

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

DATE: Friday, August 24, 2012

TIME: 2:30 p.m.

PLACE: 1000 Town Center Drive, 6th Floor, Oxnard, CA
Nordman Cormany Hair & Compton LLP - Conference Room

Call to Order, Welcome and Roll Call

Public Comment

1. **Accept and File CEO Update** *(verbal)*
2. **Accept and File Financial Report**
Budget

Comments from Members

Adjourn

Unless otherwise determined by the Committee, the next regular meeting of the Executive Finance Committee Meeting will be held on September 6, 2012 at 3:00 p.m. at 2240 E. Gonzales Road, Suite 200, Oxnard CA 93036

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

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

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT TRACI AT 805/981-5340. 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

Gold Coast Health Plan
Fiscal Year July 1, 2012 - June 30, 2013
Forecasted P & L - 08.23.12

	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Total
Enrollment-Members	96,540	96,564	96,588	97,612	97,637	97,661	97,686	97,710	97,734	97,759	97,783	97,808	1,169,083
Retroactivity	-	-	-	-	-	-	-	-	-	-	-	-	-
Member Months	96,540	96,564	96,588	97,612	97,637	97,661	97,686	97,710	97,734	97,759	97,783	97,808	1,169,083
Average Membership													97,424
<u>Revenue</u>													
Premium	24,937,223	24,943,457	24,949,693	26,058,491	26,065,005	26,071,522	26,078,039	26,084,559	26,091,080	26,097,603	26,104,127	26,110,653	309,591,453
Reserve for Retro Rate Adj	(588,844)	(588,991)	(589,139)	(589,286)	(589,433)	(589,581)	(589,728)	(589,875)	(590,023)	(590,170)	(590,318)	(590,465)	(7,075,853)
Adjusted Revenue	24,348,379	24,354,466	24,360,555	25,469,205	25,475,572	25,481,941	25,488,311	25,494,684	25,501,057	25,507,432	25,513,809	25,520,188	302,515,599
Interest Income	14,962	14,966	14,970	15,635	15,639	15,643	15,647	15,651	15,655	15,659	15,662	15,666	185,755
Other Income	38,333	38,333	38,333	38,333	38,333	38,333	38,333	38,333	38,333	38,333	38,333	38,333	459,996
Total Gross Revenue	24,401,674	24,407,765	24,413,857	25,523,173	25,529,544	25,535,917	25,542,291	25,548,667	25,555,045	25,561,424	25,567,805	25,574,187	303,161,350
MCO Tax	586,025	586,171	586,318	612,375	612,528	612,681	612,834	612,987	613,140	613,294	613,447	613,600	7,275,399
Net Revenue	23,815,650	23,821,594	23,827,540	24,910,798	24,917,016	24,923,236	24,929,457	24,935,680	24,941,904	24,948,130	24,954,358	24,960,587	295,885,951
<u>Health Care Costs</u>													
Capitation	626,428	626,585	626,742	626,898	627,055	627,212	627,369	627,526	627,682	627,839	627,996	628,153	7,527,486
<u>Claims</u>													
Inpatient	10,157,036	10,159,576	10,162,116	11,224,806	11,227,612	11,230,419	11,233,227	11,236,035	11,238,844	11,241,654	11,244,464	11,247,275	131,603,065
Outpatient	3,209,770	3,210,573	3,211,375	3,212,178	3,212,981	3,213,784	3,214,588	3,215,391	3,216,195	3,216,999	3,217,804	3,218,608	38,570,247
Professional	2,097,933	2,098,458	2,098,982	2,099,507	2,100,032	2,100,557	2,101,082	2,101,607	2,102,133	2,102,658	2,103,184	2,103,710	25,209,843
Pharmacy	3,205,671	3,206,472	3,207,274	3,208,075	3,208,877	3,209,680	3,210,482	3,211,285	3,212,088	3,212,891	3,213,694	3,214,497	38,520,985
Other	1,688,082	1,688,504	1,688,927	1,689,349	1,689,771	1,690,194	1,690,616	1,691,039	1,691,461	1,691,884	1,692,307	1,692,730	20,284,865
Reinsurance	224,938	224,994	225,051	227,437	227,494	227,551	227,608	227,664	227,721	227,778	227,835	227,892	2,723,964
Care Management	497,883	535,590	567,712	586,034	588,251	590,517	590,110	590,202	590,795	590,388	590,480	590,573	6,908,534
Total Claims	21,081,314	21,124,167	21,161,436	22,247,386	22,255,018	22,262,701	22,267,712	22,273,224	22,279,238	22,284,252	22,289,768	22,295,286	263,821,503
Total Health Care Costs	21,707,742	21,750,752	21,788,178	22,874,285	22,882,074	22,889,913	22,895,081	22,900,750	22,906,920	22,912,092	22,917,765	22,923,439	271,348,989
<u>Administrative Expenses</u>	1,454,729	1,542,562	1,657,463	1,685,747	1,555,797	1,523,013	1,528,646	1,507,515	1,512,730	1,511,737	1,532,764	1,512,097	18,524,799
Net Income	653,179	528,280	381,898	350,766	479,146	510,310	505,731	527,416	522,255	524,301	503,830	525,051	6,012,163

Gold Coast Health Plan
Fiscal Year July 1, 2012 - June 30, 2013
Forecasted P & L - 08.23.12

	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Total
Ratio Analysis													
<u>Revenue</u>													
Premium	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%
Interest Income	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Other Income	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.2%
Total Gross Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
MCO Tax	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
Net Revenue	97.6%	97.6%	97.6%	97.6%	97.6%	97.6%	97.6%	97.6%	97.6%	97.6%	97.6%	97.6%	97.6%
<u>Health Care Costs</u>													
Capitation	2.6%	2.6%	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
<u>Claims</u>													
Inpatient	42.6%	42.6%	42.6%	45.1%	45.1%	45.1%	45.1%	45.1%	45.1%	45.1%	45.1%	45.1%	44.5%
Outpatient	13.5%	13.5%	13.5%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	13.0%
Professional	8.8%	8.8%	8.8%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.5%
Pharmacy	13.5%	13.5%	13.5%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	13.0%
Other	7.1%	7.1%	7.1%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.9%
Reinsurance	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
Care Management	2.1%	2.2%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.3%
Total Claims	88.5%	88.7%	88.8%	89.3%	89.3%	89.3%	89.3%	89.3%	89.3%	89.3%	89.3%	89.3%	89.2%
Total Health Care Costs	91.1%	91.3%	91.4%	91.8%	91.8%	91.8%	91.8%	91.8%	91.8%	91.8%	91.8%	91.8%	91.7%
<u>Administrative Expenses</u>	6.1%	6.5%	7.0%	6.8%	6.2%	6.1%	6.1%	6.0%	6.1%	6.1%	6.1%	6.1%	6.3%
Net Income	2.7%	2.2%	1.6%	1.4%	1.9%	2.0%	2.0%	2.1%	2.1%	2.1%	2.0%	2.1%	2.0%

<u>Impact on TNE:</u>													
Required TNE	15,362,684	15,382,644	15,400,817	15,543,009	15,629,520	15,688,198	15,730,606	15,762,905	15,788,518	15,809,355	15,826,763	15,841,598	15,841,598
Phased in Requirement	5,530,566	5,537,752	5,544,294	5,595,483	5,626,627	5,647,751	8,179,915	8,196,711	8,210,030	8,220,865	8,229,917	8,237,631	8,237,631
Monthly TNE	7,485,872	8,014,152	8,396,051	8,746,817	9,225,963	9,736,273	10,242,004	10,769,420	11,291,674	11,815,976	12,319,805	12,844,856	12,844,856
TNE Excess / (Deficiency)	1,955,306	2,476,401	2,851,757	3,151,334	3,599,336	4,088,522	2,062,089	2,572,709	3,081,645	3,595,111	4,089,889	4,607,226	4,607,226
	48.7%	52.1%	54.5%	56.3%	59.0%	62.1%	65.1%	68.3%	71.5%	74.7%	77.8%	81.1%	(1)

Minimum TNE	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
2% of 1st \$150 mil Annualized Premium	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
1% of Annualized Premium > \$150 mil	1,351,483	1,351,839	1,352,195	1,384,851	1,404,594	1,417,880	1,427,477	1,434,768	1,440,521	1,445,199	1,449,094	1,452,402	1,452,402
8% of 1st \$150 mil Annualized HCC	10,487,306	10,506,657	10,524,220	10,538,585	10,548,130	10,555,273	10,560,678	10,565,056	10,568,803	10,572,012	10,574,874	10,577,475	10,577,475
4% of Annualized HCC > \$150 mil	-	-	-	-	-	-	-	-	-	-	-	-	-
4% of Annualized Hospital Exp	4,875,377	4,875,987	4,876,596	5,004,424	5,081,390	5,132,925	5,169,929	5,197,850	5,219,716	5,237,344	5,251,889	5,264,123	5,264,123

(1) Note - 68% required going into FY 2013-14

Gold Coast Health Plan
Monthly Restated Membership Report
Month, Year

<u>Aid Category - Member Months</u>	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Total
Adult/Family	70,377	70,395	70,412	70,430	70,447	70,465	70,483	70,500	70,518	70,536	70,553	70,571	845,686
Aged - Medi-cal	1,150	1,150	1,151	1,151	1,151	1,151	1,152	1,152	1,152	1,153	1,153	1,153	13,819
Disabled - Medi-Cal	7,764	7,766	7,768	7,770	7,772	7,774	7,776	7,778	7,780	7,781	7,783	7,785	93,296
Long Term Care - Medi-Cal	76	76	76	76	76	76	76	76	76	76	76	76	913
Aged - Dual	8,809	8,811	8,813	8,816	8,818	8,820	8,822	8,824	8,827	8,829	8,831	8,833	105,853
Disabled - Dual	7,203	7,205	7,207	7,208	7,210	7,212	7,214	7,216	7,217	7,219	7,221	7,223	86,555
Long Term Care - Dual	905	905	905	906	906	906	906	907	907	907	907	907	10,875
BCCTP	256	256	256	256	256	256	256	256	257	257	257	257	3,076
CBAS	-	-	-	1,000	1,000	1,001	1,001	1,001	1,001	1,002	1,002	1,002	9,009
Total	96,540	96,564	96,588	97,612	97,637	97,661	97,686	97,710	97,734	97,759	97,783	97,808	1,169,083

<u>Aid Category - Allocated P&L</u>	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Total
Adult/Family (Incl Hyde)	533,388	442,359	335,669	319,149	411,802	434,310	431,030	446,700	442,999	444,500	429,752	445,087	5,116,744
Aged - Medi-cal	97,885	96,420	94,699	94,451	95,987	96,377	96,346	96,625	96,586	96,633	96,415	96,688	1,155,112
Disabled - Medi-Cal	523,346	513,420	501,766	500,060	510,397	512,997	512,751	514,596	514,304	514,586	513,075	514,884	6,146,181
Long Term Care - Medi-Cal	(8,886)	(8,987)	(9,105)	(9,125)	(9,027)	(9,005)	(9,011)	(8,996)	(9,003)	(9,004)	(9,022)	(9,008)	(108,178)
Aged - Dual	(327,112)	(338,605)	(352,058)	(354,224)	(342,725)	(340,006)	(340,515)	(338,653)	(339,215)	(339,125)	(341,070)	(339,249)	(4,092,557)
Disabled - Dual	(145,806)	(155,173)	(166,142)	(167,883)	(158,451)	(156,197)	(156,583)	(155,029)	(155,458)	(155,355)	(156,914)	(155,395)	(1,884,386)
Long Term Care - Dual	(121,106)	(122,309)	(123,713)	(123,957)	(122,798)	(122,541)	(122,615)	(122,445)	(122,525)	(122,538)	(122,759)	(122,594)	(1,471,901)
BCCTP	48,176	47,857	47,480	47,431	47,780	47,874	47,873	47,942	47,940	47,957	47,915	47,982	574,206
CBAS	-	-	-	(9,104)	(7,792)	(7,475)	(7,525)	(7,306)	(7,362)	(7,344)	(7,557)	(7,343)	(68,809)
Total	599,884	474,981	328,596	296,798	425,174	456,334	451,751	473,432	468,267	470,310	449,834	471,051	5,366,412
Interest Income	14,962	14,966	14,970	15,635	15,639	15,643	15,647	15,651	15,655	15,659	15,662	15,666	185,755
Other Income	38,333	38,333	38,333	38,333	38,333	38,333	38,333	38,333	38,333	38,333	38,333	38,333	459,996
Net Income	653,179	528,280	381,898	350,766	479,146	510,310	505,731	527,416	522,255	524,301	503,830	525,051	6,012,163

Gold Coast Health Plan

Fiscal Year July 1, 2012 - June 30, 2013

Total Administrative Expense

														2012-13
		Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Budget
Salaries	7200	268,452	316,694	382,663	394,003	402,277	409,446	409,446	409,446	409,446	409,446	409,446	409,446	4,630,210
Benefits	7400	116,363	140,839	160,599	168,545	172,085	177,499	177,499	177,499	177,499	177,499	177,499	177,499	2,000,926
Temp Labor	7210	54,483	54,483	54,483	44,528	9,398	-	-	-	-	-	-	-	217,375
EE Recruitment	8410	750	1,500	36,000	750	-	-	-	-	-	-	-	-	39,000
Staff Training & Seminars	7500	500	500	700	500	500	700	500	500	700	500	500	700	6,800
Conferences	7510	-	600	500	815	500	1,700	300	-	2,500	300	-	400	7,615
Outside Services - ACS	6070	867,355	867,555	867,754	876,223	876,424	876,626	876,828	877,030	877,232	877,434	877,636	877,838	10,495,936
Outside Services - Scriptcare	6080	248,439	248,502	248,564	248,626	248,688	248,750	248,812	248,875	248,937	248,999	249,061	249,124	2,985,376
Care Management - ACS	6090	199,838	199,868	217,382	236,141	236,355	236,386	236,416	236,446	236,477	236,507	236,538	236,568	2,744,922
Outside Services - RGS	6330	10,196	11,651	-	-	-	-	-	-	-	-	-	-	21,847
Outside Services - Other	6340	40,697	45,697	43,127	93,197	17,892	22,962	17,962	17,892	17,962	17,892	17,962	17,892	371,134
Consulting Services	6320	27,340	32,340	44,840	44,840	47,340	27,340	27,340	27,340	27,340	27,340	27,340	27,340	388,080
Translation Services	6335	1,383	1,383	1,383	1,388	1,388	1,388	1,388	1,389	1,389	1,389	1,389	1,389	16,645
Meetings & Events	7520	-	1,000	500	3,666	-	-	-	-	-	-	-	-	5,166
Travel - Airlines	7600	2,260	700	1,245	2,460	-	500	1,960	-	500	1,960	-	200	11,785
Travel - Hotels	7610	1,750	-	678	2,400	-	-	1,750	-	-	1,750	-	-	8,328
Travel - Auto & Transportation	7620	1,977	1,900	1,302	1,987	94	1,294	913	104	1,153	916	100	1,095	12,835
Travel - Meals	7630	580	250	501	675	-	180	420	-	150	420	-	150	3,326
Travel - Misc./Tips	7640	50	-	-	60	-	-	50	-	-	50	-	-	210
Non-Capital Furniture & Equipment	7900	4,500	9,000	6,000	4,500	10,000	3,000	-	-	-	-	-	-	37,000
Non-Capital Equipment - Computer	7910	4,800	9,600	6,400	4,800	20,000	3,200	-	-	-	-	-	-	48,800
Software Licenses	8020	25,678	25,678	25,678	25,678	25,678	25,678	25,678	25,678	25,678	25,678	25,678	25,678	308,136
Lease - Office	7700	13,420	13,420	13,420	13,420	13,420	13,420	13,420	13,420	13,420	13,420	13,420	13,420	161,040
Office & Operating Supplies	7920	3,497	3,994	4,344	4,524	4,524	4,724	4,724	4,724	4,724	4,724	4,724	4,724	53,954
Shipping & Postage	8000	415	432	11,322	2,872	522	522	11,322	522	522	522	11,322	522	40,819
Printing	8010	2,261	2,329	8,533	9,943	1,945	1,945	8,545	1,945	1,945	1,945	8,545	1,945	51,827
Repairs & Maintenance	8030	626	627	702	702	703	703	703	704	704	705	705	705	8,289
Telephone Services/Internet Charges	8200	1,759	1,768	1,888	1,940	1,940	1,967	1,967	1,967	1,967	1,967	1,967	1,967	23,064
Charitable Contributions	8720	-	-	-	-	-	-	-	-	-	-	-	-	-
Advertising & Promotions Expense	8400	-	-	2,500	-	-	2,500	-	-	2,500	-	-	2,500	10,000
Insurance	8500	3,255	3,255	3,255	3,255	3,255	3,255	3,255	3,255	3,255	3,255	3,255	3,255	39,060
Legal	6310	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	138,000
Accounting & Actuarial	6300	7,500	38,500	37,000	37,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	160,000
Bank Fees	6150	-	-	-	-	-	-	-	-	-	-	-	-	-
Meals & Entertainment	7530	-	-	-	-	-	-	-	-	-	-	-	-	-
Committee & Advisory Fees	6360	2,100	3,550	2,100	2,100	3,550	2,100	2,100	3,550	2,100	2,100	3,550	2,100	31,000
Professional Dues, Fees, & Licenses	8700	5,076	5,576	5,436	5,076	5,076	5,276	5,076	5,076	5,076	5,076	5,276	5,076	62,172
Subcriptions & Publications	8710	-	-	-	-	-	-	-	-	-	-	7,000	800	7,800
Depreciation/ Amortization Expense	7810	1,806	1,806	1,806	1,806	2,139	2,139	2,139	2,139	2,139	2,139	2,139	2,139	24,336
Interest Expense	8600	22,005	21,657	21,072	21,861	21,853	21,829	21,740	21,716	21,709	21,692	21,691	21,696	260,521
Total		1,952,611	2,078,152	2,225,176	2,271,781	2,144,048	2,113,530	2,118,755	2,097,717	2,103,525	2,102,125	2,123,244	2,102,670	25,433,333
Care Management		497,883	535,590	567,712	586,034	588,251	590,517	590,110	590,202	590,795	590,388	590,480	590,573	6,908,534
Administrative		1,454,729	1,542,562	1,657,463	1,685,747	1,555,797	1,523,013	1,528,646	1,507,515	1,512,730	1,511,737	1,532,764	1,512,097	18,524,799
Total		1,952,611	2,078,152	2,225,176	2,271,781	2,144,048	2,113,530	2,118,755	2,097,717	2,103,525	2,102,125	2,123,244	2,102,670	25,433,333

Gold Coast Health Plan

Staffing Budget: FY 2012-13

	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13
Gold Coast Health Plan FTEs	40	46	50	53	53	55	55	55	55	55	55	55
ACS Nursing Staff	12	12	14	16	16	16	16	16	16	16	16	16
Temporary Help	4	4	4	3	3	-	-	-	-	-	-	-
Open Positions	-	-	2	7	7	7	7	7	7	7	7	7 *
	56	62	70	79	79	78	78	78	78	78	78	78

Current FTEs, 7/1/12 39

Known new hires:

CEO	1	
Contract Manager	1	
Outreach Coordinator	1	
QM - Delegated Oversight	1	
QM - HESDI/QI Mgr	1	
QM - HESDI/QI Staff	1	
Clinical Operations Ass't	3	
Member Services Rep	1	
Provider Services Rep	1	11

Recruiting in Process

IT Director	1	
COO	1	
Health Services Director	1	
Care Coordination Mgr	1	
H/R Technician	1	5
FTEs in Budget		55

Open Positions

Sr Accountant	1	
QI-Master Trainer	1	
H/R Director/Manager	1	
H/R Analyst	1	
Provider Relations Rep	3	7
		62

* Open positions are shown for information only - no salary or benefit dollars in current budget version

Gold Coast Health Plan

Fiscal Year July 1, 2012 - June 30, 2013

Total Administrative Expense

	2012-13	2011-12			
	Budget	Actual	Change	%Change	
Salaries	4,630,210	3,174,802	1,455,408	45.8%	Staff adds of 16 FTEs
Benefits	2,000,926	1,268,138	732,788	57.8%	
Temp Labor	217,375	240,532	(23,157)	-9.6%	
EE Recruitment	39,000	131,912	(92,912)	-70.4%	Assumes use of outside recruiting firms for 1 position
Staff Training & Seminars	6,800	3,607	3,193	88.5%	
Conferences	7,615	1,710	5,905	345.4%	
Outside Services - ACS	10,495,936	11,473,044	(977,108)	-8.5%	Decrease in retroactivity and \$25K drop in monthly flat fee
Outside Services - Scriptcare	2,985,376	2,743,337	242,040	8.8%	Prior Year Q1 started slow
Care Management - ACS	2,744,922	2,230,840	514,081	23.0%	Increase in nursing staff
Outside Services - RGS	21,847	113,094	(91,247)	-80.7%	
Outside Services - Other	371,134	780,455	(409,321)	-52.4%	Tatum, HEDIS project, Compliance 360, ADP processing, IT services
Consulting Services	388,080	506,966	(118,886)	-23.5%	Operations Director, H/R transitions consulting
Translation Services	16,645	17,510	(864)	-4.9%	
Meetings & Events	5,166	13,004	(7,838)	-60.3%	
Travel - Airlines	11,785	12,197	(412)	-3.4%	
Travel - Hotels	8,328	7,148	1,180	16.5%	
Travel - Auto & Transportation	12,835	13,048	(213)	-1.6%	
Travel - Meals	3,326	1,136	2,191	192.9%	
Travel - Misc./Tips	210	-	210	100.0%	
Non-Capital Furniture & Equipment	37,000	106,409	(69,409)	-65.2%	Assumes additional cubicle or furniture for each new FTE
Non-Capital Equipment - Computer	48,800	52,970	(4,170)	-7.9%	Assumes additional computer for each new FTE
Software Licenses	308,136	84,113	224,023	266.3%	Amortization of MedInsight, Multiview, Verisk & Compliance 360 licenses
Lease - Office	161,040	147,194	13,846	9.4%	Square footage increase per FTE adds
Office & Operating Supplies	53,954	77,767	(23,813)	-30.6%	
Shipping & Postage	40,819	185,519	(144,700)	-78.0%	No large mailing needed for launch this year
Printing	51,827	58,075	(6,248)	-10.8%	
Repairs & Maintenance	8,289	14,191	(5,902)	-41.6%	
Telephone Services/Internet Charges	23,064	41,038	(17,974)	-43.8%	
Charitable Contributions	-	2,000	(2,000)	-100.0%	
Advertising & Promotions Expense	10,000	188,729	(178,729)	-94.7%	
Insurance	39,060	37,965	1,095	2.9%	
Legal	138,000	153,498	(15,498)	-10.1%	
Accounting & Actuarial	160,000	153,406	6,594	4.3%	
Bank Fees	-	1,467	(1,467)	-100.0%	
Meals & Entertainment	-	105	(105)	-100.0%	
Committee & Advisory Fees	31,000	12,350	18,650	151.0%	
Professional Dues, Fees, & Licenses	62,172	55,599	6,573	11.8%	
Subscriptions & Publications	7,800	9,705	(1,905)	-19.6%	
Depreciation/ Amortization Expense	24,336	17,873	6,463	36.2%	
Interest Expense	260,521	403,350	(142,829)	-35.4%	
Total	25,433,333	24,535,802	897,531	3.7%	
Care Management	6,908,534	5,762,751	1,145,783	19.9%	
Administrative	18,524,799	18,773,051	(248,252)	-1.3%	
Total	25,433,333	24,535,802	1,346,435	5.5%	

Gold Coast Health Plan

Premium - Budget Rate Comparison

	Premium Rate	AB97 Adjustment	Reduced Premium	Average Enrollment	Average Monthly Revenue
2012-13 Budget					
FAMILY / ADULT	145.93	(1.44)	144.49	70,474	10,182,709
AGED	562.01	(0.16)	561.85	1,152	647,249
DISABLED	779.67	(5.84)	773.83	7,775	6,016,513
LONG TERM CARE	7,215.22	(303.37)	6,911.85	76	525,300
AGED DUAL	172.20	(7.07)	165.13	8,821	1,456,603
DISABLED DUAL	170.67	(6.88)	163.79	7,213	1,181,382
LTC DUAL	4,786.99	(295.46)	4,491.53	906	4,069,326
BCCTP	1,135.32	(4.77)	1,130.55	256	289,422
CBAS	1,102.56	-	1,102.56	751	828,023
HYDE	0.71	(0.54)	0.17	70,474	11,652
	264.80	(6.05)	258.75		25,208,180

2011-12 Budget

FAMILY / ADULT	131.64	(1.30)	130.34	74,975	9,772,242
AGED	521.14	(0.15)	520.99	1,250	651,238
DISABLED	832.79	(6.24)	826.55	7,774	6,425,600
LONG TERM CARE	7,027.51	(295.48)	6,732.03	70	471,242
AGED DUAL	233.79	(9.60)	224.19	9,118	2,044,164
DISABLED DUAL	197.32	(7.96)	189.36	7,396	1,400,507
LTC DUAL	4,494.06	(277.38)	4,216.68	873	3,681,162
BCCTP	1,062.47	(4.46)	1,058.01	250	264,503
HYDE	0.73	(0.56)	0.17	74,975	12,746
	248.97	(5.88)	243.09		24,723,402

COMPARISON OF PREMIUM RATES - COHS
FISCAL YEAR 2011-2012

COUNTY ORGANIZED HEALTH SYSTEM	Monthly Eligibles		Adult / Family	Aged - Medi-cal	Disabled - Medi-Cal	LTC - Medi-Cal	Aged - Dual	Disabled - Dual	LTC - Dual	BCCTP		Average PMPM	Annual Revenue
Central Coast Alliance for Heath - Merced	74,902		158.34	503.85	805.31	8,178.60	275.88	189.85	5,167.19	1,524.23		237.96	\$ 213,888,000
Central Coast Alliance for Heath - Monterey	75,638		139.08	604.02	897.82	7,290.38	205.45	190.60	5,485.33	1,393.15		246.72	\$ 223,938,000
Central Coast Alliance for Heath - Santa Cruz	35,628		151.62	563.08	893.85	6,592.22	221.83	199.92	4,819.49	1,381.55		287.84	\$ 123,062,000
Health Plan of San Mateo	62,903		178.61	662.85	1,250.07	6,678.96	353.20	389.58	6,918.21	1,544.62		453.83	\$ 342,566,000
CalOptima-Orange County	385,666		124.52	427.85	881.52	6,676.52	177.06	251.31	4,425.96	1,418.46		261.77	\$ 1,211,467,000
Partnership Health Plan of California - Mendocino	20,396		189.22	720.50	961.05	5,268.92	245.89	234.01	4,983.60	1,039.05		326.88	\$ 80,004,000
Partnership Health Plan of California - Marin	17,206		171.78	592.13	1,397.44	7,417.95	238.78	117.17	4,869.70	1,326.84		429.85	\$ 88,751,000
Partnership Health Plan of California - Napa	14,724		190.22	482.75	896.74	4,957.76	188.94	235.22	3,896.94	1,597.08		328.58	\$ 58,057,000
Partnership Health Plan of California - Solano	63,148		175.00	558.40	865.62	6,098.88	210.68	230.27	4,821.94	1,410.64		302.73	\$ 229,404,000
Partnership Health Plan of California - Yolo	27,548		149.16	589.44	1,008.01	6,529.40	203.30	249.35	4,415.04	1,298.50		301.72	\$ 99,741,000
Partnership Health Plan of California - Sonoma	54,678		119.21	703.83	944.89	5,394.44	283.82	944.89	4,018.39	940.23		342.72	\$ 224,872,000
CenCal - SLO	29,454		123.22	506.80	768.55	7,043.72	178.89	146.37	4,408.22	1,333.77		276.55	\$ 97,746,000
Cen-Cal - Santa Barbara	65,164		144.08	549.46	866.50	8,719.24	204.91	189.05	5,825.61	1,367.20		269.87	\$ 211,029,000
Ventura	103,739		131.64	521.14	832.79	7,027.51	233.79	197.32	4,494.06	1,062.47		243.00	\$ 302,508,000
Total / Average	1,030,794		153.26	570.44	947.87	6,705.32	230.17	268.92	4,896.41	1,331.27		307.86	\$ 3,507,033,000

Gold Coast Health Plan

Health Care Costs - Budget Rate Comparison

	All Others FFS	Emergency Room Facility Services FFS	Inpatient Hospital Services FFS	Laboratory and Radiology FFS	Long-Term Care Facility FFS	Other Medical Prof Services FFS	Outpatient Facility Services FFS	Physician Specialty Services FFS	Transportati on FFS	Reinsured Claims	Pharmacy FFS	TOTAL	Average Enrollment	Average Monthly Cost
2012-13 Budget														
FAMILY / ADULT	1.53	4.80	29.65	1.96	0.59	1.20	21.34	14.08	0.61	2.33	26.25	104.33	70,474	7,352,323
AGED	48.90	4.30	97.58	7.58	6.58	4.06	45.03	61.07	7.02	2.33	146.93	431.38	1,152	496,947
DISABLED	52.23	11.24	149.45	4.12	72.15	2.72	65.57	44.99	4.63	2.33	245.36	654.79	7,775	5,091,014
LONG TERM CARE	354.53	10.84	510.81	24.81	5,309.63	6.44	23.13	185.89	45.86	2.33	342.73	6,817.01	76	518,093
AGED DUAL	28.80	0.10	19.11	0.38	75.39	5.03	5.51	15.36	7.61	2.33	16.10	175.73	8,821	1,550,125
DISABLED DUAL	38.92	0.18	20.38	0.34	40.27	2.82	6.11	12.34	11.94	2.33	20.67	156.30	7,213	1,127,402
LTC DUAL	189.04	0.00	12.90	0.89	4,246.98	7.72	0.85	3.46	9.13	2.33	18.73	4,492.03	906	4,069,783
BCCTP	6.52	5.81	85.67	5.45	-	2.30	349.46	220.42	0.88	2.33	203.27	882.10	256	225,817
CBAS	-	-	-	-	1,060.15	-	-	-	-	2.33	-	1,062.48	751	797,922
	13.39	4.46	38.51	1.94	67.88	1.88	23.10	17.56	2.59	2.33	44.27	217.91	97,424	21,229,427
2011-12 Budget														
FAMILY / ADULT	1.52	4.75	29.40	1.94	0.59	1.19	21.16	13.96	0.60	0.91	26.03	102.05	74,975	7,650,980
AGED	48.48	4.27	96.75	7.52	6.53	4.02	44.65	60.56	6.96	0.91	145.69	426.34	1,250	532,926
DISABLED	51.79	11.14	148.19	4.08	71.54	2.69	65.02	44.61	4.59	0.91	243.30	647.87	7,774	5,036,570
LONG TERM CARE	351.54	10.75	506.51	24.60	5,264.88	6.38	22.94	184.32	45.48	0.91	339.84	6,758.16	70	473,071
AGED DUAL	28.55	0.10	18.95	0.38	74.75	4.99	5.46	15.23	7.54	0.91	15.97	172.85	9,118	1,576,044
DISABLED DUAL	38.59	0.17	20.21	0.34	39.93	2.80	6.06	12.24	11.84	0.91	20.50	153.58	7,396	1,135,905
LTC DUAL	187.45	0.00	12.79	0.88	4,211.18	7.65	0.84	3.43	9.06	0.91	18.57	4,452.77	873	3,887,271
BCCTP	6.46	5.76	84.94	5.41	-	2.28	346.51	218.56	0.87	0.91	201.56	873.26	250	218,316
	12.91	4.45	38.02	1.93	55.36	1.86	22.92	17.39	2.53	0.91	43.38	201.67	101,706	20,511,083

GOLD COAST HEALTH PLAN

FY 2012-13 BUDGET ASSUMPTIONS

Membership

Enrollment is assumed to remain steady, with negligible growth of about 0.3% annually. Under a new DHCS policy effective July 1, 2012, retroactive enrollment will no longer be processed. The policy should relieve the Plan of retroactively incurring claims, but will also result in the loss of revenue for this enrollment. The planned transition of Healthy Families to Medi-Cal, which was expected to result in the assignment approximately 16,000 Healthy Families members to the Plan, has been delayed until August 2013. The enrollment for Community Based Adult Services (CBAS) is expected to become effective in October 2012. There will be approximately 1,000 enrollees in this category. The total impact of these new programs on the Plan's enrollment is projected to be:

Beginning membership at July 1, 2012	96,540
CBAS, beginning October 1, 2012	1,000
Projected normal growth	268
Ending enrollment, June 30, 2013	97,808

Premium

Based on the recently released rate sheet from the DHCS, the Plan's premium revenue is expected to increase by about 3.9%. The increase will cause the overall gross revenue pmpm to average \$258.31 (using projected enrollment), up from the current rate of about \$248.45. However, due to the loss of revenue from retroactively, an assumed loss in revenue of about \$3.7 million for the year is expected (\$13.6 million offset by gains from CBAS of \$9.9 million).

Aid Category - Revenue pmpm	2011-12	2012-13
Adult/Family	131.64	145.93
Aged - Medi-Cal	521.14	562.01
Disabled - Medi-Cal	832.79	779.67
Long Term Care - Medi-Cal	7,027.51	7,215.22
Aged – Dual	233.79	172.20
Disabled – Dual	197.32	170.67
Long Term Care - Dual	4,494.06	4,786.99
BCCTP	1,062.47	1,135.32
Abortion (Family/Adult Only)	0.73	0.71
Total excluding CBAS	248.45	258.31
CBAS	N/A	1,102.56
Total	248.45	264.82

The premium rates do not reflect any reductions in accordance with AB97. During Fiscal Year 2011-12, the Plan reserved an amount of approximately 2.2% of gross premium in the event that repayments to the state would be required. For the budget, the Plan will continue to reserve a similar amount of premium until such time as the state provides a formal announcement of repeal or successful litigation.

Health Care Costs

For budget purposes, it is assumed that overall health care cost increases of 0.85% of current health care costs (which had been developed by Milliman using data provided by DHCS in the original model) can be allowed, which would enable the Plan to meet its regulatory capital requirements. While management fully recognizes that health care inflation is likely to exceed this rate, it is assumed that the addition of staff and other resources (as well as the acquisition of first-year experience) will translate into increased managed care savings. As payment patterns have been somewhat erratic, the ability to find meaningful trends or correlations has been problematic. Therefore, medical costs and IBNR will continue to be calculated using budgeted rates, based on the above rate assumptions. This methodology has again received confirmation by the Plan's actuaries, while the rates are subject to review and revisions, as new information is received. Using these assumptions, the rates are as follows:

Health Care Costs	2011-12	2012-13
All Other FFS	14.44	14.56
Emergency Room	5.00	4.99
Inpatient Hospital	42.61	43.11
Laboratory & Radiology	2.17	2.16
Long-Term Care Facility	62.65	69.46
Other Medical Professional	2.29	2.05
Outpatient Facility Services	25.71	25.83
Pharmacy	28.61	32.95
Physician Specialty Services	19.48	19.52
Transportation Services	2.82	2.79

The rates presented above are an overview, and do not directly translate to the aforementioned increases in comparing the two years. The projected rates were developed in detail, as a separate category of service for each aid category. The blended rates above are affected by membership mix and utilization within each aid category, and are presented as an average rate throughout the year. Also, it should be noted that the CBAS enrollees are treated as an addition to the Long-Term Care population. In addition, new re-insurance rates are known to be \$2.33 pmpm.

Capitation Payments to Providers

For the year beginning July 1, 2012, capitation is assumed to remain stable and continue with existing rates as contracted with providers. Renegotiation will be deferred until the 2013-14 fiscal year. Rates are as follows:

	<u>2012-13</u>
Adult/Family	8.38
Aged Medi-Cal	10.99
Disabled Medi-Cal	12.06

Capitation is paid for members who have selected a primary care physician. Not all members are required to select a PCP, and recent payment history shows that about 85% of the expected capitation amount translates to actual payments. It is assumed that this trend will continue.

Staffing and Salaries

After assessing long-term needs of the Plan, it has been determined that approximately 25 new positions are needed to support a new organizational structure. The Nursing/Case Management staff is expected to remain under ACS until the following fiscal year. The staffing levels as projected will ultimately result in having 55 FTEs under Gold Coast and 16 FTEs under ACS. There are also 7 additional positions that have been identified if business conditions proceed as expected. It is also assumed that the relationship with RGS will be severed effective September 1, 2012, necessitating an interim H/R consultant followed by the addition of a human resources FTE. Salaries are projected to be within market-anchored rates. The timing of hiring and the rates for specific positions are being developed as specific needs are more thoroughly analyzed. Merit increases of 2.1% per year are anticipated in November. Benefits (including payroll taxes) are assumed to follow existing rates, and average about 40% of salary rates.

Facilities

As the current office environment has become inadequate, a search for new facilities has been underway. However, it is assumed that a move will not occur until space has been identified along with all of the costs of the new lease and moving expenses. The projected space requirement is under analysis and will increase in relation to the number of new hires, using an allowance for future growth. In the current environment for office space, it is expected that any tenant improvements will be favorably negotiated with the final lease agreement, with little cost to the Plan.

Administrative Expenses

Expenses are projected using the current year's history, adjusted for the increase in FTEs where the usage is variable. The bulk of general office expenses are assumed to maintain stable levels, with the exception of known seasonal events (annual audits, timed printing and mailing of membership material). Additional computers and cubicle units will be required for new employees; the assumed total cost is \$85,800, incurred throughout the year as the new hires are added. Major purchases, deferred until the following fiscal year, include case management software. It is possible that software will be purchased (including implementation costs) that would be in the range of \$400,000-\$500,000. In addition, Milliman Guidelines software will be acquired during that period as well. In the event of a move to new facilities, GCHP will incur additional costs related to new computer and other equipment as well as a new phone system.

Tangible Net Equity

According to Title 28 CCR §1300.76, the Plan is allowed to use a phase-in approach in achieving its required TNE. This stair-step approach is as follows: 20% within 6 months, 36% within 12 months, 52% within 18 months, 68% within 24 months, 84% within 30 months and 100% within 36 months. At July 1, 2012, the Plan would be at the 36% step, followed by 52% at December 31, 2012, leading into the 68% step for the following year.

Forecast Risks

The budget in its current form allows the Plan to meet its TNE requirement of 68% by year end. While rates are still in development, the inherent risk is that the Plan may be unable to effectively manage its health care costs in response to the anticipated premium rate reduction in a manner that will achieve the TNE target. Other risks include:

- Premium rates have not been officially finalized by DHCS
- Premium rate reductions from AB97 larger than anticipated
- The inability to limit Provider Capitation rates to current levels
- Utilization rates exceeding historical averages
- New legislation or litigation requiring COHS to cover additional services or respond to new regulations

This is by no means an all-inclusive list, but shows that the current environment is able to produce various factors both within and outside the control of the Plan.