

MINUTES
CMSP GOVERNING BOARD
Thursday, June 26, 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

MEMBERS ABSENT

Cathi Grams, Employment and Social Services Director, Butte County
Matthew Hymel, County Administrator, Marin 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 June 26, 2008 Correspondence and Consent Calendar.

APPROVED	Votes:	Aye	7
		Nay	0

Report on Closed Session

Mr. Lee Kemper, Administrative Officer, 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, provided a brief summary report concerning the actions of the Legislative Budget Conference Committee. The Committee has not met for the past week but the four legislative leaders have met in attempt to draft parameters for Conference Committee action. Items in the health and human services area are crucial because of the impacts on counties of the Governor's proposals, if approved. In general, the Legislature has rejected the Governor's proposals. However, most big items have not been resolved and the basic question about how to address the revenue shortfall has not been resolved. The federal referee overseeing the State Corrections health care system is looking for another \$5 billion in fiscal year 2008-09. The Democrats proposed a bond issue to finance the cost but the proposal was rejected by the Republicans.

There are working groups that are attempting to draft compromise solutions for the Conference Committee that resolve disagreements between Democrats in both houses and between Democrats and Republicans. The Legislative Analyst has proposed a number of compromises but many have been rejected. To date, about 98% of the individual items have been resolved, but this represents only 70% of the money issues. A remaining 30% of the money issues must be resolved.

Seemingly, the Governor does not want to participate in any more so-called "Big Five" meetings with the legislative leaders. Rather, he is simply waiting for the Legislature to take action on his proposals. At least until the four legislative leaders agree on an approach, the Conference Committee will not meet. Six Republican votes are needed in the Assembly and two Republican votes are needed in the Senate in order to move the state budget. Republicans have stated they won't support a tax increase but they have not state unequivocally that they would not support "revenue increases." At the same time, until the Republican caucus in the Assembly agrees to release Republican votes, no action is likely to take place.

Mr. Bob Sands, Assistant Secretary for the California Health and Human Services Agency and ex-officio Governing Board member, reported that the Conference Committee is considering negating some portion of the 10% Medi-Cal provider payment rate reduction previously approved by the Legislature. However, it appears that the provider payment rate reduction will take effect on July 1, notwithstanding pending litigation to block implementation.

Mr. Peterson reported that the Conference Committee is operating under the Closed Conference Committee rule so that only those items of difference between the houses are under Conference Committee consideration. However, the Conference Committee has not yet adopted a "Not in Conference" (NIC) list yet. Therefore, proposals by the Governor to eliminate dental benefits for adult Medi-Cal beneficiaries and to reduce the eligibility standard for adults covered by Medi-Cal under the 1931b program have not been formally rejected by the Conference Committee and closed out. As a result, there is continued risk to counties and CMSP should these proposals end up making their way into the FY 2008-09 State Budget. It is expected that the Conference Committee will be required to revisit at least some of the issues that have already been addressed as the Committee searches for additional savings to balance the budget. These may include items that have, to date, not been in Conference Committee.

Mr. Peterson suggested that the Legislature will likely have to adopt some number of cuts in the health and human services in order to get Republican support for revenues. The legislative leadership is currently determining what the major issues of contention are.

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 although the Committee did not have a quorum, the members in attendance considered the following proposed FY 2008-09 Budget concepts:

- C1 (#1) Modification of 3-Day per Episode Cap on Inpatient Mental Health
- C1 (#2) Coverage for Psychiatric Health Facility Care
- C2 Expansion of CMSP Eligibility to 250% FPL
- C3 Expand CMSP Enrollment Terms to 6 Months for Selected Members
- C4 Revision of County Eligibility Administration Funding
- C5 CMSP Members Incarcerated in County Jails
- C6 Replacement/Repair of Eyeglass Frames and Lenses

Ms. Kellen reported that due to a lack of quorum, the Committee's recommendations were not from the full committee, only those Committee members in attendance. With this caveat, Ms. Kellen outlined the Committee's recommendations. Of the proposed budget concepts under consideration, the Committee recommended only the following three concepts be approved and included in the FY 2008-09 CMSP Budget:

- C1 (#1) Modification of 3-Day per Episode Cap on Inpatient Mental Health – Expand the limit to not more than 6 days per episode of inpatient mental

health care and retain the existing total benefit limit of 10 days of inpatient mental health care.

- C1 (#2) Coverage for Psychiatric Health Facility Care – Expand the provider network for delivery of inpatient mental health services to include psychiatric health facilities (PHP) and apply the same benefit limits as those applied to general acute care hospitals providing inpatient mental health care. In addition, two-year contracts should be set with PHP providers and overall performance, utilization and cost should be evaluated after the first contract year to determine impacts.
- C6 Replacement/Repair of Eyeglass Frames and Lenses – Provide a once per lifetime allowance of \$80 for lost, stolen or broken eyeglass frames or lenses.

The Governing Board accepted the recommendations from the Planning and Benefits Committee.

Proposed FY 2008-09 CMSP Budget

Ms. Kari Brownstein, Controller, presented the proposed FY 2008-09 Administrative Operations Budget, outlining major assumptions and changes. Discussion ensued.

ACTION MSC: Approve the proposed Administrative Operations Budget for FY 2008-09.

APPROVED	Votes:	Aye	7
		Nay	0

Mr. Kemper presented the proposed FY 2008-09 Program Budget, outlining major assumptions and changes. The Governing Board considered the proposed budget and discussed the recommendations from the Planning and Benefits Committee.

ACTION MSC: Approve the proposed Program Budget for FY 2008-09 and include the following budget concepts recommended by the Planning and Benefits Committee: C1 (#1), C1 (#2), and C6.

APPROVED	Votes:	Aye	7
		Nay	0

Discussion ensued on the proposed concept C5 (CMSP Members Incarcerated in County Jails). The Governing Board directed the Administrative Officer to develop further data on CMSP members incarcerated in county jails and current county costs

associated with the population. In addition, the Board indicated that the issue should be further discussed during the fall strategic planning meeting of the Governing Board.

Report on Work Measurement Study Next Steps

Mr. Bob Grasing, President of the Robert E. Nolan Company, made a presentation of final study findings to the Governing Board. Mr. Grasing discussed all of the following:

- Overall findings on time required for CMSP application and re-application processing by counties;
- A sample methodology for determining the number of full-time equivalent (FTE) workers required to complete CMSP eligibility administration in each county based upon the study findings;
- A sample method for FTE staffing requirements into a proposed funding allocation for CMSP eligibility administration for each county; and,
- Next steps required, including additional data needed, so that proposed funding allocations for CMSP eligibility administration can be developed for each county based upon the study findings.

Following Mr. Grasing's presentation, Mr. Kemper outlined several key policy issues for consideration by the Governing Board as a part of determining the overall approach for funding CMSP eligibility administration in FY 2008-09 and in subsequent years. These included the following:

- What assumptions should the Governing Board make about existing work processes of counties and the ability of counties to improve their business practices in ways that reduce time and cost to CMSP?
- What role should current technology, such as on-line eligibility with C4Yourself, play for CMSP, as a means for reducing eligibility worker processing time and facilitating the application process for CMSP applicants and providers?
- As a part of increasing funding for CMSP eligibility administration, what requirements should the Governing Board set for accuracy (eligibility errors), timeliness (less than 45 days) and completeness (process errors), or similar requirements?
- Should CMSP eligibility changes, such as the proposal to extend the terms of SOC members from 3 to 6 months, be considered within the context of overall costs for eligibility administration?
- What overall outcomes does the Governing Board want to achieve through provision of increased funding for CMSP eligibility administration?
- Should performance-based rewards and consequences be incorporated to promote achievement of program-wide outcomes?

The Governing Board deferred an overall discussion of the issues to the fall Strategic Planning Meeting of the Governing Board. Mr. Kemper reported that he would bring back two issues for further discussion by the Board in July due to the timeframe required for system programming should the Governing Board want to pursue these changes:

- On-line CMSP eligibility through C4Yourself, as a part of the conversion of the ISAWS counties to C-IV that will begin August 2009; and,
- Proposed extension of the enrollment terms of SOC members from 3 to 6 months.

Report on Program Administration

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

Anthem Blue Cross:

- Medi-Cal Retro Recovery Project – A major barrier has arisen in system programming due to certain data requirements set by the Medi-Cal program. Consideration of an alternative approach is underway, but it is possible that the project cannot be completed if the data issues cannot be resolved. A request has been made to the Medi-Cal program to provide an alternative method concerning the required data.

MedImpact:

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

Proposed Amended Conflict of Interest Code

A proposed amended Conflict of Interest Code was posted on the Governing Board's website on April 3, 2008 seeking public comment on proposed changes to the Code. No public comments on the proposed amended Code were received during the 45-day public comment period. At the meeting, the Governing Board considered the proposed amendments to the Board's Conflict of Interest Code.

ACTION MSC: Approve the proposed amended Conflict of Interest Code.

APPROVED	Votes:	Aye	7
		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 May 31, 2008 expenditures of \$2,714,006.54 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 May 31, 2008 was \$40,318,928.22 and the balance of total CMSP funds in all accounts as of May 31, 2008 was \$265,402,925.83.

Public Comments

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