

**COHS Planning and Implementation Committee
Meeting Notes
January 25, 2008**

In Attendance

Implementation Committee Members: Dianna Ball, Damon Doss, Paul Duranczyk, Joan Froess, Sean Gaskie, Michael Humphrey, Diane Kaljian, Joann Keyston, Mary Maddux-González, Jack Neureuter, Kirk Pappas, Don Ransom, Kim Seamans (for Marion Deeds), Jane Stone (for Mich Riccioni), Mary Szecsey, Madrone Williams

Staff and Consultants: Cliff Coates, Alison Lobb, Lynn Scuri

Partnership HealthPlan: Liz Gibboney, Jack Horn

Audience: Geza Kadar, Susan Keller, Rita Scardaci

Absent: Naomi Fuchs, Barbara Graves, Ann McGee, Jim McSweeney, Irma Oregon, Nancy Oswald, Kelly Pfeifer, Evan Rayner, Michael Smith, James Vaughn, Susan Ziblatt

Welcome, Introductions, Announcements

Dr. Mary Maddux-González opened the meeting and welcomed the Planning and Implementation Committee and guests and asked that individuals introduce themselves. Dr. Maddux-González then presented the agenda for the meeting. The goals of the meeting were agreed. There were no announcements.

Rate Discussions

Mr. Jack Horn informed the group that the current \$14 billion deficit in the State budget has led to a proposed 10% budget cut across the board. This has not made rate discussions with the State any easier. The good news is that the May budget revision is likely to be an improvement over the initial proposal. Also, there is a 90 day period from the time the legislature approves a budget change to Medi-Cal and the date it becomes effective. The legislature is scheduled to vote on the budget proposal on February 24, which means no reductions could take place until June 1.

Partnership HealthPlan has been flat-funded for three years now, despite its requests for increases in the 2006/07 and 2007/08 fiscal years. It has \$25 million in reserves, \$15 million of which are required by statute. PHP has budgeted a \$4 million loss this fiscal year – but only has realized a \$1.8 million loss at month eight.

Mr. Horn emphasized that Partnership is still very interested in expanding Managed Care Medi-Cal to Sonoma County, and that the company already has invested in doing so. For instance, they leased more office space to accommodate additional administrative work (a \$2.3 million obligation), updated the computer system etc.

Mr. Horn presented the three-point strategy PHP has developed to deal with current low levels of funding:

1. Savings. PHP already has weathered a similar budget situation in the past. Its administration already is quite lean, so savings would have to come from medical services.
2. Diversify. PHP is looking into alternatives for generating more income.

3. Legislation/advocacy. This is where PHP needs the PIC group to help.

Mr. Horn was asked whether the State budget situation will affect the go-live date for Sonoma County. He responded that if PHP gets good rates for fiscal 2008/09, the start date still could be in 2009. And some work could continue in the meantime, such as learning more about Sonoma County, the situation with medical specialists here, etc. Also, the State as provided the data PHP has requested, so work could continue on analysis.

The question was raised whether current providers would be presented with a rate reduction. Mr. Horn answered that this question would be discussed at a PHP Board retreat scheduled for the end of January. In the past, PHP has had to pass on a rate reduction to providers with the promise that the rates would be re-adjusted as soon as funding allowed. The experience then was that the providers remained in contract with PHP.

Mr. Horn stated that it is time to ask Assembly Member Patty Berg to make the request that the State provide solid rates for expansion into Sonoma County. In PHP's past experience, communication is key. It is important to get a letter to Ms. Berg as soon as possible with the following points:

- Sonoma County has demonstrated a high level of commitment to Managed Care Medi-Cal for over two years, and that there are many benefits of managed care for the patients.
- Managed Care Medi-Cal saves the State money. But Sonoma County needs a fiscally-sound partner to achieve this.
- Transparency is needed now – we cannot wait until September. DHCS must share the information it is using to calculate rates with the legislature.

It also is important to point out that the State requested Sonoma County to adopt a new Medi-Cal model, and that the County is committed to complying with the request. And it is essential to lobby against the proposed elimination of certain types of services (dental, mental health, vision, etc.)

Next Steps

The PIC group agreed that its main role for the foreseeable future is advocacy. A first step is to draft the letter to Patty Berg and assemble a group to meet with her in person.

A letter or article should be drafted for the Press Democrat newspaper, and shown in advance to the Board of Supervisors.

It also is important to get other Sonoma County groups and organizations involved that are interested in healthcare.

Public Comment

Susan Keller expressed concern that the model of care being explored is based on fee-for-service Medi-Cal, while our situation presents us with the opportunity to look at new models of care and very innovative models.

Adjourned at 10:15 AM

The next meeting of the COHS Planning and Implementation Committee is Friday, February 22, 2008 from 9:00am to 11:00am at 475 Aviation Blvd.