

**Ventura County Medi-Cal Managed Care Commission
(VCOMMCC) dba Gold Coast Health Plan (GCHP)
Executive / Finance Committee Meeting Minutes
April 13, 2011**

CALL TO ORDER

Chair Greenia called the meeting to order at 3:36 p.m. in Suite 200 at the Ventura County Public Health Building located at 2240 E. Gonzales Road, Oxnard, CA 93036.

COMMITTEE MEMBERS PRESENT

Lanyard Dial, MD, Ventura County Medical Association
Rick Jarvis, Private Hospitals / Healthcare System
Catherine Rodriguez, Ventura County Medical Health System

EXCUSED / ABSENT MEMBERS

Roberto S. Juarez, Clinicas del Camino Real, Inc.
Vacant Position, Private Hospitals / Healthcare System

STAFF EX OFFICIO COMMITTEE MEMBERS

Earl Greenia, Chair, CEO
Darlane Johnsen, Vice-Chair, CFO

ADDITIONAL STAFF IN ATTENDANCE

Traci R. McGinley, Clerk of the Board
Audra Lucas, Administrative Assistant
Lezli Stroh, Administrative Assistant

PUBLIC COMMENT

None.

1. APPROVAL OF MINUTES

The Minutes of the March 28, 2011 Executive / Finance Committee Meeting were presented for review and approval.

Committee Member Dial moved to approve the minutes, Member Rodriguez seconded and the motion carried. **Approved 3-0.**

2. CEO REPORT

CEO Greenia announced that Charlie Cho, M.D. had accepted the position of Chief Medical Officer.

An additional 15-20 outreach events have been scheduled.

Management will be spending time in Sacramento this month and meeting with the County and cities within the area.

The Citizen Advisory Committee and the Credentialing Committee will each be meeting for the first time this month, as well as the group addressing Auto-Assignment.

The State has approved 71% of the deliverables.

A recent article in the Ventura Star regarding area contracted Providers and the Plan was discussed.

No Action was taken or required of the Committee.

3. FINANCIAL REPORT

CFO Johnsen presented financial statements for both the pre-operational implementation period and the initial year of operations.

For the pre-operational period the projected balance sheet for the period ending June 30, 2011, is negative equity of \$4.4 million; reflecting the expensing of the implementation costs. Cash is projected to be \$309,000 with additional assets of \$147,000. Total liabilities for the period are projected to be \$4.8 million; including ACS implementation payments of \$2.3 million, ACS implementation costs of \$1.0 million, salaries payable of \$894,000 and a short term loan of \$500,000 (reduced from preliminary estimate of \$1.0 million).

The projected income statement for the eight months ending June 30, 2011 shows an operating loss of \$4.4 million versus the initial budget operating loss of \$2.7 million. The original budget anticipated a six month implementation period, while the expected period is eight months. The income statement identified variances from the original budget and the recast budget based on an eight month implementation period. The variance for from the recast statement was projected to be \$807,203; reflecting the ACS implementation costs of \$1.0 million that were not included in the original budget. Member Rodriguez asked if the \$534,000 for outreach in the original budget should remain at that amount in the recast budget. CFO Johnsen acknowledged that the amount needs to be updated.

CFO Johnsen indicated that the treatment of the ACS implementation payments should be categorized as income versus a loan; reducing the pre-operational operating loss and negative net equity to \$2.0 million.

CFO Johnsen then presented Year One budget and highlighted the following:

- 1) Beginning negative net equity of \$4.4 million, net equity is positive by month nine.
- 2) Budget assumes a subordinated debt instrument of \$3.5 million beginning in December 2011. With the loan, GCHP will meet all Total Net Equity "TNE" requirements.

- 3) Projected monthly net income after tax of about \$700,000 per month; \$7.2 million annually.
- 4) 90% of after tax premium is spent on health care.
- 5) Premium taxes are approximately \$8.5 million annually; paid quarterly.
- 6) Positive cash flow from operations each month, except those months where premium taxes are paid.
- 7) At the end of year one, cash-on-hand is \$36 million; the equivalent of 45 days health care expense.

The Committee requested that the pre-operating income statement reflect the costs for outreach, and that the subordinated loan be included as a line item in the relevant financial statements.

Committee Member Dial moved to approve the budget with the above corrections Member Rodriguez seconded and the motion carried. **Approved 3-0.**

4. MANAGEMENT RECOMMENDATIONS

a. Provider Marketing Policy – Draft 2

Committee Member Dial moved to approve the Provider Marketing Policy Member Jarvis seconded and the motion carried. **Approved 3-0.**

5. ANNUAL REVIEW OF BYLAWS

Committee Member Dial moved to have legal counsel review the bylaws before being forwarded to the full Commission, Member Jarvis seconded and the motion carried. **Approved 3-0.**

COMMENTS FROM COMMITTEE MEMBERS

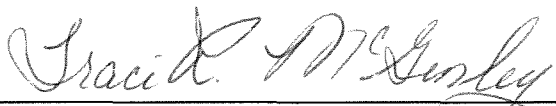
Questions were raised as to when the vacant seat on the Committee would be filled.

Member Rodriguez announced that effective Monday she will be the Assistant CEO of the County. Discussion was held as to whether she could maintain her current seat on the Commission / Committee.

ADJOURNMENT

Chair Greenia adjourned the meeting at 5:14 p.m.

APPROVED:



Traci R. McGinley, MMC, Clerk of the Board