

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

DATE: Monday, February 27, 2012
TIME: 3:00-5:00 pm
PLACE: 2240 E. Gonzales Road, Suite 200, Oxnard CA 93036

AGENDA

Call to Order, Welcome and Roll Call

Public Comment / Correspondence

1. **Approve Minutes**
 - a. Commission Meeting of January 23, 2012 *Action Required*
 - b. Executive Finance Draft Minutes of February 21, 2012 Meeting *For Information*
2. **Accept and File Management Update** *For Information*
3. **Accept and File Financial Report**
 - a. January Financials *For Information*
 - b. Claims Inventory *For Information*
4. **Management Recommendations & Reports**
 - a. Reserve Policy *Action Required*
 - b. External Monitor Services *Action Required*
 - c. Commission Liaison to Compliance Committee *Action Required*

Comments from Commissioners

Adjourn to Closed Session (if needed)

CLOSED SESSION: GC § 54957 - CEO Performance Evaluation

Return to Open Meeting / Adjournment

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

ADMINISTRATIVE REPORTS RELATING TO THIS AGENDA AND MATERIALS RELATED TO AN AGENDA ITEM SUBMITTED TO THE COMMISSION AFTER DISTRIBUTION OF THE AGENDA PACKET ARE AVAILABLE FOR PUBLIC REVIEW DURING NORMAL BUSINESS HOURS AT THE OFFICE OF THE CLERK OF THE BOARD, 2220 E. GONZALES ROAD, SUITE 200, OXNARD, CA.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT TRACI AT 805/981-5320. 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
(VCMMCC) dba Gold Coast Health Plan (GCHP)
Commission Meeting Minutes**

January 23, 2012

(Not official until approved)

CALL TO ORDER

Chair Dial called the meeting to order at 3:01 p.m. in Suite 200 at the Ventura County Public Health Building located at 2240 E. Gonzales Road, Oxnard, CA 93036.

The Pledge of Allegiance was recited.

ROLL CALL

COMMISSION MEMBERS IN ATTENDANCE

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

Maylee Berry, Medi-Cal Beneficiary Advocate

Anil Chawla, MD, Clinicas del Camino Real, Inc.

Lanyard Dial, MD, Ventura County Medical Association

John Fankhauser, MD, Ventura County Medical Center Executive Committee

Robert Gonzalez, MD, Ventura County Health Care Agency

Rick Jarvis, Private Hospitals / Healthcare System

Kathy Long, Ventura County Board of Supervisors

Catherine Rodriguez, Ventura County Medical Health System

EXCUSED / ABSENT COMMISSIONERS

Roberto S. Juarez, Clinicas del Camino Real, Inc.

STAFF IN ATTENDANCE

Earl Greenia, CEO

Tin Kin Lee, Legal Counsel

Traci R. McGinley, Clerk of the Board

Charlie Cho, MD, Chief Medical Officer

Sonia DeMarta, Interim Chief Financial Officer

Audra Lucas, Administrative Assistant

Guillermo Gonzales, Government Relations Director

Language Interpreting and Translating services provided by GCHP from Lourdes González Campbell of Lourdes González Campbell and Associates.

PUBLIC COMMENT / CORRESPONDENCE

Christina Velasco, Clinicas Camino del Real, Inc. CFO, stated that Clinicas received 10 reimbursement checks in one day from the Plan and one check had 600 pages front and back of supporting documentation. She added that it is difficult to manage all of the

claims and remittances processes and there is too much paperwork for remittance. She requested GCHP implement electronic remittance processes as was available with the State.

CEO Greenia responded that Affiliated Computer Services (ACS) is addressing this along with the Provider Portal.

1. APPROVAL OF MINUTES

a. Special Meeting Closed Session of November 28, 2011

Vice-Chair Gonzalez moved to approve the Minutes. Commissioner Berry seconded. The motion carried. **Approved 9-0**, with Commissioner Long abstaining.

b. Special Meeting of November 28, 2011

Commissioner Berry moved to approve the Minutes. Commissioner Araujo seconded. **Approved 9-0**, with Commissioner Long abstaining.

2. ACCEPT AND FILE MANAGEMENT UPDATE

CEO Greenia noted the recent changes in staffing with Connie Davis, Director of Claims and Darlane Johnsen, CFO, no longer being with the Plan and Sonia DeMarta stepping up as Interim CFO. He added that a professional search firm is working on prospects for the CFO and Director of Quality positions.

The Plan had its first State audit which was focused on Medical Loss Ratio. The purpose of the audit was to assess the Plan's financial condition and the accuracy of previously reported financial information. The auditors also evaluated claims operations.

Discussion was held regarding Provider contracting and Mid-Level Practitioners and the Specialist Physicians table on page 2-5 of the Agenda Packet.

3. ACCEPT AND FILE FINANCIAL REPORT

a. November and December Financials

Interim CFO DeMarta stated that expenditures are similar to previous months. She added that membership grew slightly which caused ACS and CQS fees to be higher. She pointed out that the "over budget" figures are the result of those fees as well as additional hires.

Interim CFO DeMarta noted that due to payables dating back to July, interest expenses show for the first time in December. Staff expects that figure to be higher going forward. She reminded the Commission that the budget was built on membership numbers and it causes the variance.

On the Income Statement, Interim CFO DeMarta highlighted the reserve for repayment to the State according to Assembly Bill 87 (Provider Rate Reduction). She noted that the rate reduction figure is consistent with other COHS.

Discussion was held regarding the retroactive membership adjustment figures, CEO Greenia explained that the Plan receives eligibility and retroactive eligibility updates from the State daily.

4. MANAGEMENT RECOMMENDATIONS & REPORTS

a. Claims Management Presentation

Adam Blodgett and Ken Dixon of ACS Operations distributed and reviewed their presentation. Mr. Blodgett noted that the focus the past six weeks has been resolving claims that were more than 60 days overdue and now there are none. Approximately 22,000 claims are received weekly; 465,000 claims have been processed since inception.

Mr. Blodgett added that ACS and GCHP are listening to providers, their concerns and needs. Electronic submission is a priority. Discussion was held regarding the priorities highlighted on page 8 of the handout. In response to questions from the Commission, Mr. Blodgett noted that ACS would develop definitive timelines regarding the electronic submission.

Discussion was held regarding returned claims. ACS advised the Commission that they are speaking with providers about what is causing the claims to be returned.

The Commission stressed that GCHP is about taking care of patients in this community. The providers have done their job, and have not received timely payments. GCHP's credibility needs to be reestablished quickly and providers need to know that their patience is appreciated.

In response to questions raised by the Commission, Mr. Blodgett noted a number of cases. The eligibility file from the State was not received until a month before go-live; Records from the State were not complete which caused a major time lapse due to regulations and the fact that the billing is different for the Providers than how they billed the State. ACS had to work with GCHP and the State to get the information needed so the claims could be processed and paid. ACS has taken an aggressive approach to meet individually with each Provider and reconcile claims. Last Thursday ACS had a provider come to GCHP Oxnard office and go through the claims line by line.

The Commission raised concerns about requests from Providers to have meetings with ACS and GCHP and to date they have not been scheduled. The Commission stressed that without these meetings there will be future problems and discontent.

b. Changes to Pharmacy & Therapeutics Committee

Commissioner Long moved to appoint Dr. Suhad Niazi to the Pharmacy and Therapeutics Committee, Commissioner Araujo seconded. The motion carried.
Approved 10-0.

c. External Auditor Section

CEO Greenia advised the Commission that proposals were received from five firms; after review of the RFPs there are two firms that appear to meet GCHP's needs: Bartlett, Pringle & Wolff and McGladrey & Pullen. CEO Greenia noted that management may need further information or to meet with the firms and requested that the Commission authorize execution of a contract with the firm that best meets GCHP's needs.

Discussion was held regarding the firms, the proposals and the review criteria.

Commissioner Jarvis moved to approve the two firms and authorize Management to proceed with contracting with the selected firm to perform GCHP's audit for fiscal year ending June 30, 2011. Commissioner Long seconded. The motion carried.

Approved 10-0.

d. Expiring Commissioner Terms

Counsel Tin Kin Lee reviewed the pertinent sections of the County Ordinance creating the Commission. After discussion was held, Commissioner Long recommended that CEO Greenia contact the designated nominating organizations requesting they submit their nominees to County Administration.

e. Commission 2012 Meeting Schedule

CEO Greenia explained that several Members of the Executive Finance Committee have meetings that conflict with the adopted Executive Finance Committee Meeting Schedule.

It was suggested that after the new Commissioners are appointed and seated as noted in Item 4(d), the Executive Finance Committee members determine the schedule that meets their needs and have the desired schedule come back to the Commission for adoption.

Commissioner Long moved to affirm the Commission Meeting Schedule and table the Executive Finance Meeting Calendar Chair Dial seconded. The motion carried.

Approved 10-0.

COMMENTS FROM COMMISSIONERS

None.

ADJOURN TO CLOSED SESSION GC § 54957 – CEO EVALUATION

The Commission adjourned to Closed Session at 4:46 p.m.

RETURN TO OPEN SESSION

The Regular Meeting reconvened at 5:28 p.m. Chair Dial reported that the Commission further discussed developing review tools for the CEO evaluation.

ADJOURNMENT

The meeting adjourned at 5:29 p.m.

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

February 21, 2012

(Not official until approved)

CALL TO ORDER

Chair Greenia called the meeting to order at 3:24 p.m. in Suite 280 at the Ventura County Public Health Building located at 2240 E. Gonzales Road, Oxnard, CA 93036.

ROLL CALL

COMMITTEE MEMBERS PRESENT

Robert Gonzalez, MD, Ventura County Health Care Agency

Roberto S. Juarez, Clinicas del Camino Real, Inc.

Catherine Rodriguez, Ventura County Medical Health System

EXCUSED / ABSENT MEMBERS

Lanyard Dial, MD, Ventura County Medical Association

Rick Jarvis, Private Hospitals / Healthcare System

STAFF EX OFFICIO COMMITTEE MEMBERS

Earl Greenia, Chair, CEO

Sonia DeMarta, Vice-Chair, Interim CFO

ADDITIONAL STAFF IN ATTENDANCE

Traci R. McGinley, Clerk of the Board

Audra Lucas, Administrative Assistant

Candice Limousin, Human Resources Director

Lyndon Turner, Sr. Financial Analyst

Steven Lalich, Communication Director

PUBLIC COMMENT

None.

1. APPROVAL OF MINUTES

a. January 17, 2012 Meeting Minutes

Committee Member Juarez moved to approve the minutes, Committee Member Rodriguez seconded and the motion carried. **Approved 3-0.**

2. ACCEPT AND FILE CEO UPDATE

CEO Greenia noted GCHP's recent meeting in Sacramento with the State, they are reviewing their position on the AB97 10% provider reduction (2.19% is the managed care actuarial equivalent for GCHP); more information should be coming in the following weeks.

Recruitment activities for the open CFO, Quality Improvement and Claims Director positions were discussed; as well as the internal and external interests. The Committee asked about the search agency costs. Director Limousin advised the Committee that the contracted recruitment agency's search fee is approximately 30% of the base pay of each position and includes a 2-year placement guarantee.

CEO Greenia announced the first meeting of the Quality Committee occurred recently and that the Committee approved the Quality Program and Annual Work Plan.

As required by the State, Berkeley Research Group (BRG) Health Analytics Consulting Firm completed phase one of their assessment of the Plan. The focus was on claims and finance with a review of GCHP Provider Network. There were concerns and discussions about variances such as the open CFO and Claims Director positions and the IBNR (Incurred But Not Recorded) costs.

3. ACCEPT AND FILE FINANCIAL REPORT

a. January Financials

Interim CFO DeMarta reviewed the claims paid out, tax payments and salaries. She added that there is a foreseeable advantageous drop in provider receivables as we move forward.

Questions were raised regarding interim payments and advances to providers, the policy and procedure for advances. After further discussion it was requested that a policy be created and brought forward to the Executive Finance Committee Meeting.

Interim CFO, DeMarta noted the expense for purchase of network servers for the data warehouse software.

Discussion on Milliman and its recommendation to maintain the budgeted PMPM (per member per month) approach to booking IBNP (Incurred but not yet paid). The approach is expected to be modified as statistics become available in the next few months.

Highlighted update included favorable variance from Pharmacy, salaries and travel expenses. Unfavorable categories included interest expense due to unpaid claims and high volume of claims unprocessed.

Discussion on contractual obligations of both ACS and GCHP for interest payments on unpaid claims and claims processing difficulties. Ken Dixon of ACS responded noting the cooperation between GCHP and ACS during this process. CEO Greenia advised the Committee that GCHP is responsible per the contract. Committee Member Rodriguez requested a claims inventory at next Executive Finance Committee Meeting.

Other items discussed were the timing of next fiscal year's proposed budget and concerns regarding budget reserves.

4. ACS Project Implementation

ACS Services were highlighted with the priority levels list, estimated additional costs for projects outside the original contract agreement and Commission responsibility to approve change orders.

Questions were posed regarding the estimate listed for the Clinicas Contract change order. Discussion was held regarding what meetings, people and information were necessary to determine a true estimate for project implementation.

5. External Monitor Services

CEO Greenia provided an overview of what was entailed in the assessment that BRG Health Analytics did when they were at the Plan recently. BRG expressed concern about the CFO and Claims Director vacancies and the calculation of IBNR. The Committee asked the reasons for having the service, to which CEO Greenia advised that the Plan was directed by the State to contract with BRG due to concerns the State had from the recent Medical Loss Evaluation review visit and in response to provider complaints regarding claims payment.

6. External Auditor Selection

Interim CFO DeMarta advised the Committee that after review of the five proposals received, Management selected McGladrey for the Audit Contract. Initial information has already been forwarded to them and staff is expecting to have them on-site sometime next month. They expect to be completed in March and have an opinion in April.

7. Salary Schedules

CEO Greenia brought the Salary Schedule forward as previously requested by the Committee. After discussion it was noted that data from other COHS and ACAP, a national trade association for not-for-profit health plans, were used to develop the schedule.

8. Model Provider Contracts

No discussion was held as the model contracts were brought forward for informational purposes.

COMMENTS FROM COMMITTEE MEMBERS

Committee Member Juarez asked about the status of the CEO's review and schedule of Closed Sessions.

Committee Member Rodriguez requested that the draft Minutes of the Executive Finance Committee go before the Commission.

ADJOURNMENT

Chair Greenia adjourned the meeting at 4:45 p.m.



Chief Executive's Monthly Report to Commission February 27, 2012

PEOPLE (Organizational Structure)

- Shyleen Sandoval has joined our team as an assistant in Health Services.
- John Shi was hired as a temporary part-time IT technician.
- Andre Galvan was promoted from Manager to Director of Member Services.
- The outside search firm has initiated screening interviews for CFO and QI Director positions; will present candidates within next 30 days.
- Efforts continue to fill the Claims Director position. We interviewed two internal candidates and an external candidate; these candidates were not selected. Another external candidate is scheduled for interview.
- A formal salary schedule was finalized and presented to the Executive Finance Committee on February 22.
- We have reached capacity in our current office location. Continued growth will require search for new facility and alternate work schedules as appropriate. More information and a formal request will be presented at the next Commission meeting.

SERVICE (Member & Provider Satisfaction, Government Affairs, Compliance)

Community Outreach & Education

- Our commitment to enhance community awareness through outreach continues. In February, the following events were attended:
 - February 1: Trans Fairs Santa Paula
 - February 9: Agency 101 Ventura County Office of Education
 - February 15: Trans Fairs Thousand Oaks
 - February 21: Parole & Community Team Pact
 - February 25: Mixteco/Indigena Community Organizing Project (MICOP).
 - February 27: GCHP will answer questions regarding Custodial Care at a session hosted by the Rainbow Connection Family Resource Center.
- We distributed the first issue of our Member Services Newsletter. The issue centered on healthy lifestyles, weight management and diabetes. We included information regarding vision benefits under VSP (the benefit manager). GCHP saved nearly \$50,000 by bundling the VSP information in with the newsletter. The newsletter will be published three times per year; the next issue will be distributed in July.
- The redesign of our website is underway; expected completion is early June.

Claims Processing

- Claims operations have stabilized and inventory remains low and constant. We continue to receive approximately 20,000 claims per week. Some key data points:

	As of 23-Feb
Mailroom Inventory	2,093
Claims Inventory	8,676
Claims Inventory >30 Days	1
Pend Inventory >30 Days	2
Claims Processed/Paid Since Inception	601,867

- The ACS team is now focusing efforts on adjustments and reconciliation.
- Upgraded scanning equipment will soon be installed in the mailroom.
- Operational updates within the Claims operations include ongoing training of ACS and GCHP staff, continued claims submission reconciliation with providers.
- EDI and systems enhancements continue on schedule as do pricing and provider configuration. We continue to coordinate and provide feedback and direction to ACS for the integration of our medical management systems, so that we can better match, track and pay claims in accordance with our authorization policies.

Government Affairs

- At the DHCS-All-plan CEO meeting on February 16, DHCS Deputy Director Jane Ogle outlined the state's budget proposals which included the following:
 - Payment Deferral to Plans: As a result of the \$3.3 billion cash shortfall in the state budget, the release of capitation payments to plans scheduled for March 1 has been delayed to March 15.
 - Copayments: Center for Medicare and Medicaid Services (CMS) denied California's request to implement co-payments for Medi-Cal beneficiaries.
 - Dual Eligible: DHCS intends to expand the dual demonstration pilot program to ten counties by 2013. The duals demonstration pilot aims to improve service delivery and care coordination for beneficiaries with dual Medi-Cal and Medicare coverage.
 - Healthy Families Program Transition: DHCS plans to transfer approximately 875,000 Healthy Families Program (HFP) beneficiaries to Medi-Cal managed care over a nine-month period beginning in October 2012. Approximately 20,000 children are served by the Healthy Families Program in Ventura County. DHCS proposes to reduce HFP rates by 25.7%.
- Staff attended the California Association of Health Insuring Organizations "Best Practices" meeting. Discussion focused on clinical best practices in the following areas: Complex Case Management Programs, Hospital Readmission Reduction Programs, and Utilization Management/Care Coordination.
- A memo summarizing various pending state budget and policy proposals is included in this month's packet.

Compliance

- We have established a Compliance/Fraud & Abuse hotline for providers, members and employees to report compliance and/or fraud & abuse concerns. Reports can be made via phone at (866) 672-2615 or via web at <http://gchp.alertline.com>. Reports can be made anonymously.

- Staff from several departments, including and compliance, participated in the Medical Loss Ratio review conducted jointly by DHCS and DMHC. The process is on-going and staff continues to provide information as requested.
- Staff is currently prepping and coordinating for the DHCS Member Rights review tentatively slated for mid-March.

Member Services

- The member handbook is under review for updates.
- State Fair Hearing preparation continues with members requesting continued custodial care services. Member Services works closely with Health Services on a case-by-case basis to educate families about alternate services.
- Member Services recently sent seven acknowledgement letters for member grievances; there are two grievances pending appeals and awaiting medical review.
- The next Consumer Advisory Committee meeting is scheduled for March 7.

QUALITY (Comprehensive Medical Management)

- The Quality Committee held its first meeting on February 3 and formally approved the QI Program. The committee reviewed contractual requirements and the annual work plan. Subcommittees were established to support the QI structure; the subcommittees will report at the next meeting on May 4.
- The Pharmacy and Therapeutics Committee had its quarterly meeting on February 9 and reviewed the quarterly pharmacy utilization report. The results were favorable and revealed an expenditure of \$27.49 per-member per-month; up from \$24.00 for the previous quarter, yet below budget. Generic use increased to 82.39% from 79.41%.
- Quality and IT staff have met with several potential HEDIS vendors in preparation for GCHP's baseline 2012 HEDIS data collection.
- Quality and Contracting staff have met with a potential vendor for the required provider satisfaction survey.
- Staff continues to move forward in integrating three systems related to medical management.
- We are consistently in compliance with State turn-around-time requirements for treatment authorizations.
- Custodial Care issues continue to require intensive review and sensitive counseling and educational time with families who previously received coverage under fee-for-Medi-Cal. Staff met with Ernie Villegas and Adam Haverstock from State Assemblyman Jeff Gorell's Office regarding the impact of the benefit change for in home custodial care developmentally disabled children under managed care. A similar meeting was held with Stan Hakes from Supervisor Zaragoza's Office.
- The first Health Education, Cultural & Linguistic Committee meeting was held on February 9. Members of the Committee reviewed and approved the Group Needs Assessment Survey.

ACCESS (Robust Provider Network)

Provider Relations & Contracting

- We initiated contract renewal discussions with major hospital facilities and physicians in Ventura and Los Angeles Counties.
- Executed contracts with providers in Los Angeles County (Providence Health System and Cedars-Sinai Medical Center) and Santa Barbara County (Cottage Health System). Additionally, we completed physician service contract negotiations for over 400 specialists in two Medical Foundations at Cedars-Sinai.
- Staff has completed pre-operational work for VSP to go-live on March 1.
- Updated and posted to our website various materials, such as the Provider Manual, Provider Directories, Web Portal User Guide, FAQ, and Tip Sheets.
- Complete 10 of 28 scheduled provider in-service provider training sessions.
- Our Provider Advisory Committee met on February 9, draft minutes from that meeting are included in this report.

FINANCE (Optimize Rates, Ensure Long-Term Viability)

- The independent Audit Firm of McGladrey & Pullen has been selected to conduct the audit of our financial statements for the period ended June 30, 2011. We have supplied them with all requested information. Field work will begin March 12.
- GCHP hosted a kick-off meeting with Milliman to begin the process of building the data warehouse to be used for health care cost analysis and reporting.
- Consultants from Berkeley Research Group were onsite meeting with GCHP leadership and staff on February 14-17 to review finance and claims operations. The process has been both collegial and productive, and we continue to provide them with all requested information. A separate memo in this month's packet provides more detail about a continuing business arrangement.

Respectfully submitted,

Earl G. Greenia
Chief Executive Officer

**GOLD COAST HEALTH PLAN
PROVIDER ADVISORY COMMITTEE
MINUTES**

(DRAFT – SUBJECT TO COMMITTEE REVIEW & APPROVAL)

Date: Thursday, February 9, 2012

Location: Conference Room, Ventura County Health Care Agency
2240 E. Gonzales Rd, Suite 280, Oxnard, CA 93036

Moderator: Paul R. Roberts, Director of Provider Relations & Provider Contracting, GCHP

Members Present: Alger Brion, Clive Salmon, DPM; Mike Lurie, Mark Minnis, John Roughan, Brett Zaer, Tony Alatorre

Absent: Joyce Weckl, RN; Terrie Stanley, RN, CPHQ, MPA; John Keats, MD

Guests Present: Phil Chase, Simi Valley Care Center, Steven Krivit, Consultant, David Selman, VCMC

Staff Present: Rebecca Wright, Provider Relations Interim Manager; Lezli Stroh, Provider Relations Representative; Velma Washington, Provider Relations Assistant; Steve Lulich, Director of Communications; Earl Greenia, CEO

- I. **Call to order.** Paul Roberts called the meeting to order at 3:35pm. Introduction of GCHP staff and Committee members.
- II. **Approval of minutes.** The November 10, 2011 minutes were accepted as presented.
- III. **New business:**
 - A. Announcement that Dr. John Keats resigned to take a Medical Director position for Cigna in Phoenix, Arizona. A new candidate will be presented to the Commission for appointment.
 - B. Provider Contracting status was reviewed and a chart of network par providers and locations was presented. The plan's recent expansion initiative into Los Angeles and Santa Barbara counties was discussed. Additional hospitals were contracted for tertiary care in both counties. Providence hospitals for their four facilities in southern California and Cedars-Sinai both joined our network. Cedars-Sinai was mainly contracted for providing organ transplants to cover our increasing demand. Cedars-Sinai is also a recognized Center of Excellence facility and has nearly 400 Specialists in their affiliated medical groups. The Cottage Health System (in Santa Barbara County) contract is being finalized and will be added to the network soon. Two facilities that have been difficult to negotiate but are hopefully almost complete are the LAC+USC burn center (public side of USC Keck) and the Grossman Burn Center (Level III burn center). A lot of progress has been made in expanding the network and we should have new contracts completed in the near term.
 - C. The new VSP vendor relationship to manage Optometric services for hardware, routine refractions and lenses will be implemented March 1, 2012. Additional services will be provided by the network Optometrists that the California Board of Optometry recognizes as

part of their certification under their individual licenses. GCHP's first Member Newsletter going out at the end of February will include the information in both English and Spanish to explain the new change in routine vision care benefits. Process will be similar to the system we have with Script Care. VSP is very experienced around the country with 56 million enrollees plus their Medi-Cal experience with most of the other COHS plans. They also have great reporting capabilities (i.e. HEDIS) and can provide this service at less expense than we could do directly through GCHP. Ophthalmology physician services will continue to be provided through our direct contracts between these doctors and GCHP. Our limited Ophthalmology providers will feel some relief of the burden to provide some routine services that can be handled by Optometrists in the VSP network.

- D. A discussion was held on the use of out-of-network (or "non-par") providers and in-network provider responsibilities when making referrals. Mr. Roberts explained some of the needs and scenarios that might require GCHP network providers to refer our Members to out of county providers. It was noted that many Members were being treated at non-contracted facilities in the beginning of GCHP going live and our Health Services Department spent a lot of hours transferring cases to contracted facilities once the Members were stabilized. Recognizing that some in-county providers were referring to non-contracted facilities out of habit or lack of understanding of GCHP requirements, a letter was sent by Dr. Cho in November to remind providers not to refer Members outside of the county for procedures without prior authorization from the Plan. A flowchart was created to show participating providers how to make referrals to all par providers with a Direct Referral form plus how they must request prior auth (with a special form) from the Plan for making referrals to either non-par providers or those who were contracted outside of Ventura County. Mr. Roberts reviewed the chart with the Committee and noted that this will be presented in the upcoming In-Service Outreach Sessions for GCHP Providers which will begin February 15th and continue through March 9th. Letters advising Providers about the sessions, locations and times were sent this week. All materials to be presented during these sessions will also be available on-line for those providers and staff who cannot attend. The sessions will comprise a 20 minute PowerPoint with a Q&A following the presentation. Provider Directories, the newly revised Provider Manual will be previewed and various tip sheets and FAQ documents and user guides will also be distributed.
- E. Provider, Alger Brion, commended Kathleen Garner for her ongoing assistance in their billing, pharmacy and resident eligibility issues. A lot of details still need to be worked out with billing, pharmacy and patient care. Script Care has been able to resolve the pharmacy issue, but, there are other financial and business items that yet need to be resolved. It was pointed out that these Committee sessions are more general in nature but a face-to-face meeting may be necessary as a follow-up to these concerns. Staff will be notified to contact Mr. Brion to pursue these issues.

IV. New Study Topics: Opportunity for Providers to identify issues as take-aways for Plan staff and management to research and present findings and recommendations to the CEO and Board.

1. Nursing facility billing issues. All submitted items are not staying with initial claims submissions. Mistakes in losing or misplacing attachments in the mailroom are creating duplicate work and is making provider cash flow difficult. GCHP is currently working with providers and claims to fix this problem. Reminded providers about enrollment with EDI to avoid submitting paper claims that could assist in avoiding this error in the short term.
2. Inconsistency in payments is affecting cash flow. Providers identified issues such as they are not sure when the checks are going to be cut; the claims billed are not what is

- paid back. Claims billed for the same date of service are not paid at the same time or overpaid because of duplicate submissions. Providers are reimbursing through hard checks for claims that were incorrectly paid. Duplicate submissions were a common reason for several overpayments to providers. Mr. Roberts noted that we recently had meetings with providers and their trade group to review this situation. He was not sure of current status but if Mr. Chase would send him an email he would be pleased to either respond directly or escalate it to the proper Plan officials.
3. Formal response to appeals is not being received timely, within 15 days, or not at all. Mr. Roughan, Simi Valley Hospital, noted that the hospital has submitted several hundred claims appeals but none have been acknowledged. Some constitute single items while others were grouped into common appeals. Some complaints from Members have also been submitted with no response. Mr. Roberts noted that he was unaware of this problem and he will determine status and provide a written response to Mr. Roughan.
 4. Crossover claims from Medi-Medi are an issue for some providers. Paper submissions of EOBs from Medicare as primary carrier are being sent to Gold Coast by providers due to electronic crossover from Medi-Cal not currently being available. Mr. Roberts noted that is an item on our "to-do" list and we hope to soon implement automatic electronic crossover of claims from Medicare to Gold Coast without requiring the provider to obtain the EOB and submit that with their claims to GCHP. However, he pointed out that the list of items to be attacked is quite lengthy and at present he cannot indicate exactly when this task might be completed.
 5. Share of Cost not being recognized and the gross rate is being paid instead of the net rate. GCHP does not track SOC and this is an issue that must be addressed between Member and provider at the time of service. It is the provider's responsibility to clear the SOC with the state so that the proper claims information comes to the Plan for adjudication and payment.

- V. Presentation:** Mike Lurie and his guest consultant, Steve Krivit, discussed potential capitation scenarios for GCHP to consider in adopting for the Plan's PCPs. Background from Mike Lurie: Community Memorial is a two hospital system with 10 clinics, some specialty and primary. At inception of the contracting process, one of the things that was disappointing to the providers was the capitation rate. Mr. Lurie expressed that he is not a fan of capitation in managed care. He is concerned that the low rate could cause providers to turn patients away. He understands the concept, but, does not like it. The capitation payment strategy adopted by the Plan could have been more sophisticated. For example, there could have been separate capitation payments based on age and sex in addition to the aid category. Some Members will utilize PCP services at a greater rate than the \$8.38 will cover. Mr. Lurie and Mr. Krivit provided a summary of samples of what other COHS Plans are doing in this area that are more sophisticated even without historical data that they recognize GCHP does not have at this point in time.

Background of Steve Krivit: Self-employed consultant who has worked with Medi-Cal managed programs such as CenCal and Santa Clara Family Health Plan. Mike Lurie asked Steve to review the charts on how other COHS pays their PCPs. A brief survey was conducted to look at four methods of reimbursement using capitation and the strengths and weaknesses of each method. It was suggested that GCHP develop cap rates that are adjusted for eligibility categories plus add age and gender categories. They recommend we look for a more sophisticated method of utilizing capitation financing. Examples from other COHS go beyond the aid category, age and gender criteria. They add incentives to

providers. Some plans which use incentive driven capitation have been in business a long time and can build their experience into their rates. GCHP could build factors like those into their rates. There are also some plans that are using FFS. Strength of using FFS provides a closer detail of the services provided to Members. Underreporting could occur with capitation since there is no incentive to produce a claim that will go unpaid. Having a paper trail of claims could provide assurances to the regulators in terms of documenting encounters and such. The presentation summary indicated 4 different ways that claims are being paid. Hopefully, this could serve to assist GCHP in reviewing and revising its capitation formulae and incentives in the health care delivery system it uses to compensate its Primary Care Providers.

Response: Paul explained that GCHP is encouraging providers to participate in generating ideas on how to best provide financial incentives. He stated we are a public benefit organization and we have no profit motives to make and keep money for management or shareholders. He also noted that from day one it has been our stated intent for the long term to have some sort of provider incentive compensation program (like P4P, “pay for performance”) but that it would not be available at start-up. We all knew it would take time to collect the information needed to make a sound decision in this area. The first order of business was to generate a surplus of savings over budget in order to have the funds to share with providers. Being new and not knowing how things would turn out it would not be wise to implement such a program without knowing if there were funds to finance it. Second, we had to collect the utilization and cost data that would be necessary to devise a prudent program. He also noted that the historical record is clear that FFS compensation has a tendency for providers to over-utilize whereas capitation generates incentives for providers to underutilize. With only 8 months of experience at present and all the issues identified with our claims processing systems, GCHP does not enough data to implement any kind of program right now. In addition, it was concluded that the State financial structure of payments forced GCHP to be fiscally conservative because of budget constraints. Clearly, age and sex adjustments could create a higher capitation rate for some and lower the rate for others. GCHP feels that it is too soon to make changes when we are not yet stable in our current operations. Co-pays and rate reductions are also on the table which had to be considered in year one. We just determined that GCHP’s impact will be a 2.19% reduction in capitation amounts from the state. We are not going to collect these amounts from providers retroactively for 2011 and have not yet decided what we will do on a going forward basis for 2012. The scene is constantly changing such as the Feds ruling against the potential state-mandated co-pays, so, the picture isn’t completely clear but is a bit less hazy. The first adjustment that could be made is age and sex. Good performance would be next. Long term strategy will begin in year 3 according to Earl Greenia. GCHP does not have access to the data that would be needed for those types of incentives yet. The idea is to stabilize in year one, analyze in year two and implement incentives if there is a surplus. It is possible that previous paid claims data from the state could be used to help implement incentives and make age and sex adjustments.

VI. Round table:

1. Question by Phil Chase about the Plan’s reserves and suggested that GCHP keep in mind the budget shortfalls in the fall. Provider wrote a bill for prompt payment and sent it to Speaker Boehner. Suggestion that GCHP try to anticipate state budget problems and keep reserves available for budget impasses. Many providers cannot withstand the financial hit to their cash flow if the state reaches an impasse like it has in previous years.

2. Is there a mechanism for tracking out-of-county referrals that could have been done in county? How do we know how many dollars are spent outside of the county?

VII. Next meeting: The problem of scheduled meeting dates was discussed. Our meetings happen to coincide with other key Plan meetings that are held on the second Thursday of the month they are scheduled. It was asked if there would be a problem with anyone if our meeting date was moved from the 2nd to the 3rd Thursday of the month in which quarterly meetings are to be held? No member expressed a concern with this suggestion. So, the next meeting was scheduled for the third Thursday in May on the 17th.

VIII. Meeting adjournment: The meeting adjourned at 4:38pm.

Gold Coast Health Plan

Balance Sheet

January 31, 2012

ASSETS

Current Assets

Total Cash and Cash Equivalents	19,594,038
Medi-Cal Receivable	28,194,636
Provider Receivable	2,242,201
Other Receivables	27,460

Total Accounts Receivable	30,464,297
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Total Prepaid Accounts	102,756
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Total Other Current Assets	320,000
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Total Current Assets	50,481,091
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Total Fixed Assets	97,799
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Total Assets	50,578,890
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LIABILITIES & FUND BALANCE

Current Liabilities

Incurred But Not Reported	22,690,256
Claims Payable	10,445,587
Capitation Payable	638,740
Accrued Premium Reduction	3,890,119
Accounts Payable	831,011
Accrued ACS	1,352,528
Accrued RGS	35,723
Accrued Premium Tax	523,306
Current Portion of Deferred Revenue	460,000
Accrued Payroll Expense	-
Current Portion Of Long Term Debt	500,000

Total Current Liabilities	41,367,270
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Other Long-term Liability	250,000
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Deferred Revenue - Long Term Portion	1,571,667
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Total Long-Term Liabilities	1,821,667
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Total Liabilities	43,188,936
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Beginning Fund Balance	(4,422,819)
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Net Income Current Year	11,812,773
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Total Fund Balance	7,389,954
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Total Liabilities & Fund Balance	50,578,890
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**Gold Coast Health Plan
Income Statement
Period Ended January 31, 2012**

	<u>NOV 2011</u>	<u>DEC 2011</u>	<u>JAN 2012</u>	<u>Budget</u>	<u>Variance</u> Fav/(Unfav)	<u>YTD</u>	<u>% of</u> <u>Rev</u>	<u>Budget</u>	<u>Variance</u> Fav/(Unfav)
Members (Member/Months)	101,174	101,243	100,636	101,695	(1,059)	709,662		711,618	(1,956)
Revenues									
Premium	26,051,388	26,543,927	26,093,935	24,737,749	1,356,186	181,734,420	101.99%	173,864,731	7,869,689
Reserve for Retro-Active Rate Reduction	(557,959)	(560,056)	(556,929)	-	(556,929)	(3,890,119)	-2.18%	(1,658,225)	(2,231,894)
Interest Income	15,968	16,814	18,094	14,843	3,251	83,291	0.05%	76,415	6,876
Miscellaneous Income	38,333	38,333	38,333	38,333	0	268,333	0.15%	268,331	2
Total Revenues	25,547,730	26,039,018	25,593,434	24,790,925	802,509	178,195,925	100.00%	172,551,252	5,644,673
MCO Tax	601,035	598,144	602,987	568,968	(34,019)	4,163,829	2.34%	3,997,922	165,907
Net Revenue	24,946,694	25,440,875	24,990,447	24,221,957	768,490	174,032,096	97.66%	168,553,330	5,478,766
Cost of Health Care									
<u>Capitation</u>	637,089	646,596	638,740	735,413	96,673	4,383,000	2.46%	4,776,231	393,231
<u>Claims</u>									
Inpatient FFS Expense	3,834,883	3,838,536	3,814,390	3,714,927	(99,463)	26,676,544	14.97%	26,160,220	(516,324)
LTC/SNF Expense	7,067,186	7,073,918	7,029,419	6,846,123	(183,296)	49,161,372	27.59%	48,218,170	(943,202)
Outpatient FFS Expense	2,259,228	2,271,359	2,178,213	2,179,329	1,116	15,649,557	8.78%	16,005,402	355,845
Laboratory and Radiology Expense	241,420	242,716	232,763	232,882	119	1,672,305	0.94%	1,544,286	(128,019)
Emergency Room Facility Services FFS	420,640	422,899	405,556	405,764	208	2,913,753	1.64%	3,640,094	726,341
Physician Specialty Services FFS	2,012,447	2,014,365	2,039,790	1,949,498	(90,292)	14,037,258	7.88%	13,757,192	(280,066)
Professional FFS Expense	-	-	-	-	-	121	0.00%	-	(121)
Other Medical Professional	209,958	210,158	212,811	203,390	(9,421)	1,464,503	0.82%	1,425,328	(39,175)
Pharmacy	2,913,958	3,217,573	3,102,270	3,559,333	457,063	19,843,888	11.14%	21,957,299	2,113,411
Reinsurance	92,928	92,131	92,131	92,543	412	649,348	0.36%	647,573	(1,775)
Other Fee For Service Expense	1,543,860	1,551,440	1,558,468	1,484,750	(73,718)	10,633,600	5.97%	9,382,203	(1,251,397)
Transportation FFS	307,837	309,490	310,704	296,950	(13,754)	2,146,277	1.20%	1,949,260	(197,017)
<u>Total Claims</u>	<u>20,904,345</u>	<u>21,244,585</u>	<u>20,976,515</u>	<u>20,965,489</u>	<u>(11,026)</u>	<u>144,848,525</u>	<u>81.29%</u>	<u>144,687,027</u>	<u>(161,498)</u>
Total Cost of Health Care	21,541,434	21,891,181	21,615,255	21,700,902	85,647	149,231,525	83.75%	149,463,258	231,733
Administrative Expenses									
Total Salaries Benefits and Compensation	367,354	387,971	346,120	474,171	128,051	2,527,435	1.42%	2,716,492	189,057
Total Travel and Training	2,106	1,354	1,805	16,030	14,225	27,421	0.02%	63,469	36,048
Outside Service - ACS	949,656	948,203	948,983	940,676	(8,307)	6,629,234	3.72%	6,551,475	(77,759)
Outside Service - CQS	191,197	191,152	190,229	173,948	(16,281)	1,302,327	0.73%	1,300,226	(2,101)
Outside Service - RGS	9,261	9,690	9,350	12,023	2,673	64,752	0.04%	70,127	5,375
Outside Service - Script Care	219,964	247,022	248,418	280,868	32,450	1,482,644	0.83%	1,667,247	184,603
Outside Services - Other	770	39,031	19,652	29,887	10,235	79,863	0.04%	73,004	(6,859)
Accounting & Actuarial Services	2,438	-	-	80,000	80,000	22,126	0.01%	113,445	91,319
Legal Expense	3,948	7,096	-	3,000	3,000	21,169	0.01%	29,667	8,498
Insurance	2,959	2,959	2,959	2,959	0	23,172	0.01%	23,175	3
Lease Expense -Office	13,040	13,040	13,089	26,080	12,991	91,329	0.05%	104,320	12,991
Consulting Services Expense	2,733	2,640	10,953	10,100	(853)	43,106	0.02%	56,463	13,357
Translation Services	1,440	3,253	483	1,397	914	7,482	0.00%	7,063	(419)
Advertising and Promotion Expense	13,226	406	-	9,658	9,658	153,602	0.09%	162,058	8,456
General Office Expenses	53,313	24,928	49,526	99,426	49,900	240,878	0.14%	221,724	(19,154)
Depreciation & Amortization Expense	1,461	1,461	1,806	1,461	(345)	10,570	0.01%	10,227	(343)
Printing Expense	(139,357)	2,014	5,720	37,500	31,780	18,074	0.01%	117,037	98,963
Shipping & Postage Expense	(148,599)	982	-	21,350	21,350	1,501	0.00%	43,654	42,153
Interest Exp	-	80,995	154,942	-	(154,942)	241,112	0.14%	5,175	(235,937)
Total Administrative Expenses	1,546,908	1,964,195	2,004,035	2,220,534	216,499	12,987,798	7.29%	13,336,048	348,250
									-
Net Income	1,858,351	1,585,498	1,371,157	300,521	466,343	11,812,772	6.63%	5,754,024	4,898,783

Gold Coast Health Plan
Income Statement PMPM
Period Ended January 31, 2012

	<u>NOV 2011</u>	<u>DEC 2011</u>	<u>JAN 2012</u>	<u>Budget</u>	<u>Variance</u> <u>Fav/(Unfav)</u>	<u>YTD</u>	<u>Budget</u>	<u>Variance</u> <u>Fav/(Unfav)</u>
Members (Member/Months)	101,174	101,243	100,636	101,695	(1,059)	709,662	711,618	(1,956)
Revenues								
Premium	257.49	262.18	259.29	243.25	16.04	256.09	244.32	11.76
Reserve for Retro-Active Rate Reduction	(5.51)	(5.53)	(5.53)	-	(5.53)	(5.48)	(2.33)	(3.15)
Interest Income	0.16	0.17	0.18	0.15	0.03	0.12	0.11	0.01
Miscellaneous Income	0.38	0.38	0.38	0.38	0.00	0.38	0.38	0.00
Total Revenues	252.51	257.19	254.32	243.78	10.54	251.10	242.48	8.62
MCO Tax	5.94	5.91	5.99	5.59	(0.40)	5.87	5.62	0.25
Net Revenue	246.57	251.29	248.33	238.18	10.14	245.23	236.86	8.37
Cost of Health Care								
<u>Capitation</u>	6.30	6.39	6.35	7.23	0.88	6.18	6.71	0.54
<u>Claims</u>								
Inpatient FFS Expense	37.74	37.77	37.90	36.53	(1.37)	37.59	257.43	219.84
LTC/SNF Expense	69.55	69.61	69.85	67.32	(2.53)	69.27	474.50	405.23
Outpatient FFS Expense	22.23	22.35	21.64	21.43	(0.21)	22.05	157.50	135.45
Laboratory and Radiology Expense	2.38	2.39	2.31	2.29	(0.02)	2.36	15.20	12.84
Emergency Room Facility Services FFS	4.14	4.16	4.03	3.99	(0.04)	4.11	35.82	31.72
Physician Specialty Services FFS	19.80	19.82	20.27	19.17	(1.10)	19.78	135.38	115.60
Professional FFS Expense	-	-	-	-	-	0.00	-	(0.00)
Other Medical Professional	2.07	2.07	2.11	2.00	(0.11)	2.06	14.03	11.96
Pharmacy	28.68	31.66	30.83	35.00	4.17	27.96	216.07	188.11
Reinsurance	0.91	0.91	0.92	0.91	(0.01)	0.92	6.37	5.46
Other Fee For Service Expense	15.19	15.27	15.49	14.60	(0.89)	14.98	92.33	77.34
Transportation FFS	3.03	3.05	3.09	2.92	(0.17)	3.02	19.18	16.16
<u>Total Claims</u>	<u>205.71</u>	<u>209.06</u>	<u>208.44</u>	<u>206.16</u>	<u>(2.28)</u>	<u>204.11</u>	<u>203.32</u>	<u>(0.79)</u>
Total Cost of Health Care	211.98	215.42	214.79	213.39	(1.39)	210.29	210.03	(0.25)
Administrative Expenses								
Total Salaries Benefits and Compensation	3.63	3.83	3.44	4.66	1.22	3.56	3.82	0.26
Total Travel and Training	0.02	0.01	0.02	0.16	0.14	0.04	0.09	0.05
Outside Service - ACS	9.39	9.37	9.43	9.25	(0.18)	9.34	9.21	(0.13)
Outside Service - CQS	1.89	1.89	1.89	1.71	(0.18)	1.84	1.83	(0.01)
Outside Service - RGS	0.09	0.10	0.09	0.12	0.03	0.09	0.10	0.01
Outside Service - Script Care	2.17	2.44	2.47	2.76	0.29	2.09	2.34	0.25
Outside Services - Other	0.01	0.39	0.20	0.29	0.10	0.11	0.10	(0.01)
Accounting & Actuarial Services	0.02	-	-	0.79	0.79	0.03	0.16	0.13
Legal Expense	0.04	0.07	-	0.03	0.03	0.03	0.04	0.01
Insurance	0.03	0.03	0.03	0.03	(0.00)	0.03	0.03	(0.00)
Lease Expense -Office	0.13	0.13	0.13	0.26	0.13	0.13	0.15	0.02
Consulting Services Expense	0.03	0.03	0.11	0.10	(0.01)	0.06	0.08	0.02
Translation Services	0.01	0.03	0.00	0.01	0.01	0.01	0.01	(0.00)
Advertising and Promotion Expense	0.13	0.00	-	0.09	0.09	0.22	0.23	0.01
General Office Expenses	0.53	0.25	0.49	0.98	0.49	0.34	0.31	(0.03)
Depreciation & Amortization Expense	0.01	0.01	0.02	0.01	(0.00)	0.01	0.01	(0.00)
Printing Expense	(1.38)	0.02	0.06	0.37	0.31	0.03	0.16	0.14
Shipping & Postage Expense	(1.47)	0.01	-	0.21	0.21	0.00	0.06	0.06
Interest Exp	-	0.80	1.54	-	(1.54)	0.34	0.01	(0.33)
Total Administrative Expenses	15.29	19.40	19.91	21.84	2.43	18.30	18.74	0.44
Net Income	18.37	15.66	13.62	2.96	10.67	16.65	8.09	8.56

Gold Coast Health Plan
Income Statement
Current Month vs. Prior Month

	<u>DEC 2011</u>	<u>JAN 2012</u>	<u>Variance</u> Fav/(Unfav)	<u>% Variance</u> Fav/(Unfav)
Members (Member/Months)	<u>101,243</u>	<u>100,636</u>	<u>(607)</u>	
Revenues				
Premium	26,543,927	26,093,935	(449,993)	-1.70%
Reserve for Retro-Active Rate Reduction	(560,056)	(556,929)	(3,128)	0.56%
Interest Income	16,814	18,094	1,281	7.62%
Miscellaneous Income	38,333	38,333	-	0.00%
Total Revenues	26,039,018	25,593,434	(445,584)	-1.71%
MCO Tax	598,144	602,987	(4,844)	-0.81%
Net Revenue	25,440,875	24,990,447	(450,428)	-1.77%
Cost of Health Care				
<u>Capitation</u>	646,596	638,740	7,856	1.22%
<u>Claims</u>				
Inpatient FFS Expense	3,838,536.00	3,814,390.00	24,146	0.63%
LTC/SNF Expense	7,073,918.00	7,029,419.00	44,499	0.63%
Outpatient FFS Expense	2,271,359.00	2,178,213.00	93,146	4.10%
Laboratory and Radiology Expense	242,716.00	232,763.00	9,953	4.10%
Emergency Room Facility Services FFS	422,899.00	405,556.00	17,343	4.10%
Physician Specialty Services FFS	2,014,365.00	2,039,790.00	(25,425)	-1.26%
Other Medical Professional	210,158.00	212,811.00	(2,653)	-1.26%
Pharmacy	3,217,572.96	3,102,269.58	115,303	3.58%
Reinsurance	92,131.13	92,131.13	-	0.00%
Other Fee For Service Expense	1,551,440.00	1,558,468.00	(7,028)	-0.45%
Transportation FFS	309,490.00	310,704.00	(1,214)	-0.39%
<u>Total Claims</u>	<u>21,244,585</u>	<u>20,976,515</u>	<u>268,070</u>	<u>1.26%</u>
Total Cost of Health Care	21,891,181	21,615,255	275,927	1.26%

**Gold Coast Health Plan
Income Statement
Current Month vs. Prior Month**

	<u>DEC 2011</u>	<u>JAN 2012</u>	<u>Variance</u> Fav/(Unfav)	<u>% Variance</u> Fav/(Unfav)
Administrative Expenses				
Total Salaries Benefits and Compensation	387,971	346,120	41,851	10.79%
Total Travel and Training	1,354	1,805	(451)	-33.30%
Outside Service - ACS	948,203	948,983	(781)	-0.08%
Outside Service - CQS	191,152	190,229	923	0.48%
Outside Service - RGS	9,690	9,350	340	3.50%
Outside Service - Script Care	247,022	248,418	(1,396)	-0.57%
Outside Services - Other	39,031	19,652	19,379	49.65%
Accounting & Actuarial Services	-	-	-	0.00%
Legal Expense	7,096	-	7,096	100.00%
Insurance	2,959	2,959	-	0.00%
Lease Expense -Office	13,040	13,089	(49)	-0.38%
Consulting Services Expense	2,640	10,953	(8,312)	-314.84%
Translation Services	3,253	483	2,770	85.15%
Advertising and Promotion Expense	405	-	405	100.00%
General Office Expenses	24,928	49,526	(24,598)	-98.68%
Depreciation & Amortization Expense	1,461	1,806	(346)	-23.65%
Printing Expense	2,014	5,720	(3,706)	-184.01%
Shipping & Postage Expense	982	-	982	100.00%
Interest Exp	80,995	154,942	(73,947)	-100.00%
Total Administrative Expenses	1,964,194	2,004,035	(39,841)	-2.03%
Net Income	1,585,499	1,371,157	(686,514)	-43.30%

Gold Coast Health Plan
Fiscal Year July 1, 2011 - June 30, 2012
Reforecasted P & L - 02.13.12

DRAFT JAN '12 PRELIMINARY	Actual							Feb-12	Mar-12	Apr-12	May-12	Jun-12	7+5 Total	Approved 3+9	Var Fav/(Unfav)	% Change
	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12									
Enrollment-Members	102,033	101,487	101,470	101,619	101,174	101,243	100,636	100,661	100,686	100,711	100,737	100,762	1,213,220			
Retroactivity	-	2,202	3,351	3,626	3,805	3,836	3,782	3,868	3,862	3,860	3,859	3,860	39,911			
Member Months	102,033	103,689	104,821	105,245	104,979	105,079	104,418	104,529	104,548	104,571	104,596	104,622	1,253,130	1,220,476	32,654	2.7%
Average Membership													104,428	101,706	2,722	2.7%
<u>Revenue</u>																
Premium	25,231,919	25,578,699	25,934,155	26,300,397	26,051,388	26,543,927	26,093,935	25,507,024	25,511,528	25,517,069	25,523,012	25,529,188	309,322,241	297,646,272	11,675,969	3.9%
Reserve for Retro Rate Decrease	-	-	(1,658,225)	(556,951)	(557,959)	(560,056)	(556,929)						(3,890,119)	(1,658,225)	(2,231,894)	134.6%
Adjusted Revenue	25,231,919	25,578,699	24,275,931	25,743,446	25,493,429	25,983,871	25,537,006	25,507,024	25,511,528	25,517,069	25,523,012	25,529,188	305,432,122	295,988,047	9,444,074	3.2%
Interest Income	-	5,816	11,251	15,348	15,968	16,814	18,094	15,304	15,307	15,310	15,314	15,318	159,843	150,684	9,159	6.1%
Other Income	38,333	38,333	38,333	38,333	38,333	38,333	38,333	38,333	38,333	38,333	38,333	38,333	459,998	459,996	2	0.0%
Total Gross Revenue	25,270,252	25,622,849	24,325,515	25,797,127	25,547,730	26,039,018	25,593,434	25,560,661	25,565,168	25,570,712	25,576,659	25,582,839	306,051,964	296,598,728	9,453,236	3.2%
MCO Tax	591,954	587,426	585,154	597,129	601,035	598,144	602,987	586,662	586,765	586,893	587,029	587,171	7,098,349	6,844,898	253,451	3.7%
Net Revenue	24,678,298	25,035,423	23,740,361	25,199,998	24,946,694	25,440,875	24,990,447	24,973,999	24,978,403	24,983,819	24,989,630	24,995,668	298,953,615	289,753,830	9,199,785	3.2%
<u>Health Care Costs</u>																
Capitation	588,173	582,177	665,127	625,098	637,089	646,596	638,740	756,346	756,306	756,473	756,651	756,836	8,165,613	8,456,054	290,441	3.4%
Claims																
Inpatient	10,596,127	10,768,103	10,885,661	10,929,693	10,902,069	10,912,454	10,843,809	10,855,355	10,857,307	10,859,733	10,862,304	10,864,957	130,137,572	127,223,256	(2,914,315)	-2.3%
Outpatient	2,827,335	2,873,222	2,920,801	2,939,463	2,921,288	2,936,974	2,816,532	2,896,504	2,897,024	2,897,672	2,898,358	2,899,066	34,724,238	34,824,166	99,928	0.3%
Professional	2,160,039	2,195,217	2,219,060	2,228,037	2,222,405	2,224,523	2,252,601	2,212,883	2,213,281	2,213,775	2,214,299	2,214,840	26,570,960	25,955,036	(615,923)	-2.4%
Pharmacy	2,276,259	2,701,995	2,747,049	2,884,784	2,913,958	3,217,573	3,102,270	3,658,521	3,659,179	3,659,997	3,660,863	3,661,757	38,144,205	39,767,317	1,623,111	4.1%
Other	1,760,535	1,790,171	1,803,967	1,843,404	1,851,697	1,860,930	1,869,172	1,831,351	1,831,680	1,832,090	1,832,523	1,832,971	21,940,493	20,712,711	(1,227,782)	-5.9%
Reinsurance	92,850	92,353	92,338	94,616	92,928	92,131	92,131	95,122	95,139	95,160	95,182	95,206	1,125,156	1,110,633	(14,523)	-1.3%
Reinsurance Recoveries																
Total Claims	19,713,145	20,421,061	20,668,876	20,919,998	20,904,345	21,244,585	20,976,515	21,549,736	21,553,610	21,558,426	21,563,529	21,568,797	252,642,623	249,593,119	(3,049,503)	-1.2%
Total Health Care Costs	20,301,317	21,003,238	21,334,003	21,545,096	21,541,434	21,891,181	21,615,255	22,306,082	22,309,916	22,314,899	22,320,180	22,325,633	260,808,236	258,049,173	(2,759,062)	-1.1%
Administrative Expenses	1,762,708	1,596,607	1,919,616	2,193,728	1,546,909	1,964,194	2,004,035	2,308,154	2,148,894	2,134,553	2,208,503	2,139,688	23,927,590	24,225,120	297,530	1.2%
Net Income	2,614,273	2,435,577	486,741	1,461,174	1,858,351	1,585,499	1,371,157	359,763	519,592	534,368	460,946	530,347	14,217,789	7,479,537	6,738,252	90.1%

Gold Coast Health Plan
Fiscal Year July 1, 2011 - June 30, 2012
Reforecasted P & L - 02.13.12

DRAFT JAN '12 PRELIMINARY

	Actual															
	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	7+5 Total	Approved 3+9	Var Fav/(Unfav)	% Change
PMPM																
Revenue																
Premium	247.29	246.69	231.59	244.60	242.84	247.28	244.57	244.02	244.02	244.02	244.01	244.01	243.74	242.52	1.22	0.5%
Interest Income	-	0.06	0.11	0.15												
Other Income	0.38	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.38	(0.01)	-1.9%
Total Gross Revenue	247.67	247.11	232.07	245.11	243.36	247.80	245.11	244.53	244.53	244.53	244.53	244.53	244.23	243.02	1.21	0.5%
MCO Tax	5.80	5.67	5.58	5.67	5.73	5.69	5.77	5.61	5.61	5.61	5.61	5.61	5.66	5.61	0.06	1.0%
Net Revenue	241.87	241.45	226.48	239.44	237.64	242.11	239.33	238.92	238.92	238.92	238.92	238.91	238.57	237.41	1.15	0.5%
Health Care Costs																
Capitation	5.76	5.61	6.35	5.94	6.07	6.15	6.12	7.24	7.23	7.23	7.23	7.23	6.52	6.93	0.41	6.0%
Claims																
Inpatient	103.85	103.85	103.85	103.85	103.85	103.85	103.85	103.85	103.85	103.85	103.85	103.85	103.85	104.24	0.39	0.4%
Outpatient	27.71	27.71	27.86	27.93	27.83	27.95	26.97	27.71	27.71	27.71	27.71	27.71	27.71	28.53	0.82	2.9%
Professional	21.17	21.17	21.17	21.17	21.17	21.17	21.57	21.17	21.17	21.17	21.17	21.17	21.20	21.27	0.06	0.3%
Pharmacy	22.31	26.06	26.49	27.41	27.76	30.62	29.71	35.00	35.00	35.00	35.00	35.00	30.44	32.58	2.14	6.6%
Other	17.25	17.26	17.21	17.52	17.64	17.71	17.90	17.52	17.52	17.52	17.52	17.52	17.51	16.97	(0.54)	-3.2%
Reinsurance	0.91	0.89	0.91	0.91	0.89	0.88	0.88	0.91	0.91	0.91	0.91	0.91	0.90	0.91	0.01	1.3%
Reinsurance Recoveries	-	-														
Total Claims	193.20	196.95	197.18	198.77	199.13	202.18	200.89	206.16	206.16	206.16	206.16	206.16	201.61	204.50	2.90	1.4%
Total Health Care Costs	198.97	202.56	203.53	204.71	205.20	208.33	207.01	213.40	213.39	213.39	213.39	213.39	208.13	211.43	3.31	1.6%
Administrative Expenses	17.28	15.40	18.31	20.84	14.74	18.69	19.19	22.08	20.55	20.41	21.11	20.45	19.09	19.85	0.75	3.8%
Net Income	25.62	23.49	4.64	13.88	17.70	15.09	13.13	3.44	4.97	5.11	4.41	5.07	11.35	6.13	5.22	85.1%
Impact on TNE:																
Required TNE	13,838,478	14,137,004	14,297,004	14,431,989	14,512,627	14,619,993	14,664,626	14,766,195	14,845,502	14,909,294	14,961,820	15,005,907				
Phased in Requirement (20%)	-	-	-	-	-	-	2,932,925	2,953,239	2,969,100	2,981,859	2,992,364	3,001,181				
TNE Excess / (Deficiency)	(1,808,546)	627,031	1,113,773	2,574,946	4,433,298	6,018,797	4,457,028	6,996,478	7,500,209	8,021,818	8,472,259	8,993,788				
							50.4%	67.4%	70.5%	73.8%	76.6%	79.9%				

Gold Coast Health Plan
Statement of Cash Flows
Month Ended January 31, 2012

Cash Flow From Operating Activities	
Collected Premium	\$25,971,110
Miscellaneous Income	18,094
<u>Paid Claims</u>	
Medical & Hospital Expenses	(30,152,105)
Pharmacy	(3,015,926)
Capitation	(638,740)
Reinsurance of Claims	(92,131)
Reinsurance Recoveries	-
Payment of Withhold / Risk Sharing Incentive	-
Paid Administration	(536,540)
Repay Initial Net Liabilities	-
MCO Taxes Expense	(3,640,523)
Net Cash Provided by Operating Activities	(12,086,761)
Cash Flow From Investing/Financing Activities	
Proceeds from Paid in Surplus/Issuance of Stock	-
Costs of Capitalization	-
Net Acquisition of Property/Equipment	-
Net Cash Provided by Investing/Financing	-
Net Cash Flow	(12,086,761)
Cash and Cash Equivalents (Beg. of Period)	31,680,799
Cash and Cash Equivalents (End of Period)	19,594,038
	(12,086,761)
Adjustment to Reconcile Net Income to Net Cash Flow	
Net (Loss) Income	1,371,157
Depreciation & Amortization	(18,925)
Decrease/(Increase) in Receivables	760,352
Decrease/(Increase) in Prepaids & Other Current Assets	12,826
(Decrease)/Increase in Payables	1,761,912
(Decrease)/Increase in LT Liabilities	(80,000)
Purchase of fixed Assets	-
Changes in Withhold / Risk Incentive Pool	-
Change in MCO Tax Liability	(3,037,536)
Changes in Claims and Capitation Payable	(16,948,347)
Changes in IBNR	4,091,800
	(12,086,761)
Net Cash Flow from Operating Activities	(12,086,761)

Gold Coast Health Plan
Statement of Cash Flows
Seven Months Ended January 31, 2012

Cash Flow From Operating Activities	
Collected Premium	\$153,328,230
Miscellaneous Income	104,530
<u>Paid Claims</u>	
Medical & Hospital Expenses	(96,511,284)
Pharmacy	(16,896,276)
Capitation	(4,373,893)
Reinsurance of Claims	(557,217)
Reinsurance Recoveries	-
Payment of Withhold / Risk Sharing Incentive	-
Paid Administration	(12,520,228)
Repay Initial Net Liabilities	-
MCO Taxes Expense	(3,640,523)
Net Cash Provided by Operating Activities	-
Cash Flow From Investing/Financing Activities	
Proceeds from Paid in Surplus/Issuance of Stock	-
Costs of Capitalization	-
Net Acquisition of Property/Equipment	-
Net Cash Provided by Investing/Financing	-
Net Cash Flow	18,933,340
Cash and Cash Equivalents (Beg. of Period)	660,697
Cash and Cash Equivalents (End of Period)	19,594,038
	18,933,340
Adjustment to Reconcile Net Income to Net Cash Flow	
Net (Loss) Income	11,772,555
Depreciation & Amortization	(10,161)
Decrease/(Increase) in Receivables	(30,455,143)
Decrease/(Increase) in Prepaids & Other Current Assets	(382,629)
(Decrease)/Increase in Payables	339,043
(Decrease)/Increase in LT Liabilities	(518,333)
Purchase of fixed Assets	-
Changes in Withhold / Risk Incentive Pool	-
Change in MCO Tax Liability	523,306
Changes in Claims and Capitation Payable	14,974,446
Changes in IBNR	22,690,256
	18,933,340
Net Cash Flow from Operating Activities	18,933,340

Gold Coast Health Plan
Claims Inventory - 1/31/2012

RECEIPTS					
Data	1/7/2012	1/14/2012	1/21/2012	1/28/2012	Grand Total
Sum of Mailroom CMS-1500	7,502	5,792	5,378	7,568	26,240
Sum of Mailroom UB04	644	1,083	823	819	3,369
Sum of Mailroom LTC	74	150	145	127	496
Sum of Mailroom PM-160	1,374	1,203	669	581	3,827
Sum of EDI -837p	2,053	2,647	3,085	2,536	10,321
Sum of EDI -837i	7,284	8,647	8,518	9,367	33,816
Sum of LTC Split	0	0	0	0	0
Sum of PDR	46	105	23	71	245
Sum of CLAIM MEMBER APPEALS	0	0	0	0	0
Sum of Other (Non-Claim FORM)	20	16	21	23	80

Total Receipts	18,997	19,522	18,618	20,998	78,135
Average Mail Receipts (20 Days)	3,849	3,649	3,626	3,903	

Inventory on Hand					
Data	1/7/2012	1/14/2012	1/21/2012	1/28/2012	
Sum of Mailroom Not scanned Claims	0	0	0	0	
Sum of Items in EDGE/KWIK to be work	10,627	7,326	4,806	3,275	
Sum of iKA Pending Inventory	41,104	29,731	23,032	18,997	
Sum of Front-End Errors (Pre-Processing)	10,461	5,294	4,804	1,793	
Sum of iKA Claims Ready to Pay	24,348	23,468	6,702	12,376	
Sum of EDI (Not yet inloaded)	0	0	0	0	

Current Inventory	86,540	65,819	39,344	36,441
DROH Current Inventory / AVG Mail P	22	18	11	9

Productivity					
Data	1/7/2012	1/14/2012	1/21/2012	1/28/2012	Grand Total
Sum of EDI Claims Rejected	0	0	0	0	0
Sum of Paper Rejected	0	0	0	0	0
Sum of Actual Daily Production	18,076	40,976	45,126	18,442	122,620
Total Weekly Productivity	18,076	40,976	45,126	18,442	122,620
Average Productivity	4,486	5,311	5,932	6,131	
DWOH Current Inventory / AVG prod	19	12	7	6	

**Gold Coast Health Plan
Off System Claims**

Jan-12

Claim Type	00 - 27 Days		28 - 57 Days		57 + Days		Total	
	Dec-11	Jan-12	Dec-11	Jan-12	Dec-11	Jan-12	Dec-11	Jan-12
CDHP	3,184	0	0	0	0	0	3,184	0
HCFA	4,534	3,473	511	0	173	0	5,218	3,473
LTC	263	54	117	0	407	0	787	54
OB04 (Unifirm Billing Claim Form)	1,164	634	348	0	294	1	1,806	635
Total	9,145	4,161	976	0	874	1	10,995	4,162

**Gold Coast Health Plan
Claims Inventory - 1/31/2012**

RECEIPTS					
Data	1/7/2012	1/14/2012	1/21/2012	1/28/2012	Grand Total
Sum of Mailroom CMS-1500	7502	5792	5378	7568	26240
Sum of Mailroom UB04	644	1083	823	819	3369
Sum of Mailroom LTC	74	150	145	127	496
Sum of Mailroom PM-160	1374	1203	669	581	3827
Sum of EDI -837p	2053	2647	3085	2536	10321
Sum of EDI -837i	7284	8647	8518	9367	33816
Sum of LTC Split	0	0	0	0	0
Sum of PDR	46	105	23	71	245
Sum of CLAIM MEMBER APPEALS	0	0	0	0	0
Sum of Other (Non-Claim FORM)	20	16	21	23	80
Total Receipts	18997	19522	18618	20998	78135
Average Mail Receipts (20 Days)	3849	3649	3626	3903	

Inventory on Hand				
Data	1/7/2012	1/14/2012	1/21/2012	1/28/2012
Sum of Mailroom Not scanned Claims	0	0	0	0
Sum of Items in EDGE/KWIK to be wor	10627	7326	4806	3275
Sum of iKA Pending Inventory	41104	29731	23032	18997
Sum of Front-End Errors (Pre-Process	10461	5294	4804	1793
Sum of iKA Claims Ready to Pay	24348	23468	6702	12376
Sum of EDI (Not yet inloaded)	0	0	0	0
Current Inventory	86540	65819	39344	36441
DROH Current Inventory / AVG Mail	22	18	11	9

Productivity					
Data	1/7/2012	1/14/2012	1/21/2012	1/28/2012	Grand Total
Sum of EDI Claims Rejected	0	0	0	0	0
Sum of Paper Rejected	0	0	0	0	0
Sum of Actual Daily Production	18076	40976	45126	18442	122620
Total Weekly Productivity	18076	40976	45126	18442	122620
Average Productivity	4486	5311	5932	6131	
DWOH Current Inventory / AVG prod	19	12	7	6	



AGENDA ITEM 4-A

To: Ventura County Medi-Cal Managed Care Commission

From: Earl Greenia, CEO

Date: February 27, 2012

RE: Reserve Policy

Recommendation: Management recommends that the Commission consider a formal policy regarding the establishment of cash reserve levels.

Background: It is important that we consider the establishment of a cash reserves level and the specification of those conditions that allow the use of those reserves (for example, during a State budget impasse when the State is unable to pay the Plan). Health care costs are subject to significant fluctuations; reserves are needed to cover the risk of volatile health care costs. The policy should balance our goal of maximizing provider reimbursement with risk and uncertainty.

Discussion:

In preparation for this discussion, management surveyed other COHS Plans:

- One plan holds 250% of required Tangible Net Equity; for GCHP this would approximate \$35 million.
- Another plan holds 300% of required Tangible Net Equity; for GCHP this would approximate \$42 million.
- One plan has a policy to hold in reserves the equivalent of two months of State Capitation payment. Under this approach the GCHP reserve would be approximately \$52 million.



AGENDA ITEM 4-B

To: Ventura County Medi-Cal Managed Care Commission

From: Earl Greenia, CEO

Date: February 27, 2012

RE: External Monitor Services

Recommendation: Management requests that the Commission authorize Management to enter into an agreement with Berkeley Research Group to procure professional monitoring services as directed by the California Department of Health Care Services (DHCS).

Background:

In response to: 1) provider complaints regarding the timeliness of claims payments and 2) the preliminary Medical Loss Ratio Evaluation report (Management has not seen this report) resulting from the review conducted by the California Department of Managed Health Care on January 10-11, DHCS has directed GCHP (at its expense) to procure the services of Berkeley Research Group to conduct a comprehensive assessment.

Discussion:

The scope of the work is attached; the estimated cost is \$450,000.

Legal Counsel has advised that we consider having the engagement between BRG and GCHP legal counsel to provide an argument (if necessary) that reports produced by BRG are protected from discovery as to third parties under the attorney work-product privilege.



AGENDA ITEM 4-C

To: Ventura County Medi-Cal Managed Care Commission

From: Earl Greenia, CEO

Date: February 27, 2012

RE: Compliance Committee Establishment and Commission Liaison

Recommendation: Management requests that the Commission appoint a Commissioner to serve as a liaison to the soon-to-be established Compliance Committee.

Background: The Compliance Committee is responsible for maintaining the Code of Conduct, subject to the direction of the Chief Executive Officer and the ultimate authority of the Commission. The responsibility of the compliance committee:

- Oversee the development, review, evaluation and implementation of the Compliance Program.
- Develop policies, procedures and other materials to promote compliance within GCHP with assistance from the Compliance Officer.
- Review and approve GCHP policies and procedures that relate to compliance and regulatory issues.
- Receive and act upon recommendations from the Compliance Officer regarding compliance issues generated through audit, monitoring, and individual reporting and shall assist the compliance officer in developing initiatives to detect and prevent fraud, waste and abuse.
- Maintain a working knowledge of relevant compliance issues, laws, and regulations.
- Submit a report on the activities of the compliance committee, via the Compliance Officer to the Commission at least twice annually.

The following management team members and staff will serve on the Committee:

- Chief Executive Officer (Compliance Officer), Chair
- Chief Financial Officer
- Director of Claims
- Privacy/Security Officer
- Compliance Specialist
- Legal Counsel (in an advisory, non-voting capacity)

Discussion: In addition to staff, Management requests that one Commissioner serve as a member of the committee and liaison between the Committee and Commission. It is anticipated that this Committee will meet four times per year.