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

2240 E. Gonzales, Suite 200, Oxnard, CA 93036
Monday, July 22, 2013
3:00 p.m.

AGENDA

CALL TO ORDER / ROLL CALL

PUBLIC COMMENT

1. **APPROVE MINUTES**
   a. Regular Meeting of June 24, 2013

2. **ACCEPT AND FILE ITEMS**
   a. CEO Update
   b. May Financials

3. **INFORMATIONAL ITEMS**
   a. State Budget Update
   b. Health Services Update
   c. CMO Update
   d. Plan-to-Plan Contract Approval Update
   e. Healthy Families Transition / Outreach Update

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, 1701 LOMBARD STREET, SUITE 100, OXNARD, CA.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT TRACI AT 805/889-6900. 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 July 22, 2013 Commission Meeting Agenda *(continued)*
PLACE: 2240 E. Gonzalez, Room 200, Oxnard, CA
TIME: 3:00 p.m.

CLOSED SESSIONS

Closed Session Conference with Legal Counsel – Anticipated Litigation significant exposure to litigation pursuant to Government Code section 54956.9. (One case)

Announcement from Closed Session, if any.

COMMENTS FROM COMMISSIONERS

ADJOURNMENT

Unless otherwise determined by the Commission, the next regular meeting of the Commission will be held on August 26, 2013 at 3:00 p.m. at 2240 E. Gonzales Road, Suite 200, Oxnard CA 93036

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

June 24, 2013

(Not official until approved)

CALL TO ORDER

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

ROLL CALL

COMMISSION MEMBERS IN ATTENDANCE
David Araujo, MD, Ventura County Medical Center Family Medicine Residency Program
May Lee Berry, Medi-Cal Beneficiary Advocate
Anil Chawla, MD, Clinicas del Camino Real, Inc.
Lanyard Dial, MD, Ventura County Medical Association
Laurie Eberst, Private Hospitals / Healthcare System
John Fankhauser, MD, Ventura County Medical Center Executive Committee
David Glyer, Private Hospitals / Healthcare System
Robert Gonzalez, MD, Ventura County Health Care Agency

EXCUSED / ABSENT COMMISSION MEMBERS
Peter Foy, Ventura County Board of Supervisors
Robert S. Juarez, Clinicas del Camino Real, Inc.
Catherine Rodriguez, Ventura County Medical Health System

STAFF IN ATTENDANCE
Michael Engelhard, CEO
Nancy Kierstyn Schreiner, Legal Counsel
Michelle Raleigh, CFO
Traci R. McGinley, Clerk of the Board
Melissa Scrymgeour, IT Director
Ruth Watson, COO
Charlie Cho, MD, Chief Medical Officer
Brandy Armenta, Compliance Officer
Sherri Bennett, Provider Network Manager
Julie Booth, QI Director
Lupe Gonzalez, Manager of Health Education & Disease Management
Steven Lalich, Communications Manager
Debbie Reiger, Consultant
Lyndon Turner, Finance Manager
Cassie Undlin, Consultant
Nancy Wharfield, MD, Medical Director Health Services

Chair Gonzalez recognized that this was to be the last meeting for Commissioner Rodriguez; however at the last minute she was unable to attend. She requested Chair Gonzalez convey her pleasure of being a part of the process and this Commission since the inception.

The Pledge of Allegiance was recited.

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

PUBLIC COMMENT

Comment #1
Dr. Enrique De La Garza, Chief Executive Officer of Americas Health Plan (AHP), announced that AHP's license was finalized a couple months ago and is now a full service health plan servicing Ventura County. AHP is working with GCHP to get their Plan to Plan contract finalized.

Comment #2
Arnold Torres, AHP Senior Vice-President of Government Relations, noted that AHP was licensed by the Department of Managed Care in April and was ready to begin operations. He explained that he was responding to discussion that was held at the last meeting regarding the Kaiser Contract and Healthy Family Transition. He explained that AHP went through the very lengthy and thorough process of obtaining an HMO license in the State of California. He noted that the process was probably greater than normal because there was an audit of both the Department of Health Care Services and Department of Managed Care regarding their oversight of plans in the State of California and the audit was not necessarily complimentary to both entities. As a consequence, he believes both entities have gone to another level of scrutiny. Mr. Torres expressed concern that AHP had gone through and completed the licensure process; however, was still unable to generate revenue pending / awaiting approval of the Plan-to-Plan agreement by the State. He requested that an item be placed on the next meeting agenda for discussion and status update of the Plan-to-Plan Contract and the issues with the State of California.

Mr. Torres explained that he was arranging a meeting with the Department of Health Care Services and several state assembly representatives of Ventura County (AHP's service area), in an attempt to determine why this delay is taking place. He added that AHP believes the delay is affecting the quality of care of the patients.

Mr. Torres noted that the Commission was aware that GCHP has had a number of issues since inception and is currently under a Corrective Action Plan (CAP). Since it is unclear when that CAP is going to be removed from the Plan, AHP has had extensive discussions with State officials to better understand the reasons for the delay.

Mr. Torres stated that AHP is losing hundreds of thousands of dollars and has been placed in an unfair position. He requested that at the next Commission or Executive Finance Committee this item be placed on the Agenda to discuss why this is taking so long. Mr. Torres added that AHP did not believe it is in GCHP's best interest to stay in the CAP and suggested that GCHP determine why this situation remains.

With regard to the Kaiser / Healthy Families Transition discussion held at the last Commission Meeting, Mr. Torres acknowledged that Kaiser's and AHP's situations may be different. However, due to the situation, AHP is basically being told that there is a priority for Healthy Families over Medi-Cal patients. He asked if that was GCHP's desire and if that was the priority of GCHP and the Commission. Mr. Torres added that AHP believes that it will assist GCHP in meeting its objectives and obligations under Medi-Cal Managed Care.

Mr. Torres noted that AHP was to receive a letter about 4-5 months ago from GCHP, with a copy going to State. That letter has not been provided to the State of California.

Mr. Torres closed with stating that AHP believes the Commission could help a great deal in moving this forward and would appreciate this item being placed on the agenda.

Comment #3
Patricia Salazar explained that her daughter fractured her elbow and she took her to Clinicas; however, her daughter had been assigned to Las Islas Clinic in error. She contacted Las Islas for an appointment, but was advised that since her daughter was considered a "new" patient she could not be seen for approximately three months. Ms. Salazar called GCHP for assistance and was informed that there was nothing that could be done to assist her; however, after three hours GCHP did change her to Clinicas.

Chair Gonzalez thanked Ms. Salazar for her comments and stated that this item would be checked into.

1. APPROVE MINUTES

a. Regular Meeting of May 20, 2013

Commissioner Dial moved to approve the Regular Meeting Minutes of May 20, 2013. Commissioner Berry seconded. The motion carried. **Approved 8-0.**

2. CONSENT ITEMS

a. Ratification of Reinsurance Vendor Contract

CFO Raleigh reviewed her written report with the Commission.

Commissioner Eberst moved to approve the Executive / Finance Committee's recommendation of selecting OneBeacon to provide reinsurance coverage at the

$500,000 deductible level for FY 2013-14. Commissioner Dial seconded. The motion carried. **Approved 8-0.**

3. APPROVAL ITEMS

a. Approval of DHCS Contract Amendments 6 & 7

CFO Raleigh reviewed her report highlighting the changes being made by Amendments 6 and 7. Amendment 6 changes the Fiscal Year (FY) 2012-13 rates. Amendment 7 updates FY 2011-12 to reflect the IGT.

Commissioner Glyer moved to authorize and direct the Chief Executive Officer (CEO) to execute Amendments 6 and 7 of the DHCS Contract. Commissioner Chawla seconded. The motion carried. **Approved 8-0**.

b. Approval of FY 2013-14 Budget

CFO Raleigh reminded the Commission that a general overview of the FY 2013-14 budget was done at the last Commission Meeting, with minor adjustments being made since that meeting and the June 6, 2013 Executive / Finance Committee meeting. For example, the budget now reflects April's actual results, includes the release of FY 2011-12 AB 97 reserves, updates the revenue to reflect State contract Amendments 6 and 7, and a small number of other, less material refinements. She also noted that the Executive / Finance Committee had approved moving forward with the Medical Management System (MMS) vendor and the budget was updated to reflect the final vendor selection.

CFO Raleigh added that as part of the budget, GCHP is requesting approval of 19 new positions, reducing the Plan's historical reliance on the use of consultants, and the movement of the Xerox nurses to become GCHP employees at the time of the MMS transition.

CFO Raleigh reviewed the Plan's Tangible Net Equity (TNE) and announced that GCHP is forecasting to improve from negative $6 million TNE at 06/30/12 to a positive $7 million as of 06/30/13. This $13 million improvement in TNE in FY 2012-13 is primarily due to the new lower medical expenses, the infusion of capital from lines of credit provided by the County of Ventura, and additional revenue due to an increase in State capitation rates. She added that by the end of FY 2013-14 the budgeted TNE is expected to be approximately $24 million, greater than the minimum State requirement of approximately $16 million.

CFO Raleigh explained that GCHP expects to increase cash and Medi-Cal receivables as the Plan continues to generate cash from improved operations and focus on the cash management processes.

Commissioner Eberst moved to approve the FY 2013-14 budget. Commissioner Glyer seconded. The motion carried. **Approved 8-0**.

4. ACCEPT AND FILE ITEMS

a. CEO Update

CEO Engelhard reviewed his report and highlighted that the State budget which includes a surplus was sent to the Governor. GCHP is watching trailer bills to see what impacts they may have on the Plan and will keep the Commission advised. The MCO tax has been extended and the plans continue to lobby to have the money stay in the Medi-Cal program.

GCHP continues to do health care reform outreach and is working with both local and State agencies to leverage resources. He added that there will be an outreach in July related to the Healthy Families program transition to Medi-Cal and others later in the year as the Plan and county prepares for Medi-Cal Expansion effective January 1, 2014.

CEO Engelhard introduced the new COO, Ruth Watson.

b. April Financials

CFO Raleigh reviewed her report with the Commission and added that for the month of April, the Plan performed ahead of budget with reported net income of approximately $1.1 million compared to a budget of $0.5 million.

Commissioner Fankhauser left the room (3:49 p.m.).

Commissioner Chawla moved to approve the April Financials. Commissioner Eberst seconded. The motion carried. **Approved 7-0**, as Commissioner Fankhauser was not in the room.

a. CEO Update

Commissioner Eberst moved to approve the CEO Report. Commissioner Araujo seconded. The motion carried. **Approved 7-0**, as Commissioner Fankhauser was not in the room.

c. QI Quarterly Report

CMO Dr. Cho reviewed the Quality Improvement (QI) Quarterly Report and solicited comments and direction from the Commission.

CMO Dr. Cho noted that HEDIS was very tedious due to being the first report as a new plan. It involved approximately 4,000 records and took about three months. The preliminary data report looks good for the initial submission.

Commissioner Fankhauser returned to the room (3:54 p.m.).

CEO Engelhard added that the Plan should get final HEDIS results by October and once final, they will be presented to the Commission.

CMO Dr. Cho reviewed QI and sub-committee minutes and noted that attendance at meetings has been fairly good. Each quarter the Pharmacy & Therapeutics Committee thoroughly reviews the formulary. The list of top twelve medications is going forward to the Commission regularly; most of the top utilized medications have consistently been generic drugs, indicating the cost effectiveness of the formulary. In terms of costs there are several brand name drugs on the top twelve list that are effective even though they are expensive, like Advair; these medications prevent members from having to go to the hospital, which is far more expensive.

Grievances and Appeals have been low, the Quality Improvement Committee suspects members may not be aware of how to access the Grievances and Appeals process. The Plan will be working on educating the members to ensure they know the grievance process.

The Plan is identifying and reaching out to members 65 and older that have Medicare Part B but do not have Medicare Part A. The law states that they can lose Medi-Cal if they have Part B and qualify for Part A but do not apply. The Plan believes that is why such a large response was received. As more members qualify for the Medicare Part A, the Plan's costs associated with hospitalizations are reduced.

The Plan has looked at access to twenty-four hour pharmacy. Prescriptions can be filled at emergency rooms, but is more cost effective for the Plan if it is done at a pharmacy. GCHP is looking into options to continue to manage costs while sustaining access.

Commissioner Glyer asked about the pharmacy Maximum Allowable Cost (MAC) adjustments. CMO Dr. Cho explained that the contract allows the Pharmacy Benefit Manager (PBM) authority to regularly adjust the MAC; however, it was not done the first two years so this is the first adjustment. GCHP believes the Plan will substantially benefit from these reduced drug expenses. Commissioner Glyer asked the implication of the cost being lowered. CMO Dr. Cho responded that the PBM reimburses the pharmacies costs but at the new reimbursement rates.

Chair Gonzalez asked if GCHP has a process in place to validate the need for inhalers for members with asthma as a lot of money is being spent in that area. CMO Dr. Cho responded that GCHP has been providing education via the newsletters on when and how to use medications because many people use the wrong one or they may need to use combinations of medications.

Chair Gonzalez noted that the PMPM has gone from $30 to $35 which appears to be a substantial increase and requested the matter be further discussed. CMO Dr. Cho noted that it is mostly due to the expense of cancer drugs. The Pharmacy and Therapeutics Committee did have an oncologist address this very issue and the Plan has many members needing the drug.

Chair Gonzalez requested additional information on the Quality of Care type of Grievance and Appeals and asked if it was low for the number of lives the Plan has. The

GCHP Medical Director for Health Services, Dr. Wharfield explained that when Grievance and Appeals are received they are categorized; in the future they will be sub-categorized to allow the Plan to track specific issues. Data from other Plans does show that this number is low, educational information regarding Grievances and Appeals is being provided to members in the Membership Newsletter.

Commissioner Dial asked if the current or future medical management system (MMS) can provide information with regard to quality of care and Grievances and Appeals associated with specific doctors and / or clinics; with regard to HEDIS data or prescription uses are they out of proportion at a particular physician's office or group office in relationship to the total. Medical Director Dr. Wharfield responded that the new MMS system does have the capability of providing those types of reports.

Commissioner Eberst asked if the Plan was coordinating membership education in correlation with not only the high cost mediations, but the highest utilized (like anti-depressants). Medical Director Dr. Wharfield noted that it is important for members that have mental health and / or substance use issues as well; the new MMS will allow the Plan to run reports and analyze these issues.

Commissioner Araujo expressed his concerns regarding medications used for pain; such as Hydrocodone, Vicodin and Gabapentin. He asked if the Plan was anticipating having more pain management specialists or possibly doing additional case management for high utilizers. In the primary care arena physicians struggle in dealing with chronic pain, assistance from the Plan in dealing with these members would be appreciated. CMO Dr. Cho responded that the Plan has one pain specialist in the county for medical management who wrote an article in the last Pharmacy Newsletter containing this information however, there is a need to recruit more pain management specialists and requested assistance for the Plan's recruiting efforts. The Plan has been providing education in this area in the Pharmacy Newsletter and has had in-depth discussion of pain management at Pharmacy & Therapeutics. The Plan is urging use of long acting pain medications which tend to help in the abuse area as well.

Commissioner Dial moved to approve the QI Report. Commissioner Fankhauser seconded. The motion carried. **Approved 8-0**.

5. INFORMATIONAL ITEMS

a. Tatum Work Update
b. State Budget Update
c. Healthy Families Transition / Outreach Update

Chair Gonzalez reminded the Commission that the information was provided in the packet for review and asked if any Commissioners had questions on any of the Informational Items, no Commissioners had questions.

CEO Englehard recognized Catherine Rodriguez's service on the Board and wanted to thank her for her commitment and advice.

COMMENTS FROM COMMISSIONERS

Commissioner Berry acknowledged Consultant Cassie Undlin of Tatum and all of the work that had been completed at the Plan. Chair Gonzalez added that Consultant Undlin had pulled the Plan out of the fire and that it had been a pleasure working with her.

Commissioner Araujo expressed his recognition of the remarkable work done by CMO Dr. Cho.

CLOSED SESSION

Legal Counsel Kierstyn Schreiner explained the purpose of the Closed Session items.

RECESS

A brief recess was called at 4:31 p.m. and was reconvened at 4:36 p.m.

ADJOURN TO CLOSED SESSION

The Commission adjourned to Closed Session at 4:36 p.m. regarding the following items:

Closed Session Conference with Legal Counsel – Existing Litigation pursuant to Government Code Section 54956.9 Lucas v. Regional Government Services et al, VCSC Case No. 56-2013-00432444-CU-CE-VTA

Closed Session Conference with Legal Counsel – Anticipated Litigation significant exposure to litigation pursuant to Government Code section 54956.9(d). (Two cases – Claim of Lisa Johnson & Claim of William Padilla, Jr.)

RETURN TO OPEN SESSION

The Regular Meeting reconvened at 5:16 p.m.

Legal Counsel Kierstyn Schreiner announced that there was no reportable action.

ADJOURNMENT

Meeting adjourned at 5:17 p.m.

AGENDA ITEM 2a

To: Gold Coast Health Plan Commissioners

From: Michael Engelhard, CEO

Date: July 22, 2013

Re: CEO Update

Medical Management System (MMS) Implementation

On June 28, 2013, GCHP executed a contract with MedHOK Healthcare Solutions, LLC, to implement MedHOK's 360 Care system, bringing to closure the MMS replacement selection process. GCHP and MedHOK are now working together on the implementation phase, with a formal project kickoff held on July 9, 2013. During that week, the MedHOK and GCHP core project team conducted four days of meetings to gather business, technology, data, and system configuration requirements. Over the next 16 weeks, the project team will work diligently to complete all implementation, testing and training activities to meet an aggressive goal for a full production launch by the end of calendar year 2013.

ICD-10 Readiness and Implementation

The International Classification of Diseases (ICD) is the standardized medical coding tool that is used throughout the health care industry to define the health state of the patient. These diagnostic and hospital procedure codes are the cornerstone of Health Information. The ninth version, ICD-9, currently in use in the United States does not reflect today's treatment, reporting and payment processes. The Centers for Medicare & Medicaid Services (CMS) has issued a mandate that all covered entities must be able to transmit and accept the new ICD-10-CM and ICD-10-PCS code sets by October 1, 2014.

GCHP has officially launched a project to ensure readiness and compliance with this CMS regulatory requirement. Over the next 90 days, GCHP will conduct a risk assessment of our internal systems and processes, and vendor readiness for the ICD-10 transition. The Plan's key goals for this project are as follows:

- Comply with the mandate to transmit and accept the new ICD-10 code sets by 10/01/14
- Receive and process claims using the new ICD-10 code sets with minimal to no disruption to GCHP members and providers
- Ensure GCHP's ability to report on quality measures
- Ensure accurate representation of GCHP data for internal and external reporting

GCHP is committed to supporting our provider community through the assessment and testing process to ensure a smooth ICD-10 transition. As such, the Plan is preparing a provider communication strategy, including a provider survey and an initial ICD-10 communication to be included in the July GCHP provider bulletin.

Listed below are the high-level project milestones and target completion dates for the GCHP ICD-10 transition. The Plan will provide additional information around the project in upcoming Commission meetings.

ICD-10 Project Milestones	Target Completion Date
1. Complete ICD-10 Risk Assessment, including GCHP provider surveys	10/01/13
2. Complete Implementation Strategy, Communication Plan & Project Plan	12/31/13
3. Complete GCHP, Provider and Vendor Training	09/01/14
4. Complete all vendor and provider testing to ensure GCHP can successfully transmit and receive new ICD-10 code sets	09/15/14
5. Compliance Ready	10/01/14
6. Operational Change Management	12/31/14

Diagnosis Related Group Hospital Inpatient Payment Methodology

The California Department of Health Care Services (DHCS) mandated that Effective July 1, 2013, reimbursement for hospital inpatient services provided to Medi-Cal beneficiaries will be based on a new diagnosis-related group (DRG) based methodology. Payment by DRGs is expected to encourage access to care, reward efficiency, improve transparency, and improve fairness by paying similarly across hospitals for similar care. Payment by DRGs will base payments on patient acuity and hospital resource needs rather than length of stay.

In compliance with DHCS, GCHP implemented this pricing methodology change effective July 1, 2013. The scope is limited to out-of-network hospitals for emergency and post stabilization services only. Based on the Plan's analysis, the anticipated volume of claims that will be paid using DRGs is low. A DRG grouper software is required for claims pricing and GCHP is working with Xerox to implement the grouping and pricing software. Xerox will monitor daily incoming claims to track the impact to the Plan.

Hospital Quality Assurance Fee (SB 335)

As previously discussed at the June 24th Commission meeting, GCHP received FY 2011-12 Hospital Quality Assurance Fee (HQAF) funds from the DHCS and distributed them (in June)

to facilities as identified by the California Hospital Association. This satisfies the State requirement to distribute the funds to hospitals within 30 days of receipt. GCHP also received the MCO tax portion of the HQAF funds and will file those taxes as instructed by the State.

Affordable Care Act (ACA) Physician Rate Increase

Medi-Cal has released a new Affordable Care Act link at: http://files.medi-cal.ca.gov/pubsdoco/aca/aca_home.asp. There is now a draft attestation form, as well as instructions on how to complete the attestation form posted on the Medi-Cal website. GCHP has also received information from the State that suggested the automated self-attestation process is scheduled to be available on July 22, 2013.

The State has not yet received funding from CMS and, therefore, has not yet funded the Health Plans to pass along the increase to eligible providers. In preparation for implementing the ACA PCP / Physician Rate Increase, GCHP has developed a robust project plan to ensure the Plan's readiness once funding becomes available.

GCHP has continuously provided monthly updates to providers and will continue to provide updates and instructions as additional information becomes available.

In addition, the Plan is developing a Compliance Plan outlining how the physician increase will be implemented. This document is due to DHCS by 09/30/13.

CMO Report

Pharmacy Report: There was a significant reduction of PMPM cost for June 2013, which was $28.18 from average of $34.30 for previous 5 months beginning of January 2013 (per Script Care reports). This is partially due to fewer business days in June (20 vs. 23 days in May). However, implementation of the MAC list price adjustments as of June 1, 2013 had a greater impact. June had a higher than normal usage of expensive specialty drugs in the Top 10 by Dollar list, including Benefix, Neulasta, Carimune and Incivek. Despite this, total pharmacy costs for the month dropped from a 5 month average of $3,665,114 to $3,092,352 in June. The generic usage continues to be strong at 86.4%. Please note that all top 10 drugs by Rx (number of scripts) are generics.

Space Planning / Real Estate Update

The necessary growth in Plan staffing has resulted in the need to expand into larger operating space. The Plan is taking steps and working with a local real estate broker to identify potential leasing opportunities to meet the growing office space needs of the Plan. Staff will bring options back to the Commission in the coming months as prospects are identified and evaluated.

Government Affairs Update

Health Care Reform Outreach

GCHP's Outreach Team and Health Education Department are working collaboratively with partner agencies and community-based groups throughout Ventura County to raise public awareness of changes coming to the Medi-Cal Program. Targeted populations include families impacted by the transition of the Healthy Families Program (HFP) to Medi-Cal as well as ACE Program enrollees in Ventura County to inform them of federal health care reform and Medicaid expansion under the Affordable Care Act.

GCHP's Outreach Team will use numerous methods and venues to reach out to target populations and communities. Methods used will include: new member orientations, phone banks staffed with bi-lingual GCHP staff, radio announcements, newsletters, health fairs, summer school programs and day camps, nonprofit faith-based organizations, public events and venues. GCHP staff will employ these resources to disseminate information about the upcoming changes to the Medi-Cal Program and health care reform.

Phone Banks

GCHP will conduct a telephonic member outreach program utilizing bilingual staff to facilitate the PCP selection process for families transitioning from HFP to Medi-Cal and GCHP.

Radio Media

GCHP will conduct 60 second radio announcements on local radio stations in English and Spanish the last two weeks of July to target HFP beneficiaries who are transitioning to GCHP on August 1, 2013. GCHP staff will also conduct radio interviews to answer questions from listeners regarding the upcoming changes under Medicaid expansion, health care reform, and the ACA.

English-Spanish informational fact sheets concerning the HFP transition to Medi-Cal are now posted on GCHP's website.

GCHP Outreach and Public Events

During the months of June and July GCHP Outreach staff conducted outreach to potential, new, and current GCHP members through the following venues and public events:

JUNE

- **Summerfest**
  Host: Ventura Unified School District
  Date: Saturday June 1, 2013
  Time: 9:00am-3:00pm Loc: Ventura
  Event Description: The Summerfest event is held annually by the Ventura Unified School District. On average Summerfest attracts over 7,000 families every year. The main focus of this event is "Healthy Living".

- **Support Group**
  Host: Tri Counties Rainbow Connection
  Date: Wednesday June 5, 2013
  Time: 5:00pm-7:00pm Loc: Simi Valley
  Event Description: The Rainbow Connections member support group consists of disabled individuals that meet every month in order to learn of community resources within Ventura County. Approximately 30 families with children who have disabilities participate in these monthly meetings.

- **Ventura Fusion Soccer Game Event**
  Host: Project Understanding
  Date: Monday June 8, 2013
  Time: 5:00pm-8:00pm Loc: Ventura
  Event Description: The Ventura Fusion Soccer Game. This event was hosted by Project Understanding. On average 800 individuals participated at this event. The focus of this event was to inform families about community resources in Ventura County.

- **Community Action Health Fair**
  Host: Community Action
  Date: Sunday June 9, 2013
  Time: 9:00am -2:00 pm Loc: Johnson Creek Park, Oxnard
  Event Description: The Community Action Health Fair was held this year for the first time. On average 30 individuals participated. The purpose of this event was to educate the low income community on community resources and health education topics.

- **Baby Steps Program Outreach**
  Host: Ventura County Health Care Agency
  Date: Tuesday June 11, 2013
  Time: 4:00pm-6:00pm Loc: Ventura
  Event Description: Baby Step is a monthly event hosted by Ventura County Medical Center (VCMC) for pregnant women. The event gives tours to new parents around the facility, explains hospital policy and connects parents with other community resources.

- **Member Outreach Session**
  Host: Oxnard Mexican Consulate
  Date: Thursday June 18, 2013
  Time: 9:00am-10:00am Loc: Oxnard
  Event Description: The Oxnard Mexican Consulate serves an estimated 200 individuals a day. Its Ventanilla de Salud Program provides daily information on community resources. GCHP provided information about Medi-Cal managed care at this event.

- **Jornada Domical Health Fair Event**
  Host: Oxnard Mexican Consulate
  Date: Sunday June 23, 2013
  Time: 8:00am-2:00pm Loc: Oxnard
  Event Description: Jornada Dominical is a monthly gathering that assists Mexican Citizens from the Tri-Counties area with legal documentation. Roughly 300 Families with U.S. citizen children come to the gatherings. GCHP is able to provide parents with information regarding Manage Care. GCHP is also able to assist parent with any question they might have.

- **Alzheimer's Senior Conference**
  Host: The Alzheimer's Association
  Date: Wednesday June 23, 2013
  Time: 8:00am - 2:00pm Loc: Oxnard
  Event Description: The Alzheimer's Senior Conference was held in Ventura County and the conference was conducted in Spanish. Approximately 100 senior citizens participated at this event. The focus of this event was to educate elder adults on the signs of Alzheimer's / Dementia.

JULY

- **Baby Steps Program Outreach**
  Host: Ventura County Health Care Agency
  Date: Tuesday, July 09, 2013
  Time: 4:30pm-5:30pm Loc: Ventura
  Event Description: Baby Steps is a monthly event hosted by Ventura County Medical Center (VCMC) for pregnant women. The event gives tours to new parents around the facility, explains hospital policy and connects parents with other community resources.

- **Ed Hunt Point Picnic Event**
  Host: Ed Hunt Foundation
  Date: Sunday July 14, 2013
  Time: 11:00am-3:00pm Loc: Oxnard
  Event Description: Ed Hunt Point Picnic is an annual event hosted by the Ed Hunt foundation to commemorate individuals that make a difference in their community. The event is held near a path Ed Hunt helped build and provides wheelchair access to the ocean for people with disabilities.

- **Center Point Mall Outreach**
  Host: Gold Coast Health Plan (GCHP)
  Date: Tuesday July 16, 23, 30 2013
  Time: 1:00pm-4:00pm Loc: Oxnard
  Event Description: GCHP Outreach Staff will be at Center Point Mall Every Tuesday, starting July 16th, for the month of July to inform the general public of the Healthy Family Program Transition to Medi-Cal and assist parents with any questions they might have concerning the transition.

- **EDD Farmworkers Fair**
  Host: California employment Development Department (EDD)
  Date: Sunday July 21, 2013
  Time: 12:00pm-4:00pm Loc: Oxnard
  Event Description: Farmworker Fair, hosted by EDD, Workforce Investment BOARD and Center for Employment Training (CET), honors the thousands of farmworkers in Ventura County. Over thirty agencies with information and resources will be participating at this annual event.

- **Fillmore Food Distribution**
  Host: Santa Clara Neighborhood for Learning (NFL)
  Date: Friday July 26, 2013
  Time: 9:00am-2:00pm Loc: Santa Paula
  Event Description: During this event, GCHP will provide information on the Healthy Family Program Transition to Medi-Cal and assist parents with any questions they might have.

- **Jornada Dominical Health Fair Event**
  Host: Oxnard Mexican Consulate
  Date: Sunday July 28, 2013
  Time: 8:00am-2:00pm Loc: Oxnard
  Event Description: Jornada Dominical is a monthly gathering that assists Mexican Citizens from the Tri-Counties area with legal documentation. Roughly 300 families with U.S. citizen children attend the gatherings. During these events, GCHP provides parents with information regarding Medi-Cal managed care and assists with any question they might have.

AGENDA ITEM 2b

To: Gold Coast Health Plan Commission

From: Michelle Raleigh, Chief Financial Officer

Date: July 22, 2013

Re: May, 2013 Financial Package

SUMMARY:
Staff is presenting the attached May, 2013 financial statements of Gold Coast Health Plan (Plan) for review by the Commission. The Executive / Finance Committee meeting scheduled for July 11, 2013 was cancelled, so staff will review the May financial package in detail during the July 22, 2013 Commission meeting.

BACKGROUND / DISCUSSION:
The Plan has prepared the May, 2013 financial package, including balance sheets, income statements and statements of cash flows reflecting monthly and year-to-date information.

FISCAL IMPACT:
Financial highlights on a **year-to-date** basis include:

Overall, the Plan is performing ahead of budget, with an actual net income of $2.5 million compared to a projected net income of approximately $2.3 million. This month's net income of $1.4 million includes the effect of recognizing $0.5 million of Intergovernmental Transfer (IGT) administrative revenue earned. Net income, absent the IGT administrative revenue, would have been approximately $0.8 million.

The month's positive net income results, plus the additional $5.0 million subordinated line of credit (LOC) made available from the County of Ventura in May, contributed to significant improvement in the Plan's Tangible Net Equity (TNE).

The May year-to-date TNE is a **positive** $3.6 million. The primary difference between the budgeted TNE and the actual TNE (difference is $0.8 million) is that the budgeted TNE included the assumption that an additional LOC would be $1 million more than the actual LOC.

Highlights of **this month's** financials include:

> Membership - The Plan had 3,394 more members than budgeted for the month with larger than expected enrollment in the Adult/Family, Dual, and TLIC categories.

Revenue - Enrollment mix led to a lower than anticipated average revenue per member per month (PMPM). Lower than expected CBAS revenue also contributed to the shortfall, resulting in overall net premium (capitation) revenue of $8.12 PMPM below budget.

Miscellaneous Income – As mentioned above, The Plan earned $0.5 million in revenue for the administration and oversight of the IGT with Ventura County.

Health Care Costs -The primary item that contributed to the differences between the actual ($216.90 PMPM) and budgeted costs ($220.26 PMPM) were net reinsurance and claims recoveries which are higher than in the budget.

Administrative Expenses - Overall operational costs were higher than anticipated by $ 5.19 PMPM. Expenses were impacted by the following items:

- Higher than projected fees associated with
  - continued temporary support provided by Tatum and
  - consulting fees from extended engagement of State monitor and IT consulting.

- Higher than expected general office expenses including employee recruitment / conversion fees, and ongoing furniture installation, telephone reconfigurations and no-capital equipment for new hires.

- The increase was partially offset by lower than budgeted printing, postage and interest expense.

Cash + Medi-Cal Receivable - the Plan continues to monitor its cash balance and is continuing with cash management programs that began in February. The cash and Medi-Cal Premium Receivable balances of $53.0 million are lower than the budget of $54.4 million by $1.4 million or 3%. This variance is due to the $1.0 million difference between the budget versus actual LOC funding.

RECOMMENDATION:
Staff proposes that the Plan's Commission approve and accept the May, 2013 financial package to the Commission.

CONCURRENCE:
N/A.

Attachments:
May, 2013 Financial Package

Gold Coast Health Plan℠
A Public Entity

FINANCIAL PACKAGE
For the month ended May 31, 2013

TABLE OF CONTENTS

- Financial Overview
- Membership
- Total Expenditure Composition
- Paid Claims and IBNP Composition
- Pharmacy Cost & Utilization Trends
- Income Statement by Month
- Balance Sheet
- Cash & Medi-Cal Receivable Trend

APPENDIX

- Income Statement by YTD
- PMPM Income Statement by Month
- Statement of Cash Flows
- Statement of Cash Flows YTD

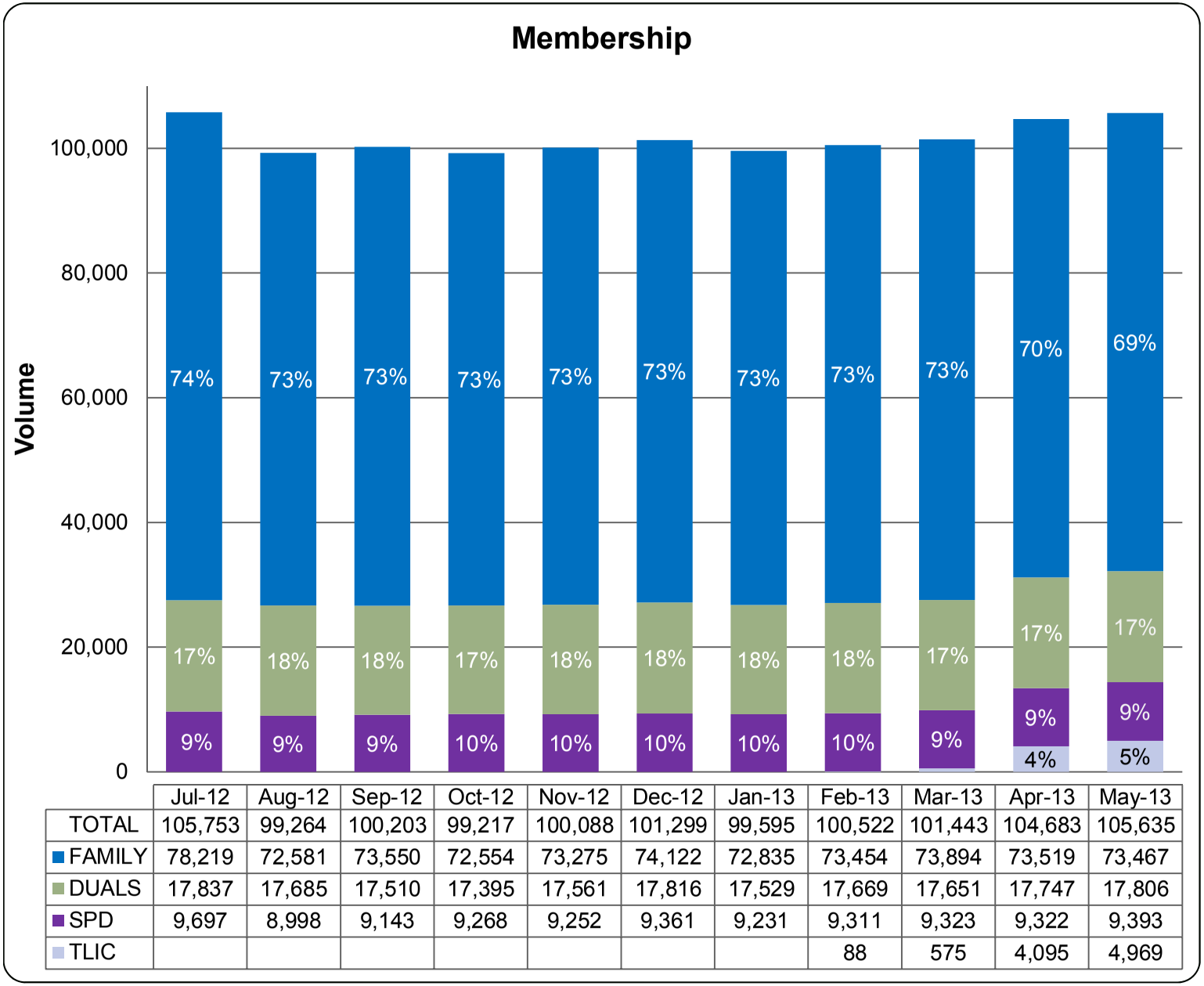
Financial Overview

Description	Audited FY 2011-12	FY 2012-13 Actual						Budget YTD	Variance Fav/(Unfav)	Variance Fav/(Unfav) %
		July - Sep	Oct - Dec	Jan - Mar	Apr	May	YTD			
Member Months	1,258,189	305,220	300,604	301,560	104,683	105,635	1,117,702	1,101,841	15,861	1.4 %
Revenue	**304,635,932**	73,225,136	76,563,668	76,414,965	**27,863,013**	**26,629,553**	**280,696,335**	**279,801,702**	894,633	0.3 %
pmpm	*242.12*	*239.91*	*254.70*	*253.40*	*266.17*	*252.09*	*251.14*	*253.94*	(2.80)	(1.1)%
Health Care Costs	**287,353,672**	71,648,550	68,967,923	69,698,937	**23,399,396**	**22,912,363**	**256,627,169**	**257,645,017**	1,017,848	0.4 %
pmpm	*228.39*	*234.74*	*229.43*	*231.13*	*223.53*	*216.90*	*229.60*	*233.83*	4.23	1.8 %
% of Revenue	94.3%	97.8%	90.1%	91.2%	84.0%	86.0%	91.4%	92.1%		
Admin Exp	**18,891,320**	4,976,867	6,036,079	6,049,617	**2,185,050**	**2,363,386**	**21,611,000**	**19,862,635**	(1,748,365)	(8.8)%
pmpm	*15.01*	*16.31*	*20.08*	*20.06*	*20.87*	*22.37*	*19.34*	*18.03*	(1.31)	(7.3)%
% of Revenue	6.2%	6.8%	7.9%	7.9%	7.8%	8.9%	7.7%	7.1%		
Net Income	**(1,609,063)**	(3,400,282)	1,559,667	666,411	**2,278,567**	**1,353,803**	**2,458,166**	**2,294,050**	164,116	(7.2)%
pmpm	*(1.28)*	*(11.14)*	*5.19*	*2.21*	*21.77*	*12.82*	*2.20*	*2.08*	0.12	(5.6)%
% of Revenue	-0.5%	-4.6%	2.0%	0.9%	8.2%	5.1%	0.9%	0.8%		
100% TNE	16,769,368	16,693,841	16,308,936	16,264,038	16,241,914	16,160,773	16,160,773	16,315,363	(154,590)	(0.9)%
% TNE Required	36%	36%	52%	52%	52%	52%	52%	52%		
Required TNE	6,036,972	6,009,783	8,480,647	8,457,300	8,445,795	8,403,602	8,403,602	8,483,989	(80,387)	(0.9)%
GCHP TNE	**(6,031,881)**	**(9,432,163)**	**(5,672,496)**	**(5,006,086)**	**(2,727,518)**	**3,626,285**	**3,626,285**	**4,462,170**	(835,885)	18.7 %
TNE Excess / (Deficiency)	**(12,068,853)**	**(15,441,946)**	**(14,153,143)**	**(13,463,385)**	**(11,173,313)**	**(4,777,317)**	**(4,777,317)**	**(4,021,819)**	(755,498)	(18.8)%

Note:

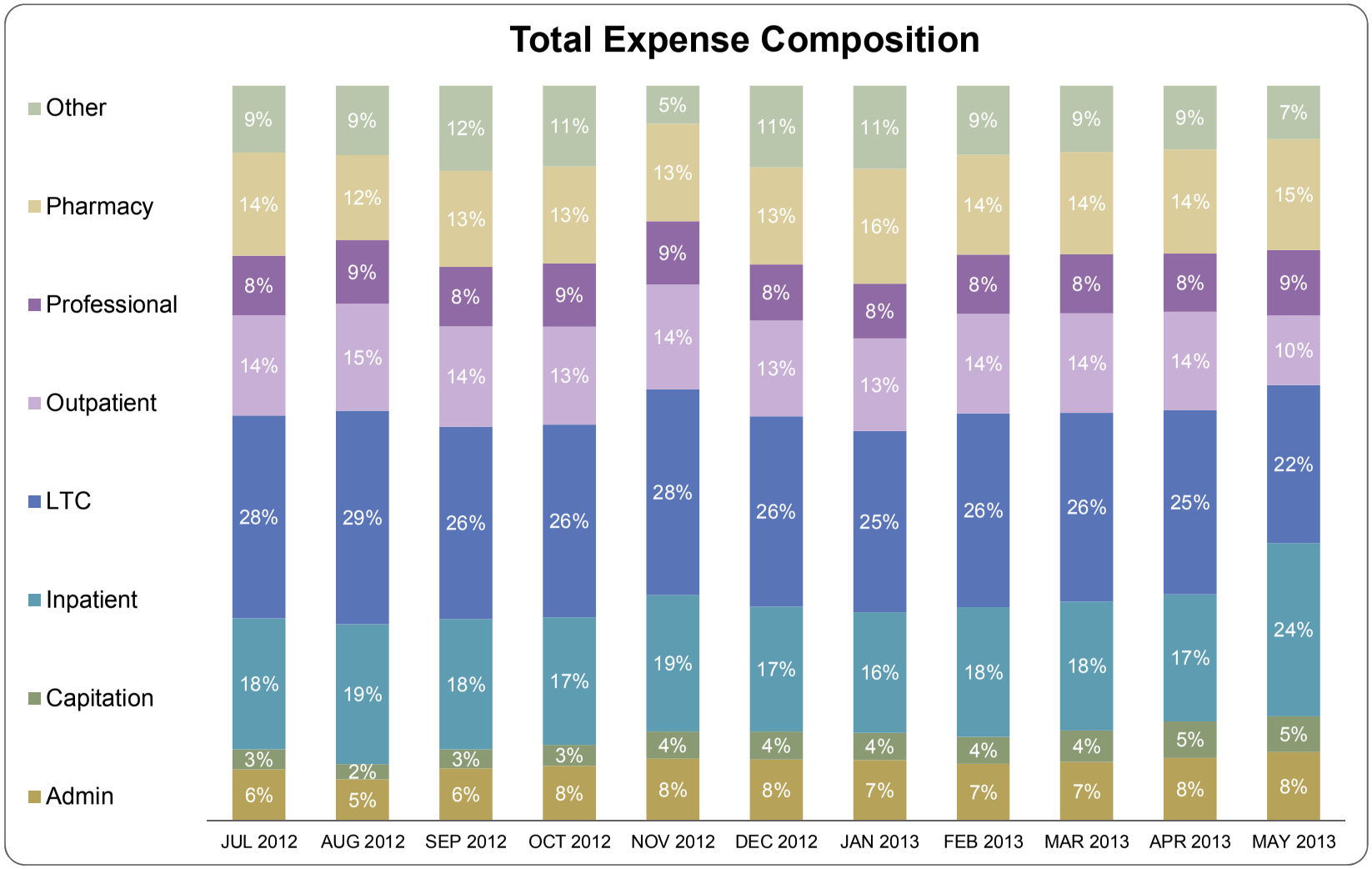
Jul-Sep- Health Care Costs include $7M IBNR addition.

Budgeted TNE assumed additional $6M subordinated debt in March '13; actual LOC increase was $5M in May '13.



	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
TOTAL	105,753	99,264	100,203	99,217	100,088	101,299	99,595	100,522	101,443	104,683	105,635
FAMILY	78,219	72,581	73,550	72,554	73,275	74,122	72,835	73,454	73,894	73,519	73,467
DUALS	17,837	17,685	17,510	17,395	17,561	17,816	17,529	17,669	17,651	17,747	17,806
SPD	9,697	8,998	9,143	9,268	9,252	9,361	9,231	9,311	9,323	9,322	9,393
TLIC								88	575	4,095	4,969

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



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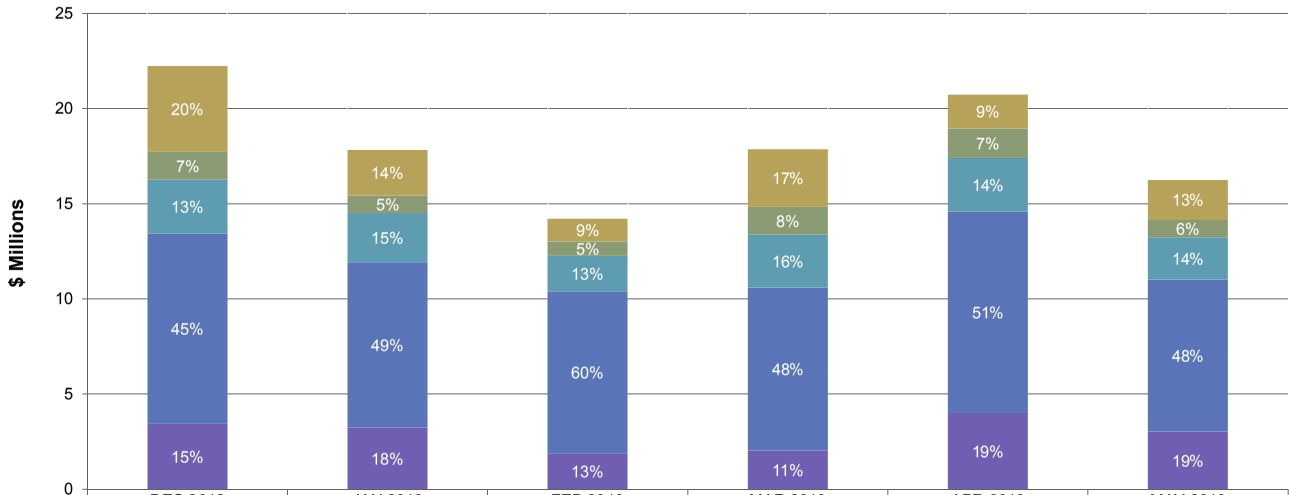
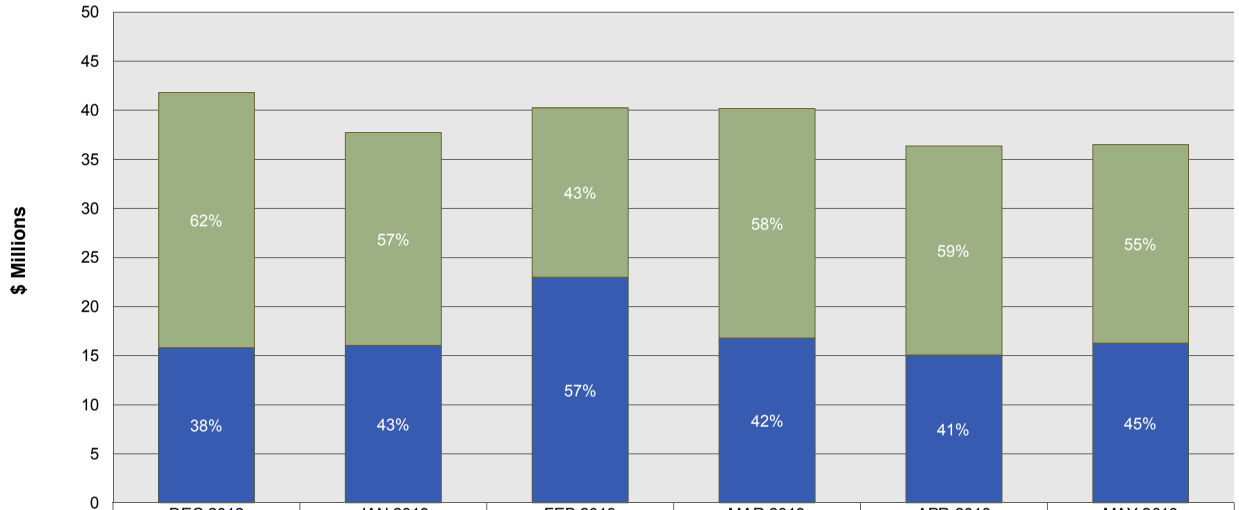
Paid Claims Composition (excluding Pharmacy and Capitation Payments)



	DEC 2012	JAN 2013	FEB 2013	MAR 2013	APR 2013	MAY 2013
Total	22.3	17.9	14.2	17.9	20.8	16.3
120+	4.5	2.4	1.2	3.1	1.8	2.1
90	1.5	0.9	0.8	1.4	1.6	0.9
60	2.8	2.6	1.9	2.8	2.8	2.2
30	10.0	8.7	8.5	8.6	10.6	8.0
Current	3.4	3.2	1.9	2.0	4.0	3.0

Note: **Paid Claims Composition** - reflects adjusted medical claims payment lag schedule.

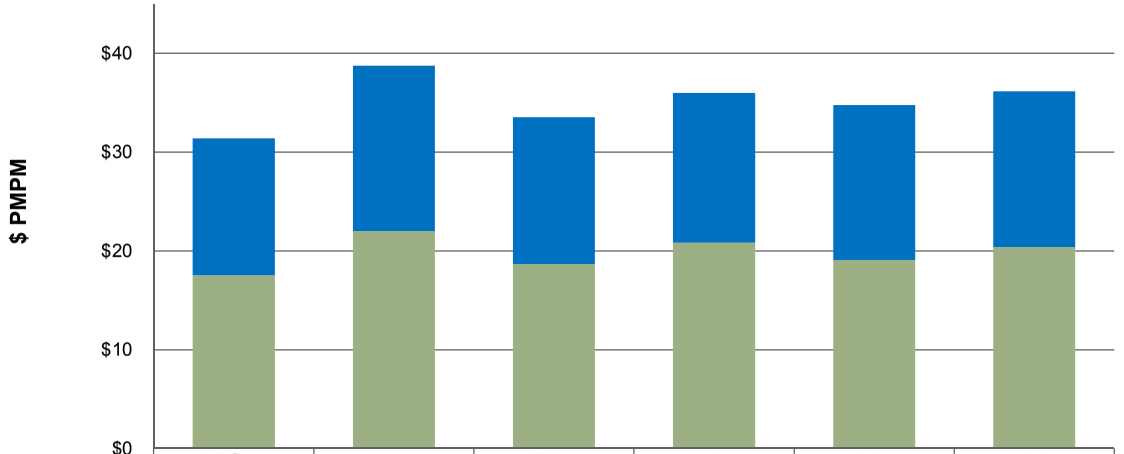
IBNP Composition (excluding Pharmacy and Capitation Payments)



	DEC 2012	JAN 2013	FEB 2013	MAR 2013	APR 2013	MAY 2013
Total Unpaid	41.81	37.73	40.23	40.18	36.38	36.51
Prior Month Unpaid	25.98	21.66	17.22	23.39	21.29	20.23
Current Month Unpaid	15.83	16.07	23.01	16.79	15.08	16.28

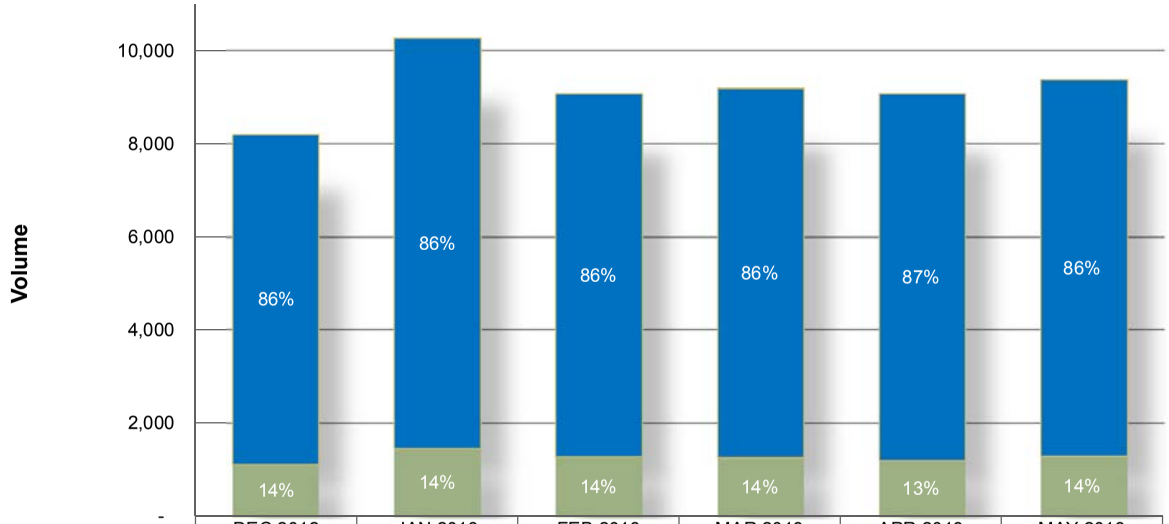
Note: IBNP Composition - reflects updated medical cost reserve calculation plus total system claims payable.

Pharmacy Cost Trend



	DEC'12	JAN'13	FEB'13	MAR'13	APR'13	MAY'13
AVG PMPM	$31.40	$38.75	$33.53	$35.99	$34.74	$36.15
GENERIC	$13.86	$16.77	$14.86	$15.16	$15.66	$15.78
BRAND	$17.53	$21.98	$18.66	$20.82	$19.08	$20.38

Annualized Prescriptions per 1,000 Members



	DEC 2012	JAN 2013	FEB 2013	MAR 2013	APR 2013	MAY 2013
TOTAL	8,211	10,279	9,079	9,208	9,084	9,383
GENERIC	7,075	8,799	7,791	7,935	7,867	8,076
BRAND	1,137	1,480	1,288	1,273	1,217	1,307

Income Statement Monthly Trend

	Actual Monthly Trend			Current Month			
				May 13		Variance	
	Feb 13	Mar 13	Apr 13	Actual	Budget	Fav/(Unfav)	Comments
Membership (includes retro members)	100,522	101,443	104,683	105,635	102,241	3,394	
Revenue:							
Premium	$ 25,469,855	$ 25,821,551	$ 26,032,054	$ 26,048,832	$ 26,169,876	$ (121,044)	
Reserve for Rate Reduction	(90,347)	(167,680)	1,785,047	-	(127,123)	127,123	
MCO Premium Tax	(3)	(182)	-	-	(785)	785	
Total Net Premium	**25,379,504**	**25,653,689**	**27,817,101**	**26,048,832**	**26,041,968**	**6,864**	
Other Revenue:							
Interest Income	6,478	6,873	7,579	7,203	15,702	(8,499)	
Miscellaneous Income	38,333	38,333	38,333	573,518	38,333	535,185	*Increase from $535K IGT revenue recognition*
Total Other Revenue	44,811	45,206	45,912	580,721	**54,035**	526,686	
Total Revenue	**25,424,315**	**25,698,895**	**27,863,013**	**26,629,553**	**26,096,003**	**533,550**	
Medical Expenses:							
Capitation (PCP, Specialty, NEMT & Vision)	911,344	1,123,027	1,274,651	1,226,446	946,859	(279,587)	
Incurred Claims*:							
Inpatient	4,376,271	4,594,575	4,422,556	5,955,342	3,504,756	(2,450,586)	
LTC/SNF	6,546,009	6,718,243	6,404,450	5,438,652	6,670,680	1,232,028	
Outpatient	2,629,778	2,776,364	2,682,417	1,803,363	2,921,298	1,117,935	
Laboratory and Radiology	221,259	232,801	225,582	158,267	227,338	69,071	
Emergency Room Facility Services	509,253	537,953	521,965	430,333	341,711	(88,622)	
Physician Specialty Services	2,000,658	2,102,513	2,026,032	2,245,622	1,789,098	(456,524)	
Pharmacy	3,370,333	3,650,281	3,626,289	3,819,028	3,159,694	(659,334)	*Higher utilization and emerging use of high-cost therapies*
Other Medical Professional	280,898	225,650	216,345	83,856	244,543	160,687	
Other Medical Care Expenses	-	647	-	-	-	-	
Other Fee For Service Expense	1,512,773	1,574,293	1,489,453	1,497,072	1,507,685	10,613	
Transportation	187,014	102,868	73,499	71,310	251,077	179,767	
Total Claims	21,634,246	22,516,189	21,688,588	21,502,845	20,617,880	(884,965)	*Refer to footnote below regarding change in expense allocation.*
Medical & Care Management Expense	613,599	631,474	894,013	722,529	721,416	(1,113)	
Reinsurance	(374,504)	227,620	26,355	70,711	233,766	163,055	*Reflects reinsurance premiums less recoveries. Monthly variance results from timing differences between recoveries*
Claims Recoveries	109,876	(407,819)	(484,211)	(610,167)	-	610,167	*Additional provider recoveries not allocated to specific categories of service.*
Sub-total	348,972	451,275	436,157	183,072	955,182	772,110	
Total Cost of Health Care	**22,894,562**	**24,090,491**	**23,399,396**	**22,912,363**	**22,519,921**	**(392,442)**	
Contribution Margin	**2,529,753**	**1,608,404**	**4,463,617**	**3,717,190**	**3,576,082**	**141,107**	
General & Administrative Expenses:							
Salaries and Wages	374,176	457,668	464,103	600,314	483,411	(116,903)	*Combination of delays in new hiring, offset by the temporary replacements.*
Payroll Taxes and Benefits	81,676	91,493	113,969	108,592	103,302	(5,290)	
Total Travel and Training	5,050	4,398	5,140	13,746	7,100	(6,646)	
Outside Service - ACS	891,100	904,052	892,178	945,040	946,432	1,392	
Outside Services - Other	30,339	24,294	99,755	31,920	19,564	(12,356)	
Accounting & Actuarial Services	21,061	18,828	33,046	51,270	30,400	(20,870)	*Billing by auditor received earlier than budgeted.*
Legal Expense	31,577	24,015	37,957	46,299	16,850	(29,449)	*Additional expenses involved in updating/reviewing provider contracts.*
Insurance	9,245	9,245	9,245	10,516	10,792	276	
Lease Expense - Office	25,980	25,980	26,080	25,980	27,630	1,650	
Consulting Services Expense	336,440	401,116	286,436	443,743	1,150	(442,593)	*Additional expenditures for outside assistance for project management and State monitor services.*
Translation Services	1,182	2,515	1,125	4,610	20,775	16,165	
Advertising and Promotion Expense	-	-	-	1,050	0	(1,050)	
General Office Expenses	103,468	86,891	171,615	71,628	48,096	(23,532)	*Additional expenditures due to employee recruitment/conversion, furniture installation, telephone reconfigurations and non-capital equipment for new hires*
Depreciation & Amortization Expense	3,554	3,554	3,836	3,648	6,657	3,009	
Printing Expense	1,645	1,722	5,445	3,672	13,249	9,577	
Shipping & Postage Expense	349	5,507	10,933	179	12,456	12,277	
Interest Exp	1,511	28,423	24,186	1,180	9,234	8,054	
Total G & A Expenses	**1,918,352**	**2,089,699**	**2,185,050**	**2,363,386**	**1,757,098**	**(606,288)**	
Net Income / (Loss)	**$ 611,401**	**$ (481,295)**	**$ 2,278,567**	**$ 1,353,803**	**$ 1,818,984**	**$ (465,181)**	

In May, GCHP changed its method of distributing Health Care Cost (HCC) across categories of service. Prior months utilized an allocation methodology. The methdology was updated to utilize payment information by the differrent categories of services. This change will more accurately reflect true HCC, since it is based on actual claims payments versus estimates.

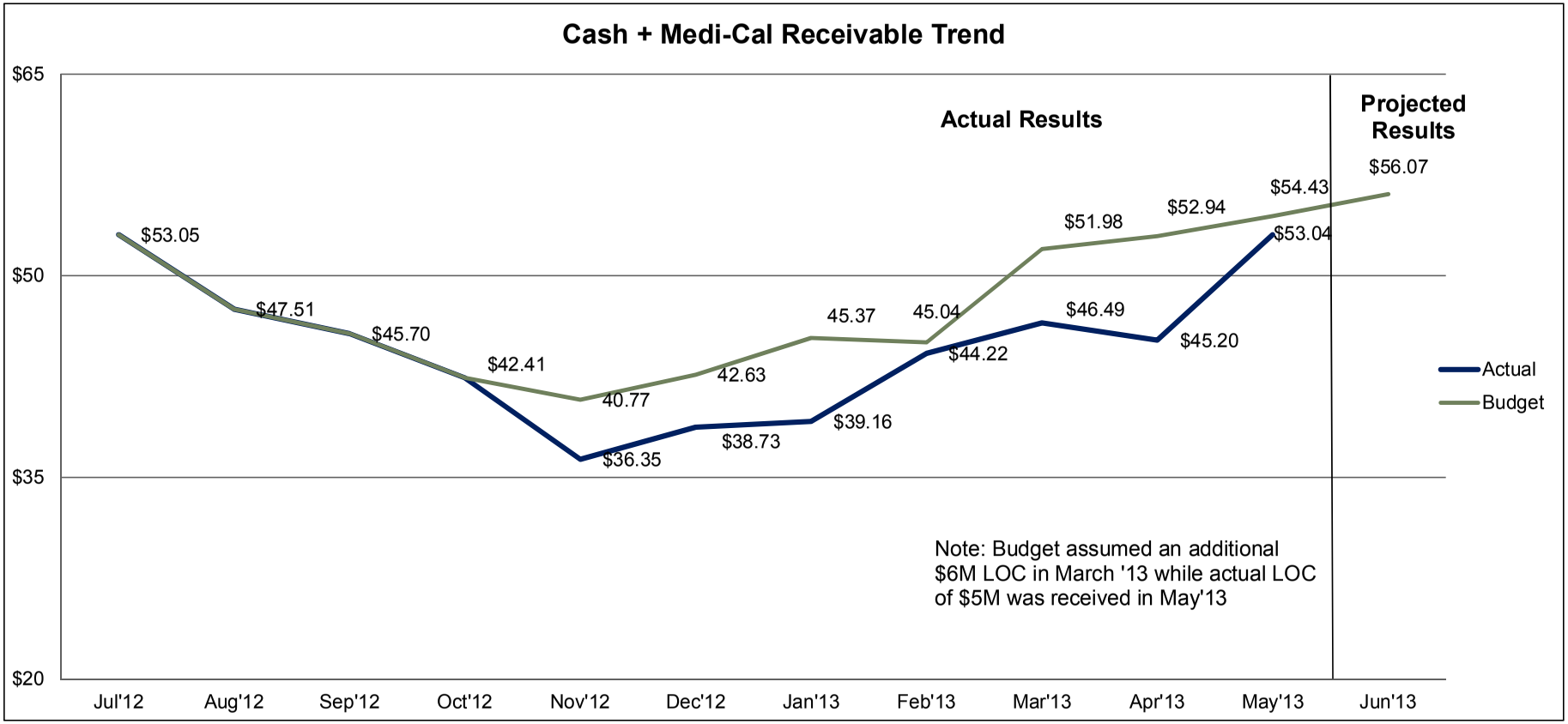
PMPM Income Statement Comparison

				May'13 Month-To-Date		Variance
	Feb'13	Mar'13	Apr'13	Actual	Budget	Fav/(Unfav)
Members (Member/Months)	97,691	98,520	101,741	105,635	102,241	3,394
Revenue:						
Premium	260.72	262.09	255.87	246.59	255.96	(9.37)
Reserve for Rate Reduction	(0.92)	(1.70)	17.55	-	(1.24)	1.24
MCO Premium Tax	(0.00)	(0.00)	-	-	(0.01)	0.01
Total Net Premium	**259.79**	**260.39**	**263.33**	**246.59**	**254.71**	**(8.12)**
Other Revenue:						
Interest Income	0.07	0.07	0.07	0.07	0.15	(0.09)
Miscellaneous Income	0.39	0.39	0.38	5.43	0.37	5.05
Total Other Revenue	**0.46**	**0.46**	**0.43**	**5.50**	**0.53**	**4.96**
Total Revenue	**260.25**	**260.85**	**263.77**	**252.09**	**255.24**	**(3.15)**
Medical Expenses:						
Capitation	9.33	11.40	12.53	11.61	9.26	2.35
Incurred Claims:						
Inpatient	44.80	46.64	43.47	56.38	34.28	(22.10)
LTC/SNF	67.01	68.19	62.95	51.49	65.24	13.76
Outpatient	26.92	28.18	26.37	17.07	28.57	11.50
Laboratory and Radiology	2.26	2.36	2.22	1.50	2.22	0.73
Emergency Room Facility Services	5.21	5.46	5.13	4.07	3.34	(0.73)
Physician Specialty Services	20.48	21.34	19.91	21.26	17.50	(3.76)
Pharmacy	34.50	37.05	35.64	36.15	30.90	(5.25)
Other Medical Professional	2.88	2.29	2.13	0.79	2.39	1.60
Other Medical Care Expenses	-	0.01	-	-	-	-
Other Fee For Service Expense	15.49	15.98	14.64	14.17	14.75	0.57
Transportation FFS	1.91	1.04	0.72	0.68	2.46	1.78
Total Claims	221.46	228.54	205.32	203.56	201.66	(1.90)
Medical & Care Management	6.28	6.41	8.79	6.84	7.06	0.22
Reinsurance	(3.83)	2.31	0.26	0.67	2.29	1.62
Claims Recoveries	1.12	(4.14)	(4.76)	(5.78)	-	5.78
Sub-total	3.57	4.58	4.13	1.73	9.44	7.70
Total Cost of Health Care	234.36	244.52	223.53	216.90	220.26	3.36
Contribution Margin	25.90	16.33	42.64	35.19	34.98	0.21
Administrative Expenses						
Salaries and Wages	3.83	4.65	4.56	5.68	4.73	(0.95)
Payroll Taxes and Benefits	0.84	0.93	1.12	1.03	1.01	(0.02)
Total Travel and Training	0.05	0.04	0.05	0.13	0.07	(0.06)
Outside Service - ACS	9.12	9.18	8.77	8.95	9.26	0.31
Outside Services - Other	0.31	0.25	0.98	0.30	0.19	(0.11)
Accounting & Actuarial Services	0.22	0.19	0.32	0.49	0.30	(0.19)
Legal Expense	0.32	0.24	0.37	0.44	0.16	(0.27)
Insurance	0.09	0.09	0.09	0.10	0.11	0.01
Lease Expense -Office	0.27	0.26	0.26	0.25	0.27	0.02
Consulting Services Expense	3.44	4.07	2.82	4.20	0.01	(4.19)
Translation Services	0.01	0.03	0.01	0.04	0.20	0.16
Advertising and Promotion Expense	-	-	-	0.01	-	(0.01)
General Office Expenses	1.06	0.88	1.69	0.68	0.47	(0.21)
Depreciation & Amortization Expense	0.04	0.04	0.04	0.03	0.07	0.03
Printing Expense	0.02	0.02	0.05	0.03	0.13	0.09
Shipping & Postage Expense	0.00	0.06	0.11	0.00	0.12	0.12
Interest Exp	0.02	0.29	0.24	0.01	0.09	0.08
Total Administrative Expenses	**19.64**	**21.21**	**20.68**	**22.37**	**17.19**	**(5.19)**
Net Income / (Loss)	**6.26**	**(4.89)**	**21.57**	**12.82**	**17.79**	**(4.98)**

Comparative Balance Sheet

	5/31/13	4/30/13	Audited FY 2011 - 2012	Notes
ASSETS				
Current Assets				
Total Cash and Cash Equivalents	**$ 23,068,235**	**$ 16,850,331**	**$ 25,554,098**	*Reflects additional line of credit of $5 million and ongoing cash management efforts.*
Medi-Cal Receivable	29,970,926	28,350,590	28,534,938	
Provider Receivable	1,681,329	1,844,652	6,539,541	
Other Receivables	142,297	198,108	2,148,270	
Total Accounts Receivable	**31,794,552**	**30,393,350**	**37,222,748**	
Total Prepaid Accounts	1,117,992	1,207,130	185,797	
Total Other Current Assets	13,125	13,125	375,000	
Total Current Assets	**$ 55,993,904**	**$ 48,463,936**	**$ 63,337,644**	
Total Fixed Assets	**211,294**	**212,928**	**176,028**	
Total Assets	**$ 56,205,197**	**$ 48,676,864**	**$ 63,513,672**	
LIABILITIES & FUND BALANCE				
Current Liabilities				
Incurred But Not Reported	$ 31,556,293	$ 28,646,992	$ 52,610,895	
Claims Payable	7,820,587	9,793,036	10,357,609	
Capitation Payable	1,017,683	965,477	633,276	
Accrued Premium Reduction	1,180,078	1,180,078	1,914,157	
Accounts Payable	1,897,301	2,379,416	886,715	
Accrued ACS	1,172,318	1,207,996	200,000	
Accrued Expenses	362,000	266,800	-	
Accrued Premium Tax	5,853,482	5,252,718	602,900	
Accrued Interest Payable	5,780	4,600	-	
Current Portion of Deferred Revenue	460,000	460,000	460,000	
Accrued Payroll Expense	170,057	83,935	-	
Current Portion Of Long Term Debt	125,000	166,667	500,000	
Total Current Liabilities	**$ 51,620,578**	**$ 50,407,715**	**$ 68,165,553**	
Long-Term Liabilities				
Other Long-term Liability	-	-	-	
Deferred Revenue - Long Term Portion	958,333	996,667	1,380,000	
Notes Payable	7,200,000	2,200,000	-	*Reflects additional line of credit of $5 million.*
Total Long-Term Liabilities	**8,158,333**	**3,196,667**	**1,380,000**	
Total Liabilities	**$ 59,778,912**	**$ 53,604,382**	**$ 69,545,553**	
Beginning Fund Balance	(6,031,881)	(6,031,881)	(4,422,819)	
Net Income Current Year	2,458,166	1,104,363	(1,609,062)	
Total Fund Balance	**(3,573,715)**	**(4,927,518)**	**(6,031,881)**	
Total Liabilities & Fund Balance	**$ 56,205,197**	**$ 48,676,864**	**$ 63,513,672**	

FINANCIAL INDICATORS			
Current Ratio	1.08 : 1	0.96 : 1	0.93 : 1
Days Cash on Hand	27	20	30
Days Cash + State Capitation Receivable	63	53	64


Cash + Medi-Cal Receivable Trend
$65
$50
$35
$20
Actual Results
Projected Results
$53.05
$47.51
$45.70
$42.41
$36.35
$38.73
$39.16
$44.22
$46.49
$45.20
$53.04
$51.98
$52.94
$54.43
$56.07
45.37
45.04
42.63
40.77
Note: Budget assumed an additional $6M LOC in March '13 while actual LOC of $5M was received in May'13
Actual
Budget
Jul'12
Aug'12
Sep'12
Oct'12
Nov'12
Dec'12
Jan'13
Feb'13
Mar'13
Apr'13
May'13
Jun'13

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APPENDIX

- Income Statement YTD
- Statement of Cash Flows Monthly
- Statement of Cash Flows YTD

Income Statement
For The Eleven Months Ended May 31, 2013

	May'13 Year-To-Date		Variance	Comments
	Actual	Budget	Fav/(Unfav)	
Membership (includes retro members)	1,117,702	1,101,841	15,861	
Revenue:				
Premium	$ 278,901,670	$ 280,517,584	$ (1,615,914)	
Reserve for Rate Reduction	734,078	(1,296,035)	2,030,113	*Includes release of $1.9M for FY2011-12 AB97 reserve*
MCO Premium Tax	(1,680)	(6,992)	5,312	
Total Net Premium	**279,634,068**	**279,214,557**	**419,511**	
Other Revenue:				
Interest Income	105,415	165,478	(60,063)	
Miscellaneous Income	956,851	421,667	535,184	*Includes $535K revenue for work associated with FY2011-12 IGT*
Total Other Revenue	1,062,267	**587,145**	475,122	
Total Revenue	**280,696,335**	**279,801,702**	**894,633**	
Medical Expenses:				
Capitation (PCP, Specialty, NEMT & Vision)	9,904,729	9,245,997	(658,732)	
Incurred Claims:				
Inpatient	50,608,171	47,258,460	(3,349,711)	
LTC/SNF	72,485,669	75,645,845	3,160,176	
Outpatient	28,672,059	31,477,952	2,805,893	
Laboratory and Radiology	2,414,636	2,542,217	127,581	
Emergency Room Facility Services	5,637,040	5,367,763	(269,277)	
Physician Specialty Services	22,828,509	21,539,392	(1,289,117)	
Pharmacy	38,025,802	35,273,647	(2,752,155)	*Higher utilization and emerging use of high-cost therapies*
Other Medical Professional	2,799,438	2,916,044	116,606	
Other Medical Care Expenses	4,958		(4,958)	
Other Fee For Service Expense	16,911,296	17,155,230	243,934	
Transportation	2,564,390	3,119,380	554,990	
Total Claims	242,951,968	242,295,930	(656,038)	
Medical & Care Management Expense	6,824,707	6,705,878	(118,829)	
Reinsurance	227,055	(602,788)	(829,843)	*Reflects reinsurance premiums less recoveries. Timing of recoveries lags expected receipts*
Claims Recoveries	(3,281,290)	-	3,281,290	*Additional provider recoveries not allocated to specific categories of service. Additionally, claims recoveries efforts enhanced due to internal reviews and ACS - Recovery activities.*
Sub-total	3,770,472	6,103,090	2,332,618	
Total Cost of Health Care	**256,627,169**	**257,645,017**	**1,017,848**	
Contribution Margin	**24,069,166**	**22,156,685**	**1,912,481**	
General & Administrative Expenses:				
Salaries and Wages	4,325,800	4,212,966	(112,834)	*Salary includes the cost of temporarily filling positions with consultants.*
Payroll Taxes and Benefits	1,054,841	1,004,350	(50,491)	
Total Travel and Training	64,954	62,028	(2,926)	
Outside Service - ACS	10,039,193	10,113,114	73,921	
Outside Service - RGS	23,674	23,674	0	
Outside Services - Other	511,808	476,454	(35,354)	
Accounting & Actuarial Services	344,622	336,027	(8,595)	
Legal Expense	369,392	268,236	(101,156)	
Insurance	96,993	103,950	6,957	
Lease Expense - Office	205,755	214,306	8,551	
Consulting Services Expense	3,041,973	1,809,436	(1,232,537)	*State monitor continued beyond budget assumption of Jan '13 end date. Project management/IT consultants were used to fill open positions.*
Translation Services	19,188	70,116	50,928	
Advertising and Promotion Expense	10,541	11,650	1,109	
General Office Expenses	913,484	627,658	(285,826)	*Additional expenditures due to employee recruitment/conversion, furniture installation, telephone reconfigurations and non-capital equipment for new hires*
Depreciation & Amortization Expense	39,383	49,918	10,535	
Printing Expense	59,386	110,434	51,048	
Shipping & Postage Expense	56,152	48,384	(7,768)	
Interest Exp	433,861	319,934	(113,927)	
Total G & A Expenses	**21,611,000**	**19,862,635**	**(1,748,365)**	
Net Income / (Loss)	**$ 2,458,166**	**$ 2,294,050**	**$ 164,116**	

In May, GCHP changed its method of distributing Health Care Cost (HCC) across categories of service. Prior months utilized an allocation methodology. The methdology was updated to utilize payment information by the differrent categories of services. This change will more accurately reflect true HCC, since it is based on actual claims payments versus estimates.

Statement of Cash Flows - Monthly

	MAY'13	APR'13
Cash Flow From Operating Activities		
Collected Premium	$ 25,564,446	$ 1,607,736
Miscellaneous Income	7,203	7,579
Paid Claims		
Medical & Hospital Expenses	(16,067,915)	(20,985,456)
Pharmacy	(4,005,123)	(5,757,094)
Capitation	(1,212,755)	(948,127)
Reinsurance of Claims	(3,873)	(229,552)
Paid Administration	(3,062,066)	(2,673,630)
MCO Tax Paid	-	(653,664)
Net Cash Provided/ (Used) by Operating Activities	**1,219,917**	**(29,632,207)**
Cash Flow From Investing/Financing Activities		
Proceeds from Line of Credit	5,000,000	-
Repayments on Line of Credit	-	-
Net Acquisition of Property/Equipment	(2,013)	(5,366)
Net Cash Provided/(Used) by Investing/Financing	**4,997,987**	**(5,366)**
Net Cash Flow	**$ 6,217,904**	**$ (29,637,573)**
Cash and Cash Equivalents (Beg. of Period)	16,850,331	46,487,904
Cash and Cash Equivalents (End of Period)	23,068,235	16,850,331
	$ 6,217,904	**$ (29,637,573)**
Adjustment to Reconcile Net Income to Net Cash Flow		
Net (Loss) Income	1,353,803	2,278,567
Depreciation & Amortization	3,648	3,836
Decrease/(Increase) in Receivables	(1,401,202)	(27,948,363)
Decrease/(Increase) in Prepaids & Other Current Assets	89,138	(2,596)
(Decrease)/Increase in Payables	(335,292)	(2,926,579)
(Decrease)/Increase in Other Liabilities	(80,000)	(38,333)
Change in MCO Tax Liability	600,764	4,648,137
Changes in Claims and Capitation Payable	(1,920,243)	500,342
Changes in IBNR	2,909,301	(6,147,218)
	1,219,917	(29,632,207)
Net Cash Flow from Operating Activities	**$ 1,219,917**	**$ (29,632,207)**

Statement of Cash Flows - YTD

	May '13 YTD
Cash Flow From Operating Activities	
Collected Premium	$ 283,903,433
Miscellaneous Income	105,416
Paid Claims	
Medical & Hospital Expenses	(216,626,651)
Pharmacy	(40,671,913)
Capitation	(9,249,662)
Reinsurance of Claims	(2,532,315)
Paid Administration	(23,885,859)
MCO Taxes Expense	(653,664)
Net Cash Provided/(Used) by Operating Activities	**(9,611,216)**
Cash Flow From Investing/Financing Activities	
Proceeds from Line of Credit	7,200,000
Repayments on Line of Credit	-
Net Acquisition of Property/Equipment	(74,647)
Net Cash Provided/(Used) by Investing/Financing	**7,125,353**
Net Cash Flow	**$ (2,485,863)**
Cash and Cash Equivalents (Beg. of Period)	25,554,098
Cash and Cash Equivalents (End of Period)	23,068,235
	$ (2,485,863)
Adjustment to Reconcile Net Income to Net Cash Flow	
Net Income/(Loss)	2,458,166
Depreciation & Amortization	39,383
Decrease/(Increase) in Receivables	5,428,196
Decrease/(Increase) in Prepaids & Other Current Assets	(570,320)
(Decrease)/Increase in Payables	1,786,661
(Decrease)/Increase in Other Liabilities	(796,667)
Change in MCO Tax Liability	5,250,582
Changes in Claims and Capitation Payable	(2,152,615)
Changes in IBNR	(21,054,602)
	(9,611,216)
Net Cash Flow from Operating Activities	**$ (9,611,216)**

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AGENDA ITEM 3a

To: Gold Coast Health Plan Commissioners

From: Guillermo Gonzalez , Director of Government Affairs

Re: State Budget and Medi-Cal Legislative Update

Date: July 22, 2013

State Budget

On June 27th the Governor approved the $96.3 billion dollar 2013-14 State Budget. The following are key Budget items that pertain to the Medi-Cal Program and Medi-Cal Managed Care:

- $16.9 million in general fund money in the coming fiscal year and $77 million the following fiscal year for partial restoration of adult Medi-Cal dental benefits. Adult dental coverage is mandated to begin in May 2014 and includes preventive care and full dentures. Medi-Cal Program annual costs for this benefit are estimated to be $211.3 million. Of this amount, $85.3 will come from the state general fund.

- $206 million (includes $142 million in one-time general fund money) for restoration of basic mental health services for Medi-Cal beneficiaries

- Elimination of efficiency factor reductions for Medi-Cal Managed Care Plans

- Maintained state-based approach to Medicaid expansion under the federal Affordable Care Act (ACA)

- The Budget also eliminated the 7 doctor visit limit proposal from the Medi-Cal Program.

MCO Tax

The State Budget reauthorized the managed care organization (MCO) tax of Medi-Cal Managed Care Plans. The MCO tax is intended to increase the state's federal match and therefore generate more revenue. The current MCO tax rate is 2.35% in the 2013-14 budget year, and 3.94% in 2014-15 and 2015-16 budget years. The MCO tax sunsets after the 2015-16 budget year.

Ninth Circuit Court Issues Ruling To Invalidate The Elimination of Medi-Cal Benefits

On July 5th a three-judge panel of the U.S. Court of Appeals for the Ninth Circuit reversed the Ninth Circuit Court's previous summary judgment on cuts to Medi-Cal services and benefits. The panel ruled that, "California legislation that eliminated coverage for certain healthcare services, including adult dental, podiatry, optometry, and chiropractic services, conflicted with the Medicaid Act and was therefore invalid.

Judge Dorothy W. Nelson, who drafted the opinion for the three-judge panel, wrote that only Congress has the authority to change the terms and benefits covered under the Medicaid Program. It is uncertain whether the State will mount a challenge or appeal a portion or the entirety of the Court's ruling.

Medi-Cal and Health Care Reform Legislation

The Legislature and Governor enacted legislation (ABX11, ABX1 2, SBX 1-1, and SBX1-3) to implement key provisions of federal health care reform or ACA on January 1, 2014. A report concerning additional legislation related to Medi-Cal Managed Care is attached for your reference.

- ABX11 will streamline the eligibility and asset test criteria under Medi-Cal and expand the Medi-Cal Program to childless adults with incomes at or below 138% of the Federal Poverty Level.

- ABX1 2 will prohibit a health plan from imposing any preexisting condition exclusion on any individual and from conditioning the issuance or offering of health benefit plans on any health status-related factor.

- SBX1-1 will extend Medi-Cal eligibility to former foster children and include mental health services and substance use disorder services in the essential health benefits package, as adopted by the state and approved by the U.S. Secretary of Health and Human Services, to the schedule of Medi-Cal benefits.

- SB X1 3 establishes the Medicaid Bridge Plan. The Medicaid Bridge Plan will allow individuals with incomes below 250 percent of federal poverty level who are no longer eligible for Medi-Cal to remain in a Medi-Cal Plan pending their transition into the health benefits exchange. The Bridge Plan is expected to be available no sooner than April 2014.

Government Affairs Legislative Update

AB 209 **(Pan D) Medi-Cal: Managed Care: Quality, Accessibility, And Utilization**
Current Text: Amended: 4/9/2013 pdf html
Introduced: 1/30/2013 **Last Amend:** 4/9/2013
Status & Location: 6/25/2013-Third Reading. Senate

Summary: Would require the State Department of Health Care Services (DHCS) to develop and implement a plan to monitor, evaluate, and improve the quality, accessibility, and utilization of health care and dental services provided through Medi-Cal managed care. This bill would require DHCS to appoint an advisory committee for the purpose of making recommendations to the department and to the Legislature in order to improve quality and access in the delivery of Medi-Cal managed care services. The bill would be implemented to the extent that funding is provided in the annual budget act or federal, private, or other non-General Fund moneys are available.
GCHP Position: **Watch Closely**

AB 411 **(Pan D) Medi-Cal: Performance Measures**
Current Text: Amended: 7/2/2013 pdf html
Introduced: 2/15/2013 **Last Amend:** 7/2/2013
Status & Location : 7/2/2013-Read Second Time And Amended. Re-referred to Assembly Committee on Appropriations.

Summary: Would require all Medi-Cal managed care plans to link individual level data collected as a part of analyzing their Healthcare Effectiveness Data and Information Set (HEDIS) measures to patient identifiers in a manner that allows for an analysis of disparities in medical treatment by certain characteristics and to submit that data to DHCS annually. The department would be required to make individual level data available for research purposes. The bill would further require DHCS to stratify, in the aggregate, that data by certain characteristics and to develop a report, which would be published on the DHCS Internet Web site.
GCHP Position: **Pending**

AB 676 **(Fox D) Health Care Coverage: Post Discharge Care Needs**
Current Text: Amended: 4/10/2013 pdf html
Introduced: 2/21/2013 **Last Amend:** 4/10/2013
Status & Location: 5/24/2013-Failed Passage. Assembly 2 Year bill

Summary: Would prohibit Medi-Cal managed care plan, commercial health care plans, and DHCS, from causing an enrollee, insured, or beneficiary to remain in a general acute care hospital or an acute psychiatric hospital if the attending physician on the medical staff has determined that the individual no longer requires inpatient hospital care. The bill would require the above mentioned entities to perform specified duties within 24 hours of receipt of notice of the discharge. This bill contains other related provisions and other existing laws.
GCHP Position: Oppose

AB 900 **(Alejo D) Medi-Cal: Reimbursement: Distinct Part Nursing Facilities.**
Current Text: Amended: 6/25/2013 pdf html
Introduced: 2/22/2013 **Last Amend:** 6/25/2013
Status & Location: 6/25/2013-Read second time and amended. Re-referred to Assembly Committee on Appropriations.

Summary: Current law requires Medi-Cal provider payments to be reduced by 1% or 5%, and provider payments for specified non-Medi-Cal programs to be reduced by 1%, for dates of service on and after March 1, 2009, and until June 1, 2011. Current law requires, except as otherwise provided, Medi-Cal provider payments and payments for specified non-Medi-Cal programs to be reduced by 10% for dates of service on and after June 1, 2011. This bill would instead require that this payment reduction not apply to skilled nursing facilities that are a distinct part of a general acute care hospital, for dates of service on or after July 1, 2013, subject to necessary federal approvals.
GCHP Position: Support

ABX1 1 **(John A. Pérez D) Medi-Cal: Eligibility.**
Current Text: Chaptered: 6/27/2013 pdf html
Introduced: 1/28/2013 **Last Amend:** 6/14/2013
Status & Location: 6/27/2013-Chaptered by Secretary of State. Chapter 3, Statutes of 2013-14 Extraordinary Session. Chaptered as State Law

Summary: Would, commencing January 1, 2014, implement various provisions of the federal Patient Protection and Affordable Care Act (ACA), relating to determining eligibility for certain groups. The bill would extend Medi-Cal eligibility to specified adults and would require that income eligibility be determined based on modified adjusted gross income (MAGI). The bill would prohibit the use of an asset or resources test for individuals whose financial eligibility for Medi-Cal is determined based on the application of MAGI.
GCHP Position: Support

ABX1 2 **(Pan D) Health care coverage.**
Current Text: Chaptered: 5/9/2013 pdf html
Introduced: 1/29/2013 **Last Amend:** 4/1/2013
Status & Location : 5/9/2013-Chaptered by Secretary of State. Chapter 1, Statutes of 2013-14 First Extraordinary Session. Chaptered as State Law

Summary: Would require an insurer, on and after October 1, 2013, to offer, market, and sell all of the insurer's health benefit plans that are sold in the individual market for policy years on or after January 1, 2014, to all individuals and

dependents in each service area in which the insurer provides or arranges for the provision of health care services, but would require insurers to limit enrollment in individual health benefit plans to specified open enrollment and special enrollment periods. The bill would prohibit these insurers from imposing any preexisting condition exclusion upon any individual and from conditioning the issuance or offering of individual health benefit plans on any health status-related factor, as specified.
GCHP Position: Support

SB 640 **(Lara D) Medi-Cal: Reimbursement: Provider Payments**
Current Text: Amended: 5/24/2013 pdf html
Introduced: 2/22/2013 **Last Amend:** 5/24/2013
Status & Location: 5/24/2013-From committee with author's amendments. Read second time and amended. Re- referred to Committee on Appropriations.

Summary: Current law requires, except as otherwise provided, Medi-Cal provider payments and payments for specified non-Medi-Cal programs to be reduced by 10% for dates of service on and after June 1, 2011. This bill would instead require that this payment reduction not apply to skilled nursing facilities or subacute care units that are a distinct part of a general acute care hospital, intermediate care or other specified facilities serving developmentally disabled individuals, or specified Medi-Cal provider payments for fee-for-service benefits, including payments to pharmacies, for dates of service on or after June 1, 2011.
GCHP Position: Support

SBX1 1 **(Hernandez D) Medi-Cal: Eligibility**
Current Text: Chaptered: 6/27/2013 pdf html
Introduced: 1/28/2013 **Last Amend:** 6/14/2013
Status: 6/27/2013-Chaptered by Secretary of State. Chapter 4, Statutes of 2013-14 First Extraordinary Session. Chaptered as State Law

Summary: Would, commencing January 1, 2014, implement various provisions of the federal ACA by modifying provisions relating to determining eligibility for certain groups. The bill would extend Medi-Cal eligibility to specified former foster children. The bill would also add, commencing January 1, 2014, mental health services and substance use disorder services included in the essential health benefits package, as adopted by the state and approved by the United States Secretary of Health and Human Services, to the schedule of Medi-Cal benefits, as specified.
GCHP Position: Neutral

SBX1 2 **(Hernandez D) Health Care Coverage**
Current Text: Chaptered: 5/9/2013 pdf html
Introduced: 1/28/2013 **Last Amend:** 4/1/2013
Status: 5/9/2013-Chaptered by Secretary of State. Chapter 2, Statutes of 2013-14 First Extraordinary Session. Chaptered as State Law.

Summary: Would require a health care service plan, on and after October 1, 2013, to offer, market, and sell all of the plan's health benefit plans that are sold in the individual market for policy years on or after January 1, 2014, to all individuals and dependents in each service area in which the plan provides or arranges for the provision of health care services, as specified, but would require plans to limit enrollment in individual health benefit plans to specified open enrollment and special enrollment periods. The bill would prohibit these health care service plans from imposing any preexisting condition exclusion upon any individual and from conditioning the issuance or offering of individual health benefit plans on any health status-related factor, as specified.
GCHP Position: Support

SBX1 3 **(Hernandez D) Health Care Coverage: Bridge Plan**
Current Text: Enrollment: 7/3/2013 pdf html
Introduced: 2/5/2013
Last Amend: 6/19/2013
Status: 7/11/2013- Chaptered by Secretary of State. Chaptered as State Law.

Summary: The federal ACA requires each state to, by January 1, 2014, establish an Health Benefit Exchange that makes available qualified health plans to qualified individuals and small employers. This bill exempts a bridge plan product, as defined, from that latter requirement. This bill also requires participating Medi-Cal managed care plans to make available the lowest cost silver plan offered in a geographic region that will bridge Medicaid coverage and private commercial health insurance for eligible lower income individuals.
GCHP Position: Neutral

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Health Services Update

Commission Meeting
July 22,2013

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Utilization

Health Services has increased nursing, management, and non-clinical support staff to be able to process approximately 3,000 service requests/month. We currently receive electronic daily census material from 1 facility and our IT team is working to secure this information from all of our facilities.

Inpatient days/1,000 and average length of stay continue to trend down. (See page 3)

We have recently developed a process to screen for provider preventable conditions as required by the state of California.

Medical Management System

- MedHOK implementation began the week of July 8, 2013. Implementation will address desired reporting functionality for management, regulatory, and utilization reporting.

Impatient Hospital Utilization

Bed days/1,000 and average length of stay continue to trend down

	Sept 2011 – Aug 2012	Jan 2012 – Dec 2012	March 2012 – Feb 2013	April 2012 – March 2013
Bed days/1,000	410	348	297	243.9
Average length of stay	4.94	4.81	4.71	4.43*

* Average length of stay for local facilities is 3.9 days. Length of stay for a single, out of county hospital is 20.77 days (leukemia and bone marrow transplant care).

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CMO Update

Commission Meeting
July 22,2013

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Top 10 Drugs by Dollar

June 2013

Medication	# of Scripts	Amount Paid	Amount Paid/ Rx
BENEFIX	1	$128,683.20	$128,683.20
ADVAIR DISKU	378	$82,436.07	$218.08
LANTUS	479	$78,234.79	$163.33
NEULASTA	13	$55,898.09	$4,299.85
VENTOLIN HFA	1309	$49,906.97	$38.13
CARIMUNE NF	2	$41,702.16	$20,851.08
INCIVEK	2	$41,124.18	$20,562.09
ENBREL SRCLK	17	$39,869.34	$2,345.26
HUMALOG	190	$36,332.75	$191.23
JANUVIA	170	$35,466.82	$208.63

SCRIPT CARE, LTD.

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Top 10 Drugs by Rx

June 2013

Medication	# of Scripts	Amount Paid	Amount Paid/ Rx
HYDROCO/APAP	2825	$29,217.95	$10.34
METFORMIN	1736	$6,905.20	$3.98
OMEPRAZOLE	1588	$15,457.02	$9.73
AMOXICILLIN	1489	$9,806.06	$6.59
IBUPROFEN	1442	$4,668.42	$3.24
LEVOTHYROXIN	1381	$6,281.72	$4.55
VENTOLIN HFA	1309	$49,906.97	$38.13
LISINOPRIL	1306	$3,693.86	$2.83
LORATADINE	1069	$5,079.31	$4.75
GABAPENTIN	1032	$19,691.78	$19.08

SCRIPT CARE, LTD.

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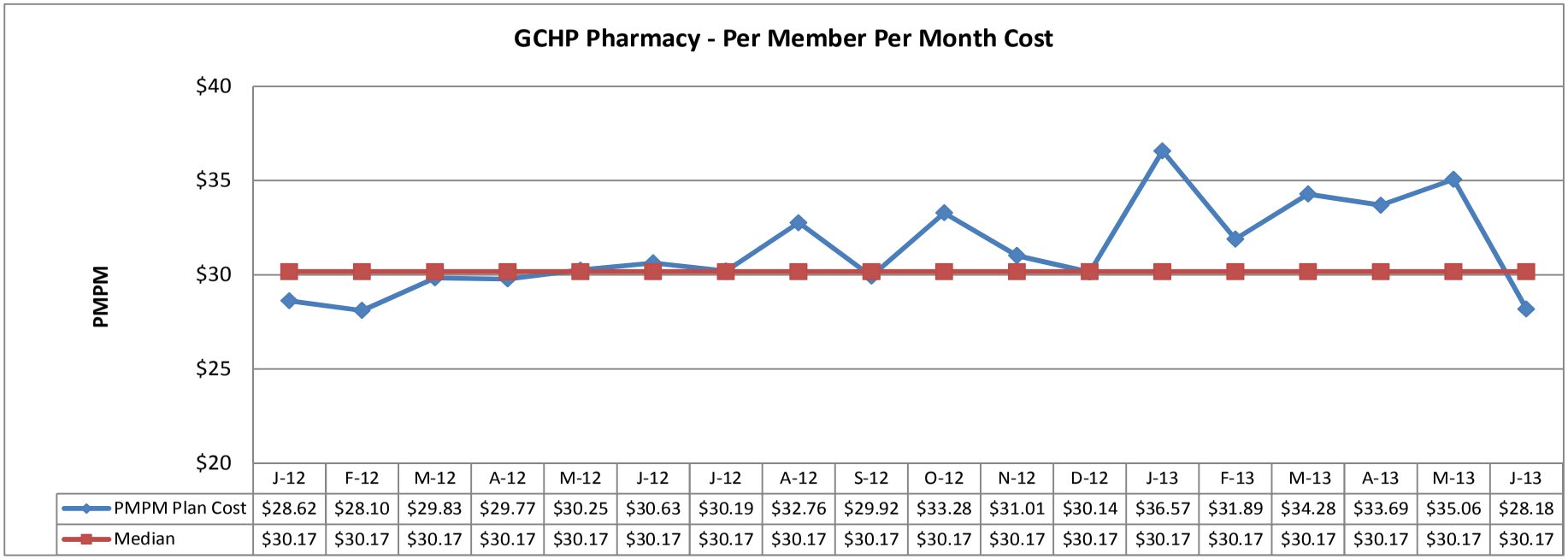
Top 10 Drugs by Therapeutic Class

June 2013

Code	Therapeutic Class	# of Scripts	Amount Paid
44	Antiasthmatic	3,249.00	$274,436.15
27	Antidiabetic	4,132.00	$258,292.13
61	Stimulants/Anti-Obesity Anorexiants	1,063.00	$173,227.20
72	Anticonvulsant	4,180.00	$160,259.55
66	Analgesics-Anti-Inflammatory	3,494.00	$148,529.56
85	Misc. Hematological	254.00	$137,411.35
21	Antineoplastics	309.00	$131,739.64
65	Analgesics-Narcotic	4,698.00	$128,044.99
40	Misc. Cardiovascular	27.00	$127,338.88
90	Dermatological	2,669.00	$104,900.34
44	Antiasthmatic	3,249.00	$274,436.15
27	Antidiabetic	4,132.00	$258,292.13

SCRIPT CARE, LTD.



	J-12	F-12	M-12	A-12	M-12	J-12	J-12	A-12	S-12	O-12	N-12	D-12	J-13	F-13	M-13	A-13	M-13	J-13
PMPM Plan Cost	$28.62	$28.10	$29.83	$29.77	$30.25	$30.63	$30.19	$32.76	$29.92	$33.28	$31.01	$30.14	$36.57	$31.89	$34.28	$33.69	$35.06	$28.18
Median	$30.17	$30.17	$30.17	$30.17	$30.17	$30.17	$30.17	$30.17	$30.17	$30.17	$30.17	$30.17	$30.17	$30.17	$30.17	$30.17	$30.17	$30.17

Median based on first year of data.

* Per Script Care reports, may not match GCHP financial statements.

AGENDA ITEM 3d

To: Gold Coast Health Plan Commissioners

From: Michael Engelhard, Chief Executive Officer

Date: July 22, 2013

RE: Plan-to-Plan (P2P) Boilerplate Contract Update

SUMMARY:
The State of California Department of Health Care Services (DHCS) is Gold Coast Health Plan's (GCHP) prime contractor and regulator. DHCS has provided GCHP with contingent approval for the use of its P2P Boilerplate Contract Template on a case-by-base basis. This item provides an update on GCHP's P2P contracting efforts.

BACKGROUND / DISCUSSION:
As a County Organized Health System (COHS), Gold Coast Health Plan contracts with DHCS to provide health care services to Medi-Cal beneficiaries in Ventura County. GCHP has been working to create a fully-delegated, full-risk contract template for the provision of health care under the Medi-Cal program managed by GCHP.

On October 4, 2012, DHCS placed GCHP on a Corrective Action Plan (CAP) outlining actions required by GCHP to come into compliance with the DHCS contract. Subsequent to this CAP, DHCS has provided GCHP with updates on the P2P contracting process on what the state would allow and not allow the plan to undertake.

1. October 12, 2012: GCHP submitted a template boilerplate contract to DHCS for approval.

2. November 30, 2012: DHCS amended the CAP to include the following language:

   "Accordingly, before MMCD (Medi-Cal Managed Care Division) will approve any risk arrangements as outlined in the plan-to-plan boilerplate contract, it will be required that GCHP meet all its obligations outlined in the CAP. Once all items in the CAP have been resolved GCHP must resubmit the plan-to-plan boilerplate subcontract or any other new subcontracting arrangements for review…"

3. January 4, 2013: DHCS commits to reviewing the proposed P2P boilerplate contract by February 15, 2013. DHCS maintained the requirement of successful completion / closure of the CAP before the Plan will be allowed to implement the proposed P2P.

4. July 9, 2013: DHCS provided GCHP with a letter "memorializing" a discussion between DHCS MMCD staff and GCHP management (see attached). This letter outlines the future uses of the boilerplate contract as requested by GHCP in a May 29, 2013 meeting. DHCS also indicated that "DHCS is also hereby amending the CAP to require approval of the use of the Boilerplate Contract on a case-by-case basis".

5. July 11, 2013: DHCS approved the plan-to-plan boilerplate contract, as amended (see attached).

Next steps include GCHP, after consultation with AHP, to adhere to the process DHCS outlined during a July 12, 2013 meeting between GCHP and MMCD-DHCS staff members. The steps outlined by DHCS for utilization of the P2P boilerplate include, but are not limited to:

- Submission of an agreement with negotiated terms (unsigned) to DHCS for approval,
- Submission of readiness assessment plan to be conducted by GCHP to DHCS, and
- DHCS reserves the right to request any additional subcontractor readiness information in addition to the reviewing the Plan's readiness assessment to conduct ongoing delegation oversight, as needed.

DHCS
TOBY DOUGLAS
DIRECTOR

State of California—Health and Human Services Agency
Department of Health Care Services

EDMUND G. BROWN JR.
GOVERNOR

**** sent via email ****

July 9, 2013

Michael Engelhard
Chief Executive Officer
Gold Coast Health Plan
2220 E. Gonzales Road, Suite 200
Oxnard, CA 93036

Dear Mr. Engelhard,

The intent of the this letter is to clarify and memorialize the discussion between the Department of Health Care Services (DHCS) Medi-Cal Managed Care Division (MMCD) and Gold Coast Health Plan (GCHP) at a meeting on Wednesday, May 29, 2013 regarding the MMCD approval of the plan-to-plan subcontract boilerplate entitled "MEDICAL SERVICES AGREEMENT Between VENTURA COUNTY MEDI-CAL MANAGED CARE COMMISSION and _____ " submitted to MMCD in March 2013 ("Boilerplate Contract").

Once the department receives the responses to the Additional Information Request that was sent to GCHP, we anticipate a successful finalization of the review process of the Boilerplate Contract. Once the Boilerplate Contract noted aboved is approved, that will be the only version approved by the State to be used by GCHP. GCHP will have to submit any changes to the final approved Boilerplate Contract per its Medi-Cal contract.

GCHP continues to be under a Corrective Action Plan. DHCS is also hereby amending the CAP to require approval of the use of the Boilerplate Contract on a case-by-case basis.

Welfare and Institutions Code section 14005.27(e)(3)(B) provides that Medi-Cal plans allow former Healthy Families enrollees to remain with their current primary care provider. GCHP is seeking to establish a contractual relationship with Kaiser Permanente to maintain continuity of care for the currently served Kaiser population transitioning from the Healthy Familes Program in Ventura County to GCHP effective August 1, 2013. We understand that GCHP has received Board approval for the two-way and three-way Kaiser agreements and is in the process of finalizing the contract arrangements. Based upon this, DHCS approves the use of the Boilerplate Contract to provide continuity of care for Healthy Families enrollees.

As long as GCHP is under a CAP, any subsequent use of the plan-to-plan subcontract template to establish new contractual relationships that alter the delivery of services or the financial risk for those services in Ventura will require prior approval by DHCS. Each proposed new plan-to-plan subcontracting relationship will be reviewed on a case by case basis. Part of this delivery system review will entail a review of GCHP's oversight and monitoring readiness of the proposed contractual arrangement.

We look forward to a successful conclusion of the of the remaining items on the plan-to-plan subcontract boilerplate template review.

Sincerely,

Javier Portela, Chief
Plan Management Branch
Medi-Cal Managed Care Division

cc: Margaret Tatar, Chief
Medi-Cal Managed Care Division

Michelle Retke, Chief
COHS, SPD, and Other Contracts Section

Brandy Armenta
Compliance Officer/Manager
Gold Coast Health Plan

State of California—Health and Human Services Agency
Department of Health Care Services

TOBY DOUGLAS
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

Via E-mail

July 11, 2013

Michael Engelhard
Chief Executive Officer
Gold Coast Health Plan
2220 E. Gonzales Road, Suite 200
Oxnard, CA 93036

Dear Mr. Engelhard,

In accordance with the letter dated July 9, 2013 from the Department of Health Care Services (DHCS), the Plan-to-Plan subcontract boilerplate, as amended by DHCS, is approved.

Please note this is the only version that is being approved at this time. Any changes to the current boilerplate or future plan-to-plan boilerplates must be approved by the Department.

We look forward to our meeting Friday, July 12th to discuss the amended version and future Plan-to-Plan subcontract templates.

Sincerely,

Javier Portela, Chief
Plan Management Branch
Medi-Cal Managed Care Division

Enclosures: Amended Plan-to-Plan subcontract boilerplate Submission review form

Medi-Cal Managed Care Division
1501 Capitol Avenue, P.O. Box 997413, MS 4400
Sacramento, CA 95899-7413
Phone (916) 449-5000 Fax (916) 449-5005
www.dhcs.ca.gov

cc: Guillermo Gonzalez, Director
Government Affairs and Communication
Gold Coast Health Plan

Brandy Armenta, MPA
Compliance Officer/Manager
Gold Coast Health Plan

Javier Portela, Chief
Plan Management Branch
Medi-Cal Managed Care Division

Michelle Mallory, Chief
COHS, SPD, and Other Contracts Section
Medi-Cal Managed Care Division

Gold Coast Health Plan℠
A Public Entity

Healthy Families Program Transition to Medi-Cal

August 1, 2013

www.goldcoasthealthplan.org

Gold Coast Health Plan℠
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GCHP Commitment

- GCHP is committed to working with members and providers to facilitate a smooth transition.
- GCHP is taking steps to ensure, to the best of our ability, that members are assigned appropriately.
- GCHP is committed to minimizing the number of members that will fall into auto-assignment pools.

Healthy Families Program Transition to MediCal

HFP Enrollment in Ventura County

Health Plan	Number of Members
Anthem Blue Cross	4,562
Kaiser Permanente	2462
Ventura County Health Plan	8814
Total	15,838

Source: MRMIB – Healthy Families Program Current Enrollment 7/2/2013

PCP Assignment-Methodology

- Anthem – By assigned PCP
- Kaiser-Membership transferred
- HRSA Method
- Last Visit in Past 12 Months
- Family Linkage
- Unassigned
  - Member Choice
  - Auto-assignment

Call Center Preparation

- Added 5 Bi-lingual Representatives for the month of August
- Staff training in process
  - Finalized Call Center Scripts for inbound and outbound calls
- Increasing Call Center Hours During Transition
  - After hours from 6:00 – 9:00 PT

Continuity of Care-Potential Issues

- Gap in Mental and Behavioral Health Benefits
  - No Autism/ABA benefits
- Formulary Differences
  - Will Grandfather for 60 days, Provider and Pharmacy communications have been sent
- Provider Contracting
  - Estimated 6400 members will need to select a PCP
  - Outreach calls will be placed to these members
- Network Access
  - VCHCP Members are used to an open access network
  - Developing a New Member Orientation program-targeting start date of August 5th

Communication & Outreach

- Radio Ads-Running July 22nd – August 2nd
  - 3 Stations: KCAQ-FM (English), KMLA-FM (Spanish), KXLM-FM (Spanish)
- Resource Fairs (11 events scheduled through the end of August)
- Provider Town Hall Meetings
  - July 22nd & July 29th
- GCHP staff will conduct Member Outreach Calls starting August 1st
- New Member Orientation