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

County of Ventura Government Center
Hall of Justice - Pacific Conference Room
800 S. Victoria Avenue, Ventura, CA 93009

Monday, June 22, 2015
3:00 PM

Updated Agenda

CALL TO ORDER / ROLL CALL

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

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

1. APPROVE MINUTES

a. Regular Meeting of May 18, 2015

2. CONSENT ITEMS

a. CFO Update - April 2015 Financials

Meeting Agenda Available at http://www.goldcoasthealthplan.org

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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, 711 E. DAILY DRIVE, SUITE #106, CAMARILLO, CA.

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

Ventura County Medi-Cal Managed Care Commission (VCMMCC) dba
Gold Coast Health Plan June 22, 2015 Commission Meeting Agenda *(continued)*
LOCATION: County of Ventura Government Center - Hall of Justice - Pacific Conference Room
800 S. Victoria Avenue, Ventura, CA 93009
TIME: 3:00 PM

3. APPROVAL ITEMS

a. Department of Health Care Services (DHCS) Contract Amendment A16
b. FY 2015-16 GCHP Operating and Capital Budget
c. Reinsurance
d. Executive Liability and Errors & Omissions Insurance

4. ACCEPT AND FILE ITEMS

a. CEO Update
b. COO Update
c. Health Services Update

COMMENTS FROM COMMISSIONERS

ADJOURNMENT

Unless otherwise determined by the Commission, the next regular meeting of the Commission will be held on July 27, 2015 in the County of Ventura Government Center - Hall of Administration - Lower Plaza Assembly Room, 800 S. Victoria Avenue, Ventura, CA 93009.

Meeting Agenda Available at http://www.goldcoasthealthplan.org

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

May 18, 2015

(Not official until approved)

CALL TO ORDER

Chair Araujo called the meeting to order at 3:06 p.m. Hall of Justice - Pacific Conference Room at the County of Ventura Government Center, 800 S. Victoria Avenue, Ventura, CA 93009.

The Pledge of Allegiance was recited.

ROLL CALL

COMMISSION MEMBERS IN ATTENDANCE
Antonio Alatorre, Clinicas del Camino Real, Inc. (arrived at 3:20 p.m.)
David Araujo, MD, Ventura County Medical Center Family Medicine Residency Program
Barry Fisher, Ventura County Health Care Agency
Peter Foy, Ventura County Board of Supervisors
David Glyer, Private Hospitals / Healthcare System
Michelle Laba, MD, Ventura County Medical Center Executive Committee
Darren Lee, Private Hospitals / Healthcare System (arrived at 3:22 p.m.)
Pawar Gagan MD, Clinicas del Camino Real, Inc.
Dee Pupa, Ventura County Health Care Agency

EXCUSED / ABSENT COMMISSION MEMBERS
Lanyard Dial, MD, Ventura County Medical Association
Vacant, Medi-Cal Beneficiary Advocate

STAFF IN ATTENDANCE
Ruth Watson, Chief Operations Officer and Interim Chief Executive Officer
Lyndon Turner, Financial Analysis Director
Traci R. McGinley, Clerk of the Board
Scott Campbell, Legal Counsel
Brandy Armenta, Compliance Director
Stacy Diaz, Human Resources Director
William Freeman, Network Operations Director
Guillermo Gonzalez, Government Relations Director
Lupe Gonzalez, Director of Health Education, Outreach, Cultural and Linguistic Services
Steven Lalich, Communications Director
Tami Lewis, Operations Director
Allen Maithel, Controller
Kim Osajda, Quality Improvement Director
Al Reeves, MD, Chief Medical Officer

Melissa Scrymgeour, Chief Information Officer
Nancy Wharfield, MD, Associate Chief Medical Officer

PUBLIC COMMENT

None.

1. APPROVE MINUTES

a. Special Meeting of April 15, 2015

Commissioner Pupa moved to approve the Special Meeting Minutes of April 15, 2015. Commissioner Glyer seconded. The motion carried with the following votes:

AYE: Araujo, Foy, Glyer, Laba and Pupa.
NAY: None.
ABSTAIN: Fisher and Pawar.
ABSENT: Alatorre, Dial and Lee.

b. Regular Meeting of April 27, 2015

Commissioner Fisher moved to approve the Regular Meeting Minutes of April 27, 2015. Commissioner Pupa seconded. The motion carried with the following votes:

AYE: Araujo, Fisher, Laba and Pupa.
NAY: None.
ABSTAIN: Foy, Glyer and Pawar.
ABSENT: Alatorre, Dial and Lee.

2. CONSENT ITEMS

a. March Financials

Financial Analysis Director Turner briefly reviewed the financials.

Commissioner Fisher moved to approve the March Financials. Commissioner Glyer seconded. The motion carried with the following votes:

AYE: Araujo, Fisher, Foy, Glyer, Laba, Pawar and Pupa.
NAY: None.
ABSTAIN: None.
ABSENT: Alatorre, Dial and Lee.

3. APPROVAL ITEMS

a. Council for Affordable Quality Healthcare (CAQH) Committee on Operating Rules

Chair Araujo stated that after an extensive review of the item, the Executive / Finance Committee recommended Commission approval.

CIO Scrymgeour reviewed the report with the Commission and explained that Health and Human Services (HHS) adopted the CAQH CORE Operating Rules to fulfill the Affordable Care Act (ACA) Section 1104 Federal mandate. The rules have been in place for some time, but the proposed penalties were not added until last year and they are very steep.

Commissioners Alatorre and Lee arrived.

CIO Scrymgeour went on to explain that if staff were to do an RFP it would put the Plan at greater risk of non-compliance because GCHP's RFP process takes approximately 17 weeks. The total three year spend for Edifecs Operating Rules Solution is estimated at $448,300 versus possible penalties of approximately $3.7 million (GCHP current membership of 187,000 x $1 per day per member for a maximum of 20 days).

In response to questions from Commissioner Foy, CIO Scrymgeour explained that currently there are five local health plans in California looking at the Edifecs solution. Edifecs has a team in place and the solution is being built as a standard single format which the participating plans would then use to submit their data.

Commissioner Foy moved to authorize the CEO to negotiate and execute a services contract with Edifecs for the CORE Operating Rules solution, with approval to extend services for future CORE transaction requirement phases. Commissioner Fisher seconded. The motion carried with the following votes:

AYE: Alatorre, Araujo, Fisher, Foy, Glyer, Laba, Lee, Pawar and Pupa.
NAY: None.
ABSTAIN: None.
ABSENT: Dial.

4. ACCEPT AND FILE ITEMS

a. CEO Update

Interim CEO Watson advised the Commission that staff is working on providing agenda packets at least one week prior to meetings; however, in order for this to be accomplished there will be a month lag in data provided in the updates. The CEO Update was reviewed with the Commission specifically highlighting:

- Intergovernmental Transfer (IGT) process, rate range, maximum funding level of $6,917,403 with the expected funds to be received in the beginning of August.
- Adult Expansion Reimbursement Program Policy was reviewed at Executive / Finance Committee, based on the comments staff and legal counsel are making changes and it will be brought back as an Information Item.
- Staff hired a consultant from Hewlett Greene Corporation (HGC) to perform a gap analysis of GCHP's Human Resource functions. HGC was chosen based on their previous experience with health care agencies and public entities.

- Additional Office Space is needed due to rapid and extensive growth. A portion of the current space will be reconfigured and staff is looking at two available spaces within the building complex.

In response to questions from Chair Araujo, Interim CEO Watson responded that the HR consultant was approximately $30,000 and money was budgeted for the next fiscal year should additional services be desired.

Commissioner Fisher asked if satellite locations had been considered. Interim CEO Watson explained that the Plan's on-site customer service team is small so it would be difficult to be in multiple locations

. **b. COO Update**

Interim CEO Watson presented the report highlighting the growth in membership which is approximately 187,000 members.

Commissioner Foy asked if membership was at the level anticipated. Interim CEO Watson responded that it was significantly more than anyone had anticipated. The Plan had projected membership would be 140,000-150,000 by the end of 2014, by April 2014 membership was already 140,000, but growth is slowing down. The Plan is anticipating membership will be a little over 200,000 before the end of the year.

Chair Araujo requested that membership turn-over information be provided in the update.

c. CIO Update

CIO Scrymgeour reviewed the projects update with the Commission

Commissioner Alatorre moved to accept and file the CEO, COO and CIO Updates. Fisher seconded. The motion carried with the following votes:

AYE: Alatorre, Araujo, Fisher, Foy, Glyer, Laba, Lee, Pawar and Pupa.
NAY: None.
ABSTAIN: None.
ABSENT: Dial.

5. INFORMATIONAL ITEMS

a. FY 2015-16 GCHP Operating and Capital Budget

Interim CEO Watson, Financial Analysis Director Turner and CIO Scrymgeour reviewed the budget presentation with the Commission.

Commissioner Pupa asked if it was possible to put dollar amounts with the projects. CIO Scrymgeour explained that the information is provided further in the presentation.

In response to questions from Commission Foy regarding rates, Interim CEO Watson explained that the State used the Seniors and Persons with Disabilities (SPD) and the Low Income Health Plan (LIHP) populations (which are the most costly populations) to

develop the rates for the Adult Expansion (AE). Across the State they are finding that the AE population is more like a traditional Medi-Cal member and the costs are much lower. Interim CEO Watson added that for the AE program the Plan must meet an 85% MLR (medical loss ratio), that means that 85% of the rates provided must be for medical care for this population. Many Plans are struggling to meet the 85% MLR and like GCHP have placed monies in a category of "payable to the state' should the DHCS decide to recoup the funds.

Commissioner Foy asked if the rates included Pharmacy. Financial Analysis Director Turner explained that the State built in $208 PMPM (per-member per-month) for Pharmacy which is up from a few months ago and is currently running $51 PMPM.

Commissioner Pupa asked what the personnel costs were for the new positions requested in the budget. Financial Analysis Director Turner responded that he would obtain the information and provide it to the Commissioner.

Commissioner Alatorre asked if the surplus funds from the ACA 1202 payments were budgeted for the quality initiatives. Interim CEO Watson explained that not all the funds have been paid out to the doctors and that the State had just notified GCHP that payments for 2015 received since January would need to be refunded back to the state. Once this is stabilized, the amount that may be available for inclusion in a pay-for-performance program will be reviewed by staff. Financial Analysis Director Turner added that there is a new projection and additional exposure of approximately $6 million, which would then leave an excess of approximately $6.7 million. Interim CEO Watson added that it was much less than originally calculated. Commissioner Alatorre requested that the amount be separated and noted once final.

COMMENTS FROM COMMISSIONERS

Chair Araujo stated that he would be unable to attend the July Commission Meeting and expressed concern that a quorum would be available for the July and August Meetings due to summer vacations. After discussion there was consensus that a quorum would be available for both meetings.

CLOSED SESSION

Legal Counsel Campbell explained the purpose of the Closed Session items and added that the anticipated litigation is related to LULAC report and request from State Agencies to access to some reports, as well as discussion regarding CEO compensation.

ADJOURN TO CLOSED SESSION

The Commission adjourned to Closed Session at 3:48 p.m. regarding the following items:

CLOSED SESSION

a. **Conference With Legal Counsel – Anticipated Litigation**
Significant Exposure to Litigation Pursuant to paragraph (2) of subdivision (d) of Section 54956.9: Number of Cases: Unknown

b. **Conference With Labor Negotiators Pursuant to Government Code Section 54957.8**
Agency Designated Representatives: Scott Campbell, legal counsel; Stacy Diaz, Human Resources Director and Gold Coast Health Plan Commissioners
Unrepresented Employee: Chief Executive Officer

c. **Public Employee Appointment Pursuant to Government Code Section 54957**
Title: Chief Executive Officer

RETURN TO OPEN SESSION

The Regular Meeting reconvened at 6:04 p.m.

Legal Counsel Campbell stated there were no announcements from Closed Session.

ADJOURNMENT

Meeting adjourned at 6:05 p.m.

AGENDA ITEM 2.a.

TO: Gold Coast Health Plan Commission

FROM: Lyndon Turner, Financial Analysis Director

DATE: June 22, 2015

RE: CFO Update - April 2015 Financials

SUMMARY:

Staff is presenting the attached April 2015 financial statements (unaudited) of Gold Coast Health Plan (Plan) for the Commission to accept and file. These financials were reviewed by the Executive / Finance Committee on June 4, 2015 where the Committee recommended that the Commission accept and file these financials.

BACKGROUND / DISCUSSION:

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

FISCAL IMPACT:

Highlights of Year-To-Date Financial Results:

On a year-to-date basis through April, the Plan's gain in unrestricted net asset is approximately $61.9 million compared to the $13.6 million budget. These operating results have contributed to a Tangible Net Equity (TNE) level of approximately $101.7 million, which exceeds both the budget of $46.0 million by $55.8 million and the State minimum required TNE amount of $22.2 million by $79.5 million. As in prior reports, the Plan's TNE amount includes $7.2 million County of Ventura lines of credit. The April TNE was 458% of the State required TNE, but 42% below the average 6 County Organized Health Systems of 500%.

Highlights of April Financial Results:

Membership - April membership of 187,227 exceeded budget by 22,396 members. The majority of the growth was in the Adult Expansion (AE) category, accounting for approximately 67% of the total growth in membership.

Revenue - April net revenue was $46.0 million or $5.7 million below the budgeted amount of $51.7 million. The variance was primarily due to a $12.0 million revenue reduction related to the AE claims reserve reduction mentioned below. The revenue reduction was necessary to maintain a medical loss ratio (MLR) of 85% for this aid group. On a PMPM basis, net revenue was $245.90, or $67.70 under the budget of $313.60.

Health Care Costs – April health care cost were $34.1 million or $13.7 million below budget. On a PMPM basis, reported health care cost for April was $182.03 compared to a budgeted amount of $289.82. The positive variance is largely due to the release of certain claims reserves connected to the Adult Expansion population. Other highlights include:

- Capitation – Higher than budget by $1.5 million, mainly due to higher than anticipated members being covered by capitated providers. Also included are the Adult Expansion members (542 in April 2015) recently designated as covered by the Kaiser capitation agreement, but not contemplated in the budget.
- Fee for Service – Prior to adjustments for IBNR, all Fee for Service in aggregate was $29.6 million which was $14.0 million better than budget of $43.6 million. IBNR adjustments of approximately $7.6 million were primarily due to better than anticipated experience in all categories of service in the Adult Expansion aid group - $6.5 million.
- LTC / SNF – New rates were published by the Department of Health Care Services (DHCS) in late January. However, a recent announcement by DHCS indicated that the rates contained errors, and a revision date of early May has been communicated.
- Pharmacy – Lower than expected utilization in the AE category, again contributed to savings of approximately $4.5 million. Pharmacy costs were slightly lower than in March. On a PMPM basis, April AE Pharmacy was $50.62 compared to $51.00 in March. We anticipate continued positive variance for the AE population.
- Adult Expansion Reserve – Approximately $2.3 million related to May 2014 was released pursuant to the planned IBNP alignment methodology disclosed in prior months. Additional reserves of $13.1 million were released or avoided by continued step-wise reduction of book-to-budget rates. The release and avoidance of these reserves affected most categories of service.

In January 2015 the Plan initiated a measured and prudent convergence strategy which will gradually move AE claims reserves from the State rate methodology (85% of capitation revenue) to the traditional IBNR model. A proxy of similar Aid categories was used for the AE population to develop model completion factors. These modeled completion factor percentages were applied to AE claims data as an alternate method of claims development. Based on this analysis claims aged one year or more were deemed complete or nearly complete and excess reserves were released. In addition, the budget rates for the near months (less than one year old) will be systematically reduced to avoid adding new reserves while maintaining the 85% MLR.

Administrative Expenses - For the month of April, overall operational costs were $3.0 million or $128,000 over budget. Higher than budgeted legal fees and outside services were offset by positive variance due to lower personnel and related personnel expenses. The following were the primary contributors to the large variances:

- Outside Services (ACS / Xerox and Beacon Health Strategies) – over budget by $161,000 due to growth in membership.
- Legal Fees – over budget by $193,000 due to continued legal services and ongoing services associated with the investigation being overseen by the Special Investigation Ad Hoc Committee. Year to date legal expenses of $2.27 million exceeded the budget by $1.94 million.
- Consulting – under budget by $116,000 due to increase use of in-house services and delays in budgeted projects.

Cash + Medi-Cal Receivable – The total of Cash and Medi-Cal Premium Receivable balances of $364.7 million reported as of April 30, 2015. This total includes pass-through payments for Managed Care Organizations (MCO) tax of $4.1 million and AB 85 of $6.9 million. Excluding the impact of the pass through amount, the total of Cash and Medi-Cal Receivable balance as of April 30, 2015 was $354 million or $188 million better than the budgeted level of $165.7 million.

Investment Portfolio - During the month of April, an additional $180 million was transferred to short-term and long term investments, bringing the total amount transferred to fund investments to $230 million. As of April 30, 2015, the value of those investments are as follows:

- Short-term Investments $205 million: Cal Trust $75 million; Ventura County Investment Pool $80 million; Commercial paper and bonds $50 million.
- Long-term Investments (Bonds) $25 million.

RECOMMENDATION:

Staff requests that the Commission accept and file the (unaudited) April financial package.

CONCURRENCE:

June 4, 2015 Executive / Finance Committee

Attachments:

Financials - April 2015

References:

FINANCIAL PACKAGE

For the month ended April 30, 2015

TABLE OF CONTENTS

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

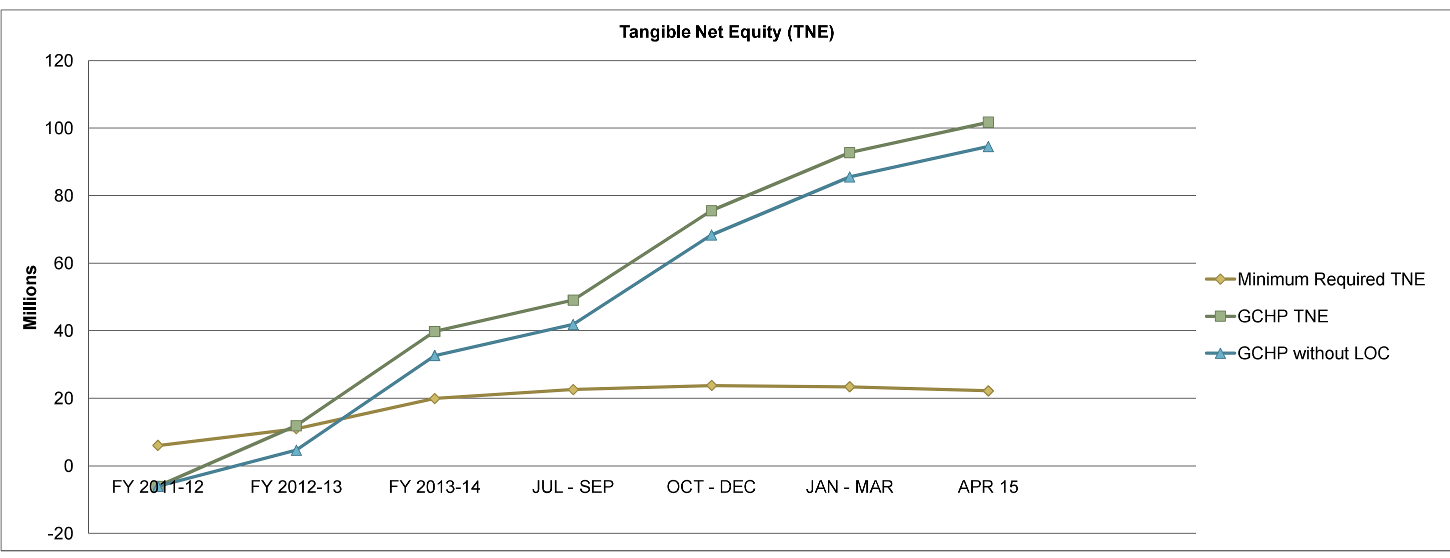
APPENDIX

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

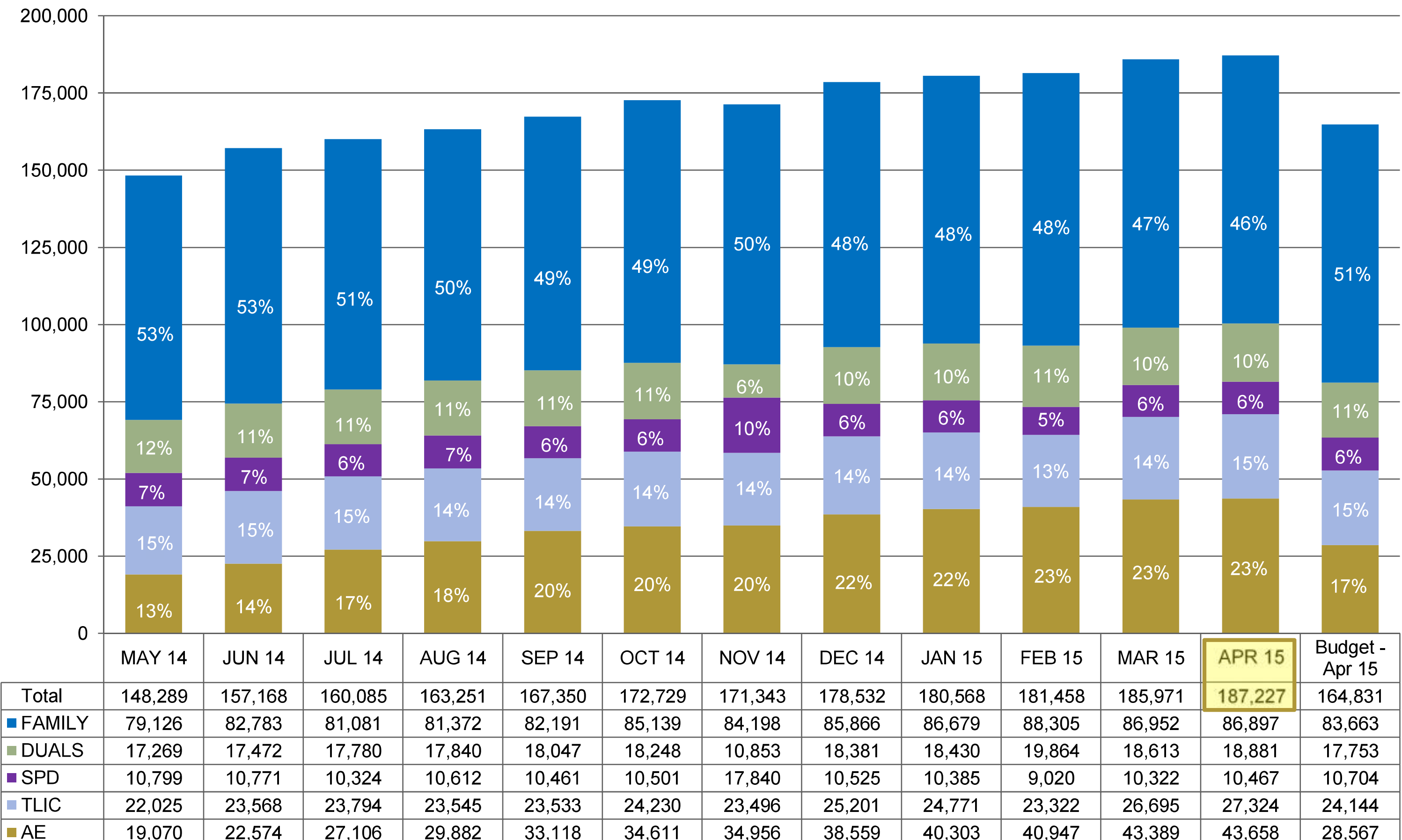
GOLD COAST HEALTH PLAN
Financial Results Summary

Description	AUDITED*	AUDITED*	UNAUDITED	FY 2014-15					Budget Comparison		
	FY 2011-12	FY 2012-13	FY 2013-14	JUL - SEP	OCT - DEC	JAN - MAR	APR 15		Budget Apr 15	Variance Fav / (Unfav)	Variance Fav / (Unfav)%
Member Months	1,258,189	1,223,895	1,553,660	490,686	522,604	547,997	187,227		164,831	22,396	13.6 %
Revenue	304,635,932	315,119,611	423,995,809	158,761,380	142,036,566	123,095,167	46,117,588		51,708,826	(5,591,238)	(10.8)%
pmpm	242.12	257.47	272.90	323.55	271.79	224.63	246.32		313.71	(67.39)	(21.5)%
Health Care Costs	287,353,672	280,382,704	369,321,385	141,486,486	106,577,061	96,973,428	34,081,837		47,771,864	13,690,026	28.7 %
pmpm	228.39	229.09	237.71	288.34	203.93	176.96	182.03		289.82	107.79	37.2 %
% of Revenue	94.3%	89.0%	87.1%	89.1%	75.0%	78.8%	73.9%		92.4%	18.5%	20.0 %
Admin Exp	18,891,320	24,013,927	26,751,533	7,994,304	8,969,982	8,943,041	3,051,574		2,921,230	(130,344)	(4.5)%
pmpm	15.01	19.62	17.22	16.29	17.16	16.32	16.30		17.72	1.42	8.0 %
% of Revenue	6.2%	7.6%	6.3%	5.0%	6.3%	7.3%	6.6%		5.6%	(1.0)%	(17.1)%
Total Increase / (Decrease) in Unrestricted Net Assets	(1,609,063)	10,722,980	27,922,891	9,280,590	26,489,523	17,178,698	8,984,176		1,015,732	7,968,444	784.5 %
pmpm	(1.28)	8.76	17.97	18.91	50.69	31.35	47.99		6.16	41.82	678.7 %
% of Revenue	-0.5%	3.4%	6.6%	5.8%	18.6%	14.0%	19.5%		2.0%	17.5%	891.7 %
YTD											
100% TNE	16,769,368	16,138,440	19,964,221	22,600,707	23,789,982	23,415,058	22,201,719		26,446,652	(4,244,934)	(16.1)%
% TNE Required	36%	68%	100%	100%	100%	100%	100%		100%		
Minimum Required TNE	6,036,972	10,974,139	19,964,221	22,600,707	23,789,982	23,415,058	22,201,719		26,446,652	(4,244,934)	(16.1)%
GCHP TNE	(6,031,881)	11,891,099	39,813,991	49,094,581	75,584,104	92,762,801	101,746,977		45,962,467	55,784,510	121.4 %
TNE Excess / (Deficiency)	(12,068,853)	916,960	19,849,770	26,493,874	51,794,122	69,347,744	79,545,259		19,515,815	60,029,444	307.6 %
% of Required TNE level			199%	217%	318%	396%	458%		174%		
% of Required TNE level (excluding $7.2 million LOC)			163%	185%	287%	365%	426%		147%		

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



GOLD COAST HEALTH PLAN



	MAY 14	JUN 14	JUL 14	AUG 14	SEP 14	OCT 14	NOV 14	DEC 14	JAN 15	FEB 15	MAR 15	APR 15	Budget - Apr 15
Total	148,289	157,168	160,085	163,251	167,350	172,729	171,343	178,532	180,568	181,458	185,971	187,227	164,831
FAMILY	79,126	82,783	81,081	81,372	82,191	85,139	84,198	85,866	86,679	88,305	86,952	86,897	83,663
FAMILY %	53%	53%	51%	50%	49%	49%	50%	48%	48%	48%	47%	46%	51%
DUALS	17,269	17,472	17,780	17,840	18,047	18,248	10,853	18,381	18,430	19,864	18,613	18,881	17,753
DUALS %	12%	11%	11%	11%	11%	11%	6%	10%	10%	11%	10%	10%	11%
SPD	10,799	10,771	10,324	10,612	10,461	10,501	17,840	10,525	10,385	9,020	10,322	10,467	10,704
SPD %	7%	7%	6%	7%	6%	6%	10%	6%	6%	5%	6%	6%	6%
TLIC	22,025	23,568	23,794	23,545	23,533	24,230	23,496	25,201	24,771	23,322	26,695	27,324	24,144
TLIC %	15%	15%	15%	14%	14%	14%	14%	14%	14%	13%	14%	15%	15%
AE	19,070	22,574	27,106	29,882	33,118	34,611	34,956	38,559	40,303	40,947	43,389	43,658	28,567
AE %	13%	14%	17%	18%	20%	20%	20%	22%	22%	23%	23%	23%	17%

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

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

Statements of Financial Position

	04/30/15	03/31/15	Unaudited FY 2013-14
ASSETS			
Current Assets:			
Total Cash and Cash Equivalents	**$ 156,092,662**	**$ 312,962,102**	**$ 60,176,698**
Total Short-Term Investments	**205,047,085**	**50,003,271**	**0**
Medi-Cal Receivable	3,591,487	3,460,281	114,632,056
Interest Receivable	204,622	0	0
Provider Receivable	585,800	851,023	395,129
Other Receivables	171,605	171,850	1,821,475
Total Accounts Receivable	**4,553,514**	**4,483,154**	**116,848,660**
Total Prepaid Accounts	1,006,954	879,800	994,278
Total Other Current Assets	81,702	81,702	81,719
Total Current Assets	**366,781,916**	**368,410,028**	**178,101,355**
Total Fixed Assets	**1,089,289**	**1,098,164**	**1,163,269**
Total Long-Term Investments	**24,693,694**	**0**	**0**
Total Assets	**$ 392,564,899**	**$ 369,508,192**	**$ 179,264,625**
LIABILITIES & NET ASSETS			
Current Liabilities:			
Incurred But Not Reported	$ 114,772,998	$ 123,937,654	$ 92,710,021
Claims Payable	11,070,028	10,477,609	9,482,660
Capitation Payable	6,352,189	5,785,044	2,054,265
Physician ACA 1202 Payable	11,160,498	11,160,498	12,765,516
AB 85 Payable	6,915,742	6,392,456	1,245,284
Accounts Payable	2,047,893	384,330	2,875,709
Accrued ACS	1,428,930	1,416,456	0
Accrued Expenses	1,350,385	1,293,928	748,120
Accrued Premium Tax	4,131,904	3,331,525	15,775,120
Accrued Interest Payable	66,047	63,298	42,062
Current Portion of Deferred Revenue	460,000	460,000	460,000
Accrued Payroll Expense	789,471	710,474	760,032
Total Current Liabilities	**160,546,086**	**165,413,273**	**138,918,788**
Long-Term Liabilities:			
DHCS - Reserve for Capitation Recoup	129,815,278	110,870,590	0
Other Long-term Liability-Deferred Rent	379,891	346,527	71,845
Deferred Revenue - Long Term Portion	76,667	115,000	460,000
Notes Payable	7,200,000	7,200,000	7,200,000
Total Long-Term Liabilities	**137,471,836**	**118,532,117**	**7,731,845**
Total Liabilities	**298,017,922**	**283,945,391**	**146,650,634**
Net Assets:			
Beginning Net Assets	32,613,991	32,613,991	4,691,101
Total Increase / (Decrease in Unrestricted Net Assets)	61,932,986	52,948,810	27,922,890
Total Net Assets	**94,546,977**	**85,562,801**	**32,613,991**
Total Liabilities & Net Assets	**$ 392,564,899**	**$ 369,508,192**	**$ 179,264,625**

FINANCIAL INDICATORS			
Current Ratio	2.28 : 1	2.23 : 1	1.28 : 1
Days Cash on Hand	292	316	34
Days Cash + State Capitation Rec	295	319	100
Days Cash + State Capitation Rec (less Tax Liab)	291	316	91

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	FY 2014-15 Monthly Trend			Current Month		
	JAN 15	FEB 15	MAR 15	APR 15		Variance
				Actual	Budget	Fav / (Unfav)
Membership (includes retro members)	180,568	181,458	185,971	187,227	164,831	22,396
Revenue:						
Premium	$ 57,987,902	$ 60,901,975	$ 59,433,011	$ 60,117,248	$ 53,769,940	$ 6,347,308
Reserve for Rate Reduction	(18,562,220)	(13,980,481)	(14,663,168)	(12,032,264)	0	(12,032,264)
MCO Premium Tax	(1,552,396)	(1,913,763)	(4,806,046)	(2,083,799)	(2,117,191)	33,393
Total Net Premium	**37,873,286**	**45,007,731**	**39,963,798**	**46,001,185**	**51,652,749**	**(5,651,564)**
Other Revenue:						
Miscellaneous Income	38,333	38,333	38,333	38,333	38,333	(0)
Total Other Revenue	38,333	38,333	38,333	38,333	38,333	(0)
Total Revenue	**37,911,620**	**45,046,064**	**40,002,131**	**46,039,519**	**51,691,082**	**(5,651,564)**
Medical Expenses:						
Capitation (PCP, Specialty, Kasier, NEMT & Vision)	4,913,161	3,459,155	4,052,943	4,334,304	2,841,396	(1,492,908)
FFS Claims Expenses:						
Inpatient	6,798,007	4,843,204	5,097,394	6,477,031	10,681,515	4,204,484
LTC / SNF	5,668,717	10,126,507	5,762,933	6,819,386	7,599,290	779,904
Outpatient	2,102,800	2,533,435	2,281,965	2,230,932	2,797,620	566,688
Laboratory and Radiology	407,913	46,028	162,651	11,628	861,130	849,502
Physician ACA 1202	0	3,134,914	0	0	0	0
Emergency Room	1,748,011	1,042,118	1,194,168	1,010,132	1,656,905	646,773
Physician Specialty	2,992,152	1,791,663	2,021,708	2,379,637	3,430,040	1,050,403
Primary Care Physician	2,395,610	673,648	934,447	774,095	2,757,375	1,983,280
Home & Community Based Services	1,689,076	775,691	956,829	812,703	836,235	23,532
Applied Behavior Analysis Services	532	8,265	11,165	14,727	0	(14,727)
Mental Health Services	890,605	415,979	678,589	684,279	778,459	94,179
Pharmacy	6,101,836	5,532,105	6,006,966	6,129,485	10,607,555	4,478,070
Adult Expansion Reserve	(8,100,000)	0	0	0	0	0
Other Medical Professional	170,093	111,261	151,825	74,024	289,181	215,158
Other Medical Care	387	0	0	341	0	(341)
Other Fee For Service	437,370	250,180	660,972	641,698	967,404	325,706
Transportation	206,816	75,730	(50,918)	108,496	341,136	232,640
Total Claims	23,509,925	31,360,727	25,870,693	28,168,594	43,603,846	15,435,252
Medical & Care Management Expense	1,058,868	1,016,692	1,079,869	1,087,702	1,125,527	37,825
Reinsurance	441,960	502,015	480,408	492,016	201,094	(290,922)
Claims Recoveries	(495,199)	(177,502)	(100,289)	(778)	0	778
Sub-total	1,005,629	1,341,205	1,459,988	1,578,939	1,326,621	(252,318)
Total Cost of Health Care	**29,428,716**	**36,161,087**	**31,383,625**	**34,081,837**	**47,771,864**	**13,690,026**
Contribution Margin	**8,482,904**	**8,884,977**	**8,618,506**	**11,957,681**	**3,919,218**	**8,038,463**
General & Administrative Expenses:						
Salaries and Wages	673,399	711,273	736,114	683,270	863,507	180,237
Payroll Taxes and Benefits	212,026	189,329	195,625	192,640	239,130	46,490
Travel and Training	4,732	10,869	8,984	11,020	18,495	7,476
Outside Service - ACS	1,342,906	1,349,555	1,447,875	1,398,128	1,236,939	(161,188)
Outside Services - Other	140,431	151,651	153,238	235,597	152,551	(83,046)
Accounting & Actuarial Services	10,000	14,585	5,415	10,000	0	(10,000)
Legal	169,276	289,180	188,244	226,134	33,333	(192,801)
Insurance	16,863	33,940	32,538	39,441	14,583	(24,858)
Lease Expense - Office	67,130	64,785	65,957	65,957	64,354	(1,603)
Consulting Services	12,434	12,475	37,106	22,212	138,066	115,854
Translation Services	4,125	3,990	5,466	8,166	7,083	(1,083)
Advertising and Promotion	5,237	2,057	1,178	1,041	3,489	2,448
General Office	85,544	182,426	131,637	72,685	87,250	14,565
Depreciation & Amortization	16,530	16,530	18,111	19,444	31,242	11,798
Printing	21,486	1,089	365	21,226	14,865	(6,361)
Shipping & Postage	2,088	22,696	25,648	187	1,342	1,155
Interest	17,143	9,641	15,268	41,678	15,000	(26,678)
Total G & A Expenses	**2,801,351**	**3,066,071**	**3,068,769**	**3,048,826**	**2,921,230**	**(127,595)**
Total Operating Gain / (Loss)	**5,681,553**	**5,818,906**	**5,549,737**	**8,908,856**	**997,988**	**7,910,867**
Non Operating:						
Revenues - Interest	48,276	46,762	40,314	78,069	17,744	60,325
Expenses - Interest	1,207	3,115	2,528	2,749	0	(2,749)
Total Non-Operating	**47,070**	**43,647**	**37,785**	**75,320**	**17,744**	**57,576**
Total Increase / (Decrease) in Unrestricted Net Assets	**5,728,622**	**5,862,553**	**5,587,523**	**8,984,176**	**1,015,732**	**7,968,444**
Full Time Employees				**150**	**169**	**19**

PMPM Statement of Revenues, Expenses and Changes in Net Assets

	JAN 15	FEB 15	MAR 15	APR 15		Variance
				Actual	Budget	Fav / (Unfav)
Membership (includes retro members)	180,568	181,458	185,971	187,227	164,831	22,396
Revenue:						
Premium	321.14	335.63	319.58	321.09	326.21	(5.12)
Reserve for Rate Reduction	(102.80)	(77.05)	(78.85)	(64.27)	0.00	(64.27)
MCO Premium Tax	(8.60)	(10.55)	(25.84)	(11.13)	(12.84)	1.71
Total Net Premium	**209.75**	**248.03**	**214.89**	**245.70**	**313.37**	**(67.67)**
Other Revenue:						
Miscellaneous Income	0.21	0.21	0.21	0.20	0.23	(0.03)
Total Other Revenue	0.21	0.21	0.21	0.20	0.23	(0.03)
Total Revenue	**209.96**	**248.25**	**215.10**	**245.90**	**313.60**	**(67.70)**
Medical Expenses:						
Capitation (PCP, Specialty, Kasier, NEMT & Vision)	27.21	19.06	21.79	23.15	17.24	(5.91)
FFS Claims Expenses:						
Inpatient	37.65	26.69	27.41	34.59	64.80	30.21
LTC / SNF	31.39	55.81	30.99	36.42	46.10	9.68
Outpatient	11.65	13.96	12.27	11.92	16.97	5.06
Laboratory and Radiology	2.26	0.25	0.87	0.06	5.22	5.16
Physician ACA 1202	0.00	17.28	0.00	0.00	0.00	0.00
Emergency Room	9.68	5.74	6.42	5.40	10.05	4.66
Physician Specialty	16.57	9.87	10.87	12.71	20.81	8.10
Primary Care Physician	13.27	3.71	5.02	4.13	16.73	12.59
Home & Community Based Services	9.35	4.27	5.15	4.34	5.07	0.73
Applied Behavior Analysis Services	0.00	0.05	0.06	0.08	0.00	(0.08)
Mental Health Services	4.93	2.29	3.65	3.65	4.72	1.07
Pharmacy	33.79	30.49	32.30	32.74	64.35	31.62
Adult Expansion Reserve	(44.86)	0.00	0.00	0.00	0.00	0.00
Other Medical Professional	0.94	0.61	0.82	0.40	1.75	1.36
Other Medical Care	0.00	0.00	0.00	0.00	0.00	(0.00)
Other Fee For Service	2.42	1.38	3.55	3.43	5.87	2.44
Transportation	1.15	0.42	(0.27)	0.58	2.07	1.49
Total Claims	130.20	172.83	139.11	150.45	264.54	114.09
Medical & Care Management Expense	5.86	5.60	5.81	5.81	6.83	1.02
Reinsurance	2.45	2.77	2.58	2.63	1.22	(1.41)
Claims Recoveries	(2.74)	(0.98)	(0.54)	(0.00)	0.00	0.00
Sub-total	5.57	7.39	7.85	8.43	8.05	(0.38)
Total Cost of Health Care	162.98	199.28	168.76	182.03	**289.82**	**107.79**
Contribution Margin	**46.98**	**48.96**	**46.34**	**63.87**	**23.78**	**40.09**
General & Administrative Expenses:						
Salaries and Wages	3.73	3.92	3.96	3.65	5.24	1.59
Payroll Taxes and Benefits	1.17	1.04	1.05	1.03	1.45	0.42
Travel and Training	0.03	0.06	0.05	0.06	0.11	0.05
Outside Service - ACS	7.44	7.44	7.79	7.47	7.50	0.04
Outside Services - Other	0.78	0.84	0.82	1.26	0.93	(0.33)
Accounting & Actuarial Services	0.06	0.08	0.03	0.05	0.00	(0.05)
Legal	0.94	1.59	1.01	1.21	0.20	(1.01)
Insurance	0.09	0.19	0.17	0.21	0.09	(0.12)
Lease Expense - Office	0.37	0.36	0.35	0.35	0.39	0.04
Consulting Services	0.07	0.07	0.20	0.12	0.84	0.72
Translation Services	0.02	0.02	0.03	0.04	0.04	(0.00)
Advertising and Promotion	0.03	0.01	0.01	0.01	0.02	0.02
General Office	0.47	1.01	0.71	0.39	0.53	0.14
Depreciation & Amortization	0.09	0.09	0.10	0.10	0.19	0.09
Printing	0.12	0.01	0.00	0.11	0.09	(0.02)
Shipping & Postage	0.01	0.13	0.14	0.00	0.01	0.01
Interest	0.09	0.05	0.08	0.22	0.09	(0.13)
Total G & A Expenses	15.51	16.90	16.50	16.28	17.72	1.44
Total Operating Gain / (Loss)	31.46	32.07	29.84	47.58	6.05	41.53
Non Operating:						
Revenues - Interest	0.27	0.26	0.22	0.42	0.11	0.31
Expenses - Interest	0.01	0.02	0.01	0.01	0.00	(0.01)
Total Non-Operating	0.26	0.24	0.20	0.40	0.11	0.29
Total Increase / (Decrease) in Unrestricted Net Assets	31.73	32.31	30.05	47.99	6.16	41.82

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For Ten Months Ended April 30, 2015

	APR 15 Year-To-Date		Variance
	Actual	**Budget**	**Fav / (Unfav)**
Membership (includes retro members)	1,748,514	1,610,493	138,021
Revenue			
Premium	$ 595,067,016	$ 511,170,540	$ 83,896,475
Reserve for Rate Reduction	(103,214,622)	0	(103,214,622)
MCO Premium Tax	(22,666,613)	(20,127,340)	(2,539,273)
Total Net Premium	**469,185,781**	**491,043,200**	**(21,857,419)**
Other Revenue:			
Miscellaneous Income	413,651	383,330	30,321
Total Other Revenue	413,651	**383,330**	30,321
Total Revenue	**469,599,432**	**491,426,530**	**(21,827,098)**
Medical Expenses:			
Capitation (PCP, Specialty, Kaiser, NEMT & Vision)	33,570,913	27,274,748	(6,296,164)
FFS Claims Expenses:			
Inpatient	75,155,108	100,534,542	25,379,434
LTC / SNF	82,507,724	75,322,588	(7,185,136)
Outpatient	26,311,635	26,540,988	229,353
Laboratory and Radiology	4,880,385	7,779,669	2,899,284
Physician ACA 1202	8,077,096	0	(8,077,096)
Emergency Room	12,503,996	15,559,633	3,055,637
Physician Specialty	27,169,265	32,733,601	5,564,336
Primary Care Physician	18,260,811	25,555,463	7,294,652
Home & Community Based Services	12,404,959	8,350,599	(4,054,360)
Applied Behavior Analysis Services	35,080	0	(35,080)
Mental Health Services	5,942,214	7,521,304	1,579,089
Pharmacy	56,085,677	93,518,643	37,432,966
Adult Expansion Reserve	(8,100,000)	0	8,100,000
Other Medical Professional	1,997,943	2,705,727	707,783
Other Medical Care	1,097	0	(1,097)
Other Fee For Service	7,166,244	9,355,248	2,189,004
Transportation	2,144,122	3,131,692	987,570
Total Claims	332,543,355	408,609,696	76,066,341
Medical & Care Management Expense	10,284,778	10,756,115	471,336
Reinsurance	3,606,485	1,964,801	(1,641,683)
Claims Recoveries	(886,719)	0	886,719
Sub-total	13,004,545	12,720,916	(283,629)
Total Cost of Health Care	**379,118,813**	**448,605,360**	**69,486,548**
Contribution Margin	**90,480,620**	**42,821,170**	**47,659,450**
General & Administrative Expenses:			
Salaries and Wages	6,821,967	8,254,605	1,432,638
Payroll Taxes and Benefits	1,959,429	2,207,526	248,097
Travel and Training	105,665	220,154	114,489
Outside Service - ACS	13,361,673	12,099,754	(1,261,919)
Outside Services - Other	1,417,104	1,415,730	(1,374)
Accounting & Actuarial Services	144,641	250,000	105,359
Legal	2,273,572	333,333	(1,940,239)
Insurance	228,841	145,833	(83,007)
Lease Expense - Office	643,735	643,540	(195)
Consulting Services	297,461	1,254,699	957,238
Translation Services	48,696	70,830	22,134
Advertising and Promotion	19,469	226,840	207,371
General Office	1,051,387	1,457,331	405,944
Depreciation & Amortization	165,725	246,480	80,756
Printing	84,416	191,422	107,006
Shipping & Postage	95,949	178,596	82,647
Interest	188,109	150,000	(38,109)
Total G & A Expenses	**28,907,838**	**29,346,673**	**438,835**
Total Operating Gain / (Loss)	**$ 61,572,782**	**$ 13,474,497**	**$ 48,098,285**
Non Operating			
Revenues - Interest	411,269	168,686	242,582
Expenses - Interest	51,064	0	(51,064)
Total Non-Operating	360,205	168,686	191,518
Total Increase / (Decrease) in Unrestricted Net Assets	$ 61,932,986	$ 13,643,183	$ 48,289,803
Net Assets, Beginning of Year	32,613,991		
Net Assets, End of Year	94,546,977		

Statement of Cash Flows - Monthly

	APR 15	MAR 15	FEB 15
Cash Flow From Operating Activities			
Collected Premium	$ 66,932,156	$ 134,811,271	$ 75,979,999
Miscellaneous Income	78,069	40,314	46,762
State Pass Through Funds	2,139,715	4,383,049	9,450,060
Paid Claims			
Medical & Hospital Expenses	(30,629,285)	(35,848,764)	(22,042,511)
Pharmacy	(6,410,487)	(5,781,444)	(6,738,450)
Capitation	(3,767,160)	(3,141,517)	(3,068,241)
Reinsurance of Claims	(529,803)	(480,408)	(502,015)
State Pass Through Funds Distributed	(1,532,177)	(1,446,016)	(9,701,452)
Paid Administration	(1,737,229)	(4,795,844)	(1,729,687)
MCO Tax Received / (Paid)	(1,651,004)	(3,383,516)	(2,614,091)
Net Cash Provided / (Used) by Operating Activities	**22,892,795**	**84,357,126**	**39,080,373**
Cash Flow From Investing / Financing Activities			
Net Acquisition of Investments	(179,737,508)	(50,003,271)	-
Net Acquisition of Property / Equipment	(24,727)	(18,626)	(110,638)
Net Cash Provided / (Used) by Investing / Financing	**(179,762,235)**	**(50,021,897)**	**(110,638)**
Net Cash Flow	**$ (156,869,440)**	**$ 34,335,229**	**$ 38,969,735**
Cash and Cash Equivalents (Beg. of Period)	312,962,102	278,626,873	239,657,138
Cash and Cash Equivalents (End of Period)	156,092,662	312,962,102	278,626,873
	$ (156,869,440)	**$ 34,335,229**	**$ 38,969,735**
Adjustment to Reconcile Net Income to Net Cash Flow			
Net (Loss) Income	8,984,176	5,587,523	5,862,553
Depreciation & Amortization	33,602	32,269	30,689
Decrease / (Increase) in Receivables	(70,360)	63,478,378	7,440,201
Decrease / (Increase) in Prepaids & Other Current Assets	(127,154)	106,964	(20,190)
(Decrease) / Increase in Payables	2,337,526	(6,751,516)	5,523,148
(Decrease) / Increase in Other Liabilities	18,939,718	27,713,537	20,577,717
Change in MCO Tax Liability	800,379	2,313,260	(601,867)
Changes in Claims and Capitation Payable	1,159,564	138,152	848,138
Changes in IBNR	(9,164,657)	(8,261,441)	(580,015)
	22,892,795	84,357,126	39,080,373
Net Cash Flow from Operating Activities	**22,892,795**	**84,357,126**	**$ 39,080,373**

Statement of Cash Flows - YTD

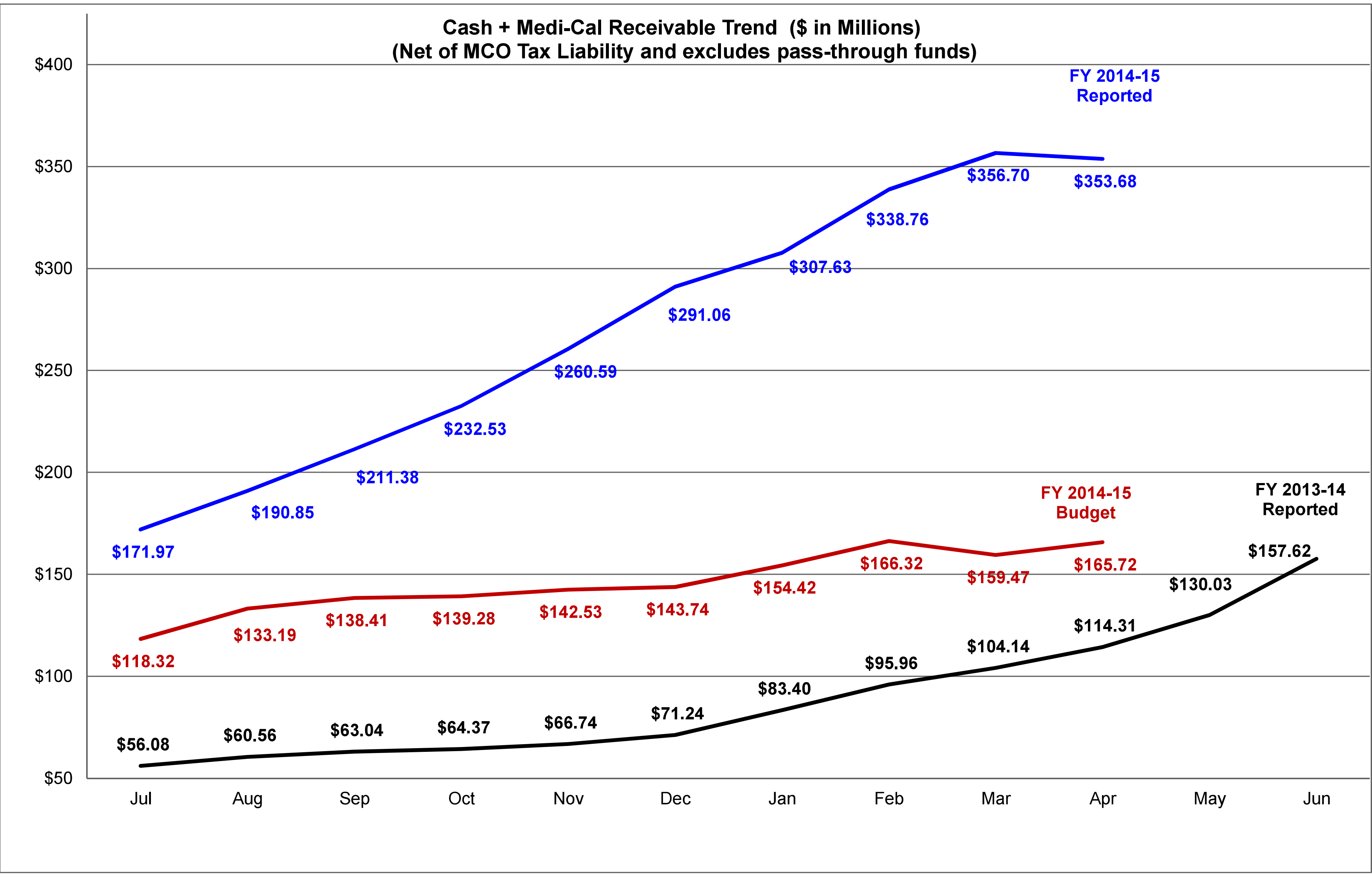
	APR 15
Cash Flow From Operating Activities	
Collected Premium	$ 735,416,586
Miscellaneous Income	411,268
State Pass Through Funds	51,814,653
Paid Claims	
Medical & Hospital Expenses	(253,395,174)
Pharmacy	(59,940,708)
Capitation	(29,290,814)
Reinsurance of Claims	(4,939,612)
State Pass Through Funds Distributed	(46,351,855)
Paid Administration	(31,094,605)
MCO Taxes Received / (Paid)	(36,739,669)
Net Cash Provided / (Used) by Operating Activities	**325,890,070**
Cash Flow From Investing / Financing Activities	
Net Acquisition of Investments	(229,740,779)
Net Acquisition of Property / Equipment	(233,328)
Net Cash Provided / (Used) by Investing / Financing	**(229,974,107)**
Net Cash Flow	**$ 95,915,964**
Cash and Cash Equivalents (Beg. of Period)	60,176,698
Cash and Cash Equivalents (End of Period)	156,092,662
	$ 95,915,964
Adjustment to Reconcile Net Income to Net Cash Flow	
Net Income / (Loss)	61,932,986
Depreciation & Amortization	307,309
Decrease / (Increase) in Receivables	112,295,146
Decrease / (Increase) in Prepaids & Other Current Assets	(12,658)
(Decrease) / Increase in Payables	5,322,244
(Decrease) / Increase in Other Liabilities	129,739,990
Change in MCO Tax Liability	(11,643,216)
Changes in Claims and Capitation Payable	5,885,292
Changes in IBNR	22,062,977
	325,890,070
Net Cash Flow from Operating Activities	**$ 325,890,070**

For the month ended April 30, 2015

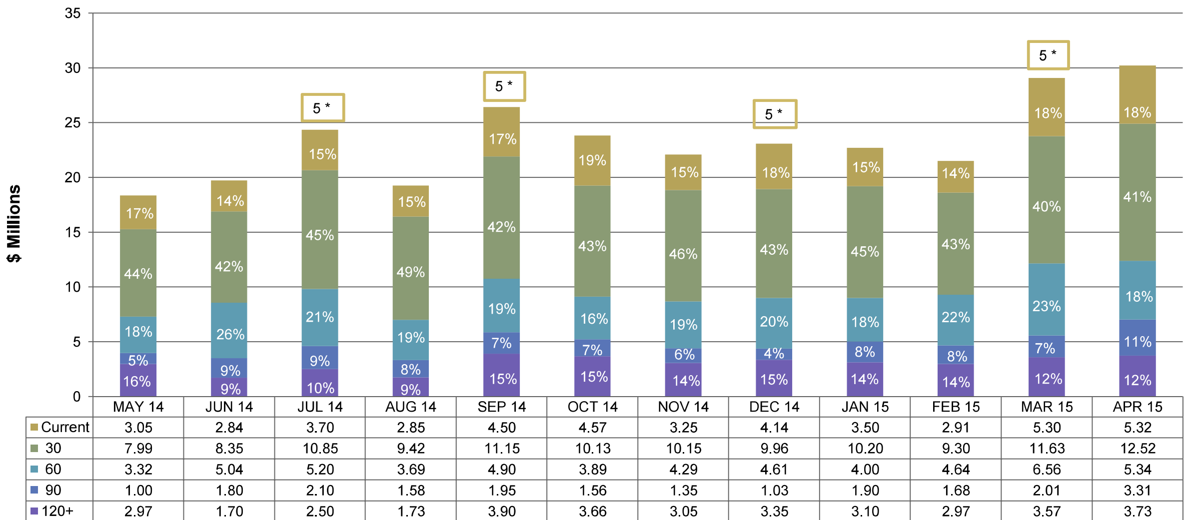
APPENDIX

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

GOLD COAST HEALTH PLAN
APR 15



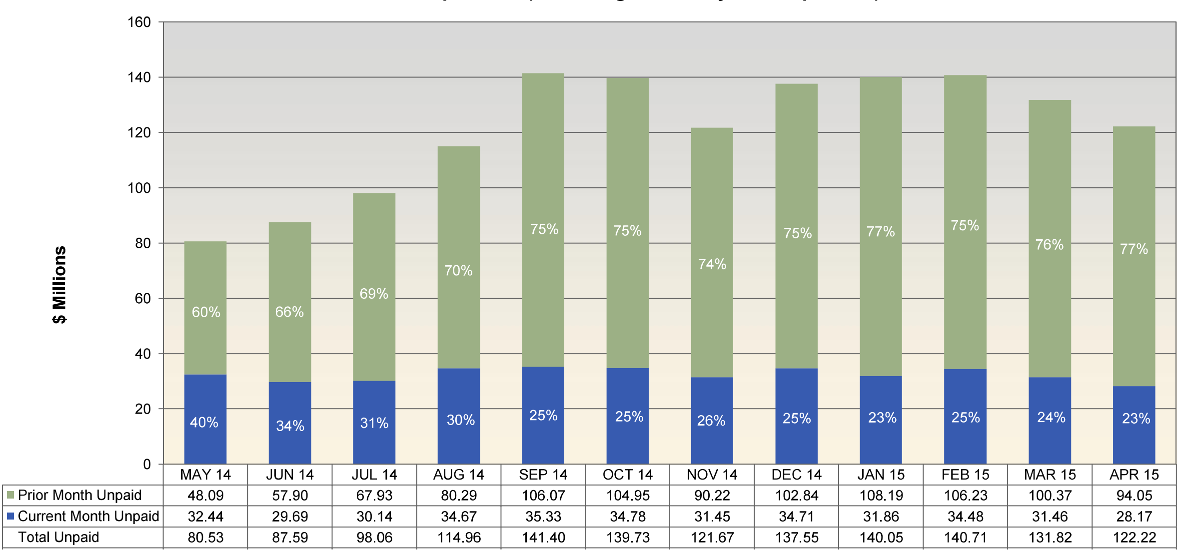
GOLD COAST HEALTH PLAN
APR 15



	MAY 14	JUN 14	JUL 14	AUG 14	SEP 14	OCT 14	NOV 14	DEC 14	JAN 15	FEB 15	MAR 15	APR 15
Current	3.05	2.84	3.70	2.85	4.50	4.57	3.25	4.14	3.50	2.91	5.30	5.32
30	7.99	8.35	10.85	9.42	11.15	10.13	10.15	9.96	10.20	9.30	11.63	12.52
60	3.32	5.04	5.20	3.69	4.90	3.89	4.29	4.61	4.00	4.64	6.56	5.34
90	1.00	1.80	2.10	1.58	1.95	1.56	1.35	1.03	1.90	1.68	2.01	3.31
120+	2.97	1.70	2.50	1.73	3.90	3.66	3.05	3.35	3.10	2.97	3.57	3.73

% of bar	MAY 14	JUN 14	JUL 14	AUG 14	SEP 14	OCT 14	NOV 14	DEC 14	JAN 15	FEB 15	MAR 15	APR 15
Current	17%	14%	15%	15%	17%	19%	15%	18%	15%	14%	18%	18%
30	44%	42%	45%	49%	42%	43%	46%	43%	45%	43%	40%	41%
60	18%	26%	21%	19%	19%	16%	19%	20%	18%	22%	23%	18%
90	5%	9%	9%	8%	7%	7%	6%	4%	8%	8%	7%	11%
120+	16%	9%	10%	9%	15%	15%	14%	15%	14%	14%	12%	12%

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

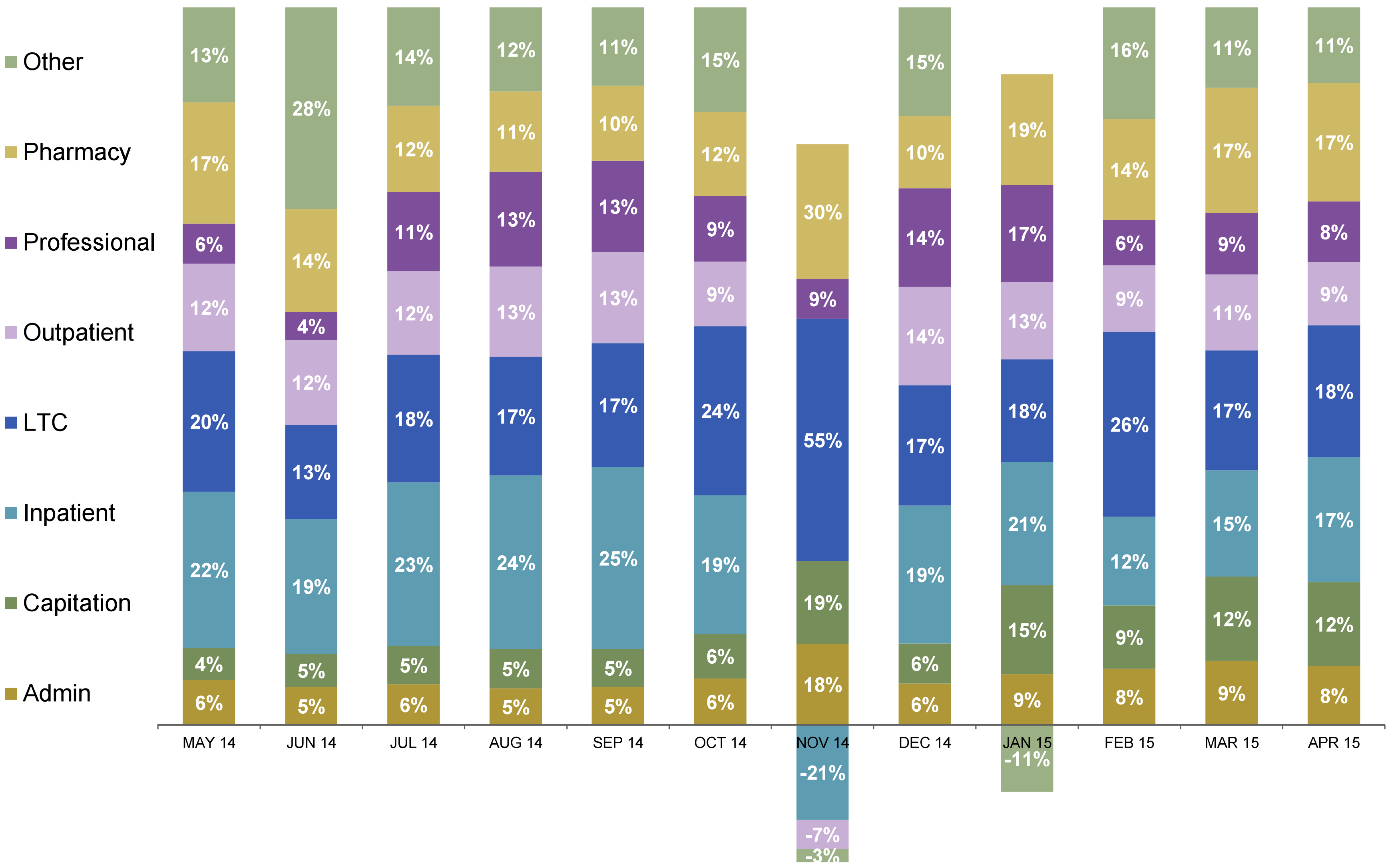


	MAY 14	JUN 14	JUL 14	AUG 14	SEP 14	OCT 14	NOV 14	DEC 14	JAN 15	FEB 15	MAR 15	APR 15
Prior Month Unpaid	48.09	57.90	67.93	80.29	106.07	104.95	90.22	102.84	108.19	106.23	100.37	94.05
Current Month Unpaid	32.44	29.69	30.14	34.67	35.33	34.78	31.45	34.71	31.86	34.48	31.46	28.17
Total Unpaid	80.53	87.59	98.06	114.96	141.40	139.73	121.67	137.55	140.05	140.71	131.82	122.22

% of bar	MAY 14	JUN 14	JUL 14	AUG 14	SEP 14	OCT 14	NOV 14	DEC 14	JAN 15	FEB 15	MAR 15	APR 15
Prior Month Unpaid	60%	66%	69%	70%	75%	75%	74%	75%	77%	75%	76%	77%
Current Month Unpaid	40%	34%	31%	30%	25%	25%	26%	25%	23%	25%	24%	23%

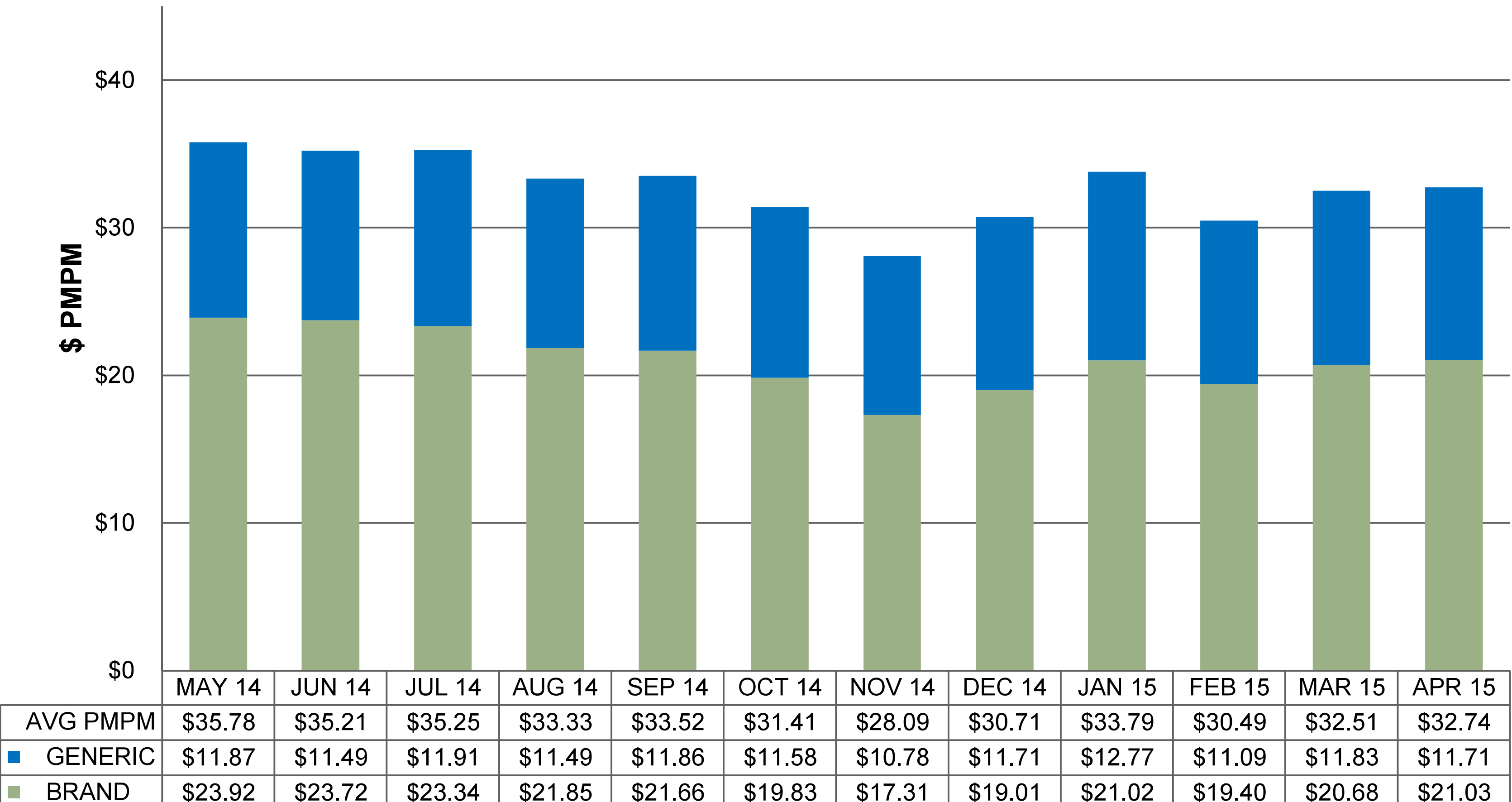
Note: IBNP Composition - reflects updated medical cost reserve calculation plus total system claims payable.

GOLD COAST HEALTH PLAN



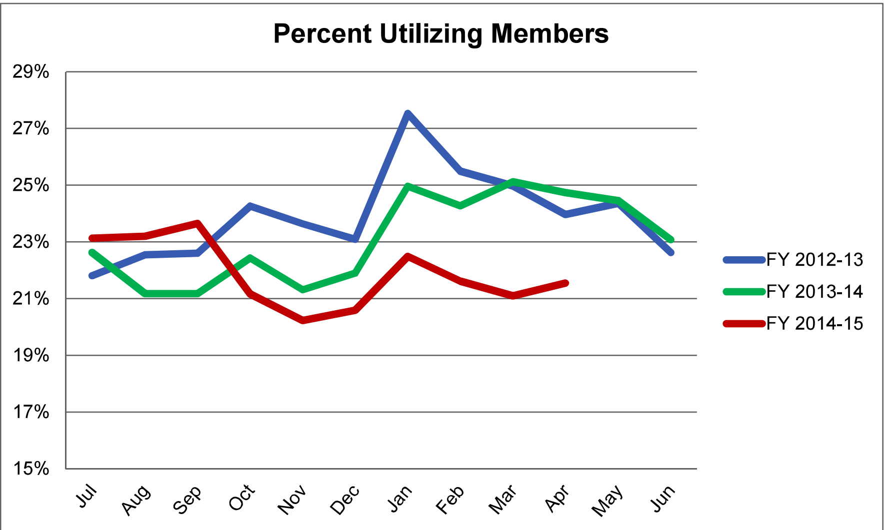
Note: November 14 reflects an adjustment in medical expenses as a result of the Adult Expansion allowance for revenue recoup.
January 15 reflects an adjustment to Adult Expansion reserve resulting in a reduction to IBNR.

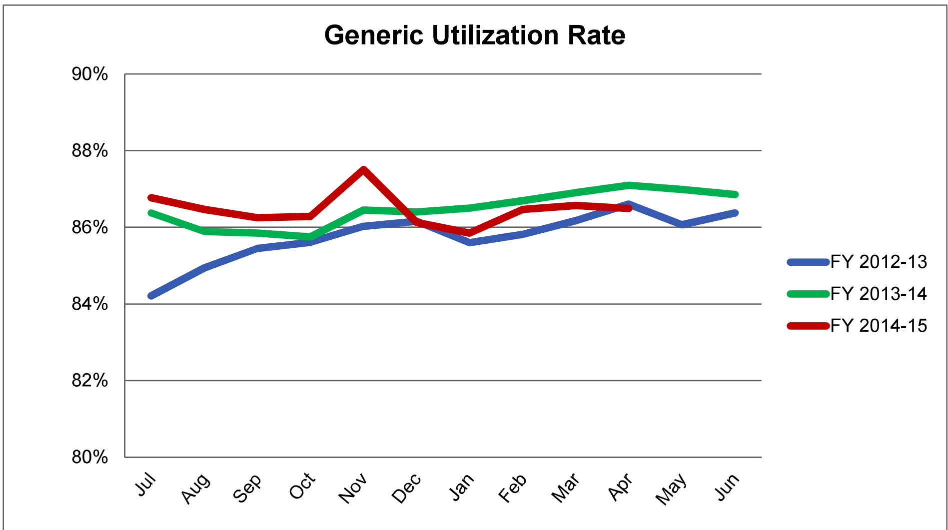
GOLD COAST HEALTH PLAN



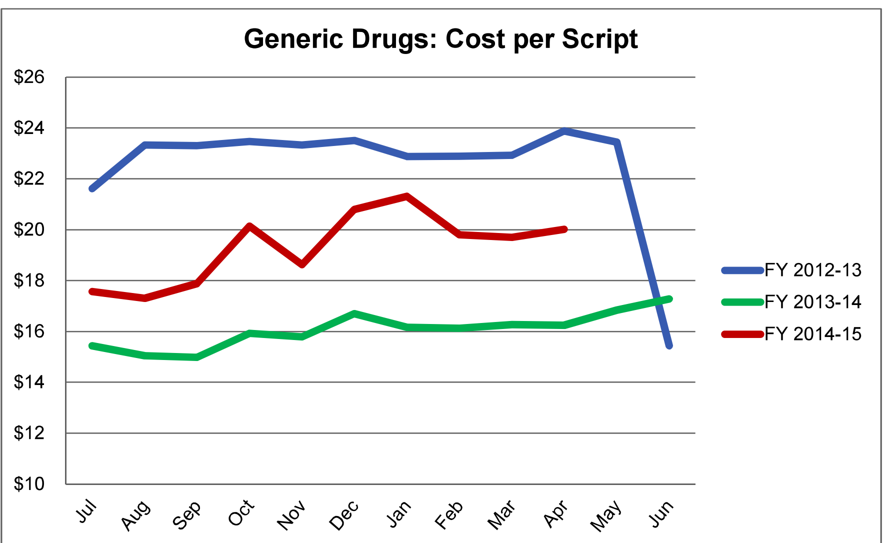
	MAY 14	JUN 14	JUL 14	AUG 14	SEP 14	OCT 14	NOV 14	DEC 14	JAN 15	FEB 15	MAR 15	APR 15
AVG PMPM	$35.78	$35.21	$35.25	$33.33	$33.52	$31.41	$28.09	$30.71	$33.79	$30.49	$32.51	$32.74
GENERIC	$11.87	$11.49	$11.91	$11.49	$11.86	$11.58	$10.78	$11.71	$12.77	$11.09	$11.83	$11.71
BRAND	$23.92	$23.72	$23.34	$21.85	$21.66	$19.83	$17.31	$19.01	$21.02	$19.40	$20.68	$21.03

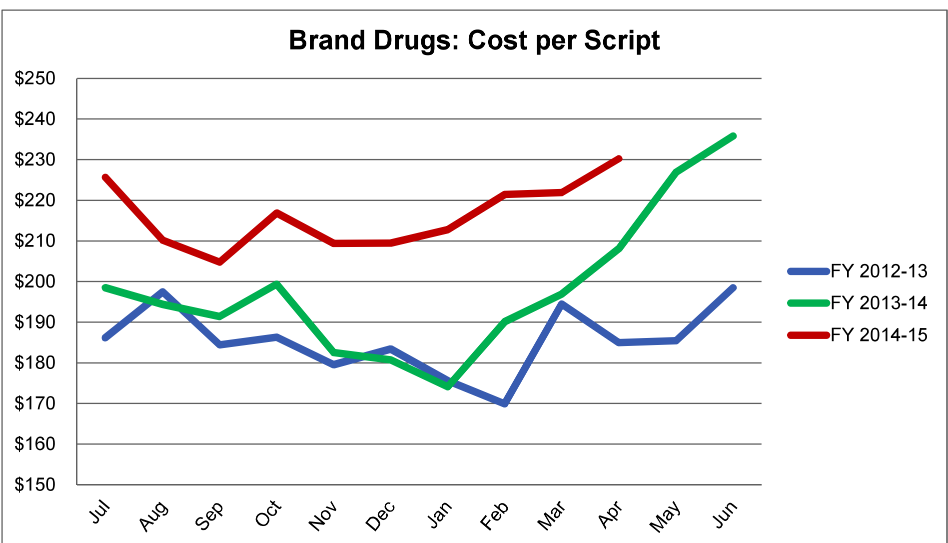
GOLD COAST HEALTH PLAN
Pharmacy Analysis





Effective Oct 14, Dual members were responsible for prescription copays, lowering the percentage of utilizing members.





AGENDA ITEM 3.a.

TO: Gold Coast Health Plan Commission

FROM: Dale Villani, CEO

DATE: June 22, 2015

RE: Department of Health Care Services (DHCS) Contract Amendment A16

SUMMARY:

The State of California Department of Health Care Services (DHCS) establishes monthly capitation payments by major Medi-Cal population groups and updates them periodically to reflect policy changes and other adjustments. Amendment A16 reflects expected changes to Gold Coast Health Plan (GCHP or Plan) capitation rates for FY 2013-14.

BACKGROUND / DISCUSSION:

GCHP received a contract amendment from DHCS on May 18, 2015 which updated the Plan's FY 2013-14 capitation rates for certain Medi-Cal aid codes as follows:

- Rate period January 1, 2014 through June 30, 2014
  - Adjusts the second half of FY 2013-14 capitation rates to provide funding of Senate Bill (SB) 239 Hospital Quality Assurance Fee (HQAF) distributions.
  - Rates adjusted for Family / Adult, Aged, Disabled, Long-Term Care, Breast and Cervical Cancer Treatment Program (BCCTP) and Targeted Low Income Children aid codes.
  - Does not adjust capitation rates for Dual or Adult Expansion members.

FISCAL IMPACT:

Amendment A17 memorializes the rates included on a rate package received by GCHP on May 15, 2015. The additional rates provide funding for SB 239, similar to the SB 335 HQAF in prior years. The funds are a pass-through to hospitals meeting the requirement of Welfare

and Institutions Codes §14169.2 and §14169.3 and identified by the California Hospital Association. Consequently, there is no expected fiscal impact to the Plan.

RECOMMENDATION:

Staff is recommending the Commission approve and authorize the CEO to execute DHCS contract amendment A16.

CONCURRENCE:

N/A.

Attachments:

References:

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Fiscal Year 2015-16 Operating and Capital Budget

Commission Meeting
Lyndon Turner, Director, Financial Analysis
June 22, 2015

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Introduction

Gold Coast Health Plan's (GCHP) FY 2015-16 (07/01/15-06/30/16) budget is summarized in this document and reflects the following major assumptions:

- Membership – growth based on Statewide projection, adjusted for Ventura County historical percentage and recent trend
- Revenue – rates based on latest Rate Development Template submitted to State, with standard modeling applied
- Health Care Costs – reflective of recent Plan experience with estimates of pending provider reimbursement enhancements
- Project Needs – incorporates Plan-wide proposal of projects to support strategic plan (to be finalized with Commission and new CEO)

Introduction

Major items that are pending:

- Potential Adult Expanded (AE) Rate Reduction (high probability)
- State Policy Changes (e.g. Behavioral Health, ABA, new benefits)
- Membership – undocumented immigrants, continued expansion
- CCS – potential future direction
- Review of final State FY 2015-16 budget
- FQHC Payment Reform
- CMS Proposed Rule Changes
- 1115 Waiver expires October 2015
- Finalization of FY 2013-14 Audit
- Potential Knox Keene license requirement

Updates

Changes since the May 18, 2015 Commission Meeting:

- Membership and revenue updated based on additional State information
- Health care cost estimates further analyzed and refined
- Administrative expenses updated based on additional Plan analysis of departmental budgets

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Highlights

- 2 year growth: average monthly enrollment up 52%; revenue up 52%
- Staffing, support and compliance costs increasing along with caseload growth and mix changes

	FY 2013-14	Projected FY 2014-15 *	Budget FY 2015-16
	(Amounts are stated in thousands, except Enrollment and %)		
Average Monthly Enrollment	129,472	177,178	196,679
Premium Revenue	$ 422,882	$ 568,468	$ 641,399
Other Revenue	960	490	460
Total Revenue	**423,843**	**568,958**	**641,859**
Health Care Costs	371,063	484,398	586,008
Administrative Expense	24,622	37,526	43,120
Operating Gain	**28,157**	**47,034**	**12,731**
Non-Operating Income (Expense)	(234)	331	1,183
Increase in Net Position	**$ 27,923**	**$ 47,365**	**$ 13,913**
Medical Cost Ratio (MCR)	87.5%	85.1%	91.3%
Administrative Cost Ratio (ACR)	5.8%	6.6%	6.7%
Administrative Expense - PMPM	$ 15.85	$ 17.65	$ 18.27
TNE**	**$ 39,814**	**$ 87,179**	**$ 93,892**

** Reflects actual experience through 03/31/15 and estimates from 04/01/15 to 06/30/15*

*** TNE includes $7.2M in lines of credit for FY 2013-14 and Projected FY 2014-15. Line of Credit paid in FY 2015-16*

GCHP FY 2015-16 Project Portfolio
"At a Glance"
(For additional information, reference Slide 27)

Jul-Sep 2015
Oct-Dec 2015
Jan-Mar 2016
Apr-Jun 2016

MedInsight
Office Reconfiguration
Service Desk Ticketing System
Business Continuity Plan (BCP)
SQL Server Upgrade
Data Warehouse RFP
Data Warehouse Implementation
ACS Data Extract Optimization
Multiview Upgrade
IKA / Ingenix Claims Editing System (ICES) Software Upgrade
Provider (PRV) Reimbursement Evaluation
SharePoint Implementation Phase 1
SharePoint Implementation Phase 2
Provider Data Management Optimization
Delegation Oversight Framework
Encounter Data Improvement Program
AP Automation/ePayment Solution
Member Facing Mobile Apps (Pilot)
Disease Management Program
MS Office 2013 Upgrade
MS Office 365 Migration
ICD-10 Readiness Phase II
MedHOK SW Upgrade
CORE: HIPAA / ACA Administrative Simplification Rules
MedInsight Upgrade
HEDIS Vendor RFP
HEDIS Implementation
MedHOK Care Gaps
MedHOK Software Upgrade
Non-Emergent Medical Transportation (NEMT) Benefit Analysis
Provider Network Mapping
Provider Credentialing, Contracts & Maintenance System RFP
Provider Credentialing, Contracts & Maintenance System
Pharmacy Benefits Manager (PBM) RFP
PBM Implementation
Provider Portal RFP
Provider Portal Implementation
Administrative Services Organization (ASO) Consultant RFP
ASO Analysis
ASO RFP

FY 2014-15 Carry Over
Quality Strategy
Provider Network Strategy
Engagement Strategy
Communications Strategy
Finance Strategy
Administrative Services Strategy
Technology & Analytics Strategy
Lights On

Membership

Average monthly membership is expected to grow by approximately 11% over the coming fiscal year

- Statewide Medi-Cal membership of 12.4 million expected by 06/30/16
- State estimates that 32% of population will be covered by Medi-Cal
- Ventura County Medi-Cal membership growth has outpaced statewide Medi-Cal managed care by approximately 3.5%
- Adult / Family membership growing due to increased outreach / media attention on health insurance/exchange (7U, 7W have presumptive eligibility)
- Most growth from AE membership. Plan estimates to have 45,000 AE members on 07/01/15 and grow to 54,300 members by 06/30/16

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Membership

Aid Category - Members	FY 2013-14	Projected FY 2014-15	Budget FY 2015-16	June 2016
	(Stated in Averaged Member Months)			Membership
Adult/Family	74,164	85,316	89,558	91,215
Dual	17,798	17,900	19,399	19,758
SPD	9,784	10,961	10,783	10,983
Traditional Medi-Cal	101,745	114,178	119,740	121,956
Annual Percentage Growth - Traditional Medi-Cal		*12.2%*	*4.9%*	
TLIC (Healthy Families)	20,410	25,013	27,015	26,775
Adult Expansion (AE)	7,317	37,988	49,924	54,339
Total Average Membership	129,472	177,178	196,679	203,070
Annual Percentage Growth - Entire Population		*36.8%*	*11.0%*	

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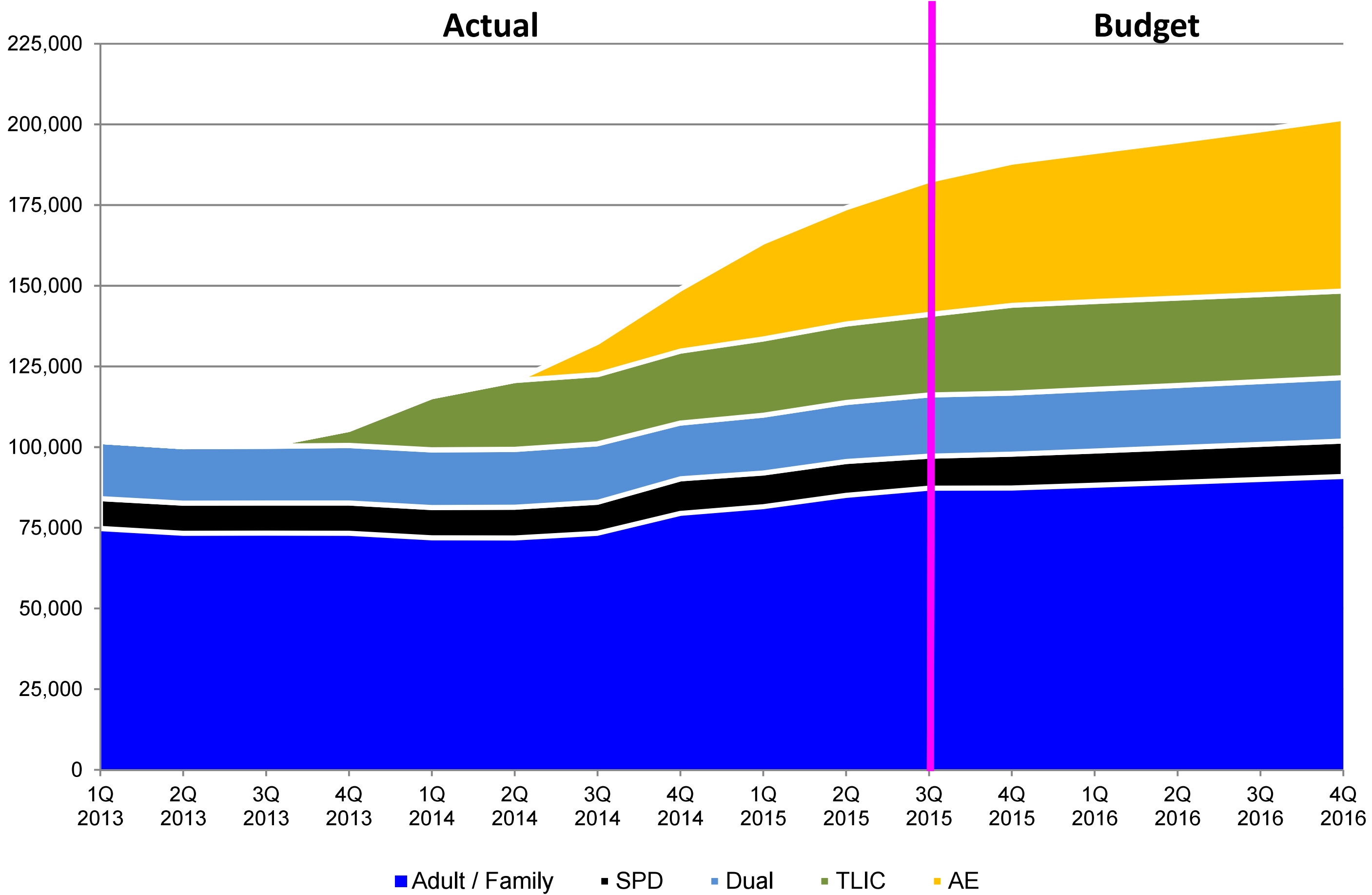
Members by Aid Category By Fiscal Year Quarter



Revenue

FY 2015-16 Revenue Assumptions:

- CY 2013 RDT data used
  - Data applied to DHCS / Mercer rate models
  - Compared to GCHP trends applied to RDT, is more conservative
  - Results in overall reduction of 1% for Traditional population
- Special items
  - TLIC now combined with Child/Family rates (2013 experience)
  - Mental Health based on multi-year State rate sheet
  - Adult Expansion assumes 15% cuts at 07/01/15 and 01/01/16
  - Hep-C drug carve-out continues with kick payments at current rate
  - AB97 cuts reflected at rate similar to FY 2014-15
  - LTC rate increases at 08/01/15
- As in prior financials, pass-through items not considered (SB 78 Sales Tax, Hospital Quality Assurance Fee, AB 85 provider payments)

Revenue

Items that are pending:

- Adult Expansion recalculation of rates
  - Blending / Acuity factors likely to be lowered
  - Underwriting gain lowered to 2% ($2.88 pmpm or $138,000 / month)
- FY 2013-14 IGT currently in process
- FY 2015-16 efficiency adjustments
- Trend – Mercer considering a variety of sources
- Admin component dropping slightly
- Risk adjustment (Child, Adult, Aged & Disabled non-dual)
- Mental Health rates may be adjusted by recent experience

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Revenue by Member Category

- Total premium revenue expected to grow 52% from FY 2013-14
- Revenue growth largely due to membership increases

Member Category	FY 2013-14	Projected FY 2014-15	Budget FY 2015-16
	(Amounts are stated in thousands of $)		
Traditional	$ 332,706	$ 368,848	$ 383,313
PMPM	*$ 272.50*	*$ 269.21*	*$ 266.77*
TLIC (Healthy Families)	22,739	23,775	20,731
PMPM	*$ 92.84*	*$ 79.21*	*$ 63.95*
AE (Adult Expansion)	67,437	175,845	237,355
PMPM	*$ 768.05*	*$ 385.75*	*$ 396.20*
Total Premium Revenue	$ 422,882	$ 568,468	$ 641,399
Averaged PMPM, Aggregate	*$ 272.18*	*$ 267.37*	*$ 271.76*

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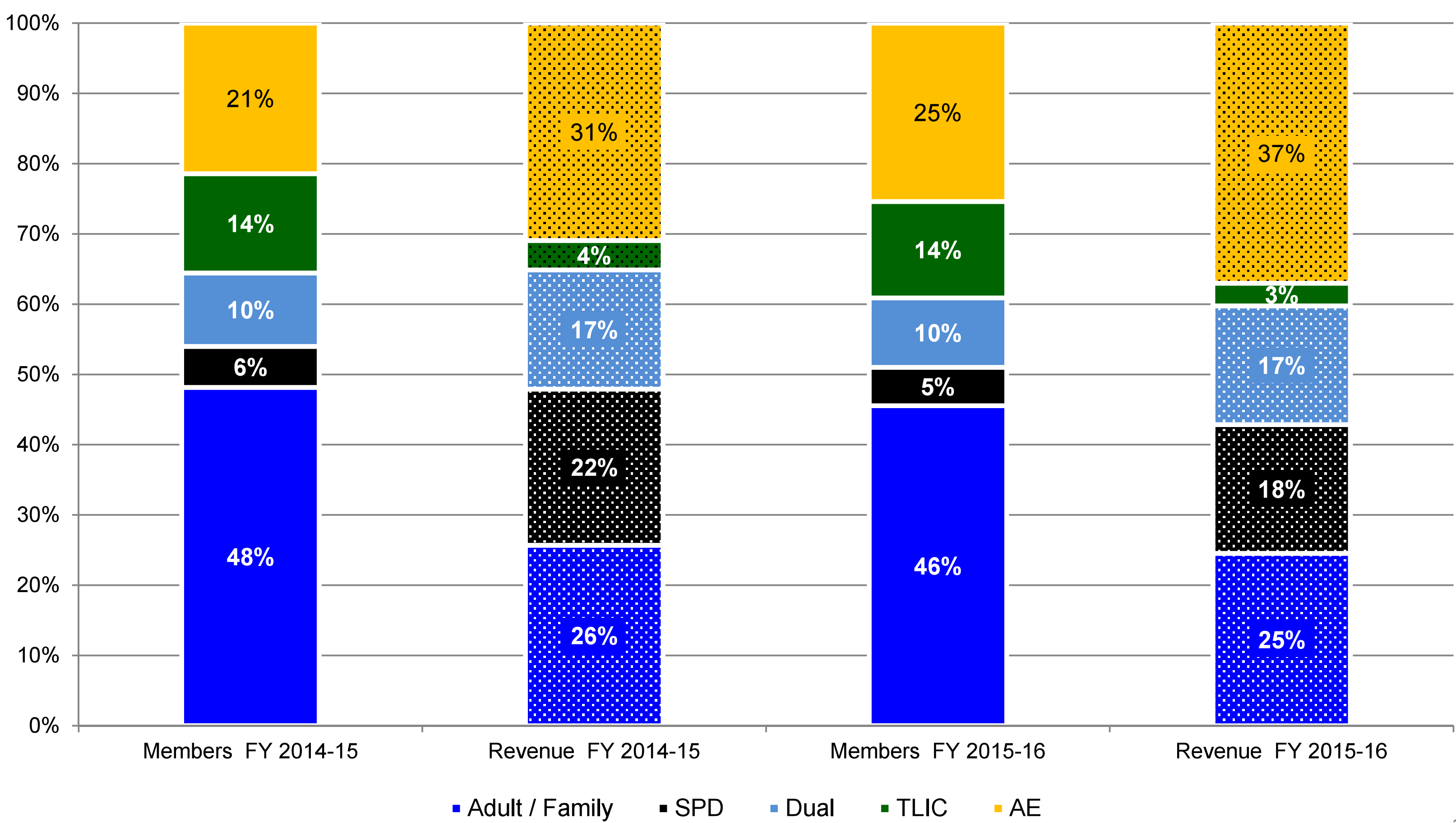
Membership Mix and Revenue Impact

Revenue Mix Being Driven by Adult Expansion Population



Health Care Costs

FY 2015-16 Health Care Cost assumptions include the following:

- Base experience – 12-24 months of historical experience utilized by major category of service for each aid group
- Inpatient – overall increase of 18.8% includes contract revisions for network hospitals of 15%
- Outpatient Augmentation – 143.44% of Medi-Cal rates for certain services translates to 3.2% overall increase
- Specialist – 20% increase for all contracted providers
- LTC – AB 1629 increase of 2.75%; potential additional increases contemplated
- Adult Expansion population – based on 15 months' experience plus trend for ramp-up
- Capitation – full year of recently increased rates
- Quality initiatives or Pay for Performance - $7.0 million

Pharmacy

- Pharmacy expense assumptions
  - Utilization (scripts per member) assumed to increase 3% from FY 2014-15 to FY 2015-16
  - Assumed unit cost for scripts to increase by 7%
  - AE utilization increasing
  - New Hepatitis C drugs
    - Utilization estimated at blended rate; new DHCS policy pending
    - Sovaldi, Harvoni, Olysio and Viekira Pak

Health Care Costs

Items that are pending:

- Net reinsurance costs pending final reinsurance premium
- Actual costs of AE still developing – 24 months average time to fully integrate new population into managed care
- Review of final State budget and potential contractual requirements
- Mental Health experience not fully developed
- ABA costs estimated at $1.87 pmpm for Child population – Regional Center
- Additional ACA 1202 funds may be available upon final settlement

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Health Care Costs

Health care costs expected to grow by 58% from FY 2013-14. Compared to current year, HCC are projected to rise by 21%. Key drivers include: (1) AE FSS increases, 4.4%, (2) AE Capitation Enhancement expenses, 4.0%, (3) membership growth, 8.7%, and other FFS increases, 3.9%.

	FY 2013-14	Projected FY 2014-15	Budget FY 2015-16
		(in thousands)	
Capitation *	$ 20,216	$ 40,123	$ 70,479
Claims:			
Inpatient	161,113	194,598	231,244
Outpatient	52,492	53,438	57,690
Professional / Mental Health	41,149	75,185	74,539
Pharmacy	55,355	70,029	93,565
Quality Initiative / Pay for Performance * * *	-	-	6,997
Other * *	28,876	36,481	30,077
Care Management	11,862	14,545	21,418
	350,847	444,276	515,529
Total	**$ 371,063**	**$ 484,398**	**$ 586,008**

Total Health Care Costs in PMPM	FY 2013-14	Projected FY 2014-15	Budget FY 2015-16
	$ 238.83	$ 227.83	$ 248.29

* Includes PCP, Specialty, Non-emergency transportation, and Vision
** Other claims include all other fee-for-service expenses, reinsurance and transportation expenses
*** May increase depending on residual from ACA 1202 payments

Health Care Costs Crosswalk

Since the initial presentation on May 18, 2015, revisions to budget assumptions have resulted in an additional $32.4 million in health care costs. Broken down as follows:

		Stated in Thousands
Total Health Care Costs - May 18, 2015 Presentation	$	553,597
Health Care Expenses Increases:		
AE Capitation Enhancement		18,859
Quality Initiative / Pay for Performance		6,997
Pharmacy		5,570
Rate / Volume Related		985
		32,411
Total Health Care Costs - June 22, 2015 Presentation	$	586,008

Administrative Expenses

- Plan needs to fund:
  - Growing membership requires increased staffing and supporting expenses
  - Maintain ongoing CAP requirements
  - Increased regulatory and compliance needs
  - Project needs
  - Continue building of infrastructure
- Employee training and development
- Ongoing legal costs
- ACS fees tied to increased enrollment; variable cost
- Other variable costs include Beacon, Milliman Care Guidelines
- Administrative Cost Ratio (administrative expense as a percentage of revenue) is estimated to be 6.7%

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Administrative Expenses Crosswalk

		Amount	%
FY 2014-15 Administrative Expense Budget		$ 32,501,000	
FY 2015-16 Administrative Expense Budget		43,120,000	
Increase in Administrative Expense Budget Request		$ 10,619,000	100%
Growth-based and Significant Enhancement Projects:			
ACS		$ 3,661,000	
Beacon Health		702,000	
Personnel expenses		$ 3,027,000	
Projects:			
Sharepoint	$ 180,000		
Data Warehouse	319,000		
Provider Portal	346,000		
	$ 845,000	845,000	
		$ 8,235,000	78%
Other Administrative Expenses:			
Legal expense		650,000	
Software expenses		772,000	
Consulting expenses		323,000	
Facilities expenses for rent economics and additional space		294,000	
Operating expenses		345,000	
		$ 2,384,000	22%

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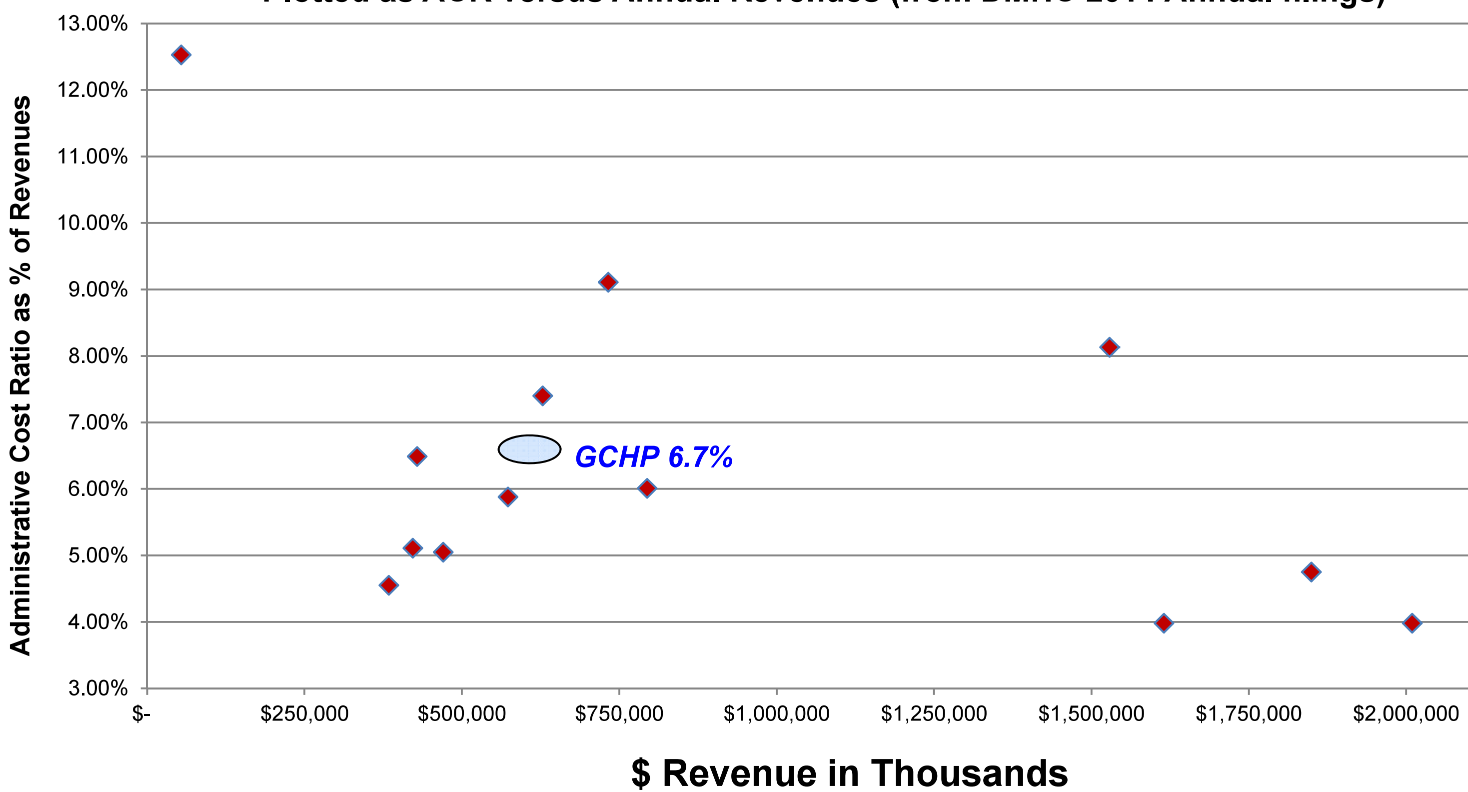
Administrative Expenses

GCHP estimated administrative cost ratio (ACR) is in line with other plans of GCHP size



Staffing

- Staffing needs increase due to continued growth in membership and mix changes, ongoing compliance / regulatory / CAP needs, and building of infrastructure

	Projected FY 2014-15	Budget FY 2015-16	New Hires Payroll	Average Per Hire
Beginning of Year	128	171		
Non-Medical Hires	25	19	$ 1,432,636	$ 75,402
Medical Hires *	18	14	$ 893,022	$ 63,787
End of Year	171	204		

* Medical personnel are financially reported as medical costs

- Salaries consistent with Commission-approved pay grades / ranges.
- Merit increases. Other education programs focused on staff development, skills enhancement and team building also included.

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Vendor Contracts

Vendors contracts expected to be over $100K annually:

Vendor	Services Provided	Projected FY 2014-15	Budget FY 2015-16
ACS	Health care administrative services	$ 16,330,000	$ 18,062,000
One Beacon/Beecher Carlson	Reinsurance	$ 5,497,000	$ 5,241,000
Script Care Ltd.	Pharmacy benefits management	$ 5,434,000	$ 5,970,000
Beacon Health Strategies. LLC	Outsourced mental health benefit management	$ 1,595,000	$ 1,770,000
Professional Investigative Services Firms	Investigative services	$ 1,362,000	$ -
Law Firms	Legal consultation and services	$ 1,264,000	$ 1,050,000
Lease Expense	Office space	$ 771,000	$ 1,043,000
MedHok Healthcare Solutions	Medical Management System annual subscription fee	$ 562,000	$ 562,000
Optimity Consulting	ICD-10 implementation support	$ 232,000	$ 21,000
MCG Health, LLC	Milliman Guidelines license fee	$ 211,000	$ 212,000
Insurance Vendors	Business insurance (not reinsurance)	$ 208,000	$ 248,000
CIO Solutions	Network and server management	$ 196,000	$ 200,000
Amtec Human Capital	Temporary labor providers	$ 168,000	$ -
McGladrey, LLP	Outside accountant and the Plan's auditors	$ 165,000	$ 150,000
Coffey Communications Inc.	Outreach programs and website contents	$ 155,000	$ 100,000
Milliman	MedInsight license and subscription fees	$ 133,000	$ 202,000
Dial Security	Security services for office facility	$ 123,000	$ 122,000
Verisk Health Solutions, Inc.	HEDIS support	$ 100,000	$ 170,000
Professional Medical Services	Utilization reviews	$ 74,000	$ 150,000
Contract Workspace	Office furniture and fixtures	$ 41,000	$ 329,000
Edifecs	CAQH Core Operating Rules Solution	$ -	$ 152,000

Vendor Contracts – Other

Vendors contracts totaling over $100K for the last two fiscal years combined but less than $100K for current fiscal year:

Vendor	Services Provided	Spent Last 2 Fiscal Yrs.	Budget FY 2015-16
Edelstein Gilbert Robson & Smith LLC	Legislative advocacy services	$ 116,000	$ 60,000
Zones	Computer hardware suppliers	$ 152,000	$ 45,000
Crossroads Staffing Services	Temporary labor providers	$ 332,000	$ 16,000

Consulting Contracts

Major consulting contracts estimated to be over $100K annually:

Consultant	Duties	Projected FY 2014-15	Budget FY 2015-16
Health Management Associates Inc. (HMA)	Performs strategic planning, contract management, and assistance to PRC-P&P streamline	$ 25,000	$ 100,000
Hewitt HR Consulting	Performs assistance and consultation on human resources topics, issues and management	$ -	$ 100,000
ASO RFP Consultant	Performs analyses and assistance in connection with preparation of RFP for ASO project	$ -	$ 250,000
Financial Auditor *(McGladrey & Pullen LLP)*	Performs financial audit required by the state and answers on-going questions related to financial statement development	$ 131,000	$ 150,000
Actuarial Consultants *(Milliman)*	Performs assistance related to claims reserving, state rate development data requests, provider capitation and risk analysis	$ 34,000	$ 97,000
Legal Services *(Anderson Kill Wood & Bender; Atkinson, Andelson, Loya, Ruud & Romo; Best, Best and Krieger; Kennaday, Leavitt & Daponde; Thompson, Coe & O'Meara; Kelly A. Ryan)*	Performs support for Commission and Committee meetings, employee issues, and review of contracts (for both vendor and provider)	$ 2,857,000	$ 1,050,000

Professional Associations

Organization	Projected FY 2014-15	Budget FY 2015-16
California Association of Health Plans (CAHP)	$ 6,500	$ 6,500
Association of Community Affiliated Plans (ACAP)	$ 34,500	$ 34,000
Local Health Plans of California (LHPC)	$ 70,000	$ 70,000

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Capital Budget

Significant projects for FY 2015-16 budget. In addition to the amounts expected to be capitalized, project expenses charged as period costs are also included.

Description	Estimated Amount to be Capitalized	Estimated Amount Expensed * *	Total Project Amount
Office expansion, reconfiguration of current space, office furniture and fixtures for additional personnel	$ 889,000	$ -	$ 889,000
Data warehouse - to replace the Plan's existing data marts	261,000	169,000	430,000
Development of mobile apps to pilot for member self service and support	200,000	-	200,000
IT system upgrades to existing IT infrastructure and security monitoring tools	196,000	-	196,000
Implement provider credentialing, contracting and maintenance system	40,000	390,000	430,000
Procure, implement and support new HEDIS vendor *	40,000	323,000	363,000
Provider network mapping software	30,000	-	30,000
Provider portal - to replace existing IKA provider portal		346,000	346,000
MedHok Care Gaps *		295,000	295,000
Automation of Plan's accounts payable function with procurement system		200,000	200,000
Redesign and redeploy the Plan's Sharepoint instance, including intranet		180,000	180,000
Edifecs CORE Operation Rules implementation to meet CAQH CORE Certification compliance requirements		151,000	151,000
Total	**$ 1,656,000**	**$ 2,054,000**	**$ 3,710,000**

* MedHok Care Gaps and HEDIS projects are medical expense items.

** Amounts expensed are included in the Administrative Expenses budget. Costs related to use of Plan's resources and assets are excluded.

Capital assets, including office furniture and fixtures, computer equipment, software and leasehold improvements, whose acquisition costs exceed $1,500 are accounted for in the capital budget. Purchases less than $1,500 are included in the administration budget.

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Tangible Net Equity

As of 06/30/16,

- the Plan is projected to be at a TNE of $93.9 million, which exceeds the minimum required TNE of $26.7 million (352% of minimum required)
- the minimum required TNE is higher due to the growth and mix of membership
- the Plan projects full payment of the LOCs during FY 2015-16

	Projected FY 2014-15	Budget FY 2015-16	Change
	($ amounts stated in thousands)		
Minimum required TNE (100%)	$ 24,831	$ 26,660	$ 1,829
GCHP TNE (includes LOCs)	**$ 87,179**	**$ 93,892**	**$ 6,713**
TNE Excess	$ 62,347	$ 67,232	$ 4,885
GCHP TNE as a % of Minimum Required TNE	351.1%	352.2%	
150% of Minimum Required TNE	*$ 37,247*	*$ 39,990*	*$ 2,743*
Excluding the $7.2 million lines of credit from TNE, GCHP TNE would be:			
GCHP TNE (without LOCs)	**$ 79,979**	**$ 93,892**	**$ 13,913**
GCHP TNE as a % of Minimum Required TNE	322.1%	352.2%	
GCHP TNE as a % of 150% Minimum Required TNE	214.7%	234.8%	

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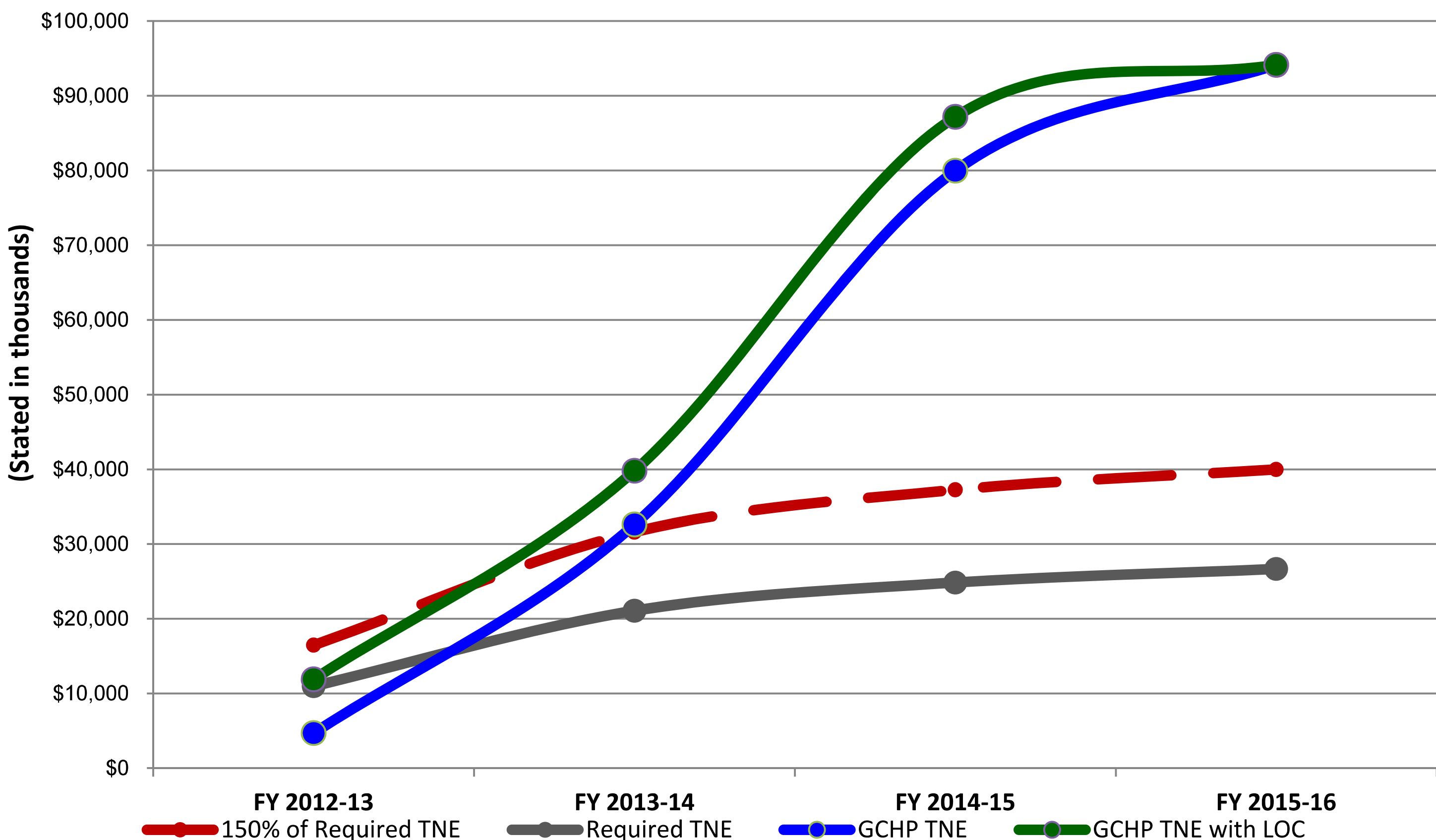
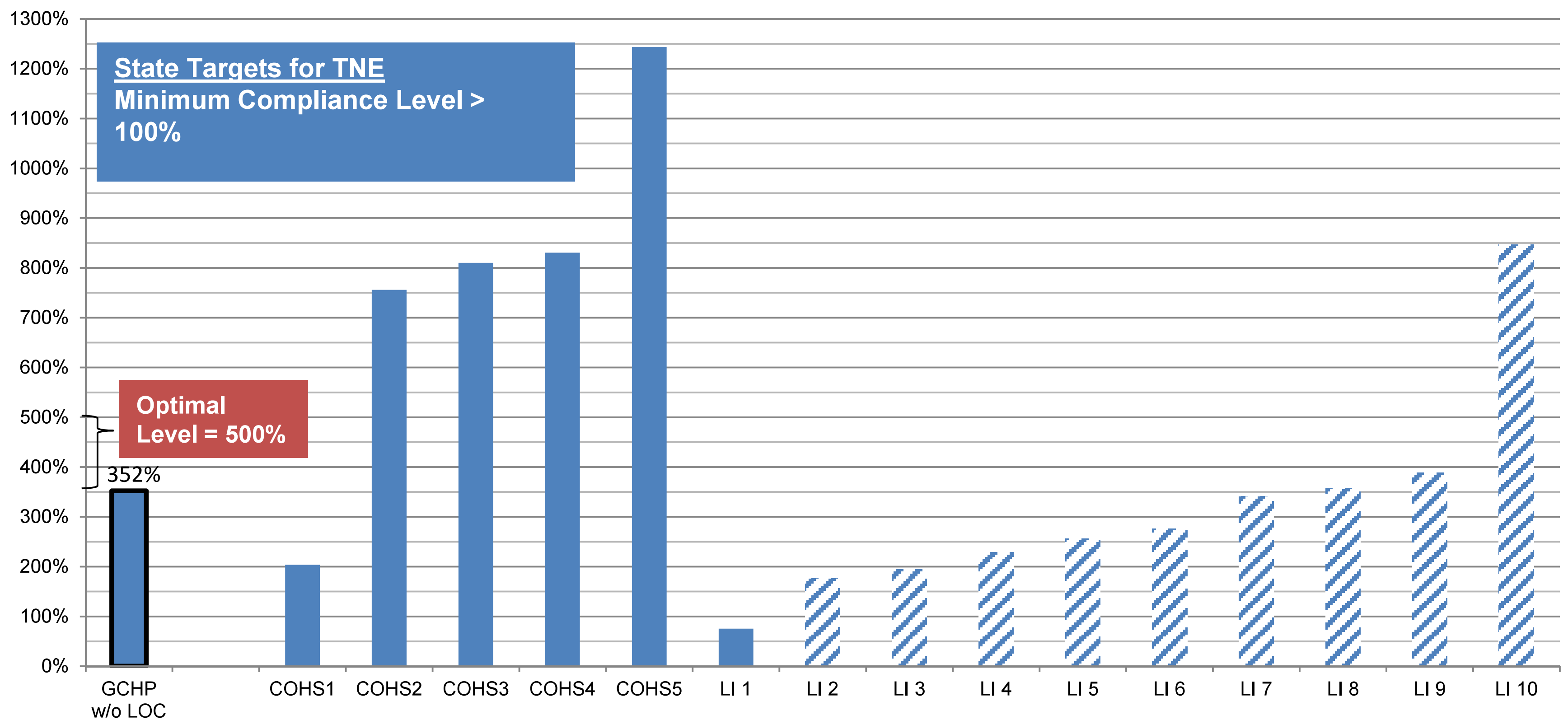
Tangible Net Equity



- GCHP TNE grows to $93.9 M and is 352% of minimum TNE of $26.7M and 235% better then 150% of minimum TNE of $40.0M
- All LOCs are projected to be paid during FY 2015-16

Tangible Net Equity

- Plan will continue to work with Commission to develop strategy for appropriate TNE level



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Balance Sheet

	Actual 06/30/14	Projected 06/30/15	Budget 06/30/16
		(in thousands)	
Assets			
Cash and marketable securities	$ 60,177	$ 303,799	$ 382,004
Other current assets	117,925	100,730	62,453
	178,101	404,530	444,457
Capital assets (net of accum depr)	1,163	1,162	2,074
Total Assets	$ 179,265	$ 405,692	$ 446,530
Liabilities and Net Position			
Medical claims payable	$ 104,247	$ 147,798	$ 151,668
Other accrued liabilities	35,204	30,615	26,881
	139,451	178,413	178,549
Subordinated loan	7,200	7,200	-
Other long-term liabilities	-	140,100	174,089
Total Liabilities	146,651	325,714	352,638
Net Position	32,614	79,979	93,892
Total Liabilities and Net Position	$ 179,265	$ 405,692	$ 446,530

Income Statement

	FY 2013-14	Projected FY 2014-15	Budget FY 2015-16
		(in thousands)	
Member Months	**1,554**	**2,126**	**2,360**
Revenues	**$ 423,843**	**$ 568,958**	**$ 641,859**
Health Care Costs:			
Capitation	20,216	40,123	70,479
Claims:			
Inpatient	161,113	194,598	231,244
Outpatient	52,492	53,438	57,690
Professional / Mental Health	41,149	75,164	72,902
Pharmacy	55,355	70,029	93,565
Quality Initiative / Pay for Performance	-	-	6,997
Other	28,876	36,501	31,713
Care Management	11,862	14,545	21,418
	350,847	444,276	515,529
Total Health Care Costs	**371,063**	**484,398**	**586,008**
Administrative Expenses	24,622	37,526	43,120
Operating Gain	**28,157**	**47,034**	**12,731**
Non-operating Revenue (Expense)	(234)	331	1,183
Increase in Net Position	**$ 27,923**	**$ 47,365**	**$ 13,913**

Next Steps

- Receive Commission approval and implement

2015 HMO Reinsurance

Renewal Proposal

Revised June 2, 2015

BEECHER EVERGREEN
MANAGED CARE

Premium / Claims Summary

Year	Annual Premium	Paid Claims	Loss Ratio
2011	$1,108,585	$2,694,882	243%
2012	$2,737,696	$4,870,684	178%
2013	$3,537,842	$3,631,587	103%
2014 (estimated)	*$5,807,381*	*$2,197,767*	*38%*
Total (2011-13)	$7,384,123	$11,197,153	152%
Total (2011-14)	*$13,191,504*	*$13,394,920*	*102%*

Note: Current known claims YTD equals $725,263 with 33% completion. Premium is estimated annual; YTD actual is $5,271,617.

Market Summary

Managing General Underwriter / Carrier	Best's Rating / Size	Quoted	Did Not Quote	Comments
OneBeacon (Atlantic Specialty)	A / XI	✓		Incumbent
Munich Re	A+/ XV	✓		
Odyssey Re	A / XV	✓		
PartnerRe	A+ / XV	✓		
IOA Re / American Fidelity Assurance	A+ / IX	✓		
RGA	A+ / XIV	✓		
StarLine / United States Fire Insurance	A / XIII	✓		
Ironshore	A / XIV	✓		
OnPoint / Everest Re	A+ / XV	✓		Indication
Berkley	A+ / XV		✓	Uncompetitive quote last year
Navigators Insurance Company	A / XI		✓	Does not write California Medicaid business
Axis Re	A+ / XV		✓	Does not write California Medicaid business

BEECHER EVERGREEN MANAGED CARE

Premium Comparison Summary

Deductible	***Medi-Cal***		***Child***		***Totals***	***Composite****
	Rate PMPM	***Estimated Annual Premium***	***Rate PMPM***	***Estimated Annual Premium***	***Estimated Annual Premium***	***Rate PMPM***
$650,000 (expiring)						
Odyssey	$2.52	$2,950,245	$2.52	$2,485,093	$5,435,338	$2.52
Starline	$2.61	$3,055,611	$2.61	$2,573,846	$5,629,457	$2.61
Ironshore	$2.93	$3,430,245	$2.93	$2,889,414	$6,319,658	$2.93
Munich Re	$2.94	$3,441,952	$2.94	$2,899,275	$6,341,227	$2.94
OnPoint/Everest Re	$3.02	$3,535,611	$3.02	$2,978,167	$6,513,778	$3.02
OneBeacon	$3.05	$3,570,733	$3.05	$3,007,751	$6,578,484	$3.05
RGA	$3.17	$3,711,220	$3.17	$3,126,089	$6,837,310	$3.17
IOA Re	$3.44	$4,027,318	$3.44	$3,392,349	$7,419,667	$3.44
PartnerRe	$3.46	$4,050,733	$3.46	$3,412,072	$7,462,805	$3.46
Expiring 2014 Rates	**$2.85**	**$3,336,586**	**$2.85**	**$2,810,522**	**$6,147,108**	**$2.85**

Premium Comparison Summary – ASD (Aggregating Specific Deductible)

Deductibles	Pay Rate		Held Rate		Total Rate (Pay + Held)	Total (Max Cost)
	Rate (PMPM)	Estimated Pay Premium	Rate (PMPM)	Estimated Held Fund		
Deductible $650,000 (Current)						
StarLine	$1.47	$3,170,614	$0.96	$2,070,605	$2.43	$5,241,218
Odyssey Re	$1.14	$2,458,843	$1.39	$2,998,063	$2.53	$5,456,906
OnPoint	$0.75	$1,617,660	$2.04	$4,400,035	$2.79	$6,017,695
Munich Re	$1.08	$2,329,430	$1.84	$3,968,659	$2.92	$6,298,090
Ironshore	$1.58	$3,407,870	$1.36	$2,933,357	$2.94	$6,341,227
IOA Re	$1.86	$4,011,797	$1.16	$2,501,981	$3.02	$6,513,778
OneBeacon	$1.04	$2,243,155	$2.11	$4,551,017	$3.15	$6,794,172
PartnerRe	$1.88	$4,054,934	$1.58	$3,407,870	$3.46	$7,462,805
Expiring 2014 Rates	**$2.85**	**$6,147,108**	**$0.00**	**$0**	**$2.85**	**$6,147,108**

For the agreement period, payable claims are aggregated and deducted from the Held Rate Pool. Once exhausted, the Underwriter is responsible for all subsequent payable Claims.

Estimated Membership (April)	
Medi-Cal with Duals	97,561
Child	82,179
Total	179,740

2015 Executive Liability and Managed Care E&O Renewal Summary -

Beecher Carlson entered the renewal marketplace with the goal of ensuring Gold Coast Health Plan maintains the most competitive pricing, while retaining the most comprehensive coverage terms in all placements. Beecher Carlson was able to obtain competitive renewal terms despite continued claim activity, a hardening of the insurance market for CA-based healthcare risks and a non-renewal notice from the incumbent Managed Care E&O carrier. The below represents a summary of the expiring terms and the recommended renewal terms for the Executive Liability and Managed Care E&O coverages.

Expiring Executive Liability Program with RSUI/Argo/AIG:

Coverage	Limit	Deductible	Premium
D&O Liability	$10M	$50K	$244,825
Employment Practices Liability	$10M	$50K	Included w/D&O
Fiduciary Liability	$1M	$0	$2,513
Crime	$1M	$25K	$4,211
			Total Premium: $251,549

Recommended Executive Liability RSUI/Argo/AIG Quote:

Coverage	Limit	Deductible	Premium
D&O Liability	$10M	$50K	$246,000
Employment Practices Liability	$10M	$50K	Included w/D&O
Fiduciary Liability	$1M	$0	$3,000
Crime	$1M	$25K	$4,500
			Total Premium: $253,500

The D&O/EPL coverage includes a Claim Settlement Provision; this clause provides that if Gold Coast rejects a proposed settlement amount, the policy pays out:

1. All defense costs incurred up to that date, plus the proposed settlement amount
2. 80% of loss (settlement/judgment plus defense costs) incurred beyond the date of the proposed claim settlement

RSUI's clause is more liberal than many other insurance carriers in that it pays 80% of all costs incurred – most policies pay out a percentage of only the settlement/judgment reached. In other words they don't pay for any more defense costs after the proposed settlement has been rejected.

Expiring Managed Care Errors & Omissions Program with Darwin:

Coverage	Limit	Deductible
Per Claim	$3,000,000	$50,000
Per Aggregate	$3,000,000	$50,000
Anti-trust per claim (subject to 20% co-insurance)	$3,000,000	$100,000
PREMIUM: $43,000		

Recommended Managed Care Errors & Omissions AIG/Lexington Quote:

Coverage	Limit	Deductible
Per Claim	$3,000,000	**$50,000**
Per Aggregate	$3,000,000	**$50,000**
Anti-trust per claim	$3,000,000	**$100,000**
PREMIUM: $64,453		

***DOES NOT INCLUDE taxes and fees**

AGENDA ITEM 4.a.

TO: Gold Coast Health Plan Commission

FROM: Dale Villani, CEO

DATE: June 22, 2015

RE: CEO Update

SPECIAL INVESTIGATION UPDATE:

The CEO has reviewed the recommendations from the investigators regarding the concerns raised by LULAC. The CEO is working with the COO and legal counsel in evaluating what recommended policies, procedures and actions should be implemented, whether specific policies, procedures and actions have already been implemented and is developing a schedule for moving forward on the recommendations that will benefit the Plan, its members and providers. At the Commission meeting in August, a more detailed report will be provided concerning the progress made.

GOVERNMENT RELATIONS:

CMS Proposed Rule Change in Medicaid Mental Health

On May 26, 2015, the Center for Medicare and Medicaid Services (CMS) proposed new Medicaid rules via the Federal Register. GCHP's government affairs staff and its trade associations e.g. ACAP, CAHP, and LHPC will coordinate submission of comments to CMS with the state Department of Healthcare Service (DHCS). CMS has scheduled a series of conference calls and webinars with stakeholders to discuss the proposed Medicaid rule changes. The deadline to submit comments is July 27, 2015. The proposed rules cover a wide range of Medicaid Program areas including:

Behavioral Health

The proposed rule clarifies that managed care plans may receive a capitation payment from the state for enrollees who have a short term stay of no more than 15 days in an institution for mental disease so long as the facility is an inpatient hospital facility or a sub-acute facility providing short term crisis residential services. States will be required to conduct parity analysis of mental health and substance use disorders services provided by counties or plans. The intent is to ensure compliance with the Mental Health Parity and Addiction Equity Act.

Communicating with Beneficiaries / Plan Members

CMS is proposing that enrollee materials such as provider directories, member handbooks, appeal and grievance notices, and other informational notices include taglines in each prevalent non-English language explaining the availability of written materials in those languages as well as oral interpreter assistance if requested. A large print tag line would also be required to reflect the availability of the materials in alternative formats.

Medical Loss Ratio-MLR

CMS proposes that Medicaid managed care plans calculate their MLR according to standards that are similar to Medicare Advantage and the private market, while accounting for unique characteristics of the Medicaid Program.

Network Adequacy

CMS seeks to validate Medicaid plan network adequacy and extend the external quality review to state-contracted prepaid ambulatory health plans. The CMS proposed regulations also want states to develop and implement time and distance standards for primary and specialty care, behavioral health, OB/GYN, pediatric dental, hospital, and pharmacy providers if covered under the managed care contract.

Provider Directory / Drug Formulary

Proposed regulations require additional information in the provider directory such as provider's group / site affiliation, website URL and physical accessibility for enrollees with physical disabilities, as well as certain information about the plan's drug formulary.

Quality Improvement

Establishes a Medicaid managed care quality rating system in each state that would report performance information on all health plans and align with existing rating systems like those of Medicare Advantage and the Marketplace.

State Medi-Cal Program Updates

Behavioral Health Treatment Transition from Regional Centers to Medi-Cal Managed Care Plans

Beginning September 1, 2015 Medi-Cal beneficiaries receiving behavioral health treatment (BHT) at regional centers will transition to Medi-Cal managed care plans in a three phase process starting with the counties with the smallest number of beneficiaries receiving BHT in a regional center. The following transition timeline has been proposed by DHCS:

- Counties with less than 100 beneficiaries at regional centers will transition on 09/01/15.

- Counties with more than 100 beneficiaries at regional centers will start transitioning after 09/01/15 and moving forward will transition to managed care plans based on their birth month for 6 months.

Los Angeles County will phase in beneficiaries based on the regional center that participants are attending. In Los Angeles County, DHCS will be transitioning one regional center per month. Per state regulations, plans are expected to send notice to affected beneficiaries on July 1, 2015 and August 1, 2015 respectively.

Federally Qualified Health Center Payment Reform

The California Primary Care Association, which represents the majority of California's federally qualified health centers (FQHC), has proposed "rolling start dates" for implementation of an alternative payment methodology pilot program. Under the rolling start date model, DHCS would review plan/clinic readiness based on specific criteria that is yet to be determined. Legislation (SB 147) is advancing in the state legislature to authorize a 3-year alternative payment methodology pilot program for FQHCs in any county where an FQHC is willing to participate.

Thus far the following counties with FQHCs have expressed interest for participating in the alternative payment methodology pilot program: Alameda, Contra Costa, Humboldt, Kings, Lassen, Los Angeles, Merced, Monterey, Orange, Riverside, Santa Clara, and San Mateo. SB 147 was recently amended to state that plans could implement a pilot no less than 90 days and no more than 120 days after DHCS notifies plans of their rates for the pilot program.

State Budget

After the release of the Governor's revised state budget, the State Senate and Assembly completed their versions of the state budget. A Budget Conference Committee made up of leadership from both legislative chambers began reconciling differences between their respective budgets. Healthcare budget items were first on the agenda for the Conference Committee. The Senate is in favor of a provider rate increase for Denti-Cal providers. The Assembly favors a restoration of the AB 97 provider rate cuts across all providers. Both the Senate and Assembly are in favor of a 7% rate increase for in-home health service workers whether or not a managed care organization (MCO) tax is put in place.

Legislation Update

June 5, 2015 was the last day for the Legislature to pass bills out of their respective house of origin. Below is a list of Medi-Cal related bills categorized by area of impact that moved out of their house of origin.

Knox Keene Licensure for County Organized Health Systems

On May 27, 2015 State Senator Bill Monning amended legislation (SB 260) to require all County Organized Health Systems (COHS) to be licensed by the Department of Managed Health Care (DMHC) under the Knox-Keene Act. According to Senate staff, the independent medical review (IMR) is the primary motive for Senator Monning to propose that COHS plans be Knox-Keene licensed. The IMR process allows a Medi-Cal beneficiary to appeal denials of care to an independent panel of medical experts. COHS plans use the state fair hearing process to appeal denials.

With exception of the IMR process under Knox –Keene licensure, COHS plans adhere to regulations that are consistent with Knox-Keene Act requirements. Senator Monning has indicated that he is open to considering an 'administrative' alternative to SB 260. This bill is currently in the Rules Committee pending Committee assignment.

Medi-Cal for Undocumented Children

On a 28-11 vote the Senate passed SB 4, a bill that would make full-scope Medi-Cal coverage available to undocumented children. It is estimated that between 195,000 to 240,000 children under age 19 would qualify under this proposal. The cost to expand Medi-Cal to undocumented children would depend on the outcome of a legal challenge to President Obama's executive order.

Finance

AB 366 (Bonta) Medi-Cal: annual access monitoring report- Would require the

Department of Health Care Services (DHCS) to prepare an annual report to the Legislature on Medi-Cal access. AB 366 would require DHCS to increase provider rates, if it's determined from the annual report that the rates are inadequate, only to the extent money is provided in the budget and federal funds are available.

Medi-Cal Estate Recovery

SB 33 (Hernandez) Medi-Cal estate recovery- Would limit Medi-Cal estate recovery to only those services required to be recovered under federal Medicaid law. Services required to be recovered under federal law are nursing facility services (NFS), home and community-based services (HCBS), and related hospital and prescription drug services. This bill would also eliminate estate recovery against the estate of a surviving spouse of a deceased Medi-Cal beneficiary. This bill was recently amended to allow DHCS to levy a fee of up to $5 for requests for estate-recovery related information.

SB 147 (Hernandez) Federally qualified health centers- Would require DHCS to authorize a 3-year alternative payment methodology pilot project for FQHCs that would be implemented in any county where an FQHC is willing to participate. The target launch date for this pilot program is July 1, 2015. Criteria for this program is currently under development, however plans could implement a pilot no less than 90 days and no more than 120 days after DHCS notifies plans of their rates for the pilot program.

SB 610 (Pan) Medi-Cal: federally qualified health centers and rural health clinics: managed care contracts-Would require DHCS to review and finalize FQHCs and RHCs Medi-Cal related scope of service changes and reconciliation changes, and requires DHCS to make payments within specified timeframes if reconciliation payments are owed.

Health Education

AB 1162 (Holden) Medi-Cal: tobacco cessation-Provides that tobacco cessation services are covered benefits under the Medi-Cal program and requires that those services include, at a minimum, unlimited quit attempts, defined to include at least 4 counseling sessions and a 90-day treatment regimen of any medication approved by the FDA for tobacco cessation.

Medi-Cal Expansion

SB 4 (Lara) Health care coverage: immigration status-Would extend full-scope Medi-Cal benefits to eligible children regardless of immigration status. SB 4 would also extend full-scope benefits to adults only if sufficient funding is available. The bill would require the state to apply for a Section 1332 innovation waiver in order to allow individuals not able to obtain coverage through Covered California, due to their immigration status, to do so without cost-sharing subsidies.

Provider Relations

SB 137 (Hernandez) Health care coverage: provider directories-Would require a health plan or insurer to make available a directory of contracting providers, with specified requirements for completeness and accuracy. The provider directory would have to be updated on a weekly basis. According to committee analysis, one-time costs would be between $150,000 and $300,000 to work with stakeholders, develop standards, and issue regulations by the Department of Managed Health Care (Managed Care Fund). There would also be one-time costs of about $160,000 in 2015-16 and $200,000 in 2016-17 to work with stakeholders, develop standards, and issue regulations by the Department of Finance (Insurance Fund).

SB 407 (Morrell) Comprehensive Perinatal Services Program: licensed midwives-Would expand the definition of "comprehensive perinatal provider" as used in the Comprehensive Perinatal Services Program (CPSP) to include a licensed midwife in the Medi-Cal program.

AB 1306 (Burke) Healing arts: certified nurse-midwives: scope of practice-Would remove the physician supervision requirement for certified nurse midwives (CNMs) allowing them to manage a full range of primary health services when a physician is not present.

Children's Services Program

AB 187 (Bonta) Medi-Cal: Managed Care: Children's Services Programs-Would extend the sunset date on the prohibition on incorporating California Children's Services (CCS) covered services into a Medi-Cal managed care contract for one year to January 1, 2017. Extending the sunset date does not increase state costs as this continues the current process of carving-out CCS services from managed care plans.

SB 586 (Hernandez) Children's Services-Would require DHCS to enter into contracts with one of more Kids Integrated Delivery System (KIDS). The KIDS network would be authorized to provide the full range of CCS and Medi-Cal services to children in the CCS program. Additionally, SB 586 would permanently extend the CCS carve-out from Medi-Cal managed care except for contracts entered with county organized health systems currently operating the CCS program.

Vaccinations

AB 1117 (Garcia) Medi-Cal: Vaccination Rates-Would establish a pilot program in Medi-Cal to reward Medi-Cal managed care organizations and providers for increasing vaccination coverage of children younger than two years of age.

COMPLIANCE:
Gold Coast Health Plan (GCHP) had auditors from Audits & Investigations (A&I) a division within the Department of Health Care Services (DHCS) from February 17- February 25. The purpose of the onsite is to conduct the annual medical audit which includes: interviewing staff, review files and processes. The review period of the audit was December 1, 2013 through November 30, 2014. The Plan was slated to receive the draft report on April 13, 2015 however A&I has informed the Plan the draft report will be delayed to June 2015 exact date is to be determined.

The DHCS corrective action plan, Financial (Addendum A) remains open and the plan continues to submit items on a monthly basis as required and defined by the CAP.

Compliance continues to monitor and ensure all employees and temporary employees are trained and retrained on HIPAA and Fraud, Waste & Abuse. In addition, compliance & information technology staff conducts random internal audits for HIPAA and PHI issues. Compliance staff has revised all of the HIPAA privacy policies and procedures and are creating a comprehensive privacy program.

GCHP continues to meet all regulatory contract submission requirements. In addition to routine deliverables GCHP provides weekly and monthly reports to DHCS as a part of ongoing monitoring activities. All regulatory agency inquiries and requests are handled timely and required information is provided within the required timeframe. Compliance staff is actively engaged in sustaining contract compliance.

GCHP compliance committee met on May 28 to review and request approval on revisions made to the existing GCHP code of conduct and compliance committee charter. Both items were approved by the committee. Compliance is currently evaluating the current process of training and distribution on the code of conduct. Staff anticipates starting a process improvement effort on refining the existing training process on the code of conduct.

GCHP is required to conduct delegation oversight audits on functions which are delegated. Routine reporting from delegates to the Plan is contractually required and must be actively monitored. Reporting statistics from delegates can be found in the compliance dashboard. An annual audit schedule was created and staff is working through each audit.

A six month follow up meeting was conducted on claims for the specialty contract agreement on March 30, 2015. A corrective action plan (CAP) was issued on April 7, 2015 and was closed on 04/21/2015. A six month follow up audit was conducted on May 4, 2015 specific to claims processing on our mental health behavioral organization MBHO. A CAP was issued on May 14, 2015. CAP material was received from the delegate and is currently under review. A routine annual audit on utilization management audit will be conducted on the

specialty contract delegate on June 9, 2015.

The Plan continues to monitor delegates through contractual required reporting. Reports are reviewed and when deficiencies are identified the Plan issues letters of non-compliance. This process is monitored, tracked and reported to the compliance committee. In addition the aggregate information is provided to the commission on the compliance dashboard.

Gold Coast Health Plan[SM]
A Public Entity

COMPLIANCE REPORT 2015

Category		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Hotline A confidential telephone and web-based process to collect info on compliance, ethics, and FWA	Referrals *one referral can be sent to multiple referral agencies*	0	1	0	0	1							
Hotline Referral *FWA	Department of Health Care Services Program Integrity Unit / A&I	0	0	0	0	0							
Hotline Referral *FWA	Department of Justice	0	0	0	0	0							
Hotline Referral	Internal Department (i.e. Grievance & Appeals, Customer Services etc.)	5	4	9	4	6							
Hotline Referral	External Agency (i.e. HSA)	0	0	0	0	0							
Hotline Referral	Other * Legal, HR, DHCS (Division outside of PIU i.e. eligibility, note to reporter), etc.	0	1	0	0	0							
Delegation Oversight The committee's function is to ensure that delegated activities of subcontracted entities are in compliance with standards set forth from GCHP contract with DHCS and all applicable regulations	Delegated Entities	8	8	8	8	8							
	Reporting Requirements Reviewed **	47	33	37	68	66							
	Audits conducted	3	0	2	1	1							
Delegation Oversight	Letters of Non-Compliance	0	0	0	2	1							
Delegation Oversight	Corrective Action Plan(s) Issued to Delegates	1	1	1	1	1							
Audits External regulatory entities evaluate GCHP compliance with contractual obligations.	Total	0	2	0	0	0							
	Medical Loss Ratio Evaluation performed by DMHC via interagency agreement with DHCS	0	0	0	0	0							
	DHCS Facility Site Review & Medical Records Review *Audit was conducted in 2013*	0	0	0	0	0							
	HEDIS Compliance Audit (HSAG)	0	1	0	0	0							
	DHCS Member Rights and Program Integrity Monitoring Review *Review was conducted in 2014*	0	0	0	0	0							
	DHCS Medical Audit *Audit was conducted in 2014*	0	1	0	0	0							
Fraud, Waste & Abuse The Fraud Waste and Abuse Prevention process is intended to prevent, detect, investigate, report and resolve suspected and /or actual FWA in GCHP daily operations and interactions, whether internal or external.	Total Investigations	5	4	9	4	8							
	Investigations of Providers	0	0	0	0	1							
	Investigations of Members	5	4	9	4	7							
	Investigations of Other Entities	0	0	0	0	0							
	Fulfillment of DHCS/DOJ or other agency Claims Detail report Requests	0	0	0	0	0							
HIPAA Appropriate safeguards, including administrative policies and procedures, to protect the confidentiality of health information and ensure compliance with HIPAA regulatory requirements.	Referrals	2	4	2	1	1							
	State Notification	1	4	2	1	1							
	Federal Notification	0	4	0	0	0							
	Member Notification	0	1	0	2	0							
	HIPAA Internal Audits Conducted	1	0	0	0	0							
Training Staff are informed of the GCHP's Code of conduct, Fraud Waste and Abuse Prevention Program, and HIPAA	**Training Sessions**	12	4	9	3	12							
	Fraud, Waste & Abuse Prevention	4	1	3	1	4							
	Fraud, Waste & Abuse Prevention (Member Orientations)	0	1	0	0	0							
	Code of Conduct	4	1	3	1	4							
	HIPAA (Individual Training)	4	1	3	1	4							
	HIPAA (Department Training)	0	0	0	0	0							

** Reporting Requirements are defined by functions delegated and contract terms. Revised contracts, amendments or new requirements form DHCS may require additional requirements from subcontractors as a result the number is fluid.
** Audits- Please note multiple audits have been conducted on the Plan, however many occurred in 2012, 2013, 2014 and will be visible on the annual comparison dashboard.
** This report is intended to provide a high level overview of certain components of the compliance department and does not include/reflect functions the department is responsible for on a daily basis.

AGENDA ITEM 4.b.

TO: Gold Coast Health Plan Commission

FROM: Ruth Watson, COO

DATE: June 22, 2015

RE: COO Update

OPERATIONS UPDATE

Enhanced Capitation for Services provided to GCHP's Adult Expansion (AE) Population

This is a two-tier program for services provided on behalf of the Plan's AE population by contracted providers. Tier one covers a look back period where the Plan will reimburse providers for services provided that are not covered in an existing contract. Tier-two of the AE reimbursement program will cover the period going forward for future services that are not covered in a current contract.

Tier-One - Adult Expansion Non-Contract Services Reimbursement Policy. The Plan has developed a draft Policy and an accompanying Procedure for reimbursement of previously provided non-covered services that benefit the adult expansion population. Reimbursement for these specified services requires provider compliance with this Policy and Procedure, and requires an executed Memorandum of Understanding (MOU.) The Policy and the Plan together serve as a "tool kit" for implementing the terms of the MOU. Compliance will require significant energy and resources by both the Plan and the provider. The purpose of the "tool kit" is to assist both parties by developing a clear set of requirements to insure compliance with the Policy. The services provided must serve a public purpose of the Plan and there is a 2-year look back time limitation. This look back period includes services provided to AE members beginning January 1, 2014 and extending through December 31, 2016.

Tier-Two – Adult Expansion Enhanced Capitation Services Agreement. This policy describes a provider reimbursement program for services provided to the adult expansion population on a go-forward basis. Once again, the enhanced capitation covers services that are not currently included in an existing contract. The plan has developed an amendment to existing services agreements. Under this new amendment, each provider must specify the additional services it will provide for adult expansion members, provide a delivery plan for these services, and assist in the development of submission protocols and file formats for the transmittal of monthly encounter data. For both parts of this program, the Plan will determine

the per member/per month (pmpm) rate based on the value of the services provided. The MOU and the amendment provide for certification of Encounter Data, a withhold by the Plan (if desired), offset of overpayments, and an indemnification of the Plan should the provider not be able to comply with the terms of the agreement, or should the DHCS seek recoupment of reimbursement after an audit. These terms are designed to protect the Plan if there is a disallowance or reduction in payments.

Provider Advisory Committee (PAC) Update

The Ventura County Medi-Cal Managed Care Commission (Commission) enabling ordinance 4409 (April 2010) and the California Department of Health Care Services, Medi-Cal Managed Care Division, both require the establishment of a provider based advisory committee. The ordinance requires, at a minimum, that this committee meet quarterly and make recommendations, review policies and programs, explore issues and discuss how the health plan may best fulfill its mission. Gold Coast Health Plan (GCHP) has referred to this committee as the Provider Advisory Committee (PAC), and PAC had its initial meeting in July of 2011. PAC is scheduled to meet on a quarterly basis. The current structure of the committee is to have ten (10) voting members, with one (1) of the ten (10) positions a standing seat represented by the Ventura County Health Care Agency (VCHCA).

The Plan has not been able to obtain sufficient interest to establish a quorum therefore the PAC has not been able to meet since February 12, 2013. In order to establish a committee able to achieve a quorum of voting members to meet quarterly, GCHP has been actively recruiting with contracted providers seeking committed participants. To date, GCHP has received four (4) applications from prospective members and anticipates receipt of at least one (1) additional application by July of 2015. At the July Commission meeting we will be presenting at least five (5) candidates for the PAC. If all the candidates are acceptable to the Commission, PAC meetings will be scheduled in August, with actual meetings taking place no later than September of 2015.

Membership Update – June 2015

Gold Coast Health Plan (GCHP) experienced the smallest increase in membership since the beginning of Medi-Cal Expansion, adding a total of 772 members in June. This brings the total membership to 187,801 as of June 1, 2015. GCHP's membership has increased by 69,289 or 58.5% since January 2014. The cumulative new membership since January 1, 2014 is summarized as follows:

Aid Code	# of New Members
L1 – Low Income Health Plan (LIHP)	3,413
M1 – Adult Expansion	39,283
7U – CalFresh Adults	2,986
7W – CalFresh Children	781
7S – Parents of 7Ws	353

Traditional Medi-Cal	22,473
Total New Membership 01/01/14 – 06/01/15	69,289

Members assigned to an M1 aid code increased again in June. All other Medi-Cal Expansion aid codes decreased either due to re-determination into other aid codes or loss of coverage. GCHP had 100 potential new members transitioning from Covered CA as of June 1, 2015; 86 were included on the June eligibility file from DHCS.

	14-Jan	14-Feb	14-Mar	14-Apr	14-May	14-Jun
L1	7,618	8,083	8,154	8,134	8,118	7,975
M1	183	1,550	2,482	4,514	7,279	10,910
7U	0	0	1,741	3,584	3,680	3,515
7W	0	0	0	684	714	691
7S						3

	14-Jul	14-Aug	14-Sep	14-Oct	14-Nov	14-Dec
L1	7,839	7,726	7,568	7,443	7,289	6,972
M1	15,606	18,585	21,944	23,569	24,060	27,176
7U	3,453	3,400	3,368	3,312	3,254	3,204
7W	667	624	606	296	599	589
7S	4	4	5	11	14	15

	15-Jan	15-Feb	15-Mar	15-Apr	15-May	15-Jun
L1	6,508	6,128	4,965	4,102	3,908	3,413
M1	30,107	31,203	34,350	35,582	37,519	39,283
7U	3,390	3,342	3,236	3,162	3,083	2,986
7W	872	872	856	831	813	781
7S	478	442	396	381	379	353

AB 85 Capacity Tracking – Ventura County Medical Center (VCMC) has a total of 26,317 Adult Expansion members assigned to them as of May 2015. VCMC's target enrollment is 65,765 and is currently at 40% of the enrollment target.

Noteworthy Activities – Operations continues to lead or be involved in the following projects:

- Business Continuity Plan (BCP) – Work continues on the development of GCHP's BCP. Phase 4 (determining the Mission Critical functions and recovery capabilities / gaps) and Phase 5 (development of a custom BCP which will identify workarounds for critical business processes, personnel needed, communications, etc.) have been completed. Executive review of the draft BCP is now underway.
- ICD-10 Readiness – work continues towards implementation of the new code set which is effective for dates of service on or after October 1, 2015. GCHP will be

holding Provider Town Hall and training sessions over the next several months to assist providers in their preparation and readiness for the transition to ICD-10.

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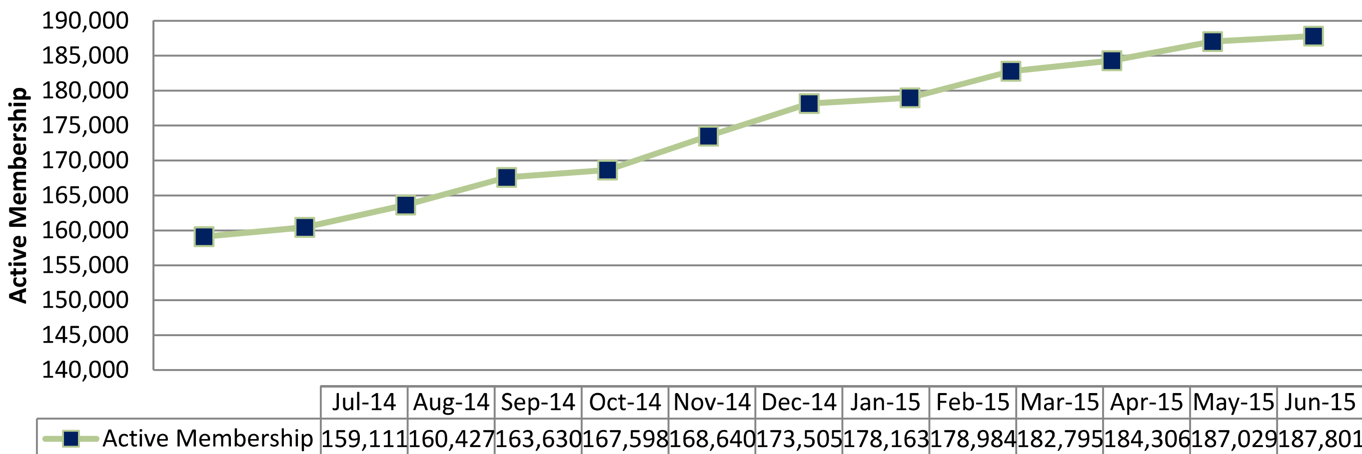
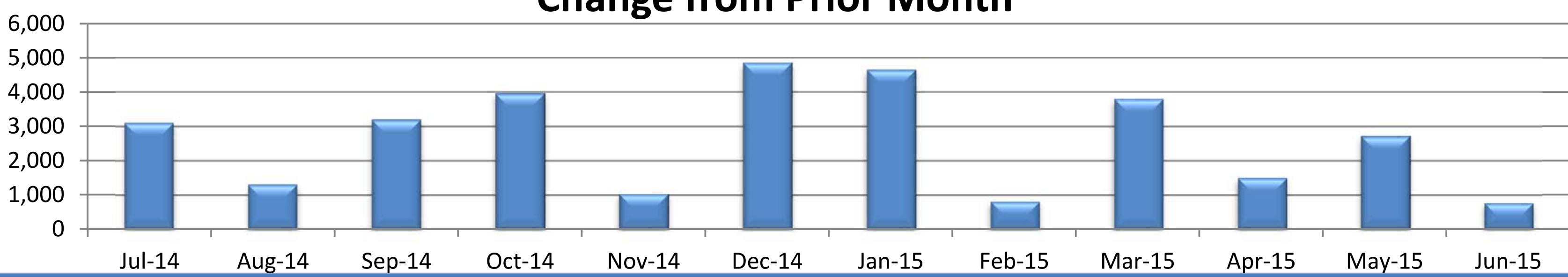
GCHP Membership

Total Membership as of June 1, 2015 – 187,801
New Members Added Since January 2014 – 69,289



	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
Active Membership	159,111	160,427	163,630	167,598	168,640	173,505	178,163	178,984	182,795	184,306	187,029	187,801



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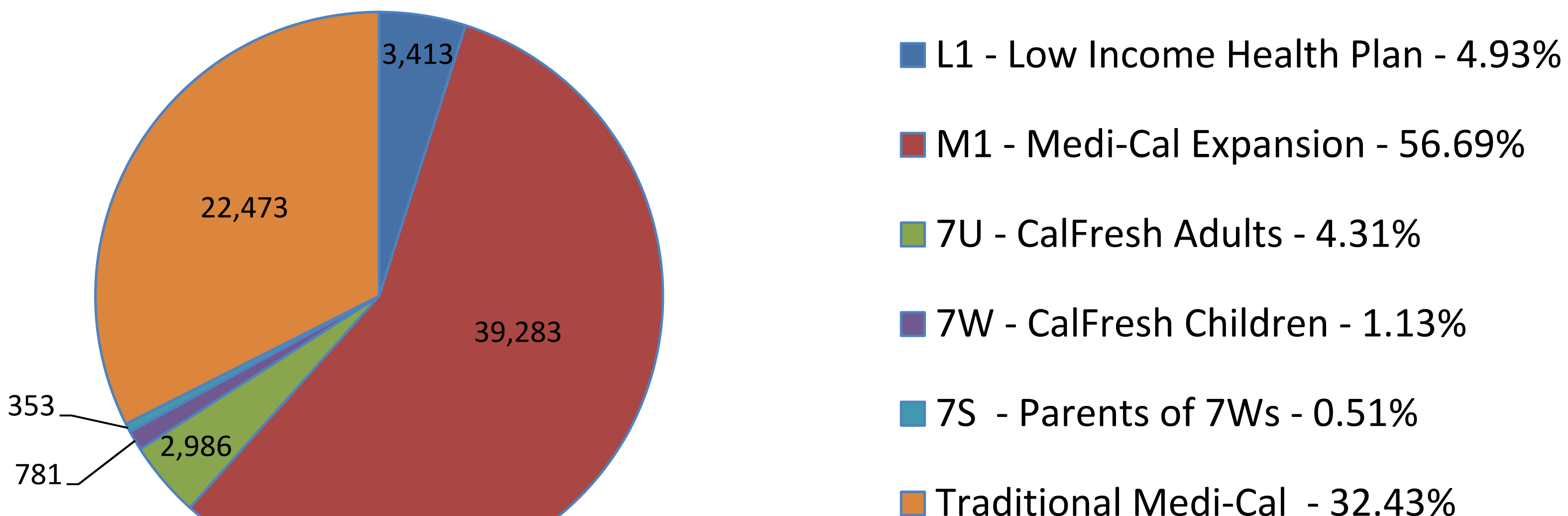
Membership Growth



Note: GCHP Pended eligibility (not shown) – 1,502 (decreased 551 from May)

- **Members with aid code 8E – accelerated enrollment which provides immediate temporary, fee-for service, full scope Medi-Cal benefits for ages 65 and under**

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GCHP Auto Assignment by PCP / Clinic as of June 1, 2015

	Jun-15		May-15		Apr-15		Mar-15		Feb-15		Jan-15	
	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
AB85 Eligible	**1,519**		**1,489**		**2,342**		**1,609**		**2,248**		**1,311**	
VCMC	1,139	74.98%	1,116	74.95%	1,756	74.98%	1,206	74.95%	1,686	75.00%	983	74.98%
Balance	380	25.02%	373	25.05%	586	25.02%	403	25.05%	562	25.00%	328	25.02%
Regular Eligible	**1,455**		**1,620**		**1,420**		**1,277**		**3,069**		**1,357**	
Regular + AB85 Balance	**1,835**		**1,993**		**2,006**		**1,680**		**3,631**		**1,685**	
Clinicas	458	24.96%	508	25.49%	513	25.57%	421	25.06%	793	21.84%	373	22.14%
CMH	203	11.06%	233	11.69%	236	11.76%	193	11.49%	339	9.34%	178	10.56%
Independent	55	3.00%	53	2.66%	65	3.24%	37	2.20%	68	1.87%	48	2.85%
VCMC	1,119	60.98%	1,199	60.16%	1,192	59.42%	1,029	61.25%	2,431	66.95%	1,086	64.45%
Total Assigned	**2,974**		**3,109**		**3,762**		**2,886**		**5,317**		**2,668**	
Clinicas	458	15.40%	508	16.34%	513	13.64%	421	14.59%	793	14.91%	373	13.98%
CMH	203	6.83%	233	7.49%	236	6.27%	193	6.69%	339	6.38%	178	6.67%
Independent	55	1.85%	53	1.70%	65	1.73%	37	1.28%	68	1.28%	48	1.80%
VCMC	2,258	75.92%	2,315	74.46%	2,948	78.36%	2,235	77.44%	4,117	77.43%	2,069	77.55%

Auto Assignment Process

- 75% of eligible Adult Expansion (AE) members (M1 & 7U) are assigned to the County as required by AB 85
- The remaining 25% are combined with the regular eligible members and assigned using the standard auto assignment process, i.e., 3:1 for safety net providers and 1:1 for all others
- The County's overall auto assignment results will be higher than 75% since they receive 75% of the AE members plus a 3:1 ratio of all other unassigned members
- VCMC's target enrollment is 65,765
    - VCMC has 26,317 assigned Adult Expansion members as of May 1, 2015 and is currently at 40% of capacity

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AGENDA ITEM 4.c.

TO: Gold Coast Health Plan Commission

FROM: Dr. Nancy Wharfield, Associate Chief Medical Officer

DATE: June 22, 2015

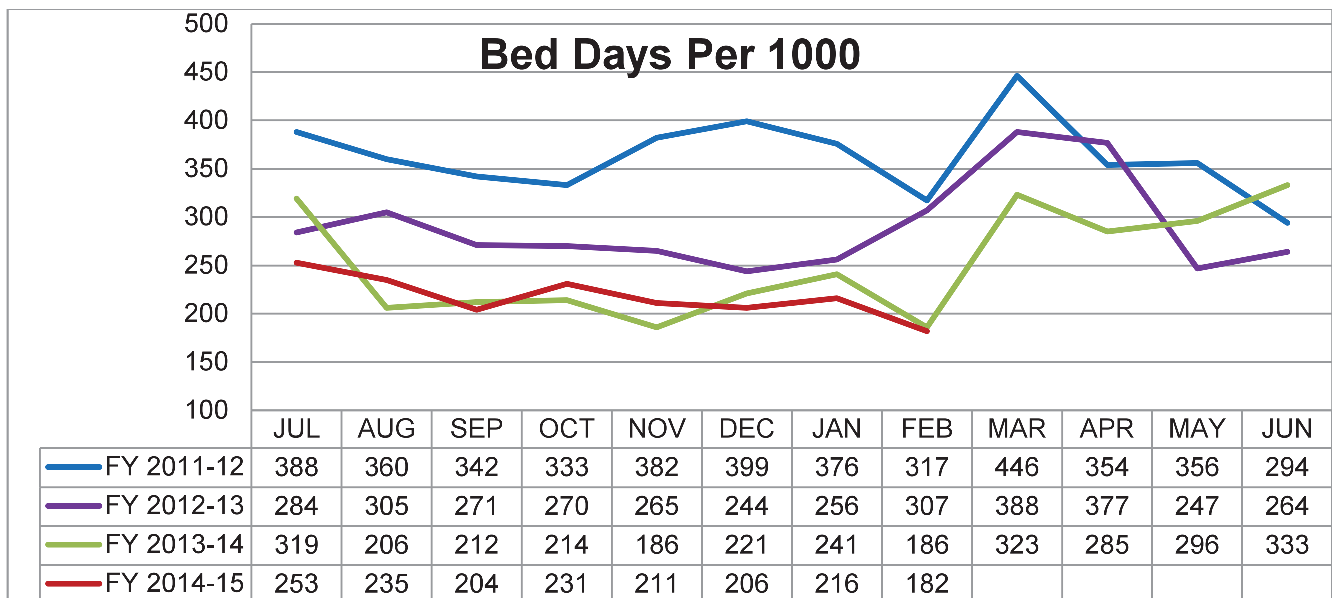
RE: Health Services Update

Utilization data in the Health Services monthly update to the Commission is based on paid claims compiled by date of service and is lagged by 3 months to allow for partial run out of claims data. Claims data is complete at approximately 6 months. While incomplete, a 3 month lagged snapshot allows us to see an estimate of utilization without waiting for a more complete 6 month report. Administrative days are included in these calculations. Dual eligible members, SNF, and LTC data is not included in this presentation.

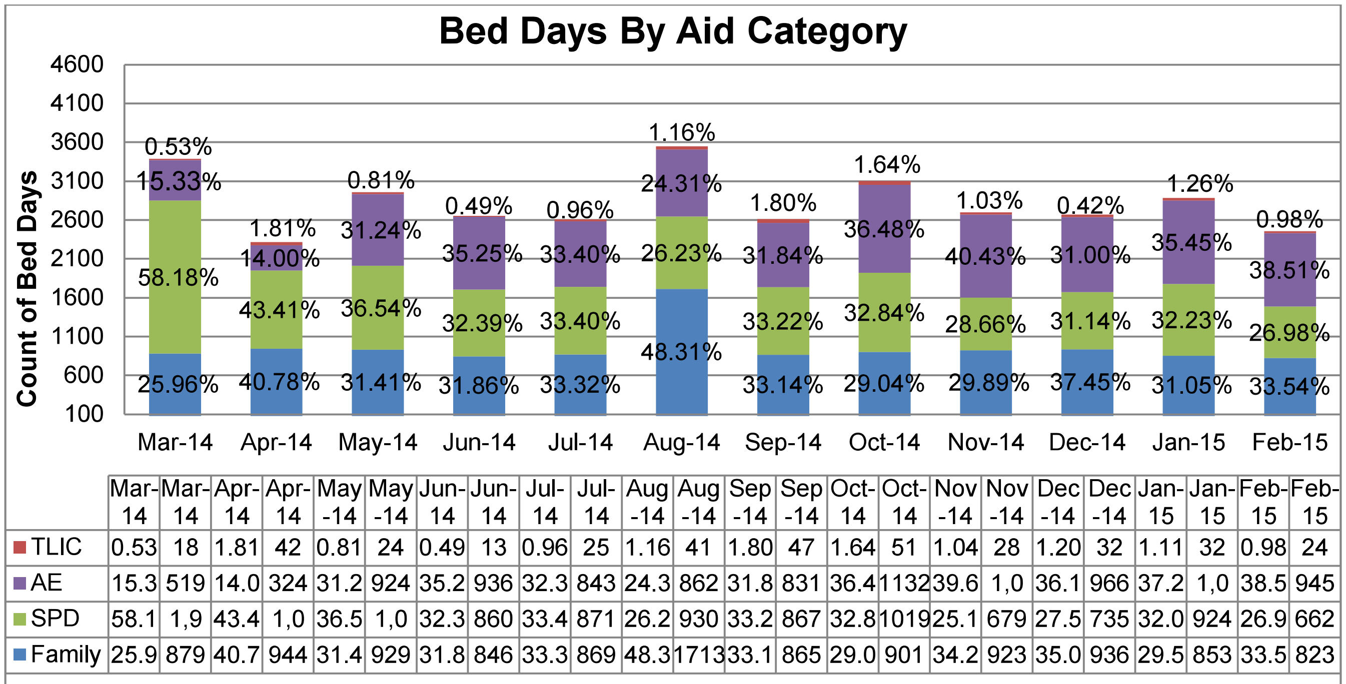
Inpatient Utilization

Bed days/1000 members for FY 2014-15 declined from summer through fall and winter. Bed days/1000 remain at about 250 or below since July 2014 and below 220 since November 2014. Adult Expansion aid code members showed a slightly higher percentage of bed days than SPD and Family aid code groups in February 2015.

Benchmark: Reports of bed days/1000 members from available published data from other managed care plans range from 161– 890/1000 members. There is variability of reporting of Administrative days among managed care plans.



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
FY 2011-12	388	360	342	333	382	399	376	317	446	354	356	294
FY 2012-13	284	305	271	270	265	244	256	307	388	377	247	264
FY 2013-14	319	206	212	214	186	221	241	186	323	285	296	333
FY 2014-15	253	235	204	231	211	206	216	182				

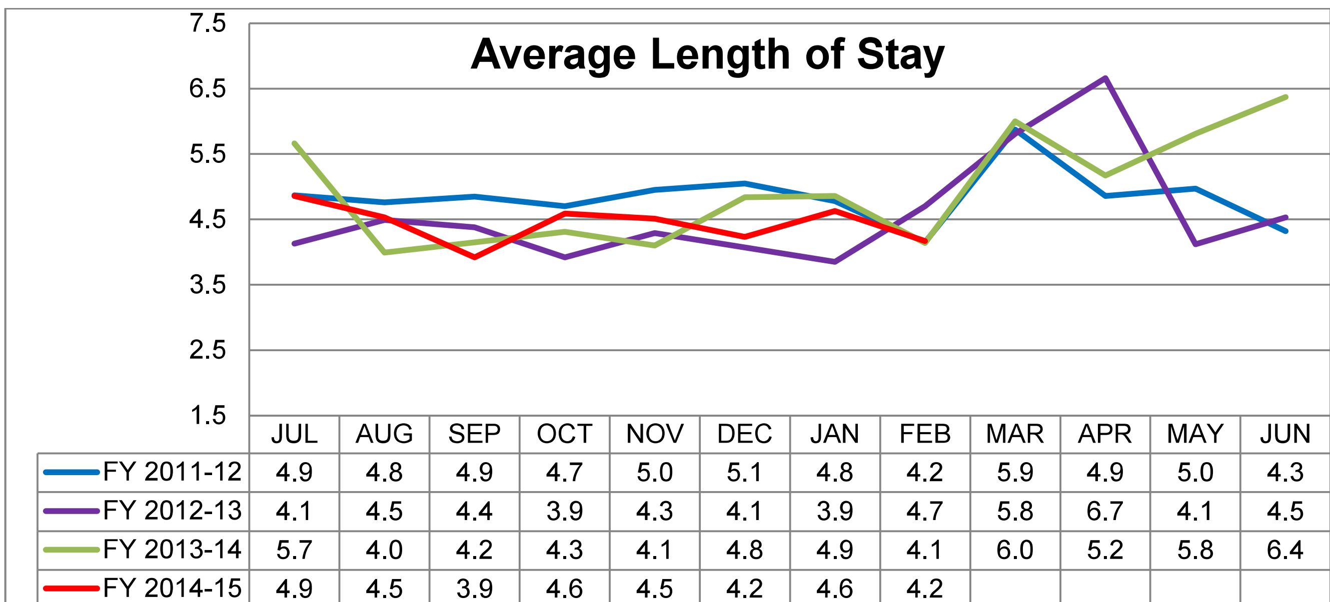


	Mar-14	Mar-14	Apr-14	Apr-14	May-14	May-14	Jun-14	Jun-14	Jul-14	Jul-14	Aug-14	Aug-14	Sep-14	Sep-14	Oct-14	Oct-14	Nov-14	Nov-14	Dec-14	Dec-14	Jan-15	Jan-15	Feb-15	Feb-15
TLIC	0.53	18	1.81	42	0.81	24	0.49	13	0.96	25	1.16	41	1.80	47	1.64	51	1.04	28	1.20	32	1.11	32	0.98	24
AE	15.3	519	14.0	324	31.2	924	35.2	936	32.3	843	24.3	862	31.8	831	36.4	1132	39.6	1,0	36.1	966	37.2	1,0	38.5	945
SPD	58.1	1,9	43.4	1,0	36.5	1,0	32.3	860	33.4	871	26.2	930	33.2	867	32.8	1019	25.1	679	27.5	735	32.0	924	26.9	662
Family	25.9	879	40.7	944	31.4	929	31.8	846	33.3	869	48.3	1713	33.1	865	29.0	901	34.2	923	35.0	936	29.5	853	33.5	823

Average Length of Stay

Average length of stay for FY 2014-15 through February is 4.4. Average length of stay for FY 2014-15 was 4.9. Length of stay has increased each year in winter months.

Benchmark: Average length of stay from available published data from other managed care plans ranges from 3.6 – 4.7. There is variability in reporting of Administrative days among managed care plans.



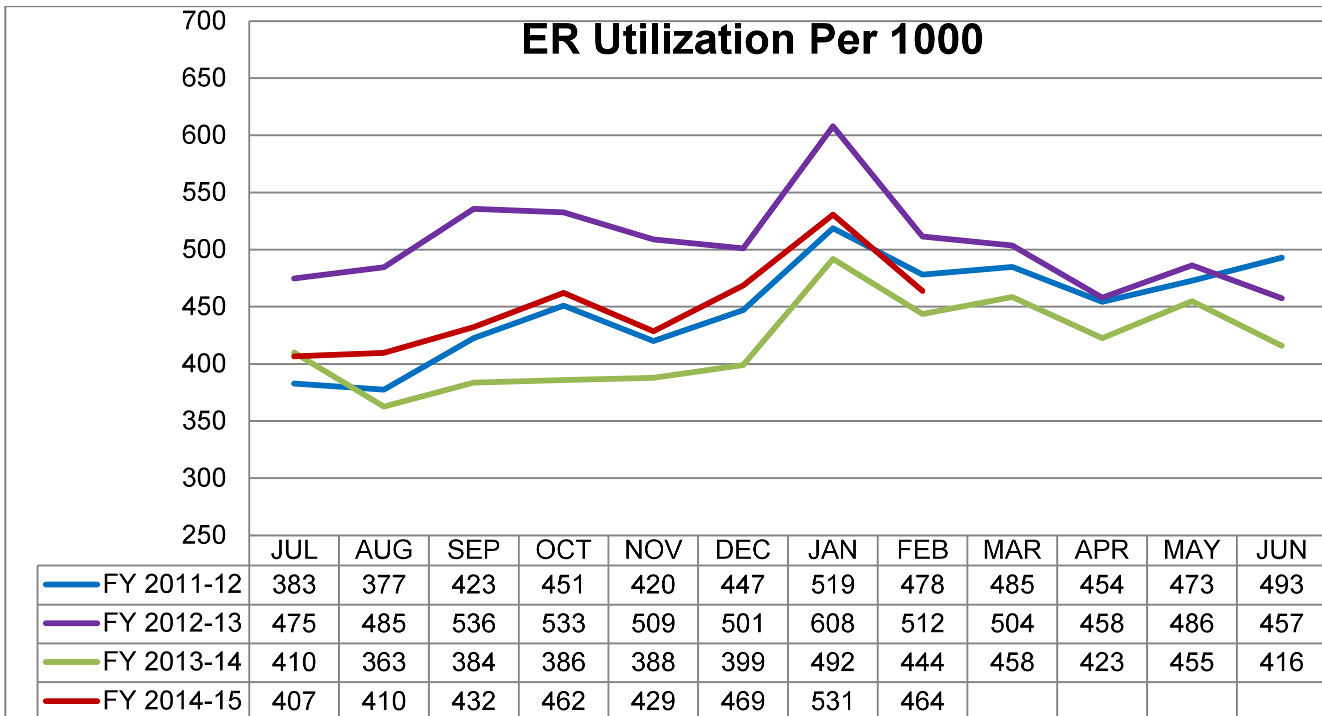
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
FY 2011-12	4.9	4.8	4.9	4.7	5.0	5.1	4.8	4.2	5.9	4.9	5.0	4.3
FY 2012-13	4.1	4.5	4.4	3.9	4.3	4.1	3.9	4.7	5.8	6.7	4.1	4.5
FY 2013-14	5.7	4.0	4.2	4.3	4.1	4.8	4.9	4.1	6.0	5.2	5.8	6.4
FY 2014-15	4.9	4.5	3.9	4.6	4.5	4.2	4.6	4.2				

ER Utilization

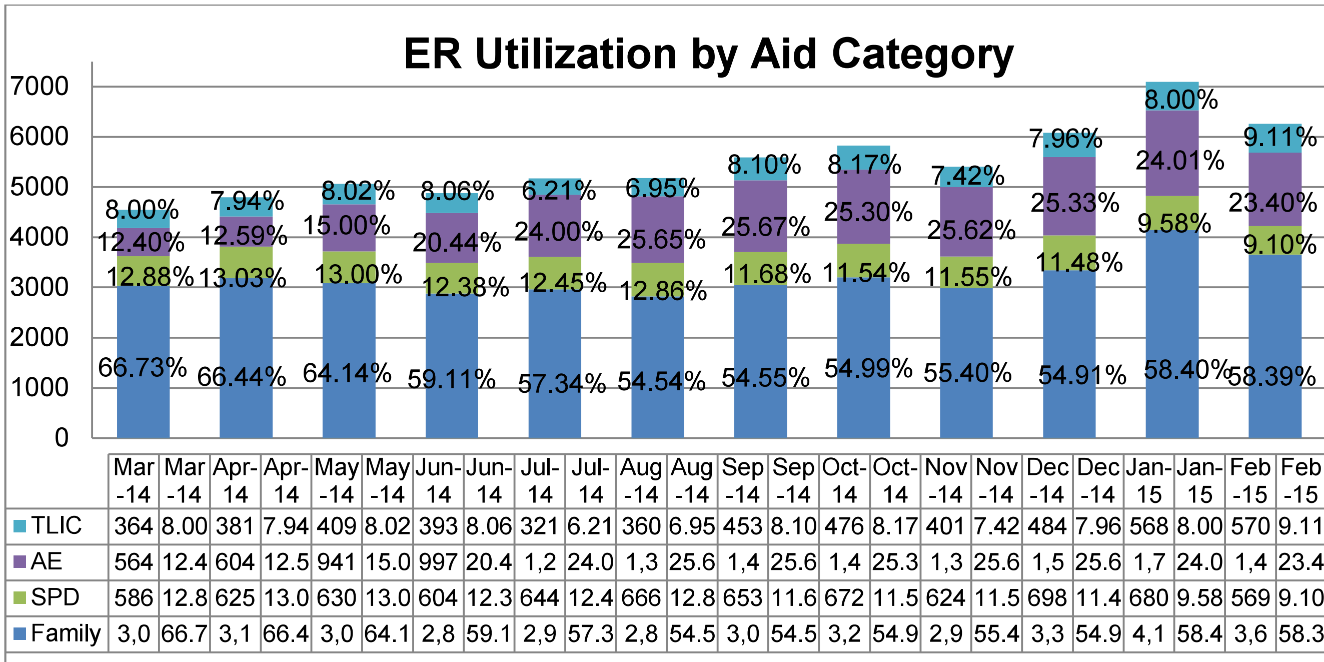
ER utilization declined from the seasonal January peak seen each year of operation. ER utilization for FY 2014-15 to date averages just over 450 visits/1000 members and is higher than the average for the same period in FY 2013-14 (414). Average ER visits/1000 members for FY 2013-14 was 442. The highest percentage of ER utilization continues to be by Family aid code group members followed by the AE group.

Benchmark: ER utilization/1000 members from available published data from other managed care plans ranges from 554-877.

The March 5, 2015 DHCS Medi-Cal Managed Care Performance Dashboard reported 46 ER visits/1000 member ***months*** statewide for all managed care plans. GCHP ER utilization/1000 member ***months*** for FY 2014-15 was 38.7.



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
FY 2011-12	383	377	423	451	420	447	519	478	485	454	473	493
FY 2012-13	475	485	536	533	509	501	608	512	504	458	486	457
FY 2013-14	410	363	384	386	388	399	492	444	458	423	455	416
FY 2014-15	407	410	432	462	429	469	531	464				

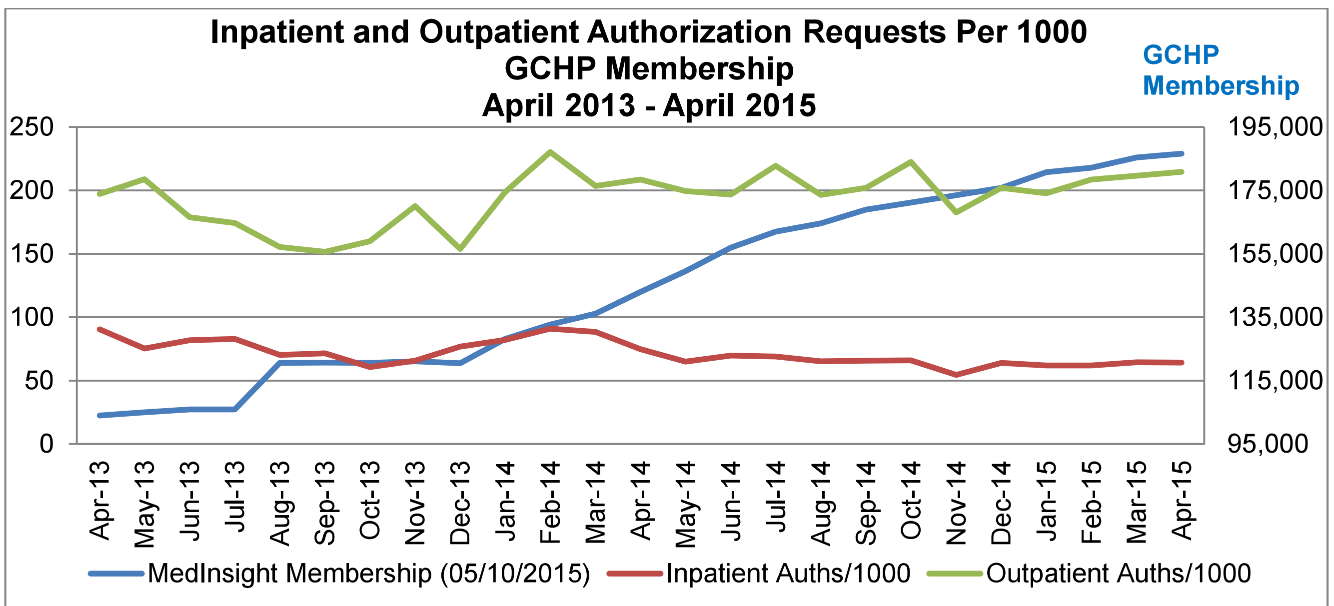


	Mar-14	Mar-14	Apr-14	Apr-14	May-14	May-14	Jun-14	Jun-14	Jul-14	Jul-14	Aug-14	Aug-14	Sep-14	Sep-14	Oct-14	Oct-14	Nov-14	Nov-14	Dec-14	Dec-14	Jan-15	Jan-15	Feb-15	Feb-15
TLIC	364	8.00	381	7.94	409	8.02	393	8.06	321	6.21	360	6.95	453	8.10	476	8.17	401	7.42	484	7.96	568	8.00	570	9.11
AE	564	12.4	604	12.5	941	15.0	997	20.4	1,2	24.0	1,3	25.6	1,4	25.6	1,4	25.3	1,3	25.6	1,5	25.6	1,7	24.0	1,4	23.4
SPD	586	12.8	625	13.0	630	13.0	604	12.3	644	12.4	666	12.8	653	11.6	672	11.5	624	11.5	698	11.4	680	9.58	569	9.10
Family	3,0	66.7	3,1	66.4	3,0	64.1	2,8	59.1	2,9	57.3	2,8	54.5	3,0	54.5	3,2	54.9	2,9	55.4	3,3	54.9	4,1	58.4	3,6	58.3

Authorization Requests

Requests for outpatient service continue to outnumber requests for inpatient service. Outpatient service requests have increased since January 2015 and remain above 200 requests/1000 members since February 2015. Requests for inpatient service have reached a plateau and average 63 requests/1000 members since December 2014.

Adult Expansion (AE) members new to Gold Coast Health Plan since January 1, 2014 accounted for approximately 29% of all service requests. AE members represented 23% of our population in April 2015. For non-AE members, service requests were led by the Family and Disabled groups.



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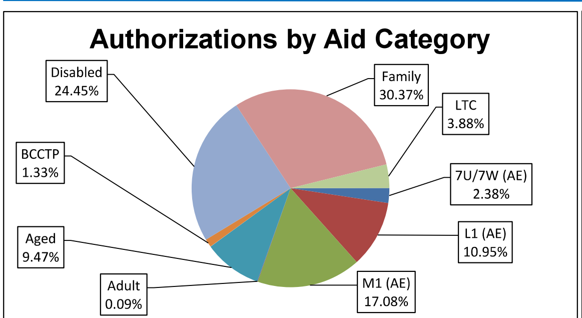
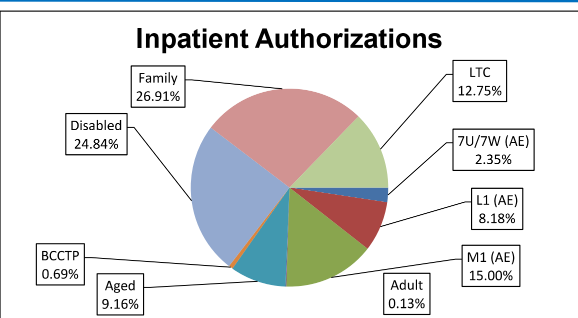
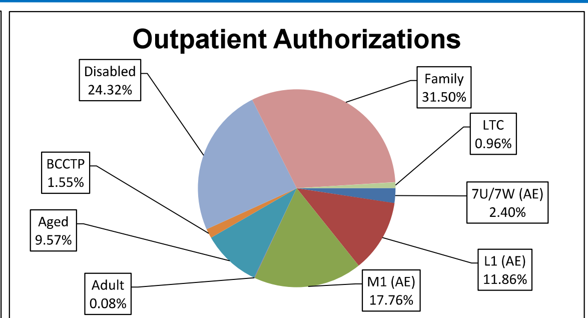
Gold Coast Health Plan Authorizations by Aid Category
January 2014 - March 2015



7U/7W (AE)	1,222
L1 (AE)	5,613
M1 (AE)	8,756
Adult	47
Aged	4,853
BCCTP	684
Disabled	12,535
Family	15,567
LTC	1,988
Total Auths	51,265



7U/7W (AE)	298
L1 (AE)	1,038
M1 (AE)	1,903
Adult	16
Aged	1,162
BCCTP	87
Disabled	3,152
Family	3,414
LTC	1,617
Total Auths	12,687



7U/7W (AE)	924
L1 (AE)	4,575
M1 (AE)	6,853
Adult	31
Aged	3,691
BCCTP	597
Disabled	9,383
Family	12,153
LTC	371
Total Auths	38,578

Data Source: MedHOK Authorizations by Aid Code Query on 04/16/2015