

**Ventura County Medi-Cal Managed Care Commission (VCMMCC)
dba Gold Coast Health Plan (GCHP)**

November 9, 2016 Regular Meeting Minutes

CALL TO ORDER

Commissioner Darren Lee called the meeting to order at 9:05 a.m. in the Community Room located at Gold Coast Health Plan, 711 E. Daily Drive, Camarillo, California.

PLEDGE OF ALLEGIANCE

Commissioner Lee led the Pledge of Allegiance.

ROLL CALL

Present: Commissioners Anthony Alatorre, Shawn Atin, Lanyard Dial, M.D. (arrived at 9:39 a.m.), Narcisa Egan, Peter Foy, Michele Laba, M.D., Darren Lee, and Catherine Rodriguez

Absent: Commissioners Gagan Pawar, M.D., and Jennifer Swenson

PUBLIC COMMENT

None.

Dale Villani, Chief Executive Officer, introduced Brianna Lierman, Chief Executive Officer, from Local Health Plans of California.

Mr. Villani reported on the letter received by the Ventura County Board of Supervisors (BOS) acknowledging the Plan's hard work, but raised concerns on the following areas: the Chief Diversity Officer (CDO) and reporting requirements, and the status of the Plan's Financial Corrective Action Plan (CAP). Staff will be attending the All Plan Chief Executive Officer meeting in Sacramento on December 7 and a meeting is scheduled with the Sarah Brook, Department of Health Care Services Deputy Director, to discuss the timing of the removal of the CAP as the Plan is fulfilling all of the requirements.

Scott Campbell, General Counsel, addressed the CDO issue by stating there has been an Interim CDO, which has been providing reports to the offices of Best Best & Krieger. Ordinance No. 4481 requires the CDO to submit regular reports to the BOS, but because the position has not been filled this has not occurred. Additionally, there is a report being presented for approval at the next Human Resources/Cultural Diversity Subcommittee meeting, which will be forwarded to the BOS. With respect to the incident referenced in the BOS letter regarding an inflatable party decoration, the investigation has been concluded and the forthcoming report found there was no wrongdoing or racial animosity on behalf of the Plan. Clarification was made that the full report will be submitted to the

Interim CDO, and the Commission would receive only the conclusion of the report as there are legal constraints concerning the confidentiality of personnel matters.

CONSENT CALENDAR

1. Approval of Ventura County Medi-Cal Managed Care Commission Meeting Regular Minutes of September 26, 2016

RECOMMENDATION: Approve the minutes.

Commissioner Foy moved to approve the recommendation. Commissioner Lee seconded.

AYES: Commissioners Alatorre, Atin, Egan, Foy, Laba, Lee, and Rodriguez.

NOES: None.

ABSTAIN: None.

ABSENT: Commissioners Dial, Pawar, and Swenson.

Commissioner Lee declared the motion carried.

Commissioner Lee requested to hear Agenda Item No. 3 – Approval of Contract for Pharmacy Benefits Manager Services.

Commissioner Atin requested to hear Closed Session Agenda Item No. 7 – Public Employee Performance Evaluation (Chief Executive Officer).

Mr. Campbell stated Closed Session Agenda Item No. 7 and Agenda Item No. 8, are concerning Agenda Item No. 2 – Approval of the Chief Executive Officer Employment Contract, in that the Commission had previously authorized a contract extension with the Chief Executive Officer, which under the Brown Act, requires formal approval in an open session.

CLOSED SESSION

The Commission adjourned to Closed Session at 9:37 a.m. regarding the following items:

7. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Chief Executive Officer

8. CONFERENCE WITH LABOR NEGOTIATORS

Agency designated representatives: Scott Campbell, General Counsel

Unrepresented employee: Chief Executive Officer

Commissioner Dial arrived at 9:39 a.m.

Commissioner Foy left at 10:06 a.m.

OPEN SESSION

The Regular Meeting reconvened at 11:24 a.m.

Mr. Campbell stated there was no reportable action taken.

FORMAL ACTION ITEMS

2. Approval of the Chief Executive Officer (CEO) Employment Contract

RECOMMENDATION: Approve the employment contract with Dale Villani.

Commissioner Lee moved to extend the CEO employment contract for 120 days.
Commissioner Atin seconded.

AYES: Commissioners Alatorre, Atin, Dial, Egan, Laba, Lee, and Rodriguez.

NOES: None.

ABSTAIN: None.

ABSENT: Commissioners Foy, Pawar, and Swenson.

Commissioner Lee declared the motion carried.

Mr. Campbell announced Mr. Villani will be recusing himself from Agenda Item No. 3 - Approval of Contract for Pharmacy Benefits Manager Services, due to prior ownership of stock in Magellan.

3. Approval of Contract for Pharmacy Benefits Manager Services

RECOMMENDATION: Staff is presenting a revised contract, per Commission direction, for approval.

Mr. Campbell stated on October 24, 2016, the Commission elected to award the Pharmacy Benefits Manager contract OptumRx, but only on the condition that OptumRx would expressly agree to defend, indemnify, and hold the Plan harmless against any legal action arising from the award of the contract. To date, OptumRx has only agreed to a limited form of indemnity, which does not satisfy the Commission's condition.

Frank Messina, Script Care General Counsel, spoke in opposition of Agenda Item No. 3, Approval of Contract for Pharmacy Benefits Manager Services.

Marissa Watt, OptumRx Associate General Counsel, spoke in favor of Agenda Item No. 3, Approval of Contract for Pharmacy Benefits Manager Services and stated OptumRx has agreed to indemnify the Plan up to \$500,000 to cover both the defense of any bid protest claim as well as any settlement of a bid protest claim.

Robert Hollis, OptumRx Vice President of Health Plan Sales, spoke in favor of Agenda Item No. 3, Approval of Contract for Pharmacy Benefits Manager Services.

Rob Coppola, Magellan Rx Management Vice President of Medicaid Sales, spoke in opposition of Agenda Item No. 3, Approval of Contract for Pharmacy Benefits Manager Services.

Ron Foll, Magellan Rx Senior Legal Counsel, spoke in opposition of Agenda Item No. 3, Approval of Contract for Pharmacy Benefits Manager Services.

Mr. Campbell announced Closed Session Agenda Item No. 10. Conference with Legal Counsel – Anticipated Litigation and Agenda Item No. 9 – Report Involving Trade Secret.

CLOSED SESSION

The Commission adjourned to Closed Session at 11:40 a.m. regarding the following item:

10. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: One Case

9. REPORT INVOLVING TRADE SECRET

Discussion will concern: Pharmacy Benefits Manager Rates

Estimated date of public disclosure: Three years from execution of contract pursuant to Welfare and Institutions Code Section 14087.58

OPEN SESSION

The Regular Meeting reconvened at 11:58 a.m.

Commissioner Atin absent.

Mr. Campbell stated there was no reportable action taken.

3. Approval of Contract for Pharmacy Benefits Manager Services

RECOMMENDATION: Staff is presenting a revised contract, per Commission direction, for approval.

Mr. Campbell stated the deviations noted by Magellan Rx do not change the financial results and OptumRx's bid remains the lowest bid and the Commission would waive any irregularities and defects found in OptumRx's bid; accept the indemnity language submitted by OptumRx, and authorize the Chief Operating Officer to execute an agreement between the Plan and OptumRx for the Pharmacy Benefits Manager Services.

Commissioner Rodriguez moved to approve the recommendation. Commissioner Egan seconded.

AYES: Commissioners Dial, Egan, Laba, Lee, and Rodriguez.

NOES: Commissioner Alatorre.

ABSTAIN: None.

ABSENT: Commissioners Atin, Foy, Pawar, and Swenson.

Commissioner Lee declared the motion carried.

Mr. Villani returned to the meeting at 12:00 p.m.

The meeting was recessed at 12:01 p.m.

Commissioner Atin returned at 12:06 p.m.

OPEN SESSION

The Regular Meeting reconvened at 12:28 p.m.

INFORMATION/DISCUSSION

4. Discussion on Procedures for Board Meetings

Mr. Campbell stated the Commission's by-laws discuss the procedures for motions, and provide that when the by-laws do not provide governance, Robert's Rules of Order are to be used as guidance. The recommendation was made to amend the bylaws by formally adopting Rosenberg's Rules of Order, as these rules are much simpler.

The Commission unanimously agreed to hear Agenda Item No. 6 – Industry Perspective and Regulatory Overview.

6. Industry Perspective and Regulatory Overview

Brianna Lierman, Chief Executive Officer, Local Health Plans of California, gave a presentation on the key provisions of the Federal Medicaid Managed Care Rule (Mega Reg) and noted the increased focus and attention on local agencies in regards to transparency and adherence to the Brown Act. She stated over 80% of

the Medi-Cal market is in managed care with very little left in fee-for-service, so there is an increased demand for transparency, information, and performance. Highlights of the presentation included the number of new requirements under the Mega Reg for providers and program partners including Medi-Cal rates must be done on a prospective basis; prohibition from requiring pass-through payments like IGTs to specific providers; provider payments must be based on utilization, delivery of services, and quality; report cards for plans with scoring on quality, compliance, and consumer satisfaction; standards for access to care for specialists; development of time/distance standards; requirement of encounter data and related penalties; providers must be enrolled with state fee-for-service; the minimum Medical Loss Ratio established at 85%; and the projection of increased competition to existing plans. A copy of the handout is on file.

A discussion followed between the Commissioners and staff regarding the impacts of the Mega Reg as well as the possibility of an agency turnover at the federal level due to the results of the presidential election; and the need for innovative ways to reach patients like telehealth modality with the challenge being receiving credit especially for specialty services.

Ms. Lierman closed the presentation by presenting areas of speculation including the slowing of approvals and communication between the state leaders and federal counterparts; the rollback of the Affordable Care Act and the possibility of its elimination; and defined benefits. Plans should focus on policy discussion on behavioral health and the bifurcation of benefits in general; CCS integration and demonstrating value at the community level; and to plan for the licensing of COHS plans as this remains a priority of Director Shelley Rouillard.

The meeting was recessed at 1:33 p.m.

OPEN SESSION

The Regular Meeting reconvened at 1:45 p.m.

5. 2015-2016 Strategic Plan Evaluation

Melissa Scrymgeour, Chief Information and Strategy Officer, reviewed the Plan's progress made on the 2015-2016 Strategic Plan, which included the revision of the Plan's mission and vision statements and the development of core values (integrity, accountability, collaboration, trust, and respect).

Staff highlights included funding and development of alternate reimbursement models through Alternative Resources for Community Health (ARCH) like Pay for Performance (P4P) programs to improve access to care, benefit analysis of services, and the expansion of the provider network; project and community collaborations like the children's immunization and the development screening projects; community collaborations with agencies like WIC, CalFresh, and the local housing authority; being a strategic business partner and the challenges associated with Medi-Cal; the reinstatement of the Provider Advisory Committee

(PAC) in July 2016; valued-based reimbursement programs; Provider Relations and Network Management organization redesign; new performance evaluation based on the Plan's core values; increased employee relations and communications through intranet, CEO blog, enhanced benefits, and increasing growth opportunities through training and development programs; being a responsible fiscal steward of public funds by maximizing revenues and sending a target amount into the community and managing internal costs through investment and procurement policies, an internal audit function, and utilizing a return on investment model, and a two million dollar savings from the Pharmacy Benefits Manager contract extension; positioning GCHP for the future by aligning strategic planning with budget planning as well as performance management, and exploration of opportunities for future growth; how to be more efficient internally; the reduction of the Department of Health Care Services Medical Audit Findings from 110 in 2012 to 1 in 2016; improvement in the HEDIS Quality and Satisfaction survey from 38th place in 2013 to 22nd place in 2015; current membership is 207,188 as of October 2016; and significant increases in the total number of primary care physicians and specialty physicians.

Commissioner Rodriguez requested the financial reporting to reflect the revenue by source, which staff is currently conducting research on.

Commissioners Lee and Alatorre left at 2:29 p.m.

Commissioner Atin requested a copy of the presentation be sent to the Commissioners.

Take-a-ways include focus on the Mega-Rule; the State's perspective of on how to show integration across the care continuum; Knox-Keene considerations and requirements, specific strategies to address the continuum of care access issues, expansion plans for workforce diversity, and diversity training for commissioners. Another strategic planning session will be scheduled in the first quarter of 2017. A copy of the presentation is on file.

COMMENTS FROM COMMISSIONERS

None.

ADJOURNMENT

The meeting was adjourned at 2:50 p.m.

APPROVED:



Tracy J. Oehler, Clerk of the Board