



**Financial Solvency Standards Board (FSSB) Meeting
November 7, 2019**

Meeting Summary
(see full transcript for more details)

Financial Solvency Standards Board (FSSB) Members in Attendance:

Dr. Larry deGhetaldi, Palo Alto Medical Foundation
Paul Durr, Sharp Community Medical Group
Jen Flory, Western Center on Law and Poverty
John Grgurina, Jr., San Francisco Health Plan
Shelley Rouillard, Department of Managed Health Care
Amy Yao, Blue Shield of California

Department of Managed Health Care (DMHC) Staff Present:

Pritika Dutt, Deputy Director, Office of Financial Review
Sarah Ream, Acting General Counsel
Mary Watanabe, Acting Chief Deputy Director
Michelle Yamanaka, Supervising Examiner, Office of Financial Review

DHCS Staff Present:

Jacey Cooper, Senior Advisor, Health Care Programs

Agenda Item 1 – Welcome & Introductions (Transcript, P. 4 – 5)

Chairperson John Grgurina called the meeting to order, requesting Board members to introduce themselves.

Agenda Item 2 – [Transcript from July 17, 2019 FSSB Meeting](#) (Transcript, P.5 – 6)

Mr. Grgurina asked if there were any changes to the July 17, 2019, FSSB meeting transcript. Motion to approve transcript by Paul Durr, seconded by Dr. Larry deGhetaldi. The Board approved the July 17, 2019 Transcript.

Agenda Item 3 – Director’s Remarks (Transcript, P. 6 – 10)

Director Shelley Rouillard briefly discussed organizational changes, mergers, encounter data and the Pharmacy Benefit Management (PBM) Reporting Task Force.

Agenda Item 4 – [Department of Health Care Services Update](#) (Transcript, P. 42 – 62)

Jacey Cooper, Senior Advisor, Health Care Programs, Department of Health Care Services provided an update discussing the over-arching goals of CalAIM, the priorities and how they link with the Governor's priorities, including a high level overview of the proposals under CalAIM.

She also discussed stakeholder engagement. Ms. Cooper noted that DHCS will be hosting five work groups comprised of 25-31 individuals and all work groups are open to the public.

Agenda Item 5 - [Legislative Update](#) (Transcript, P. 10 – 20)

Mary Watanabe, Acting Chief Deputy Director, noted the Department tracked and analyzed over 50 bills during the legislative session. Ms. Watanabe highlighted the following bills: Assembly Bill (AB) 290, AB 651, AB 731 and AB 744.

Agenda Item 6 - Regulation Update (Transcript, P. 20 – 28)

Sarah Ream, Acting General Counsel, provided an update regarding regulations that recently went into effect and those currently in process. Ms. Ream discussed the General Licensure regulation and exemption requests.

Ms. Ream provided an update on the following regulations that took effect on October 1, 2019: Financial Solvency of Risk Bearing Organizations (RBOs), Standard Prescription Drug Formulary Template and Cancellations, Rescissions and Non-Renewals.

Ms. Ream discussed regulations the Department is working on, including: Timely Access to Care, Out of Pocket Maximum (OOPM) Tracking, Dental Benefits Matrix and a clean-up of regulations related to the Department's Help Center.

Agenda Item 7 – Federal Update (Transcript, P. 28 – 32)

Ms. Ream provided two federal updates. Ms. Ream first discussed *Texas v. Azar* and then noted a New York district court invalidated the recently adopted federal conscience rule as being unconstitutionally coercive.

Agenda Item 8 - [Financial Summary of Medi-Cal Managed Care Plans](#) (Transcript, P. 32–41)

Pritika Dutt, Deputy Director of the Office of Financial Review, provided an update on the financial summary of Medi-Cal Managed Care Plans for the quarter ending June 30, 2019. This report is prepared on a quarterly basis and highlights enrollment and financial information for Local Initiatives, County Organized Health Systems and Non-Governmental Medi-Cal plans. Non-Governmental Medi-Cal plans are plans with greater than 50 percent Medi-Cal lives.

Agenda Item 9 – [2018 Federal Medical Loss Ratio \(MLR\) Summary](#) (Transcript, P. 63 – 67)

Ms. Dutt provided an overview of the 2018 Federal Medical Loss Ratio Summary. Federal law requires health plans spend a certain percentage of their premium dollars which include quality improvement efforts. For the individual and small group markets, plans are required to spend 80 percent of the premiums collected on medical expenses and for the large group market the requirement is 85 percent. If plans fail to meet the MLR requirement, they must issue rebates to enrollees or employer groups. For reporting year 2018, the MLR and rebate calculation is based on the health plan's accumulated premium and medical expenses over 3 years (2016, 2017 and 2018).

Agenda Item 10 - [2020 Rates in the Individual Market](#) (Transcript, P. 68 – 72)

Ms. Dutt gave a brief overview of the 2020 rates for health plans in the individual market. Ms. Dutt noted the average rate increase for 2020 was less than 1 percent with the average being 0.8 percent across all health plans.

Agenda Item 11 - [2018 Risk Adjustment Transfers](#) (Transcript, P. 72 – 77)

Ms. Dutt provided a summary of risk adjustment transfers and high-cost risk pool payments for 2018 for plans regulated by the DMHC and the California Department of Insurance (CDI).

Agenda Item 12 - [Provider Solvency Quarterly Update](#) (Transcript, P. 77 – 82)

Michelle Yamanaka, Supervising Examiner, Office of Financial Review, provided an update on the financial solvency of RBOs for the quarter ending June 30, 2019.

Agenda Item 13 – [Health Plan Quarterly Update](#) (Transcript, P. 82 – 89)

Ms. Dutt presented the financial status of health plans for the quarter ending June 30th, 2019.

Agenda Item 14 – [2020 Meeting Schedule](#) (Transcript, P. 89)

Ms. Rouillard announced the following dates for 2020 FSSB meetings: February 5, May 13, August 19 and November 18. All meetings will take place at the DMHC's office.

Agenda Item 15 – Public Comment on Matter not on the Agenda (Transcript, P. 89)

Mr. Grgurina asked for public comment on items not on the agenda. There was no public comment.

Agenda Item 16 - Agenda Items for Future Meetings

(Transcript, P. 90)

Mr. Grgurina asked for agenda items for future meetings. No items were added.

Agenda Item 17 - Closing Remarks/Next Steps

(Transcript, P. 90)

The meeting was adjourned at 12:20 p.m. The next meeting is scheduled for February 5, 2020.