

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

**March 25, 2026**

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

## **COMMISSION MEMBERS PRESENT:**

Genevieve Valentine, Chair

Ruben Imperial

Julienne Angeles, MD

Bryan Bucklew

Joy Farley, MD

Michael Herrera, DO

Jay Krishnaswamy

Sandra Regalo

Michael Sorensen

Terry Woodrow

## **COMMISSION MEMBERS ABSENT:**

Paul Canepa

Jim Diel

Terry Withrow

## **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

Edward Kiernan, County Counsel

Sue Nakata, Executive Assistant and Clerk of the Health Commission

## **CALL TO ORDER**

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

## **PRESENTATIONS/INTRODUCTIONS**

NONE.

## **PUBLIC COMMENTS**

An HPSJ member, expressed concern and frustration regarding mileage reimbursement for medical appointments. She highlighted issues with the reimbursement timeline and the complexity of the forms, noting that these challenges impact her ability to access care, see her provider, and obtain necessary medications in a timely manner.

An HPSJ member and caregiver for a disabled senior member, expressed his frustrations regarding communication with staff about grievances related to mileage reimbursement for transportation and obtaining medications in a timely manner at the pharmacy.

## **CONSENT CALENDAR**

Chair Genevieve presented three consent items for approval:

1. February 25, 2026 Health Commission Meeting Minutes

Commissioner Buckley noted that his name was omitted from the list of Commissioners present. Chair Valentine acknowledged the error and requested that the minutes be corrected.

**ACTION:** With no further comments, the motion was made by Commissioner Woodrow, seconded by Commissioner Sorensen, and was unanimous to approve the February 25, 2026 meeting minutes as with corrections as noted (10/0).

2. Finance and Investment Committee – 03/18/2026
  - a. February 18, 2026 Meeting Minutes
3. Human Resources Committee – 03/25/2026
  - a. February 25, 2026 Meeting Minutes
  - b. Policy Updates
    - i. Attendance and Punctuality Policy
    - ii. Time Off Policy
    - iii. Accommodations Policy

**ACTION:** With no questions or comments, the motion was made by Commissioner Withrow, seconded by Commissioner Sorensen and consent items 2 and 3 were unanimously approved as presented (10/0).

## **DISCUSSION/ACTION ITEMS**

4. HPSJ/MVHP Strategic Plans for FY 26-27

Steve Soto and Margaret Tatar of HMA joined the meeting to present for approval, HPSJ/MVHP's Strategic Plans for FY 26-27, updating the four pillars, and adding a pillar on Acting as a Catalyst for Community Health:

- Access and Continuity of Care

- Work with county and state officials to identify the resulting losses in coverage from federal and state health care policy and financing changes upon the most vulnerable in our service areas
- Keep provider partners, advocacy organizations, members, county leaders, and community stakeholders informed of these impacts
- Explore possible initiatives to minimize coverage losses with community stakeholders
- Programs and Performance
  - Optimize the core Medi-Cal program in light of expected enrollment declines and funding challenges
  - Continue growth, stabilization, and optimization of the D-SNP product
  - Evaluate other products or programs for growth (e.g., PACE, C-SNP, ACA, dental, etc.)
  - Establish and monitor program-specific goals and targets
- Efficiency and Sustainability
  - Leverage technology and project management processes to enhance organizational stability and agility
  - Establish a governance and compliance framework to monitor regulations, anticipate impacts, and support timely adaptation
  - Implement rigorous forecasting processes with clear assumptions, scenario modeling, and cross-functional input
  - Enhance healthcare economics analytics to drive cost management understanding and decision-making
  - Explore value-based arrangements that align incentives and improve outcomes
- Workforce Resilience and Innovation
  - Create intentional opportunities for collaboration, recognition, and engagement
  - Invest in continuous learning and job enrichment efforts to ensure employees at all levels have the skills, knowledge, and confidence to thrive in a rapidly evolving environment
  - Equip executives and directors with the training and coaching needed to lead effectively in a dynamic landscape
- Cross-Cutting Pillar: ACTING AS A CATALYST FOR COMMUNITY HEALTH
  - Continuing the plan's key role in the transformation of the Medi-Cal program, by bringing together provider partners, advocacy organizations, members, county leaders, community-based organizations (CBOs), and interested stakeholders to keep the community updated on all aspects of Medi-Cal and Medicare reforms, including policy and financing changes
  - Advance efforts across county agencies and community-based organizations (CBOs) to promote innovation and align funding streams and care coordination.
  - Coordinate efforts to respond to the impacts of H.R. 1 on the community at large
  - Collaborate with partners to identify opportunities to build local workforce capacity

Upon review of HMA's presentation, Commissioner Sorensen emphasized the importance of clearly outlining the Cross-Cutting Pillar.

Chair Valentine also highlighted the importance of the workforce environment, focusing on how to ensure services remain available and identifying opportunities for collaboration across multiple counties.

**ACTION:** With no further questions or comments, the motion was made by Commissioner Sorensen, seconded by Commissioner Krishnaswamy, and was unanimous to approve the HPSJ/MVHP Strategic Plans for FY 26-27 as presented (10/0).

5. January FY 2026 Financial Reports

Michelle Tetreault, CFO, presented for approval the January FY 2026 financial reports, highlighting the following:

- Premium Revenue is +\$18.3M favorable (+\$1.90 PMPM) to FYTD budget as of January 2026. This is primarily driven by +\$13.3M favorable due to higher member month volume and +\$16.4M favorable due to rate, partially offset by -\$10.4M unfavorable due to risk corridor agreements for the current fiscal year related to Enhanced Care Management (ECM)
- 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 -\$150.9M unfavorable (-\$48.74 PMPM) to FYTD budget, primarily driven by -\$93.5M unfavorable in Specialist fee-for-service, -\$47.9M unfavorable in Hospital Outpatient, -\$11.9M unfavorable in Emergency Room, -\$10.7M unfavorable in Community Support, -\$9.4M unfavorable in FQHC fee-for-service, -\$8.3M unfavorable in Behavioral Health, -\$4.8M unfavorable in Outpatient Mental Health, -\$4.1M unfavorable in Home and Community-Based Services, and -\$4.1M unfavorable in Hospital Inpatient. These unfavorable variances are largely attributable to the fact that the budget was faulty due to an assumption that the utilization/cost trends combined would be 6.5% for the remainder of the FY end 2025 subsequent to the baseline used for budget purposes. The baseline for budget ended with October 2025. In addition, we still are experiencing 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 +\$35.7M favorable in PCP fee-for-service, and +\$6.9M favorable in Long Term care
- Net other program revenues and expenses are +\$1.4M favorable (+\$0.63 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 -\$4.6M unfavorable (-\$1.33 PMPM) to budget primarily driven by -\$5.1M 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, and increased workload resulting in higher temporarily staffing and overtime costs, -\$3.1M unfavorable in Consultant expenses due to a reclassification from Subscription, -\$1.3M unfavorable in Medical Management depreciation due to a reclassification from depreciation of technology and equipment to Medical Management-related depreciation, and -\$0.8M unfavorable in Support and Maintenance expenses due to a correction that moved payments previously coded as capital in process into expense. These are partially offset by +\$2.0M favorable in Subscription expenses from reclassification to Consultant, +\$1.6M favorable in QM license fees primarily related to IT software for DSNP, +\$1.1M 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 +\$68.6M favorable (+\$24.18 PMPM) are primarily driven by \$52.6M prior-year IBNR adjustments and additional \$18.4M reinsurance recoveries, for the prior fiscal year, greater than expected

Ms. Tetreault also noted, January rates improved financial performance, but results remain unfavorable to the bottom line.

Commissioner Imperial asked for clarification on institutional trends. Ms. Tetreault explained that these trends include high-cost services such as specialty drugs (e.g., emergency and infusion therapies) and radiation therapy, which have shown significant year-over-year increases.

Chair Valentine also noted the rising prevalence of eating disorders. The Health Plan is working with Behavioral Health Services (BHS) to address this issue, which is expected to impact institutional costs through increased hospital stays and utilization, including an average length-of-stay increase of 2–3 days.

**ACTION:** With no further questions or comments, the motion was made by Commissioner Regalo, seconded by Commissioner Angeles, and was unanimous to approve the January FY 2026 financial report as presented (10/0).

#### 6. Peer Review and Credentialing Committee – 03/11/2026

Dr. Lakshmi Dhanvanthari, CMO presented for approval the credentialed and recredentialed providers from the PRCC meeting on 03/11/2026:

Direct Contracted Providers: 145

- Initial Credentialed for 3 years = 84
- Initial Credentialed for 1 year = 1
- Recredentialed for 1 Year = 3
- Recredentialed for 3 Years = 57
- Clean File Initial Credentialing Sign Off Approval by Dr. Lakshmi: 0
- Clean File Recredentialed Sign Off Approval by Dr. Lakshmi: 0
- Termination/Involuntary: 0

**ACTION:** With no questions or comments, a motion was made by Commissioner Sorensen and seconded by Commissioner Imperial, with an abstention by Commissioner Herrera, to approve the Peer Review and Credentialing Committee report for March 13, 2026, as presented (9/1).

### **INFORMATION ITEMS**

#### 7. CEO Report

Ms. Granados provided an update on the following activities:

Federal Guidance on Emergency Medicaid for UIS Population - Restrictions on Emergency Medicaid in Managed Care

Federal guidance clarifies that Emergency Medicaid services cannot be financed through managed care capitation

- Services may not be reimbursed through Medi-Cal managed care contracts for individuals with unsatisfactory immigration status (UIS), beginning January 1, 2027
- States must ensure federal funds are not used for ineligible populations

States must:

- Amend managed care contracts to carve populations out of managed care
- Remove emergency-only utilization from capitation rates and revise actuarial rate certifications to reflect changes
- Strengthen fiscal safeguards and reporting

Key Initiatives under H.R.1

DHCS has undertaken several initiatives in anticipation of the changes mandated by H.R. 1. These initiatives include:

- H.R. 1 implementation Plan  
DHCS Implementation Plan for H.R. 1 focused on aligning state policy and IT systems with new federal requirements Section 1115 waiver renewal process
- Hospital Value Strategy Workgroup  
DHCS convened workgroup to reimagine existing hospital payment processes that align with Medi-Cal quality goals and federal value-based care expectations
- Skilled Nursing Facility Value Strategy Workgroup  
DHCS created SNF Value Strategy Workgroup to modernize Medi-Cal skilled nursing facility financing by shifting toward a value-based payment model aligned with federal Medicaid policy requirements
- Expanded Medi-Cal Program Integrity Efforts  
CMS and the U.S. House Committee on Energy and Commerce have increased oversight of Medi-Cal program integrity, prompting DHCS to strengthen fraud, waste, and abuse controls and reporting processes

Increased Federal Oversight of Medi-Cal – Program Integrity Focus

In January, CMS sent California a letter outlining concerns regarding the Medi-Cal program and requested California provide a comprehensive program integrity action plan for the following categories:

- Fraud, Waste, Abuse, and Improper Payments,
- Eligibility Determination and Immigration Status Controls,
- Provider Screening, Enrollment and Validation,
- Program Integrity Infrastructure and Accountability,
- IHHS- Program Specific Oversight

In March, CMS followed up with an informational bulletin reminding all states to rigorously oversee Medicaid managed care plans through enhanced oversight, monitoring and program integrity compliance.

### Increased Federal Oversight of Medi-Cal

In March, the U.S. House Committee on Energy and Commerce (E&C) sent a letter to California requesting additional information related to program integrity and FWA oversight of Medi-Cal, including:

- Applied Behavioral Analysis (ABA) Therapy
- Non-Emergency Medical Transportation
- Home-and-Community Based Services (HBS)
- Laboratory Services
- Substance Use Disorder Treatments

In response, DHCS launched a public program integrity webpage and posted response materials to CMS' inquiry, of which DHCS has until March 17<sup>th</sup> to respond to the E&C Committee.

### Medi-Cal Fiscal Outlook

Medi-Cal spending is projected to reach \$222B total funds in 2026-27, representing second-largest state expenditure behind K-14 education:

- Medi-Cal ~40% of total state spending; ~20% of General Fund spending

#### Per-Member Costs Driving Growth:

- Spending growth primarily driven by higher per-enrollee costs, including increased service utilization, higher provider payments, expanded benefits, and growing population of seniors/individuals with disabilities

#### Managed Care Delivery:

- More than 90% of Medi-Cal beneficiaries are enrolled in managed care plans
- Over the last decade, per enrollee spending rose significantly due to higher utilization, rising unit costs, and benefit expansions; roughly 60% of capitation growth is utilization-driven and 40% cost-driven
- Increased inpatient care, pharmacy costs and the growth in dual eligibles are also major cost growth contributors
- As a result, spending on managed care has increased significantly, though data limitations make it difficult to fully assess cost drivers

LAO recommendation: Expand reporting on managed care rate development, plan spending, and service utilization to better understand factors contributing to Medi-Cal cost growth

8. COO Report – March 2026 Operations Report are available in the Health Commission meeting packet.

### 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

##### 2025 Network Adequacy Validation

- HSAG released the final Network Adequacy Validation audit report in February, confirming that the Plan met all required elements in Mandatory Provider Types, Provider-to-Enrollee Ratios, and Time and Distance Standards
- No corrective actions were issued

2025 Medical Audit

- Closing session held on January 22
- DHCS issued additional document requests that focused on supplemental payments, claims adjustments, broader claims workflows, and grievance and appeal member notifications
- Health Plan has submitted all responses with supporting detail and are now awaiting the DHCS' preliminary report

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

- Health Plan was under a Pre-CAP due to lack of executed provider contract for Transitional Rent in El Dorado County
- Health Plan contracted with Tracy Community Solutions and DHCS lifted the Pre-CAP and approved Health Plan's Model of Care
- Health Plan working toward a contract with El Dorado Health and Human Services Agency by April 1, 2026

DMHC Regulatory Audit Updates

2026 Routine Survey (Review 12/01/23 - 11/30/25)

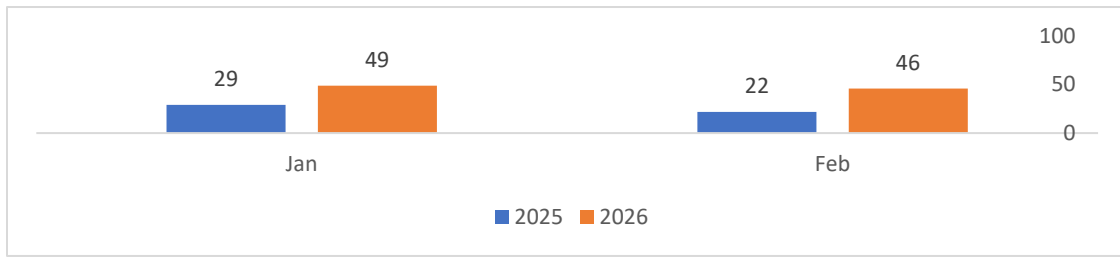
- DMHC selected 821 files across 13 categories for review, including Utilization Management decisions, customer service inquiries, grievances, Potential Quality Issues, and appeals. The Plan is on track to submit all required files by the end of March
- Mock interview preparation for the in-person audit will begin in April
- The onsite is scheduled to start May 4, 2026

DMHC Enforcement Matter 24-671

- The Plan responded to a DMHC subpoena involving a single hospice provider claim
- The matter centered on three Provider Dispute Requests submitted between 2021 and 2022, with DMHC reviewing the timeliness of the Plan's acknowledgments and resolutions
- All requested documentation was provided

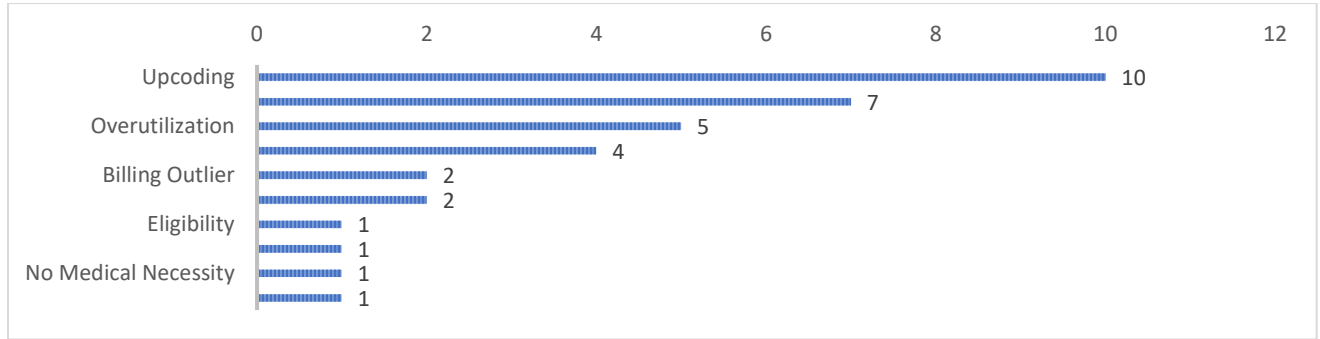
Privacy and Security Incidents

- Health Plan investigated 95 privacy incidents during January to February 2026
- Zero (0) incidents reported to DHCS
- No incidents were reported to the U.S. Department of Health and Human Services (HHS) Office for Civil Rights (OCR)



Fraud, Waste and Abuse Investigations

- Health Plan investigated thirty-four (34) cases during January to February 2026
- Twenty-six (26) cases were initiated in a previous reporting period and eight (8) new cases were opened during this reporting
- All new cases were reported to DHCS timely within 10 days of discovery



Upon reviewing Ms. Clark’s report, Commissioner Imperial asked how fraud is reported. Ms. Clark explained that fraud is identified through internal processes, including claims and authorization reviews, participation in various task forces, and analysis of data to detect outliers and potentially fraudulent activity.

### 10. Legislative Update

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

#### Legislative Update

California lawmakers are entering the 2026–27 budget cycle facing rising Medi-Cal costs and uncertainty around federal funding, limiting the state’s ability to expand or restore programs.

#### Key Developments:

- **Budget Hearings Underway:** The California State Legislature is now focused on budget deliberations following the bill introduction deadline
- **Medi-Cal Fiscal Pressures:** Lawmakers are reviewing spending and caseload projections for Medi-Cal amid concerns about federal funding reductions
- **Policy Debate Emerging:** Some legislators are pushing to restore prior cuts, including coverage for undocumented adults, while state officials warn of limited fiscal capacity
- **Revenue Outlook Mixed:** State tax revenues are exceeding projections, but ongoing health care cost growth and federal policy changes continue to constrain the two-year budget outlook

Priority Bills - full list could be found in the Health Commission meeting packet.

Commissioner Buckley recommended including a slide outlining the priority bills the Health Plan supports or opposes, so Commissioners can help leverage advocacy and monitor related efforts. Ms. Granados noted that LHPC is tracking the bills and that the Health Plan provides education on these initiatives.

### **CHAIR’S REPORT**

Chair Valentine reported that Quendrith Macedo, County Counsel, assigned to the Health Commission retired from SJ County Office this month. Her replacement will be determined by the April Commission meeting date.

The Be Well campus, the slab is currently being poured, and several County representatives will be reviewing the building seal for Building B. Steel installation is expected by the end of May, with the overall structure anticipated to be completed by that time.

San Joaquin County has received an additional \$38 million for regional county efforts, which will support 52 beds in collaboration with Stanislaus County. A fifth building will also be added to the Be Well campus to house a behavioral substance use treatment program.

**COMMISSIONER COMMENTS**

No comments were forthcoming.

**ADJOURNMENT**

Chair Valentine adjourned the meeting at 6:37 p.m. The next regular meeting of the Health Commission is scheduled for April 29, 2026.