Board of Commissioners Meeting Agenda
Via Webex
December 2, 2020: 10:00 a.m. – 12:30 p.m.
In-person Locations:
PHC’s Southeast Region Office located at 4605 Business Center Drive, Fairfield, CA

Per Governor Newsom Executive Order, N-25-20 that relates to social distancing measures being taken for COVID-19. The Executive Order authorizes public meetings with Brown Act requirements to be held via teleconference or telephone. It waives the Brown Act requirement for physical presence at the meeting for members, the clerk, and/or other personnel of the body as a condition of participation for a quorum. Executive order N-33-20 directs all residents to immediately heed current State public health directives to stay home, except as needed to maintain continuity of operations of essential critical infrastructure sectors and additional sectors as the State Public Health Officer may designate as critical to protect the health and well-being of all Californians.

Conflict of Interest Reminder - Commissioners should abstain from voting on any agenda item where they might have a conflict of interest.

PHC Mission Statement is “to help our members, and the communities we serve, be healthy”

Public and Guest Reminder - Public comment is welcome during designated “Public Comments” time frames.

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<tr>
<th>Section</th>
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<th>Item Description</th>
<th>Presenter</th>
<th>Action / Discussion</th>
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<tbody>
<tr>
<td>9:00 AM - 10:00 AM</td>
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<td>IT Support Available</td>
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<tr>
<td>1</td>
<td>10:00 AM</td>
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<td>Call to Order</td>
<td>Nancy Starck, Chair</td>
<td>Action</td>
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<td></td>
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<td>An adjourned regular meeting of the Partnership HealthPlan of California will be called to order on December 2, 2020 via Webex and at PHC video conference locations</td>
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<td>1.2</td>
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<td>Roll Call</td>
<td>Board Clerk</td>
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<td>1.3</td>
<td>4-5</td>
<td></td>
<td>Resolution to Approve the Hospital QIP Highest Performers</td>
<td>Dr. Moore / Liz Gibboney</td>
<td>Action</td>
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<td>This resolution recognizes the top performing hospitals in PHC’s Hospital QIP. There were five exceptional performers.</td>
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<td>1.4</td>
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<td>Agenda Approval or Modifications</td>
<td>Nancy Starck, Chair</td>
<td>Action</td>
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<td>1.5</td>
<td>6-18</td>
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<td>Approval of Board Meeting Minutes</td>
<td>Nancy Starck, Chair</td>
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<td>This action approves the Board meeting minutes for October 28, 2020</td>
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<td>1.6</td>
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<td>Commissioner Comments</td>
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<td>Information</td>
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<td>At this time, Commissioners may provide comments and announcements.</td>
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<td>1.7</td>
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<td>Public Comments</td>
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<td>At this time, members of the public may address the Board on any non-agenda item of interest to the public that is within the subject matter jurisdiction of the Board.</td>
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Members of the public will have the opportunity to address the Board on a scheduled agenda item during the Board's consideration of that item. Speakers will be limited to three (3) minutes.

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<td>1.8</td>
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<td>Correspondence</td>
<td>Board Clerk</td>
<td>Information</td>
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<td>1.9</td>
<td>19-20</td>
<td>CEO Report</td>
<td>Liz Gibboney</td>
<td>Information</td>
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<td>2</td>
<td></td>
<td>Consent Calendar - Ratification of Finance Committee Action</td>
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<td>2.1</td>
<td>10:35 AM 21-54</td>
<td>Resolution to Approve the Annual Investment Policy, FIN-700-501</td>
<td>Liz Gibboney / Patti McFarland / Jeff Ingram</td>
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<td>3</td>
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<td>Consent Calendar</td>
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<td>3.1</td>
<td>10:40 AM 55-57</td>
<td>Resolution to Accept all PHC Committee Minutes and Department Operating Reports. As well as Approving all PHC Policies, Program Descriptions and PCP QIP Changes Approved by PAC.</td>
<td>Nancy Starck, Chair</td>
<td>Accept</td>
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<td>Operational Reports</td>
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<td>PAC Approved Policy Updates</td>
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<td>PAC Approved PCP QIP Measures</td>
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<td>340B Advisory Committee</td>
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<td>Consumer Advisory Committee North - November 2020</td>
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<td>Finance Committee - November 2020</td>
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<td>Physician Advisory Committee for November 2020</td>
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<td>Quality and Utilization Advisory Committee (Q/UAC)</td>
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<td>Internal Quality Improvement (IQI)</td>
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<td>Provider Advisory Group</td>
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<td>Credentialing Committee</td>
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<td>3.2</td>
<td>58-59</td>
<td>Resolution to Approve Board Reappointment of Heather Snow</td>
<td>Liz Gibboney</td>
<td>Action</td>
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<td>3.3</td>
<td>60-61</td>
<td>Resolution to Approve Board Reappointment of Barbie Robinson</td>
<td>Liz Gibboney</td>
<td>Action</td>
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<td>3.4</td>
<td>62-81</td>
<td>Resolution to approve Brown Act Compliance Policy, CMP20</td>
<td>Amy Turnipseed</td>
<td>Action</td>
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</table>

Committee Meeting Minutes and Material are available on PHC Website (click on links)
Resolution to Approve Credentialing Committee and CMO Credentialing Program Responsibilities Policy, MP CR 200

This resolution approves MP CR 200. The policy defines the program responsibilities for the Credentials Committee and the CMO.

Resolution to Accept the 2021 Compliance Program

This resolution approves PHCs Compliance Program plans and dashboard that clarifies how PHC conducts its business, operations, and defines compliance activities and preparations for CMS, DHCS, and other regulatory audits.

Resolution to Approve Commendations and Appreciation for Aimee Brewer's Service to PHC

This resolution recognizes Commissioner Brewer's service and contributions to the Board and to PHC since October 25, 2016.

Metrics and Financial Update

Patti McFarland

Information

Operations Update

Sonja Bjork

Information

Media Update

Written report

CMO Report on Quality

Robert Moore, MD

Information

Local Innovations Grants on Housing Report

Written report

Member Experience Grand Analysis

Kevin Spencer / Tahereh Daliri Sherafat

Information

Compliance Training

Amy Turnipseed

Information

Project Phoenix and IT Department Update

Kirt Kemp

Information

Action Pursuant to Government Code §54956.87(b) - Trade Secrets

Full Board - as listed in the minutes, Liz Gibboney, CEO, Patti McFarland, Sonja Bjork, Amy Turnipseed and Ashlyn Scott, Board Clerk

Upcoming Board Meetings

2/24/2021 - Webex
4/28/2021 - TBD
6/23/2021 - TBD

This agenda contains a brief description of each item to be considered. Except as provided by law, no action shall be taken on any item not appearing on the agenda.

Government Code §54957.5 requires that public records related to items on the open session agenda for a regular commission meeting be made available for public inspection. Records distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members of the Commission. The Commission has designated the Board Clerk as the contact for Partnership HealthPlan of California located at 4665 Business Center Drive, Fairfield, CA 94534, for the purpose of making those public records available for inspection. The Board Meeting Agenda and supporting documentation is available for review from 8:00 AM to 5:00 PM, Monday through Friday at all PHC regional offices (see locations above). It can also be found online at www.partnershiphp.org.

PHC meeting rooms are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation (including auxiliary aids or services) to participate in this meeting, or who have a disability and wish to request an alternative format for the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting, should contact the Board Clerk at least ten (10) days prior to the scheduled meeting at (707) 863-4516 or by email at Board_FinanceClerk@partnershiphp.org. Notification in advance of the meeting will enable the Board Clerk to make reasonable arrangements to ensure accessibility to this meeting and to materials related to it.
REGULAR AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Board Meeting Date: December 2, 2020
Agenda Item Number: 1.3

Resolution Sponsor:
Liz Gibboney, CEO, Partnership HealthPlan of CA

Recommendation by:
PHC Staff

Topic Description:
For the 2019-2020 Hospital Quality Improvement Program (HQIP), we had five top performing hospitals that achieved high QIP scores: Adventist Health Clearlake, Banner Lassen Medical Center, Marin General Hospital, Mendocino Coast District Hospital, and Woodland Memorial Hospital.

Reason for Resolution:
To recognize the top performing hospitals in the 2019-2020 QIP, which is evidence of the excellent care they provided to PHC members.

Financial Impact:
There is no financial impact to the HealthPlan.

Requested Action of the Board:
Based on the recommendation from PHC staff, the Board is asked to commend the top performing hospitals in the 2019-2020 QIP.
IN THE MATTER OF: COMMENDING THE FIVE PRIMARY CARE PROVIDER SITE WINNERS OF THE 2019-2020 PRIMARY CARE PROVIDER QIP

Recital: Whereas,
A. Adventist Health Clearlake was a top performer in the 2019-2020 Hospital QIP.
B. Banner Lassen Hospital was a top performer in the 2019-2020 Hospital QIP.
C. Marin General Hospital was a top performer in the 2019-2020 Hospital QIP.
D. Mendocino Coast District Hospital was a top performer in the 2019-2020 Hospital QIP.
E. Woodland Memorial Hospital was a top performer in the 2019-2020 Hospital QIP.

Now, Therefore, It Is Hereby Resolved As Follows:
1. To commend the eight top performing hospitals in the 2019-2020 QIP.

PASSED, APPROVED, AND ADOPTED by the Partnership HealthPlan of California this 2nd day of December 2020 by motion of Commissioner, seconded by Commissioner, and by the following votes:

AYES: Commissioners:

NOES: Commissioners:

ABSTAINED: Commissioners:

ABSENT: Commissioners:

EXCUSED: Commissioners:

______________________
Nancy Starck, Chair

______________________
Date

ATTEST:

BY: ________________________________
Ashlyn Scott, Clerk
MINUTES OF THE MEETING OF
PARTNERSHIP HEALTHPLAN OF CALIFORNIA (PHC)
Meeting held via Webex
In person locations:
PHC’s Southeast Office located at 4665 Business Center Drive, Fairfield
PHC’s Northeast Office located at 2525 Airpark Drive, Redding, CA

On
October 28, 2020

Commissioners Present:

Commissioners Excused:
Lewis Broschard, M.D., Richard Fogg, Matthew Willis, M.D.

Commissioners Absent:
Mary Kay Brooks, Ron Clement, M.D., Gerald Huber, Gary Pace, M.D., John Reeves

Staff Present:
Amy Agle, Sonja Bjork, Dell Coats, Marissa Dominguez, Kim Fillette, Patty Hayes, Peggy Hoover, Jeff Ingram, Margaret Kisliuk, Kirt Kemp, Mary Kerlin, Marshall Kubota M.D., John Lemoine, Regina Littlefield, Dustin Lyda, Lisa Malvo, Melissa McCartney, Patti McFarland, Robert Moore M.D., Lisa O’Connell, Jose Puga, Erika Robinson, Michelle Rollins, Nikki Rotherham, Jing Sancho, Chloe Schafer, Lynn Scuri, Tahareh Daliri Sherafat, Kevin Spencer, Lyle Smith Nancy Steffen, Amy Turnipseed, Colleen Valenti, Wendi West, Liz Gibboney, CEO and Ashlyn Scott, Board Clerk

Guests Present:
Matt Gal

AGENDA ITEM 1.0 OPENING

AGENDA ITEM 1.1 CALL TO ORDER
Commissioner Nancy Starck, Board Chair, called the bi-monthly meeting to order via Webex video conference and welcomed everyone to the meeting. Board members and attendees were informed that Governor’s Executive Order N-25-20, which relates to social distancing measures being taken for COVID-19, waives the Brown Act requirement for physical presence at the meeting for members, the clerk and/ or other personnel of the body as a condition of participation for a quorum.

Board members were reminded to abstain from voting on any agenda item where they might have a conflict of interest, and to state their name before asking questions or making motions. As a reminder, Commissioner Starck read the PHC Mission Statement: “to help our members, and the
communities we serve, be healthy.” She also mentioned that guests would have an opportunity to speak at designated times throughout the agenda.

AGENDA ITEM 1.2 ROLL CALL
Ashlyn Scott, Clerk of the Commission, called the roll indicating there was a quorum.

AGENDA ITEM 1.3 RESOLUTION TO APPROVE THE NEW BOARD MEMBER APPOINTMENT OF RON CLEMENT, M.D.
Ms. Gibboney introduced Ron Clement, M.D. as the new Chief Medical Officer at Dignity Health Woodland Memorial Hospital. Dr. Clement will now serve on the PHC Board as the Hospital Representative for Yolo County, replacing Dr. Sarada Mylavarapu, who resigned from the Board in February.

ACTION: Commissioner Marshall moved to approve resolution 1.4 as presented, seconded by Commissioner Jones.

BOARD ACTION SUMMARY: 21 yes, 0 no. Motion carried with Commissioner Clement abstaining, Commissioners Brooks, Huber, Pace, and Reeves absent and Commissioner Broschard, Fogg and Willis excused. Commissioners Robinson and Cohen were absent at the time of the vote.

AGENDA ITEM 1.4 AGENDA APPROVAL OR MODIFICATION
Commissioner Starck asked if anyone had changes for the agenda. Hearing no requests for modification, she asked for a motion to approve the agenda.

ACTION: Commissioner Remak moved to approve the agenda as presented, seconded by Commissioner Antle.

BOARD ACTION SUMMARY: 21 yes, 0 no, 0 abstentions. Motion carried with Commissioners Brooks, Clement, Huber, Pace, and Reeves absent and Commissioner Broschard, Fogg and Willis excused. Commissioners Robinson and Cohen were absent at the time of the vote.

AGENDA ITEM 1.5 APPROVAL OF AUGUST 26, 2020 MINUTES
Commissioner Starck inquired whether anyone had questions, corrections, or comments regarding the minutes. Hearing no requests, she asked for a motion to approve.

ACTION: Commissioner Remak moved to approve the Board meeting minutes for August 26, 2020 as presented, seconded by Commissioner Antle.

Commissioner Starck asked for commissioner or public comments. Hearing no requests, she called for a vote. The clerk summarized the vote as follows:

BOARD ACTION SUMMARY: 21 yes, 0 no, 0 abstentions. Motion carried with Commissioners Brooks, Clement, Huber, Pace, and Reeves absent and Commissioner Broschard, Fogg and Willis excused. Commissioners Robinson and Cohen were absent at the time of the vote.

AGENDA ITEM 1.6 COMMISSIONER COMMENTS
Commissioner Starck asked if there were any commissioner comments or announcements.

Commissioner Tangermann stated that she would will be presenting two narratives after the adjournment of the Board Meeting for any Board Members who are available to stay on the call.

Hearing no more comments, Commissioner Starck moved on to public comments.
AGENDA ITEM 1.7 PUBLIC COMMENTS
Commissioner Starck asked if there were any public comments. Hearing no requests, she moved on to correspondence.

AGENDA ITEM 1.8 CORRESPONDENCE
Commissioner Starck asked if there was any correspondence.

Board Clerk, Ashlyn Scott, stated that some Board Members received an email regarding a personnel issue. The issue was handled through the appropriate channels and the Chair and Vice Chair have been updated to their satisfaction.

AGENDA ITEM 1.9 CEO REPORT
Ms. Gibboney began the CEO Report by highlighting a slide about Project Homekey, a State program that provides California counties the opportunity to purchase and develop hotels in order to provide rooms for the unsheltered during the COVID-19 pandemic. Commissioners Antle and Snow both commented on their experience in participating in Project Homekey.

Commissioner Snow said it is a shame that it took a pandemic to address California’s homelessness crisis, but the program is a game-changer for Del Norte County. The County was able to purchase a hotel with thirty rooms. The hotel allows Del Norte to provide housing to a large percentage of those experiencing homelessness within the county. She also thanked Partnership HealthPlan for recognizing the program.

Commissioner Antle said she is very excited Mendocino County was able to purchase a 56 room hotel to help house those without shelter. The hotel is located in Ukiah and has access to the DMV, post office and health services. The County is working with the Veterans Administration as well as local hospitals and are able to provide 24/7 on-site case management. Commissioner Antle added that $9.6M goes a long way in Mendocino County and thanked Partnership HealthPlan for the recognition.

Ms. Gibboney continued to the Featured Member slide, shared on screen. The focus of this spotlight was on a member in Siskiyou County, a fire evacuee, whose home was within 500 feet of the Slater Fire. When Cynthia from PHC’s Population Health team reached out to the member he mentioned he was unable to obtain homeowner’s insurance. She did some research and provided him with information about California FAIR Plan, which provides insurance as a last resort for those who cannot otherwise find it. The member now has homeowner’s insurance and peace of mind.

Ms. Gibboney continued her report covering the following topics:

COVID-19 Response
PHC staff continues to support members and providers while working from home. PHC’s Virtual Care Grants, funds approved by Board at the April meeting, have distributed $3.9M to providers to help support e-consult and specialty care during the COVID-19 pandemic. PHC has also collaborated with UC Davis to provide telehealth pediatric specialty services. PHC’s Remote Monitoring Equipment Pilot continues to be successful. In this pilot, PHC ships monitoring equipment direct to members, at the request of their Primary Care Physician (PCP). The equipment available for distribution includes blood pressure monitors, oximeters and thermometers. Sixty PCPs are participating and over 850 pieces of equipment have been distributed.

Commissioner Powell stated the remote monitoring program has made a huge impact on patients and thank you to PHC.
Commissioner Germano added that he has heard great things about the program and inquired whether these requests should now be routed to PHC rather than pharmacies.

Ms. Gibboney responded that this is only a small pilot program but PHC is looking to expand, especially with the pending pharmacy carve-out.

Commissioner Burum asked if the program is available in Humboldt County because she has been attempting to get equipment such as a nebulizer, blood pressure monitor and oximeter.

Ms. Gibboney replied that a referral would need to be submitted by a primary care provider and that someone from PHC would reach out after the meeting to assist her.

Ms. West said she would call Commissioner Burum after the meeting.

Next, Ms. Gibboney discussed the interim plan for the distribution of the COVID-19 vaccine. Since the vaccine is of a political nature, the governor has announced the formation of an efficacy group that will advise on the on the potential distribution and priority groups for the vaccine. We are hopeful the vaccine will be available early next year, though the supply is likely to be limited. At this time, there is no formal role for PHC in the distribution of the vaccine.

Health Care Workforce
California Health Care Foundation (CHCF) is funding a program to recruit and train Community Health Workers (CHWs) with the goal of integrating more CHWs into the health care workforce. PHC is happy to be participating in the planning of this program, while also focusing on the behavioral health work force via the PHC Provider Recruitment Program.

Wellness and Recovery Program
PHC’s drug treatment benefit is live and PHC continues to draw public awareness to the program via bus advertisements and press releases. Data collection will continue over the next few months until there is enough data to analyze and evaluate. PHC is advocating for the use of telehealth in the program.

DHCS Priorities
The DHCS MediCalRx (“Pharmacy Carveout”) is moving forward, going live in January 2021. Member notices will be sent by DHCS in the first week of November. PHC has concerns with the transition, specifically regarding the access to data, as it is important to know what pharmacy benefits our members are receiving. PHC will also send notices in early December to inform our members of the transition.

The CalAIM waiver has been delayed for a year due to COVID-19. However, the waiver advisory workgroups will continue beginning the first week of November and PHC will participate and provide feedback. The State has not shared what proposal they will send to the Centers for Medicare and Medicaid Services (CMS).

PHC awaits final funding for Prop 56. Of the $140M made available statewide, $36M was secured for PHC’s 14 counties. Counties have until the end of March 2021 to submit a letter of interest to switch their county MediCal models via the MediCal Request for Information (RFI) process. A few counties have contacted PHC to discuss changing their MediCal model and our first meeting with the counties will take place the second week of November.

Commissioner Germano inquired if Ms. Gibboney can share which counties are interested in joining PHC.
Ms. Gibboney responded that the meeting with the counties was organized through the County Health Executives Association of California (CHEAC), so we do not know which counties will participate, however we have asked for this information to be shared before the meeting.

Commissioner Powell asked how many counties will participate in the meeting.

Ms. Gibboney replied that we do not know yet, but we’ve requested this information.

**Federal Issues & Advocacy**

The Medicaid Fiscal Accountability Rule (MFAR) was seemingly withdrawn last month, however it is still posted on the CMS website, which is an indication that the current administration will carry out the rule if there is a second term. The Public Charge Rule was re instituted at the request of the Trump Administration, meaning public services will count against individuals seeking United States citizenship. The national election occurs on November 3 and PHC has reminded employees of the importance of voting and encouraged staff to send pictures of their “I Voted” stickers. The Supreme Court will hear oral arguments and decide the fate of the Affordable Care Act (ACA) in the California v. Texas case on November 10. 172,000 or 29% of PHC members were enrolled because of the ACA. Local economies will also be effected by the potential repeal of the ACA, as shown in the below graph.

Lastly, Ms. Gibboney added that the PHC Strategic Plan was put on hold due to Covid-19 and the CalAIM postponement. Planning will resume when there is clarity on the details of CalAIM.

Commissioner Germano asked if any of the propositions on the November 3rd ballot were of concern to PHC.

Ms. Gibboney replied that PHC is monitoring, but not taking a position on the dialysis proposition (Prop 23) requiring a physician to be on dialysis center premises.
Upon hearing no other questions, Commissioner Starck moved on to Agenda Item 2.0.

**ACTION:** No action required.

**AGENDA ITEM 2.0 CONSENT CALENDAR – RATIFICATION OF FINANCE COMMITTEE ACTION**

Commissioner Starck asked for a motion to approve the consent calendar item 2.1.

2.1 Ratify Finance Committee's approval of Finance Committee Membership Changes

**MOTION:** Commissioner Jones moved to approve resolution 2.1 as presented, seconded by Commissioner Powell.

Commissioner Starck asked for commissioner or public comments. Hearing no requests, she called for a vote. The clerk summarized the vote as follows.

**BOARD ACTION SUMMARY:** 21 yes, 0 no, 0 abstentions. Motion carried with Commissioners Brooks, Clement, Huber, Pace, and Reeves absent and Commissioner Broschard, Fogg and Willis excused. Commissioners Robinson and Cohen were absent at the time of the vote.

**AGENDA ITEM 3.0 CONSENT CALENDAR**

Commissioner Starck stated that all items on the consent calendar would be approved with one motion unless someone wants to pull an item for further discussion.

Hearing no requests, she asked for a motion to approve resolutions 3.1-3.5.

3.1 Resolution to Accept all PHC Committee Minutes and Department Operating Reports. As well as Approving all PHC Policies, Program Descriptions and PCP QIP Changes Approved by PAC

3.2 Resolution to Approve Strategic Planning Committee Membership Changes

3.3 Resolution to Approve Physician Advisory Committee Membership Changes

3.4 Resolution to Approve Quality / Utilization Advisory Committee Membership Changes

3.5 Resolution to Approve the Quality and Performance Improvement Program Description, Work Plan and Evaluation

**MOTION:** Commissioner Antle moved to approve resolutions 3.1-3.5 as presented, seconded by Commissioner Jones.

Commissioner Starck asked for commissioner or public comments. Hearing no requests, she called for a vote. The clerk summarized the vote as follows.

**BOARD ACTION SUMMARY ON RESOLUTIONS 3.1, 3.2, 3.3, 3.4, 3.5:** 23 yes, 0 no, 0 abstentions. Motion carried with Commissioners Brooks, Clement, Huber, Pace, and Reeves absent and Commissioner Broschard, Fogg and Willis excused.

**AGENDA ITEM 4.0 REGULAR AGENDA ITEMS**

**AGENDA ITEM 4.1 RESOLUTION TO ACCEPT THE MOSS ADAMS AUDIT REPORT FOR FY 2019-2020**

Moss Adams auditors, Mr. Pritchard and Ms. Suico began their presentation by thanking the PHC Finance team for their hard work in gathering and submitting all documents and data.
necessary to complete the audit. The audit concluded that PHC’s financial statements were consistent with their findings. Moss Adams was able to confirm the balances of PHC’s cash equivalents with the banking institutions and did not have any issues with reconciling. The trend down of reserves is not unique to PHC and is being seen at all other local health plans. PHC is overall in good standing, with over six times the required amount of reserves. Moss Adams detected no fraud in conducting the audit. The entire written report is included in the Board packet and is available upon request.

Commissioner Germano asked if the auditors could include PHC’s findings in comparison to other health plans in future presentations.

Ms. McFarland answered that the PHC Finance team will include data from other health plans in the budget proposal process that is shared with the Board.

Commissioner Starck asked if anyone had any additional comments on the Moss Adams Audit Report. Hearing no requests, she called for a vote.

**MOTION:** Commissioner Germano moved to approve resolution 4.1 as presented, seconded by Commissioner Jones.

Commissioner Starck asked for commissioner or public comments. Hearing no requests, she called for a vote. The clerk summarized the vote as follows.

**BOARD ACTION SUMMARY:** 23 yes, 0 no, 0 abstentions. Motion carried with Commissioners Brooks, Clement, Huber, Pace, and Reeves absent and Commissioner Broschard, Fogg and Willis excused.

**AGENDA ITEM 4.2 RESOLUTION TO APPROVE COMMENDATIONS AND APPRECIATION FOR RICHARD FOGG’S SERVICE TO PHC**

Ms. Gibboney recognized the resignation of Commissioner Fogg, one of the longest serving members of the Board, who was appointed when Sonoma joined PHC. Commissioner Fogg was very participative, asked tough questions and it has been invaluable to have him on the Board. Sonoma County is looking for a replacement for the Public Representative seat.

Commissioner Starck stated that Commissioner Fogg was the first Board Member she met during PHC’s rural expansion and will miss his insight.

Commissioner Germano asked if PHC would do anything special to honor Commissioner Fogg

Ms. Gibboney responded that we would be sending Commissioner Fogg a plaque and would contact him to ask if he was amenable to having a virtual celebration.

Commissioner Starck inquired whether anyone had questions for Ms. Gibboney. Hearing no requests, she asked for a motion to approve resolution 4.2.

**MOTION:** Commissioner Jones moved to approve resolution 4.2 as presented, seconded by Commissioner Brewer.

Commissioner Starck asked for commissioner or public comments. Hearing no requests, she called for a vote. The clerk summarized the vote as follows.

**BOARD ACTION SUMMARY:** 23 yes, 0 no, 0 abstentions. Motion carried with Commissioners Brooks, Clement, Huber, Pace, and Reeves absent and Commissioner Broschard, Fogg and Willis excused.

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AGENDA ITEM 4.3 RESOLUTION TO APPROVE COMMENDATIONS AND APPRECIATION FOR MATT WILLIS MD'S SERVICE TO PHC

Ms. Gibboney thanked Commissioner Willis for his dedication to the PHC Board. Commissioner Willis is focusing on his responsibilities at the County and Benita McLarin, Director at Marin’s Health and Human Services, will be appointed to his seat.

Commissioner Starck inquired whether anyone had questions for Ms. Gibboney. Hearing no requests, she asked for a motion to approve resolution 4.3.

**MOTION:** Commissioner Remak moved to approve resolution 4.3 as presented, seconded by Commissioner Starr.

Commissioner Starck asked for commissioner or public comments. Hearing no requests, she called for a vote. The clerk summarized the vote as follows.

**BOARD ACTION SUMMARY:** 23 yes, 0 no, 0 abstentions. Motion carried with Commissioners Brooks, Clement, Huber, Pace, and Reeves absent and Commissioner Broschard, Fogg and Willis excused.

AGENDA ITEM 5.0 OTHER REPORTS

AGENDA ITEM 5.1 METRICS AND FINANCIAL UPDATE

PHC Chief Financial Officer, Patti McFarland presented the August Metrics and Financials update. Ms. McFarland began her report by saying PHC is experiencing a deficit of $4.5 million for August, and a year-to-date deficit of $19.7 million, which was expected, due to COVID-19. PHC remains close to budget projections. During the summer months, typically inpatient and lab costs decrease, however, because of COVID-19, they have increased. The State has also increased long term care rates by 10% due to the pandemic, and overall, PHC has spent $19 million in costs related to COVID-19. Membership has increased by over 40,000, the largest increase in membership since the rollout of the Affordable Care Act. However, many of the new members have been PHC members in the past. This trend seems consistent with other health plans. Counties will not do MediCal eligibility redetermination until end of January and the process will take some time.

Please refer to the full August Metrics & Financials Report in the meeting packet for full detailed reporting information.

**ACTION:** No action required.

Commissioner Starck asked if anyone had additional questions for Ms. McFarland. Hearing no requests, she moved on Item 5.2, Operations Update.

AGENDA ITEM 5.2 OPERATIONS UPDATE

Ms. Bjork, Chief Operating Officer, began her report by spotlighting PHC’s Customer Service Week. Since there will be no Halloween celebrations this year, there was greater emphasis on celebrating Customer Service Week. It is important that PHC provides great service to our members, providers, Board members and regulators. Board members can track PHC’s customer service performance in a variety of ways, such as Board presentations, dashboards and operations reports included in the Board packets. The Claims department received 700,000 claims in September, 99.5% of which were paid within 30 days. The Call Center received 19,000 calls in one month and continues to answer calls quickly and consistently keep the call abandonment rate.
under 1%. Board Members do not have to wait for a meeting to monitor PHC’s customer service or address concerns. Please refer to the Operations Report in the Board Packet for full departmental operations updates.

Commissioner Starck inquired if the issues PHC experiences with provider network access is a rural issue or something that DHCS does not understand about PHC’s service area.

Ms. Bjork replied that both factors are issues. DHCS has changed their format, requiring PHC to identify the closest PCP to where a member eventually “might” live. We keep in mind that this requirement is well-intended but is challenging considering the rural geography of some of our counties.

Commissioner Cohen asked why PHC is revamping interpreting services and what the challenges are in doing so.

Ms. Bjork explained that PHC has had issues with member no-shows, office cancellations and getting interpreters to some of our rural service areas. It is so much more efficient and safe during COVID-19 to use devices for interpreting services. Though, we will need to test and work through issues with connectivity.

Commissioner Cohen also asked what a Special Member is.

Ms. Bjork said Special Member is a term PHC has been using for over twenty five years and refers to a member who does not need a PCP referral in order to see a specialist or someone who has moved out of the area and can no longer see their PHC. The term has been deemed inappropriate and we will now refer to these individuals as “Direct Members.”

Commissioner Lujan questioned if there are any challenges in members getting immunizations on time due to COVID-19? Also, with moving into flu season, are there any concerns for our service areas?

Ms. Bjork responded that though the pandemic makes this more difficult, PHC and providers continue to focus on ensuring children are receiving their vaccines safely and on time. This has required us all to get creative in our communication and education around vaccines. Many providers have also implemented drive-up shot clinics.

**ACTION:** No action required.

**AGENDA ITEM 5.3 EXTERNAL & REGULATORY AFFAIRS UPDATE – LEGISLATIVE TRACKING CHART AND PRESS RELEASES**

Ms. Turnipseed provided an update on current activity in the state legislature, reporting that there have been two informative hearings. The hearings focused on possible reforms in drug pricing and a lot of attention on the upcoming Affordable Care Act hearing in the Supreme Court. The Legislature also analyzed the expansion of Medi-Cal and what its potential repeal would mean to California counties, noting that Del Norte, a PHC county, has the highest utilization rate of Medi-Cal.

Mr. Lyda continued the report by saying that the California legislative session ended in late August and was a bit chaotic with a lawmaker’s infant present for a floor vote and some telecommunications issues. Included in the packet is a full list of the bills that PHC is closely monitoring.
Commissioner Germano stated, in regards to AB890 (Nurse Practitioners scope of practice) that the Board of Nursing will be responsible for establishing the structure of the bill’s implementation. This is cause for concern since the Board of Nursing is already at work capacity, taking about 18 weeks for the application approval process.

Ms. Gibboney replied that the State is aware of the delays and are working to ensure this won’t fall by the wayside at the Board of Nursing.

Commissioner Starck added that she attended both hearings and there were fantastic documents included for reference.

Commissioner Germano requested the PowerPoint slide with county disease prevalence.

**ACTION:** No action required.

**AGENDA ITEM 5.4 CMO REPORT ON QUALITY – WRITTEN REPORT**

Dr. Moore included his full CMO Report on Quality in the Board Packet.

**ACTION:** No action required.

**AGENDA ITEM 6.0 EDUCATIONAL SESSIONS**

**AGENDA ITEM 6.1 EDUCATIONAL SESSION PRESENTATION – POPULATION NEEDS ASSESSMENT AND HEALTH EQUITY**

Rebecca Boyd Anderson, Director of Population Health, provided an extensive report on the population needs development initiative that PHC is focusing on. PHC’s Population Health department focuses on conducting the annual Population Needs Assessment and providing interventions for the needs of our population. 2020 has been a year of inequity due to COVID-19, the California wildfires and racial awareness issues. The killing of George Floyd brought new awareness to racial inequality and prompted PHC to address racial inequity issues internally. The Health Equity team led forums with 120 PHC participants to learn about each other’s experiences of racial inequity.

Commissioner Antle inquired who facilitated the internal forums.

Ms. Boyd Anderson responded that the Health Equity team facilitated for the first few sessions then decided a staff member from the Training and Development team would be better suited to facilitate, due to the heavy subject matter. It was important that a staff member facilitate rather than manage.

Commissioner Germano asked if the racial inequity grievance from staff is increased due to the political climate surrounding the topic.

Ms. Boyd Anderson replied that the sessions took place directly after the murder of George Floyd and before much of the political drama began. PHC did a good job at presenting apolitical information to remove the political drama from the experience.

Mr. Remak asked if most of the staff responses were regarding external racial inequity issues.
Ms. Boyd Anderson said that staff shared both internal and external issues. Despite PHC’s intent of making a neutral workplace, there are some issues that are difficult to address and we need to continue to explore ways to allow staff to share. These sessions also give perspective on how hard PHC needs to work to address racial inequity issues with our members.

Commissioner Starck thanked PHC for collaborating with counties and other entities to address racial inequity.

Ms. Boyd Anderson’s full presentation was sent to Board Members and is available upon request.

**ACTION:** No action required.

**AGENDA ITEM 6.2 QUALITY UPDATE**

Robert Moore, M.D., Chief Medical Officer, Erika Robinson, Director of Quality and Performance Improvement and Nancy Steffen, Northern Region Director of Quality and Performance Improvement, provided a summary of quality and performance improvement initiatives. Dr. Moore spoke about PHC’s upcoming submission to National Council for Quality Assurance (NCQA) and extended accreditation timeline. PHC focuses on becoming a 5-star rated health plan and continues to engage larger providers to increase scores via our Joint Leadership Initiative meetings.

Ms. Steffen spoke about Managed Medi-Cal Plans throughout California being ranked by the State, based on their Health Effectiveness Data and Information Set (HEDIS) scores. Due to COVID-19, the State is not generating plan rankings in 2020 but they have made the data available and PHC has created a graph representing PHC’s rating amongst other California health plans, as included in the presentation. PHC’s Quality Improvement Program (QIP) measure set is influenced by priority HEDIS measures.

Ms. Robinson stated that PHC must score at least 80% of applicable points in each standard category, in addition to some must-pass elements in order to be accredited by NCQA. She also covered the wide ranging challenges on quality improvement due to COVID-19, including pivoting QIP measures, conducting virtual site reviews, working with community partners virtually and distributing remote devices.

Commissioner Marshall asked if PHC is focusing on diabetes-related measurements and how we will continue these measurements after the Pharmacy Carveout.

Dr. Moore responded that PHC is concerned with the diabetes measurements, as the State will be responsible for overseeing most diabetes benefits after the carveout.

Commissioner Burum inquired if the State will cover the same diabetes equipment that PHC currently does or will there be special considerations for members.

Dr. Moore answered that about 10% of PHC members have specialized equipment, as directed by their PCP. The State will not limit equipment the first few months after the roll-out and will cover many devices, however they have been vague on how they will process these requests.

Commissioner Burum added that she had to appeal to PHC to receive the machine she wanted and asked if the appeal process will be the same after the carveout.

Dr. Moore replied that the member would handle the appeal process directly with the state, by having a hearing. The PCP will need to write an appeal on behalf of the member and PHC will help as much as we can.
Ms. Gibboney added that we foresee issues with the appeals process and the transition to State pharmacy. PHC will assist any members experiencing difficulties to the extent that we can.

Commissioner Germano asked how to differentiate which devices are covered by pharmacies versus those covered by health plans.

Dr. Moore answered that device coverage is to be determined by the State.

Commissioner Germano questioned where PHC obtained the neonatal data included in Dr. Moore’s written report.

Dr. Moore replied the data is provided by the State via Cal Hospital Compare.

The Quality Update presentation was sent to Board Members and is available upon request.

**ACTION:** No action required.

**AGENDA ITEM 6.3 PROVIDER RELATIONS UPDATE**

Mary Kerlin, Senior Director of Provider Relations and Tahereh Daliri Sherafat, Northern Region Director of Provider Relations, presented a summary of the Provider Relations department update. Ms. Kerlin covered the many adaptations PHC has adopted during the pandemic including virtual Provider Representative visits, electronic distribution of information and credentialing done via phone and email. COVID-19 has forced PHC to be flexible in the way it does business and providers have been helpful and communicative in expanding our emergency preparedness procedures.

Ms. Daliri Sherafat added that Provider Relations has focused on ensuring Plan staff meets our member and provider’s needs while not physically present in the PHC offices. Despite the challenges posed by the pandemic, PHC conducted the Provider Satisfaction Survey with great results. Overall, 99% of providers are satisfied with PHC. The survey also had strong response rates of 72% in the Southern Region and 51% in the Northern Region.

Commissioner Remak inquired if there is support for providers to launch virtual services in rural areas.

Ms. Daliri Sherafat replied yes, PHC has been financially supporting telehealth initiatives for providers.

Commissioner Germano commended PHC for its success with provider surveys and stated he has heard great feedback from specialty providers.

**AGENDA ITEM 7 ADJOURNMENT**

Commissioner Starck asked whether anyone had additional business, hearing no requests she adjourned the Board meeting at 12:36 PM.

Minutes respectfully submitted by:
Ashlyn Scott, Clerk

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Board Approval Date: ________________
Signed: ________________________________

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National Election. As Congress rolls through its “lame duck” session and prepares for a transition of presidential administrations, we are watching the following national developments:

- Supreme Court activity on CA v. Texas/Affordable Care Act
- Key appointments to Health and Human Services/CMS Administrator
- 4th Federal Stimulus Bill
- Vaccine Distribution Planning

COVID-19 Response. As the majority of PHC staff are working remotely on a full-time basis, we are working on several fronts related to supporting our providers and members, including: continued rollout of our $5M in virtual care grants to PCPs for video visits, continued direct-to-member telehealth options for specialty care, a pilot with UCD for telehealth access to pediatric subspecialties, and exploration of expanded access to remote monitoring equipment for our members’ use at home.

MediCal Rx (the Governor’s Executive Order on Pharmacy). With just six weeks to go before this massive transition of care, DHCS announced on November 16th, that it was “extending the transition” period until April 1, 2021. At this time, we are assessing the many operational and financial implications for PHC due to this delay and will cover these at a high level during our December Board meeting. We continue to participate in various state meetings and work groups on the actual implementation. You will note that member notifications had already begun so DHCS is preparing a communication to all 14 million MediCal beneficiaries about their decision to delay.

Medicaid Final Rule. On November 9th, CMS released an updated “Medicaid Managed Care Final Rule” which contains changes to the 2018 Final Rule. The provisions we are reviewing relate to risk sharing arrangements, actuarial soundness standards, and other “information requirements.” Provisions will be final in December.

FY 2021-22 State Budget. We know next year’s State budget proposal is in final stages of development and will be released in early January. The LAO recently announced a significant, although one-time, budget surplus for next year. Additionally, we are hearing about potential funding for CalAIM.

CalAIM Waiver Proposal. Several key DHCS-convened workgroups that focused on various aspects of the CalAIM waiver have started to meet again. These include behavioral health integration and
enrollment changes. We can expect to see more activity on the Enhanced Care Management/In Lieu of Services components in early 2021.

**Wellness and Recovery Program/Drug MediCal.** As we focus on greater member outreach to drive up demand for these drug treatment services, we are processing claims and working with providers and members on referrals and other start-up issues. To date, over 1,000 PHC members have been assessed and have accessed some level of treatment. We are also seeing that those members who are approved for residential treatment are typically staying 30 days.

**NCQA Accreditation & HEDIS Performance.** Our team completed submission of NCQA Accreditation documentation, as required for First Survey. Over the coming weeks, we expect to be in regular contact with NCQA, responding to any questions about our materials and processes. The virtual site visit is scheduled for late February. We are continuing on our established schedule of meeting regularly with participating Joint Leadership Initiative (“JLI”) primary care providers.

**Proposition 56 Behavioral Health Integration Grants.** We received final funding amounts for the grants that PHC will administer, throughout our fourteen counties. DHCS expects providers to be operational by January 1, 2021, which is a challenge given the multiple delays in finalizing funding and programmatic rules.

**Project Phoenix.** One of our major organizational priorities, we are now just fourteen months from “go live” of our new claims and eligibility system, known as HealthEdge/Health Rules Payor. Kirt Kemp, CIO, provided an update on key milestones and the project budget at our November Finance Committee meeting and will do a system update for the Board in December. We are meeting all milestones for this major project.

**2020-2023 Strategic Plan.** We are planning to restart this effort again in later December or early January, assuming DHCS will soon release greater details on a revised CalAIM framework. The Strategic Planning Committee is supportive of this timetable.

**Workforce Development.** Our internal team has pulled together a series of recommendations that would expand our existing provider recruitment program (“PRP”) to provide greater funding along with greater time commitments on part of participating physicians and nurses. Additionally, we are expanding the initiative to include some types of behavioral health providers. Finally, we are looking to implement a Community Health Worker program that would explore various existing CHW certification programs and provide small scholarships to cover training and certification courses for CHWs in our local communities, ideally targeted toward current or PHC members. This will dovetail well with our participation in CHCF’s year-long planning effort to develop recommendations on expanding the use of CHWs as an important part of the health care workforce.

**Staff Count.** We currently have 894 employees.

**Upcoming Board Functions/Meetings (pending COVID-19 status and need for remote participation):**

- Wednesday, February 24, 2021 – virtual, via WebEx platform
- Wednesday, April 28, 2021
- Wednesday, June 23, 2021
CONSENT AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Board / Finance Committee (when applicable)  
Meeting Date: November 18, 2020  

Board Meeting Date: December 2, 2020

Resolution Sponsor:  
Liz Gibboney, Partnership HealthPlan of CA

Agenda Item Number: 2.1  
Approved by:  
PHC Staff

Topic Description:

PHC’s Annual Investment Policy, FIN-700-501, establishes the investment guidelines used for all operating funds and Board designated reserve funds for the Health Plan.

Reason for Resolution:

To obtain approval for the recommended changes to PHC’s Annual Investment Policy.

Financial Impact:

There is no impact to PHC.

Requested Action of the Board:

Based on the recommendation of PHC Staff, the Board is asked to approve PHC’s Annual Investment Policy.
REGULAR AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Board / Finance Committee (when applicable)
Meeting Date: November 18, 2020
Board Meeting Date: December 2, 2020

Agenda Item Number: 2.1
Resolution Number: 20-

IN THE MATTER OF: APPROVING PHC’S ANNUAL INVESTMENT POLICY, FIN-700-501

Recital: Whereas,
A. The Board has fiduciary responsibility for the operation of the organization.
B. The Board has responsibility to review and approve the HealthPlan policies and benefits.
C. It is important to establish investment guidelines to ensure PHC’s funds are prudently invested according to the Board of Commissioners’ objectives.

Now, Therefore, It Is Hereby Resolved As Follows:
1. To approve PHC’s annual investment policy, FIN-700-501

PASSED, APPROVED, AND ADOPTED by the Partnership HealthPlan of California this 2nd day of December 2020 by motion of Commissioner, seconded by Commissioner, and by the following votes:

AYES: Commissioners:
NOES: Commissioners:
ABSTAINED: Commissioners:
ABSENT: Commissioners:
EXCUSED: Commissioners:

__________________________
Nancy Starck, Chair

__________________________
Date
ATTEST:

BY: __________________________
    Ashlyn Scott, Clerk
Summary of Changes to PHC Annual Investment Policy


All references to statutory code “section” refer to California Government Code and all guidance is from *The Local Agency Investment Guidelines: Update for 2020* by the California Debt and Investment Advisory Commission (CDIAC).

Chapter 442, Statutes of 2019 (AB 857) adds the following to Government Code Section 53601: “(r) Commercial paper, debt securities, or other obligations of a public bank, as defined in Section 57600.” In addition, the bill amends Government Code Section 53635 by adding, “(c) A local agency subject to this section may invest in commercial paper, debt securities, or other obligations of a public bank, as defined in Section 57600.” Lastly, the bill adds public banks to the list of depository institutions to Government Code 53635.2.

Chapter 619, Statutes of 2019 (AB 945) amends Government Code 53601.8 and 53635.8 to authorize a local agency to invest and deposit the agency’s surplus funds in deposits at specified types of financial institutions whether those investments are in certificates of deposit or another form. The bill, from January 1, 2020, until January 1, 2026, increases to 50 percent the percentage of surplus funds that may be invested by a city, district, or other local agency, authorized under section 53601.8, that does not pool money in deposits or investments with other local agencies with a different governing body. For those agencies authorized under section 53635.8, the permissible percentage of surplus funds invested remains at 30 percent. The bill makes deposits placed under 53601.8 and 53635.8 subject to the limitations of Government Code 53638 and also makes other substantive changes. On and after January 1, 2026, the provisions of this bill would return the portfolio limitation of cities, districts, and agencies to 30 percent of the agency’s surplus funds.

### Material Changes to Annual Investment Policy

Changed Policy number to comply with new policy number schema.

Updated Next Review and Last Reviewed Dates

Changed - Attachment Table 1 – Allowable Investments Instruments per State Government Code (As of January 1, 2020) Applicable to All Local Agencies

2.3.1 Changed – In accordance with authority granted by the Board of Commissioners, the Chief Financial Officer (CFO) of PHC is authorized to invest and manage *the this* investment portfolio in accordance with this investment policy. All will be pooled in an actively managed portfolio. The Investment Pool or “Portfolio” will be referred to as the "Fund" throughout the remainder of this document.

4.2 Removed “*and Budget*”.

5.1 Chief Financial Officer (CFO) removed “*their*”.

5.2.1 Changed “Governors” to “Commissioners”.

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1 *The Local Agency Investment Guidelines: Update for 2020*
Summary of Changes to PHC Annual Investment Policy

5.2.2 Changed “Governors” to “Commissioners”.

5.3.6 Changed “Governors” to “Commissioners”.

5.4 Audit – removed “and Budget Committee”

6.0 Safekeeping of Securities – added revelent code section §53601

8.2 Federal Agencies and U.S. Sponsored Enterprises (Government Code § 53601(f)) – Updated abbreviations in table of “Agencies”.

8.2.2 Added restrictions for type of investments in agency funds – “Investments of inverse floaters, range notes, interest-only strips derived from mortgage pools, and securities that could result in zero-interest accrual if held to maturity are prohibited. To comply with changes in Government Code § 53601(f).”

8.13 Pooled Funds (Government Code § 27133, 53601(p), 16429.1, 16340) added revelent code section “§ 27133”.

8.15 Supranational Obligations (Government Code § 53601(q)) added – “8.15.1.6 No more than 30 percent of the portfolio may be invested in Supranational Obligations.” To comply with Government Code § 53601(q)

Table 1 Updated to reflect the statutory changes for the period January 1, 2019 through January 1, 2020 as noted above.

Attachment A – Glossary – added the following definitions ¹:

CD Placement Service
A service that allows local agencies to purchase more than $250,000 in CDs from a single financial institution while still maintaining FDIC insurance coverage. See “CDARS”.

CDARS (Certificate of Deposit Account Registry System
A private CD placement service that allows local agencies to purchase more than $250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than $250,000 each, so that FDIC coverage is maintained.
I. RELATED POLICIES:
   A. CMP-21 - Conflict of Interest Code
   B. CMP-21 - Conflict of Interest Code – Attachment A
   C. FIN-503 - Leasing and Rental Revenue Requirements

II. IMPACTED DEPTS:
   A. FINANCE

III. DEFINITIONS:
   A. See Attachment A - Glossary

IV. ATTACHMENTS:
   Table 1 – Allowable Investments Instruments per State Government Code (As of January 1, 2020) Applicable to All Local Agencies
   Table 2 - Comparison and Interpretation of Credit Ratings
   Attachment A – Glossary

V. PURPOSE:
Investment Policy sets forth the investment guidelines for all Operating Funds as required by California Government Code §53646.

VI. POLICY / PROCEDURE:

1.0 Overview:

1.1 To establish the investment guidelines for all operating funds and Board designated reserve funds of Partnership HealthPlan of California (PHC) invested on and after May 1, 2010. The objective is to ensure PHC’s funds are prudently invested according to the Board of Commissioners’ objectives to preserve capital, provide
necessary liquidity, and to achieve a market average rate of return through economic cycles.

2.0 Policy:

2.1 This Annual Investment Policy sets forth the investment guidelines for all Operating Funds, which conforms to California Government Code §53600 of Title 5. Local Agencies of the California Government Code (the Code), as well as to customary standards of prudent investment management. Any investment instruments not specifically approved in this policy will not be entered into without the prior consent of the Investment/Finance Committee and the Board of Commissioners of PHC. Irrespective of these policy provisions, should the provisions of the Code become more restrictive than those contained herein, such provisions will be considered immediately, adhered to, and incorporated into the Annual Investment Policy.

2.2 Investment Objectives

In accordance with the regulations cited herein, PHC’s primary annual investment objectives are in order of priority, as follows:

2.2.1 Safety and Preservation of Capital

Each investment transaction shall seek to ensure that the capital losses are avoided due to market erosion of security value and institutional default or broker-dealer default. PHC shall seek to preserve capital by mitigating the two types of risk, Credit Risk and Market Risk, as follows:

2.2.1.1 Credit Risk will be mitigated through diversification of the investment portfolio.

2.2.1.2 Market Risk will be mitigated by matching Maturity dates to coincide, as much as possible, with PHC’s cash flow requirements. It is explicitly recognized herein; however, that in a diversified portfolio, occasional capital losses are inevitable and must be considered within the context of the overall investment return.

2.2.2 Liquidity and Flexibility

The portfolio investments need to be comprised of investments for which there is a secondary market and which offer the flexibility to be sold at any time at prevailing market values with minimal risk of loss of principal and interest.
2.2.3 **Total Return**

PHC portfolio will be designed to achieve a market average rate of return similar to other authorized instruments and securities which have similar security, maturities and levels of risk.

2.3 **Authority to Invest:**

2.3.1 In accordance with authority granted by the Board of Commissioners, the Chief Financial Officer (CFO) of PHC is authorized to invest and manage the investment portfolio in accordance with this investment policy. All will be pooled in an actively managed portfolio. The Investment Pool or "Portfolio" will be referred to as the "Fund" throughout the remainder of this document.

2.3.2 The CFO may designate an Investment Manager(s) and/or subordinate, to manage all or such portions of PHC’s funds as the CFO shall determine from time to time. Such Investment Manager(s) shall be subject to this policy and any directions provided by the CFO. The CFO will be responsible for all actions undertaken and shall establish a system on internal controls to regulate the activities of subordinate officials, including the Investment Manager(s). Additional information regarding Investment Manager(s) can be found in Paragraph 2.5.

2.3.3 No person may engage in an investments transaction except as provided herein and in the procedures established by the CFO and/or Board of Commissioners.

2.4 **Prudence**

2.4.1 PHC’s Board of Commissioners, CFO, and persons authorized to make investment decisions on behalf of PHC are trustees and fiduciaries subject to the Prudent Investment Standards, as defined in Government Code §53600.3:

2.4.1.1 The “prudent person” standard specifies when investing, reinvesting, purchasing, acquiring, exchanging, and selling the CFO shall act with care, skill, prudence, and diligence under prevailing circumstances, including but not limited to, the general economic conditions and the anticipated needs of PHC, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims to safeguard the principal and maintain the liquidity needs of PHC. The Prudent Investment Standard shall be applied in the context of managing an overall portfolio.
2.4.1.2 The CFO acting in accordance with written procedures, and the Annual Investment Policy, and exercising due diligence, shall be relieved of personal responsibility for an individual security credit risk or market changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control developments. Additionally, the CFO shall act in accordance with written procedures, investment policy, and exercise due diligence to control adverse developments.

2.5 Ethics and Conflict Of Interest

2.5.1 PHC’s officers and employees involved in the investment process or having authority or influence over such activities, shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

2.5.2 PHC’s officers and employees involved in the investment process or having authority or influence over such activities, are not permitted to have any material financial interests in financial institutions that conduct business with PHC, and they are not permitted to have any personal financial or investment holding that could be materially related to the performance of PHC’s investments.

2.5.3 PHC officers and employees involved in the investment process or having authority or influence over such activities, will follow applicable compliance policies related to disclosure of potential conflicts to the extent the personal business activity or material financial interest is one capable of being known.

2.6 Investment Manager

2.6.1 The CFO, when cost beneficial, may designate an Investment Manager(s) to manage any portion of the investment portfolio. Any designated Investment Manager(s) shall be a fiduciary subject to the Prudent Investor Standard in Section 2.4.1.1 with respect to the funds under management.

2.6.2 The CFO will:

2.6.2.1 Evaluate candidates for the role of Investment Manager(s). The selected candidates will be reviewed and approved by the Chief Executive Officer (CEO), and Finance Committee and the Board of Commissioners.
2.6.2.2 Obtain certification from outside Investment Managers that they will purchase securities from broker-dealers (other than themselves) or financial institutions in compliance with Government Code Section 53601.5 and the Annual Investment Policy.

2.6.2.3 Provide all Investment Manager(s) with copy of Annual Investment Policy which will be included in the Investment Manager’s contract.

2.6.2.4 Establish and review the targeted average maturities periodically with the Investment Manager(s).

2.6.2.5 Review the investment diversification and portfolio performance monthly to ensure that the Investment Manager’s compliance with this policy, risk levels and returns are reasonable, and that investments are diversified in accordance with this policy.

2.6.2.6 Investigate any investment made by the Investment Manager(s) which is not authorized by this policy for possible cause for termination of contract.

2.6.2.7 Ensures that the investment advisor prepares monthly reports on its portfolio that include all required information for PHC to comply with its reporting requirement, and applicable State and Local laws and regulations.

3.0 Reporting (Government Code § 53646)

3.1 Quarterly Review

3.2 At a minimum, the CFO will or cause to, present a quarterly report with investments transaction information in adequate detail to allow the Finance Committee to review the investment activity of PHC.

3.3 The quarter report will be summarized and presented as a report from the Finance Committee to the full Board of Commissioners in accordance with Government Code §53646(b).

4.0 Performance Standards

4.1 The investment portfolio shall be managed in accordance with the parameters specified in this policy. Consequently, the investment portfolio shall be designed to achieve a market average rate of return through economic cycles similar to authorized investment instruments, which have similar security maturities and levels of risk.

4.2 The performance benchmarks for the investment portfolio will be based upon the market indices for short term investments of comparable risk and
duration. These performance benchmarks will be agreed to by the CFO, and the Investment Manager(s), and the relative performance of the investment portfolio will be reviewed with the Finance Committee, quarterly.

4.3 For planning purposes, we expect the Fund to return a money market rate of return. For comparison purposes, the one to three year treasury index and the state pool (LAIF) will be used.

5.0 Monitoring

5.1 Chief Financial Officer (CFO)

The CFO and staff are responsible for the day-to-day management of PHC’s portfolio and the making of specific investments that comply with this policy.

5.2 Board of Commissioners

5.2.1 The CFO is responsible for providing the Board of Commissioners with an Annual Investment Policy, and the Board of Commissioners is responsible for adopting the Annual Investment Policy and ensuring investments are made in compliance with the FIN-700-501, Annual Investment Policy. This Annual Investment Policy shall be reviewed and approved annually by the Board of Commissioners at a public meeting pursuant to Section 53646(a)(2) of the California Government Code.

5.2.2 The CFO is responsible for directing PHC’s investment program and for compliance with this policy pursuant to the delegation of authority to invest funds or to sell or exchange securities. The CFO shall provide a quarterly report to the Board of Commissioners. The CFO shall also provide the Board of Commissioners with a quarterly report of investment transactions.

5.3 Finance Committee

5.3.1 The duties and responsibilities of the Finance Committee shall consist of the following:

5.3.2 Review of the Annual Investment Policy annually before its consideration by the Board of Commissioners and recommend revisions.
5.3.3 Review PHC’s investment portfolio quarterly to confirm compliance with the Annual Investment Policy, including its diversification and maturity guidelines.

5.3.4 Provide comments to the CFO regarding potential investments and potential investment strategies.

5.3.5 Periodically review investment security diversification and investment strategies with Investment Manager(s).

5.3.6 Perform such additional duties and responsibilities as may be required from time to time by specific action and direction of the Board of Commissioners.

5.4 Audit

Investment transactions of PHC may be reviewed during the annual audit performed by the public accounting firm selected by the Finance Committee, and approved by the Board of Commissioners. The results of the audit of the investment transactions shall be presented in a report prepared by the auditors to the Finance Committee and the Board of Commissioners for their review, acceptance, and action as the Board of Commissioners deems necessary. A full audit of the investment of PHC may be requested by the Finance Committee or Board of Commissioners at any time.

6.0 Safekeeping of Securities

Investments purchased shall be held by a custodian bank acting as agent for PHC, and such custody agreement shall be in compliance with Government Code §53601 and §53608.

7.0 Authorized Investments

PHC has a fiduciary responsibility to maximize the productive use of assets entrusted to its care and to invest and manage those funds wisely and prudently. PHC operates its pooled idle cash to afford a broad spectrum of investment opportunities that are deemed prudent, and are legally allowable under the Code and other regulations. Additionally, PHC recognizes that it has an equal obligation to be aware of the social and political impacts of its investments, and subsequently, to act responsibly in making its financial decisions. PHC shall not knowingly, make any investments in any institution, company, corporation, subsidiary or affiliate that practices or supports directly or indirectly through its actions discrimination on the basis of race, religion, color, creed, national or ethnic origin, age, sex, sexual preference, or physical disability.
As stated above, PHC is governed by the Code §53600-53609. Within the context of these limitations, the following investments are authorized, as further limited herein. Table 1 summarizes the allowable Investment instruments per California State Code. Table 2 illustrates comparison and interpretation of credit ratings. Attachment A is a Glossary of common investment terms.

7.1 Maturity and Terms

All investments are subject to a maximum five (5) year Maturity or Term.

8.0 Eligible Investments

PHC’s policy is to invest in the high quality instruments as permitted by the Government Code, subject to the limitations of the Annual Investment Policy.

8.1 United States Treasuries (Government Code §53601(b))

These investments are direct obligations of the US and securities which are fully and unconditionally guaranteed as to the timely payment of principal and interest by the full faith of the US.

<table>
<thead>
<tr>
<th>Types of US Treasuries</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury Bills</td>
<td>3 months, 6 months, and one year securities and traded at a discount.</td>
</tr>
<tr>
<td>Treasury Notes and Bonds</td>
<td>Interest bearing instruments issued with maturities of 2 to 5 years.</td>
</tr>
<tr>
<td>Treasury STRIPS</td>
<td>US Treasury securities that have been separated into their component parts of principal and interest payments and recorded as such in the Federal Reserve book-entry record keeping system.</td>
</tr>
<tr>
<td>Treasury coupon and principal STRIPS</td>
<td>These are not to be considered to be derivatives for the purpose of the Annual Investment Policy and are permitted investments.</td>
</tr>
</tbody>
</table>
8.1.1 Maximum Term/Restrictions: Code specifies five (5) years and there is no limitation as to the percentage of the fund which can be invested.

8.2 **Federal Agencies and U.S. Sponsored Enterprises (Government Code § 53601(f))**

These are U.S. Government related organizations, the largest of which are intermediaries assisting credit markets, are often simply referred to as “agencies”. Any Federal Agency and U.S. Government Sponsored Enterprise security not specifically listed below, is not a permitted investment interment:

<table>
<thead>
<tr>
<th>“Agencies” are limited to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Agriculture Mortgage Association</td>
</tr>
<tr>
<td>Federal Home Loan Banks</td>
</tr>
<tr>
<td>Federal Home Loan Mortgage Corporation</td>
</tr>
<tr>
<td>Federal National Mortgage Association</td>
</tr>
<tr>
<td>Federal Farm Credit Banks</td>
</tr>
<tr>
<td>Student Loan Marketing Association</td>
</tr>
<tr>
<td>Government National Mortgage Association</td>
</tr>
<tr>
<td>Small Business Administration</td>
</tr>
<tr>
<td>Export-Import Bank of the United States</td>
</tr>
<tr>
<td>U.S. Maritime Administration</td>
</tr>
<tr>
<td>U.S. Department of Housing and Urban Housing</td>
</tr>
</tbody>
</table>

8.2.1 Maximum Term: 5 years and

8.2.2 Restrictions: Despite the implied government guarantee, Agencies that are not direct obligations of the U.S. Government will be limited to 50 percent of the portfolio in aggregate and no more than 25 percent of the portfolio may be in any one Agency. Investments of inverse floaters, range notes, interest-only strips derived from mortgage pools, and securities that could result in zero-interest accrual if held to maturity are prohibited.

8.3 **State of California and Local Agency Obligations (Government Code § 53601(a) (c) (e))**

8.3.1 Such obligations must be rated A-1, P-1, or equivalent or better short term; or Aa3/AA-, or equivalent or better long term, by an Approved NRSRO. Public agency bonds issued for private purposes (industrial development bonds) are specifically excluded as permitted investments.
8.3.2 Maximum Term: Five (5) Years

8.4 Other States’ Obligations (Government Code § 53601(d))

8.4.1 Other State’s obligations are permitted provided that:

8.4.1.1 Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California. However, ownership of out of state local agency bonds is not allowed.

8.4.1.2 Such obligations must be rated A-1, P-1, or equivalent or better short term; or AA/Aa2, or equivalent or better long term, by an approved NRSRO.

8.5 Banker Acceptances (BA) (Government Code § 53601(g))

8.5.1 These short-term notes are sold at a discount, and are obligations of the drawer (the bank’s trade finance client), as well as the bank. Once accepted, the bank is irrevocably obligated to pay the BA upon maturity if the drawer does not.

8.5.2 Eligible Bankers’ Acceptance are Bankers’ Acceptances that are eligible for purchase by the Federal Reserve, and;

8.5.3 Drawn on and accepted by a bank rated F1 or better by Fitch, or are rated A-1 for short-term deposits by Standard and Poor’s or P-1 for short-term deposits by Moody’s (a rating matrix is found at attachment B).

8.5.4 Maximum Term: 180 days.

8.5.5 Restrictions: No more than 5 percent of PHC’s Portfolio be invested in banker's acceptances issued by any one bank.

8.5.6 No more than 40 percent of the portfolio may be in banker’s acceptances.
8.6 Commercial Paper (CP): Non-Pooled Funds (Government Code § 53601(h) (2) (c))

8.6.1 CP is unsecured promissory notes issued by companies and government entities at a discount. CP is negotiable, although it is typically held to maturity.

8.6.2 CP must be:

8.6.2.1 Rated A-1 or better by an Approved NRSRO.

8.6.2.2 Issued by corporations rated A-3 or better, or equivalent, or higher by an Approved NRSRO on longer term debt, if any, and;

8.6.2.3 Issued by U.S. corporations organized or non-U.S. Corporation organized and operating within the U.S. and having assets in excess of $500 million.

8.6.2.4 Asset backed Commercial Paper issued by special purpose vehicles (structure investments vehicles) are prohibited.

8.6.2.5 PHC’s investment funds may not be used to purchase more than 10 percent of the outstanding paper issued by any single issuing corporation.

8.6.2.6 Maximum Term: 270 days

8.6.2.7 Restrictions: Total investments in commercial paper may not exceed 25 percent of the portfolio (AB 609 7/13/01).

8.7 Negotiable Certificates of Deposits (CD) (Government Code § 53601(i))

8.7.1 A negotiable (marketable or transferable) receipt for a time deposit at a bank or financial institution for a fixed time and interest rate. Negotiable Certificates of Deposits must be issued by a nationally or state chartered bank or state or federal association or by a state licensed branch of a foreign bank, which have been rated as F1 or better by Fitch, or rated as A-1 for short term-deposits by Standard & Poor’s, or P-1 for short-term deposits Moody’s or are comparably rated by a nationally recognized agency.
8.7.2 Maximum Term: five (5) years

8.7.3 Restrictions: Eligible banks must also have no long term ratings below A or equivalent. No more than 5 percent of the fund may be invested in CDs of one issuer and no more than 30 percent of the portfolio may be invested in CDs.

8.7.4 Except, PHC may not invest in a CD of a state or federal credit union, where any person with investment decision making authority at PHC also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

8.8 Non-Negotiable Certificates of Deposit (CD) (Government Code § 53601.8 & 53635.8)

8.8.1 Investment funds managed by an external investment Manager may not invest in Non-Negotiable Certificates of Deposits.

8.8.2 PHC must choose a nationally or state charter commercial bank, savings & loan association, or credit union in this state to invest funds, which shall be known as the “Selected” depository institution.

8.8.3 The selected depository institution may submit the funds to a private sector entity that assists in the placement of certificates of deposit with one or more commercial banks, savings banks, savings and loan associations, or credit unions that are located in the United States, for the local agency's account.

8.8.4 The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by the Federal Deposit Insurance Corporation or National Credit Union Administration.

8.8.5 Maximum Term: Five (5) years

8.9 Repurchase Agreements (Government Code § 53601(j))

8.9.1 Repurchase Agreements cover a purchase of securities under a simultaneously agreement to sell these securities back at a fixed price in the future, are permitted provided that:
8.9.1.1 PHC may enter into Repurchase Agreements with banks and dealers that:

8.9.1.2 A broker dealer master Repurchase Agreement must be signed by the Investment Manager (acting as “Agent”) and approved by the Investment Professional prior to entering into any repurchase transactions.

8.9.1.3 The securities used to make the reverse repurchase have been held for a minimum of thirty (30) days prior to the transaction

8.9.1.4 The securities are held free and clear of any lien by PHC’s Custodian or Agent for the Custodian, and such third party is a:

8.9.1.4.1 Federal Reserve Bank, or

8.9.1.4.2 A bank which is a member of the Federal Deposit Insurance Corporation (FDIC) and which has a combined capital surplus and undivided profits of not less than $50 million.

8.9.2 A perfected first security interest under the uniform code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq., or C.F.R 350.0 et seq. in such securities is created for the benefit of PHC’s Custodian.

8.9.3 The repurchase positions must be collateralized at 102 percent for Treasuries, Agencies, and eligible money market instruments; and Corporates and other eligible collateral will be collateralized at 105 percent. Securities held as collateral for Repurchase Agreements can only be those marketable securities, eligible for investment by PHC are permitted.

8.9.4 Repurchase Agreements will be conducted with only primary dealers.

8.9.5 Maximum Term: Repurchase Agreements shall not exceed 90 days; however, the code authorizes one year when all requirements are met.

8.9.6 Restrictions: Reverse Repurchase Agreements are not allowed.
8.10 Medium-Term Maturity Corporate Securities (Government code § 53601(k))

8.10.1 Medium-Term Maturity Corporate Securities, are corporate and depository institution debt securities with a maximum remaining maturity of five years (5) or less. Medium Term Maturity Corporate Securities must:

8.10.1.1 Be issued by corporations organized and operating within the U.S. or any state or by depository institutions licensed by the U.S. or any state operating within the U.S. that have total assets in excess of $500 million.

8.10.1.2 Have a rating of A or better by an approved NRSROs with a maturity of five (5) years or less.

8.10.2 Represent no more than 5 percent of the issue amount in the case of a specific public offering. This limitation does not apply to debt that is “continuously offered” in a mode similar to Commercial Paper. (i.e., Medium- Term Notes (MTN’s)), and;

8.10.3 Represent no more than 5 percent of the portfolio for either MTNs or any corporate security of any one corporate issuer.

8.10.4 Maximum Term: Maturity a maximum of five (5) years.

8.10.5 No more than 30 percent of the fund may be invested in Medium-Term Notes or other Corporates.

8.11 Money Market and Mutual Funds (Government Code § 53601(1) and 53601(n))

8.11.1 Investments in shares of beneficial interest issued by diversified management companies (Money Market Funds or Mutual Funds) must be with a company that:

8.11.1.1 Attain the highest ranking or the highest letter and numerical rating provided, by not less than two of the three largest nationally recognized rating services, or have an investment adviser registered with the Securities and Exchange Commission (SEC) with not less than five years experience investing in the securities and obligations as authorized above, and with assets under
management in excess of $500 million.

8.11.2 If unrated, all funds must be invested 100 percent in government securities or securities backed by government collateral.

8.11.3 The price of shares of beneficial interest (mutual funds) shall not include any commission that these companies may charge at the time of purchase or redemption.

8.11.4 Restrictions: No more than 20 percent of the portfolio may be invested in mutual funds.

8.11.4.1 No more than 10 percent invested in any one mutual fund. However, Money Market Funds are not subject to a maximum investment limitation per fund.

8.12 Mortgage or Asset-Backed Securities (ABS) (Government Code § 53601(o))

8.12.1 These securities may contain a third-party guarantee, they are a package of assets being sold by a trust, not a debt obligation of the sponsor. Other types of “backed” debt instruments have assets (such as leases or consumer receivables) pledged to support the debt service. However, Mortgage Backed Securities primarily backed by sub-prime collateral are not allowed.

8.12.2 Investments in any Mortgage Pass-through securities, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-back certificate, consumer-receivable pass-through certificate, or consumer-receivable-backed bond must be:

8.12.2.1 Rated AA, or its equivalent or better by an Approved NRSRO, and

8.12.2.2 Issued by an issuer rated A- or equivalent or better, by an approved NRSRO for its long term debt.

8.12.3 Maximum Term/Restrictions: Five (5) year maturity or less.

8.12.3.1 PHC will continue to buy only AAA-rated ABS. Total investment in this category may not exceed 20 percent of the fund.
8.13 Pooled Funds (Government Code § 27133, 53601(p), 16429.1, 16340)

8.13.1 Investments are permitted in Government Pooled Funds including, but not limited to, County Pooled Investment Funds, Joint Powers Authority Pools, the Local Agency Investment Fund, and the Voluntary Investment Program Fund.

8.13.2 A Joint Powers Authority Pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of $500 million, and has at least five years experience investing in instruments authorized by Government Code Sections 53601(a) to (o).

8.13.3 Any investments in the Voluntary Investment Program Fund must be between $200 million and $10 billion and must be approved by the Board of Commissioners.

8.13.4 For any investments in the Local Agency Investment Fund or County Pooled Investment Fund, the CFO may provide to the Board of Commissioners, and the auditor, the most recent statement or statements received from those institutions, in lieu of the information otherwise required to be provided in the quarterly reports pursuant to Paragraph 5.2.2.

8.13.5 Maximum Term: Five (5) years

8.14 Insured passbook savings account demand deposits in commercial banks and savings and loan companies.

8.14.1 Maximum Term/Restrictions: The deposit shall not exceed the total net worth of any depository savings association or federal association, except that deposits not exceeding a total of $500,000 may be made to a savings association or federal association without regard to the net worth of that depository, such deposits are insured or secured by law.

8.15 Supranational Obligations (Government Code § 53601(q))

8.15.1 Certain supranational obligations are permitted, provided that the obligations are:

8.15.1.1 U.S. Dollars denominated,
8.15.1.2 Senior Obligations,

8.15.1.3 Issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank,

8.15.1.4 Eligible for purchase and sale within the United States, and

8.15.1.5 Rated AA or equivalent or better by an Approved NRSRO.

8.15.1.6 No more than 30 percent of the portfolio may be invested in Supranational Obligations.

8.15.2 Maximum Term: Five (5) years or less

8.16 Securities Lending

8.16.1 Securities lending is allowed but are subject to the conditions and restrictions in the California Government Code Sections 53601(j) and 53601(l).

8.17 Derivatives

8.17.1 Investments in derivative securities are not allowed, except as permitted by this Annual Investment Policy, including but not limited to, US Treasury STRIPS as discussed in Section 8.1.

8.18 Investments Restrictions and Prohibited Transactions.

8.18.1 Any investment not authorized by the Codes §53601 and §53635 are prohibited, including but not limited to, common stocks, derivatives such as inverse floaters, mismatched floaters, yield curve notes and other securities that magnify interest rate risk, are expressly prohibited. Additionally, Corporates including Medium-Termed Notes (MTN) rated A, may not be purchased if they are currently on the downgrade list at either Moody’s or S&P or Commercial Paper of issuers with long term ratings of single A, may not be purchased if the issuer is currently on the downgrade list of either S&P or Moody’s. Also, private placements are not acceptable investments.
8.19 Diversification Guidelines

8.19.1 Investment Security Diversification at the time of purchase:

<table>
<thead>
<tr>
<th>Type of Security</th>
<th>Maximum Portfolio %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasuries, including STRIPS</td>
<td>100%</td>
</tr>
<tr>
<td>Federal Agencies, and US Government Enterprises</td>
<td>100%</td>
</tr>
<tr>
<td>State Obligations (CA and others) and CA Local Obligations</td>
<td>25%</td>
</tr>
<tr>
<td>Bankers Acceptances</td>
<td>40%</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>25%</td>
</tr>
<tr>
<td>Negotiable Certificates of Deposit</td>
<td>30%</td>
</tr>
<tr>
<td>Non-Negotiable Certificates of Deposit</td>
<td>100%</td>
</tr>
<tr>
<td>Placement Service Deposits</td>
<td>30%</td>
</tr>
<tr>
<td>Repurchase Agreements</td>
<td>100%</td>
</tr>
<tr>
<td>Medium Term Maturity Corporate Securities</td>
<td>30%</td>
</tr>
<tr>
<td>Money Market Funds and Mutual Funds Combined</td>
<td>20%</td>
</tr>
<tr>
<td>Mortgage and Asset Backed Securities</td>
<td>20%</td>
</tr>
<tr>
<td>Variable and Floating Rate Securities</td>
<td>0%*</td>
</tr>
<tr>
<td>Government Pooled Funds</td>
<td>100%</td>
</tr>
<tr>
<td>Certain Supranational Obligations</td>
<td>30%</td>
</tr>
</tbody>
</table>

* Maximum holding percentage is based on underlying security type limits listed.

8.19.2 Issuer / Counterparty Diversification Guidelines:

<table>
<thead>
<tr>
<th>Issuer / Counterparty</th>
<th>Maximum Portfolio %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any one Federal Agency or Government Sponsored Enterprise</td>
<td>100%</td>
</tr>
<tr>
<td>Any one Repurchase Agreement counterparty name:</td>
<td></td>
</tr>
<tr>
<td>If Maturity / Term is less than or equal to 7 days</td>
<td>50%</td>
</tr>
<tr>
<td>If Maturity / Term is greater than 7 days</td>
<td>25%</td>
</tr>
</tbody>
</table>

8.19.3 For all other securities described under Authorized Investments that are permitted investments, no more than 2 percent of PHC’s funds may be invested with any one company, corporation, bank, local agency, or other investment vehicle, unless otherwise stated.
8.20 Leverage

8.20.1 The investment portfolio, or investment portfolios managed by an Investment Manager cannot be used as collateral to obtain additional investment funds.

9.0 Underlying Nature of Investments

9.1 PHC and its Investment Manager(s) shall not make investments in organizations which have a line business that is visibly in conflict with public health or the mission of PHC.

9.2 PHC and its Investment Manager(s) shall not make investments in Negotiable Certificates of Deposit of a state or federal credit union, if a member of its Board or Executive Officers also serves on the Board of Commissioners of that credit union.

9.4 PHC will provide the Investment Manager(s) with a list of corporations that do not comply with the Annual Investment Policy and shall notify its Investment Manager(s) of any changes.

9.5 Investment Manager(s) will not enter into any investments with any institutions with which the Investment Manager is affiliated.

10.0 Rating Downgrades

10.1 PHC may from time to time be invested in a security whose rating is downgraded below the quality permitted in this Annual Investment Policy.

10.2 Any security held as an investment whose rating falls below the investment guidelines or whose rating is put on notice for possible downgrade, shall be immediately reviewed for action. The decision to retain the security until maturity, sell or put the security, or other action shall be approved by the CFO.

11.0 Rating Guidelines

11.1 A security must be rated by one or more of the following Approved NRSROs: 1) Standard and Poor’s 2) Moody’s, or 3) Fitch Ratings. Unless specifically stated otherwise for a specific asset class, if a security is rated at different rating levels by two or more Approved NRSRO’s, the highest rating will apply.
11.2 All investments must adhere to rating requirements outlined under the sections authorizing their purchase under section 2.3.

11.3 Notwithstanding Section 8.13, PHC may invest in Government Pooled funds that invest only in high grade securities or obligations.

VII. REFERENCES:
A. Government Code of Regulations (CCR), §§53600-53609 and 53646
B. Local Agency Investment Guidelines: Update for 2020, produced by the California Debt and Investment Advisory Commission (CDIAC) (Table 1)

VIII. DISTRIBUTION:
A. SharePoint
B. Executive Team

IX. POSITION RESPONSIBLE FOR IMPLEMENTING PROCEDURE: CFO

X. REVISION DATES:
02/08/2015

PREVIOUSLY APPLIED TO:
N/A
**TABLE 1**

ALLOWABLE INVESTMENT INSTRUMENTS PER STATE GOVERNMENT CODE
(AS OF JANUARY 1, 2020)\(^a\) APPLICABLE TO ALL LOCAL AGENCIES\(^b\)

See “Table of Notes for Figure 1” on the next page for footnotes related to this figure.

<table>
<thead>
<tr>
<th>INVESTMENT TYPE</th>
<th>MAXIMUM REMAINING</th>
<th>MAXIMUM SPECIFIED %</th>
<th>MINIMUM QUALITY REQUIREMENTS</th>
<th>GOVERNMENT CODE SECTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Agency Bonds</td>
<td>5 years</td>
<td>None</td>
<td>None</td>
<td>53601(a)</td>
</tr>
<tr>
<td>U.S. Treasury Obligations</td>
<td>5 years</td>
<td>None</td>
<td>None</td>
<td>53601(b)</td>
</tr>
<tr>
<td>State Obligations: CA and Others</td>
<td>5 years</td>
<td>None</td>
<td>None</td>
<td>53601(d)</td>
</tr>
<tr>
<td>CA Local Agency Obligations</td>
<td>5 years</td>
<td>None</td>
<td>None</td>
<td>53601(e)</td>
</tr>
<tr>
<td>U.S. Agency Obligations</td>
<td>5 years</td>
<td>None</td>
<td>None</td>
<td>53601(f)</td>
</tr>
<tr>
<td>Bankers’ Acceptances</td>
<td>180 days</td>
<td>40%(^5)</td>
<td>None</td>
<td>53601(g)</td>
</tr>
<tr>
<td>Commercial Paper: Non-pooled Funds(^f)</td>
<td>270 days or less</td>
<td>25% of the agency’s money(^6)</td>
<td>Highest letter and number rating by an NRSRO(^h)</td>
<td>53601(h)(2)(C)</td>
</tr>
<tr>
<td>Commercial Paper: Pooled Funds(^i)</td>
<td>270 days or less</td>
<td>40% of the agency’s money(^6)</td>
<td>Highest letter and number rating by an NRSRO(^h)</td>
<td>53635(a)(1)</td>
</tr>
<tr>
<td>Negotiable Certificates of Deposit</td>
<td>5 years</td>
<td>30%(^7)</td>
<td>None</td>
<td>53601(i)</td>
</tr>
<tr>
<td>Non-negotiable Certificates of Deposit</td>
<td>5 years</td>
<td>None</td>
<td>None</td>
<td>53630 et seq.</td>
</tr>
<tr>
<td>Placement Service Deposits</td>
<td>5 years</td>
<td>50%(^4)</td>
<td>None</td>
<td>53601.8 and 53635.8</td>
</tr>
<tr>
<td>Placement Service Certificates of Deposit</td>
<td>5 years</td>
<td>50%(^4)</td>
<td>None</td>
<td>53601.8 and 53635.8</td>
</tr>
<tr>
<td>Repurchase Agreements</td>
<td>1 year</td>
<td>None</td>
<td>None</td>
<td>53601(j)</td>
</tr>
<tr>
<td>Reverse Repurchase Agreements and Securities Lending</td>
<td>92 days(^5)</td>
<td>20% of the base value of the</td>
<td>None(^h)</td>
<td>53601(j)</td>
</tr>
<tr>
<td>Medium-term Notes(^h)</td>
<td>5 years or less</td>
<td>30%</td>
<td>&quot;A&quot; rating category or its equivalent or better</td>
<td>53601(k)</td>
</tr>
<tr>
<td>Mutual Funds and Money Market Mutual Funds</td>
<td>N/A</td>
<td>20%(^6)</td>
<td>Multiple(^p,q)</td>
<td>53601(l) and 53601.6(b)</td>
</tr>
<tr>
<td>Collateralized Bank Deposits(^r)</td>
<td>5 years</td>
<td>None</td>
<td>None</td>
<td>53630 et seq. and 53601(n)</td>
</tr>
<tr>
<td>Mortgage Pass-through and Asset Backed Securities</td>
<td>5 years or less</td>
<td>20%</td>
<td>&quot;AA&quot; rating category or its equivalent or</td>
<td>53601(o)</td>
</tr>
<tr>
<td>County Pooled Investment Funds</td>
<td>N/A</td>
<td>None</td>
<td>None</td>
<td>27133</td>
</tr>
<tr>
<td>Joint Powers Authority Pool</td>
<td>N/A</td>
<td>None</td>
<td>Multiple(^s)</td>
<td>53601(p)</td>
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<tr>
<td>Local Agency Investment Fund (LAIF)</td>
<td>N/A</td>
<td>None</td>
<td>None</td>
<td>16429.1</td>
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<tr>
<td>Voluntary Investment Program Fund(^t)</td>
<td>N/A</td>
<td>None</td>
<td>None</td>
<td>16340</td>
</tr>
<tr>
<td>Supranational Obligations(^u)</td>
<td>5 years or less</td>
<td>30%</td>
<td>&quot;AA&quot; rating category or its equivalent or</td>
<td>53601(q)</td>
</tr>
<tr>
<td>Public Bank Obligations</td>
<td>5 years</td>
<td>None</td>
<td>None</td>
<td>53601(r), 53635(c) and 57603</td>
</tr>
</tbody>
</table>

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\(^{1}\) Local Agency Investment Guidelines: Update for 2020, produced by the California Debt and Investment Advisory Commission (CDIAC) (Table 1)
Section 53601 provides that the maximum term of any investment authorized under this section, unless otherwise stated, is five years. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five-year remaining maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.

No more than 30 percent of the agency’s money may be in bankers’ acceptances of any one commercial bank.

Includes agencies defined as a city, a district, or other local agency that do not pool money in deposits or investment with other local agencies, other than local agencies that have the same governing body.

Local agencies, other than counties or a city and county, may purchase no more than 10 percent of the outstanding commercial paper of any single issuer.

Issuing corporation must be organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.

Percentages apply to all portfolio investments regardless of source of funds. For instance, cash from a reverse repurchase agreement would be subject to the restrictions.

No more than 30 percent of the agency’s money may be in investable securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States.

Reverse repurchase agreements must be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state charted bank that has a significant relationship with the local agency. The local agency must have held the securities for at least 30 days.

“Medium-term notes” are defined in Section 53601 as “all corporate and depository institution debt securities with a maximum remaining maturity of five years or less.”

Reverse repurchase agreements or securities lending agreements may exceed the 92-day term if the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity dates of the same security.

Reverse repurchase agreements must be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state charted bank that has a significant relationship with the local agency. The local agency must have held the securities for at least 30 days.

Table of Notes for Figure 1

| A | Sources: Sections 16340, 16429.1, 27133, 53601, 53601.6, 53601.8, 53630 et seq., 53635, and 53635.8. |
| B | Municipal Utilities Districts have the authority under the Public Utilities Code Section 12871 to invest in certain securities not addressed here. |
| C | Effective January 1, 2020, no more than 50 percent of the agency’s money may be invested in deposits, including certificates of deposit, through a placement service as authorized under 53601.8 (excludes negotiable certificates of deposit authorized under Section 53601.1). On January 1, 2026, the maximum percentage of the portfolio reverts back to 30 percent. Investments made pursuant to 53635.8 remain subject to a maximum of 30 percent of the portfolio. |

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## Comparison and Interpretation of Credit Ratings

### Long Term Debt Ratings

<table>
<thead>
<tr>
<th>Rating Interpretation</th>
<th>Moody's</th>
<th>Standard &amp; Poor's</th>
<th>Fitch IBCA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best-quality grade</td>
<td>Aaa</td>
<td>AAA</td>
<td>AAA</td>
</tr>
<tr>
<td>High-quality grade</td>
<td>Aa1</td>
<td>AA+</td>
<td>AA+</td>
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<td>Aa2</td>
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<td>Aa3</td>
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<tr>
<td>Upper medium grade</td>
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<td>Baa1</td>
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<td>BBB+</td>
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<td>Baa2</td>
<td>BBB</td>
<td>BBB</td>
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<td>Baa3</td>
<td>BBB-</td>
<td>BBB-</td>
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### Short Term/Commercial Paper Investment Grade Ratings

<table>
<thead>
<tr>
<th>Rating Interpretation</th>
<th>Moody’s</th>
<th>Standard &amp; Poor’s</th>
<th>Fitch IBCA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Superior Capacity</td>
<td>P-1</td>
<td>A-1+/A-1</td>
<td>F1+F1</td>
</tr>
<tr>
<td>Strong Capacity</td>
<td>P-2</td>
<td>A-2</td>
<td>F2</td>
</tr>
<tr>
<td>Acceptable Capacity</td>
<td>P-3</td>
<td>A-3</td>
<td>F3</td>
</tr>
</tbody>
</table>

1 These are general credit rating guidelines and are for information only.
Agent - An independent third party acting for the Custodian. The Investment Manager may act as Agent.

Approved NRSRO - Approved NRSROs consists of the following NRSROs: 1) Standard and Poor’s, 2) Moody’s, and 3) Fitch Ratings.

Arbitrage- Transactions by which securities are bought and sold in different markets at the same time for the sake of the profit arising from a yield difference in the two markets. The 1986 Tax Reform Act made this practice by municipalities illegal solely as a borrowing tactic, except under certain safe-harbor conditions.

Asset Allocation - The division of an investment portfolio among different asset categories, such as stocks, bonds, and cash.

Asset-Back Securities - Securities that are supported by pools of assets, such as installment loans or leases, or by pools of revolving lines of credits. Asset-backed securities are structured as trusts in order to perfect a security interest in the underlying assets.

Bankers' Acceptance - A draft or bill or exchange accepted by a bank or trust company. The accepting institution, as well as the issuer, guarantees payment of the bill.

Bond Proceeds - The money paid to the issuer by the purchaser or underwriter of a new issue of municipal securities. These moneys are used to finance the project or purpose for which the securities were issued and to pay certain costs of issuance as may be provided in the bond contract.

Bonds - A debt obligation of a firm or public entity. A bond represents the agreement to repay the debt in principal and, typically, in interest on the principal.

Broker - Someone who brings buyers and sellers together and is compensated for his/her service.

Certificate of Deposit - A short-term, secured deposit in a financial institution that usually returns principal and interest to the lender at the end of the loan period. Certificates of Deposit (CDs) differ in terms of collateralization and marketability. Those appropriate to public agency investing include:

Negotiable Certificates of Deposit - Generally - short-term debt instrument that usually pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. The majority of negotiable CDs mature within six months while the average maturity is two weeks. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor). Negotiable CDs are insured by FDIC up to $250,000, but they are not collateralized beyond that amount.

Non-Negotiable Certificates of Deposit - CDs that carry a penalty if redeemed prior to maturity. A secondary market does exist for non-negotiable CDs, but redemption includes a transaction cost that reduces returns to the investor. Non-negotiable CDs issued by banks and savings and loans are insured by the Federal Deposit Insurance Corporation up to the amount of $250,000, including principal and interest. Amounts deposited above this amount may be secured with
other forms of collateral through an agreement between the investor and the issuer. Collateral may include other securities including Treasuries or agency securities such as those issued by the Federal National

**CD Placement Service** - A service that allows local agencies to purchase more than $250,000 in CDs from a single financial institution while still maintaining FDIC insurance coverage. See “CDARS”.

**CDARS (Certificate of Deposit Account Registry System)** - A private CD placement service that allows local agencies to purchase more than $250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than $250,000 each, so that FDIC coverage is maintained.

**Collateralization** - Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security.

**Commercial Paper** - An unsecured short-term promissory note issued by corporations, with maturities ranging from 2 to 270 days.

**County Pooled Investment Funds** - The aggregate of all funds from public agencies placed in the custody of the County Treasurer or Chief Finance Officer for investment and reinvestment.

**Coupon** - The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value; a certificate attached to a bond evidencing interest due on a payment date.

**Credit Risk** - The risk of principal loss due to the failure of the issuer of the security.

**Custodian** - A bank or other financial institution that keeps custody of stock certificates and other assets.

**Dealer** - Someone who acts as a principal in all transactions, including buying and selling from his/her own account.

**Defeased Bond Issues** - Issues that have sufficient money to retire outstanding debt when due so that the agency is released from the contracts and covenants in the bond document.

**Derivative** - Securities that are based on, or derived from, some underlying asset, reference date or index.

**Diversification** - The reduction of risk by investing in a variety of assets which ensures that a portfolio is not concentrated in securities of any one type, industry, or entity.

**Duration** - A measure of the timing of the cash flows to be received from a security that provides the foundation for a measure of the interest rate sensitivity of a bond. Duration is a volatility measure and represents the approximate percentage change in price divided by the percentage change in interest rates. A high duration measure indicates that for a given level of movement in interest rates, prices of securities will vary considerably.

**Federal Agencies and U.S. Government Sponsored Enterprises** - Investments which are obligations, participations, and other instruments of, or issued by, a federal agency or a United States
government sponsored enterprise, including instruments issued by, or fully guaranteed as to principal and interest by the issuers.

**Fiduciary** - An individual who holds something in trust for another and bears liability for its safekeeping.

**Floating Rate Securities** - Securities that provide for the automatic adjustments of its interest rate whenever a specified interest rate changes.

**Government Accounting Standards Board (GASB)** - A standard-setting body, associated with the Financial Accounting Foundation, which prescribes standard accounting practices for governmental units.

**Government Pooled Funds** - Funds of various governmental agencies that are pooled together for investment purposes.

**Government Sponsored Enterprises (GSE)** - Privately held corporations with public purposes created by the U.S. Congress to reduce the cost of capital for certain borrowing sectors of the economy. Securities issued by GSEs carry the implicit backing of the U.S. Government, but they are not direct obligations of the U.S. Government. For this reason, these securities will offer a yield premium over Treasuries.

**Guaranteed Investment Contracts (GICs)** - An agreement acknowledging receipt of funds for deposit, specifying terms for withdrawal, and guaranteeing a rate of interest to be paid.

**Investment Manager** - An individual designated by the Chief Financial Officer (CFO) to manage all or any part of the investment portfolio.

**Joint Powers Authority (JPA)** - California Government Code Section 6500, ET. Seq. provides that two or more public agencies may, by agreement, exercise any power common to the contracting parties.

**Liquidity** - An asset that can easily and rapidly be converted into cash without significant loss of value.

**Local Agency Investment Fund** - A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's office.

**Local Government Investment Pool (LGIP)** - Investment pools that range from the State Treasurers Local Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

**London Interbank Offered Rate (LIBOR)** - The average interest rate that leading banks in London charge when lending to other banks and used as a benchmark for Finance.

**Market Risk** - The risk of market value fluctuations due to economic change in the interest rate markets.

**Market Value** - The price at which a security is trading and presumably could be purchased or sold at a particular point in time.

**Maturity** - The date on which the principal or stated value of an investment becomes due and payable.
Medium-Term Note--Corporate or depository institution debt securities meeting certain minimum quality standards (as specified in the California Government Code) with a remaining maturity of five years or less.

Money Markets-A component of financial markets for assets involved in short-term borrowing and lending with original maturities of one year or shorter time frames.

Mortgage or Asset Backed Securities--Securities whereby cash flow from the mortgages, receivables and other assets underlying the security are passed-through as principal and interest payments to the investor.

Mutual Funds--An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments.

Nationally Recognized Statistical Rating Organization (NRSRO)--A credit rating agency that issues credit ratings that the U.S. Securities and Exchange Commission (SEC) permits other financial firms to use for certain regulatory purposes. The SEC's Office of Credit Ratings administers the SEC's rules relating to NRSROs, in addition to performing various other functions with respect to NRSROs.

Negotiable Certificates of Deposit/Time Deposits--A negotiable receipt for a time deposit at a bank or other financial institution for a fixed time and interest rate.

Note--A written promise to pay a specified amount to a certain entity on demand or on a specified date.

Par Value--The amount of principal that must be paid at maturity; also referred to as the face amount of a bond, normally quoted in $1,000 increments per bond.

Principal--The face value or par value of a debt instrument or the amount of capital invested in a given security.

Prospectus--A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC that typically includes information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements (also known as an "official statement").

Portfolio--Combined holding of more than one stock, bond, commodity, real estate investment, cash equivalent or other asset. The purpose of a portfolio is to reduce risk by diversification.

Prudent Investor Standard--A standard of conduct where a person acts with care, skill, prudence, and diligence when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing funds. The test of whether the standard is being met is if a prudent person acting in such a situation would engage in similar conduct to ensure that investments safeguard principal and maintain liquidity.

Repurchase Agreements--An agreement of one party (for example, a financial institution) to sell securities to a second party (such as a local agency) and simultaneous agreement by the first party to repurchase the securities at a specified price from the second party on demand or at a specified date.
Reverse Repurchase Agreements - An agreement of one party (for example, a financial institution) to purchase securities at a specified price from a second party (such as a public agency) and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified date.

Rule G-37 of the Securities Rulemaking Board - Federal regulations to sever any connection between the making of political contributions and the awarding of municipal securities business.

Safekeeping Service - Offers storage and protection of assets provided by an institution serving as an agent.

State of California and Local Agency Obligations - Registered state warrants, treasury notes or bonds of the State of California and bonds, notes and warrants or other evidence of indebtedness of any local agency of the state including bonds payable solely out of the revenue from a revenue producing property owned, controlled, or operated by the State or local agency or by a department, board, agency, or authority of the State or local agency.

Securities and Exchange Commission (SEC) - The federal agency responsible for supervising and regulating the securities industry.

Securities Lending Agreement - An agreement of one party (for example, a local agency) to borrow securities at a specified price from a second party (for example, another local agency) with a simultaneous agreement by the first party to return the security at a specified price to the second party on demand or at a specified date. These agreements generally are collateralized and involve a third-party custodian to hold the securities and collateral. Economically similar to reverse-repurchase agreement.

Tax and Revenue Anticipation Notes (TRANs) - Notes issued in anticipation of receiving tax proceeds or other revenues at a future date.

Trustee or trust company or trust department of a bank - A financial institution with powers to act in a fiduciary capacity for the benefit of the bondholders in enforcing the terms of the bond contract.

Term - The remaining time to Maturity when the asset is purchased.

Underwriter - A dealer which purchases a new issue of municipal securities for resale.

US Treasury Obligations - Debt obligations of the United States Government sold by the Treasury Department in the forms of Bills, Notes, and Bonds. Bills are short-term obligations that mature in 1 year or less and are sold on the basis of a rate of discount. Notes are obligations that mature between 1 year and 10 years. Bonds are long-term obligations that generally mature in 10 years or more.

Variable Rate Securities - Securities that provide for the automatic establishment of a new interest rate on set dates.

Weighted Average Maturity (WAM) - The average maturity of all the securities that comprise a portfolio that is typically expressed in days or years.
Yield-The current rate of return on an investment security generally expressed as a percentage of the securities current price.

Yield Curve-A graphic representation that shows the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity.
CONSENT AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Board Meeting Date: December 2, 2020

Agenda Item Number: 3.1

Resolution Sponsor:
Liz Gibboney, CEO, Partnership HealthPlan of CA

Recommendation by:
PHC Advisory Groups and Committees

Topic Description:
Partnership HealthPlan of California (PHC) has a number of advisory groups & committees established by the Commission (known as the Board) with direct reporting responsibilities. These are the 340B, Compliance, Consumer Advisory, Finance, Personnel, Policies and Benefits, Physicians Advisory, Substance Use Services, Provider Advisory, and Strategic Planning.

The Physician’s Advisory Committee (PAC) has responsibility for oversight and monitoring for the quality and cost-effectiveness of medical care provided to PHC’s members. A number of other PHC advisory groups & committees have direct reporting responsibilities to PAC. These are the Credentialing, Cultural & Linguistics & Health Education, Internal Quality Improvement, Member Grievance Review, Over/Under Utilization Workgroup, Peer Review, Pharmacy & Therapeutics, Provider Grievance Review, Quality/Utilization Advisory, Substance Use Services Internal Quality Improvement, and Substance Use Services.

The Board is responsible for reviewing and accepting all minutes and packets approved by the various PHC advisory groups & committees, and approving the policies, program descriptions, and QIP policy changes that were approved by the PAC, from August 2020 through October 2020. In addition, the Board reviews and accepts PHC’s Claims, Health Services, Human Resources, Member Services, and Provider Relations department operating reports.

Reason for Resolution:
To provide commissioners with all PHC committee minutes, committee packets, and departmental operational reports. In addition, to provide commissioners with all PHC policies and program descriptions approved by PAC and recommended for approval.

Financial Impact:
Any financial impact to the HealthPlan is included in the budget assumptions.

Requested Action of the Board:
Based on the recommendation of PHC’s advisory groups & committees, the Board is asked to accept receipt of all PHC committee minutes, committee packets, and the departmental operational reports. In addition, to approve all PHC policies and program descriptions approved by PAC linked to the packet.
CONSENT AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Board Meeting Date: December 2, 2020
Agenda Item Number: 3.1
Resolution Number: 20-

IN THE MATTER OF: ACCEPTING ALL PARTNERSHIP HEALTHPLAN OF CALIFORNIA (PHC) COMMITTEE MINUTES, COMMITTEE PACKETS, AND DEPARTMENTAL OPERATING REPORTS. IN ADDITION, TO APPROVE ALL PHC POLICIES AND PROGRAM DESCRIPTIONS APPROVED BY THE PHYSICIANS ADVISORY COMMITTEE (PAC)

Recital: Whereas,
A. The Board has fiduciary responsibility for the operation of the organization.
B. The Board has responsibility to review and accept all PHC committee minutes, packets, and departmental operational reports. In addition to review and approve all PHC policies and program descriptions approved by PAC.

Now, Therefore, It Is Hereby Resolved As Follows:
1. To accept receipt of all PHC committee minutes, committee packets, and departmental operational reports.
2. To obtain approval for all PHC policies and program descriptions approved by PAC and recommended for Board approval.

PASSED, APPROVED, AND ADOPTED by the Partnership HealthPlan of California this 2nd day of December 2020 by motion of Commissioner, seconded by Commissioner, and by the following votes:

AYES: Commissioners:
NOES: Commissioners:
ABSTAINED: Commissioners:
ABSENT: Commissioners:
EXCUSED: Commissioners:

______________________________
Nancy Starck, Chair
Date

Page 56 of 158
CONSENT AGENDA REQUEST  
for  
PARTNERSHIP HEALTHPLAN OF CALIFORNIA  

Board Meeting Date:  
December 2, 2020  

Agenda Item Number:  
3.2  

Resolution Sponsor:  
Liz Gibboney, CEO, Partnership HealthPlan of CA  

Approved by:  
Del Norte County Board of Supervisors and PHC Staff  

Topic Description:  
The Partnership HealthPlan Board was structured so approximately one-half of the Board is up for reappointment every other year. Each Commissioner serves for a term of four years, unless specified in the counties’ ordinance. 

Commissioner Heather Snow’s term expired on September 13, 2020 and her appointment requires a reappointment. The Del Norte County Board of Supervisors met on October 27, 2020 and reappointed Heather Snow to the PHC Board for another 4-year term of office. She will continue to serve as the Del Norte County Representative, commencing on October 27, 2020 and terminating on October 26, 2024.  

Reason for Resolution:  
To obtain approval for membership changes to the PHC Board due to Del Norte County reappointments. 

Financial Impact:  
There is no financial impact to the HealthPlan. 

Requested Action of the Board:  
Based on the recommendations of the Del Norte County Board of Supervisors and PHC Staff, the full Board is being asked to approve Board membership changes due to the reappointments of Heather Snow.
CONSENT AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

IN THE MATTER OF: APPROVING BOARD MEMBERSHIP CHANGES

Recital: Whereas, 
A. Certain agencies have responsibility for appointing Board members. 
B. Heather Snow is a Del Norte County PHC Board representative, whose terms expired on September 13, 2020, and requires a reappointment. 
C. The Del Norte Board of Supervisors reappointed Heather Snow to PHC’s Board for another four years on October 27, 2020. 
D. The Board has authority to appoint committee members. 

PASSED, APPROVED, AND ADOPTED by the Partnership HealthPlan of California this 2nd day of December 2020 by motion of Commissioner, seconded by Commissioner and by the following votes:

AYES: Commissioners:
NOES: Commissioners:
ABSTAINED: Commissioners:
ABSENT: Commissioners:
EXCUSED: Commissioners:

________________________
Nancy Starck, Chair

________________________
Date

ATTEST:

BY: ______________________
Ashlyn Scott, Clerk
CONSENT AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Board Meeting Date: December 2, 2020
Agenda Item Number: 3.3

Resolution Sponsor:
Liz Gibboney, CEO, Partnership HealthPlan of CA

Approved by:
Sonoma Board of Supervisors and PHC Staff

Topic Description:
The Partnership HealthPlan Board was structured so approximately one-half of the Board is up for reappointment every other year. Each Commissioner serves for a term of four years, unless specified in the counties’ ordinance.

Commissioner Barbie Robinson’s term expired on November 14, 2020 and her appointment requires a reappointment. The Sonoma Board of Supervisors met on November 10, 2020 and reappointed Barbie Robinson to the PHC Board for another 4-year term of office. She will continue to serve as the Sonoma County Representative, commencing on December 2, 2020 and terminating on November 9, 2024.

Reason for Resolution:
To obtain approval for membership changes to the PHC Board due to Sonoma County reappointments.

Financial Impact:
There is no financial impact to the HealthPlan.

Requested Action of the Board:
Based on the recommendations of the Sonoma Board of Supervisors and PHC Staff, the full Board is being asked to approve Board membership changes due to the reappointment of Barbie Robinson.
CONSENT AGENDA REQUEST  
for  
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Board Meeting Date: December 2, 2020  
Agenda Item Number: 3.3

Resolution Number: 20- 

IN THE MATTER OF: APPROVING BOARD MEMBERSHIP CHANGES

Recital: Whereas,

A. Certain agencies have responsibility for appointing Board members.

B. Barbie Robinson is a Sonoma County PHC Board representative, whose terms expired on November 14, 2020, and requires a reappointment.

C. The Sonoma County Board of Supervisors has extended Barbie Robinson’s term on the PHC for another four years on November 10, 2020.

D. The Board has authority to appoint committee members.

PASSED, APPROVED, AND ADOPTED by the Partnership HealthPlan of California this 2nd day of December 2020 by motion of Commissioner, seconded by Commissioner and by the following votes:

AYES: Commissioners:

NOES: Commissioners:

ABSTAINED: Commissioners:

ABSENT: Commissioners:

EXCUSED: Commissioners:

______________________________
Nancy Starck, Chair

______________________________
Date

ATTEST:

BY: ____________________________
Ashlyn Scott, Clerk
CONSENT AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Board Meeting Date: December 2, 2020

Agenda Item Number: 3.4

Resolution Sponsor: Liz Gibboney, CEO, Partnership HealthPlan of CA

Recommendation by: Compliance Committee and PHC Staff

Topic Description: PHC’s Brown Act Compliance policy, CMP-20 requires annual Board approval, as it specifies the Brown Act meeting requirements pursuant to the California Government Code Section 54950. After Legal review, there were edits made per Governor Newsom Executive Orders, N-25-20 and N-29-20, which relate to social distancing measures being taken for COVID-19.

Reason for Resolution: To obtain annual Board approval for the Brown Act Compliance policy, CMP-20.

Financial Impact: There is no financial impact to the HealthPlan.

Requested Action of the Board: Based on the recommendation of the Compliance Committee and PHC staff, the Board is asked to approve PHC’s Brown Act Compliance policy, CMP-20.
Recital: Whereas,
A. The Board is responsible for review and approval of HealthPlan policies related to Brown Act meeting requirements.
B. It is important to maintain an updated policy that accurately describes PHC’s policy on Brown Act meeting requirements.

Now, Therefore, It Is Hereby Resolved As Follows:
1. To approve amending the Brown Act Compliance Policy, CMP-20.

PASSED, APPROVED, AND ADOPTED by the Partnership HealthPlan of California this 2nd day of December 2020 by motion of Commissioner, seconded by Commissioner, and by the following votes:

AYES: Commissioners:

NOES: Commissioners:

ABSTAINED: Commissioners:

ABSENT: Commissioners:

EXCUSED: Commissioners:

______________________________
Nancy Starck, Chair

______________________________
Date

ATTEST:

BY: ____________________________
    Ashlyn Scott, Clerk
I. RELATED POLICIES:
N/A

II. IMPACTED DEPTS.:
All

III. DEFINITIONS:
A. Posted: Notices of meetings, including agendas, must be posted 72 hours prior to the meeting in a location that is accessible 24 hours a day for the 72 hours prior to the meeting.
B. Teleconference meeting: A teleconference meeting is a meeting in which one or more members of the Board attend the meeting from a remote location via electronic means, transmitting audio or audio/video.

IV. ATTACHMENTS:
A. PHC Regularly Scheduled Meetings
B. Executive Order N-25-20 (3/12/2020)
C. Executive Order N-29-20 (3/17/2020)

V. PURPOSE:
To ensure compliance with the Ralph M. Brown Act.

VI. POLICY / PROCEDURE:
A. Policy:
1. As defined in Government Code section 54952(b), governing subsidiary bodies of the Board may be subject to the Ralph M. Brown Act. In accordance with this Act, the meetings listed in Attachment A are designated as either closed or open to the public.
2. Interested members of the public, including, but not limited to the media, members of Partnership HealthPlan of California and other concerned individuals may attend meetings listed as open to the public. Portions of meetings may be closed to the public pursuant to closed sessions criteria set forth in Government Code section 54950, et seq.
3. Regularly scheduled meeting are subject to notice and agenda requirements pursuant to Government Code section 54954.2.
4. This Policy/Procedure is subject to immediate temporary change based on a gubernatorial executive order (GEO) which may temporarily change the requirements of the Ralph M. Brown Act. Documentation of any such temporary changes shall be completed by attaching the GEO to this policy.
B. Procedure.

1. Agendas for regularly scheduled meetings shall be posted at least 72 hours prior to the meeting on the PHC website and publically at the PHC’s meeting locations, including all teleconference call locations.

2. 24-hour notice will be provided in the case of special meetings. One-hour notice may be provided in the case of an emergency meeting, unless that meeting is held due to a dire emergency. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof.

3. The agenda shall include information regarding how, to whom, and when a request for disability-related modification or accommodation, including auxiliary aids or services, may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting.

4. All other meetings are closed to the public as specified. Requirements for agenda for closed meetings are listed under Attachment A.

5. If Board members participate in meetings via a teleconference location, each teleconference location must be fully accessible to members of the public and the procedure for posting the agenda, listed in section (1) above, must be followed.

VII. REFERENCES:
California Government Code Section 54950 et. seq., (also known as the Ralph M. Brown Act.)

VIII. DISTRIBUTION:
A. SharePoint
B. Directors
IX. POSITION RESPONSIBLE FOR IMPLEMENTING PROCEDURE:
A. Department contacts are responsible for ensuring department compliance with Brown Act.
B. Compliance Department is responsible for auditing compliance with Brown Act.

X. REVISION DATES / APPROVED BY BOARD:
Medi-Cal
A. 06/18/10, 12/06/11, 12/04/12, 03/26/13, 8/26/15, 09/07/16, 05/17/2017, 08/23/2018, 12/04/2019
B. Board Resolution 3.6 on 6/28/17
C. Board Resolution 3.6 on 12/04/2019

PREVIOUSLY APPLIED TO:
Partnerhsip Advantage:
CMP-20 – 09/01/2009 to 01/01/2015
Healthy Families:
CMP-20 – 10/01/2010 to 03/01/2013
Healthy Kids:
CMP-20 – 06/18/2010 to 12/31/2016
**ATTACHMENT A**

**REGULARLY SCHEDULED PHC MEETINGS**

*Revised 5/12/2017*

<table>
<thead>
<tr>
<th>MEETING</th>
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<th>Agenda Publicly Posted?</th>
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</thead>
<tbody>
<tr>
<td><strong>External/Commission</strong></td>
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</tr>
<tr>
<td>340B Advisory Committee</td>
<td>Open¹</td>
<td>Yes</td>
</tr>
<tr>
<td>Commission (Board)</td>
<td>Open¹</td>
<td>Yes</td>
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<tr>
<td>Governance Committee</td>
<td>Open¹</td>
<td>Yes</td>
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<tr>
<td>CEO Evaluation Committee</td>
<td>Closed³</td>
<td>No</td>
</tr>
<tr>
<td>Consumer Advisory Committee (CAC)</td>
<td>Open¹</td>
<td>Yes</td>
</tr>
<tr>
<td>Credentialing</td>
<td>Closed³</td>
<td>No</td>
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<tr>
<td>Finance Committee</td>
<td>Open¹</td>
<td>Yes</td>
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<tr>
<td>Peer Review (sub-committee of Q/UAC)</td>
<td>Closed³</td>
<td>No</td>
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<tr>
<td>Physicians Advisory Committee</td>
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<tr>
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<tr>
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<td>Open²</td>
<td>Yes</td>
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<tr>
<td>Strategic Planning Committee</td>
<td>Open²</td>
<td>Yes</td>
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<tr>
<td>Personnel, Policies and Benefits Committee</td>
<td>Open²</td>
<td>Yes</td>
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¹ This meeting is open if the Committee was created by the Commission (charter, ordinance, resolution, formal action or Bylaws) and/or Commissioners have an official seat.

² This meeting is open because it is a standing committee which has jurisdiction over a particular subject area.
Policy/Procedure Number: CMP-20 (Formerly ADM-22)  
Lead Department: Administration

Policy/Procedure Title: Brown Act Compliance  
☐ External Policy  
☒ Internal Policy

Original Date: 09/01/2009  
Next Review Date: 12/04/2020  
Last Review Date: 12/04/2019

Applies to: ☒ Medi-Cal  
☐ Healthy Kids  
☐ Employees

3This meeting is closed under CA Evidence Code §1157.  
4This meeting is closed under CA Government Code §54957.

Note: Meetings can also be considered closed if it is a meeting of a committee that is non-standing, advisory and is comprised only of less than a quorum of members of the Commission.
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<td>Approval Signature: Elizabeth Gibboney</td>
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EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA

EXECUTIVE ORDER N-25-20

WHEREAS on March 4, 2020, I proclaimed a State of Emergency to exist in California as a result of the threat of COVID-19; and

WHEREAS despite sustained efforts, the virus remains a threat, and further efforts to control the spread of the virus to reduce and minimize the risk of infection are needed; and

WHEREAS state and local public health officials may, as they deem necessary in the interest of public health, issue guidance limiting or recommending limitations upon attendance at public assemblies, conferences, or other mass events, which could cause the cancellation of such gatherings through no fault or responsibility of the parties involved, thereby constituting a force majeure; and

WHEREAS the Department of Public Health is maintaining up-to-date guidance relating to COVID-19, available to the public at http://cdph.ca.gov/covid19; and

WHEREAS the State of California and local governments, in collaboration with the Federal government, continue sustained efforts to minimize the spread and mitigate the effects of COVID-19; and

WHEREAS there is a need to secure numerous facilities to accommodate quarantine, isolation, or medical treatment of individuals testing positive for or exposed to COVID-19; and

WHEREAS, many individuals who have developmental disabilities and receive services through regional centers funded by the Department of Developmental Services also have chronic medical conditions that make them more susceptible to serious symptoms of COVID-19, and it is critical that they continue to receive their services while also protecting their own health and the general public health; and

WHEREAS individuals exposed to COVID-19 may be temporarily unable to report to work due to illness caused by COVID-19 or quarantines related to COVID-19 and individuals directly affected by COVID-19 may experience potential loss of income, health care and medical coverage, and ability to pay for housing and basic needs, thereby placing increased demands on already strained regional and local health and safety resources such as shelters and food banks; and

WHEREAS in the interest of public health and safety, it is necessary to exercise my authority under the Emergency Services Act, specifically Government Code section 8572, to ensure adequate facilities exist to address the impacts of COVID-19; and
WHEREAS under the provisions of Government Code section 8571, I find that strict compliance with various statutes and regulations specified in this order would prevent, hinder, or delay appropriate actions to prevent and mitigate the effects of the COVID-19 pandemic.

NOW, THEREFORE, I, GAVIN NEWSOM, Governor of the State of California, in accordance with the authority vested in me by the State Constitution and statutes of the State of California, and in particular, Government Code sections 8567, 8571 and 8572, do hereby issue the following order to become effective immediately:

IT IS HEREBY ORDERED THAT:

1. All residents are to heed any orders and guidance of state and local public health officials, including but not limited to the imposition of social distancing measures, to control the spread of COVID-19.

2. For the period that began January 24, 2020 through the duration of this emergency, the Employment Development Department shall have the discretion to waive the one-week waiting period in Unemployment Insurance Code section 2627(b)(1) for disability insurance applicants who are unemployed and disabled as a result of the COVID-19, and who are otherwise eligible for disability insurance benefits.

3. For the period that began January 24, 2020 through the duration of this emergency, the Employment Development Department shall have the discretion to waive the one-week waiting period in Unemployment Insurance Code section 1253(d) for unemployment insurance applicants who are unemployed as a result of the COVID-19, and who are otherwise eligible for unemployment insurance benefits.

4. Notwithstanding Health and Safety Code section 1797.172(b), during the course of this emergency, the Director of the Emergency Medical Services Authority shall have the authority to implement additions to local optional scopes of practice without first consulting with a committee of local EMS medical directors named by the EMS Medical Directors Association of California.

5. In order to quickly provide relief from interest and penalties, the provisions of the Revenue and Taxation Code that apply to the taxes and fees administered by the Department of Tax and Fee Administration, requiring the filing of a statement under penalty of perjury setting forth the facts for a claim for relief, are suspended for a period of 60 days after the date of this Order for any individuals or businesses who are unable to file a timely tax return or make a timely payment as a result of complying with a state or local public health official’s imposition or recommendation of social distancing measures related to COVID-19.

6. The Franchise Tax Board, the Board of Equalization, the Department of Tax and Fee Administration, and the Office of Tax Appeals shall use their administrative powers where appropriate to provide those individuals and businesses impacted by complying with a state or local public health official’s imposition or recommendation of social
distancing measures related to COVID-19 with the extensions for filing, payment, audits, billing, notices, assessments, claims for refund, and relief from subsequent penalties and interest.

7. The Governor's Office of Emergency Services shall ensure adequate state staffing during this emergency. Consistent with applicable federal law, work hour limitations for retired annuitants, permanent and intermittent personnel, and state management and senior supervisors, are suspended. Furthermore, reinstatement and work hour limitations in Government Code sections 21220, 21224(a), and 7522.56(b), (d), (f), and (g), and the time limitations in Government Code section 19888.1 and California Code of Regulations, title 2, sections 300-303 are suspended. The Director of the California Department of Human Resources must be notified of any individual employed pursuant to these waivers.

8. The California Health and Human Services Agency and the Office of Emergency Services shall identify, and shall otherwise be prepared to make available—including through the execution of any necessary contracts or other agreements and, if necessary, through the exercise of the State's power to commandeer property—hotels and other places of temporary residence, medical facilities, and other facilities that are suitable for use as places of temporary residence or medical facilities as necessary for quarantining, isolating, or treating individuals who test positive for COVID-19 or who have had a high-risk exposure and are thought to be in the incubation period.

9. The certification and licensure requirements of California Code of Regulations, Title 17, section 1079 and Business and Professions Code section 1206.5 are suspended as to all persons who meet the requirements under the Clinical Laboratory Improvement Amendments of section 353 of the Public Health Service Act for high complexity testing and who are performing analysis of samples to test for SARS-CoV-2, the virus that causes COVID-19, in any certified public health laboratory or licensed clinical laboratory.

10. To ensure that individuals with developmental disabilities continue to receive the services and supports mandated by their individual program plans threatened by disruptions caused by COVID-19, the Director of the Department of Developmental Services may issue directives waiving any provision or requirement of the Lanterman Developmental Disabilities Services Act, the California Early Intervention Services Act, and the accompanying regulations of Title 17, Division 2 of the California Code of Regulations. A directive may delegate to the regional centers any authority granted to the Department by law where the Director believes such delegation is necessary to ensure services to individuals with developmental disabilities. The Director shall describe the need justifying the waiver granted in each directive and articulate how the waiver is necessary to protect the public health or safety from the threat of COVID-19 or necessary to ensure that services to individuals with developmental disabilities are not disrupted. Any waiver granted by a directive shall expire 30 days from the date of its issuance. The Director may grant one or more 30-day extensions if the waiver continues to be necessary.
to protect health or safety or to ensure delivery of services. The Director shall rescind a waiver once it is no longer necessary to protect public health or safety or ensure delivery of services. Any waivers and extensions granted pursuant to this paragraph shall be posted on the Department’s website.

11. Notwithstanding any other provision of state or local law, including the Bagley-Keene Act or the Brown Act, a local legislative body or state body is authorized to hold public meetings via teleconferencing and to make public meetings accessible telephonically or otherwise electronically to all members of the public seeking to attend and to address the local legislative body or state body, during the period in which state or local public officials impose or recommend measures to promote social distancing, including but not limited to limitations on public events. All requirements in both the Bagley-Keene Act and the Brown Act expressly or impliedly requiring the physical presence of members, the clerk or other personnel of the body, or of the public as a condition of participation in or quorum for a public meeting are hereby waived.

In particular, any otherwise-applicable requirements that

(i) state and local bodies notice each teleconference location from which a member will be participating in a public meeting;
(ii) each teleconference location be accessible to the public;
(iii) members of the public may address the body at each teleconference conference location;
(iv) state and local bodies post agendas at all teleconference locations;
(v) at least one member of the state body be physically present at the location specified in the notice of the meeting; and
(v) during teleconference meetings, a least a quorum of the members of the local body participate from locations within the boundaries of the territory over which the local body exercises jurisdiction

are hereby suspended, on the conditions that:

(i) each state or local body must give advance notice of each public meeting, according to the timeframe otherwise prescribed by the Bagley-Keene Act or the Brown Act, and using the means otherwise prescribed by the Bagley-Keene Act or the Brown Act, as applicable; and
(ii) consistent with the notice requirement in paragraph (i), each state or local body must notice at least one publicly accessible location from which members of the public shall have the right to observe and offer public comment at the public meeting, consistent with the public’s rights of access and public comment otherwise provided for by the Bagley-Keene Act and the Brown Act, as applicable (including, but not limited to, the requirement that such rights of access and public comment be made available in a manner consistent with the Americans with Disabilities Act).
In addition to the mandatory conditions set forth above, all state and local bodies are urged to use sound discretion and to make reasonable efforts to adhere as closely as reasonably possible to the provisions of the Bagley-Keene Act and the Brown Act, and other applicable local laws regulating the conduct of public meetings, in order to maximize transparency and provide the public access to their meetings.

**IT IS FURTHER ORDERED** that as soon as hereafter possible, this Order be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this Order.

This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

**IN WITNESS WHEREOF** I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 12th day of March 2020.

\[Signature\]

GAVIN NEWSOM
Governor of California

**ATTEST:**

\[Signature\]

ALEX PADILLA
Secretary of State
EXECUTIVE DEPARTMENT  
STATE OF CALIFORNIA  

EXECUTIVE ORDER N-29-20  

WHEREAS on March 4, 2020, I proclaimed a State of Emergency to exist in California as a result of the threat of COVID-19; and  

WHEREAS despite sustained efforts, the virus continues to spread and is impacting nearly all sectors of California; and  

WHEREAS the threat of COVID-19 has resulted in serious and ongoing economic harms, in particular to some of the most vulnerable Californians; and  

WHEREAS time bound eligibility redeterminations are required for Medi-Cal, CalFresh, CalWORKs, Cash Assistance Program for Immigrants, California Food Assistance Program, and In Home Supportive Services beneficiaries to continue their benefits, in accordance with processes established by the Department of Social Services, the Department of Health Care Services, and the Federal Government; and  

WHEREAS social distancing recommendations or Orders as well as a statewide imperative for critical employees to focus on health needs may prevent Medi-Cal, CalFresh, CalWORKs, Cash Assistance Program for Immigrants, California Food Assistance Program, and In Home Supportive Services beneficiaries from obtaining in-person eligibility redeterminations; and  

WHEREAS under the provisions of Government Code section 8571, I find that strict compliance with various statutes and regulations specified in this order would prevent, hinder, or delay appropriate actions to prevent and mitigate the effects of the COVID-19 pandemic.  

NOW, THEREFORE, I, GAVIN NEWSOM, Governor of the State of California, in accordance with the authority vested in me by the State Constitution and statutes of the State of California, and in particular, Government Code sections 8567 and 8571, do hereby issue the following order to become effective immediately:  

IT IS HEREBY ORDERED THAT:  

1. As to individuals currently eligible for benefits under Medi-Cal, CalFresh, CalWORKs, the Cash Assistance Program for Immigrants, the California Food Assistance Program, or In Home Supportive Services benefits, and to the extent necessary to allow such individuals to maintain eligibility for such benefits, any state law, including but not limited to California Code of Regulations, Title 22, section 50189(a) and Welfare and Institutions Code sections 18940 and 11265, that would require redetermination of such benefits is suspended for a period of 90 days from the date of this Order. This Order shall be construed to be consistent with applicable federal laws, including but not limited to Code of Federal Regulations, Title 42, section 435.912, subdivision (e), as interpreted by the Centers for Medicare and Medicaid Services (in guidance issued on January 30, 2018) to permit the extension of
otherwise-applicable Medicaid time limits in emergency situations.

2. Through June 17, 2020, any month or partial month in which California Work Opportunity and Responsibility to Kids (CalWORKs) aid or services are received pursuant to Welfare and Institutions Code Section 11200 et seq. shall not be counted for purposes of the 48-month time limit set forth in Welfare and Institutions Code Section 11454. Any waiver of this time limit shall not be applied if it will exceed the federal time limits set forth in Code of Federal Regulations, Title 45, section 264.1.

3. Paragraph 11 of Executive Order N-25-20 (March 12, 2020) is withdrawn and superseded by the following text:

Notwithstanding any other provision of state or local law (including, but not limited to, the Bagley-Keene Act or the Brown Act), and subject to the notice and accessibility requirements set forth below, a local legislative body or state body is authorized to hold public meetings via teleconferencing and to make public meetings accessible telephonically or otherwise electronically to all members of the public seeking to observe and to address the local legislative body or state body. All requirements in both the Bagley-Keene Act and the Brown Act expressly or impliedly requiring the physical presence of members, the clerk or other personnel of the body, or of the public as a condition of participation in or quorum for a public meeting are hereby waived.

In particular, any otherwise-applicable requirements that

(i) state and local bodies notice each teleconference location from which a member will be participating in a public meeting;

(ii) each teleconference location be accessible to the public;

(iii) members of the public may address the body at each teleconference conference location;

(iv) state and local bodies post agendas at all teleconference locations;

(v) at least one member of the state body be physically present at the location specified in the notice of the meeting; and

(vi) during teleconference meetings, a least a quorum of the members of the local body participate from locations within the boundaries of the territory over which the local body exercises jurisdiction

are hereby suspended.

A local legislative body or state body that holds a meeting via teleconferencing and allows members of the public to observe and address the meeting telephonically or otherwise electronically, consistent with the notice and accessibility requirements set forth below, shall have satisfied any requirement that the body allow
members of the public to attend the meeting and offer public comment. Such a body need not make available any physical location from which members of the public may observe the meeting and offer public comment.

Accessibility Requirements: If a local legislative body or state body holds a meeting via teleconferencing and allows members of the public to observe and address the meeting telephonically or otherwise electronically, the body shall also:

(i) Implement a procedure for receiving and swiftly resolving requests for reasonable modification or accommodation from individuals with disabilities, consistent with the Americans with Disabilities Act and resolving any doubt whatsoever in favor of accessibility; and

(ii) Advertise that procedure each time notice is given of the means by which members of the public may observe the meeting and offer public comment, pursuant to subparagraph (ii) of the Notice Requirements below.

Notice Requirements: Except to the extent this Order expressly provides otherwise, each local legislative body and state body shall:

(i) Give advance notice of the time of, and post the agenda for, each public meeting according to the timeframes otherwise prescribed by the Bagley-Keene Act or the Brown Act, and using the means otherwise prescribed by the Bagley-Keene Act or the Brown Act, as applicable; and

(ii) In each instance in which notice of the time of the meeting is otherwise given or the agenda for the meeting is otherwise posted, also give notice of the means by which members of the public may observe the meeting and offer public comment. As to any instance in which there is a change in such means of public observation and comment, or any instance prior to the issuance of this Order in which the time of the meeting has been noticed or the agenda for the meeting has been posted without also including notice of such means, a body may satisfy this requirement by advertising such means using “the most rapid means of communication available at the time” within the meaning of Government Code, section 54954, subdivision (e); this shall include, but need not be limited to, posting such means on the body’s Internet website.

All of the foregoing provisions concerning the conduct of public meetings shall apply only during the period in which state or local public health officials have imposed or recommended social distancing measures.
All state and local bodies are urged to use sound discretion and to make reasonable efforts to adhere as closely as reasonably possible to the provisions of the Bagley-Keene Act and the Brown Act, and other applicable local laws regulating the conduct of public meetings, in order to maximize transparency and provide the public access to their meetings.

**IT IS FURTHER ORDERED** that as soon as hereafter possible, this Order be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this Order.

This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

**IN WITNESS WHEREOF** I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 17th day of March, 2020.

GAVIN NEWSOM
Governor of California

**ATTEST:**

ALEX PADILLA
Secretary of State
CONSENT AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Board Meeting Date: December 2, 2020
Agenda Item Number: 3.5

Resolution Sponsor: Liz Gibboney, CEO, Partnership HealthPlan of CA

Recommendation by: Credentials Committee and PHC Staff

Topic Description:
The Credentialing Committee and CMO Credentialing Program Responsibilities policy, MP CR 200, outlines the credentialing activities and responsibilities for the HealthPlan assigned to PHC’s Credentials Committee and Chief Medical Officer by the Board of Commissioners.

PHC’s Board of Commissioners are accountable for all credentialing activities. The Chief Medical Officer (CMO) is responsible for oversight of the credentialing process functions. The Board has delegated to the Credentials Committee the authority to act as a peer review body, to approve credentialing policies and procedures, review provider credentials, and to make recommendations regarding credentialing decisions. However, The Board retains ultimate responsibility for final decisions.

Reason for Resolution:
To provide the Board with the new Credentialing Committee and CMO Credentialing Program Responsibilities policy, MP CR 200 for review and approval.

Financial Impact:
There is no financial impact to the HealthPlan.

Requested Action of the Board:
Based on the recommendation of the Credentialing Committee and PHC staff, the Board is asked to review and approve the new Credentialing Committee and CMO Credentialing Program Responsibilities policy, MP CR 200.
CONSENT AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Board Meeting Date: December 2, 2020
Agenda Item Number: 3.5

IN THE MATTER OF: APPROVING THE CREDENTIALING COMMITTEE AND
CMO CREDENTIALING PROGRAM RESPONSIBILITIES POLICY, MP CR 200

Recital: Whereas,

A. The Credentialing Committee operates under a definitive credentialing policy.
B. Timely action is important.
C. The Board has ultimate responsibility for final decisions on credentialing activity.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

1. To approve the new Credentialing Committee and CMO Credentialing Program
   Responsibilities Policy, MP CR 200.

PASSED, APPROVED, AND ADOPTED by the Partnership HealthPlan of California this 2nd
day of December 2020 by motion of Commissioner, seconded by Commissioner, and by the
following votes:

AYES: Commissioners:

NOES: Commissioners:

ABSTAINED: Commissioners:

ABSENT: Commissioner:

EXCUSED: Commissioners:

______________________________
Nancy Starck, Chair

______________________________
Date

ATTEST:

BY: ____________________________
    Ashlyn Scott, Clerk
I. RELATED POLICIES:
CMP36 – Delegation Oversight and Monitoring

II. IMPACTED DEPTS:
N/A

III. DEFINITIONS:
Clean File: NCQA defines a clean file as one that meets all of the credentialing requirements necessary for participation in the organization’s network.

IV. ATTACHMENTS:
A. N/A

V. PURPOSE:
To outline the authority and responsibilities of the Credentials Committee, Chief Medical Officer and other PHC staff in carrying out the Credentials activities as delegated by the Partnership HealthPlan of California (PHC) Board of Commissioners.

VI. POLICY / PROCEDURE:
The Partnership HealthPlan of California Board of Commissioners is accountable for all credentialing activities. The Board has delegated to the Credentials Committee the authority to act as a peer review body, approve credentialing policies and procedures, review provider credentials, and to make recommendations and final approval regarding credentialing decisions for these providers.

A. The Credentials Committee
   The Committee is a peer-review body that uses members from the range of practitioners participating in the (PHC) network to provide meaningful advice and expertise to make recommendations regarding credential decisions.
   1. The Committee includes a minimum of five (5) network practitioners as permanent members and includes high-volume specialties that are reflective of the Plan network. Consultation with other Partnership HealthPlan of California specialists is on an as needed basis.
   2. The Committee meets at a minimum every quarter and may, at the discretion of the Chair, meet more frequently. To conduct business, the Credentialing Committee must have a quorum: a minimum of three (3) of the voting Committee members
   3. Meetings and decisions may take place in real-time, virtual meetings (i.e., through video conference or Web conference with audio), but may not be conducted only through e-mail.
4. Dismissal of a Committee member by the PHC Chief Medical Officer may occur when thirty percent (30%) or more of the scheduled meetings are missed due to un-excused absences.

5. The Credentialing Committee does not make credentialing or re-credentialing decisions based on an applicant’s race, ethnic/national identity, gender, age, sexual orientation, the types of procedures (e.g. abortions) or types of patients in which the practitioner specializes.

6. On an annual basis, the Credentialing Committee shall review, revise as necessary, and approve all Credentialing Policies and Procedures.

7. The Credentialing Committee is responsible for reviewing the initial credentialing of new providers, organizations and practitioners, re-credentialing of existing providers, organizations and practitioners and review of all of those with an identified or potential deficiency in their credentials.

8. The Credentialing Committee approves, defers or denies status based on its review of credentialing information and documentation.

9. Credentialing information for those that do not meet PHC’s criteria for participation in the network are reviewed and discussed by the Committee. Discussions are documented in the meeting minutes.

B. Provider Relations Staff

1. All credentialing files are researched and prepared according to PHC credentialing policies and procedures by the Provider Relations Credentialing staff and submitted to the Credentials Committee for review and approval.

2. Files for those that do not meet credentialing criteria are referred to the Chief Medical Officer or Regional Medical Director for review.

3. The proceedings of each Credentials Committee meeting are summarized in the committee minutes and reported to the Physician Advisory Committee and subsequently, to the PHC Board of Commissioners.

4. Committee minutes are maintained in a secured file cabinet with access limited to authorized Provider Relations personnel.

C. Chief Medical Officer/Designee

1. The Chief Medical Officer (CMO) is responsible for oversight of the credentialing process functions. The CMO or the CMO’s designee reviews and makes recommendations regarding providers’ organizations’ and practitioners’ qualifications to the Credentials Committee.

2. The Chair of the Credentials Committee shall be the Chief Medical Officer or a designee appointed by the CMO. The CMO appoints a Regional Medical Director as the designee.

3. The CMO or the designee have the authority to review and approve clean files that meet PHC’s criteria for participation and are not required to be sent to the Credentialing Committee for review. This authority will be exercised when the CMO or designee determines there is a need to approve a clean file before the date the Credentialing Committee is scheduled to meet. In such cases, the name of the provider, organization or practitioner approved by the CMO or designee will be reported to the Credentials Committee at the next scheduled meeting.

   a. The credentialing file must include evidence of review and approval by the CMO or designee as evidenced by a handwritten signature or handwritten initials.

D. PHC Board of Commissioners

1. The PHC Board of Commissioners retains ultimate responsibility for final decisions on all appeals related to provider credentialing activities.

E. Delegation Oversight and Monitoring

1. PHC delegates certain credentialing program responsibilities and to some contracted entities through a formal delegation agreement.
2. PHC conducts an audit not less than annually to ensure the appropriate policy and procedures are in place, as well as, evaluate performance of credentialing program responsibilities.

3. Results from Oversight and Monitoring activities shall be presented to the Credentials Committee for review and approval. Following review and approval by the Credentials Committee, the results will be reported to the Delegation Oversight Review Sub Committee (DORS).

VII. REFERENCES:
A. Approved by Board Resolution
B. NCQA 2020 Credentialing Standards - CR 1 Element A, Factor, 10 and -CR 2 Element A, Factors 1, 2, and 3

VIII. DISTRIBUTION:
PHC Provider Manual

IX. POSITION RESPONSIBLE FOR IMPLEMENTING PROCEDURE:
Credentialing Supervisor

X. REVISION DATES:
05/09/2018, 04/10/2019, 10/08/2019, 03/11/2020, 12/02/2020

PREVIOUSLY APPLIED TO:
A. MPCR1 (Archived 07/01/2018)
B. MPCR2 (Archived 07/01/2018)
I. RELATED POLICIES:
CMP36 – Delegation Oversight and Monitoring

II. IMPACTED DEPTS:
N/A

III. DEFINITIONS:
Clean File: The National Committee for Quality Assurance (NCQA) defines a clean file as one that meets all of the credentialing requirements necessary for participation in the organization’s network.

IV. ATTACHMENTS:
A. N/A

V. PURPOSE:
To outline the authority and responsibilities of the Credentials Committee, Chief Medical Officer and other PHC staff in carrying out the Credentials activities as delegated by the Partnership HealthPlan of California (PHC) Board of Commissioners.

VI. POLICY / PROCEDURE:
The Partnership HealthPlan of California Board of Commissioners is accountable for all credentialing activities. The Board has delegated to the Credentials Committee the authority to act as a peer review body, approve credentialing policies and procedures, review provider credentials, and to make recommendations and final approval regarding credentialing decisions for these providers.

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1. The Committee includes a minimum of five (5) network practitioners as permanent members and includes high-volume specialties that are reflective of the Plan network. Consultation with other Partnership HealthPlan of California specialists is on an as needed basis.

2. The Committee meets at a minimum every quarter and may, at the discretion of the Chair, meet more frequently. To conduct business, the Credentialing Committee must have a quorum: a minimum of three (3) of the voting Committee members.

3. Meetings and decisions may take place in real-time, virtual meetings (i.e., through video conference or Web conference with audio), but may not be conducted only through e-mail.

4. Dismissal of a Committee member by the PHC Chief Medical Officer may occur when thirty
percent (30%) or more of the scheduled meetings are missed due to un-excused absences.

5. The Credentialing Committee does not make credentialing or re-credentialing decisions based on an applicant’s race, ethnic/national identity, gender, age, sexual orientation, the types of procedures (e.g. abortions) or types of patients in which the practitioner specializes.

6. On an annual basis, the Credentialing Committee shall review, revise as necessary, and approve all Credentialing Policies and Procedures.

7. The Credentialing Committee is responsible for reviewing the initial credentialing of new providers, organizations and practitioners, re-credentialing of existing providers, organizations and practitioners and review of all of those with an identified or potential deficiency in their credentials.

8. The Credentialing Committee approves, defers or denies status based on its review of credentialing information and documentation.

9. Credentialing information for those that do not meet PHC’s criteria for participation in the network are reviewed and discussed by the Committee. Discussions are documented in the meeting minutes.

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   a. The credentialing file must include evidence of review and approval by the CMO or designee as evidenced by a handwritten signature or handwritten initials.

D. PHC Board of Commissioners

1. The PHC Board of Commissioners retains ultimate responsibility for final decisions on all appeals related to provider credentialing activities.

E. Delegation Oversight and Monitoring

1. PHC delegates certain credentialing program responsibilities and to some contracted entities through a formal delegation agreement.

2. PHC conducts an audit not less than annually to ensure the appropriate policy and procedures are in place, as well as, evaluate performance of credentialing program responsibilities.

3. Results from Oversight and Monitoring activities shall be presented to the Credentials Committee.
for review and approval. Following review and approval by the Credentials Committee, the results will reported to the Delegation Oversight Review Sub Committee (DORS).

VII. REFERENCES:
A. Approved by Board Resolution
B. NCQA 2020 Credentialing Standards - CR 1 Element A, Factor, 10 and -CR 2 Element A, Factors 1, 2, and 3

VIII. DISTRIBUTION:
PHC Provider Manual

IX. POSITION RESPONSIBLE FOR IMPLEMENTING PROCEDURE:
Credentialing Supervisor

X. REVISION DATES:
05/09/2018, 04/10/2019, 10/08/2019, 03/11/20, 12/02/2020

PREVIOUSLY APPLIED TO:
A. MPCR1 (Archived 07/01/2018)
B. MPCR2 (Archived 07/01/2018)
REGULAR AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Board Meeting Date: December 2, 2020
Agenda Item Number: 4.1

Resolution Sponsor: Liz Gibboney, CEO, Partnership HealthPlan of CA

Recommendation by: Compliance Committee and PHC Staff

Topic Description:
The Compliance Plan clarifies how PHC conducts its business, operations, and defines compliance activities in regards to contractual obligations, ethical standards and all applicable statues, rules and regulations pertaining to PHCs Compliance Program.

The Compliance Audit Plan also defines internal audit activities in preparation for Centers for Medicare & Medicaid Services (CMS), Department of Health Care Services (DHCS), and other regulatory audits.

The Compliance Dashboard outlines activities to track the HealthPlan’s Compliance Program and regulatory and contractual requirements.

Reason for Resolution:
To ensure Board members know and understand PHCs Compliance Program, and have the opportunity to review and approve the entire Compliance Program plans and dashboard biannually.

Financial Impact:
There is no measurable impact to the HealthPlan.

Requested Action of the Board:
Based on the recommendation of the Compliance Committee, the Board is being asked to approve PHCs Compliance Program Plan, Audit Plan, and Dashboard.
IN THE MATTER OF: APPROVING PARTNERSHIP HEALTHPLAN (PHC) COMPLIANCE PROGRAM PLAN, AUDIT PLAN, AND DASHBOARD

Recital: Whereas,

A. PHC staff is committed to conducting business in compliance with all required standards.
B. The Board has responsibility for approving the organizational Compliance Plan.

Now, Therefore, It Is Hereby Resolved As Follows:

1. To approve PHCs Compliance Program Plan, Audit Plan, and Dashboard.

PASSED, APPROVED, AND ADOPTED by the Partnership HealthPlan of California this 2nd day of December 2020 by motion of Commissioner, seconded by Commissioner, and by the following votes:

AYES: Commissioners:

NOES: Commissioners:

ABSTAINED: Commissioners:

ABSENT: Commissioners:

EXCUSED: Commissioners:

________________________
Nancy Starck, Chair

________________________
Date

ATTEST:

BY: ______________________
    Ashlyn Scott, Clerk
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ATTACHMENTS:

A. COMPLIANCE COMMITTEE CHARTER

B. 2021 AUDIT & DELEGATION OVERSIGHT PROGRAM CALENDAR

C. 2021 INTERNAL AUDITING & MONITORING PROGRAM CALENDAR.
SUMMARY

Partnership HealthPlan of California (PHC) is committed to conducting its business operations in compliance with ethical standards, contractual obligations, and all applicable statutes, regulations, and rules pertaining to Medi-Cal.

PHC has a Compliance Officer who oversees and maintains a formal compliance program. PHC’s compliance program incorporates critical compliance elements as identified by the U.S. Department of Health and Human Services (HHS), Office of the Inspector General (OIG), Code of Federal Regulations (CFR) related to Medicaid program integrity requirements, and the California Department of Health Care Services (DHCS). PHC also has a designated Chief Information Officer (CIO), whose role is to actively assess and manage security risks. The CIO provides regular updates to the PHC Board of Commissioners (Commission) and Executive Staff. Additionally, PHC’s Privacy Officer actively participates in conducting risk analyses, oversees PHC audits, and manages Fraud, Waste, and Abuse (FWA) and HIPAA (Health Insurance Portability and Accountability Act of 1996) /privacy reporting. This comprehensive approach is intended to prevent and detect any violations of ethical standards, contractual obligations, and applicable laws within PHC’s operations, senior leadership, or Board of Commissioners (Commission). The Compliance Plan is a continually evolving document that is annually reviewed and amended, as necessary, based on risk analysis, ongoing compliance monitoring, and newly identified areas of risk. The Compliance Plan applies to employees, temporary personnel, volunteers, interns, health care providers, commissioners, subcontractors, and delegates, collectively, workforce members and affiliates.

This plan has been updated to reflect the impact COVID-19 has on our members, providers and workforce. On January 31, 2020, the Secretary of Health and Human Services (HHS) declared a public health emergency retroactive to January 27, 2020.1 As of the date of this document’s approval December 2, 2020, the country continues to face a public health emergency. PHC remains responsive and committed to shifting operations to accommodate evolving best practices and safety protocols as outlined by the Centers for Disease Control and Prevention (CDC) and California Department of Public Health (CDPH).

In certain circumstances, like the COVID-19 public health emergency, the Secretary of the Department of Health and Human Services (HHS) may use section 1135 of the Social Security Act (SSA) to temporarily modify or waive certain federal Medicare, Medicaid, CHIP, or HIPAA requirements, called 1135 waivers. These waivers intended to minimize any disruptions in or barriers to beneficiaries continued access to care. PHC Regulatory Affairs and Compliance (RAC) team monitors these waivers to inform staff, providers, and members of current flexibilities.

PHC prioritizes its commitments by completing an annual risk analysis. The Compliance Plan reflects the application of this risk analysis by focusing PHC’s limited resources in a manner that most

effectively protects PHC from FWA, HIPAA breaches, and other risks to PHC, its workforce members, affiliates, and members.

This plan is reviewed and approved annually by PHC’s Board of Commissioners.

THE COMPLIANCE PLAN

This Compliance Plan sets forth PHC’s commitment to legal and ethical conduct by establishing principles, standards, and policies and procedures in order to efficiently monitor compliance with applicable laws and regulations. The Compliance Plan is designed to ensure PHC’s operations and the practices of its workforce members and affiliates, comply with contractual requirements, ethical standards, and applicable laws.

The first part of the Compliance Plan addresses the review and implementation of contractual, legal, and regulatory obligations for PHC’s operations. Additionally, PHC maintains policies and procedures relating to its business operations and compliance efforts. The Compliance Plan highlights critical elements of an effective Compliance Program. This includes, but is not limited to, the structure and operational aspects of the program, delegation of authority, training and education processes, monitoring and auditing activities, enforcement/discipline, and corrective action.

If a PHC workforce member or affiliate has any questions about the application of this Compliance Plan, PHC values, or PHC policies and procedures, he or she can seek guidance from the Compliance Officer, or any member of the Compliance Committee. PHC workforce members and/or affiliates should be generally familiar with the contractual, legal, and regulatory requirements pertinent to their roles with PHC. All PHC workforce members receive annual evaluations, which include measurements of job-specific knowledge and knowledge of departmental and company policies and procedures.

This Compliance Plan is not intended to address all of PHC’s compliance activities, but to provide the framework for the compliance program. Workforce members and affiliates should seek the guidance of their supervisor, direct report, the Compliance Officer, or PHC Senior Management, as it relates to compliance functions stated within this plan or otherwise.
WRITTEN STANDARDS, POLICIES, AND PROCEDURES

The Regulatory Affairs and Compliance Unit (RAC), under the supervision of the Compliance Officer, analyzes potential implications and prepare summaries of new requirements or changes to existing requirements, for discussion at the Compliance Committee and/or appropriate venue.

Policies and Procedures
PHC regularly and systematically reviews and updates its policies and procedures to ensure business operations are compliant with new and existing contractual, legal, and regulatory requirements. This decentralized process is managed through PHC operations team and regular committee meetings to review and approve PHC’s policies and procedures.

Policies and procedures shall be reviewed no less than annually to ensure that PHC, its workforce members, and affiliates operate under and comply with current standards and/or requirements. Policies and procedures are developed or amended in response to new or amended standards, requirements, and potential risk areas identified by PHC and federal and/or state regulatory agencies.

Policies and procedures are maintained in a manner that assures workforce members and affiliates are able to fulfill their roles and responsibilities, in compliance with applicable standards, requirements, laws, and regulations. PHC policies and procedures are available on the PHC intranet and as applicable, accessible through the external PHC website at www.partnershiphp.org.

Code of Conduct
The Code of Conduct (Code) is PHC’s foundational document detailing fundamental principles, values, and the framework for business practices within and applicable to PHC, its workforce members and affiliates. PHC’s Code was last updated in August 2020 to ensure that it was aligned with current state and federal requirements. Workforce members and Commissioners review and attest to their understanding of and compliance with the Code at onboarding, annually thereafter, and upon any changes.
COMPLIANCE PROGRAM ADMINISTRATION

Commission
PHC’s Board of Commissioners, herein after referred to as “Commission,” has the duty to assure that PHC implements and maintains a Compliance Program governing PHC’s operations. The Commission receives and reviews reports from the Compliance Officer periodically, but no less than annually. The Commission delegates the Compliance Program oversight and day-to-day activities to the Chief Executive Officer (CEO). As the Compliance Officer, the Senior Director of External and Regulatory Affairs is designated, by the CEO, to manage the day-to-day activities and oversight of the Compliance Program and Plan. The Commission retains the ultimate responsibility of ensuring the successful implementation and effectiveness of the PHC Compliance Program. The Commission is responsible for:

- Understanding the content and operations of PHC’s Compliance Program;
- Approving the Compliance Plan;
- Reviewing semi-annual compliance reports, including, but not limited to, summaries of overall compliance activities, and upon review, making recommendations for improvement as necessary; and
- Completing annual compliance training.

Compliance Officer
The Senior Director of External and Regulatory Affairs serves as the PHC Compliance Officer and as such, is responsible for developing, implementing, and ensuring the maintenance of compliance activities and programs in accordance with applicable laws, state and federal statutes and regulations, and contractual obligations. The Compliance Officer reports directly to the CEO and retains the authority to report matters directly to the Commission at anytime.

The Compliance Officer shall receive periodic regulatory and compliance training and has the authority to oversee and direct compliance efforts. Through annual performance evaluations, the Compliance Officer will be assessed for fulfilling compliance responsibilities and promoting adherence to the Compliance Program.

Compliance Committee
Purpose
The Compliance Committee, chaired by the Compliance Officer, has general responsibility to oversee PHC’s compliance and ethics programs. The purpose of the Committee is to: (i) oversee PHC’s implementation of compliance programs, policies and procedures that are designed to respond to the various compliance and regulatory risks facing the company; (ii) provide an avenue of communication among management, those persons responsible for the internal compliance function, and the Commission; and (iii) perform any other duties as directed by the Commission or the CEO.
The Compliance Committee is composed of Senior Management and operational staff, as designated by the CEO. The Compliance Committee Charter is included as Attachment A. Individuals selected as members of the Compliance Committee are department heads (or their designated proxy), and other staff, as appropriate, based upon their job function. A complete list of positions for members of the Compliance Committee is included in the Compliance Committee Charter. The Compliance Committee meets no less than four times annually. PHC maintains minutes of Compliance Committee meetings that shall include, but is not limited to, summary of reports, discussion, recommendations for corrective action that may include sanctions and/or revocation of agreements, and/or recommendations or referrals to other PHC committees (subject to the attorney/client privilege, proprietary rights, et cetera).

**Delegation Oversight Review Subcommittee (DORS)**

The Delegation Oversight Review Subcommittee (DORS) is a subcommittee of the Compliance Committee and is chaired by the Compliance Oversight Manager. Membership is comprised of key subject matter experts from internal departments responsible for overseeing functions for which PHC has delegated authority to an external entity. The DORS has overall responsibility for ensuring PHC’s compliance with oversight of delegated responsibilities and activities set forth by PHC’s policies and procedures, national accreditation standards, and applicable federal or state statutes, regulations, and contractual obligations.

The DORS meets no less than four times annually. RAC sets an external audit calendar that is reviewed by the Compliance Committee and/or CEO, and approved by DORS.
The Physical, Technical, and Administrative Safeguards (PTAS) Subcommittee
The Physical, Technical, and Administrative Safeguards (PTAS) Subcommittee is chaired by the Regulatory Affairs Manager. Membership is comprised of key stakeholders from internal departments. This group implements and reviews reasonable and appropriate security measures to safeguard protected health information (PHI) and has oversight of policies and procedures intended to identify, prepare for, and respond to, potential or actual privacy and/or security incidents.

The PTAS meets no less than four times annually. All privacy and security policies are reviewed by PTAS, prior to being submitted to the Compliance Committee.

The Fraud, Waste and Abuse (FWA) Subcommittee
The Fraud, Waste and Abuse (FWA) Subcommittee is chaired by the Regulatory Affairs Manager. Membership is comprised of key stakeholders from internal departments. This group meets to identify irregularities in the practices of workforce members, affiliates, and members where potential FWA is identified and to make recommendations for prevention activities and interventions.

The FWA meets no less than four times annually. All FWA and overpayment recovery related policies are reviewed by FWA, prior to being submitted to the Compliance Committee.

Executive Leadership Team
The CEO and Executive Leadership Team at PHC shall:

- Ensure that the Compliance Officer is integrated into the organization and is given the authority, and resources necessary to operate a robust and effective compliance program;
- Review periodic reports from the Compliance Officer related to operational risk, the strategies being implemented to address them, and the results of those strategies; and
- Be advised of all governmental compliance and enforcement findings and activity, including audit findings, notices of non-compliance, formal enforcement actions, and as applicable, imposition of corrective actions and sanctions and official responses.

Project Management Office
The Project Management Office (OpEx/PMO) is responsible for ensuring that PHC’s non-provider agreements are compliant with state and federal regulations and adhere to current business associate agreement requirements.

Provider Relations Department
The Provider Relations Department is responsible for ensuring that all provider contracts are in compliance with associated state and federal regulatory requirements. Additionally, Provider Relations is responsible for communicating regulatory updates and PHC policy changes to the provider network and as needed, providing education to promote understanding of and compliance with updates.
Other Departments
Other PHC Departments including, but not limited to, Behavioral Health, Claims, Configuration, External and Regulatory Affairs, Finance, Health Services, Human Resources (HR), Information Technology, and Member Services serve as subject matter experts and as the liaisons between PHC and our community. It is the responsibility of these teams to respond to and implement regulatory guidance and where applicable, support the oversight of delegated activities for their respective departments.

EDUCATION AND TRAINING

PHC provides general and specialized trainings and education to workforce members and affiliates to promote understanding of and adherence with the Compliance Program, including the Compliance Plan and applicable policies and procedures. Through training and education, workforce members are apprised of applicable state and federal laws, regulations, standards of ethical conduct, and corrective and/or disciplinary action for any violation of those rules.

PHC provides training to commissioners, workforce members, and affiliates, as follows:

Initial and Continuing Education and Training
Through onboarding, workforce members receive PHC’s Code of Conduct and Compliance Primer and must attest their receipt and understanding. They also have access to all PHC policies and procedures, including those pertinent to the individual’s job and/or responsibilities. The Human Resources Department, in coordination with RAC, ensure workforce members receive training on the Compliance Plan during new hire orientation.

Ongoing Compliance Training
All PHC employees regardless of position, are required to complete certain mandatory Compliance Trainings at the time of hire and annually thereafter. These trainings include:

- Information privacy and security (DHCS COHS contract 08-85215, Exhibit G)
- Fraud, waste, and abuse (DHCS COHS contract 08-85215, Exhibit E, Attachment 2, Provision 27 (B))
- Cultural competency/ACA 1557 Non-discrimination (DHCS COHS contract 08-85215, Exhibit A, Attachment 9, Provision 12(D))

RAC coordinates with the HR Department to manage the implementation of this training through PHC’s Learning Management System (LMS).

As a result of COVID-19, a majority of staff continue temporary telework. In response, PHC implemented a new staff training regarding working remotely, including how to handle PHI. This training covered best practices and reminders on existing privacy related policies.

Specialized Training
Workforce members may receive additional compliance training as is reasonable and necessary based on the scope of their job function and duties or as necessitated by improvement opportunities or non-
compliance. The Compliance Plan and compliance policies and procedures are accessible to workforce members through PHC4ME, PHC’s intranet.

In addition to maintaining an internal/external policy on how to report potential or actual compliance incidents and the training methods described within this Compliance Plan, PHC may provide specialized training to the Commission, delegates, subcontractors, and/or providers to ensure appropriate response and reporting of compliance inquiries and potential or actual non-compliance.

**Commissioner Compliance Training**
The Clerk to the Commission provides new commissioners with a copy of the Compliance Plan, The Code of Conduct, and Confidentiality Agreement upon their appointment. PHC’s Compliance Officer, or designee, provides a general overview of the Compliance Program to all Commission members on an annual basis.

**Provider Compliance Training**
Under the direction of the Senior Director of Provider Relations, providers shall receive the PHC Provider Manual. This information is available on the Provider section of the external PHC website. Providers are encouraged to make available and/or disseminate copies of the Provider Manual to their employees, agents, and subcontractors that furnish items or services to PHC or its members. Individual and group providers are encouraged to provide compliance training to their employees using these tools.

In compliance with the Deficit Reduction Act (DRA) of 2005, Providers are given a copy of PHC’s False Claims Act policy (CMP-07) through the Provider Manual.

**Failure to Participate in Annual Training**
The RAC & HR Departments will make a good faith effort to ensure all workforce members participate in annual compliance training. Workforce member training is tracked through the LMS and monitored by RAC for completion. If identified as having failed to participate in the annual training, the workforce member’s direct report is contacted. Failure to complete annual training within a reasonable amount of time may be reported at the Compliance Committee. Additionally, the Compliance Officer may discuss training non-compliance with department directors. Continued non-compliance with training requirements may require the development and imposition of a corrective action plan.

**Documentation**
RAC and/or HR shall maintain documentation of workforce member training and education via electronic means or hard copy signed attestations and/or sign-in sheets.

**Other Education Program Communications**
- When appropriate, PHC informs workforce members and affiliates of any relevant federal and state fraud alerts and regulatory guidance, pending/new legislation reports, updates, and advisory bulletins through regular operations meetings and ad hoc workgroups.
• PHC uses electronic communication and/or other forms of communication (as appropriate) to inform workforce members and affiliates of changes in applicable federal and state laws and regulations.
• PHC informs workforce members and affiliates that they can obtain additional information from the Compliance Officer. Any questions, which cannot be answered by the Compliance Officer, shall be referred to the Compliance Committee.

COMMUNICATION

The Compliance Program, including provisions of the Compliance Plan, is implemented and maintained on behalf of PHC by the Compliance Officer and through the Compliance Committee.

Initial Distribution of Compliance Plan

Workforce members and the Commissioners

The Compliance Plan, Code of Conduct, and policies and procedures are made available on the PHC intranet. Workforce members receive the Compliance Primer, Compliance Plan, and Code of Conduct during the New Hire Orientation and annually thereafter.

A copy of this Compliance Plan, Code of Conduct, and Confidentiality Agreement is distributed to the Commission member(s) upon their appointment, and annually thereafter for review and approval. PHC’s Compliance Officer or Clerk of the Commission shall have responsibility to distribute and obtain a signed Confidentiality Agreement from the Commission annually.

Annual Attestation

PHC requires that endorsement of the Compliance Plan and Code of Conduct and applicable policies and procedures be affirmed each calendar year. The Code of Conduct is reviewed by workforce members annually. At the time of annual distribution, recipients will be advised of any changes. Each workforce member shall attest to their understanding of and compliance with the Code of Conduct.
REPORTING

Disclosure, Confidentiality and Non-Retaliation Establishment, and Publication of Reporting System

PHC has established various avenues for the reporting of privacy incidents, FWA, misconduct or violation(s). This reporting system provides several lines of “upstream” communication to ensure an effective collection of possible misconduct. Confidentiality, when requested, will be honored to the extent allowed by law. PHC workforce members have an affirmative duty and are directed in the Code of Conduct, and policies and procedures to report compliance concerns, questionable conduct or practices, and suspected or actual violations immediately upon discovery.

The various means of reporting are described below:

Open Door Policy
All PHC workforce members are notified upon hire, and annually thereafter of PHC’s open door policy. This is incorporated into new hire onboarding and training. All workforce members may approach their supervisor, manager, or director with any issue. PHC encourages check-ins with supervisors, managers, or directors regarding compliance issues, complaints, or questions. Management staff is trained to handle these situations and forward any necessary information to the Compliance Officer and/or RAC for review and/or investigation. Dedicated staff members are assigned to investigate and forward reports of potential or actual privacy incidents and FWA to the State or Federal Government, as applicable.

Compliance Hotline
PHC has an anonymous telephone hotline (Compliance Hotline) for PHC workforce members, affiliates, and members, and other interested persons to report all potential or actual violations of law and/or the Compliance Program and/or questionable or unethical conduct or practices, without limitation. The Compliance Hotline also provides an anonymous and confidential way to report concerns about potential or actual violations of PHC’s business conduct standards.

The Compliance Hotline is a toll-free number: (800) 601-2146, and is accessible 24 hours a day, 7 days a week, excluding designated holidays (when callers are routed to a voice mail message alerting them to call back during established hours of operation).

PHC makes information about the Compliance Hotline accessible through PHC’s intranet, external website, member handbook, e-newsletters, and/or posting hotline posters in prominent common areas.

Notification of hotline reports are sent directly to the Compliance Officer, the Privacy Officer, and the RAC Reporting inbox.
Dedicated Reporting Inbox

RAC has a dedicated email address to receive and manage reports of any compliance, privacy or FWA issues. This dedicated email address is RAC_Reporting@partnershiphp.org.

Confidentiality, Anonymous Reporting and Non-Retaliation/Non-Intimidation

PHC takes all reports of violations, suspected violations, questionable conduct or practices seriously. Reports of compliance issues are treated with confidentiality to the extent permitted by applicable law and circumstances. For hotline reports the caller and/or author need not provide his or her name. Communications via the Compliance Hotline or in writing are treated as privileged to the extent permitted by applicable law.

PHC’s policy prohibits any retaliatory action against a workforce member or affiliate for making any verbal or written communication in good faith. In addition, PHC policy prohibits any attempt to intimidate an individual reporting a compliance issue, for any reason.

Voluntary Disclosure and Prohibition Against Insulation

PHC workforce members are notified annually during compliance training of PHC’s policy of voluntary disclosure. PHC workforce members are encouraged to disclose mistakes and misconduct to their supervisors, managers, directors or the Compliance Officer to prevent or deter FWA.

PHC takes violations of this reporting policy seriously and the Compliance Officer will review disciplinary and/or other corrective action for violations, as appropriate, with the Compliance Committee or Senior Director of Human Resources.

MONITORING

Each PHC Department is tasked with periodically monitoring and auditing their functions in accordance with contractual requirements, regulatory requirements, policies and procedures, corrective actions as a result of prior audits, determinations or risk on a department or plan wide basis, or at the request of the CEO, CFO, or COO.

RAC, in coordination with the Compliance Committee, is responsible for assisting in the development and maintenance of regular auditing and monitoring activities, through the use of a risk assessment approved by the Compliance Committee. RAC is responsible for maintaining global monitoring and auditing policies and procedures as approved by the Compliance Committee.

It is the responsibility of the Compliance Officer to report compliance and risk related information in a format sufficient to satisfy the interests or concerns of the Commission and to fit their capacity to review that information.
Monitoring Systems

Organizational Monitoring
Reports of potential or actual compliance violations, unethical conduct, privacy, FWA, and/or questionable conduct made by workforce members and/or affiliates in writing or verbally, formally or informally, are subject to review and investigation as provided below, in consultation with legal counsel, by PHC’s Compliance Officer and/or their designee.

The Compliance Officer will work under the supervision of the CEO to investigate reports and initiate follow-up actions as appropriate.

Internal Monitoring
Department directors regularly review internal status/progress reports to ensure compliance and efficiency in departmental activities. “Red flags” that are identified in these reports are reviewed by the department director and/or specially trained staff to determine if misconduct has occurred. Instances of FWA or other misconduct are investigated by the department director and reported to RAC. As necessary, a report is prepared and brought before the Compliance Committee. Corrective actions may be applied by the reviewing department director under the direction of the Compliance Committee. Resolution of cases identified for possible or actual FWA are reported to the Compliance Committee at the next quarterly meeting.

Oversight of Delegated Activities
PHC may give the authority of performing certain functions and/or processes to external entities, known as subcontractors and/or delegates. PHC maintains agreements with subcontractors and/or delegates to enforce compliance with contractual, legal, and regulatory requirements of PHC’s policies and procedures and other guidelines applicable to the delegated functions.

No less than quarterly, evidence of oversight, monitoring, and/or auditing activities shall be presented to DORS. In addition, any identification of deficiencies, improvement opportunities, and corrective actions (recommended or imposed) shall be reported to DORS. Any recommendations for the imposition of administrative or financial sanctions and corrective action, up to the revocation of the agreement, shall be reported to DORS for review. Upon acceptance of recommendation, matters shall be escalated in compliance with applicable PHC policy and procedure.

Please see Attachment B for a full list of Delegate Audits planned for 2021.

Availability of Records
PHC and its provider records are available for review by regulatory agencies, or their designee. Records are maintained according to the contractual obligations specified between PHC and the provider, and are not kept for a period of time less than that mandated by applicable federal and/or state law.

Records under Medi-Cal are maintained for 10 years.
Minimum Use

PHC has policies and procedures that regulate minimum use by workforce members and affiliates. Compliance with these requirements is regularly discussed during the PTAS Subcommittee and Compliance Committee meetings.

Audit Systems

Internal Audits

In order to comply with its regulatory and contractual requirements, PHC conducts periodic internal audits of its operations. Audits may be routine or ad hoc, depending on the needs of PHC, the department conducting the monitoring, or pursuant to a regulatory agency request, notification or alert. Audits are based on assessed risk, contractual or regulatory obligations, or PHC policies and procedures.

Please see Attachment C for a full list of Internal Audits planned for 2021.

External Audits

Compliance with Contractual Requirements

PHC maintains a contract with the Department of Health Care Services (DHCS). PHC undergoes an annual audit by DHCS to ensure compliance with contractual and regulatory requirements. RAC is responsible for coordinating the annual onsite audit. Results from the audit conducted by DHCS will be reviewed and used to develop and modify systems to audit and monitor operations on a regular basis.

Due to COVID-19, DHCS is permitting PHC to defer the 2021 annual audit to 2022. PHC is working with the Compliance Committee to expand internal monitoring and/or auditing this year due to this delay. This focus on internal monitoring and auditing will better prepare PHC for the 2022 DHCS Audit.

Separate from the annual DHCS audit, PHC undergoes an annual Financial Audit that is conducted by an outside Certified Public Accounting Firm. The results of this audit are reported directly to the Commission.

Subcontractor and/or Delegate Oversight

PHC ensures subcontractor and/or delegate compliance with federal or state statutes, regulations, contractual obligations, PHC policies and procedures, and nationally recognized accreditation requirements through regular monitoring and annual auditing. PHC maintains policies and procedures, an auditing calendar, and audit work plans that govern the auditing process of delegated entities.
Evidence of subcontractor and/or delegate auditing activities is presented to DORS no less than quarterly for review and recommendation of corrective action. DORS committee minutes are reported up to the Compliance Committee for further review and determination if further action is needed.

Please see Attachment B for our External Auditing calendar for 2021.

*Government-Identified Risk Areas*

The Compliance Officer or designee monitors for specific compliance issues identified by health care agencies. This includes, but is not limited to areas of risk identified in the OIG’s Annual Work Plan, specifically the OIG’s Medicaid Managed Care and State Management of Medicaid work plan, the results of audits of PHC operations by health care oversight agencies, and compliance issues identified and reported to RAC.

**Annual PHC Monitoring and Auditing Work Plan**

PHC maintains policies, procedures, and a monitoring and auditing work plan that includes:

- Summary of internal monitoring processes;
- Internal audit calendar;
- Audit narrative, including:
  - Audit objectives
  - Scope and methodology;
- Staff responsible for specific audits;
- Strategy to monitor and audit PHC’s subcontractors and/or delegates; and
- Process for developing follow-up and corrective action.

The monitoring and auditing plan is modified based on a risk assessment. The risk assessment is used to determine which areas of PHC’s business may be susceptible to FWA or non-compliance. Audit guides, experiences of other COHS plans, other resources developed by regulatory agencies and the health care industry standards may be used to identify high-risk areas. RAC with input from DORS and the Compliance Committee prioritizes the monitoring and auditing strategy based on available resources.

Areas in PHC’s business that are found to be deficient are reviewed for redress. Recommendations or corrective actions and/or sanctions may be required depending on the severity of the findings and shall be reviewed and imposed under the authority of the Compliance Committee and/or the CEO in accordance with applicable state and/or federal regulations and PHC policy and procedure.

Actions taken as a result of the work plan are tracked to evaluate the success of implementation efforts. A report on monitoring and auditing results is presented to the Compliance Committee in the quarter following the finalization of the audit report.
**Compliance Program Annual Review**
Through regular reporting of RAC activities and statistics, the Compliance Committee oversees the effectiveness of the Compliance Program that includes an annual review of this Compliance Plan.

The Compliance Plan’s functionality will be reviewed to ensure that best efforts are made to protect PHC from FWA, and other misconduct that could endanger PHC, delivery of services, members, providers, and other affiliated parties.

**Participation Status Review and Background Checks**
PHC does not knowingly hire, contract with, or retain on its behalf, any person or entity that is currently suspended, excluded or otherwise ineligible to participate in federal and/or state health care programs; and/or has ever been excluded from participation in federal and/or state health care programs based on a mandatory exclusion.

Under the direction of the Senior Director of Human Resources, PHC conducts participation status reviews upon hiring of new, workforce members and monthly thereafter, to ensure individuals are not excluded or do not become excluded from participating in federal and state health programs.

Under the direction of the Senior Director of Provider Relations, verification of a provider’s eligibility to contract with PHC is facilitated by Provider Relations through the credentialing and re-credentialing and regular exclusion/sanction checks, no less frequently than monthly. Consistent with applicable requirements, providers found to be ineligible or excluded are reported to the appropriate oversight agency. Payments made by PHC (i) to excluded persons or entities; or (ii) for items or services furnished at the medical direction; or (iii) on the prescription of an excluded or suspended physician are subject to repayment/recoupment.

The Clerk of the Commission conducts participation status reviews upon appointment of members to the Commission, and monthly thereafter, to ensure commissioners are not excluded or do not become excluded from participating in federal and state health programs.

Workforce members are required to notify the Human Resources Department if, after hiring their ability to participate in federal and/or state health care programs changes. In the event PHC discovers the status of any workforce member no longer permits them to work for PHC, corrective actions will be taken.
ENFORCEMENT

Conduct Subject to Enforcement and Discipline
Commissioners may be subject to removal; workforce members to discipline, up to and including termination; and providers, subcontractors, and/or delegates to contract termination for non-compliance, including but not limited to:

- Conduct that leads to the filing of a false or improper claim in violation of federal or state laws, or failure to seek recoupment of known overpayment of a claim involving federal or state Medicaid funds;
- Conduct that results in a violation or violations of any other federal or state laws or contractual requirements relating to participation in federal and/or state health care programs;
- Failure to report potential or actual violations of the Compliance Program or applicable laws or to report suspected or actual FWA issues to an appropriate person; and
- Failing to disclose a conflict of interest.

Enforcement and Discipline
PHC maintains a “zero tolerance” policy towards any illegal conduct that impacts the operation, mission, or image of PHC. Any workforce member or affiliate engaging in a violation of laws or regulations (depending on the magnitude of the violation) may be terminated from employment or their contract. PHC will accord no weight to a claim that any improper conduct was undertaken for the benefit of PHC. Such conduct is not for PHC’s benefit and is expressly prohibited.

PHC maintains a policy on workforce member Conduct and Work Rules which specifies unacceptable workforce member behavior. Necessary discipline is determined by the Senior Director of Human Resources. In determining the appropriate discipline or corrective action for any violation of the Compliance Program or applicable law, PHC will not take into consideration a particular persons or entities economic benefit to the organization.

Workforce members and affiliates should also be aware that violations of applicable laws and regulations, even unintentional, could potentially subject them or PHC to civil, criminal, or administrative sanctions and penalties. Further, violations could lead to suspension or exclusion from participation in federal and/or state health care programs.
INVESTIGATIONS AND REMEDIATION

Notice of Potential or Actual Violation

If a PHC workforce member or affiliate becomes aware of a potential or actual violation or questionable or unethical conduct in violation of the Compliance Plan or applicable law, individual or entity shall notify PHC immediately. The commissioner, workforce member, or affiliate may report any violation, suspected violation, or questionable conduct to their immediate supervisor or director, including the Compliance Officer or the Regulatory Affairs and Compliance Unit, by direct verbal or written report. Such reports may also be made to the Compliance Hotline.

Response to Notice of Violation or Suspected Violation

Upon receipt of a report of non-compliance (whether a general compliance issue, HIPAA or FWA), RAC is responsible for review and investigation. High risk issues, including but not limited to, workforce member misconduct, may be reported directly to the Compliance Officer or Senior Director of Human Resources for investigation as appropriate.

RAC will work with the appropriate PHC workforce members and/or affiliates to remediate any current or potential for future instances of non-compliance.

Reported issues are tracked by RAC for routine reporting on a quarterly basis to the Compliance Committee. In addition, statistics on compliance issue reporting are provided to the Commission for regular review.

Any identification of deficiencies, improvement opportunities, and corrective actions (recommended or imposed) shall be reported to the (sub)committee with subject matter jurisdiction and as necessary, forwarded to the Compliance Committee for further action. Any recommendations for the imposition of administrative or financial sanctions and corrective action, up to the revocation of the agreement, shall be reported to (subcommittee with subject matter jurisdiction for review and as appropriate, forwarded to the Compliance Committee and/or CEO for review and final action. It is the responsibility of the Senior Director of Human Resources or their designee to implement any disciplinary action with regard to workforce member misconduct.
FRAUD

PHC must comply with certain regulatory requirements pertaining to FWA prevention. Such regulations dictate the investigative, reporting and monitoring activities related to FWA prevention. PHC’s approach to identifying and monitoring potential fraud activity is multi-faceted.

Fraud, Waste, and Abuse Program (FWA)

PHC’s workforce has the responsibility to understand their job functions and associated processes in order to identify irregularities in the practices of workforce members, affiliates, and members to report any potential FWA to RAC. PHC’s approach to identifying and monitoring potential fraud activity is multi-faceted. The FWA program was established to receive reports of suspected fraud, and conduct an initial investigation. Regulatory Affairs maintains a tracking system and records all reported allegation of fraud.

Fraud Detection

Fraud detection involves knowing what can go wrong, and who could do it. It also involves knowing what opportunities exist and understanding the systems and controls designed to minimize the opportunities. Additionally, fraud detection involves knowing the symptoms or patterns of the occurrence, being on the lookout for such patterns and building programs to look for the patterns.

PHC believes that knowing what can go wrong consists of identifying fraud indicators that warrant closer scrutiny, including the types of fraud, common fraud schemes and trends, “red-flags” and situations leading to potential fraud.

PHC also routinely identifies trends or “global” schemes in Medicaid (Medi-Cal), Medicare or health care fraud and abuse reported in newspapers, journals, through CMS Fraud Alerts, or other means.

Departmental Monitoring Activities

Fraud detection requires that fraud be proactively sought through a variety of means. Each department is responsible for taking proactive steps to detect fraud. PHC exercises diligence and actively searches for possible fraudulent behavior through the course of regular business, and as a result of fraud alerts provided by regulatory agencies via RAC. PHC is required to conduct certain monitoring activities as a result of contractual or regulatory obligation. Once a trend or pattern has been identified, further research is warranted to determine whether or not there is reasonable suspicion of fraudulent behavior.

FILING SYSTEMS

The Compliance Officer will establish and maintain a filing system (or systems) for all compliance-related documents. Records retention is handled according to PHC’s contractual and regulatory obligations. Records related to the Compliance Program, including edits to the Compliance Plan, minutes of Compliance Committee meetings, documentation of education, and similar documentation is maintained for no less than 10 years, pursuant to CMS requirements.
RISK ASSESSMENT

Risk Assessment Process

This year PHC RAC leadership developed the risk assessment, by surveying executive and operational leadership to identify organizational and regulatory risks.

As expected, COVID-19 has drastically affected the priorities of the organization. Understanding that external factors including proposed changes to federal health care rules and the state Medi-Cal program, it is important to understand priorities of operational departments. One of RAC’s key functions is to collaborate with other departments to implement new policies and requirements based on state and federal guidance and priority setting supports these efforts.

Risk Priorities Identified

Although there are a myriad of potential risks and areas of concern for PHC, the focus is on our collaboration with operational departments to support their preparation for the many proposed changes demanded by the external environment.

The survey identified the top operation and regulatory priorities according to the PHC’s operational leadership. The top three priorities are:

1. **State Budget Changes**: In May 2020, Governor Gavin Newsom announced significant declines in General Fund revenues for FY 20-21. This revenue decrease combined with increased costs in health and human services programs and the added costs to address COVID-19, led to a projected budget deficit of $54 billion for California. Medi-Cal rate cuts are expected to continue as General Revenue available for the Medi-Cal program declines. As a result, PHC is monitoring any potential programmatic or benefit changes.

2. **Potential Federal Policy Changes**: The future of the Affordable Care Act’s (ACA) constitutionality will once again be considered by the U.S. Supreme Court in California v. Texas (known as Texas v. U.S. in the lower courts). Oral arguments occurred in November 2020. The Supreme Court’s decision in the case could come as late as June 2021. PHC will be watching closely as almost 29 percent of our members are eligible for Medi-Cal under the ACA.

3. **New Claims System Implementation**: PHC is embarking on the implementation of a new core system, which not only constitutes a significant financial investment, it will impact all operational departments. This was identified in the 2019 assessment as the number one priority and continues to be top of mind as PHC prepares for the new core system to be live January 2022.

By identifying key priorities of the Operations leadership, the RAC team can take proactive steps towards managing and mitigating risk. The RAC team wants to serve as partners in these key initiatives and support in the successful implementation.

A component of our risk assessment is to be actively engaged in the implementation and oversight of these initiatives. Any issues that come to our attention will be addressed at the Compliance Committee.
Auditing & Delegation Oversight Program & Calendar – 2021

Attachment B provides the 2021 Auditing & Delegation Oversight Program Calendar that includes the external auditing cycles. To note, there has been a substantial increase in the number of audits to be performed due to the expanded oversight and monitoring that PHC must provide to its subcontractors due to contractual, regulatory and national accreditation standards.

Attachment C provides the 2021 Internal Auditing & Monitoring Calendar. This outlines the planned internal auditing and monitoring activities anticipated during the year by PHC’s Compliance Unit.
ATTACHMENT A

COMPLIANCE COMMITTEE CHARTER

PURPOSE

The Compliance Committee (Committee) has the fiduciary responsibility to oversee Partnership HealthPlan of California’s (PHC) regulatory compliance and ethics programs and shall ensure the establishment and maintenance of a regulatory compliance program that constitutes part of an “effective compliance program.” Specifically, the Committee shall be primarily responsible for overseeing, monitoring and evaluating PHC’s compliance with all regulatory and contractual obligations of PHC (federal, state and local), as applicable.

AUTHORITY AND RESPONSIBILITIES

Among its authority and responsibilities, the Compliance Committee shall:

1) Oversee the development, review, evaluation, and implementation of the annual, plan-wide, Compliance Program.

2) Assist the Compliance Officer in developing and maintaining written policies and procedures, which provide guidance and promote PHC employees, subcontractors, and Board members compliance with all applicable laws, regulations, guidance, and contractual obligations. The Committee has final review and approval authority of PHC’s compliance policies and procedures related to regulatory compliance, and ensures regular review and updates, as applicable. As appropriate, the Compliance Committee participates in the review and approval of policies and procedures that are required under any contract with government agencies for PHC lines of business, or plan-wide policies and procedures.
3) Receive, review, and act upon reports and recommendations from the Compliance Officer, subcommittees, and workgroups regarding compliance and/or ethics issues generated through internal and external audits, monitoring, and individual reporting or referrals. Assists the Compliance Officer in developing initiatives to detect and prevent fraud, waste, and abuse in all lines of business.

4) The Compliance Committee is responsible for maintaining the Code of Conduct, subject to the ultimate authority of the Governing Body (the Board).

5) Assist the Compliance Officer in identifying and mitigating potential compliance and regulatory risk areas.

6) Recommend and monitor the development of policies and procedures to govern its operations as a Compliance Committee.

7) Advise the Compliance Officer in the development and implementation of general and special compliance and regulatory training materials related to specific compliance issues and risk areas.

8) Has the authority to conduct any investigation appropriate to fulfill its responsibilities and has direct access to anyone in the company, as well as, any third party who may perform compliance related consulting services for the company. The Committee shall retain the services of attorneys, accountants, consultants, and other professionals as needed to ensure compliance with applicable laws.

9) Respond appropriately if a violation is uncovered, including proper reporting of violations of law to the duly authorized law enforcement or regulatory agencies.

10) Maintain a working knowledge of relevant compliance issues, laws, regulations, and contractual obligations.

11) Perform other functions as reasonably necessary to assist the Compliance Officer in fulfilling the intent and purpose of the Compliance Program.

12) Ensure that legal counsel is consulted as appropriate and that all applicable privileges are preserved, including the attorney-client privilege and/or work product doctrine.

GOVERNANCE, STRUCTURE AND ORGANIZATION

The Chair of the Compliance Committee shall be PHC’s Compliance Officer or their designee. The Chair, in consultation with other members of the Committee, will determine the frequency and duration of the meetings of the Committee and the agenda of items to be addressed at each meeting.

Committee Structure: To promote compliance with state and federal regulations, contractual obligations, and industry practices, the Committee shall have a director or above (or his/her designated proxy), represented from all PHC operational departments.
The following groups shall report meeting minutes and other relevant materials or details, as applicable, to the Compliance Committee at all regularly scheduled meetings:

- Delegation Oversight Review Sub-Committee (DORS)
- Fraud, Waste, and Abuse Sub-Committee (FWA)
- Physical, Technical, and Administrative Safeguards (PTAS) Sub-Committee

*Above list is subject to change, and shall not be considered an exhaustive list

Meetings Schedule: The Committee will meet no less than four times per year. A majority of the members, or at minimum, half of the Committee, present in person or by means of a conference call or other communication equipment by means of which all persons participating in the meeting can hear each other, shall constitute a quorum.

Agenda and Minutes: The Chair shall preside over the meetings of the Committee and shall appoint a secretary (who need not be a member of the Committee) to take written minutes of the meetings. The Committee shall maintain minutes of its meetings and records relating to those meetings.

**MEMBERSHIP**

- Chief Executive Officer
- Chief Operating Officer
- Chief Financial Officer
- Chief Medical Officer
- Chief Information Officer
- Senior Director of Human Resources
- Northern Region Executive Director
- Senior Director of External and Regulatory Affairs (also serves as the Compliance Officer), Chair
- Behavioral Health Administrator
- Regional Director, Administration (Santa Rosa)
- Senior Director, Health Services
- Senior Director, Provider Relations
- Director, Legal Affairs
- Director, Health Services (NR)
- Director, Member Services
- Director, Member Services and Provider Relations (NR)
- Director, Pharmacy Services
- Director of Regulatory Affairs & Program Development
- Director, Claims (SR)
- Director of Claims (NR)
- Director of Configuration
• Director of Program Management Office (OpEx/PMO)
• Director of Grievance and Appeals
• Associate Director, Quality and Performance Improvement
• Regional Manager, Administration (Eureka)
• Compliance Oversight Manager
• Regulatory Affairs Manager
ATTACHMENT B
DELEGATION OVERSIGHT AUDITING PLAN

Audit activities are conducted pursuant to all requirements set forth by the delegation service agreements during the review period.

At minimum, the audit plan will include compliance oversight and review of the following:

- Program Integrity
- Policies & Procedures
- DHCS Standards \textit{(during review period)}
- NCQA Standards \textit{(during review period)}
- Case File Review \textit{(only applicable scope areas)}

The following Delegation Oversight Audit Grid demonstrates all scope areas which are subject to annual evaluation by PHC for each active delegate, and includes:

1.) The current auditable scope areas; and
2.) This year’s estimated start and completion dates for the annual delegation oversight audits.
## ANNUAL OVERSIGHT AUDITS

<table>
<thead>
<tr>
<th>DELEGATED ENTITY</th>
<th>DELEGATED SCOPE AREAS</th>
<th>DEPT INVOLVED</th>
<th>REVIEW PERIOD</th>
<th>BEGIN AUDIT PLANNING</th>
<th>2021 AUDIT START DATE</th>
<th>2021 AUDIT END DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Vision Service Plan (VSP)</strong></td>
<td>Call Center/Member Services</td>
<td>Member Services</td>
<td>Closing Year</td>
<td>90-120 days prior to Start</td>
<td>Estimated</td>
<td>Estimated</td>
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<tr>
<td><strong>Credentialed completed by PR</strong></td>
<td>Claims/PDRs</td>
<td>Claims</td>
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<td>Compliance</td>
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<td>Provision of Vision Services</td>
<td>Utilization Management</td>
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<td>CR/Re-Cred (NCQA)</td>
<td>Provider Relations</td>
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<tr>
<td><strong>Dignity Health Medical Foundation</strong></td>
<td>Call Center/Member Services</td>
<td>Member Services</td>
<td>CY 2020</td>
<td>Nov-20</td>
<td>Mar-21</td>
<td>May-21</td>
</tr>
<tr>
<td><strong>Mercy Medical Group</strong></td>
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<td>Provider Relations</td>
<td>CY 2020</td>
<td>Dec-20</td>
<td>Feb-21</td>
<td>Mar-21</td>
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<tr>
<td><strong>Lucile Packard Children's Hospital Med Group</strong></td>
<td>CR/Re-Cred (NCQA) ; Screen/Enroll</td>
<td>Provider Relations</td>
<td>CY 2020</td>
<td>Dec-20</td>
<td>Feb-21</td>
<td>Mar-21</td>
</tr>
<tr>
<td><strong>Sutter Medical Foundation - SMG (Yolo &amp; Solano)</strong></td>
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<td>Provider Relations</td>
<td>CY 2020</td>
<td>Dec-20</td>
<td>Feb-21</td>
<td>Mar-21</td>
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<tr>
<td><strong>Sutter Pacific Medical Foundation (PFMA/Marin Headlands/SMG Redwoods) (Palo Alto Med Foundation)</strong></td>
<td>CR/Re-Cred (NCQA) ; Screen/Enroll</td>
<td>Provider Relations</td>
<td>CY 2020</td>
<td>Dec-20</td>
<td>Feb-21</td>
<td>Mar-21</td>
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<tr>
<td><strong>UCSF/Bay Childrens</strong></td>
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<td>Provider Relations</td>
<td>CY 2020</td>
<td>Dec-20</td>
<td>Feb-21</td>
<td>Mar-21</td>
</tr>
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<td><strong>UC Davis Medical Group (UCD MG)</strong></td>
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<td>Provider Relations</td>
<td>CY 2020</td>
<td>Dec-20</td>
<td>Feb-21</td>
<td>Mar-21</td>
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<tr>
<td><strong>Medical Transportation Management, Inc. (MTM)</strong></td>
<td>Call Center/Member Services</td>
<td>Member Services</td>
<td>CY 2020</td>
<td>Dec-20</td>
<td>April-21</td>
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<td>Compliance</td>
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<td>NMT - file review only</td>
<td>Care Coordination</td>
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<td>Network Management</td>
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<td>CR/Re-Cred ; Screen/Enroll</td>
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<td>Utilization Management</td>
<td>CY 2020</td>
<td>Dec-20</td>
<td>April-21</td>
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<td><strong>Marin General Hospital (MGH)</strong></td>
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<td><strong>NorthBay Medical Center &amp; Vacavalley Hospital (NBMC)</strong></td>
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<td>Jul-21</td>
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<tr>
<td><strong>Queen of the Valley Medical Center (QVMC)</strong></td>
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<td>April-21</td>
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<td><strong>Beacon CHIPA</strong></td>
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<td><strong>Kaiser Foundation Health Plan (KFHP)</strong></td>
<td>BH/MH</td>
<td>Behavioral Health</td>
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<td>Sep-21</td>
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<td>New Provider Training</td>
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<td><strong>CareNet</strong></td>
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<td>Member Services</td>
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</table>
PHC’s 2021 audit focus will include:

- Evaluating departmental implementation DHCS annual audit CAPs and/or valid recommendations;
- Audit department implementation of regulatory changes published by DHCS APLs;
- Audit department implementation of final rule regulatory changes;
- Continued focus on business associates agreements with vendor and PHC partners; and
- Areas identified in the Risk Assessment Survey completed by the PHC Operations Leadership team.

As the internal audits are concluded, this plan will be re-evaluated to determine if recurring audits or retesting of the business function should be conducted and at what frequency. Several ongoing audits will continue to be conducted on a routine basis. Certain unpreventable risks associated with particular areas justifies the need for annual reviews, regardless of prior internal audit results.

The following Internal Audit Grid provides the planned internal audits and monitoring activities that includes the anticipated dates which the internal audits will commence. Unexpected ad-hoc internal audits are not listed on this grid.

### INTERNAL AUDITS & MONITORING CALENDAR

<table>
<thead>
<tr>
<th>Audit Title</th>
<th>Scope Description</th>
<th>Auditee(s)</th>
<th>Reported To (Frequency)</th>
<th>Begin IA Planning</th>
<th>Estimated Start Date</th>
<th>Estimated End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>HIPPA IA</td>
<td>Privacy Reporting; Incident Management; Data Integrity</td>
<td>RAC</td>
<td>Compliance Committee (Yearly)</td>
<td>n/a</td>
<td>Continued from 2020 IA</td>
<td>TBD</td>
</tr>
<tr>
<td>Caught You Being Compliant (CYBC)</td>
<td>Compliance with Physical, Technical and Security policy.</td>
<td>All Staff</td>
<td>PTAS (Quarterly)</td>
<td>n/a</td>
<td>Once a qtr</td>
<td>n/a</td>
</tr>
<tr>
<td>BAA IA</td>
<td>Data Governance</td>
<td>PMO/IT/Data Analytics</td>
<td>Compliance Committee (Yearly)</td>
<td>Nov-20</td>
<td>Jan-21</td>
<td>Apr-21</td>
</tr>
<tr>
<td>Wellness &amp; Recovery IA</td>
<td>Effectiveness of program implementation</td>
<td>UM/CC</td>
<td>Compliance Committee (Yearly)</td>
<td>Dec-20</td>
<td>Feb-21</td>
<td>May-21</td>
</tr>
<tr>
<td>Provider Contracting IA</td>
<td>Compliance with Final Rule Provisions and APL 19-001</td>
<td>Provider Relations</td>
<td>Compliance Committee (Yearly)</td>
<td>Dec-20</td>
<td>Feb -21</td>
<td>May-21</td>
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<tr>
<td>Dental Anesthesia IM</td>
<td>Dental Anesthesia timeliness of appointments</td>
<td>UM/CC</td>
<td>Compliance Committee (Yearly)</td>
<td>April-21</td>
<td>June-21</td>
<td>Sep-21</td>
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<tr>
<td>Retro Authorizations IA</td>
<td>Retro Authorizations; Medical Necessity</td>
<td>UM</td>
<td>Compliance Committee (Yearly)</td>
<td>April-21</td>
<td>June-21</td>
<td>Sep-21</td>
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<tr>
<td>Privacy Risk Analysis IA</td>
<td>Privacy Policy and Procedures</td>
<td>RAC</td>
<td>Compliance Committee (Yearly)</td>
<td>July-21</td>
<td>Sep-21</td>
<td>Dec-21</td>
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<tr>
<td>Whole Child Model</td>
<td>Referrals</td>
<td>CC</td>
<td>Compliance Committee (Yearly)</td>
<td>Aug-21</td>
<td>Oct 21</td>
<td>Jan 22</td>
</tr>
</tbody>
</table>
REGULAR AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Board Meeting Date: December 2, 2020
Agenda Item Number: 4.2

Resolution Sponsor:
Liz Gibboney, CEO, Partnership HealthPlan of CA

Recommendation by:
PHC Staff

Topic Description:
Commissioner Aimee Brewer’s Board seat expires on December 31, 2020, as Solano County rotates their Hospital Representative seat on the PHC Board every four years.

Commissioner Brewer has made numerous outstanding contributions to Partnership HealthPlan of California (PHC) and the Commission (known as the Board) since October 2016. She has provided excellent leadership, been a dedicated volunteer and her attendance has been exceptional. Her knowledge has been of great value to PHC, and she has kept the needs of our members, providers and the community as a guiding principle.

Reason for Resolution:
To provide Commissioner Aimee Brewer with the highest level of commendations and appreciation for her excellent service.

Financial Impact:
There is no financial impact to the HealthPlan.

Requested Action of the Board:
Based on the recommendation of PHC staff, the Board is asked to approve the commendations and appreciation for the support Commissioner Aimee Brewer has provided to PHC and the Board.
IN THE MATTER OF: COMMENDATIONS AND APPRECIATION FOR RICHARD FOGG’S SERVICE TO PHC AND THE BOARD

Recital: Whereas,
A. Aimee Brewer provided valuable advice and support for PHC and the Board.
B. Aimee Brewer was a faithful and active member of the Board.

Now, Therefore, It Is Hereby Resolved As Follows:
1. To approve the highest level of commendations and appreciation for Commissioner Brewer’s outstanding service to PHC and the Board.

PASSED, APPROVED, AND ADOPTED by the Partnership HealthPlan of California this 2nd day of December 2020 by motion of Commissioner, seconded by Commissioner, and by the following votes:

**AYES:** Commissioners:

**NOES:** Commissioners:

**ABSTAINED:** Commissioners:

**ABSENT:** Commissioners:

**EXCUSED:** Commissioners:

__________________________
Nancy Starck, Chair

__________________________
Date

**ATTEST:**

BY: _______________________
    Ashlyn Scott, Board Clerk
Financial Analysis for the Current Period

Total (Deficit) Surplus
For the month ending September 30, 2020, PHC reported a net deficit of $6.8 million, bringing the year-to-date deficit to $17.6 million. Significant variances are explained below.

Revenue
Total Revenue is greater than budget by $3.0 million for the month and greater than budget by $3.5 million for the year-to-date. The year-to-date favorable variance is primarily driven supplemental revenue variances.

Healthcare Costs
Total Healthcare Costs are greater than budget by $4.3 million for the month and greater than budget by $1.6 million for the year-to-date. Inpatient Hospital- Fee for Service has an unfavorable year-to-date variance of roughly $6.9 million, or 4.3% which is mainly driven by higher incurred expenses than anticipated partially due to seasonality disruptions caused by COVID-19. The budget was based on historical seasonality that factors in lower summer inpatient expenses. Pharmacy expenses are favorable $6.3 million year-to-date due to lower than expected utilization. Beginning January 2021, the pharmacy benefit will no longer be PHC’s responsibility due to the carve-out executive order.

Administrative Costs
Total administrative costs are under budget by $1.8 million for the month and $6.1 million for the year-to-date. The positive variance in Employee expenses is primarily due to budgeted open positions that may be filled during the year. The positive variances in Occupancy and Computer and Data expenses are also expected to decrease over the year as capital and IT projects are completed. Most categories of the administrative budget are prorated over 12 months; as the year progresses, the variance between actual and budget is expected to decrease.

Balance Sheet
Total Cash & Cash Equivalents increased by $151.4 million for the month. $402.9 million in State Capitation Payments were received; $105.5 million of this is from State Directed Payments (PHDP, EPP, and QIP), which will be distributed in the following month. These State payments were offset by $203.5 million in healthcare cost payments, $11.6 million in administrative and capital costs, $33.3 million in MCO quarterly tax payments, and $3.3 million in internal transfers that were made during the month. The remaining difference can be attributed to interest and other revenues.

General Statistics
Membership
Membership had an increase of 5,937 members for the month. Medi-Cal Rate Regions 1 and 2 had membership increases of 2,462 and 3,475, respectively.
Utilization Metrics and High Dollar Case
For the fiscal year 2020/21 through September 30, 2020, 54 members reached the $250,000 threshold with an average cost of $544,303. For fiscal year 2019/20, the number of members reached 443, and the average cost per case was $487,972. For fiscal year 2018/19, 452 members reached the $250,000 threshold with an average claims cost of $486,068.

Current Ratio/Required Reserves (Excluding Capital Assets)

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<tbody>
<tr>
<td>Current Ratio Including Required Reserves</td>
<td>1.54</td>
</tr>
<tr>
<td>Current Ratio Excluding Required Reserves:</td>
<td>1.07</td>
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<tr>
<td>Required Reserves:</td>
<td>$498,669,561</td>
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<tr>
<td>Total Fund Balance:</td>
<td>$558,020,975</td>
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Days of Cash on Hand

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<tr>
<td>Including Required Reserves:</td>
<td>129.40</td>
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<tr>
<td>Excluding Required Reserves:</td>
<td>78.70</td>
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### Member Months by County:

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<tr>
<td>Napa</td>
<td>27,592</td>
<td>27,694</td>
<td>27,775</td>
<td>27,717</td>
<td>27,400</td>
<td>27,461</td>
<td>27,602</td>
<td>27,704</td>
<td>28,054</td>
<td>28,761</td>
<td>29,024</td>
<td>29,684</td>
<td>29,580</td>
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<tr>
<td>Yolo</td>
<td>50,117</td>
<td>50,432</td>
<td>50,217</td>
<td>49,882</td>
<td>49,385</td>
<td>49,291</td>
<td>49,486</td>
<td>49,829</td>
<td>50,637</td>
<td>51,083</td>
<td>51,287</td>
<td>52,337</td>
<td>52,510</td>
</tr>
<tr>
<td>Marin</td>
<td>37,353</td>
<td>37,123</td>
<td>36,840</td>
<td>36,660</td>
<td>36,439</td>
<td>37,028</td>
<td>37,095</td>
<td>37,390</td>
<td>38,427</td>
<td>39,127</td>
<td>39,647</td>
<td>40,498</td>
<td>40,400</td>
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<tr>
<td>Mendocino</td>
<td>36,172</td>
<td>36,032</td>
<td>35,496</td>
<td>34,983</td>
<td>34,735</td>
<td>34,659</td>
<td>34,710</td>
<td>34,658</td>
<td>34,987</td>
<td>35,431</td>
<td>35,834</td>
<td>36,964</td>
<td>36,483</td>
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<tr>
<td>Lake</td>
<td>29,985</td>
<td>29,899</td>
<td>29,681</td>
<td>29,439</td>
<td>29,072</td>
<td>29,767</td>
<td>29,423</td>
<td>29,111</td>
<td>29,700</td>
<td>29,925</td>
<td>30,226</td>
<td>31,356</td>
<td>30,823</td>
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<tr>
<td>Del Norte</td>
<td>11,113</td>
<td>11,200</td>
<td>11,080</td>
<td>11,070</td>
<td>11,126</td>
<td>11,085</td>
<td>11,146</td>
<td>11,225</td>
<td>11,238</td>
<td>11,309</td>
<td>11,457</td>
<td>11,438</td>
<td>11,438</td>
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<tr>
<td>Humboldt</td>
<td>52,035</td>
<td>52,103</td>
<td>52,086</td>
<td>52,009</td>
<td>51,646</td>
<td>51,353</td>
<td>51,707</td>
<td>51,648</td>
<td>52,507</td>
<td>53,023</td>
<td>53,552</td>
<td>54,571</td>
<td>54,245</td>
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<tr>
<td>Lassen</td>
<td>7,051</td>
<td>7,147</td>
<td>7,101</td>
<td>7,127</td>
<td>7,069</td>
<td>7,100</td>
<td>7,188</td>
<td>7,172</td>
<td>7,264</td>
<td>7,332</td>
<td>7,405</td>
<td>7,510</td>
<td>7,488</td>
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<tr>
<td>Shasta</td>
<td>58,710</td>
<td>58,867</td>
<td>58,575</td>
<td>58,353</td>
<td>57,967</td>
<td>57,731</td>
<td>57,744</td>
<td>57,626</td>
<td>58,651</td>
<td>59,493</td>
<td>60,091</td>
<td>62,216</td>
<td>61,434</td>
</tr>
<tr>
<td>Siskiyou</td>
<td>17,011</td>
<td>17,126</td>
<td>16,917</td>
<td>16,819</td>
<td>16,616</td>
<td>16,780</td>
<td>16,718</td>
<td>16,890</td>
<td>16,889</td>
<td>17,038</td>
<td>17,550</td>
<td>17,292</td>
<td>17,292</td>
</tr>
<tr>
<td>Trinity</td>
<td>4,139</td>
<td>4,127</td>
<td>4,134</td>
<td>4,157</td>
<td>4,168</td>
<td>4,150</td>
<td>4,238</td>
<td>4,318</td>
<td>4,424</td>
<td>4,560</td>
<td>4,597</td>
<td>4,648</td>
<td>4,701</td>
</tr>
<tr>
<td>All Counties Total</td>
<td>544,208</td>
<td>544,229</td>
<td>540,865</td>
<td>537,775</td>
<td>534,231</td>
<td>533,991</td>
<td>536,095</td>
<td>537,486</td>
<td>544,806</td>
<td>552,433</td>
<td>558,464</td>
<td>573,002</td>
<td>570,853</td>
</tr>
</tbody>
</table>

**Medi-Cal Region 1:** Solano, Napa, Yolo & Marin; **Medi-Cal Region 2:** Sonoma, Mendocino & Rural 8 Counties
## Membership and Financial Summary
For The Period Ending September 30, 2020

### Membership Summary

<table>
<thead>
<tr>
<th></th>
<th>CURRENT MONTH</th>
<th>PRIOR MONTH</th>
<th>INC / DEC</th>
<th>CURRENT YTD AVG</th>
<th>PRIOR YTD AVG</th>
<th>VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medi-Cal Region 1</td>
<td>234,152</td>
<td>231,690</td>
<td>2,462</td>
<td>231,566</td>
<td>220,090</td>
<td>11,475</td>
</tr>
<tr>
<td>Medi-Cal Region 2</td>
<td>335,240</td>
<td>331,765</td>
<td>3,475</td>
<td>331,412</td>
<td>321,145</td>
<td>9,267</td>
</tr>
<tr>
<td>TOTAL</td>
<td>569,392</td>
<td>563,455</td>
<td>5,937</td>
<td>562,978</td>
<td>542,009</td>
<td>20,969</td>
</tr>
</tbody>
</table>

### Financial Summary

<table>
<thead>
<tr>
<th></th>
<th>ACTUAL</th>
<th>BUDGET</th>
<th>$ VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual YTD</td>
<td>257,210,638</td>
<td>254,258,327</td>
<td>2,952,311</td>
</tr>
<tr>
<td>Budget YTD</td>
<td>241,362,719</td>
<td>237,027,919</td>
<td>(4,334,800)</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>10,205,236</td>
<td>11,993,680</td>
<td>(1,788,444)</td>
</tr>
<tr>
<td>Total Healthcare Costs</td>
<td>12,468,750</td>
<td>11,727,316</td>
<td>(741,434)</td>
</tr>
<tr>
<td>Total Administrative Costs</td>
<td>(6,826,067)</td>
<td>(6,490,588)</td>
<td>(335,479)</td>
</tr>
<tr>
<td>Total Current Year Surplus (Deficit)</td>
<td>(17,575,218)</td>
<td>(23,703,593)</td>
<td>6,128,375</td>
</tr>
</tbody>
</table>

### Financial Ratios

- **Medical Loss Ratio (HC Costs as a % of Rev, excluding Managed Care Tax)**: 98.36% (Actual) vs. 97.73% (Budget)
- **Admin Ratio (Admin Costs as a % of Rev, excluding Managed Care Tax)**: 4.16% (Actual) vs. 4.95% (Budget)
## PARTNERSHIP HEALTHPLAN OF CALIFORNIA

### Balance Sheet

**As Of September 30, 2020**

<table>
<thead>
<tr>
<th>Assets</th>
<th>September 2020</th>
<th>August 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash &amp; Cash Equivalents</strong></td>
<td>608,616,971</td>
<td>457,223,207</td>
</tr>
<tr>
<td><strong>Receivables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>269,800</td>
<td>204,100</td>
</tr>
<tr>
<td>State DHS - Cap Rec</td>
<td>265,365,692</td>
<td>407,773,699</td>
</tr>
<tr>
<td>Other Healthcare Receivable</td>
<td>1,908,926</td>
<td>1,330,769</td>
</tr>
<tr>
<td>Miscellaneous Receivable</td>
<td>119,871</td>
<td>117,561</td>
</tr>
<tr>
<td><strong>Total Receivables</strong></td>
<td>267,664,289</td>
<td>409,426,129</td>
</tr>
<tr>
<td><strong>Other Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll Clearing</td>
<td>1,035</td>
<td>(380)</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>4,663,086</td>
<td>5,125,943</td>
</tr>
<tr>
<td><strong>Total Other Current Assets</strong></td>
<td>4,664,121</td>
<td>5,125,563</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>880,945,381</td>
<td>871,774,899</td>
</tr>
<tr>
<td><strong>Non-Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fixed Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>140,518</td>
<td>140,518</td>
</tr>
<tr>
<td>Furniture &amp; Fixtures</td>
<td>7,518,859</td>
<td>7,518,859</td>
</tr>
<tr>
<td>Computer Equipment - HP</td>
<td>541,886</td>
<td>541,886</td>
</tr>
<tr>
<td>Computer Equipment</td>
<td>19,850,377</td>
<td>19,850,377</td>
</tr>
<tr>
<td>Computer Software</td>
<td>18,604,265</td>
<td>18,604,265</td>
</tr>
<tr>
<td>Leasehold Improvements</td>
<td>962,374</td>
<td>962,374</td>
</tr>
<tr>
<td>Land</td>
<td>6,767,292</td>
<td>6,767,292</td>
</tr>
<tr>
<td>Building</td>
<td>55,932,088</td>
<td>55,932,088</td>
</tr>
<tr>
<td>Building Improvements</td>
<td>28,441,439</td>
<td>28,441,439</td>
</tr>
<tr>
<td>Accum Depr - Motor Vehicles</td>
<td>(119,970)</td>
<td>(118,660)</td>
</tr>
<tr>
<td>Accum Depr - Furniture</td>
<td>(6,408,605)</td>
<td>(6,363,733)</td>
</tr>
<tr>
<td>Accum Depr - Comp Equip - HP</td>
<td>(541,886)</td>
<td>(541,886)</td>
</tr>
<tr>
<td>Accum Depr - Comp Equipment</td>
<td>(12,969,510)</td>
<td>(12,568,675)</td>
</tr>
<tr>
<td>Accum Depr - Comp Software</td>
<td>(15,743,065)</td>
<td>(15,569,740)</td>
</tr>
<tr>
<td>Accum Depr - Leasehold Improvements</td>
<td>(960,527)</td>
<td>(958,455)</td>
</tr>
<tr>
<td>Accum Depr - Building</td>
<td>(6,664,339)</td>
<td>(6,544,826)</td>
</tr>
<tr>
<td>Accum Depr - Bldg Improvements</td>
<td>(6,126,968)</td>
<td>(5,970,452)</td>
</tr>
<tr>
<td>Construction Work-In-Progress</td>
<td>17,314,492</td>
<td>15,791,994</td>
</tr>
<tr>
<td><strong>Total Fixed Assets</strong></td>
<td>106,538,720</td>
<td>105,914,665</td>
</tr>
<tr>
<td><strong>Other Non-Current Assets</strong></td>
<td>391,830,843</td>
<td>388,557,534</td>
</tr>
<tr>
<td>Knox-Keene Reserves</td>
<td>300,000</td>
<td>300,000</td>
</tr>
<tr>
<td>Prepaid - Other Non-Current</td>
<td>1,238,574</td>
<td>1,242,031</td>
</tr>
<tr>
<td>Net Pension Asset</td>
<td>3,546,269</td>
<td>3,546,269</td>
</tr>
<tr>
<td>Deferred Outflows Of Resources</td>
<td>965,172</td>
<td>965,172</td>
</tr>
<tr>
<td><strong>Total Other Non-Current Assets</strong></td>
<td>397,880,858</td>
<td>394,611,006</td>
</tr>
</tbody>
</table>
## PARTNERSHIP HEALTHPLAN OF CALIFORNIA
### Balance Sheet
#### As Of September 30, 2020

<table>
<thead>
<tr>
<th></th>
<th>September 2020</th>
<th>August 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Non-Current Assets</strong></td>
<td>504,419,578</td>
<td>500,525,671</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>1,385,364,959</td>
<td>1,372,300,570</td>
</tr>
</tbody>
</table>

### Liabilities & Fund Balance

#### Liabilities

<table>
<thead>
<tr>
<th></th>
<th>September 2020</th>
<th>August 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>239,024,593</td>
<td>156,678,933</td>
</tr>
<tr>
<td>Unearned Income</td>
<td>18,215</td>
<td>493,248</td>
</tr>
<tr>
<td>Suspense Account</td>
<td>1,338,779</td>
<td>8,956,825</td>
</tr>
<tr>
<td>Capitation Payable</td>
<td>7,865,232</td>
<td>33,300,733</td>
</tr>
<tr>
<td>State DHS - Cap Payable</td>
<td>33,300,733</td>
<td>33,300,733</td>
</tr>
<tr>
<td>Accrued Healthcare Costs</td>
<td>13,200,910</td>
<td>111,656,609</td>
</tr>
<tr>
<td>Claims Payable</td>
<td>123,247,812</td>
<td>47,056,244</td>
</tr>
<tr>
<td>Incurred But Not Reported-IBNR</td>
<td>320,500,058</td>
<td>365,594,011</td>
</tr>
<tr>
<td>Quality Improvement Programs</td>
<td>88,437,600</td>
<td>83,292,511</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>826,933,932</td>
<td>807,043,475</td>
</tr>
<tr>
<td>Deferred Inflows Of Resources</td>
<td>410,052</td>
<td>410,052</td>
</tr>
<tr>
<td><strong>Total Non-Current Liabilities</strong></td>
<td>410,052</td>
<td>410,052</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>827,343,984</td>
<td>807,453,527</td>
</tr>
</tbody>
</table>

#### Reserve Fund Balance

<table>
<thead>
<tr>
<th></th>
<th>September 2020</th>
<th>August 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted Fund Balance</td>
<td>(24,923,916)</td>
<td>(14,385,629)</td>
</tr>
</tbody>
</table>

#### Reserved Funds

<table>
<thead>
<tr>
<th></th>
<th>September 2020</th>
<th>August 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve Fund-Board Designated</td>
<td>376,830,843</td>
<td>373,557,534</td>
</tr>
<tr>
<td>Reserve Fund-Board Designated-Infrastructure</td>
<td>15,000,000</td>
<td>15,000,000</td>
</tr>
<tr>
<td>Reserve Fund-Board Designated-Capital Assets</td>
<td>106,538,718</td>
<td>105,914,664</td>
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<tr>
<td>Reserve Fund-Strategic Use Of Reserve</td>
<td>84,275,330</td>
<td>84,460,474</td>
</tr>
<tr>
<td>Reserve For Restricted Fund-Knox-Keene</td>
<td>300,000</td>
<td>300,000</td>
</tr>
<tr>
<td><strong>Total Reserved Funds</strong></td>
<td>582,944,891</td>
<td>579,232,672</td>
</tr>
<tr>
<td><strong>Total Fund Balance</strong></td>
<td>558,020,975</td>
<td>564,847,043</td>
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</tbody>
</table>

### Total Liabilities And Fund Balance

<table>
<thead>
<tr>
<th></th>
<th>September 2020</th>
<th>August 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Liabilities And Fund Balance</strong></td>
<td>1,385,364,959</td>
<td>1,372,300,570</td>
</tr>
</tbody>
</table>
# Partnership Healthplan of California

## Statement of Cash Flow

For the Period Ending September 30, 2020

<table>
<thead>
<tr>
<th>Current Month Activity</th>
<th>Year-To-Date Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES:</strong></td>
<td></td>
</tr>
<tr>
<td>Cash Received From:</td>
<td></td>
</tr>
<tr>
<td>Capitation from California Department of Health Care Services 402,923,373</td>
<td>888,319,570</td>
</tr>
<tr>
<td>Other Revenues 5,825</td>
<td>9,455</td>
</tr>
<tr>
<td><strong>Cash Payments to Providers for Medi-Cal Members</strong></td>
<td></td>
</tr>
<tr>
<td>Capitation Payments (42,362,562)</td>
<td>(116,750,931)</td>
</tr>
<tr>
<td>Medical Claims Payments (161,110,684)</td>
<td>(523,504,826)</td>
</tr>
<tr>
<td>Cash Payments to Vendors (34,642,964)</td>
<td>(41,382,702)</td>
</tr>
<tr>
<td>Cash Payments to Employees (8,776,799)</td>
<td>(26,680,968)</td>
</tr>
<tr>
<td><strong>Net Cash (Used) Provided by Operating Activities</strong> 156,036,189</td>
<td>180,009,598</td>
</tr>
</tbody>
</table>

| **CASH FLOWS FROM CAPITAL FINANCING & RELATED ACTIVITIES:** |
| Purchases of Capital Assets | (1,432,558) | (3,183,321) |
| **Net Cash Used by Capital Financial & Related Activities** (1,432,558) | (3,183,321) |

| **CASH FLOWS FROM INVESTING ACTIVITIES:** |
| Board-Designated Reserve Transfers (3,273,309) | (7,551,895) |
| Interest and Dividends on Investments 63,442 | 345,153 |
| **Net Cash (Used) Provided by Investing Activities** (3,209,867) | (7,206,742) |

**NET (DECREASE) INCREASE IN CASH & CASH EQUIVALENTS** 151,393,764 | 169,619,535 |

| **CASH & CASH EQUIVALENTS, BEGINNING** | 457,223,207 | 438,997,436 |
| **CASH & CASH EQUIVALENTS, ENDING** | 608,616,971 | 608,616,971 |

**RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:**

| TOTAL OPERATING (LOSS) INCOME | (6,955,210) | (17,885,271) |
| DEPRECIATION | 898,443 | 2,647,299 |
| **CHANGES IN ASSETS AND LIABILITIES:** |
| Other Receivables | (580,465) | (945,407) |
| California Department of Health Services Receivable 142,408,066 | 125,276,738 |
| Other Assets 374,960 | 424,478 |
| Accounts Payable and Accrued Expenses (16,352,249) | 10,628,407 |
| Accrued Claims Payable 31,097,615 | 44,358,652 |
| Quality Improvement Programs 5,145,089 | 15,504,702 |
| **Net Cash Provided (Used) by Operating Activities** 156,036,189 | 180,009,598 |
**The Notes to the Financial Statement are an Integral Part of this Statement**

<table>
<thead>
<tr>
<th>ACTUAL MONTH</th>
<th>BUDGET MONTH</th>
<th>$ VARIANCE MONTH</th>
<th>ACTUAL MONTH</th>
<th>BUDGET MONTH</th>
<th>$ VARIANCE MONTH</th>
<th>ACTUAL YTD</th>
<th>BUDGET YTD</th>
<th>$ VARIANCE YTD</th>
<th>ACTUAL YTD</th>
<th>BUDGET YTD</th>
<th>$ VARIANCE YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>569,392</td>
<td>569,392</td>
<td>-</td>
<td>1,688,934</td>
<td>1,688,934</td>
<td>-</td>
<td>256,966,739</td>
<td>254,019,043</td>
<td>2,947,696</td>
<td>451.30</td>
<td>446.12</td>
<td>(7,820,422)</td>
</tr>
<tr>
<td>129,142</td>
<td>118,196</td>
<td>10,946</td>
<td>310,053</td>
<td>350,266</td>
<td>(40,213)</td>
<td>114,757</td>
<td>121,088</td>
<td>(6,331)</td>
<td>0.20</td>
<td>0.21</td>
<td>0.24</td>
</tr>
<tr>
<td>257,210,638</td>
<td>254,258,327</td>
<td>2,952,311</td>
<td>408,928</td>
<td>358,837</td>
<td>50,091</td>
<td>451.73</td>
<td>446.54</td>
<td></td>
<td>0.24</td>
<td>0.21</td>
<td>0.24</td>
</tr>
</tbody>
</table>

**REVENUE**
- State Capitation Revenue: 759,159,636 (7,820,422)
- Interest Income: 310,053 (40,213)
- Other Revenue: 408,928 (50,091)
- **TOTAL REVENUE**: 759,878,611 (3,458,231)

**HEALTHCARE COSTS**
- Global Subcapitation: 46,897,897 (1,353,756)
- Capitated Medical Group: 6,074,759 (369,117)
- PCP Capitation: 16,370,471 (223,669)
- Specialty Capitation: 553,905 (1,272)
- Non-Capitated Physician Service: 93,889,275 (1,493,449)
- **Total Physician Services**: 110,813,651 (1,718,390)

**Inpatient Hospital**
- Hospital Capitation: 50,206,420 (998,825)
- Inpatient Hospital - FFS: 162,279,202 (6,911,597)
- Hospital Stoploss: 7,292,444 (4,32,432)
- **Total Inpatient Hospital**: 219,718,071 (7,820,422)

**Outpatient**
- Ambulatory: 18,822,174 (1,897,027)
- Ancillary Services: 2,592,685 (158,808)
- Ancillary Services - Non-Capitate: 105,554,886 (688,507)
- **Total Other Medical**: 108,147,571 (529,699)

**Administrative Cost**
- Employee: 19,979,954 (2,252,544)
- Travel And Meals: 8,850 (262,616)
- Occupancy: 3,454,596 (4,762,279)
- Operational: 706,052 (606,812)
- Professional Service: 3,701,264 (489,607)
- Computer And Data: 2,019,217 (1,911,545)
- **Total Administrative Cost**: 29,869,933 (35,900,749)

**Medi-Cal Managed Care Tax**
- Medi-Cal Managed Care Tax: 37,010,941 (1,828,993)
- **Total Current Year Surplus (Deficit)**: (17,575,218) (14,04)
1. **ORGANIZATION**

The Partnership HealthPlan of California (PHC) was formed as a health insurance organization, and is legally a subdivision of the State of California, but is not part of any city, county or state government system. PHC has quasi-independent political jurisdiction to contract with the State for managing Medi-Cal beneficiaries who reside in various Northern California Counties. PHC is a combined public and private effort engaged principally in providing a more cost-effective method of healthcare. PHC began serving Medi-Cal eligible persons in Solano in May 1994. That was followed by Napa in March of 1998, Yolo in March of 2001, Sonoma in October 2009, Marin and Mendocino in July 2011, and eight Northern Counties in September 2013. Beginning July 2018 and in accordance with direction from the Department of Health Care Services (DHCS), PHC has consolidated its reporting from these fourteen counties into two regions; these are in alignment with the two DHCS rating regions.

As a public agency, the HealthPlan is exempt from state and federal income tax.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**ACCOUNTING POLICIES:**
The accounting and reporting policies of PHC conform to generally-accepted accounting principles and general practices within the healthcare industry.

**PROPERTY AND EQUIPMENT:**
Effective July 2015, property and equipment totaling $10,000 or more are recorded at cost; this includes assets acquired through capital leases and improvements that significantly add to the productive capacity or extend the useful life of the asset. Costs of maintenance and repairs are expensed as incurred. Depreciation for financial reporting purposes is provided on a straight-line method over the estimated useful life of the asset. The costs of major remodeling and improvements are capitalized as building or leasehold improvements. Leasehold improvements are amortized using the straight-line method over the shorter of the remaining term of the applicable lease or their estimated useful life. Building improvements are depreciated over their estimated useful life.

**INVESTMENTS:**
PHC investments can consist of U.S. Treasury Securities, Certificates of Deposits, Money Market and Mutual Funds, Government Pooled Funds, Agency Notes, Repurchase Agreements, Shares of Beneficial Interest and Commercial Paper and are carried at fair value.
BOARD-DESIGNATED & KNOX KEENE RESERVES:
In April 2004, PHC’s Board established a policy to set aside in a reserve account a designated amount that represents the Knox-Keene Tangible Net Equity (TNE) requirement. This policy was subsequently revised in May 2012 and beginning July 2012, the new methodology has been reflected on the balance sheet. Based on this policy and as of September 2020, PHC has Board-Designated and Knox-Keene Reserves of $498.7 million and $0.3 million respectively. To account for the Board approved Strategic Use of Reserves (SUR) initiatives, which includes funding for the Wellness & Recovery program, $84.3 million has been set aside as a “Reserve Fund-Strategic Use of Reserve.” The amount represents the net amount remaining of all of the SUR projects that have been approved to date; this balance is periodically adjusted as projects are completed.

3. STATE CAPITATION REVENUE

Medi-Cal capitation revenue is based on the monthly capitation rates, as provided for in the State contract, and the actual number of Medi-Cal eligible members. Capitation revenues are paid by the State on a monthly basis in arrears based on estimated membership. As such, capitation revenue includes an estimate for amounts receivable from or refundable to the State for projected changes in membership and trued up monthly through a State reconciliation process. These estimates are continually monitored and adjusted, as necessary, as experience develops or new information becomes known.

4. HEALTHCARE COST

PHC continues to develop completion factors to calculate estimated liability for claims incurred but not reported. These factors are reviewed and adjusted as more historical data become available. Budgeted capitation revenues and healthcare costs are adjusted each month to reflect changes in enrollee counts.

5. QUALITY IMPROVEMENT PROGRAM

PHC maintains quality incentive contracts with acute care hospitals and primary care physicians. As of September 2020, PHC has accrued a Quality Incentive Program payout of $88.4 million.
6. **ESTIMATES**

Due to the nature of the operations of the Partnership HealthPlan, it is necessary to estimate amounts for financial statement presentation. Substantial overstatement or understatement of these estimates would have a significant impact on the statements. The items estimated through various methodologies are:
- Value of Claims Incurred But Not Received
- Quality Incentive Payouts
- Earned Capitation Revenues
- Total Number of Members
- Retro Capitation Expense for Certain Providers

7. **COMMITMENTS AND CONTINGENCIES**

In the ordinary course of business, the HealthPlan is party to claims and legal actions by enrollees, providers, and others. After consulting with legal counsel, HealthPlan management is of the opinion any liability that may ultimately be incurred as a result of claims or legal actions will not have a material effect on the financial position or results of the operations of the HealthPlan.

8. **UNUSUAL OR INFREQUENT ITEMS REPORTED IN CURRENT MONTH'S FINANCIAL STATEMENTS**

None noted.
### PARTNERSHIP HEALTHPLAN OF CALIFORNIA

#### Statement of Cash Flow

For The Period Ending September 30, 2020

<table>
<thead>
<tr>
<th>Cash Flows from Operating Activities:</th>
<th>Current Month</th>
<th>Year-To-Date Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Received From:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capitation from California Department of Health Care Services</td>
<td>402,923,373</td>
<td>888,319,570</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>5,825</td>
<td>9,455</td>
</tr>
<tr>
<td><strong>Cash Payments to Providers for Medi-Cal Members</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capitation Payments</td>
<td>(42,362,562)</td>
<td>(116,750,931)</td>
</tr>
<tr>
<td>Medical Claims Payments</td>
<td>(161,110,684)</td>
<td>(523,504,826)</td>
</tr>
<tr>
<td>Cash Payments to Vendors</td>
<td>(34,642,964)</td>
<td>(41,382,702)</td>
</tr>
<tr>
<td>Cash Payments to Employees</td>
<td>(8,776,799)</td>
<td>(26,680,968)</td>
</tr>
<tr>
<td><strong>Net Cash (Used) Provided by Operating Activities</strong></td>
<td>156,036,189</td>
<td>180,009,598</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Flows from Capital Financing &amp; Related Activities:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of Capital Assets</td>
<td>(1,432,558)</td>
<td>(3,183,321)</td>
</tr>
<tr>
<td><strong>Net Cash Used by Capital Financial &amp; Related Activities</strong></td>
<td>(1,432,558)</td>
<td>(3,183,321)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Flows from Investing Activities:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Board-Designated Reserve Transfers</td>
<td>(3,273,309)</td>
<td>(7,551,895)</td>
</tr>
<tr>
<td>Purchases of Investments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from Sale &amp; Maturities of Investments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest and Dividends on Investments</td>
<td>63,442</td>
<td>345,153</td>
</tr>
<tr>
<td><strong>Net Cash (Used) Provided by Investing Activities</strong></td>
<td>(3,209,867)</td>
<td>(7,206,742)</td>
</tr>
</tbody>
</table>

**Net (Decrease) Increase in Cash & Cash Equivalents**

| 151,393,764                                          | 169,619,535   |

**Cash & Cash Equivalents, Beginning**

| 457,223,207                                          | 438,997,436   |

**Cash & Cash Equivalents, Ending**

| 608,616,971                                          | 608,616,971   |

### Reconciliation of Operating (Loss) Income to Net Cash Provided (Used) by Operating Activities:

| Total Operating (Loss) Income                       | (6,955,210)   | (17,885,270)          |
| Depreciation                                        | 898,443       | 2,647,299             |

#### Changes in Assets and Liabilities:

| Other Receivables                                   | (580,466)     | (945,407)             |
| California Department of Health Services Receivable | 167,420,084   | 150,288,815           |
| Other Assets                                        | 374,960       | 424,478               |
| Accounts Payable and Accrued Expenses               | (41,364,326)  | (14,383,671)          |
| Accrued Claims Payable                              | 31,097,615    | 44,358,652            |
| Quality Improvement Programs                         | 5,145,089     | 15,504,702            |
### Partnership HealthPlan of California

#### Investment Yield Trends

| FISCAL YEAR 20/21 | JUL | AUG | SEPT | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | YTD |
|-------------------|-----|-----|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Interest Income   | 101,518 | 79,393 | 129,142 | 310,053 | 504,520,868 |
| Cash & Investments at Historical Cost | 447,722,427 | 457,223,207 | 608,616,971 | |
| **Computed Yield** | (2) | 0.27% | 0.21% | 0.29% | |
| **Total Rate of Return** | (3) | 0.27% | 0.24% | 0.25% | |
| **CA Pooled Money Investment Account (PMIA)** | (4) | 0.92% | 0.78% | 0.69% | |

| FISCAL YEAR 19/20 | JUL | AUG | SEPT | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | YTD |
|-------------------|-----|-----|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Interest Income   | 539,906 | 498,345 | 494,906 | 466,588 | 476,303 | 467,858 | 479,686 | 483,937 | 510,749 | 303,132 | 234,195 | 210,740 | 6,305,862 |
| Cash & Investments at Historical Cost | 340,928,511 | 360,668,380 | 450,471,374 | 358,134,538 | 382,162,687 | 373,861,975 | 357,469,528 | 536,443,228 | 410,288,975 | 417,818,994 | 445,816,378 | 440,065,715 | |
| **Computed Yield** | (2) | 1.79% | 1.70% | 1.46% | 1.38% | 1.54% | 1.49% | 1.57% | 1.30% | 1.29% | 0.88% | 0.65% | 0.57% |
| **Total Rate of Return** | (3) | 1.90% | 1.78% | 1.60% | 1.59% | 1.57% | 1.56% | 1.57% | 1.48% | 1.48% | 1.42% | 1.34% | 1.22% |
| **CA Pooled Money Investment Account (PMIA)** | (4) | 2.38% | 2.34% | 2.28% | 2.19% | 2.10% | 2.04% | 1.97% | 1.91% | 1.79% | 1.65% | 1.36% | 1.22% |

**NOTES:**

1. Investment balances include Restricted Cash and Board Designated Reserves.
   YTD for Cash & Investments is average year-to-date.
2. Computed yield is calculated by annualizing the current month's interest divided by the current month's average balance.
3. Total Rate of Return is computed based on year-to-date interest income annualized divided by an average of the fiscal year's portfolio's market value at month-end.
4. LAIF limits the amount a single government entity can deposit into LAIF; currently that amount is set at $65 million.
Operations Report
Sonja Bjork, Chief Operating Officer
December 2020

Claims

The Claims Department continues to focus on processing claims and claims inquiry forms (CIFs) in an accurate and timely manner. We continue to meet all regulatory timeframes and department service level standards. As we head into the holiday season, claim and CIF submissions both paper and electronic, are slightly lower than this same time last year. The volume of routine claim status calls handled by our Claims Customer Service team is also slightly below normal volume. However, we are steadily moving towards our usual weekly and monthly volume, which had dropped significantly during the initial months of the pandemic.

Mail Delays

There have been delays in the delivery of claims mail due to the known issues with the US Postal Service. USPS has published that they continue to experience intermittent delivery delays. Despite receiving them late, we continue to process claims within our regulatory timeframes. One solution we adopted was to install new claim drop off lockboxes at our Fairfield offices. In addition to sending claims electronically and via regular mail, providers can also drop their paper claims off at our physical location. With this unique issue arising, we have reinforced to our providers that the preferred method of claim submission for faster reimbursement is via electronic means.

Coordination of Benefits Agreement (COBA) Project- Phase II

COBA is the nationwide approach to handling “crossover claims” for health plan members who have both Medicare and Medicaid coverage. We are working through our second and final rounds of testing for health center claims - FQHCs, RHCs and IHS institutional claims. There have been a few testing delays and setbacks due to processing differences between professional and institutional claims and how data is stored in our legacy Amisys claims payment system. Soon, PHC will receive Medicare Part B institutional crossover claims billed by these providers directly from the national CMS contractor. This will make claims processing easier for the providers and for our staff. The projected go-live date for Phase II is on or before 12/30/2020.
**Wellness and Recovery Claims**

The Wellness and Recovery benefit has now been active for 120 days. We have providers successfully billing us for the substance abuse treatment services they have provided and we are turning payments around within 10-15 days. To date, we have received over 16,000 claims and paid out $3.2M. We are providing enhanced customer service to this new group of providers. Our staff members work with them immediately if we notice any denial of any of their claims. We walk the providers through the correction process step by step. In addition, we continue to educate providers on the tools we have for them to monitor their payments, such as Provider Online Services.

**Claims Customer Service Center**

On November 2\textsuperscript{nd}, 2020, PHC’s Northern Region and Southern Region Claims Customer Service Teams consolidated their phone queues. What this means is that we no longer route calls to specific offices based on the claim type, the provider or the area code from which the provider is calling. This change will help us with work flow and volume and ensures that we can do an even better job of providing timely and consistent customer service for all our providers, regardless of their location.

**Configuration**

**Project Phoenix Update**

November has been a month of intensive training for the team working on our new core system. We have 15 people in classes, including trainers and quality assurance staff. They are immersed in Health Rules Language and gaining confidence each day, and are very excited about the great improvement in functionality that our new system will offer. An example is the ease with which we will be able to enter in Medi-Cal rate changes for Long Term Care facilities, a function our staff currently must perform manually. With a month to go before companywide testing of Health Edge, the configuration team is also supporting teams from other departments with system demonstrations and test case preparation.

**Health Services**

**Care Coordination**

The Care Coordination team has joined forces with the Pharmacy Department staff in a shared goal to increase reconciliation of medications and other clinical interventions by our pharmacy providers. Pharmacists play an essential role in helping to improve health outcomes for our members. Configuration changes were made to Essette, our case management system, to allow improved efficiency in communication between these two PHC teams.
Population Health Management

The Population Health Management staff continue to focus on various member outreach campaigns. The Department of Health Care Services (DHCS) has increased the number and type of mandated outreach campaigns. The latest requirement is for outreach to families with children under age 7 who have not had a well-child visit in the past 180 days. For PHC this is approximately 49,000 children. The initial outreach included mailing a postcard reminder to those households. We have also initiated telephonic outreach to the parents/guardians of children under age 7, who are new to PHC within the last 3 months. This new member call campaign will continue indefinitely and will help ensure that our members are connected to a primary care provider and are aware of recommended preventative health care services. DHCS has also mandated an outreach campaign to promote lead screening for children. Plans are in progress to meet the requirements and to reach as many families as possible with information about the importance of this screening.

Utilization Management

The UM team continues to meet Treatment Authorization Request (TAR) timeliness standards for both inpatient and outpatient services. We have a small group of staff members who work closely with hospital staff to find creative, but cost effective alternatives to continued acute hospitalization. We meet regularly to discuss members who are in the midst of an extended length of stay and who have complex needs and social challenges that prevent safe discharge. We work to determine possible options for placement in a subacute facility, including local supportive housing or in-home care with the necessary support services.

Our entire Health Services Department has been working diligently to prepare for the upcoming NCQA virtual audit which will occur in early 2021. We recently completed the document submission phase of the audit and are working with our Quality Improvement Department colleagues and our NCQA consultant on readiness for the interview phase of the First Survey.

Member Services

Operational Readiness: Medi-Cal Rx

Member Services has been intensely focused on preparations for the state’s Medi-Cal Rx pharmacy benefit carveout that was originally slated for January 1, 2021. Our call center staff completed the necessary training, created detailed phone scripts and developed the DHCS required “30 Day Member Letter.” The letter and other informational materials were reviewed and approved by DHCS. The materials were translated and were sent to our printing vendor for production and mailing to every PHC member. On November 16, DHCS announced that the Medi-Cal Rx program would be delayed until April 1, 2021. Unfortunately, PHC had already expended substantial funds for the member notification and will now have to repeat this expensive effort in the spring.
Member Services staff remains ready to answer member questions and assist with any pharmacy issues. In addition, the team worked with IT to add relevant messaging regarding the upcoming change to the IVR (interactive voice response), that all members hear when contacting our call center. Member Services understands the significance of this change and is intent on making this a seamless transition for our members.

**Northern Region**

Hospital censuses in our region have been high with more COVID-19 related admissions. Some smaller rural hospitals have reported being completely full and experiencing a backlog in the ER due to having to hold a number of behavioral health patients for whom they cannot find appropriate placements or who are waiting for required COVID-19 clearances.

Several of the northern counties have experienced some instances of civil unrest with protests and demonstrations related to COVID-19 related public health mandates. Our two Redding offices and our Eureka office have not been impacted. Shasta is back in the Purple Tier so restaurants and other businesses can provide outdoor services only.

The northern region Member Services and Care Coordination teams continue to engage in a pilot project called “ePrompts.” The program gives our staff information about preventative care screenings and services tailored to the member with whom they are speaking. So far, we have received very positive feedback from members. They have expressed their appreciation for the reminders about completing their wellness services.

We have seven provider trainings scheduled in preparation for the Medi-Cal Rx pharmacy carveout. Our staff will also be presenting information at upcoming community health care provider meetings such as the Siskiyou Healthcare Collaborative and SHARC (Shasta Health Assessment & Redesign Collaborative). Our own staff have registered with the state’s pharmacy benefit manager, Magellan, in an effort to become familiar with their system so that we can better help members and providers when they call for assistance.

**OpEx/PMO**

**Blood Lead Screening for Young Children**

DHCS recently issued an All Plan Letter (APL) requiring that health plans ensure children under the age of six years have on record a blood lead screening test performed according to a defined schedule or, documentation of parental refusal of the test. The requirements in the APL go into effect on January 1, 2021. The OpEx/PMO team will help coordinate the activities needed to complete the requirements, such as: policy updates, report development, provider and member education and outreach. PHC will be required to report to DHCS at least quarterly all child members under six years of age who have not received blood test screening.
UC Davis Pediatrics Telehealth Pilot

PHC entered into a telehealth agreement with UC Davis on July 1, 2020 to launch its first pediatric telehealth pilot program. The pilot includes five health care organizations across five counties and brings remote access to PHC child members for a variety of specialties. PHC members can access the services through their primary care provider office when a referral is deemed necessary or can be seen from home for a specialty visit during the current pandemic.

UC Davis Medical Group is currently providing pediatric telehealth services through video and eConsult and has a dedicated telehealth team in place to help our members and provider network access the care needed. Through October 2020, there have been 85 completed video visits and 20 completed eConsults. The most heavily utilized video specialties are pediatric neurology and pediatric endocrinology for a combined total of 77 remote visits since launch of the program. Pediatric gastroenterology and pediatric neurology are the specialties in highest use through eConsult for a combined total of 11 encounters.

PHC’s telehealth team is currently providing operational oversight of the pediatric pilot in conjunction with the existing adult telehealth program. The team liaises with UC Davis’ telehealth and operational team to administrate and resolve operational challenges. We have worked with the pilot health care organizations along with UC Davis to develop implementation workflows, timelines and controls. PHC’s telehealth team also monitors and collects encounter data on a monthly basis and surveys the providers, specialists and members to help evaluate the effectiveness of the pediatric pilot program.

The pilot will be evaluated in early December to determine effectiveness on access to specialty care for our child members.

Provider Relations

Contracting Activities

We are currently negotiating contracts to address the challenges facing PHC with State budget cuts and significant Medi-Cal rate reductions to the Plan. PHC has historically shared with our partner providers when the Plan had additional reserves or funding. However, due to the negative fiscal impacts of the pandemic, we now need our partners to collaborate and address the budget challenges facing PHC and the State.

Daily Updated Provider Information

Our staff continues to communicate with our network on a daily basis as required by DHCS during the COVID-19 pandemic. The Provider Relations Representatives verify the network availability on a daily basis, including any closures or changes to patient access. This information is shared with the appropriate internal departments and also reported to DHCS by our Regulatory Affairs Compliance (RAC) team.
**State Mandated RX Carve Out**

The Provider Relations staff focus has been to educate our provider network regarding the state’s Medi-Cal Rx pharmacy benefit carve-out and the importance of connecting with the new state pharmacy benefit manager. Activities include: multiple provider bulletin and informational reminders distributed via fax, email and verbal communications, provider education webinars; virtual meetings, webinars, discussions at all points of provider engagement and updates included in PHC publications and posted on the PHC website. PHC strongly encourages all prescribers to log onto the Magellan website. To register, please visit this DHCS link: https://medi-calrx.dhcs.ca.gov/home/. This information is also posted on the PHC website.

**DHCS Network Access Certification (NET CERT)**

PHC has responded to all DHCS inquiries regarding our submission of the NET CERT which is the annual evaluation of the time and distance of the provider network in relationship to where current members or anticipated membership reside. At this time, PHC is awaiting approval and/or further instruction from the state.

**All Staff Summit**

The PR staff from throughout our entire region meet as a group twice a year to learn from each other and engage in best practices. The recent summit was held virtually due to the pandemic, and the southern region based staff were the virtual hosts. The Summit showcased featured speakers from many PHC departments, including Pharmacy, Quality Improvement and Population Health. Additionally, educational sessions were held during the Summit that addressed credentialing, contracting and system updates. There was also time for fun and getting to know our colleagues. The next Summit will be hosted by the northern region team in early spring.

**Santa Rosa Regional Office**

All counties in the Southwest are actively managing the response to COVID-19 and bracing for the current surge in cases. PHC staff participate in many county-wide public health conference calls related to the pandemic. At this time, all counties in our region have adequate testing capabilities, supplies and hospital capacity at this time. Sonoma County remains in the Purple Tier. They are focusing outreach efforts in the Latinx population, comprising 72% of cases but only 27% of the population.

Also in Sonoma County, Measure O was recently passed, providing 0.5% new sales tax revenue to fund mental health, substance use and services to homeless individuals. The measure is estimated to provide $18 million dollars annually for the next 10 years.

The executive teams of Adventist Health in Mendocino County and PHC met in late October to discuss shared priorities and focused efforts on improving quality metrics and preventative care. Adventist Health recently assumed operations of Mendocino Coast District Hospital in Ft. Bragg, now operating all three hospitals in Mendocino County and one of two hospitals in Lake County.
Regional and Quality Improvement Department staff launched the Well Child Birthday Club pilot in Lake County. Families with children ages 3-6 years old are sent a post card requesting the parent/guardian schedule a well-child visit with their assigned primary care provider. Families receive a $25 Walmart or Target gift card upon completion. This same program was successfully offered in PHC’s northern region and we hope for the same positive results with the expansion to Lake County.
PHC Mentioned:

**California v Texas – Threats to the ACA and Its Financial and Human Cost as Seen in the North State**
*ANewsCafe.com*
November 1, 2020
The Affordable Care Act (ACA), passed by a hair when the Democrats had control of all levels of the Federal Government, was the most impactful piece of healthcare legislation since the implementation of Medicare and Medicaid in the 1960s.

**Supervisors learn Solano will stay in red tier after all – for now**
*Daily Republic*
November 5, 2020
FAIRFIELD — Solano County’s testing efforts have paid a big dividend to businesses that may have otherwise had to close again come Nov. 10.

**Hope Center, Lake County’s first permanent facility to address homelessness, opens doors**
*Lake County News*
November 13, 2020
After years of work and collaboration by local agencies and organizations, Lake County’s first permanent housing facility dedicated to addressing homelessness officially opened on Thursday.
Topics:
1. Hospital QIP performance
2. Lead Screening
3. Managing Pain Safely

1. Hospital QIP performance for 2019-2020

PHC has one of the most robust hospital pay-for-performance (HQIP) programs in California. Twenty five hospitals in the PHC service area participated last year. There were 10 measures altogether:

1) HIE participation measure (gateway measure)
2) All Cause Readmissions
3) Advance Care Planning
4) California Hospital Patient Safety Organization Participation
5) Substance Use Disorder bundle
6) Vaccination
7) QI Capacity

Additionally, for hospitals that do maternity care:

8) Pre-term elective delivery
9) Exclusive breast milk feeding rate at time of discharge
10) Nulliparous, Term, Singleton, Vertex (NTSV) C-Section rate

For full details of the HQIP program can be found on our website: http://www.partnershiphp.org/Providers/Quality/Pages/HQIPLandingPage.aspx

PHC would like to recognize the hospitals that scored 90% or higher in last year’s HQIP:

I. Mendocino Coast District Hospital: 100%
II. Banner Lassen Medical Center: 96%
III. Adventist Health Clearlake: 90%
IV. Marin General Hospital: 90%
V. Woodland Memorial Hospital: 90%

Congratulations to these hospitals for their performance. The Average score was 79%, the range of scores was: 57% to 100%.
2. Lead Screening Updated Data

At the August Board meeting, I presented some initial data on blood lead screening in infants, along with a summary of the new regulations by DHCS to improve rates. PHC is responding to the regulatory mandates with a comprehensive plan, including provider education, data sharing and outreach activities. Final results from 2019 are now available, based on the NCQA specifications for lead screening infants at least once before the second birthday.

![Lead Screening in Children (LSC) chart](chart.png)

Red = below 25th percentile of Medicaid Health Plans nationally
Yellow = between the 25th and 50th percentile of Medicaid Health Plans nationally
Arrow indicates trend from prior year.
Goal = 90th percentile = 85.64% or more.

Screening can be done in one of three ways:

1) **Venous blood sample**, typically drawn by a phlebotomist in a laboratory. Examples: Marin and Sonoma counties.
2) **Capillary blood sample** (finger prick), collected in the PCP office and then rapidly transported to a local lab which runs the test within 48 hours at room temperature or 7 days refrigerated and sends the result back. Elevated results need a confirmatory venous blood sample. Examples: La Clinica and Solano County Family Health Services, Open Door and Humboldt Public Health; Del Norte Clinic and Lab Corps
3) **Capillary blood sample** (finger prick), collected in the PCP office and analyzed in a machine at the office, with results while the patient is in the office. Elevated results need a confirmatory venous blood sample. Examples: Ole Health, West Sacramento Pediatrics
Opportunity: Work with providers in the Northeast to implement screening via option 2 or 3 above.
3. Managing Pain Safely

PHC’s Managing Pain Safely Initiative began in 2014 to reduce prescription opioid diversion, overuse, deaths due to prescription opioid use, and prolonged length of hospital stay for neonatal abstinence syndrome.

The prescription rates have declined dramatically since January 2014, when the Managing Pain Safely Initiative started. Data since 2018 are shown to more clearly show recent trends.

Here is a summary of recent data:

As PHC moves towards the pharmacy carve out on January 1, 2021, overall opioid prescription rates continue on an overall downward trend, over the last three years. The regional trends have been converging.

Decreased numbers are driven both by discontinuation of opioids and decreased initial opioid prescriptions. Here is the raw numbers of new opioid prescriptions over time. The relative contribution from decreased initial prescriptions compounds over time.
The next tables show the trend just for those on high dose opioids (defined as average dose over 120 MED/day). In this case, the trend leveled out in mid-2019, and has been stable since then.

We have some concern that the state carve out may lead to a reversal of this trend; we urge attentiveness to prescribing practices in the next year.
## Housing Update

### GRANT FUNDS: FULLY DISTRIBUTED

<table>
<thead>
<tr>
<th>Project</th>
<th>County</th>
<th>Amount</th>
<th>Comments</th>
</tr>
</thead>
</table>
| **Community Revitalization and Development Project**  | Humboldt          | $1,050,000 | Capital Project  
Ø Rio Dell construction complete; over 30 PHC members and/or Medi-Cal eligible tenants are housed and receiving support services |
| **Homeward Bound of Marin**                           | Marin             | $1,567,065 | Capital Project  
Ø 15 new supportive housing units; fundraising complete and construction underway                                                       |
| **Mendocino County Health and Human Services Agency** | Mendocino         | $618,404   | Capital Project  
Ø Orr Creek Commons construction on schedule for this new-construction project designed to result in an 80-unit affordable housing complex |
| **T.E.A.C.H**                                         | Modoc             | $133,239   | Capital Project  
Ø 8 sober living units, leased to capacity w/ongoing support services                                                                   |
## Housing Update

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</table>
| Gasser Foundation                            | Napa        | $1,000,000| Capital Project  
  ➢ PHC monies utilized to leverage final funding; pre-development concluded, including Environmental Impact Reports. Permitting began in September 2020. Will result in 53 low-income Permanent Supportive Housing units |
| Abode Services                               | Napa        | $260,820  | Facilitation Project  
  ➢ PHC monies and ongoing funds utilized in flexible funding model to support permanent housing placements                              |
| Shasta Women's Refuge (One Safe Place)       | Shasta      | $142,000  | Facilitation Project  
  ➢ Community housing placement and support for victims of domestic violence                                                            |
| Hill Country Community Clinic (Center of Hope)| Shasta      | $1,730,260| Capital Project  
  ➢ Full-service housing campus for PHC members w/complex care needs                                                                        |
## Housing Update

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</table>
| Hill Country Community Clinic (Youth without a Home) | Shasta    | $269,740  | Facilitation Project  
- Facilitation of housing stabilization services, for homeless PHC members that fit the TAY (Transitional Aged Youth) population criteria |
| Northern Valley Catholic Social Services (Flexible Housing Fund) | Shasta    | $50,000   | Facilitation Project  
- PHC monies and ongoing funds utilized in flexible funding model to support permanent housing placements for approx. 50 individuals and families |
| Siskiyou County Health and Human Services Agency (Rapid Rehousing Funds) | Siskiyou | $219,949  | Facilitation Project  
- Facilitation of housing stabilization services for approx. 20 PHC members in community-based settings |
| City of West Sacramento                          | Yolo      | $914,444  | Capital Project  
- New construction of 75 Permanent Supportive Housing units, resulting in 91 total bedrooms |
## GRANT FUNDS: ACTIVELY BEING DISTRIBUTED

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</table>
| Redwood Community Action Agency              | Humboldt      | $1,250,000       | $1,130,705           | 2 Capital Projects
  - Onyx House: 10 PSH apartment complex in Eureka, serving homeless families with children. Construction complete, project fully leased as of September 2019
  - Blue Vic: Construction-rehab of historic Victorian home in downtown Eureka to house homeless individuals without children, 5 PHC Members leased August 1, 2020 w/ongoing support services |
| Adventist Health Clear Lake                  | Lake          | $1,330,904       | $1,116,829           | 1 Capital Project
  - Hope Rising: PSH project to serve homeless PHC members. Property purchased, renovation nearly complete, coordination of leveraged support for operational needs underway |
### GRANT FUNDS: ACTIVELY BEING DISTRIBUTED

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</table>
| Lassen County Health and Human Services Agency | Lassen  | $323,225 | $107,742  | 1 Facilitation Project  
Scattered Site Rental Properties  
- 43 PHC Members enrolled in program  
- 20 placed in PSH  
- 7 receiving housing retention assistance |
| Ritter Center                                | Marin          | $150,000 | $142,500  | 1 Facilitation Project  
PHC funding the support of RN case manager coordinating community based services and housing placement w/Coordinated Entry system and County HHS to triage Covid impacted members served under California Operation Room Key program |
| Redwood Community Services                   | Mendocino       | $1,027,792 | $850,000 | 1 Capital Project  
Property purchased; working with permitting entities on permissible project activity within allotted geography |
## GRANT FUNDS: ACTIVELY BEING DISTRIBUTED

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| **Northern Valley Catholic Social Services** | Shasta     | $425,000         | $306,000             | 1 Capital Project  
- Burney Commons; new construction of 30 affordable housing units within intermountain community of Burney, CA |
| **Solano JPA**                               | Solano     | $1,081,000       | $100,000             | 2 Facilitation Projects - housing support services:  
- Shelter Inc. ($910,000)  
- Caminar Supportive Housing ($171,000) |
| **Solano JPA**                               | Solano     | $3,557,964       | $175,000             | 5 Capital Projects - Predevelopment stage  
- Mid Pen in Fairfield (71 PSH units)  
- Eden in Vallejo (75 PSH units)  
- Eden in Vacaville (73 PSH units) |
## GRANT FUNDS: ACTIVELY BEEN DISTRIBUTED

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</table>
| Sonoma County Community Development Commission | Sonoma          | $1,650,838        | $946,596            | 6 Capital Projects  
- Caritas House; Burbank/Catholic Charities (Santa Rosa); in predevelopment stage; 80% complete with final funding and approvals underway; 30 units  
- COTS PSH and respite care: 11 beds open and operating  
- Danco, West College Ave. early construction activity (26 beds)  
- Reach for Home (Cloverdale); completed and housing placements underway  
- Park Village (Sebastopol); in Phase II considering adding two units  
- Community Support Network (Santa Rosa); looking at coordinated intake process to adapt to available housing |
## GRANT FUNDS: ACTIVELY BEING DISTRIBUTED

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<tbody>
<tr>
<td><strong>Sonoma County Community Development Commission</strong></td>
<td>Sonoma</td>
<td>$3,264,000</td>
<td>$1,362,300</td>
<td>3 Facilitation Projects</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td>- Catholic Charities (Nightingale House); +200 individuals/families served</td>
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<td></td>
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<td>- West County Community Services (11+ families served to date)</td>
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<td>- DAAC transitional housing program: out of 45 clients served to date; 39 have been housed</td>
</tr>
<tr>
<td><strong>Davis Community Meals &amp; Housing</strong></td>
<td>Yolo</td>
<td>$750,314</td>
<td>$50,000</td>
<td>1 Capital Project</td>
</tr>
<tr>
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<td>- Site secured for 18 PSH and 2 emergency shelter beds. Capital Campaign fundraising underway</td>
</tr>
<tr>
<td><strong>City of Woodland</strong></td>
<td>Yolo</td>
<td>$679,972</td>
<td>$479,972</td>
<td>1 Capital Project</td>
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<tr>
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<td>- Identified project architect and completed Environmental Impact Reviews on acquired site. Will result in 40 PSH beds targeted for Spring 2021</td>
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</tbody>
</table>
### PROJECTS NOT YET STARTED

<table>
<thead>
<tr>
<th>Project</th>
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<th>Grant Award</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Del Norte County Dept. of Health and Human Services; No Place Like Home</td>
<td>Del Norte</td>
<td>$493,118</td>
<td>Pending 2/2021 NPLH application</td>
</tr>
<tr>
<td>Siskiyou County Health and Human Services Agency; No Place Like Home</td>
<td>Siskiyou</td>
<td>$560,000</td>
<td>Pending 2/2021 NPLH application</td>
</tr>
<tr>
<td>Trinity County; No Place Like Home</td>
<td>Trinity</td>
<td>$196,390</td>
<td>Pending 2/2021 NPLH application</td>
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</tbody>
</table>