Board of Directors Meeting
Via Conference Call
March 22, 2019 | 10:00am – 11:00am
Conference Line (267) 930-4000 | Participant Code 177-134-261

AGENDA

1. Welcome
2. Approval of minutes from February 26, 2019 board meeting – discussion and action item
3. Rate methodology proposal and fiscal estimates from Optumas – discussion and action item
4. Positions on bills – discussion and action item
5. Appointment of board member to Executive Committee – discussion and action item
6. West Coast PACE 2.0 update -- Peter Fitzgerald, NPA – discussion
7. Other business
8. Adjourn

Attachments
A. Draft minutes of February 26, 2019 board meeting
B. Rate methodology proposal and Optumas fiscal estimates
C. CalPACE legislation tracking list with recommended positions
D. Executive Committee charter
E. West Coast PACE 2.0 Collaborative Update slides

Board Members
• AltaMed PACE, Maria Zamora
• Brandman Centers for Senior Care Arnold Possick
• CalOptima, Arif Shaikh
• Center for Elders’ Independence, Linda Trowbridge
• Fresno PACE, Patricia Sandoval
• On Lok Lifeways, Eileen Kunz
• Redwood Coast PACE, Joyce Hayes
• San Diego PACE, Kevin Mattson
• St. Paul’s PACE, Cheryl Wilson
• Stockton PACE, Elizabeth Carty
• Sutter SeniorCare PACE, Pamela Ansley
Minutes of CalPACE Board Meeting
February 26, 2019
The California Endowment, Sacramento, CA

Attendees
Board Members: Arnold Possick, Brandman Centers for Senior Care
Cheryl Wilson, St. Paul’s PACE
Eileen Kunz, On Lok Lifeways
Elizabeth Carty, Stockton PACE
Joyce Hayes, Redwood Coast PACE
Kevin Mattson, San Diego ACE
Linda Trowbridge, Center for Elders’ Independence
Maria Zamora, AltaMed PACE
Patricia Sandoval, Fresno PACE

CalPACE Staff: Peter Hansel, Chief Executive Officer
Jennifer Blankenship, Senior Director of Operations
Fred Main, CalPACE Counsel

Guests: Barbara LaHaie, Redwood Coast PACE
Beverly Dahan, InnovAge
Carol Hubbard, St. Paul’s PACE
Elizabeth Lee, CalOptima PACE
Gary Campanella, On Lok Lifeways
María Lozano, InnovAge
Pamela Ansley, Sutter SeniorCare PACE
Rosana Scolari, San Diego PACE
Susie Fishenfeld, Brandman Centers for Senior Care

Board members absent: Arif Shaikh, CalOptima PACE

Note: These minutes are confidential and privileged and should not be circulated outside of the CalPACE Board.

Board Chair Linda Trowbridge welcomed members and convened the meeting at 2:05 p.m.

DECISIONS

Minutes of January 24, 2019 board meeting. The minutes of the board’s January 24, 2019 meeting were adopted (Possick/Wilson).

Sutter SeniorCare designation of Pamela Ansley as board representative. A motion to approve Sutter SeniorCare’s designation of Pamela Ansley to serve as its board representative was adopted (Wilson/Mattson). Ms. Ansley noted that Christie O’Hanlon, Sutter SeniorCare Administrative Director, had resigned and that Sutter is conducting a national search for a permanent replacement. In the meantime, Karli Holkko is serving as the interim Administrative Director.

Affiliate program update. Jennifer Blankenship reviewed the history and current status of the Affiliate program. CalPACE currently has ___ Affiliates and there are about 10 additional organizations that make sense to approach about becoming Affiliates. Interest in sponsorships by Affiliate members is increasing. After brief discussion, there was
consensus to maintain the current annual dues level of $2,500 until Affiliate membership is solidified and to seek additional sponsorships for specific Affiliate events.

DISCUSSION

Proposal to transfer PACE licensing functions. Fred Main, CalPACE counsel and advocate, provided an update on the status of CalPACES proposed legislation to transfer certain PACE licensing functions from the Department of Public Health to the Department of Health Care Services. There was brief discussion of the clinic affiliate licensing option; examples of how it has been used by On Lok was provided by Eileen Kunz.

PACE rate methodology trailer bill proposal. Fred Main provided an update on CalPACES proposed amendments to the PACE Modernization Act to make revisions to the PACE rate methodology. The proposal has been submitted to the budget committees and CalPACE is waiting for fiscal estimates from Optumas. Board members noted that PACE can emphasize that PACE saves money for the state and the changes should be part of the state’s commitment to growing PACE exponentially.

PACE 2.0 update. Jennifer Blankenship, Senior Director of Operations, provided an overview of the status of the project. NPA staff and PACE 2.0 consultants would like to schedule time with the board to provide observations on things PACE CEOs can be doing to help the initiative reach its full potential. Carol Hubbard, a West Coast PACE 2.0 faculty member, noted that it took two sessions for participating PACE organizations to fully understand the process being used and that some participating organizations need to commit greater leadership involvement to enable their teams to conduct rapid cycle tests and to share results. Maria Zamora, also a West Coast PACE 2.0 faculty member, noted that the consultant has reinforced the importance of collaboration and of each organization sharing information from the changes they are testing. Several board members noted that they fully support the project and are empowering their staffs to fully participate. CEOs need to provide day to day supportive messaging about the project to their staffs. Peter Hansel, CalPACE CEO, noted that he has been asked to talk about how PACE 2.0 fits in with states’ advocacy strategies around PACE expansion at the upcoming NPA Spring Policy Forum.

The meeting was adjourned at 2:35.

Respectfully submitted,

Eileen Kunz, Secretary

Prepared by: Peter Hansel, Chief Executive Officer
Jennifer Blankenship, Senior Director of Operations
Amend Welfare and Institutions Code Section 14301.1 (n), to read:

(n) (1) The department shall develop and pay capitation rates to entities contracted pursuant to Chapter 8.75 (commencing with Section 14591), using actuarial methods and in a manner consistent with this section, except as provided in this subdivision.

(2) (A) The department may develop capitation rates using a standardized rate methodology across managed care plan models for comparable populations. The specific rate methodology applied to PACE organizations shall address features of PACE that distinguishes it from other managed care plan models.

(B) The rate methodology shall be consistent with actuarial rate development principles and shall provide for all reasonable, appropriate, and attainable costs for each PACE organization within each region. The rate methodology shall explicitly recognize and provide specific funding percentages in the non-medical load rating component to cover capital costs sufficient to allow PACE organizations to operate and update facilities, and for risk and contingency to recognize the inherent volatility and fewer enrollees over which to spread risk compared to other managed care models.

(C) For the first three years of the application of the rate methodology under this subdivision, as amended by this statute, the department shall add two percent to each PACE organization’s allowable administrative expenditure percentage to enable them to meet the administrative standards applied to other managed care models.

(3) The department may develop statewide rates and apply geographic adjustments, using available data sources deemed appropriate by the department. Consistent with actuarial methods, the primary source of data used to develop rates for each PACE organization shall be its Medi-Cal cost and utilization data or other data sources as deemed necessary by the department.

(4) Rates developed pursuant to this subdivision shall reflect the level of care associated with the specific populations served under the contract.

(5) The rate methodology developed pursuant to this subdivision shall contain a mechanism to account for the costs of high-cost drugs and treatments.

(6) Rates developed pursuant to this subdivision shall be actuarially certified prior to implementation.

(7) The department shall consult with those entities contracted pursuant to Chapter 8.75 (commencing with Section 14591) in developing a rate methodology according to this subdivision.

(8) Consistent with the requirements of federal law, the department shall calculate an upper payment limit for payments to PACE organizations. In calculating the upper payment limit, the department shall correct the applicable data as necessary and shall consider the risk of nursing home placement for the comparable population when estimating the level of care and risk of PACE participants. Notwithstanding (n)(2)(B), rates paid to PACE organizations shall be no less than 90 percent of the upper payment limit or amount that would otherwise be paid (AWOP) by the department. The detailed
development of the department’s calculation shall be disclosed to each PACE organization in conjunction with its proposed rates and shall include the base data and any adjustments in sufficient detail to demonstrate how the amount that would otherwise be paid was calculated.

(9) During the first three rate years in which the methodology developed pursuant to this subdivision is used by the department to set rates for entities contracted pursuant to Chapter 8.75 (commencing with Section 14591), the department shall pay the entity at a rate within the certified actuarially sound rate range developed with respect to that entity, to the extent consistent with federal requirements and subject to paragraph (11), as necessary to mitigate the impact to the entity during the transition to the methodology developed pursuant to this subdivision.

(10) During the first two years in which a new PACE organization or existing PACE organization enters a previously unserved area, the department shall pay at a rate within the certified actuarially sound rate range developed with respect to that entity, to the extent consistent with federal requirements and subject to paragraph (11) for the first three years in which a new PACE organization begins operations or an existing PACE organization enters a previously unserved area, the rates shall be no less than 95 percent of the amount that would otherwise be paid (AWOP), to reflect the lower enrollment and higher operating costs associated with new PACE organizations relative to PACE organizations with higher enrollment and more experience providing managed care interventions to their beneficiaries.

(11) This subdivision shall be implemented only to the extent that any necessary federal approvals are obtained and federal financial participation is available.

(12) This subdivision shall apply for rates implemented no earlier than January 1, 2017.
Fiscal Estimates of CalPACE Rate Methodology Proposal from Optumas

We took a look at the two items that were mentioned below to see what impact they may have from a budget perspective. Before we do that, we wanted to make sure that we list a few caveats related to our data. First, we only have 7 of the POs (for reference, when we did the 2017 cost effectiveness calculations those 7 POs represented 65% of the total; there are reasons why this percentage may not be accurate in 2019 such as membership growth for the newer POs, but that was the best proxy available to us). Second, we don’t know how the rate ranges and AWOPs will trend in the future, so all calculations have been done with the current 2019 rate ranges and AWOP.

1. **Impact of adding an additional 2% administrative component to the non-medical loading** – We estimate this change at $6.9M for the 7 POs for which we have data. Assuming that the 7 POs still make up 65% of the total spend would put the estimate at $10.6M.

2. **Going down to the lower bound vs. 90% of the AWP** – We estimate this change at $55.7M for the 7 POs for which we have data. That number goes from $55.7M to $59.7M when we do the calculation assuming the greater of the current rate and 90% of the AWOP. This estimate is difficult to extrapolate for the POs that we don’t have data since the calculation depends on the AWOP relative to the lower bound, and this relationship may be quite different for the POs missing in our data.

3. **Including specific percentages in non-medical loading to cover capital costs** – Additional data from POs is necessary in order to calculate this.

4. **Requiring that costs be reasonable, attainable, and appropriate** – This was protection for the POs against Mercer/DHCS implementing an adjustment that wouldn’t be attainable by the POs (e.g., managed care adjustment that has no basis in reality). There is no additional cost associated with this under the current way the rate methodology is being implemented.
<table>
<thead>
<tr>
<th>Bill No./Author</th>
<th>Description</th>
<th>CalPACE Position</th>
<th>Organizations in Support/Oppose</th>
<th>Status</th>
<th>Similar Legislation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AB 715</strong> Arambula D</td>
<td>Medi-Cal: program for aged and disabled persons. Current law requires the State Department of Health Care Services to exercise its option under federal law to implement a program for aged and disabled persons. Current law requires an individual under these provisions to satisfy certain financial eligibility requirements. Current law requires the department to implement this program by means of all-county letters or similar instructions without taking regulatory action and thereafter requires the department to adopt regulations. This bill would instead require, upon receipt of federal approval, all countable income over 100% of the federal poverty level, up to 138% of the federal poverty level, to be disregarded, after taking all other disregards, deductions, and exclusions into account for those persons eligible under the program for aged and disabled persons.</td>
<td>Recommend Support</td>
<td></td>
<td>2/28/2019 - Referred to Com. on HEALTH. 4/2/2019 1:30 p.m. - State Capitol, Room 4202 ASSEMBLY HEALTH SPECIAL ORDER, WOOD, Chair</td>
<td></td>
</tr>
<tr>
<td><strong>AB 871</strong> Gray D</td>
<td>Graduate medical education: funding. The California Healthcare, Research and Prevention Tobacco Tax Act of 2016 allocates a specified amount of revenues to provide funding to, among other entities and purposes, the University of California in the amount of $40,000,000 annually for the purpose and goal of increasing the number of primary care and emergency physicians trained in California, as specified. The act authorizes the Legislature to amend the provision relating to the allocation of these revenues to further the purposes of the act with a 2/3 vote of the membership of each house of the Legislature. This bill would instead provide that funding to the University of California to be administered by a California nonprofit public benefit corporation for that purpose and goal.</td>
<td></td>
<td></td>
<td>2/21/2019 - From printer. May be heard in committee March 23.</td>
<td></td>
</tr>
<tr>
<td><strong>AB 899</strong> Wood D</td>
<td>Clinic licensing. Would authorize a licensed primary care clinic with a license in good standing with the State Department of Public Health for the preceding 5 years to acquire ownership or control of an outpatient setting or a previously licensed primary care clinic. The bill would require a facility acquired by a licensed primary care clinic pursuant to this provision to be deemed compliant with the minimum standards of adequacy and safety required for the acquiring primary care clinic. The bill would require the acquired facility to be added to the existing license of the acquiring primary care clinic immediately following notice to the department.</td>
<td>Recommend Support</td>
<td></td>
<td>3/12/2019 - From committee chair, with author’s amendments: Amend, and re-refer to Com. on HEALTH. Read second time and amended. 3/26/2019 1:30 p.m. - State Capitol, Room 4202 ASSEMBLY HEALTH, WOOD, Chair</td>
<td></td>
</tr>
<tr>
<td>Bill Number</td>
<td>Title</td>
<td>Sponsor</td>
<td>Status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------</td>
<td>-------</td>
<td>---------</td>
<td>--------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AB 1128</td>
<td>Program of All-Inclusive Care for the Elderly.</td>
<td>Sponsor</td>
<td>3/7/2019 - Referred to Coms. on AGING &amp; L.T.C. and HEALTH.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AB 1434</td>
<td>Public social services: SSI/SSP.</td>
<td>Recommend Support</td>
<td>2/25/2019 - Read first time.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SB 214</td>
<td>Medi-Cal: California Community Transitions program.</td>
<td>Recommend Support</td>
<td>2/13/2019 - Referred to Com. on HEALTH.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measure</td>
<td>Title</td>
<td>Description</td>
<td>Status</td>
<td>Recommendation</td>
<td></td>
</tr>
<tr>
<td>---------</td>
<td>-------</td>
<td>-------------</td>
<td>--------</td>
<td>---------------</td>
<td></td>
</tr>
<tr>
<td>SB 512</td>
<td>Pan D</td>
<td>Rebalancing Demonstration. The bill would require the department to seek federal matching funds, and if federal matching funds are unavailable, the bill would require the department to fund the program. The bill would require the department to seek partnerships with counties and other local jurisdictions as a means to securing enhanced and complementary funding, as specified.</td>
<td>Recommend Support</td>
<td>3/7/2019 - Referred to Coms. on HUMAN S. and G.O.</td>
<td></td>
</tr>
<tr>
<td>SB 611</td>
<td>Caballero D</td>
<td>Long-term services and supports. Would establish the California Long-Term Services and Supports Benefits Board (LTSS Board), to be composed of 9 specified members, including, among others, the Treasurer as chair, the Secretary of the California Health and Human Services Agency as vice chair, and 3 members to be appointed by the Governor. The bill would require the LTSS Board to manage and invest revenue deposited in the California Long-Term Services and Supports Benefits Trust Fund (LTSS Trust), which the bill would create in the State treasury, to, upon appropriation, finance long-term services and supports for eligible individuals.</td>
<td>Recommend Support</td>
<td>2/25/2019 - From printer. May be acted upon on or after March 27. Read first time.</td>
<td></td>
</tr>
<tr>
<td>SB 623</td>
<td>Jackson D</td>
<td>Housing: surplus land. Current law requires an entity proposing to use surplus land for developing low- and moderate-income housing to agree to make available not less than 25% of the total number of units developed on the parcels at affordable housing cost or affordable rent to lower income households. Current law requires these and other specified requirements to be contained in a covenant or restriction recorded against the surplus land at the time of sale, to run with the land, and be enforceable, against any owner who violates the covenant or restriction and each successor in interest who continues the violation, by various specified parties. This bill would make non-substantive changes to that provision.</td>
<td>Recommend Support</td>
<td>2/25/2019 - From printer. May be acted upon on or after March 27. Read first time.</td>
<td></td>
</tr>
</tbody>
</table>

Total Measures: 11

Total Tracking Forms: 11
CalPACE Executive Committee
Charter

Duties of Committee

Except as may be prohibited by law, the Executive Committee may act on behalf of the Board in its ordinary and routine transaction of business and such other matters as the Board may direct. A report of such transactions shall be made to the Board.

Unless otherwise directed by the Board, the Committee shall not act on behalf of the Board on matters of policy or association strategy, nor shall it act in lieu of the Board on matters concerning the election of officers, or in matters concerning the adoption of annual budgets and member dues levels.

Composition and Terms of Office

The Committee shall be comprised of all Board officers and one additional board director who is appointed by the board. Committee members shall serve one year terms that shall coincide with the terms of the Board officers.

Meetings

The Committee shall meet upon the call of the Chair. All meetings shall be duly noticed and minutes shall be recorded of all meetings.

Adopted by the CalPACE Board on August 7, 2018.