



CONTRA COSTA HEALTH

595 Center Ave., Ste. 100 | Martinez, CA 94553 | Phone: (925) 313-6000 | Fax: (925) 313-6580
cchealth.org

To: Joint Conference Committee (JCC) Members

From: Irene Lo, MD; Executive Director

Date: March 6, 2026

Report Title: Executive Director Report

RECOMMENDATIONS

ACCEPT report from Executive Director

FISCAL IMPACT

N/A

BACKGROUND

Purpose

This report provides the Joint Conference Committee (JCC) with key updates on CCHP business and operations. The intent is to support transparency, reinforce the JCC's advisory oversight role, and ensure alignment on developments affecting the organization and its members.

Executive Summary

CCHP remains operationally stable while undergoing significant organizational and regulatory transformation. Q1 efforts focused on leadership recruitment, audit readiness, and strengthening performance improvement infrastructure. While federal and state policy developments introduce uncertainty, CCHP has proactive mitigation strategies in place and continues aligning operations with evolving regulatory expectations. Transformation efforts remain on track, with measurable progress in governance, workforce structure, and performance oversight. No immediate threats to continuity of operations have been identified, and known risks are being actively managed.

1. CCHP Staffing Update

CCHP is actively working to reinforce leadership stability and operational readiness across departments. Recent efforts include targeted recruitment for key vacancies and role realignments to support emerging priorities. These changes are part of CCHP's broader commitment to ensuring continuity of essential services while positioning CCHP to meet current and future demands.

Department Specific Updates

Clinical Operations

CCHP has launched recruitments for a Chief Medical Officer, an Associate Medical Director, and a Health Plan Nurse Program Director for Utilization Management. Dr. Nicolas Barcelo and Dr. Sara Levin continue serving as Deputy Chief Medical Officers, leading Medical Management; and Case Management and Population Health, respectively.

Business Operations

CCHP has launched recruitments for a permanent Chief Operations Officer. Beth Hernandez continues to serve as Interim Chief Operating Officer and is providing critical operational leadership during this period of organizational transition. Interviews are anticipated to begin in late February/early March.

2. Regulatory Update

CCHP continues to prioritize regulatory readiness through structured engagement with oversight agencies and internal corrective actions. Key updates are outlined below:

Federal and State Policy Updates

State and federal healthcare policy remains fluid. CCHP is actively monitoring new and updated guidance from the State and the Federal government. While many details remain in development, these changes have the potential to influence managed care operations, financing, and reporting expectations.

Key Medi-Cal Eligibility Changes Under H.R.1 - Timeline

- 2026
 - Restricting Federal Funding for Certain Qualified Non-Citizens (Effective 10/1/2026)
Narrows the definition of “qualified” immigrants for federally funded Medi-Cal. Affected individuals would transition from federal full-scope to restricted-scope Medi-Cal under the proposed Governor’s 2026–2027 budget.
- 2027
 - Work Reporting Requirements (Effective 1/1/2027)
Requires ACA expansion adults (“New Adult Group”) to work, study, or volunteer at least 80 hours per month unless exempt.
 - Reducing Duplicate Enrollment (Effective 1/1/2027) and 10/1/2029)
Requires enhanced cross-state eligibility verification to prevent multi-state enrollment.
 - Deceased Member Verification (Effective 1/1/2027)
Requires quarterly checks against the federal Death Master File.
 - Six-month Renewals (Effective 1/1/2027)
Expansion adults must renew Medi-Cal eligibility every six months; all other populations remain annual.
 - Retroactive Medi-Cal Timeframes (Effective 1/1/2027)
Limits retroactive coverage to one month for expansion adults and two months for other populations.
- 2028
 - Cost Sharing for Adults (Effective 10/1/2028)
Requires limited copayments for certain expansion adults while maintaining essential services without cost sharing.

CMS Correspondence

On January 27, 2026, CMS Administrator Dr. Mehmet Oz sent a letter to Governor Newsom requesting detailed information on Medi-Cal program integrity, eligibility verification, and provider oversight. CMS asked the State to submit a comprehensive program integrity action plan with supporting documentation addressing fraud, waste, and abuse controls; eligibility and immigration verification; provider screening and enrollment; program integrity infrastructure; and IHSS oversight.

While the letter does not announce immediate regulatory action, it signals the potential for increased federal scrutiny of supplemental payments, financing structures, and safety-net oversight. The focus areas identified — fiscal integrity, provider oversight, and operational transparency — align with CCHP's existing priorities. CCHP will continue monitoring developments and assessing downstream impacts as additional guidance emerges.

DHCS Implementation Guidance

DHCS recently issued implementation guidance outlining expectations for managed care plans as the State prepares for program and financing changes related to H.R.1. The guidance provides timelines, reporting requirements, and operational standards intended to strengthen accountability and readiness for evolving Medi-Cal priorities.

For health plans, the document serves primarily as a compliance roadmap rather than an immediate policy change, emphasizing advance planning, cross-department coordination, and preparation for future reporting and program adjustments. These expectations align with CCHP's existing operational and compliance priorities. CCHP is actively reviewing the guidance, mapping requirements to internal workstreams, and monitoring for additional clarification as DHCS refines implementation details.

Department of Managed Health Care (DMHC)

DMHC Financial Audit

The DMHC Financial Audit is scheduled to begin in April 2026, with fieldwork commencing on April 6, 2026. Pursuant to Section 1382 of the California Health and Safety Code, the DMHC Division of Financial Oversight conducts routine financial examinations of each licensed health plan at least once every five years and publishes a public report for each plan. The purpose of these examinations is to evaluate and report on a plan's compliance with the financial and administrative requirements of the Knox-Keene Act.

We anticipate that DMHC's review of CCHP will place particular emphasis on claims operations, financial controls, reserve adequacy, administrative cost reporting, and the effectiveness of oversight structures. CCHP is preparing accordingly and remains committed to full transparency and proactive engagement throughout the examination process.

DMHC Enforcement Matters

Two enforcement matters remain under Department of Managed Health Care (DMHC) review.
Enforcement Matter 23-348

- Stems from deficiencies that remain unresolved from DMHC's 2018 Routine Survey
- Received from DMHC: 6/4/2025
 - DMHC found that the Plan failed to resolve an identified deficiency to the director's satisfaction within a reasonable period of time

- Deficiency – The Plan failed to consistently provide immediate notification to enrollees of their right to contact the Department regarding expedited appeals in violation of Health and Safety Code section 1368.01, subdivision (b), and California Code of Regulations, title 28, section 1300.68.01, subdivision (a)(1).
 - DMHC indicated that they would be willing to resolve this matter upon the payment of an administrative penalty of \$40,000 and submission of a proposed corrective action plan (CAP) for review/approval by the Department’s Office of Enforcement
 - CCHP Response:
 - CCHP sent an acknowledgement to DMHC on 6/16/2025, accepting the administrative penalty
 - CCHP also submitted a proposed CAP
- Follow-up from DMHC: 12/15/2025
 - DMHC issued a Letter of Admonishment regarding a remaining unresolved deficiency.
 - Deficiency - The Plan does not insert a correct version of the Health and Safety Code section 1368.02, subdivision (b)2 paragraph on every Evidence of Coverage, on copies of Plan grievance procedures, and on Plan complaint forms.
 - DMHC indicated that they would be willing to resolve this matter upon the payment of an administrative penalty of \$40,000 and submission of a proposed corrective action plan (CAP) for review/approval by the Department’s Office of Enforcement
 - CCHP Response:
 - January 2026: CCHP sent an acknowledgement to DMHC, accepting the administrative penalty
 - CCHP also submitted updates on the previously submitted CAP
 - CCHP Status: Awaiting DMHC feedback on both CAPs

Enforcement Matter 24-143

- Focuses on interrogatories related to behavioral health services, including timely access to care, prior authorization practices, claims payments, provider satisfaction, staff training, and call center operations
- Received from DMHC: 3/26/2025
- Response provided to DMHC: 4/25/2025
- Status: Awaiting response from DMHC

These matters continue to inform targeted operational and compliance improvements, particularly in behavioral health oversight, grievance processes, and documentation practices

Department of Health Care Services (DHCS)

2025 DHCS Medical Audit Preliminary Findings

The Department of Health Care Services (DHCS) conducted CCHP’s 2025 Medical Audit from August 18–29, 2025, covering the audit period of August 1, 2024, through July 31, 2025. The audit included documentation review, verification studies, and interviews with CCHP staff. DHCS evaluated performance across six program areas: Utilization Management; Population Health Management and Care Coordination; Network and Access to Care; Grievances, Appeals, and Member Rights; Quality Improvement and Health Equity Transformation; and Plan Administration and Organization. An Exit Conference was held with DHCS on February 5, 2026, during which CCHP received its preliminary audit findings. CCHP was provided 15 calendar days from the date of the Exit Conference to submit

supplemental information in response to the draft findings. Following review of any additional materials, DHCS will issue a Final Report. CCHP anticipates receiving the Final Report within the next one to two months and will share the report upon receipt.

DHCS identified ten preliminary findings across multiple program areas, including Utilization Management; Network and Access to Care; Grievances, Appeals, and Member Rights; Quality Improvement and Health Equity Transformation; and Plan Administration and Organization. CCHP had already identified these areas as improvement priorities prior to and during the audit and initiated corrective action planning. Remediation efforts are actively underway, and all preliminary findings are either resolved or progressing on schedule toward resolution.

National Committee for Quality Assurance (NCQA)

Accreditation Survey

CCHP is currently undergoing Health Plan Re-Accreditation with the National Committee for Quality Assurance (NCQA), which operates on a three-year accreditation cycle. Accreditation requires comprehensive documentation review, file audits, and demonstrations that policies and operational practices are not only well designed but consistently implemented in day-to-day operations.

In December 2025, CCHP submitted requested materials to NCQA for off-site review. The Plan completed the on-site file review portion of the survey on February 2–3, 2026, achieving 100% “Met” status across all standards reviewed. NCQA will continue its formal evaluation process over the next one to two months. Following completion of this review, CCHP anticipates receiving its final accreditation determination.

3. Organizational Transformation Update

2026 Organizational Priorities

CCHP continues to navigate a pivotal phase of transformation driven by new regulatory expectations, fiscal pressures, and organizational realignment. Our focus remains on strengthening the Plan’s governance, regulatory compliance, operational effectiveness, and long-term financial transparency and sustainability.

To meet these challenges, CCHP continues to focus on modernizing its infrastructure, processes, and systems to operate as a nimble, data-driven, and high-performing managed care organization. CCHP is guided by the following strategic focus areas, designed to reinforce accountability, enhance collaboration, and modernize operations:

- Strengthening governance, fiscal transparency, and accountability
- Enhancing regulatory compliance and audit readiness
- Improving operational efficiencies, particularly in provider and vendor contracting, utilization management, and claims processing

Q1 Updates

Recruitment

As directed by the CCHP Joint Conference Committee, CCHP has made significant inroads on the recommendations made by the 2025 Alvarez and Marsal operational and organizational structure assessment.

- Organizational Structure – Guided by the recommendations from Alvarez & Marsal, CCHP has established a leadership organizational structure that aligns with peer Medi-Cal managed care plans while leveraging Contra Costa Health’s shared services model for Information Technology and Finance. As key executive leadership positions are filled and onboarded, CCHP will conduct a more detailed evaluation of department-level structures to ensure appropriate leadership alignment, effective spans of control, and operational efficiency.
- CCHP Director Role – In partnership with Contra Costa Health Personnel, CCHP has developed a standardized classification for non-clinical Director-level leadership roles. This classification is designed to reflect the scope, expectations, and responsibilities associated with health plan director positions. The proposed salary range is consistent with comparable roles across managed care organizations, informed by compensation data from the Local Health Plans of California and the Association of Community Affiliated Plans. CCHP, CCH Personnel, and Contra Costa County HR are actively collaborating on review of the proposed classification.

Performance Improvement Workgroups (PIWs)

During Q1, CCHP continued implementation of its Performance Improvement Workgroups (PIWs), established to strengthen operational efficiency, fiscal stewardship, regulatory readiness, and cross-department coordination. The workgroups are designed to provide focused oversight on priority operational areas while supporting long-term organizational transformation.

CCHP currently maintains PIWs across several organizational domains, including Governance, Compliance, Labor and Workforce, Business Operations, and Clinical Operations. Each workgroup includes executive sponsorship, cross-functional leadership participation, and defined performance metrics aligned with organizational priorities.

PIWs are actively meeting on a regular cadence and operating under formal charters that define scope, accountability, and deliverables. Each workgroup has established SMART (Specific, Measurable, Achievable, Relevant, and Time-bound) goals aligned with CCHP’s operational and strategic priorities. Implementation work is actively underway across all domains.

At this time, all Performance Improvement Workgroups are on track. Leadership continues to monitor progress through executive oversight and structured reporting to ensure sustained momentum and accountability.

Q2 Focus

Key priorities for the next quarter include:

- Completion of executive leadership recruitment
- Continued audit readiness and corrective action execution
- Expansion of performance dashboards and operational metrics
- Implementation of Performance Improvement Workgroup milestones
- Ongoing monitoring of federal and state policy developments

Risks and Mitigation

CCHP's transformation requires active monitoring of several enterprise risks. The following summarizes key exposures and mitigation strategies.

Financial and Policy Risk (HR1 and State Budget)

Risk – Federal HR1 provisions and California budget pressures may affect Medi-Cal funding, enrollment, and administrative allocations, creating long-term financial and operational uncertainty.

Mitigation

- Ongoing engagement with LHPC, CAHP, and ACAP to support advocacy and early intelligence
- Continuous monitoring of federal and state policy developments and operational impact planning
- Enhanced financial modeling and scenario forecasting incorporated into FY 2026–2027 budgeting
- Organization-wide cost containment efforts in utilization management, claims, and contracting

Regulatory Oversight and Audit Risk

Risk – Multiple 2026 audits (DMHC Financial Audit, DMHC Follow-Up Survey, DHCS Medical Audit, CMS/DHCS D-SNP oversight) carry operational, financial, and reputational exposure.

Mitigation

- Strengthened policy governance and internal monitoring
- Mock audits and readiness reviews
- Proactive communication with NCQA, DHCS, DMHC, and CMS
- Centralized coordination through Compliance and PIW oversight

Workforce Stability Risk

Risk – Ongoing recruitment challenges affect operational resilience and increase compliance risk.

Mitigation

- Accelerated recruitment and interim subject-matter coverage
- Structured executive oversight of staffing priorities
- Enhanced onboarding, spans of control, and internal training
- Workforce-focused Performance Improvement Workgroup deployment

Systems Integration Risk

Risk – Modernization of claims, utilization management, member services, and Medicare/Medi-Cal integration remains complex and may affect performance.

Mitigation

- Workflow standardization and system testing
- Process redesign to improve efficiency
- Expanded operational dashboards for performance visibility

CONSEQUENCE OF NEGATIVE ACTION

If this action is not accepted, it could lead to noncompliance under the federal and state regulations.