



CenCal HEALTH[®]
Local. Quality. Healthcare.

40th
ANNIVERSARY
1983 - 2023



CenCal Health Board of Directors Information Update

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**For Activities within
the month of November 2023**

December 14, 2023

CEO Executive Summary

Date: December 14th, 2023

To: CenCal Health Board of Directors

From: Marina Owen, Chief Executive Officer

40th Anniversary Celebration

On December 6th, CenCal Health welcomed our Board of Directors, health professionals and local leaders in Santa Barbara and San Luis Obispo counties to commemorate four decades of strengthening the region's health system. Held at the Hilton Santa Barbara, the event recognized the collective impact of those who have worked to provide exceptional care for Medi-Cal members over CenCal Health's 40-year history. Our appreciation to Mark Lisa, Supervisor Hartmann, and Dr. René Bravo for speaking at this event and supporting our program. An award ceremony recognized over 30 champions in healthcare and public advocacy, including dedicated service awards to primary care physicians, specialists, hospitalists, and community partners. On December 8th, CenCal Health held an end of the year holiday luncheon and celebrated with over 200 team members. Over 60 team members were recognized and given service awards for 5-, 10-, 15-, and 20-years' service to the mission.

A post-event Press Release can be found on CenCal Health's website in the Press Center and additional detail the [Administration Division Report](#) provided by Michael Harris, Government and Administrative Officer, and Kaleb Madrid, Administrative Services Director and the 40th Anniversary event's lead organizer. Additional information on CenCal Health's public relations activities can be found in the [Strategic Engagement Report](#) provided by Citlaly Santos, Strategic Engagement Director.

Quality Performance

In early December, CenCal Health received an official "No Sanction Notice" from the California Department of Health Care Services (DHCS) for CenCal Health's quality of care achievements for required measurement year 2022 performance measures. This notice from DHCS provides confirmation that all minimum quality standards were fulfilled and provides reassurance that CenCal Health members receive a comprehensive set of services across the continuum of care. CenCal Health's ultimate Population Health Management Program goal is to ensure all reported performance measure outcomes rate among the best ten percent of Medicaid plans nationally.

For 2022, DHCS held CenCal Health accountable for 18 aspects of care, respectively, for Santa Barbara and San Luis Obispo counties. For the measurement year 2022, exceptional performance was achieved above the Medicaid 90th percentile for 6 aspects of care, including breast cancer screening, a low rate of diabetes blood

glucose poor control, pediatric preventive health exams (15 months – 30 months), adolescent immunizations, postpartum care timeliness, and timely follow-up after emergency department visit for substance use. One of CenCal Health's values is that of improvement and the Quality Improvement and Health Equity Transformation Committee monitors performance on a quarterly basis. Minimum performance thresholds were not met for three aspects of care: pediatric lead screening, hypertension control, and timely follow-up after emergency department visit for mental illness. Interventions are underway to address these aspects of care.

Additional detail can be found in the *Quality and Population Health Reports*, provided by Emily Fonda, MD, MMM, CHCQM, Chief Medical Officer, Carlos Hernandez, Quality Officer and Lauren Geeb, MBA, Quality Director.

2023 DHCS Medical Audit and Focused Audits

CenCal Health participated in the 2023 DHCS Medical and Focused Audits, which occurred Oct 9-20th, 2023. Through the Medical Audit, CenCal Health was evaluated in six (6) categories of performance: *utilization management, case management and coordination of care, access and availability, member's rights, administrative and organizational capacity, and state supported services*. The Focused Audits evaluated CenCal Health in the areas of *transportation and behavioral health*.

Following the audit, the Department of Health Care Services (DHCS) noted that there were **no findings** in their formal exit conference and provided two final audit reports with zero findings. I wish to express appreciation to the CenCal Health's leadership team and the Compliance Department, for their support and efforts. Additional detail can be found in the *Compliance Report* provided by Karen Kim, JD, MPH, Chief Compliance Officer.

Financial Position

For calendar year 2023 ending November, following are financial highlights:

- **Operating Gain (Loss):** Through eleven (11) months of the calendar year we are reporting an operating gain of \$73.9 million.
- **Capitation Revenue** is at \$1,140.3 million; over budget by \$72.9 million and 6.8%.
- **Medical Expenses** are at \$989.9 million; over budget by \$15.6 million and 1.6%.
- **Administrative Expenses** are at \$66.8 million; under budget by \$2.7 million and 3.9%. Strategic Investments are under budget by \$7.6 million and 91.2%.
- **Tangible Net Equity (TNE)** is at \$286.7 million; representing 874% of the minimum regulatory requirement and 99.9% of the minimum Board desired TNE target.
- **Member Enrollment** is at 228,679 for the month of Nov 2023.

Additional detail can be found in the *Financial Report* and *CY23 Financial Statements* provided by Kashina Bishop, CPA, Chief Financial Officer, and Board Treasurer.

Quality Report

Date: December 14th, 2023

From: Emily Fonda, MD, MMM, CHCQM, Chief Medical Officer
Carlos Hernandez, Quality & Population Health Officer
Lauren Geeb, MBA, Director, Quality

Through: Marina Owen, Chief Executive Officer

Executive Summary

The 2024 NCQA HEDIS Compliance Audit officially began in November, which marks the beginning of the quality of care performance reporting season that Medi-Cal Managed Care plans undergo annually. Leading the HEDIS Compliance Audit is the Health Services Advisory Group (HSAG), the DHCS-designated External Quality Review Organization, which will independently assess CenCal Health's capability to accurately measure and report on quality of care. The initial phase of the audit is focused on completion of pre-audit deliverables used to prioritize HSAG's audit focus. The audit will conclude in June 2024 and will result in HSAG's independent certification of CenCal Health's quality of care results, which will then be reported to the National Committee for Quality Assurance (NCQA).

CenCal Health's 2024 quality performance report will encompass many important aspects of care, including but not limited to children's health, reproductive health, management of chronic disease, cancer prevention, and behavioral health.

This year, CenCal Health's audit readiness is high due to refinements in operational processes to maximize quality measurement efficiency and effectiveness.

Background

Quality Department staff recently initiated the 2024 quality of care performance reporting season that all Medi-Cal Managed Care plans must undergo annually. Leading the HEDIS Compliance Audit is HSAG, the DHCS-designated External Quality Review Organization. The quality performance evaluation will encompass many important aspects of care, including but not limited to children's health, reproductive health, management of chronic disease, cancer prevention, and behavioral health.

In January 2024, HSAG will assess CenCal Health's operations that support quality of care reporting, which include information systems and technology to capture, manage, and transform member, provider, claims, and medical record information into

actionable performance information. This year's audit will additionally include assessment of CenCal Health's capability to capture treatment information through non-claim electronic data systems, such as electronic health records and health information exchanges. Use of data from electronic clinical data systems is the NCQA's latest priority, to increase the breadth and efficiency of quality measurement, and CenCal Health is implementing enhancements needed to report using these advanced systems.

The NCQA HEDIS Compliance Audit will conclude in June 2024 and will result in HSAG's independent certification of CenCal Health's quality of care performance. CenCal Health's audit readiness is high this year, thanks to refinements in operational processes to maximize quality measurement efficiency and effectiveness.

Next Steps

In June 2024, HSAG will release its independent certification of CenCal Health's quality of care results. Soon thereafter the results will be shared with the Quality Improvement & Health Equity Committee, your Board's appointed entity accountable to oversee the effectiveness of CenCal Health Quality Improvement & Health Equity Transformation Program. Thereafter, the results will be reported to your Board, to members and providers, and shared publicly to demonstrate CenCal Health's accountability.

Recommendation

This Quality Report is presented for information only.

Population Health Management Report

Date: December 14th, 2023

From: Emily Fonda, MD, MMM, CHCQM, Chief Medical Officer
Carlos Hernandez, Quality & Population Health Officer

Contributor: Lauren Geeb, MBA, Director, Quality

Through: Marina Owen, Chief Executive Officer

Executive Summary

This report highlights recent achievements with CenCal Health's Population Health Management (PHM) Program and progress toward achieving the Department of Health Care Services (DHCS) *Bold Goals*, an initiative to realize significant improvements in clinical and health equity outcomes by 2025.

As part of CenCal Health's PHM Program, CenCal Health's primary objective is to rate among the top 10 percent of Medicaid plans nationally, or above DHCS-derived thresholds when Medicaid benchmarks are unavailable.

On December 5th, 2023, CenCal Health received an official "No Sanction Notice" from DHCS for CenCal Health's quality of care achievements for prioritized performance measures for measurement year 2022. While this DHCS notice only provides confirmation that all minimum quality standards were fulfilled, it does provide public reassurance from DHCS that CenCal Health's transformational PHM Program has appropriate mechanisms in place to ensure members have sufficient access to a comprehensive set of services across the continuum of care.

Background

As part of the California Advancing and Innovating Medi-Cal, CenCal Health has aligned its quality and population health strategies with equity-centered approaches to address disparities and improve health outcomes. Integrating health equity into CenCal Health's quality measurement infrastructure provides greater transparency and accountability that has the potential to improve care and outcomes for CenCal Health's most difficult to reach members.

To ensure accountability, annually, managed care plans are required to meet DHCS established minimum performance levels (MPLs) for priorities within the DHCS Medi-Cal Managed Care Accountability Set (MCAS) that encompass the following domains of care:

- Pediatric Health
- Behavioral Health
- Cancer Prevention
- Chronic Disease Management
- Reproductive Health

Managed care plans that fail to meet required MPLs for measurement year 2022 are subject to DHCS enforcement action including monetary sanctions. All managed care plans that are subject to sanctions will be fined a minimum of \$25,000.

The methodology DHCS will apply when determining total sanction amounts includes:

- Severity – percentage difference between performance rate and MPL.
- Trending – difference between the performance rate compared to the previous year.
- Population not served – number of affected members who did not receive the recommended service.
- Healthy Places Index impact – sanction reduction accounting for managed care plan serving members in underserved zip codes.

In June 2023, CenCal Health submitted its quality of care performance results to DHCS and the National Committee for Quality Assurance for measurement year 2022. Based on DHCS-established enforcement policy, CenCal Health received official DHCS confirmation on December 5th, 2023, that its achievements surpassed all enforcement policy requirements for applicable performance measures. This marks CenCal Health's 2nd consecutive year as a top tier Medi-Cal Managed Care plan as determined for DHCS enforcement policy purposes. CenCal Health, Kaiser - Northern California, and Kaiser - Southern California were the only managed care plans that qualified as top tier plans for measurement year 2021. DHCS enforcement results for all plans for 2022 are yet to be disclosed.

Next Steps

An ongoing Quality Division focus is practice transformation to advance health equity by engaging in quality collaboratives with CenCal Health's providers. Staff will leverage its recently developed dashboards to proactively outreach to increase utilization of clinically recommended services and reduce healthcare disparities. Additionally, the Quality Division will launch a monthly series of wellness and prevention health education campaigns in January 2024 to support CenCal Health's membership needs and achieve performance excellence, including but not limited to the DHCS Bold Goals.

Recommendation

This Population Health Management Report is presented for information only.

Health Services Report

Date: December 14th, 2023

From: Christopher Hill, RN, MBA, Health Services Officer

Contributors: Sue Fischer RN, MA, Director medical Management
Jeff Januska, PharmD, Director of Pharmacy Services
Seleste Bowers, DHA, LCSW, Director of Behavioral Health
Blanca Zuniga, Associate Director, Care Management
Ana Stenersen, Associate Director, Utilization Management

Medical Management

The prior authorization turnaround times have met or exceeded the 95% threshold for the month of November. Health Services will continue to actively monitor and evaluate processes to ensure compliance is met. Ongoing going education with providers on the criteria for urgent referrals will continue. The DHCS audit was concluded in October with the Exit Conference occurring on November 29, 2023, and final Audit results confirmed no findings. Health Services continues to focus on the 2024 Contract Implementation and are on track for January 1, 2024.

Enhanced Care Management

In November, authorization requests for the Enhanced Care Management services were processed within the 5-day timeframe, maintaining a consistent 100% compliance rate for pre services authorization request. The average turnaround time for a decision was 1.5 days. This ensures timely access to Enhanced Care Management services.

As a component of our implementation of ECM for Adult and Youth populations transitioning from incarceration, we have created a dedicated referral form for use by correctional facilities. This form will provide us with vital information concerning the immediate care coordination needs of the Member, aiding ECM providers in prioritizing their outreach efforts.

Our provider network now can refer Members to Enhanced Care Management through our secure Provider Portal. This will enable the tracking of the referral status after submission for processing. Additional information and training will be provided in January.

Community Supports

Community Supports authorization requests were processed within a 5-day timeframe, maintaining a consistent 100% compliance rate in November. The average turnaround time for a decision was 2.5 days. Initial authorizations for Medically Tailored Meals,

Sobering Center, and Recuperative Care continue to be auto approved. This process ensures timely access to services, preventing discharge delays, and inappropriate utilization. In partnership with Provider Relations the ECM and CS teams will support training our new providers joining the network to serve our new populations of focus and CS programs. Please see the CalAIM implementation Memo for further details on ECM and CS programs.

Behavioral Health

Prior authorization continues to maintain at 100% compliance for post-service and 99.4% pre-service authorizations in November. Care Coordination teams are showing 90% (County Care Coordination), 95% (Navigator Care Coordination) and 100% (Call Center). 17% of adult level of care screenings, indicated that the member would benefit from county level services. Additionally, 12% of pediatric/youth level of care screenings, indicated that the member would benefit from county level services.

The call center is compliant with their performance of average speed to answer, abandonment rate, and calls waiting. The department continues to work closely with both counties to support care coordination and continues weekly referral meetings to support member care. The MOU process between CenCal and county agencies is in process and being led by the Administrative Services department.

Pharmacy

Two-thirds the way through the Winter Quarter, the physician administered drugs (PADs) authorization volume of 2023 continues the upward trend experienced throughout 2022 and has experienced a double-digit growth since November 2022. Greater than half of the activity volume continues to come from the oncology space as a combination of chemo-therapeutic and chemo-supportive followed by the immunology space and we continue to follow this closely and support our determination through like-specialty match review when appropriate. Our biosimilar preferred benefit design across several oncology products and immunology now represents an ~75% market share. All cases were processed within regulatory time standards.

Medi-Cal Rx Update

Based in part on Plan through LHPC and Provider feedback, DHCS has expanded coverage of continuous blood glucose monitoring to now include Type II diabetes and gestational diabetes beyond just coverage for Type I diabetes.

Performance Division Report

Date: December 14th, 2023

From: Chris Morris, MSOD, Chief Performance Officer

Contributors: Andrew Hansen, MBA, Operational Excellence Director
Joanna Hayes, Human Resources Director

Through: Marina Owen, Chief Executive Officer

Executive Summary

The following report provides updates surrounding the development and execution of Performance Division functions where applicable, including talent acquisition, employee experience, process management, and strategic development.

Human Resources

Talent Acquisition and Retention Update

As a result of Board approval of new FTE through the CY23 budget, total vacancy peaked at 22.3% in January 2023. Recruiting capacity was subsequently increased and vacancy currently sits at 7.2%, exceeding staff's end-of-year goal of 9.0%. Highlights surrounding key senior leadership team recruitments include:

- Sophie Zeng, joining CenCal Health as our new Data Analytics Associate Director in December 2023.
- Dr. Denis Schexnayder, joining CenCal Health as a Medical Director in January 2024.

All cause turnover remains healthy at a 12-month rolling average of 11.2%, two-points below the CY22 average, and greater than 20 points below the industry average (Bureau of Labor Statistics). CenCal Health is committed to remaining an employer of choice for mission-driven professionals, through a thoughtful and competitive hybrid workforce strategy that meets the needs of our members, providers and community partners, and supports belonging and the needs of our team members.

Employee Experience

Staff conducted a successful annual employee engagement survey which concluded in December 2023. Survey analysis and communication planning is underway, and outcomes will be shared for Board awareness in Q124. Finally, staff facilitated an end-of-year employee luncheon, which was well received and attended. The end-of-year

luncheon provided the opportunity to celebrate the significant progress and accomplishments of 2023, as well as acknowledge and appreciate more than 80 tenured staff for their commitment and service to the CenCal Health mission.

Operational Excellence Update

Organizational Dashboard

The Executive View Dashboard indicates strong organizational performance in Q323 with all nine (9) Level 1 processes meeting or exceeding 95% of target. Notable performance highlights are as follows:

- Support and Develop the Provider Network. This Level 1 core process contains three subprocesses, known as Level 2 processes, shown on the right-hand side of the Executive View exhibit. Within the *Develop the Provider Network* level 2 process, Q323 performance was impacted by six (6) of seven (7) timely access metrics not meeting performance thresholds. Previously, timely access was measured through internal telephonic access surveys and Department of Health Care Services (DHCS)-administered surveys. For the purpose of organizational performance monitoring, measurement has been aligned to DHCS-administered surveys, which better reflect the member experience. The change in reported performance in Q323 is therefore primarily reflective of this change in methodology.
- Support and Develop Employees. This Level 1 core process is being included in the Executive View Dashboard for the first time this quarter. Performance is meeting target at 98.2%, with healthy performance in staff vacancy and turnover rates.
- Enhance Organizational Effectiveness. This Level 1 core process is being included in the Executive View Dashboard for the first time this quarter. Performance is meeting target at 98.5%, with strong Operating Plan and organizational process performance.
- Manage Compliance Commitments. This Level 1 core process is now meeting target at 100%. Performance improved significantly from prior quarters as a result of zero (0) findings in the 2023 DHCS Medical Audit.
- Manage Organizational Finances. This Level 1 core process is now meeting target at 97.8%. Performance improved significantly from prior quarters as a result of zero (0) significant deficiencies or material weaknesses in the FY23 Financial Audit.

Staff have initiated 2024 strategy execution planning, including the selection of relevant working strategies from the 2023 – 2025 CenCal Health Strategic Plan for pursuit in 2024, and the initial identification of responsive tactics to begin the 2024 CenCal Health Operating Plan development process. The 2024 Operating Plan will be shared for Board awareness in Q1 2024.

2023 Operating Plan Update

The *2023 Operating Plan* is comprised of forty-eight (48) tactics. To date, seven (7) tactics have completed, two (2) have been deferred to begin after 2023, and the remaining thirty-nine (39) are active. Of the active tactics, progress is as follows: 14 (36%) are between 0-25% complete, 9 (23%) are between 25-50% complete, 6 (15%) are between 50-75% complete, and 10 (26%) are between 75-100%. Additionally, 95% (n=37) of active tactics are in good health, and two (2) are at-risk of becoming off-track with planned mitigations as follow:

- Implement 2024 DHCS Contract Requirements – This tactic is intended to *meet regulatory and contractual requirements* through the implementation of 2024 DHCS contractual requirements. Timelines are currently compressed in order to meet all requirements by the contract effective date. The project team is working to mitigate this risk by aligning the right team members to progress work in order to meet all project deliverables.
- Implement Student Behavioral Health Incentive Program – This tactic is intended to develop new Medi-Cal programs and benefits by increasing access to preventive, early intervention and behavioral health services by school-affiliated behavioral health providers for transitional kindergarten – grade 12 children in public schools. A few Local Educational Agencies (LEAs) are behind or at risk of becoming behind on deliverables. The project team is providing additional support and clarification to LEAs.

Next Steps

- Share the 2024 Operating Plan in Q124.
- Share CY23 Employee Engagement Survey outcomes in Q124.

Recommendation

This material is informational with no action being requested at this time.

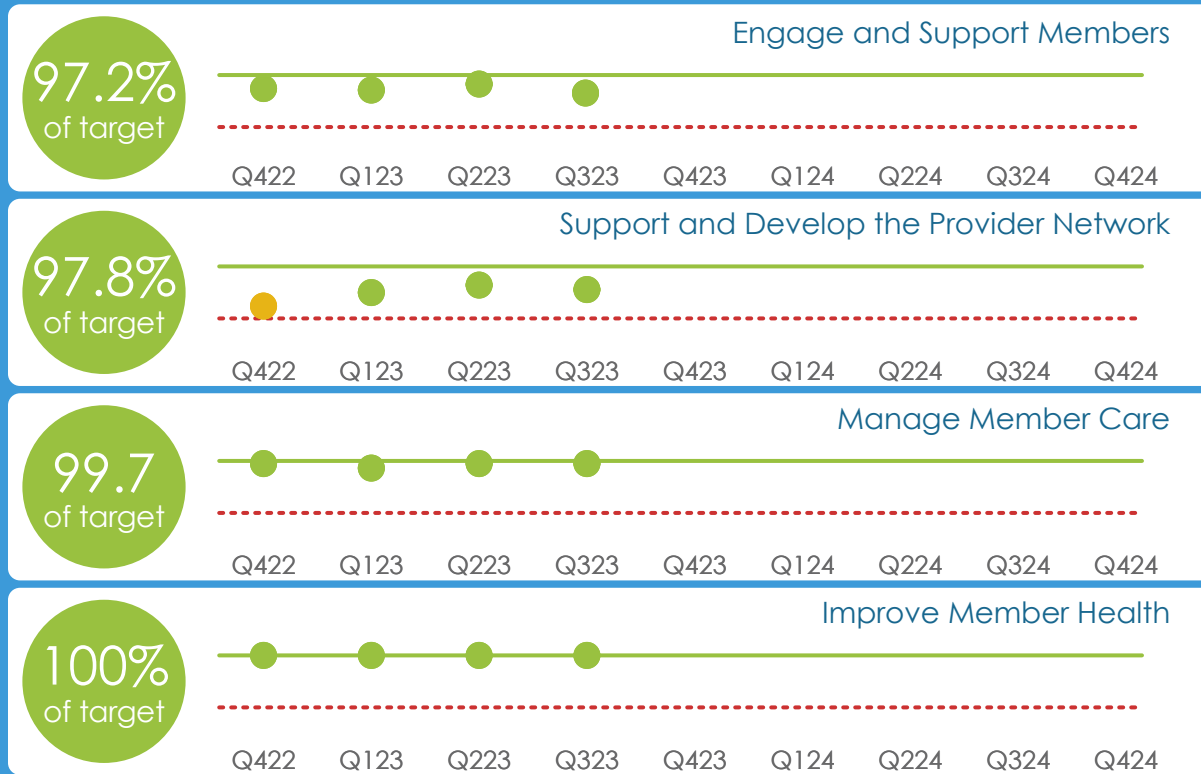
Enclosure

1. Q323 Executive View Dashboard
2. November 2023 CenCal Health Operating Plan

Purpose: To provide oversight of health plan performance across all organizational processes, to enable timely and targeted intervention and celebration.

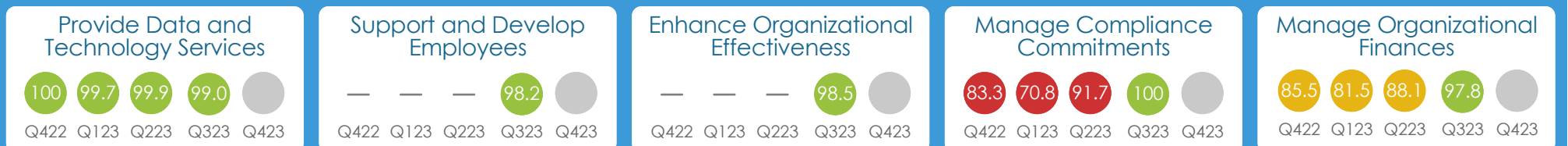
Context and Limitations: Target and Threshold values are informed by contractual requirements and best practices, where available. This dashboard is structured by core processes (which deliver values directly to members, providers and the community) and managerial and support processes (which guide and support the organization). Results are produced using composites, meaning the performance of subprocesses is combined for aggregate performance scores. All metrics are normalized to a 100 point scale, so Target performance is always 100%.

Core Processes



Subprocess	Q422	Q123	Q223	Q323	Q423
Help Members Engage	100	99.6	99.8	95.1	~95%
Help Members Navigate	97.5	97.3	98.3	97.2	~95%
Improve Member Experience	99.1	99.1	99.1	99.1	~95%
Support the Provider Network	87.9	94.3	97.3	99.4	~95%
Develop the Provider Network	96.7	93.8	98.1	94.7	~95%
Pay Providers	99.9	100	99.4	99.4	~95%
Manage Member Benefits	—	—	—	—	~95%
Manage Utilization	99.6	98.1	99.3	99.3	~95%
Coordinate Member Care	99.7	99.7	100	100	~95%
Improve Effectiveness of Care Delivery	100	100	100	100	~95%
Manage Population Health	—	—	—	—	~95%
Manage Plan Accreditation	—	—	—	—	~95%

Support and Managerial Processes



----- performance threshold
 ----- performance target
 ● ≥ to 95% of target and > threshold
 ● < 95% of target and ≥ threshold
 ● < threshold
 Legend

2023 Operating Plan

November 2023

	Organizational Tactics				Objectives	Priorities
	Partner to Assess Healthcare Infrastructure and Workforce needs	Design Collaborative CalAIM Convening Groups	Enhance and Facilitate Provider Engagement and Education	Develop Doorway to Health Foundation Roadmap	Facilitate community collaboration to strengthen the health system	Cultivate Community Partnerships
	Enhance Insight Into Member Experience through CAHPS	Enhance Insight Into Healthcare Effectiveness through HEDIS	Conduct NCQA Accreditation Readiness	Enhance the Quality Improvement System to Meet QIHETP Requirements	Exceed quality standards and expectations	Advance Quality and Health Equity for All
	Ensure Equitable Provision of Preventive Services	Implement Population Health Management Capabilities	Enhance Collection of Population Health Data	Implement Transitional Care Services	Reduce health disparities in our populations	
	Obtain Knox-Keene Licensure for D-SNP	Develop and Execute a D-SNP Provider Network Strategy	Procure and Implement a PBM for D-SNP	Expand Medi-Cal to County Residents (ages 26-49)	Develop and Execute D-SNP Roadmap	Prepare to serve new members
Implement Justice Involved Initiative	Implement Housing and Homelessness Incentive Program	Implement Student Behavioral Health Incentive Program	Expand Community Supports Responsive to Local Needs	Expand Enhanced Care Management Program	Implement and Expand CHW and Doula Benefits	Develop new Medi-Cal programs and benefits
Develop and Execute a Compliance Risk Assessment Plan	Evolve the Auditing and Monitoring Program	Enhance Policy and Procedure Management	Develop and Enhance Process Improvement Capabilities	Develop an Organizational Dashboard	Evolve the Governance System for Tactics	Advance organizational readiness to support strategy
				Create New Performance Management System	Develop and Deploy Talent Development Program	Foster employee growth and inclusion towards a diverse culture
				Design Technology Strategy Responsive to Strategic Plan	Assess Data Exchange Framework	Develop Health Information Exchange Capabilities
					Enhance Processes and Integration through New Health Mgmt. Software	Leverage and adapt technology and analytics to enable transformation
					Enhance Financial Accounting and Reporting Capabilities through New Software	Develop Advanced Financial Analytics Capability
						Ensure financial performance to support sustainability
						Organize for Impact and Effectiveness

Mission

To improve the health and well-being of the communities we serve by providing access to high quality health services, along with education and outreach, for our membership

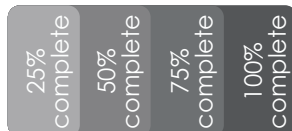
Vision

To be a trusted leader in advancing health equity so that our communities thrive and achieve optimal health together

Advance the Organization

Maintain the Organization

Progress Legend



Implement HIPAA-Compliant National LTC Claim Billing	Implement Redetermination Retention Strategy	Expand Deployment of Contract Management Software (deferred)	Develop Future of Work Strategy	Maintain Operations and Meet Regulatory and Contractual Requirements
Launch a Member Portal	Assess and Implement FQHC Alternative Payment Model	Implement 2024 DHCS Contract Requirements	Conduct 2024 DHCS Contract Operational Readiness	
	Evaluate Quality Based Provider Reimbursement Strategies (deferred)	Assess and Implement Targeted Rate Increases (MCO Tax)	Develop Comprehensive Payment Integrity Program	

Customer Experience Division Report

Date: December 14th, 2023

From: Van Do-Reynoso, MPH, PhD,
Chief Customer Experience Officer and Chief Health Equity Officer

Contributors: Eric Buben, Member Services Director
Nicolette Worley Marselian, Communications Director
Bao Xiong, Program Development Director

Through: Marina Owen, Chief Executive Officer

The December 2023 report from the Customer Experience Division provides operational trends and initiatives in Communications and Marketing, Member Services, and Program Development. This report highlights two key updates: the Community Advisory Board selection of MaryEllen Rehse as the inaugural Chair, and Sara McDonald, CenCal Board member, as Vice-Chair; and the Communications Department is now the Communications and Marketing Department to reflect an expanding scope of work with Medicare Program Development.

Member Services Department

Membership Fluctuations due to Medi-Cal Renewals

CenCal Health's aggregate membership as of December 3rd is 226,095, which is a 2,927 decrease from the November total of 229,022. As observed in the previous three months, substantial re-instatement is occurring from the beginning to end of each month during the renewal process, thus this initial loss of membership is highly likely to be less when reviewing final December enrollment. The cure period appears to be working well throughout the month as members who lose eligibility are reinstated. Final December counts will be ready on January 3, 2024.

Renewal packets are mailed to members 45-60 days prior to their renewal date by the County Department of Social Services. Member Services continues to receive calls from members with questions about the renewal process and provided guidance to 218 members in November.

Monthly Department Performance Highlights

October's call volume of 7,922 was on par with 2022's monthly average of 7,939. The decline in call volume in November from the substantial monthly average increase

experienced in previous months can be attributed to the holiday season and given November had only 19.5 working days due to the Thanksgiving Holiday. Despite the decrease, the call center still maintained an average of 406 daily aggregate calls.

Member Portal calls for assistance with password reset and troubleshooting have averaged 10+ minutes per call. Combined with the call center being short-staffed by one MSR (open position), and scheduled and unscheduled PTO, our Average Speed to Answer (ASA) goal to answer 85% of calls within 30 seconds was not met at 83% in November. Member Services is exploring increasing call center staffing and work flows to address the higher average call volume being experienced during Medi-Cal redeterminations and due to the new Member Portal accounts to improve performance.

The abandon rate still exceeded the goal of 5% or less at 2.7%. The call center successfully met the goal of tracking 95% of queue calls answered with a November score of 96%. Since go-live in April 2023, 9,781 adults have created a Member Portal account (7% of eligible adults). Grievance & appeal volume remained in control with usual volume and all turnaround times for G&A were all met.

2023 DHCS Medical Audit – Grievance & Appeals Highlights:

DHCS Annual Medical Audit was held in October 2023. As part of the Member Rights review, many grievance and appeal files were requested for review. The final exit report was issued by DHCS to CenCal Health on November 15th with no findings. This is a significant achievement for the Grievance & Appeals Process and reflects the team's hard work and efforts to address and improve areas noted in last year's audit findings.

Program Development

Student Behavioral Health Incentive Program (SBHIP)

CenCal Health's team continues to meet with the nine Local Education Agencies (LEAs) to support achievement of their local Scope of Work, including implementation of a referral system and preparation for submission of the bi-quarterly report (July 1, 2023 through December 31, 2023) to DHCS on December 30, 2023. CenCal Health can earn up to 12.5% of the total SBHIP funding allocations through bi-quarterly reports. Additionally, DHCS selected forty-seven LEAs across the state to participate in the Children and Youth Behavioral Health Initiative statewide multi-payer school-linked fee schedule and statewide provider network. Four of the nine LEAs CenCal Health is partnering with on the SBHIP Program were selected to participate in this first cohort: San Luis Coastal Unified, Guadalupe Union Elementary, Santa Barbara County Office of Education, and Santa Maria-Bonita.

Housing and Homelessness Incentive Program (HHIP):

Staff are collaborating with funded partners and county departments to draft the final HHIP Metrics Report (Submission 2), which is due to DHCS on December 29, 2023. Our draft data indicate that SLO achieved 91% of the metrics and SB County 86%. The data submitted in this report will determine how much HHIP funds will be awarded in 2024. CenCal Health has the potential to earn up to \$5.2M for San Luis Obispo (SLO) County and \$8.4M for Santa Barbara (SB) County. The final allocation of funding will be determined by DHCS based on the submitted narratives and data.

Health Equity

November efforts in our health equity program included supporting NCQA Health Equity accreditation; refining the implementation plan for APL 23-025, which details diversity, equity, and inclusion training requirements; building the Health Equity Steering Committee comprised of CenCal Health leaders and staff; and supporting Communications & Marketing Department in engaging community partners for outreach on Medi-Cal expansion to remaining eligible community residents in Santa Barbara and San Luis Obispo counties.

Communications & Marketing Department

In November, the Communications & Marketing Department focused on completing nearly 70 projects to meet the 2024 Contract requirements. For September renewals, the most recent month reported, the statewide discontinued rate was 20.46%, while Santa Barbara County's discontinued rate was 15.97% — a full 4.5 percentage points lower, meaning membership retention is higher than the statewide rate. San Luis Obispo's discontinued rate in September was 20.99%, roughly a one-half percentage point higher than the statewide average. Of particular concern is that consistently, 90% of discontinuance reasons are “procedural,” meaning the member was disenrolled because the renewal package was not returned or returned with incomplete information or by stated deadline. DHCS and county Medi-Cal offices continue to collaborate to transfer undocumented residents in restricted scope Medi-Cal to full scope Medi-Cal coverage by January 1, 2024. The Communications & Marketing Department is continuing to partner with local CBOs to disseminate the message that the U.S. Department of Homeland Security and U.S. Citizenship and Immigration Services do NOT consider the receipt of health, food, and housing benefits as part of the determination of public charges; and therefore, using most Medi-Cal benefits will NOT impact an individual's immigration status, residency, and naturalization.

Recommendation

This report is informational and no action is requested at this time.

Operations Division Report

Date: December 14th, 2023

From: Jordan Turetsky, MPH, Chief Operating Officer

Contributors: Gary Ashburn, Claims Director
Cathy Slaughter, Provider Relations Director
Luis Somoza, Provider Services Director

Through: Marina Owen, Chief Executive Officer

Executive Summary

This Operations Report provides an overview of November accomplishments specific to the Claims, Provider Services, and Provider Relations departments, inclusive of department operational metrics.

Claims Operations

The Claims Department monitors core service metrics across all operational and customer service functions. The included Claims Dashboard includes a suite of key operational metrics ranging from Claims Volume to Provider Call Center performance. For the November 2023 reporting period, claims paid within 90 days, disputes acknowledged within 15 days, and disputes resolved within 45 days fell slightly below goal. All decreases in performance were analyzed with root causes determined to be specific and isolated scenarios which staff do not anticipate occurring in the future.

Provider Services and Provider Relations

In November 2023, CenCal Health welcomed Luis Somoza, MS as the new Director of Provider Services. Luis brings over 15 years of experience in the managed care setting, holding prior roles in Compliance, Member Services, and Provider Services at a peer local health plan. He is committed to making positive impacts to health care service and quality, particularly for underserved populations, and looks forward to supporting CenCal Health's provider partners through the work of the Provider Services Department.

During November, staff hosted three provider engagement sessions on topics including Cultural Competency, Health Literacy, Caring for Seniors and Persons with Disabilities, and Medi-Cal Expansion and Renewal Retention. In support of ensuring a provider network for the new Community Supports services beginning in January 2024, six provider contracts were executed with current and new partners, ensuring access to

Respite Services, Personal Care and Homemaker Services, Short-Term Post Hospitalization, and Day Habilitation in 2024.

Provider Relations Call Metrics showed a decline in the month of November, with 82.8% of calls answered within 30 seconds. Leadership is engaged in improvement efforts to ensure optimal customer service. The balance of operational metrics for Provider Services and Provider Relations were at or above goal for October 2023, with no additional trends or concerns.

Recommendation

This Operations Division Report is informational only and no action is required.

CalAIM Program Implementation Update

Date: December 14th, 2023

From: Jennifer Fraser, PMP, EPMO Program Manager
Lead, CalAIM Program

Jordan Turetsky, Chief Operating Officer
Chair, Executive CalAIM Steering Committee

Through: Marina Owen, Chief Executive Officer

Executive Summary

This report provides information regarding CenCal Health's efforts to achieve the goals of California Advancing and Innovating Medi-Cal (CalAIM) as defined by the Department of Healthcare Services (DHCS). To achieve these goals over the next several years, CalAIM initiatives are managed collectively with oversight through an internal Steering Committee comprised of Executive and Senior Leaders to support aligning CalAIM goals with CenCal Health's strategic objectives. The purpose of this memo is to provide information and highlights on CalAIM implementation activities to include DHCS policy updates and plan decisions.

CalAIM Program Update

The internal CalAIM Steering Committee meets regularly to set the strategy for and guide the work required to implement CalAIM to include oversight and monitoring to support the work in progress. This includes regular inputs on current and evolving regulatory guidance as well as updates on local and community advocacy through the efforts of the Community Steering Committees (CSCs) in both counties. The initial round of interviews with agency leaders (*Sheriff's Office, Probation, Social Services, Behavioral Health, Public Health, and Administration*) conducted by an external consultant, Scott Coffin of Serrano Advisors, to support a landscape analysis in each County are complete. Discussions focused on re-entry supports and services, high-level overviews of screening and diagnosis procedures to include current handoffs between agency staff, embedded vendors and community partners as well as identification of core technology and reporting systems. Initial results will be shared at the joint CSC scheduled on December 11th which will include an opportunity for community partners to discuss takeaways and county-specific opportunities for meeting the needs of those served through the justice system in preparation for the expansion of the Enhanced Care Management benefit to the Individuals Transitioning from Incarceration Population of Focus in January 2024.

CalAIM Initiatives Update

Below is a list of updates for in flight CalAIM initiatives:

- **Enhanced Care Management (ECM)** – Staff continue to identify new providers for all active POFs as well as continue to support the seventeen (17) providers contracted to provide ECM services. Over 2,700 members have been assigned to these providers for outreach, and 1,107 members are enrolled and receiving ECM services representing a 25% increase in member enrollment since the last quarter ending September 30th. The Model of Care (MOC) Addendum IV detailing the network and implementation strategy for the Birth Equity POF effective January 1, 2024, has been approved by DHCS. The corresponding MOC for the Justice Involved POF has been submitted to DHCS and pending approval for the January 1st go-live.
- **Community Supports** – Staff continue to support the Community Supports services that are currently live by expanding the provider network as well as increasing utilization by educating the provider network and the community on the availability and eligibility requirements to increase the uptake for these supportive services which continues to be a specific focus for DHCS. Staff is actively onboarding contracted providers as well as ensuring all system updates are implemented timely to support the new services being offered on January 1, 2024: Short Term Post-Hospitalization Housing, Personal Care and Homemaker Services, Day Habilitation Services, and Respite Service. Additionally, implementing the full scope of Medically Tailored Meals (MTM) is in progress to offer members more variety in achieving their nutritional goals. In preparation for Board approval, planning and development of the policies and procedures for the services anticipated to be offered in July 2024 are underway.
- **NCQA Accreditation & Population Health Management (PHM)** - Workgroups for six (6) Plan Standards and one (1) Health Equity Standard continue to address the work needed to meet the requirement that all managed care plans need to be NCQA accredited by 2026. Staff is currently conducting file reviews in preparation for the mock audit process which will occur early next year to assess the plan's readiness for the actual survey with NCQA in 2024. Quarterly reporting to DHCS of PHM Program Key Performance Indicators (KPIs) has been implemented with the next reporting due February 15, 2024. The inaugural PHM Strategy Deliverable addressing NCQA and local health department (LHD) collaboration requirements was submitted in October.
- **Incentives** – DHCS has established a variety of funding streams to support plans and providers in achieving the goals of CalAIM, i.e., Incentive Payment Program (IPP), Providing Access and Transforming Health (PATH) Incentives, Student Behavioral Health Incentive Program (SBHIP), and Homeless Housing Incentive Program (HHIP). CenCal Health staff is currently participating in and/or implementing these different incentive programs to include timely submissions to DHCS as applicable. To earn additional program funding, the next submissions for HHIP and SBHIP are due at the end of the year. For IPP, Submission 3 was approved by DHCS earning the plan 85% of the total funding available for both counties. The next submission for IPP will be due in March 2024.



- **Transition to Statewide Managed LTSS & D-SNP** – DHCS is requiring beneficiaries to enroll in a Medi-Cal managed care plan and D-SNP operated by the same organization to allow for greater integration and coordination of their care. In partnership with Health Management Associates (HMA), the annual bodies of work needed to build the health plan's operational readiness for long term program sustainability have been identified. Please see the *Medicare Dual Special Needs Program Report* for more information.
- **Community Health Worker (CHW) / Doula Benefits** – Staff has completed implementing internal system updates to provide these preventive services to our membership and support CenCal Health's Population Health Management strategy. Expansion of CHW services as well as development of an electronic system for accepting and processing member recommendations for authorizing services under either benefit are in progress.

Recommendation

Staff recommends acceptance of this informational report describing current CalAIM implementation activities, and no action is requested at this time.

Enclosure(s)

1. CalAIM Reference
 - a) Table 1: CalAIM Goals
 - b) Table 2: CenCal Health Objectives
 - c) Table 3: ECM Populations of Focus (POFs)
 - d) Table 4: Implementation of Community Support (CS) Services
 - e) Table 5: ECM and Community Supports Model of Care (MOC) Submission Status
 - f) Table 6: Incentive Programs

CalAIM Reference

Table 1 – CalAIM Goals

CalAIM has three (3) primary goals as defined by DHCS in the table below:

DHCS CalAIM Goals	
1	Identify and manage comprehensive needs through whole person care approaches and social drivers of health
2	Improve quality outcomes, reduce health disparities, and transform the delivery system through value-based initiatives, modernization, and payment reform
3	Make Medi-Cal a more consistent and seamless system for enrollees to navigate by reducing complexity and increasing flexibility

Table 2 – CenCal Health Objectives

CenCal Health's strategic objectives are noted in the table below:

CCH Objective	Objective Description
Adapt Operations to Meet Customer Needs	Anticipate and respond to the existing and emerging needs of our members, providers, community, and regulatory partners
Enhance Organizational Readiness	Enable organizational advancement by pursuing targeted improvements in operational excellence, compliance strength, technology readiness and financial position
Prepare for Strategic Advancement	Execute a collaborative planning process that positions CenCal Health to strategically focus in the coming years on efforts that advance our mission and emerging vision

Table 3 – ECM Populations of Focus (POFs)

DHCS is implementing the ECM benefit over four (4) phases with each phase targeted for specific Populations of Focus as noted in the table below.

Phase	Populations of Focus (POFs)	Effective Dates
1	<ul style="list-style-type: none"> Adults and their Families Experiencing Homelessness Adults At Risk for Avoidable Hospital or ED Utilization Adults with Serious Mental Health and/or SUD Needs 	7/1/2022 Live
2	<ul style="list-style-type: none"> Adults Living in the Community and At Risk for Long Term Care (LTC) Institutionalization Adult Nursing Facility Residents Transitioning to the Community 	1/1/2023 Live

3	<ul style="list-style-type: none"> • <u>Children & Youth Populations of Focus:</u> <ul style="list-style-type: none"> • Homeless Families or Unaccompanied Children/Youth Experiencing Homelessness • Children and Youth At Risk for Avoidable Hospital or ED Utilization • Children and Youth with Serious Mental Health and/or SUD Needs • Children and Youth Enrolled in California Children's Services (CCS) or CCS Whole Child Model (WCM) with Additional Needs Beyond the CCS Condition • Children and Youth Involved in Child Welfare 	7/1/2023 Live
4	<ul style="list-style-type: none"> • Birth Equity • Individuals Transitioning from Incarceration 	1/1/2024

Table 4 – Implementation of Community Supports (CS) Services

CenCal Health's implementation of the pre-approved Community Supports services is noted in the table below.

Community Supports	Effective Date
<ul style="list-style-type: none"> • Medically Tailored Meals (MTM) 	7/1/2022 Live
<ul style="list-style-type: none"> • Recuperative Care (RC) 	10/1/2022 Live
<ul style="list-style-type: none"> • Housing Transition Navigation Services • Housing Deposits • Housing Tenancy & Sustaining Services • Sobering Centers 	1/1/2023 Live
<ul style="list-style-type: none"> • <i>No Community Supports Offerings</i> 	7/1/2023
<ul style="list-style-type: none"> • Short Term Post-Hospitalization Housing • Personal Care and Homemaker Services • Day Habilitation Services • Respite Services 	1/1/2024

Table 5 – ECM and Community Supports Model of Care (MOC) Submission Status

The Model of Care (MOC) contains documentation to be submitted to DHCS to determine the plan's readiness to meet the regulatory requirements for ECM and Community Supports. The timeframes and status for submissions are noted in the table below.

Phase	ECM	Community Supports	MOC Parts	Deadline	Status
<u>1</u> 7/1/22	POFs 1, 2, 3	<u>Initial Offerings</u> • Medically Tailored Meals • Recuperative Care	Parts 1 & 2	2/15/22	Approved
			Part 3	4/15/22	Approved
<u>2</u> 1/1/23	POFs 5, 6	<u>Subsequent Offerings</u> • Housing Transition Services • Housing Deposits • Housing Tenancy & Sustaining Services • Sobering Centers	Parts 1 & 2	7/1/22	Approved
			Part 3	9/1/22	Approved
<u>3</u> 7/1/23	POF 7, 8, 9, 10	<u>Subsequent Offerings</u> • None	Parts 1 & 2	2/15/23	Approved
			Part 3	4/15/23	Approved
<u>4</u> 1/1/24	<u>CS Subsequent Offerings</u> • Short Term Post-Hospitalization Housing • Personal Care and Homemaker Services • Day Habilitation Services • Respite Services		Parts 1, 2, 3	7/1/23	<i>Pending Approval</i>
	• ECM POF 10 (Birth Equity)		Addendum IV	10/2/23	Approved
	• ECM POF 4 (Individuals Transitioning from Incarceration)		Addendum III	10/15/23	<i>Submitted</i>

Table 6 – Incentive Programs

The timeframes and status of submissions to DHCS for each Incentive Program are noted in the table below.

Incentive Program	Submission	Deadline	Status
Incentive Payment Program (IPP) <i>Program Years 1, 2 & 3</i>	Submission 1	3/1/22	Approved
	Submission 2A	9/1/22	Approved
	Submission 2B	3/15/23	Approved
	Submission 3	9/1/2023	Approved
	Submission 4	3/2024	Not Started
	Submission 5	9/2024	Not Started
Homelessness & Housing Incentive Program (HHIP) <i>Program Years 1 & 2</i>	LHP* Submission	6/2022	Approved
	Investment Plan	9/2022	Approved
	PY 2 1st Submission	3/10/23	Approved

	PY 2 2 nd Submission	12/2023	<i>In Progress</i>
School Based Behavioral Health Incentive Program <i>Program Years 1, 2 & 3</i>	Assessment Submission	12/2022	Approved
	Submission 1	6/2023	<i>Submitted</i>
	Submission 2	12/2023	<i>In Progress</i>
	Submission 3	6/2024	Not Started
	Submission 4	12/2024	Not Started

*Local Homelessness Plan (LHP)

Compliance Report

Date: December 14th, 2023

From: Karen S. Kim, JD, MPH, Chief Compliance and Fraud Prevention Officer

Contributors: Puja Shah, Esq., Audits and Monitoring Director
Yadira Casarrubias, Compliance Specialist

Executive Summary

The purpose of this report is to provide an overview of current compliance activities and accomplishments for the organization. The report highlights Department of Health Care Services (DHCS) Medical Audits, DHCS APLs, audits and monitoring, delegation oversight, and other Compliance Department updates.

Audits & Monitoring (A&M)

The Audits & Monitoring Department (A&M) is responsible for performing risk assessment and internal audits of CenCal Health business units and processes, facilitating external audits with our regulators, assisting business owners with audit remediation efforts, and conducting delegation oversight of our delegated providers. A&M is currently recruiting to fill a Compliance Auditor position and is working toward recruiting for a Compliance Strategist position.

Internal Audit Update

A&M is collaborating with CenCal Health business units to develop an internal reporting, monitoring, auditing, and remediation cadence resembling our oversight of delegates as well as the Department of Health Care Services' (DHCS) oversight of CenCal Health. A&M recently received the results of a recent internal audit of the Grievances & Appeals (G&A) process and will evaluate appropriate next steps.

2023 DHCS Medical Audit Results

On November 29, 2023, CenCal Health participated in the exit conference for the 2023 DHCS Medical Audit. DHCS issued **zero (0) findings** upon evaluating CenCal Health in six (6) categories of performance: utilization management, case management and coordination of care, access and availability, member's rights, administrative and organizational capacity, and state supported services. No further action is needed, and this closes the 2023 DHCS Medical Audit.

Delegation Oversight

A&M is currently updating all CenCal Health's delegation program documents, agreements, and policies and procedures for 2024 DHCS Contract implementation. A&M is working closely with Ventura Transit Systems, Inc. (CenCal Health's transportation broker) to resolve all deficiencies addressed in their CAP. In early December, A&M conducted the annual audits of Sansum Clinic (for credentialing) and Carenet (which provides CenCal Health's nurse advice line). The Delegation Oversight Committee (DOC) met for Q42023 on October 16, 2023, and will next convene for Q12024 on January 22, 2024.

Department of Health Care Services: All Plan Letters

For the month of November, there was one (1) retired, and three (3) revised DHCS APLs.

Retired Policy Letter:

1. PL 00-001: Medi-Cal Managed Care Plan Responsibilities Under the Medi-Cal Specialty Mental Health Services Consolidation Program
 - Retired: 11/03/2023

Revised APLs:

1. 23-024: Doula Services
 - Revised: 11/03/2023
 - Supersedes: APL 22-031
2. 23-010: Responsibilities for Behavioral Health Treatment Coverage for Members Under the Age of 21
 - Revised 11/22/2023
 - Supersedes: APL 19-014
3. 23-023: ICF/DD - LTC Benefit Standardization and Transition of Members to Managed Care
 - Revised: 11/28/2023

Recommendation

This report is informational and no action by the Board of Directors is requested.

Administration Division Report

Date: December 14th, 2023

From: Michael Harris, Government Affairs & Administrative Officer

Through: Marina Owen, Chief Executive Officer

Contributors: Kaleb Madrid, Director, Administrative Services
Citlaly Santos, Director, Strategic Engagement
Hon Chan, Senior Associate Counsel

Executive Summary

Of significant news and interest is the recent announcement by the LAO regarding the projected \$68 billion funding gap for the state's finances for fiscal year 2024-25. As the legislature grapples with this extraordinary large gap, Medi-Cal health plans will be particularly attuned to next steps.

In an effort to improve processing, consistency, reduction of risk and other administrative priorities, the Administrative Services Department is enhancing CenCal Health's contracts and procurement function. A successful recruitment occurred for a new procurement and contracts manager. This individual will champion an existing contract management system and work closely with all the departments, particularly Legal and Finance.

The federal landscape remains complicated, confusing and contentious. Significant questions remain regarding the FY 2024 annual budget and funding for various health programs from the federal government. One hope is that hard deadlines will eventually force some element of compromise and bipartisanship.

Two supplemental reports are attached to this board report. Public Policy Advocates, your legislative advocates in Sacramento, and Paul Beddoe, your advocate in Washington, DC have both provided reports.

Background

Administrative Services Department

The Administrative Services Department (ASD) has crafted a strategy to consolidate all non-provider procurement and services within the newly established Procurement and Contracts Unit. This strategic move is expected to enhance coherence and operational efficiency across the organization. A Procurement and Contracts Manager has been chosen to lead this effort, with an expected start date of January 3, 2024. Concurrently,

an upgrade to our contract management system has been initiated to better support these goals, aiming for completion by the end of Q2 2024.

In parallel, Kaleb Madrid, ASD Director, is spearheading the initiative to outsource Explanation of Payments activity. With preliminary groundwork and budgeting phases now complete, we are poised to transition this function to an external vendor by the end of Q1 2024. This change is projected to enhance operational efficiencies, lighten staff workload, quicken process turnaround, and reduce potential risks for our organization.

Strategic Engagement and Public Relations

In Sacramento, PPA reports that, while the legislature has been in recess, leadership changes have been made. As you will recall, Robert Rivas of Hollister has been elected to be the new Speaker. As often occurs, the new Speaker changes various leadership positions in the assembly. When the legislature reconvenes in January, they will have to address the Governor's proposed budget and the LAO report regarding a projected deficit.

Attached is the public relations look back for the month of November 2023. Of significant note are the members of the CenCal Health Board and CenCal Health's CEO who were selected as leaders in the area of health care, life sciences and insurance. CenCal Health is proud of this example of community leadership.

November was National Diabetes Awareness month and CenCal Health collaborated with the Central Coast Medical Association in highlighting this important issue. Numerous community outreach activities took place that are in line with our objectives of partnership. CenCal Health was a proud sponsor of the Hospital Association of southern California's hero awards gala in Los Angeles. Of particular note was Dignity Health's Amelia Grover award for her work as Marian Regional Medical Center's Manager of Care Coordination and Social Work.

Please see the attached public relations report for additional information and details.

Recommendation

This report is an informational item for your Board.

Paul V. Beddoe Government Affairs, LLC

811 4TH ST NW UNIT 911
WASHINGTON DC 20001-4925

To: Marina Owen, Chief Executive Officer
Michael Harris, Government Affairs and Administrative Officer
Citlaly Santos, Strategic Engagement Director
CenCal Health

From: Paul V. Beddoe, Principal
Paul V. Beddoe Government Affairs, LLC

Subject: Federal Report, December 2023

2023 Highlights

The first session of the 118th Congress was marked by high profile instability in the House of Representatives. Beginning with the unprecedented number of votes required to seat Rep. Kevin McCarthy (R-CA) as Speaker, and continuing through the controversies which ultimately led to his ouster, the House grabbed headlines and made history. Nevertheless, both the House and the Senate did significant bipartisan legislative work toward behavioral health system improvements, pharmacy benefit manager (PBM) and other payment reforms, extending Federally Qualified Health Center funding and other expiring health programs, and repealing statutory cuts to Medicaid disproportionate share hospital (DSH) payments. While none of these measures have been sent to the President for signature, the groundwork has been laid for them to advance in the new year.

The FY 2024 annual budget and appropriations process has not been as promising. In mid-November the new Speaker of the House Mike Johnson (R-LA) managed to pass a continuing resolution that would fund the federal government into early 2024, with two deadlines, January 19, and February 2. The latter date is the deadline for most discretionary health programs within the Department of Health and Human Services, although temporary extensions of expiring health programs (e.g. FQHCs) run to January 19. All in all, neither the House nor the Senate has been able to pass all twelve annual appropriations bills for FY 2024, which began on October 1, and not a single annual bill has been sent to the President for signature.

Biden-Harris Administration's Centers for Medicare and Medicaid Services (CMS) was particularly active in the Medicaid space in 2023. One central focus for the CMS and the Administration as a whole, has been to oversee the unwinding of the flexibilities extended during the COVID-19 public health emergency, including Medicaid continuous enrollment. The process laid out in the FY 2023 omnibus enacted in late 2023 has not run smoothly in all states. In fact, in September CMS ordered 30 states to halt redeterminations to stop state programs from improperly dropping eligible beneficiaries from the rolls. This scrutiny will continue under a new interim final rule issued on December 4, which, among other things, would allow CMS to fine states which are not in compliance.

In January CMS approved a historic Section 1115 waiver aimed at improving access and outcomes for California's justice-involved population, including the ability to provide eligible individuals with services 90 days prior to reentry into the community. Later in the Spring, CMS rolled out its new proposed Medicaid Managed Care regulations.

2024 Outlook

Despite the conventional wisdom, election years, even with divided government, may well be productive from a legislative standpoint. The early fiscal deadlines in January and February may prompt Congress to reach bipartisan, bicameral agreement on topline spending levels, which could open the door to enacting funding bills to cover the rest of FY 2024. There are some signs that the players are engaging constructively toward that end, though it could all collapse.

As mentioned above, bipartisan work during 2023 and the fiscal deadlines in January and February could pave the way for bipartisan package or packages of health legislation which could include program extenders, reauthorization of the SUPPORT Act and other behavioral health system improvements, and PBM and other payment reforms.

With the November general election moving into focus, expect the Biden-Harris Administration, including CMS, to work to consolidate any progress they have made, especially to advance initiatives to expand and protect coverage and access to care. Meanwhile, we should also expect CMS to continue to scrutinize states' administration of Medicaid, especially as the redetermination process wraps up. With the expected rollout of the final Medicaid Managed Care rules in the Spring, Medicaid finance will be under the microscope. At the same time, CMS will continue to look for states to make progress on health equity, value, and quality. Of course, states will look to plans and providers to support their efforts in all these domains.

Finally, in all likelihood, California can expect CMS to approve its application for the BH-CONNECT waiver. While the details will not emerge until after the decision is announced, this waiver will be a massive opportunity, as well as a challenge, for the state, its counties, plans and providers.



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To: Marina Owen, Chief Executive Officer
Michael Harris, Government Affairs and Administrative Officer
CenCal Health

From: Russ Noack, Public Policy Advocates, Partner
Armand Feliciano, Public Policy Advocates, Partner

Subject: Legislative Update –December 2023

State Legislative Update

Although the California State Legislature remains in recess and won't return to Sacramento until January 3, 2024, they will face a State Budget deficit of historic proportions. On Thursday, the Legislative Analyst Office announced a projected \$68 billion gap that may necessitate dipping into the State's \$37.8 billion rainy day fund reserve and could lead to deep cuts in spending programs in both the existing 2023-24 Budget as well as the 2024-25 Budget. Legislative leaders like Assembly Budget Committee Chair Jesse Gabriel are issuing statements that the extreme fiscal condition can be addressed without cutting "safety net services for our most vulnerable", but conceded that we are "in a position this year where we're going to have to say no to a lot of things". We anticipate an enormous amount of legislative activity will commence immediately following Governor Newsom's unveiling of the State Budget blueprint in early January and efforts to either create or expand healthcare programs with commensurate spending increases will most likely be deferred beyond 2024.

Several changes in legislative positions of importance to CenCal Health have been announced this week. As reported last month, the Senate chose Mike McGuire, a Democrat from Geyserville to replace Toni Atkins of San Diego to be the Pro Tempore, but gave no date for the transition. It has now been announced that Senator McGuire will take over his new leadership position on February 5, 2024. Further, please note, Senator McGuire, who is termed out in 2026, has declared his intention to run for the statewide office of Insurance Commissioner in 2026. Susan Eggman, of Stockton is expected to retain the Chair of the Senate Health Committee and will vacate the Chair at the end of the year since she terms out in 2024.

Although the Assembly selected Robert Rivas of Hollister to be their leader last Summer, the new Speaker resisted the impulse to make wholesale committee leadership changes midstream during the 1st year of the legislative session. Until now. Jim Wood from Santa Rosa, the longtime Chair of the Assembly Health Committee has been elevated to a leadership position as Speaker Pro Tempore and has been replaced as Health Committee Chair by Mia Bonta from Oakland. Another significant change was

the naming of Buffy Wicks to be the Chair of the influential Assembly Appropriations Committee replacing Chris Holden of Pasadena.

A California Health Care Foundation survey on CalAim was released on Tuesday and was critical of the institutions providing the new services indicating that they are not effectively implementing the \$12 billion program. The survey found that a quarter of the healthcare providers and nonprofit organizations are sufficiently familiar with or equipped to serve or refer vulnerable patients. The Foundation has called for stepped up education of front-line workers on CalAim programs to better serve the sickest and most vulnerable patients.

Despite the gloomy State Budget projections, we expect another active session for MediCal legislative bill introductions and look forward to working productively on CenCal's legislative strategic plan at the Capitol in the new year.

Information Technology Report

Date: December 14th, 2023

From: Bill Cioffi, Chief Information Officer

Contributors: Jai Raisinghani, Deputy Chief Information Officer

Through: Marina Owen, Chief Executive Officer

Executive Summary

The following information is provided as an update on ongoing operational and project-oriented priorities of the IT functions within the plan.

Operational Statistics

Claims

During the month of November 2023, the Health Plan received 265,879 claims in total. HIPAA Compliant 837I/837P was the source of 93% of total claims and CenCal Health's Provider Portal was used for 5% of claim submissions. In total 98% of total claims were received via electronic method (HIPAA 837I/ 837P/ Proprietary files). Auto-adjudications rates for the month was at 95%.

Authorizations

During the month of November 2023, the Health Plan received 20,612 authorization requests in total. 84% of total authorizations were entered using CenCal Health's Provider Portal and 6% of total requests were part of data transmission from that Plan's Radiology Benefit Manager (RBM). 10% of total authorization requests were received via Fax.

IT Help Desk and Systems Monitoring

The Service Desk received a total of 1,128 requests during the month of November via IT Service Desk system related to various systems and services supported by the IT department. During the month, 1,061 total requests were closed. The average times measured during the month of November for the Help Desk Team: Average Response Time: 5.2 Hours and Average Resolution Time: 8.35 Hours.

For month of November 2023, IT System uptime recorded availability of 100.00%.

Financial Report for the eleven (11) Month Period Ending November 30, 2023

Date: December 14th, 2023

From: Kashina Bishop, Chief Financial Officer/Treasurer

Contributors: Amy Sim, Accounting Director

Executive Summary

This memo summarizes the health plan's financial performance calendar year-to-date (CYTD) through November 30, 2023, and provides insight on how the health plan is operating against budget forecast expectations.

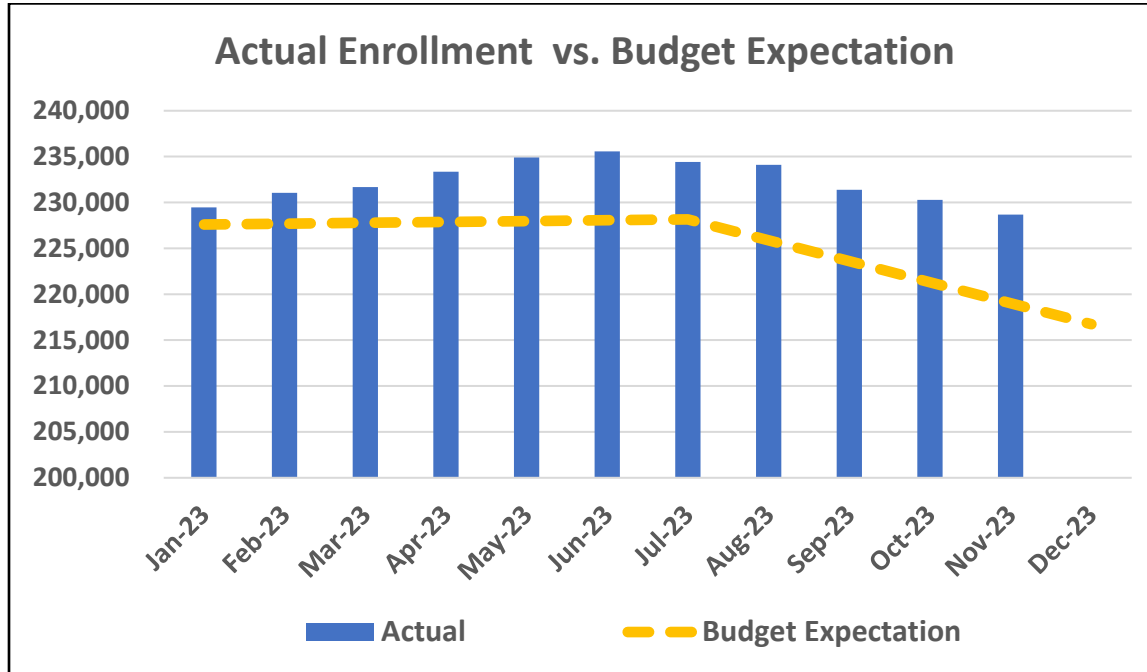
In addition to monitoring current performance, staff is finalizing work on the CY 2024 budget which will incorporate the financial forecast for 2024 and beyond to reflect more current information. This will involve an assessment of the potential financial risk associated with the resumption of redeterminations, D-SNP start-up costs and increasing financial pressures from the provider network.

Staff is also in the process implementing improvements to the financial reporting beginning in 2024 which will align the reporting methodologies used for the budget, monthly statements, and State submissions. This will allow staff to identify cost variances more effectively and implement strategies to reduce risk or maximize revenue.

Financial Highlights (CYTD: Jan-Aug)

- **Operating Gain (Loss):** Through eleven (11) months of the calendar year we are reporting an operating gain of \$73.9 million.
- **Capitation Revenue** is at \$1,140.3 million; over budget by \$72.9 million and 6.8%.
- **Medical Expenses** are at \$989.9 million; over budget by \$15.6 million and 1.6%.
- **Administrative Expenses** are at \$66.8 million; under budget by \$2.7 million and 3.9%. Strategic Investments are under budget by \$7.6 million and 91.2%.
- **Tangible Net Equity (TNE)** is at \$286.7 million; representing 874% of the minimum regulatory requirement and 99.9% of the minimum Board of Directors desired TNE target.
- **Total Cash and Short-Term Investments** are at \$338.4 million. Cash and Short-Term Investments available for operating the health plan is at \$285.3 million, representing 112 Days Cash on Hand.
- **Member Enrollment** is at 228,679 for the month of Nov 2023.

Enrollment Trend YTD



The health plan's enrollment count as of November 2023 is at 228,679 compared to a budget forecast of 219,024. January 1st –November 30th total member months are at 2,555,975 compared to budget expectations of 2,484,916; over budget 2.9%.

Capitation Revenue

Revenue Type	YTD Actual Dollars	FYTD Budget	YTD Variance	% Variance
Base Capitation Revenue	\$1,094,411,028	\$1,052,571,000	\$41,840,028	4.0%
Supplemental Revenue	\$33,074,535	\$14,817,000	\$18,257,535	123.2%
Budgeted Revenue Items	\$1,127,485,563	\$1,067,388,000	\$60,097,563	5.6%
Prior Year Revenue Adjustments: Prior Year Retroactive Items Recorded in Current Fiscal Year	\$12,799,116	-	\$12,799,116	
TOTAL CAPITATION REVENUE	\$1,140,284,679	\$1,067,388,000	\$72,896,679	6.8%

Base Capitation Revenue is over budget with a variance of 4.0% due to revised capitation rates from DHCS for Hospital Directed Payments (HDP) and Proposition 56,

subsequent to the budget development. In addition, CenCal received additional revenue associated with retroactive rate and membership changes.

Supplemental Revenue [Maternity Deliveries, and visits to American Indian Health Clinics] is over budget by 123.2% mainly due to maternity submission and updated rates for CY 2023. Recent additional submission for maternity included claims from the prior 12 months based on technical data review. Maternity rates were also updated effective January 2023 with adjustments from Jan 23-Mar 23.

Overall, actual budgeted revenue is exceeding budget expectations by 6.8%.

Interest Income

Calendar YTD Interest Income is exceeding budget expectations primarily due to current market interest rates being earned are greater than budget assumption.

Medical Expenses

Medical Expense Type	YTD Actual Dollars	FYTD Budget	YTD Variance	% Variance
Medical Costs + Incentives	\$1,000,658,610	\$971,881,000	\$28,777,610	3.0%
Reinsurance – net	\$2,884,279	\$2,456,000	\$428,279	17.4%
Budgeted Medical Items	\$1,003,542,889	\$974,337,000	\$29,205,889	3.0%
Prior Year Expense Adjustments: Prior Year Retroactive Items Recorded in Current Year	(\$13,622,093)	-	(\$13,622,093)	
TOTAL MEDICAL COSTS	\$989,920,796	\$974,337,000	\$15,583,796	1.6%

Medical Costs & Incentives are trending over budget with a variance of 3.0%. Excluding DHCS directed payments which are budget neutral, the medical expenses in aggregate are in line with the budget. We had noted some upward trends in hospital inpatient costs due to high dollars cases, but the costs have tapered off in the last few months. We are also noting increasing costs to LTC expenses associated with providers rates.

Administrative Expenses

Administrative Expenses are at \$66.8 million and under budget by \$2.7 million and 3.9% primarily driven by:

- Staffing Vacancies: 34 budgeted positions are currently vacant representing a 8.7% vacancy rate. The Administrative budget incorporated a 9% assumed vacancy rate.
- Salaries and Fringes are over budget primarily due to CalPERS unfunded liability adjustment and offset with cost savings of open positions.
- Contract Services are under budget due to the timing of services needed and write off of legal accrual.
- Rent and Occupancy is lower than budget expectations mainly due to janitorial costs and other occupancy costs. Janitorial costs should increase over the duration of the calendar year. Utilities also vary from month to month.
- Travel Costs are under budget due to the timing of actual conferences and seminars.
- Office Supplies & Equipment are over budget primarily due to postage and printing costs for additional State requirements of member materials.
- Other Expenses are over budget due to the timing of software subscriptions.

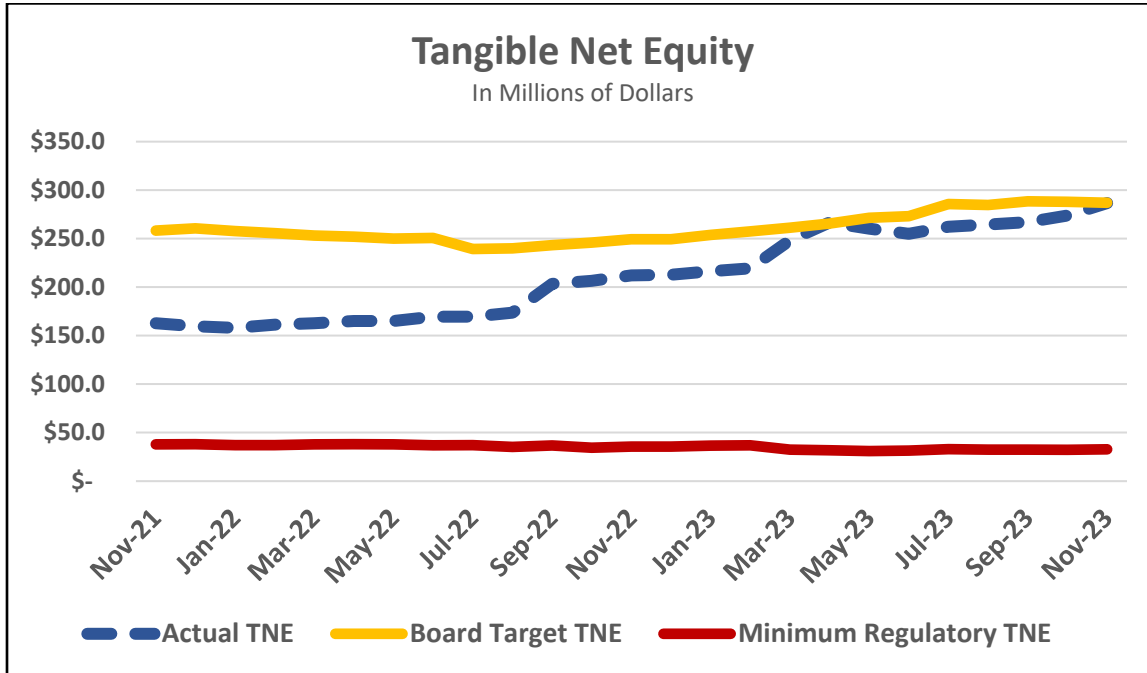
Strategic Investments

Calendar year-to-date Strategic Investments, which include expenditures associated with start-up costs for launching a Medicare Dual Special Needs Program (D-SNP) and investments in technology infrastructure solutions, as of November 30, 2023, YTD actual is at \$731,827 compared to the budget forecast of \$8,350,900. The budget variance is primary due timing with the project kick off expenses occurring later in the project lifecycle than had been anticipated during the budget process.

Tangible Net Equity (TNE)

As of November 2023, actual TNE is at \$286.7 million. This level represents 874% of the Regulatory Minimum TNE level (\$32.8 million) and 99.9% of the Board of Director's minimum TNE target currently at \$286.9 million.

The following chart provides a visual representation of the health plan's TNE trend over the past two (2) years.



Treasury Activities for the Month of November 2023

Total Cash Received is at \$79.9 million.
 Total Cash Disbursements is at \$71.1 million.
 Accrued and Earned Interest Income is at \$652,798.

CenCal Health

Finance Statements and Other Information For the eleven (11) month period ending November 30, 2023

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CenCal Health

Balance Sheet As of November 30, 2023

Assets

Cash and cash equivalents	\$	338,397,335
Accounts receivable:		
DHCS capitation and other		442,507,038
Reinsurance and other recoveries		1,486,687
Interest and other		307,213
Total accounts receivable		444,300,938
Prepaid expenses		1,971,641
Capital assets-net		27,867,273
Certificate of deposit - DMHC assigned		300,000
Corporate owned life insurance (COLI)		10,859,035
Deposits and other assets		11,805,978
Total Assets	\$	835,502,200

Liabilities and Net Assets

Medical claims payable and incentives	\$	121,566,376
Accounts payable, accrued salaries and expenses		12,738,409
Accrued DHCS revenue recoups-MLRs		30,030,326
Accrued DHCS directed payments		372,216,064
Unfunded pension liability - CalPERS		8,729,343
Other accrued liabilities		3,560,999
Net Assets - Tangible Net Equity		286,660,683
Total Liabilities and Net Assets	\$	835,502,200

CenCal Health

Income Statement

For the eleven (11) month period ending November 30, 2023

	Actual \$	Budget \$	Variance \$	%
Operating Revenues:				
Capitation	\$ 1,140,284,679	\$ 1,067,388,000	\$ 72,896,679	6.8%
Medical Expenses:				
PCP capitation	\$ 33,380,025	\$ 37,619,000	\$ (4,238,975)	-11.3%
Physician services	163,219,134	191,356,000	(28,136,866)	-14.7%
Hospital inpatient	216,683,526	204,339,000	12,344,526	6.0%
Hospital outpatient	80,296,051	77,500,000	2,796,051	3.6%
LTC facilities	150,065,632	133,075,000	16,990,632	12.8%
All other services	359,898,521	330,448,000	29,450,521	8.9%
PY estimate change	(13,622,093)	-	(13,622,093)	0.0%
	<u>\$ 989,920,796</u>	<u>\$ 974,337,000</u>	<u>\$ 15,583,796</u>	<u>1.6%</u>
Operating Expenses:				
Administrative expenses	\$ 66,792,255	\$ 69,495,721	\$ (2,703,466)	-3.9%
Strategic investments	731,827	8,350,900	(7,619,073)	-91.2%
	<u>\$ 67,524,082</u>	<u>\$ 77,846,621</u>	<u>\$ (10,322,539)</u>	<u>-13.3%</u>
MCO Tax Expense	(3,195,452)	-	(3,195,452)	0.0%
Interest income	6,847,459	550,000	6,297,459	1145.0%
Non-Operating expense	(19,504,479)	-	(19,504,479)	0.0%
Unrealized gain (loss)	494,991	-	494,991	0.0%
Operating Gain (Loss)	\$ 73,873,224	\$ 15,754,379	\$ 58,118,845	368.9%

CenCal Health

Income Statement

For the month of November 2023

	<u>Actual \$</u>
Operating Revenues:	
Capitation	\$ 109,556,718
Medical Expenses:	
PCP capitation	\$ 3,581,238
Physician services	13,907,961
Hospital inpatient	16,356,109
Hospital outpatient	8,277,869
LTC facilities	13,689,274
All other services	38,691,625
PY estimate change	(2,289,974)
	<u>\$ 92,214,102</u>
Operating Expenses:	
Administrative expenses	\$ 5,685,999
Strategic investments	103,688
	<u>\$ 5,789,687</u>
MCO Tax Expense	-
Interest income	707,679
Non-Operating Income (expense)	90
Unrealized gain (loss)	611,819
Operating Gain (Loss)	\$ 12,872,517

CenCal Health

Medical Expense by Category

For the eleven (11) month period ending November 30, 2023

	<u>Actual \$</u>	<u>Budget \$</u>	<u>Variance \$</u>	<u>%</u>
PCP capitation	\$ 33,380,025	\$ 37,619,000	\$ (4,238,975)	-11.3%
Physician services	163,219,134	191,356,000	(28,136,866)	-14.7%
Hospital inpatient in-area	83,770,316	93,502,000	(9,731,684)	-10.4%
Hospital inpatient out-of-area	80,561,117	59,176,000	21,385,117	36.1%
Hospital capitation inpatient	52,352,093	51,661,000	691,093	1.3%
Hospital outpatient in-area	24,401,809	22,560,000	1,841,809	8.2%
Hospital outpatient out-of-area	14,444,797	17,043,000	(2,598,203)	-15.2%
Hospital capitation outpatient	41,449,444	37,897,000	3,552,444	9.4%
Long term care facilities	150,065,632	133,075,000	16,990,632	12.8%
Mental health services	26,526,515	30,196,000	(3,669,485)	-12.2%
Behavioral health therapy	18,058,662	17,435,000	623,662	3.6%
Transportation	10,395,706	13,117,000	(2,721,294)	-20.7%
Durable medical equip.	8,536,993	9,591,000	(1,054,007)	-11.0%
Laboratory	12,787,914	16,327,000	(3,539,086)	-21.7%
Dialysis	9,800,083	7,470,000	2,330,083	31.2%
Hospice	4,898,587	7,508,000	(2,609,413)	-34.8%
Home health	2,954,688	3,323,000	(368,312)	-11.1%
Enhanced care mgmt.	6,499,754	10,926,000	(4,426,246)	-40.5%
Prop 56	18,051,209	-	18,051,209	
Community supports	1,926,749	1,221,000	705,749	57.8%
DHCS directed payments	215,975,471	184,747,000	31,228,471	16.9%
All other medical services	20,601,912	26,131,000	(5,529,088)	-21.2%
Reinsurance & recoveries	2,884,279	2,456,000	428,279	17.4%
Prior year change in estimate	(13,622,093)	-	(13,622,093)	0.0%
Total Medical Expenses	\$ 989,920,796	\$ 974,337,000	\$ 15,583,796	1.6%

CenCal Health

Administrative Expenses by Category

For the eleven (11) month period ending November 30, 2023

	Actual \$	Budget \$	Variance \$	%
Salaries & wages	\$ 30,312,356	\$ 32,907,370	\$ (2,595,014)	-7.9%
Fringe benefits	18,871,065	14,870,390	4,000,675	26.9%
Contract services	6,489,467	10,408,075	(3,918,608)	-37.6%
Travel expenses	117,004	497,447	(380,443)	-76.5%
Rent & occupancy	802,465	845,975	(43,510)	-5.1%
Supplies & equipment	1,897,866	1,656,317	241,549	14.6%
Insurance	1,470,111	1,879,700	(409,589)	-21.8%
Depreciation expense	1,462,884	1,572,200	(109,316)	-7.0%
Software maintenance	30,898	90,740	(59,842)	-65.9%
Software licensing	3,235,698	2,881,775	353,923	12.3%
Communications	414,002	505,200	(91,198)	-18.1%
Professional dues	313,560	289,455	24,105	8.3%
Marketing	63,022	67,800	(4,778)	-7.0%
Member/Provider materials	127,120	88,750	38,370	43.2%
Credentialing fees	37,246	24,750	12,496	50.5%
Provider relations	8,123	58,600	(50,477)	-86.1%
Board committee fees	23,650	33,910	(10,260)	-30.3%
Meeting room expenses	114,487	196,550	(82,063)	-41.8%
All other expenses	1,001,231	620,717	380,514	61.3%
Total Admin Expenses	\$ 66,792,255	\$ 69,495,721	\$ (2,703,466)	-3.9%

CenCal Health

Santa Barbara County Operating Statement

For the eleven (11) month period ending November 30, 2023

YTD:	<u>Actual \$</u>	<u>Budget \$</u>	<u>Variance \$</u>	<u>%</u>
Capitation Revenue	\$ 788,034,312	\$ 732,784,000	\$ 55,250,312	7.5%
Medical Expenses	695,764,272	689,921,000	5,843,272	0.8%
Administrative Expenses	47,167,593	48,830,562	(1,662,969)	-3.4%
MCO Tax	(2,236,816)	-	(2,236,816)	
Operating Gain (Loss)	\$ 47,339,263	\$ (5,967,562)	\$ 53,306,825	-893.3%

Medical Loss Ratio (MLR)	88.3%
Admin Loss Ratio (ALR)	6.0%
YTD Member Months	1,796,152
Avg. Member Count	163,287

CenCal Health

San Luis Obispo County Operating Statement

For the eleven (11) month period ending November 30, 2023

YTD:	<u>Actual \$</u>	<u>Budget \$</u>	<u>Variance \$</u>	<u>%</u>
Capitation Revenue	\$ 352,250,367	\$ 334,604,000	\$ 17,646,367	5.3%
Medical Expenses	289,108,564	284,416,000	4,692,564	1.6%
Administrative Expenses	19,624,982	20,663,000	(1,038,018)	-5.0%
MCO Tax	(958,635)	-	(958,635)	
Operating Gain (Loss)	\$ 44,475,456	\$ 29,525,000	\$ 14,950,456	50.6%

Medical Loss Ratio (MLR)	82%
Admin Loss Ratio (ALR)	5.6%
YTD Member Months	759,823
Avg. Member Count	69,075

CenCal Health

Tangible Net Equity (TNE)

As of November 30, 2023

Actual TNE (from the Balance Sheet)	\$ 286,660,683
Tangible Net Equity - DMHC minimum regulatory	32,811,828
TNE - excess (deficiency)	\$ 253,848,855
Pct. Actual TNE of the Regulatory Minimum	874%

Tangible Net Equity calculation is based upon:
Title 10, CCR, Section 1300.76

CenCal Health

Notes to the Financials Statements

As of November 30, 2023

USE OF ESTIMATES The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. CenCal Health's principal areas of estimates include reinsurance, third-party recoveries, retroactive capitation receivables, and claims incurred but not yet reported. Actual results could differ from these estimates.

REVENUE RECOGNITION Under contracts with the State of California, Medi-Cal is based on the estimated number of eligible enrollees per month, times the contracted monthly capitation rate. Revenue is recorded in the month in which eligible enrollees are entitled to health care services. Revenue projections for Medi-Cal are based on draft capitation rates issued by the DHCS effective as of January 1, 2023, as well as prior year any retroactive rate adjustments issued by the DHCS.

GASB 68 requires the health plan to record the magnitude of the unfunded pension liability. Accrued CalPERS Pension Liability is reserved on the balance sheet in the amount of \$8,729,342 based on current estimates.

CenCal Health

FYTD Operating Statement

For the five (5) month period ending November 30, 2023

Capitation Revenue	\$	498,552,359
Medical Expenses		446,676,246
Administrative Expenses		26,218,083
Strategic Investments		454,323
MCO Tax		-
Interest Income		3,345,137
Unrealized gain (loss)		261,447
Non-Operating Income (expense)		2,974,014
Operating Gain (Loss)	\$	31,784,305

Medical Loss Ratio (MLR)	90%
Admin Loss Ratio (ALR)	5.0%
YTD Member Months	1,159,869
Avg. Member Count	231,974

Note: This Operating Statement corresponds to the health plan's accounting cycle which is on a fiscal year cycle (July 1 - June 30). The health plan's budget cycle is on a calendar year cycle and is reflected in the prior operating statements within this financial statement packet.



Exhibits

- 1. Aggregate Monthly Enrollment by Program**
- 2. Aggregate Call Volume**
- 3. Member Grievances and Appeals**
- 4. Provider Services Statistics**
- 5. Claims Operations Statistics**
- 6. Strategic Engagement Report**

CENCAL HEALTH - CALENDAR 2023

CENCAL HEALTH MONTHLY ENROLLMENT BY PROGRAM

MEMBER ENROLLMENT BY MONTH: NOVEMBER 2023 – SBHI & SLOHI

Reporting period:

November 2023 – Calendar 2023

SBHI Monthly Enrollment 2023

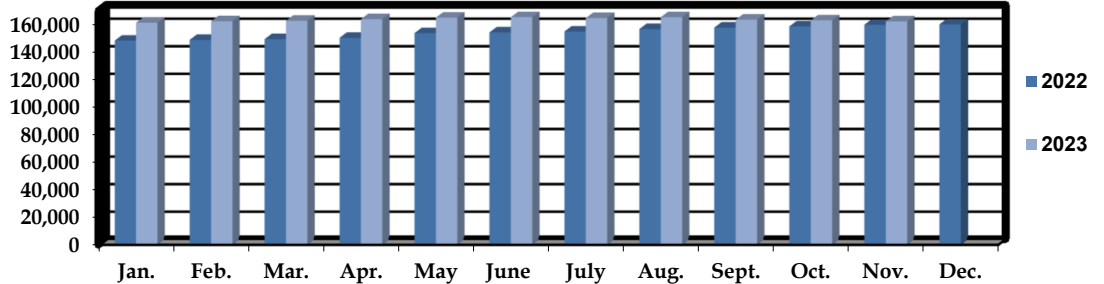
November 2023 = 162,045

Membership decreased by a net **777** members when compared to last month.

New members for November = **1,622**

Medi-Cal Annual Redeterminations for all beneficiaries with the end of the PHE are underway. Monthly mailings are sent 60 days prior to the member's redetermination date. DHCS is mailing renewal packets or auto-approval letters to beneficiaries.

SBHI Member Enrollment by Month



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2022 Members	148,119	148,657	149,203	150,143	153,555	154,077	154,717	156,487	157,558	158,413	159,679	159,913
2023 Members	161,132	162,167	162,579	163,706	164,805	165,143	164,464	165,097	163,312	162,822	162,045	

SLOHI Monthly Enrollment 2023

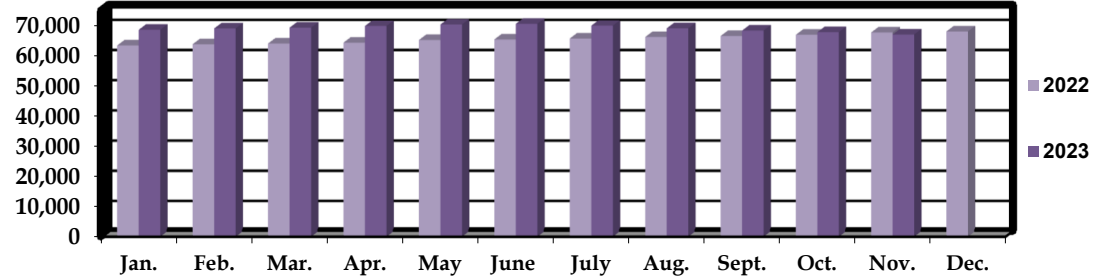
November 2023 = 66,977

Membership decreased by a net **792** members when compared to last month.

New members for November = **977**

Medi-Cal Annual Redeterminations for all beneficiaries with the end of the PHE are underway. Monthly mailings are sent 60 days prior to the member's redetermination date. DHCS is mailing renewal packets or auto-approval letters to beneficiaries.

SLOHI Member Enrollment by Month



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2022 Members	63,347	63,753	63,990	64,291	65,157	65,348	65,653	66,150	66,480	66,897	67,663	68,002
2023 Members	68,547	68,987	69,253	69,826	70,304	70,542	69,915	69,035	68,307	67,769	66,977	

CENCAL HEALTH CALENDAR 2022 - 2023 MEMBER SERVICE TELEPHONE STATISTICS

AGGREGATE CALL VOLUME FOR HEALTH PLAN (CHART #1) AGGREGATE AVERAGE SPEED TO ANSWER (CHART#2)

Reporting period:

November 2023 - Calendar 2023 Chart #1

Monthly Call Volume

In Control

Not In Control

November's call volume PTMPY is in of control with 2022's Mean.

November 2023:

Member Queue = **6,620**

Provider Queue = **1,109**

Non ACD = **193**

Aggregate Call Volume = **7,922**

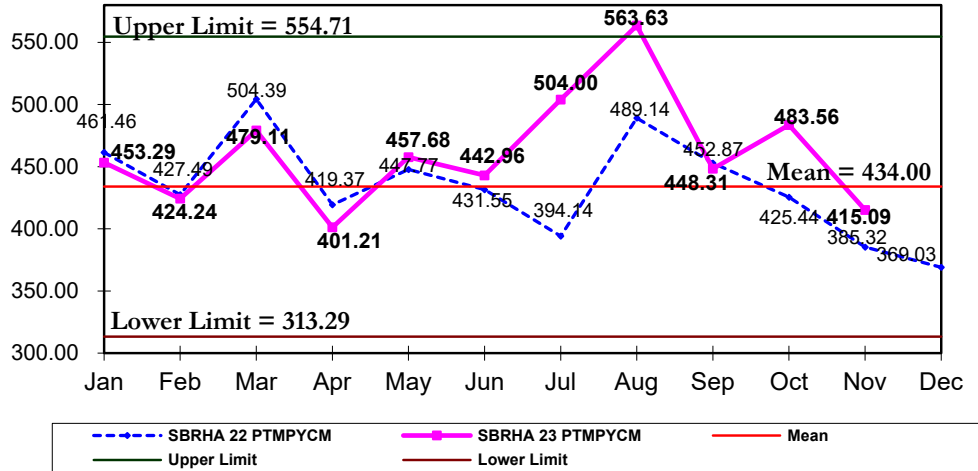
Calls per 1,000/month (PTMPM) = **34.59**

Calls per 1,000/year (PTMPY) = **415.09**

Analysis:

The decline in call volume can be attributed to the holiday season and the fact that November had only 19.5 working days. Despite the decrease, the call center still maintained an average of 406 daily aggregate calls.

CenCal Health Member/Provider Aggregate Call Volume -
2022-2023 Calendar Current Month



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
22 Members	211,466	212,410	213,193	214,434	218,712	219,425	220,370	222,637	224,038	225,310	227,342	227,9915
Call Volume	8,132	7,567	8,961	7,494	8,161	7,891	7,238	9,075	8,455	7,988	7,300	7,009
PTMPYCM	461.46	427.49	504.39	419.37	447.77	431.55	394.14	489.14	452.87	425.44	385.32	6,722
23 Members	229,679	231,154	231,832	233,532	235,109	235,685	234,379	234,132	231,619	230,591	229,022	
Call Volume	8,676	8,172	9,256	7,808	8,967	8,700	9,844	10,997	8,653	9,292	7,922	
PTMPYCM	453.29	424.24	479.11	401.21	457.68	442.96	504.00	563.63	448.31	483.56	415.09	

November 2023 - Chart #2

Monthly Average Speed to Answer

Exceeding Goal

Meets Goal

Not Meeting Goal

Average Speed to Answer Goal = 85% of Calls Answered Within 30 Seconds

November's score = **83%**

MS queue calls handled: **7,434**

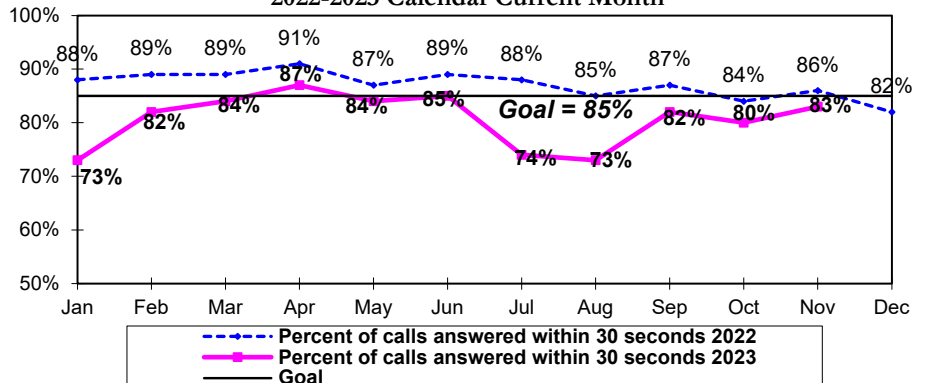
MS queue calls abandoned: **204**

MS queue calls answered within 30 seconds: **6,241**

*ASA excludes 30sec short abandoned (104); dequeued (91)

The call center averaged 406 daily calls in November 2023.

CenCal Health Aggregate Average Speed to Answer -
2022-2023 Calendar Current Month



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Answered in 30 seconds or less 2022	88%	89%	89%	91%	87%	89%	88%	85%	87%	84%	86%	82%
Answered in 30 seconds or less 2023	73%	82%	84%	87%	84%	85%	74%	73%	82%	80%	83%	

November Analysis: The call center experience 8 calls in queue over 10 minutes. This can be attributed to automated (TeleVox) new member welcome calls and HRA reminder calls to members to return the HRA received in new member packets which allows a bulk of member calls to connect directly to the call center creating a backlog of calls at one. Additionally, Member Portal calls to assist with password reset and troubleshooting have averaged 10+ minutes making agents unavailable to assist the backlog of calls in queue. Combined with the call center being short-staffed by 1 MSR (open position), scheduled and unscheduled PTO, the average speed to answer goal of 85% was not achieved (but improved) with an average speed to answer of 83% in November 2023.

CENCAL HEALTH CALENDAR 2022 - 2023 MEMBER SERVICE TELEPHONE STATISTICS

AGGREGATE MONTHLY ABANDON RATE (CHART #3) AGGREGATE MONTHLY CALL CODING PERCENTAGE (CHART#4)

November 2023 - Chart #3

Monthly Aggregate Abandon Rate

- Exceeding Goal
- Meets Goal
- Not Meeting Goal

CenCal Health Goal = 5% or less

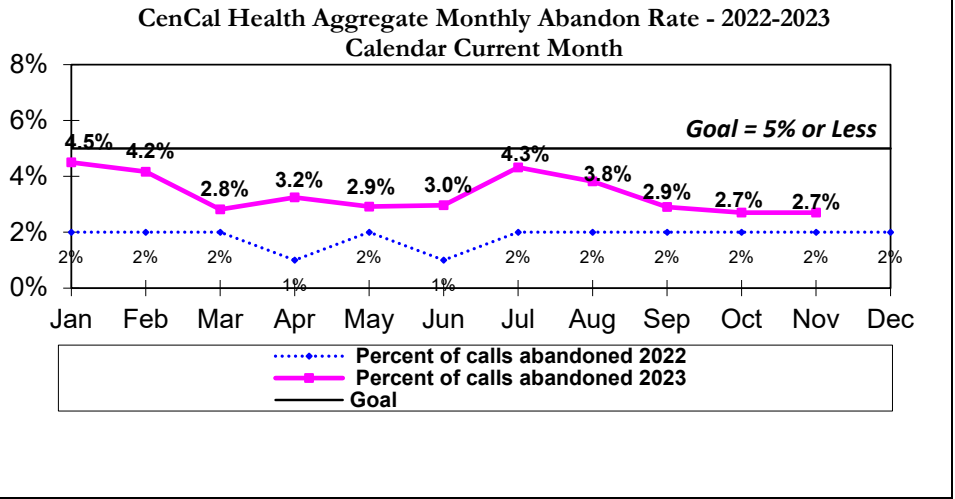
Goal changed from 3% to 5% to reflect organizational goal that more closely aligns with industry standards for abandon rate and definition for abandon rate across all plan phone queues.

MS Aggregate queue calls: **7,729**

Abandoned Calls: **204**

*Excludes calls dequeued (91)

Percent of calls abandoned in November 2023 = **2.7%**



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
% of Abandoned Calls 2022	2%	2%	2%	1%	2%	1%	2%	2%	2%	2%	2%	2%
% of Abandoned Calls 2023	4.5%	4.2%	2.8%	3.2%	2.9%	3.0%	4.3%	3.8%	2.9%	2.7%	2.7%	

November 2023 - Chart #4

Monthly Aggregate Calls Coded

- Exceeding Goal
- Meets Goal
- Not Meeting Goal

Goal for Percentage of Coded Calls = 95%

Queue Calls Handled: **7,434**

Queue Calls Coded: **7,137**

Percentage of calls coded in November 2023 = **96%**

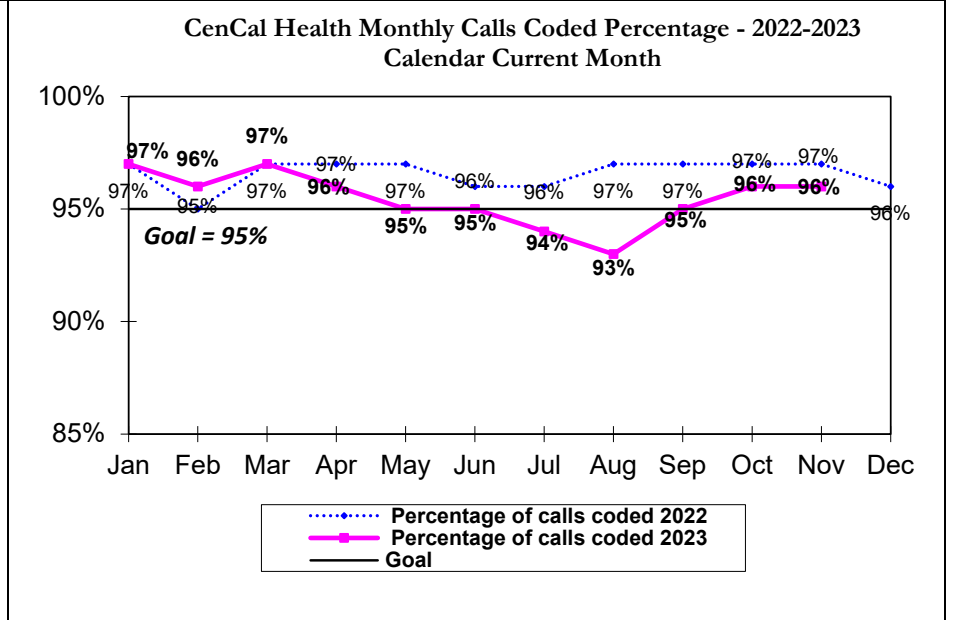
Total Issues Coded: **9,434**

*Calls may have more than one category.

Top 5 Call Categories:

Category	Calls	% of Total
Eligibility	3,275	35%
PCP Selection	1,386	15%
Benefits	830	9%
Miscellaneous	771	8%
Transfer	736	8%

*Miscellaneous = calls dropped/disconnect or N/A to a preset category.

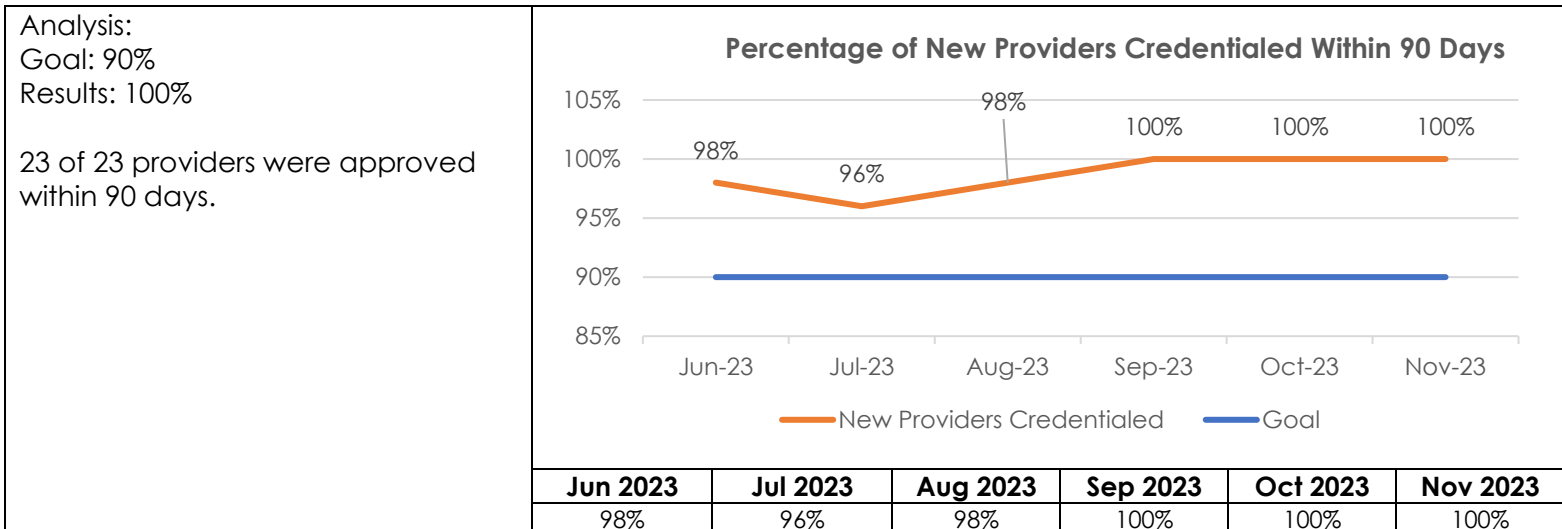
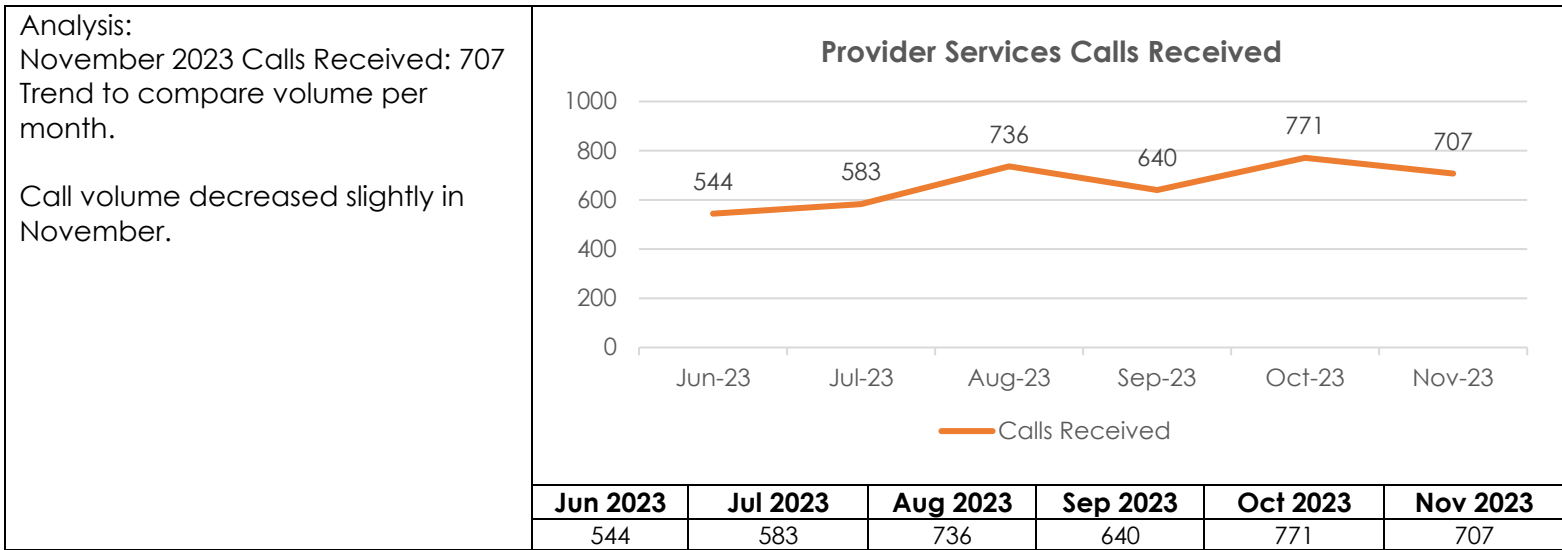
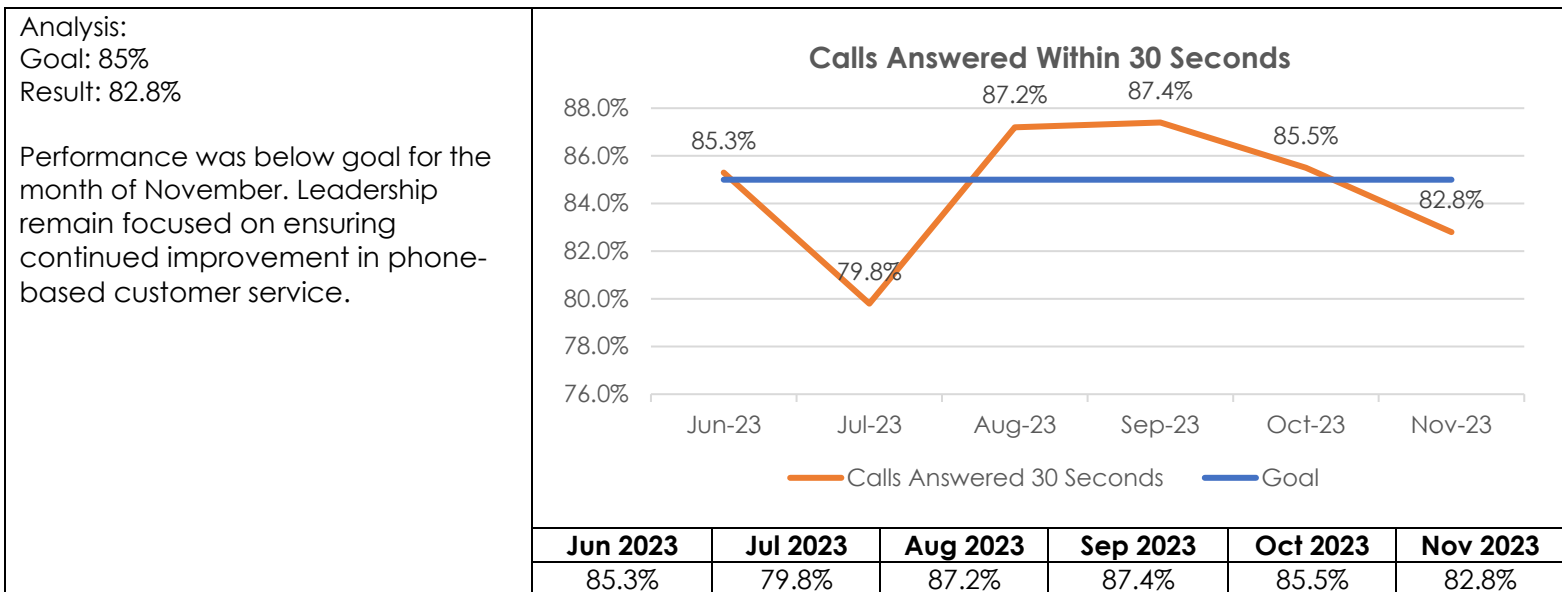


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Percentage of Calls Coded 2022	97%	95%	97%	97%	97%	96%	96%	97%	97%	97%	97%	96%
Percentage of Calls Coded 2023	97%	96%	97%	96%	95%	95%	94%	93%	95%	96%	96%	

November Analysis:

- Eligibility Calls – 51% Eligibility verification, 36% Referred to DSS/SSA, 6% Coordination of Benefits (OHC) Verification.
 - **218 (7%) Calls from members with questions about the DHCS Re-Determination process.**

CENCAL HEALTH PROVIDER SERVICES STATISTICS

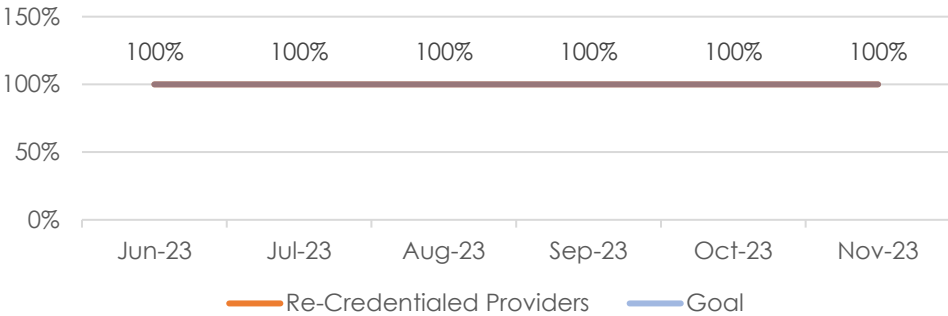


CENCAL HEALTH PROVIDER SERVICES STATISTICS

Analysis:
Goal: 100%
Results: 100%

78 providers were originally due for re-credentialing in November. All were re-credentialled before their due date.

**Percentage of Providers Recredentialled by Due Date
(36 Months)**



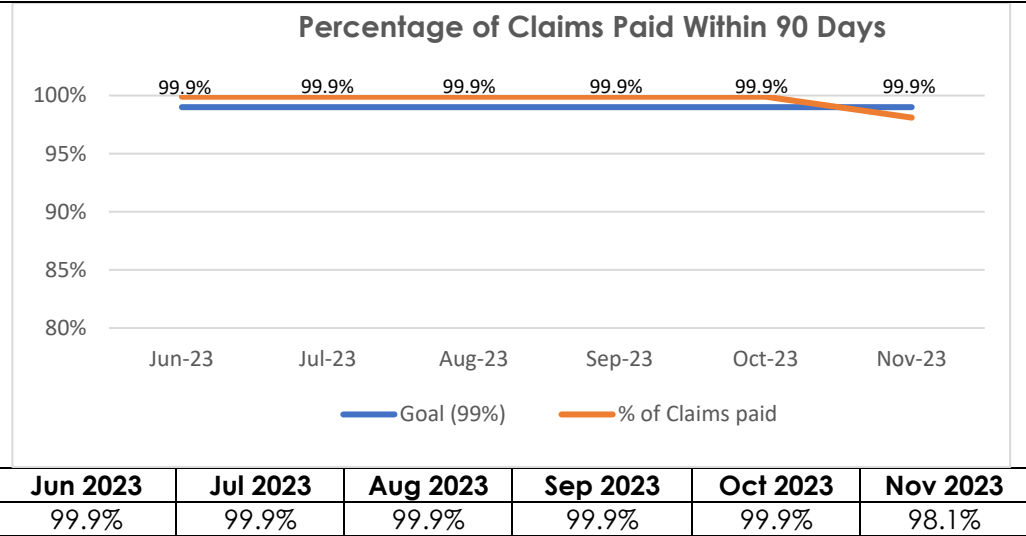
Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023
100%	100%	100%	100%	100%	100%

CENCAL HEALTH CLAIMS OPERATIONS STATISTICS

Analysis:
Goal: 99%
Result: 98.1%

Claims paid within 90 days is a regulatory requirement with a standard of 99%.

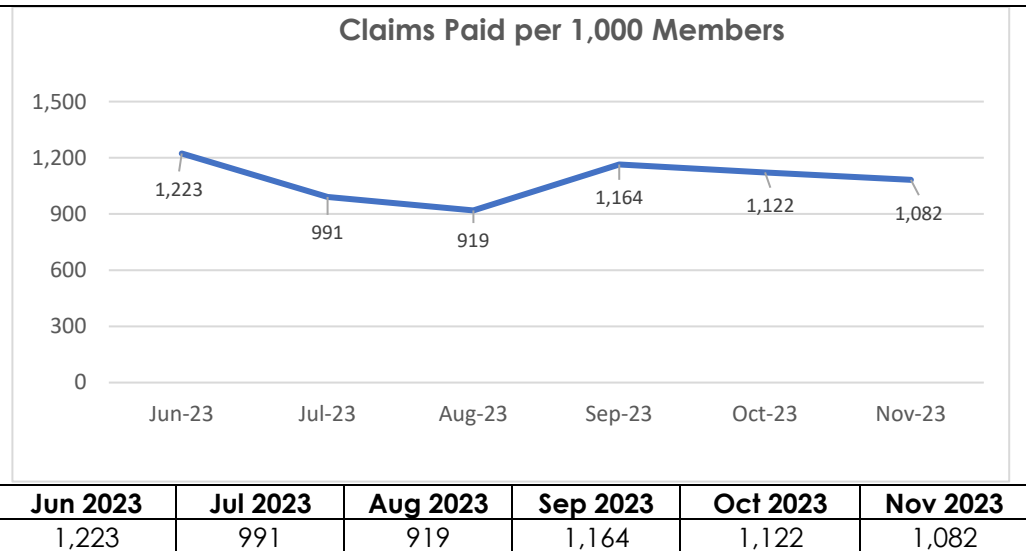
Results were 98.1% for the month of November due to a subset of claims which were received earlier in the year and determined after 90 days to be payable.



Analysis:
Trend to compare payments per month normalized with the total membership to account for membership fluctuations.

Result: 1,082 claims paid per 1,000 members

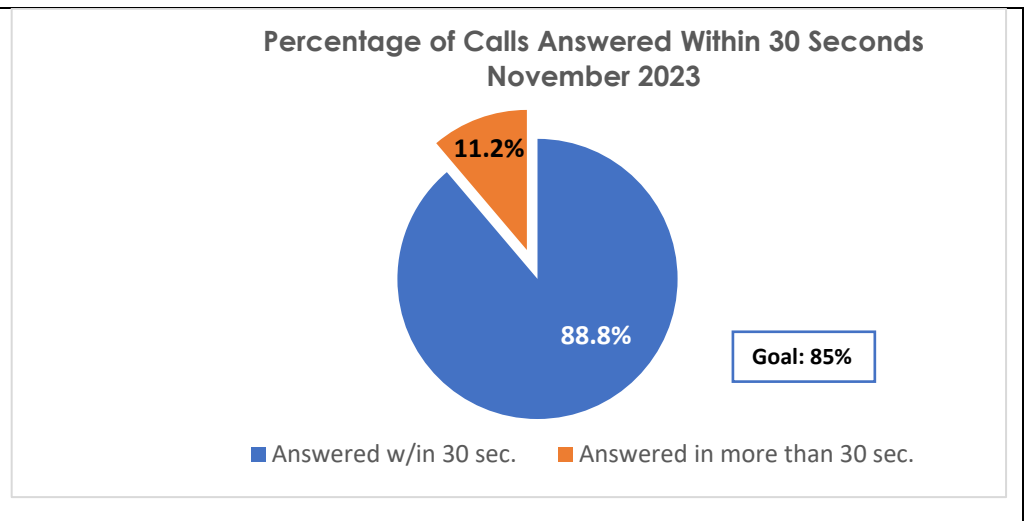
Claims Paid per 1,000 Members varies and is within a normal range.



Analysis:
Goal: 85%
Results: 88.8%

The percentage of calls answered within 30 seconds is 88.8% vs. goal of 85%.
The current performance is above goal.

The calls not answered in 30 seconds were isolated during peak call times. These calls were answered since Abandonment Rates remain under 1%.

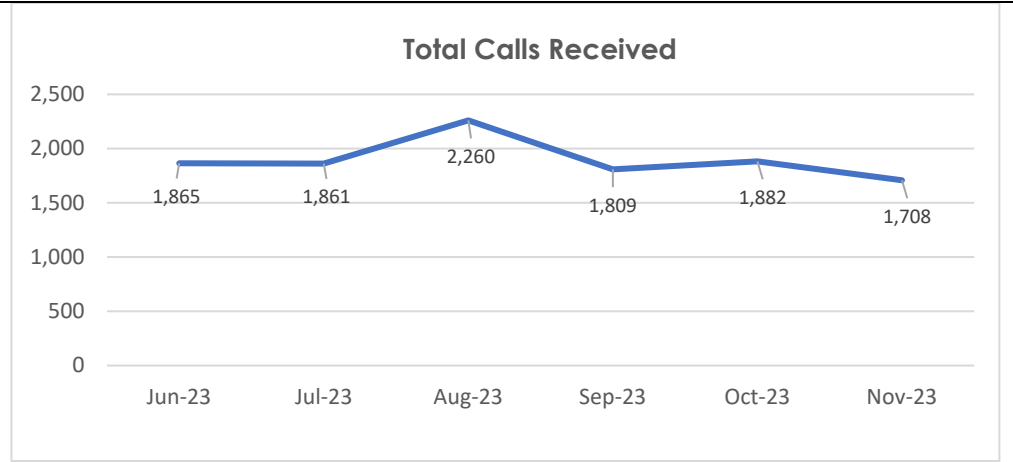


CENCAL HEALTH CLAIMS OPERATIONS STATISTICS

Analysis:
Trend to compare call volume per month

Calls Received: 1,708

Total Calls received remains stable with no notable trend variation.

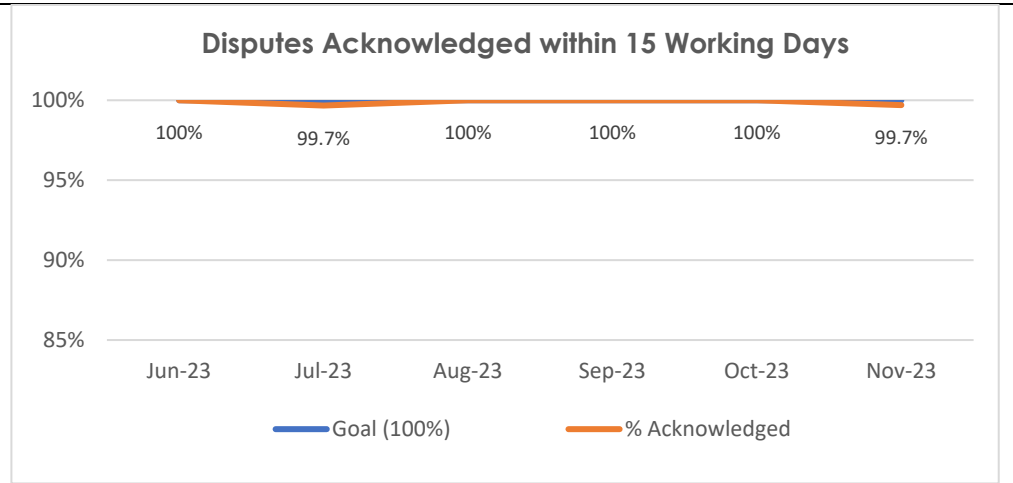


Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023
1,865	1,861	2,260	1,809	1,882	1,708

Analysis:
Goal: 100%
Results: 99.7%

Disputes Acknowledged in 15 Working Days is a regulatory requirement with a standard of 100%.

The percentage of disputes acknowledged in 15 days missed goal due to 1 dispute that was miscategorized which resulted in delayed acknowledgment.

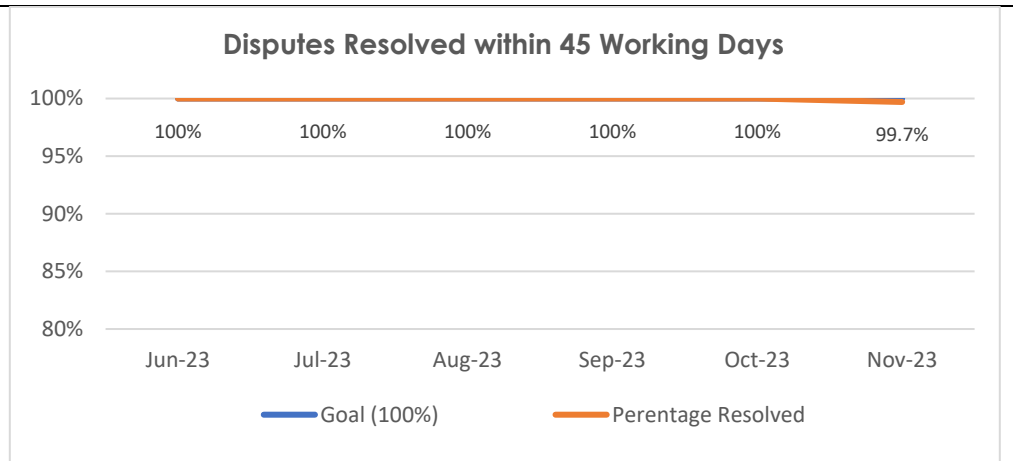


Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023
100%	99.7%	100%	100%	100%	99.7%

Analysis:
Goal: 100%
Result: 99.7%

Disputes Resolved in 45 Working Days is a regulatory requirement with a standard of 100%.

Results missed goal due to 1 dispute that was miscategorized which resulted in delayed resolution.



Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023
100%	100%	100%	100%	100%	99.7%

Strategic Engagement Department (SED) Supplemental Report November Look-Back



Date: December 14th, 2023

From: Citlaly Santos, Strategic Engagement Director

Through: Michael Harris, Government Affairs & Administrative Officer

PUBLIC RELATIONS

Earned & Paid Media

Congratulations to our CEO Marina Owen and Board Members!

CenCal HEALTH Local. Quality. Healthcare. **40**
Congratulations!

CenCal Health congratulates our CEO **Marina Owen**, along with Board Chair **Dr. René Bravo** of Bravo Pediatrics; Board Vice Chair **Mark Lisa**, CEO of Tenet Health Central Coast; Board Member **Sue Andersen**, President and CEO of Marian Regional Medical Center; and Board Member **Kieran Shah**, President and CEO of VNA Health, for being recognized in the 2023 special report *Who's Who in Healthcare, Insurance and Life Sciences*.

To meet the evolving goals of Medi-Cal and to advance quality and health equity for all, CenCal Health is committed to cultivating partnerships with dedicated healthcare professionals like you.

Marina Owen
CenCal Health
CEO

Dr. René Bravo
Bravo Pediatrics
CenCal Health Board Chair

Sue Andersen
Marian Regional Medical Center
President & CEO
CenCal Health Board Member

Mark Lisa
Tenet Health Central Coast
CEO
CenCal Health Board Vice Chair

Kieran Shah
VNA Health
President & CEO
CenCal Health Board Member

CenCal Health is a community-accountable health plan serving Medi-Cal members exclusively in Santa Barbara and San Luis Obispo counties.
Learn about our 2023-2025 Strategic Plan at CenCalHealth.org/StrategicPlan

Marina Owen
CEO
CenCal Health
Santa Barbara

Marina Owen spent 15 years of her career at CenCal Health before leaving for the Chief Operating Office at a similar plan, Central California Alliance for Health.

In 2021 she returned to the local Medi-Cal health plan as CEO, only the fourth CEO in CenCal Health's nearly four decades, and the first woman. As CEO of a health plan that covers one of four residents of Santa Barbara County and one in five of San Luis Obispo County, Owen is responsible for the overall strategic direction, management and administration of programs and services while ensuring that CenCal Health fulfills its mission, goals and objectives.

Annually, the regional business journal *Pacific Coast Business Times* profiles dozens of leaders and decision-makers in the tri-county region who specialize in healthcare, life sciences and insurance.

This year's *Who's Who in Healthcare, Insurance, and Life Sciences* special report, which published in November, recognized our CEO Marina Owen and four of our Board Members, including Board Chair Dr. René Bravo; Board Vice Chair Mark Lisa; Board Member Sue Andersen; and Board Member Kieran Shah.

CenCal Health published the above congratulatory ad in the special report to highlight the recognition of our leaders.

Earned & Paid Media (continued)

In alignment with November being National Diabetes Awareness Month, CenCal Health collaborated with the Central Coast Medical Association (CCMA) to share educational content for local providers regarding our Diabetes Management Program. The content appeared in CCMA's monthly e-newsletter *The Pulse*.



[URGENT! Contact your Member of Congress Immediately to Cancel the Medicare Payment Cut!](#) We must act now to demand positive changes to the Medicare Physician Fee Schedule for 2024.

The California **Medical Association** (CMA), American **Medical Association** and all of organized medicine are uniting to urge Congress to stop the 3.4% payment cut and provide an inflation update for 2024.

A graphic with a blue background and a photo of a doctor and a patient. The text reads: "November Is National Diabetes Awareness Month". Below the photo, there is a paragraph of text: "November Is National Diabetes Awareness Month. The Centers for Disease Control reports that more than 37 million Americans are living with diabetes. CenCal Health's Diabetes Management Program works with members, PCPs, and specialists to improve clinical outcomes, reduce or delay long-term complications, and improve members' health and well-being. The dedication of providers to diabetes awareness and management makes a tremendous impact on the overall health of our community." The entire graphic is enclosed in a green border.

COMMUNITY OUTREACH

Through community outreach, engagement, and investment - drawing upon sponsorship and grant funding, the SED aims to support CenCal Health's Strategic Plan priority of cultivating community partnerships.

The objective is that through our partnerships, we will:

- Uphold CenCal Health's standing as a trusted and inclusive partner with business, health, and social service organizations.
- Bring forth meaningful partnerships that strengthen the health system and local safety net.
- Advance health equity so our communities thrive and achieve optimal health together.
- Improve and expand outreach to members and prospective Medi-Cal beneficiaries within our service areas.
- Promote health education.

Community Engagement Spotlight

The following images highlight some of the community events supported by CenCal Health and attended by our leaders and staff in November.

On November 3, CenCal Health proudly supported the Hospital Association of Southern California's (HASC) *My SoCal Hospital Heroes Awards Gala*. The event honored hospital staff from the six-county regions served by HASC, including Amelia Grover of Dignity Health Marian Regional Medical Center. Our Government Affairs and Administrative Officer Michael Harris (left) and Chief Financial Officer Kashina Bishop (right) and were among CenCal Health's representatives.



Community Engagement Spotlight (continued)

On November 4, CenCal Health Board Member Sara Macdonald and CenCal Health Associate Director of Utilization Management Ana Stenersen represented the health plan at the Savie Health *Thanks for Giving Luncheon: Honoring Heroes in Healthcare*. Lompoc-based clinic Savie Health provides no-charge health care to uninsured Santa Barbara County residents and beyond.



Sponsorship & Donation Program Report

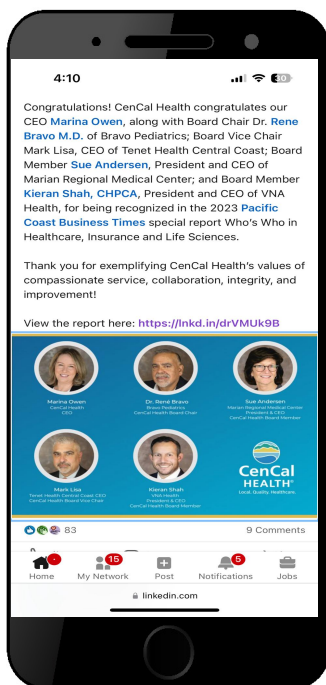
CenCal Health committed sponsorship funds to the following organizations in November:

Event Date	Organization	Event
12/9/2023	Friday Night Live - San Luis Obispo County Chapter	Reindeer Run 5K
2/9/2024	Hearts Aligned Inc.	2nd Annual Hearts to Hearts Valentine's Luncheon
2/23/2024	Healing Justice Santa Barbara (HJSB)	Black is Beautiful Gala & Fundraiser
3/16/2024	Momentum WORK, Inc.	Fun in the Sun Walk & Roll
4/27/2024	People's Self-Help Housing	Builder Games 2024

SOCIAL MEDIA

CenCal Health uses social media to communicate with our community partners, providers, members, and staff. Platforms currently used include Facebook, Instagram, and LinkedIn.

November samples



Marina Owen, Board Members recognized as Champions in Healthcare

CenCal Health took to social media to congratulate our leaders for being recognized in the Who's Who in Healthcare, Insurance and Life Sciences special report. Thank you for exemplifying CenCal Health's values of compassionate service, collaboration, integrity, and improvement!



Devereux Advanced Behavioral Health Center creates CenCal Health gifts for anniversary event

In preparation for CenCal Health's 40th anniversary event, we teamed up with the community residents of Devereux Advanced Behavioral Health California center in Goleta, who crafted the charming succulent arrangements that were guests' take-home gifts for our December 6th event. In late November, Devereux posted on social media about the delivery of the succulents to our CenCal Health Santa Barbara headquarters.