



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

2240 E. Gonzales, Suite 200, Oxnard, CA 93036
Monday, June 23, 2014
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 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 May 19, 2014](#)

2. APPROVAL ITEMS

- a. [April Financials](#)
- b. [Continue Process to Secure Additional Medi-Cal Funds Through an Intergovernmental Transfer \(IGT\)](#)
- c. [FY 2014-15 GCHP Operating and Capital Budgets](#)
- d. [Reinsurance Contract](#)
- e. [Executive Liability and Errors & Omissions Insurance](#)

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 (VCMCC) dba
Gold Coast Health Plan June 23, 2014 Commission Meeting Agenda (continued)**
PLACE: 2240 E. Gonzalez, Room 200, Oxnard, CA
TIME: 3:00 p.m.

3. ACCEPT AND FILE ITEMS

- a. [CEO Update](#)
- b. [COO Update](#)
- c. [Health Services Update](#)

CLOSED SESSION

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

COMMENTS FROM COMMISSIONERS

ADJOURNMENT

Unless otherwise determined by the Commission, the next regular meeting of the Commission will be held on July 28, 2014 at 3:00 p.m. at 2240 E. Gonzales Road, Suite 200, Oxnard CA 93036

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

May 19, 2014

(Not official until approved)

CALL TO ORDER

Legal Counsel Kierstyn Schreiner 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 since there was currently a vacancy of the Chair and Vice Chair of the Commission.

ELECTION OF TEMPORARY CHAIR

There was consensus from the Commission Members that Commissioner Foy again be the temporary Chair of the meeting.

ROLL CALL

COMMISSION MEMBERS IN ATTENDANCE

Antonio Alatorre, Clinicas del Camino Real, Inc.

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

May Lee Berry, Medi-Cal Beneficiary Advocate

Lanyard Dial, MD, Ventura County Medical Association

Peter Foy, Ventura County Board of Supervisors

David Glycer, Private Hospitals / Healthcare System

Michelle Laba, MD, Ventura County Medical Center Executive Committee

Gagan Pawar, MD, Clinicas del Camino Real, Inc. (arrived at 3:02 p.m.)

Dee Pupa, Ventura County Health Care Agency

Robert Wardwell, Private Hospitals / Healthcare System

EXCUSED / ABSENT COMMISSION MEMBERS

Barry Fisher, Ventura County Health Care Agency

STAFF IN ATTENDANCE

Michael Engelhard, Chief Executive Officer

Nancy Kierstyn Schreiner, Legal Counsel

Michelle Raleigh, Chief Financial Officer

Traci R. McGinley, Clerk of the Board

Luis Aguilar, Member Services Manager

Brandy Armenta, Compliance Director

Sherri Bennett, Network Operations Director

Stacy Diaz, Human Resources Director

Mike Foord, IT Infrastructure Manager

Anne Freese, Pharmacy Director

Guillermo Gonzalez, Government Relations Director
Lupe Gonzalez, Health Educator
Steven Lalich, Communications Director
Tami Lewis, Operations Director
Melissa Scrymgeour, Chief Information Officer
Lyndon Turner, Financial Analysis Director
Ruth Watson, Chief Operations Officer
Nancy Wharfield, MD, Medical Director Health Services

PUBLIC COMMENT

David Rodriguez, California State President of the League of United Latin American Citizens (LULAC), reviewed a letter to the Commission which stated that LULAC investigated GCHP regarding allegations of hostile work environment for people of color because LULAC had received complaints from current and former employees of GCHP. He requested the Commission table the request to approve the vacation cash-out until LULAC completes its investigation and provides information to the Commission. (The letter was provided to the Clerk of the Board for the record.)

1. APPROVE MINUTES

a. Regular Meeting of April 28, 2014

Commissioner Alatorre moved to approve the Regular Meeting Minutes of April 28, 2014. Commissioner Pupa seconded. The motion carried with the following votes:

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

2. CONSENT ITEMS

a. March Financials

Commissioner Pupa moved to approve the March Financials. Commissioner Pawar seconded. The motion carried with the following votes:

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

3. APPROVAL ITEMS

a. Report and Recommendation of Executive / Finance Committee (Nominating Committee) - Election of Chair and Vice-Chair

Commissioner Glycer reported that the Nominating Committee recommended Commissioner David Araujo as Chair and Antonio Alatorre as Vice-Chair.

There being no other nominations for Chair, Commissioner Dial moved to approve David Araujo as Chair. Commissioner Berry seconded. The motion carried with the following votes:

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

As the new Chair of the Commission, Commissioner Araujo then presided over the meeting.

There being no other nominations for Vice-Chair, Commissioner Dial moved to approve Antonio Alatorre as Vice-Chair. Commissioner Berry seconded. The motion carried with the following votes:

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

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

CFO Raleigh reviewed the written report with the Commission.

Commissioner Foy moved to authorize and direct the Chief Executive Officer to provide, DHCS with a proposal to secure additional Medi-Cal Funds through an Intergovernmental Transfer (IGT), subject to review by legal counsel. Commissioner Pupa seconded. The motion carried with the following votes:

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

c. Resolution Amending Personnel Rules, Regulations and Policies

Stacy Diaz, Human Resources Director, reviewed the written report with the Commission.

Discussion was held separately regarding each of the four policies.

1. R-4: Dress Code (Effective May 1, 2013);
2. B-5: Vacation Buy-Back Policy (Effective April 24, 2013);
3. Bereavement Leave (Personnel Rules, Regulations and Policies Handbook - Adopted August 27, 2012 and Effective September 1, 2012); and
4. X-X: Spot Award Policy.

Commissioner Alatorre moved to table the Vacation Buy Back Policy until LULAC completes its investigation and reports its findings to the Commission. Commissioner Pawar seconded. The motion failed with the following votes:

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

Commissioner Foy moved to ratify the existing Vacation Buy Back Policy and to amend the Vacation Buy Back Policy effective July 1, 2014 that will require an employee take a minimum 40 hours during the prior 12 months before being able to cash out accrued vacation. Commissioner Pupa seconded. The motion carried with the following votes:

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

Commissioner Wardwell moved to ratify the Dress Code Policy. Commissioner Pupa seconded. The motion carried with the following votes:

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

Commissioner Berry moved to approve the amended Bereavement Leave Policy as presented. Commissioner Foy seconded. The motion carried with the following votes:

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

Legal Counsel Kierstyn Schreiner noted that an amended Resolution would come to the Commission at the next Commission Meeting.

Further discussion was held regarding the SPOT Program.

Commissioner Pupa moved to approve the SPOT program with implementation of a rating matrix and the requirement that if someone is to receive the maximum SPOT award it come before the Commission for recognition. Commissioner Foy seconded. The motion carried with the following votes:

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

d. Adopt Amended Salary Schedule

Human Resources Director Diaz reviewed the written report with the Commission.

Commissioner Glycer moved to adopt the amended Salary Schedule. Commissioner Foy seconded. The motion carried with the following votes:

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

PUBLIC COMMENT *(continued)*

Margaret Sawyer, Director of MICOP, thanked GCHP for the agreements in place that allow the families that migrate to seek medical assistance when in the different counties and communities without having to cancel and re-enroll in Medi-Cal every time. However, now that the agreements have been in place for some time some of the clinics are not aware of said agreements and the families are being turned away.

COO Watson assured the Commission that staff will reach out to the front-line of those clinics to make sure the agreements are honored.

4. ACCEPT AND FILE ITEMS

a. CEO Update

CEO Engelhard reviewed the written report with the Commission.

Commissioner Alatorre moved Accept and File the CEO Update. Commissioner Berry seconded. The motion carried with the following votes:

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

b. COO Update

COO Watson provided an overview of the report.

Commissioner Glycer moved to Accept and File the COO Update. Commissioner Dial seconded. The motion carried with the following votes:

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

c. Health Services Update

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

Commissioner Pupa moved to Accept and File the Health Services Update. Commissioner Alatorre seconded. The motion carried with the following votes:

AYE: Alatorre, Araujo, Berry, Dial, Glycer, Laba, Pawar, Pupa and Wardwell.
NAY: None.
ABSTAIN: None.
ABSENT: Fisher and Foy (was currently not in room).

4. INFORMATIONAL ITEMS

a. GCHP Priorities & Initiatives for FY 2014-15 Budget Planning

CEO Engelhard reviewed the written report with the Commission.

b. FY 2014-15 Budget Development Process

CFO Raleigh reviewed the written report with the Commission.

COMMENTS FROM COMMISSIONERS

Chair Araujo thanked the Commissioners for electing him as Chair. He requested that the meeting frequency for the Commission as well as the Executive / Finance Committee be placed on the Agenda. Chair Araujo also asked staff if there was a way to make the information for the Commission Meetings require less paper.

CIO Scrymgeour responded that she and the CEO have been looking into that matter.

Commissioners Laba and Wardwell agreed.

CLOSED SESSION

Legal Counsel Kierstyn Schreiner noted that Closed Session Item a, was not needed and therefore being pulled from the Agenda.

- a. *Closed Session Conference with Legal Counsel – Anticipated Litigation Pursuant to Government Code Section 54956.9(b) - One Case*

was not needed and was therefore removed from the Agenda she then explained the purpose of the remaining Closed Session Items.

RECESS:

A recess was called at 5:14 p.m. The meeting was reconvened at 5:22 p.m.

ADJOURN TO CLOSED SESSION

The Commission adjourned to Closed Session at 5:22 p.m. regarding the following items:

- b. **Closed Session Pursuant to Government Code Section 54957(e)**
Public Employee Performance Evaluation
Title: Chief Executive Officer
- c. **Closed Session Conference with Legal Counsel – Existing Litigation Pursuant to Government Code Section 54956.9:**
 - i. United States of America et al. ex re Donald Gordon, v. Gold Coast Health Plan, et al, United States District Court, Central District, Case Number: CV 11-5500-IFW (AJWx)
 - ii. Sziklai et al. v. Ventura County Medi-Cal Managed Care Commission et al; Ventura County Superior Court, Case Number 56-2012-00428086

RETURN TO OPEN SESSION

The Regular Meeting reconvened at 5:50 p.m.

Legal Counsel Kierstyn Schreiner stated that Commission is having ad hoc committee comprised of Commissioner Pupa, to determine FY 2014-15 goals and performance incentives for the CEO.

ADJOURNMENT

Meeting adjourned at 5:51 p.m.

AGENDA ITEM 2a

To: Gold Coast Health Plan Commission

From: Michelle Raleigh, Chief Financial Officer

Date: June 23, 2014

Re: April 2014 Financials

SUMMARY

Staff is presenting the attached April 2014 financial statements of Gold Coast Health Plan (Plan) for approval by the Commission. The Executive / Finance Committee did not meet in June to review the April financial package.

BACKGROUND / DISCUSSION

The Plan staff has prepared the April 2014 financial package, including balance sheet, income statements and statements of cash flows.

FISCAL IMPACT

Year-To-Date Results

On a year-to-date basis, the Plan's net income is approximately \$16.9 million compared to \$13.8 million assumed in the budget. These operating results have contributed to a Tangible Net Equity (TNE) level of approximately \$28.7 million, which exceeds both the budget of \$25.7 million by \$3.0 million and the State minimum required TNE amount as of April 30, 2014 of \$15.8 million (84% of \$18.8 million, which is the amount needed to achieve 100% of the calculated TNE requirement) by \$12.9 million. Please note the following:

1. The Plan's TNE amount includes \$7.2 million in lines of credit with the County of Ventura.
2. On the "Financial Overview" page attached, the YTD TNE excludes the initial Affordable Care Act (ACA) 1202 funds since the Plan is continuing discussions with the State as to whether these payments to qualifying providers are considered as "pass through" funds, as assumed in the budget.

April 2014 Results

Items to note for the month include:

Membership - April membership of 141,636 exceeded budget by 6,704 members. Driven by growth primarily in the Adult / Family and Adult Expansion (AE) categories, current membership is 18% better than at December 31, 2013 and is more than 35% better year-over-year. Actual April membership reflects new Dual definition as implemented by DHCS. The

new definition of a “Dual” shifts members with partial Medicare coverage to the Seniors and Persons with Disabilities (SPD) aid category.

Revenue – April net revenue was \$40.9 million which exceeded budget of \$38.3 million by \$2.6 million. On a per-member-per-month (PMPM) basis, net revenue was \$288.55 PMPM which was \$4.94 PMPM better than budget of \$283.61 PMPM. The favorable to budget revenue performance was attributed to the membership growth being greater than what was budgeted in total, with more members than expected in higher capitation rate cells.

The updated State capitation rates (i.e., DHCS contract amendment #11 approved by the Commission on April 28, 2014) were essentially revenue neutral to what the Plan anticipated in the budget. These updated rates include:

- The expanded mental health benefit that was effective January 1, 2014.
- Estimated expenditures for Community Based Adult Services (CBAS) which had previously been paid for separately.
- Reductions for AB 97 provider rate reductions effective October 1, 2014.
- Changes in capitation rate cell structure reflecting
 - The new definition of “Dual” as defined above.
 - A combined SPD rate cell where Aged and Disabled members are paid at blended rate.
 - A separation of adults and children that were previously blended together in the “Adult / Family” rate cell.

Health Care Costs – Health care costs for April were \$37.1 million and were \$2.6 million unfavorable to budget. On a PMPM basis, reported health care costs were \$261.69 PMPM versus a budgeted amount of \$255.59. Causes for the variance include:

- Membership growth - Increase in membership over budget accounted for approximately \$1.7 million of the variance.
- Inpatient – Reserves were increased in April after reviewing hospital census data and experiencing a rise in claims inventory. Additionally, a high cost claim (which was discovered in early May payment data) was also accrued, as it related to a prior month of service. The Plan continued to hold reserves for pending possible facility claims submissions.
- Outpatient – Reserves were added in response to an increase in outpatient authorizations and a rise in claims inventory.
- Pharmacy – Pharmacy expense have risen substantially, due in part to the new Adult Expansion population and a new Hepatitis C drug (Sovaldi). However, the increase in utilization among the new population has not achieved the rate as expected in the revised budget.

As disclosed in prior financials, the current financials continue to reflect an estimated 85% MLR for pharmacy expenses specific to the Adult Expansion population. However the additional reserve still results in a total expense below budget. Other services will be evaluated as claims data is received. The Plan consulted with its auditing firm and it agreed with the way the Plan is currently reporting this contract provision.

Administrative Expenses – For the month, overall operational costs were in line with budget. Total administrative expenses were \$2.6 million or \$0.1 million better than budget. Administrative expense spending was favorable to budget primarily from lower personnel costs due to timing of new hires versus budget projections and less use of consultants. Offsetting these savings were higher ACS fees due to a higher than budgeted membership levels.

Cash + Medi-Cal Receivable - The total of Cash and Medi-Cal Premium Receivable balances of \$126.1 million reported as of April 30, 2014 included a MCO Tax component amounting to \$11.2 million. Excluding the impact of the tax, the total of Cash and Medi-Cal Receivable balance as of April 30, 2014 was \$114.9 million, or \$26.3 million better than the budgeted level of \$88.6 million.

Fixed Assets – The Plan moved into its new offices at 711 East Daily Drive on April 7, 2014. Capital expenditures for the new offices are expected to be \$682,000 and were approved by the Commission in January 2014. The cost incurred through April was approximately \$600,000 with the remainder expected to be incurred before year-end for post most-in expenditures. Assets at the Plan's former offices, primarily old furniture and leasehold improvements were written off because they were not usable or transferable at the new location (worth approximately \$66,000).

RECOMMENDATION

Staff proposes that the Plan's Commission approve and accept the April, 2014 financial statements.

CONCURRENCE

N/A

Attachment

April 2014 Financial Package



FINANCIAL PACKAGE

For the month ended April 30, 2014

TABLE OF CONTENTS

- Financial Overview
- Membership
- Income Statement
- PMPM Income Statement by Month
- Paid Claims and IBNP Composition

APPENDIX

- Comparative Balance Sheet
- Cash & Medi-Cal Receivable Trend
- Statement of Cash Flows
- YTD Income Statement
- Total Expenditure Composition
- Pharmacy Cost & Utilization Trends

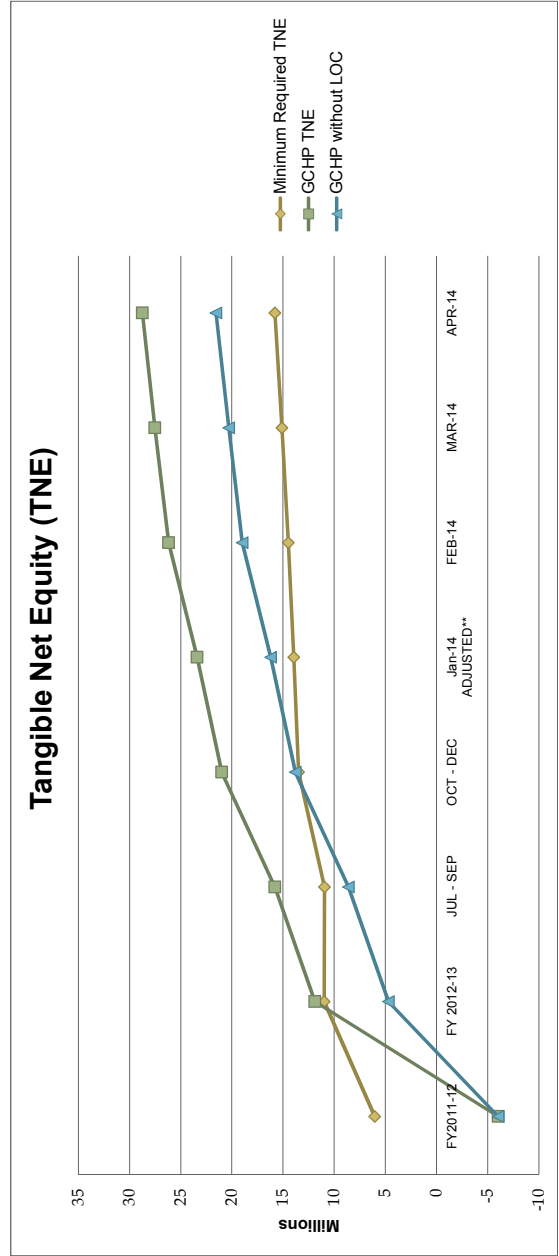
Financial Overview

Description	UNAUDITED FY 2013-14 Actual										Budget Comparison	
	AUDITED*	AUDITED*	JUL - SEP	OCT - DEC	Jan-14 ADJUSTED*	FEB-14	MAR-14	APR-14	YTD ADJUSTED**	Budget YTD	Variance Fav/(Unfav)	Variance Fav/(Unfav) %
Member Months												
Revenue												
<i>mpm</i>	1,258,189	1,223,895	347,079	362,021	127,509	133,041	136,917	141,636	1,248,203	1,239,779	8,424	0.7%
	304,635,932	315,119,611	81,988,709	84,070,456	33,239,770	35,881,985	37,739,031	40,868,789	313,788,739	313,257,534	531,205	0.2%
	242.12	257.47	236.22	232.23	260.69	269.71	275.63	288.55	251.39	252.67	(1.28)	(0.5)%
Health Care Costs												
<i>mpm</i>	287,353,672	280,382,704	71,875,533	72,867,512	28,583,258	30,952,027	34,211,809	37,065,232	275,555,371	277,549,277	1,993,906	0.7%
% of Revenue	228.39	229.09	207.09	201.28	224.17	232.65	249.87	261.69	220.76	223.87	3.11	1.4%
	94.3%	89.0%	87.7%	86.7%	86.0%	86.3%	90.7%	90.7%	87.8%	88.6%	-0.8%	-0.9%
Admin Exp												
<i>mpm</i>	18,891,320	24,013,927	6,202,007	6,014,475	2,245,874	2,154,133	2,197,102	2,563,313	21,376,906	21,933,521	556,615	2.5%
% of Revenue	15.01	19.62	17.87	16.61	17.61	16.19	16.05	18.10	17.13	17.69	0.57	3.2%
	6.2%	7.6%	7.6%	7.2%	6.8%	6.0%	5.8%	6.3%	6.8%	7.0%	0.2%	2.7%
Net Income												
<i>mpm</i>	(1,609,063)	10,722,980	3,911,169	5,188,469	2,410,637	2,775,825	1,330,120	1,240,243	16,856,462	13,774,736	3,081,726	22.4%
% of Revenue	(1.28)	8.76	11.27	14.33	18.91	20.86	9.71	8.76	13.50	11.11	2.39	21.5%
	-0.5%	3.4%	4.8%	6.2%	7.3%	7.7%	3.5%	3.0%	5.4%	4.4%	1.0%	22.2%
100% TNE	16,769,368	16,138,440	16,112,437	16,056,217	16,597,381	17,247,717	17,988,276	18,817,839	18,817,839	18,237,403	580,436	3.2%
% TNE Required	36%	68%	68%	84%	84%	84%	84%	84%	84%	84%		
Minimum Required TNE	6,036,972	10,974,139	10,956,457	13,487,223	13,941,800	14,488,083	15,110,152	15,806,985	15,806,985	15,319,418	487,566	3.2%
GCHP TNE	(6,031,881)	11,891,099	15,802,268	20,990,738	23,401,375	26,177,200	27,507,320	28,747,563	28,747,563	25,665,837	3,081,726	12.0%
TNE Excess / (Deficiency)	(12,068,853)	916,960	4,845,810	7,503,516	9,459,575	11,689,117	12,397,168	12,940,578	12,940,578	10,346,418	2,594,160	25.1%

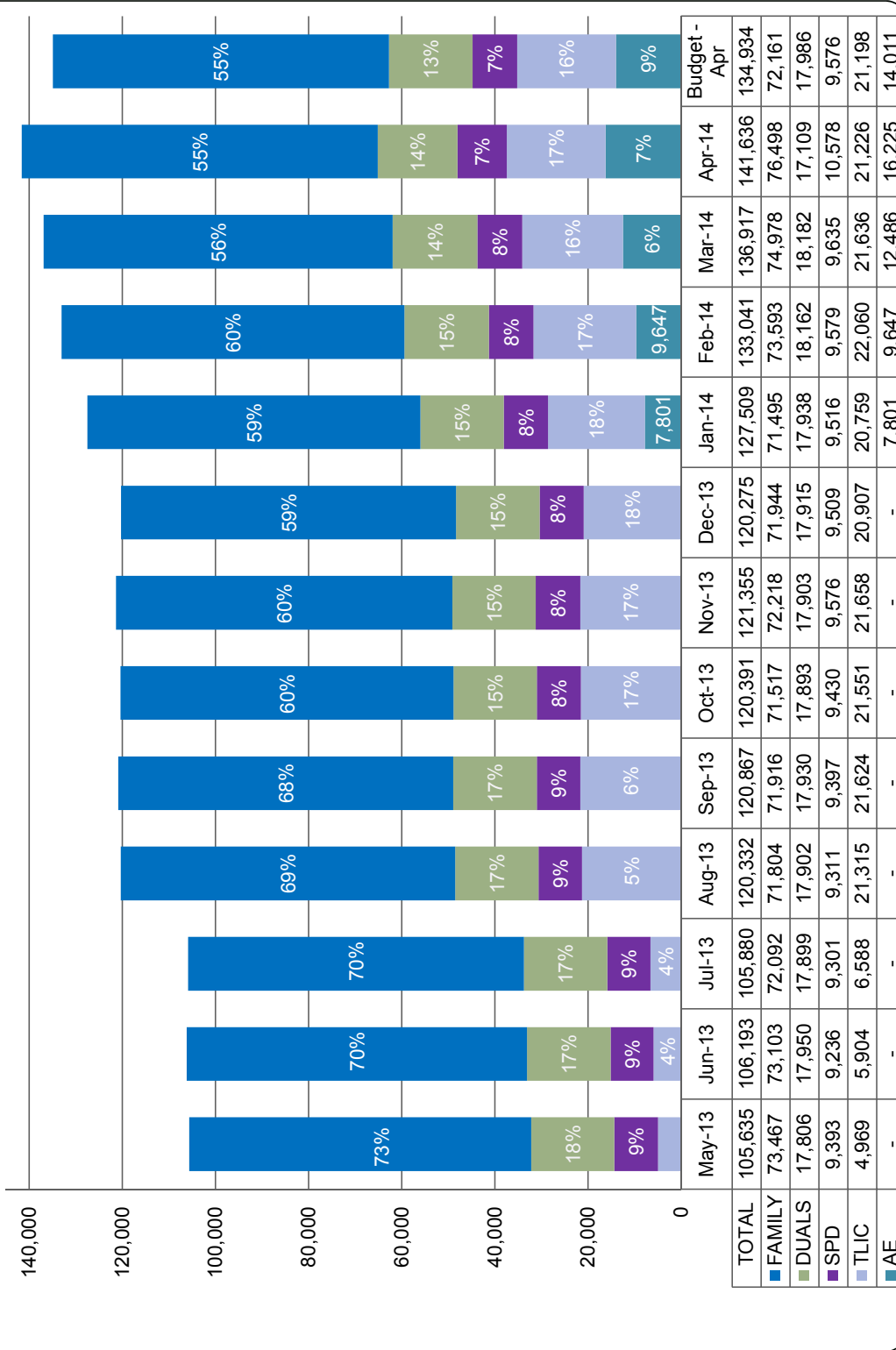
Note: TNE amount includes \$7.2 million related to the Lines of Credit (LOC) from Ventura County.

* Audited amounts reflect financial adjustments made by auditors, but exclude presentation reclassifications without P&L impact (i.e. reporting package kept the same).

** Adjusted results remove the ACA 1202 payments (\$5.2 million) from both revenue and health care costs in order to compare to the budget (since budget assumed these funds were passed through directly).



Membership - Rolling 12 Months



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

Note: Actual April membership reflects new Duals definition as implemented by DHCS. Prior months and budget have not been restated.

Income Statement Monthly Trend

	FY2013-14 Monthly Trend				Current Month		
	DEC 2013	JAN 2014	FEB 2014	MAR 2014	APR 2014		Variance Fav/(Unfav)
					Actual	Budget	
Membership (includes retro members)	120,275	127,509	133,041	136,917	141,636	134,932	6,704
Revenue:							
Premium	\$ 29,047,006	\$ 40,250,143	\$ 37,669,204	\$ 39,652,832	\$ 42,486,972	\$ 40,051,836	\$ 2,435,136
Reserve for Rate Reduction	(281,754)	(425,684)	(387,418)	(440,736)	-	(257,668)	257,668
MCO Premium Tax	(1,110,666)	(1,467,377)	(1,451,360)	(1,529,127)	(1,672,942)	(1,577,041)	(95,901)
Total Net Premium	27,654,585	38,357,083	35,830,427	37,682,970	40,814,030	38,217,127	2,596,903
Other Revenue:							
Interest Income	12,031	11,688	14,272	17,728	16,425	12,817	3,609
Miscellaneous Income	38,333	38,333	37,286	38,333	38,333	38,333	-
Total Other Revenue	50,364	50,021	51,559	56,061	54,759	51,150	3,609
Total Revenue	27,704,949	38,407,105	35,881,985	37,739,031	40,868,789	38,268,277	2,600,511
Medical Expenses:							
<u>Capitation (PCP, Specialty, Kasier, NEMT & Visior</u>	1,610,161	1,609,561	1,679,455	1,704,134	1,797,876	1,670,150	(127,725)
<u>FFS Claims Expenses:</u>							
Inpatient	4,491,812	5,733,670	5,139,891	7,940,779	9,670,256	7,505,516	(2,164,741)
LTC/SNF	6,923,947	6,871,300	7,988,436	7,256,361	6,106,318	6,067,130	(39,188)
Outpatient	3,189,204	3,582,927	3,057,728	2,631,325	3,845,231	3,419,096	(426,135)
Laboratory and Radiology	111,157	352,687	450,809	609,596	512,307	535,342	23,036
Physician ACA 1202	-	5,167,335	104,094	102,189	-	-	-
Emergency Room	729,901	850,311	871,674	975,817	1,127,040	1,057,708	(69,332)
Physician Specialty	2,305,009	2,353,215	1,930,722	2,433,750	2,572,332	2,674,945	102,613
Mental Health Services	-	225,017	233,276	254,043	248,532	191,873	(56,659)
Pharmacy	3,210,998	3,863,088	5,657,345	5,648,117	6,255,595	6,518,347	262,752
Other Medical Professional	149,068	141,578	192,695	218,265	200,064	189,379	(10,685)
Other Medical Care	3,608	(1,935)	-	3,645	331	-	(331)
Other Fee For Service	1,645,707	2,634,006	2,870,527	3,250,414	3,791,877	3,424,582	(367,294)
Transportation	67,551	86,625	83,111	79,919	111,272	89,403	(21,869)
Total Claims	22,827,961	31,859,823	28,580,309	31,404,220	34,441,155	31,673,321	(2,767,834)
Medical & Care Management Expense	830,780	824,092	774,659	828,605	896,582	937,356	40,774
Reinsurance	(1,553,135)	(395,380)	104,962	308,761	319,404	206,447	(112,957)
Claims Recoveries	(259,182)	(147,503)	(187,358)	(33,912)	(389,784)	-	389,784
Sub-total	(981,537)	281,209	692,263	1,103,455	826,202	1,143,803	317,601
Total Cost of Health Care	23,456,586	33,750,593	30,952,027	34,211,809	37,065,232	34,487,274	(2,577,958)
Contribution Margin	4,248,363	4,656,511	4,929,959	3,527,222	3,803,556	3,781,003	22,554
General & Administrative Expenses:							
Salaries and Wages	592,047	596,197	577,942	584,952	585,889	664,034	78,145
Payroll Taxes and Benefits	151,109	187,611	90,406	144,143	152,089	157,671	5,582
Travel and Training	4,315	4,276	9,270	7,364	8,647	32,632	23,985
Outside Service - ACS	940,933	968,191	1,024,850	1,044,479	1,127,533	1,021,544	(105,989)
Outside Services - Other	19,158	79,142	180,177	82,663	81,293	111,675	30,382
Accounting & Actuarial Services	12,500	56,250	14,226	29,239	17,051	13,333	(3,717)
Legal	88,066	114,004	47,032	71,044	33,293	36,340	3,047
Insurance	13,265	9,615	12,477	12,120	11,990	15,095	3,105
Lease Expense - Office	25,980	28,480	28,979	28,979	226,981	224,355	(2,626)
Consulting Services	42,604	46,831	53,700	57,096	71,630	133,589	61,959
Translation Services	3,602	8,387	2,554	5,197	1,963	2,417	454
Advertising and Promotion	1,883	-	790	(790)	1,300	51,292	49,992
General Office	115,766	96,638	83,285	73,897	126,456	99,107	(27,348)
Depreciation & Amortization	7,015	7,015	7,015	7,015	14,711	45,819	31,108
Printing	2,022	10,344	862	21,503	12,008	23,688	11,680
Shipping & Postage	562	14,021	5,822	464	1,945	20,492	18,547
Interest	18,828	18,873	14,746	27,738	22,754	11,035	(11,719)
Total G & A Expenses	2,039,656	2,245,874	2,154,133	2,197,102	2,563,313	2,664,119	100,805
Net Income / (Loss)	\$ 2,208,708	\$ 2,410,637	\$ 2,775,825	\$ 1,330,120	\$ 1,240,243	\$ 1,116,884	\$ 123,359

PMPM Income Statement Comparison

	Actual Monthly				APR 2014		Variance
	DEC 2013	JAN 2014	FEB 2014	MAR 2014	Actual	Budget	Fav/(Unfav)
Membership (includes retro members)	120,275	127,509	133,041	136,917	141,636	134,932	6,704
Revenue:							
Premium	241.50	283.14	283.14	289.61	299.97	296.83	3.14
Reserve for Rate Reduction	(2.34)	(2.91)	(2.91)	(3.22)	-	(1.91)	1.91
MCO Premium Tax	(9.23)	(10.91)	(10.91)	(11.17)	(11.81)	(11.69)	(0.12)
Total Net Premium	229.93	269.32	269.32	275.22	288.16	283.23	4.93
Other Revenue:							
Interest Income	0.10	0.11	0.11	0.13	0.12	0.09	0.02
Miscellaneous Income	0.32	0.28	0.28	0.28	0.27	0.28	(0.01)
Total Other Revenue	0.42	0.39	0.39	0.41	0.39	0.51	(0.12)
Total Revenue	230.35	269.71	269.71	275.63	288.55	283.61	4.94
Medical Expenses:							
<u>Capitation (PCP, Specialty, Kasier, NEMT & Visior</u>	13.39	12.62	12.62	12.45	12.69	12.38	0.32
FFS Claims Expenses:							
Inpatient	37.35	38.63	38.63	58.00	68.28	55.62	(12.65)
LTC/SNF	57.57	60.04	60.04	53.00	43.11	44.96	1.85
Outpatient	26.52	22.98	22.98	19.22	27.15	25.34	(1.81)
Laboratory and Radiology	0.92	3.39	3.39	4.45	3.62	3.97	0.35
Physician ACA 1202	-	0.78	0.78	0.75	-	-	-
Emergency Room	6.07	6.55	6.55	7.13	7.96	7.84	(0.12)
Physician Specialty	19.16	14.51	14.51	17.78	18.16	19.82	1.66
Mental Health Services	-	1.75	1.75	1.86	1.75	1.42	(0.33)
Pharmacy	26.70	42.52	42.52	41.25	44.17	48.31	4.14
Other Medical Professional	1.24	1.45	1.45	1.59	1.41	1.40	(0.01)
Other Medical Care	0.03	-	-	0.03	0.00	-	(0.00)
Other Fee For Service	13.68	21.58	21.58	23.74	26.77	25.38	(1.39)
Transportation	0.56	0.62	0.62	0.58	0.79	0.66	(0.12)
Total Claims	189.80	214.82	214.82	229.37	243.17	234.73	(8.43)
Medical & Care Management Expense	6.91	5.82	5.82	6.05	6.33	6.95	0.62
Reinsurance	(12.91)	0.79	0.79	2.26	2.26	1.53	(0.73)
Claims Recoveries	(2.15)	(1.41)	(1.41)	(0.25)	(2.75)	-	2.75
Sub-total	(8.16)	5.20	5.20	8.06	5.83	8.48	2.64
Total Cost of Health Care	195.02	232.65	232.65	249.87	261.69	255.59	(6.10)
Contribution Margin	35.32	37.06	37.06	25.76	26.85	28.02	(1.17)
General & Administrative Expenses:							
Salaries and Wages	4.92	4.34	4.34	4.27	4.14	4.92	0.78
Payroll Taxes and Benefits	1.26	0.68	0.68	1.05	1.07	1.17	0.09
Travel and Training	0.04	0.07	0.07	0.05	0.06	0.24	0.18
Outside Service - ACS	7.82	7.70	7.70	7.63	7.96	7.57	(0.39)
Outside Services - Other	0.16	1.35	1.35	0.60	0.57	0.83	0.25
Accounting & Actuarial Services	0.10	0.11	0.11	0.21	0.12	0.10	(0.02)
Legal	0.73	0.35	0.35	0.52	0.24	0.27	0.03
Insurance	0.11	0.09	0.09	0.09	0.08	0.11	0.03
Lease Expense - Office	0.22	0.22	0.22	0.21	1.60	1.66	0.06
Consulting Services	0.35	0.40	0.40	0.42	0.51	0.99	0.48
Translation Services	0.03	0.02	0.02	0.04	0.01	0.02	0.00
Advertising and Promotion	0.02	0.01	0.01	(0.01)	0.01	0.38	0.37
General Office	0.96	0.63	0.63	0.54	0.89	0.73	(0.16)
Depreciation & Amortization	0.06	0.05	0.05	0.05	0.10	0.34	0.24
Printing	0.02	0.01	0.01	0.16	0.08	0.18	0.09
Shipping & Postage	0.00	0.04	0.04	0.00	0.01	0.15	0.14
Interest	0.16	0.11	0.11	0.20	0.16	0.08	(0.08)
Total G & A Expenses	16.96	16.19	16.19	16.05	18.10	19.74	1.65
Net Income / (Loss)	18.36	20.86	20.86	9.71	8.76	8.28	0.48

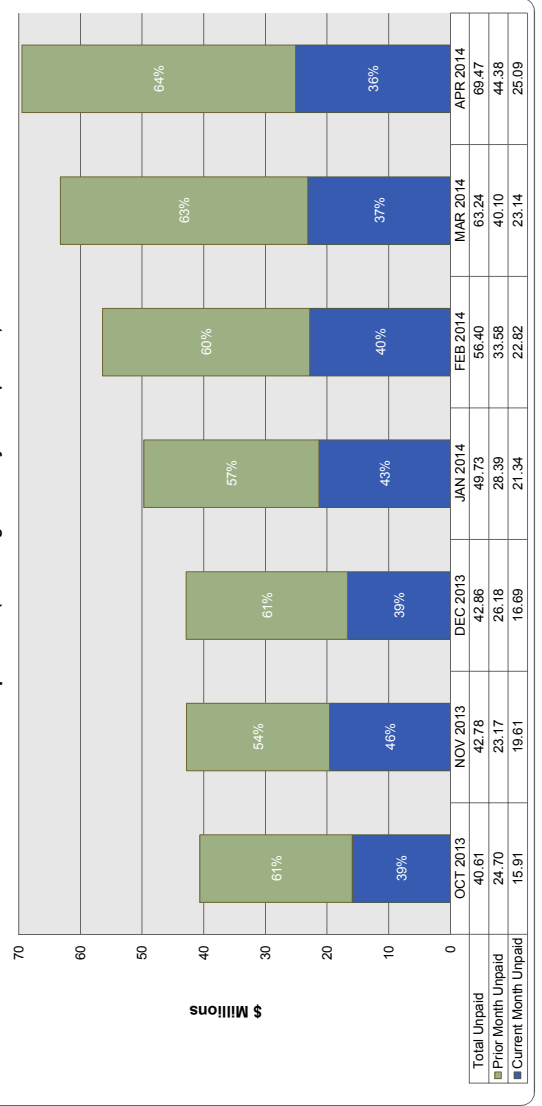
Paid Claims Composition (excluding Pharmacy and Capitation Payments)



Note: Paid Claims Composition - reflects adjusted medical claims payment lag schedule.

* Months Indicated with 5* represent months for which there were 5 claim payments. For all other months, 4 claim payments were made.

IBNP Composition (excluding Pharmacy and Capitation)



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



For the month ended April 30, 2014

APPENDIX

- Comparative Balance Sheet
- Cash & Medi-Cal Receivable Trend
- Statements of Cash Flow
- YTD Income Statement
- Total Expenditure Composition
- Pharmacy Cost & Utilization Trends

Comparative Balance Sheet

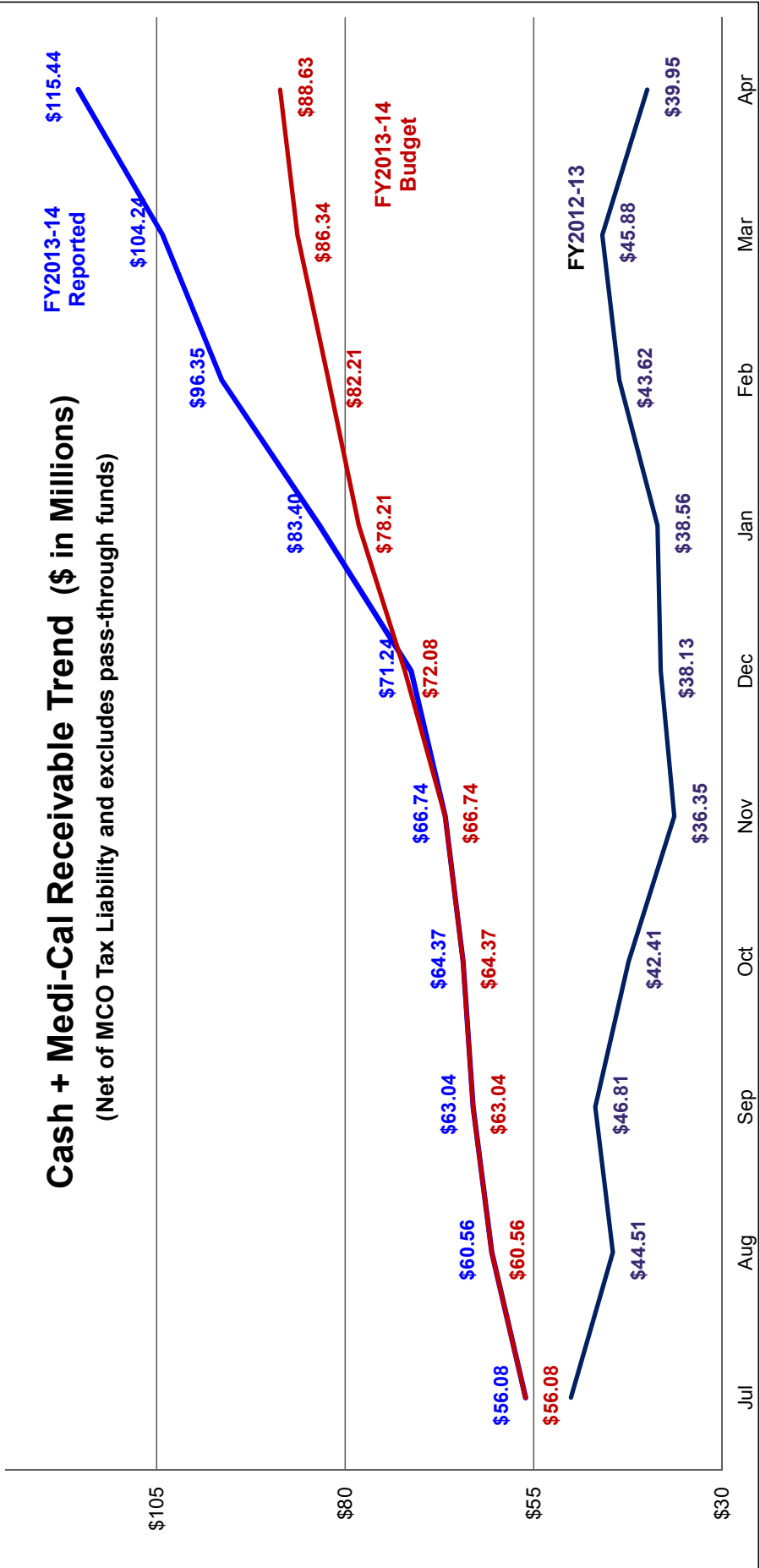
	4/30/14	3/31/14	2/28/14	Audited FY 2012-13
ASSETS				
Current Assets				
Total Cash and Cash Equivalents	\$ 72,576,000	\$ 73,664,068	\$ 68,790,390	\$ 50,817,760
Medi-Cal Receivable*	53,513,432	48,613,745	52,050,271	11,683,076
Provider Receivable	238,327	150,150	425,870	1,161,379
Other Receivables	173,225	173,318	178,153	300,397
Total Accounts Receivable	53,924,983	48,937,213	52,654,294	13,144,852
Total Prepaid Accounts	529,986	623,292	720,548	324,419
Total Other Current Assets	91,719	299,093	251,438	10,000
Total Current Assets	127,122,687	123,523,665	122,416,670	64,297,030
Total Fixed Assets	1,636,170	1,364,847	1,234,241	230,913
Total Assets	\$ 128,758,857	\$ 124,888,513	\$ 123,650,911	\$ 64,527,943
LIABILITIES & FUND BALANCE				
Current Liabilities				
Incurred But Not Reported	\$ 71,277,003	\$ 61,100,924	\$ 53,809,826	\$ 29,901,103
Claims Payable	5,259,002	7,509,972	6,477,413	9,748,676
Capitation Payable	1,444,901	1,388,007	1,366,703	1,002,623
Physician ACA 1202 Payable	3,357,133	3,357,133	5,271,429	-
AB85 Payable	590,735	525,951	735,137	-
Accrued Premium Reduction	2,096,754	2,096,754	1,656,018	-
Accounts Payable	1,430,185	208,214	238,242	1,751,419
Accrued ACS	1,149,054	1,023,582	1,095,479	422,138
Accrued Expenses	608,902	911,980	1,023,244	477,477
Accrued Premium Tax*	11,188,973	17,616,483	24,146,001	7,337,759
Accrued Interest Payable	37,061	35,207	33,466	9,712
Current Portion of Deferred Revenue	460,000	460,000	460,000	460,000
Accrued Payroll Expense	574,926	571,987	547,421	605,937
Total Current Liabilities	99,474,627	96,806,193	96,860,378	\$ 51,716,843
Long-Term Liabilities				
Deferred Revenue - Long Term Portion	536,667	575,000	613,333	920,000
Notes Payable	7,200,000	7,200,000	7,200,000	7,200,000
Total Long-Term Liabilities	7,736,667	7,775,000	7,813,333	8,120,000
Total Liabilities	107,211,294	104,581,193	104,673,711	59,836,843
Beginning Fund Balance	4,691,101	4,691,101	4,691,101	(6,031,881)
Net Income Current Year	16,856,462	16,946,339	14,286,099	10,722,981
Total Fund Balance	21,547,563	20,307,320	18,977,200	4,691,100
Total Liabilities & Fund Balance	\$ 128,758,857	\$ 124,888,513	\$ 123,650,911	\$ 64,527,943

* Note: Feb'14 balances include anticipated MCO Tax, reversed in March

FINANCIAL INDICATORS				
Current Ratio	1.28 : 1	1.28 : 1	1.26 : 1	1.24 : 1
Days Cash on Hand	55	61	62	58
Days Cash + State Capitation Receivable	95	101	110	72
Days Cash + State Capitation Rec (less Tax Liab)	87	86	88	63

Cash + Medi-Cal Receivable Trend (\$ in Millions)

(Net of MCO Tax Liability and excludes pass-through funds)



Statement of Cash Flows - Monthly

	APR '14	MAR '14	FEB '14	JUN'13
Cash Flow From Operating Activities				
Collected Premium	\$ 37,650,034	\$ 35,133,669	\$ 47,761,779	\$ 52,138,834
Miscellaneous Income	16,425	17,728	14,273	8,594
State Pass Through Funds	547,636	423,117	342,152	34,346,474
Paid Claims				
Medical & Hospital Expenses	(22,006,605)	(20,564,629)	(15,766,152)	(17,277,826)
Pharmacy	(4,969,327)	(4,562,358)	(4,420,992)	(4,009,168)
Capitation	(1,707,411)	(1,689,109)	(1,601,382)	(1,162,302)
Reinsurance of Claims	(319,404)	(308,761)	(308,946)	(240,430)
State Pass Through Funds Distributed	(521,567)	(735,259)		(34,346,474)
Paid Administration	(1,271,656)	(2,674,644)	(1,509,345)	(2,616,623)
MCO Tax Received / (Paid)	(8,124,486)	-	-	829,564
Net Cash Provided/ (Used) by Operating Activities	(706,361)	5,039,755	24,511,385	27,670,643
Cash Flow From Investing/Financing Activities				
Proceeds from Line of Credit				-
Repayments on Line of Credit	-	-	-	-
Net Acquisition of Property/Equipment	(381,708)	(166,076)	(64,987)	(31,026)
Net Cash Provided/(Used) by Investing / Financing	(381,708)	(166,076)	(64,987)	(31,026)
Net Cash Flow	\$ (1,088,069)	\$ 4,873,678	\$ 24,446,398	\$ 27,639,617
Cash and Cash Equivalents (Beg. of Period)	73,664,068	68,790,390	44,343,991	23,068,235
Cash and Cash Equivalents (End of Period)	72,576,000	73,664,068	68,790,390	50,817,760
	\$ (1,088,069)	\$ 4,873,678	\$ 24,446,398	\$ 27,749,525
Adjustment to Reconcile Net Income to Net Cash Flow				
Net (Loss) Income	1,240,243	1,330,120	2,775,825	4,109,976
Loss on asset disposal	65,781	-	-	-
Depreciation & Amortization	44,605	35,470	35,321	11,407
Decrease / (Increase) in Receivables	(4,987,770)	3,717,081	1,654,180	22,788,941
Decrease / (Increase) in Prepays & Other Current Assets	300,680	49,602	(79,327)	769,972
(Decrease) / Increase in Payables	1,113,941	(1,869,629)	2,301,865	(1,578,838)
(Decrease) / Increase in Other Liabilities	(38,333)	(38,333)	(38,333)	(121,667)
Changes in Withhold / Risk Incentive Pool	-	-	-	-
Change in MCO Tax Liability	(6,427,510)	(6,529,517)	9,560,469	1,433,012
Changes in Claims and Capitation Payable	(2,194,076)	1,053,864	324,792	1,913,029
Changes in IBNR	10,176,079	7,291,098	7,976,594	(1,655,189)
	(706,361)	5,039,755	24,511,385	27,670,643
Net Cash Flow from Operating Activities	\$ (706,361)	\$ 5,039,755	\$ 24,511,385	\$ 27,670,643

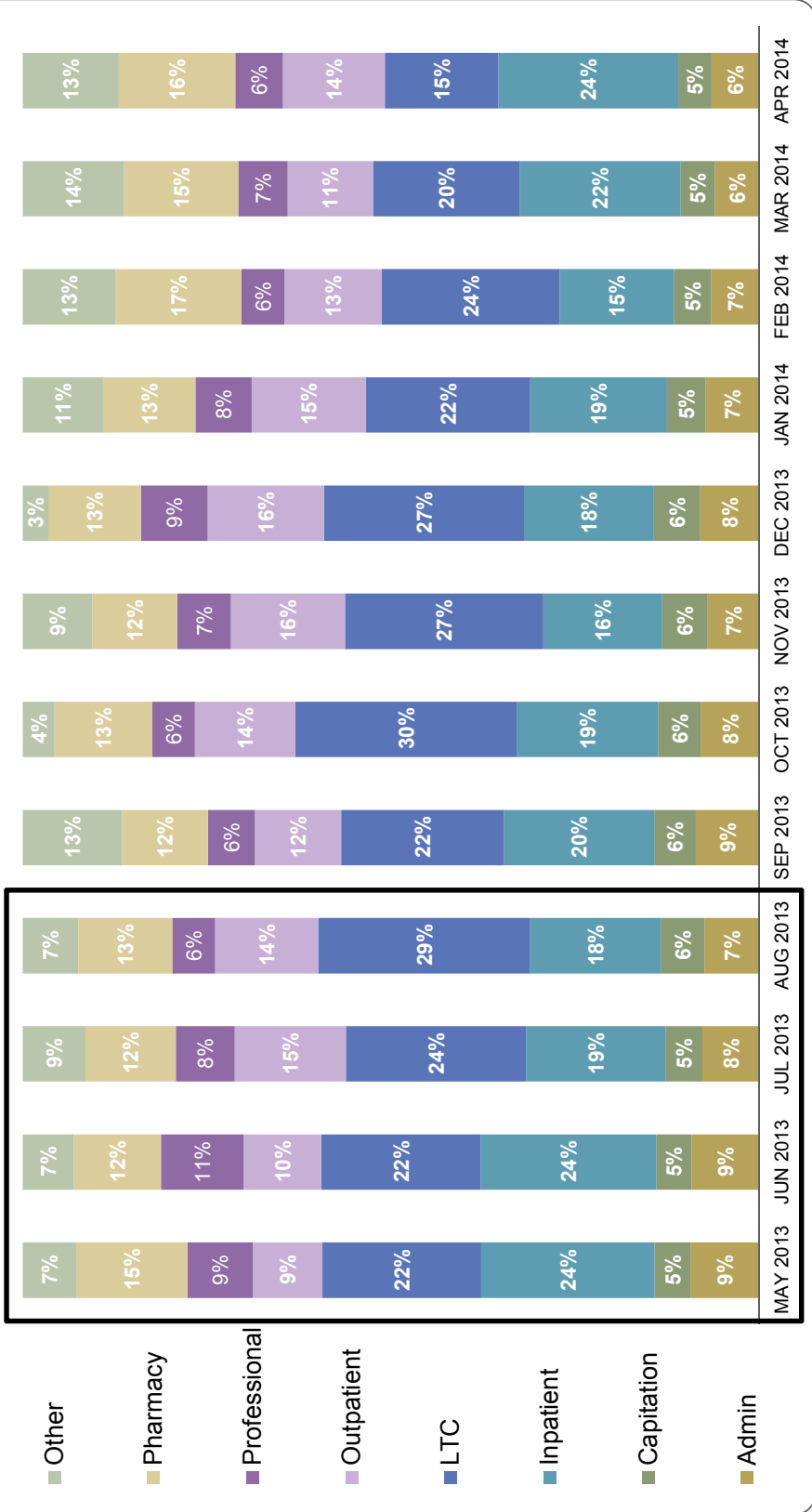
Statement of Cash Flows - YTD

	APR 2014 YTD
Cash Flow From Operating Activities	
Collected Premium	\$ 291,466,434
Miscellaneous Income	124,629
State Pass Through Funds	62,486,859
<u>Paid Claims</u>	
Medical & Hospital Expenses	(178,215,788)
Pharmacy	(38,479,209)
Capitation	(15,434,001)
Reinsurance of Claims	(2,848,696)
State Pass Through Funds Distributed	(61,216,681)
Payment of Withhold / Risk Sharing Incentive	-
Paid Administration	(25,488,116)
Repay Initial Net Liabilities	-
MCO Taxes Received / (Paid)	(8,951,052)
Net Cash Provided / (Used) by Operating Activities	23,444,379
Cash Flow From Investing/Financing Activities	
Proceeds from Line of Credit	-
Repayments on Line of Credit	-
Net Acquisition of Property / Equipment	(1,686,139)
Net Cash Provided / (Used) by Investing / Financing	(1,686,139)
Net Cash Flow	\$ 21,758,240
Cash and Cash Equivalents (Beginning of Period)	50,817,760
Cash and Cash Equivalents (End of Period)	72,576,000
	\$ 21,758,240
Adjustment to Reconcile Net Income to Net Cash Flow	
Net Income / (Loss)	16,856,462
Depreciation & Amortization	216,257
Decrease / (Increase) in Receivables	(40,780,132)
Decrease / (Increase) in Prepaids & Other Current Assets	(287,286)
(Decrease) / Increase in Payables	6,578,066
(Decrease) / Increase in Other Liabilities	(384,488)
Change in MCO Tax Liability	3,851,214
Loss on asset disposal	65,781
Changes in Claims and Capitation Payable	(4,047,396)
Changes in IBNR	41,375,900
	23,444,379
	\$ 23,444,379

Income Statement
For The Ten Months Ended April 30, 2014

	April '14 Year-To-Date		Variance
	Actual	Budget	Fav/(Unfav)
Membership (includes retro members)	1,248,203	1,239,779	8,424
Revenue			
Premium	\$ 333,273,680	\$ 327,322,379	\$ 5,951,301
Reserve for Rate Reduction	(2,096,754)	(1,849,929)	(246,825)
MCO Premium Tax	(12,727,767)	(12,708,018)	(19,749)
Total Net Premium	318,449,159	312,764,432	5,684,727
Other Revenue:			
Interest Income	124,629	109,768	14,860
Miscellaneous Income	382,286	383,333	(1,047)
Total Other Revenue	506,915	493,102	13,813
Total Revenue	318,956,074	313,257,534	5,698,540
Medical Expenses:			
<u>Capitation (PCP, Specialty, Kaiser, NEMT & Vision)</u>	15,925,898	15,801,353	(124,545)
<u>FFS Claims Expenses:</u>			
Inpatient	57,257,674	57,512,493	254,819
LTC / SNF	69,962,965	64,883,141	(5,079,824)
Outpatient	30,301,176	30,134,421	(166,755)
Laboratory and Radiology	2,719,704	2,788,525	68,821
Physician ACA 1202	5,373,618	-	(5,373,618)
Emergency Room	8,237,485	8,284,344	46,859
Physician Specialty	20,312,862	21,472,143	1,159,280
Mental Health Services	960,868	767,196	(193,672)
Pharmacy	40,814,204	43,870,510	3,056,306
Other Medical Professional	1,618,322	1,533,490	(84,832)
Other Medical Care	7,270	-	(7,270)
Other Fee For Service	22,464,924	22,329,609	(135,316)
Transportation	844,221	841,779	(2,443)
Total Claims	260,875,295	254,417,650	(6,457,644)
Medical & Care Management Expense	7,835,132	8,014,810	179,678
Reinsurance	(1,364,835)	(684,537)	680,299
Claims Recoveries	(2,548,784)	-	2,548,784
Sub-total	3,921,513	7,330,273	3,408,760
Total Cost of Health Care	280,722,706	277,549,277	(3,173,429)
Contribution Margin	38,233,368	35,708,257	2,525,111
General & Administrative Expenses:			
Salaries and Wages	5,446,891	5,630,375	183,484
Payroll Taxes and Benefits	1,319,102	1,325,134	6,032
Travel and Training	78,882	153,033	74,151
Outside Service - ACS	9,900,522	9,772,745	(127,776)
Outside Services - Other	567,819	521,770	(46,048)
Accounting & Actuarial Services	238,378	183,279	(55,099)
Legal	606,344	434,607	(171,738)
Insurance	118,988	117,784	(1,204)
Lease Expense - Office	473,321	492,198	18,877
Consulting Services	1,012,027	1,265,385	253,358
Translation Services	38,013	28,393	(9,619)
Advertising and Promotion	25,369	162,909	137,540
General Office	923,688	1,005,879	82,192
Depreciation & Amortization	73,763	163,976	90,212
Printing	103,247	184,174	80,927
Shipping & Postage	48,874	206,759	157,885
Interest	335,898	285,120	(50,778)
Other / Miscellaneous Expenses	65,781	-	(65,781)
Total G & A Expenses	21,376,906	21,933,521	556,615
Net Income / (Loss)	\$ 16,856,462	\$ 13,774,736	\$ 3,081,726

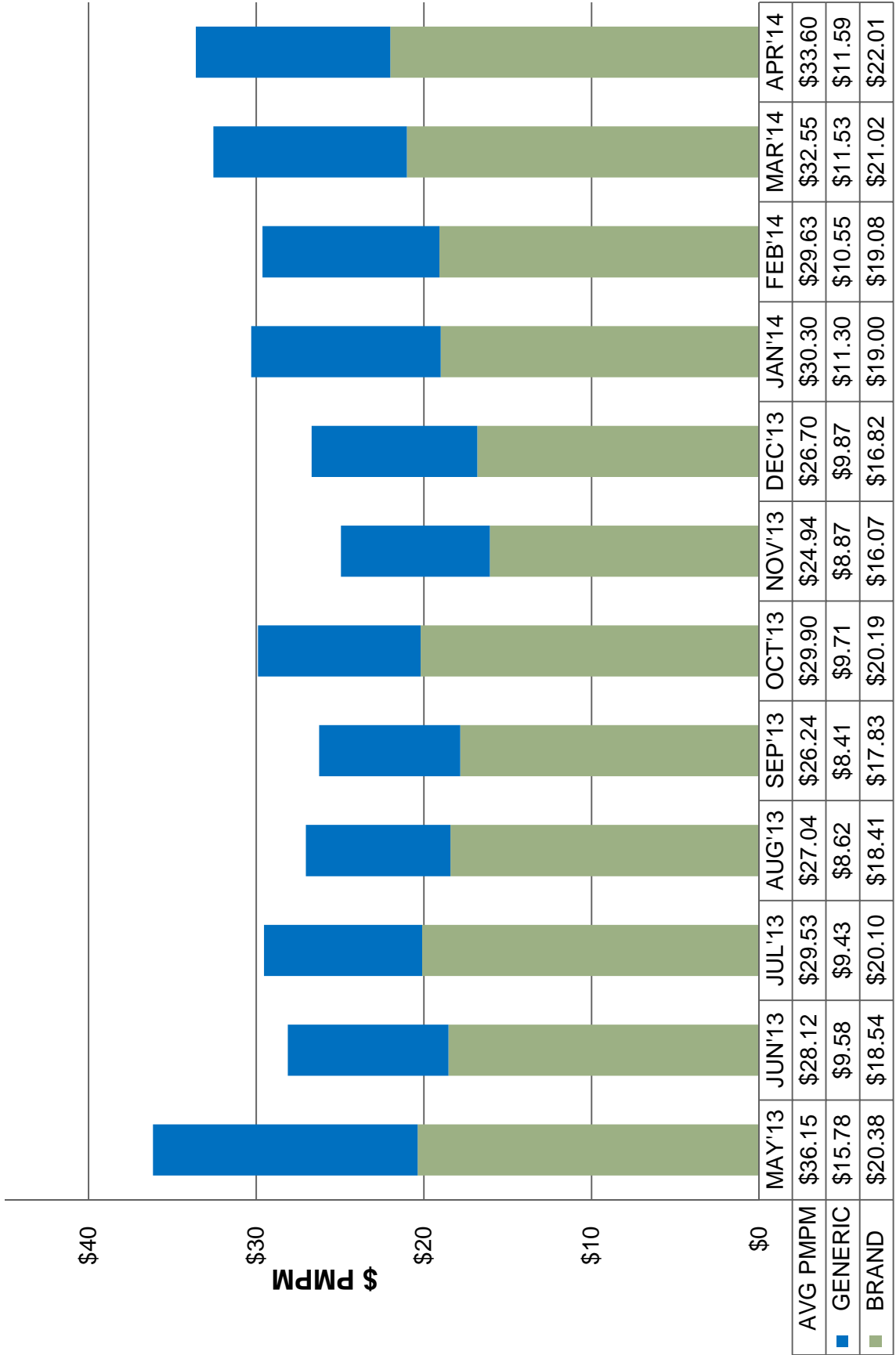
Total Expense Composition



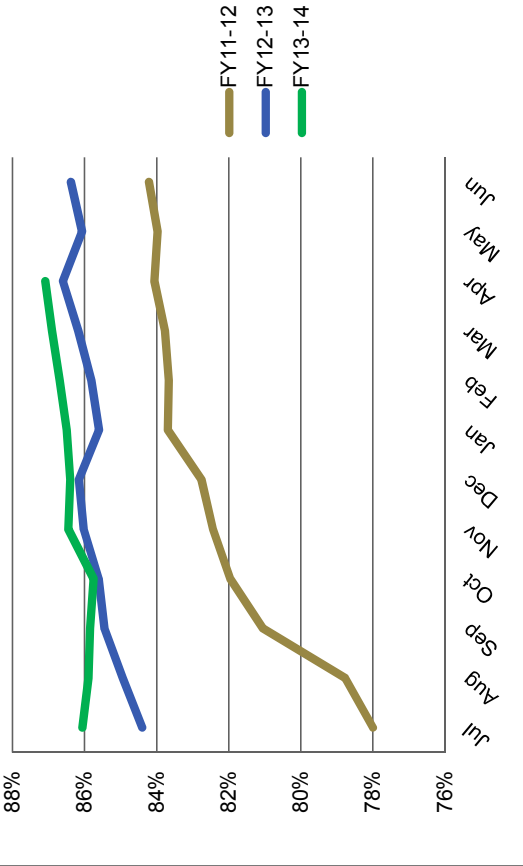
In May 2013, GCHP changed its method of distributing Health Care Costs (HCC) across categories of service. Prior months utilized an allocation methodology. The methodology was updated to utilize payment information by different categories of services. Further changes have been made with the assumption of the TLIC population and its affect on various categories of service. Therefore, the months of May - August represent the transitioning to a new methodology.

Beginning January 2014, "Other" category includes ACA 1202 physician supplement and mental health expenses.

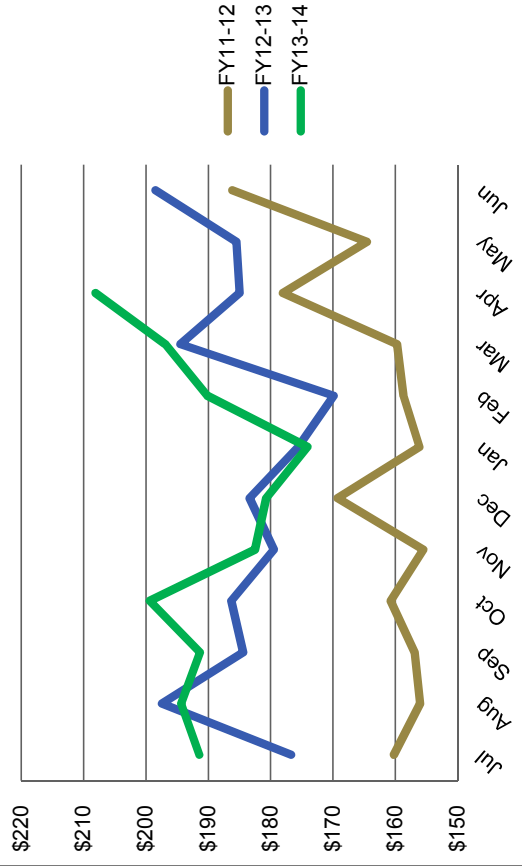
Pharmacy Cost Trend



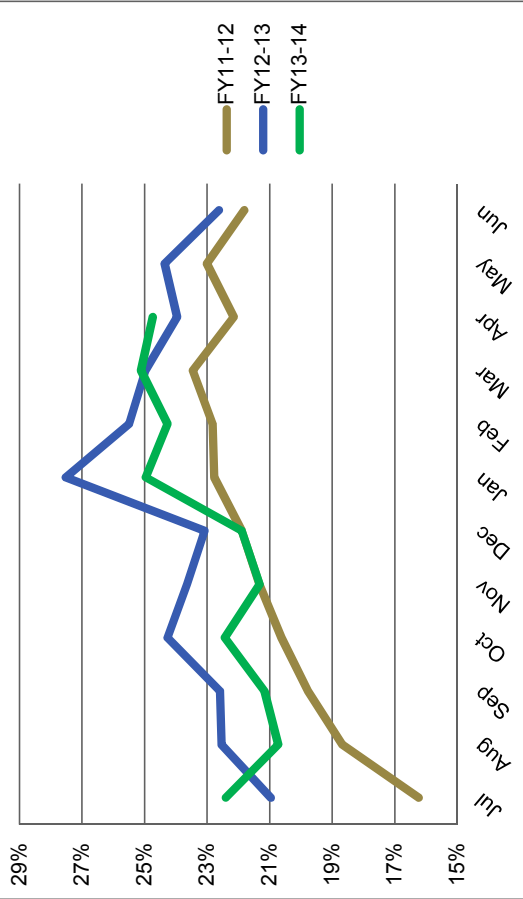
Generic Utilization Rate



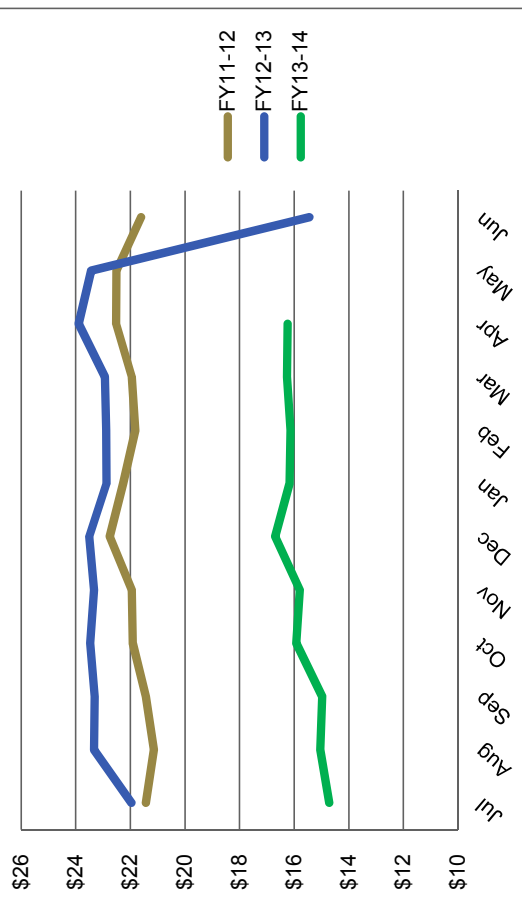
Brand Drugs: Cost per Script



Percent Utilizing Members



Generic Drugs: Cost per Script



AGENDA ITEM 2b

To: Gold Coast Health Plan Commission

From: Michelle Raleigh, Chief Financial Officer

Date: June 23, 2014

Re: Continue Process to Secure Additional Medi-Cal Funds through an Intergovernmental Transfer (IGT)

SUMMARY:

The Plan seeks approval from the Commission for the Chief Executive Officer to enter into necessary agreements with the Ventura County Medical Center (VCMC) or other appropriate County agency and the California Department of Health Care Services (DHCS) to secure additional Medi-Cal Funds through an Intergovernmental Transfer (IGT). This step follows the Plan's submission of a proposal to DHCS, which was approved by the Commission on May 19, 2014.

BACKGROUND:

Intergovernmental Transfers (IGTs) are a mechanism for Medi-Cal managed care plans, counties and certain types of public hospitals to work with the State of California in order to bring federal Medicaid matching dollars to the local level.

To accomplish an IGT, a "funding entity" provides funds to the State Department of Health Care Services (DHCS). A funding entity can be counties, cities and State University teaching hospitals, or any other political subdivision of the State, as long as they meet the requirements as defined by 42 C.F.R. Section 433.50 for the funding of IGTs. The federal government then matches those funds according to a set formula. The State uses these combined funds to increase the rates it pays to the local Medi-Cal managed care plan consistent with the Plan's actuarially determined payment rates. The funding entity recoups the original outlay of funds and the federal match to those funds. The funding entity for the FY 2012-13 IGT would be VCMC or other appropriate Ventura County agency.

DISCUSSION:

The FY 2012-13 IGT is structured similar to the FY 2011-12 IGT and involve a transfer of funds from the funding entity to DHCS. The DHCS would then use a portion of these funds to leverage a federal match at the Federal Medical Assistance Percentages (FMAP) rate in effect during FY 2012-13. Additionally, the funding entity pays DHCS an assessment fee of 20% of the initial funding amount. Subsequently, Gold Coast Health Plan (GCHP or Plan) would receive an increased capitation payment via a rate amendment to the Primary Agreement between GCHP and DHCS. The Plan would return the funds received via the

increased capitation rate to the funding entity, after withholding amounts for MCO taxes (2.35%) and GCHP's administrative fee (2%).

As approved at the May 19, 2014 Commission meeting, GCHP submitted a proposal on May 30, 2014 to DHCS that included the following:

- the Plan's contact person, funding entity and participation levels (i.e., expected percentage of dollars to fund) and
- the funding entity's voluntary letter of interest and some additional documentation regarding the Medi-Cal members served and scope of services.

On May 27, 2014, DHCS responded to ongoing inquiries by the Plan regarding the IGT process and related timing. In the email, DHCS alerted the Plan that signed contracts would need to be submitted between June 20, 2014 – July 3, 2014. Formal communication, documents, and a timeline were received by the Plan on June 6, 2014. The following federally approved templates essentially remained the same as last year:

1. Agreement between the funding entity and DHCS regarding the transfer of funds to the State,
2. Agreement between the funding entity and DHCS regarding the State assessment fee,
3. Amendment to Agreement between the funding entity and the Plan regarding the transfer of funds,
4. IGT Funding Questions and Answers document, and
5. Amendment to Agreement between the Plan and DHCS in the form of a rate amendment to account for increased capitation rate resulting from the IGT between the funding entity and DHCS.

DHCS required submission of draft documents to the State on June 13, 2014. Therefore, the Plan and VCMC worked together to update documents and perform reviews by respective legal teams. As required, draft documents 1-4 noted above were provided to the State on June 13, 2014.

The Plan will work with VCMC, and respective legal teams, to incorporate the minor changes received from the State (on June 16, 2014) in order to send final documents to the State between no later than July 3, 2014. The Plan seeks approval from the Commission to finalize contracts, with the support of legal, with VCMC to implement the FY 2012-13 IGT.

FISCAL IMPACT:

The impact to the Plan's FY 2014-15 revenue due to the FY 2012-13 IGT is estimated to be \$532,426.

RECOMMENDATION:

Subject to review by legal counsel, recommend approval for the Chief Executive Officer to enter into agreements to secure funding for the FY 2012-13 IGT.

CONCURRENCE:

N/A.

Attachments:

None.

AGENDA ITEM 2c

To: Gold Coast Health Plan Commission

From: Michelle Raleigh, Chief Financial Officer

Date: June 23, 2013

Re: Fiscal Year 2014–15 Operating and Capital Budget

SUMMARY:

Gold Coast Health Plan (GCHP or Plan) staff has updated the FY 2014-15 operating and capital budgets for the Commission's review and approval. The budget has been updated after both the May 7, 2014 Executive / Finance Committee Meeting and the May 19, 2014 Commission Meeting. The budget is summarized in this memo and in the attached presentation.

BACKGROUND / DISCUSSION:

The FY 2014-15 budget includes projections of membership, revenue, health care costs, and administrative expenses which result in estimates of tangible net equity (TNE) and other financial statement amounts. Staff followed a robust process of estimating:

- Membership growth and mix changes as GCHP experiences additional growth primarily due to the Affordable Care Act (ACA),
- Revenue based on the most recent capitation rates received by the State (DHCS contract amendment #11) and approved by the Commission on April 28, 2014. These rates have been adjusted to reflect the State's anticipated increase in the expansion of the mental health benefit,
- Health care costs utilizing a combination of Plan experience for the traditional Medi-Cal populations and State estimates for the newer populations (e.g., Targeted Low Income Children and Adult Expansion),
- Administrative expenses developed by Plan departments and vetted with leadership,
- Capital expenditures estimated to support Plan growth, projects, and regulatory needs.

An outline of the budget process, major assumptions, and initial estimates of some budget items was provided to the Executive / Finance Committee on May 7, 2014. Following that meeting, staff completed initial budget estimates and provided a comprehensive report to the Commission on May 19, 2014. An updated budget draft was provided in the June 5, 2014 Executive / Finance Committee package, although the materials were not discussed

publically since the meeting was cancelled. This package represents an update to these previously discussed materials.

Major Assumptions

The budget includes the following major assumptions, with additional detail provided in the attached presentation:

- Membership growth and mix changes – primarily due to the expansion of the Medi-Cal program under the Affordable Care Act (ACA),
- Revenue – based on most recent State contract amendment with increase for mental health,
- Health Care Cost changes – reflective of recent Plan experience with estimates of known State policy changes and new Hepatitis C drug,
- Project Needs – incorporates Plan-wide proposal of projects to focus on during the next fiscal year, and
- Ongoing compliance - includes ongoing Plan support of 2012 / 2013 Corrective Action Plans (CAPs) and Medical Loss Ratio Evaluation (MLRE).

Additional details on budget assumptions are included below:

- **Membership** - Covered Lives are projected to average 161,798 and resulting in 1,941,580 member months for FY 2014-15. The budget includes approximately 25,800 Adult Expansion members on average, with additional growth expected in the traditional Medi-Cal populations.
- **Revenue**
 - **Capitation** - the budget reflects most recent rates approved by the Commission and paid by the State via contract amendment #11. Based on additional information communicated by DHCS, an increase in the current rates is expected on July 1, 2014 to account for assumed increased utilization of the mental health benefit that was expanded on January 1, 2014. Therefore, the Plan has also accounted for this in revenue estimates. To summarize, FY 2014-15 revenue is estimated to be \$595.9 million based on projected member months of 1,941,580 resulting in a weighted average capitation rate of approximately \$307 per member per month.
 - **Other Income** - On June 23, 2010 the Plan entered into a 5 year agreement with Affiliated Computer Services (ACS) to provide certain operational services. As part of the agreement, ACS provided the Plan with an implementation payment of \$2,300,000. Accordingly revenue is being recognized ratably over the 60 month term of the agreement. As with prior years, revenue recognized each month is \$38,333 or \$460,000 annually.

- **Health Care Cost Expense** - The FY 2014-15 medical and pharmacy expense budget was developed using the following information available for the traditional and newer populations:
 - Traditional populations – the Plan utilized 12-24 months of historical data by major category of service to estimate future expenditures, which follows the Plan’s methodology to calculate incurred but not reported estimates. Specific adjustments were made to pharmacy to take into account expected utilization and cost trends, reflect expected State policy decisions (e.g., carving out of blood factor drugs, no statewide formulary) and the new drug to treat Hepatitis C.
 - Newer populations (i.e., Targeted Low Income Children (TLIC) and Adult Expansion (AE)) – the Plan utilized information provided by the State to estimate health care expenses for the newer populations since sufficient historical data was not available to the Plan.

To summarize, the health care cost expenses in the budget have been estimated to be \$543.0 million or \$280 PMPM, resulting in an estimated medical cost ratio of 91%.

- **Administrative Expense** - The administrative budget was developed by each department to reflect the resources necessary to adequately carry out their responsibilities to support GCHP and the major projects identified for the upcoming fiscal year. In general, the administrative expenses budget is \$35.1 million or 5.9% of revenue.
- **Net Income** – The result of the above assumptions are estimated to generate \$17.7 million in net income for FY 2014-15.
- **Lines of Credit** – The FY 2014-15 budget includes the two lines of credit from the County amounting to \$7.2 million. The budget does not reflect any line of credit repayment because the methodology has not yet been finalized between the Plan, State, and the County of Ventura. The Plan is currently in discussions with the State regarding a methodology as to when repayments could begin.
- **TNE** – The resulting TNE estimate at June 30, 2015 is \$50.0 million (including the lines of credit) or 189% of the minimum required TNE level. After removing the lines of credit, the Plan’s estimated TNE will be 162% of the minimum required TNE level. This level is between the State’s triggers for a managed care plan to be on a formal watch list (150% of the minimum required TNE) and an informal watch list (200% of

the minimum required TNE). The Plan will have additional discussions with the Commission regarding a recommended range of TNE levels.

Please note the following:

- Additional information regarding projected income statement, balance sheet, and cash flows are included in the appendix of the attached presentation.
- The Plan is awaiting formal feedback from the State regarding a recent medical loss ratio evaluation, whereby the Plan is likely to receive recommendations on reclassifying expenses between health care costs and administrative costs.
- The Plan is awaiting formal feedback from the State regarding the treatment of ACA 1202 revenue and expenses related to additional payments to Medicare rates for qualifying physicians.
- The revenue and expenses in the budget are presented and projected on the “accrual basis” of accounting in accordance with Generally Accepted Accounting Principles.
- Revenue and health care costs are primarily based on current State rate information and historical information, respectively. Note actual utilization/mix of services may vary from what is assumed, especially if membership mix and growth are different. Administrative expenses are also, in part, driven by membership growth assumptions.

FINANCIAL IMPACT:

To summarize, the FY 2014-15 budget includes the following estimates:

Average Monthly Membership:	161,798
Revenue:	\$595.9 million
Health Care Cost:	\$543.0 million
Administrative Cost:	\$35.1 million

Net Income:	\$17.7 million
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TNE at June 30, 2015 (including lines of credit):	\$50.0 million
TNE at June 30, 2015 (excluding lines of credit):	\$42.8 million

RECOMMENDATION:

Staff requests the Commission authorize and approve the FY 2014-15 capital and operating budget.

CONCURENCE:

N/A

Attachments:

FY 2014-15 Operating and Administrative Budget



**Gold Coast
Health Plan**SM
A Public Entity



Fiscal Year 2014-15 Operating and Capital Budget

Michelle Raleigh, CFO
June 23, 2014



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Introduction

Gold Coast Health Plan's (GCHP) FY 2014-15 (07/01/14-06/30/15) budget is summarized in this document and reflects the following major assumptions:

- Membership Growth & Mix Changes – impacts all areas of the budget including revenue and expenses
- Revenue – rates based on last State contract amendment with adjustment for mental health
- Health Care Cost Changes – reflective of recent Plan experience with estimates of known State policy changes and new Hepatitis C drug
- Projects Needs – incorporates Plan-wide proposal of projects to focus on during the next fiscal year
- Ongoing compliance - includes ongoing Plan support of 2012 / 2013 Corrective Action Plan's (CAPs) activities and Medical Loss Ratio Evaluation (MLRE)

Introduction

Major items that are pending:

- Final State capitation rates, including updates to Adult Expansion rates
- Review of final State FY 2014-15 budget

Updates

Changes Since the May 19, 2014 Commission Meeting:

- Membership and revenue updated based on additional State information
- Health care cost estimates further analyzed and refined
- Administrative expenses updated based on additional Plan analysis of departmental budgets

Highlights

- 2 year growth: average monthly enrollment up 59% ; revenue up 89%
- Staffing, support and compliance costs increasing along with caseload growth and mix changes

	Projected		Budget
	FY 2012-13	FY 2013-14 *	FY 2014-15
	(Amounts are stated in thousands, except Enrollment and %)		
Average Monthly Enrollment	101,991	129,637	161,798
Premium Revenue	\$ 315,120	\$ 410,232	\$ 595,904
Health Care Costs	\$ 280,383	\$ 363,593	\$ 543,046
Administrative Expense	\$ 24,014	\$ 26,293	\$ 35,113
Net Income	\$ 10,723	\$ 20,347	\$ 17,745
Medical Cost Ratio (MCR)	89.0%	88.6%	91.1%
Administrative Cost Ratio (ACR)	7.6%	6.4%	5.9%
Administrative Expense - PMPM	\$ 19.62	\$ 16.90	\$ 18.08
TNE**	\$ 11,891	\$ 32,238	\$ 49,983

* Reflects actual experience through 03/31/14 and estimates from 04/01/14 to 06/30/14

** TNE includes \$7.2M in lines of credit



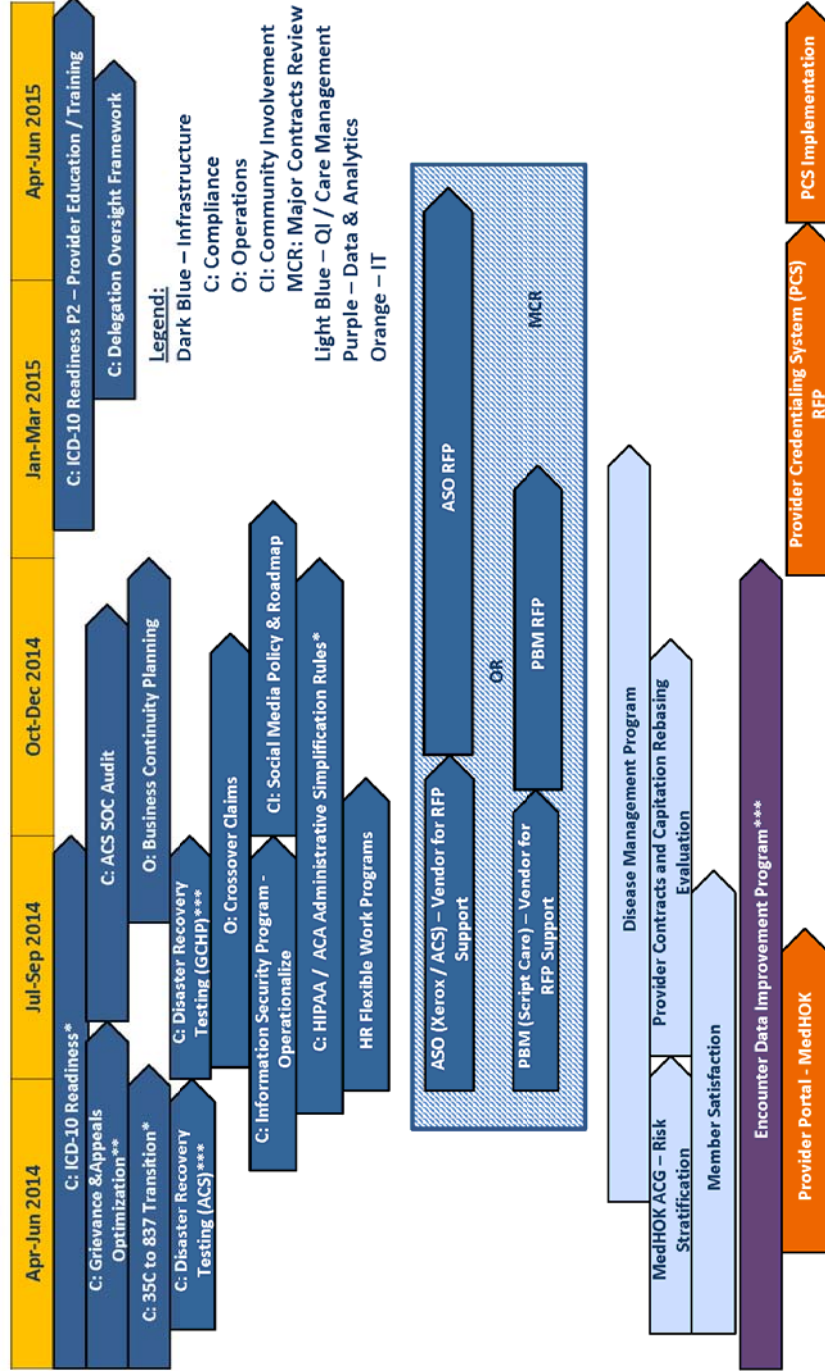
Gold Coast Health PlanSM
A Public Entity

Projects



GCHP Projects FY 2014-15

* Regulatory Requirement
** CAP Requirement
*** Contract Requirement



GCHP staff identified the following projects to focus on for FY 2014-15 (as discussed May 7, 2014 Executive / Finance Committee Meeting and May 19, 2014 Commission Meeting)

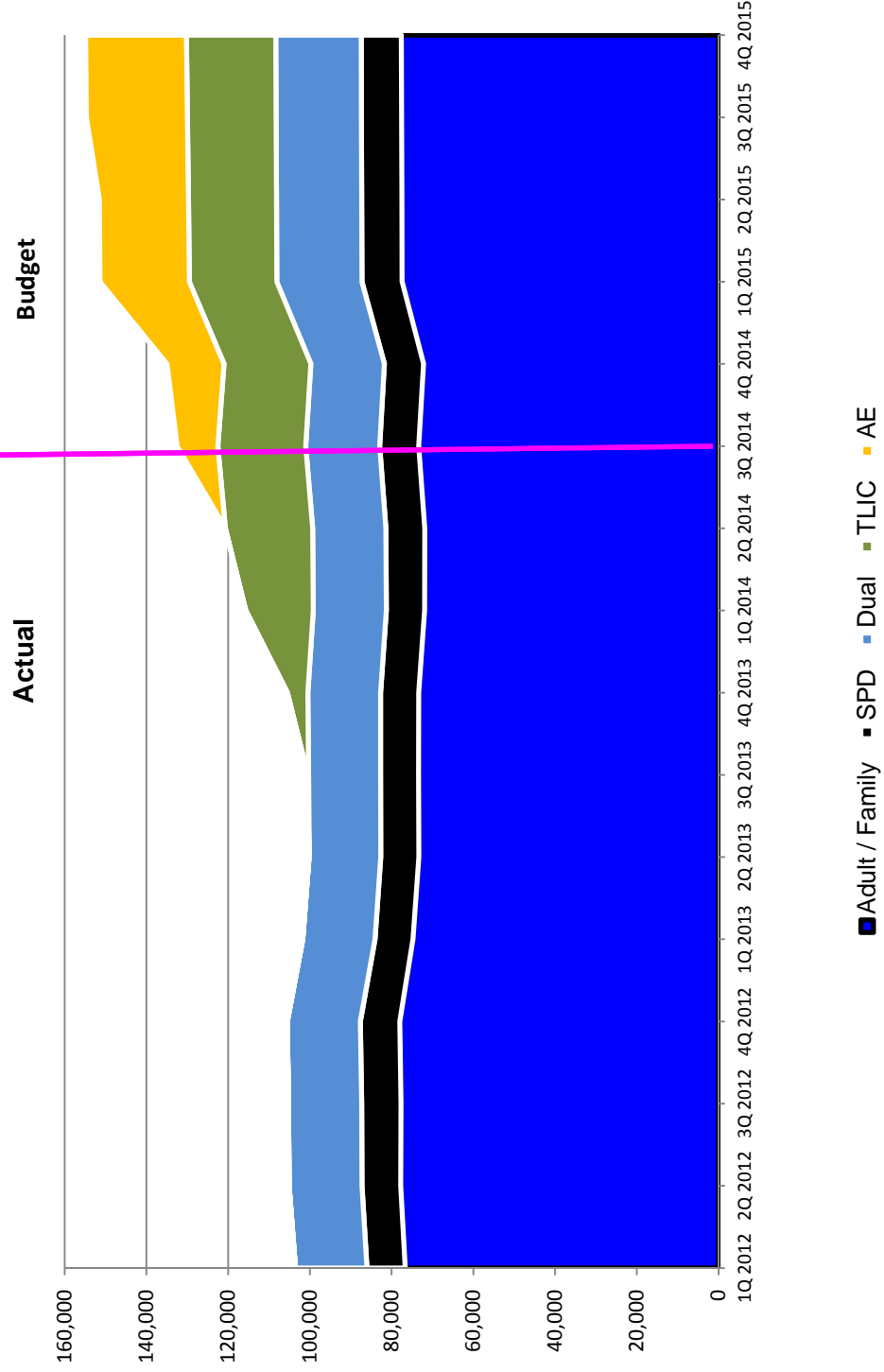
Membership

- Updated from prior discussions based on new State capitation reports
- Average monthly membership is expected to grow by approximately 25% from the current fiscal year
 - New Adult Expansion populations (e.g., LIHP, Medi-Cal Expansion, CalFresh adults) driving growth, which is difficult to predict given ongoing media focus and processing delays
- **Note:**
 - Adult / Family membership growing likely due to increased outreach / media attention on health insurance / exchange
 - Dual / SPD membership growing likely due to aging population
 - State changed aid category definition of “Dual”, resulting in shift of members from “Dual” to “SPD”, change reflected in results as of April 1, 2014
 - TLIC full transition occurred on August 1, 2013, will be combined with children within Adult / Family category, pending additional information from State
 - AE membership began January 1, 2014 with LIHP transition and other Medi-Cal Expansion members, including CalFresh adults. Plan estimates to have 22,400 AE members on July 1, 2014 and grow to 29,300 members by June, 6 2015

Membership

Aid Category - Members *	FY 2012-13	Projected FY 2013-14	Budget FY 2014-15	June 2015
	(Stated in Averaged Member Months)			
Adult / Family	73,714	74,291	83,589	83,705
Dual	17,672	17,843	17,731	17,765
SPD	9,302	9,765	10,695	10,710
Traditional Medi-Cal	100,689	101,900	112,014	112,180
<i>Annual Percentage Growth - Traditional Medi-Cal</i>		<i>1.2%</i>	<i>9.9%</i>	
TLIC (Healthy Families)	1,303	20,425	23,935	24,265
Adult Expansion (AE)	-	7,312	25,849	29,339
Total Average Membership	101,991	129,637	161,798	165,784
<i>Annual Percentage Growth - Entire Population</i>		<i>27.1%</i>	<i>24.8%</i>	

Members by Aid Category By Fiscal Year Quarter



Revenue

- Updated from prior discussions based on final membership projections
- FY 2014-15 Revenue Assumptions:
 - Most recent State capitation rates approved by Commission are assumed to stay constant throughout FY 2014-15 (actual rates not known until after start of fiscal year)
 - Mental health – incremental increases at July 1, 2014 included
 - Adult Expansion rates will be recalculated during the next fiscal year – timing, process, and methodology pending from the State
 - As in prior financials, the following items were not included in the budget because the funds are passed through to other entities:
 - Sales Tax (SB 78)
 - Hospital Quality Assurance Fee (HQAF)
 - AB85 provider payments

Revenue

- Items that are pending:
 - Adult Expansion recalculation of rates
 - Final FY 2014-15 State capitation rates
 - State decision regarding treatment of ACA 1202 Payments & Reconciliation
 - FY 2012-13 IGT

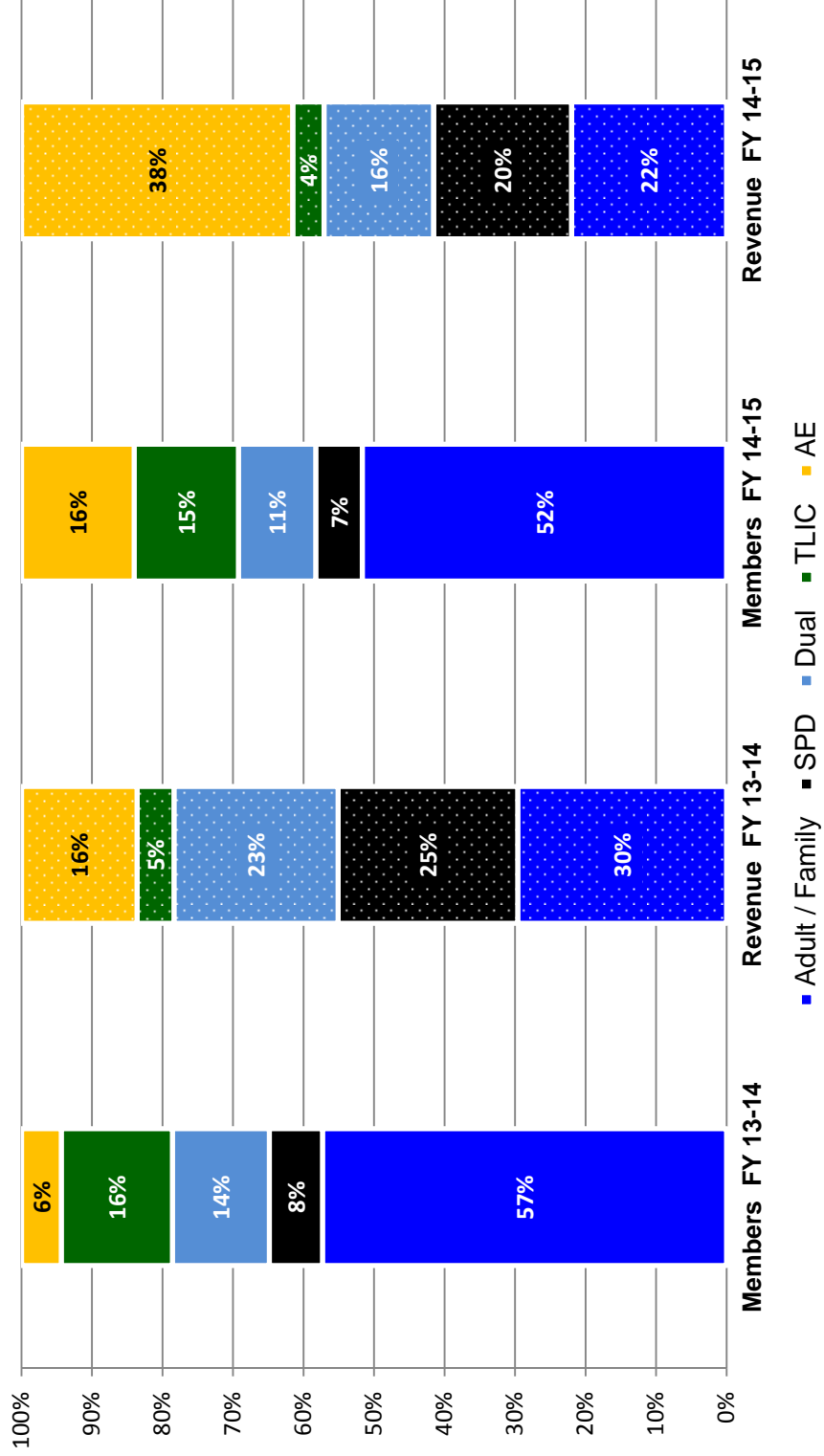
Revenue by Member Category

- Total revenue expected to grow 45% from FY 2013-14
- Average PMPM expected to increase by over 16% from FY 2013-14 due to mix change

Member Category	FY 2012-13	FY 2013-14	Budget FY 2014-15
(Amounts are stated in thousands of \$)			
Traditional	\$ 313,948	\$ 324,053	\$ 340,549
TLIC (Healthy Families)	1,171	20,851	26,447
AE (Adult Expansion)	-	65,329	228,908
Total Revenue	\$ 315,120	\$ 410,232	\$ 595,904
<i>Averaged PMPM, Aggregate</i>	<i>\$ 259.42</i>	<i>\$ 263.71</i>	<i>\$ 306.92</i>

Membership Mix and Revenue Impact

Revenue Mix Being Driven by Adult Expansion Population



Health Care Costs

- Updated from prior discussions based on final membership projections and cost estimates
- FY 2014-15 Health Care Cost assumptions include the following:
 - Base experience – 12-24 months of historical experience utilized by major category of service – no additional trend assumed for most services
 - Provider contracting changes – Adult Expansion PCP and Specialty capitation rates being implemented 06/01/14 for most providers
 - Mandatory Long-Term Care rate changes - Estimated 3% AB 1629 facility provider rate increases reflected as of 08/01/14 as per draft State budget
 - Mental Health costs – increased according to State rate assumptions
 - TLIC population – continue to estimate costs from State rates, pending impact of Milliman analysis
 - Adult Expansion population – continue to estimate costs from State rate worksheets – due to insufficient claims data to date
 - Care management staffing discussed on page 23

Pharmacy

- Pharmacy expense assumptions
 - Utilization (scripts per member) assumed to increase 2% from FY 2013-14 to FY 2014-15
 - Assumed unit cost for scripts to increase by 8% for brand and 5% for generic
 - Reflected expected adjustments based on audit findings
 - Assumed utilization of new Hepatitis C drug (Sovaldi) and estimated cost to be \$5 million
 - Adjusted for State carving out of benefit (e.g., blood factor drugs) - worth approximately \$900,000
 - Expenses for TLIC and AE populations mirror State estimates

Health Care Costs

- Items that are pending:
 - Net reinsurance costs pending final reinsurance premium
 - Actual costs of populations (e.g., TLIC, AE) vs. State / Plan estimates
 - Overall allocation of dollars between medical and administrative pending results of State's MLRE
 - Review of final State budget and potential contractual requirements

Health Care Costs

- Health care costs expected to grow by 49% from FY 2013-14
- Adult Expansion population driving 84% of total health care cost increase

	FY 2012-13	Projected FY 2013-14	Budget FY 2014-15
Capitation *	\$ 11,159	\$ 21,498	\$ 32,999
Claims:		(in thousands)	
Inpatient	\$ 134,986	\$ 159,961	\$ 212,663
Outpatient	\$ 39,489	\$ 51,160	\$ 70,649
Professional / Mental Health	\$ 28,642	\$ 36,829	\$ 52,027
Pharmacy	\$ 41,118	\$ 58,320	\$ 113,063
Other **	\$ 17,430	\$ 26,015	\$ 48,634
Care Management	\$ 7,557	\$ 9,811	\$ 13,010
	269,224	342,095	510,047
Total	\$ 280,383	\$ 363,593	\$ 543,046

Total Health Care Costs in PMPM	FY 2011-12	Projected FY 2012-13	Budget FY 2013-14
	\$ 230.82	\$ 233.73	\$ 279.69

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

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

Administrative Expenses

- Updated from prior discussions based on final Plan leadership review of departmental submissions
- Plan needs to fund:
 - Growing membership with change in member mix
 - Maintaining ongoing CAP requirements
 - Increased regulatory and compliance needs
 - Projects needs
 - Building of infrastructure
- Administrative Cost Ratio (administrative expense as a percentage of revenue) is estimated to be 5.9%
- ACS fees increase due to increased enrollment but partially offset by continued lower per member fee

Administrative Costs

- Items that are pending:
 - Overall allocation of dollars between medical and administrative pending results of State’s MLRE
 - Review of final State budget and potential contractual requirements

Administrative Expenses Crosswalk

FY 2013-14 Administrative Expense Budget	\$ 26,293,000	
FY 2014-15 Administrative Expense Budget	<u>35,113,000</u>	
Increase in Administrative Expense Budget Request	<u>\$ 8,820,000</u>	100%

Growth-based and Required Expenses:

ACS	\$ 2,761,000	
Beacon Health	762,000	
Facilities expenses associated with a larger office	342,000	
Projects:		
Info Security Program for HIPAA compliance	\$ 150,000	
ICD-10	<u>258,000</u>	
	\$ 408,000	
	<u>\$ 4,273,000</u>	48%

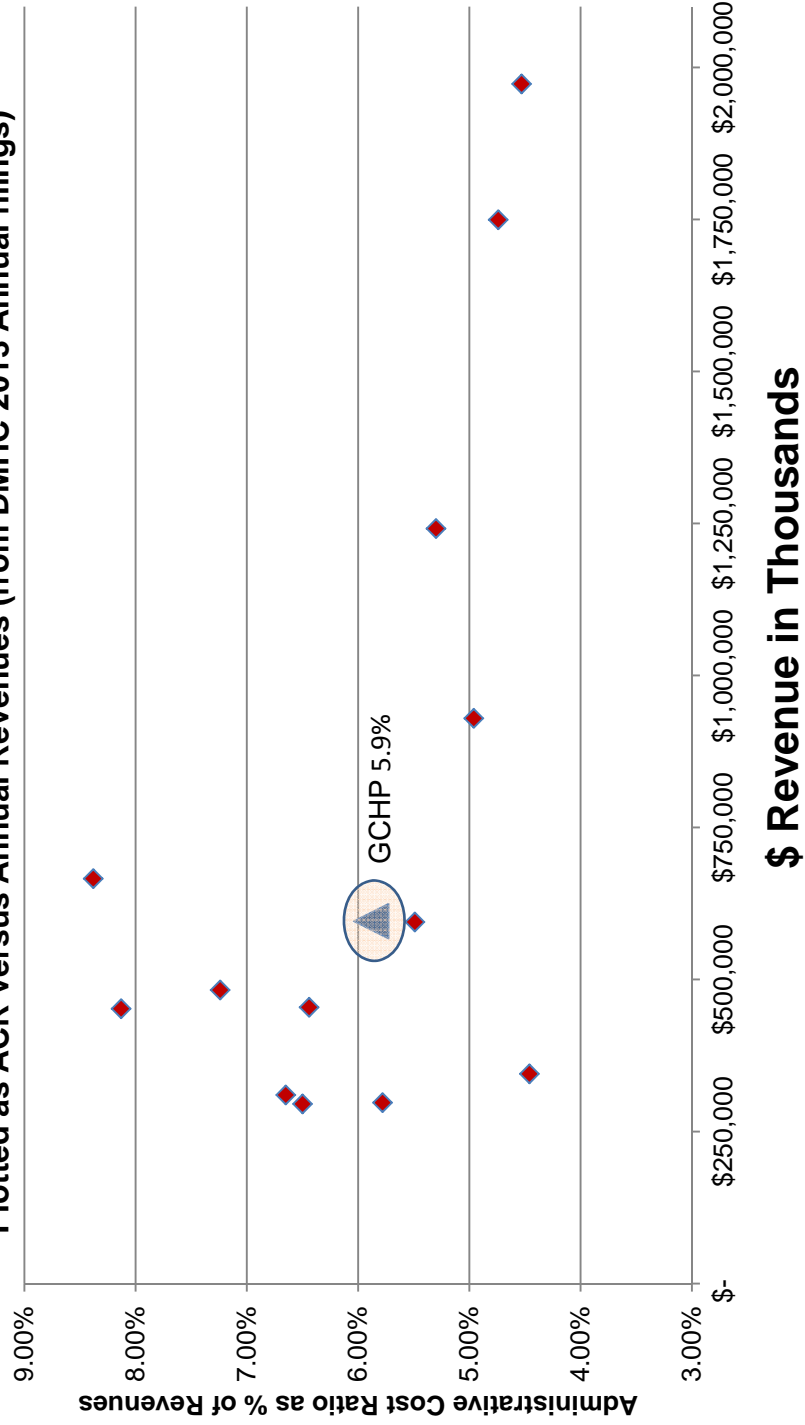
Other Administrative Expenses:

Personnel expenses	\$ 4,189,000	
Professional services	(152,000)	
Operating expenses	<u>510,000</u>	
	<u>\$ 4,547,000</u>	52%

Administrative Expenses

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

**Administrative Cost Ratio for Medi-Cal Plans in California
Plotted as ACR versus Annual Revenues (from DMHC 2013 Annual filings)**



Staffing

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

	Projected	Budget
	FY 2013-14	FY 2014-15
Beginning of Year	82	140
Non-Medical Hires	28	24
Medical Hires *	30	5
End of Year	140	169

* Currently categorized financially as part of medical costs, not administrative costs.

- Salaries consistent with pay grades / ranges approved by the Commission
- Merit increases and employee appreciation and recognition programs included

Vendor Contracts

Vendors contracts expected to be over \$100,000 annually:

Vendor	Services Provided	Projected FY 2013-14	Budget FY 2014-15
ACS / Xerox	Health care administrative services	\$ 12,830,000	\$ 14,584,000
Script Care Ltd. *	Pharmacy benefits management	\$ 3,397,000	\$ 4,744,000
One Beacon / Beecher Carlson *	Reinsurance	\$ 3,538,000	\$ 5,495,000
Insurance Vendors	Business insurance (not including reinsurance)	\$ 179,000	\$ 253,000
Lease Expense	Office space	\$ 757,000	\$ 772,000
Beacon Health Strategies, LLC	Outsourced mental health benefit management	\$ 366,000	\$ 1,437,000
CIO Solutions	IT support	\$ 334,000	\$ 107,000
Coffey Communications Inc.	Outreach programs and website contents	\$ 112,000	\$ 95,000
Crossroads Staffing Services	Temporary labor provider and personnel recruiter	\$ 235,000	\$ 139,500
MCG Health, LLC *	Milliman Guidelines license fee	\$ 178,000	\$ 260,000
Milliman	MedInsight license fee	\$ 134,000	\$ 134,000
MedHok Healthcare Solutions *	Medical Management System support	\$ 975,000	\$ 667,000
Optimty Consulting	ICD-10 implementation support	\$ 192,000	\$ 258,000
Quantix Consulting	Temporary staff support	\$ 130,000	\$ -
Verisk Health Solutions, Inc.	HEDIS support	\$ 96,000	\$ 100,000
Professional Medical Services *	Utilization reviews	\$ 83,000	\$ 180,000

Vendors noted by * reflect services that are classified as medical expenses

Vendor Contracts – Less Than \$100,000

Vendors with over \$50,000 spending since GCHP inception in April 2011:

Vendor	Services Provided	Amount Since Inception	Budget FY 2014-15
Zones, Inc.	Computer hardware supplier	\$ 58,000	\$ 95,000
Xerox Corporation	Office equipment rental	\$ 85,000	\$ 69,000
Edelstein Gilbert Robson & Smith LLC	Legislative advocacy services	\$ 104,000	\$ 60,000

Consulting Contracts

Major consulting contracts estimated to be over \$100,000 annually:

Consultant	Duties	Projected FY 2013-14	Budget FY 2014-15
State Monitor Berkeley Research Group (BRG)	Performs on-going state monitoring duties	\$ 887,000	\$ 25,000
Actuarial Consultants (Milliman)	Performs assistance related to claims reserving, state rate development data requests, provider capitation and risk analysis	\$ 164,000	\$ 198,000
Financial Auditor (McGladrey & Pullen LLP)	Performs financial audit required by the state and answers ongoing questions related to financial statement development	\$ 105,000	\$ 130,000
Legal Services (Anderson Kill Wood & Bender PC., Kennaday, Leavitt & Deponde PC, Wilke Fleury Hoffelt Gould & Birney, LLP)	Performs support for Commission and Committee meetings, employees issues, and review of contracts (for both vendor and provider)	\$ 572,000	\$ 400,000

Plan Memberships

Organization	Projected		Budget
	FY 2013-14	FY 2014-15	FY 2014-15
California Association of Health Plans (CAHP)	\$ 7,000	\$ 7,000	\$ 7,000
Association of Community Affiliated Plans (ACAP)	\$ 33,200	\$ 45,000	\$ 45,000
California Association of Health Insuring Organizations (CAHIO)	\$ 14,000	\$ 34,000	\$ 34,000
Local Health Plans of California (LHPC)	\$ 70,000	\$ 70,000	\$ 70,000

Capital Budget

New capital expenditures for FY 2014-15 budget are:

Item	Estimated Amount to be Capitalized
IT hardware (servers) for business expansion	\$135,000
Data warehouse, storage and security	\$170,000
Provider Credentialing System	\$235,000
Medical Management System – Provider Portal enhancement	\$105,000
Intranet	\$25,000
Office furniture and configuration to accommodate personnel additions	\$100,000
Total	\$770,000

- Capital assets, including office furniture and fixtures, computer equipment, software and leasehold improvements, whose acquisition costs exceed \$1,500 are accounted for in the capital budget. Purchases less than \$1,500 are included in the administration budget.
- The capital budget assumes our current locations are adequate to absorb staff expansion.

Tangible Net Equity

As of 06/30/15:

- the Plan is projected to be at a TNE of \$50 million, which exceeds the minimum required TNE of \$26.4 million (189% of minimum required)
- the TNE minimum required is fully phased-in at 100%, as of 06/30/14
- the minimum required TNE is higher due to the growth and mix of membership
- the TNE includes \$7.2 million related to two lines of credit (LOC) with the County of Ventura

	Projected FY 2013-14	Budget FY 2014-15	Change
(\$ amounts stated in thousands)			
Minimum required TNE (100%)	\$ 19,684	\$ 26,402	\$ 6,718
GCHP TNE (includes LOCs)	\$ 32,238	\$ 49,983	\$ 17,745
TNE Excess	\$ 12,554	\$ 23,581	\$ 11,027
GCHP TNE as a % of Minimum Required TNE	<u>163.8%</u>	<u>189.3%</u>	
150% of Minimum Required TNE	\$ <u>29,526</u>	\$ <u>39,603</u>	\$ <u>10,077</u>

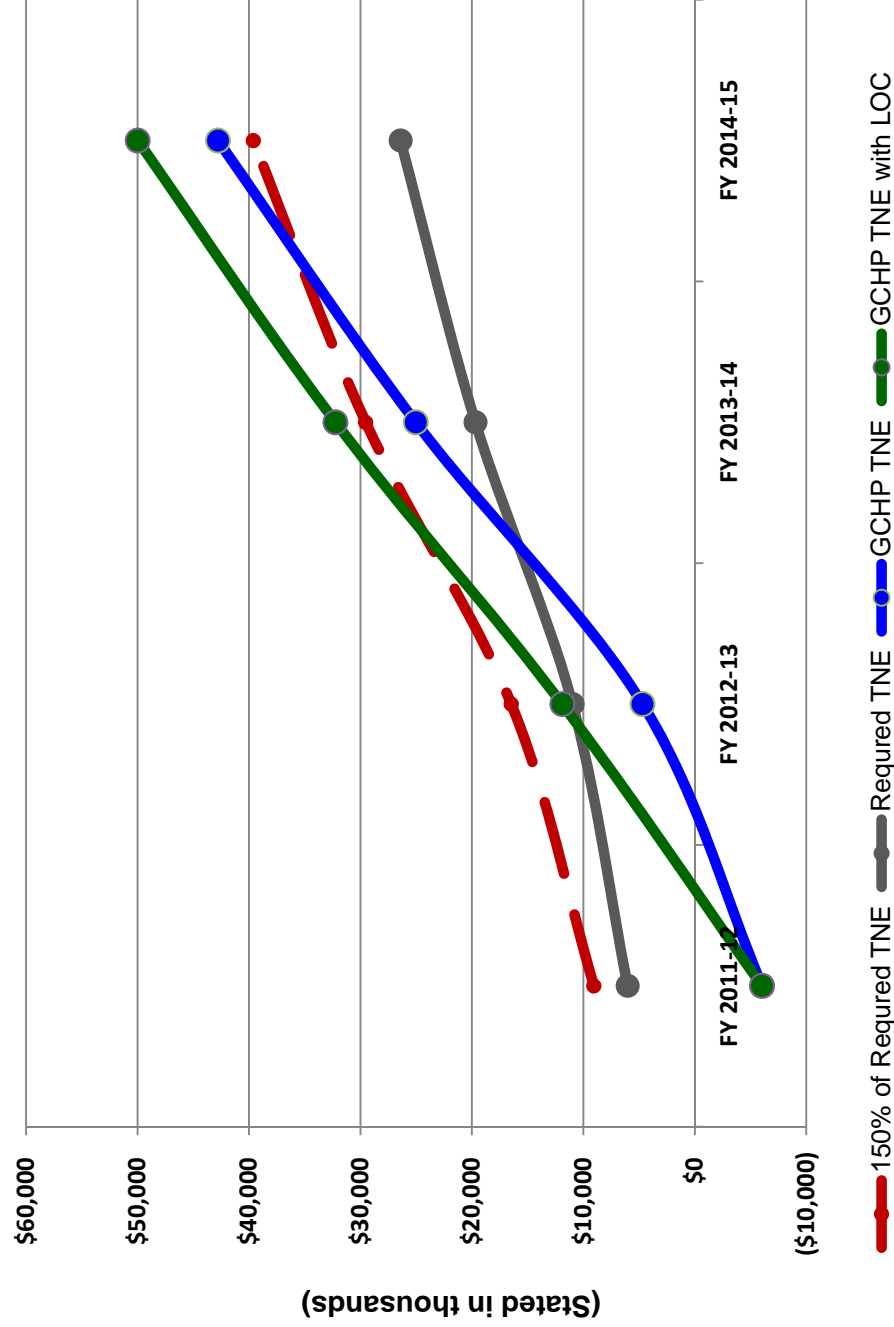
Excluding the \$7.2 million lines of credit from TNE, GCHP TNE would be:

GCHP TNE (without LOCs)	\$ 25,038	\$ 42,783	\$ 17,745
GCHP TNE as a % of Minimum Required TNE	<u>127.2%</u>	<u>162.0%</u>	
GCHP TNE as a % of 150% Minimum Required TNE	<u>84.8%</u>	<u>108.0%</u>	



Tangible Net Equity

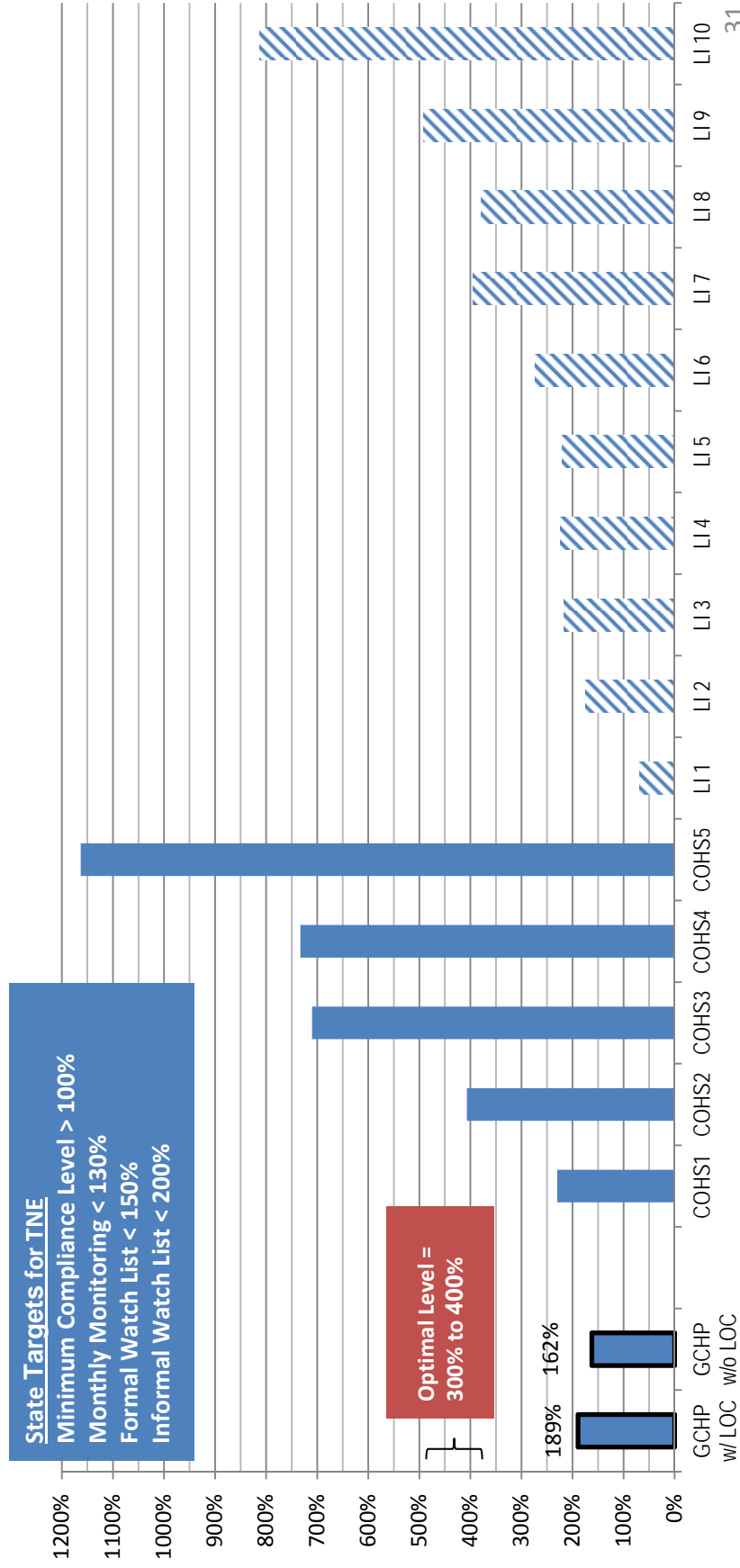
- Minimum TNE grows by \$6.7M
- 150% of minimum TNE grows by \$10.1M
- GCHP estimated to be just over 150% of minimum TNE without LOC at end of year



Tangible Net Equity

Plan will work with Commission to develop strategy for appropriate TNE levels

% TNE to Required - Public Plans Fourth Quarter 2013 (from DHCS Medi-Cal Managed Care Dashboard) GCHP for Proposed FY 2014-15 Budget (year-end TNE values)



Next Steps

- Receive Commission approval and implement



Gold Coast
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Appendix

Balance Sheet Liquidity Ratios

	Actual 06/30/13	Projected 06/30/14	Budget 06/30/15
Current Ratio	1.24:1	1.33:1	1.37:1
Days Cash on Hand	61	64	68
Days Cash + State Capitation Receivable	77	117	112
Days Cash + State Capitation Receivable - MCO Tax Payable	68	115	111

Balance Sheet

	Actual	Projected	Budget
	06/30/13	06/30/14	06/30/15

(in thousands)

Assets

Cash	\$ 50,818	\$ 68,024	\$ 107,463
Receivables	13,145	57,185	69,858
Prepaid expenses	<u>324</u>	<u>436</u>	<u>477</u>
Total current assets	64,287	125,645	177,798
Deposits	10	79	79
Capital assets (net of accumulated depreciation)	<u>231</u>	<u>1,647</u>	<u>1,708</u>
Total Assets	\$ <u>64,528</u>	\$ <u>127,371</u>	\$ <u>179,585</u>

Balance Sheet – cont.

	Actual 06/30/13	Projected 06/30/14	Budget 06/30/15
	(in thousands)		
Liabilities and Fund Balance			
Medical claims payable	\$ 40,652	\$ 86,438	\$ 122,760
Other payables	1,751	1,403	1,600
Payable to State	-	2,097	-
Accrued expenses	8,247	4,007	4,439
Current Portion of Deferred Revenue	460	460	460
Accrued Payroll Expense	606	168	244
Total current liabilities	51,717	94,573	129,503
Deferred Revenue - Long Term Portion	920	460	0
Subordinated Loan	7,200	7,200	7,200
Total non-current liabilities	8,120	7,660	7,200
Total Liabilities	59,837	102,233	136,703
Fund Balance	4,691	25,137	42,882
Total Liabilities & Fund Balance	\$ 64,528	\$ 127,371	\$ 179,585

Income Statement

	Actual 06/30/13	Projected 06/30/14	Budget 06/30/15
Member Months	1,224	1,556	1,942
	(in thousands)		
Revenues	\$ 315,120	\$ 410,232	\$ 595,904
Health Care Costs:			
Capitation	11,159	21,498	32,999
Claims:			
Inpatient	134,986	159,961	212,663
Outpatient	39,489	51,160	70,649
Professional	28,642	36,829	52,027
Pharmacy	41,118	58,320	113,063
Other	21,067	29,310	46,265
Reinsurance	(3,636)	(3,295)	2,369
Care management	7,557	9,811	13,010
	<u>269,224</u>	<u>342,095</u>	<u>510,047</u>
Total Health Care Costs	280,383	363,593	543,046
Administrative Expenses	24,014	26,293	35,113
Net Income	<u>\$ 10,723</u>	<u>\$ 20,347</u>	<u>\$ 17,745</u>

Cash Flow

	Actual 06/30/13	Projected 06/30/14 <small>(in thousands)</small>	Budget 06/30/15
Cash Flow from Operating Activities			
Collected Premium	\$ 336,042	\$ 381,409	\$ 607,085
Interest Income	114	153	204
Paid Claims	(291,770)	(309,091)	(497,291)
Admin Expenses	(26,393)	(32,712)	(45,539)
Provider Receivable	-	533	(76)
MCO Tax Received (Paid)	176	(21,366)	(24,180)
Net cash provided (Used) by Operations	18,169	18,926	40,203
Cash Flow from Investing / Financing			
Net Property & Equipment	(106)	(1,719)	(764)
Proceeds from Subordinated Debt	7,200	-	-
Debt Payments	-	-	-
Net Cash Provided (Used) by Investing / Financing	7,094	(1,719)	(764)
Net Cash Flow	25,264	17,206	39,439
Cash & Equivalent at Beg of Period	25,554	50,818	68,024
Cash & Equivalent at End of Period	\$ 50,818	\$ 68,024	\$ 107,463

AGENDA ITEM 2d

To: Gold Coast Health Plan Commission
 From: Michelle Raleigh, Chief Financial Officer
 Date: June 23, 2014
 Re: Reinsurance Vendor Contract

SUMMARY:

Gold Coast Health Plan's (GCHP) reinsurance contract with OneBeacon expires on June 30, 2014. The Plan's insurance broker, Beecher Carlson, has prepared a proposal of reinsurance options for coverage during FY 2014-15. The Plan is requesting that the Commission authorize the Plan to continue reinsurance coverage through OneBeacon and to raise the deductible level to \$650,000.

BACKGROUND / DISCUSSION:

GCHP has utilized OneBeacon to provide reinsurance coverage for claims¹ exceeding the following deductibles per member per year.

Fiscal Year	Deductible
FY 2011-12	\$350,000
FY 2012-13	\$350,000
FY 2013-14	\$500,000

Note that once the covered claims reaches these levels for a member, OneBeacon reimburses GCHP approximately 90% of the payment in excess of the deductible up to a maximum amount of \$2 million.

OneBeacon's annual contract expires on June 30, 2014. Therefore, GCHP staff requested that Beecher Carlson reviews the Plan's historical claims experience and obtain bids from multiple reinsurance vendors, both of which are summarized below.

- GCHP's experience – the Plan has received reimbursements significantly above the premiums paid to the reinsurer, as shown in the table below:

¹ Coverage is provided for hospital inpatient services, hospital outpatient services, sub-acute care, pharmaceuticals (other than retail pharmacy), durable medical equipment, ambulance and a limited amount of physician services (that are part of a transplant case rate).

Fiscal Year	Plan Paid Premium	Plan Received Claims from Reinsurer	Loss Ratio (Paid Claims / Premium)
FY 2011-12	\$1,108,585	\$2,694,882	243%
FY 2012-13	\$2,737,696	\$4,870,684	178%
FY 2013-14	\$3,537,841	\$5,181,893 ²	146%

- Proposals - Beecher Carlson has prepared a summary of reinsurance options for coverage during FY 2014-15 with key premium information summarized below for the top four vendors who provided quotes:

Medi-Cal Population (including Targeted Low Income Children and Adult Expansion)³			
Reinsurance Vendor	Reinsurance Premium Rate (PMPM) at various deductible levels:		
	\$500,000 (current level)	\$600,000	\$650,000
OneBeacon	N/A ⁴	\$3.35	\$2.83
Munich Re	\$3.90	\$3.16	\$2.79
Equinox	\$4.98	\$3.86	\$3.42
Partner Re	N/A	N/A	\$3.06

After analyzing the Plan's claim history and premium amounts at the above deductible levels, staff is recommending moving to a \$650,000 deductible level with OneBeacon. For the following reasons:

- It is common for managed care plans to increase their deductible over time, especially as a plan is maturing.
- The Plan continues to improve case and utilization management; all designed to manage future claims costs.
- OneBeacon has been a reliable business partner providing good customer service.
- At the \$650,000 deductible level, OneBeacon has provided a competitive quote at 1.4% above Munich Re's quote.

² This is an estimate based on paid claims through 05/30/14 and an assumed 55% completion factor supplied by Beecher Carlson.

³ Rates for Medi-Cal and Targeted Low Income Children have been blended together for presentation purposes using an estimated 86%/14% blend.

⁴ One Beacon provided an illustrative rate (not a quote) at the \$500,000 deductible of \$4.47 PMPM.

FISCAL IMPACT:

If the Plan stays at the \$500,000 deductible, the rate will increase from \$2.41 PMPM in FY 2013-14 to at least \$3.90 PMPM in FY 2014-15.

When the Plan moves to a \$650,000 deductible, the rate will increase to \$2.83 PMPM. However, when GCHP increases the deductible from \$500,000 to \$650,000

- Premiums decrease approximately \$3.0 million⁵ and
- Claims that GCHP will self-insure will increase by approximately \$1.8 million.

The result of increasing the deductible is an expected positive net impact of \$1.2 million.

RECOMMENDATION:

Staff requests that the Commission approve the staff's recommendation of selecting OneBeacon to provide reinsurance coverage at the \$650,000 deductible level for FY 2014-15.

CONCURRENCE

N/A

Attachments

None.

⁵ Reinsurance premiums reflected in the FY 2014-15 budget are higher based on updated membership projections.

AGENDA ITEM 2e

To: Gold Coast Health Plan Commission

From: Michelle Raleigh, Chief Financial Officer

Date: June 23, 2014

Re: Executive Liability and Errors & Omissions Insurance Vendors and Policies

SUMMARY:

Gold Coast Health Plan's (GCHP) insurance contracts with Travelers and Darwin expire on June 30, 2014. The Plan's insurance broker, Beecher Carlson, has prepared a proposal of options for coverage during the next fiscal year. The Plan is requesting that the Commission authorize the Plan to contract with the various carriers providing policies outlined below.

Insurance Company	Policy
RSUI	<ul style="list-style-type: none"> Directors and Officers (D&O) Employment Practices Liability (EPL)
Argo	Excess Coverage for D&O and EPL
AIG	<ul style="list-style-type: none"> Fiduciary Crime
Darwin	Managed Care Errors and Omissions (E&O)

BACKGROUND / DISCUSSION:

GCHP has several insurance policies expiring June 30, 2014 that are described below:

Insurance Policy	Description	Current Insurance Company	Current Retention	Current Coverage Limit
Directors and Officers (D&O)	D&O liability insurance provides coverage for loss (inclusive of defense expenses) for claims against the company, D&Os, employees, or committee members for actually or allegedly committed wrongful acts (i.e. breach of fiduciary duty).	Travelers	\$50,000	\$1 million
Employment Practices	EPL insurance provides coverage for loss (inclusive of defense expenses)		\$50,000	\$1 million

Insurance Policy	Description	Current Insurance Company	Current Retention	Current Coverage Limit
Liability (EPL)	for claims against the company, employees, or committee members for actually or allegedly committed employment practices wrongful acts (i.e. wrongful termination of an employee).			
Fiduciary	Fiduciary liability insurance provides coverage for loss (inclusive of defense costs) for claims against the Company and/or a fiduciary of a plan sponsor for errors or omissions in the administration of employee benefit programs.		\$25,000	\$1 million
Crime	Crime insurance provides coverage for employee theft of money, securities or property to the company.		\$25,000	\$1 million
Managed Care E&O	Managed Care Errors and Omissions (E&O) provides coverage to protect your organization in the event of allegations of negligence in the administration of managed care contracts.	Darwin	\$25,000	\$1 million

GCHP staff requested that Beecher Carlson obtain bids from multiple insurance vendors and seek options for various retention limits (i.e., deductibles) and coverage limits. The information was gathered by the Plan’s broker and analyzed by staff and legal counsel.

The Plan is recommending the following carriers and coverages for FY 02014-15:

- 1) D&O and EPL – Two insurance companies (i.e., AIG and RSUI) provided bids for the initial layer of two of the executive liability insurance policies. The Plan’s incumbent insurance company for these coverages, Travelers, declined to provide a bid for next year. The Plan is recommending to contract with RSUI for the initial layer of coverage for the following reasons:
 - a. RSUI offers the Plan a retention level consistent with the Traveler’s policy today, which was not offered by AIG. AIG only offered a bid with \$150,000 retention.
 - b. RSUI utilizes the “duty to defend” (i.e., ask the carrier to defend), similar to the Plan’s policy with the Travelers today.

A summary of these policies is shown below:

Insurance Company	Policy	Retention	Coverage Limit	Premium
RISU	<ul style="list-style-type: none"> D&O EPL 	\$50,000 \$50,000	\$3 million each	\$103,730

- 2) Excess D&O and EPL - The Plan is also recommending the purchase of excess executive liability coverage for the D&O and EPL policies for a total coverage limit of \$5 million shared between the two coverages. The excess is recommended primarily due to the growth in employees and to be in better alignment with industry benchmarks. There is one carrier who provided a bid for the coverage in excess of the RSUI policy and the Plan recommended level is noted below:

Insurance Company	Policy	Retention	Coverage Limit	Premium
Argo	Excess Coverage for D&O and EPL	N/A	\$2 million xs \$3 million (RSUI Primary Policy)	\$47,025

- 3) Fiduciary and Crime - Two insurance companies (AIG and Berkeley) presented bids for the other two executive liability policies; Fiduciary and Crime. The AIG policies are recommended by the broker and the Plan because the AIG policy was more comprehensive and less expensive (at same or lower retention levels).

Insurance Company	Policy	Retention	Coverage Limit	Premium
AIG	<ul style="list-style-type: none"> Fiduciary Crime 	\$0 \$25,000	\$1 million each	\$6,724

- 4) Managed Care Errors & Omissions Insurance – only the Plan’s incumbent carrier, Darwin provided a quote for next year. The Plan recommends an increase in the coverage limit from \$2 million to \$3 million for next year; primarily due to the growth in membership and employees and is summarized in the table below:

Insurance Company	Policy	Retention	Coverage Limit	Premium
Darwin	Managed Care Errors and Omissions (E&O)	\$50,000 per claim	\$3 million per claim	\$43,000

Note the retention of the policy will increase from \$25,000 per claim and in aggregate to \$50,000 per claim and in aggregate.

One other point to note is that Darwin is a non-admitted carrier. In California, an insurance company may become an admitted carrier by filing certain things (including their rates) with the California Department of Insurance. Rates, once filed, can only be adjusted with approval from the State, which limits the flexibility admitted carriers have in pricing risk. Non-admitted insurers do not file rates and may therefore adjust premiums as they see fit. Even non-admitted carriers must meet specified requirements before selling policies within the State. However, non-admitted carriers are not required to post any security with the State to protect policy holders in the event the carrier becomes insolvent.

In some markets, only non-admitted carriers will underwrite certain types of risk. In the case of the Plan's E&O coverage, only Darwin was willing to submit a bid.

FISCAL IMPACT:

The Plan's total premium for these policies will increase of approximately \$127,833 next year; from \$72,646 in FY 2013-14 to \$200,479 in FY 2014-15. This increase is based on the following contributing factors:

- The Plan is relatively young, receives essentially all of its revenue from the State of California, and is being experience rated by the insurance companies.
- The Plan needs to increase coverage due to growth in membership and employees.
- The Plan needs to obtain the appropriate levels of coverage and be more aligned with industry benchmarks.

RECOMMENDATION:

Staff requests that the Commission approve the staff's recommendation of utilizing the following insurance companies to provide coverage as summarized below, beginning July 1, 2014:

Insurance Company	Policy	Retention	Coverage Limit	Premium
RSUI	<ul style="list-style-type: none"> • D&O • EPL 	\$50,000 \$50,000	\$3 million each	\$103,730
Argo	Excess Coverage for D&O and EPL	N/A	\$2 million xs \$3 million (RSUI Primary Policy)	\$47,025

Insurance Company	Policy	Retention	Coverage Limit	Premium
AIG	<ul style="list-style-type: none"> • Fiduciary • Crime 	\$0 \$25,000	\$1 million each	\$6,724
Darwin	Managed Care Errors and Omissions (E&O)	\$50,000	\$3 million each per claim and in aggregate	\$43,000 ¹
Total				\$200,479

CONCURRENCE

N/A

Attachments

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

AGENDA ITEM 3a

To: Gold Coast Health Plan Commission
From: Michael Engelhard, Chief Executive Officer
Date: June 23, 2014
Re: CEO Update

GOVERNMENT RELATIONS UPDATE

On Wednesday, June 18 GCHP's Director of Government Relations attended a meeting of the Financial Solvency Standards Board (FSSB) and a hearing of the State Senate Health Committee in Sacramento.

FSSB- COHS Knox-Keene Licensure

At Wednesday's meeting Gary Baldwin, Deputy Director, Plan and Provider Relations stated that while county organized health systems (COHS) plans are currently exempted from Knox-Keene licensure, the Department of Managed Health Care (DMHC) does not have a position on a Knox-Keene licensure requirement for COHS Plans.

FSSB Board Chair Shelley Rouillard made a motion for a proposed recommendation that DMHC require full licensure for all Medi-Cal plans. Gold Coast Health Plan's legislative advocate, Trent Smith pointed out that most, if not all, Knox-Keene requirements are contained in contracts between the Department of Health Care Services (DHCS) and COHS plans. Smith further pointed out that all COHS plans are highly regulated and audited by DHCS, and requiring Knox-Keene licensure would be redundant and unnecessary.

Whether COHS Plans should be required to obtain a Knox-Keene license is up to the Legislature. The DMHC cannot act on a recommendation without legislative approval. The FSSB Board requested that COHS CEOs and representatives from DHCS attend a future FSSB Board meeting and provide a comparison of the DHCS contract with Knox-Keene requirements. The next FSSB Board meeting is on August 20, 2014.

State Senate Health Committee - Integration of Kern County Hospital & Kern Health System

At Wednesday's June 18, 2014 hearing the Committee heard testimony from proponents and opponents of Assembly bill 2546 (AB 2546). This bill would authorize the Kern County Board of Supervisors to establish the Kern County Hospital Authority and consolidate the Kern County Hospital with the Kern Health System, the local initiative Medi-Cal managed care health plan.

The bill's author, Assemblyman Rudy Salas of Kern County, agreed to amend the bill to create a hospital authority only and engage stakeholders to discuss how to integrate the proposed hospital authority with the Kern Health System. The Committee voted to refer the bill to the Senate Finance Committee to work out the finance components and bring the bill back to the Health Committee in late July or mid-August.

340B Drug Discount Program

On June 17, 2014 the federal Health and Human Services Agency (HHS) announced that it was moving forward with its plan to allow certain hospitals to receive discounts on “orphan drugs” when they are used for non-orphan conditions despite a court ruling that said the agency did not have the authority to do so. (An orphan drug is a medication or drug that has been developed specifically to treat a rare medical condition, the condition itself is referred to as an orphan disease.)

Last month a U.S. district court judge ruled that rural and cancer hospitals participating in 340B program could not buy high-priced rare disease drugs at discounted prices if the drugs were being used for common conditions. HHS plans to either appeal the federal ruling or issue guidance that would replace the rule and continue to require drug makers to provide the discounts.

Statewide Drug Formulary

The Legislature rejected the Administration's January proposal to create a statewide contract drug formulary. However, trailer budget language was included to allow DHCS to collect supplemental rebates on, and make supplemental payments for, specialty-high cost drugs through Medi-Cal managed care.

Pediatric Vision Pilot Program

Approved a 3-year mobile vision services pilot program for children in Los Angeles area public schools, for \$1 million GF in 2014-15 and \$2 million GF for 2015-16.

Other Approved Items

- \$3.2 million for a one-time Major Risk Medical Insurance Fund for the Robert F. Kennedy Medical Plan which provides health coverage to agriculture workers.
- Restored the Black Infant Health Program which aims to improve health among African American mothers and their babies.
- Retained overtime pay for home health care workers participating in the In-Home Supportive Services Program (IHSS).
- Approved of the elimination of the Managed Risk Medical Insurance Board (MRMIB), and transferred MRMIB programs to DHCS.

Legislation

On June 17, 2014 the Assembly Committee on Health approved the following Medi-Cal related legislation:

SB 508 (Hernandez) Medi-Cal eligibility.

- Codifies existing Medi-Cal eligibility requirements for the Medi-Cal program.
- Clarifies that former foster youth are eligible for Medical coverage up the age of 26.

SB 973 (Hernandez) Narcotic treatment programs.

Allows Medi-Cal beneficiaries to be admitted into a narcotic treatment program (NTP) when deemed necessary by a medical director.

SB 1124 (Hernandez) Medi-Cal estate recovery.

Limits state recovery from the estate of a deceased Medi-Cal beneficiary, to only costs for health care services that the state is required to recover under federal law.

SB 1161 (Beall) Drug Medi-Cal.

Requires DHCS to seek a federal Medicaid waiver in order to authorize federal financial participation for short-term residential substance use disorder treatment programs and increase bed capacity.

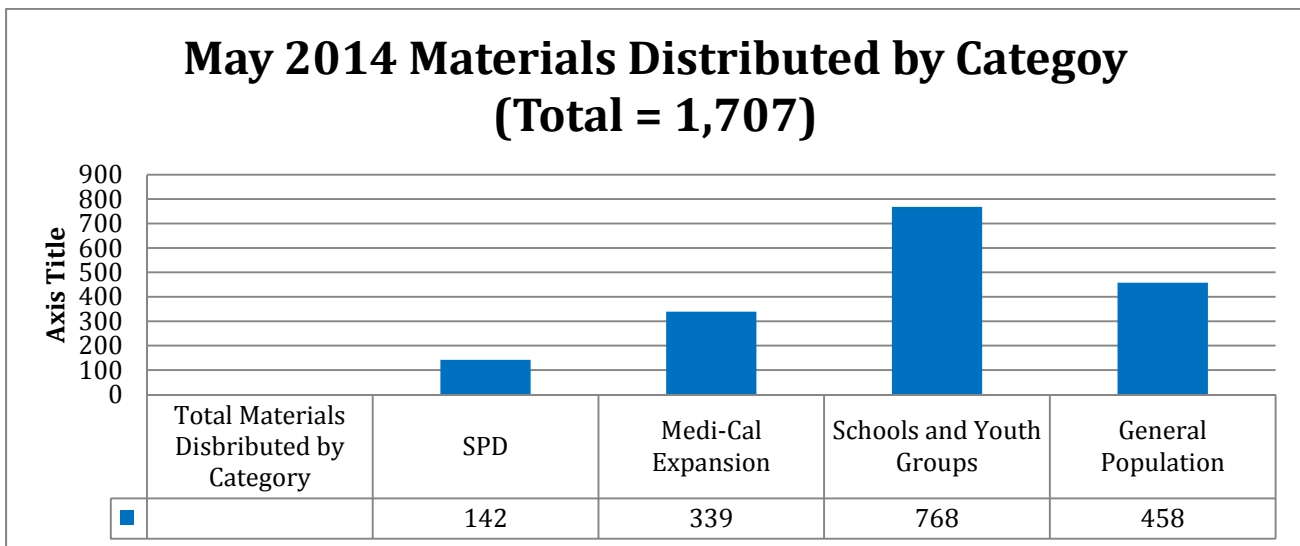
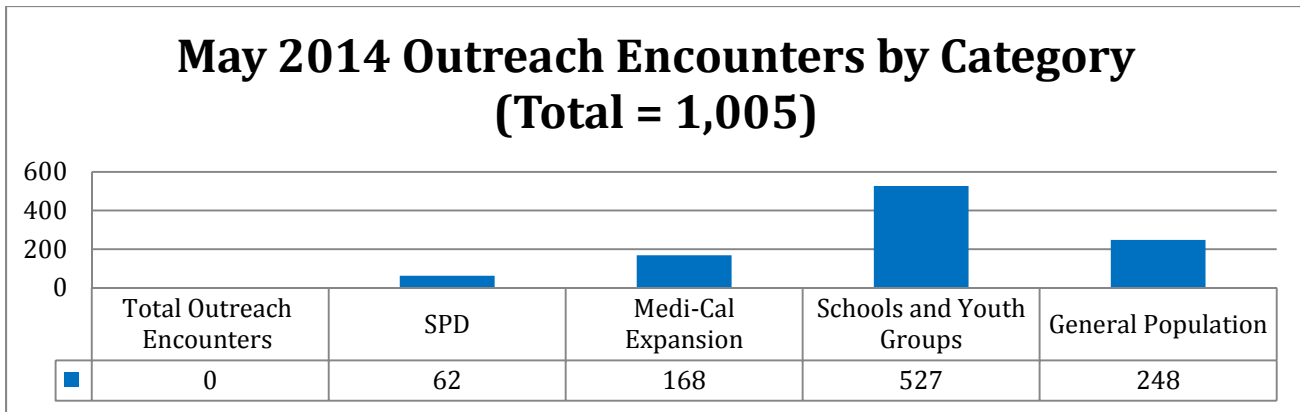
HEALTH EDUCATION

Health Education and Community Outreach Summary Report

Gold Coast Health Plan (GCHP) continues to participate in community education and outreach activities throughout the county. The health education and outreach team conducted the following activities during the months of May.

In addition, GCHP will host a Community Resource Fair at Del Sol Park in Oxnard on Saturday, June 28, 2014, from 9:00 AM – 4:00 PM. The goal of the resource fair is to increase awareness about community health and social service resources available in the community.

GCHP Health Education and Outreach Department continues to participate in community resource and health fairs throughout the county. During the month of May GCHP Education and Outreach staff participated in 14 community resource and health fairs throughout the county. During the reporting period GCHP's outreach and health education team participated in 4 school and youth group events. A total of 1,005 individuals were reached during the month of May and over 50% of those reached were from organizations that target schools and youth groups.



In Summary GCHP handed out over 1,700 pieces of literature to the participants with the majority (45%) of the items targeting individuals at schools and/or youth groups throughout the county.

Activities

Overall GCHP health education and outreach staff participated in 14 community outreach events / health fairs throughout the county. Below is a list of events and / or activities:

Date	Event / Activities
05/03	Dia Del Niño / Kids Day
05/03	Channel Islands High School Health Fair
05/07	Member Orientation Meeting (English)
05/09	La Hermandad Food Distribution
05/10	"Living Well -Hueneme Style" Health Fair

05/13	VCMC Baby Steps Program
05/20	SPH Baby Steps Program
05/20	Health Navigator Presentation at Fremont Intermediate School
05/21	Simi Valley Council on Aging - 10th Annual Wellness Expo
05/21	Westpark Community Center Monthly Food Distribution and Health Services
05/22	Family Care and Volunteer Resource Fair
05/29	Downtown Oxnard Farmers Market
05/29	Community Outreach Celebration Meeting
05/31	Ventura Unified School District - Summerfest 2014

Total Events: 14

Community Resource Fair

On Saturday, June 28, 2014, Gold Coast Health Plan (GCHP) will host a Community Resource Fair at Del Sol Park in Oxnard, California. The GCHP Community Resource Fair will be open to local Ventura County communities and is expected to attract approximately 300 individuals. The Community Resource Fair hours will be from 9:00 AM to 4:00 PM.

The goal of the Community Resource Fair is to increase awareness about Medi-Cal services and provide information about health care resources in the community. We intend to invite various community based agencies and social service organizations throughout the county to host an informational booth during the event.

There will be a mobile medical unit providing health screenings and the Ventura County Health Care Agency, Health Access and Education Center Mobile Unit will also offer onsite Medi-Cal enrollment application assistance. There will also be food distribution, prizes, and a variety of other fun demonstrations for the community to enjoy.

For additional information about upcoming health education and community outreach events, please refer to the GCHP Website at www.goldcoasthealthplan.org for date and time of events. If you have any additional questions, please send an email to Outreach@goldchp.org. Below is a list of agencies that have registered for the community resource fair. A total of 30 agencies confirmed participation and several agencies submitted their company logos and agreed to co-sponsor the event.

Radio and print ads in English and Spanish of the upcoming community resources fair have been secured and are scheduled to air two weeks prior to the event. Additional, Spanish language radio talk show will air on Sunday, June 22, 2014, highlighting the community resource fair and free health screenings.

Community Resource Fair – List of Confirmed Agencies

Clinicas del Caminio Real
Food Share, Inc.
HICAP
Livingston Memorial VNA
Mixteco / Indigena Community Organizing Project
Oxnard Fire Department / St. John's
Rainbow Connection Family Resource Center
Ventura County Human Services Agency
Ventura County Behavioral Health Department
Ventura County Department of Child Support Services
Ventura County Public Health - Chronic Disease Prevention Program
Ventura County – CHDP
Ventura County - Covered California
Ventura County Behavioral Health Department - Alcohol and Drug Programs
The Coalition for Family Harmony
Community Memorial Hospital
Child Development Resource Center
United Way of Ventura County
The Promotora/Promotora Foundation
St. John's Community Education Department
La Hermandad
Tri-Counties Regional Center
Oxnard Police Department
El Concilio
American Heart/Stroke Association
American Cancer Association
WIC
SSI Department
SCAN
Boys and Girls

www.goldcoasthealthplan.org

Free Health Screenings

Community Resource Fair

Saturday, June 28, 2014
9:00 am to 4:00 pm
Del Sol Park, 1800 Camino Del Sol, Oxnard, CA 93030

For more information please call us at:
805.437.5605
or email Outreach@goldchp.org

101 Freeway
East Gonzales Road
PCN
Camino Del Sol
Del Sol Park

Gold Coast Health Plan
A Public Entity

www.goldcoasthealthplan.org

Exámenes de Salud Gratuitos

Feria de Recursos Comunitarios

Sábado, 28 de junio de 2014
9:00 am a 4:00 pm
Parque Del Sol, 1800 Camino Del Sol, Oxnard, CA 93030

Para más información favor de llamarnos al:
805.437.5605
o por email Outreach@goldchp.org

101 Freeway
East Gonzales Road
PCN
Camino Del Sol
Del Sol Park

Gold Coast Health Plan
A Public Entity

AGENDA ITEM 3b

To: Gold Coast Health Plan Commission
From: Ruth Watson, Chief Operating Officer
Date: June 23, 2014
Re: COO Update

OPERATIONS UPDATE

ACA-Health Care Reform and Medicaid Expansion

Membership

June enrollment resulted in another significant increase with 7,472 new members added to the plan. Effective June 1, 2014, plan membership was 155,996; a cumulative growth of 35,484 members since January, exceeding membership projections. Surprisingly, the largest single driver of membership has been traditional Medi-Cal, with 35% of the growth or 12,393 members. ACA and Medi-Cal Expansion combined have driven another 32% of the growth – 7,975 from the Low Income health Plan and 10,910 from Medi-Cal expansion. Membership driven by “fast lane eligibility” of CalFresh beneficiaries represents 12% of our growth with 4,206 members.

Temporary Eligibility for Medi-Cal Pending Cases

The number of MAGI Medi-Cal (MC) members pending Medi-Cal status due to various verification reasons decreased in June. Members in the 8E’ aid code category are “on hold” and active for MC fee for service (FFS) pending transition to GCHP by the State.

The Plan’s June eligibility file included 1,719 8E members in this hold status a reduction of pending eligibility with GCHP a reduction of 1,299 from May’s eligibility report.

MAY OPERATIONS REPORTS ATTACHED:

May 2014 Operations Summary

Claims Inventory – as new claims staff has been added, we have begun to see a downward trend in inventory on hand even as membership continues to increase. Claim receipts from January through May are as follows:

- January – 91,130
- February – 90,048

- March – 109,857
- April – 110,855
- May – 108,312 (this is approximately a 20% increase since January 2014)

Claims Turn Around Time (TAT) – the regulatory requirement of processing 90% of clean claims within 30 calendar days was not met in May. Claim receipts remain high and newly hired staff are still in training and not fully productive. The results for May were 86.9%. We expect to be back in compliance with June results.

Claims Processing Accuracy – financial accuracy in May fell short of GCHP's goal of 98%; the financial accuracy for the month was 93.74%. One large claim that was incorrectly processed drove the results; without this claim the results would have been 98.7%. Procedural accuracy exceeded the goal in May.

Call Volume – call volume decreased by 4% in May.

Average Speed to Answer – we continue to significantly exceed the goal of answering calls within 30 seconds or less. The combined results for May were 7.8 seconds.

Abandonment Rate – the abandonment rate continues to remain exceedingly low. The goal is 5% or less of the calls received being abandoned; we have remained below 1% for 11 of the last 12 months.

Average Call Length – the combined result of 5.84 minutes meets the goal of 7 minutes or less. The Spanish results were slightly over 7 minutes; however, non-English calls typically take longer than English calls to complete.

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

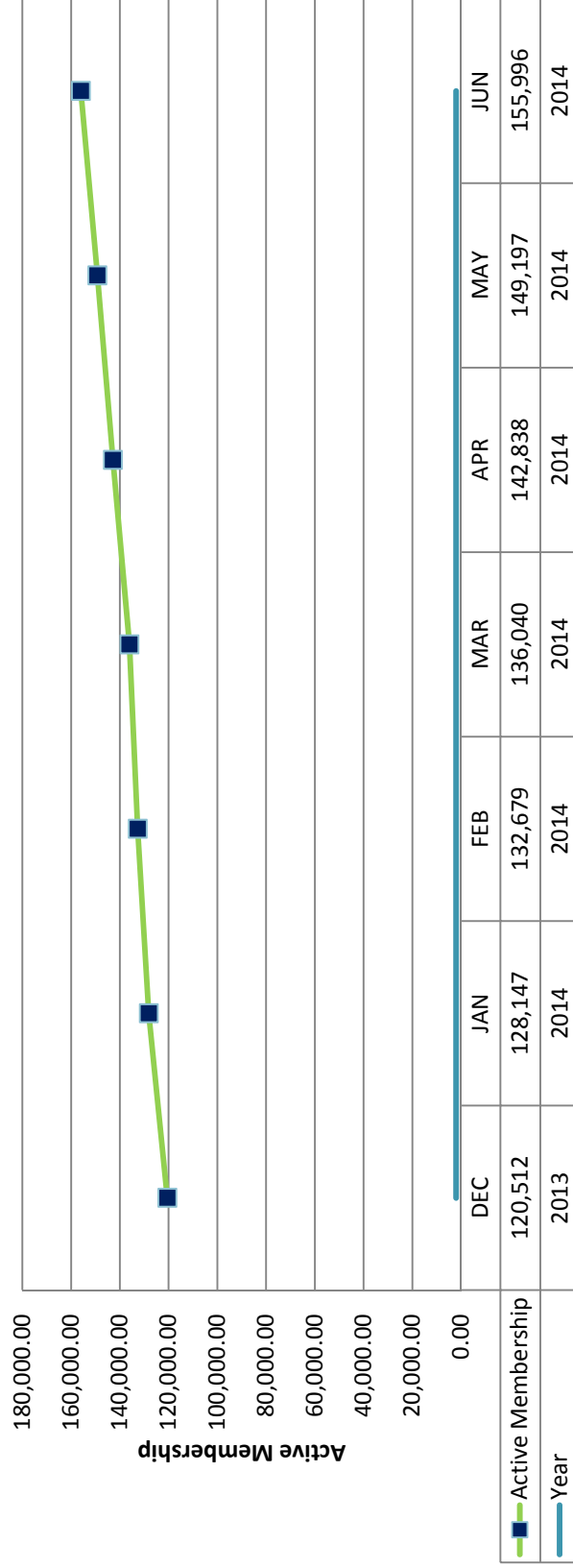
- Encounter Data Transition - 35C to 837 file format (regulatory requirement)
- Encounter Data Improvement Project
- Grievance and Appeals Improvement Project
- ICD-10 Readiness (regulatory requirement)
- Member Orientation Meetings
- 2014 Member Handbook
- Crossover Claim Process Improvement

GCHP Membership

June 2014 Total Membership 155,996

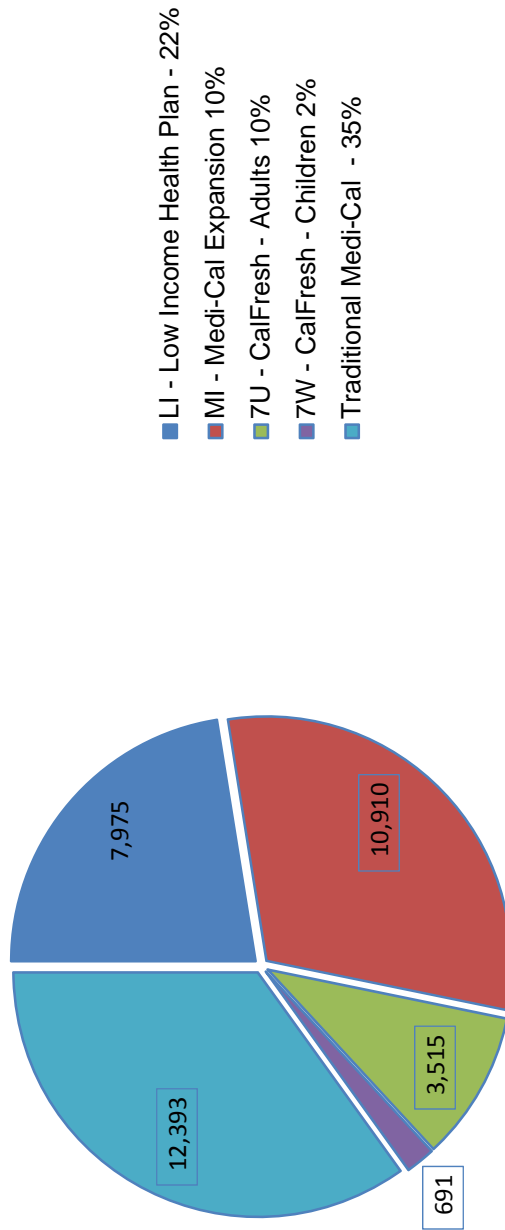
January through June membership growth - 35,484

GCHP Membership Increase January - June 2014



New Membership

GCHP New Membership Breakdown

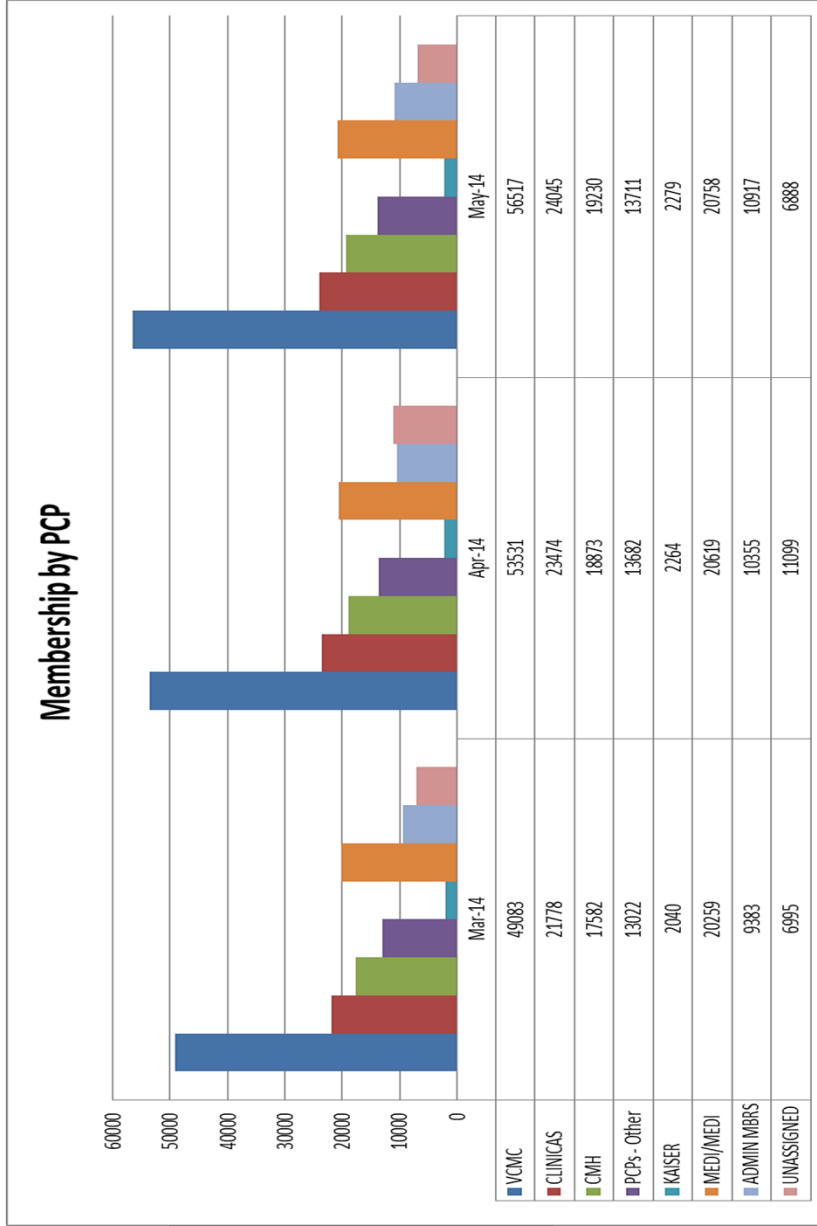
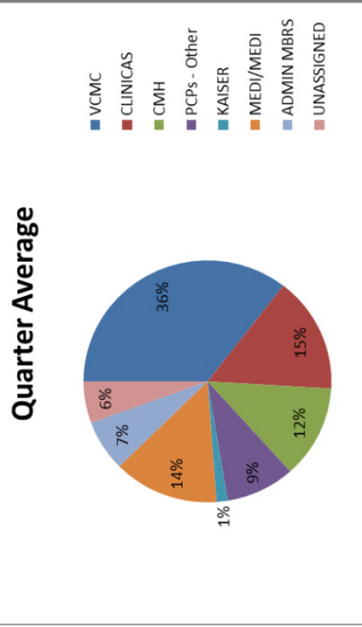


Note: GCHP Pended eligibility (not shown) – 1,719

- **Members with aid code 8E – accelerated enrollment which provides immediate temporary, fee-for service, full scope Medi-Cal benefits for ages 65 and under.**

PCP / Member Assignment Report

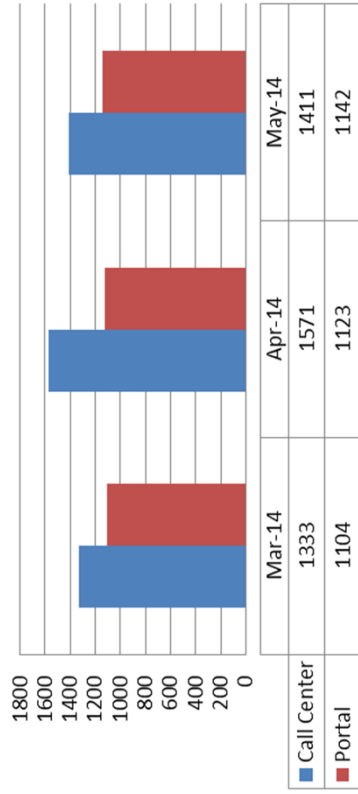
The graphs below consolidate the total number of members assigned by PCP grouping.



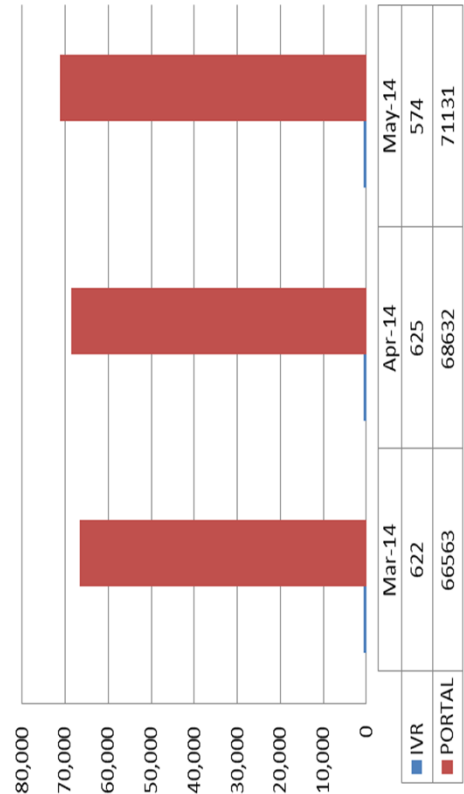
*UNASSIGNED includes Share of Cost, Newly Eligible and Other Insurance

Provider Portal / Call Center Usage

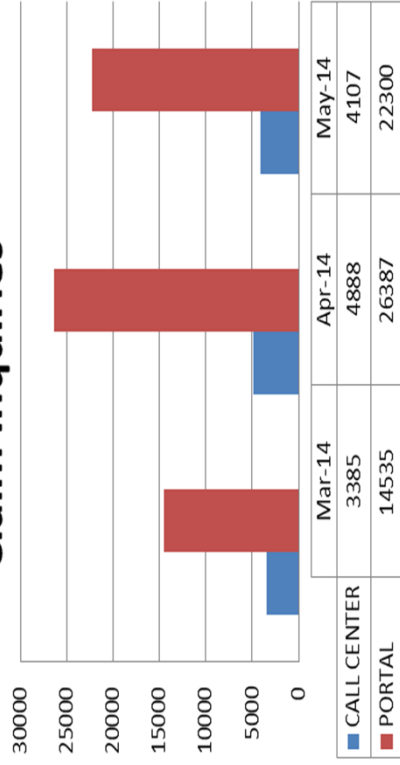
Authorization Request/Inquiries



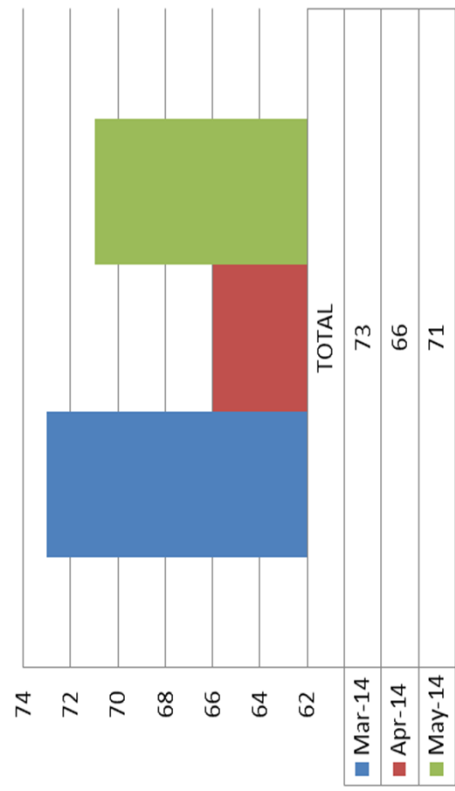
Member Eligibility Inquires



Claim Inquiries



Provider Portal New Registration

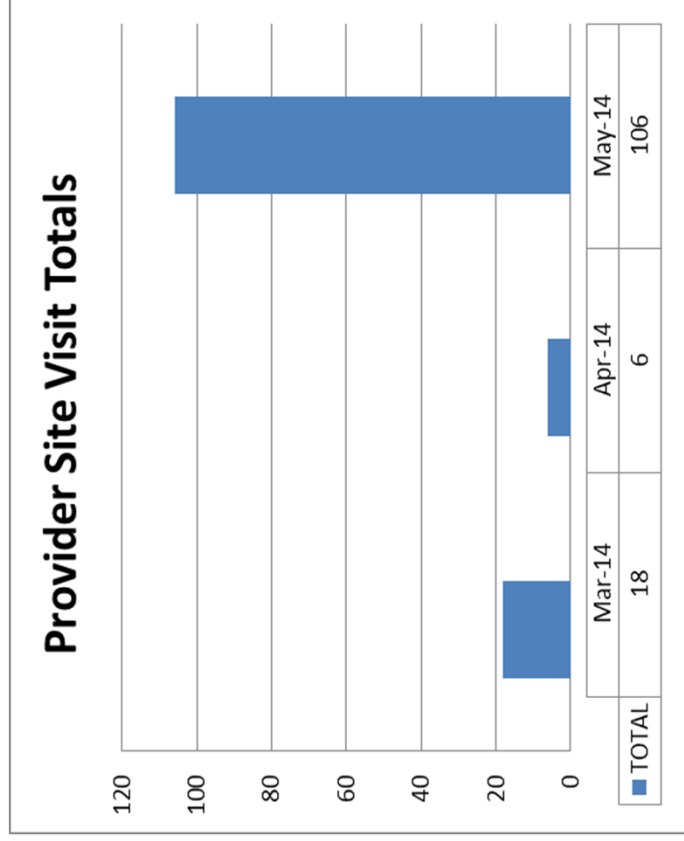


Provider Site Visit Tracking

May 2014

Provider Service Representatives routinely visit provider offices. These visits create opportunities for providers to ask questions and for the representatives to deliver current information and materials. Visits may be pre-scheduled at the providers request to discuss specific issues or concerns and may include representation from other GCHP business areas.

Note: March and April site visits dropped as a result of staffing shortage and staffing changes.



AGENDA ITEM 3c

To: Gold Coast Health Plan Commission

From: Dr. Nancy Wharfield, Associate Chief Medical Officer

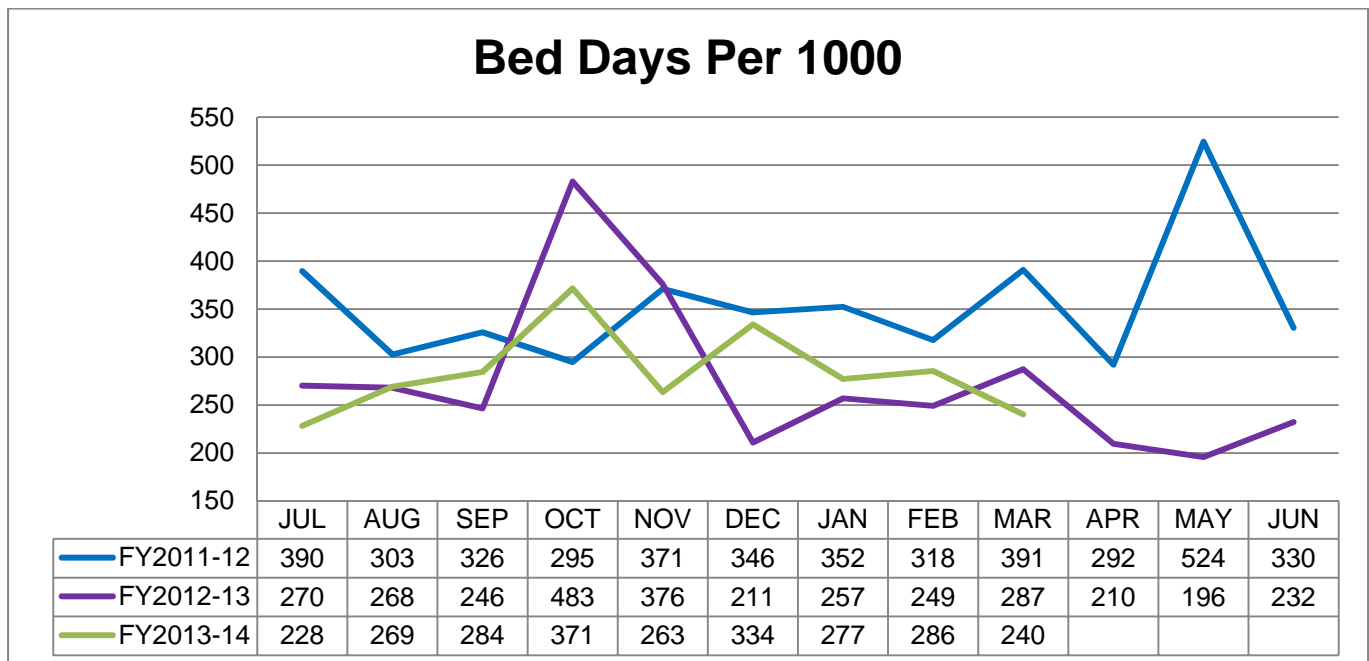
Date: June 23, 2014

Re: Health Services Update

Inpatient Utilization

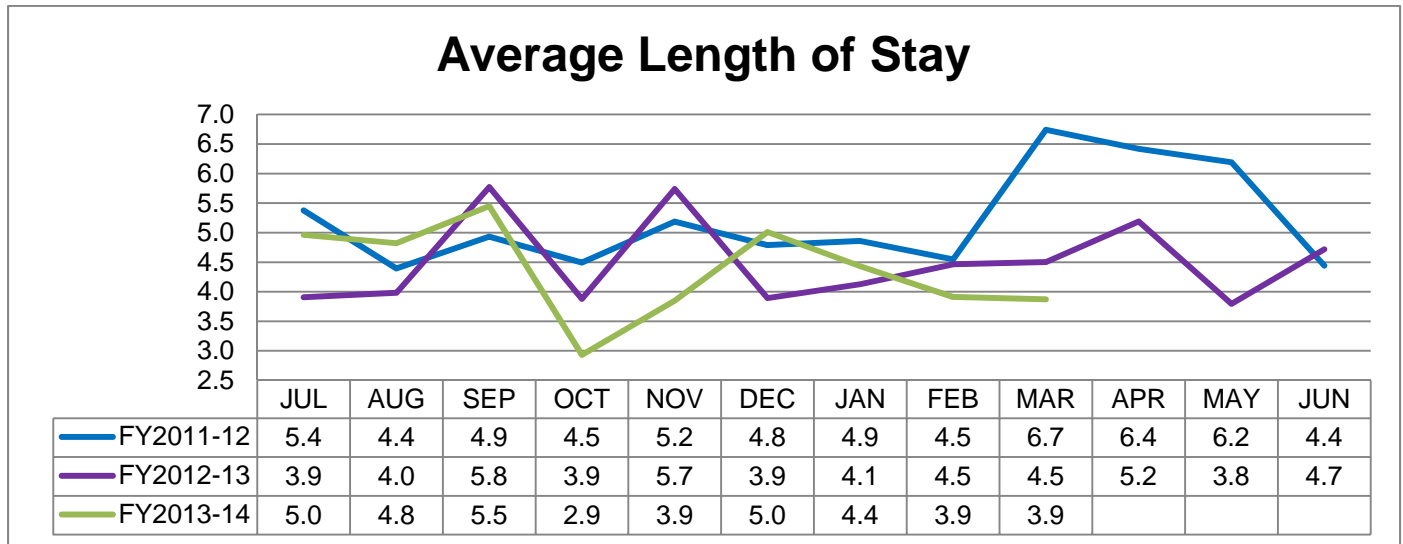
Inpatient utilization remains relatively stable for January – March 2014. Year-to-date average bed days / 1000 members for FY 2013-14 is 284 compared with 274 for FY 2012-13.

Inpatient days / 1000 members and average length of stay calculations are based on paid claims and are lagged by 3 months to allow for run-out of claims data. Administrative days are included in these calculations. Dual eligible members, SNF, and LTC utilization are not included in this data.



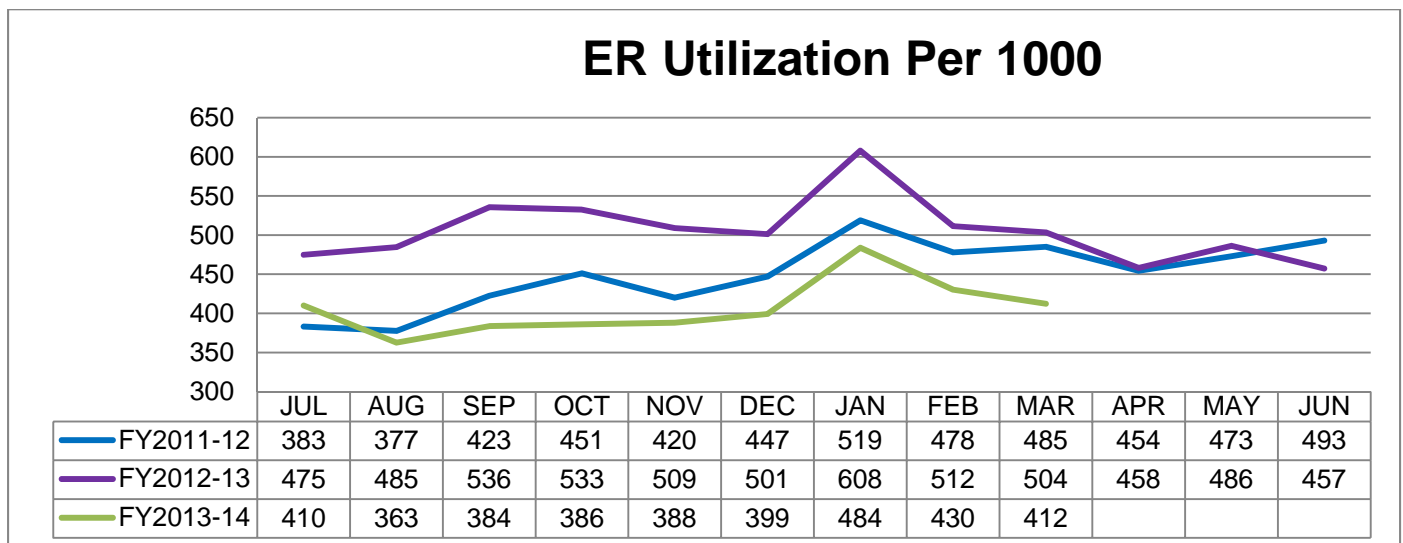
Average Length of Stay

Average length of stay has declined and plateaued from a peak in December 2013. Year-to-date average length of stay is 4.4 days for FY 2013-14 compared with 4.5 days for FY 2012-13.



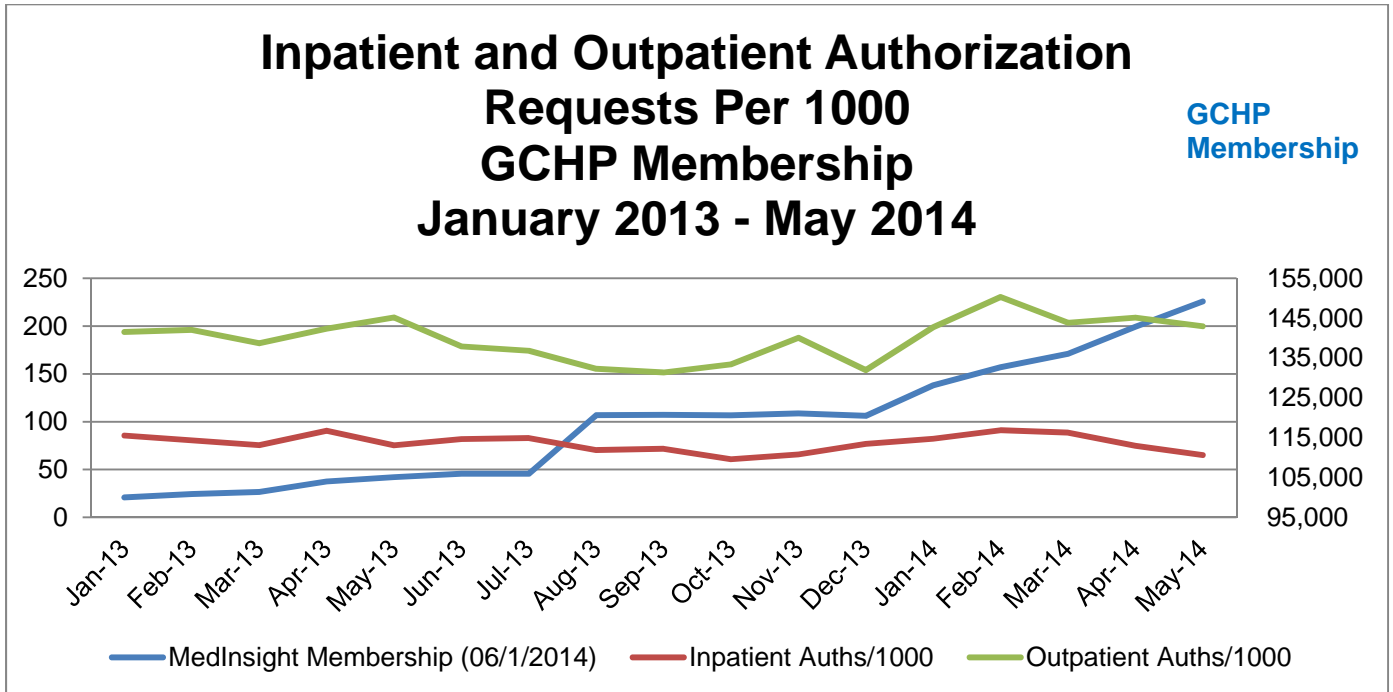
ER Utilization

ER utilization has continued to decline from a peak in January 2014. Year-to-date average is 406 visits / 1000 members for FY 2013-14 compared with 505 visits / 1000 members for FY 2012-13.



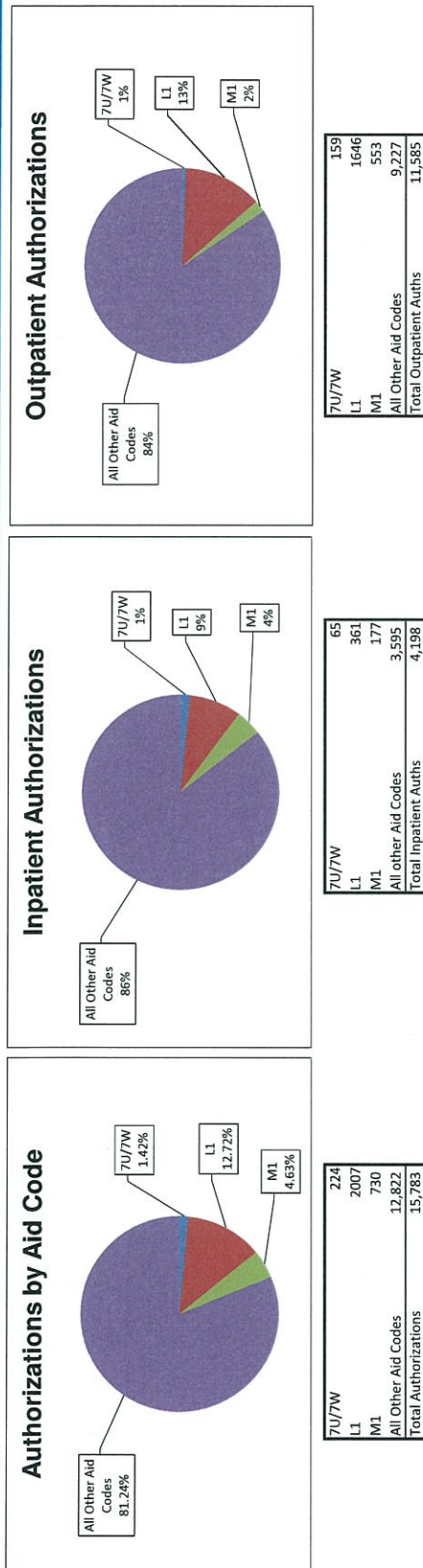
Authorization Requests

Requests for outpatient services peaked in February 2014 and have plateaued March – May 2014.



Among Medi-Cal expansion members new to Gold Coast Health Plan since January 1, 2013, service requests for L1 members continue to predominate.

Gold Coast Health Plan Authorizations by Aid Code January - May 2014



Data Source: MedHOK Authorizations Query on 06/11/2014