

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

DATE: Monday, May 23, 2011

TIME: 3:00-5:00 pm

PLACE: 2240 E. Gonzales Road, Suite 200, Oxnard CA 93036

AGENDA

Call to Order, Welcome and Roll Call

Public Comment / Correspondence

1. Approve Minutes – April 25, 2011 Meeting *Action Required*
2. Accept and File CEO Report *For Information*
3. Accept and File Financial Report *For Information*
4. Management Recommendations
 - a. Auto-Assignment Study Group Recommendations *Action Required*
 - b. Outpatient Pharmacy Reimbursement *For Information*
 - c. Resolution to Execute Contract with State *Action Required*

Comments from Commissioners

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

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT TRACI AT 805/981-5320. REASONABLE ADVANCE NOTIFICATION OF THE NEED FOR ACCOMMODATION PRIOR TO THE MEETING (48 HOURS ADVANCE NOTICE IS PREFERABLE) WILL ENABLE US TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THIS MEETING

**Ventura County Medi-Cal Managed Care Commission
(VCOMMCC) dba Gold Coast Health Plan (GCHP)
Commission Meeting Minutes
April 25, 2011
(Not official until approved)**

CALL TO ORDER

Chair Dial called the meeting to order at 3:05 p.m. in Suite 200 at the Ventura County Public Health Building located at 2240 E. Gonzales Road, Oxnard, CA 93036.

ROLL CALL

COMMISSION MEMBERS IN ATTENDANCE

David Araujo, MD, Ventura County Medical Center Family Medicine Residency Program
(arrived at 3:42 p.m.)

Maylee Berry, Medi-Cal Beneficiary Advocate

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

Lanyard Dial, MD, Ventura County Medical Association

Laurie Eberst, RN, Private Hospitals / Healthcare System

John Fankhauser, MD, Ventura County Medical Center Executive Committee

Robert Gonzalez, MD, Ventura County Health Care Agency

Rick Jarvis, Private Hospitals / Healthcare System

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

Kathy Long, Ventura County Board of Supervisors

Catherine Rodriguez, Ventura County Medical Health System

STAFF IN ATTENDANCE

Earl Greenia, CEO

Tin Kin Lee, Legal Counsel

Traci R. McGinley, Clerk of the Board

Charlie Cho, MD, Chief Medical Officer

Andre Galvan, Project Management Specialist

Guillermo Gonzalez, Government Affairs Director

Darlane Johnsen, Chief Financial Officer

Pamela Kapustay, RN, Health Services Director

Steven Lalich, Communications Director

Candice Limousin, Human Resources Director

Audra Lucas, Administrative Assistant

Lezli Stroh, Administrative Assistant

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

Chair Dial introduced and welcomed the two new members of the Commission: Laurie Eberst, RN, from St. Johns Medical Center and Robert Gonzalez, MD, from Ventura County Health Agency.

PUBLIC COMMENT / CORRESPONDENCE

David Cruz, Health Education League of America, stated that he did not believe the Plan's web site was up yet and the meeting notices and agendas should be easier to locate. Mr. Cruz emphasized that it was the Plan's job to get information out to the public; it is not the public's responsibility to get information out about the Plan. He stated that the Plan's staff had fallen short in advertising and he expressed his concern that funds have not been allocated for advertising.

Jackson Wheeler, Tri-Counties Regional Center, stated that his staff had received supportive cooperation from GCHP staff. ARC and other organizations associated with Tri-Counties have worked with GCHP staff and on several occasions doing outreach events and with presentations in English and Spanish. Individuals using Tri-Counties often use emergency rooms; Tri-Counties encourages the use of a primary care physician.

Terrie Stanley, Ventura County Health Agency, reminded the public that the Commission's first meeting was April 26, 2010 and presented a cake in celebration of all of the work the Commission has accomplished.

Asalia Bamera, (through Translator Lourdes González Campbell of Lourdes González Campbell and Associates provided by GCHP), expressed that the public needs information on what is taking place with the Plan. She added that currently does not receive Medi-Cal and there are low income people that do not qualify, but still need to receive information about all of the services and especially those free services currently available.

In response to the issues raised about the Plan's web site, CEO Greenia explained that staff has been posting the meeting agendas, and other information, on the Plan's website for several months (and until recently had also been posting the information on the County Health website). Commissioner Long suggested the public and Commissioners explore the website and give staff feedback.

1. APPROVAL OF MINUTES – MARCH 28, 2011

Commissioner Juarez moved to approve the March 28, 2011, minutes; Commissioner Berry seconded. The motion carried. **Approved 9-0**, Commissioner Long abstained.

2. CEO UPDATE

CEO Greenia announced that Dr. Cho accepted the appointment as Chief Medical Officer for the Plan. He also introduced the Plan's newest staff member, Dr. Lupe Gonzalez, Health Educator.

He continued, stating that there are 16 outreach events scheduled for April and so far 14 were held. Staff has also been meeting with public and elected officials in the area.

CEO Greenia recommended the Commission defer the Auto-Assignment Agenda Item. The Credentialing Committee had their first meeting. Staff is in the process of executing a contract with a vendor for radio advertisements.

Discussion was held between staff and the Commission that a majority of the outreach events were conducted in the evening.

After additional discussion was held with regard to having alternate times for meetings, there was consensus that staff would work with the Chairman to schedule quarterly evening Commission meetings.

No Commission action was required.

3. FINANCIAL REPORT

a. Updated Cash Flow

CFO Johnsen presented financial statements for both the pre-operational implementation period and the initial year of operations. CFO Johnsen presented Year One budget and highlighted the following:

- 1) Beginning negative net equity of \$4.4 million, net equity is positive by month nine.
- 2) Budget assumes a subordinated loan of \$3.5 million beginning in December 2011. With the loan, GCHP will meet all Total Net Equity requirements.
- 3) Projected monthly net income after tax of about \$700,000 per month; \$7.2 million annually.
- 4) 90% of after tax premium is spent on health care.
- 5) Premium taxes are approximately \$8.5 million annually; paid quarterly.
- 6) Positive cash flow from operations each month, except those months where premium taxes are paid.
- 7) At the end of year one, cash-on-hand is \$36 million; the equivalent of 45 days health care expense.

No Commission action was required.

4. MANAGEMENT RECOMMENDATIONS

a. Provider Marketing Policy

Commissioner Long moved to approve the Provider Marketing Policy, Commissioner Gonzalez seconded. The motion carried. **Approved 10-0.**

b. Auto-Assignment Study Group Recommendations

Item was deferred. Commissioner Araujo arrived.

c. Provider Advisory Committee

Commissioner Long moved to appoint Mr. Zaer to the Provider Advisory Committee, Commissioner Eberst seconded. The motion carried. **Approved 11-0.**

5. ANNUAL REVIEW OF COMMISSION BYLAWS

Chair Dial announced that the Executive / Finance Committee suggested the bylaws include the definition of the Executive / Finance Committee and information be added regarding dissolution of the VCOMMCC. Counsel Lee also suggested refining the definition of quorum, further discussion was held, as well as if any items required super-majority votes.

6. ELECTION OF VICE-CHAIR

Commissioner Juarez nominated Commission Gonzalez, Commissioners Long and Berry seconded, no other nominations being made the nominating closed. The motion carried.
Approved 11-0.

COMMENTS FROM COMMISSIONERS

The communication received from Rainbow Connection regarding the outreach was discussed, and staff was complimented on the job they are doing with outreach events.

A brief discussion was held regarding the Pharmacy & Therapeutics Committee, possible additional members and costs of medications.

ADJOURNMENT

The meeting adjourned at 4:12 p.m.



**Chief Executive's Monthly Report to Commission
May 23, 2011**

39 Days until Go-Live!

PEOPLE (Organizational Structure)

- We have added additional talent to our team:
 - Aimee Sziklai: Interim Director, Operations
 - Susanne Canino, Administrative Assistant, replaces Lezli Stroh who transfers into Provider Relations.
- Hires scheduled for early June include: Accounts Payable Specialist, Clinical Operations Assistant.
- Jim Swoben, our interim IT Director, resigned in late April. Our interim Project Manager, Don Gordon, has temporarily assumed those responsibilities.
- Recruitment and selection continues for: Sr. Claims Auditor, Health Services Coordinator/Case Managers, Quality Manager, and an IT Director.
- Acquired on-line education vehicle for all GCHP employees to address regulatory, and Compliance requirements, such as HIPAA and Fraud and Abuse.

SERVICE (Member & Provider Satisfaction, Government Relations)

- In May, we held 12 information sessions, attended 2 community sponsored events (Salvation Army Mayors' Prayer Luncheon: League of United Latin American Citizens California State Convention), placed print ads promoting our events in Vida and Ventura County Star and provided Spanish translation services during all of our presentations:
 - May 4: Presentation to the Ventura County Human Services Agency.
 - May 12: VCHCA's Magnolia Family Clinic in Oxnard.
 - May 19: Presentation to graduating seniors at the Camarillo R.O.P. class.
 - May 19: Ventura County WIC Program's all staff meeting.
 - May 20: California Self Directed Services, an organization dedicated to continuing the vision and work of California families and individuals with disabilities as expressed in the Lanterman Disabilities Services Act.
- Scheduled for later this month:
 - May 23: Ventura County Public Health Education nursing staff.
 - May 23: Presentation to VCHCA's Las Posas Family Medical Group in Camarillo.

- May 24: Health Fair at Westpark in Ventura.
 - May 25: Tri-Counties Regional Center's Simi Valley staff.
 - May 26: Health Insurance Counseling and Advocacy Program (HICAP).
 - May 26: VCHCA's 2011 AIDS Health Conference in Oxnard.
 - May 27: Lemonwood's Noche Mexicana Carnival
- **Outreach Campaign:** We executed a strategic market buy of radio time with advertising vendor Gold Coast Broadcasting, LLC. The pre-go-live advertising campaign begins Monday, May 23rd. This campaign will run for 6 consecutive weeks on 8 radio stations (104.7 KCAQ-FM, 105.5 KFYV-FM, 103.7 KMLA-FM, 95.9 KOCP-FM, 910 KOXR-AM, 1590 KUNX-AM, 102.9 KXLM-FM, 96.7 KLJR-FM) with each station running 45 60-second commercials per week for a total of 270 commercials per station, and an 8 station 6 week schedule for a total of 2,160 commercials. In the Metro Area (Oxnard, Camarillo, Ventura, Port Hueneme, Santa Paula, Fillmore, Ojai), the six week schedule will reach 266,500 listeners (ages 12 and above) an average of 21 times. In the Total Survey Area (TSA), which is the rest of the County, this schedule will reach an additional 163,900 listeners (ages 12 and above) an average of 15 times.
 - Additionally, we will promote the Plan on "La Hora Mixteca" hosted by Fabian Alfaro on KUNX 1590AM. This weekly Independent radio show will run for 6 weeks in 1 hour segments. Coupled with his weekly show, the program will showcase Gold Coast Health Plan's educational efforts to the Mixteco Community by providing a unique platform to present Mixteco listeners with information on the Plan.
 - Health Educator and Communications Director are developing a member newsletter.
 - Member Handbook and PCP Directory sent for printing and mailing to members.
 - Member Service Center opened and accepting calls.
 - Participated in various trade association conference calls including the California Association of Health Plans, California Association of Health Insurance Organizations, and the Association for Community Affiliated Plans. Of particular note is the State's proposal to transition Healthy Families Program beneficiaries to Medi-Cal in early 2012. The General Fund savings are estimated at \$31 million.
 - Continued outreach to elected offices including Congressional, Ventura County Supervisors, and State Senate and Assembly Representatives
 - Sponsorship of a table at the Annual League of United Latin American Citizens (LULAC). GCHP invited and received confirmation that the following elected officials and community leaders will be guests of GCHP at the LULAC Banquet: Assemblyman Das Williams, Ventura County Supervisor Kathy Long, Oxnard Mayor Tom Holden, Sandy Young- President and CEO of Mixteco Indigena Community Organizing Project (MICOP), Mike Powers, CEO, Ventura County, Drs. Lanyard and Mary Dial.

- The first meeting of the Consumer Advisory Committee is scheduled for June 15.
- The Auto-Assignment study group met again on May 18; their recommendations are included in this packet for Commission consideration and approval.

QUALITY (Comprehensive Medical Management)

- Some local independent pharmacies have voiced concern that reimbursement rates proposed by our pharmacy benefits manager, Script Care, are below their cost. A separate memorandum is included with this month’s report.
- To date, 33 facility site reviews (FSR) have been completed. The DHCS Readiness Review is scheduled for May 24- 26. A team from the State will conduct a validation readiness review at those contracted PCP offices that have completed a FSR.
- Medical management forms (pre-authorization, referral, admission notification, etc.) have been finalized.
- Utilization Management workflows and processes will be finalized soon.
- Pre-authorization list and referral guidelines are complete and being tested.
- The first meeting of the Pharmacy and Therapeutics Committee was held on May 19.
- The first meeting of the Quality Assurance Committee is scheduled for June 2.

ACCESS (Robust Provider Network)

- Provider Manual is nearly complete and will be distributed before the month ends.
- We are finalizing materials for the provider-office education sessions.
- The first meeting of the Provider Advisory Committee has been scheduled for June 9.
- As of May 19, our contracted provider network consists of:

Provider Type	Number of Contracts	Number of Providers
Primary Care Providers	27	181 Physicians plus 190 Mid-Level Practitioners
Specialist Physicians	61	1,748
Hospitals	8	10
Long-Term Care Facilities	15	15
Laboratories	3	13
Pharmacies	1 (ScriptCare)	96
Home Health / Hospice	7	9
Other Ancillary Providers	79	110

FINANCE (Optimize Rates, Ensure Long-Term Viability)

Recent accomplishments for the finance function include:

- Created test plan for claims system; plan execution to be completed by mid-June.
- Developed pre-payment audit program for quality assurance of Claims.
- Interim Senior Claims Auditor hired to manage quality control of claims processing and to develop and audit reports for recovering overpayments.

- ACS performed a week long on site visit at GCHP to review finance, claims, and provider data management operations.
- Successfully negotiated a \$2.2M subordinated line of credit with the County of Ventura to address tangible net equity requirements.

GO-LIVE STATUS

- The California Department of Health Care Services gave the official “green light” to our July 1 go-live date. This clearly illustrated that we satisfactorily resolved their previously-cited concerns with financial viability (tangible net equity/cash reserves in particular) and adequacy of the contracted provider network.
- As of May 19, 87% of our “deliverables” have been approved by the State.
- A resolution authorizing acceptance and execution of the State contract is included in this month’s Commission agenda.

Respectfully submitted,

Earl G. Greenia
Chief Executive Officer

Ventura County Organized Health System

Pro Forma
Balance Sheet Projections

	Start Up Date	1-Jul-11	31-Jul-11	31-Aug-11	30-Sep-11	31-Oct-11	30-Nov-11	31-Dec-11	31-Jan-12	29-Feb-12	31-Mar-12	30-Apr-12	31-May-12	30-Jun-12
Assets														
Cash and Cash Equivalents	70,007	11,136,685	20,467,577	14,491,783	17,968,338	19,489,486	20,542,502	21,283,500	21,790,399	22,141,252	22,335,797	22,452,220	22,490,388	22,528,621
Net Property & Equipment	99,290	97,635	95,980	4,087,426	5,087,993	5,497,034	5,794,039	6,003,038	6,146,010	6,244,989	6,299,840	6,332,677	6,343,443	6,354,227
Total Assets	169,297	11,234,320	20,563,557	2,223,334	2,185,001	2,146,668	2,108,335	2,070,002	2,031,669	1,993,336	1,955,003	1,916,670	1,878,337	1,840,004
Liabilities														
Claims Liability - IBNR	0	8,279,943	14,491,783	1,162,349	1,745,006	583,648	1,168,288	1,753,922	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Claims Liability - Claims Payable	0	2,335,369	4,087,426	0	0	0	0	0	0	0	0	0	0	0
ACS Implementation Payment	2,300,000	2,261,667	2,223,334	250,000	225,000	200,000	175,000	150,000	125,000	100,000	75,000	50,000	25,000	0
Quality Improvement Fee Tax Liability	0	580,681	1,162,349	1,018,960	977,293	935,626	893,959	852,292	810,625	768,958	727,291	685,624	643,957	602,290
Subordinated Loan	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Short Term Loan	300,000	275,000	250,000	1,018,960	977,293	935,626	893,959	852,292	810,625	768,958	727,291	685,624	643,957	602,290
Accounts Payable	1,996,871	1,060,627	1,018,960	0	0	0	0	0	0	0	0	0	0	0
Accrued Vacation / Sick Time	4,596,871	14,793,287	23,233,852	23,233,852	28,168,631	28,852,462	30,682,123	34,312,754	33,690,332	34,622,771	35,355,813	34,226,817	34,761,360	35,297,030
Total Liabilities		(4,427,574)	(4,427,574)	(4,427,574)	(4,427,574)	(4,427,574)	(4,427,574)	(4,427,574)	(4,427,574)	(4,427,574)	(4,427,574)	(4,427,574)	(4,427,574)	(4,427,574)
Net Worth		868,607	1,757,279	1,757,279	2,661,484	3,574,560	4,493,120	5,420,424	6,348,594	7,279,612	7,997,603	8,709,447	9,662,885	10,500,253
Paid in Surplus/Common Stock	0	868,607	1,757,279	1,757,279	2,661,484	3,574,560	4,493,120	5,420,424	6,348,594	7,279,612	7,997,603	8,709,447	9,662,885	10,500,253
Unassigned Surplus	0	(3,558,967)	(2,670,295)	(2,670,295)	(1,766,080)	(853,014)	65,546	992,850	1,921,020	2,852,038	3,570,029	4,281,873	5,235,311	6,072,679
Total Liabilities & Net Worth	169,297	11,234,320	20,563,557	20,563,557	26,402,551	27,999,448	30,747,669	35,305,604	35,611,352	37,474,810	38,925,842	38,508,690	39,996,691	41,369,709
Statement of Retained Earnings														
Beginning Retained Earnings	(4,427,574)	(4,427,574)	(3,558,967)	(3,558,967)	(2,670,295)	(1,766,080)	(853,014)	65,546	992,850	1,921,020	2,852,038	3,570,029	4,281,873	5,235,311
Add: Net Income (Loss)	0	868,607	888,672	888,672	904,214	913,066	918,560	927,305	928,169	931,019	717,991	711,844	953,438	837,368
Ending Retained Earnings	(4,427,574)	(3,558,967)	(2,670,295)	(2,670,295)	(1,766,080)	(853,014)	65,546	992,850	1,921,020	2,852,038	3,570,029	4,281,873	5,235,311	6,072,679

Projections based on preliminary payment rates received from DHCS on 1/14/2011.
These are not predictions; they are projected results if a specific set of assumptions is realized.
See attached document for summary of key assumptions.
Actual results will vary due to a wide variety of random and non-random factors.

Ventura County Organized Health System
Pro Forma
Statement of Revenue and Expenses

	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Totals
Members													
Revenues													
Premium	24,709,834	24,751,840	24,793,919	24,836,068	24,878,290	24,920,583	24,962,948	25,005,385	25,047,894	25,090,475	25,133,129	25,175,855	299,306,219
Investment Income	9,700	27,364	40,503	46,946	50,711	57,041	61,256	63,137	66,010	67,327	67,839	70,319	628,153
Total Revenues	24,719,534	24,779,204	24,834,422	24,883,014	24,929,001	24,977,624	25,024,204	25,068,522	25,113,904	25,157,802	25,200,968	25,246,174	299,934,372
Cost of Health Care													
Claims													
Inpatient	10,148,078	10,165,330	10,182,611	10,199,922	10,217,261	10,234,631	10,252,030	10,269,458	10,286,916	10,304,404	10,321,922	10,339,469	122,922,032
Outpatient	2,484,187	2,488,411	2,492,641	2,496,879	2,501,123	2,505,375	2,509,634	2,513,901	2,518,174	2,522,455	2,526,743	2,531,039	30,090,562
Professional	2,876,409	2,881,299	2,886,198	2,891,105	2,896,019	2,900,943	2,905,874	2,910,814	2,915,762	2,920,720	2,925,685	2,930,657	34,841,485
Pharmacy	3,870,711	3,877,291	3,883,883	3,890,485	3,897,099	3,903,724	3,910,361	3,917,008	3,923,667	3,930,337	3,937,019	3,943,712	46,885,292
Other	1,935,659	1,938,949	1,942,246	1,945,547	1,948,854	1,952,168	1,955,487	1,958,811	1,962,141	1,965,477	1,968,818	1,972,165	23,446,322
Total	21,315,044	21,351,280	21,387,579	21,423,938	21,460,356	21,496,841	21,533,386	21,569,992	21,606,660	21,643,393	21,680,187	21,717,042	258,185,688
Reinsurance Recoveries	0	0	0	0	0	0	0	0	0	0	0	0	0
Plan Shared Risk Incentive	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cost of Health Care	21,315,044	21,351,280	21,387,579	21,423,938	21,460,356	21,496,841	21,533,386	21,569,992	21,606,660	21,643,393	21,680,187	21,717,042	258,185,688
Administrative Expenses													
General Administration	965,437	966,733	968,031	969,331	970,647	971,951	973,296	973,438	973,431	973,431	973,431	973,431	12,164,898
Info Systems License Fees & Maintenance	9,070	9,070	9,070	9,070	9,070	9,070	9,070	9,070	9,070	9,070	9,070	9,070	108,840
Scripture Fees	558,434	559,384	560,334	561,287	562,241	563,197	564,154	565,114	566,074	567,037	568,001	568,966	6,764,223
Salaries and Benefits	308,578	308,578	308,578	308,578	309,251	309,251	311,171	313,796	318,446	327,146	328,092	329,066	3,780,530
Medical Management Fees	106,508	106,689	106,870	107,052	107,234	107,416	107,599	107,782	107,965	108,149	108,333	108,517	1,290,114
Consultants	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
Depreciation	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655	19,858
Interest Expense	520	477	433	390	347	303	4,073	4,030	3,987	3,943	3,900	3,857	26,261
Administration Total	1,955,202	1,957,584	1,959,971	1,962,362	1,965,445	1,967,844	1,976,019	1,979,884	2,000,627	2,212,940	1,976,714	2,100,132	24,214,724
Total Expenses	23,270,246	23,308,864	23,347,550	23,386,300	23,425,801	23,464,685	23,509,405	23,549,876	23,807,287	23,856,333	23,656,901	23,817,174	282,400,422
Income Before MCO Tax	1,449,288	1,470,340	1,486,871	1,496,714	1,503,200	1,512,939	1,514,798	1,518,646	1,306,617	1,301,470	1,544,067	1,429,001	17,533,951
MCOTax	580,681	581,668	582,657	583,648	584,640	585,634	586,629	587,627	588,626	589,626	590,629	591,633	7,033,698
Income After MCO Tax	868,607	888,672	904,214	913,066	918,560	927,305	928,169	931,019	717,991	711,844	953,438	837,368	10,500,253
Cumulative After Tax Income	868,607	1,757,279	2,661,494	3,574,560	4,493,120	5,420,424	6,348,594	7,279,612	7,997,603	8,709,447	9,662,885	10,500,253	10,500,253

Projections based on preliminary payment rates received from DHCS on 1/14/2011.
These are not predictions; they are projected results if a specific set of assumptions is realized.
See attached document for summary of key assumptions.
Actual results will vary due to a wide variety of random and non-random factors.

Ventura County Organized Health System

Pro Forma
Monthly Cash Flow Projection

	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12
Cash Flow From Operating Activities												
Collected Premium	24,709,834	24,751,840	24,793,919	24,836,068	24,878,290	24,920,583	24,962,948	25,005,385	25,047,894	25,090,475	25,133,129	25,175,855
Interest Received	9,700	27,364	40,503	46,946	50,711	57,041	61,256	63,137	66,010	67,327	67,839	70,319
Paid Claims	(5,956,377)	(7,338,267)	(8,600,081)	(9,507,087)	(9,737,421)	(9,896,756)	(10,020,667)	(10,109,093)	(10,197,669)	(10,250,701)	(10,303,822)	(10,321,340)
Inpatient	(24,842)	(524,721)	(1,382,074)	(2,015,488)	(2,167,965)	(2,271,018)	(2,349,405)	(2,403,083)	(2,456,852)	(2,485,870)	(2,514,938)	(2,519,212)
Outpatient	(628,445)	(1,243,563)	(1,969,726)	(2,490,237)	(2,618,590)	(2,705,788)	(2,772,446)	(2,818,533)	(2,864,697)	(2,890,254)	(2,915,855)	(2,920,810)
Professional	(3,870,711)	(3,877,291)	(3,883,883)	(3,890,485)	(3,897,099)	(3,903,724)	(3,910,361)	(3,917,008)	(3,923,667)	(3,930,337)	(3,937,019)	(3,943,712)
Pharmacy	(19,357)	(406,521)	(1,084,693)	(1,570,452)	(1,689,260)	(1,769,558)	(1,830,636)	(1,872,463)	(1,914,359)	(1,936,971)	(1,959,619)	(1,962,951)
Other	(1,953,547)	(1,955,930)	(1,958,316)	(1,960,707)	(1,963,790)	(1,966,189)	(1,974,365)	(1,978,229)	(1,982,972)	(2,211,285)	(1,975,059)	(2,098,477)
Paid Administration	(999,577)	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)
Repay Initial Liabilities	0	0	0	0	0	0	0	0	0	0	0	0
MCO Taxes Paid	11,066,678	9,330,892	5,840,648	1,745,006	2,749,876	2,359,591	(1,753,922)	1,865,113	1,452,687	(1,762,882)	1,489,656	1,374,673
Net Cash Provided by Operating Activities	11,066,678	9,330,892	5,840,648	1,598,552	2,749,876	2,359,591	307,402	1,865,113	1,452,687	(415,498)	1,489,656	1,374,673
Net Cash Flow	70,007	11,136,685	20,467,577	26,308,225	27,906,777	30,656,653	35,216,243	35,523,646	37,388,758	38,841,446	38,425,948	39,915,604
Cash and Cash Equivalents (Beg. of Period)	11,136,685	20,467,577	26,308,225	27,906,777	30,656,653	33,016,243	35,523,646	37,388,758	38,841,446	38,425,948	39,915,604	41,290,277
Cash and Cash Equivalents (End of Period)	868,607	888,672	904,214	913,066	918,560	927,305	928,169	931,019	717,991	711,844	953,438	837,368
Depreciation	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655
Amortization	0	0	0	0	0	0	0	0	0	0	0	0
Decrease/(Increase) in Receivables/(Payables)	(999,577)	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)
Changes in Withhold / Risk Incentive Pool	0	0	0	0	0	0	0	0	0	0	0	0
Change in Income Tax Liability	580,681	581,968	582,657	(1,161,358)	584,640	585,634	(1,167,293)	587,627	588,626	(1,173,256)	590,629	591,633
Changes in Claims Payable	2,335,369	1,752,057	980,567	429,041	297,005	208,989	142,972	98,959	54,871	32,837	10,766	10,784
Changes in IBNR	8,279,943	6,211,840	3,476,555	1,521,148	1,053,016	740,998	506,899	350,853	194,545	116,423	38,168	38,233
Net Cash Flow from Operating Activities	11,066,678	9,330,892	5,840,648	1,598,552	2,749,876	2,359,591	307,402	1,865,113	1,452,687	(415,498)	1,489,656	1,374,673

Ventura County Organized Health System

Pro Forma
Minimum Tangible Net Equity

	Start Up Date	31-Jul-11	31-Aug-11	30-Sep-11	31-Oct-11	30-Nov-11	31-Dec-11	31-Jan-12	29-Feb-12	31-Mar-12	30-Apr-12	31-May-12	30-Jun-12
Monthly	1-Jul-11												
Members	0	97,714	97,880	98,046	98,213	98,380	98,547	98,715	98,883	99,051	99,219	99,388	99,557
Premium	0	24,709,834	24,751,840	24,793,919	24,836,068	24,878,290	24,920,583	24,962,948	25,005,385	25,047,894	25,090,475	25,133,129	25,175,855
Annualized													
Members	0	1,172,565	1,174,559	1,176,555	1,178,555	1,180,559	1,182,566	1,184,576	1,186,590	1,188,607	1,190,628	1,192,652	1,194,680
Premium	0	296,518,005	297,022,086	297,527,023	298,032,819	298,539,475	299,046,992	299,555,372	300,064,616	300,574,726	301,085,703	301,597,549	302,110,265
Total Assets													
Liabilities (excl. subordinated loan)	169,297	11,234,320	20,563,557	26,402,551	27,999,448	30,747,669	35,305,604	35,611,352	37,474,810	38,925,842	38,508,690	39,896,691	41,369,709
Net Equity	4,596,871	14,793,287	23,233,852	28,168,631	28,852,462	30,682,123	32,112,754	31,490,332	32,422,771	33,155,813	32,026,817	32,561,380	33,097,030
Tangible Net Equity	(4,427,574)	(3,558,967)	(2,670,295)	(1,766,080)	(853,014)	65,546	3,192,850	4,121,020	5,052,038	5,770,029	6,481,873	7,435,311	8,272,679
	(4,427,574)	(3,558,967)	(2,670,295)	(1,766,080)	(853,014)	65,546	3,192,850	4,121,020	5,052,038	5,770,029	6,481,873	7,435,311	8,272,679
Required Minimum TNE*													
Required Minimum TNE, not reflecting Phase-In	1,000,000	15,843,497	15,860,231	15,876,985	15,893,785	15,910,603	15,927,452	15,944,330	15,961,234	15,978,169	15,995,132	16,012,124	16,029,144
Required Minimum TNE, reflecting Phase-In	0	0	0	0	0	0	3,185,490	3,188,866	3,192,247	3,195,634	3,199,026	3,202,425	5,770,492
Excess TNE	(4,427,574)	(3,558,967)	(2,670,295)	(1,766,080)	(853,014)	65,546	7,360	932,154	1,859,792	2,574,395	3,282,846	4,232,886	2,502,187

* Defined in Article 9,
paragraph 1300.76.

Ventura County Organized Health System
Administrative Expense Details

	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Total
Total Salaries + Benefits	308,578	308,578	308,578	308,578	309,251	309,251	311,171	313,796	318,446	327,146	328,092	329,066	3,780,530
Other General Administration Expenses													
Other Employees Expenses	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	78,000
RGS Fees	20,200	20,200	20,200	20,200	20,213	20,213	20,251	20,304	20,397	20,571	20,590	20,609	243,947
ACS Fees	871,334	872,630	873,928	875,228	876,530	877,835	879,142	880,451	881,762	883,075	885,391	860,709	10,492,014
Scriptcare Fees	558,434	559,384	560,334	561,287	562,241	563,197	564,154	565,114	566,074	567,037	568,001	568,966	6,764,223
Medical Management Fees	106,508	106,689	106,870	107,052	107,234	107,416	107,599	107,782	107,965	108,149	108,333	108,517	1,290,114
Consultants	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
Other Professional Services	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	140,000	360,000
Occupancy Office Lease	14,640	14,640	14,640	14,640	14,640	14,640	14,640	13,420	13,420	13,420	13,420	13,420	169,580
Insurance	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
Info Systems Maintenance (hdwr. & software)	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	21,600
Info Systems License Fees	7,270	7,270	7,270	7,270	7,270	7,270	7,270	7,270	7,270	7,270	7,270	7,270	87,240
Telecommunications	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518	18,216
Printing	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	357,589
Postage	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	219,611	5,000	5,000	274,611
Supplies	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400	88,800
Travel	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Miscellaneous Operating Costs	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Interest Expense	520	477	433	390	347	303	4,073	4,030	3,987	3,943	3,900	3,857	26,261
	1,646,624	1,649,007	1,651,394	1,653,785	1,656,193	1,658,593	1,664,848	1,666,088	1,882,182	1,885,793	1,648,622	1,771,066	20,434,194
TOTAL	1,955,202	1,957,584	1,959,971	1,962,362	1,965,445	1,967,844	1,976,019	1,979,884	2,200,627	2,212,940	1,976,714	2,100,132	24,214,724
Total as % of Premium	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	8.8%	8.8%	7.8%	8.3%	8.1%



AGENDA ITEM 4A

To: Ventura County Medi-Cal Managed Care Commission

From: Earl Greenia, CEO

Date: May 23, 2011

RE: Auto-Assignment Policy

BACKGROUND

After establishing eligibility and upon enrollment into the plan, members are requested to select a Primary Care Provider (Physician or Clinic). In the event that a member does not timely select a PCP, the plan will assign the member to a provider. The Commission requested that a study group review issues related to the definition of “traditional provider” and the policy for auto assignment.

RECOMMENDATION

The study group met on April 20, 2011 and again on May 18 to discuss the issue. It was recognized that a member has the right to change his/her Primary Care Physician whether self-selected or “auto-assigned” by notifying the plan, thus preserving the member’s freedom of choice. It was also recognized that the assignment process must give appropriate consideration to various member-specific factors, such as: zip code of Member’s residence, age, gender, and language.

The group developed the following recommendations:

- 1) That “Safety Net Provider” refers only to recognized disproportionate share hospitals (DSH), federally qualified health centers (FQHC), and rural health centers (RHC).
- 2) That “Traditional Provider” refers to those providers that have served Ventura County Medi-Cal beneficiaries for at least three years, and with a patient population / payor mix of at least 30% Medi-Cal and/or uninsured/charity care.
- 3) That “Non-Traditional Provider” refers to those providers that have served Ventura County Medi-Cal beneficiaries for at least one year.
- 4) That participation in the auto-assignment panel is limited to Safety Net Providers or Traditional Provider as defined above.
- 5) That assignment be weighted: Safety Net Providers will be assigned two members for every one member assigned to Traditional Providers.



**Gold Coast
Health Plan**SM
A Public Entity

AGENDA ITEM 4B

To: Ventura County Medi-Cal Managed Care Commission

From: Earl Greenia, CEO

Date: May 23, 2011

RE: Managed Care Medi-Cal Pharmacy Costs and Reimbursement

Issue

Some local independent pharmacies have voiced concern that reimbursement rates, specifically, that dispensing fees, proposed by GCHP's pharmacy benefits manager (PBM) Script Care LTD (SCL) are below their cost. There was some misunderstanding about contract terms; for example, some thought that the dispensing fee was being completely eliminated.

Transition from Fee-for-Service to Managed Care Medi-Cal

In a fee-for-service reimbursement system, utilization management or cost containment measures are limited. This contributes to costs (and reimbursement) that is significantly higher than rates in a managed care system.

According to the U.S. Government Accountability Office, prescription drugs and hospitalizations are the fastest-growing cost areas for Medicaid Programs. Policy makers at the federal and state level are keenly focused on ways to reduce Medi-Cal spending growth. Containment of prescription drug costs is one of the primary ways that Congress and State Legislators have identified to meet budget reduction targets. The Medicaid Commission established by the Department of Health and Human Services recommended cutting \$10 billion in Medicaid spending over the next five years. Among the Medicaid Commission's recommendations were that states eliminate the use of an AWP-based reimbursement formula and use actual sales price data. The Commission also recommended setting dispensing fees comparable to commercial market rates.

California's Medi-Cal Program and 48 other state Medicaid Programs use the Average Wholesale Price (AWP) as a reference benchmark to pay for prescription drugs. AWP's are self-reported by drug manufacturers; they are essentially "suggested" prices and may not reflect actual acquisition costs paid by retail pharmacies. In essence the method allows drug manufacturers to set the reimbursement price. The limitations of the

AWP methodology are recognized by commercial and government insurers and reimbursement to providers is adjusted. Medi-Cal Program bases its reimbursement formula on a fixed discount from AWP plus a fixed dispensing fee. Historically, most independent pharmacies in Ventura County have received a Medi-Cal reimbursement of AWP minus 17% plus \$7.25 dispensing fee per prescription. The average reimbursement paid to retail pharmacies by commercial plans is AWP minus 17.5% plus a dispensing fee between \$1.25 and \$1.75. The \$7.25 dispensing fee, under the current Medi-Cal fee-for-service model, is nearly five times the average fee of \$1.50. A survey of other California county organized health systems (COHS) found that reimbursements range between AWP minus 17 to 19% plus dispensing fees between \$0.75 and \$1.50. The rates offered by SCL to pharmacists in Ventura County are consistent with rates found in a managed care market.

It is estimated that the total reimbursement to Ventura County pharmacies under managed care will be approximately 7 to 10% less than the amount received under the fee-for-service model. A simple example follows for illustrative purposes:

	Fee-for-Service	Managed Care
AWP	85.00	85.00
Payment for Product *	70.55	70.04
Dispensing Fee	<u>7.25</u>	<u>1.25</u>
Total Reimbursement +	77.80	71.29
Cost of Product	<u>67.32</u>	<u>67.32</u>
Profit	10.48	3.97
Profit as Percent of Cost	15.6%	5.9%

* Assumes AWP discount changes from 17% to 17.6%

+ In this example total reimbursement declines 8.4%

About Script Care

Script Care, LTD (SCL) as GCHP's PBM partner, must maintain beneficiary quality of care, control pharmacy expenditures and reduce administrative cost. In response to this need, Script Care LTD (SCL) designed a solution that combines a proven technological platform, in-depth clinical expertise, a national network of pharmacy providers, excellent customer service and experienced staff. SCL has provided customized pharmacy programs since 1986 and has extensive experience in public sector pharmacy benefit programs. SCL has succeeded in conserving limited financial resources while continually improving access to pharmaceuticals through an extensive pharmacy network of over 62,000 pharmacies nationwide. SCL also provides mail order pharmacy

services and specialty pharmacy services. Beneficiaries are able to locate a participating pharmacy through a web portal or by calling their 24/7 customer service center. SCL’s approach, which incorporates innovative technological and clinical solutions designed to improve outcomes and health of clients, offers GCHP a low-risk, high-return option to enhance its offering and provide cost savings needed to maintain and enhance the viability of the program.

On June 1, Script Care will open an Oxnard Regional Office dedicated to GCHP located at 1701 Solar. Script Care has been in the process over the past several weeks hiring up to 20 employees locally. Local staff will include Clinical Management, Customer Service and Account Management.

Recent Action

Over the last two weeks, SCL has met with the local pharmacy owners/managers that have voiced concern about the rates. SCL explained the transition from fee-for-service and contract details.

As of May 20, Script Care has made excellent progress in contracting with Ventura County pharmacies:

	Contracts Offered	Contracts Accepted
Part of “Chain”	84	63
Independent	39	33
Total	123	96

RESOLUTION 2011-_____

**A RESOLUTION OF THE VENTURA COUNTY MEDI-CAL
MANAGED CARE COMMISSION AUTHORIZING THE
CHIEF EXECUTIVE OFFICER TO APPROVE AND
EXECUTE CONTRACTS WITH STATE FOR SERVICES
TO BE PROVIDED BY GOLD COAST HEALTH PLAN**

WHEREAS, the Ventura County Medi-Cal Managed Care Commission hereby accepts the contract to provide health care services to eligible Medi-Cal recipients within the scope of Medi-Cal benefits as defined in the contents of this Contract. No. 10-87128; and

WHEREAS, the Ventura County Medi-Cal Managed Care Commission hereby accepts the companion contact to 10-87128, hereafter referred to as "Primary Contract" to cover specific State only funded health care services to Medi-Cal beneficiaries. The State Supported Services shall be provided in the same manner as described in the Primary Contract under Exhibit "A", Attachment 9, Access and Availability. No. 10-87129.

NOW, THEREFORE, BE IT RESOLVED by the Ventura County Medi-Cal Managed Care Commission dba Gold Coast Health Plan, hereby authorizes the Chief Executive Officer the authority to approve and execute said contracts.

PASSED, APPROVED AND ADOPTED by the Ventura County Medi-Cal Managed Care Commission dba Gold Coast Health Plan at a regular meeting on the 23rd day of March, 2011 by the following vote:

Lanyard Dial, Chair

Attest:

Traci R. McGinley, Clerk of the Board