



**Financial Solvency Standards Board (FSSB) Meeting**  
**August 10, 2022**  
**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  
Scott Coffin, Alameda Alliance for Health  
Abbi Coursolle, National Health Law Program  
Dr. Theodore Mazer, Independent Physician  
Dr. Jeff Rideout, Integrated Healthcare Association  
Mary Watanabe, Department of Managed Health Care

**Department of Managed Health Care (DMHC) Staff in Attendance:**

Pritika Dutt, Deputy Director, Office of Financial Review  
Sarah Ream, Chief Counsel, Office of Legal Services  
Daniel Rubinstein, Acting Staff Services Manager I, Office of Administrative Services  
Dan Southard, Chief Deputy Director  
Jordan Stout, Staff Services Manager I, Office of Financial Review  
Michelle Yamanaka, Supervising Examiner, Office of Financial Review

**Department of Health Care Services (DHCS) Staff Present:**

Rafael Davtian, Division Chief, Capitated Rates Development

**Agenda Item 1 – Welcome & Introductions**

(Transcript, P. 4 – 5)

Chairperson Larry deGhetaldi called the meeting to order, reviewing housekeeping notes for attendees and Board members.

**Agenda Item 2 – [Transcript & Meeting Summary from the May 19, 2022 FSSB Meeting](#) (Transcript, P.6)**

Dr. deGhetaldi asked if there were any changes to the May 19, 2022, FSSB meeting transcript and summary. Motion to approve transcript by Dr. Ted Mazer, seconded by Paul Durr. The Board approved the May 19, 2022 Transcript.

**Agenda Item 3 – Director’s Remarks**

(Transcript, P. 7 – 11)

Director Mary Watanabe discussed the Department’s 2021 Annual Report, 2023 individual market rate filings, the Health Equity and Quality Committee, and recent enforcement actions.

**Agenda Item 4 – [Department of Health Care Services Update](#)** (Transcript, P. 12 – 41)

Rafael Davtian, Division Chief, Capitated Rates Development at the Department of Health Care Services (DHCS), provided an update on the DHCS budget, Quality Factor in calendar year 2023 Rates, Long-Term Care Carve-In, and Major Organ Transplants Carve-In.

**Agenda Item 5 – [2022-2023 Budget Update](#)** (Transcript, P. 42 – 46)

Dan Southard, Chief Deputy Director, provided an update on the Department's Fiscal Year (FY) 2022-23 budget, which increased from \$103 million in FY 2021-22 to over \$125 million in FY 2022-23. The Department's authorized positions also increased from 516 to 610 positions. Mr. Southard highlighted the budget change proposals (BCPs) that were approved, including those related to recently signed legislation.

**Agenda Item 6 – [Update on SB 510 Lawsuit](#)** (Transcript, P. 47 – 50)

Sarah Ream, Chief Counsel, provided an update on Senate Bill (SB) 510 (Pan) which requires health plans to cover COVID-19 testing and vaccine administration retroactively to the beginning of the pandemic. In November 2021, the California Association of Health Plans (CAHP) filed a lawsuit challenging retroactive (pre-2022) application of SB 510's requirement that financial risk remain with the plan unless expressly delegated to the provider. A trial is scheduled for January 2023.

**Agenda Item 7 – [2021 Federal Medical Loss Ratio \(MLR\) Summary](#)**  
(Transcript, P. 51 – 55)

Pritika Dutt, Deputy Director of the Office of Financial Review, provided an overview of the 2021 Federal MLR reports. Federal law requires health plans to spend a certain percentage of their premium dollars on medical expenses, which include quality improvement efforts. For the individual and small group markets, health 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 health plans fail to meet the MLR requirement, they must issue rebates to enrollees or employer groups. For reporting year 2021, five health plans paid total rebates of \$97.4 million.

**Agenda Item 8 – [Provider Solvency Quarterly Update](#)** (Transcript, P. 56 – 65)

Michelle Yamanaka, Supervising Examiner, Office of Financial Review, provided an update on the financial solvency of Risk Bearing Organizations (RBOs) for the quarter ending March 31, 2022.

**Agenda Item 9 – [Health Plan Quarterly Update](#)** (Transcript, P. 66 – 70)

Ms. Dutt presented an update on the financial status of health plans for the quarter ending March 31, 2022.

**Agenda Item 10 – 2023 Meeting Dates**

(Transcript, P. 71)

Ms. Watanabe discussed the proposed 2023 FSSB meeting dates and asked the Board if there were any scheduling conflicts. The 2023 meeting dates will be confirmed during the November FSSB meeting.

**Agenda Item 11 – Public Comment on Matter not on the Agenda** (Transcript, P. 72)

Dr. deGhetaldi asked for public comment on items not on the agenda. There was no public comment.

**Agenda Item 12 – Agenda Items for Future Meetings**

(Transcript, P. 73)

Dr. deGhetaldi asked for agenda items for future meetings. The Board requested an update from the Office of Enforcement and the Office of Health Care Affordability.

**Agenda Item 12 – Closing Remarks/Next Steps**

(Transcript, P. 74)

The meeting was adjourned at 12:27 p.m. The next meeting is scheduled for November 16, 2022.