



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

**Executive/Finance Committee Meeting**

**Regular Meeting**

**Thursday, April 2, 2020 – 3:00 p.m.**

**Community Room at Gold Coast Health Plan**

**711 E. Daily Drive, Suite 106, Camarillo, CA 93010**

**Conference Call Number: 1 (805) 324-7279**

**Conference ID Number: 254693229#**

**AGENDA**

**CALL TO ORDER**

**ROLL CALL**

**PUBLIC COMMENT**

The public has the opportunity to address Ventura County Medi-Cal Managed Care Executive Finance Committee on the agenda. Persons wishing to address the Committee should complete and submit a Speaker Card.

Persons wishing to address the Executive Finance Committee are limited to three (3) minutes unless the Chair of the Committee extends time for good cause shown. Comments regarding items not on the agenda must be within the subject matter jurisdiction of the Committee.

Members of the public may call in, using the numbers above, or can submit public comments to the Committee via email by sending an email to [ask@goldchp.org](mailto:ask@goldchp.org). If members of the public want to speak on a particular agenda item, please identify the agenda item number. Public comments submitted by email should be under 300 words.

**CONSENT**

**1. Approval of Executive Finance Committee Meeting Minutes of February 13, 2020**

Staff: Maddie Gutierrez, CMC – Clerk to the Commission

**RECOMMENDATION:** Approve the minutes.

## **FORMAL ACTION**

### **2. Procurement of Physician Advice Module for R.N. Advice Line**

Staff: Nancy Wharfield, M.D., Chief Medical Officer

#### **RECOMMENDATION:**

The Plan recommends the Commission approve entering into a two-year agreement for the provision of MD Live telemedicine services linked to the Carenet Nurse Advice Line with a not-to-exceed amount of \$450,800.

### **3. February 2020 Financials Report**

Staff: Kashina Bishop, Chief Financial Officer

**RECOMMENDATION:** Staff requests that the Executive Finance Committee accept and file the February 2020 financial package and recommend approval to the Commission.

## **CLOSED SESSION**

### **4. PUBLIC EMPLOYMENT**

Title: Chief Executive Officer

### **5. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION**

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9—Number of cases: Unknown

## **COMMENTS FROM COMMITTEE MEMBERS**

## **ADJOURNMENT**

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Administrative Reports relating to this agenda are available at 711 East Daily Drive, Suite #106, Camarillo, California, during normal business hours and on <http://goldcoasthealthplan.org>. Materials related to an agenda item submitted to the Committee after distribution of the agenda packet are available for public review during normal business hours at the office of the Clerk of the Board. In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact (805) 437-5512. Notification for accommodation must be made by the Tuesday prior to the meeting by 3 p.m. will enable the Clerk of the Board to make reasonable arrangements for accessibility to this meeting.

## **AGENDA ITEM NO. 1**

**TO:** Executive Finance Committee  
**FROM:** Maddie Gutierrez, Clerk to the Commission  
**DATE:** April 2, 2020  
**SUBJECT:** Meeting Minutes of February 13, 2020 Special Executive Finance Committee Meeting

### **RECOMMENDATION:**

Approve the minutes.

### **ATTACHMENTS:**

Copy of the February 13, 2020 Special Executive Finance Committee meeting minutes.



**Ventura County Medi-Cal Managed Care Commission (VCMCC)  
Executive/Finance Committee  
Special Meeting**

**February 13, 2020**

**CALL TO ORDER**

Committee member Antonio Alatorre called the meeting to order at 1:19p.m. In the Community Room located at Gold Coast Health Plan, 711 East Daily Drive, Camarillo, California.

**ROLL CALL**

Present: Committee members Antonio Alatorre, Fred Ashworth, Laura Espinosa, and Jennifer Swenson.

Absent: Committee member Dee Pupa.

**CLOSED SESSION**

**1. PUBLIC EMPLOYMENT**

Title: Chief Executive Officer

Interim Chief Executive Officer, Patricia Tanquary, introduced Miller Consulting Resources Inc. representatives: Lu Miller and Lisa Cloyne. The consulting agency specializes in Healthcare and will prepare the search for the next permanent Chief Executive Officer.

The committee went into Closed Session at 1:23 p.m.

The regular meeting reconvened at 3:03 p.m.

**PUBLIC COMMENT**

1. Jennifer Alter, local representative for Invitae Genetics. They are a specialty lab which does genetic testing, creates custom panels. Ms. Alter noted Quest does limited genetic testing and she wanted the commission to consider options. Family variant testing is done and if there is a positive result, there is a follow-up with free testing for all blood members for three months.

Committee member Espinosa asked if this was a benefit for members. CMO Wharfield stated testing is available if it is genetically necessary.

## **FORMAL ACTION**

### **2. Additional Funding Request – Professional Services Statement of Work Approval for Medical Management System Integration with New Core Claims System**

Staff: Nancy Wharfield, M.D., Chief Medical Officer

**RECOMMENDATION:** Approve additional funding for Medical Management System/New Core Claims System integration with a not-to-exceed amount of \$200,000 with a 10% contingency.

The system is out of date. MedHoc had an upgrade and the additional funds will assist with the additional funds data will be improved as well as accuracy on the member side. The integration will give an opportunity for more functionality. We are trying to avoid errors by cross checking with other system. Currently there are not sufficient funds to continue use.

Committee member Ashworth asked how many claims are processed now. CMO Wharfield stated MedHoc works with the claims system and Conduent. Kathleen Phillips, Sr. IT Analyst, stated we do approximately 4,000 authorizations per month. MedHoc crated the original files, but it is not working accurately. We need a standard process. Files now have more fields and if we customize, it becomes too expensive. CMO Wharfield stated the process doesn't change, but it is less work for authorization. Standard files formats need to be used.

Committee member Ashworth asked how efficiency/productivity is measured. CMO Wharfield state it is easy to see the number of cases. Interim Chief Executive Officer, Patricia Tanquary, stated Conduent charges to upgrade and MedHoc will prevent additional cost to the Plan. Committee member Alatorre asked staff to check if there will be a credit from MedHoc. Staff stated they will follow-up.

Committee member Espinosa motions to approve additional funding. Seconded by Committee member Ashworth.

**AYES:** Committee member Antonio Alatorre, Fred Ashworth, Laura Espinosa and Jennifer Swenson.

**NOES:** None.

ABSENT: Committee member Dee Pupa.

Committee member Alatorre declared the motion carried.

### **CONSENT**

#### **3. Approval of Executive Finance Committee Special Meeting Minutes of December 12, 2019.**

Staff: Maddie Gutierrez, CMC – Sr. Exec. Assistant/Clerk to the Commission

**RECOMMENDATION:** Approve the minutes.

Committee member Swenson motions to approve the minutes. Seconded by Committee member Ashworth.

AYES: Committee member Antonio Alatorre, Fred Ashworth, Laura Espinosa and Jennifer Swenson.

NOES: None.

ABSENT: Committee member Dee Pupa.

Committee member Alatorre declared the motion carried.

### **UPDATE**

#### **4. Strategic Planning Update**

Staff: Margaret Tatar, Interim Chief Executive Officer

**RECOMMENDATION:** Receive and file the update as presented.

Ms. Tatar reviewed the GCHP Strategic Plan for 2020 PowerPoint. The framework and budget cycle calendar were reviewed. Objectives for the proposed plan were individually discussed..

The primary focuses were:

- CalAIM implementation and partnerships
- Appropriate infrastructure for GCHP
- Governor Newsom's budget for 20/21
- Finalized budget cycle – in June

The Compliance department will create a process in order to ensure the Plan is in compliance.

## 5. Financial Update

Staff: Kashina Bishop, Chief Financial Officer

RECOMMENDATION: Receive and file the update as presented.

CFO Bishop stated the January Commission meeting had the most recent financials. Historically, financial statements are one month in arrears. There have been data issues – the data goes to an outside vendor, final return is by 10<sup>th</sup> of the month, then GCHP calculates and forwards to the vendor. Financial statements will be received on the 15<sup>th</sup> of each month.

Committee member Alatorre asked if meeting one week prior in order to get statements. CFO Bishop stated it created difficulty and cannot be done but could be a possibility long term. Committee member Ashworth asked if it was possible to have actual, a projected/estimate and then a true update. CFO Bishop stated she will try to have an update but can't guarantee. Committee member Ashworth asked if there could be an actual and projected - then explain differences, if any. CFO Bishop stated she would contact Committee member Ashworth to discuss details.

## 6. Quest Update

Staff: Steve Peiser, Sr. Director of Network Management

RECOMMENDATION: Receive and file the update as presented.

Mr. Peiser reviewed his PowerPoint. The Quest agreement was also reviewed – he noted nothing written in stone yet. The contract will establish a preferred provider relationship with capitation components. The goal is to better align lab care – it was fragmented in the past; there have been discrepancies.

The following items need to be addressed:

- Challenges
- Focus on impact for hospital facilities and providers
- Focus on hospitals financially

Mr. Peiser reviewed the challenges during the transitional period (first 90 days) and cost impacts. He also reviewed the estimated savings to the Plan through Quest.

Committee member Ashworth asked about pre-procedure testing. Mr. Peiser stated those tests will go to Quest, unless there is a specific reason for other.

Committee member Espinosa asked for clarification: members will not longer be able to go to Santa Paula Hospital for labs, then will now go to Quest? Mr. Peiser stated that was correct.

Mr. Peiser stated rate schedules will be maintained and will become normal negotiations when renewing contracts. Transportation vendors are now aware to provide access to labs. There are ample facilities and good results. Ms. Tanquary stated DHCS did a quick turn-around. The State is aware the Plan needs to save money and give more access to members. Mr. Peiser and CMO Wharfield have met with providers and discussed how to make the arrangement work.

The 90 day glide path is accommodating to get data in timely manner to Quest. Committee member Alatorre stated there are two health systems impacted, what are they doing? Mr. Peiser responded they are transitioning and expect them to change to Quest. The 90 day phasing period is data based and data should not be lost.

Committee member Swenson motions to approve the all updates. Seconded by Committee member Swenson.

AYES: Committee member Antonio Alatorre, Fred Ashworth, Laura Espinosa and Jennifer Swenson.

NOES: None.

ABSENT: Committee member Dee Pupa.

Committee member Alatorre declared the motion carried.

The Committee went into Closed Session at 4:06 p.m.

## **CLOSED SESSION**

### **7. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**

Significant exposure to litigation pursuant to paragraph (4) of subdivision (b) of Section 54956.9 Number of Cases: Unknown



## **OPEN SESSION**

The regular meeting reconvened at 5:13 p.m.

General Counsel, Scott Campbell stated there was no reportable action.

## **COMMENTS FROM COMMITTEE MEMBERS**

None.

## **ADJOURNMENT**

Committee member Alatorre adjourned the meeting at 5:17 p.m.

Approved:

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Maddie Gutierrez, CMC  
Clerk to the Commission



## **AGENDA ITEM NO. 2**

**TO:** Executive Finance Committee  
**FROM:** Nancy Wharfield, MD, Chief Medical Officer  
**DATE:** April 2, 2020  
**SUBJECT:** Procurement of Physician Advice Module for RN Advice Line

### **SUMMARY:**

Gold Coast Health Plan (GCHP) staff seek approval to enter into a contract amendment with Carenet, our Nurse Advice line vendor, to add physician consultation services in order to be compliant with new DHCS requirements.

### **BACKGROUND/DISCUSSION:**

DHCS recognizes the importance of enhancing telemedicine capabilities during the COVID-19 pandemic and has requested Managed Care Plans add linkage to telephonic physician consultation to RN Advice Line capabilities. To accomplish this, GCHP staff seek to add Carenet's MD Live module to our services. By purchasing this module, Carenet nurses can transfer appropriately selected cases to an MD Live board-certified telemedicine physician.

MD Live physicians receive specialized telehealth training in communication, diagnosis and treatment over the phone and are credentialed under NCQA requirements. MD Live physicians can treat a variety of common medical problems and will provide members with a prescription if necessary. MD Live will provide GCHP with regular reporting on call activity such as details of clinical interaction, member demographics, call center metrics, and patient satisfaction. MDLIVE utilizes Schmitt-Thompson Clinical Content (STCC), the leading source of telephone-based triage protocols and symptom decision support information for physicians in North America. In addition, MDLIVE participates in and adheres to the American Telemedicine Association Guidelines.

### **FISCAL IMPACT:**

The projected dollar amount for a two-year engagement would be approximately \$450,800 which includes implementation, a \$.06 PMPM fee, and estimated physician consultation charges. The current fiscal year would be impacted because this unfunded mandate was not anticipated in the budget.

**RECOMMENDATION:**

The Plan recommends the Commission approve entering into a two-year agreement for the provision of MD Live telemedicine services linked to the Carenet Nurse Advice Line with a not-to-exceed amount of \$450,800.



**AGENDA ITEM NO. 3**

TO: Executive Finance Committee  
FROM: Kashina Bishop, Chief Financial Officer  
DATE: April 2, 2020  
SUBJECT: February 2020 Fiscal Year to Date Financials

**SUMMARY:**

Staff is presenting the attached February 2020 fiscal year-to-date (FYTD) financial statements of Gold Coast Health Plan ("Plan") for review and recommendation of approval to the Commission.

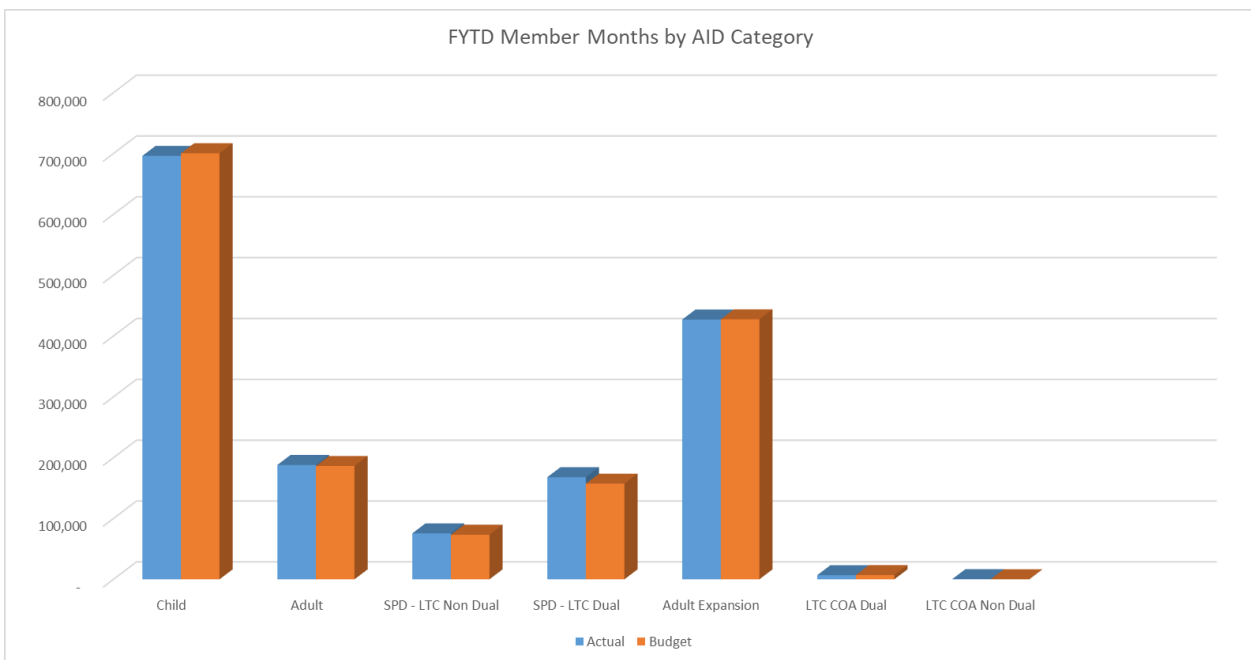
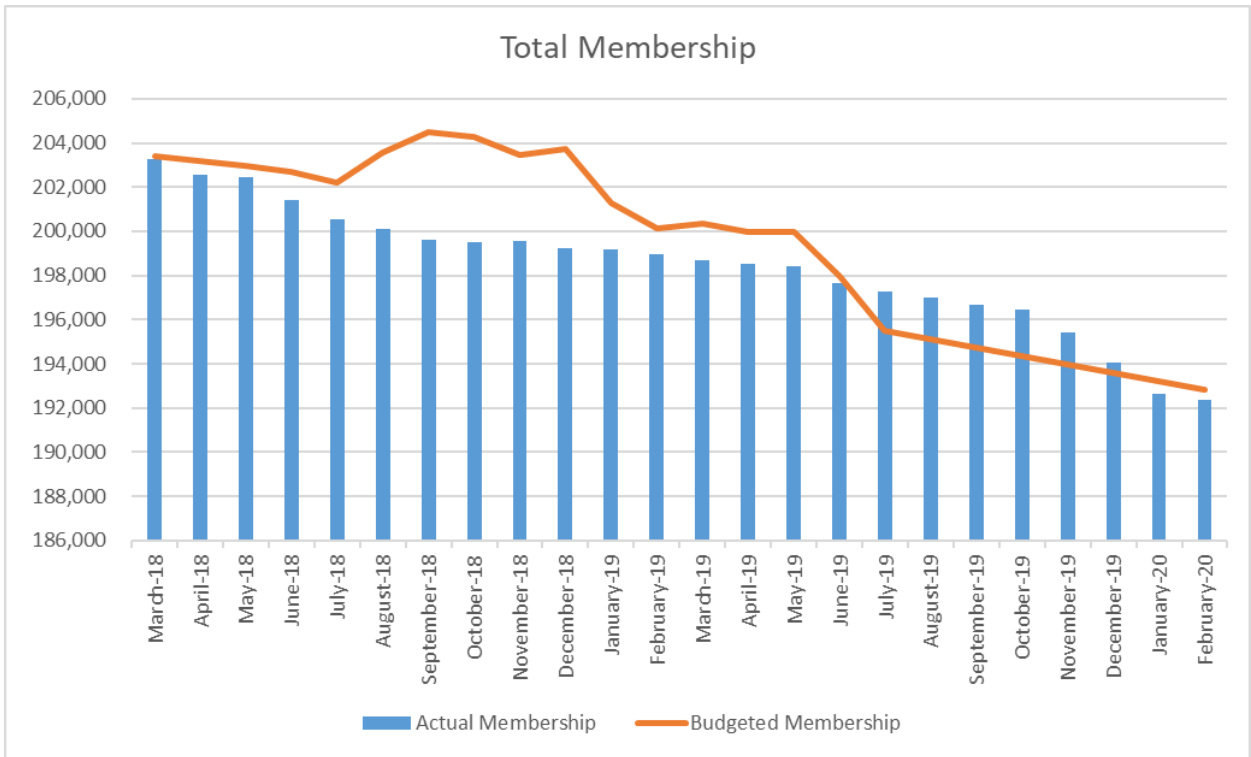
**BACKGROUND/DISCUSSION:**

The staff has prepared the unaudited February 2020 FYTD financial package, including statements of financial position, statement of revenues, expenses and changes in net assets, and statement of cash flows.

**FISCAL IMPACT:**

**FYTD Financial Highlights**

1. Net loss of \$3.2 million; a \$3.7 million unfavorable year-to-date budget variance.
2. February FYTD net revenue is \$547.3 million, \$27.8 million higher than budget.
3. FYTD Cost of health care is \$518.4 million, \$38.0 million higher than budget.
4. The medical loss ratio is 94.7% of revenue, which is 2.2% higher than the budget.
5. The administrative cost ratio is 6.1%, 1.4% lower than budget.
6. Current membership for February is 192,346, while it is slightly less than budget, it will increase with retroactivity. Member months for the year are at 1,561,834 which 1% greater than budget.
7. Tangible Net Equity is \$72.4 million which represents approximately 32 days of operating expenses in reserve and 219% of the required amount by the State.



## **Financial Report:**

In the month of February 2020, the Plan is reporting a net gain of \$283,289. Overall revenue and expense in aggregate are consistent with the prior months this fiscal year. FYTD variances from budget are addressed in detail within the appropriate sections in this report.

### **Expense and Risk Management Strategies**

The Plan is specifically and aggressively engaged in a variety of activities aimed at tightening internal controls, minimizing further reductions to TNE, and mitigating potential risk areas that could have an adverse financial impact on the Plan. We are working to:

1. Improve Reporting for DHCS Rate Development Template and Supplemental Data Requests:
  - a. A team-based, organizational-wide approach to all State submissions which ensures completeness, accuracy, and maximizes potential revenue.
2. Tighten controls on Administrative Expense:
  - a. Open Position Justification – enhanced documentation requirement for new or open positions prior to approval, regardless of budget status. The documentation must include details and metrics on the change to workload and compliance or financial risks of not hiring the position; and
  - b. Tracking the root cause of claims interest and implementing processes to reduce.
3. Continuous attention to, and enhancement of, Provider Network Contracting:
  - a. Implementation of a preferred provider agreement with Quest, resulting in reduced contract rates and an estimated annual savings of \$3.4 million; and
  - b. Contract re-negotiations with hospitals which moved stop loss provisions from first to second dollar, improved language related to high cost drugs, transition of percentage of charge reimbursement to contract rates based on the Medi-Cal fee schedule, and limits to annual increase of chargemaster.
4. Enhance Claims Management:
  - a. Implementation of contract with Health Management Systems, which will improve identification of claim overpayments and will allow the Plan to obtain recovery dollars for coordination of benefits, including pharmacy expenses;
  - b. Contract language – tracking areas in which improvement in contract language would prevent errors leading to settlements and interest;
  - c. Identification of inconsistencies in claims handling to reduce expenses; and
  - d. Ongoing improvement of the Provider Dispute Resolution (PDR) turn around time to reduce abrasion and costs.
5. Enhance Utilization Management:
  - a. Nurse advice hotline which will direct members to the appropriate level of care and potentially divert from the ER.
  - b. CCS deferral identification, and review of ED claims for payment by CCS.
  - c. Risk assessment of new members through the Health Information Form and the Member Evaluation Tool which encourages connection to the appropriate level of care.

- d. Admin day reduction and transition of care efforts.
  - e. Over and under-utilization studies.
6. Re-constitute the Expense and Utilization Workgroup – a cross functional workgroup that identifies utilization and cost variances, and researches root cause to determine if any areas are actionable. Current area of focus is as follows:
- a. Understanding disparities in maternity length of stay between systems.
  - b. Aligning internal reporting with RDT logic.
  - c. Researching various cost variances.

**Revenue**

Net Premium revenue is over budget by \$27.9 million and 5%. The budget variance is being driven by the following:

- 1. The aggregate membership is over budget by 1%. However, due to the widespread economic impact of COVID-19 which is resulting in a rise in unemployment, the Plan is projecting a growth in membership. Staff will continue to monitor changes in unemployment. Below, for your information, is historical data that reflects changes in Medi-Cal enrollment following a recession.

Years Spanned (Total # of Months During Economic Recession) <sup>1</sup>	Start Date of Economic Recession	End Date of Economic Recession	Year-over-year change in Medi-Cal Enrollment <sup>2</sup>
1970 (11)	January 1970	November 1970	22.6%
1973-1975 (16)	December 1973	March 1975	-2.2% 3.9% 9.1%
1980 (6)	February 1980	July 1980	4.8%
1981-1982 (16)	August 1981	November 1982	3.9% -1.4%
1990-1991 (8)	August 1990	March 1991	13.1% 16.6%
2001 (8)	April 2001	November 2001	8.2%
2008-2009 (18)	January 2008	June 2009	2.5% 5.3%

<sup>1</sup> Source: Department of Health Care Services (DHCS), Research and Analytic Studies Division (RASD), *Medi-Cal Statistical Brief, August 2015*

<sup>2</sup> This increase could also include changes in eligibility so this may not reflect a direct link to the recessionary growth only.

2. Case mix is contributing to both higher revenue and expense; for example, the number of members in the Child AID category is under budget while the membership in the Seniors and Persons with Disability (SPD) AID categories are over budget. Due to disparities in cost for members in the various AID categories, that Plan is paid a higher capitation rate for those members in the SPD AID category.
3. Due to increasing risk of the population, GCHP received revised draft capitation rates from the State which were 1.7% higher than budgeted.
4. Due to increased utilization, supplemental payments for Behavioral Health services are \$5.0 million higher than budgeted.
5. Capitation revenue attributable to Proposition 56 and Ground Emergency Transportation Payment (GEMT) are over budget by \$6.3 million due to updated rates for the additional programs explained below.

In 2016, California voters approved Proposition 56 to increase the excise tax rate on cigarettes and tobacco products. A portion of this revenue is allocated to DHCS for use as the nonfederal share of health care expenditures. The initial Proposition 56 directed payment was implemented for dates of service in FY 2017-18 with additional amounts being paid to providers with encounter data related to certain CPT codes.

The program was expanded for dates of service beginning July 1, 2019 to include supplemental payments for specified family planning codes and a value-based payment program which requires additional payments for qualifying services related to prenatal/postpartum care, early childhood visits, chronic disease management, and behavioral health integration. The program was further expanded for dates of service beginning January 1, 2020 for developmental screening services and adverse childhood event screening services.

The Plan has continued to make payments under Proposition 56 related to the continued physician services; and will we process payments for the new programs once the final All Plan Letters are issued, and the Plan receives the appropriate funding.

GEMT is a Quality Assurance Fee program which provides for an enhanced reimbursement rate for emergency medical transports by non-contracted providers.

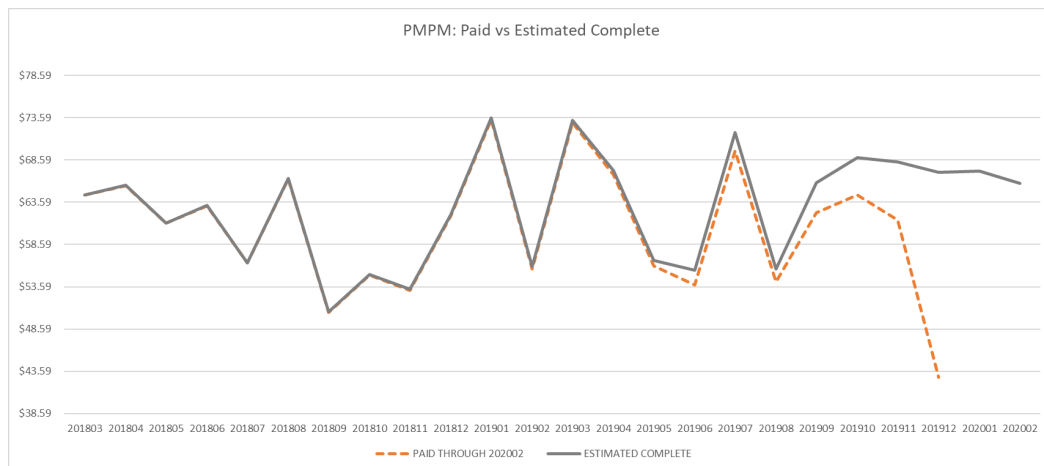
### Health Care Costs

FYTD Health care costs are \$518.4 million; this equates to a \$38.0 million and 8% unfavorable budget variance. In addition, this is an increase of \$46.0 million from the prior year.



Notable variances from the budget are as follows:

1. Membership is over budget by 1% which will impact the anticipated medical expenses. This is offset by increased capitation revenue from the State.
2. Case mix is contributing to both higher revenue and expense, as noted in the Revenue section.
3. The State validated the assertion that as the membership declines, it is the healthier population that are disenrolled, increasing the overall per member per month costs of the remaining membership. The State gave us an additional 1.7% in the capitation rates to offset this increased expense.
4. Directed payments (for Proposition 56) are over budget by \$8.5 million. GCHP is accruing a directed payment expense equal to 100% of the current year revenue attributable to Proposition 56. Approximately \$6.3 million of the variance is due to updated rates from the State. The additional variance is driven by prior year changes in estimate.
5. Inpatient hospital costs are over budget by \$10.2 million primarily due to high dollar cases increasing with dates of services in July and October of 2019, and an anticipated seasonal increase in January. Acute inpatient admissions per 1,000 members has increased from 54.87 in FY 18-19 to 58.21 in FY 19-20, a 4% increase, and the average cost per admit has increased approximately 5%.

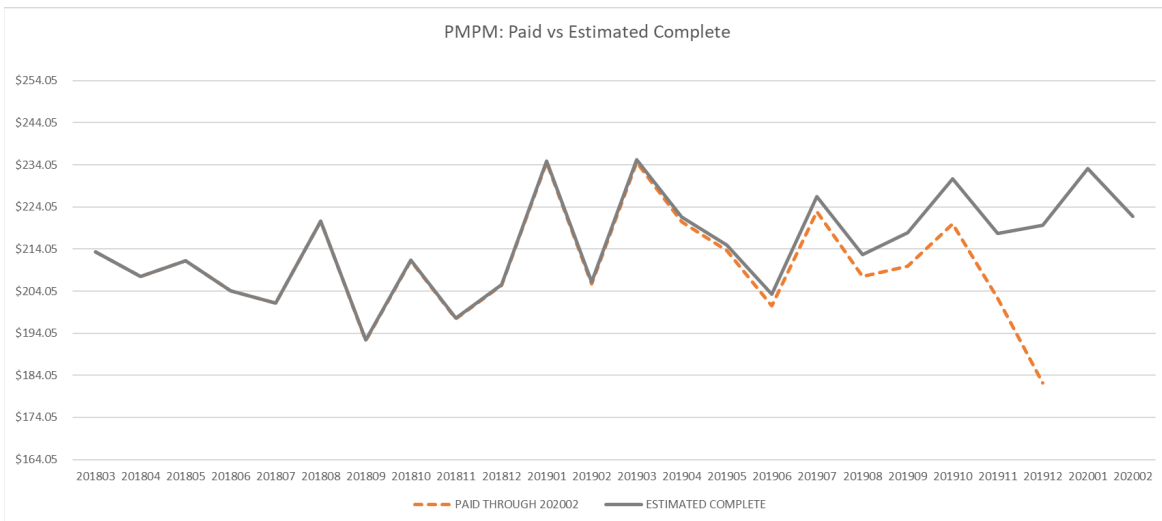


<b>Top 10 Diagnosis - Total Paid</b>	<b>CY 2018</b>	<b>CY 2019</b>	<b>\$ Change</b>	<b>% Change</b>
Bacterial infection	\$ 20,672,438	\$ 21,904,537	\$ 1,232,099	6%
Diseases of the heart	7,686,213	8,440,298	754,085	10%
Complications mainly related to pregnancy	6,618,730	7,291,445	672,715	10%
Complications	6,398,625	6,370,553	(28,072)	0%
Cerebrovascular disease	6,978,965	5,807,967	(1,170,998)	-17%
Alcohol-related disorders	3,154,103	5,402,008	2,247,905	71%
Hypertension	2,681,458	4,951,212	2,269,754	85%
Indications for care in pregnancy; labor; and delivery	4,231,864	4,555,715	323,852	8%
Cancer of lymphatic and hematopoietic tissue	7,308,956	3,825,545	(3,483,411)	-48%
Fractures	3,472,043	3,688,738	216,695	6%
<b>TOTAL PAID - ALL DIAGNOSIS</b>	<b>\$ 139,379,586</b>	<b>\$ 153,177,875</b>	<b>13,798,289</b>	<b>10%</b>

- Outpatient expense is under budget by \$4.0 million. There has been a significant decrease in costs due to a hematology oncology clinic which terminated from the network, and an effort to improve contract language which better defines high cost drugs. Costs associated with drugs provided at a facility are categorized to the facility category of service.
- Physician Specialty is over budget by \$7.4 million. The primary drivers continue to be dermatology, physical therapy, orthopedic surgery, and physical medicine and rehabilitation. As previously noted, dermatology is beginning to decrease due to a provider termination in November. The increase in Physical therapy is primarily related to services being provided to children, which is a key niche area of which there is key expertise regarding children with developmental disabilities. These children were previously cared for in the Tri-Counties Regional Center, but under revisions in Medi-Cal rules these services were transitioned to the Plan. The increase in orthopedic surgery is due to an effort to increase access, as there had been a shortage of providers. Physician specialty costs is an area of focus for the Expense and Utilization workgroup.

<b>Provider Type</b>	<b>CY 2018</b>	<b>CY 2019</b>	<b>\$ Change</b>	<b>% Change</b>
Dermatology	1,626,344	2,721,700	1,095,356	67%
Physical therapist (independently practicing)	2,301,912	3,162,441	860,529	37%
Orthopedic surgery	935,301	1,398,204	462,903	49%
Physical medicine and rehabilitation	1,314,557	1,741,807	427,250	33%
Hematology/oncology	646,794	982,876	336,082	52%
Pathology	1,549,106	1,770,815	221,710	14%
Physician assistant	125,643	322,688	197,045	157%
Internal medicine	2,272,675	2,466,482	193,807	9%
Ophthalmology	2,068,660	2,259,015	190,355	9%
Pulmonary disease	376,401	566,243	189,842	50%

8. Behavioral and mental health is over budget by \$3.6 million. Utilization increased significantly in 2019 with behavioral health benefits being extended to members that do not have an autism diagnosis. The budget is \$8.16 per member per month and the average expense in FY 19-20 \$10.04 per member per month, an annualized increase of approximately \$4.5 million. The increased cost is offset by supplemental payments from the State for Behavioral Health treatment which is over budget by \$5.0 million.
9. Primary Care Physician is over budget by \$2.7 million (30%). This is due to a classification issue with the non-PBM pharmacy expenses within the budget. Non-PBM pharmacy expense was budgeted under pharmacy but the expense is being reflected in the Primary Care Physician line item. This will be corrected in the coming year's budget process. As noted below, the actual expense has remained stable.
10. Pharmacy expense is over budget by \$4.0 million and 5% due to increases in both utilization and unit costs.
11. Total fee for service health care costs excluding capitation and pharmacy, and considering date of service, are over budget by \$10.53 PMPM (5%).



**Note:** Medical expenses are calculated through a predictive model which examines the timing of claims receipt and claims payments. It is referred to as “Incurred But Not Paid” (IBNP) and is a liability on the balance sheet. On the balance sheet, this calculation is a combination of the Incurred But Not Reported and Claims Payable. The total liability is the difference between the estimated costs (the orange line above) and the paid amounts (in grey above).

12. The Plan is closely monitoring for data that would provide information on the potential impact of COVID-19 on medical expenses, both in relation to this current fiscal year and in providing a meaningful projection for next fiscal year in the budget process.

### Administrative Expenses

For the fiscal year to date through February, administrative costs were \$33.5 million and \$5.6 million below budget. As a percentage of revenue, the administrative cost ratio (or ACR) was 6.1% versus 7.5% for budget.

The administrative expenses are currently running within amounts allocated to administration in the capitation revenue from the State. In addition, the ratio is comparable to other local initiative health plans.

### Cash and Short-Term Investment Portfolio

On February 29<sup>th</sup>, the Plan had \$89.7 million in cash and short-term investments. The investment portfolio included Ventura County Investment Pool \$42.5 million; LAIF CA State \$200,000; the portfolio yielded a rate of 2.2%.

### Medi-Cal Receivable

On February 29<sup>th</sup>, the Plan had \$196.3 million in Medi-Cal Receivables due from the DHCS.

### **RECOMMENDATION:**

Staff requests that the Executive Finance Committee accept and file the February 2020 financial package and recommend approval to the Commission.

### **CONCURRENCE:**

N/A

### **ATTACHMENT:**

February 2020 Financial Package



**Gold Coast  
Health Plan**<sup>SM</sup>  
A Public Entity

## **FINANCIAL PACKAGE**

For the month ended February 29, 2020

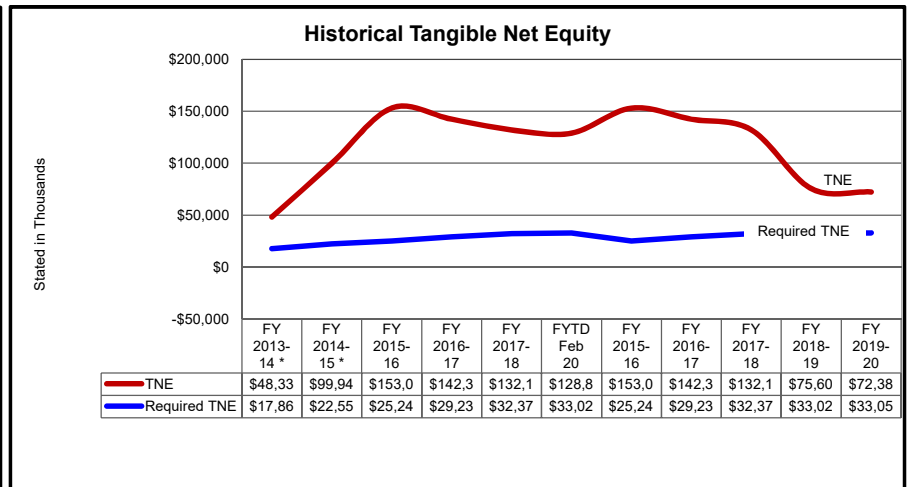
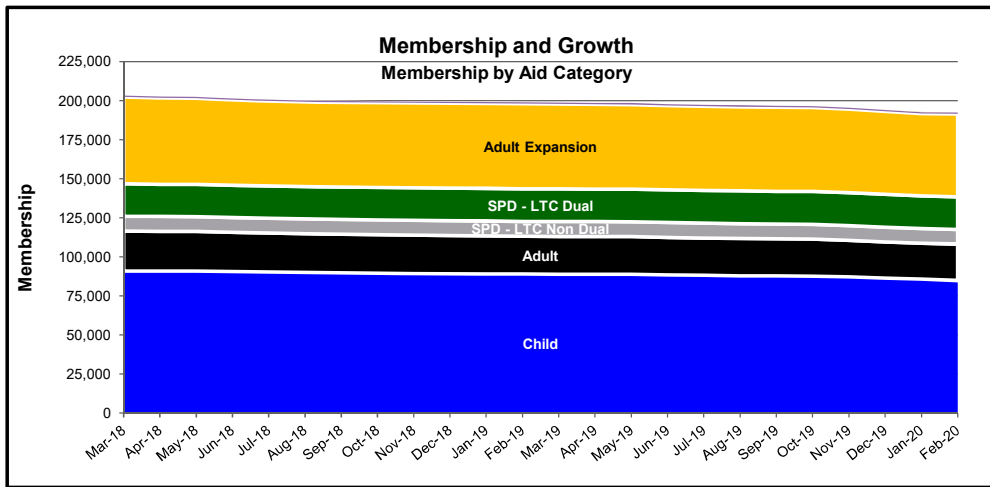
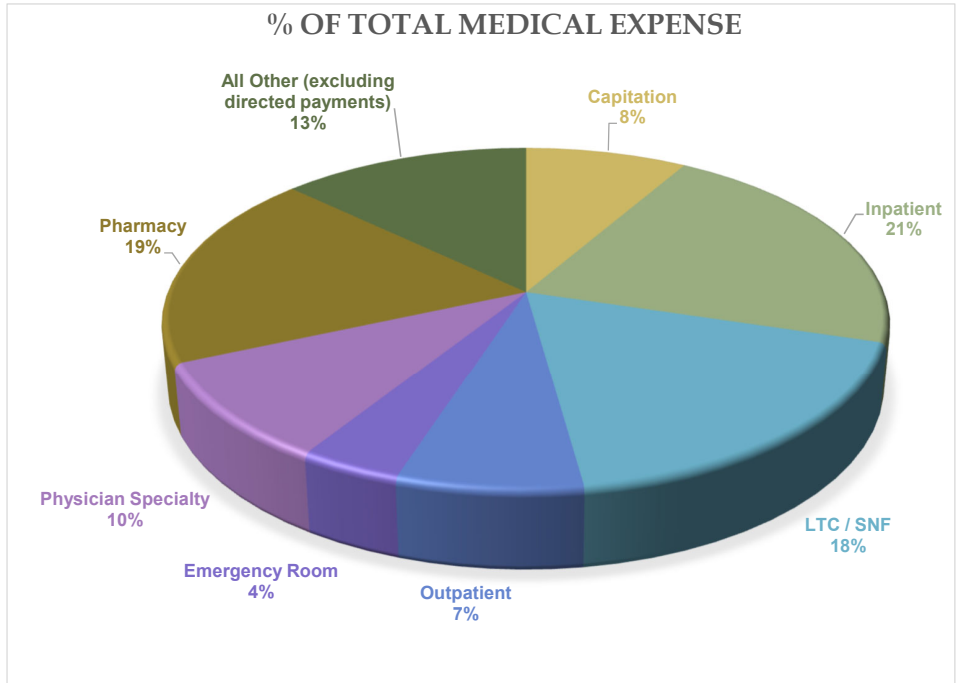
### **TABLE OF CONTENTS**

- Executive Dashboard
- Statement of Financial Position
- Statement of Revenues, Expenses and Changes in Net Assets
- FYTD PMPM Budget to Actual Analysis - Fee for Service by AID Category
- Statement of Cash Flows

# Gold Coast Health Plan

Executive Dashboard as of February 29, 2020

	FYTD 19/20 Budget	FYTD 19/20 Actual	FY 18/19 Actual	FY 17/18 Actual
Average Enrollment	194,173	195,229	198,140	202,748
PMPM Revenue	\$ 334.41	\$ 350.42	\$ 299.23	\$ 284.60
<b>Medical Expenses</b>				
Capitation	\$ 26.53	\$ 26.78	\$ 23.90	\$ 13.90
Inpatient	\$ 61.63	\$ 67.81	\$ 62.09	\$ 58.98
LTC / SNF	\$ 57.18	\$ 57.79	\$ 56.06	\$ 51.30
Outpatient	\$ 25.68	\$ 22.99	\$ 25.88	\$ 25.74
Emergency Room	\$ 11.91	\$ 12.67	\$ 12.14	\$ 12.77
Physician Specialty	\$ 25.50	\$ 30.08	\$ 26.71	\$ 23.82
Pharmacy	\$ 57.08	\$ 59.36	\$ 56.60	\$ 49.76
All Other (excluding directed payments)	\$ 36.06	\$ 41.31	\$ 38.20	\$ 32.93
<b>Total Per Member Per Month</b>	<b>\$ 301.57</b>	<b>\$ 318.80</b>	<b>\$ 301.58</b>	<b>\$ 269.21</b>
<b>Medical Loss Ratio</b>	<b>92.5%</b>	<b>94.7%</b>	<b>102.0%</b>	<b>95.1%</b>
<b>Total Administrative Expenses</b>	<b>\$ 39,156,938</b>	<b>\$ 33,509,462</b>	<b>\$ 46,655,880</b>	<b>\$ 49,015,352</b>
<b>% of Revenue</b>	<b>7.5%</b>	<b>6.1%</b>	<b>6.6%</b>	<b>7.1%</b>
<b>TNE</b>	<b>\$ 93,700,000</b>	<b>\$ 72,384,989</b>	<b>\$ 75,604,948</b>	<b>\$ 132,115,371</b>
<b>Required TNE</b>	<b>\$ 33,464,286</b>	<b>\$ 33,052,462</b>	<b>\$ 32,382,791</b>	<b>\$ 32,373,536</b>
<b>% of Required</b>	<b>280%</b>	<b>219%</b>	<b>233%</b>	<b>408%</b>



**STATEMENT OF FINANCIAL POSITION**

	<b>02/29/20</b>	<b>01/31/20</b>
<b>ASSETS</b>		
<b>Current Assets:</b>		
<b>Total Cash and Cash Equivalents</b>	<b>\$ 46,955,465</b>	<b>\$ 23,564,253</b>
<b>Total Short-Term Investments</b>	<b>42,711,634</b>	<b>42,711,621</b>
Medi-Cal Receivable	196,277,857	177,981,340
Interest Receivable	394,467	350,024
Provider Receivable	315,573	368,005
Other Receivables	7,825,513	7,825,511
<b>Total Accounts Receivable</b>	<b>204,813,409</b>	<b>186,524,879</b>
Total Prepaid Accounts	2,253,125	2,220,558
Total Other Current Assets	153,789	237,891
<b>Total Current Assets</b>	<b>296,887,422</b>	<b>255,259,202</b>
<b>Total Fixed Assets</b>	<b>1,673,700</b>	<b>1,714,571</b>
<b>Total Assets</b>	<b>\$ 298,561,122</b>	<b>\$ 256,973,774</b>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>Current Liabilities:</b>		
Incurred But Not Reported	\$ 56,573,529	\$ 51,525,911
Claims Payable	13,069,982	13,008,329
Capitation Payable	24,263,273	26,299,794
Physician Payable	13,455,283	12,058,364
DHCS - Reserve for Capitation Recoup	5,257,358	5,257,358
Accounts Payable	2,216,914	843,995
Accrued ACS	1,775,084	1,520,143
Accrued Provider Reserve	236,542	21,776
Accrued Pharmacy	11,549,603	12,672,329
Accrued Expenses	28,695,351	753,789
Accrued Premium Tax	65,946,399	57,744,672
Accrued Payroll Expense	2,038,757	2,064,671
<b>Total Current Liabilities</b>	<b>225,078,075</b>	<b>183,771,130</b>
<b>Long-Term Liabilities:</b>		
Other Long-term Liability-Deferred Rent	1,098,058	1,100,945
<b>Total Long-Term Liabilities</b>	<b>1,098,058</b>	<b>1,100,945</b>
<b>Total Liabilities</b>	<b>226,176,133</b>	<b>184,872,075</b>
<b>Net Assets:</b>		
Beginning Net Assets	75,604,948	75,604,948
Total Increase / (Decrease in Unrestricted Net Assets)	(3,219,959)	(3,503,248)
<b>Total Net Assets</b>	<b>72,384,989</b>	<b>72,101,700</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$ 298,561,122</b>	<b>\$ 256,973,774</b>

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR MONTH ENDED February 29, 2020**

	Feb 2020	Feb 2020 Year-To-Date		Variance	Variance	Feb 2020	Feb 2020 Year-To-Date	Variance
	Actual	Actual	Budget	Fav / (Unfav)	%	Actual	Budget	Fav / (Unfav)
<b>Membership (includes retro members)</b>	192,346	1,561,834	1,553,387	8,447	1%	<b>PMPM - FYTD</b>		
<b>Revenue</b>								
Premium	\$ 76,981,123	\$ 612,710,928	\$ 519,464,758	\$ 93,246,170	18%	\$ 392.30	\$ 334.41	\$ 57.89
Reserve for Cap Requirements	-	539,983	-	539,983	0%	0.35	-	0.35
MCO Premium Tax	(8,201,727)	(65,946,399)	-	(65,946,399)	0%	(42.22)	-	(42.22)
<b>Total Net Premium</b>	<b>68,779,397</b>	<b>547,304,513</b>	<b>519,464,758</b>	<b>27,839,754</b>	<b>5%</b>	<b>350.42</b>	<b>334.41</b>	<b>16.02</b>
<b>Other Revenue:</b>								
Miscellaneous Income	-	10,589	-	10,589	0%	0.01	-	0.01
<b>Total Other Revenue</b>	<b>-</b>	<b>10,589</b>	<b>-</b>	<b>10,589</b>	<b>0%</b>	<b>0.01</b>	<b>-</b>	<b>0.01</b>
<b>Total Revenue</b>	<b>68,779,397</b>	<b>547,315,102</b>	<b>519,464,758</b>	<b>27,850,344</b>	<b>5%</b>	<b>350.42</b>	<b>334.41</b>	<b>16.02</b>
<b>Medical Expenses:</b>								
Capitation (PCP, Specialty, Kaiser, NEMT & Vision)	3,127,158	41,830,729	41,207,639	(623,090)	-2%	26.78	26.53	(0.26)
<b>FFS Claims Expenses:</b>								
Inpatient	15,369,109	105,913,656	95,729,881	(10,183,774)	-11%	67.81	61.63	(6.19)
LTC / SNF	11,089,364	90,259,892	88,816,271	(1,443,620)	-2%	57.79	57.18	(0.62)
Outpatient	5,342,615	35,909,932	39,896,925	3,986,993	10%	22.99	25.68	2.69
Laboratory and Radiology	168,636	3,280,836	2,652,979	(627,857)	-24%	2.10	1.71	(0.39)
Directed Payments - Provider	2,706,027	20,536,114	12,027,087	(8,509,027)	-71%	13.15	7.74	(5.41)
Emergency Room	2,706,365	19,795,508	18,503,554	(1,291,953)	-7%	12.67	11.91	(0.76)
Physician Specialty	4,998,330	46,976,183	39,616,124	(7,360,059)	-19%	30.08	25.50	(4.57)
Primary Care Physician	1,427,574	11,769,070	9,085,042	(2,684,028)	-30%	7.54	5.85	(1.69)
Home & Community Based Services	1,270,530	11,842,392	12,517,364	674,972	5%	7.58	8.06	0.48
Applied Behavioral Analysis/Mental Health Services	1,811,650	16,239,805	12,668,632	(3,571,173)	-28%	10.40	8.16	(2.24)
Pharmacy	11,362,888	92,709,895	88,668,773	(4,041,122)	-5%	59.36	57.08	(2.28)
Provider Reserve	214,767	(59,138)	1,204,395	1,263,533	105%	(0.04)	0.78	0.81
Other Medical Professional	504,689	2,925,929	2,536,863	(389,066)	-15%	1.87	1.63	(0.24)
Other Medical Care	1,950	29,761	-	(29,761)	0%	0.02	-	(0.02)
Other Fee For Service	871,558	7,067,763	6,213,902	(853,861)	-14%	4.53	4.00	(0.53)
Transportation	186,327	1,218,172	1,127,467	(90,705)	-8%	0.78	0.73	(0.05)
<b>Total Claims</b>	<b>60,032,379</b>	<b>466,415,768</b>	<b>431,265,259</b>	<b>(35,150,509)</b>	<b>-8%</b>	<b>298.63</b>	<b>277.63</b>	<b>(21.00)</b>
Medical & Care Management Expense	1,131,300	9,639,450	10,707,166	1,067,716	10%	6.17	6.89	0.72
Reinsurance	86,563	1,819,238	638,179	(1,181,059)	-185%	1.16	0.41	(0.75)
Claims Recoveries/Budget Reduction	(246,374)	(1,255,413)	(3,333,333)	(2,077,920)	62%	(0.80)	(2.15)	(1.34)
Sub-total	971,489	10,203,275	8,012,012	(2,191,263)	-27%	6.53	5.16	(1.38)
<b>Total Cost of Health Care</b>	<b>64,131,026</b>	<b>518,449,772</b>	<b>480,484,910</b>	<b>(37,964,862)</b>	<b>-8%</b>	<b>331.95</b>	<b>309.31</b>	<b>(22.63)</b>
<b>Contribution Margin</b>	<b>4,648,371</b>	<b>28,865,330</b>	<b>38,979,848</b>	<b>(10,114,518)</b>	<b>-26%</b>	<b>18.47</b>	<b>25.09</b>	<b>(6.62)</b>
<b>General &amp; Administrative Expenses:</b>								
Salaries, Wages & Employee Benefits	1,740,245	17,062,876	18,136,315	1,073,439	6%	10.92	11.68	0.75
Training, Conference & Travel	21,558	168,889	442,063	273,173	62%	0.11	0.28	0.18
Outside Services	2,486,002	16,811,661	18,098,783	1,287,122	7%	10.76	11.65	0.89
Professional Services	418,446	2,499,499	2,359,888	(139,610)	-6%	1.60	1.52	(0.08)
Occupancy, Supplies, Insurance & Others	764,499	5,549,031	5,978,827	429,796	7%	3.55	3.85	0.30
Care Management Reclass to Medical G&A Expenses	(1,131,300)	(9,639,450)	(10,707,166)	(1,067,716)	10%	(6.17)	(6.89)	(0.72)
	4,299,450	32,452,505	34,308,710	1,856,205	5%	20.78	22.09	1.31
Project Portfolio	156,899	1,056,957	4,848,228	3,791,271	78%	0.68	3.12	2.44
<b>Total G&amp;A Expenses</b>	<b>4,456,349</b>	<b>33,509,462</b>	<b>39,156,938</b>	<b>5,647,476</b>	<b>14%</b>	<b>21.46</b>	<b>25.21</b>	<b>3.75</b>
<b>Total Operating Gain / (Loss)</b>	<b>192,022</b>	<b>(4,644,132)</b>	<b>(177,090)</b>	<b>(4,467,042)</b>	<b>2522%</b>	<b>(2.98)</b>	<b>(0.11)</b>	<b>(2.87)</b>
<b>Non Operating</b>								
Revenues - Interest	91,268	1,424,173	692,620	731,553	106%	0.91	0.45	0.47
<b>Total Non-Operating</b>	<b>91,268</b>	<b>1,424,173</b>	<b>692,620</b>	<b>731,553</b>	<b>106%</b>	<b>0.91</b>	<b>0.45</b>	<b>0.47</b>
<b>Total Increase / (Decrease) in Unrestricted Net Assets</b>	<b>\$ 283,289</b>	<b>\$ (3,219,959)</b>	<b>\$ 515,530</b>	<b>\$ (3,735,489)</b>	<b>-725%</b>	<b>\$ (2.07)</b>	<b>\$ 0.33</b>	<b>\$ (2.40)</b>



**FYTD PMPM BUDGET TO ACTUAL ANALYSIS - FEE FOR SERVICE BY AID CATEGORY**

	Adult				Child				Adult Expansion			
	Budget	Actual	Variance	%	Budget	Actual	Variance	%	Budget	Actual	Variance	%
Inpatient	\$ 117.34	\$ 137.53	\$ 20.19	17%	\$ 7.60	\$ 5.64	\$ (1.96)	-26%	\$ 97.75	\$ 119.95	\$ 22.20	23%
Outpatient	42.23	42.20	(0.03)	0%	4.69	4.01	(0.68)	-14%	40.44	35.65	(4.79)	-12%
ER	16.73	17.38	0.65	4%	9.46	10.07	0.61	6%	15.48	16.45	0.97	6%
LTC	4.36	11.46	7.10	163%	0.33	0.27	(0.06)	-18%	20.99	21.53	0.54	3%
PCP	9.70	10.06	0.36	4%	5.95	6.42	0.47	8%	6.91	7.50	0.59	9%
Specialty	47.33	55.52	8.19	17%	6.07	6.81	0.74	12%	40.60	47.65	7.05	17%
Pharmacy	79.23	91.80	12.57	16%	12.94	11.44	(1.50)	-12%	99.26	107.75	8.49	9%
Mental Health/ABA	5.06	5.65	0.59	12%	7.19	9.07	1.88	26%	4.97	5.59	0.62	12%
All Other	11.16	12.43	1.27	11%	1.94	2.05	0.11	6%	13.38	13.48	0.10	1%
<b>Total</b>	<b>\$ 333.14</b>	<b>\$ 384.03</b>	<b>\$ 50.89</b>	<b>15%</b>	<b>\$ 56.17</b>	<b>\$ 55.78</b>	<b>\$ (0.39)</b>	<b>-1%</b>	<b>\$ 339.78</b>	<b>\$ 375.55</b>	<b>\$ 35.77</b>	<b>11%</b>
FYTD Member Months	186,315	188,046	1,731	1%	700,408	696,103	(4,305)	-1%	427,486	427,023	(463)	0%

	Seniors and Persons with Disabilities (SPD)				SPD - Dual				Long Term Care (LTC)			
	Budget	Actual	Variance	%	Budget	Actual	Variance	%	Budget	Actual	Variance	%
Inpatient	\$ 316.42	\$ 254.75	\$ (61.67)	-19%	\$ 18.37	\$ 17.46	\$ (0.91)	-5%	\$ 627.90	\$ 997.98	\$ 370.08	59%
Outpatient	105.41	89.96	(15.45)	-15%	19.78	19.00	(0.78)	-4%	274.05	233.17	(40.88)	-15%
ER	25.15	27.01	1.86	7%	1.74	1.88	0.14	8%	10.46	13.42	2.96	28%
LTC	162.64	140.76	(21.88)	-13%	91.96	83.50	(8.46)	-9%	7,432.23	8,039.58	607.35	8%
PCP	16.39	19.05	2.66	16%	4.58	4.61	0.03	1%	9.22	6.48	(2.74)	-30%
Specialty	83.04	89.65	6.61	8%	17.24	20.26	3.02	18%	172.15	259.35	87.20	51%
Pharmacy	267.46	297.88	30.42	11%	6.06	5.74	(0.32)	-5%	224.42	279.09	54.67	24%
Mental Health/ABA	59.90	74.51	14.61	24%	1.00	1.26	0.26	26%	0.68	3.19	2.51	369%
All Other	82.63	77.72	(4.91)	-6%	56.16	59.51	3.35	6%	135.92	488.14	352.22	259%
<b>Total</b>	<b>\$ 1,119.04</b>	<b>\$ 1,071.29</b>	<b>\$ (47.75)</b>	<b>-4%</b>	<b>\$ 216.89</b>	<b>\$ 213.22</b>	<b>\$ (3.67)</b>	<b>-2%</b>	<b>\$ 8,887.03</b>	<b>\$ 10,320.40</b>	<b>\$ 1,433.37</b>	<b>16%</b>
FYTD Member Months	74,713	75,606	893	1%	157,305	167,918	10,613	7%	200	287	87	44%

	LTC - Dual			
	Budget	Actual	Variance	%
Inpatient	\$ 46.38	\$ 40.77	\$ (5.61)	-12%
Outpatient	14.36	9.12	(5.24)	-36%
ER	1.83	0.27	(1.56)	-85%
LTC	7,314.95	7,267.60	(47.35)	-1%
PCP	0.96	0.26	(0.70)	-73%
Specialty	13.52	6.75	(6.77)	-50%
Pharmacy	1.30	0.41	(0.89)	-68%
Mental Health/ABA	0.25	0.75	0.50	200%
All Other	132.42	137.48	5.06	4%
<b>Total</b>	<b>\$ 7,525.97</b>	<b>\$ 7,463.41</b>	<b>\$ (62.56)</b>	<b>-1%</b>
FYTD Member Months	6,960	6,851	(109)	-2%

**FFS expenses budgeted based on CY 2018 PMPM data, with the following trend assumptions:**

- Inpatient - 1% annual trend and known contractual changes.
- ER - 1.5% annual trend and known contractual changes.
- LTC - 3% estimated fee schedule change
- Specialty Physician - 1% estimated fee schedule change
- Mental Health/ABA - 6% annual increase due to utilization.
- Pharmacy - 3% overall annual increase.
- Home and Community Based Services - 2% annualized increase due to utilization.

<b>STATEMENT OF CASH FLOWS</b>	<b>Feb 2020</b>	<b>FYTD 19-20</b>
<b>Cash Flows Provided By Operating Activities</b>		
Net Income (Loss)	\$ 283,289	\$ (3,219,959)
<b>Adjustments to reconciled net income to net cash provided by operating activities</b>		
Depreciation on fixed assets	40,872	291,931
Amortization of discounts and premium	-	-
<b>Changes in Operating Assets and Liabilities</b>		
Accounts Receivable	(18,288,530)	(125,054,206)
Prepaid Expenses	51,534	(209,055)
Accrued Expense and Accounts Payable	28,632,662	10,299,225
Claims Payable	(577,948)	4,795,341
MCO Tax liability	8,201,727	42,320,153
IBNR	5,047,618	4,815,617
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>23,391,224</u>	<u>(65,960,953)</u>
<b>Cash Flow Provided By Investing Activities</b>		
Proceeds from Restricted Cash & Other Assets		
Proceeds from Investments	-	4,970,286
Proceeds for Sales of Property, Plant and Equipment		-
Payments for Restricted Cash and Other Assets		-
Purchase of Investments plus Interest reinvested	(13)	(720,321)
Purchase of Property and Equipment	-	(297,861)
<b>Net Cash (Used In) Provided by Investing Activities</b>	<u>(13)</u>	<u>3,952,105</u>
<b>Increase/(Decrease) in Cash and Cash Equivalents</b>	23,391,211	(62,008,848)
<b>Cash and Cash Equivalents, Beginning of Period</b>	23,564,253	108,964,313
<b>Cash and Cash Equivalents, End of Period</b>	<u>46,955,465</u>	<u>46,955,465</u>