Office of Health Care Affordability
Department of Health Care Access and Information

2020 West El Camino Avenue, Suite 800
Sacramento, CA 95833
hcai.ca.gov

HEALTH CARE AFFORDABILITY BOARD

MEETING MINUTES
Thursday, October 29, 2026
10:00 am

Members Attending: Secretary Kim Johnson, Richard Kronick, Ian Lewis, David Chase, Mikah Owen, Don Moulds

Members Absent: Richard Pan, Sandra Hernández

Presenters: Elizabeth Landsberg, Director, HCAI; Vishaal Pegany, Deputy Director, HCAI; CJ Howard, Assistant Deputy Director, HCAI; Margareta Brandt, Assistant Deputy Director, HCAI; Debbie Lindes, Health Care Delivery System Group Manager, HCAI; Jill Yegian, PhD., Yegian Health Insights; Luarnie Bermudo, Director of Provider Services, Health Plan of San Mateo; Andrew Feher, Research Scientist Manager, HCAI

Meeting Materials: https://hcai.ca.gov/public-meetings/october-health-care-affordability-board-meeting-4/

Agenda Item #1: Welcome, Call to Order, and Roll Call
Elizabeth Landsberg, Director, HCAI

Director Landsberg opened the October meeting of the California Health Care Affordability Board. Roll call was taken, and a quorum was established. Director Landsberg presented an overview of the meeting agenda.

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

Director Landsberg recognized Indigenous Peoples' Day and shared HCAI's land acknowledgment. She discussed HCAI's first formal tribal consultation through the Rural Health Transformation Program, recognized tribal clinics' innovative, integrated healthcare services, and noted Medi-Cal's approval of tribal traditional healing practices for substance use disorders. She reaffirmed HCAI's commitment to racial and health equity.

Director Landsberg provided Executive Updates, including the following:

- The upcoming release of HCAI's first Health of Primary Care in California Annual Snapshot, featuring approximately twenty stakeholder-informed indicators across

five domains: investment, workforce, access, quality, and equity. Findings will be presented to the Board, with annual updates beginning in 2027 that will include expanded indicators and an interactive dashboard.
- Under the Rural Health Transformation Program, California has obligated its full $233.6 million first-year award and is awaiting its second-year allocation. The program received strong interest, particularly in its Accelerator Partnership programs, with applications from 45 counties. Funding supports rural hospitals, clinics, Federally Qualified Health Centers (FQHCs), tribal healthcare organizations, and other rural healthcare initiatives.

Deputy Director Pegany provided Executive Updates, including the following:
- An overview of two recent publications from the California Health Care Foundation (CHCF):
  - An article outlining the CHCF's 10-step solution to its previously identified "The 25% Problem", which found that approximately 25% of health care spending goes toward administrative waste, excessive prices, and preventable illnesses rather than directly benefitting patients.
  - A perspective piece by Advisory Committee member Barry Arbuckle, which explores how alternative payment models (APMs) could improve healthcare affordability.
- A reminder about slide formatting.

The Board did not provide any comments or engage in discussion on this item.

Public comment was held on agenda item 2. Two members of the public provided comments.

Agenda Item #3: Action Consent Item
Vote to Approve June 24, 2026, and September 23, 2026, Meeting Minutes
Vishaal Pegany, Deputy Director, HCAI

Deputy Director Pegany introduced the action item to approve the June 24, 2026, and September 23, 2026, meeting minutes, noting that the approval of the June minutes had been postponed at a prior meeting. Board member Ian Lewis moved to approve. Board member Richard Kronick seconded the motion.

Public comment was held on agenda item 3. No members of the public provided comments.

Voting members who were present voted on agenda item 3. There were five ayes. The motion passed.

Secretary Johnson requested that the Board close and adjourn the meeting in memory of Dolores Huerta and shared Governor Newsom's statement, "She never faltered in fighting for a fairer world, continually reminding us of our shared responsibility to build a

world where everyone has the respect and dignity they deserve. Because of her and her iconic declaration, “Sí se puede.,” nothing was impossible.

Agenda Item #4: Informational Items
a) Overview of Progressive Enforcement Regulations, Including Spending Target Performance Measurement and Advisory Committee Feedback
Vishaal Pegany, Deputy Director, HCAI;
CJ Howard, Assistant Deputy Director, HCAI

Deputy Director Pegany and Assistant Deputy Director Howard provided an overview of the draft progressive enforcement regulations published on October 8th and shared feedback from the Health Care Affordability Advisory Committee’s October 14th meeting. Board members Owen and Kronick shared additional observations from the Advisory Committee discussion.

Discussion and comments from the Board included:

- A member expressed concern that withholding preliminary enforcement determinations could result in numerous public records requests, creating an administrative burden for the Office. The member suggested that proactively publishing this information would improve transparency and procedural efficiency.
- A member asked whether achieving a spending target could be included as a goal in a Performance Improvement Plan (PIP).
    - The Office replied that the issue remains under consideration and is expected to be addressed at the November meeting.
- A member asked whether the Office would publicly share common statewide factors considered in PIP determinations to provide greater transparency into how enforcement decisions are made.
    - The Office indicated that it would consider public and Board feedback on the draft regulations and provide an update on their development at the November meeting.
- A member requested clarification on how PIPs would carry forward into subsequent enforcement years, including how overlapping PIPs would be managed.
    - The Office explained that decisions to modify an existing PIP or require a new one would depend on whether exceeding the spending target in subsequent years stem from the same or different causes, as well as the Office’s enforcement priorities. Stakeholders were encouraged to provide specific recommendations for clarifying the process.

Public comment was held on agenda item 4a. Nineteen members of the public provided comments.

b) Report on Promoting High Value Health Care in California, 2023-2024
Margareta Brandt, Assistant Deputy Director, HCAI;
Debbie Lindes, Health Care Delivery System Group Manager, HCAI

Assistant Deputy Director Margareta Brandt and Health Care Delivery System Group Manager Debbie Lindes provided an overview of OHCA's inaugural report on Promoting High Value Health Care in California, 2023-2024.

Discussion and comments from the Board included:

- A member asked whether the Office could distinguish how much of the increase in primary care spending was attributable to higher prices versus increased service utilization.
    - The Office explained that its aggregate payer spending data lack the claims-level detail needed to distinguish price increases from greater service utilization, but noted that claims-level data from the Health Care Payments Database (HPD) could potentially be used to examine these factors.
- A member noted the disparity between the approximately 87% of members enrolled in APM arrangements and the 31% of payments made through capitation, suggesting that future goals measure the percentage of total payments made through fee-for-service arrangements, rather than focusing solely on the percentage of members enrolled in APMs or capitated arrangements.
    - The Office explained that differences between APM enrollment and spending percentages reflect the attribution methodology, as members receiving capitated primary care may still incur substantial fee-for-service spending for pharmacy, hospital, and specialty services. The Office also noted that data validation exclusions specific to this report, which differ from those used in the interim spending report, may contribute to the discrepancy.
- A member questioned whether the reported 31% of spending through capitation was understated, citing Kaiser Permanente's substantial statewide enrollment and predominantly capitated payment structure, along with additional capitated spending by other insurers. The member suggested examining capitation spending by insurer to better understand the figure.
    - The Office agreed to explore more detailed reporting in future years, including comparisons with and without Kaiser Permanente.
- A member requested clarification on the methodology used to identify capitated payment arrangements.
    - The Office explained that capitation arrangements are classified using definitions established in HCAI's Expanded Non-Claims Payments Framework. Payers are responsible for attributing and reporting these arrangements in accordance with the Office's data submission guidelines.
- A member questioned the comparability and accuracy of primary care spending data across health plans, citing concerns about Kaiser Permanente's reporting and variable spending levels across lines of business for United Healthcare, particularly in Medicare Advantage. The member suggested consulting insurers to validate the data and including appropriate caveats in future reports to distinguish potential reporting inconsistencies from actual differences in spending.

- The Office explained that all payer-specific primary care spending figures were reviewed and confirmed by the reporting health plans. Through technical assistance and data validation, the Office also investigated potential outliers and reporting inconsistencies and will continue examining unusual results and comparability across markets.

Public comment was held on agenda item 4b. Two members of the public provided comments.

c) Payer Strategies for Primary Care Investment in California
Margareta Brandt, Assistant Deputy Director, HCAI;
Jill Yegian, PhD., Yegian Health Insights

Assistant Deputy Director Brandt introduced Jill Yegian, Principal at Yegian Health Insights, who presented strategies for increasing primary care investment in California.

Discussion and comments from the Board included:

- A member asked how commercial health plans evaluate the long-term value of investing in primary care to improve access and affordability, particularly when potential cost savings may take several years to materialize despite the financial pressures of annual pricing.
  - The Presenter explained that health plans vary considerably in their approaches to primary care investment due to differences in leadership, membership, provider networks, and insurance products. While many recognize the value of strengthening primary care, implementation remains complex. The Presenter highlighted growing interest in collaboration on shared priorities, including standardized measures and practice-centered transformation efforts that reduce administrative complexity across payers. OHCA's investment benchmarks have helped reinforce this interest, although uncertainty surrounding changes in healthcare coverage remains a significant challenge.
- A member noted that commercial insurers reimburse primary care providers at rates near Medicare levels while paying specialists substantially more, and questioned what evidence would justify increasing primary care payments when existing reimbursement rates appear sufficient to maintain adequate provider networks.
  - The Presenter questioned whether existing provider networks ensure adequate access to comprehensive, continuous primary care, citing lengthy wait times, particularly in rural areas, and the shift toward care models that may create additional financial barriers. The presenter emphasized the need to expand equitable access to advanced primary care, noting disparities in access to a usual source of care across income and demographic groups.
- A member emphasized the need to demonstrate the value of increased primary care investment to insurers and health systems, particularly those that consider their current services adequate, by identifying the benefits of additional spending.

Public comment was held on agenda item 4c. Two members of the public provided comments.

d) Health Plan of San Mateo Primary Care Investment Strategies
Margareta Brandt, Assistant Deputy Director, HCAI;
Luarnie Bermudo, Director of Provider Services, Health Plan of San Mateo

Assistant Deputy Director Brandt introduced Luarnie Bermudo, Director of Provider Services at Health Plan of San Mateo, who presented an overview of the health plan's primary care investment strategy.

Discussion and comments from the Board included:

- A member asked what the study revealed about the needs of health plan members who were assigned to primary care providers but had not engaged in care.
    - The Presenter reported that San Mateo Medical Center partnered with consultants and community-based organizations to assess barriers to primary care engagement among assigned members. Findings identified safety concerns, particularly among Spanish-speaking members, and interest in greater participation in care design. These findings informed the development of a proposed hybrid virtual care model incorporating expanded primary care teams, including behavioral health providers and community health workers. Contracting efforts are underway.
- A member asked what percentage of medical spending currently goes toward primary care at the health plan and how planned investments may change that share over the next three to five years.
    - The Presenter reported that primary care spending represented 11.3% of total medical spending in 2024 and approximately 10.8% in 2025 for Medi-Cal. Although the percentage declined, primary care spending increased in dollar terms. The presenter attributed the decrease in its share of total spending to broader investments totaling $130 million, including $60 million for primary care and the remainder for hospitals and specialty providers.

Public comment was held on agenda item 4d. No members of the public provided comments.

e) Interim Report on Health Care Spending Trends in California, 2023-2024
Andrew Feher, Research Scientist Manager, HCAI

Research Scientist Manager Feher provided an overview of HCAI's interim report on health care spending trends in California for 2023 – 2024.

Discussion and comments from the Board included:

- A member noted that preliminary 2027 large-group insurance renewals indicate price increases of 5–8%, excluding utilization, raising concerns about meeting spending targets. The member recommended including year-over-year comparisons in future reports to help identify longer-term trends, citing changes in commercial administrative costs and profits as an example.
- A member emphasized the need to track out-of-pocket costs, noting substantial financial burdens on patients despite insurers covering 97% of Medicare and 93% of

commercial spending. The member asked whether the commercial figure accurately reflects patient costs and recommended continued validation and monitoring of this data.

Agenda Item #5: General Public Comment

Public comment was held on agenda items 4e and 5. Three members of the public provided comments.

Agenda Item #6: Adjournment
Elizabeth Landsberg, Director, HCAI

Director Landsberg adjourned the meeting in memory of Dolores Huerta, honoring her lifelong contributions to social justice, workers' rights, and consumer advocacy.