

**Ventura County Medi-Cal Managed Care Commission
(VCOMMCC) dba Gold Coast Health Plan (GCHP)
Commission Meeting Minutes
July 22, 2013**

CALL TO ORDER

Chair Gonzalez called the meeting to order at 3:08 p.m. in Suite 200 at the Ventura County Public Health Building located at 2240 E. Gonzales Road, Oxnard, CA 93036.

ROLL CALL

COMMISSION MEMBERS IN ATTENDANCE

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

May Lee Berry, Medi-Cal Beneficiary Advocate

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

John Fankhauser, MD, Ventura County Medical Center Executive Committee

Peter Foy, Ventura County Board of Supervisors (arrived at 3:15 p.m.)

David Glycer, Private Hospitals / Healthcare System

Robert Gonzalez, MD, Ventura County Health Care Agency

EXCUSED / ABSENT COMMISSION MEMBERS

Lanyard Dial, MD, Ventura County Medical Association

Laurie Eberst, Private Hospitals / Healthcare System

Robert S. Juarez, Clinicas del Camino Real, Inc.

Vacant Seat, Ventura County Medical Health System

STAFF IN ATTENDANCE

Michael Engelhard, CEO

Nancy Kierstyn Schreiner, Legal Counsel (arrived at 3:15 p.m.)

Michelle Raleigh, CFO

Ruth Watson, COO

Traci R. McGinley, Clerk of the Board

Charlie Cho, MD, Chief Medical Officer

Guillermo Gonzalez, Government Relations Director

Jenny Palm, Health Services Director

Brandy Armenta, Compliance Officer

Sherri Bennett, Provider Network Manager

Sonia DeMarta, Controller

Steven Lalich, Communications Manager

Lyndon Turner, Finance Manager

The Pledge of Allegiance was recited.

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

PUBLIC COMMENT

None.

1. APPROVE MINUTES

a. Regular Meeting of June 24, 2013

Commissioner Berry moved to approve the Regular Meeting Minutes of June 24, 2013. Commissioner Araujo seconded. The motion carried. **Approved 6-0.**

Commissioner Foy and Legal Counsel Kierstyn Schreiner arrived.

2. ACCEPT AND FILE ITEMS

a. CEO Update

CEO Engelhard reviewed his report and highlighted several topics including: 1) The update on the timing of the new Medical Management System (MMS), the vendor believes can be up and running before the Plan's goal of January 1, 2014, which will allow side-by-side testing of the new and current systems; 2) The status of the Diagnostic Related Groups (DRG) rates implementation replacing the Rogers Rates that have been in use for non-contracted hospital rates; and 3) GCHP has outgrown its current locations and again started working with the previously selected real estate broker to locate needed office and meeting space.

CMO Dr. Cho reviewed the CMO Report portion of the CEO's report and noted that the pharmacy costs were lower in June than recent months, significantly due to the pharmacy Maximum Allowable Cost (MAC) adjustments for generic drugs. GCHP has received complaints from some pharmacies regarding those changes. The Plan is reviewing those items to determine if there are any issues other than pricing which is due to the delayed impact of managed care. Script Care is also researching these complaints and will be providing a report to the Pharmacy & Therapeutics (P&T) Committee at the end of the quarter. CMO Dr. Cho stressed that GCHP's MAC pricing is in line with other managed Medi-Cal plans MAC lists.

Ruth Watson, COO, provided the update on the Healthy Families Transition.

b. May Financials

CFO Raleigh noted that the financials are typically reviewed and approved by the Executive Finance Committee prior to the item coming before Commission; however, July's Executive Finance Committee Meeting was cancelled. She advised the Commission that the Plan is performing ahead of budget. GCHP has updated how costs are categorized in order to be more in line with how the State collects this data.

Discussion was held regarding health care costs; CFO Raleigh noted that additional medical services, as well as the non-emergency transportation services, have been capitated. GCHP will capitate services where possible and where it makes sense to do so. After CFO Raleigh reviewed the additional staffing requirements, discussion was held regarding how the addition of staff will reduce the Plan's historic use of consultants.

Discussion was held regarding Claims Inventory and the balance between paying vendors timely versus GCHP's cash on hand totals. Chair Gonzalez requested that Claims Inventory be included in the Commission package as well.

CFO Raleigh reviewed the May Pharmacy figures which were higher than April's results; however the utilization percentage of generic medication remained essentially the same.

GCHP believes medical expenses have gone up due to the higher than anticipated number of Healthy Families Members added each month, contributing to the costs over budget. However, due to the higher total number of members, health care costs spread across membership (on a PMPM basis) is lower than budget.

CFO Raleigh closed by noting that there has been a positive turnaround in the Tangible Net Equity (TNE), of approximately \$10 million, since June 30, 2012.

Commissioner Chawla moved to approve the Accept and File Items as presented. Commissioner Glyer seconded. The motion carried. **Approved 7-0.**

3. INFORMATIONAL ITEMS

a. State Budget Update

Government Affairs Director Guillermo Gonzalez updated the Commission on the State Budget just approved by the Governor. Some adult dental, as well as basic mental health services have been restored. The Efficiency Factor and the limit of 7 doctor visits per year have been eliminated. The MCO tax rate for FY 2013-14 is \$2.35%; going up to approximately 4% in the 2014-2016 budgets and will sunset at the end of FY 2016.

b. Health Services Update

Health Services Director Jenny Palm reviewed the written agenda report expressing that the Plan continues to work hard to lower total inpatient hospital bed days. Detailed case reviews are regularly done and a process was recently developed to track provider preventable conditions. Also, GCHP is continuing work with the MedHOK system vendor on the workflow and the many available needed functions of the system.

Further discussion was held regarding the number of bed days at in-County hospitals versus and out-of-county hospital bed days. Health Services Director Palm explained that the out-of-county stays are typically longer as they are mostly transplant or other higher acuity cases that cannot be treated at an in-county facility. Commissioner Araujo requested receiving information on Skilled Nursing Facilities (SNF) days as well.

c. CMO Update

CMO Dr. Cho reviewed his report noting that drug costs have been high, but the top 10 drugs by prescription are all in the generic category.

Chair Gonzalez noted that Vicodin has the largest use and asked if GCHP has data showing how many patients are utilizing this specific drug and the maximum quantity used per month. Such a report may show problem areas. CMO Dr. Cho responded that the Plan is attempting to identify cancer patients so those Members are not tracked in the same manner because their drug usage is different than other Members. Commissioner Araujo added that it would be helpful to know how many long-acting narcotics are prescribed. CMO Dr. Cho noted that the P&T Committee has been discussing that issue as well. The Pain Management Specialist believes long-acting pain medication should be utilized as well and these issues will continue to be discussed at the P&T Committee.

d. Plan-to-Plan Contract Approval Update

CEO Engelhard reviewed his written report providing the Commission with the background information. Due to the Corrective Action Plan (CAP) the State advised GCHP to cease work on the Plan-to-Plan. However, in a letter dated July 9, 2013, the State indicated that it would review Plan-to-Plan contracts on a case-by-case basis in the future.

Chair Gonzalez asked if there has been any further discussion of having the CAP removed. CEO Engelhard responded that it was his understanding that the State would review the CAP after the Plan has met the TNE requirements.

CEO Engelhard added that GCHP wants to see what the State will require for readiness from both sides. In a Plan-to-Plan arrangement, GCHP would become the "regulator" and would be held responsible by the State if there are problems with the plan-to-plan subcontractor. In addition, the State wants to ensure that GCHP has performed adequate due diligence to ensure that the subcontractor is ready to operate as a health plan and that it can meet the requirements of the Medi-Cal program. CEO Engelhard added that some readiness would be easy to complete since AHP is built on the Clinicas clinic system, but GCHP will still be required to evaluate that AHP can operate as a health plan. GCHP is still working with AHP on several contract points and is developing readiness tools that the State will review and augment as necessary. Locally, there may be a desire to move forward on this, but since GCHP is under a CAP, the decision to move forward depends upon the State.

Arnold Torres, Senior Vice-President of Government Relations, and Enrique De La Garza, CEO, of AmericasHealth Plan addressed the Board to express their support of a proposed full-risk, delegated contracted between GCHP and AHP. They ask the Board to support this request and for a letter of support from the Board as a whole, or a letter from the CEO and Board Chair.

Discussion was held as to readiness issues and how the Healthy Families program would affect the Plan-to-Plan with AHP. CEO Engelhard explained that GCHP staff will

be spread too thin to have them go into effect at the same time. With regard to the readiness issues, CEO Engelhard explained that the State wants to see how GCHP will ensure that AHP will meet the terms of the contract.

Discussion was held regarding the restrictions the CAP places on GCHP and that it is imperative that GCHP is ready to move forward and that it financially moves in the right direction. CEO Engelhard added that if providers in the community do not receive payment due to AHP not being successful, the State would look to GCHP to make good on those payments. GCHP would have paid capitation to a subcontractor, and then would then be obligated to pay those providers as well. This is a financial risk of a delegated, capitated contract.

Commissioner Araujo noted that this process has been difficult and asked the CEO about possible pitfalls the Commission and Plan may have if it proceeds.

CEO Engelhard responded that anytime there is a change there is a possibility that it may not work. In the short term, the Plan can delegate risk within the capitated amounts which assists the Plan with its financial stability. This could be an innovative model; an FQHC-based HMO is a fairly new operating model. From a member perspective to the degree that AHP brings different providers into the Medi-Cal program, it could be of some benefit to the people who choose to be in AHP. These are some of the potential benefits of this relationship which is most likely why the Commission decided to go in this direction more than a year ago and why the Plan continues to pursue the contract. CEO Engelhard continued explaining that there is always the oversight issue, if there are contract compliance issues it will take additional resources and time for GCHP to work through issues with CAPs and monitoring and oversight of the new health plan.

Commissioner Fankhauser requested that the agreement include language that ensures patients are not sent out of the County for specialty care that is available in the County in order to continue to support safety-net specialty care that has been developed.

Chair Gonzalez clarified that much of this is wrapped up in GCHP's CAP and there was the threat of GCHP not remaining viable. A lot of work has been done by staff to turn that around which puts GCHP in the position of potentially moving forward and AHP has requested a letter be sent from the entire Commission.

Legal Counsel Kierstyn Schreiner noted that in order to determine whether the Commission wants to send a letter to the State, the item would need to be agendaized at a future meeting. After further discussion, Chair Gonzalez noted that a Special Meeting prior to August 7, 2013, may need to be scheduled. Legal Counsel Kierstyn Schreiner added that generally when the Chair makes a representation it is on behalf of the Commission and after a vote.

e. Healthy Families Transition / Outreach Update

COO Watson reviewed the report and updated the Commission on the transition. The majority of individuals in the Healthy Families program are not GCHP's members until August 1, 2013. GCHP will not have time to fully test the system because it will not receive membership information until a few days before the transition. GCHP is trying

to go above and beyond to help members choose providers so members do not fall into auto-assignment. Some of these new members have been seeing physicians that are not willing to contract with GCHP. Kaiser will be a straight transfer and the County does not assign PCPs. GCHP will be utilizing the Health Resources and Services Administration (HRSA) method and will look to see if members have seen a provider in the last twelve months. The next step would be to link them to any family members. GCHP will temporarily add six bilingual staff in the call center and have longer hours in order to assist Members through this transition.

COO Watson added that to reach out to providers, GCHP has scheduled town hall meetings, meetings with hospitals and clinics, as well as outlined changes in the provider newsletter. GCHP has also done radio spots reminding Members of the transition and the changes, there will also be ads once it has changed.

COMMENTS FROM COMMISSIONERS

None.

CLOSED SESSION

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

ADJOURN TO CLOSED SESSION

The Commission adjourned to Closed Session at 5:09 p.m. regarding the following items:

Closed Session Conference with Legal Counsel – Anticipated Litigation significant exposure to litigation pursuant to Government Code section 54956.9. (One Case)

RETURN TO OPEN SESSION

The Regular Meeting reconvened at 5:23 p.m.

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

ADJOURNMENT

Meeting adjourned at 5:26 p.m.

APPROVED:



Traci R. McGinley, MMC, Clerk of the Board