

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

September 29, 2021

Health Plan of San Joaquin – Via GoTo Meeting Webinar

## **COMMISSION MEMBERS PRESENT:**

Greg Diederich, Chair

Michael Herrera, DO

Brian Jensen

Kathy Miller

Christine Noguera

John Zeiter, MD

## **COMMISSION MEMBERS ABSENT:**

Neelesh Bangalore, MD

Jay Wilverding

Chuck Winn

## **STAFF PRESENT:**

Michael Schrader, Chief Executive Officer

Michelle Tetreault, Chief Financial Officer

Dr. Lakshmi Dhanvanthari, Chief Medical Officer

Cheron Vail, Chief Information Officer

Sunny Cooper, Chief Compliance Officer

Lizeth Granados, Chief Operations Officer

Evert Hendrix, Chief People Officer

Quenny Macedo, County Counsel

Sue Nakata, Executive Assistant to CEO and Clerk of the Health Commission

## **CALL TO ORDER**

Chair Diederich called the meeting of the Health Commission to order at 5:02 p.m.

## **PRESENTATIONS/INTRODUCTIONS**

Chair Diederich welcomed new Health Commissioner, Dr. Elyas Parsa. Dr. Parsa was appointed to the Health Commission under the SJC Healthcare Services nominee and is Program Director of the Family Medicine Residency Program at San Joaquin General Hospital.

## **PUBLIC COMMENTS**

No public comments were forthcoming.

Chair Diederich announced, few Commissioners are scheduled to leave at 6:00 p.m. and with the lack of quorum, meeting agendas are being moved to accommodate items that need to be actioned upon and will adjourn to Closed Session until 6:00 p.m.

## **CLOSED SESSION**

*At this time, the Health Commission adjourned to Closed Session at 5:04 p.m.*

1. Trade Secrets  
Welfare and Institutions Code Section 14087.31  
Title: Approval of FY 20-21 Corporate Objectives Outcomes
2. Public Employee Performance Evaluation  
Government Code Section 54957  
Title: Chief Executive Officer

**ACTION:** Chair Diederich reported, under Item #1, HPSJ collectively met 67.8% of the goals set forth in the corporate objectives and therefore were eligible for a payout of 67.8% of the total possible award. However, the Health Commission made a positive adjustment to the incentive payout to both thank and to help compensate staff for the dedication and hard work during this successful fiscal year, dealing with the impacts of COVID-19 and moving forward on several large initiatives facing HPSJ including CalAIM, behavioral health integration and regional expansion and the work remaining to fully execute on these.

A motion was made (Commissioner Noguera), seconded (Commissioner Jensen) and unanimous to approve for both management and non-represented employees who are eligible to receive an incentive payment based upon the percentage of annual corporate objectives being met, which for the FY 20-21 (ended 6/30/2021) was reported as 67.8%, the incentives payments will instead have the factor be 85.0% (85% of the possible award). Represented employees will receive a \$1,000 incentive payment in accordance with the union contract (7/0).

No actions were forthcoming for Item #2.

*The Health Commission came out of Closed Session at 5:59 p.m.*

*Commissioner Noguera left the meeting at this time.*

## **CONSENT CALENDAR**

Chair Diederich presented two consent items for approval:

3. August 25, 2021 SJC Health Commission Meeting Minutes
4. Finance and Investment Committee – 9/22/2021
  - a. August 18, 2021 Meeting Minutes

**ACTION:** The motion was made (Commissioner Zeiter), seconded (Commissioner Miller) and unanimous to approve the two consent items as presented (6/0).

## **REPORT ITEMS**

### 5. Resolution of AB 361 (Rivas) – Brown Act Teleconferencing Requirement for Public Meetings

Michael Schrader, CEO presented for approval, the Resolution of AB361 (Rivas) – Brown Act Teleconferencing Requirement for Public Meetings. He reported, since the beginning of the pandemic in March 2020, HPSJ have been able to facilitate commission meetings online with fully remote participation, but the state authority that has allowed this flexibility is expiring. However, newly approved state legislation will extend teleconferencing flexibilities, provided that the Health Commission make a recurring finding based on advice from County Counsel.

The Health Commission have been able to hold meetings virtually with full remote participation because of the two Executive orders that the Governor issued in March 2020 and June 2021. The Executive orders suspended requirements in the Brown Act related to teleconferencing for public meetings, which includes some of the following:

- To publicly notice each teleconference location
- To make each teleconference location accessible to the public
- To allow the public to address the governing body from each teleconference location

As of September 30, 2021, the Governor's latest executive order will expire, which will suspend the teleconference requirements.

On September 16, 2021, the Governor signed AB 361 (Rivas), which authorizes local agencies to use teleconferencing for public meetings that are subject to the Brown Act, but only during a continuing state of emergency. While AB 361 takes effect immediately and remains effective until January 1, 2024, the time limiting factor will be the duration of the State Public Health Emergency for Covid-19, after which, HPSJ will need to resume in-person meetings of the Health Commission. In the meantime, to rely on the provisions in AB 361, a local agency must determine by majority vote that meeting in person would have imminent risk to the health and safety of attendees. The resolution must be renewed every 30 days based on the advice of County Counsel.

It is recommended that the Health Commission determine that meeting in-person would present risk to the health or safety of attendees and that the findings would apply to both meetings of the Health Commission and sub-committees. This finding would need to be renewed at every Health Commission meeting under consent calendar. The request for approval on the resolution is a caution from the California Department of Public Health and CDC regarding the Delta variant as well as the current Community Transmission metric of "high" for San Joaquin County, which is the most serious of the four tiers.

Upon review of Mr. Schrader's request, Chair Diederich stated, given that the resolution must be approved every 30-days, the date will lapse before the Nov/Dec Joint meeting on December 8. Quendrieth Macedo, County Counsel stated that the Health Commission will need to hold a Special Meeting of the Health Commission to approve the resolution in November to ensure that the December 8 meeting could be held virtually.

**ACTION:** The motion was made (Commissioner Herrera), seconded (Commissioner Zeiter) and unanimous to approve the Resolution of AB 361 (Rivas) – Brown Act Teleconferencing Requirement for Public Meetings as presented (6/0).

## 6. August 2021 YTD Financial Statements

Ms. Tetreault presented for approval, the August 2021 YTD financial statements, noting that the financial results will likely change over time due to the significant amount of IBNR included in medical expenses.

- Net Income fiscal YTD
  - \$5.3M and \$8.3M favorable to budget
  - TNE is 771%
  - Liquid Reserves is at 3.34 months of both premium revenue and 3.45 months of medical expenses
- Membership
  - Member months are unfavorable to budget by 5,825 in SJC and by 2,864 in Stanislaus
  - Membership in both counties is unfavorable for all lines of business (TANF and SPD), except for Duals, with combined favorable budget increase of approximately 852 members year to date
  - Membership increased by 1,725 for the month, slightly off from the 2,964 budgeted
- Revenue
  - Premium revenue is \$1.4M favorable to budget driven by unfavorable membership compared to budget
- Medical Expenses
  - Medical Expenses are \$3.8M unfavorable to budget. IBNR makes up approximately 50% of the total medical expenses; management will have more confidence in estimates after October
- Prior Period Adjustments - adjustments are primarily related to changes in estimates of IBNR

**ACTION:** With no questions or comments, the motion was made (Commissioner Herrera) seconded (Commissioner Zeiter) and unanimous to approve the August 2021 YTD financial report as presented (6/0).

## 7. QMUM Committee Meeting Report – 9/15/2021

Dr. Lakshmi Dhanvanthari, CMO submitted for approval the QM/UM Committee meeting report for 9/15/2021, highlighting the following committee meetings, work plans, program descriptions and reports that were reviewed and approved:

- FY 2021-2022UM Work Plan Update – Qtr. 4
  - Bed Days in SJC
  - Bed Days in Stanislaus
  - Nurse Advise Line had 319,379 calls in Q4 for which, 3,088 were clinical calls
  - Dental Varnish rates in SJC was 11% and 4% in Stanislaus
- Delegated Case Management Program Description for FY 21-22 - encompassing both Complex Case Management and Condition Management utilize nationally recognized clinical guidelines such as those published by the National Heart, Lung and Blood Institute (NHLBI), Global Initiative for Chronic Obstructive Lung Disease (GOLD), American Diabetes Association (ADA), American Heart Association (AHA), the American College of Cardiology (ACC) and the American Psychiatric Association (APA). The Case Management Program also

incorporates recommendations from the National Committee for Quality Assurance (NCQA) and the Case Management Society of America (CMSA). HPSJ's delegate is currently NCQA accredited for Complex Case Management

- FY 21-22 Complex Case Management - Members that are targeted for this program are the top 1% highest risk health plan members. The program interventions include working with individuals and their healthcare providers to stabilize their health status, assist and coach individuals in improving self-management of their condition, improve adherence to evidence-based guidelines, recommended preventive care and promote healthy behavior changes to improve the member's quality of life and reduce their risk factors
- FY 21-22 Condition Management - The condition management program is comprised of Admission Avoidance Care Track, for members with a high 'Admit Risk Score' above a defined threshold who have recently been discharged from the hospital
- CM Policies Update
  - Policy CM08 Direct Observation Therapy (DOT)
  - Policy CM11 Diabetes Prevention Program (DPP)
- QM Policies Updates
  - Policy QM18 Interrater-Reliability Process – Medical Record Review, HEDIS Audits
- Pharmacy Policies Update

Policy#	Policy Name	Summary
PH01	Formulary System Management	Retire
PH02	Formulary Maintenance by Pharmacy St	Retire
PH03	Formulary Maintenance	Retire
PH06	Formulary Exception Process	Retire
PH07	Pharmacy Network Audit Oversight	Retire
PH09	Step Therapy	Retire
PH12	Generic Substitution	Retire
PH13	Member	Retire
PH15	Emergency Prescription 3	Retire
PH16	Dispensing Provider Notification	Retire
PH19	Nutritional Supplements for Medical	Retire
PH20	Palivizumab Synagis Authorization	Retire
PH22	Vacation Override	Retire
PH24	Mail Order Delivery Standards Policy	Retire
PH26	Pharmacy Provider Enrollment	Retire
PH04	Pharmacy and Therapeutics Committee	Updated Effective 01/01/2021
PH05	Prior Authorization Review	Updated Effective 01/01/2021
PH08	Managed Drug Limitations	Updated Effective 01/01/2021
PH10	Dispensing of Off-Label Prescriptions	Updated Effective 01/01/2021
PH11	Therapeutic Interchange	Updated Effective 01/01/2021
PH14	Monitoring the Safe Use of Pharmaceuticals	Updated Effective 01/01/2021
PH17	Member Communication	Updated Effective 01/01/2021
PH18	Practitioner Communication	Updated Effective 01/01/2021
PH21	Utilization Review	No updates
PH23	Authorization Requests	No updates
PH25	Management for Terminally Ill Patients	No updates
PH27	AB 1114 Pharmacy Provider Services as a Reimbursable Benefit	No updates
PH28	Health Plan of San Joaquin Access and Use of the Medical Rx Portal	No updates
PH29	Coordination of Care of Members to Ensure Access to Medications	No Updates

- Subcommittee Reports
  - Delegation Oversight Committee (DOC) – 9/7/2021
    - No Open CAPs
    - Children First 2021 Audit Results: Credentialing audit was completed in July; the group had no findings.
    - Status of 2021 Audit Work Plan: DOC audits are on track

- Quality Operations Committee (QOC) – 8/19/2021
  - Grievance, Appeals, Grievance, Potential Quality Issues (PQI), and Facility Site Review (FSR) FY 2020-2021 Qtr. 4 Updates
    - Grievance: SJC = 669 + Stanislaus = 470
    - Appeals: SJC = 65 + Stanislaus = 60
    - PQI: SJC = 61 + Stanislaus = 45
    - Facility Site Review FY 20-21 Q4
      - In San Joaquin County: 2 Initial MRR, 5 periodic MRR, 6 Periodic FSR/PARS were completed
      - In Stanislaus County 1 initial FSR/PARS, 3 periodic FSR/PARS and 1 Periodic MRR were completed
    - MCAS Workgroup
      - Targeted Outreach Campaigns to address multiple MCAS measures.
      - Well Child calls finished through ConsejoSano
      - Provider Partnership – FQHCs given proactive lists for several MCAS measures to for outreach
      - Monthly Prenatal/Postpartum calls ongoing with CM/OERU; OERU doing CHF calls as well
      - Diabetes A1c calls ongoing with CM to remind for testing and offer FQHC clinics for support/education
    - Customer Service – Telephone Access and Member Call Handling
      - Quarter 4 Goal of <5.00% abandonment rate was not met;
      - Quarter 4 Abandonment rate 6.61% which was not met.
      - Quarter 4 Service Level was 57.47%, short of our goal of >80.00%.
      - Quarter 4 Average Speed of Answer was 90 seconds, short of our goal of <30 seconds
    - HEDIS Work Plan
      - Identified opportunities:
        - EMR feeds- successfully passed audit in Ry2021
        - 9 sites provided EMR data feeds to enhance HEDIS rates
        - Newborn enrollment and claim data is in the work queue for development. Target Production MY2021
        - Provider Supports: Incentives, Gap Data, Alerts and Tip Sheets
      - Continued Opportunities:
        - Member Engagement
        - COVID-19 Messaging through texting, calls, and member health education
    - Population Health Needs Assessments (PNA)
      - Member health status and behaviors
      - Member health education and Cultural & Linguistics (C&L) needs
      - Health disparities, and Gaps in services related to these issues
    - Provider Relation Services FY 20-21
      - Geo Access Q2 (Calendar) FY 2021
      - After Hours Access
      - Language Access Q4 Work Plan Update
      - Provider Satisfaction FY Q4 Work Plan Update

- Pharmacy and Therapeutics Advisory Committee – 9/14/2021
  - Coverage Policies with Changes
  - Coverage Policies without Changes

**ACTION:** With no questions or comments, a motion was made (Commissioner Jensen) and seconded (Commissioner Herrera) to approve the QMUM Committee Report for 9/14/2021 and Delegated Program Description FY 2021-2022 as presented (6/0).

Peer Review and Credentialing Committee (PRC) – 9/9/2021

- Total Credentialed/Re-credentialed
  - Direct Contracted Providers: 100
  - Initial Credentialed for 3 years = 19
  - Initial Credentialed for 1 Year = 1
  - Recredentialed for 1 Year = 5
  - Recredentialed for 3 Years = 75

**ACTION - VOTE DID NOT PASS:** A motion was made (Commissioner Zeiter), seconded (Commissioner Jensen) with one abstention (Commissioner Herrera) to approve the Peer Review and Credentialing Committee report for September 9, 2021 as presented (5/1). The vote did not pass and will be resubmitted for approval at the October 27, 2021 Health Commission meeting.

## **INFORMATION ITEMS**

### 8. Chief Operations Officer Report – Covid1-19 Vaccination Efforts

Lizeth Granados, COO provided an update on HPSJ's Covid-19 vaccination efforts, highlighting the following:

- As COVID-19 vaccinations have continued over the past year, DHCS and plans have compiled valuable insights and data on managed care vaccine uptake
- Medi-Cal member vaccination rates have trended lower than the overall population
  - Per DHCS, as of 08/08/21 48.7 percent of Medi-Cal beneficiaries ages 12 years and older compared with 73.7 percent of all Californians ages 12 years and older have received at least one dose of a COVID-19 vaccine
    - The difference is largely attributed to hesitancy, health, and social disparities and difficult to reach members
- In recognition of varying rates and the need to re-strategize, HPSJ has updated its COVID-19 vaccination efforts to incorporate additional stakeholder input, best practices, and new guidance
- Collaboration with Public Health Agencies, Counties, and Community Partners
  - Collaborating with both the San Joaquin and Stanislaus counties public health departments
  - Conducted stakeholder meetings and integrated member perspectives, key learnings, and common trends into HPSJ's vaccine strategy
  - Leveraged campaigns and ambassadors from organizations for consistent messaging and education to dispel common myths and address vaccine hesitancy
- Collaboration with Schools and Colleges
  - Partnering with San Joaquin County Office of Education, Delta College, University of the Pacific, and CSU Stanislaus to encourage students to vaccinate through CalVax program
  - Joint partnership with Stockton School District - vaccine event held on 9/24/2021

- Collaboration with Providers and Subcontractors
  - Leveraged text and call campaigns to connect members with their PCP for care
  - Identified members who are not vaccinated for provider offices and provided member education prior to vaccine appointments
  - Developed incentive plans and collateral with member and provider perspectives in mind
  - Developed provider tool kits and methods to encourage providers to enroll as vaccine providers and provide direct vaccines
- Kaiser vaccine strategy to reduce barriers for member vaccine access; request DHCS to delegate vaccinations and coordination of member incentives to Kaiser directly
- Campaigns and Local Media - HPSJ's "Ask, Learn, Decide" campaign is a multi-media plan which includes:
  - Focused messaging to encourage members to ask questions and seeks to resolve concerns or misinformation so they may form informed decisions
  - Traditional and digital media such as billboards, transit, social media campaigns, posters, print materials, call campaigns, text messages, short videos, podcasts, and other advertisements
  - Focus on targeted segments of the population. Use of community voice to influence community decision through ambassadors who are known, trusted, and effective in carrying the vaccination message
  - Support to providers and public health departments with vaccine informational materials
- Vaccine Clinics and Incentives
  - Vaccination clinic hosted on 09/18/21 at HPSJ's French Camp location
  - HPSJ plans to continue to support providers and community partners by facilitating administration, incentives, or other needs to provide pop-up clinics
  - HPSJ will offer its members \$50 incentives
    - Members can earn this incentive the day of their vaccine from a participating location with attestation or access the incentive online via Consejo Sano, or on HPSJ's MyRewards application

Upon reviewing Ms. Granados' presentation, Commissioner Herrera asked if the percentage cared by Kaiser is higher than from the community. Ms. Granados responded that she did not have data on hand but will provide follow-up information after the meeting.

Commissioner Parsa asked if HPSJ have zip code data of where vaccination occurred. Ms. Granados responded that HPSJ does have the data, with HPSJ's medical management and analytics team focusing on areas with greater disparities. HPSJ, in partnership with SJGH Clinics is out in these disparateness areas getting members vaccinated. The team is also doing targeted marketing, with community representatives to assist with vaccination clinics. Vaccination is available to anyone in the community, not just HPSJ's members, however, incentives is only paid out to HPSJ members.

Chair Diederich stated that vaccination events are also being held at football games, with minimal sign-ups. He is, however, hopeful with Pfizer's approval to get school aged children vaccinated that there will be traction to increase vaccinations.

#### 9. Chief Compliance Officer Monthly Report

Sunny Cooper, Chief Compliance Officer reported on monthly compliance activities, highlighting the following:



- Fraud, Waste and Abuse (FWA) Incidents
  - During the month of August, there were two (2) FWA incidents reported to Compliance for investigation. The four incidents are:
    - The potential banking fraud reported previously and was filed with the San Joaquin Sheriff Department for further investigation
    - Anonymous complaint referred to HPSJ by DHCS. Upon further investigation, HPSJ did not observe apparent fraudulent billing practices as claimed
- Privacy Incident Report (PIR)
  - In August of 2021, there were twenty-six (26) privacy incidents investigated, potentially impacting 1,256 members. Compliance investigated each incident and determined that one of the 26 incidents identified was reportable (to DHCS/DOJ)
    - The one incident was due to a data entry error which was subsequently remediated by correcting a data error in HPSJ's system
- DMHC and DHCS Annual Audit
  - DHCS Audit
    - The survey was a two-year review period, from July 1, 2019 through June 30, 2021
    - Tentative "onsite" survey is scheduled to occur between 12/6/21 and 12/17/21
    - Conducted an internal kick-off meeting on 9/13/21 to prepare HPSJ team members
  - DMHC Audit
    - The survey is currently in progress with some additional post-survey data/information items requested by DMHC
    - Follow-up interview sessions have been discussed. The date for the DMHC follow-up sessions is pending the auditors' review of post onsite documents
    - DMHC expects to close the survey in January 2022 and issue a preliminary report for HPSJ review and respond
- Combined Compliance Program Update
  - Risk Assessment
    - Conducted external HIPAA assessments on 11 vendors, 5 of which had findings. Expect to close all CAPs by October 30, 2021
    - Completed an internal gap analysis and risk assessment in Q2 2021. Expect to mitigate each risk identified with business leads next
    - Established an audit library of regulatory reference material and historical audit documents
  - Delegation Oversight
    - All 9 annual delegate audits are on schedule and expect to close by the end of this calendar year
    - Added "Children First" audit scores to the DO dashboard
    - Delegation Agreement negotiations for all 9 delegates have been progressing as expected
  - Policy Review
    - As of the August meeting, 110 policies were scheduled for review and 69 (63%) were presented to PRC for approval

## 10. Legislative Update

Brandon Roberts, Government and Public Affairs Manager reported on the adjournment of the CA Legislature and priority bills, highlighting the following:

- Legislature Adjourns

- September 10 - Legislature adjourned for Interim Recess, through 2021
- October 10 - Last day for Governor to sign or veto measures
- January 1, 2022 – Statutes take effect
- Priority Bills – Veto Requests by Health Plan Advocates
  - AB 369 (Kamlager) – Medi-Cal services: persons experiencing homelessness. Requires DHCS to implement a presumptive eligibility program for persons experiencing homelessness (PEH). Specifically:
    - Requires MCPs to reimburse an enrolled Medi-Cal provider for providing covered services that are otherwise reimbursable, but that are provided off the premises of the Medi-Cal provider's office to a beneficiary who is a PEH
    - Requires DHCS to deduct capitation payments to MCPs if covered services are not provided to a beneficiary who indicates they are a PEH within the first 60 days of enrollment, until the first receipt of plan-covered services.
      - Opposition rationale: Does not resolve challenges with engaging PEH, yet deducts capitation payments – plans assume full risk for all members
  - SB 510 (Pan) – Health care coverage: COVID-19 cost sharing. Requires health plans to cover the costs associated with COVID-19 testing, immunization, and health care services related to testing with no cost-sharing, prior authorization, or other utilization management during and following the federal public health emergency
    - Opposition rationale: Disrupts existing DHCS policies for COVID-19 testing and vaccine administration, resulting increased costs to MCPs
- Priority Bills - Other Measures Approved by the Legislature
  - SB 48 (Limon) – Medi-Cal: Annual Cognitive Health Assessment. Requires an annual cognitive health assessment for Medi-Cal beneficiaries who are 60 years of age or older to be a Medi-Cal covered benefit if they are otherwise ineligible for a similar assessment as part of an annual wellness visit under the Medicare Program
  - SB 226 (Pan) – Medi-Cal: County of Sacramento. Authorizes a health authority established by the Sacramento County Board of Supervisors to designate a number of Medi-Cal MCPs for purposes of procurement under the Sacramento Geographic Managed Care Model. The bill authorizes the health authority to pursue activities to implement a county-sponsored local initiative MCP
  - SB 365 (Caballero) – E-Consult Service. Requires an e-consult service to be reimbursable under the Medi-Cal program for an enrolled provider, including a FQHC or RHC

## **MANAGEMENT REPORTS**

11. Michael Schrader, CEO provided an update on HPSJ's future expansion into El Dorado and Alpine counties, highlighting the denial, appeals and overturn process by DHCS:

### **DHCS Denial**

DHCS denied the transition for El Dorado and Alpine counties to change managed care models from having two commercial plans to having one commercial plan and one public plan (HPSJ). Based on denial, the three parties (HPSJ, El Dorado and Alpine counties), separately appealed the decision on September 3rd, 7th, and 10th. Following a meet and confer with HPSJ on September 21, DHCS overturned its denial and granted conditional approval.

### DHCS Process

The conditional part of the approval is not new as it is related to the Letter of Intent (LOI) Instructions that DHCS issued in February that specified a four-step approval process:

- Step 1 – DHCS would review the LOI from counties and the current Medi-Cal quality-performance data for the health plans. It was through this step that DHCS issued the denial and then later gave conditional approval to proceed to other steps
- Conditional Approval (Steps 2-4)
  - In October 2021, DHCS will verify the completion of executed county ordinances, which were submitted the week of September 20<sup>th</sup> for both counties and HPSJ
    - HPSJ must also submit our strategies for contracting with providers in the expansion counties and for which we have drafted, based on the state's template
  - In early 2022, the RFP criteria for selecting commercial plans will also be applied to public plans since all plans (public and commercial), will have the same model contract
  - In late 2022, DHCS will perform a full operational readiness review for the public and commercial plans

### HPSJ's Appeal

The DHCS denial was originally based on a review of HPSJ's financial and quality information. HPSJ challenged the financial finding as being erroneous and highlighted that the company has been in strong financial standing for the last four years. HPSJ's reserve has averaged nearly 8 times the minimum required by DHCS and have had essentially breakeven or positive net income annually.

HPSJ would easily be able to assume the modest financial risk of expanding into both counties, especially since the growth would be incremental adding no more than 30k members to the 380k that HPSJ already serve.

For these reasons, HPSJ asked that DHCS look again at the financial information provided, which they did and reversed course, stating regret that its denial letter was confusing and incorrect and that HPSJ had in fact passed the financial analysis.

HPSJ also challenged the three quality criteria, stating:

- DHCS should review only current quality data consistent with its own LOI instructions that was issued back in February
- The most recent quality scores prior to the Covid-19 pandemic are from reporting year 2019
- For RY2019, in SJC, HPSJ's overall quality score was more than 10 points higher than Centene's (HPSJ = 49.5 vs. Centene = 37.9)
- For 2019, HPSJ had a higher quality score than the two commercial plans that currently serve El Dorado and Alpine counties
  - HPSJ's = 49.5 for SJC
  - Centene = 37.9
  - Anthem = 44.2

HPSJ appealed that quality criterion #3 should be eliminated because it is unfair. HPSJ's quality score should not have to be above the statewide average for Medi-Cal managed care plans. This is because quality scores are largely a reflection of resources in a community, i.e., wealthy coastal counties have more resources and lower-income inland counties have fewer resources. Almost entirely, plans with above average quality scores are those that serve wealthy, coastal counties, that includes:

- Orange
- Ventura
- Santa Barbara
- San Luis Obispo
- Monterey
- Santa Cruz
- San Mateo
- San Francisco
- Alameda
- Marin
- Sonoma

The state's dashboard also shows that plans that serve both wealthy and lower-income counties have above average quality scores for their wealthy counties and below-avg quality scores for their lower income counties.

### *El Dorado County Appeal*

HPSJ's appeal challenged the criteria, whereas El Dorado and Alpine appeals challenged the process. El Dorado cited that years ago it was obligated by DHCS to have their county implement a regional model with two commercial health plans for a 10-year span and that there have been longstanding challenges.

Earlier this year, when DHCS opened the door and gave counties the option to change managed-care models and partner with a public plan, El Dorado and Alpine launched a stakeholder process. The two counties included local hospitals and FQHCs with eight meetings held across several months. There was also a discipline to the stakeholder process, which included:

- Interviews of HPSJ staff
- Reference checks of HPSJ
- El Dorado hospitals called San Joaquin hospitals
- El Dorado FQHC calling its counterparts
- An examination of HPSJ's quality scores on the DHCS dashboards
- An assessment of member preference showing that in San Joaquin County more than 9-out-of-10 Medi-Cal beneficiaries choose HPSJ over our commercial competitor, Centene, which is the highest choice rate of any of the Med-Cal managed care plans
- A review of financials confirming that HPSJ's overhead is significantly lower than that for commercial plans, meaning that millions of dollars stay in the local community for provider reimbursement to support member access and choice

Stakeholders agreed on the Two-Plan model with HPSJ, including to submit letters of support and the three Boards of Supervisors for San Joaquin, El Dorado, and Alpine counties, each voted unanimously. El Dorado argued that DHCS should not block the will of the local provider community and reject the decision of the three Boards of Supervisors.

### *Alpine County Appeal*

Alpine's appeal, though like El Dorado's, cited an additional issue that has been longstanding. The Alpine County Public Health Department is the only Medi-Cal provider in Alpine County. Alpine County has been dissatisfied and not contracted with the two commercial plans (Anthem and Centene) for several years.

Upon Mr. Schrader's update, Chair Diederich thanked the management team and stated that the successful outcome was due to Mr. Schrader and teams' proactiveness.

**CHAIRMAN'S REPORT**

Chair Diederich announced that the CEO Performance Review was approved and will be presented to the Health Commission in October for final approval

**COMMISSIONER COMMENTS**

No comments were forthcoming.

**ADJOURNMENT**

Chair Diederich adjourned the meeting at 7:07 p.m. The next regular meeting of the Health Commission is scheduled for October 27, 2021.