

**MINUTES**  
**CMSP GOVERNING BOARD**  
Thursday, May 22, 2008

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

**MEMBERS PRESENT**

Gayle Erbe-Hamlin, Health Director, El Dorado 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

**MEMBERS ABSENT**

Cathi Grams, Employment and Social Services Director, Butte County  
Matthew Hymel, County Administrator, Marin 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 May 22, 2008 Correspondence and Consent Calendar.

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, the CSAC Spring Legislative Conference is underway and Governor Schwarzenegger will be meeting with the CSAC Board of Directors to discuss the May Revision proposals for the FY 2008-09 State Budget and associated proposed constitutional amendments.

The proposed FY 2008-09 State Budget now includes a proposal to “securitize” the State Lottery and provide California with an immediate infusion of \$15 billion over three years – about \$5 billion a year. However, the amount owed to the schools each year from the Lottery would need to be paid from these amounts. Because the State Lottery was approved by initiative, the Governor has proposed a November 2008 ballot initiative to change the Lottery in a manner that would both securitize the State Lottery and give the administrator of the Lottery more discretion with game structure, prize winnings, and advertising, among other areas. If the voters do not support the proposed revisions to the State Lottery, the Governor has proposed a 1 cent sales tax fallback plan that would generate up to \$6 billion each year for a defined time period.

The Legislative Analyst has criticized the State Lottery proposal saying that the Department of Finance has over-estimated the income through securitizing the Lottery and the only way to get to the \$15 billion figure is through very aggressive lottery ticket sales, not seen before in California. Alternatively, the Legislative Analyst has proposed a more modest securitizing concept that seeks to make \$2.8 billion available to the State Budget.

In the May Revision, the Governor’s proposed budget retains – in the main – the Governor’s 10% across the board budget reduction proposal, with the exception of education, which has been relieved of these reductions. In addition, the Governor has proposed a number of additional reductions, including reductions to Medi-Cal that could impact counties and CMSP.

The general response from the Legislature to the May Revision is skeptical, including the response from the Republicans. However, there appears to be less skepticism around the Legislature that a State Budget will get passed. The potential of a “cash crisis” in late July or early August appears to be generating some incentive on the part of the Legislature to solve the State Budget sooner than later. Republicans are looking to three areas where some one-time revenue can be generated: 1) sell excess

property; 2) expand the use of Proposition 63 mental health funding beyond the limits of the initiative; and, 3) redirect Proposition 10 (First Five) money.

Beyond a revised State Lottery securitization strategy, the Legislative Analyst has also proposed various tax “loophole” closures that would generate revenue, but these have yet to be considered, as well as a proposal to broaden the application of the state sales tax by lifting various exclusions (such as the exclusion on services and certain supplies) in addition to a temporary increase of the sales tax vis-à-vis the State Lottery proposal.

To counties, the biggest issues are program funding reductions in the health and human services area as well as changes in benefits or eligibility in state programs that would have spillover impacts on counties. In addition, approximately \$500 million in local law enforcement funds for small counties has been cut, although it is unclear at this time whether this reduction can be sustained through the final budget decision process.

In the Medi-Cal area, two May Revision budget proposals could have significant impacts on counties and CMSP. These are:

- Elimination of dental services for adults under Medi-Cal. This optional benefit, along with a variety of others, is proposed for elimination. State General Fund savings of \$115 million is projected for elimination of dental services only. Adults otherwise eligible for Medi-Cal are likely to seek dental services from counties and other safety-net providers in the absence of this coverage.
- Elimination of eligibility for Medi-Cal under 1931(b). This Medi-Cal eligibility category is for low-income, intact families with incomes up to 100% of the Federal Poverty Level (FPL). The proposal calls for reducing eligibility under this program to 61% of the FPL. State General Fund savings of \$31.2 million is projected for FY 2008-09 and it expected to reach \$342.5 million in State General Fund savings by 2011-12. Adults in families currently covered under the 1931(b) program would lose eligibility will likely turn to counties and other safety-net providers in the absence of this coverage.

Discussion among Board members ensued.

ACTION MSC:       Governing Board send a letter opposing the proposed changes to Medi-Cal and outlining the impacts of these program reductions on CMSP counties and CMSP.

APPROVED	Votes:	Aye	8
		Nay	0

## **Report from Eligibility Committee**

Mr. Kemper reported on behalf of Ms. Cathi Grams, Committee Chair, what was absent from the meeting.

### Disability Follow-Up Incentive Payments: Proposed Modification

To further reinforce the policies and procedures in the Disability Follow-Up Incentive Payment program, it is proposed that future incentive payments to counties beginning in FY 2008-09 be increased from \$300 to \$400 and be paid to counties in two equal parts following achievement of two key deliverables:

- 1) When the application is successfully submitted to DDS by the county; and,
- 2) When the Governing Board is notified by the county of DDS'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.

At its March 27 meeting, the Planning and Benefits Committee took action to recommend Governing Board approval of the proposal. At its May 19 meeting, the Eligibility Committee took action to recommend Governing Board approval of the proposal.

**ACTION MSC:** Governing Board approve an increase in the Disability Follow-Up Incentive Payment to \$400 and payment of the incentive in two equal parts following achievement of two key deliverables (see above).

APPROVED	Votes:	Aye	8
		Nay	0

### Treatment of Federal Tax Rebates

Recently Medi-Cal released an All County Welfare Directors Letter stating that the Economic Stimulus Act of 2008 Tax Rebate checks will be exempt from both income and property determinations in the month of receipt and the following two months.

Currently the CMSP Manual Section 7-043 (Tax Refunds) includes Tax Refunds in the property reserve the month after receipt. At its May 19 meeting, the Eligibility Committee considered the merits of retaining current eligibility policy on tax refunds or following the Medi-Cal policy and took action to recommend that CMSP follow the Medi-

Cal policy on the treatment of the 2008 Tax Rebate checks and the Governing Board approve this policy change.

**ACTION MSC:** Governing Board approve the policy that Rebate Checks provided to CMSP members under the Economic Stimulus Act of 2008 shall be treated as exempt from both income and property determinations in the month of receipt and the following two months.

APPROVED	Votes:	Aye	8
		Nay	0

#### Promptness Requirement for Processing of CMSP Applications/Reapplications

At its May 19 meeting, the Eligibility Committee discussed the matter of timely processing of CMSP applications and reapplications and proposed revisions to the CMSP Eligibility Manual that align with the Medi-Cal program and would clarify the time frames for processing of CMSP eligibility applications and reapplications. In addition, other language would clarify what constitutes "good cause" for exceeding the 45-day time limit for application and reapplication processing.

The Eligibility Committee took action to recommend that the Governing Board approve the proposed policy and CMSP Eligibility Manual changes concerning the processing of CMSP applications and reapplications.

**ACTION MSC:** Governing Board approve proposed changes to the Eligibility Manual that clarify the time frames for processing CMSP applications and reapplications and what constitutes "good cause" for exceeding the 45-day time limit for application and reapplication processing.

APPROVED	Votes:	Aye	8
		Nay	0

#### CMSP and Authorized Representatives

Mr. Kemper reported that currently there is no formal section in the CMSP Eligibility Manual addressing the role of authorized representatives. The current CMSP Eligibility Manual contains only one reference to an "authorized representative," which is under Section 3-030 and refers to an "authorized representative" in cases where the applicant

or "authorized representative" is incapacitated and unable to complete the interview process.

At its May 19 meeting, the Eligibility Committee considered proposed revisions to the CMSP Eligibility Manual to establish clear requirements and processes for the designation of authorized representatives in CMSP and took action recommending the Governing Board's approval of the proposed changes to the CMSP Eligibility Manual on this matter.

ACTION MSC:       Governing Board approve proposed requirements and processes for the designation of authorized representatives in CMSP as recommended by Eligibility Committee.

APPROVED	Votes:	Aye	8
		Nay	0

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

At its May 19 meeting, the Eligibility Committee considered the following proposed budget concepts for the FY 2008-09 CMSP Budget and recommended the following actions by the Governing Board:

- 1) Modification of 3-Day Per Episode Cap on Inpatient Mental Health Services.
  - Deferred to Planning and Benefits Committee
- 2) Expansion of CMSP Eligibility to 250% FPL.
  - Recommended deferring action until determinations in FY 2008-09 State Budget are made regarding Medi-Cal eligibility and benefit changes
- 3) Extension of CMSP Enrollment Terms to Six Months for All Members.
  - Recommended proceeding with modification of CMSP enrollment terms for SOC members to 6 months.
- 4) Revision of County Eligibility Administration Funding.
  - Recommended deferring action until findings are presented from Robert E. Nolan Company study of CMSP county eligibility administration.

- 5) CMSP Members Incarcerated in County Jails.
  - Recommended against a formal eligibility process that requires direct interaction between county jails and county welfare departments concerning CMSP eligibility, but deferred to the Governing Board on the policy question of some other mechanism for CMSP to fund the health care costs of CMSP members incarcerated in county jails.

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

Ms. Alison Kellen, Program Specialist for Healthcare Operations, reported on behalf of Phyllis Murdock, Committee Chair. Ms. Kellen reported that the Committee had considered the following proposed FY 2008-09 Budget concepts:

- 1) Modification of 3-Day Per Episode Cap on Inpatient Mental Health
- 2) Expansion of CMSP Eligibility to 250% FPL
- 3) Expand CMSP Enrollment Terms to 6 Months for All Members
- 4) Revision of County Eligibility Administration Funding
- 5) CMSP Members Incarcerated in County Jails

Ms. Kellen reported that the committee was not prepared to make recommendations at this time due to uncertainty about the proposed FY 2008-09 State Budget and the potential impacts on CMSP and CMSP counties of various proposed Medi-Cal changes.

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

Mr. Kemper briefly presented the base assumptions and trends for the proposed FY 2008-09 CMSP Budget and projections for the following two fiscal years. Following discussion, the Governing Board deferred further consideration of the remaining proposed budget concepts until the June Governing Board meeting.

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

Mr. Kemper reported that the Nolan Company has completed the survey of counties regarding the proportion of CMSP applications and reapplications that are filed in-person versus those submitted via mail-in/other means, but that final study results could not be completed in time for the May Governing Board meeting. The Nolan Company will present findings and recommendations from the county eligibility administration work measurement study in June.

## Report on Program Administration

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

Anthem Blue Cross:

- Data Reporting and Data System Development – Blue Cross is continuing to work through various data reporting issues and hopes to resolve these shortly.
- Notice on CMSP Payment Rates – A notice will be going out to providers to inform them about two matters: 1) CMSP Pre-Enrollment Claims Payment Policy for payment of emergency services; and, 2) Clarification that CMSP provider payment rates are separate and distinct from Medi-Cal provider payment rates and that proposed Medi-Cal provider rate reductions **do not and will not** apply to CMSP.

MedImpact:

- Data coding and systems development efforts are well underway for the Medi-Cal retro claims recovery project. Based upon the work completed to date, it is projected that claims to Medi-Cal will be submitted early in the new fiscal year.

## Proposed Staffing Change: Administrative Assistance Support

Mr. Kemper outlined proposed changes in the duties of Administrative Assistant support staff in the CMSP Administrative Office. Under the proposed changes, one position (Accounting/Administrative Assistant) would focus on administrative support for the Administrative Officer and Controller and provide direct support on finance and the accounting function. The second position (Administrative Assistant) would focus on general office duties and support the CMSP Disability Referral program.

ACTION MSC:       Governing Board approve the proposed changes in duties for the administrative assistant support in the CMSP Administrative Office.

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 April 30, 2008 expenditures of

\$2,532,896.07 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 April 30, 2008 was \$117,190,291.16 and the balance of total CMSP funds in all accounts as of April 30, 2008 was \$275,252,929.23.

**Public Comments**

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