

******CORRECTED VERSION – Updated number of risk-bearing organizations******

FOR IMMEDIATE RELEASE
July 8, 2010

CONTACT: Lynne Randolph
(916) 445-7442

**DMHC appoints expert panel to study impact of health care reform on
California health plans and providers**
*Financial Solvency Standards Board retooled to ensure continued financial stability of
managed care system*

(Sacramento) – Cindy Ehnes, Director of the California Department of Managed Health Care (DMHC), has announced the reformulation of the Financial Solvency Standards Board (FSSB) and the appointment of eight members, expert in the managed care field or health economics to proactively address the implications of federal health care reform and its implications to the California health care landscape, trends, and regulations. The board’s role will be to assist the DMHC in its role to respond to a number of federal regulations that affect the fiscal underpinnings of the health care delivery system.

“Federal health care reform is creating new fiscal models of health care that will need much thought and the DMHC has been working to proactively address its implications for the California healthcare landscape, trends, and regulations,” said Cindy Ehnes, Director of the DMHC. “It is imperative that we understand and influence the impact on our state’s delivery system and health care providers, many of whom are already struggling due to the economic situation.”

The first order of business for the FSSB will be to review and comment upon the current state of the California health care market by examining financial solvency oversight for California’s 200 risk-bearing medical groups since implementation of its ground-breaking solvency requirements. As well, the board will examine the market and regulatory implications of emerging concepts such as the advanced primary care (medical homes), bundled payments, accountable care organizations (ACOs), healthcare exchanges, rate management, risk relationships, and massive enrollee expansion. The board will also assist the DMHC to thoughtfully address emerging trends and competitive pressures related to local market consolidation, contracting practices, access, and solvency.

(more)

Department of Managed Health Care

July 8, 2010

Page 2 of 3

The next FSSB meeting will be held on Tuesday, July 20, 2010 from 10:00 a.m. to 4:00 p.m. in Sacramento at the State Water Resources Board Auditorium, 1416 Ninth Street, 1st Floor.

The FSSB was authorized by the Legislature in 1999 to advise the Director on matters of financial solvency that affect the delivery of health care services and to develop and recommend financial solvency requirements and standards relating to plan operations and contractual relationships between health plans, medical groups and providers. To date, the FSSB has been instrumental in assisting the DMHC to develop financial solvency requirements for medical groups, an area in which the state previously had no oversight, which caused several medical groups to experience financial difficulties in the late 1990's and early part of the century.

Appointments to the FSSB include:

Grant Cattaneo, is founder of Cattaneo & Stroud, a management-consulting firm serving health plans, hospitals, and medical groups/health care providers. Mr. Cattaneo has extensive experience with managed health care, particularly financial solvency issues, and has a master's degree in hospital administration from University of California, Berkeley

Edward Cymerys, is Senior Vice President and Chief Actuary, Actuarial & Analytics Department, Blue Shield of California. Mr. Cymerys has extensive experience in underwriting and directing actuarial studies. He has a Bachelor of Science Degree in mathematics from University of Vermont, and is a member of the American Academy of Actuaries and a Fellow of the Society of Actuaries.

Larry deGhetaldi, M.D. is a family physician who leads the Santa Cruz Division of the Palo Alto Medical Foundation. He is also a trustee on the California Medical Association's board of trustees representing physicians in group practices with 150-1000 physician members. Dr. deGhetaldi has numerous other professional activities, and has been a licensed physician in California since 1984.

Dave Meadows, is Vice President, California Health Programs for HealthNet. Mr. Meadows has responsibility for the performance of Health Net of California's state sponsored business unit (Medi-Cal, Healthy Families, Healthy Kids and AIM product lines), which provide coverage to over 1 million medical and dental members. Dave has been in the managed care business for more than 30 years and has an extensive amount of experience in managed care financial issues.

Ann Pumpian, is Senior Vice President Finance and CFO for Sharp HealthCare in San Diego since 1993. Ms. Pumpian serves on numerous boards and committees. Prior to joining Sharp Healthcare, she was a health care specialist in audit and consulting for Ernst and Whinney. Ms. Pumpian is a certified public accountant and has a master's of business administration from the University of Wisconsin in health care finance.

(more)

ARNOLD SCHWARZENEGGER
GOVERNOR

BUSINESS,
TRANSPORTATION
AND HOUSING
AGENCY

DEPARTMENT OF MANAGED HEALTH CARE

980 9th Street
Suite 500
Sacramento, CA 95814-2725
916-324-8176 Voice
916-322-9430 Fax

320 West 4th Street
Suite 880
Los Angeles, CA 90013-1105
213-620-2744 Voice
213-576-7183 Fax

www.healthhelp.ca.gov
1-888-HMO-2219

Department of Managed Health Care

July 8, 2010

Page 3 of 3

Rick Shinto, M.D., is President and CEO of Aveta Inc., which owns and operates independent practice associations (IPAs) and managed care plans throughout the United States. Mr. Shinto also serves as CEO of PrimeCare Medical Network, Inc., a limited-license Knox-Keene Act plan and is president and CEO of Medicare Y Mucho Mas (Medicare and Much More), which is Puerto Rico's largest Medicare Advantage provider serving more than 180,000 members.

Tom Williams, is Executive Director of Integrated Healthcare Associates (IHA) since 2004, focused on statewide leadership of health policy, innovation, and collaboration to improve healthcare quality and affordability. Mr. Williams' extensive industry experience includes seven years as president of Aetna California and senior management positions with the Hartford.

Keith Wilson, is President and CEO, Talbert Medical Group of Costa Mesa and is a practicing OB/GYN surgeon. Dr. Wilson has been an active participant in prior FSSB meetings and has first hand knowledge in medical group claims payment operations.

The California Department of Managed Health Care is the only stand-alone HMO watchdog agency in the nation, touching the lives of more than 21 million enrollees. The DMHC has assisted more than 1 million Californians resolve their health plan problems through its Help Center, educates consumers on health care rights and responsibilities, and works closely with health plans to ensure a solvent and stable managed health care system.

Follow the DMHC on Twitter at: <http://twitter.com/CADMHC>

###