



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

**Executive/Finance Committee Meeting**

**Special Meeting**

**Thursday, December 10, 2020 – 3:00 p.m.**

**Community Room at Gold Coast Health Plan**

**711 E. Daily Drive, Suite 106, Camarillo, CA 93010**

**Executive Order N-25-20**

**Conference Call Number: 805-324-7279**

**Conference ID Number: 683 402 434#**

**AGENDA**

**CALL TO ORDER**

**ROLL CALL**

**PUBLIC COMMENT**

The public has the opportunity to address Ventura County Medi-Cal Managed Care Commission (VCMMCC) doing business as Gold Coast Health Plan (GCHP) on the agenda. Persons wishing to address VCMMCC should complete and submit a Speaker Card.

Persons wishing to address VCMMCC are limited to three (3) minutes unless the Chair of the Commission extends time for good cause shown. Comments regarding items not on the agenda must be within the subject matter jurisdiction of the Commission.

Members of the public may call in, using the numbers above, or can submit public comments to the Committee via email by sending an email to [ask@goldchp.org](mailto:ask@goldchp.org). If members of the public want to speak on a particular agenda item, please identify the agenda item number. Public comments submitted by email should be under 300 words.

## **CONSENT**

**1. Approval of Executive Finance Committee Regular Meeting Minutes of October 8, 2020.**

Staff: Maddie Gutierrez, MMC – Clerk to the Commission  
Deborah Munday, Executive Assistant / Assistant Clerk

**RECOMMENDATION:** Approve the minutes.

**2. Behavioral Health Integration Program Oversight**

Staff: Nancy Wharfield, M.D., Chief Medical Officer

**RECOMMENDATION:** Authorize hire of staff to oversee DHCS Behavioral Health Integration programs.

**3. Pharmacy Benefit Manager Contract Extension**

Staff: Nancy Wharfield, M.D., Chief Medical Officer  
Anne Freese, PharmD., Director of Pharmacy

**RECOMMENDATION:** Authorize CEO to sign an extension of the PBM contract to accommodate extension of Medi-Cal Rx implementation date.

## **UPDATES**

**4. Medi-Cal Rx Update**

Staff: Nancy Wharfield, M.D., Chief Medical Officer  
Anne Freese, PharmD., Director of Pharmacy

**RECOMMENDATION:** Approve the update as presented.

**5. HSP Medi-Trac Update**

Staff: Eileen Moscaritolo, HMA Consultant

**RECOMMENDATION:** Approve the update as presented.

## **FORMAL ACTION**

### **6. October Financials**

Staff: Kashina Bishop, Chief Financial Officer

**RECOMMENDATION:** Approve the October 2020 Financials as presented.

## **CLOSED SESSION**

### **7. PUBLIC EMPLOYEE APPOINTMENT**

Position: Chief Operating Officer

## **COMMENTS FROM COMMITTEE MEMBERS**

## **ADJOURNMENT**

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Administrative Reports relating to this agenda are available at 711 East Daily Drive, Suite #106, Camarillo, California, during normal business hours and on <http://goldcoasthealthplan.org>. Materials related to an agenda item submitted to the Committee after distribution of the agenda packet are available for public review during normal business hours at the office of the Clerk of the Board.

In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact (805) 437-5512. Notification for accommodation must be made by the Tuesday prior to the meeting by 3 p.m. will enable the Clerk of the Board to make reasonable arrangements for accessibility to this meeting.

## **AGENDA ITEM NO. 1**

**TO:** Executive Finance Committee  
**FROM:** Maddie Gutierrez, MMC - Clerk to the Commission  
**DATE:** December 10, 2020  
**SUBJECT:** Executive Finance Committee Meeting Minutes of October 8, 2020.

### **RECOMMENDATION:**

Approve the minutes.

### **ATTACHMENTS:**

Copy of the Regular Executive Finance Committee meeting minutes of October 8, 2020.

**Ventura County Medi-Cal Managed Care Commission (VCMCC)  
Executive/Finance Committee  
Regular Meeting via Teleconference**

**October 8, 2020**

**CALL TO ORDER**

Committee Chair Dee Pupa called the meeting to order at 3:03 p.m. via phone conference call. The Clerk and Assistant Clerk were in the Community Room located at Gold Coast Health Plan, 711 East Daily Drive, Camarillo, California.

The following GCHP staff was on the conference call:

- Margaret Tatar, Interim Chief Executive Officer
- Nancy Wharfield, M.D., Chief Medical Officer
- Kashina Bishop, Chief Financial Officer
- Eileen Moscaritolo, HMA Consultant
- Marlen Torres, Exec. Director of Strategies & External Affairs
- Steve Peiser, Sr. Director, Network Management
- Anna Sproule, Director of Finance
- Robert Franco, Compliance Director
- Michael Murguia, Exec. Director of Human Resources
- Vicki Wrihster, Contracts Manager
- Debbie Rieger, ETP Consultant
- Helen Miller, Senior Director of IT
- Scott Campbell, BBK
- Cathy Salenko, BBK

**ROLL CALL**

Present: Committee members Antonio Alatorre, Fred Ashworth, Dee Pupa and Jennifer Swenson.

Absent: Committee member Shawn Atin was not present at time of Roll Call.

**PUBLIC COMMENT**

None.

## **CONSENT**

### **1. Approval of Executive Finance Committee Regular Meeting Minutes of August 8, 2020.**

Staff: Maddie Gutierrez, MMC – Clerk to the Commission

**RECOMMENDATION:** Approve the minutes.

Committee member Ashworth motioned to approve all the minutes. Committee member Alatorre seconded.

**AYES:** Committee members Antonio Alatorre, Fred Ashworth, Dee Pupa, and Jennifer Swenson.

**NOES:** None.

**ABSENT:** Committee member Shawn Atin.

Committee Chair Pupa declared the motion carried.

## **UPDATES**

### **2. System Conversion / HSP MediTrac Update**

Staff: Debbie Rieger, Senior Executive Business Transformation Consultant  
Eileen Moscaritolo, HMA Consultant

**RECOMMENDATION:** Receive and file the update.

Ms. Rieger presented a PowerPoint presentation on ETP/ and the Conduent MediTrac Implementation. She reviewed project risks and mitigation strategies. Ms. Rieger stated the ETP “Go Live” date is scheduled for 12/14/2020.

ETP Risks noted were: 1. Data warehouse and 2. Testing, which is behind schedule in some critical functional areas. Conduent and GCHP teams are currently conducting User Acceptance Testing within the HSP MediTrac system.

ETP risk mitigation was also reviewed, beginning with daily calls with Conduent to maintain and monitor progress, identify and proactively address risks. GCHP and Conduent are working together to make sure all deliverables are met and GCHP is accessing Conduent’s experts for questions on testing and functionality.

GCHP has also created a Provider Resource Guide which outlines changes that will occur. The guide was presented at PAC and members provided feedback that has been incorporated into a revised version of the guide. Ms. Rieger noted DHCS encounter data testing has started and will be completed by 10/31/2020.

### **3. Provider Network Update**

Staff: Steve Peiser, Senior Director of Network Management  
Vicki Wrighster, Contracts Manager

RECOMMENDATION: Receive and file the update.

Mr. Peiser presented a high-level PowerPoint reviewing the PCCM system. He noted the implementation was moved to February of 2021.

DHCS approved AHP for a plan to plan agreement and readiness review is currently in process. Mr. Peiser gave a brief update on contracting and the Solvency Action Plan. He reviewed Phase I complete projected savings as well as savings related to contractual and rate adjustments. Phase 2 will continue evaluation and analysis.

### **4. Solvency Action Plan (SAP) Update**

Staff: Kashina Bishop, Chief Financial Officer

RECOMMENDATION: Receive and file the update.

CFO Bishop presented a PowerPoint identifying risks and challenges for the upcoming quarter. TNE requirements were reviewed. SAP actions and annualized impact in savings were reviewed. Total annual savings of \$10.1 – 11.1 million.

CFO Bishop noted the work/analysis of SAP will continue, but implementation of provider rate/contract changes will be on hold through the system conversion.

SAP risks and challenges in Phase 2: coordination with system conversion, provider acceptance of rate decreases and potential impact to network, impact to medical expense with the pandemic and extent of further calendar year 2021 capitation rate adjustments.

## **5. Calendar Year (CY) 2021 DHCS Rate Package**

Staff: Kashina Bishop, Chief Financial Officer

**RECOMMENDATION:** Receive and file the update.

CFO Bishop reviewed the DHCS rate setting process. The first version was received on September 28, which is 1.2% and \$8.5 million greater than budget projections, but we are expecting two more iterations.

Version 1 analysis adjustments were reviewed, showing a total adjustment of (\$7,000,000). GCHP expects Version 2 in October, this version will include a Low Acuity Non-Emergent (LANE) efficiency adjustment. The dollar impact is .25% and \$1,500,000. Version 3 is anticipated in December and will include a potential adjustment for population acuity. We do not currently know the estimated dollar impact. If it is .5% it will be equal to \$3 million. If 2% then it will be \$12 million.

### **Committee member Shawn Atin joined the meeting at 3:25 p.m.**

Committee member Swenson motioned to approve Updates 2, 4 and 5. Committee member Alatorre seconded.

AYES: Committee members Antonio Alatorre, Fred Ashworth, Dee Pupa, and Jennifer Swenson.

NOES: None.

ABSTAIN: Committee member Shawn Atin.

Committee Chair Pupa declared the motion carried.

Committee member Ashworth motioned to approve Update 3. Committee member Swenson seconded.

AYES: Committee members Fred Ashworth, Dee Pupa, and Jennifer Swenson.

NOES: None.

ABSTAIN: Committee members Antonio Alatorre and Shawn Atin.

Committee Chair Pupa declared the motion carried.



## **FORMAL ACTION**

### **6. Provider Contracting Credentialing, and Data Management (PCCM) System Implementation – Approval of Additional Funds**

Staff: Nancy Wharfield, M.D., Chief Medical Officer  
Eileen Moscaritolo, HMA Consultant

**RECOMMENDATION:** Staff recommends the Executive Finance Committee approve additional funds to complete five-year PCCM implementation and maintenance.

CMO Wharfield stated GCHP is requesting a revised not-to-exceed dollar amount of \$1,592,700 to complete an in-progress, critical system implementation for the duration of the five-year agreement. CMO Wharfield reviewed contracting years 1 through 5 and revised projected costs.

Committee member Ashworth motioned to approve additional funds to complete five-year PCCM implementation and maintenance. Committee member Atin seconded.

**AYES:** Committee members Antonio Alatorre, Fred Ashworth, Shawn Atin, Dee Pupa, and Jennifer Swenson.

**NOES:** None.

Committee Chair Pupa declared the motion carried.

## **ADJOURNMENT**

Committee Chair Pupa adjourned the meeting at 3:38 p.m.

Approved:

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Maddie Gutierrez, MMC  
Clerk to the Commission



## **AGENDA ITEM NO. 2**

**TO:** Executive Finance Committee  
**FROM:** Nancy Wharfield, MD, Chief Medical Officer  
**DATE:** December 10, 2020  
**SUBJECT:** Behavioral Health Integration Program Oversight

### **SUMMARY:**

Gold Coast Health Plan (“GCHP”) staff are seeking to hire a resource to oversee Behavioral Health Integration (“BHI”) programs in our county.

The Department of Health Care Services (“DHCS”) is utilizing Proposition 56 funding to incentivize Medi-Cal Managed Care Health Plans (“MCPs”) to promote behavioral health integration in their provider networks. DHCS approved six programs in Ventura County.

The implementation date for BHI programs was delayed by COVID-19, with the result that DHCS has only recently provided funding and program requirement details. GCHP staff are working with the six provider programs to complete Memoranda of Understanding (“MOUs”) by December 30, 2020, in order to qualify for readiness incentive payments. Continued funding for program years 1 and 2 is dependent on meeting milestones detailed in program proposals. GCHP will be responsible for the collection, evaluation, and oversight of the project options, including monitoring milestone achievements and reporting project status to DHCS. Therefore, DHCS is providing funding to MCPs for oversight and management of BHI programs. Available funding for each MCP is \$200,000 for program years 1 and 2. GCHP is seeking approval to hire a staff member with clinical and program management expertise to oversee BHI program requirements.

### **FISCAL IMPACT:**

None.

### **RECOMMENDATION:**

GCHP staff recommend the Commission approve hiring a resource to oversee Ventura County Behavioral Health Integration programs.



### **AGENDA ITEM NO. 3**

To: Executive Finance Committee  
From: Anne Freese, PharmD, Director of Pharmacy  
Date: December 10, 2020  
RE: Pharmacy Benefit Manager Contract Amendment

#### **SUMMARY:**

Gold Coast Health Plan (“GCHP”) contracts with OptumRx, a Pharmacy Benefit Manager (“PBM”), to provide pharmacy benefit services to GCHP’s members. The State is anticipated to transition pharmacy benefit services to Medi-Cal Rx upon implementation, which was extended by the State from January 1, 2021, to April 1, 2021. The current contract with the PBM terminates on December 31, 2020. A new contract amendment is needed to extend this contract until March 31, 2021.

#### **DISCUSSION:**

##### *Amendment #5: “Extension Agreement”*

Staff is negotiating a contract amendment that adds the following provisions to the contract with the PBM:

1. Extends the termination date until March 30, 2021;
2. Reduces termination prior notice requirement from 90 days to 45 days for termination related to Medi-Cal Rx implementation only;
3. Maintains current price structure for administrative fees; and
4. Extends pricing guarantees to apply quarterly or to a timeframe that provides substantially similar results as the annual pricing guarantees.

#### **FISCAL IMPACT:**

Due to the State’s extension of implementation of Medi-Cal Rx, GCHP will remain responsible for PBM administrative fees and drug costs until implementation of Medi-Cal Rx. Staff anticipates the administrative fees to be substantially similar to the existing fee and pricing structure of the current contract. Although drug pricing is anticipated to remain similar to the current contract, drug costs may fluctuate depending on utilization.

#### **RECOMMENDATION:**

Staff recommends the Commission authorize the execution of an amendment reflecting the items discussed in this report.

## **AGENDA ITEM NO. 4**

**TO:** Executive Finance Committee  
**FROM:** Nancy Wharfield, M.D., Chief Medical Officer  
Anne Freese, PharmD, Director of Pharmacy  
**DATE:** December 10, 2020  
**SUBJECT:** Medi-Cal Rx Update

### **SUMMARY:**

Presentation describing the upcoming implementation date change for Medi-Cal Rx to April 1, 2021.

### **RECOMMENDATION:**

Staff recommends that the Executive / Finance Committee accept and file the presentation.

### **ATTACHMENT:**

- 1) Freese, A., (2020). Director of Pharmacy, Medi-Cal Rx, Presentation Slides.

# Medi-Cal Rx

December 10, 2020

Annie Freese, Pharm.D.  
Director of Pharmacy

Integrity

Accountability

Collaboration

Trust

Respect

# Agenda

- Medi-Cal Rx Implementation Extension
- Member Communication Plan
- GCHP Provider Outreach
- Questions

# Medi-Cal Rx Implementation Extension

**New Implementation Date: April 1, 2021**

- DHCS Press Release/Email Subscription Service
- GCHP Provider Notice
- Beneficiary Notice
- PBM Contract

# Communication Schedule: Member

| Date                 | Topic                            | Responsibility |
|----------------------|----------------------------------|----------------|
| October 2020         | 90-Day Notice Letter             | DHCS           |
| November 2020        | 60-Day Notice Letter             | DHCS           |
| December 2020*       | Member Notification of Extension | DHCS           |
| February-March 2021* | Outreach Campaign                | GCHP           |
| March 2021*          | 30-Day Notice Letter             | GCHP           |
| April 2021*          | New ID Cards                     | GCHP           |

*\*Potential updated communication plan from DHCS expected in the near future*



# GCHP Provider Outreach Plan

| Item                                       | Targeted Date | Description   |
|--|---------------|---|
| Provider Operations Bulletins (POB)        | January/March | An article in the POB will be placed regarding Medi-Cal Rx  |
| Provider Emails Blasts/Pharmacy Fax Blasts | Ongoing       | Email blasts containing important information and notification of website updates                   |
| Resource Guide                             | Updated       | Guide with description of all upcoming major changes  |
| JOM/Medi-Cal Rx Targeting Mtgs             | Ongoing       | Presentations at upcoming JOMs or targeted Medi-Cal Rx mtgs   |
| GCHP Website Banner and Landing Page       | Now live      | Website containing important links and information regarding Medi-Cal Rx<br>*updated with new dates |

*Other outreach will be conducted by GCHP over the next several months in light of the extension*

# Medi-Cal Rx: Questions and Help

- For questions and/or comments regarding Medi-Cal Rx, DHCS invites stakeholders to submit those via email to [rxcarveout@dhcs.ca.gov](mailto:rxcarveout@dhcs.ca.gov)
- For questions and/or comments for GCHP regarding pharmacy benefits, please reach out to the pharmacy department at [pharmacy@goldchp.org](mailto:pharmacy@goldchp.org)
- For help with the Medi-Cal Rx portal, please reach out to Magellan for assistance: [MediCalRxEducationOutreach@magellanhealth.com](mailto:MediCalRxEducationOutreach@magellanhealth.com)



**AGENDA ITEM NO. 5**

TO: Executive Finance Committee  
FROM: Eileen Moscaritolo, HMA Consultant  
DATE: December 10, 2020  
SUBJECT: HSP Medi-Trac Update

**POWERPOINT PRESENTATION**

**RECOMMENDATION:**

Receive and file the update.

**ATTACHMENT:**

HSP Medi-Trac Update, December 10, 2020 -PPT Presentation

# Gold Coast Health Plan

## HSP Medi-Trac Update

December 10, 2020

Eileen Moscaritolo  
HMA Consultant

Debbie Rieger  
Senior Executive Business  
Transformation Consultant

Integrity

Accountability

Collaboration

Trust

Respect

# HSP Medi-Trac Update

- Go/No-Go decision between GCHP and Conduent occurred 11/30/2020
- Go Live moved to Quarter 1 - 2021
- Risk areas
  - Authorizations
  - Financial Accuracy
  - Testing

# HSP Medi-Trac Update

- Provider Resources
  - Webinars
  - Gold Coast Website
  - Provider Communications
  - Email for questions: [ETPQuestions@goldchp.org](mailto:ETPQuestions@goldchp.org)



**AGENDA ITEM NO. 6**

TO: Executive Finance Committee  
FROM: Kashina Bishop, Chief Financial Officer  
DATE: December 10, 2020  
SUBJECT: October 2020 Fiscal Year to Date Financials

**SUMMARY:**

Staff is presenting the attached October 2020 fiscal year-to-date (“FYTD”) financial statements of Gold Coast Health Plan (“GCHP”) for review and recommendation of approval to the Commission.

**BACKGROUND/DISCUSSION:**

The staff has prepared the unaudited October 2020 FYTD financial package, including statements of financial position, statement of revenues and expenses, changes in net assets, and statement of cash flows.

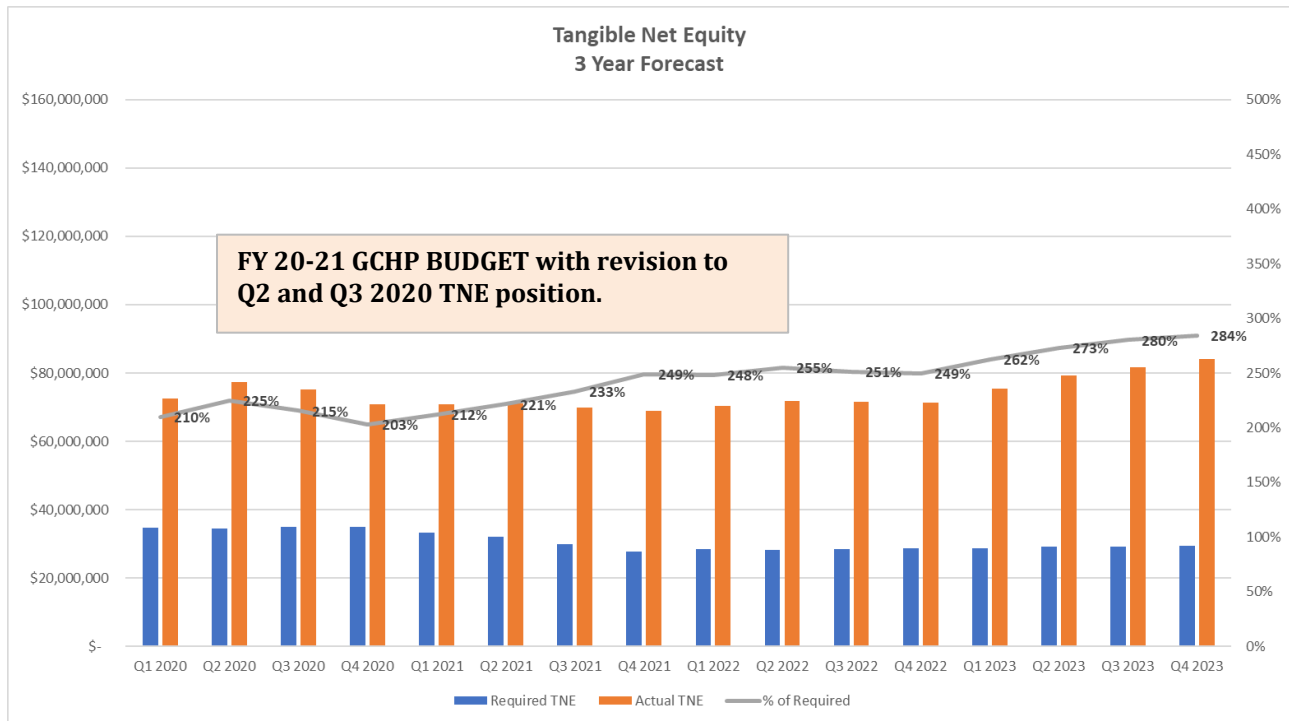
**Financial Overview:**

GCHP experienced a net gain of \$2,013,181 in the month of October, much better than budgeted. The improvement from budget projections is attributed to the timing of administrative expenses, increased revenue due to changes in prior year membership estimates, and improved medical expense estimates.

Staff will revise the financial forecasts as new information is obtained, which may have a material effect on the projections. Key factors which will impact GCHP’s financial position are as follows:

1. Receipt of calendar year 2021 capitation rates from the State.
2. The length of time Long Term Care facilities obtain a 10% increase (currently indefinite through the emergency).
3. Potential changes to utilization and the unknown impact of the pandemic.

Due to the June 30, 2020 financial statement adjustments, GCHP’s current forecasts have improved upon budget projects. While there remains uncertainty, both in future rates and the impact of the pandemic, the revised forecast indicates GCHP may stay above the 200% of TNE required.



The State will distribute draft capitation rates for calendar year 2021 in a few iterations between September and December 2020, each with potentially significant financial impacts dependent on the severity of the reductions to GCHP’s base rates. Your management team will keep the Commission apprised of all these phases of rate changes and their implications to GHCP and the Solvency Action Plan (SAP):

- A. September and October 2020 draft rates were received and incorporated the following adjustments to the base data submitted in the Rate Development Template (RDT):
  1. The pharmacy carve-out reflective of the transition to the Medi-Cal Rx program;
  2. A 0.5% reduction to the underwriting gain;
  3. Potentially Preventable Admissions efficiency adjustment; and
  4. The pharmacy Healthcare Common Procedure Coding System (HCPCS) efficiency adjustment. This will identify the top 50 HCPCS in total statewide spend and compare to Medicare Part B unit price.
  5. A reduction to allowable medical expenses associated with global sub-capitated payments.
  6. The Low Acuity Non-Emergent (LANE) efficiency adjustment. This identifies potentially preventable ER visits and quantifies savings that would have been achieved if the services were delivered in a more appropriate level of care.



| Adjustment                  | Annualized Dollar Impact |
|-----------------------------|--------------------------|
| Global Sub-capitated Admin  | (\$900,000)              |
| PPA                         | (\$850,000)              |
| HCPCS                       | (\$1,750,000)            |
| LANE                        | (\$3,600,000)            |
| Underwriting Gain Reduction | (\$3,500,000)            |
| Other                       | NA – Base Data Accepted  |
| <b>Total Adjustment</b>     | <b>(\$10,600,000)</b>    |

Most of the adjustments were anticipated and consistent with the budget process. The impact of the LANE adjustment was more than projected in the budget and comparative analysis with other local plans indicates that GCHP had a more severe impact than average. This will be considered in the Solvency Action Plan.

- B. December 2020 draft rates will include a potential population acuity adjustment or other base data adjustments. In addition, they will revise the previous draft rates with the amended date for the pharmacy carve out to April 1, 2021.

### Solvency Action Plan Update:

While the staff at GCHP remains committed to process improvement, strong internal controls, and fair and transparent contract negotiations with providers, we now also maintain a keen focus on the SAP driven by our highly limited reserves and the adverse impact of the economic downturn on the Medi-Cal program. Since the beginning of the fiscal year, GCHP management has made the following progress in connection with the Commission-approved Solvency Action Plan:

| Actions   | Annualized impact in savings |
|---|------------------------------|
| Continued focus on interest expense reduction                                   | \$500,000                    |
| Reduction of LTC facility rates to 100% of Medi-Cal rate                        | \$1.8 million                |
| Sent notification to providers regarding reduction of Adult Expansion PCP rates | \$4.5 million                |
| Revision to Non-Pharmacy Dispensing Site policy                                 | \$2-3 million                |
| Contract signed – rate reduction to tertiary hospital                           | \$1.3 million                |
| Optum contract rate reduction   | \$150,000                    |
| HMS Implementation  | \$1-2 million                |
| <b>TOTAL ANNUAL SAVINGS</b>   | <b>\$11.3 – 13.3 million</b> |

The focus going forward will be on phase 2 of the Solvency Action Plan which involves the below initiatives. We are pleased to report that the Provider Advisory Committee has created a subcommittee to propose changes for Phase 2 of the SAP. In order to reduce

potential provider associated with the system conversion, provider rate and contractual changes associated with the SAP will be on hold through the system conversion. Staff is committed to the planning and preparation for phase 2 with a target implementation of the first quarter in 2021.

| Current Focus                                 | Annualized impact in savings     |
|---|----------------------------------|
| Outlier contract rates                        | TBD                              |
| Improved contract language                    | TBD                              |
| Expansion of capitation arrangements          | Required TNE and risk reductions |
| LANE/HPCPS analysis                           | TBD                              |
| Consideration of across the board reductions  | TBD                              |
| California Children’s Services – ED Diversion | \$500,000                        |

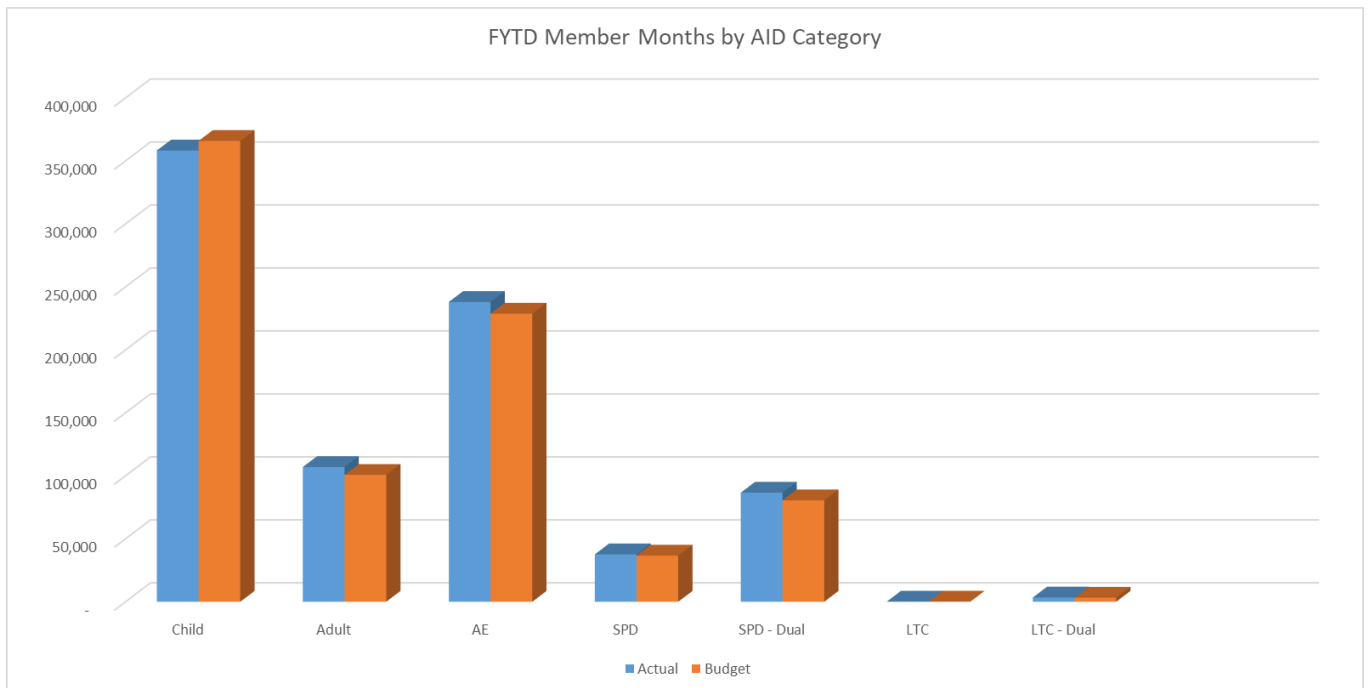
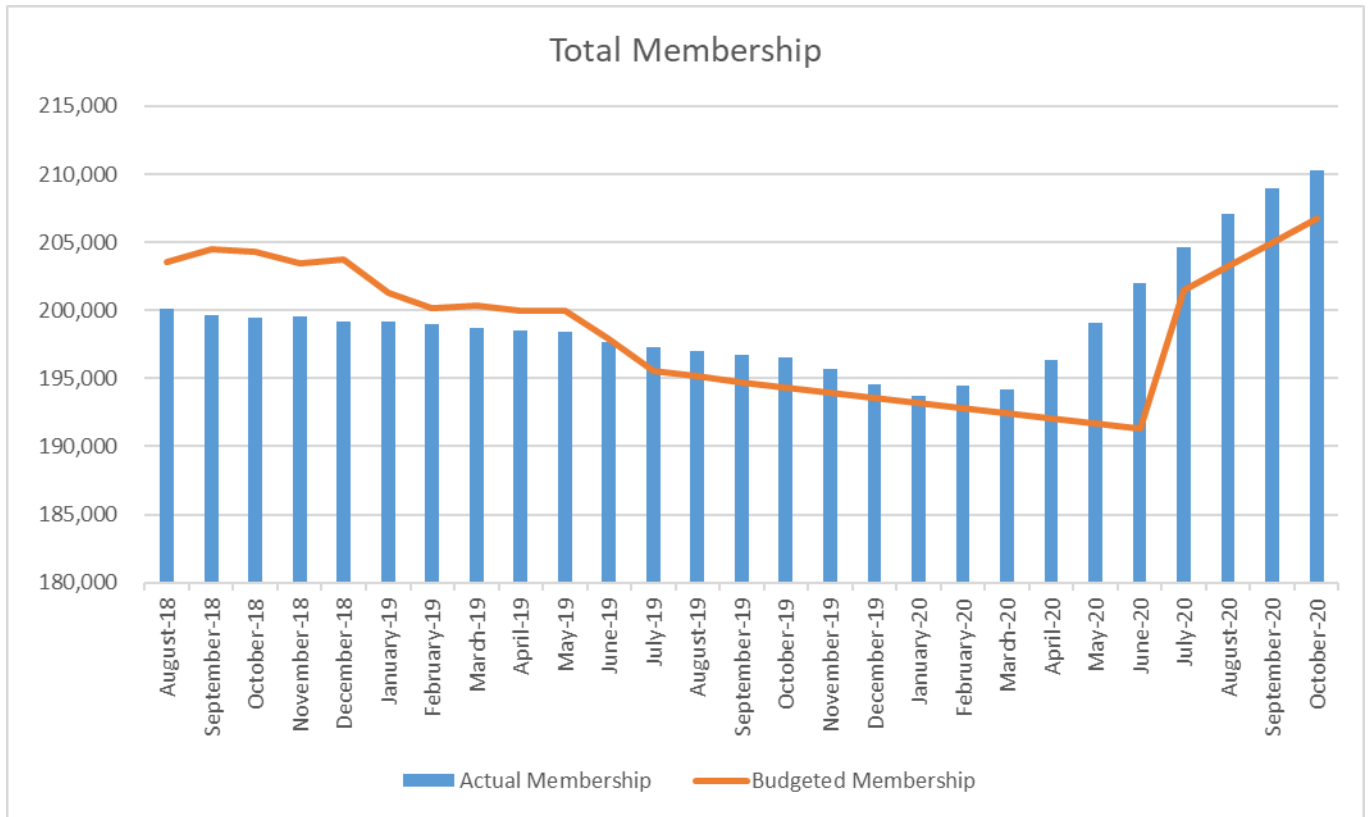
**Financial Report:**

For the month of October 2020, GCHP is reporting a net gain of \$2,013,181.

**October 2020 FYTD Highlights:**

1. Net loss of \$186,409, a \$8.8 million favorable budget variance.
2. FYTD net revenue is \$292.7 million, \$12.4 million over budget.
3. FYTD Cost of health care is \$276.9 million, \$7.0 million over budget.
4. The medical loss ratio is 94.6% of revenue, 1.7% less than the budget.
5. FYTD administrative expenses are \$16.3 million, \$3.4 million under budget.
6. The administrative cost ratio is 5.6%, 1.7% under budget.
7. Current membership for October is 208,999.
8. Tangible Net Equity is \$77.1 million which represents approximately 30 days of operating expenses in reserve and 222% of the required amount by the State.

**Note:** To improve comparative analysis, the Plan is reporting the budget on a flexible basis which allows for updated revenue and medical expense budget figures consistent with membership trends.



Revenue

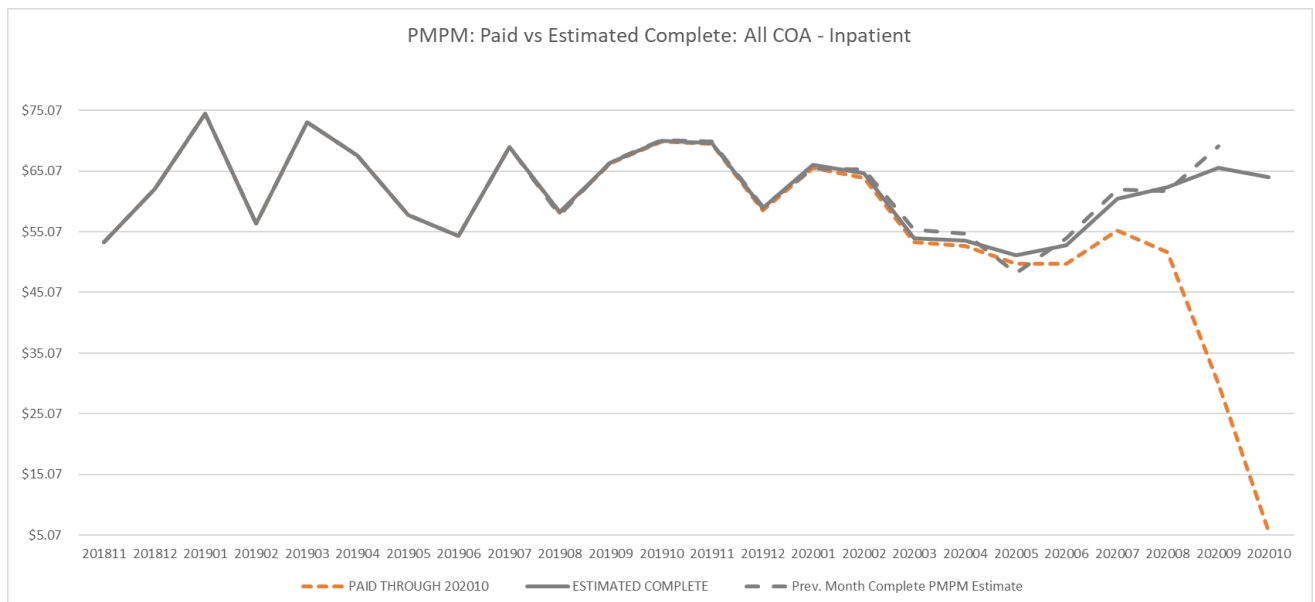
Net Premium revenue is \$292.7 million; a \$12.4 million and 4% favorable budget variance. The primary drivers of the budget variance are revenue associated with directed payments and changes in estimate for prior year revenue.

Health Care Costs

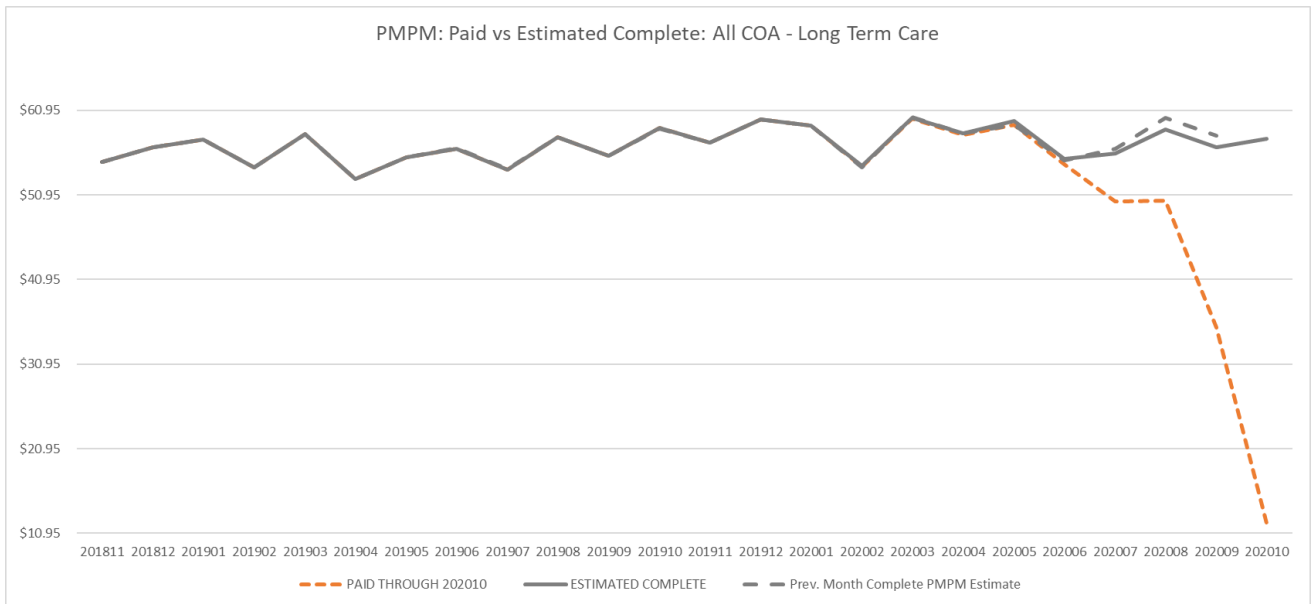
FYTD Health care costs are \$276.9 million; a \$7.0 million and 3% unfavorable budget variance.

Notable variances from the budget are as follows:

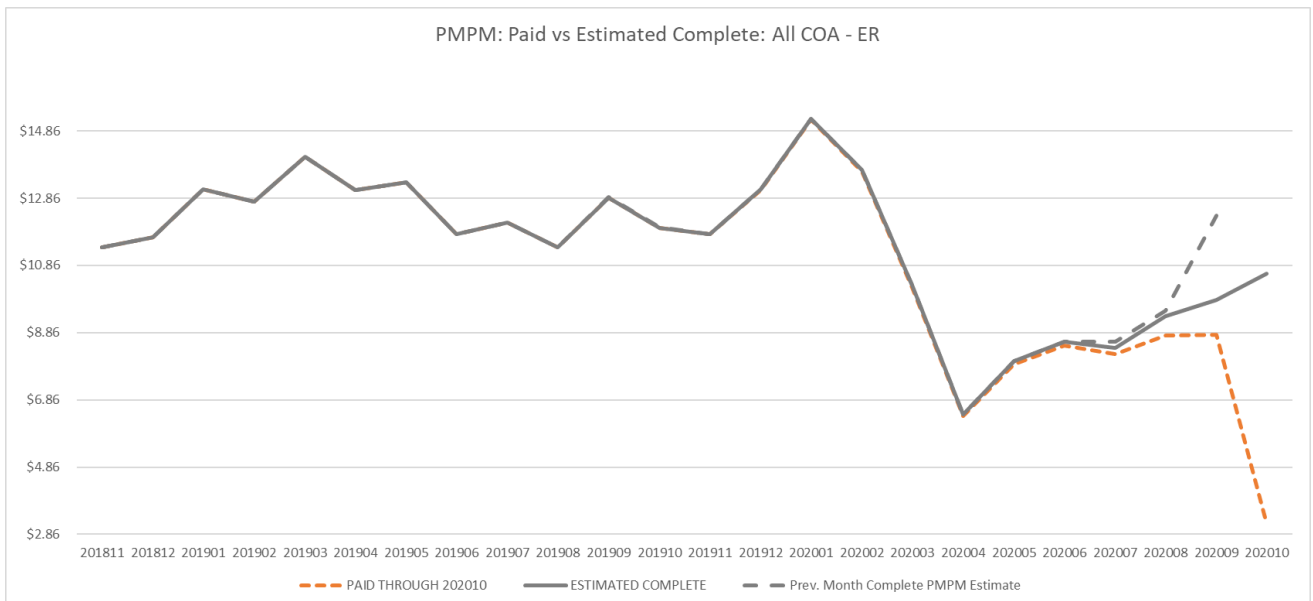
1. Directed payments for Proposition 56 are over budget by \$8.3 million. GCHP did not budget for Proposition 56 expenses as the May revise of the State budget had removed funding for Proposition 56. The State budget in June ultimately included Proposition 56 funding. GCHP receives funding to offset the expense.
2. Laboratory and Radiology expense are over budget by \$1.1 million due to COVID testing.
3. Home & Community Based Services are over budget by \$1.0 million due to an increase in Community Based Adult Service utilization. The delivery approach was modified to allow for services to be provided at home due to COVID. GCHP has noted an increase in days following this change.
4. Inpatient hospital costs are under budget by \$4.2 million due to decreased utilization from COVID-19 and the increase in membership.



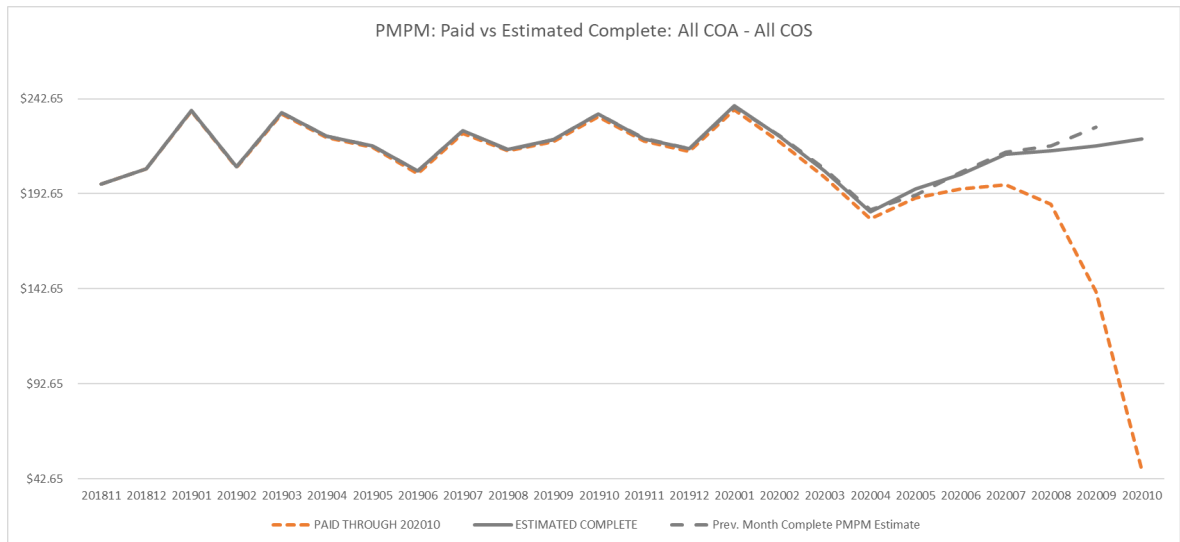
- Long term care (LTC) expenses are over budget by \$2.3 million. The State increased facility rates by 10% effective March 1, 2020 through the emergency. The full impact was mitigated through the Solvency Action Plan and the reduction of LTC contractual rates to 100% of the Medi-Cal fee schedule.



- Emergency Room expenses are under budget by \$2.9 million (27%) due to decreased utilization associated with COVID-19.



- Total fee for service health care pmpm costs excluding capitation and pharmacy, and considering date of service, are under budget by \$7.23 PMPM (3.2%).



**Note:** Medical expenses are calculated through a predictive model which examines the timing of claims receipt and claims payments. It is referred to as “Incurred But Not Paid” (IBNP) and is a liability on the balance sheet. On the balance sheet, this calculation is a combination of the Incurred But Not Reported and Claims Payable. The total liability is the difference between the estimated costs (the orange line above) and the paid amounts (in grey above).

Administrative Expenses

The administrative expenses are currently running within amounts allocated to administration in the capitation revenue from the State. In addition, the ratio is comparable to other local initiative health plans.

For the fiscal year to date through October, administrative costs were \$16.3 million and \$3.4 million below budget. As a percentage of revenue, the administrative cost ratio (or ACR) was 5.6% versus 7.3% for budget.

Cash and Short-Term Investment Portfolio

At October 31, the Plan had \$138.3 million in cash and short-term investments. The investment portfolio included Ventura County Investment Pool \$43.1 million; LAIF CA State \$206,000; the portfolio yielded a rate of 2.5%.

Medi-Cal Receivable

At October 31, the Plan had \$86.4 million in Medi-Cal Receivables due from the DHCS.

**RECOMMENDATION:**

Staff requests that the Executive Finance Committee recommend that the Commission approve the October 2020 financial package.

**CONCURRENCE:**

N/A

**ATTACHMENT:**

October 2020 Financial Package

# **October 2020 Financial Statements**

**December 10, 2020**

**Kashina Bishop  
Chief Financial Officer**



# Financial Overview:



October Net Gain

\$ 2.0 M



FYTD NET LOSS

\$186,409



TNE is \$77.1 M and 222% of the  
minimum required



MEDICAL LOSS RATIO

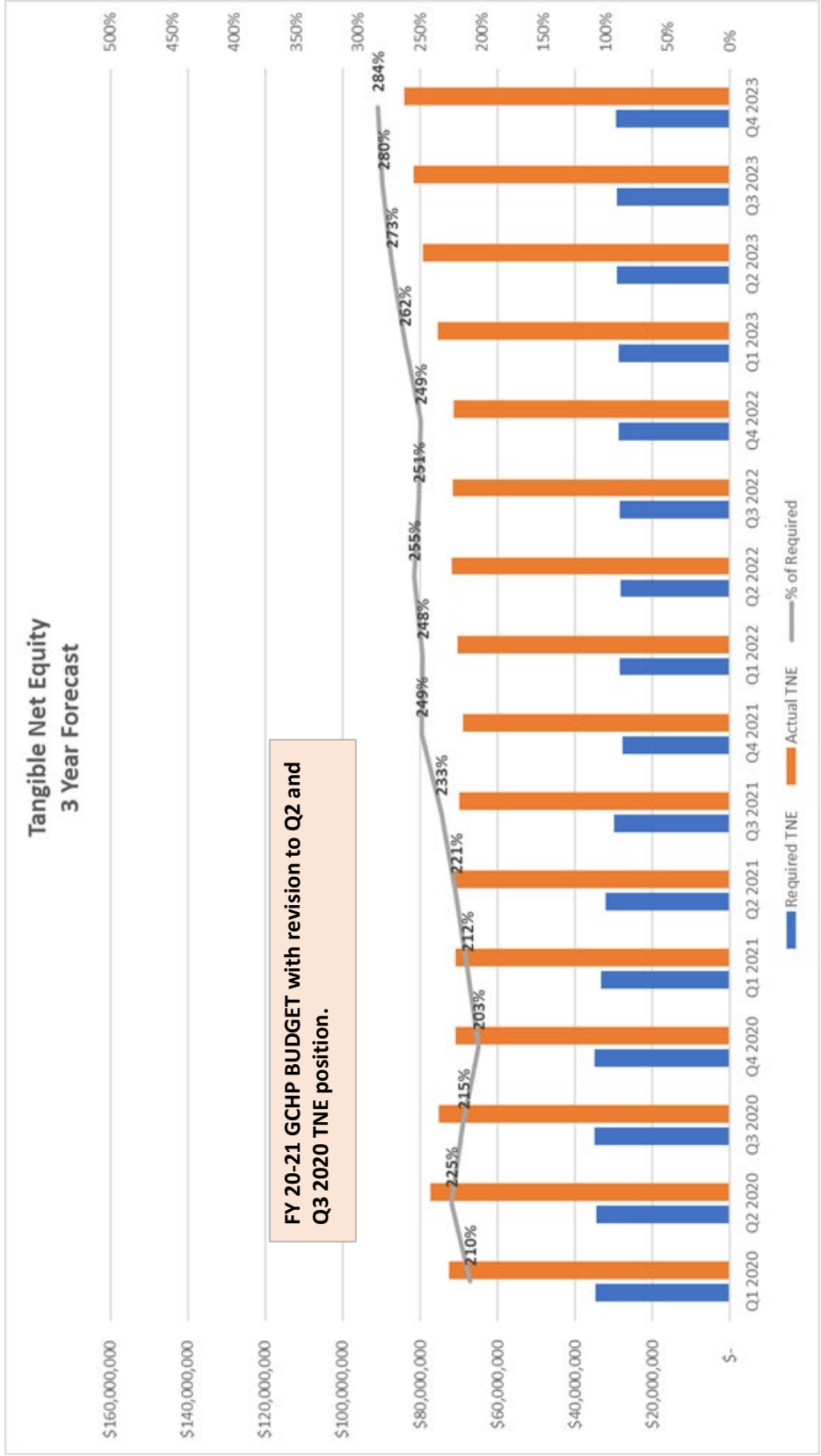
94.6%



ADMINISTRATIVE RATIO

5.6%

# Revised Forecast:



# CY 2021

## Draft Rates:

- Includes the following adjustments:
  1. Reduction to allowable medical expense for globally sub-capitated members.
  2. Potentially Preventable Admissions Efficiency Adjustment (PPA).
  3. Healthcare Common Procedure Coding System Efficiency Adjustment (HCPCS).
  4. Reduction to the underwriting gain (2% to 1.5%).
  5. Other program changes and base data adjustments.
  6. The Low Acuity Non-Emergent (LANE) efficiency adjustment

# CY 2021 Draft Rates:

| Adjustment                  | Annualized Dollar Impact |
|-----------------------------|--------------------------|
| Global Sub-capitated Admin  | (\$900,000)              |
| PPA                         | (\$850,000)              |
| HCPCS                       | (\$1,750,000)            |
| LANE                        | (\$3,600,000)            |
| Underwriting Gain Reduction | (\$3,500,000)            |
| Other                       | NA – Base Data Accepted  |
| <b>Total Adjustment</b>     | <b>(\$10,600,000)</b>    |

# CY 2021 Draft Rates – Version 3:

GCHP anticipates a version 3 in December which will include a potential adjustment for population acuity.

## **Estimated dollar impact – ????**

If .5% = \$3 million

If 2% = \$12 million

# Financial Impacts of Covid-19:

- Increase in membership – redeterminations pended “through the emergency”.
- Unfunded 10% increase to LTC facility rates.
- Decrease in inpatient and ER costs being offset by increase to mental health, LTC, CBAS and laboratory costs.

# Update on the Solvency Action Plan:

| Actions   | Annualized impact in savings |
|---|------------------------------|
| Continued focus on interest expense reduction                                   | \$500,000                    |
| Reduction of LTC facility rates to 100% of Medi-Cal rate                        | \$1.8 million                |
| Sent notification to providers regarding reduction of Adult Expansion PCP rates | \$4.5 million                |
| Revision to Non-Pharmacy Dispensing Site policy                                 | \$2-3 million                |
| Contract signed – rate reduction to tertiary hospital                           | \$1.3 million                |
| Optum contract rate reduction   | \$150,000                    |
| HMS Implementation  | \$1-2 million                |
| <b>TOTAL ANNUAL SAVINGS</b>   | <b>\$11.3 – 13.3 million</b> |

# Next steps - Phase 2: Solvency Action Plan

**PROVIDER RATE/CONTRACT CHANGES ON HOLD  
THROUGH THE SYSTEM CONVERSION**

GCHP remains committed to preparation and  
planning for CY 2021



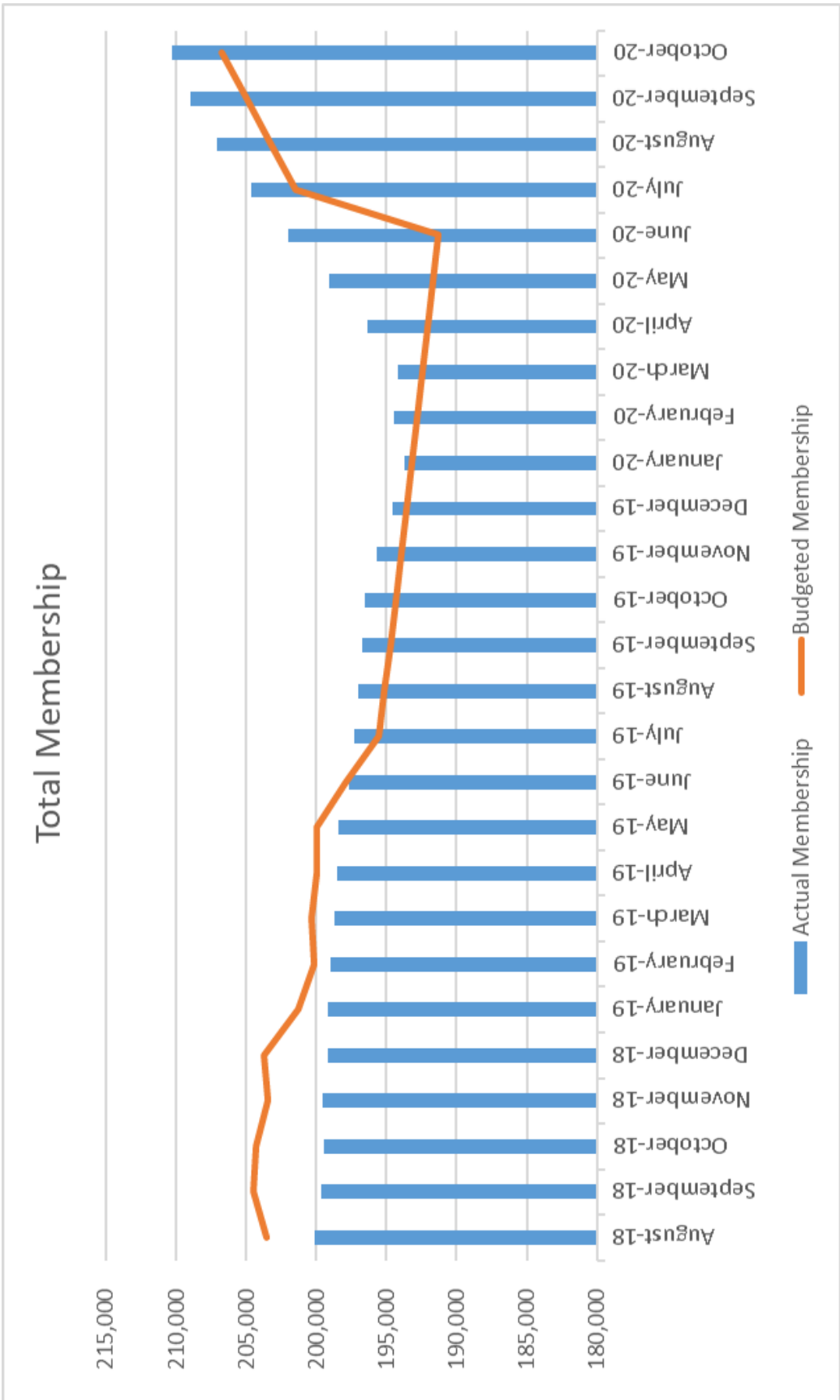
# Next steps - Phase 2: Solvency Action Plan

| Current Focus                                 | Annualized impact in savings     |
|---|----------------------------------|
| Outlier contract rates                        | TBD                              |
| Improved contract language                    | TBD                              |
| Expansion of capitation arrangements          | Required TNE and risk reductions |
| LANE/HPCPS analysis                           | TBD                              |
| Consideration of across the board reductions  | TBD                              |
| California Children's Services – ED Diversion | \$500,000                        |

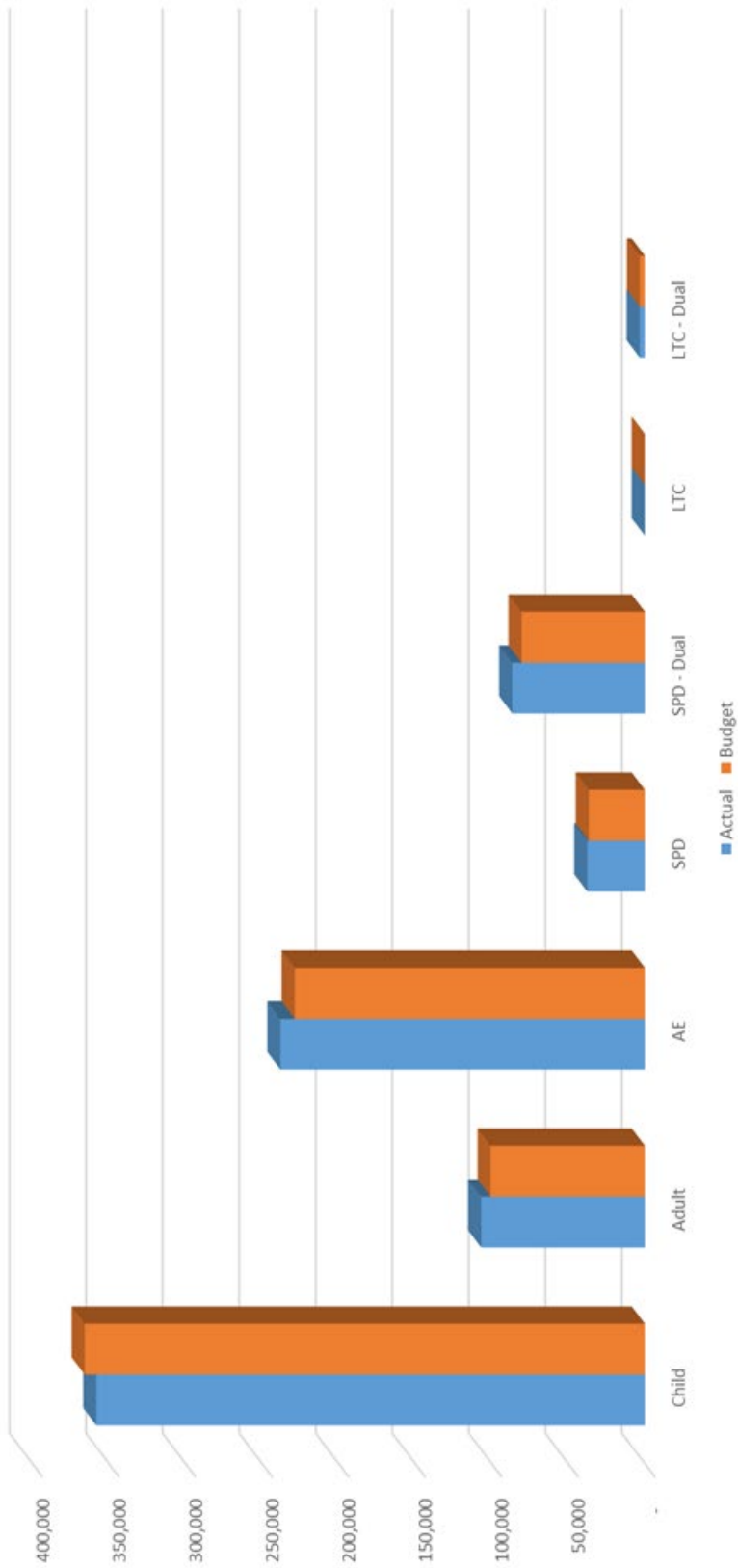
# Revenue

**Net Premium revenue is \$292.7 million, over budget by \$12.4 million and 4%.**

- **Revenue for Proposition 56 is \$9.2 million.**
- **Increase in revenue related to FY 19-20.**



FYTD Member Months by AID Category

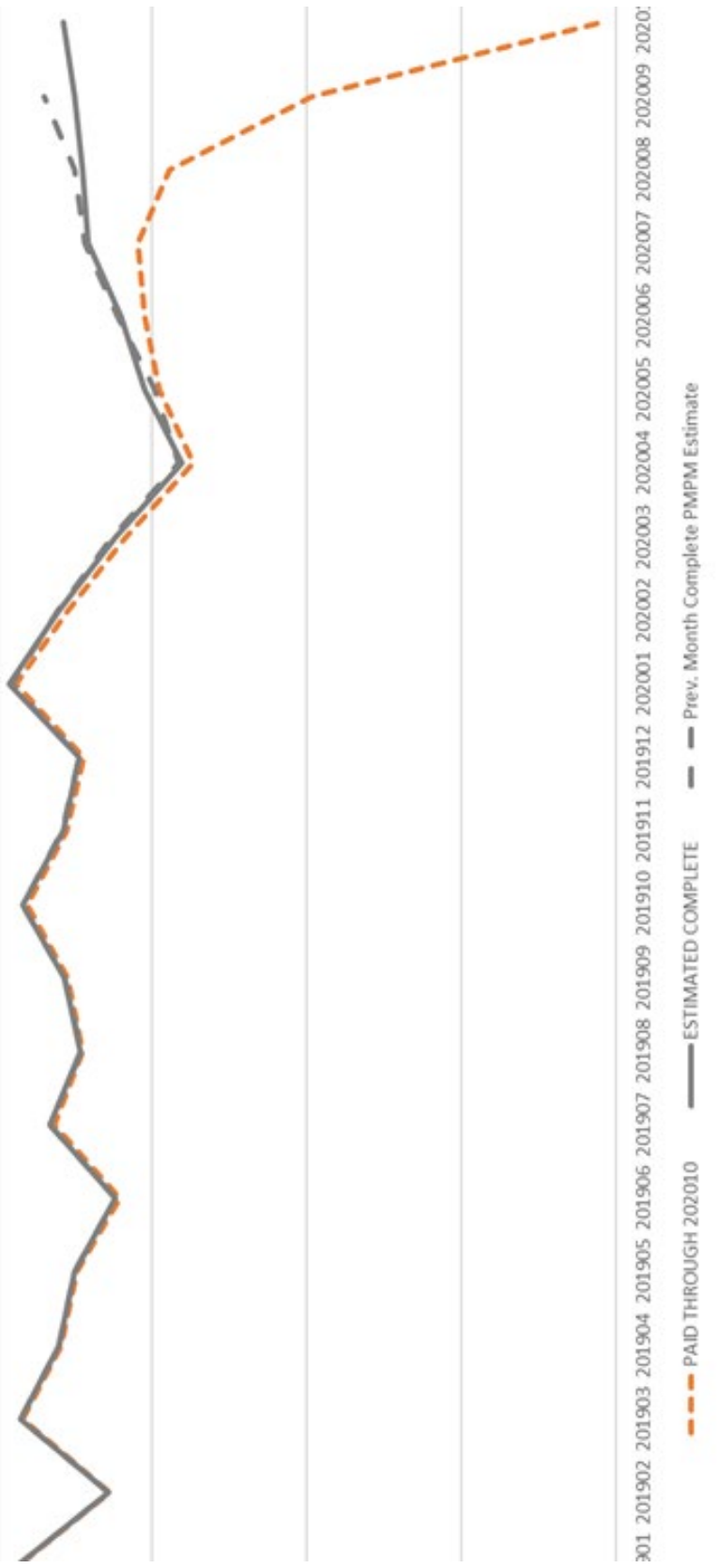


# Medical Expense

**FYTD Health care costs are \$276.9 million and \$7.0 million over budget. Medical loss ratio is 94.6%, a 1.7% budget variance.**

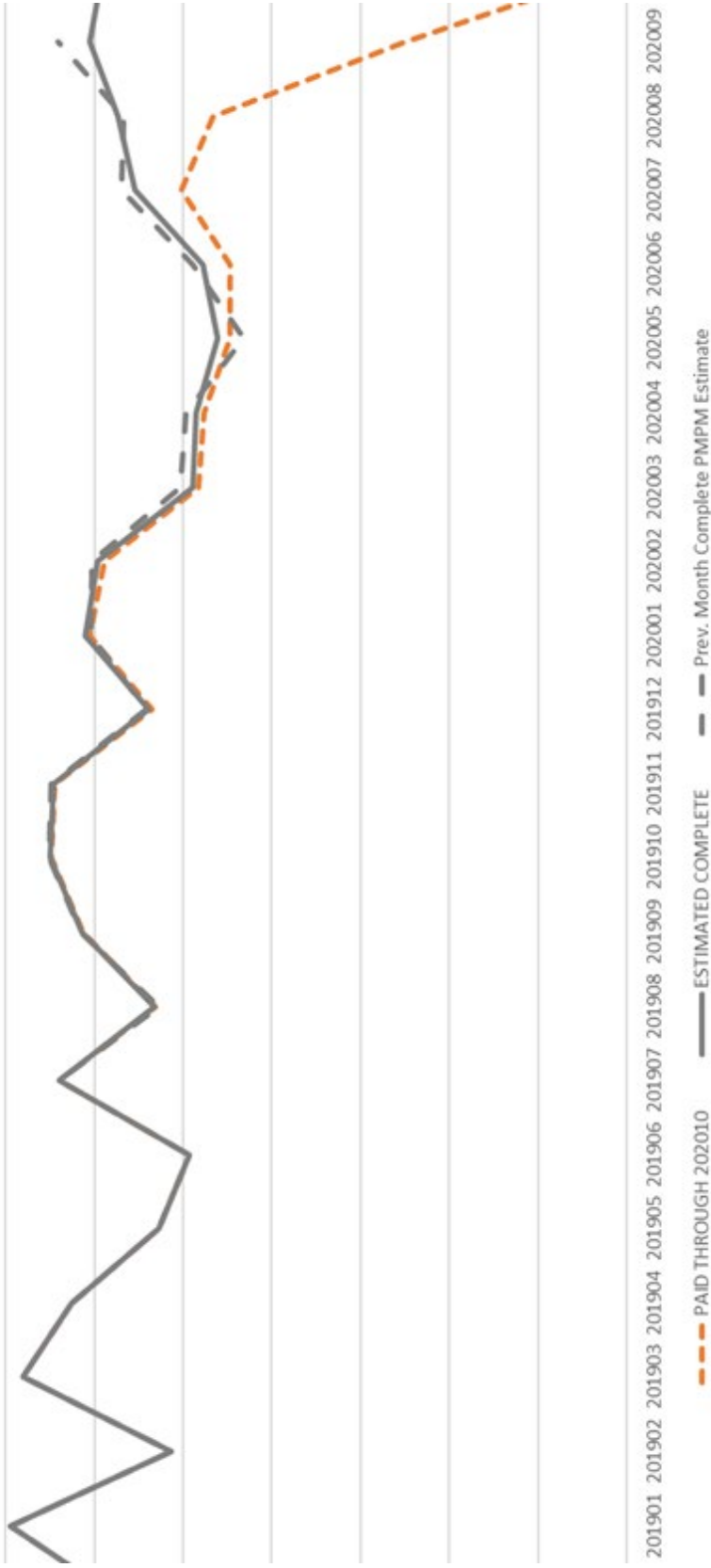
# Total Fee For Service Medical Expenses

PMPM: Paid vs Estimated Complete: All COA - All COS

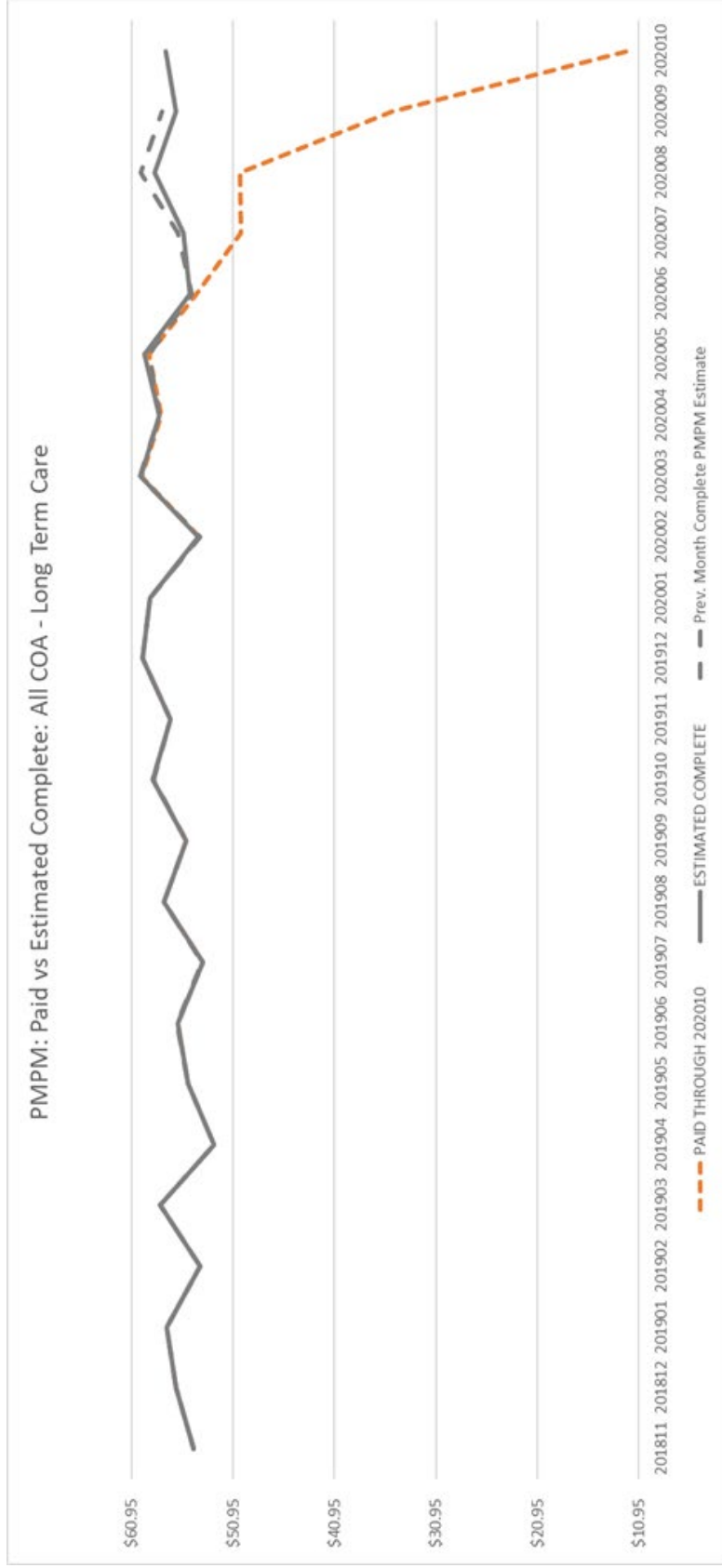


# Inpatient Medical Expenses: Under Budget by \$4.2 Million (8%)

PMPM: Paid vs Estimated Complete: All COA - Inpatient

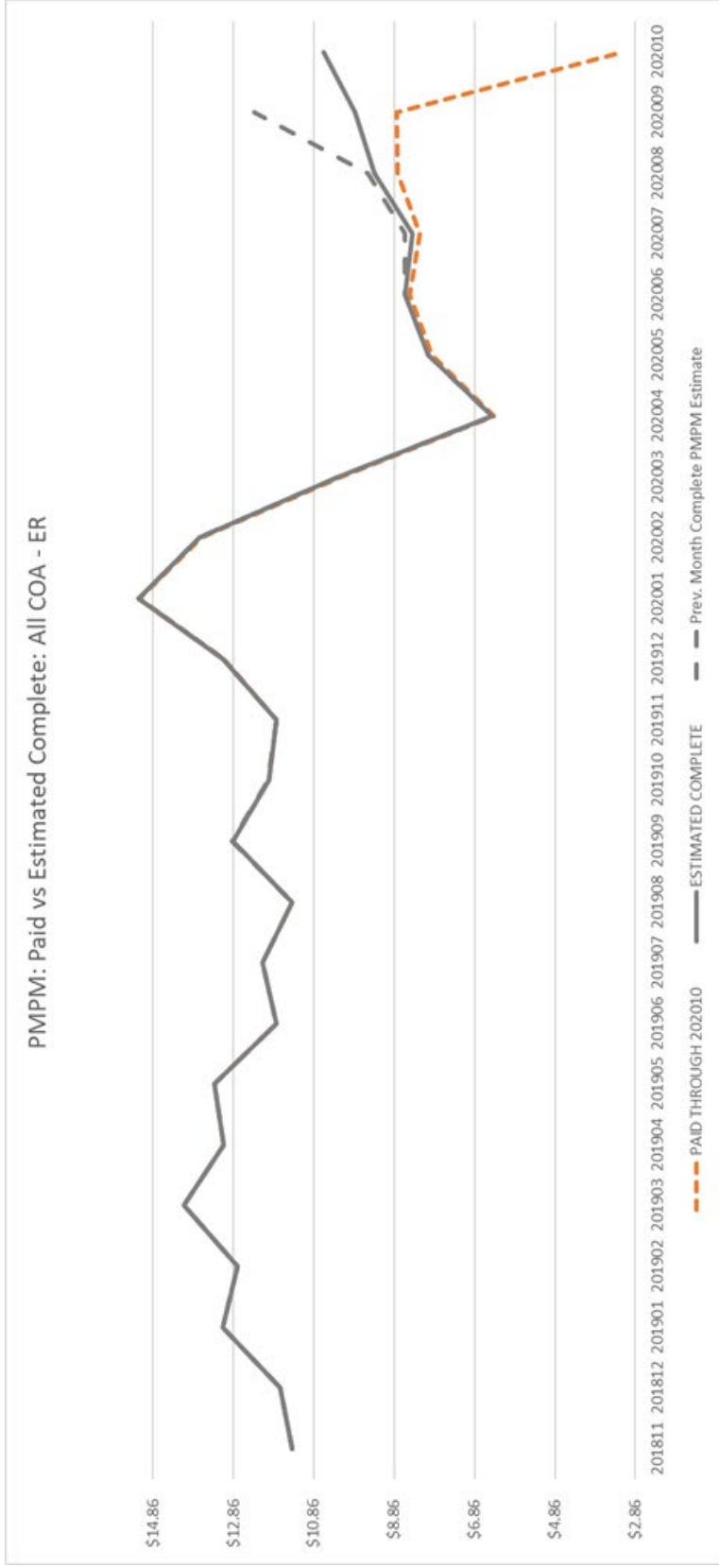


# Long Term Care Expenses: Over budget by \$2.3 million (5%)





# Emergency Room Expenses: Under budget by \$2.9 million (27%)



# Other Impacts to Medical Expenses:

---

Directed Payments – over budget by  
\$8.3 million

---

Laboratory – over budget by \$1.1  
million

---

Mental and Behavioral Health – over  
budget by \$1.3 million

---

Home and Community Based  
Services over budget by \$1.0 million

# Financial Statement Summary

|   | October 2020   | FYTD           | FYTD Budget    | Budget Variance |
|---|----------------|----------------|----------------|-----------------|
| Net Capitation Revenue                  | \$ 74,615,668  | \$ 292,723,699 | \$ 280,351,727 | \$ 12,371,972   |
| Health Care Costs                       | 68,545,772     | 276,928,290    | 269,955,155    | 6,973,136       |
| <b>Medical Loss Ratio</b>               |                | <b>95.3%</b>   | <b>96.3%</b>   |                 |
| Administrative Expenses                 | 4,011,405      | 16,326,241     | 19,695,345     | (3,369,104)     |
| <b>Administrative Ratio</b>             |                | <b>5.6%</b>    | <b>7.3%</b>    |                 |
| Non-Operating Revenue/(Expense)         | (45,311)       | 344,422        | 300,000        | 44,422          |
| Total Increase/(Decrease) in Net Assets | \$ 2,013,182   | \$ (186,408)   | \$ (8,998,773) | \$ 8,812,363    |
| Cash and Investments                    | \$ 138,268,179 |                |                |                 |
| GCHP TNE                                | \$ 77,136,861  |                |                |                 |
| Required TNE                            | \$ 34,726,753  |                |                |                 |
| <b>% of Required</b>                    | <b>222%</b>    |                |                |                 |

## Questions?

Staff requests the Executive Finance Committee recommend the Commission the unaudited financial statements for October 2020.



## **FINANCIAL PACKAGE**

For the month ended October 31, 2020

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- Executive Dashboard
- Statement of Financial Position
- Statement of Revenues, Expenses and Changes in Net Assets
- FYTD PMPM Budget to Actual Analysis - Fee for Service by AID Category
- Statement of Cash Flows



**STATEMENT OF FINANCIAL POSITION**

|  | <u>10/31/20</u>       | <u>09/30/20</u>       | <u>08/31/20</u>       |
|--|-----------------------|-----------------------|-----------------------|
| <b>ASSETS</b>  |                       |                       |                       |
| <b>Current Assets:</b>                                 |                       |                       |                       |
| <b>Total Cash and Cash Equivalents</b>                 | <b>94,968,117</b>     | <b>113,473,100</b>    | <b>105,540,807</b>    |
| <b>Total Short-Term Investments</b>                    | <b>43,300,062</b>     | <b>43,299,622</b>     | <b>43,220,038</b>     |
| Medi-Cal Receivable                                    | 86,416,129            | 84,040,471            | 112,054,954           |
| Interest Receivable                                    | 298,170               | 366,344               | 359,362               |
| Provider Receivable                                    | 1,807,329             | 1,059,076             | 887,733               |
| Other Receivables                                      | 6,320,713             | 6,320,713             | 5,471,781             |
| <b>Total Accounts Receivable</b>                       | <b>94,842,341</b>     | <b>91,786,604</b>     | <b>118,773,830</b>    |
| Total Prepaid Accounts                                 | 3,013,330             | 3,404,652             | 3,403,018             |
| Total Other Current Assets                             | 153,789               | 153,789               | 153,789               |
| <b>Total Current Assets</b>                            | <b>236,277,638</b>    | <b>252,117,768</b>    | <b>271,091,481</b>    |
| <b>Total Fixed Assets</b>                              | <b>1,476,075</b>      | <b>1,494,745</b>      | <b>1,525,090</b>      |
| <b>Total Assets</b>                                    | <b>\$ 237,753,713</b> | <b>\$ 253,612,513</b> | <b>\$ 272,616,571</b> |
| <b>LIABILITIES &amp; NET ASSETS</b>                    |                       |                       |                       |
| <b>Current Liabilities:</b>                            |                       |                       |                       |
| Incurring But Not Reported                             | \$ 62,322,374         | \$ 62,746,645         | \$ 59,014,404         |
| Claims Payable   | 13,059,890            | 17,576,572            | 23,486,358            |
| Capitation Payable                                     | 16,377,146            | 16,269,702            | 16,180,122            |
| Physician Payable                                      | 17,239,048            | 16,480,804            | 15,113,136            |
| DHCS - Reserve for Capitation Recoup                   | 5,257,358             | 5,257,358             | 5,257,358             |
| Accounts Payable                                       | 167,229               | 2,354,697             | 666,022               |
| Accrued ACS  | 1,698,950             | 1,696,926             | 3,331,133             |
| Accrued Provider Reserve                               | 905,153               | 800,239               | 734,000               |
| Accrued Pharmacy                                       | 13,784,423            | 13,955,698            | 20,918,642            |
| Accrued Expenses                                       | 1,710,325             | 2,235,591             | 1,180,743             |
| Accrued Premium Tax                                    | 24,581,884            | 35,508,624            | 46,524,861            |
| Accrued Payroll Expense                                | 2,461,257             | 2,547,969             | 2,830,074             |
| <b>Total Current Liabilities</b>                       | <b>159,565,038</b>    | <b>177,430,824</b>    | <b>195,236,850</b>    |
| <b>Long-Term Liabilities:</b>                          |                       |                       |                       |
| Other Long-term Liability-Deferred Rent                | 1,051,814             | 1,058,008             | 1,064,202             |
| <b>Total Long-Term Liabilities</b>                     | <b>1,051,814</b>      | <b>1,058,008</b>      | <b>1,064,202</b>      |
| <b>Total Liabilities</b>                               | <b>160,616,852</b>    | <b>178,488,832</b>    | <b>196,301,052</b>    |
| <b>Net Assets:</b>                                     |                       |                       |                       |
| Beginning Net Assets                                   | 77,323,271            | 77,323,271            | 77,323,271            |
| Total Increase / (Decrease in Unrestricted Net Assets) | (186,409)             | (2,199,590)           | (1,007,752)           |
| <b>Total Net Assets</b>                                | <b>77,136,861</b>     | <b>75,123,681</b>     | <b>76,315,519</b>     |
| <b>Total Liabilities &amp; Net Assets</b>              | <b>\$ 237,753,713</b> | <b>\$ 253,612,513</b> | <b>\$ 272,616,571</b> |

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR MONTH ENDED October 31, 2020**

|   | October 2020        |                     | October 2020 Year-To-Date |                       | Variance            |             | October 2020 Year-To-Date |                   | Variance        |   |
|---|---------------------|---------------------|---------------------------|-----------------------|---------------------|-------------|---------------------------|-------------------|-----------------|---|
|   | Actual              | Budget              | Actual                    | Budget                | Fav / (Unfav)       | %           | Actual                    | Budget            | Fav / (Unfav)   | % |
| <b>Membership (includes retro members)</b>                    | 208,999             | 816,415             | 822,692                   | 816,415               | 6,277               | 1%          |                           |                   |                 |   |
| <b>Revenue</b>  |                     |                     |                           |                       |                     |             |                           |                   |                 |   |
| Premium   | \$ 80,941,568       |                     | \$ 317,305,115            | \$ 280,351,727        | \$ 36,953,388       | 13%         | \$ 385.69                 | \$ 343.39         | \$ 42.30        |   |
| Reserve for Cap Requirements                                  | -                   |                     | -                         | -                     | -                   | 0%          | -                         | -                 | -               |   |
| MCO Premium Tax   | (6,325,900)         |                     | (24,581,884)              | -                     | (24,581,884)        | 0%          | (29.88)                   | -                 | (29.88)         |   |
| <b>Total Net Premium</b>                                      | <b>74,615,668</b>   |                     | <b>292,723,231</b>        | <b>280,351,727</b>    | <b>12,371,504</b>   | <b>4%</b>   | <b>355.81</b>             | <b>343.39</b>     | <b>12.42</b>    |   |
| <b>Other Revenue:</b>   |                     |                     |                           |                       |                     |             |                           |                   |                 |   |
| Miscellaneous Income  | -                   | 468                 | 468                       | -                     | 468                 | 0%          | 0.00                      | -                 | 0.00            |   |
| <b>Total Other Revenue</b>                                    | <b>-</b>            | <b>468</b>          | <b>468</b>                | <b>-</b>              | <b>468</b>          | <b>0%</b>   | <b>0.00</b>               | <b>-</b>          | <b>0.00</b>     |   |
| <b>Total Revenue</b>  | <b>74,615,668</b>   |                     | <b>292,723,699</b>        | <b>280,351,727</b>    | <b>12,371,972</b>   | <b>4%</b>   | <b>355.81</b>             | <b>343.39</b>     | <b>12.42</b>    |   |
| <b>Medical Expenses:</b>                                      |                     |                     |                           |                       |                     |             |                           |                   |                 |   |
| Capitation (PCP, Specialty, Kaiser, NEMT & Vision)            | 7,131,083           | 27,351,586          | 27,597,492                | 27,351,586            | (245,906)           | -1%         | 33.55                     | 33.50             | (0.04)          |   |
| <b>FFS Claims Expenses:</b>                                   |                     |                     |                           |                       |                     |             |                           |                   |                 |   |
| Inpatient   | 12,758,986          | 56,446,819          | 52,203,093                | 56,446,819            | 4,243,726           | 8%          | 63.45                     | 69.14             | 5.69            |   |
| LTC / SNF   | 11,935,772          | 46,854,583          | 49,163,671                | 46,854,583            | (2,309,088)         | -5%         | 59.76                     | 57.39             | (2.37)          |   |
| Outpatient  | 5,130,565           | 21,415,672          | 21,381,810                | 21,415,672            | 33,861              | 0%          | 25.99                     | 26.23             | 0.24            |   |
| Laboratory and Radiology                                      | 707,788             | 1,547,290           | 2,680,518                 | 1,547,290             | (1,133,228)         | -73%        | 3.26                      | 1.90              | (1.36)          |   |
| Directed Payments - Provider                                  | 2,392,090           | 8,325,502           | 8,325,502                 | 8,325,502             | -                   | 0%          | 10.12                     | -                 | (10.12)         |   |
| Emergency Room  | 1,655,992           | 7,738,871           | 7,738,871                 | 10,668,560            | 2,929,689           | 27%         | 9.41                      | 13.07             | 3.66            |   |
| Physician Specialty   | 5,118,240           | 21,304,042          | 21,294,735                | 21,304,042            | 9,307               | 0%          | 25.88                     | 26.09             | 0.21            |   |
| Primary Care Physician  | 1,593,431           | 6,087,902           | 6,087,902                 | 5,107,168             | (980,733)           | -19%        | 7.40                      | 6.26              | (1.14)          |   |
| Home & Community Based Services                               | 2,278,518           | 7,564,182           | 7,564,182                 | 6,516,925             | (1,047,257)         | -16%        | 9.19                      | 7.98              | (1.21)          |   |
| Applied Behavioral Analysis/Mental Health Service             | 2,343,093           | 9,617,395           | 9,617,395                 | 8,279,440             | (1,337,955)         | -16%        | 11.69                     | 10.14             | (1.55)          |   |
| Pharmacy  | 13,602,328          | 52,870,675          | 52,870,675                | 53,139,848            | 269,174             | 1%          | 64.27                     | 65.09             | 0.82            |   |
| Provider Reserve  | 162,664             | 647,097             | 647,097                   | 385,000               | (262,097)           | -68%        | 0.79                      | 0.47              | (0.31)          |   |
| Other Medical Professional                                    | 336,207             | 1,338,682           | 1,338,682                 | 1,474,331             | 135,649             | 9%          | 1.63                      | 1.81              | 0.18            |   |
| Other Medical Care  | -                   | 13,000              | 13,000                    | -                     | (13,000)            | 0%          | 0.02                      | -                 | (0.02)          |   |
| Other Fee For Service   | 412,711             | 2,718,809           | 2,718,809                 | 2,870,770             | 151,961             | 5%          | 3.30                      | 3.52              | 0.21            |   |
| Transportation  | 322,693             | 1,397,276           | 1,397,276                 | 648,942               | (748,334)           | -15%        | 1.70                      | 0.79              | (0.90)          |   |
| Total Claims  | 60,751,077          | 245,043,217         | 245,043,217               | 236,659,391           | (8,383,826)         | -4%         | 297.86                    | 289.88            | (7.98)          |   |
| Medical & Care Management Expense                             | 1,249,340           | 5,048,857           | 5,048,857                 | 5,001,218             | (47,638)            | -1%         | 6.14                      | 6.13              | (0.01)          |   |
| Reinsurance   | 333,596             | 973,650             | 973,650                   | 942,959               | (30,690)            | -3%         | 1.18                      | 1.16              | (0.03)          |   |
| Claims Recoveries/Budget Reduction                            | (919,323)           | (1,734,925)         | (1,734,925)               | -                     | 1,734,925           | 0%          | (2.11)                    | -                 | 2.11            |   |
| Sub-total   | 663,612             | 4,287,581           | 4,287,581                 | 5,944,177             | 1,656,596           | 28%         | 5.21                      | 7.28              | 2.07            |   |
| <b>Total Cost of Health Care</b>                              | <b>68,545,772</b>   | <b>276,928,290</b>  | <b>276,928,290</b>        | <b>269,955,155</b>    | <b>(6,973,136)</b>  | <b>-3%</b>  | <b>336.61</b>             | <b>330.66</b>     | <b>(5.95)</b>   |   |
| <b>Contribution Margin</b>                                    | <b>6,069,896</b>    | <b>15,795,409</b>   | <b>15,795,409</b>         | <b>10,396,573</b>     | <b>5,398,836</b>    | <b>52%</b>  | <b>19.20</b>              | <b>12.73</b>      | <b>6.46</b>     |   |
| <b>General &amp; Administrative Expenses:</b>                 |                     |                     |                           |                       |                     |             |                           |                   |                 |   |
| Salaries, Wages & Employee Benefits                           | 2,047,911           | 7,975,088           | 7,975,088                 | 8,849,469             | 874,381             | 10%         | 9.69                      | 10.84             | 1.15            |   |
| Training, Conference & Travel                                 | 111                 | 3,434               | 48,639                    | 48,639                | 45,205              | 93%         | 0.00                      | 0.06              | 0.06            |   |
| Outside Services  | 2,107,124           | 8,773,393           | 8,773,393                 | 8,842,042             | 68,649              | 1%          | 10.66                     | 10.83             | 0.17            |   |
| Professional Services   | 393,582             | 1,450,540           | 1,450,540                 | 1,348,756             | (101,784)           | -8%         | 1.76                      | 1.65              | (0.11)          |   |
| Occupancy, Supplies, Insurance & Others                       | 477,951             | 2,281,872           | 2,968,282                 | 2,968,282             | 686,411             | 23%         | 2.77                      | 3.64              | 0.86            |   |
| Care Management Recross to Medical                            | (1,249,340)         | (5,048,858)         | (5,048,858)               | (5,001,218)           | 47,639              | -1%         | (6.14)                    | (6.13)            | 0.01            |   |
| G&A Expenses  | 3,777,339           | 15,435,469          | 17,055,969                | 17,055,969            | 1,620,500           | 10%         | 18.76                     | 20.89             | 2.13            |   |
| Project Portfolio   | 234,065             | 890,772             | 2,639,376                 | 2,639,376             | 1,748,604           | 66%         | 1.08                      | 3.23              | 2.15            |   |
| <b>Total G&amp;A Expenses</b>                                 | <b>4,011,405</b>    | <b>16,326,241</b>   | <b>19,695,345</b>         | <b>19,695,345</b>     | <b>3,369,104</b>    | <b>17%</b>  | <b>19.84</b>              | <b>24.12</b>      | <b>4.28</b>     |   |
| <b>Total Operating Gain / (Loss)</b>                          | <b>2,058,491</b>    | <b>(530,832)</b>    | <b>(9,298,773)</b>        | <b>8,767,941</b>      | <b>8,767,941</b>    | <b>-94%</b> | <b>(0.65)</b>             | <b>(11.39)</b>    | <b>10.74</b>    |   |
| <b>Non Operating</b>  |                     |                     |                           |                       |                     |             |                           |                   |                 |   |
| Revenues - Interest   | (45,311)            | 343,336             | 343,336                   | 300,000               | 43,336              | 14%         | 0.42                      | 0.37              | 0.05            |   |
| Gain/(Loss) on Sale of Asset                                  | -                   | 1,086               | 1,086                     | -                     | 1,086               | 0%          | 0.00                      | -                 | 0.00            |   |
| <b>Total Non-Operating</b>                                    | <b>(45,311)</b>     | <b>344,422</b>      | <b>344,422</b>            | <b>300,000</b>        | <b>44,422</b>       | <b>15%</b>  | <b>0.42</b>               | <b>0.37</b>       | <b>0.05</b>     |   |
| <b>Total Increase / (Decrease) in Unrestricted Net Assets</b> | <b>\$ 2,013,181</b> | <b>\$ (186,409)</b> | <b>\$ (8,998,773)</b>     | <b>\$ (8,998,773)</b> | <b>\$ 8,812,363</b> | <b>-98%</b> | <b>\$ (0.23)</b>          | <b>\$ (11.02)</b> | <b>\$ 10.79</b> |   |



**FYTD PMPM BUDGET TO ACTUAL ANALYSIS - FEE FOR SERVICE BY AID CATEGORY**

|                    | Adult            |                  |                    | Child           |                 |                      | Adult Expansion  |                  |                       |
|--------------------|------------------|------------------|--------------------|-----------------|-----------------|----------------------|------------------|------------------|-----------------------|
|                    | Budget           | Actual           | Variance %         | Budget          | Actual          | Variance %           | Budget           | Actual           | Variance %            |
| Inpatient          | \$ 127.55        | \$ 119.05        | \$ (8.50) -7%      | \$ 5.88         | \$ 5.33         | \$ (0.55) -9%        | \$ 115.70        | \$ 102.35        | \$ (13.35) -12%       |
| Outpatient         | 45.30            | 44.45            | (0.85) -2%         | 4.32            | 3.15            | (1.17) -27%          | 38.32            | 37.62            | (0.70) -2%            |
| ER                 | 17.34            | 14.91            | (2.43) -14%        | 10.03           | 5.00            | (5.03) -50%          | 16.70            | 14.47            | (2.23) -13%           |
| LTC                | 8.04             | 16.42            | 8.38 104%          | 0.31            | 0.47            | 0.16 54%             | 22.53            | 22.67            | 0.14 1%               |
| PCP                | 6.55             | 9.02             | 2.47 38%           | 5.83            | 5.43            | (0.40) -7%           | 5.75             | 7.75             | 2.00 35%              |
| Specialty          | 45.22            | 45.96            | 0.74 2%            | 4.15            | 4.88            | 0.73 18%             | 41.38            | 38.63            | (2.75) -7%            |
| Pharmacy           | 91.13            | 99.39            | 8.26 9%            | 11.59           | 11.43           | (0.16) -1%           | 110.06           | 113.90           | 3.84 3%               |
| Mental Health/ABA  | 5.57             | 7.37             | 1.80 32%           | 8.91            | 10.71           | 1.80 20%             | 5.60             | 6.95             | 1.35 24%              |
| All Other          | 10.65            | 11.91            | 1.26 12%           | 1.67            | 2.22            | 0.55 33%             | 12.62            | 14.13            | 1.51 12%              |
| <b>Total</b>       | <b>\$ 357.35</b> | <b>\$ 368.48</b> | <b>\$ 11.13 3%</b> | <b>\$ 52.69</b> | <b>\$ 48.62</b> | <b>\$ (4.07) -8%</b> | <b>\$ 368.65</b> | <b>\$ 358.47</b> | <b>\$ (10.18) -3%</b> |
| FYTD Member Months | 100,727          | 106,035          | 5,308 5%           | 365,842         | 353,898         | (11,944) -3%         | 228,702          | 235,665          | 6,963 3%              |

|                    | Seniors and Persons with Disabilities (SPD) |                    |                     | SPD - Dual       |                  |                     | Long Term Care (LTC) |                     |                        |
|--------------------|---|--------------------|---------------------|------------------|------------------|---------------------|----------------------|---------------------|------------------------|
|                    | Budget                                      | Actual             | Variance %          | Budget           | Actual           | Variance %          | Budget               | Actual              | Variance %             |
| Inpatient          | \$ 277.82                                   | \$ 311.10          | \$ 33.28 12%        | \$ 20.38         | \$ 17.60         | \$ (2.78) -14%      | \$ 717.20            | \$ 977.12           | \$ 259.92 36%          |
| Outpatient         | 99.41                                       | 108.36             | 8.95 9%             | 20.37            | 22.89            | 2.52 12%            | 240.62               | 115.42              | (125.20) -52%          |
| ER                 | 28.18                                       | 24.81              | (3.37) -12%         | 1.93             | 1.55             | (0.38) -20%         | 16.66                | 3.53                | (13.13) -79%           |
| LTC                | 151.74                                      | 143.21             | (8.53) -6%          | 96.90            | 89.34            | (7.56) -8%          | 7,854.68             | 9,186.62            | 1,331.94 17%           |
| PCP                | 14.89                                       | 23.34              | 8.45 57%            | 4.51             | 3.68             | (0.83) -18%         | 11.21                | 6.13                | (5.08) -45%            |
| Specialty          | 79.40                                       | 97.23              | 17.83 22%           | 21.13            | 76.99            | 55.86 264%          | 236.35               | 312.99              | 76.64 32%              |
| Pharmacy           | 308.07                                      | 341.21             | 33.14 11%           | 5.26             | 5.97             | 0.71 13%            | 341.77               | 211.54              | (130.23) -38%          |
| Mental Health/ABA  | 76.70                                       | 80.03              | 3.33 4%             | 1.19             | 1.52             | 0.33 28%            | 3.60                 | -                   | (3.60) -100%           |
| All Other          | 77.33                                       | 85.58              | 8.25 11%            | 46.13            | 70.25            | 24.12 52%           | 468.88               | 451.08              | (17.80) -4%            |
| <b>Total</b>       | <b>\$ 1,113.56</b>                          | <b>\$ 1,214.87</b> | <b>\$ 101.31 9%</b> | <b>\$ 217.80</b> | <b>\$ 289.79</b> | <b>\$ 71.99 33%</b> | <b>\$ 9,890.95</b>   | <b>\$ 11,264.43</b> | <b>\$ 1,373.48 14%</b> |
| FYTD Member Months | 36,668                                      | 40,433             | 3,765 10%           | 80,500           | 80,081           | (419) -1%           | 136                  | 212                 | 76 56%                 |

|                    | LTC - Dual         |                    |                    |
|--------------------|--------------------|--------------------|--------------------|
|                    | Budget             | Actual             | Variance %         |
| Inpatient          | \$ 61.49           | \$ 22.75           | \$ (38.74) -63%    |
| Outpatient         | 13.59              | 4.79               | (8.80) -65%        |
| ER                 | 0.72               | 5.34               | 4.62 639%          |
| LTC                | 7,382.67           | 7,489.00           | 106.33 1%          |
| PCP                | 0.55               | 0.24               | (0.31) -56%        |
| Specialty          | 11.59              | 18.55              | 6.96 60%           |
| Pharmacy           | 0.08               | 0.22               | 0.14 190%          |
| Mental Health/ABA  | 0.64               | 0.52               | (0.12) -19%        |
| All Other          | 136.53             | 121.91             | (14.62) -11%       |
| <b>Total</b>       | <b>\$ 7,607.85</b> | <b>\$ 7,663.32</b> | <b>\$ 55.47 1%</b> |
| FYTD Member Months | 3,272              | 3,364              | 92 3%              |

**FFS expenses budgeted based on CY 2019 PMPM data, with the following trend assumptions:**

- Inpatient - 1% annual trend and known contractual changes.
- ER - 1% annual trend and known contractual changes.
- LTC - 2.5% estimated fee schedule change
- Specialty Physician - 1% estimated fee schedule change
- Mental Health/ABA - 2% annual increase due to utilization.
- Pharmacy - 5% overall annual increase.
- Home and Community Based Services - 2% annualized increase due to utilization.

| <b>STATEMENT OF CASH FLOWS</b>   | <b>October 2020</b> | <b>FYTD 20-21</b> |
|--|---------------------|-------------------|
| <b>Cash Flows Provided By Operating Activities</b>                                       |                     |                   |
| Net Income (Loss)  | \$ 2,013,181        | \$ (186,409)      |
| <b>Adjustments to reconciled net income to net cash provided by operating activities</b> |                     |                   |
| Depreciation on fixed assets   | 42,337              | 159,570           |
| Disposal of fixed assets   | -                   | 9,684             |
| Amortization of discounts and premium  | -                   | -                 |
| <b>Changes in Operating Assets and Liabilities</b>                                       |                     |                   |
| Accounts Receivable  | (3,055,736)         | 15,027,780        |
| Prepaid Expenses   | 391,322             | (1,261,556)       |
| Accrued Expense and Accounts Payable   | (2,869,976)         | (7,557,355)       |
| Claims Payable   | (3,650,993)         | (1,144,825)       |
| MCO Tax liability  | (10,926,740)        | (9,923,396)       |
| IBNR   | (424,271)           | 10,553,036        |
| <b>Net Cash Provided by (Used in) Operating Activities</b>                               | <u>(18,480,877)</u> | <u>5,676,528</u>  |
| <b>Cash Flow Provided By Investing Activities</b>  |                     |                   |
| Proceeds from Restricted Cash & Other Assets   |                     |                   |
| Proceeds from Investments  | (440)               | (259,838)         |
| Purchase of Investments plus Interest reinvested   | -                   | -                 |
| Purchase of Property and Equipment   | (23,667)            | (35,002)          |
| <b>Net Cash (Used In) Provided by Investing Activities</b>                               | <u>(24,107)</u>     | <u>(294,840)</u>  |
| <b>Increase/(Decrease) in Cash and Cash Equivalents</b>                                  | (18,504,983)        | 5,381,688         |
| <b>Cash and Cash Equivalents, Beginning of Period</b>                                    | 113,473,100         | 89,586,429        |
| <b>Cash and Cash Equivalents, End of Period</b>  | <u>94,968,117</u>   | <u>94,968,117</u> |