



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



GAVIN NEWSOM
GOVERNOR

August 31, 2021

Patrick Godley
Chief Operating Officer and Chief Financial
Officer
Contra Costa Health Services
50 Douglas Dr. Ste. 310A
Martinez, CA 94533

Subject: Letter of Intent – Conditional Approval Notice

Dear Mr. Godley:

The Department of Health Care Services (DHCS) has completed the review of the Letter of Intent (LOI) and all required materials submitted by Contra Costa County in response to the *County Managed Care Transition to Local Plan: Letter of Intent Instructions*.¹ As described in the Letter of Intent Instructions, DHCS has authority to determine which, and how many, managed care plans (MCPs) with which the State contracts for Medi-Cal services in all counties.

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.

This letter is to provide conditional approval to Contra Costa County on successfully passing initial requirements of the LOI which included review of historical quality of care performance and financial information submitted with the LOI. This letter is to provide conditional approval to Contra Costa County on successfully passing initial requirements of the LOI which included review of *initial* financial and quality of care performance information submitted with the LOI. Additional financial information is requested as noted below. Contra Costa County is approved to move on to the next

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

phase of the LOI process as outlined below.

DHCS is approving the request based on review of the following:

1. Quality Performance

DHCS utilized the MCP's HEDIS® Aggregated Quality Factor Score based on the Medi-Cal Managed Care Accountability Set (MCAS) measures for Reporting Years (RY) 2017 to RY 2019. For counties/MCPs that applied to become a single plan, DHCS compared each MCP's score to the statewide and model type benchmarks in the county in which the county/MCP has applied through the model change process. DHCS conditionally passed MCPs if the MCP's score was higher than both statewide and model type benchmarks in the county they are currently operating. For MCPs that applied to expand to new counties, DHCS also compared the MCP's score to the county benchmark in the new expansion county.

2. Financial Information

DHCS reviewed the initial MCP financial information submitted with the LOI, supplemented with other financial data submitted by the MCP if necessary. DHCS evaluated the financial health and viability of the MCP including, but not limited to, the MCP's net income, working capital ratio, tangible net equity, cash flow, and other metrics. DHCS conditionally passed MCPs if the MCP's data was not indicative of poor financial health or inability to manage or assume additional financial risk.

DHCS requests the following financial information from the County:

1. Financial attestations of the following:
 - a. The county, or county health authority, is in good financial standing, has a working capital ratio of at least 1:1, and is able to assume financial risk for Medi-Cal managed care services for Medi-Cal members in the county.
 - b. The county, or county health authority, will have the ability to self-fund all pre-implementation activities, including readiness requirements, and will not require funding from DHCS related to the cost of these activities.
 - c. The county health authority will meet financial readiness requirements that are similar to the example requirements listed in the [Boilerplate Contracts](#) under Section 2 "Financial Information", Section 8 "Provider Compensation Arrangements", and Section 20 "Budget Detail and Payment Provisions".²
2. A copy of the county's, or county health authority's, most recent extant annual financial statement and forecast
3. A description of any health-related financial sanctions or corrective action plans in effect, and whether the county anticipated they will be lifted or completed by January 2024.

² See link here: <https://www.dhcs.ca.gov/provgovpart/Pages/MMCDBoilerplateContracts.aspx>

Please provide this financial information by October 15, 2021. If you have any questions please feel free to contact us.

The next phase of the LOI process requires Contra Costa County to submit to DHCS, by October 10, 2021, their Approved County ordinance and submission of any State Statute changes filed by the County. In addition, Contra Costa County will be required to submit their Network Strategy to DHCS by December 3, 2021. DHCS will post guidance on the *Network Contracting Strategy Reporting* by Friday, September 3 and we will notify you when the link is live. Contra Costa Health Plan 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 acceptance of this Conditional Approval for Contra Costa County to transition to a County Organized Health Delivery System (COHS). The notice of acceptance can be sent to Kimberly Seid via e-mail kimberly.seid@dhcs.ca.gov.

Sincerely,

Original Signed by Susan Philip

Susan Philip
Deputy Director
Health Care Delivery Systems
Department of Health Care Services

CC:
Jacey Cooper
State Medicaid Director
Chief Deputy Director
Health Care Programs
Department of Health Care Services

Lindy Harrington
Deputy Director
Health Care Financing
Department of Health Care Services