

MINUTES
CMSP GOVERNING BOARD
Thursday, March 27, 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
Loretta Nickolaus, County Administrator, Humboldt County
David Shoemaker, County Administrator, Glenn County
Elliott Smart, Social Services Director, Plumas County
Alene Taylor, Supervisor, Kings County
Brad Wagenknecht, Supervisor, Napa County

MEMBERS ABSENT

Marta McKenzie, Health and Human Services Agency Director, Shasta County
Bob Pickard, Supervisor, Mariposa County
Bob Sands, Assistant Secretary, California Health and Human Services Agency

Welcoming Remarks and Public Comments

Ms. Alene Taylor, Vice 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 March 27, 2008 Correspondence and Consent Calendar with a correction to the February 28, 2008 Governing Board meeting minutes to show that the meeting was adjourned by Mr. Bob Pickard, not Ms. Alene Taylor.

APPROVED	Votes:	Aye	8
		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.

Report from Legislative Representative

Mr. Don Peterson, Legislative Representative, reported on current legislative issues, including the State Budget. According to Mr. Peterson, legislative budget hearings have been occurring on a fairly regular basis, but no real determinations have been made. Private estimates of the scope of the state's budget problem suggest a \$20 billion problem in FY 2008-09. This translates into an either/or situation: either reduce expenditures or increase revenues by \$8 billion, at a minimum. It's anticipated that large reductions will be needed in a wide variety of program areas. There is no apparent break in the resolve of Republican members of both houses to oppose revenue increases. However, there have been some "creative" proposals put forward. For example, a proposal to transfer low-level parolees to counties along with a dedicated revenue source was given two hearings last week; both hearings were contentious, with a variety of opposition, including county sheriffs. Another proposal that surfaced was a sales tax for a limited period of time (with a sunset clause) in combination with a requirement that voters be asked to approve the sales tax increase. Former Governor Pete Wilson took a similar action in the early 1990's.

The proposed 2008-09 Budget Trailer Bill includes language that would amend current CMSP statutes in two ways. One amendment would permanently suspend the State General Fund contribution of up to \$20.2 million each year to CMSP. This first amendment is of some concern to CMSP counties because it would permanently relieve the State of financial participation in the program. The second amendment would authorize the State Controller to deposit amounts received by CMSP into the CMSP Subaccount of the Sales Tax Growth Account in lieu of depositing these amounts into the CMSP Account in the Local Health Services Fund that is (now) administered by the State Department of Public Health. This second amendment is supported by the Governing Board as a means for streamlining management and accounting of CMSP funds at the State level. Both provisions were approved by the Senate Budget Committee. Following discussions with legislative supporters of CMSP in the Assembly, it was determined that the Governing Board will not seek Budget Conference Committee consideration of the Senate action to permanently suspend the State General Fund contribution to CMSP.

SB 1238 (Cox) was briefly discussed. This legislation would require the State Department of Mental Health to pay interest on all amounts owed to counties for services delivered by counties when payment for such services exceeds 90 days. While the legislation is moving, Democrats in the Senate made it clear that the net cost of any interest amounts paid will have to be taken from the amount budgeted for the Department; no additional funding will be appropriated to the Department for such payments.

Report from Eligibility Committee

Cathi Grams, Committee Chair, reported that the committee is looking at two issues for possible future action. The first is clarification of requirements for timely processing of CMSP applications and reapplications by county welfare departments. The second is clarification of the role of authorized representatives that seek to represent CMSP applicants in their eligibility process. The Committee will report recommendations on both of these matters in May.

Report from Planning and Benefits Committee

Ms. Alison Kellen, Program Specialist for Healthcare Operations, reported on behalf of Phyllis Murdock, Committee Chair. Ms. Kellen provided reports on the Behavioral Health Pilot Project and the CMSP Disability Referral Program.

Behavioral Health Pilot Project

Ms. Kellen outlined a proposal to commit a portion of the remaining balance of funding for the Pilot Project to funding site-level administrative costs at a higher level than originally approved. The purpose of the proposed increase is to address the cost of additional data collection that will be required of all sites and to support travel expenses for key staff from the sites to attend the CMSP Behavioral Health Pilot Project convening slated for Summer 2009. The proposal calls for increasing the amount of funding for administrative costs in years 2 and 3 of the Pilot Project from 10% of estimated direct services reimbursements to 15% of estimated direct services reimbursements.

ACTION MSC: Approve an increase in administrative funding for Behavioral Health Pilot Project sites for years 2 and 3 of the pilot project so that funding provided in these two years is 15% of estimated funding for direct services instead of 10% of estimated funding for direct services.

from the Medi-Cal Program for the services rendered.

Ms. Kellen presented data on recoveries made by Blue Cross from this effort. For FY 2006-07, CMSP recovered over \$9 million. To date, recoveries in FY 2007-08 have reached over \$9 million and beginning in September 2007 retroactive recoveries increased substantially. On average, 73% of the amount recovered each month can be attributed to members identified through the CMSP Disability Referral Program.

Ms. Kellen outlined the current process for making incentive payments to counties under the Disability Follow-up Incentive Payment Program. Currently, counties are paid \$300 for each case when the county Social Services Department successfully initiates a Disability Determination Service Division (DDSD) application to the State after receiving a referral from the CMSP Governing Board. Total funding for the program in the FY 2007-08 CMSP Budget is \$375,000.

Ms. Kellen reported that two issues hamper processing of cases that were referred to counties for Medi-Cal disability application processing:

- The Governing Board is not always notified by the county of the DDSD's approval or denial of disability in the CMSP member's case; and,
- CMSP members' aid codes are not always correctly changed by the county Social Services Department to a Medi-Cal aid code back to the onset date of disability established by State DDSD.

To further reinforce the policies and procedures in the Disability Follow-Up Incentive Payment program, Ms. Kellen outlined a proposed change in the incentive program to increase the incentive payment from \$300 to \$400 and make the payment in two equal parts following achievement of two key deliverables by county offices:

- 1) When the application is successfully submitted to DDSD by the county; and,
- 2) When the Governing Board is notified by the county of DDSD's disability determination, and if the member was determined disabled, the county has correctly adjusted the CMSP member's aid code in the Medi-Cal eligibility system.

The Planning and Benefits Committee considered the proposal and recommended approval, pending review by the Eligibility Committee. The Governing Board referred the proposal to the Eligibility Committee for consideration and development of a recommendation.

Mr. Matthew Hymel, County Administrator for Marin County, asked about limitations on CMSP eligibility when a CMSP member is incarcerated in the county jail. Discussion ensued. Mr. Kemper was asked to investigate this issue and, at a future meeting, present the Governing Board with options for modifying this requirement.

Report on Work Measurement Study Next Steps

Mr. Kemper reported that the Nolan Company has completed the survey of the 11 work measurement study counties regarding the proportion of CMSP applications and reapplications that are filed in-person versus those submitted via mail-in/other means and has initiated a survey for the remaining 23 CMSP counties for the entire month of April. Following data collection, the Nolan Company will tabulate and incorporate the findings into the methodology for determining projected staffing levels for the 34 CMSP counties.

Mr. Kemper reported that he separately convened a work group of the Eligibility Committee to review certain "best practices" that the Nolan Company identified in the CMSP Work Measurement Study report presented to the Governing Board. Mr. Kemper presented a summary set of work group findings that show the practices separated into four categories: low priority concepts, potential opportunities, uncertain opportunities, and potential policy change.

Mr. Kemper expressed his expectation that the Nolan Company will be prepared to present county-specific findings in May if all counties participating in the survey complete the survey responses in accordance with Nolan Company timelines. He also expressed his expectation that findings from the Nolan Company could be translated into budget concepts for consideration by the Governing Board in the FY 2008-09 CMSP Budget.

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 non-hospital and non-FQHC/RHC/THP provider claims. Test data will be submitted to EDS for physician and physician group claims. Test files for other provider types will be developed and sent at a later time. Corollary efforts are underway with MedImpact for the processing of pharmacy claims.
- **Specialty Care Provider Recruitment:** The outcome of Blue Cross' specialty care provider recruitment was a net increase of approximately 300 specialty care providers distributed across the CMSP counties.

Agreement for Legislative Representation with Peterson Consulting

Mr. Kemper reported that the contract term with Peterson Consulting for legislative representation services ended December 31, 2007 and that Mr. Kemper, pursuant to direction from the Governing Board at the February 22 meeting, had negotiated terms of a contract extension for Peterson Consulting. Mr. Kemper outlined the terms.

ACTION MSC: Approve a three-year contract with Peterson Consulting for legislative representation services commencing January 1, 2008 and ending December 31, 2010 at a beginning rate of \$3962 per month with a 4% annual increase to take effect January 1, 2009 and January 1, 2010. Authorize the Administrative Officer to execute a contract amendment consistent with these terms.

APPROVED	Votes:	Aye	8
		Nay	0

Agreement for Legal Services with McDonough, Holland and Allen

Mr. Kemper reported that the contract term with McDonough, Holland and Allen for legal services ended December 31, 2007 and that Mr. Kemper, pursuant to direction from the Governing Board at the February 22 meeting, had negotiated terms of a contract extension for McDonough Holland and Allen. Mr. Kemper outlined the terms.

ACTION MSC: Approve a three-year contract with McDonough Holland (MHA) and Allen for legal services commencing January 1, 2008 and ending December 31, 2010 with an hourly rate of \$350 for Shareholders and Of Counsels and an hourly rate of \$250 for Associates. Authorize the Administrative Officer to execute a contract amendment with MHA consistent with these terms.

APPROVED	Votes:	Aye	8
		Nay	0

CMSP Financial Reports

FY 2007-08 Administrative Office Expenditures Year to Date

Ms. Brownstein presented a report on year-to-date actual versus budgeted Administrative Office expenditures. As of February 28, 2008, expenditures of \$1,944,095.45 have been made against projected expenditures of \$3,052,525.00.

CMSP Fund Balance

Ms. Brownstein reported that the cash balance in the CMSP Fund as of February 28, 2008 was \$178,765,689.46 and the balance of total CMSP funds in all accounts as of February 28, 2008 was \$275,271,752.15.

CMSP Program Review

Ms. Brownstein reported that the contract with Perry-Smith LLP to conduct a program review of CMSP has been executed and planning is underway for initiation of the review beginning the first week of April. The review will focus on the following matters:

- 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;
- Review of Administrative Office expenditures and internal controls to assure appropriate expenditure of funds; and,
- Analysis of CMSP contingency reserve.

Selection of Firm for Actuarial Analysis of Claims Reserve

Ms. Brownstein reported that proposals from three firms were reviewed and representatives of the three firms were interviewed by the Administrative Officer and Controller. Following this process, the Administrative Officer and Controller recommended that the Executive Committee consider two firms for the engagement. During a conference call on March 19, 2008 the Executive Committee discussed the merits of both firms but took no formal action. Board members further discussed the matter.

ACTION MSC: Authorize the Administrative Officer, with the assistance of the CMSP General Counsel, to negotiate and execute a contract with Healthcare Analytical Solutions for completion of the actuarial analysis of the CMSP Claims Reserve.

APPROVED	Votes:	Aye	8
		Nay	0

Public Comments

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