MINUTES OF THE MEETING OF THE SAN JOAQUIN COUNTY HEALTH COMMISSION

January 25, 2023
Health Plan of San Joaquin – Community Room

COMMISSION MEMBERS PRESENT:

Greg Diederich, Chair
Brian Jensen, Vice-Chair
Neelesh Bangalore, MD
Paul Canepa
Farhan Fadoo, MD
Michael Herrera, DO
Elyas Parsa, DO
Jay Wilverding
John Zeiter, MD

COMMISSION MEMBERS ABSENT:

Christine Noguera
Miguel Villapudua

STAFF PRESENT:

Michael Schrader, Chief Executive Officer
Victoria Hurtado, Chief Information Officer
Sunny Cooper, Chief Compliance Officer
Lizeth Granados, Chief Operations Officer
Evert Hendrix, Chief Administrative Officer
Michelle Tetreault, Chief Financial Officer via MS TEAMS
Lakshmi Dhanvanthari, MD, Chief Medical Officer
Priti Golechha, MD, Assistant 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 Heath Commission to order at 5:05 p.m.

PRESENTATIONS/INTRODUCTIONS

Chair Diederich introduced and welcomed new commissioners, Supervisors Paul Canepa and Miguel Villapudua to the Health Commission.

PUBLIC COMMENTS

No public comments were forthcoming.

MANAGEMENT REPORTS

1. CEO Report

CEO welcomed Victoria Hurtado, HPSJ's new CIO
Michael Schrader, CEO welcomed Victoria Hurtado, HPSJ's new CIO to the Health Commission

Senator Susan Talamantes Eggman Appointed Chair of the Senate Committee on Health
Mr. Schrader announced that Senator Eggman, who represents San Joaquin and Stanislaus counties was appointed Chair of the Senate Committee on Health. The Senator identified two of her key priorities as homelessness, to move individuals into housing and treatment, and mental illness, to expand mental health services.

The Health Committee is relevant to HPSJ because it considers legislation related to:
- Managed care plans
- Public and private health coverage
- Mental health
- Alcohol and drug abuse
- Prescription drugs
- Emergency medical services
- Licensing of facilities

HPSJ is regulated by DHCS and DMHC and they often testify before the Committee. HPSJ has a positive relationship and has interacted several times in the past year with the Senator Eggman's office, and we will continue to position ourselves as a valuable resource.

HPSJ's Advocacy on Quality and Geography
Mr. Schrader described that HPSJ's advocacy related to quality and geography took another step forward in the past month. HPSJ worked through LHPC to pull together a collaboration of six CEOs from plans that served the Inland Empire, Central Valley and Rural North. Some of the six CEOs, including Mr. Schrader, met with DHCS leadership highlighting that HEDIS quality scores are strongly correlated to geography.

Plans that serve the affluent, mostly coastal counties, have the higher quality scores and plans that serve relatively under-resourced, mostly inland counties, have lower quality scores. Plans that serve both kinds of counties, have higher quality scores in one and lower in the other. HPSJ is advocating that DHCS develop a methodology that considers quality and geography together. DHCS leadership agreed to form a steering committee of the six CEOs with quarterly meetings to develop a methodology, perhaps using a model like the Healthy Places Index to properly account for local disparities.

Q: Jensen – For the new methodology, how will the scores be differentiated between counties?
A: Schrader – DHCS has yet to determine if there will be any new methodology. I am suggesting that HEDIS quality scores for plan-counties be left unmodified and remain based on NCQA criteria, but that in addition DHCS consider a county's Healthy Places Index Ranking, or some similar model, to properly account for local disparities. For example, for HEDIS quality scores below the 50th percentile, DHCS could sanction the full amount to plans that serve relatively affluent counties ranked in the top half of the Healthy Places Index, and DHCS could mitigate sanctions for plans that serve under-resourced counties in the bottom half of Health Places Index.

Q: Wilverding – Based on what you propose, it sounds like HEDIS grades would stay the same, but the impacts would change based on a county's Healthy Places Index ranking?
A: Schrader – Yes, that is exactly what I'm proposing.

DHCS Reaches an Agreement to Resolve Appeals Related to its Procurement of Commercial Medi-Cal MCPs

Mr. Schrader shared that DHCS reached an agreement to resolve appeals related to its procurement for commercial plans for Medi-Cal Managed care contracts for 21 counties.

The issue had been the Notice of Intent to Award (NOIA) that DHCS issued in September 2022. DHCS received proposals from 8 commercial plans and selected only 3 of them (Anthem, HealthNet and Molina) through the NOIA. As a result, plans filed appeals and lawsuits contesting their exclusion from specific of the 21 counties.

In December 2022, following months of structured mediation, DHCS and five plans reached a resolution and announced an agreement. The agreement stipulates that five plans will be given Medi-Cal Managed Care contracts, effective January 1, 2024: Anthem for 15 counties, Blue Shield of California and Community Health Group for San Diego County, Centene / Health Net for 10 counties, and Molina for 5 counties

This announced agreement is good news for HPSJ. Had the appeals and lawsuits extended past January 1, 2024, DHCS would have likely delayed HPSJ's expansion into El Dorado and Alpine counties.

The impact of the announced agreement to HPSJ is that starting January 1, 2024, in Alpine and El Dorado counties, HPSJ will serve as the local initiative, Anthem will serve as the commercial plan and Kaiser will also have some Medi-Cal beneficiaries. In San Joaquin and Stanislaus counties, HPSJ will continue to serve as the local initiative, HealthNet will continue to serve as the commercial plan and Kaiser will also have some beneficiaries.

Q: Wilverding – Was Kaiser able to obtain a direct contract with DHCS without going through the procurement?
A: Schrader – Yes, indeed.

Resumption of Medi-Cal Redeterminations
Mr. Schrader highlighted that California's Medi-Cal population is at an unprecedented level of 15.2 million beneficiaries or a 16 percent increase in total enrollment since March 2020, largely due to the continuous coverage requirements put in place during the Public Health Emergency.

However, the stage is now set for the end of continuous eligibility and the resumption of annual renewals called redeterminations for Medicaid beneficiaries across the nation. On December 29, 2022, President Biden signed into law the Consolidated Appropriations Act of 2023. Effective April 1,

2023, the continuous coverage requirement for Medicaid beneficiaries will be decoupled from the duration of the federal Public Health Emergency for COVID-19.

In California, annual renewals for Medi-Cal beneficiaries are processed by counties. Starting April 1, 2023, counties including San Joaquin and Stanislaus will resume the processing of annual renewals for Medi-Cal beneficiaries. Counties will have 12 months to initiate renewals and an additional 2 months to complete them. Renewals will be processed for 12 cohorts of beneficiaries based on their renewal months. For each cohort, the renewal process will start two months before their renewal month.

In April 2023, counties will initiate the renewal process for beneficiaries with a June renewal month. Counties will start by launching the automated ex-parte renewals that require no action from beneficiaries. However, DHCS estimates that the auto ex-parte success rate is only about 25% statewide. For all other beneficiaries (75%), counties will mail annual renewal packets. In June 2023, counties will send "Notice of Actions" to beneficiaries who do not complete the renewals or are determined no longer eligible. For these discontinued beneficiaries, June 30, 2023, will be their final day of eligibility.

Q: Jensen – Will the redeterminations roll off monthly?
A: Schrader – Yes, HPSJ's membership will gradually decline over a 12-month period. We will experience our 1st membership decrease in July 2023, based on discontinued members with June renewal dates. We will see our 2nd membership decrease in August 2023, based on discontinued members with July renewal dates.

C: Diederich – We don't want members to lose eligibility for unnecessary procedural reasons.
A: Schrader – Beneficiaries who were maintained in the Medi-Cal program but would otherwise have been discontinued if not for the continuous enrollment requirements, will lose their Medi-Cal coverage during the unwinding period. However, the concern is that it no go beyond that. There is an inherent risk that eligible individuals may lose coverage because they have a new address or other contact information, that may not have been updated since their last completed renewal (in most cases prior to the PHE) -- DHCS reports a recent returned mail rate of 12% statewide for Medi-Cal beneficiaries. There is also risk that beneficiaries fail to complete the renewals. To help prevent these unnecessary procedural discontinuations, DHCS will be launching a statewide media campaign to raise awareness about the upcoming Medi-Cal renewal process and to encourage Medi-Cal members to take steps to keep their coverage. In addition, DHCS, counties, Medi-Cal MCPs, and coverage ambassadors will use the DHCS communications toolkit to conduct outreach and convey the same information to beneficiaries.

Q: Diederich – If beneficiaries' loose eligibility for a month or two and they re-enroll, how does that work, and will they automatically be enrolled as an HPSJ member?
A: Schrader – The beneficiary would be considered new to the Medi-Cal program, given the opportunity to select HPSJ or Health Net, and auto assigned if they do not.

CONSENT CALENDAR

Chair Diederich presented three consent items for approval and asked if commissions had any questions related to items approved at the F & I Committee meeting, noting that the Investment Policy, Appointment of Treasurer and Quality Improvement Incentives were approved. No comments or questions were raised with commissioners motioned to approve the following consent items as presented:

2. December 14, 2022, SJC Health Commission Meeting Minutes

3. December 27, 2022 Special Meeting of the SJC Health Commission Meeting Minutes

4. Finance and Investment Committee – 01/18/2023
   a. October 19, 2022, Meeting Minutes
   b. December 7, 2022, Meeting Minutes
   c. HPSJ's Investment Programs – Investment Policy Statement
   d. Treasurer Appointment
   e. QI Incentives and HEDIS Grants
   f. S.C. Healthcare Strategies – PSA Extension

ACTION: With no questions or comments, the motion was made (Commissioner Jensen), seconded (Commissioner Fadoo), with an abstention by Commissioner Canepa to approve the three consent items as presented (8/1).

REPORT ITEMS

5. November 2022 YTD Financial Reports

Michelle Tetreault, CFO presented for approval the November 2022 YTD, highlighting the following:

- Net Income is $56.8M and is $59.3M favorable to budget
- Premium Revenue is $16.1M (2.9%) favorable to budget YTD, driven by variation in the mix of membership by category of aid (COA) compared to the mix assumed in the budget
- Membership is favorable to budget by 14,533, which is driven primarily by increased membership in the COAs with higher rates (SPD, Dual, ACA, and Adult), resulting in a more favorable average PMPM revenue than budgeted
- Managed care expenses are $19M (3.9%) favorable to budget YTD, primarily due to favorable variances in institutional and professional categories of service
  - A 3% increase in institutional and professional categories of service was factored into the current year budget in anticipation of contract changes expected to go into effect during FY23
- Other Program Revenues and Expenses, net, are $0.5M favorable to budget, due to differences in revenue and expense timing for various incentive programs compared to budget
- Administrative expenses are $3.5M favorable to budget YTD primarily due to lower than budgeted IT consulting cost of $1.4M and personnel costs of $1.2M
- Prior period adjustments are primarily related to changes in estimates of IBNR of $10M, and reserves for disputed claims of $7.5M

Ms. Tetreault stated that HPSJ doubled the provider incentives this fiscal year, that will reduce the favorable variance in medical expenses.

Commissioner Jensen asked if HPSJ anticipates net income favorability to decrease with all the initiatives that are scheduled to occur in the coming year. Ms. Tetreault noted to the affirmative.

Chair Diederich asked what the net margin at the end of the fiscal year will be. Ms. Tetreault responded that the projected net margin at the end of the fiscal year will be between $90M-$100M.

Mr. Schrader highlighted that HPSJ is doubling the allocation for HPSJ's PCP Incentive Program from $10 million in CY2022 to $20 million in CY2023. DHCS is placing a greater focus on quality improvement by adding HEDIS measures subject to the MPL and by holding plans more accountable with sanctions.

Ms. Tetreault noted that HPSJ is also budgeting $3 million for grant programs for FQHCs to continue pilots of locum physicians, and HPSJ is budgeting $1 million to support FQHC provider recruitment and retention for PCPs and hard-to-find specialties.

Commissioner Herrera asked what the doubling of funding for the PCP pool would mean to providers. Mr. Schrader responded that a provider would receive twice the funding for the same performance level.

ACTION: With no additional questions or comments, the motion was made (Commissioner Zeiter) seconded (Commissioner Wilverding) and unanimous to approve the November 2022 YTD financial reports as presented (9/0

6. Grant to Grow Infrastructure for Family Medicine Residents

Lizeth Granados, Chief Operations Officer presented for approval the Grant to Grow Infrastructure for Family Medicine Residents.

San Joaquin County (SJC) has a population-to-physician ratio lower than California and national rates. For each primary care physician in SJC, there are 1,670 patients, compared to 1,240:1 in California and 1,310:1 in the U.S. Since 2018 and in conjunction with St. Joseph's Medical Center, Community Medical Centers has bridged a learning environment for family residents to develop workforce and increased access to community care. Through the Family Medicine Residency Program, CMC has provided the structure and setting to develop primary care skills and build patient to provider relationships in underserved communities. Residents are trained to identify preventative needs, provide routine care, and diagnose and treat chronic illness under the supervision of a licensed physician.

As an established program within the community, the program has grown steadily within the last five years and now requires an expansion at the CMC Channel Clinic for additional clinical spaces, exam rooms, conference room, and office space. The proposed budget of $161,721 includes costs for construction, clinical equipment, furniture, laptops, and system set up. CMC anticipates the project will be completed between February – May 2023.

Based on the proposal, management is requesting commission approval for HPSJ to fund a grant towards the growth of infrastructure for family medicine residents to Community Medical Centers in the amount of $161,721.

Upon review of the proposal, Chair Diederich stated that he is in favor of the program as many of the residence will be staying in our community, with potential locations and Psychiatry included in this initiative (223 physicians are to be trained and staying in the community).

Commissioner Zeiter asked which CMC location this will be for. Ms. Granados responded that it is for the Channel Clinic location.

ACTION: With no additional questions or comments, the motion was made (Commissioner Jensen) seconded (Commissioner Herrera) and unanimous to approve the grant funding towards the growth of infrastructure for family medicine residents to Community Medical Centers in the amount of $161,721 presented (9/0).

7. QMUM Committee Meeting Update – 01/18/2023

Dr. Lakshmi Dhanvanthari, CMO submitted for approval the QM/UM Committee meeting report for 01/18/2023, highlighting the following committee meetings, work plans, program descriptions, policies updates and reports that were reviewed and approved:

- QI Program Annual Evaluation – 7/1/2021 to 7/3/2022 - Evaluation of the plans programs and activities related to Quality Improvement and Management. The evaluation demonstrated the plans positive progress towards established goals and metrics. Areas included in the evaluation include:
    - Population Needs Assessment
    - Population Health Management
    - HEDIS
    - MCAS Workgroups
    - Provider Partnership
    - Quality Improvement Projects
    - Lead Screening
    - IHA
    - Continuity and Coordination of Care
    - Member Experience
    - Advice Nurse Line
    - Provider Networks
    - Provider Satisfaction
    - Culture and Linguistics
    - Grievances and Appeals and PQIs
        - Grievances-San Joaquin County
            - In FY 21-22, 2,356 grievances were received for San Joaquin County as compared to 1,225 cases received in FY20-21 for SJ county
            - This accounts for an increase of 92.3 % of total grievances for SJ county for the year
        - Grievances-Stanislaus County
            - In FY21-22, for Stanislaus County, 1,778 grievances were received as compared to 865 grievances received in FY20-21 for ST County
            - This accounts for an increase of 105.5% of total grievances for ST county for the year
        - The identified trends in both San Joaquin and Stanislaus Counties were:
            - The Quality-of-care issues
            - The Access to care issues
            - The Quality-of-service
            - The Billing /Financial issues
            - The increase in grievances can be attributed to the following update in grievance process as per All Plan Letter 21-011
        - Appeals-San Joaquin
            - In FY 2020-2021 for San Joaquin County 255 appeals were received as compared to 454 received in FY20-21
            - This accounts for a decrease of 43.8% total appeals received for SJ county in FY21-22
            - The decrease in overall appeals can be attributed to Pharmacy carve out to Medi-Cal RX effective January 1,2022
        - Appeals Stanislaus County
            - In FY 2020-2021 for Stanislaus County 244 appeals were received as compared to 265 received in FY20-21

- This accounts for a decrease of 7.9% total appeals received for ST county in FY21-22
- The decrease in overall appeals can be attributed to Pharmacy carve out to Medi-Cal RX effective January 1,2022

▪ Potential Quality of Care Issues - PQIs: San Joaquin County – Stanislaus County

- In FY 21-22, 90 PQI's were received for SJ county as compared to 44 PQI's received in FY20-21
- For Stanislaus County 39 PQI's were received in FY21-22 as compared to 31 PQI's received in FY20-21
- The sources of these PQI's were mostly internal staff or escalation from grievances. The increase in PQI's can be attributed to the update in the grievance process made in the month of April 2021

- Patient Safety Pharmacy Program FY 2022
  - The Health Plan of San Joaquin goals for the fiscal year were to reduce concurrent use of opiates and benzodiazepines
  - The HPSJ Pharmacy team prepared education materials for concurrent use of opiates and benzodiazepines and sent out a provider alert. The duplicate therapy of opiates is part of the HPSJ Patient safety program. The concurrent use is monitored and education materials and provider education is supplemented based on current trends in utilization
  - Concurrent use of opiates and benzodiazepines
    - In 2021, HPSJ averaged 500 members per month taking opiates and benzodiazepines concurrently
    - In August 2022, HPSJ had 389 members taking opiates and benzodiazepines concurrently
  - Pharmacy benefits have been carved out to Medi-Cal Rx as of 1-1-2022. HPSJ will continue to monitor the concurrent utilization of opiates and benzodiazepines in the Medi-Cal Rx system and work with providers to provide the best care possible for our members. HPSJ has monitored the concurrent utilization through the Medi-Cal Rx transition to ensure that members had access to opiates and benzodiazepines but monitored to ensure there was not over utilization of the drugs taken concurrently. Thus far utilization has decreased slightly. Based on overall utilization of opiates the total number of members taking opiates and benzodiazepines is relatively small. We will continue to monitor concurrent use

- Specialty Referral Monitoring

Report Summary	
Report Name	Specialty Referral Monitoring
Reporting Period	July 1, 2021 – June 30, 2022 (FY22)
Report Purpose	Regulatory requirement to over see specialty referrals which we bump up services authorized against claims to see if the service was used
Report Highlights	**Top 5 specialty types**: 1. Cardiology 2. Allergy and Immunology 3. Ophthalmology 4. Podiatry 5. Allergy HPSJ implemented an extended LOA (Letter of agreement) with Stanford improving access Enhanced process for ensuring appointment availability prior to approving a referral to ensure timely access **OON Referrals** • Steady year over year decrease of 14.8% from FY 21 • Increase in denials in both counties, however, Stanislaus County was only an increase of 0.4%, whereas San Joaquin county increased by 3% • Continuity of Care (CoC) process reinforcement training was conducted, and we continue to monitor for appropriate application of CoC **Quality review OON Referrals:** • Random sample of 10 approvals and 10 denials reviewed per quarter • 93% of approvals were for Medical Necessity, with 7% CoC • 100% of the denials were due to the service being available in network

Report Highlights (Continued)	**Appeals**: • The percentage of denials that were reversed on appeal was consistent over the first half of this reporting period • There was an increase in the number of appeals filed in the second half of this period, Quarter 3 and 4 • The increase in appeals for Q3 and Q4 was related to a contract termination • The most common reason for overturning a denial was the receipt of additional information needed to establish medical necessity/Continuity of Care **OON Referral Monitoring:** • 21,420 unique members with unused auths in FY 22, or an overall unused auth rate of 30.8% • Outreach to 509 members and we were able to reach 126 members of which 69 members received services • 69 members did receive services • Barriers to care identified: o Declined to use the referral as they felt they no longer needed it o Member too sick to use the referral o Declined services, and o Unaware of needing services
Report Changes/Updates	No changes to report at this time

- Bariatric Surgery Guidelines - Key points that were updated on Bariatric Guidelines as of Jan 2023
    - Added adult member with BMI 30-35 with diabetes as candidates for bariatric surgery on to Clause 1. A3 “Adult age ≥18 years with a BMI 30-35 with type 2 diabetes mellitus with inadequately controlled hyperglycemia despite optimal medical treatment (eg, oral medication, insulin)”
    - Glycemic control preoperative-need to meet with one of the following:
    - Maximize Diabetes control, HbA1c should be <8 (prior HbA1c 6.5)
    - Added to Clause 5. Nutritional Evaluation/Therapy/Counseling: “Provide evidence of weight loss from associated nutritional therapy”
    - Removed clause IV from investigational as -Loop Gastric Bypass (“Mini-Gastric Bypass”), which has been recognized by the ASMBS (American Society for Metabolic and Bariatric Surgery) as an approved bariatric surgery earlier in 2022
    - Updates made based on MCG correspondences Nov 2022, input from physicians from Central California surgery Sept 2022, and American Society for Metabolic and Bariatric Surgery

- Complex Case Management Program - A member identified as high risk may be assigned to Complex Case Management or they can be referred into the program
    - Designed to help high risk members regain optimal health or improved functional capability through:
        - Complex/multiple chronic condition management, using evidence-based clinical guidelines
        - Disease-specific self-management support and education
        - Problem-based, comprehensive care planning tailored to member needs
        - Coordination of care and communication with treating practitioners

- Policies Updates - Policies approved by Pharmacy & Therapeutics Advisory Committee 12/21/2022 and QM Policies
    - PH08 – Managed Drug Limitation - This policy was updated to remove the phrase “point-of-service” as that relates to pharmacy benefit management and HPSJ no longer is responsible for the pharmacy benefit as of 1/1/2022. The policy was also updated so that the reference for UM13 was changed to QM65, Member Appeals
    - PH10 – Dispensing of Off-Label Prescriptions - A minor revision was made so that QM65 was renamed to Member Appeals. The policy had QM65 listed as Provider/Grievances Appeals

- PH11 – Therapeutic Interchange - This policy was updated to include a reference to QM65, Member Appeals so that the practitioner or member can find the specific policy and procedure to follow when an appeal is requested
- PH17 – Member Communication - Annual Review, No Changes
- PH18 – Practitioner Communication –This policy was updated to remove the term formulary as that relates to pharmacy benefit management and HPSJ no longer is responsible for the pharmacy benefit as of 1/1/2022. Some minor formatting and grammatical edits were made as well
- PH21 – Drug Utilization Review - Annual Review, No Changes
- PH25 – Pain Management for Terminally Ill Patients - This policy was updated to add the word “ill” within the purpose statement of the document. The entire document was reformatted as well as the main bullets were not in alphabetical order
- QM05 - Facility Site Review Policy - Updates were made to the FSR policy as per All Plan Letter 22-017. Updated DHCS FSR/MRR tools/Standards are being implemented as per the APL
-

Case Management and Utilization Management		QM/UM Committee Date: 1/19/2022
Policy #	Policy Name	Summary
CM09	Advanced Directives	No changes
CM02	Sensitive Services	Updated per APL 22-010- Maintain strict confidentiality about a member's receipt of sensitive services, and release information only with member approval, to those designated by the member.
CM03	Provider Objections to Providing Covered Services	No substantive changes- formatting only
CM05	AIDS Medi-Cal Waiver Program Referral	No changes
CM08	Direct Observation Therapy (DOT)	No changes
CM64	Behavioral Health	Added requirements for "No Wrong Door" access to behavioral health services, definition of medical necessity for children up to age 21, requirements for dispute resolution with County Mental Health Plans
CM69	Continuity of Care	Replaces CM23 Continuity of Care for Members for Terminated Practitioners/Providers, and UM 49 Continuity of Care for Medi-CalMembers
UM05	Over/ Under Utilization of Services	Minor grammatical changes
UM06	Medical Review Criteria	Added definition of medical necessity for members up to the age of 21
UM53	Developmental Disabilities Services Program	Updated references, format

- Pharmacy & Therapeutics Advisory Committee – 12/21/2022
  - Health Plan of San Joaquin Policy PH04 Pharmacy and Therapeutics Committee defines the Health Plan of San Joaquin (HPSJ) Pharmacy and Therapeutics Committee (P&T) members, duties, tasks, and meeting agendas. The Health Plan of San Joaquin (HPSJ) Pharmacy and Therapeutics Committee (P&T) is responsible for providing input on pharmaceutical management procedures and for developing, managing, updating, and administering the Drug Formulary System for HPSJ. The P&T Committee is responsible for ensuring HPSJ’s members receive high quality, cost-effective, safe, and efficacious medication therapy
  - This was the second P&T of the Calendar Year. We reviewed the post Medi-Cal Rx pharmacy metrics and reviewed several clinical policies as they had changes for the CY. The P&T Committee Policy was updated to reflect the changes to the benefit made by Medi-Cal Rx

Policies approved by committee 12-21-2022

- PH08 – Managed Drug Limitation
- PH10 – Dispensing of Off-Label Prescriptions
- PH11 – Therapeutic Interchange
- PH17 – Member Communication
- PH18 – Practitioner Communication
- PH21 – Drug Utilization Review
- PH25 – Pain Management for Terminally Ill Patients

Coverage Policy without changes

- Dermatology - Other Skin Disorders
- Endocrine – Women's Health
- Infectious Disease - Bacterial Infections
- Infectious Disease – Fungal Infections
- Immunology – Transplant
- Neurologic Disorders - Multiple Sclerosis
- Respiratory Disorders – Pulmonary Arterial
- Hypertension

Coverage Policies reviewed with recommended changes:

- Infectious Disease – Viral Infections
- Gastrointestinal Disorders – Nausea
- Miscellaneous – AnemiaCoverage Policy Reviews with no changes
- Miscellaneous – Non-covered Benefits
- Endocrine – Testosterone

Upon review of Dr. Dhanvanthari's report, Chair Diederich asked on Pharmacy Carve-Out regarding concurrent use of Opioid, if HPSJ is receiving claims data from the state. Dr. Lakshmi responded to the affirmative and noted that it is also stored in HPSJ's data warehouse.

Chair Diederich stated that Healthcare Services is managing the opioid settlement money and asked who at HPSJ is doing the education campaign. Dr. Dhanvanthari responded that Matthew Garrett, Director of Pharmacy is working on the initiatives.

Commissioner Herrera asked where surgeries are being performed on bariatric services in SJC and Stanislaus counties. Dr. Dhanvanthari responded that majority of the surgeries are done within the network (Stanislaus Surgical Hospital, DMC Modesto and DMC Manteca), with some being done outside of network at Stanford Hospital.

ACTION: With no further questions, a motion was made (Commissioner Jensen) and seconded (Commissioner Parsa) to approve the QMUM Committee Report for 1/18/2023, QI Evaluation FY 2021-2022 and Complex Case Management Program Description FY 2022-2023 as presented (9/0).

Peer Review and Credentialing (PRC) Committee – January 12, 2023

- Direct Contracted Providers: 93
  - Initial Credentialed for 3 Years = 32

- Initial Re-Credentialed for 1 Year = 1
- Recredentialed for 1 Year = 3
- Recredentialed for 3 Years =57

- 3rd Quarter 2022 Delegated Credentialing

Delegated Entity	Initial	Recredentialed	Terminations
Beacon	0	0	2
ChildNet	20	84	23
Childrens First	4	35	3
Kaiser	52	125	0
UCSF	412	450	0
Community Psychiatry/MindPath Health	0	0	0
MD Live/CareNet	2	1	0
VSP	19	151	0
Total	509	846	28

Termination Reason(s):	
Children First	(3) VOLUNTARILY RESIGNED
ChildNet	(24) VOLUNTARILY RESIGNED
Beacon	(2) VOLUNTARILY RESIGNED

ACTION: With no questions or comments, a motion was made (Commissioner Jensen), seconded (Commissioner Parsa) with an abstention by Commissioner Herrera to approve the Peer Review and Credentialing Committee reports for 1/12/2023 as presented (8/1).

INFORMATION ITEMS

8. Legislative Report

Brandon Roberts, Government and Public Affairs Manager provided an update on the 2023-2024 State Budget Proposal, highlighting the following:

- Governors' State Budget Proposal - Governor Newsom unveiled his proposed budget for FY 2023-24, kicking off lengthy deliberations with the Legislature
  - January 10th: Governor proposes a budget
  - February - August: Legislature considers trailer bills and its own Budget priorities
  - May 19th: Governor issues revision to the budget proposal
  - June 15th: Legislature passes a Budget Act
  - July 1st: Budget Act enacted if signed by the Governor
- Governor's Budget Over
  - Total budget: $297 billion (223.6 billion GF)
  - Reduced revenues: $29.5 billion below 2022 Budget Act projections
  - Budget shortfall: $22.5 billion deficit
  - Budget Reserves: $35.6 billion total:
    - Rainy Day Fund: $22.4 billion – must declare fiscal emergency to access
    - Safety-Net Reserve: $900 million
    - Public School System Stabilization Account: 8.5 billion
    - Operating Reserve: $3.8 billion
- Though the Governor's Budget does not project a recession, general fiscal uncertainties are noted, and a recession may be projected in the May Revision. Despite a deficit, most recent

- investments in Medi-Cal and the health care safety-net are maintained. Proposes to address the deficit by delaying or forgoing funding in other areas

- Extension of the Federal COVID-19 Public Health Emergency and Decoupling of Continuous Coverage

- Medi-Cal Budget Overview
    - FY 2022-23 Medi-Cal budget and caseload
        - Budget: $137.7 billion ($32.3 billion GF)
        - Caseload: 15.2 million Californians
    - FY 2023-24 Medi-Cal budget and caseload
        - Budget: $138.9 billion ($38.7 billion GF)
        - Caseload: 14.4 million Californians
    - Updated Medi-Cal Budget
        - Reflects lower Medi-Cal expenditures of approximately $4.2 billion GF in FY 2022-23 compared to the 2022 Budget Act
    - Year-Over-Year Comparison
        - Projects Medi-Cal expenditures of $38.7 billion GF in 2023-24, an increase of $6.4 billion compared with revised 2022-23 expenditures

- Managed Care Organization (MCO) Tax Renewal
    - The Governor's Budget proposes the renewal of the MCO Tax, effective January 1, 2024, through December 31, 2026
    - The Governor's Budget maintains the structure of the prior MCO Tax, which was budget neutral to HPSJ
    - The Administration will explore opportunities to increase the MCO Tax to provide more support for the Medi-Cal program

- Additional Significant Adjustments to the Medi-Cal Program
    - CalAIM
        - Transitional Rent and Community Supports
        - Possible Delayed ICF/DD and Adult/Pediatric Subacute Facility Carve-In
    - Designated State Health Program (DHSP) and Provider Rate Increases
    - California's Behavioral Health Community-Based Continuum Demonstration (CalBH-CBC) Demonstration

Chair Diederich asked if the MCO tax had been restructured to satisfy federal regulators.
Mr. Schrader responded affirmatively. The MCO tax must be broad based (imposed on all), uniform (same rate structure for all), and not include a "hold harmless" provision. For fiscal year 2022-23, MCOs were taxed $55 PMPM for the Medi-Cal line of business and $1.50 PMPM for non-Medi-Cal lines of business, for 675,001 to 4,000,000 member months. In FY 2021-22, the state taxed HPSJ $166,250,000. The state uses the MCO tax revenue to draw down a federal match. DHCS makes the MCOs "whole" for the Medi-Cal line of business through the capitation rates. The MCO tax model generates $1.5 to $2.0 billion annually for the Medi-Cal program.

CHAIRMAN'S REPORT

Chair Diederich reported that the first Ad-Hoc Investment Committee meeting was held in December with the next one scheduled for February 15, 2023; potential investments and policies will be reviewed for submission to Health Commission for approval.

COMMISSIONER COMMENTS

No comments were forthcoming.

CLOSED SESSION

At this time, the Health Commission adjourned to Closed Session at 6:41 p.m.

9. Closed Session – Trade Secrets
   Welfare and Institutions Code Section 14087.31
   Title: Quarterly Update on FY' 22-23 Corporate Objectives

   Closed Session – Public Employee Appointment
   CA Government Code Section 54957
   Title: Chief Executive Officer

No actions were forthcoming.

The Health Commission came out of Closed Session at 7:16 p.m.

ADJOURNMENT

Chair Diederich adjourned the meeting at 7:16 p.m. The next regular meeting of the Health Commission is scheduled for February 22, 2023.