

**Ventura County Medi-Cal Managed Care Commission
(VCOMMCC) dba Gold Coast Health Plan (GCHP)
Commission Meeting Minutes
June 23, 2014**

CALL TO ORDER

Chair Araujo 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
The Pledge of Allegiance was recited.

ROLL CALL

COMMISSION MEMBERS IN ATTENDANCE

Antonio Alatorre, Clinicas del Camino Real, Inc.
David Araujo, MD, Ventura County Medical Center Family Medicine Residency Program
Lanyard Dial, MD, Ventura County Medical Association
Barry Fisher, Ventura County Health Care Agency
Michelle Laba, MD, Ventura County Medical Center Executive Committee
Gagan Pawar, MD, Clinicas del Camino Real, Inc. (arrived at 3:02 p.m.)
Robert Wardwell, Private Hospitals / Healthcare System

EXCUSED / ABSENT COMMISSION MEMBERS

Peter Foy, Ventura County Board of Supervisors
David Glycer, Private Hospitals / Healthcare System
Dee Pupa, Ventura County Health Care Agency
Vacant, Medi-Cal Beneficiary Advocate

STAFF IN ATTENDANCE

Michael Engelhard, Chief Executive Officer
Nancy Kierstyn Schreiner, Legal Counsel
Robert Hernandez, Legal Counsel
Michelle Raleigh, Chief Financial Officer
Traci R. McGinley, Clerk of the Board
Brandy Armenta, Compliance Director
Sherri Bennett, Network Operations Director
Mike Foord, IT Infrastructure Manager
Anne Freese, Pharmacy Director
Guillermo Gonzalez, Government Relations Director
Lupe Gonzalez, Health Educator
Steven Lalich, Communications Director
Tami Lewis, Operations Director
Al Reeves, MD, Chief Medical Officer
Melissa Scrymgeour, Chief Information Officer
Lyndon Turner, Financial Analysis Director

Ruth Watson, Chief Operations Officer
Nancy Wharfield, MD, Medical Director Health Services

PUBLIC COMMENT

David Rodriguez, California State President of the League of United Latin American Citizens (LULAC), read a letter to the Commission stating that a key witness on medical stress leave from GCHP received a letter from GCHP's General Counsel with questions regarding information shared with LULAC as it investigates the occurrences at GCHP. Mr. Rodriguez stated that the letter may have been sent with the intent of intimidating a core witness of the GCHP external audit that the ad hoc committee will be investigating. LULAC considers the actions by the law firm representing GCHP to be the latest in a series of strategic and rogue actions to undermine the ad hoc committee's ability to conduct a genuine and creditable audit. If the Commission does not act to prohibit the CEO and law firm from interfering with the proceedings of the ad hoc committee, this inquiry will not be conducted in the manner expected by the public and regulatory agencies that are observing and monitoring this process. LULAC strongly recommends that the Commission give serious consideration to engaging separate legal counsel for this inquiry. It is LULAC's opinion that the current counsel is clearly dedicated to representing the sole interest of CEO Engelhard and not necessarily those of the Commission. Lastly, LULAC advised the Commission that it has been contacted by representatives from California State Attorney General's Office, Medi-Cal Fraud Division and LULAC plans to meet with them later in the week. (*Letter was submitted to the Clerk of the Board.*)

May Lee Berry, immediate past member of the Commission noted that she served as a Commissioner for four (4) years. She came to the Commission not owing an allegiance to any agency or organization which allowed her to be unbiased in her decision making responsibilities. She stated that she is proud of the efforts and results of the Commission's work to meet State compliance for Medi-Cal. The structure of GCHP is capable and sound to handle an investigation with confidence. The staff can address the finding, if any, with professional resolution. As a member of the community and past Commissioner, she appealed to the Commission to support a third party investigation that is independent of LULAC and GCHP.

1. APPROVE MINUTES

a. Regular Meeting of May 19, 2014

Commissioner Alatorre questioned the minutes as he and Commissioner Pawar opposed Item 3b, *Begin Process to Secure Additional Medi-Cal Funds Through an Intergovernmental Transfer (IGT)*. He also questioned the motions on 3c, *Resolution Amending Personnel Rules, Regulations and Policies; Vacation Buy Back Policy*, he believes that the motion included a requirement that employees leave a minimum balance of forty (40) hours on the books.

CEO Engelhard explained that the current Vacation Buy Back policy requires employees maintain a minimum of forty (40) hours and that it was his understanding that the motion

would add to the existing policy and require that at least forty (40) hours of vacation be used in the preceding twelve (12) months before the Vacation Buy Back could be used.

Commissioner Alatorre requested Clerk McGinley review the recording.

Approval of the Minutes was continued to the next regular Commission Meeting.

2. APPROVAL ITEMS

a. April Financials

CFO Raleigh reviewed the written report with the Commission.

Commissioner Fisher moved to approve the April Financials. Commissioner Dial seconded. The motion carried with the following votes:

AYE: Alatorre, Araujo, Dial, Fisher, Laba, Pawar and Wardwell.
NAY: None.
ABSTAIN: None.
ABSENT: Foy, Glycer and Pupa.

b. Continue Process to Secure Additional Medi-Cal Funds Through an Intergovernmental Transfer (IGT)

CFO Raleigh reviewed the written report with the Commission.

Commissioner Wardwell moved to authorize and direct the Chief Executive Officer to enter into agreements to secure funding for the FY 2012-13 Intergovernmental Transfer (IGT), subject to review by legal counsel. Commissioner Dial seconded. The motion carried with the following votes:

AYE: Araujo, Dial, Fisher, Laba and Wardwell.
NAY: Alatorre and Pawar.
ABSTAIN: None.
ABSENT: Foy, Glycer and Pupa.

c. FY 2014-15 GCHP Operating and Capital Budgets

CFO Raleigh reviewed the written report with the Commission.

Commissioner Dial moved to adopt the FY 2014-15 GCHP Operating and Capital Budgets. Commissioner Fisher seconded. The motion carried with the following votes:

AYE: Alatorre, Araujo, Dial, Fisher, Laba, Pawar and Wardwell.
NAY: None.
ABSTAIN: None.
ABSENT: Foy, Glycer and Pupa.

c. Reinsurance Contract

CFO Raleigh reviewed the written report with the Commission.

Commissioner Alatorre moved to approve OneBeacon to provide reinsurance coverage at the \$650,000 deductible level for FY 2014-15. Commissioner Laba seconded. The motion carried with the following votes:

AYE: Alatorre, Araujo, Dial, Fisher, Laba, Pawar and Wardwell.
 NAY: None.
 ABSTAIN: None.
 ABSENT: Foy, Glycer and Pupa.

e. Executive Liability and Errors & Omissions Insurance

CFO Raleigh reviewed the written report with the Commission.

Commissioner Fisher moved to approve utilizing the following insurance companies to provide coverage as summarized below, beginning July 1, 2014:

Insurance Company	Policy	Retention	Coverage Limit	Premium
RSUI	<ul style="list-style-type: none"> • D&O • EPL 	\$50,000 \$50,000	\$3 million each	\$103,730
Argo	Excess Coverage for D&O and EPL	N/A	\$2 million xs \$3 million (RSUI Primary Policy)	\$47,025
AIG	<ul style="list-style-type: none"> • Fiduciary • Crime 	\$0 \$25,000	\$1 million each	\$6,724
Darwin	Managed Care Errors and Omissions (E&O)	\$50,000	\$3 million each per claim and in aggregate	\$43,000 ¹
Total				\$200,479

¹ Managed care E&O premium shown does not reflect surplus lines tax and fees (which is approximately 4%).

Commissioner Wardwell seconded. The motion carried with the following votes:

AYE: Alatorre, Araujo, Dial, Fisher, Laba, Pawar and Wardwell.
 NAY: None.
 ABSTAIN: None.
 ABSENT: Foy, Glycer and Pupa.

4. ACCEPT AND FILE ITEMS

a. CEO Update

CEO Engelhard reviewed the written report with the Commission and read a statement addressing comments in the LULAC report and quotes in the newspaper.

b. COO Update

COO Watson provided an overview of the report.

c. Health Services Update

Medical Director Health Services Dr. Wharfield reviewed the written report.

Commissioner Alatorre moved to Accept and File the CEO Update (including the statement of CEO Engelhard regarding LULAC), COO and Health Services Updates. Commissioner Dial seconded. The motion carried with the following votes:

AYE: Alatorre, Araujo, Dial, Fisher, Laba, Pawar and Wardwell.
NAY: None.
ABSTAIN: None.
ABSENT: Foy, Glycer and Pupa.

CLOSED SESSION

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

ADJOURN TO CLOSED SESSION

The Commission adjourned to Closed Session at 4:49 p.m. regarding the following items:

- a. **Conference with Legal Counsel Whether to Initiate Litigation Pursuant to Government Code Section 54956.9(c):** (1 case)
- b. **Conference with Legal Counsel-Existing Litigation Pursuant to Government Code 54956.9:** EEOC Charge No. 480-2014-02058
- c. **Closed Session Conference with Legal Counsel – Existing Litigation Pursuant to Government Code Section 54956.9:** Sziklai et al. v. Ventura County Medi-Cal Managed Care Commission et al; Ventura County Superior Court, Case Number 56-2012-00428086
- d. **Conference with Legal Counsel - Anticipated Litigation-Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(b)**

RETURN TO OPEN SESSION

The Regular Meeting reconvened at 5:58 p.m.

RETURN TO OPEN SESSION

The Regular Meeting reconvened at 5:58 p.m.

Chair Araujo stated that the Commission is happy with the work CEO Engelhard and the team have done in turning the Plan and the finances around; however, they take LULAC's allegations' very seriously and that is why the Commission created an ad hoc committee comprised of Commissioners Alatorre, Fisher and Glycer to act as the investigating committee to look into these allegations. The Commission unanimously approved retaining EXTTI Inc., an independent human resource investigation firm; and Moss Adams, LLP, to conduct a forensic accounting investigation. These firms will report and

work directly with the ad hoc committee. Separate legal counsel will also be obtained to advise the committee.

Chair Araujo continued, stating that the Commission also wished to respond to the public comment made earlier in the meeting regarding the letter that was sent to an employee of the Plan. That letter was sent on the behalf of the Commission to investigate a potential HIPPA violation.

Legal Counsel Kierstyn Schreiner stated that there was nothing further to report.

COMMENTS FROM COMMISSIONERS

None.

ADJOURNMENT

Meeting adjourned at 6:02 p.m.

APPROVED:



Traci R. McGinley, MMC, Clerk of the Board