



**Ventura County Medi-Cal Managed
Care Commission (VCMCC) dba
Gold Coast Health Plan (GCHP)
Executive / Finance Committee Meeting**

Executive Conference Room at Gold Coast Health Plan
711 E. Daily Drive, Suite 106, Camarillo, CA 93010
Thursday, April 2, 2015
3:00 p.m.

AGENDA

CALL TO ORDER / ROLL CALL

PUBLIC COMMENT A Speaker Card must be completed and submitted to the Clerk of the Board by anyone wishing to comment:

- **Public Comment** - Comments regarding items not on the agenda but within the subject matter jurisdiction of the Committee.
- **Agenda Item Comment** - Comments within the subject matter jurisdiction of the Committee pertaining to a specific item on the agenda. The speaker is recognized and introduced by the Committee Chair during Committee's consideration of the item.

1. APPROVE MINUTES

- a. [March 5, 2015 Regular Executive / Finance Meeting Minutes](#)

2. APPROVAL ITEMS

- a. [Investment Controls](#)

Meeting Agenda available at <http://www.goldcoasthealthplan.org>

ADMINISTRATIVE REPORTS RELATING TO THIS AGENDA AND MATERIALS RELATED TO AN AGENDA ITEM SUBMITTED TO THE COMMITTEE AFTER DISTRIBUTION OF THE AGENDA PACKET ARE AVAILABLE FOR PUBLIC REVIEW DURING NORMAL BUSINESS HOURS AT THE OFFICE OF THE CLERK OF THE BOARD, 711 E. DAILY DRIVE, SUITE #106, CAMARILLO, CA.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT TRACI AT (805) 437-5509. REASONABLE ADVANCE NOTIFICATION OF THE NEED FOR ACCOMMODATION PRIOR TO THE MEETING (48 HOURS ADVANCE NOTICE IS PREFERABLE) WILL ENABLE US TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THIS MEETING.

Ventura County Medi-Cal Managed Care Commission (VCMCC) dba Gold Coast Health Plan

April 2, 2015 Executive / Finance Committee Meeting Agenda (*continued*)

LOCATION: Executive Conference Room, 711 E. Daily Drive, Suite 106, Camarillo, CA 93010

TIME: 3:00 p.m.

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3. ACCEPT AND FILE ITEMS

- a. [CFO Update – February Financials](#)
- b. [Investment Committee Update](#)

COMMENTS FROM COMMITTEE MEMBERS

ADJOURNMENT

Unless otherwise determined, the next regular meeting of the Executive / Finance Committee will be held on May 7, 2015 at 3:00 p.m. in the Executive Conference Room at 711 E. Daily Drive, Suite 106, Camarillo, CA 93010.

Meeting Agenda available at <http://www.goldcoasthealthplan.org>

ADMINISTRATIVE REPORTS RELATING TO THIS AGENDA AND MATERIALS RELATED TO AN AGENDA ITEM SUBMITTED TO THE COMMITTEE AFTER DISTRIBUTION OF THE AGENDA PACKET ARE AVAILABLE FOR PUBLIC REVIEW DURING NORMAL BUSINESS HOURS AT THE OFFICE OF THE CLERK OF THE BOARD, 711 E. DAILY DRIVE, SUITE #106, CAMARILLO, CA.

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**Ventura County Medi-Cal Managed Care Commission
(VCOMMCC) dba Gold Coast Health Plan (GCHP)
Executive / Finance Committee Meeting Minutes**

March 5, 2015

(Not official until approved)

CALL TO ORDER

Chair Araujo called the meeting to order at 3:03 p.m. in the Executive Conference Room at Gold Coast Health Plan, 711 E. Daily Drive, Suite 106, Camarillo, CA 93010.

ROLL CALL

COMMITTEE MEMBERS PRESENT

Antonio Alatorre, Clinicas del Camino Real, Inc.

David Araujo, MD, Ventura County Medical Center Family Medicine Residency Program

David Glycer, Private Hospitals / Healthcare System

Dee Pupa, Ventura County Health Care Agency

EXCUSED / ABSENT COMMITTEE MEMBERS

Gagan Pawar, MD, Clinicas del Camino Real, Inc.

STAFF IN ATTENDANCE

Ruth Watson, Chief Operating Officer and Interim Chief Executive Officer

John Meazzo, Interim Chief Financial Officer

Traci R. McGinley, Clerk of the Board

Scott Campbell, Legal Counsel

William Freeman, Network Operations Director

Steven Lalich, Communications Director

Allen Maithel, Controller

Lyndon Turner, Financial Analysis Director

PUBLIC COMMENTS

None.

1. APPROVE MINUTES

a. February 5, 2015 Regular Meeting Minutes

Committee Member Glycer moved to approve the February 5, 2015 Regular Meeting Minutes. Committee Member Pupa seconded. The motion carried with the following vote:

AYE: Araujo, Glycer and Pupa.

NAY: None.
ABSTAIN: Alatorre.
ABSENT: Pawar.

2. APPROVAL ITEMS

a. Discussion and Consideration of Opening an Account with the County of Ventura and Local Agency Investment Fund (LAIF)

Legal Counsel Campbell reported that the Investment Policy adopted at the last Commission Meeting allows staff to open and manage financial accounts; however, the County and LAIF require that the Commission adopt resolutions authorizing such investments. LAIF will release funds the day after a request, possibly the same day depending on the time and amount of funds requested. The County's policy requires thirty (30) days-notice. If funds are needed sooner the County is willing to work with GCHP; however Staff has not yet obtained the details clarifying that matter.

Chair Araujo asked how much would be placed in each fund. Interim CEO Watson responded that each account has a limit of \$50 million. Interim CFO Meazzo added that approximately \$200 million will be moved out of Rabobank and he will provide a brief overview of the investments during the CFO update.

Legal Counsel Campbell informed the Committee that if other financial institutions require specific resolutions they will be taken forward to the Commission as well.

Committee Member Alatorre asked for additional information regarding the accounts and if the resolutions must be specific to those accounts. Legal Counsel Campbell reported that LAIF is a State of California investment and the County is pooled funds invested in various secured long-term Treasury bills.

Committee Member Pupa moved to recommend the Commission adopt resolutions to open accounts and invest with the County of Ventura and the Local Agency Investment Fund (LAIF). Committee Member Glyer seconded. The motion carried with the following vote:

AYE: Araujo, Glyer and Pupa.
NAY: Alatorre.
ABSTAIN: None.
ABSENT: Pawar.

Committee Member Alatorre stated that he needed additional information before he could support staff's request. Legal Counsel Campbell responded that additional documentation will be provided to the Commission.

3. ACCEPT AND FILE ITEMS

a. CEO Update

Interim CEO Watson presented the update noting that the change in membership is due partly to the fluctuation of members transitioning between Covered CA and Medi-Cal.

In response to Committee Member Pupa's question as to why members are lost, Interim CEO Watson responded that the typical reasons are redetermination; share-of-cost, moving out of the county and other changes in circumstances making them no longer eligible. The Plan typically does not know why the terminations occur. In an attempt to minimize gaps in coverage, GCHP is developing a program in hopes of working with the County to reach out to Members and offer assistance in the redetermination process.

Discussion was held regarding the lag time between an individual qualifying for Medi-Cal and becoming active. Chair Araujo stated that if those individuals are in the hospital and could be released to a skilled nursing facility (SNF) the SNF will not accept them because they are not enrolled in Medi-Cal therefore the patient stays in the hospital. Interim CEO Watson stated that it is an issue for the Plan as well because the care is not managed and from a continuity of care perspective it is a challenge. CMO Reeves added that GCHP worked with an individual in that type of situation, but the Plan could not do anything because the individual was not yet a member. There was a problem with placement so the individual had to stay in the hospital which is the most expensive care setting.

b. CFO Update – January 2015 Financials

Interim CFO Meazzo reported that cash has dramatically increased since November. Due to impacts of new 2015 regulations, Rabobank requested that the Plan move any funds over \$50 million.

Committee Member Glycer stated that he had no problem opening the accounts but asked about the Investment Committee and if they would be reviewing the investment options. Interim CEO Watson explained that the money must be moved without delay, but the Investment Committee could be pulled together and a meeting scheduled.

Interim CFO Meazzo presented the unaudited January, 2015 Financial Statements. He highlighted the year-to-date financial results, membership, revenue and health care costs; as well as the administrative expenses being over budget, primarily due to legal costs related to the investigation being overseen by the Special Investigation Ad Hoc Committee. Interim CFO Meazzo added that the Incurred But Not Reported (IBNR) methodology for the Adult Expansion (AE) population was changed to reflect actual expenses for older periods. In response to Committee Member Pupa's questions, Interim CFO Meazzo stated that the net change was a reduction of \$4.5 million in reserves related to January and February 2014.

In response to Committee Member Glycer's questions, Interim CFO Meazzo confirmed that the prior months were booked to 85% of the AE capitation rates that DHCS reduced by 20% in November.

Interim CFO Meazzo continued the update explaining that \$1.5 million of IBNR claims expense was reclassified to capitation for members covered by Kaiser because they were not being paid the additional rate for those AE members as per their contract. Committee Member Alatorre asked how many Members it involved. Financial Analysis Director Turner responded that at this time Kaiser has approximately 426 members in the AE population. Interim CEO Watson added that in total Kaiser has a little more than 2,500, mostly Targeted Low-Income Children (TLIC) and that the rate is different for Kaiser.

Further discussion was held as to the State required Kaiser contract and that Kaiser was the only provider in the County that received capitation back to January for the AE population. Staff explained further that GCHP retains only 2% of the rate as an administrative fee.

Due to the sharp increase in the pharmacy expense for the AE population, additional reserves are needed until costs are fully understood. Financial Analysis Director Turner added that at previous meetings discussions were held regarding reserves potentially being overstated. Staff revisited the figures and removed any margin in order to be as conservative as possible. The balance sheet reflects the proper overall liability for the AE population. There may be future reclassification between claims and reserves and State payables, but any shifts will be neutral.

Committee Member Alatorre asked how this was booked by other plans. Interim CEO Watson advised the Committee that most plans are not specifically stating how they are addressing this issue. The State adjusted the rates in January and asked Plans to complete an additional AE Rate Development Template (RDT) in March with the expectation that AE rates will be reduced another 15-20%. It has also been suggested that DHCS will likely conduct AE RDT's every 90 days with associated rate adjustments every 90 days to six months due to the difference between the initial rates and the actual medical costs to date. Interim CEO Watson added that newer members are utilizing the services much quicker with a definite upward trend in utilization.

Financial Analysis Director Turner reviewed a graph of each segment of enrollment and the large increase in the percentage of premium being consumed. Interim CEO Watson stated that part of the reason Mercer has not dropped the rates 40% is because the plans expressed their concern because the MLR is increasing. This population is taking more time to go access care as they acclimate to the system.

Committee Member Glycer moved to accept and file the CEO Update and CFO Update-January Financials. Committee Member Pupa seconded.

Committee Member Alatorre asked about the ACA 1202 payments. It was noted that they have been paid through 2013. Controller Maithel stated that \$6.3 million will be paid for 2014.

Committee Member Alatorre inquired about provider incentives and asked what else could be done for providers with the additional monies. Interim CEO Watson responded that staff and Legal Counsel are putting together a document to be sent out to providers requesting information about services they provide that fit into this program. Providers will then be required to submit reports to the Plan showing activities and outcomes of their proposed plan. Legal Counsel Campbell added that it must be for services that providers are not currently contractually obligated to perform. We cannot retroactively increase the fees but could retroactively pay providers starting 2014 for a service that is not currently contractually required. Staff will administer the program after the Commission reviews and approves the program parameters.

As previously noted, Committee Member Glycer moved to accept and file the CEO Update and CFO Update-January Financials. Committee Member Pupa seconded.

AYE: Alatorre, Araujo, Glycer and Pupa.
NAY: None.
ABSTAIN: None.
ABSENT: Pawar.

COMMENTS FROM COMMITTEE MEMBERS

None.

ADJOURNMENT

Meeting adjourned at 4:20 p.m.

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Title: Investment Controls and Procedures	Policy Number: FIN-XXX
Department: Finance	Effective Date:
CEO Approved:	Revised:

Purpose:

The purpose of this document is to identify the processes and controls that are to be followed and implemented to ensure the safety of the investments and funds for Gold Coast Health Plan (GCHP).

Policy:

The investment policy was adopted by GCHP in March, 2015. The investment policy addresses various areas that relate to investment mission, responsibilities, investment safeguards, etc.

Definitions:

N/A

Procedure:

I. Investing and Internal Controls.

A. Investing of Funds.

- i. The Chief Financial Officer (CFO), or in his / her absence the Director of Financial Analysis or the Controller, will decide on the amount(s) to be transferred to any of the banks or pooled accounts (hereinafter referred to as Bank or Banks()) based upon the cash flow. This is for investment planning purposes only and not for authorizing transfers.
- ii. A funds transfer form (either provided by the banks or a generic internal form) is to be completed by staff and signed (authorized) by any of the five (5) signers based upon Procedure I.A.i. above. The individual that completes the wire transfers cannot be the same individual who completes the transfer request form. Example: the CFO completes the request form and the Controller will actuate the fund transfer by wire and by faxing the completed form to the appropriate Bank or fund.

B. Internal Controls

- i. A copy of fund transfer authorizations will be provided to the GCHP Investment Accountant (ICC). The ICC will maintain an historical log (INVEST-1) of all transfer requests and document all confirmation data.
- ii. The ICC will ensure that the transaction has cleared the Bank the following day and note such clearing date on the log. The trade or transfer confirmations will be routed directly to the ICC. The ICC will match all confirmation with the log and attach the confirmation to the transfer request.
- iii. The ICC will provide the information of the transfer to the staff accountant for preparation of journal entries.



Title: Investment Controls and Procedures	Policy Number: FIN-XXX
Department: Finance	Effective Date:
CEO Approved:	Revised:

- iv. Monthly statements for the pooled funds and new bank accounts will be sent to the CFO who will initial the statements and route it to the ICC. The ICC will scan and save the statement in the appropriate Finance Department electronic file. If electronic Bank statements are available, the ICC will download the statements and forward them to the CFO. The CFO will place his / her electronic signature on the statement as “viewed” and save in the appropriate Finance Department electronic file. The ICC will only have “view” capabilities with the banks and not transaction authority. The ICC will perform monthly reconciliations between the general ledger and the statements received by the banks.
- v. The ICC will maintain an investment schedule and provide the accountant with the investment income and realized and unrealized capital gains and losses
- vi. The Director of Financial Analysis or CFO will each review the reconciliation prepared by the ICC with the Bank statements as well as to the log of fund transfers INVEST-1 on a monthly basis.

II. Banking controls.

- A. All Banks (other than Rabobank) have been instructed to:
 - i. Transfer funds **only** to Rabobank. Prohibit transfer of funds to any other Bank for any reason.
 - ii. Prohibit the use of paper checks for any Bank account other than Rabobank.
 - iii. Prohibit anyone to set up or pay any payees / vendors
 - iv. Prohibit the transfer of funds to any other entity
 - v. Send an email of **any** transaction to the CFO and the CEO
- B. Rabobank will be used as the clearing bank for all funds to be invested with any Bank.
 - i. There have been no alterations or changes to current procedures on record for Rabobank in regard to claims payment, payroll etc. Any transfer in excess of \$7 million at Rabobank, triggers a call from the bank to the CFO to validate the transfer.

III. Finance management of investment Transactions.

Finance will maintain all documents containing information relative to bank and pooled funds contact information, cash flows (short and long term availability of funds) and other management and reference information.

IV. Monitoring of pooled investment



Title: Investment Controls and Procedures	Policy Number: FIN-XXX
Department: Finance	Effective Date:
CEO Approved:	Revised:

The Finance Department will monitor the valuation of investment on a monthly basis. The money market and similar deposits will not fluctuate in value and quoted at par. Other pooled investments will be quoted at a market value per share and will experience unrealized and realized capital gains and losses.

V. Reporting

Finance will provide investment reports on a monthly basis with semi-annual and yearly recaps, a list of reports to be used as internal and external review of the portfolio including:

- A. List of investments and funds by:
 - i. Bank
 - ii. Pooled funds
 - iii. Individual securities
- B. Provide roll forward schedule of investment deposits and investment portfolio, including cost basis, market value, realized and unrealized gain and losses, current yields, yields to maturity (individual investments).

Attachments:

REQUEST TO TRANSFER FUNDS (COMPLETE PROVIDED FORMS) FORM INVEST-1														DATE	BY	CONFIRM	DOCUMENT
TRANSACTION DATE	BANKS	RABOBANK	BANK OF THE WEST	MANUFACTURERS BANK	HERITAGE OAKS BANK	TOTAL BANKS	POOLED INVESTMENTS	WELLS FARGO - CALTRUST - SHORT TERM	WELLS FARGO - CALTRUST - MEDIUM TERM	CALIFORNIA STATE TREASURER - LAIF	COUNTY OF VENTURA	TOTAL POOLED	GRAND TOTAL	TRANSFERR		ATION N.	N.
3/25/2015		(50,000,000)						50,000,000									

BANKS	RABOBANK	BANK OF THE WEST	MANUFACTURERS BANK	HERITAGE OAKS BANK	CALTRUST	CALIFORNIA STATE TREASURER	COUNTY OF VENTURA
RABOBANK							
BANK OF THE WEST							
MANUFACTURERS BANK							
HERITAGE OAKS BANK							
POOLED INVESTMENTS							
CALTRUST							
CALIFORNIA STATE TREASURER							
COUNTY OF VENTURA							
ALLOWED TO TRANSFER							
NOT ALLOWED TO TRANSFER							

References:

MONEY MARKET

<http://www.caltrust.org/>

CALIFORNIA STATE TREASURER – LAIF

<http://www.treasurer.ca.gov/pmia-laif/laif.asp>

COUNTY OF VENTURA



Title: Investment Controls and Procedures	Policy Number: FIN-XXX
Department: Finance	Effective Date:
CEO Approved:	Revised:

<http://www.ventura.org/ttc/report-of-investments-fy-2014-2016>

Revision History:

Review Date	Revised Date	Approved By

AGENDA 3a

To: Gold Coast Health Plan Executive Finance Committee

From: John Meazzo, Interim Chief Financial Officer

Date: April 2, 2015

Re: February 2015 Financials

SUMMARY:

Staff is presenting the attached February 2015 financial statements (unaudited) of Gold Coast Health Plan (Plan) for review by the Executive / Finance Committee. The Plan requests that the Executive / Finance Committee recommend approval of these financials to the Commission.

BACKGROUND / DISCUSSION:

The Plan staff has prepared the February 2015 financial package, including balance sheet, statement of cash flows and income statements.

FISCAL IMPACT:

Highlights of Year-To-Date Financial Results:

On a year-to-date basis through February, the Plan's unrestricted net asset is approximately \$47.4 million compared to the \$11.9 million budget. These operating results have contributed to a Tangible Net Equity (TNE) level of approximately \$87.2 million, which exceeds both the budget of \$44.3 million by \$42.9 million and the State minimum required TNE amount of \$24 million by \$63.2 million. As in prior reports, the Plan's TNE amount includes \$7.2 million County of Ventura lines of credit. The February TNE was 364% of the State required TNE, but 136% below the average 6 County Organized Health Systems of 500%.

Highlights of February Financial Results:

Membership - February membership of 181,458 exceeded budget by 17,546 members. The majority of the growth was in the Adult Expansion (AE) category, accounting for approximately 75% of the total growth in membership.

Revenue - February net revenue was \$45.0 million or \$6.1 million below the budgeted amount of \$51.1 million. The variance was primarily due to a \$13.9 million revenue reduction related to the AE claims reserve reduction mentioned below. The revenue reduction was necessary to maintain a medical loss ratio (MLR) of 85% for this group. The reduction was partially offset by

the recognition of \$3.3 million in ACA 1202 revenue. (The corresponding health care cost was recorded as well.) Growth in membership with higher capitation rates (Adult Expansion) also helped to offset the reduction. On a PMPM basis, net revenue was \$248.25, or \$63.63 under the budget of \$311.87.

Health Care Costs – February health care costs were \$36.2 million or approximately \$10.6 million below budget. On a PMPM basis, reported health care costs for February were \$199.28 compared to a budgeted amount of \$285.35. The positive variance is largely due to the release of certain claims reserves connected to the AE population. Other highlights include:

- Capitation – Higher than budget by \$0.6 million, mainly due to higher than anticipated members being covered by capitated providers. Also included are the AE members recently designated as covered by the Kaiser capitation agreement, but not contemplated in the budget.
- Outpatient – Utilization increases were noted in the Disabled category, but are somewhat offset by lower rates in Inpatient services. For example, recent PMPMs for Outpatient services increased year over year by about 5% while Inpatient rates decreased by approximately 8% for this population. Outpatient services for the Adult and Child categories were also higher, but these increases were largely volume driven (more membership).
- LTC / SNF – An additional accrual for AB 1629 rate increases was again included for Long Term Care (LTC) facilities. New rates were published by the Department of Health Care Services (DHCS) in late January. However, a recent announcement by DHCS indicated that the rates contained errors, and a revision date has not been communicated. In addition, LTC services were higher in February for the Aged Dual and LTC Dual categories.
- Pharmacy – Lower than expected utilization in the AE category, again contributed to savings of approximately \$4.5 million. Last month, Pharmacy costs appeared to be gaining momentum. On a PMPM basis, January AE Pharmacy was \$51.77 as compared to \$45.50 in December, and \$41.54 in November. February Pharmacy costs have moderated somewhat, now at \$46.57 PMPM.
- Physician ACA 1202 – The final portion of the ACA 1202 Physician increase was recognized in February in the amount of \$3.2 million. \$2.9 million was paid in March 2015 and an additional amount of \$2.7 million was calculated for payment.
- Adult Expansion Reserve – Approximately \$3.7 million related to March 2014 was released pursuant to the planned IBNP alignment methodology disclosed in the prior month. Additional reserves of \$9.7 million, which would have been added for February 2015 under the previous book-to-budget method, were disregarded to avoid increasing the AE reserve balance. The release and avoidance of these reserves affected most categories of service. In January 2015 the Plan initiated a measured and prudent convergence strategy which will gradually move AE claims reserves from the State rate methodology (85% of capitation revenue) to the traditional IBNR model. A proxy of similar Aid categories was used for the AE population to develop model completion factors. These modeled completion factor

percentages were applied to AE claims data as an alternate method of claims development. Based on this analysis claims aged one year or more were deemed complete or nearly complete and excess reserves were released. In addition, the budget rates for the near months (less than one year old) will be systematically reduced to avoid adding new reserves while maintaining the 85% MLR.

- Administrative Expenses - For the month of February, overall operational costs were \$3.1 million or \$85,000 over budget. Higher than budgeted legal fees and outside services were offset by positive variance due to lower personnel and related personnel expenses. The following were the primary contributors to the large variances:
- Outside Services (ACS / Xerox and Beacon Health Strategies) – over budget by \$119,000 due to growth in membership.
- Legal Fees – over budget by \$256,000 due to continued legal services and ongoing services associated with the investigation being overseen by the Special Investigation Ad Hoc Committee. Year to date legal expenses of \$1.86 million exceeded the budget by \$1.60 million.
- Consulting – under budget by \$120,000 due to increase use of in-house services and delays in budgeted projects.
- Advertising and Promotion – under budget by \$110,000 due to timing differences in Outreach program implementation.

Cash + Medi-Cal Receivable – The total of Cash and Medi-Cal Premium Receivable balances of \$346 million reported as of February 28, 2015. This total includes pass-through payments for Managed Care Organizations (MCO) tax of \$1 million and AB 85 of \$5.8 million. Excluding the impact of the pass through amount, the total of Cash and Medi-Cal Receivable balance as of February 28, 2015 was \$339 million or \$172.4 million better than the budgeted level of \$166.3 million.

Investment Portfolio - The investment Committee held its first meeting on March 27, 2015. The committee:

- Approved the Investment Committee Charter
- Approved investment of \$5000 for investment advisor professional fees (approximately 25 hours). The advisor services will be to provide an independent review of the investment policy; Investment Committee responsibilities and allocation of funds
- Approved the CFO to Chair the Investment Committee and the members as follows:
 - John Meazzo, Chair
 - Dee Pupa, Member
 - Lyndon Turner, Director of Financial Analysis, Member
 - Allen Maithel, Controller, Member
 - Open for investment advisor

- Agreed that based upon the level of investment management at the pooled fund accounts and the low yield on investments, an advisor to manage the investments would not be warranted at this time.

RECOMMENDATION:

Staff requests that the Executive / Finance Committee recommend approval of the February 2015 financial package to the Commission.

CONCURRENCE:

N/A

Attachments:

February 2015 Financial Package



FINANCIAL PACKAGE

For the month ended February 28, 2015

TABLE OF CONTENTS

- Financial Overview
- Membership
- Statement of Financial Positions
- Statement of Revenues, Expenses and Changes in Net Assets
- YTD Statement of Revenues, Expenses and Changes in Net Assets
- Monthly Cash Flow
- YTD Cash Flow

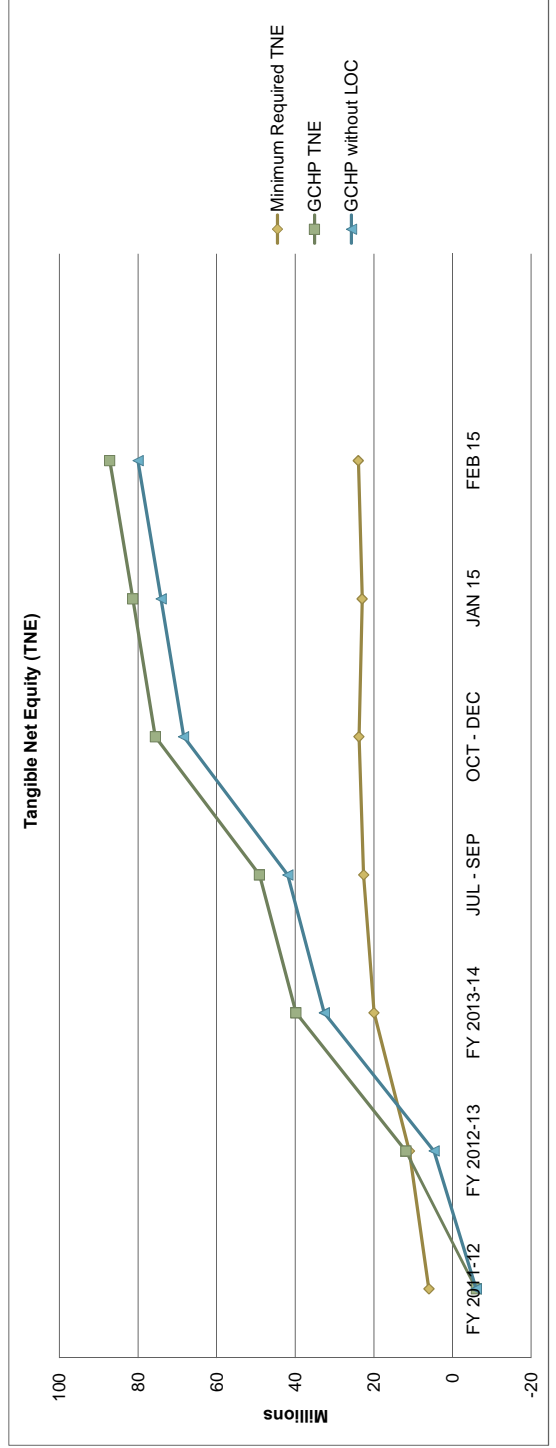
APPENDIX

- Cash Trend Combined
- Paid Claims and IBNP Composition
- Total Expense Composition
- Pharmacy Cost & Utilization Trends

GOLD COAST HEALTH PLAN
Financial Results Summary

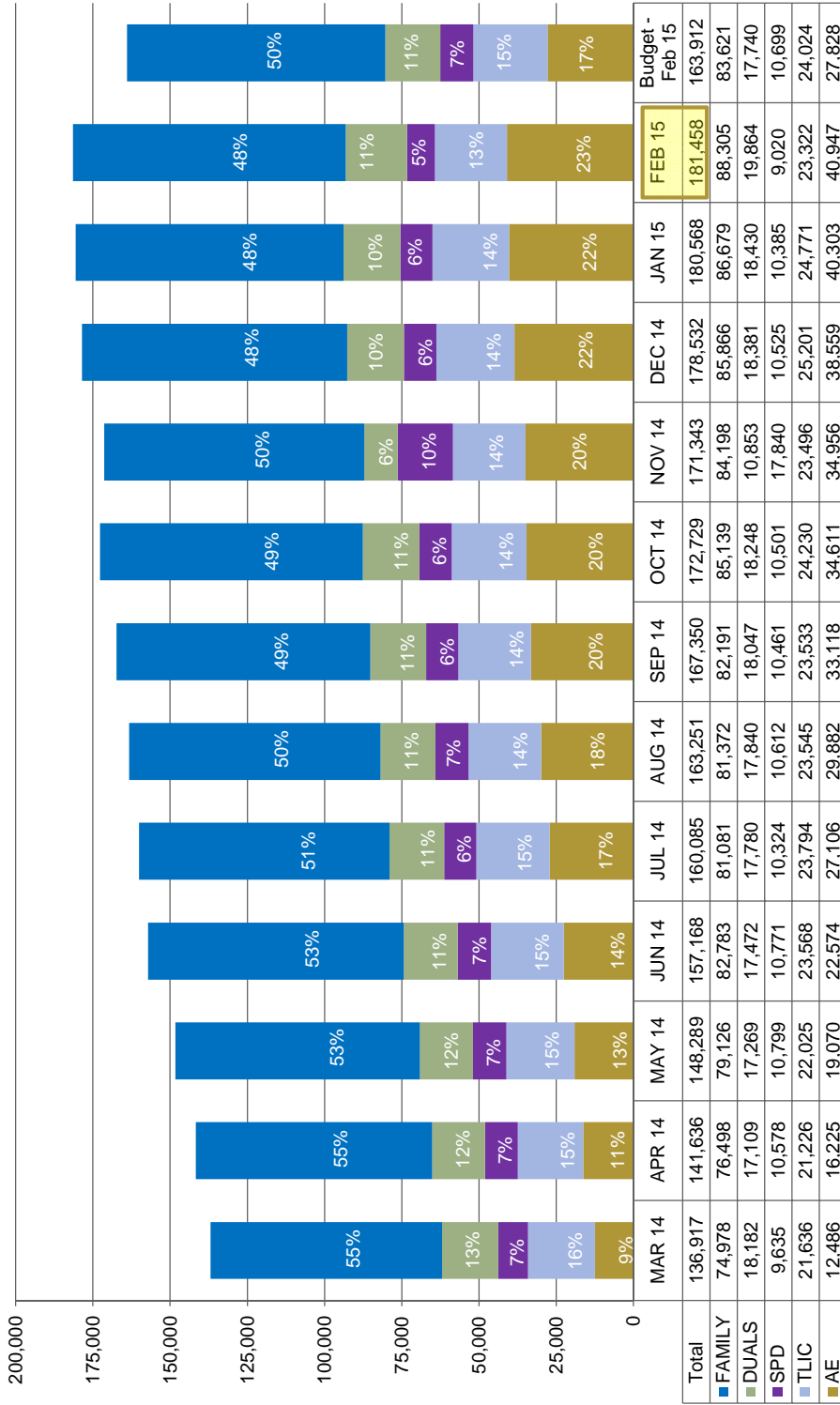
Description	AUDITED*				UNAUDITED				FY 2014 - 15				Budget Comparison	
	FY 2011-12	FY 2012-13	FY 2012-13	FY 2013-14	FY 2013-14	JUL - SEP	OCT - DEC	JAN 15	FEB 15	Budget Feb 15	Variance Fav / (Unfav)	Variance Fav / (Unfav) %		
Member Months	1,258,189	1,223,895	1,223,895	1,553,660	1,553,660	490,686	522,604	180,568	181,458	163,912	17,546	10.7%		
Revenue	304,635,932	315,119,611	315,119,611	423,995,809	423,995,809	158,761,380	142,036,566	37,959,896	45,092,826	51,137,714	(6,044,888)	(11.8)%		
<i>pmpm</i>	242.12	257.47	257.47	272.90	272.90	323.55	271.79	210.22	248.50	311.98	(63.48)	(20.3)%		
Health Care Costs	287,353,672	280,382,704	280,382,704	369,321,385	369,321,385	141,486,486	106,577,061	29,428,716	36,161,087	46,772,544	10,611,456	22.7%		
<i>pmpm</i>	228.39	229.09	229.09	237.71	237.71	288.34	203.93	162.98	199.28	285.35	86.07	30.2%		
% of Revenue	94.3%	89.0%	89.0%	87.1%	87.1%	89.1%	75.0%	77.5%	80.2%	91.5%	11.3%	12.3%		
Admin Exp	18,891,320	24,013,927	24,013,927	26,751,533	26,751,533	7,994,304	8,969,982	2,802,558	3,069,186	2,986,531	(82,656)	(2.8)%		
<i>pmpm</i>	15.01	19.62	19.62	17.22	17.22	16.29	17.16	15.52	16.91	18.22	1.31	7.2%		
% of Revenue	6.2%	7.6%	7.6%	6.3%	6.3%	5.0%	6.3%	7.4%	6.8%	5.8%	-1.0%	(16.5)%		
Total Increase / (Decrease) in Unrestricted Net Assets	(1,609,063)	10,722,980	10,722,980	27,922,891	27,922,891	9,280,590	26,489,523	5,728,622	5,862,553	1,378,640	4,483,913	325.2%		
<i>pmpm</i>	(1.28)	8.76	8.76	17.97	17.97	18.91	50.69	31.73	32.31	8.41	23.90	284.1%		
% of Revenue	-0.5%	3.4%	3.4%	6.6%	6.6%	5.8%	18.6%	15.1%	13.0%	2.7%	10.3%	382.2%		
YTD														
100% TNE	16,769,368	16,138,440	16,138,440	19,964,221	19,964,221	22,600,707	23,789,982	22,974,997	23,957,363	25,492,695	(1,535,332)	(6.0)%		
% TNE Required	36%	68%	68%	100%	100%	100%	100%	100%	100%	100%				
Minimum Required TNE	6,036,972	10,974,139	10,974,139	19,964,221	19,964,221	22,600,707	23,789,982	22,974,997	23,957,363	25,492,695	(1,535,332)	(6.0)%		
GCHP TNE	(6,031,881)	11,891,099	11,891,099	39,813,991	39,813,991	49,094,581	76,584,104	81,312,726	87,175,279	44,268,594	42,906,685	96.9%		
TNE Excess / (Deficiency)	(12,068,853)	916,960	916,960	19,849,770	19,849,770	26,493,874	51,794,122	58,337,729	63,217,916	18,775,999	44,442,017	236.7%		
% of Required TNE level		199%	199%	163%	163%	185%	287%	354%	364%	174%				
% of Required TNE level (excluding \$7.2 million LOC)														

Note: TNE amount includes \$7.2 million related to the Lines of Credit (LOC) from Ventura County.
* Audited amounts reflect financial adjustments made by auditors, but exclude presentation reclassifications without P&L impact (i.e. reporting package kept the same).



GOLD COAST HEALTH PLAN

Membership - Rolling 12 Month



SPD = Seniors and Persons with Disabilities TLIC = Targeted Low Income Children AE = Adult Expansion

Note: Beginning in Apr 14 actual membership reflects new Dual definition as implement by DHCS. Prior months have not been restated.

Statements of Financial Position

	02/28/15	01/31/15	Unaudited FY 2013-14
ASSETS			
Current Assets:			
Total Cash and Cash Equivalents	\$ 278,626,873	\$ 239,657,138	\$ 60,176,698
Medi-Cal Receivable*	66,951,446	74,409,090	114,632,056
Provider Receivable	838,001	820,896	395,129
Other Receivables	172,085	171,748	1,821,475
Total Accounts Receivable	67,961,532	75,401,733	116,848,660
Total Prepaid Accounts	986,764	966,574	994,278
Total Other Current Assets	81,702	81,702	81,719
Total Current Assets	347,656,871	316,107,147	178,101,355
Total Fixed Assets	1,111,807	1,031,857	1,163,269
Total Assets	\$ 348,768,677	\$ 317,139,004	\$ 179,264,625
LIABILITIES & NET ASSETS			
Current Liabilities:			
Incurring But Not Reported	\$ 132,199,095	\$ 132,779,110	\$ 92,710,021
Claims Payable	11,250,773	10,793,549	9,482,660
Capitation Payable	4,873,728	4,482,814	2,054,265
Physician ACA 1202 Payable	17,294,099	14,159,185	12,765,516
AB 85 Payable	5,795,708	4,816,682	1,245,284
Accounts Payable	1,844,584	307,017	2,875,709
Accrued ACS	1,348,519	1,340,286	0
Accrued Expenses	1,121,154	1,341,791	748,120
Accrued Premium Tax	1,018,265	1,620,132	15,775,120
Accrued Interest Payable	60,770	57,655	42,062
Current Portion of Deferred Revenue	460,000	460,000	460,000
Accrued Payroll Expense	708,123	627,193	760,032
Total Current Liabilities	177,974,818	172,785,415	138,918,788
Long-Term Liabilities			
DHCS - Reserve for Capitation Recoup	83,120,415	62,538,709	0
Other Long-term Liability-Deferred Rent	344,832	310,488	71,845
Deferred Revenue - Long Term Portion	153,333	191,667	460,000
Notes Payable	7,200,000	7,200,000	7,200,000
Total Long-Term Liabilities	90,818,581	70,240,864	7,731,845
Total Liabilities	268,793,398	243,026,278	146,650,634
Net Assets:			
Beginning Net Assets	32,613,991	32,613,991	4,691,101
Total Increase / (Decrease in Unrestricted Net Assets)	47,361,288	41,498,735	27,922,890
Total Net Assets	79,975,279	74,112,726	32,613,991
Total Liabilities & Net Assets	\$ 348,768,677	\$ 317,139,004	\$ 179,264,625

FINANCIAL INDICATORS

Current Ratio	1.95 : 1	1.83 : 1	1.28 : 1
Days Cash on Hand	213	223	34
Days Cash + State Capitation Rec	264	292	100
Days Cash + State Capitation Rec (less Tax Liab)	263	291	91

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	FY 2014-15 Monthly Trend			Current Month		
	NOV 14	DEC 14	JAN 15	FEB 15		Variance Fav / (Unfav)
				Actual	Budget	
Membership (includes retro members)	171,343	178,532	180,568	181,458	163,912	17,546
Revenue:						
Premium	\$ 64,766,272	\$ 67,600,543	\$ 57,987,902	\$ 60,901,975	\$ 53,175,623	\$ 7,726,352
Reserve for Rate Reduction	(36,753,996)	(7,222,493)	(18,562,220)	(13,980,481)	0	(13,980,481)
MCO Premium Tax	(2,550,172)	(930,197)	(1,552,396)	(1,913,763)	(2,093,790)	180,027
Total Net Premium	25,462,104	59,447,852	37,873,286	45,007,731	51,081,833	(6,074,102)
Other Revenue:						
Miscellaneous Income	38,333	68,651	38,333	38,333	38,333	(0)
Total Other Revenue	38,333	68,651	38,333	38,333	38,333	(0)
Total Revenue	25,500,437	59,516,503	37,911,620	45,046,064	51,120,166	(6,074,103)
Medical Expenses:						
<u>Capitation (PCP, Specialty, Kasier, NEMT & Vision)</u>	2,932,938	3,004,545	4,913,161	3,459,155	2,814,913	(644,242)
FFS Claims Expenses:						
Inpatient	(3,366,301)	10,389,370	6,798,007	4,843,204	10,541,724	5,698,520
LTC / SNF	8,603,699	9,058,853	5,668,717	10,126,507	7,582,483	(2,544,024)
Outpatient	154,989	4,421,489	2,102,800	2,533,435	2,765,512	232,077
Laboratory and Radiology	(658,499)	1,239,938	407,913	46,028	842,791	796,763
Physician ACA 1202	0	4,942,182	0	3,134,914	0	(3,134,914)
Emergency Room	(526,608)	1,773,425	1,748,011	1,042,118	1,634,308	592,190
Physician Specialty	1,150,877	4,232,969	2,992,152	1,791,663	3,394,856	1,603,193
Primary Care Physician	263,568	3,187,156	2,395,610	673,648	2,712,474	2,038,826
Home & Community Based Services	1,315,061	1,429,964	1,689,076	775,691	835,715	60,024
Applied Behavior Analysis Services	0	392	532	8,265	0	(8,265)
Mental Health Services	464,368	642,434	890,605	415,979	772,329	356,350
Pharmacy	4,772,776	5,436,966	6,101,836	5,532,105	9,987,699	4,455,593
Adult Expansion Reserve	0	(3,500,000)	(8,100,000)	0	0	0
Other Medical Professional	(64,226)	409,206	170,093	111,261	285,034	173,773
Other Medical Care	0	38	387	0	0	0
Other Fee For Service	(3,254,779)	1,744,277	437,370	250,180	960,209	710,029
Transportation	58,244	792,920	206,816	75,730	334,964	259,234
Total Claims	8,913,169	46,201,577	23,509,925	31,360,727	42,650,098	11,289,371
Medical & Care Management Expense	911,817	1,075,547	1,058,868	1,016,692	1,107,559	90,868
Reinsurance	471,741	(206,923)	441,960	502,015	199,973	(302,042)
Claims Recoveries	(374,663)	872,871	(495,199)	(177,502)	0	177,502
Sub-total	1,008,895	1,741,495	1,005,629	1,341,205	1,307,533	(33,672)
Total Cost of Health Care	12,855,002	50,947,617	29,428,716	36,161,087	46,772,544	10,611,456
Contribution Margin	12,645,435	8,568,886	8,482,904	8,884,977	4,347,623	4,537,355
General & Administrative Expenses:						
Salaries and Wages	587,651	724,287	673,399	711,273	843,621	132,348
Payroll Taxes and Benefits	151,578	265,074	212,026	189,329	233,503	44,174
Travel and Training	8,957	9,763	4,732	10,869	11,893	1,024
Outside Service - ACS	1,331,496	1,370,254	1,342,906	1,349,555	1,230,389	(119,166)
Outside Services - Other	136,226	143,598	140,431	151,651	154,144	2,493
Accounting & Actuarial Services	37,386	10,000	10,000	14,585	0	(14,585)
Legal	355,504	378,862	169,276	289,180	33,333	(255,847)
Insurance	16,863	18,265	16,863	33,940	14,583	(19,357)
Lease Expense - Office	63,048	63,318	67,130	64,785	64,354	(431)
Consulting Services	5,420	9,194	12,434	12,475	133,066	120,591
Translation Services	10,895	401	4,125	3,990	7,083	3,093
Advertising and Promotion	5,684	147	5,237	2,057	112,839	110,782
General Office	125,251	87,687	85,544	182,426	92,627	(89,799)
Depreciation & Amortization	16,530	16,530	16,530	16,530	26,388	9,858
Printing	739	0	21,486	1,089	12,365	11,276
Shipping & Postage	1,362	17,239	2,088	22,696	1,342	(21,354)
Interest	26,385	15,949	17,143	9,641	15,000	5,359
Total G & A Expenses	2,880,974	3,130,570	2,801,351	3,066,071	2,986,531	(79,541)
Total Operating Gain / (Loss)	9,764,461	5,438,317	5,681,553	5,818,906	1,361,092	4,457,814
Non Operating						
Revenues - Interest	37,734	47,435	48,276	46,762	17,548	29,214
Expenses - Interest	2,675	1,746	1,207	3,115	0	(3,115)
Total Non-Operating	35,059	45,690	47,070	43,647	17,548	26,099
Total Increase / (Decrease) in Unrestricted Net Assets	9,799,520	5,484,006	5,728,622	5,862,553	1,378,640	4,483,913
Full Time Employees				150	169	19

PMPM Statement of Revenues, Expenses and Changes in Net Assets

	NOV 14	DEC 14	JAN 15	FEB 15		Variance
				Actual	Budget	Fav / (Unfav)
Membership (includes retro members)	171,343	178,532	180,568	181,458	163,912	17,545.61
Revenue:						
Premium	377.99	378.65	321.14	335.63	324.41	11.21
Reserve for Rate Reduction	(214.51)	(40.45)	(102.80)	(77.05)	0.00	(77.05)
MCO Premium Tax	(14.88)	(5.21)	(8.60)	(10.55)	(12.77)	2.23
Total Net Premium	148.60	332.98	209.75	248.03	311.64	(63.61)
Other Revenue:						
Interest Income	0.00	0.00	0.00	0.00	0.00	0.00
Miscellaneous Income	0.22	0.38	0.21	0.21	0.23	(0.02)
Total Other Revenue	0.22	0.38	0.21	0.21	0.23	(0.02)
Total Revenue	148.83	333.37	209.96	248.25	311.87	(63.63)
Medical Expenses:						
<u>Capitation (PCP, Specialty, Kasier, NEMT & Vision)</u>	17.12	16.83	27.21	19.06	17.17	(1.89)
<u>FFS Claims Expenses:</u>						
Inpatient	(19.65)	58.19	37.65	26.69	64.31	37.62
LTC / SNF	50.21	50.74	31.39	55.81	46.26	(9.55)
Outpatient	0.90	24.77	11.65	13.96	16.87	2.91
Laboratory and Radiology	(3.84)	6.95	2.26	0.25	5.14	4.89
Physician ACA 1202	0.00	27.68	0.00	17.28	0.00	(17.28)
Emergency Room	(3.07)	9.93	9.68	5.74	9.97	4.23
Physician Specialty	6.72	23.71	16.57	9.87	20.71	10.84
Primary Care Physician	1.54	17.85	13.27	3.71	16.55	12.84
Home & Community Based Services	7.68	8.01	9.35	4.27	5.10	0.82
Applied Behavior Analysis Services	0.00	0.00	0.00	0.05	0.00	(0.05)
Mental Health Services	2.71	3.60	4.93	2.29	4.71	2.42
Pharmacy	27.86	30.45	33.79	30.49	60.93	30.45
Adult Expansion Reserve	0.00	(19.60)	(44.86)	0.00	0.00	0.00
Other Medical Professional	(0.37)	2.29	0.94	0.61	1.74	1.13
Other Medical Care	0.00	0.00	0.00	0.00	0.00	0.00
Other Fee For Service	(19.00)	9.77	2.42	1.38	5.86	4.48
Transportation	0.34	4.44	1.15	0.42	2.04	1.63
Total Claims	52.02	258.79	130.20	172.83	260.20	87.37
Medical & Care Management Expense	5.32	6.02	5.86	5.60	6.76	1.15
Reinsurance	2.75	(1.16)	2.45	2.77	1.22	(1.55)
Claims Recoveries	(2.19)	4.89	(2.74)	(0.98)	0.00	0.98
Sub-total	5.89	9.75	5.57	7.39	7.98	0.59
Total Cost of Health Care	75.02	285.37	162.98	199.28	285.35	86.07
Contribution Margin	73.80	48.00	46.98	48.96	26.52	22.44
General & Administrative Expenses:						
Salaries and Wages	3.43	4.06	3.73	3.92	5.15	1.23
Payroll Taxes and Benefits	0.88	1.48	1.17	1.04	1.42	0.38
Travel and Training	0.05	0.05	0.03	0.06	0.07	0.01
Outside Service - ACS	7.77	7.68	7.44	7.44	7.51	0.07
Outside Services - Other	0.80	0.80	0.78	0.84	0.94	0.10
Accounting & Actuarial Services	0.22	0.06	0.06	0.08	0.00	(0.08)
Legal	2.07	2.12	0.94	1.59	0.20	(1.39)
Insurance	0.10	0.10	0.09	0.19	0.09	(0.10)
Lease Expense - Office	0.37	0.35	0.37	0.36	0.39	0.04
Consulting Services	0.03	0.05	0.07	0.07	0.81	0.74
Translation Services	0.06	0.00	0.02	0.02	0.04	0.02
Advertising and Promotion	0.03	0.00	0.03	0.01	0.69	0.68
General Office	0.73	0.49	0.47	1.01	0.57	(0.44)
Depreciation & Amortization	0.10	0.09	0.09	0.09	0.16	0.07
Printing	0.00	0.00	0.12	0.01	0.08	0.07
Shipping & Postage	0.01	0.10	0.01	0.13	0.01	(0.12)
Interest	0.15	0.09	0.09	0.05	0.09	0.04
Total G & A Expenses	16.81	17.54	15.51	16.90	18.22	1.32
Total Operating Gain / (Loss)	56.99	30.46	31.46	32.07	8.30	23.76
Non Operating						
Revenues - Interest	0.22	0.27	0.27	0.26	0.11	0.15
Expenses - Interest	0.02	0.01	0.01	0.02	0.00	(0.02)
Total Non-Operating	0.20	0.26	0.26	0.24	0.11	0.13
Unrestricted Net Assets	57.19	30.72	31.73	32.31	8.41	23.90

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For Eight Months Ended February 28, 2015

	FEB 15 Year-To-Date		Variance Fav / (Unfav)
	Actual	Budget	
Membership (includes retro members)	1,375,316	1,281,294	94,022
Revenue			
Premium	\$ 475,516,757	\$ 403,930,998	\$ 71,585,759
Reserve for Rate Reduction	(76,519,190)	0	(76,519,190)
MCO Premium Tax	(15,776,768)	(15,904,783)	128,015
Total Net Premium	383,220,798	388,026,215	(4,805,416)
Other Revenue:			
Miscellaneous Income	336,985	306,664	30,321
Total Other Revenue	336,985	306,664	30,321
Total Revenue	383,557,783	388,332,879	(4,775,096)
Medical Expenses:			
<u>Capitation (PCP, Specialty, Kaiser, NEMT & Vision)</u>	25,183,665	21,605,329	(3,578,335)
<u>FFS Claims Expenses:</u>			
Inpatient	63,580,683	79,242,164	15,661,481
LTC / SNF	69,925,406	60,132,485	(9,792,921)
Outpatient	21,798,738	20,961,974	(836,764)
Laboratory and Radiology	4,706,106	6,066,680	1,360,574
Physician ACA 1202	8,077,096	0	(8,077,096)
Emergency Room	10,299,696	12,257,242	1,957,546
Physician Specialty	22,767,920	25,891,301	3,123,380
Primary Care Physician	16,552,269	20,063,405	3,511,136
Home & Community Based Services	10,635,427	6,678,389	(3,957,038)
Applied Behavior Analysis Services	9,189	0	(9,189)
Mental Health Services	4,579,347	5,967,481	1,388,135
Pharmacy	43,949,226	72,101,885	28,152,659
Adult Expansion Reserve	(8,100,000)	0	8,100,000
Other Medical Professional	1,772,095	2,129,460	357,366
Other Medical Care	756	0	(756)
Other Fee For Service	5,863,574	7,424,077	1,560,503
Transportation	2,086,544	2,452,539	365,995
Total Claims	278,504,068	321,369,080	42,865,012
Medical & Care Management Expense	8,117,207	8,521,677	404,470
Reinsurance	2,634,062	1,563,179	(1,070,882)
Claims Recoveries	(785,652)	0	785,652
Sub-total	9,965,617	10,084,856	119,239
Total Cost of Health Care	313,653,350	353,059,266	39,405,916
Contribution Margin	69,904,433	35,273,613	34,630,820
General & Administrative Expenses:			
Salaries and Wages	5,402,583	6,547,477	1,144,894
Payroll Taxes and Benefits	1,571,164	1,734,893	163,729
Travel and Training	85,661	185,974	100,314
Outside Service - ACS	10,515,670	9,629,180	(886,490)
Outside Services - Other	1,028,270	1,104,765	76,495
Accounting & Actuarial Services	129,226	250,000	120,774
Legal	1,859,194	266,666	(1,592,528)
Insurance	156,861	116,667	(40,195)
Lease Expense - Office	511,821	514,832	3,011
Consulting Services	238,143	999,814	761,671
Translation Services	35,064	56,664	21,600
Advertising and Promotion	17,250	207,872	190,622
General Office	847,066	1,279,981	432,915
Depreciation & Amortization	128,170	188,850	60,680
Printing	62,824	148,662	85,838
Shipping & Postage	70,115	153,362	83,247
Interest	131,162	120,000	(11,162)
Total G & A Expenses	22,790,244	23,505,658	715,415
Total Operating Gain / (Loss)	\$ 47,114,189	\$ 11,767,955	\$ 35,346,235
Non Operating			
Revenues - Interest	292,886	133,297	159,588
Expenses - Interest	45,787	0	(45,787)
Total Non-Operating	247,099	133,297	113,801
Total Increase / (Decrease) in Unrestricted Net Assets	47,361,288	11,901,252	35,460,036
Net Assets, Beginning of Year	32,613,991		
Net Assets, End of Year	79,975,279		

Statement of Cash Flows - Monthly

	FEB 15	JAN 15	DEC 14
Cash Flow From Operating Activities			
Collected Premium	\$ 75,979,999	\$ 65,158,436	\$ 76,497,908
Miscellaneous Income	46,762	48,276	47,435
State Pass Through Funds	9,450,060	2,598,890	1,619,462
<u>Paid Claims</u>			
Medical & Hospital Expenses	(22,042,511)	(22,846,193)	(26,863,207)
Pharmacy	(6,738,450)	(6,128,544)	(5,297,236)
Capitation	(3,068,241)	(2,997,785)	(2,939,560)
Reinsurance of Claims	(502,015)	(487,795)	(476,754)
State Pass Through Funds Distributed	(9,701,452)	(2,811,581)	(1,234,422)
Paid Administration	(1,729,687)	(4,626,082)	(3,518,102)
MCO Tax Received / (Paid)	(2,614,091)	(3,969,326)	(5,327,887)
Net Cash Provided / (Used) by Operating Activities	39,080,373	23,938,297	32,507,638
Cash Flow From Investing/Financing Activities			
Net Acquisition of Property / Equipment	(110,638)	(12,875)	0
Net Cash Provided / (Used) by Investing / Financing	(110,638)	(12,875)	0
Net Cash Flow	\$ 38,969,735	\$ 23,925,422	\$ 32,507,638
Cash and Cash Equivalents (Beg. of Period)	239,657,138	215,731,716	183,224,078
Cash and Cash Equivalents (End of Period)	278,626,873	239,657,138	215,731,716
	\$ 38,969,735	\$ 23,925,422	\$ 32,507,638
Adjustment to Reconcile Net Income to Net Cash Flow			
Net (Loss) Income	5,862,553	5,728,622	5,484,006
Depreciation & Amortization	30,689	30,689	30,689
Decrease / (Increase) in Receivables	7,440,201	4,671,870	7,914,675
Decrease / (Increase) in Prepaids & Other Current Assets	(20,190)	70,705	95,643
(Decrease) / Increase in Payables	5,523,148	(43,607,863)	10,245,526
(Decrease) / Increase in Other Liabilities	20,577,717	62,534,720	(4,284)
Change in MCO Tax Liability	(601,867)	(2,219,500)	(4,306,255)
Changes in Claims and Capitation Payable	848,138	4,512,479	1,254,427
Changes in IBNR	(580,015)	(7,783,425)	11,793,211
	39,080,373	23,938,297	32,507,638
Net Cash Flow from Operating Activities	\$ 39,080,373	\$ 23,938,297	\$ 32,507,638

Statement of Cash Flows - YTD

	<u>FEB 15</u>
Cash Flow From Operating Activities	
Collected Premium	\$ 533,673,160
Miscellaneous Income	292,886
State Pass Through Funds	45,291,888
<u>Paid Claims</u>	
Medical & Hospital Expenses	(186,917,124)
Pharmacy	(47,748,777)
Capitation	(22,382,138)
Reinsurance of Claims	(3,929,401)
State Pass Through Funds Distributed	(43,373,661)
Paid Administration	(24,561,533)
MCO Taxes Received / (Paid)	(31,705,149)
Net Cash Provided / (Used) by Operating Activities	<u>218,640,150</u>
Cash Flow From Investing / Financing Activities	
Net Acquisition of Property / Equipment	(189,975)
Net Cash Provided / (Used) by Investing / Financing	<u>(189,975)</u>
Net Cash Flow	<u>\$ 218,450,175</u>
Cash and Cash Equivalents (Beg. of Period)	60,176,698
Cash and Cash Equivalents (End of Period)	278,626,873
	<u>\$ 218,450,175</u>
Adjustment to Reconcile Net Income to Net Cash Flow	
Net Income / (Loss)	47,361,288
Depreciation & Amortization	241,438
Decrease / (Increase) in Receivables	48,887,128
Decrease / (Increase) in Prepaids & Other Current Assets	7,531
(Decrease) / Increase in Payables	9,736,235
(Decrease) / Increase in Other Liabilities	83,086,735
Change in MCO Tax Liability	(14,756,855)
Changes in Claims and Capitation Payable	4,587,576
Changes in IBNR	39,489,074
	<u>218,640,150</u>
Net Cash Flow from Operating Activities	<u>\$ 218,640,150</u>



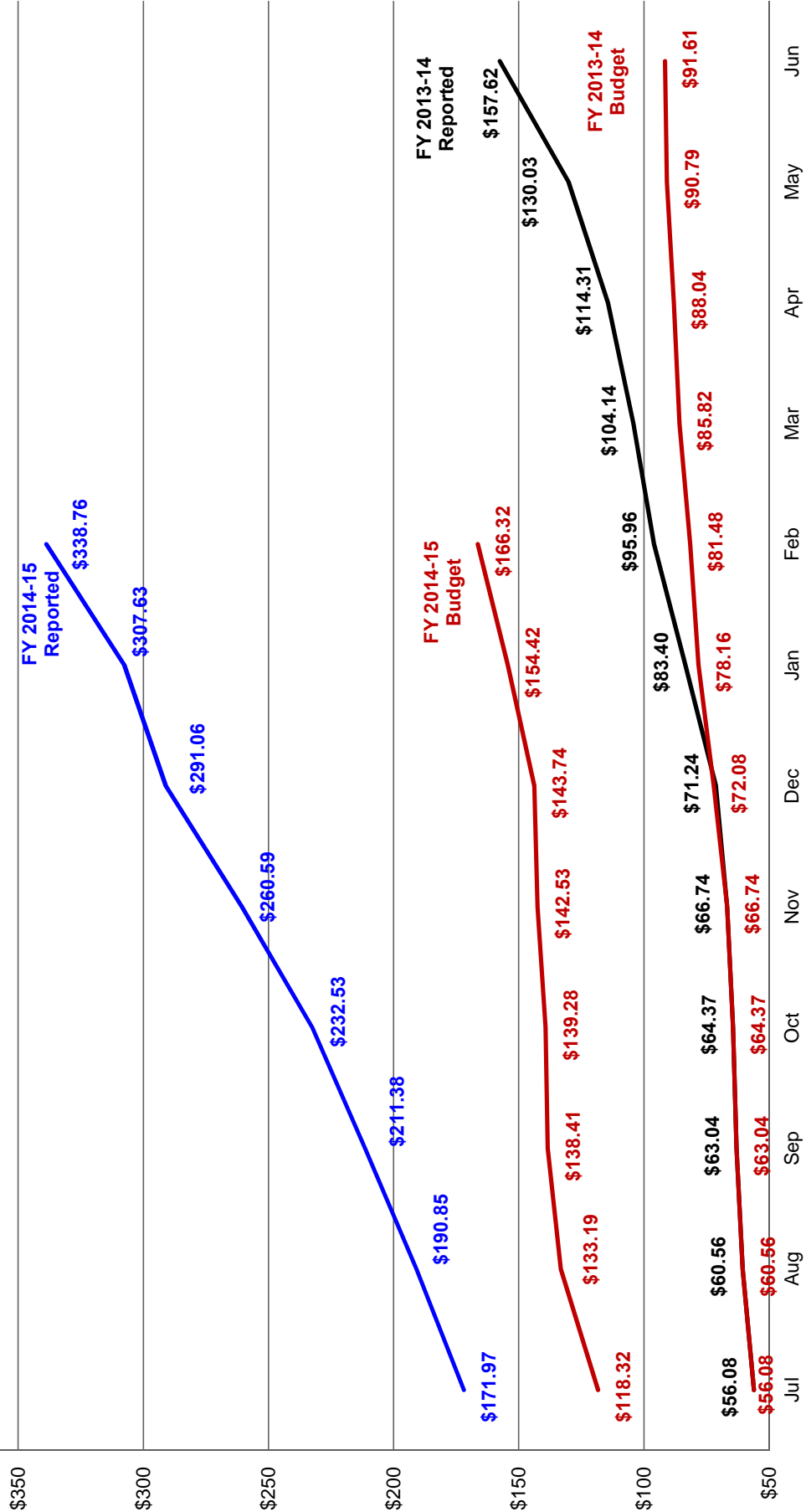
For the month ended February 28, 2015

APPENDIX

- Cash Trend Combined
- Paid Claims and IBNP Composition
- Total Expense Composition
- Pharmacy Cost Trend
- Pharmacy Cost & Utilization Analysis

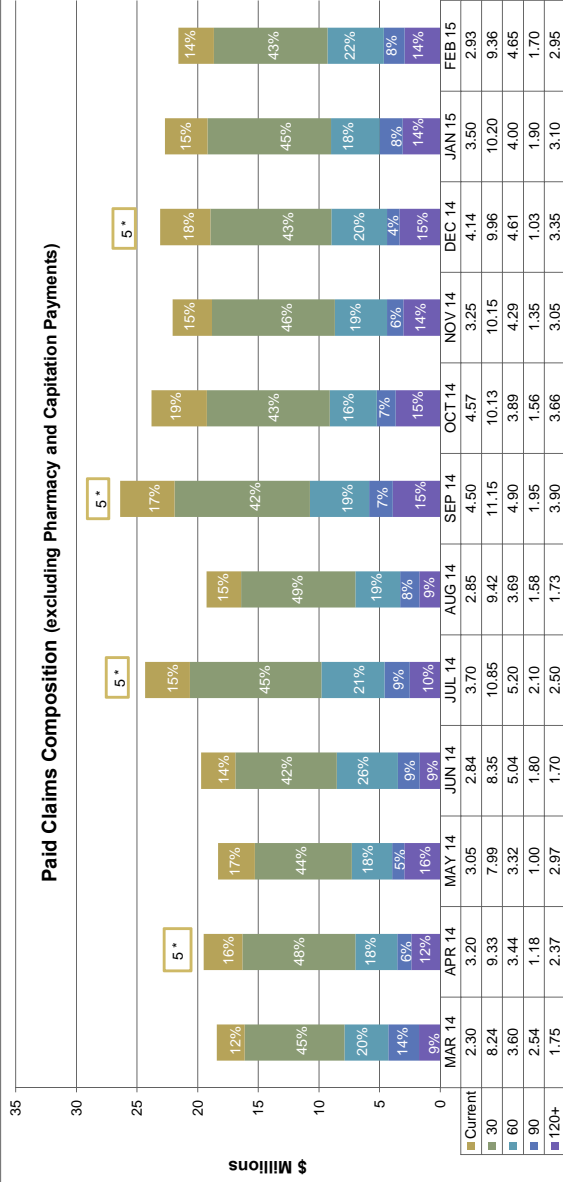
**GOLD COAST HEALTH PLAN
FEB 15**

**Cash + Medi-Cal Receivable Trend (\$ in Millions)
(Net of MCO Tax Liability and excludes pass-through funds)**



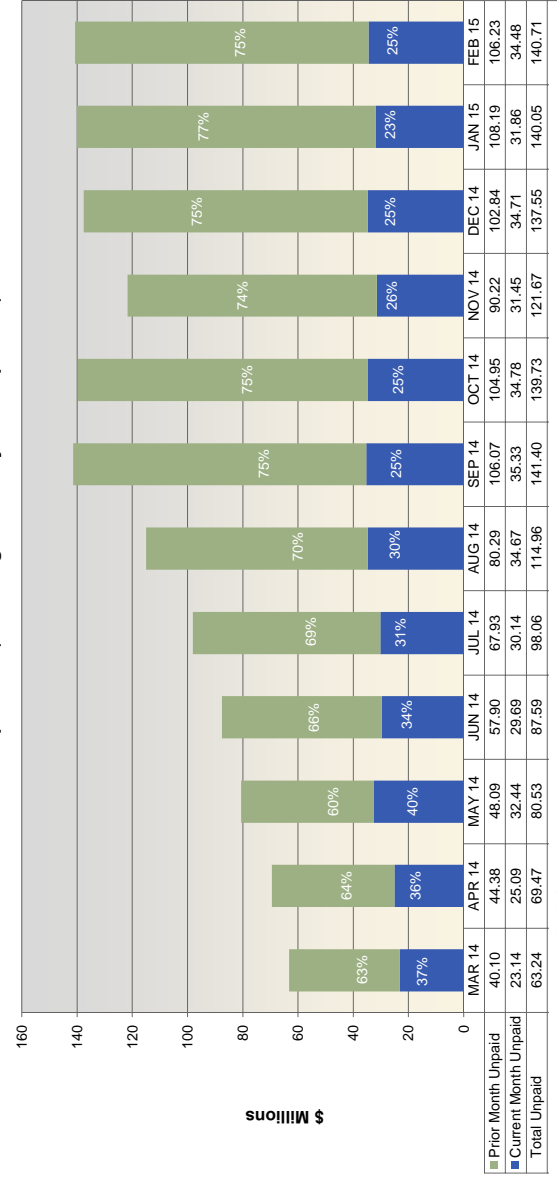
**GOLD COAST HEALTH PLAN
FEB 15**

Paid Claims Composition (excluding Pharmacy and Capitation Payments)



Note: Paid Claims Composition - reflects adjusted medical claims payment lag schedule
 * Months indicated with 5* represent months for which there were 5 claim payments. For all other months, 4 claim payments were made.

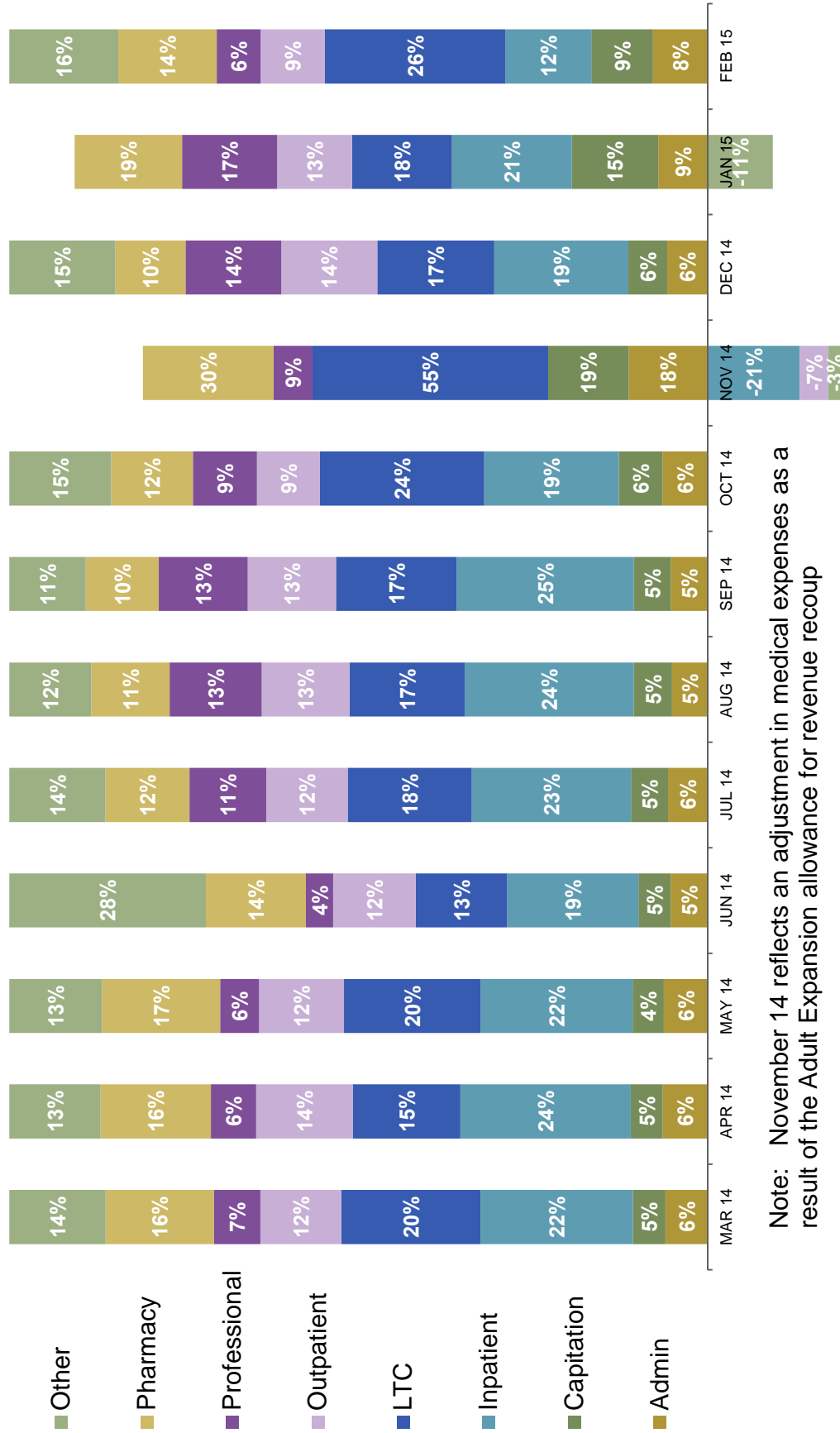
IBNP Composition (excluding Pharmacy and Capitation)



Note: IBNP Composition - reflects updated medical cost reserve calculation plus total system claims payable.

GOLD COAST HEALTH PLAN

Total Expense Composition



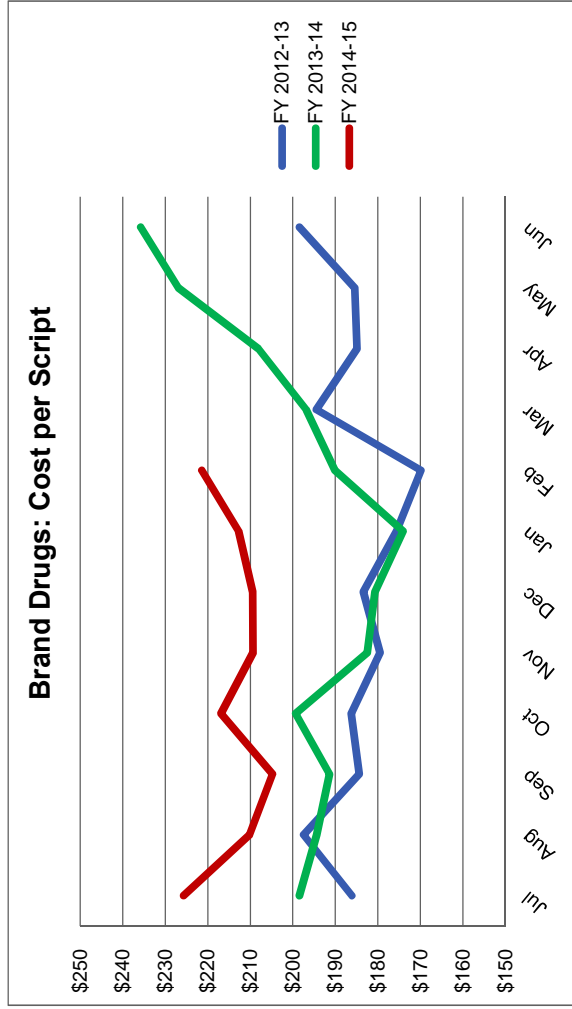
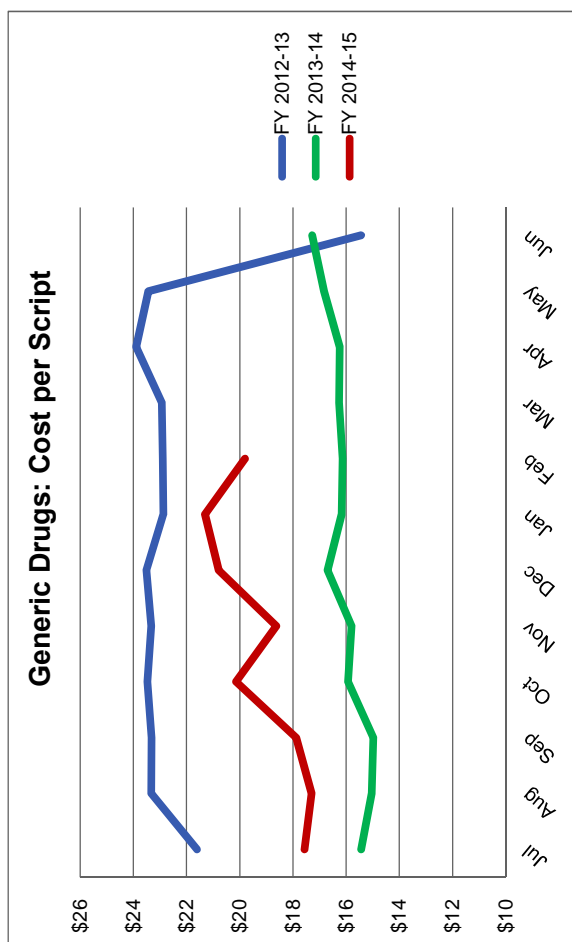
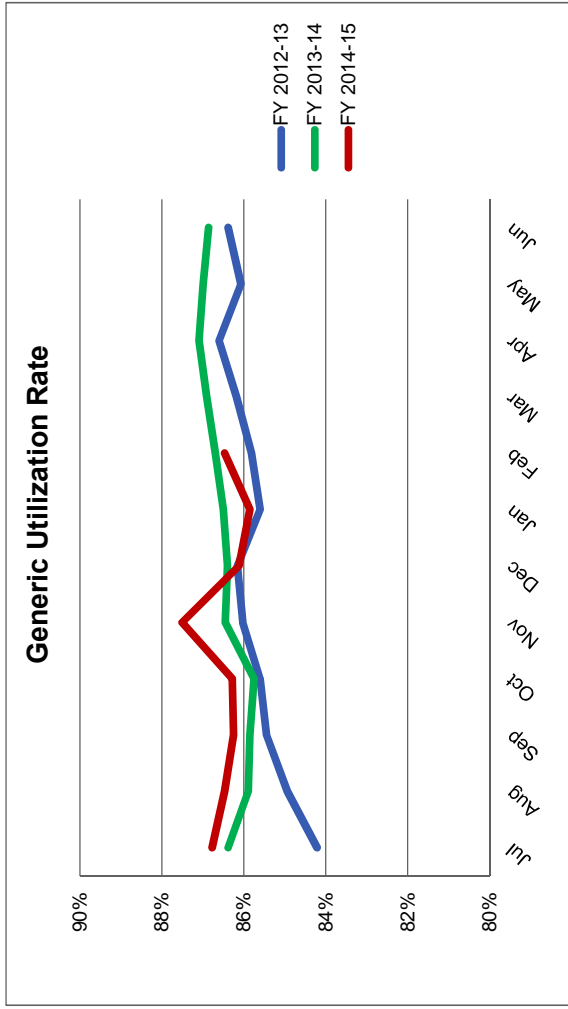
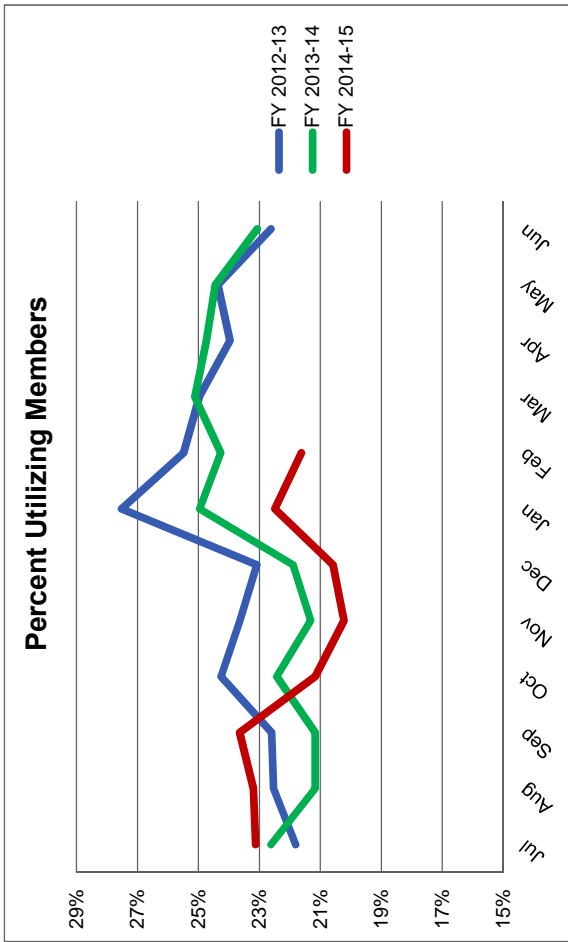
Note: November 14 reflects an adjustment in medical expenses as a result of the Adult Expansion allowance for revenue recoup

GOLD COAST HEALTH PLAN

Pharmacy Cost Trend



**GOLD COAST HEALTH PLAN
Pharmacy Analysis**



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AGENDA ITEM 3b

To: Gold Coast Health Plan Executive / Finance Committee

From: John Meazzo, Interim CFO

Date: April 2, 2015

Re: Investment Committee Update

SUMMARY:

Investment Portfolio - The Investment Committee held its first meeting on March 27, 2015. The Committee:

- Approved the Investment Committee Charter
- Approved investment of \$5,000 for investment advisor professional fees (approximately 25 hours). The advisor services will be to provide an independent review of the investment policy; Investment Committee responsibilities and allocation of funds
- Approved the CFO to Chair the Investment Committee and the members as follows:
 - John Meazzo, Chair
 - Dee Pupa, Member
 - Lyndon Turner, Director of Financial Analysis, Member
 - Allen Maithel, Controller, Member
 - Open for investment advisor
- Agreed that based upon the level of investment management at the pooled fund accounts and the low yield on investments, an advisor to manage the investments would not be warranted at this time.