

**Ventura County Medi-Cal Managed Care Commission
(VCOMMCC) dba Gold Coast Health Plan (GCHP)
Commission Meeting Minutes
February 27, 2012**

CALL TO ORDER

Chair Dial called the meeting to order at 3:00 p.m. in Suite 200 at the Ventura County Public Health Building located at 2240 E. Gonzales Road, Oxnard, CA 93036.

Chair Dial advised the members of the public as to the procedure for providing public comment.

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
Laurie Eberst, RN, Private Hospitals / Healthcare System
Robert Gonzalez, MD, Ventura County Health Care Agency
Rick Jarvis, Private Hospitals / Healthcare System
Roberto S. Juarez, Clinicas del Camino Real, Inc. (arrived at 3:15 p.m.)
Kathy Long, Ventura County Board of Supervisors
Catherine Rodriguez, Ventura County Medical Health System

EXCUSED / ABSENT COMMISSIONERS

John Fankhauser, MD, Ventura County Medical Center Executive Committee

STAFF IN ATTENDANCE

Earl Greenia, CEO
Sonia DeMarta, Interim Chief Financial Officer
Tin Kin Lee, Legal Counsel
Traci R. McGinley, Clerk of the Board
Charlie Cho, MD, Chief Medical Officer
Andre Galvan, Member Services Director
Steven Lalich, Communications Director
Audra Lucas, Administrative Assistant

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

PUBLIC COMMENT / CORRESPONDENCE

None.

1. APPROVAL OF MINUTES

a. Commission Meeting of January 23, 2012

It was noted that the minutes did not properly reflect Commissioner Eberst's attendance at the meeting. Commissioner Eberst moved to approve the Minutes as corrected. Commissioner Long seconded. The motion carried. **Approved 9-0.**

b. Executive Finance Draft Minutes of February 21, 2012

The draft minutes of the February 21, 2012 Executive Finance Committee Meeting were provided for information purposes.

2. ACCEPT AND FILE MANAGEMENT UPDATE

Discussion was held regarding the process used in selecting the professional search firm as well as filling the CFO position.

CEO Greenia advised the Commission that the first Member newsletter was sent out and is scheduled to go out quarterly.

Centers for Medicare and Medicaid Services (CMS) has denied the State's request for co-payments; the 2.19% reduction is on hold, but we should hear more in a few weeks.

CEO Greenia noted that effective July 1, 2012 Department of Health Care Services (DHCS) will no longer obligate COHS to pay for retroactive services for Members that Medicaid retro-activates.

Commissioner Juarez arrived.

3. ACCEPT AND FILE FINANCIAL REPORT

a. January Financials

Interim CFO DeMarta noted that membership was lower than anticipated, but higher than January. Pharmacy year-to-date is \$4.9 million ahead of budget.

The Commissioners requested that the TNE reserves be included.

Interim CFO DeMarta stated that February revenue exceeded the budget for the month and year-to-date. Gross Premium Revenue in February was \$697,000 above budget. February's Managed Care Organization Tax increased in accordance with the methodology suggested by the State reviewer.

February health care costs totaled \$25.6 million. Overall health care costs were impacted by an addition to the Plan's IBNR. The Plan is still experiencing favorable variances in Pharmacy and Capitation. General and Administrative expenses in February were under budget by \$211,000 for the month and \$528,000 year-to-date.

CFO DeMarta reviewed the Balance Sheet stating that cash and cash equivalents as of February 29 were \$21.5 million. As expected, average cash balances have decreased as progress has been made in processing claims. At the end of February, outstanding claim checks amounted to \$4.3 million.

Incurred But Not Reported (IBNR) / Claims Payable at the end of February were estimated at \$33.9 million (excluding \$1.7 million in accrued pharmacy costs).

GCHP continues to post reserves for the mandated premium rate reduction. The reserve, representing 7 months of reduction retroactive to July 1, was set aside for anticipated future settlement. The amount added to the reserve in February was \$554,000.

As of February 29, 2012, Accrued Premium Tax Payable of \$1.2 million reflected two months of accrued Managed Care Organization (MCO) tax. Estimated payments will be made in accordance with state regulations, and are scheduled to be made after the close of each calendar quarter.

Interim CFO DeMarta noted that at the end of February the Fund Balance was \$3.9 million which was mainly the result of retroactive premium revenue and favorable pharmacy management, reduced by the effect of additional claims reserves.

The Plan's required Tangible Net Equity (TNE) for February was \$3.0 million. According to the phased-in approach approved by the DHCS. In spite of the addition to IBNR, the Plan's TNE of \$3.9 million (26.1%) exceeded the phase-in requirement by \$900,000 noted Interim CFO DeMarta.

4. MANAGEMENT RECOMMENDATIONS & REPORTS

a. Reserve Policy

CEO Greenia reported that the Executive Finance Committee requested management research and report on the Reserve Policy of other COHS; the amounts vary between \$35 and \$52 million.

A brief discussion was held regarding TNE and IBNR.

There was Commission consensus that this item should be addressed again in a few months; possibly be reviewed with the budget for next year.

b. External Monitor Services

CEO Greenia explained that in response to provider complaints regarding claim payments and the recent review conducted by the State in January, DHCS has directed GCHP procure the services of Berkeley Research Group (BRG) to conduct a comprehensive assessment.

Legal Counsel Lee recommended that the contract be between BRG and Legal Counsel Lee due to possible findings. This would allow the Commission to review the report prior to it going to the State and allow Legal Counsel to assert attorney / client privilege to third parties. Further discussion was held on the recommendation.

The contract provides that BRG be on site between 3-6 months. It was asked if the Services were required by the State, to which Chair Dial and CEO Greenia responded that it was not mandated, but directed.

Concern was raised regarding "transparency" to which Legal Counsel Lee explained that there are other parties involved and this would allow GCHP to review the information for possible liabilities.

Commissioner Eberst moved to authorize GCHP Management, Chair Dial and Legal Counsel Lee to engage the services of BRG in an amount not to exceed \$450,000 with the option to structure the contract with either the Plan or Legal Counsel dependent upon discussions with the State. Commissioner Berry seconded. The motion carried.

Approved 6-4, with Commissioners Chawla, Gonzalez, Long and Juarez voting no.

c. Commission Liaison to Compliance Committee

CEO Greenia advised the Commission that this item was brought before the Executive Finance Committee which recommended it come before the Commission. Ideally it would be a person with operation background so they understand the processes.

There was Commission consensus to bring the item back at the next meeting as there will be a new Commissioner seated by that time.

COMMENTS FROM COMMISSIONERS

There was some discussion regarding the ACS projects and their timelines.

ADJOURN TO CLOSED SESSION GC § 54957 – CEO EVALUATION

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

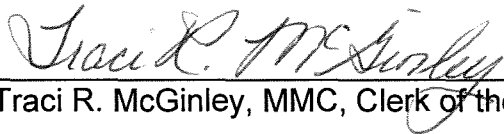
RETURN TO OPEN SESSION

The Regular Meeting reconvened at 5:28 p.m. Chair Dial reported that the Commission will schedule a Closed Session at 4:00 p.m. on March 26th and that the CEO will provide the Commission with a self-evaluation prior to that meeting.

ADJOURNMENT

The meeting adjourned at 5:30 p.m.

APPROVED:



Traci R. McGinley, MMC, Clerk of the Board