MINUTES CMSP GOVERNING BOARD

Thursday, September 28, 2023 In-Person and via Zoom

Governing Board Conference Room 1545 River Park Drive, Suite 435-A Sacramento, CA 95815

MEMBERS PRESENT

Richard Egan, County Administrator, Lassen County (remote) Richard Forster, County Supervisor, Amador County (in-person) Elishia Hayes, County Administrator, Humboldt County (remote) Matthew Hymel, County Administrator, Marin County (remote) Deborah Martinez, Social Services Director, Madera County (remote) Kimberly Chen, Assistant Secretary, California Health & Human Services Agency (remote) Jennifer Vasquez, Health & Human Services Director, Yuba County (remote) John Vasquez, County Supervisor, Solano County (in-person)

MEMBERS ABSENT

Elizabeth Kelly, Health and Human Services Director, Colusa County Oscar Villegas, County Supervisor, Yolo County Christine Zoppi, Health and Human Services Director, Glenn County

Closed Session

The Governing Board met in Closed Session.

Public Session

Introductions and Public Comments

Richard Forster, Board Chair, opened the meeting and invited Board Members attending the meeting in person to introduce themselves, followed by Board Members participating remotely. Then CMSP Staff introduced themselves. Mr. Forster invited public comments. There were no public comments.

Correspondence and Consent Calendar

Mr. Forster requested a motion to approve the September 28, 2023 Board Agenda and Correspondence and Consent Calendar.

ACTION MSC: Governing Board approve the September 28, 2023 Board Agenda and Correspondence and Consent Calendar.

APPROVED Votes: Aye 6

Nay 0

Report on Closed Session

Alison Bassett, CMSP Counsel, reported that the Governing Board met in Closed Session and discussed the Executive Director's performance evaluation and took no action.

Report from Legislative Representative

Karen Lange of Shaw, Yoder, Antwih, Schmelzer & Lange (SYASL) reported that the Legislature adjourned September 14. In the 2023 session 3,030 bills were introduced. Of those, 541 have been signed by the Governor, 6 have been vetoed, and 779 still await the Governor's action.

Ms. Lange said the Governor is in Los Angeles this morning to sign bills related to labor. At this time, Ms. Lange stated that she is assuming he will be signing SB 525 today or very soon. This bill would raise the minimum wage for people who work in health care settings. It's a four-tiered bill and affects providers differently. It has a phase-in, and while counties are not directly pulled into it, it will affect the larger healthcare marketplace, so it will have impacts on counties as providers of healthcare services. At the very end of negotiations, the California Hospital Association (CHA) was able to support the bill because it was set up in four tiers and will be phased-in over time.

Ms. Lange reported that there are a few other bills pending that could affect counties directly. For example, AB 299 would allow a bargaining unit, after 2 weeks of striking, to be able to collect unemployment insurance (UI) benefits. There is major concern among counties that the UI Fund is nearly insolvent, so granting more people eligibility for UI benefits could undermine the fiscal strength of the fund. Further, AB 504, a so-called "sympathy strike" bill, would allow bargaining units that have a contract to engage in a sympathy strike on behalf of other bargaining units that do not have a contract. Another bill is AB 1484, which pertains to temporary employees, and would require that temporary employees be included in the bargaining unit of their full-time counterparts.

Ms. Lange reported that there is a new Assembly Speaker, Robert Rivas, who was installed July 1. He's from California's Central Coast (Salinas). There is also a new Speaker Pro Tem, Cecilia Aguiar-Curry, who represents Yolo, Napa, Lake, and part of Sacramento Counties. Finally, the new Senate President Pro Tem is Senator Mike McGuire, who represents various CMSP counties.

In other legislative news, Ms. Lange reported the following:

- ACA 1 (Aguiar-Curry) was approved and would lower the vote threshold to 55% for various funding measures (infrastructure, libraries, homelessness). It will go to the November 2024 ballot.
- SB 789 moved ACA 1 and SCA 2 (repeal prohibition to use public funds to support public housing) to the 2023 November ballet to free up the March 2024 ballot for the mental health program overall, as sought by the Governor.

- As the Assembly was winding down, there was a major behind the scenes effort to put together a proposal to get homeowner's property insurance companies to come back to the California market. The proposal under consideration would have allowed companies to use future climate risk as a part of their future ratemaking but did not deal with making things more affordable. It also had a provision to stabilize the FAIR plan (all regulated lines of insurance are a board of directors of the FAIR plan and they all share in the cost of a catastrophe). The overall effort fell apart, but the Governor did an Executive Order and the Insurance Commissioner issued regulations that would allow insurers to use future climate change in their future rate setting. A webinar is scheduled for Friday, October 13, with the Insurance Commissioner to discuss the regulations.
- It is unclear when the Governor intends to sign the mental health legislation (AB 531bond), (SB 326-MHSA), and (SB 326). These bills will be placed on the March 2024 ballot. A last-minute amendment was made to AB 531 that would allow mental health funds to be used for building acute, locked facilities.
- SB 43 was passed with broad bi-partisan support and would expand the definition of "gravely disabled."

Board Member Jennifer Vasquez joined the meeting.

Board Member Terms and Elections

Ms. Brownstein reported that the terms of the following Governing Board members end December 31, 2023:

- Richard Forster, Supervisor, Amador County
- Elishia Hayes, County Administrator, Humboldt County
- Elizabeth Kelly, Health and Human Services Director, Colusa County
- Christine Zoppi, Health and Human Services Director, Glenn County

She also reported that Matthew Hymel, County Administrator, Marin County will be retiring from his position with Marin County in early 2024 and will then no longer be eligible to serve on the Governing Board.

Ms. Brownstein stated that elections will need to be held for the open positions before the end of the year. She asked for the Governing Board's approval for SYASL to conduct the elections for the County Supervisor and County Administrator positions, and for the CMSP office to conduct the election for the Health Official, and for CWDA to conduct the election for the County Welfare Director.

ACTION MSC: Governing Board authorize elections of CMSP Board Members as follows: 1) SYASL to conduct the elections for the County Supervisor and County Administrative Officer positions; 2) the CMSP Office to conduct the election for the Health Official position; and, 3) CWDA to conduct the election for the County Welfare Director position.

APPROVED Votes: Aye 7

Nay 0

Report from California Hospital Association (CHA)

Robert Ducay, Vice President of Policy, CHA, made a presentation to the Governing Board on the current status of hospital finance in California and other matters, including the Distressed Hospital Loan Program and the Managed Care Organization (MCO) Tax.

Hospital Finance Picture

During the pandemic hospital expenses (+25%) outpaced hospital revenue (+16%) as a result of increased costs of salaries, drugs, and supplies. Hospitals across the nation are beginning to pull back selected services, notably maternity and delivery care. For California hospitals, there has been no rate increase in Medi-Cal inpatient rates for a decade, and the Medicare market-basket rate increases have not kept pace with inflation. In addition, there continue to be changes in the payor mix, such that the proportion of commercial payments is going down in comparison with government payors (Medicaid, Medicare).

Throughout the pandemic, hospitals took large hits to their bottom lines, and over half of hospitals are operating with negative margins. Rural hospitals face an even larger problem due to poor economies of scale. During the pandemic elective surgeries went down, which also affected hospital revenues.

Distressed Hospital Loan

A total of \$300 million was allocated to the Department of Health Care Access and Information (HCAI) for a loan program for distressed California hospitals. Hospitals are required to submit an application of need and their proposed turnaround plan. HCAI approved 17 hospitals for loans. Interest is at 0% and the loans are repayable over 72 months, with an18-month grace period. If the loan is not repaid, offsets will be taken from fee-for-service Medi-Cal payments to the hospitals, as necessary. The program sunsets 12/31/31.

Managed Care Organization (MCO) Tax

A 3.75-year extension of the MCO tax was approved with a net financial benefit of \$19.4 billion. The tax will be allocated as follows: \$8.3 billion to address the state budget deficit and \$11.1 billion for Medi-Cal provider payment rate increases. While the tax will be imposed for 3.75 years, the revenue will be spent over 6 years. There are a lot of decisions to be made about what the MCO tax will fund, including what kinds of increases will be made for what services and the methodologies for payment. Additionally, it is unknown what will happen after the MCO tax expires.

Ms. Brownstein offered a few key takeaways for CMSP from Mr. Ducay's presentation. First, 6 of the hospitals in the distressed loan program are in CMSP counties. Second, there will be

a proposed update to the CMSP hospital rate policy in December of this year for the Governing Board to consider. Finally, with Medi-Cal determinations now taking place, if people fall off Medi-Cal then they may qualify for CMSP.

Anthony Wright, Health Access California, was recognized by the Board Chair. On behalf of Health Access, Mr. Wright expressed appreciation to the Governing Board for looking into the issue of hospital financing and he recommended that CMSP has an important role to play. He noted that Health Access supported the MCO tax, and Health Access looks forward to working with CMSP and others to address the financing issues facing hospitals.

Ms. Lange was recognized by the Board Chair. She reported that the Governor signed the fast-food "deal" pertaining to a minimum wage set of conditions but had not taken action yet on the other matters she had outlined earlier.

Proposed Services Agreements

Ms. Brownstein presented four proposed Services Agreements for the Governing Board's consideration.

Crowe LLP Agreement

The Governing Board has contracted with Crowe LLP since 2009 for the provision of audit services. In March 2021, after a full RPF process, the Board approved continuing audit services with Crowe LLP. The proposed Services Agreement and Engagement Letter with Crowe is for the Fiscal Year 2022-2023 CMSP Annual Audit and the cost is \$32,500.

EA Compensation Resources Agreement

In 2021, under contract to the Governing Board, EA Compensation Resources LLC (CR) conducted an organizational review of the Board's Administrative Office organization and staffing composition, including the CMSP organization chart, employee position titles, additional staff positions, employee classification pay ranges, annual adjustments to pay ranges and evaluation tools. Since completing that work, CR has assisted CMSP with on-going internal human resources needs, including job description development, market pricing, and associated matters. The proposed Services Agreement with CR would continue CR services in 2024 at a cost not to exceed \$20,000.

Kemper Consulting Group Amendment

The Governing Board's contract with Kemper Consulting Group for policy and planning services ends December 31, 2023. Consultant services to the Board have focused on various CMSP administrative, policy, and legal matters pertaining to Path to Health, Connect to Care, CMSP grant programs, provider contracting matters, as well as support with preparation of Governing Board and committee meeting materials. The proposed Amendment to the Services Agreement would continue the provision of consultant services

for three years, through December 31, 2026, increase the hourly rate by \$25 in 2024 (from \$275 to \$300) and increase that rate by 3% in 2025 and 2026.

MedImpact Healthcare Systems, Inc. Amendment

In 2018, MedImpact was pursuing National Committee for Quality Assurance (NCQA) Certification in Utilization Management (UM), and the Governing Board previously approved a Contract Amendment that memorialized the roles and responsibilities of each party for the delegation and oversight of UM services. NCQA recently added a requirement for Delegation Agreements to contain specific language regarding "UM System Controls."

To support this change, MedImpact revised its Agreement to reflect the current NCQA requirements and requested Governing Board approval of these changes. Under the proposed changes, there are no new system control oversight obligations for CMSP nor do the changes impact any other parts of the Service Agreement, such as products and services, fees, or guarantees.

ACTION MSC:	Governing Board approve the proposed Services Agreements and Service Agreement Amendments for Crowe LLP, EA Compensation Resources, Kemper Consulting Group, and MedImpact.

APPROVED	Votes:	Aye 7
		Nay 0

Eligibility Committee

Alison Kellen, Program Director, reported on both of the following matters.

Committee Membership

Ms. Kellen reported that the Eligibility Committee met on August 31, 2023, and nominations were sought to fill an open county representative position on the Committee. From action at that meeting, the Committee recommends Jonna Sharp, Program Planning & Evaluation Analyst with Sonoma County, join the Committee. Ms. Kellen then presented the proposed Eligibility Committee Roster, which was included in the Governing Board's materials.

CMSP Eligibility Manual Updates

Ms. Kellen reported that the CMSP Eligibility Committee and the Ad Hoc Eligibility Resources Workgroup met and discussed potential changes to the CMSP Eligibility Manual. She then outlined the proposed changes, which were included in the Governing Board's materials. The proposed changes would do the following:

- Create a definition of Prospective Applicant
- Remove the definition and references to Restricted Scope CMSP Benefits

- Remove the reference to the concluded CMSP County Wellness and Prevention Pilot
- Remove requirement to apply for Covered California
- Update reference to the CMSP informational flyer
- Add additional methods to value boats, campers and trailers
- Update the in-kind resources chart to remove the clothing category
- Add documentation of income for educational purposes
- Modify language regarding health insurance premium deductions

Anthony Wright, Executive Director of Health Access California, offered his support for the proposed manual changes. He also expressed support specifically for eliminating the requirement that CMSP applicants first go through the Covered California application process before applying for CMSP. He also outlined proposed future changes to CMSP that Health Access and other advocacy groups support that would further expand CMSP to reach more of the remaining uninsured in rural California.

ACTION MSC:	Governing Board approve the proposed CMSP Eligibility
	Committee Roster and the proposed updated CMSP
	Eligibility Committee Manual.

APPROVED	Votes:	Aye 7
		Nay 0

Board Member Richard Egan left the meeting.

Strategic Planning Update

Ms. Brownstein reported on the five Strategic Planning concepts that had been approved by the Governing Board at its September 2022 and December 2022 meetings.

Ms. Brownstein reported that the following three concepts have been implemented:

- Healthcare Infrastructure Matching Grant Program
- Align CMSP Dental, Vision, and Hearing Benefit with Medi-Cal
- Full Scope Benefits for CMSP Aid Code 50 Members

Ms. Brownstein then reported on the concepts in process:

<u>CMSP Enrollment at Community Health Centers (CHC)</u> – Ms. Brownstein reported that system development for an enrollment system for CMSP enrollment at CHCs is underway. CMSP staff are working with DHCS to establish an IT linkage with MEDS. It looks like the IT development work will take place in early 2024.

<u>Healthcare Workforce Study</u> – Ms. Brownstein asked Lee Kemper, Policy & Planning Consultant, to briefly outline recent findings from the UCSF HealthForce Center's research on the status of physicians, nurses, Physician Assistants, and dental professionals in CMSP counties. Mr. Kemper provided a short overview of key findings. Mr. Kemper stated that these findings, along with findings from the UCSF's other research on behavioral health

providers and the educational pathways for health care professionals in the CMSP and RCRC counties, will be presented in a complete UCSF report for the Governing Board's consideration at the Board's December meeting. Mr. Kemper also stated that conceptual framing is underway for a stakeholder convening in early Spring to present and discuss UCSF's research findings. Discussion among Board members ensued.

CMSP Financial Reports

Nino Celentano, Finance Director, presented the CMSP financial reports.

CMSP Balance Sheet

Mr. Celentano reported on the July 2023 and August 2023 financial statements. The CMSP Balance Sheets show:

ITEM	July 2023	August 2023
Total CMSP Funds	\$326,696,250	\$325,172,632
Total Assets	\$327,953,936	\$327,099,016
Total Liabilities and Equity	\$327,953,936	\$327,099,016

FY 2023-24 Program Budget Expenditures Year-to-Date

Mr. Celentano presented a report on year-to-date actual versus budgeted Program expenditures. As of July 31, 2023 there were expenditures of \$654,756 (accrual basis) and as of August 31, 2023 there were expenditures of \$2,159,220. The approved Program Budget for FY 2023-24 is \$34,789,500.

FY 2023-24 Administrative Office Budget Expenditures Year-to-Date

Mr. Celentano presented a report on year-to-date actual versus budgeted Administrative Office expenditures. As of July 31, 2023 there were expenditures of \$206,619 (accrual basis) and as of August 31, 2023 there were expenditures of \$372,131. The approved Administrative Office Budget for FY 2023-24 is \$5,316,000.

Report on CMSP Investments

Mr. Celentano reported that staff conducted research on the potential yield opportunities offered by LAIF and CalTrust in comparison to what the Governing Board has historically obtained from the Sonoma County Treasury Investment Pool. The assessment focused on yield comparisons over 2, 3, and 5-year periods, using data derived from Sonoma and CalTrust websites. The key takeaway from the analysis period (2018 through 2022) for the existing Sonoma account, LAIF, and CalTrust found the following:

1. CalTrust's Medium Term Yield Fund consistently outperformed both Sonoma and LAIF when comparing average yields over 2, 3, and 5-year periods;

- 2. The difference could mean an increased return of over \$350k/year based on CalTrust's 5-year average yield.
- 3. Sonoma demonstrated an equal or superior average yield to LAIF over 2, 3, and 5-year durations.

Discussion among Board members ensued. Ms. Brownstein asked for direction from the Board concerning next steps. By consensus, the Board directed Ms. Brownstein to further investigate what would be required to make a change from the Sonoma County Treasury Investment Pool to CalTrust.

Executive Director's Report

Ms. Brownstein provided brief updates on the following:

- The Board's Administrative Specialist departed in August and CMSP is presently recruiting for two positions: Data Analyst and Administrative Specialist
- The HSG Grant Program is wrapping up and a report of final program findings will be presented to the Board in December
- There is a LICN convening next week (technical assistance vendor convening)
- A Quarterly Webinar for Path to Health and Connect to Care enrollment clinics was held in September
- CMSP Staff will attend the upcoming CSAC conference and will have a CMSP exhibit
- Path to Health members will transition to Medi-Cal on 1/1/2024

Public Comments

Mr. Forster asked for public comments. There were no public comments and Mr. Forster adjourned the meeting. The next meeting is December 14, 2023.