

MINUTES
CMSP GOVERNING BOARD

Thursday, January 24, 2008

Governing Board Conference Room
1451 River Park Drive, Suite 213
Sacramento, CA 95815

MEMBERS PRESENT

Gayle Erbe-Hamlin, Health Director, El Dorado County
Cathi Grams, Employment and Social Services Director, Butte County
Matthew Hymel, County Administrator, Marin County
Marta McKenzie, Health and Human Services Agency Director, Shasta County
Loretta Nickolaus, County Administrator, Humboldt County
Bob Pickard, Supervisor, Mariposa County
Bob Sands, Assistant Secretary, California Health and Human Services Agency
David Shoemaker, County Administrator, Glenn County
Elliott Smart, Social Services Director, Plumas County
Alene Taylor, Supervisor, Kings County
Brad Wagenknecht, Supervisor, Napa County

Welcoming Remarks and Public Comments

Ms. Alene Taylor, Chair, opened the meeting and invited public comments. There were no public comments.

Correspondence and Consent Calendar

Ms. Taylor requested a motion on the Correspondence and Consent Calendar.

ACTION MSC: Approve the January 24, 2008 Correspondence and Consent Calendar.

APPROVED	Votes:	Aye	10
		Nay	0

Report on Closed Session

Ms. Cathy Salenko, General Counsel, reported that the Governing Board met in Closed Session and provided direction to the Administrative Officer concerning contract negotiations with specified health care providers. The Board also discussed pending litigation against Mendocino Community Health Centers, Inc. pertaining to a CMSP payment matter. Finally, the Board discussed the annual performance evaluation of the Administrative Officer.

Election of Officers

The Board considered nominations for Chair and Vice Chair of the Governing Board for 2008.

ACTION MSC: Approve Bob Pickard as Chair for 2008.

APPROVED	Votes:	Aye	10
		Nay	0

ACTION MSC: Approve Alene Taylor as Vice Chair for 2008.

APPROVED	Votes:	Aye	10
		Nay	0

Ms. Taylor continued to Chair the meeting on behalf of the Governing Board.

Election of Executive Committee

The Board considered nominations for Executive Committee membership for 2007.

ACTION MSC: Approve Elliott Smart as Welfare Director representative on the Executive Committee for 2007.

APPROVED	Votes:	Aye	10
		Nay	0

ACTION MSC: Approve Gayle Erbe-Hamlin as Health Care Official representative on the Executive Committee for 2008.

APPROVED	Votes:	Aye	10
		Nay	0

ACTION MSC: Approve David Shoemaker as County Administrator representative on the Executive Committee for 2008.

APPROVED	Votes:	Aye	10
		Nay	0

Report from Legislative Representative

Ms. Karen Lang reported on behalf of Don Peterson, Legislative Representative, who was attending a legislative budget hearing. Ms. Lang reported on three matters:

- ABX1 1 (Nunez) – The Senate Health Committee heard the bill on Wednesday, January 23rd but delayed a vote until Monday, January 28th at the direction of Senate President Don Perata. Presuming that the committee approves the measure, it will be sent to the Governor for approval and the next focus will be on getting the ballot initiative that addresses the financing components on the November 8, 2008 ballot.
- Proposition 58 – Under this proposition, the Governor is authorized to make an emergency declaration on the budget under specified circumstances. The Governor made this declaration the beginning of January. This declaration allows the Governor to make mid-year budget adjustments, which the Governor has proposed. He has also proposed selling Revenue Recovery Bonds to generate funding for short-term cash flow.
- Proposed FY 2008-09 Budget – The Governor has proposed a 10% across-the-board funding reduction for all state departments and programs and legislative budget subcommittees have begun budget hearings. Among the proposed reductions are a variety of cuts to Medi-Cal, including the proposed elimination of dental care and vision and eye care for adults. Mr. Kemper discussed the implications for counties of these two proposed Medi-Cal benefit reductions.

Report from Eligibility Committee

Ms. Cathi Grams, Eligibility Committee Chair, reported that the committee met on December 10 and on January 14. At its December meeting, the committee took action recommending that the Board give consideration to the following options for use of CMSP funds that had been previously recommended by the Planning and Benefits Committee:

- Assess county eligibility allocations and administration processes
- Increase the per-episode maximum from 3 to 6 days for inpatient hospital mental health stays
- Examine the CMSP benefit package for possible restoration of eliminated benefits
- Establish limited, transitional skilled nursing facility benefit

In addition, the Eligibility Committee recommended the Governing Board give consideration to the following options:

- Move the eligibility period for all CMSP members to a 6-month certification period
- Expand the federal poverty level (FPL) cap on CMSP eligibility from the current 200% FPL to 250% FPL
- Increase the CMSP Maintenance Need Level (MNL) for determining when share of cost should apply

The Governing Board accepted the committee's recommendations without taking formal action.

At its January meeting, the Committee took action recommending the Board clarify how counties should process CMSP eligibility in circumstances where the applicant is otherwise eligible for Medi-Cal but fails to provide proper documentation of legal status and/or citizenship as required under state or federal law. The committee recommended that these applicants should be eligible for restricted CMSP benefits (i.e. emergency services only) in the same manner as undocumented persons. This proposed policy would align with current Medi-Cal policy. In addition, the committee recommended that if these individuals return with valid documentation of citizenship the county should make appropriate changes to the individual's CMSP eligibility effective with the first of the following month.

ACTION MSC: Approve the Eligibility Committee recommendation (attached).

APPROVED	Votes:	Aye	10
		Nay	0

Report from Planning and Benefits Committee

Mr. Kemper reported on behalf of Phyllis Murdock, Planning and Benefits Committee Chair, who was unable to attend the Board meeting. The major action taken by the committee was to recommend that certain options for use of CMSP funds be developed for consideration as a part of the proposed FY 2008-09 CMSP Budget. The options identified by the committee focus on restorations of previous reductions to payment rates, benefits or eligibility. These include the following:

- Increase provider rates for FQHC/RHC/THP clinics and outpatient hospital care to the Medi-Cal level of payment.
- Add crowns to the CMSP dental benefit.

- Add general anesthesia to the CMSP dental benefit.
- Extend the enrollment terms for all CMSP members to 6 months

Discussion ensued regarding the Committee's recommendations and those of the Eligibility Committee. By consensus, the Governing Board directed the Administrative Officer to present the options proposed by the Planning and Benefits Committee as a part of the proposed FY 2008-09 CMSP Budget along with one option recommended by the Eligibility Committee: Expand the federal poverty level (FPL) cap on CMSP eligibility from the current 200% FPL to 250% FPL.

Behavioral Health Pilot Project

Ms. Alison Kellen, Program Specialist for Health Care Operations, provided a status report on contracting efforts with the eleven providers approved for participation in the CMSP Behavioral Health Pilot Project by the Governing Board. Ms. Kellen then outlined the Proposal Review Panel's recommendations concerning the five lowest ranked proposals that the Board had asked the Panel to reconsider. The Panel recommended the following three providers be funded with specified conditions and dollar amounts, as outlined below:

Redwoods Rural Health Center

- Fund contingent on applicant supplying a Memorandum of Understanding with the County Mental Health Department.
- Three-Year Funding: \$35,175

Sonora Regional Medical Center

- Fund contingent on applicant supplying: 1) Enhanced description of linkage to psychiatric care (in-person or via tele-psychiatry); 2) Revised estimate of the population to be served with the understanding that the minimum GAF for the pilot project; and, 3) Revised budget.
- Three-Year Funding: TBD upon submission of revised budget; initial funding request was \$170,680.

Del Norte Clinics Inc.

- Fund contingent on applicant supplying enhanced description of: 1) Linkage to primary care; and, 2) "Warm hand-off" to behavioral health care services.
- Three-Year Funding: \$481,663

The Panel recommended that proposals from both the Solano County Health & Social Services Department and the Coastal Health Alliance not be funded.

ACTION MSC: As recommended by the Behavioral Health Pilot Project Proposal Review Panel, approve pilot project funding for the following three providers: Redwoods Rural Health, Sonora Regional Medical Center, and Del Norte Clinics, Inc. with the amounts specified above. Further, do not approve pilot project funding for two providers: Solano County Health and Social Services Department and the Coastal Health Alliance.

APPROVED	Votes:	Aye	10
		Nay	0

Ms. Kellen advised the Governing Board that two providers had submitted Letters of Intent to participate in the CMSP Behavioral Health Pilot Project but did not submit a full proposal by the deadline of October 10, 2007. In addition, one other provider submitted a letter indicating their interest should the CMSP Governing Board make additional funds available and another provider submitted a full proposal with a statement of interest in participating in a second round of pilot project funding. Discussion ensued by Board members about another round of pilot project funding but the Board took no action.

Mr. Shoemaker left the meeting.

CMSP Data Translation, Mapping and Management System

Mr. Kemper briefed the Governing Board on the Data Translation, Mapping and Management System for CMSP paid claims and eligibility data and proposed contracts with J4 and Softshare to develop and implement the system. Mr. Kemper outlined two components that are needed for the Administrative Office to move forward with the new data system for the paid claims data: 1) Hardware upgrade by *J4 Systems*, which includes an upgrade of the secondary server to a virtual server, expansion of file storage capacity, and creation of an additional backup system; and, 2) Software provided by *Softshare*, which includes the license and maintenance, AS2 transfer protocol capabilities, and mapping and testing. Total costs for all of these system components shall not exceed \$80,000.

Mr. Kemper also reported that a separate component that deals with the CMSP eligibility data files (FAME File) will be presented at a later time and that costs for this

component will not exceed \$40,000. The FY 2007-08 Operations Budget includes a line item for CMSP Data Warehouse Administration with an approved budget of \$150,000.

ACTION MSC: Authorize the Administrative Officer, with the assistance of the CMSP General Counsel, to develop and execute contracts with J4 Systems and Softshare for development of the new CMSP data mapping, translation and management system.

APPROVED	Votes:	Aye	9
		Nay	0

CMSP Financial Reports

FY 2007-08 Program Expenditures Year to Date

Ms. Kari Brownstein, Controller, presented a report on year-to-date actual versus budgeted revenues and expenditures for FY 2007-08. Revenues of \$160,715, 253 have been received against projected revenues of \$263,622,481. Expenditures of \$114,030,198 have been made against projected expenditures of \$262,130,978.

FY 2007-08 Administrative Office Expenditures Year to Date

Ms. Brownstein presented a report on year-to-date actual versus budgeted Administrative Office expenditures for FY 2007-08 as of November 30, 2007 and December 31, 2007. As of December 31, 2007, expenditures of \$1,565,227.59 have been made against projected expenditures of \$3,052,525.

CMSP Fund

- Report on Fund Balance

Ms. Brownstein reported that the cash balance in the CMSP Fund as of November 30, 2007 and December 31, 2007. The cash balance in the CMSP Fund as of November 30, 2007 was \$125,687,865 and the balance of total CMSP funds in all accounts as of November 30, 2007 was \$275,850,078.77. The cash balance in the CMSP Fund as of December 31, 2007 was \$129,817,375.75 and the balance of total CMSP funds in all accounts as of December 31, 2007 was \$261,784,381.76.

- State Management of Fund

Mr. Kemper reported that discussions with the Administration regarding maintenance

of CMSP funds by the State Controller in lieu of the California Department of Public Health (CDPH) have been fruitful. An agreement has been reached to include Budget Trailer Bill Language that would allow the Controller, at the request of the Governing Board, to retain CMSP funds in the CMSP Account maintained by the Controller (Sales Tax Growth Subaccount) in lieu of transferring all funds to the CMSP Account maintained by CDPH. Mr. Kemper expressed appreciation to Mr. Bob Sands, Assistant Secretary of the California Health and Human Services Agency, for the Administration's support in addressing this matter.

Review of CMSP Program

- Perry-Smith LLP Proposal

Ms. Brownstein presented a proposal from Perry-Smith LLP to conduct the following program review: 1) Analysis of revenue and payment transactions associated with the CMSP Fund, including Realignment payments to CMSP and CMSP counties, and associated accounting controls and procedures; and, 2) Review of Administrative Office expenditures and internal controls to assure appropriate expenditure of funds; and, 3) Analysis of CMSP contingency reserve. Discussion ensued among Board members.

ACTION MSC: Accept the proposal prepared by Perry-Smith LLP and authorize the Administrative Officer, with the assistance of the General Counsel, to develop and execute a contract with Perry-Smith LLP for completion of the work contained in the proposal.

APPROVED	Votes:	Aye	9
		Nay	0

- Actuarial Analysis of Claims Reserve

Ms. Brownstein reported that efforts are underway to seek proposals from four firms for completion of the actuarial analysis of the CMSP Claims Reserve.

- GASB 45

Ms. Brownstein called the Board's attention to a letter in the Correspondence Package from CSAC's independent auditor regarding CSAC and GASB 45 obligations. According to CSAC's auditor, the GASB 45 obligation does not apply to CSAC. Accordingly, since the Governing Board contracts with CSAC for payroll processing and retirement/pension benefit administration there is no GASB 45 obligation for the Governing Board.

CMSP Participation Fees for FY 2007-08

In follow up to direction from the December 6, 2007 Board meeting, Ms. Brownstein outlined four options for offsetting County Participation Fees in FY 2007-08 by amounts paid by counties for prior year Risk Allocation Assessments, including:

- Option 1 – Suspend the Participation Fees for 2007-08 without regard to the previous Risk Allocation Assessment amounts paid by counties.
- Option 2 – Offset the Participation Fees in 2007-08 by the Risk Allocation Assessment in 2003-04. Balance bill counties that are fully credited but have a residual Participation Fee amount.
- Option 3 – Offset the Participation Fees in 2007-08 and 2008-09 by the Risk Allocation Assessment in 2003-04. Balance bill counties that are fully credited but have a residual Participation Fee amount.
- Option 4 – Offset the Participation Fees until the Risk Allocation Assessment in 2003-04 and 2004-05 is fully credited. Balance bill counties that are fully credited but have a residual Participation Fee amount.

Discussion of the options ensued.

ACTION MSC: Approve Option 3 to offset the County Participation Fees in FY 2007-08 and FY 2008-09 by the Risk Allocation Assessment in 2003-04 and balance bill counties that are fully credited but have a residual County Participation Fee amount.

APPROVED	Votes:	Aye	8
		Nay	1

ACTION MSC: Direct the Administrative Officer to bring forward a proposal for addressing the Risk Allocation Assessment paid by counties in FY 2004-05 in the proposed FY 2008-09 CMSP Budget.

APPROVED	Votes:	Aye	9
		Nay	0

Administrative Officer Compensation Adjustment

Ms. Taylor reported that the Governing Board discussed the Administrative Officer's performance in Closed Session and she asked for a motion concerning any compensation adjustment.

ACTION MSC: Approve an eight percent (8%) increase in compensation for the Administrative Officer beginning January 1, 2008, based upon performance in 2007, and direct the General Counsel to revise the Administrative Officer's employment agreement accordingly.

APPROVED	Votes:	Aye	9
		Nay	0

Presentation on CMSP Pharmacy Benefit Program with MedImpact

MedImpact representatives Greg Umeda, Pharm D., Account Executive for CMSP, and Lisa Haw, Pharm D., Clinical Pharmacist for CMSP, presented a report to the Board on benefit utilization and cost of the CMSP pharmacy benefit administered by MedImpact.

Work Measurement Study Next Steps

Mr. Kemper reported that Nolan Company consultants conducted an initial survey in December of the 11 work measurement study counties regarding in-person and mail-in/other CMSP application and reapplication processing. After refining the survey instrument, Nolan Company consultants initiated a second survey of the 11 counties. The purpose of the survey is to determine the proportions of CMSP applications and reapplications that are mailed/faxed/phoned-in to each county department versus those that are submitted in-person. Following completion of the 11-county survey, the other 23 CMSP counties will be surveyed.

Mr. Kemper also reported that a workgroup of the Eligibility Committee has been convened and four conference calls are scheduled to discuss the "best practices" and "possible future" scenarios that were outlined in the Nolan Company work measurement study report. Mr. Kemper expects a final report from the Nolan Company on the application and reapplication survey by the March Governing Board meeting.

Report on Program Administration by BC Life & Health

Mr. Kemper reported on current efforts in the following areas:

- **Retroactive Medi-Cal processing:** Efforts continue with Blue Cross and EDS to establish a billing system for all non-hospital and non-FQHC/RHC/THP providers. For practical reasons, a number of business decisions have been made that narrow the range of medical claims that will be subject to this process. While EDS has been very supportive to date, it is clear the project must be completed as soon as possible so that EDS staff can move on to other priorities. Continuing progress is being made with MedImpact for the processing of pharmacy claims, where it appears the largest recoveries may be possible.
- **Care Management:** Blue Cross has hired most of the staff for the Care Management pilot program and service efforts are underway. One of the nurses that have been hired is dedicated solely to overseeing the disability referral process at Blue Cross and interaction with the CMSP Administrative Office.
- **Ten-day Claims Payment Grace Period Policy:** Work is underway for implementation of this policy, including development of the claim form, All County Letter, CMSP Eligibility Manual revisions, and structure for claims payment processing by Blue Cross and MedImpact. Implementation is planned for March 1, 2008.

Public Comments

There were no public comments and Ms. Taylor adjourned the meeting.

ATTACHMENT

CMSP Eligibility Committee Recommended CMSP Governing Board Action January 14, 2008

Documentation of Legal Status and/or Citizenship

Current CMSP policy states “A person who is otherwise eligible for Medi-Cal but fails to provide proper documentation of legal status and/or citizenship as required under state or federal law and regulation shall not be eligible [for CMSP benefits] under this section.”

The Eligibility Committee recommends that CMSP requirements in this area should be consistent with current Medi-Cal policy, which states that persons who fail to provide citizenship documentation are approved for restricted Medi-Cal benefits only. The committee recommends that these persons should be eligible for the same CMSP benefits as undocumented persons (i.e. emergency services only). In addition, the committee recommends that if these individuals come back after being approved for restricted CMSP benefits with valid documentation of citizenship, the county should make changes to the individual's eligibility effective the first of the following month. This approach is consistent with CMSP eligibility policy in other areas.

The committee recommends the following CMSP Eligibility Manual changes:

1. Specify in Section 5-014 that applicants for full scope CMSP benefits, including persons claiming citizenship but born abroad, have 30 days to submit reasonable evidence of United States citizenship or Satisfactory Immigration Status.
2. Clarify under section 5-014 B that persons who do not provide such evidence shall receive restricted CMSP benefits and that the person shall be allowed the opportunity after having restricted CMSP benefits approved to request discontinuance of these benefits, have their citizenship reevaluated with the submission of documents verifying Satisfactory Immigration Status/Citizenship, and have their benefits changed to full-scope effective with the first day of the following month.
3. Specify in Section 5-015 that applicants for full scope CMSP benefits who have declared themselves to be aliens must complete an MC13, Statement of Citizenship, Alienage, and Immigration Status as well as provide original USCIS documents verifying their status.
4. Clarify under Section 5-016 (3) that certain aliens temporarily admitted to the United States with documents that indicate that they are legally present with a work permit for a limited duration are eligible for restricted benefits.
5. Repeal Section 5-016 C because it is inconsistent with the changes proposed under items 1-4.