



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

2240 E. Gonzales Road, Suite 230, Oxnard, CA 93036

Thursday, May 2, 2013

3:00 pm

AGENDA

CALL TO ORDER / ROLL CALL

PUBLIC COMMENT

1. **APPROVE MINUTES**
 - a. [April 4, 2013 Regular Executive / Finance Minutes](#)

2. **ACCEPT AND FILE ITEMS**
 - a. [CEO Update](#)
 - b. [March Financials](#)

3. **INFORMATIONAL ITEMS**
 - a. [Financial Forecast Update](#)

COMMENTS FROM COMMITTEE MEMBERS

ADJOURNMENT

Unless otherwise determined, the next regular meeting of the Executive / Finance Committee Meeting will be held on June 6, 2013 at 3:00 p.m. at 2240 E. Gonzales Road, Suite 230, Oxnard, CA 93036

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, 1701 LOMBARD STREET, SUITE 100, OXNARD, CA.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT TRACI AT 805/889-6900. 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
(VCOMMCC) dba Gold Coast Health Plan (GCHP)
Executive / Finance Committee Meeting Minutes**

April 4, 2013

(Not official until approved)

CALL TO ORDER

Legal Counsel Kierstyn Schreiner called the meeting to order at 3:04 p.m. in Suite 230 at the Ventura County Public Health Building located at 2240 E. Gonzales Road, Oxnard, CA 93036.

As a result of both the Chair and Vice Chair being absent from the meeting, consensus was reached by the Committee Members that Dr. Chawla would preside as chair of the meeting.

COMMITTEE MEMBERS PRESENT

Dr. Anil Chawla, Clinicas del Camino Real, Inc.

David Glycer, Private Hospitals / Healthcare System

Catherine Rodriguez, Ventura County Medical Health System

EXCUSED / ABSENT COMMITTEE MEMBERS

Dr. Robert Gonzalez, Ventura County Medical Health System

Roberto Juarez, Clinicas del Camino Real, Inc.

STAFF IN ATTENDANCE

Michael Engelhard, CEO

Nancy Kierstyn Schreiner, Legal Counsel

Michelle Raleigh, CFO

Traci R. McGinley, Clerk of the Board

Sherri Bennett, Provider Network Manager

Guillermo Gonzalez, Government Affairs Director

Melissa Scrymgeour, IT Director

Lyndon Turner, Finance Manager

PUBLIC COMMENTS

None.

1. APPROVE MINUTES

a. March 7, 2013 Regular Meeting Minutes

Committee Member Rodriguez moved to approve the March 7, 2013 Regular Meeting Minutes. Committee Member Glycer seconded. The motion carried. **Approved 3-0.**

2. APPROVAL ITEMS

a. DHCS Contract Amendment 4 & 5

CFO Raleigh explained that Amendment #4 reflects two primary adjustments:

1. The State will not retroactively cut the Plan's capitation rates for the AB97 reductions for fiscal year 2011-12 rates and,
2. Includes rates for Targeted Low-Income Child (TLIC) transitioning into Medi-Cal from the Healthy Families program for three time periods. The rates have also been adjusted to align with State's policy change regarding retroactive eligibility responsibility.

CFO Raleigh noted that Amendment #5:

1. Adds in the impact of the hospital quality assessment fees (QAF) from SB335 and MCO tax onto the Plan's rates.

CFO Raleigh recommended waiting until the State budget is finalized before the Plan decides on the revenue accounting about the AB97 reserve funds as the State may apply an "Efficiency Factor" equal to that amount so that the State may still recover these funds.

Committee Member Glycer asked if the FY 11-12 rates were final. CFO Raleigh responded that the Plan has not been sent the final rates and if the Plan receives the IGT it will cause the rates to be restated again.

Committee Members raised concern that money was being held in reserve when the Plan is not meeting its TNE requirements. CFO Raleigh confirmed that staff would be receiving the rates packages soon and hoped to have more information to share at the Commission Meeting.

Committee Member Glycer moved to recommend the Commission give the CEO authority to execute the DHCS contract amendment #4 and #5. Committee Member Rodriguez seconded. The motion carried. **Approved 3-0.**

3. ACCEPT AND FILE ITEMS

a. CEO Update

CEO Engelhard provided an overview of his report and noted that staff will bring additional information before the Commission regarding the State policy change on Diagnosis Related Group (DRG) effective on July 1, 2013. The change impacts hospital contracting with managed care health plans.

b. February Financials

CFO Raleigh reviewed the February Financial results and explained that they were similar to January's results. The revenue is lower, mostly due to the population mix. She added that staff is analyzing how early to pay claims to ensure that adequate cash flow is maintained.

Discussion was held regarding claims and the timeline of payment of claims.

CFO Raleigh announced that between ACS / Xerox and GCHP, \$3.4 million in previously paid claims has been identified for recovery. She explained that if reimbursement is not made within thirty (30) days after the provider is notified, contract permitting, the Plan can begin to offset the recoverable amounts from future payments. GCHP has recovered more than \$11 million from providers to date. Staff is researching the root cause of the over-payments to ensure the problem does not continue.

Committee Member Rodriguez moved to accept and file the CEO Report and the February Financials. Committee Member Glycer seconded. The motion carried.
Approved 3-0.

4. INFORMATIONAL ITEMS

a. Financial Forecast Update

CFO Raleigh informed the Executive Finance Committee that the Financial Forecast had been refreshed in March and provided to the State. The update still demonstrates that the Plan will be in TNE compliance by June 30, 2014. CFO Raleigh noted that the State asked the Plan if there was anything that they would have changed now that it has been a few months since the original financial forecast submission, so staff went through and reviewed all of the 19 initiatives, incorporated Healthy Families, and reduced the Fee-for-Service (FFS) cost due to impact of Specialty contract. .

Committee Member Rodriguez requested a breakdown of the analysis performed by staff to determine the performance of the initiatives.

CFO Raleigh closed stating that some timelines were adjusted and savings will not be seen as quickly as staff had originally calculated.

b. Line of Credit (LOC) Update

CEO Engelhard reported that the Plan just learned that this LOC will be a separate agreement and not an amendment to the previous LOC agreement. CFO Raleigh added that the terms should be the same. She explained that the funds will be used to help meet the TNE and that obtaining the additional LOC is a requirement of the Corrective Action Plan (CAP).

c. Intergovernmental Transfer (IGT) Update

CFO Raleigh informed the Executive Finance Committee that GCHP continues to work with the County and State on the IGT. CEO Engelhard added that if this is approved the County would put up approximately \$15 million (a portion would be federally matched) and the State takes a percentage as a fee. GCHP would refund \$15 to the County and the remaining could be for temporary use by the Plan.

CFO Raleigh noted that MCO taxes would need to be set aside and paid separately.

CEO Engelhard explained that an IGT has never been used for TNE purposes, no one has attempted to use an IGT for TNE, but the State is in favor of this.

d. SB335 Hospital Quality Assurance Fee Update

Government Affairs Director Guillermo Gonzalez advised the Executive Finance Committee that this is the 3rd provider fee (QAF) on public and non-public hospitals. The State then uses those funds to draw down federal matching funds and increase payments to public hospitals and non-designated public hospitals in the Medi-Cal Program.

e. Affordable Care Act PCP Rate Increase Update

Sherri Bennett, Provider Network Manager updated the Executive Finance Committee, on the Affordable Care Act PCP rate increase for January 1, 2013. PCP and certain subspecialties will be eligible to receive payments equal to Medicare rates. There are set codes eligible for these increases; however, FQHC's etc. are not eligible to receive these increases and the funds must be passed down to the provider.

CEO Engelhard added that since GCHP has such a large number of FQHC's this may not have a large impact on the Plan.

Sherri Bennett, Provider Network Manager, noted that it appears the Plan's capitation rates will be adjusted for this increase and reconciled. GCHP has scheduled 3 town hall meetings and heavily publicized this update in provider information.

3. ACCEPT AND FILE ITEMS

a. CEO Update (Continued)

CEO Engelhard announced that Charles Cho, MD, CMO has announced his desire to move into semi-retirement and reduce his hours. Dr. Cho will stay with the Plan full time until a new CMO is hired.

CLOSED SESSION

Legal Counsel Kierstyn Schreiner explained the purpose of the Closed Session.

ADJOURN TO CLOSED SESSION

The Commission adjourned to Closed Session at 5:11 p.m. regarding the following items:

Closed Session Conference with Legal Counsel – Existing Litigation pursuant to Government Code Section 54956.9 Hernandez v. Ventura County Medi-Cal Managed Care Commission, VCSC Case No. 56-2012-00427535-CU-OE-VTA

Closed Session Conference with Legal Counsel – Existing Litigation pursuant to Government Code Section 54956.9 Lucas v. Regional Government Services et al, VCSC Case No. 56-2013-00432444-CU-CE-VTA

Closed Session Conference with Legal Counsel – Anticipated Litigation Significant Exposure to Litigation pursuant to Government Code Section 54956.9(b) (One Case)

Closed Session pursuant to Government Code Section 54957(e)
Public Employee Performance Evaluation
Title: Chief Executive Officer

RETURN TO OPEN SESSION

The Regular Meeting reconvened at 5:20 p.m.

Legal Counsel Kierstyn Schreiner reported that there was no reportable action.

COMMENTS FROM COMMITTEE MEMBERS

None.

ADJOURNMENT

The meeting adjourned at 5:21 p.m.



AGENDA ITEM 2a

To: Executive / Finance Committee of the Gold Coast Health Plan
From: Michael Engelhard, Chief Executive Officer
Date: May 2, 2013
RE: CEO UPDATE

Intergovernmental Transfer (IGT)

The Plan submitted the required IGT documents to the State on 4/25. The approval to proceed with submitting these documents was granted during the Plan's 4/22 Commission meeting and the County of Ventura's Board of Supervisors provided approval during their 4/23 meeting. The documents are under State and Federal review and the Plan expects to receive any feedback in May.

Line of Credit (LOC)

During the Plan's 4/22 Commission meeting, approval was granted to execute an additional \$5 million dollar line of credit with the County of Ventura (County). The County's Board of Supervisor's granted approval to proceed during the 4/23 meeting. The Plan submitted a formal request on 4/26 to execute new documents for the additional line of credit.

MMS Selection Update

GCHP is in the final stages of vendor assessment and analysis for the MMS replacement. The onsite vendor demos are complete, along with final scoring for the three finalists. Vendor reference calls are in progress. The MMS selection team is targeting to complete the reference calls, implementation cost review, and 5-yr. financial analysis over the next two weeks, at which time GCHP will be ready to present a final recommendation to the for review and approval.

AGENDA ITEM 2b

To: Gold Coast Health Plan Executive Finance Committee
From: Michelle Raleigh, Chief Financial Officer
Date: May 2, 2013
Re: March, 2013 Financials

SUMMARY:

Staff is presenting the attached March, 2013 financial statements of Gold Coast Health Plan (Plan) for review by the Executive Finance Committee. Staff also requests the Executive Finance Committee to recommend approval of March, 2013 financials to the Plan's Commission.

BACKGROUND / DISCUSSION:

The Plan has prepared the March, 2013 financial package, including balance sheets, income statements and statements of cash flows reflecting monthly and year-to-date information.

FISCAL IMPACT:

When compared to budget on a year-to-date basis, overall the Plan is performing slightly below budget, with an actual net loss of \$1.2 million compared to a projected net loss of approximately \$1.0 million. This month's net loss is after four months of positive net income. The primary reason for the loss is due to higher than expected health care costs due to winter illnesses (e.g., flu, allergies).

These results contributed to the Plan's Tangible Net Equity (TNE) deficit where the actual results generated a marginally higher deficiency of \$13.5 million than expected deficiency of \$13.4 million (after adjusting for additional \$6 million line of credit assumed in the budget, but not realized).

Highlights of **this month's** financials include:

- Membership – The Plan had 967 more members than budgeted for the month with larger than expected enrollment in the “Family” and “Dual” categories.
- Revenue – The different distribution of enrollment led to a lower than anticipated average revenue per member per month (PMPM). Lower than expected CBAS

revenue also contributed to the shortfall, resulting in overall capitation revenue of \$5.80 PMPM below budget.

- Health Care Costs – The primary item that contributed to the differences between the actual (\$244.52 PMPM) and budgeted costs (\$232.93 PMPM) were higher than expected health care costs (including pharmacy) due seasonal illnesses (e.g., flu, allergy).
- Administrative Expenses – Overall operational costs were higher than anticipated by \$1.24 PMPM. Expenses were impacted by the following items:
 - Higher than projected consulting fees from extended engagement of monitor and IT consulting.
 - Higher than expected general office expenses including non-capitalized computer equipment, furniture rental, and telephone services.
 - The increase was partially offset by lower salary and benefit costs due to timing in hiring for budgeted positions, lower than anticipated ACS claims management fees (driven by lower ancillary services billings), and timing related to purchasing of reference data.
- Cash + Medi-Cal Receivable – the Plan continues to monitor its cash balance and began certain cash management programs in February. The cash balance as of the end of March was over \$46 million, compared with the revised budget at \$52 million. However, the budget assumed additional line of credit funding of \$6 million, which had not occurred by March 31. When the \$6 million dollar line of credit is removed from the revised budget estimate (\$52 million - \$6 million = \$46 million), the Plan's actual balance is equal to this adjusted budget amount. The actual balance included only the original \$2.2 million line of credit. The County of Ventura approved an additional \$5 million in April, which has not yet been funded.

RECOMMENDATION:

Staff proposes the Executive Finance Committee recommend approval the March, 2013 financial package to the Commission.

ATTACHMENTS:

March, 2013 Financial Package



**FINANCIAL PACKAGE
FOR THE MONTH ENDED MARCH 31, 2013**

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 - STATEMENT OF CASH FLOWS YTD

FINANCIAL OVERVIEW

Description	Audited FY 2011-12	FY 2012-13 Actual						YTD	Variance Fav/(Unfav) %
		July - Sep	Oct - Dec	Jan '13	Feb '13	Mar '13	Budget YTD		
Member Months	1,258,189	305,220	300,604	99,595	100,522	101,443	907,384	9,544	1.1 %
Revenue <i>pmpm</i>	304,635,932 242.12	73,225,136 239.91	76,563,668 254.70	25,291,754 253.95	25,424,315 252.92	25,698,895 253.33	226,203,768 249.29	(1,447,160) (4.26)	(0.6)% (1.7)%
Health Care Costs <i>pmpm</i> % of Revenue	287,353,672 228.39 94.3%	71,648,550 234.74 97.8%	68,967,923 229.43 90.1%	22,713,884 228.06 89.8%	22,894,562 227.76 90.0%	24,090,491 237.48 93.7%	210,315,410 231.78 93.0%	2,076,714 4.78	1.0 % 2.0 %
Admin Exp <i>pmpm</i> % of Revenue	18,891,320 15.01 6.2%	4,976,867 16.31 6.8%	6,036,079 20.08 7.9%	2,041,565 20.50 8.1%	1,918,352 19.08 7.5%	2,089,699 20.60 8.1%	17,062,563 18.80 7.5%	(785,768) (0.68)	(4.8)% (3.7)%
Net Income <i>pmpm</i> % of Revenue	(1,609,063) (1.28) -0.5%	(3,400,282) (11.14) -4.6%	1,559,667 5.19 2.0%	536,305 5.38 2.1%	611,401 6.08 2.4%	(481,295) (4.74) -1.9%	(1,174,204) (1.29) -0.5%	(156,213) (0.16)	(15.3)% (14.1)%
100% TNE	16,769,368	16,693,841	16,308,936	16,270,934	16,219,716	16,264,038	16,264,038	(149,356)	(0.9)%
% TNE Required	36%	36%	52%	52%	52%	52%	52%		
Required TNE	6,036,972	6,009,783	8,480,647	8,460,886	8,434,253	8,457,300	8,457,300	(77,665)	(0.9)%
GCHP TNE	(6,031,881)	(9,432,163)	(5,672,496)	(5,136,192)	(4,524,791)	(5,006,086)	(5,006,086)	(6,156,212)	535.3 %
TNE Excess / (Deficiency)	(12,068,853)	(15,441,946)	(14,153,143)	(13,597,077)	(12,959,043)	(13,463,385)	(13,463,385)	(6,078,546)	(82.3)%

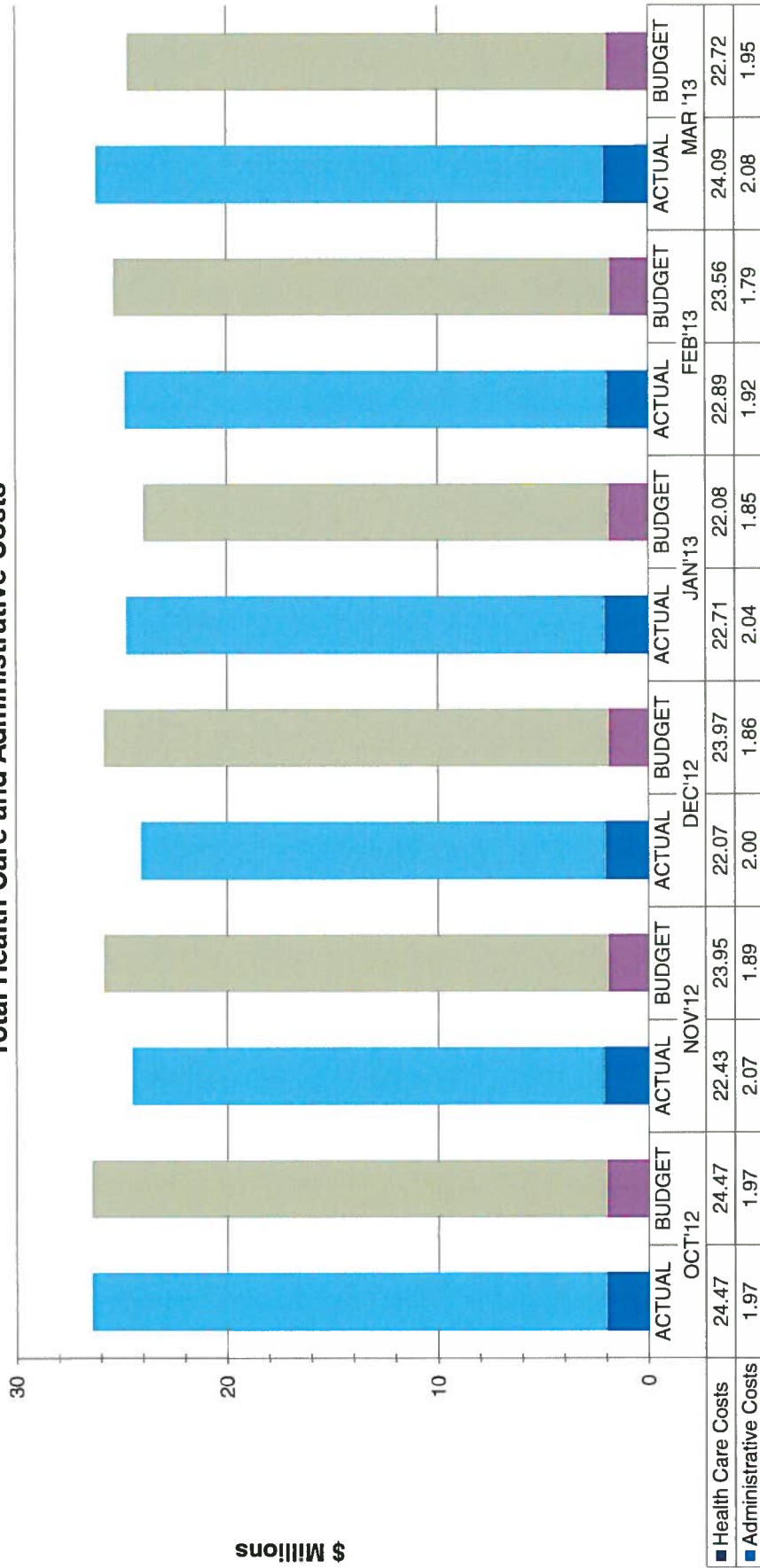
Note:
Jul-Sep- Health Care Costs include \$7M IBNR addition.
Budgeted TNE assumed additional \$6M subordinated debt in March '13

Membership

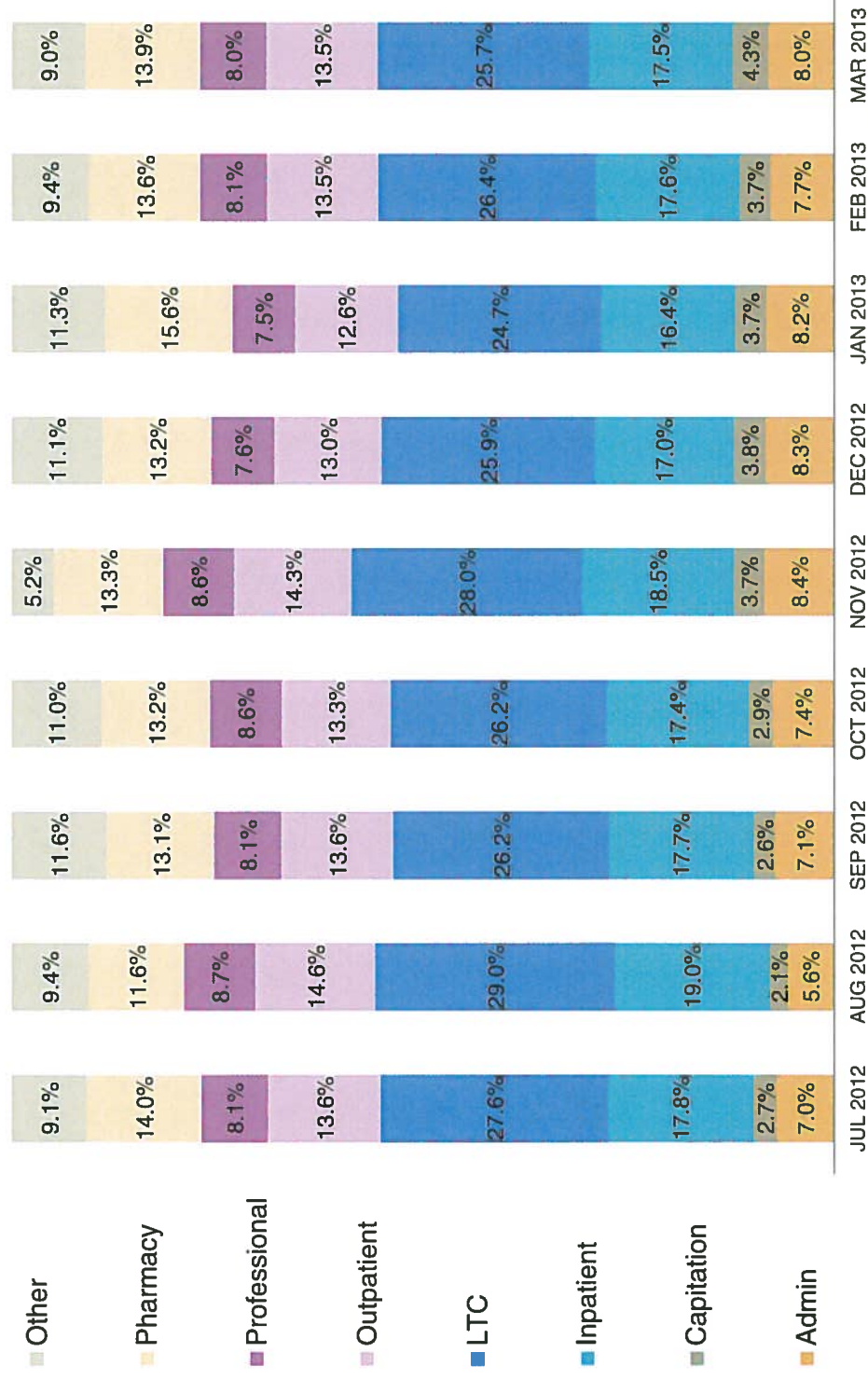


	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
TOTAL	105,753	99,264	100,203	99,217	100,088	101,299	99,595	100,522	101,443
FAMILY	78,219	72,581	73,550	72,554	73,275	74,122	72,835	73,454	73,894
DUALS	17,837	17,685	17,510	17,395	17,561	17,816	17,529	17,669	17,651
SPD	9,697	8,998	9,143	9,268	9,252	9,361	9,231	9,311	9,323
TLIC								88	575

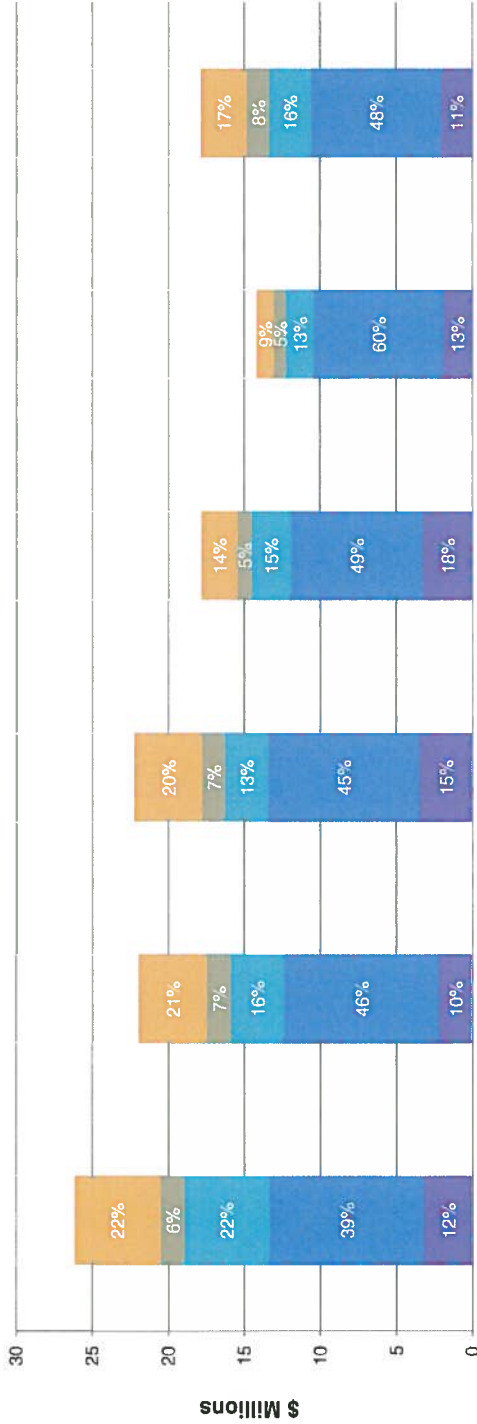
Total Health Care and Administrative Costs



Total Expense Composition



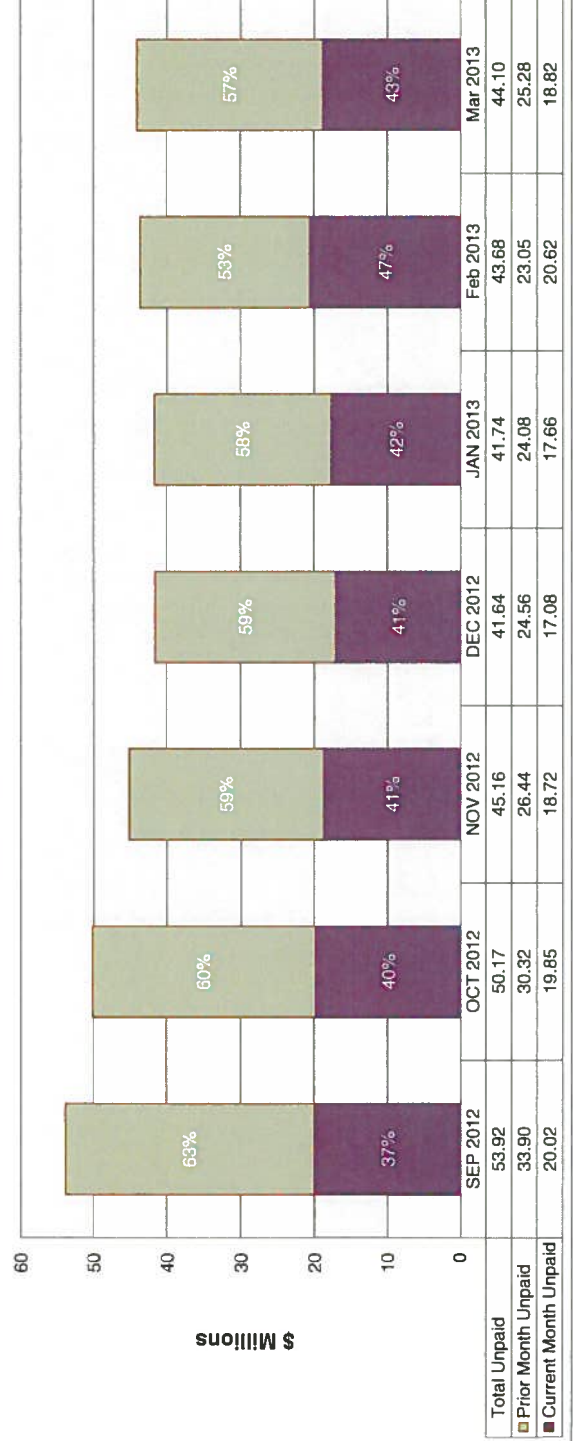
Paid Claims Composition (excluding Pharmacy)



	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
Total	26.2	22.0	22.3	17.9	14.2	17.9
120+	5.8	4.6	4.5	2.4	1.2	3.1
90	1.5	1.5	1.5	0.9	0.8	1.4
60	5.6	3.5	2.8	2.6	1.9	2.8
30	10.2	10.2	10.0	8.7	8.5	8.6
Current	3.1	2.2	3.4	3.2	1.9	2.0

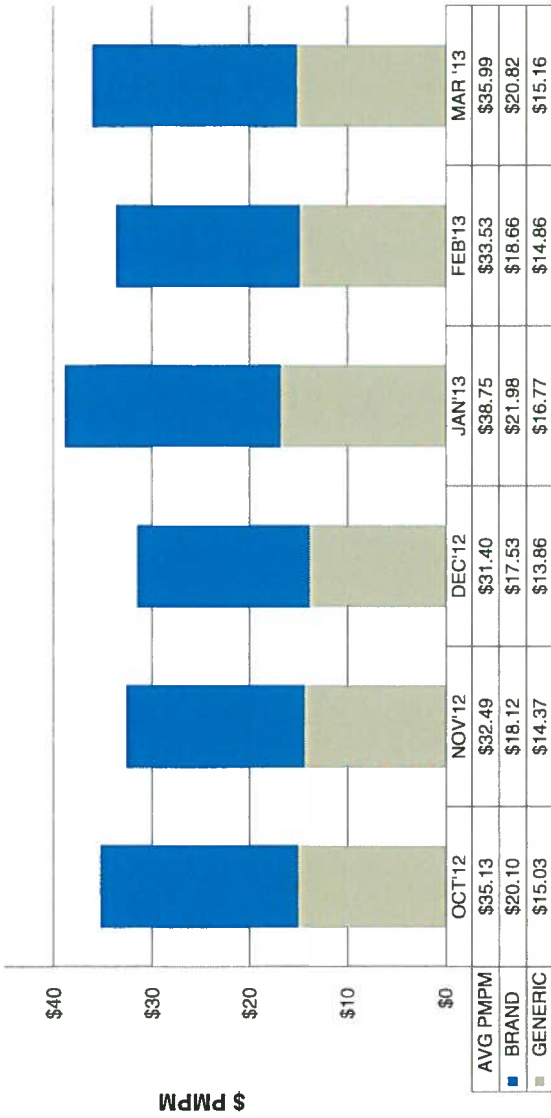
Note: Paid Claims Composition- reflects adjusted medical claims payment lag schedule.

IBNP Composition (includes Pharmacy)



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

Pharmacy Cost Trend



Annualized Prescriptions per 1,000 Members



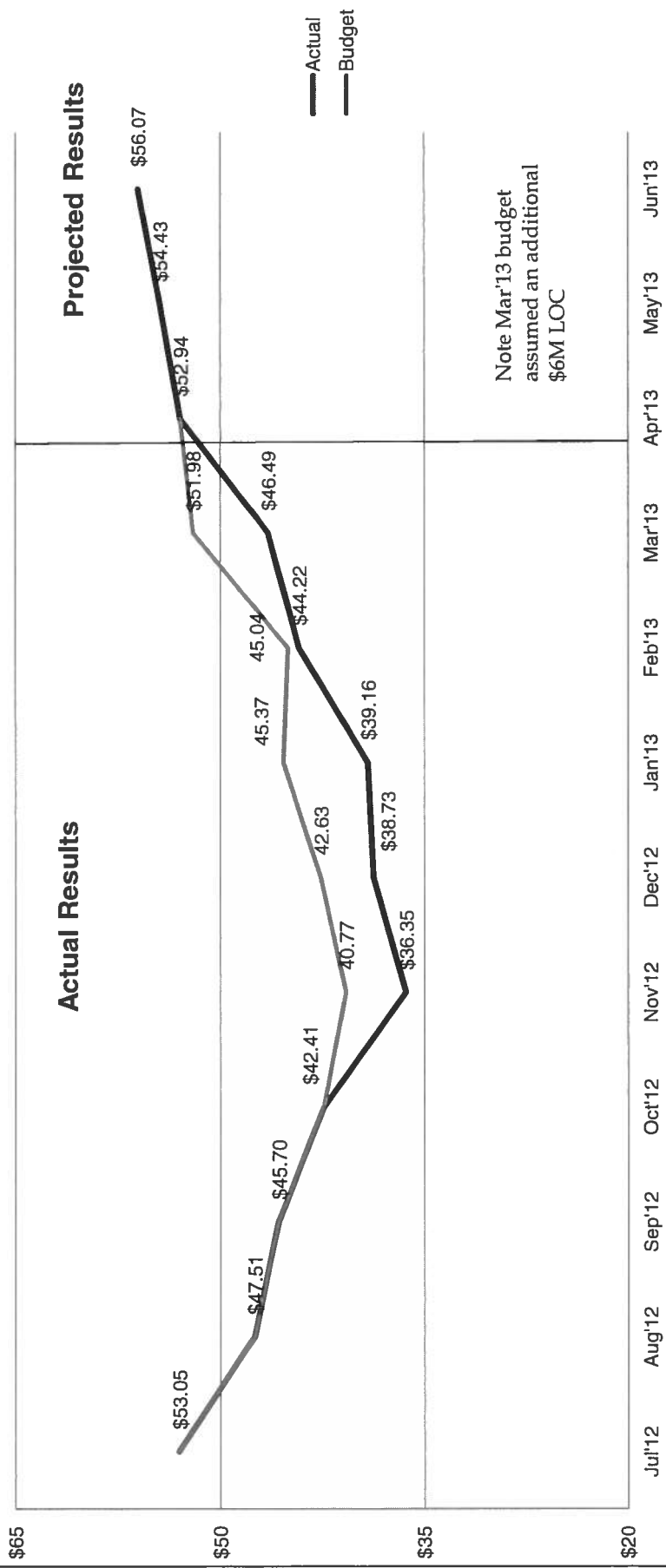
Comparative Balance Sheet

	3/31/13	2/28/13	Audited FY 2011 - 2012	Notes
ASSETS				
Current Assets				
Total Cash and Cash Equivalents	\$ 46,487,904	\$ 19,798,198	\$25,554,098	Ongoing impact of cash management program Received March capitation payment in March Continued collection of outstanding provider advances & recoveries; write-off of old receivables
Medi-Cal Receivable	-	24,424,503	28,534,938	
Provider Receivable	2,257,588	3,425,664	6,539,541	
Other Receivables	187,399	786,291	2,148,270	Collection of outstanding reinsurance receivable
Total Accounts Receivable	2,444,986	28,636,458	37,222,748	
Total Prepaid Accounts	1,204,535	1,173,780	185,797	Received bank credits
Total Other Current Assets	13,125	192,977	375,000	
Total Current Assets	\$ 50,150,550	\$ 49,801,413	\$63,337,644	
Total Fixed Assets	211,398	156,563	176,028	
Total Assets	\$ 50,361,948	\$ 49,957,976	\$63,513,672	
LIABILITIES & FUND BALANCE				
Current Liabilities				
Incurring But Not Reported	\$ 34,794,210	\$ 32,343,457	\$52,610,895	Increase due to State for potential difference in rates
Claims Payable	9,310,045	11,331,990	10,357,609	
Capitation Payable	948,127	911,344	633,276	
Accrued Premium Reduction	4,340,655	2,797,445	1,914,157	
Accounts Payable	1,979,831	3,268,197	886,715	Original \$1 million pre-implementation cost
Accrued ACS	1,170,323	1,159,035	200,000	
Accrued Expenses	403,998	232,490	-	
Accrued Premium Tax	604,580	604,398	602,900	
Accrued Interest Payable	3,459	2,412	-	
Current Portion of Deferred Revenue	460,000	460,000	460,000	
Accrued Payroll Expense	151,139	90,331	-	
Current Portion Of Long Term Debt	166,667	208,333	500,000	
Total Current Liabilities	\$ 54,333,034	\$ 53,409,433	\$68,165,553	
Long-Term Liabilities				
Other Long-term Liability	-	-	-	Original \$2.3M Implementation Payment Subordinated Line of Credit of \$2.2M
Deferred Revenue - Long Term Portion	1,035,000	1,073,333	1,380,000	
Notes Payable	2,200,000	2,200,000	-	
Total Long-Term Liabilities	3,235,000	3,273,333	1,380,000	
Total Liabilities	\$ 57,568,034	\$ 56,682,767	\$69,545,553	
Beginning Fund Balance	(6,031,881)	(6,031,881)	(4,422,819)	
Net Income Current Year	(1,174,204)	(692,909)	(1,609,062)	
Total Fund Balance	(7,206,085)	(6,724,790)	(6,031,881)	
Total Liabilities & Fund Balance	\$ 50,361,948	\$ 49,957,976	\$63,513,672	

FINANCIAL INDICATORS

Current Ratio	92.3%	93.2%	92.9%
Days Cash on Hand	50	22	30
Days Cash + State Capitation Receivable	50	50	64

CASH AND MEDI-CAL RECEIVABLE TREND



Statement of Cash Flows

	<u>MAR'13</u>	<u>FEB'13</u>
Cash Flow From Operating Activities		
Collected Premium	\$ 51,621,583	\$ 583,217
Miscellaneous Income	6,873	6,478
<u>Paid Claims</u>		
Medical & Hospital Expenses	(16,458,829)	(13,521,936)
Pharmacy	(3,640,696)	(4,179,429)
Capitation	(1,086,244)	(921,432)
Reinsurance of Claims	(227,620)	(228,352)
Reinsurance Recoveries		
Payment of Withhold / Risk Sharing Incentive		
Paid Administration	(3,466,971)	(1,101,351)
Repay Initial Net Liabilities		
MCO Taxes Expense	-	-
Net Cash Provided/ (Used) by Operating Activities	26,748,095	(19,362,804)
 Cash Flow From Investing/Financing Activities		
Proceeds from Line of Credit	-	-
Repayments on Line of Credit	-	-
Net Acquisition of Property/Equipment	(58,389)	-
Net Cash Provided/(Used) by Investing/Financing	(58,389)	-
 Net Cash Flow	 \$ 26,689,706	 \$(19,362,804)
 Cash and Cash Equivalents (Beg. of Period)	 19,798,198	 39,161,003
Cash and Cash Equivalents (End of Period)	46,487,904	19,798,198
	\$ 26,689,706	\$(19,362,804)
 Adjustment to Reconcile Net Income to Net Cash Flow		
Net (Loss) Income	(481,295)	611,401
Depreciation & Amortization	3,554	3,554
Decrease/(Increase) in Receivables	26,191,472	(22,702,415)
Decrease/(Increase) in Prepaids & Other Current Assets	149,097	18,206
(Decrease)/Increase in Payables	499,494	854,092
(Decrease)/Increase in Other Liabilities	(80,000)	(80,000)
Change in MCO Tax Liability	182	3
Changes in Claims and Capitation Payable	(1,985,163)	2,043,847
Changes in IBNR	2,450,753	(111,492)
	26,748,095	(19,362,804)
 Net Cash Flow from Operating Activities	 \$ 26,748,095	 \$(19,362,804)



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

APPENDIX

Income Statement Comparison

	Actual Monthly Trend			Mar-13			Explanation
	Dec'12	Jan'13	Feb 13	Month-To-Date		Variance Fav/(Unfav)	
				Actual	Budget		
Membership	97,745	97,745	97,691	98,520	97,553	967	Gains in Adult/Family & Duals categories
Revenue:							
Premium	\$ 25,759,968	\$ 25,377,074	\$ 25,469,855	\$ 25,821,551	\$ 26,086,196	\$ (264,645)	
Reserve for Rate Reduction	(129,959)	(127,606)	(90,347)	(167,680)	(127,064)	(40,616)	
MCO Premium Tax	21	63	(3)	(182)	(783)	601	
Total Net Premium	25,630,030	25,249,532	25,379,504	25,653,689	25,958,350	(304,661)	
Other Revenue:							
Interest Income	7,899	3,889	6,478	6,873	15,652	(8,779)	
Miscellaneous Income	38,333	38,333	38,333	38,333	38,333	-	
Total Other Revenue	46,233	42,223	44,811	45,206	53,985	(8,779)	
Total Revenue	25,676,263	25,291,754	25,424,315	25,698,895	26,012,335	(313,440)	
Medical Expenses:							
<u>Capitation (PCP & Specialty)</u>	917,020	921,432	911,344	1,123,027	946,391	(176,636)	Now includes NEMT capitation
<u>Incurred Claims:</u>							
Inpatient	4,093,335	4,054,978	4,376,271	4,594,575	3,736,598	(857,977)	
LTC/SNF	6,228,689	6,107,181	6,546,009	6,718,243	6,685,986	(32,257)	
Outpatient	2,458,657	2,438,523	2,629,778	2,776,364	2,918,889	142,525	
Laboratory and Radiology	206,113	204,418	221,259	232,801	226,525	(6,276)	
Emergency Room Facility Services	474,523	472,684	509,253	537,953	365,790	(172,163)	
Physician Specialty Services	1,838,999	1,849,915	2,000,658	2,102,513	1,770,939	(331,574)	
Pharmacy	3,180,407	3,859,639	3,370,333	3,650,281	3,147,735	(502,547)	
Other Medical Professional	332,271	199,667	280,898	225,650	245,349	19,699	
Other Medical Care Expenses	732	-	-	647	-	(647)	
Other Fee For Service Expense	1,426,578	1,401,900	1,512,773	1,574,293	1,509,075	(65,218)	
Transportation	275,536	299,590	187,014	102,868	251,253	148,385	Run-out of NEMT FFS expenses plus ER Transportation
Total Claims	20,515,839	20,888,495	21,634,246	22,516,189	20,858,138	(1,658,050)	
Medical & Care Management Exp	560,329	666,197	613,599	631,474	684,775	53,301	Reflects net reinsurance typically; Mar reflects premium only
Reinsurance	225,793	225,793	(374,504)	227,620	233,651	6,031	(no recoveries)
Claims Recoveries	(150,917)	11,968	109,876	(407,819)	-	407,819	Additional provider recoveries not allocated to specific categories of service
Sub-total	635,205	903,958	348,972	451,275	918,426	467,151	
Total Cost of Health Care	22,068,065	22,713,884	22,894,562	24,090,491	22,722,955	(1,367,535)	
Contribution Margin	3,608,198	2,577,870	2,529,753	1,608,404	3,289,379	(1,680,975)	
General & Administrative Expenses:							
Salaries and Wages	354,451	474,339	374,176	457,668	493,962	36,294	
Payroll Taxes and Benefits	88,331	106,130	81,676	91,493	99,396	7,903	
Total Travel and Training	2,996	1,546	5,050	4,398	4,503	105	
Outside Service - ACS	916,305	883,861	891,100	904,052	938,358	34,307	
Outside Services - Other	44,810	28,663	30,339	24,294	69,564	45,270	
Accounting & Actuarial Services	37,529	25,350	21,061	18,828	30,400	11,573	
Legal Expense	41,114	47,724	31,577	24,015	32,350	8,335	
Insurance	9,245	9,245	9,245	9,245	10,792	1,547	
Lease Expense - Office	15,977	15,983	25,980	25,980	27,630	1,650	
Consulting Services Expense	379,747	312,781	336,440	401,116	132,560	(268,556)	Continued state monitor consulting, IT positions filled by consultants
Translation Services	4,101	328	1,182	2,515	20,770	18,255	
Advertising and Promotion Expense	2,645	196	-	-	2,500	2,500	
General Office Expenses	48,327	76,509	103,468	86,891	63,248	(23,643)	Furniture rental, telephone reconfigurations, monitors
Depreciation & Amortization Expense	3,554	3,554	3,554	3,554	6,497	2,944	
Printing Expense	1,276	14,767	1,645	1,722	6,728	5,006	
Shipping & Postage Expense	21,825	395	349	5,507	1,678	(3,829)	
Interest Exp	29,643	40,195	1,511	28,423	7,727	(20,696)	Large interest adjustment occurred in Feb
Total G & A Expenses	2,001,876	2,041,565	1,918,352	2,089,699	1,948,664	(141,036)	
Net Income / (Loss)	\$ 1,606,322	\$ 536,305	\$ 611,401	\$ (481,295)	\$ 1,340,716	\$ (1,822,011)	

PMPM Income Statement Comparison

	Actual Monthly Trend			Feb'13 Month-To-Date		Variance
	Dec'12	Jan'13	Feb'13	Actual	Budget	Fav/(Unfav)
Members (Member/Months)	97,745	97,745	97,691	98,520	97,553	967
Revenue:						
Premium	263.54	259.63	260.72	262.09	267.41	(5.31)
Reserve for Rate Reduction	(1.33)	(1.31)	(0.92)	(1.70)	(1.30)	(0.40)
MCO Premium Tax	0.00	0.00	(0.00)	(0.00)	(0.01)	0.01
Total Net Premium	262.21	258.32	259.79	260.39	266.09	(5.70)
Other Revenue:						
Interest Income	0.08	0.04	0.07	0.07	0.16	(0.09)
Miscellaneous Income	0.39	0.39	0.39	0.39	0.39	(0.00)
Total Other Revenue	0.47	0.43	0.46	0.46	0.53	(0.07)
Total Revenue	262.69	258.75	260.25	260.85	266.65	(5.80)
Medical Expenses:						
<u>Capitation</u>	9.38	9.43	9.33	11.40	9.70	1.70
<u>Incurred Claims:</u>						
Inpatient	41.88	41.49	44.80	46.64	38.30	(8.33)
LTC/SNF	63.72	62.48	67.01	68.19	68.54	0.35
Outpatient	25.15	24.95	26.92	28.18	29.92	1.74
Laboratory and Radiology	2.11	2.09	2.26	2.36	2.32	(0.04)
Emergency Room Facility Services	4.85	4.84	5.21	5.46	3.75	(1.71)
Physician Specialty Services	18.81	18.93	20.48	21.34	18.15	(3.19)
Pharmacy	32.54	39.49	34.50	37.05	32.27	(4.78)
Other Medical Professional	3.40	2.04	2.88	2.29	2.52	0.22
Other Medical Care Expenses	0.01	-	-	0.01	-	(0.01)
Other Fee For Service Expense	14.59	14.34	15.49	15.98	15.47	(0.51)
Transportation FFS	2.82	3.07	1.91	1.04	2.58	1.53
Total Claims	209.89	213.70	221.46	228.54	213.81	(14.73)
Medical & Care Management	5.73	6.82	6.28	6.41	7.02	0.61
Reinsurance	2.31	2.31	(3.83)	2.31	2.40	0.08
Claims Recoveries	(1.54)	0.12	1.12	(4.14)	-	4.14
Sub-total	6.50	9.25	3.57	4.58	9.07	4.49
Total Cost of Health Care	225.77	232.38	234.36	244.52	232.93	(11.59)
Contribution Margin	36.91	26.37	25.90	16.33	33.72	(17.39)
Administrative Expenses						
Salaries and Wages	3.63	4.85	3.83	4.65	5.06	0.42
Payroll Taxes and Benefits	0.90	1.09	0.84	0.93	1.02	0.09
Total Travel and Training	0.03	0.02	0.05	0.04	0.05	0.00
Outside Service - ACS	9.37	9.04	9.12	9.18	9.62	0.44
Outside Services - Other	0.46	0.29	0.31	0.25	0.71	0.47
Accounting & Actuarial Services	0.38	0.26	0.22	0.19	0.31	0.12
Legal Expense	0.42	0.49	0.32	0.24	0.33	0.09
Insurance	0.09	0.09	0.09	0.09	0.11	0.02
Lease Expense -Office	0.16	0.16	0.27	0.26	0.28	0.02
Consulting Services Expense	3.89	3.20	3.44	4.07	1.36	(2.71)
Translation Services	0.04	0.00	0.01	0.03	0.21	0.19
Advertising and Promotion Expense	0.03	0.00	-	-	0.03	0.03
General Office Expenses	0.49	0.78	1.06	0.88	0.65	(0.23)
Depreciation & Amortization Expense	0.01	0.15	0.04	0.04	0.07	0.03
Printing Expense	0.22	0.00	0.02	0.02	0.07	0.05
Shipping & Postage Expense	0.30	0.41	0.00	0.06	0.02	(0.04)
Interest Exp	-	-	0.02	0.29	0.08	(0.21)
Total Administrative Expenses	20.48	20.89	19.64	21.21	19.98	(1.24)
Net Income / (Loss)	16.43	5.49	6.26	(4.89)	13.74	(18.63)

**Income Statement Comparison
For The Nine Months Ended March 31, 2013**

	Mar'13 Year-To-Date		Variance
	Actual	Budget	Fav/(Unfav)
Membership	874,061	869,535	4,526
Revenue:			
Premium	\$ 226,820,785	\$ 228,219,070	\$ (1,398,285)
Reserve for Rate Reduction	(1,050,970)	(1,041,818)	(9,152)
MCO Premium Tax	(1,680)	(5,423)	3,743
Total Net Premium	225,768,135	227,171,829	(1,403,694)
Other Revenue:			
Interest Income	90,634	134,099	(43,465)
Miscellaneous Income	345,000	345,000	(0)
Total Other Revenue	435,633	479,099	(43,466)
Total Revenue	226,203,768	227,650,928	(1,447,160)
Medical Expenses:			
<u>Capitation</u>	7,403,632	7,352,513	(51,119)
<u>Incurred Claims:</u>			
Inpatient	40,230,273	40,022,413	(207,860)
LTC/SNF	60,642,567	62,305,683	1,663,116
Outpatient	24,186,279	25,640,157	1,453,878
Laboratory and Radiology	2,030,787	2,088,240	57,453
Emergency Room Facility Services	4,684,742	4,658,953	(25,789)
Physician Specialty Services	18,556,855	17,972,851	(584,004)
Pharmacy	30,580,485	28,960,159	(1,620,326)
Other Medical Professional	2,499,237	2,426,906	(72,331)
Other Medical Care Expenses	4,958		(4,958)
Other Fee For Service Expense	13,924,771	14,141,210	216,439
Transportation	2,419,581	2,617,534	197,953
Total Claims	199,760,535	200,834,106	1,073,571
Medical & Care Management Expense	5,208,165	5,275,768	67,603
Reinsurance	129,989	(1,070,263)	(1,200,252)
Claims Recoveries	(2,186,912)	-	2,186,912
Sub-total	3,151,243	4,205,505	1,054,262
Total Cost of Health Care	210,315,410	212,392,124	2,076,714
Contribution Margin	15,888,359	15,258,804	629,555
General & Administrative Expenses:			
Salaries and Wages	3,261,383	3,240,144	(21,239)
Payroll Taxes and Benefits	832,280	797,745	(34,535)
Total Travel and Training	46,068	49,032	2,964
Outside Service - ACS	8,201,976	8,224,229	22,253
Outside Service - RGS	23,674	23,674	0
Outside Services - Other	380,133	387,396	7,263
Accounting & Actuarial Services	260,306	173,627	(86,679)
Legal Expense	285,136	234,536	(50,600)
Insurance	77,232	82,366	5,134
Lease Expense - Office	153,695	159,046	5,351
Consulting Services Expense	2,311,794	1,900,736	(411,058)
Translation Services	13,453	28,568	15,115
Advertising and Promotion Expense	9,491	11,650	2,159
General Office Expenses	670,241	529,352	(140,889)
Depreciation & Amortization Expense	31,899	36,630	4,731
Printing Expense	50,269	62,424	12,155
Shipping & Postage Expense	45,040	34,239	(10,801)
Interest Exp	408,495	301,401	(107,094)
Total G & A Expenses	17,062,563	16,276,795	(785,768)
Net Income / (Loss)	\$ (1,174,204)	\$ (1,017,991)	\$ (156,213)

Statement of Cash Flows

	MAR '13 YTD
Cash Flow From Operating Activities	
Collected Premium	\$ 256,731,251
Miscellaneous Income	90,634
<u>Paid Claims</u>	
Medical & Hospital Expenses	(179,573,280)
Pharmacy	(30,909,696)
Capitation	(7,088,781)
Reinsurance of Claims	(2,298,890)
Reinsurance Recoveries	-
Payment of Withhold / Risk Sharing Incentive	-
Paid Administration	(18,150,164)
Repay Initial Net Liabilities	-
MCO Taxes Expense	-
Net Cash Provided/(Used) by Operating Activities	18,801,074
 Cash Flow From Investing/Financing Activities	
Proceeds from Line of Credit	2,200,000
Repayments on Line of Credit	-
Net Acquisition of Property/Equipment	(67,268)
Net Cash Provided/(Used) by Investing/Financing	2,132,732
 Net Cash Flow	\$ 20,933,806
 Cash and Cash Equivalents (Beg. of Period)	25,554,098
Cash and Cash Equivalents (End of Period)	46,487,904
	\$ 20,933,806
 Adjustment to Reconcile Net Income to Net Cash Flow	
Net Income/(Loss)	(1,174,204)
Depreciation & Amortization	31,899
Decrease/(Increase) in Receivables	34,777,762
Decrease/(Increase) in Prepaids & Other Current Assets	(656,862)
(Decrease)/Increase in Payables	5,048,533
(Decrease)/Increase in Other Liabilities	(678,334)
Change in MCO Tax Liability	1,680
Changes in Claims and Capitation Payable	(732,713)
Changes in IBNR	(17,816,685)
	18,801,074
 Net Cash Flow from Operating Activities	\$ 18,801,074

Gold Coast Health Plan - Inventory Trend Comparison

From 01/01/13 thru 04/23/13

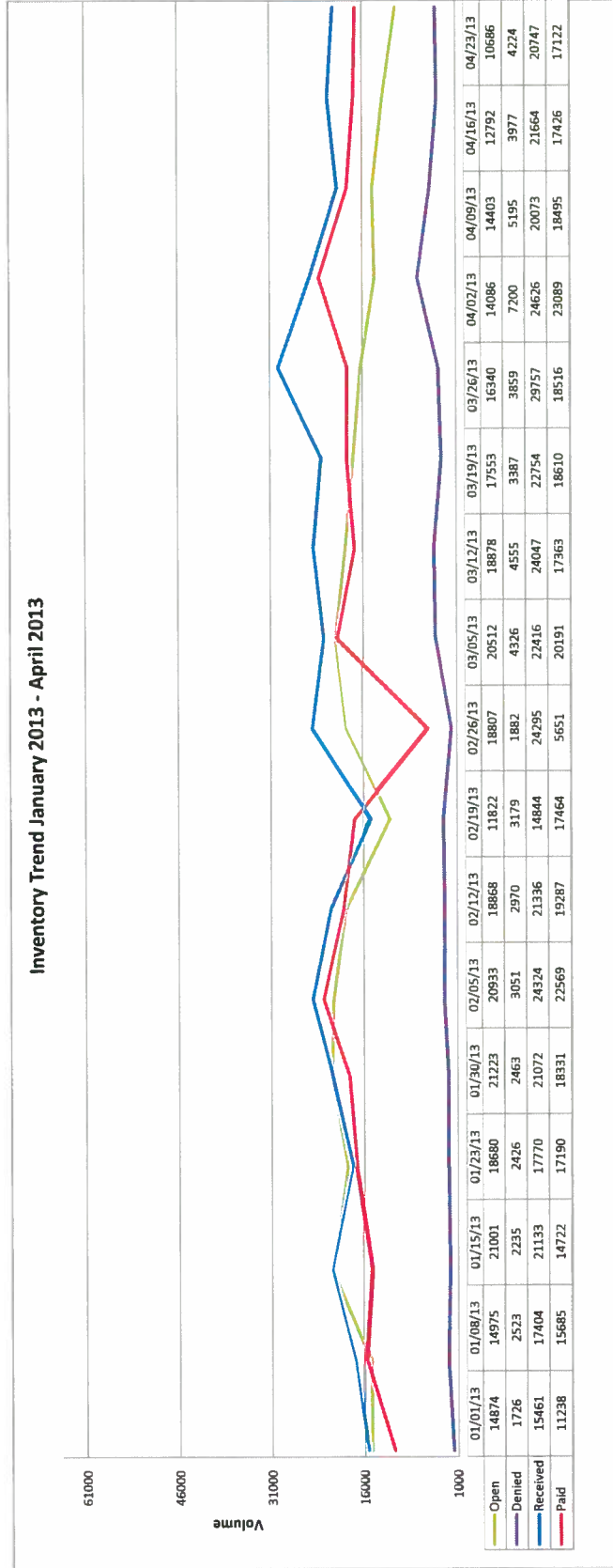
Week	Open	Denied	Received	Paid
01/01/13	14874	1726	15461	11238
01/08/13	14975	2523	17404	15685
01/15/13	21001	2235	21133	14722
01/22/13	18680	2426	17770	17190
01/30/13	21223	2463	21072	18331
02/05/13	20933	3051	24324	22569
02/12/13	18868	2970	21336	19287
02/19/13	11822	3179	14844	17464
02/26/13	18807	1882	24295	5651
03/05/13	20512	4326	22416	20191
03/12/13	18878	4555	24047	17363
03/19/13	17553	3387	22754	18610
03/26/13	16340	3859	29757	18516
04/02/13	14086	7200	24626	23089
04/09/13	14403	5195	20073	18495
04/16/13	12792	3977	21664	17426
04/23/13	10686	4224	20747	17122

*inventory day late due to delayed payment run

*inventory day late due to delayed payment run

* Check run time moved from 5:30pm to 12:00pm. Claims processed after 12pm will reflect on next report.

Inventory Trend January 2013 - April 2013



Month*	Open	Denied	Received	Paid	# GCHP business days	Average Received in Month	Average Paid in Month
January	90753	11373	92840	77166	21	4,421	3,675
February	70430	11082	84799	64971	19	4,463	3,420
March	73283	16127	98974	74680	21	4,713	3,556
April	51967	20596	87110	76132	note - not a complete month		

* Counts of claims may actually span an earlier or later month than shown and are summarized according to weekly check run.

Agenda Item 3a

GCHP Financial Forecast Status Update Results through: March 31, 2013

This document provides a status update to Gold Coast Health Plan's (GCHP or Plan) financial forecast provided the Department of Health Care Services (DHCS) on March 22, 2013. The March 22nd version of financial forecast was updated from the forecast provided on December 11, 2012, which was in response to the Corrective Action Plan (CAP) Amendment and DHCS' request for additional information.

The financial forecast projects revenue and expenses through June 30, 2014 while reflecting the impact of 19 major initiatives underway at the Plan. This status update compares the Plan's actual financial results to the updated financial forecast and highlights major differences through March 31, 2013. The information is summarized in the table below.

March 2013

Highlights of Major Differences between Update Financial Forecast and Actual Financial Results				
Financial Statement Item	A. Updated Financial Forecast	B. Actual	C. Difference (A-B)	Comments on Differences
Revenue	\$25.7M	\$25.7M	\$0.0	<ul style="list-style-type: none"> • Net enrollment slightly exceeded forecast • Enrollment gains in membership with lower capitation rates categories did not contribute to meaningful revenue gains
Health Care Costs	\$23.1M	\$24.1M	(\$1.0)	<ul style="list-style-type: none"> • Higher health care costs (including pharmacy) due to winter illnesses (e.g., flu, allergies)
Administrative Costs	\$2.0M	\$2.1M	(\$0.1M)	<ul style="list-style-type: none"> • Additional consulting expenditures, partially offset from delayed hiring of new positions
Net Income	\$0.6M	(\$0.5M)	(\$1.1M)	

Also important to note that as of the end of March, 2013:

- Line of Credit - Line of credit balance remains unchanged at \$2.2M. County of Ventura's Board of Supervisors approved the Plan's request for an additional line of credit of \$5M during the April 23rd Board of Supervisor's meeting. A formal request to execute the new line of credit agreement and draw funds was submitted to the County of Ventura on April 26th.
- TNE – Year-to-date net loss of approximately \$1M results in a TNE of negative \$5M versus a forecasted TNE of negative \$3M.



Gold Coast Health Plan

Financial Forecast – Overview of 19 Initiatives

Executive Finance Committee Meeting

May 2, 2013

Agenda

- Overview of 19 Initiatives
- Estimated Financial Impact of Initiatives
- Next Steps

19 Initiatives – Summarized into Categories

Categories	Number of Initiatives
Correct coding of members	2
Collecting and processing overpayments, coordinating of benefit payments (COB), enhancing claims payment edits, and collecting from reinsurance vendor	8
Provider re-contracting	4
Enhanced utilization and case management	3
Managing administrative budget & TNE requirements	2

Correct Member Coding (2 Initiatives)

Initiative #	Description	Financial Impact
1	<i>LTC Coding</i> – Conversion of members who should be a Long Term Care (LTC) aid code, so appropriate revenue is received. GCHP is working with County to convert these members.	Increased Revenue
2	<i>Medicare Part A Eligible</i> - Identified members who are potentially eligible for Part A that are not currently covered by Part A. GCHP working with State to convert these members.	Reduced Medical Expenses

Recovery, COB and Payment Edits (8 Initiatives)

Initiative #	Description	Financial Impact
Recovery Initiatives		
3	<i>Provider Refunds Directly to GCHP</i> - Voluntarily returned refunds & those in response to collection letters.	
4 & 5	<i>Provider Overpayments</i> - Duplicate claims payments made to providers or payments made without authorizations.	Reduced Medical Expenses
10	<i>Injectables</i> – Claims previously processed to include administrative fee per unit.	
17	<i>Reinsurance Recoveries</i> - High dollar claim recoveries that have been identified.	

Recovery, COB and Payment Edits (8 Initiatives, continued)

Initiative #	Description	Financial Impact
COB Initiatives		
6	<i>Coordination of Benefits & Fraud Waste Abuse Recoveries</i> – Overpayment recovery efforts on claims that should have been either coordinated or not covered.	Reduced Medical Expenses
7	<i>Coordination of Benefits - Cross-over Claims Impact</i> - GCHP identifying COB claims prior to payment while utilizing additional information from the State.	Reduced Medical Expenses
Payment Edit Initiative		
8	<i>iCES Editing Module</i> – Activation of virtual examiner to increase claims processing accuracy.	Reduced Medical Expenses

Provider Re-contracting (4 Initiatives)

Initiative #	Description	Financial Impact
9 & 11	<i>Hospital Re-contracting</i>	
12	<i>Non Emergency Transportation (NEMT) – Convert to a capitated contract for NEMT services from FFS.</i>	Reduced Medical Expenses
13	<i>340(b) drug pricing – Qualified pharmacies obtain lower cost drugs.</i>	

Utilization and Case Management (3 Initiatives)

Initiative #	Description	Financial Impact
14	<i>Inpatient Stay Management</i> – Reduction of average length of stay by improved case management.	
15	<i>Emergency Room (ER) Management</i> – Reduction of non-emergent ER visits educating providers and members.	Reduced Medical Expenses
16	<i>Pharmacy Management</i> – Ongoing monitoring of drug utilization, expenditures, and formulary.	

Management and Administrative (2 Initiatives)

Initiative #	Description	Financial Impact
18	<p><i>Administrative Expense</i> - Increase as a result of additional staffing, consulting use, and additional office space. Increases are partially offset by reductions which include improving efficiencies, converting consultants to staff employees and restructuring employee benefit program.</p>	Increased Administrative Expenses
19	<p><i>Line of Credit</i> – County of Ventura agreed to increase GCHP Line of Credit by \$5M from \$2.2M to \$7.2M.</p>	Increase in line of credit

Estimated Financial Impact of Initiatives

Annualized impact of initiatives on TNE*:

	Annualized Impact (in millions)	Range of Annualized Impact (in millions)
Increased Revenue	\$2.4	\$2.4-\$3.5
Net reduction to Medical Expenses	\$24.5	\$21.8-\$31.7
Increased Administrative Expenses	(\$3.8)	(\$3.6-\$4.0)
Incorporation of lines of credit	\$7.2	\$2.2-\$7.2

* Note sign (i.e., positive, negative) of amounts in table indicate the impact on TNE. For example, reductions to medical expenses are noted as positive above because they improve GCHP's TNE position.

Next Steps

- Provide Executive Finance Committee and Commission with updates on status
- Collect feedback from State