

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

Executive/Finance Committee Meeting

Regular Meeting

Thursday, August 6, 2020 – 3:00 p.m.

Community Room at Gold Coast Health Plan

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

Executive Order N-25-20

Conference Call Number: 1-805-324-7279

Conference ID Number: 844 466 207#

AGENDA

CALL TO ORDER

ROLL CALL

PUBLIC COMMENT

The public has the opportunity to address Ventura County Medi-Cal Managed Care Commission (VCMMCC) doing business as Gold Coast Health Plan (GCHP) on the agenda. Persons wishing to address VCMMCC should complete and submit a Speaker Card.

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

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. 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 Special Meeting Minutes of June 17, 2020 and July 9, 2020.**

Staff: Maddie Gutierrez, MMC – Clerk to the Commission

RECOMMENDATION: Approve the minutes.

UPDATES

- 2. State Update**

Staff: Margaret Tatar, Chief Executive Officer
Marlen Torres, Executive Director of Strategy & External Affairs

RECOMMENDATION: Accept and file the update.

- 3. Gold Coast Health Plan Solvency Action Plan Update**

Staff: Margaret Tatar, Chief Executive Officer
Kashina Bishop, Chief Financial Officer

RECOMMENDATION: Accept and file the update.

- 4. System Conversion / Enterprise Transformation Project Update**

Staff: Debbie Rieger, Senior Executive Business Transformation ETP Project

RECOMMENDATION: Accept and file the update.

- 5. Strategic Planning Schedule and Update**

Staff: Marlen Torres, Executive Director of Strategy & External Affairs

RECOMMENDATION: Accept and file the update.

FORMAL ACTION

6. Revised June 2020 Fiscal Year to Date Financials

Staff: Kashina Bishop, Chief Financial Officer

RECOMMENDATION: Staff recommends that the Executive Finance Committee approve the revised June 2020 financial package.

COMMENTS FROM COMMITTEE MEMBERS

ADJOURNMENT

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: August 6, 2020
SUBJECT: Special Executive Finance Committee Meeting Minutes of June 17, 2020 and July 9, 2020.

RECOMMENDATION:

Approve the minutes.

ATTACHMENTS:

Copy of the Regular Executive Finance Committee meeting minutes of June 17, 2020 and Special meeting minutes of July 9, 2020.

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

June 17, 2020

CALL TO ORDER

Committee Chair Dee Pupa called the meeting to order at 3:03 p.m. via phone conference call. The Clerk and Assistant Clerk were in the Community Room located at Gold Coast Health Plan, 711 East Daily Drive, Camarillo, California.

The following GCHP staff was on the conference call:

- Margaret Tatar, Interim Chief Executive Officer
- Patricia Tanquary, Interim Chief Executive Officer
- Nancy Wharfield, M.D., Chief Medical Officer
- Ted Bagley, Interim Chief Diversity Officer and Human Resources Executive Director
- Kashina Bishop, Chief Financial Officer
- Robert Franco, Interim Chief Compliance Officer
- Eileen Moscaritolo, HMA Consultant
- Marlen Torres, Exec. Director of Strategies & External Affairs
- Steve Peiser, Sr. Director, Network Management
- Anna Sproule, Director of Finance
- Dr. Anne Freese, Director of Pharmacy
- Susana Enriquez, Public Relations Manager
- Kris Schmidt, Director of Strategy & Enterprise Analytics
- Scott Campbell, BBK
- Cathy Salenko, BBK

ROLL CALL

Present: Committee members Antonio Alatorre, Fred Ashworth, Shawn Atin, Dee Pupa, and Jennifer Swenson.

Absent: None.

PUBLIC COMMENT

None.

The Committee went into Closed Session at 3:05 p.m.

CLOSED SESSION

- 1. CONFERENCE WITH LEGAL COUNSEL –ANTICIPATED LITIGATION**
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: Number of potential cases: One case.
- 2. PUBLIC EMPLOYMENT**
Title: Chief Executive Officer
- 3. CONFERENCE WITH LABOR NEGOTIATORS**
Agency authorized representatives: Gold Coast Health Plan Commissioners, Morgan Consulting and General Counsel
Unrepresented employee: Chief Executive Officer

Committee member Fred Ashworth left the meeting at 4:01 p.m.

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

The Open Session of the meeting reconvened at 4:57 p.m.

CONSENT

- 4. Approval of Executive Finance Committee Regular Meeting Minutes June 11, 2020.**

Staff: Maddie Gutierrez, CMC – Clerk to the Commission

RECOMMENDATION: Approve the minutes.

Committee member Swenson motioned to approve the minutes. Committee member Alatorre seconded.

AYES: Committee members Antonio Alatorre, Shawn Atin, Dee Pupa, and Jennifer Swenson.

NOES: None.

ABSENT: Committee member Fred Ashworth.

Committee Chair Pupa declared the motion carried.

FORMAL ACTION

5. Gold Coast Health Plan (GCHP) Fiscal Year 2020-2021 Operating and Capital Budget.

Staff: Kashina Bishop, Chief Financial Officer

RECOMMENDATION: The Plan requests that the Executive Finance Committee recommend approval of the FY budgets.

Chief Financial Officer, Kashina Bishop, stated her presentation was the same as presented at the previous meeting with updates to the graph. There is no net change to the budget. She also noted an error to the information presented. The correction will be done prior to the Commission meeting. The correction will show a loss of \$12.5 million, essentially breaking even in the first part of the year.

Committee member Swenson motioned to approve the fiscal year operating and capital budgets. Committee member Alatorre seconded.

Committee member Atin has an amendment to the motion. He is requesting to include modification to the administrative expenses of the budget, allowing for review of staff recommended for budget reduction.

Committee member Swenson does not agree with amendment, she noted it is too vague.

Committee member Atin stated he will clarify his amendment to stated that the hiring freeze be reviewed by staff without reducing administrative expenses. Committee member Swenson cannot support the clarified amendment.

AYES: Committee members Antonio Alatorre, Dee Pupa, and Jennifer Swenson.

NOES: Committee member Shawn Atin.

ABSENT: Committee member Fred Ashworth.

Committee Chair Pupa declared the motion carried.

6. Gold Coast Health Plan Solvency Action Plan

Staff: Kashina Bishop, Chief Financial Officer

RECOMMENDATION: Staff recommends approval of the Solvency Action Plan's Phase One (1).

Interim Chief Executive Officer, Margaret Tatar, is asking the committee to consider the Solvency Action Plan as presented at the last meeting. She stated the Plan recounted where we are with excess TNE and recounted where the State budget to be in connection with Governor Newsom and his team and how they have decided to implement certain rate and provider cuts. This does not allow GCHP to not pass along cuts because of where we are with TNE, and projections of where we are with this year's state budget.

We are anticipating the State budget will be signed by the constitutional deadline. There will be a potential need to adjust our budget after July.

The Solvency Action Plan is in four (4) phases. Phase One (1) is rate adjustments for providers who have been benefiting from a higher Adult Expansion rate. We need to adjust long-term care facility rates.

Staff will present updates at every meeting on where GCHP is in connection with the Solvency Action Plan and adjustments based on information received from the State. There will be an aggressive move toward increase of value-based purchasing, moving to risk and capitated arrangements with providers, and the need for Centers of Excellence for continued care. Our most fragile members need to get continued care.

CEO Tatar is asking for support of the general concepts of the Solvency Action Plan.

Committee member Alatorre motioned to accept the Solvency Action Plan as presented.

Committee Chair Pupa asked if there were any modifications to the motion. Committee member Atin state he had a modification. General Counsel, Scott Campbell, stated there was a motion on the floor and an amendment to the motion. If the adopted amendment fails in votes, then the vote will be done on the original motion.

Committee member Atin asked the CEO to provide detail on the Solvency Plan as far as actions in addition to provider rate negotiations. Committee Chair Pupa seconded the amended motion.

Committee member Swenson asked if the Solvency Action Plan is multi-faceted, will providing detail to the Commission cause risk. Interim CEO Tatar stated the Commission has delegated authority to the CEO to do provider contracts. Her aim is to be transparent. General Counsel stated the CEO does have authority per the Bylaws. Committee member Atin stated he agreed with CEO Tatar. He stated that if this goes to the Commission for approval, he would like additional detail. If network efficiency improves and keeps members in network, that's good, but needs detail.

Interim CEO Tatar stated she will give more detail to the Commission in order to satisfy all. The forecasted direction is to restore financial condition.

Committee member Atin stated he wanted to modify the motion to add commitment to more detail. Committee member Pupa seconded the modified amendment made by Committee member Atin to provide more detail to the Commission.

Interim CEO Tatar stated more detail will be presented by Monday or as the process continues

AYES: Committee members Antonio Alatorre, Shawn Atin, Dee Pupa, and Jennifer Swenson.

NOES: None.

ABSENT: Committee member Fred Ashworth.

Committee Chair Pupa declared the motion carried.

Committee Chair stated this speaks volumes that there was a unanimous vote on the Solvency Action Plan and helps in moving forward with GCHP's future.

COMMENTS FROM COMMITTEE MEMBERS

Committee Chair Pupa stated because the committee was fully vetted both the Solvency Action Plan and the budget in this last week, she is hoping for a smoother process for the Commission meeting on Monday. Last year it took a couple of Executive Finance Committee meetings and two (2) full Commission meetings to get the budget approved

ADJOURNMENT

Committee Chair Pupa adjourned the meeting at 5:33 p.m.

Approved:

Maddie Gutierrez, MMC
Clerk to the Commission

Ventura County Medi-Cal Managed Care Commission (VCMCC)
Executive/Finance Committee
Special Meeting
July 9, 2020

CALL TO ORDER

Committee Chair Dee Pupa called the meeting to order via teleconference at 3:03 p.m. Clerks were 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, Shawn Atin, Dee Pupa and Jennifer Swenson.

Absent: None.

Attending the meeting for GCHP were: Ted Bagley, Interim Chief Diversity Officer/ Human Resource Director, Scott Campbell, General Counsel and Cathy Salenko, of BBK.

Lu Miller and Lisa Coyne of Morgan Consulting Resources were also on the call.

PUBLIC COMMENT

None.

CLOSED SESSION

1. PUBLIC EMPLOYMENT

Title: Chief Executive Officer

2. CONFERENCE WITH LABOR NEGOTIATORS

Agency authorized representatives: Gold Coast Health Plan Commissioners,
Morgan Consulting and General Counsel

Unrepresented employee: Chief Executive Officer

The committee went into Closed Session at 3:04 p.m.

ADJOURNMENT

There was no reportable action. Committee Chair Dee Pupa adjourned the meeting at 3:20 p.m.

Approved:

Maddie Gutierrez, MMC
Clerk to the Commission

AGENDA ITEM NO. 2

TO: Executive Finance Committee
FROM: Marlen Torres, Executive Director of Strategy & External Affairs
DATE: August 6, 2020
SUBJECT: State Update

**Verbal Presentation
with
PowerPoint**

ATTACHMENT:

State Update, August 6, 2020 -PPT Presentation.

State Update

August 6, 2020

Marlen Torres
Executive Director, Strategy and
External Affairs

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Agenda

- State Budget Update FY 2020-21
- Long Term Care at Home Proposed Benefit
- 1115 Waiver Renewal (Medi-Cal 2020)

State Budget Update FY 2020-21

Medi-Cal Program

- Estimated caseload: 14.5 Million by July 2020
- Maintains the following Benefits:
 - Optional Expansion Benefits
 - ✓ Screening, Brief Intervention and Referral to Treatment (SBIRT)
 - ✓ Podiatry
 - ✓ Optometry
 - ✓ Physical Therapy
 - Diabetes Prevention Program
- Community Based Adult Services (CBAS)
- Multipurpose Senior Services Program (MSSP)
- Proposition 56
 - Supplemental payments for physicians
 - VBP Program
 - Behavioral Health Integration Incentive Program
 - Pediatric Hospital Payments
 - Loan Repayment Program

Medi-Cal Program Continued

- Delays CalAIM Implementation
- Delays full-scope Medi-Cal expansion to undocumented seniors in the upcoming budget if the Department of Finance determines there are sufficient General Fund revenues for that fiscal year and the ensuing three fiscal years to support the expansion.
- Authorizes DHCS to reduce capitation rate increments for Medi-Cal managed care plans by up to 1.5 percent for the July 1, 2019, to December 31, 2020, rating period to account for reduced utilization related to the COVID-19 public health emergency.
- Authorizes DHCS, in consultation with affected Medi-Cal managed care plans, to develop and implement a risk corridor to limit the financial risk of either overpayments or underpayments of capitation rates during the July 1, 2019, to December 31, 2020, rating period.

Long Term Care at Home Proposed Benefit

LTC at Home Benefit

Benefit Highlights:

- Provide qualifying Medi-Cal beneficiaries and their families with more choices in living situations and long-term care settings
- The benefit will be provided through State-licensed agencies that will arrange for and/or directly provide skilled nursing care and related services in the home
- Allow qualifying Medi-Cal beneficiaries currently residing in SNFs to safely move from a facility to a home
- Allow qualifying Medi-Cal beneficiaries that may require SNF services in the future to avoid institutionalization
- Allow qualifying Medi-Cal beneficiaries to be discharged from a hospital to a home placement in lieu of a SNF stay
- Support efforts to decompress residency at SNFs
- Statewide Medi-Cal benefit for Fee-For-Service and Managed Care delivery systems

LTC at Home Benefit

- **Model of Care**
 - Individual, Person-Centered Assessment
 - Transition Services
 - Care Coordination
 - Medical and Home and Community Based Services
- **Financing and Cost**
 - Bundled per diem rate encompassing Long-Term Care at Home services
 - Some services may be billed and reimbursed outside of the per diem
 - Per diem rates may be tiered acuity rates
 - Clinically appropriate utilization controls will be established as benefit is intended to be cost effective option in lieu of institutional placement
- **Benefit Implementation Timeline**
 - June- August 2020 – Stakeholder engagement
 - Fall 2020 – Post 1915(i) State Plan Amendment for public comment and submit formal proposal to CMS
 - Winter 2020/Early 2021 – Stakeholder feedback on implementation
 - Sometime 2021 – New Long Term Care at Home Benefit goes live 2021 – Increase statewide LTC at Home agency provider network

1115 Waiver Renewal (Medi-Cal 2020)

1115 Waiver Renewal

- Prior to the COVID-19 public health emergency, DHCS planned to implement CalAIM in conjunction with the end of the waiver period
- COVID-19 has greatly impacted all aspects of California's health care delivery system, due to focus on surge planning, infection control, transition to telehealth/telework, and reprioritization of resources.
- While the state is still committed to CalAIM, a one-year extension of the Medi-Cal 2020 waiver is crucial to maintaining the current delivery system and services for beneficiaries.
- The final FY 2020-21 state budget reflected a delay in funding for CalAIM.

1115 Waiver Renewal

- Medi-Cal Managed Care
- Whole Person Care
- Global Payment Program
- Drug Medi-Cal Organized Delivery System
- Low-Income Pregnant Women
- Former Foster Care Youth
- Community-Based Adult Services
- Coordinated Care Initiative
- Dental Transformation Initiative & Designated State Health Programs (DSHP)
- Tribal Uncompensated Care
- Rady's California Children's Services Pilot

1115 Waiver Renewal

Financing

- **Whole Person Care:** Requesting an additional year (\$300 million) of federal funding equal to 2020 program (PY4) expenditures
- **GPP:** Continued FFP for value-based payments to participating Public Health Care Systems that incur costs for services to the remaining uninsured
- **Budget Neutrality:** Request to continue treatment of following expenditures to eliminate impact to calculation
 - DMC-ODS
 - CBAS
 - Health Homes
 - Out-of-State Former Foster Youth
 - Managed care payments for the ACA new adult expansion population
 - Hospital Quality Assurance Fee program related payments

Timeline

- The 30-day public comment period started on July 22, 2020
- Waiver extension request & all other documentation will be posted on the DHCS website
- Written comments must be submitted by on August 21, 2020
- **Public Hearings**
 - Friday, August 7, 2020 3:30 p.m. – 5:00 p.m.
 - Monday, August 10, 2020 2:00 p.m. – 3:30 p.m.

Questions?

AGENDA ITEM NO. 3

TO: Executive Finance Committee
FROM: Kashina Bishop, Chief Financial Officer
DATE: August 6, 2020
SUBJECT: Solvency Action Plan (SAP) Update – August 2020

PowerPoint with Verbal Presentation

ATTACHMENTS:

SAP Update – August 2020

Solvency Action Plan

Progress Report:

Executive Finance Committee

August 6, 2020

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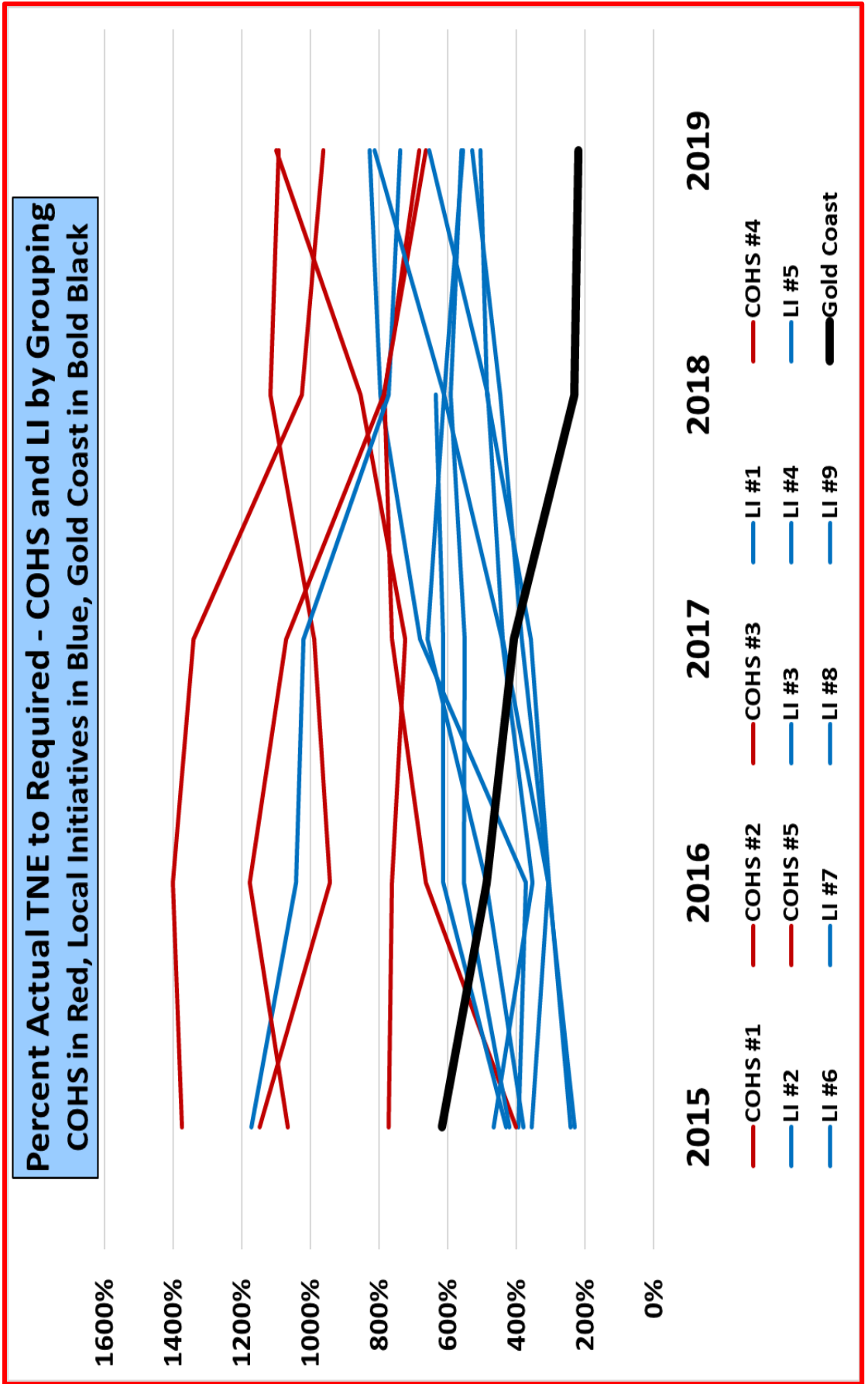
Agenda

1. Background:
 - a. Required Tangible Net Equity (TNE)
 - b. Comparison to California Public Plans
 - c. State Budget and financial implications
2. Solvency Action Plan – Initiative Update
3. Identify risks and challenges for the upcoming quarter relating to ongoing progress for Solvency Action Plan
4. Questions and comments

Background: Tangible Net Equity Requirements

1. TNE is a health plan's total assets minus total liabilities reduced by the value of intangible assets and unsecured obligations of officers, directors, owners, or affiliates outside of normal course of business.
2. Required TNE for a plan is the greater of 1 million dollars or a % of premium revenues or a % of healthcare expenses.
3. Excess TNE is the difference between total TNE and required TNE.

Background: GCHP Outlier Status Among Public Plans



Background: State budget update

As a response to the public health emergency and the negative economic consequences to California, budget proposals include managed care rate reductions and program efficiencies.

1. 1.5% rate reduction retroactive to July 1, 2019
2. Increase of 10% to Long Term Care facility rate effective March 1, 2020 through the emergency (unfunded to plan)
3. Efficiency adjustments to upcoming rate year beginning January 1, 2021

Update: Solvency Action Plan – Phased Approach

Phases	Action(s)	ETA
Phase 1	Secure Commission approval of key elements Institute GCHP administrative reductions Make necessary rate adjustments to Adult Expansion and LTC rates	June 2020
Phase 2	Focus on value-based purchasing throughout network Implement HMS recoveries Analyze additional rate adjustments based on final State budget	August 2020 and ongoing
Phase 3	Advance capitated network development for certain services	February 2021
Phase 4	Advance centers of excellence and HIE with ER notification Shift to APR-DRG for contracted hospitals	April 2021

Update: Solvency Actions - July 2020

Actions	Annualized impact in savings
Rate reductions to LTC rates	\$1.8 M
Reduction to PCP Adult Expansion rates	\$4.5 M
Continued focus on interest expense reduction	\$500,000

Update: Solvency Actions – next steps/areas of focus

Actions	Annualized impact in savings
Outlier contract rates	TBD
Improved contract language	TBD
Expansion of capitation arrangements	Reductions to required TNE/risk reduction

Solvency Action Plan – risks and challenges

1. Receipt of capitation rates effective January 1, 2021
2. Provider acceptance of rate decreases and potential impact to network
3. Unknown impacts to medical expenses with the pandemic

Questions or comments?

AGENDA ITEM NO. 4

TO: Executive Finance Committee
FROM: Debbie Rieger, Senior Executive Business Transformation ETP Project
DATE: August 6, 2020
SUBJECT: System Conversion / Enterprise Transformation Project Update

SUMMARY:

The Enterprise Transformation Project (ETP) where GCHP is Partnering with our Administrative Service Organization (ASO), Conduent, as they implement a full replacement of the core system, including Call Center, Claims, Capitation, Finance Integration, Membership, Member Portal, Provider Portal, Provider Contracts, Benefits, Reporting and EDI Gateway.

FISCAL IMPACT:

Approved total budget of \$4.33 Million. Project is tracking to budget.

RECOMMENDATION:

Staff recommends that the Finance Committee continue to support a November 7, 2020 go-live date.

ATTACHMENTS:

The attached PowerPoint includes an update on the core system replacement for a go-live date of November 7, 2020.

Enterprise Transformation Project (ETP) Conduent MediTrac Implementation

*Executive Finance
August 6, 2020*



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Enterprise Transformation Project (ETP)

Conduent MediTrac Implementation

Overall Project Health

Recent Accomplishments		Upcoming Milestones (30/60/90)	
<ol style="list-style-type: none"> 1. System Requirements Document (SRD) Approvals <ol style="list-style-type: none"> a. Claims Trac: Place of Service b. Provider Timely Filing c. Provider Groups d. Historical Authorizations 2. Optum Prospective Payment Agreement 3. Member PCP 4. Member Responsible Parties 	<ol style="list-style-type: none"> 1. Finalize GCHP/Conduent SOW 2. Finalize Disaster Recovery Plan 3. Finalize Master Test Plan and Strategy 4. Unit Testing 5. System Integration Testing 6. Vendor Extract Development & Testing <ul style="list-style-type: none"> – MedHOK & eVIPs 7. Provider Communication 8. DHCS Implementation Plan 		

Constraint	Health (refer to below project health legend)	Status On Track / At Risk / Off Track
Schedule & Risk		At Risk
Budget		On Track
Resource		At Risk
Scope		At Risk

This Week's Updates – Week Ending 07/24/20

Project Issues, Risks & Remediation

1. ETP SOW

Remediation: Conduent and GCHP continue to work together on completion of the SOW. There is no impact to the ETP schedule as the project work and associated deliverables continue to move forward.

2. GCHP IKA Data Import

Remediation: Additional Conduent resources have been added to support the completion of the mapping process, additional meetings with GCHP to complete the variance review and continued Conduent review to determine availability of reporting options within the MediTrac and MediMart applications




3. eVIPs must go live before ETP to provide provider demographic data via an automated extract process

Remediation: GCHP has approved the reduction of eVIPs project scope, moving eApply, eStatus to a second phase of the project and will limit the provide data for the HSP MediTrac extract to the fields required for claims processing.

4. ETP scope changes and the potential impact on the 11/7/20 go live

Remediation: Management of project scope and potential impact on the project go live date continues to be managed via the project's Change Management process.

Project Health Legend

Health	Schedule	Budget	Resources	Scope	Overall
	Ahead or on target for all milestones.	Cash spent is on or below budget	Required resources and skills are available as planned	The project scope has not changed this period	If one of the key indicators is temporarily yellow, the project may retain the green indicator score.
	A milestone is missed	Cash spent is within 10% of budget	Planned resources and skills are not available, but a mitigation strategy is in place	Scope changes are less than 10%	The project is experiencing problems with one or more key indicators. Or the project requires management attention to prevent major issues from negatively impacting the project.
	A key milestone is missed that will impact the project	Cash spent is greater than 10%	Project resource levels and skills are not adequate to complete the project	Scope changes are greater than 10%	The project is experiencing major difficulties with more than 2 Key indicators Or the project is at risk and requires immediate management attention to help resolve issues.

AGENDA ITEM NO. 5

TO: Executive Finance Committee
FROM: Marlen Torres, Executive Director of Strategy & External Affairs
DATE: August 6, 2020
SUBJECT: Strategic Planning and Schedule Update

**Verbal Presentation
with
PowerPoint**

ATTACHMENT:

Strategic Planning and Schedule Update, August 6, 2020 -PPT Presentation.

Strategic Planning and Schedule Update

August 6, 2020

Marlen Torres
Executive Director, Strategy and
External Affairs

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Agenda

- Current Strategic Plan in Place
- Proposed Strategic Planning Process and Core Elements
- Discussion/Questions

Gold Coast Health Plan's Compass

- **Mission:** To improve the health of our members through the provision of high quality care and services
- **Vision:** Compassionate care, accessible to all, for a healthy community
- **Strategic Plan FY 2018-2022**

44 of 65 pages



 Strategic Plan 2018-2022
Compassionate care. accessible to all. for a healthy community.

- **Strategic Plan FY 2020**



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Strategic Planning Process/ Core Elements

Strategic Planning Process/Timeline

Process	Timeline
Internal Staff reviewed the FY 2020 Strategic Plan and provided a status update of the projects they are responsible for	July 24- 31, 2020
Update the FY 2020 Strategic Plan	August 3-7, 2020
Hold Special Chiefs Strategy Meeting	August 18, 2020
Hold First Strategic Planning Meeting with Directors and Above	September 3, 2020
Hold First Strategic Planning Commission Subcommittee Meeting	September 28, 2020
Commission Strategic Planning Meeting	December 15, 2020

Core Elements of Strategic Planning

GCHP proposes the following core elements of our process and plan:

- Clear outcomes, achievement of which GCHP reports regularly to the Commission, Community Advisory Committee (CAC), and Provider Advisory Committee (PAC).
- Strong focus on GCHP mission and commitment as a County Organized Health System (COHS).
- Continued focus on Equity and Diversity, building on the success of GCHP's appointment of a Chief Diversity Officer (CDO) and GCHP's commitment to addressing social determinants of health.
- Continued focus and discipline relating to the Commission's expectation for GCHP's successful management of the Solvency Action Plan.
- Continued focus on ongoing improvement to internal controls and efficacy of plan management.
- Continued focus on quality as evidenced by GCHP's successful work in this area in collaboration with our Ventura County providers.
- Successful system conversion.
- Successful collaboration with DHCS in connection with the transition of the pharmacy benefit from the Plans to DHCS.

Discussion/Questions?

AGENDA ITEM NO. 6

TO: Executive Finance Committee
FROM: Kashina Bishop, Chief Financial Officer
DATE: August 6, 2020
SUBJECT: Revised June 2020 Fiscal Year to Date Financials

SUMMARY:

Staff is presenting the attached revised June 2020 fiscal year-to-date (“FYTD”) financial statements of Gold Coast Health Plan (“Plan”) for the Executive Finance Committee to review and approve.

BACKGROUND/DISCUSSION:

The staff has prepared the revised unaudited June 2020 FYTD financial package, including statements of financial position, statement of revenues and expenses, changes in net assets, and statement of cash flows. These reflect revisions to the financial statements associated with updated capitated rates from the Department of Health Care Services (DHCS) for the bridge period rates effective from July 1, 2019-December 31, 2020.

The most significant financial impact is as a result of the revised capitation rates reflecting a reduction of 1.5% of the medical expense component of the capitation rates, implemented as a response to the State budget crisis. The revised capitation rates also reflect changes to the MCO tax component which have a minimal net impact to the financial statements.

Assembly Bill 115 (Chapter 348, Statutes 2019) authorizes DHCS to implement the MCO tax on specified health plans subject to approval by the federal Centers for Medicare and Medicaid Services (“CMS”). On April 3, 2020, CMS approved the DHCS waiver of the broad-based and uniformity provisions of Sections 1903(w)(3)(B) and (C) of the Social Security Act for the modified MCO tax model. The effective date range for this approval is January 1, 2020 through December 31, 2022. Due to the delayed effective date reflected in the federal approval, DHCS has revised the associated rates and tax liability to the Plan.

The adjustments were as follows:

Decrease in revenue due to 1.5% reduction	\$8,483,908
Decrease in Prop 56 revenue	\$306,614
Decrease to MCO tax component of revenue	<u>\$64,876,610</u>
Total decrease to revenue	\$73,667,131

Decrease to Prop 56 expense	\$297,038
Decrease to MCO tax expense	<u>\$64,968,137</u>
Total decrease to expense	\$65,265,176

Net reduction to Tangible Net Equity \$8,401,956

Revised June 2020 FYTD Highlights:

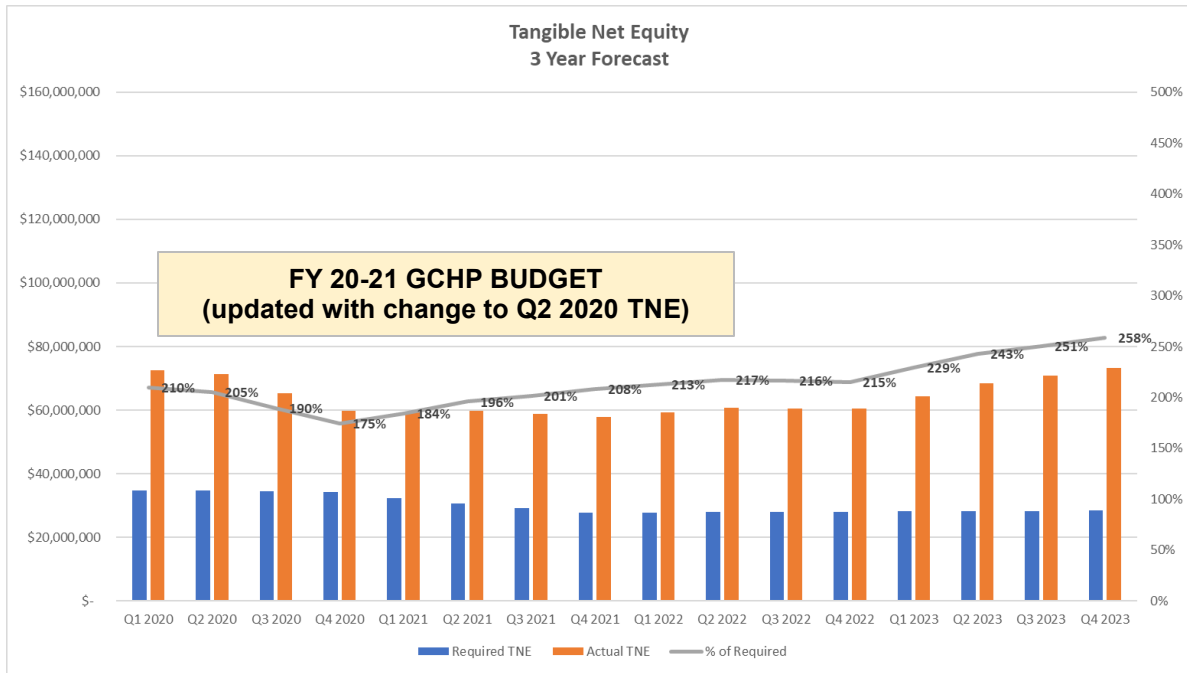
1. The Plan has realized a net loss of \$4.3 million, a \$5.8 million unfavorable year-to-date budget variance.
2. FYTD net revenue is \$820.5 million, \$44.0 million higher than budget.
3. FYTD Cost of health care is \$775.8 million, \$57.5 million higher than budget.
4. The medical loss ratio is 94.6% of revenue, which is 2.1% higher than the budget.
5. FYTD administrative expenses are \$50.8 million, \$6.9 million lower than the budget.
6. The administrative cost ratio is 6.2%, 1.2% lower than budget.
7. Current membership for June is 200,651. Member months for the year are at 2,352,143 which is 1% greater than budget.
8. Tangible Net Equity is \$71.3 million which represents approximately 31 days of operating expenses in reserve and 205% of the required amount by the State.

The month of June 2020 will remain open until the end of the financial audit, and future adjustments will be made if there are material changes impacting the financial statements as of June 30, 2020. This may include, but is not limited to, the final determination from DHCS on the bridge period risk corridor and final analysis of the Incurred But Not Paid calculation for determining the medical expense liability. Staff will keep the Executive Finance Committee and Commission updated on all potential impacts.

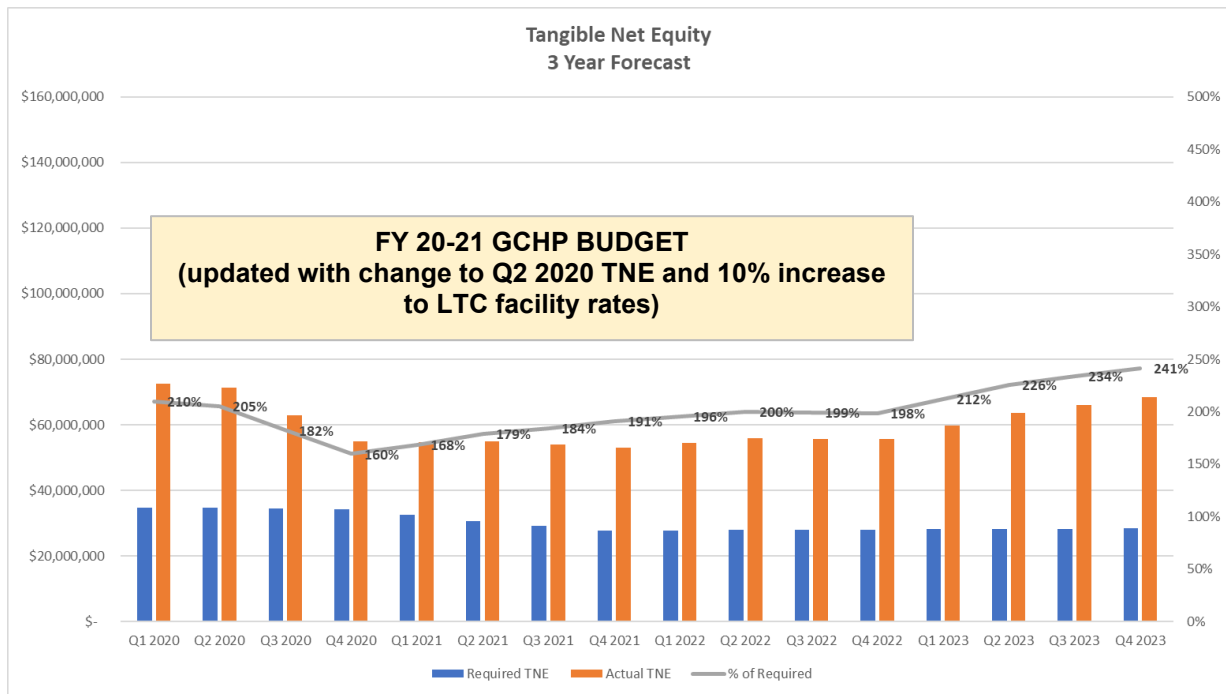
Tangible Net Equity (TNE) 3 Year Forecasts

In the FY 20-21 operating budget, staff presented various scenarios and the associated TNE 3 year forecasts. These will be revised as the actual experience of the Plan changes or relevant information is obtained which impacts the forecast.

Forecast A: Updates the TNE for Q2 2020 and assumes that medical expenses remain consistent with the approved FY 20-21 operating budget.



Forecast B: Incorporates the above changes to the Q2 2020 TNE. In addition, it reflects the impact of the unfunded 10% increase to Long Term Care facility rates through December 31, 2020.



RECOMMENDATION:

Staff recommends that the Executive Finance Committee approve the revised June 2020 financial package.

CONCURRENCE:

N/A

ATTACHMENT:

June 2020 Financial Package



FINANCIAL PACKAGE

For the month ended June 30, 2020

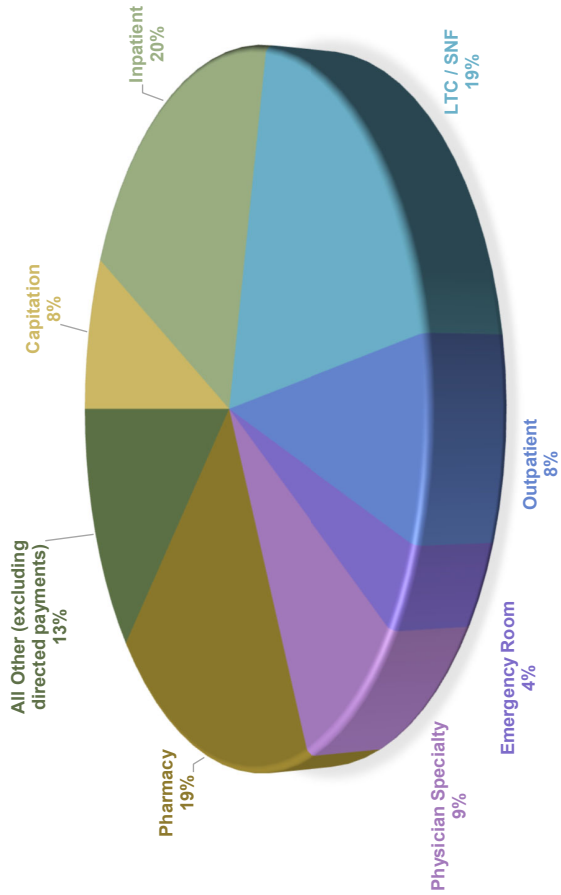
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- Executive Dashboard
- Statement of Financial Position
- Statement of Revenues, Expenses and Changes in Net Assets
- FYTD PMPM Budget to Actual Analysis - Fee for Service by AID Category
- Statement of Cash Flows

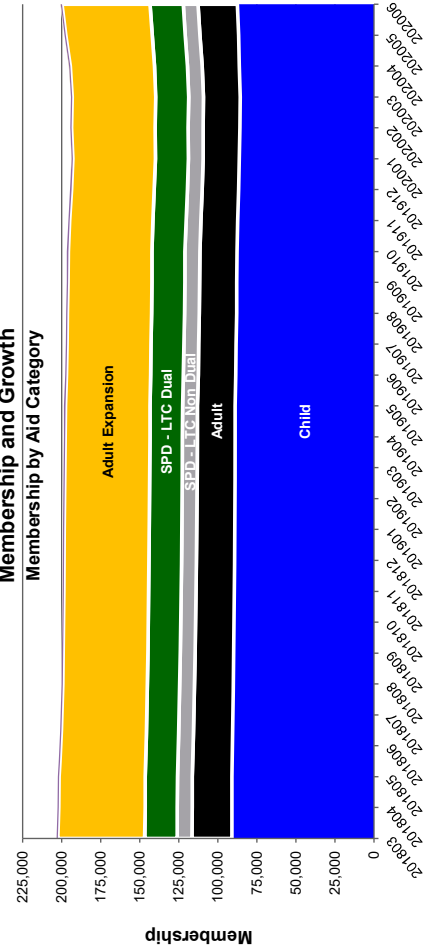
Gold Coast Health Plan
Executive Dashboard as of June 30, 2020

	FYTD 19/20 Budget	FYTD 19/20 Actual	FY 18/19 Actual	FY 17/18 Actual
Average Enrollment	193,409	196,012	198,140	202,748
PMPM Revenue	\$ 334.54	\$ 348.73	\$ 299.23	\$ 284.60
Medical Expenses				
Capitation	\$ 26.52	\$ 24.93	\$ 23.90	\$ 13.90
Inpatient	\$ 61.60	\$ 65.19	\$ 62.09	\$ 58.98
LTC / SNF	\$ 57.35	\$ 59.20	\$ 56.06	\$ 51.30
Outpatient	\$ 25.68	\$ 25.81	\$ 25.88	\$ 25.74
Emergency Room	\$ 11.91	\$ 11.97	\$ 12.14	\$ 12.77
Physician Specialty	\$ 25.49	\$ 27.63	\$ 26.71	\$ 23.82
Pharmacy	\$ 57.07	\$ 61.05	\$ 56.60	\$ 49.76
All Other (excluding directed payments)	\$ 36.13	\$ 41.07	\$ 38.20	\$ 32.93
Total Per Member Per Month	\$ 301.74	\$ 316.86	\$ 301.58	\$ 269.21
Medical Loss Ratio	92.5%	94.6%	102.0%	95.1%
Total Administrative Expenses	\$ 57,701,709	\$ 50,821,685	\$ 46,655,880	\$ 49,015,352
% of Revenue	7.4%	6.2%	6.6%	7.1%
TNE	\$ 93,700,000	\$ 71,272,142	\$ 75,604,948	\$ 132,115,371
Required TNE	\$ 33,464,286	\$ 34,685,521	\$ 32,382,791	\$ 32,373,536
% of Required	280%	205%	233%	408%

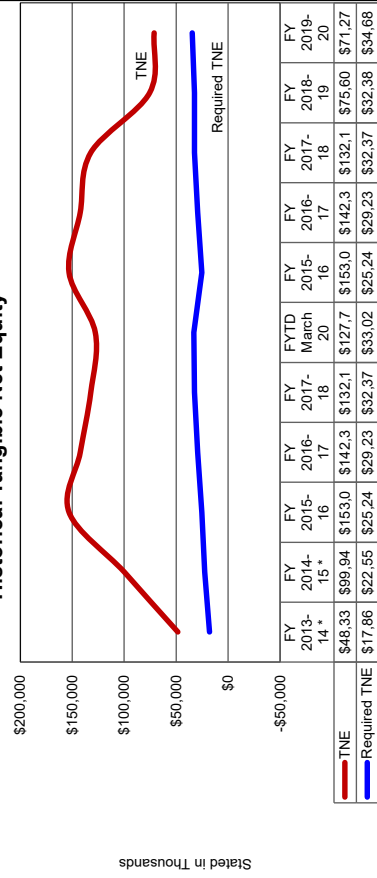
% OF TOTAL MEDICAL EXPENSE



Membership and Growth



Historical Tangible Net Equity



STATEMENT OF FINANCIAL POSITION

	<u>06/30/20</u>	<u>05/31/20</u>	<u>04/30/20</u>
ASSETS			
Current Assets:			
Total Cash and Cash Equivalents	89,586,429	90,620,525	85,204,213
Total Short-Term Investments	43,040,224	43,040,206	42,940,731
Medi-Cal Receivable	102,000,828	164,310,015	154,909,413
Interest Receivable	309,342	282,269	282,269
Provider Receivable	727,334	450,647	377,897
Other Receivables	6,832,616	7,829,253	8,857,684
Total Accounts Receivable	109,870,120	172,872,185	164,427,262
Total Prepaid Accounts	1,751,774	1,640,927	2,063,741
Total Other Current Assets	153,789	153,789	153,789
Total Current Assets	244,402,335	308,327,631	294,789,736
Total Fixed Assets	1,610,328	1,654,171	1,698,281
Total Assets	\$ 246,012,663	\$ 309,981,802	\$ 296,488,017
LIABILITIES & NET ASSETS			
Current Liabilities:			
Incurred But Not Reported	\$ 65,539,064	\$ 60,711,893	\$ 59,972,047
Claims Payable	5,597,372	9,598,303	8,175,554
Capitation Payable	17,035,206	19,619,530	19,712,855
Physician Payable	17,469,735	18,349,967	16,861,083
DHCS - Reserve for Capitation Recoup	5,257,358	5,257,358	5,257,358
Accounts Payable	2,363,635	2,401,503	706,718
Accrued ACS	1,692,422	1,676,786	3,346,682
Accrued Provider Reserve	1,182,056	1,022,221	1,209,266
Accrued Pharmacy	20,041,432	20,729,069	21,208,438
Accrued Expenses	782,470	821,526	1,030,181
Accrued Premium Tax	34,505,280	90,904,394	82,467,273
Accrued Payroll Expense	2,187,982	1,952,841	1,896,771
Total Current Liabilities	173,654,011	233,045,392	221,844,226
Long-Term Liabilities:			
Other Long-term Liability-Deferred Rent	1,086,511	1,089,398	1,092,284
Total Long-Term Liabilities	1,086,511	1,089,398	1,092,284
Total Liabilities	174,740,522	234,134,789	222,936,510
Net Assets:			
Beginning Net Assets	75,604,948	75,604,948	75,604,948
Total Increase / (Decrease in Unrestricted Net Assets)	(4,332,806)	242,066	(2,053,441)
Total Net Assets	71,272,142	75,847,014	73,551,507
Total Liabilities & Net Assets	\$ 246,012,663	\$ 309,981,802	\$ 296,488,017

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	\$ 127.13	\$ 9.79 8%	\$ 7.60	\$ 6.27	\$ (1.33) -18%	\$ 97.75	\$ 115.31	\$ 17.56 18%
Outpatient	42.23	46.59	4.36 10%	4.69	4.05	(0.64) -14%	40.44	38.85	(1.59) -4%
ER	16.73	16.32	(0.41) -2%	9.46	9.61	0.15 2%	15.48	15.38	(0.10) -1%
LTC	4.36	13.50	9.14 210%	0.33	0.30	(0.03) -9%	20.99	23.13	2.14 10%
PCP	9.70	9.67	(0.03) 0%	5.95	5.00	(0.95) -16%	6.91	7.00	0.09 1%
Specialty	47.33	50.89	3.56 8%	6.07	6.08	0.01 0%	40.60	43.40	2.80 7%
Pharmacy	79.23	97.95	18.72 24%	12.94	11.71	(1.23) -10%	99.26	111.86	12.60 13%
Mental Health/ABA	5.06	5.80	0.74 15%	7.19	8.79	1.60 22%	4.97	5.71	0.74 15%
All Other	11.16	12.29	1.13 10%	1.94	2.08	0.14 7%	13.38	13.40	0.02 0%
Total	\$ 333.14	\$ 380.14	\$ 47.00 14%	\$ 56.17	\$ 53.89	\$ (2.28) -4%	\$ 339.78	\$ 374.04	\$ 34.26 10%
FYTD Member Months	276,980	286,318	9,338 3%	1,046,849	1,043,833	(3,016) 0%	638,776	645,754	6,978 1%

	Seniors and Persons with Disabilities (SPD)			SPD - Dual			Long Term Care (LTC)		
	Budget	Actual	Variance %	Budget	Actual	Variance %	Budget	Actual	Variance %
Inpatient	\$ 316.42	\$ 294.09	\$ (22.33) -7%	\$ 18.37	\$ 22.40	\$ 4.03 22%	\$ 627.90	\$ 1,726.44	\$ 1,098.54 175%
Outpatient	105.41	98.41	(7.00) -7%	19.78	20.87	1.09 6%	274.05	179.45	(94.60) -35%
ER	25.15	26.57	1.42 6%	1.74	1.69	(0.05) -3%	10.46	11.06	0.60 6%
LTC	162.64	143.18	(19.46) -12%	91.96	88.34	(3.62) -4%	7,432.23	8,887.21	1,454.98 20%
PCP	16.39	19.86	3.47 21%	4.58	4.35	(0.23) -5%	9.22	4.50	(4.72) -51%
Specialty	83.04	87.21	4.17 5%	17.24	19.35	2.11 12%	172.15	240.09	67.94 39%
Pharmacy	267.46	305.59	38.13 14%	6.06	7.00	0.94 16%	224.42	287.55	63.13 28%
Mental Health/ABA	59.90	72.71	12.81 21%	1.00	1.30	0.30 30%	0.68	2.35	1.67 246%
All Other	82.63	81.70	(0.93) -1%	56.16	60.28	4.12 7%	135.92	56.36	(79.56) -59%
Total	\$ 1,119.04	\$ 1,129.32	\$ 10.28 1%	\$ 216.89	\$ 225.58	\$ 8.69 4%	\$ 8,887.03	\$ 11,395.01	\$ 2,507.98 28%
FYTD Member Months	109,816	113,604	3,788 3%	235,708	253,732	18,024 8%	300	419	119 40%

	LTC - Dual		
	Budget	Actual	Variance %
Inpatient	\$ 46.38	\$ 46.65	\$ 0.27 1%
Outpatient	14.36	9.87	(4.49) -31%
ER	1.83	0.30	(1.53) -84%
LTC	7,314.95	7,368.77	53.82 1%
PCP	0.96	0.21	(0.75) -78%
Specialty	13.52	11.78	(1.74) -13%
Pharmacy	1.30	0.53	(0.77) -59%
Mental Health/ABA	0.25	0.63	0.38 152%
All Other	132.42	152.99	20.57 16%
Total	\$ 7,525.97	\$ 7,591.73	\$ 65.76 1%
FYTD Member Months	10,440	9,386	(1,054) -10%

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.

STATEMENT OF CASH FLOWS	June 2020	FYTD 19-20
Cash Flows Provided By Operating Activities		
Net Income (Loss)	\$ (4,574,872)	\$ (4,332,806)
Adjustments to reconciled net income to net cash provided by operating activities		
Depreciation on fixed assets	43,843	467,456
Amortization of discounts and premium	-	-
Changes in Operating Assets and Liabilities		
Accounts Receivable	63,002,065	(30,110,917)
Prepaid Expenses	(110,847)	292,297
Accrued Expense and Accounts Payable	(356,837)	(7,974,577)
Claims Payable	(7,465,487)	(5,890,885)
MCO Tax liability	(56,399,114)	10,879,034
IBNR	4,827,171	13,781,152
Net Cash Provided by (Used in) Operating Activities	<u>(1,034,078)</u>	<u>(22,889,247)</u>
Cash Flow Provided By Investing Activities		
Proceeds from Restricted Cash & Other Assets		
Proceeds from Investments	(18)	4,870,767
Purchase of Investments plus Interest reinvested	-	(949,391)
Purchase of Property and Equipment	-	(410,014)
Net Cash (Used In) Provided by Investing Activities	<u>(18)</u>	<u>3,511,363</u>
Increase/(Decrease) in Cash and Cash Equivalents	(1,034,096)	(19,377,884)
Cash and Cash Equivalents, Beginning of Period	90,620,524	108,964,313
Cash and Cash Equivalents, End of Period	<u>89,586,428.71</u>	<u>89,586,429</u>



Gold Coast Health Plan

FYTD Unaudited Financial Statements June 2020

Integrity

Accountability

Collaboration

Trust

Respect

Financial Statement Adjustments:

The adjustments were as follows:

Decrease in revenue due to 1.5% reduction	\$8,483,908
Decrease in Prop 56 revenue	\$306,614
Decrease to MCO tax component of revenue	<u>\$64,876,610</u>
Total decrease to revenue	\$73,667,131
Decrease to Prop 56 expense	\$297,038
Decrease to MCO tax expense	<u>\$64,968,137</u>
Total decrease to expense	\$65,265,176
Net reduction to Tangible Net Equity	\$8,401,956



JUNE NET LOSS

\$ 4.6 M



FYTD NET LOSS

\$4.3 M



TNE is \$71.3 M and 205% of the minimum required



MEDICAL LOSS RATIO

94.6%



ADMINISTRATIVE RATIO

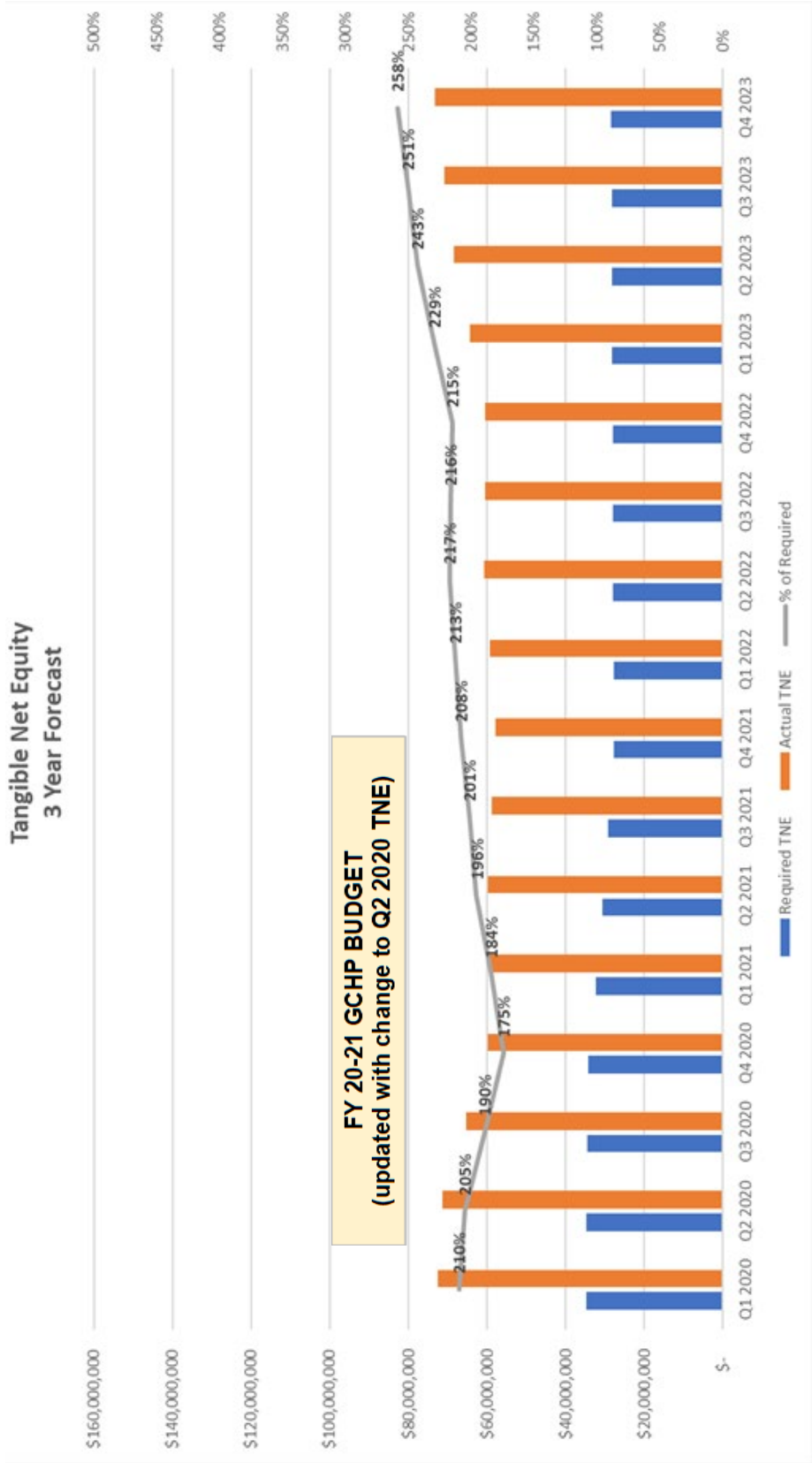
6.2%

Revised Financial Overview:

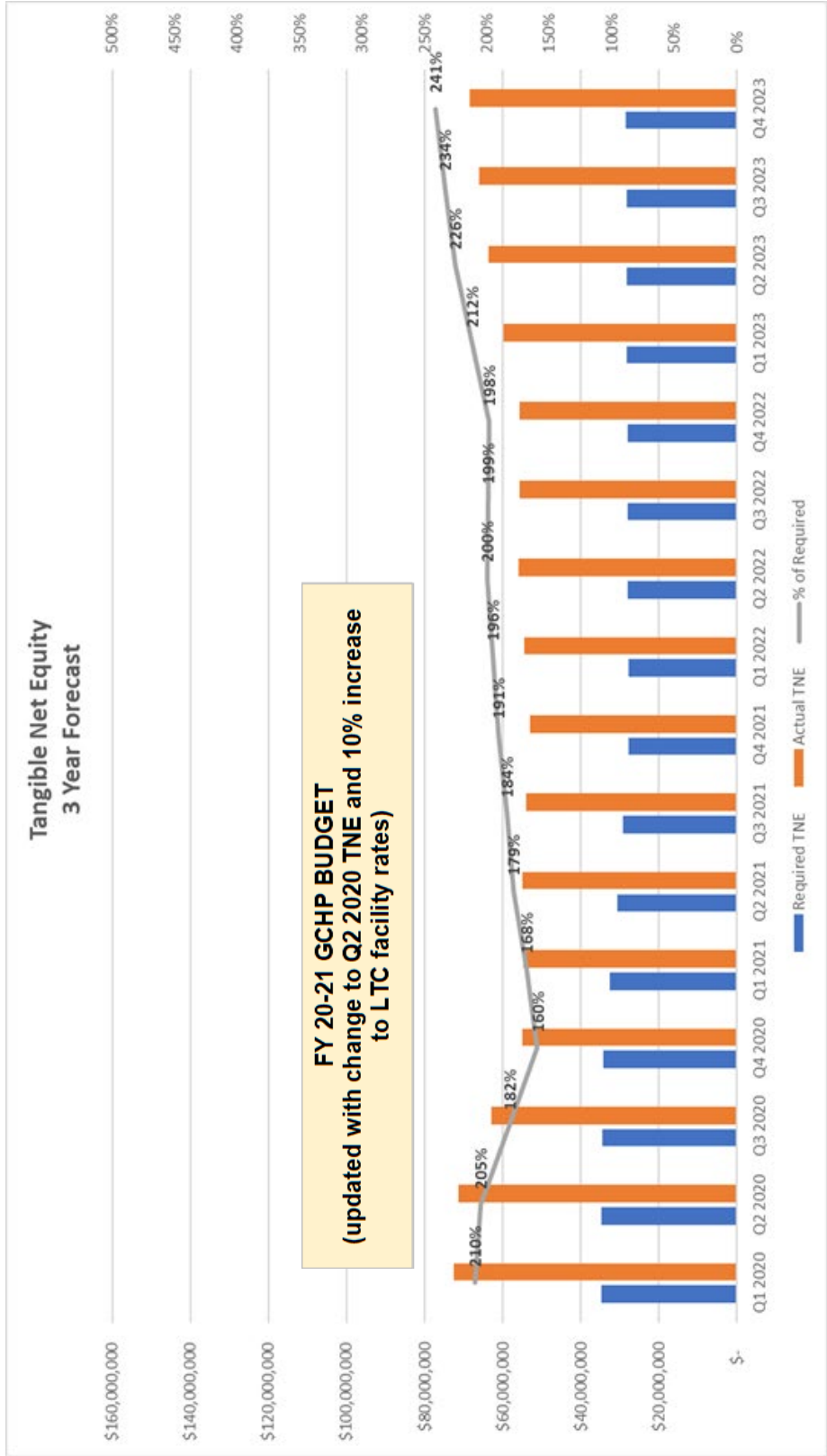
Upcoming updates to FY 19-20 statements:

- Final determination of risk corridor calculation and internal analysis.
- Potential adjustment to medical expense and IBNP, with another month of data. Kept open due to audit.

TNE 3 Year Forecasts:



TNE 3 Year Forecasts:



Questions?

Staff recommends the Executive Finance Committee approve the unaudited financial statements for June 2020