

Final Meeting Notes
California Department of Managed Health Care (DMHC)
Financial Solvency Standards Board (FSSB) Meeting
980 9th Street, 2nd Floor
Sacramento, CA 95814
January 19, 2011
10:00 a.m.

1) Welcome

At 10 a.m., Keith Wilson, FSSB Chairman, welcomed attendees and began the meeting. Dr. Wilson recognized Cindy Ehnes, DMHC Director, who is not seeking re-appointment after seven years of dedicated service.

FSSB Board Members: Cindy Ehnes, Director, Department of Managed Health Care; Grant Cattaneo, CEO and Founder of Cattaneo & Stroud; Edward Cymerys, Senior Vice President and Chief Actuary, Blue Shield of California; Keith Wilson, President and CEO of Talbert Medical Group; Ann Pumpian, Senior Vice President and CFO, Sharp HealthCare; Dave Meadows, Vice President of California Health Programs, Health Net of California; Rick Shinto, President and CEO of Aveta, Inc.; Larry deGhetaldi, M.D., Palo Alto Medical Foundation. Alternates: Tom Williams, Executive Director of Integrated Healthcare Associates; Deborah Kelch, independent consultant.

All board members were present.

2) Minutes from Nov 3, 2010 FSSB Meeting

The minutes from the November 3, 2010 board meeting were approved.

3) Accountable Care Organization (ACO) “Pilot” Update:

- i) DMHC oversight and recommendations for ACO pilots

Amy Krause, DMHC, presented the department’s plan to implement ACO oversight. She reviewed the department goals and criterion asserting jurisdiction over ACOs pursuant to the Knox-Keene Act and DMHC’s existing regulations. She stated that after significant review and discussion, the DMHC’s recommended course of action for oversight of ACOs is to follow the existing Knox-Keene Act framework for risk

bearing organizations (RBO), utilizing SB260 and the full scope of licensure for health care service plans. She also indicated that the DMHC's jurisdiction, if applied as it is presently, will balance on the level and type of risk assumed by an entity, regardless of whether the entity characterizes itself as an ACO or is presently licensed by the DMHC or the California Department of Insurance. The DMHC will entertain requests for expedited licensure from those groups planning to take partial or global risk. Ms. Krause entertained questions from the board regarding the types of risk represented by different proposed programs and their likelihood of triggering licensure. She noted that the DMHC doesn't want to presume how ACOs will form or function.

4) SB260 Updates and Presentations

- i) DMHC updates on provider solvency
- ii) DMHC proposals for regulatory amendments

Dennis Balmer, DMHC, presented the most recent quarterly updates on the number of Risk Bearing Organizations (RBOs) under Corrective Action Plans (CAPs) and indicated improvement in the self-reported financial information for the quarter. Mr. Balmer reported on administrative actions taken by the DMHC since the last FSSB meeting as well as the status of proposed SB260 changes and process improvements. He noted that the DMHC is trying to act more to expedite the resolution of CAPs, because merely facilitating the CAP process was not effective enough.

5) Public Comment on Matters Not on the Agenda

There was no public comment on matters not on the agenda.

6) Agenda Items for Future Meetings

The Board suggested the following topics as potential agenda items for future meetings:

- Update on timely access regulations
- How do we assess the impact of narrow networks (impact on RBOs?)
- More, clearer information on providers under CAPs
- Closer examination of long-term CAPs
- Mechanism of transparency over MSOs
- MLR definition and how it will be measured
- Presentation of Medi-Cal Health Plan MLRs
- RBOs in trouble as a percent of Medi-Cal
- Statement of Organization drill down on Medi-Cal population
- Fee for service migration into managed care ACOs (forward thinking)
- Confidentiality requirements related to reasonable and customary methods
- Medicare managed plans and the exchange
- Clarification of Safe Harbor

Transparency of UCR by plans
Rate Review
FSSB's role going forward

7) Closing Remarks/Next Steps

The next FSSB meeting was tentatively scheduled for April 20.

The meeting was adjourned at approximately 12:25 p.m.

The meeting facility is accessible to people with mobility impairments. To make special arrangements for persons who need additional reasonable accommodations or who have specialized needs, contact Wilma Loeffler at least seven days in advance of the meeting at 916-322-1583 or wloeffler@dmhc.ca.gov. This agenda is available on the DMHC website at www.dmhc.ca.gov. All times indicated and the orders of business are approximate and subject to change. If you have questions regarding this meeting, please contact Dennis Balmer at dbalmer@dmhc.ca.gov or 916-445-4565.