

MINUTES OF THE MEETING OF THE SAN JOAQUIN COUNTY HEALTH COMMISSION

January 28, 2026

Health Plan of San Joaquin – Community Room

COMMISSION MEMBERS PRESENT:

Genevieve Valentine, 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:

Jim Diel

STAFF PRESENT:

Lizeth Granados, Chief Executive Officer

Betty Clark, Chief Regulatory Affairs and Compliance Officer

Dr. Lakshmi Dhanvanthari, Chief Medical Officer

Tracy Hitzeman, Executive Director – Clinical Operations

Elizabeth Le, Chief Operations Officer

Michelle Tetreault, Chief Financial Officer

Victoria Worthy, Chief Information Officer

Quendrith Macedo, County Counsel

Sue Nakata, Executive Assistant and Clerk of the Health Commission

CALL TO ORDER

Chair Valentine called the Health Commission meeting to order at 5:02 p.m.

PRESENTATIONS/INTRODUCTIONS

Chair Valentine welcomed returning Health Commissioners Canepa, Dr. Angeles, and Dr. Herrera, who were appointed and approved by the Board of Supervisors for their new term.

PUBLIC COMMENTS

No public comments were forthcoming.

CONSENT CALENDAR

Chair Valentine presented three consent items for approval:

1. December 10, 2025 Health Commission Meeting Minutes
2. Community Reinvestment Committee (CAC) – 12/11/2025
 - a. October 16, 2025 Meeting Minutes
 - b. Medi-Cal Update
 - c. Inspiring Communities – Diabetes Prevention Program (DPP)
 - d. Grievance and Appeals Review
 - e. End of Year Survey
3. Finance and Investment Committee – 01/21/2026
 - a. October 22, 2025 Meeting Minutes
 - b. Investment Portfolio Performance Update
 - c. AMN Healthcare Language Services, Inc. Contract – Video and Telephonic Interpreting Services
 - d. Soda Health, Inc. Contract – Member Rewards Program
 - e. T&S Intermodal Maintenance, Inc. Contracts
 - i. Data Center Project
 - ii. Lessee Supported Tenant Improvements

ACTION: With no questions or comments, the motion was made by Commissioner Canepa, seconded by Commissioner Imperial and the three consent items were unanimously approved as presented (9/0).

Commissioners Herrera and Withrow joined the meeting at this time.

DISCUSSION/ACTION ITEMS

4. October and November FY 2025 Financial Reports

Ms. Tetreault presented for approval the October and November FY 2025 financial reports, highlighting the following under the November financials:

- Premium Revenue is \$4.3M favorable (\$2.57 PMPM) to FYTD budget. This is primarily driven by +\$9.5M favorable due to higher member month volume and +\$1.2M favorable due to rate, offset by -\$6.4M unfavorable due to risk corridor agreements for the current fiscal year, of which -\$5.7M is attributable to Enhanced Care Management (ECM) and -\$0.7M is attributable to Major Organ Transplant (MOT)
- Other Medical Revenue & Expense consists of DHCS-Directed Payments. These payments are established by DHCS to support provider participation, network adequacy, access to care, and

quality improvement across California's Medi-Cal delivery system. DHCS requires Managed Care Plans (MCPs) to distribute these payments to eligible providers. The programs are accounted for on a gross basis, with revenue and corresponding expense recognized in the same reporting period. Because amounts received are fully disbursed in accordance with DHCS directives, these amounts do not impact Health Plan's margin

- Managed care expenses are -\$131.3M unfavorable (-\$59.98 PMPM) to FYTD budget, primarily driven by -\$66.3M unfavorable in Specialist fee-for-service, -\$36.6M unfavorable in Hospital Outpatient, -\$23.6M unfavorable in Hospital Inpatient, -\$10.4M unfavorable in Emergency Room, -\$6.3M unfavorable in FQHC fee-for-service, -\$6.3M unfavorable in Community Support, -\$5.1M unfavorable in Behavioral Health, -\$3.7M unfavorable in Outpatient Mental Health, and -\$2.9M unfavorable in Hospice. These unfavorable variances are largely attributable to higher utilization due to increased member acuity and more complex care needs, resulting in more hospitalizations and specialist visits, combined with rising unit costs. These are partially offset by +\$24.5M favorable in PCP fee-for-service, and +\$6.5M favorable in Long Term care
- Net other program revenues and expenses are +\$1.4M favorable (+\$0.74 PMPM) primarily due to the timing of CalAIM Incentive Payment Program (IPP) and Student Behavioral Health Incentive Program (SBHIP). These are incentives for DHCS-established programs paid to providers for achieving metrics outlined in the programs
- Administrative expenses are -\$3.0M unfavorable (-\$1.21 PMPM) to budget primarily driven by -\$3.0M unfavorable in Salaries and Benefits due to several factors, including positions initially classified as Medical Management Expense but later deemed non-Medical Management by DHCS, a lower-than-budgeted vacancy factor, -\$0.8M unfavorable in Subscription expenses due to a correction that moved payments previously coded as capital in process into expense, -\$1.2M unfavorable in Medical Management depreciation due to a reclassification from depreciation of technology and equipment to Medical Management-related depreciation, -\$2.3M unfavorable in Consultant expenses due to a reclassification from Subscription. These are partially offset by +\$1.5M favorable in Subscription expenses from reclassification to Consultant, +\$0.8M favorable in QM license fees primarily related to IT software for DSNP, +\$0.7M favorable in depreciation of technology and equipment due to reclassification to Medical Management-related depreciation, +\$0.6M favorable in printing and communication to member, and +\$0.6M favorable in Medical Management consultant
- Prior period adjustments of +\$59.5M favorable (+\$29.24 PMPM) are primarily driven by prior-year IBNR adjustment

Commissioner Canepa asked about the reason for the loss of 15,000 members. Ms. Tetreault and Lizeth Granados, CEO, explained that the decrease was due to members being termed for lack of renewal or eligibility, which may have resulted from paperwork issues or unmet eligibility criteria. Health Plan gained approximately 8,000 members. Commissioner Herrera also noted that Dignity is seeing an increase in underinsured and uninsured patients presenting at their hospital.

ACTION: With no further questions or comments, the motion was made (Commissioner Canepa) seconded (Commissioner Sorensen) and was unanimous to approve the October and November FY 2025 financial reports as presented (11/0).

5. Peer Review and Credentialing Committee (PRCC) – 01/21/2026

Dr. Lakshmi Dhanvanthari, CMO presented for approval the credentialed and recertified providers from the PRCC meeting on 01/21/2026:

Direct Contracted Providers: 161

- Initial Credentialed for 3 years = 55
- Initial Credentialed for 1 year = 0
- Recredentialed for 1 Year = 2
- Recredentialed for 3 Years = 53
- Clean File Initial Credentialing Sign Off Approval by Dr. Lakshmi: 47
- Clean File Recredentialing Sign Off Approval by Dr. Lakshmi: 4

Termination/Involuntary: 1

Commissioner Imperial asked whether contracted providers are individual providers, both medical and behavioral health. Dr. Lakshmi confirmed that they are all providers and are required to undergo recredentialing every three years. Depending on when applications are submitted, providers are reviewed by the committee bimonthly.

ACTION: With no questions or comments, a motion was made (Commissioner Imperial), seconded (Commissioner Regalo), with abstention by Commissioner Herrera to approve the Peer Review and Credentialing Committee report for January 21, 2026 as presented (10/1).

INFORMATION ITEMS

6. CEO Report

Ms. Granados provided an update on the following activities:

2026 Federal / State Policy Landscape

- H.R. 1 implementation introduces new Medicaid work, documentation, funding, and cost-sharing requirements, likely reducing enrollment and increasing administrative burden—prompting California to initiate litigation challenging related federal health policy and funding decisions
- Renewed federal scrutiny of state Medicaid programs—focused on fraud, waste, and abuse—has intensified, with California emerging as a primary enforcement and oversight target
- Evolving IT regulations and rapid expansion of AI and digital health tools are reshaping data-sharing and compliance requirements across health care delivery, with California at the forefront of advancing data exchange and infrastructure capacity
- Shifting federal public health guidance on vaccines and gender-affirming care has prompted California to adopt a distinct, state-specific public health approach that diverges from federal recommendations

Safety Net Resources in Focus

- In early January, the Federal Department of Health and Human Services moved to freeze more than \$10 billion in federal social service and child-care funding, including money tied to Medicaid-related assistance programs—for five Democratic-led states (California, Colorado, Illinois, Minnesota, and New York), citing concerns about alleged fraud and misuse of funds
- Funding freeze targets three major federal grant programs that provide childcare and family support to low-income individuals:
 - Child Care and Development Fund (CCDF) – ~\$2.4 billion for childcare subsidies that help working families afford early care and education

- Temporary Assistance for Needy Families (TANF) – ~\$7.35 billion in block grants used for cash support, job training, childcare subsidies, and emergency family assistance
- Social Services Block Grant (SSBG) – ~\$869 million that states use for a wide range of services to protect and support vulnerable populations
- Freezes are not directly tied to Medicaid funding itself, but may impact families from accessing services through health plan
- U.S. District Court temporarily blocked order on January 9th, case under further review

ACA Enhanced Premium Tax Credits

- Congress continuing to debate over ACA enhanced premium tax credits and whether to maintain enhanced federal matching funds for expansion states or reduce federal support as part of broader deficit-reduction efforts
- Multiple alternative proposals to a “clean extension” have surfaced since late 2025 with little agreement from policy makers on a path forward
- Proponents emphasize that expansion has lowered uninsured rates, improved access to care, and strengthened hospital finances, particularly in rural and underserved areas
- Opponents argue that expansion increases long-term federal spending and state fiscal exposure, and support policy changes such as lowering enhanced match rates, adding eligibility requirements, or increasing state cost sharing
- On January 8th, 17 House Republicans voted with Democrats to advance (230-196) a three-year extension, bill now awaiting hearing in the Senate
- Senate voted down similar measure in December, not expected to take up vote on bill
- President Trump has signaled a potential veto to clean extension bill

OIG Report – Medicaid Fraud

OIG Report – Medicaid Agencies Made Millions in Unallowable Capitation Payments to Managed Care Organizations on Behalf of Deceased Enrollees

- Audit assessed Medicaid capitation payments made by state Medicaid agencies to Managed Care Organizations (MCOs) for enrollees who were already deceased
- OIG estimated that approximately \$207.5 million in unallowable capitation payments to MCOs on behalf of deceased enrollees during the audit period
- Findings highlighted concerns that managed care payments have not kept pace with increased enrollment, pointing to post-payment review and recovery as a key enforcement tool
- States will be provided with data from CMS to identify / recover additional unallowable payments

FY 2026-2027 State Budget Overview

California State Budget Overview

- California Governor Gavin Newsom’s proposed 2026-27 state budget outlines a \$348.9 billion (248.3 billion General Fund) spending plan that aims to manage an ongoing multibillion-dollar deficit while maintaining core investments
- The proposal emphasizes refilling reserves and fiscal stability, projecting a \$2.9 billion deficit that is sustainably smaller than the non-partisan Legislative Analyst’s Office (LAO) \$18 billion deficit.
- Medi-Cal Budget: \$196.7 billion (\$46.4 billion General Fund)

- DHCS to explore ways to achieve additional General Fund savings by identifying improvements and efficiencies through:
 - Enhanced oversight, monitoring, and enforcement of managed care plans
 - Improved program integrity
 - Aligned provide payments with value. Estimate to save \$120 million GF in 2026-2027. DHCS has engaged a consulting group to carry out this work, which will be further defined in the upcoming months
- The FY 2026-2027 Proposed Budget estimates a projected average monthly caseload is 14 million, a decrease of 3.50% from FY 2025-2026

FY 2026-2027 State Budget Impact to HPSJ/MVHP

HPSJ/ MVHP Membership Impact

- Overall Enrollment: Projected caseload reduction of ~10,000 members
- Work & Community Engagement: Projected caseload reduction of ~2,400 members
- ACA Adult Expansion 6-Month Redetermination: Estimated caseload reductions of ~5,300 members (increasing to ~7,900 members) from increased frequency of redeterminations from every 12 months to every 6 months
- Retroactive Medi-Cal Coverage: Reduction in retroactive Medi-Cal coverage (1 month for ACA adults, 2 months for others) from Jan. 1, 2027, is projected to save \$23M (\$9.6M GF) in 2026–27
- Restrictions on Immigrant Eligibility: Narrowing the federal definition of qualified non-citizens reduces funding; the Budget shifts affected individuals to restricted-scope Medi-Cal. This provision becomes effective January 1, 2027, which will impact ~2,000 members
- County Administration: More frequent redeterminations and work/community engagement requirements strain county eligibility workers; DHCS is assessing additional support needs
- CalAIM Funding: Increase of \$412.0 million from FY 2025-26 due to increases in ECM, Community Supports, and Transitional Rent costs

Upon review of Ms. Granados's report, Commissioner Imperial asked whether the projected 10,000-member reduction impacts Stanislaus County and what the current H.R.1 impacts are across all counties. Ms. Granados responded that Stanislaus County is affected, with an estimated reduction of approximately 4,000 members (about 40% of the total), noting this is a rough projection based on state-provided data. She further stated there are currently no impacts related to H.R.1; state impacts pertain to undocumented members effective January 1 and asset verification requirements, while federal impacts will not be reflected until January 1, 2027.

Commissioner Imperial also asked whether the Health Plan anticipates additional impacts beyond H.R.1. Ms. Granados noted that the state has also made modifications on who is eligible for Medi-Cal which will have an impact on the Health Plan.

7. COO Report

D-SNP Update

Liz Le, COO, provided post implementation update on the launch of the Health Plan's Advantage D-SNP (HMO) program, highlighting the following:

Enrollment To Date

- Total:190 enrolled members (majority were exiting HPSJ/MVHP members)
- Enrollment by County: 92% (San Joaquin), 7%(Stanislaus) and 1% (El Dorado)
- Enrollment by Age/Gender:
 - 78% (65+), 13% (55-64),6% (45-54), 3% (Under 44)
 - Slightly higher percentage of enrollees are females
- 13% of enrolled members are new to HPSJ/MVHP and joined because existing Medicare plan left the market
- An AEP mailer was distributed in November and generated a favorable response from enrollees
- As teams finalize the first month of post implementation and transition to operations, two of the areas of focus will be on risk adjustment and star ratings
- Risk Adjustment
 - For D-SNPs, risk adjustment is how CMS adjusts plan payments to reflect the health status and complexity of enrolled members; it's a major driver of revenue accuracy. Members' risk scores are calculated based on demographic factors and documented diagnoses and are used in determining monthly payments to plans

Star Ratings

- For D-SNPs, achieving 4 or more stars qualify for CMS quality bonus payments that increase plan benchmarks and rebates, which are then used to fund and enhance supplemental benefits

Next Steps

- The Health Plan will be participating in a CMS network adequacy review in June 2026
- The Health Plan will continue with any remaining post implementation efforts and initiate planning efforts for the upcoming plan year

Transitional Rent Update

Tracy Hitzeman, Chief Health Services Officer, provided an update on the Transitional Rent program, highlighting the following:

- Benefit Overview - Up to six (6) months of rental assistance (permanent or temporary). Eligible members must meet at least *one criterion in each category*:

Clinical Factors	Social Risk Factor	Transitioning Population
<ul style="list-style-type: none">• Specialty Mental Health Services (SMHS), or• Drug Medi-Cal (DMC), or• Drug Medi-Cal Organized Delivery System (DMC-ODS)	<ul style="list-style-type: none">• Experiencing/at risk of homelessness	<ul style="list-style-type: none">• Institutional /congregate residential setting• Carceral setting• Interim housing• Recuperative care/short-term post-hospitalization housing• Foster care

Coordinating Transitional Rent

- After a member is referred, Health Plan works with County Behavioral Health to verify eligibility and coordinate services
- If not already receiving, the member is referred to Enhanced Care Management (ECM), and appropriate Community Support Services (Housing Transition and Navigation, Housing Deposits, Housing Tenancy and Sustaining Services)
- A housing plan must be in place for Transitional Rent to be approved, including a plan for funding when the benefit cap is reached

Operational Status

- Health Plan prioritized contracting with County Mental Health departments

County	Provider(s)	Contract Status
San Joaquin	San Joaquin County Behavioral Health Services	Executed
Stanislaus	Turning Point Community Programs; Tracy Community Connections Center	Executed
Alpine	Inyo County Behavioral Health	Executed
El Dorado	El Dorado County Behavioral Health	Pending

- Referrals, Authorization, and Payment (Health Plan is monitoring authorizations & call volumes)
 - Health Plan standard processes are in place for referrals and authorization
 - Payment will be issued in alignment with DHCS guidelines

Chair Valentine and Commissioner Imperial also provided an update on behavioral health services and housing subsidies for San Joaquin and Stanislaus counties. Chair Valentine commended Ms. Hitzeman and her team for their excellent work on this program for Health Plan member.

8. Quarterly Information Security Reporting

Victoria Worthy, CIO, provided an update on the company’s security metrics, program and projects with detailed information in the meeting PPT packet:

- Security Program Maturity – Overall Grade = B
- Vulnerability Management – Overall Grade = A
- M365 Security Configuration - Overall Grade = B
- Phish Testing Trends – Overall Grade = A
- Security Monitoring and Incident Response = A

Ms. Worthy also reported that the Information Security department is leading a solid portfolio of projects that focus on enhancing HPSJ’s security posture, aligning with compliance regulations, and enhancing resilience in operations. Current priority areas include:

- 2026 annual HIPAA risk assessment
- FISCAM external assessment pre-audit activities started

During the review of Ms. Worthy’s report, Commissioner Canepa requested that quarterly trend reports on scores and grades be included in future updates. Ms. Worthy accepted the action item and will implement it accordingly.

9. Bi-Monthly Compliance Update

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

DHCS Regulatory Update

2024 Medical Audit

- DHCS closed the corrective action plan from the 2024 audit in December 2025. The Department accepted all remediation plans

2025 Medical Audit

- DHCS held the 2025 DHCS audit on January 12-22, 2026. The audit scope was reduced focusing on Grievances, ECM, Timely payment of claims and other areas. The Department is also shifting the timelines from Fiscal Year to Calendar Year marking significant process changes

Pre-Corrective Action Plan (Pre-CAP) Pending Execution of Provider Contract for Transitional Rent

- Health Plan is currently under a Pre-CAP due to lack of executed contract with a provider that will provide Transitional Rent to members in the Behavioral Health Population of Focus in El Dorado County
- Health Plan must execute a provider contract by April 1, 2026, or DHCS may take further action

FY 24-25 Annual CMS Compliance Scoring Initiative

- CMS requires DHCS to review and report Health Plan’s compliance with federal standards set forth in 42 CFR Subpart D and the Quality Assurance and Performance Improvement (QAPI) requirements in 42 CFR 438.330
- DHCS provides scores for each CFR category, which are based on DHCS’ medical audit cycle from FY24-25 as well as QI and Annual Network Certification (ANC) activities for CY24
- The scores are intended to provide a general, at-a-glance reflection of Health Plan’s overall compliance status

Standard Number	CFR	Compliance Review Standard	Total Points Available	Total Points Scored	HPSJ 2024
1	§438.206	Availability of Services	30	30	100%
2	§438.207	Assurance of Adequate Capacity and Services	8	8	100%
3	§438.208	Coordination and Continuity of Care	36	36	100%
4	§438.210	Coverage and Authorization of Services	36	32	89%
5	§438.214	Provider Selection	8	8	100%
6	§438.224	Confidentiality	12	12	100%
7	§438.228	Grievance and Appeal Systems	80	78	98%
8	§438.230	Sub-contractual Relationships and Delegation	20	20	100%
9	§438.236	Practice Guidelines	12	12	100%
10	§438.242	Health Information Systems	22	22	100%
11	§438.330	QAPI Program	30	30	100%
12	§438.56	Disenrollment: Requirements and Limitations	2	2	100%
13	§438.100	Enrollee Rights	18	16	89%
14	§438.114	Emergency and Post-stabilization Services	16	16	100%
Total Points			330	322	98%

DMHC Regulatory Audit Updates

2025 Financial Audit

- The DMHC issued the Final Report 11/17/25; also accepted the Plan's remediation of (1) finding and closed the CAP

2026 Routine Survey

- DMHC notified the Plan of the onsite audit scheduled for May 4, 2026. The Plan has submitted documentation demonstrating Plan compliance for the audit review period of 12/01/23 - 11/30/25

DMHC Enforcement Action 23-557

- On January 5, 2026, Health Plan received a Letter of Admonishment from DMHC regarding its 2020 Timely Access Report
- Health Plan's initial submission was missing:
 - A report of incidents of non-compliance
 - Complete and accurate data for contracted HIV/AIDS specialists
- No financial penalty at this time, but DMHC stated it could take legal action if the same or similar reporting errors occur in subsequent annual submissions

10. Legislative Update

Jedd Hampton, Director of Government and Public Affairs, provided an update on legislative activities, highlighting the following:

Governor's Proposed Budget 2026-2027

- Total Proposed Budget: \$348.9 billion total funds (\$248.3 billion General Fund) in FY 26-27
- Increased Revenues, Modest Budget Shortfall: California's budget revenue increased substantially, projecting \$9 billion more revenue than anticipated due to the AI-driven tech stock surge
- However, constitutionally mandated education spending and reserve requirements, along with higher than projected spending to implement federal cuts to Medi-Cal, resulted in a "modest" budget deficit of \$2.9 billion

Overall Medi-Cal Budget

- 2026-27 Budget estimate: \$196.7 billion (\$46.4 billion General Fund)
- Total projected enrollment: The FY 2026-27 projected average monthly caseload is 14 million, a decrease of 3.50% from FY 2025-2026

Budget Impacts – Medi-Cal - full list could be found in the Health Commission meeting packet.

CHAIR'S REPORT

11. Chair Valentine appointed Commissioner Ruben Imperial as Vice-Chair of the Health Commission.
12. Chair Valentine appointed Commissioner Michael Sorensen as the new Chair of the Human Resources Committee.

COMMISSIONER COMMENTS

No comments were forthcoming.

The Health Commission went into a Closed Session at 6:30 pm.

CLOSED SESSION

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

The Health Commission came out of Closed Session at 6:52 pm. No actions were forthcoming.

ADJOURNMENT

Chair Valentine adjourned the meeting at 6:53 p.m. The next regular meeting of the Health Commission is scheduled for February 25, 2026.