



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

Executive/Finance Committee Special Meeting

Special Meeting

Wednesday, June 17, 2020 – 3:00 p.m.

Community Room at Gold Coast Health Plan

711 E. Daily Drive, Suite 106, Camarillo, CA 93010

Conference Call Number: 1 (805) 324-7279

Conference ID Number: 632 215 944#

AGENDA

CALL TO ORDER

ROLL CALL

PUBLIC COMMENT

The public has the opportunity to address Ventura County Medi-Cal Managed Care Executive Finance Committee on the agenda. Persons wishing to address the Committee should complete and submit a Speaker Card.

Persons wishing to address the Executive Finance Committee are limited to three (3) minutes unless the Chair of the Committee extends time for good cause shown. Comments regarding items not on the agenda must be within the subject matter jurisdiction of the Committee.

Members of the public may call in, using the numbers above, or can submit public comments to the Committee via email by sending an email to ask@goldchp.org. If members of the public want to speak on a particular agenda item, please identify the agenda item number. Public comments submitted by email should be under 300 words.

CLOSED SESSION

- 1. CONFERENCE WITH LEGAL COUNSEL –ANTICIPATED LITIGATION**
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: Number of potential cases: One case
- 2. PUBLIC EMPLOYMENT**
Title: Chief Executive Officer

3. CONFERENCE WITH LABOR NEGOTIATORS

Agency authorized representatives: Gold Coast Health Plan Commissioners, Morgan Consulting and General Counsel

Unrepresented employee: Chief Executive Officer

CONSENT

4. Approval of Executive Finance Committee Regular Meeting Minutes of June 11, 2020.

Staff: Maddie Gutierrez, MMC – Clerk to the Commission

RECOMMENDATION: Approve the minutes

FORMAL ACTION

5. Gold Coast Health Plan (GCHP) Fiscal Year 2020-2021 Operating and Capital Budget

Staff: Kashina Bishop, Chief Financial Officer

RECOMMENDATION: The Plan requests that the Executive Finance Committee recommend approval of the FY 2020-2021 Operating and Capital Budgets.

6. Gold Coast Health Plan Solvency Action Plan

Staff: Margaret Tatar, Interim Chief Executive Officer
Kashina Bishop, Chief Financial Officer

RECOMMENDATION: Staff recommends approval of the Solvency Action Plan's Phase One (1).

COMMENTS FROM COMMITTEE MEMBERS

ADJOURNMENT

Administrative Reports relating to this agenda are available at 711 East Daily Drive, Suite #106, Camarillo, California, during normal business hours and on <http://goldcoasthealthplan.org>. 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. In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact (805) 437-5512. Notification for accommodation must be made by the Tuesday prior to the meeting by 3 p.m. will enable the Clerk of the Board to make reasonable arrangements for accessibility to this meeting.

AGENDA ITEM NO. 4

TO: Executive Finance Committee
FROM: Maddie Gutierrez, Clerk to the Commission
DATE: June 17, 2020
SUBJECT: Regular Executive Finance Committee Meeting Minutes of June 11, 2020

RECOMMENDATION:

Approve the minutes.

ATTACHMENTS:

Copy of the Regular Executive Finance Committee meeting minutes of June 11, 2020.

**Ventura County Medi-Cal Managed Care Commission (VCMMCC)
Executive/Finance Committee
Regular Meeting via Teleconference**

June 11, 2020

CALL TO ORDER

Committee Chair Dee Pupa called the meeting to order at 3:03 p.m. via phone conference call. The Clerk and Assistant Clerk were in the Community Room located at Gold Coast Health Plan, 711 East Daily Drive, Camarillo, California.

The following GCHP staff was on the conference call:

- Margaret Tatar, Interim Chief Executive Officer
- Patricia Tanquary, Interim Chief Executive Officer
- Nancy Wharfield, M.D., Chief Medical Officer
- Ted Bagley, Interim Chief Diversity Officer and Human Resources Executive Director
- Kashina Bishop, Chief Financial Officer
- Eileen Moscaritolo, HMA Consultant
- Marlen Torres, Exec. Director of Strategies & External Affairs
- Steve Peiser, Sr. Director, Network Management
- Anna Sproule, Director of Finance
- Dr. Anne Freese, Director of Pharmacy
- Bob Bushey, Procurement Officer
- Susana Enriquez, Public Relations Manager
- Scott Campbell, BBK
- Cathy Salenko, BBK

ROLL CALL

Present: Committee members Antonio Alatorre, Fred Ashworth, and Dee Pupa.

Committee member Jennifer Swenson was not present at time of Roll Call. Committee member Swenson joined the call at 3:06 p.m.

Absent: None.

PUBLIC COMMENT

None.

CONSENT

1. Approval of Executive Finance Committee Regular Meeting Minutes of April 2, 2020, Special Meeting Minutes of April 6, 2020, May 8, 2020 and May 11, 2020.

Staff: Maddie Gutierrez, CMC – Clerk to the Commission

RECOMMENDATION: Approve the minutes.

Committee Chair Pupa motioned to approve all the minutes. Committee member Ashworth seconded.

AYES: Committee members Antonio Alatorre, Fred Ashworth, and Dee Pupa,

NOES: None.

ABSTAIN: Committee member Shawn Atin.

ABSENT: Committee member Jennifer Swenson.

Committee Chair Pupa declared the motion carried.

FORMAL ACTION

2. Fiscal Year 2019-2020 Audit Plan

Staff: Kashina Bishop, Chief Financial Officer

Moss Adams Representatives: Stelian Damu and Kimberly Sokoloff

RECOMMENDATION: The Plan requests that the Executive Finance Committee receive and file the presentation.

Committee member Swenson joined the meeting at 3:06 p.m.

Mr. Damu reviewed the audit plan. The review included the following:

- Purpose of the audit
- Responsibilities under U.S. Generally Accepted Auditing Standards
- Internal Controls, Analytical Procedures and Substantive Procedures
- Materiality was explained

Ms. Sokoloff reviewed significant audit areas. The Moss Adams team does an audit of the following:

- Consideration of Fraud was explained
- Deliverables and Expectations
- Revenue and receivables
- Investments
- Claims liability
- Capitation

The draft results of the audit will be presented to the Commission at the October meeting. Ms. Sokoloff stated frequent and open communication will be maintained during the audit. The timeline for the audit was reviewed and new standards were reviewed as well.

Committee member Pupa motioned to approve the presentation. Committee Chair Ashworth seconded.

AYES: Committee members Antonio Alatorre, Fred Ashworth, Shawn Atin, Dee Pupa, and Jennifer Swenson.

NOES: None.

Committee Chair Pupa declared the motion carried.

3. Procurement of CMS Interoperability and Patient Access Final Rule Software Solution and Approval of Program Staffing Plan

Staff: Eileen Moscaritolo, HMA Consultant
Helen Miller, Senior Director of Information Technology

RECOMMENDATION: Gold Coast Health Plan (GCHP) staff seek approval to:

1. Enter into a five-year contract with Edifecs, Inc. to purchase their interoperability solution at a not-to-exceed cost of \$1,723,575 inclusive of a 4.22% contingency of \$69,828.
2. Add 6.0 full time equivalent (FTE) positions to permanently staff a new GCHP interoperability and data intelligence product team that supports an ongoing program of work for interoperability, data and analytics, and health information exchange.

HMA Consultant, Eileen Moscaritolo, presented on behalf of Helen Miller, Senior Director of Information Technology. Commissioner Pupa wanted to confirm this was a five (5) year contract and the addition of six (6) permanent full-time employees (FTE) to Gold Coast Health Plan. Ms. Moscaritolo responded yes and stated she will highlight the rationale for this approach.

Ms. Moscaritolo stated there are two (2) mandates; ONC's Cures Act and CMS Interoperability Rule. The estimated cost for five (5) years is estimated between \$788,000 to \$2.5 million. Ms. Moscaritolo noted the Rule is multi-part over five (5) years.

Ms. Moscaritolo stated there have been new mandates from the Centers for Medicare & Medicaid Services (CMS) Interoperability and Patient Access final Rule which will be effective January 1, 2021 with enforcement deferred to July 1, 2021. FHIR which stands for Free Health Information Review is a robust program new to health care. Governance was reviewed and compliance must be compliant within rate. Mobile applications are chosen by the member in the App Store

GCHP has a current contract with Edifecs and they do data exchange. Ms. Moscaritolo stated that currently GCHP does not have a data center on site because we are not as mature as other health plans. Edifecs will give shared pricing across multiple plans. Eleven percent (11%) of the total cost would be ours.

Committee Chair Pupa asked CFO Bishop about the costs associated and the levels for the full-time employees (FTE). The six (6) positions needed:

- Program/Product Manager
- Data Integration Architect/Engineer
- Senior Decision Support Data Analyst
- Senior ETL/Integration/BI Developer
- Two (2) Senior Business Systems Analysts

Chief Financial Officer, Kashina Bishop stated the total costs are approximately \$900,000. She will get back to the committee with the levels of the FTE's. Committee member Atin stated Solvency is next on the agenda, he asked if administrative costs will be cut to compensate or is this will be a net increase. Committee member Atin asked how administrative costs will be managed in order to be kept flat instead of showing an increase. CFO Bishop stated we were able to decrease costs in administrative costs. The actuals show an increase and we cannot absorb the cost of the entire project. Interim Chief Executive Officer, Margaret Tatar, stated that budget year to budget year shows a five percent (5%) net reduction. We need to be in compliance with Interoperability. Some positions have been eliminated to meet recession rates. Committee member Atin stated it appears to be mandated and we must do it. CEO Tatar stated we must do it; it is a mandated regulatory requirement. Committee member Atin asked if the skills don't already exist in the organization.

Committee member Atin stated he will support this because it must be done, but he wants to see actuals and how the actuals will be reduced. Committee member Atin deferred to Committee Chair Pupa to move on to the budget (Agenda Item 5) then return to agenda

item 4. Committee Chair Pupa stated the budget needs to be presented prior to the Solvency Action Plan.

5. Gold Coast Health Plan (GCHP) Fiscal Year 2020-2021 Operating and Capital Budget

Staff: Kashina Bishop, Chief Financial Officer

RECOMMENDATION: The Plan requests that the Executive Finance Committee recommend approval of the FY 2020-2021 Operating and Capital Budgets, and corresponding contract renewals outlines in the appendix to the Commission.

CFO Bishop stated it is a challenging time and a challenging budget, we are at a twelve and a half million dollar (\$12.5m) loss, which will be experienced in the first six (6) months of the fiscal year, and end the year at one hundred seventy two percent (172%) of the required TNE. CFO Bishop stated our “worst case scenario may be worse than we thought”, in terms of revenue from the State and the impact from COVID-19 on our medical expenses. The next couple of months’ budget will need to be re-forecast. CFO Bishop stated when we receive the 20/21 rates in October, we will need to re-forecast. The State will reduce rates by one and a half percent (1.5%) retroactive to July of 2019. CEO Tatar stated we are looking to finalize the budget in the next couple of weeks. Governor’s May revise to the State budget has optional benefits being eliminated. We are working with the State related to the budget to ensure a ten percent (10%) increase in long-term care facilities.

Trigger cuts were rejected. We are hoping for federal funding and Medi-Cal enrollment could grow up to twenty percent (20%). We won’t know anything until July when tax revenues come in and we get our bridge rates.

CFO Bishop stated that staff was diligent in process to look for savings, while adding significant projects. CFO Bishop reviewed various scenarios and forecasts.

The first forecast (Forecast A) noted the TNE trajectory management assumed prior to the recession. It indicates the Plan would be slightly below two hundred percent (200%) of the required TNE until January of 2021. Then the Plan would work upward to recovery.

Forecast B (worst case scenario) projects TNE incorporating the revenue implications of the May Revise and assume that current trend factors to medical expenses continue. If this trajectory continues, it would be a great financial risk and we wouldn’t be able to begin to recover until 2023.

CFO Bishop noted that in Forecast C, there will be losses in the first half of the fiscal year but TNE will start to recover over two (2) years, therefore, not until 2023. In Forecast D, with the implementation of the Solvency Action Plan, the TNE will decline in 2021 and show more losses, but we recover more quickly. The required TNE changes as medical expenses go up or down.

We are anticipating in the budget a twelve percent (12%) increase in membership, the State is projecting sixteen percent (16%) increase. CFO Bishop also projected pharmacy increases in the first six (6) months of the fiscal year. We are also considering this as a flexible budget. She will give an update on changes to enrollment. Total revenue in the budget is projected at \$751.6 million. CFO Bishop noted the May Revised State budget removed Prop. 56. PMPM variances were also reviewed. The medical loss ratio was reviewed, projecting a loss ratio of ninety six percent (96%) and will decrease to ninety-two-point seven percent (92.7%). The medical expense budget is \$710,081,752.

Committee member Ashworth left the meeting at 3:32 p.m.

General and administrative expenses were reviewed. The budget is \$54,930,839 We are estimating to receive sixty million dollars (\$60m) which is a five million-dollar (\$5m) less than the estimate. CFO Bishop noted that Conduent is a large part of our budget., they are paid on PMPM and there will be some control savings. PBM expenses are anticipated to go down due to the Pharmacy carve-out. GCHP is expecting to receive additional revenue for specialty drug treatments. CFO Bishop also reviewed base capitation.

Committee Chair Pupa asked about the Edifecs expense. She asked what the line item is. CFO Bishop responded it is on the ETP expense line. The administrative budget includes the six (6) positions. Budgeted positions increase by five and a half (5.5) Committee Chair Pupa suggested adding a column for FTE's. Committee Chair Pupa noted budgeted positions are different than FTE's. CFO Bishop stated two (2) nurses have been added, six (6) IT positions, and one (1) Senior Policy Analyst. Committee Chair Pupa asked how the \$800,000 translate to FTEs. Ms. Moscaritolo stated there have been contractors procured for the IT team to work on multiple projects, along with regular staff has been doing double duty in order to concentrate on transition projects.

CFO Bishop stated the total project portfolio cost is under \$5.5 million with capital expense of \$339,000. The net loss of \$12.4 million with rates we receive in January of 2021, we will break even.

Committee member Atin asked for clarification on the year for January 1 through June 30. CFO Bishop stated it was for the year 2021. Committee member had multiple questions and comments regarding administrative costs and the budget and asked for more information on administrative costs before he could support approval of the budget.

Committee Chair Pupa asked the committee if they should review Agenda Item 3 and then Item 4 and go back to budget approval. She also indicated that she has some questions on cost savings measures. Committee member Ashworth stated he agreed that they should review the other items before returning to the budget.

General Counsel Scott Campbell stated the recommendation for interoperability can be approved in order to go to the Commission. Interoperability must be done. GCHP got the best price possible and suggested Moving forward to get that approved, then review Solvency Plan and budget together.

Committee Chair Pupa asked if the six (6) FTEs need to be approved. General Counsel Campbell stated the committee can recommend approval of the contract and do the FTE's separate. Committee member Atin stated he would be willing to motion the total interoperability plan but then go back and review the budget, cuts made and show what has been done to improve the budget.

Committee member Atin motioned to approve agenda item 3, Procurement of CMS Interoperability and Patient Access Final Rule Software Solution and Approval of Program Staffing Plan. Committee Chair Pupa seconded.

AYES: Committee members Antonio Alatorre, Fred Ashworth, Shawn Atin, Dee Pupa, and Jennifer Swenson.

NOES: None.

Committee Chair Pupa declared the motion carried.

4. Gold Coast Health Plan Solvency Action Plan Update

Staff: Margaret Tatar, Interim Chief Executive Officer
Kashina Bishop, Chief Financial Officer

RECOMMENDATION: Staff recommends that the Executive Finance Committee approve the Solvency Action Plan.

Interim Chief Executive Officer, Margaret Tatar stated GCHP expects an increase in enrollment. AB85 was disallowed by DHCS. We did not receive our cut from the State. Committee Chair Pupa noted \$34 million over five (5) years does not represent the decline in TNE, it is more around medical expenses. Committee member Atin stated the committee and Commission need to know the dollar amount for the 400% decrease. Committee Chair Pupa stated it was more than \$34 million.

Interim CEO Tatar stated the TNE calculation is a combination of risk, arrangements, etc. We have worked hard to dissect the history. Rate increases have impacted the TNE.

Committee member Atin and Pupa had numerous questions about the root cause analysis.

Committee members Atin, Pupa and Ashworth for more information on the drivers for the TNE going down Interim CEO Tatar stated all impacts will be shown on a revised report. Committee member Ashworth asked if there was a way to see high-level what the medical spend is. Committee member Ashworth asked if there were single specific

events, what was the driver for the number? The spend on contracts. Committee Chair Pupa stated this was discussed last year and numbers did not add up.

Interim CEO Tatar suggested suspending the presentation and cast the history differently. Committee member Ashworth stated it would be better to hold off before going to the Commission. CFO Bishop stated she was concerned about delaying an additional month.

Interim CEO Tatar reviewed the Phase approach. She stated the Plan will no longer be able to cover additional benefits and will have to pass along rates. Committee member Pupa stated administrative reductions need to be clarified. Based on the comments made, more detail is needed before approval. Committee Chair Pupa stated she wants more detail of Phase I, she wants to know what she is approving. Committee member Atin agreed. He also wants more detail on Phase I. He cannot agree without knowing what is in Phase I. CFO Bishop stated the plan is outlined in phases, Phase I is immediate action, Phase II is value-based purchasing. there is a need to act now, we don't have time. Committee Chair Pupa stated the amount of detail needed was discussed last year during the budget process and they are still talking about it again. Committee member Atin stated more detail needs to be presented. CFO Bishop stated she appreciated the feedback but there is an urgency to get the budget approved. Committee Chair Pupa stated it can be delayed one (1) week. She asked what other measures have been done to tighten your belt. Cuts will be passed onto providers, but what else are you doing? Where else have you cut?

Committee member Swenson stated the challenge is all the Commission are part of the provider system. The goal is to have the Plan remain solvent. Committee member Alatorre agreed. Committee member Atin stated we need to be able to explain our rates. More detail is needed on Phase I, we don't know what other efficiencies or cost reductions; the committee needs to know the whole picture.

General Counsel Campbell asked if the committee will take any action on the budget and solvency plan or if they would like to meet next week, then present to the Commission with requested action. Committee Chair Pupa stated she does not think delaying for one (1) week will have an impact.

The committee agreed to meet again on Wednesday, June 17 to review new presentations for the budget and Solvency Action Plan.

The Regular Open Session of the meeting ended at 6:00 p.m.

CLOSED SESSION

- 6. PUBLIC EMPLOYMENT**
Title Chief Executive Officer

7. CONFERENCE WITH LABOR NEGOTIATORS

Agency authorized representatives: Gold Coast Health Plan Commissioners, Morgan Consulting and General Counsel

Unrepresented employee: Chief Executive Officer

8. CONFERENCE WITH LEGAL COUNSEL –ANTICIPATION OF LITIGATION

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9:

Number of potential cases: One case

9. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATION OF LITIGATION

Exposure to litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9:

Number of potential cases: One case.

General Counsel, Scott Campbell stated there was no reportable action in Closed Session.

ADJOURNMENT

Committee Chair Pupa adjourned the meeting at 7:35 p.m.

Approved:

Maddie Gutierrez, MMC
Clerk to the Commission



AGENDA ITEM NO. 5

TO: Executive Finance Committee
FROM: Kashina Bishop, Chief Financial Officer
DATE: June 17, 2020
SUBJECT: Gold Coast Health Plan 2020/2021 Budget

BACKGROUND:

Management has updated the Executive Finance Committee on Gold Coast Health Plan's (GCHP's) financial condition, the need for expeditious action to stem ongoing erosion of the plan reserves, and the proposed budget for 2021.

ACTION:

The Commission approves the Budget for 2021.

FISCAL IMPACT:

This proposed budget for 2021 is projected to put the plan at 154% Excess TNE by first Quarter 2021, based upon the management's understanding of the State Budget and anticipated plan rates and plan obligations as of June 17, 2020.

RECOMMENDATION:

Staff recommends that the Executive Finance Committee approve the Budget for 2021.



Gold Coast Health PlanSM

A Public Entity

FY 2020-21 OPERATING AND CAPITAL BUDGETS

DRAFT

Executive Budget Summary

Overview

The FY 2020-21 budget is being developed at a time of unprecedented uncertainty and economic and social turmoil. Gold Coast Health Plan is not financially positioned to withstand further losses and must act expeditiously to maintain solvency. The recession and corresponding fiscal challenges at the State will continue to challenge the Plan and our providers for the foreseeable future.

While GCHP is in a vulnerable financial position, investing in important projects at this critical point will mitigate the adverse impact of future risks and allow the Plan to meet evolving demands and regulatory requirements. The Plan must successfully implement the new core administrative services platform, Health Solutions Plus, and the project to meet federal requirements under the Interoperability Rule¹. While there are administrative costs associated with these projects, there will be long term efficiencies, cost savings, and benefits to providers and members.

Due to significant uncertainties with revenue from the State and the impact of COVID-19 on medical expenses, the budget includes several scenarios ranging from conservative to optimistic. Staff is closely monitoring information from the State and assessing financial impacts; staff will bring the Commission revised budget forecasts as material changes occur. The budget incorporates revenue impacts based on the May Revision of the State budget (May Revise), including a 1.5% revenue reduction retroactive to July 1, 2019 and a 3% efficiency adjustment to the calendar year 2021 rates.

It should be noted at the outset that the GCHP FY 2020-21 general and administrative budget is \$54,930,839. This is 7.3% of estimated revenue and *5 million less than the amount allocated in the capitation rates for administrative expenses which is a total of \$60,142,015*. GCHP has been aggressive about its administrative budget in response to the projected losses and uncertainty at the State level. *Accordingly, GCHP's administrative budget, including care management expense, has decreased by \$2.8 million and 5% from the FY 2019-20.*

In any budget year, and heightened by this fiscal year's uncertainties, there are several variables that can impact actual Plan's performance including:

- Changes in State policy which impact forecasted revenue.
- Membership trends.
- Medical expenses that fluctuate based on the medical needs of the membership and unknown factors such as disease outbreaks, social unrest and fires.

GCHP is deeply committed to the long-term stability of Plan finances through implementation of the Solvency Action Plan, the health care needs of the Plan's

¹ The Centers for Medicare & Medicaid Services (CMS) Interoperability and Patient Access final Rule (Rule) (CMS-9115-F).

members, the future success of the Plan, and the value that the Plan brings to its members and the provider community. GCHP remains dedicated to its mission to improve the health of our members through the provision of high-quality care and services.

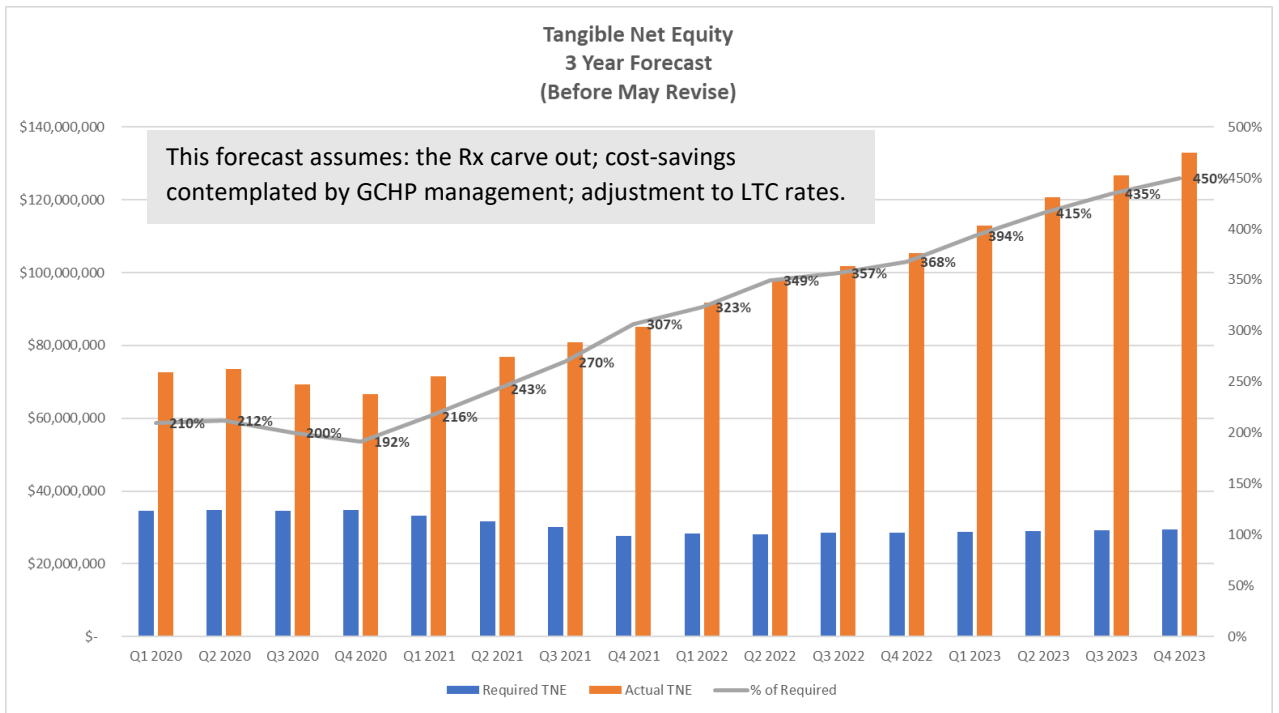
This document outlines the fiscal year 2020-21 operating and capital budgets and major associated assumptions. It is segregated into 6-month increments to demonstrate the impact of adjusted and reduced rates from the State effective January 1, 2021, and the State's pharmacy carve out under Medi-Cal Rx. The budget estimates significant losses of approximately \$12.4 million in the first six months of the fiscal year, with a small loss of \$90,000 in the first 6 months of 2021.

Subject to the Commission's express approval, included in the appendix are contract renewals for the upcoming year. During the FY 2019-20 budget, the Commission approved, on a one-year trial basis, contract renewals not subject to the RFP process within the budget process.

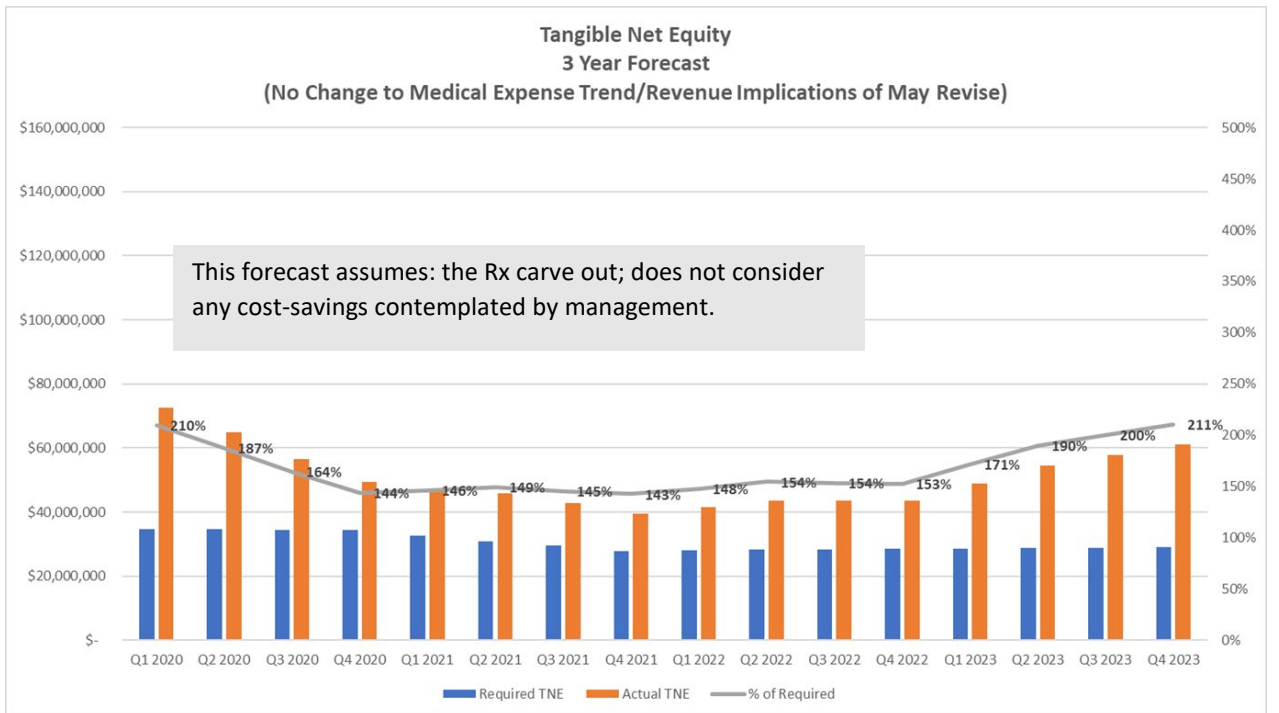
Tangible Net Equity (TNE) 3 Year Forecasts

Four scenarios are presented below. Scenario A is the assumed budget scenario before the pandemic and associated revenue reductions; the critical importance of the Solvency Action Plan is demonstrated by the forecast outlined in Scenario B, which assumes the Solvency Action Plan is not implemented; Scenario C, representing the budget, incorporates the financial implications of the May Revise, with trend factors that assume nominal growth to unit costs; scenario D assumes full implementation of the Solvency Action Plan.

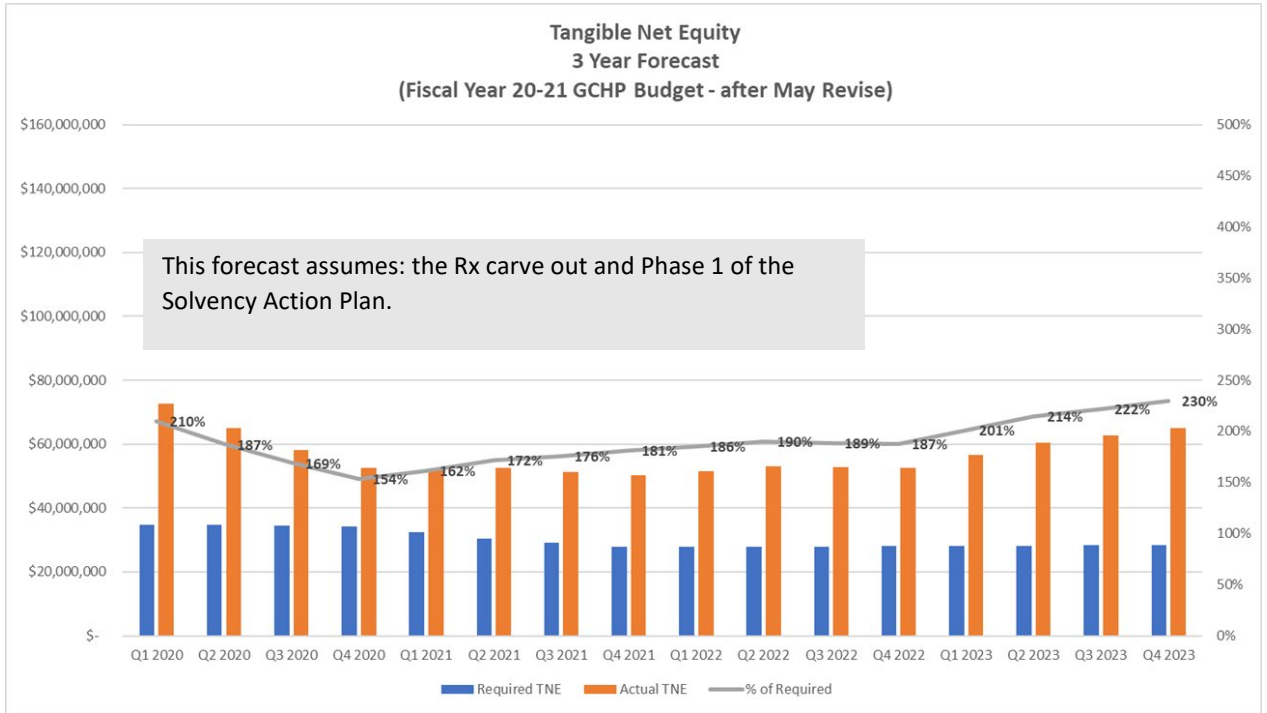
- A.** This forecast models the TNE trajectory management assumed prior to the recession, and with the initial phase of the Solvency Action Plan. It indicated the Plan would hover around or slightly below 200% of required TNE until January 2021 at which point the Plan would be at a point of continued and strategic upward recovery.



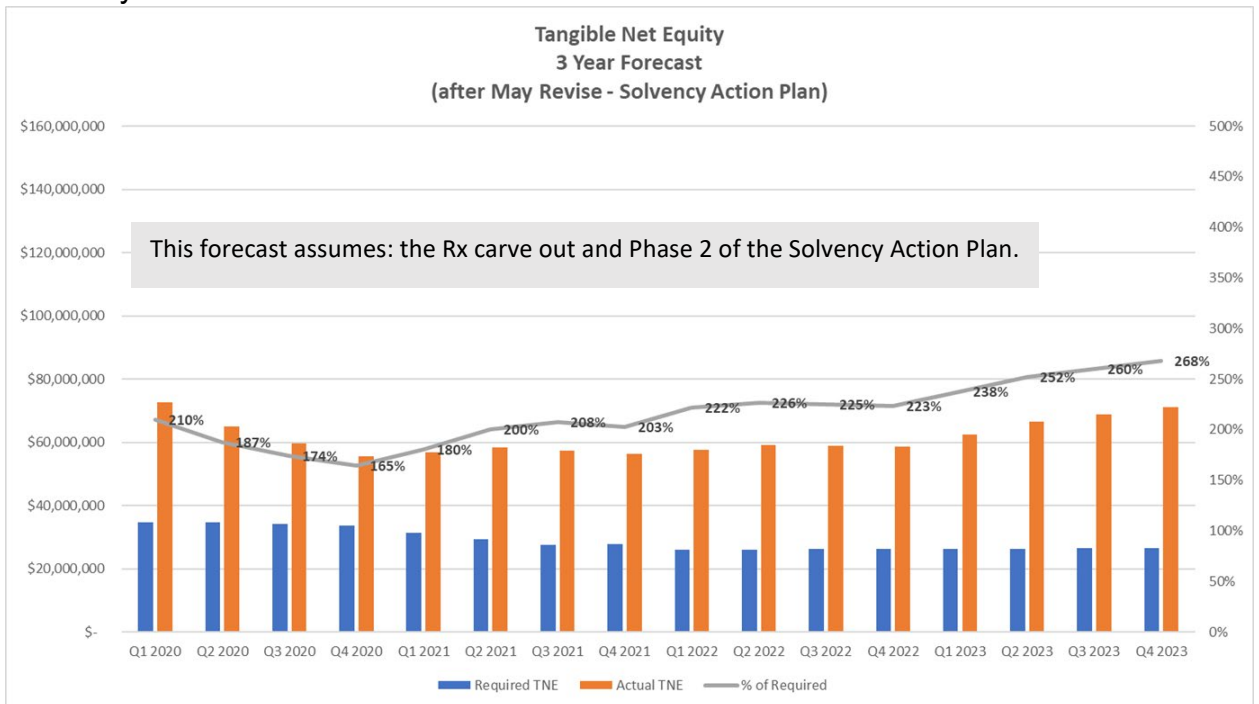
B. This forecast models the projected TNE incorporating the revenue implications of the May Revise and assumes that current trend factors to medical expenses continue. If the Plan continues this trajectory, it would be at grave financial risk, and would not begin to recover until 2023.



C. This forecast represents the assumptions included with the budget document. It incorporates the revenue implications of the May Revise, and nominal growth to unit costs based on minimal assumed savings for initiatives in process and the moderation of medical expense trends due to expanded membership. This indicates that we approach 150% of our required TNE by the end of 2020, with some recovery of TNE as a percent of required TNE in 2021.



D. This forecast incorporates additional saving assumptions, consistent with the Solvency Action Plan.



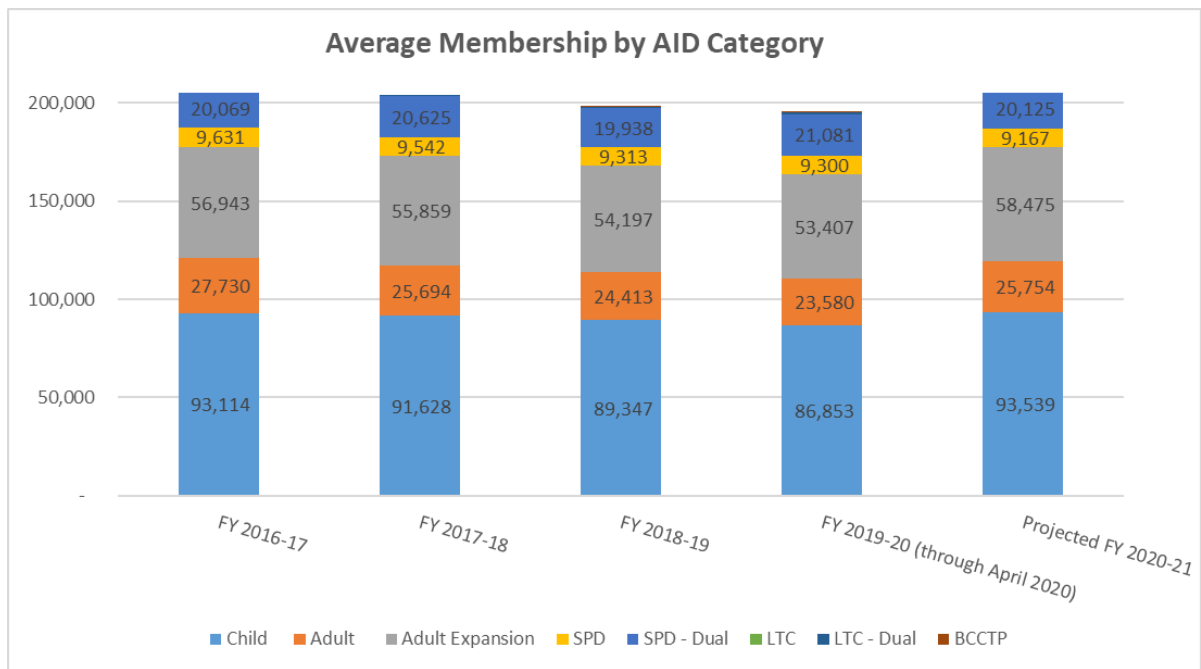
Membership

Due to the strong correlation between unemployment and Medi-Cal enrollment, membership is projected to remain stable in the SPD and LTC categories of AID and increase by 12% in Child, Adult, and Adult Expansion gradually between April 2020 and December 2020. Total membership is projected to be approximately 210,000 by the end of the fiscal year. For reference, the table on page 5 is historical data that reflects changes in Medi-Cal enrollment over several recessions.

Years Spanned (Total # of Months During Economic Recession) ¹	Start Date of Economic Recession	End Date of Economic Recession	Year-over-year change in Medi-Cal Enrollment ²
1970 (11)	January 1970	November 1970	22.6%
1973-1975 (16)	December 1973	March 1975	-2.2% 3.9% 9.1%
1980 (6)	February 1980	July 1980	4.8%
1981-1982 (16)	August 1981	November 1982	3.9% -1.4%
1990-1991 (8)	August 1990	March 1991	13.1% 16.6%
2001 (8)	April 2001	November 2001	8.2%
2008-2009 (18)	January 2008	June 2009	2.5% 5.3%

¹ Source: Department of Health Care Services (DHCS), Research and Analytic Studies Division (RASD), *Medi-Cal Statistical Brief, August 2015*

² This increase could also include changes in eligibility so this may not reflect a direct link to the recessionary growth only.



Medi-Cal Capitation and premium revenue, reinsurance and related recoveries, and the medical expense budgets are presented on a per member per month (PMPM) basis and are considered flexible budgets whose aggregate dollar amounts vary with changes in a program’s actual member enrollment. Administrative costs, interest income and other revenues are primarily considered fixed budgets, though certain administrative items (e.g. certain vendor costs) are priced on a per member per month basis and do fluctuate with actual membership levels.

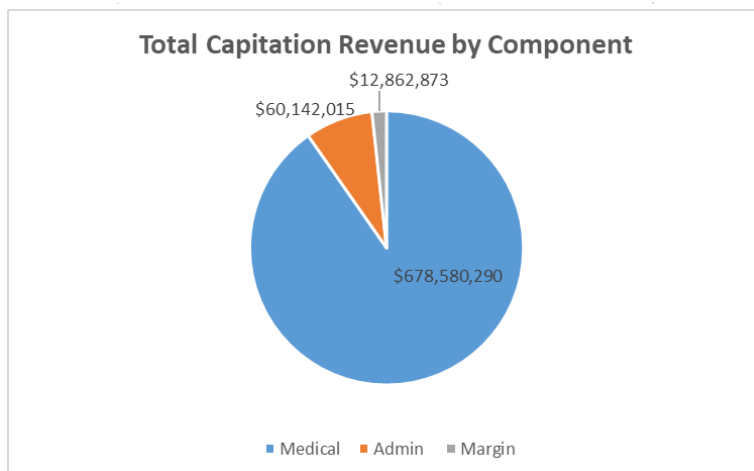
Revenue

Total revenue in the budget is projected at \$751.6 million (\$301.04 pmpm) based on the bridge period capitation rates from the State that are effective from July 1, 2019 to December 31, 2020. The budget incorporates a 1.5% reduction in the base rate pursuant to the May Revise. In addition, the budget removed any consideration for revenue related to Proposition 56 consistent with the May Revise.

GCHP is expected to receive revised capitation rates from the State which will be effective January 1, 2021. Initial projections based on the rate development template submitted to the State indicated the Plan would receive a 6-7% increase; which was reduced to 5% to be conservative, and further reduced to 2% due to efficiency factors in the May Revise. The calendar year 2021 capitation rates from the State will be established based on medical expenditures in calendar year 2018, with applied trend factors, credibility adjustments and program changes. Components are then applied for administrative expenses and an operating margin. It also incorporates the revenue impacts associated with the pharmacy carve out.

The Plan receives additional revenue for specialty drug treatments associated with members diagnosed and treated for Hepatitis C and for members receiving behavioral health (BHT) services.

Base Capitation	\$	730,713,172
Hep C Supplemental	\$	3,481,108
BHT Supplemental	\$	17,390,898
		<u>\$ 751,585,178</u>



Medical Expenses

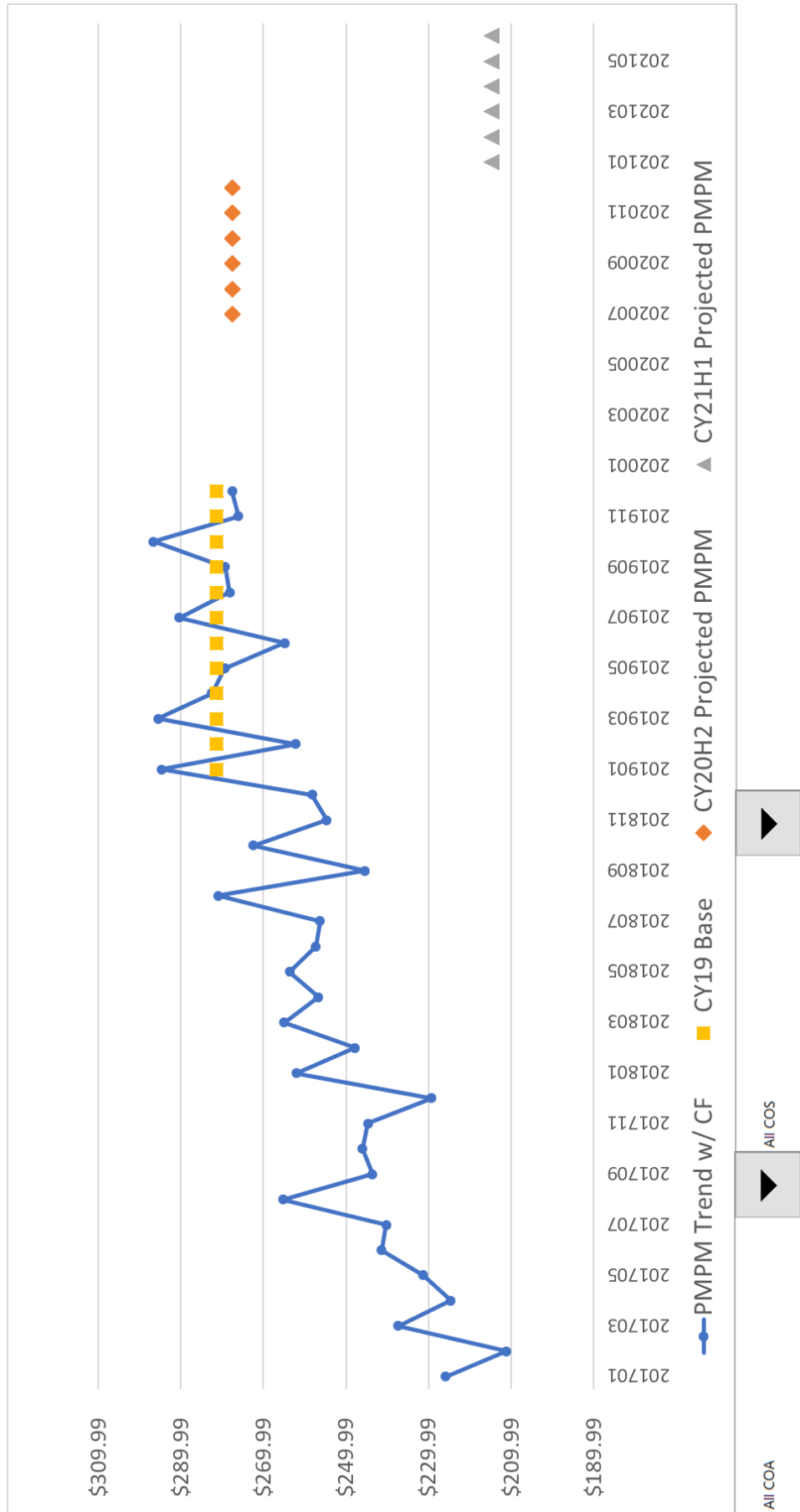
The medical expense budget is \$710,081,751. The fee for service medical expenses are developed by calculating pmpm costs for CY 2019 by AID category and provider type, and then incorporating anticipated changes as a result of membership, utilization patterns, market trends and changes in provider reimbursement rates forecasted to occur during the budget year.

The major assumptions impacting projected medical expenses are as follows:

- An annual increase of 1-2% in most service categories. This is to incorporate changes in unit costs or utilization.
- There were no major contracting changes projected to increase fee for service costs from the base period. There were contracting changes anticipated to improve medical costs such as a preferred provider agreement with Quest Diagnostics and re-negotiations with several hospitals. These contracting changes were not explicitly accounted for in the budget, to be conservative.
- An assumed increase of 2.5% for LTC/SNF expenses associated with annual increases based on State established facility rates. This is a slight decrease from the 3% the Plan would historically incorporate into the budget; a slight improvement was estimated due to contracting changes in progress.
- A projected increase of 5% in pharmacy expenses associated with drug unit cost trends and utilization factors.
- Medical expense related to Proposition 56 funding was carved out of the budget, consistent with the May Revise.
- There was some reduction to fee for service medical expense to account for an expanded capitation agreement inclusive of additional services.
- Capitation expense reflects current capitated agreements, with some consideration for potential rate changes.

Note: Care management expenses are outlined in the General and Administrative budget.

The graph on the following page represents the fee for service medical expense trend from 2017 through June 30, 2021.



FY 2020-21 MEDICAL EXPENSE BUDGET							
	FY 2019-20 as of April 2020	Projected Jul - Dec 2020	Projected Jan - Jun 2021	FY 2020-21	% Change	Projected Dollars	
	PMPM	PMPM	PMPM	PMPM			
Capitation - PCP Expense	\$ 24.23	\$ 32.62	\$ 33.57	\$ 33.10	37%	\$ 82,634,724	
<u>Fee For Service</u>							
Inpatient FFS Expense	\$ 66.66	\$ 65.67	\$ 65.87	\$ 65.77	-1%	\$ 164,196,051	
Outpatient FFS Expense	26.21	25.02	25.07	25.04	-4%	62,527,017	
LTC/SNF Expense	58.45	54.31	54.02	54.17	-7%	135,239,122	
ER Facility Services FFS	12.46	12.78	12.86	12.82	3%	32,013,031	
Physician Specialty Services FFS	29.61	24.95	25.01	24.98	-16%	62,369,400	
Transportation FFS	0.72	0.76	0.76	0.76	6%	1,899,879	
Primary Care Physician FFS	7.55	6.16	6.17	6.16	-18%	15,383,879	
Mental and Behavioral Health	10.69	9.80	9.84	9.82	-8%	24,514,411	
Pharmacy Expense FFS	59.76	61.91	-	30.63	-49%	76,470,968	
Other Medical Professional	1.77	1.74	1.74	1.74	-2%	4,336,388	
Home & Community Based Svcs	7.34	7.60	7.54	7.57	3%	18,898,264	
Laboratory and Radiology Expense	2.42	1.82	1.82	1.82	-25%	4,551,830	
Other Medical Care Expenses	4.69	4.06	4.03	4.05	-14%	10,103,593	
Directed Payments	13.19	-	-	-	-100%	-	
Provider Reserve	0.27	0.47	-	0.23	-15%	577,501	
Sub-total	\$ 301.79	\$ 277.05	\$ 214.73	\$ 245.56	-19%	\$ 613,081,335	
Reinsurance-Net	\$ 1.10	\$ 1.16	\$ 1.16	\$ 1.16	5%	\$ 2,883,636	
Refunds & Recoveries	\$ (0.91)	\$ (1.21)	\$ (1.19)	\$ (1.20)	32%	\$ (3,000,000)	
Care Management	\$ 6.19	\$ 5.96	\$ 5.64	\$ 5.80	-6%	\$ 14,482,056	
Total Medical Expenses	\$ 332.40	\$ 315.58	\$ 253.91	\$ 284.42	-14%	\$ 710,081,751	
MLR	94.4%	96.0%	92.7%	94.5%	0.1%		

The pmpm variances from YTD actual noted above are due to case mix changes, transition from paying fee for services to capitation, and financial statement timing. A chart outlining the pmpm medical expenses by AID category is on the following page.

Total estimated medical expenses for the fiscal year are \$710,081,751, which is \$31.5 million above the medical expense component in the capitation rates from the State.

**FY 2020-21 MEDICAL EXPENSE BUDGET
PMPM COST BY AID CATEGORY**

	Child		Adult		Adult Expansion		SPD		SPD		BCCTP		LTC		LTC	
							Dual		Dual					Dual		
Capitation - PCP Expense	\$	20.05	\$	49.22	\$	52.57	\$	64.28	\$	3.77	\$	3.77	\$	3.77	\$	3.77
Fee For Service																
Inpatient FFS Expense	\$	5.89	\$	127.87	\$	115.99	\$	278.52	\$	20.43	\$	117.73	\$	718.99	\$	61.64
Outpatient FFS Expense		4.33		45.42		38.42		99.66		20.43		319.72		241.22		13.62
LTC/SNF Expense		0.31		8.09		22.67		152.69		97.50		-		7,903.47		7,428.52
ER Facility Services FFS		10.06		17.39		16.74		28.25		1.94		5.66		16.70		0.72
Physician Specialty Services FFS		4.16		45.33		41.48		79.60		21.18		297.63		236.93		11.61
Transportation FFS		0.29		0.81		1.23		3.89		0.09		0.38		15.52		0.36
Primary Care Physician FFS		5.84		6.56		5.76		14.93		4.52		12.36		11.22		0.55
Mental and Behavioral Health		8.96		5.60		5.63		77.08		1.19		4.66		3.62		0.65
Pharmacy Expense FFS		5.73		45.01		54.36		154.03		2.63		198.12		170.89		0.03
Other Medical Professional		0.46		1.75		2.98		5.76		2.16		15.36		5.04		0.91
Home & Community Based Svcs		0.02		1.57		2.94		37.22		44.33		3.35		472.86		135.34
Laboratory and Radiology Expense		0.57		4.17		2.95		4.33		0.16		20.74		2.51		0.04
Other Medical Care Expenses		0.70		3.13		3.31		27.16		11.01		1.92		93.54		34.65
Provider Reserve		0.23		0.23		0.23		0.23		0.23		0.23		0.23		0.23
Sub-total	\$	47.55	\$	312.93	\$	314.69	\$	963.35	\$	227.80	\$	997.86	\$	9,892.74	\$	7,688.87
Reinsurance-Net	\$	1.16	\$	1.16	\$	1.16	\$	1.16	\$	1.16	\$	1.16	\$	1.16	\$	1.16
Refunds & Recoveries	\$	(1.20)	\$	(1.20)	\$	(1.20)	\$	(1.20)	\$	(1.20)	\$	(1.20)	\$	(1.20)	\$	(1.20)
Care Management	\$	5.80	\$	5.80	\$	5.80	\$	5.80	\$	5.80	\$	5.80	\$	5.80	\$	5.80
Total PMPM Medical Expenses	\$	73.36	\$	367.91	\$	373.02	\$	1,033.39	\$	237.33	\$	1,007.39	\$	9,902.27	\$	7,698.40

General and Administrative Expenses

The FY 2020-21 general and administrative budget is \$54,930,839. This is 7.3% of estimated revenue and 5 million less than the amount allocated in the capitation rates for administrative expenses which is a total of \$60,142,015.

The budget was developed at a department level and is based on a review of FY 2019-20 actual expenditures with changes based on certain assumptions and expectations for FY 2020-21. Staff was diligent in the administrative review due to the projected losses and uncertainty at the State level. The administrative budget, including care management expense, has decreased by \$2.8 million and 5% from the FY 2019-20.

The following table outlines general and administrative budget and includes a comparison to the initial budget (adopted in July 2019) for FY 2019-20, as well as a projection on the actual expenditures to be incurred during the current FY 2019-20.

Excluding the Enterprise Project Portfolio, the Plan anticipates operating very close to the baseline of FY 2019-20 administrative expense. There was some necessary growth in staffing to support the projects associated with Interoperability, the Health Information Exchange, and the data warehouse. Costs related to personnel are included within the associated departments and are not included in the project portfolio budget. The administrative expense (also excluding the project portfolio) expressed as a percent of revenue has increased from the prior year due to decreases in revenue associated with the May Revise and Medi-Cal Rx. The Department of Health Care services has indicated funding for administrative expense as a percent of revenue will increase effective January 1, 2021; understanding that the Plan does not have commensurate administrative savings.

FY 2020-21 GENERAL AND ADMINISTRATIVE EXPENSES					
	FY 2019-20 Projected Actual	FY 2019-20 Budget	FY 2020-21 Budget	Change Budget to Budget	Percent Change
Salary Expense	\$ 19,804,127	\$ 19,683,560	\$ 19,234,612	\$ (448,948)	-2%
Temp Labor	181,736	561,579	239,000	(322,579)	-57%
Taxes and Benefits	5,848,499	6,815,660	5,931,095	(884,565)	-13%
Training, Conference, and Travel	227,880	614,926	177,570	(437,356)	-71%
Outside Services - Conduent	19,858,655	19,217,127	19,207,066	(10,061)	0%
Outside Services - PBM Admin	1,766,216	3,052,936	1,147,065	(1,905,871)	-62%
Outside Services - Other	3,564,621	4,468,112	4,218,162	(249,950)	-6%
Accounting & Actuarial Services	187,955	166,000	175,000	9,000	5%
Legal	1,579,707	1,500,000	1,500,000	-	0%
Consulting Services	1,803,709	1,238,045	1,269,000	30,955	3%
Translation Services	263,091	220,000	325,017	105,017	48%
Committee/Advisory	7,667	18,800	12,500	(6,300)	-34%
Employee Recruitment	116,668	100,000	120,000	20,000	20%
Lease	1,415,975	1,475,532	1,555,248	79,716	5%
Depreciation & Amortization	447,191	560,403	443,387	(117,016)	-21%
Non-Capital - Furniture & Equipment	49,365	156,006	264,000	107,994	69%
Office & Operating Supplies	124,041	150,166	160,716	10,550	7%
Shipping & Postage	138,787	176,990	213,460	36,470	21%
Printing	222,563	342,300	566,300	224,000	65%
Software Licenses	3,226,098	4,193,023	4,236,150	43,127	1%
Repairs & Maintenance	95,826	150,823	154,043	3,220	2%
Telephone/Internet	134,828	247,914	284,276	36,362	15%
Advertising and promotion	144,117	206,550	225,500	18,950	9%
Insurance	568,346	525,000	600,000	75,000	14%
Interest	829,513	540,000	270,000	(270,000)	-50%
Professional dues, fees, and licenses	277,991	315,111	242,863	(72,247)	-23%
Subscriptions and publications	19,751	32,221	22,878	(9,343)	-29%
Bank Service Fees	13,035	23,891	18,000	(5,891)	-25%
Other miscellaneous	13,322	-	150,000	150,000	100%
Care Management	(14,334,868)	(16,129,192)	(14,482,056)	1,647,136	-10%
Total General and Administrative	\$ 48,596,409	\$ 50,623,480	\$ 48,480,853 *	\$(2,142,627)	-4%
% Admin to Revenue	6.0%	7.0%	6.5%		
Interoperability Salary and Benefits	\$ -	\$ -	\$ 975,000	\$ 975,000	
Enterprise Project Portfolio	\$ 1,657,647	\$ 7,078,229	\$ 5,474,986	\$(1,603,243)	-23%
Total G&A (including Projects)	\$ 50,254,056	\$ 57,701,709	\$ 54,930,839	\$(2,770,870)	-5%
% to Revenue	6.2%	7.7%	7.3%		

* Approximately 60% of budget contractually obligated amounts (Conduent, PBM fees, Software Licenses, etc.)

The major assumptions and changes in the general and administrative budget are as follows:

Salary Expense

Salary expense includes a 6% vacancy factor. Impacting the salary expense are the addition of new positions. The table on the following page represents budgeted positions by department in comparison with the FY 2019-20 budget.

Position Summary				
Department	May-20	Budget	Budget	Change
	Filled	FY 2019-20	FY 2020-21	
Executive	6 **	11.0	8.0	(3.0)
Human Resources	4 **	6.0	6.0	-
Compliance	9	10.0	10.0	-
Operations	0	2.0	1.0	(1.0) *
Appeals & Grievance	5	5.0	5.0	-
Operations Support Services	6	5.0	6.0	1.0 *
Member Services	5	7.0	5.0	(2.0)
Claims	5	6.0	5.0	(1.0)
Facilities	3	3.0	3.0	-
Network Operations	10	11.0	11.0	-
Communications	2	2.0	2.0	-
Accounting and Finance	7	6.0	7.0	1.0 *
Procurement	3	3.0	3.0	-
Decision Support Services	6 **	7.0	7.0	-
Project Management Office	2	2.0	2.0	-
Information Technology	13 **	18.0	18.0	-
Government and Community Relations	3	3.0	4.0	1.0
Quality	10	10.0	10.0	-
Pharmacy	2.5	2.5	2.5	-
Health Education	6	7.5	6.0	(1.5)
Health Services/Health Education	79.5 **	77.5	82.5	5.0
Interoperability			6.0	6.0
	<u>187.0</u>	<u>204.5</u>	<u>210.0</u>	<u>5.5</u>
Assumed Filled (6% Vacancy)		192	197	

*Indicates there was not a net change to positions, but the change is due to a department transfer or re-purposing of a position.

** Open positions are currently augmented by consultants or temporary labor.

There were 6 positions allocated to support the long-term projects related to the Health Information Exchange (HIE), data warehouse, and Interoperability.

1. Senior Decision Support Analyst (Decision Support Services)
2. Technical Program/Product Manager (Information Technology)
3. Senior ETL/Integration/BI Developer (Information Technology)
4. (2) Senior IT Business Systems Analyst
5. Data Integration Architect/Engineer

In addition to the above referenced positions, the following are new positions within the department budgets:

(2) RN, Utilization Management (Health Services) – one dedicated to concurrent review at major hospital systems and one to support PDR and inpatient volumes.

Senior Policy Analyst (Government and Community Relations) – to assist the Executive Director, Strategy and External Affairs in analyzing legislative action taking place via Executive Orders, legislative bills, and state budget proposals.

Temp Labor

The reduction is based on a revised assessment of needs.

Taxes and Benefits

The estimated expense was revised based on more current costs and anticipated changes in the upcoming year.

Training, Conference, and Travel

The budget was reduced due to both the economic conditions of the Plan, and current travel restrictions due to the pandemic.

Outside Services – PBM fees

The estimated costs are anticipated to decrease with the implementation of the pharmacy carve out effective January 1, 2021.

Outside Services – Other

Reduced budget for outside medical reviews, consistent with current annualized expense.

Printing

Increase in estimated printing costs associated with the need for additional provider and member communications.

Interest

Significantly reduced estimated interest expense associated with late claims payments. The staff greatly improved timelines for processing claims in the Provider Dispute Resolutions queues.

FY 2020-21 Enterprise Project Portfolio (EPP)

The FY 2020-21 Enterprise Project Portfolio comprises the projects identified through our project steering committee process as GCHP's highest priorities in support of its strategic objectives.

Gold Coast Health Plan FY 20120-21 Project Portfolio			
FY 2019-20 Carryover Projects			
Project	Description	FY 2020-21 Expense	FY 2020-21 Capital
Enterprise Transformation Projects (ETP)	Initiative to convert to a new core administrative platform - Health Solutions Plus (HSP) for claims processing, eligibility, membership and benefit maintenance, along with implementation of a new customer service system solution to optimize call center efficiencies.	\$ 2,780,833	\$ 50,000
Provider Credentialing, Contracting & Data Management (PCCM)	Implementation of an integrated system for the management of provider credentialing, contracting and data. Mission critical initiative to ensure that GCHP continues to meet ongoing and increasing regulatory requirements around provider data accuracy, support contracting efforts, and optimize business processes.	179,997	20,000
Enterprise Data Warehouse	Strategic technology investment in data warehouse architecture, tools and resources to effectively support the provision, management, proliferation, and use of data for improved decision making, business process improvement, and faster response to regulatory conditions.	295,000	
IT Infrastructure Business Continuity (BC) Implementation	Additional infrastructure hardware investments and installations to add business continuity capabilities.	30,000	211,000
Internet Access Security Enhancements	Implementation of tools and software to enhance GCHP's management of internet based applications, part of cybersecurity risk mitigation strategies.	60,000	
Multiview Cloud Implementation	Leveraging GCHP's technology investment in the Multi-view financial application. Moving from on-premise to cloud based software as a service platform for improved functionality.	128,870	
Staff Augmentation (All Projects)		800,000	
		<u>\$ 4,274,700</u>	<u>\$ 281,000</u>
New Initiatives			
Ventura County Health Information Exchange	Effort to support the Ventura County Health Improvement Collaborative and improve population health management.	\$ 160,000	
CMS Interoperability	CMS Interoperability and Patient Access Final Rule is a mandate for payers effective January 1, 2021. The goal is to provide member's access to health data and support member choice.	932,119	58,000
		<u>\$ 1,092,119</u>	<u>\$ 58,000</u>
Depreciation and Amortization		\$ 108,167	
Total Project Cost		<u>\$ 5,474,986</u>	<u>\$ 339,000</u>

Capital Budget

The total budget for capital expenditures, including those included in the project portfolio, are \$644,850. Of that amount, \$339,000 is related to the Enterprise Project Portfolio.

GOLD COAST HEALTH PLAN FY 2020-21 OPERATING BUDGET			
	Jul 1- Dec 31 2020	Jan 1- Jun 30 2021	TOTAL
Program Revenue	\$ 405,855,611	\$ 345,729,567	\$ 751,585,178
Medical Expenses	\$ 389,760,598	\$ 320,321,153	\$ 710,081,751
	MLR 96.0%	92.7%	94.5%
Gross Margin	\$ 16,095,013	\$ 25,408,414	\$ 41,503,427
General & Administrative Expenses	\$ 25,606,609	\$ 23,849,244	\$ 48,480,853
Project Portfolio	\$ 3,375,161	\$ 2,099,825	\$ 5,474,986
	Admin % 7.1%	7.5%	7.2%
Interest Income	\$ 450,000	\$ 450,000	\$ 900,000
Net Loss	\$ (12,436,757)	\$ (90,655)	\$ (11,552,411)

GOLD COAST HEALTH PLAN FY 2020-21 CAPITAL BUDGET		
Asset Category	Description	Amount (\$)
Leasehold Improvements	Data cables	\$ 14,500
Leasehold Improvements	Door hardware and security equipment	22,300
Leasehold Improvements	Building upgrades	22,000
Computer Systems & Software	PCCM - Project	20,000
Computer Systems & Software	ETP - Project	50,000
Computer Systems & Software	IT infrastructure and business continuity - Project	211,000
Computer Systems & Software	CMS Interoperability Project	58,000
Computer Systems & Software	Firewalls	76,550
Computer Systems & Software	Virtual host additions	22,000
Computer Systems & Software	Electrical engineering costs	15,000
Computer Systems & Software	UPS Refresh	62,500
Computer Systems & Software	New wireless infrastructure	51,000
Computer Systems & Software	MoveIT file transfer	20,000
		\$ 644,850

Projected Tangible Net Equity (TNE)

The TNE is projected to be at \$52.4 million or 172% of the State required amount; projected at 200% with the Solvency Action Plan.

APPENDIX – CONTRACT RENEWALS IN FY 2020-21

Vendor	Description	Contract Type	SOW/ Service Order #	PO #	Contract Term Start Date	Contract Expiration Date	Invoiced and Paid Amount thru 4/30/20	Estimated Remaining Cost Until Expiration	Estimated Annual Cost	Expiration Strategy	Renewal Projected Cost	Projected Cumulative Cost (As of 04/30/20)	Renewal End Date
Xpedite Systems (Easylink) OpenText	Fax-messaging services	Customer Service Agreement		15198	6/1/2015	5/31/2020	\$306,899.00	\$6,000.00	\$40,000.00	Renew with current vendor for 2 years	\$80,000	\$392,899	5/31/2022
CIO Solutions	Infrastructure maintenance and support	Service Order	1	16036	8/6/2013	10/31/2020	\$275,210.00	\$39,430.50	\$78,861.00	Renew with current vendor for 1 year	\$78,861	\$393,502	10/31/2021
Enghined	Security operations center	Service Order	7	141	12/5/2018	12/4/2020	\$176,854.50	\$83,333.33	\$125,000.00	Renew with current vendor for 2 year	\$250,000	\$510,188	12/4/2022
Jason Kim	Supports - IT data base administration work.	Consulting Services Agreement	1	16040	8/19/2013	6/30/2020	\$497,280.00	\$18,467.83	\$110,807.00	Renew with current vendor for 1 year	\$110,807	\$626,555	6/30/2021
3M Health Information	Groupware software and inpatient pricing tables	License & Service Agreement		118	11/1/2019	10/31/2020	\$116,503.00	\$0.00	\$61,200.00	Renew with current vendor for 1 year	\$61,200	\$177,703	10/31/2021
Milliman	MedInsight & MARA SaaS	SaaS		143	1/1/2015	12/31/2020	\$659,557.58	\$56,286.48	\$400,000.00	Annual renewal. Requesting 3 year funding approval.	\$1,200,000	\$1,915,844	12/31/2023
Quest Analytics	Data verification and attestation accuracy services	Software License Agreement		145	12/17/2018	12/16/2020	\$160,000.00	\$0.00	\$86,000.00	Renew with current vendor for 1 year	\$86,000	\$246,000	12/16/2021
Axient Technologies	Disaster recovery data services	Order Form		366	8/1/2017	5/10/2021	\$250,583.00	\$0.00	\$65,000.00	Annual renewal. Requesting 3 year funding approval.	\$195,000	\$445,583	5/10/2024
Gartner	Executive programs leadership - website research access	Subscription Agreement		115 & 372	12/1/2018	4/30/2021	\$390,216.00	\$0.00	\$185,000.00	Renew with current vendor for 1 year	\$185,000	\$575,216	4/30/2022
Coffey Communications - Website Hosting	Web hosting platform. New CMS	Service Order	13	290	8/1/2020	7/31/2021	\$0.00	\$44,160.00	\$47,000.00	Renew with current vendor for 2 years	\$94,000	\$138,160	7/31/2023
Coffey Communications Inc.	Member fulfillment printing & postage	Service Order	11	155	1/1/2019	12/31/2020	\$109,422.00	\$204,500.00	\$306,750.00	Renew with current vendor for 2 years.	\$613,500	\$927,422	12/31/2022
Coffey Communications Inc.	SO 8 - Member Newsletter Services	Service Order	8	17011	1/1/2017	12/31/2020	\$489,707.00	\$150,000.00	\$225,000.00	Renew with current vendor for 1 year.	\$225,000	\$864,707	12/31/2021
Adecco USA, Inc.	Temporary Labor Agreement	SOW	1	Multiple	1/23/2018	1/31/2021	\$368,352.00	\$98,418.75	\$131,225.00	Renew with current vendor for 1 year.	\$131,225	\$597,996	1/31/2022
Crossroads Staffing Services	Temporary Labor Agreement	SOW	1	Multiple	1/23/2018	1/31/2021	\$343,563.00	\$128,235.00	\$170,980.00	Renew with current vendor for 1 year.	\$170,980	\$642,778	1/31/2022
RJT Compuquest	Temporary Labor Agreement	SOW	1	Multiple	1/23/2018	1/31/2021	\$0.00	\$75,000.00	\$100,000.00	Renew with current vendor for 1 year.	\$100,000	\$175,000	1/31/2022
TekSystems, Inc.	Temporary Labor Agreement	SOW	1	Multiple	1/23/2018	1/31/2021	\$932,630.00	\$275,193.00	\$366,924.00	Renew with current vendor for 1 year.	\$366,924	\$1,574,747	1/31/2022
DR Management	ETP consulting services	SOW	2	214	6/3/2019	9/30/2020	\$434,654.00	\$213,946.00	\$427,892.00	Renew with current vendor until 2/28/21	\$220,000	\$868,600	2/28/2021



AGENDA ITEM NO. 6

TO: Executive Finance Committee
FROM: Kashina Bishop, Chief Financial Officer
DATE: June 17, 2020
SUBJECT: Solvency Action Plan

BACKGROUND:

Management has updated the Executive Finance Committee on Gold Coast Health Plan's (GCHP's) financial condition, the need for expeditious action to stem ongoing erosion of the plan reserves, and the proposed budget for 2021. In particular, management has advised the Commission that, given the plan's financial condition, the plan must pass along provider rate reductions and benefit eliminations that the Department of Health Care Services (DHCS) imposes on the Medi-Cal program. Further, management has proposed a Solvency Action Plan to ensure that GCHP sets upon a course to improve its financial condition, restore necessary and appropriate levels of excess Tangible Net Equity (TNE), and continue to serve the Ventura County community with efficacy and a commitment to the GCHP mission.

ACTION:

The Commission approves Phase One of the Solvency Action Plan that management presented at the Executive Finance Committee meeting on June 11, 2020.

FISCAL IMPACT:

Approval of the Solvency Action Plan will positively impact GCHP in the long term as the plan seeks to restore appropriate levels of reserves to ensure readiness to meet, and deal with the adverse consequences of, future financial emergencies or downturns.

RECOMMENDATION:

Staff recommends approval of the Solvency Action Plan's Phase One.