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**Health Care Affordability
Board March 25, 2024
MEETING MINUTES**

Members Attending: Secretary Mark Ghaly, David Carlisle, Sandra Hernandez, Richard Kronick, Ian Lewis, Elizabeth Mitchell, Richard Pan

Member Absent: Don Moulds

Presenters: Elizabeth Landsberg, Director, HCAI; Vishaal Pegany, Deputy Director, HCAI; CJ Howard, Assistant Deputy Director, HCAI

Meeting Materials: <https://hcai.ca.gov/public-meetings/march-health-care-affordability-board-meeting/>

Agenda Item # 1: Welcome, Call to Order and Roll Call
Secretary Mark Ghaly, Chair

Secretary Ghaly opened the March meeting of California's Health Care Affordability Board. A quorum was established.

Agenda Item # 2: Executive Updates
Elizabeth Landsberg, Director, HCAI
Vishaal Pegany, Deputy Director, HCAI

Director Landsberg and Deputy Director Pegany gave an overview of the agenda and provided updates on the work of the Department of Health Care Access and Information including:

- The Song-Brown Primary Care residency program was awarded more than \$72 million to 121 different institutions supporting almost 300 residency slots.
- New health profession, certified wellness coaches at the associate and bachelor's degree levels, portal was launched in mid-February.
- Submission of a report to the California Legislature on the HPD program, focusing on the completeness and quality of the data collected.

- Update on HCAI’s Total Health Care Expenditures (THCE) rulemaking. Emergency regulations were approved by the Office of Administrative Law on March 4, 2024, and became effective immediately for a period of five years.
- Accepting submissions of interest to serve as a member of the Health Care Affordability Advisory Committee through April 1, 2024.

Public Comment was held on agenda item 2. No public comment.

Agenda Item # 3: Approval of February Meeting Minutes

Vishaal Pegany, Deputy Director, HCAI

Deputy Director Pegany introduced the action item to approve the February meeting minutes. Board member David Carlisle motioned to approve, and member Ian Lewis seconded.

Public Comment was held on agenda item 3. No public comment.

Voting members who were present voted to accept, with Mark Ghaly and Sandra Hernandez in abstention due to absence from February meeting. The motion passed.

Agenda Item #4: Informational Items

Vishaal Pegany, Deputy Director, HCAI

CJ Howard, Assistant Deputy Director, HCAI

a) Statewide Spending Target Including Public Comments, Advisory Committee Feedback, Board Follow-up Items, and Consideration of Medi-Cal Spending

Deputy Director Pegany and Assistant Deputy Director Howard presented on the statewide spending target, including public comments, advisory committee feedback, board follow up items, and consideration of Medi-Cal spending.

Discussion and comments from the Board included:

- Regarding regulations, a member asked if individual hospitals or hospitals systems constitute the number of entities. For example, do Kaiser hospitals count as one entity being assessed against the cost target.
 - The office answered that the Kaiser Permanente Medical Group, which is the Northern California physician organization, and the Southern California Permanente group are identified in the addendum and treated differently in the statute. Overall, they are separate fully integrated delivery systems. Kaiser spending from the Kaiser hospitals will be attributed to the medical group. This is a topic the office is still working on and will provide clarification in the next Board meeting.
- A member asked if the office is looking at the risk profile of people signing up for plans, i.e., the populations picking PPO plans versus the HMO plans.
 - The office answered that in the IHA data, there is a risk adjustment that's

applied so that you could compare two different market segments.

- A member noted a social media debate that highlighted the impact of the Affordable Care Act and suggested considering that when looking at the data.
- A member questioned the logic in the data that supports the difficulty of some entities to hit the 3% target. They highlighted Memorial Care, which stated that cost containment was largely driven by leadership decisions and governance.
 - The office answered that there are opportunities for savings in the PPO market, to strive for the achievements in the HMO market, but the PPO market has some work to do to achieve the same trend.
- A member asked how the impact on primary care entities below the system level will be tracked.
 - The office answered that they will be measuring primary care spend at the payer level and doing attribution to physician groups. An approach specific to primary care spending below a provider organization is unclear and something that will need to be further explored.
- A member asked how the office will respond when there is a need for dispute resolution, regarding who is responsible for attributed spending.
 - The office stated that the statute is clear as to who is or isn't subject to the spending target and that the provider attribution approach that the office is using requires the plans to attribute cost to physician organizations. It will be the larger physician organizations to whom the health plans can attribute costs that the office will initially focus on in terms of analyzing the spending growth trends.
- A member highlighted the value of collaborating with IHA and their contractor, and suggested that OHCA consider whether a presentation might be useful.
- A member expressed strong feeling towards making sure that investments in primary care and behavioral health are not in any way disincentivized because that's where the investment should go.
- A member conveyed concerns about fairness in enforcement actions across health care entities and workforce stability's critical role in ensuring access to care.
- Discussion focused on advocating for fair representation of workers' interests in slowing growth in escalating health care costs through regulation while ensuring equitable care access.
- A member suggested looking at entities differently based on their operating basis and focusing on communities for equity considerations.
- A member stated that the list of performance target factors is comprehensive. However, the member did question if geography was being appropriately considered, given the IHA report and the Northern California factor (PPOs are higher).
 - The office answered that they will look at geography and that it is an important factor.
- A member emphasized that looking at success stories and best practices for meeting the target would be equally important as looking at entities not meeting the target.
- A member reemphasized that they think the target is too low, and that OHCA should limit the number of reasons an entity could be excluded from the target.
- A member called out to strengthen the guidance on commercial entities who are

blaming rising prices on Medicare and Medicaid. The member also disagreed on the point that the target is too low, given the resources available in the health system.

- Members discussed the importance of having guidance, regarding sector targets, sooner rather than later.
- A member emphasized a comprehensive approach, considering various factors affecting health care costs, when setting and enforcing spending targets to meet broader public health objectives.
- A member asked for clarification about contextualizing Medi-Cal spending growth.
 - The office replied that in any public reporting, any changes that have been implemented by DHCS like policy changes in Medicaid related to the public health emergency unwinding and CalAIM investments will be contextualized.
- A member asked those that attended the Advisory Committee meeting, if anything came from the industry members on ideas, ways, or proposals that might make health care more affordable.
 - The office did not immediately recall any mention of industry ideas.
- A member asked that at the next meeting, data on the predictions of median wage growth over the next five years be presented again.
- Members emphasized the consideration of potential credibility issues in messaging the target as a statewide target, not just a commercial target.
- A member highlighted feedback that there is some space to consider the glide path in the first couple of years, starting a little bit higher and coming down over the course of subsequent years.
- A member commented that the statewide target should reflect expectations about each of the lines of business separately and then potentially a weighted average of them combined.

Agenda Item #5: General Public Comment

Public Comment was held on agenda items #4 and #5 and 60 members of the public provided comments.

Agenda Item #6: Adjournment

The co-chair adjourned the meeting.