CMSP GOVERNING BOARD

March 28, 2024 In-Person and via Zoom

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

MEMBERS PRESENT

Kimberly Chen, Assistant Secretary, California Health & Human Services Agency (remote) Richard Egan, County Administrator, Lassen County (remote) Richard Forster, County Supervisor, Amador County (in-person) Elishia Hayes, County Administrator, Humboldt County (remote) Elizabeth Kelly, Health and Human Services Director, Colusa County (remote) Deborah Martinez, Social Services Director, Madera County (remote) Christina Rivera, County Administrator, Sonoma County (remote) Jennifer Vasquez, Health & Human Director, Yuba County (remote) John Vasquez, Supervisor, Solano County (in-person) Jennifer Yasumoto, Health and Human Services Director, Napa County (remote) Mike Ziegenmeyer, Supervisor, Sutter County (in-person)

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 asked for any comments from the public. There were no public comments.

Correspondence and Consent Calendar

Mr. Forster requested a motion to approve the March 28, 2024 Board Agenda and Correspondence and Consent Calendar.

ACTION MSC: Governing Board approve the March 28, 2024 Board Agenda

and Correspondence and Consent Calendar.

APPROVED Votes: Aye 9

Nay 0

Abstain 1 (Martinez)

Report on Closed Session

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

Report from Legislative Representative

Paul Yoder of Shaw, Yoder, Antwih, Schmeltzer and Lange greeted the Governing Board. Mr. Yoder reported that Proposition 1 has achieved a narrow victory. Both the Legislature and Governor will soon move into planning for implementation of the proposition, specifically moving forward with the \$6.4 billion in bonds approved in the proposition (for mental health and substance use beds, both unlocked and unlocked facilities). The big question is when will the bonds go to market. Because of high interest rates, every \$1 billion in bonds will cost the State roughly \$600 million over time. Of the total bonds, \$1.5 billion will go directly to counties and cities. It is expected that local officials will ask the Governor to go to market on these bonds right away. It is also expected that the Behavioral Health Continuum Infrastructure Program (BHCIP) will be utilized to allocate the remainder of bond funds not directly allocated to cities and counties.

In budget-related news, the latest version of the Managed Care Organization (MCO) tax (SB 136) would, in addition to providing funding to support Medi-Cal program costs, provide funding for distressed hospitals and an increase in psychiatry payment rates. The Senate is looking to set the budget deficit target at \$38 to \$53 billion, instead of the higher estimate of roughly \$70 billion as estimated by the Legislative Analyst. Many of the budget reduction concepts included in the Senate proposal are drawn from the Governor's proposal. The MCO tax proposal will be discussed on April 18th. Some medical specialties are not slated for rate increases under the MCO tax proposal, which has led to behind-the-scenes negotiations between different provider groups.

AB 2200 (Rivas) is this year's "health care for all" legislation, sponsored by the California Nurses Association (CNA), has been introduced but is not expected to move. The projected annual cost of the bill is \$300 billion or higher.

CMSP Financial Reports

Report on Incurred But Not Paid (IBNP) Claims as of June 30, 2023

Kari Brownstein, Executive Director, presented the Healthcare Analytical Solutions, Inc. (HCAS) report of IBNP Claims as of June 30, 2023. Ms. Brownstein stated that the outstanding medical and pharmacy claim liability for all three programs (CMSP, Path to Health and Connect to care) as of June 30, 2023 is \$1.46 million, which is approximately \$500,000 less than the previous year. From analysis of the two reports, she stated that the majority of this difference is in the Path to Health program which has decreased in membership over time with more and more of these members becoming eligible for full scope Medi-Cal.

Report on Program Audit for FY 2022-23 by Crowe LLP

Jeff Jensen, Partner, of Crowe LLP greeted the Board. Jordon Uyemoto, Audit Manager, then greeted the Board and presented the Crowe independent auditor's report as of June 30, 2023. Mr. Uyemoto stated that Crowe has issued an "unqualified opinion," which is the highest level of assurance that Crowe can offer. Mr. Uyemoto stated that Crowe did not have any audit adjustments or disagreements with management, nor did Crowe consult with any outside accountants.

Board Member Richard Egan left the meeting to take a phone call.

In follow up discussion with the Board, a question was raised about the cost of the renewed office lease, which appeared to show an increase. Ms. Brownstein reported that the lease cost is actually less than the former lease rate when the free lease months are included in the cost base.

ACTION MSC: Governing Board approve the report on Incurred But Not Paid

Claims as of June 30, 2023 and the Crowe LLP Program Audit

for FY 2022-23.

APPROVED Votes: Aye 9

Nay 0

CMSP Balance Sheet

Nino Celentano, Finance Director, reported on the January and February 2024 financial statements. The CMSP Balance Sheet shows:

ITEM	January 2024	February 2024
Total CMSP Funds	\$ 322,516,581	\$ 321,334,642
Total Assets	\$ 323,357,736	\$ 323,002,753
Total Liabilities and Equity	\$ 323,357,736	\$ 323,002,753

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 January 31, 2024 there were expenditures of \$11,564,366 (accrual basis). As of February 28, 2024 there were expenditures of \$12,972,655 (accrual basis). The approved Program Budget for FY 2023-24 is \$34,814,500.

Ms. Brownstein reported that Path to Health ended at the end of 2023 and run-out costs are coming in lower than expected. She also said that the Healthcare Development Matching Grant is still in play, but expenditures have not been made yet. Two approved agreements still need to be executed. Finally, expenditures with other grants vary depending on when grantees submit expenditure reports.

Laura Moyer, Grants Administrator, reported that three Healthcare Development Matching Grant awards were approved, but one grantee withdrew from their award because local matching funds are no longer required for the base award they were intending to match. One grantee has just submitted final paperwork and one grantee is awaiting state approval of the base grant for which the Healthcare Development Matching grant funds will be used.

Board Member Richard Egan returned to the meeting.

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 January 31, 2024 there were expenditures of \$1,860,572 (accrual basis). As of February 28, 2024 there were expenditures of \$2,037,836 (accrual basis). The approved Administrative Office Budget for FY 2023-24 is \$5,341,000.

Fiscal Agent Agreements

Ms. Brownstein reported that, pursuant to direction from the Governing Board at the Board's December 14, 2023 Governing Board Meeting, CMSP staff initiated a transfer of the entirety of the Board's funds from the Sonoma County Treasury Investment Fund to CalTrust. This action was initiated by sending Sonoma County notices of termination of the parties' two fiscal agent agreements, with such terminations to be effective as of March 31, 2024.

In follow up to these notices, Sonoma County reported back that moving the funds would impose a financial loss to the Board because of differences between the book value of the Board's assets and the par value. In lieu of a full transfer of funds, the Sonoma County Treasurer suggested that an amount of up to \$25 million per month could be transferred. Sonoma County Counsel later stated that the amount of \$25 million was too high and instead proposed an amount of \$5 million per month.

In consideration of these discussions, Ms. Brownstein proposed that the Governing Board extend the termination date for 3 months to provide time for CMSP staff to work with Sonoma County and CalTrust representatives to get documentation from Sonoma County on the fiscal impacts of the proposed change, and to develop a plan for transferring the revenue to CalTrust in a manner that meets state law and Sonoma County investment policy and minimizes the impact to Board assets or the assets of other accounts in the Sonoma County Treasury Investment Fund.

Board Chair Richard Forster said he wants to be respectful of Sonoma County's role of providing asset management over the years and the county's concerns. At the same, he wants to see more content in the termination letters to Sonoma County that request documentation of the impacts of the change. Board Member Richard Egan said the County is providing quarterly reports on the difference between the asset's book value vs. par value and this information could be a part of that documentation. Mr. Egan stated that the

primary problem is that Sonoma County is holding lower-rate investments that are bringing a lower value today.

ACTION MSC: Governing Board approve the proposed notice letters to

Sonoma County that would postpone transfer of CMSP funds to CalTrust until June 30, 2024; include within these letters a request for documentation from Sonoma County of the County's estimates of the fiscal impact of making the CMSP fund transfer; and, direct CMSP staff to meet further with Sonoma County officials to structure an acceptable fund transfer plan that addresses County concerns and the Board's plan to transfer the funds to CalTrust for future management.

APPROVED Votes: Aye 9

Nay 0

Abstain 1 (Rivera)

Proposed Services Agreements

HealthCare Analytical Solutions, Inc. Amendment

Ms. Brownstein stated that the Governing Board has utilized HealthCare Analytical Solutions, Inc. (HCAS) to carry out a wide range of data collection, analysis and reporting activities on behalf of the Board since 2009. She presented a proposed Services Agreement Amendment with HCAS that provides a two-year term to June 30, 2026 and an increase in compensation to \$425 per hour (from \$400 per hour) for Actuary services and to \$295 per hour (from \$275 per hour) for Senior Analyst services.

Lexlogia Technologies Extension

Ms. Brownstein stated that the Governing Board utilizes Lexlogia Technologies (Lexlogia) for data integration design, development, and support and the current Agreement with Lexlogia ends on June 30, 2024. Ms. Brownstein presented a proposed letter to Lexlogia that would extend the Agreement for the next fiscal year with no other changes.

ACTION MSC: Governing Board approve the proposed amendment and

extension of the Services Agreements for Healthcare Analytical

Solutions, Inc. and Lexlogia Technologies.

APPROVED Votes: Aye 10

Nay 0

Healthcare Workforce Convening

Ms. Brownstein briefed the Governing Board on the status of preparations for the Sacramento-based stakeholder convening on April 3 to present the UCSF Healthforce

Center's report "The Healthcare Workforce Landscape in County Medical Services Program (CMSP) and Rural County Representatives of California (RCRC) Counties."

Ms. Brownstein said that there are currently 60 in-person registrants and 40 virtual registrants for the convening. A few Board members have not registered, and she stated that CMSP staff would take care of making these registrations. Board Members Mike Ziegenmeyer and Elizabeth Kelly reported they will be out of town and unable to attend the convening.

Board Member Richard Egan asked about whether the convening needs to follow the Brown Act. CMSP General Counsel Alison Bassett reported that the convening will follow the Brown Act.

CMSP Grants Update

Laura Moyer, Grants Administrator, reported on the Local Indigent Care Needs (LICN) grant program. Ms. Moyer stated a final LICN Implementation Grant Program RFP was released, and 10 previously awarded Planning Grantees are eligible to submit an Implementation Grant proposal. Six of the 10 grantees have reported an intention to apply.

Ms. Moyer then reported on the CMSP Loan Repayment program. She stated that the State Department of Health Care Access and Information (HCAI), which administers the program, just released the awards roster and 68 providers in 17 CMSP counties were awarded loan repayment awards under the program.

Finally, Ms. Moyer reported on the Healthcare Infrastructure Development Grant. As she had reported earlier, one grantee withdrew from their award because local matching funds were no longer required for their base grant; one grantee has just submitted final paperwork; and one grantee is still awaiting state approval for their base grant.

Executive Director's Report

Ms. Brownstein provided the following informational report:

- The CMSP Workforce convening has been a key priority for CMSP staff the past several weeks. She thanked all the CMSP staff present at the meeting and those not in attendance for their work on the convening.
- An interview process for Administrative Specialist candidates is underway.
- The Path to Health wind-down transition is going on. To assure continuity of care, the program is working with various Medi-Cal health plans to facilitate primary care provider assignments for the newly eligible Med-Cal members.
- The RedMane mCase functional design documents (for CMSP enrollment through community health centers) are complete, and CMSP staff are currently working with State DHCS on the state-level interface. Implementation of the new CMSP enrollment program is projected for the end of 2024.

Public Comments

Mr. Forster asked for public comments. There were no public comments and Mr. Forster adjourned the meeting. The next meeting is May 23, 2024.