MINUTES OF THE MEETING OF THE SAN JOAQUIN COUNTY HEALTH COMMISSION

June 25, 2025

Health Plan of San Joaquin – Community Room

COMMISSION MEMBERS PRESENT:

Genevieve Valentine, Chair

Brian Jensen, Vice-Chair

Julienne Angeles, MD

Paul Canepa

Jim Diel

Michael Herrera, DO

Jay Krishnaswamy

Sandra Regalo

Michael Sorensen

Terry Woodrow

COMMISSION MEMBERS ABSENT:

Joy Farley, MD

Ruben Imperial

Terry Withrow

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

Elizabeth Le, Chief Operations Officer

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 called the Health Commission meeting to order at 5:07 p.m.

PRESENTATIONS/INTRODUCTIONS

None.

PUBLIC COMMENTS

No public comments were forthcoming.

CONSENT CALENDAR

Chair Genevieve presented five consent items for approval:

1. May 28, 2025 Health Commission Meeting Minutes

2. Community Reinvestment Committee – 06/11/2025
   a. May 28, 2025 Meeting Minutes
   b. Grant Applications Approval Request
      i. Capital Projects Grant Program
         - Second Harvest of the Greater Valley: $650,000
      ii. Doula/Community Health Workforce Recruitment Grant Program
         - Central California Asthma Collaborative: $140,000
         - Golden Valley Health Centers: $321,800

3. Community Advisory Committee – 06/12/2025
   a. April 10, 2025 Meeting Minutes
   b. Cultural and Linguistics Training for Members
   c. Grievances & Appeals
   d. MyRewards & CAC Update

4. Finance and Investment Committee – 06/18/2025
   a. May 27, 2025 Meeting Minutes
   b. Vendor Contracts
      i. Clarity Software Solutions, Inc.
      ii. Forvis Mazars, LLP
      iii. Infomedia Group Inc., dba Carenet Healthcare Services
      iv. JRivera Associates, Inc.
      v. Meketa Investment Group, Inc.
      vi. Stanislaus County General Service Agency
      vii. Toney Healthcare Consulting, LLC
   c. Contracts for IT Consultant Services
      i. Computer Enterprises, Inc.
      ii. GeBBS Software International, Inc.
      iii. Qualmission, LLC
      iv. Resultant, LLC
      v. SVAM International, Inc.

5. Human Resources Committee – 06/25/2025
   a. April 30, 2025 Meeting Minutes
   b. Policy Updates
      i. Drug Free Workplace
      ii. Pre/Post Employment Exams Policy
      iii. Referral Bonus Policy

ACTION: With no questions or comments, the motion was made (Vice-Chair Jensen), seconded (Commissioner Canepa) and was unanimous to approve all five consent items as presented (10/0).

DISCUSSION/ACTION ITEMS

6. April FY 2025 Financial Reports

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

- Premium Revenue is -$36.6M unfavorable (-$3.59 PMPM) to FYTD budget as of April 2025. This is primarily driven by -$14.6M unfavorable risk corridor agreements for the current fiscal year, of which -$12.7M is attributable to Enhanced Care Management (ECM) and -$1.9M is attributable to Major Organ Transplant (MOT) and -$24.7M unfavorable due to volume shortfalls in member months, offset by +$2.7M favorable capitation rates

- Managed care expenses are -$136.9M unfavorable (-$37.56 PMPM) to FYTD budget, primarily attributable to -$130.9M unfavorable variance related to institutional and -$25.9M unfavorable related to professional variance due to increased utilization and higher cost claims. These unfavorable impacts are offset by Finance &Investment Committee Health Plan of San Joaquin | Mountain Valley Health Plan Page 2 of 2 +$10.3M favorable reinsurance recoveries, +$2.5M favorable in other expenses related to medical management administrative expense allowed in medical, driven by unfilled positions in Health Equity and Behavioral Health and unused consultant dollars, as well as +$6.7M 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 +$15.7M favorable (+$3.77 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 +$13.6M favorable (+$2.95 PMPM) to budget primarily due to lower than budgeted personnel costs of +$3.7M, consulting expenses of +$5.1M mainly related to projects delayed for DSNP, and licenses and subscription expenses of +$5.0M 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 -$23.7M unfavorable (-$5.71 PMPM) are primarily driven by -$7.7M unfavorable rate adjustments (net of favorable risk factor adjustments) for CY2023 and CY2024, -$24.4M unfavorable changes in IBNR estimates, offset by +$9.8M favorable reinsurance recoveries related to finalized claims exceeding initial estimates

ACTION: With no questions or comments, a motion to approve the April FY 2025 financial report as presented was made by Commissioner Regalo, seconded by Commissioner Herrera, and unanimously approved (10/0).

7. Fiscal Year 2026 Final Budget

Ms. Tetreault presented for approval, the Fiscal Year 2026 Final Budget based on relevant items included in the Governor's May budget revision, highlighting the following updates:

Budget vs. Projection:

	2026 Budget	PMPM	2025 Projection	PMPM	▲	PMPM
Enrollment (As Of Jun)	381,509		406,083		(24,574)	
Member Months	4,732,565		4,969,826		(237,261)	
Financial Highlights (In Thousands)						
Revenue	$2,284,259	$482.67	$2,094,385	$421.42	$189,874	$61.25
Medical Expense	(2,300,275)	(486.05)	(2,141,240)	(430.85)	(159,034)	(55.20)
Other State Programs	(16,520)	(3.49)	13,129	2.64	(29,649)	(6.13)
Administrative Expense	(99,087)	(20.94)	(85,208)	(17.15)	(13,878)	(3.79)
Other (Community Reinvestment, Investment Inc.)	49,344	10.43	13,659	2.75	35,685	7.68
Net Income (Loss)	**($82,279)**	**($17.39)**	**($105,276)**	**($21.18)**	**$22,997**	**$3.80**
Key Metrics						
Medical Loss Ratio	102.0%		102.1%		(0.1%)	
Administrative Loss Ratio	6.2%		5.3%		0.9%	

FY 2026 Budget Preview vs. Final Budget:

	FY2026 Preview	Enrollment	Directed Payment (WQIP)	Prop 56	D-SNP	FY2026 Final	▲
Enrollment (As of Jun)	393,848	(12,339)	0	0	0	381,509	(12,339)
Member Months	4,803,556	(70,991)	0	0	0	4,732,565	(70,991)
Financial Highlights							
Revenue	$2,328,760,776	($33,935,400)	($6,754,645)	($3,843,775)	$32,082	$2,284,259,038	($44,501,738)
Medical Expense	(2,341,777,321)	30,697,690	6,754,645	3,741,570	308,659	(2,300,274,757)	41,502,564
Other State Programs	(16,520,371)	0	0	0	0	(16,520,371)	0
Administrative Expense	(99,086,825)	0	0	0	0	(99,086,825)	0
Other (Community Reinvestment, Investment Inc.)	49,294,168	49,693	0	0	0	49,343,861	49,693
Net Income (Loss)	**($79,329,574)**	**($3,188,017)**	**$0**	**($102,205)**	**$340,742**	**($82,279,054)**	**($2,949,480)**
Key Metrics							
Medical Loss Ratio	101.8%					102.0%	
Administrative Loss Ratio	6.1%					6.2%	

Ms. Tetreault also noted that 12% of the membership is undocumented, and the state is pausing enrollment for new membership for UIS aged 19 and older; these changes have been factored into the budget.

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

Q: Sorensen - Where is the Medicare product coming in?
A: Tetreault - This is included in the D-SNP product, which is for members who are dually eligible for both Medicare and Medi-Cal. Total revenue and expenses for this program are tracked separately from the main budget. We anticipate a $5.9 million loss for the first year and losses continue for the first seven years, with the program expected to break even in year seven. Profitability is dependent upon membership reaching a certain level.

Q: Jensen – Why would there be a reduction in Prop 56 and what is the status of Prop 35?
A: Tetreault/Granados – Prop 56 is related to women's health and family planning, which is not reduced and is subject to change based on the current state environment.
A: Tetreault/Granados – as to Prop 35 (MCO tax) some providers are expected to file a lawsuit as these were fundings to support providers, which is now being allocated to general funds.

Commissioner Angeles requested more detail on cost-saving initiatives related to medical expenses. Ms. Tetreault explained that the Health Plan has an internal interdisciplinary workgroup focused on identifying cost containment opportunities. These include strategies such as directing referrals to appropriate facilities, expanding access to services within our region rather than relying on tertiary care, and addressing fraud, waste, and abuse (FWA). The group analyzes patterns of overutilization or high costs to develop targeted workplans and implements actions accordingly.

ACTION: With no additional questions or comments, the motion was made (Commissioner Krishnaswamy) seconded (Commissioner Regalo) and unanimous to approve the Fiscal Year 2026 Final Budget as presented (10/0).

INFORMATION ITEMS

8. CEO Update

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

U.S. Senate Considers a Spending Bill with Significant Medicaid Cuts and Reforms Approved by the House

On May 22nd, the House of Representatives passed a spending bill that includes approximately $800 billion in Medicaid cuts and reforms, which is now under consideration in the Senate. According to the Congressional Budget Office, the House-approved bill would result in the loss of coverage for 7.6 million people nationwide, including 3.4 million Californians.

On June 16th, the Senate released its version of the spending bill, which includes many of the House's restrictions on Medicaid eligibility, funding, and benefits across multiple aspects. The Medicaid cuts and reforms proposed in the Senate's version of the spending bill are deeper and more restrictive than those approved by the House.

The key differences between the House and Senate Medicaid spending proposals are:

Work Requirements:
- House: Requires able-bodied adults to work 80 hours per month, exempts child caregivers
- Senate: Same, but limits exemptions to parents with children up to age 14

Provider Taxes
- House: Freezes provider taxes at current levels, prohibits states from implementing new taxes
- Senate: Adds stricter limits and gradually reduces the safe harbor cap from 6% to 3.5%

Cost Sharing
- House: $35 per service on expansion adults, exempts primary and behavioral health care
- Senate: Same, but cost sharing for non-emergency care in a hospital ER may exceed $35

The Senate's spending bill closely aligns with the House version in key areas that include:
- Penalties for Covering Undocumented Immigrants

- Stricter and More Frequent Eligibility Verifications
- Restricted Funding for Gender-Affirming and Reproductive Health Services
- Budget Neutral Section 1115 Waivers

District staff for our congressional representatives attended the June Community Advisory Committee meeting, a forum for members to advise Health Plan and ensure we are responsive to their needs. During the meeting, the committee discussed the proposed Medicaid cuts and mobilized Health Plan members to share their personal stories and concerns with elected officials. The Health Plan is utilizing all opportunities to inform congressional representatives about the impacts of Medicaid cuts on healthcare access and quality throughout our service area.

Upon Ms. Granados presentation the following questions were raised by commissioners:

Q: Sorensen - How many Health Plan members are marked as not working?
A: Granados - We do not have data on the employment status of members; however, we are confident that most of our able-bodied members are working.

Q: Herrera – Which services are classified as non-emergency for purposes of cost sharing?
A: Granados - It would likely be classified at the hospital level. However, there are concerns that implementing cost sharing may be administratively burdensome.

Q: Valentine – Related to Medicaid cuts, are there modifications that will be effective immediately?
A: Granados – Per the Department of Health Care Services, if the bill is enacted, the Managed Care Organization Tax could be rescinded, which would have an immediate impact. Other provisions, such as cost sharing, work requirements, and more frequent eligibility determinations could be enacted as soon as December 31, 2026.

Health Plan is Partnering with Service Area Counties to Launch an Influenza Vaccine Campaign

Health Plan is partnering with our service area counties from August through January to boost local influenza vaccination rates. The initiative will educate members on the importance of immunization against influenza and be supported by our Health Education, Medical Management, and Marketing teams. Health Plan's goal is to develop a culturally responsive, accessible, and unified public influenza prevention campaign across our community.

Efforts will include outreach to schools and chambers of commerce, as well as a multi-channel media campaign featuring radio, digital, and print advertisements. To ensure consistency with messaging from local and state health departments, county health officers and other public health officials will serve as key spokespeople for the campaign.

Commissioner Herrera recognized Dr. Lakshmi's efforts on this significant undertaking, noting that last year, influenza resulted in higher mortality than COVID-19.

9. Legislative Update on the May Revision

Brandon Roberts, Manager, Government and Public Affairs, presented a summary of the Budget Act of 2025 and Health Omnibus Trailer Bill.

On June 25th, the Governor and Legislature reached an agreement on the state budget, which aims to close a projected $12 billion deficit.

The following outlines key Medi-Cal provisions included in the 2025 Budget Act and accompanying Health Omnibus Trailer Bill:

Medi-Cal Loan Repayment Delay

- Adds an additional $1 billion to the Governor's proposed $3.4 billion loan payment delay for the Medi-Cal program

Proposition 35 Managed Care Organization (MCO) Tax Offset

- Approves the use of MCO tax revenues implemented by Proposition 35 to offset General Fund spending

Large Employer Contribution Requirement

- The Legislature will develop a large employer contribution requirement for employers with employees enrolled in Medi-Cal, effective as early as 2027-28
    - The Legislature recognizes that large employers benefit from their employees being enrolled in taxpayer funded health programs instead of employer sponsored health programs
    - Implementing any employer's contribution will require future legislation and budget action

Asset Limit Reinstatement

- Restores Medi-Cal asset limit to $130,000 per individual, and $65,000 per additional household member, up to a maximum of 10 members, effective January 1, 2026
    - Applies to beneficiaries whose eligibility is not determined using modified adjusted gross income-based financial methods
    - The Medi-Cal test was eliminated in 2024; the 2025 Budget Act restores the Medi-Cal asset limit to pre-2024 levels

Modified Eligibility and Servies for the Undocumented Population

- Freezes full-scope Medi-Cal enrollment for undocumented individuals age 19 and older, effective no sooner than January 1, 2026
    - Specifies there is no "age out" and establishes a 3-month re-enrollment grace period after disenrollment
    - If an individual loses eligibility, the individual shall only be eligible for pregnancy-related services and emergency medical treatment
    - If an individual loses eligibility while pregnant, the individual shall remain eligible throughout the pregnancy and for 12 months after the pregnancy ends

- Establishes a $30 monthly premium on individuals with unsatisfactory immigration status (UIS), age 19-59, effective July 1, 2027
    - After 90 days of nonpayment, an individual will only be eligible for pregnancy-related services emergency medical treatment
    - All outstanding premium balances shall be paid in full as a condition of continued eligibility for full-scope Medi-Cal coverage

- Eliminate dental coverage in full-scope Medi-Cal for individuals with UIS, beginning July 1, 2026

- Eliminates Prospective Payment System reimbursement for federally qualified health centers and rural health clinics for state-only funded services delivered to individuals with UIS, effective July 1, 2026
    - Requires reimbursement through the fee-for-service delivery system

- Rejects the Governor's proposal to eliminate long-term care and in-home supportive services for adults with unsatisfactory immigration status

Elimination of Proposition 56 Supplemental Payments

- Eliminates $362 million in Proposition 56 supplemental payments for dental services, effective July 1, 2026

- Rejects the Governor's proposal to eliminate $172 million Proposition 56 supplemental payments for family planning and women's health services

Elimination of the Workforce and Quality Incentive Program (WQIP)

- Eliminates the WQIP for skilled nursing facilities, effective January 1, 2026

Utilization Management of Outpatient Hospice Services and COVID-19 Testing

- Imposes utilization management and prior authorization requirements for outpatient hospice services in the Medi-Cal program until July 1, 2026
  - Excludes Medi-Cal managed care plans from prohibitions against cost sharing and utilization management for COVID-19 diagnostic and screening testing
  - Medi-Cal managed care plans must continue to cover COVID-19 screening, testing, immunizations, and therapeutics

Ms. Granados noted that management is actively engaged in ongoing efforts at both the state and federal levels. These efforts include a coalition letter signed by hospital CEOs, the development of supporting fact sheets, and meetings with legislators.

10. COO Report

Liz Le, COO provided an update on operations activities, highlighting the following:

Adventist Contract - The Adventist contract negotiation was successfully resolved as of June 25th, with no termination to the agreement

CalAIM IPP Program

CalAIM IPP Program is a 3-year program (2022-2024) intended to support California's efforts in transforming Medi-Cal by providing monetary incentives for implementation and expansion of Enhanced Care Management (ECM), Community Supports (CS), and other California Advancing and Innovating Medi-Cal (CalAIM) initiatives. The primary goals are:

- Member engagement and service delivery
- Building sustainable infrastructure and capacity, including health information technology, workforce, and provider networks
- Promoting program quality, with measurable impacts on utilization
- Creating equitable access for ECM Populations of Focus (PoF)

To receive CalAIM IPP funding from DHCS, HPSJ completed required submissions to demonstrate fulfillment of initiatives that meet DHCS specified measures. Funding to providers is based on the requested amount and impact to CalAIM goals.

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Year 1 Funding

Year 1 incentive: $18,140,339

- San Joaquin: $10,243,687
- Stanislaus: $7,896,653

Year 1 distribution to providers: $2,978,292.90

ECM/CS Provider	HPSJ Funding
Community Medical Centers (CMC)	$806,250
County of San Joaquin WPC-HSA	$494,938
Gospel Center Rescue Mission	$23,084
Kaiser Foundation	$75,981
MedZed	$42,213
SJ Health/SJ CC	$1,326,911
St. Mary's Community Services	$208,916

Year 2 Funding

Year 2 incentive: $17,636,719

- San Joaquin: $5,700,277.50
- Stanislaus: $4,148,975.00

Year 2 distribution to providers: $8,430,718.05

ECM/CS Provider	HPSJ Funding
CA Health Collaborative	$294,178
Center for Human Services	$585,000
Central CA Asthma (CCAC)	$165,000
Modesto Gospel Mission	$264,075
Gospel Center Rescue Mission	$3,500,000
SJ Health/SJ CC	$1,430,146
County of San Joaquin WPC-HSA	$400,000
St. Mary's Community Services	$1,585,000
Turning Point	$207,318

Year 3 Funding

Year 3 incentive: $7,048,927

San Joaquin: $3,886,748 Alpine: $632

Stanislaus: $2,917,435 El Dorado: $244,112

Year 3 distribution to providers: $9,627,928

ECM/CS Provider	HPSJ Funding
California Health Collaborative	$235,340
Community Medical Centers	$298,961
Modesto Gospel Mission	$2,057,610
SJ Health/SJ CC	$639,813
Sierra Vista Child and Family Services	$432,875
St Mary's Community Services	$3,346,378

Total Upcoming Distribution

$2,503,066.30

ECM/CS Provider	HPSJ Funding
Community Medical Centers	$1,101,894
Center for Human Services	$1,100,000
Tracy Community Connections	$301,172.30

3-Year Summary

Earned Incentive from DHCS: $42,725,985

Total Distribution to Providers: +$21,036,939

Balance to Date: +$21,689,046

The Health Plan's next step is to continue accepting IPP applications and looking to support providers who can close gaps in services. The Plan will also continue to support CalAIM providers with infrastructure and technology expansions as well as provide the program's awareness and education to providers at county collaboratives.

Justice Involved

California is the first state to receive approval from the Federal government to offer a targeted set of services to incarcerated individuals on Medi-Cal 90 days prior to release. Health Plan is collaborating with

JI facilities to support JI individuals' re-entry into the community - including county jails, probation departments, youth correctional facilities, and state prisons to:

- Provide targeted pre-release services, including connection to behavioral health and social services, and coordinate post-release care to avert the unnecessary use of inpatient hospital, psychiatric hospital, nursing homes and emergency departments
- Serve as an enhanced case management (ECM) model for JI individuals for the rest of the nation
- Go-Live Timeline

Managed Care Plans (MCP)	Behavioral Health Linkages	County Correctional Facilities	CA Department of Corrections and Rehabilitation (CDCR)
01/01/24	10/01/24	10/1/2024 - 09/30/2026	02/01/25

- County Facility Landscape

	San Joaquin	Stanislaus	El Dorado	Alpine(*)
# of Facilities	Two (2)	Six (6)	Two(2)	No Jails/Facilities
Go-Live Date	Adult Jail: **1/31/25** Youth Probation :**9/30/26**	Adult and Youth Probation: **7/1/26**	Adult Jail: **10/2026** Youth Probation: **07/2026**	N/A

- Provider Network (11 Provider Eligibility)
  - Must be contracted with all managed care plans in the covered county
  - Must be Medi-Cal enrolled with the State

San Joaquin County	Stanislaus County	El Dorado County	Alpine County
Turning Point Community Programs	Turning Point Community Programs	Serene Health	Serene Health
San Joaquin Health Services Agency – Whole Person Care	Sierra Vista Child & Family Services		
Serene Health	La Familia		
	Serene Health		

- Referral Status
  - 124 referrals from CDCR
  - Nine (9) referrals from SJC Adult Facility

Chair Valentine noted, as of July 1, 2025 SJC Whole Person program will no longer be managed by SJCHSA and will be managed by healthcare correctional services as an ECM provider.

11. Bi-Monthly Compliance Update

Betty Clark, Chief Regulatory Affairs and Compliance Officer, provided an update on bi-monthly compliance activities, highlighting the following:

2025 Network Adequacy Validation (NAV)

On May 28, 2025, Health Services Advisory Group, Inc. (HSAG), the DHCS designated External Quality Review Organization (EQRO), notified HPSJ of its upcoming audit to assess the Plan's network adequacy processes. The audit will focus on the accuracy, integration, monitoring, and reporting of network adequacy data for the Calendar Year (CY) 2024 reporting period. HPSJ is currently compiling responses to the Information Systems Capabilities Assessment Tool (ISCAT). The virtual review will occur on August 19, 2025 based on the following timeline:

- Audit Notice: May 28, 2025
- Information Systems Capabilities Assessment Tool (ISCAT) due: July 17, 2025
- Virtual Onsite Review: August 19, 2025
- Review Period: CY2024 (Data reported to DHCS September 2024)
- Preliminary Report: To be Determined
- Final Report: To be Determined

Commissioner Herrera requested clarification on Delegated Credentialing. Ms. Clark explained that when credentialing is delegated, the provider submits a roster to the Health Plan, which is then entered into the system. This process is designed to improve efficiency in keeping the provider's information up to date.

2024 DHCS Regulatory Audit Update

- DHCS conducted an audit in late October/early November 2024 to review HPSJ's activities and documentation from August 1, 2024, through July 31, 2024

- HPSJ received 5 findings in a Final Report issued on April 9, 2025
  1 and 2. HPSJ incorrectly applied of prior authorization requirements to family planning, preventive services, and cancer biomarker testing
  3. HPSJ did not send adverse benefit determination notices within required timeframes
  4. HPSJ did not use the DHCS-issued template for prior authorization denials
  5. HPSJ did not apply Medi-Cal Provider Manual criteria to pharmacy services when applicable

  Compliance Dept is working with business owners to install procedures and conduct staff training by end of July 2025 to avoid repeats of the above findings.

The Department of Managed Health Care (DMHC) Audit Updates

DMHC is currently conducting a routine examination of HPSJ's financials and claims processing system (2025). The scope of the audit includes:

- Financial accounts during Q4 2024 (10/1/2024 through 12/31/2024)

- Cases reviewed include 40 paid claims, 40 late claims, 40 denied claims, 40 provider disputes, and 30 high dollar claims processed between 10/1/2024 through 12/31/2024

DMHC conducted a follow-up survey from late February 2025 to review 21 findings identified during the 2021 routine medical survey:

- DMHC reviewed HPSJ's activities and documentation from 3/1/2024 through 9/30/2024
- DMHC has not yet issued preliminary findings
- The next routine DMHC routine medical survey will begin May 4, 2026

The Department of Managed Health Care (DMHC) Enforcement Matter 22-695

On February 7, 2025, DMHC assessed an administrative penalty in the amount of $25,000 and requested a corrective action plan. They found that the Health Plan had failed to include a report of incidents of non-compliance and a Quality Assurance Report in its Measurement Year 2019 Timely Access Report and

failed to report complete and accurate data concerning contracted qualified autism services providers and HIV/AIDS specialists in its Measurement Year 2019 Network Adequacy Report. Although the Health Plan initially reported to the Commission during the February 2025 meeting that it would accept the penalty, the Plan has since decided to contest the penalty. This enforcement matter involves actions and omissions by the Plan from over six years ago. The Health Plan contested the penalty on April 25, 2025, and is awaiting a response from DMHC.

Compliance in the News

Ms. Clark reported on the Office of Inspector General (OIG) Settlement of $1,565,374.11 with 21 facilities that employed individuals excluded from participating in Federal health care programs.

Ms. Clark also reviewed DMHC Enforcement Actions and penalties assessed in April to May 2025 against four other commercial health plans. The Enforcement Actions involved deficiencies in handling member complaints, mishandling of claims payments, and sending denial notices with incorrect member rights information. The penalty amounts ranged from $300,000 to $819,500. The recent DMHC Enforcement Actions indicate DMHC is likely to assess high penalties where health plan non-compliance contributes to delays in care and financial harm to members.

12. Information Technology Project Update

Victoria Worthy, CIO provided an overview of the Health Plan's IT projects, noting over the last few years, Health Plan embarked on an operational transformation to elevate its current technical and operational processes so that they can be supported and enhanced to accommodate for current and future needs. It was required to have a more integrated and interoperable infrastructure, up-to-date technology, and vendor supported systems.

Health Plan was challenged with several End-of-Life technology with little to no vendor support, antiquated technology, and technical knowledge gaps to support the needs of the organization. To remedy the gaps, HPSJ strategically prioritized system replacements and upgrades of its systems and technology to support new automated functionality, system enhancements to support regulatory requirements, and the implementation of new systems to support operational readiness.

Some of the major initiatives are:

System Replacements & Enhancements

- HEDIS System Replacement & Data Initiatives
- Medical Management System Implementation | JIVA

- QNXT 2.0
- Call Center Replacement | Ring Central
- Enterprise Data Warehouse
- Data Center Rebuild

New Initiatives
- Duals Eligible Special Needs Plan (DSNP) Implementation

13. Legislative Update

Brandon Roberts, Manager of Government and Public Affairs, presented on current legislative activities, highlighting the following:

California Legislature Reaches a Joint Budget Agreement

Assembly and Senate leaders reached a joint budget agreement to address the state's $12 billion deficit.

Facing rising Medi-Cal costs, lawmakers evaluated the Governor's proposed cuts and ultimately rejected or modified many of the most controversial measures. Key Medi-Cal Provisions in the Joint Budget Agreement are:

- Large Employer Medi-Cal Contribution Requirement: Imposes fees on large employers with workers who rely on Medi-Cal rather than employer-sponsored insurance, beginning as soon as FY 2027-28
- Medi-Cal Asset Limit: Restores the Medi-Cal asset limit to $130,000, significantly higher than the Governor's proposed $2,000 cap
- Proposition 56 Supplemental Payments: Delays the elimination of Proposition 56 supplemental payments for dental services until July 1, 2027, and rejects the elimination of Proposition 56 supplemental payments for family planning and women's health services
- Proposition 35 Managed Care Organization (MCO) Tax: Approves the Governor's proposal to increase General Fund offsets through the MCO Tax

Ms. Clark explained that the two services under review for potential fraud, waste, and abuse (FWA) include hospice care. Currently, members can be approved for hospice without a face-to-face visit with a physician if they are expected to have six months or less to live. Since both hospice providers and facilities bill Medi-Cal directly, this provision has been identified as a risk area and is being reviewed to help address and prevent FWA.

Commissioner Diel inquired about the effective date of the Medi-Cal asset limit change for county eligibility. Mr. Roberts responded that the change would take effect in January 2026.

Provisions Impacting Undocumented Medi-Cal Beneficiaries

The joint budget agreement adjusts Medi-Cal eligibility and services for the undocumented population but implements less severe changes than those proposed in the Governor's May Revision, based on the following:

- Enrollment Freeze: Modifies the Medi-Cal enrollment freeze to affect only adults 19+ with unsatisfactory immigration status (UIS), adds a no "age out" clause, and includes a 6-month re-enrollment grace period starting January 1, 2026
- Premiums: Modifies the Medi-Cal premium proposal for UIS adults by reducing the Governor's proposed monthly premium from $100 to $30, limiting it to ages 19–59, and delaying implementation to July 1, 2027
- Dental Benefits: Delays the elimination of dental benefits for UIS populations until July 1, 2027.

- Prospective Payment System (PPS) Rate Cuts: Delays the PPS rate cuts for services delivered by federally qualified health centers and rural health clinics to individuals with UIS until July 1, 2027.
- Long Term Care (LTC) and In-Home Supportive Services (IHSS): Rejects the elimination of LTC and IHSS coverage for adults with UIS

Next Steps in the State Budget Process

The Legislature fulfilled its constitutional requirement by passing a budget bill by the June 15th deadline.

The bill now awaits the Governor's approval, with a signing or veto deadline of June 30th, however, the joint budget agreement is unlikely to be final, as ongoing negotiations between the Legislature and Governor are expected to continue.

Additional budget bills will be introduced to amend the budget and reconcile the priorities of the Legislature and the Governor. The Legislature and Governor will work through the end of June to reach a final agreement that aims to balance fiscal responsibility with the preservation of essential services for

Californians. Budget trailer bills with greater detail will be approved to enact the statutory changes required to implement policies outlined in the final budget bill.

CHAIR'S REPORT

14. Chair Valentine reported that on July 7th, commissioners will receive an email requesting recommendations and feedback for the CEO's evaluation. The committee will compile all responses for review by the full commission. Feedback is due July 25th.

COMMISSIONER COMMENTS

No comments were forthcoming.

The Health Commission went into a Closed Session at 6:35 pm.

CLOSED SESSION

15. Closed Session - CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION
California Government Code Section 54956(d)(1)
SEIU Local 1021 v. Health Plan of San Joaquin
Unfair Practice Charge No. SA-CE-1256-M

16. Closed Session – CONFERENCE WITH LABOR NEGOTIATOR
California Government Code Section 54957.6
Agency Negotiator: Mike Jarvis and Evert Hendrix
Employee Organizations: SEIU Local 1021

The Health Commission came out of Closed Session at 7:06 pm. No actions were forthcoming.

ADJOURNMENT

Chair Genevieve adjourned the meeting at 7:07 p.m. The next regular meeting of the Health Commission is scheduled for August 27, 2025.