REGULAR MEETING OF THE GOVERNING BOARD
OF THE
INLAND EMPIRE HEALTH PLAN

February 13, 2017

Board Report #264

San Bernardino County Government Ctr.
Board Chambers, 1st Floor
385 N. Arrowhead Ave.
San Bernardino CA  92415-0110

If disability-related accommodations are needed to participate in this meeting, please contact Annette Taylor, Secretary to the IEHP Governing Board at (909) 296-3584 during regular business hours of IEHP (M-F 8:00 a.m. – 5:00 p.m.)

PUBLIC COMMENT AT INLAND EMPIRE HEALTH PLAN GOVERNING BOARD MEETINGS:
The meeting of the Inland Empire Health Plan Governing Board is open to the public. A member of the public may address the Board on any item on the agenda and on any matter that is within the Board’s jurisdiction. Requests to address the Board must be submitted in person to the Secretary of the Governing Board prior to the start of the meeting and indicate any contributions in excess of $250.00 made by them or their organization in the past twelve (12) months to any IEHP Governing Board member as well as the name of the Governing Board member who received contribution. The Board may limit the public input on any item, based on the number of people requesting to speak and the business of the Board.

All public record documents for matters on the open session of this agenda can be viewed at the meeting location listed above, IEHP main offices at 10801 6th Street, Suite 120, Rancho Cucamonga, CA  91730 and online at http://www.iehp.org.

AGENDA

I. Call to Order

II. Board Secretary: Any changes to the agenda packet including the “Information Relative To The Possible Conflict of Interest” Form

III. COMMENTS FROM THE PUBLIC ON MATTERS ON THE AGENDA

IV. Conflict of Interest Disclosure:

V. Adopt and Approve of the Meeting Minutes from the January 9, 2017 Regular Meeting of the Governing Board of the Inland Empire Health Plan

VI. Election of the Chairman of the Governing Board (Riverside County)

VII. Election of the Vice Chairman of the Governing Board (San Bernardino County)
VIII. CONSENT AGENDA

ADMINISTRATION (Bradley P. Gilbert, M.D.)

1. Update on Additional Authorized Staffing Positions Under Approved Guidelines
2. Ratify and Approve the Salary Range Schedule by Salary Grade
3. Approve the Revision to the Inland Empire Health Plan Purchasing Manual
4. Approve the 2017 IEHP Compliance Program Description, HIPPA Program Description, Fraud Waste and Abuse Program Description, and the Code of Business Conduct and Ethics
5. 2016 Adopt A Child/Family Program Update

FINANCE DEPARTMENT (Keenan Freeman)

6. Approve the Second Amendment to the Professional Services Agreement with Health Management Systems, Inc.

MEDICAL SERVICES DEPARTMENT (Jennifer N. Sayles, M.D., M.P.H.)

7. Approve the First Amendment to the Professional Services Agreement with the Illumination Foundation

PROVIDER NETWORK DEPARTMENT (Kurt Hubler)

8. Ratify and Approve the Fourteenth Amendment to the Hospital Per Diem Agreement with Children’s Hospital at Mission
9. Ratify and Approve the Fourteenth Amendment to the Hospital Per Diem Agreement with Children’s Hospital Of Orange County
10. Ratify and Approve the Fourth Amendment to the Per Diem Hospital Agreement with Veritas Health Services, Inc. dba Chino Valley Medical Center
11. Ratify and Approve the Second Amendment to the Hospital Per Diem Agreement with Loma Linda University Children’s Hospital
12. Ratify and Approve the Sixth Amendment to the Hospital Per Diem Agreement with Loma Linda University Medical Center
13. Ratify and Approve the Twentieth Amendment to the Hospital Per Diem Agreement with Pomona Valley Hospital Medical Center
14. Approval of the Evergreen Contracts
   1) Admitter Agreement with Alexander Villarasa MD
   2) Ancillary Provider Agreement with Inland Surgery Center, LP
   3) Ancillary Agreement with Delta Dental of California
   4) Hospital Per Diem Agreement with Kaiser Foundation Hospitals dba Moreno Valley Hospital
   5) Hospitalist Agreement with Starlight Inpatient Services A Medical Corporation
6) Open Access Agreement with Lauppe Hollenber Agrawal Knoll Warren Hong dba Pomona Pediatrics
7) Capitated Primary Care Provider Agreement with St Jude Hospital Yorba Linda Inc dba St Joseph Heritage Healthcare for St Mary High Desert Medical Group
8) Fee-For-Service Primary Care Provider Agreement with Allcare Family Clinic Inc dba AllCare Medical Group of Riverside
9) Fee-For-Service Primary Care Provider Agreement with Archna Sood MD dba Om Sood MD A Professional Medical Corporation
10) Fee-For-Service Primary Care Provider Agreement with Rolando Uykimpang MD Inc
11) Skilled Nursing Facility Provider Agreement with AG Murrieta SNF LLC dba Murrieta Health and Rehabilitation Center
12) Skilled Nursing Facility Provider Agreement with AG Rancho Mirage LLC dba Rancho Mirage Health and Rehabilitation Center
13) Skilled Nursing Facility Provider Agreement with AG Redlands LLC dba Highland Care Center of Redlands
14) Participating Provider Agreement with Benjamin Chung MD
15) Participating Provider Agreement with David Richard Wilson dba Bodyworks Physiotherapy Clinic
16) Participating Provider Agreement with Gregory A King DPM
17) Participating Provider Agreement with Margaret M Nambiar MD
18) Participating Provider Agreement with Samir E Hage DO Inc
19) Participating Provider Agreement with Sreenivasa R Nakka MD FACP FACG AGAF Inc.
20) Participating Provider Agreement with West Point Physical Therapy Center Inc
21) Participating Provider Agreement with John F Randolph MD Inc.
22) Urgent Care Provider Agreement with Empire Urgent Care Inc
23) Ancillary Provider Agreement with Daniel Kishner dba Just 4U Hearing Aids
24) Ancillary Provider Agreement with Hanger Prosthetics & Orthotics Inc
25) Ancillary Provider Agreement with Hearing Science of Rancho Cucamonga Inc
26) Ancillary Provider Agreement with Inland Valley Hospice
27) Ancillary Provider Agreement with John C Barker MS dba Desert Knolls Hearing Center
28) Ancillary Provider Agreement with Wesco Medical Supplies Equipment Co Inc
29) Open Access Provider Agreement with John Dai Vo dba John Dai Vo MD Pediatrics
30) Open Access Provider Agreement with Pablo Sobero MD
31) Open Access Provider Agreement with Reuben C Castillo Jr
32) Fee-For-Service Primary Care Provider Agreement with Cecilia Casaclang MD Inc
33) Skilled Nursing Facility Provider Agreement with Braswells Community Convalescent LP
34) Skilled Nursing Facility Provider Agreement with Braswells Ivy Retreat LP
35) Skilled Nursing Facility Provider Agreement with Braswells Medical Consultants Inc dba Desert Manor
36) Skilled Nursing Facility Attending Physician Agreement with Jhujhar Singh dba J Singh DO Inc
37) Participating Provider Agreement with Edward J Puttre JR MD Inc
38) Participating Provider Agreement with Mission Surgical Clinic Inc
39) Participating Provider Agreement with Steven J Dodds MD
40) Urgent Care Provider Agreement with Inland Empire Extra Care
41) Participating Provider Agreement with A Sadeghian Optometric Corporation dba Corona Optometry
42) Participating Provider Agreement with Kenneth J Boyer OD Inc

IX. POLICY AGENDA AND STATUS REPORT ON AGENCY OPERATIONS:

ADMINISTRATION (Bradley P. Gilbert, M.D.)
15. Monthly Membership Report
16. Update on the Inland Empire Health Information Exchange and Clarification to Minute Order 16-171
17. Overview of the IEHP Government Affairs Program Description
18. 2017 Annual Governing Board Compliance Training

FINANCE DEPARTMENT (Keenan Freeman)

MARKETING DEPARTMENT (Susan Arcidiacono)
20. Review of the New IEHP Digital Media Center Development

MEDICAL SERVICES DEPARTMENT (Jennifer N. Sayles, M.D., M.P.H.)
21. Approve the Professional Services Agreement with WeCare Pharmaceutical Services, Inc.
22. Ratify and Approve the Educational Services Agreement with University of California Davis Health System

MAIN OBJECTIVES FOR THE NEXT 90 DAYS AND SUMMARY COMMENTS (Bradley P. Gilbert, M.D.)
23. Main Objectives for the Next 90 Days

X. COMMENTS FROM THE PUBLIC ON MATTERS NOT ON THE AGENDA
XI. Recess Into The IEHP Health Access Meeting
XII. Reconvene From The IEHP Health Access Meeting Back Into The IEHP Meeting
XIII. CLOSED SESSION

With respect to every item of business to be discussed in closed session pursuant to Government Code section 54956.9:

1. Conference with legal counsel – existing litigation (Government Code section 54956.9(d)(1))
   a. Valeria Bordes v. Inland Empire Health Plan (Case No. 5:16-cv-02661)
XIV. ADJOURNMENT

The next meeting of the IEHP Governing Board will be held on March 13, 2017 at the Riverside County Administrative Center
ADMINISTRATION

1. UPDATE ON ADDITIONAL AUTHORIZED STAFFING POSITIONS

   **Recommended Action:**
   Review and File

   **Contact:**
   Bradley P. Gilbert, M.D., Chief Executive Officer

   **Background:**
   At the June 13, 2016 Governing Board Meeting, under Resolution 16-88, the Governing Board approved the proposal authorizing the Chief Executive Officer to approve additional staffing under the following guidelines:

   1) Maintaining IEHP’s General and Administrative (G&A) Expenses percentage at 5% or less.
   2) Authorization only includes approval of additional staffing in IEHP’s current position classifications. Approval of newly created positions will require Board approval; this does not include position title changes that do not have any significant financial impact.
   3) Monthly reports to the Board under the Consent Agenda outlining any additional approved positions with brief description of justification and related budget information.
   4) This authority authorized for one year, through June 30, 2017.

   This process will allow for flexibility to match staffing to operational needs and will maintain high levels of service to our members and providers while concurrently maintaining accountability on a monthly basis to the Governing Board.

   **Discussion:**
   The following positions have been approved:

<table>
<thead>
<tr>
<th>CEO APPROVAL DATE</th>
<th>POSITION TITLE</th>
<th>SUPERVISOR</th>
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<td>12/16/16</td>
<td>Sr. Programmer Analyst</td>
<td>Leona Liu</td>
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<td>Financial Analyst III</td>
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<td>12/22/16</td>
<td>Director of Clinical Quality Programs</td>
<td>Genia Fick</td>
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<tr>
<td>01/13/17</td>
<td>Clinical Director, Practice Transformation</td>
<td>Dr. Elise Pomerance</td>
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</tr>
<tr>
<td>01/20/17</td>
<td>Behavioral Health Coordinator</td>
<td>Omar Gonzalez</td>
<td>$42,500</td>
</tr>
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</table>
Strategic Priorities:

☐ Quality of Care         ☐ Access to Care         ☐ Practice Transformation
✔ Human Development       ☐ Technology           ☐ Not Applicable

Fiscal Impact:
Included in FY 16/17 Budget
Approximately $757,366 annually (estimated salary and benefit impact).

Reviewed by Counsel:
N/A
ADMINISTRATION

2. RATIFY AND APPROVE THE SALARY RANGE SCHEDULE BY SALARY GRADE

**Recommended Action:**
That the Governing Board of the Inland Empire Health Plan (IEHP) ratify and approve the IEHP Employee salary range schedule by salary grade.

**Contact:**
Janet Nix, Chief of Organizational Development

**Background:**
This past November, under minute order #16-171, the Board approved additional funding for the proposed employee salary ranges in accordance with the salary study results as conducted by Aon Hewitt (AON).

AON was hired through a competitive process to perform a comprehensive compensation analysis which included updating all IEHP job descriptions and conducting a broad market analysis comparing IEHP salaries to the local, regional, and in some cases national health care markets. Through AON’s findings, IEHP proposed to the Board the adjustment of salaries as well as revision of salary grades.

**Discussion:**
IEHP desires to create further clarity to its compensation structure by including the executive salary grades to the previously presented salary grades. This structure is what the internal Human Resources Department will utilize in determining compensation for current and future employees. Chief Officers are compensated under salary grade 95 whereas the Chief Executive Officer is compensated under salary grade 99.

**Strategic Priorities:**
- ☑ Quality of Care
- ☑ Access to Care
- ☑ Practice Transformation
- ☑ Human Development
- ☐ Technology
- ☐ Not Applicable

**Fiscal Impact:**
Included in FY 16/17 Budget

Funding for salary adjustments for FY 16/17 were approved through Minute Order #16-171. No additional funds are being requested.

**Reviewed by Counsel:**
N/A
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<th>Max</th>
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<td>5</td>
<td>$31,200</td>
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ADMINISTRATION

3. APPROVE THE REVISION TO THE INLAND EMPIRE HEALTH PLAN PURCHASING MANUAL

**Recommended Action:**
That the Governing Board of the Inland Empire Health Plan (IEHP) approve the addition of a Surplus and Donation Policy to IEHP’s Purchasing Manual.

**Contact:**
Bradley P. Gilbert, M.D., Chief Executive Officer

**Background:**
The IEHP Governing Board adopted the Purchasing Policy Manual under Resolution 05-139 and approved revisions under Resolutions 06-184, 10-52, Minute Orders 14-310 and 16-256.

**Discussion:**
As part of the purchasing department’s efforts to centralize purchasing functions, as well as promote efficiency to its operations, it is necessary for the Purchasing Manager to coordinate and conduct oversight on the sale and/or donation of surplus equipment.

In accordance with the CEO’s delegated authority, the proposed policy allows for the Purchasing Manager to be able to sell or dispose of any personal property belonging to IEHP not found to be required for public use (“Surplus Property”). The proposed policy also allows for the Purchasing Manager to solicit and accept advantageous trade-in allowances for Surplus Property, as well as dispose or donate such Property when deemed necessary. The Purchasing Manager shall work with the Finance Department to conduct any reconciliation after the Property is sold or disposed of.

**Strategic Priorities:**
- [ ] Quality of Care
- [ ] Access to Care
- [ ] Practice Transformation
- [ ] Human Development
- [ ] Technology
- [✓] Not Applicable

**Fiscal Impact:**
None

**Reviewed by Counsel:**
Yes
Add Section 4.16 to the Purchasing Manual

4.16 Surplus/Donation of Equipment

A. Delegated Power of Purchasing Manager.

In accordance with the CEO’s delegated authority, the Purchasing Manager may sell or dispose of any personal property belonging to IEHP which is not found to be required for public use (“Surplus Property”). When purchasing personal property for which it is not necessary to advertise for bids, the Purchasing Manager may solicit and accept advantageous trade-in allowance for Surplus Property, without advertising for offers on such property. When specifically authorized, the Purchasing Manager shall similarly dispose of personal property and report to the Finance Department for any necessary reconciliation.

B. Surplus and Salvage Pool

1) Whenever personal property is no longer needed by an internal department, the department may report and transfer the property to a Surplus and Salvage Pool to be maintained and supervised by the Facilities Director, the designated custodian charged with maintaining the Surplus and Salvage Pool inventory.

2) If an internal department needs any personal property in the Surplus and Salvage Pool, the department may submit a request to the Facilities Director. The Facilities Director has the discretion to grant or deny the request.

3) Upon approval by the CEO or his delegate, a third party (community based organization, nonprofit corporation or foundation, etc.) may acquire Surplus Property (other than vehicles) placed in the Surplus and Salvage Pool after such property has been made available for a reasonable period of time to other IEHP departments. Any donation or sale of Surplus Property to a third party is made “as-is” and without any express or implied representation or warranties under applicable California, federal or common law.

C. Advertising Proposed Sale or Disposition of Surplus Property.

The Purchasing Manager may advertise the proposed sale or other disposition of Surplus Property. The Purchasing Manager shall decide the medium (paper, electronic, etc.), amount, nature, makeup, and content of the advertising. In the disposition of specialty property (excluding real property) and property that has limited marketability or purpose, the Purchasing Manager may use alternative methods to dispose of the property without advertising. Alternative methods include, but are not limited to, consignment and sale to a single identified buyer. In the event that the Surplus Property is found to have no resale value, the Purchasing Manager may direct the Surplus Property be destroyed or disposed of in any manner the Purchasing Manager sees fit.
ADMINISTRATION

4. APPROVE THE 2017 IEHP COMPLIANCE PROGRAM DESCRIPTION, HIPAA PROGRAM DESCRIPTION, FRAUD WASTE AND ABUSE PROGRAM DESCRIPTION, CODE OF BUSINESS CONDUCT AND ETHICS

Recommended Action:
That the Governing Board of the Inland Empire Health Plan (IEHP) approve the 2017 IEHP Compliance Program Description, HIPAA Program Description, Fraud, Waste and Abuse Program Description, and Code of Business Conduct and Ethics.

Contact:
Rohan Reid, Executive Officer
Pamela Jackson, Director of Compliance

Background:
IEHP is required to implement an effective compliance program that meets the regulatory requirements set forth in 42 C.F.R. § 422.503(b)(4)(vi) and 423.504(b)(4)(vi). The principles outlined in the regulatory guidelines are applicable to all IEHP relevant decisions, situations, communications and developments. The Governing Board must exercise reasonable oversight with respect to the implementation and effectiveness of this program.

Discussion:
The Compliance Program Description, HIPAA Program Description, FWA Program Description, and Code of Business Conduct and Ethics have been updated to reflect the most current State, Federal and other applicable Regulations, Statutes and Requirements.

Compliance Program Description:
The purpose of the Compliance Program Description is to communicate to the organization the way in which the Compliance Program ensures compliance with Federal, State, and contractual health care laws, regulations and requirements. The goal of the Compliance Program Description is to establish a culture of compliance within the organization and to communicate the importance of this goal to all internal Team Members and external affiliates.

HIPAA Program Description:
The HIPAA Program Description is intended to accept and comply with the set of general provisions related to HIPAA and ARRA guidelines and standards. The purpose of the HIPAA Program is to identify and apply: (a) any HIPAA pre-emption requirements to State law; and (b) any State law that is more stringent than the requirements of HIPAA. The HIPAA Program Description communicates and defines the manner in which IEHP has established and enforces the requirement outlined by HIPAA & ARRA standards.

Fraud, Waste, and Abuse Program:
The Fraud, Waste, and Abuse (FWA) Program Description communicates how IEHP organizes and implements a strategy to identify suspected cases of fraud, waste and/or abuse to reduce costs caused by fraudulent and abusive activity to the State, Federal Government, IEHP, its Providers,
 Members and others. The FWA Program supports the organization’s commitment to comply with all applicable State and Federal standards. The FWA Program protects the organization and its partners in the delivery of health care services through the timely detection, investigation, and prosecution of suspected fraud.

**Code of Business Conduct and Ethics:**
The IEHP Code of Business Conduct and Ethics communicates the expectation that Team Members and business partners are expected to work in an ethical and professional manner that promotes public trust and confidence in the integrity of IEHP. The Code of Business Conduct and Ethics includes topics and information intended to assist Team Members and business partners in making the most ethical decisions to preserve IEHP’s workplace culture, IEHP’s culture of compliance, and support IEHP’s core values. The Code of Business Conduct and Ethics also provides information on how Team Members are to report potential issues and/or violations of the Code of Business Conduct and Ethics. For 2016, the revision and approval process for the Code of Conduct was led by a multi-disciplinary workgroup represented by Compliance, Human Resources, Legal, IT Security, Facilities, and Marketing. The goal for the revision process for 2016 was to revitalize the Code of Conduct and create a more robust document that covered a wider range of topics.

**Strategic Priorities:**

- [ ] Quality of Care
- [ ] Access to Care
- [ ] Practice Transformation
- [ ] Human Development
- [ ] Technology
- [✓] Not Applicable

**Fiscal Impact:**
None

**Reviewed by Counsel:**
N/A
ADMINISTRATION

5. 2016 ADOPT A CHILD/FAMILY PROGRAM UPDATE

   Recommended Action:
   Review and File

   Contact:
   Bradley P. Gilbert, M.D., Chief Executive Officer

   Background:
   In 2008, IEHP Team Members participated for the first time in County sponsored programs to
   adopt less fortunate children and/or families in both Riverside and San Bernardino Counties.

   Discussion:
   Given the overwhelming response by IEHP Team Members in 2008, IEHP has continued to
   participate in these programs annually.

   Each child and/or family was identified according to the criteria of the following agencies:
   1. Riverside County: Community Action Partnership
   2. San Bernardino County: Community Health Agency Department of Public Health/ Community
      Outreach Division

   Each child and/or family provided a holiday “Wish List” which included items ranging from bikes
   and dolls, to clothing, goods and basic toiletries. IEHP assisted a total of 284 individuals through
   the holiday adoption program this year. Following is the break down by county.

<table>
<thead>
<tr>
<th>San Bernardino County</th>
<th>Riverside County</th>
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</thead>
<tbody>
<tr>
<td>15 families (43 total)</td>
<td>18 families (79 total)</td>
</tr>
<tr>
<td>79 children</td>
<td>83 children</td>
</tr>
</tbody>
</table>

   “Wish List” items were funded 100% by the generosity of IEHP staff. The outpouring of caring
   and involvement of IEHP staff was very impressive, particularly during this period of financial
   pressure and uncertainty.

   Strategic Priorities:
   - ☑ Human Development
   - □ Quality of Care
   - □ Access to Care
   - □ Practice Transformation
   - □ Technology
   - □ Not Applicable

   Fiscal Impact:
   None

   Reviewed by Counsel:
   N/A
FINANCE DEPARTMENT

6. APPROVE THE SECOND AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH HEALTH MANAGEMENT SYSTEMS, INC.

Recommended Action:
That the Governing Board of the Inland Empire Health Plan (IEHP) approve the Second Amendment to the Professional Services Agreement (PSA) with Health Management Systems, Inc. (HMS) for the provision of the Coordination of Benefits Identification and Recovery Services effective February 14, 2017 through February 15, 2018.

Contact:
Keenan Freeman, Chief Financial Officer

Background:
HMS collects and processes information from a number of states and other insurance providers to identify coverage for IEHP Members which may not be available from Medi-Cal or Centers for Medicare & Medicaid Services (CMS). In February of 2011 under Resolution 11-41, the Governing Board approved a PSA with HMS for Coordination of Benefits Identification and Recovery Services to assist with third party liability recovery services. In November 2013 under Minute Order 13-354, the Governing Board approved the First Amendment which added the optional service of Medicaid Insurance Billing and Provider Recoupment’s.

Discussion:
This Amendment extends the Agreement term for one (1) year, effective February 14, 2017 through February 15, 2018, during which time IEHP will begin the Request for Proposal (RFP) process to select the most qualified vendor for this service. All other items and conditions of the Agreement remain in full force and effect.

Strategic Priorities:

☐ Quality of Care ☐ Access to Care ☐ Practice Transformation
☐ Human Development ☐ Technology ☑ Not Applicable

Fiscal Impact:
Included in FY 16/17 Budget

Reviewed by Counsel:
Yes
MEDICAL SERVICES DEPARTMENT

7. APPROVE THE FIRST AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH THE ILLUMINATION FOUNDATION

**Recommended Action:**
That the Governing Board of the Inland Empire Health Plan (IEHP) approve the First Amendment to the Professional Services Agreement (PSA) with The Illumination Foundation (IF) for the provision of recuperative care services.

**Contact:**
Jennifer N. Sayles, M.D., M.P.H., Chief Medical Officer

**Background:**
In April 2015 under Minute Order 15-90, the Governing Board authorized the Chief Executive Officer to enter into an agreement with the Illumination Foundation to provide assessment and placement services to homeless IEHP Members at a start-up cost of $1.0 million. In July 2015 under Minute Order 15-167, the Governing Board approved the PSA with IF for an amount not to exceed $1.5 million per contract year effective August 1, 2015 through July 31, 2018.

**Discussion:**
This First Amendment has no impact to the dollar amount or term. However, the compensation language in Section 3 and Attachment B will change from “Invoices” to “Claims”. It also includes language in Attachment B that allows IEHP to monitor utilization of services not included in original scope that do not require prior authorization and, at its sole discretion, revise the authorization requirements for those services.

All other items and conditions of the Agreement remain in full force and effect.

**Strategic Priorities:**
- [ ] Quality of Care  
- [ ] Access to Care  
- [ ] Practice Transformation  
- [ ] Human Development  
- [ ] Technology  
- [ ] Not Applicable

**Fiscal Impact:**
None

**Reviewed by Counsel:**
Yes
8. RATIFY AND APPROVE THE FOURTEENTH AMENDMENT TO THE HOSPITAL PER DIEM AGREEMENT WITH CHILDREN’S HOSPITAL AT MISSION

**Recommended Action:**
That the Governing Board of the Inland Empire Health Plan (IEHP) ratify and approve the Fourteenth Amendment to the Hospital Per Diem Agreement with Children’s Hospital at Mission, effective January 1, 2017.

**Contact:**
Kurt Hubler, Chief Network Officer

**Background:**
Children’s Hospital at Mission is currently a contracted Hospital in the IEHP Network.

**Discussion:**
This Amendment extends the Agreement term beginning on January 1, 2017 through February 28, 2017.

All other items and conditions of the Agreement remain in full force and effect.

**Strategic Priorities:**

- [ ] Quality of Care
- [ ] Access to Care
- [x] Practice Transformation
- [ ] Human Development
- [ ] Technology
- [ ] Not Applicable

**Fiscal Impact:**
Included in FY 16/17 Budget

**Reviewed by Counsel:**
Yes
PROVIDER NETWORK DEPARTMENT

9. RATIFY AND APPROVE THE FOURTEENTH AMENDMENT TO THE HOSPITAL PER DIEM AGREEMENT WITH CHILDREN’S HOSPITAL OF ORANGE COUNTY

Recommended Action:
That the Governing Board of the Inland Empire Health Plan (IEHP) ratify and approve the Fourteenth Amendment to the Hospital Per Diem Agreement with Children’s Hospital of Orange County, effective January 1, 2017.

Contact:
Kurt Hubler, Chief Network Officer

Background:
Children’s Hospital of Orange County is currently a contracted Hospital in the IEHP Network.

Discussion:
This Amendment extends the Agreement term beginning on January 1, 2017 through February 28, 2017.

All other items and conditions of the Agreement remain in full force and effect.

Strategic Priorities:
☑ Access to Care  ☐ Practice Transformation
☐ Quality of Care  ☐ Technology  ☐ Not Applicable
☐ Human Development

Fiscal Impact:
Included in FY 16/17 Budget

Reviewed by Counsel:
Yes
PROVIDER NETWORK DEPARTMENT

10. RATIFY AND APPROVE THE FOURTH AMENDMENT TO THE PER DIEM HOSPITAL AGREEMENT WITH VERITAS HEALTH SERVICES, INC. DBA CHINO VALLEY MEDICAL CENTER

**Recommended Action:**
That the Governing Board of the Inland Empire Health Plan (IEHP) ratify and approve the Per Diem Hospital Agreement with Veritas Health Services, Inc. dba Chino Valley Medical Center, effective January 1, 2017.

**Contact:**
Kurt Hubler, Chief Network Officer

**Background:**
Veritas Health Services, Inc. dba Chino Valley Medical Center is currently a contracted Hospital in the IEHP Network.

**Discussion:**
This Amendment extends the Agreement term beginning January 1, 2017 through December 31, 2019 and replaces the Attachment C, Compensation Rates.

All other items and conditions of the Agreement remain in full force and effect.

**Strategic Priorities:**
- [ ] Quality of Care
- [x] Access to Care
- [ ] Practice Transformation
- [ ] Human Development
- [ ] Technology
- [ ] Not Applicable

**Fiscal Impact:**
Included in FY 16/17 Budget

**Reviewed by Counsel:**
Yes
PROVIDER NETWORK DEPARTMENT

11. RATIFY AND APPROVE THE SECOND AMENDMENT TO THE HOSPITAL PER DIEM AGREEMENT WITH LOMA LINDA UNIVERSITY CHILDREN’S HOSPITAL

Recommended Action:
That the Governing Board of the Inland Empire Health Plan (IEHP) ratify and approve the Hospital Per Diem Agreement with Loma Linda University Children’s Hospital, effective January 1, 2017.

Contact:
Kurt Hubler, Chief Network Officer

Background:
Loma Linda University Children’s Hospital is currently a contracted Hospital in the IEHP Network.

Discussion:
This Amendment extends the Agreement term beginning on January 1, 2017 through October 31, 2019 and replaces the Attachment C, Compensation Rates.

All other items and conditions of the Agreement remain in full force and effect.

Strategic Priorities:
☐ Quality of Care ☑ Access to Care ☐ Practice Transformation
☐ Human Development ☐ Technology ☐ Not Applicable

Fiscal Impact:
Included in FY 16/17 Budget

Reviewed by Counsel:
Yes
PROVIDER NETWORK DEPARTMENT

12. RATIFY AND APPROVE THE SIXTH AMENDMENT TO THE INLAND EMPIRE HEALTH PLAN HOSPITAL PER DIEM AGREEMENT WITH LOMA LINDA UNIVERSITY MEDICAL CENTER

**Recommended Action:**
That the Governing Board of the Inland Empire Health Plan (IEHP) ratify and approve the Inland Empire Health Plan Hospital Per Diem Agreement with Loma Linda University Medical Center, effective January 1, 2017.

**Contact:**
Kurt Hubler, Chief Network Officer

**Background:**
Loma Linda University Medical Center is currently a contracted Hospital in the IEHP Network.

**Discussion:**
This Amendment extends the Agreement term beginning on January 1, 2017 through October 31, 2019 and replaces the Attachment B, Compensation Rates.

All other items and conditions of the Agreement remain in full force and effect.

**Strategic Priorities:**
- [ ] Quality of Care
- [ ] Access to Care
- [x] Practice Transformation
- [ ] Human Development
- [ ] Technology
- [ ] Not Applicable

**Fiscal Impact:**
Included in FY 16/17 Budget

**Reviewed by Counsel:**
Yes
13. RATIFY AND APPROVE THE TWENTIETH AMENDMENT TO THE HOSPITAL PER DIEM AGREEMENT WITH POMONA VALLEY HOSPITAL MEDICAL CENTER

Recommended Action:
That the Governing Board of the Inland Empire Health Plan (IEHP) ratify and approve the Twentieth Amendment to the Hospital Per Diem Agreement with Pomona Valley Hospital Medical Center, effective January 1, 2017.

Contact:
Kurt Hubler, Chief Network Officer

Background:
Pomona Valley Hospital Medical Center is currently a contracted Hospital in the IEHP Network.

Discussion:
This Amendment extends the Agreement term beginning January 1, 2017 through December 31, 2017 and replaces the Attachment C1, Compensation Rates and C2, Notes to Compensation Rates.

All other items and conditions of the Agreement remain in full force and effect.

Strategic Priorities:
☐ Quality of Care  ☑ Access to Care  ☐ Practice Transformation
☐ Human Development  ☐ Technology  ☐ Not Applicable

Fiscal Impact:
Included in FY 16/17 Budget

Reviewed by Counsel:
Yes
PROVIDER NETWORK DEPARTMENT

14. APPROVAL OF THE EVERGREEN CONTRACTS

**Recommended Action:**
That the Governing Board of the Inland Empire Health Plan (IEHP) ratify and approve the listed Evergreen Contract for either an additional one (1) year term to five (5) year term.

**Contact:**
Kurt Hubler, Chief Network Officer

**Background:**
Evergreen Contract – A Contract that automatically renews on the same terms and subject to the same conditions as the original agreement, upon the approval of Governing Boards of IEHP and IEHP Health Access, unless sooner terminated in accordance with the terms and conditions.

**Discussion:**
Renewal of the following Agreements under the Evergreen Clause:
2) Ancillary Provider Agreement with Inland Surgery Center, LP – Effective, January 1, 2017, additional two (2) year term.
3) Ancillary Agreement with Delta Dental of California – Effective, January 1, 2017, additional one (1) year term.
4) Hospital Per Diem Agreement with Kaiser Foundation Hospitals dba Moreno Valley Hospital – Effective, January 1, 2017, additional two (2) year term.
5) Hospitalist Agreement with Starlight Inpatient Services A Medical Corporation – Effective, January 1, 2017, additional one (1) year term.
7) Capitated Primary Care Provider Agreement with St Jude Hospital Yorba Linda Inc dba St Joseph Heritage Healthcare for St Mary High Desert Medical Group – Effective, January 1, 2017, additional three (3) year term.
8) Fee-For-Service Primary Care Provider Agreement with Allcare Family Clinic Inc dba AllCare Medical Group of Riverside – Effective, January 1, 2017, additional five (5) year term.
9) Fee-For-Service Primary Care Provider Agreement with Archna Sood MD dba Om Sood MD A Professional Medical Corporation – Effective, January 1, 2017, additional five (5) year term.
10) Fee-For-Service Primary Care Provider Agreement with Rolando Uykimpang MD Inc – Effective, January 1, 2017, additional five (5) year term.
11) Skilled Nursing Facility Provider Agreement with AG Murrieta SNF LLC dba Murrieta Health and Rehabilitation Center – Effective, January 1, 2017, additional three (3) year term.
12) Skilled Nursing Facility Provider Agreement with AG Rancho Mirage LLC dba Rancho Mirage Health and Rehabilitation Center – Effective, January 1, 2017, additional three (3) year term.
13) Skilled Nursing Facility Provider Agreement with AG Redlands LLC dba Highland Care Center of Redlands – Effective, January 1, 2017, additional three (3) year term.
14) Participating Provider Agreement with Benjamin Chung MD – Effective, January 1, 2017, additional five (5) year term.
17) Participating Provider Agreement with Margaret M Nambiar MD – Effective, January 1, 2017, additional five (5) year term.
18) Participating Provider Agreement with Samir E Hage DO Inc – Effective, January 1, 2017, additional one (1) year term.
22) Urgent Care Provider Agreement with Empire Urgent Care Inc – Effective, January 1, 2017, additional five (5) year term.
23) Ancillary Provider Agreement with Daniel Kishner dba Just 4U Hearing Aids - Effective, April 1, 2017, additional five (5) year term.
26) Ancillary Provider Agreement with Inland Valley Hospice – Effective, April 1, 2017, additional five (5) year term.
27) Ancillary Provider Agreement with John C Barker MS dba Desert Knolls Hearing Center – Effective, April 1, 2017, additional five (5) year term.
28) Ancillary Provider Agreement with Wesco Medical Supplies Equipment Co Inc – Effective, April 1, 2017, additional five (5) year term.
29) Open Access Provider Agreement with John Dai Vo dba John Dai Vo MD Pediatrics – Effective, April 1, 2017, additional five (5) year term.
30) Open Access Provider Agreement with Pablo Sobero MD – Effective, April 1, 2017, additional five (5) year term.
32) Fee-For-Service Primary Care Provider Agreement with Cecilia Casaclang MD Inc – Effective April 1, 2017, additional five (5) year term.
33) Skilled Nursing Facility Provider Agreement with Braswells Community Convalescent LP – Effective, April 1, 2017, additional three (3) year term.
34) Skilled Nursing Facility Provider Agreement with Braswells Ivy Retreat LP – Effective, April 1, 2017, additional three (3) year term.
35) Skilled Nursing Facility Provider Agreement with Braswells Medical Consultants Inc dba Desert Manor – Effective, April 1, 2017, additional three (3) year term.
36) Skilled Nursing Facility Attending Physician Agreement with Jhujhar Singh dba J Singh DO Inc - Effective, April 1, 2017, additional one (1) year term.
38) Participating Provider Agreement with Mission Surgical Clinic Inc – Effective, April 1, 2017, additional five (5) year term.
39) Participating Provider Agreement with Steven J Dodds MD - Effective, April 1, 2017, additional five (5) year term.
40) Urgent Care Provider Agreement with Inland Empire Extra Care - Effective, April 1, 2017, additional five (5) year term.
41) Participating Provider Agreement with A Sadeghian Optometric Corporation dba Corona Optometry – Effective, April 1, 2017, additional five (5) year term.
42) Participating Provider Agreement with Kenneth J Boyer OD Inc – Effective, April 1, 2017, additional five (5) year term.

**Strategic Priorities:**
- [ ] Quality of Care
- [ ] Access to Care
- [ ] Practice Transformation
- [ ] Human Development
- [ ] Technology
- [ ] Not Applicable

**Fiscal Impact:**
Included in FY 16/17 Budget

**Reviewed by Counsel:**
Yes
ADMINISTRATION

15. MONTHLY MEMBERSHIP REPORT

Recommended Action:
Review and File

Contact:
Bradley P. Gilbert, M.D., Chief Executive Officer

Background:
This report reflects actual membership versus the membership projections in the IEHP budget.

Discussion:
No specific trends noted for December growth.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Month</th>
<th>Forecast Membership</th>
<th>Actual Membership</th>
<th>+ or – Forecast</th>
<th>+ or – Last Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 16/17</td>
<td>July, 2016</td>
<td>1,171,286</td>
<td>1,201,505</td>
<td>30,219</td>
<td>28,546</td>
</tr>
<tr>
<td></td>
<td>August, 2016</td>
<td>1,177,410</td>
<td>1,228,277</td>
<td>50,867</td>
<td>26,772</td>
</tr>
<tr>
<td></td>
<td>September, 2016</td>
<td>1,194,074</td>
<td>1,242,231</td>
<td>48,157</td>
<td>13,954</td>
</tr>
<tr>
<td></td>
<td>October, 2016</td>
<td>1,199,662</td>
<td>1,252,697</td>
<td>53,035</td>
<td>10,466</td>
</tr>
<tr>
<td></td>
<td>November, 2016</td>
<td>1,257,729</td>
<td>1,257,108</td>
<td>(621)</td>
<td>4,411</td>
</tr>
<tr>
<td></td>
<td>December, 2016</td>
<td>1,264,455</td>
<td>1,266,334</td>
<td>1,879</td>
<td>9,226</td>
</tr>
</tbody>
</table>

Strategic Priorities:
☐ Quality of Care ☐ Access to Care ☐ Practice Transformation
☐ Human Development ☐ Technology ☑ Not Applicable

Fiscal Impact:
None

Reviewed by Counsel:
N/A
ADMINISTRATION

16. UPDATE ON THE INLAND EMPIRE HEALTH INFORMATION EXCHANGE AND CLARIFICATION TO MINUTE ORDER 16-171.

**Recommended Action:**
That the Governing Board of the Inland Empire Health Plan (IEHP) approve the clarification to Minute Order 16-171.

**Contact:**
Bradley P. Gilbert, M.D., Chief Executive Officer

**Background:**
The Inland Empire Health Plan (IEHP) has been a major supporter of the Inland Empire Health Information Exchange (IEHIE). IEHP has supported it financially, as well as by creating incentives for hospitals and IPAs to join the IEHIE through the Medi-cal Expansion Risk Sharing program. The IEHIE has operated under a 501(c)(3) created by the Riverside County Medical Association with a Board of Directors chaired by Bradley P. Gilbert, M.D., Chief Executive Officer of IEHP. Dr. Gilbert has chaired the Board of Directors for the last six (6) years.

The Health Information Exchange (HIE) has been very successful locally, through IEHIE, and in three (3) other regional locations throughout California through the Cal Index HIE. Details are outlined below:

**Inland Empire:**
- 25 hospitals have interfaced, with an interface commitment from an additional (3) facilities. This represents all of the acute care hospitals in the Inland Empire.
- 7 Medical groups or IPAs have interfaced, representing hundreds of physicians
- 16 clinics have interfaced
- IEHP participation from the beginning

**San Joaquin Region:**
- 2 hospitals interfaced
- 2 medical groups/clinics interfaced
- Health Plan of San Joaquin participation

**Central Valley Region:**
- 8 hospitals interfaced
- 4 medical groups/clinics interfaced

**Northern California Region:**
- 4 hospitals interfaced
- 1 medical groups/clinics interfaced
- Partnership Health Plan participation
**Discussion:**
On January 10, 2017, it was announced that the IEHIE will be merged with Cal Index HIE (Cal Index). Cal Index is sponsored and financially supported by Blue Shield and Anthem health plans and has focused on signing participation agreements with statewide hospital systems, health plan systems and large medical groups. Cal Index does not yet have any operating interface with providers, but has a large amount of claims data from the two (2) health plans in their HIE.

The decision to merge the IEHIE and Cal Index was determined after a series of meetings between principals and senior leadership of both entities. The common belief of all involved is that the merger will create the potential for a statewide HIE.

Cal Index, on behalf of the merged entity, has hired Claudia Williams as the new Chief Executive Officer. Ms. Williams brings extensive experience at the provider and national level regarding the implementation of HIE and related technologies from both a policy and provider perspective. Leo Pak, Chief Technology Officer for IEHIE, will assume the same role within the new entity. The merged entity will continue to operate under the current 501(c)(3) that manages the IEHIE but it will have a new Governing Board consisting of seven (7) members. Bradley P. Gilbert, M.D., Chief Executive Officer of IEHP, will be the first Chairperson of this newly formed governing body.

IEHP will continue to be a participating provider with the new entity. IEHP will continue to support, encourage and motivate their local providers to continue participation, as well as engage with the new entity through a local collaborative. IEHP’s local input, along with the other three (3) regional agencies, will continue to be an important voice of the merged entity.

Merger documents were signed by all parties the week of January 30, 2017 and the merger is anticipated to be finalized by March 1, 2017.

Pursuant to Minute Order 16-171, the Board authorized $2.5 million in funding to the IEHIE with $1.5 million of the funds to be used at the discretion of the Chief Executive Officer for the IEHIE to transition to a new vendor or make upgrades with their current vendor. This information is provided to clarify that the funds will now be provided under the same terms to the newly created entity.

**Strategic Priorities:**
- [✓] Quality of Care
- [✓] Access to Care
- [✓] Practice Transformation
- [ ] Human Development
- [✓] Technology
- [ ] Not Applicable

**Fiscal Impact:**
Included in FY16/17 Budget

**Reviewed by Counsel:**
N/A
ADMINISTRATION

17. OVERVIEW OF THE IEHP GOVERNMENT AFFAIRS PROGRAM DESCRIPTION

**Recommended Action:**
Review and File

**Contact:**
Bradley P. Gilbert, M.D., Chief Executive Officer

**Background:**
IEHP created the Government Affairs Program in June of 2016 to coordinate and centralize efforts to advance policy decisions, legislation and regulatory reform that improve the ability of IEHP to provide quality healthcare in an efficient manner. Given the significant and ongoing changes in the healthcare delivery system, a centralized and strategic approach is a critical component in the organization’s ongoing success.

**Discussion:**
The purpose of the Government Affairs Office is to effectively advocate for policy, legislation and regulatory change at the local, regional, state and federal level which supports IEHP’s overall mission to organize and improve the delivery of quality, accessible and wellness based healthcare services for the communities of Riverside and San Bernardino County.

Under the direction of the Chief Executive Officer (CEO), the Government Affairs Office serves as the central coordinator and strategic advisor for IEHP advocacy efforts at the local, regional, state, and federal level.

Current work of the Government Affairs Office includes strategic planning around federal discussions to repeal and replace the Affordable Care Act (ACA). A full repeal of the program would jeopardize healthcare for approximately 350,000 individuals who receive health care services in Riverside and San Bernardino County through IEHP under the Medicaid expansion provision of the ACA. Government Affairs and IEHP leadership is engaged in discussions with federal, state and local elected leaders in Washington D.C., Sacramento and locally to inform them of local impacts and evidence based proven strategies that will provide desired outcomes to do no harm and operate efficiently. Government Affairs is also involved in collaborative efforts with vested stakeholders to build consensus and align messaging to broadly reach the most influential audience possible in promotion of solutions of mutual benefit.

**Strategic Priorities:**

<table>
<thead>
<tr>
<th>✓ Quality of Care</th>
<th>✓ Access to Care</th>
<th>✓ Practice Transformation</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Human Development</td>
<td>✓ Technology</td>
<td>☐ Not Applicable</td>
</tr>
</tbody>
</table>

**Fiscal Impact:**
None

**Reviewed by Counsel:**
N/A
Introduction

The Government Affairs Office was established to create a Government Affairs Program to implement an effective advocacy program to support policy, legislation and regulatory change at the local, regional, state and federal level in accord with IEHP’s overall mission to organize and improve the delivery of quality, accessible and wellness based healthcare services for the communities of Riverside and San Bernardino County.

Government Affairs Program Description

A. Purpose:

The Government Affairs Program is a comprehensive government affairs advocacy program created to advance policy decisions, legislation and regulatory reform that improves the ability of IEHP to provide quality healthcare in an efficient manner. Given the significant, ongoing changes in the healthcare delivery system, a centralized and strategic approach is a critical component in the organization’s ongoing success. Under the direction of the Chief Executive Officer (CEO), the Government Affairs Office serves as the central coordinator and strategic advisor for IEHP advocacy efforts at the local, regional, state, and federal level.

B. Goal:

The goal of the Government Affairs Program is to effectuate policy decisions/direction, legislation and regulations that allow IEHP to provide quality healthcare on behalf of the state and federal government. The following activities provide the structural elements that support the overall program goal:

1. Engagement in advocacy efforts that support IEHP’s Strategic Priorities;
2. Fostering relationships to build consensus around issues that bolster IEHP’s Mission; and
3. Educating to create awareness of significant issues that may impact IEHP, its members and the health of the region.

C. Scope:

The Government Affairs Office plans and coordinates all government affairs activities. The Government Affairs office is responsible for government relations at the local, state and federal level; interacting and coordinating with IEHP’s federal and state advocates in the development and implementation of legislative and regulatory strategies. The Office effectively organizes interaction and participation with federal and state healthcare trade associations. The Government Affairs office leads analysis of proposed legislation to ascertain potential impact on the organization and represents and promotes the position of the organization to public officials, legislative representatives and private entities in Sacramento and Washington D.C. Government Affairs is also involved in collaborative efforts with vested stakeholders to build consensus and align messaging to reach the broadest and most influential audience possible in promotion of solutions of mutual benefit.
18. 2017 ANNUAL GOVERNING BOARD COMPLIANCE TRAINING

**Recommended Action:**
Review and File

**Contact:**
Bradley P. Gilbert, M.D., Chief Executive Officer
Pamela Jackson, Director of Compliance / Compliance Officer

**Background:**
IEHP is required to implement an effective compliance program that meets the regulatory requirements set forth in 42 C.F.R. § 422.503(b)(4)(vi) and 423.504(b)(4)(vi). The principles outlined in the regulatory guidelines are applicable to all IEHP relevant decisions, situations, communications and developments. The Governing Board must exercise reasonable oversight with respect to the implementation and effectiveness of this program. The Governing Board must receive training and education as to the structure and operation of the Compliance Program.

**Discussion:**
It is the policy of IEHP to provide introductory and annual compliance training for Members of the IEHP Governing Board. The Governing Board is expected to exercise reasonable oversight of the implementation and effectiveness of the IEHP Compliance Program and take appropriate action to ensure compliance issues are resolved. Compliance Training is essential to ensure all Governing Board Members are informed of their responsibilities for the Compliance Program. Annually, the Governing Board receives training on IEHP’s structure and operations of the Compliance Program and the Seven Elements of an Effective Compliance Program as set forth in applicable federal regulations governing the Medicare program. The required training materials were distributed to the Governing Board Members during the week of January 30, 2017.

Bradley P. Gilbert, M.D., Chief Executive Officer, will present an annual review of the Compliance Program to the Governing Board Members at the February 13, 2017 IEHP Governing Board Meeting. He will be available for any questions or concerns related to the training materials, presentation or IEHP’s Compliance Program, as well as any expectations of the Governing Board regarding its responsibilities and oversight with respect to the implementation and effectiveness of IEHP’s Compliance Program.

**Strategic Priorities:**
- Quality of Care
- Access to Care
- Practice Transformation
- Human Development
- Technology
- Not Applicable

**Fiscal Impact:**
None

**Reviewed by Counsel:**
N/A
FINANCE DEPARTMENT

19. REVIEW OF THE MONTHLY FINANCIAL REPORTS

Recommended Action:
Review and File

Contact:
Keenan Freeman, Chief Financial Officer

Background:
This report is presented monthly and is a Summary of the Financial Statements.

Discussion:
Summary Income Statement for the Month Ended December 31, 2016.

Highlights:
Enrollment of approximately 1.2 million generated a net surplus of $17.4 million for the month ended December 31, 2016:

- The positive revenue variance of $5.5 million is due to higher than budgeted enrollment in SPD and Institutional aid categories offset by lower than expected Hep C and maternity supplemental payments.
- Changes in the MCE risk pool funding increased expenses by $14.2 million.
- Non Operating Income includes $8.9 million retro AB85 25% rate range revenue from FY 14/15.

Summary Income Statement for the Month Ended December 31, 2016 on the following page.

Strategic Priorities:

☑ Quality of Care ☐ Access to Care ☐ Practice Transformation
☐ Human Development ☐ Technology ☑ Not Applicable

Fiscal Impact
Included in FY 16/17 Budget

Reviewed by Counsel
N/A
Inland Empire Health Plan
Summary Income Statement for the Month Ended December 31, 2016

<table>
<thead>
<tr>
<th>Operating Revenue</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medi-Cal</td>
<td>347,097,294</td>
<td>341,855,250</td>
<td>5,242,043</td>
</tr>
<tr>
<td>Healthy Kids</td>
<td>(10,172)</td>
<td>41,458</td>
<td>(51,630)</td>
</tr>
<tr>
<td>Medicare</td>
<td>24,179,460</td>
<td>23,868,038</td>
<td>311,422</td>
</tr>
<tr>
<td><strong>Net Revenue</strong></td>
<td><strong>371,266,581</strong></td>
<td><strong>365,764,746</strong></td>
<td><strong>5,501,835</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Medical Costs</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Medi-Cal Costs</td>
<td>325,243,388</td>
<td>311,520,230</td>
<td>(13,723,158)</td>
</tr>
<tr>
<td>Total Healthy Kids Costs</td>
<td>15,438</td>
<td>55,761</td>
<td>40,323</td>
</tr>
<tr>
<td>Total Medicare Costs</td>
<td>22,401,104</td>
<td>27,026,813</td>
<td>4,625,708</td>
</tr>
<tr>
<td><strong>Total Medical Costs</strong></td>
<td><strong>347,659,931</strong></td>
<td><strong>338,602,804</strong></td>
<td><strong>(9,057,127)</strong></td>
</tr>
</tbody>
</table>

| Gross Margin                              | 23,606,651   | 27,161,942   | (3,555,292) |

<table>
<thead>
<tr>
<th>Operating Expenses</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Operating Expenses</td>
<td>16,136,009</td>
<td>19,432,302</td>
<td>3,296,293</td>
</tr>
</tbody>
</table>

| Operating Surplus (Deficit)               | 7,470,642    | 7,729,641    | (258,999)   |

| Total AB85                                | 10,928,170   | 2,055,127    | 8,873,043   |
| Other Income (Expense)                    | 413,133      | 323,263      | 89,870      |
| Property Management Income (Expense)      | (48,672)     | (429,011)    | 380,338     |
| **Total Non Operating Income (Expense)**  | **11,292,630** | **1,949,379** | **9,343,251** |

| Behavioral Health Clinic                  | 161,250      | 1,570,469    | 1,409,219   |
| Provider Capital Fund                     | 1,222,222    | 1,222,222    | 0           |
| **Board Designated Projects**             | **1,383,472** | **2,792,691** | **1,409,219** |

| Net Surplus (Deficit)                     | 17,379,800   | 6,886,329    | 10,493,471  |

Note: Totals may be subject to immaterial rounding differences.
FINANCE DEPARTMENT

19. REVIEW OF THE MONTHLY FINANCIAL REPORTS (continued…..)

   Recommended Action
   Review and File

   Contact
   Keenan Freeman, Chief Financial Officer

   Background
   This report is presented monthly and is a Summary of the Financial Statements.

   Discussion
   Summary Income Statement on a Year-To-Date basis for the period ended December 31, 2016.

   Highlights:

   Member Months of approximately 7.4 million generated a net surplus of $90.5 million for six months ended December 31, 2016:
   
   • Prior period BHT supplemental revenue and higher than expected membership in Medi-Cal Classic and Expansion are the primary drivers of the positive Medi-Cal revenue variance.
   
   • Changes in the MCE risk pool funding increased expenses by $42.9 million.
   
   • Medical costs include a $9.5 million provision for adverse deviation (PAD) and a $7.8 million Incurred But Not Reported (IBNR) loss adjustment expense.
   
   • Non Operating Income includes $20.8 million in AB85 25% rate range revenue.

   Year-To-Date Summary Income Statement for the period ended December 31, 2016 on the following page.
Inland Empire Health Plan  
Year-To-Date Summary Income Statement for the period ended December 31, 2016.

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Budget</th>
<th>Variance $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medi-Cal</td>
<td>2,063,539,186</td>
<td>2,035,473,305</td>
<td>28,065,881</td>
</tr>
<tr>
<td>Healthy Kids</td>
<td>271,389</td>
<td>358,975</td>
<td>(87,586)</td>
</tr>
<tr>
<td>Medicare</td>
<td>144,797,293</td>
<td>144,442,476</td>
<td>354,817</td>
</tr>
<tr>
<td><strong>Net Revenue</strong></td>
<td>2,208,607,868</td>
<td>2,180,274,756</td>
<td>28,333,112</td>
</tr>
<tr>
<td><strong>Medical Costs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Medi-Cal Costs</td>
<td>1,894,328,311</td>
<td>1,856,477,820</td>
<td>(37,850,490)</td>
</tr>
<tr>
<td>Total Healthy Kids Costs</td>
<td>260,143</td>
<td>377,271</td>
<td>117,128</td>
</tr>
<tr>
<td>Total Medicare Costs</td>
<td>151,546,604</td>
<td>156,172,594</td>
<td>4,625,990</td>
</tr>
<tr>
<td><strong>Total Medical Costs</strong></td>
<td>2,046,135,057</td>
<td>2,013,027,685</td>
<td>(33,107,372)</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>162,472,810</td>
<td>167,247,071</td>
<td>(4,774,261)</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>88,474,719</td>
<td>102,522,757</td>
<td>14,048,038</td>
</tr>
<tr>
<td><strong>Operating Surplus (Deficit)</strong></td>
<td>73,998,092</td>
<td>64,724,314</td>
<td>9,273,777</td>
</tr>
<tr>
<td>Total AB85</td>
<td>20,792,659</td>
<td>12,009,946</td>
<td>8,782,712</td>
</tr>
<tr>
<td>Other Income (Expense)</td>
<td>2,213,352</td>
<td>2,231,505</td>
<td>(18,153)</td>
</tr>
<tr>
<td>Property Management Income (Expense)</td>
<td>(671,024)</td>
<td>(1,751,171)</td>
<td>1,080,148</td>
</tr>
<tr>
<td><strong>Total Non Operating Income (Expense)</strong></td>
<td>22,334,987</td>
<td>12,490,280</td>
<td>9,844,707</td>
</tr>
<tr>
<td>Behavioral Health Clinic</td>
<td>2,111,577</td>
<td>5,977,185</td>
<td>3,865,609</td>
</tr>
<tr>
<td>Provider Capital Fund</td>
<td>3,666,667</td>
<td>3,666,667</td>
<td>0</td>
</tr>
<tr>
<td><strong>Board Designated Projects</strong></td>
<td>5,778,243</td>
<td>9,643,852</td>
<td>3,865,609</td>
</tr>
<tr>
<td><strong>Net Surplus (Deficit)</strong></td>
<td>90,554,835</td>
<td>67,570,742</td>
<td>22,984,093</td>
</tr>
</tbody>
</table>

Note: Totals may be subject to immaterial rounding differences.
FINANCE DEPARTMENT

19. REVIEW OF THE MONTHLY FINANCIAL REPORTS (continued…..)

**Recommended Action**
Review and File

**Contact**
Keenan Freeman, Chief Financial Officer

**Background**
This report is presented monthly and is a Summary of the Financial Statements.

**Discussion**
Balance Sheet as of December 31, 2016.

Balance Sheet Highlights:
- Cash increased by $284 million compared to November 2016. The cash increase was primarily due to a delay in receiving the November 2016 DHCS capitation payment. The November 2016 DHCS capitation payment was received in December 2016.
- Accrued expenses decreased by $131 million compared to November 2016 due primarily to HQAF FY 14/15 capitation payments received from DHCS.
- Due to BOE increased by $13.1 million compared to November 2016. The increase was due to the MCO tax accrual for the month of December 2016 and a $2.6 million payment received from DHCS for FY 14/15 rate adjustments.

Board approved liquidity analysis is non-compliant at 86.32%.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets:</td>
<td>$1.9 billion</td>
</tr>
<tr>
<td>Total Liabilities:</td>
<td>$1.2 billion</td>
</tr>
<tr>
<td>Net Assets:</td>
<td>$779.3 million</td>
</tr>
</tbody>
</table>

Balance Sheet as of December 31, 2016 is on the following two pages.
Inland Empire Health Plan
Balance Sheet as of December 31, 2016

<table>
<thead>
<tr>
<th></th>
<th>Dec FY1617</th>
<th>Nov FY1617</th>
<th>Jun FY1516</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>1,262,397,090</td>
<td>978,315,985</td>
<td>871,209,583</td>
</tr>
<tr>
<td>Restricted Fund</td>
<td>300,000</td>
<td>300,000</td>
<td>300,000</td>
</tr>
<tr>
<td>DHCS Receivable</td>
<td>452,700,662</td>
<td>794,190,208</td>
<td>739,174,797</td>
</tr>
<tr>
<td>Other Receivables</td>
<td>68,007,536</td>
<td>52,526,350</td>
<td>57,332,338</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>10,186,093</td>
<td>11,713,195</td>
<td>9,395,968</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td>1,793,591,381</td>
<td>1,837,045,738</td>
<td>1,677,412,686</td>
</tr>
<tr>
<td><strong>FIXED ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building, Office Furniture &amp; Equipment</td>
<td>189,855,625</td>
<td>186,508,458</td>
<td>130,455,727</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>(38,036,748)</td>
<td>(37,168,469)</td>
<td>(31,571,612)</td>
</tr>
<tr>
<td><strong>NET FIXED ASSETS</strong></td>
<td>151,818,877</td>
<td>149,339,989</td>
<td>98,884,115</td>
</tr>
<tr>
<td><strong>DEFERRED OUTFLOWS OF RESOURCES</strong></td>
<td>5,620,234</td>
<td>5,620,234</td>
<td>5,620,234</td>
</tr>
<tr>
<td><strong>NET OTHER ASSETS</strong></td>
<td>325,755</td>
<td>325,755</td>
<td>325,755</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>1,951,356,247</td>
<td>1,992,331,716</td>
<td>1,782,242,790</td>
</tr>
</tbody>
</table>

Note: Totals may be subject to immaterial rounding differences.
### LIABILITIES AND NET ASSETS

#### CURRENT LIABILITIES

**MEDICAL**

<table>
<thead>
<tr>
<th></th>
<th>Dec FY1617</th>
<th>Nov FY1617</th>
<th>Jun FY1516</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incurred But Not Reported (IBNR)</td>
<td>288,809,282</td>
<td>280,774,731</td>
<td>271,208,742</td>
</tr>
<tr>
<td>Accrued Medical Expenses</td>
<td>284,214,897</td>
<td>414,847,420</td>
<td>434,388,560</td>
</tr>
<tr>
<td>Capitation Payable</td>
<td>881,052</td>
<td>1,049,489</td>
<td>652,009</td>
</tr>
<tr>
<td>Deferred Revenue</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**OTHER**

<table>
<thead>
<tr>
<th></th>
<th>Dec FY1617</th>
<th>Nov FY1617</th>
<th>Jun FY1516</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to DHCS</td>
<td>518,102,772</td>
<td>470,789,897</td>
<td>326,240,593</td>
</tr>
<tr>
<td>Due to BOE</td>
<td>45,140,356</td>
<td>32,032,310</td>
<td>29,824,591</td>
</tr>
<tr>
<td>Due to CMS</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Due to DOI</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**ADMINISTRATIVE**

<table>
<thead>
<tr>
<th></th>
<th>Dec FY1617</th>
<th>Nov FY1617</th>
<th>Jun FY1516</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>3,646,298</td>
<td>2,673,067</td>
<td>3,394,248</td>
</tr>
<tr>
<td>Accrued Operating Expenses</td>
<td>15,685,570</td>
<td>14,865,279</td>
<td>14,388,385</td>
</tr>
<tr>
<td>Accrued Salaries and Benefits</td>
<td>11,763,359</td>
<td>9,753,362</td>
<td>9,547,340</td>
</tr>
<tr>
<td>Tenant Deposits &amp; Prepaids</td>
<td>346,559</td>
<td>113,330</td>
<td>110,330</td>
</tr>
<tr>
<td>Current Portion of LTD</td>
<td>522,745</td>
<td>517,259</td>
<td>511,832</td>
</tr>
</tbody>
</table>

**TOTAL CURRENT LIABILITIES**

<table>
<thead>
<tr>
<th></th>
<th>Dec FY1617</th>
<th>Nov FY1617</th>
<th>Jun FY1516</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,169,112,890</td>
<td>1,227,416,146</td>
<td>1,090,266,629</td>
</tr>
</tbody>
</table>

#### LONG TERM LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>Dec FY1617</th>
<th>Nov FY1617</th>
<th>Jun FY1516</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease Payable</td>
<td>717,903</td>
<td>764,430</td>
<td>994,628</td>
</tr>
<tr>
<td>Note Payable</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Less Current Portion of LTD</td>
<td>(522,745)</td>
<td>(517,259)</td>
<td>(511,832)</td>
</tr>
</tbody>
</table>

**TOTAL LONG TERM LIABILITIES**

<table>
<thead>
<tr>
<th></th>
<th>Dec FY1617</th>
<th>Nov FY1617</th>
<th>Jun FY1516</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>195,158</td>
<td>247,171</td>
<td>482,797</td>
</tr>
</tbody>
</table>

#### DEFERRED INFLOWS OF RESOURCES

<table>
<thead>
<tr>
<th></th>
<th>Dec FY1617</th>
<th>Nov FY1617</th>
<th>Jun FY1516</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,777,361</td>
<td>2,777,361</td>
<td>2,777,361</td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES**

<table>
<thead>
<tr>
<th></th>
<th>Dec FY1617</th>
<th>Nov FY1617</th>
<th>Jun FY1516</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,172,085,409</td>
<td>1,230,440,678</td>
<td>1,093,526,787</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Inc (Dec) in Net Assets</th>
<th>TNE Requirement</th>
<th>Reserve for FQHC</th>
<th>Residual Fund Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>90,554,835</td>
<td>132,481,636</td>
<td>400,000</td>
<td>555,834,367</td>
</tr>
</tbody>
</table>

**NET ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>Dec FY1617</th>
<th>Nov FY1617</th>
<th>Jun FY1516</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>779,270,838</td>
<td>761,891,038</td>
<td>688,716,003</td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES AND NET ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>Dec FY1617</th>
<th>Nov FY1617</th>
<th>Jun FY1516</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,951,356,247</td>
<td>1,992,331,716</td>
<td>1,782,242,790</td>
</tr>
</tbody>
</table>

Note: Totals may be subject to immaterial rounding differences.
At the December 8, 2008 Board meeting, IEHP executive staff recommended the adoption of an internal reserve requirement to address liquidity concerns. The new requirement required liquid reserves of at least 100% of its average total monthly operating expenses. The liquid reserves would be built using accumulated net surpluses.

The new internal liquid reserve requirement was designed to add additional liquid protection not offered by the DMHC reserve requirement. This requirement is also used by a number of other health plans for additional protection.
### IEHP Board Review – January 11, 2016

**Recommendation #252 to approve policy change to reserve requirements**

1. IEHP shall build liquid reserves in the amount equal to 60 days of monthly operating expenses.

<table>
<thead>
<tr>
<th>DMHC Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Required Tangible Net Equity = The greater of</td>
</tr>
<tr>
<td>1. $1 million or</td>
</tr>
<tr>
<td>2. 2% of first $150 million in premium + 1% of premium in excess of $150 million</td>
</tr>
<tr>
<td>3. Sum varying percentages of certain types of health care expenses</td>
</tr>
<tr>
<td>4. Net Tangible Equity / RTNE must be equal to or greater than 100%</td>
</tr>
</tbody>
</table>

At the January 11, 2016 Board meeting, IEHP executive staff recommended extending the liquid reserve requirement from 30 to 60 days to address disruptions in cash flow due to late premiums payments from DMHC. The funding of liquid reserves would be built using accumulated net surpluses.

The presentation included a spreadsheet containing the reserve policies for a number of other California health plans. Six of the plans use similar methodology requiring at least 2+ months of operating or capitation expense. Other plans require have additional reserve policies requiring at least 200% of the DMHC requirement.
### Liquid Reserve Calculation

**Per Balance Sheet:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Dec-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Assets</td>
<td>779,270,838</td>
</tr>
<tr>
<td>Less Net Fixed Assets</td>
<td>(151,818,877)</td>
</tr>
<tr>
<td>Less Deferred Outflows of Resources</td>
<td>(5,620,234)</td>
</tr>
<tr>
<td>Less Net Other Assets</td>
<td>(325,755)</td>
</tr>
<tr>
<td>Less Prepaid Expenses</td>
<td>(10,186,093)</td>
</tr>
<tr>
<td>Less Reserve for FQHC</td>
<td>(400,000)</td>
</tr>
<tr>
<td><strong>Equals Liquid Assets</strong></td>
<td>$610,919,879</td>
</tr>
</tbody>
</table>

**Expenses:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical</td>
<td>347,659,931</td>
</tr>
<tr>
<td>General and Administrative</td>
<td>16,136,009</td>
</tr>
<tr>
<td>AB85 25% Rate Increment</td>
<td>(10,928,170)</td>
</tr>
<tr>
<td>Other Expense (Income)</td>
<td>(413,133)</td>
</tr>
<tr>
<td>Property Management Expense (Income)</td>
<td>48,672</td>
</tr>
<tr>
<td>Behavioral Health Clinic</td>
<td>161,250</td>
</tr>
<tr>
<td>Provider Capital Fund</td>
<td>$1,222,222</td>
</tr>
<tr>
<td><strong>Total Monthly Operating Expense</strong></td>
<td>$353,886,781</td>
</tr>
</tbody>
</table>

\[ 2 \times \text{Total Monthly Operating Expense} = \$707,773,562 \]

| Liquid Reserves Requirement %                    | 86.3%        |
MARKETING DEPARTMENT

20. REVIEW OF THE NEW IEHP DIGITAL MEDIA CENTER DEVELOPMENT

Recommended Action:
Review and File

Contact:
Susan Arcidiacono, Chief Marketing Officer

Background:
IEHP’s existing in-house audio and video productions have exceeded capacity due to space size limitations (14.5’x 17.5’), and equipment restraints. In order to increase quality and accommodate increased quantity of projects, IEHP will relocate the current digital media center and include full audio production and video editing capabilities. On June 13, 2016 under Minute Order 16-91, the Governing Board approved the FY 16/17 Budget authorizing the construction expense of a new Digital Media Center.

Discussion:
Today, most video production takes place in the digital green screen studio. The studio is suitable for single-person, waist-up green screen shooting. The size of the studio does not permit multiple-person or full-length video production. Only one activity at a time can take place in the digital studio; either editing or recording, video or audio.

A larger, separate studio space (38’x 38’4”) allows much greater flexibility in multi-person and full-length green screen production. A soundproofed studio results in more efficient, higher quality video and audio production. Separating studio space from editing space allows multiple activities to take place simultaneously. In addition to the main edit bay/control room working with the studio, it can function as the TQM recording control room. Adding two (2) editing systems/bays to the main production control room allows for multiple video and audio production and post-production projects simultaneously.

In order to increase quality and accommodate increased quantity, IEHP hired two (2) professional consultants, Chuck Boyles and Kenneth Scott (President of CORE Broadcast), based on their significant experience in building digital media centers similar to the needs of IEHP. Specifically, both consultants were involved in the development and build-out of a similar sized studio on the USC campus. The total cost for these consultants is $171,900 and they are providing the following services:

1) Consult on defining functional requirements and production outcomes.
2) Identify production spaces.
3) Provide system design and engineering for the Digital Media Center.
4) Provide space planning, console placement, equipment layout, viewing locations, rack loading, infrastructure cabling, materials list, cable conveyance, power requirements and supplemental details for each location.
5) Provide M/E/P requirements and recommendations to building contractors and staff for the studio, control room, and central equipment room.
6) Supervise the AIA architect to provide final building plans to the city for approval.
7) Provide detailed design specifications for a 3G/HD-capable broadcast system that will include studio lighting, cameras, production control switcher, core router, graphics, playback, audio processing, amplification, signal distribution, recording, storage, intercom and multi-viewers.
8) Review and advise on approval of Systems Design Engineer’s and Integrator’s detailed designs.
9) Supervise system testing.
10) Assist with final inspection and sign-off.

On November 7, 2016, the consultants presented a Rough Order of Magnitude to IEHP Marketing management with “Good,” “Better,” and “Best” equipment and system scenarios. The estimated cost of equipment ranged from $462,240 (Good) to $995,760 (Better) to $2,226,960 (Best). Based upon the demand and current resources, it was suggested that the “Better” scenario would best suit the needs of IEHP now and for future projects for the next 5-10 years.

The estimated completion of this project is May/June 2017 and its estimated total cost is $1,874,109 which includes construction, consultants, equipment, installation, and training. IEHP will utilize construction services through the Gordian Group’s competitive awarding contract process with the National Joint Powers Alliance (NJPA) to select the most qualified general contractor to build the new IEHP digital media center. Additionally, IEHP will obtain the necessary quotes from qualified vendors through a full RFQ (Request for Quote) process prior to any equipment purchase in order to obtain the best price.

**Strategic Priorities:**

- ✔ Quality of Care
- ✔ Access to Care
- ✔ Practice Transformation
- ✔ Human Development
- ✔ Technology
- □ Not Applicable

**Fiscal Impact:**
Included in FY 16/17 Budget

**Reviewed by Counsel:**
N/A
MEDICAL SERVICES DEPARTMENT

21. APPROVE THE PROFESSIONAL SERVICES AGREEMENT WITH WECARE PHARMACEUTICAL SERVICES, INC.

**Recommended Action:**
That the Governing Board of the Inland Empire Health Plan (IEHP) approve the Professional Services Agreement (PSA) with WeCare Pharmaceutical Services, Inc. for the Provision of the Pharmacy Medication Therapy Management (MTM) Program in the amount of $1.0 million per contract year. The contract term shall commence on February 13, 2017 and continue through February 12, 2018, with the option for four (4) additional one (1) year terms.

**Contact:**
Jennifer N. Sayles, M.D., M.P.H Chief Medical Officer

**Background:**
IEHP seeks to establish a "Wrap Around" MTM Program to address MTM issues identified by an independent evaluation completed in 2016. "Wrap-around" is defined as services provided for high risk Members identified by IEHP who do not receive similar services through other IEHP Pharmacy MTM Programs. The high risk Member groups include, but not are limited to:

- Members who use 5 or more chronic medications,
- Members who use medications flagged with patient safety concerns,
- Members who are identified based on targeted HEDIS criteria such as asthma management, cardiovascular therapy, medication reconciliation, medication adherence, and osteoporosis, antidepressant and ADHD medication management.

The primary program goals are to improve patient outcomes, increase patient satisfaction, reduce care cost, improve interdisciplinary care, improve medical utilization, and increase patient awareness and engagement in services.

In August 2016, IEHP sent out a Request for Proposal (RFP) for a Pharmacy MTM Program. The goal was to find a consulting group with the expertise and experience to provide a comprehensive Wrap-Around program to improve patient outcomes for high risk members. IEHP received four (4) completed proposals from Indegene, Optum Payer, OutcomesMTM, and WeCare. The three highest scoring proposals were invited to provide a live demonstration for evaluation. The RFP evaluation scores are on the following page.
### RFP Evaluation Scores

<table>
<thead>
<tr>
<th>Proposal Scores</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indegene</td>
<td>58</td>
</tr>
<tr>
<td>Optum Payer</td>
<td>66</td>
</tr>
<tr>
<td>OutcomesMTM</td>
<td>65</td>
</tr>
<tr>
<td>WeCare</td>
<td>67</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Demonstration Scores</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optum Payer</td>
<td>77</td>
</tr>
<tr>
<td>Outcomes MTM</td>
<td>53</td>
</tr>
<tr>
<td>WeCare</td>
<td>86</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Proposal &amp; Demo</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optum Payer</td>
<td>144</td>
</tr>
<tr>
<td>Outcomes MTM</td>
<td>119</td>
</tr>
<tr>
<td>WeCare</td>
<td>153</td>
</tr>
</tbody>
</table>

**Discussion:**

WeCare received the best overall RFP evaluation score. They have also demonstrated positive results through a previous pharmacy contract.

WeCare will utilize a pharmacist-led multi-disciplinary healthcare team to address MTM issues found in a pre-defined high risk population. WeCare will provide the following MTM services:

- Comprehensive Medication Therapy Review
- Identify medication and care gaps
- Patient Consultation
- Documentation and Physician Follow-Up
- Develop Recommended Intervention or Treatment Plan, and Medication-Related Action Plan

The agreement term is one (1) year beginning February 13, 2017 through February 12, 2018 with the option to renew for four (4) consecutive one (1) year terms at a cost not to exceed $1.0 million per contract year.

**Strategic Priorities:**

- [✓] Quality of Care
- [✓] Access to Care
- [ ] Practice Transformation
- [ ] Human Development
- [ ] Technology
- [ ] Not Applicable

**Fiscal Impact:**

New Expenditure

The total annual compensation of this Agreement shall not exceed $1.0 million.

**Reviewed by Counsel:**

Yes
MEDICAL SERVICES DEPARTMENT

22. RATIFY AND APPROVE THE EDUCATIONAL SERVICES AGREEMENT WITH UNIVERSITY OF CALIFORNIA DAVIS HEALTH SYSTEM

Recommended Action:
That the Governing Board of the Inland Empire Health Plan (IEHP) Ratify and Approve the Educational Services Agreement with University of California Davis Health System (UC Davis) for the provision of educational services via the Train New Trainers (TNT) Primary Care Psychiatry (PCP) Fellowship (TNT PCP) at a cost not to exceed $270,000, effective January 1, 2017 through December 31, 2017.

Contact:
Jennifer N. Sayles, M.D., M.P.H., Chief Medical Officer

Background:
UC Davis Department of Psychiatry and Behavioral Sciences is recognized as a national leader in integrated care with two (2) combined residency programs, telepsychiatry research programs and seven (7) dually trained faculty. UC Davis, with its integrated care curriculum, leads the way by teaching Primary Care Physicians (PCP) the essentials of psychiatry while improving access to care through education. With continued efforts to integrate behavioral health care into its primary care clinics, IEHP will introduce the UC Davis Train New Trainers Primary Care Psychiatry (TNT PCP) Fellowship to the Behavioral Health Integration and Complex Care Initiative (BHICCI) leadership team and its Providers.

Discussion:
UC Davis TNT PCP is a year-long clinical education certificate program for primary care oriented trainees and providers (e.g. medical practitioners, physician assistants, nurse practitioners, etc.) who wish to receive advanced training in primary care psychiatry. Mental health providers (e.g. psychologists, psychiatric nursing, etc.) may also benefit from the instruction this fellowship will offer our Providers.

The TNT PCP fellowship’s primary goal is to provide primary care psychiatry mentorship and education. Trainees will learn how to complete an evidence-based psychiatric interview in a primary care or medical setting. They will be able to effectively diagnose and treat commonly encountered psychiatric conditions such as mood, anxiety, psychotic and substance misuse disorders. Most importantly, these trainees will learn how to teach these principles to their primary care colleagues.

The application timeline for this fellowship was strict and responses to applicants were not received until late last year. A high-level timeline is as follows:
- IEHP Providers were notified and encouraged to apply to this fellowship opportunity in Fall 2016;
- Application process began in September and closed late December 2016;
- Final acceptance notification to IEHP was not received until December 31, 2016. More Providers than projected were accepted;
The first Conference took place January 13th-14th in Sacramento, California but finalized list (including logistics) was not in order until January 10, 2017.

Each Provider selected to attend the TNT PCPC has signed a Letter of Agreement (LOA) with a built in contingency that failure to follow through with the following will require the Provider to reimburse IEHP for the tuition paid on the Providers’ behalf:

- Participate in/attend all mandatory sessions
- Complete the necessary work to successfully achieve the certificate of completion
- Commit to one (1) year minimum continued practice as a Provider within San Bernardino and Riverside counties upon program completion

IEHP will cover the tuition for these Providers to participate in the fellowship. Additionally, they receive advanced training in primary care based psychiatry. Each attendee’s tuition is $15,000 and includes over 50 required instructional hours that include:

1. Two weekend teaching sessions (20-24 CME hours)
2. One hour per month of individualized, in person or teleconferenced mentoring sessions with a TNT PCP fellowship faculty member/mentor (12 non-CME hours)
3. Twice monthly, live, case-based discussions and patient interviews with a focus on integrated primary care psychiatry (20 CME hours)

Pre, midpoint, and post-testing will measure changes in practice patterns and general knowledge in primary care psychiatry. Upon completion, fellows receive a certificate of completion from the UC Davis Department of Psychiatry and Behavioral Sciences.

IEHP justified this engagement as a sole-source due to the uniqueness of the fellowship offering. UC Davis is the only entity in California that provides this training. Seven (7) dually trained faculty members are tasked to mentor and educate as part of the fellowship, two of which are advisors as part of the IHEP Behavioral Health Integration and Complex Care Initiative. If successful, IEHP may request approval to sponsor additional providers next year.

The term of this Agreement shall be from January 1, 2017 to December 31, 2017 at a cost not to exceed $270,000, effective January 1, 2017 through December 31, 2017.

**Strategic Priorities:**
- ✔ Quality of Care
- ✔ Access to Care
- ✔ Practice Transformation
- ☐ Human Development
- ☐ Technology
- ☐ Not Applicable

**Fiscal Impact:**
New Expenditure

**Reviewed by Counsel:**
Yes
23. MAIN OBJECTIVES FOR THE NEXT 90 DAYS AND SUMMARY COMMENTS
(BRADLEY P. GILBERT, M.D.)

1. Main Objectives for the Next 90 Days:
   a. Continue to monitor Federal activities regarding changes to the Affordable Care Act (ACA).
   b. Educate local legislation and key policy staff regarding the positive impact of the ACA on the Inland Empire.
   c. Prepare a briefing for the Board regarding potential changes to the ACA with IEHP response.

2. Summary Comments:
   a. IEHP will continue to operate under the law and processes until definitive changes are made by federal or state government.
X. COMMENTS FROM THE PUBLIC ON MATTERS NOT ON THE AGENDA

XI. RECESS INTO THE IEHP HEALTH ACCESS MEETING

XII. RECONVENE FROM THE IEHP HEALTH ACCESS MEETING BACK INTO THE IEHP MEETING

XIII. CLOSED SESSION

With Respect To Every Item Of Business To Be Discussed In Closed Session Pursuant To Government Code Section 54956.9:

1. Conference with legal counsel – existing litigation (Government Code section 54956.9(d)(1))
   a. Valeria Bordes v. Inland Empire Health Plan (Case No. 5:16-cv-02661)

XIV. ADJOURNMENT

The next meeting of the IEHP Governing Board will be held on March 13, 2017 at the Riverside County Administrative Center.