

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

October 24, 2016 Regular Meeting Minutes

CALL TO ORDER

Commissioner Darren Lee called the meeting to order at 2:04 p.m. in the Community Room located at Gold Coast Health Plan, 711 E. Daily Drive, Camarillo, California.

PLEDGE OF ALLEGIANCE

Commissioner Lee led the Pledge of Allegiance.

ROLL CALL

Present: Commissioners Anthony Alatorre, Lanyard Dial, M.D., Narcisa Egan, Peter Foy, Michele Laba, M.D., Darren Lee, Gagan Pawar, M.D., and Catherine Rodriguez

Absent: Commissioners Shawn Atin and Jennifer Swenson

PUBLIC COMMENT

None.

CONSENT CALENDAR

1. Approval of the 2017 Commission Meeting Calendar

RECOMMENDATION: Approve the 2017 Commission Meeting Calendar.

Commissioner Dial moved to approve the recommendation. Commissioner Alatorre seconded.

AYES: Commissioners Alatorre, Dial, Egan, Foy, Laba, Lee, Pawar, and Rodriguez.

NOES: None.

ABSTAIN: None.

ABSENT: Commissioners Atin and Swenson.

Commissioner Lee declared the motion carried.

The Commission unanimously agreed to cancel the November 28 Regular Meeting as there is a regular meeting scheduled for November 9, 2016.

FORMAL ACTION ITEMS

2. Fiscal Year 2015-16 Audit Results

RECOMMENDATION: Approve and accept the Fiscal Year 2015-16 Audit Results.

Patricia Mowlavi, Chief Financial Officer, introduced Stelian Damu and John Blakey, via telephone, from Moss Adams, LLP.

Mr. Blakey and Mr. Damu gave a presentation on the Fiscal Year 2015-16 Audit Results. The report resulted in an unmodified opinion with no issues that would have an adverse impact on the Plan's financial results. A copy of the presentation is on file.

Commissioner Alatorre moved to approve the recommendation. Commissioner Foy seconded.

AYES: Commissioners Alatorre, Dial, Egan, Foy, Laba, Lee, Pawar, and Rodriguez.

NOES: None.

ABSTAIN: None.

ABSENT: Commissioners Atin and Swenson.

Commissioner Lee declared the motion carried.

3. August 2016 Fiscal Year to Date Financials

RECOMMENDATION: Accept and file August 2016 Fiscal Year to Date Financials.

Patricia Mowlavi, Chief Financial Officer, reported the financials for the July and August, which included an increase in net assets by \$1.8 million, which is \$2.7 million higher than budget due to the retroactive true-up of long term care and skilled nursing facility claims associated with the final AB1629 rates; Tangible Net Equity (TNE) amount increased to approximately \$154.9 million; membership is relatively flat; Medical Loss Ratio is at 92.6%; and administrative expenses were \$7.4 million or \$1.2 million below budget.

It was reported the Managed Care Organization (MCO) tax payment will be \$21 million a quarter, therefore each monthly income statement will reflect a \$7 million deduction.

A discussion followed between the Commission and staff regarding the Department of Health Care Services (DHCS) and the 14% rate reduction which occurred in July in order to adjust the Adult Expansion payments; clarification on the Balance Sheet entry of the \$103 million liability being the current portion due to the DHCS; and the Commission's request to provide additional breakdown of the rates by specific aid grouping, which is currently being reviewed by Legal.

The Commission requested staff to follow-up with the auditors to see if it is necessary to restate and refile the financials due to the \$4 million adjustment and continue to research whether the aid category can be broken down in greater detail.

Commissioner Alatorre moved to approve the recommendation. Commissioner Lee seconded.

AYES: Commissioners Alatorre, Dial, Egan, Foy, Laba, Lee, Pawar, and Rodriguez.

NOES: None.

ABSTAIN: None.

ABSENT: Commissioners Atin and Swenson.

Commissioner Lee declared the motion carried.

4. Signature Authority and Procurement Policy

RECOMMENDATION: Delete Agenda Item 4A-1 Policy "CEO Signing Authority for Contractual Agreements for Administrative Goods and Services" and approve the Signature Authority and Procurement Policies; and 2) Any future revisions to these policies be reviewed and approved by the Ventura County Medi-Cal Managed Care Commission.

Bob Bushey, Procurement Officer, stated the updated policies will address the language ambiguity of "annually" by defining the dollar amount of a contractual agreement or memorandum of understanding as being cumulative thereby providing increased transparency of the Plan's expenditures.

Commissioner Dial moved to approve the recommendation. Commissioner Foy seconded.

AYES: Commissioners Alatorre, Dial, Egan, Foy, Laba, Lee, Pawar, and Rodriguez.

NOES: None.

ABSTAIN: None.

ABSENT: Commissioners Atin and Swenson.

Commissioner Lee declared the motion carried.

5. Discussion and Direction Regarding Community Resource Center Options

RECOMMENDATION: Direct staff to move forward with the lease of a satellite location in downtown Oxnard for the purpose of establishing a GCHP Community Resource Center; approve the Chief Executive Officer to negotiate and execute a lease; and direct staff to move forward with all planning activities necessary to open a Community Resource Center located in downtown Oxnard.

Dale Villani, Chief Executive Officer, presented a video on the Inland Empire Health Plan's Community Resource Center and gave an overview on a downtown Oxnard location for the purpose of establishing a GCHP Community Resource Center.

The Commission directed staff to look for partnership opportunities with existing resources, identify available shared space, develop a needs assessment of the community, and to report back to the Commission at a later date.

6. Appointment of Audit Committee Member to Serve the Remainder of Commissioner Pupa's Term

RECOMMENDATION: Appoint a new member to the Audit Committee.

Scott Campbell, General Counsel, stated the need of a financial expert to replace Dee Pupa on the Audit Committee.

Commissioners Rodriguez and Egan were nominated and by unanimous consent, appointed to the Audit Committee.

7. Appointment of Commission Vice Chairperson to Serve the Remainder of Commissioner Pupa's Two-Year Term and Appointment of Executive/Finance Committee Members to Serve the Remainder of Commissioner Pupa and Fisher's Terms

RECOMMENDATION: Elect a Commissioner to serve as Vice Chairperson for a two-year term; and 2) Make appointments to the Executive/Finance Committee as follows: a) Vice Chairperson and b) Ventura County Medical Health System Representative.

Mr. Campbell stated the first part of the process would be the appointment of the Vice Chairperson, as the appointments to the Executive/Finance Committee is contingent upon who is appointed as the Commission's Vice Chairperson.

Commissioner Alatorre was nominated and by unanimous consent, appointed Vice Chairperson.

Mr. Campbell stated since Commissioner Alatorre was appointed as Vice Chairperson, the by-laws state if a member of Clinicas is Chair or Vice Chair, another member of Clinicas must be on the Executive/Finance Committee defaulting the position to Commissioner Pawar.

Commissioner Pawar was nominated and by unanimous consent, appointed to the Executive/Finance Committee.

Mr. Campbell stated the second position designated in the by-laws, is to be filled by a Ventura County Medical Health System representative.

Commissioner Rodriguez was nominated and by unanimous consent, appointed to the Executive/Finance Committee.

8. Appointments to Chief Diversity Officer (CDO) Interview Panel

RECOMMENDATION: Appoint the CDO Interview Panel.

Mr. Campbell gave the staff report and stated Mr. Ed Hinojosa from APU is not interested in serving on the panel and the NAACP has suggested Mr. Theodore Bagley to serve as his replacement. Commissioner Alatorre stated there was an additional resume received for Mr. James Gilmer from Joseph Ortiz, Counsel, for the interview panel.

The item was continued until copies could be provided to all of the Commission for their review.

Mr. Campbell announced Mr. Villani will be recusing himself from Agenda Item No. 9 - Approval of Contract for Pharmacy Benefits Manager Services and Closed Session Agenda Item No. 10 - Report Involving Trade Secrets, due to prior ownership of stock in Magellan.

9. Approval of Contract for Pharmacy Benefits Manager Services

RECOMMENDATION: Staff is presenting a revised contract, per Commission direction, for approval.

Anne Freese, PharmD, Director of Pharmacy, gave the staff report and recapped the Commission's decision to conditionally award the contract to OptumRx upon the finalization of the contract language, which included the modification of payment of network provider claims to within 30 days, and additional performance guarantees specifically related to the 340B claims. It was noted information related to the performance guarantee rates will be presented in Closed Session as they are not subject to public disclosure. Once approved by the Commission, the contract will take effect on November 1, 2016, with the commencement of services

on June 1, 2017. The estimated contract amount is \$100 million a year or approximately \$300 million for the life of the contract.

Amy Cansler, Script Care Vice President, spoke in opposition of Agenda Item No. 9, Approval of Contract for Pharmacy Benefits Manager Services.

Dr. Derek A. Sachitano, Script Care Director of Clinical Services, spoke in opposition of Agenda Item No. 9, Approval of Contract for Pharmacy Benefits Manager Services.

Rob Coppola, Magellan Rx Management Vice President of Medicaid Sales, spoke in opposition of Agenda Item No. 9, Approval of Contract for Pharmacy Benefits Manager Services.

Earl Hurst, Magellan Rx Management Senior Vice President and General Manager, spoke in opposition of Agenda Item No. 9, Approval of Contract for Pharmacy Benefits Manager Services.

Jennifer Dauer, Diepenbrock Elkin Gleason LLP, outside counsel for Magellan Rx Management, spoke in opposition of Agenda Item No. 9, Approval of Contract for Pharmacy Benefits Manager Services.

Robert Hollis, OptumRx Vice President of Health Plan Sales, spoke in favor of Agenda Item No. 9, Approval of Contract for Pharmacy Benefits Manager Services.

Mr. Campbell announced Closed Session Item No. 10 - Discussion Involving Trade Secrets and Closed Session Item No. 20 - Conference with Legal Counsel – Anticipated Litigation (One Case).

CLOSED SESSION

The Commission adjourned to Closed Session at 3:55 p.m. regarding the following item:

10. REPORT INVOLVING TRADE SECRETS

Discussion will concern: Pharmacy Benefits Manager Rates

Estimated date of public disclosure: Three years from execution of contract pursuant to Welfare and Institutions Code Section 14087.58.

20. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: One Case

RECONVENE TO REGULAR MEETING

The Regular Meeting reconvened at 5:02 p.m.

Mr. Campbell stated there was no reportable action taken.

9. Approval of Contract for Pharmacy Benefits Manager Services

RECOMMENDATION: Staff is presenting a revised contract, per Commission direction, for approval.

Dr. Freese stated staff had reviewed the letters provided by the vendors in protest of the tentative award and the items identified in the letters in regards to the exemption to the full transparency pass-through model of specialty mail and rebates would not have altered the position of the three vendors in terms of staff's financial assessment of their proposal with OptumRx maintaining the lowest cost proposal.

Mr. Campbell noted there was additional discussion that the overall financial impact of the items would be an insignificant or minor amount to the total value of the contract.

Mr. Campbell stated the appropriate motion would be to approve the contract for Pharmacy Benefits Manager Services with OptumRx with the following caveats and conditions: 1) the Commission would waive any irregularities and defects in the bid documents; 2) the condition be added to the contract that if there is any litigation challenging the Commission's award of the contract to OptumRx, OptumRx would defend and indemnify and hold harmless the Commission; and 3) the contract be executed by Chief Operations Officer, Ruth Watson.

Commissioner Foy moved to approve the motion. Commissioner Rodriguez seconded.

AYES: Commissioners Dial, Egan, Foy, Laba, Lee, and Rodriguez.

NOES: Commissioners Alatorre and Pawar.

ABSTAIN: None.

ABSENT: Commissioners Atin and Swenson.

Commissioner Lee declared the motion carried with the roll-call vote of 6-2-0.

Mr. Villani returned to the meeting at 5:07 p.m.

REPORTS

11. Chief Executive Officer (CEO) Update

RECOMMENDATION: Accept and file the report.

Mr. Villani shared with the Commission the NAACP Corporate Award the Plan received at the NAACP Ventura County 2016 Freedom Fund Banquet and highlighted the key take-aways from the California Association of Health Plans annual conference and the LHPC board meeting, which included Mega-Rule

implications, National Committee for Quality Assurance (NCQA) accreditation, Knox Keene licensing, developing a senior care strategy, and the Hospital Association of Southern California (HASC) Medi-Cal task force.

12. Chief Operations Officer (COO) Update

RECOMMENDATION: Accept and file the report.

Ruth Watson, COO, stated there is a new section on the provider fees and a correction to page 171, as the total number of pharmacy providers should be 241 instead of 101.

13. Chief Medical Officer (CMO) Update

RECOMMENDATION: Accept and file the report.

Nancy Wharfield, M.D., Associate Chief Medical Officer, stated the results received from the bi-lingual texting pilot, mPulse Mobile, were positive as opt-out rates were less than half of the industry standard and member satisfaction rates were high.

14. Chief Information Strategy Officer (CISO) Update

RECOMMENDATION: Accept and file the report.

Melissa Scrymgeour, CISO, stated this is the first time the approved project portfolio has been presented to the Commission and identified the seven projects scheduled to start before the end of 2016 based on priority and resource availability.

15. Human Resources/Cultural Diversity Subcommittee (HRCD) Update

RECOMMENDATION: Accept and file the report.

Danita Fulton, Director of Human Resources, stated the HRCD met on October 10, 2016, and reviewed four potential executive search firms for the recruitment of the Chief Diversity Officer position, which resulted in a selection of a firm and direction to staff to proceed with a concurrent internal search as well.

Commissioner Dial moved to approve the recommendation. Commissioner Alatorre seconded.

AYES: Commissioners Alatorre, Dial, Egan, Foy, Laba, Lee, Pawar, and Rodriguez.

NOES: None.

ABSTAIN: None.

ABSENT: Commissioners Atin and Swenson.

Commissioner Lee declared the motion carried.

8. Appointments to Chief Diversity Officer (CDO) Interview Panel

RECOMMENDATION: Appoint the CDO Interview Panel.

The Commission reviewed Mr. Gilmore's resume and it was noted his recommendation was from Mr. Jaime Casillas.

Commissioner Dial nominated Mr. Bagley and Commissioner Pawar seconded.

AYES: Commissioners Alatorre, Dial, Egan, Foy, Laba, Lee, Pawar, and Rodriguez.

NOES: None.

ABSTAIN: None.

ABSENT: Commissioners Atin and Swenson.

Commissioner Lee declared the motion carried.

Commissioner Alatorre nominated Mr. Gilmore and Commissioner Pawar seconded.

AYES: Commissioners Alatorre, Dial, Egan, Foy, Laba, Lee, Pawar, and Rodriguez.

NOES: None.

ABSTAIN: None.

ABSENT: Commissioners Atin and Swenson.

Commissioner Lee declared the motion carried.

Mr. Campbell announced the Closed Sessions items are the ones listed on the Agenda and on Agenda Item No. 20, Conference with Legal Counsel – Existing Litigation, Commissioners Alatorre and Pawar will be recusing themselves as they are employed by Clinicas del Camino Real, an entity affiliated with America's Health Plan.

CLOSED SESSION

The Commission adjourned to Closed Session at 5:33 p.m. regarding the following items:

16. PUBLIC EMPLOYEE APPOINTMENT

Title: Chief Diversity Officer

17. CONFERENCE WITH LABOR NEGOTIATORS

Agency designated representatives: Scott Campbell, General Counsel

Unrepresented employee: Chief Diversity Officer

18. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Chief Executive Officer

19. CONFERENCE WITH LABOR NEGOTIATORS

Agency designated representatives: Scott Campbell, General Counsel

Unrepresented employee: Chief Executive Officer

20. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of
Section 54956.9: Two Cases

OPEN SESSION

The Regular Meeting reconvened at 6:49 p.m.

Mr. Campbell stated there was no reportable action taken.

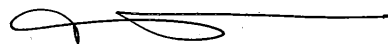
COMMENTS FROM COMMISSIONERS

None.

ADJOURNMENT

The meeting was adjourned at 6:50 p.m.

APPROVED:



Tracy J. Oehler, Clerk of the Board