

# **MINUTES OF THE MEETING OF THE SAN JOAQUIN COUNTY HEALTH COMMISSION**

**May 28, 2025**

**Health Plan of San Joaquin – Community Room**

## **COMMISSION MEMBERS PRESENT:**

Brian Jensen, Vice-Chair

Julienne Angeles, MD

Paul Canepa

Joy Farley, MD

Michael Herrera, DO

Ruben Imperial

Jay Krishnaswamy

Sandra Regalo

Michael Sorensen

Terry Withrow

Terry Woodrow

## **COMMISSION MEMBERS ABSENT:**

Genevieve Valentine, Chair

Jim Diel

## **STAFF PRESENT:**

Lizeth Granados, Chief Executive Officer

Betty Clark, Chief Regulatory Affairs and Compliance Officer

Dr. Lakshmi Dhanvanthari, Chief Medical Officer

Evert Hendrix, Chief Administrative Officer

Tracy Hitzeman, Executive Director – Clinical Operations

Dr. Thomas Mahoney, Deputy Chief Medical Officer

Robert Ruiz, Executive Director – Quality Improvement and Health Equity

Michelle Tetreault, Chief Financial Officer

Victoria Worthy, Chief Information Officer

Kirin Virk, Deputy County Counsel

Sue Nakata, Executive Assistant and Clerk of the Health Commission

### **CALL TO ORDER**

In Chair Valentine's absence, Vice-Chair Jensen called the Health Commission meeting to order at 5:00 p.m. and presided over the proceedings.

### **PRESENTATIONS/INTRODUCTIONS**

None.

### **PUBLIC COMMENTS**

Kristen Birtwhistle, President and CEO of United Way of San Joaquin County, joined the meeting to express her gratitude to HPSJ/MVHP for our support and partnership in the VITA Program. Launched six months ago, the program helps San Joaquin County residents with tax preparation. It successfully recruited and trained over 80 staff members, who contributed more than 14,000 volunteer hours to assist 1,752 residents with filing their income taxes—resulting in \$3.4 million in refunds and credits returned to the community. The program also passed its IRS audit with a perfect score of 100% and aims to double its outreach next year.

### **CONSENT CALENDAR**

Vice-Chair Jensen presented five consent items for approval:

1. April 30, 2025 Health Commission Meeting Minutes
2. Finance and Investment Committee – 05/27/2025
  - a. April 28, 2025 Meeting Minutes
  - b. Closed Session – Trade Secrets Welfare and Institutions Code Section 14087.31- Title: Soda Health, Inc. Contract

**ACTION:** With no questions or comments, the motion was made (Commissioner Canepa), seconded (Commissioner Woodrow) and unanimous to approve consent items 1 and 2 as presented (11/0).

3. Community Reinvestment Committee – 05/28/2025
  - a. April 9, 2025 Meeting Minutes
  - b. Grant Applications
    - i. Capital Projects Grant Program
      - CMC Adolescent: \$1,027,246
      - Livingston Community Health: \$1,026,371
      - San Joaquin Health Centers - Retinal Cameras: \$ 33,142
    - ii. General Grant Program
      - San Joaquin Health Centers - Pharmacy Retention Grant: \$320,000
      - San Joaquin Health Centers - Cerner Referral Module: \$14,600
      - United Way of San Joaquin County: \$320,506.67
      - First Choice Partners/Tenet: \$1,797,000

**ACTION:** With no questions or comments, Commissioner Canepa made the motion, seconded by Commissioner Woodrow, to approve the April 9, 2025, Meeting Minutes and the Capital Projects Grant Program for CMC Adolescent (\$1,027,246) and Livingston Community Health (\$1,026,371) as well as the

General Grant Program for United Way of San Joaquin County (\$320,506.67). The motion was unanimously approved (11/0).

*At this time, due to conflict of interest with San Joaquin Health Centers, Commissioners Angeles, Regalo and Canepa excused and recused themselves from the meeting.*

**ACTION:** With no questions or comments, Commissioner Imperial moved to approve the San Joaquin Health Centers – Retinal Cameras (\$33,142), Pharmacy Retention Grant (\$320,000) and Cerner Referral Module (\$14,600). The motion was seconded by Commissioner Sorensen and unanimously approved (8/3).

*At this time, Commissioners Angeles, Regalo and Canepa returned to the meeting and due to conflicts of interest with First Choice Partners/Tenet, Commissioner Krishnaswamy excused and recused himself from the meeting.*

Commissioner Imperial stated that GVHC has ceased deliveries, and the hospital is now providing additional support to the OB program to accommodate the increased demand and that this grant addresses a significant issue currently in the media and commended the Health Plan for being responsive to the community's emerging needs and playing a key role in addressing the problem. He recommended issuing a press release after final approval to highlight the resolution and the collaborative efforts involved.

Commissioner Herrera added that this is not just a Stanislaus-specific issue—it's occurring statewide, including in San Joaquin County, where hospitals are bearing the financial burden to fill service gaps.

**ACTION:** With no additional questions or comments, Commissioner Imperial moved to approve the General Grant Program-First Choice Partners/Tenet (\$1,797,000). The motion was seconded by Commissioner Canepa and unanimously approved (10/1).

*At this time, Commissioner Krishnaswamy returned to the meeting.*

## **DISCUSSION/ACTION ITEMS**

### **4. March FY 2025 Financial Reports**

Ms. Tetreault presented for approval the March FYTD 2025 financial reports, highlighting the following:

- Premium Revenue is -\$32.7M unfavorable (-\$4.14 PMPM) to budget YTD as of March 2025, primarily driven by -\$15.2M unfavorable risk corridor agreements for the current fiscal year, of which -\$11.4M is attributable to Enhanced Care Management (ECM) and -\$3.8M is attributable to Major Organ Transplant (MOT) and -\$18.6M unfavorable due to volume shortfalls in member months, offset by +\$1.1M favorable capitation rates
- Managed care expenses are -\$128.2M unfavorable (-\$38.26 PMPM) to FYTD budget, primarily attributable to -\$126.8M unfavorable variance related to institutional and -\$22.3M unfavorable related to professional variance due to increased utilization and higher cost claims. These unfavorable impacts are offset by +\$9.3M favorable reinsurance recoveries, +\$3.9M favorable in other expenses related to medical management administrative expense allowed as medical expense, driven by unfilled positions in Health Equity and Behavioral Health and unused consultant dollars, as well as +\$6.4M favorable ECM expense due to a difference in accounting treatment. The budget assumed ECM expense at 95% of ECM revenue. while actuals are recorded as contra-revenue, directly reducing revenue rather than

increasing expense. Contra-revenue is a result of the risk corridor, and the under-utilization of ECM services compared to expectations during rate setting by DHCS/Mercer

- Net other program revenues and expenses are +\$16.5M favorable (+\$4.40 PMPM) primarily due to the receipt of CalAIM Incentive Payment Program (IPP) funds. These funds are recorded as earned upon notification from DHCS. These are funds received due to achieving metrics outlined in the program
- Administrative expenses are +\$12.9M favorable (+\$3.16 PMPM) to budget primarily due to lower than budgeted personnel costs of +\$3.17M, consulting expenses of +\$4.6M mainly related to projects delayed for DSNP, and licenses and subscription expenses of +\$4.6M mainly related to healthcare data management and healthcare productivity automation software. While favorability in personnel costs is likely permanent, favorability in consulting, licenses and subscription expenses are expected to be temporary
- Prior period adjustments of -\$20.5M unfavorable (-\$5.46 PMPM) are primarily driven by a \$6.1M unfavorable rate adjustments (net of a recent favorable risk factor adjustment) for CY2023 and CY2024 and -\$22.8M unfavorable changes in IBNR estimates, -\$6.5M unfavorable related to estimated CY2024 liability for DHCS Community Reinvestment obligations, offset by +\$9.8M favorable reinsurance recoveries related to finalized claims exceeding initial estimates

Ms. Tetreault also noted that the previously reported -\$6.5M unfavorable variance related to the estimated CY2024 liability for DHCS Community Reinvestment obligations has been released. This adjustment is due to DHCS allowing current year investments to be counted toward the obligation.

Upon reviewing the financial reports, Commissioner Canepa inquired about the average cost of organ transplants. In response, Ms. Tetreault noted that there is a wide range of costs associated with transplants. It depends on the organ being transplanted. We had a heart transplant with complications that cost \$8.3 million. Other transplants such as liver or kidney are much lower cost.

**ACTION:** With no further questions or comments, the motion was made (Commissioner Krishnaswamy) seconded (Commissioner Regalo) and unanimously approve the March FY 2025 financial report as presented (11/0).

## 5. Fiscal Year 2026 Budget Preview

Ms. Tetreault and Chris Navarro, Director of FP&A, presented an initial preview of the Health Plan's FY 2026 budget, emphasizing that this serves as the foundation for budget planning, which does not include the Governor's May Revise. The final budget will be presented at the June meeting for approval.

### Budget v. Projection: Health Plan

|                                                   | 2026 Budget       | PMPM           | 2025 Projection    | PMPM           | ▲               | PMPM        |
|---------------------------------------------------|-------------------|----------------|--------------------|----------------|-----------------|-------------|
| Enrollment (As Of Jun)                            | 393,848           |                | 408,537            |                | (14,689)        |             |
| Member Months                                     | 4,803,556         |                | 4,975,908          |                | (172,352)       |             |
| <b><u>Financial Highlights (In Thousands)</u></b> |                   |                |                    |                |                 |             |
| Revenue                                           | \$2,329,541       | \$484.96       | \$2,109,121        | \$423.87       | \$220,420       | \$61.10     |
| Medical Expense                                   | (2,359,078)       | (491.11)       | (2,142,848)        | (430.64)       | (216,230)       | (60.47)     |
| Other State Programs                              | (16,520)          | (3.44)         | 13,129             | 2.64           | (29,649)        | (6.08)      |
| Administrative Expense                            | (99,087)          | (20.63)        | (85,208)           | (17.12)        | (13,878)        | (3.50)      |
| Other (Community Reinvestment, Investment Inc.)   | 49,294            | 10.26          | 13,659             | 2.74           | 35,635          | 7.52        |
| <b>Net Income (Loss)</b>                          | <b>(\$79,330)</b> | <b>(16.51)</b> | <b>(\$105,276)</b> | <b>(21.16)</b> | <b>\$25,946</b> | <b>4.64</b> |
| <b><u>Key Metrics</u></b>                         |                   |                |                    |                |                 |             |
| Medical Loss Ratio                                | 101.8%            |                | 102.1%             |                | (0.3%)          |             |
| Administrative Loss Ratio                         | 6.1%              |                | 5.3%               |                | 0.8%            |             |

**Budget v. Projection: Medi-Cal**

|                                                   | <u>2026 Budget</u> | <u>PMPM</u>    | <u>2025 Projection</u> | <u>PMPM</u>    | <u>▲</u>        | <u>PMPM</u> |
|---------------------------------------------------|--------------------|----------------|------------------------|----------------|-----------------|-------------|
| Enrollment (As Of Jun)                            | 392,166            |                | 408,537                |                | (16,371)        |             |
| Member Months                                     | 4,796,025          |                | 4,975,908              |                | (179,883)       |             |
| <b><u>Financial Highlights (In Thousands)</u></b> |                    |                |                        |                |                 |             |
| Revenue                                           | \$2,316,072        | \$482.91       | \$2,109,121            | \$423.87       | \$206,951       | \$59.05     |
| Medical Expense                                   | (2,344,118)        | (488.76)       | (2,142,848)            | (430.64)       | (201,271)       | (58.12)     |
| Other State Programs                              | (16,520)           | (3.44)         | 13,129                 | 2.64           | (29,649)        | (6.08)      |
| Administrative Expense                            | (94,270)           | (19.66)        | (85,208)               | (17.12)        | (9,062)         | (2.53)      |
| Other (Community Reinvestment, Investment Inc.)   | 49,294             | 10.28          | 13,659                 | 2.74           | 35,635          | 7.53        |
| <b>Net Income (Loss)</b>                          | <b>(\$73,022)</b>  | <b>(15.23)</b> | <b>(\$105,276)</b>     | <b>(21.16)</b> | <b>\$32,254</b> | <b>5.93</b> |
| <b><u>Key Metrics</u></b>                         |                    |                |                        |                |                 |             |
| Medical Loss Ratio                                | 101.7%             |                | 102.1%                 |                | (0.4%)          |             |
| Administrative Loss Ratio                         | 5.9%               |                | 5.3%                   |                | 0.6%            |             |

**Budget: Dual Eligible Special Needs Plan (D-SNP)**

|                                                   | <u>2026 Budget</u> | <u>PMPM</u>     |
|---------------------------------------------------|--------------------|-----------------|
| Enrollment (As Of Jun)                            | 1,682              |                 |
| Member Months                                     | 7,531              |                 |
| <b><u>Financial Highlights (In Thousands)</u></b> |                    |                 |
| Revenue                                           | \$13,469           | \$1,788.46      |
| Medical Expense                                   | (14,960)           | (1986.41)       |
| Other State Programs                              | 0                  | 0.00            |
| Administrative Expense                            | (4,817)            | (639.58)        |
| Other (Community Reinvestment, Investment Inc.)   | 0                  | 0.00            |
| <b>Net Income (Loss)</b>                          | <b>(\$6,307)</b>   | <b>(837.53)</b> |
| <b><u>Key Metrics</u></b>                         |                    |                 |
| Medical Loss Ratio                                | 111.1%             |                 |
| Administrative Loss Ratio                         | 35.8%              |                 |

Upon review of the budget preview, extensive discussions were held with the following questions raised by commissioners:

Q: Imperial - Under Community Reinvestment, are the 2025 projections for this fiscal year?

A: Navarro – Yes, it includes investment income that offsets the total.

Q: Jensen – What brings to probability of the new D-SNP program?

A: Navarro and Tetreault – The scaling of membership and to achieve a star rating of 3.5. We have to ensure we maintain a certain quality level, which will be based on our first year of operations. Looking to improve the number of 1729 members in D-SNP.

Q: Jensen - Is the loss based on redetermination or just loss of enrollment?

A: Navarro – Both, losses of membership include losses to Kaiser due to their direct contract with the state.

Q: Canepa – Where will the remaining \$100M come from to sustain us?

A: Navarro and Tetreault – We currently have \$800 million in reserves, which is sufficient to sustain operations and provide stability. The team is also actively identifying and reviewing opportunities for cost containment and reduction of costs.

Q: Herrera - For members that did not re-enroll, are they low or non-utilizers, what is the minimum TNE and other health plans dealing with the same situation in losses like us?

A: Navarro – Correct, members not re-enrolling are low or non-utilizers. The high utilizer members are what's impacting us. The minimum TNE is \$30M and yes, all health plans are experiencing the same situation and losses.

Lizeth Granados, CEO reported that significant enhancements are being made to the IT systems, including upgrades to the data center—a major expense that had not been previously undertaken and is necessary to meet updated requirements. She noted that consultants are being hired on a temporary basis rather than bringing on permanent staff, as the work involves developing software assets, which will be capitalized and amortized over a three-year period.

Commissioner Withrow emphasized the need for caution in eliminating community reinvestment efforts even given the current financial situation, noting that pulling back too much could impact long-term community engagement and trust. Ms. Tetreault responded that there are 20 additional grant proposals currently under review, which will be brought forward for commission approval. To date, \$41 million has been granted, with an additional \$10–\$15 million anticipated—more than half of the total commitment. She clarified that this is a temporary pause, and that other grant programs, such as high school scholarships, are continuing and still making a meaningful impact in the community.

Ms. Tetreault also noted that the final budget to be brought for approval in June will simply be a reconciliation of the differences between the May presentation and the June presentation. The May budget preview will be the basis for the June revised budget.

## 6. QIHEC Committee Meeting Update – 5/21/2025

Dr. Lakshmi Dhanvanthari, CMO submitted for approval the QIHEC Committee meeting report for 5/21/2025, highlighting the following committee meetings, work plans, program descriptions, policies updates and reports that were reviewed and approved:

### Policy Review

| Policy & Procedure                                                            | Changes/Updates                                                                                                                                                                                              | Status        |
|-------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| UM07 – Notice of Action for Delayed, Denied, Modified, or Terminated Services | No substantive changes                                                                                                                                                                                       | Annual        |
| UM48 – Requirements for EPSDT                                                 | No substantive changes                                                                                                                                                                                       | Annual        |
| CM02 – Sensitive Healthcare Services                                          | Added language for DHCS APL 24-019 Minor Consent to Outpatient Mental Health Treatment or Counseling. Added language for DMHC APL 24-023 on rape and sexual assault. Added references to P&Ps UM01 and HPA44 | Summary       |
| CM03 – Provider Objections to Providing Covered Services                      | Added language for DHCS APL 24-003 on Abortion Services                                                                                                                                                      | Updated       |
| CM06 – Prenatal Services                                                      | Added language for DHCS APL 23-024 Doula Services and DMHC APL 24-023 Newly Enacted Statutes Impacting Health Plans for maternal mental health screenings                                                    | Annual Review |
| BH06 – Student Behavioral Incentive Program                                   | Retiring due to ending of the program                                                                                                                                                                        | Retired       |

## Subcommittee Reports

### Grievance and Appeals Committee:

| FY24-25 Grievances | Q1         | Q2         | Q3 | Q4 | Total       |
|--------------------|------------|------------|----|----|-------------|
| San Joaquin County | 440        | 470        |    |    | 910         |
| Stanislaus County  | 323        | 351        |    |    | 674         |
| El Dorado County   | 28         | 12         |    |    | 40          |
| Alpine County      | 0          | 0          |    |    | 0           |
| <b>Grand Total</b> | <b>791</b> | <b>833</b> |    |    | <b>1624</b> |

| FY24-25 Appeals    | Q1        | Q2        | Q3 | Q4 | Total      |
|--------------------|-----------|-----------|----|----|------------|
| San Joaquin County | 36        | 25        |    |    | 61         |
| Stanislaus County  | 38        | 25        |    |    | 63         |
| El Dorado County   | 3         | 0         |    |    | 3          |
| Alpine County      | 0         | 0         |    |    | 0          |
| <b>Grand Total</b> | <b>77</b> | <b>50</b> |    |    | <b>127</b> |

| FY23-24 Grievances | Q1         | Q2         | Q3          | Q4         | Total       |
|--------------------|------------|------------|-------------|------------|-------------|
| San Joaquin County | 534        | 563        | 620         | 476        | 2193        |
| Stanislaus County  | 364        | 410        | 399         | 307        | 1480        |
| El Dorado County   | 0          | 0          | 17          | 21         | 38          |
| Alpine County      | 0          | 0          | 0           | 0          | 0           |
| <b>Grand Total</b> | <b>898</b> | <b>973</b> | <b>1036</b> | <b>804</b> | <b>3711</b> |

| FY23-24 Appeals    | Q1        | Q2        | Q3        | Q4        | Total      |
|--------------------|-----------|-----------|-----------|-----------|------------|
| San Joaquin County | 15        | 35        | 32        | 39        | 121        |
| Stanislaus County  | 24        | 30        | 30        | 30        | 114        |
| El Dorado County   | 0         | 0         | 1         | 3         | 4          |
| Alpine County      | 0         | 0         | 0         | 0         | 0          |
| <b>Grand Total</b> | <b>39</b> | <b>65</b> | <b>63</b> | <b>72</b> | <b>239</b> |

### Audit and Oversight Committee:

#### Readiness Assessments

- Change Healthcare (CHC)
  - o Received 100% on HIPAA Privacy, Fraud, Waste & Abuse (FWA), Information Systems (IS) Security, and Payment Fulfillment
  - o Contract Execution on hold until the Corrective Action Plan (CAP) for the February 2024 security breach is closed
- Healthcare Financial Inc
  - o Received 100% on IS Security, Medicaid Reclassification, and Medicare Enrollment and 97% on HIPAA with one CAP and 46% on FWA with seven (7) CAPs
  - o Medicare enrollment and Medicaid reclassification implementation will not proceed until all eight (8) deficiencies are corrected and all CAPs are closed

#### Baseline Audits

- JRiviera Associates, Inc
  - o Received 100% on Information System (IS) Security, 94% on HIPAA Privacy with 2 deficiencies, and 92% on FWA with 1 deficiency. CAPs were issued to remediate the 3 findings
  - o Approved continued delegation for interpreting and translation services to members
- Symphony Performance Health
  - o Provided a HITRUST Certification and completed the Compliance Program Attestation with no concerns
  - o Approved continued contracting with Symphony Performance Health to support current needs and future Medicare D-SNP requirements

### Clinical Operations Committee:

#### Enhanced Care Management Streamlined Authorization, since January 2025

- o 17% increase in unique members receiving ECM
- o 39.3% increase in unique services provided

#### Annual Inter-Rater Reliability (IRR) Testing- Evaluate consistent and accurate application of criteria

- o 96.8% pass rate on the initial attempt (61 of 63 staff)
- o Re-training and re-testing resulted in passing scores of > 90% (2 staff)

#### Routine Audit Activities

- o Non-Emergency Medical Transportation (NEMT) monitoring of door-to-door service compliance was a 90% and timely pick up was 70%
- o Internal Utilization Management audit results reviewed- continued improvement. In the most recent quarter, 100% of files audited attained a threshold score of 95% or greater

Quality Improvement and Health Equity Operations Committee:

- Facility Site Reviews - 37 site audits, 11 Medical Record Reviews and 11 Physical Accessibility Reviews were completed
- Quality Intervention - Provider Partnership Update - 22 providers have met a total of 52 metrics (out of a total of 396) for MY2025 as of March 2025
- Customer Service Call Metrics
  - o Overall improvement in metrics- speed of answer (<10 min.) and all quality of call metrics met or exceeded threshold. Abandonment rate exceeded 5% metric
  - o 32 new staff have been added to address the increased volume of calls
- Cultural and Linguistic Program Metrics
  - o Interpretation service utilization increased 28% from Q1 to Q2 FY 2025
  - o Top languages requested: Spanish, Punjabi, Dari, Arabic and Urdu
  - o Most requests are for primary care practices

Upon reviewing Dr. Lakshmi's report, Commissioner Herrera asked for clarification on the quality intervention metrics—specifically, what the numbers represent and whether they indicate poor performance. Dr. Lakshmi explained that HEDIS is measured at the clinic level, and based on data from 52 clinics, overall performance is considered fair.

**ACTION:** With no additional questions or comments, a motion was made (Commissioner Canepa) and seconded (Withrow) to approve the QIHEC Committee Report for 5/21/2025 as presented (11/0).

Peer Review and Credentialing Committee – May 8, 2025

Dr. Dhanvanthari submitted for approval the Peer Review and Credentialing Committee report for May 8, 2025:

- Direct Contracted Providers: 240
  - o Initial Credentialed for 3 years = 90
  - o Initial Credentialed for 1 year = 0
  - o Recredentialed for 3 Years = 140
  - o Recredentialed for 1 Year = 4
- Clean File Initial Credentialing Sign Off Approval by CMO: 4
- Clean File Recredentialing Sign Off Approval by CMO: 0
- Termination-Involuntary: 0

**ACTION:** With no questions or comments, a motion was made (Commissioner Regalo) and seconded (Farley), with abstention by Commissioner Herrea to approve the Peer Review and Credentialing Committee report for May 8, 2025, as presented (10/1).

**INFORMATION ITEMS**

7. CEO Update

Lizeth Granados, CEO, provided an update on the following activities:

Dual Eligible Special Needs Plan (D-SNP) Application and Model of Care – Initial Results

In preparation for the Health Plan's 2026 launch as a D-SNP, we submitted the required application to CMS. The application included sections on management, experience, administration, compliance, fiscal

soundness, contracting, and network adequacy. It also included our model of care, which provides the framework for how we will deliver care to members.

Health Plan's application and model of care was submitted on February 10, 2025, with CMS having zero deficiencies within our application. The Department of Health Care Services also reviewed our model of care and found no deficiencies. The Health Plan has received provisional approval of our final application.

This was a cross-functional collaboration, with the executive team and staff across the organization contributing to the successful completion of all elements.

#### *Health Plan Partners with Modesto Gospel Mission to Launch Hannah's House*

The Health Plan has partnered with Modesto Gospel Mission to support Hannah's House, a 63-bed shelter dedicated to serving homeless women and children. This collaboration enhances local capacity to offer safe, stable housing by transforming temporary, makeshift accommodation into a warm and welcoming environment.

Hannah's House not only provides secure and comfortable shelter but also serves as a central hub for programs and services designed to help women and children achieve long-term independence and self-sufficiency.

#### *U.S. House Proposes Significant Medicaid Cuts and Reforms*

On May 11th, House leadership unveiled legislation that proposes approximately \$900 billion in cuts driven by substantial changes to Medicaid. Key Medicaid provisions of the legislation include:

- Work Requirements
- Stricter Eligibility Verification
- Cost-Sharing Requirements
- Moratorium on New Medicaid Provider Taxes
- Limiting State Directed Payments
- Budget Neutral Section 1115 Waivers
- Penalties for Covering Undocumented Immigrants
- Restricted Funding for Gender-Affirming and Reproductive Health Services

The Congressional Budget Office estimates that the provisions of this legislation would result in significant coverage losses. At least 8.6 million more people are projected to be uninsured by 2034. The proposal was advanced by the House and will be considered by the Senate.

The Governor warns that the proposal could strip Medi-Cal coverage from over million Californians and cost more than \$30 billion in lost federal funding:

- Frequent Eligibility Checks: Could cause over 400,000 to lose coverage, especially as Californians move or miss paperwork filing deadlines. Determining eligibility would likely fall to the counties or Medi-Cal plans
- Job Loss Penalties: Up to 3 million adults who struggle to work, volunteer, or go to school at least 80 hours per month could be kicked off Medi-Cal
- Penalties for Serving the Undocumented Population: California could be penalized at least \$4.4 billion in federal funding for using state dollars to provide coverage to undocumented residents
- Cost Sharing Requirements: Adults on Medicaid who earn just above the poverty line would be required to pay \$35 per service, creating new financial barriers to care as California does not typically charge co-payments for services
- Freezing Provider Taxes: California relies on state taxes from providers and managed care organizations to bring in federal matching dollars, but the proposal would freeze these taxes and ban new ones, threatening this funding stream

#### 8. Legislative Update on the May Revision

Brandon Roberts, Manager, Government and Public Affairs, presented the May revision to the Governor's budget from May 14, revealing a \$12 billion shortfall that was not projected in January:

- In January, Governor Newsom's proposed FY 2025-26 budget projected a modest surplus of \$363 million
- The May Revision identifies Medi-Cal as a primary driver of state expenditure growth, contributing to the projected \$12 billion budget deficit
- Ahead of the May Revision, the Medi-Cal program faced a \$6.2 billion shortfall
  - Medi-Cal spending increased due to many factors, like rising drug costs, more senior enrollments, expanded undocumented coverage, and broader eligibility
- Following the release of the May Revision, the Governor and Legislature will enter negotiations to align the Governor's proposal with the Legislature's priorities
  - The Legislature is constitutionally required to pass the budget act by June 15<sup>th</sup>, and the Governor must sign it into law by June 30<sup>th</sup>

#### Medi-Cal Budget Items in the May Revision

##### Changes to Medi-Cal Eligibility and Benefits for the Undocumented Population

- Enrollment freeze for full-scope Medi-Cal expansion, adults 19 and older, effective January 2026
- Premiums for adults 19 and older with unsatisfactory immigration status (UIS), effective January 2027
- Elimination of long-term care for those with UIS, effective January 2026
- Elimination of dental benefits for adults 19 and older with UIS, effective July 2026
- Elimination of prospective payment system rates for services delivered by federally qualified health centers and rural health clinics to individuals with UIS

Reinstatement of the Medi-Cal Asset Limit - consideration of property and other assets to determine Medi-Cal eligibility for non-MAGI populations, with limits of \$2,000 for individuals and \$3,000 for couples.

##### Reductions to Proposition 56 Supplemental Payments

- Elimination of \$504 million in 2025-26 and \$550 million ongoing for supplemental payments to dental, family planning, and women's health providers

##### Medi-Cal Minimum Medical Loss Ratio (MLR) Increase

- The minimum MLR for Medi-Cal plans would increase from 85% to a potential 90% - Health Plan's MLR currently exceeds this threshold
- The MLR is the percentage of premium revenue that a health plan spends on medical care and quality improvement activities

##### Proposition 35 Managed Care Organization Tax Allocation Adjustments

- Diverts \$1.6 billion generated by Proposition 35 over the next 2 years to address the state deficit and offset costs that would otherwise fall to the General Fund
- Proposition 35 was intended to improve access to care for Medi-Cal members by creating a protected funding stream that raises provider rates

Ms. Granados noted that management is having ongoing, extensive advocacy efforts at both the state and federal levels, including a coalition letter signed by hospital CEOs and the development of supporting fact sheets. She also noted that meetings are being held with legislative members to advance these efforts.

9. Behavioral Health Transition (BHT) Update

Tracy Hitzeman, Executive Director, Clinical Operations provided an update on Health Plan's Behavioral Health program following transition from external vendor management (Carelton) including data on the Health Plan's screenings, services and treatments.

Mental Health (MH) and Substance Use Disorder (SUD)- Members Served

| Pre-Transition                       |         | Post-Transition |         |
|--------------------------------------|---------|-----------------|---------|
|                                      |         | Q4 CY24         | Q1 CY25 |
| Referrals Received                   | 250/Qtr | 1167            | 880     |
| Direct appointment scheduling        | N/A     | 106             | 190     |
| Members in BH Case Management        | *       | 98              | 162     |
| Transition from County Level of Care | 25/Qtr  | 63              | 206     |

Behavioral Health Treatment (BHT) Members Served

| Pre-Transition                |         | Post-Transition |         |
|-------------------------------|---------|-----------------|---------|
|                               |         | Q4 CY24         | Q1 CY25 |
| ABA* Authorizations           | 498/qtr | 616             | 767     |
| ABA Referrals                 | 414/qtr | 234             | 153     |
| Members in BH Case Management | *       | 98              | 162     |
| Transition from County SMH    | 25/Qtr  | 63              | 206     |

Ms. Hitzeman noted that the grievance rate dropped by 84% from Q4 to Q1. She attributed this improvement to the team's efforts in enhancing member education, revamping the website and informational materials, and strengthening collaboration with counties and local schools. Commissioner Imperial also noted that there are also a lot of good planning in the counties as well.

10. Information Security Program

In response to the Commission's request on Information Security Program, Victoria Worthy, CIO provided an update on security program, noting that the Information Security Management Program (the "Program" or "ISMP") outlines the objectives, scope, and guiding principles for information security at Health Plan of San Joaquin (HPSJ). The Program is designed to:

- Ensure the security and confidentiality of information
- Protect against anticipated threats or hazards to the security of HealthPlan systems

- Reasonably prevent unauthorized access, use, or disclosure of information that could result in substantial harm or regulatory non-compliance
- Safeguard protected health information (PHI) to limit incidental use or disclosure beyond what is permitted or required by law

Ms. Worthy also provided in detail the cyber security breach risks, identifying internal risk assessments, and identifying the external supply chain risk management.

11. COO Report - Adventist Contract Update – deferred to June due to time constraints.

### **VICE-CHAIR'S REPORT**

12. Vice-Chair Jensen reported that Commissioner Farley has been appointed to the Community Advisory Committee (CAC).

### **COMMISSIONER COMMENTS**

No comments were forthcoming.

*The Health Commission went into a Closed Session at 7:03 pm.*

### **CLOSED SESSION**

13. Closed Session - Trade Secrets  
Welfare and Institutions Code Section 14087.31  
Title: Proposed FY 25-26 Corporate Objectives

14. Closed Session – Public Employee Performance Evaluation  
Government Code Section 54957  
Title: Chief Executive Officer – Timeline & Performance Review Process

*The Health Commission came out of Closed Session at 7:35 pm.*

**ACTION:** A motion was made (Commissioner Canepa), seconded (Commissioner Herrera) and unanimously approved the proposed FY' 25-26 Corporate Objectives as presented (11/0).

### **ADJOURNMENT**

Vice-Chair Jensen adjourned the meeting at 7:38p.m. The next regular meeting of the Health Commission is scheduled for June 25, 2025.