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State of California—Health and Human Services Agency  
Department of Health Care Services



GAVIN NEWSOM  
GOVERNOR

September 21, 2021

John Hidahl  
Chair  
El Dorado County Board of Supervisors  
360 Fair Lane, Building A  
Placerville, CA 95667

Subject: Letter of Intent – Conditional Approval

Dear Mr. Hidahl:

The Department of Health Care Services (DHCS) has completed the review of the request submitted by Health Plan San Joaquin (HPSJ) on Friday, September 3, 2021, as well as the letter of support for HPSJ from El Dorado County submitted on September 7, 2021. All parties requested DHCS to reconsider DHCS' denial of the request to change the County Plan Model type operating in the county in response to the *County Managed Care Transition to Local Plan: Letter of Intent Instructions*.<sup>1</sup>

DHCS determination is ultimately guided by the best interests of our Medi-Cal beneficiaries and State goals for the Medi-Cal managed care delivery system under CalAIM, namely to drive quality of care improvements, streamline and reduce complexity, and build on whole person care approaches.

HPSJ passed DHCS' financial assessment and the denial was based on the quality of care assessment.

On September 14, 2021, DHCS met with HPSJ to discuss the basis of the denial, as well as, the quality review criteria that DHCS used to assess the Plan's application for a model change. HPSJ appealed the denial based on their assertion that:

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<sup>1</sup> Available at: <https://www.dhcs.ca.gov/services/Documents/MMCD/County-Managed-Care-Transition.pdf>

- DHCS did not use current data as described in the *County Managed Care Transition to Local Plan: Letter of Intent Instructions*, and that instead, DHCS used Reporting Year (RY) 2017-2019 data;
- HPSJ quality scores have been trending up from RY 2017 to RY 2019 in San Joaquin and Stanislaus counties;
- There are inherent challenges for serving members in the Central Valley as compared to the more affluent coastal counties, and therefore, a statewide comparison is not appropriate; and
- Beneficiaries in San Joaquin County choose HPSJ at a higher rate than the other commercial plan that operates in the county, suggesting a level of beneficiary satisfaction and support.

DHCS is accepting the appeal and rescinding the prior denial based on review of the following:

### **Quality Performance**

- DHCS methods to assess performance based on a three year look-back period is sound and consistent with industry standards used by the National Committee for Quality Assurance (NCQA). A three year period, generally speaking, is more representative and predictive of future performance than a one-year period.
- DHCS agrees that when examining their quality scores for the most recent one year reporting period (RY 2019) and comparing with Plans in Region 2, HPSJ does perform better in comparison.
- DHCS acknowledges the level of inherent uncertainty when assessing performance in one county and predicting performance in another county in which a Plan does not currently operate. As a result, and in addition to considering potential risk to beneficiaries, DHCS has also considered the level of local engagement and support presented by HPSJ and discussed below.

### **Local engagement and support**

- HPSJ made the case that they have undertaken meaningful activities in the last eight months to engage with providers, engage with the community, develop networks, and provide information to be vetted by the counties.
- Each affected county's Board of Supervisors have voted unanimously in support of HPSJ.
- Both counties have expressed dissatisfaction with the current Regional Model and seek to partner with a local model where they will have more input and oversight.
- El Dorado County has expressed that they believe HPSJ will make considerable improvements in quality and access for their members, especially in the area of nonemergency transportation, which DHCS acknowledges is particularly important to

reduce access barriers in the region. For example, both counties have expressed that HPSJ is willing to contract with transportation providers which are closer to members in their communities than those transportation providers currently available in existing Plan's networks.

- El Dorado County believes HPSJ will invest in community supports.
- HPSJ also spent significant time and resources performing culturally sensitive outreach to members, including holding town hall and stakeholder meetings with providers.

Based on the financial standing and the culmination of the quality performance and the support provided by local entities, DHCS is reversing the original denial and is providing El Dorado County a conditional approval. El Dorado County is approved to move on to the next phase of the LOI process as outlined below.

The next phase of the LOI process requires El Dorado County to submit to DHCS their Approved County ordinance and submission of any State Statute changes filed by the County. Given potential challenges in timing of the ordinance hearings, DHCS will accept a good faith effort (e.g., first reading of the ordinance) to be completed by October 15.

In addition, El Dorado County will be required to submit their Network Strategy to DHCS by December 3, 2021. DHCS has posted guidance on the *Narrative Reporting on Network Contracting Strategy* at [Network Strategy Guidance](#). Health Plan San Joaquin will be also be required to submit all necessary Operational Readiness Deliverables as outlined by DHCS as part of the Plan Operational Readiness process. DHCS will provide additional details regarding Operational Readiness in the first quarter of 2022.

Please confirm within five (5) business days your Denial Reversal to Conditional Approval for El Dorado County transition to a Two Plan County. The notice of acceptance can be sent to Kimberly Seid via e-mail [kimberly.seid@dhcs.ca.gov](mailto:kimberly.seid@dhcs.ca.gov).

Sincerely,



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Deputy Director  
Health Care Delivery Systems  
Department of Health Care Services

CC:  
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