CenCal HEALTH®
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# CenCal Health Board of Directors Meeting Packet

**Wednesday,**
**September 16, 2026**
**6:00 pm**

**Historic Santa Maria Inn**
801 South Broadway
Santa Maria, CA
Santa Maria Room

**Notice of Regular Meeting**
**CenCal Health Board of Directors**

**September 16, 2026**

**6:00 pm**

The Historic Santa Maria Inn
801 South Broadway
Santa Maria, CA
Santa Maria Room

Members of the public wishing to provide public comment on items within the jurisdiction of the Board of Directors may do so during the public comment period or by emailing comments before 10:00 am, September 16, 2026 to the Clerk of the Board at pbottiani@cencalhealth.org with "Public Comment" in the subject line. Comments received will be read during the meeting.

If you require any special disability-related accommodations, please contact the CenCal Health Board Clerk's Office at (805) 562-1020 or via email at pbottiani@cencalhealth.org at least twenty-four (24) hours prior to the scheduled board meeting to request disability related accommodations.

## Agenda

Action/Information

1. Public Comment *(Ms. Andersen)*

2. **Consent Agenda** (*Action to accept reports*) (*Ms. Andersen*) Action
   - 2.1 Approve Minutes of June 17, 2026, Board of Directors Regular Meeting And July 31, 2026, Board of Directors Special Meeting
   - 2.2 Approve Minutes of August 25, 2026, Board Compliance & Oversight Committee Meeting
   - 2.3 Accept Administrative Reports
     - 2.3.1 CEO Executive Summary
     - 2.3.2 Quality Report
     - 2.3.3 Performance Report
     - 2.3.4 Chief Medical Officer and Health Services Report
     - 2.3.5 Customer Experience Report
     - 2.3.6 Operations and D-SNP Report
     - 2.3.7 Strategic Engagement Report
   - 2.4 Accept Program Reports and Contracts
     - 2.4.1 Conflict of Interest Code
     - 2.4.2 Coverage Program Report from Health Management Associates (HMA)
   - 2.5 Accept Committee Reports
     - 2.5.1 Community Advisory Board (CAB) Report
     - 2.5.2 Community Advisory Board (CAB) Meeting Minutes of April 9, 2026
     - 2.5.3 Provider Advisory Board (PAB) Report

2.5.4 Provider Advisory Board (PAB) Meeting Minutes of January 12, 2026 and April 13, 2026
2.5.5 Family Advisory Committee (FAC) Report
2.5.6 Family Advisory Committee (FAC) Meeting Minutes of May 21, 2026
2.5.7 Pediatric Clinical Advisory Committee (PCAC) Report
2.5.8 Pediatric Clinical Advisory Committee (PCAC) Minutes of March 4, 2026

3. **Regular Agenda**

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| 3.1 Report from the Chief Executive Officer *(Ms. Owen)* | Information |
| 3.2 Accept Quality Program Report *(Ms. Geeb)* | Action |
| 3.3 Accept Finance Report from CFO/Treasurer and Approve Financial Statements *(Ms. Bishop)* | Action |
| 3.4 Report from Chief Operating Officer on Advancing Affordable Access and Approve Indigent Care Program *(Ms. Kantheti)* | Action |
| 3.5 Report from Chief Performance Officer on Adapting Organization to Advance Strategy and Integrated Planning *(Mr. Morris)* | Information |
| 3.6 Report from Chief Compliance and Fraud Prevention Officer *(Ms. Kim)* | Information |
| 3.7 Items for Immediate Action | Action |

*Items for which the need to take immediate action arose subsequent to the posting of the agenda (requires determination of this fact by vote of two-thirds of the Directors present or, if fewer than nine Directors are present, unanimous vote)*

*Note: The meeting room is accessible to the disabled. Additional information can be found at the CenCal Health website:* ***www.cencalhealth.org***

**Executive Summary**

**Date:** September 16, 2026

**To:** CenCal Health Board of Directors

**From:** Marina Owen, Chief Executive Officer

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**Quality and Compliance** CenCal Health received results from the Department of Healthcare Services (DHCS) for Measurement Year 2025 that, in collaboration with our provider partners, demonstrated exceptional performance. Results met every applicable DHCS quality performance threshold in both counties. This achievement resulted in no sanctions, earned 100% of the state quality withhold (or $12.5M) and multiple High-Performance Level results. Among the 16 measures subject to DHCS standards, five achieved High Performance in Santa Barbara County and six in San Luis Obispo County. To incentivize physicians for quality achievements, CenCal Health's expanded provider incentive program, the Quality Care Incentive Program (QCIP), distributed quarterly payments in July totaling $4.39M in recognition of quality achievements. CenCal Health also received results of the annual DHCS Medical Audit, achieving zero findings and demonstrating exceptional compliance performance for the third consecutive year. Staff are now focused on sustaining Medi-Cal performance while strengthening Medicare Stars readiness for CareConnect, which will be a new challenge. Additional information can be found in the *Quality Report* and *QIHEC Report* from Lauren Geeb, MBA, Sr. Director of Quality & Population Health.

**Operations and CareConnect Enrollment** CareConnect continues to perform well as it transitions from a deliberately paced launch to a more growth-focused Medicare product. Membership reached 849 as of September 1, with a 95% Health Risk Assessment completion rate, 438 individualized care plans completed, and all claims service metrics at or above goal with no notable deviations. CenCal Health is preparing for Annual Enrollment Period growth, and the 2027 D-SNP bid and Medicare Advantage Prescription Drug contract have been submitted to the Centers for Medicare and Medicaid Services (CMS) for review and approval. Sales and marketing materials have been developed to support members. Additional information can be found in the *Operations and DSNP Report*, *CMO Report* and *Communications Report*.

**Fiscal Update** CenCal Health remains in a strong financial position, with year-to-date performance favorable to budget and strong reserves. Through July, the Plan recorded a $20.2 million consolidated operating gain, which is $10.4 million above budget, with $351.7 million in Tangible Net Equity, equal to 778% of the regulatory minimum and 105% of the Board-designated reserve target. Staff is closely monitoring accelerating medical costs, declining Medi-Cal enrollment, and emerging CareConnect experience while advancing initiatives related to cost of care, rate adequacy, payment integrity, and financial discipline. Additional information can be found in the *Finance Report* and *Financial Statements* from Kashina Bishop, CPA, Chief Financial Officer/Treasurer.

**Member Navigation Initiative** CenCal Health is preparing both to protect Medi-Cal coverage and expand CareConnect enrollment. Medi-Cal membership totaled 223,588 in early September, down 775 during August, while CareConnect enrollment reached 756 members; the Regional Member Navigation Hub will launch in October, supported by $1.4 million in grants to 17 community partners. Staff are prepared for the October 15–December 7 Medicare Annual Enrollment Period for CareConnect through compliant materials, targeted outreach, bilingual community engagement, and individualized enrollment support. Additional information can be found in the *Customer Experience Report* from Van Do-Reynoso, PHD, MPH, Chief Health Equity Officer.

**Advancing Affordable Access through Indigent Care Program Support** As discussed at your Board's July strategic retreat, advancing affordable access is a CenCal Health strategic priority, and anticipated coverage losses create an urgent need to support Santa Barbara and San Luis Obispo counties rebuild indigent-care program capacity. CenCal Health's strong fiscal reserves enable the Plan to propose a $4 million regional investment that leverages existing infrastructure and provider relationships to support program implementation and administration, while the counties retain governance authority, eligibility and enrollment and responsibility for benefit design and medical costs. Staff recommend that the Board approve this priority investment in September and authorize readiness activities to position CenCal Health to partner with either county, should the County Board of Supervisors decide to utilize CenCal Health as their administrative services organization and approve such an agreement. Next steps include initiating a formal proposal, launching program implementation readiness activities and evaluating program costs in detail with the Finance Committee in November. Additional information can be found in the *Indigent Care Program Report*.

**Government and Community Engagement.** Federal and state changes present material risks to membership, financing, and the local healthcare safety net, including the Unsatisfactory Immigration Status (UIS) transition from managed care to state Fee-For-Service, community-engagement requirements, CalAIM waiver renewal, and changes to Medicaid financing. California projects approximately 43,000 Medi-Cal disenrollments from community-engagement requirements in 2026–27, growing to 1.1 million by 2029–30, while more than 36,000 local UIS members will leave CenCal Health on January 1, 2027. CenCal Health is actively preparing for implementation, advocating for continuity and access, and assessing the cumulative strategic and financial effects on the Plan and its provider network. Additional information can be found in the *Strategic Engagement Report* and *Membership Dashboard*.

**Performance and People Operations** CenCal Health continues to demonstrate strong organizational performance and workforce stability. Eight of nine core processes met or exceeded 95% of target in the second quarter, overall Operating Plan health was 93%, vacancies remained stable at 5.2%, and rolling annual turnover was 5.4%, well below the prior three-year average of 11.5%. The Health Services leadership structure was strengthened in September with the promotion of Cammie Flores, RN, BSN, MBA, CCM, to Health Services Operations Officer and the appointment of Loretta Denering, DrPH, MS, as Behavioral Health and Community Integration Officer. Additional information can be found in the *Performance Reports* from Chris Morris, MSOD, Chief Performance Officer, the *Organizational Dashboard* and *Operating Plan*.

**MINUTES**
**CenCal Health**
**BOARD OF DIRECTORS REGULAR MEETING**
**June 17, 2026**

The regular meeting of the Board of Directors of CenCal Health was called to order by Sue Andersen, Chair, on June 17, 2026, at 6:00 PM at the Santa Maria Inn, Santa Maria, CA, Santa Maria Room.

**MEMBERS PRESENT**: Antonette "Toni" Navarro, Daniel Herlinger, Supervisor Dawn Ortiz-Legg, Edward "Ned" Bentley, MD, Supervisor Joan Hartmann, Joel Diringer, Kieran Shah, René Bravo, MD, Sara Macdonald, and Sue Andersen

**MEMBERS EXCUSED**: Lisa Moore and Mouhanad Hammami

**STAFF PRESENT**: Bao Xiong, Brandon Roberts, Cammie Flores, Chris Morris, Darin Moore, Eric Buben, Hon Chan, Jai Raisinghani, Jodi Wittelsbach, Joel Gluzman, John Roszkowiak, Jordan Turetsky, Kaliki Kantheti, Karen Kim, Kashina Bishop, Kendall Klein, Luis Somoza, Marina Owen, Nicole Wilson, Paul Velasco, Stuart Warren, Tanya Phares, DO, Van Do-Reynoso, and Paula M. Bottiani (Clerk)

**GUESTS PRESENT:** Vincent Roberti (Cottage Health)

1. Public Comment: There was no public comment.

2. **Consent Agenda**
   - 2.1 Approve Minutes of April 15, 2026, Board of Directors Regular Meeting
   - 2.2 Approve Minutes of May26, 2026, Board Compliance & Oversight Committee Meeting
   - 2.3 Accept Administrative Reports
     - 2.3.1 CEO Executive Summary
     - 2.3.2 Chief Medical Officer and Health Services Report
     - 2.3.3 Quality Report
     - 2.3.4 Performance Report
     - 2.3.5 Strategic Engagement Report
     - 2.3.6 Customer Experience Report
     - 2.3.7 Operations and D-SNP Report
   - 2.4 Accept Program Reports and Contracts
     - 2.4.1 Compliance Oversight Committee
     - 2.4.2 Quality and Health Equity Committee (QIHEC)
     - 2.4.3 Information Technology Program Interoperability Contract
   - 2.5 Accept Committee Reports
     - 2.5.1 Community Advisory Board (CAB) Report
     - 2.5.2 Community Advisory Board (CAB) Meeting Minutes of January 8, 2026

***ACTION*: On motion of Ms. Macdonald, seconded by Mr. Shah, the Board of Directors Unanimously Accepted the Consent Agenda without objection.**

**3. Regular Agenda**

3.1 Report from Chief Executive Officer

**Ms. Owen** reported:

- Reviewed **Board Agenda**
- **Celebration honoring Congressman Salud Carbajal** was held in May with a presentation of the Board approved resolution. She thanked Supervisor Hartmann, Sue Andersen, and Dan Herlinger for being present at the event. A brief video capturing the event was shared.
- **Membership** as of June 2026 is 226,400. Santa Barbara County at 164,133 and San Luis Obispo County at 62,267.
- **State Budget Proposals:** Ms. Owen outlined various state budget proposals affecting Medi-Cal, including projected enrollment declines, asset test changes, and the managed care organization tax. She highlighted ongoing advocacy efforts by the California Medical Association (CMA), Hospital Associations, and the California Association of Health Plans (CAHP).
- **Local Impact on UIS Members:** Transitioning individuals with unsatisfactory immigration status (UIS) from managed care to fee-for-service, affecting approximately 38,000 people in our service area. Fact sheets and advocacy letters were sent to educate legislators, emphasizing the strain on county indigent care programs and hospitals, with projected increases in inpatient and emergency room utilization.
- **Coalition Advocacy Efforts:** Ms. Owen described coalition-building activities, including sending letters to the Senate and Assembly, and collaborating with partners such as the California Medical Association, County Behavioral Health Directors Association, and local hospitals. The coalition aimed to highlight the value of local health plans and coordinated care, and to influence legislative decisions regarding the UIS transition.
- **Policy Context and Timeline:** Reviewed ongoing meetings with the Department of Health Care Services, noting the challenges posed by an outgoing administration and the lack of a statewide uninsured solution. The coalition's work was seen as crucial for understanding and mitigating the impacts of policy changes, with upcoming meetings planned for further advocacy. **Ms. Owen** recognized the strong advocacy work of **Dr. Bravo** through the California Medical Association, **Toni Navarro** through the County Behavioral Health Directors Association, **Supervisor Ortiz-Legg** on behalf of the California Caucus of Counties and the Latino Caucus of Counties, **Joel Diringer**, who is working with our legislators in various ways, and those who signed the coalition letter; our hospital partners, **Mr. Shah** from VNA Health and board member **Sara Macdonald**. She also recognized **Dr. Do-Reynoso**, **Ms. Turetsky** and their teams at CenCal Health who did a great deal of advocacy work.
- **Executive Policy Group Formation:** An executive policy committee was established to align efforts around Medi-Cal retention and uninsured planning, involving board members, county partners, hospitals, and foundations to provide a structured executive-level forum to develop a shared awareness of impacts of State/Federal policy changes on health coverage and funding, provide space to process such changes together, build understanding and alignment between partners, and provide a forum to identify shared priorities and act collaboratively. Upcoming meetings scheduled for September and December.

- **Coverage Modeling and Data Sharing:** Health Management Associates (HMA), in partnership with Santa Barbara and San Luis Obispo counties, developed a coverage modeler to estimate uninsured rates and project the impact of policy changes. Data was shared with local foundations to inform planning and potential funding opportunities. She thanked Mr. Herlinger for his introduction to the Santa Barbara Foundation.
- **Member Navigation Hub Launch:** The Member Navigation Hub, involving organizations like the Center for Family Strengthening and Family Service Agency, was established to provide individualized support, resource kits, and training seminars. A new website will centralize information for providers and community partners. A real-time dashboard for monitoring coverage and navigation hub activities will be launched, with updates to be provided to the board starting in July. The dashboard will help track progress toward the goal of maintaining 90% coverage.
- **Board Retreat:** To be held on July 31st at the Genevieve Hotel in Santa Ynez. This year's focus is the future of Medicare and Medicaid policy at the national level and impacts to local stakeholders. Guests include Meg Murray, President & CEO for the Association for Community Affiliated Plans and her Vice President of Medicare, Christine Aguilar Lynch. Rafael Gomez of El Cambio Consulting will again facilitate the retreat.
- **Behavioral Health Pilot Funding and Schizophrenia Training:** Ms. Owen and Ms. Navarro announced the award of a $5 million Behavioral Health Pilot grant, sponsored by Assembly Member Addis, to fund a schizophrenia training and evaluation pilot, expanding training to courts, managed care partners, and other stakeholders.

**Discussion:**
**Supervisor Hartmann** commended and thanked Ms. Owen for her political advocacy and efforts as a convener in bringing the coalition together on behalf of the community agencies of the Central Coast.
**Mr. Shah** recommended inviting members of the CenCal Health Foundation to attend the Executive Policy Group meetings.
**Ms. Owen** added that the CenCal Health Foundation has been invited to attend the community Foundation Roundtable and will explore future possibilities through that avenue.
**Mr. Diringer** stated that there will be a need for skilled legal practitioners to assist folks when denied qualifications for work requirements.
**Ms. Macdonald** asked if CareConnect members would be exempt.
**Ms. Owen** said yes; most likely they would be because they are 65 years and older. Those who are younger and are Medi-Medi and younger than 65 would likely be exempt due to their disability status.
**Dr. Bravo** stated that it would be important to track on a local level the number of those affected by reduced access to care. It would be cruel to reduce or deny access to those who previously had access.

**3.2** Accept Finance Report from CFO/Treasurer and Approve April 2026Financial Statements.

**Ms. Bishop** gave a Power Point presentation with the following highlights:

- **Financial Position and Risk Mitigation:** Ms. Bishop presented the organization's strong financial position, highlighting high tangible net equity, positive budget performance, and ongoing strategies for risk mitigation and cost management.
- **Financial Highlights:** The organization reported tangible net equity at 823%, well above regulatory requirements, and a net gain of $21.4 million through April, outperforming the budget due to lower-than-expected medical costs.
- **Expense Trends and Forecasting:** Medical expenses per member have stabilized, though enhanced care management and behavioral health services show increased utilization.
- **Risk Mitigation Strategies:** Engagement with the Department of Health Care Services includes participation in utilization management forums and collaboration on clinical efficiency adjustments. The organization is launching a cost of care work group to address utilization and cost trends.

**Financial Highlights**

- **Consolidated Net Operating Gain** of $20.5 million, which is $14.4 million more than the budgeted gain.
  - **Medi-Cal Net Operating Gain** of $21.4 million, which is $13.3 million more than the budgeted gain.
  - **CareConnect Net Operating Loss** of $863,393, which is $1.1 million less than the budgeted loss.
- **Net Revenue** $431.1 million; under budget by $1.6 million and 0.4%.
- **Medical Expenses** $374.3 million; under budget by $15.0 million and 3.9%.
- **Administrative Expenses** $35.0 million; under budget by $1.1 million and 3.0%.
- **Community Reinvestments** $3.5 million; under budget by $852,079 and 19.7%
- **Tangible Net Equity (TNE)** $352.0 million, representing 823% of minimum regulatory requirement and 107% of the minimum Board-Designated reserve target.
- **Total Cash and Short-Term Investments** $375.6 million. Cash and Short-Term Investments available for operating the health plan is $346.4 million, representing 136 Days Cash on Hand.
- **Member Enrollment** consolidated is at 230,468 for the month of April 2026.
  - **Medi-Cal-** 230,106
  - **CareConnect-** 362

***ACTION: On motion of Mr. Diringer and seconded by Dr. Bravo, the Board of Directors Accepted the Finance Report from CFO/Treasurer and Approved the April 2026 Financial Statements without objection.***

3.3 Presentation from Chief Performance Officer on Employee Engagement

**Mr. Morris** presented the results of the employee engagement survey, showing high participation, stable or improved scores across most domains, and areas for future focus.

- **Survey Participation and Results:** The survey achieved a 77% response rate, with overall engagement stable at 81%. Most themes improved over the 2023 baseline, with pride, mission, and leadership scoring well above industry benchmarks.
- **Areas for Improvement:** Growth and development, as well as team learning, were identified as areas below benchmark but still improved over previous years. The organization plans to shift focus to these domains as scaling slows.

- **Process Improvement Academy:** The Process Improvement Academy was described as a curriculum-based program for staff to develop process improvement skills and work on cross-functional projects, supporting ongoing organizational development.

**Discussion:**
**Ms. Andersen** congratulated staff on achieving high scores.

3.4 Report from Chief Information Officer on Physical Security and Facilities

**Mr. Moore and Mr. Velasco** gave a Power Point presentation reporting on business continuity, physical security assessments, and facilities management, detailing completed and ongoing projects to enhance organizational resilience and safety. A 2025 physical security assessment resulted in 29 findings, with 24 recommendations accepted and 17 completed. Security presence was increased at offices and board meetings, and event locations are being reevaluated for enhanced safety. A facilities portfolio was created to manage and track 24 projects, including lighting upgrades, cleaning, and lease management. The Goleta office lease was terminated, and a new, more accessible location is being sought for the San Luis Obispo office.

**Provider Partnership and Risk Corridor Resolution: Ms. Owen** and **Ms. Andersen** reported on the resolution repayment from Dignity Health hospitals to CenCal Health due to risk corridor provisions, with both parties agreeing to full repayment and future contract adjustments to prevent recurrence.

**Discussion:**
**Dr. Bravo** commended both parties for acknowledging the conflict that exists and confirmed that there were strong firewalls that existed because of the conflicts that occurred.

3.5 Report from Chief Compliance and Fraud Prevention Officer on Program Integrity, Approve Corporate Integrity Agreement (CIA) Attestation, and Conduct Annual Board Compliance Training

**Ms. Kim** gave a Power Point presentation providing an update on compliance program integrity, regulatory enforcement trends, and recent audits, including the annual CIA board resolution.

- Federal and state enforcement on fraud, waste, and abuse has intensified, with CMS establishing a Fraud Defense Operations Center and shifting toward prepayment prevention using predictive analytics and tighter provider controls.
- CenCal Health has enhanced its anti-fraud committee, special investigations unit, and program integrity roadmap, with multiple reporting channels and regular board oversight.
- The organization completed the 2026 DHCS medical audit and is undergoing a UPIC audit focused on Medicaid-funded services. Mock audits are planned to prepare for future regulatory reviews.
- The board completed its annual compliance training, covering fraud, waste, and abuse laws, HIPAA fundamentals, and reporting mechanisms.

***<u>ACTION</u>: On motion of Supervisor Hartmann and seconded by Ms. Navarro, the Board of Directors Accepted the report from Chief Compliance and Fraud Prevention Officer and Approved the Corporate Integrity Agreement (CIA) Attestation without objection.***

3.5 Items for Immediate Action

**Ms. Andersen** called for any additional items requiring immediate action.
**Ms. Owen** responded that staff did not identify further action necessary.

As there was no further business to come before the Board, Ms. Andersen adjourned the Regular meeting of the Board at 7:50 pm.

Respectfully submitted,

*Paula M. Bottiani*

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Paula Marie Bottiani, Clerk of the Board

**MINUTES**
**CenCal Health**
**BOARD OF DIRECTORS SPECIAL MEETING**
**Strategic Retreat**
**July 31, 2026**

The Regular Meeting of the Board of Directors of CenCal Health was called to order by Sue Andersen, Chair on July 31, 2026, at 8:47 AM at the Genevieve Hotel, 3627 Sagunto Street, Santa Ynez, CA

**MEMBERS PRESENT**: Antonette Navarro, Daniel Herlinger, Supervisor Dawn Ortiz-Legg, Edward Bentley, MD, Supervisor Joan Hartmann, Kieran Shah, Lisa Moore, Mouhanad Hammami (Virtual), Sara Macdonald, and Sue Andersen

**MEMBERS EXCUSED**: Joel Diringer, Lisa Moore, and René Bravo, MD

**STAFF PRESENT**: Cammie Flores, Chris Morris, Darin Moore, Jai Raisinghani, Jodi Wittelsbach, Joel Gluzman, (Legal Officer), Jordan Turetsky (Virtual), Kaliki Kantheti, Karen Kim, Kashina Bishop, Kendall Klein, Lauren Geeb, Marina Owen, Maya Heinert, MD, Nicole Wilson, Tanya Phares, DO, Tommy Curran, Van Do-Reynoso, and Paula M. Bottiani (Clerk)

**GUESTS PRESENT**: Rafael Gomez (Facilitator-El Cambio Consulting), Meg Murray (Association for Community Affiliated Plans), Christine Aguiar-Lynch (Association for Community Affiliated Plans), Armand Feliciano (Virtual-Public Policy Advocates)

1. Public Comment: There was no public comment.
2. Consent Agenda
   2.1 Adopt Board Resolution for Assemblymember Dawn Addis

   **Ms. Andersen** presented a resolution recognizing Assembly Member Dawn Addis for advancing health care access, behavioral health, workforce development, and for securing State funding of $5 million for a behavioral health pilot. The Board plans to present it to Assemblymember Addis with Supervisor Dawn Ortiz-Legg in September.

***ACTION: On motion of Ms. Macdonald, seconded by Ms. Moore, the Board of Directors Unanimously Accepted the Consent Agenda without objection.***

3. Regular Agenda
   3.1 Welcome, Introductions and Agenda Review
   3.2 Our Position, Context and Strategic Direction
   3.3 Panel Discussion: A Federal Lens on Medicaid, Medicare and Health Plan Journey
   3.4 Discussion: CareConnect Dual Special Needs Plan
   3.5 Discussion: HR-1 Impact on Uninsured
   3.6 Items for Immediate Action

3.7 Board Reflections, Thank You and Adjourn

As there was no further business to come before the Board, Ms. Andersen adjourned the Special meeting of the Board at 9:03 am

Respectfully submitted,

*Paula M. Bottiani*

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Paula Marie Bottiani, Clerk of the Board

**CenCal Health**
**BOARD OF DIRECTORS**
**COMPLIANCE AND OVERSIGHT COMMITTEE MEETING MINUTES**
**August 25, 2026**

The quarterly meeting of the Board of Directors Compliance and Oversight Committee Meeting called to order by Daniel Herlinger, Chair, August 25, 2026, at 12:20 PM at The Landsby Hotel, Solvang, CA.

**MEMBERS PRESENT:** Daniel Herlinger, Antonette Navarro, Karen Kim, and Marina Owen

**Members Excused:**

**STAFF PRESENT:** Paula Bottiani (Recorder), Nicole Wilson (IT/AV support)

1. Public Comment-There was no public comment.

2. Program Integrity Roadmap

   **Ms. Kim** presented a three-year plan developed with the Fraud Prevention Office to strengthen governance, investigations, analytics, provider enrollment, cost avoidance, and prepayment controls, with new investigators on-boarding and implementation sequenced by priority.

3. Security Office Update

   **Ms. Kim** reported two voice phishing or "vishing" incidents in which callers impersonated the CenCal Health IT Help Desk through Microsoft Teams, prompting password resets, restrictions on external Teams calls, device isolation, and planned improvements for escalation procedures and security monitoring.

4. Regulatory Audit Update

   **Ms. Kim** updated the committee on completed and upcoming DHCS and CMS regulatory audits, CMS enforcement trends, and the importance of accurate enrollment, eligibility, benefits, and cost-sharing data.

**Discussion:**

**Board Communication of Compliance Complexity:**

**Mr. Herlinger** put forth a recommendation requesting that staff explain the complexity involving the volume and importance of compliance, audit, security, and privacy to the Board of Directors. Suggestions included a visual overview or plain-language framing as possible approaches to explain the complexity.

As there was no further business to come before the committee, Mr. Herlinger adjourned the meeting at 1:15 pm.

Respectfully submitted,

*Paula M. Bottiani*

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Paula Marie Bottiani, Clerk of the Board

**Quality Report**

**Date:** September 16, 2026

**From:** Lauren Geeb, MBA, Senior Director, Quality and Population Health

**Through:** Marina Owen, Chief Executive Officer
Maya Heinert, MD, MBA, FAAP, Chief Medical Officer
Tanya Phares, DO, MPH, CPE, FACPM, Senior Medical Director

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## Executive Summary

This report summarizes recent work and outcomes on key Quality and Population Health program updates that support CenCal Health's commitment to improving member health outcomes, strengthening provider partnerships, and maintaining operational readiness for evolving state and federal requirements. Key highlights include:

**Measurement Year (MY) 2025 Quality Performance Results:**
Two concurrent HEDIS® Compliance audits were conducted to assess performance within the DHCS Managed Care Accountability Set (MCAS) and NCQA Health Plan Rating measures. CenCal Health successfully reported final quality of care results to the Department of Health Care Service (DHCS) and the National Committee for Quality Assurance (NCQA), with no reporting restrictions in June 2026.

**CenCal Health met or surpassed all applicable DHCS minimum performance level (MPL) requirements across both Santa Barbara (SB) and San Luis Obispo (SLO) counties. No sanctions will be applied.**

Notable achievements for the 16 measures held to DHCS MPL requirements include:

- **Santa Barbara County:** High performance levels (HPL) were achieved for 5 measures *(Asthma Medication Ratio, Well-Child Visits for Ages 15-30 Months, Childhood Immunizations, Immunizations for Adolescents, Timeliness of Postpartum Care)*.
- **San Luis Obispo County:** HPLs were achieved for 6 measures (*Asthma Medication Ratio, Controlling High Blood Pressure, Well-Child Visits for Ages 15-30 Months, Lead Screening for Children, Timeliness of Postpartum Care, and 30-Day Follow-Up After Emergency Department Visit for Substance Use)*.

**D-SNP Model of Care (MOC):** Following the January 1, 2026 launch of CenCal CareConnect, CenCal Health continues implementation and oversight of the CMS-required D-SNP MOC. Quarter 2 performance demonstrated strong operational results, including 93% Health Risk Assessment completion and 99.3% Individualized Care Plan

completion, while two provider network access gaps in San Luis Obispo County were successfully addressed. Ongoing efforts remain focused on care coordination, member engagement, provider collaboration, and regulatory compliance.

**Medicare Stars Performance Readiness:** CenCal Health has implemented new Stars reporting and forecasting capabilities and continues integrating D-SNP quality performance monitoring into the existing quality infrastructure. Early performance indicates strong results in pharmacy adherence measures, with several medication adherence measures, while opportunities remain to improve preventive screenings, diabetes management, blood pressure control, transitions of care, and follow-up activities.

**Quality Care Incentive Program (QCIP):** To support the January 2026 launch of CenCal CareConnect (HMO D-SNP), QCIP expanded to include 12 additional measures, resulting in a total of 27 incentivized quality measures. The expanded measure set incorporates Medicare Star Ratings-aligned preventive care, chronic disease management, and medication adherence measures, supporting quality improvement across both Medi-Cal and D-SNP populations. The July 2026 incentive payment was the first to include the expanded measure set and integrated reporting across both product lines. A total of $4.39 million was distributed to CenCal Health primary care providers. Since the program expansion, overall performance for QCIP incentivized measures reflect month over month improvement.

## Next Steps

**Quality Ratings and Performance Improvement Priorities**: NCQA will publish 2026 Health Plan Ratings report cards on September 15, 2026. The ratings use a 1-to-5 scale to compare health plans to national benchmarks across clinical quality, member experience, and accreditation-related performance domains. CenCal Health's results reflect its Medicaid line of business and provide a comparative view of the plan's ability to deliver high-quality, member-centered care. CenCal Health expects favorable results.

MY 2026 performance is actively being monitored using updated benchmarks released this month to assess improvement opportunities. Prioritization will focus on measures required to meet regulatory MPLs, those included in the DHCS Quality Withhold Incentive Program, and select group of measures required for accreditation compliance.

**D-SNP MOC and Medicare Stars**: CenCal Health will continue monitoring MOC and Medicare Stars performance as membership and available data increase. Planned activities include launching cross-functional Stars workstreams, enhancing reporting and system capabilities, refining care management workflows, supporting transitions of care readiness, and continuing provider education regarding D-SNP MOC requirements, Medicare Stars, and care coordination expectations. Stars data analysis

is ongoing to identify priority gap closure improvement opportunities for the final quarter of the year, with organizationally coordinated efforts to support targeted outreach, reporting enhancements, and provider and member engagement.

**Quality Care Incentive Program (QCIP)**: Quality and Provider Relations teams will continue supporting providers through education, performance reporting, and technical assistance related to the expanded QCIP measure set. On September 15, 2026, CenCal Health will host a provider training workshop focused on QCIP measures, payment methodology, D-SNP integration, and strategies to improve quality performance. Staff will continue monitoring provider performance and evaluating future measure opportunities that align with Medicare Star Ratings and regulatory priorities.

## Recommendation

This Quality Report is submitted for the Board's acceptance.

**Performance Report**

**Date:** September 16, 2026

**From:** Chris Morris, MSOD, Chief Performance Officer

**Contributors:** Andrew Hansen, MBA, Operational Excellence Director

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## Executive Summary

The following report provides updates surrounding the development and execution of Performance Division functions where applicable, including talent acquisition and retention, process management and strategy execution.

## Talent Acquisition and Retention Update

Total vacancy, spanning all Medi-Cal and D-SNP FTE, now sits at 5.2%, stable month over month. Highlights surrounding key senior leadership team recruitments include:

- Cammie Flores, RN, BSN, MBA, CCM, was promoted to Health Services Operations Officer in September 2026
- Loretta Denering, DrPH, MS, joined CenCal Health as Behavioral Health and Community Integration Officer in September 2026

All cause turnover remains healthy at a 12-month rolling average of 5.4%, significantly below the prior 3-year average (11.5%) and more than 25-points below the industry average (Bureau of Labor Statistics). CenCal Health is committed to remaining an employer of choice for mission-driven professionals, through a thoughtful and competitive hybrid workforce strategy that meets the needs of our members, providers and community partners, and supports the collaboration and belonging needs of our team members.

## Organizational Dashboard

The Executive View Dashboard indicates strong organizational performance with eight (8) of nine (9) Level 1 processes meeting or exceeding 95% of target in Q2 2026. Level 1 core processes contain subprocess, known as Level 2 processes, shown on the right side of the Dashboard. Notable performance highlights are as follows:

- Engage and Support Members: This Level 1 core process met target in Q2 2026. Performance within the *Help Members Navigate* Level 2 process significantly improved from the prior quarter, driven by the *% of calls to Member Services answered within 30 seconds*, which increased from 68% in Q1 2026 to 83% in Q2

2026. This represents the strongest quarterly performance for this key call center service level since Q2 2025, enabled by increased staffing capacity over the prior quarter, including backfilled vacancies and staff returning from leave.

- Support and Develop the Provider Network: This Level 1 core process met target in Q2 2026. Performance within the *Develop the Provider Network* Level 2 process remains below threshold and impacted by time and distance standards and timely access measures. Advancing the CenCal Health Access Plan remains the primary focus to drive sustained improvement in this area.
- Provide Data and Technology Services: This Level 1 process is meeting threshold but missing target. Performance is being impacted by a subset of Quality Measures for Encounter Data (QMED), for which the Department of Health Care Services (DHCS) recently updated methodology and expectations. Plans are now required to (a) correct more than 99.5% of denied encounters, and to (b) correct at least 97.5% of all denied encounters within 15 days. Previously Plans were not held to these standards when denied encounters remained below 5.0%; CenCal health consistently stays below 5.0%, with only 0.3% of encounters denied in Q1 2026, for example. Adapting to these new requirements, in addition to strengthening timeliness, the Claims team continues to assess and implement opportunities to improve QMED performance.
- Improve Member Health. This Level 1 core process met target in Q2 2026. Performance within the *Improve Effectiveness of Care Delivery* Level 2 process improved from the prior quarter and is now meeting target. This improvement reflects finalized MY2025 Managed Care Accountability Set (MCAS) metrics in which CenCal met or exceeded all applicable DHCS minimum performance level requirements in both counties. Performance, however, in 2026 indicates six (6) of thirty-six (36) metrics are at risk of falling below minimum performance level requirements, including: *Well-Child Visits in the First 15 Months (SB and SLO); Lead Screening for Children (SB); Topical Fluoride for Children (SLO); Timeliness of Postpartum Care (SLO);* and, *Follow-Up After ED Visit for Mental Illness - 30 days (SLO)*. Responsive to this monitoring, the Quality Improvement and Health Equity Transformation Program continues to closely monitor and evaluate the results of these measures and implement activities to improve performance.

**2026 Operating Plan Update**

The revised 2026 Operating Plan is comprised of thirty-two (32) tactics. Tracked progress is as follows:

- 2 (6%) are new and yet to report % complete
- 8 (25%) are between 1-25% complete
- 6 (19%) are between 25-50% complete
- 7 (22%) are between 50-75% complete
- 5 (16%) are between 75-99% complete
- 4 (12%) have closed at 100% complete

Aggregate Operating Plan health (scope, schedule, resources) is meeting target, with performance at 93%. Six (6) tactics are at-risk of becoming or off-track with planned mitigations as follows:

- D-SNP Model of Care (MOC) – This tactic is intended to optimize the Dual Special Needs Program to standardize best practices through the development and implementation of a Model of Care. This tactic is reported as at-risk due to delays in implementing the enhanced end-to-end Health Risk Assessment (HRA) process. Mitigations are in place to ensure all requirements continue to be met through interim processes.
- Enhance the Provider Portal – This tactic is intended to optimize the Dual Special Needs Program to standardize best practices through the enhancement of the Provider Portal. This tactic experienced delays in technology supported activities by vendors. A revised timeline is being developed to ensure the quality delivery of enhancements that meet business needs.
- Implement Risk Adjustment Program – This tactic is intended to optimize the Dual Special Needs Program to standardize best practices through the implementation of a Risk Adjustment Program. This tactic experienced delays in the delivery and test of data with a technology vendor. Once the data files are received and processed as planned, the tactic will be back on track.
- Reports for D-SNP – This tactic is intended to optimize the Dual Special Needs Program to standardize best practices through the development and delivery of D-SNP reports. This tactic is reporting at-risk as some scheduled D-SNP reports have been delayed due to high priority urgent reporting requests. The Analytics team is working closely with the business to prioritize report development and delivery in alignment with business needs.

## Recommendation

This material is informational with no action being requested at this time.

## Enclosures

1. Q2 2026 Executive View Dashboard
2. August 2026 Operating Plan
3. Membership Dashboard

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# Executive View Dashboard
Quarter 2 2026

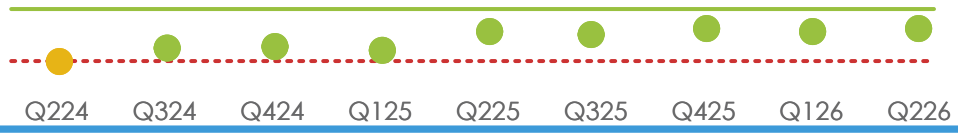
**Purpose**: To provide oversight of health plan performance across all organizational processes, to enable timely and targeted intervention and celebration.

**Context and Limitations**: Target and Threshold values are informed by contractual requirements and best practices, where available. This dashboard is structured by core processes (which deliver values directly to members, providers and the community) and managerial and support processes (which guide and support the organization). Results are produce using composites, meaning the performance of subprocesses is combined for aggregate performance scores. All metrics are normalized to a 100 point scale, so Target performance is always 100%.

## Core Processes

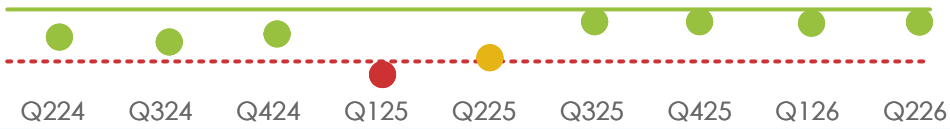
### Engage and Support Members

98.9% of target




### Support and Develop the Provider Network

97.8% of target




### Manage Member Care

99.2% of target


### Improve Member Health

97.1% of target


| Subprocesses | Q225 | Q325 | Q425 | Q126 | Q226 |
|---|---|---|---|---|---|
| Help Members Engage | 94.0 | 97.0 | 98.9 | 98.9 | 98.6 |
| Help Members Navigate | 98.9 | 94.1 | 96.5 | 93.3 | 99.2 |
| Improve Member Experience | 98.3 | 98.2 | 99.0 | 99.0 | 99.0 |
| Support the Provider Network | 95.7 | 99.2 | 99.8 | 98.8 | 98.5 |
| Develop the Provider Network | 89.7 | 93.0 | 92.6 | 92.6 | 95.0 |
| Pay Providers | 98.6 | 100 | 100 | 100 | 100 |
| Manage Utilization | 98.6 | 98.6 | 98.9 | 98.9 | 98.5 |
| Coordinate Member Care | 100 | 100 | 100 | 100 | 100 |
| Improve Effectiveness of Care Delivery | 92.7 | 94.2 | 93.8 | 94.2 | 96.8 |
| Manage Population Health | 96.1 | 96.1 | 96.1 | 96.0 | 97.4 |

## Support and Managerial Processes

| Provide Data and Technology Services | Q225 | Q325 | Q425 | Q126 | Q226 |
|---|---|---|---|---|---|
| | 99.9 | 100 | 100 | 100 | 94.6 |

| Support and Develop Employees | Q225 | Q325 | Q425 | Q126 | Q226 |
|---|---|---|---|---|---|
| | 98.3 | 99.7 | 99.8 | 99.8 | 99.8 |

| Enhance Organizational Effectiveness | Q225 | Q325 | Q425 | Q126 | Q226 |
|---|---|---|---|---|---|
| | 98.4 | 100 | 96.0 | 96.7 | 95.4 |

| Manage Compliance Commitments | Q225 | Q325 | Q425 | Q126 | Q226 |
|---|---|---|---|---|---|
| | 100 | 100 | 99.0 | 100 | 100 |

| Manage Organizational Finances | Q225 | Q325 | Q425 | Q126 | Q226 |
|---|---|---|---|---|---|
| | 99.5 | 99.6 | 99.6 | 99.1 | 99.1 |

Legend

- performance threshold
- performance target
- ≥ to 95% of target and > threshold
- < 95% of target and ≥ threshold
- < threshold

**Chief Medical Officer and Health Services Report**

**Date:** September 16, 2026

**From:** Maya Heinert, MD, MBA, FAAP, Chief Medical Officer

**Through:** Marina Owen, Chief Executive Officer

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## Executive Summary

In July 2026, the Division of Health Services recognized the six-month landmark of providing service for our *CareConnect members*. Our focus expanded from the provision of care to attention to sustainable growth and support for the Medicare Stars Program. Over July and August 2026, preparations intensified for the orderly and compassionate transfer of our Unsatisfactory Immigration Status (UIS) population from Medi-Cal managed care to Medi-Cal Fee for Service.

## Background

This report contains a high-level summary of activities within the **Health Services Division** as well as the activities of the CMO, Sr. Medical Director, and Medical Directors.

## Chief Medical Officer

The activities and priorities of the CMO support CenCal Health's Vision and Mission. In July and August, CenCal Health held quarterly **Joint Operating Committee (JOC) meetings** with Sansum / Sutter Health and Lompoc Valley Medical Center. Monthly collaborations with the **Santa Barbara Public Health Department and BeWell** continue to refine work to support our Justice Involved population. CenCal Health supported Be Well's public provider training scheduled for August on the topic of *Pharmacotherapy for Opioid Use Disorder*.

CenCal Health held the Provider Relations Credentialing Committee (PRCC) on July 28, and the Utilization Management Committee (UMC) on August 26, 2026 (chaired by Dr. Tanya Phares). Our **Quality Improvement Health Equity Committee (QIHEC)** meeting was held on August 27th, 2026; the minutes of the 3rd Quarter QIHEC meeting are submitted in this packet for the Board's review.

The CMO met with the executive leadership team of the **Blue Zones Project** to consider a long-term community transformation partnership that has lowered healthcare costs and improved community wellbeing in similar communities in coastal California. The CMO represented CenCal Health at the July 22nd **CFO and CMO UM Forum hosted by DHCS**. This series is intended to strengthen DHCS and MCPs (Managed Care Plans) ability to move towards value-based models of payment. The focus of the July meeting

was to explore the potential to align payment of ECM providers to service quality and outcomes; currently, ECM encounters widely lack sophisticated encounter data to support a differential payment. The cost and utilization of the Community Supports program has significantly expanded across the state; strong and effective UM efforts will be increasing critical to deliver these services to those who need it in a cost-effective manner.

**Medical Affairs and Sr. Medical Director**

***Dr. Tanya Phares, Senior Medical Director***, oversees the activities of the Medical Directors including the oversight and improvement of utilization management activities. Since April 2026, Dr. Phares has provided leadership and support across the Health Services Division. In August, Dr. Phares provided critical clinical input to the development of MOUs with county partners, to organizational cost of care analyses, to the evaluation of the impact of Community Supports, and to continuity of care and whole child model/ CCS transition planning for the UIS population.

Our ***Behavioral Health Medical Director, Dr. Neal Adams***, presented key findings regarding Emergency Department utilization of members with substance use disorder (SUD) at the 3rd quarter QIHEC meeting in August 2026. Dr. Adams will present follow-up and lead a discussion regarding interventions at the 4th quarter QIHEC meeting.

Our ***Pediatric Medical Director, Dr. Dianna Myers*** delivered a Vaccine Confidence Webinar on 7/30/26 to community providers in partnership with SLO and SB County and participated in a Santa Barbara immunization coalition along with local partners.

**Medical Management**

**Dual Special Needs (D-SNP) Clinical Team:** As of August 2026, 421 individualized care plans were completed, with a 95% Health Risk Assessment (HRA) completion rate. The implementation of Interdisciplinary Care Team (ICT) meetings is underway in collaboration with our providers. To date, 1,393 authorization requests have been processed for CareConnect members while maintaining greater than 99% turnaround time compliance.

**Care Management:** The team's focus for July and August has been completion of CenCal Health's DHCS Risk Stratification Implementation Plan for a January 1, 2027 launch.

**Utilization Management:** The Transitional Care Services (TCS) team has implemented the Pregnancy and Postpartum initiative in alignment with the updated Population Health Management policy guide; this initiative is designed to impact maternal health through the entire continuum. The Whole Child Model (WCM) team initiated its preparation of the transition of California Children's Services (CCS) members with Unsatisfactory Immigration Status (UIS) from managed care to Fee-for-Service by January 1, 2027.

**Pharmacy Department:** The pharmacy team partnered cross-functionally on CY2027

CareConnect D-SNP benefit design and formulary readiness, including coordination with the Pharmacy Benefit Manager (PBM) on benefit and formulary configuration.

The **Behavioral Health Department** focused its work on strengthening collaboration with county and community partners in our efforts to best serve the most vulnerable members including Justice Involved and CareConnect populations. Community education efforts have been launched and promoted surrounding dyadic care, Behavioral Health Treatment (BHT), and youth mental health services.

**Recommendation**

No action is needed. This report is submitted for board awareness and approval as part of the consent agenda.

**Customer Experience and Health Equity Report**

**Date:** Sept 16, 2026

**From:** Van Do-Reynoso, MPH, PhD,
Chief Customer Experience Officer/Chief Health Equity Officer

**Through:** Marina Owen, Chief Executive Officer

**Contributors:** Eric Buben, Member Services Director
Nicolette Worley Marselian, Communications and Marketing Director
Bao Xiong, Program Development Director

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## Executive Summary

This report summarizes key metrics and activities of the Member Services, Health Equity and Program Development, and Communications and Marketing departments for August 2026. This month's highlights include successful enrollment of 756 members in CareConnect as of August 1, funding of 17 community partners for Medi-Cal Outreach and Navigation scope of work, and creation of communication strategies to support member retention.

## Member Services

### Member Services Functions to Support CenCal Care Connect

*CareConnect Call Center*

- Average of 29 calls per day, with 906 calls total in August.
- 68% of Total Call Volume is related to CareConnect.

*CareConnect Enrollment & Eligibility*

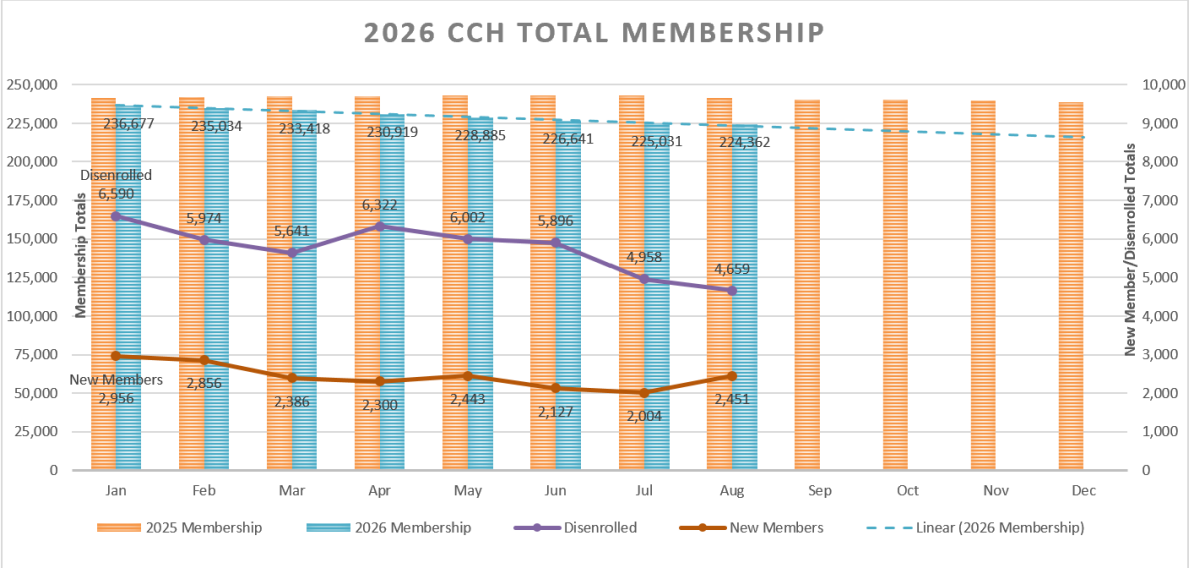
- 756 members are officially enrolled as of August 1, 2026, with 105 new enrollments processed in August for effective coverage on September 1.
- 12 disenrollments effective 8/31
- 100% of applications are processed timely and all member notifications are occurring as required.

*CareConnect Grievance & Appeals*

During August, 53 grievances were filed concerning provider billing, access to care, provider customer service, continuity of care, pharmacy benefit, and member understanding of plan benefits.

***Medi-Cal Membership***

CenCal Health's aggregate membership as of September 4, 2026, was 223,588, reflecting a net **decrease** of 775 members from August's final total of 224,363. As shown in the table below, August new member enrollment totaled 2,451, including 1,462 members in Santa Barbara County (SB) and 989 members in San Luis Obispo County (SLO). During the same period, SBC experienced 3,304 disenrollments and SLO experienced 1,625 disenrollments.




| Health Plan Total | Jan-26 | Feb-26 | Mar-26 | Apr-26 | May-26 | Jun-26 | Jul-26 | Aug-26 | Sep-26 | Oct-26 | Nov-26 | Dec-26 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| New Members | 2,956 | 2,856 | 2,386 | 2,300 | 2,443 | 2,127 | 2,004 | 2,451 | | | | |
| Disenrolled | 6,590 | 5,974 | 5,641 | 6,322 | 6,002 | 5,896 | 4,958 | 4,659 | | | | |
| **CCH Total Count** | **236,677** | **235,034** | **233,418** | **230,919** | **228,885** | **226,641** | **225,031** | **224,362** | | | | |
| Net Change | -2,199 | -1,643 | -1,616 | -2,499 | -2,034 | -2,244 | -1,610 | -669 | | | | |

*Net Change: CCH Total comparison to prior month

*Grievance & Appeal*

Grievance & appeal volume remained in control with usual volume and all turnaround times for G&A were all met for standard, expedited and exempt grievances and/or appeals.

**<u>Health Equity & Program Development</u>**

*Member Regional Navigation Hub*

Changes to Medi-Cal renewal requirements under H.R.1 increase the risk of coverage loss due to administrative or procedural reasons, including address changes, incomplete paperwork, and confusion about the new requirements. To help Medi-Cal members maintain continuous coverage, CenCal Health partnered with Family Services Agency, Center for Family Strengthening, Lompoc Valley Community Healthcare Organization, and the Department of Social Services in Santa Barbara and San Luis Obispo counties to develop the Regional Member Navigation Hub. This cross-sector partnership is designed to help Medi-Cal members understand renewal requirements

and receive the hands-on support to renew their coverage. The Regional Member Navigation Hub is scheduled to launch in October 2026. To further strengthen these efforts, CenCal Health issued $1.4 million in grant funding to seventeen (17) local organizations to provide culturally and linguistically responsive outreach, education, and direct navigation assistance to Medi-Cal members in Santa Barbara and San Luis Obispo counties. Award allocations are detailed in the table below.

Medi-Cal Outreach and Navigation Grant Awards as of September 2026

| **Organization** | **Scope of Work** | |
|---|---|---|
| | **Outreach** | **Navigation** |
| CommUnify | | X |
| Community Action Partnership of San Luis Obispo County | | X |
| Center for Family Strengthening | | X |
| United Way of San Luis Obispo County | X | |
| LEAP | X | |
| Corazon Latino | X | |
| Tolosa Children's Dental Center | X | |
| 5 Cities Homeless Coalition | | X |
| Tu Tiempo Digital | X | |
| Santa Ynez Valley People Helping People | | X |
| Parents Helping Parents of San Luis Obispo | | X |
| MICOP | | X |
| El Camino Homeless Organization | | X |
| SB ACT | | X |
| The Link | | X |
| San Luis Obispo County Public Health Dept | | X |
| Children and Family Resource Services | | X |

**Recommendation**

The Customer Experience Division report is informational, and no action is requested.

# **Communications** July/August 2026 Look Back

**To:** Board of Directors
**From:** Nicolette Worley Marselian, Director, Communications & Marketing
**Through:** Van Do-Reynoso, MPH, PhD, Chief Customer Experience Officer
**Date:** September 16, 2026

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## "A Little Help Goes a Long Way:" Connecting with Our D-SNP Members

As part of our ongoing commitment to member engagement, CenCal Health recently mailed a special appreciation card and branded jar opener to all currently enrolled CenCal CareConnect D-SNP members. While not a required communication, this outreach was designed to remind members that we are here to support them every step of the way.


The card thanks members for being a part of CenCal CareConnect and includes Member Services contact information for easy access to assistance when needed. The enclosed rubber jar opener, featuring the CenCal CareConnect logo and Member Services phone number, provides a practical tool members can use every day.

As our first year offering a D-SNP plan, we wanted to create a meaningful touchpoint that fosters goodwill, strengthens connection to the health plan, and reinforces the value of membership. Small gestures can make a lasting impression.

## All Marketing & Sales Systems a GO for 2027 AEP!

Preparations for the Medicare Annual Enrollment Period (AEP) are in full swing, with teams across Communications and Marketing working diligently to position CenCal CareConnect for a successful enrollment season. Running from Oct. 15 through Dec. 7, AEP is a critical time for Medicare beneficiaries to evaluate their coverage options. Commercial health plans spend millions on TV, radio, and mail advertising, and we anticipate a "lift" in interest in response to our marketing.

This year, significant efforts have focused on developing, reviewing, and launching materials that support compliance, member engagement, and new enrollments, including:

- Finalizing six core D-SNP member materials, including the plan's first Annual Notice of Change (ANOC), as well as the Member Handbook, Summary of Benefits, Provider and Pharmacy Directory, Formulary, and Member ID Card.


**Continued on next page**

- A new four-touch campaign designed to reach Medi-Cal members approaching Medicare eligibility and guide them through their Initial Enrollment Period, and hopefully, right into CenCal CareConnect.
- Multiple AEP direct mail campaigns highlighting various value propositions for various prospect segments.
- Preparing for in-community sales events in English or Spanish, with booking locations, modifying the sales system to hold reservations, preparing materials including presentations, banners, sales event materials, including retractable banners, informational handouts, and branded promotional items to support community outreach efforts.
- Implementing "home" appointments, with licensed Medicare Navigator staff holding one-on-one enrollment meetings for those members who have special enrollment needs.

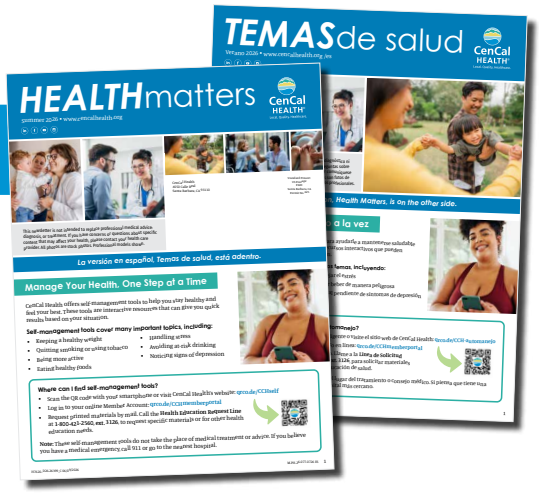
Together, these Best Practice sales tactics will expand enrollment opportunities and support sales goals.

## Communications Material Development

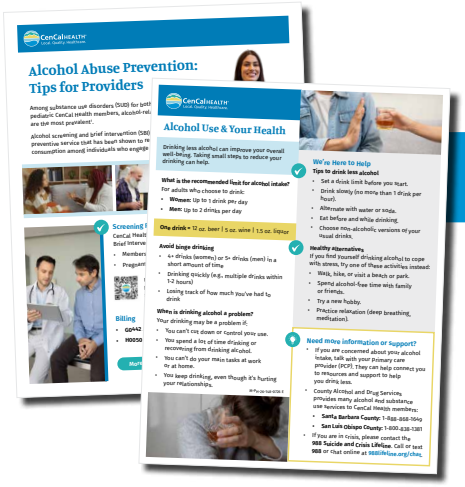
In July and August, Communications worked on more than 100 projects and tickets. Samples of collateral materials Communications produced for members, providers, the community, and employees are included below.

### MATERIALS: Member-focused

#### Summer 2026 Member Newsletter




In July, Medi-Cal members received the summer edition of Health Matters, the newsletter focused on helpful health and wellness guidance. This quarter's issue featured articles focused on online self-management tools for better health, education about material health services, helpful cut-out preventive health guidelines for children and adults, and more.




#### Alcohol Abuse Flyers for Members and Providers

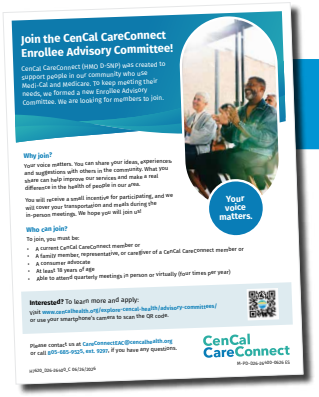
Communications designed a flyer educating members and providers on alcohol abuse as part of a Population Health member and provider tip sheet flyer campaign. The flyers take different approaches to provide guidance and resources to reduce and prevent alcohol abuse.

## Justice-Involved Enhanced Care Management Flyer

Communications designed a flyer for justice-involved members to provide support and resources as they return to the community.


## Flyer Promoting the Enrollee Advisory Committee

In support of Program Development, Communications designed a flyer to help recruit CenCal CareConnect members for the Enrollee Advisory Committee (EAC). The EAC was created to help improve plan services through the ideas, experiences and suggestions of members, caregivers, and others in the community.



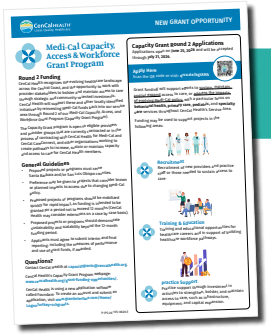

## Pharmacy Program Guides for Members

The Communications team developed two guides for the CenCal CareConnect website highlighting Medication Therapy Management and the Medicare Prescription Payment Program. The guides provide comprehensive information on the benefits of the programs, eligibility criteria, and frequently asked questions.


# MATERIALS: Provider-focused

## D-SNP Overview for Providers

In support of Provider Relations, Communications designed a one-page flyer for providers explaining the ways CenCal CareConnect helps support the health needs of members with Medi-Cal and Medicare and the benefits of joining the plan's provider network.




## Medi-Cal Capacity Grant Program Flyer

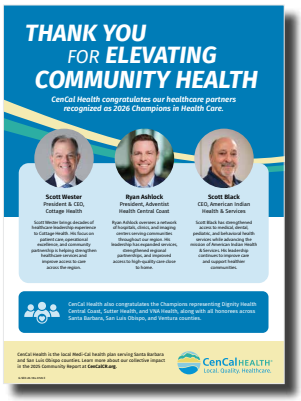
Communications designed a notice to providers outlining detailed information and application requirements for the CenCal Health Medi-Cal Capacity, Access & Workforce Grant Program.

# MATERIALS: General-Audience Focused

## Local Ads for Community Events

In support of Strategic Engagement, Communications designed multiple ads for various sponsorship events.

- Full-page ad supporting the Mixteco/Indigena Community Organizing Project (MICOP) 25th Anniversary event
- Full-page ad for Pacific Coast Business Times Champions in Health Care issue
- Full-page ad for the Pacific Coast Business Times 40 Under 40 Special Report
- Teddy Bear Cancer Foundation Golden Gala sponsorship ad



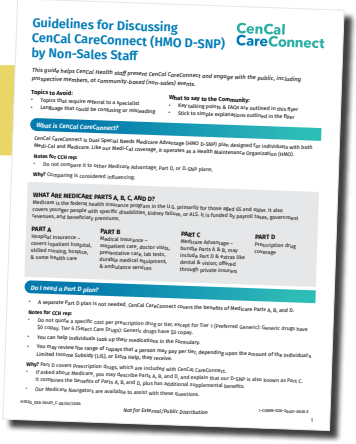




# MATERIAL: Employee-focused

## Internal Guidelines on Discussing CenCal CareConnect

Communications developed a guide for employees who staff public non-sales events on how to answer questions about CenCal CareConnect. This piece is critical to strict CMS rules around what constitutes "marketing" and "sales," and only licensed personnel can do either. This is an example of ongoing internal education ensuring non-sales staff understand how to support the line of business while staying compliant with regulations.



**Operations Report**

**Date:** September 16, 2026

**From:** Kaliki Kantheti, Chief Operating Officer

**Through:** Marina Owen, Chief Executive Officer

**Contributors:** Hector Garcia, Medicare Director
Gary Ashburn, Claims Director

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## Executive Summary

This Operations Report provides an overview of August and early September activities specific to CenCal Health's Dual Special Needs Program (D-SNP) CareConnect. Customer service metrics for Claims can be found in the included metric reports which are all at or above goal for the reporting period, and there are no notable deviations.

## CenCal Health CareConnect Update

CenCal Health is continuing to steadily grow our CareConnect membership, and operations are running well across various areas with the following key highlights:

- CenCal Health CareConnect has **849** total active members effective as September 1, 2026.
- Over **40,000** brochures, letters, and postcards pieces mailed to perspective members.
- HRA completion rate remains strong at **95%**, with HRA's completed for all members within 90 days of their effective date as required.
- **438** individualized care plans have been completed, with over **245** members actively engaged in Care Management.
- **1,478** authorizations were received and processed, alongside **33** Continuity of Care requests to support seamless member care.
- **14,611** claims have been processed and timely payments made to providers.
- **11,073** prescriptions have been filled, with approximately **74%** of our members utilizing the pharmacy benefit.

- **760** enrollees activated their flex spend cards, with **3,005** transactions to date, with top three purchase categories being vitamins & dietary supplements, first aid & medical supplies, and dental care.

***2026 CareConnect Priorities***

As the CareConnect continues to mature from implementation into a fully operational Medicare product, the foundational priorities established for 2026 remain a key focus. Efforts to enhance data reporting, dashboard capabilities, compliance oversight, audit readiness, Quality (Stars), and Risk Adjustment continue to be developed and strengthened to support long-term program success and performance monitoring.

Now that the intentionally paced growth strategy during the first half of 2026 is now complete, CareConnect has shifted its focus toward supporting membership growth and achieving sales goals. Current activities are increasingly centered on Annual Enrollment Period (AEP) readiness, including cross-functional planning, operational capacity assessments, member communications, sales support, and ensuring operational readiness across all functional areas during AEP. In parallel, CareConnect has begun planning activities for Contract Year (CY) 2027. This includes refining the CareConnect value proposition, evaluating benefit performance, and preparing for upcoming discussions with our CMS Account Manager regarding the CY 2027 benefit strategy and overall product direction.

***CY 2027 Bid Development Update***

CenCal Health has successfully completed the Calendar Year (CY) 2027 D-SNP bid development process, including all required submissions and post-submission refinement activities. Following the release of final CMS benchmarks, the organization completed a comprehensive review of the bid and finalized benefit and rebate allocations to ensure alignment with available funding and strategic product objectives.

With all required bid submissions and refinement activities complete, the CY 2027 bid development process has concluded. The final bid has been submitted to the Centers for Medicare & Medicaid Services (CMS). Leadership has also signed and submitted the Coordinated Care Plan (CCP) Medicare Advantage Prescription Drug (MAPD) contract through the CMS Health Plan Management System (HPMS). The bid remains subject to CMS review and approval in accordance with the standard Medicare Advantage and Part D bid review process.

**Recommendation**

This report is informational only, and no action is requested.

**Strategic Engagement Report**

**Date:** September 16, 2026

**From:** Jordan Turetsky, MPH, Chief Strategic Engagement Officer

**Through:** Marina Owen, Chief Executive Officer

**Contributors:** Cathy Slaughter, Provider Relations Director
Brandon Roberts, Government Relations Director
Citlaly Santos, Strategic Engagement Director

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## Executive Summary

The Strategic Engagement Division includes Government Relations, Strategic Engagement, and Provider Relations functions, as well as CenCal Health's Foundation and Grant programs. Within this Strategic Engagement Division Report are updates on key areas of Government Relations developments, public relations items specific to CenCal Health, and a summary of community and provider engagements.

## Government Relations

### State Policy Landscape

The California Legislature reconvened from Summer Recess on August 3, 2026. Upon returning, legislators had less than a month to advance bills through the remaining stages of the legislative process before adjourning the 2025-26 Legislative Session on August 31, 2026. Staff will track those bills that were advanced, with an eye towards implementation through future All Plan Letters.

*Unsatisfactory Immigration Status Transition from Managed Care to Fee-for-Service*

The 2026 Budget Act will transition Medi-Cal members with Unsatisfactory Immigration Status (UIS) from managed care to the state's fee-for-service (FFS) delivery system effective January 1, 2027. As a result, more than 36,000 members in San Luis Obispo and Santa Barbara Counties will no longer receive Medi-Cal benefits through CenCal Health. Instead, the California Department of Health Care Services (DHCS) will assume responsibility for coordinating services through the FFS delivery system.

To support a smooth transition, CenCal Health is partnering closely with DHCS and has established an internal UIS transition workgroup focused on developing care plans for vulnerable members, supporting continuity and transition planning activities, and ensuring timely and effective information- sharing with members and providers, in advance of January 2027.

*Additional information can be found in the supplemental report prepared by Mr. Armand Feliciano and Mr. Obed Franco of Public Policy Advocates.*

**Federal Policy Landscape**

*Medicaid Community Engagement Requirements*

The Centers for Medicare & Medicaid Services (CMS) continues implementation of the federal Medicaid Community Engagement Requirements, which will require certain adults in the Medicaid expansion population to complete at least 80 hours per month of qualifying work, education, training, or community service activities as a condition of eligibility. CMS's interim final rule adopts a more restrictive interpretation of the statutory medical frailty exemption, requiring individuals not only to have a qualifying medical condition but also to demonstrate that the condition impairs their ability to meet the community engagement requirement. Staff are working through the Member Navigation Hub to assess these evolving requirements, and anticipate additional guidance from DHCS in advance of the January 2027 implementation date.

*Final Rule on Gender-Affirming Care*

CMS recently released a final rule, effective October 13, 2026, that eliminates federal Medicaid and Children's Health Insurance Program (CHIP) matching funds for certain gender-affirming services provided to minors. The rule applies to puberty blockers, cross-sex hormones, and gender-affirming surgical procedures for individuals under age 18 in Medicaid and under age 19 in CHIP. CMS has also determined that these services are not eligible for federal matching funds under the Medicaid Early and Periodic Screening, Diagnostic, and Treatment benefit. A six-month tapering period will be permitted for minors currently receiving hormone therapy. Importantly, the rule does not prohibit states from covering these services using state-only funds, nor does it prevent providers from offering care. Staff will continue to track California's response to and implementation of this final rule, with the understanding that Medi-Cal benefits continue to include access to gender-affirming care.

*Additional information can be found in the supplemental report prepared by Mr. Ken Preede of Parker Poe.*

**Medi-Cal Capacity Grant Program**

CenCal Health launched the second round of the Medi-Cal Capacity, Access, and Workforce Grant Program (Capacity Grant Program) in June of 2026, and applications closed on July 31, 2026. Over 40 applications were received from providers and community organizations throughout Santa Barbara and San Luis Obispo Counties, totaling over $26 million. Staff are completing reviews of applications in preparation for the internal CenCal Health Funding Committee meeting in September, at which grant award decisions will be made. Staff will provide a detailed report on the Capacity Grant Program in October.

**Provider and Community Engagement Activities**

Strategic Engagement

CenCal Health maintained a strong community presence between June and August through participation at 38 events across Santa Barbara and San Luis Obispo counties.

Significant media coverage elevated awareness of important healthcare initiatives, policy priorities, and community health issues. Coverage highlighted National Health Center Week, healthcare advocacy efforts, Board resolutions recognizing Congressman Salud Carbajal and retiring Santa Barbara County CEO Mona Miyasato, and the launch of a new $5 million behavioral health pilot supporting individuals living with schizophrenia and anosognosia. The behavioral health pilot announcement also generated national visibility through, resulting in distribution to 349 media outlets, reaching more than 18,800 subscribers, and generating more than 4,200 online views.

Further advancing CenCal Health's advocacy efforts, CEO Marina Owen authored an op-ed focused on preserving access to care and addressing workforce and funding challenges affecting healthcare providers and communities throughout the region.

CenCal Health's social media channels generated more than 77,500 impressions during the reporting period, expanding the reach of member-focused information, community partnerships, healthcare initiatives, leadership activities, and organizational priorities.

*Additional details are available in the Strategic Engagement Department Supplemental Report.*

Provider Engagement

CenCal Health hosted 12 provider training and engagement activities between June and August, reaching 390 providers and community partners, with participant satisfaction averaging 95% across sessions.

Towards achieving CenCal Health's goal of 100% provider network overlap between Medi-Cal and CenCal CareConnect, staff mailed more than 400 CenCal CareConnect provider amendments in the month of August, seeking to reach those providers not yet serving CenCal CareConnect members. This effort will continue over the next 9 months, reflecting our commitment to an aligned network providing seamless, integrated care.

Post-provider visit surveys conducted during June, July, and August demonstrated that 100% of respondents would recommend CenCal Health to other providers.

## Recommendation

This Strategic Engagement Division Report is informational and no action is requested.

## Attachments

- Public Policy Advocates Board Report
- Parker Poe Board Report
- Strategic Engagement Department Supplemental Report
- Provider Support Metric Report

# Strategic Engagement Department Supplemental Report

## June, July, & August Look-Back

Date: September 16, 2026

From: Citlaly Santos, Strategic Engagement Director

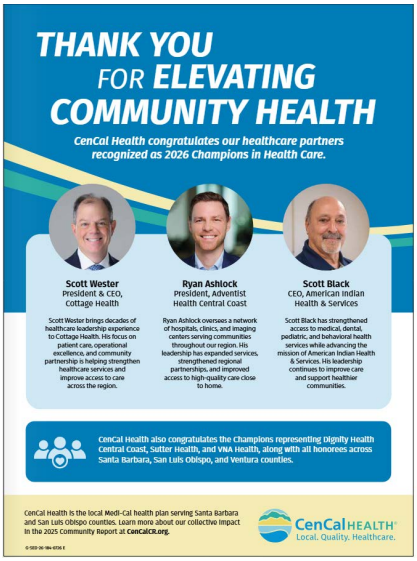
Through: Jordan Turetsky, Chief Strategic Engagement Officer

## PUBLIC RELATIONS & MEDIA

Between June and August 2026, CenCal Health generated 410 media placements, including 349 syndicated newswire pickups, across local, regional, state and national outlets. Coverage focused on health care access, behavioral health, Medi-Cal policy, and the impact of state and federal funding decisions on Central Coast communities. Throughout the quarter, CenCal Health and CEO Marina Owen were routinely sought as sources on health care issues affecting local residents. Ms. Owen's participation in media interviews and opinion pieces helped ensure public discussions reflected the realities facing Medi-Cal members, health care providers and the region's health care safety net.

August concluded with a significant health care policy story in the *San Luis Obispo Tribune*, "Medicaid Coverage of Trans Youth Care Is Ending. Will It Impact SLO County?" CenCal Health provided comments reaffirming CenCal Health's commitment to ensuring access to covered Medi-Cal services in accordance with state and federal requirements. The article provided an opportunity to clarify CenCal Health's role and responsibilities as changes to health care policy continued to generate public interest and concern.

Earlier in August, CenCal Health was featured in media coverage examining the local impact of federal and state health care policy changes and projected coverage losses. The *Santa Barbara Independent* published "Santa Barbara's Cottage Health Braces for $40M Spike in Uninsured Patients," while the *Santa Barbara News-Press* published "50,000 Santa Barbara County Residents Projected to Join the Ranks of the Medically Uninsured." These stories drew attention to the effects of coverage reductions on patients, providers, and the broader health system.




**Through a full-page advertisement in the *Pacific Coast Business Times* Champions in Health Care special report, CenCal Health recognized provider partners Scott Wester, Ryan Ashlock, and Scott Black, who were among those honored for their leadership and contributions.**

**Congressman Salud Carbajal accepting CenCal Health's Board Resolution**

**County of Santa Barbara Executive Officer, Mona Miyasato, accepting CenCal Health's Board Resolution**

In June, CenCal Health hosted a board resolution presentation recognizing Congressman Salud Carbajal and distributed a press release honoring his health care leadership and advocacy. The announcement was covered by the *Santa Barbara Independent, Santa Maria Sun, Amigos 805, Tu Tiempo Digital* and *Nonprofit Resource Network,* among other outlets. That same month, the *Santa Barbara Independent* published Ms. Owen's op-ed, "Keep Healthcare Access for All in the State Budget," which was subsequently republished in the newsletters distributed by the Central Coast Medical Association and Local Health Plans of California.

In July, *Santa Barbara Independent* reporter Nick Welsh published 'All Hands on Deck for Santa Barbara Medical Leaders,' featuring an interview with Ms. Owen and highlighting collaborative efforts among health care leaders. Additional coverage of the story appeared through Local Health Plans of California and other regional and industry communications channels, further extending the reach of CenCal Health's message regarding health care access and system sustainability.

In August, the CenCal Health Board of Directors presented a resolution honoring Mona Miyasato for her nearly 13 years of public service as Santa Barbara County executive officer, recognizing her leadership and lasting contributions to the community as she entered retirement. The recognition underscored CenCal Health's commitment to strong regional partnerships.

# News Clipping Samples


**1**

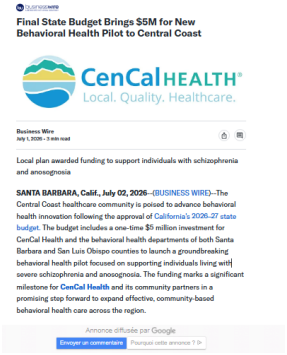
**August 20, 2026**
***Santa Barbara News-Press***
50,000 Santa Barbara County Residents Projected to Join the Ranks of the Medically Uninsured


**2**

**August 12, 2026**
***Amigos 805***
*Bilingual Report* - CenCal Health Recognizes Local Health Centers for Expanding Access to Care Across the Central Coast


**3**

**July 15, 2026**
***Santa Barbara Independent***
All Hands on Deck for Santa Barbara Medical Leaders




**4**

**July 1, 2026**
***BusinessWire***
Final State Budget Brings $5M for New Behavioral Health Pilot to Central Coast


**5**

**June 25, 2026**
***Central Coast Medical Assoc.***
Ms. Owen's Op-Ed, Salud Carbajal Resolution, & QCIP Results


**6**

**June 6, 2026**
***EdHat***
Congressman Salud Carbajal Honored by Central Coast Healthcare Leaders

## Media Coverage Report

During the June-August reporting period, CenCal Health secured 410 media placements, including 349 syndicated newswire pickups. In addition to the news clipping samples shown above, several notable media highlights are featured below.

| Media Coverage Spotlight \| June - August | | |
|---|---|---|
| **Date** | **Name** | **Headline** |
| 8/28/2026 | Pacific Coast Business Times | 40 under 40 Class of 2026 - Next Gen Leaders |
| 8/28/2026 | San Luis Obispo Tribune | Medicaid Coverage of Trans Youth Care is Ending… |
| 8/27/2026 | CCMA Local Rounds | CenCal Health Recognizes Five Local Health Centers |
| 8/10/2026 | Noozhawk | Despite Budget Cuts, County Serves Students at Back-to-School Health Fairs |

## SOCIAL MEDIA

### June - August Social Examples


**COO Recognized in 40 Under 40 Special Report**

Among the notable media coverage earned during August, CenCal Health Chief Operating Officer Kaliki Kantheti was recognized in the *Pacific Coast Business Times*' annual "40 Under 40" special report honoring emerging leaders under age 40. CenCal Health took to social media to extend Ms. Kantheti our congratultions.


**National Health Centers Week Social Campaign**

CenCal Health's National Health Center Week social media campaign celebrated the contributions of our five FQHC and tribal health partners that serve more than 150,000 members across the Central Coast. Throughout the week, CenCal Health highlighted each organization, shared their impact on community health, and presented an appreciation award to each partner in recognition of their dedicated service and commitment to improving the health and well-being of local communities.

## COMMUNITY ENGAGEMENT

### Outreach and Events Spotlight


**Santa Barbara County Back to School Health Fairs**

CenCal Health proudly sponsored the County of Santa Barbara's Back-to-School Health Fairs through participation in three events held across county. These community events provided students and families with essential school supplies, as well as access to valuable health, social service, and community resources for parents and guardians. As some of the region's most highly attended and anticipated annual events, the health fairs play an important role in preparing students for a successful start to the academic year.

**Dignity Health's Annual Day of Hope Fundraiser**

In August, the health plan was proud to sponsor and participate in Dignity Health's Annual Day of Hope fundraiser. The community event brought together Santa Maria residents, volunteers, healthcare providers, and local organizations in support of individuals and families navigating a cancer diagnosis and treatment. The event featured a community car show and fundraising activities to help provide critical resources for patients served by Mission Hope Cancer Center.

PPA
PUBLIC POLICY ADVOCATES LLC

**To**: Marina Owen, Chief Executive Officer
Jordan Turetsky, Chief Strategic Engagement Officer
Brandon Roberts, Director Government Relations
Adam Butler, Public Policy Analyst

**From**: Armand Feliciano and Obed Franco

**Date**: September 4, 2026

**Subject**: September California Board Report

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**California Legislature Wraps Up Session**

On August 31, 2026, the California Legislature concluded its regular legislative session. Under the California Constitution Article IV, Section 10 (c), however, the Legislature is allowed to consider other bills beyond that date provided these bills had urgency clause, tax levies, budget related issues, bills calling for an election, or consideration of vetoed bills. This rule allowed the Legislature to consider several urgency and budget related bills on September 1, 2026.

Consistent with the Legislature's end of session practice, there were a flurry of last minute amendments and introduction of new bills, which many were controversial. Under the California Constitution Article 4 Section 8 (b)(2), no bill can be passed by either house unless the bill, including amendments, has been printed publicly for at least 72 hours. It is worth noting that this year's legislative session had the largest number of bills amended (71) within the 72 hour rule. Prior to 2026, the record was 25 bills that were amended in the last days of session in 2020.

One of Governor Newsom's final policy priorities that he pushed for was to reform the liabilities of utility companies (e.g., Southern California Edison) after a wildfire. Under current law, insurers and other entities who suffered damages are allowed to sue utility companies for damages they caused. Governor Newsom supported removing the ability of insurers and others to sue utility companies for wildfire damages in part due to concerns about the continued viability of utility companies to operate in California if their liabilities were not modified. Strongly opposed by a coalition of consumer groups, insurers, and plaintiffs lawyers, the Legislature rejected the Governor's proposal.

On health care issues, the Legislature passed AB 113 (Gabriel) to amend the 2026 Budget Act, and below are some of the notable health budget related items:

- $1 million to the California Health and Human Services Agency to research the changes in the insured and uninsured population in California due to H.R.1;

- $10 million to support gender-affirming care services for children and youth to be implemented through the Department of Health Care Services (DHCS);

- $15.5 million for DHCS to support the production of low cost options for epinephrine pens and tuberculosis-related drugs.

Previous rumors of a trailer bill proposal to exempt Santa Clara County from Medi-Cal statutory safeguards did not materialize, but the issue may re-appear in 2027.

Below are updates to various health care legislation.

**AB 2729 (Bonta, Medi-Cal Employer Penalty)** proposes to create the Employer Responsibility for Medi-Cal Trust Fund to consist of new taxes and deposits, including employer penalties specified in the Budget Act of 2026. The bill would continuously appropriate the fund to the State Department of Health Care Services to fund the costs of administering the Medi-Cal program in a manner necessary to prevent loss of or to restore health care coverage, benefits, or access to care following the passage of federal House Resolution 1 (Public Law 119-21)and subsequent state budget actions. The bill would state that these provisions would become operative only if the Medicaid provisions of federal House Resolution 1 are not repealed prior to January 1, 2027. **Status**: This bill stalled in the Assembly Appropriations Committee.

**SB 1422 (Durazo, Medi-Cal/Immigration Status)** proposes to make an individual who is 19 years of age or older, who does not have satisfactory immigration status, eligible for the full scope of Medi-Cal benefits subject to payment of premiums and certain dental benefits. **Status:** This bill remained in the inactive file.

**AB 2208 (Stefani, Medi-Cal Cost Sharing)** proposes to set a Medi-Cal copayment of $0.01 for nonemergency services, and clarifies that the $0.01 copayment does not apply to emergency services, family planning services and any visit, service, device or item where the Medi-Cal program's payment is $10 or less. The bill further authorizes providers to collect or waive the $0.01 copayments, and prohibits them from denying care due to an individual's nonpayment of the $0.01 copayment. **Status:** This bill died in Senate Appropriations Committee.

**AB 1682 (Hart, Scalp Cooling)** proposes to require a health care service plan contract or health insurance policy to provide coverage for scalp cooling as prescribed by a health care provider in connection with chemotherapy for persons with cancer, and it further requires expanding Medi-Cal's schedule of benefits to include scalp cooling provided federal financial assistance is available and necessary federal approvals have been obtained. **Status:** This bill is headed to the Governor's desk (*supported by CenCal Health*).

**AB 1907 (Addis, Health Benefits Exchange)** beginning on July 1, 2027, expands Covered California's streamlined enrollment process, allowing individuals who apply through the

Statewide Automated Welfare System and qualify for financial assistance to be automatically enrolled in eligible health plans. **Status:** This bill is headed to the Governor's desk.

**Key Legislative Dates:**

- September 30, 2026, Last day for Governor to sign or veto bills
- November 3, 2026, General Election
- January 1, 2027, Statute takes effect

# Memorandum

**To**: Marina Owen, Chief Executive Officer
CenCal Health

**From**: Ken Preede, Principal
Parker Poe Federal Strategies

**Date**: August 20, 2026

**Re**: Federal Update - August 2026

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**Executive Summary**

Since our July 6 federal update, Washington's Medicaid agenda has moved further from policy development toward implementation, financing changes, and more aggressive federal oversight. The developments most relevant to CenCal Health include continued implementation of the new Medicaid Community Engagement Requirements; heightened scrutiny of California Medicaid spending; new federal restrictions affecting Medicaid funding for certain noncitizens; continued federal review of California's CalAIM Section 1115 waiver renewal; and significant changes to federal rules governing Medicaid financing.

CMS has accelerated implementation support for the Community Engagement Requirements that states generally must implement by January 1, 2027. On July 27, CMS launched a new technical-assistance initiative offering states support with eligibility systems, data integration, notices, training, verification processes, and other implementation needs. California's enacted 2026-27 budget also provides the clearest estimate to date of the potential coverage impact: the state projects approximately 43,000 Medi-Cal disenrollments attributable to the community-engagement requirement during 2026-27, increasing to approximately 1.1 million by 2029-30.

Federal attention to California has also intensified. On July 21, HHS announced that CMS was deferring approximately $867.5 million in federal Medicaid payments associated with certain California in-home care claims while the state provides additional supporting documentation. On August 17, CMS separately notified California that beginning October 1, Section 1115 demonstrations must comply with new statutory restrictions on federal Medicaid and CHIP matching funds for certain noncitizens.

At the same time, California's CalAIM Section 1115 demonstration remains pending before CMS and expires December 31, 2026. A July 7 CMS decision eliminating the agency's "fast track" process for waiver extensions underscores the more demanding

federal review environment now facing California, particularly because new federal law requires stronger actuarial certification of budget neutrality.

Finally, Congress has moved toward a short-term government funding solution but has not yet resolved the issue. The House passed a continuing resolution extending funding through December 4, while the Senate subsequently passed a different continuing resolution through December 11 by a 90-6 vote. Congress will need to reconcile those approaches after the August recess and before current funding expires September 30.

**Medicaid Community Engagement Implementation**

CMS is increasingly focused on the operational challenges associated with implementing the Medicaid Community Engagement Requirements. The federal requirement generally applies to certain adults in the Medicaid expansion population and requires 80 hours per month of qualifying employment, education, community service, or other activity, subject to statutory exemptions. States generally must implement the requirement by January 1, 2027.

Since the July update, CMS has moved beyond regulatory guidance and begun providing states with direct implementation assistance. A new CMS initiative launched in late July offers states technical help with application and renewal processes, data sourcing, system integration, procurement, notices, staff training, analytics, testing, and verification. CMS is also encouraging states to connect eligibility systems to additional federal data sources that can facilitate automated verification and reduce the amount of information individuals must independently submit.

For California, the potential impact is substantial. The enacted state budget projects approximately 43,000 Medi-Cal disenrollments in 2026-27 and 1.1 million by 2029-30 specifically attributable to the Community Engagement Requirements. The budget also provides additional funding for county Medicaid administration to handle the eligibility workload associated with implementation of the federal law.

For CenCal Health, the principal operational concern remains the potential for coverage disruption as California implements an entirely new eligibility requirement on a compressed timeline. DHCS decisions regarding verification systems, exemptions, data matching, plan responsibilities, and transitions for individuals who lose eligibility will therefore be important during the remainder of 2026.

**CalAIM Renewal and Section 1115 Waiver Policy.**

California's CalAIM Section 1115 demonstration remains under active federal review. CMS currently lists the renewal application as pending, with the existing demonstration scheduled to expire December 31, 2026.

The federal review environment became more challenging when on July 7 CMS formally rescinded the "fast track" process that had previously allowed qualifying states to receive streamlined review of Section 1115 demonstration extensions. CMS explained that the expedited process could interfere with the agency's ability to comply with new

federal statutory requirements governing waiver budget neutrality, including a requirement for certification by the CMS Chief Actuary.

While the rescission does not indicate that CMS intends to reject the CalAIM renewal, it signals that the Administration intends to subject Section 1115 waivers to more rigorous financial review. Given the breadth of CalAIM and the December 31 expiration date, the timing and terms of federal approval will be a significant issue for California health plans this fall.

A second development occurred on August 17, when CMS sent California a letter addressing the effect of new federal Medicaid eligibility restrictions on Section 1115 demonstrations. CMS informed DHCS that beginning October 1, 2026, federal Medicaid and CHIP matching funds generally will be limited, with specified exceptions, to U.S. citizens and nationals, lawful permanent residents, Cuban/Haitian entrants, and Compact of Free Association migrants. CMS stated that existing Section 1115 demonstrations must be brought into compliance with those new federal funding limitations.

California's enacted budget already anticipates significant consequences from the change, including reduced federal matching for emergency services for portions of the expansion population and a transition away from federally funded managed care coverage for certain individuals with unsatisfactory immigration status. The state budget includes state funding for continued care coordination and navigation services for that population.

For CenCal Health, this creates an immediate implementation issue because the new federal financing restriction begins October 1, three months before the broader January 1 implementation date for the Community Engagement Requirements.

**Medicaid Financing and California's MCO Tax**

Medicaid financing has also become a major federal policy issue. On July 21, CMS proposed regulations implementing statutory restrictions on health care-related taxes enacted in the 2025 reconciliation law. The proposed rule would establish new "indirect hold harmless" thresholds and codify limits on new and increased health care-related taxes used by states to finance their Medicaid programs. CMS estimates the changes would reduce federal expenditures by approximately $246 billion over ten years. Comments are due September 21.

The rule has particular significance for California because the MCO Tax is an important source of Medi-Cal financing. California's enacted 2026-27 budget now assumes a new federally compliant MCO Tax beginning January 1, 2027. The budget projects the redesigned tax will provide $575 million in 2026-27, $2.3 billion in both 2027-28 and 2028-29, and $1.7 billion in 2029-30 to support Medi-Cal and maintain targeted provider payment increases.

The federal government's treatment of California's successor tax structure will therefore be important not only for the state's overall Medicaid budget but also for provider payment initiatives supported by MCO Tax revenues. CenCal should continue

monitoring both CMS rulemaking and DHCS discussions with federal officials as California moves toward implementation of the redesigned tax.

Increased Federal Program Integrity Scrutiny

Federal Medicaid program integrity enforcement has accelerated significantly since the July update. On July 21, HHS announced that CMS had deferred approximately $867.5 million in federal Medicaid payments to California following a review of claims associated with certain in-home care programs. CMS said spending growth in the programs exceeded national trends and that additional documentation was needed to substantiate the claims. Importantly, HHS characterized the action as a payment deferral rather than a permanent disallowance, meaning California has an opportunity to provide documentation supporting the expenditures.

The action is consistent with a broader CMS enforcement strategy. On July 28, CMS reported that its Medicaid Fraud War Room had identified 50 high-risk providers associated with more than $203 million in Medicaid payments during its first 88 days of operation. The initiative combines CMS, HHS-OIG, state Medicaid agencies, and federal law-enforcement resources with data analytics intended to identify questionable claims and providers more quickly.

Congress is reinforcing that focus. On August 4, the Senate Budget Committee held a full committee hearing titled "Medicaid: The Reality." The hearing focused heavily on Medicaid spending, enrollment, fraud, program integrity, and the consequences of recent changes to the program. Republican and Democratic members offered sharply different assessments of the need for the new policies, but the hearing demonstrated that Medicaid oversight will remain a prominent congressional issue. For managed care plans, the practical implication is a federal environment that places increasing emphasis on documentation, provider screening, utilization management, payment integrity, and state oversight of Medicaid expenditures.

**FY 2027 Appropriations and Government Funding**

Congress has made significant progress toward avoiding an October 1 government shutdown, although the House and Senate have not yet agreed on a final continuing resolution.

On July 21, the House approved H.R. 9770, the Continuing Appropriations Act, 2027, by a vote of 220-205. The House measure would extend government funding through December 4, 2026. At the time, all twelve FY 2027 appropriations bills had advanced through the House Appropriations Committee, but Congress remained far from completing the regular appropriations process.

The Senate subsequently used a different legislative vehicle, H.R. 6500, for its continuing resolution. On August 8, the Senate passed the amended measure by a bipartisan 90-6 vote, with one senator voting present. The Senate version would continue government funding through December 11, 2026.

Because the chambers have passed different measures, additional congressional action will be required before the September 30 funding deadline. The overwhelming

Senate vote indicates broad support for avoiding an immediate shutdown, but it postpones rather than resolves the larger FY 2027 appropriations debate.

For health care stakeholders, the more significant negotiations are therefore likely to occur later in the year as Congress considers final appropriations for HHS and CMS and decides whether to attach expiring health program extensions or other health policy provisions to year-end funding legislation.

**Looking Ahead**

Several issues warrant particularly close attention between now and the end of this year:

- Community Engagement implementation: Additional CMS and DHCS operational guidance as California prepares for the January 1, 2027 effective date.
- October 1 federal eligibility and financing changes: Implementation of the new limits on federal Medicaid funding for certain noncitizens and the resulting changes to California's delivery system.
- CalAIM renewal: CMS action on California's pending Section 1115 renewal before the current demonstration expires December 31.
- California MCO Tax: Federal rulemaking and CMS review of California's redesigned 2027 financing structure.
- Program integrity: Continued federal scrutiny of California Medicaid expenditures, provider billing, eligibility, and payment practices.
- FY 2027 appropriations: House action on the Senate-passed continuing resolution and negotiations over final government funding later this year.

**Legal Report**

**Date:** September 16, 2026

**From:** Hon Chan, General Counsel and Rosalie Lopez, Sr. Legal Affairs Specialist

**Through:** Joel Gluzman, Legal Officer
Marina Owen, Chief Executive Officer

**Regarding:** Status and Next Steps for Conflict-of-Interest Code

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## Executive Summary

CenCal Health's Conflict-of-Interest Code (COIC) was presented to the Board and updated in 2025, not having been updated since 2015. In compliance with Government Code § 87306.5, agencies are required to update their conflict-of-interest codes biennially, every even year. Due to updates in titles (additions/removals/changes) since last year and the biennial required update, CenCal Health's Legal Department submitted these changes to the Fair Political Practices Commission (FPPC) to be updated for the 2026 biennial update.

In response, the FPPC has required the following changes to the COIC (attached):

- Page 1: Paragraph indicating that the Chief Financial Officer and Accounting Director are required to file their Form 700 Conflict of Interest Statements with the FPPC online due to their making financial investments on behalf of CenCal Health. All other identified positions in the COIC will be required to follow the standard process to file Form 700s within CenCal Health, to be compiled and retained by the Legal Department.
- Page 2: Updated additions/removals/changes to position titles.
- Page 3: List of officials who manage public investments (CFO and Accounting Director) who will need to file their Form 700 with FPPC online, starting Calendar Year 2026.
- Page 4: The FPPC updated the disclosure categories listed for each Form 700 filer.

## Next Steps

- With the Board's concurrence, the COIC will be posted on CenCal Health's intranet (CenCal Central) and external website for a 45-day posting period.
- CenCal Health's Chief Executive Officer will then sign the CEO Declaration prior to sending the Code back to FPPC after the 45-day posting period.
- FPPC will review the final Code for approval, and CenCal Health will receive the final copy once approved.

## Recommendation

This Legal Report is presented for your Board's acceptance of the Amended Conflict of Interest Code (OIC).

## Enclosures

Copy of the COIC

CONFLICT OF INTEREST CODE OF THE

**Santa Barbara San Luis Obispo Regional Health Authority**

dba **CenCal Health**

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 California Code of Regulations Section 18730) that contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency's code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations~~, Title 2,~~ Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendices, designating positions and establishing disclosure categories, shall constitute the ~~Conflict of Interest Code~~ conflict of interest code of the **Santa Barbara San Luis Obispo Regional Health Authority** dba **CenCal Health (~~hereinafter~~ "CenCal Health")**.

~~Individuals holding designated positions listed in Appendix A shall file their statements of economic interests with **CenCal Health**, which will make the statements available for public inspection and reproduction. (Gov. Code § 81008.). All original statements will be retained by **CenCal Health**.~~The Chief Financial Officer/Treasurer and Accounting Director must file their statements of economic interests electronically with **the Fair Political Practices Commission**. All other individuals holding designated positions must file their statements with the **CenCal Health**. All statements must be made available for public inspection and reproduction under Government Code Section 81008.

**Santa Barbara San Luis Obispo Regional Health Authority**
**dba CenCal Health**

CONFLICT OF INTEREST CODE
APPENDIX "A"

| **Designated Positions** | **Disclosure Category** |
|---|---|
| Governing Board Members | 1, 2, 4 |
| Chief Executive Officer | 1, 2, 4 |
| Chief Operating~~ons~~ Officer | 1, 2, 4 |
| ~~Chief Financial Officer/Treasurer~~ | ~~1, 2, 4~~ |
| Chief Medical Officer | 2, 4 |
| Chief Health Equity Officer | 2, 4 |
| Chief Compliance & Fraud Prevention Officer | 2, 4 |
| Chief Information Officer | 2, 3, 4 |
| Chief Performance Officer | 2, 4 |
| ~~Chief Quality Officer~~ | ~~2~~ |
| Chief Strategic Engagement Officer | 2 |
| ~~Deputy~~ Chief Technology~~Information~~ Officer | 2, 3, 4 |
| Legal Officer | 2, 4 |
| ~~Administrative Services Director~~ | ~~1, 2~~ |
| ~~Accounting Director~~ | ~~2~~ |
| Claims Director | 2 |
| ~~Audits, Monitoring & Oversight Director~~ | ~~2, 4~~ |
| Financial Analysis Director | 2 |
| ~~Senior Medical Director~~ | ~~2~~ |
| Medical Director | 2 |
| Member Services Director | 2 |
| People Operations Director | 2 |
| Pharmacy Director | 2 |
| Provider Relations Director | 2 |
| Provider Services Director | 2 |
| Claims Associate Director | 2 |
| Member Services Associate Director | 2 |
| IT Operations Director | 2, 3 |
| Security ~~Compliance~~ Director & Privacy Officer | 2, 4 |
| Enterprise Risk Management Director | 2, 4 |
| Regulatory Compliance Director | 2, 4 |
| General Counsel | 2, 4 |
| Behavioral Health Director | 2 |
| Communications & Marketing Director | 2 |
| ~~Data Analytics/Business Intelligence Director~~ | ~~2, 3~~ |
| Sr. Care Management and D-SNP Clinical Operations Director | 2 |
| Dual Special Needs Clinical Programs Associate Director | 2 |
| Medicare Director | 2 |
| Sr. Medical Management Advisor ~~Director~~ | 2 |
| Sr. Health Services Advisor | 2 |

Operational Excellence Director.....2
Program Development Director.....2
Strategic Engagement Director.....2
Configuration Director.....2
Government Relations Director.....2, 4
Sr. ~~Quality~~ Director of Quality & Population Health.....2
Care Management Director.....2
IT Development Director.....2, 3
Utilization Management ~~Associate~~ Director.....2
~~Vice President of Product Integration.....2~~
~~Medical Management Associate Director-CM.....2~~
Communications & Marketing Associate Director.....2
Health Services Regulatory Operations Associate Director.....2
Consultants/New Positions.....*

*Consultants/n~~N~~ew p~~P~~ositions shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the c~~C~~ode subject to the following limitation:

The Chief Executive Officer may determine in writing that a particular consultant or new position, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to comply fully with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's or new position's duties, and based upon that description, a statement of the extent of disclosure requirements. The Chief Executive Officer's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code (Gov. Code Sec. 81008).

**Officials Who Manage Public Investments**

The following positions are NOT covered by the conflict of interest code because they must file under Government Code Section 87200. Those who file under Government Code Section 87200 are required to file electronically with the Fair Political Practices Commission, therefore, these positions are listed for informational purposes only:

Chief Financial Officer/Treasurer
Accounting Director

An individual holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Government Code Section 87200.

**Santa Barbara San Luis Obispo Regional Health Authority**

**dba CenCal Health**

CONFLICT OF INTEREST CODE

APPENDIX "B"

## DISCLOSURE CATEGORIES

**CATEGORY 1**: ~~All interests in real property located within the jurisdiction of the **CenCal Health.** This includes all interests in real property within two miles of real property owned or used by CenCal Health.~~ Real property located within the jurisdiction as well as real property within two miles of the real property owned or used by the CenCal Health or the potential site.

**CATEGORY 2**: Investments~~,~~ and business positions in business entities, and sources of income (including receipt of gifts, loans, and travel payments) from sources of the type to provide services (including training or consulting services), supplies, equipment, or other property utilized or to be utilized by CenCal Health. Such sources include, but are not limited to: health care providers, hospitals, pharmacies, laboratories, medical care treatment facilities, insurance companies, ambulance companies, trainers, consultants, and sources that are subject to CenCal Health's regulatory, permit, or licensing authority.

**CATEGORY 3**: Investments~~,~~ and business positions in business entities, and sources of income (including receipt of gifts, loans, and travel payments) ~~from sources of the type that provide information technology or telecommunications services (including training or consulting services), supplies, equipment or other property utilized or to be utilized by CenCal Health. Such sources include but are not limited to: manufacturers, distributors, suppliers, or installers of computer hardware (servers, hard drives, laptops, monitors, etc.) or software (programs, applications, databases, etc.).~~ if the business entity or source provides information technology or telecommunications goods, products or services including computer hardware or software companies, computer consultant services, IT training companies, data processing firms and media services.

**CATEGORY 4**: Investments~~,~~ and business positions in business entities, and sources of income (including receipt of gifts, loans and travel payments) ~~from sources, that filed a legal claim or demand, or have a legal claim or demand pending, against CenCal Health made within two years prior to the date of disclosure.~~ if the business entity or source has, during the reporting period, filed a claim or has a claim pending before the CenCal Health.

**Quality Improvement Health Equity Committee (QIHEC) Report**

**Date:** September 16, 2026

**From:** Lauren Geeb, MBA, Senior Director of Quality and Population Health

**Through:** Marina Owen, Chief Executive Officer
Maya Heinert, MD, MBA, FAAP, Chief Medical Officer
Van Do-Reynoso, MPH, PhD, Chief Health Equity Officer, Chief Customer Experience Officer
Tanya Phares, DO, MPH, CPE, FACPM, Senior Medical Director

*To simplify presentation of materials, the documents referenced herein are each hyperlinked for your convenience to supplement your Board's meeting materials.*

## Executive Summary

This is CenCal Health's QIHEC report to the Board, including information about the committee's proceedings for its 3rd quarterly meeting of 2026, completed on August 27, 2026. This report summarizes key topics reviewed by the QIHEC as your Board's appointed entity accountable to oversee the effectiveness of CenCal Health's Quality Improvement and Health Equity Transformation Program (QIHETP).

The QIHEC's recent proceedings included:

- Approval of the May 28, 2026, QIHEC minutes.
- Approval of reports from the Pediatric Clinical Advisory Committee, Customer Experience Committee, Utilization Management Committee, and Peer Review and Credentialing Committee. The Pharmacy & Therapeutics Committee did not have a report due to their meeting being rescheduled to September 16, 2026.
- Approval of the following materials and reports:
    - Seven (7) QIHETP and related policies presented for annual review by the Member Services and Quality departments. These policies underwent revision to incorporate new Department of Healthcare Services (DHCS) and/or Centers for Medicare and Medicaid Services (CMS) requirements. **(Reference 1: Policies)**
    - Key performance metrics that demonstrate cross-functional QIHETP integration of Utilization Management (UM), Access and Availability, and Member Grievance operations.

- Behavioral Health quarterly update regarding authorization turnaround times, closed-loop referrals, and the annual National Committee for Quality Assurance (NCQA) Behavioral Health Member Experience Survey.
- Initial Health Appointment and Medical Record Review report regarding year-to-date results for documentation of physical examinations, health education, follow-up for abnormal findings, preventive screenings services, immunizations, Adverse Childhood Experiences (ACEs) screenings, Alcohol and Drug Screening, Assessment, Brief Interventions and Referral to Treatment (SABIRT), and selected age-specific measures like lead risk assessment and lead testing.
- The Measurement Year 2025 Population Health Management Impact Analysis report, which evaluates the effectiveness and impact of its Population Health Management (PHM) Strategy in accordance NCQA requirements and DHCS priorities. Results demonstrated overall program effectiveness in improving health outcomes and advancing health equity, while identifying opportunities to inform future PHM strategy enhancements.
- The Measurement Year (MY) 2025 Over & Underutilization Monitoring analyses which show Physical Health measures were within NCQA established thresholds. Additional key findings included strong performance (appropriate utilization above the Medicaid 90th percentile) for both Santa Barbara County and San Luis Obispo County in the following areas assessed: Well-Child Visits Age 15-30 Months, Asthma Medication Ratio, and Appropriate Treatment for Upper Respiratory Infection.
- The Quality Care Incentive Program (QCIP) report provided an update on CenCal Health's pay-for-performance system, which is used to motivate primary care practice transformation and promote consistently high-quality, evidence-based preventive care and treatment. The report highlighted the first QCIP payment distribution completed in July 2026, which incorporated newly introduced measures that span CenCal Health's Dual Eligible Special Needs Plan (D-SNP) population and further align provider incentives with plan priorities for preventive care, chronic condition management, member experience, and improved Stars performance. The update also summarized quality improvement progress and future program refinements designed to support improved health outcomes, member experience, and overall plan performance.

- The D-SNP Model of Care (MOC) and Medicare Stars Performance highlighted ongoing priorities include preventive care, chronic disease management, transitions of care, and member engagement to improve quality outcomes and member experience.
- Quarterly update on progress of the QIHETP Work Plan and Quality Dashboard metrics. During the past quarter, CenCal Health advanced multiple QIHETP Work Plan priorities, including successful completion of two concurrent NCQA MY 2025 HEDIS compliance audits. These audits support quality of care reporting for both regulatory oversight and accreditation, with favorable results reported to NCQA and DHCS. In addition, CenCal Health continued key health equity and population health initiatives by expanding use of Manifest Medex Health Information Exchange (HIE) data and launching vaccine barrier listening sessions that informed development of a provider-led virtual town hall to improve childhood immunization uptake. The Quality Dashboard update identified priority measures for improvement, including pediatric preventive services and behavioral health-related measures, which will be reassessed once updated benchmark data is available for MY 2026 performance.

The QIHEC's approval of the work products listed above included consideration by contracted network physicians and other representatives that are required members of the QIHEC.

**Background**

DHCS requires that CenCal Health implement and maintain a QIHEC appointed by and accountable to your Board. Your Board's annual approval of the QIHETP Description affirms your Board's appointment of the QIHEC to oversee the effectiveness of the QIHETP. The QIHEC's quarterly review ensures that CenCal Health's QIHETP evolves and is implemented with meaningful contracted network practitioner involvement. The QIHECs recent review and approval was based upon their understanding that their action was undertaken as your Board's accountable entity to oversee CenCal Health's QIHETP.

*Role of the Board*

Your Board, as CenCal Health's governing body, is required to participate in CenCal Health's Quality Improvement System as follows:

1. *Annual approval of the overall QIHETP, annual QIHETP Work Plan, and Quality Program Evaluation.*

   This responsibility was completed with your Board's March 2026 approval of CenCal Health's 2025 Quality Program Evaluation, the 2026 QIHETP Description, and the 2026 QIHETP Work Plan. These documents detail CenCal Health's achievements and goals for continued improvement during the coming year. They define the structure of CenCal Health's QIHETP and responsibilities of entities and individuals within CenCal Health that support improvement in quality of care, patient experience, and safety. They also demonstrate CenCal Health's investment of resources to assure continuous improvement and achieve population health excellence.

2. *Appointment of an accountable entity within CenCal Health to oversee the effectiveness of the QIHETP.*

   This responsibility was affirmed by your Board's approval of CenCal Health's 2026 QIHETP Description. The QIHEC, chaired by the Chief Medical Officer in collaboration with the Chief Health Equity Officer as co-chair, is accountable for overseeing the QIHETP's effectiveness and evolution.

3. *Review of written progress reports from the QIHEC describing actions taken, progress in meeting QIHETP objectives, improvements made, and directing necessary modifications to QIHETP policies and procedures to ensure compliance with quality improvement and health equity standards.*

   *This report represents your Board's report on the QIHEC's recent proceedings for its 3rd quarterly meeting of 2026, including QIHETP policies for your consideration, direction, and approval. This report fulfills your Board's responsibility to review written progress reports from the QIHEC.*

   After each quarterly meeting of the QIHEC, staff present your Board with approved minutes of the QIHEC's proceedings to ensure the full scope of QIHEC activities is available to inform your Board's governance. Additionally, each quarterly report includes policies reviewed and approved by the QIHEC, for your Board's further consideration, direction, and approval.

   In total, this QIHEC report includes the summary of recent QIHEC proceedings detailed above, and the following documents referenced:

   a) QIHETP and related program policies reviewed and approved by the QIHEC. CenCal Health staff confirmed that the seven (7) policies reviewed by the QIHEC comply with DHCS quality improvement and health equity standards. The QIHEC's engagement in policy review enables valuable feedback and

direction from the QIHEC to meaningfully direct the effective administration of CenCal Health's QIHETP. **(Reference 1: Policies)**

b) The meeting agenda for the recent QIHEC meeting. **(Reference 2: Agenda)**
c) The meeting minutes of the prior meeting of the QIHEC, which were approved at the recent meeting of the QIHEC. **(Reference 3: Minutes)**

The QIHEC's approval of the referenced policies and work products serves as the QIHEC's recommendation for your Board's approval, as your Board's accountable entity to oversee the effectiveness of the QIHETP.

## Next Steps

Subject to your Board's approval, staff will complete implementation of the approved documents and policies. The proceedings of future quarterly QIHEC meetings will be reported to your Board after each meeting of the QIHEC, to fulfill the progress reporting responsibilities described above.

## Recommendation

Staff recommends your Board accept this progress report, and provide additional direction if warranted, based on the referenced policies and other content that was evaluated and approved by the QIHEC.

References:

- Reference 1 - QIHETP-and-Related-Policies-8.27.2026-Qty-7.pdf
- Reference 2 – QIHEC-Meeting-Agenda-8.27.2026.pdf
- Reference 3 – QIHEC-Approved-Minutes-5.28.2026.pdf

**Financial Report for the six (7) Month Period Ending July 31, 2026**

**Date:** September 16, 2026

**To:** CenCal Health Board of Directors

**From:** Kashina Bishop, Chief Financial Officer/Treasurer

**Contributors:** Amy Sim, Accounting Director

## Executive Summary

As of July 2026, CenCal Health remains in a strong financial position, with Tangible Net Equity well above State requirements and reserves exceeding the Board-approved target. This financial strength provides continued flexibility to respond to emerging risks while sustaining investments in member care and community priorities.

Year-to-date financial performance remains favorable to budget, with a consolidated net operating gain of approximately $20.2 million, which is $10.4 million above budget. Results are primarily driven by higher revenue associated with recognition of the CY 2025 quality withhold. At the same time, more recent experience indicates accelerating medical costs driven by broad increases in professional utilization, with the most notable pressure in Enhanced Care Management, mental health, and behavioral health. Management continues to assess the extent to which current results will persist.

Enrollment remains an area of focus, with membership trending below budget assumptions due to the continued impact of Medi-Cal redeterminations and related eligibility changes. Management is actively incorporating updated enrollment assumptions into forecasting, scenario planning, and administrative capacity planning to better understand the financial and operational impact through year-end and into future budget cycles.

In parallel, staff remain focused on implementing the internal action plan to address key fiscal drivers, including targeted work related to cost of care, rate adequacy, payment integrity, encounter data, and administrative discipline. This work is intended to strengthen CenCal Health's ability to identify emerging pressures earlier, respond with greater precision, and maintain financial stability in a more dynamic operating environment.

CenCal CareConnect continues to be monitored closely as the program develops. While early financial results indicate revenue is under budget due to timing, claims lag and limited experience continue to constrain performance assessment. More meaningful insights are expected as additional months of revenue, claims, and utilization experience become available.

**Financial Highlights**

- **Consolidated Net Operating Gain** of $20.2 million, which is $10.4 million more than the budgeted gain.
    - **Medi-Cal Net Operating Gain** of $22.2 million, which is $9.1 million more than the budgeted gain.
    - **CareConnect Net Operating Loss** of $2.0 million, which is $1.3 million less than the budgeted loss.
- **Net Revenue** is at $756.4 million; over budget by $7.2 million and 1.0%.
- **Medical Expenses** are at $671.3 million; under budget by $2.8 million and 0.4%.
- **Internal Costs**, inclusive of Administrative Expenses and Healthcare Quality Improvement, are at $69.2 million; under budget by $2 million and 2.9%.
- **Community Reinvestments** are at $5.5 million; under budget by $2.0 and 27.0%
- **Tangible Net Equity (TNE)** is $351.7 million, representing 778% of the minimum regulatory requirement and 105% of the minimum Board-Designated reserve target.
- **Total Cash and Short-Term Investments** are $347.8 million. Cash and Short-Term Investments available for operating the health plan is $323.6 million, representing 127 Days Cash on Hand.
- **Member Enrollment** consolidated is at 224,874 for the month of July 2026.
    - **Medi-Cal-** 224,246
    - **CareConnect-** 628

**Recommendation**

Staff recommend that the Board of Directors approve the unaudited financial statements as of July 31, 2026.

# CenCal Health

## Finance Statements and Other Information

For the seven (7) month period ending July 31, 2026

# CenCal Health

## Balance Sheet

As of July 31, 2026

| | | | |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | $ | 347,778,138 | |
| | | | |
| Accounts receivable: | | | |
| DHCS capitation and other | | 785,910,321 | |
| CMS capitation | | 21,023 | |
| Reinsurance and other recoveries | | 2,330,295 | |
| Interest and other | | 13,361,479 | |
| Total accounts receivable | | 801,623,118 | |
| | | | |
| Prepaid expenses | | 2,983,568 | |
| | | | |
| Capital assets-net | | 25,820,638 | |
| Certificate of deposit - DMHC assigned | | 300,000 | |
| Deposits and other assets | | 25,520,567 | |
| | | | |
| Total Assets | $ | 1,204,026,029 | |
| | | | |
| **Liabilities and Net Assets** | | | |
| Medical claims payable and incentives | $ | 107,261,045 | |
| Accounts payable, accrued salaries and expenses | | 21,357,087 | |
| Accrued DHCS revenue recoups-MLRs | | 9,921,319 | |
| Accrued DHCS directed payments | | 636,102,543 | |
| Accrued MCO Tax | | 30,764,857 | |
| Accrued CMS liabilities | | 163,692 | |
| Unfunded pension liability - CalPERS | | 3,535,208 | |
| Other accrued liabilities | | 43,215,841 | |
| | | | |
| Net Assets - Tangible Net Equity | | 351,704,437 | |
| Less capital assets-net | | (25,820,638) | |
| Available reserves | $ | 325,883,800 | |
| Board-Designated reserve target | | 309,183,598 | |
| Excess Reserves | $ | 16,700,201 | * |
| | | | |
| **Total Liabilities and Net Assets** | $ | 1,204,026,029 | |

* Excess reserves Board-designated for Community reinvestment.

# CenCal Health

## Income Statement

For the seven (7) month period ending July 31, 2026

| | Medi-Cal | CareConnect | Consolidated | Budget | Variance $ | % |
|---|---|---|---|---|---|---|
| **Operating Revenues:** | | | | | | |
| Capitation | $ 1,031,946,520 | $ - | $ 1,031,946,520 | $ 743,700,865 | $ 288,245,655 | 38.8% |
| CMS Capitation | - | 4,663,822 | 4,663,822 | 5,517,997 | (854,175) | -15.5% |
| Directed Payments/Pass-throughs | (64,830,939) | - | (64,830,939) | - | (64,830,939) | 0.0% |
| MCO Tax Expense | (215,353,999) | - | (215,353,999) | - | (215,353,999) | 0.0% |
| **Total Net Income** | $ 751,761,582 | $ 4,663,822 | $ 756,425,405 | $ 749,218,862 | $ 7,206,543 | 1.0% |
| **Medical Expenses:** | | | | | | |
| Provider capitation | $ 89,029,963 | $ - | $ 89,029,963 | $ 100,579,494 | $ (11,549,531) | -11.5% |
| FFS-Inpatient Hospital | 112,365,734 | 1,012,868 | 113,378,602 | 121,564,426 | (8,185,824) | -6.7% |
| FFS-Outpatient Facility | 58,253,987 | 682,123 | 58,936,110 | 54,541,708 | 4,394,402 | 8.1% |
| FFS-Emergency Room | 9,526,852 | 113,913 | 9,640,765 | 7,927,162 | 1,713,603 | 21.6% |
| FFS-Long Term Care | 99,508,805 | 281,287 | 99,790,092 | 102,000,167 | (2,210,075) | -2.2% |
| FFS-Pharmacy | - | 937,840 | 937,840 | 1,208,365 | (270,525) | -22.4% |
| FFS-Physician Primary Care | 18,988,040 | 187,199 | 19,175,239 | 17,738,446 | 1,436,793 | 8.1% |
| FFS-Physician Specialty | 82,201,706 | 677,410 | 82,879,116 | 86,226,224 | (3,347,108) | -3.9% |
| FFS-FQHC/AIHC | 17,385,042 | 3,225 | 17,388,267 | 17,823,109 | (434,842) | -2.4% |
| FFS-Other Medical Professional | 25,420,581 | 157,666 | 25,578,247 | 17,362,916 | 8,215,331 | 47.3% |
| FFS-Mental Health (Outpatient) | 28,973,548 | 28,467 | 29,002,015 | 23,792,637 | 5,209,378 | 21.9% |
| FFS-BHT Services | 26,294,108 | - | 26,294,108 | 24,036,189 | 2,257,919 | 9.4% |
| FFS-Laboratory & Radiology | 12,166,715 | 226,757 | 12,393,472 | 10,027,387 | 2,366,085 | 23.6% |
| FFS-Transportation | 4,245,259 | 55,372 | 4,300,631 | 3,738,352 | 562,279 | 15.0% |
| FFS-CBAS | 2,733,715 | - | 2,733,715 | 1,703,107 | 1,030,608 | 60.5% |
| FFS-Hospice | 5,755,009 | - | 5,755,009 | 5,898,115 | (143,106) | -2.4% |
| FFS-Community Supports | 19,977,116 | - | 19,977,116 | 26,534,479 | (6,557,363) | -24.7% |
| FFS-ECM (Community-Based) | 24,089,433 | - | 24,089,433 | 15,718,092 | 8,371,341 | 53.3% |
| FFS-HCBS Other | 3,821,689 | 148,173 | 3,969,862 | 3,280,530 | 689,332 | 21.0% |
| FFS All Other Health Care Services | 13,027,646 | 113,632 | 13,141,278 | 9,744,375 | 3,396,903 | 34.9% |
| Incentives | 10,370,842 | 12,974 | 10,383,816 | 9,652,543 | 731,273 | 7.6% |
| Prop 56 Add-Ons | 6,881,074 | - | 6,881,074 | 4,334,873 | 2,546,201 | 58.7% |
| Healthcare Quality Improvement | 5,935,712 | 36,572 | 5,972,284 | 8,166,662 | (2,194,378) | -26.9% |
| Change to prior year estimate | (12,124,161) | - | (12,124,161) | - | (12,124,161) | 0.0% |
| Other Health Care Related Expense | 1,680,382 | 117,922 | 1,798,304 | 516,192 | 1,282,112 | 248.4% |
| **Total Cost of Healthcare** | $ 666,508,798 | $ 4,793,399 | $ 671,302,197 | $ 674,115,550 | $ (2,813,353) | -0.4% |
| **Operating Expenses:** | | | | | | |
| Administrative expenses | $ 61,350,993 | $ 1,842,114 | $ 63,193,107 | $ 63,052,601 | $ 140,507 | 0.2% |
| Community Reinvestment | 5,537,263 | - | 5,537,263 | 7,582,981 | (2,045,718) | -27.0% |
| **Total Operating Expense** | $ 66,888,256 | $ 1,842,114 | $ 68,730,370 | $ 70,635,582 | $ (1,905,212) | -2.7% |
| **Interest income** | 5,171,230 | - | 5,171,230 | 4,166,820 | 1,004,410 | 0.0% |
| **Realized gain (loss)** | - | - | - | - | - | 0.0% |
| **Non-Operating expense/income** | 63,433 | - | 63,433 | 1,166,669 | (1,103,236) | 0.0% |
| **Unrealized gain (loss)** | (1,425,730) | - | (1,425,730) | - | (1,425,730) | 0.0% |
| **Operating Gain (Loss)** | **$ 22,173,462** | **$ (1,971,691)** | **$ 20,201,771** | **$ 9,801,219** | **$ 10,400,552** | **106.1%** |
| **MLR** | **88.7%** | **102.8%** | **88.7%** | | | |
| **ACR** | **8.2%** | **39.5%** | **8.4%** | | | |

# CenCal Health

## Income Statement

For the month of July 2026

| | Medi-Cal | CareConnect | Consolidated |
|---|---|---|---|
| **Operating Revenues:** | | | |
| Capitation | $ (12,664,233) | $ - | $ (12,664,233) |
| CMS Capitation | - | 1,034,837 | 1,034,837 |
| Directed Payments/Pass-throughs | 157,613,923 | - | 157,613,923 |
| MCO Tax Revenue | (30,764,857) | - | (30,764,857) |
| | $ 114,184,833 | $ 1,034,837 | $ 115,219,670 |
| **Medical Expenses:** | | | |
| PCP capitation | $ 13,900,021 | $ - | $ 13,900,021 |
| FFS-Inpatient Hospital | 18,560,185 | 276,932 | 18,837,118 |
| FFS-Outpatient Facility | 8,731,341 | 189,745 | 8,921,086 |
| FFS-Emergency Room | 1,496,536 | 31,754 | 1,528,290 |
| FFS-Long Term Care | 14,186,913 | 77,261 | 14,264,174 |
| FFS-Pharmacy | - | 244,139 | 244,139 |
| FFS-Physician Primary Care | 2,741,081 | 52,255 | 2,793,337 |
| FFS-Physician Specialty | 10,623,826 | 189,060 | 10,812,887 |
| FFS-FQHC/AIHC | 2,383,768 | 1,334 | 2,385,102 |
| FFS-Other Medical Professional | 3,657,643 | 43,965 | 3,701,609 |
| FFS-Mental Health (Outpatient) | 4,139,015 | 12,652 | 4,151,667 |
| FFS-BHT Services | 4,059,060 | - | 4,059,060 |
| FFS-Laboratory & Radiology | 1,838,219 | 62,984 | 1,901,202 |
| FFS-Transportation | 754,601 | 15,251 | 769,852 |
| FFS-CBAS | 294,264 | - | 294,264 |
| FFS-Hospice | 1,041,858 | - | 1,041,858 |
| FFS-Community Supports | 3,382,147 | - | 3,382,147 |
| FFS-ECM (Community-Based) | 3,756,126 | - | 3,756,126 |
| FFS-HCBS Other | 800,280 | 40,689 | 840,970 |
| FFS All Other Health Care Services | 2,165,335 | 37,009 | 2,202,343 |
| Incentives | 1,671,777 | (5,071) | 1,666,706 |
| Prop 56 Add-Ons | 752,034 | - | 752,034 |
| Healthcare Quality Improvement | 279,127 | 2,816 | 281,943 |
| Change to prior year estimate | 3,649,534 | - | 3,649,534 |
| Other Health Care Related Expense | (18,658) | 29,794 | 11,136 |
| | $ 104,846,033 | $ 1,302,570 | $ 106,148,603 |
| **Operating Expenses:** | | | |
| Administrative expenses | $ 10,105,401 | $ 291,961 | $ 10,397,362 |
| Community Reinvestment | 395,011 | - | 395,011 |
| | $ 10,500,411 | $ 291,961 | $ 10,792,373 |
| **Interest income** | 822,024 | - | 822,024 |
| **Realized gain (loss)** | - | - | 0 |
| **Non-Operating Income (income/expense)** | 3,507 | - | 3,507 |
| **Unrealized gain (loss)** | (364,990) | - | (364,990) |
| **Operating Gain (Loss)** | **$ (701,072)** | **$ (559,694)** | **$ (1,260,766)** |

# CenCal Health

## Administrative Expenses by Category

For the seven (7) month period ending July 31, 2026

| | Actual $ | Budget $ | Variance $ | % |
|---|---|---|---|---|
| Salaries & wages | $ 32,530,945 | $ 32,065,422 | $ 465,523 | 1.5% |
| Fringe benefits | 14,902,809 | 13,513,105 | 1,389,704 | 10.3% |
| Contract services | 9,835,467 | 11,031,090 | (1,195,623) | -10.8% |
| Travel expenses | 189,442 | 342,191 | (152,749) | -44.6% |
| Rent & occupancy | 1,092,541 | 1,339,406 | (246,865) | -18.4% |
| Supplies & equipment | 5,438,106 | 6,915,597 | (1,477,491) | -21.4% |
| Insurance | 888,902 | 1,108,100 | (219,198) | -19.8% |
| Depreciation expense | 3,934,660 | 4,144,298 | (209,638) | -5.1% |
| Member/Provider/Community Expenses | 49,951 | 222,810 | (172,859) | -77.6% |
| Licenses/Dues/Subscriptions | 215,705 | 335,050 | (119,345) | -35.6% |
| All Other expenses | 86,864 | 202,194 | (115,330) | -57.0% |
| Admin to Medical Reclass | (5,972,284) | (8,166,662) | 2,194,378 | -26.9% |
| **Total Administrative Expenses** | **$ 63,193,107** | **$ 63,052,601** | **$ 140,507** | **0.2%** |

# CenCal Health

## Tangible Net Equity (TNE)

As of July 31, 2026

| | | |
|---|---|---|
| Actual TNE (from the Balance Sheet) | $ | 351,704,437 |
| Tangible Net Equity - DMHC minimum regulatory | | 45,189,523 |
| **TNE - excess (deficiency)** | $ | 306,514,914 |
| **Pct. Actual TNE of the Regulatory Minimum** | | 778% |

Tangible Net Equity calculation is based upon:
Title 10, CCR, Section 1300.76

# CenCal Health

## Notes to the Financials Statements

As of July 31, 2026

**USE OF ESTIMATES** The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. CenCal Health's principal areas of estimates include reinsurance, third-party recoveries, retroactive capitation receivables, and claims incurred but not yet reported. Actual results could differ from these estimates.

**REVENUE RECOGNITION** Under contracts with the State of California, Medi-Cal is based on the estimated number of eligible enrollees per month, times the contracted monthly capitation rate. Revenue is recorded in the month in which eligible enrollees are entitled to health care services. Revenue projections for Medi-Cal are based on draft capitation rates issued by the DHCS effective as of January 1, 2026, as well as prior year any retroactive rate adjustments issued by the DHCS.

**GASB 68** requires the health plan to record the magnitude of the unfunded pension liability. Accrued CalPERS Pension Liability is reserved on the balance sheet in the amount of $3,535,208 based on current estimates.

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# Finance Report

Kashina Bishop, CPA
*Chief Financial Officer/Treasurer*

August 16, 2026

# Agenda for Today

1. Financial Highlights
2. CY 2026 Financial Overview
3. Financial Risk Mitigation Strategy Update


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# Financial Highlights

**Tangible Net Equity** of $351.7M, at 778% of the minimum regulatory requirement

**Reserves** of $325.9M, at 105% of the Board-designated target

**Strong** liquidity with 127 days cash on hand

**Well-positioned** with a consolidated net operating gain of $20.2M, $10.4M above budget

**CenCal CareConnect**

**CareConnect** loss of $2.0M is $1.3M better than budget; results still constrained by claims lag

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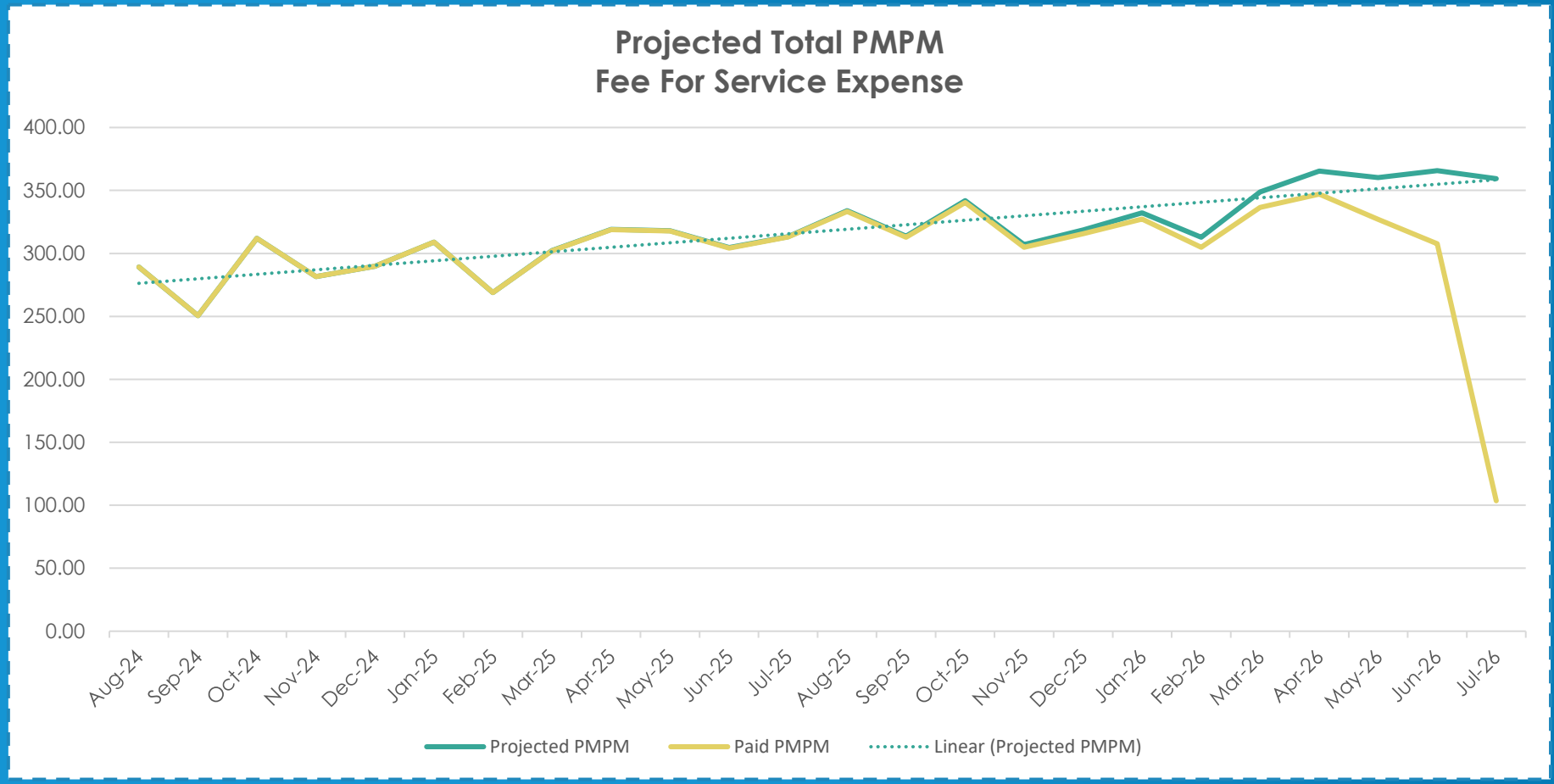
# Financial Highlights – Medical Trend

1. Total PMPM medical expenses rate of growth stabilized
2. Services with continued utilization increases are Enhanced Care Management, Mental and Behavioral Health

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# Financial Overview as of July 31, 2026

| Presented in Millions | July | YTD Medi-Cal | YTD CareC | YTD Budget | YTD Variance |
|---|---|---|---|---|---|
| **Net Revenue** | **$115.2** | **$751.8** | **$4.7** | **$749.2** | **$7.3** |
| Total Cost of Healthcare | $105.8 | $660.6 | $4.9 | $665.9 | **($0.4)** |
| Healthcare Quality Improvement | $0.3 | $5.9 | - | $8.2 | **($2.3)** |
| Administrative Costs | $10.4 | $61.4 | $1.8 | $63.1 | **$0.1** |
| Community Reinvestment | $0.4 | $5.5 | - | $7.6 | **($2.1)** |
| Non-Operating Income (Expense) | $0.4 | $3.8 | - | $5.4 | **($1.6)** |
| **Operating Gain (Loss)** | **($1.3)** | **$22.2** | **($2.0)** | **$9.8** | **$10.4** |
| **Medical Loss Ratio (MLR)** | | **88.7%** | **102.8%** | **89.9%** | |
| **Administrative Cost Ratio (ACR)** | | **8.2%** | **39.5%** | **8.3%** | |

| | |
|---|---|
| **Tangible Net Equity** | **$351.7** |
| **Pct. of Board TNE Target** | **105%** |
| **Pct. of Required** | **778%** |

# Financial Risk Mitigation Strategy Update

## DHCS Engagement & Advocacy

- Active participation in DHCS CMO/CFO Utilization Management Forum to help shape policy direction
- Ongoing collaboration with DHCS on Clinical Efficiency Adjustment methodology
- Engagement on Enhanced Care Management risk corridor calculation and encounter data reliance
- Continued advocacy to ensure rate adequacy aligned with cost of care and member needs
- Advocacy letter sent to DHCS ahead of draft CY 2027 rates; response to draft targeted by 9/18

## CY 2026-2028 Financial Outlook & Planning

- Financial forecast being refreshed with draft CY 2027 rates and current utilization
- Aligning staffing model with evolving membership and program needs
- Formal kickoff of CY 2027 budget development in late September, following initial forecasts and FTE targets
- Finance Committee reviews the draft budget on November 13; recommendations incorporated ahead of Board adoption on January 20
- Launched a cross-functional Cost of Care workgroup on key cost trends

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# Questions?


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**Indigent Care Program Report**

**Date:** September 16, 2026

**From:** Kaliki Kantheti, Chief Operating Officer

**Through:** Marina Owen, Chief Executive Officer

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## Executive Summary

California's historically low uninsured rate is expected to increase between 2026 and 2028 due to federal and state policy changes that will reduce coverage eligibility and impact affordability for many residents. As Medi-Cal redeterminations continue and enhanced coverage supports expire, Santa Barbara and San Luis Obispo Counties are projected to experience significant growth in their uninsured populations.

Counties retain legal responsibility to provide healthcare services to indigent residents who lack alternative coverage options in accordance with certain requirements. While both counties previously operated indigent care programs, utilization and investment in these programs declined following Medi-Cal expansion. Emerging coverage losses now require counties to reconsider indigent care infrastructure and financing strategies. At the same time, counties have not received additional state funding to support the administration and operationalization of expanded indigent care programs, creating challenges in developing the infrastructure needed to meet growing demand.

CenCal Health has been engaged in discussions with Santa Barbara and San Luis Obispo Counties regarding opportunities to support the operationalization and administration of indigent care programs. Leveraging its managed care operations and existing infrastructure, CenCal Health is well positioned to support implementation should a county elect to pursue that approach. Each County Board of Supervisors will ultimately determine the program design and operating model, including whether to partner with CenCal Health or implement the program through another approach.

In preparation for this option being available, Staff recommend that the Board support future allocation of **$4 million** over two years for a regional approach to support implementation and operational readiness activities associated with indigent care programs in Santa Barbara and San Luis Obispo Counties and direct staff to initiate a formal proposal and readiness activities. This investment will position CenCal Health to respond to county needs, support transitioning members, streamline operations for providers and provide implementation support should either County Board of Supervisors elect to partner with CenCal Health. CenCal Health's contribution is intended to support administrative and operational activities, while responsibility for medical costs will remain with the counties.

## Background

California counties have a longstanding statutory responsibility under California Welfare and Institutions Code Sections 17000 and 10000 to provide healthcare services for indigent residents. Across California, counties satisfy these obligations through a variety of approaches. Thirty-five counties participate in the County Medical Services Program (CMSP), which utilizes standardized eligibility criteria, benefits, and centralized administration, while twenty-four counties utilize County Medically Indigent Services Programs (CMISP), which vary in eligibility requirements, benefits, administrative structures, and management models. Indigent care programs have existed in California for decades and predate implementation of the Affordable Care Act. Following Medi-Cal expansion, enrollment in many county indigent care programs declined as previously eligible individuals obtained comprehensive coverage through Medi-Cal.

## Current Policy Context

Several converging factors have prompted renewed attention to indigent care programs across California. Coverage losses associated with the expiration of Covered California premium subsidies and Medi-Cal disenrollment began in January 2026 and are expected to continue over the coming years. Additional coverage impacts are anticipated beginning in March 2027 as community engagement requirements take effect. At the same time, no statewide uninsured coverage solution is anticipated in the near term, and counties have not received additional state funding to support indigent care program administration.

As Santa Barbara and San Luis Obispo Counties evaluate options for meeting their indigent care obligations, they will need to make key decisions regarding eligibility, covered services, financing, provider participation, and program administration. California counties currently utilize a variety of approaches to serving uninsured residents, ranging from county-administered programs to models supported by local health plans and contracted provider networks. These examples highlight the flexibility available to counties under state law and reinforce that final decisions regarding program structure and administration will be determined by each County Board of Supervisors.

## CenCal Health's Role

CenCal Health has been engaged in discussions with Santa Barbara and San Luis Obispo Counties regarding opportunities to support the operationalization and administration of indigent care programs. Through these discussions, CenCal Health has explored potential opportunities to provide administrative and operational support. Leveraging its existing managed care infrastructure, established provider relationships, and operational expertise, CenCal Health is well positioned to support program implementation and administration while counties retain responsibility for overall

governance. The benefits include support for counties, transitioning members, streamlined operations for providers and leverage existing infrastructure.

To support planning efforts, CenCal Health partnered with Health Management Associates (HMA) to develop planning assumptions related to program enrollment, covered services, and member acuity. Should either county elect to partner with CenCal Health, program administration is anticipated to be a multi-year and ongoing commitment designed to provide stability and continuity, with flexibility to customize operations based on the unique needs and program design decisions of each county.

## Financial Impact

CenCal Health estimates approximately $4 million to support implementation, operational readiness, and administration of indigent care programs in Santa Barbara and San Luis Obispo Counties. CenCal Health would cover costs of administration. Estimated costs include one-time startup expenses across both counties, as well as ongoing administrative costs associated with operating and managing the programs during their first year. CenCal Health's contribution is intended to support program administration and operational infrastructure, while responsibility for medical costs will remain with the counties. These estimates are intended to support planning and operational readiness activities and will be further refined through CenCal Health's annual budgeting process. The Finance Committee will provide oversight of projected costs and review any material variances as county program designs become finalized.

## Next Steps

- Seek Board approval for funding allocation to support the administration and operationalization of indigent care programs in Santa Barbara and San Luis Obispo Counties.
- Support Santa Barbara and San Luis Obispo Counties as they present their respective indigent care proposals to their Boards of Supervisors and determine the final approach for their programs. Present indigent care program projections and associated costs to the Finance Committee for review and approval.
- Seek Board approval of CenCal Health's CY 2027 budget, incorporating indigent care-related costs reviewed and recommended by the Finance Committee and aligned with county decisions regarding program implementation.

## Recommendation

Staff recommend that the Board approve the following:

- Allocation of **$4 million** to support the operationalization of indigent care programs for Santa Barbara and San Luis Obispo Counties.
- Direct CenCal Health to proceed with the associated next steps described in this memorandum to prioritize program implementation activities.

HMA

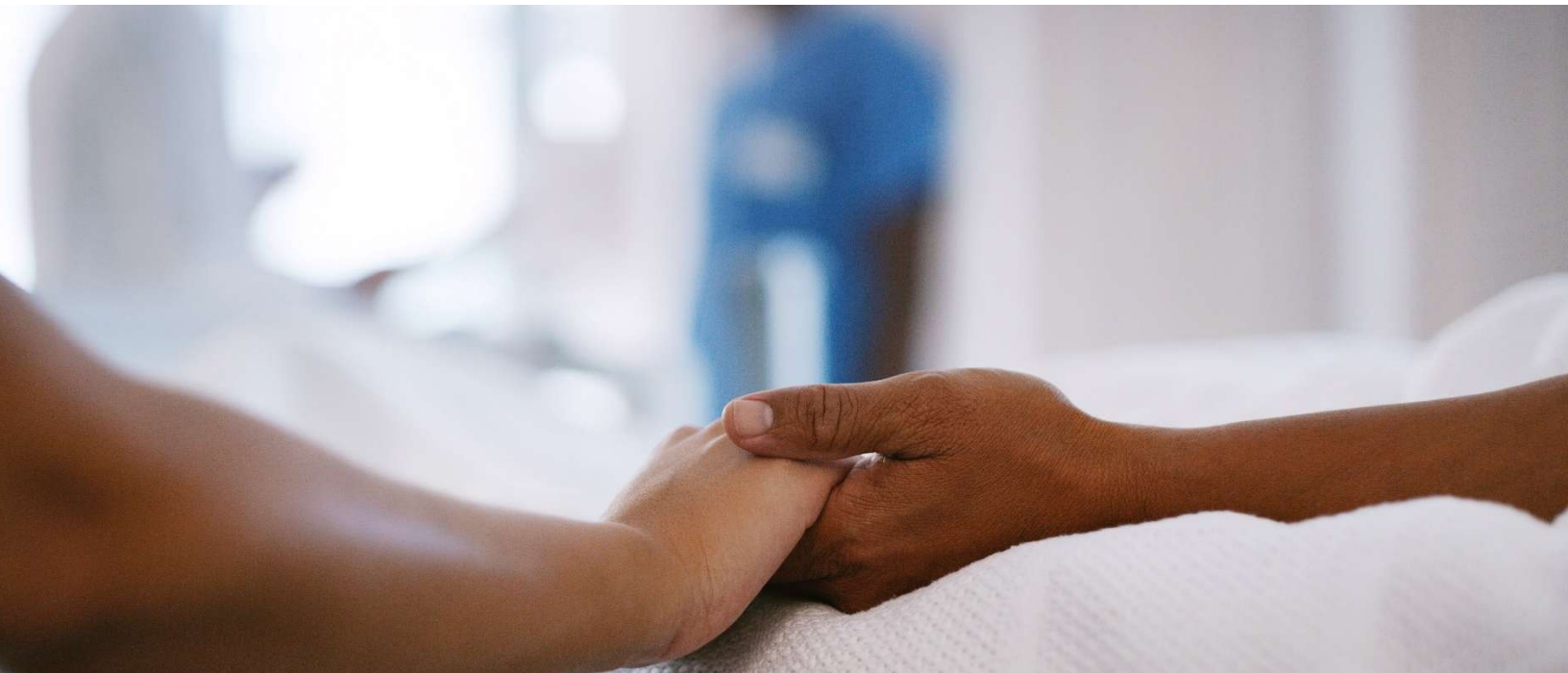
HealthManagement.com

# Indigent Care Program Considerations

## Prepared for CenCal Health

Prepared By
Health Management Associates

September 2026



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## EXECUTIVE SUMMARY

As California prepares for perhaps 2+ million newly uninsured and underinsured residents resulting from federal and state policy changes emanating from H.R. 1 and how the state is implementing these policies, local coverage programs are being considered as a means of preserving access to care, reducing uncompensated care, and supporting safety-net providers. This document provides: (1) an overview of coverage program models used in California and nationally; (2) key considerations in designing local coverage programs; and (3) a summary of HMA's work assessing coverage program options for CenCal Health.

## OVERVIEW OF COVERAGE PROGRAM MODELS

Throughout California and across the US, a wide array of coverage program models that serve indigent care populations have developed and evolved over time. While each program is structured differently, there are common design elements across programs, as depicted in Table 1.

**Table 1. Emerging Programmatic and Design Elements**

| | |
|---|---|
| • Limited eligibility (100%-400% FPL depending on county) | • Cost-sharing mechanisms to limit expenditures |
| • Residency requirements | • Time-limited enrollment rather than continuous coverage |
| • Medical home/FQHC model for primary care | • Medical-need screening for higher-cost benefits |
| • Hospital partnerships for inpatient services | • Regional/shared administration to reduce overhead |

Examples of relevant coverage programs within California and other states are provided in Table 2.

**Table 2. Example Indigent Care Program Models**

<table>
<tr><th>Model</th><th>Geographic Scope</th><th>Features</th></tr>
<tr><td colspan="3">California</td></tr>
<tr><td>CA CMSP: ‘regional pooled model’</td><td>35 rural counties, CA’s largest indigent care model</td><td>• Multi-county governance and administration<br>• Uniform eligibility and benefit structure<br>• Provider network approach rather than county-operated insurance<br>• Includes primary care, specialty care, inpatient and emergency services depending on program enrollment category</td></tr>
<tr><td>CA CMISP models</td><td>Several larger California counties maintain county-specific programs under Welfare & Institutions Code §17000 with wide variations in covered services and local funding sources</td><td>
<table>
<tr><th>County</th><th>Income Limit</th><th>Coverage Duration</th><th>Notes</th></tr>
<tr><td>Alameda</td><td>≤200% FPL</td><td>12 months</td><td>Uses cost sharing above lower income levels</td></tr>
<tr><td>Riverside</td><td>≤200% FPL</td><td>12 months</td><td>Uses cost sharing</td></tr>
<tr><td>San Bernardino</td><td>≤400% FPL</td><td>3-6 months</td><td>Coverage duration varies with share-of-cost</td></tr>
<tr><td>Sacramento</td><td>≤400% FPL</td><td>Up to 12 months</td><td>Broadest income threshold among examples reviewed</td></tr>
</table>
</td></tr>
<tr><td>Santa Barbara: ‘limited safety-net model’</td><td></td><td>Santa Barbara's ICP as a more focused, limited-benefit county safety-net model:<br>• Adults 18-64; income below 100% FPL<br>• Time-limited eligibility (1-3 months)<br>• Share-of-cost requirements<br>• Primary care, limited specialty care, diagnostics, pharmacy support, and charity-care hospital access<br>• Not structured as insurance coverage</td></tr>
</table>

| | | |
|---|---|---|
| SLO: 'medical-need-based model' | Medically indigent program | • Ages 19-64; income 138-250% FPL<br>• Limited assets<br>• Must demonstrate a qualifying medical need<br>• Short-term coverage<br>• Delivered through community health centers and emergency hospital services<br>• Share-of-cost may apply |
| **Texas** | | |
| Texas County Indigent Health Care Program: 'state-county indigent system' | Among most mature county-based programs in the country, administered through counties, public hospitals, and hospital districts | • Statutory county responsibility<br>• Income and asset testing<br>• Primary care, hospital care, diagnostics, pharmacy and related services<br>• County administration with state oversight |
| **Oklahoma** | | |
| Oklahoma Indigent Health Care Framework | | • State reimbursement mechanisms<br>• Hospital participation<br>• Eligibility screening<br>• Focus on uncompensated-care support and indigent-care access |

## KEY CONSIDERATIONS IN PROGRAM DESIGN

As coverage programs are developed, there are core design principles that must be considered. Common design considerations are outlined in Table 3. Additional details regarding each design element are provided in Appendix A.

**Table 3. Key Program Considerations**

| Design Element | Description |
|---|---|
| Eligibility | Who is eligible to participate in the program and whether an individual may simply enroll or must first experience a specific event such as an emergency room visit |

| | |
|---|---|
| Enrollment | The proportion of the eligible population anticipated to pursue enrollment |
| Services and Settings | Which services are covered, which providers will deliver the designated services, and reimbursement levels |
| Cost Sharing | Whether program participants will be expected to pay a share of the cost of services received |
| Participant Acuity | The amount of health care that program participants will use |
| Start-up and Administrative Costs | How a county will administer the program |

## COVERAGE MODEL SUMMARY

HMA's analysis for CenCal Health focused on understanding how the loss of health insurance could affect residents, providers, and local healthcare systems in Santa Barbara and San Luis Obispo counties. The analysis identified significant risk that federal and state policy changes will increase the number of uninsured and medically indigent individuals, creating additional pressure on hospitals, community clinics, and other safety-net providers.

Four key lessons emerged from this work.

1. Local communities may need to consider coverage solutions before any comprehensive statewide response becomes available. Coverage losses and uncompensated care impacts will commence at the local level in 2027, before broader policy solutions can be implemented at the state level.
2. No single coverage model is universally applicable. Communities across California have successfully implemented a range of approaches, from regional pooled programs to limited-benefit safety-net models. The most effective design depends on local demographics, provider capacity, financial resources, and stakeholder priorities.
3. Provider partnerships are essential. Community clinics, hospitals, federally qualified health centers, counties, and health plans all play critical roles in ensuring access to care and sustaining program operations. Leveraging existing infrastructure is more feasible and cost-effective than building entirely new administrative systems.
4. Maintaining access to preventive and primary care can reduce downstream costs associated with avoidable emergency department use, hospitalizations, and uncompensated care. Coverage

programs are most successful when they preserve access to routine care while balancing limited financial resources.

Additional details on this work is provided in Appendix B.

## CONCLUSION

Local coverage programs will be a valuable tool for addressing gaps in health coverage and protecting local healthcare delivery systems. Existing models across California and nationally demonstrate that successful programs share common elements: clearly defined eligibility criteria, sustainable financing strategies, strong provider partnerships, and effective cost-management tools. As CenCal Health and community stakeholders consider future options, these models provide practical frameworks for preserving access to care while managing financial and operational realities.

## APPENDIX A: KEY CONSIDERATION DETAILS

**Table 4. Key Program Considerations**

| Design Element | Description | Details |
|---|---|---|
| Eligibility | Who is eligible to participate in the program and whether an individual may simply enroll or must first experience a specific event such as an emergency room visit | • Defining what constitutes medical indigence: Is someone who fails to meet the new Medi-Cal community engagement requirements considered medically indigent or does that person have a pathway to insurance coverage while fulfilling community engagement requirements?<br>• H.R. 1's community engagement and 6-month redetermination requirements are most pronounced for the Adult Expansion citizen population (i.e., MCE Adult SIS). Some counties have considered opening program eligibility beyond this population to include other Medi-Cal categories including children, those in UIS status impacted by pre-H.R. 1 disenrollment trends and state policy changes, and people expected to be displaced from Covered California due to the expiration of enhanced premium tax credits.<br>• Generally, the counties that HMA has worked with have assumed that individuals projected to fail the community engagement requirements and the 6-month redetermination requirements will be defined as medically indigent. |
| Enrollment | The proportion of the eligible population anticipated to pursue enrollment | • An individual who is eligible for the program may decide not to enroll because they are unaware of the program, they want to avoid stigma or association with a public program, or they can't afford the program's share of cost. A county must also consider how long a person remains on the program once enrolled. |

| | | |
|---|---|---|
| Services and Settings | Which services are covered, which providers will deliver the designated services, and reimbursement levels | • California Welfare and Institutions Code §17000 provides counties with latitude. As documented in CHCF's September 2025 report, counties vary on which services they cover, provider networks, and whether services are limited to select facilities and clinics, such as the county's public hospital and county-run FQHCs.<br>• Ventura County's program limits coverage to "outpatient and inpatient services provided by Ventura County Health Care Agency clinics and hospitals." In contrast, Alameda County's program covers a broad range of services including preventive care, mental health services, and dental services.<br>• In some cases, counties have created one program for citizen/SIS individuals and a separate program for UIS individuals. The two programs may cover different services via different settings. |
| Cost Sharing | Whether program participants will be expected to pay a share of the cost of services received | • Some counties impose cost sharing, and some don't. The cost sharing design varies widely from simple service-level copays to monthly deductibles based on income and family size. |
| Participant Acuity | The amount of health care that program participants will use | • Counties that impose additional enrollment criteria (such as a preceding emergency room visit) will reduce the number of people likely to enroll, while increasing the expected acuity and cost of those who do enroll. Higher cost sharing expectations will reduce the number of people who enroll and increase the average cost per participant. |
| Start-up and Administrative Costs | How a county will administer the program | • A county will need to decide whether to review and authorize requests for services and provide case management, and how to receive and pay provider claims. Counties will decide whether to build the infrastructure to perform these functions with county staff or contract with an administrative services organization. The county will likely incur initial start-up costs to hire and train staff and configure the IT systems, then ongoing operating costs. |

## APPENDIX B: ADDITIONAL DETAILS REGARDING HMA'S MODELLING FOR CENCAL

HMA has assisted CenCal with modeling coverage programs for Santa Barbara and San Luis Obispo counties utilizing data and assumptions provided by CenCal. Appendix B provides summarized details of the modelling work HMA has conducted for CenCal Health related to coverage programs, including key findings, lessons learned, and relevant takeaways.

Federal impacts are expected to ramp up over time. For example, some Medi-Cal beneficiaries won't experience their first 6-month redetermination event until December 2027. Assuming that 20% of eligible individuals enroll in a county program, current enrollment projections are:

- Santa Babara: FY2027 = 2,300; FY2028 = 3,100; and FY 2029 = 4,000
- San Luis Obispo: FY2027 = 1,200; FY2028 = 1,800; and FY2029 = 2,300

CenCal's modeling uses current Medi-Cal managed care premiums as the cost basis. That basis is adjusted upward to include pharmacy services, the assumption that participant acuity is nearly 3 times the average Medi-Cal enrollee, and an assumption that medical costs will inflate annually. That cost basis is adjusted downward to account for assumptions that the county will pay for services at Medi-Cal fee schedule rates and that participants will be responsible for 20% of the cost of services. Each county's projected medical cost for FY2027 is:

- Santa Barbara: $6.2M, $440 PMPM (excluding Primary Care)
- San Luis Obispo: $3.6M, $485 PMPM

The administrative cost estimates are based on a high-level estimate of the start-up requirements plus a percentage of total annual cost. CenCal's estimate of total 3-year administrative cost, including start-up, is $8-10M.

The modeling results should be treated as a high-level sizing exercise. Most of these county programs have been dormant for over a decade and no enrollment and claims data exists from which to base projections. Medi-Cal data and a series of enrollment and cost assumptions are used as proxies. The results are sensitive to the assumptions. For example, moving from a participant acuity assumption of 2 times the average Medi-Cal enrollee to 3 times increases the total cost by 50%.

Given the uncertainty surrounding the estimates of program enrollment and costs, some counties favor starting with more limited enrollment criteria and service coverage, leaving room to expand as actual experience data is gathered. To some extent, considerations of local hospitals' EMTALA obligations factor into this decision – i.e., considering the services a hospital might be obligated to provide in the absence of a county program. At least one county has considered holding additional money in reserve to account for outlier cases (e.g., a $2M case) which were not explicitly accounted for in the modeling.


HMA is an independent, national research and consulting firm specializing in publicly funded healthcare and human services policy, programs, financing, and evaluation. We serve government, public and private providers, health systems, health plans, community-based organizations, institutional investors, foundations, and associations. Every client matters. Every client gets our best. With multidisciplinary consultants coast to coast, HMA's expertise, services, and team are always within client reach.

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**Adapting the Organization to Advance Strategy**

**Date:** September 16, 2026

**From:** Chris Morris, MSOD, Chief Performance Officer

**Through:** Marina Owen, Chief Executive Officer

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As CenCal Health executes the first year of its 2026-2030 Strategic Plan, staff continue to align organizational priorities, planning processes, and resources to ensure effective strategy execution in an increasingly dynamic operating environment. This report reviews the strategic objective focused on organizational adaptability, provides an orientation to the new Membership Dashboard, summarizes recent refinements to the 2026 Operating Plan, and previews the upcoming Integrated Organizational Planning Process, including an adaptive administrative workforce strategy.

## Strategic Objective: Champion Organizational Adaptability to Support Strategy

Under the Strategic Plan priority, *Organize for Strategic Impact and Effectiveness*, CenCal Health established the strategic objective to *Champion Organizational Adaptability to Support Strategy*. This objective recognizes that achieving the organization's mission and long-term vision requires more than identifying strategic priorities. Success depends on CenCal Health's ability to continuously adapt its systems, structures, and workforce to changing environmental conditions. As healthcare, regulatory, and financial conditions continue to evolve, organizational adaptability serves as a foundational capability that enables CenCal Health to remain strategically focused, responsive, and effective in advancing health equity and improving outcomes for the communities we serve.

The ability to adapt effectively is directly influenced by the organization's capacity to understand and respond to a dynamic external environment. To strengthen organizational understanding, staff developed a community-facing Membership Dashboard that provides a concise, centralized, and comprehensive view of key Medi-Cal membership trends across enrollment volume, member demographics, and renewal and redetermination outcomes. The dashboard is intended to translate membership data into actionable insights regarding enrollment stability, population changes, financial implications, and member retention dynamics. To strengthen organizational agility, staff recently recalibrated the 2026 Top Three "Can't Miss Priorities" in response to evolving external conditions, aligned the 2026 Operating Plan accordingly, and will engage in a comprehensive Integrated Organizational Planning Process to prepare the organization for 2027.

**Membership Dashboard**

To strengthen awareness and support informed decision-making, staff have developed a new Membership Dashboard that provides leadership and the Board with a comprehensive view of Medi-Cal membership trends. The dashboard is designed to enhance visibility into key membership dynamics and support timely strategic and operational discussions.

The dashboard represents an important step toward creating a more integrated approach by providing actionable information that can inform planning, resource allocation, and organizational response to emerging trends.

**Operating Plan Recalibration**

In August, staff convened to assess CenCal Health's external operating environment and evaluate organizational priorities in light of ongoing market and programmatic changes. Through this process, leadership reaffirmed the importance of concentrating organizational effort on a limited number of high-impact priorities. As a result, the organization refined its 2026 "Top 3 Can't Miss Priorities", a subset of our annual strategic focus, to:

1. Preserve and advance access to coverage
2. Stabilize D-SNP toward optimization
3. Adapt the organization to enable strategy

Following this recalibration, staff conducted a comprehensive review of the 2026 Operating Plan to ensure tactical efforts were aligned with these priorities. This review resulted in a 23 percent reduction in strategic objectives (from 13 to 10) on the Operating Plan and a 14 percent reduction in associated tactical initiatives (from 35 to 30). These changes reflect a deliberate effort to increase organizational focus, improve execution capacity, and concentrate resources on initiatives that are most critical to advancing CenCal Health's priority 2026 strategic ambitions.

**Integrated Organizational Planning and Adaptive Workforce Strategy**

This quarter, CenCal Health will begin its annual Integrated Organizational Planning Process. Foundational to effective strategy execution is the alignment and integration of planning activities across the organization. CenCal Health's planning philosophy remains straightforward: plan well together to execute well together.

Integrated Organizational Planning provides a structured process for aligning strategic planning, tactical priorities, budgeting, and workforce planning. Through this approach, the organization seeks to ensure that decisions regarding people, processes, technology, and investments are coordinated and directly connected to strategic priorities.

This year's planning process will place increased emphasis on organizational adaptability and workforce alignment. As reflected in membership projections and

broader market dynamics, CenCal Health continues to navigate a period of significant change. Current forecasts suggest Medi-Cal enrollment will decline by more than 20 percent by the first quarter of 2027, creating corresponding implications for revenue, workload, resource allocation, and organizational capacity. At the same time, continued growth in CareConnect requires targeted scaling to support new members and evolving operational demands. These circumstances underscore the importance of proactively aligning organizational resources with changing business needs while maintaining the capacity to execute strategy effectively.

In response, the Integrated Organizational Planning Process will include a comprehensive assessment of membership projections, workload implications, and workforce requirements. Leaders will evaluate how demand is expected to change and identify opportunities to improve effectiveness through process improvement, technology, automation, and organizational design. Particular attention will be given to understanding which functions are directly influenced by membership volume, which remain relatively stable due to regulatory or operational requirements, and where greater efficiency, flexibility, or role redesign may enhance organizational value. These insights will inform Operating Plan development, budget planning, workforce investments, and organizational design decisions, helping ensure resources remain aligned with organizational priorities and future demand.

This work represents a deliberate organizational adaptation strategy intended to align people, structure, and resources with the realities of a changing environment. By integrating planning into a single enterprise-wide process, CenCal Health can strengthen organizational agility, improve execution focus, and ensure it remains positioned to successfully advance its strategic priorities in service to members, providers, and communities.

**Next Steps**

Staff will continue refining the Membership Dashboard, implementing the updated Operating Plan, and preparing for the Integrated Organizational Planning cycle. Outcomes from these efforts will inform 2027 tactical, workforce, and budget planning and will be brought forward to the Board for consideration as part of the annual planning cycle.

**Recommendation**

This material is informational with no action being requested at this time.

**Exhibit**

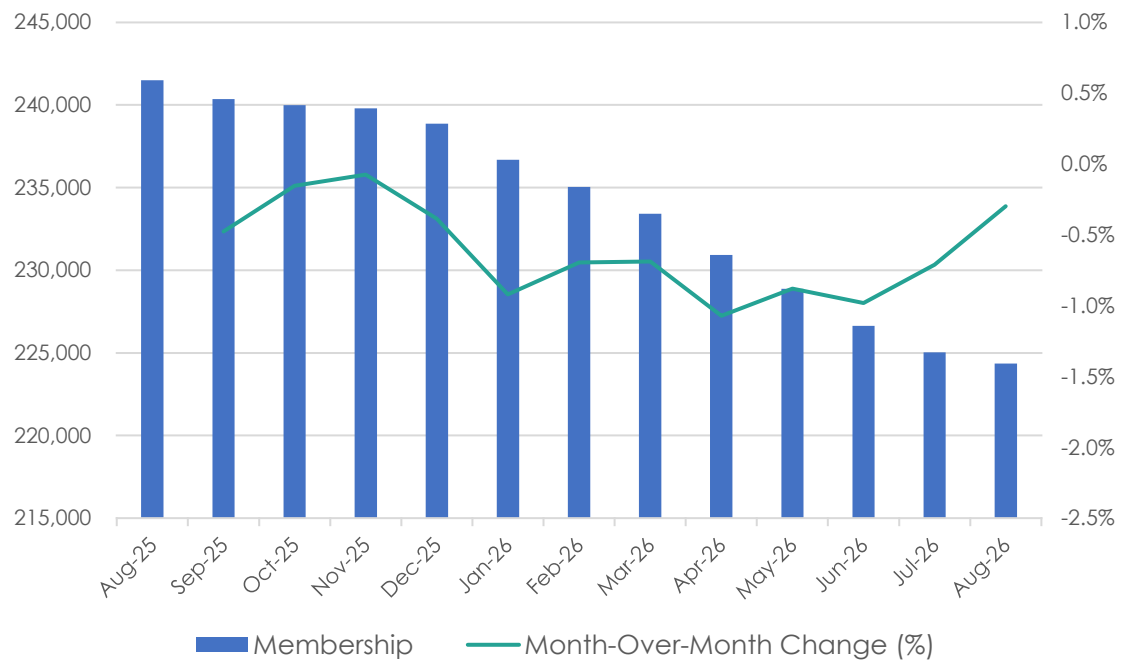
1. Membership Dashboard

# Membership Dashboard
September 2026

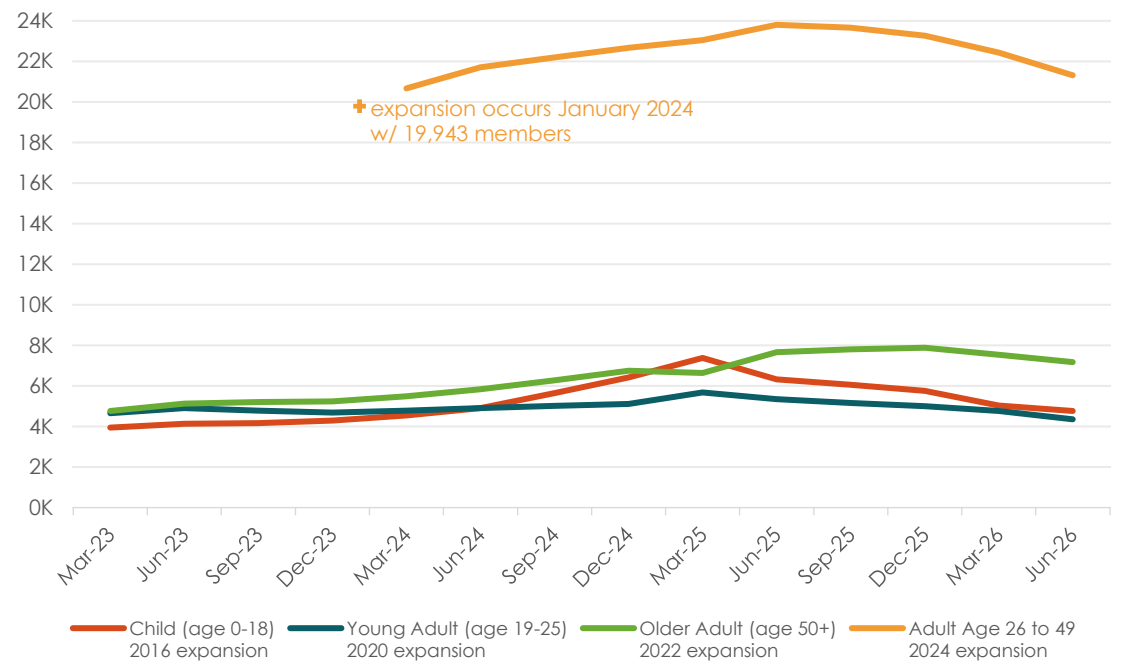
**Purpose**: The Membership Dashboard provides a concise, centralized, and comprehensive view of key Medi-Cal membership trends and insights across membership volume, member demographics, and renewal and redetermination dispositions. It is designed to support Board oversight by translating core membership data into actionable insight on enrollment stability, population changes, financial implications, and member retention dynamics.

## Membership Trend

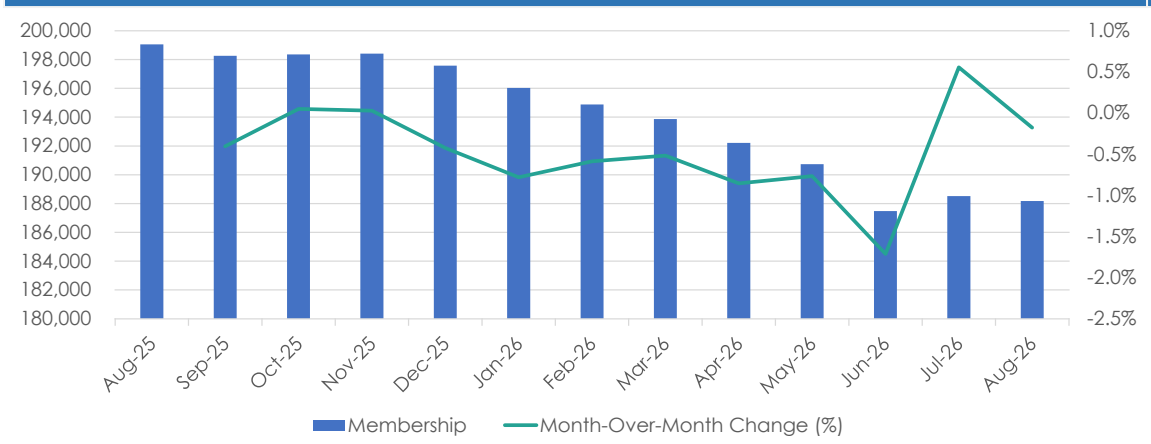
### All Medi-Cal Members



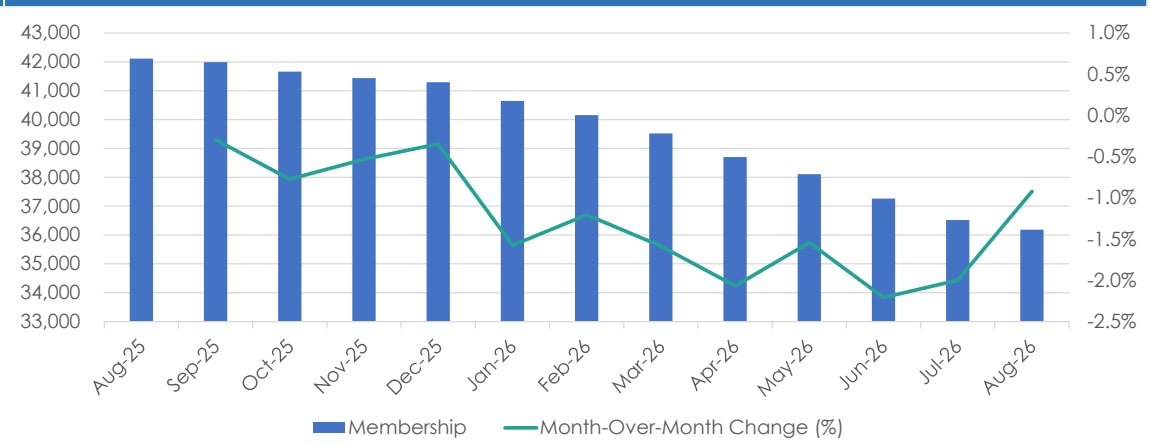

### Full Scope Expansion to Immigrants




### Satisfactory Immigration Status (SIS) Population




### Unsatisfactory Immigration Status (UIS) Population

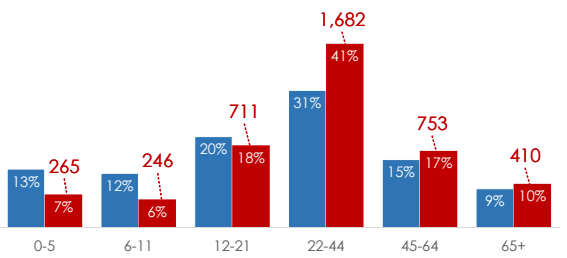



## Membership Demographics

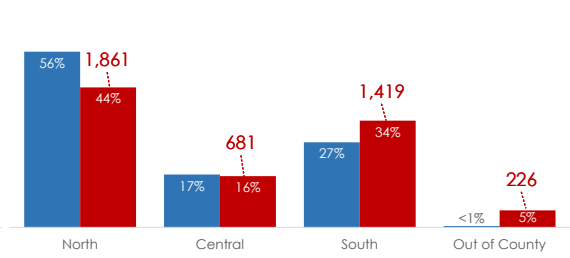
**Apr 2026 Membership Data** All Disenrolled

### Santa Barbara County

#### Age

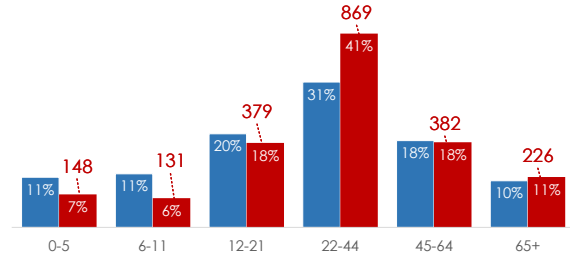



#### Location

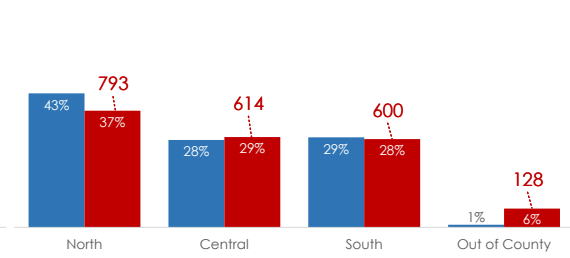



### San Luis Obispo County

#### Age




#### Location




## Renewals

**Apr 2026 Renewal Data***

| Santa Barbara County | | San Luis Obispo County |
|---|---|---|
| 167,036 | Total Members | 63,883 |
| 11,355 (7%) | Renewals Due | 4,589 (7%) |
| 3,414 (30%) Pending / 7,941 (70%) Complete | Renewal Decision Status | 4,362 (95%) Complete / 227 (5%) Pending |
| 1,454 (18%) Disenrolled / 6,487 (82%) Enrolled | Decision Outcome | 3,756 (86%) Enrolled / 606 (14%) Disenrolled |
| 6,106 (94%) Continued w/out Loss | Decision Reason | 3,546 (94%) Continued w/out Loss |

- 1,088 (75%) **Failure to Respond** (procedural)
- 176 (12%) Over Asset (Income/Property)
- 190 (13%) "Other"
- 381 (6%) Reinstated
- 365 (60%) **Failure to Respond** (procedural)
- 162 (27%) Over Asset (Income/Property)
- 79 (13%) "Other"
- 210 (6%) Reinstated

*Renewal data lagged 3 months due to 90 day cure period following renewal month.

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# Adapting Organization to Advance Strategy

Chris Morris, MSOD, Chief Performance Officer

September 16, 2026

# Strategic Commitment

## Strategic Plan
2026 – 2030

Champion organizational adaptability to support strategy

Objective

Organize for Strategic Impact and Effectiveness

Priority

To be a trusted leader in advancing health equity so that our communities thrive and achieve optimal health together

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# Membership Dashboard

- Creates a single source of truth for monitoring Medi-Cal membership trends.
- Integrates enrollment, demographic, and renewal insights into one dashboard.
- Improves understanding of enrollment stability and population shifts.
- Identifies trends with potential operational, workforce, and financial implications.
- **Enables proactive adaptation through informed planning, prioritization, and decision making.**

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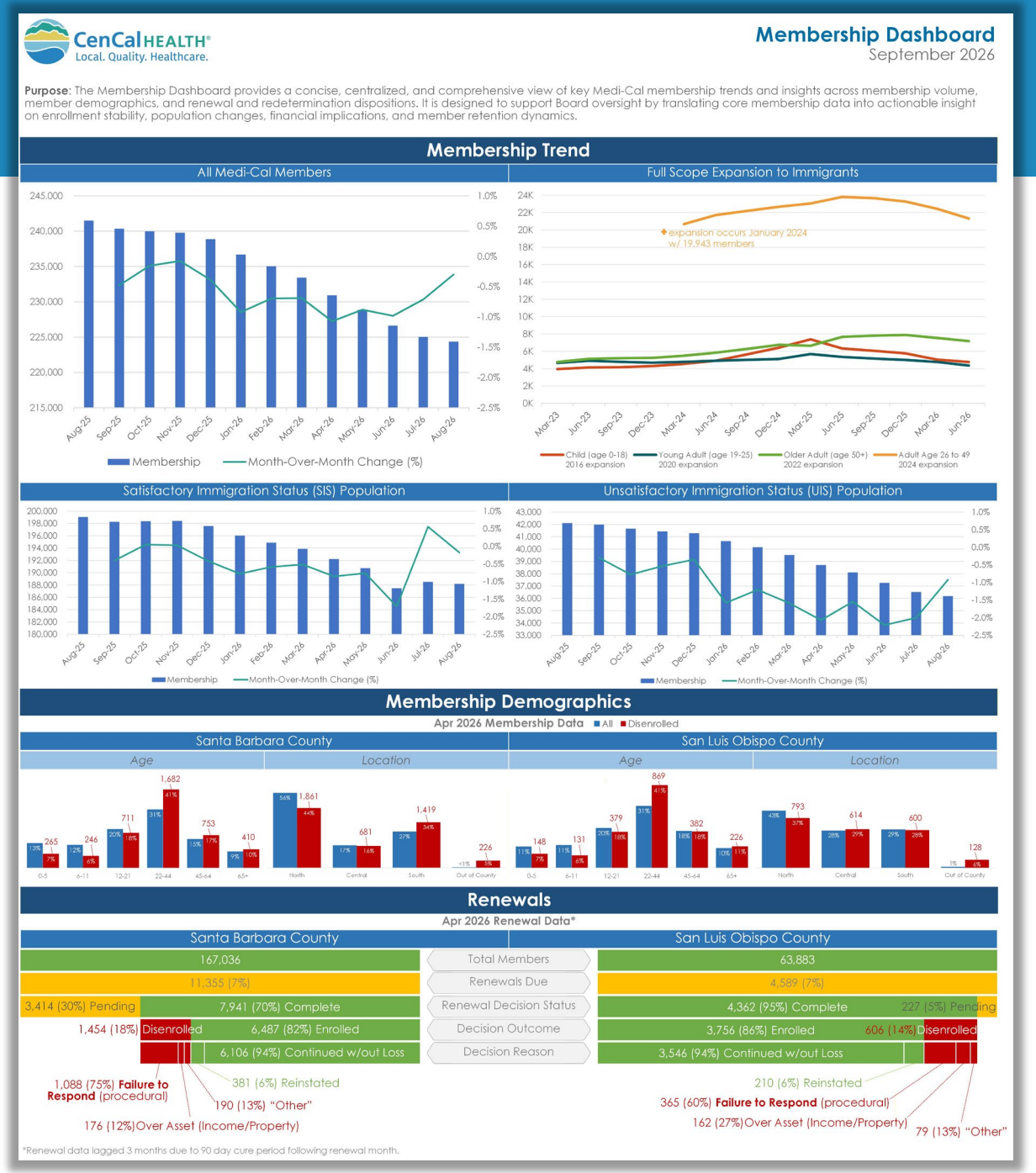
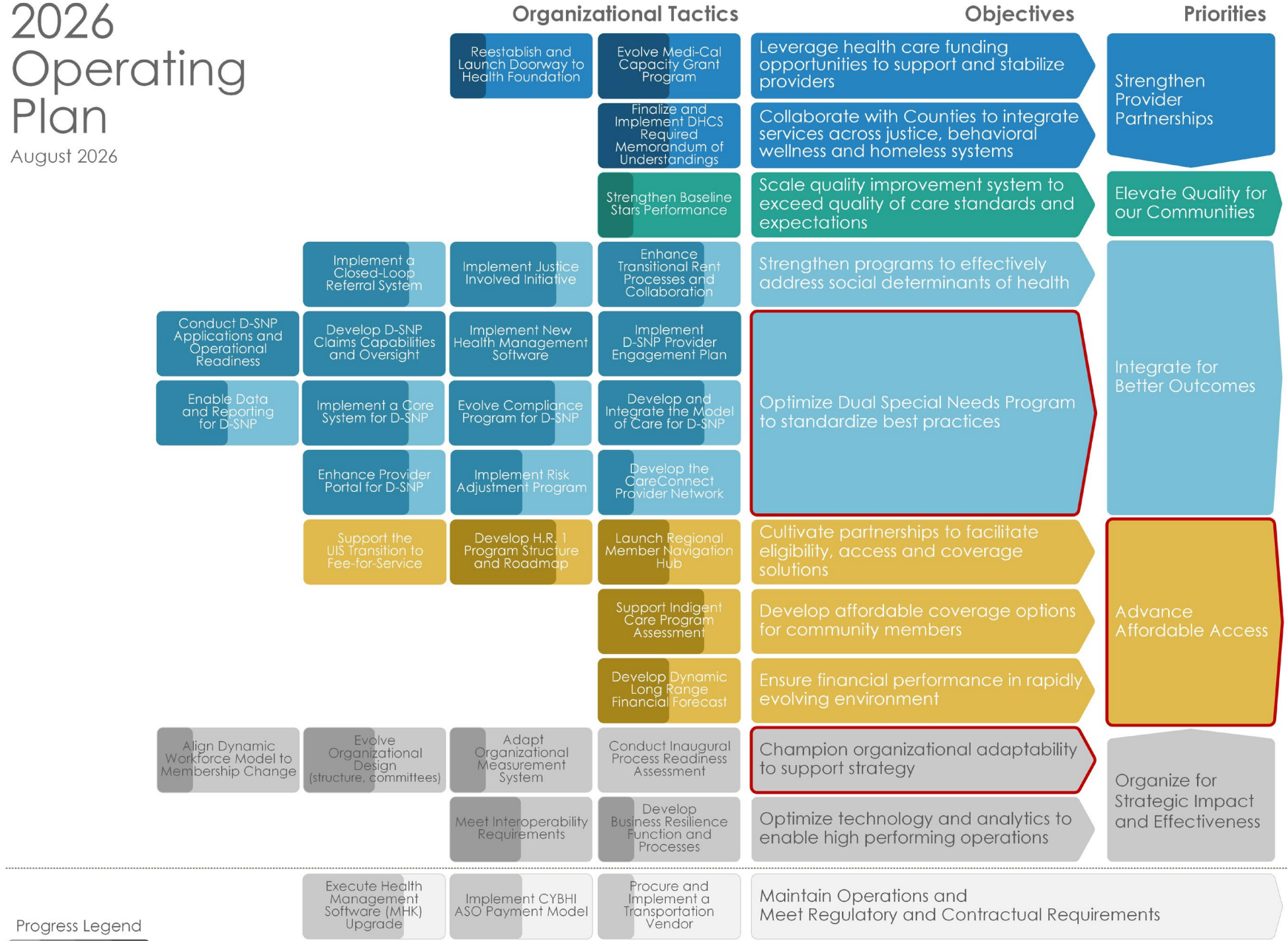


# 2026 Operating Plan

August 2026




## Mission

To improve the health and well-being of the communities we serve by providing access to high quality health services, along with education and outreach, for our membership

## Vision

To be a trusted leader in advancing health equity so that our communities thrive and achieve optimal health together

Progress Legend

25% complete
50% complete
75% complete
100% complete

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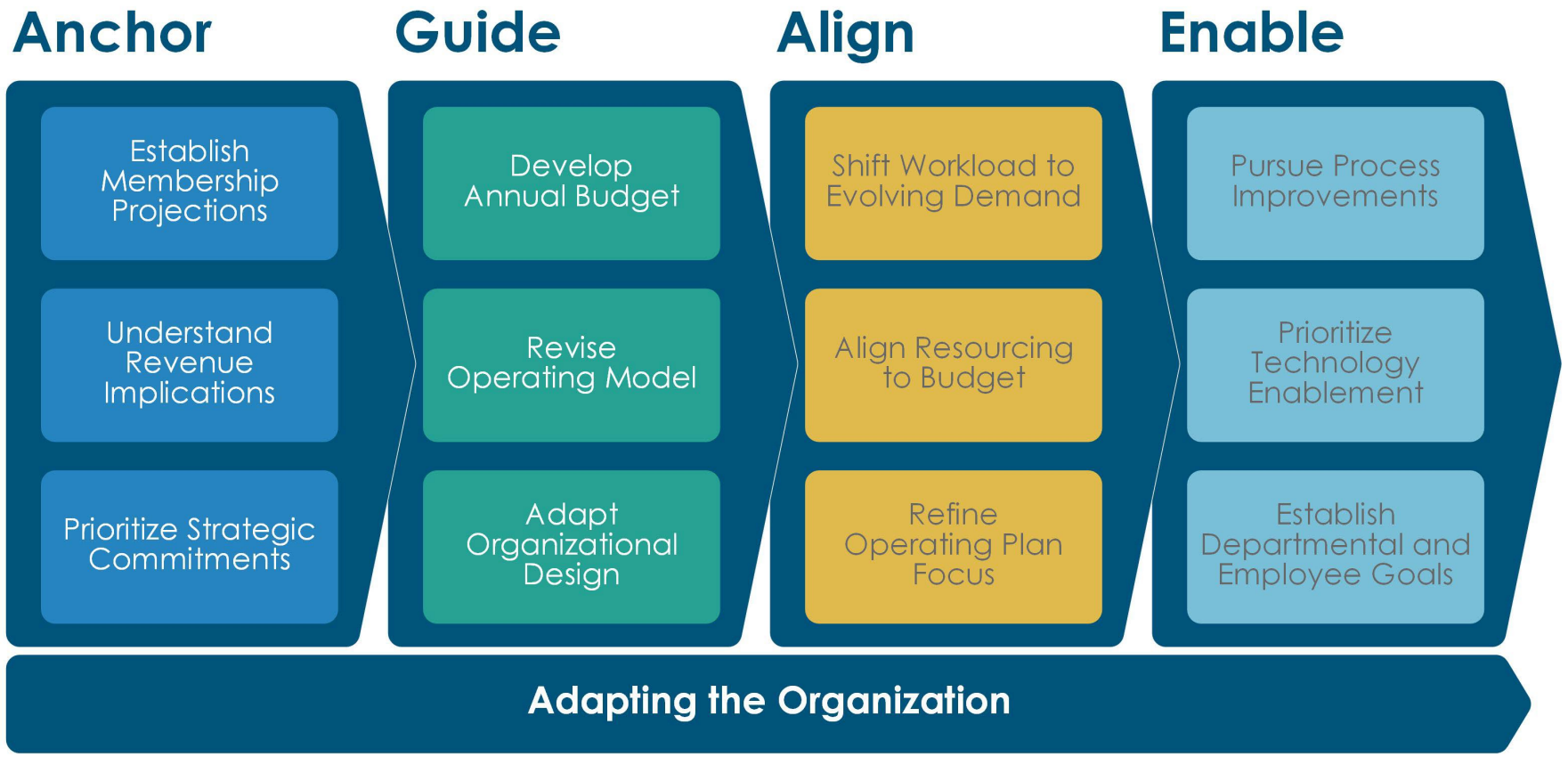
# Integrated Organizational Planning

- **Aligns strategic, operational, financial, and workforce planning into a single enterprise process**
- **Anchors planning decisions in membership, revenue realities**
- **Creates focus through explicit prioritization and resource alignment**
- **Ensures people, processes, and technology support strategic objectives**




**Plan well together to execute well together.**

# Key Takeaways and Next Steps

- Staff will continue refining the Membership Dashboard, implementing the updated Operating Plan, and preparing for the Integrated Organizational Planning cycle.
- Outcomes from these efforts will inform 2027 budget, workforce and tactical planning and **will be brought forward to the Board for consideration as part of the annual planning cycle**.

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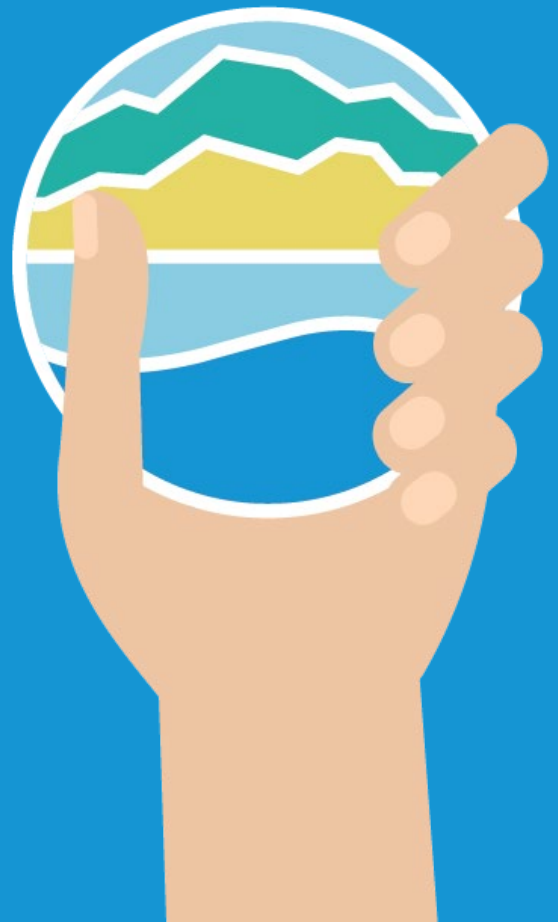
# Compliance Program Updates

Karen S. Kim, JD, MPH
Chief Compliance and Fraud Prevention Officer

September 16, 2026



# Program Integrity Program

## Governance & Oversight

- Anti-Fraud Committee, policies, expanded SIU capacity, roadmap

## Integrated Data & Analytics

- AI data analytic tools for fraud detection, & reporting
- High-risk areas and focused audits

## Cost Avoidance

- Cost savings measures
- Return on Investment (ROI)

## Provider Enrollment

- Credentialing, screenings, background checks, site visits, ownership disclosures, deceased providers

## Pre-Payment Controls

- Claims payments, provider education, prior authorizations, deceased members, duplicate enrollment

## Organizational Training & Education

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# Program Integrity Roadmap

## 2026 Build

- **Refresh** AFC charter, resource SIU, roadmap
- **Implement** Cotiviti & review high-risk areas
- Baseline cost savings & avoidance
- **Prioritize** credentialing, enrollment, & prepayment improvements
- Board, leadership, & staff **trainings**

## 2027 Implementation

- **Evaluate & deploy** AI fraud detection tool
- **Launch** cost savings and cost avoidance reporting
- **Implement** high-priority improvements

## 2028+ Optimization

- **Optimize** AI tools and assess ROI
- **Implement** remaining priority improvements

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# Security Office Update

# Vishing Definition and Prevention


## What is Vishing

**Short for "voice phishing," or fraudulent phone calls or voice messages.** These aim to steal sensitive information, like login credentials, credit card numbers, or bank details.

## Why It Works

**It feels personal and immediate.** Callers create urgency, sound convincing, and pressure you to act quickly if you hesitate or ask questions.

## Example

A fraud caller claims to be a representative alerting you of suspicious activity. They ask you to download software or grant remote access to your computer.

## How To Prevent

- Pause and verify
- Never share your credentials
- Report to Security Office

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# Recent Security Incidents: Vishing

## What Happened: June & July

**CenCal Health staff received Microsoft Teams call impersonating IT Help Desk.**

Staff approved a remote connection, which allowed unauthorized remote access.

## What We Did

- **Isolated** affected device.
- **Reset** password.
- **Blocked** external Microsoft Teams calls.
- **Sent** vishing security reminder.
- **Reviewed** additional security measures.

## What We Found

**No evidence** CenCal Health files or PHI accessed, acquired, viewed, modified, or exfiltrated.

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# Regulatory Audits

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# Regulatory Audits: DHCS & CMS

| | |
|---|---|
| **DHCS Audits concluded:** | |
| **DHCS 2026 Medical Audit** | Audit duration June 1-12, 2026 |
| | ***Zero findings (Exceptional Category is 0-2 findings)*** |
| **DHCS Network Adequacy Validation** | Audit occurred August 25, 2026 |
| | *Final audit results pending* |
| **DHCS Encounter Data Validation** | Audit response submitted June 2026 |
| | *Final audit results pending* |
| **CMS Audits upcoming:** | Part C & D Data Validation Audit (DVA) Mock in Q3'2026 |
| | Part C & D Data Validation Audit (DVA) Audit in Q2'2027 |

**Past DHCS Audit Results:**

Peer average is 8.5 findings.

Range for health plans was 0 to 40 findings

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# CMS Enforcement & Compliance Actions

**CMS issued the following enforcement and compliance actions in Q2 2026 to Medicare Advantage and Part D plans unaffiliated with CenCal Health:**

## 1 issued

Members involuntarily disenrolled from Facility Institutional (FI) I-SNP inappropriately

Intermediate Sanctions Suspending Enrollment


## 14 issued (~$1.5 M total)

**Financial audits (13)**
- Part C claims config
- Part C MOOP calculation
- Part D LIS

**Program audits (1)**
- Part D formulary and benefits administration

Civil Monetary Penalties


## 0 issued

Ad-Hoc CAPs


## 15 issued

- Call Center monitoring (14)
- Inadequate investigation of Marketing Misrepresentation (MMR) Complaints Tracking Modules (CTMs) and incorrect labeling of CTMs as unfounded (1)

Warning Letters


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**Note:** CMS does not publish Notices of Non-Compliance (NONCs)

# 2025 Program Audit & Enforcement Report

CMS released the **2025 Program Audit and Enforcement Report**, includes compliance themes, lessons learned, operational best practices, and key areas on the CMS oversight horizon.

## Top Audit Findings

**Data & System Errors:** Minor inaccuracies in enrollment, eligibility, and benefits configuration cause inappropriate medication denials and incorrect cost sharing.

**Variability in Vendor Oversight:** While sponsors remain fully accountable for FDR compliance failures, inconsistent oversight processes remain a key driver of cited noncompliance.

**Incomplete Information:** Coverage decisions made without considering all enrollee information or critical documentation leads to inappropriate denials and delays.

## Financial Cost of Non-compliance

CMS imposed $1.54M across 14 enforcement actions.

## Top Enforcement Drivers

- Beneficiary Cost Sharing and Provider Payments
- Maximum Out-of-Pocket (MOOP) Calculations
- Low Income Subsidy
- Part D Medication Rejects Due to Eligibility Issues

## On the Horizon

**Increased Data Scrutiny:** CMS will rely more on existing data. Accuracy, completeness, and integrity of submissions are more critical than ever.

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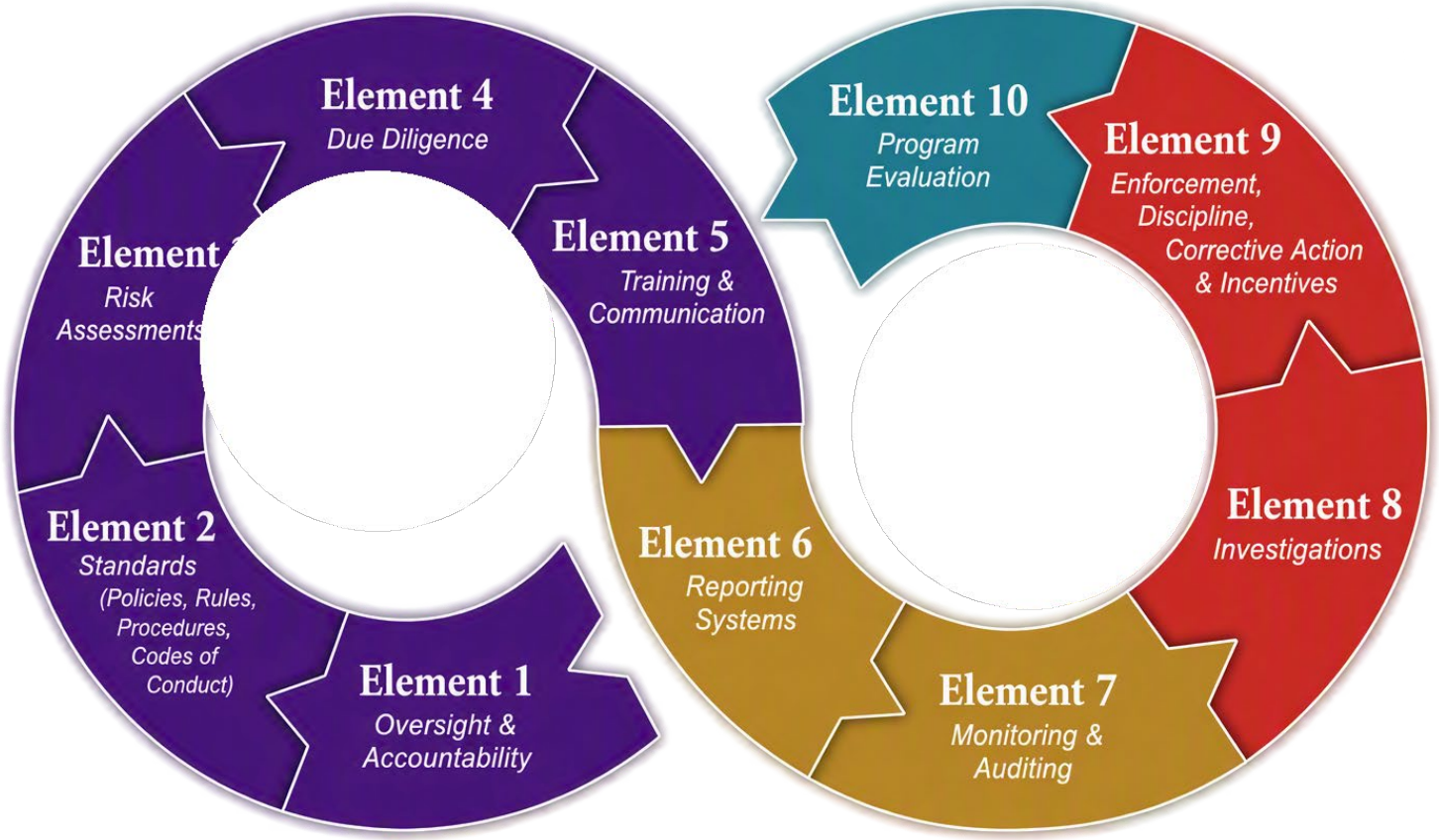
# Complexity of Compliance Program




**PREVENTION**
*Steps designed to mitigate risks and to prevent non-compliance*

**DETECTION**
*Steps designed to discover non-compliance when it occurs*

**RESPONSE**
*Steps designed to take corrective action and remedy harm caused by non-compliance*

**EVALUATION**
*Steps designed to evaluate program effectiveness*

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