

MINUTES OF THE MEETING OF THE SAN JOAQUIN COUNTY HEALTH COMMISSION

April 24, 2024

Health Plan of San Joaquin – Community Room

COMMISSION MEMBERS PRESENT:

Greg Diederich, Chair

Neelesh Bangalore, MD

Lauren Brown-Berchtold, MD

Paul Canepa

Michael Herrera, DO

Matthew Minson, MD

Christine Noguera

Sandra Regalo

Terry Woodrow

COMMISSION MEMBERS ABSENT:

Brian Jensen, Vice-Chair

Miguel Villapudua

John Zeiter, MD

STAFF PRESENT:

Lizeth Granados, Chief Executive Officer

Betty Clark, Chief Legal and General Counsel

Sunny Cooper, Chief Compliance Officer

Dr. Lakshmi Dhanvanthari, Chief Medical Officer

Evert Hendrix, Chief Administrative Officer

Liz Le, Chief Operations Officer

Michelle Tetreault, Chief Financial Officer

Victoria Worthy, Chief Information Officer

Kirin Virk, Deputy 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 5:07 p.m.

PRESENTATIONS/INTRODUCTIONS

None.

PUBLIC COMMENTS

No public comments were forthcoming.

CONSENT CALENDAR

Chair Diederich presented three consent items for approval:

1. March 27, 2024 SJC Health Commission Meeting Minutes
2. Finance and Investment Committee – 4/17/2024
 - a. March 24, 2024 Meeting Minutes
 - b. Investment Portfolio Performance
3. Community Advisory Committee – 4/18/2024
 - a. February 15, 2024 Meeting Minutes
 - b. Central California LGBTQ Collaborative Presentation
 - c. Stroke Awareness Presentation
 - d. HPSJ/MVHP Quality Campaign

ACTION: With no questions or comments, the motion was made (Commissioner Noguera), seconded (Commissioner Brown-Berchtold), to approve the three consent items as presented (8/0).

Commissioner Canepa joined the meeting at this time.

DISCUSSION and ACTION ITEMS

4. Resolution 2024-03: HPSJ/Stanislaus Termination of County Contract as of June 30, 2024

Chair Diederich presented for approval, Resolution 2024-03: HPSJ/Stanislaus Termination of County Contract as of June 30, 2024, stating that the termination of the administrative agreement between Stanislaus and HPSJ/MVHP is underway.

HPSJ/MVHP was designated as the local initiative health plan for Stanislaus in 2011. Rather than sharing in the governance of HPSJ/MVHP, Stanislaus established a unique partnership that provides two types of funding to support collaboration. Stanislaus receives funding from HPSJ/MVHP based on the number of Adult and Children, Dual, and TANF Medi-Cal beneficiaries from Stanislaus who enroll as members, totaling \$1.86 million to \$2.31 million annually between FYs 2018-22. Stanislaus also received funding that provides 20% of net earnings generated by the Medi-Cal managed care business in Stanislaus, which was \$0 annually between FYs 2018-22, as HPSJ operated at a net loss in Stanislaus during this period.

Termination of the administrative agreement will ensure a relationship of shared governance of HPSJ/MVHP by Stanislaus as the county's local initiative health plan. Among other benefits, shared governance positions Stanislaus to have greater stewardship in HPSJ/MVHP's efforts to implement CalAIM initiatives, enhance the coordination and delivery of new and existing Medi-Cal services, and

grow relationships with local provider partners and community-based organizations to drive care quality and improve health outcomes.

Termination of the administrative agreement will also position the county to share governance of HPSJ/MVHP through representation on the San Joaquin County Health Commission (SJCHC). Stanislaus will transition from receiving funding from HPSJ and instead be included in the governance structure of SJCHC, positioning its representative commissioners to provide direction as HPSJ implements new programs in the county.

Terminating the administrative agreement and restructuring SJCHC requires:

- Approval to terminate the agreement, effective June 30, 2024, as well as authorization for staff to execute Amendment No. 1 and other necessary documents to facilitate the termination
- Approval of Ordinances by San Joaquin and Stanislaus County Supervisors
- Revision of SJCHC Bylaws by San Joaquin County Supervisors

The termination enables Stanislaus County Supervisors to appoint four commissioners to SJCHC, which will be comprised of representatives from each of HPSJ/MVHP's service area counties.

ACTION: With no questions or comments, the motion was made (Commissioner Regalo), seconded (Commissioner Herrera), to approve Resolution 2024-03: HPSJ/Stanislaus Termination of County Contract as of June 30, 2024 (9/0).

5. February 2024 Financial Reports

Michelle Tetreault, CFO presented for approval the February 2024 YTD financials, highlighting the following:

- Net Income is \$39M and is -\$1.7M unfavorable to budget
- Premium Revenue is -\$49.9M unfavorable to budget YTD, attributed to lower than budgeted enrollment in Long Term Care (LTC) categories of aid and an acuity factor adjustment
- Managed care expenses are \$15.9M favorable to budget YTD, primarily attributable to:
 - +\$25.5M favorable Institutional variance due to lower than budgeted LTC enrollment
 - -\$12.0M unfavorable overall due to decrease in low and non-utilizers in our membership and increasing trend in hospital services utilization
- Other Program Revenues and Expenses (Net) is -\$3.5M unfavorable to budget YTD primarily due to incentive program activity budgeted but not yet performed
- Administrative expenses are \$15.6M favorable to budget due to lower than budgeted consulting expenses mainly related to D-SNP of \$4.9M, personnel costs of \$3.3M, and lower than anticipated expenses for care management system of \$2.1M
- Prior period adjustments are unfavorable of -\$11.2M primarily related to the acuity rate adjustments mentioned in the Premium Revenue explanation as well as the accrued payment for return of premium to DHCS related to an MLR for CY 2022 being lower than the 85% required minimum

Upon review of Ms. Tetreault's report, Chair Diederich asked if the total member months will continue to trend upward based on redetermination and how many undocumented members are projected to

be included. Ms. Tetreault responded the membership due to termination is close to budget and the number for undocumented members are quite low as we don't have much data on this population.

Commissioner Bangalore asked if additional information could be provided on the \$16M investment income. Ms. Tetreault reported that the Health Plan has approximately \$750M in investments with MetLife invested in high quality relatively short-term investments. HPSJ's investment advisors meet with the F & I Committee on a quarterly basis to present performance of the portfolio; investment performance will be presented to the Commission annually and is scheduled to present in August. We are currently receiving approximately 5% on securities (active manage portfolio to maximize our return). Chair Dederich also noted that the F & I Committee met with Meketa on April 17, with report that the Health Plan is receiving performance over the investment mark and picking up a significant dollar amount of income.

ACTION: With no additional questions or comments, the motion was made (Commissioner Bangalore) seconded (Commissioner Canepa) and unanimous to approve the February 2024 YTD financial report as presented (9/0).

INFORMATION ITEMS

6. CEO Report

Lizeth Granados, CEO, provided updates on the following:

Proposition 1 Impacts on Medi-Cal Managed Care Plans

Proposition 1 represents a reform of the Behavioral Health Services Act (BHSA), formerly known as the Mental Health Services Act. The passage of Proposition 1 will restructure county behavioral health programming and services for those with serious behavioral health needs who are also unhoused.

BHSA provisions that may impact Medi-Cal managed care plans are:

1. BHSA funding reallocation to prioritize homelessness
2. Good faith contracting between counties and health plans
3. Three-year integrated homelessness planning by counties must include Medi-Cal plans
4. Prohibition on BHSA spending on services covered by Medi-Cal managed care
5. Behavioral Health Services Oversight and Accountability Commission must include Medi-Cal representation
6. Childhood trauma intervention collaboration between Medi-Cal plans and counties
7. Population Needs Assessment collaboration between Medi-Cal plans and counties
8. Alignment of DHCS county behavioral health contracts with Medi-Cal contracts
9. Data sharing authorization across sectors to ensure better care coordination

Chair Diederich affirmed that preventive care remains a priority for San Joaquin County, which will continue investing resources to partner with stakeholders and ensure upstream interventions are supported.

Commissioner Herrera inquired about the implications of the BHSA modification on addressing the needs of populations requiring behavioral health services. In response, Chair Diederich highlighted that Proposition 1 alters the structure of a county's vendor contracts and fosters stronger collaborations with managed care plans to proactively support members. This approach seeks to coordinate behavioral health interventions before individuals reach a crisis point or experience a psychotic break by providing treatment at provider offices instead of emergency departments.

Commissioner Brown-Berchtold inquired about the extent of data sharing within the county. Ms. Granados clarified that the data exchange is primarily at a high level between HPSJ/MVHP and counties, particularly due to the sensitivity surrounding the sharing of specific disease diagnosis. Chair Diederich added that this approach facilitates close loop control in effectively coordinating care for members.

Medi-Cal Continuous Coverage Unwinding Successes

The membership of HPSJ/MVHP has declined less than anticipated since counties began processing Medi-Cal renewals on April 1, 2023. Early projections suggested HPSJ/MVHP's membership could return to pre-pandemic levels when we served about 350,000 members. At the height of the pandemic, HPSJ/MVHP served over 450,000 members and as of April 2024, HPSJ/MVHP served over 427,000 members.

HPSJ/MVHP partnered with members, providers, county health agencies, community-based organizations, and other stakeholders throughout the redetermination process to ensure eligible members remain enrolled, and formerly eligible members have continuity of coverage. Staff are continuing member outreach efforts to provide education and update contact information, which helps counties process Medi-Cal renewals as well as with media (mail, social media, advertisements, flyers, text campaigns, eNewsletters, and radio broadcasts), and activities (health fairs, care gap clinics, and school district partnerships).

7. COO Report – D-SNP Update

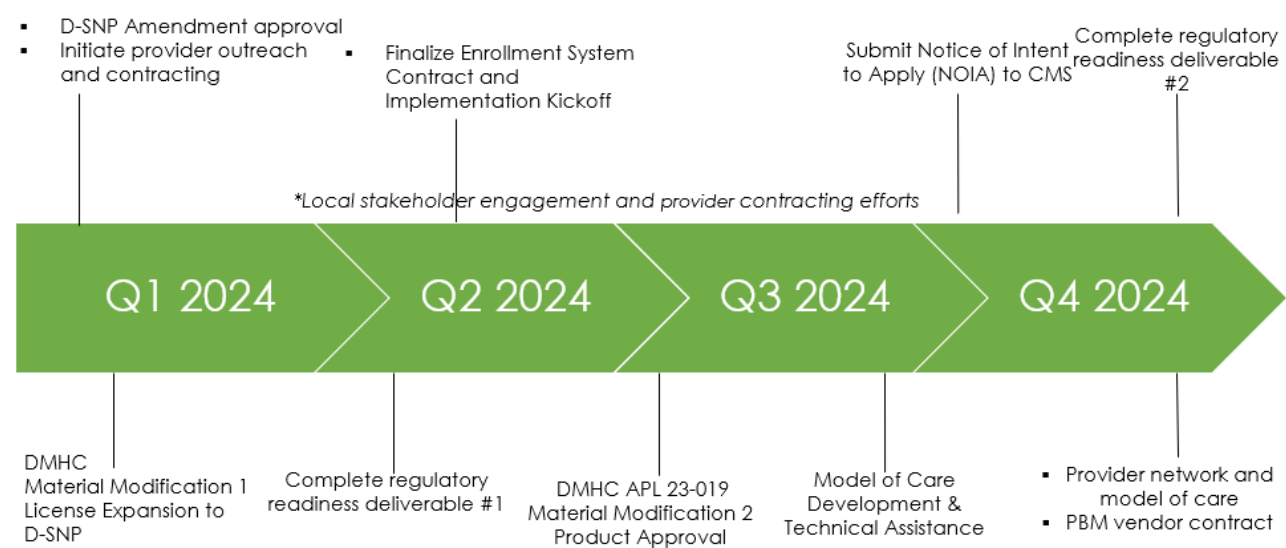
Liz Le, COO provided an update on D-SNP, highlighting the following accomplishments thus far:

- Completed Staff Training
 - Medicare 101 overview and focused area trainings
- Regulatory
 - Material Modification 1 for license expansion to D-SNP
 - Medi-Cal base provider contract and D-SNP amendment
- Medicare Contracting
 - Initiated outreach and contract efforts with existing Medi-Cal and newly interested providers
- Structure
 - Hybrid approach for sales structure and outsourcing for Pharmacy Benefit Manager (PBM)
- Information Technology
 - Procurement and implementation activities for contact center, enrollment systems, financial reconciliation, and risk adjustment

D-SNP Membership Projections - As part of D-SNP feasibility study membership projections updated based on assumptions for competition and growth.

Membership Projections							
	2026	2027	2028	2029	2030	2031	2032
Original (2021 Analysis)							
Avg Members	2500	5000	7500	10000	12500	15000	15000
Updated (2024 Analysis)							
Avg Members	1,793	4,646	7,180	9,341	11,249	12,962	14,499

2024 D-SNP Highlights



2024 Next Steps & Health Commission Considerations

- DHCS approval of administrative vendor contracts
- DMHC approval of Material Modification 2 to be an Exclusively Aligned Enrollment (EAE) D-SNP product
- Continue core functional milestones (e.g., organizational structure, procurement, initial recruiting, policy development)
- Continue to define system capabilities, business requirements, and milestones for system updates
- Develop D-SNP Model of Care (MOC)
- Submit Notice of Intent to Apply (NOIA) to CMS to demonstrate HPSJ’s intent to apply for a D-SNP contract

As the D-SNP implementation evolves over a multi-year period, staff will be returning to the Health Commission for approval of procurement contracts and updates on enrollment projections, policy guidance, and organization structure.

Chair Diederich also noted with the complexity of Medi-Cal/Medicare, SJC HSA office is working with HPSJ/MVHP on this as we move forward with D-SNP.

8. CCO Bi-Monthly Compliance Update

Sunny Cooper, CCO provided an update on bi-monthly compliance activities, highlighting the following:

FWA Cased for Q1' 2024

- Converted 15 out of 22 new leads into actionable cases. These leads were either directly reported to the PIU or were identified through the PIU's data mining efforts
- 14 of the 15 cases met the criteria for a credible allegation of FWA and were reported to the DHCS and the Department of Justice (DOJ) within 10 working days as required by DHCS
- 7 Provider Education Letters are scheduled to be sent out in mid-April and these providers are placed on heightened monitoring

Investigation Type	CY 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	CY 2024
Pharmacy/Drug Issue	1	0				0
Use of a Stolen or Fake ID/Banking Fraud	2	1				1
Provider Billing/Payment Issues	17	11				11
Potential Member Fraud	0	1				1
Bribery	0	1				1
Gift Card Distribution Issue	0	1				1
Total	20	15				15

Change Healthcare Security Breach Update

About 50% of the Health Plans electronic claims were processed through CHC prior to the breach. A cross-functional team has been mobilized to ensure business continuity.
Summary updates as of April 8, 2024:

- 1) Seen a 74% increase for 03/24 as compared to 03/23 on paper claim submissions
- 2) There was approximately a 10% decrease in claims submissions
- 3) Issue paper check payments to our providers
- 4) Provide focused provider education and created an alternate path for providers to download RAs
- 5) Provider alerts were made available on our website, email and fax
- 6) Assessed our delegates to ensure there was no disruption in services
- 7) Received an attestation (4/5/24) from CHC of their newly established platform for us to reconnect safely - require additional IT work and provider education
- 8) Assessing the downstream risks and updating business continuity plans
- 9) As of April 24, 2024 requirements – Change Healthcare to OCR reporting requirements is within 60 days to DHCS

DHCS & DMHC Audit Status Update

Audit	Event Date	Status
2021 DHCS Medical Audit	02/17/24	Health Plan received confirmation from the DHCS that all CAPs have been accepted and closed
2021 DMHC Routine Survey	02/01/24	1) Received DMHC's Final Audit Report citing 21 deficiencies with 4 corrected and 17 not corrected. 2) Staff has been working on remediation effort in anticipation of DMHC's follow-up survey to lift the CAPs (18 months post final audit report issue date).
2023 DHCS Medical Audit	03/20/24	1) Received the Preliminary Audit Report citing seven (7) findings on 03/20/24. 2) DHCS provided an opportunity for us to agree or disagree with the findings. 3) We opted to agree with 4 and disagree with 3 findings. 4) We received the final reports from DHCS on 04/09/24 and DHCS upheld all seven (7) findings. 5) Focused audit on Transportation and Mental Health results are pending. Next Step: Create Corrective Action Plans (CAP) to remediate deficiencies identified in the final reports.

9. Legislative Update

Brandon Roberts, Manager of Government and Public Affairs provided an update on State Budget Updates and Priority Bills, highlighting the following:

State Budget Updates

Governor Newsom and state legislative leaders reached an early agreement to trim \$17 billion from the state budget. The governor estimated that California's budget deficit totals \$37.9 billion; estimates from the Legislative Analyst's Office indicate that the deficit could nearly double the governor's initial forecast.

Fiscal projections in the May Revision could reveal an even larger shortfall as the Early Action agreement authorizes freezes to any supplementary one-time funding allocated in the 2021, 2022, or 2023 Budget Acts. The agreement encompasses many funding reductions, delays, shifts, and deferrals. The Medi-Cal budget and other health priorities largely remain intact with notable delays, including funds for Behavioral Health Bridge Housing and Behavioral Health Continuum Infrastructure Program. The Early Action agreement assumes federal approval of the revised Managed Care Organization Tax, which will add \$3.8 billion of revenue to the budget.

Priority Bill Report

Medi-Cal Eligibility and Redetermination

- AB 2956 (Boerner) – Medi-Cal Eligibility: Redetermination. Would require the Department of Health Care Services to seek federal approval to extend continuous eligibility to individuals over 19 years of age.
 - An individual would remain eligible from the date of a Medi-Cal eligibility determination until the end of a 12-month period.
- SB 1355 (Wahab) – Medi-Cal: In-Home Supportive Services: Redetermination. Would require an in-home supportive services recipient with a fixed income to be continuously eligible for Medi-Cal for 3 years.

Screenings by Community Health Workers

- AB 2110 (Arambula) - Medi-Cal: Adverse Childhood Experiences Trauma Screenings: Providers. Would require the Department of Health Care Services to include community-

based organizations and local health jurisdictions that provide services through community health workers and doulas to provide Adverse Childhood Experiences trauma screenings.

Provider Networks

- AB 2466 (Carrillo) – Medi-Cal Managed Care: Network Adequacy Standards. Would deem a Medi-Cal plan to be noncompliant with appointment time standards if either:
 - 1) Fewer than 85 percent of the network providers had an appointment available within the standards, or
 - 2) The Department of Health Care Services receives information that the plan was unable to deliver timely or accessible services to enrollees.
- SB 1268 (Nguyen) – Medi-Cal Managed Care Plans: Contracts with Safety Net Providers. Would require a Medi-Cal plan to maintain a contract with each safety net provider operating within its geographic service areas if the safety net provider agrees to provide its applicable scope of services in accordance with the same terms and conditions that the plan requires of other similar providers
 - The Medi-Cal plan and a safety net provider would be prohibited from terminating the contract without first declaring the cause of termination.

CHAIRMAN'S REPORT

Chair Diederich reported that the Community Reinvestment Committee funded the feasibility study on the BeWell Project, and a preliminary application has been submitted; will return to the Health Commission on next steps.

COMMISSIONER COMMENTS

No comments were forthcoming.

The Health Commission went into Closed Session at 6:07pm

CLOSED SESSION

Closed Session - Conference with Legal Counsel – Existing Government Code Section 54956.9(d)(1)
Service Employees International Union, Local 1021 v. Health Plan of San Joaquin
Public Employment Relations Board, Unfair Practice Charge No. SA-CE-1256-M

The Health Commission came out of Closed Session at 6:35pm, no reports or actions were forthcoming.

ADJOURNMENT

Chair Diederich adjourned the meeting at 6:36 p.m. The next regular meeting of the Health Commission is scheduled for May 29, 2024.