



**Financial Solvency Standards Board (FSSB) Meeting  
November 18, 2020  
Meeting Summary  
([see full transcript for more details](#))**

**Financial Solvency Standards Board (FSSB) Members in Attendance:**

John Grgurina, Jr., San Francisco Health Plan  
Dr. Larry deGhetaldi, Palo Alto Medical Foundation  
Paul Durr, Sharp Community Medical Group  
Jen Flory, Western Center on Law and Poverty  
Dr. Theodore Mazer, Independent Physician  
Dr. Jeff Rideout, Integrated Healthcare Association  
Mary Watanabe, Department of Managed Health Care  
Amy Yao, Blue Shield of California

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

Pritika Dutt, Deputy Director, Office of Financial Review  
Lezlie Micheletti, Stakeholder Engagement and Outreach Coordinator  
Sarah Ream, Acting General Counsel  
Jordan Stout, Associate Governmental Program Analyst  
Michelle Yamanaka, Supervising Examiner, Office of Financial Review

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

Lindy Harrington, Deputy Director for Health Care Financing at the Department of Health Care Services

**Agenda Item 1 – Welcome & Introductions**

(Transcript, P. 6 – 8)

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

**Agenda Item 2 – [Transcript from August 19, 2020 FSSB Meeting](#)** (Transcript, P. 9)

Mr. Grgurina asked if there were any changes to the August 19, 2020, FSSB meeting transcript and summary. Motion to approve transcript by Member Rideout, seconded by Member Yao. The Board approved the August 19, 2020 Transcript.

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

(Transcript, P. 9 – 18)

Acting Director Mary Watanabe discussed the Department’s organizational changes and introduced Amanda Levy, Deputy Director for Health Policy and Stakeholder Relations. Ms. Watanabe briefly highlighted three All Plan Letters, recent enforcement actions,

Assembly Bill (AB) 731, and a public meeting which will be held on December 8<sup>th</sup> to review a Notice of Material Modification from Stanford Health Care Advantage.

**Agenda Item 4 – Board Member Recruitment** ( Transcript, P. 18 – 19)

Ms. Watanabe discussed the FSSB member recruitment and the decision to allow additional applications through the end of the year. Ms. Watanabe informed current Board Members if they would like to continue to serve that they do not need to do anything else and that anyone that has applied previously does not need to reapply.

**Agenda Item 5 – [Department of Health Care Services Update](#)** (Transcript, P. 20 – 35)

Lindy Harrington, Deputy Director for Health Care Financing at the Department of Health Care Services (DHCS) provided an update on California Advancing and Innovating Medi-Cal (CalAIM), the department's response to COVID-19, the Medi-Cal Rx project and the Medi-Cal Managed Care Plan (MCP) procurement.

**Agenda Item 6 – [Legislative Update](#)** (Transcript, P. 36 – 38)

Ms. Watanabe provided an overview of the following bills: Assembly Bill (AB) 80, AB 1124, AB 2118, AB 2157, Senate Bill (SB) 406 and SB 855.

**Agenda Item 7 – [2019 Risk Adjustment Transfer](#)** (Transcript, P. 39 – 43)

Pritika Dutt, Deputy Director of the Office of Financial Review, provided a summary of the risk adjustment transfers and high-cost risk pool payments for 2019 for plans regulated by the DMHC and the California Department of Insurance (CDI).

**Agenda Item 8 – [2019 Federal Medical Loss Ratio \(MLR\) Summary](#)** (Transcript, P. 44 – 55)

Ms. Dutt provided an overview of the 2019 Federal MLR reports that were received from health plans on August 17, 2020. The law, which went into effect for reporting year 2011, requires health plans to spend certain percentages of their premium dollars on medical expenses, 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 large group markets the requirement is 85 percent. For reporting year 2019, the MLR and rebate calculation is based on the health plan's accumulated premium and medical expenses over 2017, 2018 and 2019.

**Agenda Item 9 – [2021 Rates in the Individual Market](#)** (Transcript, P. 55 - 57)

Ms. Dutt gave a brief overview of the 2021 rates for health plans in the individual market. Ms. Dutt noted the average rate increase for 2021 was 0.5 percent across all health plans.

**Agenda Item 10 – [Financial Summary of Medi-Cal Managed Care Health Plans](#)**  
(Transcript, P. 58 – 68)

Ms. Dutt provided an update on the financial summary of Medi-Cal Managed Care Plans for the quarter ending June 30, 2020. The 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.

**Agenda Item 11 – [Provider Solvency Quarterly Update](#)** (Transcript, P. 69 – 90)

Ms. Watanabe provided an update on the changes made to both the corrective action report and the provider solvency update, the Department’s role in overseeing RBOs and the role of the health plans. Michelle Yamanaka, Supervising Examiner, Office of Financial Review, then provided an update on the financial solvency of Risk Bearing Organizations (RBOs) for the quarter ending June 30, 2020.

**Agenda Item 12 – [Health Plan Quarterly Update](#)** (Transcript, P. 90 – 94)

Ms. Dutt presented the financial status of health plans for the quarter ending June 30, 2020.

**Agenda Item 13 – [2021 Meeting Schedule](#)** (Transcript, P. 94)

Ms. Watanabe announced the following dates for the 2021 FSSB meetings: February 24, May 12, August 11, and November 17. The 2021 FSSB meetings will take place remotely via videoconference and teleconference unless otherwise noted on the agenda.

**Agenda Item 14 – Public Comments on Matters not on the Agenda** (Transcript, P. 95)

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

**Agenda Item 15 – Agenda Items for Future Meetings** (Transcript, P. 95 – 96)

Mr. Grgurina asked for agenda items for future meetings. The Board requested the following items: COVID-19 vaccine, high-cost drugs including self-injectables, and a DHCS budget and Medi-Cal Rx transition update.

**Agenda Item 16 – Closing Remarks/Next Steps** (Transcript, P. 96)

The meeting was adjourned at 12:57 p.m. The next meeting is scheduled for February 24, 2020.