DEPARTMENT OF
Managed
Health Care

Meeting Notes

California Department of Managed Health Care (DMHC)
Financial Solvency Standards Board (FSSB) Meeting
California State Capital Building
Room 447
August 4, 2011
10:00 a.m. – 3:00 p.m.

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1) **Welcome**

2) At 10:00 a.m., Keith Wilson, FSSB Chairman, brought the meeting to order.

   FSSB Board Members: Edward Heidig, Interim 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 members were present.

3) **Minutes from May 19th, 2011 FSSB Meeting**

   The minutes from the May 19, 2011 board meeting were approved.

4) **Opening Remarks**

5) **Federal ACO regulation updates:**

   a) **Shared Savings ACO**

   b) **Pioneer ACO**

   c) **Federal ACO "downside risk"**

Gary Baldwin, Assistant Chief Counsel for the Office of Licensing at the DMHC, spoke about the activity the Department is seeing surrounding ACOs. He indicated that DMHC is not getting inquiries on the Medicare Shared Savings Model, which, to date, is a fee-for-service arrangement that does not trigger DMHC jurisdiction. Gary also stated that

the Department's position on ACOs had not changed. (Prior presentations to the FSSB have articulated the triggers for Knox-Keene Act licensure, as well as explained criterion for being a risk bearing organization (RBO). These presentations are posted on the DMHC website.) Gary then moved on to discuss the "Pioneer" ACO program. Currently, it is fee-for-service the first two years, then moves to a population-based payment in year three. Entities seeking to participate in the program were to submit their applications to HHS by August 19th. Required in the application was an attestation that the applicant is either a licensed health plan or is exempt from licensure. Since an ACO is a new type of organization, discussion among the members focused on the process and timing to attain a license, if necessary. Gary indicated that the population-based payment in year three could trigger DMHC licensure requirements, depending on the nature of the risk relationship, and that the DMHC would work with the applicants to address licensure.

6) SB260 Updates

Michelle Yamanaka, Provider Solvency Unit Supervisor, presented an update on provider group solvency metrics and actions. Michelle presented corrective action summary data through July 29, 2011 (the data are also posted on the DMHC website). In aggregate, there are 187 RBOs submitting financials to the DMHC. Of those, there are twelve RBOs currently on a CAP, nine continuing and three new ones. Nine of the RBOs on CAP have Medi-Cal enrollment of greater than 50%. Michelle also shared a snapshot of the Provider Webpage at http://dmhc.ca.gov/providers/default/aspx.

7) DFO Activities and Updates

Stephen Babich, Division of Financial Oversight Supervisor, gave an overview of the DMHC's oversight of health plans and an update on the financial health of DMHC's licensed plans. Altogether, there are 124 plans overseen by the DMHC. Of those, 56 are full service plans. Plan enrollment (as reported by plans) as of March 1, 2011 was approximately 21.8 million (we believe the actual number is approximately 17 million, by eliminating double-counted enrollees). The DMHC is currently monitoring 22 full service plans on a monthly basis. Stephen also shared a slide highlighting the number and types of exams DFO has conducted and filings received. He also indicated the types of enforcement referrals DFO has made and presented an overview of DMHC's Claims Initiative Program, which reviews claims of the seven largest plans under our jurisdiction.

8) Public Comment on Matters Not on the Agenda

There were no matters presented.

9) Agenda Items for Future Meetings

The ideas presented for future meetings were as follows:

- More details on metrics
- Medi-Cal RBOs on CAPs, and the impact of the proposed 10% cuts
- More information on the number of plans on the watch list
- Information on the Medi-Cal population at risk, and trends over time

- A debriefing of legislative bills impacting health care delivery
- A presentation by the California Department of Insurance on their activities related to ACOs
- More information to track how outcomes indicate process improvement
- More detail on the federal ACO standards vs. California law and what types of systems we have in place to monitor compliance and progress

10) Closing Remarks/Next Steps

The next two FSSB meetings are scheduled for November 9th, 2011 and February 9th, 2012 in Sacramento.

The meeting was adjourned at 12:15pm.