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Date: July 19, 2001
To: ALL INTERESTED PARTIES
From: Department of Managed Health Care

The following is a brief summary of the comments and events that occurred during the Financial Solvency Standards Board (FSSB) meeting on June 19, 2001.

I. Opening Remarks and Adoption of Meeting Minutes by Scott Syphax, Chair

1. There was a question raised regarding the exact wording of the motion passed by the Board relating to confidentiality of SB 260 data submissions. Therefore, the Board postponed adoption of the May 22 meeting minutes pending further staff review of the board proceedings.

II. Preliminary Results of SB 260 Plan and Provider Reporting

1. The department presented some preliminary results from first quarter 2001 risk-bearing organization (RBO) filings. A summary of those results includes the following:

- a. Over 200 RBOs reporting
- b. RBO reports cover over 7.5 million lives
- c. Estimated 10 million RBO lives statewide
- d. Average group size reporting is 35,000 lives; median 20,000 lives
- e. Approximate rates of compliance for RBOs for each one of the SB 260 standards:
 - Roughly 2/3 of all groups reporting had positive tangible net equity;
 - Roughly 2/3 of all groups reporting had positive working capital;
 - Almost 90% of RBOs met the SB 260 IBNR standard;
 - Just over 70% of RBOs indicated that they were paying their claims “on time”;
 - About 44% of all reporting groups indicated that they were in compliance with each of the four standards;
 - Of the RBOs reporting, the results by size of the RBOs are fairly consistent across all SB 260 standards.

The department emphasized that the results presented were preliminary in nature and that no “scrubbing” or validation of the results had yet occurred.

Public Comment:

Provider focus: (1) Interested in seeing information on compliance by health plans in providing data to RBOs; (2) include question on provider survey that providers have or have not received required information from their health care service plan.

III. Discussion Regarding Proposed Changes to SB 260 Permanent Regulations

1. The department presented the proposed text changes to the SB 260 permanent regulations resulting from the recent public comment period.

Public Comment:

Provider focus: (1) delete reference to whether the organization maintains reinsurance or professional stop loss; (2) clarify definition of “supporting schedules” and “payment cycle”; (3) confidentiality language should be consistent with the statute; (4) include definition of lawfully organized group of physicians; (5) revert back to 45 days as opposed to 90 days as it relates to quarterly risk pool information plans must submit to providers; (6) footnotes should be considered material part of audit.

Plan focus: (1) keep 90 calendar days instead of 45 calendar days for quarterly risk pool information to ensure more accurate data from plans to providers.

2. Based on comments made during the public comment period, the Board adopted several motions regarding the proposed changes to the SB 260 permanent regulations:

- a. Recommend to the department that it revert back to the 45 calendar days for quarterly risk pool information reporting by plans (Section 1300.75.4.1, (a)(5))
- b. Recommend to the department that the required information included in quarterly risk pool information include language regarding provider of service and date paid (Section 1300.75.4.1, (a)(5))
- c. Recommend to the department to add language relating to monthly reconciliation of eligibility and capitation reports as follows: “and any discrepancies and differences shall be reconciled” (Section 1300.75.4.1, (a)(3))
- d. Recommend to the department to clarify definition of “payment cycle” with respect to claims payment timelines (Section 1300.75.4.2, (a)(1))
- e. Recommend to the department to reinsert language relating to the definition of a “lawfully organized group of physicians”
- f. Recommend to the department to remove stop-loss coverage language (Section 1300.75.4.2, (b)(5))

IV. Review of Revised Language and Continued Discussion Regarding: Corrective Action Plans and Review/Grading Process

The Board postponed this agenda item for discussion at the next month’s meeting.

V. Closing Remarks/Next Steps

Scott Syphax, Chair made closing remarks and the meeting was adjourned.