Notice of said meeting was duly given in the time and manner prescribed by law. Affidavit of compliance is on file in the Clerk of the Board's Office.

CALL TO ORDER

Vice-Chair Juarez called the Special meeting to order at 2:35 p.m. in Nordman Cormany Hair & Compton LLP - Conference Room on the 6th Floor, 1000 Town Center Drive, Oxnard, CA.

COMMITTEE MEMBERS PRESENT
Anil Chawla, Clinicas del Camino Real, Inc.
David Glyer, Private Hospitals / Healthcare System
Roberto Juarez, Clinicas del Camino Real, Inc.
Catherine Rodriguez, Ventura County Medical Health System

EXCUSED / ABSENT COMMITTEE MEMBERS
Robert Gonzalez, Ventura County Medical Health System

STAFF IN ATTENDANCE
Cassie Undlin, Interim CEO
Sonia DeMarta, Interim CFO
Nancy Kierstyn Schreiner, Legal Counsel
Steve Lalich, Communications Manager
Paula Cabral, Administrative Assistant

PUBLIC COMMENT
None.

1. **CEO REPORT**

Interim CEO Undlin reported that she held meetings with ACS, a request for a change of the individual that manages the ACS / GCHP account was made and weekly calls with the new manager have been scheduled. Concerns were reviewed to ensure that both sides understand the issues. It was noted that a lot of this should have been in place before Go-Live. Interim CEO Undlin is too busy with the RGS transition to handle the Specialty Contract so a new Project Manager will be in the office later in the week.
2. ACCEPT AND FILE FINANCIAL REPORT

   a. Budget
Interim CFO DeMartta reviewed the assumptions that went into the budget. In terms of enrollment, minimal growth was assumed of approximately 0.3% (268 members). Beginning membership is 96,540 excluding retro members. The Plan expects CBAS implementation to bring an additional 1,000 members. Enrollment at the end of 2013 is estimated to be 97,808.

Interim CFO DeMartta stated that staff is estimating an increase of 3.9% in premiums; however, the rates have not been finalized therefore the number could change. She then reviewed the rate assumption being presented for 8 categories overall, an increase is expected from an average of $248.45 pmpm in 2011-12 to $264.82 pmpm 2012-13. Staff continues to reserve funds for the AB97 rate cut because the assembly bill has still not been adjudicated. The Plan will continue to reserve approximately 2.2% of gross premium.

Interim CFO DeMartta continued her report stating that staff estimates a slight increase in Healthcare Costs. Calculation is based on what IBNR and tangible equity needed to be at the end of the year. We do not anticipate a decrease in premiums because contracts are not being renegotiated, but expect increased efficiencies going forward and should see some reductions as the Plan is maturing. We budgeted for quite a bit of growth on the medical management side; there will be a focus on case management and authorizations and following the contracts received from the State and Providers.

Vice-Chair Juarez noted there was no rate increases for Providers. Interim CEO Undlin stated the Plan pays a lot of Providers at Medi-Cal rate schedules and the hospital side is experiencing some rate increases. The goal is to off-set by medical management activities.

Vice-Chair Juarez asked if the Adult / Family capitation rate of $8.38 is going to be increased because the Milliman report was originally higher. Interim CFO DeMartta said that a meeting is scheduled with Milliman within the next couple of weeks to begin discussions on what the capitation rate should be, but we have not asked them to reevaluate it.

Vice-Chair Juarez noted that there were fee increases for long-term care facilities and pharmacy but the Plan is not giving increases to fee for service when this is supposed to be a managed care plan, capitated plan. Interim CEO Undlin responded that it is unfortunate, the Plan needs consistency in paying claims and it needs to meet the TNE requirements, but we only have three years to meet TNE requirements.

Discussion was held regarding Provider incentives. Interim CEO Undlin noted that at this point the budget just funds the TNE. The State requirements have to be met and there needs to be consistency in pricing.
Interim CFO DeMarta reported that on January 1, 2013 primary care will need to be paid at the Medicare rate due to the Healthcare Reform Legislation; but this has not been budgeted. The PCP capitation rate will need to go up to reflect as if it were underfunded. Interim CFO DeMarta stated that we can revisit the numbers after we get our final rates. The State and the courts are still fighting so we are still reserving approximately 2.2% for AB97 for payment back to the State.

Committee Member Glyer asked what our goals are for where we want medical management to get to during the year for funding Providers in the future. Are there goals established in order to benchmark this area. Interim CEO Undlin stated that some programs have not been utilized as they should have been. We need to establish standards, targets and policies to see progress during the year. The systems are connected and are better.

Interim CFO DeMarta reviewed the staffing levels which are currently at 39 full time employees (FTE’s) as of July 1, 2012 and 11 positions are scheduled to start within the next month. Recruitment is in process for an additional 5 positions which brings us to 55 budgeted; 7 additional staff positions are needed but are not currently budgeted.

Vice-Chair Juarez advised Interim CEO Undlin that a motion had been passed by the Commission that in order to increase staff proportion to the size of the budget or increase staff to be more than 10% above it would need to come to the Commission. CEO is allowed to do this outside of the budget as long as it is within 10% and doesn’t result in an operating loss. We can’t vote on something that goes against a motion and a policy the Commission already set.

Legal Counsel Kierstyn Schreiner stated the motion was that the CEO could not do it, but the Commission by approving a budget that has a specific number of positions, you as a Commissioner, would be taking that action as long as it is in the budget, and authorize approved positions would be permitted and the prior motion would be the CEO still has during the budget year.

There was a discussion of reclassifying some Director positions to Managers. The positions of Chief Operating Officer and Health Services Director are not new. Care Coordination Managers are new (due to the size of the nursing staff). The Human Resources (HR) position is a function we previously had but this is something being added on because we will be doing Human Resources internally. There is also an HR Analyst and HR Technician but the end number will probably be two positions. The Quality Management (QM) positions are new over last year. Health Services have an Administrative position to support nurses.

Committee Member Rodriguez suggested putting two lines of justification next to the position. A review of the organization chart that was presented to the State and job classifications for each position was reviewed.

Interim CFO DeMarta explained that with regard to Facilities there was no change in the budget. Addressed as a separate operating budget item, expansion of approximately...
1,600 feet has been freed up by the County for us to use by next week. It is not reflected in the budget.

Interim CFO DeMarta noted that under Administrative Expenses, AB97 is still an unknown. Utilization Rates - we do not have a full sense on our rates therefore we are making assumptions. Net income of $6 million is based on premium rates. We have a rate increase on September 7, 2012. In October we will receive the final numbers.

There is a high level of elderly in this community and there is a need to put some energy into that area this next year. Funding is very critical for long-term care. Issues with share of costs and payments. Elder care is higher than average and very difficult to manage. There is a need for someone to do assessments on the clients (i.e. nursing homes) to determine if that is the appropriate place; currently there is no staff available for this.

Committee Member Chawla noted there was a program for home support services from Medicare whereby you would pay for home services. Interim CEO Undlin stated that design should be given consideration and how other COHS handle these, but not all COHS do long-term care.

Interim CFO DeMarta explained that the Plan’s total administrative costs are slightly up compared to what our actuals were due to staffing. Some vacancies have been filled with consultants which is more costly. ACS costs are expected to go down because of the PMPM (per member per month) basis due to membership declining.

Vice-Chair Juarez asked what makes up the 43% in benefits. Interim CFO DeMarta responded that staff is working on what the make-up of that is and noted that some comparisons will be done to similar organizations. Interim CEO Undlin stated that effective September 4, there will be a change in vacation days for new hires. It was noted that some benefits are quite generous.

Committee Member Rodriguez moved to approve the budget as presented but would be revisited when the new CEO arrives in September so that he can provide any adjustments. Any changes should be presented to the Commission again. Vice-Chair Juarez seconded. The motion carried. Approved 4-0.

Committee Member Rodriguez asked when the financial statements are due for audit. Interim CFO DeMarta stated they are due to the State on October 30th. We are waiting for audit comments from last year’s audit.

The meeting adjourned at 3:45 pm.

APPROVED:

Traci R. McGinley, MMC, Clerk of the Board