

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

DATE: Wednesday, March 9, 2011
TIME: 3:30-5:30 pm
PLACE: 2240 E. Gonzales Road, Suite 200, Oxnard CA 93036

AGENDA

Call to Order. Welcome and Roll Call

Public Comment / Correspondence

1. **[Approve Minutes – February 28, 2011 Meeting](#)** *Action Required*
2. **Accept and File CEO Update:**
 - a. **[Revised Go-Live Date.](#)** *For Information*
3. **Accept and File Financial Report:**
 - a. **[Updated Cash Flow](#)** *For Information*
4. **Management Recommendations:**
 - a. **[Provider Marketing Policy](#)** *For Follow-Up*

Comments from Commissioners

Adjourn

Meeting agenda available at <http://www.goldcoasthealthplan.org>

**Ventura County Medi-Cal Managed Care Commission
(VCOMMCC) dba Gold Coast Health Plan (GCHP)
Executive / Finance Committee Meeting Minutes
February 28, 2011
(Not official until approved)**

CALL TO ORDER

Chair Greenia called the meeting to order at 2:40 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
Roberto S. Juarez, Clinicas del Camino Real, Inc.
Tim Maurice, Private Hospitals / Healthcare System
Catherine Rodriguez, Ventura County Medical Health System

COMMITTEE MEMBERS EXCUSED / ABSENT

Rick Jarvis, 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
Steven Lalich, Communications Director

PUBLIC COMMENT

None.

1. APPROVAL OF MINUTES

The Minutes of the February 9, 2011 Executive / Finance Committee Meeting were presented for review and approval.

Committee Member Juarez moved to approve the minutes, Member Maurice seconded and the motion carried. **Approved 5-0.**

COMMENTS FROM COMMITTEE MEMBERS

None.

ADJOURNMENT

Chair Greenia adjourned the meeting at 2:42 p.m.



To: Ventura County Medi-Cal Managed Care Commission

From: Earl Greenia, CEO

Date: March 7, 2011

Re: Extension of Go-Live Date

As I informed you via e-mail on March 3, the California Department of Health Care Services (DHCS) decided to extend GCHP's Go-Live date. There has been some confusion and misunderstandings around the issue – with the press and even with elected officials. This memorandum seeks to offer clarifying information to the Commission.

The written CEO update to the Commission on February 28 highlighted issues that were under state review that may impact the state's decision. Excerpts from my written report of February 28 follow:

- On or about January 3, there was a telephonic conference with GCHP and DHCS staff. GCHP was tasked by DHCS to submit a business plan. There were ten components of that plan, Item 7 addressed, "Working Capital - Demonstrate that the working capital is adequate, including provisions for contingencies. In the event that the State has a Budget impasse and is unable to pay contractors for the initial 2-4 months of the 20011-12 State fiscal year, demonstrate the Plan's ability to fulfill the obligations under the contract during this period of a potential budget impasse."
- The GCHP business plan was submitted to DHCS on February 8. For item 7, we responded that insufficient cash flow would be managed by delaying payment to vendors and providers. We also included a letter from our bank confirming that State-issued warrants would be honored.
- On February 23, DHCS initiated a follow-up conference call to discuss GCHP's business plan. DHCS informed us that delaying payments to providers was not permitted and that the bank's commitment to honor warrants was not sufficient. DHCS advised that GCHP must have access to \$48 million (approximately two months of revenue) – this could be satisfied via a line of credit with a commercial lender or a guaranty from the County. On February 24, DHCS sent a letter (included in this packet) via e-mail summarizing their concerns and establishing a response deadline of February 28.
- On February 24, GCHP requested DHCS (via e-mail) to provide specific section citation of the Patient Protection and Affordable Care Act (PPACA) relating to provider payment requirements and the statute or regulation for cash on hand / access to funds requirements.
- On February 25, GCHP initiated a call with State Controller John Chiang and staff to discuss the situation and possible alternatives. State Controller Office (SCO) staff stated that Medi-Cal payments to providers are a priority. Providers under the Medi-Cal program fall under three

general categories: institutional providers, non-institutional providers and vendors. In the absence of an extreme state fiscal crisis, non-institutional providers receive payment regardless of a state budget impasse; however, institutional providers would not necessarily receive timely payment from the state, rather these providers would be issued “registered warrants” or IOUs. SCO said they would need to determine and research as to what category a county organized health system such as GCHP would fall under i.e. institutional vs. non institutional provider.

I offer the following update and summary of recent events, some of this information was shared with you via e-mail on March 3:

- At 11AM on Thursday, March 3, GCHP management attended teleconference initiated by DHCS. Also attending was Michael Powers, in his role as incoming CEO for Ventura County. DHCS announced their decision to extend our Go-Live date, citing two concerns:
 1. Provider Network
 - a. DHCS informed us that they expect GCHP to have contracts with all Long Term Care facilities in the County that currently have a Medi-Cal patient. This expectation was not made clear previously.
 - b. A contract with the five “major” hospitals that serve the Medi-Cal population – we have executed contracts with four – the fifth is in negotiation.
 - c. The absence of certain specialty services such as AIDS and Perinatology.
 2. Financial Model. DHCS felt that the GCHP three year financial model / business plan was “too aggressive” and that the plan’s reserves were not adequate.
 - a. DHCS is re-evaluating its position that GCHP secure a \$48 million credit line in the event of a State budget impasse. It is my understanding that the State Controller’s Office has had initial contact with GCHP.
 - b. A \$4 to 5 million “cash infusion” to GCHP in the form of a "gift or grant" was suggested as an alternative to satisfy DHCS tangible net equity (TNE) concerns. That was the first time this issue was raised.

GCHP argued that it had demonstrated credible progress in developing a provider network and a sound approach to achieving TNE requirements in a three year period; however, DHCS disagreed. It was agreed that GCHP would revise the three year financial model, explore / secure appropriate funding and continue to expand the provider network (in particular, the inpatient areas). The DHCS agreed to review regulations concerning timing of provider payments and the use of a subordinated loan facility to address TNE requirements.

- At 3:00PM, during our regular weekly teleconference DHCS staff reported receiving calls asking for information regarding GCHP status, Go-Live date, finances, etc. DHCS agreed to refer such calls to GCHP.
- At 4:02 PM, I received an e-mail from one of our Commissioners reporting he heard, “some disturbing news approximately one hour ago, through an assembly person’s office... [that the] state had denied GCHP application.”

- At about 4:30 PM, GCHP received a call from the Ventura County Star. In attendance were: Guillermo Gonzalez (Government Affairs Director), Steven Lulich (Communications Director) and myself. The reporter asked for confirmation that the State has approved the May 1 Go-Live date. I explained that was not true, that the date Go-Live date had been extended. Soon after that call a media alert was released.
- On Friday, March 3, the Ventura County Star published a story about the extended go-live date. The article noted, “The California Department of Health Care Services on Thursday pushed back the launch of Ventura County’s revamped Medi-Cal plan from May 1 to July 1... The state cited two major concerns: finalization of Gold Coast’s provider network; and the system’s financial viability. Officials also said they want Gold Coast to have contracts with more long-term-care facilities, one more hospital and a few more specialty-care physicians.” The article did not name any specific facilities; none were provided to the reporter by GCHP.

Clearly, there was a flurry of communication – an indication of both excitement and anxiety. No doubt, misinformation may have been transmitted or perhaps correct information misinterpreted.

As I noted previously, management will use the “extra time” to update the financial model and continue to build a robust network that will enhance member access to care and provide even greater choice. We will also have more time to fine-tune various components of operations, including member services and bilingual education and outreach activities.

I hope this memorandum addresses any confusion that you may have experienced. Thank you for your continued support.

**Gold Coast Health Plan
CashFlow Projection- Preoperational Period
Revised 212812011**

DRAFT

	January	February	March	April	May	June	July	August	September	October	November	December
Cumulative Enrollment	0	0	0	0	0	0	0	0	0	0	0	0
Total Staff	12	18	22	36	37	37	37	37	37	37	37	37
Incremental Staff Increase	3	6	4	14	1	0	0	0	0	0	0	0
Beginning Cash Balance	443,102	327,432	339,832	346,483	83,762	258,966	372,114	15,262,781	25,353,454	30,638,626	31,337,799	33,544,571
Cash In-Flow												
Revenue from State							24,626,000	24,668,000	24,710,000	24,752,000	24,794,000	24,836,000
Other Funding					500,000	500,000						
ACS-LOC'		265,000	295,000		330,000	260,000	390,000					
Total Receipts		265,000	295,000		830,000	760,000	25,016,000	24,668,000	24,710,000	24,752,000	24,794,000	24,836,000
Total Cash	443,102	592,432	634,832	346,483	913,762	1,018,966	25,388,114	39,930,781	50,063,454	55,390,626	56,131,799	58,380,571
Cash Out-Flows												
Health Care Payments							7,597,000	12,267,000	17,112,000	19,637,000	20,269,000	21,273,000
Premium Tax										2,100,000		
Total Health Care							7,597,000	12,267,000	17,112,000	21,737,000	20,269,000	21,127,000
Vendor Payments							1,665,100	1,667,600	1,670,100	1,673,100	1,675,500	1,678,100
Bridge Funding Repayment								200,000	200,000	200,000	200,000	200,000
Salaries & Benefits	33,192	114,520	148,996	180,192	232,068	362,946	775,205	362,946	362,946	362,946	362,946	362,946
Other Benefits			5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Consultants	6,450	2,525	2,525									
Consultants – FSR			8,580	8,580	8,580							
Other Professional Services												
RGS Fees'			3,234	3,676	7,224	9,842	18,087	9,842	9,842	9,842	9,842	9,842
Occupancy Office Lease			14,640	14,640	14,640	14,640	14,640	14,640	14,640	14,640	14,640	14,640
Furniture & Equipment	13,385	30,372	1,000									
Computers, Monitors, Printers (Non- Capitalized)	595	50,638	9,396	4,800	16,800	1,200						
Computer Equipment (Capitalized)												
Telecommunications Equipment		5,965	6,914	1,700	5,950	425						
General Liability Insurance												
Info Systems - License Fees	38,700		5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100
Info Systems (Depreciation)												
Info Systems – Software			3,632	3,333	3,334							
Info Systems - Maintenance & Expenses												
Pharmacy Mgt Expense												
Travel & Entertainment			1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Supplies	4,461	8,595	10,800	13,200	21,600	22,200	22,200	22,200	22,200	22,200	22,200	22,200
Dues & Publications			16,850									
Phone/Internet		104	235									
ACS Fees												
Printing outsource					105,000							
Printing				2,500	211,500	2,500	5,000	5,000	5,000	5,000	5,000	5,000
Postage				3,000	3,000	213,000	8,000	8,000	8,000	8,000	8,000	8,000
Prof Liab, D&O Insurance												
El/OFS & Omissions Insurance			20,000									
Legal fees	2,996	11,200	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Actuary fees	14,800	27,527	26,828	12,000	10,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Audit fees												
Miscellaneous Operating Fees	1,291	1,154	617	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Sub Total Administrative Expense	115,670	252,600	288,349	262,721	654,796	646,853	2,528,332	2,310,328	2,312,828	2,315,828	2,318,228	2,320,828
ENDING CASH BALANCE	327,432	339,832	346,483	83,762	258,966	372,114	15,262,781	25,353,454	30,638,626	31,337,799	33,544,571	34,786,744

LOC Draws are based on the following assumptions:

- March- assumes 100% of deliverables will have been sent to the state (phase 1 @ 2DOK) and Provider Network is set up (phase 2 @ 15%)
- April- assumes code, build and configuration will be completed (phase 2 @ 10%), Assumes Contract has been Signed (phase 1 @ \$2DOK) and testing has been completed (phase 2 @ 20%)
- May- Assumes contract has been signed (Phase 1 @ 2DOK), Assumes code, build and configuration will be completed (phase 2 @ 10%)
- June - Assumes testing is completed (phase 2 @ 2CJA)
- July- Assumes ACS final payment for "go live" (phase 2 @ 30%)

- Assumes Premium Tax is paid quarterly.
- Assumes that RGS payments will be made two month in arrears from the invoiced due date. At June 30th accrued payroll and fees will be – \$775,000
- Assumes claims payment lag consistent with the Milliman forecast.
- Assumes \$1M additional funding is obtained, repaid over 4 months beginning August
- Assumes payments to RGS are made current in July

Gold Coast Health Plan	Policies and Procedures
Title: Marketing Standards for Providers /// DRAFT ///	Policy Number: 15.C

Purpose

To establish marketing standards for GCHP's health networks, physicians, and service providers.

Policy

Marketing Activities directed towards GCHP Members by any contracted health network, physician, or Service Provider must adhere to the standards defined in this policy. This policy also defines activities that are exempt from the definition of Marketing Activities and are not subject to prior approval.

If a health network, physician, or service provider engages in marketing activities in violation of this policy, it may be subject to sanctions under the terms of this policy or the Contract with Gold Coast Health Plan.

Nothing in this policy shall affect a Health Network, physician, or service provider's obligation to communicate with GCHP or a Member pursuant to contractual, statutory, regulatory, or GCHP policy requirements.

Definitions

Contract: Any written instrument between GCHP and physicians, hospitals, health maintenance organizations (HMOs), or other entities.

Contracted Membership: For a Health Network, Contracted Membership shall mean the Members enrolled in such Health Network. For a physician or Service Provider, Contracted Membership shall mean the Members who receive Covered Services from such physician or Service Provider.

Covered Services: Those services set forth in Article 4, Chapter 3 (beginning with Section 51301), Subdivision 1, Division 3, Title 22, CCR, which are included as Covered Services under GCHP's contract with the Department of Health Care Services (DHCS) and medically necessary as described in the Contract for Health Care Services.

Health Network: A physician-hospital consortia or health care service plan that contracts with GCHP to arrange for the provision of Covered Services to Members assigned to that Health Network.

Marketing Activities: Any product or activity intended to encourage retention of or an increase in Contracted Membership or any occasion during which Marketing Materials are presented to Members or persons who may become Members through verbal exchanges or the distribution of Marketing Materials. Marketing Activities may include, but are not limited to: health fairs, workshops on health

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promotion, after school programs, raffles, informational sessions hosted by Service Providers, or community-based social gatherings.

Marketing Materials: Any information or product that is intended for distribution, designed to encourage retention of or an increase in Contracted Membership, and is produced in a variety of print, broadcast, or direct marketing media that include, but are not limited to: radio, television, telephone, internet, billboards, newspapers, flyers, leaflets, informational brochures, videos, advertisements, letters, posters, and items of nominal value.

Member: A Medi-Cal eligible beneficiary enrolled in the GCHP program.

Service Provider: Any person or entity, other than a physician, that provides Covered Services to Members.

Procedure

A. Activities Not Considered Marketing Activities

The following are not considered to be Marketing Activities for the purposes of this policy:

1. Communication from a Health Network, physician, or Service Provider to a Member regarding clinical matters, including health education and wellness promotion;
2. Communication from a Health Network or physician to any Member who requests information or materials regarding a physician's Health Network affiliations; and
3. Communication from a physician to existing patients who are Members to notify them if and when the physician has changed Health Network affiliations or the location at which he or she provides Covered Services.

B. Marketing Standards.

All Marketing Materials and Marketing Activities shall meet the following standards:

1. Materials may not contain false, misleading, or ambiguous information.
2. Materials must address only the benefits, services, and performance of the Health Network, physician, or Service Provider proposing the materials.
3. Materials may not include representations that specifically identify or establish comparison to any competitor of the Health Network, physician, or Service Provider;
4. Materials may not include the GCHP name or logo or make any reference to GCHP unless prior written approval has been granted by GCHP.

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5. Materials may not include any statements that discriminate on the basis of race, creed, age, sex, religion, national origin, marital status, sexual orientation, physical or mental handicap, or health status; and
6. Materials should be at a sixth (6th) grade reading level or lower;
7. Materials should use a twelve (12) point type or larger.
8. Written Materials shall be made available in English and Spanish.
9. All Spanish-language marketing materials should be reviewed by a certified translator/interpreter.
10. Materials will identify the month and year on which they were last updated; the source of any representations, endorsements, or awards referred to; and the entity responsible for producing the Marketing Materials.

C. Approval of Marketing Activities and Marketing Materials

1. If a Health Network, physician, or Service Provider seeks to use Marketing Materials or engage in Marketing Activities, it shall submit documentation relating to such Marketing Materials and Marketing Activities to GCHP's Provider Relations Department for review and approval no later than thirty (30) calendar days prior to the date on which it intends to engage in the Marketing Activities or use the Marketing Materials. A Health Network, physician, or Service Provider shall submit such documentation to the following address:

Gold Coast Health Plan
Suite 200
2220 East Gonzales Road
Oxnard, CA 93036

2. GCHP will review the proposed Marketing Materials or Marketing Activities no later than ten (10) working days after receipt.
 - a. If GCHP approves the Marketing Materials or Marketing Activities, it shall send a notice to the Health Network, physician, or Service Provider within ten (10) working days.
 - b. If GCHP objects to the proposed Marketing Materials or Marketing Activities, it shall send a notice to the Health Network, physician, or Service Provider that describes its objection in detail within ten (10) working days after receipt.
 - 1) The Health Network, physician, or Service Provider may resubmit revisions of the Marketing Materials or Marketing Activities and all applicable translations to GCHP's Public Affairs Department within five (5) working days after receipt of the notice from GCHP.

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- 2) GCHP shall review and respond to the resubmitted materials within five (5) working days after receipt.

D. Prohibited Activities.

A Health Network, physician, or Service Provider may not:

1. Offer or suggest the receipt of a financial or other incentive, bonus, or award to a Member for enrolling in a Health Network or receiving Covered Services from a physician or Service Provider;
2. Offer a financial or other incentive, bonus, or award to a Member or any other person for referring or encouraging others to enroll in a Health Network or obtain Covered Services from a physician or Service Provider;
3. Pay an organization, individual, or other entity for the purpose of referring Members for enrollment in a Health Network or referring Member to obtain Covered Services from a physician or Service Provider;
4. Purchase, acquire, or use mailing lists of Members, except a Health Network, physician, or Service Provider use of a list of its Contracted Membership for purposes otherwise allowable under this policy;
5. Use raffle tickets, event attendance logs, or sign-in sheets in order to develop mailing lists
6. Engage in face-to-face Marketing Activities without prior written approval from GCHP;
7. Engage in door-to-door Marketing Activities;
8. Engage in unsolicited telephone contact with a Member for the purpose of retaining or increasing Contract Membership;
9. Use logos or other identifying information used by a government or public agency, including GCHP, if such use could imply or cause confusion about a connection, affiliation, or endorsement by the governmental or public agency for the Health Network, physician, or Service Provider;
10. Use the term “free” in reference to Covered Services;
11. Discriminate based upon health status, the need for future health care, or a real or perceived disability; and
12. Engage in any activity that constitutes a violation of applicable state or federal laws governing communications between persons or entities and Members regarding a Member’s enrollment in the GCHP program or a Health Network.

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E. Failure to Comply

A Health Network, physician, or Service Provider may be subject to sanctions for:

1. Engaging in Marketing Activities or uses Marketing Materials that GCHP's Public Affairs Department has not approved in accordance with Section IV.C of this policy; or
2. Engaging in activities that are prohibited as set forth in Section IV.D of this policy.

Sanctions may include financial sanctions, immediate suspension of use of all Marketing Materials for a period not to exceed six (6) months, imposition of an enrollment or membership cap, or Contract termination.

Revision History:

Review Date	Revised Date	Approved By