

Draft Meeting Notes
California Department of Managed Health Care (DMHC)
Financial Solvency Standards Board (FSSB) Meeting
Hilton Irvine/Orange County Airport
Orange County, CA
May 19, 2011
10:00 a.m.

1) Welcome

At 10 a.m., Keith Wilson, FSSB Chairman, welcomed attendees and began the meeting. Dr. Wilson introduced Edward Heidig, Interim DMHC Director, to the board.

FSSB Board Members: Edward Heidig, Interim Director, Department of Managed Health Care; Grant Cattaneo, CEO and Founder of Cattaneo & Stroud; Edward Cymerys, Senior Vice President and Chief Actuary, Blue Shield of California; Keith Wilson, President and CEO of Talbert Medical Group; Ann Pumpian, Senior Vice President and CFO, Sharp HealthCare; Dave Meadows, Vice President of California Health Programs, Health Net of California; Rick Shinto, President and CEO of Aveta, Inc.; Larry deGhetaldi, M.D., Palo Alto Medical Foundation. Alternates: Tom Williams, Executive Director of Integrated Healthcare Associates; Deborah Kelch, independent consultant.

All members were present except Tom Williams.

2) Minutes from Jan 19th, 2011 FSSB Meeting

The minutes from the November 3, 2010 board meeting were approved.

3) Opening Remarks

Interim Director Heidig addressed the audience and spoke briefly about the work of, and his role in, the FSSB. He also discussed the budget challenges facing California and some of the impacts it is having on the DMHC.

4) Open Discussion: Federal ACO regulations

Bill Barcellona, Vice President, California Association of Physician Groups, spoke on the "State Oversight of ACO's." He summarized the importance of ACO's, federal legislation and goals for state regulatory oversight. Mr. Barcellona reinforced key elements of the DMHC's oversight via the Knox-Keene Act and SB260 regulations. He suggested that the DMHC continue monitoring closely the formation and

evolution of ACO's in order to make recommendations to the Governor and Legislature.

Jay Cohen, MD, Executive Chairman, Monarch HealthCare, presented to the board regarding CMS' announcement of the "Pioneer" ACO, introduced earlier in the week. Dr. Cohen spoke of the importance of the California delivery system to demonstrate higher quality care at a lower cost. He also indicated that ACO rules are going to change and the DMHC should wait for those changes before issuing regulations. The Pioneer ACO is an accelerated program for experienced organizations providing coordinated patient care. The program is slated to begin in fall 2011. It is a three year program with an option for two more years if program requirements are met. It is similar to the Medicare Shared Savings Program (MSSP) but has higher enrollment requirements (15,000 vs. 5,000) and provides for population-based payments after two years.

Leanne Gassaway, America's Health Insurance Plans (AHIP), presented highlights of the proposed response to CMS for the proposed rule regarding the Medicare Shared Savings Program (MSSP). AHIP asks for regulations that: encourage MSSP to learn and build on private sector ACO models; support the movement from Fee For Service (FFS) to payment models that reward value, quality, and better health outcomes; and establish a regulatory framework that promotes choice, supports competition, and avoids the cost-shifting that leads to higher consumer costs.

5) SB260 Updates

Dennis Balmer, DMHC, presented the most recent quarterly updates on the number of Risk Bearing Organizations (RBOs) under Corrective Action Plans (CAPs) and indicated improvement in the self-reported financial information for the quarter. Mr. Balmer reported on administrative actions taken by the DMHC since the last FSSB meeting as well as the status of proposed SB260 changes and process improvements.

6) Public Comment on Matters Not on the Agenda

Beth Abbott reminded the DMHC to stay focused on the impact to consumers. Dr. Bing Pao stated that complaints are not easy to file and that the solvency regulations are inadequate.

7) Agenda Items for Future Meetings

None noted.

8) Closing Remarks/Next Steps

The next meeting will be in Sacramento.