

**MINUTES**  
**CMSP GOVERNING BOARD**  
Thursday, April 24, 2008

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

**MEMBERS PRESENT**

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  
Bob Pickard, Supervisor, Mariposa County  
David Shoemaker, County Administrator, Glenn County  
Elliott Smart, Social Services Director, Plumas County

**MEMBERS ABSENT**

Gayle Erbe-Hamlin, Health Director, El Dorado County  
Loretta Nickolaus, County Administrator, Humboldt County  
Bob Sands, Assistant Secretary, California Health and Human Services Agency  
Alene Taylor, Supervisor, Kings County  
Brad Wagenknecht, Supervisor, Napa County

**Welcoming Remarks and Public Comments**

Mr. Bob Pickard, Chair, opened the meeting and invited public comments. There were no public comments.

**Correspondence and Consent Calendar**

Mr. Pickard requested a motion on the Correspondence and Consent Calendar.

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

|          |        |     |   |
|----------|--------|-----|---|
| APPROVED | Votes: | Aye | 6 |
|          |        | 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, the Legislature is entering the end of consideration of bills in their house of origin and state budget negotiations continue. The budget subcommittees are looking at various cutbacks. Most controversial actions in the healthcare area are the Medi-Cal provider rate reductions. The Legislature is particularly concerned about upcoming financial problems in certain county hospitals and the tie between Medi-Cal rate reductions and those local hospitals. San Joaquin County Hospital is one notable example. Others include two county hospitals in Los Angeles County. The impending Medi-Cal provider rate cuts will undoubtedly exacerbate the strains on these public facilities. At this time, it is uncertain how this situation will be addressed.

Also under discussion by the Legislature, at least in some circles, are opportunities to redirect funding from Proposition 63 (mental health) and Proposition 10 (early childhood education) through use of a legislative supermajority that would permit a county Board of Supervisors to redirect funds from these two sources to other local mental health and health programs.

At this time, the most optimistic view of how to solve the FY 2008-09 State Budget is through the following:

- New potential revenue sources, such as an increase to the Vehicle License Fee (VLF), that earmarks the revenue to support public safety and puts a sunset on the increase. This would be both a backfill of other reductions to local enforcement and an increase. The concept assumes that the Legislature would authorize the county Board of Supervisors to increase the VLF. The concept would be submitted to the voters for approval. Another example is an increase in the sales tax to pay solely for K-14 education. At this time, no Republican has signed on to this concept.
- Leave the California Lottery for 30 years and take the money in the FY 2008-09 and FY 2009-10 State Budgets (estimated to be about \$12 billion). Under this concept, the State would not get any lottery money for the next 28 years and the State would need to determine how to pay schools.

The Governor has put forward a proposal to rigidly control budget time-lines, program increases, funding levels and related changes to governance and the structure of

budgeting for state and local government. The complementary component is a set of tax increases. The overall goal is to wean the budget process from autopilot spending to one controlled by a new disciplined process.

Discussion ensued on Mr. Peterson's report. Concerns were expressed about the potential implications for Realignment funding under the alternative scenarios outlined by Mr. Peterson.

### **Report from Planning and Benefits Committee**

Ms. Alison Kellen, Program Specialist for Healthcare Operations, reported on behalf of Phyllis Murdock, Committee Chair. Ms. Kellen outlined recommendations from the committee on proposed FY 2008-09 CMSP Budget concepts. The recommendations were advisory only because the committee did not have a quorum to take a formal vote. The committee recommended that the Governing Board include all of the following concepts in the FY 2008-09 CMSP Budget for further consideration:

- B1 FQHC/RHC/THP Rate Increase
- B2 Outpatient Hospital Rate Increase
- B3 Dental Benefit: General Anesthesia
- B4 Dental Benefit: Crowns
- B6 Transitional Skilled Nursing Facility Benefit
- B11 FY 2008-09 County Participation Fees

The Committee recommended the following budget concepts be deferred for future consideration:

- B5 Modification of 3-Day Per Episode Cap on Inpatient Mental Health
- B7 Expansion of CMSP Eligibility to 250% FPL
- B8 Expand CMSP Enrollment Terms to 6 Months for All Members
- B9 Revision of County Eligibility Administration Funding
- B10 CMSP Members Incarcerated in County Jails

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

### **Proposed FY 2008-09 CMSP Budget**

Mr. Kemper briefly presented the base assumptions and trends for the proposed FY 2008-09 CMSP Budget. Following discussion, the Governing Board then considered the list of proposed budget concepts and the advisory recommendations of the Planning

and Benefits Committee. Discussion ensued among Board members.

**ACTION MSC:** In accordance with the recommendations of the Planning and Benefits Committee, include the following budget concepts in the proposed FY 2008-09 CMSP Budget for further consideration by the Governing Board:

- B1 FQHC/RHC/THP Rate Increase
- B2 Outpatient Hospital Rate Increase
- B3 Dental Benefit: General Anesthesia
- B4 Dental Benefit: Crowns
- B6 Transitional Skilled Nursing Facility Benefit
- B11 FY 2008-09 County Participation Fees

|          |        |     |   |
|----------|--------|-----|---|
| APPROVED | Votes: | Aye | 6 |
|          |        | Nay | 0 |

Ms. Brownstein presented the proposed FY 2008-09 Administrative Operations Budget. Brief discussion ensued but no action was taken.

### **Report on Work Measurement Study Next Steps**

Mr. Kemper reported that the Nolan Company is currently surveying approximately 10 counties that were not previously surveyed regarding the proportion of CMSP applications and reapplications that are filed in-person versus those submitted via mail-in/other means. In early May, following data collection, the Nolan Company will tabulate and incorporate the findings into the methodology for determining projected county eligibility staffing levels for the 34 CMSP counties. Mr. Kemper expressed optimism that initial findings from the Nolan Company will be developed in time to report at the May Board meeting and final Nolan Company recommendations will be presented in June.

Mr. Kemper also reported that he is working with the Nolan Company on how the workload measurement findings will be represented for case-carrying and non case-carrying county staff so that an accurate accounting of the time is reflected for both types of workload in the combined FTE funding formula (i.e. the so-called "fully loaded worker") typically used for county welfare departments.

### **Report on Program Administration by BC Life & Health**

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

- Medi-Cal Retroactive Payment Recovery Project – Blue Cross has successfully submitted an electronic file for physician and physician group claims and is moving the file into production; other provider types are under review.
- Data and Data System Development – The hardware for the CMSP Data Mart has been installed and software development is underway. In addition, Blue Cross is working through data reporting issues and will be presenting re-run files by the end of April.
- Pre-Enrollment Claims – Several claim forms have been received by the CMSP Administrative Office but no claims have been received yet by Blue Cross.
- Care Management – Blue Cross has fully staffed this team and these services are now underway; the Lewin Group will be evaluating the overall project and outcomes.
- Name Change for Blue Cross – A contract amendment was signed by Bob Pickard, Governing Board Chair, that formally recognizes the new name of BC Life & Health, which is Anthem/Blue Cross.

### **CMSP Financial Reports**

#### FY 2007-08 Program Expenditures Year to Date

Ms. Brownstein presented a report on year-to-date actual versus budgeted Program expenditures. As of March 31, 2008 program expenditures of \$173,028,021 have been made against projected expenditures of \$262,130,978. In addition, as of March 31, 2008, program revenues of \$233,571,990 have been received against projected revenues of \$263,622,481.

#### 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 March 31, 2008 expenditures of \$2,207,178.05 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 March 31, 2008 was \$103,243,477.66 and the balance of total CMSP funds in all accounts as of March 31, 2008 was \$275,643,296.03.

### **Public Comments**

There were no public comments and Mr. Pickard adjourned the meeting.