

MINUTES
CMSP GOVERNING BOARD
Thursday, August 6, 2009

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

MEMBERS PRESENT

Gayle Erbe-Hamlin, County Administrator, El Dorado County
Matthew Hymel, County Administrator, Marin County
Marta McKenzie, Health and Human Services Agency Director, Shasta County
Leslie McNamer, Supervisor, Del Norte County
Vern Moss, Supervisor, Madera County
David Shoemaker, County Administrator, Glenn County
Elliott Smart, Social Services Director, Plumas County
Jo Weber, Social Services Director, Sonoma County

MEMBERS ABSENT

Valerie Lucero, Health Services Agency Executive Director, Tehama County
Bob Sands, Assistant Secretary, California Health and Human Services Agency
Brad Wagenknecht, Supervisor, Napa County

Welcoming Remarks and Public Comments

Mr. Elliott Smart, Chair, opened the meeting and invited public comments. There were no public comments.

Correspondence and Consent Calendar

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

ACTION MSC: Approve the August 6, 2009 Correspondence and Consent Calendar.

Approved	Votes:	Aye	8
		Nay	0

Report on Closed Session

Ms. Cathy Salenko, CMSP General Counsel, reported that the Governing Board met in Closed Session and provided direction to the Administrative Officer concerning all of the following: termination of the provider contract with Mendocino Community Health Clinics,

Inc; contract terms pertaining to negotiations with specified health care providers; and, contract terms associated with Third Party Administration Services provided by Anthem Blue Cross. Further, the Board discussed pending Governing Board litigation against Mendocino Community Health Centers, Inc. and an anticipated litigation matter and provided direction to the Administrative Officer and General Counsel regarding these matters. Finally, the Governing Board conducted a conference with labor negotiators concerning the Administrative Officer and gave direction to labor negotiators concerning this employee.

Report from Legislative Representative

Mr. Tom Renfree reported on behalf of Mr. Don Peterson, the Board's Legislative Representative. Mr. Renfree provided a brief report on the dynamics and outcomes of the last few days of the Legislature's process for approving changes to the FY 2009-10 State Budget.

Report from Eligibility Committee

Mr. Smart, Eligibility Committee Chair, reported that the committee considered and approved three changes to the CMSP Eligibility Manual. These changes are:

- Documentation of Status as an Alien Permanently Residing in the United States Under Color of Law (PRUCOL) – A revision to Section 5-013 was approved that would incorporate a technical change to provide instruction for the inclusion of Citizens of Palau to those islanders permitted to live, work or study in the United States without restrictions.
- Unavailable Income – A revision to Section 8-019 was approved that would exclude an advance or reimbursement from any source as income as long as the advance or reimbursement does not exceed the actual out-of-pocket cost of the applicant/beneficiary. Previously only advancements or reimbursements for employer covered expenses necessary for job performance were excluded.
- County Department Responsibilities: Other Health Coverage – A revision to Section 13-012 was approved that would make technical corrections in the instructions to counties to notify Blue Cross and the DHCS of other health care terminations. This is necessary due to DHCS All County Letter 09-25 which made obsolete the DHS 6155 OHC form and changed the reporting process from a paper one to one utilizing a secure email system/phone number.

The Committee requested that the Governing Board approve the proposed revisions to the CMSP Eligibility Manual.

ACTION MSC: Approve the three revisions (outlined above) to the CMSP Eligibility Manual.

Approved	Votes:	Aye	8
		Nay	0

Proposed FY 2009-10 Program and Administrative Office Budgets

The Governing Board approved the CMSP Program and Administrative Office Budgets at its June 25, 2009 meeting. The approved budgets were presented for informational purposes. No action was required or taken by the Board.

County Eligibility Administration Funding and Proposed Performance Standards/Measures

Mr. Kemper reported that the Board, at its June 25, 2009 meeting, approved changes to the method for allocating funds to counties for CMSP eligibility administration in FY 2009-10. The new method specifies that county allocations shall:

- Be based on the Nolan Company allocation methodology that incorporates the CMSP work measurement study findings and FY 2007-08 county data, which results in a funding increase of approximately \$3 million in FY 2009-10;
- Hold counties harmless so that no county receives less in FY 2009-10 than the county received in FY 2008-09; and,
- Cap the funding increase so that no county receives an increase greater than 30% more than the county's FY 2008-09 allocation.

The Board also directed the Administrative Officer to propose performance standards and measures to accompany the funding increase and new allocation method and to present a recommendation on the continuation of the county eligibility audits in FY 2009-10.

At the August 6 meeting, Mr. Kemper presented a proposed *CMSP Error Rate Performance Incentive*. Of the funds budgeted for county eligibility administration in FY 2009-10, Mr. Kemper proposed that 5% of these funds be retained for payment of the incentive according to the following parameters:

1. For a county with an error rate equal to 5% or less in the last audit cycle, the county must retain a minimum error rate of 5% to achieve the 5% allocation incentive.
2. For counties with an error rate of 6-10%, the county must achieve a minimum error rate of 5% to achieve the 5% allocation incentive.
3. For counties with an error rate of more than 10%, the county must achieve at least a 50% reduction in the error rate(e.g. a base error rate of 12% must be reduced to not more than 6%) to achieve the 5% allocation incentive.

Mr. Kemper also presented concepts for a *Disability Application Process Completion Incentive* that would provide additional payments to counties for improvements in the completion rate of applications submitted and processed by state disability reviewers.

Finally, Mr. Kemper proposed that a standard of a 10% case error rate be established as the as the threshold for determining which counties will be subject to eligibility audits in 2009-10.

Discussion among Board members ensued.

ACTION MSC: Approve the allocation of 95% of the funds budgeted for county eligibility administration and notify all counties of this allocation through All County Letter.

Approved	Votes:	Aye	8
		Nay	0

Following further discussion, the Board directed Mr. Kemper to develop additional information for the Board's next meeting concerning county eligibility error rates, proposed funding levels for county eligibility allocations in FY 2009-10 versus full funding levels as defined by the Nolan Company allocation methodology, and alternative approaches for strengthening the Disability Application Incentive Program.

Program Administration

Anthem Blue Cross

Mr. Kemper reported that efforts continue with Blue Cross to develop system and process changes, including necessary information technology changes, to assure that maximum recovery of overpayments due to Medi-Cal retroactive eligibility can be achieved. In addition, Mr. Kemper reported that efforts to finalize the Third Amendment to the Board's Administrative Services Agreement continue.

MedImpact

Mr. Kemper reported implementation of MedImpact's system for recovering pharmacy payments for CMSP members that become retroactively eligible for Medi-Cal awaits final execution of the Letter of Agreement (LOA) between the Governing Board and the State Department of Health Care Services (DHCS). The LOA continues to be under review by DHCS legal counsel.

CMSP Financial Reports

FY 2008-09 Program Expenditures at Year End

Ms. Brownstein presented a report on year-end actual versus budgeted Program expenditures. As of June 30, 2009 there were Program expenditures of \$266,690,256. The approved Program budget for FY 2008-09 is \$283,674,780.

FY 2008-09 Administrative Office Expenditures at Year End

Ms. Brownstein presented a report on year-end actual versus budgeted Administrative Office expenditures. As of May 31, 2009 there were expenditures of \$2,498,619. The approved budget for FY 2008-09 is \$2,467,645.

CMSP Fund Balance

Ms. Brownstein reported that as of June 30, 2009 the cash balance in CMSP Fund 896 was \$405,422.20 and the cash balance in CMSP Fund 359 was \$0. The balance of total CMSP funds in all accounts as of June 30, 2009 was \$253,169,550.52.

Public Comments

There were no additional public comments and Mr. Smart adjourned the meeting.