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

County of Ventura Government Center
Hall of Administration - Lower Plaza Assembly Room
800 S. Victoria Avenue, Ventura, CA 93009

Monday, January 26, 2015
3:00 p.m.

AGENDA

CALL TO ORDER / ROLL CALL

SWEAR IN OF NEW COMMISSIONER

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 Commission.
- **Agenda Item Comment** – Comments within the subject matter jurisdiction of the Commission pertaining to a specific item on the agenda. The speaker is recognized and introduced by the Commission Chair during Commission's consideration of the item.

1. APPROVE MINUTES
a. Regular Meeting of November 24, 2014

2. CONSENT ITEMS
a. Accept and File CFO Update - October and November 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 COMMISSION 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 (VCMMCC) dba
Gold Coast Health Plan January 26, 2015 Commission Meeting Agenda *(continued)*
LOCATION: County of Ventura Government Center - Hall of Administration Lower Plaza Assembly Room
800 S. Victoria Avenue, Ventura, CA 93009
TIME: 3:00 p.m.

3. APPROVAL ITEMS

a. Provider Reimbursement Increases
b. DHCS Contract Amendment A15

4. ACCEPT AND FILE ITEMS

a. Special Investigation Ad Hoc Committee Report
b. CEO Update
c. COO Update
d. CIO Update
e. Health Services Update

5. INFORMATIONAL ITEMS

a. Legislative Update and State Budget Presentation – Don Gilbert and Trent Smith of Edelstein Gilbert Robson & Smith, LLC (GCHP Legislative Advocate)

CLOSED SESSION

a. Public Employee Appointment Pursuant to Government Code Section 54957
Title: Chief Executive Officer

b. Public Employee Appointment Pursuant to Government Code Section 54957
Title: Chief Financial Officer

COMMENTS FROM COMMISSIONERS

ADJOURNMENT

Unless otherwise determined by the Commission, the next regular meeting of the Commission will be held on February 23, 2015 at 3:00 p.m. in the Hall of Justice - Pacific Conference Room at the County of Ventura Government Center, 800 S. Victoria Avenue, Ventura, CA

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

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Ventura County Medi-Cal Managed Care Commission (VCMMCC) dba Gold Coast Health Plan (GCHP) Commission Meeting Minutes
November 24, 2014
(Not official until approved)

CALL TO ORDER

Chair Araujo called the meeting to order at 3:00 p.m. in Suite 200 at the Ventura County Public Health Building located at 2240 E. Gonzales Road, Oxnard, CA 93036.

ROLL CALL

COMMISSION MEMBERS IN ATTENDANCE
Antonio Alatorre, Clinicas del Camino Real, Inc.
David Araujo, MD, Ventura County Medical Center Family Medicine Residency Program
Lanyard Dial, MD, Ventura County Medical Association
Barry Fisher, Ventura County Health Care Agency
Michelle Laba, MD, Ventura County Medical Center Executive Committee
Gagan Pawar, MD, Clinicas del Camino Real, Inc.
Dee Pupa, Ventura County Health Care Agency

EXCUSED / ABSENT COMMISSION MEMBERS
Peter Foy, Ventura County Board of Supervisors
David Glyer, Private Hospitals / Healthcare System
Vacant, Private Hospitals / Healthcare System
Vacant, Medi-Cal Beneficiary Advocate

STAFF IN ATTENDANCE
Ruth Watson, Chief Operations Officer and Interim Chief Executive Officer
John Meazzo, Interim Chief Financial Officer
Traci R. McGinley, Clerk of the Board
Scott Campbell, Legal Counsel
Brandy Armenta, Compliance Director
Stacy Diaz, Human Resources Director
Anne Freese, Pharmacy Director
Guillermo Gonzalez, Government Relations Director
Steven Lalich, Communications Director
Tami Lewis, Operations Director
Allen Maithel, Controller
Kim Osajda, Quality Improvement Director
Al Reeves, MD, Chief Medical Officer
Melissa Scrymgeour, Chief Information Officer
Lyndon Turner, Financial Analysis Director
Nancy Wharfield, MD, Associate Chief Medical Officer

The Pledge of Allegiance was recited.

Language Interpreting and Translating services were provided by GCHP from Lourdes González Campbell and Associates.

PUBLIC COMMENT

None.

1. APPROVE MINUTES

a. Special Meeting of September 29, 2014

Commissioner Fisher moved to approve the Special Meeting Minutes of September 29, 2014. Commission Pupa seconded. The motion carried with the following votes:

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

b. Regular Meeting of October 27, 2014

Commissioner Fisher moved to approve the Regular Meeting Minutes of October 27, 2014. Commissioner Alatorre seconded. The motion carried with the following votes:

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

2. CONSENT ITEMS

a. CFO Update – September Financials

Interim CFO Meazzo briefly reviewed the written report with the Commission.

Commissioner Pupa asked about repayment of the LOCs to the County of Ventura. Interim CEO Watson explained that GCHP has been in discussions with the County and Department of Health Care Services (DHCS) to extend repayment to June 30, 2015, contingent upon TNE thresholds following the FY 2013-14 audit. The FY 2013-14 audit cannot be completed by McGladrey until such time that the investigation that is being overseen by the Special Investigation Ad Hoc Committee has been completed. Due to delays associated with completing the FY 2013-14 audit, it is unlikely that the proposal will be approved this month as originally planned.

Commissioner Pupa moved to approve the CFO Update – September Financials. Commissioner Fisher seconded. The motion carried with the following votes:

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

3. APPROVAL ITEMS

a. DHCS Contract Amendments A14 and A02

Interim CEO Watson reviewed the written report with the Commission.

Commissioner Dial moved to approve and authorize the CEO to execute DHCS Contract Amendments A14 and A02. Commissioner Fisher seconded. The motion carried with the following votes:

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

b. AB 1234 Ethics Training

Legal Counsel Campbell reviewed the report with the Commission.

Commissioner Dial moved to direct staff to draft a policy requiring Commissioners and designated senior staff complete AB 1234 Ethics Training every two years. Commissioner Fisher seconded. The motion carried with the following votes:

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

c. Administrative Services Organization (ASO) / Pharmacy Benefits Manager (PBM) RFP Proposal

Interim CEO Watson reviewed the report, providing background information on the services provided by these contracts, and the financial and operational impacts of conducting, awarding and implementing changes in two large areas of operation. Different options were briefly discussed.

In response to questions from the Commission regarding PBM options, Pharmacy Director Freese explained that there are many different PBM entities and the RFP will allow GCHP to determine which PBM would work best for the Plan.

Commissioner Alatorre expressed his concern and questioned extending the contract with ACS / Xerox; there have been performance issues from the beginning which caused GCHP to lose a lot of money.

Interim CEO Watson agreed that ACS did not perform well originally and added that the Plan must own some of the original problems as well. She explained that every indication now is that ACS is performing and performing well, their accuracy is extremely high and they are very responsive.

Commissioner Dial moved approve staff's recommendation to: 1) extend the ACS / Xerox Administrative Services Organization (ASO) contract for one year, beginning July 1, 2016, with an option for two additional yearly extensions; 2) conduct an RFP for

Pharmacy Benefits Manager (PBM) services; and 3) select and contract with an external consultant to assist the Plan with the Pharmacy Benefits Manager (PBM) RFP. Commissioner Pupa seconded. The motion carried with the following votes:

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

4. ACCEPT AND FILE ITEMS

a. Special Investigation Ad Hoc Committee Report

Commissioner Fisher reviewed the Ad Hoc Committee's report. Chair Araujo questioned regarding the total costs of the investigation. Commissioner Fisher responded he would bring the matter to the Commission immediately should the costs go up much more.

b. CEO Update

Interim CEO Watson reviewed the written CEO Update with the Commission.

c. COO Update

Interim CEO Watson presented the report.

d. CIO Update

CIO Scrymgeour provided a review of the CIO Update.

e. Health Services Update

Associate Medical Officer, Dr. Wharfield, reviewed the written report.

f. Non-Emergency Medical Transportation

Interim CEO Watson reviewed the report with the Commission, only 700-900 members use this service, but they are members that have a significant medical need and are often dialysis patients with no way to get to appointments. She added that the rules in place regarding Non-Emergency Medical Transportation are very restrictive and challenging. Regular vehicles cannot be utilized for these services; they must be specialized and are very expensive.

Commissioner Dial moved to accept and file the Special Investigation Ad Hoc Committee Report, CEO Update, COO Update, CIO Update, Health Services Update and Non-Emergency Medical Transportation. Commissioner Fisher seconded. The motion carried with the following votes:

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

RECESS

A recess was called at 4:37 p.m. The meeting was reconvened at 4:45 p.m.

CLOSED SESSION

Legal Counsel Campbell explained the purpose of the Closed Session items. He added that Commissioners Alatorre and Pawar recused themselves from Closed Item a (ii) regarding Clinicas del Camino Real, Inc.

ADJOURN TO CLOSED SESSION

The Commission adjourned to Closed Session at 4:47 p.m. regarding the following items:

a. Closed Session Conference with Legal Counsel – Existing Litigation Pursuant to Government Code Section 54956.9

i. Cressena Hernandez v. Ventura County Medi-Cal Managed Care Commission et al, Ventura County Superior Court, Case Number 56-2012-00427535-CUOE-VTA

ii. Clinicas Del Camino Real Inc. v. Ventura County Medi-Cal Managed Care Commission dba Gold Coast Health Plan. Ventura County Superior Court Case Number 56-2014-00456149-CU-BC-VTA

b. Public Employee Appointment Pursuant to Government Code Section 54957
Title: Chief Executive Officer

c. Conference with Legal Counsel – Significant Exposure to Litigation Pursuant to Paragraph (2) of Subdivision (d) of Government Code Section 54956.9 (Two Cases)

RETURN TO OPEN SESSION

The Regular Meeting reconvened at 6:34 p.m.

Legal Counsel Campbell announced that no reportable action was taken.

3. APPROVAL ITEMS *(continued)*

d. Waiver of Attorney-Client and Closed Session Privileges

Commissioner Dial moved to authorize former General Counsel Nancy Schreiner through the law firm of Anderson Kill or any prior law firm(s) (collectively "Counsel"), to disclose attorney-client and closed session communications between Counsel and GCHP or any employee(s) of GCHP, to the investigation teams retained through the Special Investigation Ad Hoc Committee. The investigation teams have been directed by GCHP to investigate allegations contained in two reports (May 27 and June 12, 2014) from the League of United Latin American Citizens-Ventura County (LULAC) and other allegations conveyed to the investigative teams in the course of their investigation into the LULAC report allegations, including interviews with current and former employees of GCHP, and interviews of members, or representatives of, or connected to LULAC (collectively, "the allegations"). The disclosure is limited to information deemed necessary by the investigative teams to conduct their investigation into "the allegations". GCHP's former General Counsel is further authorized and directed to provide to GCHP's investigative teams those notes, reports, files, and other documents deemed necessary

by the investigative teams for the limited purpose to conduct their investigation into "the allegations" which have not previously been provided to GCHP or management staff of the GCHP (e.g. CEO, CFO, COO). Nothing in this motion shall constitute a waiver of the attorney-client and closed session privileges for any purpose except as provided herein, or to any individual or organization not affiliated with GCHP, its Special Investigation Ad Hoc Committee or the investigative teams. Commissioner Pawar seconded. The motion carried with the following votes:

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

ADJOURNMENT

Meeting adjourned at 6:37 p.m.

AGENDA ITEM 2a

To: Gold Coast Health Plan Commission

From: John Meazzo, Interim Chief Financial Officer

Date: January 26, 2015

Re: October and November, 2014 Financials

SUMMARY

Staff is presenting the attached October / November, 2014 financial statement of Gold Coast Health Plan (Plan) for approval. The included financial statements have been revised from the prior version presented to the Executive / Finance Committee on January 8, 2015. Executive / Finance Committee recommends approval of these revised financial statements to the Commission.

BACKGROUND / DISCUSSION

The Plan has prepared the October and November 2014 financial packages, including balance sheets, income statements and statements of cash flows. The Plan also reflected adjustments after closing FY 2013-14.

FISCAL IMPACT

Year-To-Date Results

On a year-to-date basis through November, the Plan's net income is approximately $30.3 million compared to the $8.1 million budget. These operating results have contributed to a Tangible Net Equity (TNE) level of approximately $70.1 million, which exceeds both the budget of $40.5 million by $29.6 million and the State minimum required TNE amount of $21.1 million by $49 million. As in prior reports, the Plan's TNE amount includes $7.2 million County of Ventura lines of credit. The November TNE was 333% of the state required TNE, but 167% below the average 6 County Organized Health Systems of 500%.

October & November Results

Other items to note for the months include:

Membership

- October: The Plan's October membership was 172,729 which exceeded budget by 13,572 members. The majority of membership growth was in the Adult Expansion (AE) category, where membership was 11,179 higher than budget. The Adult / Family category of membership was also higher than budget by 1,326 members.

- November: The Plan's November membership was 171,343 and exceeded budget by 11,823 members. The growth in membership is similar to that of October 2014.

Revenue

- October: Net revenue was $56.9 million or $9.1 million better than budget of $47.8 million. On a per member per month (PMPM) basis, net revenue was $329.15 PMPM which exceeded the budget of $300.24 PMPM by $28.91 PMPM.
- November: Net revenue was $25.5 million or $22.5 million under the budget of $48.1 million. Year to date revenue was $241.2 million with a $3 million favorable variance over budget. An adjustment of $36.7 million was recorded as a reserve in anticipation of a reduction to rates in the Adult Expansion category.
    - In early December, DHCS delivered a new proposed (pending CMS approval) rate sheet which reduced the capitation rates for the AE Population by approximately 20%.
    - This reduction was due to new actuarial studies performed by DHCS (via Mercer). GCHP has elected to use this new information to estimate a reserve for a potential return of excess premium under the Plan's contract retroactively to January 1, 2014 as this is consistent with DHCS cost reimbursement development methodology. Therefore as a result of this adjustment the Net revenue (right column) was $25.5 million or $22.5 million under the budget of $48.1 million. Excluding the adjustment, net revenue was $62.2 million or $14.1 million better than the budget of $48.1 million.
    - On a PMPM basis, revenue was $149.05 PMPM which was $152.21 PMPM under the budget of $301.25 PMPM. (Excluding the adjustment, the $378.44 PMPM was $77.19 better then budget. The lower actual PMPM also is a result of the AE adjustment).

Primary reasons contributing to the variance for October and November are:

The positive variance (excluding the adjustment to revenue in November) was primarily a result of the growth in membership with higher capitation rates. Retro revenue of $5.3 million was received in November, which resulted from members in FY 2013-14 shifting from Dual to Non-Dual Medi-Cal, which resulted in an increase of $31.12 PMPM in revenue on a PMPM basis.

Health Care Costs

- October: Health care costs for October were $42.8 million or approximately $786,000 above budget. On a PMPM basis, reported health care costs for October were $247.64 versus a budgeted amount of $273.70. Notable variances include:
    - LTC / SNF facilities - higher than anticipated utilization was noted in the Adult / Family and Aged Dual categories during October. Additional reserves

(approximately $107,000) were also added for the AB1629 increases that became effective August 1, 2014.
  - Pharmacy – lower than expected utilization in the AE category, again contributed to savings.
  - Adult Expansion Reserve – an additional $2.5 million was accrued to achieve the 85% medical loss ratio (MLR) for this population. As disclosed in prior months, the current financials continue to reflect a targeted 85% MLR for overall medical expenses specific to the AE population as projected by DHCS, including Pharmacy expenses which have been less than budget.
  - Provider Reserve – the Plan continues to study methodologies for distributing additional funds to providers. An original entry accruing estimated payment to providers in the amount of $9 million originally posted in the month of October was eliminated as requested by the Executive Finance Committee.

- November: Health care costs for November of $44.1 million were reduced by $31.2 million to a net of $12.9 million in conjunction with the AE premium reduction reserve. An amount equal to 85% (minimum required MLR) of the premium reduction was released from claims reserves for the AE population to adopt the assumptions included in the DHCS rate revision retroactively to January 1, 2014. Before the adjustment, health care costs were $257.35 PMPM, below budget amounts of $270.53. Savings were again achieved in lower than expected Pharmacy costs, slightly offset by higher than anticipated LTC and HBCS utilization.

<u>Administrative Expenses</u>

- October - Overall operational costs were approximately $3 million or $37,000 above budget. Outside Services (ACS and Beacon), primarily driven by membership, and higher than budgeted legal fees were the primary contributors for the negative variance. This was offset by the positive variance due to lower personnel expenses and lower consulting expenses, due to the timing of new hires and less consulting services.

  - Outside Services – ACS – This contract fee is driven by membership and the plan continues to see growth in membership increasing expenses.
  - Legal Fees – The Plan has incurred higher than budgeted legal fees resulting from ongoing litigation and investigative services.

  These increases in legal fees and outside services were offset with savings from lower than forecasted personnel costs due to differences in timing of new hires and less use of consulting services.

- November - Overall operational costs were approximately $2.9 million or $7,000 over budget. Consistent with October, the higher than budgeted legal fees and outside services (ACS) were offset by positive variance due to lower personnel and consulting expenses.

    - Outside Services ACS - Over budget by $132,000 due to growth in membership.
    - Legal – expenses for the month were above budget by $322,000 due to continued legal services and ongoing services for the investigation, which was not anticipated in the budget. Year-to-date legal expenses of $1million exceed the budget by $900,000.
    - Consulting costs were $93,000 below budget for November and $508,000 under budget for the 5 months ending November 30, 2014. This mostly due to not contracting for certain services that were budgeted, but instead brought the projects in-house.
    - General office expenses were also $511,000 below budget for the same 5 month period

    These increases in legal and outside services were again offset by lower costs in new hires and less consulting services.

Cash + Medi-Cal Receivable – The total of Cash and Medi-Cal Premium Receivable balances of $270 million reported as of November 30, 2014. This total includes pass-through payments for MCO tax of $8.1 million. Excluding the impact of the pass through amount, the total of Cash and Medi-Cal Receivable balance as of November 30, 2014 was $260.6 million or $118 million better than the budgeted level of $142.6 million.

RECOMMENDATION
Staff requests that the Committee approve the October / November, 2014 financial package.

CONCURRENCE
N/A

Attachments
October / November 2014 Financial Package

Gold Coast Health Plan℠
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FINANCIAL PACKAGE
For the month ended November 30, 2014

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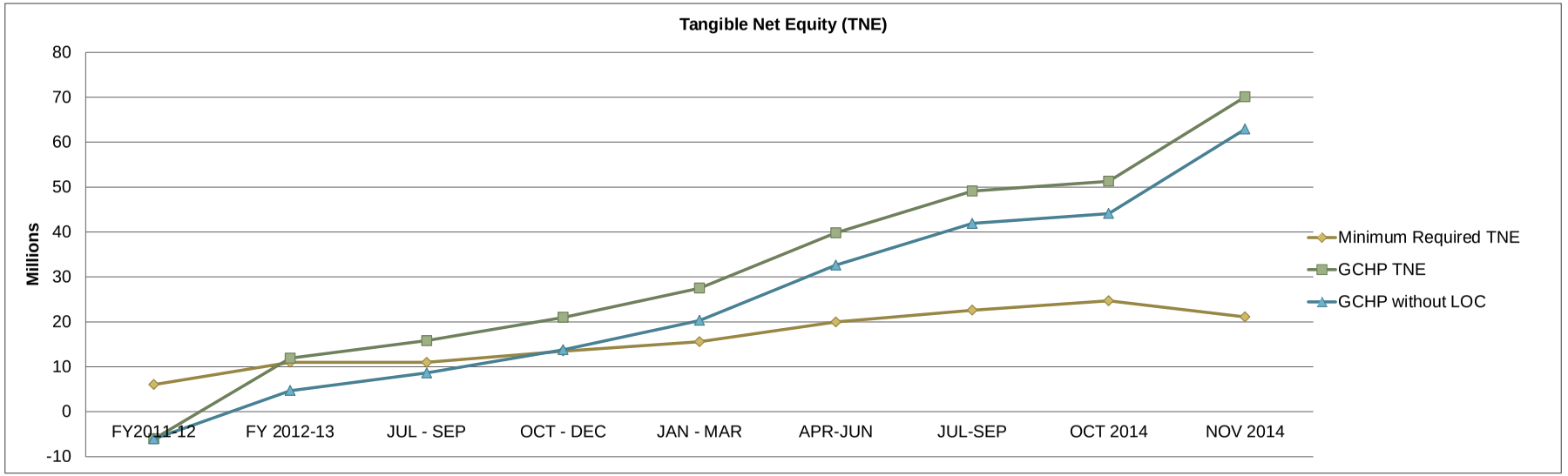
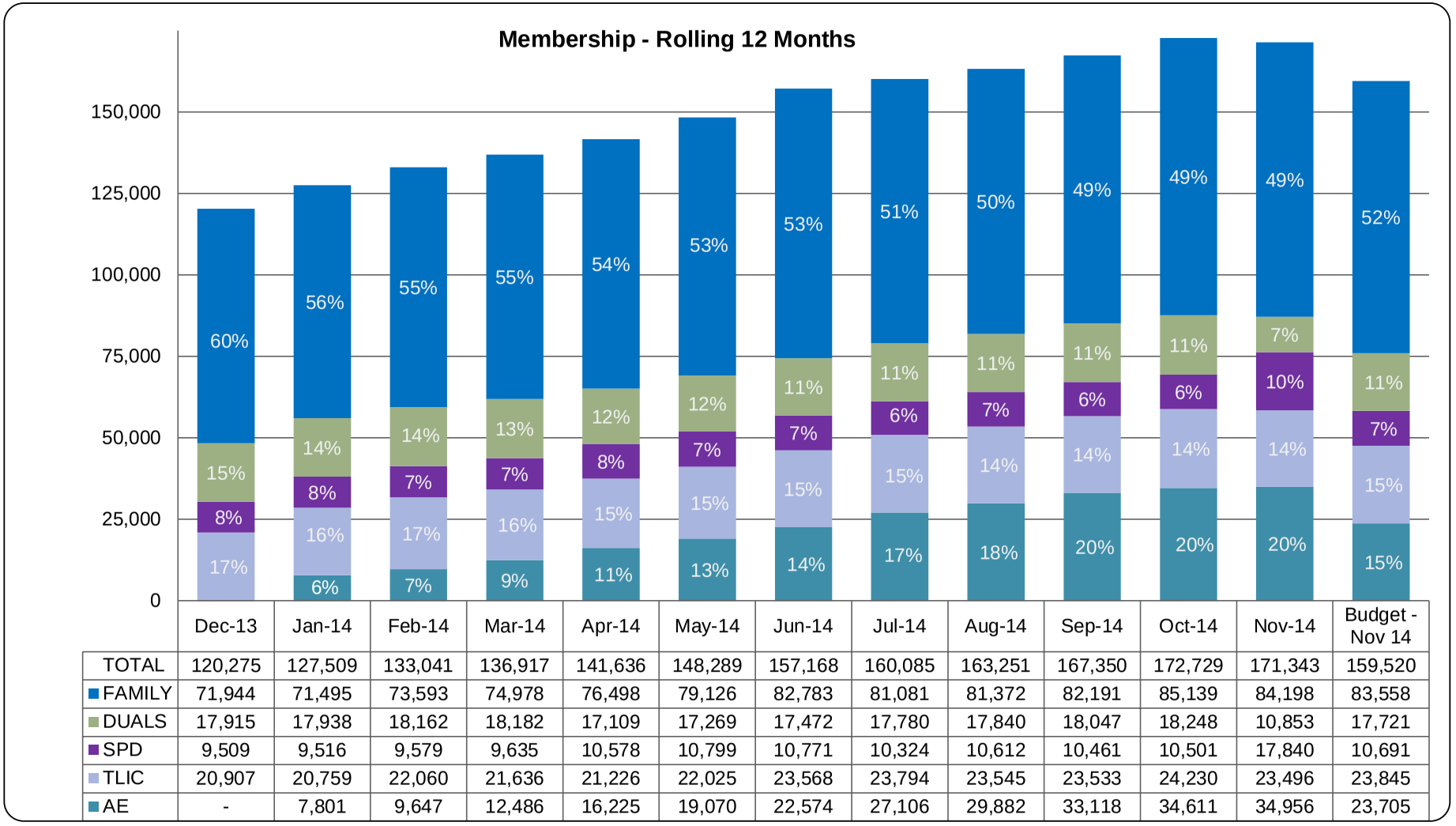
APPENDIX

Financial Overview

Description	AUDITED* FY2011-12	AUDITED* FY 2012-13	UNAUDITED FY 2013-14 Actual JUL - SEP	OCT - DEC	JAN - MAR	APR-JUN	FY 2014-15* JUL-SEP	OCT 2014	NOV 2014	Budget Comparison Budget Nov 2014	Variance Fav/(Unfav)	Variance Fav/(Unfav) %
Member Months	**1,258,189**	**1,223,895**	347,079	362,021	397,467	447,093	490,686	172,729	171,343	**159,520**	11,823	7.4 %
Revenue	**304,635,932**	**315,119,611**	**81,988,709**	**84,070,456**	**112,028,121**	**145,908,523**	**158,761,380**	**56,934,456**	**25,538,171**	**48,055,141**	(22,516,970)	(46.9)%
pmpm	*242.12*	*257.47*	*236.22*	*232.23*	*281.86*	*326.35*	*323.55*	*329.62*	*149.05*	*301.25*	(152.20)	(50.5)%
Health Care Costs	**287,353,672**	**280,382,704**	**71,875,533**	**72,867,512**	**98,914,429**	**125,663,911**	**141,486,486**	**42,774,442**	**12,855,002**	**43,154,364**	30,299,362	70.2 %
pmpm	*228.39*	*229.09*	*207.09*	*201.28*	*248.86*	*281.07*	*288.34*	*247.64*	*75.02*	*270.53*	195.50	72.3 %
% of Revenue	94.3%	89.0%	87.7%	86.7%	88.3%	86.1%	89.1%	75.1%	50.3%	89.8%	-39.5%	-43.9%
Admin Exp	**18,891,320**	**24,013,927**	**6,202,007**	**6,014,475**	**6,597,110**	**7,937,941**	**7,994,304**	**2,954,018**	**2,883,649**	**2,875,935**	(7,715)	(0.3)%
pmpm	*15.01*	*19.62*	*17.87*	*16.61*	*16.60*	*17.75*	*16.29*	*17.10*	*16.83*	*18.03*	1.20	6.7 %
% of Revenue	6.2%	7.6%	7.6%	7.2%	5.9%	5.4%	5.0%	5.2%	11.3%	6.0%	-5.3%	-88.7%
Net Income	**(1,609,063)**	**10,722,980**	**3,911,169**	**5,188,469**	**6,516,582**	**12,306,671**	**9,280,590**	**11,205,997**	**9,799,520**	**2,024,843**	7,774,677	384.0 %
pmpm	*(1.28)*	*8.76*	*11.27*	*14.33*	*16.40*	*27.53*	*18.91*	*64.88*	*57.19*	*12.69*	44.50	350.6 %
% of Revenue	-0.5%	3.4%	4.8%	6.2%	5.8%	8.4%	5.8%	19.7%	38.4%	4.2%	34.2%	810.7%
YTD												
100% TNE	16,769,368	16,138,440	16,112,437	16,056,217	18,539,458	19,964,221	22,600,707	24,668,181	21,069,622	23,933,124	(2,863,502)	(12.0)%
% TNE Required	36%	68%	68%	84%	84%	100%	100%	100%	100%	100%		
Minimum Required TI	6,036,972	10,974,139	10,956,457	13,487,223	15,573,145	19,964,221	22,600,707	24,668,181	21,069,622	23,933,124	(2,863,502)	(12.0)%
GCHP TNE	**(6,031,881)**	**11,891,099**	**15,802,268**	**20,990,738**	**27,507,320**	39,813,991	**49,094,581**	**51,300,578**	**70,100,097**	**40,459,949**	**29,640,148**	**73.3 %**
TNE Excess / (Deficie	**(12,068,853)**	**916,960**	**4,845,810**	**7,503,516**	**12,397,168**	**19,849,770**	**26,493,874**	**26,632,397**	**49,030,475**	**16,526,825**	**32,503,650**	**196.7 %**
% of Required TNE level			**144%**	**156%**	**177%**	**199%**	**217%**	**208%**	**333%**	**169%**		
% of Required TNE level (excluding $7.2 million LOC			**79%**	**102%**	**130%**	**163%**	**185%**	**179%**	**299%**	**139%**		

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).





	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Budget - Nov 14
TOTAL	120,275	127,509	133,041	136,917	141,636	148,289	157,168	160,085	163,251	167,350	172,729	171,343	159,520
FAMILY	71,944	71,495	73,593	74,978	76,498	79,126	82,783	81,081	81,372	82,191	85,139	84,198	83,558
DUALS	17,915	17,938	18,162	18,182	17,109	17,269	17,472	17,780	17,840	18,047	18,248	10,853	17,721
SPD	9,509	9,516	9,579	9,635	10,578	10,799	10,771	10,324	10,612	10,461	10,501	17,840	10,691
TLIC	20,907	20,759	22,060	21,636	21,226	22,025	23,568	23,794	23,545	23,533	24,230	23,496	23,845
AE	-	7,801	9,647	12,486	16,225	19,070	22,574	27,106	29,882	33,118	34,611	34,956	23,705

SPD = Seniors and Persons with Disabilities TLIC = Targeted Low Income Children AE = Adult Expansion

Note: Beginning in Apr '14 actual membership reflects new Duals definition as implemented by DHCS. Prior months have not been restated.

Income Statement Monthly Trend

	FY2014-15 Monthly Trend*				Current Month		
	JUL 2014	AUG 2014	SEP 2014	OCT 2014	November 2014		Variance
					Actual	Budget	Fav/(Unfav)
Membership (includes retro members)	160,085	163,251	167,350	172,729	171,343	159,520	11,823
Revenue:							
Premium	$ 51,600,376	$ 53,483,243	$ 59,992,380	$ 59,184,067	$ 64,766,272	$ 49,967,801	$ 14,798,471
Reserve for Rate Reduction	-	-	-	-	(36,753,996)	-	(36,753,996)
MCO Premium Tax	(2,038,713)	(2,098,955)	(2,362,200)	(2,330,373)	(2,550,172)	(1,967,482)	(582,690)
Total Net Premium	**49,561,663**	**51,384,288**	**57,630,180**	**56,853,694**	**25,462,104**	**48,000,319**	**(22,538,215)**
Other Revenue:							
Interest Income	14,142	25,986	30,121	42,429	37,734	16,489	21,245
Miscellaneous Income	38,333	38,333	38,333	38,333	38,333	38,333	0
Total Other Revenue	52,476	64,320	68,454	80,762	76,067	54,822	21,245
Total Revenue	**49,614,139**	**51,448,608**	**57,698,634**	**56,934,456**	**25,538,171**	**48,055,141**	**(22,516,970)**
Medical Expenses:							
Capitation (PCP, Specialty, Kasier, NEMT & Vision)	2,547,502	2,665,459	2,796,518	2,864,387	2,932,938	2,679,672	(253,266)
FFS Claims Expenses:							
Inpatient	10,931,208	11,741,392	13,423,203	8,820,600	(3,366,301)	9,780,788	13,147,089
LTC/SNF	8,528,443	8,031,837	9,147,787	10,759,562	8,603,699	7,504,046	(1,099,653)
Outpatient	3,330,983	3,156,219	3,693,295	2,405,528	154,989	2,592,016	2,437,027
Laboratory and Radiology	861,924	1,083,721	1,191,252	533,829	(658,499)	741,619	1,400,118
Emergency Room	1,392,675	1,870,862	1,818,198	1,181,015	(526,608)	1,512,340	2,038,948
Physician Specialty	3,460,004	3,456,254	3,527,267	2,156,736	1,150,877	3,205,792	2,054,915
Primary Care Physician	1,816,595	2,958,535	3,230,565	2,026,593	263,568	2,467,910	2,204,342
Home & Community Based Services	1,191,776	1,398,107	1,729,152	1,106,600	1,315,061	834,927	(480,134)
Mental Health Services	192,419	592,375	670,802	710,363	464,368	741,097	276,728
Pharmacy	5,779,140	5,441,839	5,525,771	5,358,792	4,772,776	8,351,389	3,578,612
Adult Expansion Reserve	1,000,000	-	-	2,500,000	-	-	-
Other Medical Professional	280,403	328,398	340,253	196,706	(64,226)	262,502	326,728
Other Medical Care	-	-	331	-	-	-	-
Other Fee For Service	2,694,956	1,329,307	1,328,749	1,333,514	(3,254,779)	921,806	4,176,585
Transportation	151,798	338,849	379,458	82,729	58,244	300,951	242,707
Total Claims	41,612,325	41,727,695	46,006,084	39,172,566	8,913,169	39,217,182	30,304,013
Medical & Care Management Expense	938,131	1,062,453	1,024,517	1,029,183	911,817	1,062,896	151,079
Reinsurance	71,281	444,200	449,539	460,248	471,741	194,615	(277,126)
Claims Recoveries	64,416	204,936	(128,569)	(751,942)	(374,663)	-	374,663
Sub-total	1,073,828	1,711,588	1,345,487	737,488	1,008,895	1,257,510	248,615
Total Cost of Health Care	**45,233,656**	**46,104,742**	**50,148,088**	**42,774,442**	**12,855,002**	**43,154,364**	**30,299,362**
Contribution Margin	**4,380,483**	**5,343,866**	**7,550,545**	**14,160,015**	**12,683,169**	**4,900,777**	**7,782,392**
General & Administrative Expenses:							
Salaries and Wages	677,265	625,238	690,867	712,605	587,651	828,283	240,633
Payroll Taxes and Benefits	217,432	157,153	192,767	185,805	151,578	216,824	65,246
Travel and Training	10,452	8,917	12,543	19,428	8,957	35,233	26,276
Outside Service - ACS	1,239,331	1,271,873	1,278,018	1,332,236	1,331,496	1,199,073	(132,424)
Outside Services - Other	93,663	102,727	123,714	136,260	136,226	121,953	(14,273)
Accounting & Actuarial Services	19,300	11,928	15,037	10,990	37,386	28,000	(9,386)
Legal	149,329	64,492	202,842	249,708	355,504	33,333	(322,171)
Insurance	23,885	22,707	7,186	17,151	16,863	14,583	(2,280)
Lease Expense - Office	63,318	63,318	63,588	63,318	63,048	64,354	1,306
Consulting Services	42,333	55,974	56,353	43,960	5,420	98,899	93,479
Translation Services	2,673	2,890	5,882	4,208	10,895	7,083	(3,812)
Advertising and Promotion	4,024	-	-	100	5,684	22,479	16,795
General Office	141,820	30,363	116,147	77,828	125,251	143,690	18,439
Depreciation & Amortization	13,916	15,158	16,534	16,441	16,530	25,930	9,400
Printing	1,576	7,947	26,864	3,123	739	9,875	9,136
Shipping & Postage	423	23,377	1,681	1,249	1,362	11,342	9,980
Interest	18,742	8,058	(7,319)	79,607	29,060	15,000	(14,060)
Total G & A Expenses	**2,719,481**	**2,472,120**	**2,802,703**	**2,954,018**	**2,883,649**	**2,875,935**	**(7,715)**
Net Income / (Loss)	**$ 1,661,002**	**$ 2,871,746**	**$ 4,747,842**	**$ 11,205,997**	**$ 9,799,520**	**$ 2,024,843**	**$ 7,774,677**

PMPM Income Statement Comparison

	JUL 2014	AUG 2014	SEP 2014	OCT 2014	November 2014 Actual	November 2014 Budget	Variance Fav/(Unfav)
Membership (includes retro members)	160,085	163,251	167,350	172,729	171,343	159,520	11,823
Revenue:							
Premium	322.33	327.61	358.48	342.64	377.99	313.24	64.75
Reserve for Rate Reduction	-	-	-	-	(214.51)	-	(214.51)
MCO Premium Tax	(12.74)	(12.86)	(14.12)	(13.49)	(14.88)	(12.33)	(2.55)
Total Net Premium	**309.60**	**314.76**	**344.37**	**329.15**	**148.60**	**300.90**	**(152.30)**
Other Revenue:	-						
Interest Income	0.09	0.16	0.18	0.25	0.22	0.10	0.12
Miscellaneous Income	0.24	0.23	0.23	0.22	0.22	0.24	(0.02)
Total Other Revenue	0.33	0.39	0.41	0.47	0.44	0.34	0.10
Total Revenue	309.92	**315.15**	**344.78**	**329.62**	**149.05**	**301.25**	**(152.20)**
Memo: exclusive of adjustment				-	**378.44**		
Medical Expenses:	-						
Capitation (PCP, Specialty, Kasier, NEMT & Vision)	15.91	16.33	16.71	16.58	17.12	16.80	(0.32)
FFS Claims Expenses:							
Inpatient	68.28	71.92	80.21	51.07	(19.65)	61.31	80.96
LTC/SNF	53.27	49.20	54.66	62.29	50.21	47.04	(3.17)
Outpatient	20.81	19.33	22.07	13.93	0.90	16.25	15.34
Laboratory and Radiology	5.38	6.64	7.12	3.09	(3.84)	4.65	8.49
Emergency Room	8.70	11.46	10.86	6.84	(3.07)	9.48	12.55
Physician Specialty	21.61	21.17	21.08	12.49	6.72	20.10	13.38
Primary Care Physician	11.35	18.12	19.30	11.73	1.54	15.47	13.93
Home & Community Based Services	7.44	8.56	10.33	6.41	7.68	5.23	(2.44)
Mental Health Services	1.20	3.63	4.01	4.11	2.71	4.65	1.94
Pharmacy	36.10	33.33	33.02	31.02	27.86	52.35	24.50
Adult Expansion Reserve	6.25	-	-	14.47	-	-	-
Other Medical Professional	1.75	2.01	2.03	1.14	(0.37)	1.65	2.02
Other Fee For Service	16.83	8.14	7.94	7.72	(19.00)	5.78	24.77
Transportation	0.95	2.08	2.27	0.48	0.34	1.89	1.55
Total Claims	259.94	255.60	274.91	226.79	52.02	245.84	193.83
Medical & Care Management Expense	5.86	6.51	6.12	5.96	5.32	6.66	1.34
Reinsurance	0.45	2.72	2.69	2.66	2.75	1.22	(1.53)
Claims Recoveries	0.40	1.26	(0.77)	(4.35)	(2.19)	-	2.19
Sub-total	6.71	10.48	8.04	4.27	5.89	7.88	1.99
Total Cost of Health Care	**282.56**	**282.42**	**299.66**	**247.64**	**75.02**	**270.53**	**195.50**
Contribution Margin	**27.36**	**32.73**	**45.12**	**81.98**	**74.02**	**30.72**	**(43.30)**
Memo: exclusive of adjustment					**257.35**		
General & Administrative Expenses:							
Salaries and Wages	4.23	3.83	4.13	4.13	3.43	5.19	1.76
Payroll Taxes and Benefits	1.36	0.96	1.15	1.08	0.88	1.36	0.47
Travel and Training	0.07	0.05	0.07	0.11	0.05	0.22	0.17
Outside Service - ACS	7.74	7.79	7.64	7.71	7.77	7.52	(0.25)
Outside Services - Other	0.59	0.63	0.74	0.79	0.80	0.76	(0.03)
Accounting & Actuarial Services	0.12	0.07	0.09	0.06	0.22	0.18	(0.04)
Legal	0.93	0.40	1.21	1.45	2.07	0.21	(1.87)
Insurance	0.15	0.14	0.04	0.10	0.10	0.09	(0.01)
Lease Expense - Office	0.40	0.39	0.38	0.37	0.37	0.40	0.04
Consulting Services	0.26	0.34	0.34	0.25	0.03	0.62	0.59
Translation Services	0.02	0.02	0.04	0.02	0.06	0.04	(0.02)
Advertising and Promotion	0.03	-	-	0.00	0.03	0.14	0.11
General Office	0.89	0.19	0.69	0.45	0.73	0.90	0.17
Depreciation & Amortization	0.09	0.09	0.10	0.10	0.10	0.16	0.07
Printing	0.01	0.05	0.16	0.02	0.00	0.06	0.06
Shipping & Postage	0.00	0.14	0.01	0.01	0.01	0.07	0.06
Interest	0.12	0.05	(0.04)	0.46	0.17	0.09	(0.08)
Total G & A Expenses	16.99	15.14	16.75	17.10	16.83	18.03	1.20
Net Income / (Loss)	**10.38**	**17.59**	**28.37**	**64.88**	**57.19**	**12.69**	**44.50**

*Includes FY2013-2014 pre-audit adjustments identified by management

Income Statement November 2014

	November 2014		
	Nov 14 - Pre AE Adj	AE Adjustment	Final Nov 14
Membership (includes retro members)	**171,343**	**-**	**171,343**
Revenue:			
Premium	$ 64,766,272	$ -	$ 64,766,272
Reserve for Rate Reduction	-	(36,753,996)	(36,753,996)
MCO Premium Tax	(2,550,172)	-	(2,550,172)
Total Net Premium	62,216,100	(36,753,996)	25,462,104
Other Revenue:			
Interest Income	37,734	-	37,734
Miscellaneous Income	38,333	-	38,333
Total Other Revenue	76,067	-	76,067
Total Revenue	62,292,167	(36,753,996)	25,538,171
Medical Expenses:			
Capitation (PCP, Specialty, Kasier, NEMT & Vision)	2,932,938	-	2,932,938
FFS Claims Expenses:			
Inpatient	9,779,371	(13,145,672)	(3,366,301)
LTC/SNF	9,836,091	(1,232,392)	8,603,699
Outpatient	2,874,138	(2,719,149)	154,989
Laboratory and Radiology	959,898	(1,618,397)	(658,499)
Emergency Room	*1,363,640*	*(1,890,248)*	*(526,608)*
Physician Specialty	3,512,169	(2,361,292)	1,150,877
Primary Care Physician	2,748,096	(2,484,528)	263,568
Home & Community Based Services	1,754,354	(439,293)	1,315,061
Mental Health Services	464,368	-	464,368
Pharmacy	4,772,776	-	4,772,776
Other Medical Professional	297,392	(361,618)	(64,226)
Other Fee For Service	1,457,724	(4,712,503)	(3,254,779)
Transportation	334,048	(275,804)	58,244
Total Claims	40,154,065	(31,240,896)	8,913,169
Medical & Care Management Expense	911,817	-	911,817
Reinsurance	471,741	-	471,741
Claims Recoveries	(374,663)	-	(374,663)
Sub-total	1,008,895	-	1,008,895
Total Cost of Health Care	44,095,898	(31,240,896)	12,855,002
Contribution Margin	**18,196,269**	**(5,513,100)**	**12,683,169**
General & Administrative Expenses	2,883,649	-	2,883,649
Net Income / (Loss)	**$ 15,312,620**	**$ (5,513,100)**	**$ 9,799,520**

Comparative Balance Sheet

	11/30/2014*	10/31/2014*	9/30/2014*
ASSETS			
Current Assets			
Total Cash and Cash Equivalents	**$ 183,224,078**	**$ 164,976,610**	**$ 231,485,135**
Medi-Cal Receivable*	86,747,896	75,437,421	15,195,193
Provider Receivable	1,067,444	748,596	739,151
Other Receivables	172,938	171,902	171,752
Total Accounts Receivable	**87,988,278**	**76,357,918**	**16,106,096**
Total Prepaid Accounts	1,135,545	1,258,445	1,171,614
Total Other Current Assets	79,079	79,079	79,079
Total Current Assets	**272,426,981**	**242,672,052**	**248,841,925**
Total Fixed Assets	**1,080,359**	**1,110,800**	**1,138,882**
Total Assets	**$ 273,507,340**	**$ 243,782,853**	**$ 249,980,807**
LIABILITIES & FUND BALANCE			
Current Liabilities			
Incurred But Not Reported	$ 128,769,325	$ 145,918,067	$ 137,733,151
Claims Payable	7,010,225	8,565,735	6,990,115
Capitation Payable	2,499,232	2,443,391	2,350,613
Physician ACA 1202 Payable	12,765,516	12,765,516	12,765,516
AB85 Payable	1,234,422	-	(74,330)
DHCS - Reserve for Capitation Recoup	36,753,996	-	-
Accounts Payable	1,805,393	1,690,595	1,810,396
Accrued ACS	1,331,496	1,331,053	1,275,046
Accrued Expenses	1,337,668	1,082,568	25,231,225
Accrued Premium Tax	8,145,887	7,883,262	11,074,806
Accrued Interest Payable	54,703	52,028	49,694
Current Portion of Deferred Revenue	460,000	460,000	460,000
Accrued Payroll Expense	728,952	775,348	700,999
Total Current Liabilities	**202,896,815**	**191,967,564**	**200,367,231**
Long-Term Liabilities			
Other Long-term Liability-Deferred Rent	242,094	208,044	173,995
Deferred Revenue - Long Term Portion	268,333	306,667	345,000
Notes Payable	7,200,000	7,200,000	7,200,000
Total Long-Term Liabilities	**7,710,427**	**7,714,711**	**7,718,995**
Total Liabilities	**210,607,242**	**199,682,275**	**208,086,226**
Beginning Fund Balance	32,613,991	32,613,991	32,613,991
Net Income Current Year	30,286,106	11,486,587	9,280,590
Total Fund Balance	**62,900,097**	**44,100,578**	**41,894,581**
Total Liabilities & Fund Balance	**$ 273,507,339**	**$ 243,782,853**	**$ 249,980,807**
	-	-	-

FINANCIAL INDICATORS			
Current Ratio	1.34 : 1	1.26 : 1	1.24 : 1
Days Cash on Hand	349	108	131
Days Cash + State Capitation Rec	515	158	140
Days Cash + State Capitation Rec (less Tax Liab)	499	153	133

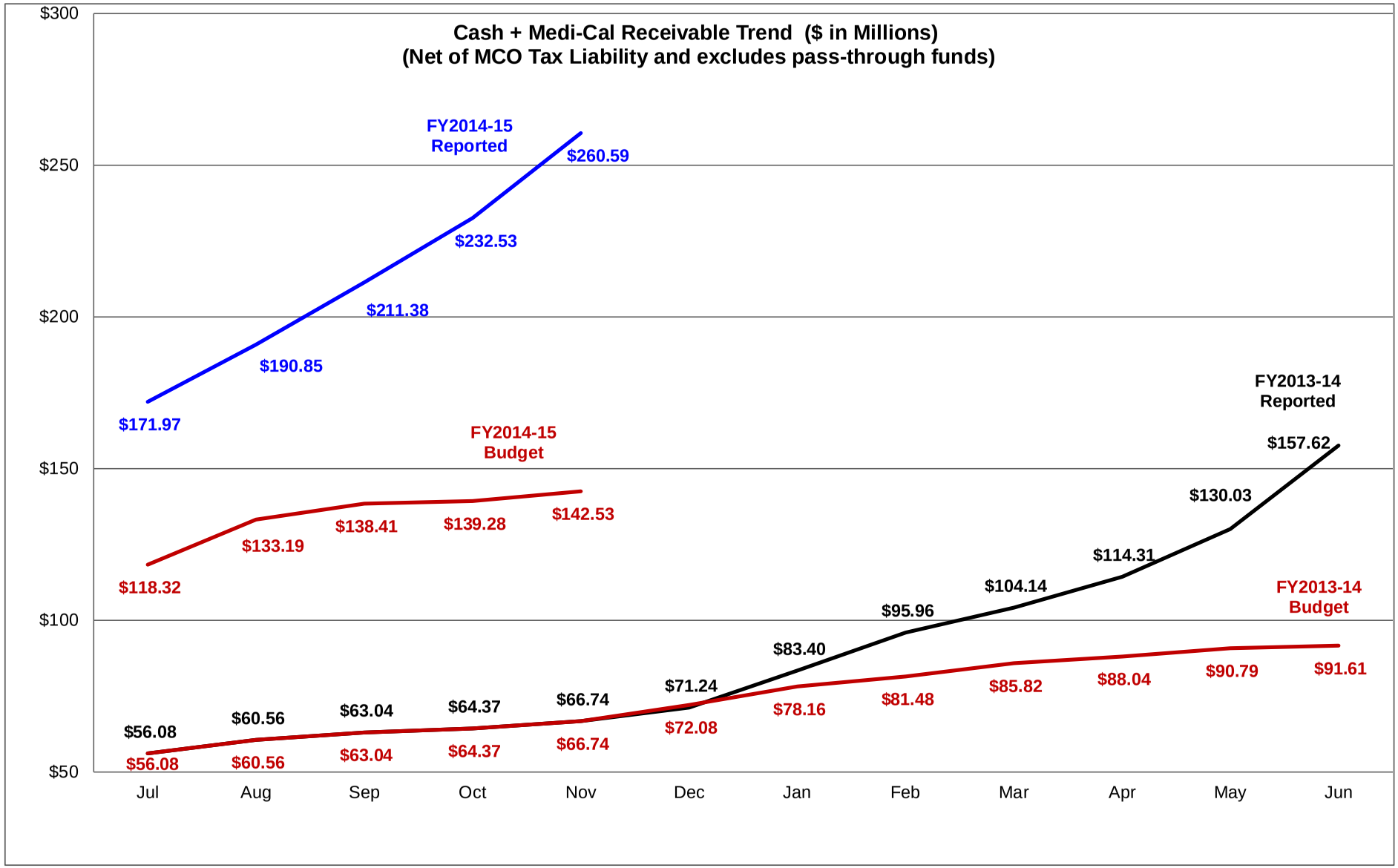
*Includes FY2013-2014 pre-audit adjustments identified by management

Gold Coast Health Plan℠
A Public Entity

For the month ended November 30, 2014

APPENDIX

- Cash Trend Combined
- Paid Claims and IBNP Composition
- Monthly Cash Flow
- YTD Cash Flow
- YTD Income Statement
- Total Expenditure Composition
- Pharmacy Cost & Utilization Trends


Cash + Medi-Cal Receivable Trend ($ in Millions)
(Net of MCO Tax Liability and excludes pass-through funds)
$300
$250
$200
$150
$100
$50
FY2014-15 Reported
$260.59
$232.53
$211.38
$190.85
$171.97
FY2014-15 Budget
$142.53
$139.28
$138.41
$133.19
$118.32
FY2013-14 Reported
$157.62
$130.03
$114.31
$104.14
$95.96
$83.40
$71.24
$66.74
$64.37
$63.04
$60.56
$56.08
FY2013-14 Budget
$91.61
$90.79
$88.04
$85.82
$81.48
$78.16
$72.08
$66.74
$64.37
$63.04
$60.56
$56.08
Jul
Aug
Sep
Oct
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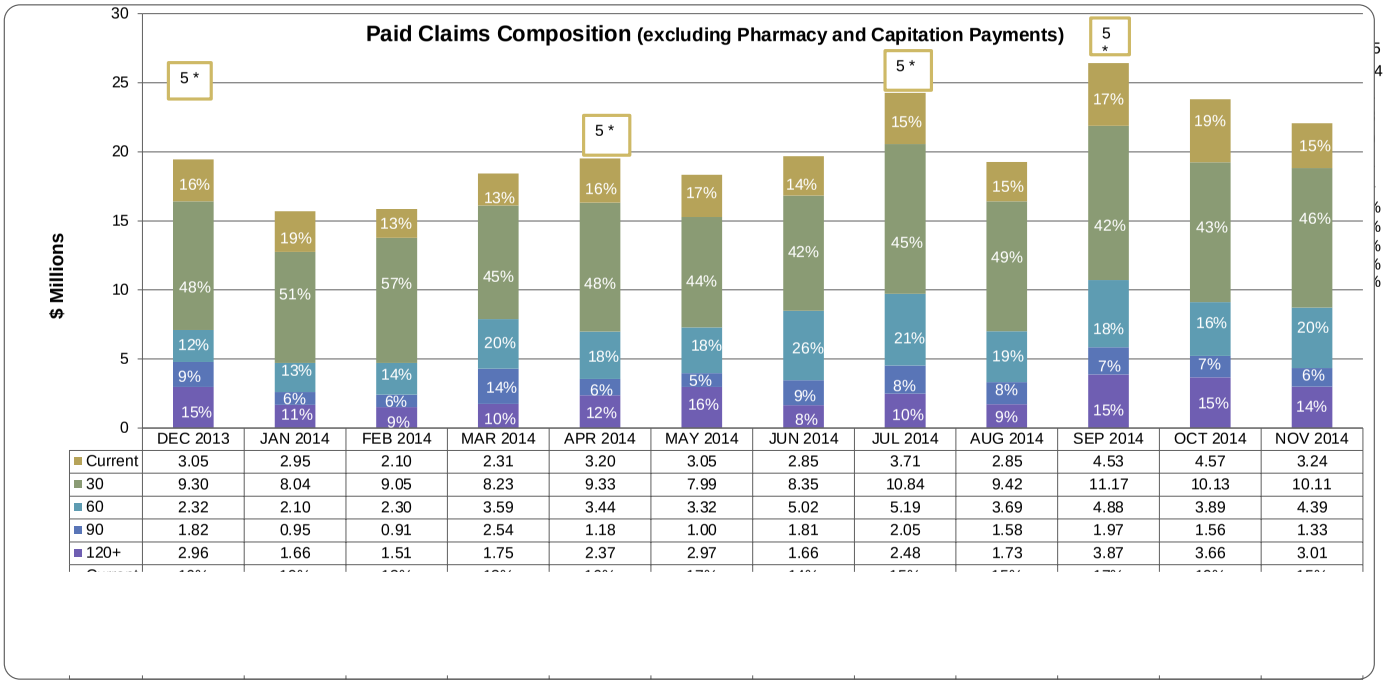
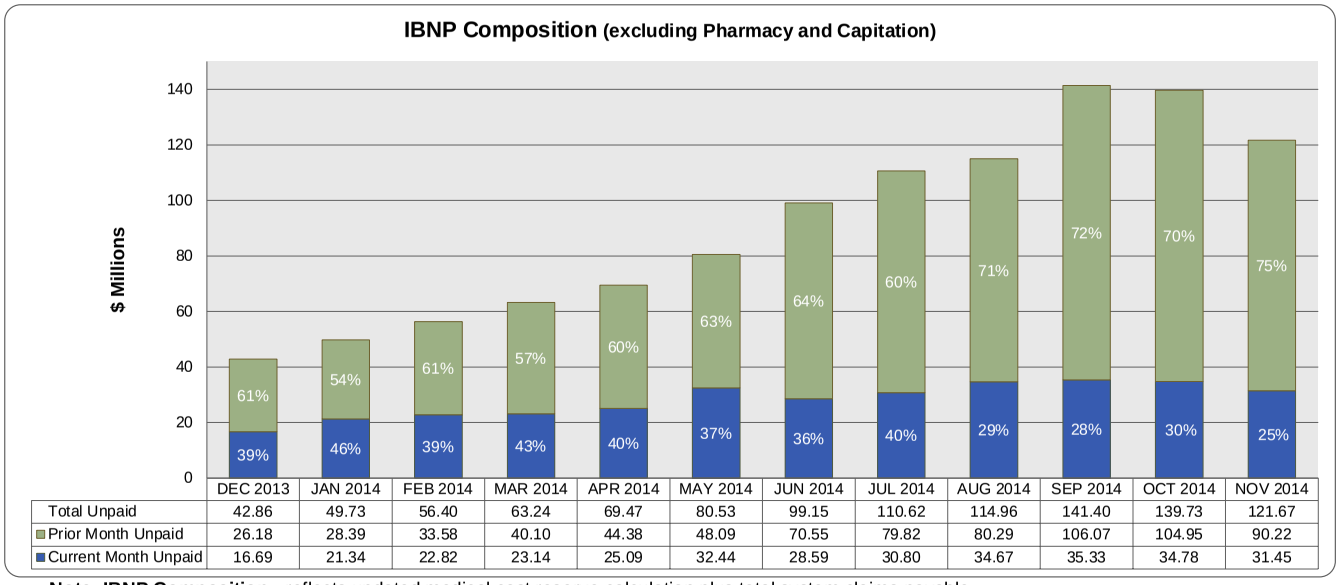
Dec
Jan
Feb
Mar
Apr
May
Jun



	DEC 2013	JAN 2014	FEB 2014	MAR 2014	APR 2014	MAY 2014	JUN 2014	JUL 2014	AUG 2014	SEP 2014	OCT 2014	NOV 2014
Current	3.05	2.95	2.10	2.31	3.20	3.05	2.85	3.71	2.85	4.53	4.57	3.24
30	9.30	8.04	9.05	8.23	9.33	7.99	8.35	10.84	9.42	11.17	10.13	10.11
60	2.32	2.10	2.30	3.59	3.44	3.32	5.02	5.19	3.69	4.88	3.89	4.39
90	1.82	0.95	0.91	2.54	1.18	1.00	1.81	2.05	1.58	1.97	1.56	1.33
120+	2.96	1.66	1.51	1.75	2.37	2.97	1.66	2.48	1.73	3.87	3.66	3.01

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.



	DEC 2013	JAN 2014	FEB 2014	MAR 2014	APR 2014	MAY 2014	JUN 2014	JUL 2014	AUG 2014	SEP 2014	OCT 2014	NOV 2014
Total Unpaid	42.86	49.73	56.40	63.24	69.47	80.53	99.15	110.62	114.96	141.40	139.73	121.67
Prior Month Unpaid	26.18	28.39	33.58	40.10	44.38	48.09	70.55	79.82	80.29	106.07	104.95	90.22
Current Month Unpaid	16.69	21.34	22.82	23.14	25.09	32.44	28.59	30.80	34.67	35.33	34.78	31.45

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

Statement of Cash Flows - Monthly

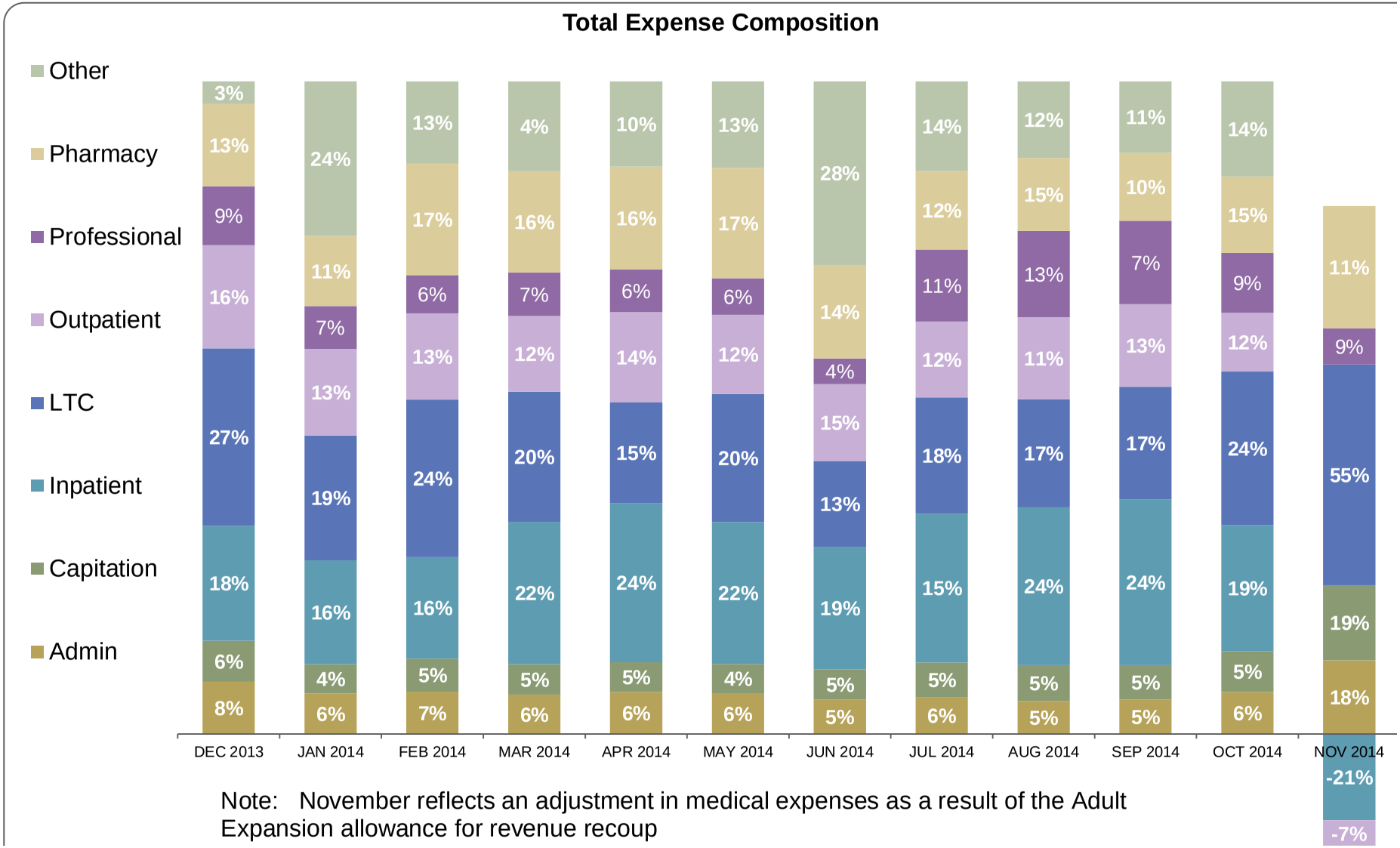
	NOV 14	OCT '14	SEP '14
Cash Flow From Operating Activities			
Collected Premium	$ 53,468,516	$ 214,139	$ 122,309,818
Miscellaneous Income	37,734	42,429	30,121
State Pass Through Funds	1,272,300	-	27,751,370
Paid Claims			
Medical & Hospital Expenses	(22,348,925)	(23,375,027)	(26,782,919)
Pharmacy	(5,828,747)	(6,006,120)	(5,743,287)
Capitation	(2,907,935)	(2,902,464)	(2,543,846)
Reinsurance of Claims	(471,741)	(460,248)	(449,539)
State Pass Through Funds Distributed	(1,147,874)	(25,173,527)	(1,079,935)
Paid Administration	(1,487,467)	(3,309,178)	(2,790,272)
MCO Tax Received / (Paid)	(2,338,145)	(5,536,013)	(4,011,599)
Net Cash Provided/ (Used) by Operating Activities	**18,247,716**	**(66,506,008)**	**106,689,910**
Cash Flow From Investing/Financing Activities			
Proceeds from Line of Credit			
Repayments on Line of Credit	-	-	-
Net Acquisition of Property/Equipment	(248)	(2,518)	(6,590)
Net Cash Provided/(Used) by Investing/Financing	**(248)**	**(2,518)**	**(6,590)**
Net Cash Flow	**$ 18,247,468**	**$ (66,508,526)**	**$ 106,683,320**
Cash and Cash Equivalents (Beg. of Period)	164,976,610	231,485,135	124,801,815
Cash and Cash Equivalents (End of Period)	183,224,078	164,976,610	231,485,135
	$ 18,247,468	**$ (66,508,526)**	**$ 106,683,320**
Adjustment to Reconcile Net Income to Net Cash Flow			
Net (Loss) Income	9,799,520	2,205,997	4,747,842
Depreciation & Amortization	30,689	30,600	30,692
Decrease/(Increase) in Receivables	(11,630,360)	(60,251,822)	63,520,923
Decrease/(Increase) in Prepaids & Other Current Assets	122,900	(86,831)	(97,973)
(Decrease)/Increase in Payables	38,315,038	(15,061,438)	25,074,845
(Decrease)/Increase in Other Liabilities	(4,284)	(4,284)	(4,284)
Change in MCO Tax Liability	262,625	(3,191,544)	(1,007,683)
Changes in Claims and Capitation Payable	(1,499,669)	1,668,398	(2,650,521)
Changes in IBNR	(17,148,743)	8,184,917	17,076,068
	18,247,716	(66,506,008)	106,689,910
Net Cash Flow from Operating Activities	**$ 18,247,716**	**$ (66,506,008)**	**$ 106,689,910**

Statement of Cash Flows - YTD

	NOV 2014 YTD
Cash Flow From Operating Activities	
Collected Premium	$ 316,036,817
Miscellaneous Income	150,412
State Pass Through Funds	31,623,475
Paid Claims	
Medical & Hospital Expenses	(115,165,213)
Pharmacy	(29,584,547)
Capitation	(13,376,552)
Reinsurance of Claims	(2,462,838)
State Pass Through Funds Distributed	(29,626,207)
Paid Administration	(14,687,662)
Repay Initial Net Liabilities	-
MCO Taxes Received / (Paid)	(19,793,845)
Net Cash Provided/(Used) by Operating Activities	**123,113,841**
Cash Flow From Investing/Financing Activities	
Proceeds from Line of Credit	-
Repayments on Line of Credit	-
Net Acquisition of Property/Equipment	(66,462)
Net Cash Provided/(Used) by Investing/Financing	**(66,462)**
Net Cash Flow	**$ 123,047,380**
Cash and Cash Equivalents (Beg. of Period)	60,176,698
Cash and Cash Equivalents (End of Period)	183,224,078
	$ 123,047,380
Adjustment to Reconcile Net Income to Net Cash Flow	
Net Income/(Loss)	30,286,106
Depreciation & Amortization	149,372
Decrease/(Increase) in Receivables	28,860,382
Decrease/(Increase) in Prepaids & Other Current Assets	(138,627)
(Decrease)/Increase in Payables	37,575,423
(Decrease)/Increase in Other Liabilities	(21,418)
Change in MCO Tax Liability	(7,629,233)
Changes in Claims and Capitation Payable	(2,027,468)
Changes in IBNR	36,059,304
	123,113,841
Net Cash Flow from Operating Activities	**$ 123,113,841**

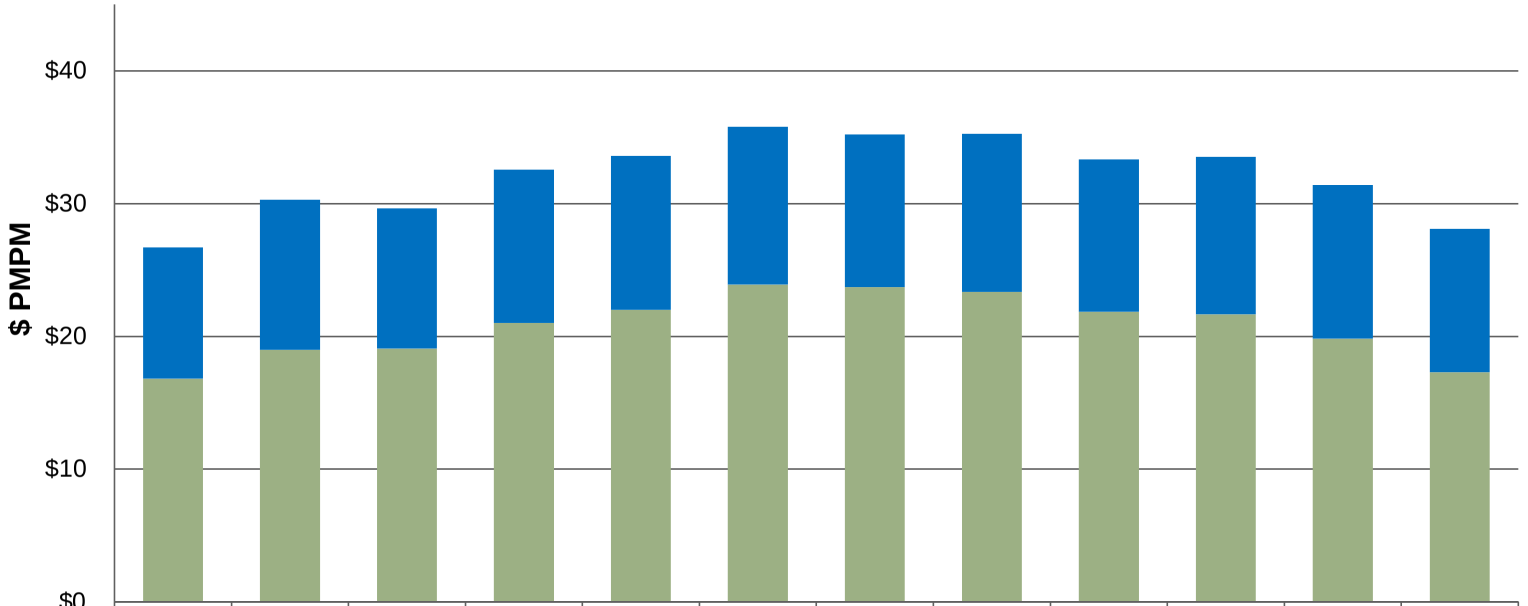
Income Statement
For Five Months Ended November 30, 2014

	November '14 Year-To-Date Actual	Budget	Variance Fav/(Unfav)
Membership (includes retro members)	834,758	794,027	40,731
Revenue			
Premium	$ 289,026,337	$ 247,671,330	$ 41,355,007
Reserve for Rate Reduction	(36,753,996)	-	(36,753,996)
MCO Premium Tax	(11,380,412)	(9,752,059)	(1,628,353)
Total Net Premium	**240,891,929**	**237,919,271**	**2,972,658**
Other Revenue:			
Interest Income	150,412	81,732	68,681
Miscellaneous Income	191,667	191,665	2
Total Other Revenue	342,079	**273,397**	68,682
Total Revenue	**241,234,008**	**238,192,668**	**3,041,340**
Medical Expenses:			
Capitation (PCP, Specialty, Kaiser, NEMT & Vision)	13,806,804	13,298,286	(508,518)
FFS Claims Expenses:			
Inpatient	41,550,102	48,392,058	6,841,956
LTC/SNF	45,071,329	37,464,837	(7,606,492)
Outpatient	12,741,014	12,842,148	101,134
Laboratory and Radiology	3,012,227	3,641,367	629,140
Emergency Room	5,736,142	7,478,543	1,742,401
Physician Specialty	13,751,136	15,899,291	2,148,155
Primary Care Physician	10,295,855	12,175,090	1,879,235
Home & Community Based Services	6,740,696	4,172,031	(2,568,665)
Mental Health Services	2,630,328	3,682,292	1,051,965
Pharmacy	26,878,318	42,609,377	15,731,058
Adult Expansion Reserve	3,500,000	-	(3,500,000)
Other Medical Professional	1,081,534	1,297,308	215,774
Other Medical Care	331	-	(331)
Other Fee For Service	3,431,747	4,582,560	1,150,813
Transportation	1,011,078	1,482,294	471,215
Total Claims	177,431,839	195,719,196	18,287,357
Medical & Care Management Expense	4,966,100	5,240,200	274,099
Reinsurance	1,897,009	968,713	(928,296)
Claims Recoveries	(985,822)	-	985,822
Sub-total	5,877,288	6,208,912	331,625
Total Cost of Health Care	**197,115,930**	**215,226,394**	**18,110,464**
Contribution Margin	**44,118,078**	**22,966,274**	**21,151,804**
General & Administrative Expenses:			
Salaries and Wages	3,293,625	4,063,971	770,346
Payroll Taxes and Benefits	904,735	1,051,163	146,428
Travel and Training	60,297	149,380	89,083
Outside Service - ACS	6,452,955	5,969,882	(483,073)
Outside Services - Other	592,589	703,160	110,571
Accounting & Actuarial Services	94,641	200,000	105,359
Legal	1,021,875	166,666	(855,209)
Insurance	87,792	72,917	(14,876)
Lease Expense - Office	316,588	321,770	5,182
Consulting Services	204,040	712,278	508,238
Translation Services	26,548	35,415	8,867
Advertising and Promotion	9,808	76,065	66,257
General Office	491,408	1,003,171	511,763
Depreciation & Amortization	78,580	110,143	31,563
Printing	40,250	100,345	60,095
Shipping & Postage	28,092	73,046	44,954
Interest	128,149	75,000	(53,149)
Total G & A Expenses	**13,831,972**	**14,884,370**	**1,052,399**
Net Income / (Loss)	**$ 30,286,106**	**$ 8,081,903**	**$ 22,204,203**

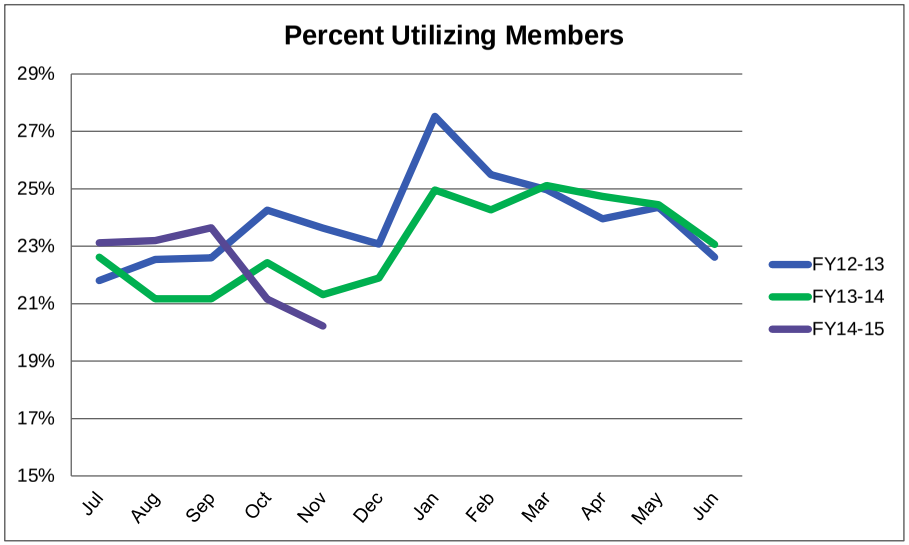


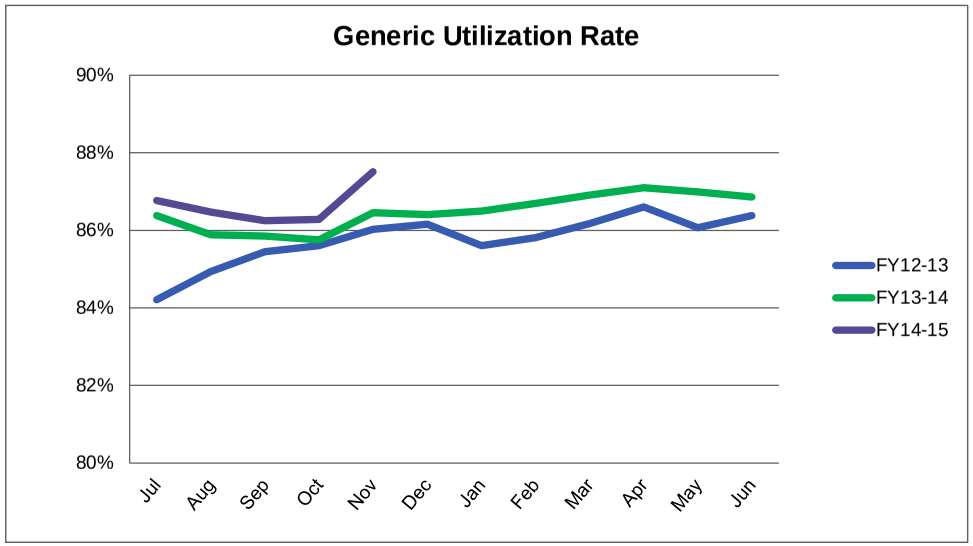
Note: November reflects an adjustment in medical expenses as a result of the Adult Expansion allowance for revenue recoup

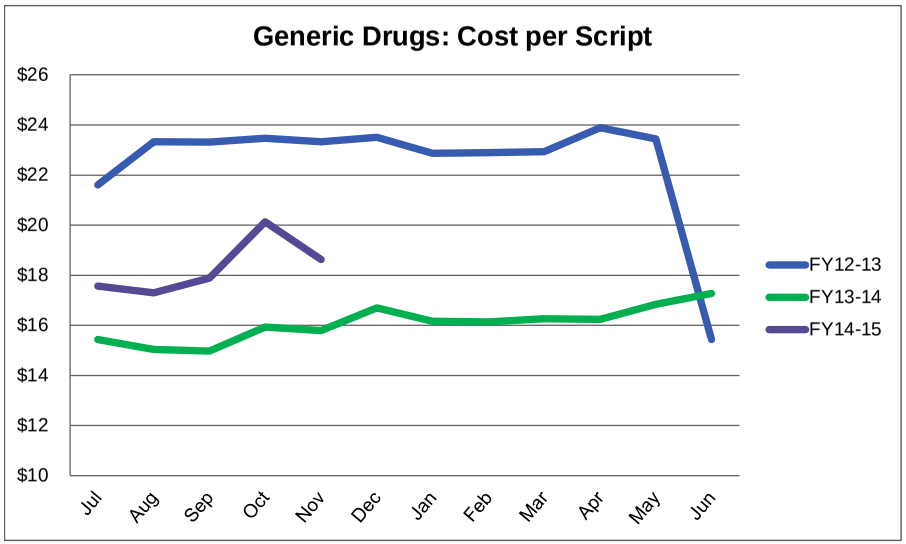
Pharmacy Cost Trend

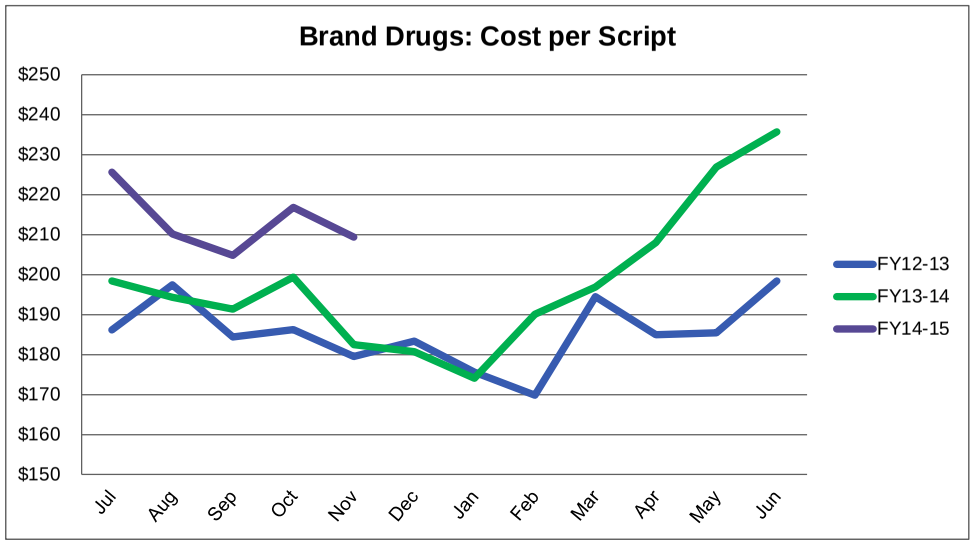


	DEC'13	JAN'14	FEB'14	MAR'14	APR'14	MAY'14	JUN'14	JUL'14	AUG '14	SEP '14	OCT '14	NOV '14
AVG PMPM	$26.70	$30.30	$29.63	$32.55	$33.60	$35.78	$35.21	$35.25	$33.33	$33.52	$31.41	$28.09
GENERIC	$9.87	$11.30	$10.55	$11.53	$11.59	$11.87	$11.49	$11.91	$11.49	$11.86	$11.58	$10.78
BRAND	$16.82	$19.00	$19.08	$21.02	$22.01	$23.92	$23.72	$23.34	$21.85	$21.66	$19.83	$17.31


Percent Utilizing Members
29%
27%
25%
23%
21%
19%
17%
15%
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
FY12-13
FY13-14
FY14-15


Generic Utilization Rate
90%
88%
86%
84%
82%
80%
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
FY12-13
FY13-14
FY14-15


Generic Drugs: Cost per Script
$26
$24
$22
$20
$18
$16
$14
$12
$10
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
FY12-13
FY13-14
FY14-15


Brand Drugs: Cost per Script
$250
$240
$230
$220
$210
$200
$190
$180
$170
$160
$150
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
FY12-13
FY13-14
FY14-15

AGENDA ITEM 3a

To: Gold Coast Health Plan Commission

From: Ruth Watson, Interim CEO / Chief Operating Officer

Date: January 26, 2015

Re: Provider Reimbursement Increases

SUMMARY

Gold Coast Health Plan (GCHP or Plan) has various capitated and fee-for-service (FFS) arrangements with providers of medical services. It has been the goal of the Plan to increase reimbursement rates as GCHP has experienced more stability in its operations and financial position. The Plan is now at a point where provider reimbursement rates can be increased.

BACKGROUND / DISCUSSION

GCHP's first year of operations (FY 2011-12) was marked with claims processing issues, limited resources and outsourcing issues. During the 2011-12 annual DHCS Medical Loss Ratio (MLR) financial audit, an additional claims liability of $16.0 million was recorded. As a result, losses were sustained and the ending Tangible Net Equity (TNE) was a negative $6.0 million. Consequently, the Department of Health Care Services (DHCS):

- Placed GCHP under a corrective action plan (CAP),
- Assigned a consultant to monitor the Plan,
- Compelled GCHP to draw a $7.2 million line of credit with the County,
- Required additional and frequent reporting of Plan financial and operational data.

After working through the CAP and implementing many needed initiatives, GCHP has greatly improved and stabilized claims processing, garnered additional resources and improved its TNE position. Some of the improvement is also due to more realistic capitation rates from the State as well as the advent of the Affordable Care Act's Adult Expansion (AE) program. AE membership as of January 2015 has exceeded the FY 2014-15 budget by 12,500, which is also a contributor of additional revenue.

While GCHP has made considerable financial and operational improvements resulting in improved TNE, the DHCS Financial CAP has not been completely lifted:

- State monitor no longer required
- Additional reporting requirements relaxed, but certain items still being submitted
- GCHP required to sustain improved performance

The Plan recognizes that FFS rates have been held at Medi-Cal levels and capitated providers have not received an increase since Plan inception. GCHP is now at a point where contracted provider reimbursement rates can be increased. However, there are still risks to consider, particularly around the AE population:

- Inherent risk in capitation rates (recent state rate package contains 20% reduction)
- No historical cost data for this population; Plan relied on Mercer rates and used an actuarially accepted Expected Loss Ratio methodology to calculate IBNP
- Minimum 85% MLR required, subject to audit and reconciliation after 18 months

Any provider payment methodology requires that the Plan not be at risk by distributing more than what is prudently sound, yet enables the preservation of an adequate provider network. It is important that GCHP maintains financial solvency and holds sufficient reserves for any adverse and material events that may be encountered in the future. Therefore, a TNE approach has been selected to determine an available amount for distribution. A recent staff survey of TNE levels of other County Organized Health Systems (COHS) revealed the following:

	Actual TNE	Required TNE	
COHS 1	35,042,401	17,326,210	202%
COHS 2	87,750,220	22,678,747	387%
COHS 3	211,821,017	54,327,067	390%
COHS 4	185,594,872	27,009,252	687%
COHS 5	236,039,440	33,091,908	713%
Average	756,247,950	154,433,184	490%
GCHP (including $7.2 Million loan)	61,100,097	21,069,622	290%
(excluding $7.2 Million loan)			256%

Using the median TNE level above, a short-term goal of 400% was developed. In this scenario, the Plan would base its available funds for distribution after meeting a quarterly projection of equal increments necessary to reach 400% of required TNE within 2 years. This target assumes a payoff of the $7.2 million loan. A longer - term goal of 500% of TNE within 5 years would also be in place, with periodic redetermination. The Plan is currently on track to meet this short - term goal.

PROPOSAL
A possible range for provider capitation increases is shown with the associated projected fiscal impact (annual basis):

Proposed Increase	20%	25%*	30%*
Annual Fiscal Impact	$ 6,144,000	$ 7,680,000	$ 9,216,000

* each additional 5% increase is equivalent to approximately $1.5M in annual expense

Considering the risks outlined above, a 20% increase would let GCHP reach its TNE target while paying off the $7.2 million line of credit, and allowing the Plan to equitably initiate increases in other provider categories.

As a result of the above assumptions and calculations, the payment timeline and increases are proposed as follows:

- Capitation for PCPs and Specialists would be increased by 20%, effective March 1, 2015, subject to review in six months and annually thereafter.
- Fee-for-service rates for pediatricians would be raised to 120% of Medi-Cal fee-for-service, effective March 1, 2015, subject to review in six months and annually thereafter.
- Reimbursement rate for services provided in a hospital outpatient department at 143.44% of Medi-Cal FFS rates, effective March 1, 2015 for all contracted facilities within the county.

The TNE target and timeline will continue to be monitored. The timing and costs of additional programs will be analyzed and developed by staff at a future date. Future phases will include other programs such as age banding (capitation rates), pay for performance programs, risk - sharing and hospital contract reviews.

FISCAL IMPACT

It is estimated that this proposal would cost the Plan an additional $10.6 million annually, as compared to $9.0 million previously projected for provider increases. The financial impact to the plan was calculated using historical utilization rates for the current level of membership applied to GCHP's existing capitated and contracted network. The breakdown is as follows:

- The increase to PCP and specialist capitation rates would add approximately $6.1 million annually to Plan costs.
- Pediatrician increases would add $1.4 million annually.
- Outpatient Hospital augmentation would add approximately $3.1 million to GCHP's annual costs.

RECOMMENDATION
Staff proposes that the Plan's Commission approve the rate increases contained herein.

CONCURRENCE
N/A

Attachments
None

AGENDA ITEM 3b

To: Gold Coast Health Plan Commission

From: Ruth Watson, CEO

Date: January 26, 2015

Re: DCHS Contract Amendment A15

SUMMARY

The State of California Department of Health Care Services (DHCS) establishes monthly capitation payments by major Medi-Cal population groups and updates them periodically to reflect policy changes and other adjustments. Amendment A15 reflects expected changes to Gold Coast Health Plan (GCHP or Plan) capitation rates.

BACKGROUND / DISCUSSION

GCHP received a contract amendment from the DHCS on December 10, 2014 which updated FY 2013-14 and FY 2014-15 capitation rates for the Plan's Medi-Cal aid categories as follows:

- Rate period January 1, 2014 to June 30, 2014 – Adult Expansion (AE) population
  - Includes first half of CY 2014 Affordable Care Act Section 1202 funds to be paid to qualifying providers performing specific services
  - Adds the AB85 additional 25% rate enhancement (top of AE rate range) to be paid to the county facility for medical care specific to the AE population
- Rate period July 1, 2014 to December 31, 2014
  - Includes second half of CY 2014 Affordable Care Act Section 1202 funds to be paid to qualifying providers performing specific services for all aid categories
  - Adds the AB85 additional 25% rate enhancement for the AE population
  - Divides the Adult and Family aid category into two groups, each with its own rate: (1) 19 years and older; (2) Under 19 years old
  - Combines the Targeted Low - Income Child (TLIC) aid codes with the Under 19 years old Family aid codes, assigning a single rate for the combined group
- Rate period commencing July 1, 2014
  - Establishes kick payment rates for Hepatitis C prescriptions to reimburse Plan for certain drugs previously carved out of FY 2014-15 capitation rates; provides separate rates for 340B and Non-340B pricing

- Rate period commencing January 1, 2015
  - Provides rates for all aid categories, but does not include Affordable Care Act Section 1202 funds in the rates
  - Adult Expansion rate reverts to the AB85 rate enhancement using 75% of the rate range

FISCAL IMPACT
Amendment A15 memorializes the rates included in rate packages received by GCHP on September 29, October 2, and October 17, 2014. Rates impacting FY 2013-14 were identified by GCHP management as post-closing (fiscal year) adjustments and will be reflected in the audited financials. New rates for FY 2014-15 were previously adopted in the Plan's financial accounting and have been used during the current fiscal year.

RECOMMENDATION
Staff is recommending the Commission approve and authorize the CEO to execute DHCS contract amendment A15.

CONCURRENCE
N/A

Attachments
None

AGENDA ITEM 4b

To: Gold Coast Health Plan Commission

From: Ruth Watson, Interim CEO / Chief Operating Officer

Date: January 26, 2015

Re: CEO Update

INVESTMENT POLICY

GCHP's cash position at the end of November 2014 was in excess of $170 million. This increase in cash is the result of improved financial performance due to the Plan's initiatives and the rapid growth in membership, particularly in the Adult Expansion (AE) category. The AE actual claims experience has been trailing the anticipated costs, as projected by DHCS. Long ramp-up periods are not uncommon for new blocks of business and often result in temporary cash accumulations as actual claims payments slowly catch up to related accrued claims. In order to better manage cash balances, staff is developing an investment policy that will be presented to the Executive Finance Committee and, once finalized, will be submitted to the Commission for approval. Staff requests that the Commission form an Investment Committee to work closely with staff to review and finalize an investment policy.

Banking Matters

Considering the large amount of cash in Rabobank, the executive staff of GCHP is planning to open accounts with two additional qualified banks. This action will reduce the funds held at Rabobank which have grown further as of December 2014. Following prudent financial management, organizations typically place funds in more than one bank to mitigate custodial credit risks associated with a concentration of deposits in any one bank. In addition to augmenting banking resources, GCHP will be temporarily investing some of its excess funds in US Treasury Bills. Once the Investment policy is approved, the portfolio with be further diversified.

STRATEGIC PLANNING

In preparation for the FY 2015-16 budget staff will be working in the next 30 days to develop a draft road map to spell out where the organization is going in the next 1-3 years. This is the first step in developing a strategic planning tool for GCHP leadership to more effectively focus the energy, time and resources of the plan. This effort will be the foundation for a strategic planning retreat to be held with the Commission.
Staff will contract with a firm, knowledgeable about the COHS model and the Medi-Cal landscape, to facilitate a strategic planning retreat with the commission and GCHP's

Executive team. This session will include discussions about the upcoming challenges and opportunities for GCHP, its members and providers, as well as a thorough review and understanding of the focus and direction of our regulators at both the State and Federal level.

The end result will be to establish a 1-3 year strategic plan that will provide the direction needed for staff to prioritize the Plan's activities and insure that the organization is moving in the right direction.

Staff recommends one half day (4 hour) facilitated session in February or March. This will insure that a Strategic Plan can be finalized in the timeframe needed for the Plan to prepare it's FY 2015-2016 budget for review and approval by the May 7, 2015 Executive Finance Committee and for final approval by the Commission in the June 22, 2015 Commission Meeting.

The Clerk of the Commission, Traci McGinley, will survey each Commissioner individually in the next week to ascertain Commissioner availability and determine the best time to schedule the upcoming Strategic Planning Retreat.

GOVERNMENT RELATIONS UPDATE

State Legislature

The State Senate and Assembly reconvened on January 5, 2015. Leadership changes in the legislature include Senator Kevin de León (D-Los Angeles) as the new Senate President Pro Tempore and Assembly Member Toni Atkins (D-San Diego) as Assembly Speaker.

The Senate Committee on Health will be chaired again by Senator Ed Hernandez (D-West Covina), who was the Committee Chairman last session. The Vice Chair is Janet Nguyen (R-Garden Grove), a former Board Member of Cal Optima who is serving in the Senate for the first time.

The Assembly Committee on Health will be chaired by Assembly Member Rob Bonta (D-Oakland). Assembly Member Brian Maienschein (R-San Diego) remains Vice Chair of the Committee. Last year's Assembly Health Chair Richard Pan won election to the Senate and will replace Senator Darrell Steinberg, who was termed out of the Legislature.

Governor Brown's Proposed 2015-16 Budget

On January 9, Governor Brown released his 2015-16 proposed budget. Overall the Medi-Cal Program budget accounts for 67% of the total Health and Human Services budget. Per the Legislative Analyst Office (LAO), the Governor's proposed budget maintains the building up of budget reserves and paying down the state's debt.

Specifically, the Governor's budget focuses on paying off the state's retiree health liabilities over the next few decades and limits the amount of new funding for programs outside of proposition 98. The LAO projects that, due to the state's improving economic outlook, it is likely the state will collect $1 billion to $2 billion more in tax revenue in 2014-15. Under proposition 98, increased state revenues are largely allocated to public schools and community colleges. Below are some key health care areas highlighted in the LAO analysis.

Medi-Cal
Increased costs in the budget stem from health and human services programs, primarily Medi-Cal expansion under the Affordable Care Act.

The budget increases the 2014-15 Medi-Cal local assistance spending by 3.2%, amounting to a $560 million increase for a total budgeted amount of $17.8 billion General Fund. The total annual Medi-Cal caseload is projected at 12.2 million for 2015-16, which is a 2.1% increase over revised 2014-15 estimates. Annual Medi-Cal spending for 2015-16 is estimated to be $18.6 billion General Fund, which is a $771 million increase, or 4.3 percent, over the revised 2014-15 spending.

Managed Care Organization (MCO) Tax
The federal government advised California to restructure the current MCO Tax no later than the end of 2015 in order to bring the tax into compliance with federal law. The current MCO tax generates over $1 billion in federal revenue for the state. The proposed new MCO Tax will be enrollment based and consist of three to five tiers. Plan membership up to a certain threshold would fall under the lowest tax rate. Lives in the middle tiers would pay higher rates. The rates would start trailing down for lives that reach the highest tiers of enrollment. The proposed tier structure and rates for tiers are still undergoing review.

High Cost Drugs
Treatment of hepatitis C using the breakthrough drug Sovaldi costs approximately $84,000 per 12-week treatment. Currently the budget includes a total of $300 million General Fund ($100 million 2014-15 and $200 million 2015-16) to pay for costly new hepatitis C drugs. Total combined reserves for high cost drugs is $600 million, which is a split between federal funds and state funds. The funds are currently being reserved for infected state prison inmates, state hospital patients, and individuals enrolled in Medi-Cal and the AIDS Drug Assistance Program.

Coordinated Care Initiative (CCI)
Enrollment in CCI has been significantly below projections. The current opt out rate is sixty percent. The percentage of IHSS recipients opting out of the CCI is as high as eighty percent. Due to the low participation rate the CCI is not creating state savings, and the Administration is considering eliminating the eight-county CCI pilot program.

Lastly, the Legislative Budget Sub Committees will now begin deliberation hearings and debate any increases or decreases in the Governor's proposed budget. This will result in a revised budget by mid-May. Per state constitution, the Legislature must submit its version of the state budget to the Governor by June 15, 2015. The Governor must approve or veto (in its entirety or by line item) the submitted budget by July 1, 2015.

Covered California Enrollees Transition to Medi-Cal
Covered California anticipates cancelling or dropping up to 95,000 health insurance policies due to these policy holders' decreased income, making them eligible for the Medi-Cal Program. This applies only to a group of Covered California consumers who are renewing coverage and whose income level has caused them to lose eligibility for subsidized coverage in Covered California and instead appear eligible for Medi-Cal.

Despite the Insurance Commissioner's, Dave Jones, plead to hold off on cancelling private coverage, Covered California maintains that if a policy holder is not subsidy-eligible and is eligible for a public health program i.e. Medi-Cal, such policy holder can be dropped from Covered California and enrolled into the Medi-Cal Program. As of December 26, 2014 there were approximately 2,196 Covered California enrollees with potential Medi-Cal eligibility in Ventura County.

Legislation Enacted in 2014 that impacts GCHP and our Members in 2015

Palliative Care
SB 1004: By Senate Health Committee Chair Ed Hernandez requires the State to establish, and Medi-Cal managed care plans to implement, standards to ensure Medi-Cal managed care plans offer palliative care services starting in January 2015. GCHP and all Medi-Cal managed care plans are waiting for release of guidelines that will be provided in a policy letter from the Department of Health Care Services (DHCS).

Network Adequacy
SB 964: Is designed to increase oversight over insurers, including annual reviews of Medi-Cal managed care plans provider networks to ensure timely access.

Foster Children
SB 508: Extends Medi-Cal benefits to independent foster care adolescents up to age 26 or a higher age as the state has elected under federal law.

Translation Services
AB 505: By Assemblyman Adrin Nazarian requires all Medi-Cal Plans to provide language assistance services on a 24 hour basis to limited English proficient Medi-Cal beneficiaries.

Introduced Legislation Related to Medi-Cal
Below is a list of Medi-Cal related bills that have been introduced in the current legislative session:

AB 73 **Medi-Cal: Benefits: Prescription Drugs**
Summary: Requires specified drug classes, as prescribed by a licensed prescriber's professional judgment, to be included under the utilization controls requirement outlined in the Welfare and Institutions Section 14133.

SB 4 **Health Care Coverage: Immigration Status**
Summary: Provides health care coverage to all Californians who are eligible for Medi-Cal or affordable employer-based health coverage regardless of immigration status.

SB 26 **California Health Care Cost and Quality Database**
Summary: Establishes a system to provide valid, timely, and comprehensive health care performance information that is publicly available and can be used to improve the safety, appropriateness, and medical effectiveness of health care.

SB 33 **Medi-Cal: Estate Recovery**
Summary: Requires DHCS to make claims for adjustment or recovery, only in specified circumstances, for those health care services that the state is required to cover under federal law, and define health care services for those purposes.

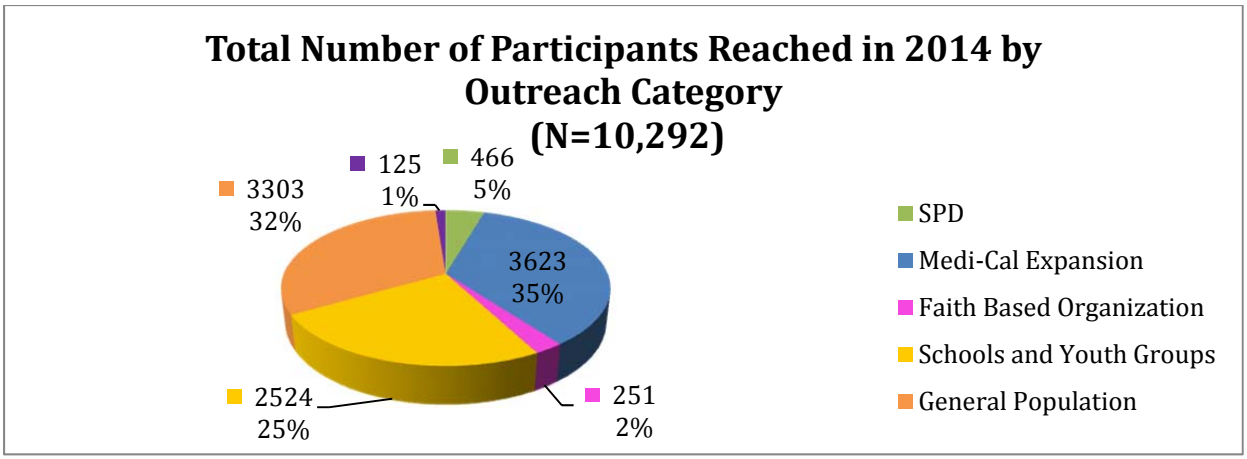
SB 36 **Medi-Cal: Demonstration Project**
Summary: An urgency measure that requires DHCS to submit an application to CMS for a waiver to implement demonstration project(s) that further the delivery of high-quality and cost-effective care for Medi-Cal beneficiaries.

HEALTH EDUCATION AND COMMUNITY OUTREACH SUMMARY REPORT
Gold Coast Health Plan (GCHP) is committed to collaborating with local community partners and health care providers to increase awareness of the services and benefits available to GCHP Members. During the calendar year of 2014, GCHP participated in approximately 172 community outreach activities. Community outreach activities include health and resource fairs, workshops, food distribution activities, school based activities, faith based events, and conferences.

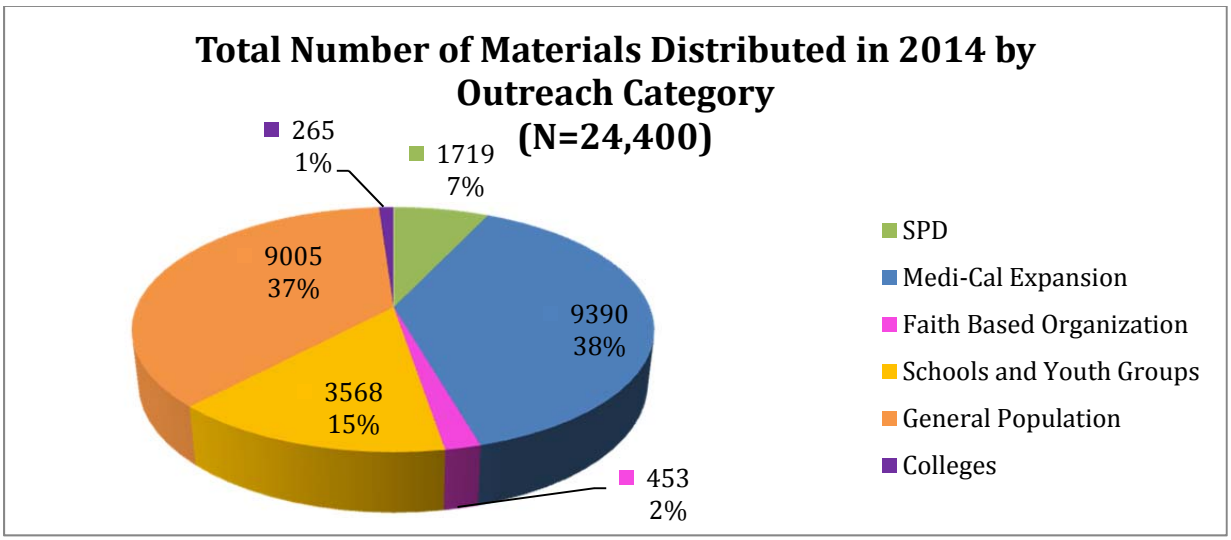
GCHP Outreach Department has identified six general outreach categories including: seniors and persons with disabilities (SPD), activities related to Medi-Cal Expansion Program, outreach activities related to faith based organizations, school and youth groups / organizations, young adults, college students, and the general population.

During the calendar year of 2014, the majority (35%) of outreach activities conducted was related to health care reform and the Medi-Cal Expansion Program. Approximately 32%, of the outreach activities conducted was towards the general community and population. A quarter (25%) of the outreach activities was geared towards schools and youth groups; and the remaining (8%) of the outreach activities targeted the SPD population, young adults, college students, and faith based organizations.

Below is a summary report of the total number of participants reached and materials distributed in 2014.



In 2014, approximately 18,395 or (38%) of materials distributed related to the Medi-Cal Expansion and 37% of the materials were distributed to the general population. Below is a chart that outlines the total number of materials distributed in 2014 by outreach category.



COMPLIANCE UPDATE

Gold Coast Health Plan (GCHP) is slated for a Department of Health Care Services (DHCS) medical audit in February 2015. Auditors from Audits and Investigations (A&I) will be onsite for approximately two weeks. Pre-audit data and documents were requested and have been submitted to A&I.

The DHCS corrective action plan, Financial (Addendum A) remains open, however GCHP per DHCS instruction was able to terminate the State appointed monitors contract as a result of continuously meeting requirements. The Plan continues to submit items on a monthly basis as required by the CAP for those items which remain open.

Compliance continues to monitor and ensure that all employees and temporary employees are trained and retrained on HIPAA and Fraud, Waste and Abuse. In addition, compliance and information technology staff conducts random internal audits for HIPAA and PHI issues. Compliance staff is evaluating current processes to identify any gaps that may exist and or opportunities for improvement.

GCHP continues to meet all regulatory contract submission requirements. In addition to routine deliverables, GCHP provides weekly and monthly reports to DHCS as a part of ongoing monitoring activities. All regulatory agency inquiries and requests are handled timely and required information is provided within the required timeframe. Compliance staff is actively engaged in sustaining contract compliance.

GCHP is required to conduct delegation oversight audits on functions which are delegated. Routine reporting from delegates to the Plan is contractually required and must be actively monitored. Reporting statistics from delegates can be found in the compliance dashboard. An annual audit schedule was created and staff is working through each audit.

The Plan has conducted annual audits and issued the following corrective action plans in 2014:

Major Provider Groups Credentialing Audit Summary:

	Delegate 1	Delegate 2	Delegate 3
On-Site Audit	January 2014	January 2014	January 2014
CAP* Issued	March 2014	March 2014	March 2014
CAP* Closed	April 2014	April 2014	April 2014

Behavioral Health, Specialty Contract, Vision, NEMT Audit Summary:

	MBHO	Specialty	Vision	NEMT
On-Site Audit	August 2014	June 2014 (UM) August 2014 (Claims)	October 2014	December 2014
Claims CAP* Issued	October 2014	September 2014	November 2014	December 2014
UM CAP Issued	October 2014	July 2014	November 2014	N/A
Claims CAP Closed	In Progress	November 2014	November 2014	In Progress
UM CAP Closed	December 2014	November 2014	November 2014	N/A

**CAP issued for NEMT was based on transportation audit tool*

The Plan received additional information from the Department of Health Care Services (DHCS) on October 1, 2014 and January 9, 2015 relative to oversight auditing requirements for Kaiser. Once a final determination is confirmed by DHCS the Plan will align activities to ensure compliance. Given the active ongoing discussions relative to oversight specific to Kaiser the Plan has elected to place the annual audit on hold. The Plan anticipates final resolution by DHCS soon and the Plan will conform to DHCS policy once released.

Credentialing audits for 2015 are currently in process for the (3) medical groups GCHP delegates credentialing too. The audits will be completed during the month of January 2015.

The Plan continues to monitor delegates through contractual required reporting. Reports are reviewed and when deficiencies are identified the Plan issues letters of non-compliance. This process is monitored, tracked and reported to the compliance committee. In addition the aggregate information is provided to the commission on the compliance dashboard.

Gold Coast Health Plan℠
A Public Entity

COMPLIANCE REPORT 2014

Category		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Hotline A confidential telephone and web-based process to collect info on compliance, ethics, and FWA	Referrals *one referral can be sent to multiple referral agencies*	5	9	6	2	6	2	6	2	8	11	3	8
Hotline Referral *FWA	Department of Health Care Services Program Integrity Unit / A&I	0	0	0	0	0	0	2	0	1	1	0	0
Hotline Referral *FWA	Department of Justice	0	0	0	0	0	0	1	0	0	0	0	0
Hotline Referral	Internal Department (i.e. Grievance & Appeals, Customer Services etc.)	1	5	5	2	6	2	3	1	6	10	2	8
Hotline Referral	External Agency (i.e. HSA)	2	2	0	0	0	0	0	0	1	0	1	0
Hotline Referral	Other * Legal, HR, DHCS (Division outside of PIU i.e. eligibility, note to reporter), etc.	2	2	1	0	0	0	1	0	0	0	0	0
Delegation Oversight The committee's function is to ensure that delegated activities of subcontracted entities are in compliance with standards set forth from GCHP contract with DHCS and all applicable regulations	Delegated Entities	8	8	8	8	8	8	8	8	8	8	8	8
	Reporting Requirements Reviewed **	8	9	21	24	21	16	26	34	22	32	22	40
	Audits conducted	3	0	0	0	1	0	0	1	1	1	0	1
Delegation Oversight	Letters of Non-Compliance	0	0	0	0	0	0	1	1	3	1	1	2
Delegation Oversight	Corrective Action Plan(s) Issued to Delegates	3	0	0	0	0	0	1	0	1	2	0	1
Audits External regulatory entities evaluate GCHP compliance with contractual obligations.	Total	1	0	1	0	0	0	0	0	0	0	0	0
	Medical Loss Ratio Evaluation performed by DMHC via interagency agreement with DHCS	1	0	0	0	0	0	0	0	0	0	0	0
	DHCS Facility Site Review & Medical Records Review *Audit was conducted in 2013*	0	0	0	0	0	0	0	0	0	0	0	0
	HEDIS Compliance Audit (HSAG)	0	0	1	0	0	0	0	0	0	0	0	0
	DHCS Member Rights and Program Integrity Monitoring Review *Review was conducted in 2012*	0	0	0	0	0	0	0	0	0	0	0	0
	DHCS Medical Audit *Audit was conducted in 2012*	0	0	0	0	0	0	0	0	0	0	0	0
Fraud, Waste & Abuse The Fraud Waste and Abuse Prevention process is intended to prevent, detect, investigate, report and resolve suspected and /or actual FWA in GCHP daily operations and interactions, whether internal or external.	Total Investigations	5	9	6	2	6	2	6	4	8	11	3	8
	Investigations of Providers	0	0	1	0	0	1	1	0	0	0	0	0
	Investigations of Members	5	9	5	2	6	1	5	0	8	11	3	8
	Investigations of Other Entities	0	0	0	0	0	0	0	0	0	0	0	0
	Fulfillment of DHCS/DOJ or other agency Claims Detail report Requests	0	1	1	0	1	0	1	0	1	0	0	1
HIPAA Appropriate safeguards, including administrative policies and procedures, to protect the confidentiality of health information and ensure compliance with HIPAA regulatory requirements.	Referrals	0	3	0	1	1	2	1	4	4	3	0	0
	State Notification	0	3	0	1	1	2	1	0	4	3	0	0
	Federal Notification	0	0	0	0	0	0	0	0	0	0	0	0
	Member Notification	0	1	0	0	0	0	0	0	1	7	0	0
	HIPAA Internal Audits Conducted	0	0	0	0	1	0	0	1	0	0	0	0
Training Staff are informed of the GCHP's Code of conduct, Fraud Waste and Abuse Prevention Program, and HIPAA	Training Sessions	49	11	71	44	21	27	96	18	17	17	14	3
	Fraud, Waste & Abuse Prevention	22	4	63	26	6	4	8	8	5	5	4	1
	Fraud, Waste & Abuse Prevention (Member Orientations)	2	2	2	2	4	4	4	0	0	1	1	0
	Code of Conduct	1	1	5	7	5	7	8	3	5	5	4	1
	HIPAA (Individual Training)	24	4	1	9	5	5	73	7	5	5	4	1
	HIPAA (Department Training)	0	0	0	0	1	3	3	0	2	1	1	0

** Reporting Requirements are defined by functions delegated and contract terms. Revised contracts, amendments or new requirements form DHCS may require additional requirements from subcontractors as a result the number is fluid

** Audits- Please note multiple audits have been conducted on the Plan, however many occurred in 2012 and 2013 and will be visible on the annual comparison dashboard

** This report is intended to provide a high level overview of certain components of the compliance department and does not include/reflect functions the department is responsible for on a daily basis.

AGENDA ITEM 4c

To: Gold Coast Health Plan Commission

From: Ruth Watson, Chief Operating Officer / Interim CEO

Date: January 26, 2015

Re: COO Update

OPERATIONS UPDATE

Membership – Gold Coast Health Plan (GCHP) experienced large membership increases in both December and January, adding 4,865 members in December and 4,658 in January. GCHP's membership as of January 1, 2015 is 178,163, which represents an increase of 59,651 members or approximately 50% since January 1, 2014 and the start of Medi-Cal Expansion. The cumulative new membership since January 1, 2015 is summarized as follows:

L1 (Low Income Health Plan) – 6,508
M1 (Adult Expansion) – 30,107
7U (CalFresh Adults) – 3,390
7W (CalFresh Children) – 872
7S (Parents of 7Ws) – 478
Traditional Medi-Cal – 18,296

We continue to see decreases in the L1 and 7U aid code categories with ongoing increases in M1. We will be monitoring the changes to the 7W and 7S aid code categories beginning in January to determine the impact of members transitioning from Covered CA coverage to Medi-Cal.

	14-Jan	14-Feb	14-Mar	14-Apr	14-May	14-Jun
L1	7,618	8,083	8,154	8,134	8,118	7,975
M1	183	1,550	2,482	4,514	7,279	10,910
7U	0	0	1,741	3,584	3,680	3,515
7W	0	0	0	684	714	691
7S						3

	14-Jul	14-Aug	14-Sep	14-Oct	14-Nov	14-Dec
L1	7,839	7,726	7,568	7,443	7,289	6,972
M1	15,606	18,585	21,944	23,569	24,060	27,176
7U	3,453	3,400	3,368	3,312	3,254	3,204
7W	667	624	606	296	599	589
7S	4	4	5	11	14	15

	15-Jan	15-Feb	15-Mar	15-Apr	15-May	15-Jun
L1	6,508	0	0	0	0	0
M1	30,107	0	0	0	0	0
7U	3,390	0	0	0	0	0
7W	872	0	0	0	0	0
7S	478	0	0	0	0	0

Member Orientation Meetings – GCHP Member Services was very successful in increasing attendance at Member Orientation Meetings during 2014. As a result of providing meetings in multiple locations throughout the county, including Saturday and evening sessions, GCHP saw attendance increase by 471% from July through December. The increase can be primarily attributed to the inclusion of meeting information in new member packets beginning in July 2014.

2014 Member Orientation Meeting Attendance Summary

Month	Member		County Workers/Other	TOTAL
	English	Spanish		
January	2	0	0	2
February	6	1	0	7
March	2	2	1	5
April	2	0	1	3
May	6	0	0	6
June	3	1	1	5
July*	11	5	3	19
August	24	11	1	36
September	23	10	10	43
October	6	0	0	6
November	10	9	1	20
December	7	1	0	8
Totals	102	40	18	160

*Inclusion of meeting flyer in New Member packets began

November and December 2014 Operations Summary

Claims Inventory – ended November with an inventory of 41,660 claims and December with an inventory of 46,429; this equates to Days Receipt on Hand (DROH) of 7 and 8 days, respectively. GCHP is now receiving more than 6,000 claims per day. Monthly claim receipts from January through December are as follows:

Month	Total Claims Received	Receipts per Day
January	91,130	4,340
February	90,048	4,739
March	109,857	5,231
April	110,855	5,039
May	108,312	5,158
June	116,474	5,546
July	117,136	5,324
August	108,695	5,176
September	119,233	5,678
October	134,274	5,838
November	111,182	6,177
December	128,087	6,099

Claims TAT – the regulatory requirement of processing 90% of clean claims within 30 calendar days was met in November (90.7%) but not in December (82.2%). The Thanksgiving and Christmas holidays, coupled with high claim receipts in December, were the major drivers in not meeting the TAT in December. Xerox has submitted an Inventory Reduction Plan to GCHP and the daily inventory is being monitored closely.

Claims Processing Accuracy – financial accuracy remained on goal in both November (99.53%) and December (99.3%). Procedural accuracy also exceeded the goal in November and December at 99.97% for both months.

Call Volume – call volume fell under 10,000 in both November and December as a result of holiday closures in both months. The number of calls received in November dropped to 8,038 but rose to 9,345 in December.

Average Speed to Answer (ASA) – even though the ASA increased in both November and December, GCHP continued to exceed the goal of answering calls within 30 seconds or less. The combined results (Member, Provider and Spanish lines) for November were 13.8 seconds and results for December were 22.2 seconds.

Abandonment Rate – the abandonment rate continued to remain exceedingly low. The goal is 5% or less of the calls received being abandoned; November's results were 0.5% and December was 1.02%.

Average Call Length – the combined result of 6.46 minutes in November met the goal of 7 minutes or less. December's combined results were slightly above goal at 7.08 minutes.

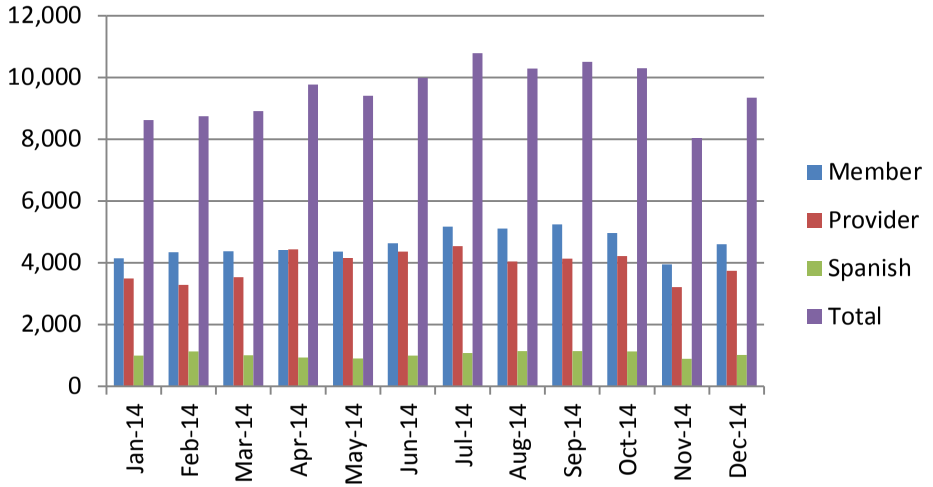
Noteworthy Activities – Operations continues to lead or be involved in the following projects:

- 35C to 837 Encounter Data Transition – DHCS moved the implementation date for this project to January 2015 from the prior date of October 1, 2014. GCHP moved successfully through all phases of testing and has been approved to move into production. **GCHP is only the third plan statewide that has been approved to submit encounter data in the new format.**
- Encounter Data Improvement Project (EDIP) – improve the quality of the data sent to DHCS in order to meet new quality measures established by the State beginning January 2015.
- ICD-10 Readiness – regulatory requirement to implement new code set effective October 1, 2015.
- Crossover Claims – preliminary project work commenced August 2014; implementation is scheduled for First Quarter 2015.
- Plan Selection – PCP selection during sign-up via Covered California; information matched once Medi-Cal beneficiary becomes a GCHP member. DHCS has canceled the monthly conference calls with the COHS and is currently focusing on non-COHS plans.

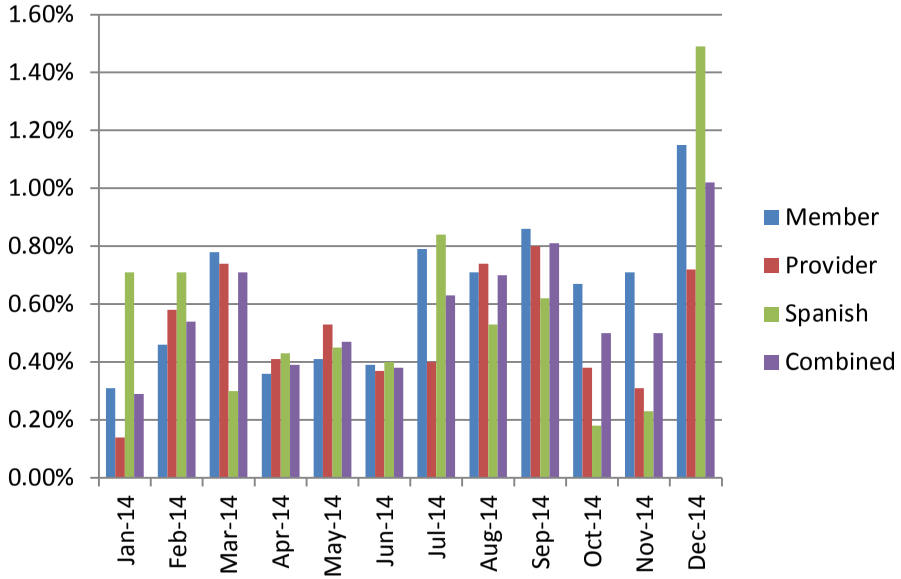
GCHP Call Center Metrics – December 2014

- Due to the Christmas holiday, call volume remained below 10,000 calls for the month
- Abandonment rate and ASA remain well within goal

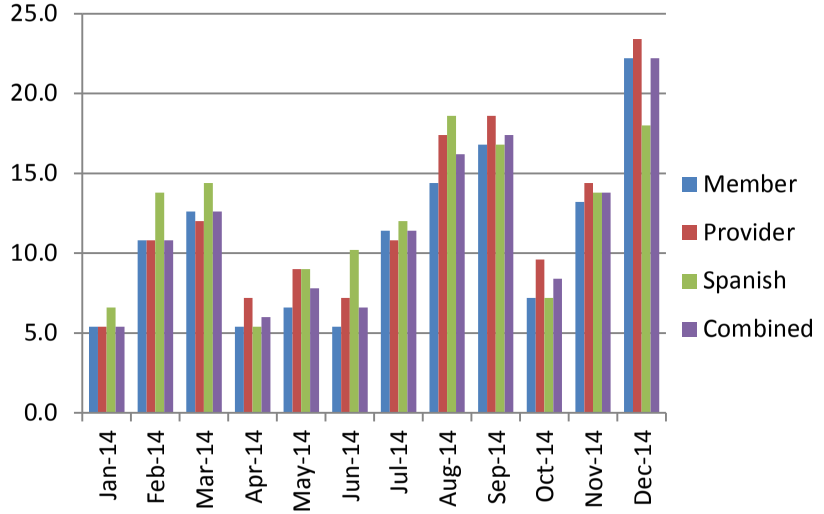
Call Center Volume



Abandonment Rate
(goal is 5% or less)



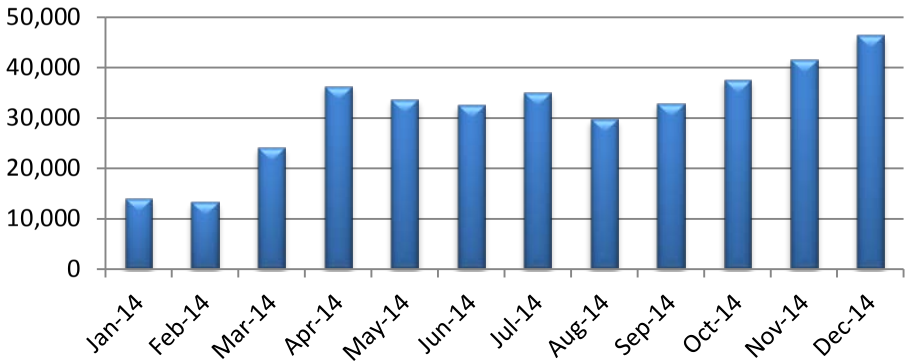
Average Speed of Answer (ASA)
(goal is 30 seconds or less)



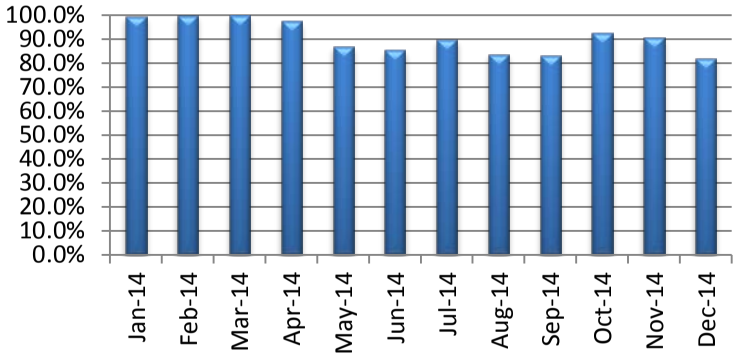
GCHP Claims Metrics – December 2014

- 30 Day Turnaround Time was not met in December with 82.2% of clean claims processed within 30 calendar days
- Ending Inventory equals 8 Days Receipt on Hand (DROH) compared to goal of 5 days
- Financial and Procedural Accuracy both exceeded required Service Levels

Ending Inventory

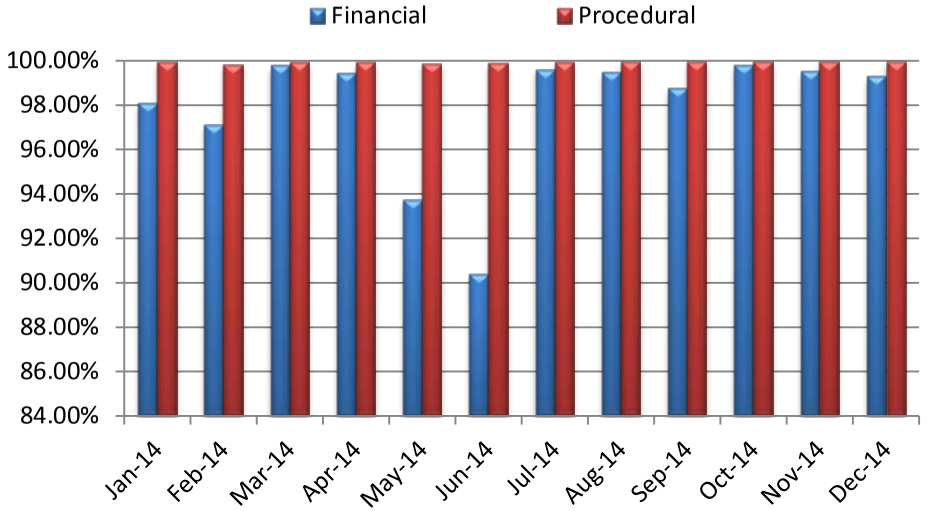


Clean Claims Processed within 30 Calendar Days



Regulatory requirement – 90% of clean claims must be processed within 30 calendar days

Financial and Procedural Accuracy



Financial Accuracy – 98% or higher
Procedural Accuracy – 97% or higher

GCHP Auto Assignment by PCP / Clinic as of January 1, 2015

	Jan-15		Dec-14		Nov-14		Oct-14		Sep-14		Aug-14	
	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
AB85 Eligible	**1,311**		**1,350**		**1,390**		**2,494**		**2,726**		**3,687**	
VCMC	983	74.98%	1,012	74.96%	1,042	74.96%	1,870	74.98%	2,044	74.98%	2,765	74.99%
Balance	328	25.02%	338	25.04%	348	25.04%	624	25.02%	682	25.02%	922	25.01%
Regular Eligible	**1,357**		**1,215**		**1,462**		**1,631**		**2,192**		**1,698**	
Regular + AB 85 Balance	**1,685**		**1,553**		**1,810**		**2,255**		**2,874**		**2,620**	
Clinicas	373	22.14%	323	20.80%	433	23.92%	529	23.46%	666	23.17%	610	23.28%
CMH	178	10.56%	160	10.30%	197	10.88%	261	11.57%	314	10.93%	282	10.76%
Independent	48	2.85%	43	2.77%	40	2.21%	57	2.53%	69	2.40%	52	1.98%
VCMC	1,086	64.45%	1,027	66.13%	1,140	62.98%	1,408	62.44%	1,825	63.50%	1,676	63.97%
Total Assigned	**2,668**		**2,565**		**2,852**		**4,125**		**4,918**		**5,385**	
Clinicas	373	13.98%	323	12.59%	433	15.18%	529	12.82%	666	13.54%	610	11.33%
CMH	178	6.67%	160	6.24%	197	6.91%	261	6.33%	314	6.38%	282	5.24%
Independent	48	1.80%	43	1.68%	40	1.40%	57	1.38%	69	1.40%	52	0.97%
VCMC	2,069	77.55%	2,039	79.49%	2,182	76.51%	3,278	79.47%	3,869	78.67%	4,441	82.47%

Auto Assignment Process

- 75% of eligible Adult Expansion (AE) members (M1 & 7U) are assigned to the County as required by AB 85
- The remaining 25% are combined with the regular eligible members and assigned using the standard auto assignment process, i.e., 3:1 for safety net providers and 1:1 for all others
- The County's overall auto assignment results will be higher than 75% since they receive 75% of the AE members plus a 3:1 ratio of all other unassigned members
- AB 85 assignment began in March 2014 for members eligible in January 2014

AGENDA ITEM 4d

To: Gold Coast Health Plan Commission

From: Melissa Scrymgeour, Chief Information Officer

Date: January 26, 2015

Re: CIO Update

Infrastructure and Systems

Information security is a top priority for the Plan. As part of its information security program, GCHP IT has implemented or is in process of implementing enhancements in several information technology areas, including additional hardening of firewalls and web traffic filtering, as well as optimization of print, file and secure file transfer hardware and services. Additionally, the Plan has implemented new policies and procedures around the audit and review of information security controls for external vendors (business associates) whose functions or services involve the use or disclosure of protected health information (PHI).

In today's complex work environment, with multiple internal and external applications, emails, and websites to access, it is increasingly difficult for employees to keep track of passwords. To reduce the number of internal GCHP passwords, IT, in the last quarter of 2014, completed a project to merge the current network and email passwords, allowing users to manage and use a single password for both services.

Project Management Office (PMO)

At the FY 2014-15 halfway point, the GCHP project portfolio consists of 30 approved projects - two of which have been segregated into phases. The Plan used this project list to facilitate development of the FY 2014-15 budget as an outcome of a high-level 3 year outlook of potential key programs and strategic initiatives presented during the May 2014 Commission meeting. Since approval of the FY 2014-15 budget, the GCHP Project Steering Committee (PSC) has approved and prioritized 9 additional projects and deferred 2 to outside FY 2014-15. Of the total projects, 5 have been closed, 16 are currently in "active" status, and 9 are projected to kick off before the end of the fiscal year.

Listed below are the PMO project activity highlights for December and January 2014:

- Closed MedHOK Post-Implementation
- Kicked off Provider Contracts and Capitation Rebasing Evaluation (Phase 1)
- Kicked off ICD-10 Readiness Phase 2
- Kicked off ICES / IKA Upgrade (ACS project)

Planned for February:

- Close MedHOK SPD and ACG - Risk Stratification projects (Initially targeted for December 2014)
- Close Member Satisfaction Survey (Initially targeted for December 2014)
- Kickoff ACA Core Administrative Simplification Rules (CORE)
- Execute Disaster Recovery (DR) Test

FY2014-15 GCHP Projects:

- **ICD-10 Readiness (Phase 1 & Phase 2):** Transition all systems and providers from ICD-9 to ICD-10 by the revised Center for Medicaid and Medicare Services (CMS) mandated date of October 15, 2015.

- **Disease Management (DM) Program (Roadmap & Program):** Contractually required. Introduce formal DM program to better manage health outcomes for targeted member population. The initial Diabetes program will benefit roughly 10k members and help build a model for other diseases (CHF, COPD, and Prenatal).

- **Member Satisfaction:** Gauge and measure member satisfaction with GCHP, as requested by the Commission.

- **Xerox/ACS Service Organization Control (SOC) Audit:** Recommended by Plan financial auditor.

- **Encounter Data Improvement Project (EDIP):** Contractual requirement for State EDIP initiative. The State requires managed care plans to submit complete, accurate, timely and reasonable encounter data in a HIPAA compliant file format.

- **Delegation & Oversight Framework:** Institute standard delegation and oversight requirements, policies, and procedures for establishing provider contracts.

- **Business Continuity Planning (RFP & Implementation):** Contractual requirement to draft plan for critical business process resumption in the event of an emergency.

- **IT Disaster Recovery Planning:** Contractual requirement to draft plan for data and system recovery in the event of an emergency for business critical functions.

- **Crossover Claims:** Further optimizes claims processing accuracy and efficiencies to appropriately handle claims where a portion is covered by Medicare.

- **Operationalize Information Security Program** – Required to ensure ongoing HIPAA and HITECH (Health Information Technology for Economic and Clinical Health Act - 2009) compliance.

- **Social Media Policy & Roadmap:** Establish a communication strategy via social media platforms to members, providers and the general community.

- **ACA Core Administrative Simplification Rules (CORE):** Regulatory requirement to utilize standard electronic transaction sets as defined under the Affordable Care Act.

- **HR Flexible Work Program-Telework Policy:** Implement initiatives to attract and retain staff. Under consideration are a telework strategy, employee recognition, and flexible work schedules.

- **Pharmacy Benefits Manager (PBM) Implementation:** Consulting Vendor for RFP creation, RFP and possible implementation of new PBM.

- **MedHOK ACG-Risk Stratification:** Implement MedHOK ACG module for member risk stratification. Supports the GCHP disease management program.

- **Provider Contracts & Capitation Rebasing Evaluation:** Evaluation of provider capitation rates.

- **MedInsight Upgrade**: Upgrade of the existing Milliman MedInsight Business Intelligence (BI) Tool; moving from an on premise to hosted solution.

- **Provider Portal Evaluation:** Evaluate provider portal solutions in effort to streamline provider online experience for eligibility and claim inquiries, and authorization requests. Supports Plan "valued and trusted partner" strategy.

- **MedHOK SPD:** Implement MedHOK functional enhancements to meet State SPD assessment and reporting requirements.

- **MedHOK MMS Post Implementation:** Implement system fixes to resolve MedHOK post-implementation issues.

- **ICES / IKA Upgrades:** Software version upgrade for core administration processing and claims editing systems.

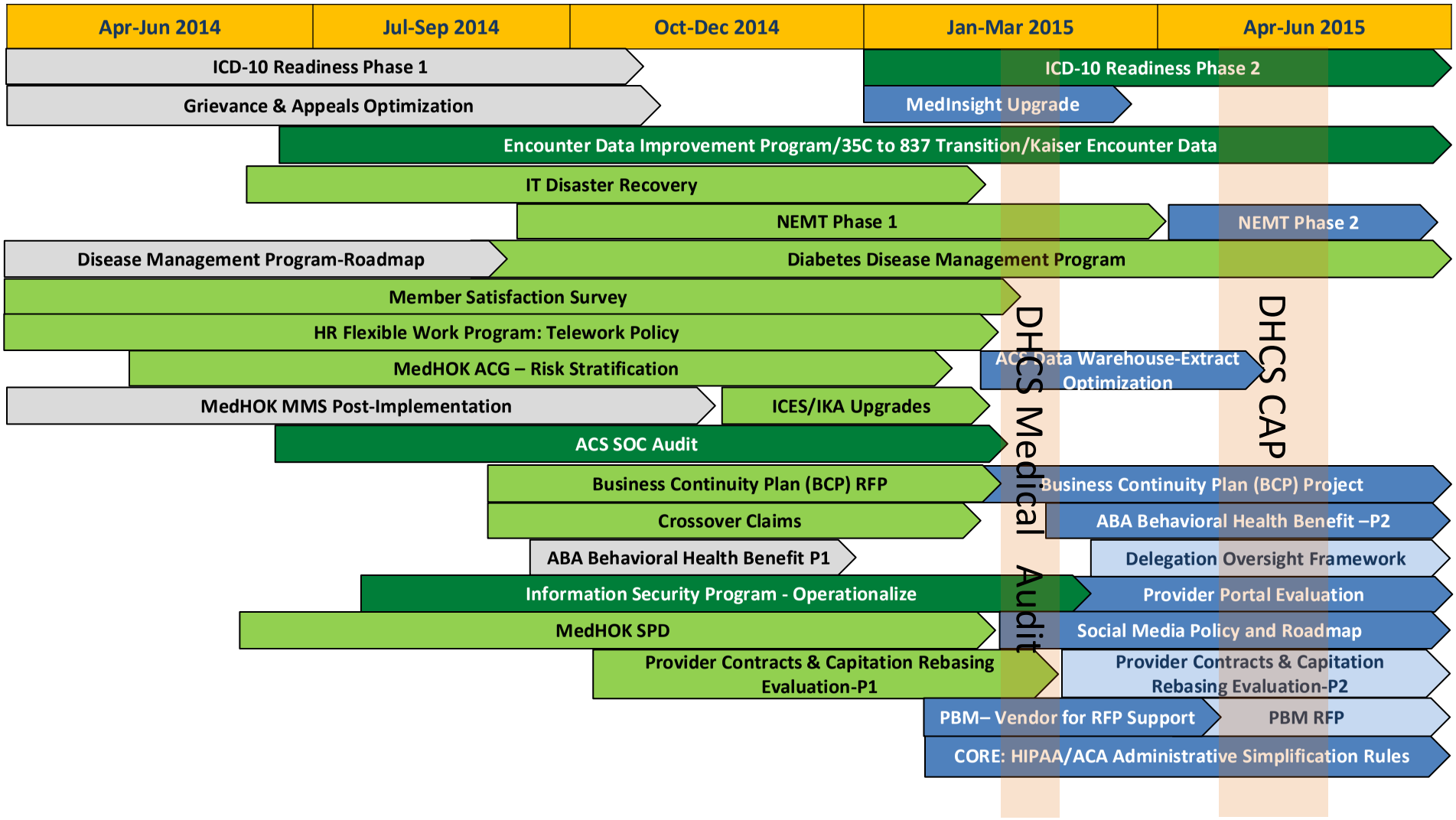
- **ACS Data Warehouse Extract Optimization:** Implement improvements to the nightly IKA data extract process for GCHP reporting.

- **Non - Emergency Medical Transportation (NEMT) - (Phase 1 and Phase 2):** Modify non-emergency medical transportation processes to ensure sustained regulatory and contractual compliance. Analyze and evaluate alternatives to existing benefit.

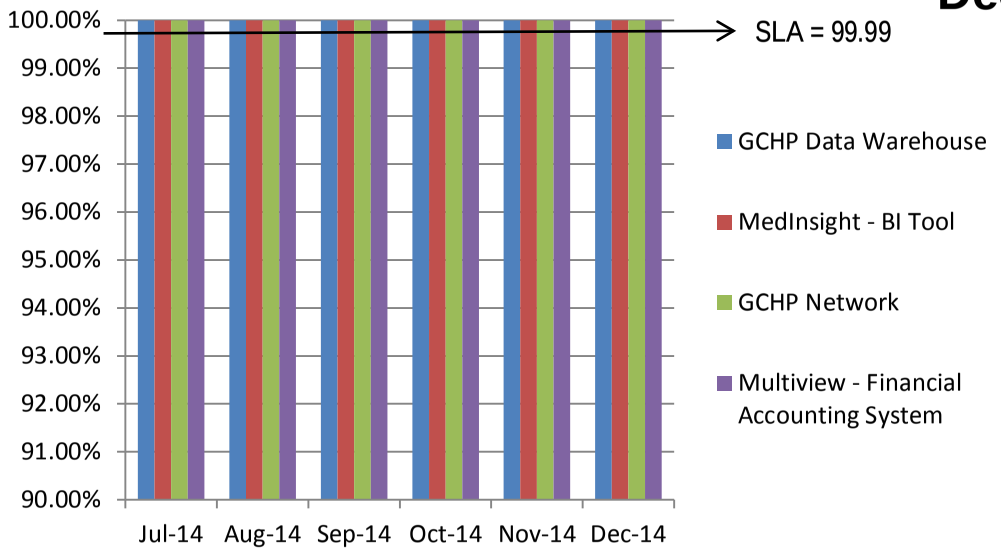
- **Behavioral Health Benefit for Autism Spectrum Disorder (ABA) - (Phase 1 and Phase 2):** Regulatory requirement to introduce Applied Behavioral Analysis (ABA) as a treatment for Autism Spectrum Disorder (ASD) effective September 15, 2014.

1/2015: GCHP Projects "At a Glance"

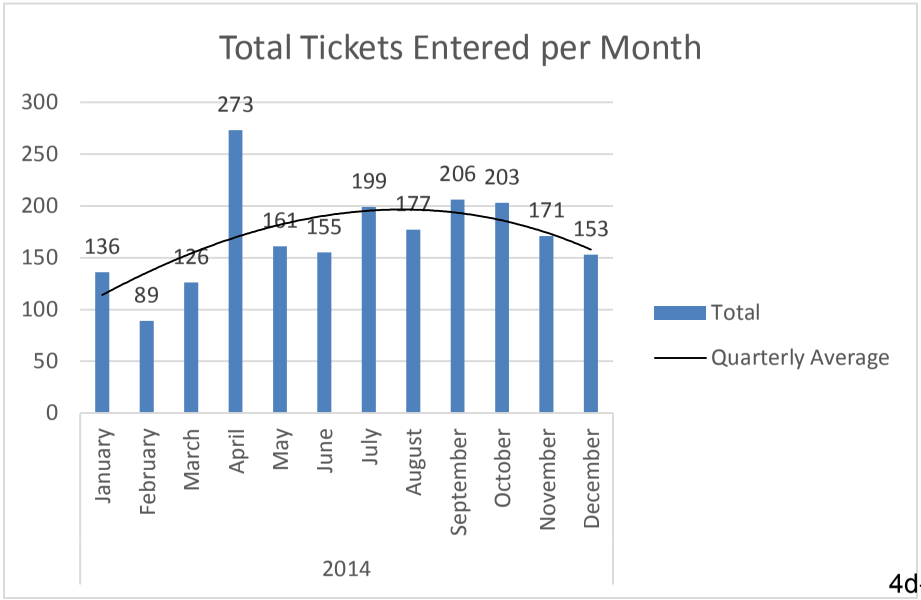
LEGEND:
GREEN- Active Projects (Lighter GREEN reflects Project Extensions)
BLUE –Approved FY14/15 Projects
Dark BLUE-Delayed Start
GREY-Closed

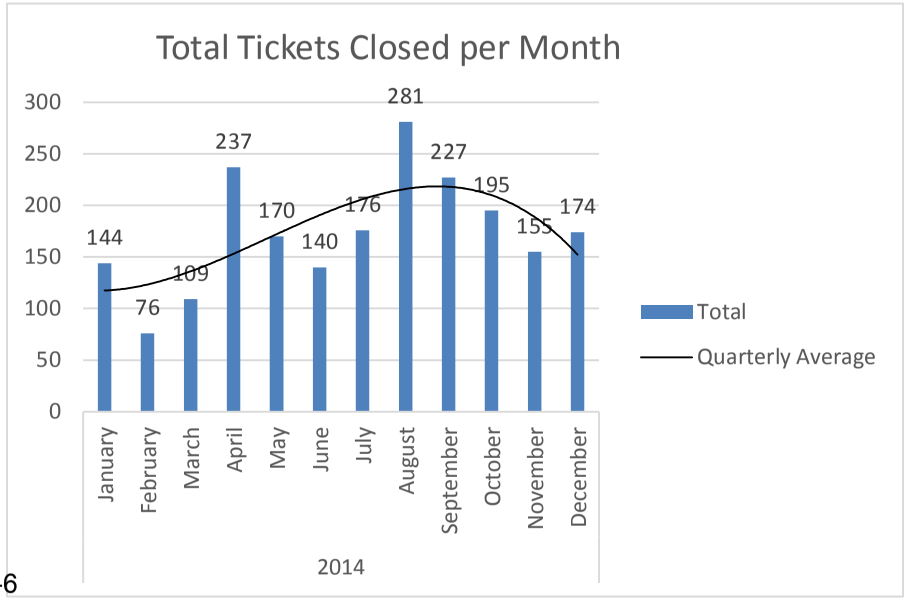


GCHP IT Metrics – December 2014



GCHP Helpdesk Service Ticket Trending





AGENDA ITEM 4e

To: Gold Coast Health Plan Commission

From: Dr. Nancy Wharfield, Associate Chief Medical Officer

Date: January 26, 2015

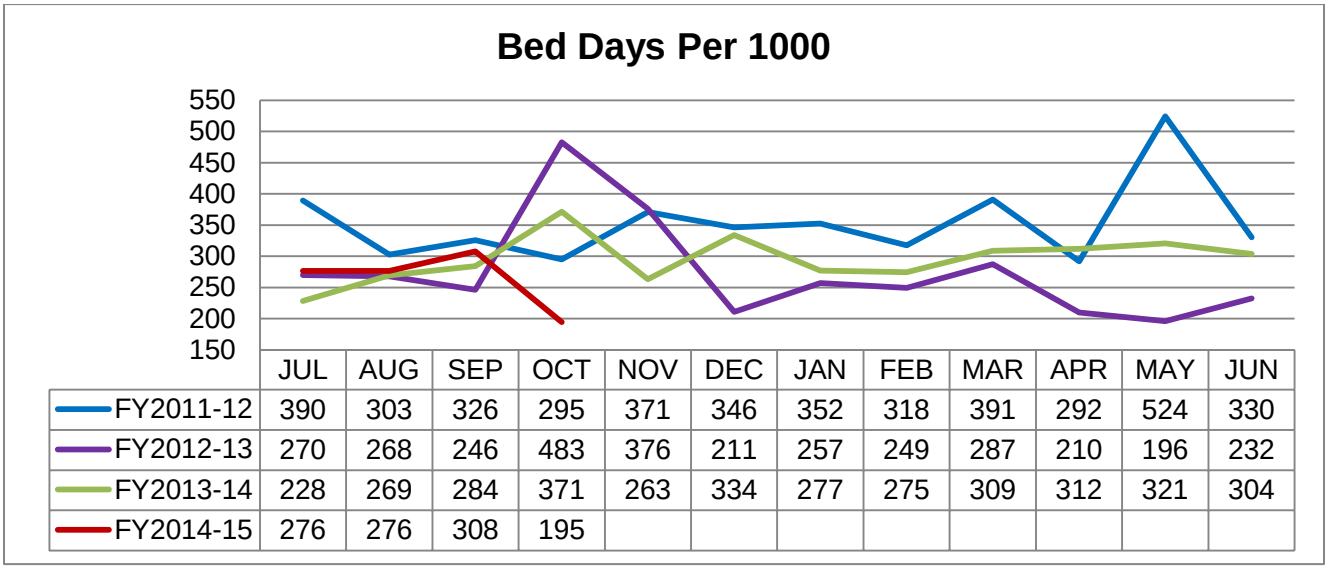
Re: Health Services Update

Utilization data in the Health Services monthly update to the Commission is based on paid claims compiled by date of service and is lagged by 3 months to allow for partial run out of claims data. Claims data is complete at approximately 6 months. While incomplete, a 3 month lagged snapshot allows us to see an estimate of utilization without waiting for a more complete 6 month report. Administrative days are included in these calculations. Dual eligible members, SNF, and LTC data is not included in this data.

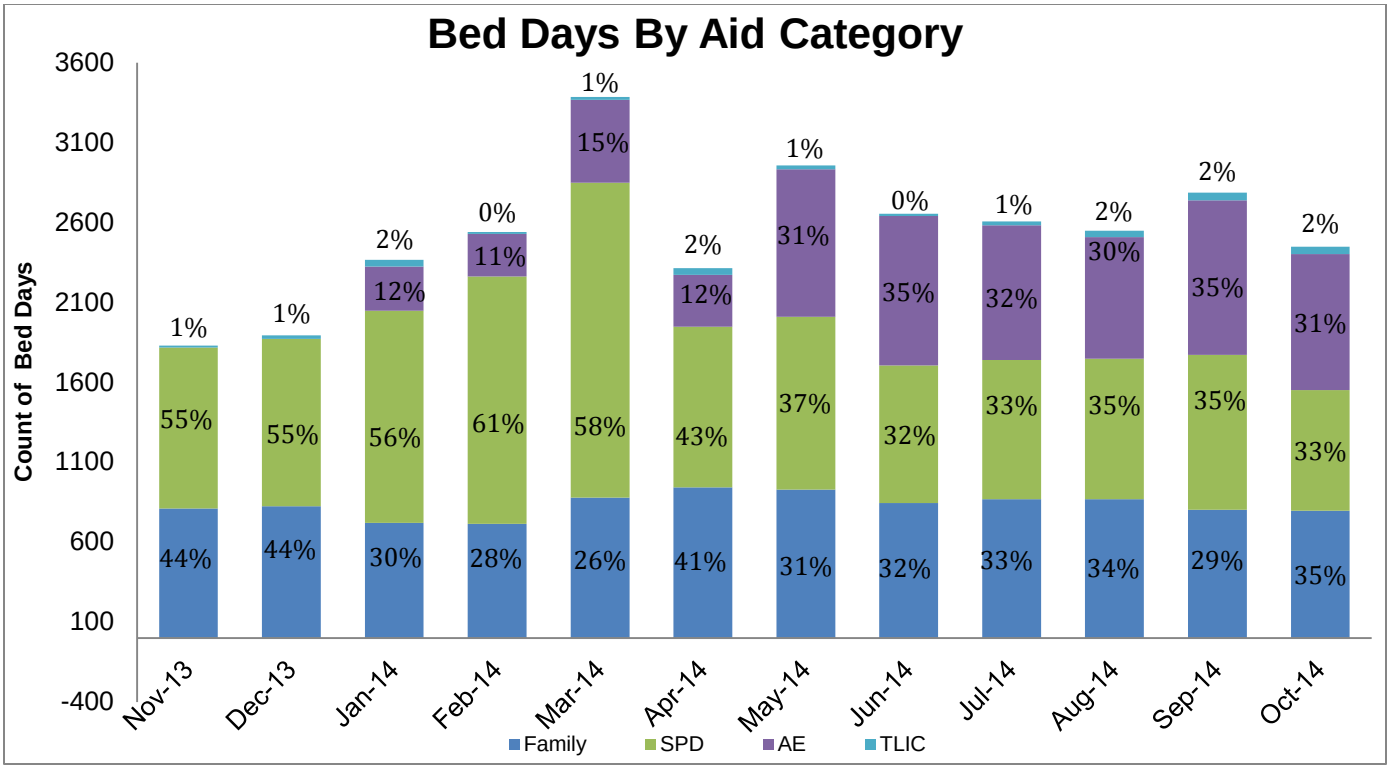
Inpatient Utilization

Bed days/1000 members decreased to approximately 200 for October 2014. This may be due to seasonal variation coupled with improved data analysis which excludes CBAS claims. Family, SPD, and AE aid code categories continue to account for about 1/3 of bed days each.

Benchmark: Reports of bed days/1000 members from available published data from other managed care plans range from 161 – 890/1000 members. There is variability of reporting of Administrative Days among managed care plans.



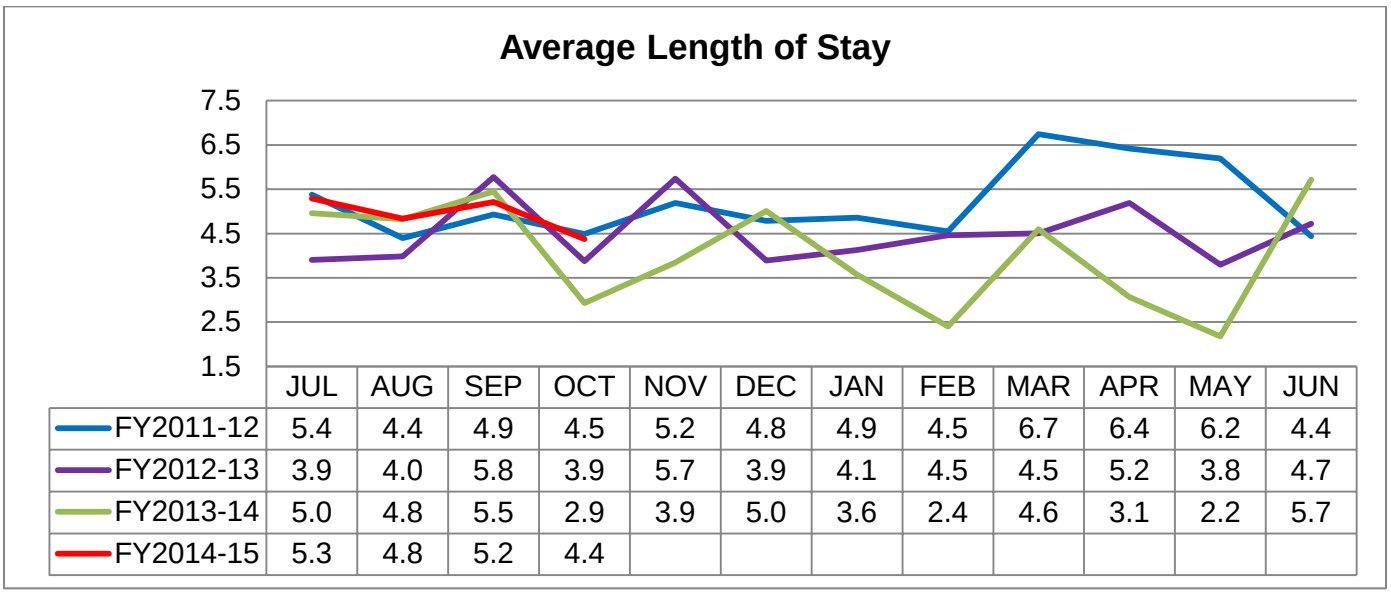
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
FY2011-12	390	303	326	295	371	346	352	318	391	292	524	330
FY2012-13	270	268	246	483	376	211	257	249	287	210	196	232
FY2013-14	228	269	284	371	263	334	277	275	309	312	321	304
FY2014-15	276	276	308	195								



Average Length of Stay

Average length of stay for FY 2014-15 year to date is 4.9 and is similar compared to the same period for FY 2013-2014 (4.6).

Benchmark: Average length of stay from available published data from other managed care plans range from 3.6 – 4.7. There is variability in reporting of Administrative Days among managed care plans.

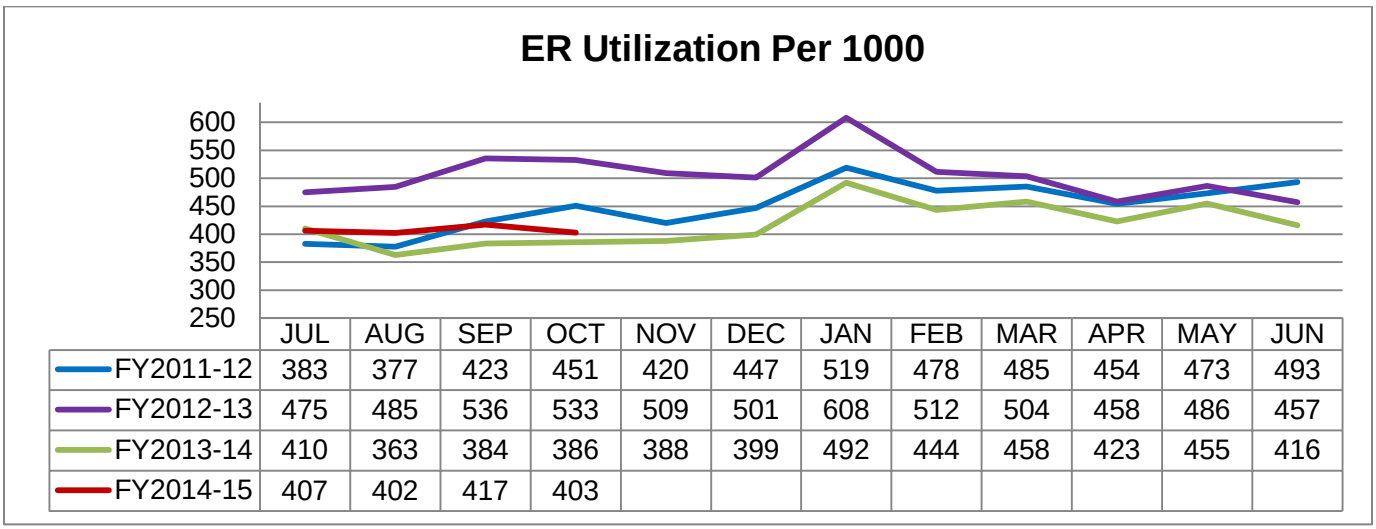


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
FY2011-12	5.4	4.4	4.9	4.5	5.2	4.8	4.9	4.5	6.7	6.4	6.2	4.4
FY2012-13	3.9	4.0	5.8	3.9	5.7	3.9	4.1	4.5	4.5	5.2	3.8	4.7
FY2013-14	5.0	4.8	5.5	2.9	3.9	5.0	3.6	2.4	4.6	3.1	2.2	5.7
FY2014-15	5.3	4.8	5.2	4.4								

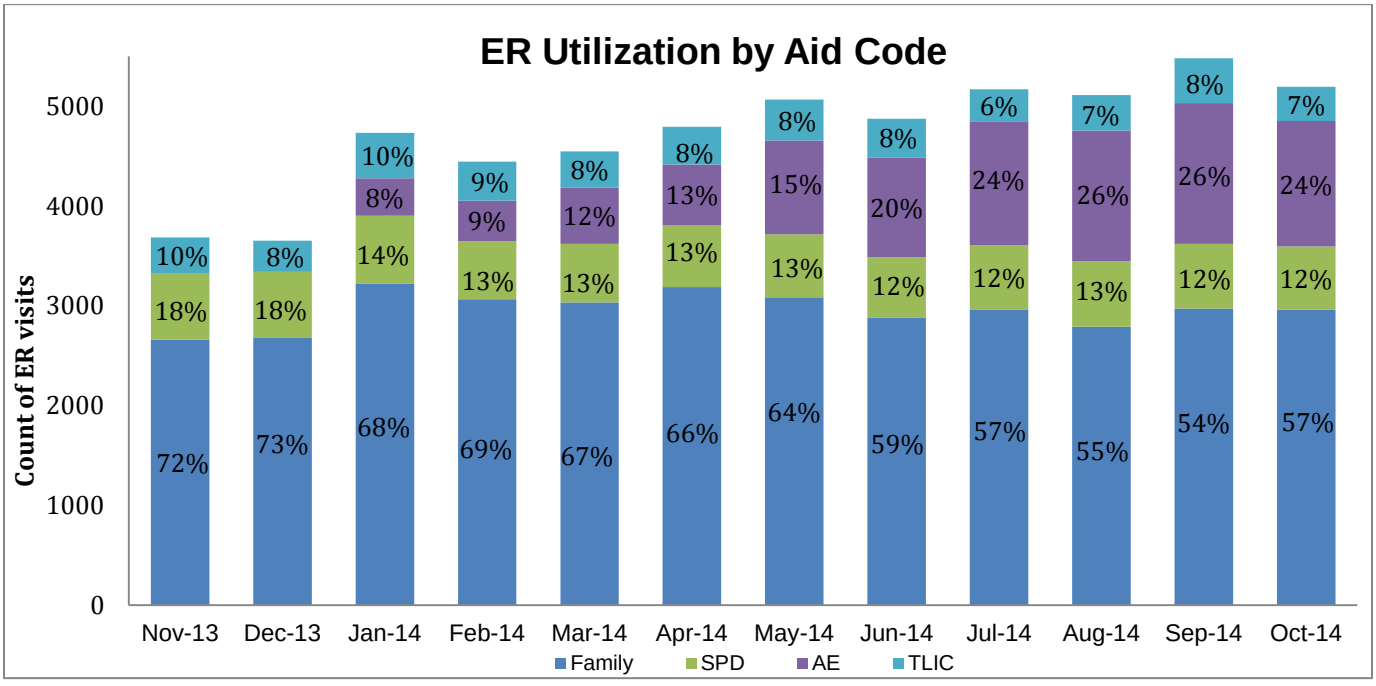
ER Utilization

ER Utilization/1000 members has plateaued at just over 400 for the current fiscal year and is slightly higher than the same period for FY 2013-14 (386). Family aid code group members continue to show the highest percentage of ER utilization.

Benchmark: ER utilization/1000 members from available published data from other managed care plans range from 554 – 877. For July through October 2014, Gold Coast Health Plan ER utilization/1000 member months is 34 compared with the August 2014 DHCS Managed Care Dashboard report of 41 ER visits/1000 member months.



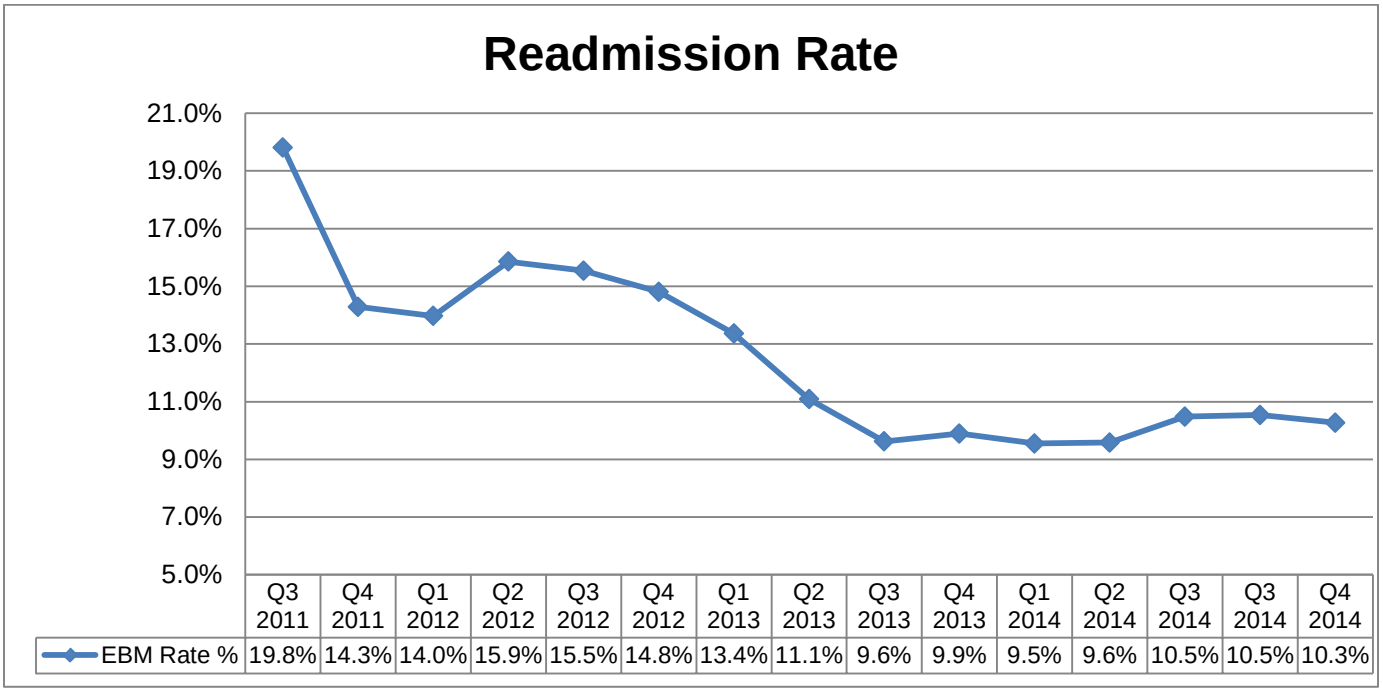
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
FY2011-12	383	377	423	451	420	447	519	478	485	454	473	493
FY2012-13	475	485	536	533	509	501	608	512	504	458	486	457
FY2013-14	410	363	384	386	388	399	492	444	458	423	455	416
FY2014-15	407	402	417	403								



Readmission Rate

Readmission rate has remained between 9.5% and 10.5% for the past 7 quarters.

Benchmark: The weighted average for the HEDIS 2013 All Cause Readmission Rate from the February 2014 Medi-Cal Managed Care Performance Dashboard is approximately 14.5%.

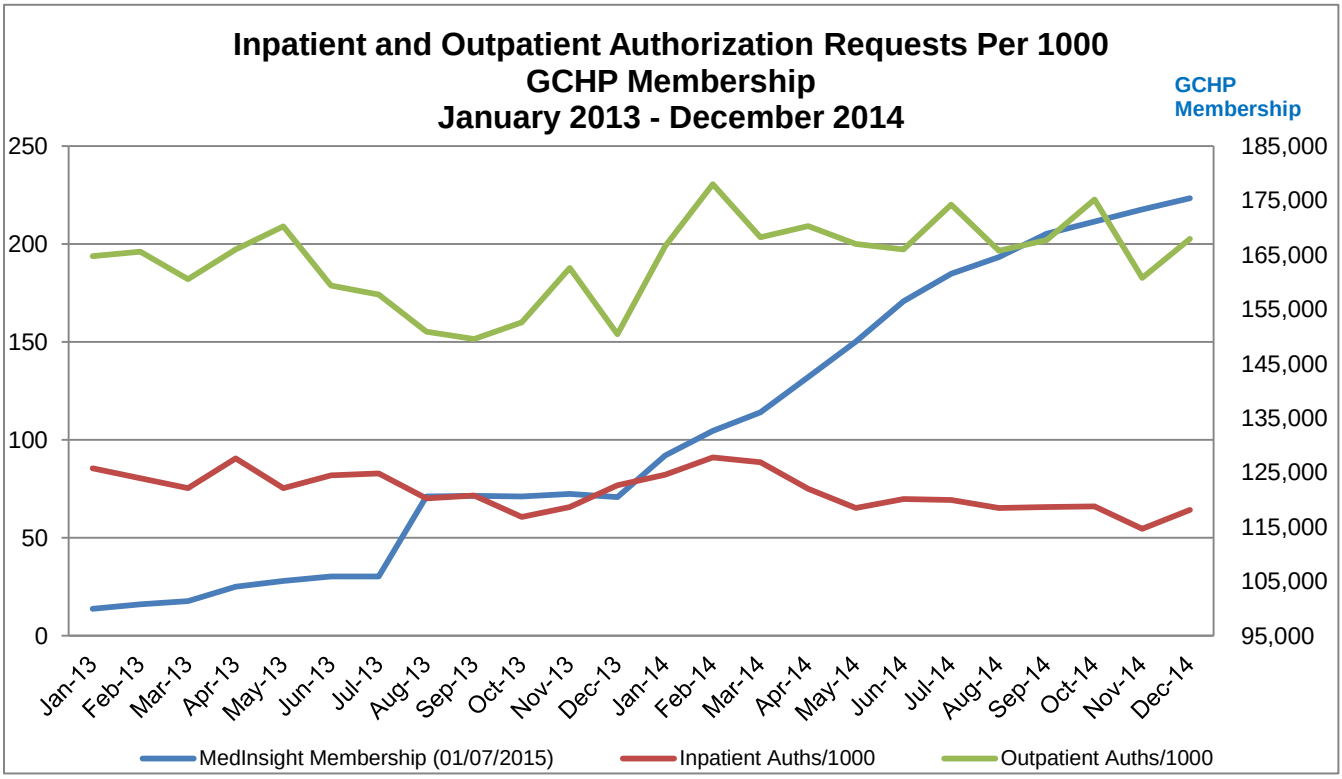


	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q3 2014	Q4 2014
EBM Rate %	19.8%	14.3%	14.0%	15.9%	15.5%	14.8%	13.4%	11.1%	9.6%	9.9%	9.5%	9.6%	10.5%	10.5%	10.3%

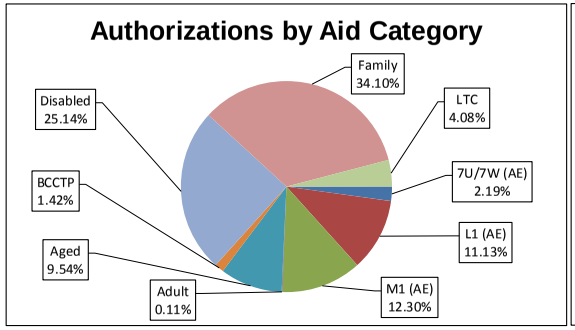
Authorization Requests

For calendar year 2014, requests for outpatient service outnumbered requests for inpatient service approximately 3:1. Outpatient requests for service/1000 members peaked in February July, and October of 2014. Requests for inpatient service reached a plateau at 75/1000 members or below for the last 8 months of 2014.

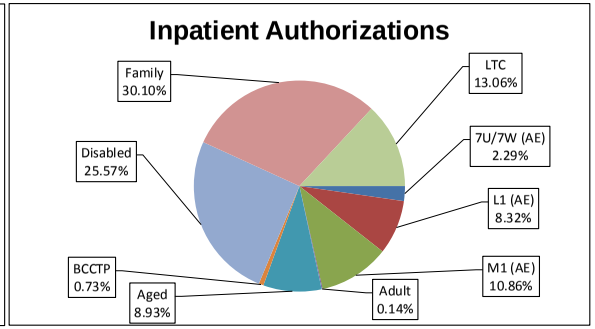
Among Medi-Cal expansion members new to Gold Coast Health Plan since January 1, 2014, outpatient service requests for M1 and L1 members predominated. For non-adult expansion members in 2014, service requests for Family and Disabled group members predominated.


Inpatient and Outpatient Authorization Requests Per 1000
GCHP Membership
January 2013 - December 2014
GCHP Membership
250
200
150
100
50
0
185,000
175,000
165,000
155,000
145,000
135,000
125,000
115,000
105,000
95,000
Jan-13
Feb-13
Mar-13
Apr-13
May-13
Jun-13
Jul-13
Aug-13
Sep-13
Oct-13
Nov-13
Dec-13
Jan-14
Feb-14
Mar-14
Apr-14
May-14
Jun-14
Jul-14
Aug-14
Sep-14
Oct-14
Nov-14
Dec-14
MedInsight Membership (01/07/2015)
Inpatient Auths/1000
Outpatient Auths/1000

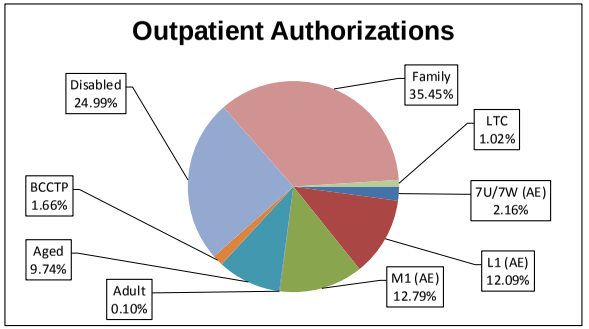
Gold Coast Health Plan Authorizations by Aid Category
January - December 2014



7U/7W (AE)	927
L1 (AE)	4,707
M1 (AE)	5,201
Adult	45
Aged	4,032
BCCTP	601
Disabled	10,629
Family	14,416
LTC	1,723
Total Auths	42,281



7U/7W (AE)	246
L1 (AE)	893
M1 (AE)	1,166
Adult	15
Aged	959
BCCTP	78
Disabled	2,745
Family	3,232
LTC	1,402
Total Auths	10,736



7U/7W (AE)	681
L1 (AE)	3,814
M1 (AE)	4,035
Adult	30
Aged	3,073
BCCTP	523
Disabled	7,884
Family	11,184
LTC	321
Total Auths	31,545

Data Source: MedHOK Authorizations by Aid Code Query on 01/12/2014

Grievance and Appeals

For calendar year 2014, the average number of grievances/quarter is 30. The number of grievances/1000 member months for calendar year 2014 was 0.06. The incidence of grievances for COHS model plans reported in the August 2014 DHCS Managed Care Dashboard was approximately 0.25.

Grievances

	Total Number
Q1 2014	**22**
Q2 2014	**34**
Q3 2014	**32**
Q4 2014	**31**

For calendar year 2014, the average number of appeals/quarter was 8.

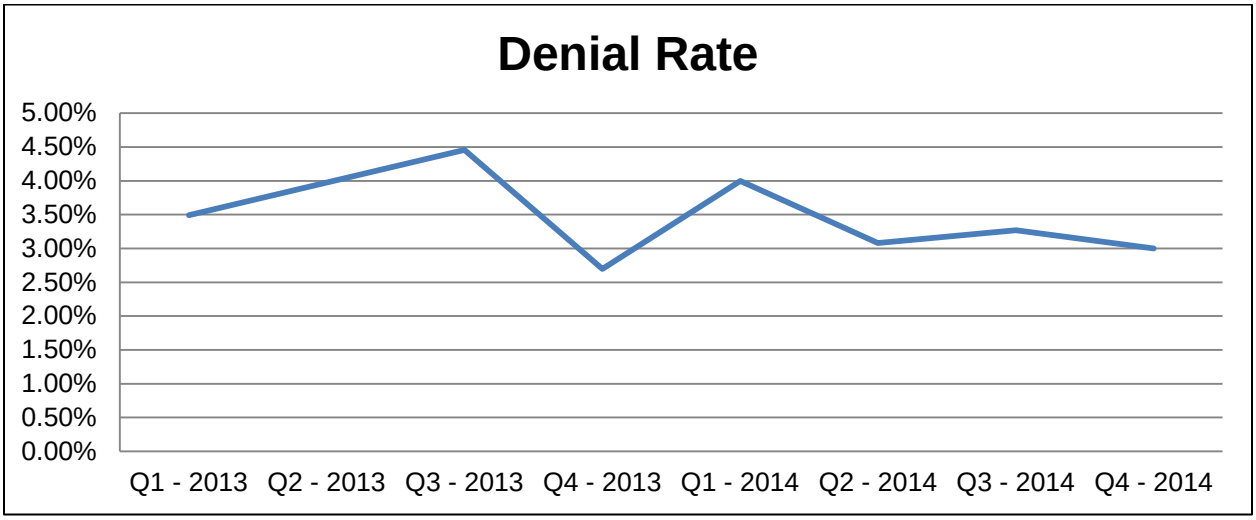
Appeals

Quarter	Total	Upheld	Partial Overturn	In Progress	Overturned
Q1 2014	**10**	**8 (80%)**	**-**	**-**	**2 (20%)**
Q2 2014	**3**	**2 (67%)**	**-**	**-**	**1 (33%)**
Q3 2014	**10**	**6 (60%)**	**-**	**-**	**4 (40%)**
Q4 2014	**10**	**3 (30%)**	**1 (10%)**	**2 (20%)**	**4 (40%)**

Denial Rate

Denial rate is calculated by dividing all not medically necessary denials by all requests for service. Denials for duplicate requests, member ineligibility, rescinded requests, other health coverage, or CCS approved case are not included in this calculation.

Average denial rate for calendar year 2013 was 3.66% and for 2014 was 3.34%.



Gold Coast Budget Overview
By Don Gilbert and Trent Smith
January 26, 2015

The Governor released his 2015-16 State Budget proposal earlier on January 9th. Initial media reports described it as "largely status quo" for health and human services programs. However, we believe there is a lot to consider for County Organized Health System (COHS) like Gold Coast.

First, the proposed Budget includes a reserve of $300 million to pay for certain high cost Hepatitis C drugs. In addition, the Administration will convene workgroups of "affected entities" to address the state's approach regarding high cost drug utilization policies and payment structures. The Budget augmentation is intended to cover all state programs, including Medi-Cal.

The Governor's Budget reports that Medi-Cal General Fund spending will increase 4.3 percent from $17.8 billion in 2014-15 to $18.6 billion in 2015-16. The Budget also assumes that Medi-Cal enrollment growth is assumed to grow by 2.1 percent to reach 12.1 million enrollees. With a projected Medi-Cal growth rate of approximately one million people annually, it is projected that 32 percent of the state's total population will be enrolled in Medi-Cal by 2015-16! Enrollment has increased by 7.9 million since 2012-13!

With these case numbers in mind, the Governor's Budget includes an additional $150 million ($48.8 million General Fund) for county Medi-Cal eligibility and enrollment services.

The Budget proposal suggests continuing the Skilled Nursing Quality Assessment Fee for an additional five years. Continuing this fee, which is scheduled to expire on July 31, 2015, will generate enough federal revenue to fund a rate increase of 3.62 percent beginning in August 2015.

The Budget includes $190 million ($89.9 million General Fund) in 2015-16 to fund behavioral health treatment for individuals with Autism Spectrum Disorder up to 21 years of age.

In an effort to provide comprehensive health care coverage, the Budget proposes to require individuals in various special care programs to seek comprehensive coverage in Covered California or Medi-Cal. The programs listed in the Governor's proposal include California Children's Services (CCS), Genetically Handicapped Persons Program, and Every Woman Counts Program. The proposal does not specify what "encourage" means, but we have been hearing for a while that the Administration would like to fold the CCS program into Medi-Cal. This proposal will be the focus of a lot of debate

throughout the Budget process, as similar proposals in the past have been very controversial among CCS families.

Some of the most surprising news came in the Governor's discussion of the Coordinated Care Initiative (CCI). The proposal states that CCI could cease operation January 2017 if the program does not generate enough state cost savings. The Budget document outlines several reasons why the CCI is currently not generating, nor is it projected in the future to generate, the types of state savings that had been initially projected. For example, there are fewer people currently participating in the CCI program than previously projected because fewer counties are participating in the program. In addition, many eligible enrollees are choosing not to enroll, while other populations are exempt under law from participating.

Federal decisions impacting the hourly wages for In Home Supportive Service (IHSS) workers has also increased costs for the CCI. In addition, the federal government has notified the state that its Managed Care Organization (MCO) tax is likely impermissible under Medicaid regulations. Losing approximately $1.1 billion in 2015-16 in federal revenue from the MCO tax would certainly impact the CCI program.

In addition, the savings generated from the CCI program was originally intended to be split 50-50 between the state and federal government. However, the federal government reduced the savings the state was allowed to keep to approximately 25-30 percent, thereby creating additional cost pressure on the CCI program.

Ultimately, the Governor is proposing abandoning the CCI program in 2017 unless some of the funding and savings shortfalls can be overcome.

As mentioned above, the current MCO Tax which generates over $1 billion in federal revenue for the state, has been ruled a violation of Medicaid regulations. The federal government's ruling determined that the California MCO tax does not have "winners and losers" but rather every entity paying the tax is getting their payment back in the form of higher Medi-Cal rates The Governor is proposing the new MCO tax proposal, as outlined below.

- Tax will be assessed on all plans regulated by DMHC and DHCS (plans regulated only by CDI would not be subject to the tax).
- Plans that are licensed to provide international cross-border coverage will be excluded from the tax.
- The tax will be assessed on total plan enrollment, excluding Medicare enrollees and plan-to-plan enrollees (for the subcontracted plan).
- The tax per enrollee will be tiered at different levels to achieve the goals of the proposal while still meeting federal tests for the fee/tax waivers.
- The taxing tiers would be established based on total member months in a fiscal year and designed to ensure no plan has a disproportionate tax based on its relative size (i.e., very small or very large).

- As required by actuarial practice and federal Medicaid regulation, the cost of the tax related to Medi-Cal beneficiaries will be incorporated into the capitation rates paid to Medi-Cal managed care plans.
- The net overall financial impact to all plans is estimated to be slightly less than one-half of one percent of the total aggregate revenue of plans subject to the tax.

This proposal will generate a lot of debate between now and the beginning of the July 1 fiscal year. Health plans that do not participate in the Medi-Cal program will have to be convinced to pay a tax, even a minimal tax, even though they will not receive any direct benefit. Obviously, this will be a very steep climb.

Finally, the Budget states that the Administration will hold stakeholder meetings throughout the year on the Medi-Cal 1115 Waiver Renewal. Several core areas will be discussed, including delivery system transformation and other provider or plan incentives, safety net funding reform, workforce development, housing and supportive services for targeted populations, and shared saving with the federal government. The Budget assumes savings for these undeveloped reforms.

Now that the Governor's Budget has been released, Legislative committees will soon begin meetings to review the specific proposals. The Legislature will decide whether to approve, reject, or amend specific elements of the Governor's Budget plan. However, most of the Legislature's action will come after the May Revise, when the Governor releases a modified Budget plan that reflects new state revenue projections determined after April tax filings. The Legislative Budget process provides the opportunity to lobby for or against any of the Governor's proposal, or other budget related items, that may be of interest to Gold Coast. We will work with your staff to identify any such items.