

MINUTES OF THE MEETING OF THE SAN JOAQUIN COUNTY HEALTH COMMISSION

June 26, 2024

Health Plan of San Joaquin – Community Room

COMMISSION MEMBERS PRESENT:

Brian Jensen, Vice-Chair

Christine Noguera

John Zeiter, MD

Michael Herrera, DO

Miguel Villapudua

Sandra Regalo

Terry Woodrow

COMMISSION MEMBERS ABSENT:

Greg Diederich, Chair

Lauren Brown-Berchtold, MD

Neelesh Bangalore, MD

Paul Canepa

Matthew Minson, 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

Tracy Hitzeman, Executive Director, Clinical Operations

Liz Le, Chief Operations Officer

Michelle Tetreault, Chief Financial Officer

Victoria Worthy, Chief Information Officer

Kirin Virk, Deputy County Counsel

Jessica Miramontes, Administrative Assistant III to CFO

Richelle Keys, Administrative Assistant III to CAO

CALL TO ORDER

Vice-Chair Jensen called the meeting of the Health Commission to order at 5:07 p.m. Information Items were moved up on the agenda pending quorum.

INFORMATION ITEMS

1. CEO Report

Lizeth Granados, CEO, provided updates on the following:

HPSJ Succeeds in the Triennial Accreditation Survey by the National Committee on Quality Assurance (NCQA)

HPSJ showcased our commitment to high-quality and accessible care by performing well in the triennial survey by NCQA. NCQA accreditation effectively measures our care and service performance, emphasizing activities that support member health. In the latest NCQA survey, HPSJ met or exceeded standards for every criterion, reflecting excellence in areas such as quality improvement, population health management, network utilization, and credentialing.

NCQA highlighted the strength of HPSJ's dedicated and knowledgeable staff, superb documentation, timeliness of care, and innovative efforts like the Student Behavioral Health Incentive Program. By consistently meeting NCQA standards, HPSJ demonstrates leadership in ensuring comprehensive and timely care for our members ahead of the state's requirement for all Medi-Cal plans to be NCQA accredited by 2026.

HPSJ is Recognized as Corporate Member of the Year by the San Joaquin County Hispanic Chamber of Commerce (SJCHCC)

SJCHCC honored HPSJ as the recipient of its Corporate Member of the Year award at the 52nd Annual Business Awards & Installation Gala on June 21, 2024. Recognition as Corporate Member of the Year underscores HPSJ's significant contributions to supporting our partners and serving the community.

2. COO Report

Dignity Hospital Contract Update

Ms. Granados provided an update on Dignity Hospital's notice of intent to terminate their contract with HPSJ/MVHP, highlighting the following:

Background

- Notice of Termination included 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 impacted members
 - Hospitals: 4/22/24
 - Physician group: 6/28/24

Updates

- HPSJ is continuing our partnership with Dignity while negotiating to reach mutually agreeable terms
- Contract termination dates for Dignity's hospitals and physician group have been extended by two weeks:
 - St. Joseph's Medical Center and Mercy Medical Center until July 15, 2024
 - Dignity Physician Group until September 26, 2024

- HPSJ is meeting with Dignity weekly to plan and coordinate access to quality care, minimizing the impact on members and providers

3. CCO Bi-Monthly Compliance Update

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

FWA Cases for April and May of 2024

In April and May of the second quarter of CY 2024, the PIU converted three (3) out of ten (10) new leads into actionable cases. These leads were directly reported to the PIU. All three (3) cases met the criteria for a credible allegation of FWA and were reported to the DHCS and the Department of Justice (DOJ) within ten (10) working days of the PIU's notification or discovery of such FWA instances.

Investigation Type	CY 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	CY 2024
Pharmacy/Drug Issue	1	0	2			2
Use of a Stolen or Fake ID/Banking Fraud	2	1	0			1
Provider Billing/Payment Issues	17	11	0			11
Potential Member Fraud	0	1	0			1
Bribery	0	1	0			1
Gift Card Distribution Issue	0	1	0			1
Potential Stark Law Violation	0	0	1			1
Total	20	15	3			18

2024 NAV Audit

DHCS engaged a qualified External Quality Review Organization (EQRO), Health Services Advisory Group (HSAG), to perform a Network Adequacy Validation (NAV) Audit on all Managed Care Plans in the State of California. The NAV Audit is conducted in accordance with the CMS External Quality Review (EQR) Protocols, published in February 2023.

The purposes of the 2024 DHCS NAV Audit are to:

- Review the data, systems and methods used to calculate results for each network adequacy indicator, as defined by the state's standards
- Provide a validation rating for each indicator that reflects the overall confidence HSAG has that the methodology used throughout all phases of the calculation of network indicators is sound, ensuring its accuracy, completeness and consistency

The 2024 NAV Audit activity will focus on network adequacy data collection, integration, calculation, accuracy and reporting of indicators for each required standard. Network standards and indicators included in this audit are provider ratios, mandatory providers, and time or distance standards.

Commissioner Villapudua joined the meeting at this time.

PRESENTATIONS/INTRODUCTIONS

Vice-Chair Jensen announced the end of Dr. Neelesh Bangalore and Supervisor Miguel Villapudua's term on the Health Commission, effective June 26, 2024. On behalf of the Health Commission, Vice-Chair Jensen thanked both commissioners for their dedication and service on the Health Commission.

PUBLIC COMMENTS

Shaniece Hill, representative of SEIU 1021 introduced herself to the Health Commission, expressing the importance and impact of great leaders on an organization's workforce.

CONSENT CALENDAR

Vice-Chair Jensen presented six consent items for approval:

1. May 29, 2024 Health Commission Meeting Minutes
2. Community Advisory Committee – 5/22/2024
 - a. HPSJ Flu Campaign Focus Group
 - b. Quality Campaign
3. Community Advisory Committee – 6/13/2024
 - a. April 18, 2024 Meeting Minutes
 - b. May 22, 2024 Meeting Minutes
 - c. HPSJ Grievances and Appeals Update
 - d. Valley Mountain Regional Center (VMRC) Disability Services and Support
 - e. Coverage for All
 - f. Enrollment in Medi-Cal 2024
4. Community Reinvestment Committee – 6/14/2024
 - a. March 21, 2024 Meeting Minutes
 - b. Community Reinvestment Program Updates
5. Finance and Investment Committee – 6/19/2024
 - a. May 22, 2024 Meeting Minutes
 - b. EvolveNXT Contract
 - c. Symphony Performance Health Contract
6. Human Resources Committee – 6/26/2024
 - a. March 21, Meeting Minutes

ACTION: With no questions or comments, the motion was made (Commissioner Herrera), seconded (Commissioner Villapudua) and unanimous to approve the six consent items as presented (7/0).

DISCUSSION and ACTION ITEMS

4. April 2024 Financial Reports

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

- \$72.3M and is \$32.4M favorable to budget
 - Medical Loss Ratio (MLR): 92.5% actual to 90.8% budgeted
 - Administrative Loss Ratio (ALR): 5.0% actual to 6.0% budgeted
- Premium Revenue is -\$66.5M unfavorable (-\$26.51PMPM) to budget YTD as of April 2024, primarily due to lower than budgeted enrollment in Long Term Care (LTC) categories of aid and an acuity factor adjustment
- Managed care expenses are +\$29.6M favorable (+\$16.98 PMPM) to budget YTD, primarily attributable to:
 - +\$50.8M favorable Institutional variance due to lower than budgeted LTC enrollment.
 - -\$20.4M unfavorable overall due to decrease in low and non-utilizers in our membership and increasing trend in hospital services utilization
- Net other revenues and expenses are +\$8.0 M favorable (+1.91 PMPM) to budget YTD primarily due to the receipt of various incentive programs from the state. The variance is primarily due to the timing differences between the budgeted vs. month earned/incurred
- Administrative expenses are +\$18.6M favorable to budget due to lower than budgeted - consulting expenses of \$6.8M related to DSNP and other IT projects; personnel costs of \$3.7M care; management and population health management expenses of \$2.1M. In addition, administrative expenses were lower than budgeted as well
- Prior period adjustments of +\$2.4M were primarily related to changes in the IBNR estimates offset by the acuity rate adjustments mentioned in the Premium Revenue explanation, as well as the accrual of approximately \$7M payment for CY 2022 MLR being lower than 85% minimum requirement

ACTION: With no questions or comments, the motion was made (Commissioner Zeiter) seconded (Commissioner Herrera) and unanimous to approve the April 2024 YTD financial report as presented (7/0).

5. Fiscal Year 2025 Final Budget

Ms. Tetreault presented for approval, the Fiscal Year 2025 Final Budget, highlighting the following:

FY 2025 Budget Preview vs. Final Budget

Ms. Tetreault reviewed the differences between the FY 2025 final budget to the budget preview that was presented at the May F&I Committee meeting on May 22, 2024. Ms. Tetreault detailed the following adjustments:

- Enrollment increased by 29,005
- New programs increased by \$18,368 for revenue and \$14,202 for medical care expenses. These adjustments were due to the FQHC APM and targeted rate increase

- Administrative increased by \$2,190 for administrative expenses and \$184 for non-operating revenue/expenses. These adjustments are related to depreciation

Budget vs. Projection

Financial Highlights	2025 Budget	PMPM	2024 Projection	PMPM	▲	PMPM
Enrollment (As Of Jun)	422,953		419,820		3,133	
Member Months	5,068,407		5,257,388		(188,981)	
In Thousands						
Revenue	\$2,061,731	\$406.78	\$2,058,992	\$391.64	\$2,739	\$15.14
Managed Care Expense	1,885,437	371.99	1,889,776	359.45	(4,339)	12.54
Other Programs Revenue/(Expense), Net	(4,313)	(0.85)	19,039	3.62	(23,352)	(4.47)
Administrative Expense	102,256	20.18	80,695	15.35	21,561	4.83
Non-Operating Revenue/(Expense), Net	(28,613)	(5.65)	27,125	5.16	(55,738)	(10.80)
Net Income (Loss)	\$45,424	\$8.96	\$115,646	\$22.00	(\$70,221)	(\$13.03)
Key Metrics						
Medical Loss Ratio	89.5%		89.5%		(0.0%)	
Administrative Loss Ratio	6.1%		5.0%		1.1%	
Required TNE Fulfilled	9.78x		11.64x			

ACTION: With no questions or comments, the motion was made (Commissioner Zeiter) seconded (Commissioner Herrera) and unanimous to approve the Fiscal Year 2025 Final Budget as presented (7/0).

6. Capital Projects Grant

Eric Cubillo, Director of Fiscal Operations, presented for approval, the Capital Projects Grant, highlighting the following:

Health Plan earmarked \$25 million in Community Reinvestment funds for capital projects that will improve member access and quality of care:

- Impacted Area of Focus: Access, Capital Improvement
- Maximum Grant Funding Amount: Planning and implementation grants up to 75% of total project costs, not to exceed a total grant of \$2,500,000
- Provider Capital Project Allowable Categories:
 - Expansion or renovation of existing health care facilities to serve additional Medi-Cal members (medical, behavioral health services and substance use disorder treatment)
 - Purchase of a mobile health care unit to serve additional Medi-Cal members (medical, behavioral health services)
 - Purchase of capital equipment for a provider facility to serve additional Medi-Cal members (medical, laboratory, behavioral health services and substance use disorder treatment)
 - Support of capital project opportunities reinforcing Health Plan priorities
- Criteria Considered for Capital Projects Grant Funding
 - Must be contracted or in the process of contracting with the HPSJ/MVHP & Medi-Cal network

- All applicable contracting and credentialing must be completed prior to receiving approved grant funds
- Service Area: Applicant organizations must maintain ongoing operations, including staffing and programs, in Alpine, El Dorado, San Joaquin, or Stanislaus counties

Commissioner Herrera asked if currently there is any type of scarcity of service delivery or significant reduction in service access. Mr. Cubillo responded that there is no known scarcity of services at this time as there might be various health plan priorities that have yet to be identified but there are potential program and ideas, i.e., expansion of existing clinics to provisioning exam rooms and lobby space, including renovation of school space to recreate confidential BH spaces. Ms Granados also noted an example of scarcity in services would be the case of Denti-Cal services in El Dorado County as the only sole provider passed away and the next closest is in Placerville which is over an hour drive. In this case, HPSJ will determine the impacts on members given the distance of closest service location.

ACTION: With no further questions or comments, a motion was made, (Commissioner Villapudua) seconded (Commissioner Regalo) and unanimous to approve \$25M of HPSJ's Community Reinvestment Program funds towards the Capital Projects Grant as presented (7/0).

INFORMATION ITEMS

7. Behavioral Health (BH) In-House

Tracy Hitzeman, Executive Director of Clinical Operations, provided an update on HPSJ's transition to in-house management of Behavioral Health services, which will include mild to moderate mental health that is delivered in-person, non-specialty mental health that is delivered by telehealth, and Behavioral Health Treatment (BHT), also known as Applied Behavioral Analysis (ABA).

Transition Status

Focus Area	Status	Next Steps
Regulatory (DHCS, DMHC)	Filing submitted 5/17/24	Respond to inquiries from DHCS and DMHC, pending approval
Network Development (Contracting, Credentialing)	BHT/ABA and Mental Health-Telehealth: Progressing	Continue network development
Communication	<ul style="list-style-type: none"> • Carelon notified of Intent to Terminate • Member notifications submitted to regulators for approval 	Member notification: 60 days and 30 days prior to transition Provider Network notification
Staffing	<ul style="list-style-type: none"> • Recruitment underway 	Hire, onboard, train new and existing staff
Transition	Weekly meetings with Carelon to coordinate and plan for transition	Continue

Upon review of the BH transition to in-house report, Commissioner Noguera asked if HPSJ anticipates any changes in provider network due to the change. Ms. Hitzeman responded that there is no change for in-person mental health as providers already belong to HPSJ. HPSJ is making good progress in contracting on mental health, tele-health, and BH with some providers already in network; about 95% of members in any of these services have zero disruption in services.

Commissioner Herrera asked what the driver was for making this transition change. Ms. Hitzeman responded that this transition has been a goal of the Health Plan to ensure that BHT (ABA), and mental health services are delivered in a more whole person approach, with physical and behavioral health services being managed concurrently.

8. Legislative Update

Brandon Roberts, Manager of Government and Public Affairs, provided updates on the following:

California's Legislature Approves a Budget Act, but Negotiations with the Governor are Ongoing

The 2024 Budget Act was passed by the Legislature before the June 15th deadline, but an agreement has not been reached with the Governor.

- The Governor has until June 27th to sign the Budget Act
- Negotiations may extend beyond the new fiscal year until the Assembly, Senate, and Governor reach a comprehensive agreement
- Budget Act amendments and trailer bills will be introduced in the Legislature to reflect the agreement reached by all parties

Key disagreements between the Legislature and Governor remain.

- Managed Care Organization Tax
 - Allocating revenues to bolster the General Fund or exclusively support the Medi-Cal program
 - Eliminating, delaying, or continuing Targeted Rate Increases for certain Medi-Cal providers and services, as initially planned for 2025 and 2026
- Public Health Funding
 - Reducing or maintaining public health funding

The Legislature will introduce trailer bill language to provide detailed implementation of specific policy considerations outlined in the final budget agreement.

- The Department of Finance has released draft trailer bill language addressing various budget items
- Many draft trailer bills align with the Governor's budget priorities, but currently lack legislative backing and have not yet been introduced by the Legislature
- As budget deliberations progress, the Legislature will formally introduce revised trailer bill language to the agreement reached with the Governor

HPSJ/MVHP is tracking many trailer bills, including those related to:

- Managed Care Organization (MCO) Tax Expenditures
- Children and Youth Behavioral Health Initiative (CYBHI) Fee Schedule
- Quality Sanctions Funds
- Medi-Cal County Administrative Funding

VICE-CHAIRMAN'S REPORT

Vice-Chair Jensen reported that Human Resources will be emailing commissioners next week requesting feedback on the CEO's evaluation.

COMMISSIONER COMMENTS

No comments were forthcoming.

ADJOURNMENT

Vice-Chair Jensen adjourned the meeting at 6:12 p.m. The next regular meeting of the Health Commission is scheduled for August 28, 2024.