



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

Gold Coast Health Plan
Executive Conference Room
711 E. Daily Drive, Suite 106, Camarillo, CA 93010
Thursday, March 5, 2015
3:00 p.m.

AGENDA

CALL TO ORDER / ROLL CALL

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

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

1. APPROVE MINUTES

- a. [February 4, 2015 Regular Executive / Finance Meeting Minutes](#)

2. APPROVAL ITEMS

- a. Discussion and Consideration of Opening an Account with the County of Ventura and Local Agency Investment Fund (LAIF)

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

ADMINISTRATIVE REPORTS RELATING TO THIS AGENDA AND MATERIALS RELATED TO AN AGENDA ITEM SUBMITTED TO THE COMMITTEE AFTER DISTRIBUTION OF THE AGENDA PACKET ARE AVAILABLE FOR PUBLIC REVIEW DURING NORMAL BUSINESS HOURS AT THE OFFICE OF THE CLERK OF THE BOARD, 711 E. DAILY DRIVE, SUITE #106, CAMARILLO, CA.

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

**Ventura County Medi-Cal Managed Care Commission (VCMCC) dba Gold Coast Health Plan
March 5, 2015 Executive / Finance Committee Meeting Agenda (continued)**

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

TIME: 3:00 p.m.

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3. ACCEPT AND FILE ITEMS

- a. [CEO Update](#)
- b. [CFO Update – January Financials](#)

COMMENTS FROM COMMITTEE MEMBERS

ADJOURNMENT

Unless otherwise determined, the next regular meeting of the Executive / Finance Committee will be held on April 2, 2015 at 3:00 p.m. in the Executive Conference Room at 711 E. Daily Drive, Suite 106, Camarillo, CA 93010.

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

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

February 5, 2015
(Not official until approved)

CALL TO ORDER

Chair Araujo called the meeting to order at 3:03 p.m. in the Executive Conference Room at Gold Coast Health Plan, 711 E. Daily Drive, Suite 106, Camarillo, CA 93010.

ROLL CALL

COMMITTEE MEMBERS PRESENT

David Araujo, MD, Ventura County Medical Center Family Medicine Residency Program
David Glycer, Private Hospitals / Healthcare System
Dee Pupa, Ventura County Health Care Agency

EXCUSED / ABSENT COMMITTEE MEMBERS

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

STAFF IN ATTENDANCE

Ruth Watson, Chief Operating Officer and Interim Chief Executive Officer
John Meazzo, Interim Chief Financial Officer
Traci R. McGinley, Clerk of the Board
Scott Campbell, Legal Counsel
William Freeman, Network Operations Director
Steven Lalich, Communications Director
Allen Maithel, Controller
Lyndon Turner, Financial Analysis Director

PUBLIC COMMENTS

Ricardo Calderan of Rabobank stated that as the Plan's money is currently at Rabobank, he was in attendance should the Committee have any questions regarding Item 3a, *Investment Policy*.

1. APPROVE MINUTES

a. January 8, 2015 Regular Meeting Minutes

Staff noted a correction to the minutes, the first paragraph of Item #3, *CFO Update – October and November Financials* should read as follows:

John Meazzo, Interim Chief Financial Officer, reviewed the October and November financials. Interim CEO Watson reported that DHCS has cut the Adult Expansion (AE) population capitation rate effective January 2015, by approximately twenty percent (20%). The Plan retroactively recorded a reduction of twenty percent (20%) of charges to January 2014. Staff is in the process of estimating an appropriate reserve should the Plan be required to return the excess premium. Discussion was held regarding the AE population MLR. Plans across the state do not believe that the full impact of the AE population has been seen and are greatly concerned that the State will make additional retroactive rate cuts before the real impact has been seen.

Committee Member Glycer moved to approve the January 8, 2015 Regular Meeting Minutes as amended. Committee Member Pupa seconded. The motion carried with the following vote:

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

2. ACCEPT AND FILE ITEMS

a. CEO Update

Interim CEO Watson reviewed the report with the Committee. Main areas of discussion were around the development of programs and distribution of funds for the Adult Expansion (AE) population. Since becoming GCHP Members January 1, 2015, less than 50% of the AE population has seen their PCP. DHCS requires that new members see their PCP within the first 30-60 days of eligibility with the Plan. Interim CEO Watson suggested possibly having incentives to encourage PCPs to reach out to the AE population for their appointment.

CMO Dr. Reeves noted that the Plan needs to find ways to expand services for the AE population. The challenge is to develop programs for this population versus the entire membership.

Interim CEO Watson continued her report explaining that staff has estimated that \$10 million can be set aside for AE programs for this fiscal year, but the Plan must be cautious because services are being utilized twice as much by the new enrollees and staff is concerned that costs will rise.

2. CFO Update – December Financials

John Meazzo, Interim Chief Financial Officer, provided an overview of the December financials.

Committee Member Pupa asked about the Health Care Costs and Medical Loss Ratio (MLR). Interim CFO Meazzo confirmed that the December health care costs of \$50.9 million reflected the adjustment to account for the 85% MLR.

In response to Committee Member Glycer's questions regarding the funds the Plan has received for the AE population, Interim CEO Watson confirmed that the State has indicated that it will take back the difference between the 85% MLR and the Plan's actual medical costs for the AE population. Interim CFO Meazzo added that the Plan is monitoring revenue and expenses every month and watching the per-member-per-month (PMPM) costs.

Chair Araujo suggested that the report to Commission include a statement regarding the current unallocated claim reserve.

Committee Member Pupa moved to accept and file the CEO Update and the CFO Update - December Financials and recommend approval by the Commission. Committee Member Glycer seconded. The motion carried with the following vote:

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

3. INFORMATIONAL ITEMS

a. Investment Policy

Interim CEO Watson reviewed the Investment Policy. Legal Counsel Campbell noted that on page 3a-12, the reference to the City of Thousand Oaks Bonds should be deleted.

Discussion was held regarding an Investment Committee. Interim CEO Watson suggested that the Investment Committee be chaired by a member of the Executive Finance Committee. Legal Counsel Campbell explained that the Investment Committee is not referenced in the policy because it is a staff committee, but will be referenced in the staff report when presented to the Commission. Further discussion was held regarding the committee and in response to questions that arose, Legal Counsel Campbell explained that the Commission would adopt the policy, staff would execute the policy and the Investment Committee would report to the Executive Finance Committee.

Committee Member Pupa expressed her desire to be on the Investment Committee.

Discussion was held regarding the different investments. In response to questions from Committee Member Glycer, Interim CEO Watson noted that staff would provide the Commission with information on the pooled funds.

COMMENTS FROM COMMITTEE MEMBERS

None.

ADJOURNMENT

Meeting adjourned at 4:20 p.m.

AGENDA ITEM 3a

To: Gold Coast Health Plan Executive / Finance Committee

From: Ruth Watson, Interim CEO / Chief Operating Officer

Date: March 5, 2015

Re: CEO Update

MEMBERSHIP UPDATE - March 2015

After a modest increase in February, Gold Coast Health Plan's membership increased by 3,811 in March, bringing our total membership to 182,795 as of March 1, 2015. GCHP's membership has increased by 64,283 in the past fifteen months (54%). The cumulative new membership since January 1, 2014 is summarized as follows:

- L1 (Low Income Health Plan) – 4,965
- M1 (Adult Expansion) – 34,350
- 7U (CalFresh Adults) – 3,236
- 7W (CalFresh Children) – 856
- 7S (Parents of 7Ws) – 396
- Traditional Medi-Cal – 20,480

M1 and Traditional Medi-Cal membership continues on an upward climb while the other Medi-Cal Expansion aid codes have remained fairly stable. GCHP was provided with a file of 112 potential members transitioning from Covered CA as of March 1, 2015; a total of 30 members on this list were on the March 834 eligibility file.

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

	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15
L1	6,508	6,128	4,965	0	0	0	0	0	0	0	0	0
M1	30,107	31,203	34,350	0	0	0	0	0	0	0	0	0
7U	3,390	3,342	3,236	0	0	0	0	0	0	0	0	0
7W	872	872	856	0	0	0	0	0	0	0	0	0
7S	478	442	396	0	0	0	0	0	0	0	0	0

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AGENDA 3b

To: Gold Coast Health Plan Executive / Finance Committee

From: John Meazzo, Interim Chief Financial Officer

Date: March 5, 2015

Re: January 2015 Financials

SUMMARY:

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

BACKGROUND / DISCUSSION:

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

FISCAL IMPACT:

Highlights of Year-To-Date Financial Results:

On a year-to-date basis through January, the Plan's unrestricted net asset is approximately \$41.5 million compared to the \$10.5 million budget. These operating results have contributed to a Tangible Net Equity (TNE) level of approximately \$81.3 million, which exceeds both the budget of \$42.9 million by \$32.7 million and the State minimum required TNE amount of \$23 million by \$58.3 million. As in prior reports, the Plan's TNE amount includes \$7.2 million County of Ventura lines of credit. The January TNE was 354% of the State required TNE, but 146% below the average 6 County Organized Health Systems of 500%.

Highlights of January Financial Results:

Membership - January membership of 180,568 exceeded budget by 17,102 members. The majority of the growth was in the Adult Expansion (AE) category, where membership was 11,088 higher than budget, accounting for approximately 74% of the total growth in membership.

Revenue - January gross revenue was \$58 million or \$5.1 million better than the budgeted amount of \$52.9 million. The positive variance was primarily due to growth in membership with higher capitation rates (Adult Expansion). Net revenue includes an \$18.5 million revenue

reduction, of which \$11.9 million was booked to ensure that any future release of claims reserves, when determined, can be made without influencing GCHP's net operating gain. This adjustment will ensure that reported results and the associated TNE are not overstated. The balance of \$6.6 million is additional AE revenue reduction to the 85% Medical Loss Ratio (MLR) noted below (costs). On a PMPM basis, revenue was \$209.96, or \$101.08 under the budget of \$311.04.

Health Care Costs - Health care costs for January were \$29.4 million or approximately \$17.9 million below budget. On a PMPM basis reported health care costs for January were \$162.98 compared to a budgeted amount of \$289.42. The variance is largely due to the release of certain reserves related to the AE population totaling \$11.1 million [reduced IBNRs in the amount of \$4.5 for January and February 2014 replacement with actual paid claims; and \$6.6 million AE reserve below]. The release affected most categories of service. Other highlights include:

- Capitation – Higher than budget by \$2.1 million. Through ongoing discussions with Kaiser regarding a rate review, it was determined that some AE members have been covered by Kaiser, but no payment of capitation has been made. This adjustment in the amount of \$1.5 million has been accrued in January 2015 as a reclassification from claims expense to capitation, with no effect to our net assets. The balance of the increase in capitation was due to higher than budgeted capitated membership.
- Inpatient – All prior reserves related to billing software implementation by the County have been released. The new County hospital contract has been fully operationalized and charges are being processed at the new negotiated rates.
- LTC / SNF – An additional accrual for AB 1629 rate increases was again included for Long Term Care (LTC) facilities. The final rates were published by the Department of Health Care Services (DHCS) in late January, and should be operationalized by March.
- Pharmacy – Lower than expected utilization in the AE category, again contributed to savings of approximately \$4.6 million. However, it was noted that AE Pharmacy costs are beginning to accelerate. On a PMPM basis, January AE Pharmacy was \$51.77 as compared to \$45.50 in December, and \$41.54 in November.
- Adult Expansion Reserve – An \$8.1 million reserve was reversed. Of this amount \$1.5 million was reclassified to capitation for the Kaiser adjustment mentioned above. 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 required by the Affordable Care Act's risk corridor.
- Further fine-tuning of the AE claims reserves was implemented in January 2015. The Plan initiated the first step in a measured and prudent convergence strategy which will gradually move AE claims reserves from the State rate methodology (85% of capitation) to the traditional IBNR model.
 - A proxy of similar Aid categories was used for the AE population to develop completion factors. These completion factor percentages were applied to AE claims payments for another method of claims development. Based on this analysis the

January 2014 and February 2014 claims were deemed complete and reserves in excess of paid claims were released. This procedure will be carried forward in future months.

- Using the proxy benchmark alone, a possible range was developed for reviewing excess reserves. The range is between \$36 million and \$67 million, however the lower range should be realized for various reasons:
 - AE member utilization of services continues to show great variances among enrollment strata. It appears that newer enrollees are utilizing services at a much higher rate. Trend lines for each enrollment group are markedly different and appear to be accelerating with each additional enrollment month. This variance has led to a low confidence factor for the upper range of the possible excess reserves.
 - Recent claims inventory levels have increased, causing a small backlog of unrecorded claims. The increase is associated with the growth in AE membership.
 - The Plan's history has shown that new programs have typically taken a year to mature and reach a standard level of activity as members slowly become familiar with networks, policies and procedures.
 - Provider incentives and other programs being instituted by the Plan which will increase AE utilization. It is possible that certain programs may qualify for retroactive treatment and will naturally reduce reserves.
 - The Plan is also continuously replacing 11 months of IBNRs with actual paid claims data as noted above.
- Staff will continue to review paid claims data in connection with the year-end reconciliation of the estimated claims expense to actual paid claims and IBNR reserves. Our reserve methodology may be amended, if necessary, under guidance from our audit and actuary firms and through the advantage of ongoing analysis and further run-out.

Administrative Expenses - For the month of January, overall operational costs were \$2.8 million or \$74,000 under budget. Higher than budgeted legal fees and outside services were offset by positive variance due to lower personnel and related personnel expenses. The following were the primary contributors to the large variances:

- Outside Services (ACS / Xerox and Beacon Health Strategies) – over budget by \$116,000 due to growth in membership.
- Legal Fees – over budget by \$136,000 due to continued legal services and ongoing services associated with the investigation being overseen by the Special Investigation Ad Hoc Committee. Year to date legal expenses of \$1.57 million exceeded the budget by \$1.34 million.
- Consulting – under budget by \$54,000 due to increase use of in-house services and delays in budgeted projects.

Cash + Medi-Cal Receivable – The total of Cash and Medi-Cal Premium Receivable balances of \$309 million reported as of January 31, 2015. This total includes pass-through payments for Managed Care Organizations (MCO) tax of \$1.6 million and AB 85 of \$4.8 million. Excluding

the impact of the pass through amount, the total of Cash and Medi-Cal Receivable balance as of January 31, 2015 was \$308 million or \$153.2 million better than the budgeted level of \$154.4 million.

Investment Accounts. GCHP developed an investment policy in December 2014. The policy was reviewed and approved by both the GCHP Executive / Finance Committee as well as the Commission. The Commission also approved the establishment of an Investment Committee that will meet on a timely basis to set guidance and support the CFO in the “investment” responsibilities. Funds at Rabobank have increased to a level that is in excess of Rabobank’s bank policy. Funds at Rabobank range from \$230 to \$300 million. As a result GCHP decided to spread the risk by opening bank accounts and accounts with the California Government and its political subdivisions. Staff will present a resolution to the Commission authorizing the CEO to open accounts with sufficient banks and Government entities to allow for diversification and maximization of investment income. This will allow movement of funds from one entity to another (banks and Government) expediently to maximize the investment income. Considering the amount of available funds and the limitation of deposits or investments in some of the entities (\$50 million), we recommend opening bank accounts with three banks; Rabobank; Bank of the West; Manufacturers Bank; also accounts with: Local Agency Investment Fund (“LAIF”); Joint Powers Authority Pool (CalTrust); Ventura County (pooled investment portfolio). These accounts will be opened and may be replaced as necessary by the Investment Committee. Multiple banking relationships are also necessary for eventual lines of credits in the event the State of California postpones capitation payments to the Plan.

RECOMMENDATION:

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

CONCURRENCE:

N/A

Attachments:

January 2015 Financial Package



FINANCIAL PACKAGE
For the month ended January 31, 2015

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- Financial Overview
- Membership
- Balance Sheet
- Income Statement
- YTD Income Statement
- Monthly Cash Flow
- YTD Cash Flow

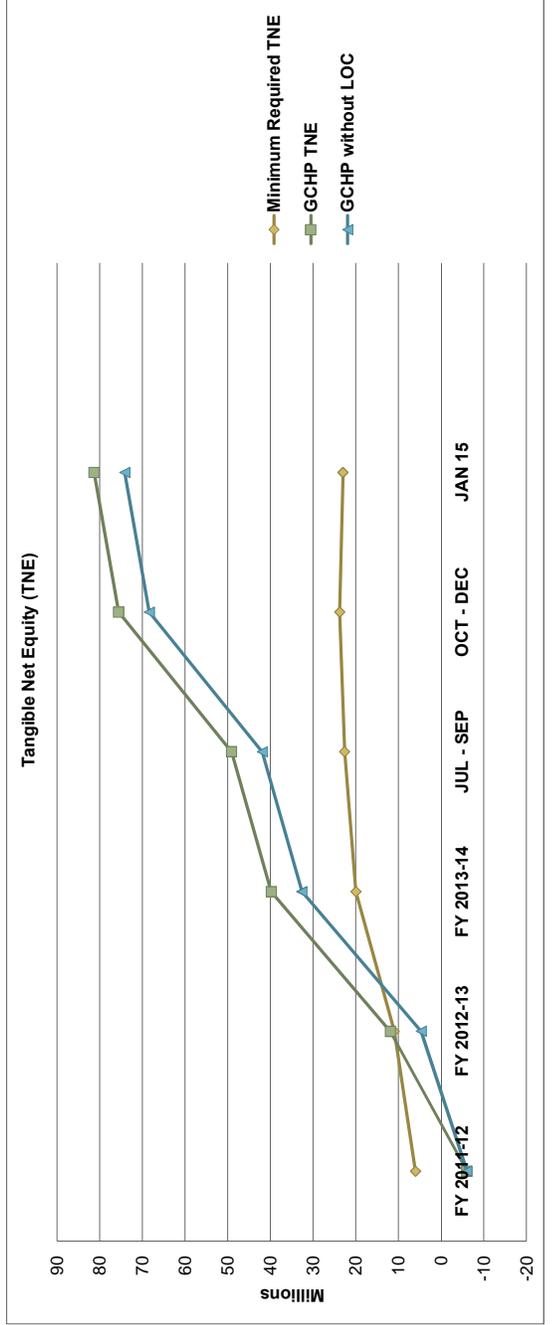
APPENDIX

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

GOLD COAST HEALTH PLAN
Financial Results Summary

Description	AUDITED*		UNAUDITED	FY 2014-15			Budget Comparison		
	FY 2011-12	FY 2012-13	FY 2013-14	JUL - SEP	OCT - DEC	JAN 15	Budget Jan 15	Variance Fav / (Unfav)	Variance Fav / (Unfav) %
Member Months	1,258,189	1,223,895	1,553,660	490,686	522,604	180,568	163,466	15,066	9.2%
Revenue pmpm	304,635,932 242.12	315,119,611 257.47	423,995,809 272.90	156,761,380 323.55	142,036,566 271.79	37,959,896 210.22	50,861,208 311.14	8,702,731 22.49	17.1% 7.2%
Health Care Costs pmpm	287,353,672 228.39	280,382,704 229.09	369,321,385 237.71	141,486,486 288.34	106,577,061 203.93	29,428,716 162.98	47,309,485 289.42	(3,638,132) 4.05	(7.7%) 1.4%
% of Revenue	94.3%	89.0%	87.1%	89.1%	75.0%	77.5%	93.0%	-7.5%	-8.0%
Admin Exp pmpm	18,891,320 15.01	24,013,927 19.62	26,751,533 17.22	7,994,304 16.29	8,969,982 17.16	2,802,558 15.52	2,872,890 17.57	(259,425) 0.03	(9.0%) 0.2%
% of Revenue	6.2%	7.6%	6.3%	5.0%	6.3%	7.4%	5.6%	0.4%	6.9%
Total Increase / (Decrease) in Unrestricted Net Assets pmpm	(1,609,063) (1.28)	10,722,980 8.76	27,922,891 17.97	9,280,590 18.91	26,489,523 50.69	5,728,622 31.73	678,832 4.15	4,805,174 26.56	707.9% 639.7%
% of Revenue	-0.5%	3.4%	6.6%	5.8%	18.6%	15.1%	1.3%	7.9%	589.8%
YTD	16,769,368 36%	16,138,440 68%	19,964,221 100%	22,600,707 100%	23,789,982 100%	22,974,997 100%	25,557,694 100%	(1,767,712) (6.9%)	(6.9%)
Minimum Required TNE	6,036,972	10,974,139	19,964,221	22,600,707	23,789,982	22,974,997	25,557,694	(1,767,712)	(6.9%)
GCHP TNE	(6,031,881)	11,891,099	39,813,991	49,094,581	75,584,104	81,312,726	42,901,622	32,682,481	76.2%
TNE Excess / (Deficiency)	(12,068,853)	916,960	19,849,770	26,493,874	51,794,122	58,337,729	17,343,928	34,450,194	198.6%
% of Required TNE level			199%	217%	318%	354%	168%		
% of Required TNE level (excluding \$7.2 million LOC)			163%	185%	287%	323%	140%		

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



GOLD COAST HEALTH PLAN

Membership - Rolling 12 Month



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

Note: Beginning in April 2014 actual membership reflects new Dual definition as implement by DHCS. Prior months have not been

Statements fo Financial Position

Statements fo Financial Position

	01/31/15	12/31/14	11/30/14
ASSETS			
Current Assets:			
Total Cash and Cash Equivalents	\$ 239,657,138	\$ 215,731,716	\$ 183,224,078
Medi-Cal Receivable*	74,409,090	79,164,402	86,747,896
Provider Receivable	820,896	739,377	1,067,444
Other Receivables	171,748	169,825	172,938
Total Accounts Receivable	75,401,733	80,073,603	87,988,278
Total Prepaid Accounts	966,574	1,037,280	1,135,545
Total Other Current Assets	81,702	81,702	79,079
Total Current Assets	316,107,147	296,924,300	272,426,981
Total Fixed Assets	1,031,857	1,049,670	1,080,359
Total Assets	\$ 317,139,004	\$ 297,973,971	\$ 273,507,340
LIABILITIES & NET ASSETS			
Current Liabilities:			
Incurring But Not Reported	\$ 132,779,110	\$ 140,562,535	\$ 128,769,325
Claims Payable	10,793,549	8,196,446	7,010,225
Capitation Payable	4,482,814	2,567,438	2,499,232
Physician ACA 1202 Payable	14,159,185	14,235,884	12,765,516
AB 85 Payable	4,816,682	-	1,234,422
DHCS - Reserve for Capitation Recoup	-	43,976,489	36,753,996
Accounts Payable	307,017	3,253,329	1,805,393
Accrued ACS	1,340,286	1,430,991	1,331,496
Accrued Expenses	1,341,791	2,749,516	1,337,668
Accrued Premium Tax	1,620,132	3,839,632	8,145,887
Accrued Interest Payable	57,655	56,448	54,703
Current Portion of Deferred Revenue	460,000	460,000	460,000
Accrued Payroll Expense	627,193	555,013	728,952
Total Current Liabilities	172,785,415	221,883,723	202,896,815
Long-Term Liabilities			
DHCS - Reserve for Capitation Recoup	62,538,709	-	-
Other Long-term Liability-Deferred Rent	310,488	276,144	242,094
Deferred Revenue - Long Term Portion	191,667	230,000	268,333
Notes Payable	7,200,000	7,200,000	7,200,000
Total Long-Term Liabilities	70,240,864	7,706,144	7,710,427
Total Liabilities	243,026,278	229,589,867	210,607,242
Net Assets:			
Beginning Net Assets	32,613,991	32,613,991	32,613,991
Total Increase / (Decrease in Unrestricted Net Assets)	41,498,735	35,770,113	30,286,106
Total Net Assets	74,112,726	68,384,104	62,900,097
Total Liabilities & Net Assets	\$ 317,139,004	\$ 297,973,971	\$ 273,507,340

FINANCIAL INDICATORS

Current Ratio	1.83 : 1	1.34 : 1	1.34 : 1
Days Cash on Hand	223	120	349
Days Cash + State Capitation Receivables	292	164	515
Days Cash + State Capitation Receivables (less Tax Liability)	291	161	499

STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET ASSETS

	FY 2014-15 Monthly Trend			Current Month		
	OCT 14	NOV 14	DEC 14	JAN 15		Variance
				Actual	Budget	Fav / (Unfav)
Membership (includes retro members)	172,729	171,343	178,532	180,568	163,466	17,102
Revenue:						
Premium	\$ 59,184,067	\$ 64,766,272	\$ 67,600,543	\$ 57,987,902	\$ 52,887,882	\$ 5,100,020
Reserve for Rate Reduction	-	(36,753,996)	(7,222,493)	(18,562,220)	-	(18,562,220)
MCO Premium Tax	(2,330,373)	(2,550,172)	(930,197)	(1,552,396)	(2,082,460)	530,065
Total Net Premium	56,853,694	25,462,104	59,447,852	37,873,286	50,805,422	(12,932,135)
Other Revenue:						
Miscellaneous Income	38,333	38,333	68,651	38,333	38,333	0
Total Other Revenue	38,333	38,333	68,651	38,333	38,333	0
Total Revenue	56,892,027	25,500,437	59,516,503	37,911,620	50,843,755	(12,932,135)
Medical Expenses:						
<u>Capitation (PCP, Specialty, Kasier, NEMT & Vision)</u>	2,864,387	2,932,938	3,004,545	4,913,161	2,802,063	(2,111,099)
FFS Claims Expenses:						
Inpatient	8,820,600	(3,366,301)	10,389,370	6,798,007	10,474,068	3,676,061
LTC / SNF	10,759,562	8,603,699	9,058,853	5,668,717	7,574,297	1,905,579
Outpatient	2,405,528	154,989	4,421,489	2,102,800	2,749,968	647,168
Laboratory & Radiology	533,829	(658,499)	1,239,938	407,913	833,920	426,007
Physician ACA 1202	-	-	4,942,182	-	-	-
Emergency Room	1,181,015	(526,608)	1,773,425	1,748,011	1,623,368	(124,643)
Physician Specialty	2,156,736	1,150,877	4,232,969	2,992,152	3,377,818	385,665
Primary Care Physician	2,026,593	263,568	3,187,156	2,395,610	2,690,744	295,134
Home & Community Based Services	1,106,600	1,315,061	1,429,964	1,689,076	835,454	(853,622)
Applied Behavior Analysis Services	-	-	392	532	-	(532)
Mental Health Services	710,363	464,368	642,434	890,605	769,355	(121,251)
Pharmacy	5,358,792	4,772,776	5,436,966	6,101,836	10,697,347	4,595,512
Adult Expansion Reserve	2,500,000	-	(3,500,000)	-	-	-
Provider Reserve	-	-	-	(8,100,000)	-	8,100,000
Other Medical Professional	196,706	(64,226)	409,206	170,093	283,027	112,934
Other Medical Care	-	-	38	387	-	(387)
Other Fee For Service	1,333,514	(3,254,779)	1,744,277	437,370	956,724	519,354
Transportation	82,729	58,244	792,920	206,816	331,979	125,163
Total Claims	39,172,566	8,913,169	46,201,577	23,509,925	43,198,069	19,688,143
Medical & Care Management Expense	1,029,183	911,817	1,075,547	1,058,868	1,109,926	51,058
Reinsurance	460,248	471,741	(206,923)	441,960	199,428	(242,532)
Claims Recoveries	(751,942)	(374,663)	872,871	(495,199)	-	495,199
Sub-total	737,488	1,008,895	1,741,495	1,005,629	1,309,354	303,725
Total Cost of Health Care	42,774,442	12,855,002	50,947,617	29,428,716	47,309,485	17,880,769
Contribution Margin	14,117,586	12,645,435	8,568,886	8,482,904	3,534,269	4,948,634
General & Administrative Expenses:						
Salaries & Wages	712,605	587,651	724,287	673,399	832,292	158,894
Payroll Taxes & Benefits	185,805	151,578	265,074	212,026	233,641	21,615
Travel & Training	19,428	8,957	9,763	4,732	10,967	6,235
Outside Service - ACS	1,332,236	1,331,496	1,370,254	1,342,906	1,227,203	(115,703)
Outside Services - Other	136,260	136,226	143,598	140,431	126,688	(13,743)
Accounting & Actuarial Services	10,990	37,386	10,000	10,000	25,000	15,000
Legal	249,708	355,504	378,862	169,276	33,333	(135,943)
Insurance	17,151	16,863	18,265	16,863	14,583	(2,280)
Lease Expense - Office	63,318	63,048	63,318	67,130	64,354	(2,776)
Consulting Services	43,960	5,420	9,194	12,434	66,816	54,382
Translation Services	4,208	10,895	401	4,125	7,083	2,958
Advertising & Promotion	100	5,684	147	5,237	13,129	7,892
General Office	77,828	125,251	87,687	85,544	88,195	2,650
Depreciation & Amortization	16,441	16,530	16,530	16,530	26,388	9,858
Printing	3,123	739	-	21,486	11,875	(9,611)
Shipping & Postage	1,249	1,362	17,239	2,088	76,342	74,254
Total G & A Expenses	2,874,410	2,854,589	3,114,621	2,784,208	2,857,890	73,683
Total Operating Gain / (Loss)	\$ 11,243,175	\$ 9,790,846	\$ 5,454,266	\$ 5,698,696	\$ 676,379	\$ 5,022,317
Non Operating						
Revenues - Interest	42,429	37,734	47,435	48,276	17,453	30,823
Expenses - Interest	79,607	29,060	17,695	18,350	15,000	(3,350)
Total Non-Operating	(37,178)	8,674	29,741	29,926	2,453	34,174
Total Increase / (Decrease) in Unrestricted Net Assets	11,205,997	9,799,520	5,484,006	5,728,622	678,832	5,056,491
Full time employees				149	169	20

PMPM Income Statement Comparison

	OCT 14	NOV 14	DEC 14	JAN 15		Variance Fav / (Unfav)
				Actual	Budget	
Membership (includes retro members)	172,729	171,343	178,532	180,568	163,466	17,102
Revenue:						
Premium	342.64	377.99	378.65	321.14	323.54	(2.40)
Reserve for Rate Reduction	-	(214.51)	(40.45)	(102.80)	-	(102.80)
MCO Premium Tax	(13.49)	(14.88)	(5.21)	(8.60)	(12.74)	4.14
Total Net Premium	329.15	148.60	332.98	209.75	310.80	(101.06)
Other Revenue:						
Miscellaneous Income	0.22	0.22	0.38	0.21	0.23	(0.02)
Total Other Revenue	0.22	0.22	0.38	0.21	0.23	(0.02)
Total Revenue	329.37	148.83	333.37	209.96	311.04	(101.08)
Medical Expenses:						
<u>Capitation (PCP, Specialty, Kasier, NEMT & Vision)</u>	16.58	17.12	16.83	27.21	17.14	(10.07)
<u>FFS Claims Expenses:</u>						
Inpatient	51.07	(19.65)	58.19	37.65	64.08	26.43
LTC / SNF	62.29	50.21	50.74	31.39	46.34	14.94
Outpatient	13.93	0.90	24.77	11.65	16.82	5.18
Laboratory & Radiology	3.09	(3.84)	6.95	2.26	5.10	2.84
Physician ACA 1202	-	-	27.68	-	-	-
Emergency Room	6.84	(3.07)	9.93	9.68	9.93	0.25
Physician Specialty	12.49	6.72	23.71	16.57	20.66	4.09
Primary Care Physician	11.73	1.54	17.85	13.27	16.46	3.19
Home & Community Based Services	6.41	7.68	8.01	9.35	5.11	(4.24)
Applied Behavior Analysis Services	-	-	0.00	0.00	-	(0.00)
Mental Health Services	4.11	2.71	3.60	4.93	4.71	(0.23)
Pharmacy	31.02	27.86	30.45	33.79	65.44	31.65
Adult Expansion Reserve	14.47	-	(19.60)	-	-	-
Provider Reserve	-	-	-	(44.86)	-	44.86
Other Medical Professional	1.14	(0.37)	2.29	0.94	1.73	0.79
Other Medical Care	-	-	0.00	0.00	-	(0.00)
Other Fee For Service	7.72	(19.00)	9.77	2.42	5.85	3.43
Transportation	0.48	0.34	4.44	1.15	2.03	0.89
Total Claims	226.79	52.02	258.79	130.20	264.26	134.06
Medical & Care Management Expense	5.96	5.32	6.02	5.86	6.79	0.93
Reinsurance	2.66	2.75	(1.16)	2.45	1.22	(1.23)
Claims Recoveries	(4.35)	(2.19)	4.89	(2.74)	-	2.74
Sub-total	4.27	5.89	9.75	5.57	8.01	2.44
Total Cost of Health Care	247.64	75.02	285.37	162.98	289.42	126.44
Contribution Margin	81.73	73.80	48.00	46.98	21.62	(25.36)
General & Administrative Expenses:						
Salaries & Wages	4.13	3.43	4.06	3.73	5.09	1.36
Payroll Taxes & Benefits	1.08	0.88	1.48	1.17	1.43	0.26
Travel & Training	0.11	0.05	0.05	0.03	0.07	0.04
Outside Service - ACS	7.71	7.77	7.68	7.44	7.51	0.07
Outside Services - Other	0.79	0.80	0.80	0.78	0.78	(0.00)
Accounting & Actuarial Services	0.06	0.22	0.06	0.06	0.15	0.10
Legal	1.45	2.07	2.12	0.94	0.20	(0.73)
Insurance	0.10	0.10	0.10	0.09	0.09	(0.00)
Lease Expense - Office	0.37	0.37	0.35	0.37	0.39	0.02
Consulting Services	0.25	0.03	0.05	0.07	0.41	0.34
Translation Services	0.02	0.06	0.00	0.02	0.04	0.02
Advertising & Promotion	0.00	0.03	0.00	0.03	0.08	0.05
General Office	0.45	0.73	0.49	0.47	0.54	0.07
Depreciation & Amortization	0.10	0.10	0.09	0.09	0.16	0.07
Printing	0.02	0.00	-	0.12	0.07	(0.05)
Shipping & Postage	0.01	0.01	0.10	0.01	0.47	0.46
Total G & A Expenses	16.64	16.66	17.45	15.42	17.48	2.06
Total Operating Gain / (Loss)	65.09	57.14	30.55	31.56	4.14	(27.42)
Non Operating						
Revenues - Interest	0.25	0.22	0.27	0.27	0.11	(0.16)
Expenses - Interest	0.46	0.17	0.10	0.10	0.09	(0.01)
Total Non-Operating	(0.22)	0.05	0.17	0.17	0.02	(0.15)
Net Assets	64.88	57.19	30.72	31.73	4.15	(27.57)

STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET ASSETS
For Seven Months Ended January 31, 2015

	JAN 15 Year-To-Date		Variance
	Actual	Budget	Fav / (Unfav)
Membership (includes retro members)	1,193,858	1,117,382	76,476
Revenue			
Premium	\$ 414,614,781	\$ 350,755,374	\$ 63,859,407
Reserve for Rate Reduction	(62,538,709)	-	(62,538,709)
MCO Premium Tax	(13,863,005)	(13,810,993)	(52,012)
Total Net Premium	338,213,067	336,944,382	1,268,686
Other Revenue:			
Miscellaneous Income	298,651	268,331	30,320
Total Other Revenue	298,651	268,331	30,320
Total Revenue	338,511,719	337,212,713	1,299,006
Medical Expenses:			
<u>Capitation (PCP, Specialty, Kaiser, NEMT & Vision)</u>	21,724,510	18,790,417	(2,934,093)
<u>FFS Claims Expenses:</u>			
Inpatient	58,737,479	68,700,440	9,962,961
LTC / SNF	59,798,899	52,550,001	(7,248,897)
Outpatient	19,265,303	18,196,462	(1,068,841)
Laboratory and Radiology	4,660,078	5,223,889	563,811
Physician ACA 1202	4,942,182	-	(4,942,182)
Emergency Room	9,257,578	10,622,933	1,365,356
Physician Specialty	20,976,257	22,496,445	1,520,188
Primary Care Physician	15,878,621	17,350,931	1,472,310
Home & Community Based Services	9,859,736	5,842,674	(4,017,062)
Applied Behavior Analysis Services	924	-	(924)
Mental Health Services	4,163,367	5,195,152	1,031,785
Pharmacy	38,417,120	62,114,186	23,697,066
Provider Reserve	(8,100,000)	-	8,100,000
Other Medical Professional	1,660,834	1,844,426	183,592
Other Medical Care	756	-	(756)
Other Fee For Service	5,613,394	6,463,868	850,474
Transportation	2,010,814	2,117,575	106,761
Total Claims	247,143,341	278,718,982	31,575,641
Medical & Care Management Expense	7,100,516	7,414,118	313,602
Reinsurance	2,132,046	1,363,206	(768,840)
Claims Recoveries	(608,150)	-	608,150
Sub-total	8,624,412	8,777,324	152,911
Total Cost of Health Care	277,492,263	306,286,722	28,794,459
Contribution Margin	61,019,456	30,925,990	30,093,465
General & Administrative Expenses:			
Salaries & Wages	4,691,310	5,703,856	1,012,546
Payroll Taxes & Benefits	1,381,835	1,501,390	119,555
Travel & Training	74,792	174,081	99,290
Outside Service - ACS	9,166,115	8,398,791	(767,324)
Outside Services - Other	876,618	950,621	74,003
Accounting & Actuarial Services	114,641	250,000	135,359
Legal	1,570,014	233,333	(1,336,681)
Insurance	122,921	102,083	(20,837)
Lease Expense - Office	447,036	450,478	3,442
Consulting Services	225,668	866,748	641,080
Translation Services	31,074	49,581	18,507
Advertising & Promotion	15,193	95,033	79,840
General Office	664,640	1,187,354	522,714
Depreciation & Amortization	111,640	162,461	50,821
Printing	61,736	136,297	74,561
Shipping & Postage	47,419	152,020	104,601
Total G & A Expenses	19,602,650	20,414,128	811,477
Total Operating Gain / (Loss)	\$ 41,416,805	\$ 10,511,863	\$ 30,904,943
Non Operating			
Revenues - Interest	246,124	115,749	130,374
Expenses - Interest	164,194	105,000	(59,194)
Total Non-Operating	81,930	10,749	71,180
Total Increase / (Decrease) in Unrestricted Net Assets	41,498,735	10,522,612	30,976,123
Net Assets, Beginning of Year	32,613,991		
Net Assets, End of Year	74,112,726		

Statement of Cash Flows - Monthly

	JAN 15	DEC 14	NOV 14
Cash Flow From Operating Activities			
Collected Premium	\$ 65,158,436	\$ 76,497,908	\$ 53,468,516
Miscellaneous Income	48,276	47,435	37,734
State Pass Through Funds	2,598,890	1,619,462	1,272,300
<u>Paid Claims</u>			
Medical & Hospital Expenses	(22,846,193)	(26,863,207)	(22,348,925)
Pharmacy	(6,128,544)	(5,297,236)	(5,828,747)
Capitation	(2,997,785)	(2,939,560)	(2,907,935)
Reinsurance of Claims	(487,795)	(476,754)	(471,741)
State Pass Through Funds Distributed	(2,811,581)	(1,234,422)	(1,147,874)
Paid Administration	(4,626,082)	(3,518,102)	(1,487,467)
MCO Tax Received / (Paid)	(3,969,326)	(5,327,887)	(2,338,145)
Net Cash Provided / (Used) by Operating Activities	23,938,297	32,507,638	18,247,716
Cash Flow From Investing / Financing Activities			
Proceeds from Line of Credit			
Repayments on Line of Credit	-	-	-
Net Acquisition of Property / Equipment	(12,875)	-	(248)
Net Cash Provided / (Used) by Investing / Financing	(12,875)	-	(248)
Net Cash Flow	\$ 23,925,422	\$ 32,507,638	\$ 18,247,468
Cash & Cash Equivalents (Beginning of Period)	215,731,716	183,224,078	164,976,610
Cash & Cash Equivalents (End of Period)	239,657,138	215,731,716	183,224,078
	\$ 23,925,422	\$ 32,507,638	\$ 18,247,468
Adjustment to Reconcile Net Income to Net Cash Flow			
Net (Loss) Income	5,728,622	5,484,006	9,799,520
Depreciation & Amortization	30,689	30,689	30,689
Decrease/(Increase) in Receivables	4,671,870	7,914,675	(11,630,360)
Decrease/(Increase) in Prepays & Other Current Assets	70,705	95,643	122,900
(Decrease)/Increase in Payables	(43,607,863)	10,245,526	38,315,038
(Decrease)/Increase in Other Liabilities	62,534,720	(4,284)	(4,284)
Change in MCO Tax Liability	(2,219,500)	(4,306,255)	262,625
Changes in Claims and Capitation Payable	4,512,479	1,254,427	(1,499,669)
Changes in IBNR	(7,783,425)	11,793,211	(17,148,743)
	23,938,297	32,507,638	18,247,716
Net Cash Flow from Operating Activities	\$ 23,938,297	\$ 32,507,638	\$ 18,247,716

Statement of Cash Flows - YTD

	<u>JAN 15</u>
Cash Flow From Operating Activities	
Collected Premium	\$ 457,693,161
Miscellaneous Income	246,124
State Pass Through Funds	35,841,828
<u>Paid Claims</u>	
Medical & Hospital Expenses	(164,874,613)
Pharmacy	(41,010,327)
Capitation	(19,313,897)
Reinsurance of Claims	(3,427,386)
State Pass Through Funds Distributed	(33,672,209)
Paid Administration	(22,831,846)
Repay Initial Net Liabilities	-
MCO Taxes Received / (Paid)	(29,091,058)
Net Cash Provided / (Used) by Operating Activities	<u>179,559,776</u>
Cash Flow From Investing / Financing Activities	
Proceeds from Line of Credit	-
Repayments on Line of Credit	-
Net Acquisition of Property / Equipment	(79,337)
Net Cash Provided / (Used) by Investing / Financing	<u>(79,337)</u>
Net Cash Flow	<u><u>\$ 179,480,439</u></u>
Cash & Cash Equivalents (Beginning of Period)	60,176,698
Cash & Cash Equivalents (End of Period)	<u>239,657,138</u>
	<u><u>\$ 179,480,439</u></u>
Adjustment to Reconcile Net Income to Net Cash Flow	
Net Income / (Loss)	41,498,735
Depreciation & Amortization	210,749
Decrease / (Increase) in Receivables	41,446,927
Decrease / (Increase) in Prepaids & Other Current Assets	27,721
(Decrease) / Increase in Payables	4,213,087
(Decrease) / Increase in Other Liabilities	62,509,018
Change in MCO Tax Liability	(14,154,988)
Changes in Claims & Capitation Payable	3,739,438
Changes in IBNR	40,069,089
	<u>179,559,776</u>
Net Cash Flow from Operating Activities	<u><u>\$ 179,559,776</u></u>

-



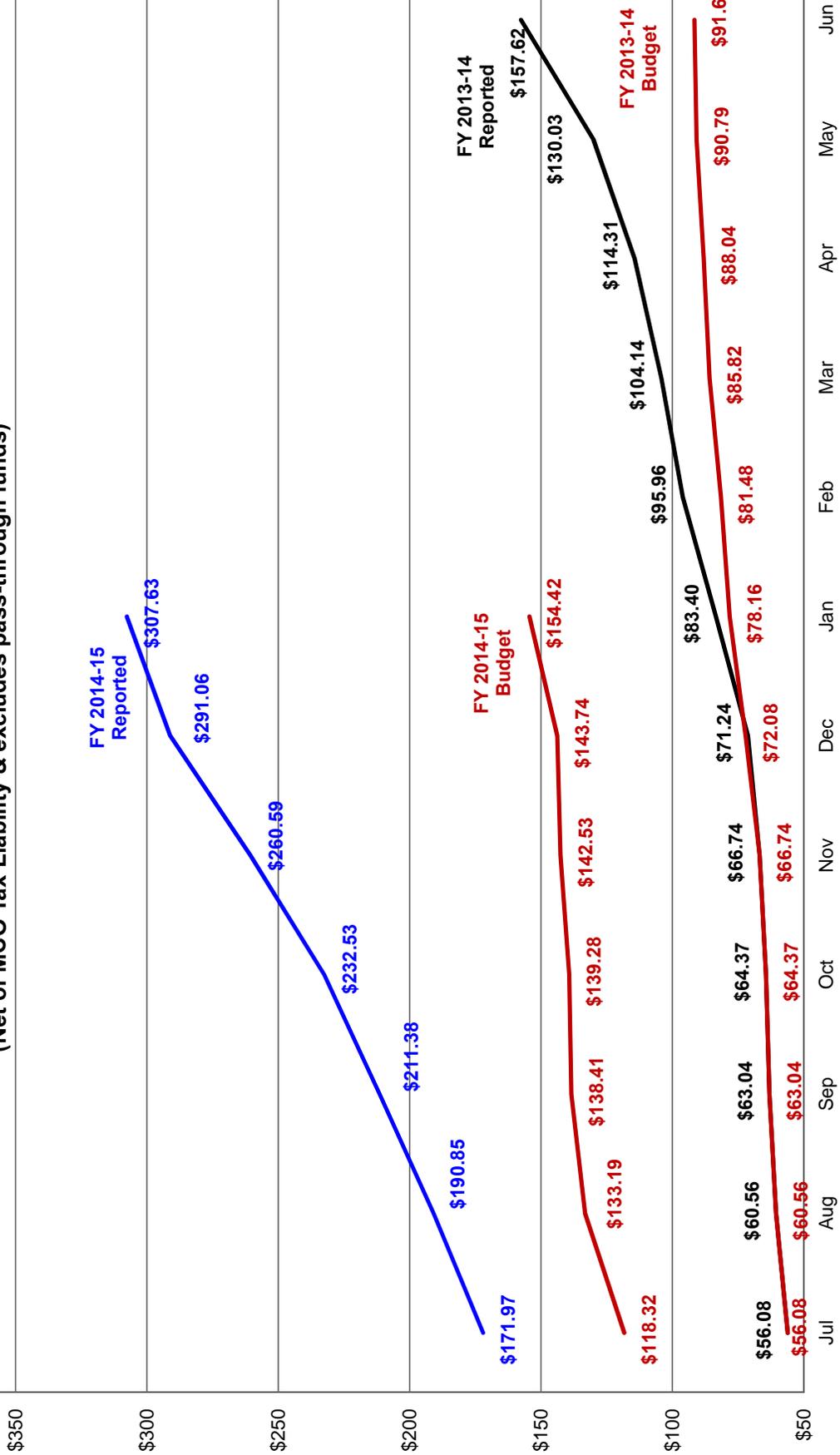
For the month ended January 31, 2015

APPENDIX

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

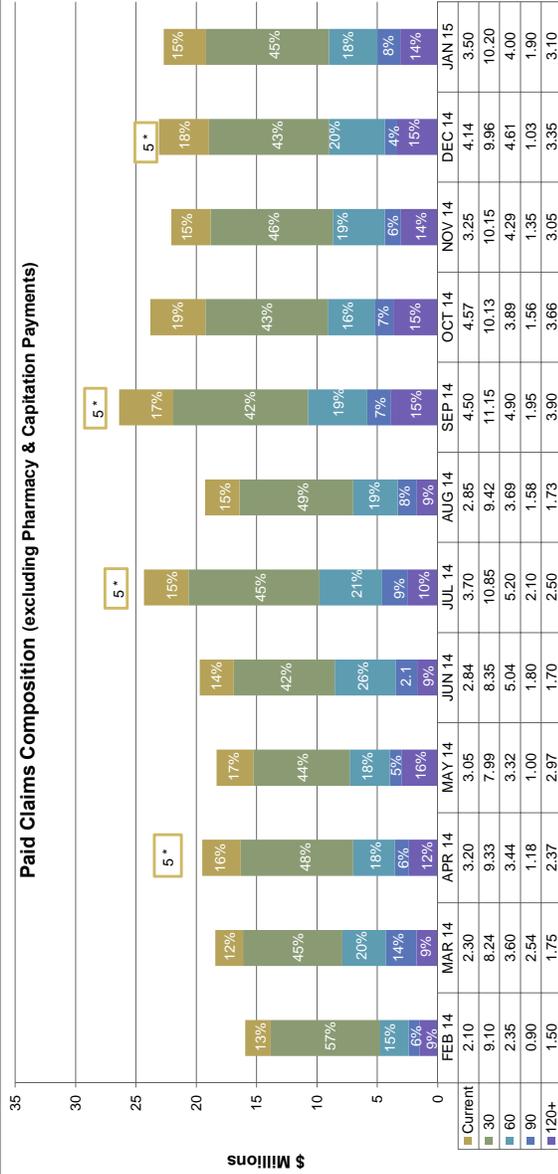
**GOLD COAST HEALTH PLAN
JAN 2015**

**Cash + Medi-Cal Receivable Trend (\$ in Millions)
(Net of MCO Tax Liability & excludes pass-through funds)**



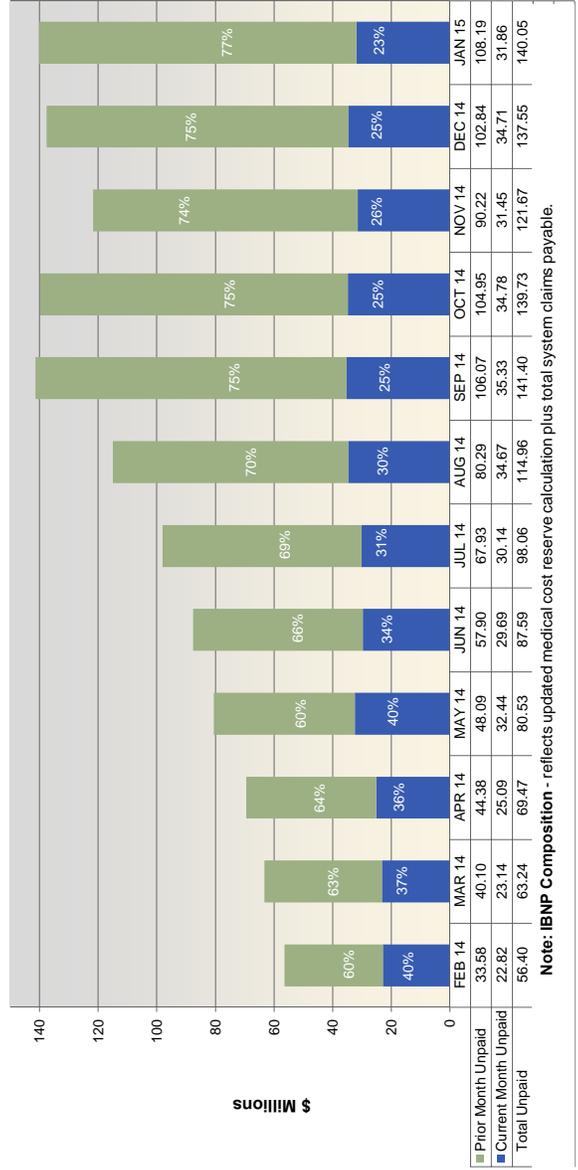
**GOLD COAST HEALTH PLAN
JAN 2015**

Paid Claims Composition (excluding Pharmacy & Capitation Payments)



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

IBNP Composition (excluding Pharmacy & Capitation)



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

GOLD COAST HEALTH PLAN

Total Expense Composition



Note: November 2014 reflects an adjustment in medical expenses as a result of the Adult Expansion allowance for revenue recoup

GOLD COAST HEALTH PLAN

Pharmacy Cost Trend



GOLD COAST HEALTH PLAN
Pharmacy Analysis

