

MINUTES OF THE MEETING OF THE SAN JOAQUIN COUNTY HEALTH COMMISSION

October 27, 2021

Health Plan of San Joaquin – Via GoTo Meeting Webinar

COMMISSION MEMBERS PRESENT:

Greg Diederich, Chair
Neelesh Bangalore, MD
Brian Jensen
Kathy Miller
Christine Noguera
Elyas Parsa, DO
Jay Wilverding
Chuck Winn

COMMISSION MEMBERS ABSENT:

Michael Herrera, DO
John Zeiter, MD

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 5:00 p.m.

PRESENTATIONS/INTRODUCTIONS

None.

PUBLIC COMMENTS

No public comments were forthcoming.

MANAGEMENT REPORTS

1. Michael Schrader, CEO provided an update on leadership transitions at DHCS, vaccination events, county-wide averaging, risk corridor and the Special November Health Commission meeting, highlighting the following:

Leadership Transition at DHCS

In September, Governor Newsom appointed Michelle Baass as the Director of DHCS. Director Baass previously served as Undersecretary of the Health and Human Services Agency, which spans over 18 departments, including DHCS. Director Baass is the 4th director of DHCS in the last two years, following Will Lightbourne, Brad Gilbert and Richard Figueroa. Reporting to Director Baass is Jacey Cooper, one of the department's two Chief Deputy Directors.

Medi-Cal Rx Implementation

After multiple delays, the state's Medi-Cal Rx program is scheduled to go-live on January 1, 2022. The pharmacy benefit will transition away from the Medi-Cal Managed Care Plans (MCP) to the state's vendor, Magellan. HPSJ will no longer be responsible for covering prescriptions for our members; local retail pharmacies will instead bill Magellan. This will be a major transition that will impact all 14M Medi-Cal beneficiaries (a third of Californian's population).

In preparation, on November 1, 2021, DHCS will be sending 60-day advance notices to all Medi-Cal beneficiaries, and on December 1, 2021, HPSJ will be sending 30-day notices to our 383,000 members. HPSJ's call center is preparing for a higher volume of incoming calls starting in November, with an expected surge in January. HPSJ is also sending bi-weekly alerts to providers and publishing information in our various media outlets.

Vaccination Events

HPSJ efforts are under way to narrow the gaps in vaccination rates for our members compared to the overall populations in the two counties we serve. In October, HPSJ coordinated with Community Medical Centers (CMC) and San Joaquin County Clinics (SJCC) on eight vaccination events at various locations in Stockton and French Camp. HPSJ promoted the events by sending text messages and placing outbound calls to unvaccinated members in the relevant zip codes. Additionally, HPSJ is working with clinics in both counties (CMC, SJCC, GVHC, and Stanislaus HSA) to send co-branded postcards to unvaccinated members, encouraging them to receive free vaccinations at nearby clinics.

County-Wide Averaging (CWA)

Management always wants to ensure that the annual DHCS payment rates are fair to HPSJ. The more adequate the DHCS payment rates for HPSJ, the more adequate HPSJ payment rates can be for our local providers. We have a two-plan model for both counties with one local initiative (HPSJ) and one commercial plan (HealthNet). For the two-plan model, DHCS sets the rates using CWA; the averaging is where DHCS determines the average of the aggregate cost per member for each plan. For the higher cost plan (HPSJ), DHCS lowers the capitation rate to the average, and for the lower cost plan (our commercial competitor), DHCS increases the capitation rate to the average.

As of date, the capitation rates are based on a weighting of 75% CWA and 25% plan-specific rates. CWA negatively impacts several local initiatives. These local initiatives (LI) contend that CWA does not fully account for member acuity, as we have a much higher proportion of members with chronic conditions and a much lower proportion of members that are non-utilizers than our commercial competitors.

Risk Corridor

Risk corridors are used for new services, which DHCS is planning to implement for the new Enhanced Care Management benefit and for the Carve-In of Major Organ Transplants (MOT).

For new services, there is risk that if DHCS sets the capitation rate too low, it is bad for the health plan, but if sets the rate too high, it is bad for the state. In this way, risk corridors are a win-win for DHCS and the Medi-Cal Managed Care Plans, including HPSJ.

Risk corridors are temporary “training wheels” on both sides of the capitation rate. Trigger points are usually set at a plus or minus 3%, which means that a plan can lose up to 3% before the protection starts with extra revenue from DHCS, or a plan can profit up to 3% before it must give revenue back to DHCS. DHCS typically removes the risk corridor “training wheels” after three years, at which point there is historical utilization and cost-per-unit information that is reliable.

D-SNP Feasibility Study

As part of CalAIM, DHCS is requiring that the Medi-Cal Managed Care Plans operate Medicare D-SNP programs starting January 1, 2026. The purpose is so that the dually eligible members can receive their Medi-Cal and Medicare benefits from the same health plan, such as HPSJ for better care coordination and integration.

Some public plans are concerned that offering D-SNPs may not be financially feasible, given the possibility for small membership. The number of dual eligible members is limited and competition in the Medicare marketplace is extensive. As a result, DHCS and Mercer will conduct a feasibility study on offering D-SNPs in all 58 counties, which is to be completed by July 1, 2022. Based on the study, exemptions to the requirement for Medi-Cal Managed Care Plans to operate Medicare D-SNP programs could be given for certain plans in certain counties.

Special Commission Meeting

A Special Commission meeting is scheduled for November 17, 2021 at 12:00pm to approve the 30-day AB 361 (Rivas) Resolution, allowing a public agency to use teleconferencing for public meetings subject to Brown Act. Approval at the Special Commission meeting will get the Commission through the December 8, 2021 meeting.

Upon review of Mr. Schrader’s update, Commissioner Bangalore asked on county-wide averaging, why the average cost for commercial plans is lower. Mr. Schrader responded, it could possibly be due to the difference in acuity of care where members have greater needs, as well as HPSJ paying providers more.

Commissioner Parsa asked if HPSJ is tracking high utilizers within ER visits, if ERs are being reimbursed differently at an institutional level, and if some institutions see more members with higher acuity.. Mr. Schrader responded that HPSJ is primarily focused on access, ensuring that members do not travel far to reach acute facilities. Acuity is spread towards each facility, but management understands that there are exceptions on needs/specialties that some hospitals offer. Dr. Lakshmi Dhanvanthari, CMO also responded that HPSJ monitors on a quality and care perspective and works

with providers on getting members admitted as necessary, including transition of care to their home or care facility. HPSJ does not have control over which hospital members go to, but we make sure they have a good network to provide greater choice within the region.

Commissioner Wilverding asked, regarding the AB 361 Resolution, if there is a specific reason why the Health Commission cannot meet in-person. Mr. Schrader responded that management is prepared to facilitate the meeting in-person when the Public Health Emergency sunsets at the end of the calendar year. Chair Diederich confirmed that the meeting will resume for in-person at the beginning of the new year

CONSENT CALENDAR

Chair Diederich presented five consent items for approval:

2. September 29, 2021 SJC Health Commission Meeting Minutes
3. Resolution 2021-05: AB 361 (Rivas) –Brown Act Teleconferencing Requirement for Public Meetings for November 17, 2021 Health Commission Meeting
4. Human Resources Committee – 10/14/2021
 - a. August 4, 2021 Meeting Minutes
 - b. Policy Review: Covid-19 Vaccination and Mandatory Testing Policy
5. Community Advisory Committee – 10/14/2021
 - a. August 12, 2021 Meeting Minutes
 - b. Breast Cancer Update
 - c. Decreasing Asthma Within Neighborhoods (D.A.W.N) Program
 - d. Member Experience: Grievances Update
 - e. Mental Health Update
 - f. Presentation from SJC Public Health Services
 - g. Presentation from Stanislaus Health Services Agency, Public Health Div.
 - h. Health Education Program Update
6. Finance and Investment Committee – 10/20/2021
 - a. September 22, 2021 Meeting Minutes

ACTION: The motion was made (Commissioner Bangalore), seconded (Commissioner Miller) and unanimous to approve the five consent items as presented (8/0).

REPORT ITEMS

7. Resolution 2021-06: Health Commission Delegated Authority to CEO on Government Claims

Sunny Cooper, Chief Compliance Officer presented for approval, Resolution 2021-06: Legal Claims and Judicial Review for Claims and Actions Against HPSJ effectuating the CMP30 Legal Claims and Judicial Review Policy and Exhibit A Claims for Damage and Injury to be effective November 1, 2021.

As a public agency, HPSJ is subject to the process for the presentation of claims and judicial review requirements as published in the following codes:

- a. Division 3.6 of Title 1 of the California Government Code (CGC) and all applicable statues and regulations
- b. Section 1094.6 of the California Code of Civil Procedure (CCCP)

Under the proposed resolution referenced in CMP30 Policy, key summaries are:

- a. HPSJ is subject to Division 3.6 of Title 1, Chapters 1 and 2, of the California Government Code (CGC), pertaining to claims & actions against public agencies
- b. The California Code of Civil Procedure (CCCP), Section 1094.6 governs cases involving judicial review
- c. The CEO, or his/her designee upon the CEO's unavailability, is authorized to perform the functions of the Health Commission which are specified in Part 3 of Division 3.6 of Title 1 of the CGC
- d. Such delegation includes the rejection and allowance, compromise, or settlement of any claims if the amount to be paid from HPSJ's treasury does not exceed the amount as specified in CGC 935.4 in effect at the time of decision (up to \$50K currently)
- e. Report settlement claims to the Health Commission on an annual basis

Upon review of Ms. Cooper's request, Chair Diederich asked how many claims are received per year. Ms. Cooper responded, on an average, HPSJ receives one per month (12 per year) but varies in size and situations.

ACTION: With no further questions, the motion was made (Commissioner Noguera), seconded (Commissioner Miller) and unanimous to approve Resolution 2021-06: Legal Claims and Judicial Review for Claims and Actions Against HPSJ effectuating the CMP30 Legal Claims and Judicial Review Policy and Exhibit A Claims for Damage and Injury to be effective November 1, 2021 as presented (8/0).

8. Moss Adams Auditors Report – Fiscal Year 2021 Audited Financials

Rianne Suico, Brian Conner and Eleanor Garibaldi of Moss Adams joined the web-meeting to present the organization's audit results for fiscal year 2021. Moss Adams' audit objectives were to issue an opinion about whether HPSJ's combined financial statements are reasonably stated, free of material misstatement in accordance with generally accepting accounting principles, and a consideration of internal controls, highlighting the following:

- Unmodified Opinion – financial statements are fairly presented in accordance with generally accepted principles
- Combined Statements of Net Position (in thousands) - \$969,254 in 2021 compared to \$880,830 in 2020
 - Assets and Deferred Outflows of Resources
 - Liabilities, Deferred Inflows of Resources, and Net Position
- Operations
 - Total Operating Expenses (in thousands) - \$1,198,225 in 2021 compared to \$1,108,568 in 2020
- Included in the report were the following important Board Communications:
 - AU-C Section 260 – The Auditor's Communication with Those Charged with Governance
 - Significant accounting policies
 - Accounting estimates are reasonable
 - No audit adjustments
 - No issues discussed prior to our retention as auditors
 - No disagreements with management
 - No awareness of instances of fraud or noncompliance with laws and regulations

Upon review of Moss Adams' presentation, Chair Diederich asked if pension liabilities are being accrued elsewhere. Ms. Suico responded that it is in HPSJ's books as portion of liabilities for CalPERS.

Chair Diederich thanked Michelle Tetreault, CFO, accounting staff and Moss Adams on a great audit.

Ms. Tetreault also thanked the finance and FP & A staff on an outstanding job in assisting and managing the flawless audit as well as working on materials throughout the year for financial reports.

9. August 2021 YTD Financial Statements

Ms. Tetreault presented for approval, the September 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
 - \$19.8M and \$21.8M favorable to budget
 - TNE is 786%
 - Liquid Reserves is at 3.5 months of both premium revenue and 3.7 months of medical expenses
- Membership
 - Member months are unfavorable to budget by 9,825 in SJC and by 5,268 in Stanislaus
 - Membership in both counties is unfavorable for all lines of business (TANF, SPD and ACA), except for Duals
 - Membership increased by 1,581 for September on a month-over-month basis compared to the 3,021 increase that was budgeted
- Revenue
 - Premium revenue is \$2.8M unfavorable to budget driven by unfavorable membership variance
- Medical Expenses
 - Medical Expenses are \$0.8M unfavorable to budget. IBNR makes up approximately 50% of the total medical expenses; management will have more confidence in estimates after October

ACTION: With no questions or comments, the motion was made (Commissioner Bangalore) seconded (Commissioner Wilverding) and unanimous to approve the September 2021 YTD financial report as presented (8/0).

10. Peer Review and Credentialing Committee Report – 9/9/2021

Dr. Lakshmi Dhanvanthari, CMO re-submitted for approval the Peer Review and Credentialing Committee report for September 9, 2021. The vote did not pass at the September Health Commission meeting due to lack of quorum.

- 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 – With no questions or comments, the motion was made (Commissioner Noguera), seconded (Commissioner Miller) to approve the Peer Review and Credentialing Committee report for September 9, 2021 as presented (8/0).

INFORMATION ITEMS

11. Chief Operations Officer Report

Lizeth Granados, COO provided an update on HPSJ's enrollment trends and the Covid-19 Vaccination Incentive Program, highlighting the following:

- Member Enrollment
 - Trending upward month-over-month with 62% in SJC and 38% in Stanislaus
 - Category of aides increase in all categories except for SPDs, due to member aging into Medicare, which no longer qualifies them for Medi-Cal with an SPD aid code
 - To ensure members meet the enrollment deadline, Marketing department is in the process of developing a plan to ensure that members re-apply for Medi-Cal
- Covid-19 Vaccination Incentive Program
 - APL 21-010 provides parameters for Medi-Cal plans regarding the COVID-19 Vaccination Incentive Program including requirements for a vaccine response plan, outcome measures, and direct member incentives. Managed care plans collectively may earn up to \$250 million, statewide for achieving outcome measures
 - Vaccine Outcome Achievement - initial determination of maximum incentive amount based on plans proportion of total Medi-Cal managed care enrollment
 - Intermediate Outcome Measures - Plans may choose two of three to report for full duration of program
 - Percent of homebound Medi-Cal beneficiaries who received at least one dose
 - Percent of Medi-Cal beneficiaries ages 50-64 with one or more chronic diseases who received at least one dose
 - Percent of PCPs in plan's network providing vaccines in their office
 - Plan Targets (Measures 1-3)
 - By 10/31/2021, a 10% increase over the plan's baseline from 08/29/21
 - By 01/02/2022, a 20% increase over the plan's baseline from 08/29/21
 - By 03/06/2022, a 30% increase over the plan's baseline from 08/29/21
 - Vaccine Update Outcome Measures
 - Percent of Medi-Cal beneficiaries ages 12 years and older
 - Percent of Medi-Cal beneficiaries ages 12-25 years
 - Percent of Medi-Cal beneficiaries ages 26-49 years
 - Percent of Medi-Cal beneficiaries ages 50-64 years
 - Percent of Medi-Cal beneficiaries ages 65+
 - Percent of Medi-Cal beneficiaries ages 12 years and older from the race/ethnicity group with the lowest vaccination rate
 - Percent of Medi-Cal beneficiaries ages 12 years and older from the race/ethnicity group with second-lowest vaccination rate
 - Plan Targets (Measures 4-10) - Gap closure from baseline to latest weighted-average for counties served to earn full payment
 - 33.3% of the gap between baseline rate and target rate by 10/31/21
 - 66% of the gap between their baseline rate and target rate by 01/01/22
 - 100% of the gap between baseline rate and target rate by 03/06/22

- Rate of 85% for a measure at any evaluation point in time will be considered to have met their target for that specific point in time
- Gap closure of at least 5%, 10%, and 15% at each respective point to qualify for partial payment
- High Performance Pool - Remaining funds not claimed by plans will be pooled and placed in a high-performance pool (HPP) to be redistributed to eligible plans
- Provider Incentive
 - For federally qualified health centers (FQHC), payment for every 250 members vaccinated
 - For non-FQHC physicians, \$25/per vaccine
- Member Incentive
 - \$50 for first vaccine dose
 - Member will send attestation to HPSJ and providers will have attestation forms available for members

Upon reviewing Ms. Granados' presentation, Chair Diederich asked on enrollment change, if the data reported was based on per member per month (PMPM). Ms. Granados responded, majority of members are newly members that select HPSJ as a plan of choice or they were automatically assigned to HPSJ.

12. Chief Compliance Officer Monthly Report

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

- Privacy Incident Report (PIR)
 - Nineteen (19) privacy incidents were investigated, potentially impacting 48 members. Compliance investigated each incident and determined that none of the 19 incidents identified was reportable (to DHCS/DOJ)
- Fraud, Waste and Abuse (FWA) Incidents
 - (1) FWA incident reported to Compliance for investigation. HPSJ's Authorizations and Referrals team filed this potential FWA due to excessive auth requests. Subsequent investigations suggested that this is due to an inexperienced provider who needed additional training. HPSJ will continue to track and monitor this provider to ensure that remediation steps have been taken
- 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
 - As of 10/14/21, HPSJ Audit Team prepared 119 of the 142 deliverables requested by DHCS in the Pre-Audit Request; expect to complete the submission of the 23 remaining items and meet the 10/15/21 imposed by DHCS
 - DMHC Audit
 - DMHC continues to request follow-up items from HPSJ which we provide on an ad hoc basis
 - DMHC expects to close the survey in January 2022 and issue a preliminary report for HPSJ review and respond
- Combined Compliance Program Update
 - External Risk Assessment
 - Eight (8) of the 11 audits are closed with a passing score of 95% and above

- Healthy House within a Match Coalition is unresponsive to the CAP and as a result the contract is terminated
- The Compliance Risk Management team is working with 2 remaining vendors to close out their CAPs
- Internal Risk Assessment - an Internal Risk Assessment Framework was presented to internal stakeholders to obtain buy-ins from our internal business leads
- Delegation Oversight - because of the annual audit finding and the ongoing monitoring procedure, a focused audit has been planned for a delegate
- Policy Review - as of the August meeting, 116 policies were scheduled for review and 88 (76%) were presented to PRC for approval. This represents an improvement of 13 points from the previous month which was 63%

Upon Ms. Coopers' report, Chair Diederich asked with MY 2017, are there any outstanding items that DHCS will look for to fine HPSJ again. Ms. Cooper responded that there should be no additional fines for the same errors as DHCS already accepted HPSJ's corrective action plans. For MY 2018 HPSJ may have additional findings as DHCS did not allow changes to be made on raw data submission, therefore, our reconciliation of the data did not match the raw data, which would be classified as new findings. Ms. Cooper also noted, in MY 2019, management did raise concerns on the issue in the letter sent to DHCS per their recommendation.

CHAIRMAN'S REPORT

Chair Diederich announced that Dr. Elyas Parsa has been appointed as committee member to the QMUM Committee.

COMMISSIONER COMMENTS

No comments were forthcoming.

CLOSED SESSION

At this time, the Health Commission adjourned to Closed Session at 6:23 p.m.

13. Trade Secrets

Welfare and Institutions Code Section 14087.31

Title: Quarterly Update on FY' 21-22 Corporate Objectives

14. Public Employee Performance Evaluation

Government Code Section 54957

Title: Chief Executive Officer

No actions were forthcoming for Item #13.

ACTION: Based on an overall performance review rating of Exceeds for Michael Schrader, CEO of HPSJ, the Human Resources Committee proposed a base salary increase of 5% to \$598,500.

A motion was made (Commissioner Jensen), seconded (Commissioner Winn) and unanimous to approve the CEO's base salary increase of 5% (8/0).

The Health Commission came out of Closed Session at 7:02 p.m.

ADJOURNMENT

Chair Diederich adjourned the meeting at 7:05 p.m. The next regular meeting of the Health Commission is scheduled for November 17, 2021.