delegated authority to Chief Executive Officer, John Baackes, to issue up to a \$2 million award to Catalina Island Health to support safety net access to health care for L.A. Care members living on Catalina Island.</b></p>	<p><b>Approved unanimously. 4 AYES (Ballesteros, Booth, Raffoul and Shapiro)</b></p>
Approve Consent Agenda	<p>Approve the list of items that will be considered on a Consent Agenda for April 4, 2024 Board of Governors Meeting.</p> <ul style="list-style-type: none"> <li>• March 7, 2024 meeting minutes</li> <li>• Contract with Microsoft (via SHI International) to provide product support services for Information Technology staff supporting critical virtual production infrastructure</li> <li>• Faneuil, Inc. Contract Extension and Funding for Customer Service Center</li> </ul>	<p><b>Approved unanimously. 4 AYES</b></p>
<b>PUBLIC COMMENTS</b>	There were no public comments.	
<b>ADJOURN TO CLOSED SESSION</b>	<p>The Joint Powers Authority Executive Committee meeting adjourned at 2:29 pm.</p> <p>Augustavia J. Haydel, Esq., <i>General Counsel</i> announced the items for discussion in closed session. She announced there is no report anticipated from the closed session. The meeting adjourned to closed session at 2:30 pm.</p> <p>REPORT INVOLVING TRADE SECRET  Pursuant to Welfare and Institutions Code Section 14087.38(n)  Discussion Concerning New Service, Program, Business Plan</p>	

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	<p>Estimated date of public disclosure: <i>March 2026</i></p> <p><b>CONTRACT RATES</b> Pursuant to Welfare and Institutions Code Section 14087.38(m)</p> <ul style="list-style-type: none"> <li>• Plan Partner Rates</li> <li>• Provider Rates</li> <li>• DHCS Rates</li> </ul> <p><b>THREAT TO PUBLIC SERVICES OR FACILITIES</b> Government Code Section 54957 Consultation with: Tom MacDougall, <i>Chief Information &amp; Technology Officer</i></p> <p><b>CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION</b> Significant exposure to litigation pursuant to Section 54956.9(d)(2) of Ralph M. Brown Act: Three Potential Cases</p> <p><b>CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION</b> Pursuant to Section 54956.9(d)(1) of the Ralph M. Brown Act L.A. Care Health Plan’s Notice of Contract Dispute under Contract No. 04-36069 Department of Health Care Services (Case No. Unavailable)</p> <p><b>CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION</b> Pursuant to Section 54956.9(d)(1) of the Ralph M. Brown Act</p> <ul style="list-style-type: none"> <li>• Department of Managed Health Care Enforcement Matter Numbers: 18-799, 20-063, 21-428, 21-509, 21-680</li> <li>• Department of Health Care Services, Office of Administrative Hearings and Appeals, In the matter of: L.A. Care Health Care Plan Appeal No. MCP22-0322-559-MF</li> </ul> <p><b>PUBLIC EMPLOYEE PERFORMANCE EVALUATION, PUBLIC EMPLOYMENT and CONFERENCE WITH LABOR NEGOTIATOR</b> Sections 54957 and 54957.6 of the Ralph M. Brown Act Title: Chief Executive Officer Agency Designated Representative: Alvaro Ballesteros, MBA Unrepresented Employee: John Baackes</p>	
<b>RECONVENE IN OPEN SESSION</b>	The meeting reconvened in open session at 4:30 pm. No reportable actions were taken during the closed session.	

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<b>ADJOURNMENT</b>	The meeting adjourned at 4:31 pm	

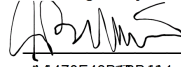
Respectfully submitted by:

Linda Merkens, *Senior Manager, Board Services*

Malou Balones, *Board Specialist III, Board Services*

Victor Rodriguez, *Board Specialist II, Board Services*

APPROVED BY:

DocuSigned by:  


Alvaro Balasteros, MBA, *Board Chairperson*

Date: 5/6/2024 | 8:32 PM PDT

**APPROVED**