

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

**May 31, 2023**

**Health Plan of San Joaquin – Community Room**

## **COMMISSION MEMBERS PRESENT:**

Greg Diederich, Chair

Brian Jensen, Vice-Chair

Paul Canepa

Farhan Fadoo, MD

Michael Herrera, DO

Christine Noguera

Elyas Parsa, DO

Miguel Villapudua

Jay Wilverding

John Zeiter, MD

## **COMMISSION MEMBERS ABSENT:**

Neelesh Bangalore, MD

## **STAFF PRESENT:**

Evert Hendrix, Interim Chief Executive Officer + Chief Administrative Officer

Victoria Hurtado, Chief Information Officer

Sunny Cooper, Chief Compliance Officer

Lizeth Granados, Chief Operations Officer

Michelle Tetreault, Chief Financial Officer

Dr. Lakshmi Dhanvanthari, Chief Medical Officer

Priti Golechha, MD, Associate Chief Medical Officer

Tracy Hitzeman, Executive Director – Clinical Operations

Chris Navarro, Director – Financial Planning & Analytics

Kirin Virk, 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**

None.

## **PUBLIC COMMENTS**

No public comments were forthcoming.

## **MANAGEMENT REPORTS**

### **1. CEO Report**

Evert Hendrix, Interim CEO provided an update on membership impacts of the DHCS direct contract with Kaiser, noting DHCS will be entering its no-bid, direct contract with Kaiser as of January 1, 2024. Noting the following:

- Kaiser will begin operations as a full-scope Medi-Cal MCP in HPSJ's existing service area
- Medi-Cal beneficiaries in San Joaquin and Stanislaus will select from HPSJ, HealthNet, or Kaiser as their MCP of choice
- Kaiser will be included on the Medi-Cal choice form provided to all new enrollees as well as the auto assignment process
- Enrollees will have the choice to switch to Kaiser from their current MCO
- Kaiser will maintain its current criteria for selecting Medi-Cal membership

HPSJ is preparing for a decline in membership following the transition as care coordination for about 18,000 HPSJ members in San Joaquin are currently delegated to Kaiser. Membership will also decline due to the resumption of routine Medi-Cal enrollment operations upon ending the COVID-19 PHE.

Upon Mr. Hendrix's presentation, the following questions were raised by commissioners:

**Q: Diederich** – Are there restriction of this contract DHCS/Kaiser in other counties?

**A: Hendrix** – The no-bid direct contract is not part of the agreement and percentage could be higher in other counties.

**Q: Diederich** – HPSJ is a Two-Plan model, are there any opportunities for other health plans to not want Kaiser in their counties and what is the parameter?

**A: Hendrix** - Kaiser can go into any county as they desire and could take potential duals, but unsure if it will change our acuity in membership.

**Q: Zeiter** – Do patients have a say in where they want to go?

**A: Hendrix** - Yes. Members can decide which plan they would like to have, however, Kaiser is choosing and selecting their own members.

**Q: Jensen** – How will this impact El Dorado County?

**A: Hendrix** – Kaiser have a location in El Dorado Hills, which members will be eligible in El Dorado County, however, some of the zip codes are further north of El Dorado County (minimal impact).

**Q: Wilverding** - On the 18k members that are affected by Kaiser, is that the amount of potential or we lose them all?

**A: Hendrix** - Yes, it's known that we will lose 18k members as we are currently delegating them to Kaiser. They can choose to leave Kaiser but due to continuity of care, they most likely will stay with them.

Mr. Hendrix also noted that HPSJ have a strong brand in both counties with good group of providers; members are choosing other avenues than just wanting to utilize Kaiser.

### **CONSENT CALENDAR**

Chair Diederich presented three consent items for approval:

2. April 26, 2023 SJC Health Commission Meeting Minutes
3. Finance and Investment Committee – 05/24/2023
  - a. April 19, 2023 Meeting Minutes
  - b. Amend Professional Services Agreement for Compliance Strategies, Inc
  - c. Mountain Valley Health Plan El Dorado County Satellite Office
4. Human Resources Committee – 05/31/2023
  - a. April 26, 2023 Meeting Minutes

**ACTION:** With no questions or comments, the motion was made (Commissioner Villapudua), seconded (Commissioner Fadoo), to approve the three consent items as presented (10/0).

### **REPORT ITEMS**

#### 5. March 2023 YTD Financial Reports

Michelle Tetreault, CFO presented for approval the March 2023 YTD financials, highlighting the following:

- Net Income is \$173.5M and is \$150.8M favorable to budget
- Premium Revenue is \$54M (5.6%) favorable to budget YTD, attributed to:
  - \$40M favorable due to more members in categories of aide with higher rates
  - \$38M favorable due to higher than budgeted membership
  - Offset by (\$24M) unfavorable due to lower than budgeted LTC membership
- Managed care expenses are \$49.6M (5.5%) favorable to budget YTD, mainly due to:
  - \$40M favorable due to the large amount of low and non-utilizers in our membership population
  - \$20M favorable due to lower than budgeted LTC membership
  - \$10M favorable due to contract rate increases less than budgeted
  - Offset by (\$20M) unfavorable due to additional unbudgeted mandatory managed care enrolled members
- Other Program Revenues and Expenses (Net) - A total of \$8.6M in program revenue and \$8.6M in program expense has been recognized YTD related to various DHCS incentive programs, a net \$1.2M increase to net income. The net income from these programs is \$1.5M unfavorable to budget YTD. The variance is primarily due to differences in timing of the program activities compared to budget

- Administrative expenses are \$4M favorable to budget YTD, primarily due to lower than budgeted IT consulting cost of \$1.5M and personnel costs of \$1.6M
- Temporary variances are expected to be reversed later in the current fiscal year
- Prior period adjustments are primarily due to changes in estimates made in the prior year for IBNR (\$10M), reserves for disputed claims (\$8M). Not concern from an audit perspective. The Prop 56 accrual is normal

**ACTION:** With no questions or comments, the motion was made (Commissioner Jensen) seconded (Commissioner Zeiter) and unanimous to approve the March 2023 YTD financial report as presented (10/0).

#### 6. Fiscal Year 2024 Budget Preview

Ms. Tetreault, along with Chris Navarro, Director of Financial Planning and Analysis provided a preview of HPSJ's FY 2024 budget:

##### Executive Summary

- Budget Net Income for FY2024 is \$37.7M; \$190.8M lower compared to FY2023 Projection of \$228.5M
- Membership: FY2023 Projection of 461,234 at June 2023, FY2024 Budget 377,937 at June 2024
- Revenue: FY2024 Budget is \$2B, \$203M higher than FY2023 Projection
- Medical Expenses
  - Inpatient and Outpatient Facilities are projected to return to pre-pandemic levels
  - Number of Non-Utilizers is budgeted to decrease
  - Additional focus on Physician Primary Care utilization to impact quality
- FY2024 Budgeted Medical Loss Ratio (MLR) is 91.0%
- FY2024 Budgeted Administrative Loss Ratio (ALR) is 6.1%
- Other Programs included in budget:
  - CalAIM (Enhanced Care Management, Community Supports, Incentive Payment Program)
  - Housing and Homeless Incentive Program (HHIP)
  - Student Behavioral Health Incentive Program (SBHIP)
- Budgeted Tangible Net Equity (TNE) for FY2024 is 12.13x, down from 14.82x projected for FY2023
- Community Reinvestment budgeted at \$31M
- Tangible Net Equity (TNE) is at 14.38%

Victoria Worthy, CIO presented on the Capital Budget related to Information Systems, noting the total capital cost will be \$11.2M. This is to cover the first year of implementation cost, which will turn into ongoing expenses.

##### Opportunities and Risks

- Opportunities = Medical Management in-house Behavioral Health
- Risks
  - Kaiser Attrition
  - Stanislaus Dual members attrition (Medicare alignment)
  - FY2024 quality risk adjustments for rates

- Kaiser risk adjustment and county wide average adjustment
- Fluid rates for Alpine and El Dorado counties

Ms. Tetreault noted that DHCS is planning to enact a 0.5% quality withhold. Plans will have the opportunity to earn back the withhold based on their quality scores; HPSJ is budgeting to earn back about 50% of the withholding. Per DHCS the withholding amount is expected to increase over the next few years.

She also stated that the final budget will be presented to the Health Commission for approval at the June meeting based on changes to the governor's May revision.

Upon review of the budget preview, commissioners raised the following questions:

**Q: Herrera** - What is the minimal TNE requirement? And how much does HPSJ have for TNE?

**A: Tetreault** – The minimal TNE requirement is approximately \$64M. HPSJ is currently at about \$600M.

**Q: Herrera** – Is the loss of 16k members to Kaiser conservative?

**A: Tetreault** – We are projected to lose 16k members to Kaiser in Stanislaus in the next year; this is a reasonable number, neither conservative nor understated. Kaiser is popular in Stanislaus, fearful that there will be more member migration to them.

**Q: Jensen** – Why is the projection for revenue so far above our budget?

**A: Navarro** – This is due to a full year of long-term care being in plan. The revenue for LTC members is more than \$10k per member per month. It also includes an increase in rates for the other categories of aid. And new populations coming in plan at a higher rate than the current average rate.

**Q: Fadoo** – For additional positions, are these technical type roles?

**A: Tetreault** - We have certain positions that are highly skilled and specialized, including nurses. Due to remote work, we are able to hire outside the area to fill roles, however, for those that are community facing we are looking to find local staff members.

Ms. Tetreault reiterated that the presentation next month will only be a reconciliation between what was presented, and changes made. No actions were taken at this time.

## 7. QMUM Committee Meeting Update – 5/17/2023

Dr. Lakshmi Dhanvanthari, CMO submitted for approval the QM/UM Committee meeting report for 5/17/2023, highlighting the following committee meetings, work plans, program descriptions, policies updates and reports that were reviewed and approved:

### Over/Underutilization FY 2021-2022 Q3 & Q4

- Multiple metrics are being monitored
- Actions are being taken to ensure appropriate utilization

### Complex Care/Condition Management Programs

- Program enrollment
- Utilization – Admissions

### Guidelines Approved

- Trauma guidelines for utilization review was updated and approved to ensure we are incorporating the current American College of Surgeons (ACS) guidelines as well the San Joaquin & Stanislaus local EMS criteria

- Preventative Health Guidelines – HPSJ adopted the following National Guidelines for preventative health
  - United States Preventive Service Taskforce (USPSTF) Adult Preventive Health Guidelines: Grade A and B Recommendations 2023
  - CDC Recommended Adult Immunization Schedule for ages 19 years or older, United States, 2023
  - American Academy of Pediatrics (AAP) Periodicity Schedule: Bright Futures Guidelines, March 2023
  - CDC Recommended Child and Adolescent Immunization Schedule for ages 18 years or younger, United States, 2023

QOC Committee and QM Work Plan – Qtr. 3 FY 22-23 Updates

- Grievance and Appeals for FY 22-23 - [FY22-23 GA Q2 Redacted.xlsx](#)
  - Grievances in SJC = 652
  - Grievances in Stanislaus = 425
  - Appeals in SJC = 35
  - Appeals in Stanislaus = 33
- Potential Quality Issue (PQI)
  - SJC = Out of 16 PQI's received in San Joaquin County 15 (94% or 0.06 per 1000) were related to Quality-of-Care issues; 1 was related to Quality-of-Service issue
  - Stanislaus = Out of 7 PQI's received in Stanislaus County 7 (100% or 0.04 per 1000) were related to Quality-of-Care issues
- Member Call Quality Report -01/01/2023 – 3/30/2023
  - All metrics were met for member call quality except interpreter services
  - Barriers – N/A
  - Activities/Highlights: Our continued effort to train and update training material has been maintained consistently in our overall quality
  - Next Steps
    - Continue monitoring calls and coaching CSR to improve performance.
    - Continue quarterly training in these areas.
    - Continue to review and update training material to improve consistency
    - Continue with our recruitment and retention plans for increased New Hire Training and enhanced remedial training for existing staff
  - HEDIS & MCAS
    - The MY 2022 rates are being finalized and analysis of the rates will be completed and brought to all the committees for detailed discussions and improvement discussions at the upcoming meetings
- PAAS and Provider Network Adequacy Survey (MY 2022 PAAS)
  - Survey was completed and results were reviewed for a compliance rate of 75%
- Policies Update
  - Pharmacy = PH14 - Pharmaceutical Safe Use Monitoring
  - QM Policies
    - QM13 - Chief Medical Officer/Associate Chief Medical Officer Role and Responsibility to the Quality Improvement Program
    - HE01 - Health Education
    - HE02 - Readability & Suitability of Written Health Education Material
    - HE04 - Health Education, Cultural & Linguistics Group Needs Assessment
    - HE02 - Community Advisory Committee
  - Clinical Operations Policies
    - CM06 - Prenatal Care Services
    - CM70 - Community-Based Adult Services & Community-Based Adult Services Emergency Remote Services
    - UM40 – Dental Services

Pharmacy and Therapeutics Advisory Committee – Q1' 2023

- Policies approved by committee 3-21-2023
  - PH14 – Pharmaceutical Safe Use Monitoring
- Coverage Policies reviewed with recommended changes
  - Miscellaneous – Non-Covered Benefits
  - Eye – Intravitreal Injections
  - Oncology – Cancer
- Coverage Policy without changes
  - Endocrine Disorders – Testosterone
  - Endocrine Disorders – Thyroid Disorders
  - Infectious Disease – Immunizations
  - Rheumatology – Gout

Upon review of Dr. Lakshmi's report, Chair Diederich asked why there is a large spike in appeals under QM Workplan. Dr. Lakshmi responded that Sutter refused to provide coordination of care to all members, they only provided coordination of care selectively and this resulted in a lot of appeals.

**ACTION:** With no further questions, a motion was made (Commissioner Jensen) and seconded (Commissioner Parsa) to approve the QMUM Committee Report for 5/17/2023 as presented (10/0).

Peer Review and Credentialing Committee (PRC) – 5/11/2023

- Direct Contract Providers: 110
  - Initial Credentialed for 1 Year = 4
  - Initial Credentialed for 3 Years = 46
  - Recredentialed for 1 Year = 3
  - Recredentialed for 3 Years = 54
  - Clean File Initial Credentialing Sign-Off Approval by CMO = 3

**ACTION:** With no questions or comments, a motion was made (Commissioner Villapudua), seconded (Commissioner Fadoo) with one abstention (Commissioner Herrera) to approve the Peer Review and Credentialing Committee report for 5/11/2023 as presented (9/1).

8. Housing and Homelessness Incentive Program (HHIP) - Year 2

Lizeth Granados, COO presented for approval the HHIP Year 2 payment to the City of Tracy in the amount \$595,000. The City of Tracy has already funded \$1.2M to the City of Tracy for PY 1, however, the City is requesting additional funding for the following:

- Power Generator (monthly rental and maintenance fees)
- Fuel Costs for CY 2023
- Temporary fencing until permanent fencing is installed
- Temporary rental of restrooms for Phase 4

Ms. Granados also noted that DHCS payment is based on successful completion and achievement of program measures within the HHIP Investment Plan. HPSJ may not be able to earn back all the funding from DHCS.

Upon review of Ms. Granados' request, commissioners questioned the following:

**Q: Diederich** - What transparency do they have on utilizing these funds? Are they repurposing the funds we give them?

**A: Granados** - We put an MOU of the payment which includes provisions of what they are asking for. The funding is only used for the purpose listed in the MOU; they cannot double-dip.

**Q: Noguera** – Is it all temporary housing?

**A: Granados** – The project is in multiple phases. They were initially building separate housing, which now is consolidated to one; some changes into their planning, with temporary housing and to remain there for them to stay long-term. This is for housing that they develop. It will be a continuous project for them to maintain the housing and structure. The generator is a temporary fix, they will eventually build electrical grids.

**Q: Jensen** - Is this due to the lack of process or utility company being back up? This is a year two-project and already housing our members. We need to not let this happen in the future.

**A: Granados** – This is a project that is continuing to evolve. They placed this in a place that is not part of the electricity grid.

**Q: Wilverding** - Is this a singular project that is undergoing various phases?

**A: Granados** - Yes, that is correct.

**Q: Diederich** - Are we on track in earning some of the funds back from the state?

**A: Granados** - Yes. The state is continuing to evolve the requirement and we anticipate recouping some of the funds back from the state. We are at \$19M for SJC payment.

**ACTION:** With no further questions, a motion was made (Commissioner Jensen) and seconded (Commissioner Villapudua) to approve the HHIP -Year 2 Payout to the City of Tracy in the amount of \$595,000 as presented (10/0).

## INFORMATION ITEMS

### 9. Enhanced Care Management (ECM) and Community Supports (CS) Updates

Ms. Granados provided an update on the Enhanced Care Management (ECM) and Community Supports (CS) highlighting the following:

- ECM: Child and Youth Population of Focus
  - This Population of Focus will go live 07/01/23
    - This includes Children and Youth up to 21 years of age:
    - Experiencing homelessness
    - High Utilizers
    - Suffer from Serious Mental Health and/or SUD needs
    - Enrolled in California Children Services (CCS) with Additional Needs beyond CCS
    - Involved in Child Welfare
    - Transitioning from Incarceration
    - Individuals with a developmental disability
- Community Supports (CS) - HPSJ will be able to offer all 14 DHCS-approved CS by 07/01/23



Housing Transition Navigation Services	Nursing Facility Transition/Diversion to Assisted Living Facilities <b>(on track to go-live 7/1/23)</b>
Housing Deposits	Community Transition Services/Nursing Facility Transition to a Home <b>(on track to go-live 7/1/23)</b>
Housing Tenancy and Sustaining Services	Personal Care and Homemaker Services
Short-Term Post-Hospitalization Housing	Environmental Accessibility Adaptations(Home Modifications)
Recuperative Care (Medical Respite)	Medically-Supportive Food/Meals/Medically Tailored Meals
Respite Services	Sobering Centers
Day Habilitation Programs	Asthma Remediation

#### 10. Legislative Report

Brandon Roberts, Manager of Government and Public Affairs provided an update on the May Revision to the Governor's Budget, highlighting the following:

- Total FY 2023-24 State Budget: \$306 billion (\$224 billion GF)
  - Reduced Revenues and Budget Shortfall: Additional \$9.3 million shortfall since January, totaling \$31.5 billion
- Total FY 2023-24 Medi-Cal Budget: \$151.2 billion (\$37.6 billion GF)
  - Increased estimate: \$12.3 billion higher than January projections of \$138.9 billion (\$38.7 billion GF)
- Total FY 2023-24 Medi-Cal Caseload: Average monthly caseload of 14.2 million Californians
  - Decreased projection: 1.4% lower than projected in January
- Managed Care Organization Tax Renewal and Increase
  - Projected revenue: \$19.4 billion
    - Increase from the MCO tax proposed in January, which projected revenues of \$6.5 billion
  - Duration: April 1, 2023 – December 31, 2026
  - Proposed uses: Offset the deficit, avoid Medi-Cal cuts, and improve care access and quality
    - \$8.3 billion over the tax period in net GF offset
    - \$11.1 billion to support Medi-Cal investments, including increasing provider rates to at least 87.5 percent of Medicare rates for primary care, obstetric care, and non-specialty mental health services
- Must be federally approved by CMS before implementation - DHCS must submit the tax proposal by June 30<sup>th</sup>
- Distressed Hospital Loan Program
  - *Funding*: \$150 million GF one-time over 2022-23 and 2023-24
  - *Purpose*: Provide interest-free cashflow loans to not-for-profit and public hospitals in significant financial distress for purposes of preventing closure or facilitating reopening

### **CHAIRMAN'S REPORT**

Chair Diederich reported at the May F & I Committee meeting, the committee discussed next steps on community investments and feasibility study. The Investment Committee is also working on policies and procedures based on potential spending in the next 30-days and is scheduled to meet in July to continue discussions on investments.

### **COMMISSIONER COMMENTS**

No comments were forthcoming.

### **CLOSED SESSION**

*At this time, the Health Commission adjourned to Closed Session at 6:44 p.m.*

11. Closed Session – Trade Secrets  
Welfare and Institutions Code Section 14087.31  
Title: Proposed FY' 23-24 Corporate Objectives
12. Closed Session – Public Employee Appointment  
CA Government Code Section 54957  
Title: Chief Executive Officer

*The Health Commission came out of Closed Session at 8:08 p.m.*

**ACTION:** A motion was made (Chair Diederich) seconded (Commissioner Canepa) and unanimous, appointing Lizeth Granados as HPSJ's new CEO, with a salary of \$525,000 for a five-year employment term effective June 5, 2023 (10/0).

### **ADJOURNMENT**

Chair Diederich adjourned the meeting at 8:09 p.m. The next regular meeting of the Health Commission is scheduled for June 28, 2023.