

MINUTES OF THE MEETING OF THE SAN JOAQUIN COUNTY HEALTH COMMISSION

June 28, 2023

Health Plan of San Joaquin – Community Room

COMMISSION MEMBERS PRESENT:

Greg Diederich, Chair
Brian Jensen, Vice-Chair
Neelesh Bangalore, MD
Paul Canepa
Michael Herrera, DO
Christine Noguera
Miguel Villapudua

COMMISSION MEMBERS ABSENT:

Farhan Fadoo, MD
Elyas Parsa, DO
Jay Wilverding
John Zeiter, MD

STAFF PRESENT:

Lizeth Granados, Chief Operations Officer
Evert Hendrix, Chief Administrative Officer
Victoria Hurtado, Chief Information Officer
Sunny Cooper, Chief Compliance 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
Quendrith 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. CEO Report

Lizeth Granados, HPSJ's new CEO provided an update on Provider Rate Increase under the MCO Tax and new Health Commission representation for Alpine and El Dorado counties, highlighting the following:

Provider Rate Increases Under the MCO Tax

- Goals of the renewed MCO tax:
 - Provide long-term certainty for provider rate increases to drive greater Medi-Cal provider participation
 - Preserve eligibility and benefit expansions in Medi-Cal
 - Alleviate disparities and inequities within Medi-Cal
 - Draw additional federal matching funds for Medi-Cal
- Deliberations are ongoing, but there is agreement to raise Medi-Cal reimbursement rates to 87.5% of the Medicare rate, beginning January 2024, for:
 - Primary care
 - Obstetric care
 - Non-specialty mental health services
- The final MCO tax may additionally include investments in:
 - Specialty care
 - Hospitals
 - Clinics
 - Community health workers
 - Emergency medical services and transportation
 - Family planning
 - Workforce development

Health Commission Representation from Alpine and El Dorado Counties

Coinciding with HPSJ's service area expansion, the Commission will grow to include appointees from Alpine and El Dorado. Terry Woodrow, Alpine County Supervisor, District 4 and Olivia Byron-Cooper, El Dorado County Interim Director of Health and Human Services, and Director of Public Health.

New Commissioners were appointed by their respective Boards of Supervisors and will be seated for the August meeting.

Upon Ms. Granados's presentation, Commissioner Canepa asked if the two new Commissioners will be joining virtually, given the distance. Ms. Granados responded, adherence to the Brown Act, both commissioners will either be joining in-person at French Camp or at the El Dorado County office. She

also noted that there are no indications of when the BOS will be filling the interim position that Ms. Byron-Cooper is currently appointed to.

CONSENT CALENDAR

Chair Diederich presented four consent items for approval:

2. May 31, 2023 SJC Health Commission Meeting Minutes
3. Community Advisory Committee – 06/15/2023
 - a. April 20, 2023 Meeting Minutes
 - b. Stanislaus In-House Support Services (IHSS) Presentation
 - c. HPSJ Grievances and Appeals Update
 - d. Stanislaus Childhood Lead Poisoning Prevention Program (CLPPP)
 - e. HPSJ myRewards Member Incentive Process
4. Finance and Investment Committee – 06/21/2023
 - a. May 24, 2023 Meeting Minutes
 - b. Community Reinvestment Recommendation
 - c. Networks Pricer Contract
 - d. Optum Claims Editing System/APR-DRG Pricing Contract
 - e. ZeOmega JIVA Contract
 - f. Student Behavioral Health Incentive Program
5. Human Resources Committee – 06/28/2023
 - a. May 31, 2023 Meeting Minutes
 - b. Timekeeping Policy

ACTION: With no questions or comments, the motion was made (Commissioner Jensen), seconded (Commissioner Canepa), to approve the four consent items as presented (7/0).

REPORT ITEMS

6. April 2023 YTD Financial Reports

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

- Net Income is \$195.5M and is \$162.9M favorable to budget
- Premium Revenue is \$75.1M (6.9%) favorable to budget YTD, attributed to:
 - \$55M favorable due to higher than budgeted rates
 - \$53M favorable due to higher than budgeted membership, offset by,
 - (\$27M) unfavorable due to lower than budgeted LTC membership
- Managed care expenses are \$39.1M (3.9%) 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. 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 \$3.6M favorable to budget YTD, primarily due to lower than budgeted consulting cost of \$1.5M and personnel costs of \$1.6M. The variances are expected to be permanent.
- 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 (\$12M), reserves for disputed claims (\$8M). Not concern from an audit perspective. The Prop 56 accrual is normal

Upon Ms. Tetreault's report, Commissioner Jensen asked if the utilization is lower than historic rates. Ms. Tetreault noted to the affirmative and stated that HPSJ is seeing a net of \$4M favorable to budget.

ACTION: With no further questions or comments, the motion was made (Commissioner Villapudua) seconded (Commissioner Jensen) and unanimous to approve the April 2023 YTD financial report as presented (7/0).

7. Fiscal Year 2024 Final Budget

Ms. Tetreault presented for approval the final HPSJ FY 2024 budget. Modifications were made to the preview that was presented at the May Health Commission meeting.

Revenue for June increased slightly to reflect updates that were made for Kaiser Attrition after additional considerations. Initially, HPSJ concluded that all member attrition would impact the adult COA after further consideration an adjustment was made to budget the impact over all COAs, to allocate based on current Kaiser membership. This has a positive impact to net income of \$2.0M.

Beginning January 2024, DHCS will withhold .5% of capitation fees for quality measures. The budget includes an assumption that 50% of the measures will be achieved. This results in a (\$3M) reduction in revenue.

Expenses have slightly increased due to Student Behavioral Health Incentive Program (SBHIP), administrative expenses, and Kaiser Attrition. As mentioned above, refinements were made to Kaiser Attrition after additional considerations, and this has an impact on expenses of \$6.8M. HPSJ is presenting a plan in June to this committee and the Commission for approval relating to SBHIP. Funding for this program has been received from DHCS in FY2023 however, expenses (\$2.4M) will be experienced in FY2024. Administrative expenses were updated to redirect \$1.2M from administrative to medical expenses relating to consulting efforts for Care Management System implementation and Data Integration Reporting. Additionally, HPSJ added 2 new Compliance headcounts relating to 2024 Contract. Also, administrative expenses for \$640K were moved to non-operating which are directly relate to fines and sanctions for HIPAA /Privacy & Security and other fines/sanctions from DMHC/DHCS.

In the May revision of the Governor's budget, the MCO tax will be accelerated to April 2023 from January 2024. Additionally, the May revision included investments to increase primary care physician, mental health, and maternity rates to at least 87.5 percent of Medicare. Based on DHCS intention to maintain continuity of provider reimbursement through an alternate payment mechanism to

proposition 56, the budget assumes no impact to the bottom line other than a reclass of where Proposition 56 is recorded and reported.

	FY2024 Budget Preview	Kaiser Attrition	SBHIP	Admin	MCO Tax	Quality Withhold	FY2024 Final Budget	Δ
Enrollment	5,024						5,024	0
Revenue	\$2,009,622	\$8,869	-	-	-	\$(3,019)	\$2,015,472	\$5,850
Medical Expense	\$(1,860,252)	\$(6,838)	\$(2,429)	\$(1,278)	-	-	\$(1,870,797)	\$(10,545)
Admin Expense	\$(101,818)	-	-	\$167	-	-	\$(101,651)	\$167
Net Other Revenue & Expense	\$(9,894)	-	-	\$(640)	-	-	\$(10,534)	\$(640)
Net Income (Loss)	\$37,658	\$2,031	\$(2,429)	\$(1,751)	-	\$(3,019)	\$32,490	\$(5,168)
Medical Loss Ratio	91.0%						91.3%	(0.3%)
Admin Exp (As A % Of Premium)	6.1%						6.1%	0.0%
TNE	12.13x						11.97x	

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

Q: Diederich – Is there an increase in headcount from what was presented in May?

A: Tetreault – No changes from May's reporting.

Q: Bangalore – Do we anticipate losing members due to PHE and will this impact the budget?

A: Tetreault – This was presented at the preliminary budget at last month's meeting. No impact to the budget.

Q: Diederich – With the increase in net margins, will the TNE drop?

A: Tetreault - Yes. Medical expenses increased and is set for \$100M to spend in the next 3 years, including the spend of \$30M in the upcoming year for community reinvestment projects and access.

ACTION: With no further questions or comments, the motion was made (Commissioner Canepa) seconded (Commissioner Noguera) and unanimous to approve the Fiscal Year 23-24 final budget as presented (7/0).

INFORMATION ITEMS

8. Bi-Monthly Compliance Report

Sunny Cooper, Chief Compliance Officer presented on bi-monthly Compliance activities, highlighting the following:

- April and May 2023 FWA Report
 - 18 cases; in May of 2023, three (3) new cases were added to the active investigation queue. All were reportable to DHCS/DOJ as credible allegations of fraud
- 2022 DHCS Medical Audit
 - DHCS conducted onsite interviews from 10/10/22 thru 10/21/22. On 5/30/23, DHCS issued its final audit report, citing nine (9) deficiencies

Category	#	Deficiency
UM	01	Deficiency 01 : 1.2.1. The Plan did not use the appropriate coverage criteria to deny medical service requests.
	07	Deficiency 07 : 3.2.1. The Plan did not ensure the use of a DHCS-approved PCS form, complete with required information, to determine the appropriate level of service for Medi-Cal members.
Population Health	02	Deficiency 02 : 2.1.1. The Plan did not ensure the provision of oral or written blood lead anticipatory guidance to the parent(s) or guardian(s) of a child member at each PHA starting at six months of age and continuing until 72 months.
	03	Deficiency 03 : 2.1.2. The Plan did not ensure the provision of a blood lead screening (BLS) tests to members at 12 months to 72 months of age.
Provider Services	04	Deficiency 04 : 3.1.1. The Plan did not ensure that corrective actions were implemented for providers who did not comply with appointment wait time standards.
	05	Deficiency 05 : 3.1.2. The Plan did not monitor the wait times for providers to answer and return calls to members.
	06	Deficiency 06 : 3.1.3. The Plan did not have a policy and procedure to monitor providers' compliance with wait times in the providers' offices for scheduled appointments.
Provider Contracting Credentialing	08	Deficiency 08 : 3.2.2. The Plan did not ensure that its NEMT providers are enrolled in the Medi-Cal program.
Quality Management	09	Deficiency 09 : 4.1.1. The Plan did not ensure full grievance resolution prior to sending resolution letters.

Upon review of Ms. Cooper's reporting, commissioners asked the following questions:

Q: Diederich – What falls under DOJ investigation?

A: Cooper – When HPSJ files incidents to DHCS/DOJ, they perform their analysis to determine if they will take the case. If they do take on the cases, they look at DHCS database as to determine if other plans have contractual relationship with these vendors/providers. DOJ will often request additional supporting claims from other plans to substantiate the case. At times, we are required to be on the witness stand if cases are taken on by the Court.

Q: Jensen – With increase monitoring for providers, is it through data review instead of interfacing with providers?

A: Cooper - Asking for data is one of the requirements for HPSJ. For example, when we want to determine if billed services did indeed occur, we may request to access their scheduling system. However, provider's offices may have PHI concerns to open their scheduling system for us to review as the system may not be able to differentiate between HPSJ vs. no-HPSJ members. For now, staff are reverting to request additional reports and review the reports that they send us. Due to the additional requirements of the 2024 Contract oversight requirements, we are working to stratify providers to be audited by different tiers.

Q: Diederich – We approved a contract on FWA a few years back, any feedback on status?

A: Cooper - This is HMS recovery from the Claims department. HPSJ sent the claims data to HMS for over payment analyses; they take a % of their recovery with remaining portion returned to HPSJ. Ms. Cooper referred this question to CFO for answer.

A: Tetreault - We recovered about \$10M per year. If it's over a year, we return partial Coordination of Benefits (COB) claims payment back to DHCS.

9. Legislative Report

Brandon Roberts, Manager of Government and Public Affairs presented on the following Priority Bills:

- Health Care Landscape - SB 770 (Wiener) – Health care: unified health care financing
- Hospitals and Clinics
 - AB 412 (Soria) – Distressed Hospital Loan Program
 - SB 282 (Eggman) – Medi-Cal: federally qualified health centers and rural health clinics
- Medi-Cal Operations
 - AB 719 (Boerner) – Medi-Cal benefits
 - AB 815 (Wood) – Health care coverage: provider credentials
 - AB 1085 (Maienschein) – Medi-Cal: housing support services
 - SB 598 (Skinner) – Health care coverage: prior authorization

CHAIRMAN'S REPORT

No reports were forthcoming.

COMMISSIONER COMMENTS

Commissioner Bangalore congratulated Ms. Granados on her appointment as HPSJ's new CEO.

Commissioner Villapudua left the meeting at this time.

CLOSED SESSION

At this time, the Health Commission adjourned to Closed Session at 5:52 p.m.

10. Closed Session – Trade Secrets
Welfare and Institutions Code Section 14087.31
Title: Proposed FY' 23-24 Corporate Objectives

The Health Commission came out of Closed Session at 6:08 p.m.

ACTION: A motion was made (Commissioner Jensen), seconded (Commissioner Bangalore) and unanimous to approve the proposed FY' 23-24 Corporate Objectives as presented (6/0).

ADJOURNMENT

Chair Diederich adjourned the meeting at 6:08 p.m. The next regular meeting of the Health Commission is scheduled for August 30, 2023.