

MINUTES OF THE MEETING OF THE SAN JOAQUIN COUNTY HEALTH COMMISSION

May 29, 2024

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
Matthew Minson, MD
Sandra Regalo
Terry Woodrow

COMMISSION MEMBERS ABSENT:

Lauren Brown-Berchtold, MD
Christine Noguera
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 5:05 p.m.

PRESENTATIONS/INTRODUCTIONS

None.

PUBLIC COMMENTS

Shaniece Hill, representative of SEIU 1021 introduced herself to the Health Commission, expressing her commitment to supporting HPSJ's members and the contract between HPSJ/MVHP and SEIU.

CONSENT CALENDAR

Chair Diederich presented two consent items for approval:

1. April 24, 2024 SJC Health Commission Meeting Minutes
2. Finance and Investment Committee – 5/22/2024
 - a. April 17, 2024 Meeting Minutes
 - b. Contract for IT Consultant Services
 - I. Computer Enterprises, Inc.
 - II. GeBBS Software International, Inc.
 - III. Qualmission, LLC
 - IV. Resultant, LLC

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

Commissioner Jensen joined the meeting at this time.

DISCUSSION and ACTION ITEMS

3. March 2024 Financial Reports

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

- Net Income is \$67M and is \$30.7M favorable to budget
- Premium Revenue is -\$48.7M 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 \$25.5M favorable to budget YTD, primarily attributable to:
 - +\$42.6M favorable Institutional variance due to lower than budgeted LTC enrollment
 - -\$16.6M unfavorable overall due to decrease in low and non-utilizers in membership and increasing trend in hospital services utilization
- Other Program Revenues and Expenses (Net) is -\$2.7M unfavorable to budget YTD primarily due to incentive program activity budgeted but not yet performed
- Administrative expenses are \$16.7M favorable to budget due to lower than budgeted consulting expenses mainly related to D-SNP and various IT projects, \$6.8M, personnel costs

of \$3.7M, and lower than anticipated expenses for care management and PHM system of \$2.1M

- Prior period adjustments are unfavorable of -\$1.7M primarily related to changes in estimates of IBNR, offset by the acuity rate adjustments. As of May 22, 2024, HPSJ was notified that we received acuity adjustments of 1.75%; a 3% reduction, totaling \$44M, will be reflected in the May 2024 financial report

Upon review of Ms. Tetreault's report, Vice-Chair Jensen asked why there was a reduction in LTC? Ms. Tetreault responded that this was due to faulty assumptions based on what the state provided on LTC for our region.

Chair Diederich asked what the retroactive rate adjustment for CY 2023 was and will this affect the prior fiscal year. Ms. Tetreault responded that it will have an impact of \$29M prior fiscal year and possibly an adjustment for CY 2024.

Ms. Tetreault noted that HPSJ will most likely end the fiscal year with net income of \$81M.

ACTION: With no additional questions or comments, the motion was made (Commissioner Regalo) seconded (Commissioner Jensen) and unanimous to approve the March 2024 YTD financial report as presented (8/0).

4. Fiscal Year 2025 Budget Preview

Ms. Tetreault provided a preview of HPSJ's FY 2025 budget, highlighting the following:

Budget vs. Projection

<u>Financial Highlights</u>	<u>2025 Budget</u>	<u>PMPM</u>	<u>2024 Projection</u>	<u>PMPM</u>	<u>▲</u>	<u>PMPM</u>
Enrollment (As Of Jun)	420,071		419,820		250	
Member Months	5,039,402		5,251,605		(212,203)	
<u>In Thousands</u>						
Revenue	\$2,043,363	\$405.48	\$2,005,765	\$381.93	\$37,598	\$23.54
Managed Care Expense	1,871,236	371.32	1,873,489	356.75	(2,253)	14.57
Other Programs Revenue/(Expense), Net	(4,313)	(0.86)	(15,072)	(2.87)	10,759	2.01
Administrative Expense	100,066	19.86	80,574	15.34	19,492	4.51
Non-Operating Revenue/(Expense), Net	(28,797)	(5.71)	29,721	5.66	(58,518)	(11.37)
Net Income (Loss)	\$43,264	\$8.59	\$81,422	\$15.5	(\$38,159)	(\$6.92)
<u>Key Metrics</u>						
Medical Loss Ratio	89.7%		91.7%		2.0%	
Administrative Loss Ratio	6.0%		5.1%		0.9%	
Required TNE Fulfilled	9.15x		10.31x			

Chair Diederich reported that the Finance and Investment Committee met on May 22nd to review the budget in detail and the numbers presented are a solid assumption for FY 2025. Ms. Tetreault also noted that the big assumptions are the fee schedule and requirements to pay providers 87.5% for Medicare services, which will continue to be included in the budget and reflected in the June presentation.

ACTION: With no additional questions or comments, the motion was made (Commissioner Canepa) seconded (Commissioner Regalo) and unanimous to approve the Fiscal Year 2025 Budget Preview as presented (8/0).

5. QIHEC Committee Meeting Update – 5/15/2024

Dr. Lakshmi Dhanvanthari, CMO submitted for approval the QIHEC Committee meeting report for 5/15/2024, highlighting the following committee meetings, work plans, program descriptions, policies updates and reports that were reviewed and approved:

Clinical Operations Committee Charter

Purpose and Key Responsibilities: Provide input to and oversight of HPSJ/MVHP Clinical Operations Programs

- Review key performance indicators and improvement initiatives
- Review/approve Program Descriptions, Work Plans and Evaluations
- Review/approve Medical Necessity Criteria and Clinical Practice Guidelines

Chair: Executive Director Clinical Operations and Deputy Chief Medical Officer of Health Plan

Committee Members:

- Community Behavioral Health Clinician
- Community Family Practice Physician
- Community Pediatrician
- Director of Clinical Analytics
- Director of Case Management
- Director of Utilization Management
- Director of Quality Improvement
- Director of Behavioral Health/Social Services
- Director of HEDIS & NCQA
- Executive Director of Quality Improvement & Health Equity
- Director of Pharmacy

Committee Structure: The Clinical Operations Committee reports to the Quality Improvement and Health Equity Committee, who in turn reports to the San Joaquin Health Commission

Key Updates from Clinical Operations

- Preventive Health Guidelines
 - Children's Health
 - Bright Futures Periodicity Schedule unchanged
 - CDC Immunization schedule-new recommendations for RSV and Mpox vaccines
 - Women's Health
 - Increase screenings for Diabetes for those with a history of gestational diabetes
 - Annual screening for urinary incontinence
- UM System Controls
 - NCQA requires that health plans have controls in place to ensure UM and Appeal timeliness information is not changed inappropriately. Annual audits are performed to ensure compliance

• 2023 Calendar Year Audit Results:

Type	# Files*	Compliance score
Prior Authorization Denials	50	100%
Appeals	12	100%

- Case Management Program Description
 - Notable changes in FY 2024 include:
 - Included all levels of Case Management and the populations served:
 - Updates the Case Management Program annually according to NCQA guidelines.
 - Enhanced Care Management (ECM)
 - Complex Case Management (CCM)
 - Standard Case Management and Care Coordination
- Added Mountain Valley Health Plan, enhanced description of risk stratification, expanded SDOH focus to the assessment and additional detail on integration

Audits and Oversight Committee – 4/9/2024

- Pre-delegation Audit for credentialing- Confirmed-Specialty E-consults- received 100% across all program areas assessed
- Annual Delegation Audit for Credentialing
 - HubMD- Specialty E-consults- received 100% across all areas audited
 - MindPath-offers network of licensed therapists and psychiatrists- received 100% across all areas reviewed
- Carelon CAPS
- The table below reflects the CAP status as of May 8,2024
- The health plan teams are working closely with Carelon, corrective actions have been approved and will be closed upon audit & validation of compliance

Oversight Activity	Open CAPs	Closed CAPs	Total CAPs
2023 Annual Audit	1 ¹	-	1
2023 Clinical Rounds	-	1	1
2023 DHCS Audit	3 ¹	1	4
2023 Health Plan Monitoring	-	2	2
2024 Grievances Monitoring	3	-	3
2024 Health Plan Monitoring	-	1	1
2024 TP Monitoring (iCAP)	1	-	1
Total CAPs	8	5	13

ACTION: With no questions or comments, a motion was made (Commissioner Bangalore) and seconded (Vice-Chair Jensen) to approve the QIHEC Committee Report for 5/15/2024 as presented (8/0).

Peer Review and Credentialing Committee – May 9, 2024

Dr. Dhanvanthari submitted for approval the Peer Review and Credentialing Committee report for May 9, 2024:

- Direct Contracted Providers
 - Initial Credentialed for 3 years = 60
 - Initial Credentialed for 1 year = 1
 - Recredentialed for 3 Years = 70
 - Recredentialed for 1 Year = 5

- Clean File Initial Credentialing Sign Off Approval by CMO: 9
- Clean File Recredentialing Sign Off Approval by CMO: 1
- Termination-Involuntary: 0

ACTION: With no questions or comments, a motion was made (Commissioner Canepa) and seconded (Vice-Chair Jensen), with abstention by Commissioner Herrea to approve the Peer Review and Credentialing Committee report for May 9, 2024, as presented (7/1).

INFORMATION ITEMS

6. CEO Report

Lizeth Granados, CEO, provided updates on the following:

State Budget Impacts on the Children and Youth Behavioral Health Initiative (CYBHI)

CYBHI is a multidisciplinary investment by the state aimed at optimizing behavioral health systems for California's children, youth, and families. Its objectives include preventing behavioral health challenges and ensuring behavioral health and substance use services that are accessible to individuals aged 0-25 years.

HPSJ partners with schools, behavioral health providers, and other diverse stakeholders on many upstream projects to locally operationalize CYBHI by:

- Expanding the behavioral health workforce
- Increasing access to Medi-Cal services
- Coordinating behavioral health screenings
- Implementing Positive Behavioral Health Intervention Support
- Supporting new behavioral health infrastructure, including wellness centers
- Launching the Student Behavioral Health Incentive Program

The May Revision and an accompanying budget trailer bill proposes funding cuts and a restructuring in the administration of CYBHI, noting the following:

May Revision:

- Proposes CYBHI reductions of \$72.3 million in 2023-24, \$348.6 million in 2024-25, and \$5 million in 2025-26
- Cuts would affect school-linked health partnerships, capacity grants for higher education institutions, a behavioral health services and supports platform, evidence-based and community-defined grants, public education and change campaigns, and youth suicide reporting and crisis response pilots
- Schools anticipate a reduction in funding beginning next school year

Budget Trailer Bill Language:

- Proposes to charge Medi-Cal plans a “reasonable fee” to support the state’s contractual obligations with a third-party vendor for the administration of CYBHI
- Medi-Cal plans have established partnerships with county offices of education and local educational agencies to operationalize CYBHI

State Budget Impacts on the Proposed Targeted Rate Increases (TRI) for Medi-Cal Providers

The January Governor’s Budget initiated early action to raise the Managed Care Organization tax and proposed targeted rate increases for Medi-Cal providers.

May Revision:

- Maintains 2024 targeted rate increases, which elevated rates for primary care, non-specialty mental health, and obstetric services to at least 87.5% of the Medicare rate
- Proposes to eliminate the targeted rate increases set to commence on January 1, 2025, and redirects these investments to alleviate the General Fund
 - Outpatient procedures and services,
 - Family planning,
 - Hospital-based emergency and emergency physician services,
 - Ground emergency transport,
 - Designated public hospitals, and
 - Behavioral health care in hospitals and institutional long-term care settings

Centers for Medicare and Medicaid Services (CMS) Final Rule on Managed Care Access, Finance, and Quality

CMS issued a Final Rule strengthening requirements for timely access to care, as well as managed care monitoring and enforcement standards by states.

Network Adequacy:

- Requires states to oversee annual secret shopper surveys to validate compliance with appointment wait time standards and accuracy of provider directories
- Creates standards for states to annually submit a payment analysis comparing managed care payment rates to Medicare payment rates for certain services

Directed Payments:

- Requires states to tri-annually submit evaluation reports to CMS if the state directed payment costs (as a percentage of total capitation payments) exceed 1.5%

In-Lieu of Services (ILOS) / Community Supports:

- Imposes a cap of 5% on total ILOS costs as a percentage of total state capitation
- Requires additional documentation about cost effectiveness and evaluation if a specific ILOS exceeds 1.5% of total capitation payments

Chair Diederich inquired whether ILOS is a state regulation that must be maintained or modified due to the CMS Final Rule. Ms. Granados replied that while we do not anticipate the state eliminating ILOS, lawmakers may look to incorporate new considerations into state law to ensure long-term funding for ILOS. Ms. Granados added that the CMS Final Rule, which addresses overseeing or capping ILOS spending by state Medicaid programs, is significant and will be closely monitored as it develops.

7. COO Report

Housing and Homeless Incentive Program (HHIP) Update

Liz Le, COO provided an update on the Housing and Homeless Incentive Program (HHIP), highlighting the following:

- Health Plan of San Joaquin (HPSJ) successfully participated in the 2-year HHIP Program from January 1, 2022 through December 31, 2023 for both San Joaquin and Stanislaus counties
- The program officially ended as of 12/31/23, with no further discussion from DHCS to continue efforts

- The HHIP program was a voluntary incentive program for Managed Care Plans (MCP) to earn incentive funding to address housing insecurity and instability based on specific HHIP measures required by DHCS
- Funds were pre-released by HPSJ to housing partners through an application and Memorandum of Understanding (MOU) process
- Program Funding Summary
 - Health Commission approved \$26.5 million dollars for housing partners in both San Joaquin and Stanislaus counties
 - Based on DHCS's evaluation of Health Plan's completion and achievement of specific HHIP program measures, DHCS approved a total incentive of \$22,772,851
 - Measures included: partnerships with counties, CoCs, housing organization, established Data Sharing Agreements with the counties, street medicine efforts, HMIS access, homeless members receiving Community Support services, housing status of members
 - HPSJ funded an additional \$3.7M in non-HHIP dollars
- Housing Partners Funded through HHIP

San Joaquin	Stanislaus
County of San Joaquin – Point in Time	Community Services Agency – Point in Time
Central Valley Low Income Housing – HMIS Lead Agency	Community Services Agency – HMIS Lead Agency
San Joaquin Health/San Joaquin County Clinics – Street Medicine	San Joaquin Health – Street Medicine
Community Medical Centers – Street Medicine	Stanislaus Regional Housing Authority
St. Mary's Dining Room	Stanislaus Equity Partners (STEP)
City of Tracy	Downtown Streets Inc
Housing Authority County of San Joaquin	RHCB Development
Stocktonians Taking Against Neutralizing Drugs (STAND)	
City of Lodi	
Gospel Center Rescue Mission, Inc	
The Uplift All Foundation	

- HHIP Program Outcomes
 - Through our collaboration with housing partners, HPSJ was able to house and connect close to 1,000 members to needed housing services
 - Established read-only access to reports from the Homelessness Management Information System (HMIS) to collect members specific data on homeless status (housed or unhoused)
 - Funded the 2024 Point-In-Time (PIT) Count event on 1/29/24
 - Annual count of sheltered and unsheltered people experiencing homelessness on a single night
 - Included 250+ volunteers led by the San Joaquin Continuum of Care (CoC)
- Successful collaborations with local partners, such as Continuums of Care (CoC) and public health agencies, resulted in meeting the program goal of creating strong partnerships with local housing and county stakeholders

Dignity Hospital Update

Ms. Le reported-on Dignity Hospital's notice of intent to terminate their contract with HPSJ/MVHP, noting that Dignity issued a hospital Notice of Termination with a request to renegotiate their contract effective 7/1/2024 for both St. Joseph's Medical Center and Mercy Medical Center.

- Dignity issued a physician group Notice of Termination to Health Plan effective 9/11/24
- Notice to Regulators
 - DMHC filing on 4/19/24
 - DHCS filing on 4/29/24
- Notice to alternate hospitals sent via email on 4/25/24
- Notice to impacted members mailed on 4/17/22 and 4/22/24
- Notice to provider network sent on 5/24/24
 - Provider notice posted on Health Plan's website and the Direct Referral Express (DRE) portal
- Regulators - DMHC and DHCS filings due by 6/28/24
- Impacted Members - Notification to members to be done by 7/12/24 following regulatory approval
- Providers - Notification to providers to be done in parallel with the member notification

Upon Ms. Le's report, Commissioner Bangalore stated that this will impact the population of his patients that is being seen at St. Joseph's and asked what providers are to do with HPSJ patients. Ms. Le responded that we have identified neighboring hospitals, i.e., Dameron, Adventist and County for transitioning members including the services over to these hospitals. Commissioner Herrera also noted that St. Joseph's will continue to see patients through the ER; 2% of services is for pre-scheduled members.

Commissioner Bangalore stated, for the sake of the community, he is hopeful for HPSJ/MVHP to come up with agreement. Ms. Le stated that this will impact neighboring hospitals and the team is working on a transition plan of care, should termination be in effect. Based on termination contract, HPSJ/MVHP have until June 30th, which will go into effect 7/1/2024.

Commissioner Bangalore asked, we have 30% of our population go to St. Josephs, how do we guide them to other facilities. Ms. Le responded that we are working with providers on referrals as they are still contracted with HPSJ/MVHP and not with Dignity as well as establishing continuity of care and LOA so that members' care is not being disrupted.

Stanislaus Surgical Hospital (SSH): Notice of Termination

Ms. Le reported that HPSJ/MVHP issued a for-cause Notice of Termination to SSH effective 5/1/24 upon notification of CMS' issuance of notice of suspension from participation in the Medicare program to SSH. CMS rescinded the suspension and placed SSH on 90-day corrective action plan.

- Notice to Regulators
 - DHCS filing on 5/7/24
 - DMHC filing on 5/17/24
- Notice to impacted members will be mailed upon regulatory approval of the filing
- Notice to provider network sent on 5/24/24
 - Provider notice posted on HPSJ's website and the Direct Referral Express (DRE) portal

- Coordination of Care and Services
 - Members can continue to access terminated hospitals for emergency services
 - Members in the middle of care are being identified in order to ensure their care is not disrupted
 - Continuation of services following the termination date will be provided through a Letter of Agreement for members that meet continuity of care criteria, or as needed
 - Customer Service continues to educate members on the transition process as calls come in
 - Provider Services are addressing provider inquiries related to the terminations to ensure continued care of covered services
- Next Steps
 - Ongoing meetings with St. Joseph’s Medical Center for care planning to ensure a smooth transition
 - Individual meetings with alternate/neighboring hospitals are in place for coordination of care and services
 - Ongoing meetings with internal departments are in place for information sharing and operational developments
 - Addressing information received by members and providers to provide education and assistance

Chair Diederich also noted that SSH lost their NCQA status, which is part of our requirements. Ms. Le noted to the affirmative and stated, if we are to reinstate SSH, they will need to pass the accreditation, or we would contract as ancillary instead of a full hospital contract.

8. Legislative Update

Brandon Roberts, Manager of Government and Public Affairs provided an update on the May Revision to the Governor’s Budget, which reveals a larger shortfall than projected in January.

Budget Problem at the May Revision	
Total Shortfall Projected in the January Governor’s Budget	\$37.9 billion
Shortfall Since the January Governor’s Budget:	\$7 billion
Total Shortfall at the May Revision	\$44.9 billion
Early Action Budget Package Impact on the Shortfall	-\$17.3 billion
Remaining Total Shortfall: \$27.6 billion	\$27.6 billion

Ongoing budget shortfalls are projected, and the Governor has proposed a multi-year solution that includes cuts to government operations, program reductions, and pauses on new investments. The

Key health and human services solutions to address the shortfall include:

- Managed Care Organization (MCO) Tax: The May Revision expands the MCO tax to achieve additional General Fund savings of \$689.9 million in 2024-25, \$950 million in 2025-26, and \$1.3 billion in 2026-27
 - The May Revision also eliminates targeted rate increases and investments for Medi-Cal providers, as proposed in the Governor’s January Budget

- Equity and Practice Transformation Payments to Providers: The May Revision proposes to eliminate \$280 million one-time over multiple years for grants to Medi-Cal providers for quality, health equity, and primary care infrastructure
- Public Health Funding: The May Revision eliminates \$52.5 million in 2023-24 and \$300 million ongoing for state and local public health
- Children and Youth Behavioral Health Initiative (CYBHI): The May Revision reduces CYBHI funds by \$72.3 million in 2023-24, \$348.6 million in 2024-25, and \$5 million in 2025-26
 - Affects school-linked health partnerships, capacity grants for higher education institutions, behavioral health services and supports platforms, evidence-based and community-defined grants, public education and change campaigns, and a youth suicide reporting and crisis response pilot
- Behavioral Health Continuum Infrastructure Program: The May Revision eliminates \$450.7 million one-time from the last round of the Behavioral Health Continuum Infrastructure Program
- Behavioral Health Bridge Housing Program: The May Revision reduces \$132.5 million in 2024-25 and \$207.5 million in 2025-26 from the Behavioral Health Bridge Housing Program

Mr. Roberts also noted that a Joint Legislative Budget Agreement was released on May 29, outlining the Legislature's priorities for finalizing the budget.

CHAIRMAN'S REPORT

Chair Diederich reported that he will be absent from the June meeting and that Vice-Chair Jensen will be chairing the meeting on his behalf.

COMMISSIONER COMMENTS

No comments were forthcoming.

The Health Commission went into Closed Session at 6:37 pm

CLOSED SESSION

9. Closed Session - Trade Secrets
Welfare and Institutions Code Section 14087.31
Title: Quarterly FY 23-24 Corporate Objectives Update
10. Closed Session – Trade Secrets
Welfare and Institutions Code Section 14087.31
Title: Proposed FY 24-25 Corporate Objectives

The Health Commission came out of Closed Session at 7:20 pm.

ACTION: A motion was made (Vice-Chair Jensen), seconded (Commissioner Herrera) and unanimous to approve the proposed FY' 24-25 Corporate Objectives as presented (8/0).

ADJOURNMENT

Chair Diederich adjourned the meeting at 7:21 p.m. The next regular meeting of the Health Commission is scheduled for June 26, 2024.