

**Ventura County Medi-Cal Managed Care Commission (VCMMCC)
Executive / Finance Committee and Audit Committee
Minutes**

**Antonio Alatorre
David Glycer**

**Gagan Pawar, M.D.
Dee Pupa**

Dale Villani
Patricia Mowlavi
C. Albert Reeves, M.D.

Ruth Watson
Scott Campbell
Melissa Scrymgeour

January 7, 2016

The Executive / Finance Committee met in regular session in the Executive Conference Room at Gold Coast Health Plan, 711 E. Daily Drive, Suite 106, Camarillo California and was called to order by Interim Clerk to the Board, Maddie Gutierrez at 3:20p.m.

ROLL CALL

Present: Gagan Pawar, M.D., David Glycer, Dee Pupa, Dale Villani, Ruth Watson, Patricia Mowlavi, C. Albert Reeves, M.D., Melissa Scrymgeour, Steven Lalich, Lyndon Turner and Scott Campbell.

Absent: Antonio Alatorre.

Committee member Glycer presided.

1. Minutes

RECOMMENDATION

Approve the minutes of the regular Executive/Finance Committee meeting of November 5, 2016.

Committee member Dee Pupa moved to approve the recommendation. Committee member Pawar seconded. The vote was as follows:

AYES: Gagan Pawar, M.D., David Glycer, and Dee Pupa

NOES: None.

ABSENT: Antonio Alatorre.

Committee member Glycer declared the motion carried.

2. Approval Items

a. Total Net Equity (TNE) and Working Capital Policy Presentation

RECOMMENDATION

Accept report as presented.

Chief Financial Officer (CFO) Patricia Mowlavi, reviewed the TNE and Working Capital Policy. The policy establishes ground rules and guidelines to support the long-term financial stability of Gold Coast Health Plan (GCHP). Proposal to establish a TNE and working capital fund policy with a TNE minimum target of 500% of the required TNE from the state. GCHP is the second lowest TNE plan of all County Organized Health Systems (COHS).

Working Capital Reserve Fund was proposed to set aside three months of working capital, which will cover medical and administrative expenses or any Commission approved projects. Committee Member Glycer asked what our current monthly run rate is. CFO Mowlavi stated that we are at \$55 million per month and the policy has been set up to protect the plan.

DISCUSSION

Committee Member Pupa stated that she appreciated that this policy has been prepared for the Commission and suggested that when we present to the Commission show what we have in investments. Committee Member Glycer asked if the investments are tied up; CFO Mowlavi stated that the majority of our current investments are all short-term and liquid.

Committee member Dee Pupa moved to approve the recommendation. Committee member Pawar seconded. The vote was as follows:

AYES: Gagan Pawar, M.D., David Glycer, and Dee Pupa

NOES: None.

ABSENT: Antonio Alatorre.

Committee member Glycer declared the motion carried.

3. Accept and File Items

a. Chief Executive Officer (CEO) Update

Chief Executive Officer Dale Villani gave his report and it was noted that Traci McGinley, Clerk of the Board and one of the original Gold Coast Health Plan (GCHP) employees, has resigned her position as Clerk of the Board and the position has been posted.

Whole Person Care Pilots and Dental Transformation Initiative proposals are due May 15, 2016, and will focus on those providers who are currently receiving payment. The county is the lead and health plans are to be a part of the process.

The Governor's budget is still being analyzed. Funding for undocumented children is in the May timeframe. Managed Care Organization (MCO) tax – the impact to the Medi-Cal program is 1.1 billion dollars but alternative proposals are being considered. The Centers for Medicare / Medicaid Services (CMS) mandated that the tax had to apply to all California health plans equally; commercial health plans are now engaged in looking for a solution since they do not get the same match as the public plans.

Current contracts are up for Commission approval. The Pharmacy Benefits Manager (PBM) contract included 10 bidders. Scoring is currently being done to select finalists and we expect to bring back the top two bidders for presentations with the Plan on January 19th. Healthcare Effectiveness Data and Information Set (HEDIS) vendor contract we have four bidders – scoring is almost finished.

Discussion was held regarding bringing the contracts to the Executive Finance Committee prior to the full Commission for approval prior to the February 22nd Commission meeting with a tentative date of February 11th for a special Executive Finance Meeting.

b. Chief Operating Officer (COO) Update

Chief Operating Officer Ruth Watson stated construction is moving along for the new building. Five furniture bids will be reviewed and must be presented to the Commission for approval by January 28. The cost will be approximately \$350K to furnish 67 cubicles and 20 offices, which is within budget. Move in is not anticipated until April.

c. Financials – October and November 2015

Chief Financial Officer Mowlavi noted that financial performance remains strong. For the first five months of the fiscal year ended November 30, 2015, the gain in unrestricted net assets was \$22.8M. Performance was favorable to budget and was driven by higher than expected growth in the Adult Expansion aid category and lower than anticipated health care administrative costs. The Medical Loss Ratio (MLR) was 86.1% and the administrative cost ratio was 5.5%; both are favorable to the budget.

Funds were moved from long-term liabilities to current liabilities in anticipation of the State's recoupment of the DHCS Adult Expansion capitation overpayments. Commissioner Glyer asked what period of time this repayment covered.

CFO Mowlavi stated from January 2014. Committee Member Pupa asked about the Adult Expansion MLR; CFO Mowlavi stated that revenue includes a reserve for the refund to DHCS to achieve the required minimum 85% MLR for Adult Expansion.

d. Investment Committee November 30, 2015 Report

The Investment Committee met and reviewed the policy (effective in March 2015) and the charter; no changes were recommended. The policy is designed around maintaining safety over principal and diversification of the portfolio. Commercial paper came due in December at \$45M which is timed to coincide with the payment back to the state for the Adult Expansion rate overpayment recoupment. The average yield of the investment portfolio, as of September, was 0.42%. Committee Member Glyer asked if a chart could be added to show where the money is invested. CFO Mowlavi will update the table for presentation to the Commission.

Committee member Pawar moved to approve the recommendation. Committee member Pupa seconded. The vote was as follows:

AYES: Gagan Pawar, M.D., David Glyer, and Dee Pupa

NOES: None.

ABSENT: Antonio Alatorre.

Committee member Glyer declared the motion carried.

ADJOURNMENT

The meeting was adjourned at 3:55 p.m. Dr. Pawar was excused and the remaining group reconvened under the Audit Committee.

Audit Committee Meeting Minutes

The Audit Committee met in regular session in the Executive Conference Room at Gold Coast Health Plan, 711 E. Daily Drive, Suite 106, Camarillo California and was called to order by Interim Clerk to the Board, Maddie Gutierrez at 4:01p.m.

ROLL CALL

Present: David Glyer, Dee Pupa, Steven Lulich, Dale Villani, Ruth Watson, Patricia Mowlavi, Lyndon Turner Scott Campbell, and C. Albert Reeves, M.D.

Absent: Antonio Alatorre.

Committee member Pupa presided.

1. Approval of Items

a. Fiscal Year 2015-2016 External Auditor Contract with Moss Adams

RECOMMENDATION

Approve the External Auditor Contract with Moss Adams as presented.

Committee member David Glycer moved to approve the recommendation. Committee member Pupa seconded. The vote was as follows:

AYES: David Glycer, and Dee Pupa

NOES: None.

ABSENT: Antonio Alatorre.

Committee member Pupa declared the motion carried.

b. Audit Plan

Marty Haisma presented the Internal Audit Program. The general function of the internal audit is to report to the Audit Committee. Mr. Haisma explained that the audit function provides independent, objective assurance of the Plan's risk management, internal controls and governance and the processes in place for ensuring effectiveness, efficiency and economy. An audit plan risk assessment was performed earlier this year. High level conversations were held with key members of management to work on potential key risks. These risks were reviewed for 2016 not specific to GCHP but to the industry. Committee Member Glycer asked if there was a document ranking the risks; Mr. Haisma stated that he would create one and present it to the committee.

Proposal for the Audit Plan for 2016 would be:

- Risks with purchasing and expenditures – how are we spending our money
- Any state action plan from previous audits or from previous external audits for financial purposes and see what we have done to address those
- Revenue and understanding our process controls

An audit against this plan can be done prior to the next meeting in April. Committee Member Glycer asked if Mr. Haisma will report at every meeting. Mr. Haisma stated he can distribute findings prior to the next meeting.

Committee member Glycer moved to approve the audit plan. Committee member Pupa seconded. The vote was as follows:

AYES: David Glyer, and Dee Pupa

NOES: None.

ABSENT: Antonio Alatorre.

Committee member Pupa declared the motion carried.

ADJOURNMENT

The meeting was adjourned at 4:06 p.m.

APPROVED:


Magdalen Gutierrez-Roberts, Interim Clerk of the Board