



Financial Solvency Standards Board (FSSB) Meeting
August 19, 2020
Meeting Summary
[\(see full transcript for more details\)](#)

Financial Solvency Standards Board (FSSB) Members in Attendance:

Dr. Larry deGhetaldi, Palo Alto Medical Foundation
Jen Flory, Western Center on Law and Poverty
John Grgurina, Jr., San Francisco Health Plan
Dr. Theodore Mazer, Independent Physician
Dr. Jeff Rideout, Integrated Healthcare Association
Mary Watanabe, Department of Managed Health Care
Amy Yao, Blue Shield of California

Department of Managed Health Care (DMHC) Staff in Attendance:

Pritika Dutt, Deputy Director, Office of Financial Review
Lezlie Micheletti, Stakeholder Engagement and Outreach Coordinator
Sara Ortiz, Associate Governmental Program Analyst
Sarah Ream, Acting General Counsel
Michelle Yamanaka, Supervising Examiner, Office of Financial Review

Department of Health Care Services (DHCS) Staff Present:

Anastasia Dodson, Associate Director of Policy
Kirk Davis, Deputy Director, Health Care Delivery Systems

Agenda Item 1 – Welcome & Introductions

(Transcript, P. 4 – 5)

Chairperson John Grgurina called the meeting to order, reviewing housekeeping notes for attendees and Board members.

Agenda Item 2 – [Transcript from February 5, 2020 FSSB Meeting](#) (Transcript, P.5)

Mr. Grgurina asked if there were any changes to the February 5, 2020, FSSB meeting transcript and summary. Motion to approve transcript by Member Mazer, seconded by Member deGhetaldi. The Board approved the February 5, 2020 Transcript.

Agenda Item 3 – Director’s Remarks

(Transcript, P. 6 – 18)

Mr. Grgurina thanked former DMHC Director Shelley Rouillard for her years of service and Mary Watanabe for stepping up as the Acting Director of the DMHC as she continues to serve multiple roles. Acting Director Mary Watanabe briefly discussed the Department’s leadership and organizational changes, impact of COVID-19 on the Department, the

impact of the wildfires, Health Net's encounter data initiative, Assembly Bill (AB) 731 templates, 2021 rate filings and the solicitation for new FSSB members.

Agenda Item 4 – [Department of Health Care Services Update](#) (Transcript, P. 18 – 33)

Anastasia Dodson, Associate Director of Policy, introduced Kirk Davis, the new Deputy Director for Healthcare Delivery Systems. She provided an update on the department's response to COVID-19, CalAIM, the 1115 waiver, the department's budget, Medi-Cal enrollment and Medi-Cal Rx. In addition, she discussed the federal approval to establish a new presumptive eligibility group for the uninsured to cover COVID-19 testing and treatment as well as increased payments to skilled nursing facilities. She also noted the launch of a Medi-nurse line for fee-for-service and uninsured individuals.

Agenda Item 5 – [DMHC's Response to COVID-19](#) (Transcript, P. 34 – 45)

Mary Watanabe, Acting Director, provided an update on the Department's response to COVID-19, including the launch of a resource webpage. She provided an overview of the all plan letters issued to health plans in response to COVID-19. Ms. Watanabe reviewed the financial indicators the Department is monitoring to assess the impact of COVID-19 on plans and providers, including Medical Loss Ratio (MLR) and annual and quarterly financial statements.

Agenda Item 6 – [2020 – 2021 Budget Update](#) (Transcript, P. 47 – 52)

Ms. Watanabe provided an update on the Department's Fiscal Year 2020-21 budget, which increased from \$91 million in FY 2019-20 to \$96 million largely as a result of new legislation. The department's authorized positions also increased from 482 to over 500 positions. Ms. Watanabe highlighted the budget change proposals (BCPs) that were approved, including those related to recently signed legislation and one related to focused behavioral health investigations.

Agenda Item 7 – [Regulations Update](#) (Transcript, P. 53 – 74)

Sarah Ream, Acting General Counsel, gave an update on the emergency regulations regarding COVID-19 testing. Ms. Ream explained the intent of the regulation was to ensure people who need COVID-19 testing can get tested and to provide clarity on when testing should be covered by health plans. Ms. Ream provided additional information about access requirements for COVID-19 testing, when cost-sharing is allowed, who is at financial risk, and reimbursement rates to providers.

Agenda Item 8 – [Federal Regulations Update](#) (Transcript, P. 74 - 77)

Ms. Ream provided two federal updates starting with a review of the Internal Revenue Service's (IRS) proposed rule that would allow people to use money that their employers have put into Health Reimbursement Arrangements of pre-tax dollars to pay the fees for health care sharing ministries. Ms. Ream then discussed the case of *Walker v. Azar*, which says that health care entities that receive federal dollars may not discriminate against people based on a person's gender identity or sexual orientation.

Agenda Item 9 – [Provider Solvency Quarterly Update](#) (Transcript, P. 77 – 85)

Michelle Yamanaka, Supervising Examiner, Office of Financial Review, provided an update on the financial solvency of RBOs for the quarter ending March 31, 2020.

Agenda Item 10 – [Health Plan Quarterly Update](#) (Transcript, P. 86 –92)

Ms. Dutt presented the financial status of health plans for the quarter ending March 31, 2020.

Agenda Item 11 – Public Comment on Matter not on the Agenda (Transcript, P. 93)

Mr. Grgurina asked for public comment on items not on the agenda. There was no public comment.

Agenda Item 12 - Agenda Items for Future Meetings (Transcript, P. 94 - 96)

Mr. Grgurina asked for agenda items for future meetings. The Board requested the following updates: risk adjustment transfers, 2021 rates, health plan financials, COVID testing regulation, department's authority and oversight of RBOs that are on corrective action plans (CAPs) for extended periods of time, the role and original intent of the Board, and the impact of contract terminations on patient access to care.

Agenda Item 12 - Closing Remarks/Next Steps (Transcript, P. 97)

The meeting was adjourned at 1:06 p.m. The next meeting is scheduled for November 18, 2020.