

MINUTES OF THE MEETING OF THE SAN JOAQUIN COUNTY HEALTH COMMISSION

**February 22, 2023
Health Plan of San Joaquin – Community Room**

COMMISSION MEMBERS PRESENT:

Greg Diederich, Chair
Paul Canepa
Farhan Fadoo, MD
Christine Noguera
Elyas Parsa, DO
Miguel Villapudua
John Zeiter, MD

COMMISSION MEMBERS ABSENT:

Brian Jensen, Vice-Chair
Neelesh Bangalore, MD
Michael Herrera, DO
Jay Wilverding

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
Priti Golechha, MD, Assistant Chief Medical Officer
Tracy Hitzeman, Executive Director – Clinical Operations
Elizabeth Gagnon, Controller
Jeanette Lucht, Director of Special Projects Medical Management
Quendrith Macedo, County Counsel
Sue Nakata, Executive Assistant to CEO and Clerk of the Health Commission

CALL TO ORDER

Chair Diederich called the meeting of the Health Commission to order at 5:05 p.m.

PRESENTATIONS/INTRODUCTIONS

Chair Diederich announced that Petra Linden, CEO of St. Mary's Dining Room, has been recognized by the Association for Community Affiliated Plans (ACAP) as an honorable mention recipient of the Leadership in Advocacy Award.

The purpose of the ACAP Leadership in Advocacy Award is for community-based health plans across the U.S. to recognize our local partners for their exceptional collaborations to support the safety-net and health of our members.

HPSJ nominated Ms. Linden to receive our national association's Leadership in Advocacy Award in recognition of her collaboration to develop housing and provide supportive services that improve care access and outcomes for our most vulnerable community-members, particularly those who are unhoused and living with unmet health needs.

Specifically, HPSJ applauds Ms. Linden's leadership in convening diverse stakeholders to build modular housing and improve the integration of medical services aimed at jointly addressing the medical and social needs of unhoused community-members.

HPSJ is especially grateful to Ms. Linden, for her partnership to coordinate:

- Housing Transition Navigation Services
- Housing Deposits
- Housing Tenancy and Sustaining Services
- Day Habilitation and Community Health Worker Services
- Short-term post hospitalization housing
- Recuperative Care

and other services for HPSJ members who receive support from St. Mary's Dining Room.

Ms. Linden thanked the commission and HPSJ for the partnership and collaboration in being part of the solution to ending homelessness and transitioning members into long-term housing at the 300-bedroom units at the parking lot of SM Dining Room (50 to recuperative care and the rest for highly vulnerable).

PUBLIC COMMENTS

No public comments were forthcoming.

MANAGEMENT REPORTS

1. CEO Report

Michael Schrader, CEO provided an update on the Managed Care Organization (MCO) tax, reporting that the Governor's proposed state budget for fiscal year 2023-24 includes a 3-year renewal of the expired MCO tax, aiming to maximize revenue to avoid cuts during a forecasted ongoing budget deficit.

Until its expiration in December 2022, the MCO tax generated about \$1.5 billion in annual General Fund revenue and was imposed by California for over a decade as a strategy to leverage additional federal dollars for Medi-Cal and other public services that are funded by the state budget.

A coalition of impacted healthcare advocacy associations, including the Local Health Plans of California (LHPC), are exploring opportunities to inform a statewide ballot measure that would improve an extension of the MCO tax by explicitly directing such funds to support the Medi-Cal program.

A prospective statewide ballot measure to reinstate the MCO tax would specifically require that funding be reinvested to increase Medi-Cal provider rates in fee-for-service (FFS) and managed care, while prohibiting the Legislature and Administration from using such funds for purposes unrelated to healthcare.

If reinstated through a statewide ballot measure, the MCO tax would annually raise billions of dollars to bolster historically low Medi-Cal provider rates and lend additional support to make new investments in the Medi-Cal program.

Many healthcare advocacy associations support such a statewide ballot measure that would increase provider rates, observing that while the Medi-Cal program in recent years has focused on expanding coverage and benefits, most Medi-Cal FFS provider rates have not been increased in over two decades and generally remain far lower than the Medicare rates.

Healthcare advocacy associations positioning to lead the prospective statewide ballot measure estimate that such efforts could cost proponents between \$16-25 million to build a coalition, develop the measure, collect signatures, and provide education up until the November 2024 election.

LHPC has agreed to partner on efforts that concern the MCO tax and will commit \$1 million to inform the initial stages of developing a statewide ballot measure, of which \$53,000 will be contributed by Health Plan of San Joaquin.

Upon Mr. Schrader's report, the following questions were raised by commissioners:

Q: Zeiter – Who is the anticipated opposition to this prospective ballot measure and, if successful, will this apply a separate tax on MCOs?

A: Schrader – If healthcare advocacy associations pursue a ballot measure, there may be opposition from taxpayer advocates. However, the MCO tax that expired in December 2022 was budget neutral to HPSJ and most other local health plans, and it allowed the state to draw down federal dollars to support Medi-Cal. We want to ensure any funds from a continuation of the MCO tax remain in the Medi-Cal program and are not diverted elsewhere during a budget deficit, especially as our roles and responsibilities as Medi-Cal MCOs continue to expand.

Q: Fadoo - The MCO tax is budget neutral to HPSJ and allows the state to be reimbursed more federal funds to support Medi-Cal. Can the tax be continually increased or replicated to generate even more federal funds while remaining budget neutral to most local plans and favorable to the state?

A: Schrader – HPSJ is not aware of a cap, though some may advocate for such. It seems possible that the more the tax increases, the better it is for Medi-Cal's funding. However, federal approval is required for the tax, so the state may be limited in further attempts to draw additional federal dollars.

Q: Diederich - Is it intended that funds collected from renewing the expired MCO tax will go toward increasing rates for PCP services?

A: Schrader - Similar to aspects of Proposition 56, a tobacco tax ballot measure, healthcare advocates are suggesting that a MCO tax ballot measure direct funds for increasing Medi-Cal provider rates.

CONSENT CALENDAR

Chair Diederich presented five consent items for approval:

2. January 25, 2023 SJC Health Commission Meeting Minutes
3. Community Advisory Committee – 02/09/2023
 - a. December 8, 2022 Meeting Minutes
 - b. Community Hospice
 - c. Healings in Motion
 - d. 2023 Topic Plan Brainstorming Session
4. Finance and Investment Committee – 02/15/2023
 - a. January 18, 2023 Meeting Minutes
 - b. December 2022 Financial Reports
5. Ad-Hoc Community Investment Committee – 02/15/2023
 - a. Annual Community Reinvestment Strategy, Plan, and Reporting Policy (CRSPR)
6. Human Resources Committee – 02/25/2023
 - a. December 14, 2022 Meeting Minutes
 - b. Recruiting and Selection Policy

Chair Diederich reported that the Ad-Hoc Community Investment has met twice and approved the policy on guidance for reinvestments as referenced in item #5.

Mr. Schrader stated that the Ad-Hoc Community Investment Committee consists of Chair Diederich and Commissioners Jensen and Noguera. The committee members have met twice with staff to develop a policy on community reinvestment for approval by the Health Commission. The Annual Community Reinvestment Strategy, Plan, and Reporting Policy (CRSPR) establishes a framework for HPSJ's annual community reinvestment.

The purpose of community reinvestment is to improve community health for furtherance of HPSJ's Mission and Vision. It also is to meet requirements in the new DHCS contract that becomes effective on January 1, 2024. The contract specifies that Medi-Cal Plans (MCPs) with positive net income will be required to allocate 5-7.5% of these profits (depending on the level of their profit) to local community activities that develop community infrastructure to support Medi-Cal members. Plan partners will be required annually to submit a Community Reinvestment Plan and Report that details how the community will benefit from the reinvestment activities and the outcomes of such investments. Contractor must annually submit the Community Reinvestment Plan.

HPSJ does not have to wait or be limited by the state requirements as our policy includes guiding principles that any investments be:

- Beneficial to HPSJ members
- Demonstrate partnership with the community
- Support local innovation
- Ensure transparency
- Consider equity

The policy also includes process, including that the Health Commission would approve the Community Reinvestment Plan on an annual basis.

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

Commissioner Villapudua left the meeting at this time.

REPORT ITEMS

7. December 2022 YTD Financial Reports

Elizabeth Gagnon, Controller presented for approval the December 2022 YTD, highlighting the following:

- Net Income is \$74.2M and is \$72.3M favorable to budget
- Premium Revenue is \$16.4M (2.6%) 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 18,654, 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 \$22.9M (4%) favorable to budget YTD, primarily due to favorable variances in institutional and professional categories of service
 - A 3% increase in medical expenses 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 \$3.6M favorable to budget, due to differences in revenue and expense timing for various incentive programs compared to budget
- Administrative expenses are \$3.6M favorable to budget YTD primarily due to lower than budgeted IT consulting cost of \$1.5M and personnel costs of \$1.3M
- Temporary variances are expected to be reversed later in the current fiscal year
- Prior period adjustments are primarily related to changes in estimates of IBNR of \$10M, and reserves for disputed claims of \$7.5M

Chair Diederich asked what the year-end projection will be. Ms. Gagnon responded, primarily due to Public Health Emergency's extension, we're likely to see favorable income of \$120M or greater; total amount will be determined at the end of the fiscal year.

ACTION: With no additional questions or comments, the motion was made (Commissioner Zeiter) seconded (Commissioner Parsa) and unanimous to approve the December 2022 YTD financial reports as presented (6/0).

INFORMATION ITEMS

8. FY 2023-2026 Strategic Planning Update

Evert Hendrix, Chief Administrative Officer provided an update on the FY 2023-2026 Strategic Plans, highlighting the following:

- Timeline – Committee members met for the third time on February 14th with anticipation to finalize the plan development
- The Medi-Cal Landscape
- Key Stakeholder Interviews
 - CalAIM
 - Pressing issues identified by stakeholders
 - HPSJ's role is critical for our communities
- HPSJ's Unique Brand – Mission & Vision and Values revamp

Upon review of Mr. Hendrix's report, commissioners asked the following questions:

Q: Noguera - On the mission statement of healthcare services, how did this come about?

A: Hendrix – It is based on our focus of what we do for our members; the members that we serve having access to high quality health care, which includes community partners.

A: Diederich - It is based on our values and 4 pillars, not just members and communities and not just health but involves all those in the community.

A: Fadoo – There was a lot of back and forth in “care” - quality care (provider and healthcare services); capturing the Vision and Mission to still include the healthcare aspect.

Chair Diederich stated that much of the work is moving forward with CalAIM and setting up for our annual objectives.

Mr. Schrader expressed his appreciation to the members of the Ad-Hoc Strategic Planning Committee that spent a lot of time with staff on the planning.

9. Student Behavioral Health Incentive Program (SBHIP) Update

Jeanette Lucht, Director of Special Projects in Medical Management provided an update on the Student Behavioral Health Incentive Program (SBHIP), highlighting the following:

- Program Overview and Objectives
 - SBHIP is a program intended to address behavioral health access barriers for Medi-Cal students through targeted interventions that increase access to preventive, early intervention, and behavioral health services by school-affiliated behavioral health providers for TK-12 children in public schools
 - Objectives are to:
 - Break down silos and improve coordination of child and adolescent behavioral health services through increased communication with schools, school affiliated programs, managed care providers, counties, and mental health providers
 - Increase the number of TK-12 students receiving behavioral health services provided by schools, school-affiliated providers, county behavioral health departments, and county offices of education
 - Address health equity gap, inequalities, and disparities in access to behavioral health services
 - Make interventions sustainable past the SBHIP funding period
- Program and Interventions in both San Joaquin County and Stanislaus County
 - DHCS submission
 - Student Behavioral Health Concerns
 - Behavioral Health Needs

- Participating Local Education Agencies
- Next Steps
 - DHCS submission packet responses expected in March
 - Statement of Work (SOW) with County Office of Educations (COE) in both counties
 - Memorandum of Understanding (MOUs) with all participating school districts
 - Begin implementation work – develop project plans for each intervention in both counties and begin to execute
 - Develop tracking and monitoring for each intervention in both counties

Upon review of Ms. Lucht's presentation, the following questions were raised by commissioners:

Q: Diederich – Why aren't all the schools participating in the program?

A: Lucht - HPSJ presented what we knew about SBHIP at the time with the school Superintendents. COEs followed up with the school districts and all that wanted to participate were selected. The smaller school districts are the ones that do not have funding and resources, they are the ones that were interested in participating.

A: Schrader - When we first started, we had outreach with both COE meetings and education offices. This was during the midst of dealing with Covid-19. Schools were looking at long-term programs but needed to deal with Covid-19 at the time. State program and timing was up to them (bad timing during Covid-19). COEs in both counties are taking a huge lift and providing fantastic support to this program and helping to manage it.

Q: Diederich – Relative to billing, will this be a primary billing interface to managed care plans?

A: Lucht - This effort will be billing for Medi-Cal and Commercial health plans. There is also a bigger DHCS initiative, Child, and Youth Behavioral Health Initiative (CYBHI). The BH school fee schedule is part of the CYBHI and DHCS is still working on this with their stakeholder meetings.

Q: Noguera – Based on the strategies between the two counties, I don't see billing system in Stanislaus County?

A: Lucht - IT enhancements is listed in Stanislaus County on third-party billing services.

Chair Diederich stated that it would be worthwhile to identify some of the schools that are at risk and possibly go back to them to see if they are interested to participate as there is more incentives coming from the state on fundings to school aside from SBHIP. Let them know the benefits and how it works for other schools. Ms. Lucht agreed to the affirmative and stated that HPSJ hopes to expand and continue the partnership with the COEs to hopefully include other schools that did not initially participate.

10. Long-Term Care Carve-In Update

Lizeth Granados, COO provided an update on the Long-Term Care Carve-In program, highlighting the following:

- As part of benefit standardization included within CalAIM, Long Term Care (LTC) was carved in to HPSJ as a benefit that went live 1/1/2023
- All members in Medi-Cal fee-for-service residing in an LTC facility were enrolled in a MCP effective January 1 and February 1, 2023
- Implementation of LTC members in additional levels of care (Intermediate Care Facilities (ICF) for the Developmentally Disabled (DD) and Subacute Facilities) was to go-live as of 7/1/23
- Per the recently released Trailer Bill Legislation from DHCS, this implementation has been delayed to 1/1/2024 pending final APL release in October 2023

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- Per this delay, project leads will continue to monitor program updates from DHCS and the FY 22-23 Corporate Objectives and associated tasks will be re-aligned

Next Steps:

- With recent communication of delay, Department Leads and assigned resources will continue to move forward with the following implementation tasks:
 - First outreach presentation with ICFs with Regional Center was completed on February 6, 2023
 - Contracting outreach will begin February 2023
 - Release credentialing application to Facilities in March-April
 - Contracts will be sent to facilities in May 2023 and should be executed by the DHCS network readiness submission date of October 2023

Upon review of Ms. Granados' report, Chair Diederich asked how many members were on LTC and is this someone that needs medical care. Ms. Granados reported that there were 18 members that transitioned in January and 668 members in February. HPSJ is responsible for room and board and paying the facility services.

11. Bi-Monthly Compliance Update

Sunny Cooper, Chief Compliance Officer provided an update on Compliance, highlighting the following:

- During CY 2022, a total of 36 cases, excluding duplicate due to conversion between the old and the new FWA systems, were opened and investigated by Compliance
 - 16 of the 38 cases, excluding DOJ assistance, were reported to DHCS/DOJ for further assistance in investigation
- HPSJ Overall Compliance Dashboard
 - Claims: Timely claims processing regulations and requirements
 - Accounting: Timely capitation payment to providers requirements
 - UM: Utilization Management's compliance with the timely Notice of Action (NOA) communications with members
 - Compliance: Compliance with FWA and Privacy reporting requirements
 - HR: HPSJ Workforce and Commissioners mandatory training requirements
 - Customer Service: Speed to answer calls and calls wait time for members
- Compliance Rate by Categories
- Modified By-Laws and Committee Name Change
 - As a result of the 2024 DHCS Contract requirements, HPSJ will need to put in place a resolution for the modification of "Article 5 Committees" of our By-Laws
 - Currently working with County Counsel to go through the process; Health Commission will be updated of the progress and management to bring the proposed changes for HC review and approval in future Commission meetings. The committees impacted are:
 - UM/QM Committee vs. Quality Improvement and Health Equity Committee (QIHEC)
 - Community Advisory Committee
 - Compliance Committee

Chair Diederich stated that all changes to the By-Laws must go to the Board of Supervisors for approval; no need to have an ad-hoc committee to make the change for submission.

12. Legislative Report

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

- Proposals for new Medi-Cal benefits
 - AB 85 (Weber) – Social determinants of health: screening and outreach
 - AB 365 (Aguiar-Curry) – Medi-Cal: diabetes management
 - AB 425 (Alvarez) – Medi-Cal: pharmacogenomic testing
 - B 586 (Calderon) – Medi-Cal: community supports: climate change remediation
- Additional proposal of local interest
 - AB 236 (Holden) – Health care coverage: provider directories
 - SB 65 (Ochoa Bogh) – Behavioral Health Continuum Infrastructure Program
 - SB 299 (Eggman) – Medi-Cal eligibility: redetermination
 - SB 311 (Eggman) – Medi-Cal: Part A buy-in

Mr. Roberts reported that the bill introduction deadline was February 17, 2023.

CHAIRMAN'S REPORT

No reports were forthcoming.

COMMISSIONER COMMENTS

No comments were forthcoming.

CLOSED SESSION

At this time, the Health Commission adjourned to Closed Session at 6:50 p.m.

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

The Health Commission came out of Closed Session at 7:19 p.m.

ACTION: A motion was made (Commissioner Canepa) seconded (Commissioner Fadoo) and unanimous, approving Evert Hendrix to be Interim CEO, with a 15% increase in salary during the interim period, effective March 15, 2023 (6/0).

ADJOURNMENT

Chair Diederich adjourned the meeting at 7:24 p.m. The next regular meeting of the Health Commission is scheduled for March 29, 2023.