



**Ventura County Medi-Cal Managed
Care Commission (VCMCC) dba
Gold Coast Health Plan (GCHP)
Executive / Finance Committee Meeting**

Executive Conference Room at Gold Coast Health Plan
711 E. Daily Drive, Suite 106, Camarillo, CA 93010
Thursday, May 7, 2015
3:00 p.m.

AGENDA

CALL TO ORDER / ROLL CALL

PUBLIC COMMENT A Speaker Card must be completed and submitted to the Clerk of the Board by anyone wishing to comment:

- **Public Comment** - Comments regarding items not on the agenda but within the subject matter jurisdiction of the Committee.
- **Agenda Item Comment** - Comments within the subject matter jurisdiction of the Committee pertaining to a specific item on the agenda. The speaker is recognized and introduced by the Committee Chair during Committee's consideration of the item.

1. APPROVE MINUTES

- a. [April 2, 2015 Regular Executive / Finance Meeting Minutes](#)

2. ACCEPT AND FILE ITEMS

- a. [CEO Update](#)
b. [March Financials](#)

Meeting Agenda available at <http://www.goldcoasthealthplan.org>

ADMINISTRATIVE REPORTS RELATING TO THIS AGENDA AND 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, 711 E. DAILY DRIVE, SUITE #106, CAMARILLO, CA.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT TRACI AT (805) 437-5509. REASONABLE ADVANCE NOTIFICATION OF THE NEED FOR ACCOMMODATION PRIOR TO THE MEETING (48 HOURS ADVANCE NOTICE IS PREFERABLE) WILL ENABLE US TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THIS MEETING.

**Ventura County Medi-Cal Managed Care Commission (VCMCC) dba Gold Coast Health Plan (GCHP)
May 7, 2015 Executive / Finance Committee Meeting Agenda (continued)**

LOCATION: Executive Conference Room, 711 E. Daily Drive, Suite 106, Camarillo, CA 93010

TIME: 3:00 p.m.

PAGE: 2 of 2

3. INFORMATIONAL ITEMS

- a. [Preliminary Proposed FY 2015-16 Budget](#)
- b. [Council for Affordable Quality Healthcare \(CAQH\) Committee on Operating Rules for Information Exchange \(CORE\) Certification Vendor](#)

COMMENTS FROM COMMITTEE MEMBERS

ADJOURNMENT

Unless otherwise determined, the next regular meeting of the Executive / Finance Committee will be held on June 4, 2015 at 3:00 p.m. in the Executive Conference Room at Gold Coast Health Plan, 711 E. Daily Drive, Suite 106, Camarillo, CA 93010.

Meeting Agenda available at <http://www.goldcoasthealthplan.org>

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**Ventura County Medi-Cal Managed Care Commission
(VCOMMCC) dba Gold Coast Health Plan (GCHP)
Executive / Finance Committee Meeting Minutes**

April 2, 2015

(Not official until approved)

CALL TO ORDER

Vice Chair Alatorre called the meeting to order at 3:01 p.m. in the Executive Conference Room at Gold Coast Health Plan, 711 E. Daily Drive, Suite 106, Camarillo, CA 93010.

ROLL CALL

COMMITTEE MEMBERS PRESENT

Antonio Alatorre, Clinicas del Camino Real, Inc.

David Glycer, Private Hospitals / Healthcare System

Dee Pupa, Ventura County Health Care Agency

EXCUSED / ABSENT COMMITTEE MEMBERS

David Araujo, MD, Ventura County Medical Center Family Medicine Residency Program

Gagan Pawar, MD, Clinicas del Camino Real, Inc.

STAFF IN ATTENDANCE

Ruth Watson, Chief Operating Officer and Interim Chief Executive Officer

John Meazzo, Interim Chief Financial Officer

Traci R. McGinley, Clerk of the Board

Scott Campbell, Legal Counsel

Guillermo Gonzalez, Government Relations Director

Steven Lalich, Communications Director

Allen Maithel, Controller

Al Reeves, MD, Chief Medical Officer

Melissa Scrymgeour, Chief Information Officer

Lyndon Turner, Financial Analysis Director

PUBLIC COMMENTS

None.

1. APPROVE MINUTES

a. March 5, 2015 Regular Meeting Minutes

Committee Member Glycer moved to approve the March 5, 2015 Regular Meeting Minutes. Committee Member Pupa seconded. The motion carried with the following vote:

AYE: Alatorre, Glycer and Pupa.
NAY: None.
ABSTAIN: None.
ABSENT: Araujo and Pawar.

2. APPROVAL ITEMS

a. Investment Controls

Interim CFO Meazzo gave a presentation highlighting the Investment Control Policy, the Internal Investment Controls and Procedures, the Investment Committee's first meeting on March 27, 2015, as well as a flowchart showing how the investment funds are to be managed. Also reviewed were the specific functions, responsibilities and restrictions of particular positions within the Finance Department that ensure that internal controls are maintained. The Plan has worked with the financial institutions and they have agreed to execute a contract adhering to the restrictions.

Interim CFO Meazzo explained that the Investment Committee did approve having an Investment Advisor but, because the investments are in well managed and pooled funds, one is not needed at this time. Ventura County Treasurer Steven Hintz added that GCHP staff had asked his opinion about the need for an Investment Advisor and he agreed that an Investment Advisor was not needed at this time due to the fact that the Plan would not be investing directly in the market. He added that Ventura County's investment pool was \$2.2 billion and the County no longer has a Chief Investment Officer; the Treasurer handles those functions. County Treasurer Hintz provided copies of the County's Statement of Investment Policy as well as a draft report to the Ventura County Board of Supervisors regarding the Investments and informed the Committee that the investment reports are located on the County's website.

Committee Member Pupa moved to approve the Investment Controls. Committee Member Glycer seconded. The motion carried with the following vote:

AYE: Alatorre, Glycer and Pupa.
NAY: None.
ABSTAIN: None.
ABSENT: Araujo and Pawar.

3. ACCEPT AND FILE ITEMS

a. CFO Update – February Financials

Interim CFO Meazzo provided an overview of the item by reviewing a PowerPoint presentation. He also highlighted changes in membership. Interim CEO Watson added that the Adult Expansion (AE) population increased over 40% since January and as of April 1, 2015 the Plan's membership was up to 185,000.

In response to Committee Member Glycer's question regarding the loss ratio, Interim CEO Watson confirmed that the loss ratio is continuing to increase. She added that the other Medi-Cal managed care plans were experiencing similar increases. Financial Analysis

Director Turner added that the pattern is continuing, new enrollees are utilizing more expensive services and accessing care faster.

Committee Member Pupa asked if there was any discussion between the plans and the State about simplifying the application and recertification process as well as having the electronic information connect.

Interim CEO Watson explained that the State has been looking into changing the application and process, but the systems do not communicate with each other. She added that Covered California was meant to provide a universal form; but not all information was captured. Interim CEO Watson explained that many of the recipients do not realize their services have been terminated until they need care. The County sends multiple notifications to recipients. Interim CEO Watson added that the State has been making some members retroactively eligible and has informed the Plans that should the Member be unable to access an appointment or need to see a provider that is no longer with the Plan that Member could temporarily be fee-for-service and the State would be responsible for the care.

Interim CEO Watson explained that Guillermo Gonzalez, Government Relations Director, has raised the application process issues a number of times and the need for GCHP to have certified enrollment assisters. GCHP is checking into the Plan being involved in the program.

Vice Chair Alatorre stated that Clinicas will be meeting with the Human Services Agency because Clinicas has Certified Medi-Cal Enrollment Counselors (CECs) that assist patients, but the Members are not receiving any information from the State or the County.

Interim CEO Watson responded that unfortunately that was fairly common.

b. Investment Committee Update

Interim CFO Meazzo reviewed the report with the Committee.

Committee Member Glycer moved to accept and file the CFO Update – February Financials and the Investment Committee Update. Committee Member Alatorre seconded. The motion carried with the following vote:

AYE: Alatorre, Glycer and Pupa.
NAY: None.
ABSTAIN: None.
ABSENT: Araujo and Pawar.

COMMENTS FROM COMMITTEE MEMBERS

None.

ADJOURNMENT

Meeting adjourned at 4:02 p.m.

AGENDA ITEM 2a

To: Gold Coast Health Plan Executive / Finance Committee

From: Ruth Watson, Interim CEO / Chief Operating Officer

Date: May 7, 2015

Re: CEO Update

MEMBERSHIP UPDATE – May 2015

Gold Coast Health Plan added another 2,723 members in May, bringing the total membership to 187,029 as of May 1, 2015. GCHP’s membership has increased by 68,517 (57.8%) since the start of Medi-Cal Expansion. The cumulative new membership since January 1, 2014 is summarized as follows:

- L1 (Low Income Health Plan) – 3,908
- M1 (Adult Expansion) – 37,519
- 7U (CalFresh Adults) – 3,083
- 7W (CalFresh Children) – 813
- 7S (Parents of 7Ws) – 379
- Traditional Medi-Cal – 22,815

The M1 aid code membership continues to increase each month. Conversely, L1 continues to decrease as the LIHP population is re-determined into other aid codes. GCHP had a potential of 83 new members transitioning from Covered CA as of May 1, 2015; all but 8 of the potential members were included on the May 834 eligibility file received from DHCS. GCHP has reached out to DHCS to obtain additional information regarding the status of these 8 members.

	Jan 14	Feb 14	Mar 14	Apr 14	May 14	Jun 14	Jul 14	Aug 14	Sep 14	Oct 14	Nov 14	Dec 14
L1	7,618	8,083	8,154	8,134	8,118	7,975	7,839	7,726	7,568	7,443	7,289	6,972
M1	183	1,550	2,482	4,514	7,279	10,910	15,606	18,585	21,944	23,569	24,060	27,176
7U	0	0	1,741	3,584	3,680	3,515	3,453	3,400	3,368	3,312	3,254	3,204
7W	0	0	0	684	714	691	667	624	606	296	599	589
7S						3	4	4	5	11	14	15

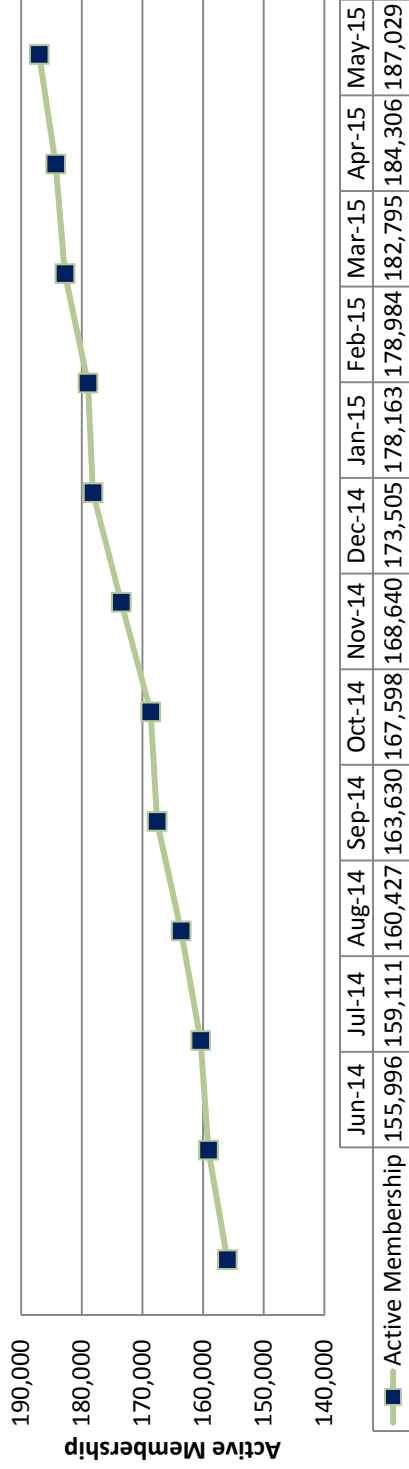
	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15
L1	6,508	6,128	4,965	4,102	3,908	0	0	0	0	0	0	0
M1	30,107	31,203	34,350	35,582	37,519	0	0	0	0	0	0	0
7U	3,390	3,342	3,236	3,162	3,083	0	0	0	0	0	0	0
7W	872	872	856	831	813	0	0	0	0	0	0	0
7S	478	442	396	381	379	0	0	0	0	0	0	0



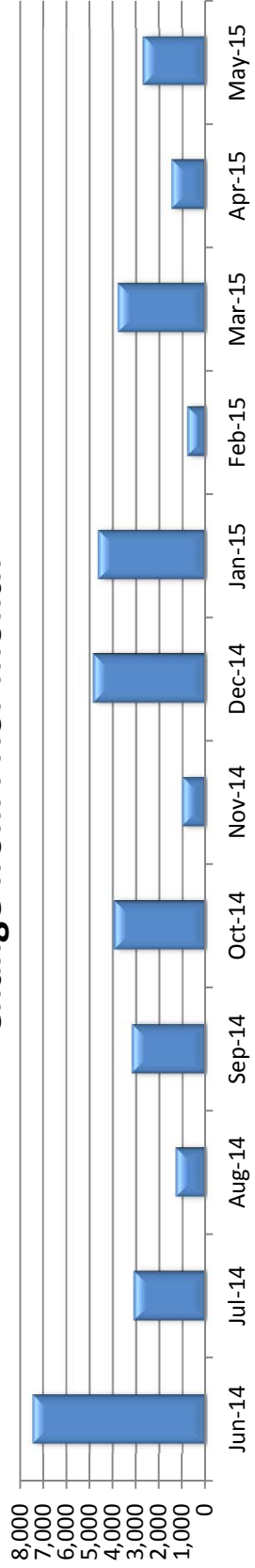
GCHP Membership

Total Membership as of May 1, 2015 – 187,029
 New Members Added Since January 2014 – 68,517

GCHP Membership Increase June 2014 - May 2015

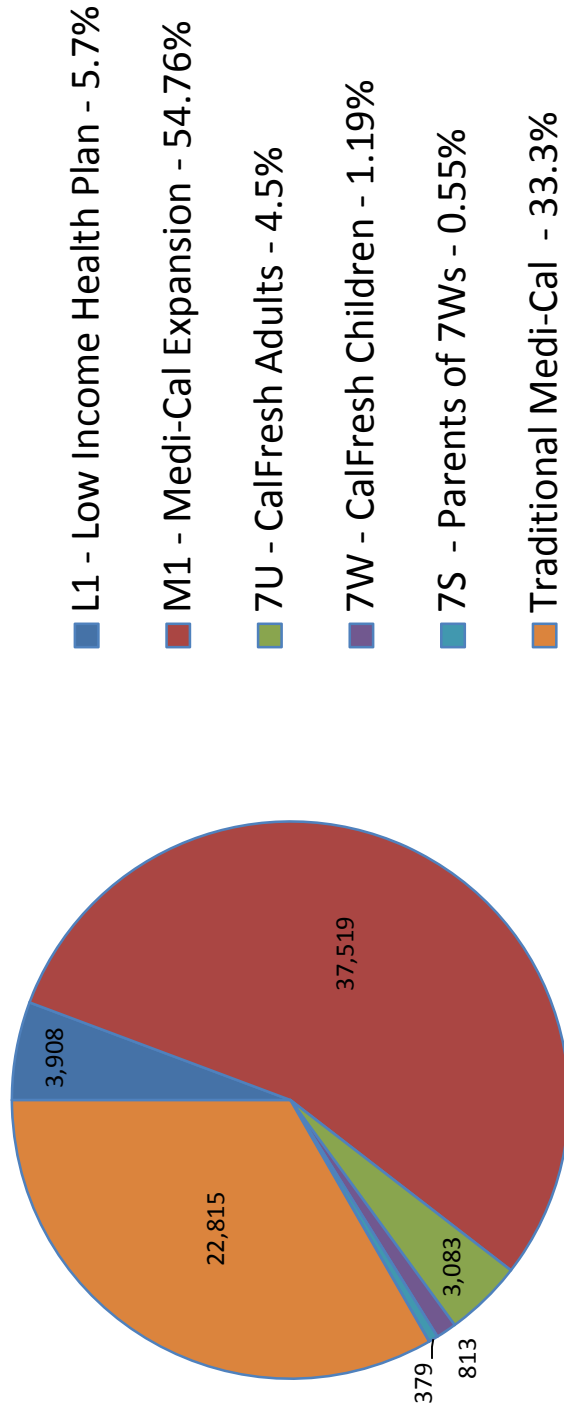


Change from Prior Month



Membership Growth

GCHP New Membership Breakdown



- Note: GCHP Pended eligibility (not shown) – 2,053 (decreased 435 from April)**
- Members with aid code 8E – accelerated enrollment which provides immediate temporary, fee-for service, full scope Medi-Cal benefits for ages 65 and under

AGENDA ITEM 2b

To: Gold Coast Health Plan Executive / Finance Committee
From: Lyndon Turner, Director of Financial Analysis
Date: May 7, 2015
Re: March 2015 Financials

SUMMARY:

Staff is presenting the attached March 2015 financial statements (unaudited) of Gold Coast Health Plan (Plan) for review by the Executive / Finance Committee. The Plan requests that the Executive / Finance Committee recommend approval of these financials to the Commission.

BACKGROUND / DISCUSSION:

The Plan staff has prepared the March 2015 financial package, including balance sheet, income statements and statement of cash flows.

FISCAL IMPACT:

Highlights of Year-To-Date Financial Results:

On a year-to-date basis through March, the Plan's gain in unrestricted net asset is approximately \$52.9 million compared to the \$12.6 million budget. These operating results have contributed to a Tangible Net Equity (TNE) level of approximately \$92.8 million, which exceeds both the budget of \$45.0 million by \$47.8 million and the State minimum required TNE amount of \$23.4 million by \$69.3 million. As in prior reports, the Plan's TNE amount includes \$7.2 million County of Ventura lines of credit. The March TNE was 396% of the State required TNE, but 104% below the average 6 County Organized Health Systems of 500%.

Highlights of March Financial Results:

Membership - March membership of 185,971 exceeded budget by 21,603 members. The majority of the growth was in the Adult Expansion (AE) category, accounting for approximately 70% of the total growth in membership.

Revenue - March net revenue was \$40.0 million or \$11.4 million below the budgeted amount of \$51.4 million. The variance was primarily due to a \$14.7 million revenue reduction related to the AE claims reserve reduction mentioned below. The revenue reduction was necessary to

maintain a medical loss ratio (MLR) of 85% for this aid group. On a per-member per-month (PMPM) basis, net revenue was \$215.10, or \$97.63 under the budget of \$312.73.

Health Care Costs – March health care cost were \$31.4 million or \$16.4 million below budget. On a PMPM basis, reported health care cost for March was \$168.76 compared to a budgeted amount of \$290.65. The positive variance is largely due to the release of certain claims reserves connected to the Adult Expansion population. Other highlights include:

- Capitation – Higher than budget by \$1.2 million, mainly due to higher than anticipated members being covered by capitated providers. Also included are the Adult Expansion members (499 in March 2015) recently designated as covered by the Kaiser capitation agreement, but not contemplated in the budget.
- LTC / SNF – An additional accrual for AB 1629 rate increases was again included for Long Term Care (LTC) facilities. New rates were published by the Department of Health Care Services (DHCS) in late January. However, a recent announcement by DHCS indicated that the rates contained errors, and a revision date of early May has been communicated.
- Pharmacy – Lower than expected utilization in the AE category, again contributed to savings of approximately \$4.8 million. Last month, AE Pharmacy costs appeared to be moderating after rising in the prior months. However, costs again appear to be gaining momentum. On a PMPM basis, March AE Pharmacy was \$51.00 as compared to \$46.57 in February.
- Physician ACA 1202 - An ACA 1202 payment was made in March in the amount of \$6.1 million. This figure does not appear on the Income Statement because the transactions had been recognized and accrued in previous periods.
- Adult Expansion Reserve – Approximately \$2.9 million related to April 2014 was released pursuant to the planned Incurred But Not Paid (IBNP) alignment methodology disclosed in prior months. Additional reserves of \$10.9 million were released or avoided by continued step-wise reduction of book-to-budget rates. The release and avoidance of these reserves affected most categories of service.

In January 2015 the Plan initiated a measured and prudent convergence strategy which will gradually move AE claims reserves from the State rate methodology (85% of capitation revenue) to the traditional Incurred But Not Reported (IBNR) model. A proxy of similar Aid categories was used for the AE population to develop model completion factors. These modeled completion factor percentages were applied to AE claims data as an alternate method of claims development. Based on this analysis claims aged one year or more were deemed complete or nearly complete and excess reserves were released. In addition, the budget rates for the near months (less than one year old) will be systematically reduced to avoid adding new reserves while maintaining the 85% MLR.

Administrative Expenses - For the month of March, overall operational costs were \$3.1 million or \$149,000 over budget. Higher than budgeted legal fees and outside services were offset by positive variance due to lower personnel and related personnel expenses. The following were the primary contributors to the large variances:

- Outside Services (ACS / Xerox and Beacon Health Strategies) – over budget by \$214,000 due to growth in membership.
- Legal Fees – over budget by \$155,000 due to continued legal services and ongoing services associated with the investigation being overseen by the Special Investigation Ad Hoc Committee. Year to date legal expenses of \$2.05 million exceeded the budget by \$1.75 million.
- Consulting – under budget by \$80,000 due to increase use of in-house services and delays in budgeted projects.

Cash + Medi-Cal Receivable – The total of Cash and Medi-Cal Premium Receivable balances of \$316 million reported as of March 31, 2015. This total includes pass-through payments for Managed Care Organizations (MCO) tax of \$3.3 million and AB 85 of \$6.4 million. Excluding the impact of the pass through amount, the total of Cash and Medi-Cal Receivable balance as of March 31, 2015 was \$307 million or \$147.2 million better than the budgeted level of \$159.5 million.

Investment Portfolio - During the month of March, \$50 million was transferred to a short term investment pool account (Cal Trust).

RECOMMENDATION:

Staff requests that the Executive / Finance Committee recommend approval of the March 2015 financial package to the Commission.

CONCURRENCE:

N/A

Attachments:

March 2015 Financial Package



FINANCIAL PACKAGE

For the month ended March 31, 2015

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- Financial Overview
- Membership
- Statement of Financial Positions
- Statement of Revenues, Expenses and Changes in Net Assets
- YTD Statement of Revenues, Expenses and Changes in Net Assets
- Monthly Cash Flow
- YTD Cash Flow

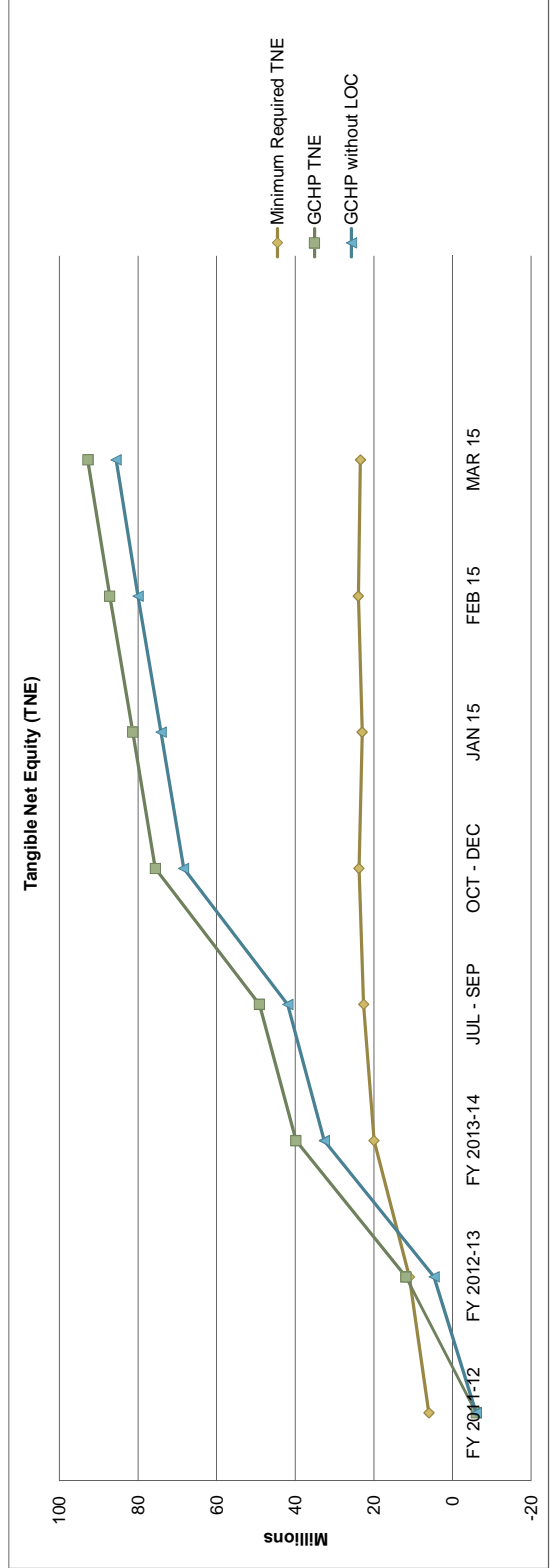
APPENDIX

- Cash Trend Combined
- Paid Claims and IBNP Composition
- Total Expense Composition
- Pharmacy Cost & Utilization Trends

GOLD COAST HEALTH PLAN
Financial Results Summary

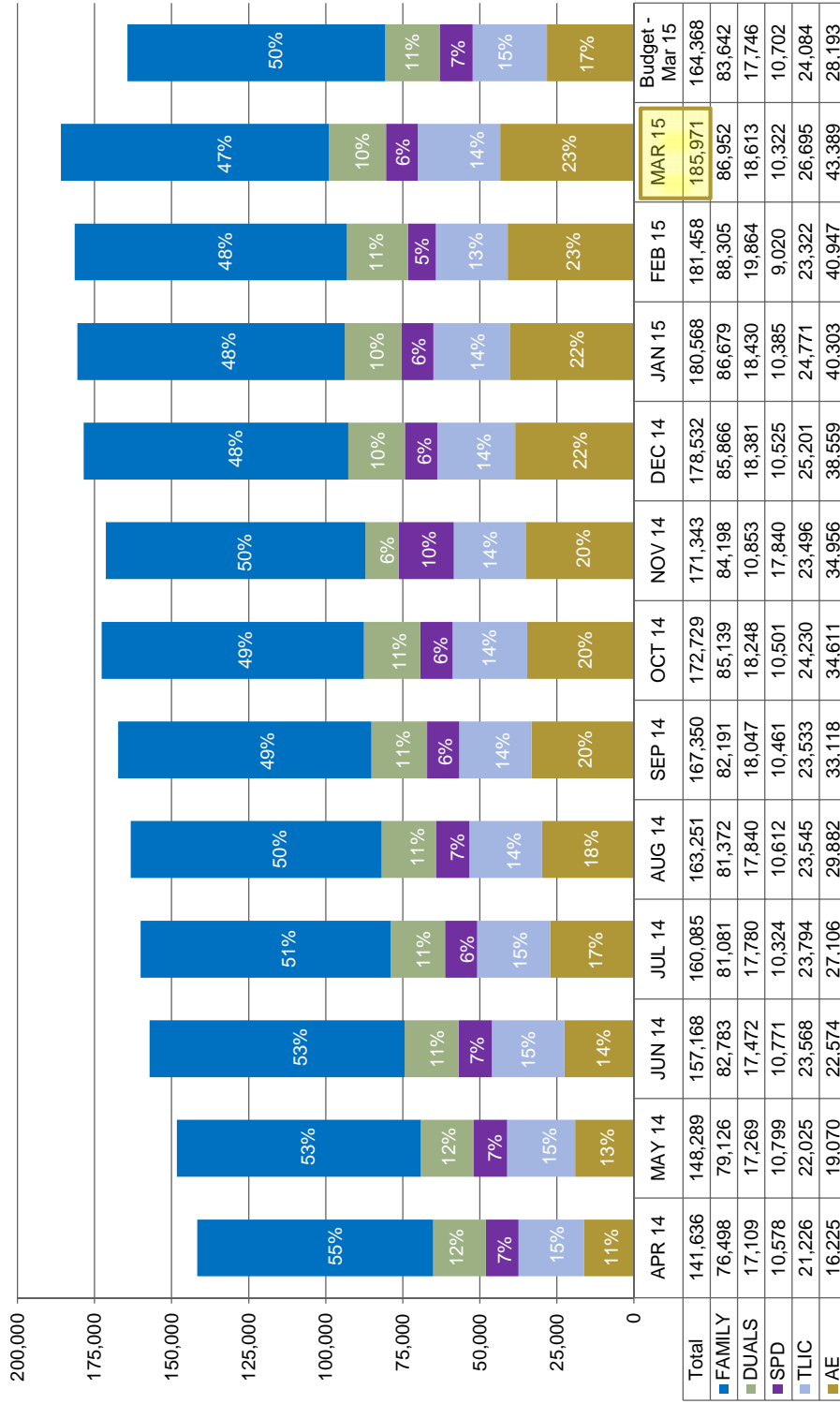
Description	AUDITED*				UNAUDITED	FY 2014-15					Budget Comparison		
	FY 2011-12	FY 2012-13	FY 2012-13	FY 2013-14		JUL - SEP	OCT - DEC	JAN 15	FEB 15	MAR 15	Budget Mar 15	Variance Fav / (Unfav)	Variance Fav / (Unfav)%
Member Months	1,258,189	1,223,895		1,553,660		490,686	522,604	180,568	181,458	185,971	164,368	21,603	13.1%
Revenue <i>pmprn</i>	304,635,932 242.12	315,119,611 257.47		423,995,809 272.90		158,761,380 323.55	142,036,566 271.79	37,959,896 210.22	45,092,826 248.50	40,042,445 215.32	51,420,215 312.84	(11,377,770) (97.52)	(22.1)% (31.2)%
Health Care Costs <i>pmprn</i> % of Revenue	287,353,672 228.39 94.3%	280,382,704 229.09 89.0%		369,321,385 237.71 87.1%		141,486,486 288.34 89.1%	106,577,061 203.93 75.0%	29,428,716 162.98 77.5%	36,161,087 199.28 80.2%	31,383,625 168.76 78.4%	47,774,231 290.65 92.9%	16,390,606 121.90 14.5%	34.3% 41.9% 15.6%
Admin Exp <i>pmprn</i> % of Revenue	18,891,320 15.01 6.2%	24,013,927 19.62 7.6%		26,751,533 17.22 6.3%		7,994,304 16.29 5.0%	8,969,982 17.16 6.3%	2,802,558 15.52 7.4%	3,069,186 16.91 6.8%	3,071,297 16.51 7.7%	2,919,785 17.76 5.7%	(151,512) 1.25 (2.0)%	(5.2)% 7.0% (35.1)%
Total Increase / (Decrease) in Unrestricted Net Assets <i>pmprn</i> % of Revenue	(1,609,063) (1.28) -0.5%	10,722,980 8.76 3.4%		27,922,891 17.97 6.6%		9,280,590 18.91 5.8%	26,489,523 50.69 18.6%	5,728,622 31.73 15.1%	5,862,553 32.31 13.0%	5,587,523 30.05 14.0%	726,199 4.42 1.4%	4,861,323 25.63 12.5%	669.4% 580.0% 888.0%
YTD													
100% TNE	16,769,368	16,138,440		19,964,221		22,600,707	23,789,982	22,874,997	23,957,363	23,415,058	25,554,233	(2,139,175)	(8.4)%
% TNE Required	36%	68%		100%		100%	100%	100%	100%	100%	100%		
Minimum Required TNE	6,036,972	10,974,139		19,964,221		22,600,707	23,789,982	22,874,997	23,957,363	23,415,058	25,554,233	(2,139,175)	(8.4)%
GCHP TNE	(6,031,881)	11,891,099		39,813,991		49,094,581	75,584,104	81,312,726	87,175,279	92,762,801	44,974,912	47,787,889	106.3%
TNE Excess / (Deficiency)	(12,068,853)	916,960		19,849,770		26,493,874	51,794,122	58,337,729	63,217,916	69,347,744	19,420,680	49,927,064	257.1%
% of Required TNE level				199%		217%	318%	354%	364%	396%	176%		
% of Required TNE level (excluding \$7.2 million LOC)				163%		185%	287%	323%	334%	365%	148%		

Note: TNE amount includes \$7.2 million related to the Lines of Credit (LOC) from Ventura County.
* Audited amounts reflect financial adjustments made by auditors, but exclude presentation reclassifications without P&L impact (i.e. reporting package kept the same).



GOLD COAST HEALTH PLAN

Membership - Rolling 12 Month



SPD = Seniors and Persons with Disabilities **TLIC = Targeted Low Income Children** **AE = Adult Expansion**
 Note: Beginning in Apr 14 actual membership reflects new Dual definition as implement by DHCS. Prior months have not been restated.

Statements of Financial Position

	03/31/15	02/28/15	Unaudited FY 2013-14
ASSETS			
Current Assets:			
Total Cash and Cash Equivalents	\$ 312,962,102	\$ 278,626,873	\$ 60,176,698
Total Investments	50,003,271	-	-
Medi-Cal Receivable	3,460,281	66,951,446	114,632,056
Provider Receivable	851,023	838,001	395,129
Other Receivables	171,850	172,085	1,821,475
Total Accounts Receivable	4,483,154	67,961,532	116,848,660
Total Prepaid Accounts	879,800	986,764	994,278
Total Other Current Assets	81,702	81,702	81,719
Total Current Assets	368,410,028	347,656,871	178,101,355
Total Fixed Assets	1,098,164	1,111,807	1,163,269
Total Assets	\$ 369,508,192	\$ 348,768,677	\$ 179,264,625
LIABILITIES & NET ASSETS			
Current Liabilities:			
Incurring But Not Reported	\$ 123,937,654	\$ 132,199,095	\$ 92,710,021
Claims Payable	10,477,609	11,250,773	9,482,660
Capitation Payable	5,785,044	4,873,728	2,054,265
Physician ACA 1202 Payable	11,160,498	17,294,099	12,765,516
AB 85 Payable	6,392,456	5,795,708	1,245,284
Accounts Payable	384,330	1,844,584	2,875,709
Accrued ACS	1,416,456	1,348,519	0
Accrued Expenses	1,293,928	1,121,154	748,120
Accrued Premium Tax	3,331,525	1,018,265	15,775,120
Accrued Interest Payable	63,298	60,770	42,062
Current Portion of Deferred Revenue	460,000	460,000	460,000
Accrued Payroll Expense	710,474	708,123	760,032
Total Current Liabilities	165,413,273	177,974,818	138,918,788
Long-Term Liabilities:			
DHCS - Reserve for Capitation Recoup	110,870,590	83,120,415	0
Other Long-term Liability-Deferred Rent	346,527	344,832	71,845
Deferred Revenue - Long Term Portion	115,000	153,333	460,000
Notes Payable	7,200,000	7,200,000	7,200,000
Total Long-Term Liabilities	118,532,117	90,818,581	7,731,845
Total Liabilities	283,945,391	268,793,398	146,650,634
Net Assets:			
Beginning Net Assets	32,613,991	32,613,991	4,691,101
Total Increase / (Decrease in Unrestricted Net Assets)	52,948,810	47,361,288	27,922,890
Total Net Assets	85,562,801	79,975,279	32,613,991
Total Liabilities & Net Assets	\$ 369,508,192	\$ 348,768,677	\$ 179,264,625

FINANCIAL INDICATORS

Current Ratio	2.23 : 1	1.95 : 1	1.28 : 1
Days Cash on Hand	272	213	34
Days Cash + State Capitation Rec	276	264	100
Days Cash + State Capitation Rec (less Tax Liab)	273	263	91

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	FY 2014-15 Monthly Trend			Current Month		
	DEC 14	JAN 15	FEB 15	MAR 15		Variance Fav / (Unfav)
				Actual	Budget	
Membership (includes retro members)	178,532	180,568	181,458	185,971	164,368	21,603
Revenue:						
Premium	\$ 67,600,543	\$ 57,987,902	\$ 60,901,975	\$ 59,433,011	\$ 53,469,602	\$ 5,963,409
Reserve for Rate Reduction	(7,222,493)	(18,562,220)	(13,980,481)	(14,663,168)	0	(14,663,168)
MCO Premium Tax	(930,197)	(1,552,396)	(1,913,763)	(4,806,046)	(2,105,366)	(2,700,680)
Total Net Premium	59,447,852	37,873,286	45,007,731	39,963,798	51,364,237	(11,400,439)
Other Revenue:						
Miscellaneous Income	68,651	38,333	38,333	38,333	38,333	(0)
Total Other Revenue	68,651	38,333	38,333	38,333	38,333	(0)
Total Revenue	59,516,503	37,911,620	45,046,064	40,002,131	51,402,570	(11,400,439)
Medical Expenses:						
<u>Capitation (PCP, Specialty, Kasier, NEMT & Vision)</u>	3,004,545	4,913,161	3,459,155	4,052,943	2,828,022	(1,224,921)
FFS Claims Expenses:						
Inpatient	10,389,370	6,798,007	4,843,204	5,097,394	10,610,863	5,513,469
LTC/SNF	9,058,853	5,668,717	10,126,507	5,762,933	7,590,814	1,827,880
Outpatient	4,421,489	2,102,800	2,533,435	2,281,965	2,781,394	499,429
Laboratory and Radiology	1,239,938	407,913	46,028	162,651	851,859	689,208
Physician ACA 1202	4,942,182	0	3,134,914	0	0	0
Emergency Room	1,773,425	1,748,011	1,042,118	1,194,168	1,645,486	451,318
Physician Specialty	4,232,969	2,992,152	1,791,663	2,021,708	3,412,261	1,390,553
Primary Care Physician	3,187,156	2,395,610	673,648	934,447	2,734,683	1,800,236
Home & Community Based Services	1,429,964	1,689,076	775,691	956,829	835,975	(120,854)
Applied Behavior Analysis Services	392	532	8,265	11,165	0	(11,165)
Mental Health Services	642,434	890,605	415,979	678,589	775,363	96,775
Pharmacy	5,436,966	6,101,836	5,532,105	6,006,966	10,809,203	4,802,237
Adult Expansion Reserve	(3,500,000)	(8,100,000)	0	0	0	0
Other Medical Professional	409,206	170,093	111,261	151,825	287,085	135,260
Other Medical Care	38	387	0	0	0	0
Other Fee For Service	1,744,277	437,370	250,180	660,972	963,767	302,795
Transportation	792,920	206,816	75,730	(50,918)	338,017	388,935
Total Claims	46,201,577	23,509,925	31,360,727	25,870,693	43,636,770	17,766,076
Medical & Care Management Expense	1,075,547	1,058,868	1,016,692	1,079,869	1,108,910	29,041
Reinsurance	(206,923)	441,960	502,015	480,408	200,528	(279,879)
Claims Recoveries	872,871	(495,199)	(177,502)	(100,289)	0	100,289
Sub-total	1,741,495	1,005,629	1,341,205	1,459,988	1,309,439	(150,550)
Total Cost of Health Care	50,947,617	29,428,716	36,161,087	31,383,625	47,774,231	16,390,606
Contribution Margin	8,568,886	8,482,904	8,884,977	8,618,506	3,628,339	4,990,167
General & Administrative Expenses:						
Salaries and Wages	724,287	673,399	711,273	736,114	843,621	107,507
Payroll Taxes and Benefits	265,074	212,026	189,329	195,625	233,503	37,878
Travel and Training	9,763	4,732	10,869	8,984	15,684	6,700
Outside Service - ACS	1,370,254	1,342,906	1,349,555	1,447,875	1,233,634	(214,240)
Outside Services - Other	143,598	140,431	151,651	153,238	158,414	5,177
Accounting & Actuarial Services	10,000	10,000	14,585	5,415	0	(5,415)
Legal	378,862	169,276	289,180	188,244	33,334	(154,910)
Insurance	18,265	16,863	33,940	32,538	14,583	(17,955)
Lease Expense - Office	63,318	67,130	64,785	65,957	64,354	(1,603)
Consulting Services	9,194	12,434	12,475	37,106	116,819	79,713
Translation Services	401	4,125	3,990	5,466	7,083	1,617
Advertising and Promotion	147	5,237	2,057	1,178	15,479	14,302
General Office	87,687	85,544	182,426	131,637	90,101	(41,537)
Depreciation & Amortization	16,530	16,530	16,530	18,111	26,388	8,278
Printing	0	21,486	1,089	365	27,895	27,530
Shipping & Postage	17,239	2,088	22,696	25,648	23,892	(1,756)
Interest	15,949	17,143	9,641	15,268	15,000	(268)
Total G & A Expenses	3,130,570	2,801,351	3,066,071	3,068,769	2,919,785	(148,984)
Total Operating Gain / (Loss)	5,438,317	5,681,553	5,818,906	5,549,737	708,554	4,841,183
Non Operating:						
Revenues - Interest	47,435	48,276	46,762	40,314	17,645	22,669
Expenses - Interest	1,746	1,207	3,115	2,528	0	(2,528)
Total Non-Operating	45,690	47,070	43,647	37,785	17,645	20,141
Total Increase / (Decrease) in Unrestricted Net Assets	5,484,006	5,728,622	5,862,553	5,587,523	726,199	4,861,323
Full Time Employees				152	169	17

PMPM Statement of Revenues, Expenses and Changes in Net Assets

	DEC 14	JAN 15	FEB 15	MAR 15		Variance
				Actual	Budget	Fav / (Unfav)
Membership (includes retro members)	178,532	180,568	181,458	185,971	164,368	21,603
Revenue:						
Premium	378.65	321.14	335.63	319.58	325.31	(5.72)
Reserve for Rate Reduction	(40.45)	(102.80)	(77.05)	(78.85)	0.00	(78.85)
MCO Premium Tax	(5.21)	(8.60)	(10.55)	(25.84)	(12.81)	(13.03)
Total Net Premium	332.98	209.75	248.03	214.89	312.50	(97.60)
Other Revenue:						
Miscellaneous Income	0.38	0.21	0.21	0.21	0.23	(0.03)
Total Other Revenue	0.38	0.21	0.21	0.21	0.23	(0.03)
Total Revenue	333.37	209.96	248.25	215.10	312.73	(97.63)
Medical Expenses:						
<u>Capitation (PCP, Specialty, Kasier, NEMT & Vision)</u>	16.83	27.21	19.06	21.79	17.21	(4.59)
FFS Claims Expenses:						
Inpatient	58.19	37.65	26.69	27.41	64.56	37.15
LTC/SNF	50.74	31.39	55.81	30.99	46.18	15.19
Outpatient	24.77	11.65	13.96	12.27	16.92	4.65
Laboratory and Radiology	6.95	2.26	0.25	0.87	5.18	4.31
Physician ACA 1202	27.68	0.00	17.28	0.00	0.00	0.00
Emergency Room	9.93	9.68	5.74	6.42	10.01	3.59
Physician Specialty	23.71	16.57	9.87	10.87	20.76	9.89
Primary Care Physician	17.85	13.27	3.71	5.02	16.64	11.61
Home & Community Based Services	8.01	9.35	4.27	5.15	5.09	(0.06)
Applied Behavior Analysis Services	0.00	0.00	0.05	0.06	0.00	(0.06)
Mental Health Services	3.60	4.93	2.29	3.65	4.72	1.07
Pharmacy	30.45	33.79	30.49	32.30	65.76	33.46
Adult Expansion Reserve	(19.60)	(44.86)	0.00	0.00	0.00	0.00
Other Medical Professional	2.29	0.94	0.61	0.82	1.75	0.93
Other Medical Care	0.00	0.00	0.00	0.00	0.00	0.00
Other Fee For Service	9.77	2.42	1.38	3.55	5.86	2.31
Transportation	4.44	1.15	0.42	(0.27)	2.06	2.33
Total Claims	258.79	130.20	172.83	139.11	265.48	126.37
Medical & Care Management Expense	6.02	5.86	5.60	5.81	6.75	0.94
Reinsurance	(1.16)	2.45	2.77	2.58	1.22	(1.36)
Claims Recoveries	4.89	(2.74)	(0.98)	(0.54)	0.00	0.54
Sub-total	9.75	5.57	7.39	7.85	7.97	0.12
Total Cost of Health Care	285.37	162.98	199.28	168.76	290.65	121.90
Contribution Margin	48.00	46.98	48.96	46.34	22.07	24.27
General & Administrative Expenses:						
Salaries and Wages	4.06	3.73	3.92	3.96	5.13	1.17
Payroll Taxes and Benefits	1.48	1.17	1.04	1.05	1.42	0.37
Travel and Training	0.05	0.03	0.06	0.05	0.10	0.05
Outside Service - ACS	7.68	7.44	7.44	7.79	7.51	(0.28)
Outside Services - Other	0.80	0.78	0.84	0.82	0.96	0.14
Accounting & Actuarial Services	0.06	0.06	0.08	0.03	0.00	(0.03)
Legal	2.12	0.94	1.59	1.01	0.20	(0.81)
Insurance	0.10	0.09	0.19	0.17	0.09	(0.09)
Lease Expense - Office	0.35	0.37	0.36	0.35	0.39	0.04
Consulting Services	0.05	0.07	0.07	0.20	0.71	0.51
Translation Services	0.00	0.02	0.02	0.03	0.04	0.01
Advertising and Promotion	0.00	0.03	0.01	0.01	0.09	0.09
General Office	0.49	0.47	1.01	0.71	0.55	(0.16)
Depreciation & Amortization	0.09	0.09	0.09	0.10	0.16	0.06
Printing	0.00	0.12	0.01	0.00	0.17	0.17
Shipping & Postage	0.10	0.01	0.13	0.14	0.15	0.01
Interest	0.09	0.09	0.05	0.08	0.09	0.01
Total G & A Expenses	17.54	15.51	16.90	16.50	17.76	1.26
Total Operating Gain / (Loss)	30.46	31.46	32.07	29.84	4.31	25.53
Non Operating:						
Revenues - Interest	0.27	0.27	0.26	0.22	0.11	0.11
Expenses - Interest	0.01	0.01	0.02	0.01	0.00	(0.01)
Total Non-Operating	0.26	0.26	0.24	0.20	0.11	0.10
Total Increase / (Decrease) in Unrestricted Net Assets	30.72	31.73	32.31	30.05	4.42	25.63

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For Nine Months Ended March 31, 2015

	MAR 15 Year-To-Date		Variance
	Actual	Budget	Fav / (Unfav)
Membership (includes retro members)	1,561,287	1,445,662	115,625
Revenue			
Premium	\$ 534,949,768	\$ 457,400,600	\$ 77,549,168
Reserve for Rate Reduction	(91,182,358)	0	(91,182,358)
MCO Premium Tax	(20,582,814)	(18,010,149)	(2,572,665)
Total Net Premium	423,184,596	439,390,452	(16,205,856)
Other Revenue:			
Miscellaneous Income	375,318	344,997	30,321
Total Other Revenue	375,318	344,997	30,321
Total Revenue	423,559,914	439,735,449	(16,175,535)
Medical Expenses:			
<u>Capitation (PCP, Specialty, Kaiser, NEMT & Vision)</u>	29,236,608	24,433,352	(4,803,256)
<u>FFS Claims Expenses:</u>			
Inpatient	68,678,077	89,853,027	21,174,950
LTC / SNF	75,688,339	67,723,298	(7,965,040)
Outpatient	24,080,703	23,743,368	(337,335)
Laboratory and Radiology	4,868,757	6,918,539	2,049,782
Physician ACA 1202	8,077,096	0	(8,077,096)
Emergency Room	11,493,864	13,902,727	2,408,864
Physician Specialty	24,789,628	29,303,561	4,513,933
Primary Care Physician	17,486,716	22,798,088	5,311,372
Home & Community Based Services	11,592,256	7,514,364	(4,077,892)
Applied Behavior Analysis Services	20,353	0	(20,353)
Mental Health Services	5,257,935	6,742,845	1,484,910
Pharmacy	49,956,192	82,911,087	32,954,896
Adult Expansion Reserve	(8,100,000)	0	8,100,000
Other Medical Professional	1,923,920	2,416,546	492,626
Other Medical Care	756	0	(756)
Other Fee For Service	6,524,546	8,387,844	1,863,298
Transportation	2,035,626	2,790,556	754,930
Total Claims	304,374,761	365,005,850	60,631,088
Medical & Care Management Expense	9,197,077	9,630,587	433,511
Reinsurance	3,114,469	1,763,708	(1,350,762)
Claims Recoveries	(885,940)	0	885,940
Sub-total	11,425,606	11,394,295	(31,311)
Total Cost of Health Care	345,036,975	400,833,496	55,796,521
Contribution Margin	78,522,939	38,901,952	39,620,987
General & Administrative Expenses:			
Salaries and Wages	6,138,697	7,391,098	1,252,401
Payroll Taxes and Benefits	1,766,789	1,968,395	201,606
Travel and Training	94,645	201,659	107,013
Outside Service - ACS	11,963,545	10,862,814	(1,100,731)
Outside Services - Other	1,181,507	1,263,179	81,672
Accounting & Actuarial Services	134,641	250,000	115,359
Legal	2,047,437	300,000	(1,747,437)
Insurance	189,399	131,250	(58,149)
Lease Expense - Office	577,778	579,186	1,408
Consulting Services	275,250	1,116,633	841,383
Translation Services	40,530	63,747	23,217
Advertising and Promotion	18,427	223,351	204,924
General Office	978,703	1,370,082	391,379
Depreciation & Amortization	146,281	215,238	68,958
Printing	63,189	176,557	113,368
Shipping & Postage	95,763	177,254	81,492
Interest	146,431	135,000	(11,431)
Total G & A Expenses	25,859,013	26,425,443	566,430
Total Operating Gain / (Loss)	\$ 52,663,926	\$ 12,476,509	\$ 40,187,417
Non Operating			
Revenues - Interest	333,200	150,942	182,257
Expenses - Interest	48,315	0	(48,315)
Total Non-Operating	284,884	150,942	133,942
Total Increase / (Decrease) in Unrestricted Net Assets	\$ 52,948,810	\$ 12,627,451	\$ 40,321,359
Net Assets, Beginning of Year	32,613,991		
Net Assets, End of Year	<u>85,562,801</u>		

Statement of Cash Flows - Monthly

	MAR 15	FEB 15	JAN 15
Cash Flow From Operating Activities			
Collected Premium	\$ 134,811,271	\$ 75,979,999	\$ 65,158,436
Miscellaneous Income	40,314	46,762	48,276
State Pass Through Funds	4,383,049	9,450,060	2,598,890
<u>Paid Claims</u>			
Medical & Hospital Expenses	(35,848,764)	(22,042,511)	(22,846,193)
Pharmacy	(5,781,444)	(6,738,450)	(6,128,544)
Capitation	(3,141,517)	(3,068,241)	(2,997,785)
Reinsurance of Claims	(480,408)	(502,015)	(487,795)
State Pass Through Funds Distributed	(1,446,016)	(9,701,452)	(2,811,581)
Paid Administration	(4,795,844)	(1,729,687)	(4,626,082)
MCO Tax Received / (Paid)	(3,383,516)	(2,614,091)	(3,969,326)
Net Cash Provided / (Used) by Operating Activities	84,357,126	39,080,373	23,938,297
Cash Flow From Investing / Financing Activities			
Net Acquisition of Investments	(50,003,271)	-	-
Net Acquisition of Property / Equipment	(18,626)	(110,638)	(12,875)
Net Cash Provided / (Used) by Investing / Financing	(50,021,897)	(110,638)	(12,875)
Net Cash Flow	\$ 34,335,229	\$ 38,969,735	\$ 23,925,422
Cash and Cash Equivalents (Beg. of Period)	278,626,873	239,657,138	215,731,716
Cash and Cash Equivalents (End of Period)	312,962,102	278,626,873	239,657,138
	\$ 34,335,229	\$ 38,969,735	\$ 23,925,422
Adjustment to Reconcile Net Income to Net Cash Flow			
Net (Loss) Income	5,587,523	5,862,553	5,728,622
Depreciation & Amortization	32,269	30,689	30,689
Decrease / (Increase) in Receivables	63,478,378	7,440,201	4,671,870
Decrease / (Increase) in Prepays & Other Current Assets	106,964	(20,190)	70,705
(Decrease) / Increase in Payables	(6,751,516)	5,523,148	(43,607,863)
(Decrease) / Increase in Other Liabilities	27,713,537	20,577,717	62,534,720
Change in MCO Tax Liability	2,313,260	(601,867)	(2,219,500)
Changes in Claims and Capitation Payable	138,152	848,138	4,512,479
Changes in IBNR	(8,261,441)	(580,015)	(7,783,425)
	84,357,126	39,080,373	23,938,297
Net Cash Flow from Operating Activities	84,357,126	\$ 39,080,373	\$ 23,938,297

Statement of Cash Flows - YTD

	<u>MAR 15</u>
Cash Flow From Operating Activities	
Collected Premium	\$ 668,484,430
Miscellaneous Income	333,199
State Pass Through Funds	49,674,937
<u>Paid Claims</u>	
Medical & Hospital Expenses	(222,765,889)
Pharmacy	(53,530,221)
Capitation	(25,523,654)
Reinsurance of Claims	(4,409,809)
State Pass Through Funds Distributed	(44,819,678)
Paid Administration	(29,357,376)
MCO Taxes Received / (Paid)	(35,088,665)
Net Cash Provided / (Used) by Operating Activities	<u>302,997,275</u>
Cash Flow From Investing / Financing Activities	
Net Acquisition of Investments	(50,003,271)
Net Acquisition of Property / Equipment	(208,601)
Net Cash Provided / (Used) by Investing / Financing	<u>(50,211,872)</u>
Net Cash Flow	<u><u>\$ 252,785,403</u></u>
Cash and Cash Equivalents (Beg. of Period)	60,176,698
Cash and Cash Equivalents (End of Period)	312,962,102
	<u><u>\$ 252,785,403</u></u>
Adjustment to Reconcile Net Income to Net Cash Flow	
Net Income / (Loss)	52,948,810
Depreciation & Amortization	273,707
Decrease / (Increase) in Receivables	112,365,506
Decrease / (Increase) in Prepaids & Other Current Assets	114,495
(Decrease) / Increase in Payables	2,984,718
(Decrease) / Increase in Other Liabilities	110,800,272
Change in MCO Tax Liability	(12,443,595)
Changes in Claims and Capitation Payable	4,725,728
Changes in IBNR	31,227,633
	<u><u>302,997,275</u></u>
Net Cash Flow from Operating Activities	<u><u>\$ 302,997,275</u></u>

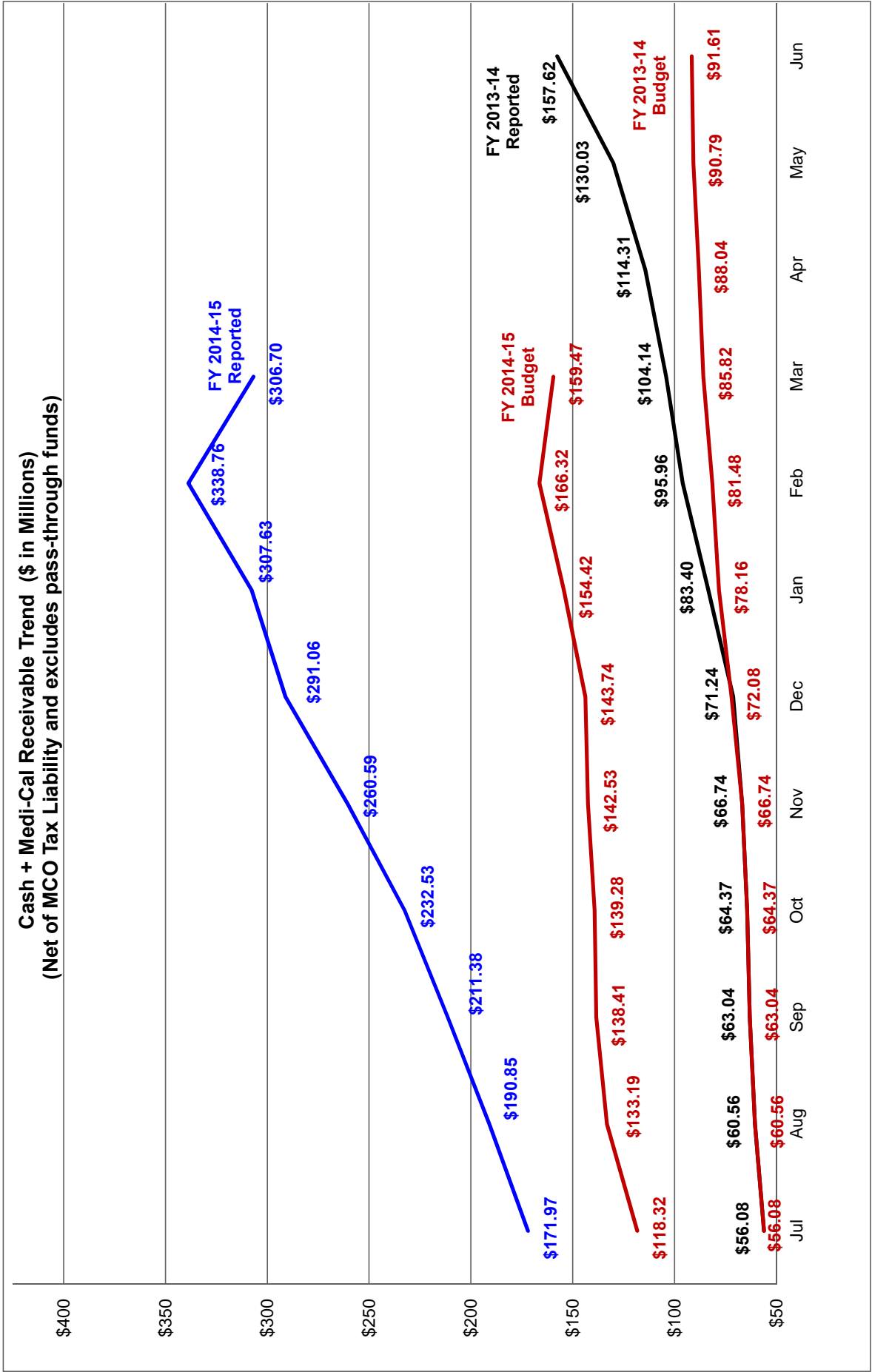


For the month ended March 31, 2015

APPENDIX

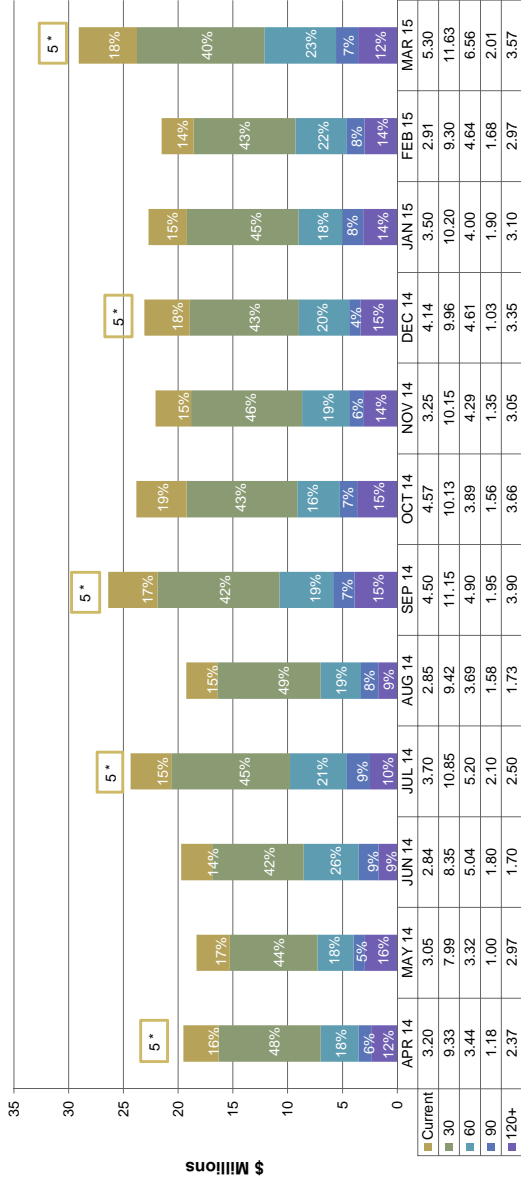
- Cash Trend Combined
- Paid Claims and IBNP Composition
- Total Expense Composition
- Pharmacy Cost Trend
- Pharmacy Cost & Utilization Analysis

**GOLD COAST HEALTH PLAN
MAR 15**



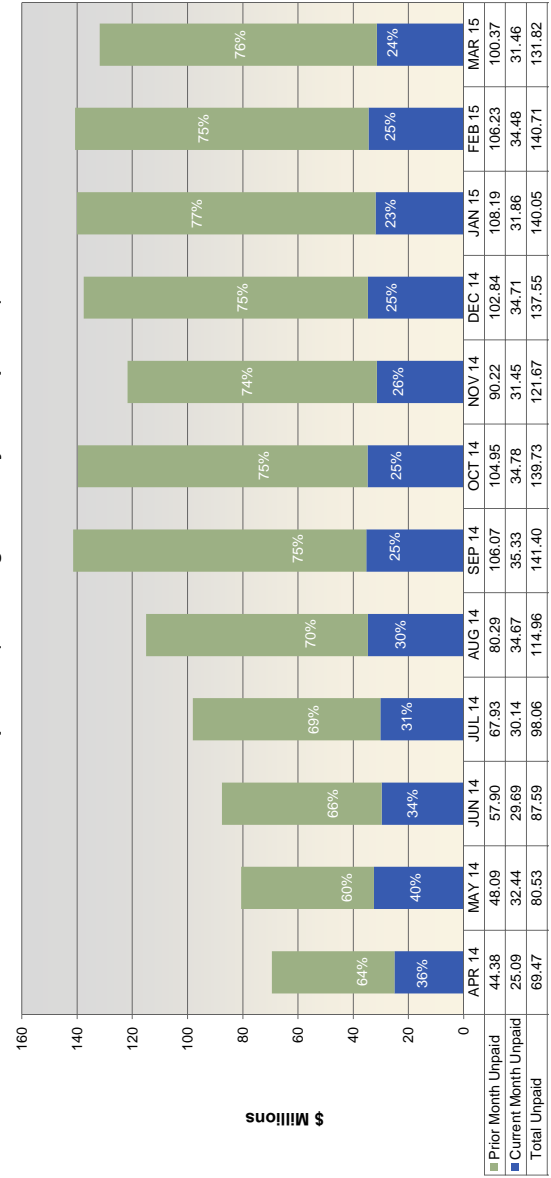
**GOLD COAST HEALTH PLAN
MAR 15**

Paid Claims Composition (excluding Pharmacy and Capitation Payments)



Note: Paid Claims Composition - reflects adjusted medical claims payment lag schedule.
* Months indicated with 5* represent months for which there were 5 claim payments. For all other months, 4 claim payments were made.

IBNP Composition (excluding Pharmacy and Capitation)



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

GOLD COAST HEALTH PLAN

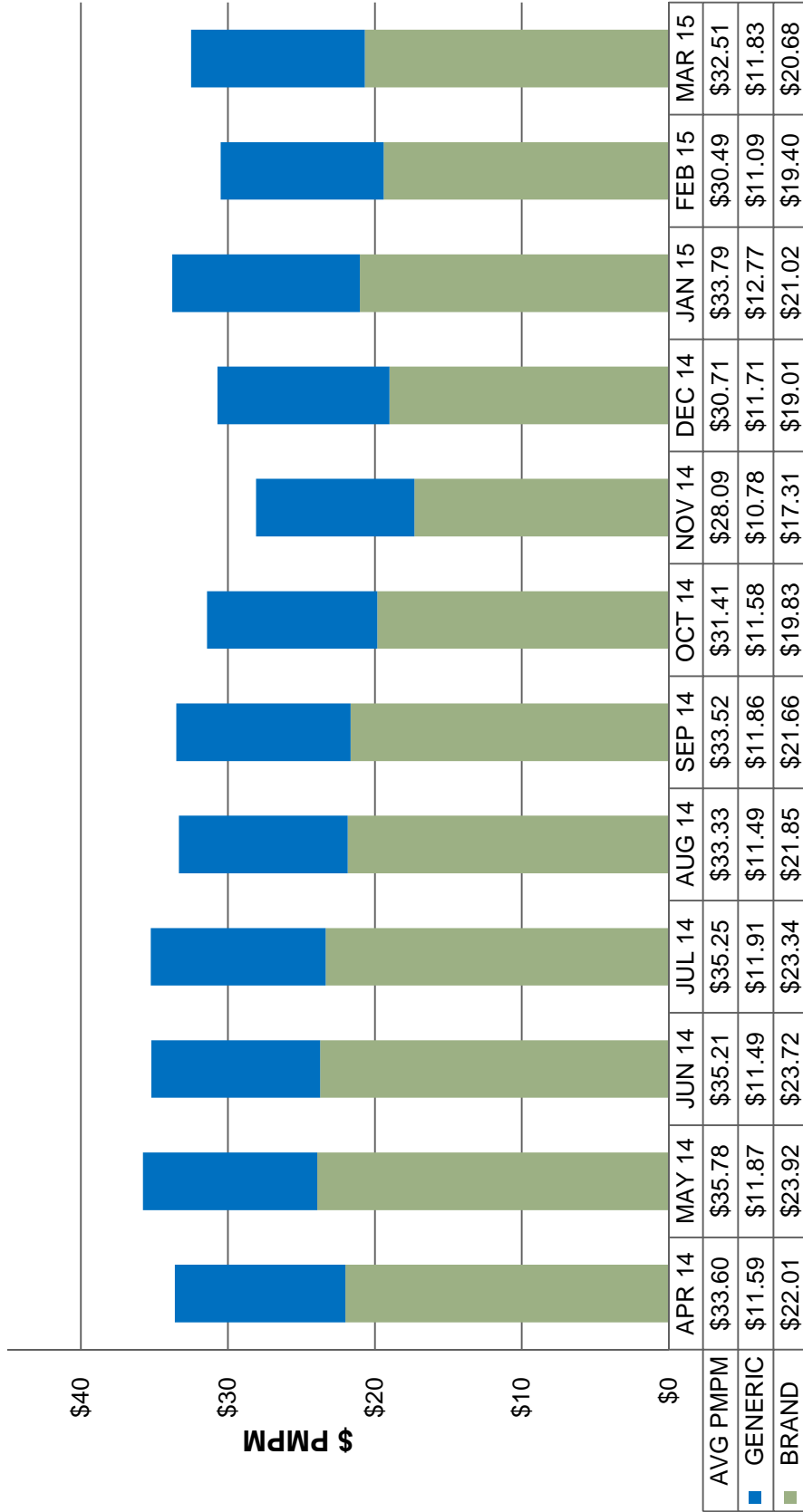
Total Expense Composition



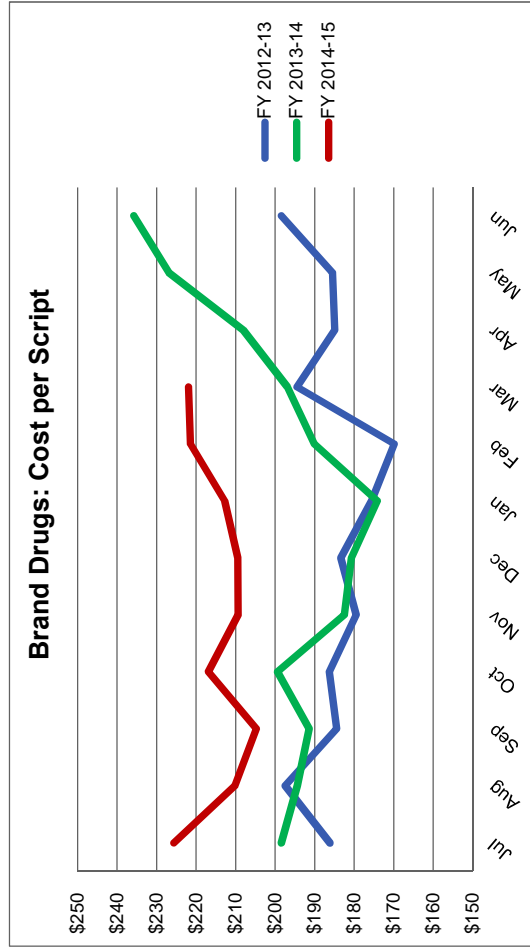
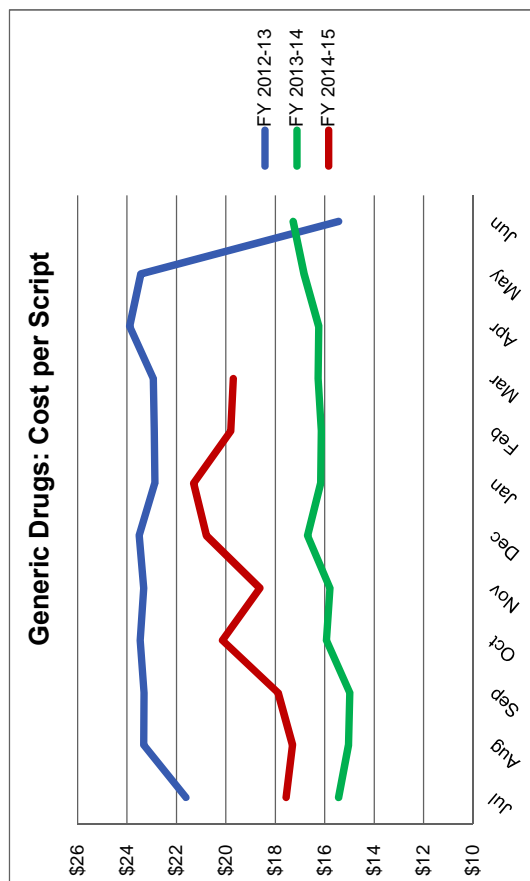
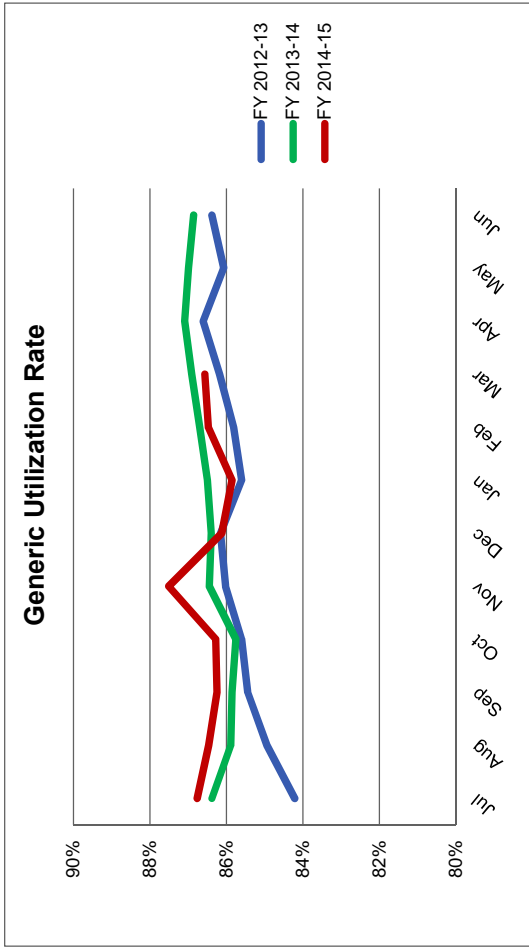
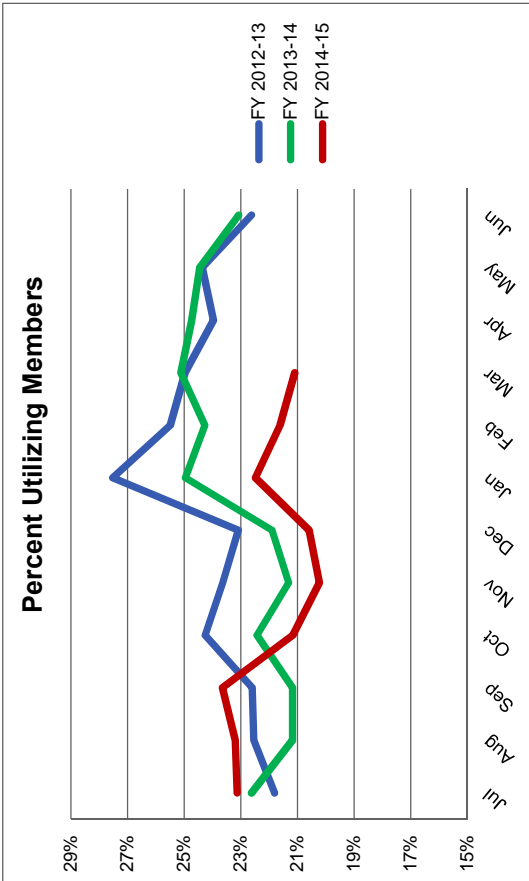
Note: November 14 reflects an adjustment in medical expenses as a result of the Adult Expansion allowance for revenue recoup.

GOLD COAST HEALTH PLAN

Pharmacy Cost Trend



**GOLD COAST HEALTH PLAN
Pharmacy Analysis**





Fiscal Year 2015-16 Budget Development Process

Executive / Finance Committee Meeting
Ruth Watson, Interim CEO
May 7, 2015

www.goldcoasthealthplan.org



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Introduction

Gold Coast Health Plan's (GCHP) FY 2015-16 (07/01/15-06/30/16) budget is summarized in this document and reflects the following major assumptions:

- Membership – growth based on Statewide projection, adjusted for Ventura County historical percentage and recent trend
- Revenue – rates based on latest Rate Development Template submitted to State, with standard modeling applied
- Health Care Costs – reflective of recent Plan experience with estimates of pending provider reimbursement enhancements
- Project Needs – incorporates Plan-wide proposal of projects to support strategic plan (to be finalized with Commission and new CEO)

Introduction

Major items that are pending:

- Potential Adult Expanded (AE) Rate Reduction (high probability)
- State Policy Changes (e.g. Behavioral Health, ABA, new benefits)
- Membership – undocumented immigrants, continued expansion
- CCS – potential future direction
- Review of final State FY 2015-16 budget
- FQHC Payment Reform
- CMS Proposed Rule Changes
- 1115 Waiver expires October 2015
- Finalization of FY 2013-14 Audit

Highlights

- 2 year growth: average monthly enrollment up 50%; revenue up 44%
- Staffing, support and compliance costs increasing along with caseload growth and mix changes

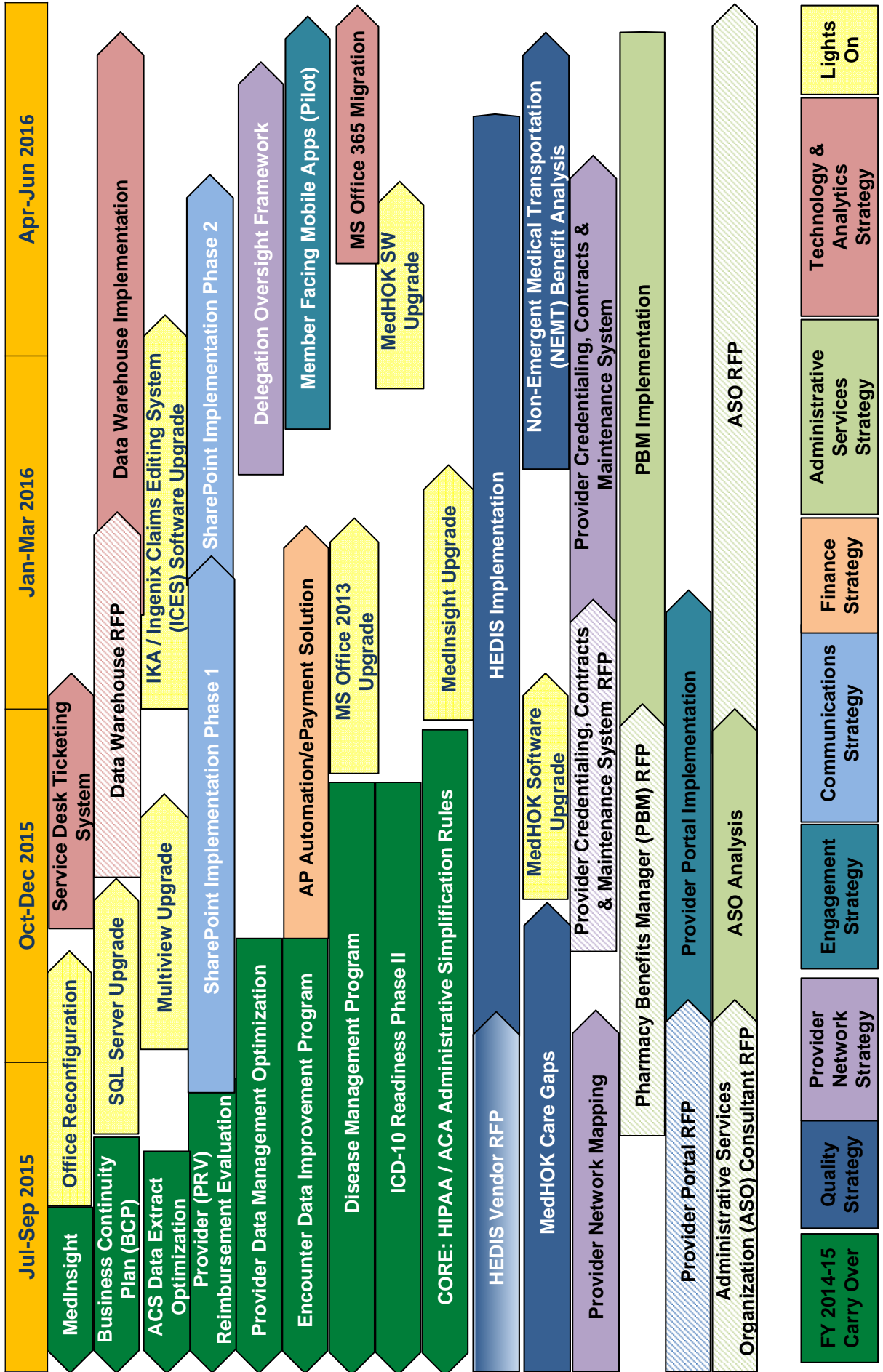
	FY 2013-14	Projected FY 2014-15 *	Budget FY 2015-16
(Amounts are stated in thousands, except Enrollment and %)			
Average Monthly Enrollment	129,472	177,104	194,648
Premium Revenue	\$ 423,996	\$ 568,239	\$ 608,796
Health Care Costs	\$ 369,321	\$ 484,310	\$ 553,597
Administrative Expense	\$ 26,752	\$ 37,519	\$ 42,010
Income from Operations	\$ 27,923	\$ 46,409	\$ 13,190
Non-Operating Income	\$ -	\$ 331	\$ 1,183
Net Income	\$ 27,923	\$ 46,740	\$ 14,373
Medical Cost Ratio (MCR)	87.1%	85.2%	90.9%
Administrative Cost Ratio (ACR)	6.3%	6.6%	6.9%
Administrative Expense - PMPM	\$ 17.22	\$ 17.65	\$ 17.99
TNE**	\$ 39,814	\$ 86,554	\$ 93,727

* Reflects actual experience through 03/31/15 and estimates from 04/1/15 to 06/30/15

** TNE includes \$7.2 million in lines of credit for FY 2013-14 and Projected FY 2014-15. Line of Credit paid in FY 2015-16



GCHP FY 2015-16 Project Portfolio
"At a Glance"



Membership

Average monthly membership is expected to grow by approximately 10% over the coming fiscal year

- Statewide Medi-Cal membership of 12.2 million expected by 06/30/16
- State estimates that 32% of population will be covered by Medi-Cal
- Ventura County Medi-Cal membership growth has outpaced statewide Medi-Cal managed care by approximately 3.5%
- Adult / Family membership growing due to increased outreach/media attention on health insurance/exchange (7U, 7W have presumptive eligibility)
- Most growth from AE membership. Plan estimates to have 45,000 AE members on 07/01/15 and grow to 50,800 members by 06/30/16



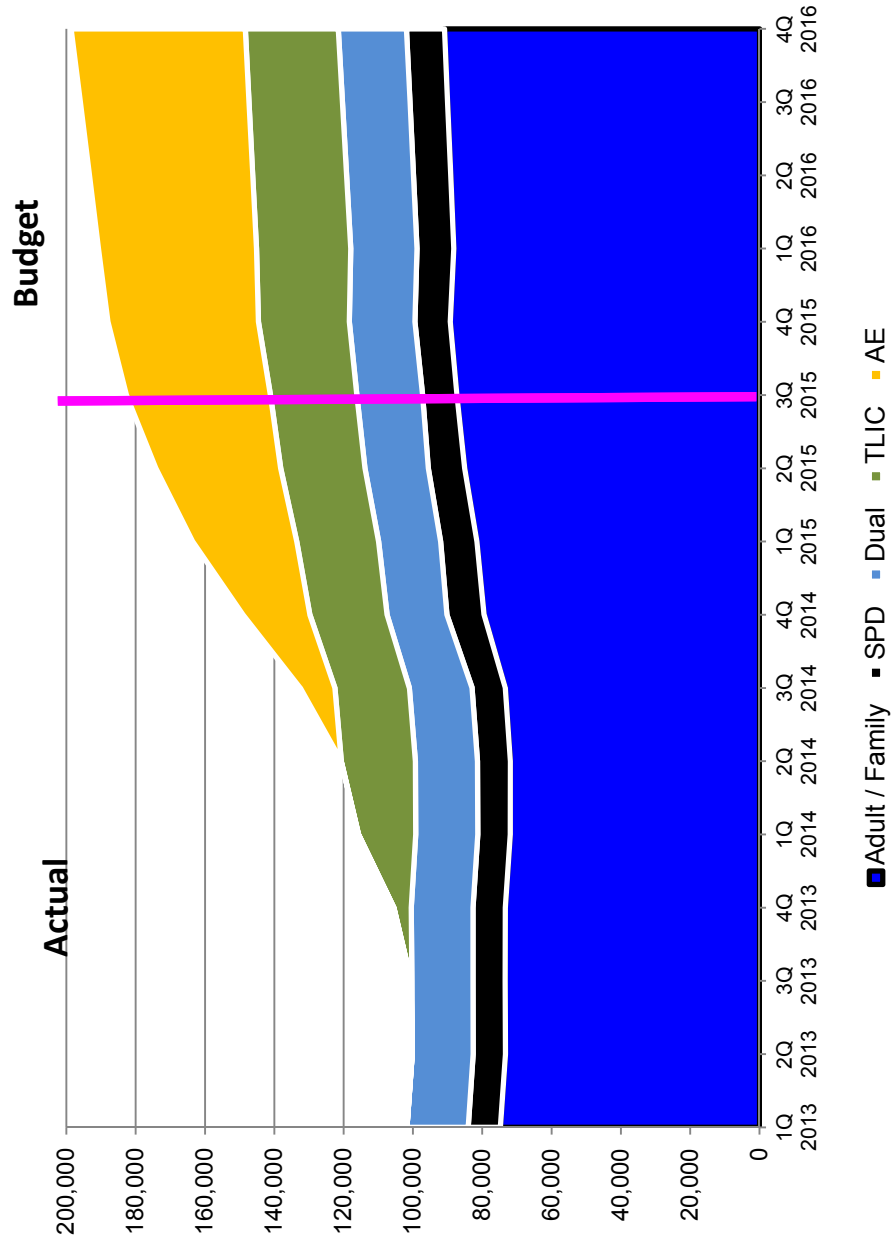
Membership

Aid Category - Members	FY 2013-14	Projected FY 2014-15	Budget FY 2015-16	June 2016
	(Stated in Averaged Member Months)			Membership
Adult / Family	74,164	85,785	89,558	91,215
Dual	17,798	17,896	19,399	19,758
SPD	9,784	10,892	10,783	10,983
Traditional Medi-Cal	101,745	114,573	119,740	121,956
<i>Annual Percentage Growth - Traditional Medi-Cal</i>		12.6%	4.5%	
TLIC (Healthy Families)	20,410	24,770	27,015	26,775
Adult Expansion (AE)	7,317	37,761	47,892	50,808
Total Average Membership	129,472	177,104	194,648	199,540
<i>Annual Percentage Growth - Entire Population</i>		36.8%	9.9%	



Gold Coast
Health PlanSM
A Public Entity

Members by Aid Category By Fiscal Year Quarter



Revenue

FY 2015-16 Revenue Assumptions:

- CY 2013 RDT data used
 - Data applied to DHCS / Mercer rate models
 - Compared to GCHP trends applied to RDT, is more conservative
 - Results in overall reduction of 1% for Traditional population
- Special items
 - TLIC now combined with Child/Family rates (2013 experience)
 - Mental Health based on multi-year State rate sheet
 - Adult Expansion assumes 15% cuts at 07/01/15 and 01/01/16
 - Hep-C drug carve-out continues with kick payments at current rate
 - AB97 cuts reflected at rate similar to FY 2014-15
 - LTC rate increases at 08/01/15
- As in prior financials, pass-through items not considered (SB 78 Sales Tax, Hospital Quality Assurance Fee, AB 85 provider payments)

Revenue

Items that are pending:

- Adult Expansion recalculation of rates
 - Blending / Acuity factors likely to be lowered
 - Underwriting gain lowered to 2% (\$2.88 pmpm or \$138,000 / month)
- FY 2013-14 IGT currently in process
- FY 2015-16 efficiency adjustments
- Trend – Mercer considering a variety of sources
- Admin component dropping slightly
- Risk adjustment (Child, Adult, Aged & Disabled non-dual)
- Mental Health rates may be adjusted by recent experience



Revenue by Member Category

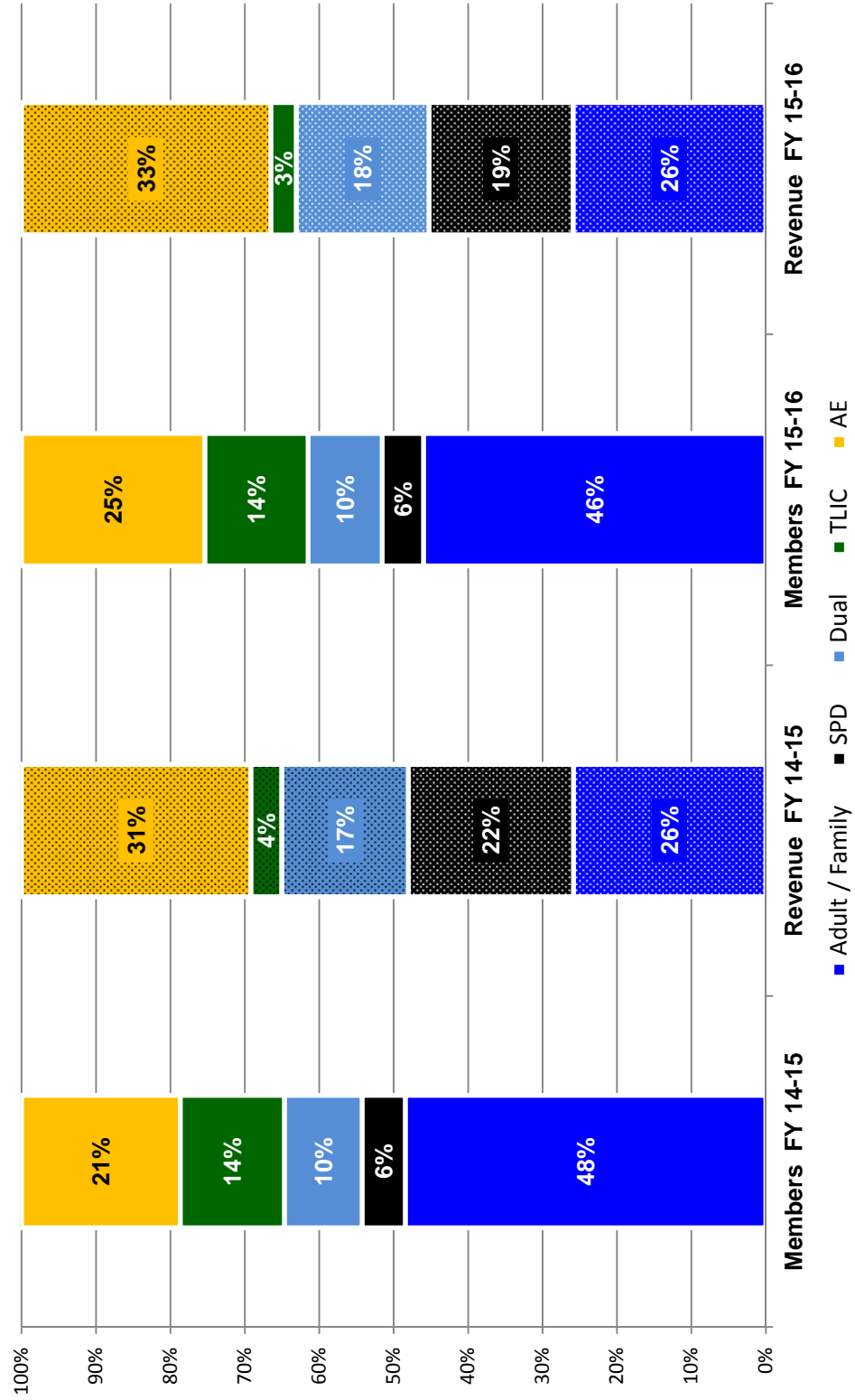
- Total revenue expected to grow 44% from FY 2013-14
- Revenue growth largely due to membership increases

Member Category	FY 2013-14	Projected FY 2014-15	Budget FY 2015-16
Traditional	\$ 332,706	\$ 369,342	\$ 383,908
TLIC (Healthy Families)	22,739	23,543	20,763
AE (Adult Expansion)	67,437	174,863	203,665
Total Revenue	\$ 422,882	\$ 567,748	\$ 608,336
<i>Averaged PMPM, Aggregate</i>	<i>\$ 272.18</i>	<i>\$ 267.14</i>	<i>\$ 260.44</i>

(Amounts are stated in thousands of \$)

Membership Mix and Revenue Impact

Revenue Mix Being Driven by Adult Expansion Population



Health Care Costs

FY 2015-16 Health Care Cost assumptions include the following:

- Base experience – 12-24 months of historical experience utilized by major category of service for each aid group
- Inpatient – overall increase of 14.8% assumes contract revisions for network hospitals
- Outpatient Augmentation – 143.44% of Medi-Cal rates for certain services translates to 3.2% overall increase
- Specialist – 20% increase for all contracted providers
- LTC – AB1629 increase of 2.75%; potential additional increases contemplated
- Adult Expansion population – based on 15 months’ experience plus trend for ramp-up
- Capitation – full year of recently increased rates

Pharmacy

- Pharmacy expense assumptions
 - Utilization (scripts per member) assumed to increase 3% from FY2014-15 to FY2015-16
 - Assumed unit cost for scripts to increase by 7%
 - AE utilization increasing
 - New Hepatitis C drugs
 - Utilization estimated at blended rate; new DHCS policy pending
 - Sovaldi, Harvoni, Olysio and Viekira Pak

Health Care Costs

Items that are pending:

- Net reinsurance costs pending final reinsurance premium
- Actual costs of AE still developing – 24 months average time to fully integrate new population into managed care
- Review of final State budget and potential contractual requirements
- Mental Health experience not fully developed
- ABA costs estimated at \$1.87 pmpm for Child population – Regional Center



Health Care Costs

Health care costs expected to grow by 49% from FY 2013-14

	FY 2013-14	Projected FY 2014-15 (in thousands)	Budget FY 2015-16
Capitation *	\$ 20,216	\$ 40,037	\$ 50,682
Claims:			
Inpatient	\$ 161,113	\$ 194,598	\$ 224,914
Outpatient	\$ 52,492	\$ 53,438	\$ 56,784
Professional/Mental Health	\$ 39,593	\$ 44,299	\$ 50,471
Pharmacy	\$ 55,355	\$ 70,029	\$ 87,074
Other **	\$ 30,433	\$ 67,367	\$ 62,615
Care Management	\$ 10,121	\$ 14,543	\$ 21,056
	349,106	444,273	502,915
Total	\$ 369,321	\$ 484,310	\$ 553,597

Total Health Care Costs in PMPM	Projected FY 2013-14	Projected FY 2014-15	Budget FY 2015-16
	\$ 237.71	\$ 227.88	\$ 237.01

* Includes PCP, Specialty, Non-emergency transportation, and Vision

** Other claims include all other fee-for-service expenses, reinsurance and transportation expenses

Administrative Expenses

- Plan needs to fund:
 - Growing membership requires increased staffing and supporting expenses
 - Maintain ongoing CAP requirements
 - Increased regulatory and compliance needs
 - Project needs
 - Continue building of infrastructure
- Employee training and development
- Ongoing legal costs
- ACS fees tied to increased enrollment; variable cost
- Other variable costs include Beacon, Milliman Care Guidelines
- Administrative Cost Ratio (administrative expense as a percentage of revenue) is estimated to be 6.9%

Administrative Expenses Crosswalk

FY 2014-15 Administrative Expense Budget	\$ 32,501,000	%
FY 2015-16 Administrative Expense Budget	42,010,000	
Increase in Administrative Expense Budget Request	<u>\$ 9,509,000</u>	<u>100%</u>

Growth-based and Significant Enhancement Projects:

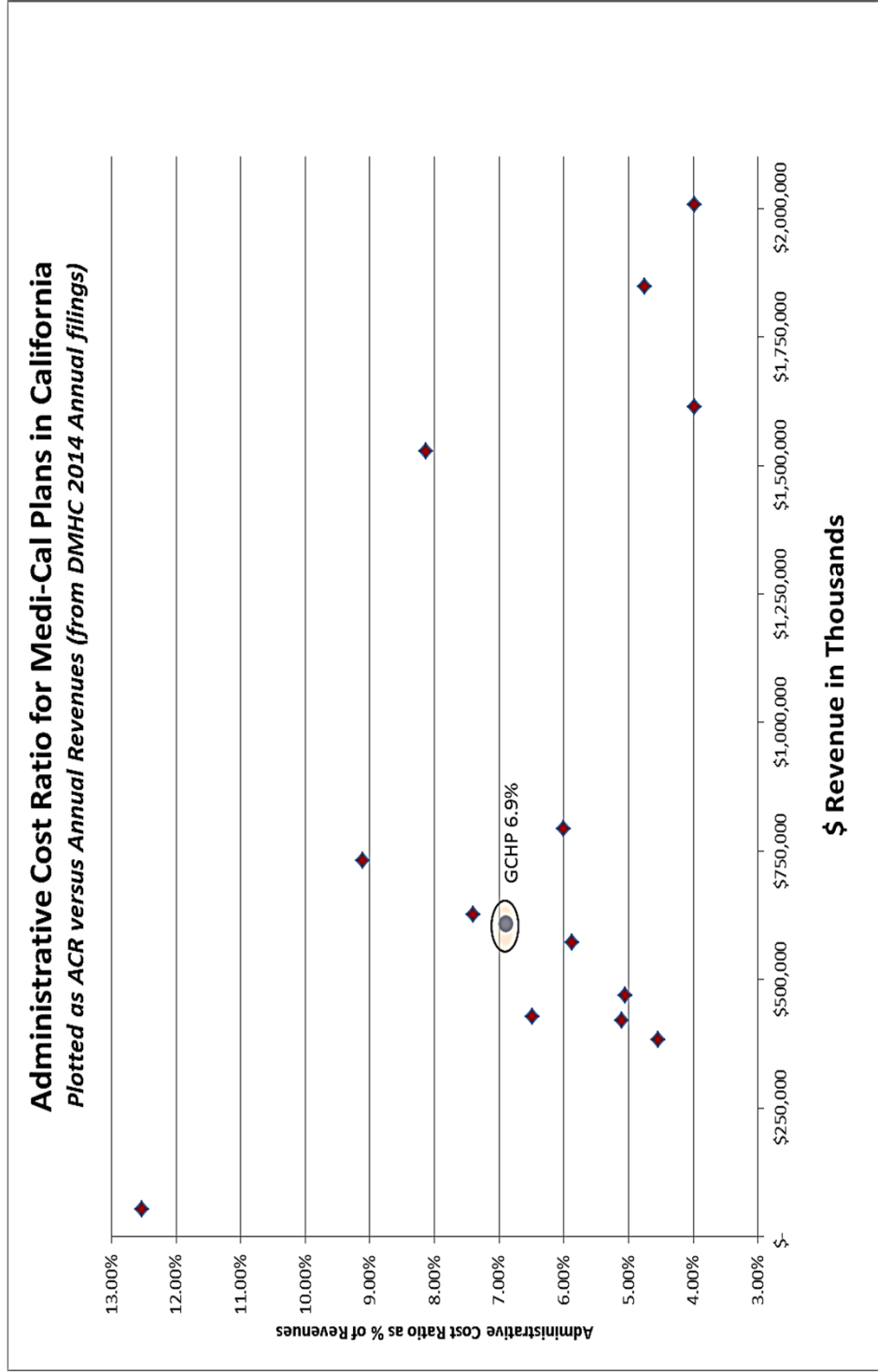
ACS	\$ 3,478,000	
Beacon Health	684,000	
Projects:		
Sharepoint	\$ 180,000	
Data Warehouse	206,000	
Provider Portal	171,000	
Provider Credentialing, Contracting and Maintenance	190,000	
	<u>\$ 747,000</u>	
	<u>\$ 4,909,000</u>	52%

Other Administrative Expenses:

Personnel expenses	\$ 2,447,000	
Legal expense	650,000	
Software expenses	961,000	
Facilities expenses for rent economics and additional space	294,000	
Operating expenses	248,000	
	<u>\$ 4,600,000</u>	48%

Administrative Expenses

GCHP estimated administrative cost ratio (ACR) is in line with other plans of GCHP size



Staffing

- Staffing needs increase due to continued growth in membership and mix changes, ongoing compliance / regulatory / CAP needs, and building of infrastructure

	Projected FY 2014-15	Budget FY 2015-16
Beginning of Year	128	169
Non-Medical Hires	25	20
Medical Hires *	16	14
End of Year	169	203

* Medical personnel are financially reported as medical costs

- Salaries consistent with Commission-approved pay grades / ranges.
- Merit increases. Other education programs focused on staff development, skills enhancement and team building also included.

Items Pending

Additional Items to be added in future presentations:

- Vendor Contracts over \$100,000 annually
- Vendor Contracts less than \$100,000
- Consulting Contracts
- Professional Association fees
- Capital Budget
- Tangible Net Equity
- Financial Statements

Next Steps

- Staff will update analyses as additional information is available
- Ongoing discussions will take place with Executive / Finance Committee and Commission as scheduled:
 - Commission Meeting 05/18/15
 - Executive / Finance Committee Meeting 06/04/15
 - Commission Meeting 06/22/15 Final approval

AGENDA ITEM 3b

To: Gold Coast Health Plan Executive / Finance Committee

From: Melissa Scrymgeour, Chief Information Officer

Date: May 7, 2015

Re: Council for Affordable Quality Healthcare (CAQH) Committee on Operating Rules for Information Exchange (CORE) Certification Vendor

SUMMARY:

The Affordable Care Act (ACA) of 2010 established a set of operating rules to enable administrative simplification by augmenting existing HIPAA transactions to streamline information exchange across healthcare organizations. ACA Section 1104 requires all HIPAA covered entities to comply with and certify that their data and information systems meet the standards and operating rules for the following transactions: eligibility for a health plan; health care claim status, and health care Electronic Fund Transfers (EFT) and Electronic Remittance Advice (ERA).

CAQH CORE is an industry-wide stakeholder collaboration comprised of 140 key stakeholders committed to the development and adoption of common operating rules for administrative transactions. The Department of Health and Human Services (HHS) has adopted the CAQH CORE Operating Rules to fulfill the ACA Section 1104 Federal mandate.

CORE Administrative Operating Rules are broken into three (3) phases:

- Phase I: Eligibility Verification (270 / 271)
- Phase II: Claims Status (276 / 277)
- Phase II: Electronic Remittance Advice (835) Electronic Funds Transfer

CAQH CORE is in the process of drafting Phase IV requirements. These requirements have not been published, but it is anticipated that covered entities will be required to make additional system modifications to meet any new mandates.

Per the HHS Notice of Proposed Rulemaking (NPRM), covered entities must complete the requirements for the first ACA-mandated certification by December 31, 2015.

To comply with the Centers for Medicare & Medicaid Services (CMS) mandated certification date, GCHP staff recommends to implement the Edifecs Core Operating Rules solution.

BACKGROUND / DISCUSSION:

Edifecs is a leading healthcare industry technology solutions provider that manages exchanges of financial, administrative, and clinical transactions for federal, state, and commercial stakeholders. In addition to their broad experience in healthcare trading data design sets and integration tools, Edifecs has partnered with business customers to extend their offerings into compliance and testing solutions to meet regulatory mandates like HIPAA, CORE Operating Rules, and ICD-10.

The Edifecs Operating Rules Solution is a hosted software as a service (SaaS) solution that bundles Operating Rules system capabilities, allowing Plans to meet the stringent technical requirements for eligibility, claim status and EFT / ERA transactions (CORE Phase I-III). This solution will significantly reduce the risk, cost and time required for GCHP to achieve compliance with the December 31, 2015 certification deadline.

Currently, Edifecs is the only CORE certified testing vendor. To date, Edifecs has successfully assisted 170 HIPAA Covered Entities become CORE certified.

The Plan, through Xerox / ACS, conducted a gap analysis for certification readiness. Of the 17 separate transaction rules defined for CORE Phases I-III, the Plan is certification ready for one. Xerox / ACS estimates roughly 7,600 hours for system development and configuration, with another 4,000 estimated hours for the certification process to meet the mandated certification date.

Under normal circumstances, GCHP would follow the standard Request for Proposal (RFP) process, which is a 4-month effort. This timeline puts GCHP outside the window to implement within the required timeframe for compliance. Also, due to the current Xerox / ACS resources allocated to critical deliverables and the estimated work effort on their part, it would put the GCHP portfolio at risk.

Edifecs is an expert in the space and has already developed a team and plan to deliver the solution within the timeframe required. Edifecs has offered an initial preferred pricing rate for their CORE Operating Rules solution to a group of local California health plans based on the number of participating entities.

Upon contract execution, Edifecs estimates a timeline of six months to implement and certify the Plan on their Operating Rules solution platform.

FISCAL IMPACT:

The initial pricing is based on a three (3) year contractual commitment, and includes CORE certification.

The estimated total three (3) year costs for GCHP to implement the Edifecs solution is shown in Table 1.

Table 1: Estimated Costs for GCHP Edifecs Operating Rules Solution (CORE Phases I-III Certification)

Edifecs Operating Rules Solution	
Implementation Services (1 x fee)	\$52,100
Subscription Fee Over 3-year Agreement	\$396,200
Estimated Total 3-year Spend	\$448,300

- Edifecs offers tiered pricing for annual subscription fees based on total membership.
- The collaboration of local Health Plans is currently negotiating the initial proposed rates and additional tier membership pricing.
- Plans will execute separate services agreements for the solution.

The ACA directs the Secretary of HHS to assess penalties against health plans that fail to complete the ACA-mandated certification. The penalty fee will be \$1 per covered life until certification is complete. The penalty shall not exceed, on an annual basis, either:

- \$20 per covered life under such plan OR
- \$40 per covered life under the plan if such plan has knowingly provided inaccurate or incomplete information.

The estimated penalty for GCHP non-compliance based on current membership of 187,000 members would be \$187,000 per day, or a maximum cap of \$3.7 million annually until the Plan obtains certification.

RECOMMENDATION:

To achieve the December 31, 2015 deadline for CORE certification compliance, the Plan recommends to:

1. Move forward with the Edifecs Core Operating Rules solution.
2. Continue discussions and pricing negotiations with Edifecs through the local health plan collaboration.

Staff requests that the Executive / Finance Committee recommend the Commission authorize the CEO to negotiate and execute a services contract with Edifecs for the CORE Operating Rules solution with approval to extend services for future CORE transaction requirement phases.

CONCURRENCE:

N/A

Attachments:

CAQH CORE Certification

References:

- Administrative Simplification Provisions in the Patient Protection and Affordable Care Act of 2010 (ACA)
- Section 1104 – Administrative Simplification
- Section 10109 – Development of Standards for Financial and Administrative Transactions