

MINUTES OF THE MEETING OF THE SAN JOAQUIN COUNTY HEALTH COMMISSION

June 29, 2022

Health Plan of San Joaquin – Community Room

COMMISSION MEMBERS PRESENT:

Greg Diederich, Chair

Brian Jensen, Vice-Chair

Neelesh Bangalore, MD

Farhan Fadoo, MD

Michael Herrera, DO

Kathy Miller

Christine Noguera

Chuck Winn

John Zeiter, MD

COMMISSION MEMBERS ABSENT:

Elyas Parsa, DO

Jay Wilverding

STAFF PRESENT:

Michael Schrader, Chief Executive Officer

Cheron Vail, Chief Information Officer

Sunny Cooper, Chief Compliance Officer – via video conference

Lizeth Granados, Chief Operations Officer – via video conference

Evert Hendrix, Chief People Officer

Michelle Tetreault, Chief Financial Officer

Lakshmi Dhanvanthari, MD, Chief Medical Officer

Priti Golechha, MD, Assistant Chief Medical Officer

Tracy Hitzeman, Executive Director – Clinical Operations

Tamara Hayes, Director of Compliance

Vena Ford, Director – Community Marketplace and Marketing

Brandon Roberts, Manager, Government Affairs

Quenny 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 5:00 p.m.

PRESENTATIONS/INTRODUCTIONS

Michael Schrader, CEO introduced two new members of the executive team: Tracy Hitzeman, Executive Director of Clinical Operations and Dr. Priti Golechha, Assistant Chief Medical Officer. Ms. Hitzeman comes from CalOptima where she was the Executive Director of Clinical Operations. Dr. Golechha is a board-certified Pediatrician and her most recent experience was with Golden Valley Health Center where she served for 10 years to become the Associate CMO.

PUBLIC COMMENTS

No public comments were forthcoming.

MANAGEMENT REPORTS

1. Mr. Schrader, CEO provided updates on the federal Public Health Emergency (PHE) as it relates to HPSJ's enrollment, as well as the coming July-1 launch of Enhanced Care Management (ECM) and Community Supports in Stanislaus County:

Public Health Emergency and HPSJ Enrollment

Mr. Schrader brought the Commission up to date on the federal PHE.

From the outset of the federal PHE, HPSJ's membership has grown by an average of 2,600 new members per month. At the beginning of the pandemic in March 2020, HPSJ's membership was 335,000, but by May 2022, it had reached 402,000. HPSJ's membership is still climbing.

The primary driver of membership growth has been the federal Families First Coronavirus Response Act, which became law near the beginning of the pandemic. Under the Act, the federal government provided states with a 6.2 percent increase in the federal share for Medicaid. However, receipt of this enhanced funding is conditioned on a state enacting Maintenance of Eligibility (MOE) requirements that temporarily prohibit the disenrollment of its Medicaid beneficiaries.

In California, the MOE has allowed the continuous coverage of Medi-Cal beneficiaries throughout the pandemic. Standard disenrollment practices have been suspended, while newly eligible individuals continue to enroll, resulting in substantial growth to the Medi-Cal program and its managed care plans, including HPSJ. Notably, many of these new enrollees may no longer be eligible for Medi-Cal after the federal PHE and related MOE requirements for continuous coverage end, and routine Medi-Cal operations resume.

The federal PHE is currently set to expire on July 15, 2022, and the U.S. Department of Health and Human Services (HHS) committed to providing a 60-day notice prior to its expiration. HHS has not yet provided such notice, so the federal PHE is expected to be extended for at least one additional 90-day period, spanning through mid-October 2022. In preparation for the expiration of the federal PHE, DHCS on May 17th released its Medi-Cal COVID-19 PHE Operational Unwinding Plan, detailing its approach for maximizing coverage continuity while returning the Medi-Cal program normal operations.

Per the DHCS PHE Operational Unwinding Plan:

- If the PHE ends in mid-October, then in November, counties would start the renewal process for Medi-Cal beneficiaries with January renewal dates.
- In November and December, counties would complete ex-parte reviews, which are largely automated checks of information from federal and state databases.
 - For beneficiaries for which ex-parte reviews are successful, there will be no contact with counties and their Medi-Cal coverage will be automatically renewed for another year.
 - Estimates are that the automated ex-parte reviews will be successful for approximately 35% of Medi-Cal beneficiaries statewide.
 - The remaining 65% of beneficiaries, for which ex-parte reviews are not successful, will receive renewal packets in the regular US Mail.
- In January, counties would process the redeterminations for Medi-Cal beneficiaries with January renewal dates who completed and returned their renewal packets.
 - Counties would discontinue eligibility at the end of January for beneficiaries who are no longer qualified for Medi-Cal coverage.
- February would be the first month without Medi-Cal coverage for discontinued beneficiaries.

It's been more than two years since some Medi-Cal beneficiaries last interacted with their county social services agencies. There is concern that beneficiaries could lose their Medi-Cal eligibility for unnecessary procedural reasons. On March 17, DHCS released an All Plan Letter instructing plans to outreach to their members in two phases.

- Phase 1 - urging members to contact their county-social-service agencies to confirm or update their contact information.
- Phase 2 - 60 days prior to the end of the PHE, commencing multiple rounds of outreach to urge members to update their contact information and complete any renewal paperwork that is received in the regular US mail.

DHCS is also enlisting voluntary Coverage Ambassadors to help lead outreach. Coverage Ambassadors can include any willing providers, religious leaders, community-based organizations, and other advocates. DHCS developed a Communication Toolkit for counties, plans and coverage ambassadors, which includes scripts, flyers, social media tips and website banners. The purpose of the toolkit is to allow consistency. At this point, there are 3 organizations in San Joaquin County and 11 in Stanislaus that have volunteered to be Coverage Ambassadors:

- Human Services Agency (HSA) - SJC
- Catholic Charities - SJC
- Community Medical Centers – SJC
- Community Services Agency (CSA) – STC
- El Concilio, Parent Resource Center - STC
- The Bridge – STC
- Ceres Partnership for Healthy Children - STC
- Livingston Health Center - STC
- Patterson Family Resource Center - STC
- Newman Family Resource Center - STC
- Hughson Family Resource Center - STC
- Waterford Family Resource Center - STC
- Oakdale Family Resource Center - STC
- Casa Del Rio Family Resource Center – STC

In addition to outreach efforts, the state budget for fiscal year 2023 includes \$60M for the Health Enrollment Navigators Project. Health Enrollment Navigators will conduct outreach and provide application assistance for annual renewals to Medi-Cal beneficiaries.

On June 3rd, the HPSJ team convened a local stakeholder forum with counties, clinic partners, and community-based organizations to realign resources. Based on the state guidance and local stakeholder input, HPSJ will carry out a one-year outreach plan with two phases based on members' renewal months. The 90 and 60-day efforts will apply to the monthly cohorts of members:

- 90 days prior to the renewal month, HPSJ will obtain and update member contact information, transfer some member calls to counties, attend Community Services Agency open house events and maintain multimedia communications campaign.
- 60 days prior to renewal month, HPSJ will place calls to alert members of their renewal rates, text members, send direct mail to members' homes and arrange application support for homebound members.

Q: Chair Diederich asked if there is opportunity to expand on Coverage Ambassadors?

A: Mr. Schrader responded that to best get the word out to Medi-Cal beneficiaries, the more Coverage Ambassadors there are, the better. He explained that the DHCS door remains wide open for providers and CBOs to volunteer and take advantage of the free communication toolkits.

ECM and Community Supports Implementation

Mr. Schrader described that consistent with the below timeline, on January 1, 2022, HPSJ launched ECM and 7 Community Supports in San Joaquin County. On July 1, 2022, HPSJ will launch the same in Stanislaus County, plus add two additional Community Supports for Asthma Remediation and Home Modifications across both counties. ECM is a new statewide Medi-Cal benefit intended to provide a whole-person, interdisciplinary care management approach to meet the clinical and non-clinical needs of vulnerable enrollees. Additionally, Community Supports are optional new Medi-Cal services provided as cost-effective alternatives to traditional medical services or settings, designed to address social drivers of health.

Jan 1, 2022	Jul 1, 2022	Jan 1, 2023	Jul 1, 2023
San Joaquin County: 7 of 14 Community Supports Housing Transition Navigation Services ■ Housing Deposits ■ Housing Tenancy Sustaining Services ■ Recuperative Care ■ Short-Term Post Hospitalization Housing ■ Meals/Medically Tailored Meals ■ Sobering Centers	Stanislaus County: 7 Initial Community Supports Both counties: Two additional Community Supports ■ Asthma Remediation ■ Environmental Accessibility Adaptations (Home Modifications)	Both counties: ■ Day Habilitation Programs ■ Personal Care and Homemaker Services ■ Respite Services	Both counties: ■ Nursing Facility Transition/Diversion to Assisted Living Facilities ■ Community Transition Services/Nursing Facility Transition to a Home

Community Health Workers

On July 1, 2022, DHCS will launch the new Community Health Workers (CHW) benefit.

DHCS defines CHWs:

- As having lived experience with the community being served

- Lived experience may include:
 - Incarceration, disability, foster care, homelessness, mental health, substance use or a survivor of domestic violence
- Lived experience may also be based on:
 - Race, ethnicity, sexual orientation, gender identity, language, and cultural background
- As being able to demonstrate:
 - Minimum qualifications of at least 2,000 hours work experience or through one of three PATHWAYS:
 - A CHW certificate issued by the State based on some training curriculum
 - A violence prevention certificate from the Health Alliance for Violence Intervention
 - A certificate of completion in gang intervention training from the Urban Peace Institute
- As being supervised by a Medi-Cal enrolled provider, which can include a licensed provider, hospital, clinical, local health jurisdiction, or community-based organization.
- As a provider of CHW services, which are preventive and may include health education, health navigation, some screening and assessment, and individual support and advocacy.

DHCS defines eligible beneficiaries as those having one or more chronic health conditions, including behavioral health, who are at risk for a chronic health condition and/or who face barriers meeting their health or health-related social needs. CHW services require a written referral by a physician or other licensed practitioner, including physician assistants, nurse practitioners, registered nurses, public health nurses, psychologists, and licensed clinical social workers.

Q: Chair Diederich asked how HPSJ will ensure that there is no duplicate billing for ECM and CHW.

A: Mr. Schrader responded that there are different CPT codes for providers to bill the CHW service based on whether the member is in ECM or not. If the member is in ECM, providers must bill using the CHW ECM codes. If the member is not in ECM, the providers can bill using the standard CPT codes for CHW.

Q: Commissioner Jensen asked, if plans are accountable for the July-1 start date given that DHCS just recently released guidance through an All Plan Letter that remains in draft form.

A: Mr. Schrader responded that HPSJ is prepared to reimburse providers who bill the service. In addition, we will submit readiness materials to DHCS by the October deadline detailing how HPSJ will incorporate CHWs. Further, we will mail members updates to the Evidence of Coverage showing the new benefit, consistent with DHCS direction and timeline.

Q: Commissioner Jensen asked if HPSJ is identifying at-risk members and proactively connecting them to ECM and/or CHW services.

A: Mr. Schrader responded that HPSJ had identified members meeting criteria for ECM populations of focus, sent pursuit lists to relevant ECM providers, and that the providers are conducting outreach. Further, there is a process for providers to refer members for ECM and/or CHW.

CONSENT CALENDAR

Chair Diederich presented two consent items for approval:

2. May 25, 2022, SJC Health Commission Meeting Minutes
3. Community Advisory Committee (CAC) – 06/09/2022
 - a. April 14, 2022, Meeting Minutes
 - b. Population Needs Assessment (PNA) Review

- c. HPSJ Alternative Format Service (AFS) Update
- d. Health Education Materia Focus Group
- e. Presentation from SJC Public Health Services
- f. Presentation from Stanislaus Health Services Agency, Public Health Div.

ACTION: The motion was made (Commissioner Jensen), seconded (Commissioner Miller) and unanimous to approve the two consent items as presented (9/0).

REPORT ITEMS

4. May 2022 Financial Report

Michelle Tetreault, CFO presented for approval, the May 2022 YTD financial statement, highlighting the following:

- Net Income fiscal YTD
 - \$63.8M and \$77.9M favorable to budget
 - Net income for the month is \$3.9M and is \$5.6M favorable to budget
 - TNE is 893%
 - Liquid Reserves is at 3.98 months of premium revenue and 4.13 months of operating expenses
- Membership
 - Member months are unfavorable to budget by 72,074 in SJC and by 40,872 in Stanislaus, a combined unfavorable variance of 112,946 (-2.6%). The unfavorable variance is driven primarily by lower than budgeted enrollment of TANF and Affordable ACA members in both San Joaquin and Stanislaus counties
 - Membership increased by 2,882 for May on a month-over-month basis compared to a decrease of 1,907 budgeted
- Revenue
 - Premium revenue is \$10.4M (-0.9%) unfavorable to budget driven by the unfavorable YTD membership variance
- Medical Expenses
 - Medical Expenses are \$51.9M (4.6%) favorable to budget YTD, primarily due to favorable variances in institutional and professional categories of service
 - The institutional variance is mainly due to the lower than budgeted membership. The professional variance is primarily driven by lower than anticipated utilization, with the decrease in membership a contributing factor

Category of Service	Membership Variance (PMPM budgeted * Membership variance)	Utilization Variance (PMPM variance * Budgeted Membership)	Total Variance
Institutional	$(\$123.49 * 113,438)^1$ = \$14,130,670	$(-\$1.08 * 4,232,943)^1$ = -\$4,560,941	\$9,569,729
Professional	$(\$86.60 * 112,946)$ = \$9,077,952	$(\$6.43 * 4,417,744)$ = \$28,405,448	\$37,483,399
Total Institutional & Professional Variances	\$23,208,622	\$23,844,506	\$47,053,129
% of Total Medical Expense Variance	45%	46%	91%

¹ Excludes Kaiser members - expense fully delegated

- Administrative Expenses
 - Administrative expenses are \$5.9 (10.1%) favorable to budget primarily due to lower than budgeted consulting and purchased services expenses
- Other Revenue and Expenses - a net favorable amount of \$2.7 from the company's progress toward meeting the milestones and measures outlined by the COVID-19 Vaccine Incentive Program to date and \$9.5M favorable net margin on MCO premium tax
- Prior Period Adjustments are primarily related to changes in estimates of IBNR

Upon review of Ms. Tetreault's report of the financials, Commissioner Jensen asked why membership projections are off. Ms. Tetreault responded that membership projections are based on the state's projections; they anticipated additional population, which did not increase as assumed.

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

5. Fiscal Year 2023 Final Budget

Ms. Tetreault, along with Chris Navarro, Director of Financial Planning presented for approval the final HPSJ FY 2023 budget. Modifications were made to the preview that was presented at the May Commission meeting based on new information that the Public Health Emergency (PHE) was extended beyond the expected expiration of July 15, 2022. The U.S. Department of Health and Human Services (HHS) committed to providing at least a 60-day notice prior to the official PHE end date. A 60-day notice has not been provided yet. The Medi-Cal COVID-19 PHE Unwinding Plan developed by DHCS assumes that a 90-day extension to mid-October is likely and that dis-enrollments will take effect February 2023.

Membership

- Membership is budgeted to increase through January 2023 to a high of 422,097 and then decrease over the remainder of the fiscal year to 388,529 by June 2023
- Member months will increase from a forecast of 4,711,767 to 4,919,272 or 4.4%. This is an increase of 511,388 member months over the 4,407,884 in the budget presented to the Commission in May

Revenue

- Revenue is budgeted at \$1.5B, which is an \$133M over the budget preview presented in May and multiplies the budgeted capitation rates for each of the COA by the respective membership.

Medical Expenses – revised MLR 91.3%

- Medical expenses are budgeted at \$1.4B and includes an additional \$102M
 - \$72M for increased capitation expenses and Fee for Service utilization based on the more current trends
 - In addition, \$30M was included in the revised budget for provider contracting based on recent provider requests to renegotiate terms due to emerging inflationary pressure

Operating Expenses – revised ALR 5.3%

- Operating expenses are budgeted at \$69.6M including an additional \$2.9M
 - \$467K for membership-based subscription, software licensing, and claims processing expenses
 - \$2.47M for project related expenses that were deferred (in the budget preview) due to the declining membership assumption used in the May budget preview

Opportunities

- Other Healthcare Coverage (OHC) project may result in avoidable medical expenses
- Incorporating quality measures into County Wide Average rate setting may benefit HPSJ over the commercial health plan in Stanislaus County
- Pharmacy medical management of Oncology and Infusion medical expenses
- Delay in the unwinding of the PHE may result in favorable membership

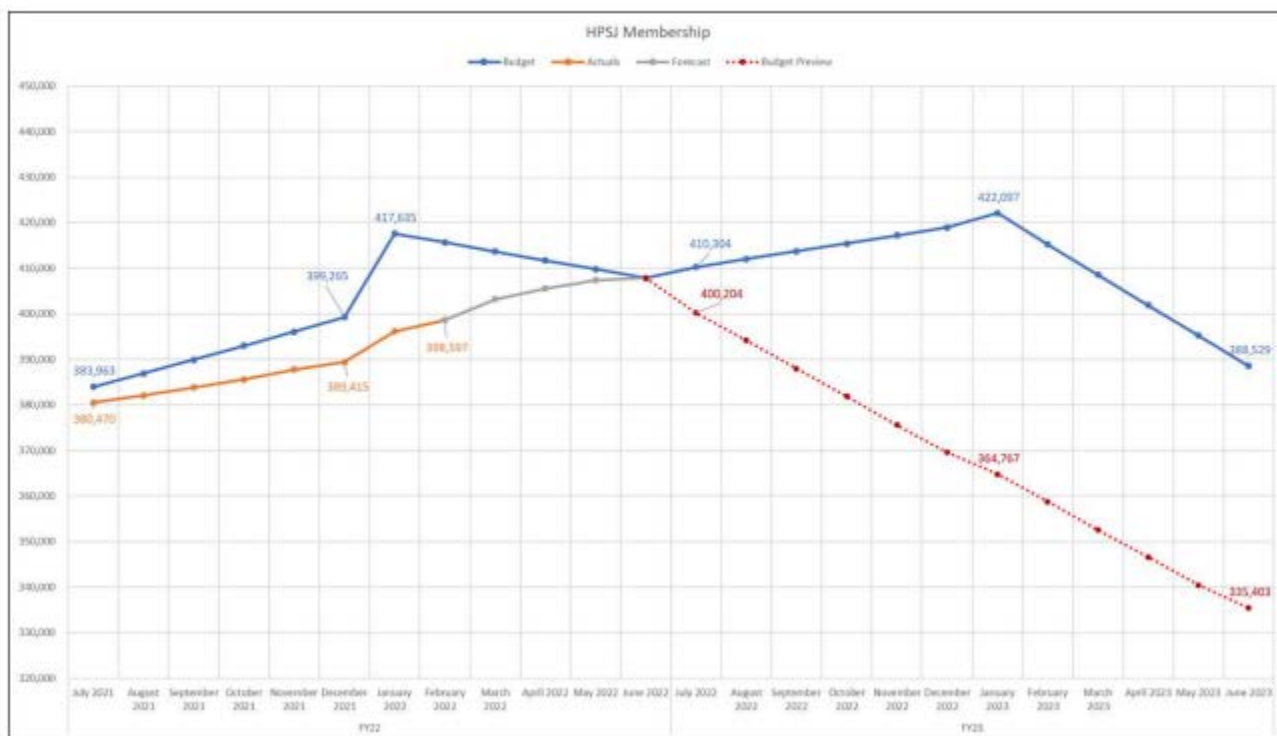
Risks

- Change in member mix or in utilization patterns may impact PMPM rates
- Unexpected fluctuation of high-cost cases or new therapies
- Impact of DHCS efficiency adjustments, impacting revenue rates

Revised Budget Summary Changes

	FY 2023 Budget Preview	Membership	Provider Contracting	Admin	FY 2023 Final Budget	Δ
Total Enrollment	4,407,884	511,388			4,919,272	511,388
Revenue	\$ 1,393,206,714	\$ 133,289,713			\$ 1,526,496,427	\$ 133,289,713
Medical Expense	\$ 1,310,540,463	\$ 72,128,006	\$ 30,000,000		\$ 1,412,668,469	\$ (102,128,006)
Admin Expenses	\$ 66,715,136			\$ 2,939,250	\$ 69,654,386	\$ (2,939,250)
Net Other Revenue & Expense	\$ 1,350,503	\$ 1,484,210			\$ 2,834,713	\$ 1,484,210
Net Income (Loss)	\$ 17,301,618	\$ 62,645,917	\$ (30,000,000)	\$ (2,939,250)	\$ 47,008,286	\$ 29,706,667
 Medical Loss Ratio	 93.1%				 91.3%	 1.8%
Admin Exp (As A % Of Premium)	5.6%				5.3%	0.3%
TNE	995%				999%	4%

Revised HPSJ Membership



Upon review of the proposed final FY 22-23 Budget, Chair Diederich stated that he is pleased with the budget and the MLR goals. Ms. Tetreault noted that MLR is low because members that remained with HPSJ during the pandemic are low utilizers. It is projected to be higher in FY 22-23 based on their utilization change per 1,000 members. When rate developments are sent to Mercer, it will have the effect, which they will include the increase utilization per 1,000-member factor (CY 23-24). Population adjustment on acuity factor that is built into our rates will be adjusted again by about 25% (25 of 1.25%) basis points.

ACTION: With no additional questions or comments, the motion was made (Commissioner Bangalore), seconded (Commissioner Jensen) and unanimous to approve the FY 2023 Final Budget as presented (9/0).

INFORMATION ITEMS

6. Chief Operations Officer Report

On behalf of Lizeth Granados, COO, Vena Ford – Director of Community Marketplace and Marketing provided an update on expansion into the Regional Counties, noting that HPSJ continues the preparation to expand its service area into Alpine and El Dorado counties, highlighting the following:

- Participated in May 2022 meeting with DHCS, Alpine, and El Dorado County representatives to discuss Medi-Cal managed care model change engagement
 - Reviewed MCP contract content updates, procurement goals, and operational readiness requirements
 - Discussed considerations for member populations, counties, plans, and providers to support 2024 transitions
 - Topics included the procurement of commercial MCPs and proposed direct contract with Kaiser

- Continuing meetings with counties and key providers to foster collaboration and ensure a seamless transition
 - Minimizing disruptions and promoting care continuity
- Ongoing efforts to engage providers, negotiate rates, and sign agreements to establish a provider network to serve Alpine and El Dorado Counties
 - Developed and submitted provider network contracting strategy to DHCS in December 2021
 - Meeting regularly with county health, hospital systems, FQHCs, RHCs, and other Medi-Cal providers
- Collaborating across departments to satisfy operational readiness requirements detailed by DHCS
 - Developed internal workplan outlining operational readiness milestones and timelines
 - Undergoing process to submit 246 deliverables to DHCS
 - Deliverables will be completed by August 2022, coinciding with the procurement of commercial MCPs

Community Plan Branding – Regional Branding

Purpose

- Offer the opportunity for new HPSJ counties to have a “brand” that is separate from the “San Joaquin Valley” centric brand
- Provide a look that is simple, recognizable, and reflective of the community
- Give El Dorado and Alpine counties choice in the naming and logo of the community-based health plan

Brand Ideas

- Develop a brand that is consistent with and can exist beside Health Plan of San Joaquin’s logo
- Use of similar colors, type setting (font) and is easy to recognize in black and white
- Uses the ‘butterfly’ logo that HPSJ is known for in the community, region, and state

Upon review of the materials presented, Commissioner Zeiter asked if there is a second choice for another plan in the two counties. Ms. Granados responded that there are currently two plans that are functioning under the Two-Plan Model. A commercial plan will be selected through the RFP procurement process; have yet to determine which plan.

Chair Diederich asked what the branding timeframe is. Ms. Ford responded that it should be complete by the end of August.

7. Chief Compliance Officer Bi-Monthly Report

On behalf of Sunny Cooper, Chief Compliance Officer, Tamara Hayes – Director of Compliance presented on the Compliance Bi-Monthly updates, highlighting the following:

- Fraud, Waste and Abuse (April and May 2022)
 - 6 FWA incidents were reported. Upon further investigation, all 6 incidents were reported to DOJ/DHCS for further investigation
 - Three incidents were referred to HPSJ by DHCS regarding the named providers’ billing issues
 - One incident was related to a contracted transportation vendor recycled PCS forms for different members and DOS

- One incident was related to EFT fraudulent activity
- One Incident was related to stolen identity
- 2022 General Compliance & FWA and HIPAA Training
 - Contractually and regulatorily required annual training courses were launched in March 2022 with 30 days to complete
 - Compliance continues to work with HR and leadership to ensure all members of the Workforce complete the required attestations even if they did not meet the original deadline

Completion Status	2022 General Compliance & FWA	2022 General Compliance & FWA %	2022 HIPAA	2022 HIPAA %
Met	427	94%	418	92%
Not Met	12	3%	12	3%
Done Late	7	2%	15	3%
LOA	6	1%	7	2%
Total	452	100%	452	100%

- DHCS and DMHC Audit Updates
 - **DHCS Medical Audit (12/2021):** HPSJ received the preliminary report and held an exit conference with DHCS auditors on June 1, 2022. HPSJ has 15 days (6/16/22) to respond to this preliminary report stating its agreement or disagreement of the preliminary findings. The HPSJ Management team is currently reviewing the preliminary findings. Compliance will report the final audit results to the Commission once a final report is issued and made available to HPSJ
 - **DMHC Financial Audit:** DMHC is currently conducting its Week 5 of the claims review for a total of 255 sample claims in 6 categories, including Paid, Late Payment, Denied, High Dollar, PDR and Refund claims, as well as relevant Financial and Statutory requirements. We expect these sessions to be winding down after the week of 6/13/22.

Compliance will report the final audit results to the Commission once a final report is issued and made available to HPSJ
 - **DHCS Facility Site and Medical Reviews:** HPSJ received a CAP Closure letter from DHCS on May 26, 2022, indicating that HPSJ provided DHCS with a response to its Corrective Action Plan (CAP) on April 28, 2022, which addressed all findings in the report. All items of the CAP have been corrected and the review is now considered closed.

8. Legislative Report

Brandon Roberts, Government and Public Affairs Manager provided an update on the legislative approval of the state's budget, highlighting the following:

Legislature Approves a Budget without Reaching Agreement with the Governor

- A \$300 billion state budget was approved by the Legislature on June 13th
 - The state constitution requires passage by June 15th
-

- The Legislature and Governor are largely aligned, but a key sticking point is over how to provide tax rebates to Californians:
 - Health-related differences include the Legislature's rejection of the Governor's proposed Equity and Transformation Payments program
- The budget approved by the Legislature is not likely final
 - Its passage provides time for Assembly and Senate leadership continue negotiating budget provisions with the Governor
- The Governor has 12 days to sign or veto the bill
- The budget process is likely to extend beyond the start of the new fiscal year on July 1st
 - Similar occurrence in 2021: Legislature later passed follow-up measures to the spending plan that reflect compromises with the Governor

Budget Process and Timeline

- Proposal by Governor: By January 10th, the Governor must submit a balanced budget proposal to the Legislature
 - Details plans for the fiscal year beginning on July 1st
- Deliberation and Consideration by the Legislature: The timeline provides about 5-months for the Assembly and Senate to deliberate
 - Budget committees review the budget bill through May
 - Legislature considers budget alternatives and makes its changes to the originally proposed budget
- Governor's May Revision: By May 14th, the Governor provides an updated revenue forecast, accounting for changes in revenue since January and including new proposals
- Deliberations Continue: The Assembly and Senate often approve different versions of the budget, and differences are resolved by a Conference Committee comprised of members from both houses
 - As compromise is reached in committee, a budget bill advances for consideration by the full body of Assembly and Senate
- Passage by Legislature: By June 15th, the Legislature must approve a balanced budget proposal by a simple majority
- Enactment: The Governor usually has 12 days to sign or veto the budget bill
 - May exercise line-item veto authority to eliminate or reduce spending for specific provisions without rejecting the entire budget bill
 - Budget bill is an urgency measure, taking effect as soon as it is signed
- Budget Trailer Bills: If statutes must be amended to implement the budget, these changes must also be passed by the Legislature, through trailer bills, which follow but are processed separately from the main budget vehicle
 - Trailer bills often include more substantive direction for the implementation of specific budget items
- Priority Budget Trailer Bill Subjects
 - Office of Health Care Affordability
 - Children and Youth Behavioral Health Initiative
 - Medi-Cal Telehealth Policy
 - Medi-Cal Provider Data Sharing Incentives and Infrastructure
 - Medi-Cal Direct, No-bid Contract with Kaiser

Questions and Comments from Commissioners

Q: Commissioner Bangalore asked about the extent to which the Kaiser contract proposal would impact HPSJ's membership.

A: Mr. Roberts responded, Kaiser currently participates in the Medi-Cal program as a subcontractor to many plans, which include HPSJ. A direct contract between Kaiser and DHCS could result in the loss of about 16,000 HPSJ members who are currently subcontracted to Kaiser.

A: Mr. Schrader affirmed that these 16,000 members would go directly to Kaiser. He added, Kaiser would also be open for enrollment in Stanislaus, where HPSJ could lose up to 30,000 members in total. Kaiser states that subcontracting with health plans is burdensome, so they want to contract directly with DHCS to care for members.

COMMENT: Commissioner Zeiter observed that the potential loss is less than 5% of HPSJ's total membership..

COMMENT: Commissioner Herrera stated that the Kaiser contract proposal would create a new type of health plan in Medi-Cal, noting that the state has based this process on Kaiser due to its quality performance and systems exchange, which other plans will struggle to integrate or operationalize because they are not similar in structure to the Kaiser system.

COMMENT: Commissioner Winn recalled his experiences with no-bid contracts in the mental health system and noted that, even when well-intentioned and researched, such contracts often diminish the public's trust by preventing competition from other bidders.

CHAIRMAN'S REPORT

Chair Diederich reported that the CEO Performance review is underway and commissioner feedback is required. Vice-Chair Jensen will be Chairing the Ad-Hoc CEO Performance Review Committee.

COMMISSIONER COMMENTS

No comments were forthcoming.

CLOSED SESSION

At this time, the Health Commission adjourned to Closed Session at 6:16 p.m.

9. Closed Session – Conference with Legal Counsel – Existing Litigation
Subdivision (a) of 54956.9
Name of Case: Radner vs. HPSJ

ACTION: The motion was made (Commissioner Jensen) seconded (Commissioner Bangalore) and unanimous to approve item #9: Settlement of \$120,000 to be paid by the insurance company as presented (10/0).

The Health Commission came out of Closed Session at 6:23 p.m.

ADJOURNMENT

Chair Diederich adjourned the meeting at 6:24 p.m. The next regular meeting of the Health Commission is scheduled for August 31, 2022.